

Greater Phoenix Apartment Owner's Newsletter

Kasten / Long Apartment Team

RE/MAX Commercial Investment

4th Quarter 2006

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(October – December 2006)
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Sales Comparison

www.PhxAptsForSale.com

With new apartment construction remaining at reduced levels, the fast-growing population will provide the demand to support continued rent growth. Total apartment sales in 2006 were 23% less than in 2005, but overall price/unit values were still up 12.9%. There are currently 20% more properties being marketed “for sale” than this time last year. Most investors are now seeking “real” cash flow and clearly have more properties to choose from.

Kasten/Long Team Update:

At year-end, the Team closed \$69.2M (1,038 units).

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Vacancy Up - But Still Low: 5.3%

At the end of the 4th quarter of 2006, the vacancy rate for all-size, existing (>6 mo.'s) multifamily units increased from 5.0% to 5.3%. This is about where we ended 2005. Of the 321,294 total multifamily units, there were 16,925 reported as vacant.

# of Units	2006 3rd Qtr.	2006 4th Qtr.
2 - 24	3%	3%
25 - 50	7%	4%
51 - 75	5%	4%
76 - 99	4%	5%
100 - 150	5%	5%
151 - 200	5%	5%
200+	5%	6%
Average	5.0%	5.3%

The lowest vacancy rate (4%) was reported in Sun City, central West Phoenix and North Tempe. The highest vacancy rate (7%) was reported in South Scottsdale. Valleywide, all other sub-districts reported a tight, 5% to 6% vacancy range. Contrary to the previous trend of the total apartment inventory being reduced by conversion to condos, only the 186-unit complex at 2015 W. Cactus Road (Fountain Creek) was reported in the 4th quarter.

There were 346 apartment permits issued in the 4th quarter. This was led by Fairfield's 196 units at 4255 E Pecos Rd. in Gilbert and New Casa Builders' 96 units at 3065 N 67th Av. in Maryvale. After the first three quarters reporting 1,000+ new permits, this was a sharp drop in activity.

Multifamily Data - Greater Phoenix Area

Year	Permits	Absorp.	Vacancy
1998	7,877	3,674	5%
1999	8,241	5,017	6%
2000	8,009	6,225	7%
2001	7,201	1,525	8%
2002	5,351	4,273	9%
2003	4,836	3,702	9.6%
2004	4,997	9,230	7.9%
2005	3,250	4,756	5.0%
2006 (1)	1,266	1,624	3.7%
2006 (2)	1,267	-2,303	3.9%
2006 (3)	1,043	-4,105	5.0%
2006 (4)	346	131	5.3%

Absorption, although only 131 units, was back in the positive after the previous two quarters being strongly negative. Total new apt. permits for all of 2006 was 3,922. This continued reduced building pace will keep vacancy rates low and fuel rent growth, which was up a half percent in the 4th qtr. Three projects were completed in the 4th quarter: 220 units in Chandler and a 96 and 178 unit in Phoenix.

Vacancy rates for each of the Valley's 32 sub-districts (with map), plus a list of new construction projects, are posted on www.PhxAptsForSale.com under “Market Data”.

Data Source for Vacancy and Demographics:

- Phoenix Metropolitan Housing Study, AZ R.E. Center
Arizona State University's Polytechnic Campus

