

# MARKETBEAT PHOENIX

CUSHMAN &  
WAKEFIELD

## Multifamily Q3 2021

YoY Chg 12-Mo. Forecast

**3.6%**

Vacancy Rate



**3.0K**

Net Absorption, units



**\$1,572**

Average Rent, per unit



All statistics are based on properties containing 100+ units.  
Source: Yardi Matrix.

### ECONOMIC INDICATORS Q3 2021

YoY Chg 12-Mo. Forecast

**2.2M**

Phoenix  
Employment



**3.8%**

Phoenix  
Unemployment Rate



**4.8%**

U.S. Unemployment  
Rate



Q3 data is based on the U.S. Bureau of Labor Statistics, All Employees: Total Nonfarm in Phoenix-Mesa-Scottsdale, AZ (MSA), United States Census Bureau.

### ECONOMY: Recovery Underway

In Q3 2021, the Phoenix market recorded an employment level of 2.2 million jobs, a 6.0% increase from Q3 2020. The unemployment rate decreased from 6.6% in Q3 2020 to 3.8% in Q3 2021. Phoenix is one of only a few markets where employment is higher now than it was in February 2020.

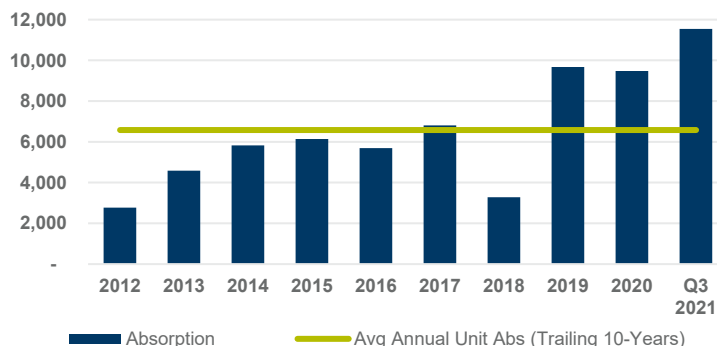
### SUPPLY: Construction Continues While Vacancy Remains Low

The Metro Phoenix multifamily market finished Q3 2021 with persistent rental demand on par with robust new construction. The market has absorbed over 11,500 units year-to-date (YTD), already 175% of the average annual absorption (6,580 units) since 2012. In Q3 2021, the Central Phoenix (988 units), Northeast Valley (897 units), Northwest Valley (662 units), and Mesa/Gilbert (356 units) submarkets recorded the largest net gains in positive absorption. Vacancy decreased 100 basis points (bps) from the third quarter of 2020 (4.6%) to the third quarter of 2021 (3.6%). The Scottsdale submarket vacancy rate declined from 5.4% in the third quarter of 2020 to 3.6% in the third quarter of 2021, making its 180 bps drop in vacancy the largest decrease. Multifamily development continues to grow in the Metro Phoenix market with 8,260 units completed across 44 properties YTD. The completions were located across the entire market, with the highest concentration of units delivered in the submarkets of Mesa/Gilbert (1,390 units), Glendale/West Valley (1,299 units), and the Northwest Valley (1,285 units). These submarkets are highly active due to the constant flow of new deliveries, as well as the influx of residents from out of state. Across the market there are currently over 34,000 units that are under construction. Glendale/West Valley (7,204 units), Chandler/Queen Creek (6,068 units), and Central Phoenix (5,976 units) submarkets contain the most units under construction. In addition to this there are also over 22,000 units planned for development in the Phoenix market.

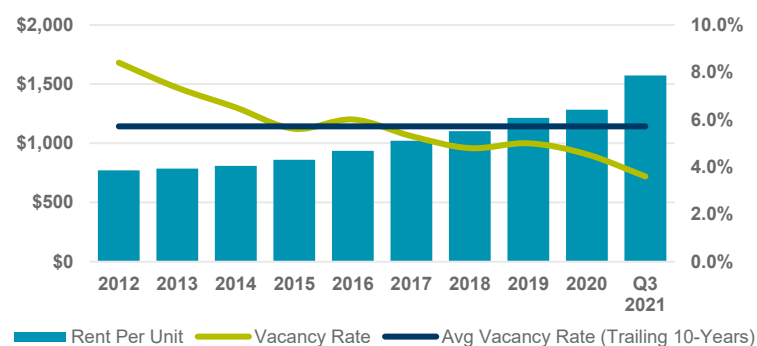
### PRICING: Quarterly Rise & Year-over-Year Rise

