



Multi-Family Market Report

Phoenix - AZ

PREPARED BY



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MULTI-FAMILY MARKET REPORT

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12 Mo. Delivered Units

16,910

12 Mo. Absorption Units

9,777

Vacancy Rate

10.7%

12 Mo. Asking Rent Growth

-2.6%

A persistent mismatch between supply and demand continues to hamper the Phoenix multifamily market. Though leasing showed signs of rebounding this year, it was not enough to absorb the record amount of new construction coming on line, causing the Phoenix vacancy rate to move higher. The increased competition from new deliveries has kept rent growth negative since the end of last year as operators reduce rental rates and increase concessions to attract and retain tenants. Expectations are for tepid conditions to remain over the near term as the market digests the largest supply pipeline in four decades.

About 7,300 units were absorbed in the first three quarters of 2023 amid a pickup in consumer sentiment and easing inflation. This outpaced the pre-COVID five-year average of 5,300 units. The stronger performance was a welcomed sign for property owners and managers, who were contending with a near evaporation of demand during the same period last year. A recovery in the 3 Star segment has led the turnaround, going from the primary drag on net absorption in 2022 to posting modestly positive performance so far in 2023.

Although the demand picture has improved, a wave of deliveries has kept vacancy on a clear trend upward. Over the past 12 months, developers completed 17,000 units in the Valley, outpacing the 9,700 units of net absorption. This imbalance has contributed to metro-wide vacancy increasing from an all-time low of 5.1% in mid-2021 to 10.7% today and caused rents to decline -2.6% over the past year. With the majority of the pipeline focused on high-end luxury properties, rent growth has held up better in the 1 & 2 Star segment,

which doesn't directly compete with much of the new supply. These properties have seen rental rates decrease just -0.8%.

Moving forward, the 35,000 units under construction, which represents a sizable 9.4% of total inventory, will continue to pressure fundamentals into 2024. Expectations are for revenue to be flat or modestly positive in the coming year, with higher expenses and lower renewal rates softening gains. Construction-heavy submarkets like Downtown Phoenix and Tempe may face a longer road to recovery, with supply-side challenges lingering at the top of the quality spectrum.

Although the market has fluctuated considerably over the past few years, the long-term drivers supporting the Valley's multifamily market remain in place. Nation-leading demographic patterns, a growing and diversifying economy, and an attractive quality of life continue to stoke underlying housing demand.

About \$1.2 billion traded in 23Q3, marking the first time a quarter didn't have less sales volume than its predecessor in over a year. Though it's an improvement, sales activity remains well below levels seen over the past half-decade as elevated debt costs, tighter underwriting standards, and lower rent growth projections make it difficult for deals to pencil. The resulting period of price discovery has led to an increase in average cap rates of 200 basis points from their recent all-time low, negatively impacting values. Newly delivered assets by merchant developers and those facing a loan maturity are expected to continue being a source of deal flow over the near term.

KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	179,393	11.6%	\$1,774	\$1,750	1,836	2,500	23,214
3 Star	140,154	10.5%	\$1,393	\$1,374	369	1,014	11,438
1 & 2 Star	59,836	8.6%	\$1,139	\$1,127	(104)	21	828
Market	379,383	10.7%	\$1,549	\$1,529	2,101	3,535	35,480

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	1.5%	8.6%	10.3%	12.8%	2009 Q4	5.1%	2021 Q3
Absorption Units	9,777	5,183	9,343	16,308	2021 Q2	(3,902)	2007 Q4
Delivered Units	16,910	6,272	10,039	17,870	2023 Q3	205	2011 Q1
Demolished Units	7	179	194	709	2016 Q2	0	2018 Q2
Asking Rent Growth (YOY)	-2.6%	2.7%	3.0%	19.5%	2021 Q3	-7.1%	2009 Q4
Effective Rent Growth (YOY)	-3.0%	2.7%	2.9%	20.5%	2021 Q3	-7.0%	2009 Q4
Sales Volume	\$3.4B	\$4B	N/A	\$19.1B	2022 Q2	\$342.5M	2009 Q1

Multifamily demand began to rebound thus far in 2023, providing some signs of cautious optimism to Phoenix-based owners and property managers. The Valley recorded about 7,300 units of positive net absorption in the first three quarters of the year, outpacing the pre-COVID five-year average of about 5,300 units.

The main drivers causing net absorption to nearly evaporate in 2022 were high inflation and economic uncertainty. Phoenix was one of the hardest-hit metros in the country in terms of inflation, and higher prices for food, energy, and other goods and services eroded the budgets of potential renter households. Reduced discretionary income was compounded by the surge in multifamily rents in the 24 months following the onset of the pandemic, making it difficult for the marginal renter to comfortably sign a new lease. Additionally, consumer sentiment was compressed as broad-based economic uncertainty paralyzed household formation. Both of these key metrics—inflation and consumer confidence—have been moving in the right direction over the past nine months, releasing pent-up demand and returning some seasonality to the market. Macroeconomic conditions will guide the demand outlook for the Phoenix multifamily market moving forward and if a worse-than-expected economic recession materializes, demand could soften again.

Although some stability is emerging on the demand side of the equation, it has not been enough to absorb the substantial supply pipeline. Developers completed 17,000 units over the past 12 months, causing vacancy to rise to 10.7%, doubling the recent all-time low of 5.1% in mid-2021. Occupancy is now at the lowest level since 2011 and is within 300 basis points of the trough during the global financial crisis.

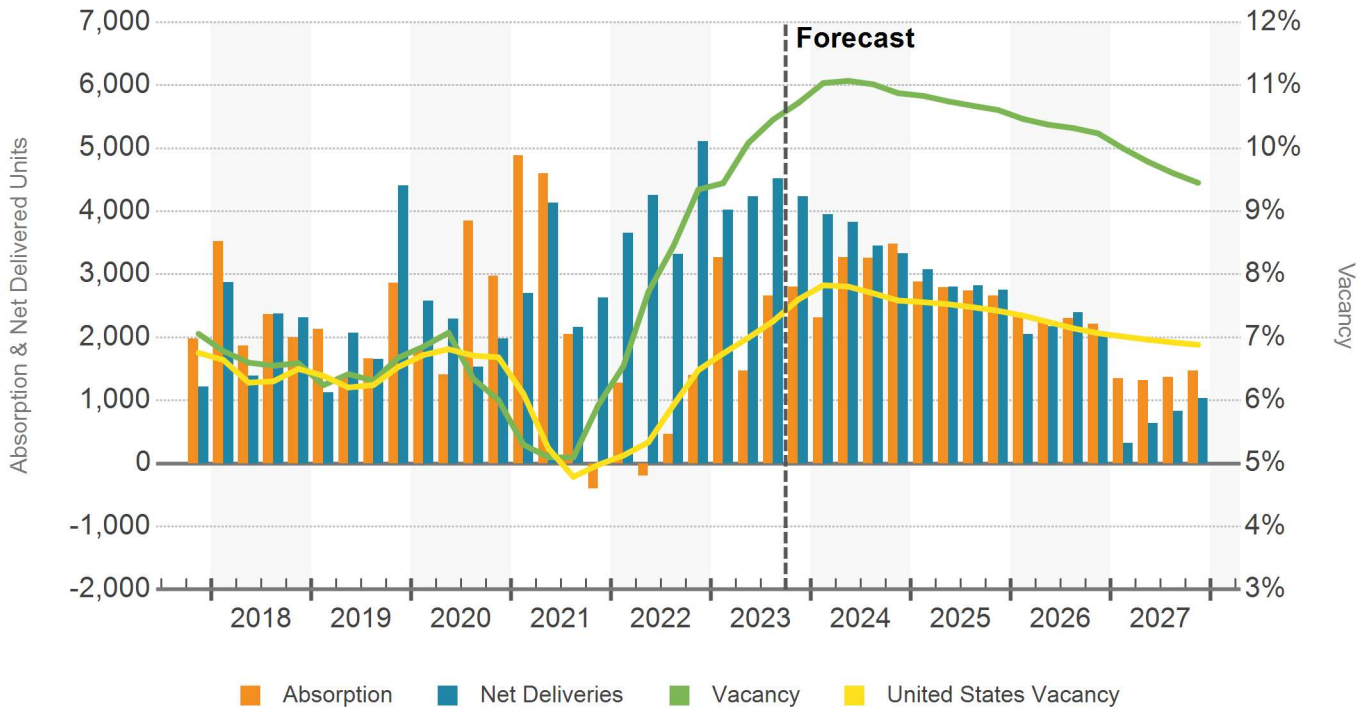
Over the short term, the metro's roughly 35,000 units under construction will place further upward pressure on

vacancy rates. Vacancies are lower in North Phoenix, Chandler, and Old Town Scottsdale, where supply pressure has been relatively contained. Meanwhile, construction-heavy areas such as the West Valley, Tempe, and Downtown Phoenix have more empty units as development outstrips new rental demand. Performance has also varied by quality, with vacancy showing more resiliency at lower-tier complexes. With the bulk of the construction pipeline focused on luxury communities, fundamentals have been comparatively sturdy for workforce housing properties, which don't directly compete with much of the new supply. The vacancy rates for 4 & 5 Star and 3 Star properties have climbed over 400 basis points from their 2019 average, compared to just 250 basis points for 1 & 2 Star properties.

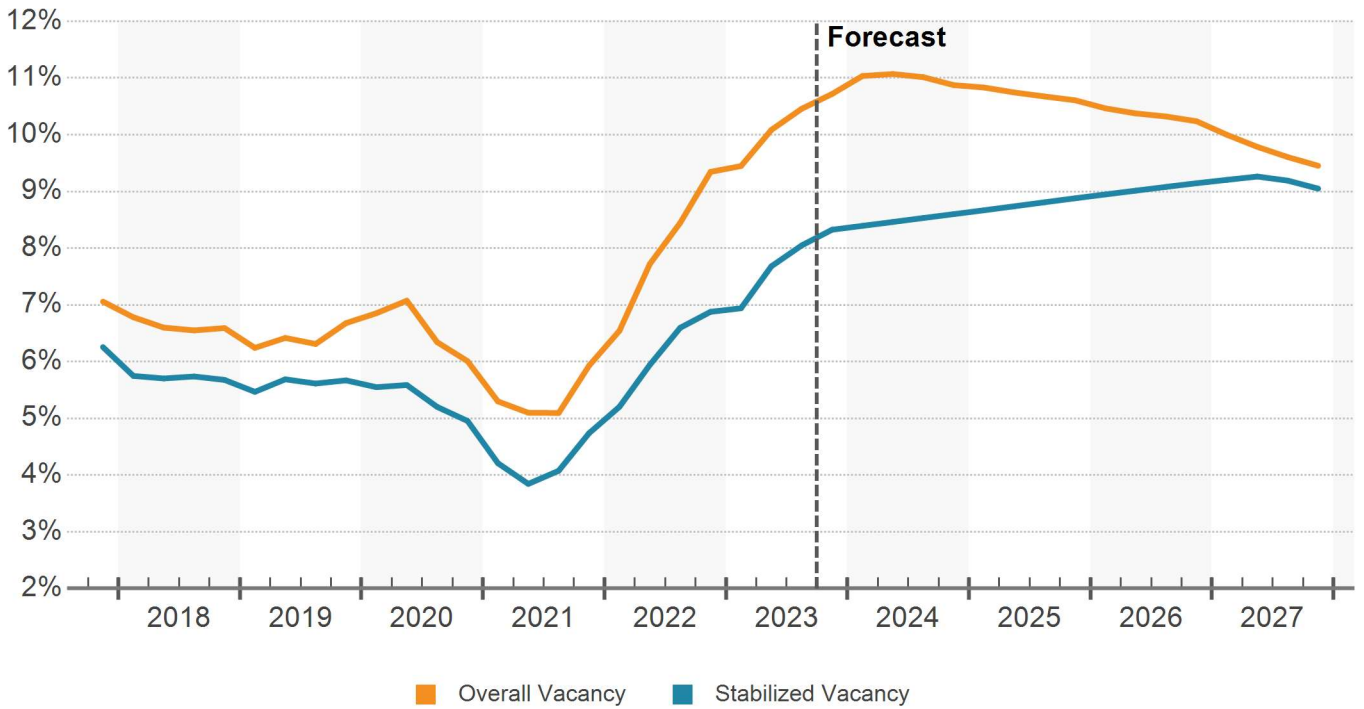
The long-term outlook remains favorable. Strong demographic tailwinds, healthy job growth, and a diversified economy sustain the underlying demand for housing. Additionally, low single-family home inventory and aggressive price growth have forced more would-be homeowners into the renter pool, which has directed new housing demand to rentals. Elevated mortgage rates further raise costs, indicating the affordability issue is not likely to subside anytime soon.

Limited single-family construction has introduced a new product in the market that competes with traditional apartments. Developers have ramped up production of single-family build-to-rent communities, a hybrid between apartments and single-family homes. Rentals in these 100- to 230-unit communities can range from 600 SF to 1,200 SF and typically attract renters by choice who will pay a 10% to 20% premium over traditional apartments. NexMetro and Christopher Todd Communities have collectively built thousands of single-family rentals in the metro and are the most active in the West Valley.

