

Greater Phoenix Area Apartment Owner's Newsletter 1st Qtr 2002

Kasten / Long Apartment Team
 **Commercial Investment**

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This newsletter is part of an on-going commitment to provide the best possible information and service to apartment owners. In addition to the detailed information on recent apartment sales, this issue notes a leveling off in vacancy rates due in part to the decrease in new apartment construction.

If you're considering selling or simply would like additional information on the current apartment market, please give me a call.

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- 15 Years Phoenix Resident
- 10 Years Investment -
Apartment Real Estate

Vacancy Rate Level at 8% **Projected to remain similar through 2002**

At the end of the 1st qtr. of 2002, the vacancy rate for all size multifamily units in the greater Phoenix area remained at 8.0%. This is about the same as the last two years but above the 3% to 5% enjoyed between 1993-1998. A breakdown of the 1st qtr vacancy by unit size is shown below and illustrates that the smaller complexes are not competing with the overbuilding of the larger, more luxury apt. complexes.

# of Units	Vacancy 2002 1 st Qtr.
2 – 75	5%
76 – 99	7%
100 – 150	7%
151 – 200	8%
200+	9%

The 8% vacancy was at least partially due to the lower than normal permits issued over the past two quarters, 477 and 694. That's about 3,000 less than normal and shows that the higher vacancy rates are finally causing a decrease in new construction!

Multifamily Data - Greater Phoenix Area

Year	Permits	Absorp.	Vacancy
1992	1,234	4,394	8%
1993	1,799	12,135	4%
1994	6,015	2,208	4%
1995	7,991	211	4%
1996	8,533	7,820	5%
1997	7,930	8,001	5%
1998	7,877	3,674	5%
1999	8,241	5,017	6%
2000	8,009	6,225	7%
2001	7,201	1,525	8%

Data Sources for Vacancy, Demographics and Interest Rates:

1. Phoenix Metropolitan Housing Study, A.Z.R.E. Center, College of Business, ASU
2. Greater Phoenix Blue Chip Economic Forecast
3. H.15 Release – Federal Reserve Board of Governors

