

Towers On 19th

11850 N. 19TH AVE. PHOENIX, AZ 85029



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PROPERTY HIGHLIGHTS

Towers On 19th

OFFERING MEMORANDUM

OFFERING

Price	\$7,500,000
Price Per Unit	\$58,594
Price Per Square Foot	\$130.05
Terms	Cash - Fee Simple

SITE DESCRIPTION

Apartment Community	Towers on 19th
Location	11850 N 19th Ave. Phoenix, AZ 85029
Total Units	128
Year Built; Renovated	1985; 2015-2017
Net Rentable Square Feet	57,668
Number of Buildings	2 + Office/Community Center/Laundry Facility
Number of Stories	3 / Common Building is One Story
Sub-market	Metrocenter
Land Size	2.69 Acres
Density	47.58 Units Per Acre
Parking	163 Covered Spaces 72 Uncovered Spaces
Laundry	On-Site Laundry Facility

MECHANICAL

Heating / Cooling	Individual Wall Mounted Units
Hot Water	Individual Hot Water Heaters
Electricity	Paid by Tenant
Water / Sewer	Paid by Owner

CONSTRUCTION

Foundation	Concrete
Framing	Wood
Exterior	Painted Stucco
Roof	Pitched / Built-Up
Parking Surface	Asphalt

PROPERTY TAXES

Number of Parcels	1
Tax Parcel Number	149-05-002
2016 Property Tax	\$31,521

UNIT TYPE	# OF UNITS	% OF COMPLEX	SQUARE FEET
Studio	19	14.84%	288
1BD/1BA	74	57.81%	432
1BD/1BA	20	15.63%	576
2BD/1BA	11	8.59%	552
2BD/1BA	4	3.13%	659
Total/Average	128	100%	451



PROPERTY EXTERIOR PHOTOGRAPHS



PROPERTY EXTERIOR PHOTOGRAPHS



AREA DESCRIPTION

Towers On 19th is located at 11850 North 19th Avenue in Phoenix, Arizona. The property is situated south of Cactus Road, a major east-west thoroughfare running through Phoenix, Arizona. There are several schools within one mile of the property including Shaw Buttle School, John Jacobs Elementary, Mountain View School, and Thunderbird High School. Nearby grocery stores within two miles of Towers On 19th include Fry's, Safeway, El Rancho Market and Albertson's. Residents are close to public parks such as Cave Creek Park at Cactus, less than one mile northwest, and Winifred Green Park approximately one mile southeast of the property. Freeway access to the I-17 Highway is available via the Cactus Road on-ramp located less than one mile east of the property, provides a convenient commute to Downtown, Tempe and Mesa.

The immediate neighborhood surrounding Towers On 19th comprises a mixture of single-family homes, multifamily projects, and commercial/industrial developments. There are two nearby shopping malls including the Sears and Harkins Theatre anchored Metrocenter Mall located less than two miles southwest of the property, and Christown Spectrum Mall located four miles south of Towers On 19th. Healthcare facilities such as Banner Thunderbird Medical Center, HonorHealth John C. Lincoln Hospital and Deer Valley Medical Center are located within four miles of the property.

Nearby Community Colleges and Universities include Glendale Community College, located at Olive Avenue and 59th Avenue, and Arizona State University West located at 51st Avenue and Thunderbird Road. Towers On 19th is minutes from Arizona State University- West Campus and Midwestern University. Arizona State University has three campuses in the Phoenix Metropolitan Area that included an enrollment of over 80,000 undergraduates in 2016. Midwestern University includes an enrollment of over 6,000 students located six miles from Towers On 19th and is aggressively growing their presence as an educational institution.



TOWERS ON 19TH | AREA BREAKDOWN



± 141,000

WORKFORCE

SOURCE: COSTAR, TOWERS ON 19TH 5 MILE RADIUS



± 15,000

BUSINESSES

SOURCE: COSTAR, TOWERS ON 19TH 5 MILE RADIUS



± \$185,000

MEDIAN HOME SALE PRICE

ZIP CODE: 85029 SOURCE: TRULIA.COM



± \$48,153

MEDIAN HOUSEHOLD INCOME

SOURCE: COSTAR, TOWERS ON 19TH 5 MILE RADIUS



± 31,000

TRAFFIC COUNT

SOURCE: COSTAR, TOWERS ON 19TH | NORTH ON 19TH AVE.



8.26% | 2017-2022

POPULATION GROWTH

SOURCE: COSTAR, TOWERS ON 19TH 1 MILE RADIUS



35

AVERAGE AGE

SOURCE: COSTAR, DUNLAP FALLS 1 MILE RADIUS

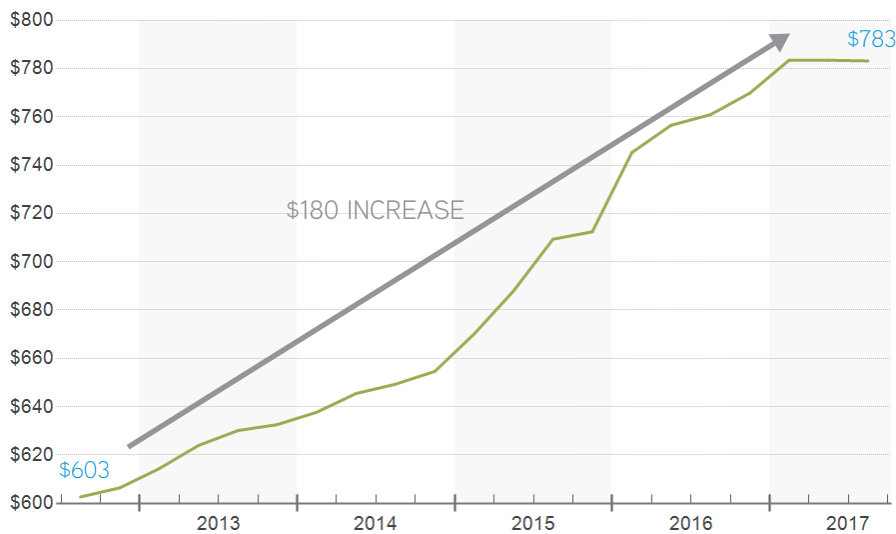


94%

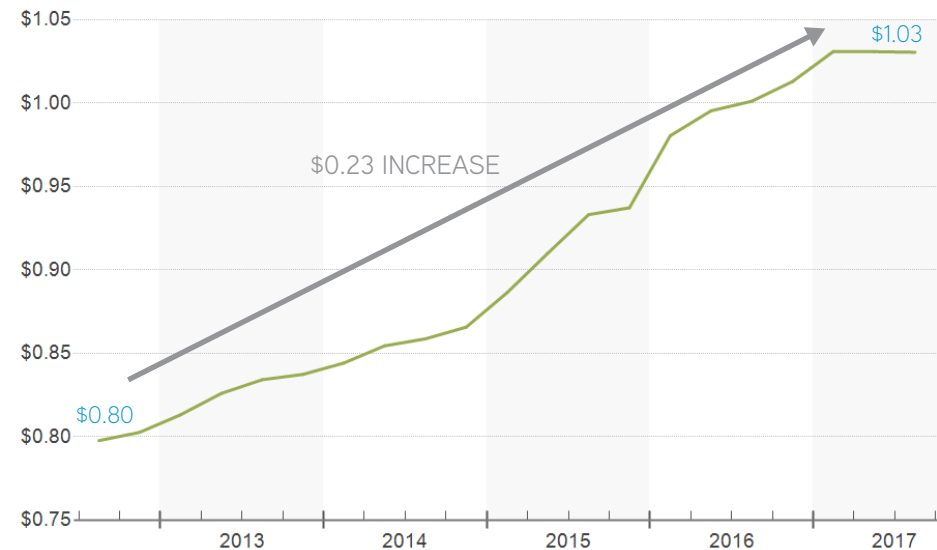
SUBMARKET OCCUPANCY

SOURCE: COSTAR, TOWERS ON 19TH | CACTUS AVE & 19TH AVE

SUBMARKET ASKING RENT PER UNIT



SUBMARKET ASKING RENT PER SF



SUBMARKET ASKING RENTS INCREASED 30% SINCE 2012

METROCENTER SUBMARKET

The Metrocenter submarket is located in the northwest portion of the Greater Phoenix MSA. The submarket is served by the Interstate 17, which is the primary north-south artery in the metro area and connects the submarket to Downtown Phoenix and to the northwest suburbs. Metrocenter is bordered by Glendale to the west, Downtown/Midtown Phoenix to the south and Deer Valley to the north.

The Metrocenter submarket features about 8,400 multifamily units, marking it somewhat smaller than the average submarket in Greater Phoenix. The submarket has been largely insulated from competition from new supply, with minimal projects delivering over the past 15 years. More than 60 percent of the units in the submarket were delivered before 1984.

Rents in the Metrocenter submarket are somewhat lower than the metrowide average, but some of this is due to the age of the inventory and somewhat smaller units on average. Rents have been trending higher at a rapid pace, however, as metrowide vacancy has tightened considerably in recent quarters and affordable options are becoming increasingly difficult to find. Average asking rents in the Metrocenter submarket spiked by 14 percent in 2016, reaching \$765 per month, or \$1.02 per square foot, per month. This comes following a 6.5 percent rise in rents in 2015.

Metrocenter Mall is one of the primary amenities and employment centers in the submarket. The mall was recently acquired by the Carlyle Group which is currently implementing a redevelopment strategy to make significant improvements to the property -- fully supported by the City of Phoenix. Early plans call for a transition from an indoor mall of the 1970 and 1980s to more of an urban infill, mixed use development that will include additional retail, restaurants, office buildings, senior housing, and health-care facilities. The first step in this process is the construction of a new 148,000-square foot Walmart Supercenter, slated to come online in the summer of 2017.



USAA Phoenix Campus - 3,500 Employees



The Metrocenter submarket will also benefit from the expansion of the Phoenix Light Rail system. By 2023, the Light Rail is expected to extend all the way to the Metro Center Mall. The Light Rail system provides frequent and reliable rail service running 365 days per year. The system links the Phoenix suburbs to Downtown Phoenix, Tempe and Mesa, with a connection to the Phoenix Sky Harbor International Airport. The Phoenix Light Rail had an annual ridership of more than 15.5 million in 2016.