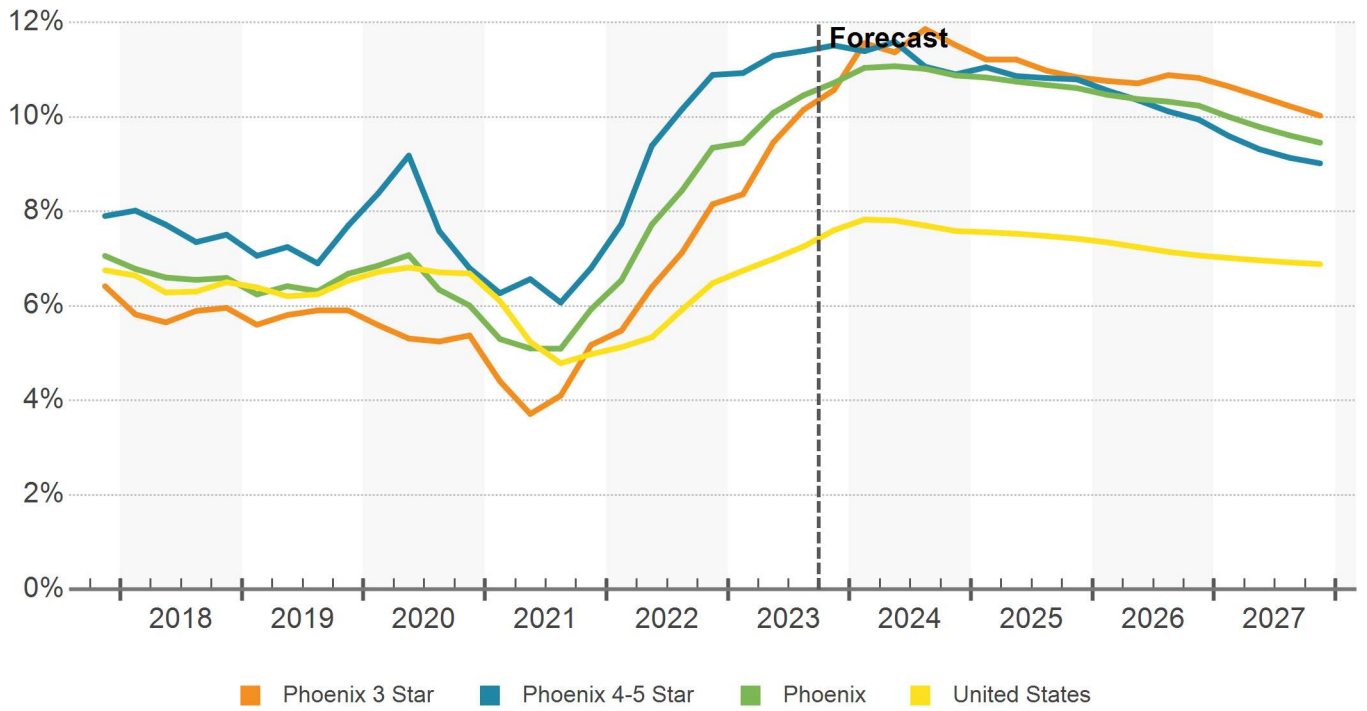
ABSORPTION, NET DELIVERIES & VACANCY



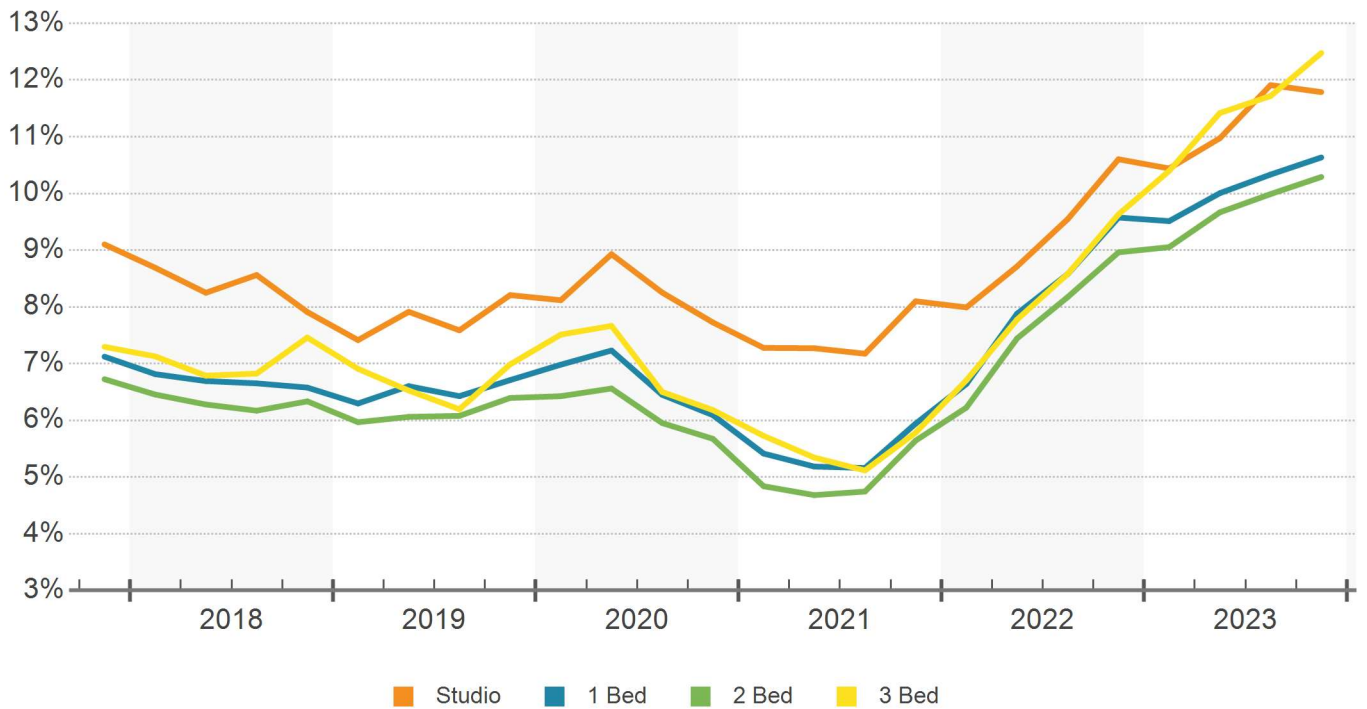
OVERALL & STABILIZED VACANCY



VACANCY RATE



VACANCY BY BEDROOM



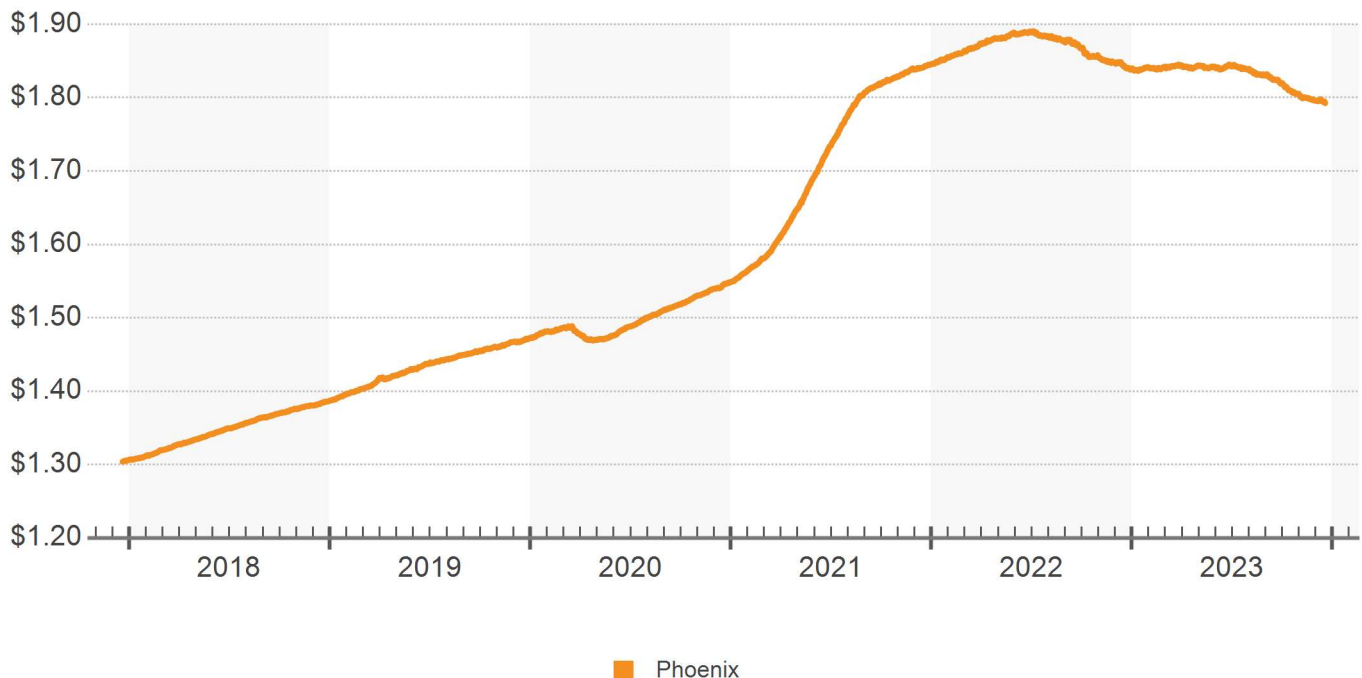
Increased competition from new supply continues to hamper Phoenix's rent growth. Annual gains turned negative in 22Q4 and have remained in the red ever since. Over the past 12 months, the average asking rent declined -2.6%, ranking the Valley as one of the worst-performing rent growth markets in the country. For comparison, during the post-COVID demand surge in 2021, Phoenix multifamily properties saw annual gains approach 20%. Softer performance is expected to continue into the first half of 2024 as the market digests the sizable construction pipeline.

Local property managers are reporting a decline in retention rates. This has led many to place increased focus on maintaining occupancy at the expense of higher rents. This "heads in beds" strategy often includes offering concessions at the time of renewal, as well as price-matching competitors. Additionally, operating costs for insurance, payroll, and other expenses have increased significantly, further pressuring profitability. As a result, many property managers are anticipating flat to modestly positive net income growth, with much of the gains coming from closing the loss-to-lease gap at renewal.

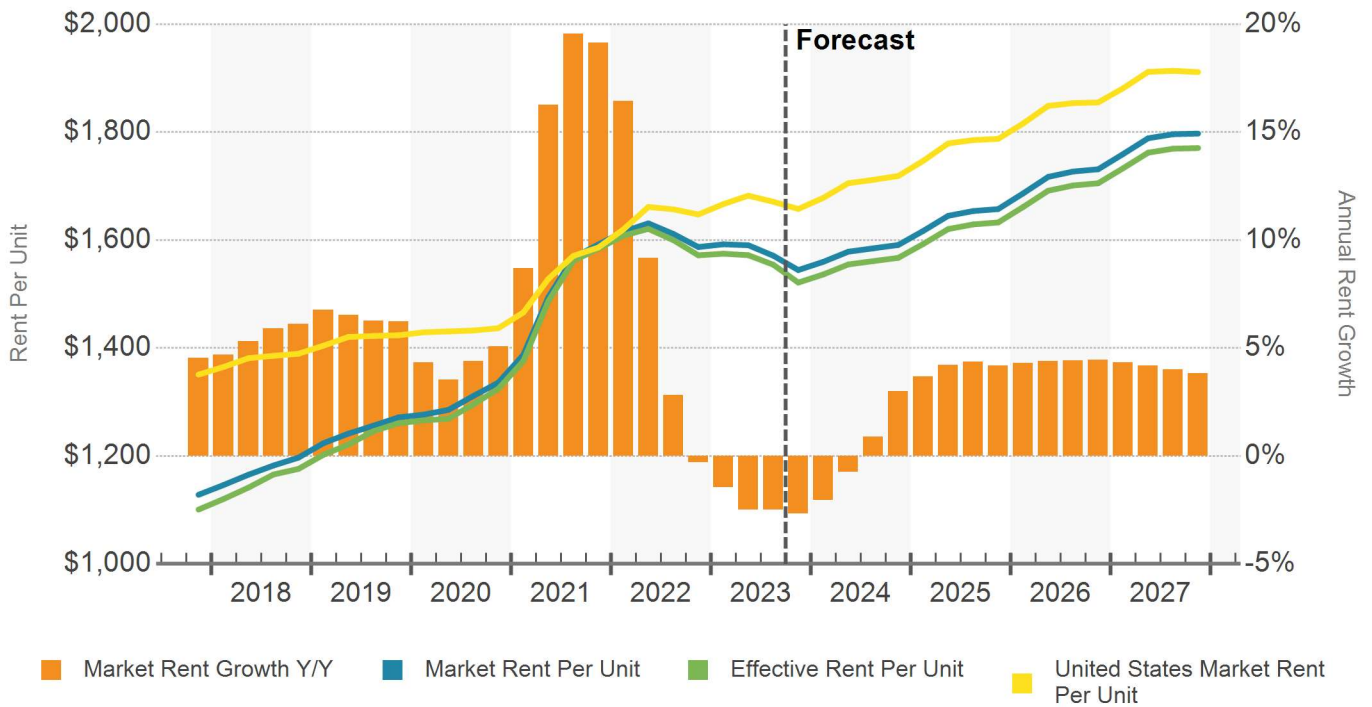
Newly built properties are also getting more competitive with their discounts. About six to eight weeks of free rent is becoming the standard at brand-new luxury properties, particularly in high-construction areas like Downtown Phoenix and Tempe. For example, Moontower Phoenix, a newly built luxury high-rise in Downtown Phoenix, is offering up to eight weeks of free rent as the property works through lease-up. In 2021, when leasing activity was strongest, less than 10% of Phoenix multifamily properties were offering rent discounts. That share had climbed to over 30% as of the third quarter.

Although annual rent growth is negative in every Phoenix submarket, some areas have held up better than others. When comparing rents from pre-COVID levels, a clear trend has emerged regarding cost. The Valley's most expensive submarkets, Old Town Scottsdale and North Scottsdale, have seen rents increase about 20% since 19Q4, compared to 25% at the metro level. Conversely, the South East Valley, which has the lowest rents in Phoenix, recorded a cumulative increase of more than 33% during the same time period.

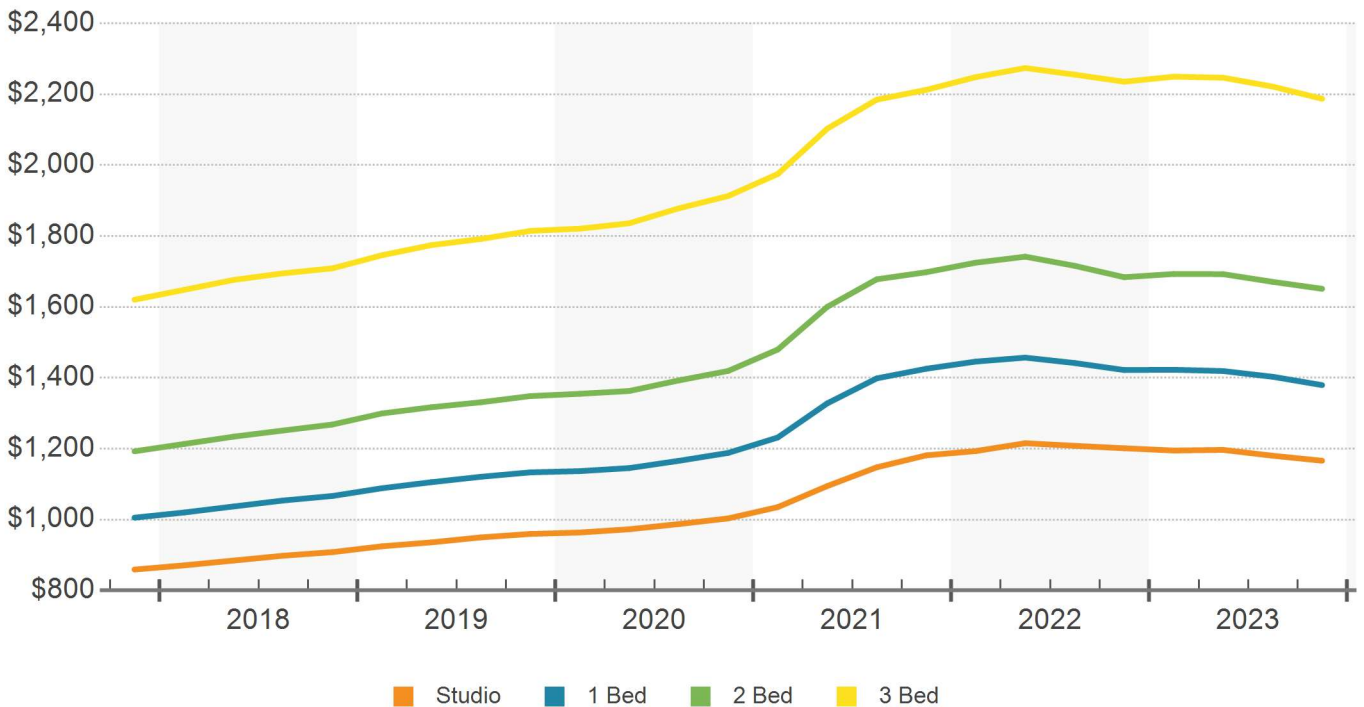
DAILY ASKING RENT PER SF



MARKET RENT PER UNIT & RENT GROWTH



MARKET RENT PER UNIT BY BEDROOM



4 & 5 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Operating Expenses								Capital Expenditures			Total
	Mgmt.	Admin.	Payroll	Water	Utilities	Maint.	Insurance	Taxes	Appliance	Structural	Other	
Phoenix	\$0.37	\$0.79	\$0.57	\$0.63	\$1.02	\$0.96	\$0.20	\$0.76	\$0.09	\$0.42	\$0.84	\$6.65
Camelback	\$0.41	\$0.99	\$1.22	\$1.07	\$2.62	\$1.43	\$0.18	\$0.47	\$0.07	\$0.44	\$0.64	\$9.54
Chandler	\$0.45	\$1.01	\$0.62	\$0.42	\$0.64	\$0.70	\$0.19	\$0.64	\$0.11	\$0.28	\$1.19	\$6.25
Deer Valley	\$0.28	\$0.81	\$0.60	\$0.66	\$0.97	\$0.86	\$0.23	\$0.69	\$0.06	\$0.61	\$0.59	\$6.36
Downtown Phoenix	\$0.38	\$0.78	\$0.80	\$0.84	\$1.54	\$1.34	\$0.19	\$0.59	\$0.08	\$0.38	\$0.62	\$7.54
East Valley	\$0.30	\$0.77	\$0.64	\$0.54	\$0.80	\$0.83	\$0.21	\$0.56	\$0.17	\$0.66	\$0.98	\$6.46
Gilbert	\$0.39	\$1.18	\$0.65	\$0.53	\$0.77	\$0.91	\$0.20	\$0.70	\$0.13	\$0.41	\$0.97	\$6.84
North Phoenix	\$0.33	\$0.68	\$0.52	\$0.68	\$1.05	\$1.02	\$0.19	\$0.66	\$0.11	\$0.29	\$0.80	\$6.33
North Scottsdale	\$0.37	\$0.60	\$0.30	\$0.63	\$1.01	\$1.15	\$0.16	\$0.88	\$0.07	\$0.44	\$0.86	\$6.47
North West Valley	\$0.29	\$0.84	\$0.65	\$0.64	\$0.95	\$0.74	\$0.20	\$0.68	\$0.04	\$0.60	\$0.58	\$6.21
Old Town Scottsdale	\$0.37	\$0.47	\$0.29	\$0.23	\$0.64	\$1.62	\$0.14	\$0.86	\$0.07	\$0.42	\$0.81	\$5.92
South Phoenix	\$0.39	\$0.61	\$0.35	\$0.62	\$0.90	\$0.61	\$0.23	\$0.93	\$0.03	\$0.36	\$0.71	\$5.74
South West Valley	\$0.35	\$0.75	\$0.49	\$0.77	\$1.14	\$0.68	\$0.23	\$1.05	\$0.03	\$0.36	\$0.55	\$6.40
Southeast Valley	\$0.36	\$0.75	\$0.57	\$0.65	\$1.01	\$0.99	\$0.22	\$0.70	\$0.10	\$0.44	\$0.86	\$6.65
Tempe	\$0.39	\$0.89	\$0.57	\$0.50	\$0.72	\$1.01	\$0.21	\$0.78	\$0.14	\$0.46	\$1.11	\$6.78
West Maricopa Cou...	\$0.42	\$0.76	\$0.41	\$0.99	\$1.43	\$0.67	\$0.28	\$1.42	\$0.03	\$0.18	\$0.48	\$7.07

