



VIKING CAPITAL

MARKET REPORT

Phoenix

Year-end 2025 insights, trends, and opportunities shaping Phoenix's multifamily real estate landscape.



Introduction

At Viking Capital, we've built a legacy over the last decade with over 6,000 doors and \$1.2 billion in assets acquired nationwide. As the multifamily market advances into 2026, shifting fundamentals are redefining risk, pricing, and opportunity. This report examines Arizona markets, leveraging current data, market trends, and institutional perspectives to assess where fundamentals are stabilizing and where opportunity is emerging.

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EXECUTIVE SUMMARY

Positioned for the Next Multifamily Upswing

Phoenix is transitioning from peak supply pressure into the early stages of a demand-driven recovery supported by durable economic growth.

As the multifamily market enters 2026, Greater Phoenix continues to demonstrate resilient demand and constructive absorption despite navigating the final phase of an elevated supply cycle. The metro remains one of the nation's most active large-scale apartment markets, supported by sustained population in-migration, diversified employment growth, and durable long-term housing demand.

Over the trailing 12 months, Phoenix absorbed more than 21,000 units—exceeding prior-year levels and reinforcing the market's capacity to integrate new supply. Leasing activity has remained active across submarkets, reflecting continued household formation and renter demand even amid increased deliveries.

Entering 2026, new construction starts have moderated, allowing absorption to more closely align with deliveries and supporting stable occupancy across stabilized assets. As the development pipeline contracts, competitive pressure is expected to ease, positioning the market for improved balance heading into 2027.

Within the metro, Avondale and the broader West Valley stand out as compelling submarkets. Driven by infrastructure investment, expanding employment corridors, and relative affordability, these areas are well-positioned to capture continued demand as Phoenix transitions into its next growth phase.

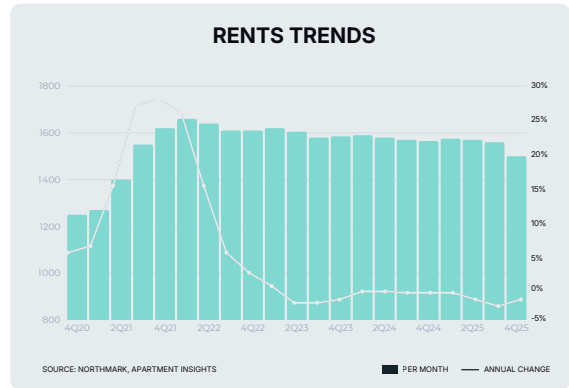
While the market continues to digest recent supply, Phoenix's structural strengths remain intact. A growing population, a maturing high-wage employment base, and moderating construction activity collectively support a constructive outlook. As supply pressures ease and fundamentals normalize, the foundation is forming for renewed pricing power and durable multifamily performance over the medium term.

RENT TRENDS

Average Effective Rent is forecast to end the year at \$1,525 per month, a 1.1% advance.

Phoenix rental rates dropped 1.2% in the fourth quarter, settling at \$1,509 monthly. This decline aligns with historical seasonal trends—Q4 has consistently been the weakest rental period from 2022 to 2024, though in 2025 the softest conditions shifted to Q3.

The market declined 2.3% annually in 2025, following a 1.9% drop in 2024. This marks the third consecutive year of rental rate compression across Greater Phoenix, with current rates sitting 9.4% below their mid-2022 peak.

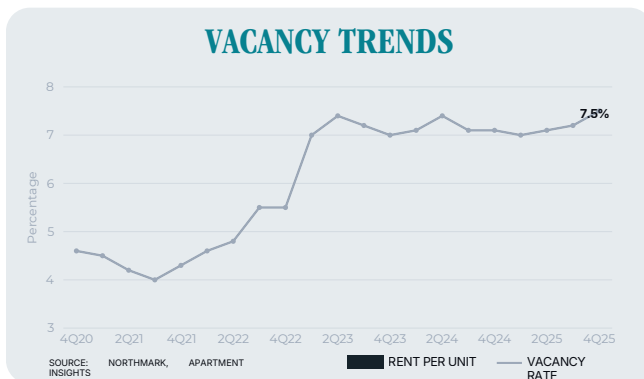


While the broader market faced headwinds, certain areas bucked the trend. South Scottsdale emerged as a standout performer, recording a 1.1% annual increase to reach \$1,925 per month—demonstrating that premium locations are beginning to stabilize and recover.

VACANCY

Vacancy is expected to rise 20 basis points in 2026, ending the year at 7.7%

- **Vacancy rate:** Greater Phoenix ended 2025 at 7.5%. The rate rose 30 basis points in the fourth quarter, after holding steady for much of the year. The current vacancy rate is up just 10 basis points from the year-end 2024 figure.



- **Net absorption:** totaled more than 21,000 units during the course of the past 12 months, outpacing 2023 and 2024 levels. Despite mostly stable vacancy conditions at stabilized properties, the persistent competition coming from new deliveries has resulted in lower rents and continued use of concessions to attract and retain renters.

MARKET FUNDAMENTALS

- SUPPLY & DEMAND:** In 2025, Phoenix delivered approximately 20,645 multifamily units, a material increase in inventory as the market worked through the peak of its construction cycle. Absorption remained strong with roughly 16,569 units absorbed over the trailing 12 months, underscoring continued demand resilience. Vacancy widened modestly to ~12.8% as deliveries temporarily outpaced absorption, and average asking rents moderated near \$1,580–\$1,600 per unit in late 2025. Encouragingly, construction starts have declined meaningfully, and forward deliveries are expected to taper in 2026–2027. These dynamics suggest the market is progressing toward a healthier supply-demand balance, with fundamentals positioned to support more stable occupancy and pricing as new supply moderates.
- 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.