Retailers are large employers in the Metrocenter submarket. Merchants such as Harkins Theatres, Sears, Dillard's and Best Buy combine to employ hundreds of workers in the area surrounding Metro Center Mall. The Walmart scheduled to open in summer 2017 will also be home to more than 100 employees.

The Metrocenter submarket's central location and access to the I-17 also means that there are a number of employment centers within a fairly short drive. The Deer Valley Airport submarket is located to the north of the Metrocenter submarket and is home to several financial services firms, including USAA, Discover Card, and American Express, which collectively employ thousands of workers in the Valley of the Sun. The submarket also includes other noteworthy office tenants such as: Waste Management, AAA Arizona, CIGNA, Honeywell, Safeway and a Regional office of the FBI.



The confluence of high-traffic arteries make the Northwest Phoenix/Metro Center area a logical choice for the growing educational institutions that are reaching out to the previously underserved Northwest Valley. Schools including ASU West, Thunderbird International, and Grand Canyon University are located in the submarket as are Western International University, Ottawa University and Carrington College, which all lease office space in the submarket. The current and future growth of Grand Canyon University (located between 31st and 35th Avenues on Camelback Road) will be a tremendous driver of future economic activity in the Northwest Valley submarket as well as the Phoenix metro area as a whole. The University is committed to investing tens of millions of dollars to nearly double its enrollment at the school's main campus.

Because of Metrocenter's and the subject property's proximity to the Glendale border, a short discussion of Glendale based employment opportunities is appropriate.

The prestigious Thunderbird School of Global Management, which merged with Arizona State University in December 2014, has a full-time staff of 300 workers for its MBA program. Thunderbird's 750 full-time graduate students now have access to ASU's resources, while still attending classes at the Thunderbird Campus. In addition, Midwestern University has approximately 600 workers and an enrollment of approximately 2,500 students.

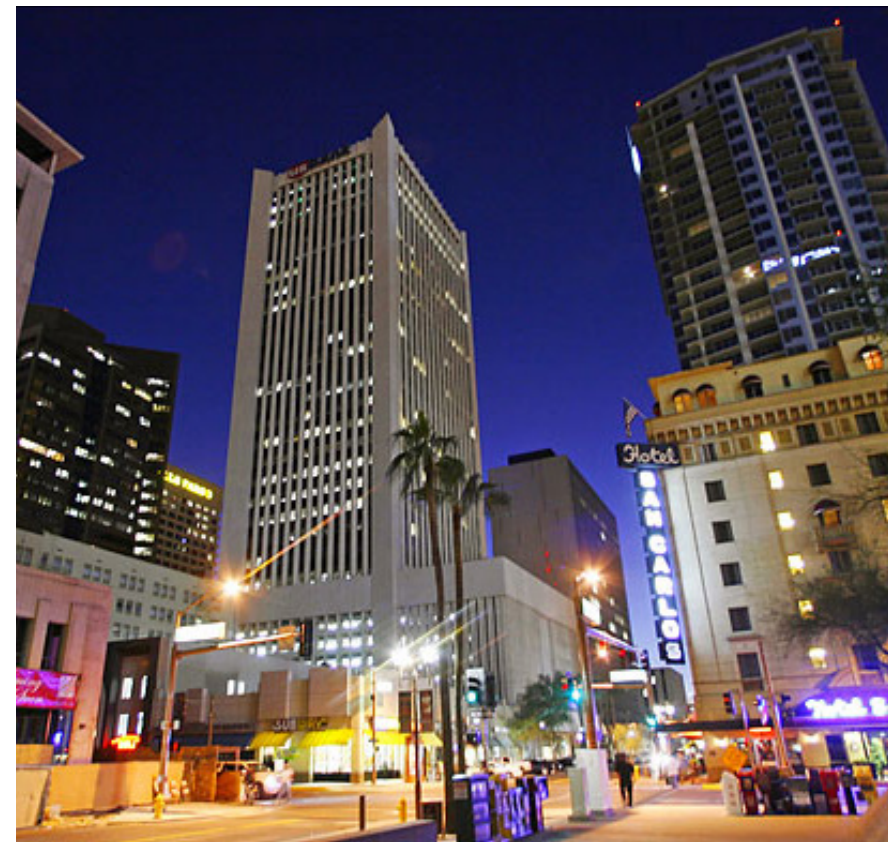
In addition to education, healthcare is one of the largest employment sectors in the city of Glendale. Banner Health system is the largest private employer in the city, with nearly 2,900 workers. In addition, Arrowhead Hospital, a 217-bed facility that routinely receives awards for top quality care, has approximately 1,000 workers. Humana Healthcare is also a prominent employer in Glendale, with more than 625 workers in the city. Life Care Center of North Glendale, a long-term care facility in the city, also has 300 workers.

Outside of healthcare and education, there are a number of large, national and international companies with a presence in Glendale. AAA has an administrative office in the city with more than 1,300 workers, Honeywell employs 800 in the city and Bechtel—one of the largest privately-owned companies in the United States—has a facility with 500 employees.



TOWERS ON 19TH IS WITHIN EASY ACCESS TO:

- Deer Valley Airport - serves to relieve air traffic from Sky Harbor; situated on 914 acres and is home to more than 1,277 aircrafts
- Sky Harbor International Airport – one of the top ten busiest airports in the nation with more than 100,000 passengers daily, over 31,000 employees & a daily economic impact of \$90 million.
- Metrocenter Mall - 1.3 million square foot super-regional shopping mall in northwest Phoenix with over 100 retailers and restaurants. Currently being transformed by initiating a new Planned Urban Development (PUD) Zoning Overlay to accommodate a 2,700,000 square feet mixed-use environment, including office, medical and residential units. New 148,000 square feet Walmart Supercenter scheduled to open July 2017.
- Grand Canyon University - rapidly expanding educational institution with over 40,000 students enrolled.
- Desert Ridge Marketplace - premier shopping and entertainment destination with over 110 retailers and restaurants.
- Arrowhead Towne Center - anchored by Macy's, Sears, Dillard's, JCPenney, and AMC Theatres and is home to 132 tenants.
- Paradise Valley Mall - anchored by Macy's, Sears, Dillard's, JCPenney, and Costco and is home to 160 tenants.
- Biltmore Fashion Park - over 600,000 square feet of luxury outdoor retail and dining.
- HonorHealth Deer Valley Medical Center - Magnet status 204-bed full service hospital.
- HonorHealth John C. Lincoln Medical Center - Magnet status 266-bed full service hospital.
- Banner Thunderbird Medical Center - 504-bed hospital ranked 6th best in Phoenix metro area.
- Abrazo Scottsdale Campus - 142-bed acute care hospital.
- Thunderbird School of Global Management - top ranked global business school with over 1,000 students enrolled (recently acquired by ASU).
- Midwestern University - top physician assistant program (#20) in the country with 3,000 students enrolled.
- Arizona State University Main Campus – largest in the nation with over 60,000 students enrolled.
- Downtown Phoenix - #1 employment center with over \$3 billion in new development planned or underway.





