

PHOENIX MSA | MULTIFAMILY | YE 2021 REPORT

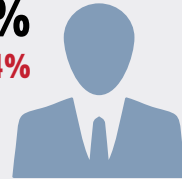
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10+ UNIT PROPERTIES	YE 2021	INCREASE/DECREASE	YE 2020
Total Sales Volume	\$16.9B	+141.8%	\$6.99B
AVERAGE Price/Unit	\$253,914	+38.8%	\$182,956
AVERAGE Price/SF	\$309.53	+41.5%	\$218.68
AVERAGE Year Built	1982	+1 Yr	1981
Average Rent	\$1,480	+18.4%	\$1,250
Occupancy Rate	96.1%	+0.7%	95.4%
Units Delivered	9,942	+8.8%	9,140

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

2.4%
-1.4%



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

5.7%



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

\$63,883



MEDIAN HH INCOME
2019 ACS 5-YEAR ESTIMATE

\$32,522



PER CAPITA INCOME
2019 ACS 5-YEAR ESTIMATE

ABI GEONEWS: PHOENIX MSA - SELECT NEWS

CONTINUED ON PAGE 06



'Phoenix is on the map in a big, big way,' top market for commercial real estate investment in 2021, report shows



\$750 million redevelopment of Metrocenter in Phoenix planned to start next year



Global home goods company signs major industrial lease in Glendale, could hire 3,000 workers

35,711
Units (50+)









UNDER CONSTRUCTION
YARDI

361,669
Units (10+)



TOTAL INVENTORY
AS OF JAN 2022 - YARDI

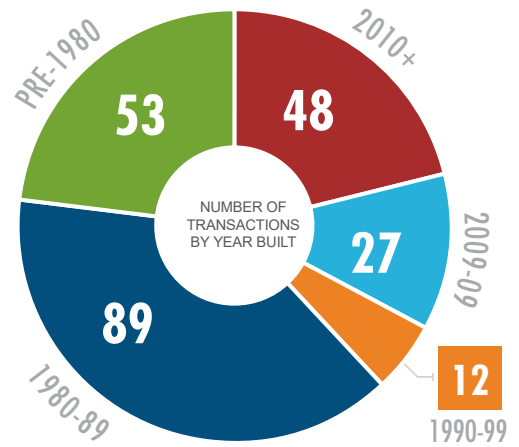
PHOENIX MSA - PER CITY ANALYSIS

PHOENIX MSA QUICK STATS	UNEMPLOYMENT RATE	MEDIAN HH INCOME	PER CAPITA INCOME	50+	
				TOTAL INVENTORY	UNDER CONSTRUCTION
 Phoenix MSA	2.4%	\$63,883	\$32,522	330,396	35,711
 Phoenix	2.6%	\$57,459	\$29,343	147,646	11,238
 Mesa	2.3%	\$58,181	\$29,500	41,080	2,885
 Scottsdale	1.8%	\$88,213	\$62,682	29,126	4,263
 Tempe	2.1%	\$57,994	\$31,753	38,044	3,318
 Glendale	2.7%	\$55,020	\$25,561	25,185	2,603

PHOENIX MSA - PER CITY ANALYSIS		Phoenix	Mesa	Scottsdale	Tempe	Glendale
RENT & OCCUPANCY STATS	Average Rent (YE 2021)	\$1,357	\$1,342	\$1,870	\$1,678	\$1,286
	% Change (y-o-y)	+17.6%	+18.7%	+18.6%	+16.0%	+20.5%
	Occupancy Rate (YE 2021)	95.8%	96.6%	96.0%	96.2%	96.0%
	% Change (y-o-y)	+0.7%	+0.5%	+1.1%	+1.1%	+0.7%
	Units Delivered (YE 2021, 50+)	2,842	1461	834	1,116	180
SALES DATA (100+)	Total Sales Volume (YE 2021, 100+)	\$6,130,806,541	\$1,443,740,000	\$1,142,000,000	\$2,223,118,881	\$922,171,311
	Total Sales Volume (YE 2020, 100+)	\$2,598,241,000	\$484,745,000	\$38,520,000	\$1,183,982,961	\$533,574,500
	% Change (y-o-y)	+136.0%	+197.8%	+2864.7%	+87.8%	+72.8%
	Avg P/U (YE 2021, 100+)	\$237,674	\$231,369	\$377,646	\$292,246	\$213,961
	Avg P/U (YE 2020, 100+)	\$175,166	\$167,732	\$163,915	\$212,031	\$158,190
	% Change (y-o-y)	+35.7%	+37.9%	+130.4%	+37.8%	+35.3%
SALES DATA (10-99)	Total Sales Volume (YE 2021, 10-99)	\$1,015,691,212	\$269,874,500	\$112,665,278	\$195,141,124	\$82,300,000
	Total Sales Volume (YE 2020, 10-99)	\$557,494,988	\$111,358,450	\$19,750,000	\$84,383,500	\$36,800,000
	% Change (y-o-y)	+82.2%	+142.3%	+470.5%	+131.3%	+123.6%
	Avg P/U (YE 2021, 10-99)	\$197,990	\$181,856	\$332,346	\$207,376	\$164,271
	Avg P/U (YE 2020, 10-99)	\$147,916	\$146,911	\$191,748	\$184,243	\$134,799
	% Change (y-o-y)	+33.9%	+23.8%	+73.3%	+12.6%	+21.9%