MARKET FUNDAMENTALS

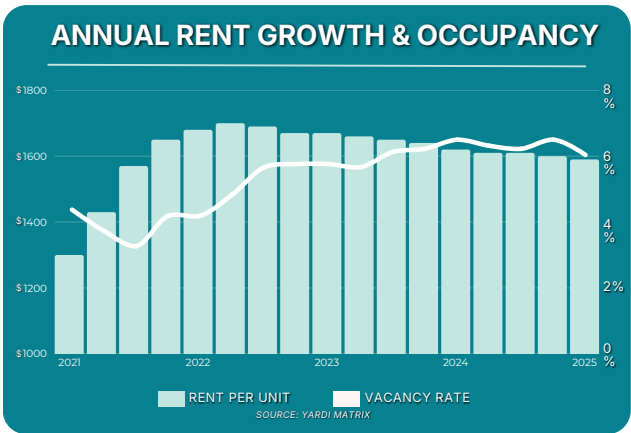
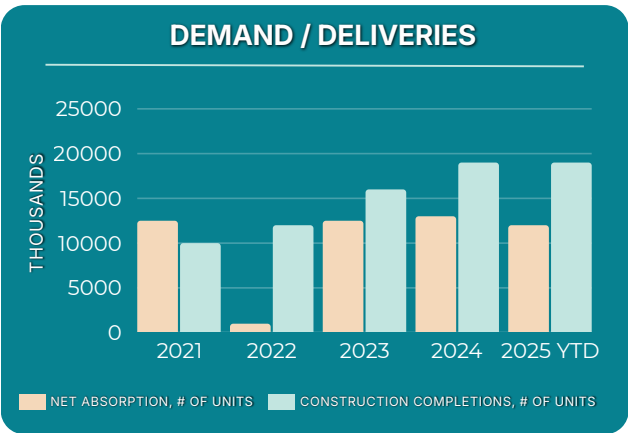
	YOY CHG	OUTLOOK
10.4% VACANCY RATE	▲	▼
2.9K NET ABSORPTION, UNITS	▼	▬
\$1,454 EFFECTIVE RENT, PSF	▼	▬

(OVERALL, ALL PROPERTY CLASSES)

ECONOMIC INDICATORS

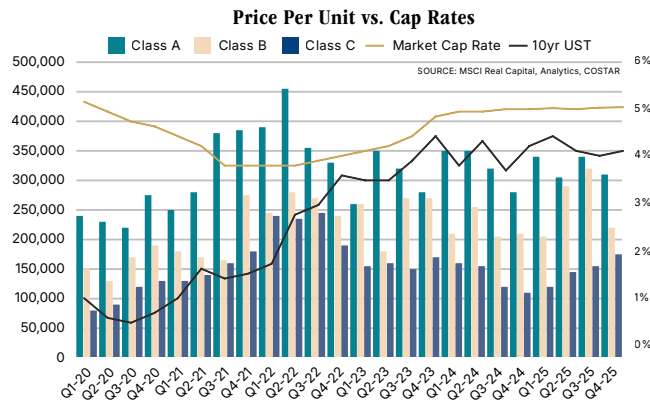
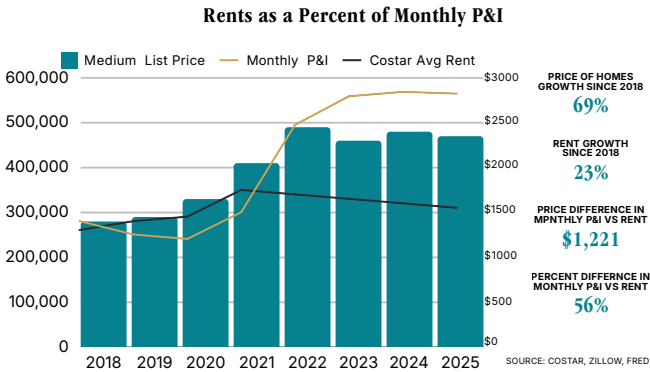
	YOY CHG	OUTLOOK
1.2M PHOENIX EMPLOYMENT	▼	▲
5.6% PHOENIX UNEMPLOYMENT RATE	▼	▲
1.8% PHOENIX HOUSEHOLD GROWTH RATE	▼	▲

SOURCE: BLS



ECONOMIC DRIVERS

- Absorption Remains Constructive:** Phoenix absorbed approximately 13,500 units in 2025 following nearly 18,000 units in 2024, even amid the largest construction wave in the market's history—demonstrating durable renter demand despite elevated supply.
- Occupancy Stability:** Market occupancy remains near 91%, materially stronger than prior downturns where occupancy frequently declined into the mid-80% range, underscoring improved structural resilience.
- Rent Reset Has Occurred:** Effective rents have adjusted approximately 6% below peak levels, effectively clearing excess pandemic-era growth and establishing a healthier, more sustainable base for future rent normalization.
- Homeownership Gap Widens:** Since 2018, Phoenix home prices have increased approximately 69%, compared to rent growth of roughly 23%, reinforcing long-term renter demand as ownership affordability declines.
- Affordability Cushion Remains:** Phoenix renters allocate approximately 22% of income toward housing, one of the lowest ratios among major U.S. metros, providing capacity for future rent growth without significant affordability strain.
- Capital Markets Re-Engagement:** Transaction activity improved from 77 sales in 2024 to 88 in 2025, with dollar volume increasing from \$4.33 billion to \$4.73 billion, indicating improving liquidity, narrowing bid-ask spreads, and early price discovery stabilization.



Supply and Demand Growth Summary

METRIC	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Current Population	4,864,924	4,946,547	5,040,355	5,143,384	5,244,160	5,344,643	5,439,630	5,531,622	5,620,497	5,706,042	5,788,212
Annual Population Growth	78,627	81,623	93,808	103,029	100,776	100,483	94,987	91,992	88,874	85,545	82,170
Annual Population Growth (%)	1.62%	1.65%	1.86%	2.00%	1.92%	1.88%	1.75%	1.66%	1.58%	1.50%	1.42%
MF Rental Inventory	337,494	349,498	364,329	382,497	408,655	427,821	445,441	455,535	461,583	468,184	475,630
Rental Inventory as a % of Population	6.94%	7.07%	7.23%	7.44%	7.78%	8.00%	8.19%	8.24%	8.21%	8.21%	8.22%
Market Rent (\$)	\$1,418	\$1,638	\$1,655	\$1,635	\$1,610	\$1,561	\$1,555	\$1,583	\$1,639	\$1,689	\$1,729
Rent Growth YoY	5.46%	15.50%	1.03%	-1.21%	-1.54%	-3.02%	-0.38%	1.80%	3.49%	3.08%	2.35%
Annual Multifamily Absorption	10,059	11,260	6,219	10,359	17,862	18,121	14,065	13,622	13,160	12,667	12,167
Multifamily Units Absorbed as a % of Inventory	2.98%	3.22%	1.71%	2.71%	4.37%	4.24%	3.16%	2.99%	2.85%	2.71%	2.56%
Annual Multifamily Unit Deliveries	8,092	12,004	14,831	18,168	26,158	19,166	17,620	10,094	6,048	6,601	7,446
Multifamily Units Delivered as a % of Inventory	2.40%	3.43%	4.07%	4.75%	6.40%	4.48%	3.96%	2.22%	1.31%	1.41%	1.57%

