



OCTOBER 9, 2026

Perspectives & Projections

RENAISSANCE PHOENIX DOWNTOWN

OCTOBER 9, 2026

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PLATINUM



SILVER

The logo for Apartments.com features a green recycling symbol followed by the text "Apartments.com" in a black font.	The logo for Arizona Sunscape Professional Property Maintenance features a circular emblem with a sun, a tree, and a bird, with the text "ARIZONA SUNSCAPE Professional Property Maintenance" to the left.	The logo for ATH Restoration features a stylized orange house shape with the letters "ATH" inside, and the word "RESTORATION" in orange below it.	The logo for Dixie Interiors features the letters "D I" in a large, black font, with "DIXIE INTERIORS" and "AN ADG COMPANY" in a smaller font below.	The logo for HD Supply features the text "HD SUPPLY" in a bold, black font, with "HD" in yellow.
The logo for Impact Property Solutions features a stylized blue triangle with the word "IMPACT" in a bold, blue font, and "PROPERTY SOLUTIONS" and "FLOORS THAT MAKE AN IMPACT" in a smaller font below.	The logo for Kowalski Construction Inc. features a stylized red and white "K" followed by the text "KOWALSKI CONSTRUCTION Inc." and "Piecing Together Home & Business... Since 1967" below.	The logo for the Law Offices of Scott M. Clark P.C. features a stylized black and white house shape with the text "LAW OFFICES OF SCOTT M. CLARK P.C." to the right.	The logo for Rasa Floors features the word "Rasa" in a stylized, red, cursive font, with "FLOORS" in a smaller, black font below, and a circular emblem with "FLOORED WITH GRACE & TASTE" around it.	The logo for Rose Paving LLC features a stylized red rose followed by the text "Rose PAVING LLC" in a bold, black font.
The logo for Smart Pest Solutions features the word "SMART" in a large, bold, green font, and "PEST SOLUTIONS" in a smaller, black font below.	The logo for United Asset Services, Inc. features a stylized black and white city skyline with the text "UNITED ASSET SERVICES, INC." below.	The logo for Valet Living features a stylized green "V" followed by the text "Valet Living" and "Setting the Standards" in a smaller font below.		

Antitrust Compliance & Legal Disclaimer

ANTITRUST COMPLIANCE STATEMENT

Antitrust and anticompetition laws prohibit agreements, combinations, and conspiracies in restraint of trade. By participating in AMA and AMCF (collectively “AMA”) activities, you agree to not act or fail to act in a manner that would violate these antitrust laws or cause unreasonable restraint of trade.

Prohibited behavior includes, but is not limited to: discussion or sharing of any company's confidential or proprietary information, discussion or agreements, either explicit or implicit, regarding prices of particular products or services of a company, forecasting of prices for goods or services; and sharing of information that your company considers to be confidential or sensitive, even if that information does not fit in any of above categories.

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The information and opinions contained in this presentation are for general interest and informational purposes only and are not intended to constitute specific legal, commercial or other professional advice. It should not be relied on or treated as a substitute for specific advice relevant to particular circumstances. While we seek to ensure that the contents are not misleading or outdated, you should obtain specific legal advice before making or refraining from making any business or personal decisions.



OPENING | 8:00 – 8:15 AM

Opening Message & Welcome

Courtney LeVinus

President & CEO, Arizona Multihousing Association





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THANK YOU FOR ATTENDING

Parking Information

If you used valet parking at the Renaissance Phoenix Downtown Hotel, please pick up a discounted valet ticket if you have not already.

**The discount is valid only for the Renaissance valet parking.*





OCTOBER 9, 2026

Perspectives & Projections

RENAISSANCE PHOENIX DOWNTOWN

01

SESSION | 8:15 – 9:00 AM

Federal Legislative Update & NAAPAC

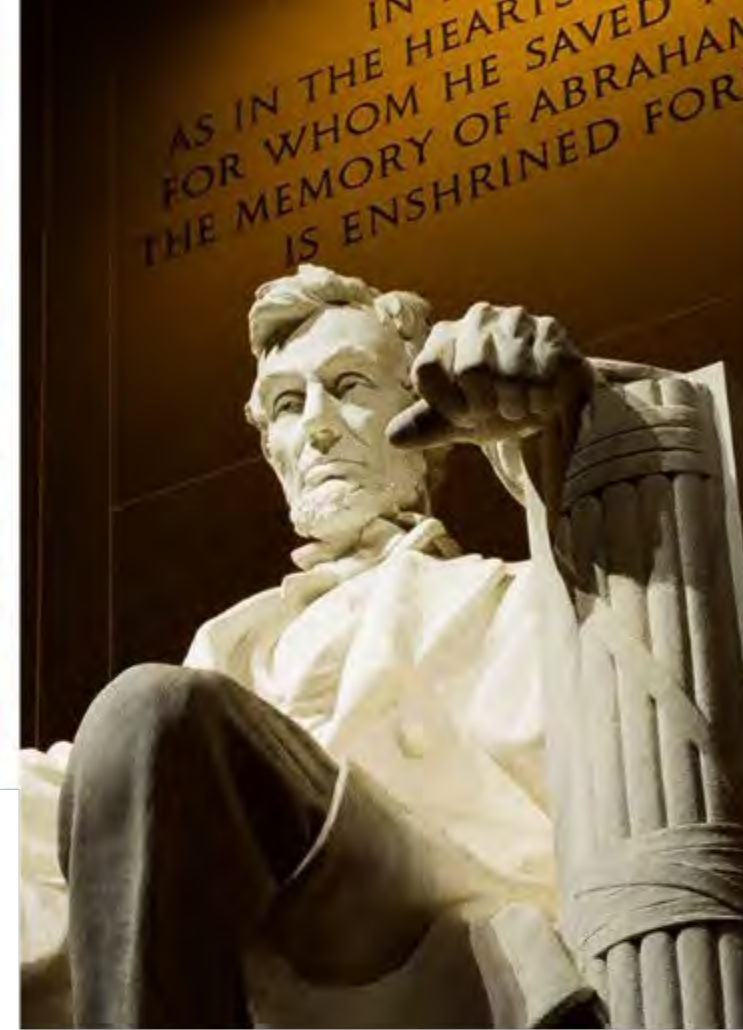
Jim Wilson, Ph.D.

AVP Political Affairs & Stakeholder Engagement, NAA

Rob Johnson

Sr. Manager, NAAPAC Fundraising and Development, NAA





October 9, 2026

Federal Update and Investing in Advocacy

Jim Wilson

AVP, Political Affairs & Stakeholder Engagement

Rob Johnson

Senior Manager, NAAPAC Fundraising and Development

Antitrust Compliance and Legal Disclaimer

Antitrust Compliance Statement

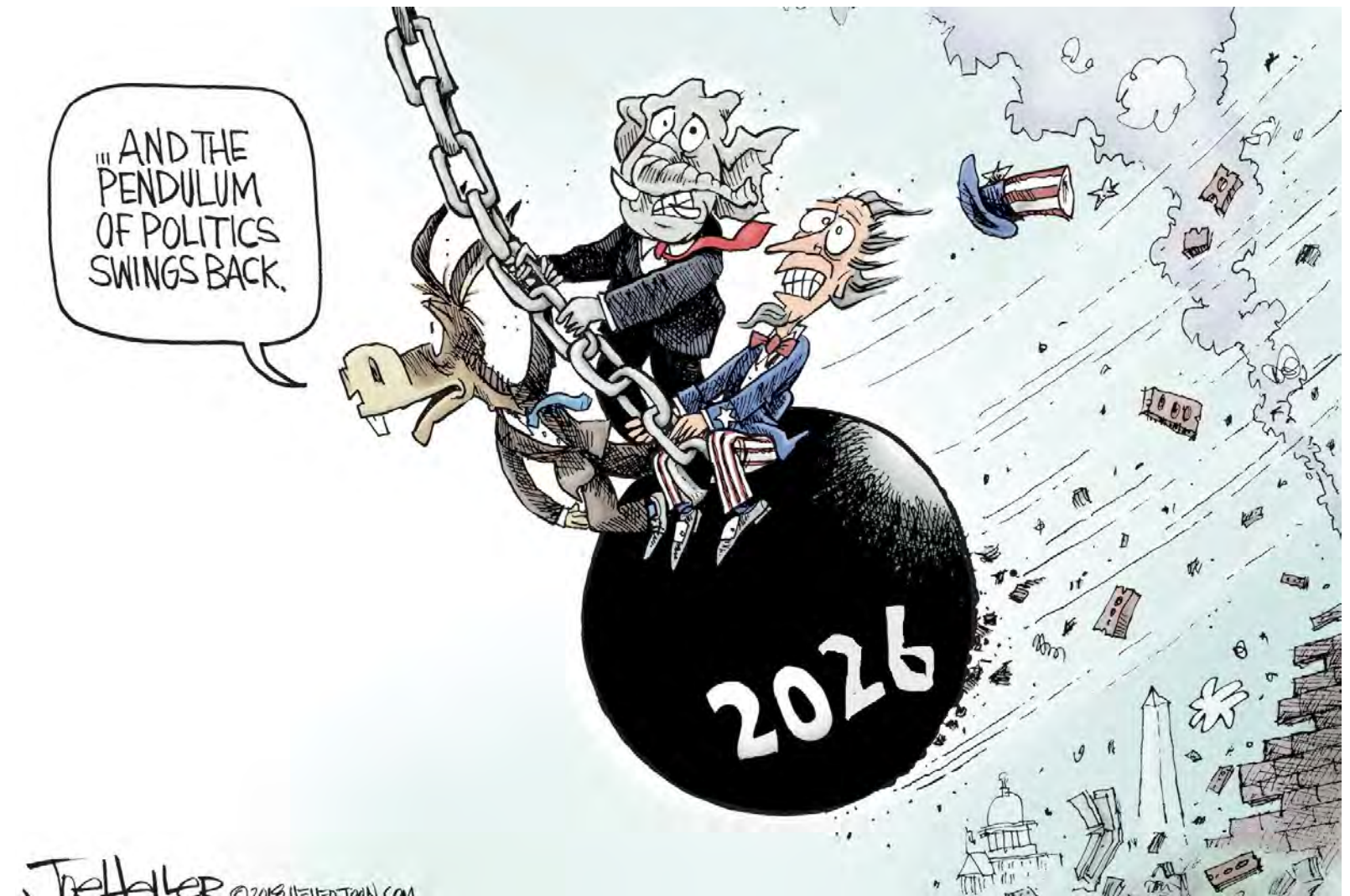
Antitrust and anticompetition laws prohibit agreements, combinations, and conspiracies in restraint of trade. By participating in NAA, NAAEI, NAA Services, LLC, and NAAPAC (collectively “NAA”) activities, you agree to not act or fail to act in a manner that would violate these antitrust laws or cause unreasonable restraint of trade. Prohibited behavior includes, but is not limited to: discussion or sharing of any company's confidential or proprietary information, discussion or agreements, either explicit or implicit, regarding prices of particular products or services of a company, forecasting of prices for goods or services; and sharing of information that your company considers to be confidential or sensitive, even if that information does not fit in any of above categories. To review NAA's Antitrust Compliance Statement, please visit: <https://www.naahq.org/naa-antitrust-compliance-statement>

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In D.C., uncertainty demands a nimble response.

- Size and durability of Congressional majorities is shrinking.
- One-party control does not last.
- All voices can have an impact on policy debates.
- Executive branch whipsaws between disparate philosophical beliefs.

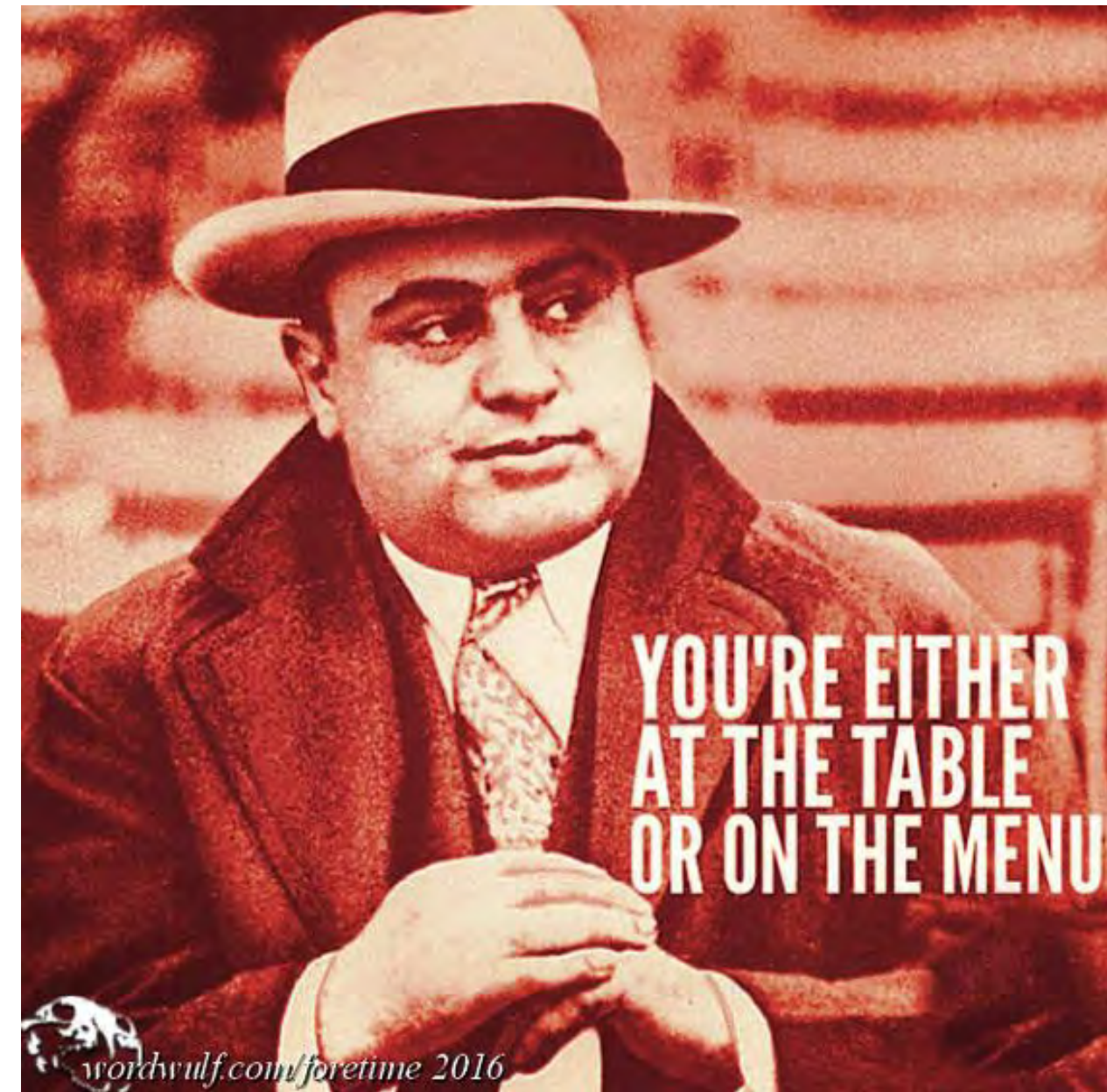


Why Are We Here?

COVID Set the Table



Remember

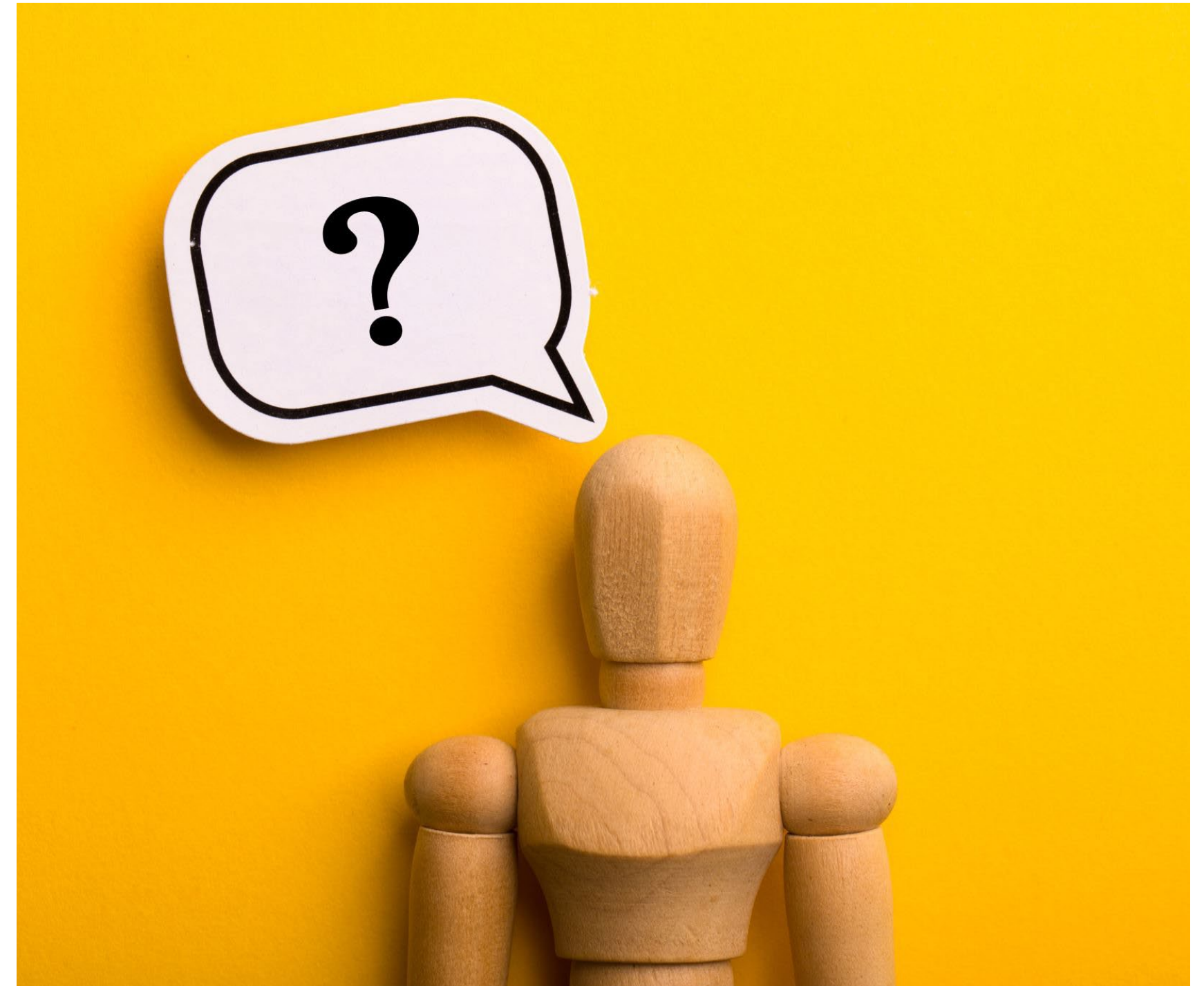


Working on your Behalf: Impact in “the Town”



What does this have to do with you?

- NAA & NAAPAC have helped reset the policy climate for the industry over the past four years.
- But control of the House and Senate is up for grabs AGAIN this year, with many allies leaving or under threat.
- **Your financial support** of NAAPAC will help us elect and re-elect champions and allies so we can lock in these legislative and policy wins.



Today's Agenda: Why Invest in NAAPAC

01 What is a PAC and how does it work?

04 How has NAAPAC supported the Arizona Multihousing Association?

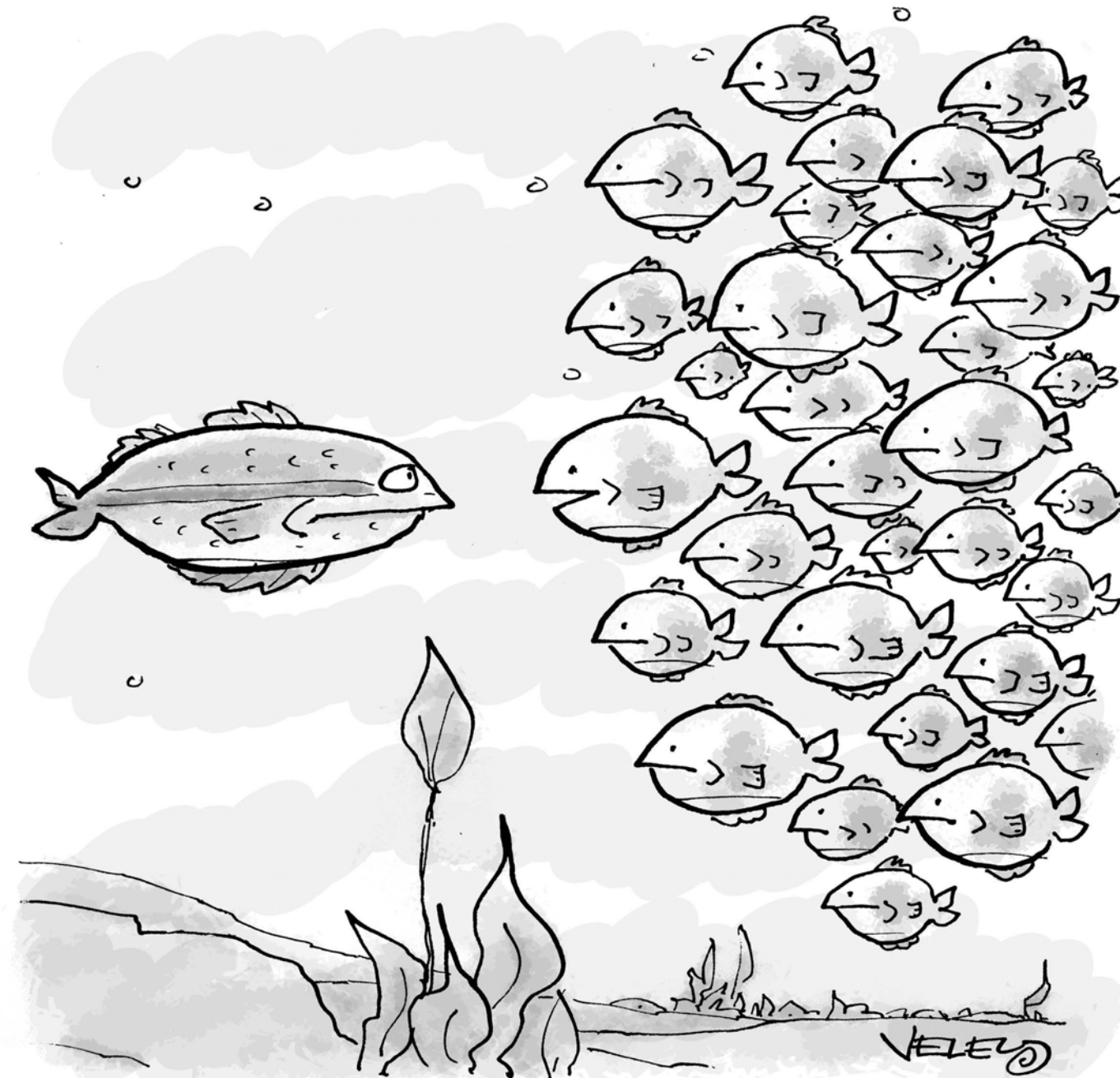
02 Why does NAA need a PAC?

05 Why do members give to NAAPAC?
How can you? What are the benefits?

03 What is the ROI on our PAC investment?

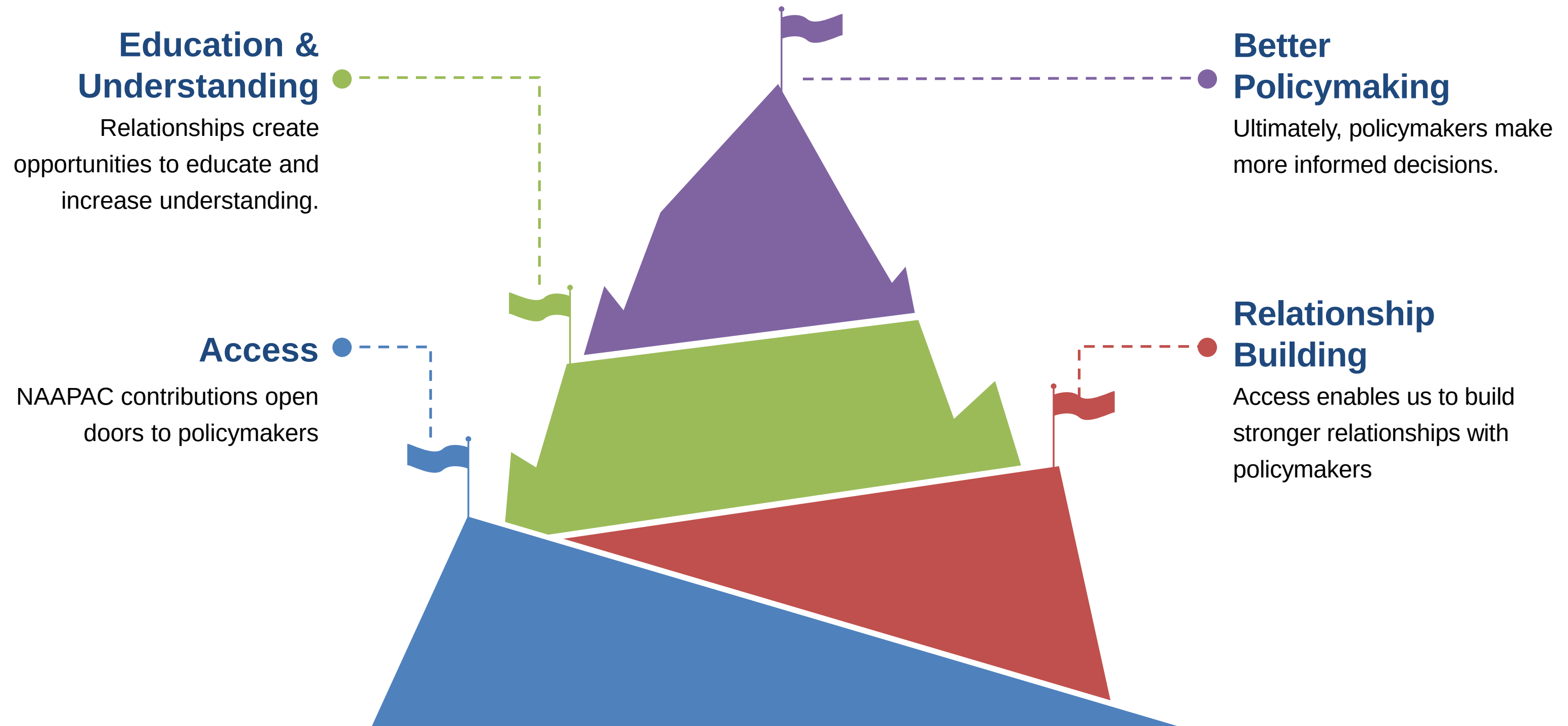
06 Questions

PACs Bring Members' Voices Together to Advocate for Rental Housing



"We're not a school. We're a political action committee!"

NAAPAC Helps Enable More Informed Policymaking



NAAPAC Elevates your Voice when it Matters Most



“If you are not at the table, you are probably on the menu.”

NAAPAC Helps Maintain Access Despite the Pendulum Swings

<u>1960's</u>	<u>1970's</u>	<u>1980's</u>	<u>1990's</u>	<u>2000's</u>	<u>2010's</u>	<u>2020's</u>
1960	1970	1980	1990	2000	2010	2020
1962	1972	1982	1992	2002	2012	2022
1964	1974	1984	1994	2004	2014	2024
1966	1976	1986	1996	2006	2016	
1968	1978	1988	1998	2008	2018	

Change in Party Control of House, Senate and/or White House since 1960

Access is Crucial as Congress Digs Deeper into Rental Housing

Business Practice		Policy Proposals
Setting Rents	↔	Rent Control; Regulation of Algorithms
Screening Applicants	↔	Masking Eviction, Criminal Histories
Eviction	↔	Eviction Moratoria; Mandatory Mediation; Just Cause
Managing Operating Costs	↔	Building Codes; Appliances; Insurance; Taxes
Landlord/Tenant Relationship	↔	Tenant's "Bill of Rights"
New Development	↔	YIMBY; Transit-Oriented Development; Tax Incentives

The ROI: Tax Policy in the “One Big Beautiful Bill”

Good Tax Policy Made Permanent

- ✓ Lower individual income tax rates
- ✓ Section 199A partnership deduction
- ✓ LIHTC cap increase and enhancements
- ✓ Increased estate tax exemption
- ✓ Opportunity Zones expansion
- ✓ 100% bonus depreciation

Bad Tax Policy Stopped

- ✗ Ordinary income taxation of carried interest
- ✗ Elimination of 1031 like-kind exchange deferral
- ✗ Restrictions on state and local tax deductions
- ✗ Increased taxes on investment income
- ✗ Higher depreciation recapture rates

ROI: 1) 2017 TCJA provisions preserved 2) Massive tax increase avoided 3) Anti-real estate policy defeated

The ROI: Housing Supply and the “21st Century ROAD to Housing Act”

Construction & Operation Improvements

Federal Guidelines for Point-access Block Buildings: HUD model code guidance for point-access block buildings to support more flexible and efficient housing development.

