

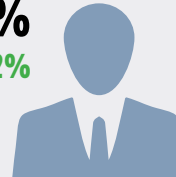
PHOENIX MSA | MULTIFAMILY | YE 2023 REPORT



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5,065,484  **POPULATION**
DECEMBER 2023*

3.6%
-0.2%



UNEMPLOYMENT
Q-0-Q AS OF DECEMBER 2023*

1.5%



EMPLOYMENT GROWTH
Y-0-Y AS OF DECEMBER 2023*

	10+ UNIT PROPERTIES	YE 2023	INCREASE/DECREASE	YE 2022
	Total Sales Volume	\$3.7B	-74.0%	\$14.30B
A V E R A G E	Price/Unit	\$280,470	-10.5%	\$313,258
	Price/SF	\$312.47	-15.7%	\$370.66
	Year Built	1992	+5 Yrs	1987
	Average Rent	\$1,570	-4.0%	\$1,635
	Occupancy Rate	92.7%	-0.8%	93.5%
	Units Delivered	16,880	+36.7%	12,351

\$87,127



MEDIAN HH INCOME
DECEMBER 2023*

\$76,149



GDP PER CAPITA
DECEMBER 2023*

44,008
Units (50+)



UNDER CONSTRUCTION
YARDI







412,530
Units (10+)



TOTAL INVENTORY
ABI RESEARCH, COSTAR; YARDI

* Forecasted

PHOENIX MSA - PER CITY ANALYSIS

PHOENIX MSA QUICK STATS	*UNEMPLOYMENT RATE	*MEDIAN HH INCOME	50+ UNIT PROPERTIES	
			TOTAL INVENTORY	UNDER CONSTRUCTION
 Phoenix MSA	3.6%	\$87,127	379,542	44,008
 Phoenix	3.7%	\$78,192	157,729	14,008
 Mesa	3.6%	\$82,332	44,272	3,084
 Scottsdale	3.0%	\$103,659	31,468	3,690
 Tempe	3.3%	\$80,782	40,244	2,970
 Glendale	3.8%	\$73,073	28,599	3,123

* Forecasted

PHOENIX MSA - PER CITY ANALYSIS

RENT & OCCUPANCY STATS

	Phoenix	Mesa	Scottsdale	Tempe	Glendale
Average Rent (YE 2023)	\$1,523	\$1,495	\$2,041	\$1,897	\$1,462
% Change (y-o-y)	-3.0%	-3.5%	-3.3%	-0.6%	-3.1%
Occupancy Rate (YE 2023)	92.8%	93.1%	94.4%	93.7%	92.6%
% Change (y-o-y)	-1.0%	-1.1%	-0.3%	-0.4%	-0.9%
Units Delivered (YE 2023, 50+)	4,918	1,691	665	1,031	1,523

SALES DATA (100+)

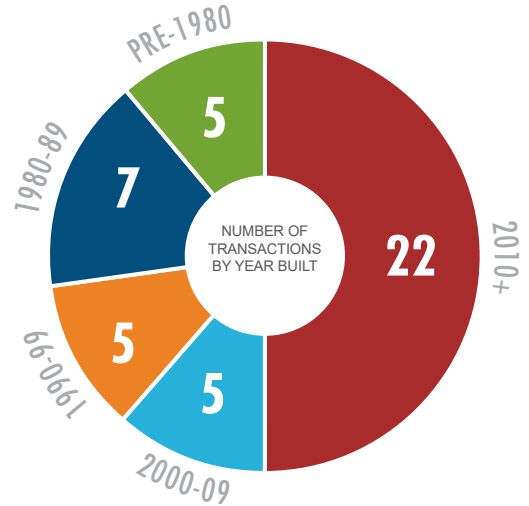
Total Sales Volume (YE 2023, 100+)	\$1,056,995,000	\$213,975,000	\$472,380,000	\$412,250,000	\$114,000,000
Total Sales Volume (YE 2022, 100+)	\$4,484,063,450	\$1,410,319,185	\$1,826,919,618	\$1,592,367,500	\$1,011,207,129
% Change (y-o-y)	-76.4%	-84.8%	-74.1%	-74.1%	-88.7%
Avg P/U (YE 2023, 100+)	\$250,651	\$268,476	\$417,297	\$337,081	\$253,898
Avg P/U (YE 2022, 100+)	\$286,247	\$279,770	\$480,768	\$361,245	\$269,655
% Change (y-o-y)	-12.4%	-4.0%	-13.2%	-6.7%	-5.8%