Phoenix vs. National

HOUSEHOLD INCOME

7.01% YOY

~1.3% YOY













PHOENIX
MEDIAN HOUSEHOLD
INCOME

\$83,730
7.01%

**NATIONAL
AVERAGE**
MEDIAN HOUSEHOLD
INCOME

\$85,246
~1.3%

DEMOGRAPHICS

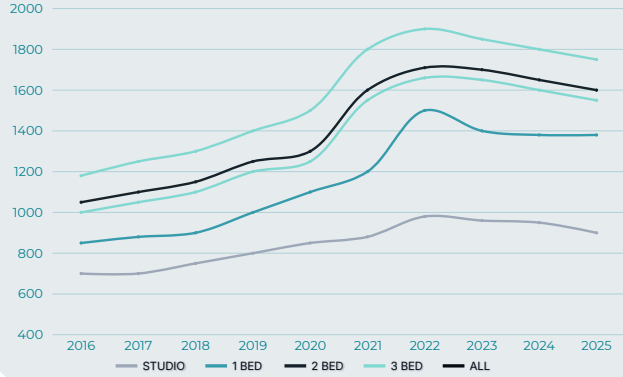
	PHOENIX MSA	U.S AVERAGE
 POPULATION	5.186MM	340.1mm
 POPULATION GROWTH (5 YEAR CAGR)	1.6%	0.6%
 JOBS	2.46MM	157.98MM
 JOB GROWTH (5 YEAR CAGR)	3.3%	2.07%
 UNEMPLOYMENT RATE	3.7%	4.2%
 MEDIAN AGE	38	39
 RESIDENTIAL WITH BACHELORS DEGREE OR HIGHER	34.3%	38%
 MEDIAN HH INCOME	\$85,700	\$74,500
 RENTERSHIP RATE	35%	36%
 MARKET ASKING RATE (Q4 2025)	\$1,561	\$1,752
 APT RENT AS % OF HH INCOME	21.9%	28.2%
 MEDIAN SINGLE FAMILY HOME PRICE	\$474,743	\$369,147

SOURCE: US CENSUS, BUREAU OF LABOR STATISTICS, PROXIMITYONE, CONGRESSIONAL BUDGET OFFICE, ZILLOW

MARKET BEAT

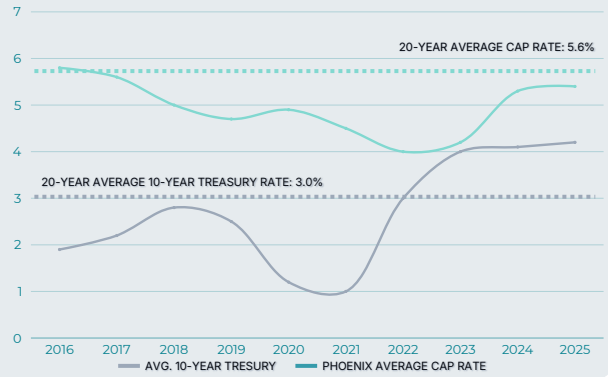
AVERAGE RENT PER UNIT HISTORY (1)

ALL UNIT TYPES HAVE RECORDED RATE REDUCTIONS SINCE 2022. ON AVERAGE, PRICES HAVE DECREASED 3.4% IN THREE YEARS



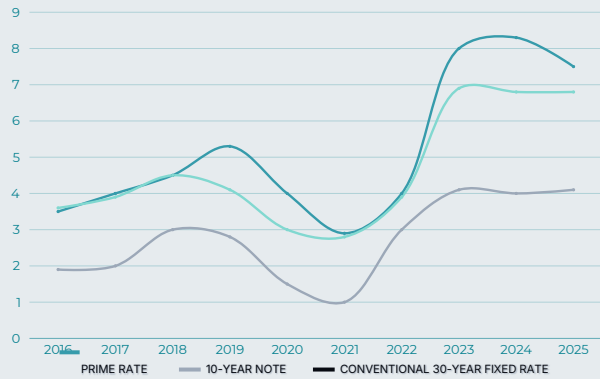
AVERAGE CAP RATE (2)

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%



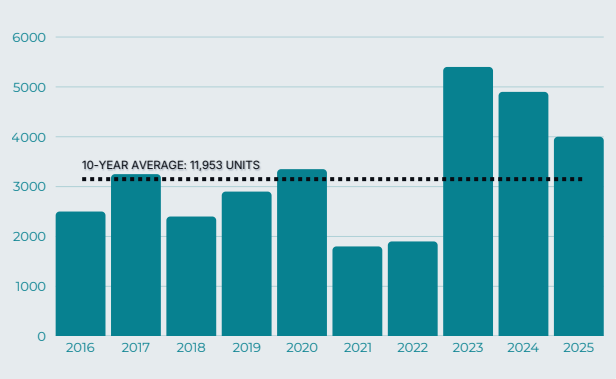
INTEREST RATES (3)

FEDERAL FUNDS TARGET RATE WAS SET AT 3.5%-3.75% IN LATE 2025, WITH AN EXPECTED 50 BASIS POINT CUT THROUGHOUT 2026



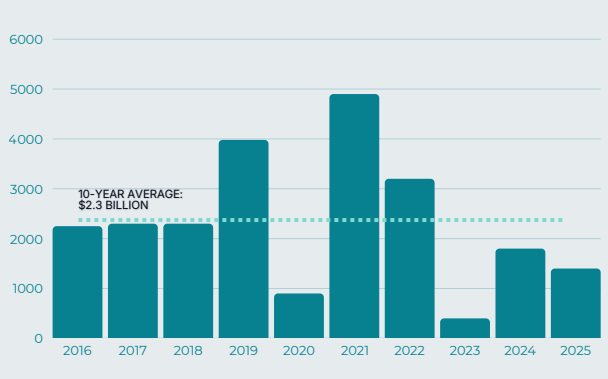
NEW INVENTORY (4)

TOTAL NUMBER OF NEW INVENTORY UNITS DELIVERED IN 2025 DECLINED 19% YOY TO 3,989 UNITS. 2025 DELIVERED OVER THE 10-YEAR AVERAGE BY 21.8%, OR 713 UNITS



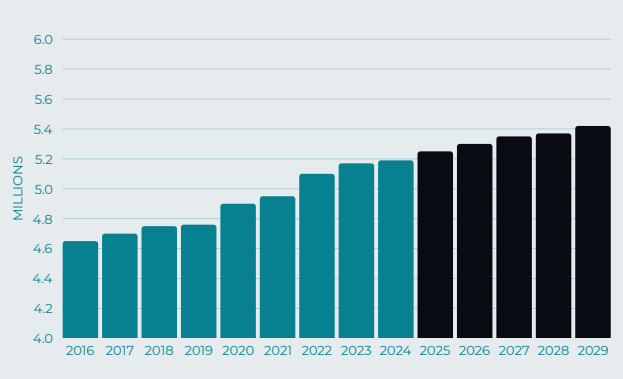
SALES TRANSACTION VOLUME (5)

TOTAL TRANSACTION VOLUME OF \$1.4 BILLION ACROSS 40 PROPERTIES IN 2025 DECREASED NEARLY \$325 MILLION COMPARED ONE YEAR AGO



POPULATION (6)

