



# GREATER PHOENIX

4th QTR 2020

## APARTMENT OWNER'S NEWSLETTER

To provide apartment owners and investors the best service, we have just launched our new website [www.MetroPhoenixCommercial.com](http://www.MetroPhoenixCommercial.com). The website will provide timely, critical information and be a good resource for all owners and investors. We always appreciate your comments. Thanks in advance.

### Apartment Construction a Bit Less in 2020 A Staggering Number Scheduled for 2021

At the end of 2020, there were a total of 42 apartment projects completed in metro Phoenix (50 units or more) with a total of 8,817 units. Almost half (19 of 42) were in the City of Phoenix. The total completions were slightly less than the 9,008 units completed in 2019, due in-part to the slow-down of construction due to COVID. **The projection for 2021 apartment completions is a staggering 84 projects with 16,852 units.** We never seem to make the projected amount, but we will certainly have a strong increase from the previous year's completions – unless COVID continues to be a problem.

In the pipeline, there are 26,549 (113 projects) units under construction, 27,338 units planned (108 projects) and 17,850 prospective units (89 projects). Note the decrease in the prospective category. With COVID and the change in the administration, developers are waiting to see the fallout. In addition to labor concerns, there is an increased cost for supplies and hard to find, available in-fill land.

Although the pandemic took full force in March, developers still started 77 new projects with 17,765 units in 2020 most likely because many of these projects already had significant monies spent in planning, acquisition, architecture, etc. Metro Phoenix ranked 2nd in number of new apartment project starts in major cities in the US just behind Dallas/Fort Worth/Arlington with 20,887.

### Occupancy VERY Strong (95.5%) Rent Increases Leading the US

Occupancy has remained resilient to the virus with an overall average of 95.5%. This is essentially 100% occupancy with time to turn units between tenants always taking a few days.

Rent growth continued to rebound with an overall average increase of 2.7% from Q3 and an annual increase of 6.0%. Each asset class reported an increase with strong numbers reported for discretionary and Upper Workforce over the past six months. On a \$Rent/SF basis, we are still less than many neighboring cities – so room to grow.

#### OF NOTE:

Last quarter we suggested a concern re: the election. Everyone is hopeful that President Biden can at least calm the waters. The full impact of liberal philosophies may be quite damaging to our economy. We continue to see a strong wave of people and companies leaving California and moving to Arizona (and other states) in-part due to unfriendly laws impacting rental property. Be watchful of possible new federal and local laws for capital gains, 1031-exchanges, evictions, rental rate limits, etc. Enjoy your cash flow this year!

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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	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%

Primary Data Sources: Yardi Matrix (50+ units) and CoStar

On a regular basis via e-mail, we provide:

- **Apt. Newsletter – Quarterly since 1998**
- Details of Recent Apartment Sales
- New Apartment Construction Pipeline
- Metro Phoenix Commercial News
- All apartments currently being marketed for sale--principals only

