

PHOENIX MSA | MULTIFAMILY | Q2 2021 REPORT

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10+ UNIT PROPERTIES	Q2 2021	INCREASE/DECREASE	Q2 2020	
Total Sales Volume	\$3.7B	+412.7%	\$714.43M	
A V E R A G E	Price/Unit	\$214,678	+27.6%	\$168,259
	Price/SF	\$270.69	+34.1%	\$201.81
	Year Built	1982	+2 Yrs	1980
Average Rent	\$1,413	+15.0%	\$1,229	
Occupancy Rate	96.4%	+1.1%	95.3%	
Units Delivered	1,609	-3.2%	1,662	

ABI GEONEWS: PHOENIX MSA - SELECT NEWS

CONTINUED ON PAGE 06



When will it end? Phoenix home price growth tops nation at 20%



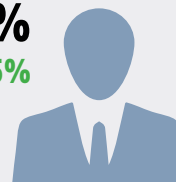
Economists: Arizona to regain all jobs lost in the pandemic in 2021



How Taiwan Semiconductor's new factory will transform the city's north side

4,948,203 
POPULATION
 2019 ACS 1-YEAR ESTIMATE

6.6%
 +0.5%



UNEMPLOYMENT
 Q-0-Q AS OF JUN 2021 - BLS

7.6%



EMPLOYMENT GROWTH
 Y-0-Y AS OF JULY 2021 - BLS

\$63,883



MEDIAN HH INCOME
 2019 ACS 5-YEAR ESTIMATE

\$32,522



PER CAPITA INCOME
 2019 ACS 5-YEAR ESTIMATE

33,554
 Units (50+)









UNDER CONSTRUCTION
 YARDI

350,952
 Units (10+)



TOTAL INVENTORY
 AS OF JULY 2020 - YARDI

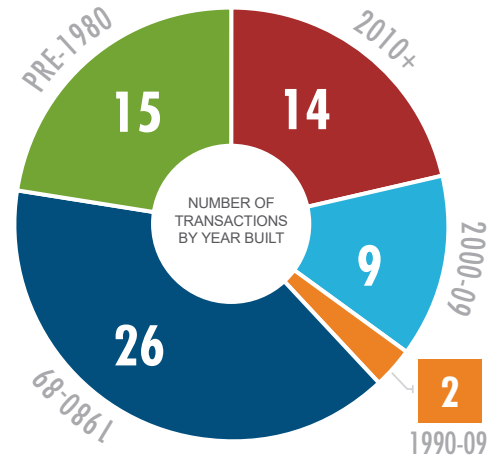
PHOENIX MSA - PER CITY ANALYSIS

PHOENIX MSA QUICK STATS	UNEMPLOYMENT RATE	MEDIAN HH INCOME	PER CAPITA INCOME	50+	
				TOTAL INVENTORY	UNDER CONSTRUCTION
 Phoenix MSA	6.6%	\$63,883	\$32,522	324,649	33,554
 Phoenix	7.1%	\$57,459	\$29,343	144,819	11,675
 Mesa	6.3%	\$58,181	\$29,500	40,261	2,736
 Scottsdale	5.0%	\$88,213	\$62,682	29,081	4,243
 Tempe	6.2%	\$57,994	\$31,753	37,420	2,449
 Glendale	7.4%	\$55,020	\$25,561	24,715	2,421

PHOENIX MSA - PER CITY ANALYSIS		Phoenix	Mesa	Scottsdale	Tempe	Glendale
RENT & OCCUPANCY STATS	Average Rent (Q2 2021)	\$1,297	\$1,273	\$1,765	\$1,613	\$1,229
	% Change (y-o-y)	+13.9%	+14.3%	+14.2%	+12.6%	+17.6%
	Occupancy Rate (Q2 2021)	96.1%	96.8%	96.2%	96.5%	96.0%
	% Change (y-o-y)	+1.0%	+0.5%	+1.6%	+1.6%	+0.8%
	Units Delivered (Q2 2021, 50+)	425	227	249	--	--
SALES DATA (100+)	Total Sales Volume (Q2 2021, 100+)	\$1,827,003,541	\$129,200,000	\$126,000,000	\$376,313,213	\$327,521,311
	Total Sales Volume (Q2 2020, 100+)	\$174,534,000	\$41,500,000	--	\$144,700,000	\$55,407,000
	% Change (y-o-y)	+946.8%	+211.3%	--	+160.1%	+491.1%
	Avg P/U (Q2 2021, 100+)	\$208,158	\$212,850	\$306,569	\$248,556	\$194,721
	Avg P/U (Q2 2020, 100+)	\$123,171	\$207,500	--	\$211,241	\$219,000
	% Change (y-o-y)	+69.0%	+2.6%	--	+17.7%	-11.1%
SALES DATA (10-99)	Total Sales Volume (Q2 2021, 10-99)	\$269,516,148	\$65,445,000	\$17,275,000	\$37,724,124	\$775,000
	Total Sales Volume (Q2 2020, 10-99)	\$66,175,108	\$8,765,000	\$8,700,000	\$15,625,000	\$3,300,000
	% Change (y-o-y)	+307.3%	+646.7%	+98.6%	+141.4%	-76.5%
	Avg P/U (Q2 2021, 10-99)	\$190,068	\$152,552	\$297,845	\$192,470	\$77,500
	Avg P/U (Q2 2020, 10-99)	\$141,400	\$113,831	\$212,195	\$220,070	\$84,615
	% Change (y-o-y)	+34.4%	+34.0%	+40.4%	-12.5%	-8.4%

100+ UNIT MULTIFAMILY PROPERTY ANALYSIS

	Q2 2021	INCREASE/DECREASE	Q2 2020
Total Sales Volume	\$3.25B	+432.7%	\$610.30M
AVERAGE Price/Unit	\$219,994	+27.2%	\$172,938
AVERAGE Price/SF	\$277.20	+34.3%	\$206.37
AVERAGE Year Built	1992	-4 Yrs	1996



TOP 3 TRANSACTIONS BY PRICE/UNIT (100+)



The Paragon at Kierland
Scottsdale, 276 Units | \$108,500,000
\$393,116/Unit | \$374.96/SF | Built 2001



Broadstone Rio Salado
Tempe, 276 Units | \$96,150,000
\$348,370/Unit | \$387.08/SF | Built 2020



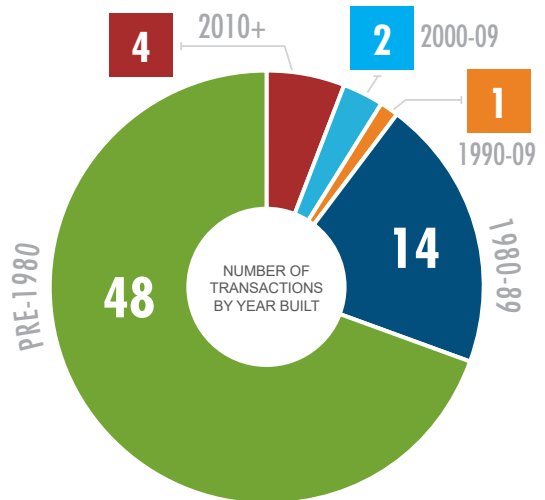
Oliv Tempe
Tempe, 269 Units | \$93,057,307
\$345,938/Unit | \$398.98/SF | Built 2020

Q2 2021 Transactions by Year Built

	# of Transactions	Avg Price/Unit	Avg Price/SF
2010+	14	\$299K	\$347
2000-09	9	\$227K	\$258
1990-09	2	\$273K	\$277
1980-89	26	\$182K	\$247
Pre-1980	15	\$164K	\$263

10 - 99 UNIT MULTIFAMILY PROPERTY ANALYSIS

	Q2 2021	INCREASE/DECREASE	Q2 2020
Total Sales Volume	\$412M	+295.6%	\$104M
AVERAGE Price/Unit	\$180,291	+24.1%	\$145,227
AVERAGE Price/SF	\$228.96	+28.4%	\$178.35
AVERAGE Year Built	1973	-1 Yr	1974



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

= ABI Multifamily Transaction



Gifford Grove Townhomes
Phoenix, 18 Units | \$10,000,000
\$555,556/Unit | \$255.78/SF | Built 2020-2021



Towns on 28th
Phoenix, 13 Units | \$6,890,000
\$530,000/Unit | \$298.42/SF | Built 2020-2021

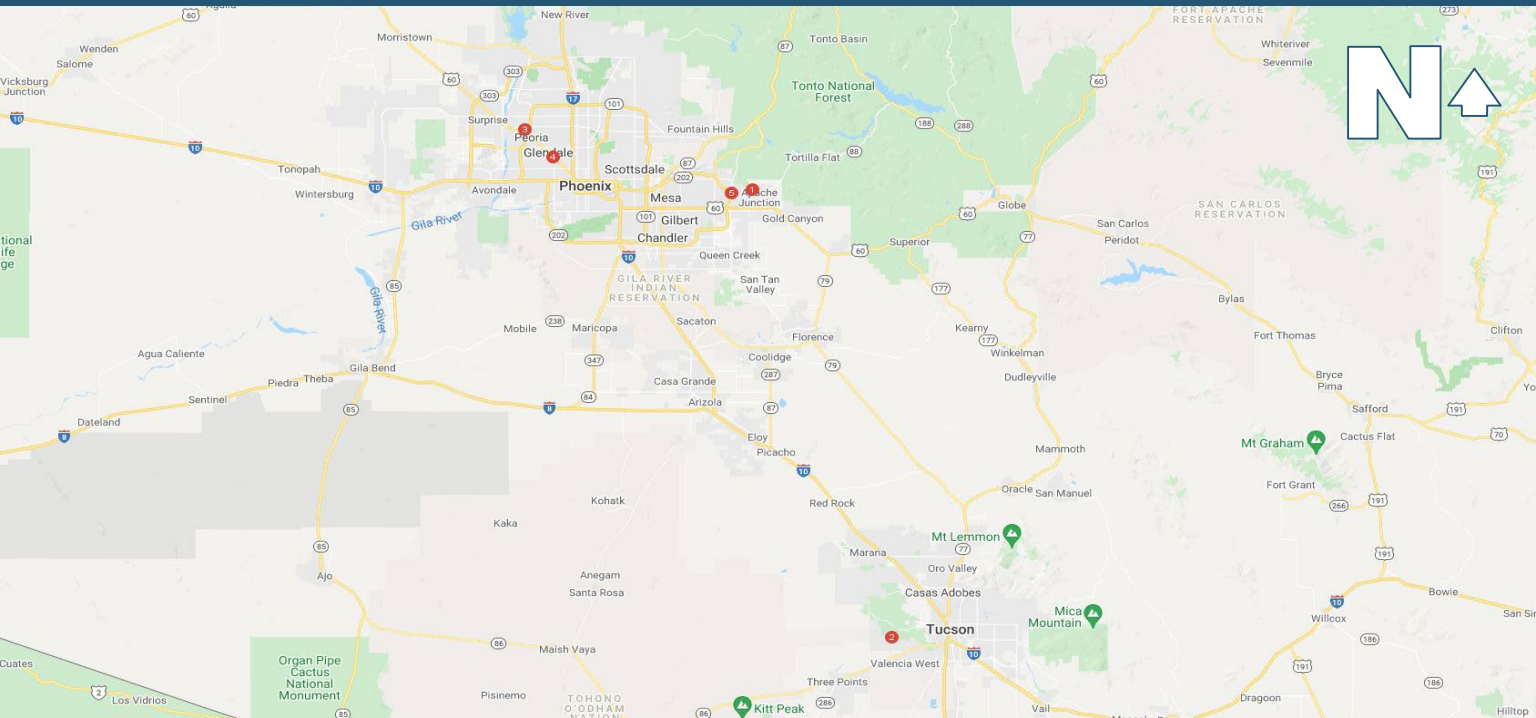


The Hardy Tempe
Tempe, 20 Units | \$10,000,000
\$500,000/Unit | \$292.91/SF | Built 2019

Q2 2021 Transactions by Year Built

	# of Transactions	Avg Price/Unit	Avg Price/SF
2010+	4	\$503K	\$270
2000-09	2	\$287K	\$246
1990-09	1	\$67K	\$107
1980-89	14	\$163K	\$218
Pre-1980	48	\$165K	\$229

ARIZONA MOBILE / MANUFACTURED HOUSING PARK (MHP) ANALYSIS



MHP SALES VOLUME (50+)

AGE RESTRICTED/55+

Transaction Volume (Q2 2021)

PHOENIX MSA

\$13,800,000

TUCSON MSA

--

Transaction Volume (Q2 2020)

\$118,550,000

\$30,000,000

Avg Sales Price / Space (Q2 2021)

\$35,115

--

Avg Sales Price / Space (Q2 2020)

\$137,628

\$71,770

FAMILY

Transaction Volume (Q2 2021)

\$3,000,000

\$7,500,000

Transaction Volume (Q2 2020)

\$45,700,000

--

Avg Sales Price / Space (Q2 2021)

\$13,333

\$45,732

Avg Sales Price / Space (Q2 2020)

\$141,925

--

Total Transaction Volume (2021 YTD, 50+)

