

# INVESTMENT FORECAST

Multifamily  
Phoenix

IPA  
INSTITUTIONAL  
PROPERTY  
ADVISORS

2026

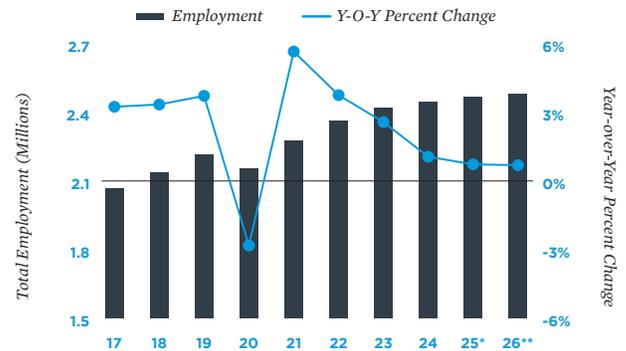
## East Valley Outperforms as Higher-End Rentals Overcome Supply Pressures

**Class A momentum builds despite widening submarket divide.** Phoenix's multifamily market is poised for sustained recovery in 2026. Easing supply pressures and local inflation near national lows – below 2 percent in 2025 – will enable wages to catch up to asking rents. Performance will likely remain split by submarket, however, due to softer job growth and immigration headwinds. The East Valley and North Phoenix-Scottsdale corridors should be better positioned due to their affluent residents and steady job creation in healthcare and white-collar industries, which helped sustain vacancy compression into late 2025. With completions projected to fall by nearly 50 percent across the market in 2026, higher-end properties will face less competition from new supply, positioning Class A fundamentals to strengthen and potentially regain rent growth momentum. Meanwhile, centrally located neighborhoods and the West Valley may lag as lower-income renters face weaker hiring in sectors such as manufacturing, logistics, and hospitality, keeping pressure on Class B and C rentals.

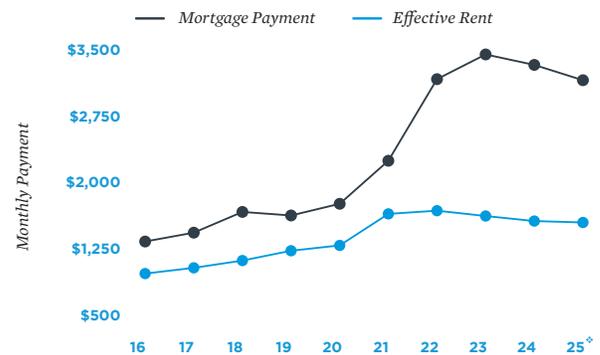
### Significant commitments return as net absorption holds firm.

Institutional investment improved in 2025 as interest rates stabilized and new supply was rapidly absorbed. Transactions of roughly \$100 million grew, with activity concentrated in affluent submarkets such as North Scottsdale and Chandler, after the metro recorded the fifth-strongest Class A vacancy compression among major markets last year. Applied Materials' August 2025 announcement to invest more than \$200 million to establish a new advanced manufacturing facility in Chandler underscores the area's growth trajectory. At the same time, buyers became increasingly active in infill neighborhoods near Uptown Phoenix and Glendale, where limited land availability constrains construction and 1970s- and 1980s-vintage assets often traded near \$150,000 per unit. Investment in Downtown may also build as projects reach stabilization, supported by the CBD maintaining the strongest net absorption relative to inventory among any urban core in the country. Long-term plans such as Arizona State University's health campus headquarters, slated to open in 2028, should reinforce job growth Downtown, potentially enhancing the appeal of value-add opportunities aimed at attracting higher-income renters.

