

# Greater Phoenix Apartment Owner's Newsletter

Kasten / Long Apartment Team

**RE/MAX** Commercial Investment

2nd Qtr 2002

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(April – June 2002)
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Also see:

[www.PhxAptsForSale.com](http://www.PhxAptsForSale.com)

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 further increase in vacancy rates plus a review of the current investment climate.

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

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## Vacancy Rate Climbs to 8.7% - Highest Level in Ten Years -

At the end of the 2nd quarter of 2002, the vacancy rate for all size multifamily units in the greater Phoenix area increased from 8% in the 1<sup>st</sup> quarter to 8.7%. A breakdown of the 2nd quarter vacancy by unit size is shown below. For the first time in many quarters, the increased vacancy was felt more in the small to mid-size apartment complexes than the larger complexes.

# of Units	2002 1 <sup>st</sup> Qtr.	2002 2 <sup>nd</sup> Qtr.
2 - 24	5%	6%
25 - 50	6%	6%
51 - 75	5%	6%
76 - 99	7%	8%
100 - 150	7%	8%
151 - 200	8%	8%
200+	<u>9%</u>	<u>9%</u>
<b>Average</b>	<b>8%</b>	<b>8.7%</b>

Although the previous two quarters' new permit activity was down considerably, there were 1,439 permits issued for the 2<sup>nd</sup> quarter of 2002. This is approaching the over-building levels from past years. Overall absorption was also weak with only 439 units reported.

## 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%
2002 (1)	694	2,137	8%
2002 (2)	1,439	439	8.7%

The most active areas for new permits were the West Suburbs (891), Deer Valley (354) and North Black Canyon (168). The highest vacancy rate was reported for Sun City (12%) and the lowest was central Phoenix, near Christown Mall (6%).

Data Sources for Vacancy, Demographics and Interest Rates:

- Phoenix Metropolitan Housing Study, A.Z.R.E. Center, College of Business, ASU
- Greater Phoenix Blue Chip Economic Forecast

