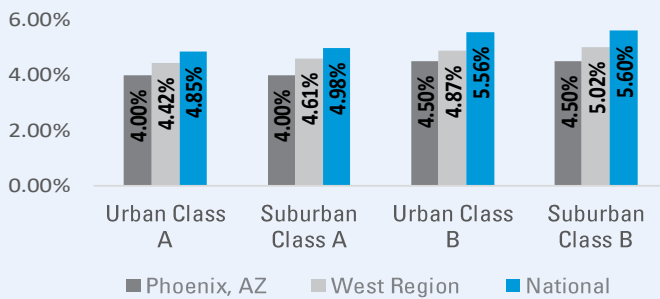


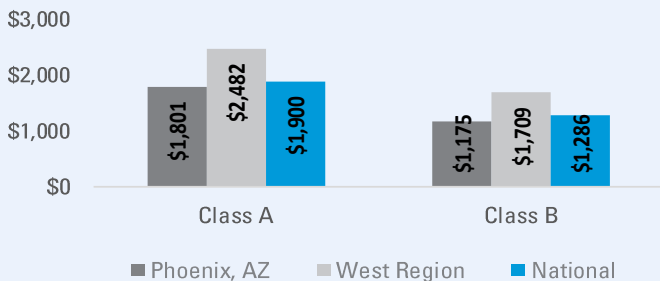
### Market Rate Indicators (Y/Y)

Categories	Class A	Class B
Going In Cap Rate (%)	▼	▼
Asking Rent (\$/Unit)	▲	▲
Vacancy Rate (%)	▼	▲

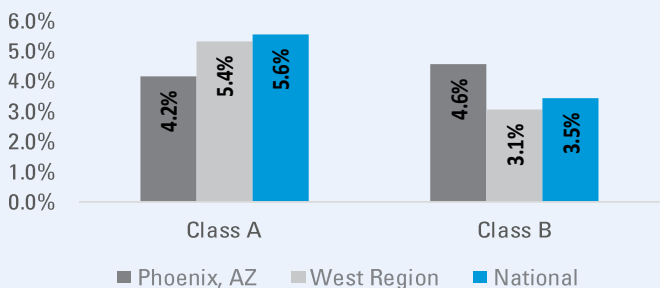
### Going In Cap Rate Comparisons (%)



### Asking Rents (\$/Unit)



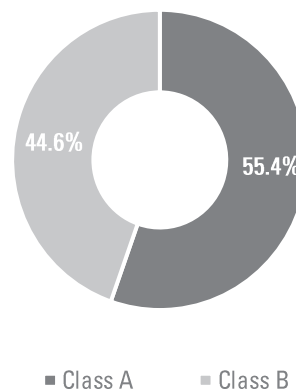
### Vacancy Rates (%)



### Phoenix, AZ Multifamily Market Overview

The Phoenix metro area has experienced unprecedented growth in demand for housing and demand for higher-quality rental opportunities. In addition, the federal reserve has increased interest rates multiple times this past year which has decreased the affordability of home acquisitions, hindering first-time home buyers. As such, both groups have sought housing options in the apartment market. This has caused the local rate of vacancy to hover at or close to 0%. Rental rates have increased an average of 15% year over year with renewed lease rates only climbing at an average of 8% annually. This has increased the renewal rate within existing class-A apartments which only further exasperates the market's lack of supply. This lack of motility with renters has caused market rents to continue to climb at 15% annually, which has directly caused caprate compression, increasing multifamily valuations across the board. While there are a large number of new construction apartments on the market, very few of them are outside of the A-Class product type. This leaves a heavy undersupply in B and C-class housing. Therefore, lower-class apartments, on balance, should see an even greater increase in rental growth. We have seen most expenses stay relatively flat as they have not increased with inflation. Specifically, Taxes, Insurance, Replacement reserves, and utilities have stayed rather constant. However, there has been a slight uptick in payroll costs as personnel expenses have increased as the nation experiences large annual inflation rates across every sector of the marketplace. As such, we expect net expense ratios to decrease.

### Distribution of Total Inventory



320,137 Units  
Multifamily Inventory

2.06% - 12 Mo. Proj.  
Construction/Inventory

# 2023 PHOENIX, AZ MULTIFAMILY ANNUAL REPORT

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## Change In Value Next 12 Months



▲10%-14.9%

Urban Class A



▲10%-14.9%

Suburban Class A

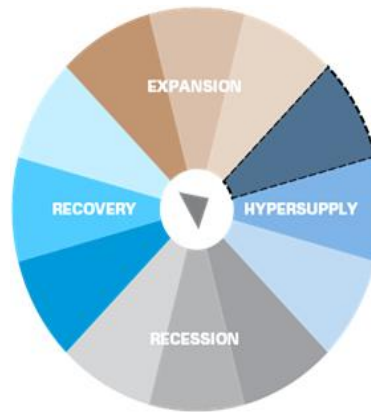
▲10%-14.9%

Urban Class B

▲10%-14.9%

Suburban Class B

## Market Cycle: Hypersupply Stage 1



- Moderate/High New Construction
- Increasing Vacancy Rates
- Med/Low Rental Rate Growth
- Moderate/Low Employment Growth
- Low/Negative Absorption

## Forecasts

### Phoenix, AZ 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Increase 25-49 bps	Increase 50-74 bps	Increase 25-49 bps	Increase 50-74 bps
Discount Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Reversion Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Construction (Units)	6,596			
Market Rent Change	+5.00%	+10.00%	+5.00%	+10.00%
Expense Rate Change	+3.00%	+5.00%	+3.00%	+5.00%
Years to Balance	2			

### Phoenix, AZ 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	+18.48%			
Change in Value	Increase 15%-19.9%	Increase 15%-19.9%	Increase 15%-19.9%	Increase 10%-14.9%

Integra Realty Resources (IRR) is the largest independent commercial real estate valuation and consulting firm in North America, with over 165 MAI-designated members of the Appraisal Institute among 600+ professionals based in our 50+ offices throughout the United States and the Caribbean. Founded in 1999, the firm specializes in real estate appraisals, feasibility and market studies, expert testimony, and related property consulting services across all local and national markets. Our valuation and counseling services span all commercial property types and locations, from individual properties to large portfolio assignments.

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