PHOENIX, AZ

2025 MARKET AT A GLANCE

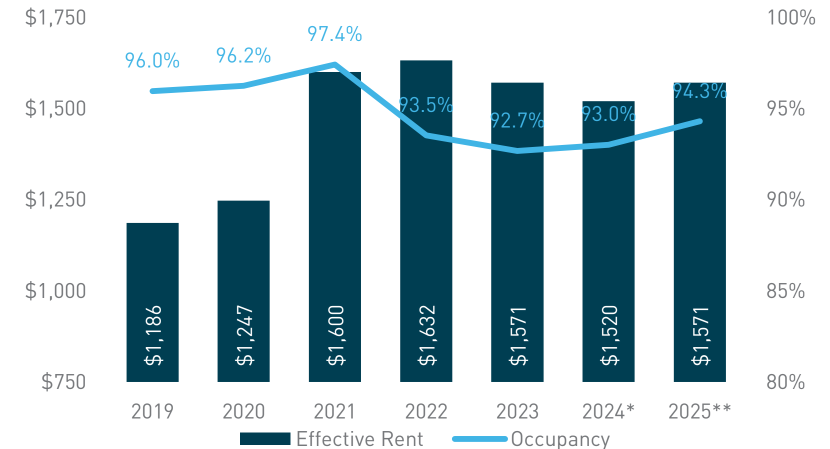
OCCUPANCY RATE (Q4 2025)	EFFECTIVE RENT (Q4 2025)	RENT SHARE OF WALLET (Q4 2025)
94.3%	$1,571	20.3%
UP 130 BPS YOY	UP 3.4% YOY	UNCHANGED YOY

Strong Demographic Trends to Boost the Multifamily Sector

With more people choosing Phoenix as their home, the apartment market will benefit in 2025. Like many major metros at the beginning of 2020, the influx of people moving to the Phoenix area had slowed. However, this slackening began to reverse last year, with net migration to Phoenix reaching a new 15-year high. Ample in-migration is expected to continue this year, spurring increased household formation. Following a 2.3% expansion in 2024, the metro is forecast to gain 49,900 additional households, resulting in a 2.5% annual increase. As homeownership costs rise and active single-family listings are down about 20% from pre-pandemic levels, many households will opt to rent. Furthermore, single-family home completions this year will be below average, reflecting slower starts over the past five years. While single-family development has been sluggish, the multifamily sector has filled the housing gap. More than 29,600 units are scheduled to come online in 2025, marking the fifth-consecutive year of rising deliveries. Builders will add new inventory to 22 of the 23 submarkets, facilitating leasing activity as net absorption accelerates across the metro. Strong leasing activity will result in metrowide occupancy rising to an average of 94.3% in the fourth quarter of 2025. The 130-basis-point, year-over-year increase will bring the occupancy rate closer to the 94.8% average seen in the five years leading up to 2020. Healthy occupancy amid robust inventory growth will support a 3.4% annual increase in monthly effective rent, reaching an average of $1,571 in the fourth quarter of 2025.

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 2024 are projected values. 2025 figures are forecast projections.

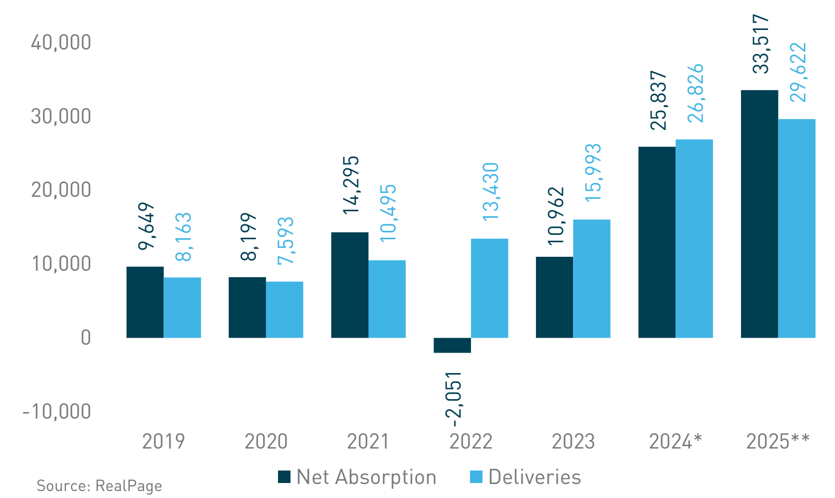
APARTMENT TRENDS



Source: RealPage

*Projected **Forecast

Note: Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.