\$16,800,000

\$7,500,000

Number of Transactions (2021 YTD, 50+)

3

2

MHP INVENTORY (50+)

INVENTORY

Total Spaces

PHOENIX MSA

88,489

TUCSON MSA

22,358

Age Restricted/55+

62,655

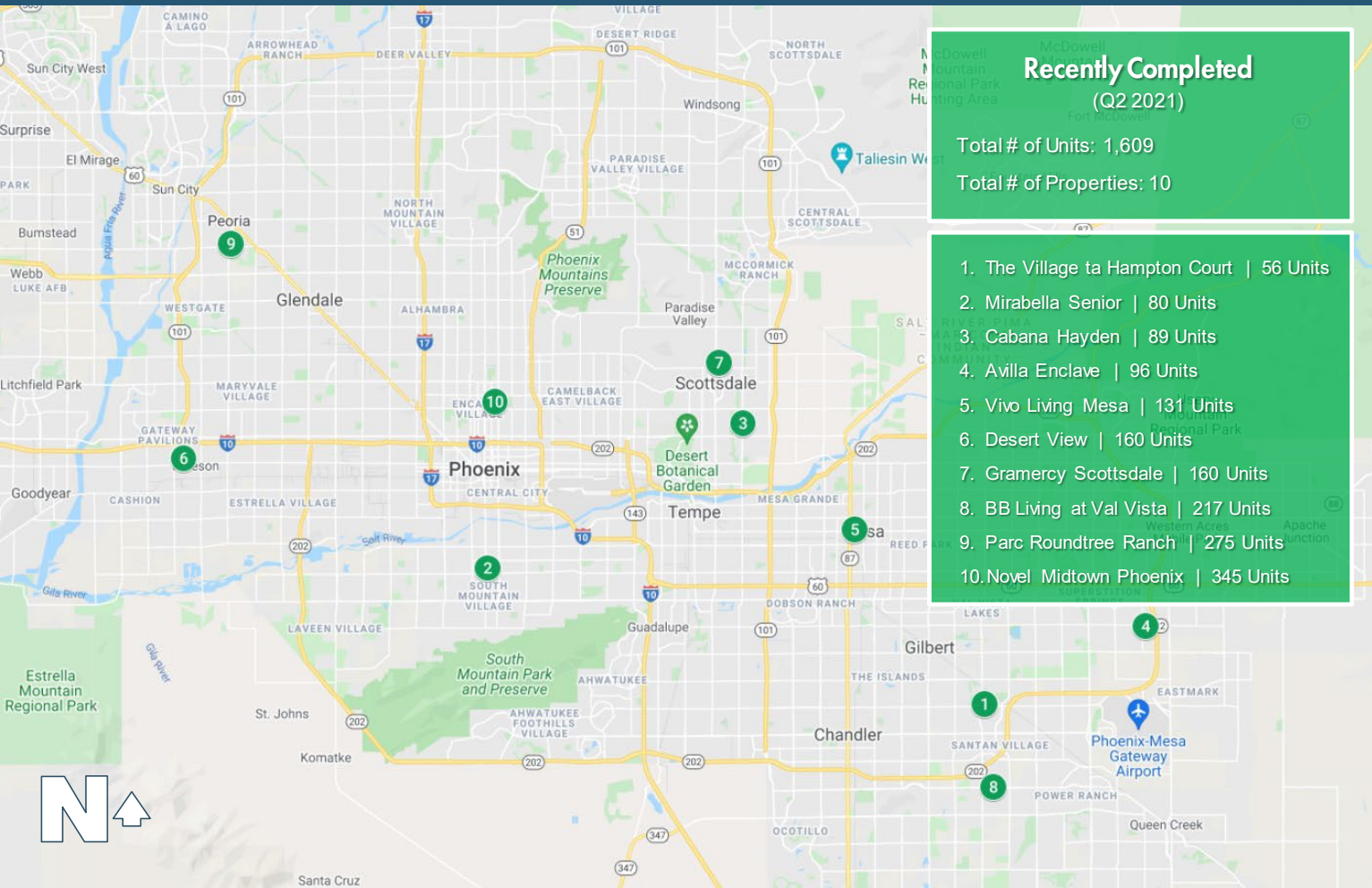
12,098

Family

25,834

10,260

COMPLETED CONSTRUCTION



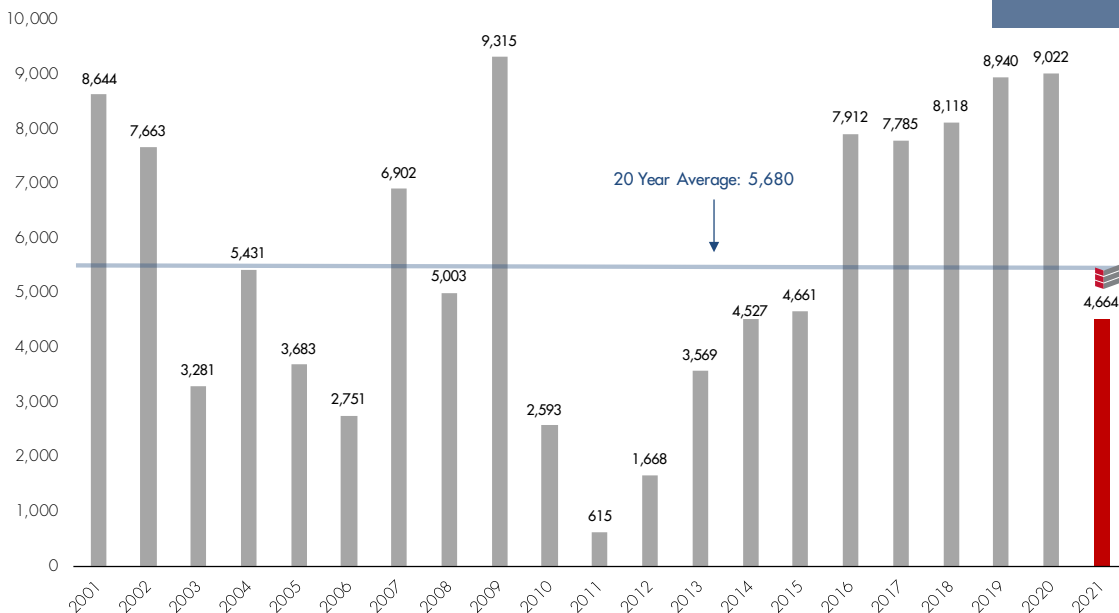
Recently Completed (Q2 2021)

Total # of Units: 1,609
Total # of Properties: 10

1. The Village to Hampton Court | 56 Units
2. Mirabella Senior | 80 Units
3. Cabana Hayden | 89 Units
4. Avilla Enclave | 96 Units
5. Vivo Living Mesa | 131 Units
6. Desert View | 160 Units
7. Gramercy Scottsdale | 160 Units
8. BB Living at Val Vista | 217 Units
9. Parc Roundtree Ranch | 275 Units
10. Novel Midtown Phoenix | 345 Units



PHOENIX MULTIFAMILY CONSTRUCTION PIPELINE Q2 2021



* 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: **350,952**
50+ UNIT PROPERTIES: **324,649**

PRE-LEASE ABSORPTION RATE

25

Units/Property/Month
(Q2 2021 Avg)