SAFeway
Accounting Office
Discover Financial
Services

D-R HORTON
America's Builder

Progrexion

HONORHEALTH
Deer Valley
Medical Center

AMERICAN EXPRESS

PET SMART
Corporate Office

COSTCO WHOLESALE

dyson

Microsoft

University of Phoenix

THE CORE INSTITUTE

Towers On 19th

Arizona Conservatory
FOR ARTS AND ACADEMICS

PAYCHEX

FLORIDA CAREER COLLEGE

revana

ARIZONA ENDOCRINOLOGY CENTER

Farmers Insurance Group
Federal Credit Union

CLIMATEC
MERGING BUILDINGS & TECHNOLOGY

TRIWEST
HEALTHCARE ALLIANCE

NORTHERN ARIZONA UNIVERSITY

ASU ARIZONA STATE UNIVERSITY
WEST CAMPUS

ROSS
DRESS FOR LESS

Panera BREAD

BARNES & NOBLE
BOOKSELLERS

PET SMART

VICTORIA'S SECRET

Dillard's

THE CHILDREN'S PLACE

sears

CHAMPS

METRO CENTER

Harkins Theatres
ULTIMATE MOVIE GOING

Finish Line

Foot Locker

verizon wireless

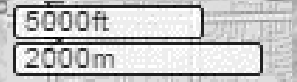
Walmart

PARADISE VALLEY COMMUNITY COLLEGE

Paradise Valley HOSPITAL

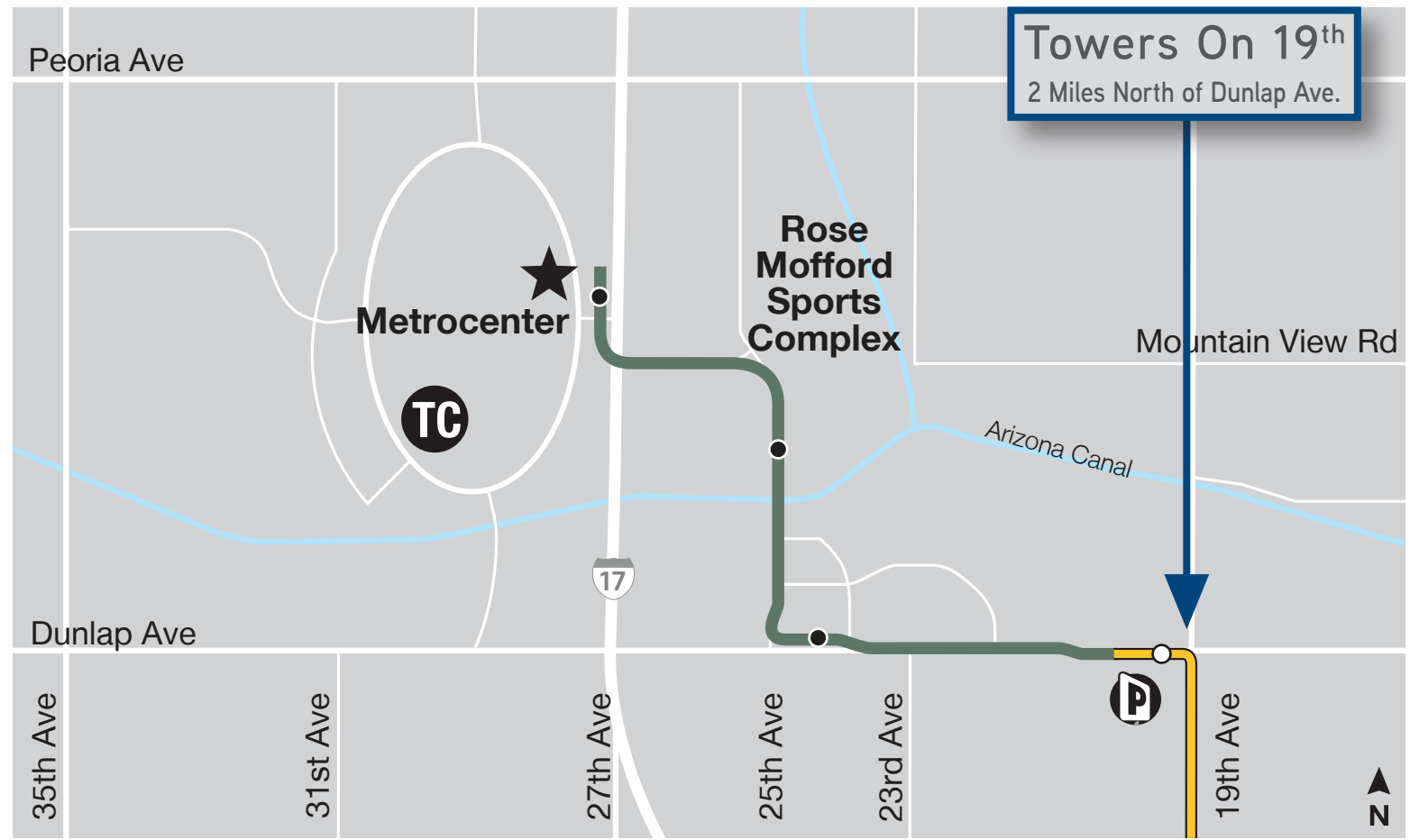
Banner Health

THUNDERBIRD
SCHOOL OF GLOBAL MANAGEMENT





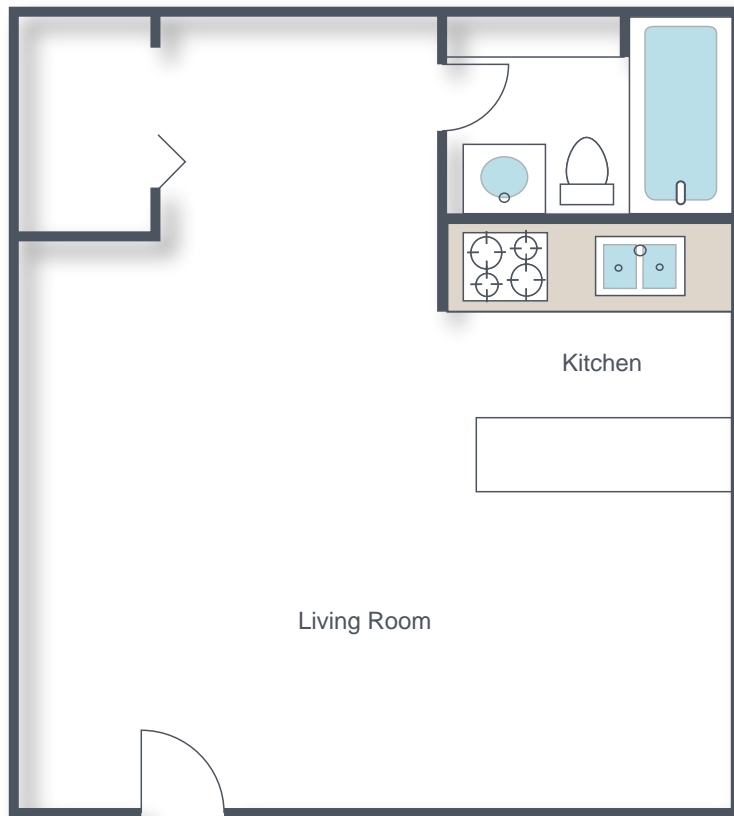
ROUTE MAP



LEGEND

-  Valley Metro Rail / Station
-  Northwest Phase II Light Rail Extension / Station
-  Existing Transit Center
-  Park-and-ride
-  Future Transit Center and Parking Options to be Studied

Phase II of the Northwest Light Rail Extension is 1.5 miles and will extend west on Dunlap Ave., north on 25th Ave. and across I-17 on Mountain View Rd. with a terminus on the west side of the freeway near Metrocenter Mall. The Phoenix City Council approved the I-17 crossing in 2014. There are three stations: Dunlap/25th Ave., 25th Ave./Mountain View Rd. and near Metrocenter Mall.



The Sunrise Studio
288 SF



The Daybreak
1 Bed 1 Bath
432 SF



The Morningstar
2 Bed 1 Bath
552 SF



The Windsong
1 Bed 1 Bath
576 SF





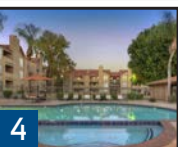



The Sunset
2 Bed 1 Bath
659 SF



RENT COMPARABLES

RENT COMPARABLES

NO.	PROPERTY	YEAR BUILT	UNITS	UNIT SIZE AVG. SF	PHYSICAL OCCUPANCY	MARKET RENT/UNIT	MANAGED BY
	Towers on 19th 11850 N 19th Ave. Phoenix, AZ 85029	1985 2015-17	128	451	93%	\$644	Avant Garde
	Latitude 1944 W. Thunderbird Rd. Phoenix, AZ 85023	1979	672	792	98%	\$909	BH Management
	Spring 2015 W. Cactus Rd. Phoenix, AZ 85029	1984	186	830	93%	\$846	Living Well Homes
	Copper Canyon 12440 N. 19th Ave. Phoenix, AZ 85029	1980	192	850	97%	\$822	Sunrise
	Motif 2529 W. Cactus Rd. Phoenix, AZ 85029	1986	696	824	89%	\$898	Owner
	Sterling on 28th 11821 N. 28th Dr. Phoenix, AZ 85029	1980	223	686	97%	\$705	VM Management
	Average	1982	394	797	95%	\$836	

APARTMENT COMPARISON

#	PROPERTY	OCCUPANCY	RUBS	GAS	ELECTRIC	WATER	W/D IN UNIT	PET FEES	GATED ACCESS	DOG PARK	CLUB	GYM	SPORT COURT	COVERED PARKING	KIDS PLAYGROUND
S	Towers on 19th 11850 N 19th Ave. Phoenix, AZ 85029	93%	None	None	Individual	Master		\$15/\$30	•					•	
1	Latitude 1944 W. Thunderbird Rd. Phoenix, AZ 85023	98%	\$42/\$47 \$52/\$65	None	Individual	Master	Select Additional \$40	\$35		•	•	•	•	•	•
2	Spring 2015 W. Cactus Rd. Phoenix, AZ 85029	93%	\$55/\$65 \$75	None	Individual	Individual	•	\$20	•			•		•	
3	Copper Canyon 12440 N. 19th Ave. Phoenix, AZ 85029	97%	Included	None	Individual	Master	Hook-ups	\$25					•	•	•
4	Motif 2529 W. Cactus Rd. Phoenix, AZ 85029	89%	Allocation	None	Individual	Master	•	\$30			•	•	•	•	
5	Sterling on 28th 11821 N. 28th Dr. Phoenix, AZ 85029	97%	Included	None	Individual	Master	Select	\$20		•	•		•	•	•

RENT COMPARABLES

Towers On 19th OFFERING MEMORANDUM

Towers on 19th 11850 N 19th Ave. Phoenix, AZ 85029

OWNER: Dynamics Capital Group
MANAGED BY: Avant Garde



WALK
SCORE

40

TRANSIT
SCORE

39

S

UNIT TYPE	UNITS	SF	MARKET RENT/UNIT
Studio	19	288	\$525
1BD/1BA	74	432	\$635
1BD/1BA	20	576	\$700
2BD/1BA	11	552	\$735
2BD/1BA	4	659	\$850
TOTAL/AVG.	128	451	\$644

Latitude 1944 W. Thunderbird Rd. Phoenix, AZ 85023

OWNER: Domain Communities
MANAGED BY: BH Management



WALK
SCORE

15

TRANSIT
SCORE

39

1

UNIT TYPE	UNITS	SF	MARKET RENT/UNIT
1BD/1BA	368	680	\$796
2BD/1BA	128	816	\$849
2BD/2BA	136	910	\$1,150
3BD/2BA	16	1194	\$1,256
3BD/2BA	24	1444	\$1,361
TOTAL/AVG.	672	792	\$909

Spring 2015 W. Cactus Rd. Phoenix, AZ 85029

OWNER: Sheiner Group
MANAGED BY: Living Well Homes



WALK
SCORE

36

TRANSIT
SCORE

39

2

UNIT TYPE	UNITS	SF	MARKET RENT/UNIT
1BD/1BA	94	700	\$785
2BD/1BA	40	915	\$895
2BD/2BA	52	1000	\$920
TOTAL/AVG.	186	830	\$846

Copper Canyon 12440 N. 19th Ave. Phoenix, AZ 85029

OWNER: Fredrick Kleinbub
MANAGED BY: Sunrise



WALK
SCORE

23

TRANSIT
SCORE

39

3

UNIT TYPE	UNITS	SF	MARKET RENT/UNIT
1BD/1BA	96	750	\$745
2BD/2BA	96	950	\$899
TOTAL/AVG.	192	850	\$822

Note: \$30-\$50 Premium for upgraded units. Upgrades include new appliances, new paint, new counter tops, new cabinets, new light fixtures, and washer and dryer.

