



METRO PHOENIX

1st QTR 2022

APARTMENT OWNER'S UPDATE

In order to provide apartment owners and investors the best up-to date information, we track quarterly market data on recent apartment sales, apartments for sale, occupancy, rental rates and new apt. construction. All market updates since 1998 are posted on our website. www.MetroPhoenixCommercial.com

New Apt. Construction – Still Increasing

The forecast apartment completions in 2022 are 126 projects with 29,152 units. Even with the increased new construction over the past few years, we have not had even 10,000 units completed per year. As with past forecasts and similar issues experienced in 2020 and 2021, not all forecast projects will be completed, but many will.

Currently there are 150 projects (36,601 units) Under Construction, 101 projects (25,284 units) Planned and 153 projects (37,389 units) Prospective. **That's a total of 404 projects with 99,274 units) in the pipeline.** Metro Phoenix has possibly never seen numbers like this. Everyone continues to ask "are we overbuilding?" With the shortage of housing, increased housing prices, the challenge of having a house offer accepted, the increased desirability of apartment living, and the continued strong net population migration is expected to continue to support a high occupancy, but challenges exist.

Occupancy and Rents Strong but Under Pressure

Occupancy for all class units reached a 20-year high in Q2 2021 with 96.4% (3.6% Vacancy). Since then, we have seen a slight, but steady, decrease in occupancy – now at 95.5% (4.5% vacancy).

Rental rates are still increasing, but just like occupancy, this has slowed over Q1. In 2021, the rental rates for all class properties increased 25.0%. This led all major metropolitan cities in the US. In Q1, we only had an increase of 2.0% - significantly lower growth.

The trend in lower occupancy and less rental rate growth is expected to continue. Here are some of the reasons. There will be a surge in new construction completions – adding to the overall supply with preleasing already having an impact. Houses being built for rental is also an exploding industry with 8,553 homes in the pipeline. Affordability may be the single most important concern.

Again, there are still strong very positives for the multifamily sector. For example, housing prices have jumped making it harder to buy (32.6% last year), young people starting to leave mom and dad, mortgage rates are increasing and the cost of living due to inflation. All that said, the most important variables to watch will be the amount of population growth, availability of water to support this growth, possible government regulations/fiscal policies and inflation.

WHAT WILL BE THE IMPACT?

- 29,152 units possibly completed in 2022.
- Rising inflation and mortgage rates
- Projected tax increases and new gov't laws
- The lack of affordable housing
- Open borders and flood of immigrants
- The war in Ukraine

For my insight on these issues – send me a note. I would also appreciate your thoughts.

Jim Kasten, CCIM

602 677 0655

Jim@MetroPhoenixCommercial.com

Kasten Long Commercial Group 2008-2021

Kasten Long Apartment Team 1998 - 2007

Metro Phoenix Multifamily Data

Year	Const.	Vacancy
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%
2021	9,892	4.2%
2022 (1)	2,418	4.5%

Primary Data Sources: Yardi Matrix (50+ units)

Resources on our new website:
www.MetroPhoenixCommercial.com

Apt. Newsletter – Quarterly since 1998

- Recent Apartment sales
- New Apt. Construction Pipeline
- List of Apartments For Sale

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

Metro Phoenix Apartment Sales (10+ Units)