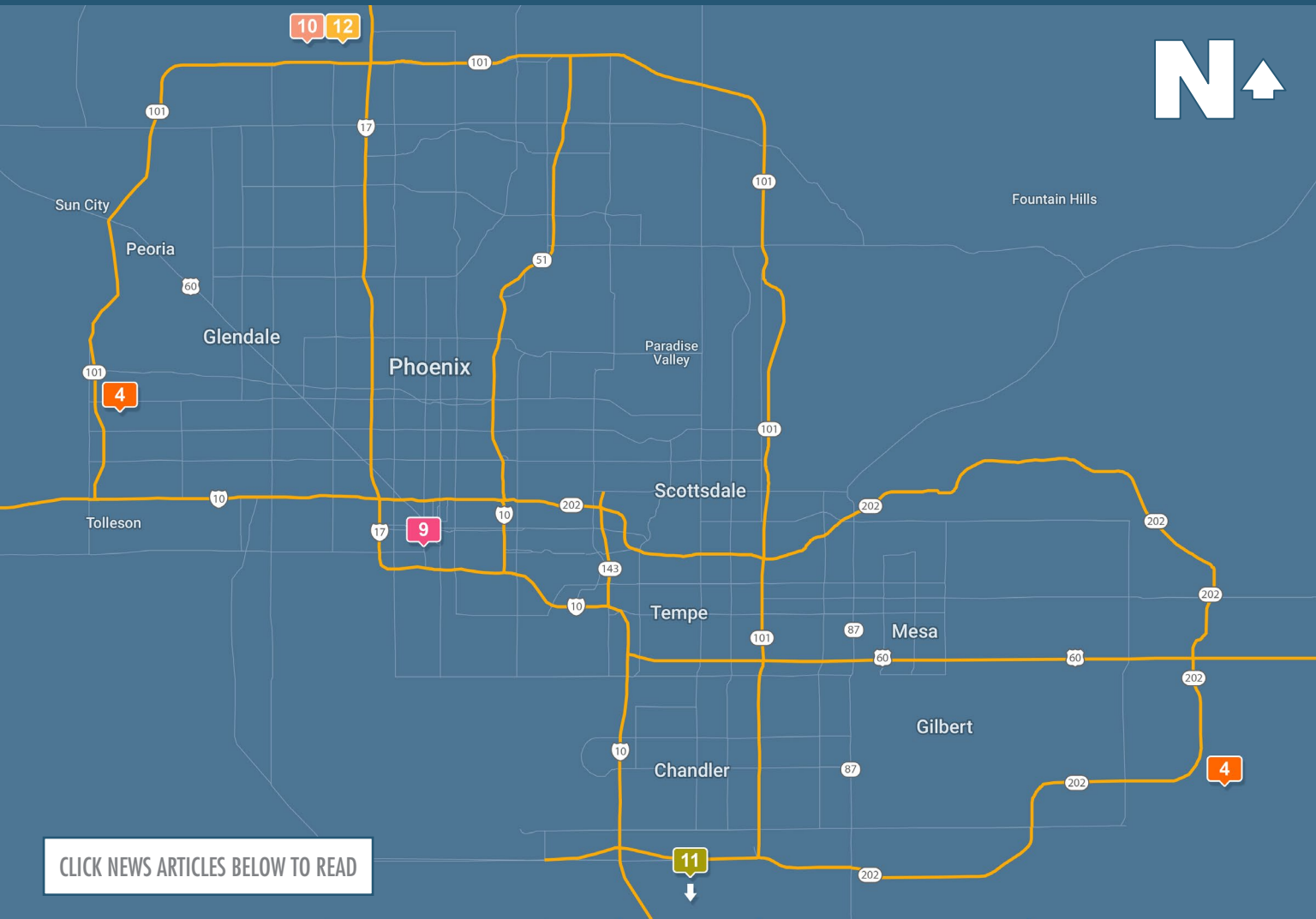
Under Construction

Total # of Units: 33,554
Total # of Properties: 140

Planned

Total # of Units: 23,507
Total # of Properties: 96

ABI GEONEWS: PHOENIX MSA - SELECT NEWS



CLICK NEWS ARTICLES BELOW TO READ

Regional **City of Phoenix**
GPEC: Valley could add 5,400 manufacturing jobs in next four years

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

Regional **City of Phoenix**
Valley's light rail getting another extension

Regional **City of Phoenix**
Economists: Arizona to regain all jobs lost in the pandemic in 2021

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

9 **City of Phoenix**
Here Are The Projects Driving The Boom In Downtown Phoenix Development

4 **Legacy Cares, Inc. / Crystal Lagoons**
Deals for 2 Game-Changing Projects Could Redefine Both Sides of Valley

10 **Taiwan Semiconductor Manufacturing Co. Ltd.**
How Taiwan Semiconductor's new factory will transform the city's north side

Regional **City of Phoenix**
When will it end? Phoenix home price growth tops nation at 20%

11 **Nacero Inc.**
Nacero \$3B Casa Grande Plant Will Create 2,000 Construction Jobs

Regional **City of Phoenix**
Phoenix leads nation with biggest net inflow in 2020

12 **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

Multifamily on Track to Be a Record Year

Multifamily Excelling Overall

Despite the challenges of the pandemic, the multifamily industry continues to prove itself as one of the healthiest commercial real estate sectors, reporting record numbers throughout 2021.

Sun Belt markets including Phoenix, Dallas, Austin, and Atlanta, lead the pack, however the national multifamily market as a whole is also performing well.

As apartment demand remains robust, limited inventory to meet the strong demand, rents continue to rise, with apartment sales, multifamily development, and apartment appreciation reaping the benefits.

Multiple factors are correlated to driving the intense renter and investor demand multifamily markets are experiencing.

Two significant reasons for renter demand are skyrocketing home prices and low housing supply. The U.S. median home price rose to a new high in June, increasing 23.4% year-over-year.

This development has forced potential first-time homebuyers to continue to rent, despite record low interest rates, as they wait it out hoping the single-family housing market will temper.

Investors are hungrier than ever as they witness extremely high occupancy rates, significant rent growth, low supply, and a record number of job openings.

