MARKETBEAT PHOENIX
MULTIFAMILY Q3 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
6.5% Vacancy Rate	▼	–
12.1K Net Absorption, units	▲	–
$1,600 Effective Rent, PSF	▼	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.5M Phoenix Employment	▲	▲
3.6% Phoenix Unemployment Rate	▲	▲
1.6% Phoenix Household Growth Rate	▼	▲

Source: BLS

ECONOMY: KEY INDICATORS SIGNAL CONTINUED GROWTH

In Q3 2025, the Phoenix Metro reported an employment level of 2.5 million, with nearly 32,600 jobs added since the end of Q3 2024. While the unemployment rate bumped up from 3.3% to 3.6% over that period, it remained well-below the national average of 4.3% and ranked third-lowest among major U.S. metros with total employment of at least 2 million jobs. Strong wage growth continued to draw new entrants into the labor force, as the median household income increased by 3.2% year-over-year (YOY) to $91,100. Population growth also outpaced the national trend, however, the 1.0% YOY increase marked a deceleration from previous quarters. Meanwhile, Phoenix's GDP growth accelerated from 1.8% in Q3 2024 to 2.7% in Q3 2025, further reinforcing the Metro's positive economic momentum.

SUPPLY & DEMAND: DEMAND SURGE DELIVERS VACANCY REDUCTION

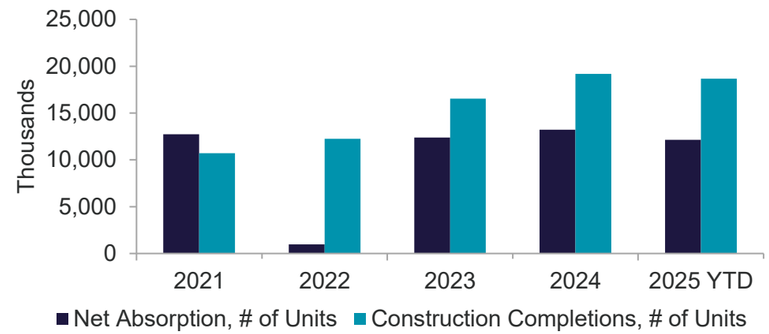
Multifamily net absorption across Phoenix totaled 12,128 units through the first three quarters of 2025, putting the Metro on track for its strongest year of renter demand within the post-pandemic era. This performance helped lower vacancy by 10 basis points YOY to 6.5%, even while the market experienced a record-setting pace of deliveries. Although all 11 Phoenix submarkets posted positive year-to-date (YTD) absorption, only three — Northeast Valley (2,046 units), Chandler/Gilbert/Queen Creek (1,894 units) and Northwest Valley (1,883 units) — accounted nearly half of the overall market's renter demand.

Multifamily developers have delivered 18,674 units YTD through 2025, marking a 14% increase compared to the same period in 2024. Completions were concentrated in the Glendale/West Valley and Chandler/Gilbert/Queen Creek submarkets, where a combined total of 6,916 new units were added. However, moving forward, a greater share of deliveries will take place in the Northeast Valley, which leads the Metro with 6,489 units currently under construction.

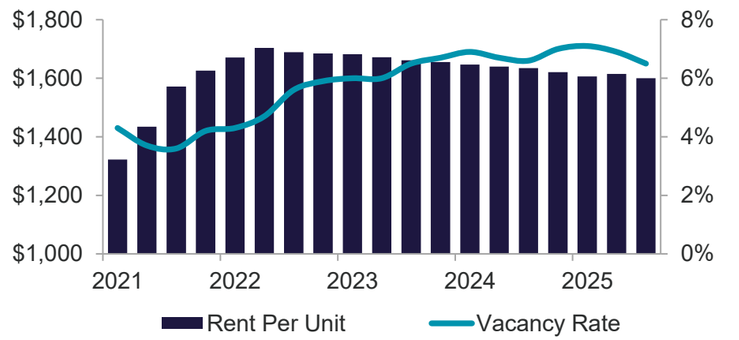
PRICING: RENT DIP PAIRED WITH REDUCED CONCESSIONS USAGE

After posting a quarter-over-quarter (QOQ) bump in Q2, the average effective multifamily rent declined by 0.9% QOQ to $1,600 per unit in Q3 2025. Despite this fluctuation, concessions are continuing to become less common, which is a positive sign that rents are gradually stabilizing. Only 16% of properties were offering some form of rent discount as of Q3 2025, down from 17% a year ago.

DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT

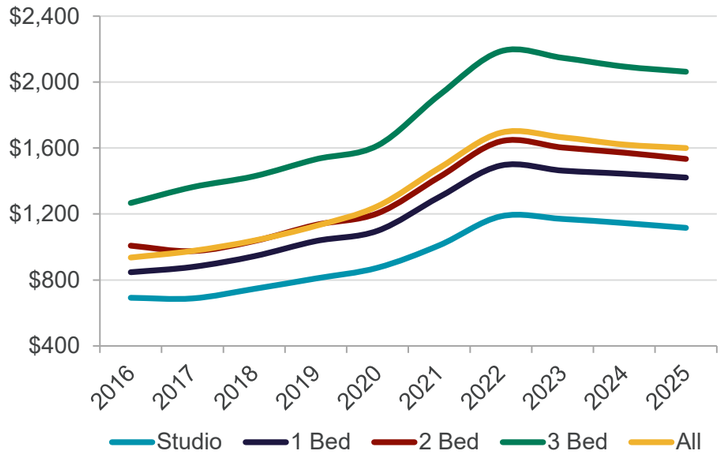


Source: Yardi Matrix

PHOENIX
MULTIFAMILY Q3 2025

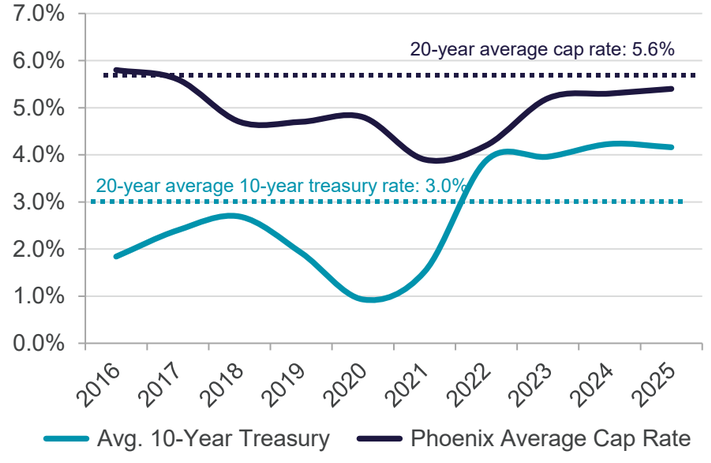
AVERAGE RENT PER UNIT HISTORY (1)

ALL UNIT TYPES HAVE RECORDED RATE REDUCTIONS SINCE 2023. ON AVERAGE, PRICES HAVE DECREASED 3.9% IN TWO YEARS.



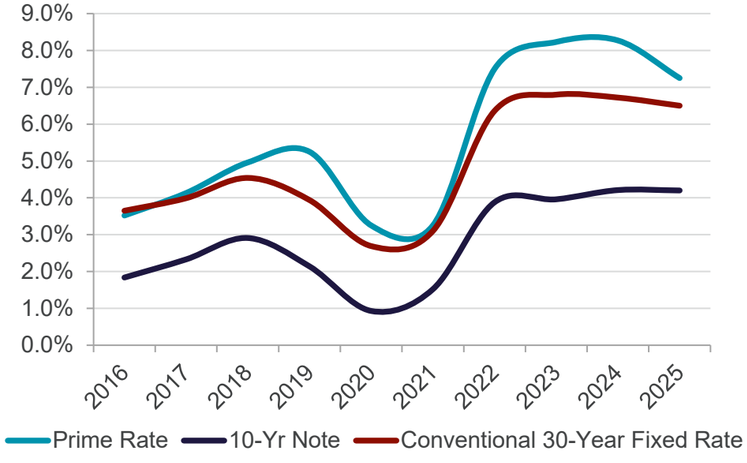
AVERAGE CAP RATE (2)

THE 10-YEAR U.S. TREASURY RATE IS ABOVE THE HISTORICAL AVERAGE OF 3.0% AND THE METRO PHOENIX CAP RATE IS BELOW THE HISTORICAL AVERAGE OF 5.6%