Expenses are estimated using NCREIF, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

3 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Operating Expenses								Capital Expenditures			Total
	Mgmt.	Admin.	Payroll	Water	Utilities	Maint.	Insurance	Taxes	Appliance	Structural	Other	
Phoenix	\$0.33	\$0.73	\$0.49	\$0.45	\$0.66	\$0.76	\$0.17	\$0.59	\$0.07	\$0.14	\$0.54	\$4.93
Camelback	\$0.39	\$0.79	\$1.16	\$0.65	\$0.87	\$1.31	\$0.17	\$0.46	\$0.05	\$0.06	\$0.61	\$6.52
Chandler	\$0.41	\$0.95	\$0.60	\$0.40	\$0.59	\$0.73	\$0.19	\$0.66	\$0.12	\$0.18	\$0.78	\$5.61
Deer Valley	\$0.27	\$0.75	\$0.48	\$0.32	\$0.56	\$0.61	\$0.18	\$0.63	\$0.06	\$0.14	\$0.52	\$4.52
Downtown Phoenix	\$0.35	\$0.67	\$0.68	\$0.68	\$1	\$0.97	\$0.17	\$0.52	\$0.06	\$0.09	\$0.59	\$5.78
East Valley	\$0.25	\$0.72	\$0.58	\$0.40	\$0.57	\$0.77	\$0.18	\$0.51	\$0.09	\$0.11	\$0.45	\$4.63
Gilbert	\$0.37	\$1.07	\$0.64	\$0.46	\$0.68	\$0.81	\$0.19	\$0.68	\$0.12	\$0.22	\$0.73	\$5.97
North Phoenix	\$0.32	\$0.66	\$0.54	\$0.58	\$0.80	\$0.73	\$0.15	\$0.55	\$0.05	\$0.11	\$0.67	\$5.16
North Scottsdale	\$0.35	\$0.56	\$0.31	\$0.50	\$0.66	\$0.68	\$0.14	\$0.68	\$0.06	\$0.22	\$0.51	\$4.67
North West Valley	\$0.28	\$0.80	\$0.51	\$0.36	\$0.60	\$0.53	\$0.17	\$0.52	\$0.03	\$0.20	\$0.53	\$4.53
Old Town Scottsdale	\$0.33	\$0.44	\$0.28	\$0.22	\$0.62	\$0.68	\$0.13	\$0.65	\$0.06	\$0.21	\$0.49	\$4.11
South Phoenix	\$0.37	\$0.53	\$0.32	\$0.51	\$0.74	\$0.57	\$0.17	\$0.42	\$0.02	\$0.06	\$0.71	\$4.42
South West Valley	\$0.29	\$0.71	\$0.45	\$0.39	\$0.62	\$0.53	\$0.18	\$0.50	\$0.03	\$0.15	\$0.55	\$4.40
Southeast Valley	\$0.35	\$0.72	\$0.55	\$0.52	\$0.77	\$0.82	\$0.18	\$0.62	\$0.08	\$0.17	\$0.62	\$5.40
Tempe	\$0.38	\$0.86	\$0.29	\$0.43	\$0.62	\$0.93	\$0.20	\$0.75	\$0.10	\$0.12	\$0.51	\$5.19
West Maricopa Cou...	\$0.35	\$0.72	\$0.40	\$0.49	\$0.71	\$0.68	\$0.17	\$0.60	\$0.04	\$0.08	\$0.48	\$4.72

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1 & 2 STAR EXPENSES PER SF (ANNUAL)

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Camelback	\$0.34	\$0.62	\$0.96	\$0.52	\$0.80	\$0.71	\$0.15	\$0.40	\$0.05	\$0.06	\$0.56	\$5.17
Chandler	\$0.32	\$0.50	\$0.61	\$0.36	\$0.55	\$0.70	\$0.17	\$0.51	\$0.08	\$0.09	\$0.54	\$4.43
Deer Valley	\$0.27	\$0.79	\$0.53	\$0.38	\$0.63	\$0.55	\$0.16	\$0.56	\$0.04	\$0.25	\$0.54	\$4.70
Downtown Phoenix	\$0.33	\$0.63	\$0.60	\$0.65	\$0.95	\$0.72	\$0.15	\$0.46	\$0.05	\$0.06	\$0.58	\$5.18
East Valley	\$0.24	\$0.66	\$0.56	\$0.37	\$0.53	\$0.70	\$0.17	\$0.46	\$0.08	\$0.09	\$0.42	\$4.28
Gilbert	\$0.33	\$0.55	\$0.60	\$0.44	\$0.64	\$0.72	\$0.16	\$0.49	\$0.07	\$0.09	\$0.54	\$4.63
North Phoenix	\$0.26	\$0.59	\$0.55	\$0.48	\$0.72	\$0.62	\$0.13	\$0.44	\$0.04	\$0.07	\$0.64	\$4.54
North Scottsdale	\$0.25	\$0.35	\$0.32	\$0.43	\$0.63	\$0.73	\$0.13	\$0.52	\$0.06	\$0.16	\$0.58	\$4.16
North West Valley	\$0.27	\$0.75	\$0.44	\$0.29	\$0.49	\$0.48	\$0.12	\$0.44	\$0.03	\$0.09	\$0.50	\$3.90
Old Town Scottsdale	\$0.20	\$0.28	\$0.27	\$0.21	\$0.47	\$0.60	\$0.11	\$0.43	\$0.05	\$0.09	\$0.45	\$3.16
South Phoenix	\$0.36	\$0.53	\$0.29	\$0.49	\$0.71	\$0.56	\$0.15	\$0.38	\$0.02	\$0.05	\$0.69	\$4.23
South West Valley	\$0.27	\$0.72	\$0.45	\$0.35	\$0.56	\$0.51	\$0.13	\$0.48	\$0.03	\$0.14	\$0.50	\$4.14
Southeast Valley	\$0.31	\$0.61	\$0.52	\$0.47	\$0.67	\$0.74	\$0.15	\$0.53	\$0.06	\$0.09	\$0.53	\$4.68
Tempe	\$0.33	\$0.46	\$0.23	\$0.34	\$0.59	\$0.91	\$0.17	\$0.54	\$0.07	\$0.06	\$0.42	\$4.12
West Maricopa Cou...	\$0.32	\$0.61	\$0.38	\$0.47	\$0.67	\$0.65	\$0.15	\$0.53	\$0.04	\$0.08	\$0.45	\$4.35

Expenses are estimated using NCREIF, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

Supply-side challenges plague the Phoenix multifamily market as a wave of deliveries overshadows rebounding rental demand. Over the past 12 months, apartment builders delivered a staggering 17,000 net new units, outpacing the pre-COVID five-year average of about 7,100 units per year. The surge in construction activity has kept vacancies on an upward trajectory since mid-2021 and turned rent growth negative.

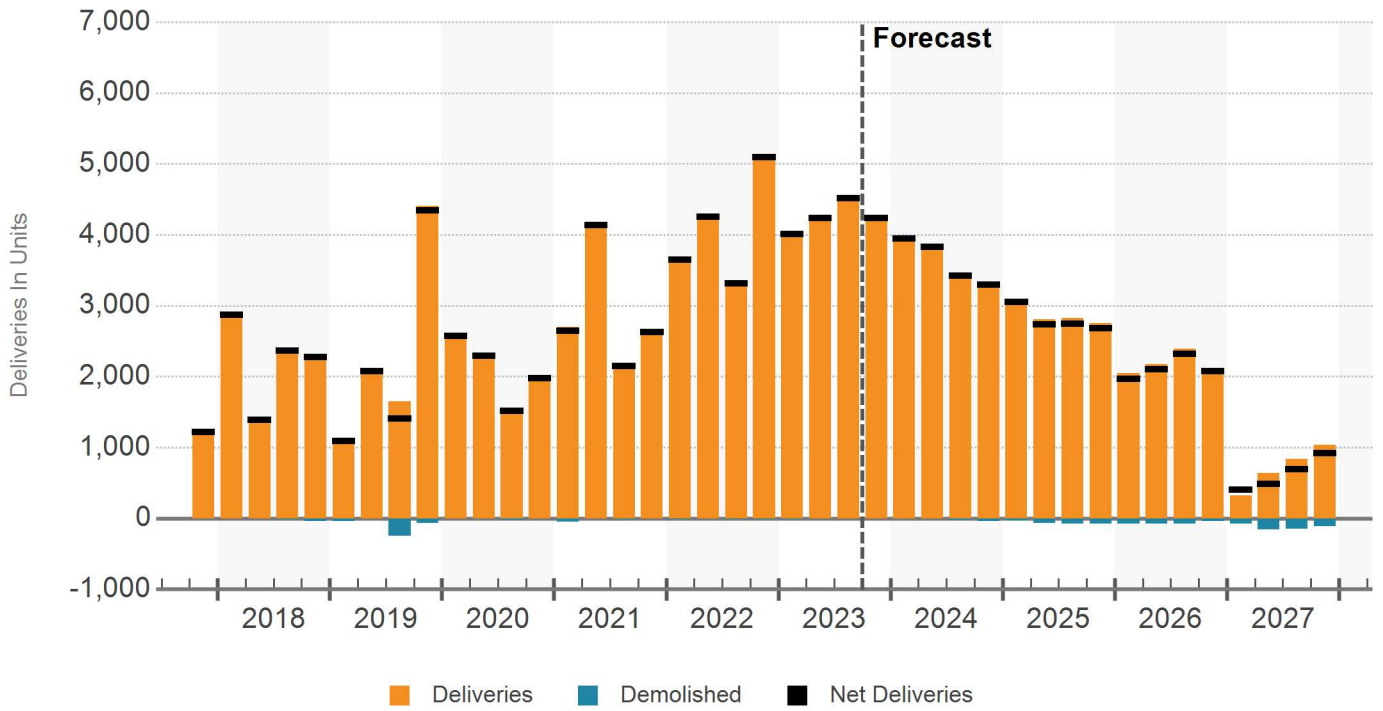
The effect of the construction pipeline will be felt through 2024 and could linger into early 2025. About 35,000 units are under construction, representing 9.4% of existing inventory. That figure ranks Phoenix as one of the most aggressively built markets in the country. With much of the development activity focused on luxury properties, supply pressure has been most acute in the 4 & 5 Star segment, though weakness has extended to 3 Star properties, as well.

Over the past few quarters, however, construction starts have begun to wane. Lower rent growth projections, rising expenses, and higher exit cap rates have made it difficult for developers to profitably break ground. Additionally, higher interest rates and tighter lending standards have reduced the availability of new construction financing. One local lender noted that developers will likely need to bring more cash to the table to ensure they meet their debt service coverage, which is the primary determinant of loan size. As a result, the market could see a pullback in supply additions by late 2025 once the current supply glut is digested.

Downtown Phoenix and Tempe have been the primary recipients of new construction, comprising about 30% of the current pipeline. These areas both offer some of the only live/work/play neighborhoods in the Valley, making them a favorite among young professionals and renters by choice. Moontower Phoenix is the latest luxury project to open its doors downtown. The 326-unit residential tower was developed by LV Collective and is located near the Roosevelt Row Arts District. Asking rent for one-bedroom units averages over \$2,300/month, and community amenities include a ground-floor coffee/cocktail shop, co-working space, and a resort-style rooftop pool. In a 1-mile radius surrounding Moontower, an additional 10 properties totaling more than 3,200 units are currently underway, many of which are luxury high-rises targeting the top of the renter pool.

The Valley's fast-growing west-side suburbs have also been a target of new development. Relative affordability and growing employment opportunities have spurred aggressive population growth in areas like Goodyear, Buckeye, Surprise, and Glendale. Builders have responded, adding more than 10,000 units to the North West Valley and South West Valley submarkets since 2020. Build-to-rent (BTR) developers have been particularly active. Single-family BTRs have the interior layout and backyard that a residential home provides, but they still perform like a multifamily rental and appear in CoStar analytics as such. More than a third of deliveries in the West Valley since 2020 have been build-to-rent projects, outpacing garden-style developments during that time.

DELIVERIES & DEMOLITIONS



Under Construction Properties

Phoenix Multi-Family

Properties

Units

Percent of Inventory

Avg. No. Units

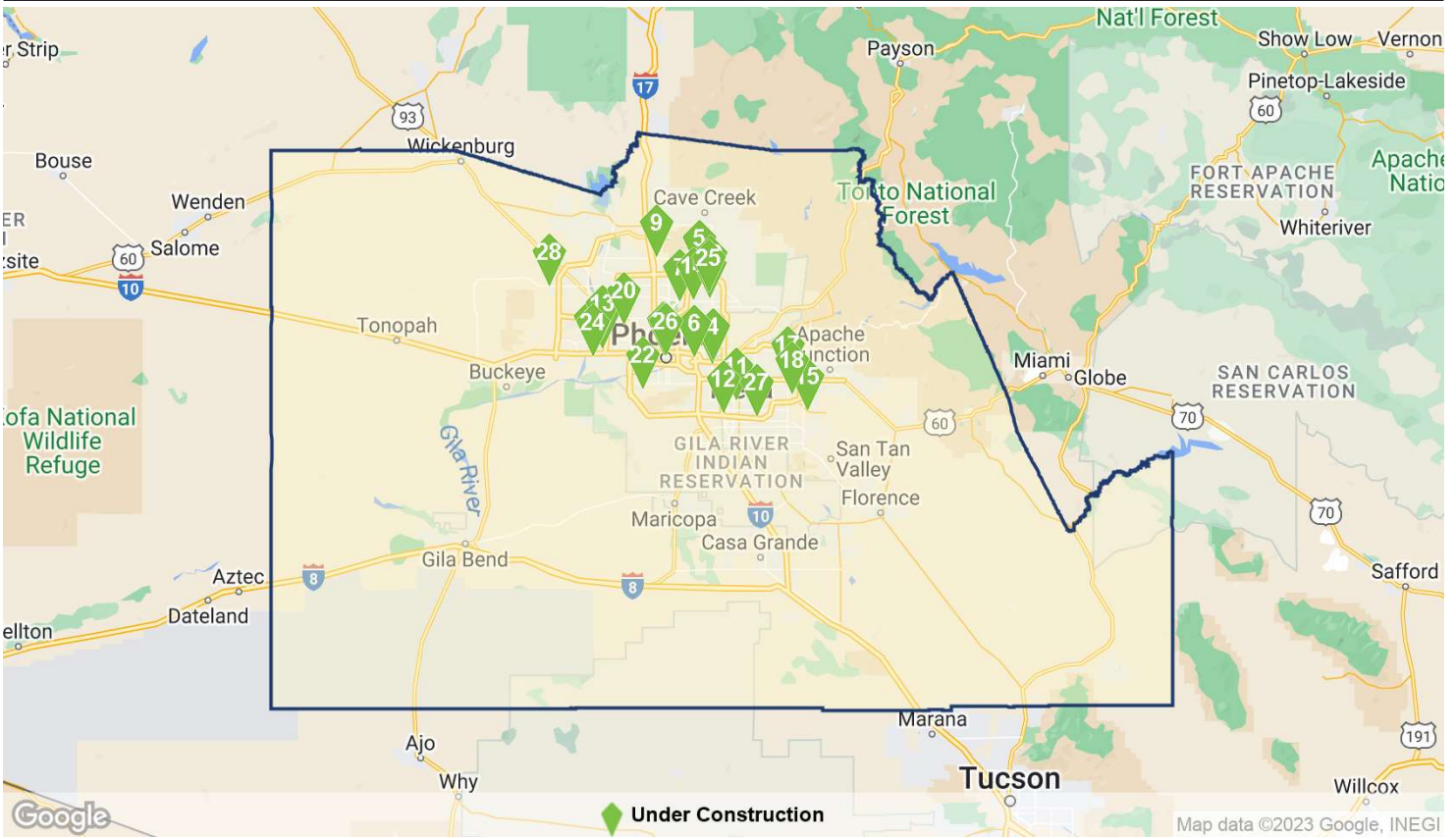
145

35,480

9.4%

245

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

Property Name/Address	Rating	Units	Stories	Start	Complete	Developer/Owner
1 601 N Central Ave	★★★★☆	747	28	Mar 2023	Mar 2025	LG Development Group bKL Architecture, LLC
2 South Pier at Tempe To... 1130 E Rio Salado Pky	★★★★☆	724	24	Jan 2023	Jun 2026	McBride Cohen Management Gro... Pearlmark Real Estate
3 Meritum Sheely Farms 2121 N 99th Ave	★★★★☆	678	4	Jan 2021	Feb 2024	-
4 Northbend 906 N Miller Rd	★★★★☆	651	4	Apr 2021	May 2024	Milhaus Milhaus
5 Sunela 20600 N 55th St	★★★★☆	620	3	Dec 2021	Mar 2024	Crown Realty Crown Realty and Development
6 Banyan on 48th S 48th & Washington St	★★★★☆	515	4	Sep 2023	Oct 2025	Banyan Residential -
7 The M at Shadow Mountain 2625 E Cactus Rd	★★★★☆	500	4	Feb 2022	Jul 2024	Treger Financial Treger Financial

