Q2
2026

PHOENIX MULTIFAMILY NEWSLETTER

2026 Q2

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

SVN

QUARTERLY MULTIFAMILY UPDATE

The Phoenix apartment market began the year on a strong note, with net absorption reaching a record high in 26Q1. Improving demand, combined with a slowing construction pipeline, has supported better vacancy and rent trends. However, the elevated level of supply delivered over the past several years continues to weigh on market fundamentals, suggesting a gradual recovery ahead.

Over the past 12 months, Phoenix recorded 23,000 units of net absorption, far exceeding the pre-COVID five-year annual average of 7,200 units and ranking among the nation's top five markets for demand. Relative affordability, continued job growth, and strong population gains remain key drivers of renter demand.

Developers delivered 20,000 net new units during the same period, marking the first time since 2021 that supply and demand have been roughly balanced. As a result, overall vacancy, including lease-up properties, has improved to 11.1%.

Although the construction pipeline has declined by roughly 50% from its peak to 17,000 units, it still represents 3.8% of existing inventory, keeping Phoenix among the nation's most active apartment development markets. Oversupply risks remain concentrated in high-growth areas such as Downtown Phoenix, Tempe, and the Southwest Valley.

MARKET CAP RATES

5.10%	**6.22%**
METRO PHOENIX	NATIONAL

Q2
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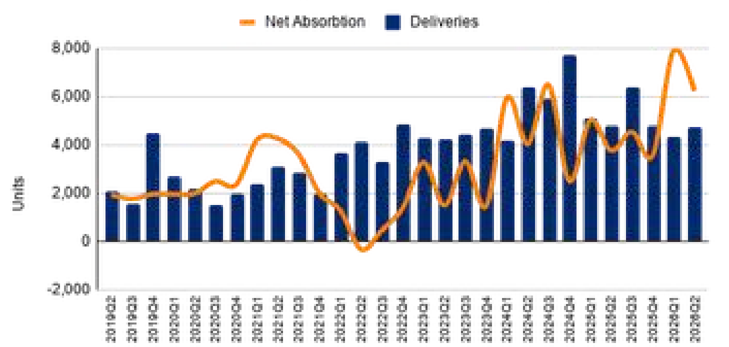
PRICE PER UNIT	VACANCY	MARKET RENT	NET ABSORPTION
$268,000	11.40%	$1,570	2,021 UNITS
1Q26: $268,000	1Q26: 11.90%	1Q25: $1,566	12 MO DELIVERIES 20,200 UNITS
YOY: 0.00%	YOY: 0.70%	YOY: -$17.00	12 MO ABSORPTIONS 22,221 UNITS

Despite improving occupancy, vacancy remains near its highest level since the post-Global Financial Crisis recovery, keeping annual rent growth negative. Asking rents declined 1.5% over the past year as strong first-quarter performance was offset by weaker conditions during the second half of 2025. Operators continue to rely on aggressive concessions, with discounts becoming more widespread and newly delivered communities frequently offering 10 or more weeks of free rent.

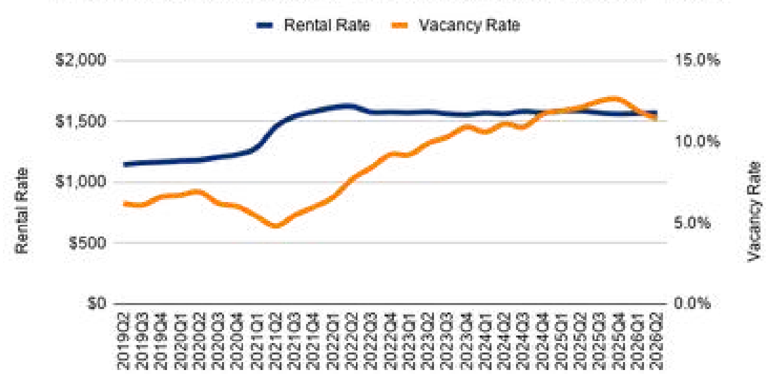
Looking ahead, the shrinking development pipeline should provide meaningful supply-side relief, with annual deliveries expected to return closer to pre-pandemic levels by 2027. Vacancy is projected to gradually compress as excess supply is absorbed, while rent growth should stabilize, making another sharp decline like 2025 unlikely.

