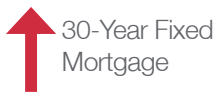


Multifamily Market Report

Greater Phoenix | Q3 2013



Consumer Price Index



30-Year Fixed Mortgage



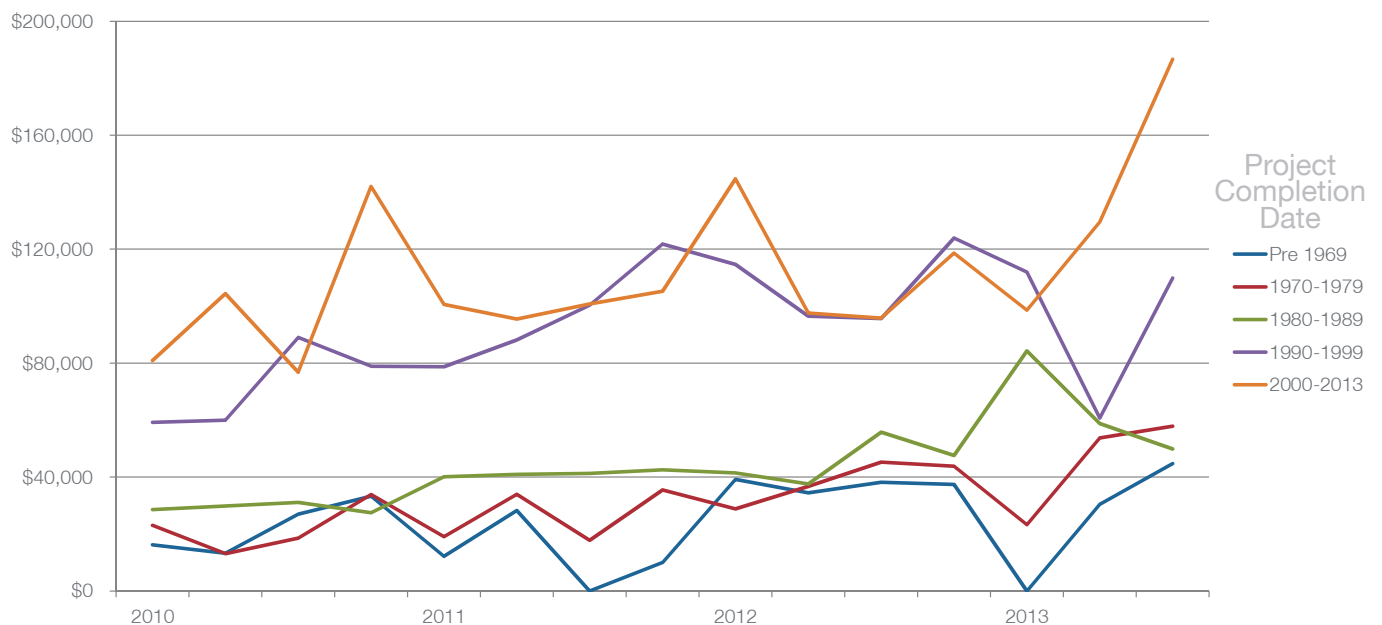
Phoenix Metro Unemployment

Economic Outlook

While the momentum has been slow, the Phoenix market is showing signs of recovery. As of the third quarter of this year, the office and retail sectors have both seen a significant decline in vacancy from just a year before; office vacancy is down to 19.8% from 21.5% in the third quarter of 2012, and retail has fallen to 10.5% from 11.9% just a year before. The industrial sector has seen a slight increase in vacancy coming in at 12.9% this quarter, but is still down from the highs seen in 2011 when vacancy rates were over 15.5%. Both the office and retail sectors showed impressive net absorption this quarter with more than 1 million SF of space absorbed, while industrial remained relatively stagnant from the previous quarter with a loss of 190,000 SF. While leasing activity in the office sector remained relatively the same in terms of SF leased and number of deals, the retail and industrial sectors saw slight drops in activity this quarter. As expected, the consistent nature of the market continues as the Phoenix area begins to define a new norm.