100+ UNIT MULTIFAMILY PROPERTY ANALYSIS

	YE 2021	INCREASE/DECREASE	YE 2020
Total Sales Volume	\$15.13B	+146.7%	\$6.13B
AVERAGE Price/Unit	\$262,597	+38.9%	\$188,992
AVERAGE Price/SF	\$318.99	+41.2%	\$225.90
AVERAGE Year Built	1992	-1 Yr	1993



TOP 3 TRANSACTIONS BY PRICE/UNIT (100+)



Reserve at Eastmark
Mesa, 132 Units | \$76,000,000
\$575,758/Unit | \$317.03/SF | Built 2021



Apollo Tempe
Tempe, 391 Units | \$202,000,000
\$516,624/Unit | \$498.99/SF | Built 2020



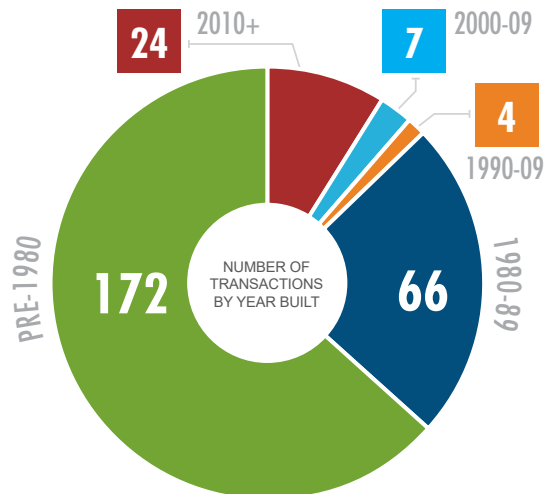
Aspire Fillmore
Phoenix, 254 Units | \$128,772,000
\$506,976/Unit | \$610.17/SF | Built 2021

YE 2021 Transactions by Year Built

	# of Transactions	Avg Price/Unit	Avg Price/SF
2010+	48	\$357K	\$386
2000-09	27	\$263K	\$279
1990-99	12	\$315K	\$335
1980-89	89	\$237K	\$307
Pre-1980	53	\$181K	\$272

10 - 99 UNIT MULTIFAMILY PROPERTY ANALYSIS

	YE 2021	INCREASE/DECREASE	YE 2020
Total Sales Volume	\$1.77B	+106.8%	\$856M
AVERAGE Price/Unit	\$197,949	+33.0%	\$148,882
AVERAGE Price/SF	\$247.09	+38.5%	\$178.41
AVERAGE Year Built	1974	+1 Yr	1973



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



MZ Scottsdale
Scottsdale, 11 Units | \$9,200,000
\$836,364/Unit | \$532.72/SF | Built 2019



Novella at Biltmore
Phoenix, 51 Units | \$36,750,000
\$720,588/Unit | \$339.07/SF | Built 2021

