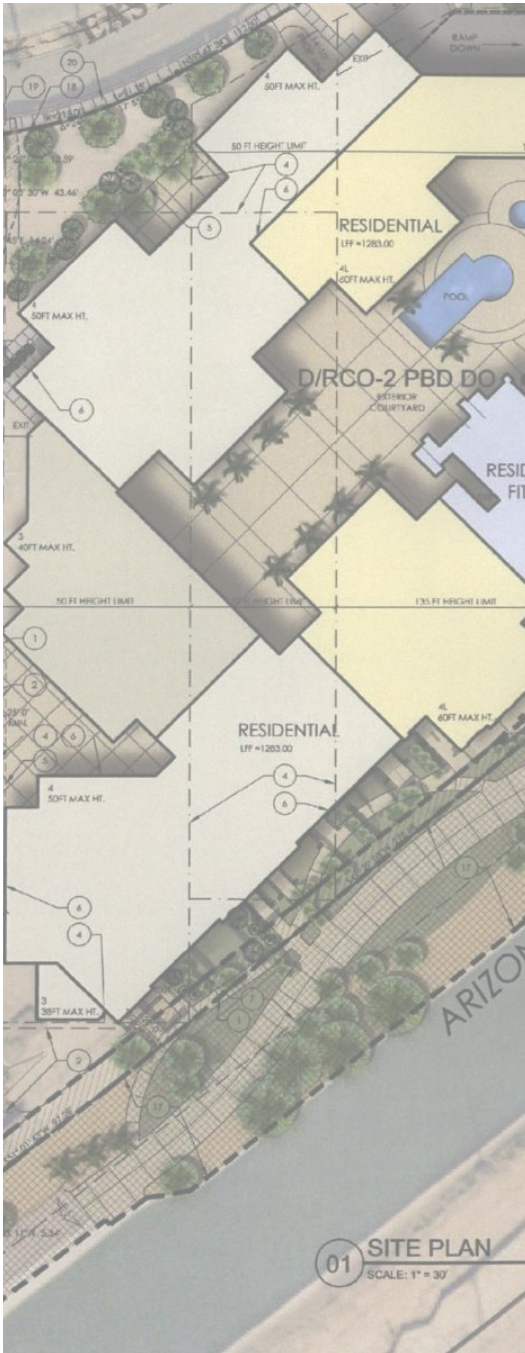


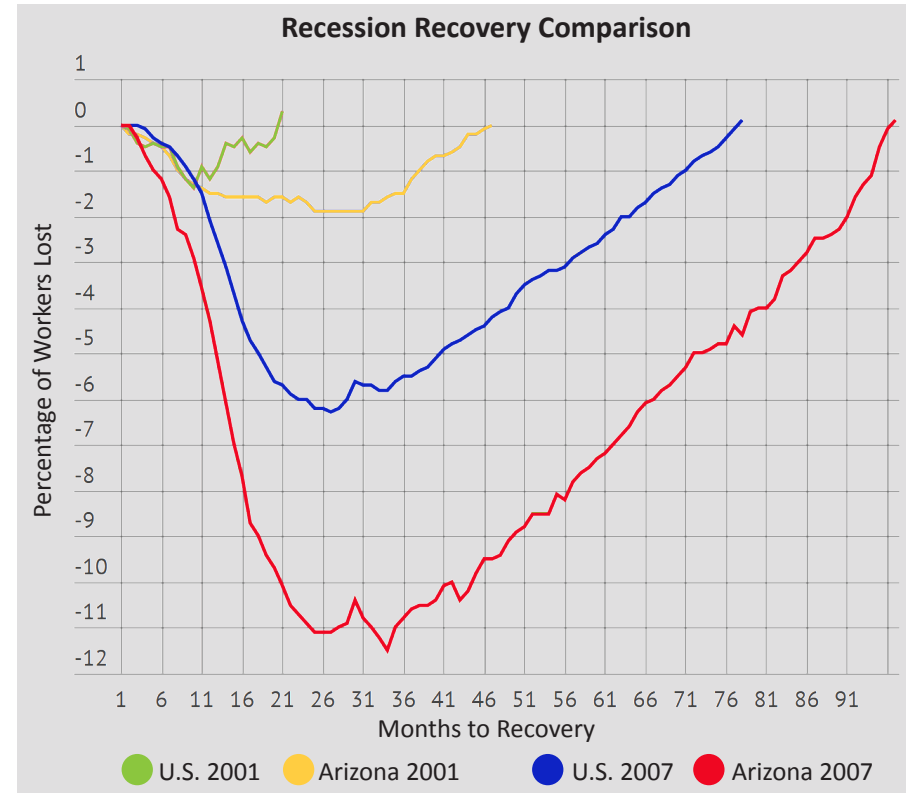
CITY OF SCOTTSDALE MULTI-FAMILY DEVELOPMENT ACTIVITY 2010 - 2016



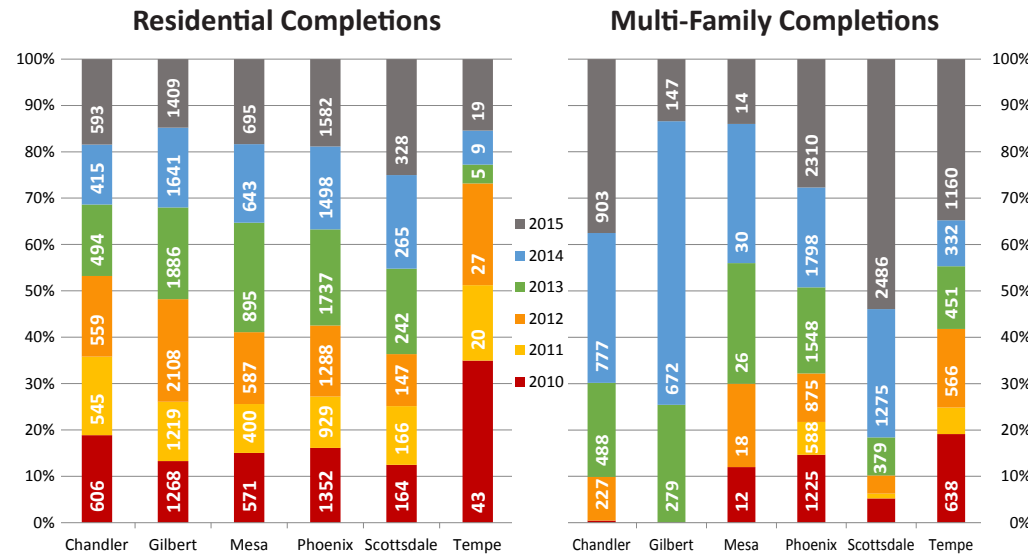
INTRODUCTION

Housing demand is largely influenced by demographic factors, economic conditions, the availability of land, and government policies. To this end, multi-family development has remained the most robust sector during, and since, the Great Recession. In the last downturn cycle, Phoenix Metropolitan Area was more negatively affected than most other areas of the country, suffering through massive job losses, underwater mortgages, and declining asset prices. The wave of home foreclosures during the recession forced many people to rent, which in turn, created demand for multi-family housing. Generally, Scottsdale has been better insulated to market events/changes over time compared to other Valley cities. However, in this last market cycle, communities valley-wide were affected, resulting in shifts in lifestyle choices and housing preferences.

Scottsdale, a community that is no longer sprawling compared to other valley communities, and is now cycling to a redevelopment phase with multi-family housing being the strongest market. The multi-family developments in Scottsdale provide housing that satisfies contemporary preferences for unit finishes and community amenities in desirable locations.