1st Qtr - 2022

ADDRESS CITY, 'NAME'	UNITS SIZE (SF)	SOLD PRICE \$/ SF	SALE DATE YR BUILT	GSI \$/ UNIT	GRM CAP	COMMENTS
7007 W Indian School Rd Phoenix, 'Tides on 71st'	1012 817,912	\$255,000,000 \$311.77	02/28/22 1985	\$251,976		208(1 + 1) 603(2 + 1) 201(2 + 2)
7711 N 51st Ave Glendale, 'Stillwater'	516 412,800	\$111,500,000 \$270.11	01/04/22 1986	\$216,085		120(0 + 1) 344(1 + 1) 52(2 + 1)
7900 E Princess Dr Scottsdale, 'Crown Court'	416 528,758	\$175,000,000 \$330.96	03/24/22 1987	\$420,673		44(1 + 2) 318(2 + 2) 54(3 + 2)
6601 E McDowell Rd Scottsdale, 'Roadrunner on McDowell'	356 371,000	\$193,500,000 \$521.56	02/15/22 2021	\$543,539		14(0 + 1) 257(1 + 1) 85(2 + 2)
17625 N 7th St Phoenix, 'Tides on 7th'	308 306,635	\$105,000,000 \$342.43	03/01/22 1983	\$340,909	3.15	56(1 + 1) 137(2 + 2) 115(3 + 2)
110 E Greenway Pky Phoenix, 'Boulders on Lookout Mountain'	294 368,552	\$112,500,000 \$305.25	01/13/22 1994	\$382,653		143(1 + 1) 119(2 + 2) 32(3 + 2)
3625 E Ray Rd Phoenix, 'Mountainside'	288 412,986	\$132,500,000 \$320.83	03/31/22 1996	\$460,069		120(1 + 1) 144(2 + 2) 24(3 + 2)
1903 N Country Club Dr Mesa, 'The Standard at Country Club'	272 126,600	\$60,625,000 \$478.87	03/15/22 1979	\$222,886		104(0 + 1) 168(1 + 1)
4950 E Van Buren St Phoenix, 'Ascent at Papago Park'	270 308,938	\$107,500,000 \$347.97	03/31/22 2007	\$398,148		102(1 + 1) 144(2 + 2) 24(3 + 2)
4030 N 44th Ave Phoenix, 'Tides on 44th'	256 134,400	\$50,950,000 \$379.09	01/10/22 1983	\$199,023		256(1 + 1)
6610 N 93rd Ave Glendale, 'Zone Westgate'	251 251,426	\$77,000,000 \$306.25	01/18/22 2007	\$306,773		123(1 + 1) 110(2 + 2) 18(2 + 2.5)
1700 N 103rd Ave Avondale, 'Oceana'	240 205,000	\$84,200,000 \$410.73	02/07/22 2004	\$350,833		80(1 + 1) 48(2 + 1) 65(2 + 2) 47(3 + 2)
1801 N 83rd Ave Phoenix, 'Portola West Valley'	224 199,808	\$59,800,000 \$299.29	01/12/22 1986	\$266,964	3.00	72(1 + 1) 152(2 + 2) 1031 Exchange
13700 N Fountain Hills Blvd Fountain Hills, 'Four Peaks IP'	212 209,996	\$19,500,000 \$92.86	03/21/22 1997	\$91,981		44(1 + 1) 124(2 + 1) 43(2 + 2) 1(3 + 2)
1314 N 3rd St Phoenix, 'Lydian'	209 116,720	\$65,500,000 \$561.17	03/23/22 2021	\$313,397		26(0 + 1) 122(1 + 1) 61(2 + 2)
12810 N Cave Creek Rd Phoenix, 'Tides on Cave Creek'	206 153,638	\$59,000,000 \$384.02	03/15/22 1986	\$286,408		18(0 + 1) 84(1 + 1) 48(2 + 1.5) 56(2 + 2)
16630 N 43rd Ave Glendale, 'Portola on Bell'	180 196,000	\$58,100,000 \$296.43	03/07/22 1998	\$322,778	3.00	64(1 + 1) 88(2 + 2) 28(3 + 2) 1031 Exchange
5402 E Washington Ave Phoenix, 'Mandarina'	180 152,892	\$54,000,000 \$353.19	01/24/22 2002	\$300,000		110(1 + 1) 70(2 + 2)
1829 E Morten Ave Phoenix, 'Ascent 1829'	180 113,960	\$48,000,000 \$421.20	02/11/22 1980	\$266,667		45(0 + 1) 90(1 + 1) 45(2 + 2)
3409 S Rural Rd Tempe, 'The Rev'	172 148,500	\$53,000,000 \$356.90	03/04/22 1972	\$308,140		12(0 + 1) 70(1 + 1) 89(2 + 2) 1(3 + 1)
1408 N Central Ave Avondale, '1408 Casitas at Palm Valley'	168 155,741	\$53,000,000 \$340.31	01/21/22 1978	\$315,476		45(1 + 1) 16(2 + 1.5) 70(2 + 2) 37(3 + 2)

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 sources: Costar, YARDI, ARMLS, BREW,
 VIZZDA and personal knowledge.
 All information is believed to be accurate but is
 not guaranteed.

