

Yardi® Matrix

Phoenix's High Flight

Multifamily Report Fall 2019

Rent Growth Remains Elevated

Transaction Activity Intensifies

Construction Surge Continues

PHOENIX MULTIFAMILY

Yardi® Matrix

Market Analysis

Fall 2019

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Sustained Demand Outpaces Supply

Phoenix's sustained economic performance and demographic expansion continue to reflect in its multifamily market. Rent gains in the metro, up 6.1% year-over-year through September, ranked second among the country's major metros. The metro is still affordable, with its \$1,174 average rent heavily trailing the \$1,471 national rate.

Employment growth was equally robust; Phoenix gained 60,500 jobs in the 12 months ending in July, a 3.0% increase year-over-year, well above the 1.7% U.S. average. The only decline occurred in the information sector, which contracted by 1,500 positions, while the flourishing education and health services sector expanded by 18,700 jobs. Phoenix is establishing its position as a highly competitive bioscience market, with more than \$3 billion in capital expenditures planned over the next two years, \$1 billion of which is already underway. Upon completion, some 7,000 jobs will be created, with major companies and university campuses contributing to the growth. Intense development activity has also boosted the construction sector by 9.3%.

Transaction volume exceeded \$5.5 billion as of September, with a per-unit price that surpassed the national figure. Apartment construction is active, with more than 15,000 units underway and another 45,000 in the planning and permitting stages. We expect the average rent to grow by 6.3% in 2019.

Recent Phoenix Transactions

Denim Scottsdale



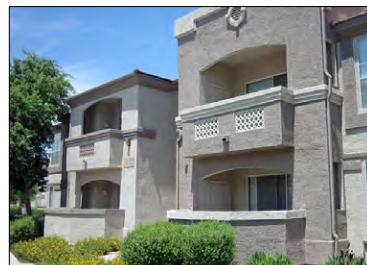
City: Scottsdale, Ariz.
Buyer: Bluerock Real Estate
Purchase Price: \$141 MM
Price per Unit: \$219,332

Sterling 920 Terrace



City: Tempe, Ariz.
Buyer: Coastal Ridge Real Estate
Purchase Price: \$115 MM
Price per Unit: \$442,308

Biscayne Bay



City: Chandler, Ariz.
Buyer: MG Properties Group
Purchase Price: \$110 MM
Price per Unit: \$215,332

San Valiente



City: Phoenix, Ariz.
Buyer: InterCapital Group
Purchase Price: \$100 MM
Price per Unit: \$165,563