# Greater Phoenix Apartment Sales

## 2nd Qtr - 2002

ADDRESS CITY "NAME"	UNITS SIZE (SF)	SOLD PRICE PRICE / SF	SALE DATE YEAR BLT.	GSI PRICE / UNIT	GRM CAP	COMMENTS
1950 N 43 <sup>rd</sup> Ave Phoenix "Sunplace"	483 188,210	\$9,850,000 \$52.34	5/8/2002 1980	\$20,393	11.9%	168 st., 310 1/1, 5 2/1
2323 E Apache Blvd Tempe "The Alexan"	400 379,528	\$32,500,000 \$82.63	5/14/2002 2000	\$4,745,864 \$81,250	6.8 8.84%	192 1/1, 132 2/2, 76 3/2
6444 N 67 <sup>th</sup> Ave Glnd "Maryland Meadows"	364 258,840	\$9,900,000 \$38.25	4/30/2002 1981	\$27,197	10%	192 1/1, 172 2/2, part of portfolio sale with 11 other apt. complexes
3535 W Tierra Buena Ln Phoenix "Canterbury Hills"	348 244,376	\$10,400,000 \$42.56	4/30/2002 1985	\$29,885	10%	140 1/1, 104 2/1, 104 2/2, part of portfolio sale with 11 other apt. complexes
6980 E Sahuaro Dr Scottsdale "San Paloma"	324 374,613	\$29,500,000 \$78.75	5/15/2002 1993	\$4,153,622 \$91,049	7.1 8.2%	106 1/1, 170 2/2, 48 3/2, cap rate is proforma, actual rpt. was 7.5%.
7101 N 19 <sup>th</sup> Ave Phoenix "Montevida"	276 225,194	\$19,500,000 \$86.59	6/21/2002 1999	\$2,853,168 \$70,652	6.8 9.1%	156 1/1, 90 2/2, 30 3/2. Proforma numbers.
3045 N 67 <sup>th</sup> Ave Phoenix "Quail Point"	264 196,032	\$7,700,000 \$39.28	6/4/2002 1988	\$29,166		120 1/1, 72 2/1, 72 2/2, , 65% occupied at COE. Part of 4 property portfolio sale.
17500 N 67 <sup>th</sup> Ave Glendale "Sierra Canyon"	236 220,678	\$14,300,000 \$64.80	6/25/2002 2000	\$60,593		
12830 N Par. Village Pwy W Phoenix "The Summit"	206 119,154	\$8,000,000 \$67.14	6/17/2002 1979	\$38,834		54 st., 102 1/1, 26 2/1, 24 2/2, bond financed for moderate income housing.
14020 N Black Canyon Hwy Phoenix "Northwood Village"	202 141,918	\$4,790,000 \$33.75	4/30/2002 1981	\$23,712	10%	130 1/1, 40 2/1, 32 2/2, part of portfolio sale with 11 other apt. complexes
3915 E Camelback Rd Phoenix "Arcadia Villa"	169 139,980	\$9,350,000 \$66.80	6/25/2002 1970	\$1,503,393 \$55,325	6.2 7.82%	11 st., 74 1/1, 1 2/1, 55 2/2
1340 N Recker Rd Mesa "Alta Place"	152 134,520	\$7,915,000 \$58.84	6/25/2002 1986	\$52,072	8.0%	76 1/1, 76 2/2, large units, patios with security doors, W/D hook-ups
740 W Elm St Phoenix "Esplanade"	132 114,900	\$6,500,000 \$56.57	6/21/2002 1984	\$1,151,280 \$49,242	5.7 9.95%	24 1/1, 108 2/2, Exp. est \$3,100/u (\$3.56/sf).
598 N McQueen Rd Chandler "Chandler Village"	127 126,934	\$4,445,000 \$35.02	4/4/2002 1972	\$35,000	9.0%	21 1/1, 29 2/1, 54 3/2, 23 4/2, section 8 assisted living facility, deferred maint - roofs