Greater Phoenix Apartment Sales

4th Qtr - 2006

ADDRESS CITY "NAME"	UNITS SIZE (SF)	SOLD PRICE PRICE / SF	SALE DATE YEAR BLT.	GSI PRICE / UNIT	GRM CAP	COMMENTS
16220 N 7 th St Phx, 'Paradise Lakes'	1,222 999,064	\$90,000,000 \$89.29	12/22/2006 1987	\$73,650		668 1/1, 240 2/1, 314 2/2
1944 W Thunderbird Rd Phx, 'Autumn Ridge'	672 546,425	\$52,316,000 \$95.74	11/9/2006 1979	\$5,871,480 \$77,851	8.9 6.8	368 1/1, 128 2/1, 136 2/2, 24 3/1, 16 3/2 Condo mapped
4424 E Baseline Rd Phx, 'South Creek'	528 472,952	\$46,800,000 \$98.95	12/18/2006 1986	\$4,707,017 \$88,636	9.9 4.9	160 1/1, 316 2/2, 52 3/2 74% occupied
5150 N 99 th Ave Phx, 'Villas at Camlback Cros'	504 506,604	\$62,750,000 \$123.86	12/18/2006 2004	\$5,542,509 \$124,504	11.3 5.0	120 1/1, 264 2/2, 120 3/2
4130 S Mill Ave Tempe, 'Villages on Mill'	442 347,526	\$28,750,000 \$83.73	10/30/2006 1973	\$3,905,910 \$65,045	7.4 6.7	36 st, 136 1/1, 113 2/1, 156 2/2, 1 3/1 Master metered
17425 N 19 th Ave Phx, 'Carleton Club'	436 350,576	\$24,650,000 \$70.31	11/21/2006 1984	\$56,537		40 1/1, 268 2/1, 128 2/2 Formerly aka Stanford Court
8150 N 61 st Ave Glendale, 'Northern Greens'	420 302,400	\$27,100,000 \$89.62	11/14/2006 1988	\$64,524		210 1/1, 210 2/2
16636 N 58 th St Scottsdale, 'Arabian Trails'	384 349,052	\$44,365,000 \$127.10	12/26/2006 1987	\$115,534		136 1/1, 200 2/2, 48 3/2 Part of portfolio transaction of 15 complexes
1840 W Emelita Ave Mesa, 'Privado Park'	352 262,540	\$23,550,000 \$89.70	11/21/2006 1983	\$2,668,066 \$66,903	8.8 5.7	24 st, 160 1/1, 54 2/1, 114 2/2
777 W Chandler Blvd Chandler, 'Fairways'	352 339,576	\$37,200,000 \$109.55	11/16/2006 1985	\$105,682	4.9	76 1/1, 116 2/1, 116 2/2, 44 3/2
10255 E Via Linda Scottsdale, 'La Privada'	350 417,843	\$94,900,000 \$227.12	10/13/2006 1985	\$271,143		72 1/1, 278 2/2 Condo conversion planned, running as apts
11545 N FLW Blvd Scottsdale, 'Joshua Tree'	330 261,250	\$42,390,000 \$162.26	11/17/2006 1988	\$128,455	4.2	166 1/1, 164 2/2 Condo conversion planned, running as apts
1802 W Maryland Av Phx, 'Jefferson Estates'	330 323,529	\$39,500,000 \$122.09	11/2/2006 2001	\$119,697	5.1	125 1/1, 41 2/1, 137 2/2, 27 3/2