Housing Supply Frameworks Act: HUD voluntary zoning guidelines that support housing growth across income levels.

Increasing Housing in Opportunity Zones: HUD prioritization of projects in Opportunity Zones when awarding certain competitive housing grants.

Choice in Affordable Housing Act (Inspections Provisions): Allows inspection sharing across federal housing programs and permitting virtual and early inspections.

HOME Investment Partnerships Reauthorization and Reform Act: Reauthorizes and modernizes the HOME program to support housing development and reduce regulatory barriers.

Preservation of Build-to-Rent

- Eliminates original 7-year forced-disposition mandate for large institutional investors, including build-to-rent.
- Protects up to an estimated 72,000 homes a year.

ROI:

- Preserves an estimated **\$13.2 - \$45b** in BTR asset value.
- Increases supply and improves affordability creating a bulwark against rent control and other bad policy.

Carried Interest Protected

- In 2022, Democrats were on the verge of enacting the Inflation Reduction Act, which made changes to energy tax policy and Medicare.
- Several Senators proposed to help pay for the bill by ending the capital gains tax treatment of carried interest, a crucial provision for many in multifamily.
- Apartment industry leaders in Arizona immediately contacted former Sen. Kyrsten Sinema (I-Ariz.), another key moderate and longtime NAAPAC ally.
- Sen. Sinema ensured that carried interest was kept intact.



Bulk Billing

The Federal Communications Commission (FCC) proposed banning bulk billing arrangements with internet providers in apartments.

NAAPAC allies then-Rep. Matt Cartwright (D-Pa.) and Rep. Ritchie Torres (D-N.Y.) joined the industry in pushing back against the proposal, signaling its ultimate demise.



NAAPAC is Critical for What Comes Next

- Legislation like the *21st Century ROAD to Housing Act* is only as durable as the relationships that protect it through implementation.
- NAAPAC keeps NAA at the table with the lawmakers who oversee HUD and Treasury and Appropriators who will fund newly-created ROAD programs.
- Engagement with congressional delegations directly supports this effort.



As Congress Experiences Historic Turnover, NAAPAC Helps Start New Relationships

Current Control

1. Republican House majority: 219-214 (2 vacancies)
2. Republican Senate majority: 53-47; Democrats need a net gain of 4 seats

Retirements, Resignations, Deaths, Seeking Other Office

1. 71 incumbent Representatives (30 Ds, 41 Rs) will not return next year, plus 2 vacant seats
2. 13 incumbent Senators (4Ds, 9 Rs) will not return.

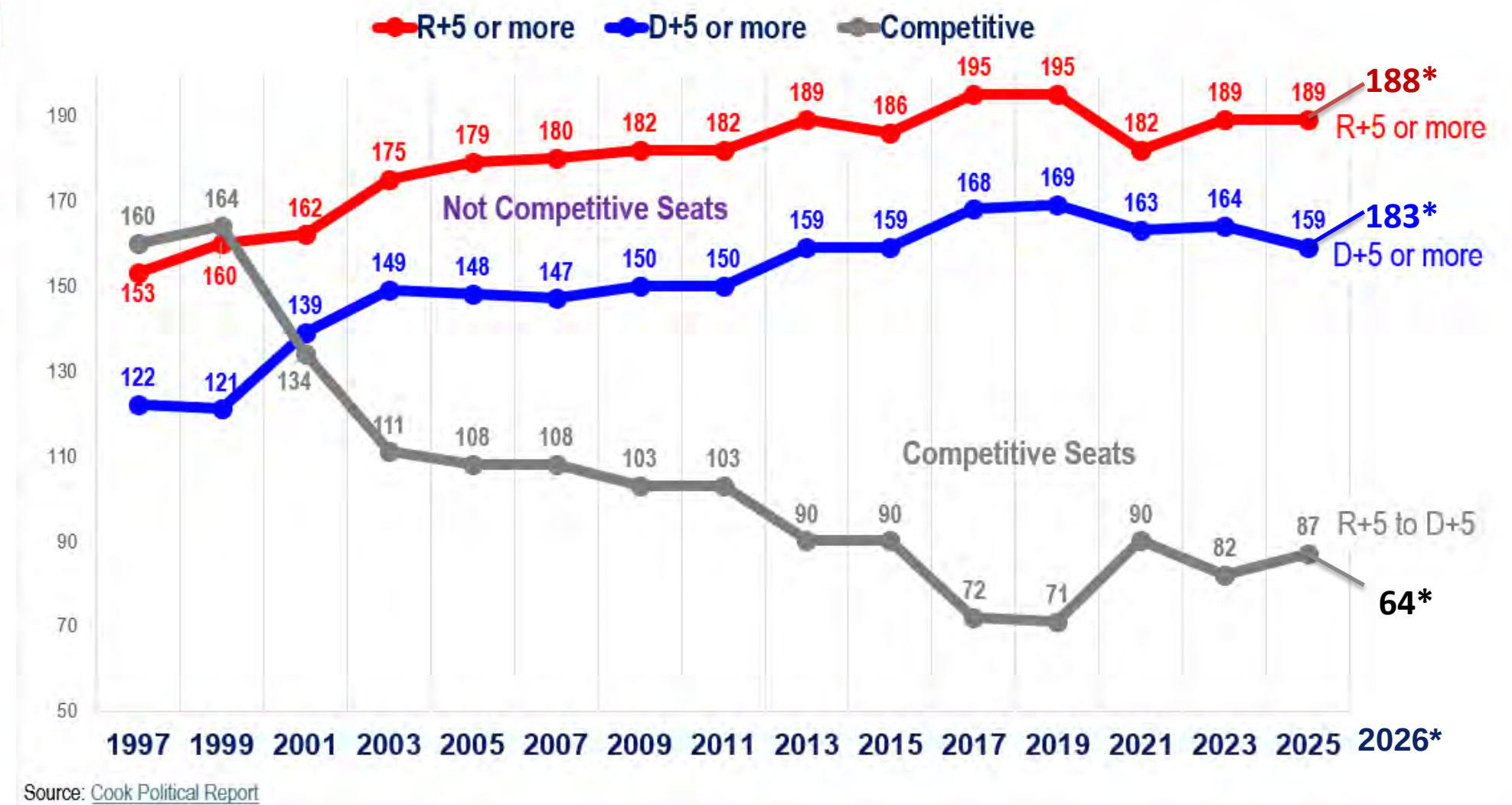
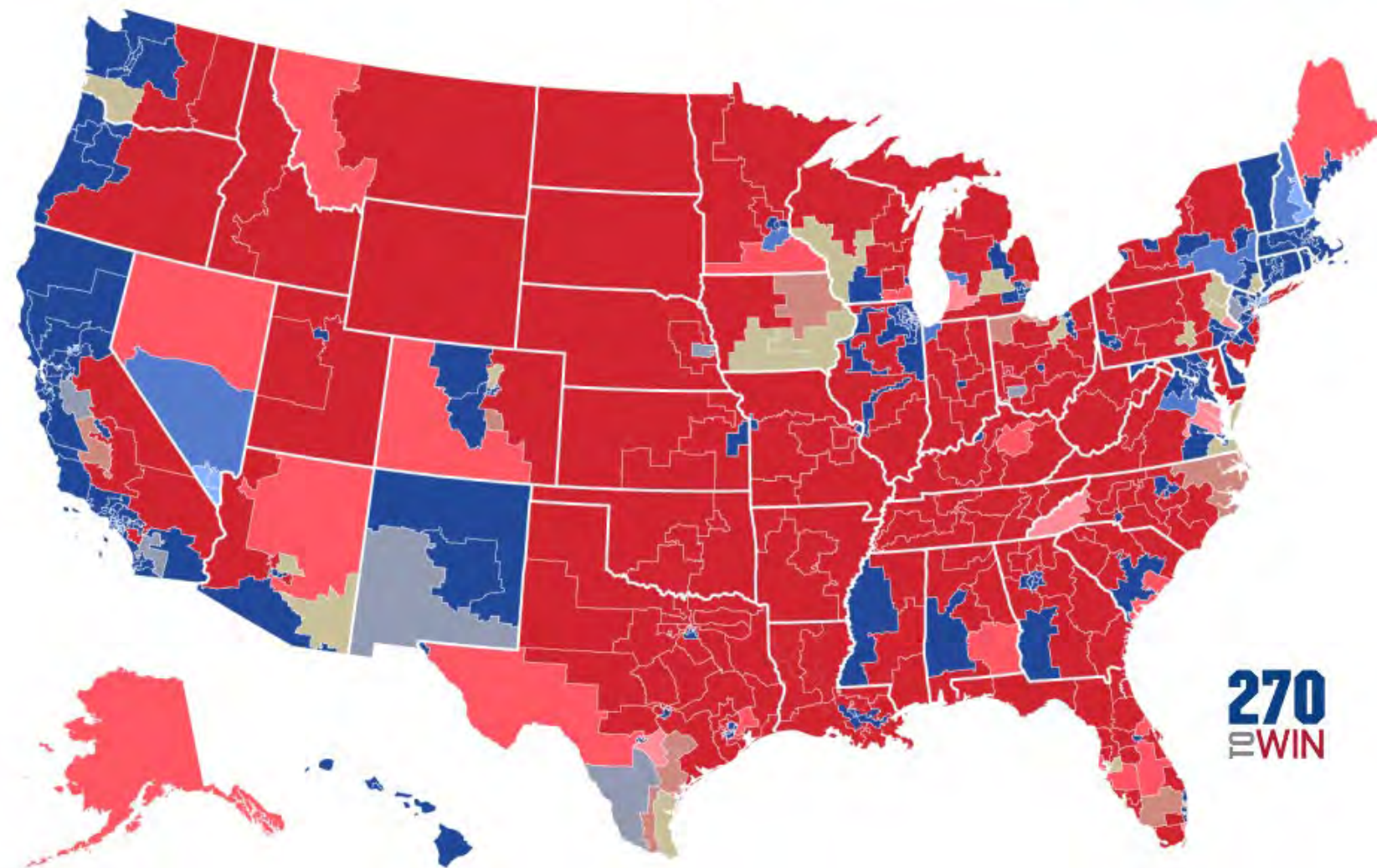
AT LEAST 86 new Members of Congress!



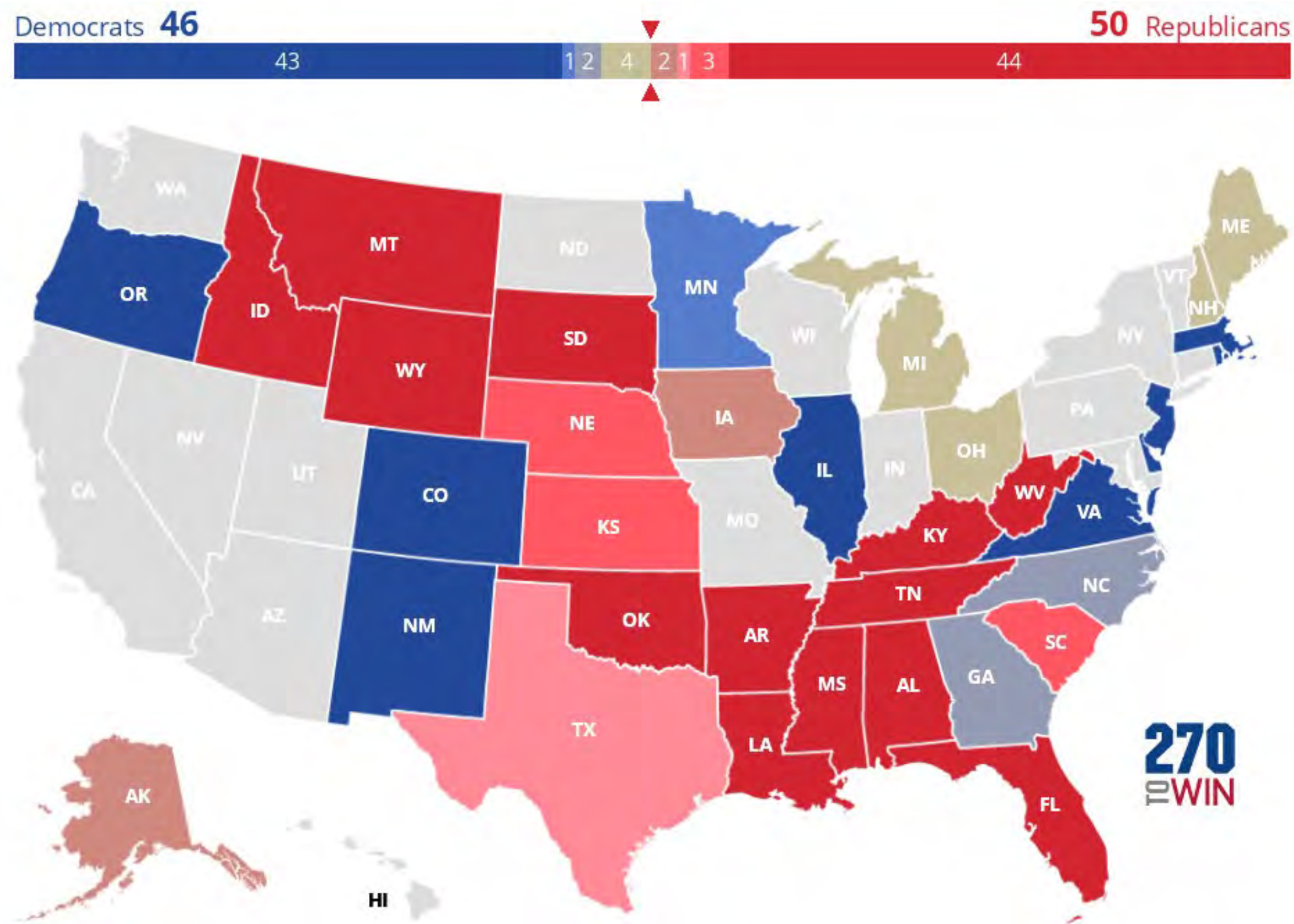
Class of 2027

2026 Midterm Elections State of Play - House

- Democrats need to win 218 seats to take control of the House in the 120th Congress
- Only 14% of House seats are competitive based on the latest congressional district maps
- Mid-decade redistricting efforts might upend typical midterm trends



2026 Midterm Elections State of Play - Senate



- The 2026 Senate midterm map still favors the GOP
- Democrats need to hold all of their at-risk seats (hard) while also flipping four GOP-held seats (even harder)
- However, there's a narrow path via perfect recruitment & GOP own-goals
- Candidate quality may be a determining factor in some select outcomes

House Majority: The Road Runs Through Arizona

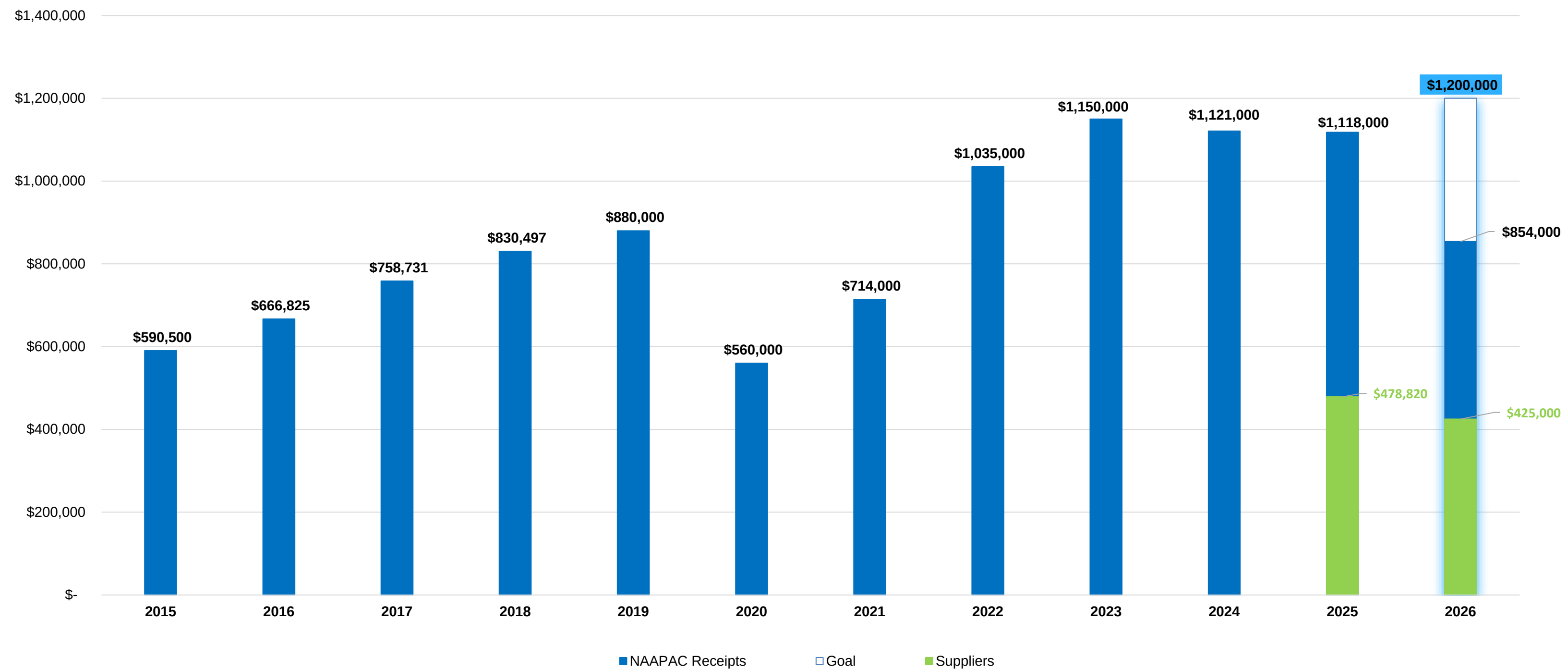
The Arizona House Battleground

District	Matchup	Inside Elections Rating	What to Watch
AZ-1	Jay Feely (R) v. Amish Shah (D) (Schweikert ran for Governor)	Toss Up	Limited polling, Dems spending more
AZ-6	Juan Ciscomani (R)* v. JoAnna Mendoza (D)	Toss Up	Mendoza with small lead since summer
AZ-2	Eli Crane (R)* v. Jonathan Nez (D)	Likely R	Crane Up 11 pts. at end of Aug.

A handful of seats will determine the margin in the House. Arizona is right in the center of the battle.

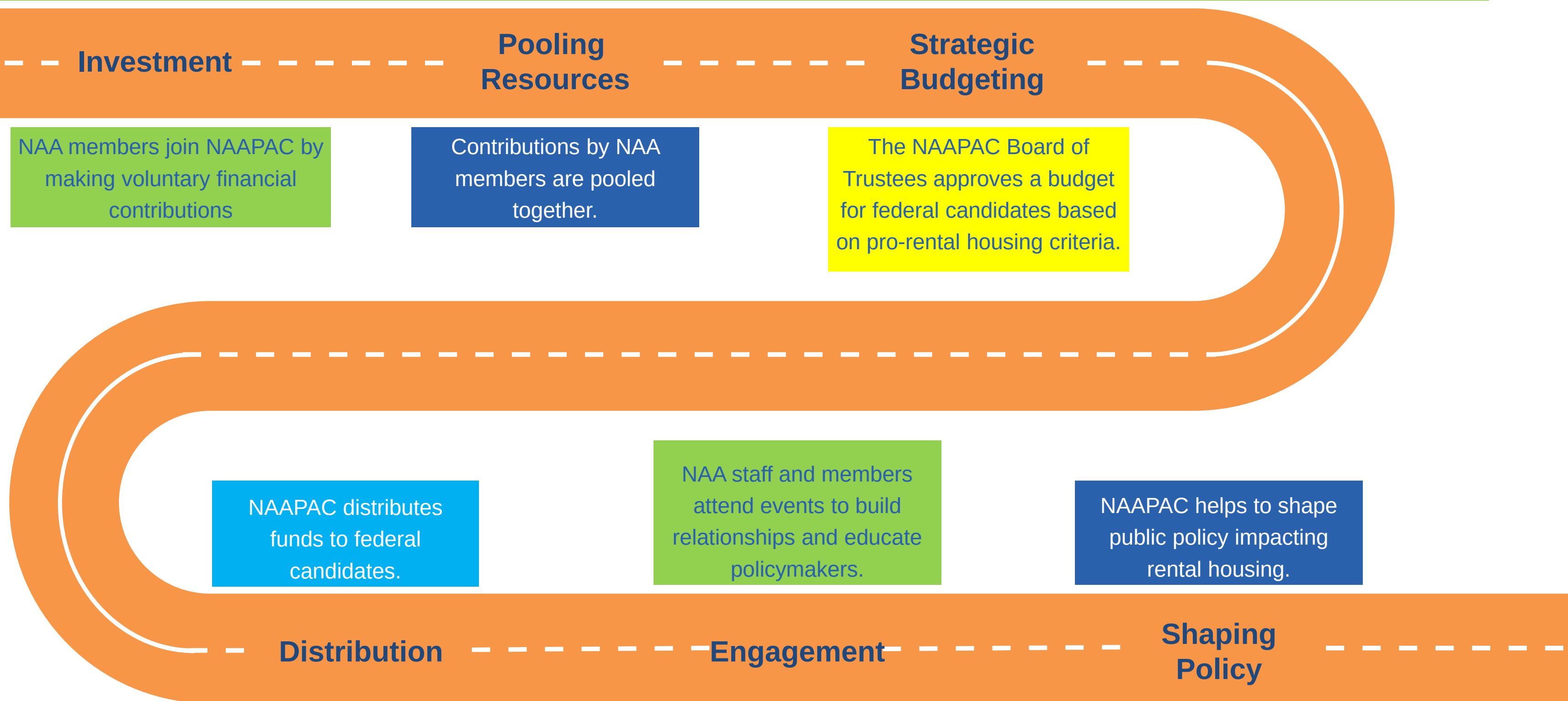
Sources: Inside Elections race ratings; *=incumbent

NAAPAC has Doubled its Reach in the last Ten Years



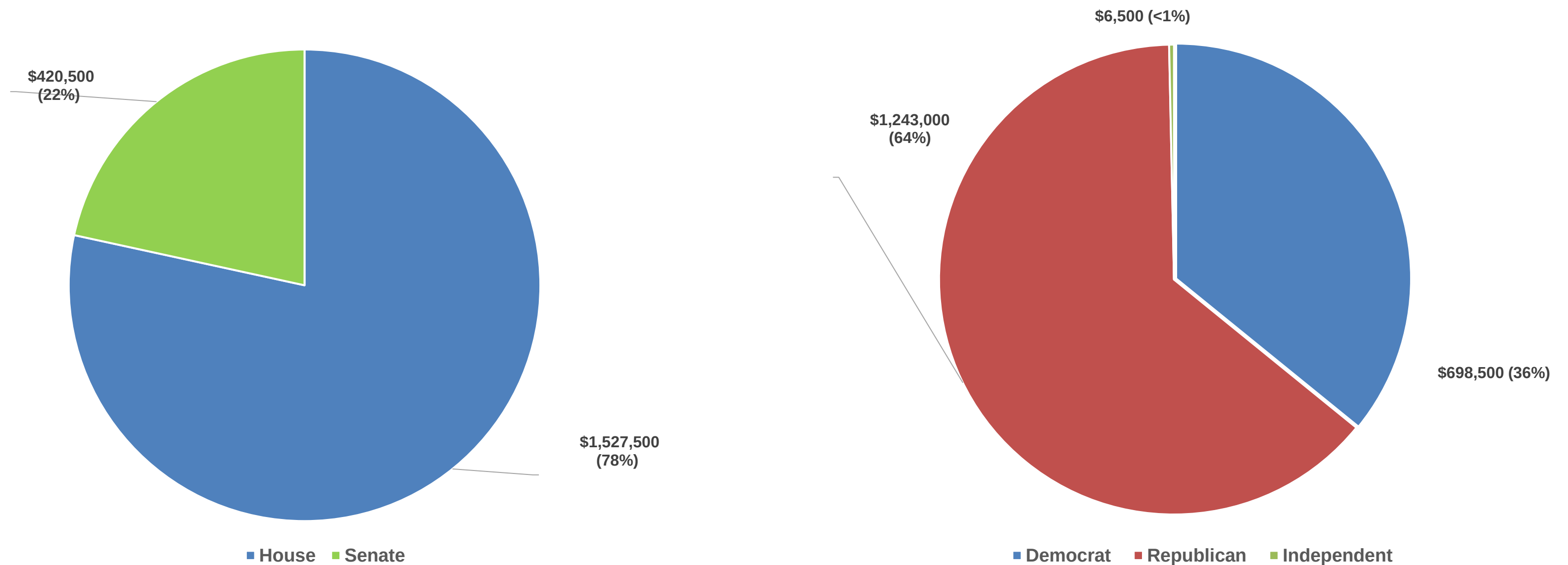
Data through September 24, 2026

The Path of an NAAPAC Contribution



NAAPAC works across party lines to advance rental housing priorities.

NAAPAC has disbursed **\$1,948,000** on a bipartisan basis so far in the 2026 election cycle.



NAAPAC Delivered Political Wins Last Cycle

Helped Elect Members of Congress & NAA!



Craig Goldman (R-TX)*

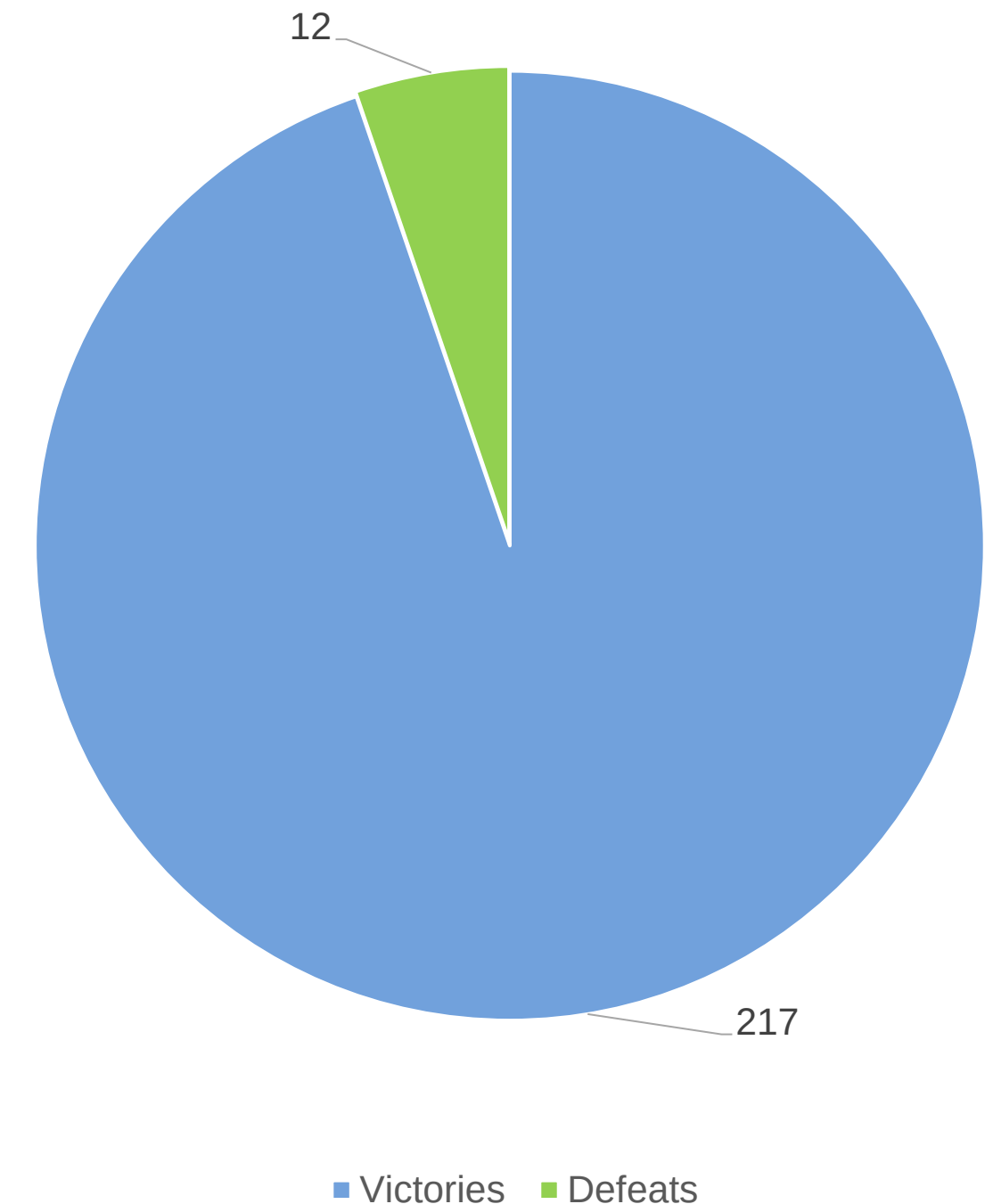


Vicente Gonzalez (D-TX)**

95% of supported general-election candidates won, helping preserve and expand relationships in Congress.