8750 E McDowell Rd Scottsdale "Blossomtree"	125 87,674	\$4,150,000 \$47.33	6/28/2002 1970	\$1,109,304 \$33,200	3.74 8.25%	1 st., 50 1/1, 48 2/1, 24 2/2, 2 3/2, master mtr, util. prorated to tenants, \$250K credit
2828 W Camelback Rd Phoenix "Sun Shadow"	124 93,388	\$3,150,000 \$33.73	5/16/2002 1973	\$940,000 \$25,403	3.4 11.68%	40 st., 24 1/1, 12 2/1.5, 24 2/2, 24 3/2, \$300,000 def. maint.
1325 W Guadalupe Rd Mesa "Dobson Springs"	120 102,600	\$4,000,000 \$38.99	4/30/2002 1980	\$33,333	10.0%	18 1/1, 102 2/2, part of portfolio sale with 11 other apt. complexes
6015 W Olive Ave Glendale "Cimarron Village"	120 87,600	\$3,735,000 \$42.64	4/19/2002 1972	\$717,120 \$31,125	5.2 10.21%	12 st., 84 1/1, 24 2/1, Exp. est. \$ 2,500/u.
2625 E Indian School Rd Phoenix "Biltmore Palms"	106 79,864	\$3,450,000 \$43.20	4/30/2002 1982	\$32,547	10.0%	52 1/1, 54 2/2, part of portfolio sale with 11 other apt. complexes
708 N Country Club Dr Mesa "Brittany"	92 47,297	\$2,950,000 \$62.37	6/2/2002 1970	\$32,065	7.75%	31 st., 60 1/1, 1 2/1, utilities included with rent.
6301 N 64 <sup>th</sup> Dr Glendale "Glen Park"	88 69,888	\$2,700,000 \$38.63	5/10/2002 1972	\$562,140 \$30,681	4.8 9.18%	28 1/1, 1 1/1, 51 2/1, 8 3/2, Exp. est. \$3,251/u (\$4.09/sf)
10134 W Mohawk Ln Peoria "Sun Grove Resort"	86 86,540	\$4,200,000 \$48.53	5/10/2002 1985	\$48,837		Senior living complex (55+).
15417 N 29 <sup>th</sup> St Phoenix "Greenvale"	80 53,980	\$2,850,000 \$52.80	6/19/2002 1985	\$35,625	9.43%	40 1/1, 40 2/1
1323 N La Jolla Blvd Goodyear "La Jolla Court"	69 53,745	\$2,500,000 \$46.52	5/22/2002 1964	\$436,620 \$36,231	5.7 10.00%	26 1/1, 43 2/1, Exp. est. \$2,071/u (\$2.66/sf)
1702 W Tuckey Ln Phoenix "Concord"	66 58,185	\$3,150,000 \$54.14	5/30/2002 1968	\$517,860 \$47,727	6.1 8.99%	1 st., 1 1/1, 46 2/1, 18 2/2, Exp. est. \$3,008/u (\$3.41/sf). 75% master metered.
6238-6262 E Greenway Cir Mesa "Golden West"	56 54,350	\$2,800,000 \$51.52	5/24/2002 1986	\$433,200 \$50,000	6.5 9.24%	27 2/1, 9 2/2, 20 2/1.5, Exp. est. \$2,344/u (\$2.42/sf).
5810 S 40 <sup>th</sup> St. Phoenix "Rosewood"	52 25,325	\$1,600,000 \$63.18	4/10/2002 1980	\$294,720 \$30,769	5.4 10.1%	51 1/1, 1 2/2. Fully occupied at COE. Indiv. Mtr. Exp. est. at \$2,282/u (\$4.7/sf)
1130 E Butler Dr Phoenix "Hillside Terrace"	44 43,055	\$2,011,400 \$46.72	5/21/2002 1972	\$45,713	9.0%	3 1/1, 41 2/1. two-story block/stucco on side of hill in central Phoenix.