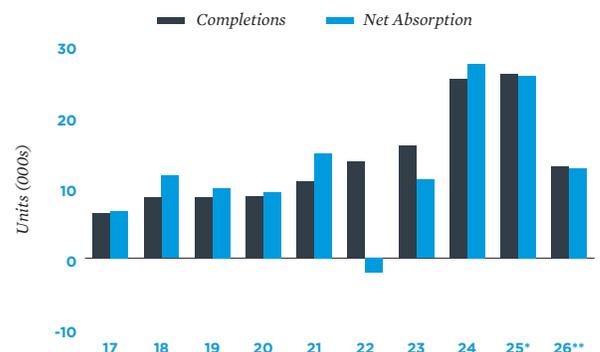
## Employment Trends



## Housing Affordability Gap



## Supply and Demand



21.1%

2025 share of local population between 20 and 34 years old



32.2%

of local population hold bachelor's degree or higher\*



\$460,200

2025 median home price\*

\* Estimate \*\* Forecast \* Through 3Q  
\*2025: 25+ years old

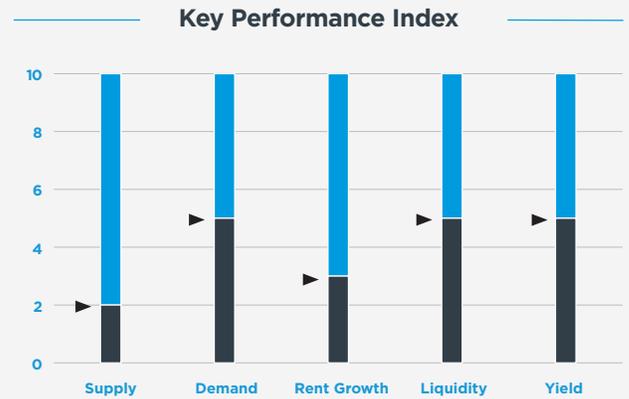
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

## Investment Outlook

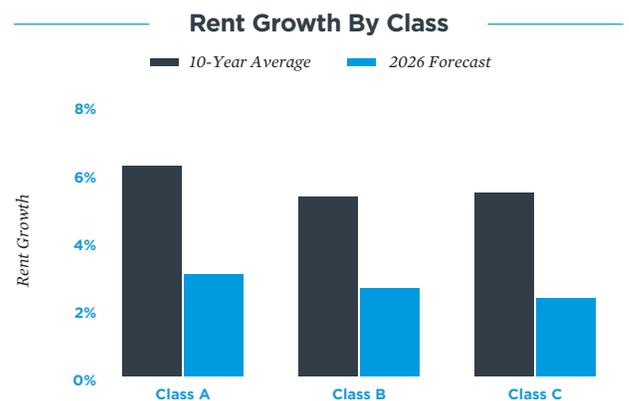
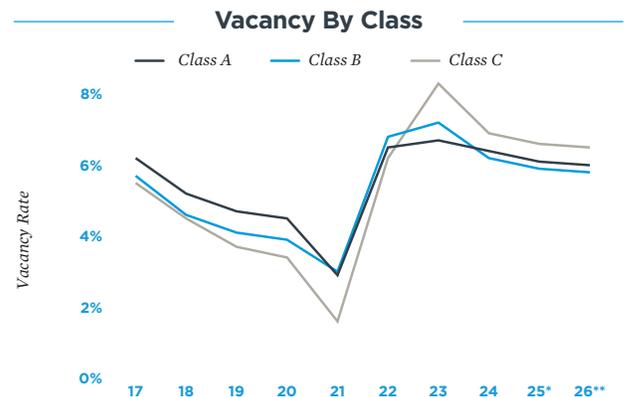
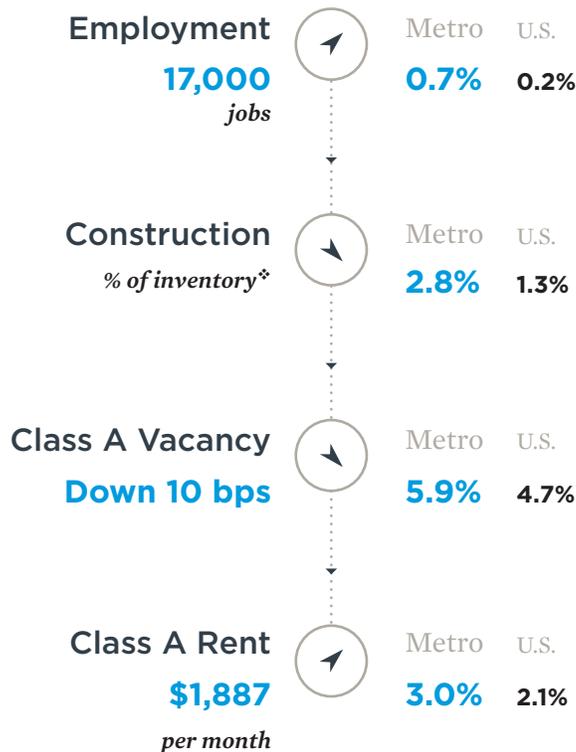
New supply remains an active pressure on the Phoenix rental landscape in 2026, with a KPI of 2. Robust net in-migration in recent years, nevertheless, underscores the housing need, producing an improved demand score of 5 this year. Numerous properties seeking stabilization, nonetheless, limits the rent value to 3.

Both the liquidity and yield scores for Phoenix stay at a 5 for 2026, despite lingering supply pressure. While recent changes to immigration policy pose a risk, the market's strong track record of domestic in-migration favors the long-term investment outlook.

*Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.*



## 2026 INVESTMENT OUTLOOK



IPA Multifamily

**Andrew Leahy**

Senior Managing Director, National Division Leader

Tel: (202) 536-3700 | aleahy@ipausa.com

\* Estimate \*\* Forecast  
\* Arrow reflects completions trend compared with 2025

Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics