



# GREATER PHOENIX

## APARTMENT OWNER'S NEWSLETTER

1st QTR 2019

The **KASTEN LONG COMMERCIAL GROUP (KLCG)** has focused on apartment brokerage and market research in metro Phoenix since 1998. Our agents have brokered more than 1,000 communities. The market research includes: weekly updates on apartment sales, in-depth quarterly apartment newsletters, tracking vacancy/rental rates/concessions by each submarket, and tracking all new apartment construction.

As you know, we also offer brokerage service for all commercial real estate disciplines. **We are expanding and seeking agents with the knowledge and experience to provide the absolute best service in the Valley with the highest “Client First” dedication.**

### Town Hall Meetings – Good Info.

At our last Town Hall Meeting we had almost 100 attendees and focused on “How to Find Apartment Opportunities.” In addition to the insight from our group, we had representatives from CoStar, Yardi Matrix, Vizzda, American Title, Lane-Nach (legal) and Avant Garde RMS, with each talking about what they offer to help acquisition. If you need contact info for them, let us know. Our next meeting is scheduled for Wednesday, June 12, and will focus on exit strategies as well as our apartment market update. More info on this meeting will be available soon. Registration will again be at [www.KLCG-Events.com/reg](http://www.KLCG-Events.com/reg).

### 2019 New Apt. Construction Still Strong

In Q1 2019, there were 10 projects completed with a total of 2,521 units. Six of these were in Phoenix, three in the West Valley and one in Chandler. Also during Q1, four projects were started with a total of 887 units (2 in Phoenix, one in Mesa and one in Glendale). As of 4.13.19 there were 75 projects Under Construction with 13,894 units, 90 Planned with 21,672 units and 92 Prospective with 21,545 units. Almost half of the projects under construction are in Phoenix (22 with 5,049 units) and Tempe (10 with 2,551 units). The total number of units in the pipeline is 57,111. That’s 4,190 units more than at the beginning of this year (52,921). Although there are increased costs for materials and labor plus a labor shortage, with the continued strong occupancy and climbing rental rates, developers’ bottom lines still warrant more apartment projects.

### Highest Rent Growth in the US in 2018

In 2018, Metro Phoenix surpassed Sacramento for the highest rent growth in the US—reaching just over 8%. For all class apartments, occupancy remains strong, ranging from 94.6% to 95.3%. The continued strong population growth and lack of supply continues to drive rents higher. The average rental rate in Q1 increased 1.8% for Class “A,” 1.2% for Class “B” and 1.2% for Class “C” apartments. That’s still strong for just three months!

#### KASTEN LONG COMMERCIAL GROUP

- An independent, locally-owned, commercial brokerage--since 1998
- Experienced professional specialists with a strong “Client First” dedication
- SERVICES: Apartments and land brokerage--office, retail & industrial brokerage and leasing

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#### Greater Phoenix Multifamily Data

| Year     | Const. | Vacancy     |
|----------|--------|-------------|
| 2010     | 2,593  | 10.3%       |
| 2011     | 614    | 9.7%        |
| 2012     | 1,372  | 8.3%        |
| 2013     | 3,655  | 7.3%        |
| 2014     | 4,820  | 6.1%        |
| 2015     | 5,089  | <b>5.7%</b> |
| 2016     | 8,024  | 5.8%        |
| 2017     | 6,543  | 5.4%        |
| 2018     | 8,162  | 5.0%        |
| 2019 (1) | 2,521  | 5.1%        |

Data Sources: Yardi Matrix, CoStar, Vizzda

#### On a weekly basis via e-mail we provide:

- Details of Recent Apartment sales
- Metro Phoenix Commercial News
- All apartments currently being marketed for sale--principals only

