



# GREATER PHOENIX

## APARTMENT OWNER'S NEWSLETTER

1st QTR 2019

The **KASTEN LONG COMMERCIAL GROUP (KLCG)** has focused on apartment brokerage and market research in metro Phoenix since 1998. Our agents have brokered more than 1,000 communities. The market research includes: weekly updates on apartment sales, in-depth quarterly apartment newsletters, tracking vacancy/rental rates/concessions by each submarket, and tracking all new apartment construction.

As you know, we also offer brokerage service for all commercial real estate disciplines. **We are expanding and seeking agents with the knowledge and experience to provide the absolute best service in the Valley with the highest “Client First” dedication.**

### Town Hall Meetings – Good Info.

At our last Town Hall Meeting we had almost 100 attendees and focused on “How to Find Apartment Opportunities.” In addition to the insight from our group, we had representatives from CoStar, Yardi Matrix, Vizzda, American Title, Lane-Nach (legal) and Avant Garde RMS, with each talking about what they offer to help acquisition. If you need contact info for them, let us know. Our next meeting is scheduled for Wednesday, June 12, and will focus on exit strategies as well as our apartment market update. More info on this meeting will be available soon. Registration will again be at [www.KLCG-Events.com/reg](http://www.KLCG-Events.com/reg).

### 2019 New Apt. Construction Still Strong

In Q1 2019, there were 10 projects completed with a total of 2,521 units. Six of these were in Phoenix, three in the West Valley and one in Chandler. Also during Q1, four projects were started with a total of 887 units (2 in Phoenix, one in Mesa and one in Glendale). As of 4.13.19 there were 75 projects Under Construction with 13,894 units, 90 Planned with 21,672 units and 92 Prospective with 21,545 units. Almost half of the projects under construction are in Phoenix (22 with 5,049 units) and Tempe (10 with 2,551 units). The total number of units in the pipeline is 57,111. That’s 4,190 units more than at the beginning of this year (52,921). Although there are increased costs for materials and labor plus a labor shortage, with the continued strong occupancy and climbing rental rates, developers’ bottom lines still warrant more apartment projects.

### Highest Rent Growth in the US in 2018

In 2018, Metro Phoenix surpassed Sacramento for the highest rent growth in the US—reaching just over 8%. For all class apartments, occupancy remains strong, ranging from 94.6% to 95.3%. The continued strong population growth and lack of supply continues to drive rents higher. The average rental rate in Q1 increased 1.8% for Class “A,” 1.2% for Class “B” and 1.2% for Class “C” apartments. That’s still strong for just three months!

#### KASTEN LONG COMMERCIAL GROUP

- An independent, locally-owned, commercial brokerage--since 1998
- Experienced professional specialists with a strong “Client First” dedication
- SERVICES: Apartments and land brokerage--office, retail & industrial brokerage and leasing

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#### Greater Phoenix Multifamily Data

Year	Const.	Vacancy
2010	2,593	10.3%
2011	614	9.7%
2012	1,372	8.3%
2013	3,655	7.3%
2014	4,820	6.1%
2015	5,089	<b>5.7%</b>
2016	8,024	5.8%
2017	6,543	5.4%
2018	8,162	5.0%
2019 (1)	2,521	5.1%

Data Sources: Yardi Matrix, CoStar, Vizzda

#### On a weekly basis via e-mail we provide:

- Details of Recent Apartment sales
- Metro Phoenix Commercial News
- All apartments currently being marketed for sale--principals only

If interested and you’re not already on our email distribution list, just let us know.