*First NAA Member elected to Congress.

** Second NAA Member elected to Congress.



NAAPAC Support Leads to Deeper Local Relationships



NAAPAC Sponsored
Independent Expenditure



Rep. Vicente Gonzalez (D-TX-34) with
Steve Urbina and Crystal Moya of the
Rio Grande Valley AA, Advocate 2026

NAAPAC Supported AzMA's Federal Representatives and Candidates this Cycle

\$51,000 disbursed to Candidates & Members of Congress in Arizona in the 2026 election cycle.

Campaign Name	Party	State	District	Amount	Share
Schweikert, David	R	AZ	1	\$3,500	
Feely, Jay	R	AZ	1	\$5,000	AzMA
Stanton, Greg	D	AZ	4	\$10,000	Partial AzMA
Ciscomani, Juan	R	AZ	6	\$17,500*	Partial AzMA
Hernandez, Daniel	D	AZ	7	\$5,000	AzMA
Hamadeh, Abe	R	AZ	8	\$5,000	AzMA
Gallego, Ruben	D	AZ	S1	\$5,000*	AzMA
*includes Leadership PAC					

AzMA Members are Crucial to NAAPAC

- 11 Donors
- By Level: 1 Platinum, 3 Bronze
- Average contribution amount: \$639

Affiliate	Year	PAC Donations	PAC Goal	% PAC Goal
Arizona Multihousing Association	2026	\$7,125	\$15,000	48%
Arizona Multihousing Association	2025	\$64,435	\$15,000	430%
Arizona Multihousing Association	2024	\$61,350	\$15,000	410%
Arizona Multihousing Association	2023	\$63,875	\$15,000	426%
Arizona Multihousing Association	2022	\$17,175	\$15,000	115%
Arizona Multihousing Association	2021	\$10,400	\$15,000	69%

Remember: All individual contributions go towards the NAAPAC goal of the home affiliate!

NAA members give to NAAPAC for many Reasons

- Protect the operating environment surrounding your assets.
- Build relationships before a crisis occurs.
- Support candidates who understand rental housing.
- Strengthen the collective voice of owners, operators, and suppliers.
- Participate personally in a transparent, trustee-governed process.



How you can Contribute to NAAPAC

\$5,000

Annual limit per person

Check or Card

Pay by personal check or credit card

LLC or LP

Give through a pass-through entity if both you and the entity are NAA members. Can come from a property account if the property is controlled by the LLC/LP.

On Your Schedule

Pay all at once or over time

Or... Enter the Holiday Sweepstakes!



- \$5,000 gift card for gas or glitter; up to YOU!
- \$25 per ticket, 5 for \$100
- Drawing on Nov. 30
- Only AzMA/NAA members can enter.
- Personal donations only!

Benefits for NAAPAC Donors



Platinum \$5,000

Exclusive: Monitor Recognition with organization name and company logo at NAA events.

Recognition on NAA website

VIP seating at general sessions during the year (Apartmentalize General Session, etc.)

Visit with VIPs at events

Airport Transfers at Advocate, Apartmentalize and AOD; **rooms at conference hotel.**

NAAPAC Platinum Level Pin

Annual Platinum Level Gift

Complimentary NAAPAC Inside Elections Newsletter (2x month)

Complimentary NAAPAC Insider



Gold \$3,000

Recognition as a NAAPAC Gold Club member at NAA events

Recognition on NAA website

Invites to VIP events

NAAPAC Gold Level Pin

Annual Gold Level Gift

Complimentary NAAPAC Inside Elections Newsletter (2x month)

Complimentary NAAPAC Insider



Silver \$1,000

Recognition as a NAAPAC Silver Level member at NAA events

NAAPAC Silver Level Pin

Annual Silver Level Gift

Complimentary NAAPAC Inside Elections Newsletter (2x month)

Complimentary NAAPAC Insider



Bronze \$500

NAAPAC Bronze Level Pin

Complimentary NAAPAC Inside Elections Newsletter (2x month)

Complimentary NAAPAC Insider



Questions?



Jim Wilson

AVP, Political Affairs & Stakeholder Engagement

jwilson@naahq.org

Rob Johnson

Senior Manager, NAAPAC Fundraising & Development

rjohnson@naahq.org



OCTOBER 9, 2026

Perspectives & Projections

RENAISSANCE PHOENIX DOWNTOWN

02

SESSION | 9:00 – 9:45 AM

National Housing Perspective

Jay Parsons

Economic Advisor, JPI & Strategy Advisor, Madera
Residential



Arizona and U.S. Multifamily Outlook

October 2026

Jay Parsons, Rental Housing Economist
jay@jayparsons.com

For renter households making at least \$50k, what is the median share of income spent on rent?

- A. 22%
- B. 25%
- C. 28%
- D. 31%



RENTAL HOUSING TRIVIA



Affordable
Housing Finance

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[Developments](#)

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[Policy & Legislation](#)

[Readers' Choice Awards Deadline Extended to April 3](#)

APARTMENT TRENDS

Harvard Report: The Affordability Crunch Continues

By **Christine Serlin** · Mar 12, 2026 3:45pm

Joint Center for Housing Studies

Chris Herbert

Harvard University

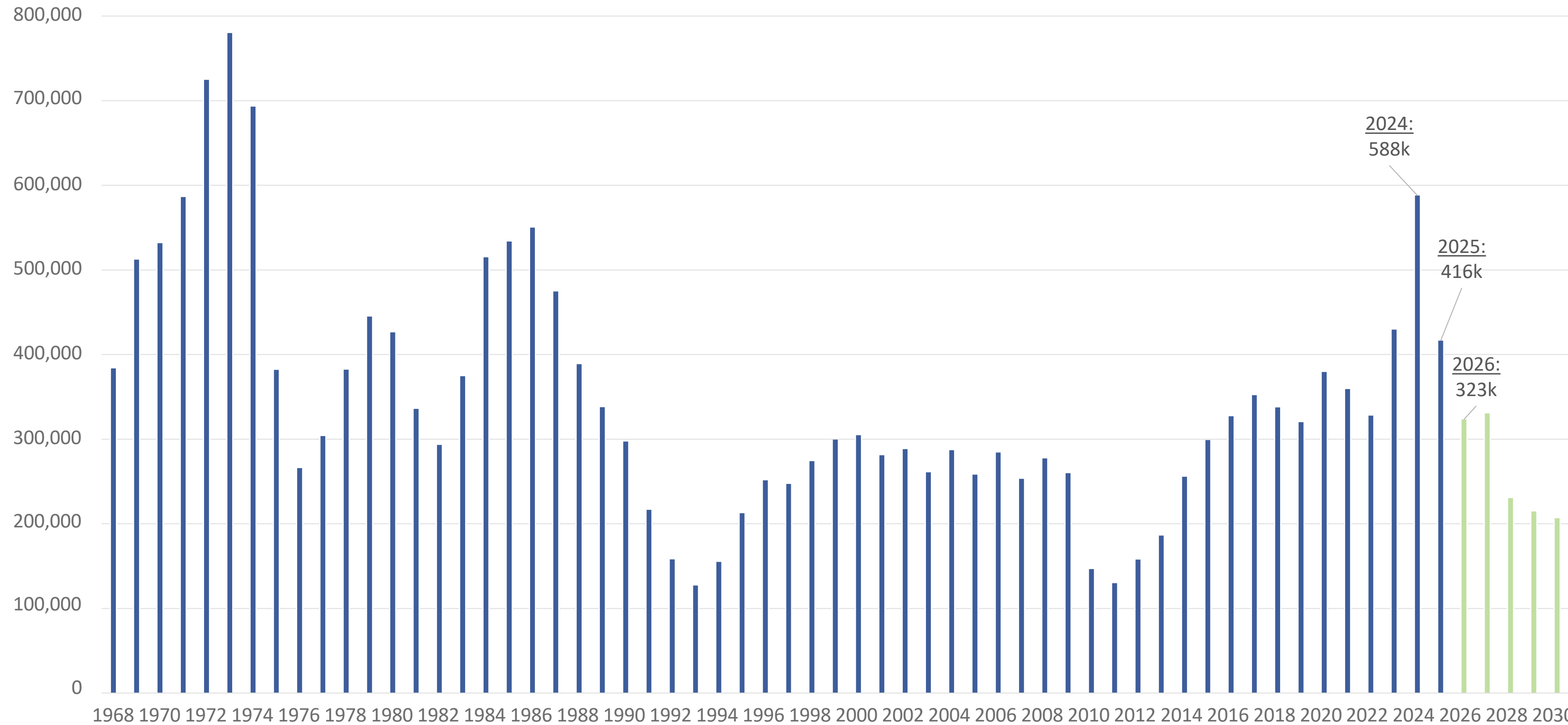
Whitney Airgood-Obrycki

#1

**Is the Supply Wave
Ending?
For How Long?**

Peak Apartment Supply is Now in the Rearview Mirror

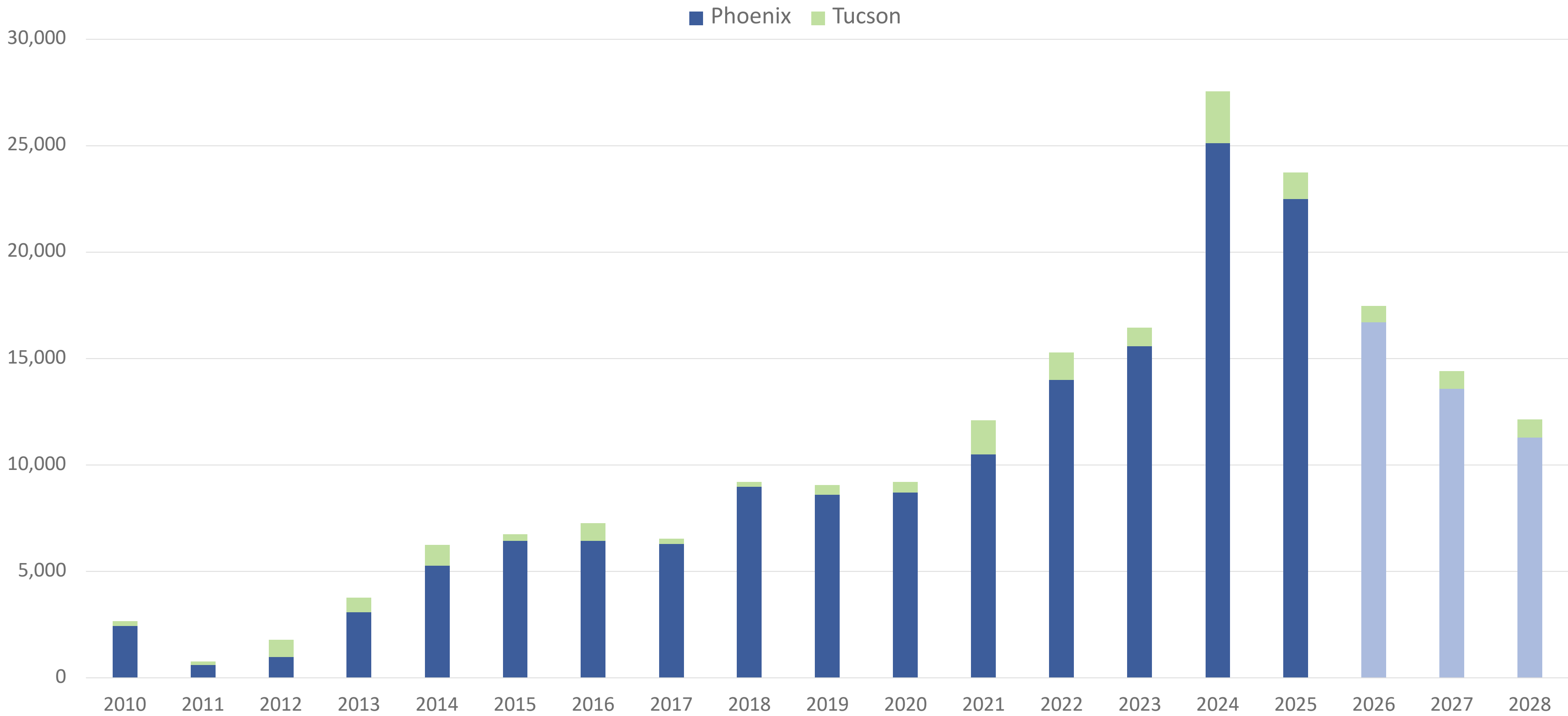
U.S. Multifamily Units Completed by Year and Forecast



Sources: JPI research, Census, RealPage Market Analytics.

It's the Same Trend in the Arizona: Completions Peaked in '24-25

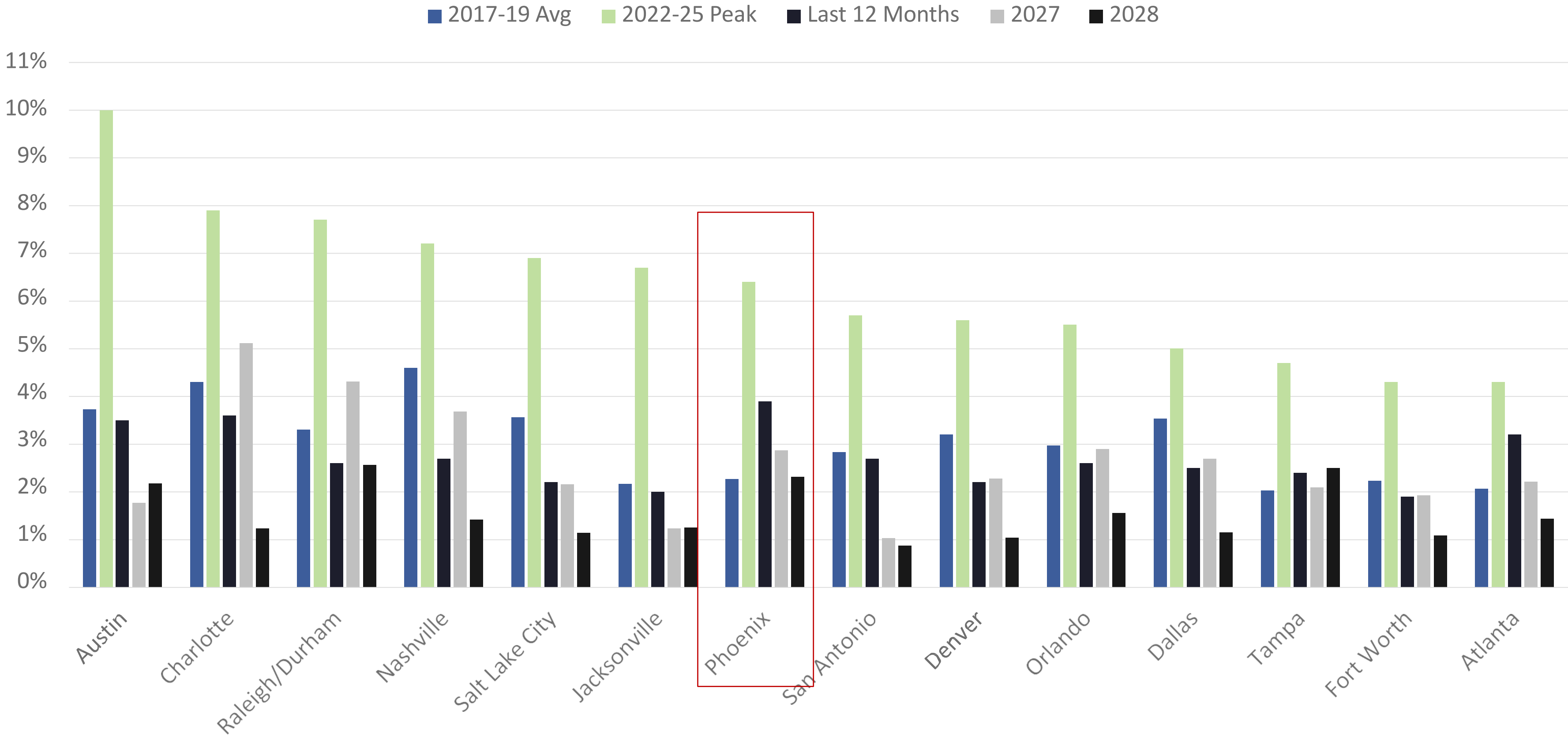
Multifamily Units Completed by Year and Forecast



Sources: JPI research, Census, RealPage Market Analytics.

Examining Supply Trends Across Highest-Supplied Markets

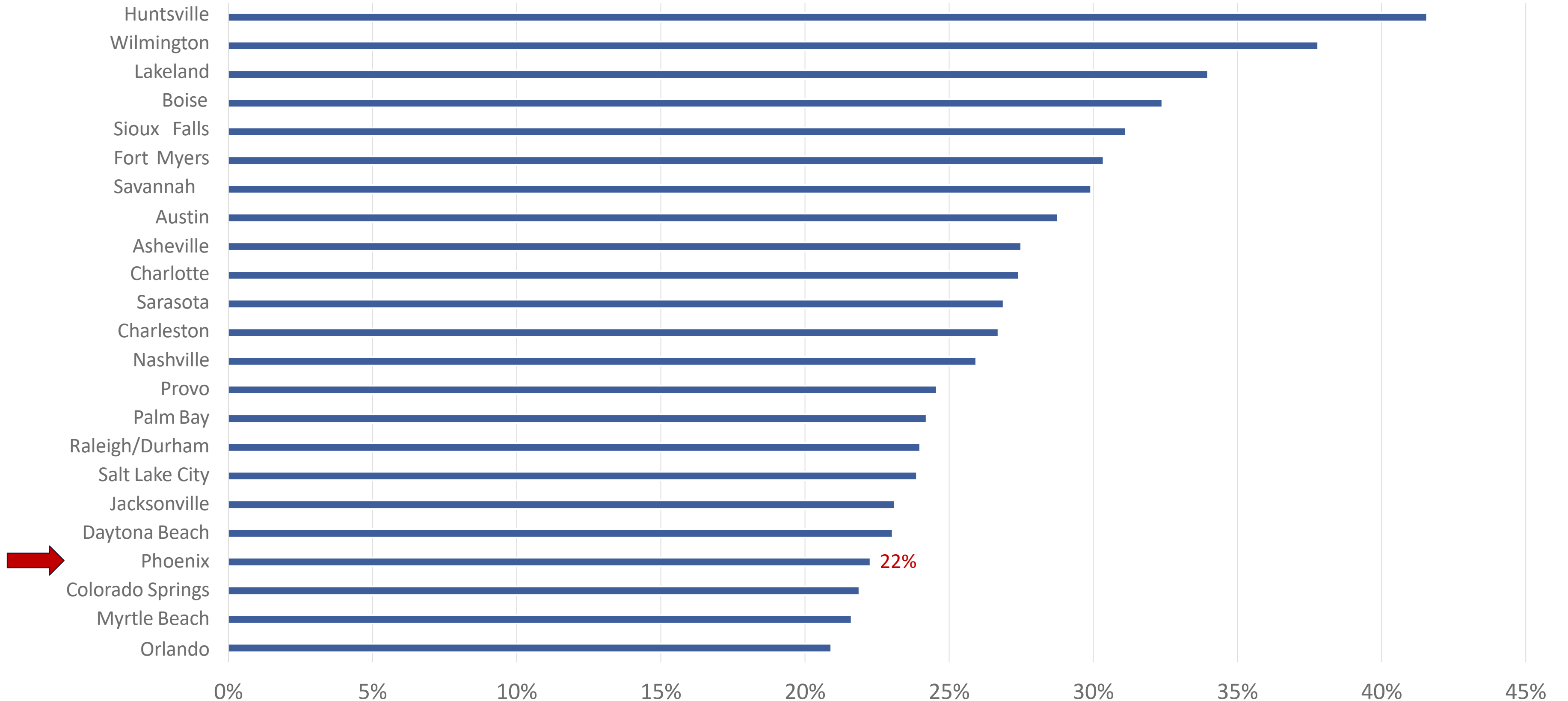
Apartment Units Completed as % of Stock



Source: JPI research, RealPage Market Analytics.

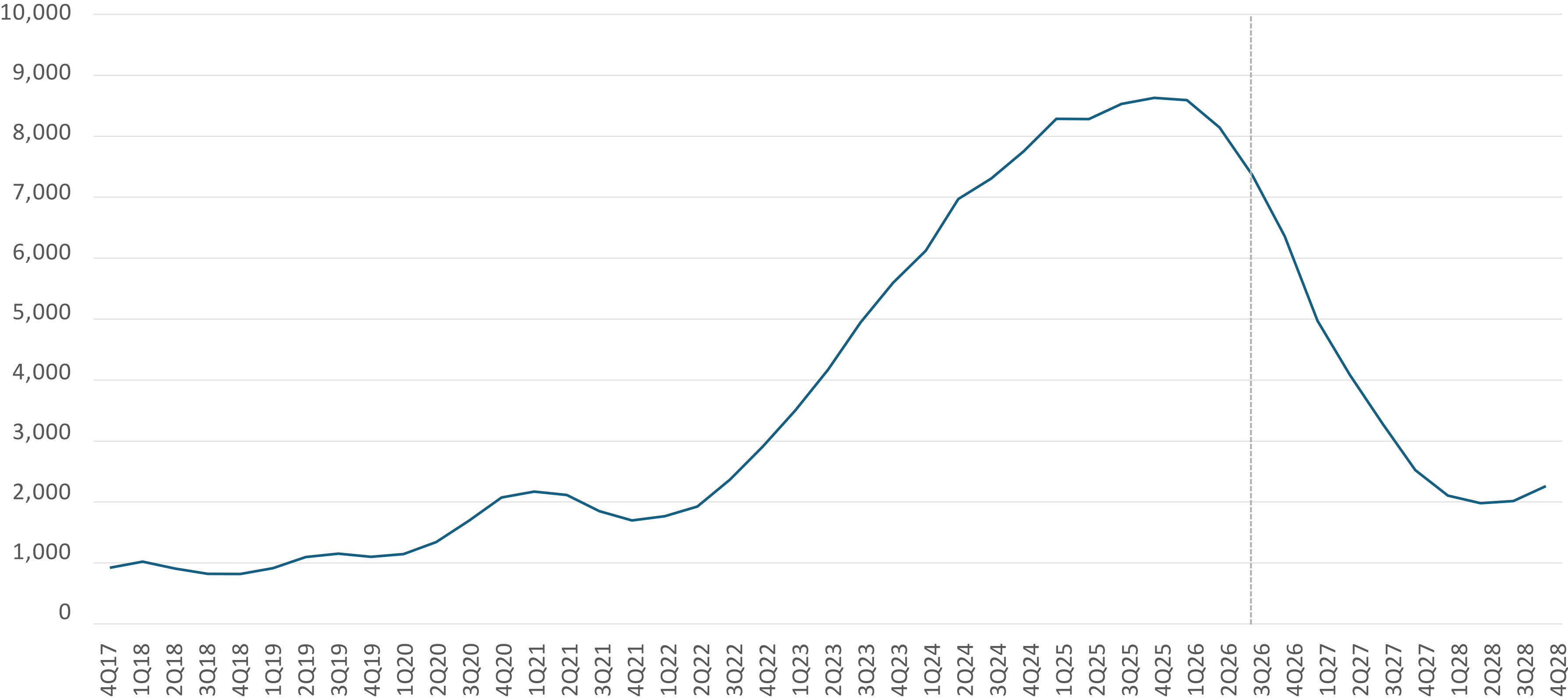
What Share of Apartment Units Were Built Since 2020?

Share of the Metro Area's Market-Rate Apartment Units Built Since 2020



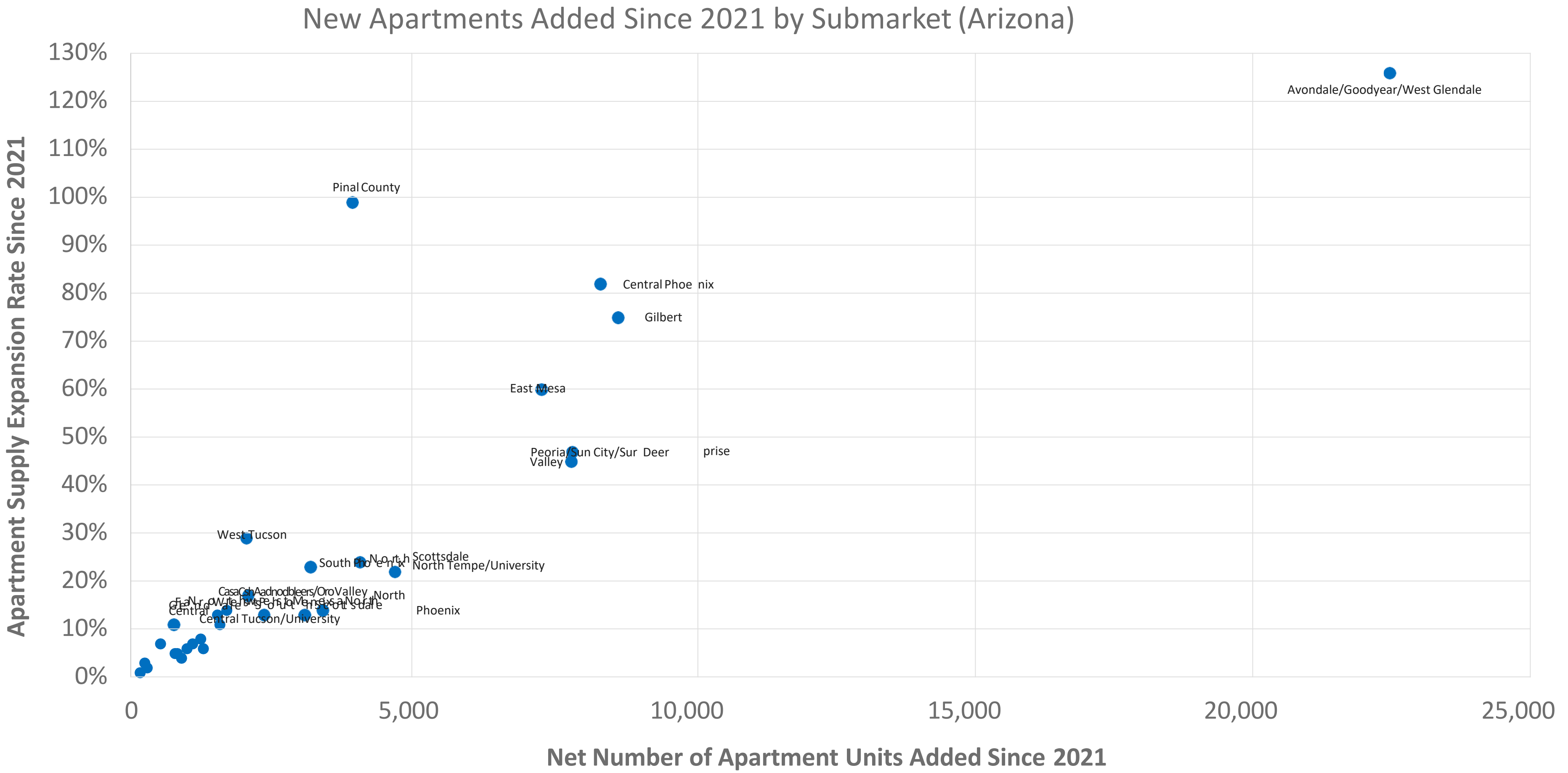
Arizona BTR Completions Remain Elevated, But Receding Quickly

T-12 Build-to-Rent Completions (Units), Phoenix MSA



Source: Waymaker research, John Burns Research & Consulting.

Where Has Apartment Supply Grown Most in Past 5+ Years?