Recovery has been tracked on a nationwide scale as well. The six major metro areas have averaged a price recovery of 90% of peak compared to non-major metro areas averaging a 75% recovery. Of these six major metro areas, two have met previous peak-price levels, compared to just three among the remaining non-major metros nationwide, including Dallas, Houston, and Austin. Increased purchasing activity was also recorded across all property types in the U.S. as of August, with a recent influx of institutional and private buyers for retail properties causing prices to rise faster for the retail sector than others. Conversely, the multifamily sector has experienced a slowing of price gains after consistently leading the other sectors, potentially due to

Price Per Multifamily Unit by Project Age

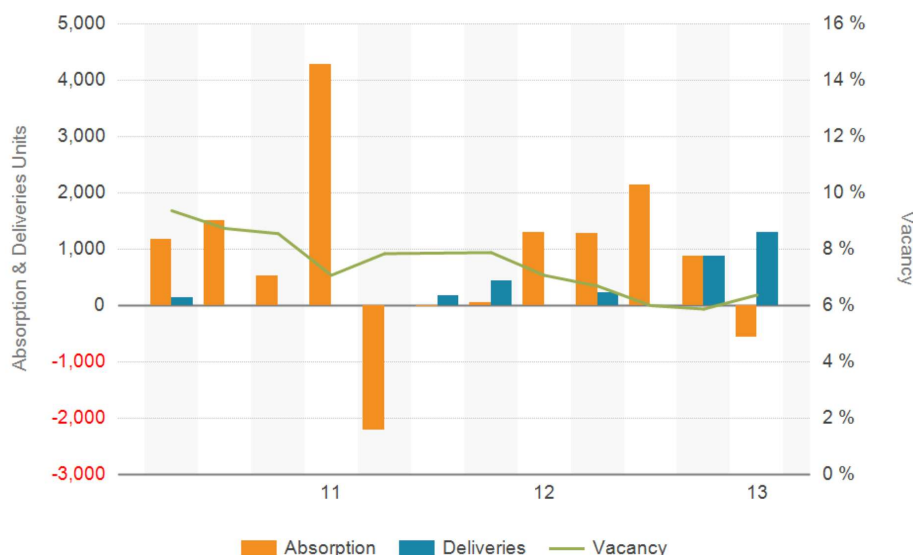


the slowing of the recent rush to rent by those hit in the housing downfall. Sales of significant commercial property nationwide totaled \$24 billion in August, up 12% year-over-year.

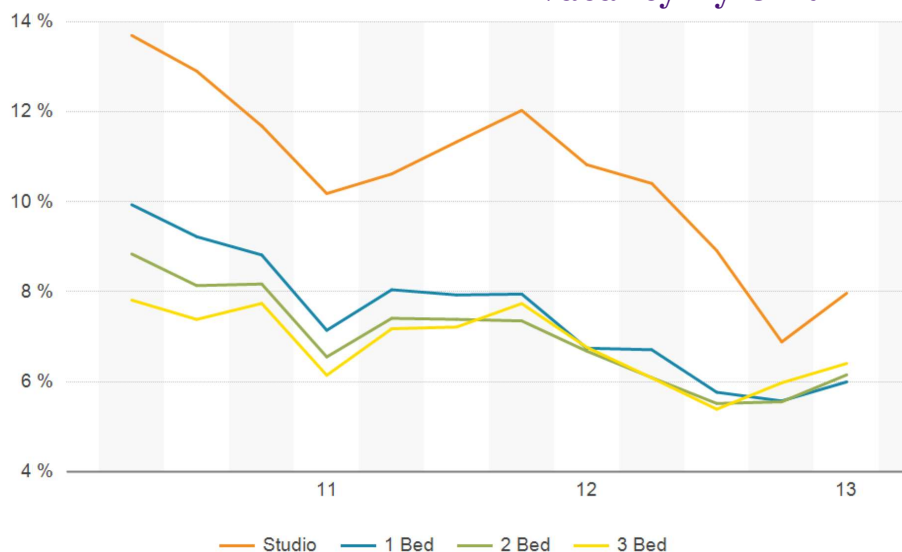
As of September, the unemployment rate for the Phoenix Metropolitan Area sat at 6.9% compared to the national rate of 7.3%. The Valley also continued to recover in the residential sector, with one-year house value growth coming in at 18.5% in September. According to the On Numbers Economic Index, Phoenix ranked No. 29 in September, up two places from August. This ranking, a monthly snapshot of economies in the nation's top 102 metropolitan areas by population, is an overall score based on 18 categories, including various job growth indicators, home value, and earnings information. Leading the ranks in the On Numbers Economic Index is Austin at number one, with Provo, Dallas-Fort Worth, Houston, and Oklahoma City rounding out the top five.