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

# Greater Phoenix Apartment Sales (10+ Units)

4th Qtr - 2020

ADDRESS CITY, 'NAME'	UNITS SIZE (SF)	SOLD PRICE \$ / SF	SALE DATE YR BUILT	GSI \$ / UNIT	GRM CAP	COMMENTS
1500 E Broadway Rd Tempe, 'Onnix'	659 488,183	\$117,500,000 \$240.69	10/13/20 1984	\$178,300		74(0+1) 367(1+1) 110(2+1) 107(2+2)
901 S Country Club Dr Mesa, 'Tides on Country Club'	582 318,042	\$83,000,000 \$260.97	11/03/20 1987	\$142,611		160(0+1) 362(1+1) 60(2+1)
1905 W Las Palmaritas Dr Phoenix, 'Lumina on 19th'	488 246,420	\$60,000,000 \$243.49	12/16/20 1979	\$122,950		168(0+1) 246(1+1) 74(2+1)
2121 W Main St Mesa, 'Tides on Main'	472 397,277	\$86,500,000 \$217.73	10/13/20 1985	\$183,262		186(1+1) 286(2+2)
1710 S Gilbert Rd Mesa, 'Cielo on Gilbert'	432 387,424	\$74,250,000 \$191.65	12/23/20 1985	\$171,875		256(1+1) 48(2+1) 128(2+2)
4141 W Glendale Ave Phoenix, 'Tides at East Glendale'	430 235,288	\$53,500,000 \$227.38	12/10/20 1987	\$124,418		47(0+1) 318(1+1) 65(2+2)
6451 W Bell Rd Glendale, 'Jerome'	408 264,574	\$55,000,000 \$207.88	10/30/20 1985	\$134,803		24(0+1) 240(1+1) 74(2+1) 70(2+2)
909 W Grove Pky Tempe, '909 West'	408 388,416	\$98,000,000 \$252.31	10/30/20 1999	\$240,196		170(1+1) 170(2+2) 68(3+2)
8809 S Pointe Pky E Phoenix, 'Pointe At South Mountain'	364 300,000	\$80,000,000 \$266.67	12/29/20 1988	\$219,780		206(1+1) 30(2+1) 128(2+2)
1121 N 44th St Phoenix, 'Alanza Place'	360 446,986	\$90,050,000 \$201.46	12/08/20 2002	\$250,138	4.10	191(1+1) 161(2+2) 8(3+3)
17031 N 11th Ave Phoenix, 'Presidio North'	360 250,232	\$55,600,000 \$222.19	12/21/20 1986	\$154,444		256(1+1) 32(2+1) 72(2+2) 1031 Exchange
777 W Chandler Blvd Chandler, 'Fairways at San Marcos'	352 339,720	\$84,480,000 \$248.68	11/02/20 1986	\$240,000		76(1+1) 116(2+1) 116(2+2) 44(3+2)
6611 E Mayo Blvd Phoenix, 'Maxwell on 66th'	349 300,000	\$122,500,000 \$408.33	11/20/20 2019	\$351,002		219(1+1) 129(2+2) 1(3+2)
875 W Pecos Rd Chandler, 'Lazo'	346 314,330	\$84,000,000 \$267.24	11/18/20 2002	\$242,774		148(1+1) 36(2+1) 136(2+2) 14(2+2.5) 12(3+2)
21150 N Tatum Blvd Phoenix, 'Shade at Desert Ridge'	342 400,418	\$87,000,000 \$217.27	12/11/20 2006	\$254,385		140(1+1) 178(2+2) 24(3+2)
2222 W Frye Rd Chandler, 'The District at Chandler'	340 320,000	\$95,000,000 \$296.88	11/02/20 2020	\$279,411		188(1+1) 152(2+2) High Vacancy Property
6231 W McDowell Rd Phoenix, 'Cordova'	320 238,410	\$51,100,000 \$214.34	10/29/20 1985	\$159,687		72(1+1) 200(2+1) 48(2+2)
2222 W Beardsley Rd Phoenix, 'The Mod'	316 202,606	\$54,000,000 \$266.53	12/04/20 1982	\$170,886	4.50	20(0+1) 189(1+1) 51(2+1) 54(2+2) 2(3+1)
9999 W Missouri Ave Glendale, 'Todd at Stadium'	313 313,000	\$82,945,000 \$265.00	11/12/20 2019	\$265,000		124(1+1) 189(2+2)
100 N Hearthstone Way Chandler, 'Riata'	300 266,544	\$91,000,000 \$341.41	11/17/20 2019	\$303,333		229(1+1) 71(2+2) 1031 Exchange
3333 W Dunlap Ave Phoenix, 'Tides on Dunlap'	288 245,280	\$40,500,000 \$165.12	10/15/20 1973	\$140,625	4.70	240(2+1) 48(3+2)
2020 W Glendale Ave Phoenix, 'Sombra APT Homes'	264 243,240	\$19,500,000 \$80.17	10/30/20 1973	\$73,863		48(1+1) 48(2+1) 136(2+2) 32(3+2)
4411 E Chandler Blvd Phoenix, 'Allegro Foothills Gateway'	264 278,748	\$65,100,000 \$233.54	12/29/20 1996	\$246,590		102(1+1) 30(2+1) 120(2+2) 12(3+2)
2157 E Apache Blvd Tempe, 'Metro 101'	259 161,600	\$69,000,000 \$426.98	12/28/20 2019	\$266,409	4.25	26(0+1) 116(1+1) 117(2+2)
3400 E Southern Ave Phoenix, 'Parc South Mountain'	258 258,000	\$60,000,000 \$232.56	11/18/20 2019	\$232,558		114(1+1) 114(2+2) 30(3+2)
2727 E Camelback Rd Phoenix, 'Cortland Biltmore'	253 440,344	\$117,000,000 \$265.70	10/08/20 2019	\$462,450	4.25	32(0+1) 107(1+1) 95(2+2) 4(2+3) 15(3+3)