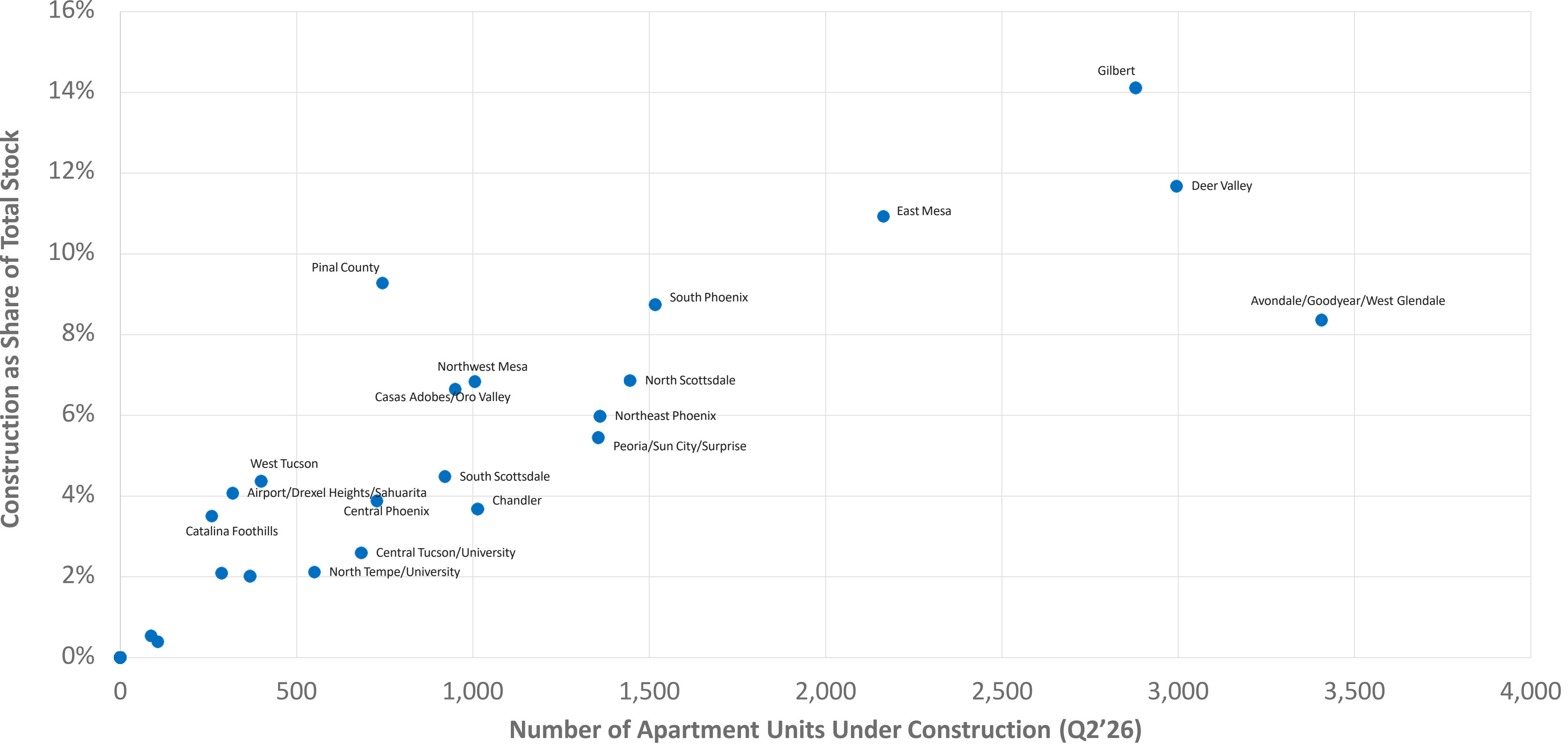
Source: JPI research, RealPage Market Analytics

New Apartments Added Since 2021 by Submarket (Arizona)



Where Does Apartment Construction Remain Elevated?

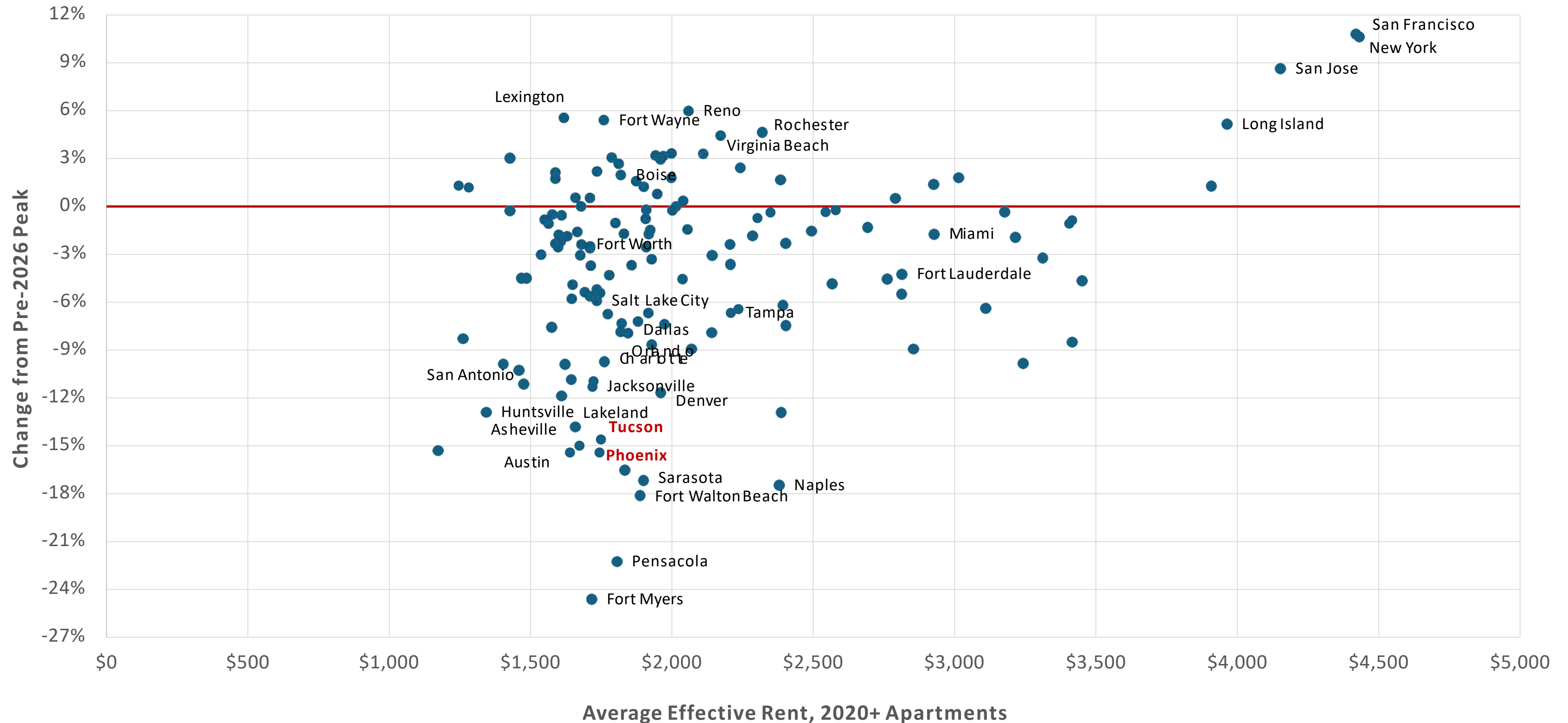
Ongoing Construction by Units and % of Inventory, Arizona Submarkets



Source: JPI research, RealPage Market Analytics

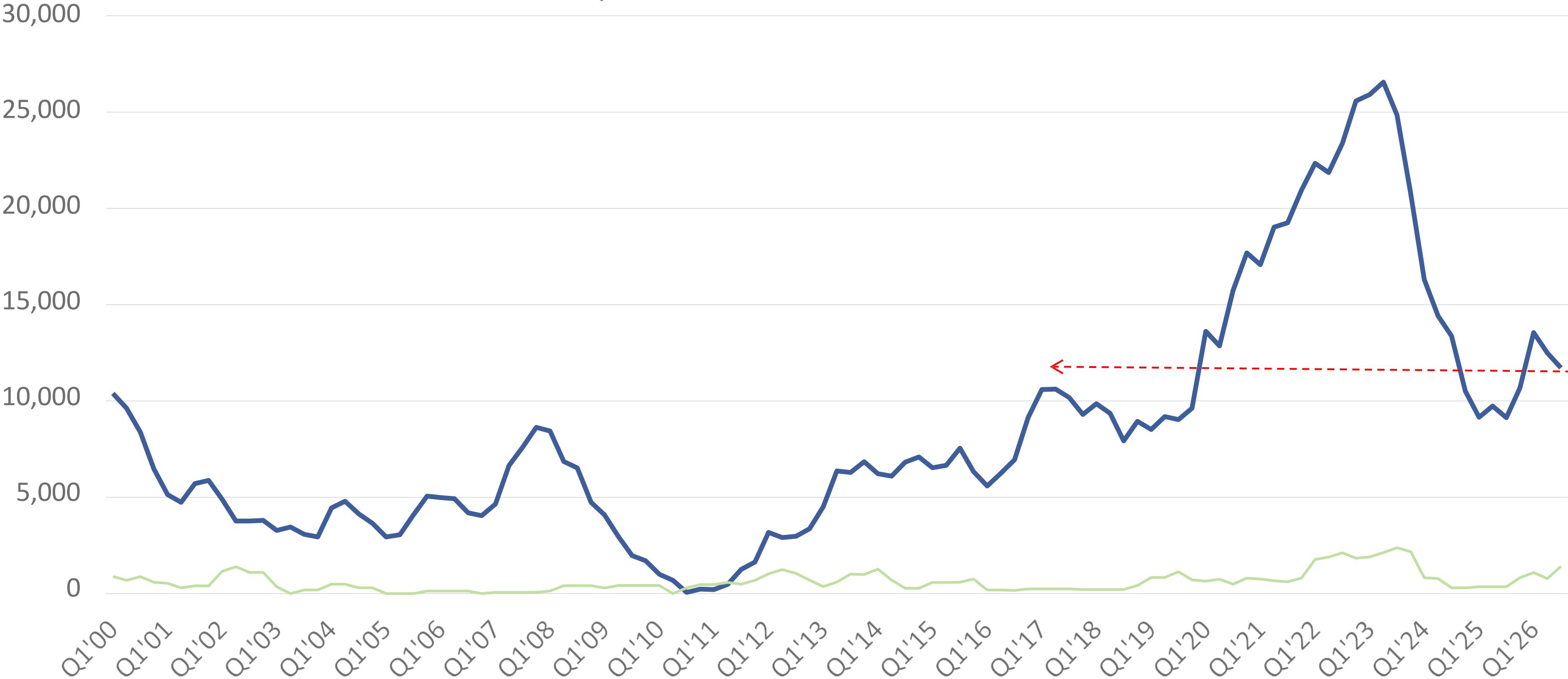
New Construction Rents (2020+) vs. Peak Rents, by Market

New Construction Rents vs. Pre-2026 Peak



In Arizona: Starts May Stabilize Around Pre-COVID Levels

U.S. T-12 Apartment Units Started, in thousands



Source: JPI research, RealPage Market Analytics

Rising Construction Costs Create Added Headwind for Builders

PPI: YoY Change in Net Inputs to Residential Construction Costs, Goods



Source: BLS, FRED

NMHC survey: 37% of developers said they've re-priced planned construction projects UPWARD in the past 3-6 months. That's the highest share in four years.

Lennar (from earnings call, as reported by ResiClub): "Labor availability has started to become more of an issue. Immigration enforcement and enthusiastic data center construction continue to create tightness in certain geographies. While we've been able to offset labor cost increases with efficiencies from scale, the pressure on costs is certainly building."

The Six Types of Projects Still Breaking Ground Nationally

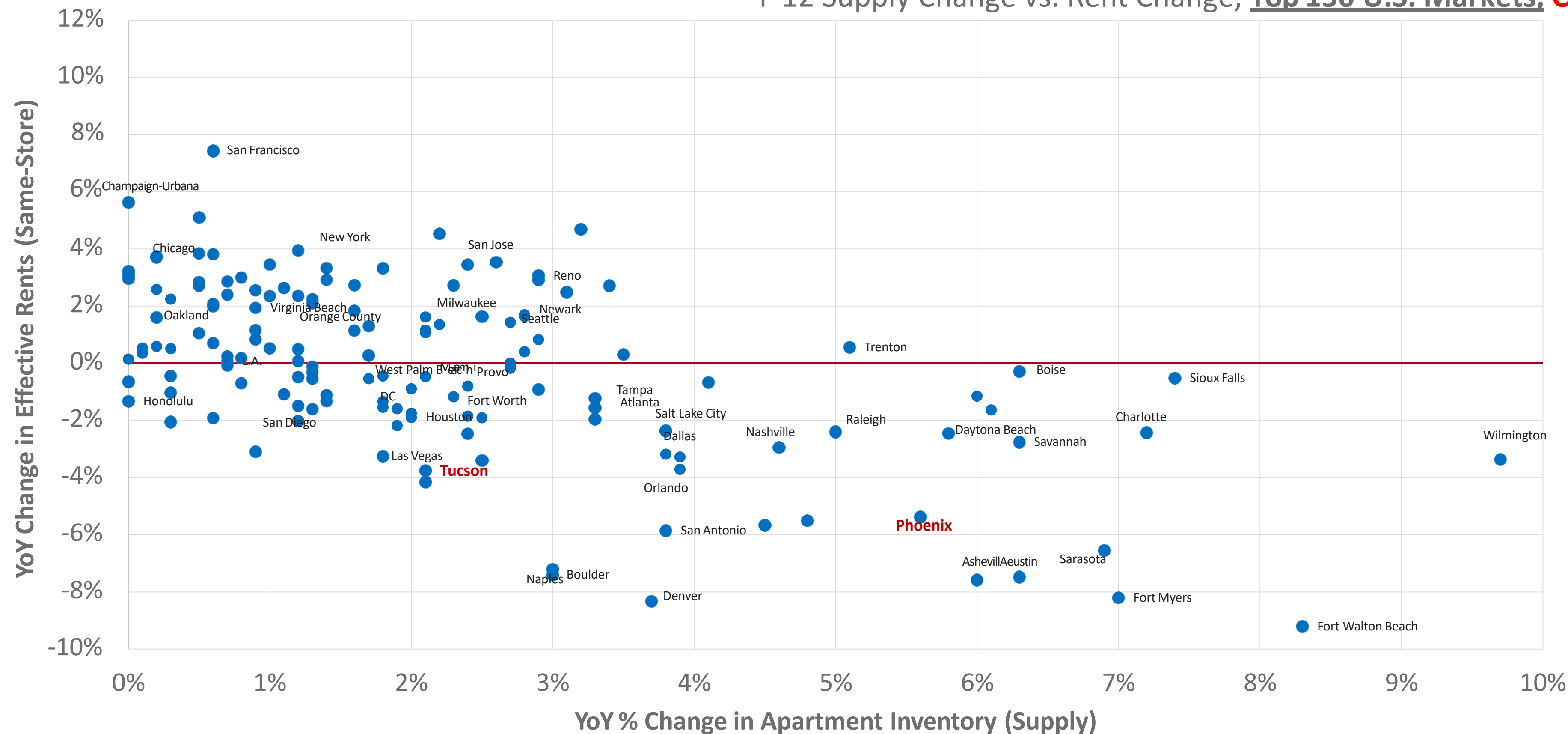
1. Not located in Massachusetts
2. Tax incentivizes
3. Master-planned, mixed-use development
4. Overlooked submarkets
5. “The Story”
6. “Making it Work” -- Value Engineering & Construction Efficiencies

#2

**What Caused
Rents to Fall and
Concessions to
Spike, and When
Will it Rebound?**

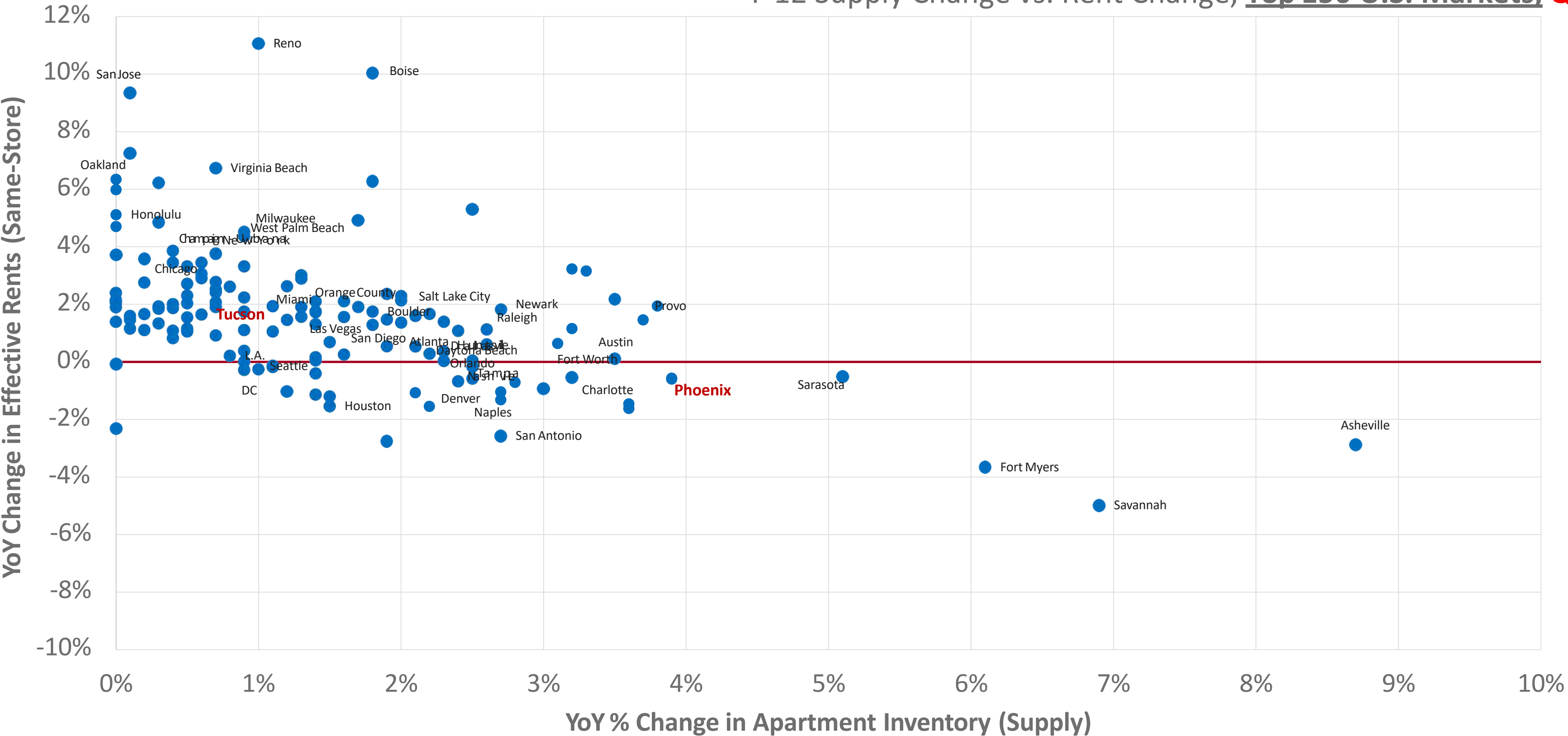
Apartment Rents Slow Where Supply Goes, Grow Where It Doesn't

T-12 Supply Change vs. Rent Change, Top 150 U.S. Markets, Q3 2023



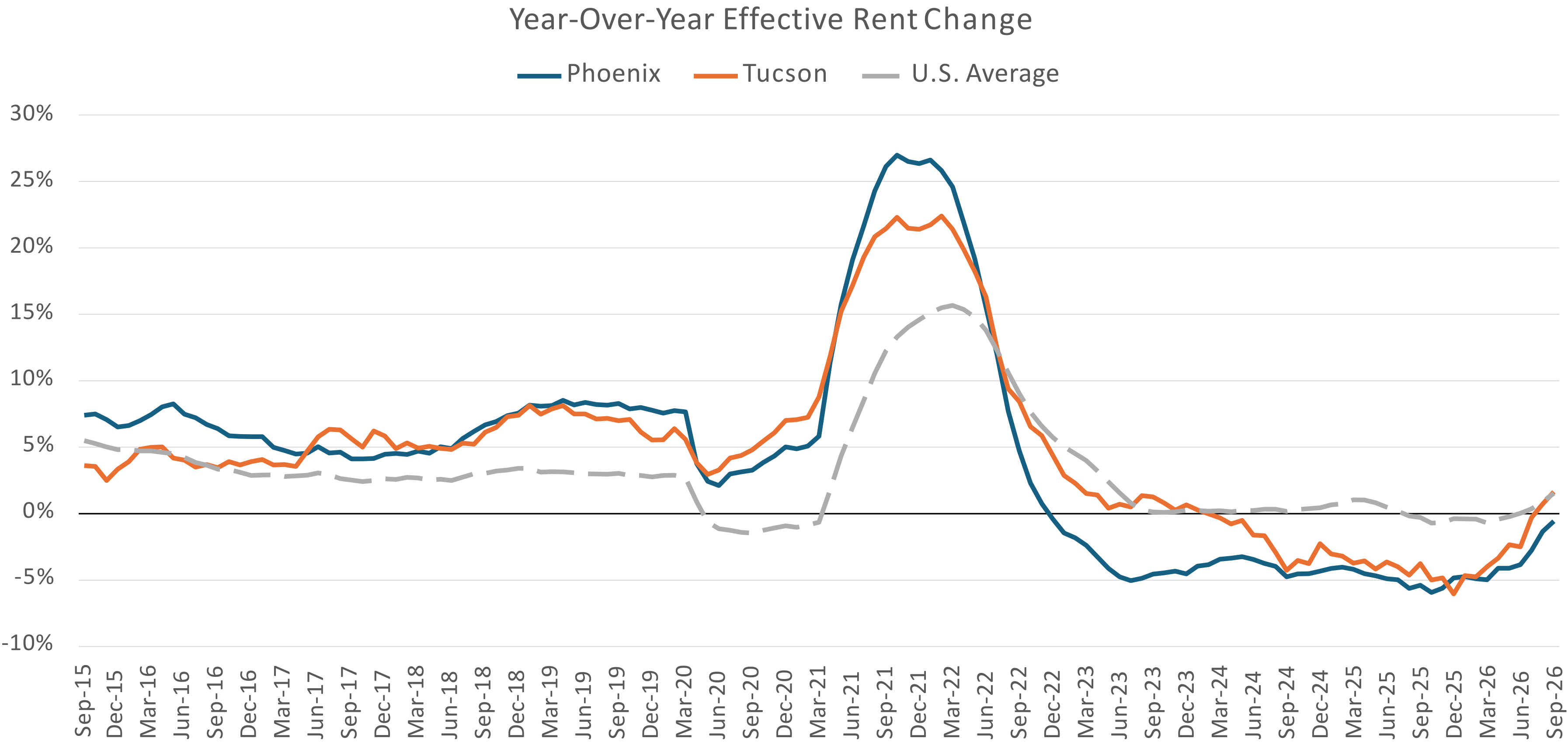
Apartment Rents Slow Where Supply Goes, Grow Where It Doesn't

T-12 Supply Change vs. Rent Change, Top 150 U.S. Markets, Q3 2023



Source: JPI research, RealPage Market Analytics

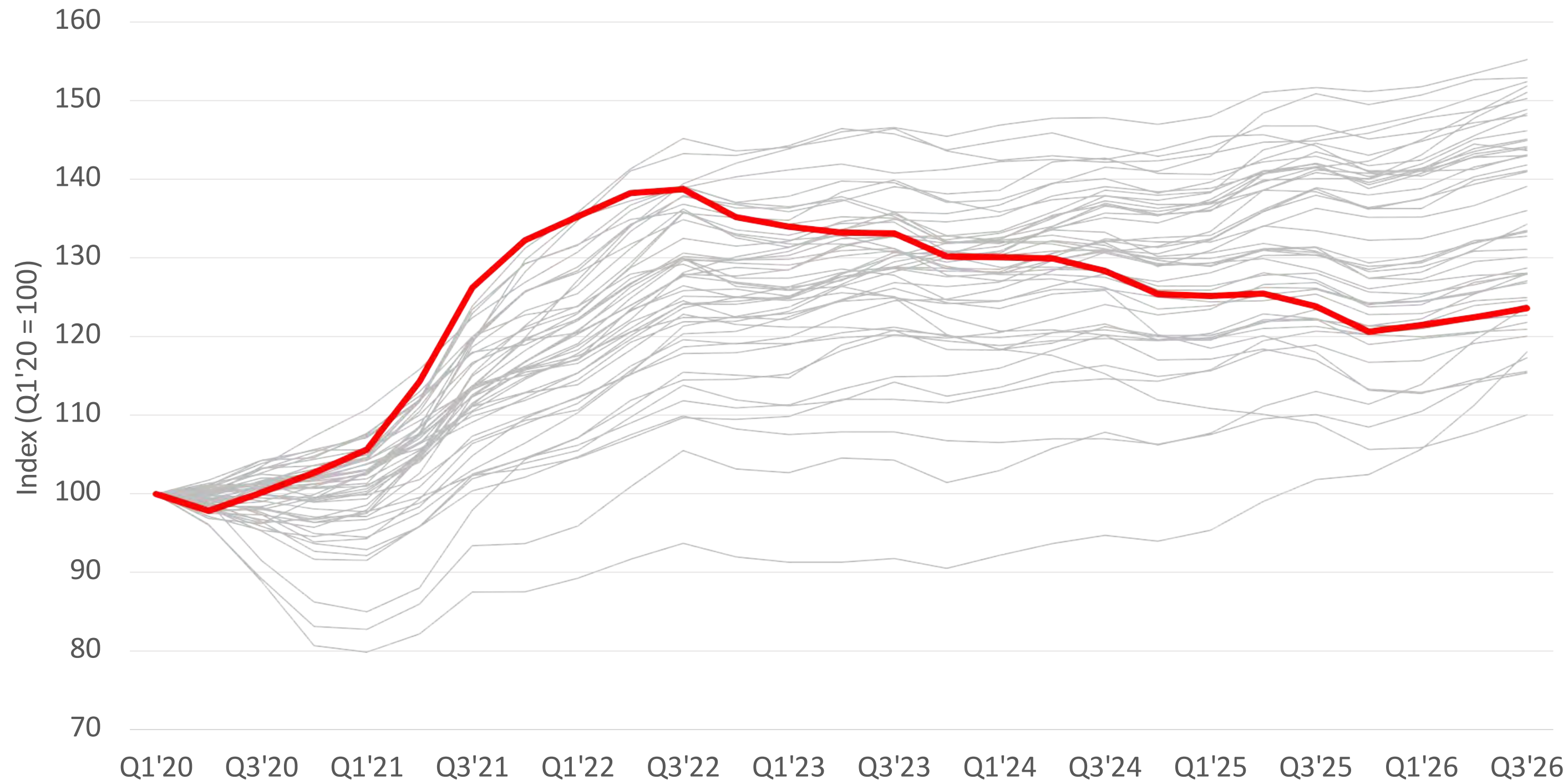
Elevated Supply Compresses Rent Growth in Arizona (For Now...)



Source: JPI research, RealPage Market Analytics. Data covers market-rate professionally managed apartments.