3535 W Camelback Rd Phoenix, 'GC Square'	165 83,715	\$31,020,000 \$370.54	03/31/22 1976	\$188,000		112(0 + 1) 52(1 + 1) 1(3 + 2)
7677 W Paradise Ln Peoria, 'Haven at P83'	163 180,053	\$72,350,000 \$401.83	02/17/22 2006	\$443,865	3.38	65(1 + 1) 85(2 + 2) 13(3 + 3) 1031 Exchange
13225 N Fountain Hills Blvd Fountain Hills, 'Luna at Fountain Hills'	150 158,915	\$58,250,000 \$366.55	01/28/22 1998	\$388,333		150(2 + 2)
4788 W Bethany Home Rd Glendale, 'Bethany Glen'	150 107,440	\$33,250,000 \$309.48	01/26/22 1971	\$221,667		40(1 + 1) 90(2 + 1) 20(3 + 1)
6131 N 16th St Phoenix, 'Sunrise in Biltmore'	125 104,061	\$37,500,000 \$360.37	03/02/22 1975	\$300,000		50(1 + 1) 25(2 + 1.5) 50(2 + 2)
1630 E Baseline Rd Phoenix, 'Haven at South Mountain'	117 89,750	\$32,000,000 \$356.55	01/31/22 1986	\$273,504		1(0 + 1) 60(1 + 1) 56(2 + 2)
2323 E Flower St Phoenix, 'Bloom 24'	114 102,600	\$34,200,000 \$333.33	01/14/22 1973	\$300,000	4.00	56(1 + 1) 58(2 + 2) 1031 Exchange
2420 W Thomas Rd Phoenix, 'Elevate @ Thomas'	105 73,658	\$15,250,000 \$207.04	01/06/22 2021	\$145,238	4.00	23(0 + 1) 5(1 + 1) 62(2 + 2)
1318 S Vineyard Mesa, 'Sonoma Village'	96 72,960	\$26,000,000 \$356.36	03/31/22 1973	\$270,833		42(1 + 1) 54(2 + 1)
6201 N 16th St Phoenix, 'Sora on Rose'	92 74,984	\$26,150,000 \$348.74	03/31/22 1971	\$284,239		47(1 + 1) 45(2 + 2)
550 E Earll Dr Phoenix, 'Plaza 550'	92 55,200	\$25,200,000 \$456.52	01/28/22 1973	\$273,913		92(1 + 1)
17211 N 35th Ave Phoenix, 'Phoenician Pines Condominiums'	92 246,053	\$22,000,000 \$89.41	03/20/22 1981	\$239,130		41(1 + 1) 179(2 + 2) 20(3 + 2)
4422 N 36th St Phoenix, 'Escondido'	75 40,640	\$20,050,000 \$493.36	03/01/22 1979	\$267,333	3.75	12(0 + 1) 63(1 + 1)
5245 E Thomas Rd Phoenix, 'Gateway Scottsdale'	71 37,303	\$18,250,000 \$489.24	01/28/22 1968	\$257,042		21(0 + 1) 36(1 + 1) 14(2 + 1)
2420 N 24th St Phoenix, 'The Elton'	70 21,784	\$10,350,000 \$475.12	03/16/22 1964	\$147,857	3.10	67(0 + 1) 1(2 + 1)
6141 N 59th Ave Glendale, 'Village Point'	66 54,720	\$10,050,000 \$183.66	03/09/22 1985	\$152,273	4.00	6(1 + 1) 60(2 + 2)
5136 W Glenn Dr Glendale, 'Town Square Courtyard'	60 90,482	\$7,750,000 \$85.65	03/30/22 2005	\$129,167	3.60	30(2 + 1.5) 30(3 + 1.5)
125 N 18th St Phoenix, 'Agave Court'	56 60,876	\$15,650,000 \$257.08	01/27/22 2001	\$279,464		12(1 + 1) 28(2 + 2) 16(3 + 2)
2242-2302 E Pinchot Ave Phoenix, 'Pinchot Greens'	56 45,390	\$13,500,000 \$297.42	01/31/22 1967	\$241,071	3.63	22(1 + 1) 28(2 + 1) 1(3 + 1) 2(3 + 2)
1855 E Don Carlos Ave Tempe, 'Tempe North'	56 42,400	\$12,500,000 \$294.81	01/05/22 1987	\$223,214	4.25	52(2 + 1) 4(3 + 1.5)
9652 E Hampton Ave Mesa, 'Hampton East II'	53 15,000	\$22,100,000 \$1,473.33	03/21/22 2022	\$416,981		
2339 W Northern Ave Phoenix, 'Northern Edge'	51 42,574	\$12,900,000 \$303.00	02/08/22 1964	\$826,560 \$252,941	15.01 4.80	5(1 + 1) 24(2 + 1) 18(2 + 2) 4(3 + 2)
201 E Townley Ave Phoenix, 'Pine Terrace'	39 35,550	\$6,240,000 \$175.53	03/10/22 1983	\$160,000	2.96	12(1 + 1) 27(2 + 1)
1742 W Vogel Ave Phoenix, 'New Haven'	33 20,020	\$5,445,000 \$271.98	03/24/22 1981	\$165,000		15(1 + 1) 18(2 + 1)