Asking rent growth increased in the third quarter across all submarkets. Average asking rates increased from \$1,251 per unit in Q3 2020 to \$1,572 per unit in Q3 2021, a 25.7% increase. The Northeast Valley (\$1,612 per unit) and Scottsdale (\$1,976 per unit) submarkets saw the largest YoY asking rate increases of 28.6% and 28.5% respectively. The East Phoenix submarket (20.8%) saw the lowest YoY rental rate increase, growing from \$1,166 in Q3 2020 to \$1,409 in Q3 2021. Regarding concessions, high demand in the greater Phoenix market has led to a significant reduction. Just 4.2% of properties were offering concessions in Q3 2021, and the average concession of those properties was 5.1% of the average annual rental rate.

### OVERALL ABSORPTION



### OVERALL VACANCY & ASKING RENT



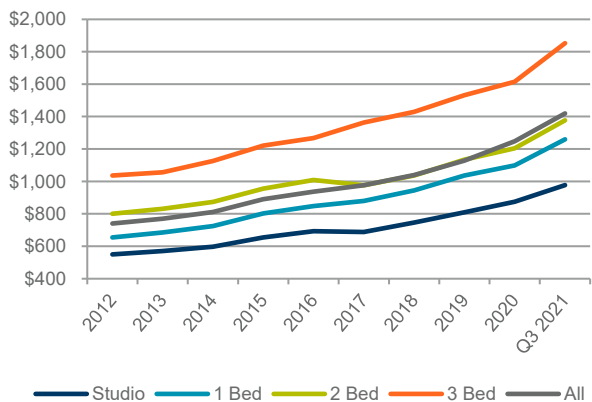
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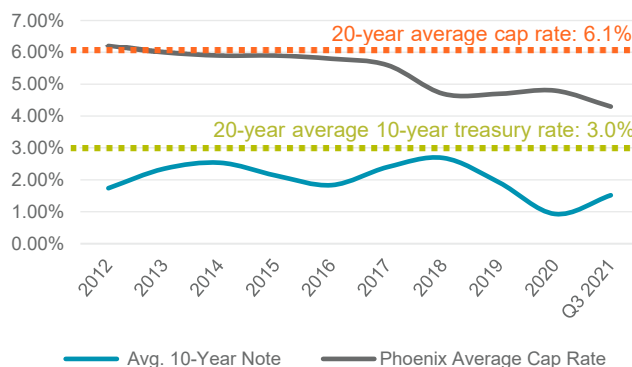
### AVERAGE RENT PER UNIT HISTORY (1)

1 BEDROOM UNITS HAVE SEEN THE LARGEST GROWTH IN RENTAL INCREASES, RISING OVER 92% SINCE 2012



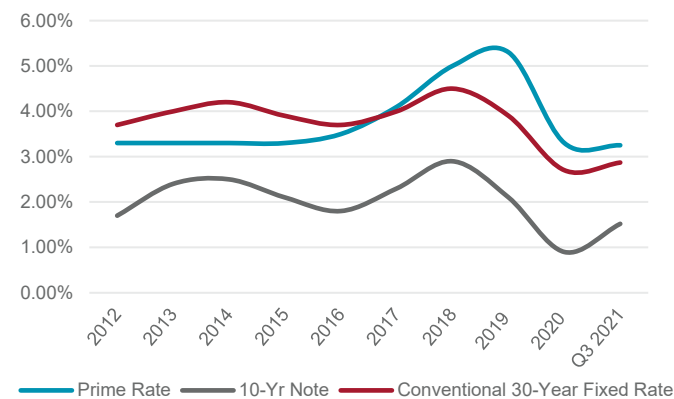
### AVERAGE CAP RATE (2)

METRO PHOENIX CAP RATE AND THE 10-YEAR U.S. TREASURY RATE ARE BELOW HISTORICAL AVERAGES AND ABOVE THE HISTORICAL AVERAGE CAP RATE SPREAD OF 3.0%