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.

# Greater Phoenix Apartment Sales

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ADDRESS CITY - "NAME"	UNITS SIZE (SF)	SOLD PRICE PRICE / SF	SALE DATE YEAR BLT.	GSI PRICE / UNIT	GRM CAP	COMMENTS
1626 W Desert Cove Ave Phoenix "Garden Cove"	44 26,608	\$1,775,000 \$66.71	6/28/2002 1976	\$40,340		No real estate brokers.
7020 N 75 <sup>th</sup> Ave Glendale "Glendale West"	44 33,187	\$1,250,000 \$37.67	6/13/2002 1963	\$331,000 \$28,409	3.8 11.27%	23 1/1, 2 2/1, 1 2/1.5, 18 3/1. Exp. est. \$3,719/u (\$4.93/sf).
2848 E Greenway Rd Phoenix "Greenway Villa"	40 27,400	\$1,480,000 \$54.01	5/1/2002 1981	\$244,800 \$37,000	6.1 9.16%	8 1/1, 32 2/1
525 E Bethany Home Rd Phoenix "Ernot"	40 26,546	\$1,250,000 \$47.09	5/23/2002 1969	\$31,250	10.9%	8 st., 16 1/1, 16 2/1. 70% occupied at COE. Approx. \$150,000 def. maint.
5510 N 35 <sup>th</sup> Ave Phoenix "Silver Oak"	36 30,758	\$1,540,000 \$50.07	6/24/2002 1959	\$268,800 \$42,777	5.7 9.3%	28 2/1, 8 3/2, Exp. est. \$2,405/u (\$2.81/sf),
546 W Glenrosa Ave Phoenix "Oak Court"	33 16,500	\$868,000 \$52.61	6/14/2002 1956	\$153,696 \$26,303	5.7 9.22%	33 1/1, Exp. est. \$2,006/u (\$4.01/sf).
6220 W Ocotillo Rd Glendale "Ocotillo Oasis"	33 24,648	\$1,206,000 \$48.93	4/17/2002 1984	\$193,620 \$36,545	6.23 9.77%	16 1/1, 16 2/1, 1 3/2 (house). Exp. est. \$2,004/u (\$2.68/sf). Some def. maint.
1710 E Ocotillo Rd. Phoenix "Ocotillo Terrace"	32 22,912	\$1,350,000 \$58.92	4/2/2002 1963	\$42,187		18 1/1, 14 2/1. No real estate brokers.
1401 N 3 <sup>rd</sup> St Phoenix "Gateway Towers"	29 28,072	\$1,500,000 \$53.43	5/22/2002 1961	\$51,724	12.02%	28 1/1, 1 2/1, two-story, block/stucco const.
3524 N Miller Rd Scottsdale "Sir Lancelot"	28 24,500	\$1,215,000 \$49.59	6/17/2002 1958	\$208,308 \$43,392	5.8 9.98%	28 2/2, Exp. est. \$2,657/u (\$3.04/sf)), two-story block, good Scottsdale location.
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.
45 E Lexington Ave Phoenix	23 13,275	\$835,000 \$62.90	5/29/2002 1963	\$133,800 \$36,304	6.2 9.19%	15 st., 8 1/1, Exp. est. \$2,210/u (\$3.83/sf).
3208 E Flower St Phoenix "Spinnaker Cove"	22 15,430	\$1,018,000 \$65.98	5/16/2002 1986	\$155,262 \$46,272	6.6 8.84%	8 1/1, 14 2/1, Exp. est. \$2,460/u (\$3.51/sf).
3605 N 36 <sup>th</sup> St Phoenix "Ward Manor"	22 17,600	\$850,000 \$48.30	5/31/2002 1986	\$132,000 \$38,636	6.4 8.44%	22 2/1, Exp. est \$2,437/u (\$3.05/sf), Seller financed.
8605 E Coronado Rd Scottsdale "Coronado"	22 15,240	\$840,000 \$55.12	5/15/2002 1968	\$38,181	10.46%	
409-439 S Williams Mesa "Kings Manor"	21 15,934	\$693,000 \$43.77	4/10/2002 1959	\$33,000		No real estate brokers. Single level, block
5153 N 29 <sup>th</sup> Ave Phoenix "Sierra West"	20 11,388	\$490,000 \$43.03	5/31/2002 1967	\$96,600 \$24,500	5.1 9.58%	19 1/1, 1 2/1, Exp. est. \$2,240/u (\$3.94/sf), single-story, block const.
3648 N 40 <sup>th</sup> St Phoenix "Arcadia Court"	18 10,163	\$490,000 \$48.21	5/10/2002 1957	\$27,222	9.7%	3 st., 14 1/1, 1 2/1, single-level, block const.
1815 W Tuckey Ln Phoenix "Tuckey"	16 16,800	\$620,000 \$36.90	5/16/2002 1963	\$86,493 \$38,750	7.2 7.57%	4 1/1, 12 2/1, Exp. est. \$2,313/u (\$2.20/sf), two-story, block const.
715 E Vogel Ave Phoenix "Erin Place"	16 10,320	\$535,000 \$51.84	5/17/2002 1983	\$98,400 \$33,437	5.4 9.82%	8 1/1, 8 2/1, Exp. est. \$2,252/u (\$3.49/sf), two-story, frame stucco const.
1225 E Medlock Dr Phx "Mirada Condominiums"	15 14,783	\$830,000 \$56.15	5/10/2002 1962	\$55,333	11.9%	4 1/1, 8 2/1, 3 3/2. Located within Alondra-Mirada complex.
645 W Hazelwood St Phoenix "Hazelwood"	15 9,625	\$575,000 \$59.74	5/17/2002 1959	\$96,960 \$38,333	5.9 11.95%	13 1/1, 2 2/1, Exp. est. \$1,238/u (\$1.93/sf), one-story, block const.
1819 N 18 <sup>th</sup> St Phoenix "McDowell Manor"	15 9,225	\$451,124 \$48.90	5/21/2002 1953	\$78,900 \$32,700	5.7 9.42%	3 st., 6 1/1, 6 2/1, Exp. est \$2,115/u (\$3.44/sf), 3 par. res. fin, 4 <sup>th</sup> par. seller fin.
6528 N 17 <sup>th</sup> 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. est. \$2,181/u (\$1.95/sf). Two-story, block.
3141 N 37 <sup>th</sup> 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.
16821 N 26 <sup>th</sup> St Phoenix "Country Manor"	14 8,820	\$446,000 \$50.57	5/23/2002 1980	\$78,000 \$31,857	5.7 9.94%	10 1/1, 4 2/1, Exp. est. \$1,848/u (\$2.93/sf)

**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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