POPULATION IS PROJECTED TO GROW SIGNIFICANTLY THROUGH 2029



(1) COSTAR, CUSHMAN & WAKEFIELD

(2) RCA, FEDERAL RESERVE BOARD, CUSHMAN & WAKEFIELD

(3) FEDERAL RESERVE BOARD, WELLS FARGO

(4) COSTAR

(5) RCA, COSTAR

(6) MOODY'S & U.S. CENSUS BUREAU

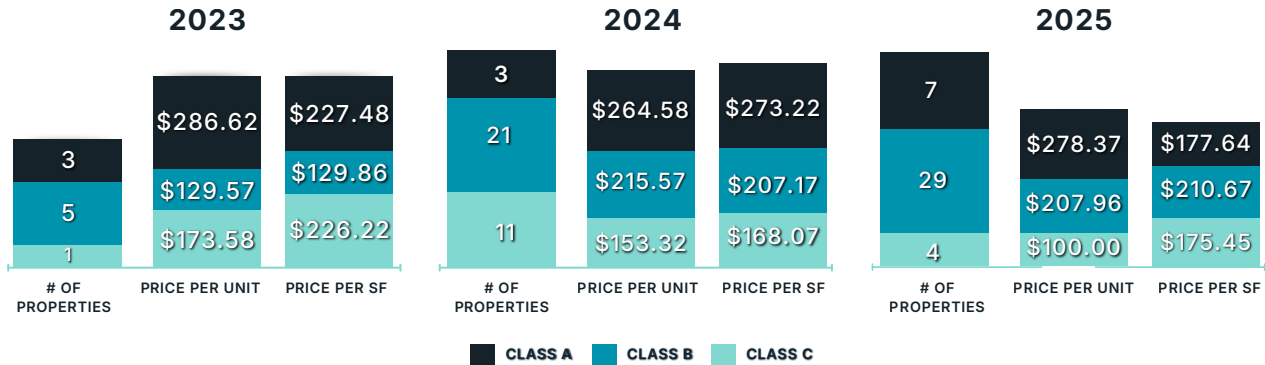
SUBMARKET PERFORMANCE OVERVIEW

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%	90	496	5.9%	20	\$1,607	-2.1%
Central Phoenix	35,604	1,766	5.2%	3,757	1,150	6.7%	-30	\$1,591	-0.4%
Chandler/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/Gilbert	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%

The Phoenix multifamily market delivered approximately 18,674 units year-to-date, representing 5.2% inventory growth, with an additional 33,199 units currently under construction. Net absorption of 12,128 units has helped offset new supply, though vacancy has increased modestly to 6.5%, reflecting ongoing lease-up activity across several high-delivery submarkets.

Supply pressure remains most pronounced in Glendale/West Valley (12.4% inventory growth) and Chandler/Queen Creek (8.0%), while Tempe and Northeast Valley continue to absorb a significant share of new units. Market-wide effective rents average \$1,600 per unit, reflecting a 2.1% year-over-year decline, as operators adjust pricing to maintain occupancy amid elevated deliveries.

Overall, fundamentals indicate a market navigating peak supply, with absorption remaining constructive but rent growth temporarily moderating as new inventory stabilizes.

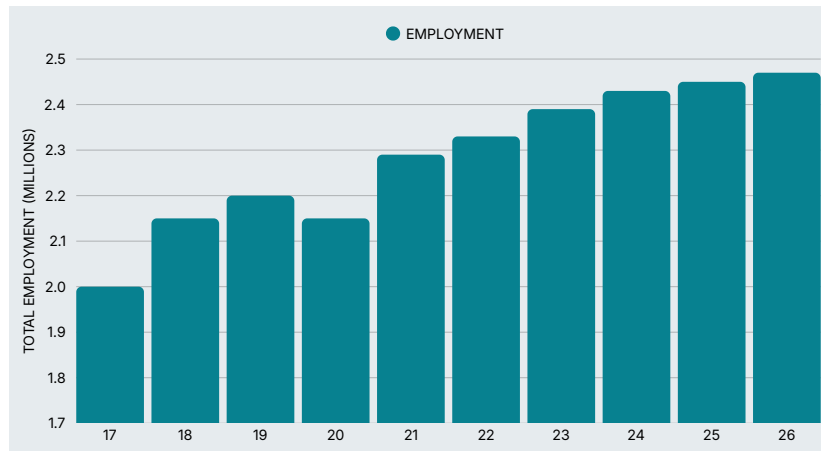


SUBMARKET SPOTLIGHT

Avondale / Southwest Valley

Avondale continues to stand out as a resilient multifamily submarket within the West Valley, supported by stable absorption, competitive affordability, and proximity to major employment corridors. Despite elevated metro-wide deliveries, the Southwest Valley has maintained consistent leasing momentum, reflecting durable renter demand driven by logistics, manufacturing, healthcare, and regional job growth.

Relative to higher-priced submarkets such as Scottsdale and Tempe, Avondale offers meaningful affordability advantages while maintaining access to expanding employment nodes along the I-10 corridor. As new construction activity moderates across the metro, the submarket's balanced supply profile and expanding residential base position communities to stabilize efficiently and capture continued demand through the next phase of the cycle.



SOURCE: MARCUS & MILLICHAP

SUBMARKET PERFORMANCE INDICATORS

- ~2,234 units of trailing twelve-month net absorption (Southwest Valley)
- Average effective rent: ~\$1,550 per month
- Vacancy broadly in line with Phoenix metro averages
- Direct access to I-10 corridor employment hubs
- Workforce-driven renter base supported by industrial and logistics growth
- Relative rent discount versus Scottsdale, Tempe, and Central Phoenix