Greater Phoenix Apartment Sales - 1st Quarter 2002

ADDRESS CITY "NAME"	UNITS SIZE (SF)	SOLD PRICE PRICE / SF	SALE DATE YEAR BLT.	GSI PRICE / UNIT	GRM CAP	COMMENTS
7575 E Indian Bend Rd Scottsdale "Courtyards"	274 286,244	\$26,500,000 \$92.58	2/21/2002 1993	\$96,715	7.0%	64 1/1, 149 2/2, 61 3/2. Purchased to convert to condos. Class "A" property.
4630 S Lakeshore Dr. Tempe "CityScape"	214 212,964	\$17,750,000 \$83.35	1/15/2002 1995	\$2,468,040 \$82,943	7.2 8.9%	75 1/1, 103 2/2, 36 3/2. Class "A" property. Some units have garages.
825 W Osborn Rd Phoenix "Que Bonita"	123 107,122	\$5,625,000 \$52.51	1/10/2002 1980	\$45,731	8.75%	93 1/1 & 1/1.5, 24 2/2, 6 3/2. 56 units master metered, rest are indiv.
1007 W 1 st St. Tempe "Southbank"	88 60,278	\$4,550,000 \$75.48	2/28/2002 1983	\$51,704	8.2%	13 1/1, 75 2/1. Indiv. mtr. 17% vacancy at COE.
1255 E University Dr. Mesa "Fireside"	66 58,697	\$2,375,000 \$40.46	1/31/2002 1969	\$35,984	9.0%	11 1/1, 49 2/2, 6 3/2. 39% vacancy and \$500,000 def. maint. at COE.
3247 E Pinchot Ave. Phoenix "Casa Mia"	61 31,132	\$1,675,000 \$53.80	2/1/2002 1968	\$27,459	9.6%	14 st, 47 1/1. 10% vacancy at COE.
2302 N 27 th St Phoenix "Oakdale"	55 49,220	\$1,325,000 \$26.92	1/17/2002 1963	\$350,700 \$24,090	3.8 14.1	12 st, 8 1/1, 33 2/1.5, 2 3/2.
1425 N Palo Verde Dr. Goodyear "The Greens"	48 40,128	\$2,085,000 \$51.96	2/14/2002 1974	\$360,000 \$43,437	5.8 10.19	48 2/1. Exp. est. at \$2,760/u (\$3.30/sf). Fully occupied at COE.
6702 N 17 th Av. Phoenix "Crest"	47 32,220	\$2,160,000 \$67.04	3/6/2002 1979	\$303,060 \$45,957	7.1	2 st, 18 1/1, 27 2/1. GSI from proforma rents. No real estate brokers.
1075 E Chandler Blvd. Chandler "Aspen Springs"	46 44,118	\$2,450,000 \$55.53	2/22/2002 1985	\$375,840 \$53,260	6.5 7.2%	5 1/1, 41 2/2. Exp. est. at \$3,506/u (\$3.66/sf). 2/2 have 988 sf – condo pot.
3101 N 36 th St. Phx "Tamarack Shadows"	45 29,521	\$1,550,000 \$52.51	1/31/2002 1976	\$274,020 \$34,444	5.7 9.5%	32 1/1, 13 2/1 & 2/2. Exp. est. at \$2,220/u ((\$3.38/sf). Seller financed (\$1.24M loan).
4138 N Longview Av. Phoenix "Palm Vista"	40 27,200	\$1,460,000 \$53.68	3/29/2002 1982	\$36,500		8 1/1, 32 2/1. No real estate brokers. Central A/C. Master metered.
2740 W Medlock Dr. Phoenix "Suntree"	40 29,340	\$1,510,000 \$51.47	3/5/2002 1982	\$233,760 \$37,750	6.5 10.1%	12 1/1, 28 2/1. Exp. est. \$1,750/u (\$2.39/sf). Proforma exp. est at \$2,500/u (\$3.40/sf).
1015 S Stanley Pl. Tempe "Cypress Gardens"	33 36,036	\$1,250,000 \$34.69	1/31/2002 1963	\$37,878	9.4%	33 2/1. Master metered. Two story, block. Good cond., near ASU.
1350 E Bethany Home Rd. Phoenix "Bethany Biltmore"	32 31,728	\$1,875,000 \$59.10	3/4/2002 1964	\$279,600 \$58,593	6.7 9.3%	4 1/1, 24 2/2, 4 3/2. Exp. est. \$2,869/u (\$2.89/sf). No real estate brokers.
205 W McKellips Rd. Mesa "McKellips Manor"	30 24,975	\$1,315,000 \$52.65	1/28/2002 1981	\$43,833	9.5%	30 2/1. Exp. est. at \$3,021/u (\$3.79/sf). Single level, nice grounds, block, private.
3031 N 36 th St. Phoenix "Sydney"	30 19,300	\$1,080,000 \$55.96	1/25/2002 1970	\$218,136 \$36,000	4.95 8.24%	20 1/1, 8 2/1. Exp. est. at \$3,795/u (\$5.15/sf). Master metered. Partial credit for new chiller.
1826 N 51 st St. Phoenix "Desert Villas"	29 19,725	\$988,000 \$50.09	2/14/2002 1981	\$168,535 \$34,068	5.86 8.37	21 1/1, 8 2/1. Exp. est. \$2,552/u (\$3.75/sf). Single-level, block, many apts. on street.
1621 W Denton Rd. Phoenix "Sun Ray"	28 19,300	\$1,120,000 \$51.47	3/18/2002 1985	\$40,000	11.33%	10 1/1, 18 2/1 & 2/2. NOI reported \$126,900 at COE. Two-story block const. Improv.
524 S Stapley Dr. Mesa "Garden View TH's"	28 25,200	\$1,300,000 \$51.59	3/13/2002 1981	\$46,428	9.77%	28 2/1. NOI reported of \$127,028.
2537 W Georgia Av. Phoenix "Rainbow"	28 22,400	\$800,000 \$35.71	2/26/2002 1982	\$28,571	11.25%	28 2/1. Seller financed. Sig. def. maint. Adjacent to County vehicle yard & I-17.
801 E Rose Ln. Phoenix "Rose Lane"	27 16,458	\$840,000 \$51.04	2/11/2002 1960	\$126,360 \$31,111	6.65 7.0%	27 st. Exp. est. \$2,277/u (\$3.74/sf). All cash sale. Purchased site for later development.
1335 E Thomas Rd. Phoenix "Colonial Ritz"	26 24,018	\$1,028,000 \$42.80	4/2/2002 1954	\$162,180 \$39,538	6.34 8.43%	1 st, 4 1/1, 19 2/1, 2 3/2. Exp. est. \$2,592/u (\$2.81/sf). Refurbished w/ ins. \$ after fire.
5410 S 3 rd St. Phoenix "Southview"	24 15,600	\$775,000 \$49.68	1/17/2002 1986	\$151,200 \$32,291	5.13 11.41%	24 2/1. Exp. est \$2,229/u (\$3.54/sf). Two-story, frame/stucco. South Phoenix.
1414 E Dana Av Mesa "Dana East"	21 15,064	\$725,000 \$48.13	3/28/2002 1985	\$130,200 \$34,523	5.57 8.99%	20 2/1, 1 3/1. Exp. est. \$2,600/u (\$3.62/sf).
10705 N 15 th Av Phoenix "Dickens Manor"	20 15,500	\$595,000 \$38.39	3/2002 1958	\$109,320 \$29,750	5.44 9.94%	5 1/1, 15 2/1. Exp. est. \$2,182/u (\$2.82/sf). Red brick & slp. block. Seller offered carry.
4514 N 20 th St Phoenix "Oasis"	19 14,580	\$780,000 \$53.50	1/31/2002 1960	\$116,100 \$41,052	6.72 8.5%	10 1/1, 9 2/1, Exp. est. \$2,315/u (\$3.02/sf). Two-story, block.
26 W 7 th St Mesa	16 13,152	\$542,400 \$41.24	3/8/2002 1963	\$33,900		16 2/1 (822 sf). One-story, brick, A/C. No real estate brokers involved in sale.