Under Construction Properties

Phoenix Multi-Family

UNDER CONSTRUCTION

Property Name/Address	Rating	Units	Stories	Start	Complete	Developer/Owner
8 Avondale Blvd	★ ★ ★ ★ ★	484	2	Dec 2022	Apr 2024	Fifield Companies -
9 Lumara 25255 N 19th Ave	★ ★ ★ ★ ★	456	4	Nov 2023	Mar 2025	- Toll Brothers Apartment Living
10 Modera Kierland 7171 E Paradise Ln	★ ★ ★ ★ ★	438	5	Feb 2023	Apr 2025	Mill Creek Residential Trust LLC Mill Creek Residential Trust LLC
11 Alta Uptown 1961 N Hartford St	★ ★ ★ ★ ★	425	3	Jan 2023	Mar 2025	Wood Partners -
12 Town Chandler 2375 W Frye Rd	★ ★ ★ ★ ★	420	3	Feb 2022	Jan 2024	The McShane Companies Related Development, LLC
13 Alta 99th 4411 N 99th Ave	★ ★ ★ ★ ★	402	3	Apr 2022	Jan 2024	Wood Partners Wood Partners
14 Residences at PV 4568 E Cactus Rd	★ ★ ★ ★ ★	400	10	Nov 2022	Jul 2024	StreetLights Residential RED Development, LLC
15 Navona 10141 E Williams Field Rd	★ ★ ★ ★ ★	400	3	Jan 2023	Jun 2024	- Toll Brothers, Inc.
16 Saiya 801 N 1st Ave	★ ★ ★ ★ ★	389	23	Aug 2022	Jul 2024	Hatteras Sky Central & Fillmore Associates Lp
17 Stillwater Superstition A... 1445 S Power Rd	★ ★ ★ ★ ★	373	4	Feb 2023	Jun 2024	Stillwater Capital Investments Ryan Gasser
18 ACERO Hawes Crossing 3646 S 79th St	★ ★ ★ ★ ★	372	3	Jun 2022	Jan 2024	Investment Development Manage... IDM Companies
19 X Roosevelt 625-629 N 2nd Ave	★ ★ ★ ★ ★	370	19	Oct 2023	Aug 2025	The X Company -
20 Centerline on Glendale 6775 N 67TH Ave	★ ★ ★ ★ ★	368	4	Jul 2023	Oct 2024	Gorman & Co Inc -
21 Phoenix Central Station 300 N Central Ave	★ ★ ★ ★ ★	362	33	Dec 2022	Jan 2025	Medistar Corporation City of Phoenix
22 Sol38 by Liv 3875 W Dobbins Rd	★ ★ ★ ★ ★	360	3	Mar 2022	Feb 2024	Liv Communities Liv Communities
23 The Manor Scottsdale 13220 N Scottsdale Rd	★ ★ ★ ★ ★	360	5	Apr 2022	Jan 2024	McShane Construction Company Related Development, LLC
24 Alta Avondale 11330 W Van Buren St	★ ★ ★ ★ ★	360	4	Sep 2022	Jul 2024	Wood Partners Wood Partners
25 RD Kierland 7025 E Greenway Pky	★ ★ ★ ★ ★	360	5	Jan 2023	Jan 2025	The Related Group -
26 Palmtower 400 E Van Buren St	★ ★ ★ ★ ★	352	28	Mar 2022	Feb 2024	North American Realty Services... North American Realty Services...
27 Rivulon 3415 S 142nd St	★ ★ ★ ★ ★	352	5	Apr 2023	Dec 2024	Stillwater Capital Investments RPC Realty, Inc.
28 Allora Surprise 17785 W Bell Rd	★ ★ ★ ★ ★	351	3	Jul 2023	Jul 2024	Sunbelt Investment Holdings, Inc. -

The impact of higher interest rates is evident in the Phoenix multifamily investment market, with sales activity slowing considerably over the past few quarters. Sales volume through the first three quarters of the year is down 75% from the same time period in 2022. Additionally, the higher cost of debt, coupled with weaker rent growth and occupancy projections, has put upward pressure on yields. The average cap rate climbed 200 basis points since bottoming out in early 2022, and property values have weakened.

The persistent mismatch between buyers' and sellers' pricing expectations is the primary impediment to sales volume. Investors saddled with higher interest rates, stricter financing terms, and tighter underwriting standards are demanding stronger in-place yields when making acquisitions. Potential sellers, meanwhile, have opted to hold assets rather than sell at a perceived discount, causing a stalemate in the investment market. Transaction activity could re-engage in the coming year if interest rates stabilize and greater clarity emerges on the future economic outlook.

Recently built properties by merchant developers have been a source of deal flow. Despite weaker fundamentals over the past 12 months or so, many of these builders are still beating their underwriting targets, which were originally formulated before the surge in rents. As a result, several newly developed assets have traded so far this year, indicating a market still exists for these types of deals.

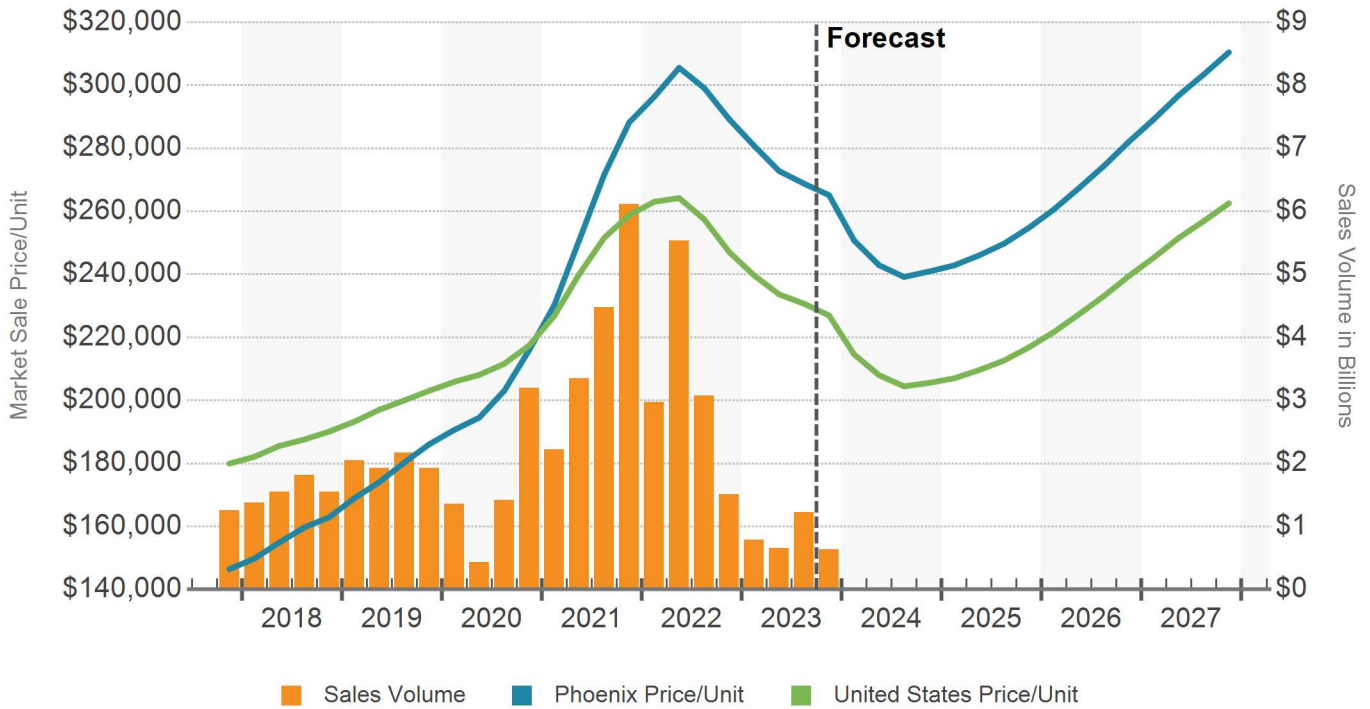
MG Properties, a San Diego-based multifamily investment group, acquired Parc Broadway for \$100.25 million (\$309,400/unit) in November. The 4 Star mid-rise asset was built in Tempe by Evergreen Development Company in 2022. It totals 324 units and was less than 8% vacant at the time of sale.

In August, Continental Properties Company, a Wisconsin-based multifamily developer, sold Gateway at Cooley Station for \$85.4 million (\$309,200/unit). The 276-unit property was built in 2021 near the Phoenix-Mesa Gateway Airport and was 6% vacant at the time of sale. Millburn & Company was the buyer and sourced financing through Fannie Mae. The government lender provided a 10-year fixed-rate loan at a 5.03% interest rate on 58% loan-to-value.

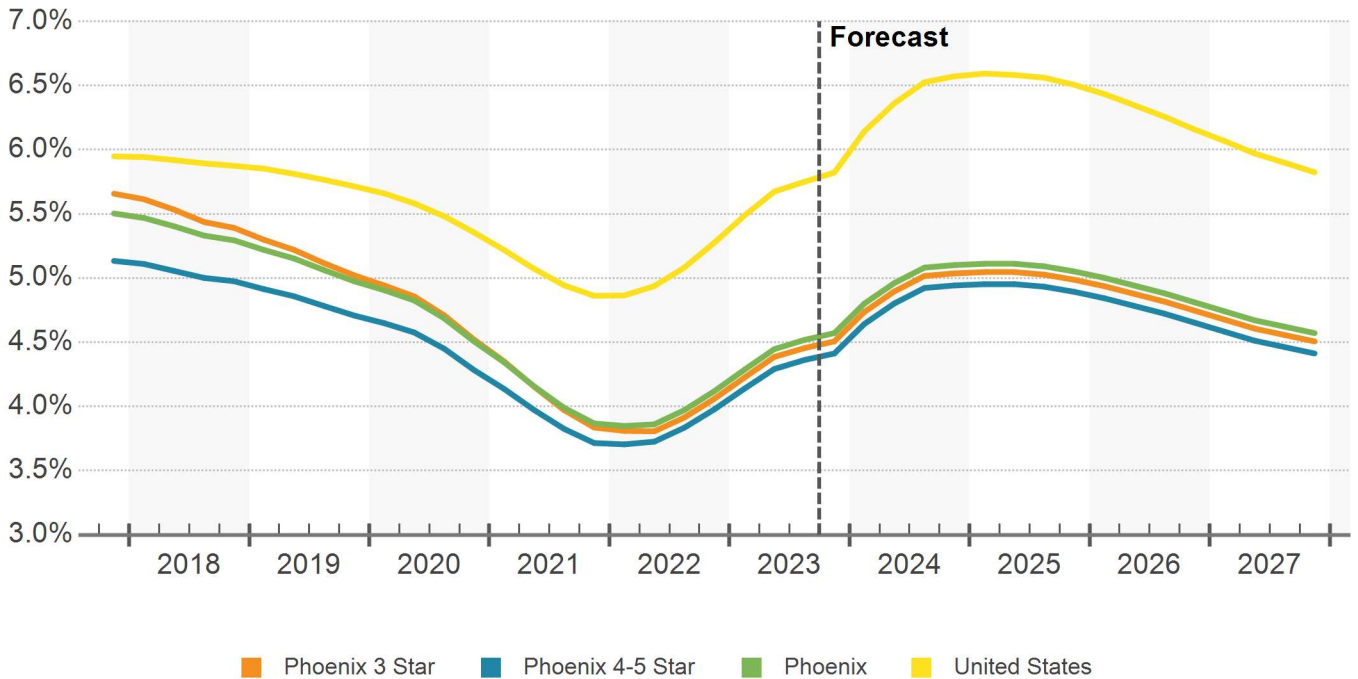
Value-add investors and syndicators have noticeably slowed their pace of expansion. Rise48 and Tides Equities, two of the most active buyers of apartments in the Valley since the pandemic, have combined for just three Phoenix multifamily purchases totaling less than \$120 million so far this year. In 2022, the pair cumulatively acquired 27 apartment assets for approximately \$1.6 billion, and in 2021, they bought 33 assets for approximately \$1.5 billion.

In general, buyers are still optimistic about the long-term outlook for Phoenix apartments. Robust demographics, coupled with the expanding and diversifying local economy, support underlying housing demand.

SALES VOLUME & MARKET SALE PRICE PER UNIT



MARKET CAP RATE



Sales Past 12 Months

Phoenix Multi-Family

Sale Comparables

Avg. Price/Unit (thous.)

Average Price (mil.)