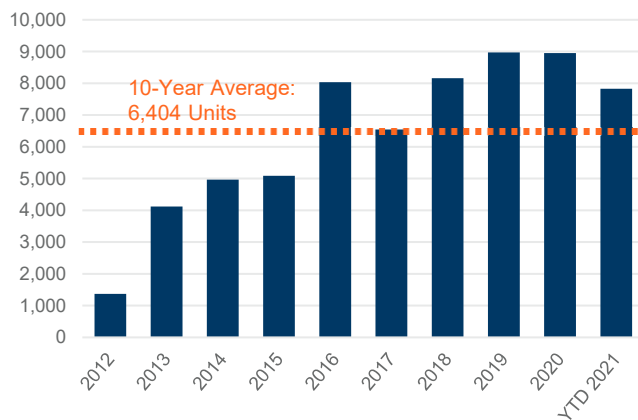
### INTEREST RATES (3)

FEDERAL FUNDS TARGET RATE FORECASTED TO REMAIN THE SAME IN THE NEAR FUTURE



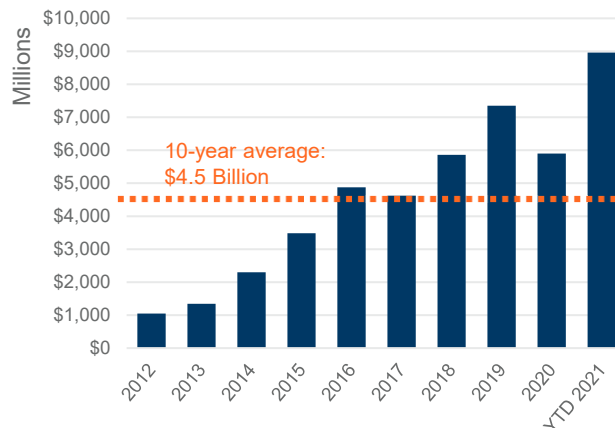
### NEW INVENTORY (4)

TOTAL NUMBER OF NEW INVENTORY YTD 2021 WAS 122% OF THE 10-YEAR AVERAGE OF 6,404 UNITS DEMONSTRATING HEIGHTENED LEVELS OF DELIVERIES



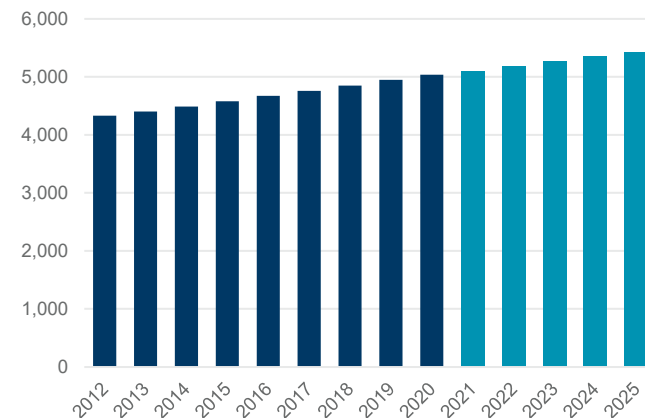
### SALES TRANSACTION VOLUME (5)

2021 YTD TRANSACTION VOLUME OF 181 PROPERTIES IS 196% OF THE 10-YEAR ANNUAL AVERAGE OF \$4.5 BILLION



### POPULATION (5)

POPULATION IS EXPECTED TO STRENGTHEN THROUGH 2025 GROWTH PROJECTIONS



(1) Yardi Matrix, Cushman & Wakefield

(3) Federal Reserve Board, Wells Fargo

(5) Moody's & U.S. Census Bureau

(2) Yardi Matrix, Federal Reserve Board, Cushman & Wakefield

(4) Yardi Matrix

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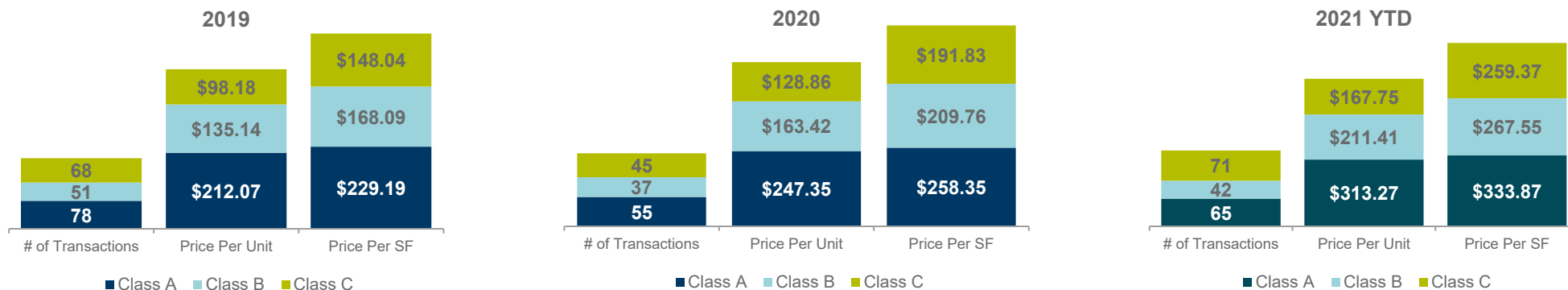
## Multifamily Q3 2021