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

| ADDRESS CITY, 'NAME'                                   | UNITS SIZE (SF) | SOLD PRICE PRICE / SF    | SALE DATE YEAR BLT. | GSI PRICE / UNIT | GRM CAP | COMMENTS   |
|--|-----------------|--------------------------|---------------------|------------------|---------|--|
| 7350-7426 E Stetson Dr<br>Scottsdale, 'Camden'         | 316<br>400,028  | \$97,000,000<br>\$242.48 | 2/27/2019<br>2015   | \$299,383        |         | 178 1/1, 137 2/2, 1 3/3  |
| 1831 E Apache Blvd<br>Tempe, 'Tempo Station'           | 424<br>541,928  | \$89,200,000<br>\$164.79 | 02/28/2019<br>2017  | \$210,875        |         | 328 1/1, 76 2/2, 25 3/2  |
| 13625 S 48 <sup>th</sup> St<br>Phoenix, 'Sonoran Apts' | 429<br>412,868  | \$84,250,000<br>\$204.06 | 01/16/2019<br>1995  | \$196,387        | 5.0     | 120 1/1, 226 2/2, 83 3/2   |
| 330 E Roosevelt St<br>Phoenix, 'Roosevelt Row'         | 319<br>280,000  | \$84,200,000<br>\$300.71 | 03/12/2019<br>2017  | \$268,153        |         | 76 0/1, 121 1/1, 118 2/2, 43 3/3   |
| 2550 S San Tan Village Pky<br>Gilbert, 'The Flats'     | 319<br>256,000  | \$71,425,000<br>\$279.00 | 03/28/2019<br>2018  | \$223,903        |         | 209 1/1, 110 2/2   |
| 102 W Palomino Dr<br>Chndlr, 'Laguna Village'          | 460<br>363,684  | \$70,250,000<br>\$193.16 | 02/14/2019<br>1985  | \$152,717        |         | 160 1/1, 300 2/2   |
| 5205 W Thunderbird Rd<br>Glendale, 'Paseo Park'        | 480<br>396,384  | \$62,400,000<br>\$157.42 | 01/28/2019<br>1987  | \$130,000        | 5.0     | 1/1 226, 58 2/1.5, 156 2/2, 40 3/2   |
| 4848 E Roosevelt St<br>Phoenix, 'Courtney Village'     | 368<br>442,151  | \$62,250,000<br>\$140.79 | 3/12/2019<br>2002   | \$169,158        |         | 116 1/1, 216 2/1, 36 3/2   |
| 1100 E Bell Rd<br>Phoenix, 'Green Leaf'                | 306<br>482,400  | \$61,650,000<br>\$127.80 | 01/23/2019<br>2017  | \$201,471        |         | 144 1/1, 126 2/2, 36 3/2   |
| 230 E Civic Center Dr<br>Gilbert, 'Cadia Crossing'     | 256<br>215,000  | \$60,750,000<br>\$282.56 | 02/05/2019<br>2017  | \$237,305        |         | 76 1/1, 156 2/1, 24 3/2,   |
| 2222 N Mcqueen Rd<br>Chndlr, 'Alante Islands'          | 320<br>357,691  | \$59,600,000<br>\$166.62 | 02/22/2019<br>1996  | \$186,250        |         | 96 1/1, 176 2/2, 48 3/2  |
| 200 E Thomas Rd<br>Phoenix, 'Thomas Midtown'           | 225<br>298,400  | \$52,000,000<br>\$174.26 | 03/25/2019<br>2017  | \$231,111        |         | 148 1/1, 70 2/1, 3 2/2, 4 3/2  |
| 1300 W Warner Rd<br>Gilbert, 'Alcove'                  | 272<br>237,950  | \$48,600,000<br>\$204.24 | 01/15/2019<br>1989  | \$178,676        | 4.7     | 96 1/1, 144 2/2, 32 3/2  |
| 500 W 1 <sup>st</sup> St<br>Tempe, 'Lakeside Dr'       | 150<br>150,000  | \$44,500,000<br>\$296.67 | 01/31/2019<br>2018  | \$296,667        |         | St. 18, 38 1/1, 93 2/2, 1 3/3  |
| 1666 S Extension Rd<br>Mesa, 'Verona Park'             | 304<br>248,224  | \$43,750,000<br>\$176.25 | 03/28/2019<br>1981  | \$143,914        |         | 156 1/1, 148 2/2   |
| 1439 S Val Vista Dr<br>Mesa, 'Premiere Dana Park'      | 198<br>174,000  | \$41,950,000<br>\$241.09 | 03/21/2019<br>2018  | \$211,869        |         | St. 19, 72 1/1, 50 2/2, 57 3/2   |
| 1333 N 24 <sup>th</sup> St<br>Phoenix, 'Monterra'      | 258<br>207,295  | \$37,200,000<br>\$179.45 | 01/09/2019<br>2000  | \$144,186        |         | St. 30, 118 1/1, 87 2/2, 23 3/2<br>1031 Exchange                               |
| 13621 W Glendale Ave<br>Glendale, 'Maravilla'          | 215<br>211,812  | \$37,000,000<br>\$174.68 | 03/22/2019<br>2003  | \$164,444        |         | 102 2/1, 113 2/2<br>Flip 6/17 \$23,000,000                                     |
| 2222 W Beardsley Rd<br>Phoenix, 'Tides North'          | 316<br>202,606  | \$33,500,000<br>\$165.35 | 01/02/2019<br>1982  | \$106,013        |         | St. 20, 189 1/1, 49 2/1, 56 2/2, 2 3/1<br>Flip 8/16 \$25,200,000               |
| 615 S Hardy Dr<br>Tempe, 'Tides Apts'                  | 227<br>184,000  | \$31,300,000<br>\$170.11 | 01/10/2019<br>1971  | \$137,885        | 4.5     | 101 1/1, 103 2/1, 23 3/1<br>1031 Exchange, Flip 1/17 \$20,350,000              |
| 11025 S 51 <sup>st</sup> St<br>Phoenix, 'Serafina'     | 183<br>153,776  | \$27,450,000<br>\$178.51 | 03/22/2019<br>1985  | \$150,000        |         | 95 1/1, 24 2/1, 64 2/2   |
| 710 S Hardy Dr<br>Tempe, 'Studio 710'                  | 239<br>95,737   | \$26,750,000<br>\$279.41 | 03/05/2019<br>1975  | \$111,925        | 5.2     | St 160, 70 1/1, 9 2/2<br>Flip 4/17 \$19,205,000                                |
| 3030 N 7 <sup>th</sup> St<br>Phoenix, 'The Wexler'     | 219<br>138,971  | \$26,500,000<br>\$190.69 | 01/25/2019<br>1949  | \$125,000        | 5.0     | St. 41, 114 1/1, 53 2/1, 8 3/1, 3 3/2<br>1031 Exchange, Flip 5/17 \$19,000,000 |
| 17216 N 33 <sup>rd</sup> Ave<br>Phoenix, 'Bell Tower'  | 224<br>164,800  | \$26,300,000<br>\$159.59 | 02/19/2019<br>1986  | \$117,411        | 4.9     | 96 1/1, 40 2/1, 88 2/2   |
| 5959 W Greenway Rd<br>Glendale, 'Greentree Apts'       | 185<br>132,720  | \$24,500,000<br>\$184.60 | 03/04/2019<br>1986  | \$133,152        |         | 1/1 128, 57 2/2  |