Average Vacancy at Sale

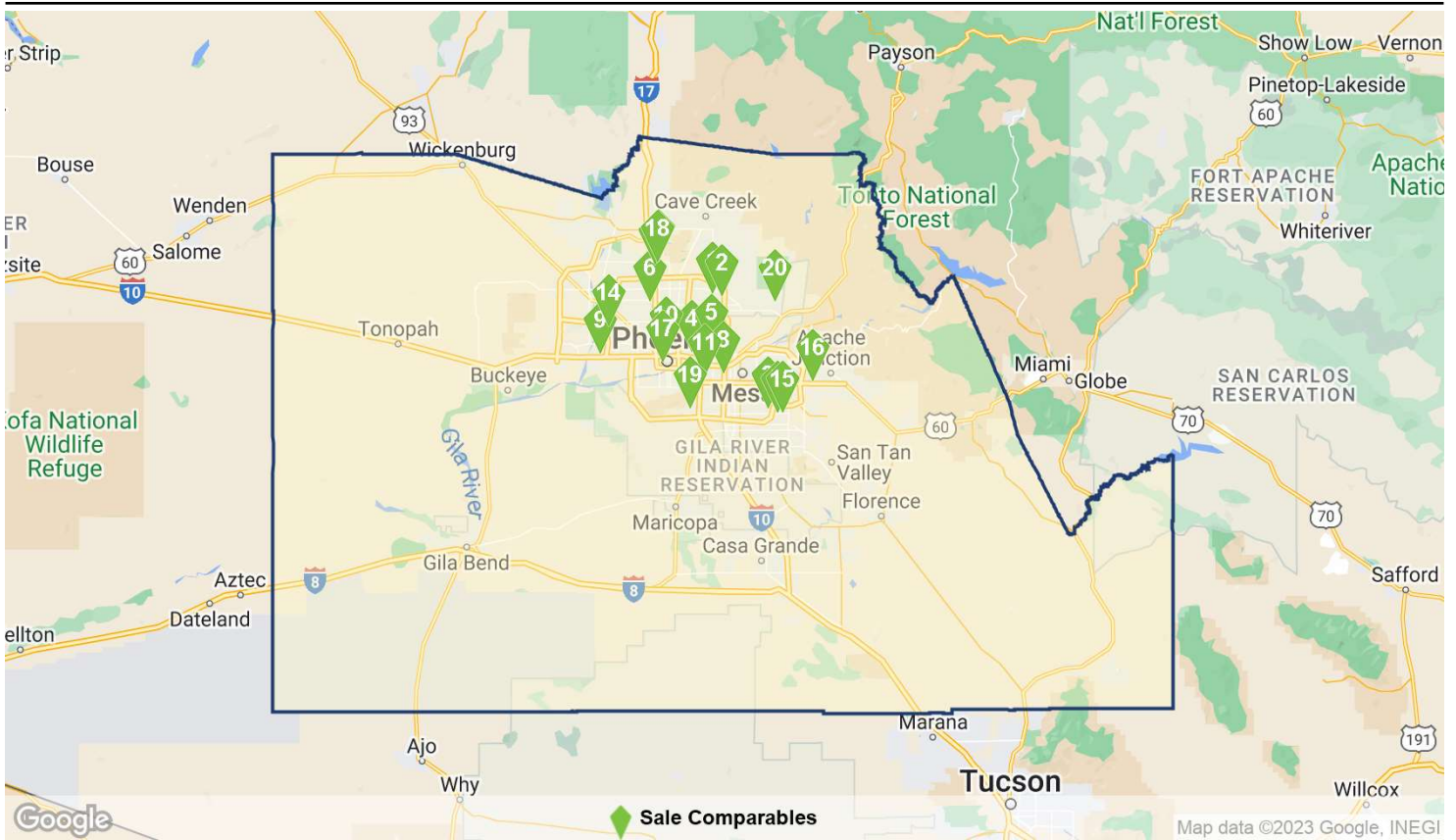
137

\$282

\$25.7

10.0%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$607,000	\$25,656,382	\$6,225,000	\$161,500,000
Price/Unit	\$42,665	\$282,238	\$223,077	\$1,250,000
Cap Rate	1.1%	5.6%	5.4%	12.8%
Vacancy Rate At Sale	0%	10.0%	7.9%	100%
Time Since Sale in Months	0.1	5.8	5.5	12.0
Property Attributes	Low	Average	Median	High
Property Size in Units	5	91	25	520
Number of Floors	1	2	2	27
Average Unit SF	379	849	826	2,200
Year Built	1926	1984	1981	2024
Star Rating	★★★★★	★★★★★ 2.8	★★★★★	★★★★★

Sales Past 12 Months

Phoenix Multi-Family

RECENT SIGNIFICANT SALES

Property Name/Address	Property Information				Sale Information				
	Rating	Yr Built	Units	Vacancy	Sale Date	Price	Price/Unit	Price/SF	
1 District at Scottsdale 15446 N Greenway Hayden L...	★★★★★	2019	332	5.7%	9/29/2023	\$161,500,000	\$486,445	\$326	
2 The Aston Scottsdale 8688 E Raintree Dr	★★★★★	2022	330	10.0%	6/14/2023	\$141,500,000	\$428,787	\$375	
3 Soltra at SanTan Village 1690 S San Tan Village Pky	★★★★★	2021	380	9.0%	6/23/2023	\$140,000,000	\$368,421	\$467	
4 Arcadia Cove Apartments 2252 N 44th St	★★★★★	1996	432	11.6%	8/23/2023	\$130,500,000	\$302,083	\$363	
5 The Griffin Apartments 3234 N Scottsdale Rd	★★★★★	2018	277	7.2%	5/24/2023	\$127,780,000	\$461,299	\$248	
6 Sweetwater at Metro North 2902 W Sweetwater Ave	★★★★★	1999	520	6.0%	3/13/2023	\$115,000,000	\$221,153	\$245	
7 Aiya 2350 S Wade Rd	★★★★★	2021	360	8.1%	9/12/2023	\$112,000,000	\$311,111	\$311	
8 Tempe Station 2323 E Apache Blvd	★★★★★	2000	400	6.3%	3/15/2023	\$110,000,000	\$275,000	\$260	
9 Lennox Apartments 10350 W McDowell Rd	★★★★★	2001	408	10.8%	3/17/2023	\$102,500,000	\$251,225	\$278	
10 MAA Central Ave 31 E Thomas Rd	★★★★★	2022	323	10.5%	10/24/2023	\$102,350,000	\$316,873	\$279	
11 Parc Broadway 711 W Broadway Rd	★★★★★	2022	324	7.7%	11/16/2023	\$100,250,000	\$309,413	\$320	
12 Ironwood at Happy Valley 24025 23rd Ave	★★★★★	2021	296	5.4%	3/3/2023	\$90,280,000	\$305,000	\$305	
13 Aerie Happy Valley 1717 W Happy Valley Rd	★★★★★	2020	212	7.1%	8/23/2023	\$87,850,000	\$414,386	\$439	
14 CUVEE at Westgate 7200 N 91st Ave	★★★★★	2022	310	15.8%	11/16/2023	\$86,000,000	\$277,419	\$554	
15 Gateway at Cooley Station 4210 E Williams Field Rd	★★★★★	2021	276	9.8%	8/24/2023	\$85,350,000	\$309,239	\$309	
16 Lumina Mountain Vista 10631 E Southern Ave	★★★★★	2022	300	7.0%	9/27/2023	\$84,250,000	\$280,833	\$306	
17 Brix Warehouse District 402 W Lincoln St	★★★★★	2022	300	10.7%	10/9/2023	\$81,999,000	\$273,330	\$248	
18 Cabana Happy Valley 24825 N 19th Ave	★★★★★	2023	292	0%	9/15/2023	\$79,250,000	\$271,404	\$226	
19 Mountain Park Ranch 4221 E Ray Rd	★★★★★	1994	240	9.6%	2/17/2023	\$70,015,000	\$291,729	\$304	
20 Pillar at Fountain Hills 16550 E Avenue of the Fount...	★★★★★	2022	147	8.8%	2/24/2023	\$68,300,000	\$464,625	\$683	

Phoenix remains one of the nation's better-performing markets for employment growth, adding 43,000 jobs in the trailing 12-month period ending October 2023. The labor market now has 154,500 more jobs than it did before the pandemic, the fourth-largest gain in the nation. The local economy was highly resilient during the pandemic, thanks to a diversified employment base across a broad range of industries. Metro Phoenix lost about a quarter million positions in March and April 2020, but by July 2021, Phoenix fully regained those losses, nearly a full year ahead of the U.S. This marks a stark contrast to its protracted recovery from the global financial crisis, when Phoenix didn't recoup its job losses until well after the broader nation did.

The competitive advantage and growth drivers that have historically stimulated growth in the Valley remain strong. Relative affordability and job prospects are attracting people living in dense and expensive cities to Phoenix. The increase in remote work has given more people mobility and has enticed residents in California or East Coast markets to relocate, bringing their high-wage jobs with them. Population growth, a diversifying economy, relative affordability, and business-friendly regulation have strengthened the Phoenix value proposition. These characteristics attracted an average of 175 net new people to the Phoenix metro each day in 2022 and made Maricopa County the fastest-growing county in the country, on an absolute basis.

An influx of residents and the market's large educational institutions and colleges are significant contributors to the local talent pool. Metro Phoenix is home to the country's largest public and private universities: Arizona State University (ASU) and Grand Canyon University (GCU). ASU enrollment surpassed 145,000 students in fall 2023, spread across five campuses and including online students. ASU's primary location in Tempe is the largest, with more than 57,000 students on campus. Beyond producing new graduates, the universities collaborate with local employers on research and classroom curricula. Additionally, the strong private-public partnership between the local employers and the state's

excellent community college system supports the upskilling of talent, strengthening the area's workforce.

Businesses are selecting Phoenix to expand because of the extensive labor pool and favorable regulatory treatment. Numerous employers have announced expansions and relocations since the pandemic. Taiwan Semiconductor Manufacturing Company (TSMC) made national headlines when it confirmed plans to build a second fabrication plant in north Phoenix. The move increases the firm's investment from \$12 billion to \$40 billion, creating 10,000 high-tech jobs. Preliminary estimates from city economic development officials indicate the investment by TSMC could bring up to 45 additional businesses to the Valley that support and supply the plant. Additionally, Intel is underway on a \$20 billion expansion at its Chandler campus, where the semiconductor giant is building two new fabs alongside its four existing ones. Microsoft, Google, and Apple have invested in data centers throughout the metro. While labor is the primary driver behind the market's business attraction success, relative affordability and a more accommodating regulatory environment help tip the scale in favor of Phoenix when companies make their site selection decision.

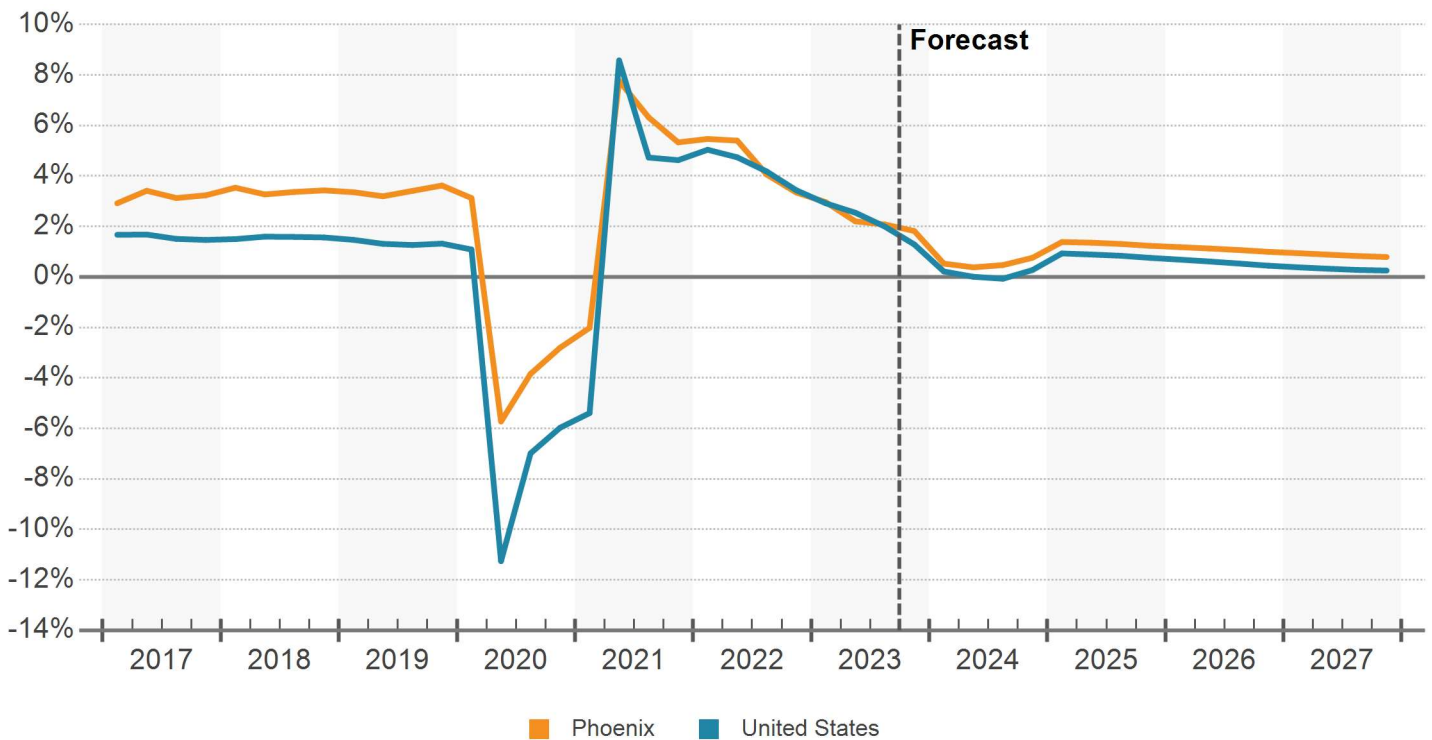
The number of companies moving to metro Phoenix is noteworthy, but the diversity of industries has helped sustain the region's long-term stability. Phoenix was synonymous with cheap labor and land that attracted call centers and back-office operators more than a decade ago. The economy depended on industries associated with household growth—construction, lending, brokerage, tile and cabinet manufacturers, etc. Because of its past reliance on housing, Phoenix was among the hardest-hit metros during the Great Recession; the market lost more than 240,000 jobs, 25% of which were in the construction industry alone. Phoenix recovered from the Great Recession about two years after the U.S. The companies that Phoenix is attracting have evolved, and the market has emerged as a hub for advanced manufacturing, aerospace, logistics, technology, life sciences, and finance.

PHOENIX EMPLOYMENT BY INDUSTRY IN THOUSANDS

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	149	0.8	0.37%	0.05%	2.51%	0.72%	0.64%	0.08%
Trade, Transportation and Utilities	456	1.0	0.79%	0.21%	2.46%	1.07%	0.49%	0.14%
Retail Trade	243	1.0	1.18%	0.48%	1.36%	0.25%	0.44%	0.09%
Financial Activities	222	1.6	0.41%	0.60%	3.29%	1.46%	0.59%	0.14%
Government	243	0.7	3.88%	1.61%	0.72%	0.37%	0.73%	0.40%
Natural Resources, Mining and Construction	162	1.2	2.17%	1.56%	5.07%	2.35%	1.39%	0.27%
Education and Health Services	383	1.0	3.65%	3.15%	3.84%	1.88%	1.52%	0.66%
Professional and Business Services	406	1.2	3.02%	0.79%	2.84%	2.02%	0.84%	0.50%
Information	42	0.9	-5.20%	-2.66%	1.81%	1.11%	1.04%	0.33%
Leisure and Hospitality	246	1.0	2.36%	3.09%	2.36%	1.49%	1.16%	0.83%
Other Services	70	0.8	-4.46%	1.78%	0.80%	0.64%	0.65%	0.27%
Total Employment	2,380	1.0	1.84%	1.36%	2.69%	1.31%	0.91%	0.40%