4410 N 99 th Av Phx, 'Tamarron'	328 326,192	\$25,768,272 \$79.00	12/27/2006 2005	\$78,562		120 1/1, 184 2/2, 24 3/2
9595 E Thunderbird Rd Scottsdale, 'San Marcos'	320 314,931	\$51,210,000 \$162.61	11/1/2006 1995	\$4,025,301 \$160,031	12.7 4.9	88 1/1, 200 2/2, 32 3/2
13220 S 48 th St Phx, 'Fairway Crossing'	310 298,144	\$31,400,000 \$105.32	12/28/2006 1987	\$101,290		Part of portfolio transaction of 15 complexes
1666 S Extension Rd Mesa, 'Verona Park'	304 244,944	\$22,650,000 \$92.47	11/15/2006 1981	\$74,507		152 1/1, 152 2/2
1655 E University Dr Tempe, 'The Village'	288 289,704	\$51,000,000 \$176.04	12/8/2006 1998	\$177,083	5.2	18 1/1, 54 2/2, 72 3/2, 96 4/2, 48 4/4 ASU Student housing
6565 W Bethany Home Rd Glendale, 'Bethany Village'	276 160,714	\$13,300,000 \$82.76	10/13/2006 1983	\$1,743,999 \$48,188	7.6	68 st, 168 1/1, 16 2/1, 24 2/2
10 E Bell Rd Phx, 'Crystal Creek'	273 192,839	\$20,050,000 \$103.97	12/21/2006 1984	\$2,061,576 \$73,443	9.7 5.5	48 st, 97 1/1, 36 2/1, 92 2/2
445 S Dobson Rd Mesa, 'Madera Point'	256 194,280	\$21,250,000 \$109.38	10/24/2006 1986	\$2,135,944 \$83,008	9.9 4.2	176 1/1, 16 2/1, 64 2/2 Subsidized complex
4111 N Drinkwater Blvd Scottsdale, 'The Palladium'	250 228,930	\$50,800,000 \$221.90	12/22/2006 2000	\$203,200	4.5	140 1/1, 84 2/2, 26 3/2 Formerly aka Alexan Scottsdale
701 W Grove Pkwy Tempe, 'Pinnacle Grove'	247 204,732	\$24,140,000 \$117.91	11/15/2006 1987	\$97,733	5.5	167 1/1, 28 2/1, 52 2/2
4711 N53rd Ln Phx, 'The Colony I & II'	236 194,796	\$13,150,000 \$67.51	10/31/2006 1980	\$1,808,536 \$55,720	7.3 6.2	100 1/1, 136 2/2
901 S Dobson Rd Mesa, 'Dobson Village'	226 168,324	\$15,374,000 \$91.34	12/14/2006 1982	\$68,027	4.8	18 st, 98 1/1, 42 2/1, 68 2/2
825 S Alma School Rd Mesa, 'Stonegate'	222 132,098	\$11,100,000 \$84.03	10/30/2006 1978	\$50,000	5.5	222 st
1737 N Central Av Goodyear, 'Desert Sage'	208 202,096	\$21,500,000 \$106.39	10/13/2006 2002	\$2,244,000 \$103,364	9.6 5.1	56 1/1, 20 2/1, 104 2/2, 28 3/2
5038 N 55 th Av Glendale, 'Advantage Point'	208 92,160	\$8,000,000 \$86.81	11/30/2007 1983	\$38,462	8.8 5.9	48 st, 160 1/1

