

# PHOENIX, AZ

## 2023 MARKET AT A GLANCE

Occupancy Rate

92.7%



DOWN 140 BPS YOY

Effective Rent

\$1,724



UP 2.7% YOY

Rent Share of Wallet

24.7%



DOWN 20 BPS YOY

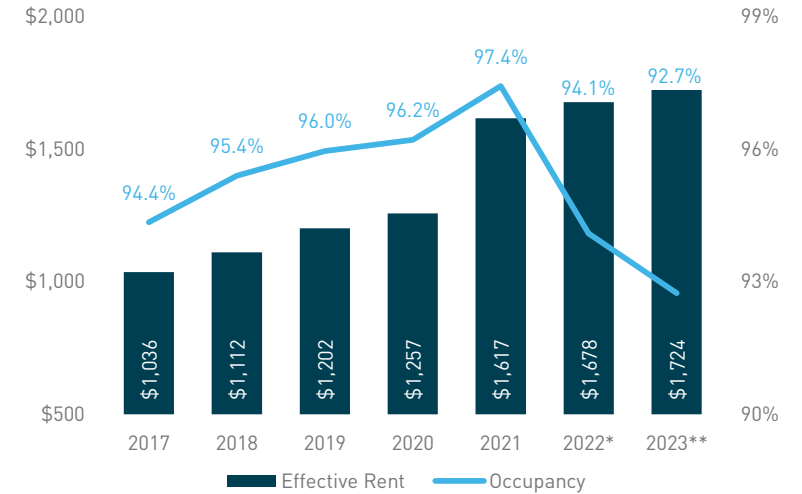
## Apartment Completions Set to Crush Last Year's Peak Deliveries to Meet Housing Demand

With a rising labor force and robust in-migration, multifamily developers ramped up construction activity across the Valley of the Sun in 2022. Builders will continue the blistering pace into 2023, completing nearly 27,400 units by year-end, a post-Great Recession high. While the bulk of new units will continue to be near close-in employment hubs, builders are adding more apartments in outlying areas of the metropolitan area. More than 8,900 combined units will come online in the Avondale/Goodyear/West Glendale and the Peoria/Sun City/Surprise submarkets. The additions represent nearly one-third of all metrowide deliveries, more than double the two submarkets' combined total in 2022. The shift in development comes as these Phoenix suburbs continue to grow in population and economic vitality. Major demand drivers in these submarkets include the Medical Innovation Corridor and the 1,600-acre PVI303 business park. Also in the area is Taiwanese Semiconductor Manufacturing Company's chip-fabrication plant where the main chip facility will fabricate processor chips for Apple. Overall, the Greater Phoenix workforce is forecast to grow 1.1% this year. Continued hiring and strong household formation should help underpin annual apartment absorption to double the prior five-year pace. Still, leasing is projected to trail new supply to lead to a 140-basis-point decrease in average occupancy to 92.7% by year-end. Apartment operators are expected to respond by tapering annual growth to 2.7%, as monthly effective rent reaches \$1,724 by the fourth quarter.

Unless noted otherwise, data and images pertaining to rent, occupancy, employment, unemployment, income, price per unit, and cap rate are year-end figures. Absorption and construction figures are full-year totals, unless noted otherwise. Numbers for 2022 are projected values. 2023 figures are forecast projections. The apartment sales information represents transactions of apartment properties with a sales price of \$2.5 million or more, unless otherwise indicated.

