



## PHOENIX MSA | MULTIFAMILY | YE 2020 REPORT

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10+ UNIT PROPERTIES		YE 2020	INCREASE/DECREASE	YE 2019
Total Sales Volume		\$7.0B	-16.0%	\$8.30B
A V E R A G E	Price/Unit	\$181,972	+13.1%	\$160,877
	Price/SF	\$218.34	+14.3%	\$191.01
	Year Built	1981	No Change	1981
Average Rent		\$1,248	+6.0%	\$1,177
Occupancy Rate		95.3%	No Change	95.3%
Units Delivered		8,817	-2.1%	9,008

### ABI GEONEWS: PHOENIX MSA - SELECT NEWS

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COVID-19 Hasn't Deterred Apartment Development in Phoenix



Taiwan Semiconductor Buys North Phoenix Land For \$89M, Will Create More Than 1,600 Jobs

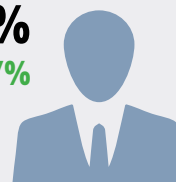


Deals for 2 Game-Changing Projects Could Redefine Both Sides of Valley

4,948,203

**POPULATION**  
2019 ACS 1-YEAR ESTIMATE

**6.9%**  
**+0.7%**



**UNEMPLOYMENT**  
Q-Q AS OF DEC 2020 - BLS

**-2.3%**



**EMPLOYMENT GROWTH**  
Y-Q AS OF DEC 2020 - BLS

**\$63,883**



**MEDIAN HH INCOME**  
2019 ACS 5-YEAR ESTIMATE

**\$32,522**



**PER CAPITA INCOME**  
2019 ACS 5-YEAR ESTIMATE

**28,984**

Units (50+)



**UNDER CONSTRUCTION**  
YARDI







**344,031**

Units (10+)



**TOTAL INVENTORY**  
AS OF DEC 2020 - YARDI

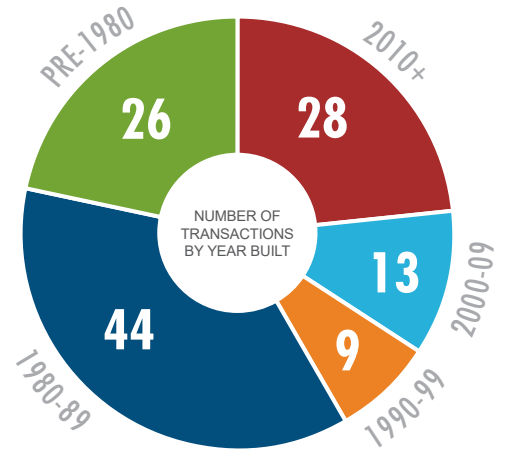
# PHOENIX MSA - PER CITY ANALYSIS

PHOENIX MSA QUICK STATS	UNEMPLOYMENT RATE	MEDIAN HH INCOME	PER CAPITA INCOME	50+		
				TOTAL INVENTORY	UNDER CONSTRUCTION	
	Phoenix MSA	6.9%	\$63,883	\$32,522	320,008	28,984
	Phoenix	6.5%	\$57,459	\$29,343	142,580	10,009
	Mesa	5.7%	\$58,181	\$29,500	39,466	1,581
	Scottsdale	5.4%	\$88,213	\$62,682	29,291	4,257
	Tempe	5.7%	\$57,994	\$31,753	37,045	2,854
	Glendale	6.2%	\$55,020	\$25,561	24,787	1,380

PHOENIX MSA - PER CITY ANALYSIS		Phoenix	Mesa	Scottsdale	Tempe	Glendale
RENT & OCCUPANCY STATS	Average Rent (YE 2020)	\$1,153	\$1,130	\$1,564	\$1,446	\$1,066
	% Change (y-o-y)	+6.9%	+7.4%	+3.2%	+4.9%	+7.6%
	Occupancy Rate (YE 2020)	95.1%	96.2%	94.9%	95.0%	95.3%
	% Change (y-o-y)	+0.1%	+0.1%	-0.7%	0.0%	+0.1%
	Units Delivered (YE 2020, 50+)	915	--	--	300	240
SALES DATA (100+)	Total Sales Volume (YE 2020, 100+)	\$2,601,841,000	\$484,745,000	\$38,520,000	\$1,183,982,961	\$533,574,500
	Total Sales Volume (YE 2019, 100+)	\$2,531,527,604	\$556,050,000	\$1,080,150,000	\$881,295,000	\$638,963,250
	% Change (y-o-y)	+2.8%	-12.8%	-96.4%	+34.3%	-16.5%
	Avg P/U (YE 2020, 100+)	\$171,841	\$167,732	\$163,915	\$212,031	\$158,190
	Avg P/U (YE 2019, 100+)	\$136,728	\$135,954	\$261,791	\$226,089	\$133,926
	% Change (y-o-y)	+25.7%	+23.4%	-37.4%	-6.2%	+18.1%
SALES DATA (10-99)	Total Sales Volume (YE 2020, 10-99)	\$556,394,988	\$111,358,450	\$19,750,000	\$84,383,500	\$35,600,000
	Total Sales Volume (YE 2019, 10-99)	\$490,668,138	\$77,578,000	\$67,443,000	\$32,100,000	\$19,731,247
	% Change (y-o-y)	+13.4%	+43.5%	-70.7%	+162.9%	+80.4%
	Avg P/U (YE 2020, 10-99)	\$148,214	\$147,105	\$193,627	\$183,842	\$135,361
	Avg P/U (YE 2019, 10-99)	\$118,979	\$123,729	\$177,016	\$147,926	\$74,458
	% Change (y-o-y)	+24.6%	+18.9%	+9.4%	+24.3%	+81.8%