Phoenix Apartment Rents Falling for 4 Years, Ranks in Bottom 10 Among Major MSAs for Post-COVID Growth Despite Hot Start

Effective Rent Index (Q1'20 = 100): Phoenix vs. Top 50 MSAs



Notably:

Phoenix ranks as bottom 10 MSA for rent growth since 2020

DESPITE

Phoenix ranking #5 for apartment demand

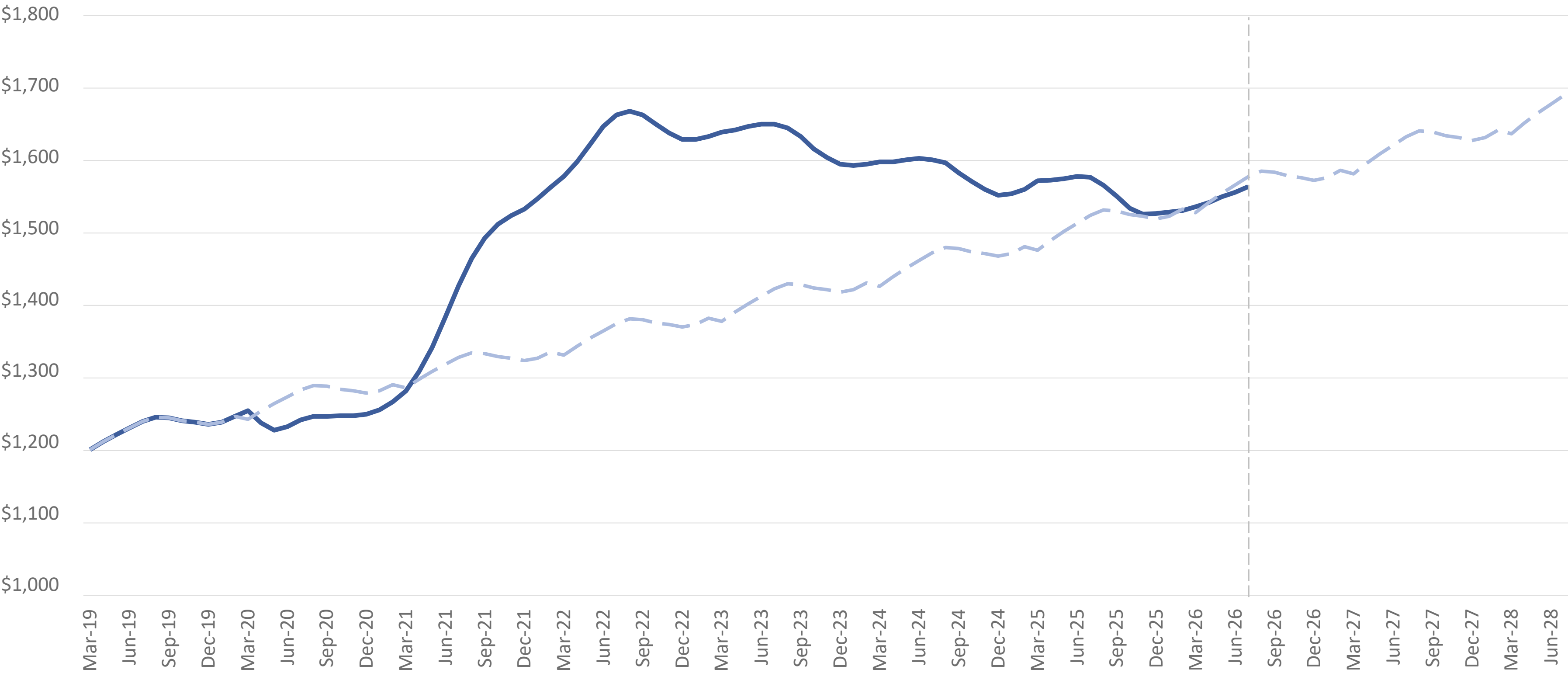
WHY?

Phoenix built a lot of apartments (rank#3)

Today's Rents = Same as Trending 3.5% Annually Since 2019

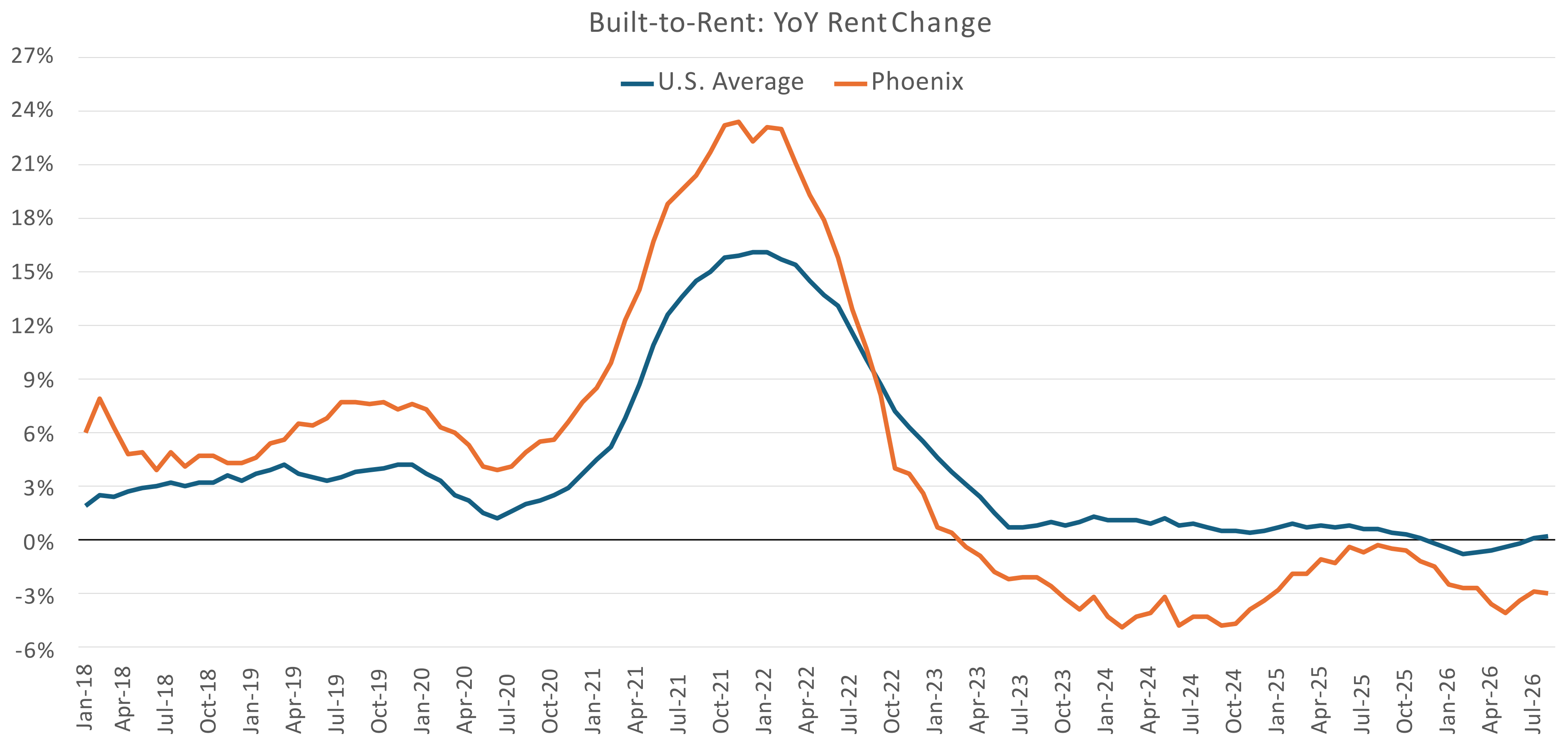
Actual Rent vs. Trended Rent in the Highest-Supplied Markets

High-Supplied Markets: Actual Effective Rent Trended at 3.5% from Pre-COVID



Sources: JPI research, RealPage Market Analytics. Markets included: Atlanta, Austin, Charlotte, JPI/Fort Worth, Denver, Jacksonville, Nashville, Orlando, Phoenix, Raleigh/Durham, Salt Lake City, San Antonio and Tampa.

BTR May Have Bottomed in Winter, Now Showing Some Momentum

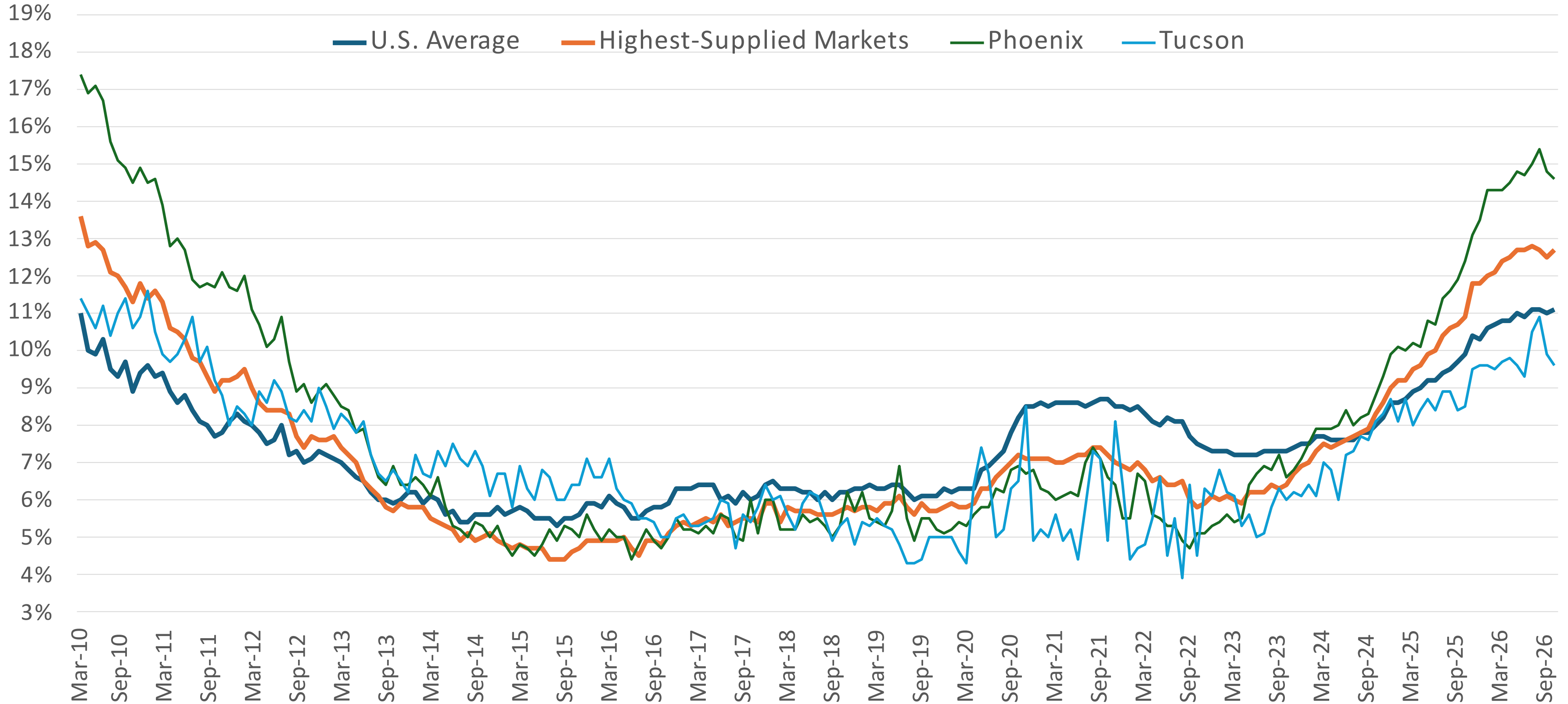


Source: Waymaker research, John Burns Research & Consulting.

Rent Concessions Remain Sticky, Even as Supply Pressure Mitigate

Average Concession Value (Discount from Asking Rent) Among Stabilized Apartments

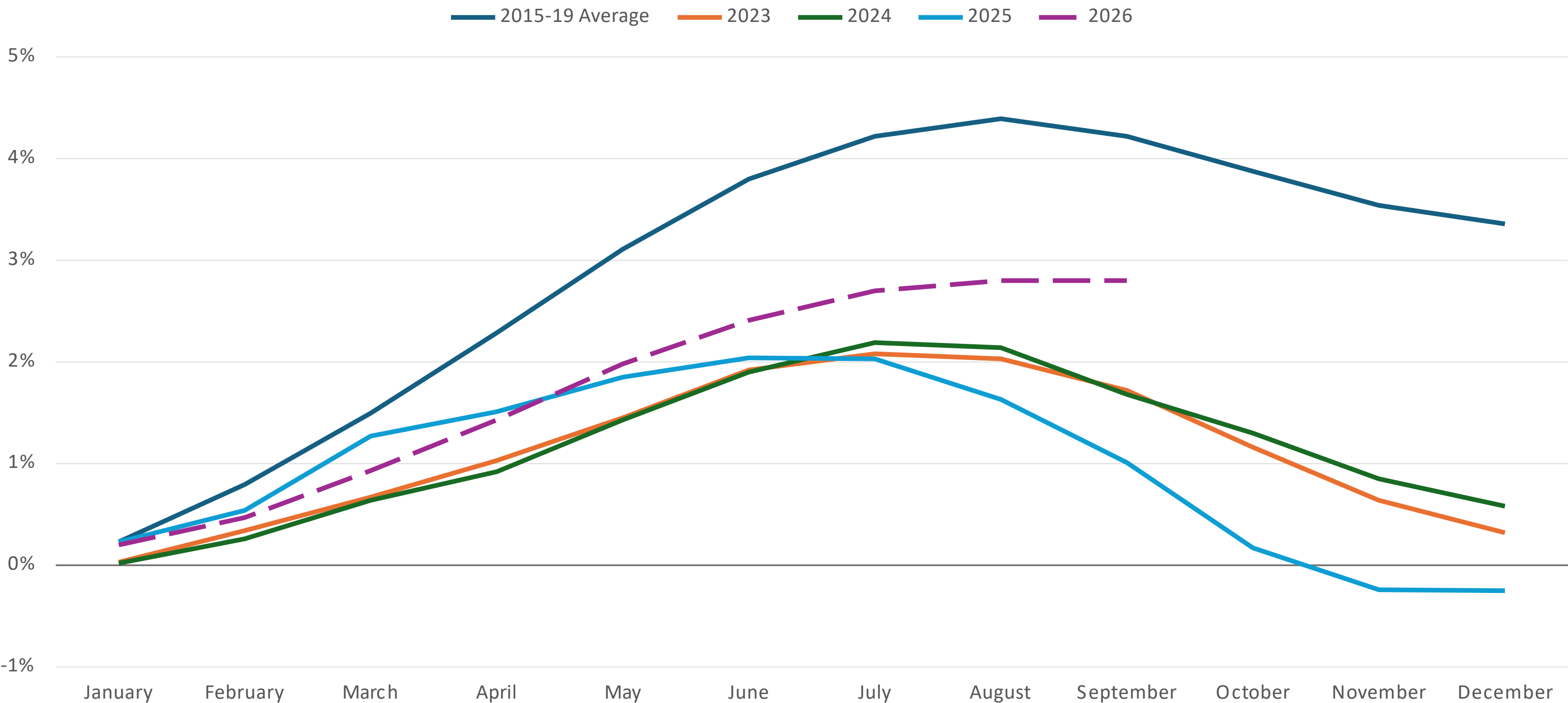
U.S. Average Highest-Supplied Markets Phoenix Tucson



Sources: JPI research, RealPage Market Analytics. Concession values are specific to only stabilized (non-lease-up) conventional apartments offering new lease discounts.

YTD Rent Growth Remains Soft, But Notably Better Than 2023-25

Cumulative YTD Rent Growth by Year, U.S. Market-Rate Apartments

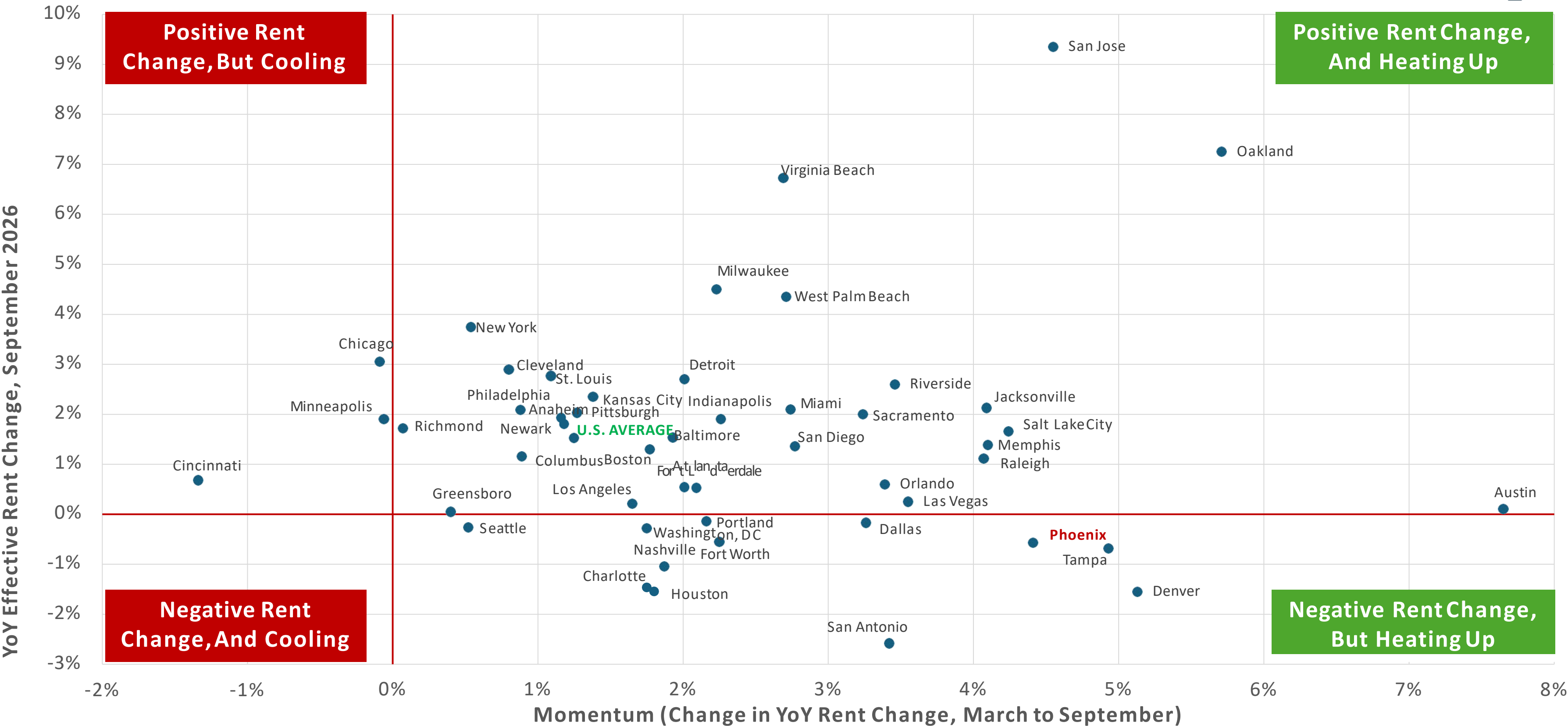


Source: JPI research, RealPage Market Analytics

Apartment Rents Still Soft, But Improving Across Most of U.S.

YoY Effective Rent Change + Momentum Since March

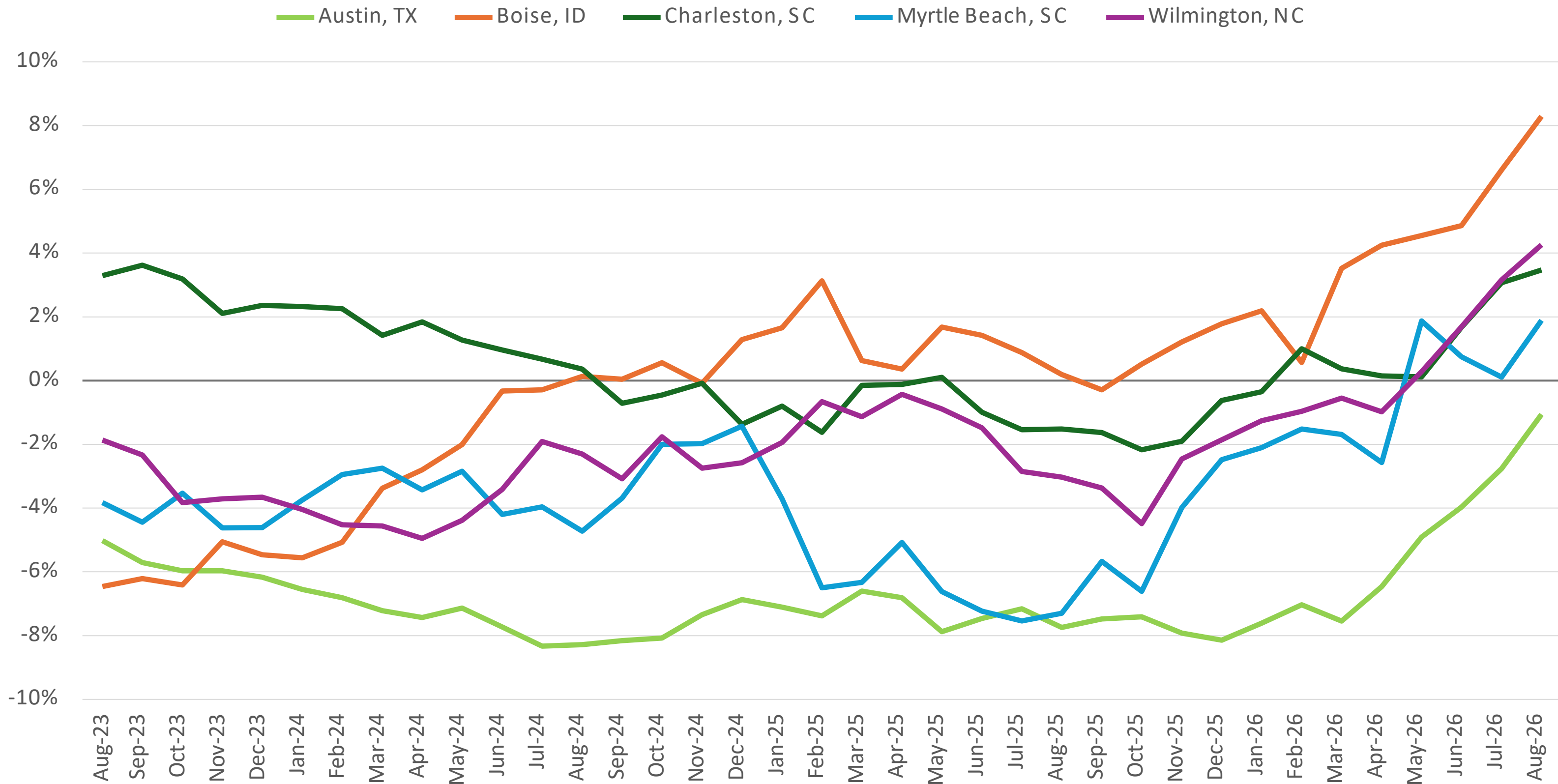
↑ San Francisco (5.7%, 14.8%) ↑



Source: JPI research, RealPage Market Analytics. Data covers market-rate professionally managed apartments.

Five Markets Showing Rent Re-Acceleration as Supply Plunges

Year-Over-Year Effective Rent Change, Select Markets



Peak to
Current: YoY
SUPPLY Growth

Boise:
8.9% 2.0%

Wilmington:
15.2% 2%

Charleston:
7.4% 1%

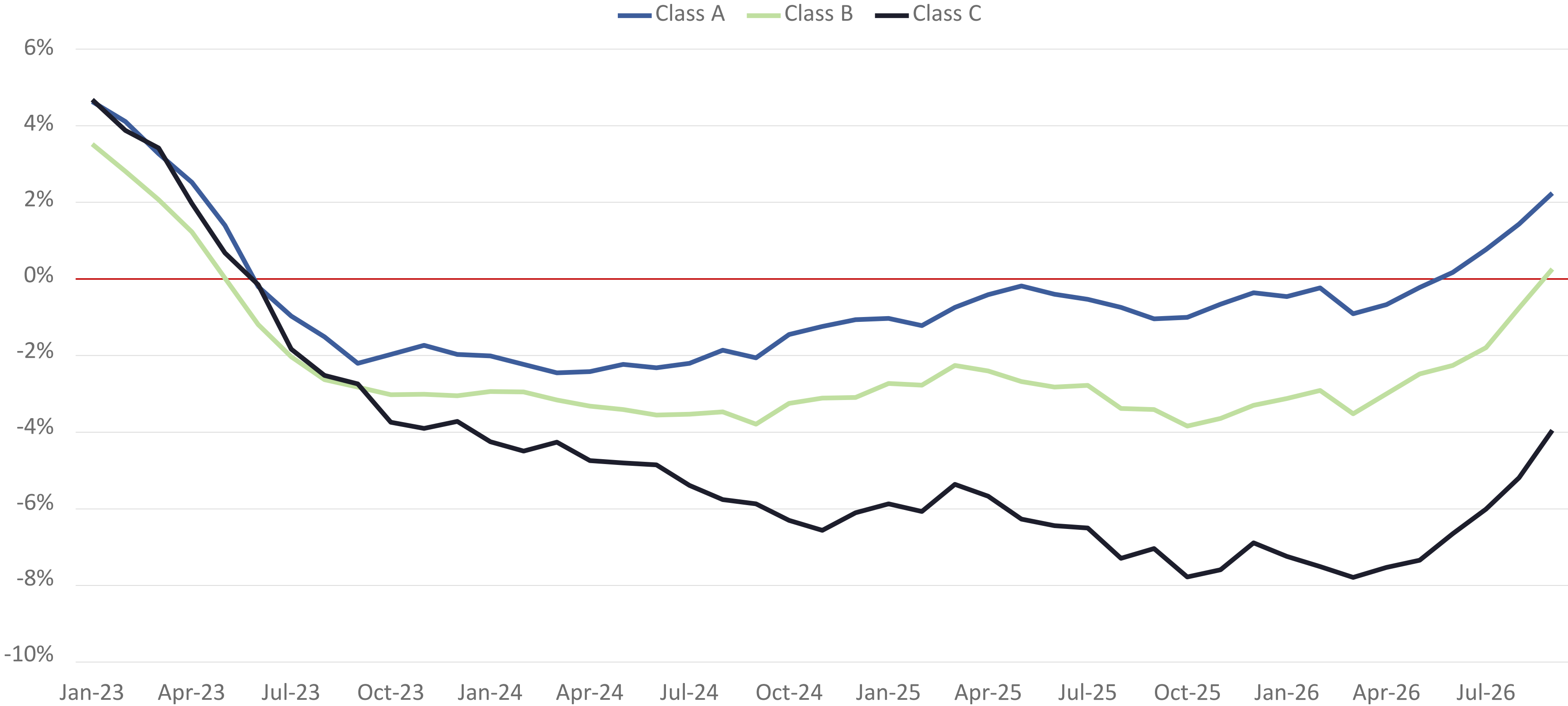
Myrtle Beach:
7.6% 2%

Austin:
10.0% 3%

***In all five
markets, big
drops in new
apartment
supply
correlated with
re-acceleration
in rent growth.***

In High-Supplied Markets, Class A Units Recovering Fastest

YoY Effective Rent Change by Asset Class in High-Supply Markets

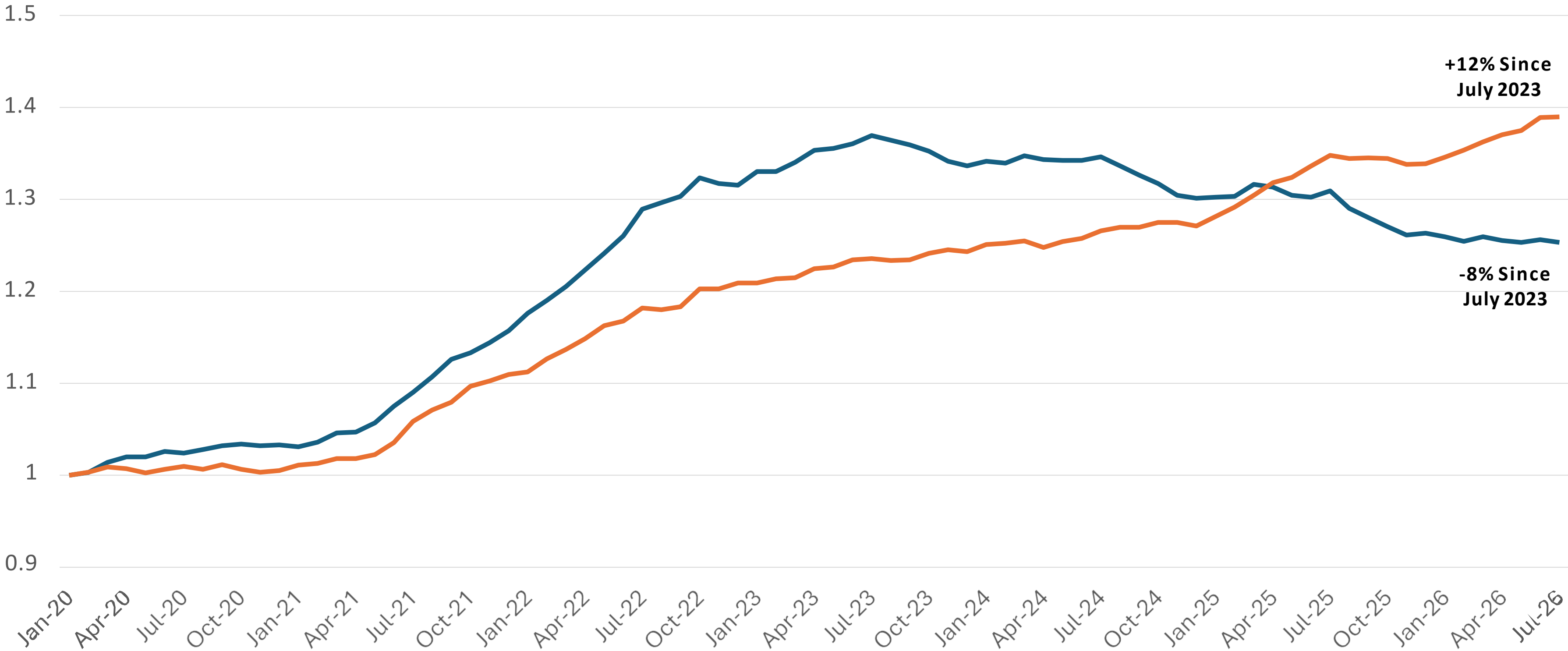


Source: RealPage Market Analytics. "High supply markets" defined as the 14 major markets with highest peak inventory growth rates in this cycle.