ADDRESS CITY, 'NAME'	UNITS SIZE (SF)	SOLD PRICE PRICE / SF	SALE DATE YEAR BLT.	GSI PRICE / UNIT	GRM CAP	COMMENTS
7350-7426 E Stetson Dr Scottsdale, 'Camden'	316 400,028	\$97,000,000 \$242.48	2/27/2019 2015	\$299,383		178 1/1, 137 2/2, 1 3/3
1831 E Apache Blvd Tempe, 'Tempo Station'	424 541,928	\$89,200,000 \$164.79	02/28/2019 2017	\$210,875		328 1/1, 76 2/2, 25 3/2
13625 S 48 <sup>th</sup> St Phoenix, 'Sonoran Apts'	429 412,868	\$84,250,000 \$204.06	01/16/2019 1995	\$196,387	5.0	120 1/1, 226 2/2, 83 3/2
330 E Roosevelt St Phoenix, 'Roosevelt Row'	319 280,000	\$84,200,000 \$300.71	03/12/2019 2017	\$268,153		76 0/1, 121 1/1, 118 2/2, 43 3/3
2550 S San Tan Village Pky Gilbert, 'The Flats'	319 256,000	\$71,425,000 \$279.00	03/28/2019 2018	\$223,903		209 1/1, 110 2/2
102 W Palomino Dr Chndlr, 'Laguna Village'	460 363,684	\$70,250,000 \$193.16	02/14/2019 1985	\$152,717		160 1/1, 300 2/2
5205 W Thunderbird Rd Glendale, 'Paseo Park'	480 396,384	\$62,400,000 \$157.42	01/28/2019 1987	\$130,000	5.0	1/1 226, 58 2/1.5, 156 2/2, 40 3/2
4848 E Roosevelt St Phoenix, 'Courtney Village'	368 442,151	\$62,250,000 \$140.79	3/12/2019 2002	\$169,158		116 1/1, 216 2/1, 36 3/2
1100 E Bell Rd Phoenix, 'Green Leaf'	306 482,400	\$61,650,000 \$127.80	01/23/2019 2017	\$201,471		144 1/1, 126 2/2, 36 3/2
230 E Civic Center Dr Gilbert, 'Cadia Crossing'	256 215,000	\$60,750,000 \$282.56	02/05/2019 2017	\$237,305		76 1/1, 156 2/1, 24 3/2,
2222 N Mcqueen Rd Chndlr, 'Alante Islands'	320 357,691	\$59,600,000 \$166.62	02/22/2019 1996	\$186,250		96 1/1, 176 2/2, 48 3/2
200 E Thomas Rd Phoenix, 'Thomas Midtown'	225 298,400	\$52,000,000 \$174.26	03/25/2019 2017	\$231,111		148 1/1, 70 2/1, 3 2/2, 4 3/2
1300 W Warner Rd Gilbert, 'Alcove'	272 237,950	\$48,600,000 \$204.24	01/15/2019 1989	\$178,676	4.7	96 1/1, 144 2/2, 32 3/2
500 W 1 <sup>st</sup> St Tempe, 'Lakeside Dr'	150 150,000	\$44,500,000 \$296.67	01/31/2019 2018	\$296,667		St. 18, 38 1/1, 93 2/2, 1 3/3
1666 S Extension Rd Mesa, 'Verona Park'	304 248,224	\$43,750,000 \$176.25	03/28/2019 1981	\$143,914		156 1/1, 148 2/2
1439 S Val Vista Dr Mesa, 'Premiere Dana Park'	198 174,000	\$41,950,000 \$241.09	03/21/2019 2018	\$211,869		St. 19, 72 1/1, 50 2/2, 57 3/2
1333 N 24 <sup>th</sup> St Phoenix, 'Monterra'	258 207,295	\$37,200,000 \$179.45	01/09/2019 2000	\$144,186		St. 30, 118 1/1, 87 2/2, 23 3/2 1031 Exchange
13621 W Glendale Ave Glendale, 'Maravilla'	215 211,812	\$37,000,000 \$174.68	03/22/2019 2003	\$164,444		102 2/1, 113 2/2 Flip 6/17 \$23,000,000
2222 W Beardsley Rd Phoenix, 'Tides North'	316 202,606	\$33,500,000 \$165.35	01/02/2019 1982	\$106,013		St. 20, 189 1/1, 49 2/1, 56 2/2, 2 3/1 Flip 8/16 \$25,200,000
615 S Hardy Dr Tempe, 'Tides Apts'	227 184,000	\$31,300,000 \$170.11	01/10/2019 1971	\$137,885	4.5	101 1/1, 103 2/1, 23 3/1 1031 Exchange, Flip 1/17 \$20,350,000
11025 S 51 <sup>st</sup> St Phoenix, 'Serafina'	183 153,776	\$27,450,000 \$178.51	03/22/2019 1985	\$150,000		95 1/1, 24 2/1, 64 2/2
710 S Hardy Dr Tempe, 'Studio 710'	239 95,737	\$26,750,000 \$279.41	03/05/2019 1975	\$111,925	5.2	St 160, 70 1/1, 9 2/2 Flip 4/17 \$19,205,000
3030 N 7 <sup>th</sup> St Phoenix, 'The Wexler'	219 138,971	\$26,500,000 \$190.69	01/25/2019 1949	\$125,000	5.0	St. 41, 114 1/1, 53 2/1, 8 3/1, 3 3/2 1031 Exchange, Flip 5/17 \$19,000,000
17216 N 33 <sup>rd</sup> Ave Phoenix, 'Bell Tower'	224 164,800	\$26,300,000 \$159.59	02/19/2019 1986	\$117,411	4.9	96 1/1, 40 2/1, 88 2/2
5959 W Greenway Rd Glendale, 'Greentree Apts'	185 132,720	\$24,500,000 \$184.60	03/04/2019 1986	\$133,152		1/1 128, 57 2/2

**CAP** Cap Rate (NOI / Sales Price)  
**GSI** Gross Scheduled Annual Income (Assumes 0% vacancy)  
**GRM** Gross Rent Multiplier (Sales Price / GSI)  
**NOI** Net Operating Income (Total income less vacancy and expenses)

Table compiled by: **Kasten Long Commercial Group**  
 Data source: Costar, YARDI, ARMLS, BREW, VIZZDA and  
 personal knowledge. All information is believed to be  
 accurate but is not guaranteed.