Table compiled by: Kasten / Long Apartment Team, RE/MAX Commercial Investment
 Data source: COMPS, MLS 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
2414 W Devonshire Av Phoenix "Devonshire Manor"	16 10,940	\$520,000 \$47.53	3/28/2002 1964	\$91,800 \$32,500	5.66 8.52%	8 1/1, 8 2/1. Exp est. \$2,393/u (\$3.50/sf). Four single-story bldg's. No RE agents.
1840 N 51 st St Phoenix "Seville East"	15 9,224	\$785,000 \$85.10	3/6/2002 1971	\$52,333		6 st, 4 1/1, 5 2/1. Six, single-story bldg's. Pitched roofs, A/C , good cond.
1510 E Maryland Av Phoenix "Palm Vista"	14 16,320	\$1,050,000 \$64.34	1/31/2002 1969	\$122,700 \$75,000	8.56 7.23%	3 1/1(875sf), 11 2/2 (1,245sf), Exp. est. \$2,900/u (\$2.49/sf). Poss. condo conv.
6528 N 17 th Av Phoenix "Galaxie"	14 15,674	\$574,000 \$36.62	4/10/2002 1964	\$41,000	10.0%	14 2/1 & 2/1.5, Exp. rpt'd at \$2,181/u (\$1.95/sf). Two-story, block.
3140 N 37 th St Phoenix "Sir John's"	14 11,340	\$500,000 \$44.09	4/16/2002 1967	\$84,000 \$35,714	5.95 8.73%	14 2/1. Exp. est. \$2,282/u (\$2.82/sf). One story brick.
498 N Arizona Av Chandler	13 7,634	\$360,000 \$47.16	3/15/2002 1948	\$27,692		13 1/1. Two, one-story block bldg's. Seller financed.
1701 N 7 th Av Phoenix	12 8,255	\$500,000 \$60.57	3/8/2002 1930	\$78,600 \$41,666	6.36 8.92%	1 st, 3 1/1, 8 2/1. Exp. est. \$2,224/u (\$3.23/sf). Two-story block. Seller financed.
5946 W Rose Ln Glendale	12 8,936	\$420,000 \$47.00	1/3/2002 1972	\$35,000		12 2/1. One-story, block.
3417 N 24 th Ln Phoenix "Canyon Gardens"	12 9,704	\$385,000 \$39.67	3/6/2002 1961	\$32,083	9.5%	4 1/1, 8 2/1. three one-story bldg's.
4224 S 24 th St Phoenix "Alicia"	12 8,880	\$375,000 \$42.23	3/27/2002 1961	\$64,800 \$31,250	5.79 8.72%	12 2/1. Exp. est. \$2,134/u (\$2.88/sf). Three one-story block bldg's. Small seller carry.
4401 N 23 rd Av Phoenix	12 8,400	\$372,000 \$44.29	1/29/2002 1961	\$31,000		3 1/1, 9 2/1.5. One-story, block. No RE agents.
4538 N 8 th Pl Phoenix "Islands"	10 7,122	\$408,000 \$57.29	3/21/2002 1983	\$64,056 \$40,800	6.37 7.25	1 st, 9 2/1. Exp. est. \$2,180/u (\$3.27/sf). 7 units w/ washer/dryer.
6201 N 23 rd Av Phoenix	10 5,925	\$375,000 \$63.29	2/27/2002 1954	\$37,500		9 1/1, 1 2/1. Three single-level, block bldg's plus small house. Seller financed.
3417 N 24 th Ln Phoenix "Canyon Gardens"	12 9,704	\$385,000 \$39.67	3/6/2002 1961	\$32,083	9.5%	4 1/1, 8 2/1. three one-story bldg's.

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

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