SALES DATA (10-99)

Total Sales Volume (YE 2023, 10-99)	\$231,593,959	\$62,180,904	\$23,565,000	\$49,000,000	\$16,540,000
Total Sales Volume (YE 2022, 10-99)	\$1,011,835,824	\$202,300,000	\$46,259,999	\$190,349,610	\$118,840,000
% Change (y-o-y)	-77.1%	-69.3%	-49.1%	-74.3%	-86.1%
Avg P/U (YE 2023, 10-99)	\$222,259	\$297,516	\$210,402	\$272,222	\$201,707
Avg P/U (YE 2022, 10-99)	\$254,870	\$268,302	\$328,085	\$353,810	\$204,544
% Change (y-o-y)	-12.8%	+10.9%	-35.9%	-23.1%	-1.4%

100+ UNIT MULTIFAMILY PROPERTY ANALYSIS

	YE 2023	INCREASE/DECREASE	YE 2022
Total Sales Volume	\$3.25B	-74.4%	\$12.69B
AVERAGE Price/Unit	\$285,459	-11.4%	\$322,203
AVERAGE Price/SF	\$317.42	-16.6%	\$380.76
AVERAGE Year Built	2005	+13 Yrs	1992



TOP 3 TRANSACTIONS BY PRICE/UNIT (100+)



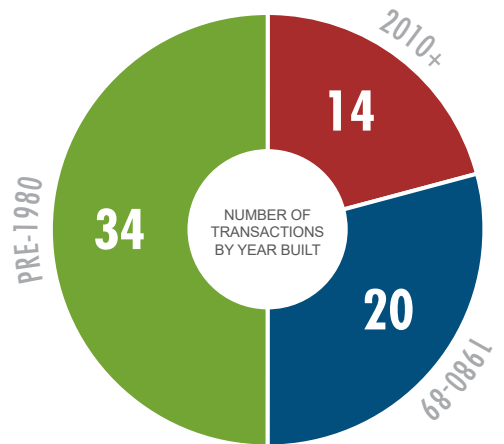
- Canvas Student Living**
Tempe, 263 Units | \$147,200,000
\$559,696/unit | \$482.50/SF | Built 2021
- The District at Scottsdale**
Scottsdale, 332 Units | \$161,500,000
\$486,446/unit | \$526.08/SF | Built 2019
- The Havenly Fountain Hills**
Fountain Hills, 147 Units | \$68,300,000
\$464,626/unit | \$454.33/SF | Built 2022

YE 2023 Transactions by Year Built

	# of Transactions	Avg Price/Unit	Avg Price/SF
2010+	22	\$348K	\$341
2000-09	5	\$233K	\$270
1990-99	5	\$271K	\$299
1980-89	7	\$211K	\$285
Pre-1980	5	\$171K	\$259

10 - 99 UNIT MULTIFAMILY PROPERTY ANALYSIS

	YE 2023	INCREASE/DECREASE	YE 2022
Total Sales Volume	\$468M	-71.0%	\$1.61B
AVERAGE Price/Unit	\$250,152	-2.7%	\$257,122
AVERAGE Price/SF	\$282.11	-8.1%	\$307.03
AVERAGE Year Built	1981	+5 Yrs	1976



YE 2023 Transactions by Year Built

	# of Transactions	Avg Price/Unit	Avg Price/SF
2010+	14	\$425K	\$340
2000-09	--	--	--
1990-99	--	--	--
1980-89	20	\$181K	\$222
Pre-1980	34	\$190K	\$267

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



- The Hera**
Phoenix, 20 Units | \$15,000,000
\$750,000/unit | \$432.48/SF | Built 2022
- The Muse**
Tempe, 16 Units | \$10,000,000
\$625,000/unit | \$331.56/SF | Built 2023
- Arcadia Views**
Phoenix, 16 Units | \$8,500,000
\$531,250/unit | \$525.21/SF | Built 2023