# 100+ UNIT MULTIFAMILY PROPERTY ANALYSIS

	YE 2020	INCREASE/DECREASE	YE 2019
<b>Total Sales Volume</b>	<b>\$6.12B</b>	<b>-19.2%</b>	<b>\$7.57B</b>
<b>AVERAGE Price/Unit</b>	<b>\$187,694</b>	<b>+13.0%</b>	<b>\$166,104</b>
<b>AVERAGE Price/SF</b>	<b>\$225.41</b>	<b>+15.2%</b>	<b>\$195.61</b>
<b>AVERAGE Year Built</b>	<b>1993</b>	<b>No Change</b>	<b>1993</b>



## TOP 3 TRANSACTIONS BY PRICE/UNIT (100+)



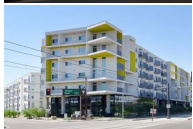
### The Angela

Phoenix, 213 Units | \$117,000,000  
\$462,451/Unit | \$474.55/SF | Built 2019



### Maxwell on 66th

Phoenix, 349 Units | \$122,500,000  
\$351,003/Unit | \$227.22/SF | Built 2020



### Vertex

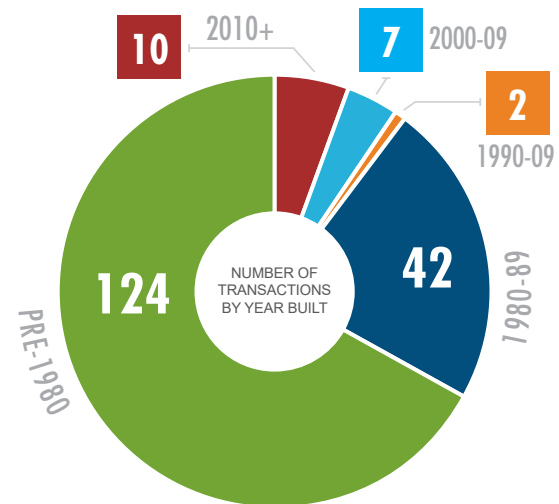
Tempe, 213 Units | \$71,000,000  
\$333,333/Unit | \$292.60/SF | Built 2015

## YE 2020 Transactions by Year Built

	# of Transactions	Avg Price/Unit	Avg Price/SF
2010+	28	\$278K	\$282
2000-09	13	\$230K	\$233
1990-99	9	\$225K	\$238
1980-89	44	\$157K	\$208
Pre-1980	26	\$130K	\$179

# 10 - 99 UNIT MULTIFAMILY PROPERTY ANALYSIS

	YE 2020	INCREASE/DECREASE	YE 2019
<b>Total Sales Volume</b>	<b>\$853M</b>	<b>+17.6%</b>	<b>\$725M</b>
<b>AVERAGE Price/Unit</b>	<b>\$149,339</b>	<b>+23.3%</b>	<b>\$121,112</b>
<b>AVERAGE Price/SF</b>	<b>\$178.62</b>	<b>+16.7%</b>	<b>\$153.12</b>
<b>AVERAGE Year Built</b>	<b>1973</b>	<b>+2 Yrs</b>	<b>1971</b>