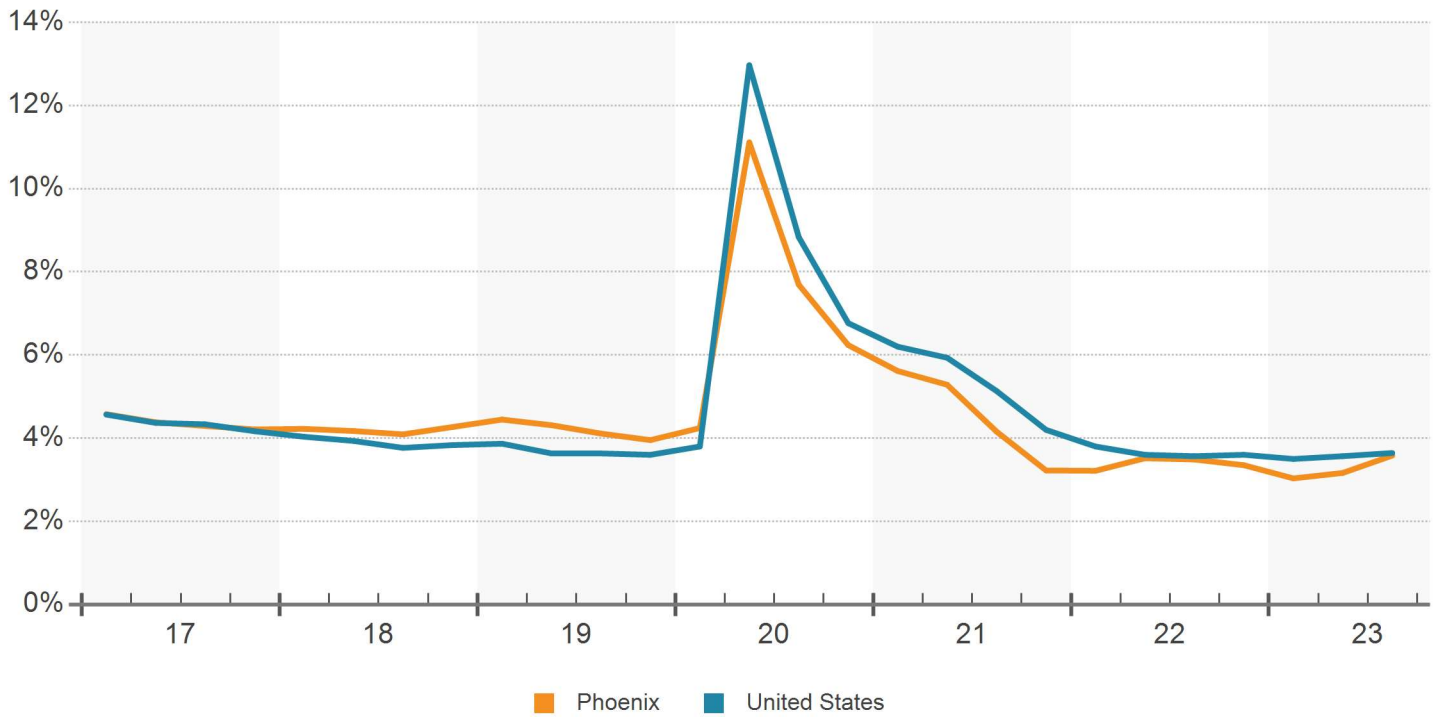
Source: Oxford Economics
LQ = Location Quotient

JOB GROWTH (YOY)

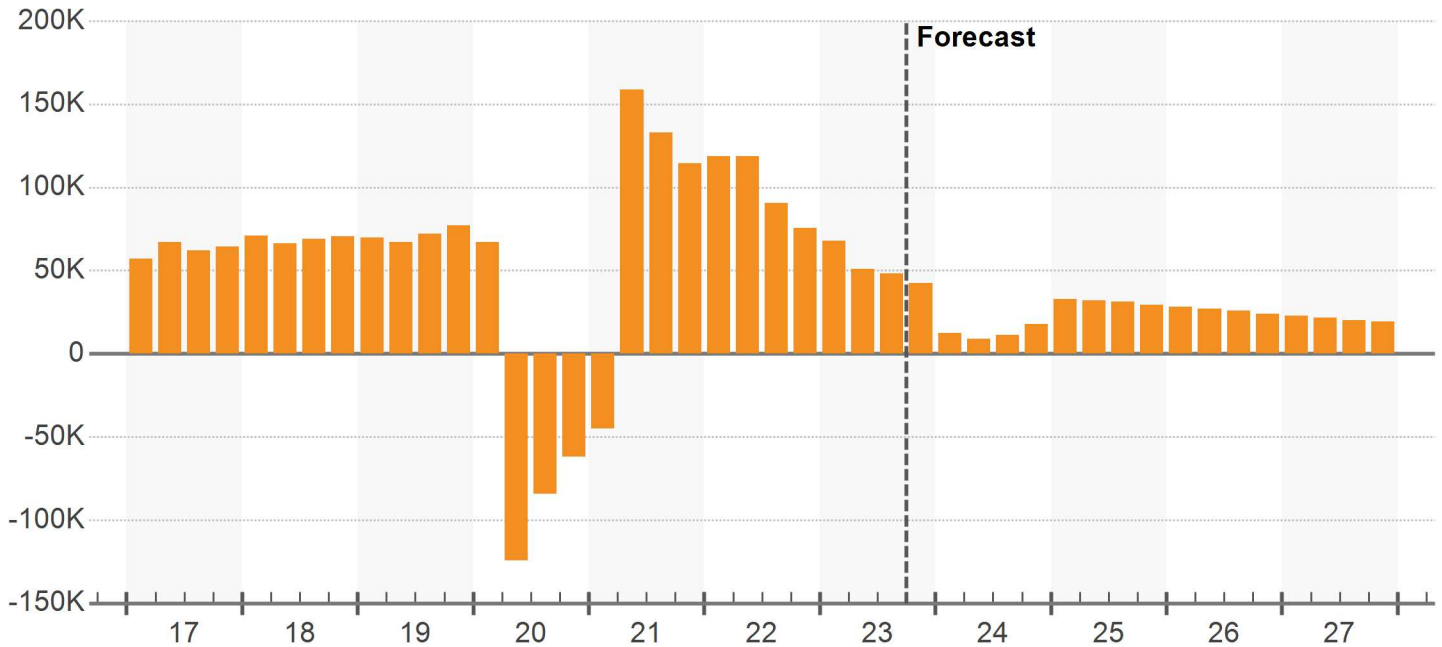


Source: Oxford Economics

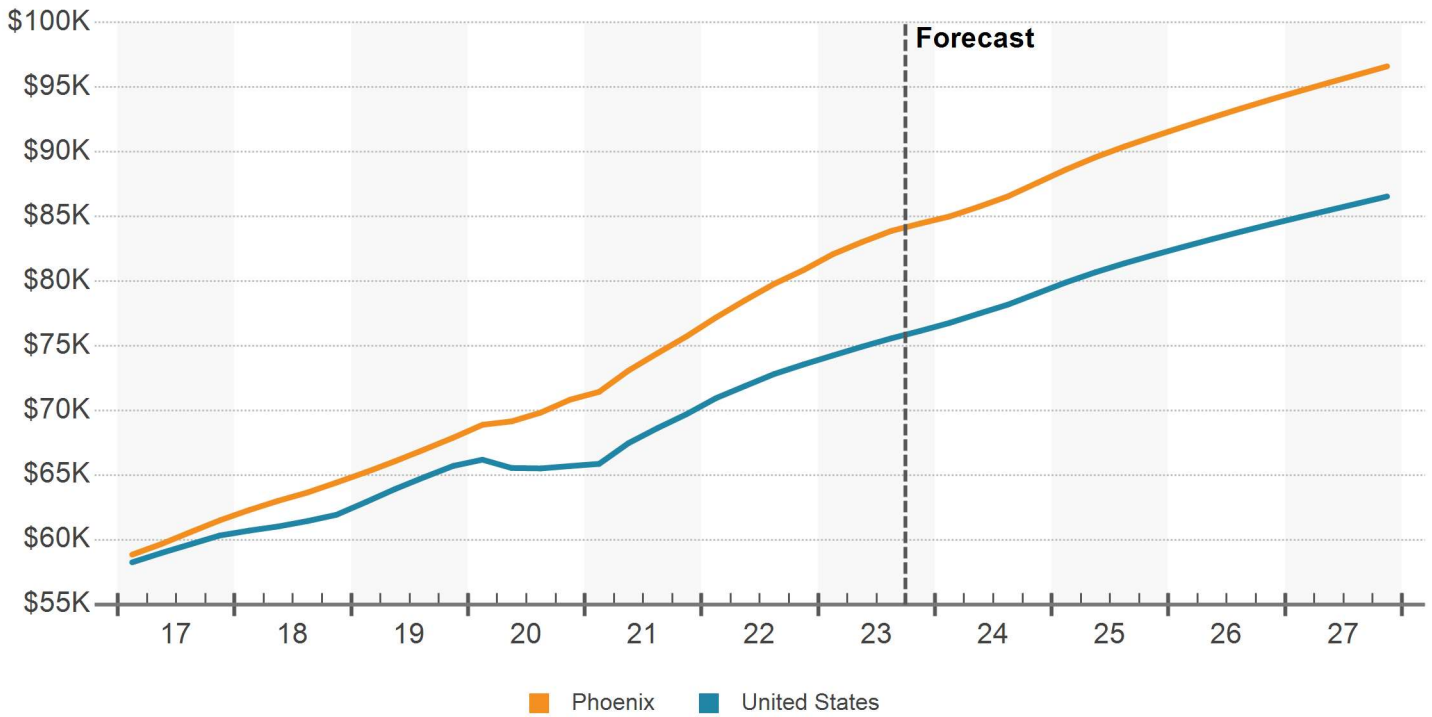
UNEMPLOYMENT RATE (%)



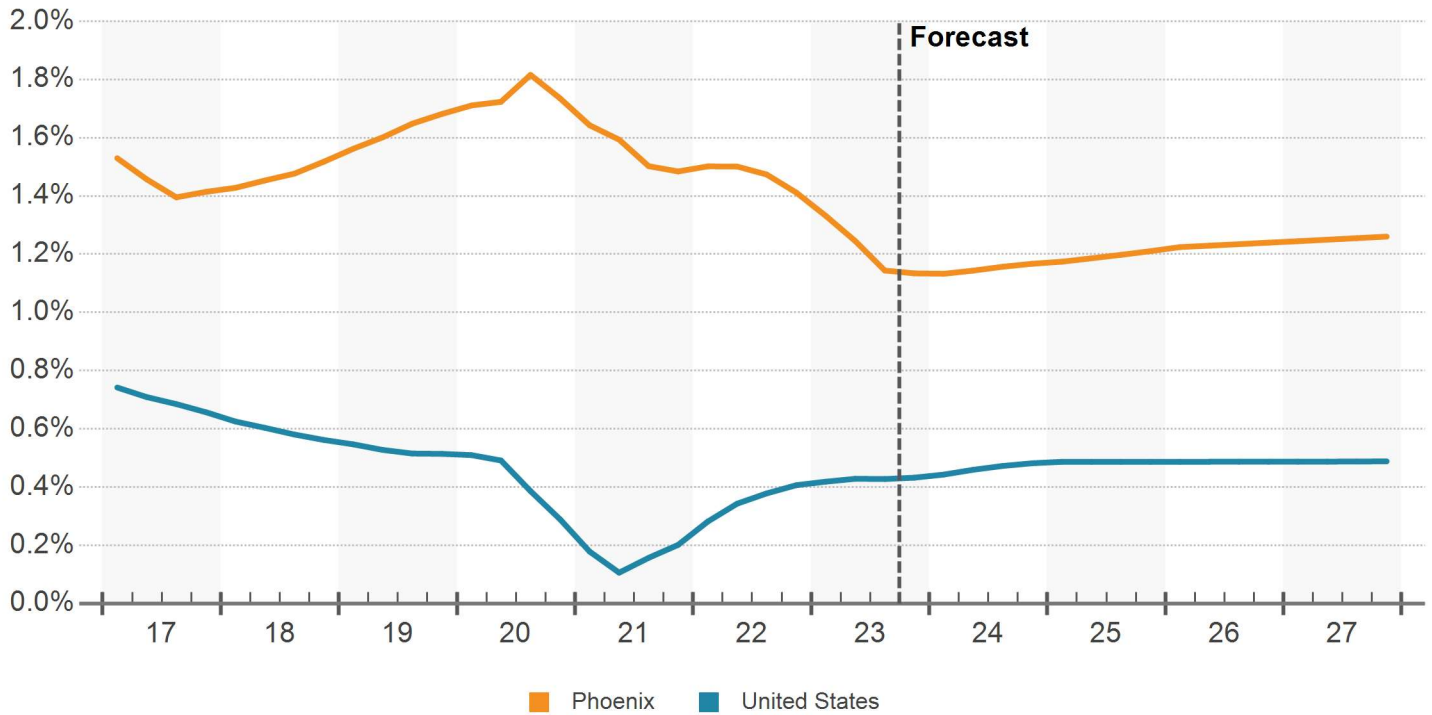
NET EMPLOYMENT CHANGE (YOY)



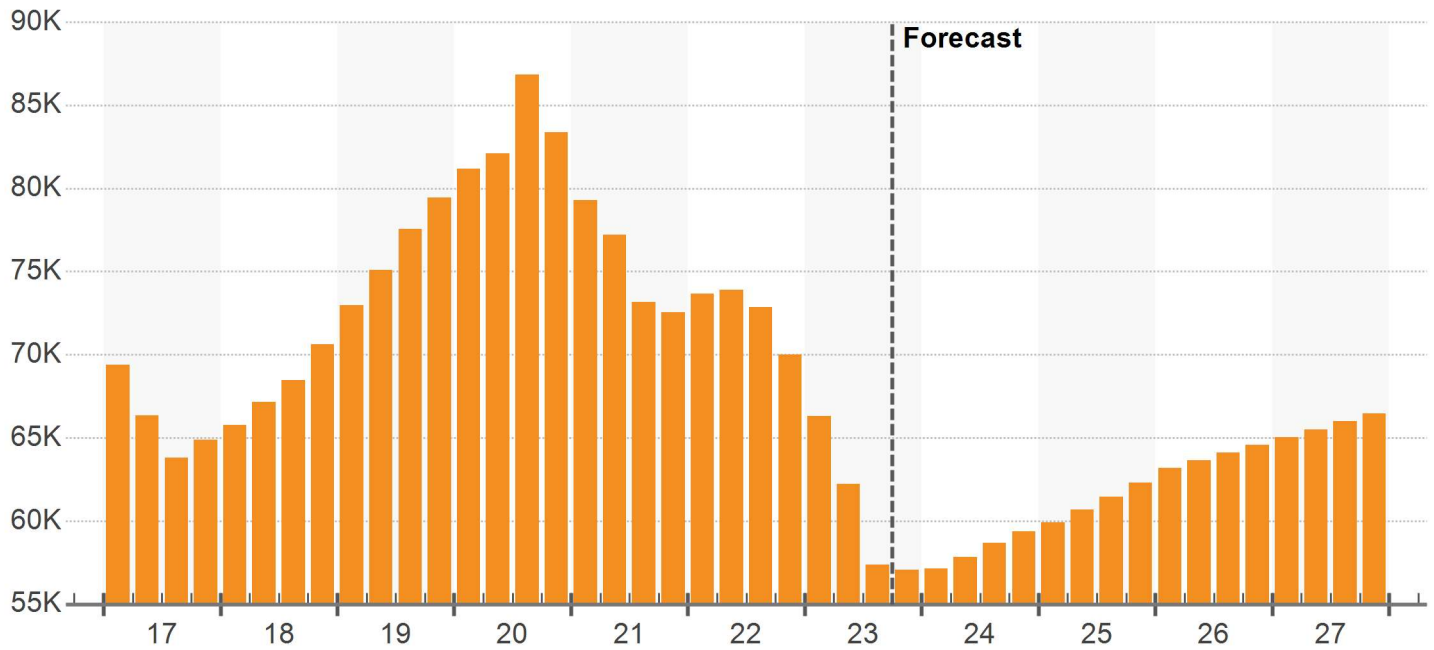
MEDIAN HOUSEHOLD INCOME



POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)

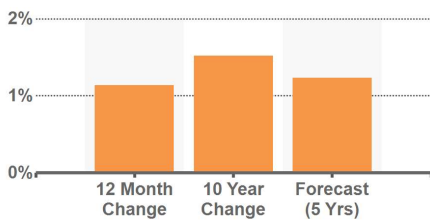


DEMOGRAPHIC TRENDS

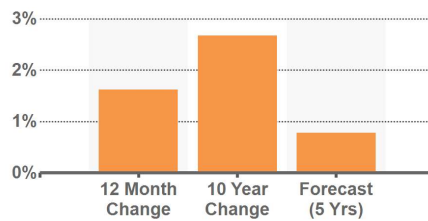
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	5,086,170	335,065,875	1.1%	0.4%	1.5%	0.5%	1.2%	0.5%
Households	1,920,352	130,811,625	1.3%	0.6%	1.9%	0.9%	1.3%	0.6%
Median Household Income	\$84,389	\$76,086	4.5%	3.6%	5.0%	3.8%	3.3%	3.1%
Labor Force	2,636,152	167,576,531	1.6%	1.8%	2.7%	0.8%	0.8%	0.2%
Unemployment	3.6%	3.6%	0.2%	0%	-0.3%	-0.3%	-	-

