Q3
2026

PHOENIX MULTIFAMILY NEWSLETTER

2026Q3



(480) 425-5500
www.svndesertcommercial.com
5343 N 16th St. #100 | Phoenix, AZ 85016

SVN



(Featured Property: Modera Kierland)

QUARTERLY **MULTIFAMILY** UPDATE

The Phoenix apartment market is showing early signs of recovery in 2026, supported by strong renter demand and slowing construction. Over the past 12 months, the Valley recorded 25,000 units of absorption, well above the pre-pandemic annual average of approximately 7,200 units. Population growth, relative affordability, employment opportunities, and barriers to homeownership continue to attract renters to the area.

For the first time since 2021, apartment demand has outpaced new supply. Developers delivered 17,000 units over the past year, while overall vacancy declined from 12.7% to 10.5%. However, vacancy remains among the highest nationally, reflecting the substantial number of apartments added in recent years. Approximately 63,000 units were delivered over the past three years, with another 16,000 still under construction.

Excess inventory continues to pressure rents despite improving conditions. Average asking rents fell 0.8% over the past 12 months, an improvement from the 2.8% decline recorded at the end of 2025. Concessions remain common, with established properties typically offering four to eight weeks of free rent and some newly built communities advertising 10 weeks or more. Conditions vary geographically, with Chandler, Gilbert, and Scottsdale performing better than oversupplied areas such as Downtown Phoenix and the West Valley.

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MARKET CAP RATES

5.10%	6.22%
METRO PHOENIX	NATIONAL

Q3
2026

PRICE PER UNIT
$248,000
2Q26: $268,000
YOY:11.00%

VACANCY
10.50%
2Q26: 11.40%
YOY: 2.00%

MARKET RENT
$1,558
2Q26: $1,570
YOY: -$12.00

NET ABSORPTION
8,574 UNITS
12 MO DELIVERIES 17,014 UNITS
12 MO ABSORPTIONS 25,588 UNITS

The construction pipeline is shrinking, and deliveries are expected to approach pre-pandemic levels by 2027. This should gradually reduce vacancy and strengthen landlords' pricing power, although the market needs time to absorb recent supply. Positive rent growth could return by the end of 2027 if demand remains steady and construction continues to slow.

Investment activity is also improving. Apartment sales totaled approximately $4.2 billion in the 12 months ending in the second quarter of 2026, up 4% year over year. Investors are showing renewed interest in older properties with renovation potential, while institutional buyers continue targeting newer Class A communities.

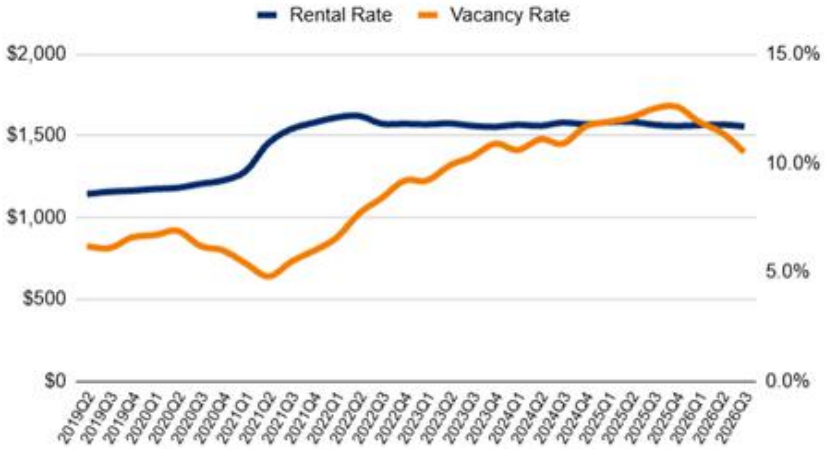
Overall, Phoenix's population growth and economic expansion support its long-term apartment market outlook. Elevated vacancy and operating costs remain challenges, but slowing construction, improving occupancy, and stronger investment activity point toward a gradual recovery.

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



ECONOMIC HIGHLIGHTS

Employment Data (YOY)

4.20% Unemployment Rate (USA)	±0.00%
4.90% Unemployment Rate (Metro PHX)	+0.80%
2.542 MM Employed Residents (Metro PHX)	

Metro PHX Housing Trends (YOY)

$450,000 Median Home Price	-1.53%
5,881 Closed Transactions	-23.9%
85 Days on Market	+1 Days
4.21 Months of Supply	-0.24 Months