## TOP 3 TRANSACTIONS BY PRICE/UNIT (10-99)

= ABI Multifamily Transaction



### 4th Street West Townhomes

Tempe, 15 Units | \$7,000,000  
\$466,667/Unit | \$289.10/SF | Built 2018



### Halcyon at Cheery Lynn

Phoenix, 14 Units | \$6,400,000  
\$457,143/Unit | \$265.01/SF | Built 2019



### The Grove on Glendale Townhomes

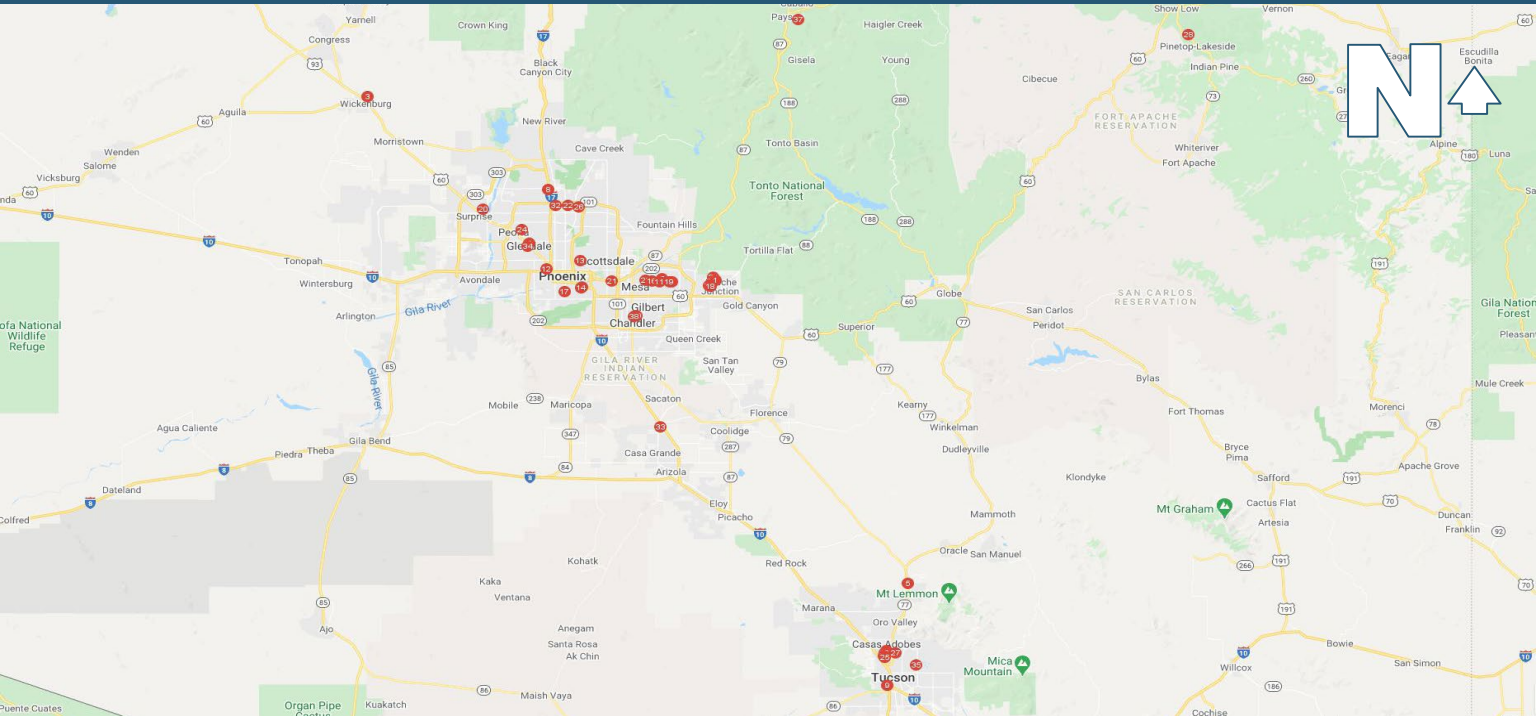
Phoenix, 56 Units | \$25,500,000  
\$455,357/Unit | \$247.48/SF | Built 2020

## YE 2020 Transactions by Year Built

	# of Transactions	Avg Price/Unit	Avg Price/SF
2010+	10	\$326K	\$229
2000-09	7	\$178K	\$160
1990-99	2	\$160K	\$152
1980-89	42	\$135K	\$169
Pre-1980	124	\$138K	\$180



# ARIZONA MOBILE / MANUFACTURED HOUSING PARK (MHP) ANALYSIS



## MHP SALES VOLUME (50+)

AGE RESTRICTED/55+

Transaction Volume (YE 2020)  
Transaction Volume (YE 2019)  
Avg Sales Price / Space (YE 2020)  
Avg Sales Price / Space (YE 2019)

### PHOENIX MSA

\$336,050,000  
\$84,312,218  
\$97,746  
\$56,358

### TUCSON MSA

\$43,395,000  
\$46,582,540  
\$56,609  
\$56,191

### OTHER AZ MSA

\$0  
\$14,750,000  
--  
\$41,667

FAMILY

Transaction Volume (YE 2020)  
Transaction Volume (YE 2019)  
Avg Sales Price / Space (YE 2020)  
Avg Sales Price / Space (YE 2019)

\$139,222,000  
\$77,875,000  
\$49,697  
\$78,612

\$5,450,000  
\$15,253,235  
\$42,578  
\$17,274

\$0  
\$0  
--  
--

Total Transaction Volume (2020 YTD, 50+)  
Number of Transactions (2020 YTD, 50+)

