



MULTIFAMILY REPORT

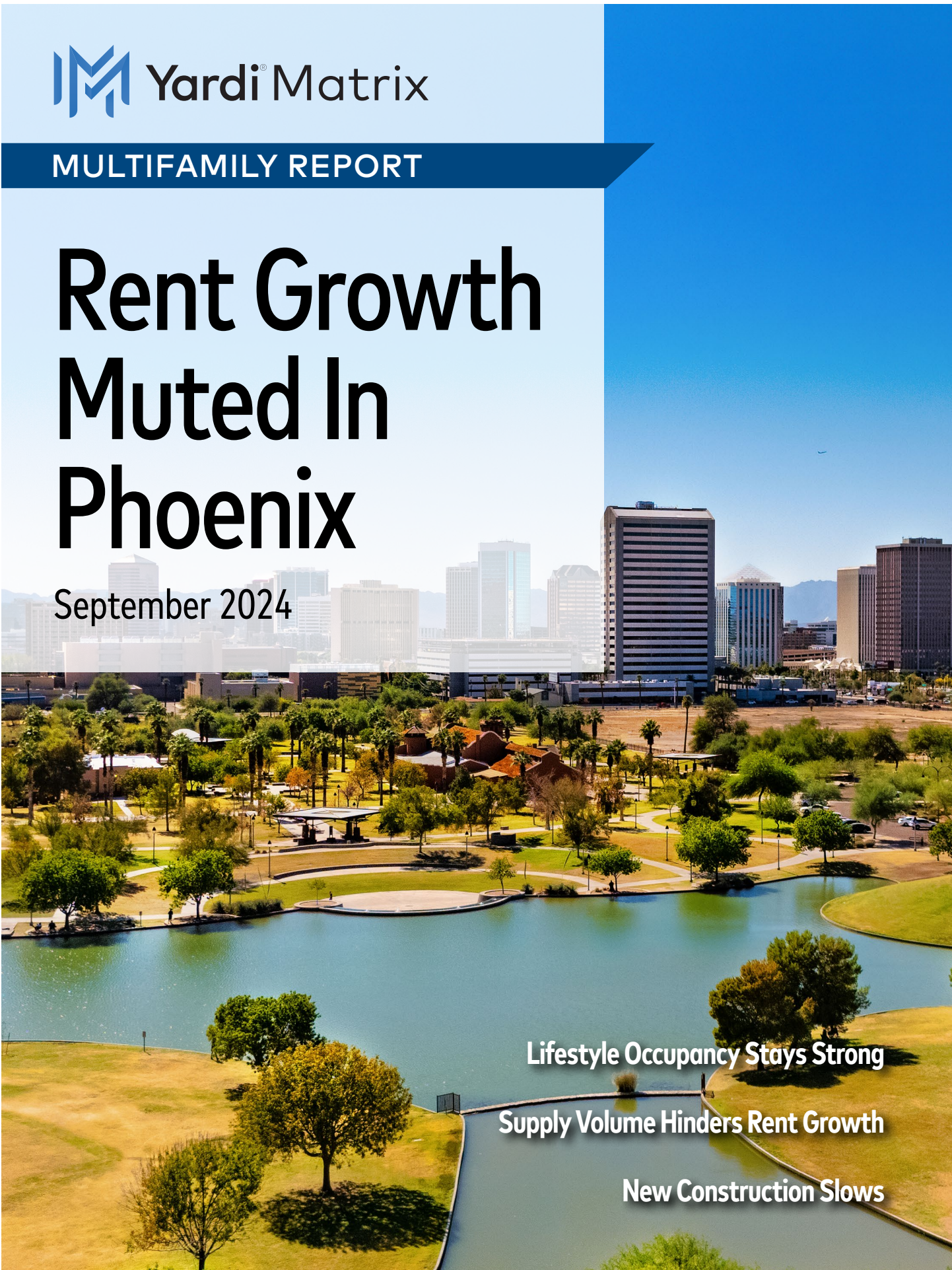
Rent Growth Muted In Phoenix

September 2024

Lifestyle Occupancy Stays Strong

Supply Volume Hinders Rent Growth

New Construction Slows



PHOENIX MULTIFAMILY



Steady Demand For Upscale Units

Phoenix's job and population growth continue to prop up the market, while rent performance has been limited at best. With the bulk of multifamily deliveries focusing on the Lifestyle segment, fundamentals held up well, as occupancy in stabilized assets in the segment remained flat year-over-year through June, to 94.3%, while the metro's overall occupancy declined 0.3%, to 93.4%. Increased supply dampened rent growth, with advertised asking rents down 0.1%, on a trailing three-month basis in July, to \$1,579.

The job market expanded 2.4% in the 12 months ending in May, well above the 1.3% U.S. average, while unemployment rose to 3.5% in June, 60 basis points higher than the previous month but still below pre-pandemic levels. Phoenix gained 52,300 jobs in the 12 months ending in May, with four sectors cutting 8,500 jobs combined. Education and health services saw the largest gains (30,300 jobs). Growth prospects remain positive for the sector, with projects such as the Mayo Clinic's planned 120-acre campus, which will add 3.3 million square feet of medical and life sciences space.

Deliveries totaled 7,730 units year-to-date in July, while the pipeline had another 36,260 units under construction, with the volume heavier on the upscale side. New construction slowed to half the volume recorded last year through July. Investment remained limited, as multifamily sales volume amounted to only \$1.7 billion. Meanwhile, the per-unit price rose 4.0% year-to-date, to \$282,397.

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Recent Phoenix Transactions

Carter



City: Scottsdale, Ariz.
Buyer: Kairoi Residential
Purchase Price: \$161 MM
Price per Unit: \$442,192

The Scottsdale Grand



City: Scottsdale, Ariz.
Buyer: Goodman Real Estate
Purchase Price: \$117 MM
Price per Unit: \$410,526

Glen 91



City: Glendale, Ariz.
Buyer: Bridge Investment Group
Purchase Price: \$76 MM
Price per Unit: \$258,445

Blume on Central



City: Phoenix
Buyer: Global Mutual
Purchase Price: \$70 MM
Price per Unit: \$278,884