Source: Oxford Economics

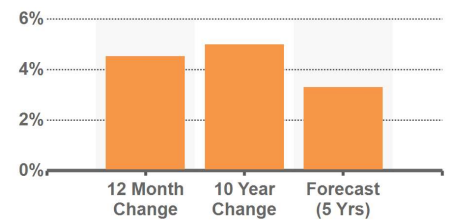
POPULATION GROWTH



LABOR FORCE GROWTH



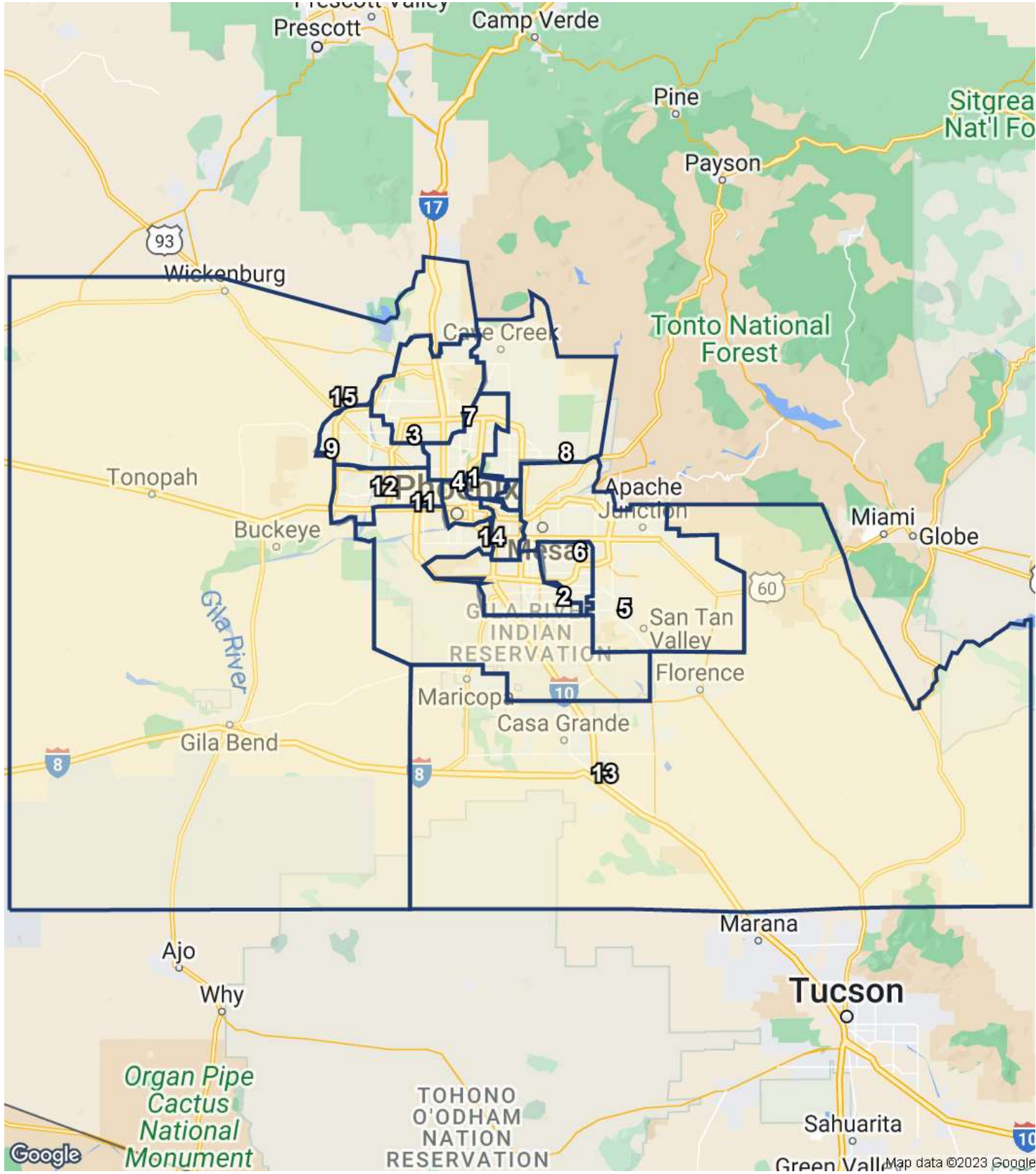
INCOME GROWTH



Source: Oxford Economics

Submarkets

PHOENIX SUBMARKETS



SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	Units	% Market	Rank	Bldgs	Units	Percent	Rank	Bldgs	Units	Percent	Rank
1	Camelback	262	10,805	2.8%	12	5	228	2.1%	13	3	96	0.9%	15
2	Chandler	164	30,578	8.1%	7	7	870	2.8%	9	4	1,125	3.7%	12
3	Deer Valley	141	35,112	9.3%	6	6	1,067	3.0%	8	7	1,592	4.5%	9
4	Downtown Phoenix	877	40,743	10.7%	5	11	1,406	3.5%	6	24	5,618	13.8%	2
5	East Valley	524	46,344	12.2%	2	12	1,760	3.8%	3	16	4,045	8.7%	3
6	Gilbert	67	15,178	4.0%	10	4	479	3.2%	11	6	1,506	9.9%	10
7	North Phoenix	623	43,302	11.4%	4	2	43	0.1%	14	7	2,366	5.5%	5
8	North Scottsdale	88	17,709	4.7%	8	3	398	2.2%	12	7	2,132	12.0%	7
9	North West Valley	102	15,329	4.0%	9	9	1,410	9.2%	5	11	2,210	14.4%	6
10	Old Town Scottsdale	185	13,738	3.6%	11	0	0	0%	-	2	379	2.8%	14
11	South Phoenix	149	9,495	2.5%	13	12	1,211	12.8%	7	5	1,307	13.8%	11
12	South West Valley	361	47,248	12.5%	1	15	3,514	7.4%	1	29	6,945	14.7%	1
13	Southeast Valley	86	4,107	1.1%	14	4	838	20.4%	10	3	618	15.0%	13
14	Tempe	454	46,059	12.1%	3	12	2,210	4.8%	2	12	3,510	7.6%	4
15	West Maricopa County	44	3,636	1.0%	15	6	1,482	40.8%	4	9	2,031	55.9%	8

SUBMARKET RENT

No.	Market	Asking Rents				Effective Rents					
		Per Unit	Per SF	Rank	Yr. Growth	Per Unit	Per SF	Rank	Yr. Growth	Concession	Rank
1	Camelback	\$1,457	\$1.87	5	-4.7%	\$1,444	\$1.85	5	-4.6%	0.9%	12
2	Chandler	\$1,677	\$1.75	8	-2.4%	\$1,659	\$1.73	8	-2.8%	1.1%	10
3	Deer Valley	\$1,504	\$1.69	12	-4.4%	\$1,486	\$1.67	11	-4.5%	1.2%	9
4	Downtown Phoenix	\$1,491	\$1.93	3	-2.7%	\$1,471	\$1.91	3	-2.4%	1.3%	8
5	East Valley	\$1,444	\$1.68	13	-3.2%	\$1,423	\$1.66	12	-3.8%	1.5%	7
6	Gilbert	\$1,751	\$1.80	6	-1.5%	\$1,735	\$1.78	6	-1.0%	0.9%	13
7	North Phoenix	\$1,412	\$1.75	7	-2.0%	\$1,398	\$1.73	7	-2.4%	1.0%	11
8	North Scottsdale	\$2,140	\$2.14	1	-1.4%	\$2,122	\$2.12	1	-1.4%	0.9%	14
9	North West Valley	\$1,460	\$1.72	9	-2.0%	\$1,429	\$1.68	9	-3.3%	2.1%	2
10	Old Town Scottsdale	\$1,886	\$2.10	2	-2.0%	\$1,870	\$2.08	2	-1.7%	0.9%	15
11	South Phoenix	\$1,541	\$1.70	10	-3.5%	\$1,514	\$1.67	10	-4.4%	1.7%	5
12	South West Valley	\$1,401	\$1.69	11	-2.1%	\$1,376	\$1.66	13	-3.0%	1.8%	4
13	Southeast Valley	\$1,362	\$1.58	15	-2.5%	\$1,336	\$1.55	15	-4.0%	1.9%	3
14	Tempe	\$1,594	\$1.88	4	-2.7%	\$1,570	\$1.86	4	-3.1%	1.5%	6
15	West Maricopa County	\$1,689	\$1.65	14	-0.9%	\$1,638	\$1.60	14	-3.6%	3.0%	1

SUBMARKET VACANCY & ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		Units	Percent	Rank	Units	% of Inv	Rank	Construc. Ratio
1	Camelback	879	8.1%	3	262	2.4%	13	0.9
2	Chandler	2,412	7.9%	2	469	1.5%	10	1.9
3	Deer Valley	3,125	8.9%	6	792	2.3%	8	1.2
4	Downtown Phoenix	4,603	11.3%	9	1,200	2.9%	2	1.1
5	East Valley	4,705	10.2%	8	1,701	3.7%	1	0.9
6	Gilbert	1,506	9.9%	7	817	5.4%	7	0.5
7	North Phoenix	3,531	8.2%	4	(740)	-1.7%	15	-
8	North Scottsdale	1,527	8.6%	5	310	1.7%	12	1.3
9	North West Valley	2,014	13.1%	11	868	5.7%	6	1.6
10	Old Town Scottsdale	983	7.2%	1	314	2.3%	11	-
11	South Phoenix	1,368	14.4%	12	709	7.5%	9	1.7
12	South West Valley	6,829	14.5%	13	1,007	2.1%	4	3.4
13	Southeast Valley	1,059	25.8%	14	(2)	-0.1%	14	-
14	Tempe	5,239	11.4%	10	1,046	2.3%	3	2.1
15	West Maricopa County	957	26.3%	15	906	24.9%	5	1.6

OVERALL SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2027	416,746	2,498	0.6%	5,509	1.3%	0.5
2026	414,248	8,463	2.1%	9,102	2.2%	0.9
2025	405,785	11,214	2.8%	11,080	2.7%	1.0
2024	394,571	14,490	3.8%	12,325	3.1%	1.2
2023	380,081	16,992	4.7%	10,187	2.7%	1.7
YTD	379,383	16,294	4.5%	9,488	2.5%	1.7
2022	363,089	16,312	4.7%	2,938	0.8%	5.6
2021	346,777	11,554	3.4%	11,133	3.2%	1.0
2020	335,223	8,365	2.6%	10,059	3.0%	0.8
2019	326,858	8,909	2.8%	8,038	2.5%	1.1
2018	317,949	8,897	2.9%	9,755	3.1%	0.9
2017	309,052	6,180	2.0%	6,454	2.1%	1.0
2016	302,872	4,883	1.6%	4,919	1.6%	1.0
2015	297,989	6,427	2.2%	6,831	2.3%	0.9
2014	291,562	6,685	2.3%	6,521	2.2%	1.0
2013	284,877	2,886	1.0%	4,068	1.4%	0.7
2012	281,991	147	0.1%	3,998	1.4%	0
2011	281,844	91	0%	3,478	1.2%	0

4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2027	205,399	2,681	1.3%	4,318	2.1%	0.6
2026	202,718	5,685	2.9%	6,795	3.4%	0.8
2025	197,033	8,640	4.6%	7,908	4.0%	1.1
2024	188,393	8,296	4.6%	8,493	4.5%	1.0
2023	180,097	13,028	7.8%	10,488	5.8%	1.2
YTD	179,393	12,324	7.4%	9,696	5.4%	1.3
2022	167,069	13,109	8.5%	5,391	3.2%	2.4
2021	153,960	10,212	7.1%	9,515	6.2%	1.1
2020	143,748	7,506	5.5%	8,218	5.7%	0.9
2019	136,242	9,071	7.1%	8,134	6.0%	1.1
2018	127,171	8,303	7.0%	8,150	6.4%	1.0
2017	118,868	6,192	5.5%	5,721	4.8%	1.1
2016	112,676	5,373	5.0%	5,673	5.0%	0.9
2015	107,303	6,375	6.3%	4,740	4.4%	1.3
2014	100,928	6,002	6.3%	5,039	5.0%	1.2
2013	94,926	2,776	3.0%	2,385	2.5%	1.2
2012	92,150	761	0.8%	2,092	2.3%	0.4
2011	91,389	375	0.4%	1,026	1.1%	0.4

3 STAR SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2027	151,591	117	0.1%	1,313	0.9%	0.1
2026	151,474	2,781	1.9%	2,500	1.7%	1.1
2025	148,693	2,623	1.8%	3,332	2.2%	0.8
2024	146,070	5,922	4.2%	3,909	2.7%	1.5
2023	140,148	3,910	2.9%	212	0.2%	18.4
YTD	140,154	3,916	2.9%	252	0.2%	15.5
2022	136,238	2,617	2.0%	(1,576)	-1.2%	-
2021	133,621	1,397	1.1%	1,591	1.2%	0.9
2020	132,224	877	0.7%	1,530	1.2%	0.6
2019	131,347	(52)	0%	25	0%	-
2018	131,399	640	0.5%	1,206	0.9%	0.5
2017	130,759	12	0%	538	0.4%	0
2016	130,747	(429)	-0.3%	(965)	-0.7%	0.4
2015	131,176	207	0.2%	937	0.7%	0.2
2014	130,969	6	0%	1,111	0.8%	0
2013	130,963	210	0.2%	1,198	0.9%	0.2
2012	130,753	(334)	-0.3%	1,817	1.4%	-
2011	131,087	(195)	-0.1%	1,829	1.4%	-

1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2027	59,756	(300)	-0.5%	(122)	-0.2%	2.5
2026	60,056	(3)	0%	(193)	-0.3%	0
2025	60,059	(49)	-0.1%	(160)	-0.3%	0.3
2024	60,108	272	0.5%	(77)	-0.1%	-
2023	59,836	54	0.1%	(513)	-0.9%	-
YTD	59,836	54	0.1%	(460)	-0.8%	-
2022	59,782	586	1.0%	(877)	-1.5%	-
2021	59,196	(55)	-0.1%	27	0%	-
2020	59,251	(18)	0%	311	0.5%	-
2019	59,269	(110)	-0.2%	(121)	-0.2%	0.9
2018	59,379	(46)	-0.1%	399	0.7%	-
2017	59,425	(24)	0%	195	0.3%	-
2016	59,449	(61)	-0.1%	211	0.4%	-
2015	59,510	(155)	-0.3%	1,154	1.9%	-
2014	59,665	677	1.1%	371	0.6%	1.8
2013	58,988	(100)	-0.2%	485	0.8%	-
2012	59,088	(280)	-0.5%	89	0.2%	-
2011	59,368	(89)	-0.1%	623	1.0%	-

OVERALL VACANCY & RENT

Year	Vacancy			Market Rent				Effective Rents	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Units	Per SF
2027	39,396	9.5%	(0.8)	\$1,798	\$2.08	3.8%	(0.6)	\$1,771	\$2.05
2026	42,406	10.2%	(0.4)	\$1,731	\$2.01	4.4%	0.3	\$1,705	\$1.98
2025	43,043	10.6%	(0.3)	\$1,658	\$1.92	4.2%	1.2	\$1,633	\$1.89
2024	42,909	10.9%	0.2	\$1,591	\$1.85	3.0%	5.7	\$1,567	\$1.82
2023	40,741	10.7%	1.4	\$1,545	\$1.79	-2.7%	(2.4)	\$1,521	\$1.77
YTD	40,740	10.7%	1.4	\$1,549	\$1.79	-2.6%	(2.3)	\$1,529	\$1.77
2022	33,933	9.3%	3.4	\$1,587	\$1.84	-0.3%	(19.4)	\$1,572	\$1.82
2021	20,561	5.9%	(0.1)	\$1,592	\$1.84	19.1%	14.1	\$1,584	\$1.84
2020	20,141	6.0%	(0.7)	\$1,336	\$1.55	5.1%	(1.1)	\$1,325	\$1.53
2019	21,832	6.7%	0.1	\$1,272	\$1.47	6.2%	0.1	\$1,261	\$1.46
2018	20,958	6.6%	(0.5)	\$1,197	\$1.39	6.1%	1.6	\$1,176	\$1.36
2017	21,811	7.1%	(0.2)	\$1,128	\$1.31	4.5%	0.1	\$1,101	\$1.27
2016	22,085	7.3%	(0.1)	\$1,079	\$1.25	4.4%	(1.1)	\$1,057	\$1.22
2015	22,116	7.4%	(0.3)	\$1,033	\$1.20	5.5%	2.2	\$1,015	\$1.17
2014	22,520	7.7%	(0.1)	\$979	\$1.13	3.4%	0.8	\$961	\$1.11
2013	22,352	7.8%	(0.5)	\$947	\$1.10	2.6%	0.2	\$934	\$1.08
2012	23,534	8.3%	(1.4)	\$924	\$1.07	2.4%	1.0	\$912	\$1.05
2011	27,385	9.7%	(1.2)	\$902	\$1.04	1.3%	-	\$895	\$1.03