10-Year Treasury

5.29% as of 9/30/2026
+113 BPS YOY | +54 BPS MOM

PRICES &
CAP RATE TRENDS



SUBMARKET **ANALYSIS**

Submarket	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
Camelback	8.50%	$1,526	0.80%	40	377	3.40%	102	$239K	5.60%
Chandler	7.20%	$1,695	0.90%	801	1,313	4.00%	1,018	$304K	4.80%
Deer Valley	11.00%	$1,506	-0.60%	2,135	1,948	4.90%	2,404	$264K	5.00%
Downtown Phoenix	12.10%	$1,505	-2.30%	1,767	792	1.70%	2,565	$246K	5.70%
East Valley	11.20%	$1,482	-1.00%	3,114	3,900	7.20%	3,185	$250K	5.00%
Gilbert	8.40%	$1,782	0.70%	409	1,120	6.00%	997	$332K	4.80%
North Phoenix	8.60%	$1,422	-0.40%	625	1,946	4.10%	1,510	$233K	5.10%
North Scottsdale	8.00%	$2,249	2.00%	261	928	4.70%	898	$397K	4.90%
North West Valley	9.70%	$1,445	-2.50%	149	108	0.60%	902	$242K	5.10%
Old Town Scottsdale	6.70%	$1,883	0.50%	0	190	1.30%	174	$325K	5.30%
South Phoenix	10.70%	$1,607	-1.70%	676	633	4.40%	1,351	$281K	5.00%
South West Valley	12.60%	$1,389	-1.70%	2,133	321	0.60%	3,626	$224K	5.00%
Southeast Valley	21.50%	$1,423	-4.60%	363	711	10.80%	859	$170K	5.70%
Tempe	9.70%	$1,571	-1.90%	1,559	812	1.60%	1,128	$273K	5.20%
West Maricopa County	17.10%	$1,742	-2.50%	1,364	425	4.60%	2,082	$316K	5.00%
Totals/Averages:	**10.50%**	**$1,568**	**-2.4%**	**17,014**	**15,524**	**3.99%**	**25,588**	**$248K**	**5.10%**

PHOENIX METRO **RENTS**

Asset Class	Sept 2025	Sept 2026	Inc $$	Pct
Discretionary	$1,941	$1,966	$25	1.3%
Upper Mid-Range	$1,730	$1,727	-$3	-0.2%
Low Mid-Range	$1,361	$1,333	-$28	-2.1%
Workforce - Upper	$1,188	$1,153	-$35	-2.9%
Workforce - Lower	$1,104	$1,057	-$47	-4.3%
Averages	**$1,614**	**$1,614**	**$0**	**0.0%**

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

NOTABLE **TRANSACTIONS**

Q3 2026

10-99 UNITS

	Q3 YTD 25	Q3 YTD 26	+/-
Total Sales Volume	$414,490,960	$257,981,292	-37.8%
Avg Price/Unit	$186,876	$225,705	20.8%
Avg Price/SF	$222	$218	-1.4%
Avg Year Built	1975	1981	

100+ UNITS

	Q3 YTD 25	Q3 YTD 26	+/-
Total Sales Volume	$4,682,055,268	$2,107,570,245	-55.0%
Avg Price/Unit	$272,561	$265,437	-2.6%
Avg Price/SF	$270	$269	-0.4%
Avg Year Built	2002	2005	

10-99 UNITS



7320 E BELLEVIEW ST
SCOTTSDALE, AZ

Sale Date: 9/30/2026
Sale Price: $6,350,000
Price/Unit: $302,381
GBA: ±15,520 SF

Size: 21 Units
Unit Mix: 0 - S | 1 - 1B | 20 - 2B | 0 - 3B | 0 - 4B
Built: 1960



7325 E BELLEVIEW ST
SCOTTSDALE, AZ

Sale Date: 7/17/2026
Sale Price: $5,620,000
Price/Unit: $281,000
GBA: ±15,740 SF

Size: 20 Units
Unit Mix: 2 - S | 0 - 1B |16 - 2B | 2 - 3B | 0 - 4B
Built: 1969

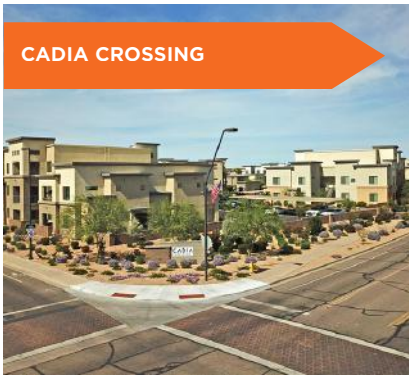


4401 N 21ST ST
PHOENIX, AZ

Sale Date: 9/30/2026
Sale Price: $3,800,000
Price/Unit: $253,333
GBA: ±15,170 SF

Size: 15 Units
Unit Mix: 0 - S | 2 - 1B | 13 - 2B | 0 - 3B | 0 - 4B
Built: 1950

100+ UNITS



230 E CIVIC CENTER DR
GILBERT, AZ

Sale Date: 9/23/2026
Sale Price: $80,000,000
Price/Unit: $312,500
GBA: ±215,000 SF

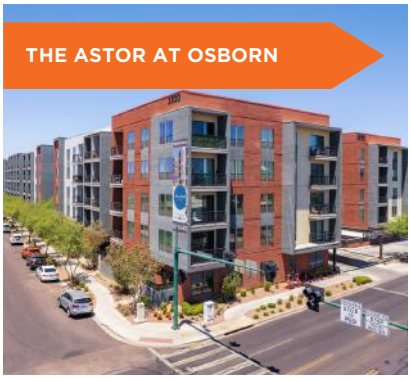
Size: 256 Units
Unit Mix: 0 - S | 76 - 1B | 156 - 2B | 24 - 3B | 0- 4B
Built: 2017



1 W CAMPBELL AVE
PHOENIX, AZ

Sale Date: 7/29/2026
Sale Price: $73,650,000
Price/Unit: $289,961
GBA: ±346,704 SF

Size: 254 Units
Unit Mix: 0 - S | 90 - 1B | 110 - 2B | 54 - 3B | 0 -4B
Built: 2000 | 2016



3300 N 7TH AVE
PHOENIX, AZ

Sale Date: 9/23/2026
Sale Price: $47,800,000
Price/Unit: $250,262
GBA: ±191,000 SF

Size: 191 Units
Unit Mix: 53 - S | 77 - 1B | 57 - 2B | 4 - 3B | 0 -4B
Built: 2019



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