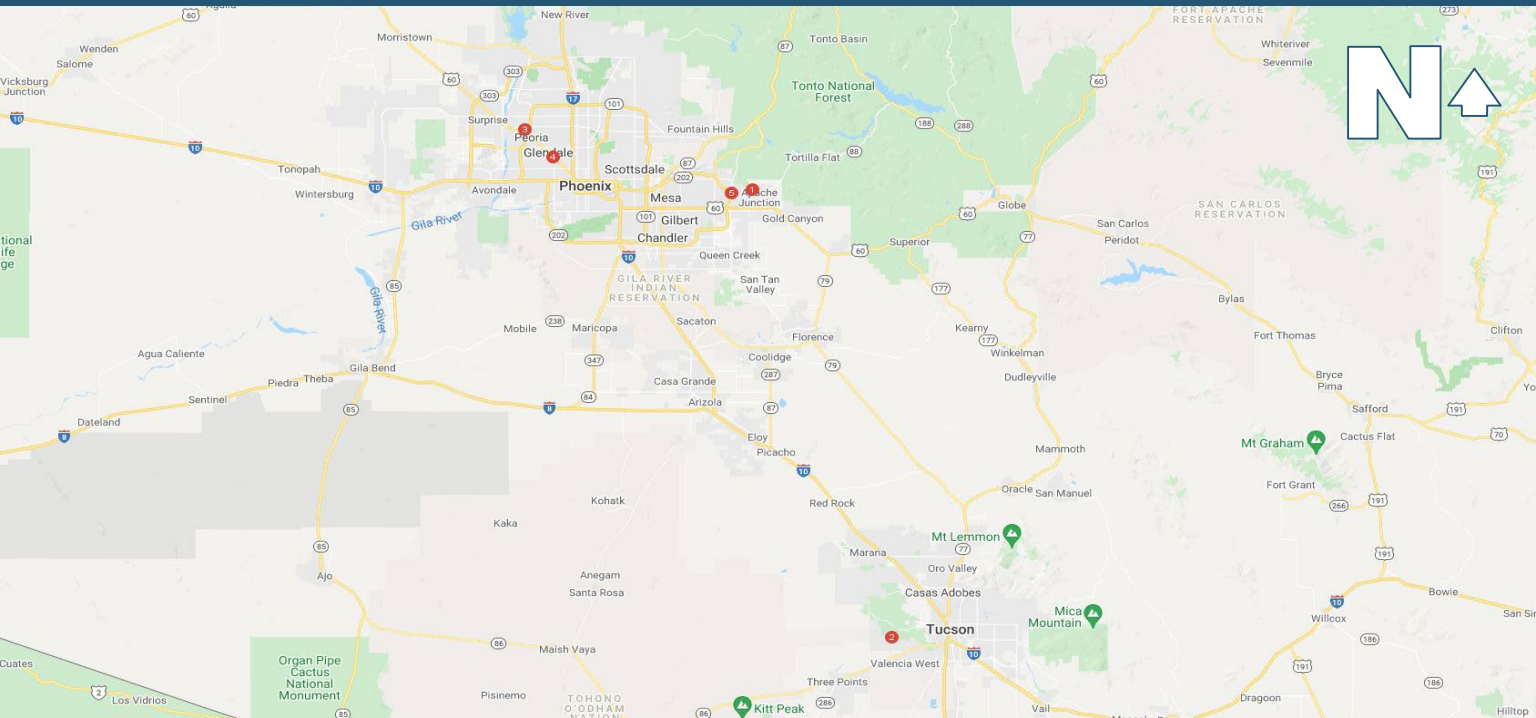


Novella at Arcadia
Phoenix, 36 Units | \$22,450,000
\$623,611/Unit | \$353.18/SF | Built 2017

YE 2021 Transactions by Year Built

	# of Transactions	Avg Price/Unit	Avg Price/SF
2010+	24	\$431K	\$319
2000-09	7	\$255K	\$239
1990-99	4	\$149K	\$154
1980-89	66	\$172K	\$226
Pre-1980	172	\$169K	\$240

ARIZONA MOBILE / MANUFACTURED HOUSING PARK (MHP) ANALYSIS



MHP SALES VOLUME (50+)

AGE RESTRICTED/55+

Transaction Volume (YE 2021)

PHOENIX MSA

\$98,061,107

TUCSON MSA

\$164,150,000

Transaction Volume (YE 2020)

\$336,050,000

\$43,395,000

Avg Sales Price / Space (YE 2021)

\$60,271

\$74,648

Avg Sales Price / Space (YE 2020)

\$97,746

\$58,961

FAMILY

Transaction Volume (YE 2021)

\$190,734,677

\$18,204,720

Transaction Volume (YE 2020)

\$140,482,000

\$5,450,000

Avg Sales Price / Space (YE 2021)

\$71,117

\$42,043

Avg Sales Price / Space (YE 2020)

\$73,860

\$42,578

Total Transaction Volume (2021 YTD, 50+)

\$288,795,784

\$182,354,720

Number of Transactions (2021 YTD, 50+)

33

13

MHP INVENTORY (50+)

INVENTORY

Total Spaces

PHOENIX MSA

88,595

TUCSON MSA

22,454

Age Restricted/55+

62,722

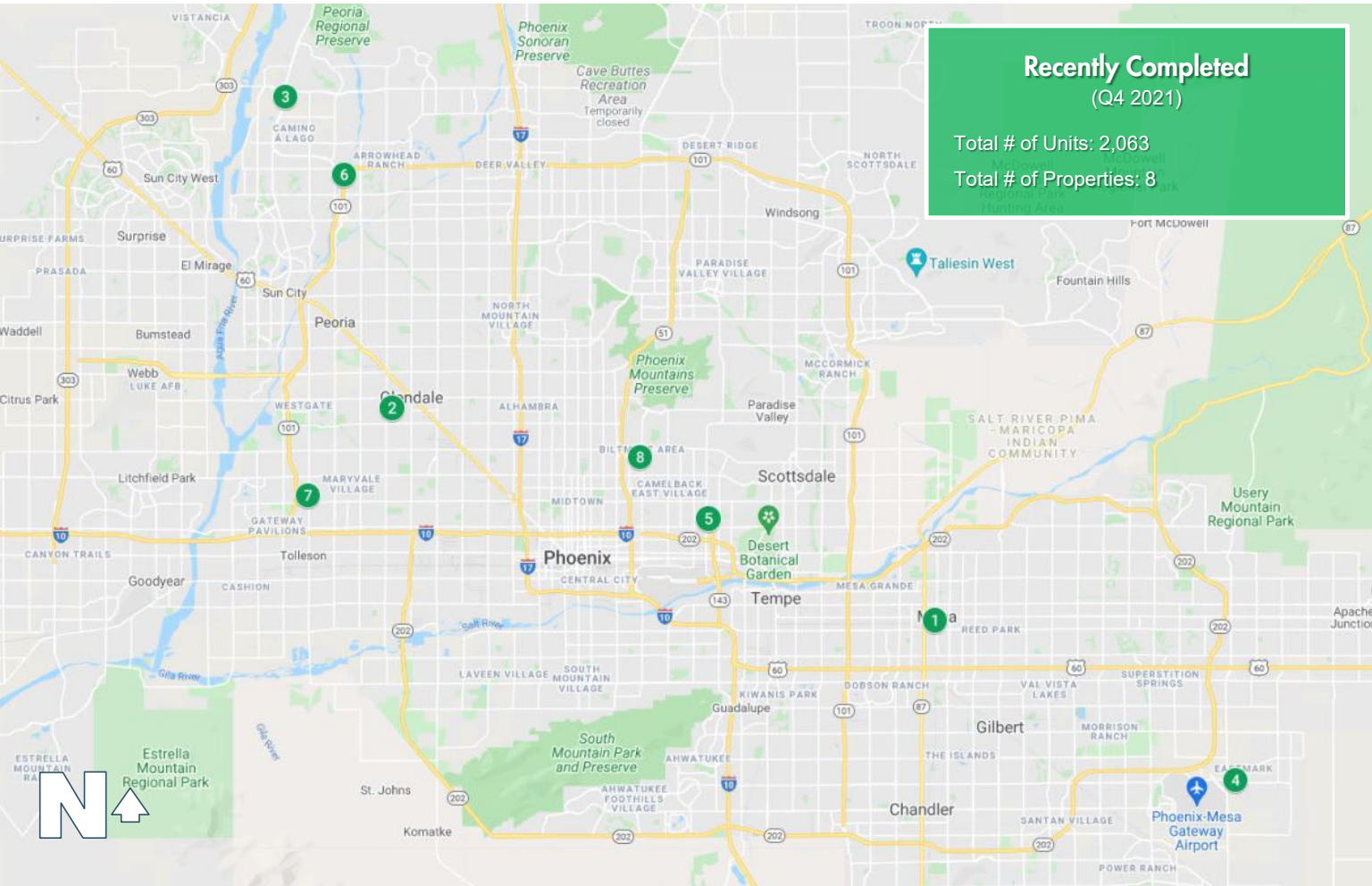
12,233

Family

25,873

10,221

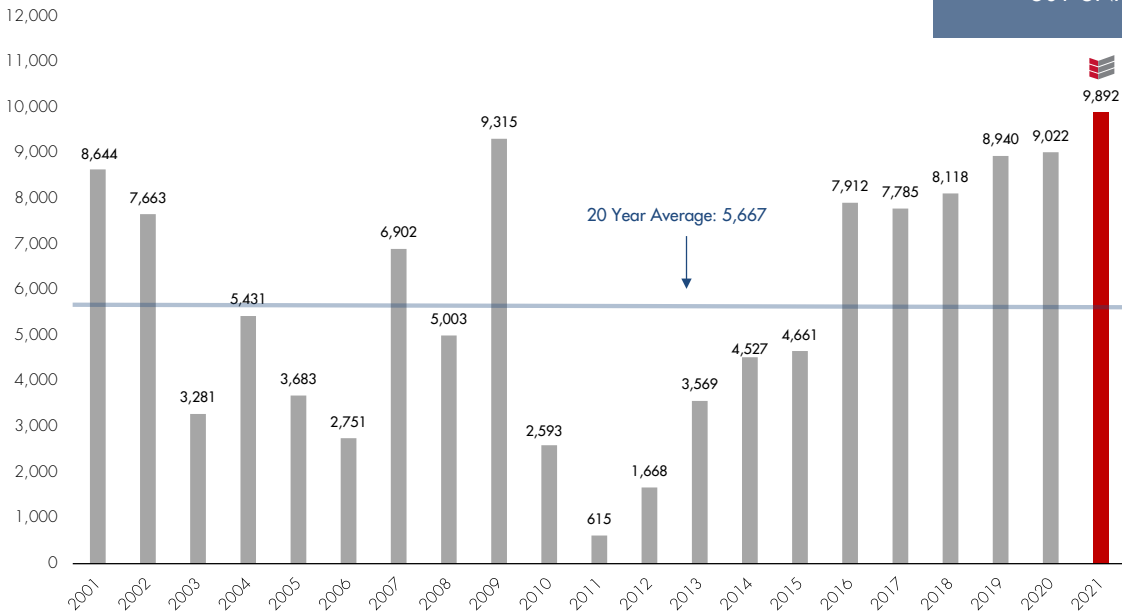
COMPLETED CONSTRUCTION



Recently Completed
(Q4 2021)

Total # of Units: 2,063
Total # of Properties: 8