RENT COMPARABLES

Motif
2529 W. Cactus Rd.
Phoenix, AZ 85029

OWNER: Weidner Investment
MANAGED BY: Owner



4

WALK SCORE

35

TRANSIT SCORE

36

Sterling on 28th
11821 N. 28th Dr.
Phoenix, AZ 85029

OWNER: Dalan Management
MANAGED BY: VM Management



5

WALK SCORE

43

TRANSIT SCORE

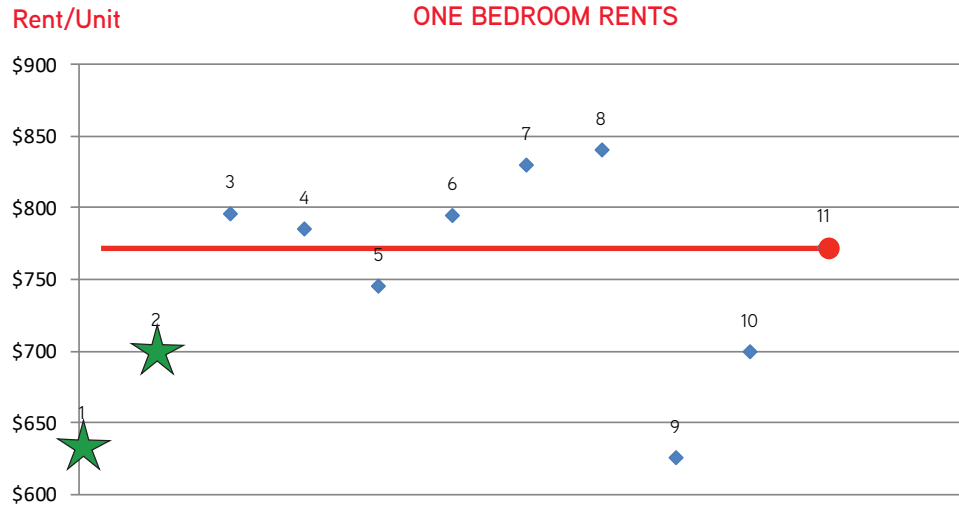
36

UNIT TYPE	UNITS	SF	MARKET RENT/UNIT
1BD/1BA	96	621	\$795
1BD/1BA	108	689	\$830
1BD/1BA	120	729	\$840
2BD/1BA	108	827	\$910
2BD/2BA	108	925	\$930
2BD/2BA	96	1004	\$945
2BD/2BA	36	1040	\$1,039
3BD/2BA	24	1209	\$1,310
TOTAL/AVG.	696	824	\$898

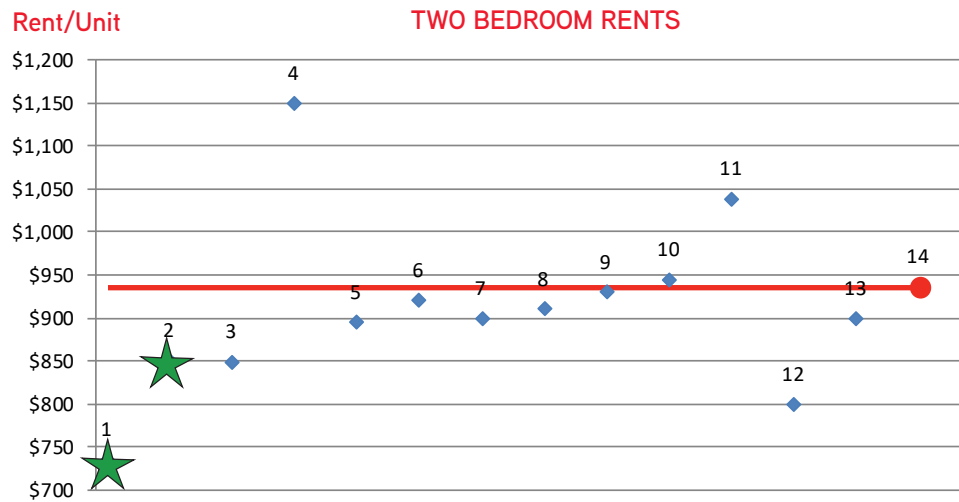
UNIT TYPE	UNITS	SF	MARKET RENT/UNIT
Studio	23	423	\$525
1BD/1BA	48	550	\$625
1BD/1BA	72	650	\$699
2BD/2BA	72	855	\$799
2BD/2BA	8	1075	\$899
TOTAL/AVG.	223	686	\$705



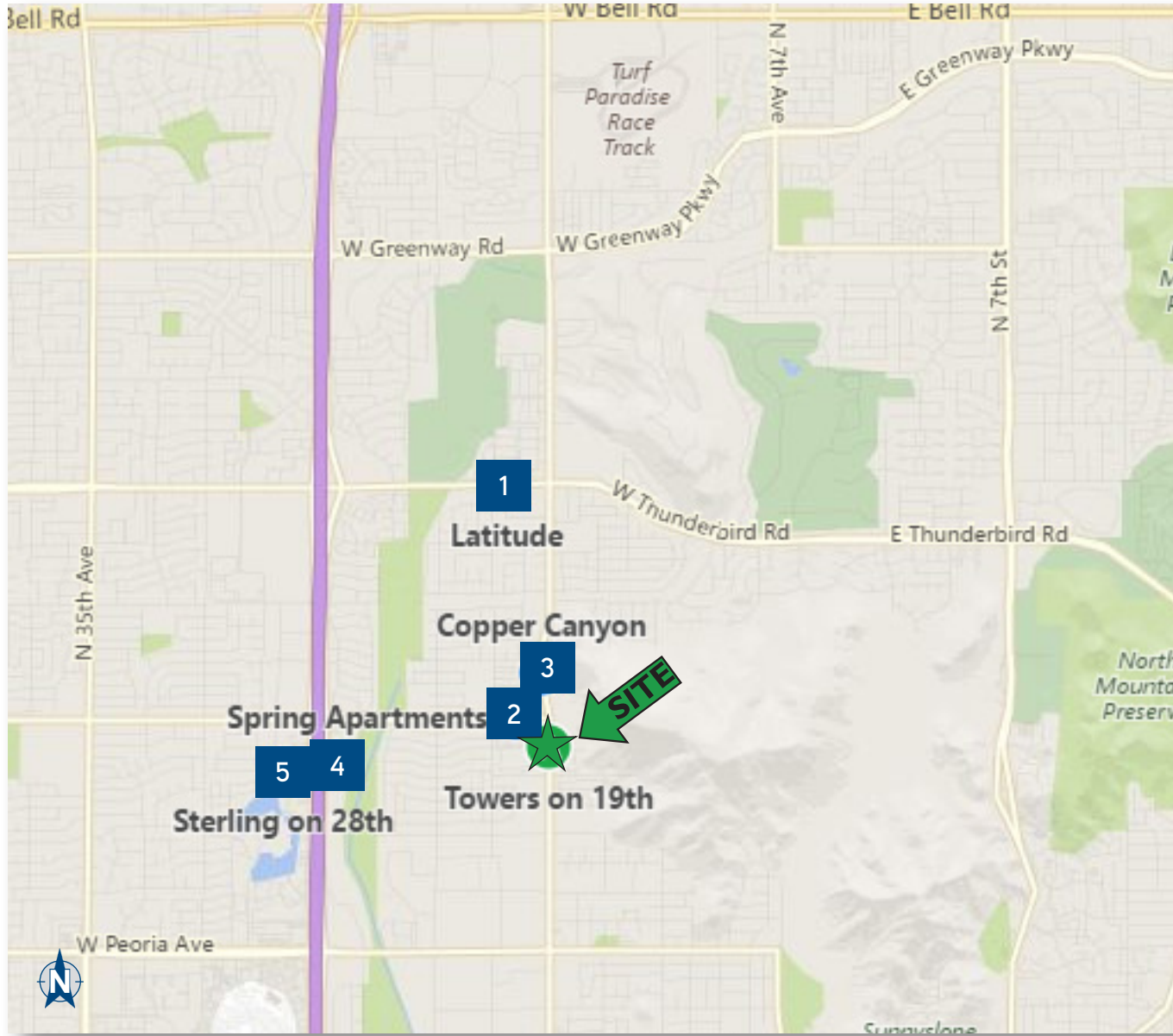
RENT ANALYSIS



#	PROPERTY	UNIT TYPE	UNITS	SF	RENT/UNIT
1	Towers on 19th	1BD/1BA	74	432	\$635
2	Towers on 19th	1BD/1BA	20	576	\$700
3	Latitude	1BD/1BA	368	680	\$796
4	Spring	1BD/1BA	94	700	\$785
5	Copper Canyon	1BD/1BA	96	750	\$745
6	Motif	1BD/1BA	96	621	\$795
7	Motif	1BD/1BA	108	689	\$830
8	Motif	1BD/1BA	120	729	\$840
9	Sterling on 28th	1BD/1BA	48	550	\$625
10	Sterling on 28th	1BD/1BA	72	650	\$699
11	TOTAL/AVG.		1096	663	\$772



#	PROPERTY	UNIT TYPE	UNITS	SF	RENT/UNIT
1	Towers on 19th	2BD/1BA	11	552	\$735
2	Towers on 19th	2BD/1BA	4	659	\$850
3	Latitude	2BD/1BA	128	816	\$849
4	Latitude	2BD/2BA	136	910	\$1,150
5	Spring	2BD/1BA	40	915	\$895
6	Spring	2BD/2BA	52	1000	\$920
7	Copper Canyon	2BD/2BA	96	950	\$899
8	Motif	2BD/1BA	108	827	\$910
9	Motif	2BD/2BA	108	925	\$930
10	Motif	2BD/2BA	96	1004	\$945
11	Motif	2BD/2BA	36	1040	\$1,039
12	Sterling on 28th	2BD/2BA	72	855	\$799
13	Sterling on 28th	2BD/2BA	8	1075	\$899
14	TOTAL/AVG.		895	905	\$936



Towers on 19th
11850 N 19th Ave.
Phoenix, AZ 85029



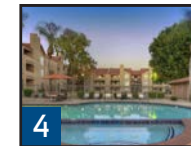
Latitude
1944 W. Thunderbird Rd.
Phoenix, AZ 85023