In September, the W.P. Carey School of Business and the Center for Real Estate Theory and Practice held a survey and panel discussion to gauge the current commercial market from those who know it best, brokers. Overwhelmingly, the experts believe that Phoenix Metro is currently in the recovery stage, with 87% of brokers in agreement. In addition, the majority of brokers believe that vacancy rates are on the decline and will trend down in the fourth quarter for the retail, industrial, and office sectors. Positive news was also forecasted for rental rates with more than 40% of the vote in all sectors and categories pointing to rates stabilizing and remaining stationary for the next 3 months; the second most popular vote predicted increased rates in almost all categories. These opinions point to a positive future with effects of the recession moving farther into the rearview mirror.

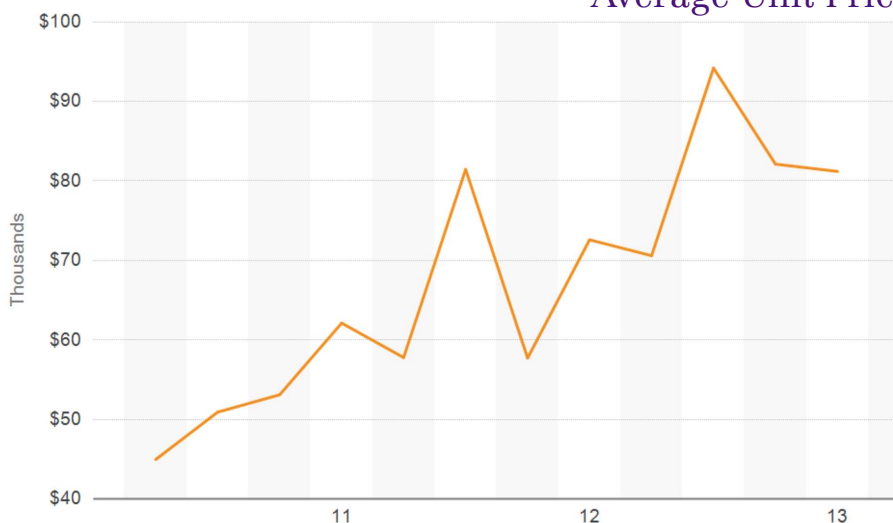
Market Indicators



Vacancy By Unit Mix



Average Unit Price



2013 Completed Transactions

PREVIOUS

140K+
120-140K
100-120K
80-100K
60-80K
40-60K
20-40K

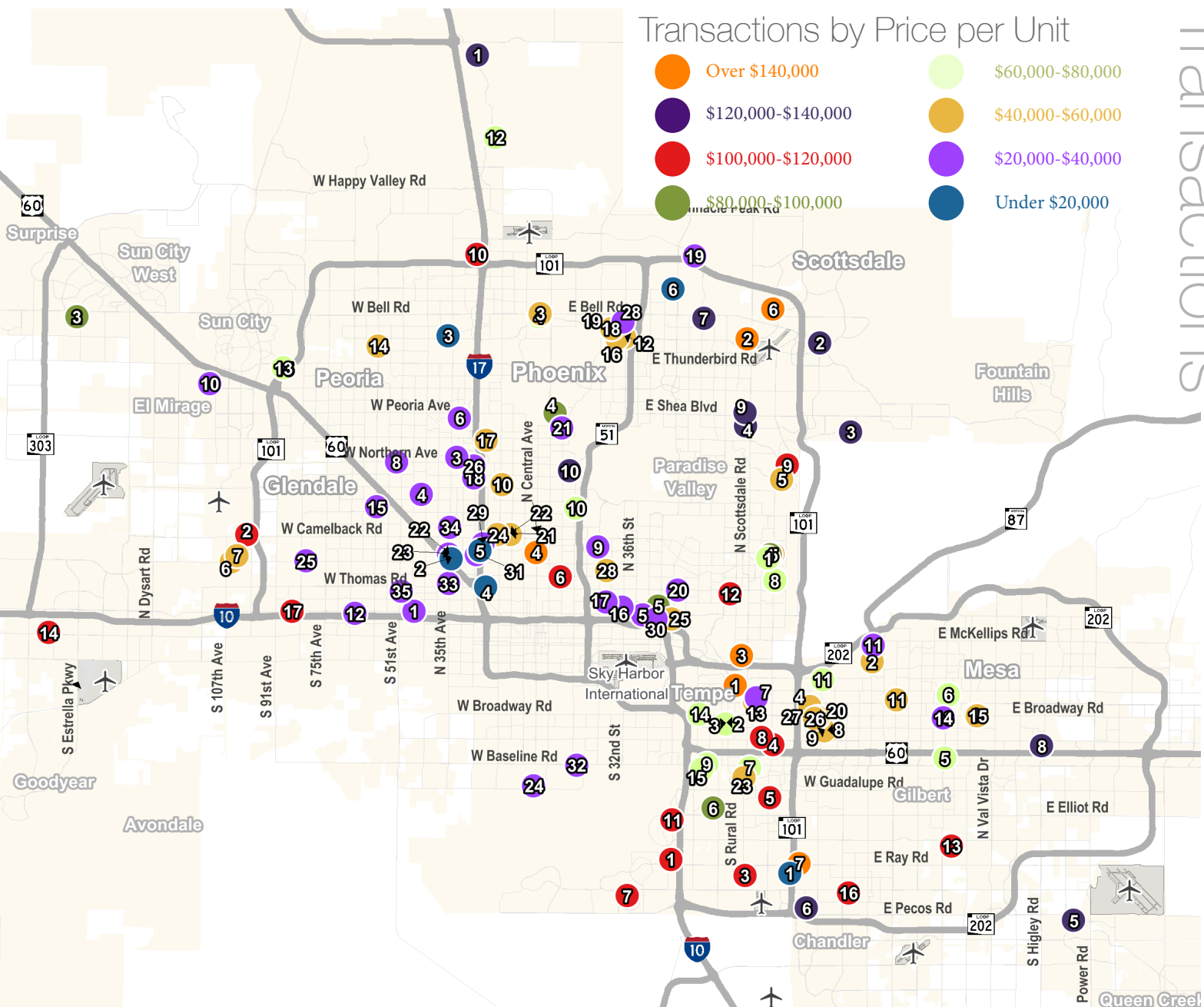
Property Name	Location	Units	Built	Sold	SMM	Per Unit	Per SF	Sold	SMM	Per Unit	Per SF
1 University House	Tempe	269	41486	8/16/13	\$103.0	\$382,900	\$417	8/8/2013	\$27.95	\$382,843.00	\$268.12
2 The Paragon at Kierland	Scottsdale	276	37111	9/30/13	\$57.8	\$209,239	\$200	11/9/2009	\$34.20	\$123,913.00	\$118.30
3 Camden Sotelo	Tempe	170	40360	9/10/13	\$34.0	\$200,000	\$137	-	-	-	-
4 Pavilions On Central	Phoenix	254	2000	6/26/13	\$46.9	\$184,646	\$160	4/21/10	\$26.7	\$105,000	\$91
5 Camellero & Indian Bend Apartments	Scottsdale	348	29099	7/1/13	\$61.5	\$176,796	\$175	7/18/1994	\$10.70	\$38,924.00	\$17.19
6 Crown Court Apartments	Scottsdale	416	1987	4/29/13	\$68.3	\$164,135	\$129	3/1/94	\$27.3	\$65,519	\$52
7 San Palmas Apartments	Chandler	240	1998	2/28/13	\$33.6	\$140,000	\$143	12/1/98	\$18.0	\$75,203	\$77
1 Las Colinas at Black Canyon Ranch	Phoenix	304	2008	2/19/13	\$43.6	\$135,691	\$132	11/7/08	\$43.8	\$144,145	\$140
