



METRO PHOENIX

3rd 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 – Very Strong

The apartment completions in 2022, as of the end of Q3 are already 9,246 units (37 projects). The forecast for Q4 is an additional 9,648 units (44 projects). Due to labor and supply cost and shortage, not all the Q4 projects will be completed by year's end, but we will likely have at least a 25% jump in total units completed compared to last year.

Currently there are 160 projects (38,455 units) Under Construction, 111 projects (26,322 units) Planned and 203 projects (49,142 units) Prospective. **That's a total of 474 projects (113,919 units) in the pipeline.** Metro Phoenix has possibly never seen numbers like this. Everyone continues to ask, "are we overbuilding?" The increased mortgage interest rates combined with the high inflation hamper the ability to purchase a home and partially offsets the increasing apartment supply.

Occupancy Decreasing - Rents Leveling & Under Pressure

For the past 5 years, Metro Phoenix has enjoyed very strong occupancy and amazing rent growth – sometimes leading the US. With the continued number of new apartment units being completed, most rents have now leveled, and occupancy has decreased. With the large number of projects in the new construction pipeline, the increased supply will continue to put pressure on rent growth and occupancy. The impact of the new construction could have been significantly more severe, except the time for completion has been extended due to labor and supply issues, but there are still many, MANY units in the pipeline. The high inflation is good and bad. It limits the ability to purchase a home which maintains the strong demand for rentals, but also limits the amount rents can be increased – or even held at current levels.

Since our Q2 2021 amazing 3.6% vacancy, we have seen a steady increase – now at **5.6%** (94.4% occupancy). Since the beginning of this year, rental rates for upper and mid-range have leveled off but workforce house is still increasing. In-fact, lower workforce housing was up 12.4% year over year. As noted, with inflation affordability will be an issue going forward. The local issues with rents and occupancy are similar across the US, plus there are growing concerns by apartment developers and investors with the impact of the increasing interest rates as the Feds try to control inflation.

WHAT WILL BE THE IMPACT?

- Lots of units 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

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

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Kasten Long Commercial Group 2008-2021
Kasten Long Apartment Team 1998 - 2007

Metro Phoenix Multifamily Data

Year	Const.	Vacancy
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)	2,772	4.6%
2022 (2)	3,722	5.2%
2022 (3)	2,752	5.6%

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)

3rd Qtr - 2022

ADDRESS CITY, 'NAME'	UNITS SIZE (SF)	SOLD PRICE \$ / SF	SALE DATE YR BUILT	GSI \$ / UNIT	GRM CAP	COMMENTS
901 S Country Club Dr Mesa, 'Tides on Country Club'	582 318,042	\$132,000,000 \$415.04	08/15/22 1987	\$226,804		121(0 + 1) 349(1 + 1) 112(2 + 1) Recapitalization
5115 N 40th St Phoenix, 'Capri on Camelback'	556 373,252	\$143,000,000 \$383.12	08/17/22 1970	\$257,194		168(0 + 1) 280(1 + 1) 108(2 + 2)
7181 E Camelback Rd Scottsdale, 'Scottsdale Waterfront Residences'	447 500,000	\$2,775,000 \$5.55	09/29/22 2007	\$6,208		
1811 E Apache Blvd Tempe, 'The Access'	408 583,259	\$134,000,000 \$229.74	07/20/22 2009	\$328,431		184(0 + 1) 182(1 + 1) 30(2 + 2) 12(3 + 3)
909 W Colter St Phoenix, 'Colter Gardens'	386 256,000	\$81,000,000 \$316.41	09/14/22 1972	\$209,845	5.26	128(0 + 1) 192(1 + 1) 66(2 + 2)
5775 W Roosevelt St Phoenix, 'Rise Encore'	376 327,308	\$125,000,000 \$381.90	07/20/22 1986	\$332,447		16(0 + 1) 64(1 + 1) 264(2 + 2) 32(3 + 3) 1031 Exchange
10002 N 7th St Phoenix, 'Trailside at Hermosa Pointe'	336 592,629	\$91,000,000 \$153.55	09/01/22 1984	\$270,833		97(1 + 1) 212(2 + 2) 27(3 + 2)
601 W Rio Salado Pky Tempe, 'Skywater at Town Lake'	328 370,000	\$160,000,000 \$432.43	07/01/22 2014	\$487,805		12(0 + 1) 147(1 + 1) 152(2 + 2) 12(3 + 2) 8(3 + 3)
2150 S Arizona Ave Chandler, '2150'	289 289,528	\$107,000,000 \$369.57	08/31/22 2001	\$370,242		9(1 + 1) 177(2 + 2) 103(3 + 2)
10000 W Missouri Ave Glendale, 'The Lotus'	286 172,500	\$93,500,000 \$542.03	08/22/22 2021	\$326,923		115(0 + 1) 114(1 + 1) 57(2 + 2)
4839 S Darrow Dr Tempe, 'Ponderosa Ranch'	272 189,234	\$68,500,000 \$361.99	08/31/22 1983	\$251,838	4.50	136(1 + 1) 68(2 + 1) 68(2 + 2) 1031 Exchange
2020 W Glendale Ave Phoenix, 'The Residences'	265 243,240	\$63,070,000 \$259.29	07/28/22 1973	\$238,000		48(1 + 1) 51(2 + 1) 134(2 + 2) 32(3 + 2)
2222 S Dobson Rd Chandler, 'Dobson 2222'	258 13,096	\$95,000,000 \$7,254.12	08/31/22 2007	\$368,217		110(1 + 1) 132(2 + 2) 16(3 + 2)
16630 N Reems Rd Surprise, 'The Villas at Mountain Vista Ranch'	256 258,052	\$85,000,000 \$329.39	07/06/22 2003	\$332,031	4.00	88(1 + 1) 148(2 + 2) 20(3 + 2) 1031 Exchange
6801 W Ocotillo Rd Glendale, 'Portola Glendale'	232 183,687	\$56,400,000 \$307.04	08/25/22 1986	\$243,103		88(1 + 1) 144(2 + 2)
4040 W Peoria Ave Phoenix, 'Ascent at Peoria'	224 152,251	\$58,240,000 \$382.53	08/15/22 1983	\$260,000		152(1 + 1) 36(2 + 1) 36(2 + 2)
1440 S Val Vista Dr Mesa, 'Dana Park'	222 231,910	\$64,650,000 \$278.77	09/20/22 1986	\$291,216		74(1 + 1) 148(2 + 2)
1233 S Gilbert Rd Gilbert, 'The Wyatt'	216 216,613	\$91,000,000 \$420.10	07/28/22 2021	\$421,296		84(1 + 1) 108(2 + 2) 24(3 + 2)
25300 N 22nd Ln Phoenix, 'Kalon Luxury'	215 129,000	\$79,000,000 \$612.40	08/26/22 2022	\$367,442		34(0 + 1) 84(1 + 1) 97(2 + 2)
15449 N 25th Ave Phoenix, 'Cobblestone'	200 146,360	\$45,000,000 \$307.46	09/22/22 1980	\$225,000	4.25	144(1 + 1) 56(2 + 2) 1031 Exchange
208 E Baseline Rd Tempe, 'Sofia'	174 140,130	\$55,000,000 \$392.49	08/24/22 1979	\$316,092	4.00	46(1 + 1) 82(2 + 1) 46(2 + 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.