**CAP** Capitalization Rate (NOI / Sales Price)  
**GSI** Gross Scheduled Annual Income (Assumes 100% occupancy)  
**GRM** Gross Rent Multiplier (Sales Price / GSI)  
**NOI** Net Operating Income (Actual Income less expenses)

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

4500 E Ray Rd Gilbert, 'Watermark Gateway Place'	250 250,000	\$84,350,000 \$337.40	12/18/20 2019	\$337,400		100(1+1) 100(2+2) 50(3+2)
5950 W Missouri Ave Glendale, '3 Fountains MH Park'	243 1,349	\$13,400,000 \$9,933.28	12/03/20 1971	\$55,144		243(2+1)
8092 W Paradise Ln Peoria, 'Enclave at Arrowhead'	240 247,964	\$63,000,000 \$254.07	12/10/20 2006	\$262,500		96(1+1) 132(2+2) 12(3+2)
777 E Stella Ln Phoenix, 'Alta North Central'	229 277,139	\$75,000,000 \$270.62	10/15/20 2020	\$327,510		134(1+1) 75(2+2) 20(3+2)
1801 N 83rd Ave Phoenix, 'Portola West Valley'	224 199,808	\$35,300,000 \$176.67	12/02/20 1986	\$157,589		72(1+1) 152(2+2)
3606 E Baseline Rd Phoenix, 'Cortland at Raven'	192 158,732	\$49,190,000 \$309.89	10/28/20 2002	\$256,197		58(1+1) 104(2+2) 30(3+2)
1010 N 48th St Phoenix, 'Tides at Papago'	190 133,380	\$30,100,000 \$225.67	11/20/20 1982	\$158,421		95(1+1) 95(2+1)
5401 E Thomas Rd Phoenix, 'Parq at East Arcadia'	181 168,102	\$38,000,000 \$226.05	12/16/20 1979	\$209,944		181(2+1)
17602 N Cave Creek Rd Phoenix, 'The Meadows'	165 113,400	\$25,550,000 \$225.31	11/24/20 1985	\$154,848		24(0+1) 72(1+1) 69(2+2)
15051 W Deer Valley Dr Sun City West, 'D. Valley Gardens'	164 252,974	\$18,680,000 \$73.84	12/21/20 2005	\$113,902		98(1+1) 66(2+1)
6060 W Royal Palm Rd Glendale, 'Tides on 61st'	156 110,368	\$19,750,000 \$178.95	12/18/20 1985	\$126,602	4.40	24(0+1) 70(1+1) 48(2+1) 12(2+2) 2(3+2)
320 S Windsor Mesa, 'Broadmoor'	150 414	\$17,190,000 \$41,521.74	10/01/20 1970	\$114,600		150(2+1)
17805 N 40th St Phoenix, 'Seventeen 805'	138 136,256	\$29,750,000 \$218.34	11/12/20 1984	\$215,579		138(2+2) 1031 Exchange