\$481,372,000  
29

\$48,845,000  
8

\$0  
0

## MHP INVENTORY (50+)

INVENTORY

Total Spaces  
Age Restricted/55+  
Family

### PHOENIX MSA

87,859  
62,113  
25,746

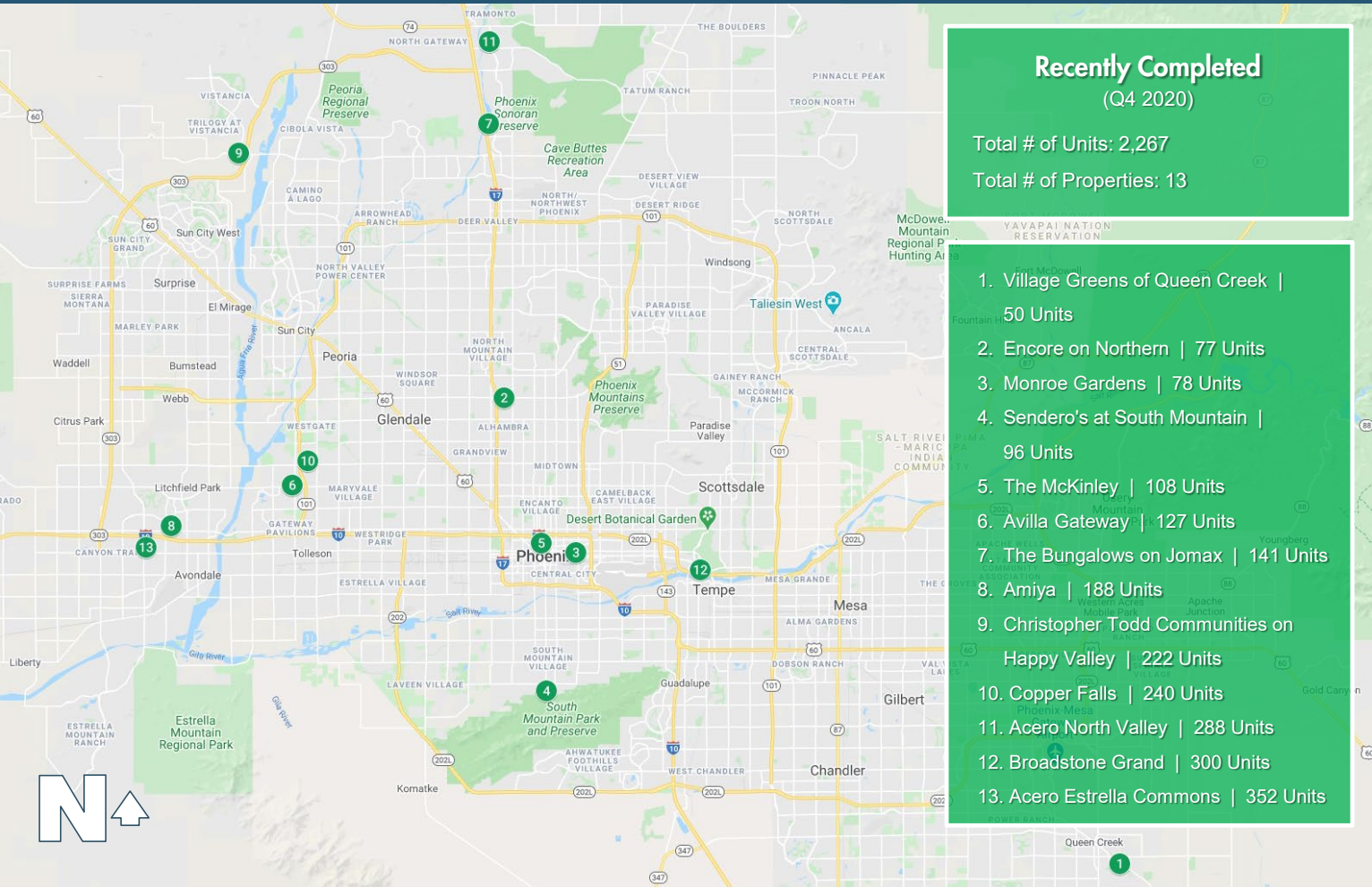
### TUCSON MSA

22,352  
12,058  
10,294

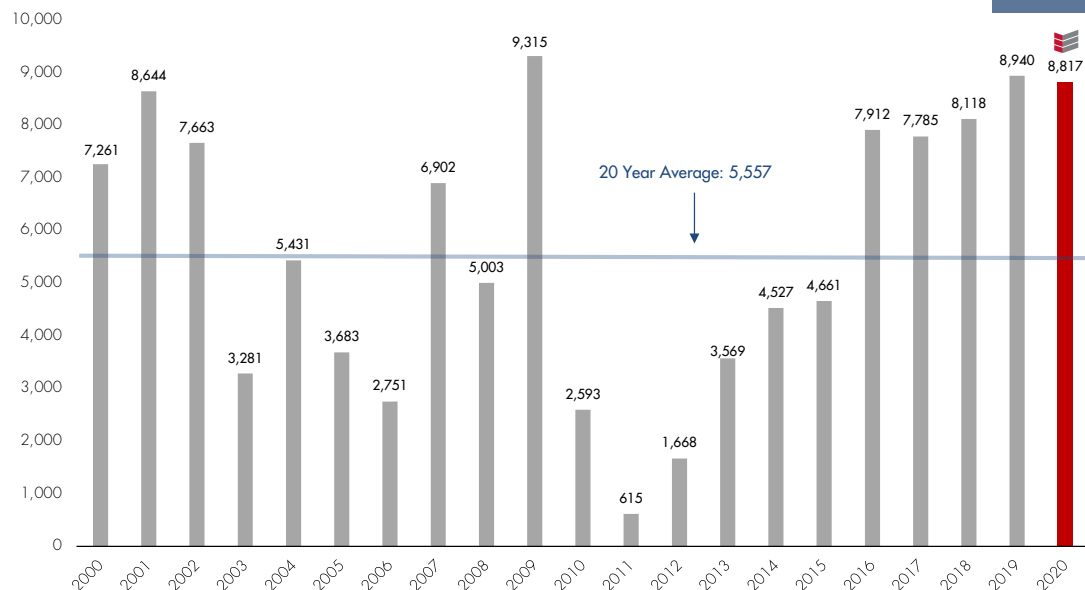
### OTHER AZ MSA

30,522  
12,369  
18,153

# COMPLETED CONSTRUCTION



## PHOENIX MULTIFAMILY CONSTRUCTION PIPELINE YE 2020



\* Project Units Delivered. Project units delivered is based on when the total project is completed, not as individual buildings/units are delivered

### TOTAL UNIT INVENTORY

10+ UNIT PROPERTIES: **344,031**

50+ UNIT PROPERTIES: **320,008**

### PRE-LEASE ABSORPTION RATE

**13**

Units/Property/Month  
(YE 2020 Avg)