West Valley
Employment-Led
Expansion



Phoenix Submarket for
12-Month Net
Absorption



West Valley
Lease-Up
Momentum

PHOENIX
KEY TRANSACTIONS
Q 4 2025

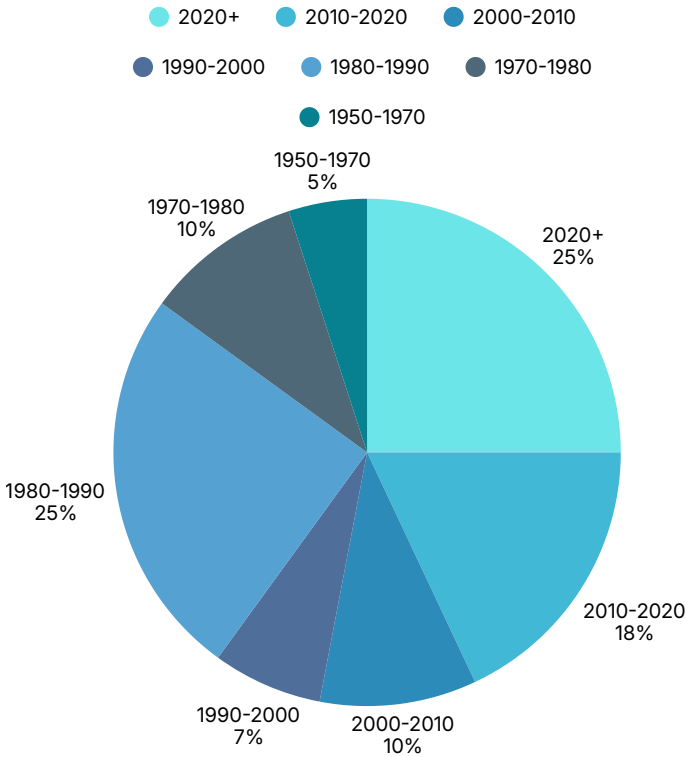
PROPERTY	SUBMARKET	SALE DATE	YEAR BUILT	# OF UNITS	PRICE	PRICE / UNIT	AVG UNIT SIZE	PRICE PSF	RENTS	CONDITION
The Mark st 87	Mesa	12/30/25	1970	92	\$10,250,000	\$111,413	519	\$214.67	\$1,080	Normal Sale
V on Broadway	South Tempe	12/29/25	2021	90	\$21,6000,000	\$240,000	1027	\$233.69	\$1,631	Normal Sale
BB Living at Union Park	Deer Valley	12/23/25	2022	154	\$80,200,000	\$520,779	1831	\$284.42	\$2,837	Normal Sale
Rancho Montanas	Phoenix	12/23/25	2008	69	\$6,400,00	\$92,754	965	\$96.12	\$1,048	Normal Sale
Waylon Desert Haven	Mesa	12/29/25	1980	92	\$16,335,000	\$177,554	955	\$185.92	\$1,347	Recapitalization
SolVida Central (fka Cortland Red Mountain)	Downtown/ Midtown	12/17/25	2002	368	\$88,000,000	\$239,130	1090	\$219.39	\$1,717	Normal Sale
One Camelback	Downtown/ Midtown	12/4/25	2024	163	\$36,000,000	\$220,859	977	\$226.06	\$3,714	Normal Sale
Azarac Tempe (fka Tamatak Apartments)	Tempe	11/24/25	1981	56	\$10,400,000	\$185,714	786	\$236.28	\$1,410	Normal Sale
Konrad (fka Camden Copper Square)	Downtown/ Midtown	11/20/25	1999	332	\$77,000,000	\$231,928	786	\$295.07	\$1,522	Normal Sale
Yardly Paradisi	NW Valley	11/18/25	2023	193	\$55,236,000	\$286,197	854	\$335.13	\$2,031	Normal Sale
Village Square	N Phoenix	11/17/25	1980	116	\$12,300,000	\$106,034	848	\$125.04	\$1,177	Normal Sale
Vertical at Baltimore	N Phoenix	11/17/25	1971	92	\$19,000,000	\$206,522	808	\$255.60	\$1,431	Normal Sale
Cyrene at Skyline	SW Valley	11/14/25	2024	102	\$38,760,000	\$380,000	1804	\$210.64	\$2,724	Normal Sale
Bella Grace	Gilbert/Chandler	11/7/25	2016	194	\$69,000,000	\$355,670	967	\$367.81	\$2,000	Normal Sale
The Morrison (fka Coral Point Apartments)	Mesa	11/6/25	1986	337	\$59,600,000	\$176,855	780	\$226.74	\$1,290	Normal Sale
The Quincy at Kierland	N Scottsdale/ Fountain Hills	11/3/25	2024	266	\$110,250,000	\$414,474	857	\$483.63	\$2,431	Normal Sale
Evara Living (fka 55 Resort)	North Scottsdale	10/24/25	2025	102	\$32,750,000	\$321,078	665	\$482.82	\$3,729	Normal Sale
Echo Biltmore (fka Alta Biltmore)	Uptown Phoenix	10/23/25	2024	215	\$71,300,000	\$331,628	867	\$382.50	\$2,066	Normal Sale
Summers Point	Westside	10/22/25	1980	164	\$20,000,000	\$121,951	572	\$213.20	\$1,156	Normal Sale
Monument Chandler	North Chandler	10/17/25	2014	163	\$46,000,000	\$282,209	843	\$334.77	\$1,615	Normal Sale
The Avi	Tempe	10/16/25	1983	196	\$40,000,000	\$204,082	862	\$236.75	\$1,283	Normal Sale
Cimarron Apartments	Downton Meta	10/14/25	1985	210	\$33,000,000	\$157,143	540	\$291.01	\$1,195	Normal Sale
Scottsdale on Main	South Scottsdale	10/8/25	2024	119	\$66,100,000	\$555,462	878	\$632.64	\$2,969	Normal Sale
Rise Mountain Ridge (fka Emparrado)	Mesa	10/1/25	1987	154	\$24,250,000	\$157,468	703	\$223.99	\$1,207	Normal Sale

SOURCE: WDIS INTERNAL DATA

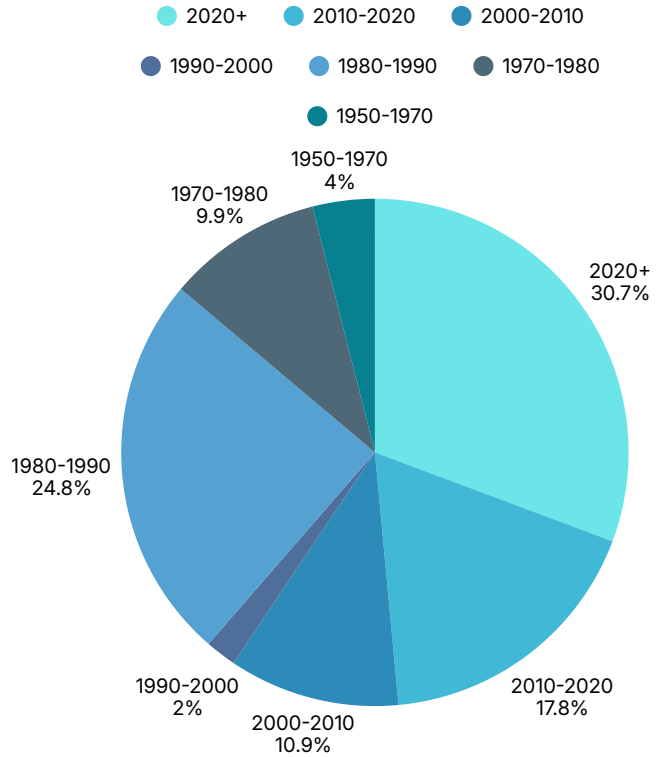
PHOENIX
TRANSACTION COMPARISON
Q 4 2025

# OF TRANSACTIONS	88	77
\$ VALUE	\$ 4,730,305,304	\$4,331,688,446
2020+	22	24
2010-2020	16	14
2000-2010	9	8
1990-2000	6	1
1980-1990	22	19
1970-1980	9	8
1950-1970	4	3