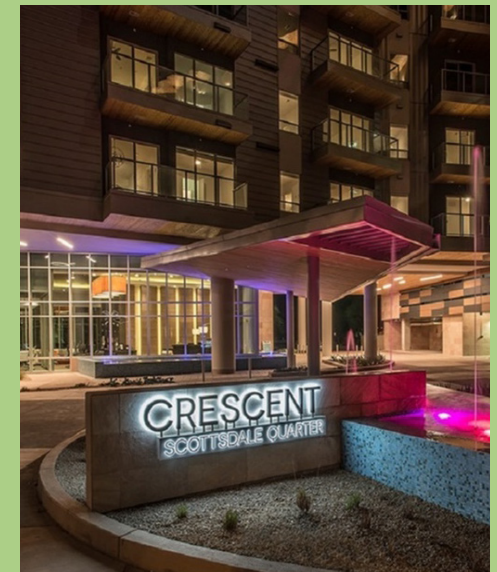
Source: U.S. Bureau of Labor Statistics



Source: Maricopa Association of Governments, Residential Completion Report
*Reported Totals by Permit Completion Date

Did you know...

At a location well known for entertainment, restaurants, and shopping, a pension-fund recently acquired what is the highest price per unit ever paid for a conventional multi-family development in the valley. Crescent at Scottsdale Quarter located at 15345 N. Scottsdale Road was acquired for \$87 million dollars (\$316,364 per unit) for the 275 unit apartment complex.



Source: Business Real Estate Weekly, August 2016

MULTI-FAMILY DEVELOPMENT & THE 2010 CITYWIDE DEVELOPMENT FORECAST

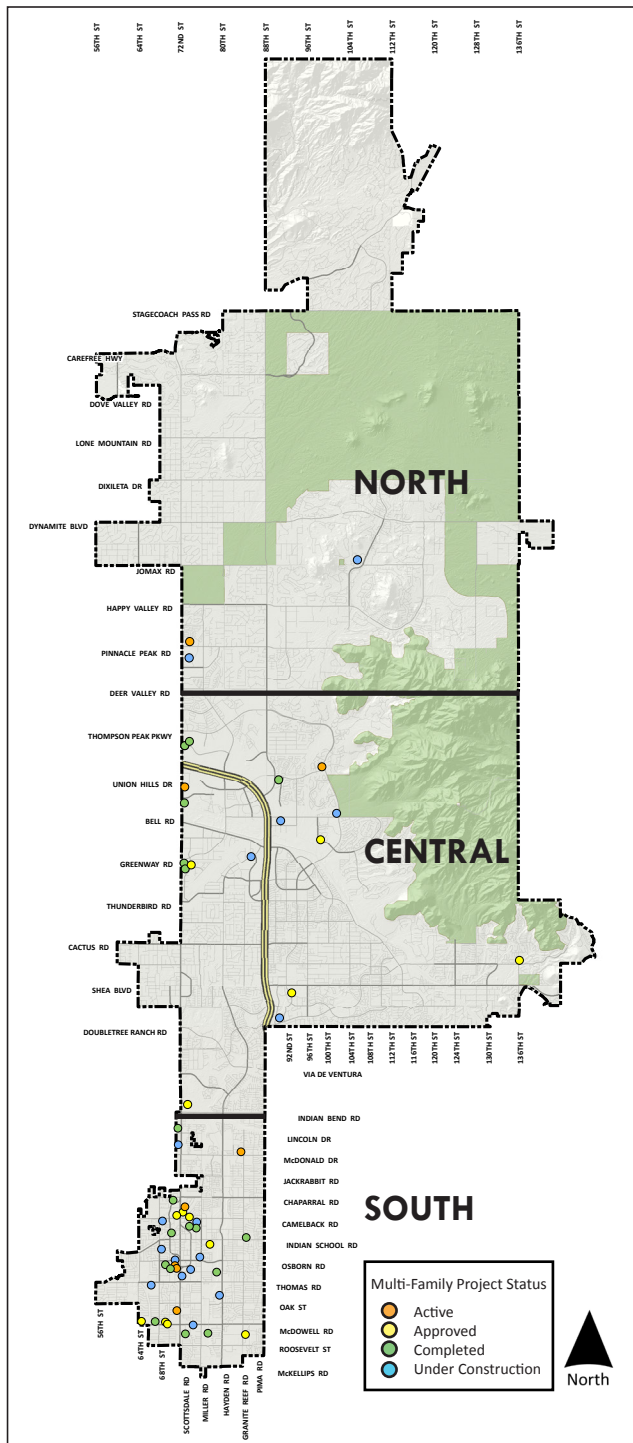
In 2009, the City of Scottsdale contracted with Applied Economics to forecast future development (of all types) in Scottsdale. In 2011, there was an update to that initial forecast that included revised population and housing data for 2010, based on the results of the decennial Census, as well as, new population and employment forecasts based on updated regional projections developed by the University of Arizona. The 2011 update examined Scottsdale in five-year time periods through 2030, across three geographic subareas— North, Central, and South. The details of the 2011 forecast can be found here: http://www.scottsdaleaz.gov/Assets/ScottsdaleAZ/General+Plan/Development_Forecast_2011.pdf