PHOENIX & THE NATIONAL ECONOMY

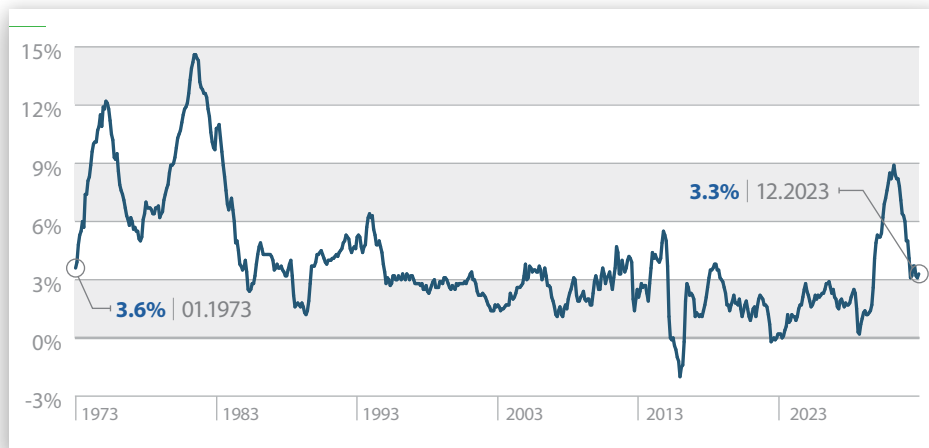
2023 proved a tough year for the multifamily market as rapidly rising interest rates decimated transactions. National sales volume for the year reached a decade-spanning low as deals dried up and real estate prices fell. Investor expectations are slowly adapting to the new norm as more consistent and predictable interest rate movements will drive the market in the coming year. Market forecasts anticipate six rate cuts in 2024 as inflation continues to cool. However, Fed signaling indicates closer to three, with those more likely to occur in the latter half of the year. Excessively strong economic data, or an inability to quell inflation, would be cause for concern for Federal Reserve officials, and could cause rate cuts to be pushed further into the future.

Economically, 2023 yielded several positive indicators that defied comparatively more bearish expectations from economists. A recession was widely heralded as inevitable

in the later parts of the year, based on 2022 discourse, but no such thing occurred. GDP growth reached 3.3% in Q4, crushing 2.0% expectations by analysts, and far ahead of

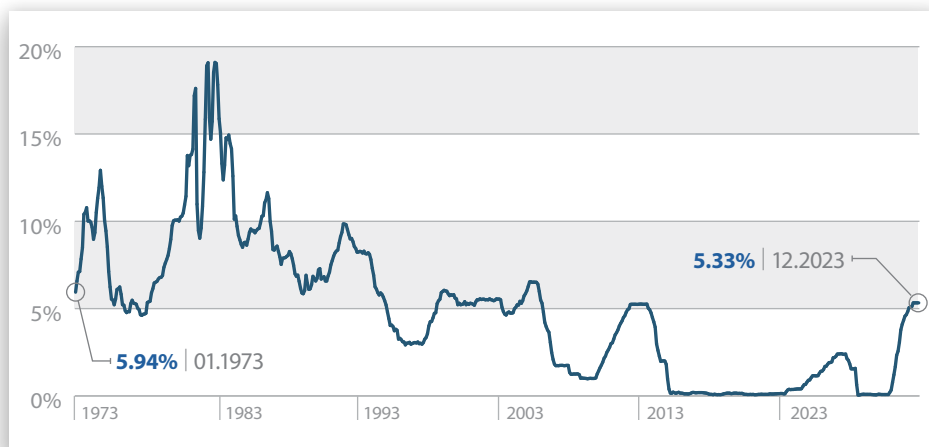
the negative growth expected by many a year prior. As has been the case for the whole year, a majority of this strong GDP growth stemmed from strong consumer spending, as consumer sentiment reached its highest levels in three years.

The 'soft landing' long targeted by the Federal Reserve now seems like a far more likely scenario than it did a year ago. The drop in inflation from 6.3% at the beginning of the year to 3.3% by the end has boosted optimism about avoiding a recession and staying on course for rate cuts. However, this size of inflationary drop for an economy this large has virtually never happened without a recession, but expert economists and Federal Reserve officials are encouraged by the most recent data.