Class C Rents Rise in Low-Supply Areas, Fall in High-Supply Areas

Average Effective Monthly Rent for Class C Apartments Indexed to Jan 2020

Highest-Supplied Markets Lowest-Supplied Markets



+12% Since
July 2023

-8% Since
July 2023

Source: JPI research, RealPage Market Analytics. Data covers major metro areas with highest supply versus lowest supply as a percent of total stock. Class C generally represents cheapest market-rate apartments.

In Higher-Supplied Markets, Class C Rents Hit Harder Than Class A

Rank	Market	Class C Rent Change (2025)	Supply > U.S. Avg?
1	Denver, CO	-13.9%	YES
2	Naples, FL	-13.5%	YES
3	Austin, TX	-13.3%	YES
4	Fort Myers, FL	-11.8%	YES
5	Myrtle Beach, SC	-11.0%	YES
6	Phoenix, AZ	-10.5%	YES
7	Boulder, CO	-10.4%	YES
8	Asheville, NC	-10.3%	YES
9	Sarasota, FL	-10.0%	YES
10	Fort Walton Beach, FL	-9.9%	YES
11	Colorado Springs, CO	-9.0%	YES
12	Pensacola, FL	-7.3%	YES
13	San Antonio, TX	-7.2%	YES
14	Macon, GA	-6.6%	NO
15	JPI, TX	-6.5%	YES
16	Salt Lake City, UT	-6.3%	YES
17	Huntsville, AL	-6.3%	YES

In Lower-Supplied Markets, Class C Rents are Still Increasing

Rank	Market	Class C Rent Change (2025)	Supply > U.S. Avg?
1	Springfield, MA	10.1%	NO
2	Champaign-Urbana, IL	7.9%	NO
3	Worcester, MA	6.8%	NO
4	Eugene, OR	6.3%	NO
5	Allentown, PA	5.5%	NO
6	Youngstown, OH	5.4%	NO
7	Akron, OH	5.0%	NO
8	Providence, RI	4.9%	NO
9	Albany, NY	4.8%	NO
10	Shreveport, LA	4.2%	NO
11	Jackson, MS	4.0%	NO
12	Trenton, NJ	3.9%	YES
13	Salinas, CA	3.8%	NO
14	College Station, TX	3.8%	NO
15	Springfield, MO	3.7%	NO
16	Rochester, NY	3.6%	NO
17	Cincinnati, OH	3.6%	NO
18	New York, NY	3.5%	NO
19	Hartford, CT	3.5%	NO
20	Stockton, CA	3.1%	NO

Source: JPI research, RealPage Market Analytics



Journal of Urban Economics

Volume 133, January 2023, 103383

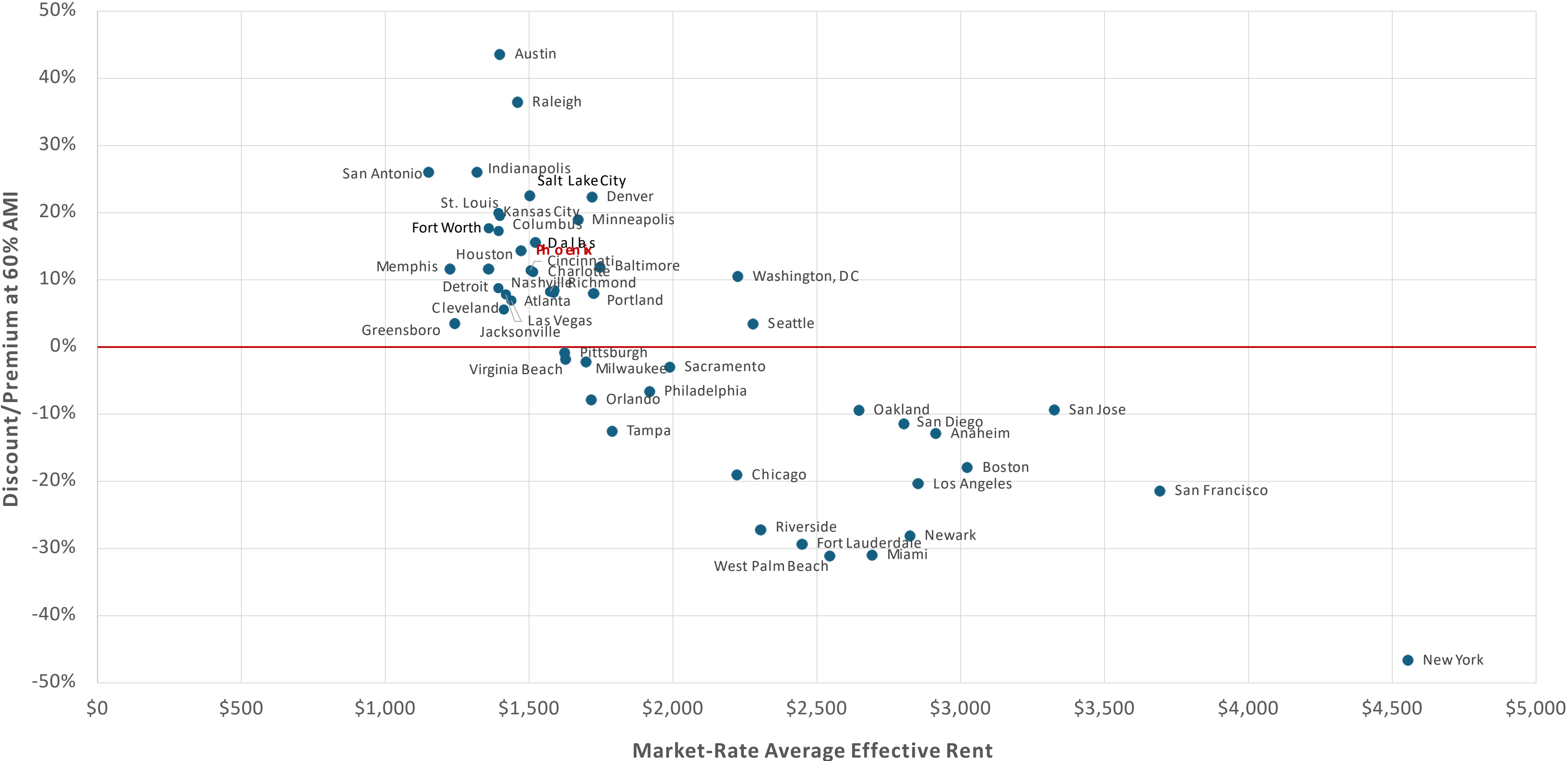


JUE Insight: The effect of new market-rate housing construction on the low-income housing market ☆

Evan Mast ✉

LIHTC Max Rents Top Market Rents in Higher-Supply Markets

Discount/Premium for 60% AMI Rent vs. Market-Rate Rent



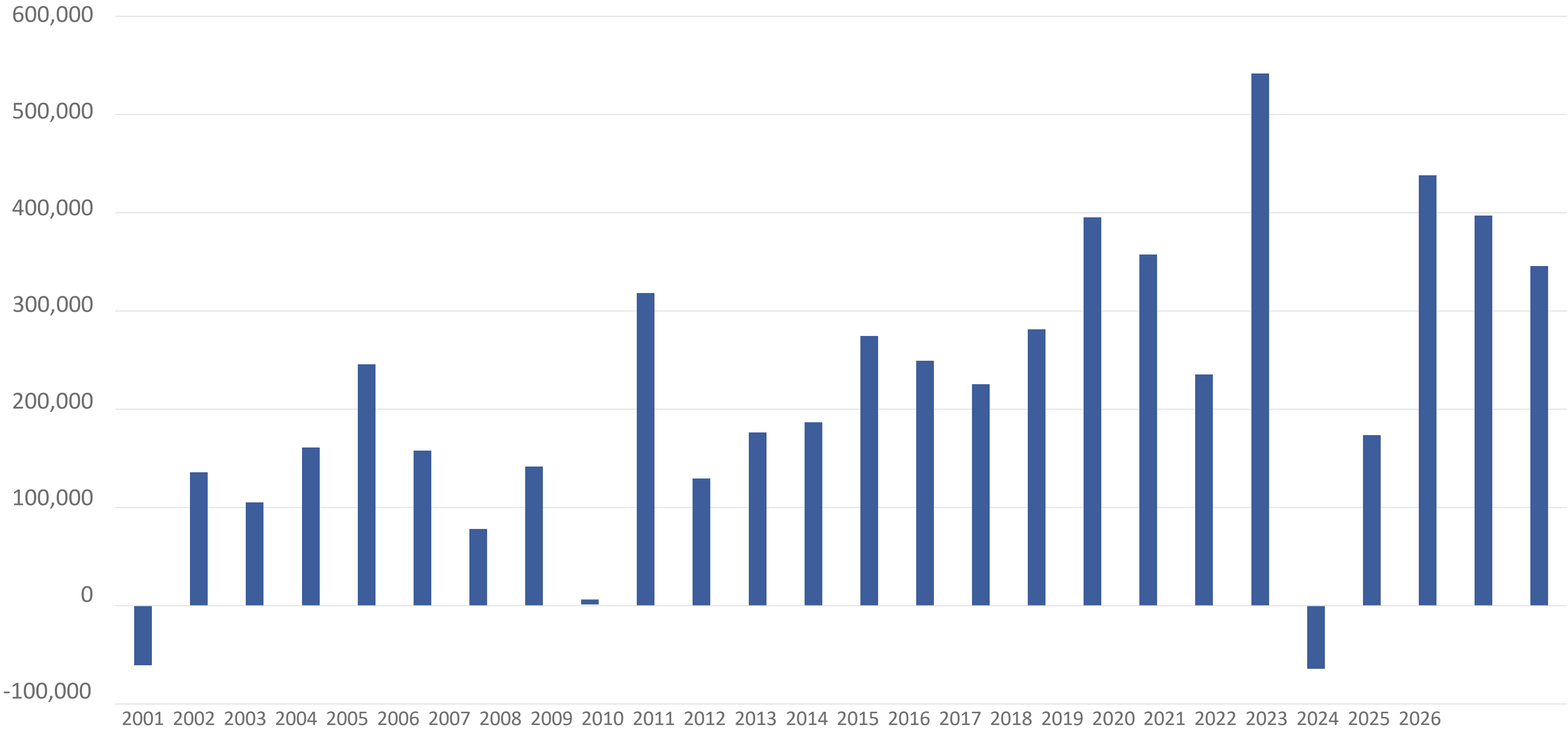
Source: JPI research, HUD, RealPage Market Analytics. Premium/discount based on a 4-person household at 60% AMI.

#3

**Is There a
Demand
Problem?**

YTD Apartment Absorption Remains Much Stronger than Expected

Year-to-Date Net Apartment Absorption (in Units), Through Q3, by Year



Source: JPI research, Realpage Market Analytics

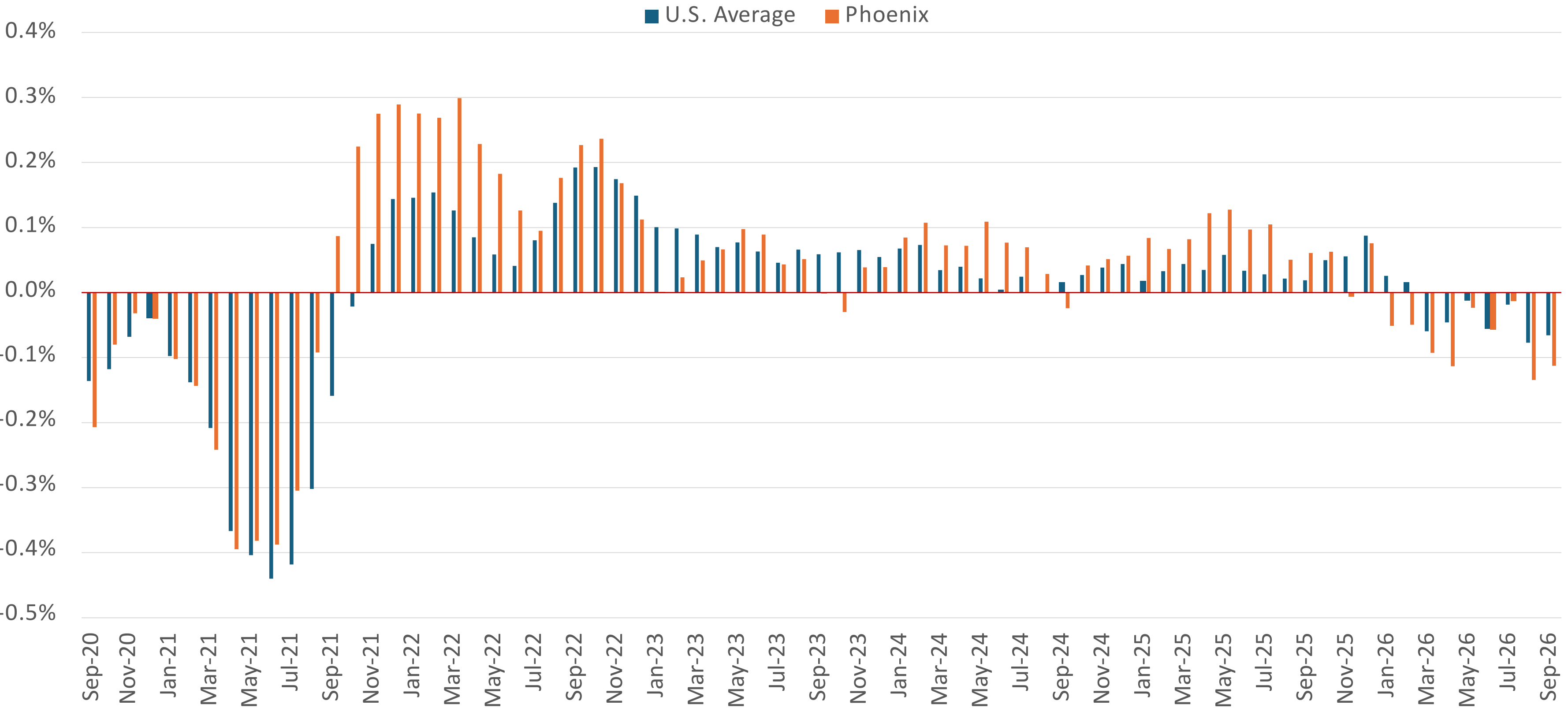
Phoenix Ranks #2 Nationally for Multifamily Demand

Rank	Metro Area	T-12 Absorption
1	JPI/Fort Worth	25,424
2	Phoenix	18,674
3	New York	16,471
4	Newark	13,698
5	Austin	13,192
6	Atlanta	10,639
7	Houston	9,003
8	Denver	8,103
9	Charlotte	7,361
10	Orlando	7,176
11	Tampa	6,759
12	Los Angeles	6,549
13	San Diego	6,335
14	San Antonio	6,291
15	Miami	6,208
16	Philadelphia	5,879
17	Columbus	5,833
18	Nashville	5,420
19	Raleigh/Durham	5,069
20	Boston	4,439

Source: JPI research, RealPage
Market Analytics.

Apartment Vacancy (Gradually) Improving for First Time in 4+ Years

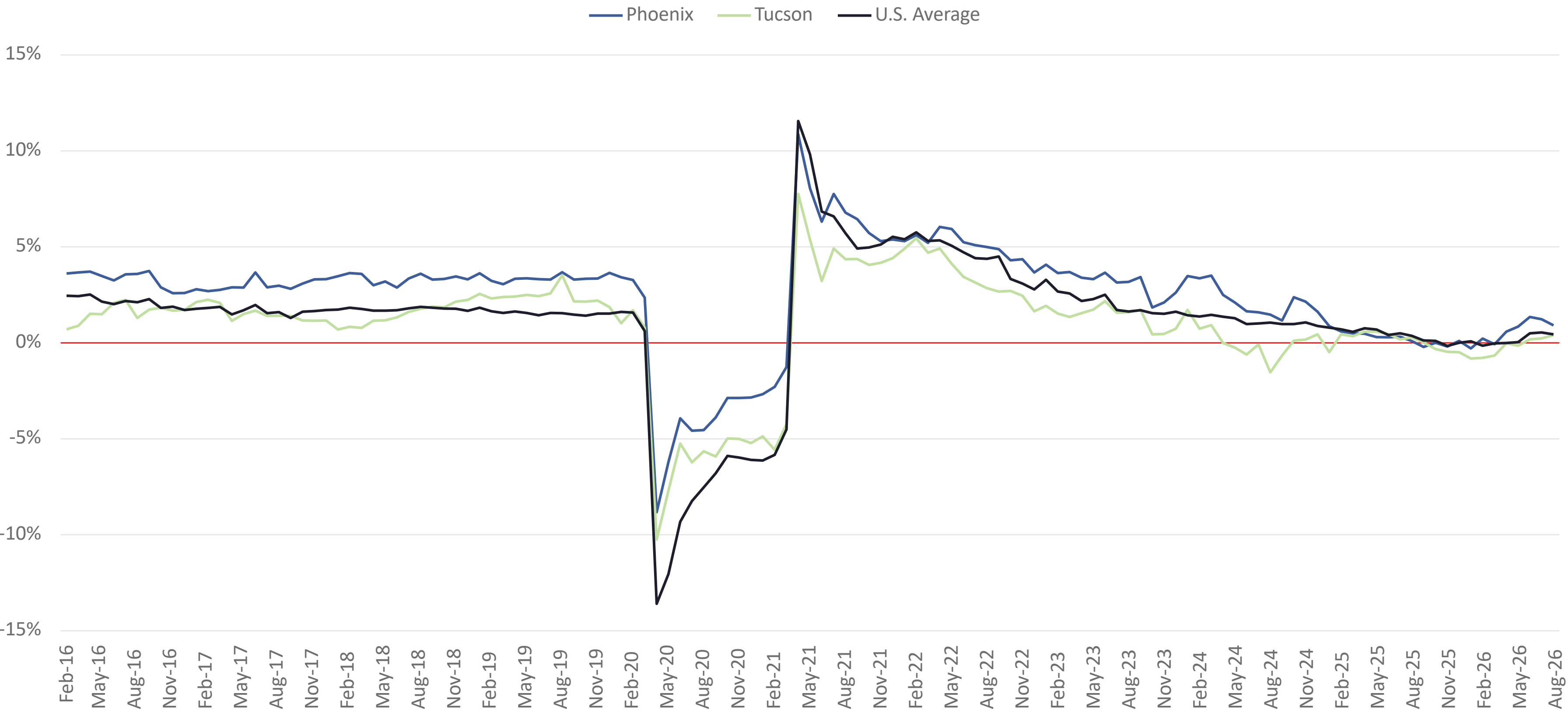
Apartment List: Month-Over-Month Change in Vacancy



Source: Apartment List

Job Growth Remains Soft, Though PHX Shows Some Momentum

Year-Over-Change in Total Employment



Source: JPI research, BLS, RealPage Market Analytics

Phoenix Ranks 11th Nationally for Job Growth

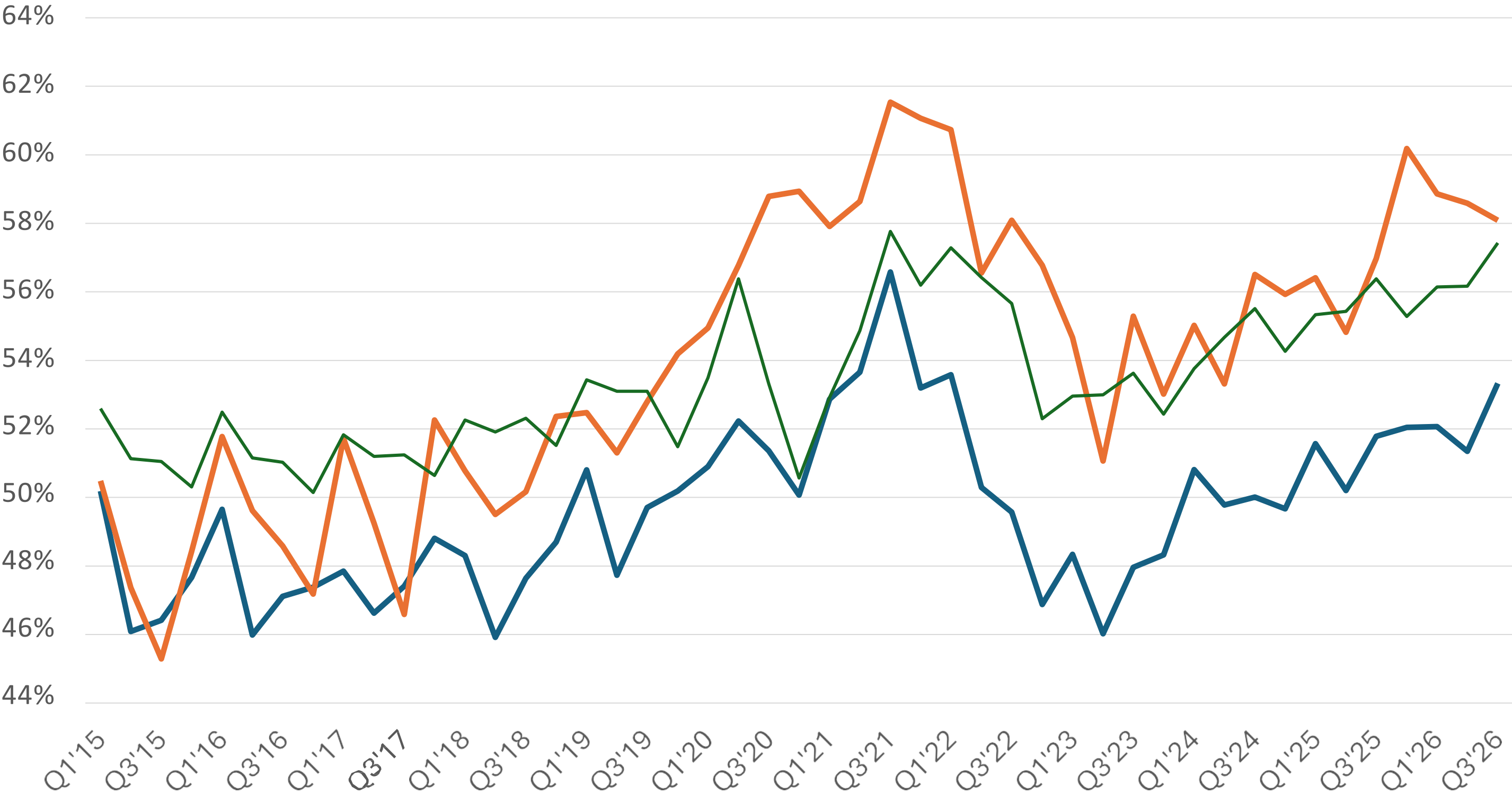
Rank	Market	YoY Job Growth %
1	Salt Lake City	2.0%
2	Las Vegas	1.9%
3	Raleigh	1.6%
4	Austin	1.6%
5	Charlotte	1.5%
6	Fort Worth	1.5%
7	San Jose	1.5%
8	Minneapolis	1.4%
9	Houston	1.3%
10	Nashville	1.3%
11	Phoenix	1.2%
12	Orlando	1.2%
13	Greensboro	1.1%
14	JPI	1.0%
15	New York	1.0%

Source: JPI research, BLS, RealPage Market Analytics. Rankings reflect average YoY job change over prior three months.

Renewal Demand, too: Retention Rates Continue to Trend Higher

Retention Rate, U.S. Market Rate Apartments

Phoenix Tucson U.S. Average



Takeaway:

Lower turnover is a long-term structural shift tracing back 10+ years, not a new phenomenon tied to mortgage rates.

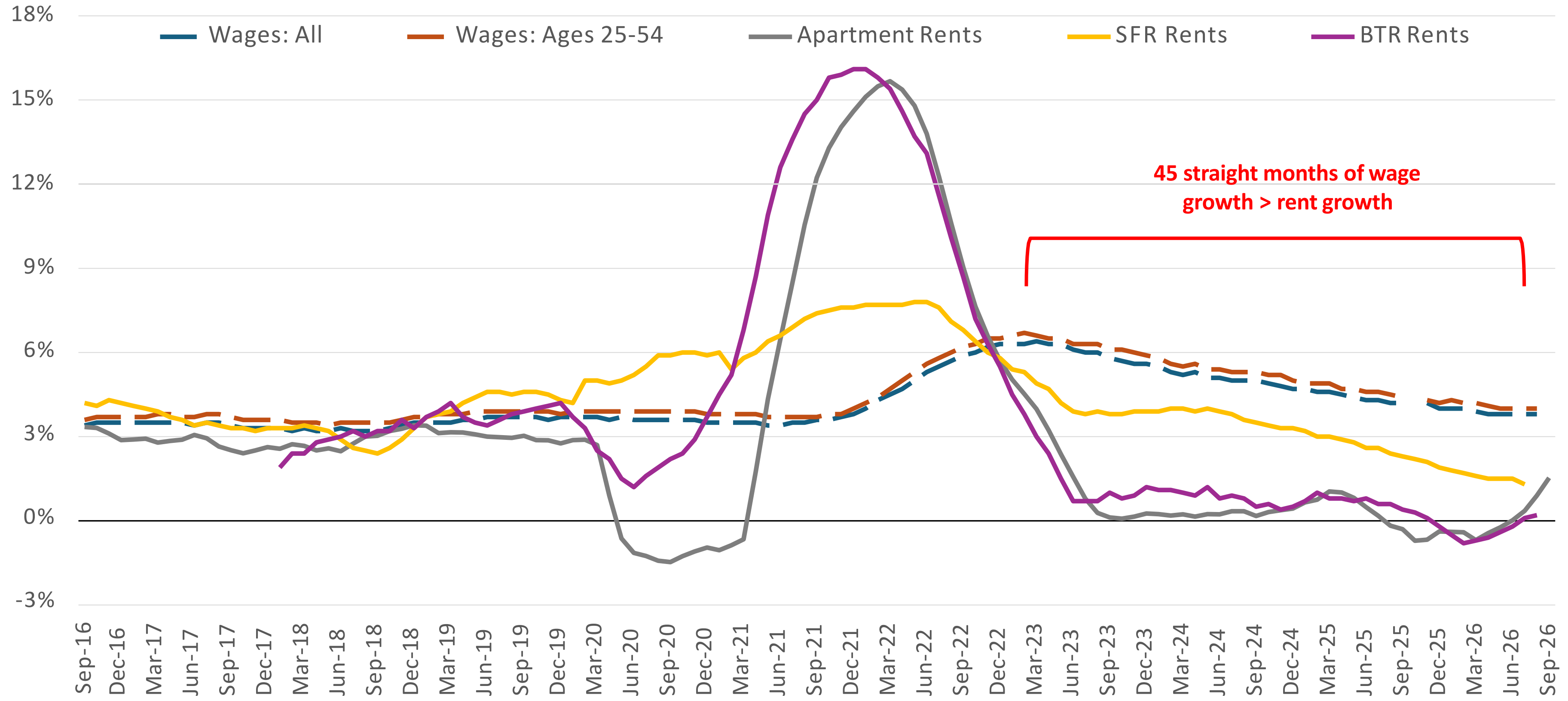
Source: JPI research, RealPage Market Analytics. Retention = share of renter households with expiring leases signing a renewal.