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

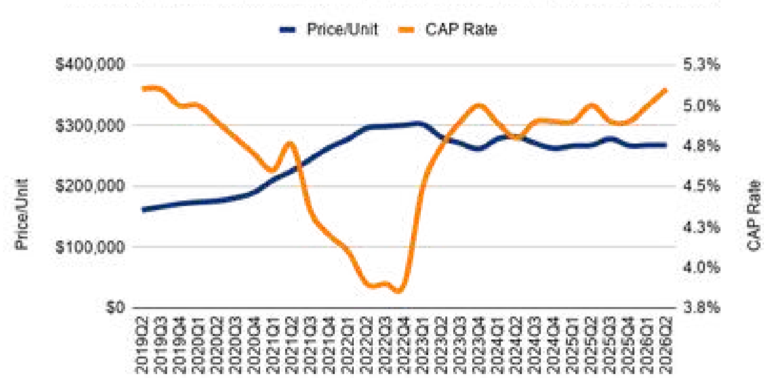
METRO PHOENIX DELIVERIES & ABSORPTION



RENTAL & VACANCY RATES



PRICES & CAP RATE TRENDS



ECONOMIC HIGHLIGHTS

Employment Data (YOY)

4.20% Unemployment Rate (USA)	-0.10%
4.10% Unemployment Rate (Metro PHX)	-0.20%
2.587 MM Employed Residents (Metro PHX)	

Metro PHX Housing Trends (YOY)

$457,000 Median Home Price	-0.11%
7,733 Closed Transactions	+9.30%
84 Days on Market	+6 Days
4.45 Months of Supply	-0.13 Months

10-Year Treasury

4.44% as of 6/30/2026
+20 BPS YOY | -1 BPS MOM

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	8.20%	$1,520	-0.10%	40	377	3.40%	79	$239K	5.60%
Chandler	7.50%	$1,711	0.10%	759	1,413	4.40%	1,006	$306K	4.80%
Deer Valley	12.30%	$1,517	-1.70%	2,798	1,401	3.60%	2,058	$262K	5.00%
Downtown Phoenix	12.90%	$1,529	-2.10%	2,984	1,032	2.20%	2,431	$247K	5.60%
East Valley	11.60%	$1,493	-1.20%	3,261	4,316	8.00%	2,820	$250K	4.90%
Gilbert	8.20%	$1,786	0.10%	898	1,351	7.40%	1,471	$334K	4.70%
North Phoenix	8.90%	$1,401	-2.00%	731	1,976	4.20%	1,552	$228K	5.10%
North Scottsdale	8.80%	$2,222	1.20%	608	713	3.50%	884	$393K	4.90%
North West Valley	11.00%	$1,461	-2.40%	232	108	0.60%	974	$245K	5.00%
Old Town Scottsdale	6.50%	$1,893	0.20%	0	190	1.30%	214	$325K	5.20%
South Phoenix	12.70%	$1,632	-2.00%	1,087	669	4.60%	1,312	$284K	4.90%
South West Valley	13.10%	$1,402	-2.60%	2,332	682	1.20%	3,799	$231K	4.90%
Southeast Valley	26.80%	$1,432	-4.70%	980	885	13.20%	885	$169K	5.60%
Tempe	10.00%	$1,592	-2.20%	1,762	812	1.60%	1,299	$277K	5.10%
West Maricopa County	20.50%	$1,750	-2.90%	1,175	636	7.10%	1,856	$323K	4.90%
Totals/Averages:	**11.4%**	**$1,570**	**-2.4%**	**20.200**	**17,802**	**4.1%**	**22,221**	**$268K**	**5.1%**

PHOENIX METRO **RENTS**

Asset Class	June 2025	June 2026	Inc $$	Pct
Discretionary	$1,972	$1,959	-$13	-0.7%
Upper Mid-Range	$1,745	$1,724	-$21	-1.2%
Low Mid-Range	$1,385	$1,336	-$49	-3.5%
Workforce - Upper	$1,205	$1,146	-$59	-4.9%
Workforce - Lower	$1,133	$1,067	-$66	-5.8%
Averages	**$1,634**	**$1,611**	**-$23**	**-1.4%**

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

NOTABLE **TRANSACTIONS**

10-99 UNITS

	1H YTD 25	1H YTD 26	+/-
Total Sales Volume	$123,219,480	$196,121,292	59.2
Avg Price/Unit	$166,064	$241,827	45.6%
Avg Price/SF	$229	$209	-9.0%
Avg Year Built	1970	1981	

100+ UNITS

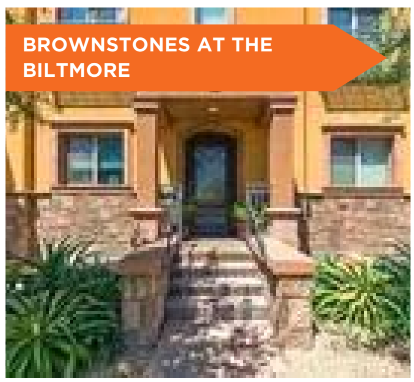
	1H YTD 25	1H YTD 26	+/-
Total Sales Volume	$1,712,910,134	$1,597,870,245	-6.7%
Avg Price/Unit	$271,116	$292,115	7.7%
Avg Price/SF	$274	$284	3.6%
Avg Year Built	2004	2008	

10-99 UNITS

3622 N 38TH ST
PHOENIX, AZ

Sale Date: 4/10/2026
Sale Price: $12,100,000
Price/Unit: $504,167
GBA: ±200,000 SF

Size: 24 Units
Unit Mix: 0 - S | 0 - 1B | 16 - 2B | 8 - 3B | 0 - 4B
Built: 2024



2608 E TURNEY AVE
PHOENIX, AZ

Sale Date: 4/22/2026
Sale Price: $5,250,000
Price/Unit: $477,273
GBA: ±29,728 SF

Size: 11 Units
Unit Mix: 0 - S | 0 - 1B | 0 - 2B | 11 - 3B | 0 - 4B
Built: 2011

6915 E 3RD ST
SCOTTSDALE, AZ

Sale Date: 4/29/2026
Sale Price: $3,900,000
Price/Unit: $325,000
GBA: ±12,860 SF

Size: 12 Units
Unit Mix: 0 - S | 0 - 1B | 12 - 2B | 0 - 3B | 0 - 4B
Built: 1958

100+ UNITS

15825 N 71ST ST
SCOTTSDALE, AZ

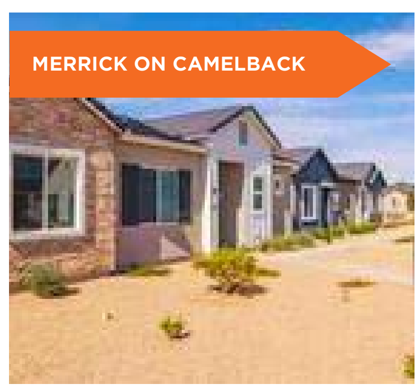
Sale Date: 5/14/2026
Sale Price: $142,500,000
Price/Unit: $491,379
GBA: ±180,000 SF

Size: 290 Units
Unit Mix: 0 - S | 210 - 1B | 80 - 2B | 0 - 3B | 0- 4B
Built: 2022

3150 E RAY RD
GILBERT, AZ

Sale Date: 6/30/2026
Sale Price: $124,500,000
Price/Unit: 389,063
GBA: ±485,769 SF

Size: 320 Units
Unit Mix: 22 - S | 143- 1B | 152 - 2B | 3 - 3B | 0 -4B
Built: 2022



4747 N 99TH AVE
PHOENIX, AZ

Sale Date: 6/30/2026
Sale Price: $112,500,000
Price/Unit: $336,826
GBA: ±250,000 SF

Size: 334 Units
Unit Mix: 0 - S | 110 - 1B | 149 - 2B | 75 - 3B | 0 -4B
Built: 2023

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