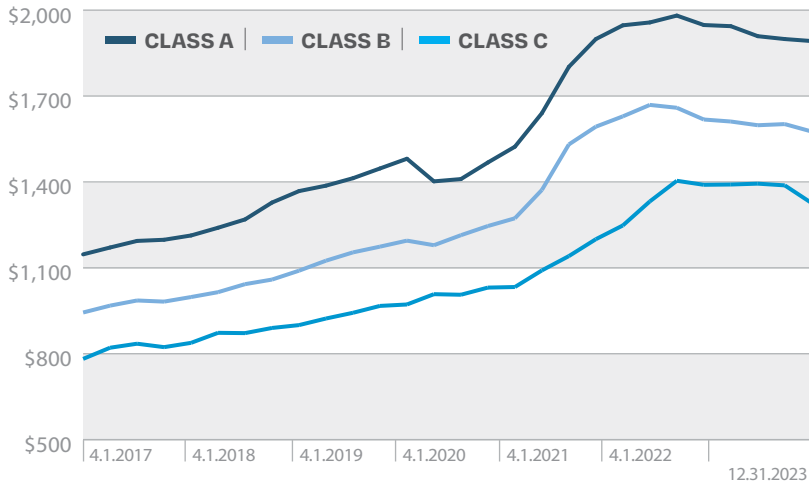
NATIONAL CONSUMER PRICE INDEX (CPI-U)

- Annual inflation ended the year at 3.3% after reaching a peak of 8.9% last summer. This is a crucial indicator for the Federal Reserve to determine whether to decelerate or reverse course on rate hikes.
- Inflation dropped significantly throughout the year, from 6.3% at the beginning of the year. Signaling from the Fed indicates that they want to see this number continue to tick down and hold near their 2% target before interest rate cuts begin.



NATIONAL FEDERAL FUNDS RATE/ INTEREST RATES

- Federal Reserve rate hikes have pushed the Federal Funds rate to its highest point in over a decade, standing at 5.33% at the end of 2023, marking an increase of over 120 basis points since the end of 2022.
- The national average interest rate for a 30-year fixed rate conventional mortgage loan finished the year at 6.6%, dropping from a peak of over 8%.

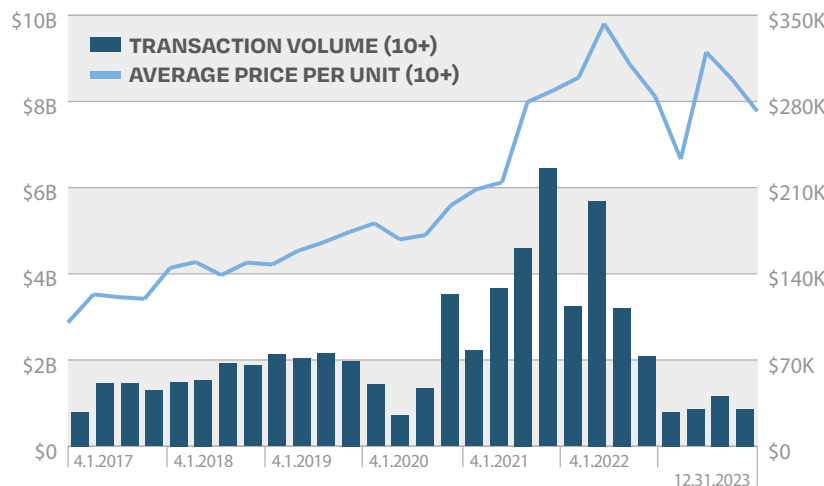
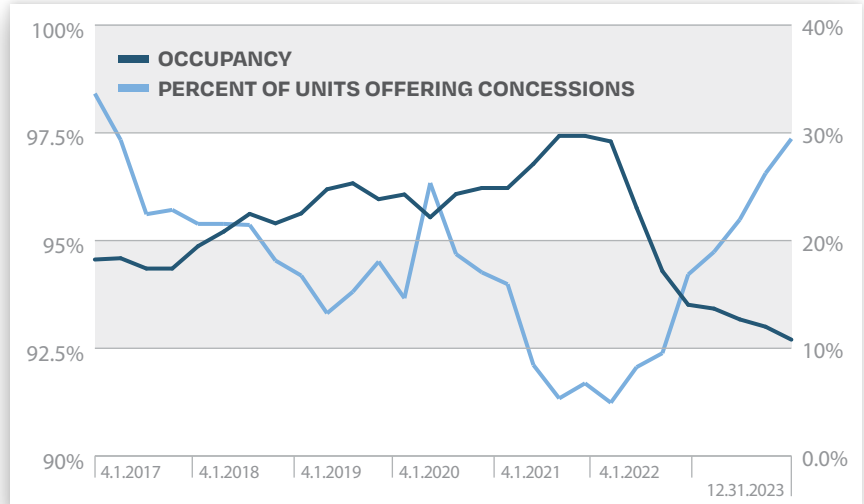


**PHOENIX MSA
EFFECTIVE RENT BY ASSET CLASS**

- Over the previous 12-month period, rental rates dropped 4.0% to \$1,570.
- On average, Class A units rented for \$1,892 a month, Class B units went for \$1,576, and Class C rentals were \$1,326.
- Phoenix has outpaced the national average in rent growth in recent years, but still maintains an average rental rate about 10% lower than the national average.