#4

**Is There an
Affordabilit
y Problem?**

Wage Growth Outpacing Rent Growth for Nearly 4 Straight Years

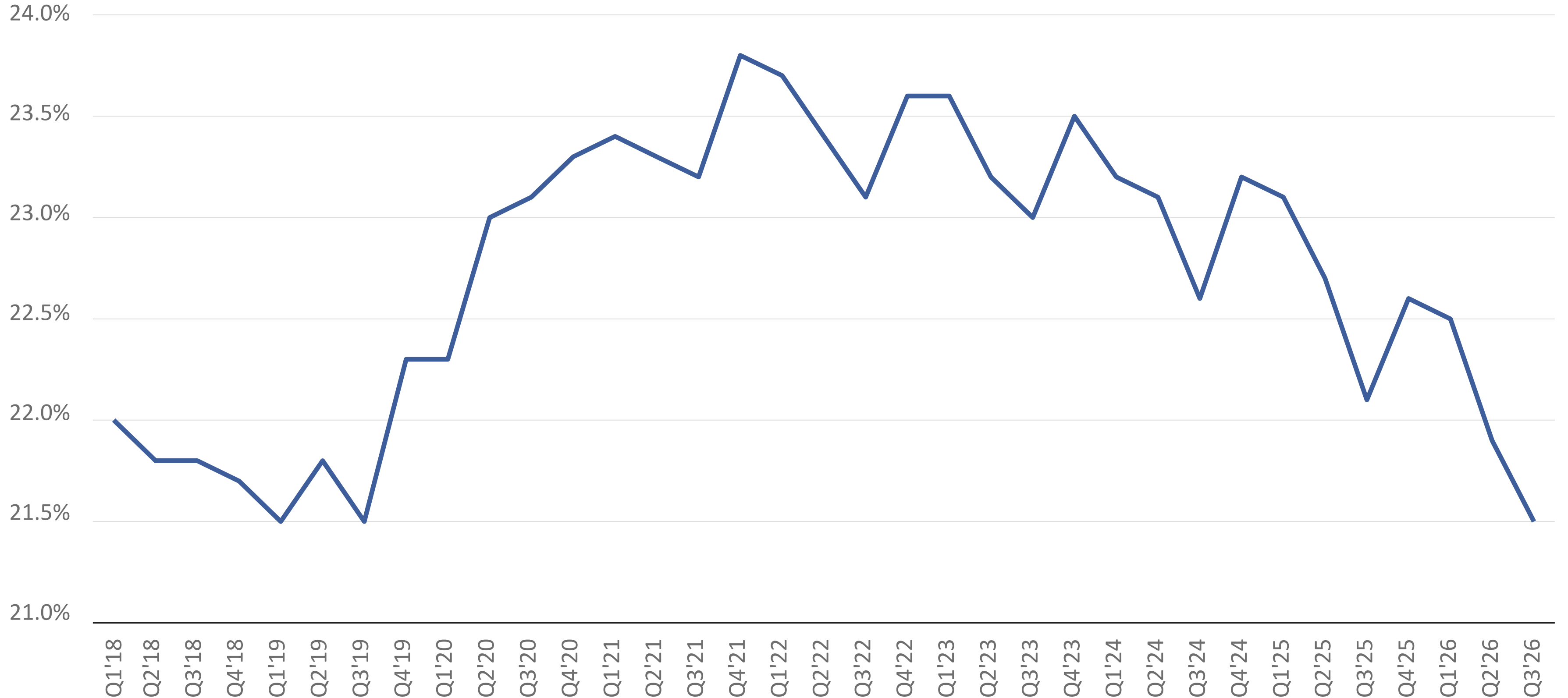
U.S. Rents (YoY Change) vs. Wages (Atlanta Fed's 12-Mo Moving Average)



Source: Effective asking rents from RealPage covering market-rate, professionally managed apartments. SFR and BTR data from John Burns Research & Consulting. Wages from Federal Reserve Bank of Atlanta's Wage Tracker tool.

Affordability Improves as Wage Growth Outpaces Rents

Median Rent-to-Income Ratio, New Lease Signers in Market-Rate Apartments





HARVARD UNIVERSITY
JOINT CENTER FOR HOUSING STUDIES

Renter Cost Burdens Are Widespread

The New York Times

NEWSLETTER
Headway

Rent Is Swallowing Household Incomes



Despite Cooling Rent Growth, Nearly Half of Renter Households Were Cost-Burdened in 2024

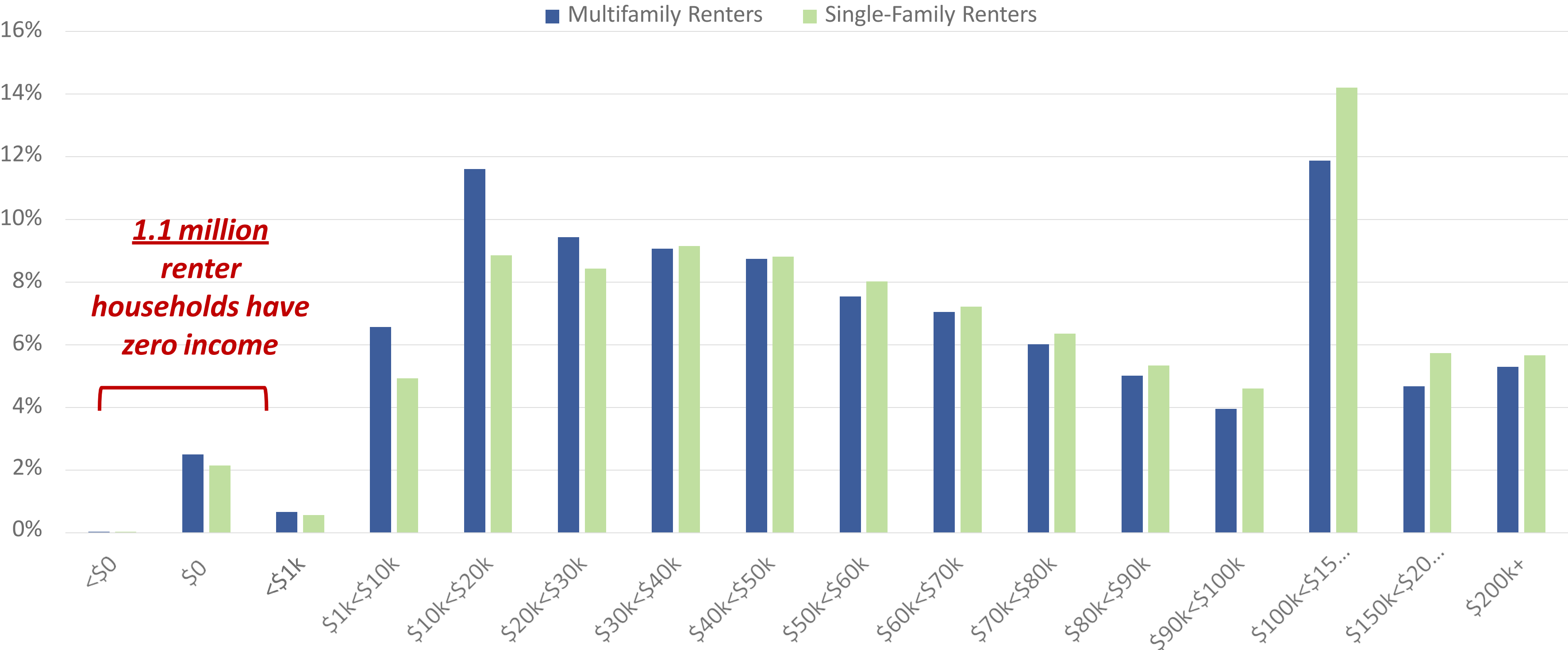
PBS NEWS HOUR

Half of American renters pay more than 30% of income on housing, study shows

Feb 8, 2024 6:30 PM EDT

Nearly 30% of U.S. Renters Have Incomes <\$30k, Which Means They Can't Afford to Cover Operating Costs of a Typical Rental

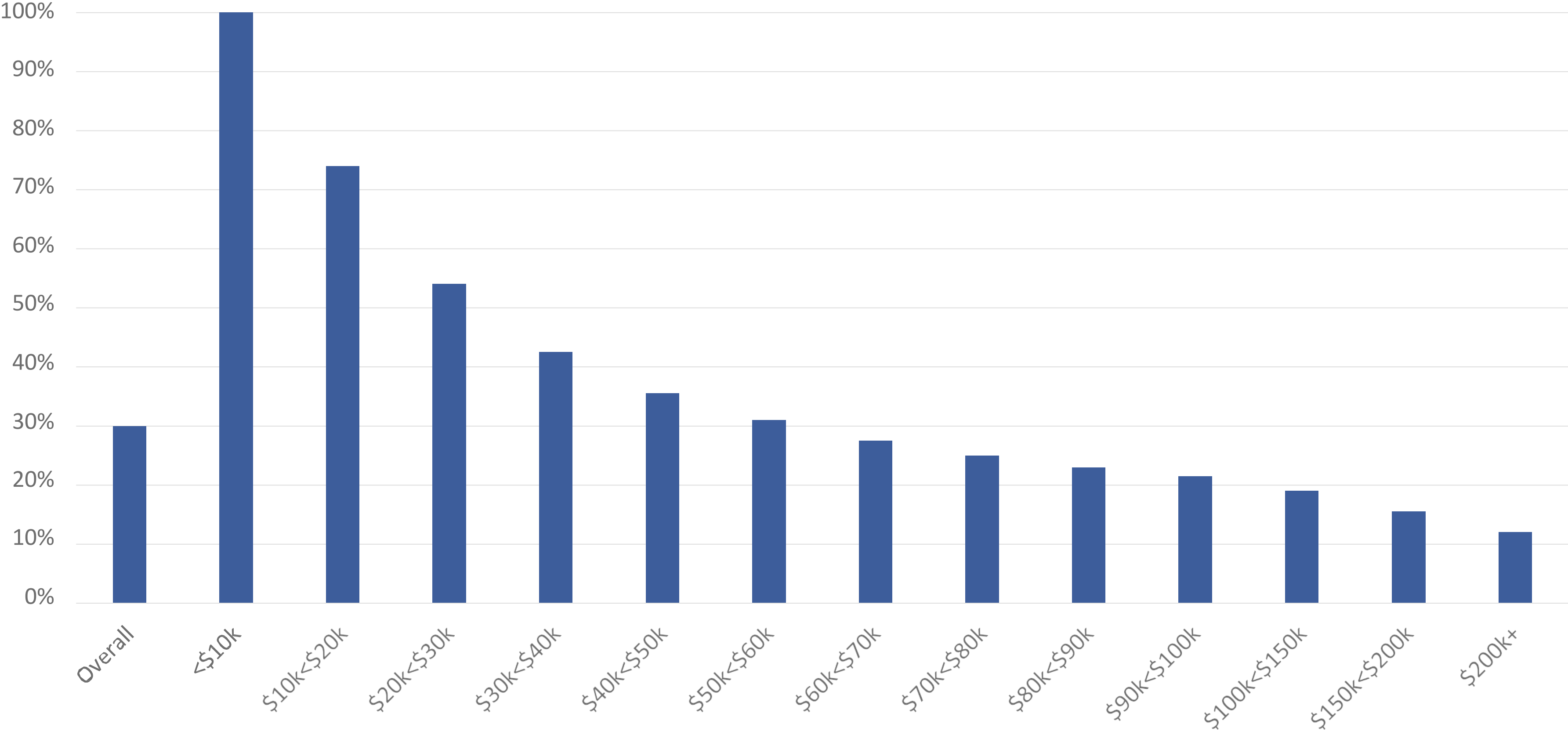
Distribution of Renters by Household Income Level



Source: Witten Advisors analysis of Census data

Census: Rent Affordability Varies Dramatically by Income Level

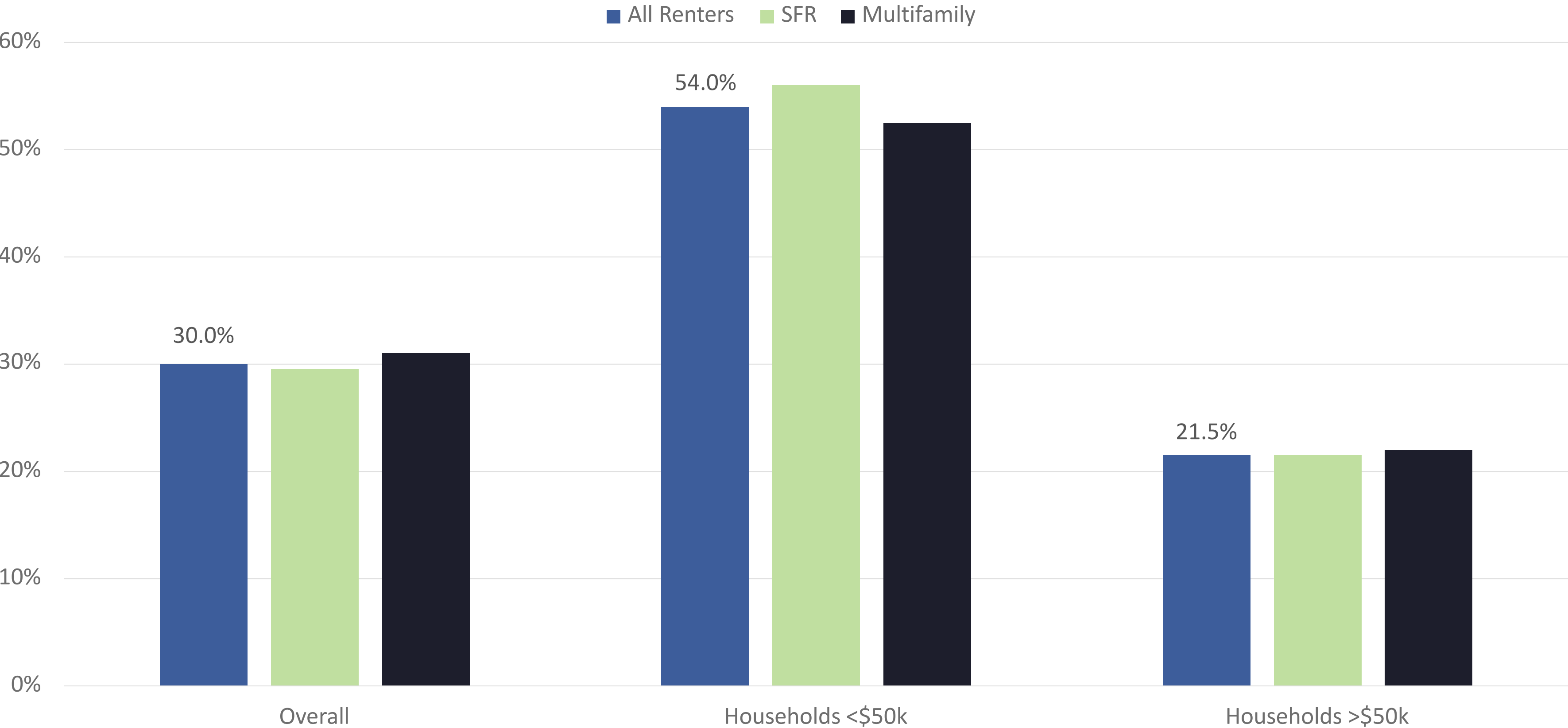
Median Rent-to-Income Ratio by Household Income Level



Source: Witten Advisors analysis of Census data

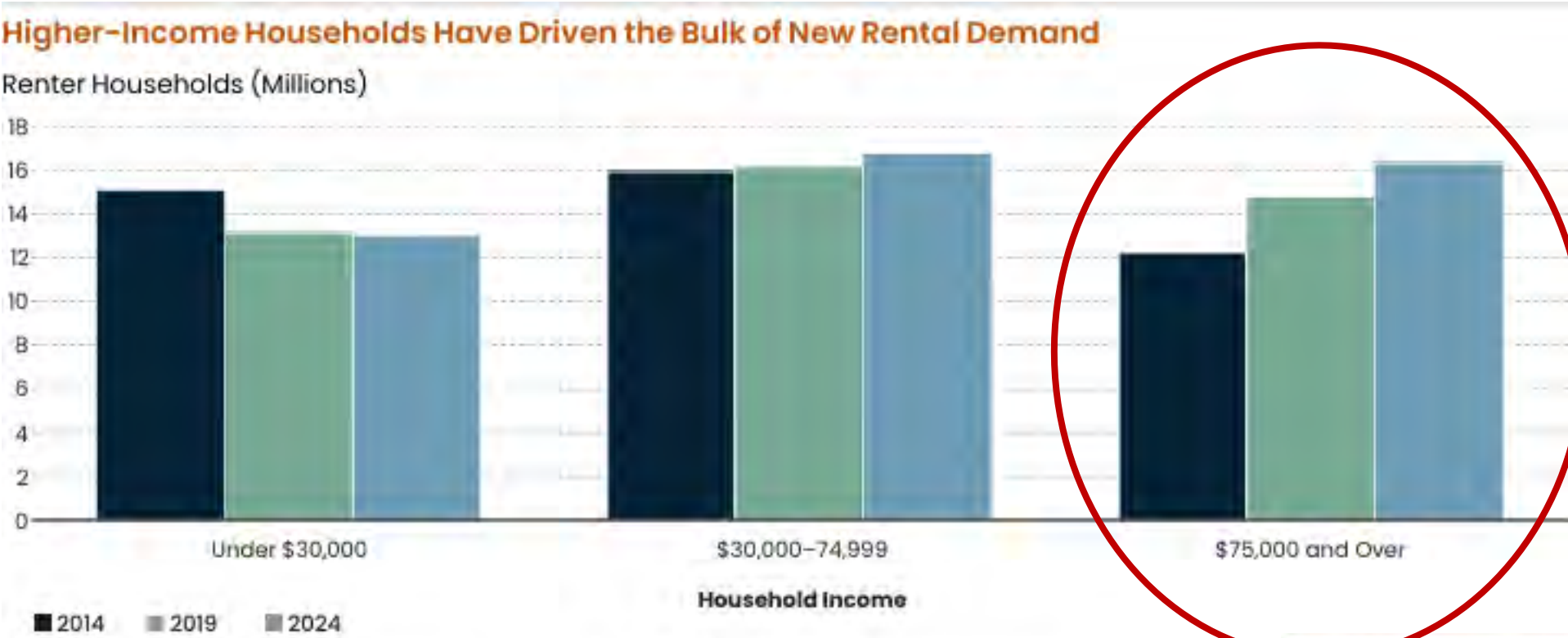
Census: Renters Making >\$50k Spend 21.5% of Income on Rent

Median Rent-to-Income Ratio by Household Income Level



Source: Witten Advisors analysis of Census data

Renters Earning >\$75k Drive Demand, Spend 20% of Income on Rent



Note: Household incomes are adjusted for inflation using the CPI-U for All Items.
Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

Nearly all renter household formation over the last 10 years has occurred among households making >\$75k. Those households are also the least likely to be rent burdened, spending 20% of income toward rent + utilities.

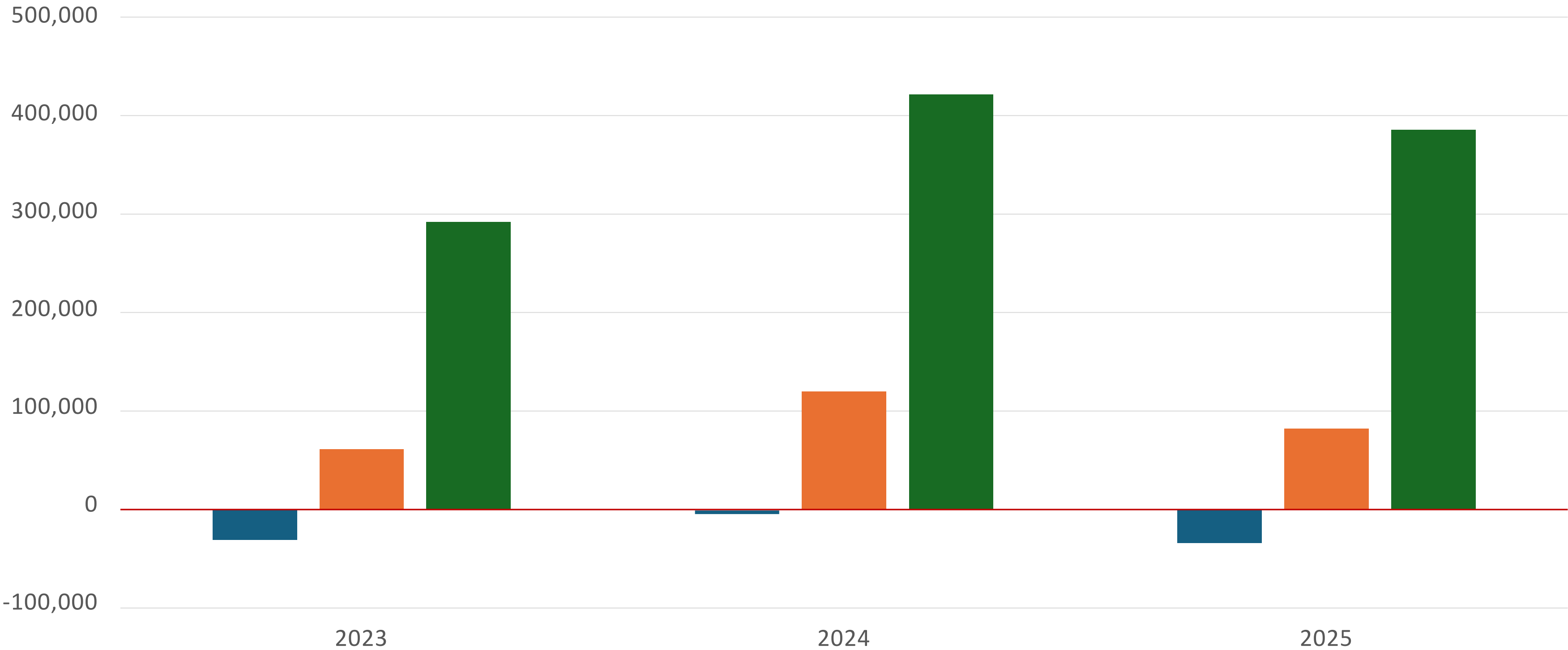


Notes: Non-cash renters are excluded. Household incomes are adjusted for inflation using the CPI-U for All Items. Shares are calculated at the household level.
Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

Flight to Quality: Demand Shifts Up Market to Pricier Apartments

Apartment Net Absorption by Rent Tier

■ Low Tier (Cheapest) ■ Mid Tier ■ High Tier (Priciest)



Source: JPI research, CoStar. Tiers based on CoStar's groupings of 1-2 Star, 3 Star and 4-5 Star properties.

#5

**What are the
Headwinds and
Tailwinds to
Watch?**



Federal Reserve
Bank of Dallas

The Impacts of Unauthorized Immigration on U.S. Labor and Housing Markets: New Evidence from Administrative Microdata

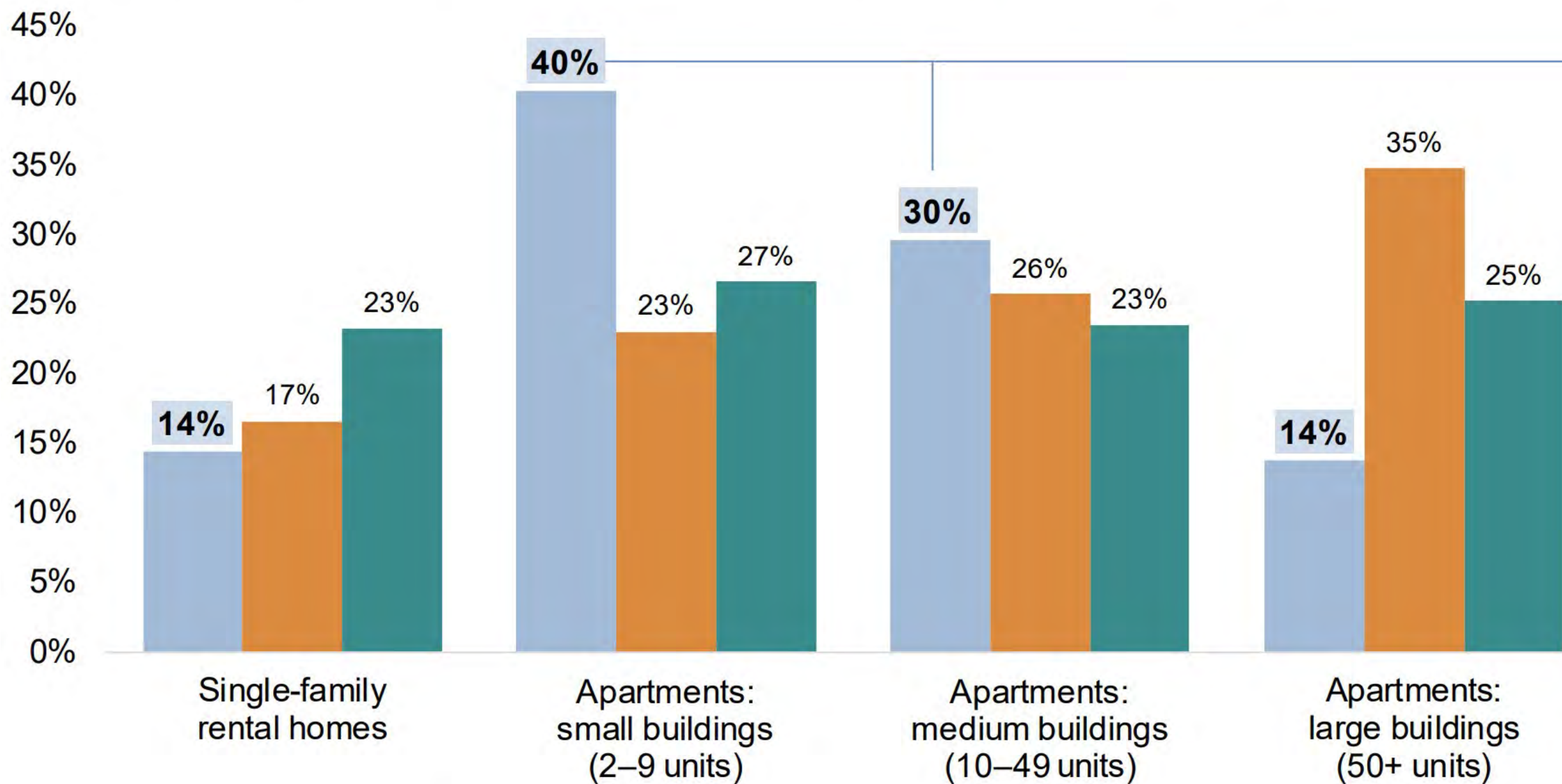
Daniel J. Wilson and Xiaoqing Zhou

Immigrants from the 2022–2024 surge* have primarily rented apartments in smaller buildings with fewer than 50 units.

Recent Immigrant Rental Tenants by Structure Type and Country of Origin

Top 6 largest MSAs**

■ From high-encounter countries* ■ From all other countries ■ All other US renters



70% of new immigrant tenants from high-encounter countries rent in small to medium-sized apartment buildings—**mostly sub-institutional-grade properties.**

New immigrant **renters from other countries** tend to rent in **larger apartment buildings** (with 50 or more units).

**We categorize immigrants from the surge as originating in Mexico and Central America, plus Cuba, Haiti, Colombia, Peru, and Venezuela.*

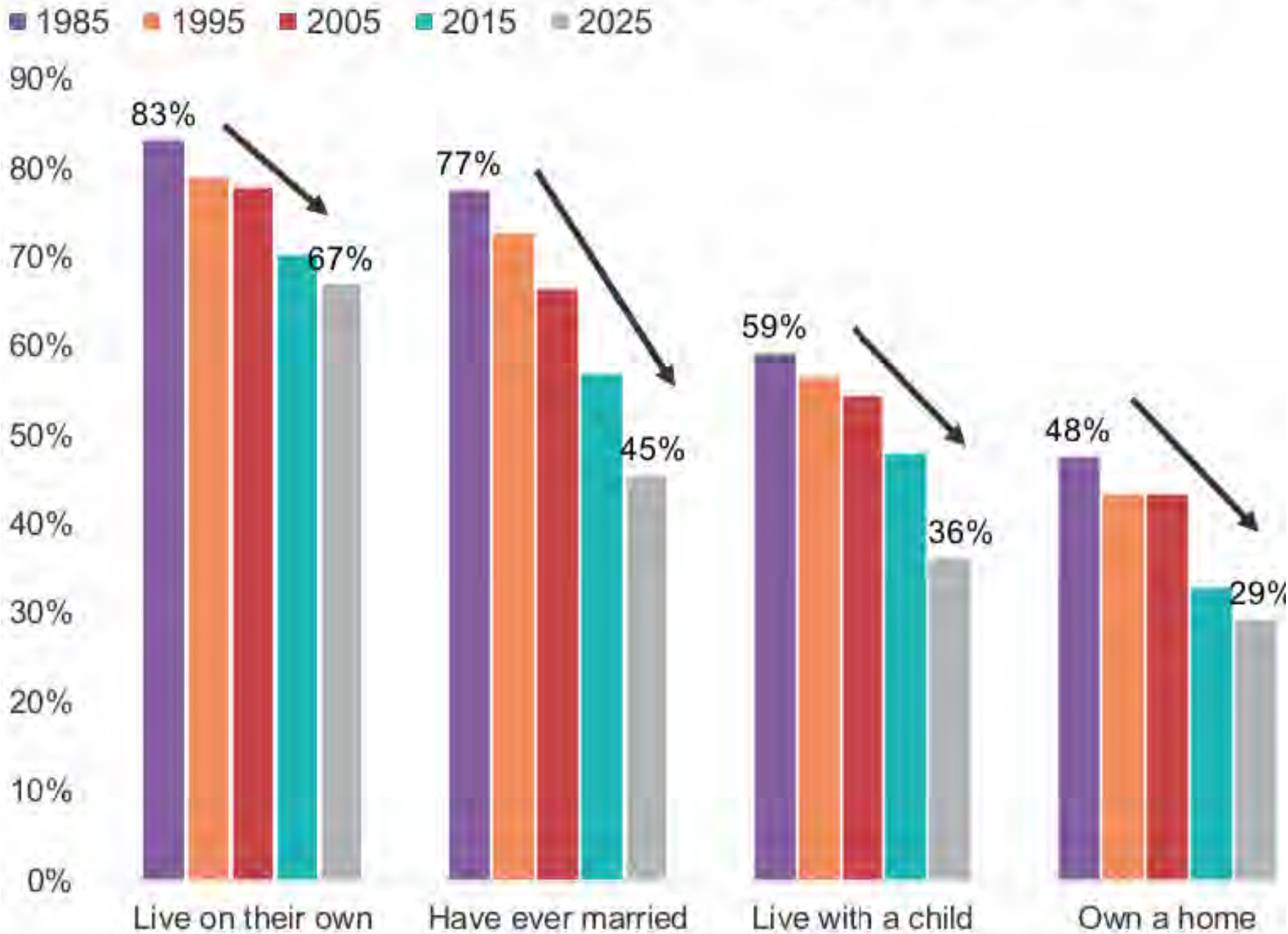
*We categorize immigrants from the surge as originating in Mexico and Central America, plus Cuba, Haiti, Colombia, Peru, and Venezuela.