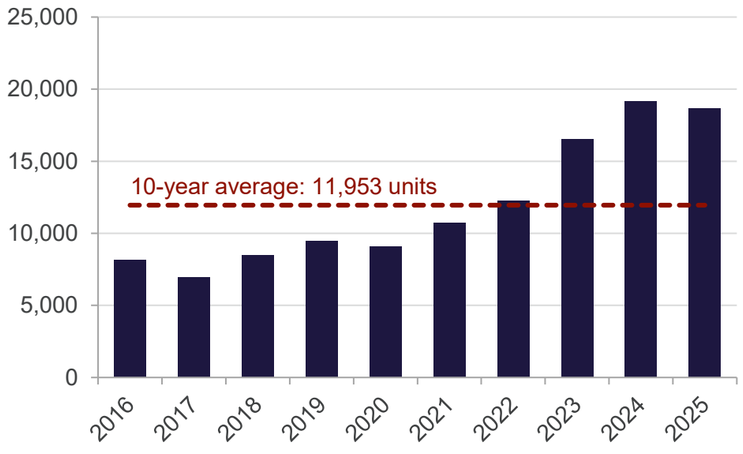
INTEREST RATES (3)

FEDERAL FUNDS TARGET RATE FORECASTED TO EASE BY 100 BASIS POINTS THROUGHOUT 2025



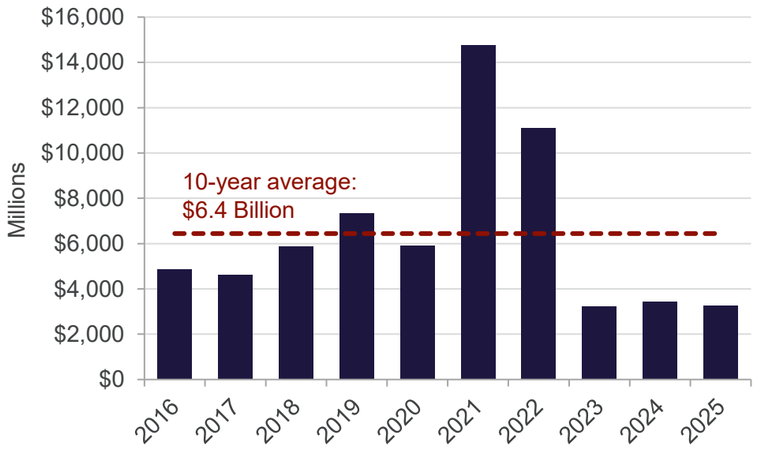
NEW INVENTORY (4)

TOTAL NUMBER OF NEW INVENTORY UNITS COMPLETED YTD 2025 IS 156% OF THE 10-YEAR ANNUAL AVERAGE OF 11,953 UNITS



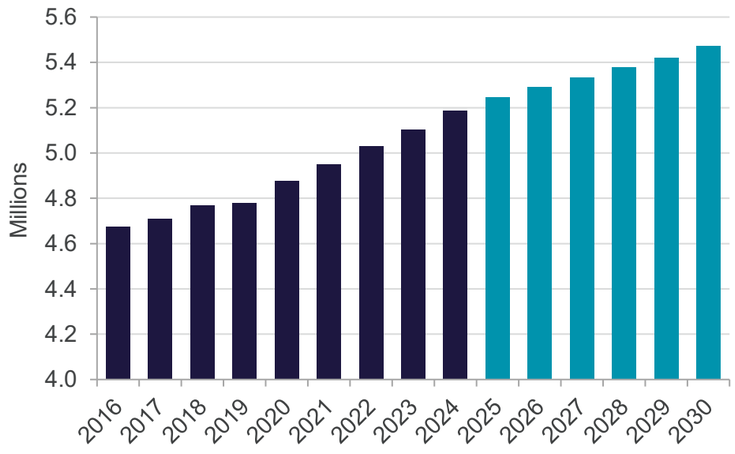
SALES TRANSACTION VOLUME (5)

TOTAL TRANSACTION VOLUME OF 57 PROPERTIES YTD 2025 IS 51% OF THE 10-YEAR ANNUAL AVERAGE OF $6.4 BILLION



POPULATION (6)