6545 N 19th Ave Phoenix, 'Avenue 19'	135 102,782	\$19,080,000 \$185.64	12/29/20 1970	\$141,333		135(1+1)
3450 W Missouri Ave Phoenix, 'University Commons'	126 69,854	\$13,000,000 \$186.10	11/18/20 1983	\$103,174		8(0+1) 112(1+1) 4(2+1) 2(2+2)
8750 E McDowell Rd Scottsdale, 'AYA Scottsdale'	125 87,755	\$19,520,000 \$222.44	11/23/20 1970	\$156,160		1(0+1) 50(1+1) 45(2+1) 27(2+2) 2(3+2)
1630 E Baseline Rd Phoenix, 'Haven at South Mountain'	117 89,750	\$18,150,000 \$202.23	11/12/20 1986	\$155,128		1(0+1) 60(1+1) 56(2+2)
2225 W Indian School Rd Phoenix, 'Sandpainter'	116 67,080	\$10,000,000 \$149.08	10/14/20 1979	\$86,206	5.14	24(0+1) 64(1+1) 20(2+1) 8(2+2)
1303 W Juniper Ave Gilbert, 'The Sterling'	107 130,000	\$30,850,000 \$237.31	12/15/20 2000	\$288,317		6(0+1) 21(1+1) 40(2+2) 40(3+2)
6333 N 12th St Phoenix, 'Vesta on 12th'	104 88,368	\$18,250,000 \$206.52	11/20/20 1971	\$175,480		50(1+1) 54(2+2)
1304 E Bell Rd Phoenix, 'Moon Valley Estates'	103 1,689	\$9,500,000 \$5,624.63	10/20/20 1964	\$92,233		
15417 N 29th St Phoenix, 'Greenvale'	80 56,320	\$9,800,000 \$174.01	11/10/20 1984	\$122,500		40(1+1) 40(2+1)
222 E Cody Dr Phoenix, 'The Ivy Off Central'	80 56,250	\$11,500,000 \$204.44	12/07/20 1988	\$143,750	6.10	80(2+1)
454 W Brown Rd Mesa, '454 West'	80 80,000	\$15,050,000 \$188.13	12/30/20 1972	\$188,125	5.00	80(2+2) 1031 Exchange
301-337 W Pasadena Ave Phoenix, 'Uptown 68'	68 49,550	\$12,000,000 \$242.18	12/31/20 1958	\$176,470	6.61	2(0+1) 20(1+1) 28(2+1) 12(2+2) 6(3+2)
1818 N 40th St Phoenix, 'Arcadia Lofts'	63 54,360	\$8,500,000 \$156.37	11/02/20 1981	\$134,920		39(1+1) 24(2+2)
16625-16645 N 31st St Phoenix, 'Paradise Place'	57 38,320	\$6,555,000 \$171.06	12/14/20 1985	\$115,000		17(1+1) 40(2+1)
917 W Glendale Ave Phoenix, 'Park Central Townhomes'	56 103,040	\$25,500,000 \$247.48	12/16/20 2020	\$455,357		53(3+2.5)
2835 W Northern Ave Phoenix, 'Northern Palms'	50 30,404	\$5,000,000 \$164.45	10/08/20 1984	\$100,000	4.80	47(1+1)