2 The Highlands Apartments	Scottsdale	272	1990	2/28/13	\$36.7	\$135,088	\$149	12/23/05	\$43.8	\$161,000	\$178
3 Morningside Apartments	Scottsdale	160	1989	3/27/13	\$21.6	\$135,000	\$132	9/30/92	\$7.4	\$46,219	\$45
4 Acacia Creek Apartments	Scottsdale	304	1994	2/14/13	\$40.0	\$131,461	\$86	3/24/95	\$30.5	\$100,332	\$66
5 Painted Trails	Gilbert	196	2008	6/19/13	\$25.8	\$131,378	\$146	11/25/09	\$15.7	\$80,000	\$89
6 Villa Pallavicini	Chandler	290	2004	6/24/13	\$37.5	\$129,310	\$130	-	-	-	-
7 Bellagio Apartments	Scottsdale	202	1995	2/18/13	\$25.8	\$127,475	\$137	11/10/04	\$18.6	\$92,079	\$99
8 Bala Desertscape	Mesa	266	37196	9/27/13	\$33.8	\$127,068	\$119	4/27/2013	\$32.00	\$120,301.00	\$112.92
9 Scottsdale Meadows Apartments	Scottsdale	168	1984	6/11/13	\$20.6	\$122,798	\$138	-	-	-	-
10 Bella Vista Apartments	Phoenix	248	1995	2/12/13	\$30.1	\$121,388	\$100	-	-	-	-
1 Sonoran Apartments	Phoenix	429	1995	2/12/13	\$51.0	\$118,801	\$123	-	-	-	-
2 9920 Apartments	Glendale	193	2008	1/2/13	\$22.6	\$116,839	\$101	-	-	-	-
3 Country Brook	Chandler	396	1986	2/26/13	\$45.7	\$115,404	\$120	-	-	-	-
4 Copper Creek Apartments	Tempe	144	1984	5/20/13	\$16.4	\$113,889	\$112	10/20/08	\$12.9	\$89,236	\$88
5 Little Cottonwoods	Tempe	379	1984	2/26/13	\$42.8	\$112,897	\$110	2/1/89	\$10.7	\$28,320	\$24
6 The Heritage	Phoenix	204	1995	3/21/13	\$22.7	\$111,287	\$114	-	-	-	-
7 Village at Lakewood Apartments	Phoenix	240	1988	3/21/13	\$26.7	\$111,287	\$119	6/15/12	\$0.0	\$0	\$0
8 The Enclave Apartments	Tempe	204	1994	3/21/13	\$22.7	\$111,287	\$117	-	-	-	-
9 Via Ventura Apartments	Scottsdale	328	1977	5/20/13	\$36.5	\$111,280	\$126	7/18/94	\$14.7	\$46,054	\$51
10 The Retreat Apartments	Phoenix	480	35674	8/2/13	\$52.8	\$109,896	\$113	-	-	-	-
11 Sedona Ridge Apartments	Phoenix	250	1989	2/12/13	\$27.1	\$108,459	\$130	9/30/09	\$18.5	\$74,000	\$89
12 Sycamore Creek Apartments	Scottsdale	350	1984	5/7/13	\$37.7	\$107,714	\$115	10/29/97	\$16.2	\$46,286	\$49
13 The Reserve at Gilbert Towne Centre	Gilbert	147	2001	2/28/13	\$15.7	\$106,463	\$117	-	-	-	-