2025 THRU Q4



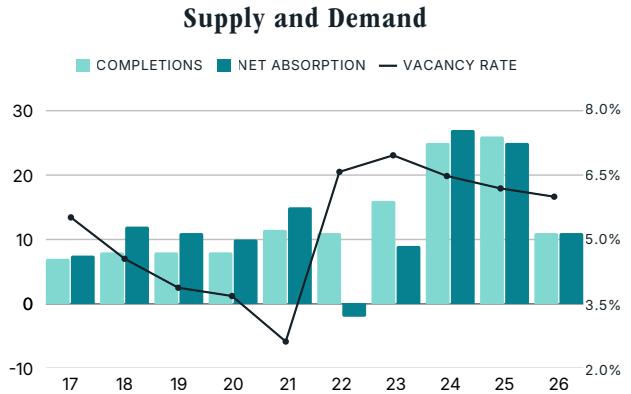
2024 THRU Q4



SOURCE: WDIS INTERNAL DATA

PHOENIX SUPPLY PIPELINE

New Supply Concentration (2025–Mid 2026): Approximately 5,400+ units across the listed projects are scheduled for delivery between early 2025 and mid-2026, with the largest concentrations in Downtown Tempe, Roosevelt Row, and North/West Phoenix submarkets. Five major projects alone account for more than 3,200 units, signaling continued Class A lease-up competition in urban core corridors.



This wave represents the peak of the current development cycle, as construction starts have declined materially. While near-term supply pressure may impact concessions and absorption in select submarkets, pipeline moderation beyond 2026 is expected to support improving fundamentals across the broader Phoenix multifamily market.

- Deliveries:** 2% during the fourth quarter totaled more than 6,000 units, similar to the figure from the prior three-month period. For the full year, developers completed nearly 20,000 units, down approximately 20% from the 2024 total.
- Metro inventory growth:** In 2026, developers are forecast to complete projects totaling approximately 15,000 units across Greater Phoenix. This would mark a 20% decline from the 2025 figure and a 40% reduction from the peak recorded in 2024.

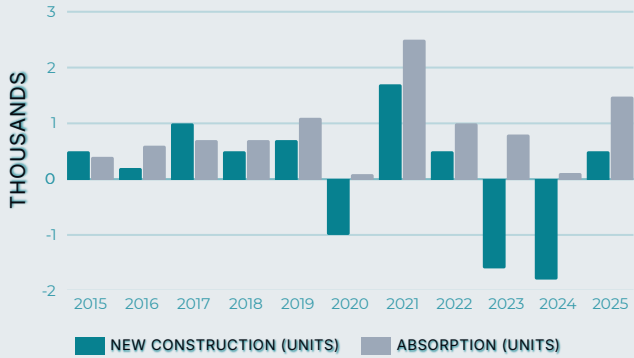
CONSTRUCTION

PROPERTY	ADDRESS	SUBMARKET	UNIT	OWNER	EXPECTED DELIVERY DATE
SOL MODERN	50 E FILLMORE ST	ROOSEVELT ROW	747	BKL ARCHITECTURE, LLC	2025
SHOREHAVEN	1130 E RIO SALADO PKY	DOWNTOWN TEMPE	722	PEARLMARK REAL ESTATE, LLC	1Q26
HOME AT MARICOPA	17581 N PORTER RD	PINAL COUNTY	721	SHELTER ASSET MANAGEMENT	3Q25
PIER 202	1190 VISTA DEL LAGO DR	DOWNTOWN TEMPE	596	SPRING BROOK DEVELOPMENT	2Q26
LUMARA	25255 N 19TH AVE	DEER VALLEY	456	TOLL BROTHERS APARTMENT LIVING	2Q25

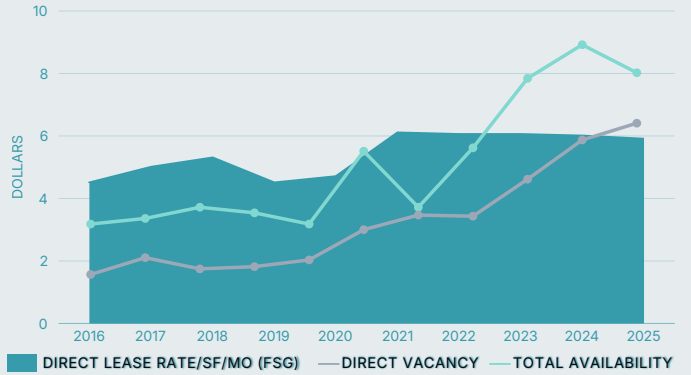
PROPERTY	ADDRESS	SUBMARKET	UNIT	OWNER	EXPECTED DELIVERY DATE
PROSE ASCEND	12905 W INDIAN SCHOOL RD	RANCHO SANTA FE	432	THE CARLYLE GROUP	FEBRUARY 2025
AVE PARADISE VALLEY	12400 N TATUM BLVD	PARADISE VALLEY NORTH	400	KORMAN COMMUNITIES	JANUARY 2025
SEVEN OAKS	2332 N 7TH ST	ENCANTO	332	EMBREY PARTNERS, LTD.	MARCH 2025
AGAVE RANCH	10060 W DESERT BLVD	WESTSIDE	324	THE EMPIRE GROUP, LLC	JANUARY 2025
CABANA ALDEA	9910 W MONTEBELLO AVE	WESTSIDE	257	GREENLIGHT COMMUNITIES	FEBRUARY 2025