ADDRESS CITY, 'NAME'	UNITS SIZE (SF)	SOLD PRICE \$ / SF	SALE DATE YR BUILT	GSI \$ / UNIT	GRM CAP	COMMENTS
4608 W Maryland Ave Glendale, 'Maryland Manor T/H'	50 43,012	\$10,500,000 \$244.12	12/14/20 2009	\$840,000 \$210,000	12.5 6.00	2(1+1) 25(2+2.5) 23(3+2) 1031 Exchange
560 Penn Ln Wickenburg, 'Bradshaw Vista'	48 44,808	\$3,155,000 \$70.41	12/04/20 2004	\$65,729		6(1+1) 12(2+2) 30(3+2)
6702 N 17th Ave Phoenix, 'Modern Quarters'	47 34,050	\$6,000,000 \$176.21	12/17/20 1979	\$127,659		2(0+1) 17(1+1) 28(2+2)
2820-2844 W Augusta Ave Phoenix, 'Augusta Cove'	45 33,850	\$3,775,000 \$111.52	10/08/20 1959	\$83,888	4.97	23(1+1) 22(2+1)
1712 E Monte Vista Rd Phoenix, 'Palms at Monte Vista'	44 40,480	\$6,160,000 \$152.17	10/16/20 1985	\$140,000		44(2+2)
625 N Alma School Rd Chandler, 'Harmony'	42 26,734	\$6,650,000 \$248.75	12/18/20 1973	\$158,333		5(0+1) 20(1+1) 17(2+1)
5510 N 35th Ave Phoenix, 'Canyon Terrace'	36 29,750	\$5,350,000 \$179.83	10/30/20 1959	\$148,611	5.70	26(2+1) 10(3+1)
3318 N 18th Ave Phoenix, 'Mulberry T/H'	36 33,492	\$7,100,000 \$211.99	11/18/20 1964	\$197,222		12(1+1) 24(2+1) 1031 Exchange
2010 N Lazona Dr Mesa, 'Wintercove'	35 29,000	\$4,250,000 \$146.55	10/14/20 1979	\$121,428		23(1+1) 12(2+1)
1220 E Medlock Dr Phoenix, 'Revival Midtown'	35 25,200	\$6,400,000 \$253.97	10/15/20 1961	\$182,857	4.00	10(1+1) 25(2+1)
1518 W Colter St Phoenix, 'Desert Crown APT Homes'	35 31,409	\$6,250,000 \$198.99	12/11/20 1963	\$178,571		35(2+1)
2020 W Hayward Ave Phoenix, 'Bonnie Lynn'	34 25,272	\$3,750,000 \$148.39	10/14/20 1961	\$110,294		21(1+1) 13(2+1)
1401 N 35th St Phoenix, 'Casa Mendoza'	34 21,060	\$3,275,000 \$155.51	12/17/20 1950	\$96,323		4(0+1) 27(1+1) 3(2+1)
6220 W Ocotillo Rd Glendale, 'Ocotillo Oasis'	32 23,520	\$4,925,000 \$209.40	11/04/20 1984	\$153,906		32(1+1)
3025 N 36th St Phoenix, 'Century'	30 19,315	\$3,750,000 \$194.15	11/23/20 1961	\$125,000		22(1+1) 5(2+1) 1(2+2) 2(3+2)
223 5th Ave E Buckeye	28 15,500	\$2,150,000 \$138.71	11/10/20 1960	\$76,785		7(0+1) 11(1+1) 10(2+1)
16801 N 31st St Phoenix, 'Willowood Square'	28 20,006	\$3,590,000 \$179.45	12/14/20 1985	\$128,214		10(1+1) 18(2+2)
6527 N 67th Ave Glendale, 'Glendale Groves'	28 28,560	\$4,675,000 \$163.69	12/23/20 1983	\$166,964		28(2+2)
1950 W Aster Dr Phoenix, 'Aster Gardens'	28 22,700	\$3,212,500 \$141.52	12/30/20 1970	\$114,732		1(0+1) 3(1+1) 21(2+1.5) 3(3+2)
1917 E Broadway Rd Tempe, 'The Harlow'	27 16,698	\$4,975,000 \$297.94	10/27/20 1963	\$184,259		6(1+1) 19(2+1.5) 2(2+2)
4232 N 32nd St Phoenix, 'The Markley on 32nd'	27 26,390	\$5,800,000 \$219.78	12/23/20 1964	\$214,814		14(1+1) 8(2+2) 5(2+3)
9633 N 17th Ave Phoenix, 'Mountain View'	26 18,000	\$2,730,000 \$151.67	12/11/20 1983	\$105,000		10(1+1) 16(2+1)
1340 E Highland Ave Phoenix, 'Highland 24'	24 15,590	\$4,175,000 \$267.80	10/15/20 1978	\$173,958		1(0+1) 19(1+1) 4(2+1)
6740 W Montebello Ave Glendale, 'Beverly IV'	24 15,402	\$3,000,000 \$194.78	10/26/20 1974	\$125,000		24(2+1)
4020 N Parkway Ave Scottsdale, 'The Rise @ Old Town'	24 12,400	\$3,450,000 \$278.23	11/16/20 1970	\$143,750		22(0+1) 2(1+1)
1014 S Farmer Ave Tempe, 'Villa Nicole'	24 17,424	\$4,350,000 \$249.66	11/24/20 1971	\$181,250		24(2+1)
45 E Lexington Ave Phoenix, '45 East Lexington Avenue'	23 13,275	\$3,426,000 \$258.08	11/30/20 1963	\$148,956	5.15	15(0+1) 8(1+1)
1433 S Stanley Pl Tempe, 'Spring Leaf'	22 12,870	\$2,675,000 \$207.85	10/01/20 1978	\$121,590		22(1+1)