ADDRESS CITY, 'NAME'	UNITS SIZE (SF)	SOLD PRICE PRICE / SF	SALE DATE YEAR BLT.	GSI PRICE / UNIT	GRM CAP	COMMENTS
7520 E Billings St Mesa, 'Village at Sun Valley'	267 342,294	\$24,500,000 \$71.58	01/31/2019 2001	\$91,760		32 1/1, 203 2/2, 32 3/2
4502 E Paradise Village Pky Phoenix, 'Enclave'	174 141,810	24,000,000 \$169.24	02/28/2019 1985	\$137,931		110 1/1, 64 2/2 Flip 2/19 \$19,000,000
9736 E Balsam Ave Mesa, 'HUE 97'	184 237,660	\$22,500,000 \$94.67	01/08/2019 2001	\$122,283	5.5	75 2/2, 75 3/2 1031 Exchange
1829 E Morten Ave Phoenix, 'Cabana Pointe'	180 113,960	\$22,200,000 \$194.81	03/21/2019 1980	\$123,333	4.7	St.32, 104 1/1, 44 2/2 1031 Exchange
2015 N 50 <sup>th</sup> St Phoenix, 'Zen on 50'	55 61,168	\$16,200,000 \$264.84	01/24/2019 2018	\$294,545		39 2/2, 16 3/3
1010 E Orange St Tempe, 'ASU Crossroads'	148 106,124	\$15,575,000 \$146.76	03/04/2019 1963	\$145,561		St. 50, 52 1/1, 90 2/1, 1 3/1
3030 E Broadway Rd Mesa, 'Renew 3030'	126 97,146	\$14,500,000 \$149.26	02/12/2019 1985	\$115,079	4.84	18 1/1, 108 2/2 Flip 2/17 \$11,450,000
4441 W Bethany Hm Rd Glendale, 'Summers Point'	164 94,030	\$12,500,000 \$132.94	01/18/2019 1980	\$76,220	5.25	St. 60, 96 1/1, 8 2/2
6816 W Bethany Hm Rd Glendale, 'Tuscano Village'	120 114,921	\$11,635,000 \$101.24	02/21/2019 1974	\$96,958		37 2/1, 83 3/1 Flip 10/16 \$8,000,000
25157 W Beloat Rd Buckeye, 'Riverwood'	136 134,680	\$10,875,000 \$80.75	02/27/2019 2001	\$79,963		54 2/2, 82 3/2
1630 E Baseline Rd Phoenix, 'South Mtn Square'	117 89,750	\$10,750,000 \$119.78	02/17/2019 1986	\$91,880		61 1/1, 56 2/2
2323 E Van Buren St Phoenix, 'Apartments'	200 95,092	\$9,250,000 \$97.27	01/30/2019 1977	\$46,250	7	St. 200
8818 S Central Ave Phoenix, 'Puesta Del Sol'	128 61,975	\$8,725,000 \$140.78	03/26/2019 1986	\$68,164	6	St. 170, 81 1/1, 30 2/1 Flip 12/16 \$5,200,000
1301 E Mtn View Rd Phoenix, 'Loma Bonita'	90 73,600	\$8,025,000 \$109.04	01/05/2019 1983	\$89,167	6	90 2/1
1420 E Bethany Hm Rd Phoenix, 'Rezide at Uptown'	35 31,500	\$6,950,000 \$220.63	01/23/2019 1978	\$198,571	5.2	35 2/1 Flip 5/16 \$6,299,000
80 W Maryland Ave Phoenix, 'Maryland Court'	42 34,348	\$6,200,000 \$180.51	01/10/2019 1986	\$147,619		16 1/1, 26 2/2
5701 N 67 <sup>th</sup> Ave Glendale, 'Apartments'	98 78,816	\$6,035,000 \$76.57	01/30/2019 1974	\$61,582	5.7	30 1/1, 40 2/1, 22 3/2
2340 E Mckellips Rd Mesa, 'The Alan'	17 21,670	\$4,850,000 \$222.89	02/28/2019 2018	\$285,294	5.35	17 3/2.5
16625 N 31 <sup>st</sup> St Phoenix, 'Paradise Place'	57 38,320	\$4,500,000 \$117.43	01/10/2019 1985	\$78,947	5.04	17 1/1, 40 2/1 Flip 8/16 \$3,012,000
6824 E 4 <sup>th</sup> St Scottsdale, 'Apartments'	26 20,716	\$4,051,000 \$195.55	02/28/2019 1959	\$155,808		20 1/1, 4 2/2, 2 3/2
5510 N 35 <sup>th</sup> Ave Phoenix, 'Silver Oaks'	36 29,750	\$3,425,000 \$115.13	02/08/2019 1959	\$95,139		26 2/1, 10 3/1
4130 N 12 <sup>th</sup> St Phoenix, 'Studio on 12th'	41 26,872	\$3,150,000 \$117.22	01/31/2019 1973	\$76,829	5.9	St. 41 1031 Exchange, Flip 6/16 \$2,080,000
2301 S College Ave Tempe, 'Tempe Cottages'	18 11,034	\$3,110,000 \$281.86	03/13/2019 1963	\$172,778	6.2	18 1/1 Flip 9/17 \$2,550,000
3034 N 37 <sup>th</sup> St Phoenix, 'Apartments'	13 10,750	\$2,400,000 \$223.26	01/04/2019 1971	\$184,615	6.0	6 1/1, 6 2/1, 1 3/1 1031 Exchange, Flip 10/17 \$1,200,000
5624 N 6 <sup>th</sup> St Phoenix, 'Apartments'	18 13,337	\$2,400,000 \$179.95	0/23/2019 1973	\$133,333		11 1/1, 7 2/1
3507 N Paiute Way Scottsdale, 'Apartments'	13 9,100	\$2,100,000 \$230.77	03/01/2019 1969	\$161,538		13 2/1 1031 Exchange
746 W Turney Ave Phoenix, 'Apartments'	12 7,285	\$1,900,000 \$260.81	01/31/2019 1956	\$158,333	5.12	12 1/1
10705 N 15 <sup>th</sup> Ave Phoenix, 'Sunnyslope Apts'	20 21,693	\$1,600,000 \$73.76	02/22/2019 1979	\$80,000		5 1/1, 14 2/1, 1 2/2