The 2011, Development Forecast for multi-family housing calculated the potential for approximately 9,800 new units to be added citywide between 2010 and 2030, which would bring the total inventory in Scottsdale to 51,200 units. The majority of these new units (6,900) were, at that time, expected to be located in the Central Subarea, and 2,400 of the total units expected to be added to the South Subarea. These increases would result in a total of 22,500 units by 2030 in the South Subarea, and 27,600 total units by 2030 in the Central Subarea.

This report is intended to benchmark the 2011 forecasting to account for the multi-family development the City has experienced since 2010. This report graphically depicts where multi-family (greater than 20 units in size) development activity has occurred throughout the city. The pages that follow provide a further breakdown of multi-family development activity within the three Subareas.

The map depicts what part of the development process that a reported project is currently in and where it is geographically located:

- **Active:** The development project is still in the public hearing process.
- **Approved:** The development project is entitled to develop and has received approval to submit final plans.
- **Under Construction:** The development project has final plans in review or approved and/or is in process of physical construction of the site; although resident occupancy may exist, the project is not built out.
- **Completed:** The development project has completed all phases of development and is occupied.



CITYWIDE SUMMARY

Since 2010, and as of August 2016, the City experienced multi-family housing activity totaling 13,038 units. 3% (422 units) of this activity has been located in the North Subarea, 28% (3,630 units) in the Central Subarea, and 69% (8,986 units) in the South Subarea. 6,918 (53%) units of the total activity are in a status that is either under construction or completed and occupied since 2010. The 2011 Development Forecast projection reported that there could be approximately 9,800 new units added between 2010 and 2030 citywide. Although the city has surpassed this projection for total multi-family development activity – at current, only 71% of the units have actually been completed or are under construction. Market rents for many multi-family developments in Scottsdale are demanding rent rates that are comparable to the ownership pricing of surrounding housing options with vacancy rates that are generally less than 5%.

NORTH SUBAREA

Since 2010, the multi-family housing activity totals for the North Subarea are 422 units (3% of multi-family activity citywide). 312 (74%) of these units are currently under construction in the Silverstone project located at Scottsdale and Pinnacle Peak Roads. Generally, multi-family development activity within this Subarea is on track with the 2011 Development Forecast projections. As of August 2016, all of the multi-family development activity in this subarea has been entirely “for rent”.

CENTRAL SUBAREA

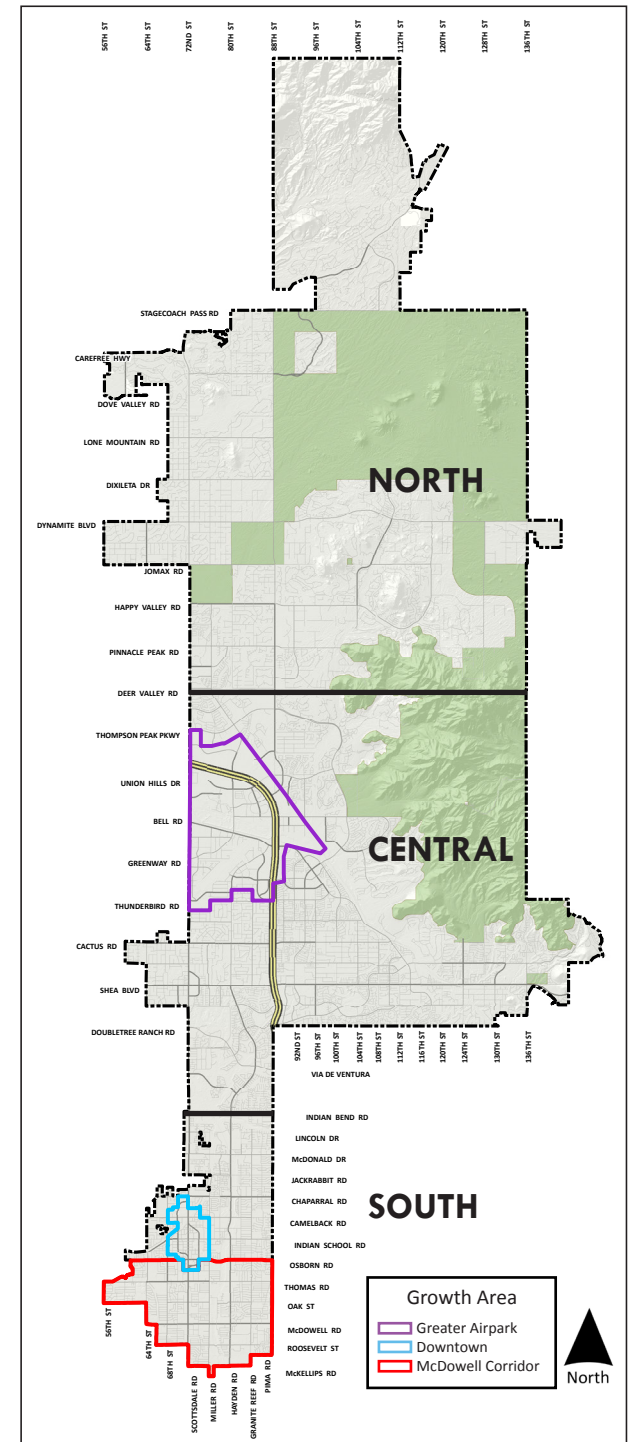
Since 2010, the multi-family activity totals for the Central Subarea are 3,630 units (28% of multi-family development activity citywide). 1,991 (51%) of these units are under construction or completed, and 90% of these units have been developed as rental housing. Generally, development activity within this Subarea is on track with the 2011 Development Forecast projections.

