

# PHOENIX, ARIZONA

## PHOENIX CONTINUES TO ATTRACT NEW RESIDENTS, DRIVING RENTAL DEMAND

Coming into 2020, Phoenix was one of the fastest-growing metropolitan areas by population in the country. Rapid household formation, sluggish single-family construction, and limited single-family housing for sale prompted multifamily family builders to ramp up activity. After more than 9,500 market-rate units came online last year, an additional 14,300 units are scheduled to begin lease-up over the next four quarters. The additions are nearly double the preceding five-year average and a historic peak. While deliveries will be spread throughout the metro, a large share will come online around growing employment hubs in Central Phoenix and Gilbert. These recent Class A builds will provide amenity-rich options and target renters in high-paying positions, such as new employees brought in for Smead Capital Management's headquarters' relocation and Deloitte's latest expansion. The apartment deliveries in these areas are expected to attract more renters than any other submarket in the Valley, though annual leasing activity should trail the influx of new units. Metrowide, this trend will carry on as the supply-demand imbalance will lead to occupancy decreasing 60 basis points over the next four quarters to an average of 95.3% by year-end. With the drop in occupancy and increase in average concessions, effective rent growth is forecast to slow this year. After advancing 2.9% in 2020, monthly effective rent is expected to increase 1.5% over the next four quarters to finish 2021 at an average of \$1,240.



### 2021 MARKET AT A GLANCE



#### OCCUPANCY RATE

**95.3%**

Down 60 bps YOY



#### EFFECTIVE RENT

**\$1,240**

Up 1.5% YOY

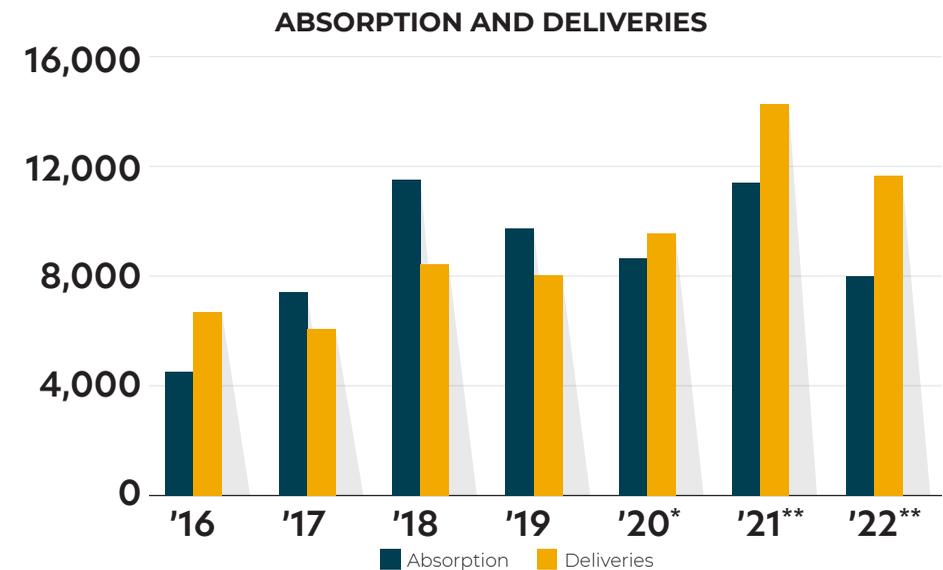
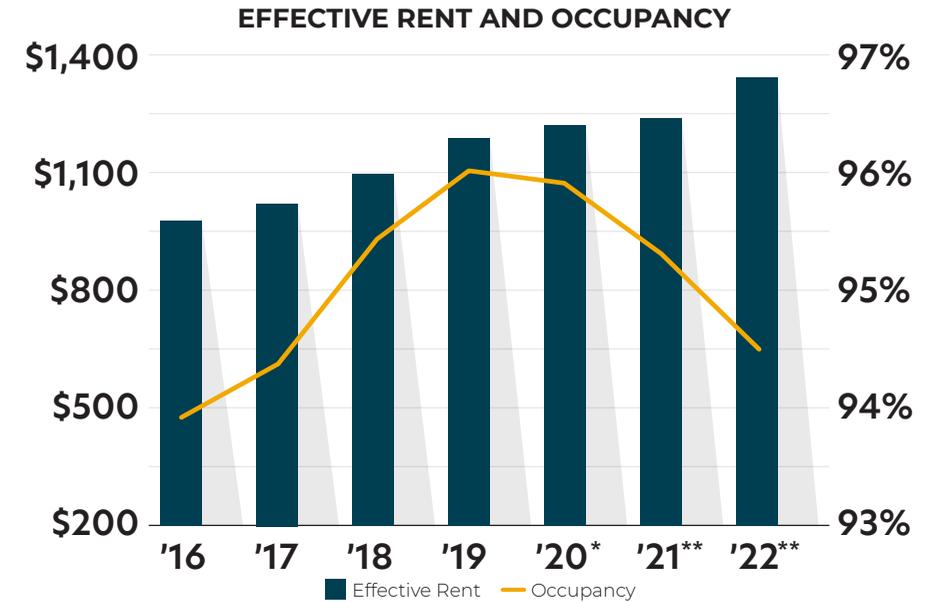


#### RENT SHARE OF WALLET

**22.0%**

Up 40 bps YOY

### MARKET TRENDS



Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. \*Numbers for 2020 are projected values; \*\*2021/2022 figures are forecast projections. Apartment market data criteria and methodologies vary by market.

## EMPLOYMENT TRENDS



2019	YOY CHANGE	2020*	YOY CHANGE	2021**
2,232,400	-3.5%	2,154,600	3.4%	2,227,900

2019	YOY CHANGE	2020	YOY CHANGE	2021
3.4%	460 BPS	8.0%	-140 BPS	6.6%

2019	YOY CHANGE	2020	YOY CHANGE	2021
5,004,400	1.6%	5,083,100	1.6%	5,163,900

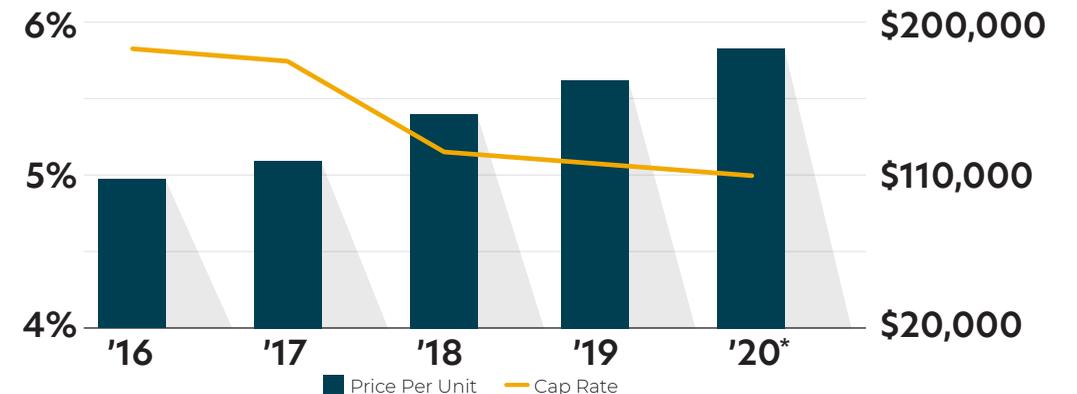
2019	YOY CHANGE	2020	YOY CHANGE	2021
1,810,100	1.8%	1,843,100	2.2%	1,884,500

2019	YOY CHANGE	2020	YOY CHANGE	2021
\$67,280	0.8%	\$67,843	-0.1%	\$67,790

## SALES TRENDS

2019	YOY CHANGE	2020*
\$163,785	10.9%	\$181,680

2019	YOY CHANGE	2020
5.1%	-10 BPS	5.0%



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