



## MARKET AT A GLANCE



**OCCUPANCY RATE** **94.9%**  
Up **40 bps** since 3Q16



**ASKING RENT** **\$1,009**  
Up **5.0%** since 3Q16

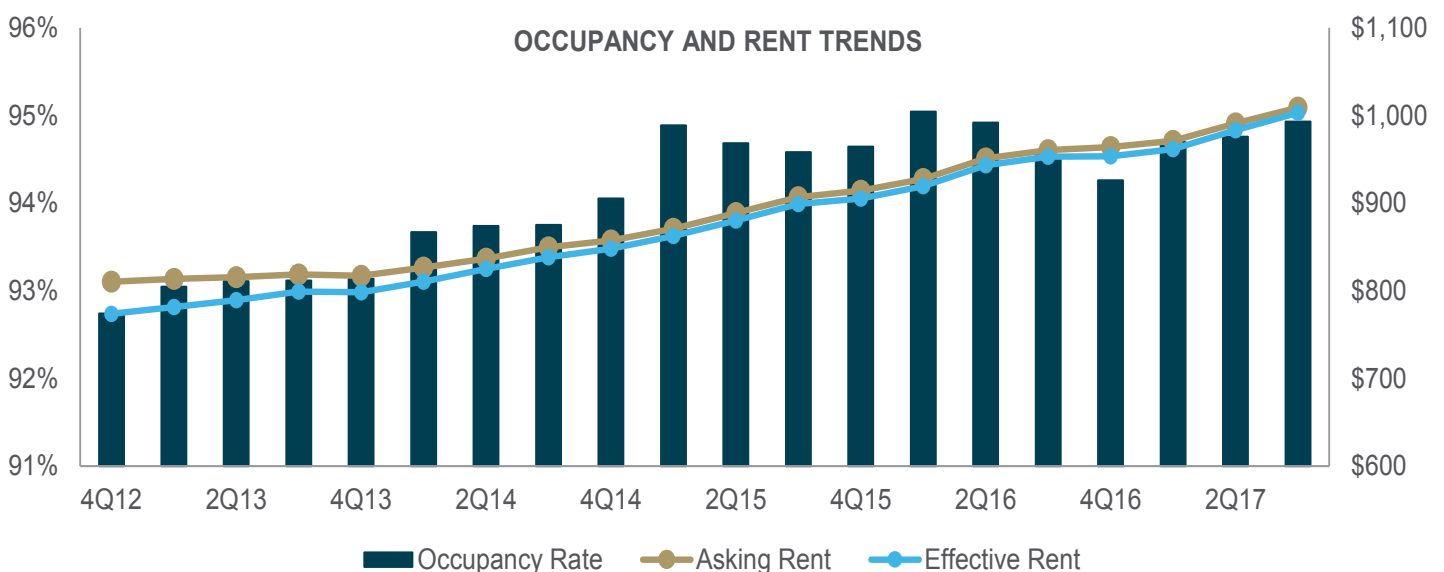


**CONCESSIONS** **0.6%**  
Down **10 bps** since 3Q16

## OCCUPANCY AND RENT TRENDS

### CONCESSIONS LOWER AS APARTMENT OCCUPANCY RISES

Apartment demand heightened across the Phoenix metropolitan area during the last year. Residents newly occupied 8,144 units annually through September 2017, up from 6,510 units absorbed during the preceding year. Renters were attracted to the new inventory, as leasing activity was highest in the Central Phoenix South and the Chandler/Gilbert submarkets. The two areas had the most additions during the last year, accounting for nearly 37% of all metrowide deliveries. Overall, 7,061 units came online since September 2016. Construction was underway on 49 properties in the third quarter, with 11,780 units scheduled to come online by year-end 2019. With leasing activity outpacing apartment inventory growth, metrowide occupancy elevated 40 basis points annually to 94.9% in September 2017. With occupancy rising, operators advanced asking rent an average of 5.0% year over year. By the end of the third quarter, asking rent averaged \$1,009 per month. At the same time, effective rent advanced 5.3% to trim average concessions to 0.6% of asking rent. In the highly desired South Scottsdale submarket, asking rent advanced 12.9% annually to \$1,377 per month as occupancy advanced to 95.1%.