Table compiled by: **Kasten / Long Apartment Team**, RE/MAX Commercial Investment Data source: COSTAR, MLS, Pierce-Eislen and personal knowledge.
All information is believed to be accurate but is not guaranteed.

Greater Phoenix Apartment Sales

4th Qtr - 2006

ADDRESS CITY "NAME"	UNITS SIZE (SF)	SOLD PRICE PRICE / SF	SALE DATE YEAR BLT.	GSI PRICE / UNIT	GRM CAP	COMMENTS
3175 N Price Rd Chandler, 'Chandler Pointe'	200 173,248	\$13,300,000 \$76.77	12/1/2006 1983	\$1,503,744 \$66,500	8.8 5.6	80 1/1, 48 2/1, 60 2/2, 12 3/2
1923 N 70 th St Scottsdale, 'Summertree'	193 126,015	\$11,500,000 \$91.26	11/7/2006 1962	\$1,392,180 \$59,585	8.3 6.4	113 1/1, 80 2/1
1701 E 8 th St Tempe, 'Foxfire'	188 128,984	\$15,350,500 \$119.01	10/24/2006 1985	\$1,703,706 \$81,652	9.0 6.2	4 st, 88 1/1, 40 2/1, 56 2/2
11025 S 51 st St Phx, 'Serafina at S Mtn'	183 152,589	\$20,500,000 \$134.35	10/27/2006 1985	\$112,022	5.0	95 1/1, 24 2/1, 64 2/2
625 W 1 st St Tempe, 'Hayden Place'	163 115,060	\$12,464,000 \$108.33	12/13/2006 1985	\$1,206,300 \$76,466	10.3	41 st, 18 1/1, 104 2/2
4450 E Southern Av Mesa, 'Traditions'	160 142,512	\$14,850,000 \$104.20	12/8/2006 1997	\$1,570,338 \$92,813	9.5 6.2	78 1/1, 82 2/2
4343 W Thomas Rd Phx, 'Urban League Manor'	152 127,856	\$7,000,000 \$54.75	12/12/2006 1981	\$46,053		144 1/1, 8 2/1 55+ complex, deferred maintenance
1750 S Price Rd Tempe, 'Villatree'	160 122,340	\$10,425,000 \$85.21	12/19/2006 1980	\$1,364,105 \$69,500	7.6 5.2	17 st, 55 1/1, 78 2/2
8603 N 22 nd Av Phx, 'Heatherwood'	150 91,119	\$8,100,000 \$88.89	11/8/2006 1983	\$1,005,480 \$54,000	8.1 4.2	24 st, 96 1/1, 30 2/2
1212 E Bethany Home Rd Phx, 'Posada del Este'	148 128,694	\$11,661,000 \$90.61	12/26/2006 1971	\$78,791		4 st, 76 1/1, 67 2/2, 31 3/2 Part of portfolio transaction of 15 complexes
1130 E Grovers Av Phx, 'Mtn View Casitas'	146 134,384	\$13,970,000 \$103.96	10/31/2006 1984	\$1,366,560 \$95,685	10.2 4.8	146 2/2
16831 N 58 th St Scottsdale, 'La Entrada'	130 116,532	\$15,668,000 \$134.45	12/26/2006 1988	\$120,523		40 1/1, 70 2/2, 20 3/2 Part of portfolio transaction of 15 complexes
4038 E McDowell Rd Phx, 'Arrowood'	124 59,024	\$4,650,000 \$78.78	11/30/2006 1979	\$37,500		124 st 81.5% occupied
2225 W Indian School Rd Phx, 'Sandpainter'	121 67,080	\$6,206,000 \$92.52	10/19/2006 1978	\$767,996 \$51,289	8.1 6.8	29 st, 64 1/1, 20 2/1, 8 2/2
6816 W Bethany Home Rd Glendale, 'Marian Lee'	120 110,880	\$7,850,000 \$70.80	12/15/2006 1974	\$956,400 \$65,417	8.2 7.0	37 2/2, 83 3/2 Condo mapped
4529 W Ocotillo Rd Glendale, 'Maryland Garden'	120 90,323	\$7,385,125 \$81.76	11/29/2006 1983	\$61,543		72 1/1, 48 2/2
6801 N 25 th Pl Phx, 'Oxford Place'	120 91,200	\$5,700,000 \$62.50	11/15/2006 1984	\$662,046 \$47,500	8.6 3.6	48 1/1, 72 2/1
214 N Gilbert Rd Mesa, 'Southern Ridge'	113 99,448	\$8,100,000 \$81.45	10/31/2006 1985	\$71,681	5.5	33 1/1, 80 2/2 Condo mapped formerly aka South Bank
5615 W Acoma Dr Glendale, 'Acoma Thun'bird'	113 127,018	\$11,781,000 \$92.75	12/21/2006 1985	\$1,197,240 \$104,257	9.8 5.5	113 2/2 Condo mapped
1303 W Juniper Av Gilbert, 'Desert Mirage II'	106 127,895	\$14,940,000 \$116.81	12/12/2006 2000	\$1,353,048 \$140,943	11.0	6 st, 20 1/1, 40 2/2, 40 3/2 Condo mapped, conversion planned
4336 N 35 th Av Phx, 'Silver Tree'	98 59,152	\$5,578,000 \$94.30	11/27/2006 1986	\$56,918	6.9	16 st, 42 1/1, 16 2/1, 24 2/2
6315 N 16 th St Phx, 'North Pointe'	86 74,546	\$5,350,000 \$71.77	12/11/2006 1969	\$699,600 \$62,209	7.6 4.7	74 2/2, 12 3/2 Condo conversion planned
745 N Dobson Rd Mesa, 'Willow Parc'	84 89,426	\$8,090,000 \$90.47	10/2/2006 1986	\$96,309		4 1/1, 80 2/2 Condo mapped
7348 N 27 th Av Phx, 'Posada Bonita'	84 52,080	\$4,700,000 \$90.25	10/12/2006 1984	\$628,080 \$55,952	7.5 7.9	52 1/1, 32 2/1
5701 S Rural Rd Tempe, 'Granada'	69 35,370	\$3,650,000 \$103.19	10/2/2006 1978	\$52,899		69 st
206-212 W Southern Av Mesa, 'Pine Gardens'	55 49,500	\$3,265,000 \$65.96	10/20/2006 1968	\$408,660 \$59,364	8.0 6.7	44 2/1, 11 2/2
4410 N Longview Av Phx, 'Palm Court'	52 39,200	\$3,550,000 \$90.56	10/13/2006 1986	\$465,538 \$68,269	7.6 6.7	4 st, 8 1/1, 40 2/2 Condo conversion

