

September 17, 2007

What a Sunday for Arizona sports! The Cardinals won, the Diamondbacks won, the Mercury took it all and R.W. Eakes (senior golf tour) won his second golf tournament this year!! What a day.

Oh, this is supposed to be an article on the multi-family real estate market. Okay.

We, like most firms, do a lot of research on the market. We read, study, jump in the car to go look and we talk on the phone constantly with Buyers and Sellers. You name it and we've probably done it. One neat thing is we don't hire researchers; we don't have a staff to do this work as we feel it is important to have the hands on conversations and the actual onsite walk arounds at properties and their respective areas.

We looked at sales during the first two quarters of this year to see what that would tell us. We broke the properties down by year and our findings are below:

Apartment Sales - January through June, 2007

Property	# of	# of			Ave.
<u>Built Between:</u>	<u>Properties</u>	<u>Units</u>	<u>S.P./Unit</u>	<u>S.P./SQ. Ft.</u>	<u>Cap</u>
2000 - 2007	12	3,371	\$134,325	\$142.65	5.02
1990 - 1999	12	3,178	\$146,638	\$154.41	4.8
1980 - 1989	43	8,319	\$ 69,276	\$ 93.61	6.1
1979 & Older	25	3,520	\$ 64,677	\$ 85.35	5.4

We were surprised that the properties built between 1990 and 1999 sold for a higher price per unit and price per square foot and a higher Cap Rate. It would seem that the seasoning of these properties may account for the higher amounts. Not surprising is the 1980 to 1989 category. More properties were built during this time frame which would account for the number of properties sold and the price per unit and per square foot in this, and the older property section, accounts for the age and deferred maintenance expected to be found, along with the presumed lower rents.

One additional, interesting item we have been keeping an eye on is the number of listings in Loopnet and the number of properties under contract. Of the 200 properties listed with at least ten (10) units only 17 are "Under Contract". That's 8.5%!! We are also starting to track listed prices vs. price reductions. In the last six months, or so, we have been seeing a ton of price reductions. We'll keep you posted.

Linda

P.S. This blog, of sorts, will be done, hopefully, on a semi-regular basis. We are always making comments on our market and some we are even able to share.