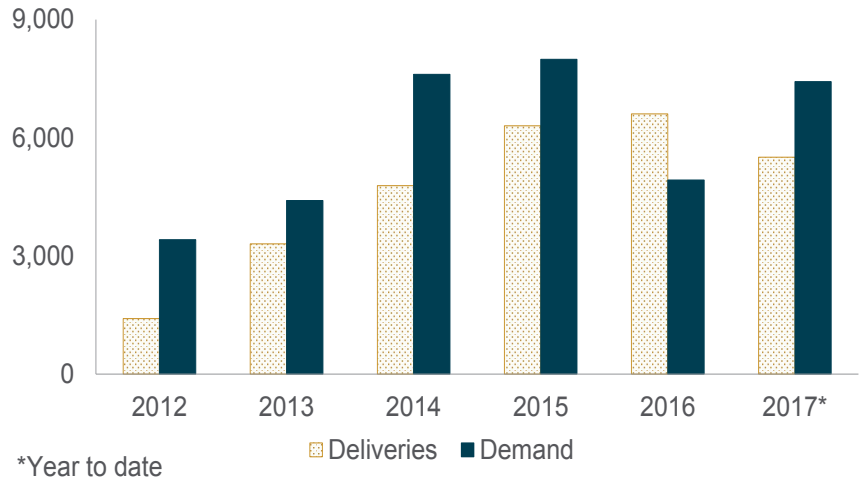
**DELIVERIES AND DEMAND**



**DELIVERIES** 5,505  
Units YTD



**NET ABSORPTION** 7,423  
Units YTD



**ECONOMIC TRENDS**

2016 **UNEMPLOYMENT\*** 2017  
4.4% ..... **-10 BPS CHANGE** ..... 4.3%

2016 **EMPLOYMENT\*** 2017  
1.98m ..... **1.7% CHANGE** ..... 2.02m

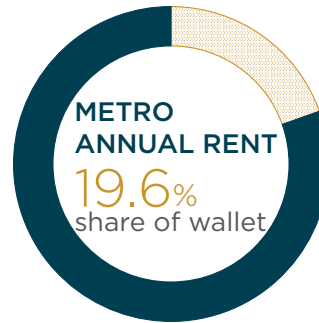
2016 **EXISTING SFH SALES\*\*** 2017  
88.3k ..... **6.1% CHANGE** ..... 93.7k

2016 **MEDIAN SFH PRICE\*\*** 2017  
\$234.3k ..... **4.8% CHANGE** ..... \$245.5k

2016 **10-YEAR TREASURY\*\*** 2017  
1.63% ..... **60 BPS CHANGE** ..... 2.20%

Greater Phoenix nonfarm employment grew by 34,600 net jobs annually through August 2017. The local workforce expanded 1.7% year over year, outpacing the 1.4% national average increase at the same time. Hiring by employers in the leisure and hospitality industry was an economic driver, growing a metro-high 5.3% with 11,600 additions. Supporting the industry was the opening of several new hotels. One of the largest new hotels was the 19-story, 320-room dual-brand hotel at the Luhrs City Center in the Central Phoenix South submarket. Organizations in the education and health services sector contributed an additional 8,600 jobs to the local economy, for a 2.9% growth. The sector was boosted with the opening of Mayo Clinic's new medical school in Scottsdale in July. Hiring was also robust in the financial activities sector, expanding 2.6% with 4,600 new personnel. Metrowide job growth was tamped down by the 4,800 combined jobs shed in the information and other service sectors for a 6.4% and a 3.9% contraction, respectively.

\*August; \*\*September



**SUBMARKET BREAKDOWN**

SUBMARKET NAME	OCCUPANCY		AVG RENT INCREASE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17	3Q17	ANNUAL	3Q17	ANNUAL
Central Phoenix North	93.0%	93.5%	-6.3%	5.9%	\$781	\$827	176	478	96	386
Central Phoenix South	94.4%	94.6%	3.6%	1.9%	\$982	\$1,001	382	1,292	267	1,313
Chandler/Gilbert	94.6%	94.6%	5.9%	3.9%	\$1,070	\$1,112	265	1,206	262	1,280
Deer Valley	94.2%	94.7%	5.7%	4.5%	\$852	\$891	31	187	68	68
East Mesa	95.5%	95.9%	6.0%	3.7%	\$952	\$988	40	251	80	210
Glendale South	94.3%	94.5%	10.1%	2.1%	\$782	\$799	59	97	22	77
Goodyear/Avondale/Tolleson	95.9%	96.1%	7.6%	4.9%	\$933	\$978	33	17	0	0
Maricopa County/Other	96.4%	96.9%	8.0%	3.6%	\$1,016	\$1,052	2	13	0	0
Maryvale	95.2%	95.6%	6.8%	4.1%	\$737	\$767	-78	49	0	0
North Glendale/Peoria	94.6%	94.9%	4.1%	2.7%	\$910	\$935	141	182	0	95
North Scottsdale	93.9%	94.1%	5.4%	7.2%	\$1,158	\$1,242	5	466	114	435
North Tempe	94.0%	94.5%	5.4%	8.1%	\$1,082	\$1,169	317	1,040	293	999
Northeast Phoenix	94.0%	94.5%	1.1%	6.8%	\$930	\$994	335	923	323	866
Paradise Valley	95.3%	95.7%	-0.7%	3.0%	\$917	\$944	-8	36	0	0
Pinal County	92.5%	95.5%	-1.9%	4.2%	\$699	\$728	-53	144	0	0
South Mesa	94.8%	95.2%	6.8%	5.5%	\$818	\$863	79	498	0	442
South Scottsdale	93.6%	95.1%	1.5%	12.9%	\$1,220	\$1,377	68	525	0	237
South Tempe/Ahwatukee	94.8%	94.8%	6.1%	4.4%	\$1,044	\$1,090	210	615	183	653
Sunnyslope	94.3%	94.6%	7.1%	7.1%	\$768	\$822	19	60	0	0
West Mesa	95.5%	96.1%	6.1%	4.5%	\$793	\$828	30	65	0	0
<b>TOTALS</b>	<b>94.5%</b>	<b>94.9%</b>	<b>5.9%</b>	<b>5.0%</b>	<b>\$961</b>	<b>\$1,009</b>	<b>2,052</b>	<b>8,144</b>	<b>1,708</b>	<b>7,061</b>



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