PHOENIX MULTIFAMILY CONSTRUCTION PIPELINE YE 2021



TOTAL UNIT INVENTORY

5+ UNIT PROPERTIES: **361,618**
50+ UNIT PROPERTIES: **330,396**

PRE-LEASE ABSORPTION RATE

13
Units/Property/Month
(YE 2021 Avg)

UNDER CONSTRUCTION

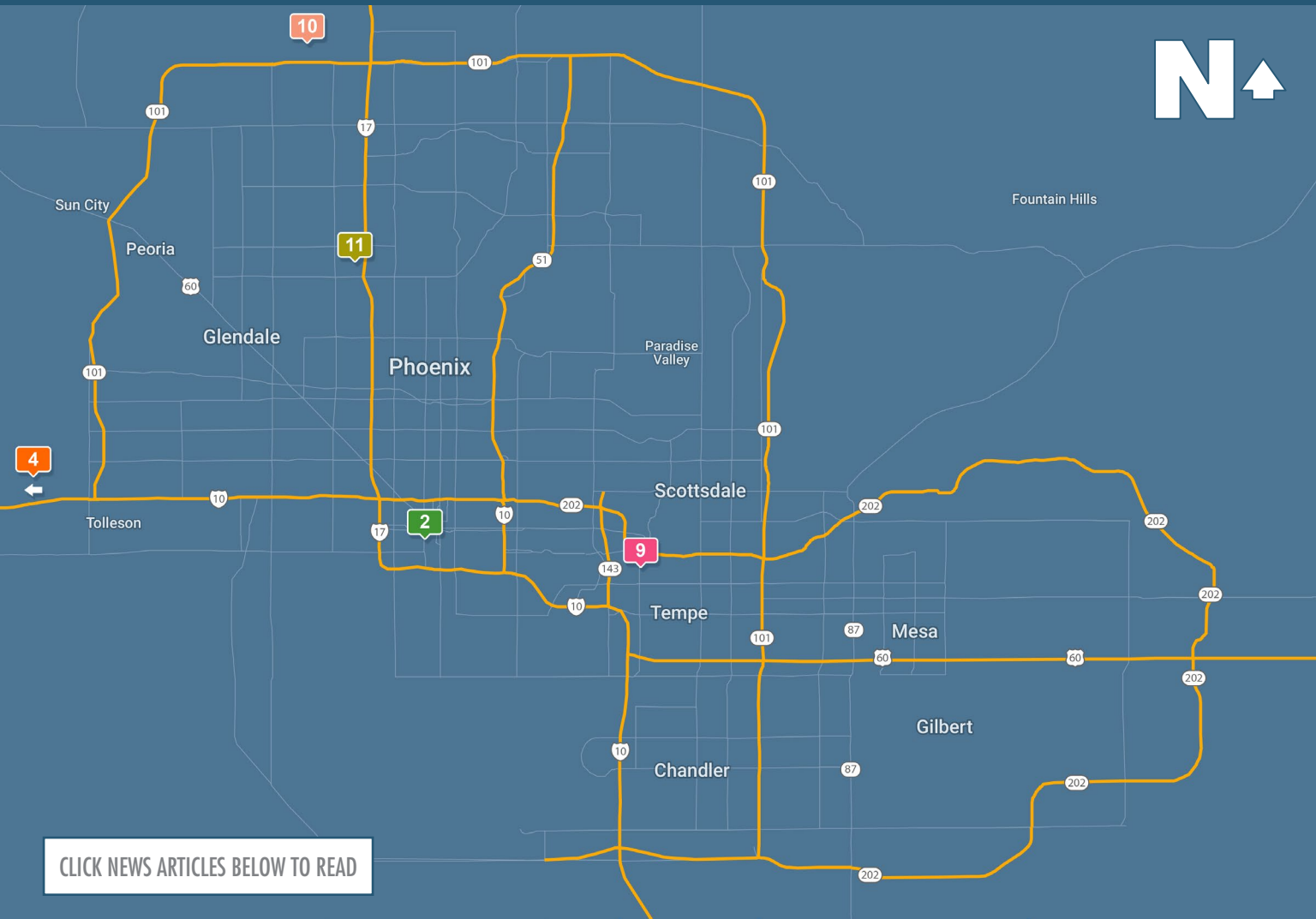
TOTAL # OF UNITS: **39,945**
TOTAL # OF PROPERTIES: **145**