Note: There were an additional 20 apartment complexes (with 10+ units) reported sold in the 4th quarter of 2006 with a price at or above \$250,000. A List of these sales is posted on our web site (www.PhxAptsForSale.com) under "Market Data"

CAP Cap Rate (NOI / Sales Price)
GSI Gross Scheduled Annual Income (Assumes 0% vacancy)
GRM Gross Rent Multiplier (Sales Price / GSI)
NOI Net Operating Income (Total income less vacancy and expenses)

Table compiled by: **Kasten / Long Apartment Team**
 RE/MAX Commercial Investment
 Data source: COSTAR, MLS, Pierce-Eislen & personal knowledge
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2006 Apartment Sales

Total sales dropped from 429 in 2005 to 330 transactions in 2006. For almost all age and size groups, there was an increase in price/unit and price/sf. The increase, however, was less than the jump in values from the previous year. During 2006, there were still a number of apartments purchased for conversion to condominiums – but obviously much less than in 2005.

Year	Total Sales	Price/unit	Price/sf
2001	244	\$40,690	\$53.51
2002	219	\$41,865	\$55.26
2003	286	\$43,579	\$58.65
2004	359	\$51,296	\$67.17
2005	429	\$65,652	\$82.27
2006	330	\$74,117	\$96.12
Previous Year:		28.0%	22.5%
1 Year Increase:		12.9%	16.8%
5 Year Increase:		82.2%	79.6%

2006 vs 2005 Apartment Sales

Number of Units (Price / Unit)

Built	10 - 19		20 - 49		50 - 99		100+	
	2006	(2005)	2006	(2005)	2006	(2005)	2006	(2005)
1940's	---	(\$48,463)	---	---	---	---	---	---
1950's	\$65,325	(\$79,758)	---	(\$57,338)	---	---	---	---
1960's	\$78,880	(\$76,440)	\$69,227	(\$55,547)	\$56,475	(\$53,195)	\$ 55,312	(\$55,719)
1970's	\$66,519	(\$55,892)	\$64,586	(\$53,057)	\$53,026	(\$49,640)	\$ 56,026	(\$47,572)
1980's	\$59,634	(\$65,479)	\$60,843	(\$56,853)	\$64,196	(\$55,148)	\$ 72,771	(\$58,042)
1990's	---	---	---	---	---	---	\$116,981	(\$111,447)
2000's	---	---	---	---	---	---	\$118,780	(\$104,069)
Total Sales	36	(46)	73	(107)	41	(60)	180	(216)
Total Sales Price	\$36.1M	(\$49.8M)	\$150.7M	(\$183.5M)	\$184M	(\$237.1M)	\$4.2B	(\$4.2B)
Avg. Price/unit	\$69,138	(\$71,629)	\$65,315	(\$56,756)	\$62,237	(\$55,161)	\$81,389	(\$71,700)
Avg. Price/sf	\$109.12	(\$101)	\$85.97	(\$76.65)	\$84.55	(\$69.35)	\$100.27	(\$84.74)

--- Three sales required per category for data entry.

Data from Costar-Comps. Includes all apartment sales with at least 10 units and purchase price of at least \$250,000.