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### MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	Q3 2021 VACANCY RATE	NET ABSORPTION (UNITS)		ASKING RENTAL RATE / UNIT	UNDER CONSTRUCTION (UNITS)	PLANNED (UNITS)
			Q3 2021	2021 YTD			
(1) Ahwatukee	12,882	3.2%	2	325	\$1,616	1,425	270
(2) Central Phoenix	27,371	4.1%	988	1,965	\$1,614	5,976	4,124
(3) Chandler/Queen Creek	27,339	3.9%	149	914	\$1,795	6,068	1,930
(4) East Phoenix	20,594	4.3%	9	661	\$1,409	1,186	643
(5) Glendale/West Valley	34,054	3.2%	3	1,058	\$1,444	7,204	4,591
(6) Mesa/Gilbert	46,616	3.0%	356	1,706	\$1,482	2,928	2,284
(7) Northeast Valley	34,041	3.7%	897	1,541	\$1,612	1,675	2,789
(8) Northwest Valley	30,200	3.4%	662	1,212	\$1,530	2,035	1,913
(9) Scottsdale	24,471	3.6%	8	210	\$1,976	2,898	1,854
(10) Tempe	35,739	3.4%	(10)	1,515	\$1,784	2,744	1,718
(11) West Phoenix	32,523	4.3%	19	436	\$1,157	271	729
<b>TOTAL</b>	<b>325,830</b>	<b>3.6%</b>	<b>3,083</b>	<b>11,543</b>	<b>\$1,572</b>	<b>34,410</b>	<b>22,845</b>