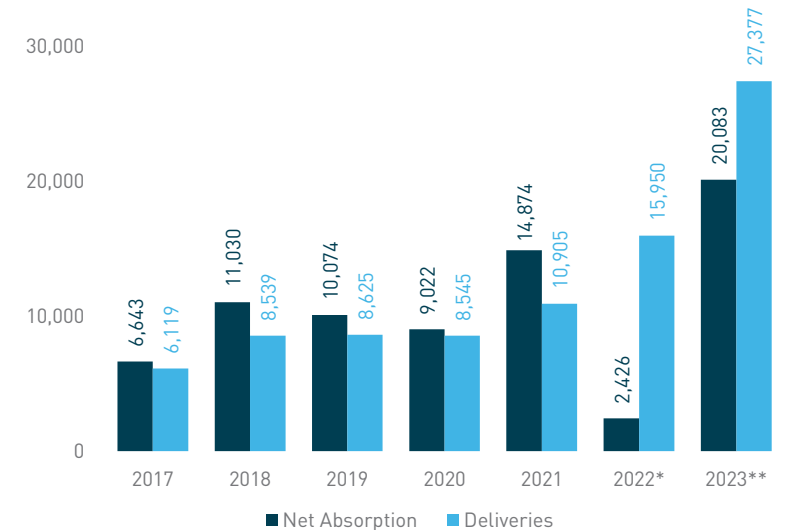
## Apartment Trends

### Effective Rent & Occupancy



\*Projected \*\*Forecast

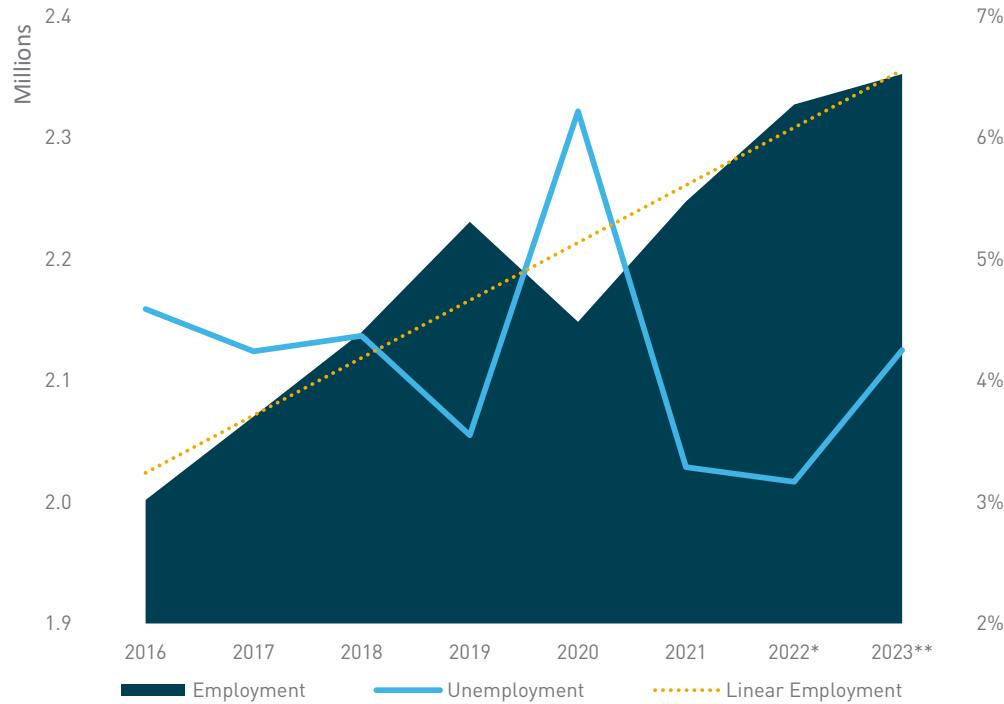
### Absorption & Deliveries



\*Projected \*\*Forecast

## Employment Trends

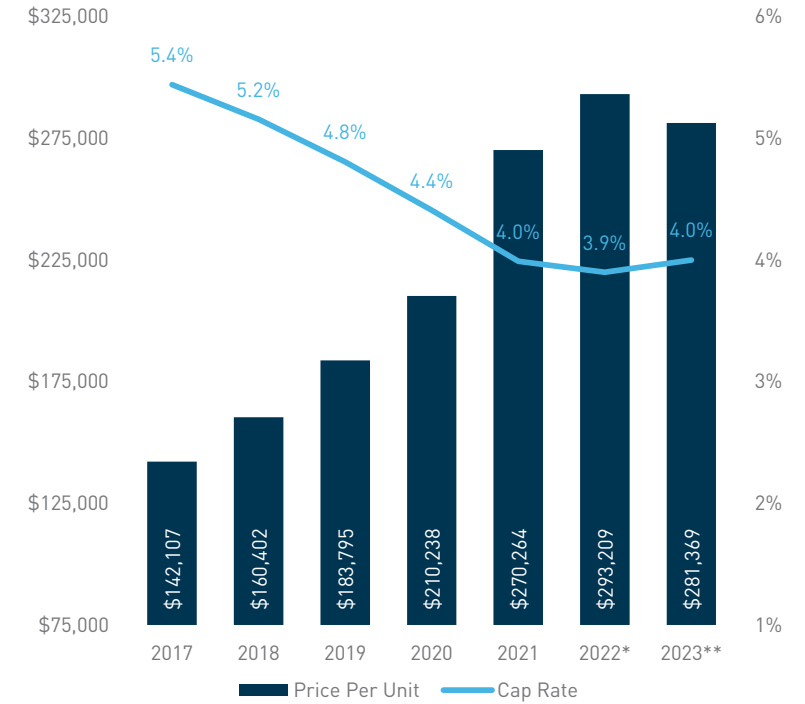
Market Employment Trends



\*Projected \*\*Forecast

## Sales Trends

Price Per Unit & Cap Rate



\*Projected \*\*Forecast

<p>Employment</p> <p><b>2,352,500</b></p> <p>↑</p> <p>UP 1.1% YOY</p>	<p>Unemployment</p> <p><b>4.3%</b></p> <p>↑</p> <p>UP 110 BPS YOY</p>	<p>Median Household Income</p> <p><b>\$83,811</b></p> <p>↑</p> <p>UP 3.4% YOY</p>
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<p>Price Per Unit</p> <p><b>\$281,369</b></p> <p>↓</p> <p>DOWN 4.0% YOY</p>	<p>Cap Rate</p> <p><b>4.0%</b></p> <p>↑</p> <p>UP 10 BPS YOY</p>
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