Spring
2015 W. Cactus Rd.
Phoenix, AZ 85029



Copper Canyon
12440 N. 19th Ave.
Phoenix, AZ 85029



Motif
2529 W. Cactus Rd.
Phoenix, AZ 85029



Sterling on 28th
11821 N. 28th Dr.
Phoenix, AZ 85029



FINANCIAL ANALYSIS

PRO FORMA OPERATING INCOME		
Monthly Scheduled Gross Rent		\$82,450
Annual Scheduled Gross Rent		\$989,400
Physical Vacancy	3.00%	-\$29,682
Economic Vacancy	4.00%	-\$39,576
Net Rental Income		\$920,142
Other Income		\$46,577
Gross Operating Income		\$966,719
PRO FORMA OPERATING EXPENSES		PER UNIT
Property Taxes		\$246
Insurance		\$125
Maintenance & Repairs		\$350
Turnover		\$150
Contract Services		\$100
Electricity		\$232
Sewer and Water		\$500
Trash		\$117
Payroll		\$1,000
Management Fee	3.50% OF GOI	\$264
Marketing		\$100
Administrative Expenses		\$150
Capital Reserve		\$300
TOTAL OPERATING EXPENSES		\$465,260
Operating Cost Per Unit		\$3,635
Operating Cost Per Sq Ft		\$8.07
PRO FORMA NET OPERATING INCOME		\$501,459

PRO FORMA OPERATIONS

UNIT TYPE	UNITS	SF	MARKET RENT/UNIT	MONTHLY RENT
Studio	19	288	\$525	\$9,975
1BD/1BA	74	432	\$635	\$46,990
1BD/1BA	20	576	\$700	\$14,000
2BD/1BA	11	552	\$735	\$8,085
2BD/1BA	4	659	\$850	\$3,400
TOTAL/AVG.	128	451	\$644	\$82,450

NOTES

RENTS

Current asking rates.

PHYSICAL VACANCY

Consistent with submarket performance.

OTHER INCOME

Increased 3% from annualized T-1 income operations.

PROPERTY TAXES

2016 Annual property taxes quoted from the Maricopa County Treasurer.

UTILITIES






Increased 5% from adjusted T-12 operations.

OPERATIONAL EXPENSES

Based on industry standards of similar properties.

SALES COMPARABLES

A photograph of a multi-story apartment building courtyard. The building has a light-colored facade and multiple levels of balconies with metal railings. In the center of the courtyard, there is a swimming pool enclosed by a metal fence. A large patio umbrella is positioned over the pool area. In the foreground, there is a white picnic table with benches and a white plastic chair. To the right, there is a black grill on a stand. The sky is clear and blue.

NO.	PROPERTY	YEAR BUILT	UNITS	PRICE	\$/UNIT	SALE DATE
	Towers on 19th 11850 N 19th Ave. Phoenix, AZ 85029	1985 2015-17	128	\$7,500,000	\$58,594	On Market
	Cambridge Square 6060 W. Royal Palm Rd. Glendale, AZ 85302	1985	153	\$9,100,000	\$59,477	6/12/2017
	Solano Park 5350 N. 17th Ave. Phoenix, AZ 85015	1987	48	\$3,700,000	\$77,083	3/22/2017
	Bella Solano 5656 N. 17th Ave. Phoenix, AZ 85015	1973	160	\$11,550,000	\$72,188	2/21/2017
	Orangewood Place 7328 N. 27th Ave. Phoenix, AZ 85051	1984	84	\$4,950,000	\$58,929	1/10/2017
Average		1982	115		\$65,254	

CAMBRIDGE SQUARE

ADDRESS: 6060 W Royal Palm Rd.
Glendale, AZ 85302

Buyer
Fast Flyers Cambridge LLC
Seller
Property Management Specialist 5229 N 7th Ave. Phoenix, AZ 85013

Financing	
Lender	Banner Bank
Loan Amount	\$6,825,000
Loan-to-Value	75%



Sale Price	\$9,100,000
Price / Unit	\$59,477
Price / SF	\$82.61
Sale Date	6/12/2017
Submarket	Glendale
Location/Property	C+ / C+
Electric Metering	Individual
Year Built	1985
Building S.F.	110,160
Total Units	153

UNIT TYPE	UNITS	SF	RENT/UNIT	RENT/SF
STUDIO	24	450	\$508	\$1.13
1 BD / 1 BA	67	636	\$650	\$1.03
2 BD / 1 BA	48	867	\$715	\$0.82
3 BD / 2 BA	14	1,086	\$946	\$0.87
TOTAL/AVG.	153	720	\$675	\$0.94

SOLANO PARK

ADDRESS: 5350 N. 17th Ave.
Phoenix, AZ 85015

Buyer
Garay Interests, LLC One Embarcadero Center San Francisco, CA 94111
Seller
Westwood Management LLC 7301 E 3rd Ave Scottsdale, AZ 85251

Financing	
Lender	-
Loan Amount	-
Loan-to-Value	-



Sale Price	\$3,700,000
Price / Unit	\$58,730
Price / SF	\$125.25
Sale Date	3/22/2017
Submarket	Uptown
Location/Property	B / B
Electric Metering	Individual
Year Built	1987
Building S.F.	29,540
Total Units	48

UNIT TYPE	UNITS	SF	RENT/UNIT	RENT/SF
1BD / 1BA	20	450	\$698	\$1.55
1BD / 1BA	13	680	\$724	\$1.06
1BD+DEN / 1BA	1	780	\$762	\$0.98
2BD / 2BA	14	780	\$919	\$1.18
TOTAL/AVG.	48	615	\$771	\$1.25

BELLA SOLANO

ADDRESS: 5656 N 17th Ave.
Phoenix, AZ 85015

Buyer
Luna Bear Properties LLC 2545 Myrtle Ave. Hermosa Beach, CA 90254
Seller
Morrison Street Capital, LLC 121 SW Morrison St. Portland, OR 97204

Financing	
Lender	Walker & Dunlop
Loan Amount	\$8,425,000
Loan-to-Value	72.94%



Sale Price	\$11,550,000
Price / Unit	\$72,188
Price / SF	\$120.31
Sale Date	2/21/2017
Submarket	Christown
Location/Property	C+ / C
Electric Metering	Partial
Year Built	1973
Building S.F.	96,000
Total Units	160

UNIT TYPE	UNITS	SF	RENT/UNIT	RENT/SF
STUDIO	48	420	\$605	\$1.44
1 BD / 1 BA	90	625	\$718	\$1.15
2 BD / 1 BA	11	865	\$800	\$0.92
2 BD / 1 BA	11	910	\$840	\$0.92
TOTAL/AVG.	160	600	\$698	\$1.16

ORANGEWOOD PLACE

ADDRESS: 7328 N 27th Ave.
Phoenix, AZ 85051

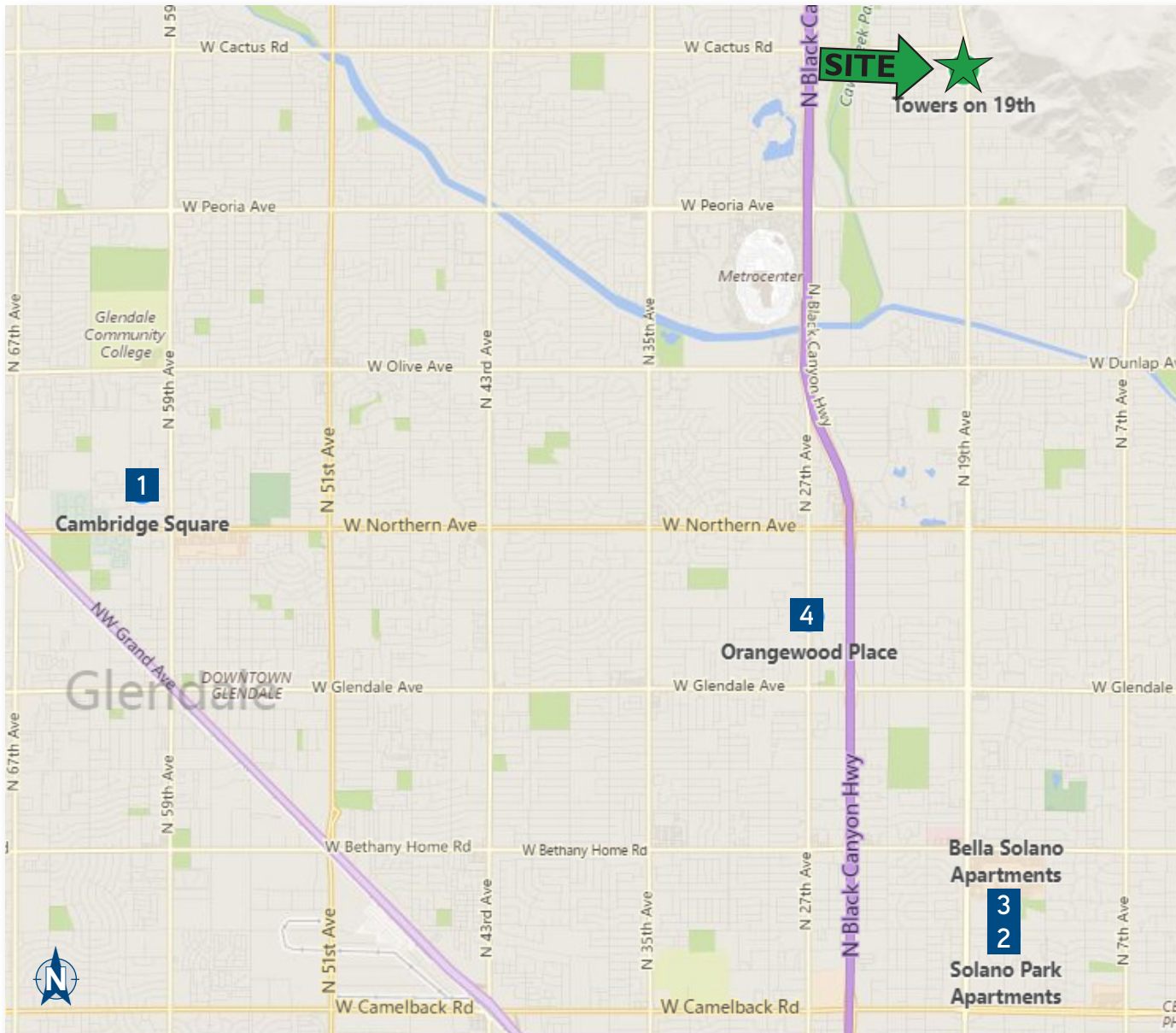

Buyer
Auxon Orangewood Place LLC 73A Saint James Dr. Santa Rosa, CA 95403
Seller
CM Phoenix LLC 8094 W Expedition Way Peoria, AZ 85383

