

**Largest Percentage Rent Increases
From First Quarter 2008
to First Quarter 2009**

Central Valley	14 percent
Northwest/Southwest County	5.8 percent
Peoria/Sun City	5.5 percent
West Phoenix	2.5 percent
West County	1 percent

The Central Valley submarket recorded the Phoenix metropolitan area's highest percentage asking-rent gain from first quarter 2008 to first quarter 2009. This rate of rent growth is too aggressive, as evidenced by the area experiencing the third highest vacancy rate in the Valley during first quarter 2009. The Peoria/Sun City, West Phoenix and West County submarkets added a combined 3,501 units in 15 projects from first quarter 2008 through first quarter 2009. These additions to inventory are directly responsible for area average-asking rent increases. Area vacancies will remain among the Valley's highest for the remainder of this year as the new units compete against existing inventory of apartments and single-family detached

**Largest Percentage Rent Decreases
From First Quarter 2008
to First Quarter 2009**

South Paradise Valley	-13 percent
South Scottsdale	-10.6 percent
North Scottsdale /Fountain Hills	-6.9 percent
South Phoenix	-4.9 percent
Ahwatukee	-4.8 percent

and attached rental homes.

Twenty-three submarkets recorded measurable asking rental rate decreases

in the 12-month time period from first quarter 2008 to first quarter 2009. As noted at the 2006 AMA Perspectives and Projections conference, the North Scottsdale/Fountain Hills, South Scottsdale and Ahwatukee submarkets respectively ranked first, second and sixth in the percentage of apartment units lost to condo conversions since 2004. The association reported that future rent growth for submarkets that experienced heavy condo conversions would be negative. The asking rental rate decreases in these three submarkets over the past year are partly due to area landlords attempting to remain competitive with local condo conversions that either never left the rental housing supply as the result of a reversion. Economic deterioration and high vacancies have contributed to the rental rate decreases for the overall rental rate declines since last year.

VACANCY

Phoenix-area vacancies rose to 15.3 percent in first quarter 2009 from 11.5 percent in first quarter 2008. This is a record-high vacancy rate for the Valley apartment market. (The AMA at its Perspectives and Projections conferences in September 2007 and September 2008 reported that climbing vacancies for the Phoenix area apartment market

**Highest Vacancy Rates in
First Quarter 2009**

West County	21.8 percent
West Central Phoenix	20.1 percent
Central Valley	20 percent
Central Black Canyon	19.5 percent
North County	19.3 percent

would occur in the future.)

West County, West Central Phoenix and Central Valley each recorded vacancy rates at or above 20 percent in first quarter 2009, the first time three submarkets had vacancy this high in one quarter. The West County submarket added 2,136 units in 10 projects since the beginning of 2008. The new supply of units in lease-up combined with soft economic conditions caused the increased vacancy. The Central Valley submarket saw vacancy increase to 20 percent in first quarter 2009. Causing this jump was area landlords increasing rents 14 percent since

**Lowest Vacancy Rates in
First Quarter 2009**

Ahwatukee	8.2 percent
North Scottsdale/Fountain Hills	9.3 percent
East Mesa/Apache Junction	10 percent
Chandler	10.3 percent
South Scottsdale	10.7 percent

first quarter 2008.

Each of the five lowest vacancy submarkets in first quarter 2009 recorded asking rental rate decreases ranging from -2.6 percent to as high as -10.6 percent since first quarter 2008. With the exception of Chandler, each of these submarkets recorded concessions below the overall ratio for the Valley in first quarter 2009.

CONCESSIONS

The percentage of communities offering concessions in first quarter 2009 stood at 85 percent, the same level as fourth quarter 2008. This is the highest percentage of communities offering concessions since third quarter

2004. In first quarter 2008, the percentage of communities offering con-

**Highest Percentage of Communities Offering
Concessions in First Quarter 2009**

West Phoenix	100 percent
Metrocenter	93 percent
NW Black Canyon	92.5 percent
South Paradise Valley	91.7 percent
North Tempe	91.6 percent

cessions was 67 percent.

One-hundred percent of communities in the West Phoenix submarket offered concessions during first quarter 2008, the second consecutive quarter this occurred. The area also had the Valley's sixth lowest rental rate and sixth highest vacancy rate for the period. (The September 2008 edition of *Apartment News* reported that area concessions and vacancies were likely to remain high and that rent growth

**Lowest Percentage of Communities Offering
Concessions in First Quarter 2009**

Central Valley	50 percent
Northwest/Southwest County	67 percent
East Mesa/Apache Junction & South Scottsdale (tie)	71.4 percent
North Scottsdale /Fountain Hills	73.5 percent
North County	76.9 percent

was likely to be vapid.)

The Central Valley submarket recorded the lowest concession ratio during fourth quarter 2008. This submarket had the Phoenix area's highest asking rental rate increase and the highest percentage-point gain in vacancy from first quarter 2008 through first quarter 2009. Conse-



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