4 & 5 STAR VACANCY & RENT

Year	Vacancy			Market Rent				Effective Rents	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Units	Per SF
2027	18,518	9.0%	(0.9)	\$2,059	\$2.18	3.8%	(0.6)	\$2,027	\$2.15
2026	20,155	9.9%	(0.8)	\$1,983	\$2.10	4.5%	0.3	\$1,952	\$2.07
2025	21,265	10.8%	(0.1)	\$1,898	\$2.01	4.2%	1.2	\$1,869	\$1.98
2024	20,532	10.9%	(0.6)	\$1,822	\$1.93	3.0%	5.4	\$1,794	\$1.90
2023	20,728	11.5%	0.6	\$1,769	\$1.88	-2.4%	(1.7)	\$1,742	\$1.85
YTD	20,816	11.6%	0.7	\$1,774	\$1.88	-2.4%	(1.6)	\$1,750	\$1.85
2022	18,189	10.9%	4.1	\$1,814	\$1.92	-0.8%	(19.5)	\$1,794	\$1.90
2021	10,469	6.8%	0	\$1,828	\$1.94	18.8%	14.5	\$1,818	\$1.93
2020	9,771	6.8%	(0.9)	\$1,539	\$1.63	4.3%	(1.3)	\$1,524	\$1.61
2019	10,484	7.7%	0.2	\$1,476	\$1.56	5.6%	0.2	\$1,461	\$1.55
2018	9,546	7.5%	(0.4)	\$1,398	\$1.48	5.4%	1.9	\$1,370	\$1.45
2017	9,392	7.9%	0	\$1,326	\$1.40	3.5%	0.2	\$1,289	\$1.37
2016	8,919	7.9%	(0.7)	\$1,280	\$1.36	3.4%	(1.2)	\$1,250	\$1.32
2015	9,218	8.6%	1.1	\$1,239	\$1.31	4.5%	1.6	\$1,215	\$1.29
2014	7,583	7.5%	0.5	\$1,185	\$1.26	2.9%	0.8	\$1,163	\$1.23
2013	6,620	7.0%	0.2	\$1,152	\$1.22	2.0%	(0.2)	\$1,134	\$1.20
2012	6,228	6.8%	(1.5)	\$1,129	\$1.20	2.2%	1.0	\$1,115	\$1.18
2011	7,560	8.3%	(0.7)	\$1,105	\$1.17	1.2%	-	\$1,095	\$1.16

3 STAR VACANCY & RENT

Year	Vacancy			Market Rent				Effective Rents	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Units	Per SF
2027	15,197	10.0%	(0.8)	\$1,615	\$2	3.8%	(0.6)	\$1,590	\$1.97
2026	16,393	10.8%	0	\$1,556	\$1.92	4.4%	0.3	\$1,532	\$1.90
2025	16,112	10.8%	(0.7)	\$1,490	\$1.84	4.2%	1.2	\$1,467	\$1.81
2024	16,822	11.5%	0.9	\$1,430	\$1.77	3.0%	6.5	\$1,408	\$1.74
2023	14,809	10.6%	2.4	\$1,388	\$1.72	-3.5%	(3.1)	\$1,367	\$1.69
YTD	14,770	10.5%	2.4	\$1,393	\$1.72	-3.4%	(3.0)	\$1,374	\$1.70
2022	11,103	8.1%	3.0	\$1,439	\$1.78	-0.4%	(22.2)	\$1,427	\$1.76
2021	6,913	5.2%	(0.2)	\$1,445	\$1.78	21.8%	15.6	\$1,439	\$1.78
2020	7,107	5.4%	(0.5)	\$1,186	\$1.46	6.2%	(1.2)	\$1,178	\$1.45
2019	7,757	5.9%	(0.1)	\$1,117	\$1.38	7.4%	(0.1)	\$1,110	\$1.37
2018	7,829	6.0%	(0.5)	\$1,040	\$1.28	7.5%	1.4	\$1,024	\$1.26
2017	8,390	6.4%	(0.4)	\$967	\$1.19	6.1%	0.1	\$947	\$1.17
2016	8,916	6.8%	0.4	\$912	\$1.12	6.0%	(1.7)	\$895	\$1.10
2015	8,381	6.4%	(0.6)	\$860	\$1.06	7.7%	3.8	\$846	\$1.04
2014	9,108	7.0%	(0.8)	\$798	\$0.98	4.0%	0.3	\$784	\$0.97
2013	10,208	7.8%	(0.8)	\$768	\$0.95	3.6%	0.7	\$758	\$0.93
2012	11,196	8.6%	(1.6)	\$741	\$0.91	2.9%	0.9	\$730	\$0.90
2011	13,346	10.2%	(1.5)	\$720	\$0.89	1.9%	-	\$714	\$0.88

1 & 2 STAR VACANCY & RENT

Year	Vacancy			Market Rent				Effective Rents	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Units	Per SF
2027	5,681	9.5%	(0.2)	\$1,326	\$1.87	3.8%	(0.7)	\$1,312	\$1.85
2026	5,858	9.8%	0.3	\$1,277	\$1.80	4.5%	0.2	\$1,263	\$1.78
2025	5,666	9.4%	0.2	\$1,222	\$1.72	4.3%	1.1	\$1,209	\$1.70
2024	5,555	9.2%	0.5	\$1,172	\$1.65	3.1%	4.2	\$1,160	\$1.63
2023	5,203	8.7%	0.9	\$1,136	\$1.60	-1.0%	(4.3)	\$1,124	\$1.58
YTD	5,153	8.6%	0.8	\$1,139	\$1.60	-0.8%	(4.1)	\$1,127	\$1.58
2022	4,641	7.8%	2.4	\$1,148	\$1.61	3.3%	(8.8)	\$1,139	\$1.60
2021	3,179	5.4%	(0.1)	\$1,111	\$1.56	12.1%	6.1	\$1,106	\$1.55
2020	3,262	5.5%	(0.6)	\$992	\$1.39	5.9%	0	\$986	\$1.38
2019	3,591	6.1%	0	\$936	\$1.31	5.9%	0.3	\$932	\$1.31
2018	3,583	6.0%	(0.7)	\$884	\$1.24	5.6%	0.1	\$874	\$1.23
2017	4,029	6.8%	(0.4)	\$838	\$1.17	5.4%	(0.7)	\$824	\$1.15
2016	4,250	7.1%	(0.4)	\$794	\$1.11	6.1%	1.2	\$783	\$1.10
2015	4,517	7.6%	(2.2)	\$748	\$1.05	4.9%	0.4	\$737	\$1.03
2014	5,829	9.8%	0.4	\$713	\$1	4.5%	1.9	\$700	\$0.98
2013	5,525	9.4%	(1.0)	\$683	\$0.95	2.6%	0.9	\$677	\$0.95
2012	6,110	10.3%	(0.6)	\$666	\$0.93	1.7%	1.3	\$658	\$0.92
2011	6,480	10.9%	(1.2)	\$655	\$0.92	0.4%	-	\$649	\$0.91

OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/Unit	Avg Cap Rate	Price/Unit	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$310,462	409	4.6%
2026	-	-	-	-	-	-	\$282,131	371	4.8%
2025	-	-	-	-	-	-	\$254,797	335	5.1%
2024	-	-	-	-	-	-	\$240,920	317	5.1%
2023	-	-	-	-	-	-	\$265,133	349	4.6%
YTD	128	\$3.3B	3.2%	\$27,029,450	\$286,076	5.7%	\$267,503	352	4.5%
2022	415	\$13.1B	12.1%	\$32,158,903	\$310,055	4.3%	\$289,258	381	4.1%
2021	577	\$16.2B	18.3%	\$28,400,689	\$254,885	4.7%	\$288,191	379	3.9%
2020	413	\$6.4B	10.6%	\$16,262,903	\$180,815	5.7%	\$215,999	284	4.5%
2019	515	\$8.1B	15.4%	\$17,733,873	\$162,427	5.7%	\$186,096	245	5.0%
2018	502	\$6.3B	13.9%	\$14,435,667	\$145,811	5.8%	\$162,974	214	5.3%
2017	443	\$4.8B	13.8%	\$11,862,709	\$115,468	6.1%	\$146,464	193	5.5%
2016	459	\$5.1B	15.5%	\$11,692,448	\$109,068	6.4%	\$135,066	178	5.7%
2015	426	\$3.6B	12.5%	\$8,996,644	\$97,020	6.8%	\$126,676	167	5.7%
2014	368	\$2.7B	12.7%	\$7,731,580	\$76,623	7.0%	\$114,751	151	6.0%
2013	351	\$2.6B	12.7%	\$7,614,343	\$77,424	7.3%	\$104,353	137	6.3%
2012	321	\$2.5B	13.2%	\$8,215,055	\$70,549	7.8%	\$101,622	134	6.3%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

4 & 5 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/Unit	Avg Cap Rate	Price/Unit	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$380,234	388	4.4%
2026	-	-	-	-	-	-	\$345,396	353	4.7%
2025	-	-	-	-	-	-	\$311,794	318	4.9%
2024	-	-	-	-	-	-	\$294,814	301	4.9%
2023	-	-	-	-	-	-	\$324,737	332	4.4%
YTD	36	\$2.5B	4.6%	\$73,223,402	\$318,566	5.2%	\$327,590	335	4.4%
2022	74	\$6.1B	10.3%	\$85,677,263	\$376,988	3.8%	\$354,203	362	4.0%
2021	103	\$8.5B	17.6%	\$82,595,372	\$314,422	4.2%	\$356,602	364	3.7%
2020	63	\$3.6B	10.9%	\$57,704,501	\$232,234	4.8%	\$271,491	277	4.3%
2019	89	\$4.9B	17.2%	\$55,646,794	\$209,190	5.0%	\$235,727	241	4.7%
2018	67	\$3.4B	14.9%	\$51,976,593	\$183,860	5.0%	\$208,504	213	5.0%
2017	64	\$2.7B	15.4%	\$43,271,460	\$149,909	5.3%	\$189,363	193	5.1%
2016	60	\$2.6B	15.5%	\$44,001,613	\$151,373	5.2%	\$175,462	179	5.3%
2015	52	\$2.1B	13.8%	\$41,092,949	\$143,044	5.5%	\$165,258	169	5.3%
2014	40	\$1.4B	13.0%	\$37,836,166	\$116,788	5.6%	\$149,949	153	5.5%
2013	46	\$1.3B	12.8%	\$29,579,589	\$115,897	5.6%	\$136,463	139	5.8%
2012	54	\$1.4B	16.8%	\$29,836,407	\$97,056	5.7%	\$132,607	135	5.8%

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(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

3 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/Unit	Avg Cap Rate	Price/Unit	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$264,300	445	4.5%
2026	-	-	-	-	-	-	\$240,053	405	4.7%
2025	-	-	-	-	-	-	\$216,721	365	5.0%
2024	-	-	-	-	-	-	\$204,904	345	5.0%
2023	-	-	-	-	-	-	\$225,807	381	4.5%
YTD	35	\$639.8M	2.0%	\$18,818,613	\$225,452	5.4%	\$227,935	384	4.5%
2022	119	\$5B	13.8%	\$42,702,537	\$278,054	4.3%	\$246,543	415	4.1%
2021	181	\$5.8B	19.3%	\$32,142,178	\$224,448	4.4%	\$241,781	407	3.8%
2020	116	\$2.1B	11.0%	\$18,284,131	\$145,971	5.6%	\$176,913	298	4.5%
2019	135	\$2.5B	14.5%	\$18,571,280	\$129,679	5.4%	\$150,241	253	5.0%
2018	97	\$2.1B	13.5%	\$22,043,543	\$118,527	5.6%	\$129,112	218	5.4%
2017	117	\$1.6B	13.2%	\$14,169,769	\$96,328	5.8%	\$113,684	192	5.7%
2016	126	\$2B	16.3%	\$15,943,413	\$92,646	6.1%	\$104,260	176	5.8%
2015	92	\$1.1B	11.6%	\$12,019,092	\$72,189	6.4%	\$97,195	164	5.9%
2014	92	\$1B	12.9%	\$11,263,213	\$62,755	6.5%	\$87,925	148	6.2%
2013	94	\$970.4M	13.5%	\$11,153,452	\$63,211	6.5%	\$79,752	134	6.5%
2012	96	\$957.5M	12.2%	\$9,973,962	\$59,892	7.3%	\$77,931	131	6.5%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

1 & 2 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/Unit	Avg Cap Rate	Price/Unit	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$192,787	435	5.3%
2026	-	-	-	-	-	-	\$175,985	397	5.5%
2025	-	-	-	-	-	-	\$159,586	360	5.7%
2024	-	-	-	-	-	-	\$150,924	340	5.8%
2023	-	-	-	-	-	-	\$164,339	371	5.3%
YTD	57	\$168.2M	1.5%	\$3,114,156	\$192,408	6.0%	\$165,701	374	5.2%
2022	222	\$2B	13.4%	\$9,021,506	\$247,196	4.5%	\$179,096	404	4.7%
2021	293	\$1.9B	18.0%	\$6,528,240	\$176,689	5.1%	\$175,685	396	4.5%
2020	234	\$651.2M	9.1%	\$3,029,028	\$123,951	5.9%	\$128,340	289	5.2%
2019	291	\$702M	13.5%	\$3,000,061	\$97,178	5.9%	\$109,937	248	5.7%
2018	338	\$769.4M	12.7%	\$2,797,670	\$112,496	6.1%	\$95,530	215	6.1%
2017	262	\$458M	12.0%	\$2,017,621	\$68,522	6.5%	\$85,107	192	6.4%
2016	273	\$492.5M	13.9%	\$1,946,719	\$61,046	6.8%	\$77,132	174	6.6%
2015	282	\$373.2M	12.2%	\$1,469,264	\$53,937	7.3%	\$71,491	161	6.7%
2014	236	\$253.8M	11.5%	\$1,164,073	\$38,035	7.5%	\$64,227	145	7.0%
2013	211	\$249.4M	10.6%	\$1,228,438	\$40,814	8.1%	\$58,590	132	7.4%
2012	171	\$200.3M	9.8%	\$1,206,397	\$34,907	8.8%	\$57,336	129	7.3%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

DELIVERIES & UNDER CONSTRUCTION

Year	Inventory			Deliveries		Net Deliveries		Under Construction	
	Bldgs	Units	Vacancy	Bldgs	Units	Bldgs	Units	Bldgs	Units
2027	-	416,748	9.5%	-	2,831	-	2,499	-	-
2026	-	414,249	10.2%	-	8,650	-	8,464	-	-
2025	-	405,785	10.6%	-	11,458	-	11,213	-	-
2024	-	394,572	10.9%	-	14,556	-	14,491	-	-
2023	-	380,081	10.7%	-	16,998	-	16,992	-	-
YTD	4,127	379,383	10.7%	99	16,300	98	16,294	145	35,480
2022	4,029	363,089	9.3%	95	16,337	92	16,312	186	35,896
2021	3,937	346,777	5.9%	60	11,619	57	11,554	168	30,356
2020	3,880	335,223	6.0%	54	8,383	53	8,365	111	22,346
2019	3,827	326,858	6.7%	47	9,256	41	8,909	84	14,771
2018	3,786	317,949	6.6%	49	8,949	47	8,897	71	13,395
2017	3,739	309,052	7.1%	28	6,204	26	6,180	76	15,426
2016	3,713	302,872	7.3%	30	5,461	24	4,883	50	9,826
2015	3,689	297,989	7.4%	28	7,031	20	6,427	37	6,714
2014	3,669	291,562	7.7%	24	6,833	18	6,685	34	8,632
2013	3,651	284,877	7.8%	13	2,993	8	2,886	29	7,991
2012	3,643	281,991	8.3%	6	775	(2)	147	17	4,726
2011	3,645	281,844	9.7%	3	466	(3)	91	8	1,854