PLANNED

TOTAL # OF UNITS: **25,100**
TOTAL # OF PROPERTIES: **105**

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

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

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

Regional **City of Phoenix**
'Phoenix is on the map in a big, big way,' top market for commercial real estate investment in 2021, report shows

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

9 **Carvana**
Carvana to hire 1,000 employees in Phoenix

4 **Williams-Sonoma Inc.**
Global home goods company signs major industrial lease in Glendale, could hire 3,000 workers

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

Regional **City of Phoenix**
Phoenix No. 1 in rent growth, No. 2 in home value increase

11 **Wilshire Capital / TLG Investment Partners**
\$750 million redevelopment of Metrocenter in Phoenix planned to start next year

Regional **City of Phoenix**
Phoenix No. 1 for metro-to-metro population growth

Regional **City of Phoenix**
Despite increasing costs, Phoenix continues to see 'explosive' construction growth



BY: DREW RICCIARDI, ABI RESEARCH MANAGER

MONUMENTAL YEAR FOR MULTIFAMILY

Following the economic downturn in 2020, a sharp “V” shaped rebound ensued in a majority of metros multifamily markets, leaving many to wonder if the rebound would continue and transition into a hot streak in 2021. That “hot streak” is precisely what unfolded in 2021 throughout the multifamily industry.

POSITIVE TRENDS PORTRAY BRIGHT OUTLOOK NATIONALLY

After a historically robust year concludes, prominent industry experts expect a similar story in 2022. 2021 featured unwavering housing demand and record rent growth and transaction volume across the nation.

Sun Belt markets like Phoenix, Dallas, Atlanta, and Houston led the charge, reporting significant growth and investment activity. According to Yardi Matrix, the U.S. average asking rent rose a record high 13.5% or \$190 year-over-year to end 2021, while transaction volume achieved an annual record of \$335 billion in multifamily sales.

The U.S. as a whole delivered 274,500 multifamily units with more than 400,000 units in the planning stages, according to RealPage Analytics. The demand for housing has become

so strong that the new supply is absorbed immediately.

Now, will 2022 even come close to the vigorous level of activity witnessed last year? Freddie Mac’s latest multifamily market forecast suggests significant growth nationwide but not to the heights of 2021.

Freddie Mac expects rent growth to be prevalent in all markets in 2022, a byproduct of fierce demand from renters and the improving economy. Phoenix is projected to lead the pack in rent growth among U.S. markets, with Tucson trailing at fourth.

In terms of lending capital, Freddie projects originations for the multifamily market to surpass 2021 originations, finishing between \$475 billion and \$500 billion. In addition, a total of 25% of Freddie Mac and Fannie Mae loans are dedicated to affordable properties, boding well for the affordable housing shortage the country faces. Short-term interest rates are expected to rise to combat rising inflation with projections of three separate hikes in the Fed Funds rate during 2022, amounting to a potential 1% increase in totality.

It is safe to assume 2022 will prove to be another phenomenal

year for multifamily markets in terms of rent growth, vacancy, and transaction activity, barring any significant economic disruptions.

THE VALLEY'S MULTIFAMILY MOMENTUM PERSISTS

It is no secret the Phoenix market is currently a superior multifamily market in the country, and everyone wants a slice of the pie.