1145 W Baseline Rd Tempe, 'Omnia Baseline'	169 119,032	\$50,000,000 \$420.06	07/22/22 1982	\$295,858	3.75	21(0 + 1) 86(1 + 1) 62(2 + 2) 1031 Exchange
12211 N Paradise Village Pky S Phoenix, 'Cala Paradise Valley'	168 119,558	\$50,500,000 \$422.39	09/08/22 1983	\$300,595		108(1 + 1) 60(2 + 2)
1750 S Price Rd Tempe, 'Villatree'	150 122,005	\$43,100,000 \$353.26	07/26/22 1980	\$287,333		17(0 + 1) 55(1 + 1) 46(2 + 1) 32(2 + 2)
200 E Fillmore St Phoenix, 'The Met at 3rd and Fillmore'	140 139,612	\$58,000,000 \$415.44	07/18/22 1996	\$414,286		12(0 + 1) 56(1 + 1) 72(2 + 2)
13610 N 51st Ave Glendale, 'Glenridge'	135 94,200	\$31,500,000 \$334.39	09/22/22 1985	\$233,333		12(0 + 1) 75(1 + 1) 12(2 + 1) 36(2 + 2)
7611 S 36th St Phoenix, 'Portola South Mountain'	134 154,895	\$50,500,000 \$326.03	07/11/22 1999	\$376,866		40(1 + 1) 81(2 + 2) 13(3 + 2)
1517 E Colter St Phoenix, 'Paradise Palms'	129 132,840	\$36,500,000 \$274.77	08/01/22 1959	\$282,946		3(0 + 1) 50(1 + 1) 32(2 + 1) 36(2 + 2) 8(3 + 2)
8818 S Central Ave Phoenix, 'Elevate on South Mountain'	127 61,975	\$22,300,000 \$359.82	09/22/22 1986	\$175,591		18(0 + 1) 82(1 + 1) 27(2 + 1)
12021 N 43rd Ave Phoenix, 'Rise at Cactus'	124 93,240	\$31,000,000 \$332.48	09/29/22 1984	\$250,000		72(1 + 1) 20(2 + 1) 32(2 + 2)
4529 W Ocotillo Rd Glendale, 'Rise at the Meadows'	120 88,896	\$29,200,000 \$328.47	09/23/22 1983	\$243,333		72(1 + 1) 48(2 + 2)
930 W Indian School Rd Phoenix, 'U'	96 99,599	\$25,500,000 \$256.03	07/18/22 1957	\$265,625		1(0 + 0) 95(2 + 1)
8101 W Lamar Rd Glendale, 'Edge at Westgate'	87 61,248	\$18,270,000 \$298.30	07/20/22 1975	\$210,000		87(2 + 1)
7450 S 16th St Phoenix, 'Proximity on 16th'	85 50,000	\$30,100,000 \$602.00	09/30/22 2021	\$354,118		26(1 + 1) 26(2 + 2) 8(3 + 2) 25(3 + 2.5)
1255 E University Dr Mesa, 'Connect on University'	67 59,304	\$15,700,000 \$264.74	07/08/22 1969	\$234,328	3.25	12(1 + 1) 49(2 + 2) 6(3 + 2)
6318 N 65th Dr Glendale, 'Edge At 65th'	56 41,044	\$11,760,000 \$286.52	08/26/22 1985	\$210,000		8(1 + 1) 48(2 + 1)
4025 N 40th St Phoenix, 'Arcadia Haus'	49 14,533	\$8,125,000 \$559.07	09/28/22 1966	\$165,816		49(1 + 1)
529 S Hawes Rd Mesa, 'Casa Sole Vita'	42 70,000	\$20,000,000 \$285.71	09/12/22 2019	\$476,190		
202 S Hardy Dr Tempe, 'Dolce Villagio Townhomes'	37 53,159	\$21,250,000 \$399.74	07/14/22 2007	\$574,324		21(2 + 2.5) 16(3 + 3)
910 E Lemon St Tempe, 'Sakara Villas at Tempe'	36 38,974	\$10,000,000 \$256.58	09/23/22 1969	\$277,778	5.25	36(2 + 2)
3432 N 12th Pl Phoenix, 'Olive Gardens'	30 24,305	\$6,650,000 \$273.61	07/29/22 1971	\$221,667		1(0 + 1) 1(1 + 1) 24(2 + 1) 4(2 + 2)
1401 N 3rd St Phoenix, 'The Lofts on 3rd'	29 22,600	\$9,000,000 \$398.23	07/20/22 1961	\$310,345	4.51	13(1 + 1) 6(2 + 1) 7(2 + 1.5) 3(2 + 2)
1637 N 51st St Phoenix, 'Papago Gardens'	26 21,384	\$7,410,000 \$346.52	07/01/22 1989	\$285,000	5.00	26(2 + 2)
4750 N 28th St Phoenix, 'Village 28'	25 23,054	\$9,025,000 \$391.47	07/29/22 1969	\$361,000		20(2 + 1)
890 Poppy St Wickenburg	24 23,130	\$3,000,000 \$129.70	09/30/22 1984	\$125,000		