## The Metro Phoenix Apartment Market (Q1 2019)

Sales volume was strong in the 1st quarter of 2019. There were 70 individual apartment transactions with 10 or more units, plus 25 additional that were part of portfolio sales. Of the 70 individual sales, only 5 paid “all cash.” “Flips” (properties held less than 3 years) accounted for 33% of the transactions and 19% had at least one side with a 1031 leg.

### Our Economy - WOW

In 2018, Maricopa County (essentially metro Phoenix) was the fastest growing county in the US. We also had the highest apartment rent growth for a metropolitan area in the US - just over 8%. While the reported increase in population for 2018 was about 81,000, this number may be substantially higher due to persons entering our area and not being counted because they did not establish a mailing address. The media is reporting at least 100,000 persons crossed into AZ from Mexico last year. Since metro Phoenix represents ±85% of the state’s economy, it seems logical that a good portion of these persons are now living here--and not being counted.

Across the entire US, the apartment industry is strong--well sort of. Metro Phoenix is similar to many states in that occupancy is strong and rents are increasing. With the increase comes a shortage of affordable housing. Here’s a headline that should get your attention: “**A Rent Control Comeback Is Breathing Down The Neck Of The Apartment Industry**” (BizNow, April 23, 2019). While laws in the west coast states are imposing rental limits and restrictions on landlords, Arizona has not faced these--yet.

### How to Find Apartment Opportunities

This was the focus of our last Town Hall Meeting. If you are doing your own legwork to find an owner willing to sell, it’s essential to have good databases. We had representatives from each at the meeting. **CoStar** offers info on all commercial property types plus info on each sale comp. For apartments they go down to smaller unit sizes--often less than 20 units. **CoStar** and their other company, **LoopNet**, list properties “for sale.” **Trepp** offers info on larger properties (including financials) with a searchable database of when government loans are in trouble or expiring. **Yardi Matrix** covers bigger buildings (50 units or more). Their website is very user-friendly with in-depth market and property info. **Vizzda** provides data on all commercial property sales and reports the basic public info the day after a sale is recorded (often with ownership contact info). Access to all these databases is fee-based and costs money. **American Title** (ATSA) not only provides great title service but also provides investors free searches using county information to help locate smaller sized apartment opportunities. If you are doing your own searching, some of these databases/companies would be essential—OR call us. We have these databases and the insight on how to maximize their value!

### KLCG is Expanding to Continue to Provide the Best Commercial Real Estate Service Possible

**Katherine Patry** brings to the Group over 25 years of commercial construction experience including everything from tenant improvements and complete renovation/remodeling to design-build. One of her passions is an expertise in commercial adaptive reuse projects and how older buildings could be revived. Her understanding of HUD non-profit, low-income multi-family is especially invaluable as Phoenix pushes for more downtown workforce housing. [Katherine@KLCommercialGroup.com](mailto:Katherine@KLCommercialGroup.com), 602 695-9928.

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## Kasten Long Commercial Group

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