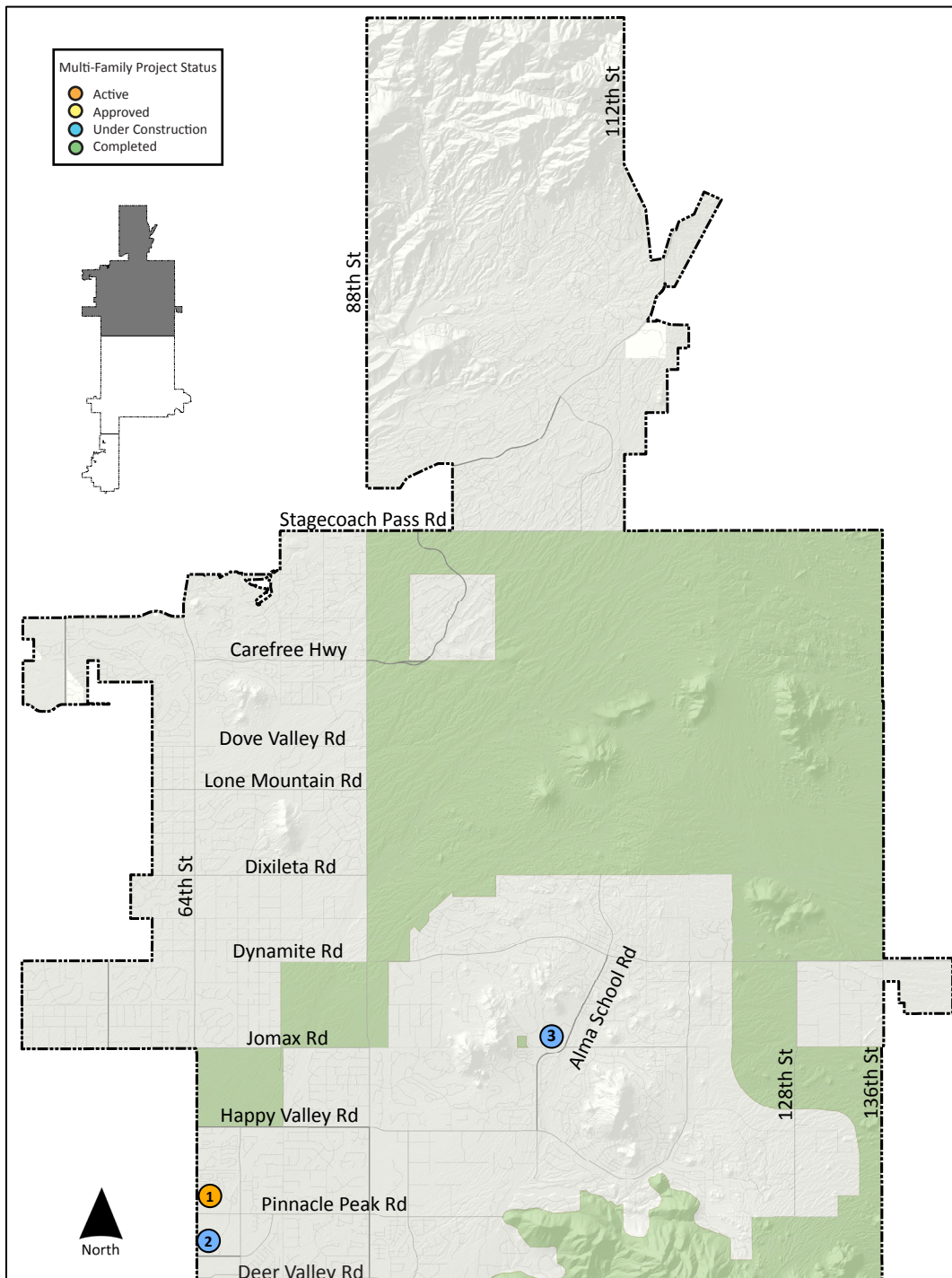
- 72% of all multi-family activity in the Central Subarea is located within the Greater Airpark Character Area. 64% (1,673 units) of this Airpark activity has been completed or is under construction. As of August 2016, all of the Airpark multi-family development activity has been entirely “for rent”.