14 Encantada at Canyon Trails	Goodyear	226	2008	5/3/13	\$23.6	\$104,535	\$108	5/5/09	\$27.3	\$120,802	\$125
15 Desert Harbor Apartments	Peoria	264	36965	8/27/13	\$26.7	\$101,068	\$112	2/28/2011	\$22.47	\$85,084.00	\$85.64
16 The Fairways Apartments	Chandler	352	1985	3/22/13	\$35.2	\$100,044	\$104	8/3/11	\$29.8	\$84,517	\$88
17 Del Mar Apartments	Phoenix	144	39750	8/30/13	\$14.4	\$100,000	\$93	7/17/2013	\$12.20	\$84,722.00	\$83.65
1 Camellero & Indian Bend Apartments	Scottsdale	626	1973	7/1/13	\$61.5	\$98,283	\$99	7/18/94	\$10.7	\$38,924	\$18
2 The Villas at Mountain Vista Ranch	Surprise	256	2003	3/1/13	\$25.1	\$98,047	\$96	6/1/05	\$23.8	\$92,969	\$92
3 The Villas at Mountain Vista Ranch	Surprise	256	2003	4/29/13	\$25.1	\$98,047	\$97	6/1/22005	\$23.8	\$92,969	\$92
4 Promontory Pointe Apartments	Phoenix	424	30864	8/30/13	\$41.0	\$96,698	\$98	-	-	-	-
5 Arcadia Cove	Phoenix	432	1996	6/13/13	\$40.7	\$94,271	\$107	7/11/07	\$52.0	\$120,370	\$137
6 Pinnacle Grove	Tempe	247	1987	2/13/13	\$21.0	\$85,020	\$103	9/22/11	\$20.7	\$83,806	\$101
1 Camellero & Indian Bend Apartments	Scottsdale	280	26665	7/1/13	\$23.4	\$83,498	\$101	7/18/1994	\$10.71	\$38,924.00	\$17.19
2 Sonoma Park	Tempe	76	1986	7/9/13	\$6.0	\$78,947	\$85	7/14/97	\$3.7	\$49,333	\$53
3 Sonoma Park	Tempe	76	32143	7/9/13	\$6.0	\$78,947	\$85	7/14/1997	\$3.70	\$49,333.00	\$52.56
4 The Cortina	Phoenix	104	1995	3/27/13	\$8.2	\$78,846	\$83	6/13/96	\$6.2	\$59,135	\$63
5 Gateway On Gilbert Apartments	Mesa	432	31048	8/30/13	\$34.0	\$78,704	\$96	-	-	-	-
6 Sonora Canyon	Mesa	388	31168	7/15/13	\$30.0	\$77,320	\$96	1/17/2007	\$33.30	\$85,825.00	\$106.71
7 Lakefront At West Bay	Tempe	244	1975	6/27/13	\$18.0	\$73,770	\$77	6/29/06	\$19.0	\$77,869	\$82
8 Hermitage East Apartments	Scottsdale	95	1970	4/10/13	\$6.6	\$69,105	\$89	2/8/01	\$4.9	\$51,421	\$66
9 Somerset Village	Tempe	276	29587	7/19/13	\$18.3	\$66,304	\$76	10/2/1996	\$11.10	\$39,928.00	\$46.68
10 La Paz Apartments	Phoenix	92	22723	9/27/13	\$6.0	\$65,217	\$80	3/2/2005	\$4.70	\$51,087.00	\$62.68