### YEAR OVER YEAR SALES COMPARISON



### Q3 2021 KEY SALES TRANSACTIONS

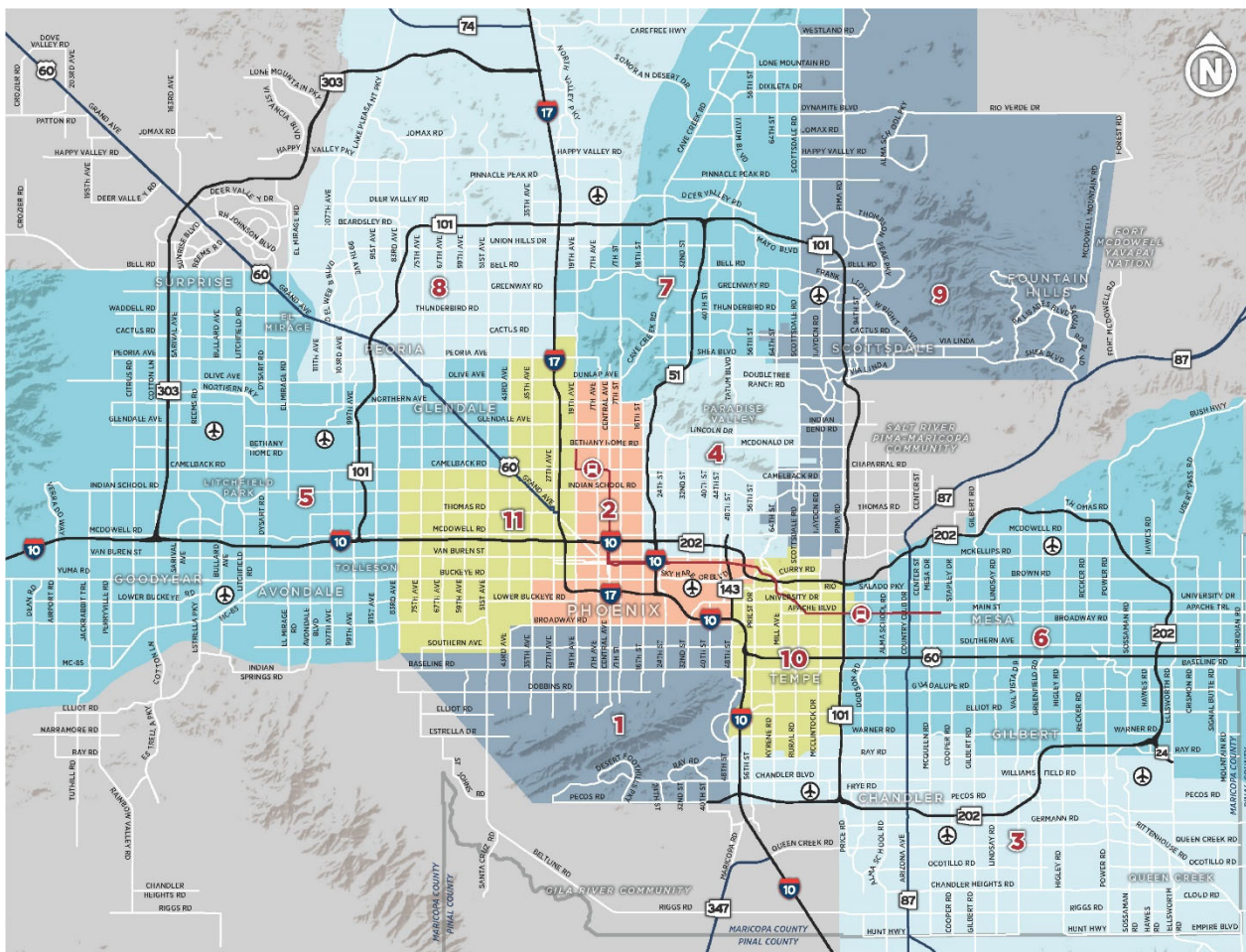
PROPERTY NAME	CITY	SALE DATE	UNITS	YEAR BUILT	AVG SF	PRICE	PRICE/UNIT	PRICE/SF	CLASS	SELLER/BUYER
Ascend at Kierland	Scottsdale	8/24/2021	364	1998	1,049	\$159,000,000	\$436,813	\$416	A	Bascom Arizona Ventures / The Ezralow Co-First Pointe Management
Accolade Apartment Homes	Phoenix	9/8/2021	548	1984	856	\$155,000,000	\$282,847	\$279	B	Weidner Property Management / Knightvest Management
Elite North Scottsdale	Scottsdale	8/24/2021	360	1998	1,059	\$153,500,000	\$426,389	\$403	A	Bascom Arizona Ventures / The Ezralow Co-First Point Management
District at Scottsdale	Scottsdale	7/7/2021	332	2019	925	\$150,500,000	\$453,313	\$490	A	Bluerock / Kohlberg Kravis Roberts & Co. LP
Elliots Crossing Apartments	Tempe	9/10/2021	495	1987	823	\$136,100,000	\$274,949	\$334	B	LivCor / Knightvest Management
Scottsdale Grand	Scottsdale	7/9/2021	285	2021	881	\$130,000,000	\$456,140	\$518	A	Kaplan Management Company / Oxford Properties Group
Parcland Crossing	Chandler	7/1/2021	383	2013	1,017	\$125,000,000	\$326,371	\$321	A	Pillar Communities/Private Portfolio Group / Sunroad Enterprises
The Stewart	Phoenix	9/9/2021	312	2019	957	\$124,530,000	\$399,135	\$417	A	Empire Commercial Development / New York Life Insurance Company
Cortland Arrowhead Summit	Glendale	7/1/2021	412	1999	904	\$123,600,000	\$300,000	\$332	A	Cortland / The Blackstone Group
Broadstone Grand	Tempe	9/1/2021	300	2020	900	\$106,500,000	\$355,000	\$394	A	Alliance Residential / Decron Properties

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### MULTIFAMILY SUBMARKETS



#### JARED LEWIS

Research Analyst

Tel: +1 480 499 0653

[jared.lewis@cushwake.com](mailto:jared.lewis@cushwake.com)

#### JEFF COOLEGE

Research Manager

Tel: +1 602 224 4448

[jeffrey.coolege@cushwake.com](mailto:jeffrey.coolege@cushwake.com)

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|---|----------------------|---|----------------------|---|------------------|----|--------------|
| 1 | Ahwatukee            | 4 | East Phoenix         | 7 | Northeast Valley | 10 | Tempe        |
| 2 | Central Phoenix      | 5 | Glendale/West Valley | 8 | Northwest Valley | 11 | West Phoenix |
| 3 | Chandler/Queen Creek | 6 | Mesa/Gilbert         | 9 | Scottsdale       |    |              |