SOUTH SUBAREA

Since 2010, the multi-family activity totals for the South Subarea are 8,986 units (69% of development activity citywide). Multi-family development activity within this Subarea has more than doubled what the 2011 Development Forecast projected by 5,248 units (215%). 4,615 (51% of all multi-family development activity) units in the South Subarea are under construction or completed. 95% of these units have been developed as a rental housing.

- 62% (5,539 units) of all multi-family development activity in the South Subarea is located within the Downtown. 42% (2,328 units) of this activity has been completed or is under construction. 30% of all occupied housing units are owner occupied and 70% are renter occupied.
- 31% (2,814 units) of all multi-family development activity in the South Subarea is located within the McDowell Corridor. 61% (1,714 units) of this activity has been completed or is under construction. 46% of all occupied housing units are owner occupied and 54% are renter occupied.





NORTH SUBAREA

The North Subarea includes that portion of the city north of Deer Valley Road. This subarea is characterized by low density, high end, single family residential and resort-style development. The area contains significant tracts of vacant, entitled, land held by the Arizona State Land Department and large portions that are planned or already part of the McDowell Sonoran Preserve. The area has limited commercial development potential due to the availability and cost of land, limited access to consumer markets and workforce, and incompatibility with existing residential uses and land preservation plans. However, the demand generated for goods and services by the residents of the North Subarea supports commercial development in the Central Subarea, and it supplies executive-level housing options to the Central Subarea office market. The multi-family development activity for this subarea is on track with the 2011 Development Forecast projections for this area of the city.

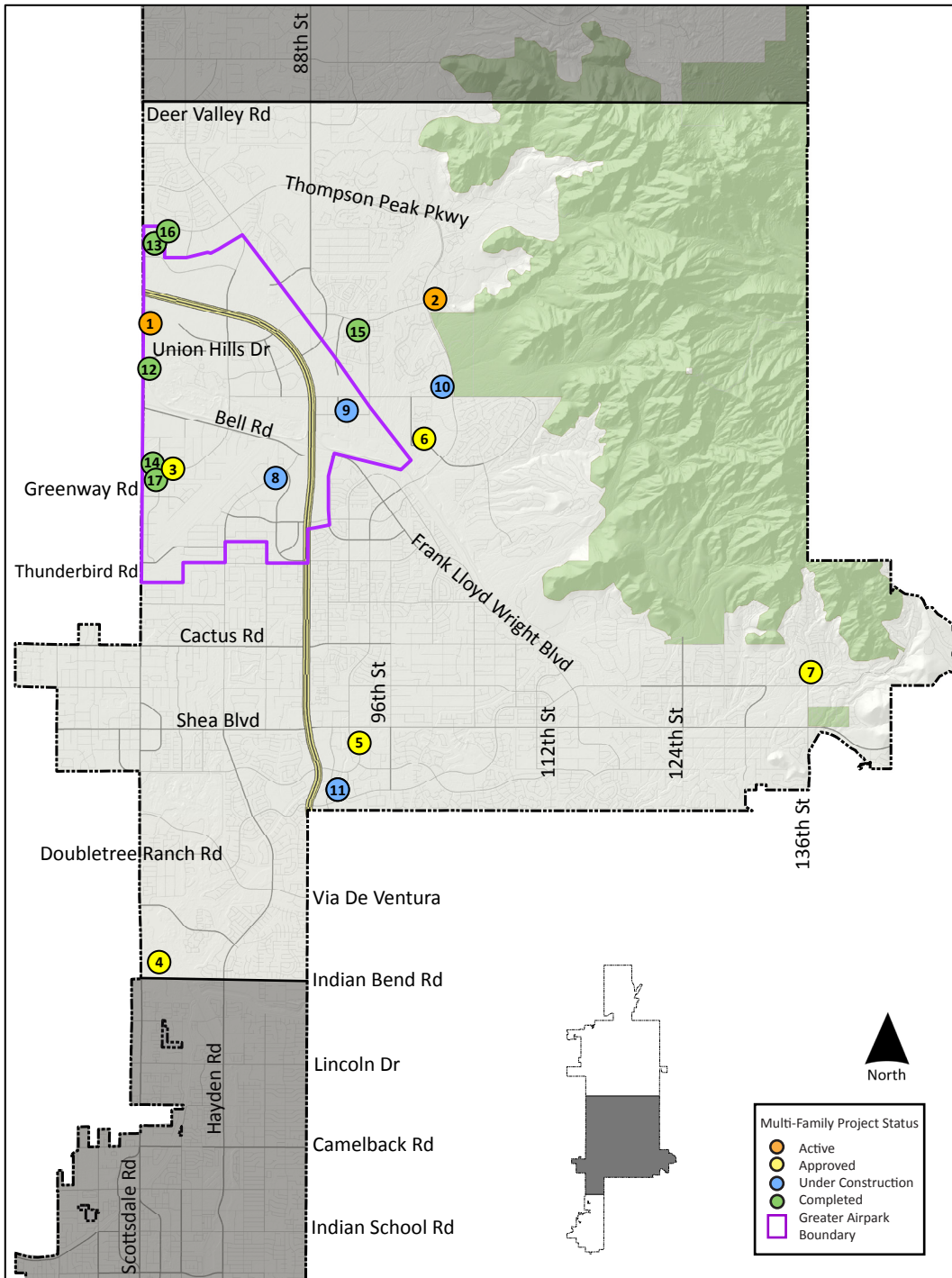
North Subarea Summary

Jan 2010-November 2016	Total Units	Total Gross Acres
Active	110	4.5
Approved	0	0
Under Construction	312	26.64
Completed	0	0
Total Multifamily Activity	422	31.14