POPULATION IS PROJECTED TO GROW SIGNIFICANTLY THROUGH 2030



(1) Yardi Matrix, Cushman & Wakefield
(2) Yardi Matrix, Federal Reserve Board, Cushman & Wakefield
(3) Federal Reserve Board, Wells Fargo
(4) Yardi Matrix
(5) Yardi Matrix
(6) Moody's & U.S. Census Bureau

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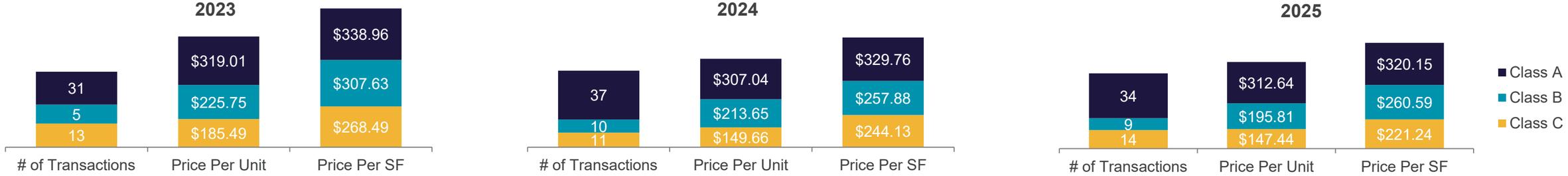
MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	YTD DELIVERIES (UNITS)	YTD % INVENTORY GROWTH	UNDER CNSTR (UNITS)	YTD NET ABSORPTION (UNITS)	VACANCY RATE	YOY VACANCY RATE CHANGE (BPS)	AVG EFFECTIVE RENT / UNIT	YOY % EFFECTIVE RENT GROWTH
Ahwatukee	13,562	782	6.1%	906	496	5.9%	20	$1,607	-2.1%
Central Phoenix	35,604	1,766	5.2%	3,754	1,150	6.7%	-30	$1,591	-0.4%
Chandler/Gilbert/Queen Creek	44,229	3,288	8.0%	4,177	1,894	6.1%	80	$1,723	-2.8%
East Phoenix	19,205	-	0.0%	320	168	6.8%	-30	$1,467	-4.2%
Glendale/West Valley	32,803	3,628	12.4%	4,465	1,161	7.4%	-40	$1,477	-1.0%
Mesa	43,610	1,519	3.6%	3,580	738	6.5%	10	$1,474	-1.2%
Northeast Valley	35,062	2,102	6.4%	6,498	2,046	5.6%	-40	$1,764	-0.8%
Northwest Valley	43,459	2,474	6.0%	1,307	1,883	7.1%	-10	$1,484	-1.7%
Scottsdale	28,399	574	2.1%	1,618	181	6.0%	70	$1,958	-0.2%
Tempe	38,025	482	1.3%	3,462	1,520	5.6%	-60	$1,779	-5.7%
West Phoenix	43,846	2,059	4.9%	3,112	891	7.5%	-90	$1,353	-1.9%
MARKET	**377,804**	**18,674**	**5.2%**	**33,199**	**12,128**	**6.5%**	**-10**	**$1,600**	**-2.1%**



KEY SALE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER/BUYER	Units	PRICE / $ PER UNIT
The Laurel Apartments	Chandler/Gilbert/Queen Creek	Sunroad Enterprises / Fairfield Residential	383	$120.2M / $313,838
The Nines at Kierland	Northeast Valley	Sunroad Enterprises / Fairfield Residential	276	$115.8M / $419,384
Vistara at SanTan Village	Chandler/Gilbert/Queen Creek	Olympus Property / Mesirow Financial	366	$115.3M / $314,891
Country Brook	Chandler/Gilbert/Queen Creek	MG Properties / Covenant Capital Group	396	$109.5M / $276,515
Lazo Apartments	Chandler/Gilbert/Queen Creek	Sunroad Enterprises / Fairfield Residential	346	$100.5M / $290,462
Slate Scottsdale	Northeast Valley	Sunroad Enterprises / Fairfield Residential	278	$97.4M / $350,270
Zone Apartments	Glendale/West Valley	Sunroad Enterprises / Fairfield Residential	308	$81.8M / $265,422
Huxley Scottsdale	Scottsdale	PGIM / Pillar Communities	192	$76.0M / $395,833