MARKETBEAT

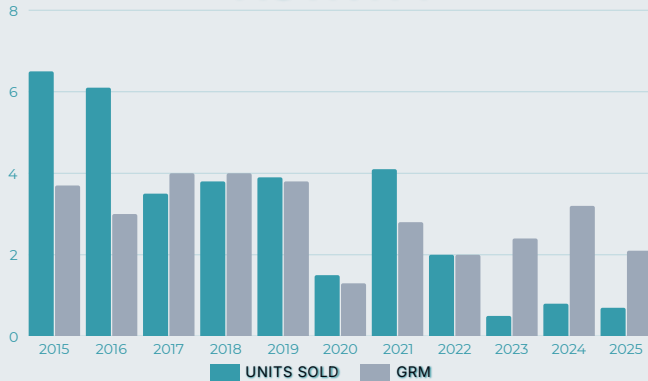
NET ABSORPTION & NEW DELIVERIES



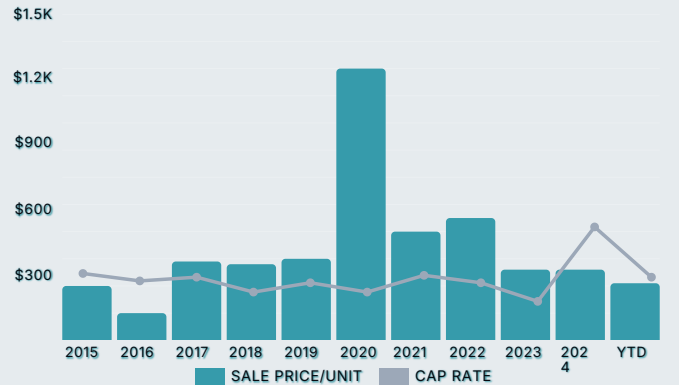
LEASE RATE, VACANCY & AVAILABILITY



SALE VOLUME & LEASING ACTIVITY



AVERAGE SALES PRICE/SF & CAP RATE



COMMERCIAL BROKERAGE

\$9B
AVERAGE ANNUAL TRANSACTION VOLUME

32.4M
ANNUAL SALE SF

32.5M
ANNUAL LEASING SF

ASSET SERVICES

54M SF
MANAGEMENT PORTFOLIO SIZE

800+
ASSETS UNDER MANAGEMENT

250+
CLIENTS SERVED

VALUATION ADVISORY

2,700+
AVERAGE ASSIGNMENTS

42
TOTAL APPRAISERS

23
WITH MAI DESIGNATIONS

Phoenix's

BOOMING GROWTH



Sky Harbor Airport named #1 Best Airport In the US

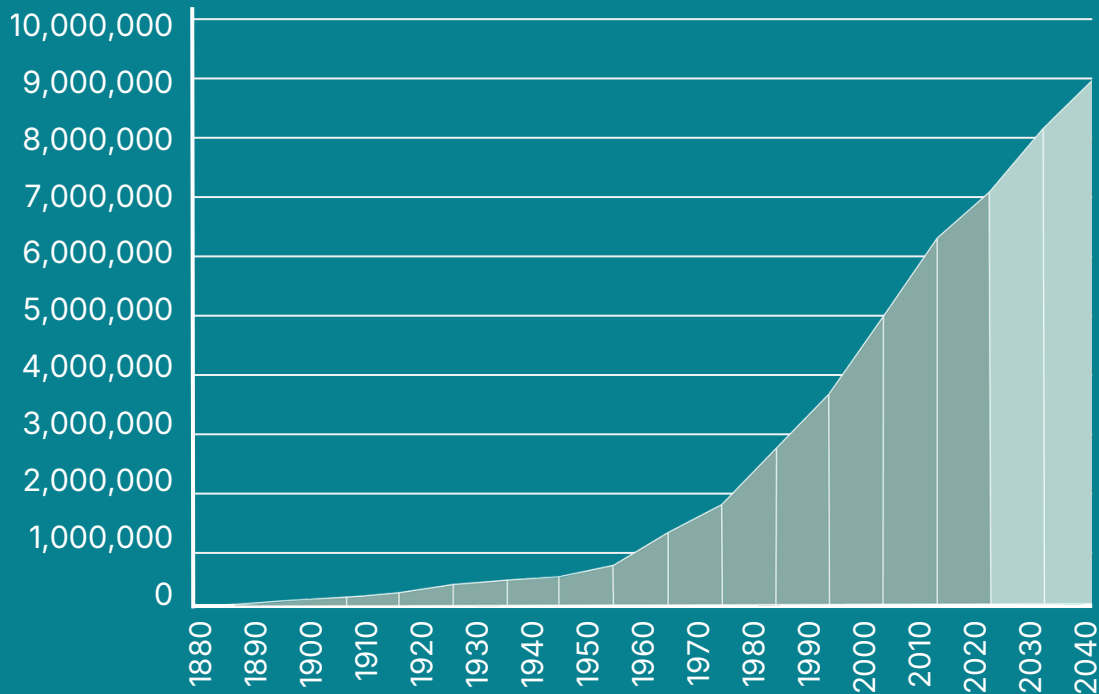


#1 City for Manufacturing Job Growth In the US



5th Largest City In the United States

PROJECTED GROWTH



PHOENIX POPULATION HAS GROWN
FOUR TIMES

THE NATIONAL AVERAGE

2025 POPULATION
4,834,000

1.2% 1-YEAR GROWTH

2040 POPULATION

ESTIMATE
8,700,000

ECONOMIC DRIVERS

Structural Economic Drivers Supporting the Next Growth Phase:

Phoenix has evolved beyond housing-led expansion into a diversified, high-wage economy anchored by advanced manufacturing, healthcare, education, and technology.

Major Company Announcements Driving Phoenix MSA Economic Expansion (2025)

TSMC - SEMICONDUCTOR MANUFACTURING EXPANSION

TSMC announced a major expansion of its Phoenix-area semiconductor campus, increasing its total U.S investment to approximately \$165 billion. The project includes multiple advanced fabrication plants, packaging facilities, and an R&D center. Once fully built out, Arizona is expected to produce a significant share of TSMC's most advanced chips globally, creating thousands of high-paying jobs and a massive supplier ecosystem.

LG ENERGY SOLUTION - EV BATTERY MANUFACTURING

LG Energy Solution continued development of its approximately \$5.5 billion lithium-ion battery manufacturing complex in Queen Creek. The facility is expected to employ thousands and position the Phoenix region as a critical hub for electric vehicle and energy storage supply chains.

AMKOR TECHNOLOGY - ADVANCED SEMICONDUCTOR PACKAGING

Amkor Technology announced multi-billion-dollar advanced semiconductor packaging and testing in the West Valley. The project strengthens Phoenix's role in the semiconductor value chain and complements nearby fabrication investment.

INTEL CHANDLER EXPANSION

Intel's multi-billion-dollar expansion at its Chandler Ocotillo campus will significantly boost the region's economy and solidify Phoenix as a major semiconductor hub. The project is expected to bring approximately 3,000 permanent high-wage jobs, 3,000 construction jobs, and up to 15,000 indirect jobs, driving long-term employment growth and investment across the metro area.

