



# METRO PHOENIX

## APARTMENT OWNER'S UPDATE

4th QTR 2022

In order to provide apartment owners and investors the best up-to date information, we track quarterly market data on apartment sales, apartments "for sale", occupancy, rental rates and new apt. construction. All market updates since 1998 are posted on our website.

[www.MetroPhoenixCommercial.com](http://www.MetroPhoenixCommercial.com)

### Huge Jump in New Apt. Completions

New apartment completions in 2022 were **16,016 units (67 projects)**. In addition, 57 communities (14,321 units) still partially under construction have already started lease-up. Currently there are 164 projects (39,191 units) Under Construction, 126 projects (30,062 units) Planned and 218 projects (55,730 units) Prospective. **That's a total of 508 projects (124,983 units) in the pipeline.** Metro Phoenix has never seen numbers like this. Everyone continues to ask, "are we overbuilding?" The increased mortgage interest rates combined with the high inflation hamper the ability to purchase a home and partially offsets the increasing apartment supply. The best question is "will the population boom continue to support the huge new supply of units".

### Occupancy and Rents Both Decreasing

For the past 5 years, Metro Phoenix has enjoyed very strong occupancy and amazing rent growth – sometimes leading the US. With the historically huge number of new apartment units being completed, the additional competition has now caused rents and occupancy in all class properties to decrease. With the large number of projects in the new construction pipeline, the increased supply will continue to put pressure on rent growth and occupancy. The impact of the new construction pipeline could have been significantly more severe, except the time for completion has been extended due to labor and supply issues, but there are **still many, many units in the pipeline**. The high inflation is good and bad. It limits the ability to purchase a home which maintains the strong demand for rentals, but also limits the amount rents can be increased – or even held at current levels.

### Local and Across the US

Most major cities in the US are also experiencing decreases in apt. rents and occupancy – some noted as only being due to the economy. With inflation, affordability will obviously be an issue going forward. There are also growing concerns by apartment developers and investors with the impact of the increasing mortgage rates as the Fed's try to control inflation. In addition, with homeowners unable to sell their properties, many are being converted into rentals – adding to the supply. 2023 will be interesting. Apt. owners may need to adjust their selling price and investors need some faith that the economy does not slide into a recession. Metro Phoenix has a strong and diversified economy and will be able to weather a downturn better than most!

### 25<sup>th</sup> Anniversary

This apt newsletter has been provided to owners and investors since 1998. Over this period, our brokerages have sold more than 1,000 apt communities with more than \$2 Billion gross original value. Thank you for everyone's support over these years. The biggest reward is that we have helped provide significant wealth for our clients.

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Metro Phoenix Commercial – 2022 to present  
Kasten Long Commercial Group 2008-2021  
Kasten Long Apartment Team 1998 - 2007

### Metro Phoenix Multifamily Data

Year	Const.	Vacancy
2013	3,655	7.3%
2014	4,820	6.1%
2015	5,089	5.7%
2016	8,024	5.8%
2017	6,543	5.4%
2018	8,162	5.0%
2019	9,008	5.1%
2020	8,817	4.5%
2021	9,892	4.2%
2022	<b>16,016</b>	<b>5.9%</b>

Primary Data Source: Yardi Matrix (50+ units)

### Resources on our website:

[www.MetroPhoenixCommercial.com](http://www.MetroPhoenixCommercial.com)

### Apt. Newsletter – Quarterly since 1998

- Recent Apartment sales
- New Apt. Construction Pipeline
- List of Apartments For Sale
- **Coming Soon – Updated AZ Water News. What info do you need?**

If interested and you're not already on our email distribution list, just let us know.