Data for 2005 sales is shown in parenthesis.

Kasten / Long Apartment Team - Apartment Activity (as of February 17, 2006)

RECENT APARTMENT CLOSINGS (Since 11.17.06)

- 40 units, 2740 W Medlock, Phoenix (Suntree) \$1.86M
- 20 units, 210 S Roosevelt, Tempe (Blue Haven) \$1.8M
- 16 units, 1707 W Vogel, Phoenix \$710K
- 15 units, 3623 N 36th St, Phoenix (Desert Haven) \$879.5K
- 14 units, 13030 N 22nd St, Phoenix (Sugar Loaf) \$575K
- 10 units, 9826-9830 N 7th Ave, Phoenix \$500K
- 4 units, 4115 E Moreland St, Phoenix \$277.5K

APARTMENTS IN ESCROW

- 29 units, 4025 N 40th St, Phoenix (Tropic Isle) List: \$1.595M
- 20 units, 31 W 2nd St, Mesa, (Irving Manor) List: \$1.425M
- 19 units, 3233 N 37th St, Phoenix, (Mustang) List: \$1.9M
- 11 units, 2216 N 16th St, Phoenix (Westwind) List: \$499K
- 4 units, 536 W 9th St, Mesa List: \$449K

OTHER PROPERTIES "FOR SALE"

- 3 bldgs, Historic Glendale Retail Portfolio List: \$1,948,000
- 1 SFR, 18086 W Las Cruces, Goodyear (3/2/3Vu's) List: \$499,777
- 1 SFR, 1202 E Palm Lane, Historic Phoenix (3/2/1) List: \$379,000
- 1 SFR, 12450 N 28th St, Phoenix (3/2/2pool) List: \$299,900

APARTMENTS "FOR SALE"

- 50 units, 7125 N 19th Ave, Phoenix (Villa Ventura) List: \$4.45M
- 25 units, 2216 E Eugie Terrace, Phx (Eugie Terrace) List: \$1.9M
- 20 units, 829 N 4th Av, Phoenix, (La Prada) List: \$1.2M
- 20 units, 4021 N 40th St, Phoenix (Tidewood) List: \$1.15M
- 20 units, 3225 W Jefferson, Phoenix (5 4-plexes) List: \$289K ea
- 16 units, 631 N 4th Av, Phoenix List: \$1.075M
- 14 units, 2104 E Eugie Terr, Phx (Terrace Hills) List: \$1.358M
- 14 units, 3125 N 37th St, Phoenix (Olive Tree) List: \$1.246M
- 14 units, 7108 N 80th Ave, Glendale List: \$695K
- 12 units, 9372-9376 W Van Buren (Stage Coach) List: \$339K ea 4
- 9 units, 2414-2416 W Coolidge, Phoenix, List: \$525,000
- 8 units, 1040 E Fairmount Av, Phoenix List: \$465K
- 8 units, 1625 & 1629 W Fillmore St, Phx (4-plexes) List: \$329K ea
- 8 units, 1501 & 1505 E Harvard, Phx (4-plexes) List: \$299K ea
- 8 units, 1414 & 1418 E Adams St, Phx (4-plexes) List: \$249.9K ea
- 8 units, 1918 & 1922 E Adams St, Phx (4-plexes) List: \$249K ea
- 4 units, 535 W 9th St, Phoenix (4-plex) List: \$449K
- 4 units, 1716 E Ocotillo, Phoenix (4-plex) List: \$425K
- 4 units, 2101 E Osborn Rd, Phoenix, List: \$385K
- 4 units, 2743 E Tierra Buena Ln, Phoenix List: \$355K
- 4 units, 6625 W Ocotillo, Glendale (4-plex) List: \$315K
- 4 units, 6649 W Ocotillo, Glendale (4-plex) List: \$299K
- 4 units, 3420 E Cambridge, Phoenix (4-plex) List: \$279K
- 3 units, 347 E Vogel, Phoenix (3-plex) List: \$240K

See www.PhxAptsForSale.com for details
 on these properties and all new listings