MULTIFAMILY DEVELOPMENT - North Area 2010-2016

Map Number	Project Name	Location	Estimated Units	Acres	Zoning	GP Land Use	Product Type	Status July, 2016	Development Timeline
1	Senior Living @ NEC Scottsdale Rd & Pinnacle Peak Rd	NEC of Scottsdale Rd & Pinnacle Peak Rd	110	4.5	C-2 ESL	Commercial	Rental	Active	2016
2	Silverstone/Rawhide Apartments	SEC of Scottsdale Rd & Pinnacle Peak Rd	262	16.44	R-5PCD	Mixed Use	Rental	Under Construction	2016
3	The Reserve at Pinnacle Peak Patio	NWC of Jomax Rd & Alma School Rd	50	10.2	C-2 ESL	Suburban Neighborhoods	For Sale	Under Construction	2016

Active	Approved	Under Construction	Completed
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CENTRAL SUBAREA

The Central Subarea extends north from Indian Bend Road to Deer Valley Road, encompassing that portion of the city that has experienced the greatest amount of growth and development, for all development, over the past 30 years. In addition to being the location of one of the largest employment centers (Scottsdale Airpark / Perimeter Center) in the greater metro area, the Central Subarea features a large inventory of Class-A office buildings, upscale residential neighborhoods, world-class resorts and entertainment venues. Developable land in the Central Subarea is limited, with some of the largest available tracts being owned by the Arizona State Land Department. The multi-family development activity for this subarea is on track with the 2011 Development Forecast projections for this area of the city.

Central Subarea Summary

Jan 2010-November 2016	Total Units	Total Gross Acres
Active	373	18.06
Approved	1266	47.29
Under Construction	457	26.44
Completed	1534	41.78
Total Multifamily Activity	3630	133.57

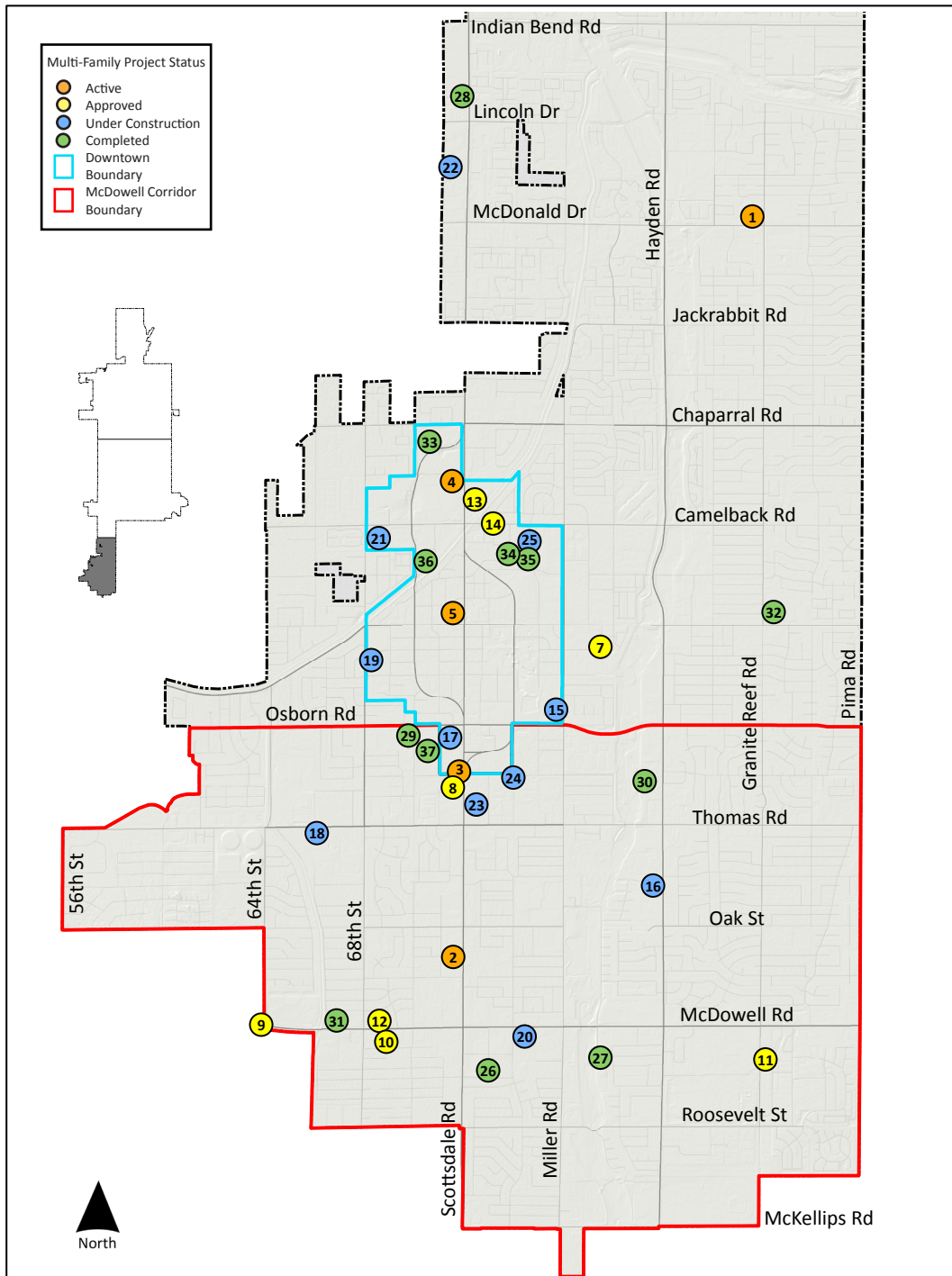
Greater Airpark Summary

Jan 2010-November 2016	Total Units	Total Gross Acres
Active	301	12.26
Approved	622	10.29
Under Construction	359	9.6
Completed	1314	32.53
Total Multifamily Activity	2596	64.68