16655 El Lago Blvd Fountain Hills	23 74,440	\$11,350,000 \$152.47	08/17/22 2021	\$493,478		High Vacancy Property
3213 E Flower St Phoenix, 'The Hera'	20 34,680	\$13,700,000 \$395.04	09/02/22 2022	\$685,000		20(3 + 3.5) High Vacancy Property
210-220 S Roosevelt St Tempe, 'Roosevelt Park'	20 16,581	\$7,400,000 \$446.29	07/15/22 1988	\$370,000	4.85	16(1 + 1) 4(2 + 2)
1110 E Turney Ave Phoenix, 'Carolyn Place'	19 6,704	\$2,550,000 \$380.37	07/15/22 1946	\$134,211	5.00	7(0 + 1) 12(1 + 1)
2014 W Berridge Ln Phoenix, 'Signature 18'	18 15,200	\$5,150,000 \$338.82	08/18/22 1961	\$286,111		4(1 + 1) 7(2 + 1) 7(3 + 2)
4404 W Charter Oak Rd Glendale	15 13,336	\$5,400,000 \$404.91	08/24/22 2022	\$360,000		15(2 + 2)
4312 N 12th St Phoenix, 'The Capri'	15 10,450	\$3,920,000 \$375.12	09/28/22 1956	\$261,333		1(0 + 1) 12(1 + 1) 2(2 + 1)
16821 N 26th St Phoenix, 'Country Manor'	14 8,820	\$2,250,000 \$255.10	07/20/22 1980	\$160,714	3.05	10(1 + 1) 4(2 + 1) 1031 Exchange
830 E Turney Ave Phoenix, 'English Manor'	12 10,488	\$3,500,000 \$333.71	09/23/22 1963	\$291,667		12(2 + 1)
8034 S Central Ave Phoenix	12 5,435	\$2,200,000 \$404.78	09/26/22 1946	\$183,333		12(1 + 1)
312 E Kinderman Dr Avondale	12 8,318	\$2,150,000 \$258.48	07/08/22 1969	\$179,167	5.00	2(1 + 1) 9(2 + 1) 1031 Exchange
2146 E Taylor St Phoenix, 'Taylor'	12 7,450	\$1,725,000 \$231.54	08/22/22 1958	\$143,750		10(2 + 1) 1(3 + 1)
4410 N 14th St Phoenix, 'Villa Este'	11 9,018	\$2,600,000 \$288.31	08/01/22 1971	\$236,364		11(2 + 1)
2335 W Campbell Ave Phoenix	11 10,840	\$2,120,000 \$195.57	08/10/22 1971	\$192,727		11(1 + 1)
925 E Amelia Ave Phoenix	11 1,755	\$2,000,000 \$1,139.60	07/14/22 1935	\$181,818		
7550 E Osborn Rd Scottsdale	10 19,878	\$9,250,000 \$465.34	09/30/22 2021	\$925,000		10(3 + 4)