Source: Yardi Matrix

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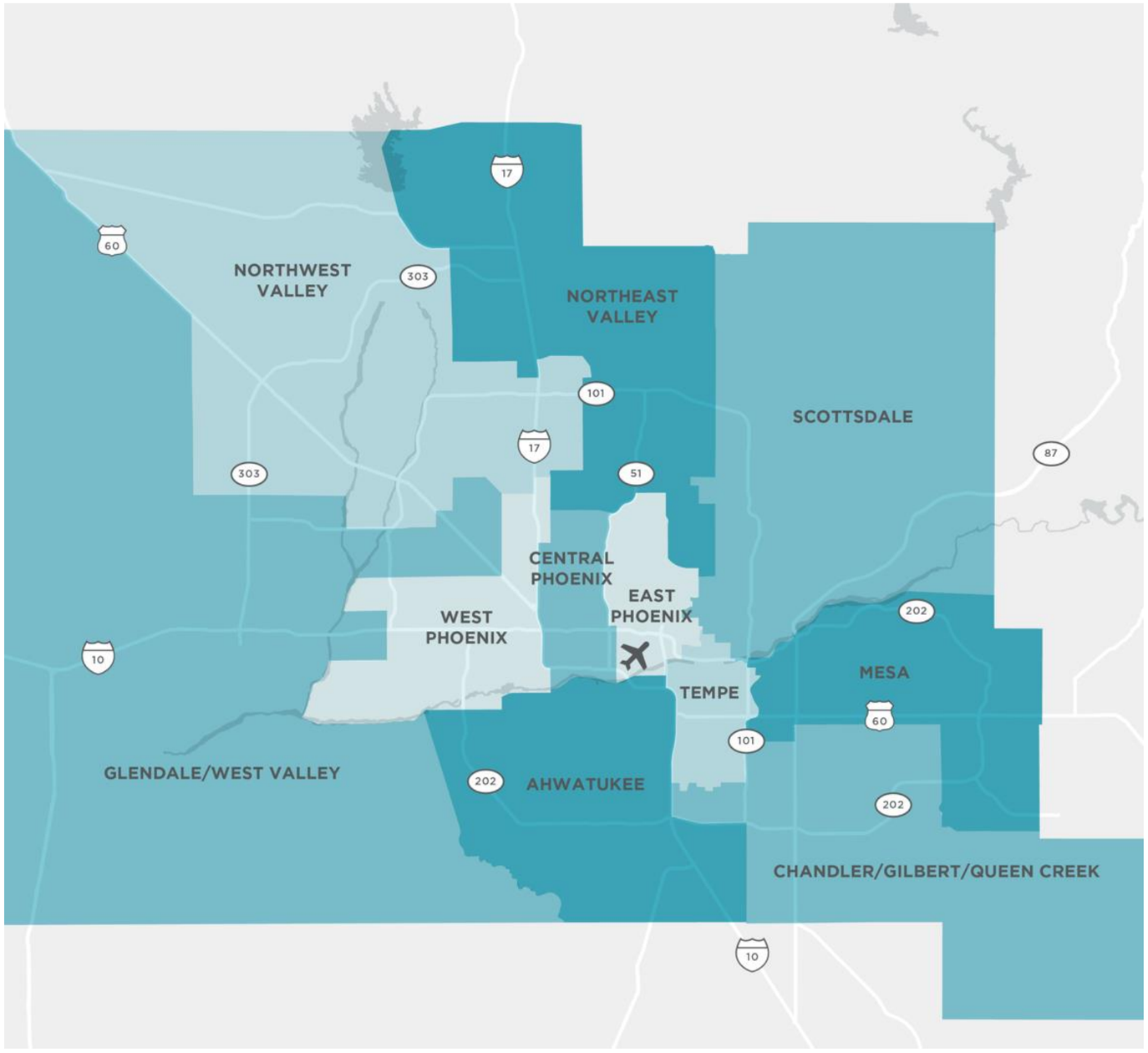
MULTIFAMILY SUBMARKETS



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