11 Riverview Park	Mesa	84	1986	6/27/13	\$5.4	\$63,690	\$60	10/2/06	\$8.1	\$96,310	\$90
12 San Norterra	Phoenix	388	2013	2/27/13	\$24.4	\$62,767	\$105	-	-	-	-
13 Archstone Desert Harbor	Peoria	264	2001	2/27/13	\$16.6	\$62,767	\$63	2/28/11	\$22.5	\$85,084	\$86
14 Versante	Tempe	240	26268	9/9/13	\$15.0	\$62,500	\$81	6/22/2006	\$14.00	\$58,333.00	\$75.78
15 El Dorado Village	Tempe	196	30621	7/19/13	\$12.0	\$61,224	\$71	8/1/1996	\$8.05	\$41,071.00	\$47.54
1 Lucera Apartments	Mesa	192	1986	6/13/13	\$11.5	\$59,896	\$83	6/29/06	\$14.6	\$76,042	\$106
2 Country Club Greens	Mesa	68	1985	2/8/13	\$4.0	\$58,824	\$65	8/26/10	\$2.1	\$31,394	\$34
3 Crystal Creek AZ	Phoenix	272	31260	8/14/13	\$16.0	\$58,824	\$77	12/21/2006	\$20.05	\$73,443.00	\$103.97
4 Coral Point	Mesa	674	1986	2/15/13	\$19.5	\$57,864	\$73	-	-	-	-
5 Monaco North	Scottsdale	112	27395	8/14/13	\$12.7	\$55,217	\$68	1/8/1993	\$6.20	\$55,357.00	\$66.03
6 Sierra Verde Villas	Phoenix	58	1999	2/26/13	\$3.2	\$55,172	\$52	6/28/07	\$7.0	\$119,828	\$114
7 Fairway Vistas Condominiums	Phoenix	76	1979	6/6/13	\$3.8	\$50,000	\$52	10/20/10	\$2.0	\$26,316	\$28
8 Villetta	Mesa	352	1986	7/17/13	\$17.5	\$49,716	\$67	11/21/06	\$23.6	\$66,903	\$90
9 Villetta	Mesa	352	30590	7/17/13	\$17.5	\$49,716	\$67	11/21/2006	\$23.55	\$66,903.00	\$89.70
10 Villa Ventura	Phoenix	50	25659	9/20/13	\$2.5	\$49,029	\$54	5/21/2007	\$4.38	\$87,500.00	\$97.22
11 Sun Crest Apartments	Mesa	94	23377	8/30/13	\$4.5	\$47,340	\$51	8/31/2010	\$3.15	\$33,511.00	\$36.41
12 Paradise Falls Apartments	Phoenix	220	31413	8/29/13	\$10.4	\$47,273	\$58	3/31/2005	\$11.43	\$51,932.00	\$65.66
13 Campus Pointe	Tempe	163	1970	6/14/13	\$7.7	\$47,239	\$71	10/14/04	\$8.4	\$51,344	\$77
14 Country Gables	Glendale	139	30317	7/31/13	\$6.5	\$46,763	\$77	7/16/2003	\$6.65	\$47,842.00	\$78.73
15 Desert View Apartments	Mesa	126	1985	5/31/13	\$5.9	\$46,429	\$60	12/21/04	\$6.2	\$49,206	\$64
16 Palo Brea Luxury Apartments	Phoenix	75	2004	5/14/13	\$3.5	\$46,000	\$52	-	-	-	-
17 Dunlap Square Apartments	Phoenix	192	1984	6/14/13	\$8.8	\$45,833	\$59	4/2/06	\$12.9	\$67,188	\$86