MULTIFAMILY DEVELOPMENT - Central Area 2010-2016

Map Number	Project Name	Location	Estimated Units	Acres	Zoning	GP Land Use	Product Type	Status July, 2016	Development Timeline
1	Scottsdale Marketplace	SEC of Chauncey Ln & Scottsdale Rd	301	12.26	PCD	Mixed Use	Rental	Active	2016
2	Sterling at Silverleaf	101st St & Siesta Ln	72	5.8	PCC/R1-10 PCD	Pie (Urban)	Rental	Active	2017
3	District at the Quarter	SWC of Greenway Hayden Loop & Dial Bl	622	10.29	I-1 to PUD	Mixed Use (GP from AMU & EMP to AMU-R)	Rental	Approved	2016
4	Artesia	NEC of Indian Bend Rd & Scottsdale Rd	480	17	R-5 PCD	Mixed Use (Employment to Mixed Use)	Rental/For Sale	Approved	2015
5	Scottsdale 92 Lofts	SEC of Shea Blvd & 92nd St	56	4.6	PUD/PCD	Office, MU, Commercial	Rental	Approved	2013
6	Graythorn	NEC of McDowell Mountain Pkwy & 98th St	27	6.6	S-R ESL	Suburban Neighborhoods	For Sale	Approved	2016
7	Beaufort at Scottsdale Mountain	NEC of Via Linda & 136th St	81	8.8	R-3 ESL	Urban	For Sale	Approved	2015
8	Sunrise Commons	Hayden Rd & 84th St	281	4.6	PCP	Mixed Use	Rental	Under Construction	2016
9	Bahia Work Live	SWC of Bahia Dr & 92nd St	78	5	PCP	Mixed Use	For Sale	Under Construction	2016
10	Echo Condos	NWC of Bell Rd & Thompson Peak Pkwy	40	10.89	R-5 ESL	Urban (Office to Urban)	For Sale	Under Construction	2015
11	San Victor and 91st St.	SWC of San Victor Dr & 91st St	58	5.95	R-5 PCD	Urban	For Sale	Under Construction	2015
12	Crossroads Apartments	SEC of Union Hills Dr & Scottsdale Rd	187	4.5	PCD	Mixed Use	Rental	Completed	2016
13	TDI at One Scottsdale Phase II	NEC of Legacy Bl & Scottsdale Rd	289	10.56	PCD (PRC)	Mixed Use	Rental	Completed	2015
14	Liv North Scottsdale (Zocallo/Barcelona)	NWC of Greenway Hayden Loop & Dial Bl	240	6.4	PUD	Mixed Use	Rental	Completed	2015
15	Camden at DC Ranch	E of SEC of Legacy Bl & Pima Rd	220	9.25	PNC PCD	Pie (Urban)	Rental	Completed	2014
16	TDI at One Scottsdale Phase I (Jefferson)	NWC of Legacy Bl & Scottsdale Rd	322	8.21	PCD (PRC)	Mixed Use	Rental	Completed	2014
17	Scottsdale Quarter - Block K	SWC of Greenway Hayden Loop & 73rd St	276	2.86	PRC	Mixed Use	Rental	Completed	2015

Active	Approved	Under Construction	Completed
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SOUTH SUBAREA

The South Subarea aligns with both the city’s adopted Southern Scottsdale and Downtown Character Areas. The most mature development - both commercial and residential - in Scottsdale is located south of Indian Bend Road. Consequently, the demand for a new housing stock has surged within McDowell Corridor resulting in 25% the total multi-family within this area of the city been built within the last 5 years.

As a result of its central location in the Valley, downtown urban living lifestyle, and greater redevelopment potential, since 2010, this subarea has seen the largest amount of multi-family activity in all of Scottsdale. As a result, The multi-family development activity for this subarea has far outpaced the 2011 Development Forecast projections.

South Subarea Summary

Jan 2010-November 2016	Total Units	Total Gross Acres
Active	1871	63.865
Approved	2500	63.5
Under Construction	2604	78
Completed	2011	79
Total Multifamily Activity	8986	284.205

Downtown Summary

Jan 2010-November 2016	Total Units	Total Gross Acres
Active	1665	59.315
Approved	1546	15.52
Under Construction	1394	25
Completed	934	18.25
Total Multifamily Activity	5539	118.225

McDowell Corridor Summary

Jan 2010-November 2016	Total Units	Total Gross Acres
Active	170	3.3
Approved	930	46.78
Under Construction	1120	46
Completed	594	48.63
Total Multifamily Activity	2814	144.88