**PHOENIX MSA
OCCUPANCY/CONCESSIONS**

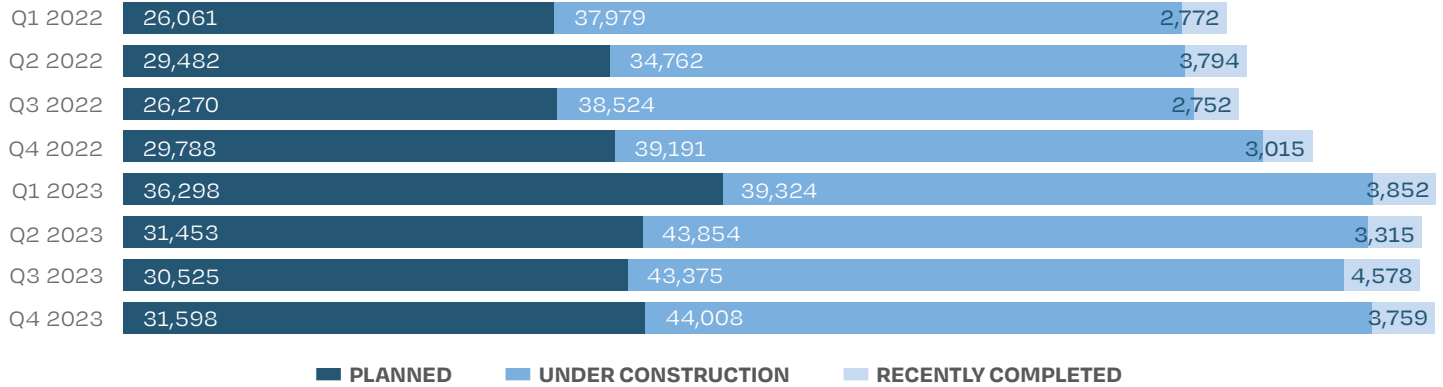
- Following the national trends of lower occupancy, occupancy dipped 0.8% year-over-year to 92.7%.
- Occupancy levels have diverged slightly across asset classes, with Class A at 93.4%, Class B units at 92.8%, and Class C properties hovering around 91.8%.
- As occupancy continues to trend downward, the inverse can be seen in concessions, with 29.3% of units offering concessions, up from 16.6% the same time last year.



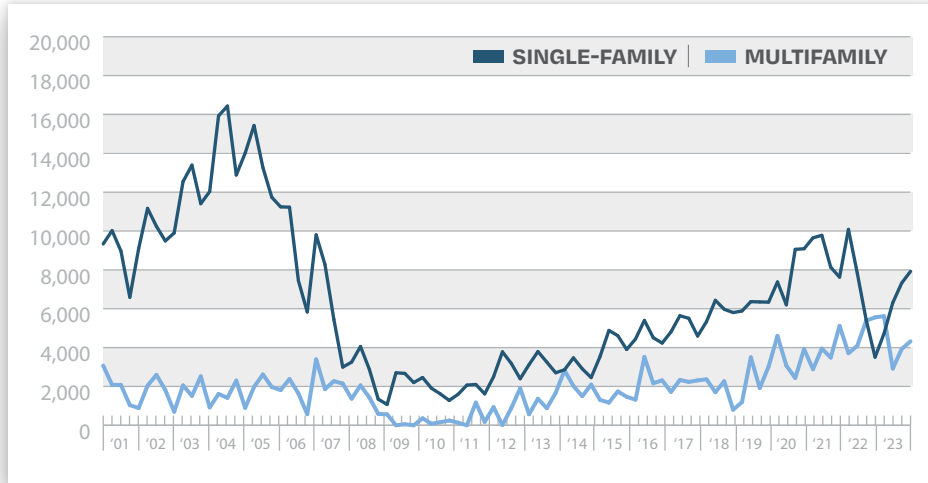
**PHOENIX MSA
TRANSACTION VOLUME**

- \$3.7 billion in multifamily transactions occurred this year, representing a 74% decrease in sales from 2022.
- This is the lowest annual transaction volume for the MSA in nearly a decade, and was driven primarily by rapidly rising interest rates.
- Average price per unit remains less volatile and settled at \$280,470/unit, a 10.5% decrease year-over-year.