14001-14007 N Primrose St El Mirage, 'Primrose'	32 33,120	\$3,375,000 \$101.90	03/03/22 1980	\$105,469		2(0 + 1) 22(1 + 1) 8(2 + 1)
2940 N 40th St Phoenix, 'Arcadia Modern'	27 21,406	\$9,000,000 \$420.44	02/11/22 1963	\$333,333		10(1 + 1) 2(2 + 1) 14(2 + 2) 1(3 + 2)
6017-6053 N 61st Ave Glendale, 'Rossmore'	26 14,490	\$4,200,000 \$289.86	02/24/22 1963	\$161,538		24(1 + 1) 2(2 + 1)
9411 N 13th Ave Phoenix, 'Foothill Acres'	25 15,040	\$4,125,000 \$274.27	03/21/22 1976	\$165,000		24(1 + 1) 1(2 + 1)
510 E Hatcher Rd Phoenix, 'Palmilla'	24 14,358	\$3,525,000 \$245.51	01/28/22 1985	\$146,875		8(1 + 1) 8(2 + 1) 8(3 + 1)
3434 N Longview Ave Phoenix, 'Encanto Hazelwoods'	22 40,590	\$12,800,000 \$315.35	03/17/22 2021	\$581,818	4.00	22(3 + 4)
7320 E Belleview St Scottsdale, 'Bella Villas'	21 20,700	\$7,000,000 \$338.16	01/21/22 1960	\$333,333		21(2 + 1)
2922 N 35th St Phoenix, 'Vara'	21 14,400	\$3,790,000 \$263.19	01/07/22 1968	\$180,476		19(1 + 1) 2(2 + 1)
5915-5927 W Rose Ln Glendale, 'Delana'	21 14,700	\$3,350,000 \$227.89	01/28/22 1963	\$159,524		12(1 + 1) 7(2 + 1) 2(3 + 1)
534-540 E Huntington Dr Tempe, 'Twenty at Huntington'	20 17,000	\$5,700,000 \$335.29	02/24/22 1967	\$285,000		4(1 + 1) 16(2 + 1)
67 E Roanoke Ave Phoenix, 'De Novo on Roanoke'	20 12,000	\$4,850,000 \$404.17	01/14/22 1960	\$242,500		10(0 + 1) 9(1 + 1) 1(2 + 1)
2539 N 48th St Phoenix, 'Desert Palms'	20 15,000	\$4,850,000 \$323.33	02/25/22 1985	\$242,500		20(1 + 1)
1707 N 18th St Phoenix	19 13,125	\$4,515,000 \$344.00	03/01/22 1960	\$237,632	4.38	11(1 + 1) 8(2 + 1)
2950 N 38th St Phoenix, 'LYRA'	18 18,000	\$9,958,700 \$553.26	02/08/22 2020	\$553,261		18(3 + 2.5)
337 W Pasadena Ave Phoenix, 'Uptown 18'	18 16,900	\$5,140,000 \$304.14	01/07/22 1958	\$285,556		18(1 + 1)
4320 N 27th St Phoenix, 'Lin Lor'	16 14,472	\$5,800,000 \$400.77	02/22/22 1962	\$362,500		4(1 + 1) 12(2 + 1)
110-114 S Wilson St Tempe, 'Wilson Street Studios'	16 5,200	\$3,080,000 \$592.31	02/22/22 1960	\$192,500	4.75	16(0 + 1)
3219 N 67th Pl Scottsdale, 'Scottsdale Shadows'	15 10,450	\$3,725,000 \$356.46	01/25/22 1958	\$248,333		8(0 + 1) 5(1 + 1) 2(2 + 1)
4020 N 11th St Phoenix, '14 on Eleventh'	14 10,452	\$2,380,000 \$227.71	01/20/22 1962	\$170,000		14(2 + 1)
16801 N 26th St Phoenix, 'Country Manor'	14 9,700	\$2,120,000 \$218.56	03/23/22 1980	\$151,429	6.45	10(1 + 1) 4(2 + 1)
2425 W Turney Ave Phoenix	13 6,271	\$1,600,000 \$255.14	01/11/22 1969	\$123,077		1(0 + 1) 6(1 + 1) 6(2 + 1)
112-124 S McKemy St Tempe, 'McKemy II'	12 8,280	\$3,225,000 \$389.49	03/22/22 1969	\$268,750		
6125 S McKemy St Tempe	12 10,800	\$3,050,000 \$282.41	02/02/22 1983	\$254,167		12(2 + 1)
70 E Mitchell Dr Phoenix	12 5,860	\$2,750,000 \$469.28	03/07/22 1974	\$229,167	4.25	12(1 + 1)

1810-1812 N 26th Pl Phoenix, 'Sunset Acres'	11 9,800	\$2,050,000 \$209.18	03/07/22 1960	\$186,364	6.52	$2(1 + 1) 6(2 + 1) 3(3 + 1)$
402 S Beck Ave Tempe, 'Campus Arms'	10 6,200	\$2,889,610 \$466.07	03/18/22 1962	\$288,961	5.00	$10(1 + 1)$
1808 N 31st St Phoenix, 'Coronado Square'	10 7,300	\$2,050,000 \$280.82	03/22/22 1972	\$205,000		$2(1 + 1) 8(2 + 1)$
8503 N 59th Ave Glendale	10 4,844	\$1,630,000 \$336.50	02/03/22 1971	\$163,000		$10(0 + 1)$