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Phoenix Apartment Revenue Stream 1Q10 Update  
Prepared for the Arizona Multihousing Association Board of Directors  
Situational awareness is always important but today it is more important than ever

Asking Rent:

- 1Q10: \$745    1Q09: \$760    4Q09:\$746
- Highest Rent 1Q10: North Scottsdale/Fountain Hills @ \$923 (\$943 in 1Q09)
- Lowest Rent 1Q10: West Central Phoenix @ \$555 (\$586 in 1Q09)

Vacancy:

- 1Q10: 13.5%    1Q09: 15.3%    4Q09: 15%
- Highest Vacancy 1Q10: West Central Phoenix @ 24.5% (20.1% in 1Q09)
- Lowest Vacancy 1Q10: North Scottsdale/Fountain Hills @ 5.5% (9.3% in 1Q09)

Concessions:

- 1Q10: 85%    1Q09: 85%    4Q09: 87%
- Highest Concessions 1Q10: NW/SW County @ 100%
- Lowest Concessions 1Q10: Central Valley (Light Rail Route area): @ 59%

New Construction:

- 1Q10: 213 units in THREE projects scheduled for construction. In 1Q09 there were 4,322 units in 16 projects scheduled for- or under construction. In 1Q08, there were 9,129 units in 34 projects scheduled for- or under construction. .
- In Phoenix area in 1Q10, 425 units in TWO project were built- among lowest ever added in one quarter. In 1Q09, there were NINE projects totaling 2,793 units added.

Key Observations:

- Buyer interest in apartment investments in Phoenix is at its most intense level in 15 years
- The rate at which eviction filings have been falling is becoming less severe
- 1Q10 eviction filings compared to 1Q09, 1Q08, 1Q07, and 1Q06 are down respectively 23%, 50%, 54%, and 61%.
- Central Valley cut rents 12.5% since last year and vacancies fell from 20% to 11.2% from 1Q09 to 1Q10.
- As of 6 June 2010 there were 53,724 pending foreclosures in Maricopa County
- As of 6 June 2010 there were 40,580 REO properties in Maricopa County
- As of 6 June 2010 there were 46 PENDING apartment foreclosures (>\$1MM Original Loan) in Maricopa County totaling \$184,848,075 of originated loan dollars
- A list of the lenders with loan exposure is available- call Pete anytime
- The lowest vacancy submarkets had the highest rents
- The highest vacancy submarkets generally had the lowest rents (Employer Sanction Bill of 2007 fallout)
- The effects of the Immigration Bill will likely continue to suppress Class 'C' apartment revenues and values
- Call or email Pete anytime with questions