**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 Commercial Group**  
 Data source: Costar, YARDI, ARMLS, BREW, VIZZDA and  
 personal knowledge. All information is believed to be  
 accurate but is not guaranteed.

| ADDRESS<br>CITY, 'NAME'                                    | UNITS<br>SIZE (SF) | SOLD PRICE<br>PRICE / SF | SALE DATE<br>YEAR BLT. | GSI<br>PRICE / UNIT | GRM<br>CAP | COMMENTS   |
|--|--------------------|--------------------------|------------------------|---------------------|------------|--|
| 7520 E Billings St<br>Mesa, 'Village at Sun Valley'        | 267<br>342,294     | \$24,500,000<br>\$71.58  | 01/31/2019<br>2001     | \$91,760            |            | 32 1/1, 203 2/2, 32 3/2                                      |
| 4502 E Paradise Village Pky<br>Phoenix, 'Enclave'          | 174<br>141,810     | 24,000,000<br>\$169.24   | 02/28/2019<br>1985     | \$137,931           |            | 110 1/1, 64 2/2<br>Flip 2/19 \$19,000,000                    |
| 9736 E Balsam Ave<br>Mesa, 'HUE 97'                        | 184<br>237,660     | \$22,500,000<br>\$94.67  | 01/08/2019<br>2001     | \$122,283           | 5.5        | 75 2/2, 75 3/2<br>1031 Exchange                              |
| 1829 E Morten Ave<br>Phoenix, 'Cabana Pointe'              | 180<br>113,960     | \$22,200,000<br>\$194.81 | 03/21/2019<br>1980     | \$123,333           | 4.7        | St.32, 104 1/1, 44 2/2<br>1031 Exchange                      |
| 2015 N 50 <sup>th</sup> St<br>Phoenix, 'Zen on 50'         | 55<br>61,168       | \$16,200,000<br>\$264.84 | 01/24/2019<br>2018     | \$294,545           |            | 39 2/2, 16 3/3   |
| 1010 E Orange St<br>Tempe, 'ASU Crossroads'                | 148<br>106,124     | \$15,575,000<br>\$146.76 | 03/04/2019<br>1963     | \$145,561           |            | St. 50, 52 1/1, 90 2/1, 1 3/1                                |
| 3030 E Broadway Rd<br>Mesa, 'Renew 3030'                   | 126<br>97,146      | \$14,500,000<br>\$149.26 | 02/12/2019<br>1985     | \$115,079           | 4.84       | 18 1/1, 108 2/2<br>Flip 2/17 \$11,450,000                    |
| 4441 W Bethany Hm Rd<br>Glendale, 'Summers Point'          | 164<br>94,030      | \$12,500,000<br>\$132.94 | 01/18/2019<br>1980     | \$76,220            | 5.25       | St. 60, 96 1/1, 8 2/2  |
| 6816 W Bethany Hm Rd<br>Glendale, 'Tuscano Village'        | 120<br>114,921     | \$11,635,000<br>\$101.24 | 02/21/2019<br>1974     | \$96,958            |            | 37 2/1, 83 3/1<br>Flip 10/16 \$8,000,000                     |
| 25157 W Beloit Rd<br>Buckeye, 'Riverwood'                  | 136<br>134,680     | \$10,875,000<br>\$80.75  | 02/27/2019<br>2001     | \$79,963            |            | 54 2/2, 82 3/2   |
| 1630 E Baseline Rd<br>Phoenix, 'South Mtn Square'          | 117<br>89,750      | \$10,750,000<br>\$119.78 | 02/17/2019<br>1986     | \$91,880            |            | 61 1/1, 56 2/2   |
| 2323 E Van Buren St<br>Phoenix, 'Apartments'               | 200<br>95,092      | \$9,250,000<br>\$97.27   | 01/30/2019<br>1977     | \$46,250            | 7          | St. 200  |
| 8818 S Central Ave<br>Phoenix, 'Puesta Del Sol'            | 128<br>61,975      | \$8,725,000<br>\$140.78  | 03/26/2019<br>1986     | \$68,164            | 6          | St. 170, 81 1/1, 30 2/1<br>Flip 12/16 \$5,200,000            |