2922 N 35th St Phoenix, 'Vara'	21 14,400	\$3,000,000 \$208.33	10/09/20 1968	\$142,857		19(1+1) 2(2+1)
2539 N 48th St Phoenix, 'Desert Palms'	20 15,000	\$2,710,000 \$180.67	10/19/20 1985	\$135,500	5.00	20(1+1)
2501 W Elm St Phoenix, 'Sun West'	20 16,800	\$1,750,000 \$104.17	10/24/20 1964	\$87,500	8.89	1(1+1) 19(2+1)
3311 N 18th St Phoenix, '18 on Eighteen'	18 17,100	\$3,350,000 \$195.91	10/30/20 1979	\$186,111		18(2+1)
7525 N 12th St Phoenix	18 12,200	\$2,300,000 \$188.52	12/04/20 1973	\$127,777		8(1+1) 10(2+1)
1744 W Glendale Ave Phoenix, 'La Granada'	18 11,394	\$2,500,000 \$219.41	12/04/20 1957	\$138,888	5.30	3(0+1) 6(1+1) 3(2+1) 1(3+1) 5(3+2)
2335 E Utopia Rd Phoenix, 'Monarch Luxury T/H'	18 20,000	\$6,500,000 \$325.00	12/09/20 2020	\$361,111		4(2+2.5) 14(3+2.5)
1939 W Berridge Ln Phoenix, 'The Edge'	18 17,280	\$3,450,000 \$199.65	12/18/20 1963	\$191,666	5.35	18(2+2)
4322 N 13th Pl Phoenix, 'The'	16 15,384	\$3,070,000 \$199.56	11/20/20 1985	\$191,875	12.25	16(2+2)
2420 W Glenrosa Ave Phoenix, 'Glenrosa West'	16 12,839	\$2,200,000 \$171.35	12/14/20 1968	\$137,500		3(1+1) 13(2+1)
1725 E Cambridge St Phoenix, 'Cambridge'	16 12,800	\$2,048,000 \$160.00	12/15/20 1987	\$128,000		16(2+1)
511 E Mariposa St Phoenix, 'Mariposa at 5th Street'	16 12,100	\$3,780,000 \$312.40	12/15/20 1950	\$236,250		14(1+1) 2(2+1)
2722 N 7th St Phoenix, 'Lofts on 7th'	15 19,749	\$4,125,000 \$208.87	10/01/20 1990	\$275,000		
4312 N 12th St Phoenix, 'Royal Villa'	15 9,750	\$1,500,000 \$153.85	11/02/20 1956	\$100,000		1(0+1) 12(1+1) 2(2+1)
3122 N 38th St Phoenix, 'MODE at 38th Street'	15 12,655	\$3,200,000 \$252.86	12/21/20 1978	\$213,333		15(2+1)
2316-2318 E Roosevelt St Phoenix	14 9,200	\$1,625,000 \$176.63	10/13/20 1949	\$116,071	6.00	1(0+1) 10(1+1) 3(2+1)
2525 N 52nd St Phoenix, 'Suede'	14 12,450	\$1,820,000 \$146.18	10/20/20 1975	\$130,000		8(1+1) 5(2+1) 1(3+2)
4020 N 11th St Phoenix, '14 on Eleventh'	14 10,452	\$2,380,000 \$227.71	10/28/20 1962	\$170,000	6.25	14(2+1)
1645 E Cheery Lynn Rd Phoenix, 'Halcyon'	14 24,150	\$6,400,000 \$265.01	12/29/20 2020	\$457,142		14(3+2.5)
307-309 W Mariposa St Phoenix, 'Mariposa'	13 10,460	\$2,500,000 \$239.01	11/06/20 1968	\$192,307		1(0+1) 5(1+1) 2(1+1.5) 5(2+1)
6847 E 4th St Scottsdale	13 14,586	\$3,600,000 \$246.81	12/31/20 1959	\$276,923		13(1+1)
2919-2927 N 38th St Phoenix, 'Sterling'	12 22,000	\$1,100,000 \$50.00	10/19/20 1964	\$91,666		12(1+1)
4401-4415 N 23rd Ave Phoenix	12 7,566	\$1,314,000 \$173.67	11/12/20 1961	\$109,500		9(1+1) 3(2+1)
4331 N 26th St Phoenix, 'Dahle-hi'	12 8,850	\$2,150,000 \$242.94	11/13/20 1961	\$179,166	4.90	1(0+1) 11(1+1)
1846 E Washington Phoenix	12 4,050	\$950,000 \$234.57	11/17/20 1940	\$79,166		12(0+1)
743 E Coronado Rd Phoenix, 'Coronado Court'	12 9,358	\$2,200,000 \$235.09	12/23/20 1951	\$183,333		12(0+1)
525 N 32nd St Phoenix, 'Cypress Point'	12 7,225	\$1,075,000 \$148.79	12/31/20 1978	\$89,583		5(0+1) 6(1+1) 1(2+1)
2617 N 27th St Phoenix	11 10,750	\$2,189,000 \$203.63	10/12/20 1999	\$199,000		1(1+1) 1(2+1) 8(2+2) 1(3+2) 1031 Exchange
2617 E Campbell Ave Phoenix, 'The Campbell'	11 6,400	\$2,245,000 \$350.78	10/20/20 1961	\$204,090		11(0+1)