18 Paradise Shadows Apartments	Phoenix	67	1983	7/1/13	\$3.0	\$44,980	\$50	-	-	-	-
19 Paradise Shadows Apartments	Phoenix	67	30621	7/1/13	\$3.0	\$44,980	\$57	-	-	-	-
20 Broadway Village	Mesa	155	1983	4/5/13	\$6.9	\$44,323	\$63	5/25/11	\$0.4	\$2,345	\$3
21 Villa Contenta	Phoenix	62	1986	7/17/13	\$2.7	\$43,548	\$58	9/25/98	\$1.5	\$24,194	\$32
22 Villa Contenta	Phoenix	62	25355	7/17/13	\$2.7	\$43,548	\$55	9/25/2013	\$1.50	\$24,194.00	\$31.98
23 Granada Lakes	Tempe	69	1978	6/3/13	\$0.2	\$43,478	\$71	8/26/11	\$2.3	\$33,152	\$54
24 The Villager Apartments	Phoenix	56	24504	8/27/13	\$2.4	\$43,304	\$78	2/5/2001	\$1.25	\$22,321.00	\$45.92
25 Horizon Apartments	Phoenix	51	1986	4/19/13	\$2.2	\$42,843	\$45	4/14/10	\$1.0	\$18,627	\$20
26 Texona Huntington	Mesa	480	1975	6/5/13	\$20.5	\$42,708	\$53	11/5/10	\$21.0	\$43,750	\$54
27 Texona Huntington	Mesa	480	26665	9/13/13	\$19.9	\$41,458	\$51	11/5/2010	\$21.00	\$43,750.00	\$53.85
28 Amber Ridge Apartments	Phoenix	138	31291	8/9/13	\$5.6	\$40,217	\$58	2/9/2007	\$7.94	\$57,500.00	\$81.96
1 Desert Sky	Phoenix	274	1985	3/28/13	\$10.9	\$39,872	\$66	2/8/06	\$10.1	\$36,752	\$63
2 Country Club Park	Wickenburg	147	1973	5/1/13	\$5.7	\$38,776	\$698	-	-	-	-
3 Vista Ventana	Phoenix	275	1982	6/20/13	\$10.3	\$37,364	\$55	9/1/10	\$9.2	\$40,708	\$49
4 Bella Lofts	Glendale	159	27729	9/9/13	\$5.7	\$36,006	\$38	9/16/2011	\$2.70	\$16,981.00	\$17.64
5 Harbor View Apartments	Phoenix	52	29646	8/14/13	\$1.9	\$36,000	\$63	12/30/2010	\$0.96	\$18,365.00	\$31.80
6 Bridgelande Apartment Homes	Phoenix	144	1980	5/2/13	\$5.1	\$35,590	\$45	6/7/12	\$6.7	\$46,544	\$59
7 Campus Walk & Campus View	Tempe	158	1969	6/7/13	\$5.6	\$35,310	\$57	8/24/06	\$3.5	\$56,452	\$63
8 Northern Terrace	Glendale	260	29129	9/25/13	\$9.1	\$35,000	\$47	9/11/1996	\$6.88	\$26,442.00	\$37.06
9 Biltmore Club Apartments	Phoenix	378	1973	4/29/13	\$13.2	\$34,921	\$67	4/29/11	\$11.0	\$29,101	\$56
10 Sun Valley Apartments	Youngtown	69	30317	8/14/13	\$2.4	\$34,783	\$56	12/15/1993	\$1.58	\$22,500.00	\$36.37