Source: RealPage

*Projected **Forecast

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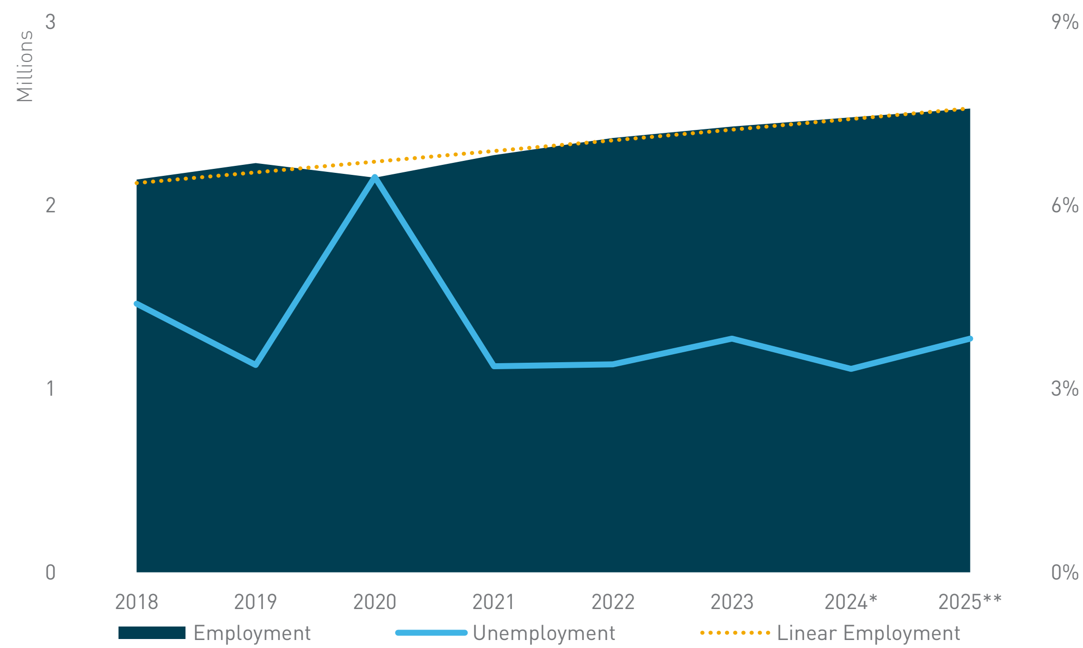
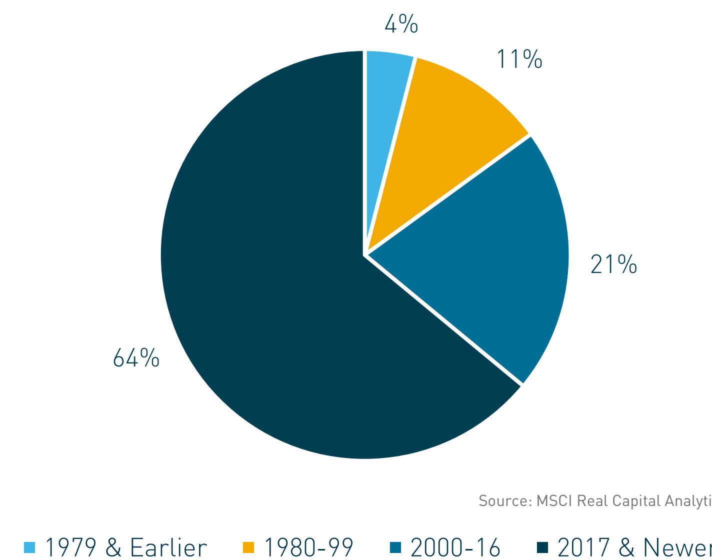
EMPLOYMENT TRENDS



Source: Moody's Analytics

*Projected **Forecast

2024 SALES TRENDS*



*YTD through Oct.

The apartment sales information represents transactions of apartment properties with a sales price of $2.5 million or more, unless otherwise indicated.

EMPLOYMENT (DEC. 2025)	UNEMPLOYMENT (DEC. 2025)	MEDIAN HOUSEHOLD INCOME (DEC. 2025 SAAR)	PRICE PER UNIT (2024 AVG.)	CAP RATE (2024 AVG.)
2,528,500	3.8%	$93,022	$304,782	5.2%
UP 2.0% YOY	UP 50 BPS YOY	UP 3.5% YOY	DOWN 3.6% YOY	UP 40 BPS YOY