2021's current national sales volume is outpacing what was a record year for sales volume in 2019, as apartment appreciation accelerates at a staggering pace.

Ultimately, this surge in demand has fueled developers to strive to overcome the supply-demand imbalance in both market-rate and affordable properties. According to Yardi Matrix, apartment completions from the second half of 2020 to the first half of 2021 set a 20-year record for units delivered over four quarters.

Now, with lumber prices finally coming back down, multifamily development will continue to flourish with an added focus on developing more affordable units. Supply of

affordable housing units are alarmingly low at the moment.

Expect the multifamily market to remain vigorous and active to close out the year.

Eviction Ban Potential Fallout

The federal eviction moratorium has undoubtedly been a thorn in the side of landlords. Some media reports suggest we are in the wake of an eviction tidal wave once the moratorium expires.

The federal eviction moratorium was set to expire on July 31st but was extended through October 3rd. Following the extension, the Supreme Court overturned the federal ban on evictions stating, “the CDC has exceeded its authority,” and for the extension to continue, “congress must specifically authorize it.” This is a developing situation as this is written.

This is significant because government rental assistance funds have barely been spent and a postponement can provide more time to process aid to renters that prove they’ve been affected financially by the pandemic.

In an attempt to play devil's advocate, some data may indicate the eviction tidal wave will not be as dramatic as previously forecasted.

According to the Census Household Pulse Survey, an estimated 11 million renters are subject to the risk of eviction once the moratorium is lifted, but is it as dire as the data suggests?

According to RealPage Analytics, The Census survey was administered to 70,000 respondents per surveyed period. The survey did not consist solely of renters but all households. RealPage’s analysis assumed that 35% of the sample were renters based on the national rentership rate, ultimately equating that the study only surveyed 0.05% of the nation’s 47.2 million tracked rental units.

A more comprehensive study on rent payments would be the National Multifamily Housing Council Payment Tracker, which tracks all large, professionally managed rental properties. NMHC’s study found that 95.6% of renters paid in full in June 2021. Comparing that data to before the pandemic in June 2019, rent payments were at 96%, just a 0.4% decrease. This minimal decrease has been consistent throughout the majority of months during the pandemic.

A caveat to the study would be it does not include smaller mom-and-pop rental communities that may have been hit harder by missed payments compared to large professionally managed properties.

A couple of trends observed that may be a factor in rent collection are job openings and income levels on the rise. Job openings are at an all-time high as the world progressively opens its doors. As a result of the labor shortage, companies in desperate need of employees are starting to scale up pay to attract workers.

Another trend is that personal savings have increased. According to the Federal Reserve, the personal savings rate hit 12.4% in May, outperforming the historical average of 9.0% significantly.

In addition, personal debt is declining. According to the Federal Reserve, credit card delinquency rates fell to a record low of 1.89% during the first quarter of the year -- largely due to the government injecting stimulus checks into the economy.

Regardless, there will most likely be an abnormal number of evictions once the ban lifts, which is never a good thing for the real estate market.

All in all, it is a challenging proposition to accurately forecast the fallout from the eventual expiration of the eviction moratorium when factoring in that the eviction process takes time and local eviction bans may persist past the federal ban.

Phoenix Continuing its Dominance

Similar to the start of the year, the Phoenix multifamily market continues to shatter records in Q2 2021. Investors are lining up to buy almost anything they can get their hands on to have a portion of their portfolio in this desirable market.

The Phoenix MSA led the nation in highest total returns by a landslide at 22.4%. Impressive rent increases and occupancy rates endure. Heightened demand persists due to massive migration levels.

Companies continue to target Phoenix, helping to create new jobs and transform more underdeveloped areas economically.

Furthermore, multifamily development is projected to deliver more completed units than last year as the construction pipeline remains extraordinarily active to meet the demand.

Phoenix is expected to continue its dominance through the remainder of the year as one of the nation’s hottest multifamily markets.

Phoenix Market Metrics: By the Numbers

The second quarter of 2021 managed to outperform an

explosive first quarter by a wide margin as Phoenix continues on a record-breaking pace. The massive increases witnessed year-over-year on many of the metrics is a direct result of comparing a historically active Q2 2021 to an incredibly inactive Q2 2020 during the peak of the pandemic.

For 10-99 unit properties, Q2 2021 saw a transaction volume of approximately \$412 Million, which represented a 295.6% Year-over-Year increase from Q2 2020. In the 100+ unit category, Q2 2021 brought in about \$3.3 Billion, significantly up 432.7% YoY.