| 1301 E Mtn View Rd<br>Phoenix, 'Loma Bonita'               | 90<br>73,600       | \$8,025,000<br>\$109.04  | 01/05/2019<br>1983     | \$89,167            | 6          | 90 2/1   |
| 1420 E Bethany Hm Rd<br>Phoenix, 'Rezide at Uptown'        | 35<br>31,500       | \$6,950,000<br>\$220.63  | 01/23/2019<br>1978     | \$198,571           | 5.2        | 35 2/1<br>Flip 5/16 \$6,299,000                              |
| 80 W Maryland Ave<br>Phoenix, 'Maryland Court'             | 42<br>34,348       | \$6,200,000<br>\$180.51  | 01/10/2019<br>1986     | \$147,619           |            | 16 1/1, 26 2/2   |
| 5701 N 67 <sup>th</sup> Ave<br>Glendale, 'Apartments'      | 98<br>78,816       | \$6,035,000<br>\$76.57   | 01/30/2019<br>1974     | \$61,582            | 5.7        | 30 1/1, 40 2/1, 22 3/2                                       |
| 2340 E Mckellips Rd<br>Mesa, 'The Alan'                    | 17<br>21,670       | \$4,850,000<br>\$222.89  | 02/28/2019<br>2018     | \$285,294           | 5.35       | 17 3/2.5   |
| 16625 N 31 <sup>st</sup> St<br>Phoenix, 'Paradise Place'   | 57<br>38,320       | \$4,500,000<br>\$117.43  | 01/10/2019<br>1985     | \$78,947            | 5.04       | 17 1/1, 40 2/1<br>Flip 8/16 \$3,012,000                      |
| 6824 E 4 <sup>th</sup> St<br>Scottsdale, 'Apartments'      | 26<br>20,716       | \$4,051,000<br>\$195.55  | 02/28/2019<br>1959     | \$155,808           |            | 20 1/1, 4 2/2, 2 3/2   |
| 5510 N 35 <sup>th</sup> Ave<br>Phoenix, 'Silver Oaks'      | 36<br>29,750       | \$3,425,000<br>\$115.13  | 02/08/2019<br>1959     | \$95,139            |            | 26 2/1, 10 3/1   |
| 4130 N 12 <sup>th</sup> St<br>Phoenix, 'Studio on 12th'    | 41<br>26,872       | \$3,150,000<br>\$117.22  | 01/31/2019<br>1973     | \$76,829            | 5.9        | St. 41<br>1031 Exchange, Flip 6/16 \$2,080,000               |
| 2301 S College Ave<br>Tempe, 'Tempe Cottages'              | 18<br>11,034       | \$3,110,000<br>\$281.86  | 03/13/2019<br>1963     | \$172,778           | 6.2        | 18 1/1<br>Flip 9/17 \$2,550,000                              |
| 3034 N 37 <sup>th</sup> St<br>Phoenix, 'Apartments'        | 13<br>10,750       | \$2,400,000<br>\$223.26  | 01/04/2019<br>1971     | \$184,615           | 6.0        | 6 1/1, 6 2/1, 1 3/1<br>1031 Exchange, Flip 10/17 \$1,200,000 |
| 5624 N 6 <sup>th</sup> St<br>Phoenix, 'Apartments'         | 18<br>13,337       | \$2,400,000<br>\$179.95  | 0/23/2019<br>1973      | \$133,333           |            | 11 1/1, 7 2/1  |
| 3507 N Paiute Way<br>Scottsdale, 'Apartments'              | 13<br>9,100        | \$2,100,000<br>\$230.77  | 03/01/2019<br>1969     | \$161,538           |            | 13 2/1<br>1031 Exchange                                      |
| 746 W Turney Ave<br>Phoenix, 'Apartments'                  | 12<br>7,285        | \$1,900,000<br>\$260.81  | 01/31/2019<br>1956     | \$158,333           | 5.12       | 12 1/1   |
| 10705 N 15 <sup>th</sup> Ave<br>Phoenix, 'Sunnyslope Apts' | 20<br>21,693       | \$1,600,000<br>\$73.76   | 02/22/2019<br>1979     | \$80,000            |            | 5 1/1, 14 2/1, 1 2/2   |