20-40K

Under 20K

Property Name	Location	Units	Built	Sold	SMM	Per Unit	Per SF	Sold	SMM	Per Unit	Per SF
11 Casa Carranza	Mesa	272	29190	7/29/13	\$9.1	\$33,456	\$65	4/29/2010	\$4.60	\$16,912.00	\$36.33
12 Westover Parc	Phoenix	160	2001	1/2/13	\$5.3	\$33,125	\$29	3/31/06	\$14.4	\$90,000	\$79
13 Palm Gardens Apartments	Mesa	96	1973	7/10/13	\$3.1	\$32,000	\$44	6/9/10	\$1.6	\$15,979	\$22
14 Palm Gardens Apartments	Mesa	96	26999	7/10/13	\$3.1	\$32,000	\$44	6/9/2010	\$1.55	\$15,979.00	\$22.09
15 Desert Crest	Glendale	66	1985	3/4/13	\$2.1	\$31,500	\$38	7/23/10	\$1.6	\$23,502	\$28
16 Village Apartments	Phoenix	63	1974	2/15/13	\$1.9	\$30,794	\$32	8/13/10	\$0.9	\$14,127	\$15
17 Oakdale Apartments	Phoenix	55	1963	4/11/13	\$1.7	\$30,455	\$32	6/1/05	\$2.5	\$44,545	\$46
18 Orangewood Place	Phoenix	84	1984	5/24/13	\$2.5	\$30,155	\$49	7/21/10	\$1.5	\$18,274	\$29
19 Residences on High Street	Phoenix	99	2008	4/15/13	\$3.0	\$30,009	\$17	-	-	-	-
20 Arcadia on 49th	Phoenix	192	1971	1/16/13	\$5.8	\$30,000	\$54	12/1/97	\$4.6	\$23,958	\$43
21 Mountain Vista Villas	Phoenix	70	1984	6/7/13	\$2.1	\$30,000	\$55	9/16/94	\$0.3	\$3,714	\$7
22 Silver Tree Apartments	Phoenix	98	1986	7/16/13	\$2.9	\$30,000	\$50	5/27/10	\$1.8	\$22,256	\$31
23 Silver Tree Apartments	Phoenix	98	31625	7/16/13	\$2.9	\$30,000	\$50	5/27/2010	\$1.83	\$22,256.00	\$30.85
24 Mountain View on Central	Phoenix	128	1986	4/2/13	\$3.8	\$29,688	\$64	2/22/12	\$1.6	\$12,156	\$26
25 Terrace Park Apartments	Phoenix	213	1984	4/9/13	\$6.2	\$29,108	\$36	4/28/11	\$5.8	\$27,113	\$33
26 Augusta Suntree	Phoenix	68	1983	3/5/13	\$1.9	\$27,941	\$37	3/29/10	\$1.3	\$18,463	\$25
27 Bighorn Ranch	Florence	56	1996	5/10/13	\$1.5	\$27,232	\$49	2/26/04	\$1.6	\$28,571	\$51
28 Aire Libre Apartments	Phoenix	80	1985	3/22/13	\$2.1	\$26,563	\$34	8/29/97	\$1.8	\$22,813	\$29
29 Canyon Place	Phoenix	288	30317	9/3/13	\$7.6	\$26,497	\$40	5/19/1992	\$3.27	\$11,363.00	\$16.99
30 Ocotillo Village	Phoenix	276	30011	7/18/13	\$7.1	\$25,725	\$62	7/31/2007	\$14.60	\$53,091.00	\$125.84
31 Sunset Ridge	Phoenix	96	30956	8/27/13	\$2.5	\$25,674	\$39	4/20/2007	\$4.51	\$47,000.00	\$72.31
32 Corte Linda	Phoenix	117	1986	2/11/13	\$3.0	\$25,641	\$35	9/1/94	\$3.0	\$25,641	\$33
33 Bella Verde Apartments	Phoenix	181	28611	9/5/13	\$4.4	\$24,309	\$63	5/17/2010	\$2.00	\$11,050.00	\$27.87
34 Missouri Meadows Apartments	Phoenix	62	1978	3/12/13	\$1.4	\$23,000	\$36	3/24/10	\$1.1	\$17,000	\$27
35 Paloma Village	Phoenix	123	29983	8/30/13	\$2.6	\$21,138	\$30	12/7/2004	\$7.70	\$36,150.00	\$52.53
1 Pinnacle Terrace	Chandler	300	1998	3/1/13	\$5.3	\$17,597	\$106	4/27/06	\$27.4	\$91,262	\$82
2 Sterling Place	Phoenix	140	1971	1/16/13	\$2.5	\$17,500	\$21	11/1/98	\$2.5	\$17,857	\$24
3 Avalon Hills	Phoenix	345	1986	5/7/13	\$5.6	\$16,232	\$23	8/25/05	\$19.5	\$56,406	\$80
4 Encanto Park	Phoenix	159	1979	1/16/13	\$2.4	\$15,000	\$34	3/1/12	\$3.7	\$23,484	\$53
5 Chelsey Park	Phoenix	59	1964	1/25/13	\$0.9	\$14,661	\$27	12/18/12	\$0.9	\$14,661	\$27
6 Pinnacle At Union Hills	Phoenix	264	1997	3/1/13	\$3.7	\$14,194	\$81	4/27/06	\$26.1	\$98,684	\$85

Transactions by Price per Unit



Realizing Potential, Delivering Results.



Dave Mackenzie

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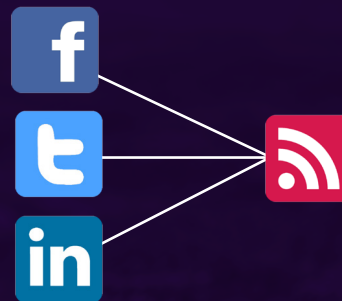


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Senior Associate

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NAI Horizon



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