Financing	
Lender	Greystone Servicing Corp
Loan Amount	\$3,920,000
Loan-to-Value	79.19%




Sale Price	\$4,950,000
Price / Unit	\$58,929
Price / SF	\$87.17
Sale Date	1/10/2017
Submarket	Metrocenter
Location/Property	C+ / C
Electric Metering	Individual
Year Built	1984
Building S.F.	56,784
Total Units	84


UNIT TYPE	UNITS	SF	RENT/UNIT	RENT/SF
1 BD / 1 BA	52	600	\$592	\$0.99
2 BD / 1 BA	32	800	\$695	\$0.87
TOTAL/AVG.	84	676	\$631	\$0.93

Towers on 19th
11850 N 19th Ave.
Phoenix, AZ 85029




Cambridge Square
6060 W. Royal Palm Rd.
Glendale, AZ 85302



Solano Park
5350 N. 17th Ave.
Phoenix, AZ 85015



Bella Solano
5656 N. 17th Ave.
Phoenix, AZ 85015



Orangewood Place
7328 N. 27th Ave.
Phoenix, AZ 85051

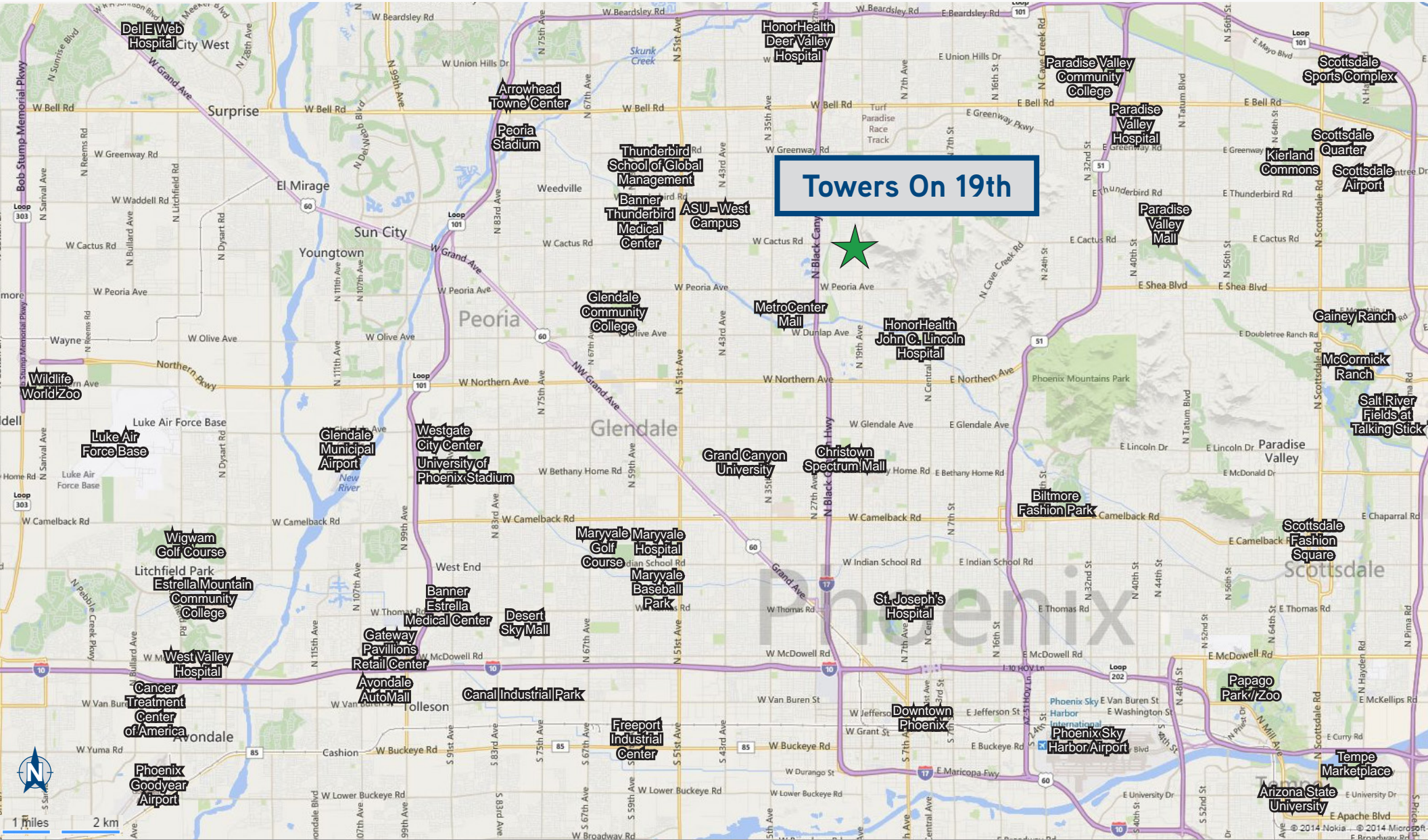
Location Maps

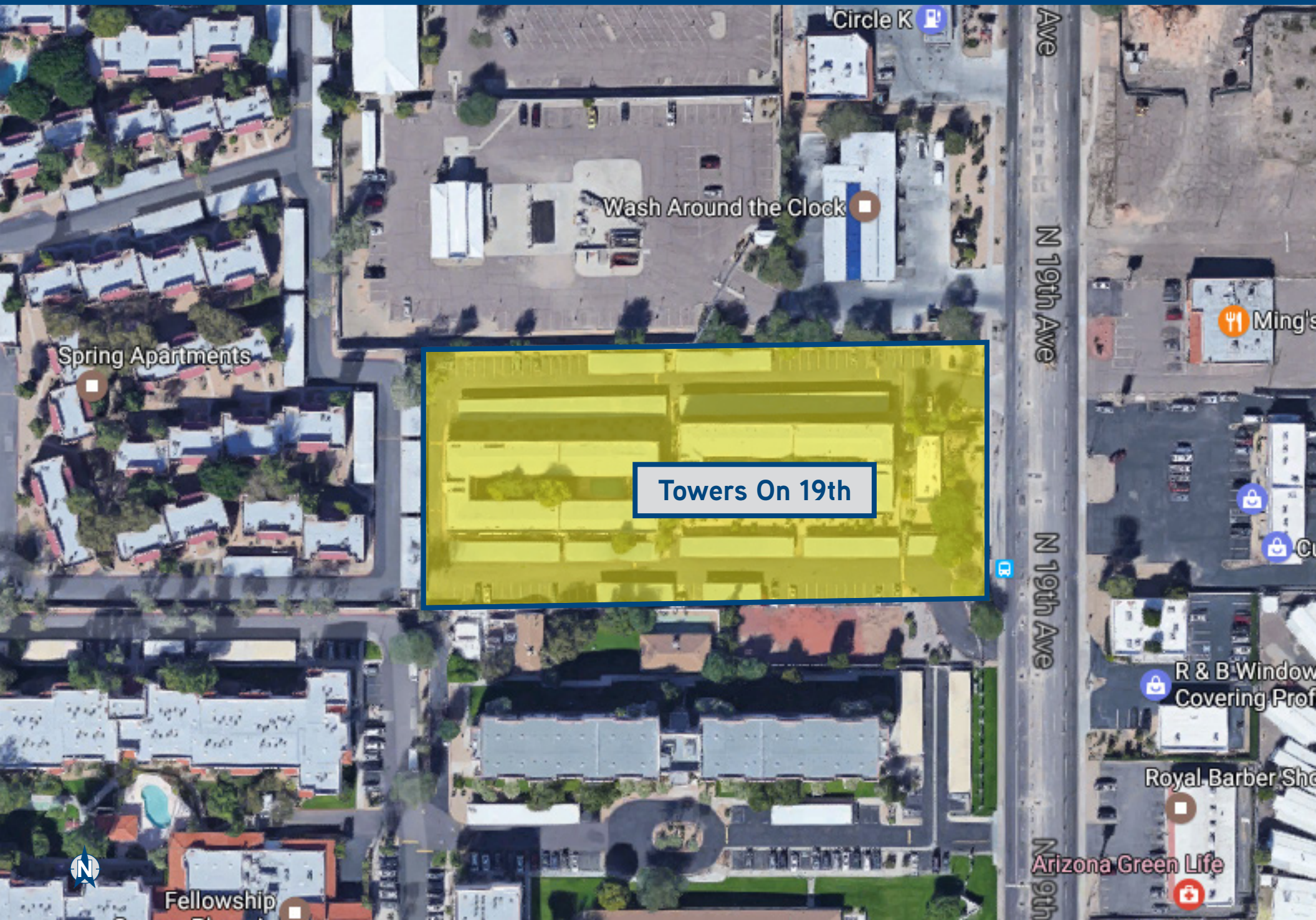
AERIAL LOCATION MAP

BIRD'S EYE VIEW

PARCEL MAP







Spring Apartments

Wash Around the Clock

Circle K

Ave

N 19th Ave

Towers On 19th

N 19th Ave

Ming's

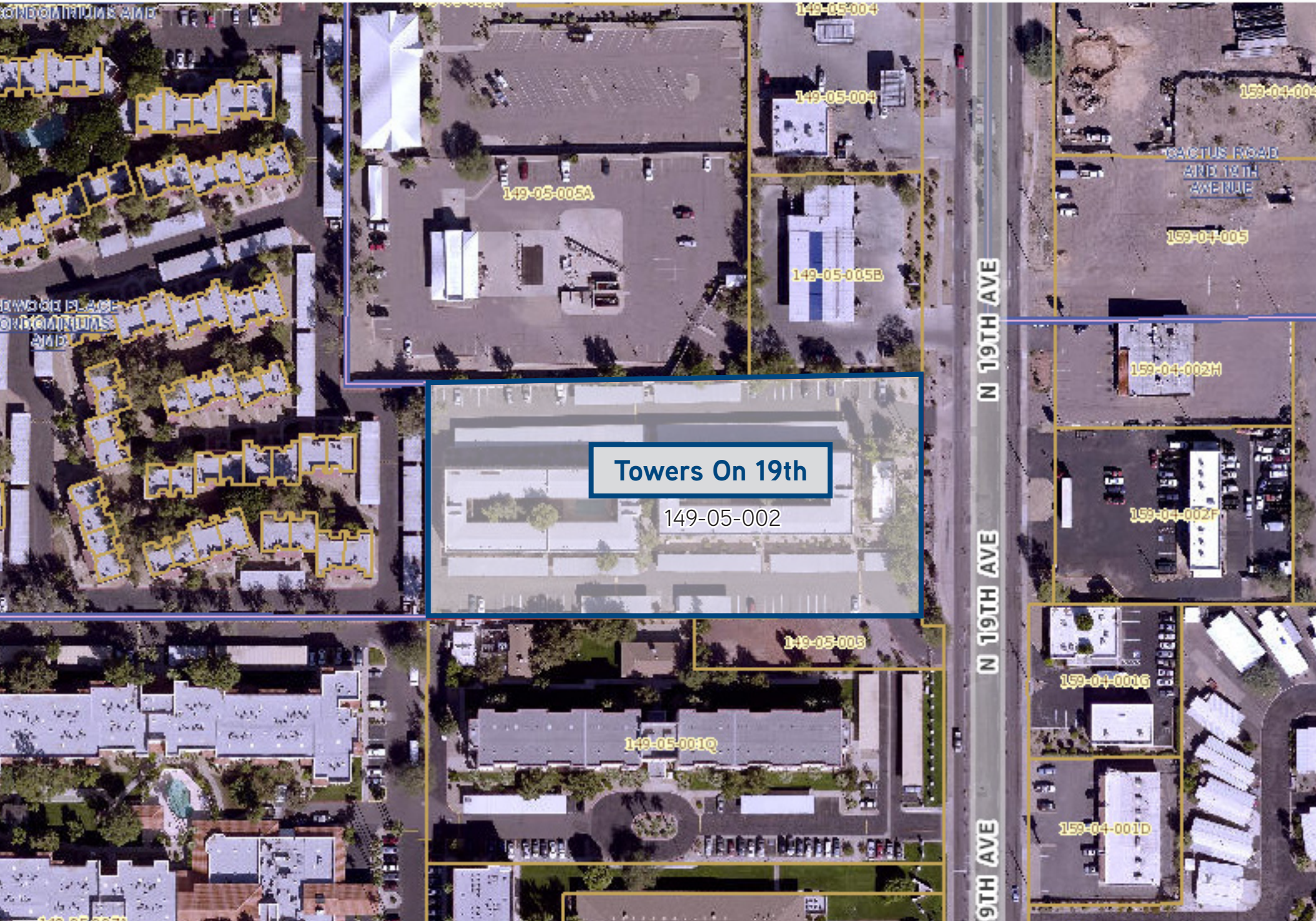
R & B Window
Covering Prof

Royal Barber Sho

Arizona Green Life

Fellowship





Towers On 19th

149-05-002

N 19TH AVE

N 19TH AVE

9TH AVE

CACTUS ROAD
AND 19TH
AVENUE

Market Overview



KEY AREA EMPLOYERS

3 Mile Radius

#	EMPLOYER	NO. OF EMPLOYEES	BUSINESS ACTIVITY
1	FLOUR & BLUESHIELD	1,000 - 4,999	INSURANCE
2	WASTE MANAGEMENT	1,000 - 4,999	GARBAGE COLLECTION
3	ALBERTSONS	500 - 999	GROCERS-RETAIL
4	APS SERVICE	500 - 999	ELECTRIC COMPANIES
5	BLUE CROSS BLUE SHIELD OF AZ	500 - 999	INSURANCE
6	CHAS ROBERTS AIR CONDITIONING	500 - 999	AIR CONDITIONING CONTRACTORS & SYSTEMS
7	HOTEL CLEANING SVC	500 - 999	CLEANERS
8	KARSTEN MANUFACTURING CORP	500 - 999	GOLF EQUIPMENT & SUPPLIES-MANUFACTURERS
9	SUNTEC CONCRETE	500 - 999	CONCRETE CONTRACTORS
10	WELLS FARGO HOME MORTGAGE	500 - 999	REAL ESTATE LOANS
11	ADVANCED SECURITY	250 - 499	SECURITY GUARD & PATROL SERVICE
12	AMERICAN REFRIGERATION SUPPLS	250 - 499	HEATING EQUIPMENT-MANUFACTURERS
13	AMERICAN VALET	250 - 499	VALET SERVICE
14	BLACKSTONE SECURITY SVC	250 - 499	SECURITY GUARD & PATROL SERVICE
15	BURNS PEST CONTROL	250 - 499	WEED CONTROL SERVICE
16	CLIMATEC INC	250 - 499	CONTROLS CONTROL SYSTEMS/REGULATORS-MFRS
17	EC ROSS PLAZA LLC	250 - 499	GOVERNMENT-OPERATORS-NONRESIDENTIAL BLDG
18	G D S PURCHASING	250 - 499	PAINTERS
19	HARTFORD	250 - 499	INSURANCE
20	IHC HEALTH SOLUTIONS	250 - 499	INSURANCE
21	PULICE CONSTRUCTION INC	250 - 499	GENERAL CONTRACTORS
22	SUN VALLEY MASONRY INC	250 - 499	MASONRY CONTRACTORS
23	TURF PARADISE	250 - 499	RACE TRACKS
24	VALLEY LIFE	250 - 499	SOCIAL SERVICE & WELFARE ORGANIZATIONS
25	VANGUARD HEALTH MANAGEMENT INC	250 - 499	HEALTH CARE FACILITIES

RADIUS	1 MILE	3 MILE	5 MILE
Population:			
2022 Projection	18,536	154,580	452,060
2017 Estimate	17,121	143,210	419,148
2010 Census	15,325	130,778	384,742
Growth 2017-2022	8.26%	7.94%	7.85%
Growth 2010-2017	11.72%	9.51%	8.94%
2017 Population Hispanic Origin	7,224	45,138	118,573
2017 Population by Race:			
White	14,321	117,680	351,473
Black	1,156	9,140	24,534
Am. Indian & Alaskan	809	5,800	13,582
Asian	340	5,786	15,936
Hawaiian & Pacific Island	40	427	1,070
Other	456	4,377	12,553
U.S. Armed Forces:	0	38	125
Households:			
2022 Projection	6,773	60,624	177,977
2017 Estimate	6,257	56,152	165,064
2010 Census	5,603	51,094	151,462
Growth 2017 - 2022	8.25%	7.96%	7.82%
Growth 2010 - 2017	11.67%	9.90%	8.98%
Owner Occupied	2,565	28,596	93,799
Renter Occupied	3,692	27,555	71,266
2017 Avg Household Income	\$45,875	\$61,121	\$65,288
2017 Med Household Income	\$32,684	\$43,684	\$48,153
2017 Households by Household Inc:			
<\$25,000	2,267	16,003	41,830
\$25,000 - \$50,000	1,970	15,404	43,339
\$50,000 - \$75,000	1,176	9,895	30,970