### Under Construction

Total # of Units: 28,984

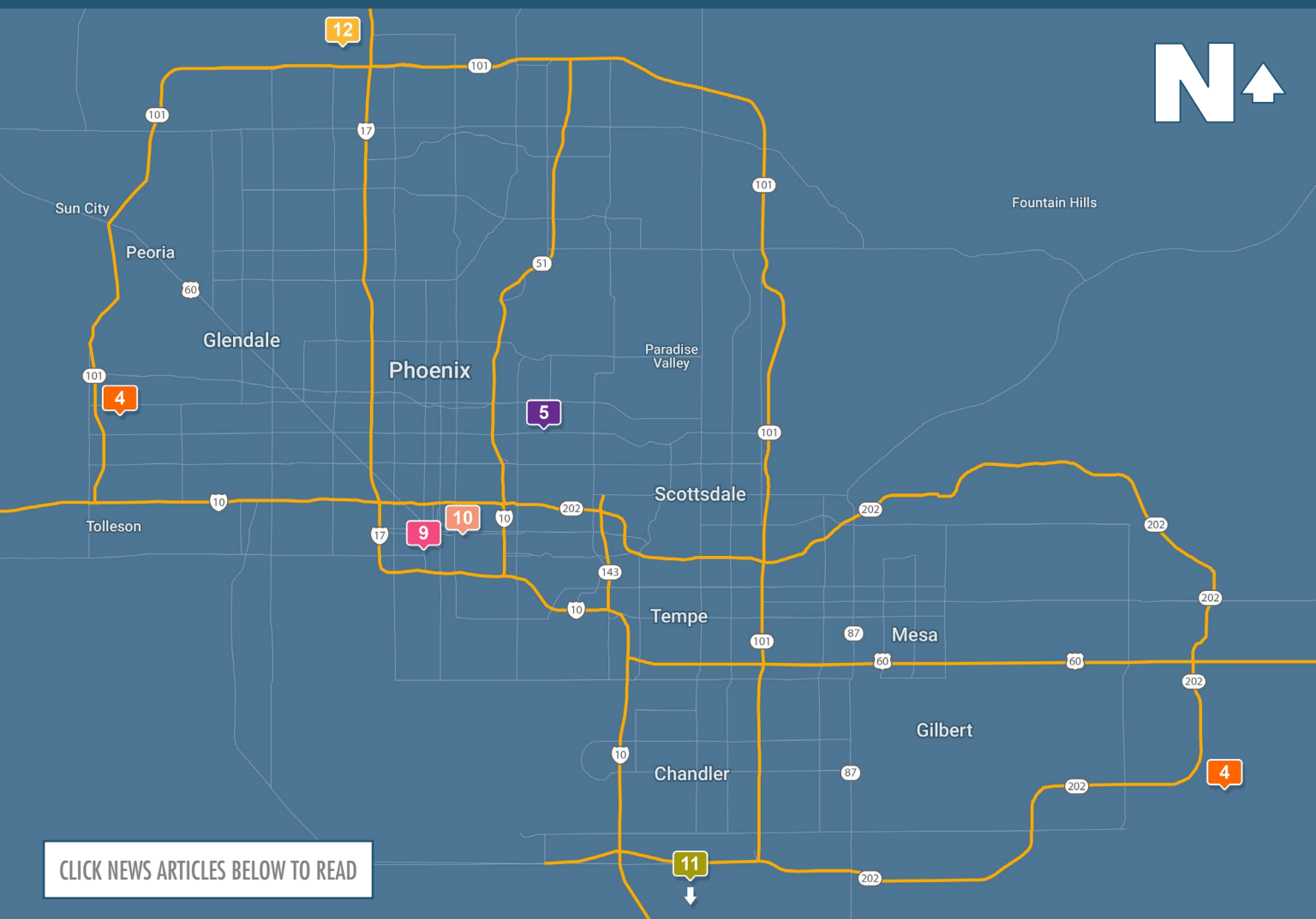
Total # of Properties: 120

### Planned

Total # of Units: 26,383

Total # of Properties: 105

# ABI GEONEWS: PHOENIX MSA - SELECT NEWS



Regional

## City of Phoenix

City Council Approves Funding for Affordable Housing and Continuing Light Rail Expansion

Regional

## Phoenix Council

Phoenix embarks on \$3B bioscience capital projects, creating 7,000 jobs

Regional

## City of Phoenix

Big Apartment Deals Coming Back on Track

Regional

## City of Phoenix

COVID-19 Hasn't Deterred Apartment Development in Phoenix

Regional

## Amazon

Amazon Plans to Open 11 New Fulfillment Centers Across Metro Phoenix by Years End

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## City of Phoenix

Here Are The Projects Driving The Boom In Downtown Phoenix Development

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## Legacy Cares, Inc. / Crystal Lagoons

Deals for 2 Game-Changing Projects Could Redefine Both Sides of Valley

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## Phoenix Council

Phoenix City Council Votes Unanimously To Approve Controversial \$85M Condo Tower

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## Urban Communities LLC

Phoenix workforce housing development planned for Arcadia area

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## Nacero Inc.

Nacero \$3B Casa Grande Plant Will Create 2,000 Construction Jobs

Regional

## ABI | ABI in the News

How the coronavirus is slowing phoenix metro

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## Taiwan Semiconductor Manufacturing Co. Ltd.

Taiwan Semiconductor Buys North Phoenix Land For \$89M, Will Create More Than 1,600 Jobs





BY: DREW RICCIARDI, ABI RESEARCH MANAGER