MULTIFAMILY DEVELOPMENT - South Area 2010-2016

Map Number	Project Name	Location	Estimated Units	Acres	Zoning	GP Land Use	Product Type	Status July, 2016	Development Timeline
1	Hudson East	W of NWC of McDonald Dr & Granite Reef Rd	36	1.25	C-1 to PUD	Mixed Use	For Sale	Active	2016
2	South Scottsdale Multifamily	S of SWC of Oak St & Scottsdale Rd	170	3.3	C-3 to PUD	Mixed Use	Rental	Active	2016
3	L'Esperance	NWC of Earll Dr & Scottsdale Rd	77	1.235	C-3 to D/DMU-2 DO	Mixed Use	Rental	Active	2016
4	Safari II	SEC of Highland Ave & Scottsdale Rd	160	2.08	D/RCO-2 PBD DO & C-2	Mixed Use	For Sale	Active	2016
5	Scottsdale Fashion Square	NWC of Camelback Rd & Scottsdale Rd	1428	56	DRCO - Type 2, PBD, DO (D/RCO-2 PBD DO)	Mixed Use	Rental	Active	2016
7	Seneca Luxury Townhomes	NEC of Main St & Parkway Ave	24	1.2	R-5	Urban	For Sale	Approved	2016
8	Alta Osborn	SWC of Drinkwater Blvd & Scottsdale Rd	277	4.1	D/DMU-2 PBD DO	Mixed Use	Rental	Approved	2016
9	Scottsdale Entrada	NEC of McDowell & 64th St	750	27	PUD	Mixed Use	Rental	Approved	2016
10	Skye on McDowell (Phase II Included)	SWC of McDowell Rd & 70th St	79	11.2	R-5	Urban (Mixed Use to Urban)	For Sale	Approved	2016
11	Granite Reef Circle Lofts	S of SEC of McDowell Rd & 70th St	20	1.78	R-5	Urban	For Sale	Approved	2016
12	Aire on McDowell	NEC of McDowell & 68th St	81	6.8	R-5	Urban (Mixed Use to Urban)	For Sale	Approved	2016
13	Blue Sky	N of NEC of Camelback Rd & Scottsdale Rd	749	3.74	D/RCO-2 PBD	Mixed Use	Rental	Approved	2011
14	Waterview	E of NEC of Camelback Rd & Scottsdale Rd	520	7.68	D/DMU-2 PBD DO	Mixed Use	Rental	Approved	2016
15	Miller & Osborn	N of NWC of Osborn Rd & Miller Rd	24	2	R-5 DO	Mixed Use	Rental	Under Construction	2015
16	Wilshire	SWC of Wilshire Dr & Hayden Rd	25	1	R-5 C	Urban	For Sale	Under Construction	2016
17	Agave Residencies	S of SWC of Osborn Rd & Scottsdale Rd	365	9	R-5	Mixed Use	Rental	Under Construction	2016
18	Diamante	E of SEC of 64th St & Thomas Rd	144	9.84	C-3 DO	Urban	For Sale	Under Construction	2015
19	The Standard at Valley Ho	SWC of Main St & 69th St	135	3.55	D/RH-2 PBD/DO	Mixed Use	Rental	Under Construction	2014
20	San Travesia	SWC of McDowell Rd & Miller Rd	572	27.5	C-S	Mixed Use	Rental	Under Construction	2013
21	Optima Sonoran Village	SEC of Camelback Rd & 68th St	781	9.87	D/RCO-2 PBD	Mixed Use	Rental	Under Construction	2011
22	Residences at the Borgata	West of Rose Ln & Scottsdale Rd	90	6.85	PUD	Mixed Use (Commercial to Mixed Use)	Rental	Under Construction	2015
23	TomScot	N of NEC of Thomas Rd & Scottsdale Rd	282	6.1	PUD	Mixed Use	Rental	Under Construction	2014
24	Earll Drive Condos	E of NEC of Earll Dr & Scottsdale Rd	97	1.5	D/OR-2 DO	Mixed Use	For Sale	Under Construction	2015
25	Envy	SWC of Indian Plaza & 75th St	89	0.97	D/OR-2 DO	Mixed Use	For Sale	Under Construction	2015
26	Skysong	SEC of McDowell Rd & Scottsdale Rd	325	37	PCD	Mixed Use	Rental	Completed	2014
27	77 on the Park	S of SWC of McDowell Rd & 77th St	22	1.9	R-5 C	Urban	For Sale	Completed	2015
28	Scottsdale and Lincoln Mixed Use	NWC of Lincoln Dr & Scottsdale Rd	265	5	PUD	Mixed Use	Rental	Completed	2014
29	Aerium	NWC of 6th St & 70th St	28	1.45	R-5	Mixed Use	For Sale	Completed	2016

Active	Approved	Under Construction	Completed
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MULTIFAMILY DEVELOPMENT - South Area 2010-2016

Map Number	Project Name	Location	Estimated Units	Acres	Zoning	GP Land Use	Product Type	Status July, 2016	Development Timeline
30	Vivendi	SWC of Earll Dr & Hayden Rd	41	1.83	R-5	Mixed Use	Rental	Completed	2016
31	Las Aguas	W of NWC of McDowell Rd & 68th St	154	5	PUD	Mixed Use	Rental	Completed	2016
32	Alta Scottsdale	NEC of Indian School Rd & Granite Reef Rd	218	6.5	PUD	Mixed Use	Rental	Completed	2015
33	Portales Place	W of SWC of Chaparral Rd & Scottsdale Rd	369	9.6	D/RCO-2 PBD	Mixed Use	Rental	Completed	2014
34	Industry East	NWC of Stetson Dr & 75th St & 75th St	183	3.1	D/OC-2 DO	Mixed Use	Rental	Completed	2016
35	Industry West	NEC of Stetson Dr & Wells Fago Ave	133	2.2	D, OC-2, II	Mixed Use	Rental	Completed	2016
36	Broadstone at Waterfront	SEC of Via Soleri Dr & Goldwater Bl	249	3.35	D/RCO-2 PBD	Mixed Use	Rental	Completed	2015
37	Aerium Encore	70th St, South of Osborn Rd	24	1.45	R-5	Mixed Use	Rental	Completed	2015

Active	Approved	Under Construction	Completed
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