\$75,000 - \$100,000	432	6,026	19,195
\$100,000 - \$125,000	209	3,548	11,719
\$125,000 - \$150,000	33	1,830	6,130
\$150,000 - \$200,000	47	1,612	6,236
\$200,000+	123	1,835	5,646

Strong Renter Demand Drives Vacancy Lower

Key Takeaways

- > The Greater Phoenix multifamily market posted a strong start to 2017. During the first quarter vacancy dipped, rents continued to push higher, and sales velocity remained relatively consistent.
- > Vacancy ended the first quarter at 5.6 percent, down 40 basis points from the year-end 2016 figure. Despite the improvement to start the year, the current vacancy rate is 40 basis points higher than one year ago.
- > Rental rates continued to push higher in the first quarter, reaching \$949 per month, a 5.6 percent increase from one year ago. Across all property classes, rental rates experienced healthy gains.
- > Investment activity in the first quarter of 2017 slowed a bit from the fourth quarter. Despite the slight downturn in activity, transactions are still 30 percent higher than they were in the first quarter of last year. Median prices ticked down a bit, and cap rates remained virtually unchanged in the high-5 percent range.

Greater Phoenix Multifamily Market

Conditions strengthened in the Greater Phoenix multifamily market during the first quarter. Vacancy dipped once again and rents rose in nearly every submarket. These market trends occurred even during a period of significant new development, particularly in areas such as North Tempe, Chandler and Gilbert.

Construction activity will pick up in 2017. After developers delivered more than 5,800 units in 2016, nearly 1,500 apartments came online in the first quarter and more than 10,000 units are currently under construction. Development will be concentrated in the East Valley and Central Phoenix over the next few years. These areas have also recorded some of the most dynamic employment growth in recent years.

Multifamily investment began 2017 at a strong level. More properties sold in the first three months of this year than in any first quarter since 2007. Pricing trends will be closely monitored in the coming quarters. The median price has more than doubled since 2011, topping \$100,000 per unit in 2016. The median price took a small step back during the first quarter, but that was largely in response to a dip in the number of newer properties changing hands.

Market Indicators Relative to prior period	Market Q1 2017	Market Q1 2016
Vacancy	↓	↓
Rents	↑	↑
Transaction Activity	↓	↓
Price Per Unit	↓	↑
Cap Rates	↓	↓

Summary Statistics	Phoenix Market
Vacancy Rate	5.6%
Change from 1Q 2016 (bps)	40
Asking Rents (per month)	\$949
Change from 1Q 2016	5.6%
Median Sales Price (per unit YTD)	\$95,400
Average Cap Rate (YTD)	5.8%

Employment:

- › The Greater Phoenix employment market continued to expand during the first quarter. Year over year, employers have added 50,300 jobs, a 2.6 percent gain. The pace of expansion has slowed; one year ago at this time, employers were adding workers at an annual growth rate of 3.4 percent.
- › White-collar segments in the local economy have continued to add workers at a healthy pace. In the past year, financial employment has expanded by 5.4 percent with the addition of 9,200 jobs. The professional and business services sector added 10,100 jobs, a 3 percent gain.
- › One large financial services company is poised to make a significant move from downtown to a more suburban location. JP Morgan Chase recently announced a plan to move from the company's Downtown Phoenix office to Tempe. The company will be developing a 67-acre campus in Tempe, which will be large enough to accommodate more than 4,000 workers.