# Resiliency Tested in Unprecedented Year

## National Outlook

It's no secret COVID-19 took its economic toll in 2020. The pandemic impacted some areas in the nation harder than other regions, mainly depending on the outbreak's scope and the severity of each state's restrictions.

Many lost their jobs as businesses started to shut down and stay-at-home orders swept the nation, propelling unemployment rates to record levels. Augmented unemployment benefits, eviction moratoriums, stimulus checks, and paycheck protection programs helped keep the economy and renters afloat, while The Federal Reserve pledged to keep interest rates low for years to come, but damage still ensued.

The National Multifamily Housing Council Rent Payment Tracker consistently reported 2020 monthly rent collections as being just slightly lower than 2019. However, the tracker analyzes professionally managed properties, so smaller privately-owned properties may be facing a more significant drop-off in rent payments, hurting landlords' incomes more severely.

At the time of publication for this report, another stimulus package worth \$1.9 trillion has passed in Washington. The package includes enhanced unemployment benefits, direct rental

assistance, \$1,400 stimulus checks to qualifying individuals, and expanded child tax credits of up to \$3,600 per child.

In other news, a U.S. District Judge ruled to overturn the CDC Eviction Moratorium, stating it exceeded the federal government's constitutional authority. Many believe the ruling will be appealed and certain states will continue to enforce their own statewide eviction bans.

For multifamily construction, COVID-19 hit developers hardest in states that did not define construction as a form of essential business. Now that most construction activity is allowed to resume, developers are experiencing a sharp spike in the cost of materials and supply chain delays.

Signs indicate markets will return to pre-pandemic levels by the end of 2021.