## The Metro Phoenix Apartment Market (Q1 2019)

Sales volume was strong in the 1st quarter of 2019. There were 70 individual apartment transactions with 10 or more units, plus 25 additional that were part of portfolio sales. Of the 70 individual sales, only 5 paid “all cash.” “Flips” (properties held less than 3 years) accounted for 33% of the transactions and 19% had at least one side with a 1031 leg.

### Our Economy - WOW

In 2018, Maricopa County (essentially metro Phoenix) was the fastest growing county in the US. We also had the highest apartment rent growth for a metropolitan area in the US - just over 8%. While the reported increase in population for 2018 was about 81,000, this number may be substantially higher due to persons entering our area and not being counted because they did not establish a mailing address. The media is reporting at least 100,000 persons crossed into AZ from Mexico last year. Since metro Phoenix represents ±85% of the state’s economy, it seems logical that a good portion of these persons are now living here--and not being counted.

Across the entire US, the apartment industry is strong--well sort of. Metro Phoenix is similar to many states in that occupancy is strong and rents are increasing. With the increase comes a shortage of affordable housing. Here’s a headline that should get your attention: **“A Rent Control Comeback Is Breathing Down The Neck Of The Apartment Industry”** (BizNow, April 23, 2019). While laws in the west coast states are imposing rental limits and restrictions on landlords, Arizona has not faced these--yet.

### How to Find Apartment Opportunities

This was the focus of our last Town Hall Meeting. If you are doing your own legwork to find an owner willing to sell, it’s essential to have good databases. We had representatives from each at the meeting. **CoStar** offers info on all commercial property types plus info on each sale comp. For apartments they go down to smaller unit sizes--often less than 20 units. **CoStar** and their other company, **LoopNet**, list properties “for sale.” **Trepp** offers info on larger properties (including financials) with a searchable database of when government loans are in trouble or expiring. **Yardi Matrix** covers bigger buildings (50 units or more). Their website is very user-friendly with in-depth market and property info. **Vizzda** provides data on all commercial property sales and reports the basic public info the day after a sale is recorded (often with ownership contact info). Access to all these databases is fee-based and costs money. **American Title** (ATSA) not only provides great title service but also provides investors free searches using county information to help locate smaller sized apartment opportunities. If you are doing your own searching, some of these databases/companies would be essential—OR call us. We have these databases and the insight on how to maximize their value!

### KLCG is Expanding to Continue to Provide the Best Commercial Real Estate Service Possible

**Katherine Patry** brings to the Group over 25 years of commercial construction experience including everything from tenant improvements and complete renovation/remodeling to design-build. One of her passions is an expertise in commercial adaptive reuse projects and how older buildings could be revived. Her understanding of HUD non-profit, low-income multi-family is especially invaluable as Phoenix pushes for more downtown workforce housing. [Katherine@KLCommercialGroup.com](mailto:Katherine@KLCommercialGroup.com), 602 695-9928.

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## Kasten Long Commercial Group

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