***There were 8 sales of 10+ Unit apartments we did not have space to print. If you would like this data, please contact us***





## The Metro Phoenix Apartment Market (Q4 2020)

### TODAY'S OPPORTUNITY

As noted below, "today" our apartment industry is very strong and investor's eyes are targeting our area. But there are many possible concerns around the corner from COVID, the housing market, and most of all the new administration. Today, investors are paying top dollar, but the future is uncertain! If you share some of these thoughts and might consider harvesting your equity by entertaining a strong offer – we are here to help.

### Our Market is Great Today

Transaction volume was a bit slow in the beginning of 2020 with Q1 and Q2 being 66 and 36 individual closings, respectively. The sluggish start was due to COVID. In Q3 we saw the start of a rebound with 65 closings, but in Q4 – wow, we had **113 individual sales**. The total for 2020 was 280 sales – just a bit less than the average number of annual sales which was 321 over the past five years.

The bottom line for apartment growth is population. Metro Phoenix is leading the US in net migration with  $\pm 82,600$  in 2020 (Redfin). The average annual population increase over the past five years was 2.7% (93,000/year). The strong population growth continues to support our demand, extraordinarily strong occupancy (95.5%) and our continued rental rate increases. Rents jumped 2.7% from Q3 with an increase of 6.0% in 2020, fueled mostly by the higher-cost units. The population growth is also impacting our housing market. House appreciation was  $\pm 10\%$  last year. Our current supply of homes "for sale" ( $\pm 4,000$ ) is about 25% of the norm and 34% of a year ago. Home values are jumping, lease rates on homes have followed. Both will support higher apartment rental prices and will also decrease the ability for renters to qualify for a home loan purchase. One large concern will be what happens when the millions of homeowners that have been granted temporary mortgage relief are forced to pay the growing delinquent monies.

### More Fears Going Forward

Be aware of the administration's anti-business liberal views. We may not see an immediate impact, but if we start seeing things like rent control, increased capital gains, restrictions on 1031-exchanges, more tenant-friendly laws, etc., the apartment industry will suffer. Who knows what might be coming regarding "affordable housing"? While Arizona is buffered from much of the national concerns, we feel the impact. For example, reducing good-paying jobs to be switched to making solar panels, per John Kerry, is absurd. Stopping the construction of the Keystone Pipeline and fracking is harmful to the environment – on many levels. Instead, more oil will be shipped by rail – a much more dangerous proposition and our military strength relies on oil independence. Today, the US needs huge power for our industries. Driving companies out of the US with mega green policies is not good for jobs and our economy. Every industry that uses oil or gas is already seeing a sharp increase in cost. This cost will impact many of the goods and services we use. This will create INFLATION, increased mortgage rates and a decrease in apartment values. Allowing open southern borders will also provide an easy gateway for many immigrants into the US and for the Chinese to get fentanyl-based drugs into the US via the Cartels in Mexico.

The hard-working folks in the US can take lots of abuse, but at some point, enough will be enough and I expect a strong push-back to the left-wing agenda. Allowing the big tech companies to censor content at their whim – wow. Civil unrest would not be good for business. I am really not trying to be political, but simply to evaluate liberal policies in a business light; just look at the exodus from California as an example.

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