## The Build-To-Rent Boom

The build-to-rent project model is catching the attention of many big-name development companies, with an expected 700,000 build-to-rent units coming to market in the U.S. over the next ten years, according to a study conducted by RCLCO Real Estate Advisors.

A build-to-rent property is a hybrid concept that involves traditional single-family homes that are built to rent, as the name implies. The concept typically involves a large community of detached garden-style units, that feature private backyards, smart technology, and the perks of communal amenities like pools, fitness centers, dog parks, recreational areas, and other standard leisure amenities.

Due to reported high occupancy rates from the first wave of communities and robust market fundamentals, developers are now seeing the demand from renters for this novel concept and are anxious to get in on the popular trend.

Approximately 5,000 units across 30 build-to-rent projects are currently under construction in the Valley, stretching out to every corner of the Phoenix metro area. This follows an initial concentration of built-to-rent communities in the West Valley, where land is more available and cheaper to accommodate lower density projects.

As Phoenix continues to be at the forefront of this new multifamily development trend, markets like Las Vegas, Austin, Dallas, Orlando, and Charlotte are also becoming targets for implementation of the build-to-rent model.

## Accelerated Inflow Continues in Arizona

Throughout 2020, Arizona benefited from a substantial inflow of major companies expanding/relocating, outside investor money, and people migrating from other markets.

All three groups recognize the high job growth, affordability, population growth, deep talent pool, and business-friendly environment that the Phoenix market provides.

Companies that want to escape highly taxed and regulated markets are choosing to come to Arizona to benefit from lower business expenses, a substantial educated population of qualified workers, a vital distribution infrastructure, and a favorable business environment.

Whether it be relocating headquarters or opening advanced manufacturing facilities, major companies like Amazon, Taiwan Semiconductor Manufacturing Company (TSMC), and Intel have invested heavily in Arizona.

Amazon added twelve new facilities in Arizona in 2020 with three more slated to come online in 2021. This powerhouse company employed more than 20,000 people, invested more than \$11 billion in the state, and added more than \$9 billion to Arizona's GDP, according to the Greater Phoenix Economic Council.

Taiwan Semiconductor Manufacturing Co. Ltd. Is expected to

build a "mega site" plant with six factories with an expected \$35 billion cost to build. This would be the largest foreign direct investment in Arizona's history and is expected to add thousands of jobs. In addition, Samsung is currently strongly considering Goodyear as the home for its new \$17 billion manufacturing plant.

Regarding outside investments, out-of-state investors are hungry to capitalize on the hot Phoenix market. Phoenix's rebound from the COVID-19 recession showed to be vastly superior to the majority of major U.S. markets.

For multifamily, rent and occupancy rates bounced back almost immediately in Phoenix and Tucson.

The Phoenix multifamily market provides investors a consistent rent growth outlook, high occupancy rates, greater returns, and the opportunity to buy large quality assets that may not be readily available in their respective markets.

Many investors are also looking to escape for legislative reasons. For example, in California, the rise of statewide rent control has diminished ROI and is forcing investors to look elsewhere.

Phoenix has become a top destination for population migration. Affordability, job growth, and industry diversity are the most dominant reasons. According to a Redfin study, the Phoenix metro had the largest population net inflow in 2020 compared to other U.S. metro areas.

Even though home prices are rising rapidly in Phoenix, prices and rental rates don't compare to more expensive West coast markets, especially if an individual can retain their high salary position through the rise of remote working.

Labor-analytics firm Emsi conducted a study that ranks counties by their ability to attract and retain high-quality workers and ranked Maricopa County number one.

It has become apparent that Phoenix will continue to prove to be a top destination for companies, investors, and people relocating moving forward.

## State of the Phoenix Multifamily Market

Despite the unpredictable roller coaster that 2020 graciously granted us, Phoenix's resiliency was on full display. As other major markets around the country cratered, Phoenix fought to bounce back as quickly as possible and fared much better than other major markets.

The year started hot with consistent multifamily deal flow. Then the rise of COVID-19 put on the brakes, and a massive stall in deal flow hit Q2 like a ton of bricks. Investors shellshocked



by the pandemic's unprecedented nature decided to sit on the sideline before moving forward with planned investments.

Once the dust settled, rent and occupancy rates rebounded to pre-pandemic levels, following a slight dip in Q2, and investors came flooding back. The year's finish reported a significant spike as Q4 2020 multifamily sales volume almost doubled the volume in Q4 2019.

Development, on the other hand, continued to stay active throughout 2020. Completed deliveries were just 2% lower than 2019 deliveries. That said, the under construction and planned project pipelines are overflowing in an attempt to keep up with demand.

According to the Arizona Builders Exchange, the annual volume of multifamily permits in 2020 is the highest it's been in the past 20 years. Interestingly, Downtown Phoenix has an abnormally high concentration of apartments under construction that will help transform the city's skyline and density.