Residents looking for a new home, companies searching to expand or relocate, and investors pinpointing where they want to infuse their capital are circling Phoenix on a map for a multitude of reasons. Housing demand, affordability, quality of life, and a friendlier tax environment are just some of the highlights swaying these groups and individuals.

The Valley was the first major metro area in the country to regain all the jobs lost due to the COVID-19 pandemic. Thousands of new jobs are slated to be created in the years to come.

Tremendous rent growth and transaction activity have existed for a few years in Phoenix, but 2021 was the icing on the cake. Phoenix led all major markets in annual rent growth and does not appear to be dethroned in 2022. Transaction volume saw a 140% year-over-year increase, while average price-per-unit and price-per-square foot also achieved significant growth.

Fortunately, there are strong expectations for the Phoenix MSA in 2022. Deal flow is projected to be just as hot if not hotter than 2021. Rents are expected to lead the nation again but may not be as high as they were in 2021. And finally, new multifamily construction is forecasted to outperform last year's record year.

Investors can feel confident in another exciting year of growth in the Valley of the Sun.

KEEPING UP WITH DEMAND

The Phoenix MSA delivered the most multifamily units during a one-year period in decades, even still, it is not enough to combat the housing shortage the valley metro faces. Currently, Phoenix MSA is witnessing an onslaught of new movers, as 200 new residents are estimated to be relocating to Phoenix per day.

The disparity between supply and demand for housing has caused home prices and rents to skyrocket across the valley. Yardi Matrix defines 32 submarkets in the Phoenix MSA, and only one posted single-digit year-over-year percentage rent growth. The remaining 31 submarkets posted double-digit year-over-year rent growth, with some submarkets reporting upwards of a 31% increase.

Developers are doing their part by loading the construction pipeline with 35,945 units under construction -- almost triple the number of units than the number of units under construction at the start of 2017. This is due to the Phoenix market establishing itself as a primary investment target with copious amounts of out-of-state investors looking to attain a piece of the thriving Sunbelt market.

Among developers, there is more of a focus on the high-income renter rather than the renter-by-necessity, as evidenced by the construction of primarily high-end lifestyle properties. A much smaller number of affordable communities are being added, despite the fact that lack of affordable inventory remains a mounting issue.

Despite the strong drive for apartment construction, labor shortages, high construction costs, supply chain constraints, and local activist pushback have hindered the timing and volume of some newly constructed properties. It's no secret that to help catch up with housing demand, Phoenix needs to increase density by starting to build vertically as land continues to diminish.

There has been resistance to the idea of denser housing by organized groups and local officials who are worried about traffic, building height, and "neighborhood character," but the reality is starting to set in that we have no other option.

Yardi Matrix estimates almost 30,000 units will be delivered in 2022 throughout the Valley, but many are skeptical of this projection, including me, given the existing roadblocks developers are facing today. In my opinion, Phoenix will be lucky if half of that projection comes to fruition.

GROWTH IN UNEXPECTED AREAS

The ripple effect of Taiwan Semiconductor Manufacturing Co.'s (TSMC) decision to invest in Arizona with a \$12 billion state-of-the-art chip fabrication plant is unfolding.

Phase one of a plan to build as many as six factories over a 10- to 15-year span is currently under construction in North Phoenix near Deer Valley and is already transforming the area significantly. More companies like Mayo Clinic and Sunlit Chemical, half being suppliers to TSMC, are following TSMC's lead and deciding to build facilities in the area.

North Phoenix's spike in company relocation and development will have a significant impact in creating more jobs for the Valley, improving the local economy, and enticing future companies to invest in Arizona too.

The scent of economic growth has triggered developers to buy land in the area, with plans to construct a slew of retail, office space, industrial parks, and apartment properties to

house future workers. After TSMC bought the land in 2020, there were almost half a billion dollars in land sales transactions completed throughout North Phoenix in 2021.

Casa Grande is also reaping the benefits of TSMC's investment. A collection of suppliers to the computer chip industry are flocking to Casa Grande and building manufacturing facilities. Casa Grande presents a less expensive land option that is rail-served in a city and county eager to work with businesses and make the permitting process more seamless.

This uptick in activity will bring enhanced economic growth to Casa Grande and Pinal County. Tertiary cities like Tempe, Gilbert, and Chandler continue to experience further development and economic growth as more companies target them.

PHOENIX MARKET METRICS: BY THE NUMBERS

2021 multifamily data finished at a record year just as expected with positive results across the board. Total multifamily transactions and volume delivered the highest levels ever seen in The Valley.

For 10-99 unit properties, 2021 saw a transaction volume of approximately \$1.7 Billion, which represented a 106.8% Year-over-Year increase from 2020. In the 100+ unit category, 2021 brought in more than \$15.1 Billion, significantly up 146.7% YoY.