PHOENIX MSA | MULTIFAMILY CONSTRUCTION (50+)



- 2023 saw the most multifamily units completed in Phoenix history, beating out the previous record-breaking year, 2022, by several thousand units.
- At the end of the year, Phoenix had 44,008 units under construction, a 12% increase from the same time last year.



PHOENIX MSA PERMITTING ACTIVITY

- In Q4 2023, there were 7,926 single-family and 4,323 multifamily permits issued in the Phoenix MSA, an annual 126% increase and a 22% decrease respectively.
- New policy restrictions from the Office of the Governor addressing groundwater shortages may impede housing permitting in the rapidly expanding valley going forward

PHOENIX DRIVERS

In 2023, multifamily transaction volume underperformed, but the current expected trend in interest rates suggests a turning point. In anticipation of future rate cuts and bolstered by robust recent economic data, an acceleration in transaction pace is expected during the latter half of the year. However, it is unlikely to reach the fervor seen in 2021 and 2022.

Fortunately, the Phoenix market is bolstered by several economic drivers with positive prospects such as consistently high in-migration, something which will continue as new ventures are pursued. Notably the ongoing surge in construction of new industrial spaces around the metro, fueled by major commitments from industry giants Intel and Taiwan

Semiconductor Manufacturing Company (TSMC), investing \$30 billion and \$40 billion, respectively, is another major driving force. This has attracted a multitude of ancillary companies and the combination of the accompanying growing labor force, ongoing organic in-migration, and population growth necessitates additional housing.

In recent years, Phoenix has become a construction hub, boasting one of the nation's largest pipelines with 44,008 units under construction and 31,598 in the planning stages. However, challenges such as elevated material costs, labor shortages, and stricter lending practices could pose difficulties in the near future. As a result, we anticipate a decline in new project

deliveries in late 2024 and into 2025. While this may help alleviate the rising vacancy rates, the market will need to adapt to provide housing for the tens of thousands of people migrating to the metro annually.

Despite recent challenges stemming from higher interest rates, Phoenix multifamily is primed to take off again soon. In-migration, new business activity, and a robust development pipeline will drive economic activity and the multifamily market. These longer-term trends, coupled with the city's growing job market and a continued focus on infrastructure improvements, position Phoenix multifamily as a promising and resilient investment for the foreseeable future.

ABI COMPARATIVE MARKET REVIEW: YE 2023



PHOENIX

TUCSON

LAS VEGAS

DEMOGRAPHICS

RENT/OCCUPANCY/CONSTRUCTION

SALES

Total Population (December 2023*)	5,065,484	1,064,960	2,365,366
Unemployment Rate (December 2023*)	3.6%	3.8%	5.0%
Employment Growth (y-o-y)	1.5%	0.8%	4.2%
Median HH Income (December 2023*)	\$87,127	\$66,692	\$72,290
GDP Per Capita (December 2023*)	\$76,149	\$55,068	\$69,463
Rent (YE 2023)	\$1,570	\$1,206	\$1,447
y-o-y % Increase/Decrease	-4.0%	+2.2%	-2.6%
Occupancy (YE 2023)	92.7%	92.6%	92.6%
y-o-y % Increase/Decrease	-0.8%	-1.2%	-1.2%
Total Inventory (10+)	412,530	102,247	235,180
Total Under Construction (50+)	44,008	3,715	10,973
Units Delivered (50+, YTD)	16,880	141	2,834
Total Sales Volume (YE 2023)	\$3.72B	\$175M	\$452M
y-o-y % Increase/Decrease	-74.0%	-88.9%	-87.9%
Average P/U (YE 2023)	\$280,470	\$119,920	\$182,586
y-o-y % Increase/Decrease	-10.5%	-30.9%	-28.2%

* Forecasted

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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



DIMENSION ON 27TH

6131 North 27th Avenue
 Phoenix, AZ 85017

Price: \$49,750,000
 Units: 260
 Year Built: 1982

DOBSON 2222

2222 South Dobson Road
 Chandler, AZ 85224

Price: \$95,000,000
 Units: 258
 Year Built: 2007

STAPLEY PLACE

654 South Stapley Drive
 Mesa, AZ 85204

Price: \$10,850,000
 Units: 46
 Year Built: 1985

SAN DOMINIC

5112 North 17th Avenue
 Phoenix, AZ 85015

Price: \$7,150,000
 Units: 22
 Year Built: 2018

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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