Another positive development is the concentrated effort to build more low-income affordable housing, something the market desperately needs. According to Catherine Reagor of Arizona Republic, more than 500 affordable units are under construction from private developers and start-up funds created by health care companies like Banner Health.

Projections before the start of 2020 painted a record year for multifamily in Phoenix. Then COVID-19 swiftly derailed all promises of a bright outlook. Barring any other future significant economic events, look for Phoenix to achieve a record year in 2021.

## Phoenix Market Metrics: By the Numbers

2020 delivered one of the most turbulent years in modern history. Some quarters data faced harsher repercussions as a result of the COVID-19 pandemic but overall, the year fared rather well relative to recent past years and given the circumstances.

For 10-99 unit properties, 2020 saw a transaction volume of approximately \$853 Million, which represented a 17.6% Year-over-Year Increase from 2019. In the 100+ unit category, 2020 brought in \$6.1 Billion, down 19.2% YoY.

Average Price-Per-Unit amounts were up significantly in the 10-99 segment, rising 23.3% YoY to \$149,339, and showing another robust increase of 13.0% to \$187,694 for 100+. This translated to an Average Price/SF of \$178.62 in 10-99 (up 16.7%) and \$225.41 (up 15.2%) in 100+.

Inventory age saw an increase in 10-99 and remained static in

100+ Year-over-Year. Average Year Built for 10-99 reported the year 1973, versus 1971. The Average Year Built in 100+ reported the year 1993, same as 2019.

The market's occupancy rate also remained static. 2020 occupancy was 95.3%, consistent with 2019's average occupancy. Average rent took a positive jump, reporting \$1,248, up \$71 (6.0%) from last year.

Phoenix MSA demographics continued their solid trends. The Census estimate of total population was 4,948,203. The unemployment rate finished the year at 6.9%, according to Bureau of Labor Statistics numbers.

Median Household Income was \$63,883, and Per Capita Income came in at \$32,522.

In the realm of new construction for 50+ unit properties, a solid 8,817 units were delivered across 41 projects for the year. This represented an 2.1% decrease compared to a stellar year in 2019 in terms of deliveries.

Currently, a large pipeline of 26,383 units are estimated to be in the Planning stages across 105 properties. Another massive total of 28,984 units were listed as Under Construction across 120 properties.

Pre-lease absorption rates were high this quarter at a rate of 13 units/property/month.

Total Unit Inventory for 50+ unit properties came in at 320,008.

Across the MSA, 50+ unit inventories by city were:

- **Phoenix:** 141,684
- **Mesa:** 39,614
- **Tempe:** 36,981
- **Scottsdale:** 28,542
- **Glendale:** 24,787

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200+ YEARS OF COMBINED MULTIFAMILY BROKERAGE EXPERIENCE

SEASONED ADVISORS WITH REGIONAL INSIGHT

COLLABORATION & COOPERATION

### NOTABLE RECENT ABI MULTIFAMILY TRANSACTIONS

#### 100+ UNIT PROPERTIES

#### 10-99 UNIT PROPERTIES



#### SANCTUARY ON BROADWAY

1330 West Broadway Road  
Tempe, AZ 85282

Price: \$42,750,000

Units: 240

Year Built: 1971



#### REVIVAL ON SCOTTSDALE

7220 East McKellips Road  
Scottsdale, AZ 85257

Price: \$17,600,000

Units: 131

Year Built: 1978



#### EAST VIEW

245 North 56th Street  
Mesa, AZ 85205

Price: \$8,232,000

Units: 56

Year Built: 1985



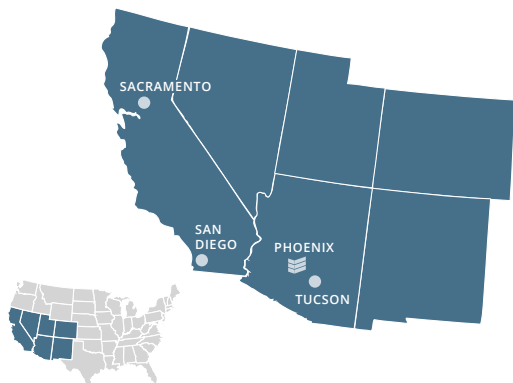
#### BRIX

1424 South Jentilly Lane  
Tempe, AZ 85281

Price: \$5,100,000

Units: 24

Year Built: 1981



### APARTMENT BROKERAGE & ADVISORY FIRM

ABI Multifamily is a brokerage and advisory services firm that focuses exclusively on apartment investment transactions. The experienced advisors at ABI Multifamily have completed billions of dollars in sales and thousands of individual multifamily transactions.

ABI Multifamily incorporates a global approach with regional real estate expertise to successfully complete any multifamily transaction, regardless of size and complexity.

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