Average Price-Per-Unit amounts increased exponentially in the 10-99 segment, rising 33.0% YoY to \$197,949, and showing another significant increase of 38.9% to \$262,597 for 100+. This translated to an Average Price/SF of \$247.09 in 10-99 (up 38.5%) and \$318.99 (up 41.2%) in 100+.

Inventory age increased slightly in the 10-99 segment and decreased slightly in 100+ unit properties Year-over-Year. Average Year Built for 10-99 reported the year 1974, versus 1973 a year ago. The Average Year Built in 100+ reported

the year 1992, versus 1993 a year ago.

The market's occupancy rate made a large jump YoY. 2021 occupancy finished at 96.1%, a 0.7% increase from 2020. Average rent took one of the largest leaps in the nation, reporting \$1,480, up \$230 (18.4%) 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 2.4%, significantly 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 significant 9,942 units were delivered across 51 projects for the year. This represented an increase of 8.8% compared to 2020.

Currently, a large pipeline of 25,100 units is estimated to be in the Planning stages across 105 properties. Another massive total of 35,945 units is listed as Under Construction across 145 properties.

Pre-lease absorption rates this year were at an above average rate of 17 units/property/month.

Total Unit Inventory for 50+ unit properties came in at 330,396.

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

- Phoenix: **147,646**
- Mesa: **41,080**
- Tempe: **38,044**
- Scottsdale: **29,126**
- Glendale: **25,185**



ABI MULTIFAMILY MINUTE

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ABI COMPARATIVE MARKET REVIEW: YE 2021



PHOENIX

TUCSON

SAN DIEGO

	PHOENIX	TUCSON	SAN DIEGO	
DEMOGRAPHICS	Total Population	4,948,203	1,047,279	3,301,573
	Unemployment Rate (as of Dec 2021)	2.4%	2.8%	4.2%
	Employment Growth (y-o-y)	5.7%	4.0%	4.9%
	Median HH Income	\$63,883	\$53,379	\$89,814
	Per Capita Income	\$32,522	\$29,707	\$34,103
RENT/OCC/CONST (50+)	Rent (YE 2021)	\$1,480	\$1,093	\$2,072
	% Increase/Decrease	+18.4%	+15.1%	+12.5%
	Occupancy (YE 2021)	96.1%	96.5%	97.8%
	% Increase/Decrease	+0.7%	+1.0%	+1.5%
	Total Inventory (50+)	330,396	69,578	239,014
SALES (50+)	Total Under Construction (50+)	35,711	674	8,952
	Units Delivered (50+, YTD)	9,942	1,131	5,681
	Total Sales Volume (YE 2021)	\$15.93B	\$1.69B	\$4.01B
y-o-y % Increase/Decrease	+145.2%	+63.1%	+166.7%	
SALES (50+)	Average P/U (YE 2021)	\$259,138	\$167,471	\$323,992
	y-o-y % Increase/Decrease	+38.8%	+37.6%	+7.7%

LEADING MULTIFAMILY BROKERAGE TEAM IN THE WESTERN US

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



SKY ANCALA APARTMENTS

11545 N Frank Lloyd Wright Blvd
Scottsdale, AZ 85259

Price: \$104,500,000
Units: 330
Year Built: 1988

SOLANO POINTE APARTMENTS

6565 West Bethany Home Road
Glendale, AZ 85301

Price: \$42,000,000
Units: 276
Year Built: 2006

CORNELL APARTMENTS

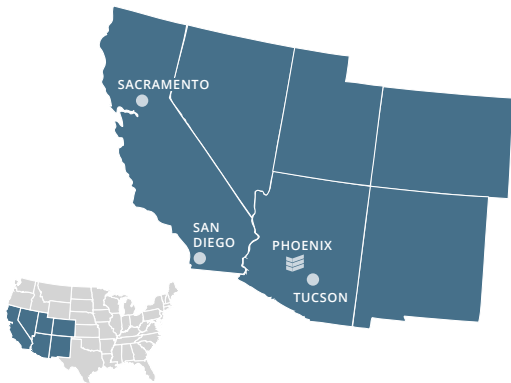
6535 - 6555 North 17th Avenue
Phoenix, AZ 85015

Price: \$11,019,000
Units: 51
Year Built: 1968

HAVEN ON THE RAIL

111 North Mesa Drive
Mesa, AZ 85203

Price: \$19,550,000
Units: 94
Year Built: 1964/1985



APARTMENT BROKERAGE & ADVISORY FIRM

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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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