

Yardi® Matrix

# Phoenix Flies Higher

Multifamily Report Winter 2019

Rent Growth Stays Strong

New Supply Reaches Cycle Peak

Investors Boost Deal Flow to \$5.9B

# PHOENIX MULTIFAMILY

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## Market Analysis

Winter 2019

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## Supply, Sales Hit Cycle Peaks

A diversified economy, coupled with a business-friendly environment and a skilled workforce, is driving employment and population gains in Phoenix, while boosting multifamily demand.

The metro added 86,800 jobs in the year ending in November, a 3.6% increase, well above the 2.1% U.S. average. Growth was led by professional and business services (19,700 jobs), followed by construction (17,600 jobs), and education and health services (12,900 jobs). This trend will likely continue as more companies expand in Phoenix, especially in the East Valley. In Gilbert, Deloitte announced the creation of 2,500 high-wage technology jobs, while Chandler could soon see the addition of 1,200 Wells Fargo Co. jobs as well as 2,500 Allstate Insurance Co. positions. Voya Financial also announced an expansion and 1,000 new jobs, in addition to the 200 employees who work in the company's Scottsdale office.

Attracted by the market's strong fundamentals, investors closed \$5.9 billion in multifamily sales in 2018, a new cycle peak. Developers also marked a high point with the delivery of 8,162 units, while occupancy climbed 50 basis points year-over-year to 95.3% as of December, indicating a rapid absorption of new product. In 2019, intense construction activity is expected to continue, leading rent growth to a more moderate 3.9%.

## Recent Phoenix Transactions

San Melia



City: Phoenix  
Buyer: LaSalle Investment Management  
Purchase Price: \$105 MM  
Price per Unit: \$ \$215,779

Array South Mountain



City: Phoenix  
Buyer: Bridge Investment Group  
Purchase Price: \$99 MM  
Price per Unit: \$164,958

Crescent Highland



City: Phoenix  
Buyer: Greystar  
Purchase Price: \$90 MM  
Price per Unit: \$257,880

Avia McCormick Ranch



City: Scottsdale, Ariz.  
Buyer: Harbor Group International  
Purchase Price: \$64 MM  
Price per Unit: \$193,009