Average Price-Per-Unit amounts increased in the 10-99 segment, rising 24.1% YoY to \$180,291, and showing another robust increase of 27.2% to \$219,994 for 100+. This translated to an Average Price/SF of \$228.96 in 10-99 (up 28.4%) and \$277.20 (up 34.3%) in 100+.

Inventory age saw a decrease in both segments Year-over-Year. Average Year Built for 10-99 reported the year 1973, versus 1974. The Average Year Built in 100+ reported the year 1992, versus 1996.

The market's occupancy rate made a large jump YoY. Q2 2021 occupancy finished at 96.4%, a 1.1% increase from Q2 2020. Average rent took one of the largest leaps in the nation, reporting \$1,413, up \$184 (15.0%) 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 6.6%, gradually decreasing from the COVID-19 unemployment hike, 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 1,609 units were delivered across 10 projects for the year. This represented a similar amount delivered in Q2

2020 deliveries of 1,662 units.

Currently, a large pipeline of 23,507 units is estimated to be in the Planning stages across 96 properties. Another massive total of 33,554 units is listed as Under Construction across 140 properties.

Pre-lease absorption rates were high this quarter at a high rate of 25 units/property/month.

Total Unit Inventory for 50+ unit properties came in at 324,649.

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

- **Phoenix: 144,819**
- **Mesa: 40,261**
- **Tempe: 37,420**
- **Scottsdale: 29,081**
- **Glendale: 24,715**

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ABI MULTIFAMILY MINUTE

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ABI COMPARATIVE MARKET REVIEW: Q2 2021



PHOENIX

TUCSON

SACRAMENTO

SAN DIEGO

DEMOGRAPHICS

RENT/OCC/CONST (50+)

SALES (50+)

Total Population	4,948,203	1,047,279	2,367,300	3,335,230
Unemployment Rate (as of Jun 2021)	6.6%	7.4%	6.8%	7.0%
Employment Growth (y-o-y)	7.6%	4.9%	3.5%	4.5%
Median HH Income	\$63,883	\$53,379	\$88,032	\$94,627
Per Capita Income	\$32,522	\$29,707	\$35,563	\$34,103
Rent (Q2 2021)	\$1,413	\$1,057	\$1,667	\$2,049
% Increase/Decrease	+15.0%	+13.0%	+13.1%	+9.7%
Occupancy (Q2 2021)	96.4%	96.6%	96.5%	96.8%
% Increase/Decrease	+1.1%	+1.3%	+1.2%	+1.8%
Total Inventory (50+)	324,649	68,020	148,256	236,591
Total Under Construction (50+)	33,554	1,765	4,986	9,481
Units Delivered (50+, YTD)	4,664	0	1,003	3,738
Total Sales Volume (Q2 2021)	\$3.43B	\$208M	\$169M	\$467M
y-o-y % Increase/Decrease	+454.6%	+368.5%	+9.6%	+225.7%
Average P/U (Q2 2021)	\$216,538	\$147,240	\$144,440	\$341,469
y-o-y % Increase/Decrease	+25.3%	+172.2%	-32.3%	+82.4%

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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



PARKWOOD APARTMENTS

6751 West Indian School Road
Phoenix, AZ 85033

Price: \$69,250,000
Units: 344
Year Built: 2001

DESERT POINT APARTMENTS

6405 West McDowell Road
Phoenix, AZ 85035

Price: \$47,750,000
Units: 280
Year Built: 2006

REVIVAL ON INDIAN SCHOOL

930 West Indian School Road
Phoenix, AZ 85013

Price: \$8,232,000
Units: 96
Year Built: 1957

5TH AVE PHX

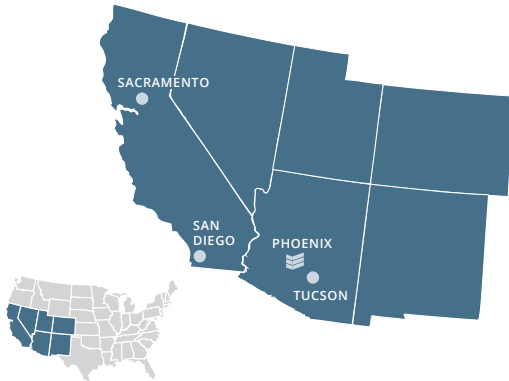
626 North 5th Avenue
Phoenix, AZ 85003

Price: \$10,600,000
Units: 45
Year Built: 1961

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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