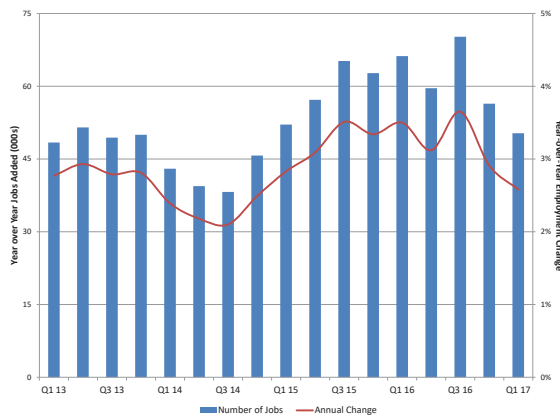
Construction:

- › Deliveries picked up in the beginning of 2017, with nearly 1,500 units coming online in the first quarter, up from approximately 800 units in the fourth quarter. In the past year, more than 5,700 units were completed, a 2.2 percent increase to inventory.
- › Construction is forecast to gain momentum in the coming quarters. Currently, there are approximately 10,500 multifamily units under construction in Greater Phoenix, which is up nearly 30 percent from the total at the end of last year. .

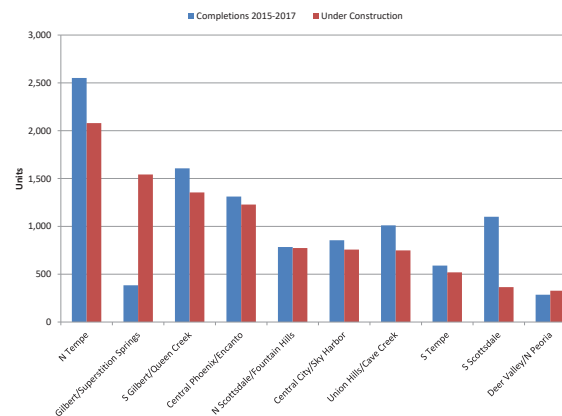
Vacancy:

- › Following a rise at the end of 2016, multifamily vacancy in Greater Phoenix dipped 40 basis points in the first quarter to 5.6 percent. The rate is up 40 basis points from one year ago.
- › Vacancy in the Goodyear/Avondale submarket is at 4 percent, down 10 basis points from one year ago and the lowest vacancy rate in all of Greater Phoenix. Vacancy in the submarket has remained low even as construction has been steady, delivering an average of 130 units per year since 2015.
- › The vacancy rate ticked higher in the South Gilbert/Queen Creek submarket, where an average of 800 units have been delivered annually during the past three years. Vacancy in this submarket is at 6.4 percent, 200 basis points higher than one year ago.

Employment Overview



Construction Trends: Major Submarkets



Quarterly Vacancy Trends



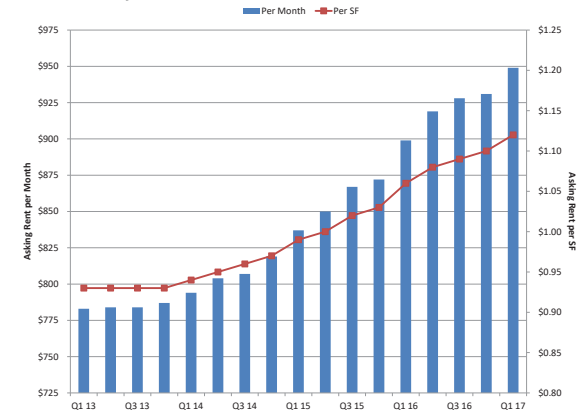
Rents:

- › Asking rents continue to push higher, reaching \$949 per month, or \$1.12 per square foot, per month. Rental rates increased 5.6 percent over the course of the past year.
- › Rents rose for the fourteenth consecutive quarter, at a quicker pace than what was recorded in previous periods. Rental rates rose 1.9 percent in the first quarter, the fastest pace of growth in nearly a year.
- › While rents are on the rise across all property types, the strongest growth is being recorded in the lower tiers. Asking rents in Class C buildings have advanced 6.7 percent in the past year, reaching \$684 per month. Annual gains in Class A and Class B buildings have averaged in the mid-4 percent range.

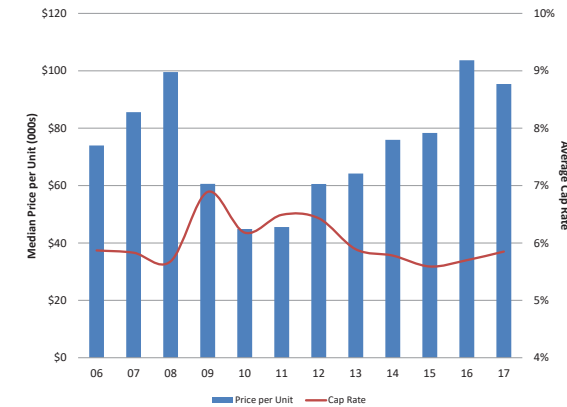
Investment Trends:

- › Sales velocity in the first quarter of 2017 remained essentially flat, slowing just 2 percent from the fourth quarter of last year. Despite the slight downturn in activity, transactions are 30 percent higher in the first three months of 2017 than they were in the first quarter of 2016.
- › The median price during the first quarter dipped to about \$95,400 per unit, 8 percent lower than the 2016 median price. Some of the decline in pricing during the first quarter was due to a drop-off in the sale of newer complexes. In the first quarter, newer complexes accounted for just 7 percent of activity, compared to 13 percent in 2016.
- › Cap rates remained flat at the start of 2017. The average cap rate for the first quarter was 5.8 percent, nearly identical to the rate during the fourth quarter of 2016. Cap rates inched higher in 2016 and another modest increase could take shape this year.

Quarterly Rent Trends



Investment Trends

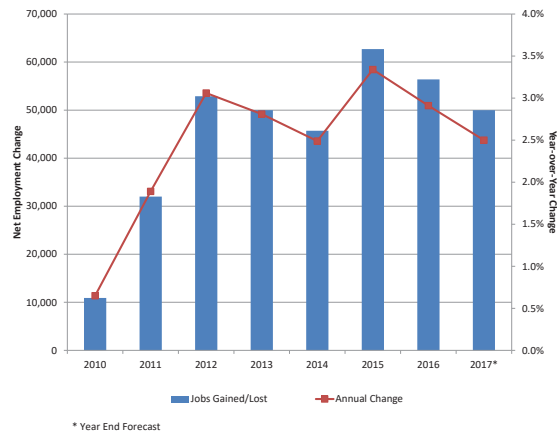


Outlook:

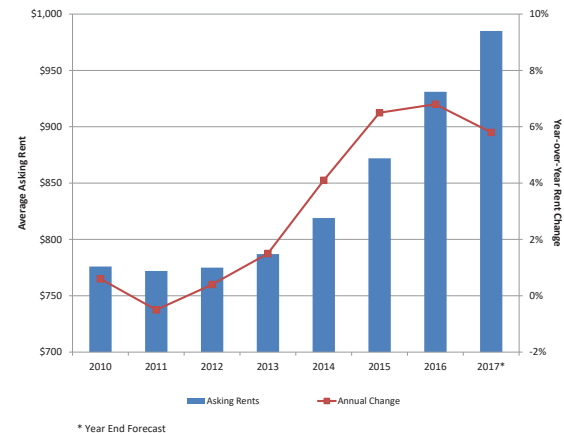
The Greater Phoenix multifamily market is poised for another strong year of performance in 2017. Healthy population growth and ongoing successes in attracting new businesses to the market are sparking the local economy. These trends are keeping renter demand elevated and driving vacancy well below the market's long-term average even as development of new units continues at a rapid pace. The strong renter demand and tight vacancy conditions are being reflected in rental rates, which are forecast to surge by more than 5 percent in 2017.

The investment market should record healthy activity in 2017. Sales velocity in the first quarter was well ahead of the 2016 pace, and the strong property fundamentals will fuel additional transaction activity going forward. Interest rates have trended higher over the past nine months, and while this added some volatility to the transaction process, the overall impact on the market has been modest to this point. Cap rates have only inched higher, and gains in property cash flows should largely offset increased borrowing costs.

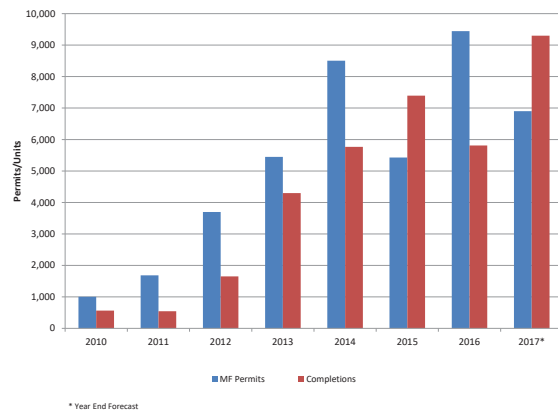
Employment Forecast



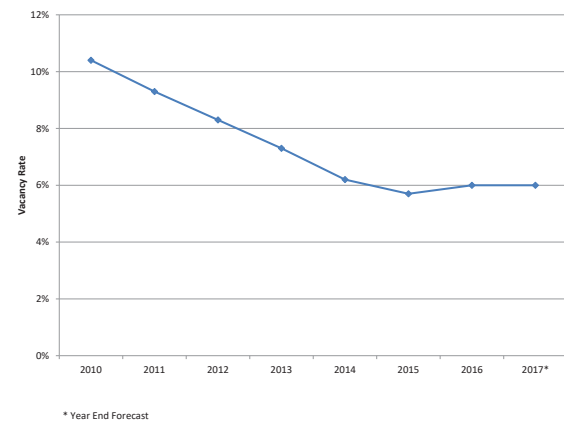
Rent Forecast



Construction and Permitting Forecast



Vacancy Forecast



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