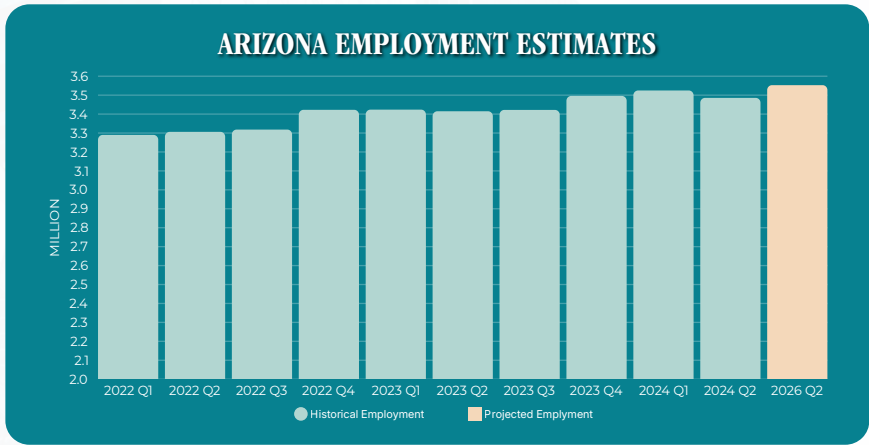
BANNER HEALTH MEDICAL CAMPUS

Banner Health's medical in Scottsdale is a major healthcare investment that will strengthen the region's medical sector and economy. The project is expected to create approximately 2,500 healthcare and support jobs, driving long-term employment growth and increased economic activity in the Phoenix metro area.

SOURCE: ARIZONA ESCROW & FINANCIAL CORPORATION, COMFORT CAPITAL, SOLEX CRE

EMPLOYMENT SECTOR

As of year-end 2025 entering 2026, the Phoenix MSA unemployment rate stands at approximately 3.5%, with total nonfarm employment reaching roughly 2.5 million jobs, reflecting continued labor market stability. While annual job growth moderated to approximately 0.7% year-over-year, expansion remains supported by large-scale capital investment, including more than \$100 billion in semiconductor and advanced manufacturing commitments since 2020 and over 33,000 semiconductor-related jobs in the region. This combination of steady employment levels, diversified industry exposure, and sustained corporate investment provides a durable foundation for household formation and long-term multifamily demand.



TOP EMPLOYERS



BANNER HEALTH



EMPLOYS 45,000+





WALMART

EMPLOYS 37,600+



AMAZON



EMPLOYS 36,000+




STATE OF ARIZONA (GOVERNMENT)



EMPLOYS 41,000+



ASU



EMPLOYS 37,400+



UNIVERSITY OF ARIZONA




EMPLOYS 23,400+




FRY'S FOOD STORES (KROGER CO.)



EMPLOYS 19,800+



HONORHEALTH



EMPLOYS 16,000+

Phoenix

2026 MARKET FORECAST

+0.7%



Employment: Hiring will be moderate in 2026, with 17,000 new roles added. Even so, Phoenix's job growth rate will be more than twice the U.S average and the fastest among major Mountain West metros.

13,000
units



Construction: Completions in 2026 will fall nearly 50 percent from the record delivery waves of the previous two years. The metro's inventory growth will rank fourth among major U.S markets.

-10 bps



Vacancy: Phoenix's vacancy rate is expected to edge down slightly amid a sharp reduction in new supply. At 5.9 percent, the metro's rate will remain about 70 basis points above its 10-year average.

+2.6%

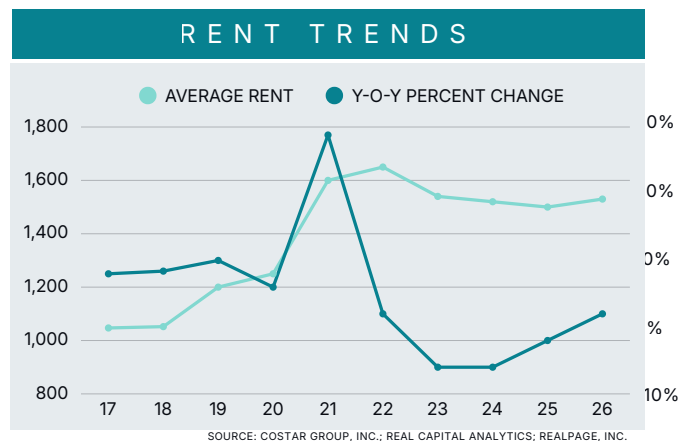


Rent: Rents will firm as supply pressures ease. The average rate hits \$1,540 per month – about 20 percent below U.S mean – sustaining appeal among renters relocating from higher-cost markets.

Investment:

TSMC's late-2025 announcement to fast-track expansion and acquire additional land should bolster nearby multifamily demand and investment, with Deer Valley already posting record net absorption in 2025.

- **Inflection Approaching:** While fundamentals have not fully bottomed, the market appears to be nearing an inflection point as supply pressures crest and forward indicators improve.
- **Near-Term Supply Pressure:** Elevated deliveries will continue to weigh on leasing velocity and NOI growth through 2026, particularly in submarkets with concentrated Class A construction.
- **Supply-Demand Rebalance in 2027:** Beginning in 2027, projected new deliveries are expected to fall below underlying demand, allowing absorption to outpace supply and restoring pricing power across stabilized assets.
- **Structural Demand Remains Intact:** Population growth and continued high-wage job creation remain above long-term historical averages, reinforcing durable renter demand fundamentals.
- **Transition to Demand-Led Recovery:** As the development pipeline contracts, Phoenix is positioned to shift from a supply-driven environment to a demand-supported recovery phase, improving operating conditions over the medium term.



STRATEGIC OUTLOOK

Phoenix's long-term fundamentals remain intact, supported by in-migration, employment growth, and sustained corporate investment. While near-term supply remains elevated, the pipeline is moderating. As deliveries taper, the market is positioned to shift from supply pressure toward demand-driven stabilization, supporting durable multifamily performance over the long term.

Who We Are

Viking Capital is a multifamily real estate-focused investment firm. The original and institutional holding company for Viking Capital was established in 2015 and was created to serve the unique needs of institutional partners, family offices, high-net-worth investors, and advisory groups seeking access to high-performing multifamily investments.

Viking Capital focuses on acquiring, developing, and optimizing high-quality multifamily communities in growth markets throughout the United States. The firm’s strategy is rooted in disciplined market selection, operational precision, and a long-term commitment to quality—delivering consistent value to investors and an elevated standard of living for residents.

By combining institutional rigor with community-forward thinking, Viking fosters sustainable, income-producing assets designed to outperform across market cycles.

Align Vision & Values

- Ensure cultural and strategic alignment
- Focus on shared goals of wealth preservation and long-term growth
- Emphasize integrity, transparency, and collaborative execution

1

Leverage Market Expertise

- Deep understanding of multifamily acquisition and development
- Target high-growth markets with strong fundamentals
- Maintain strong broker relationships for innovative deal sourcing

2

Execute with Discipline

- Access institutional-quality private investments
- Conduct rigorous due diligence and risk management
- Structure favorable, investor-aligned partnerships

3

Deliver Results with Transparency

- Provide consistent, transparent financial reporting
- Offer clear exit strategies and liquidity options
- Build on a proven track record of successful outcomes

4



VIKING CAPITAL



VIKRAM RAYA
CEO / Founder

