



2025 Q1

PHOENIX  
**MULTIFAMILY**  
NEWSLETTER



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# QUARTERLY MULTIFAMILY STATS

The Phoenix multifamily market in Q1 2025 remains under pressure from the ongoing supply and demand imbalance. While leasing activity has improved, a surge in new deliveries continues to push vacancy rates higher and suppress rent growth. This construction-driven oversupply has created a challenging environment for owners and investors, even as renter demand holds steady.

Over the past 12 months, Phoenix recorded 18,000 units of net absorption, well above the pre-COVID five-year average of 7,200 units. Much of this demand was driven by lease-ups of newly built luxury properties. However, the most notable shift occurred in mid-priced 3 Star communities, which absorbed 3,700 units after experiencing losses throughout 2022 and 2023, signaling renewed renter interest.

Developers completed 25,000 units over the past year—more than triple the typical pre-pandemic pace. As a result, vacancy has climbed to 11.8% and may rise further as another 23,000 units, or 5.5% of existing inventory, are still under construction. Positioning Phoenix as the sixth most aggressively built apartment market in the country.

High-growth areas like Downtown Phoenix, Tempe, and the Southwest Valley are seeing the largest influx of new supply, leading to heightened leasing competition. Most new development has focused on luxury properties, leaving workforce housing somewhat shielded from the worst of the oversupply. Still, 1 & 2 Star properties saw vacancy rise by 420 basis points, and their rents declined by 0.6% year-over-year. Versus, luxury property rents fell 2.7%, with vacancy over 700 basis points above post-pandemic lows.



## VACANCY

**11.90%**

1Q24: 10.60%

YOY: 1.30%



## MARKET RENT

**\$1,585**

1Q24: \$1,569

YOY: \$16.00



## NET ABSORPTION

**-7,081 UNITS**

12 MO DELIVERIES

25,125 UNITS

12 MO ABSORPTIONS

18,044 UNITS



## PRICE / UNIT

**\$267,000**

1Q24: \$278,475

YOY: -4.12%

## MARKET CAP RATES

**4.90%**

METRO PHOENIX

**6.07%**

NATIONAL

Rent performance continues to weaken, with annual rent growth remaining negative since early 2023. Asking rents declined 2.5% over the past 12 months, and concessions have become widespread—over half of communities now offer incentives. Properties in lease-up are commonly granting six to eight weeks of free rent, reflecting heightened competition and tenant expectations in a softening market.

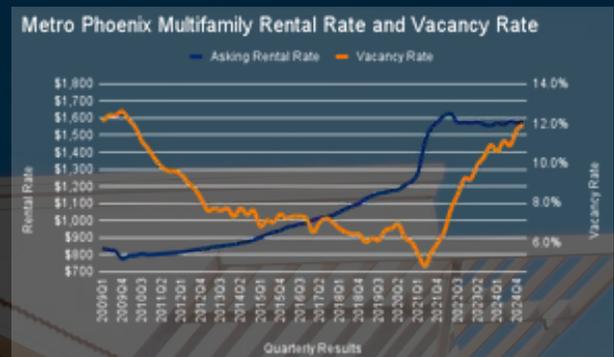
Looking ahead, a slowdown in construction starts suggests that supply pressure may ease by 2026, allowing the market to stabilize. Vacancy increases appear to be leveling off, and stabilized properties have maintained steady occupancy for the past 18 months. However, given the volume of excess inventory still in the pipeline, investors should anticipate another year of slow rent growth before meaningful recovery begins in the multifamily market.

Sources: CoStar; U.S. Department of the Treasury; AZ Commerce Authority; ARMLS; U.S. Census Bureau; U.S. Bureau of Labor Statistics.

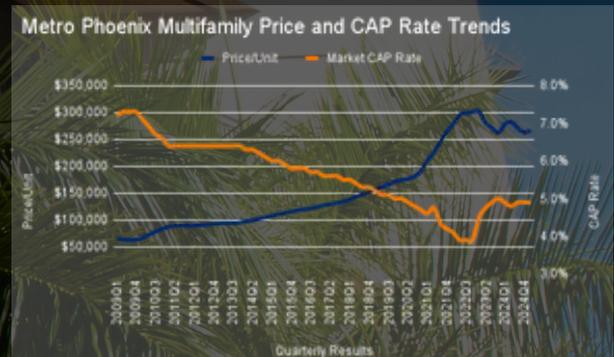
## METRO PHOENIX DELIVERIES & ABSORPTION



## RENTAL & VACANCY RATES



## PRICES & CAP RATE TRENDS



# ECONOMIC HIGHLIGHTS

## Employment Data (YOY)

- 4.20% Unemployment Rate (USA) +0.07%
- 3.60% Unemployment Rate (Metro PHX) +0.00%
- 2.426 MM Employed Residents (Metro PHX)

## Metro PHX Housing Trends (YOY)

- \$455,000 Median Home Price +0.02%
- 6,790 Closed Transactions +0.04%
- 52 Days on Market +6 Days
- 3.64 Months of Supply +1.08 Months

## 10-Year Treasury

- 4.23% as of 03/31/2025
- +0.03% YOY | -0.01% MOM

# SUBMARKET ANALYTICS

	Vacancy Rate	Market Asking Rent/Unit	Annual Rent Growth	12 Mo. Delivered Units	Under Construction Units	Under Construction % Of Inventory	12 Mo. Absorption Units	Market Sale Price/Unit	Market Cap Rate
North Scottsdale	6.10%	\$2,214	-0.70%	1,284	1,017	5.30%	1,265	\$399K	4.70%
Old Town Scottsdale	6.20%	\$1,894	-2.50%	0	450	3.20%	52	\$333K	5.00%
Gilbert	6.30%	\$1,787	-2.50%	1,079	1,978	11.90%	917	\$330K	4.60%
Chandler	6.80%	\$1,725	-2.60%	1,001	859	2.70%	451	\$308K	4.60%
East Valley	7.70%	\$1,494	-2.30%	2,742	2,455	4.90%	1,756	\$248K	4.80%
North Phoenix	7.90%	\$1,417	-2.30%	1,958	1,629	3.50%	1,181	\$231K	4.90%
Camelback	7.90%	\$1,542	-0.70%	58	40	0.40%	74	\$241K	5.40%
Downtown Phoenix	8.30%	\$1,542	-1.80%	1,542	3,900	9.10%	1,460	\$255K	5.30%
Tempe	8.60%	\$1,603	-3.00%	1,689	1,960	4.10%	1,555	\$282K	4.90%
South Phoenix	8.60%	\$1,602	-1.00%	2,078	615	4.80%	1,662	\$273K	4.80%
Deer Valley	8.70%	\$1,518	-4.00%	957	2,869	7.80%	351	\$266K	4.70%
South West Valley	10.00%	\$1,437	-2.60%	5,656	1,962	3.60%	3,094	\$230K	4.80%
North West Valley	10.50%	\$1,503	-3.50%	1,622	370	2.00%	1,890	\$252K	4.70%
West Maricopa County	13.80%	\$1,818	-1.50%	2,595	1,367	19.80%	1,795	\$308K	4.80%
Southeast Valley	15.00%	\$1,406	-3.70%	649	1,535	28.70%	790	\$147K	5.70%
<b>Total/Averages</b>	<b>11.9%</b>	<b>\$1,585</b>	<b>-2.3%</b>	<b>25,125</b>	<b>23,006</b>	<b>7.5%</b>	<b>18,044</b>	<b>\$267,000</b>	<b>4.9%</b>

# PHOENIX METRO RENTS

Asset Class	March '24	March '25	Inc \$\$	% Change
Discretionary	\$2,003	\$1,945	-\$58	-2.9%
Upper Mid-Range	\$1,772	\$1,728	-\$44	-2.5%
Low Mid-Range	\$1,428	\$1,398	-\$30	-2.1%
Workforce - Upper	\$1,245	\$1,212	-\$33	-2.7%
Workforce - Lower	\$1,149	\$1,121	-\$28	-2.4%
<b>Averages</b>	<b>\$1,655</b>	<b>\$1,618</b>	<b>-\$37</b>	<b>-2.2%</b>

Actual rents by asset class of properties with 50+ units; from Yardi Matrix. Submarket data from CoStar.

# NOTABLE TRANSACTIONS & MARKET STATS

## 10-99 UNITS

	1Q2024	1Q2025	Inc/Dec
<b>Total Sales Volume</b>	\$51,505,000	\$53,015,500	2.9%
<b>Avg Price/Unit</b>	\$157,027	\$198,560	26.4%
<b>Avg Price/SF</b>	\$180	\$278	54.1%
<b>Avg Year Built</b>	1977	1973	

## 100+ UNITS

	1Q2024	1Q2025	Inc/Dec
<b>Total Sales Volume</b>	\$564,800,000	\$319,093,252	-43.5%
<b>Avg Price/Unit</b>	\$296,483	\$212,446	-28.3%
<b>Avg Price/SF</b>	\$287	\$200	-30.5%
<b>Avg Year Built</b>	2011	1994	

## 10-99 UNITS



ENGLISH MANOR

**830 E TURNEY AVE  
PHOENIX, AZ**

Sale Date: 02/27/2025    Size: 12 Units  
 Sale Price: \$4,000,000    Unit Mix: 12 - 2B  
 Price/Unit: \$333,333    Built: 1963  
 GBA: ±10,488 SF



VERDE GARDENS

**13230 N 22<sup>ND</sup> ST  
PHOENIX, AZ**

Sale Date: 03/14/2025    Size: 18 Units  
 Sale Price: \$5,675,000    Unit Mix: 18 - 1B |  
 Price/Unit: \$315,278    Built: 2000  
 GBA: ±18,000 SF



9TH STREET LOFTS

**847 E PECAN RD  
PHOENIX, AZ**

Sale Date: 03/12/2025    Size: 32 Units  
 Sale Price: \$7,760,000    Unit Mix: 28 - 1B | 4 - 2B  
 Price/Unit: \$242,500    Built: 2007  
 GBA: ± 29,688 SF

## 100+ UNITS



SPIRE DEER VALLEY

**24100 N 19<sup>TH</sup> AVE  
PHOENIX, AZ**

Sale Date: 01/15/2025    Size: 388 Units  
 Sale Price: \$131,100,000    Unit Mix: 22 - S | 154 - 1B |  
 Price/Unit: \$337,887    168 - 2B | 44 - 3B  
 GBA: ±542,044 SF    Built: 2024



AMARA APARTMENTS

**2928 E OSBORN RD  
PHOENIX, AZ**

Sale Date: 02/21/2025    Size: 302 Units  
 Sale Price: \$48,000,000    Unit Mix: 2 - S | 192 - 1B |  
 Price/Unit: \$158,940    108 - 2B  
 GBA: ±225,440 SF    Built: 1971 | Reno: 2019



ARCHES AT HIDDEN CREEK

**1586 W MAGGIO WAY  
CHANDLER, AZ**

Sale Date: 03/27/2025    Size: 432 Units  
 Sale Price: \$95,446,000    Unit Mix: 165 - 1B |  
 Price/Unit: \$220,940    236 - 2B | 31 - 3B  
 GBA: ±461,904 SF    Built: 1985 | Reno: 2018



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