**Six largest MSAs include New York, Los Angeles, Chicago, Houston, Dallas, and Atlanta.

Sources: John Burns Research and Consulting, LLC tabulations of US Census Bureau microdata (Data: 2024, Pub: Jun-26)

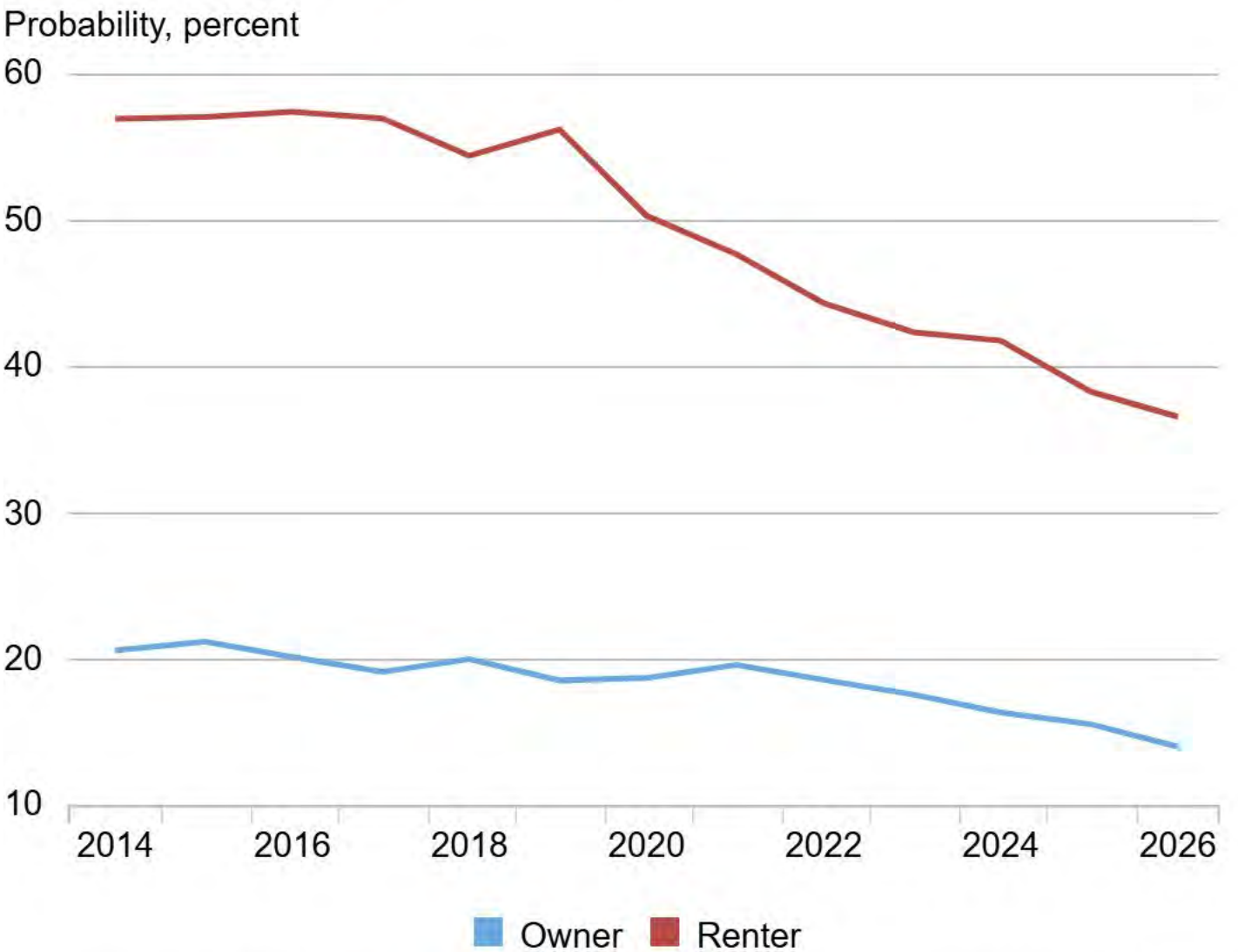
The American Renting Stage of Life is Elongating

Percentage of US 30-Year-Olds Reaching 'Adult' Milestones



Sources: John Burns Research and Consulting, LLC, tabulations of U.S. Census Bureau Current Population Survey Annual Social and Economic Supplement via IPUMS-USA (Data: 2025, Pub: Mar-26)

Renters' Expected 3-Year Mobility Fell 20 Percentage Points in the Last 12 Years



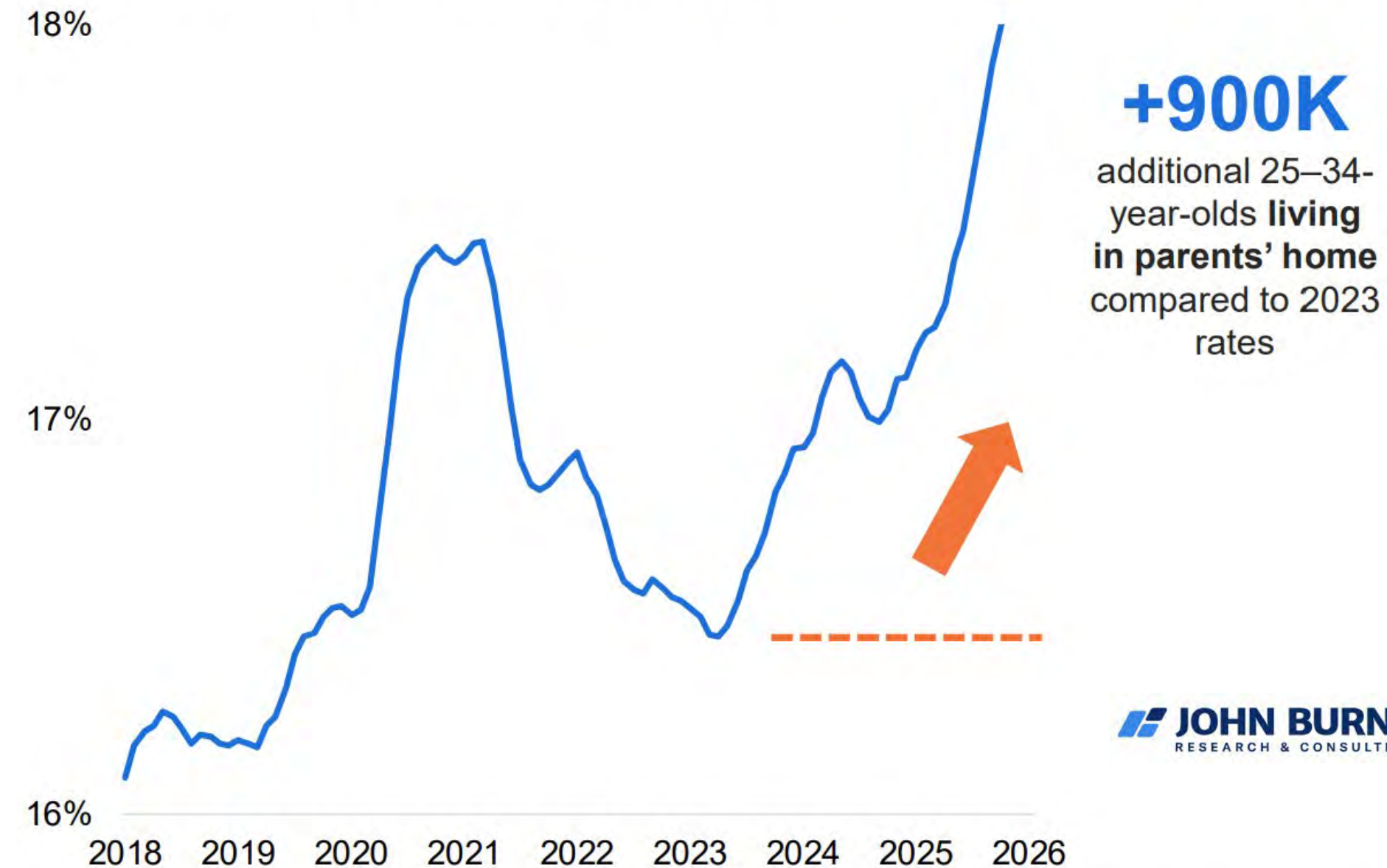
Source: Survey of Consumer Expectations Housing Surveys, February 2014 through February 2026.

Notes: The chart shows the mean percent chance of moving to a different primary residence within the next three years, by owner/renter status.

On the Flip Side: More Young Adults Living with Parents

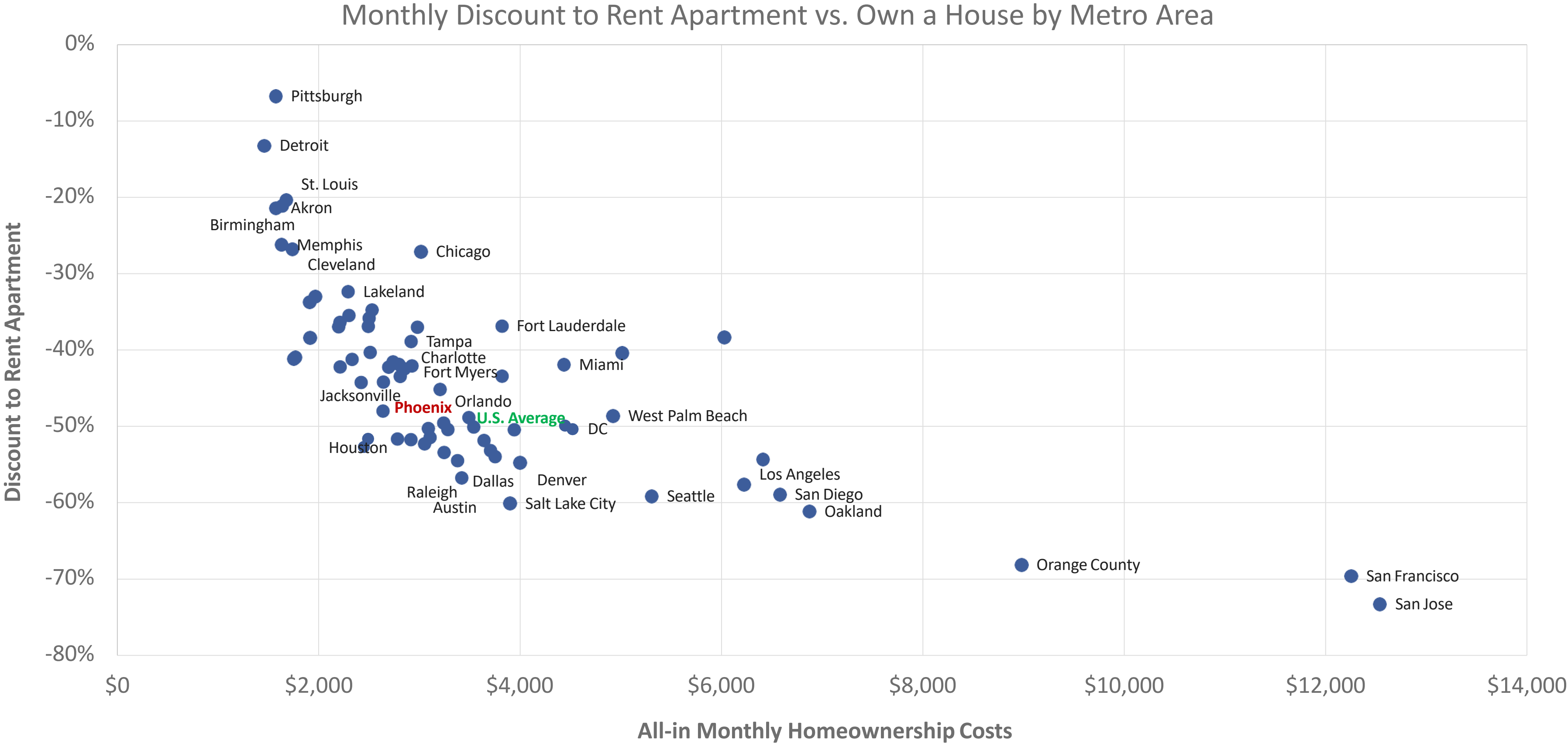
US Young Adults (Age 25–34) Not Yet Living On Their Own

Share Living in Parents/Grandparents' Home



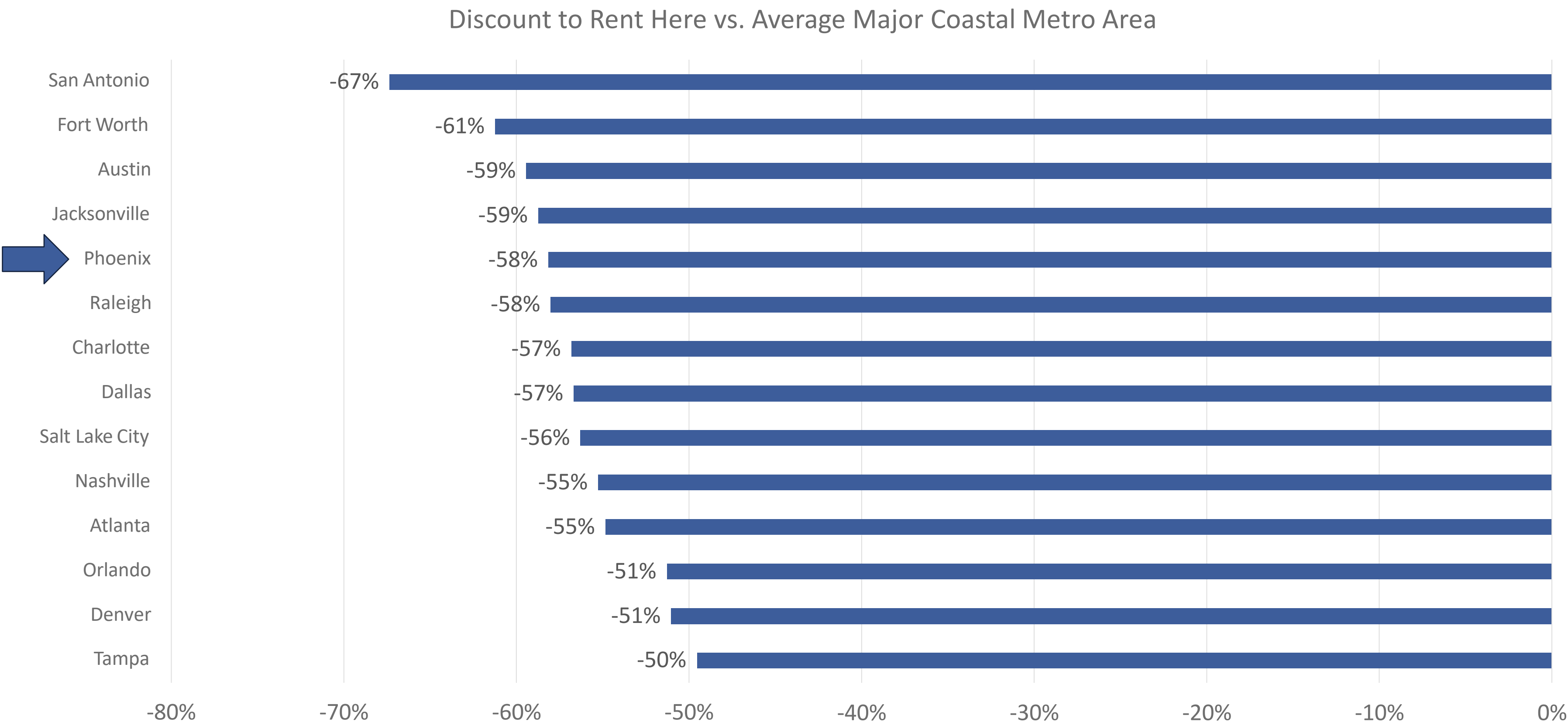
Additional roommates are people living in households where they are neither the householder nor in a family or romantic relationship with the householder.
Source: John Burns Research and Consulting, LLC tabulations of U.S. Census Bureau Basic Monthly Current Population Survey (Data: 2018-2023)

How Much Cheaper is it to Rent Multifamily vs. Buy a House?



Sources: John Burns Research & Consulting. All-in homeownership costs include mortgage payment, taxes, maintenance, etc., for new homebuyers, estimated by JBREC.

Discount to Rent in High-Supply MSAs vs. Major Coastal MSA



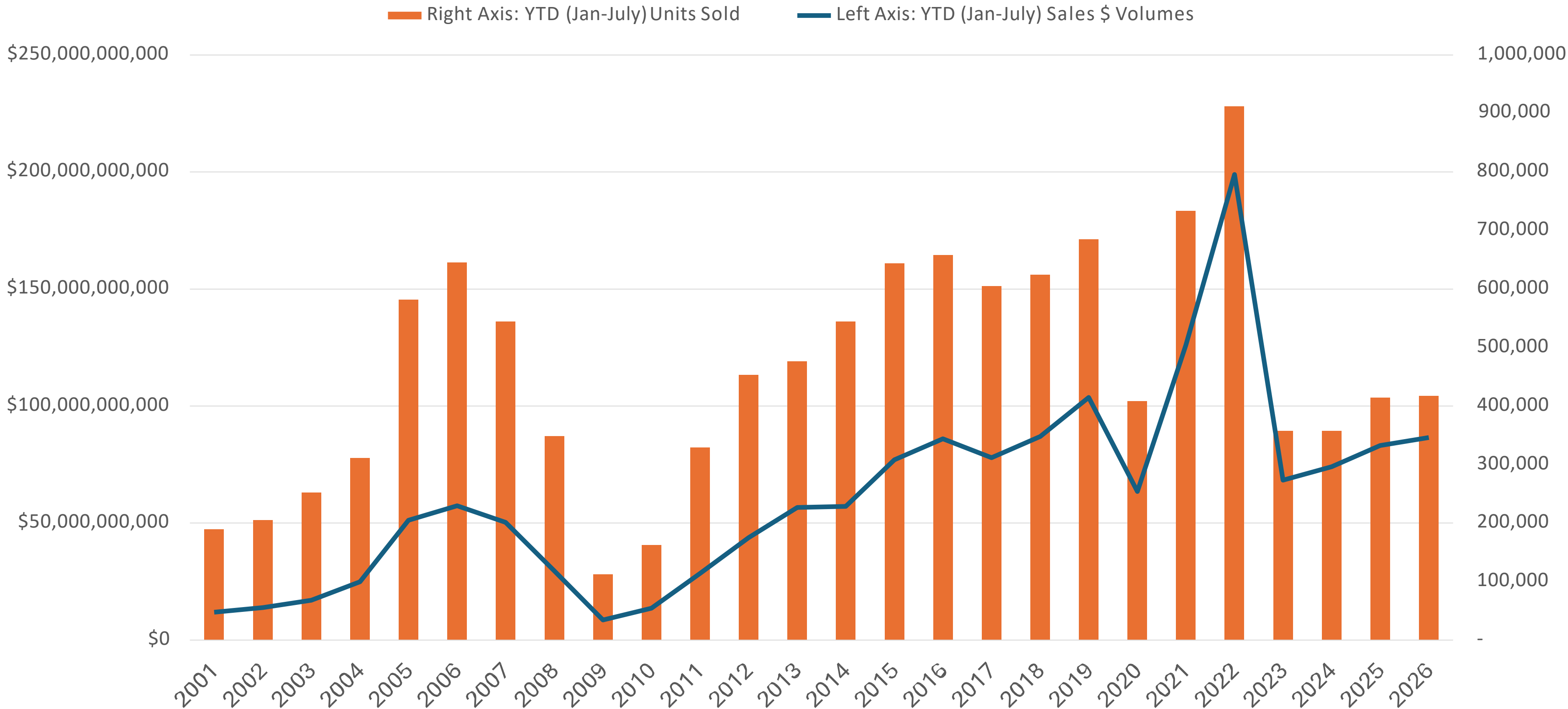
Sources: JPI research, RealPage Market Analytics. Coastal average includes New York, Boston, Washington DC, Los Angeles, Bay Area, Seattle

#6

**When Will
Apartment
Transactions
Pick Back Up?**

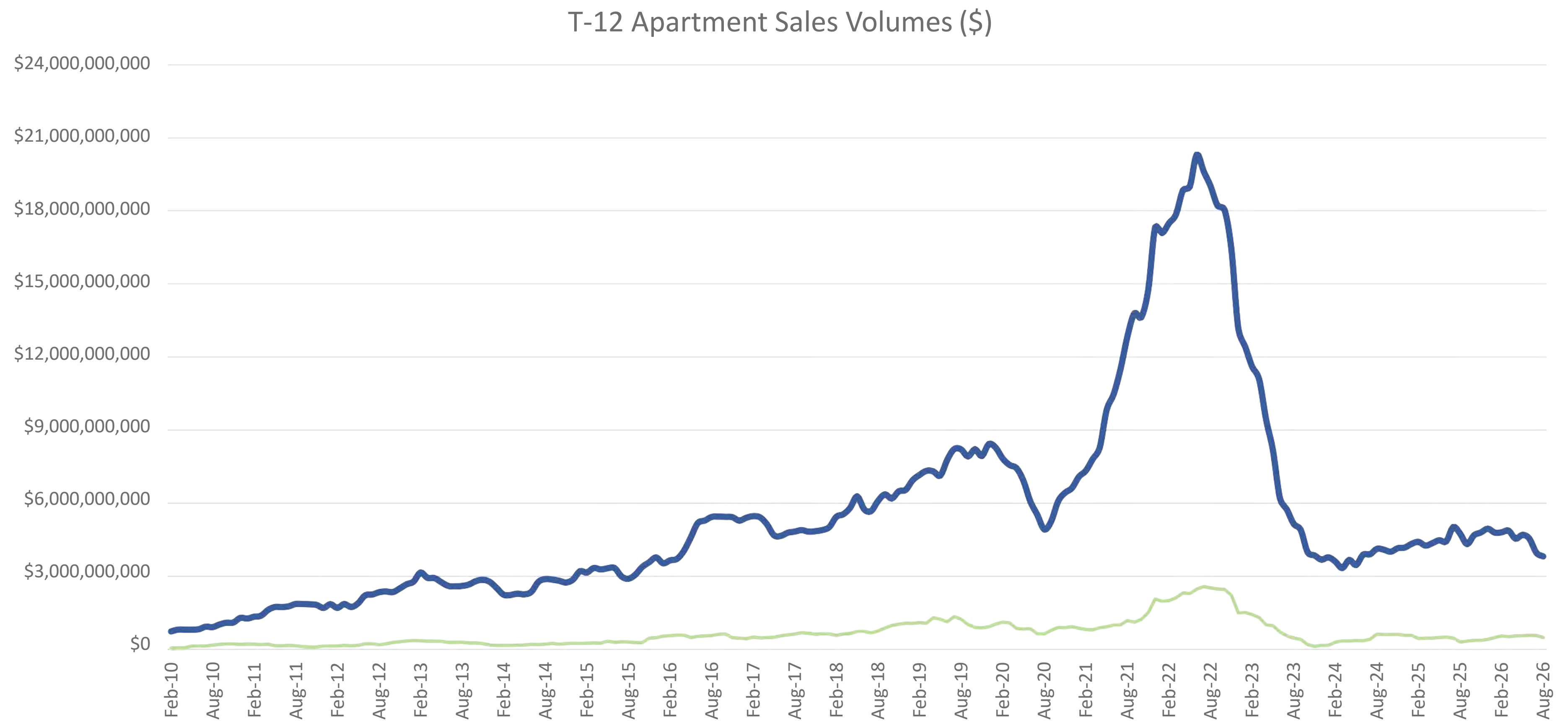
Year-to-Date Apartment Sales are Up Only Slightly From Trough

YTD U.S. Apartment Sales, January through July, by Year



Source: JPI research MSCI Real Capital Analytics

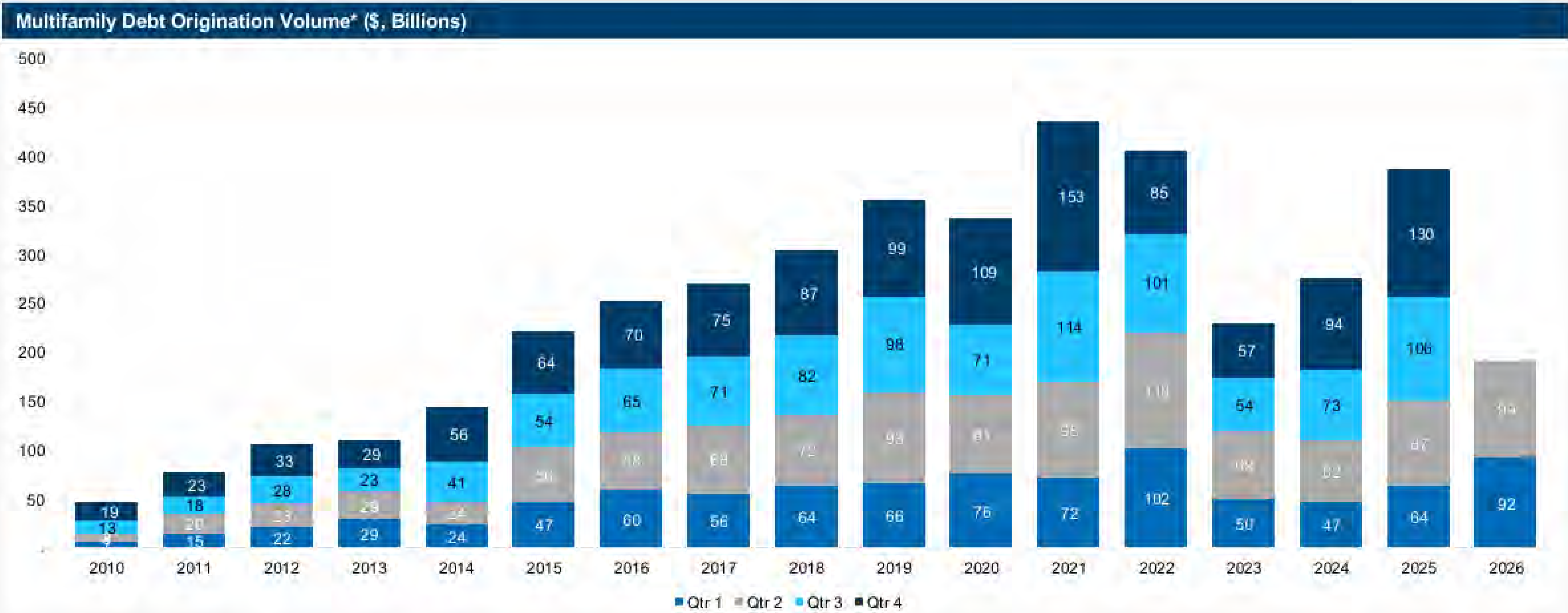
Apartment Sales Stagnating in Arizona, But Buyer Interest Isn't Issue



Source: JPI research, MSCI Real Capital Analytics

Multifamily Debt Originations Accelerated 26% Year-Over-Year in 1H26

Activity gained momentum in the first half of 2025 and has extended through the first half of 2026, accelerating 26% year over year. Borrowers benefited from narrow loan spreads, improved confidence in fundamentals as construction slowed, and continued momentum starting in the second half of 2024.

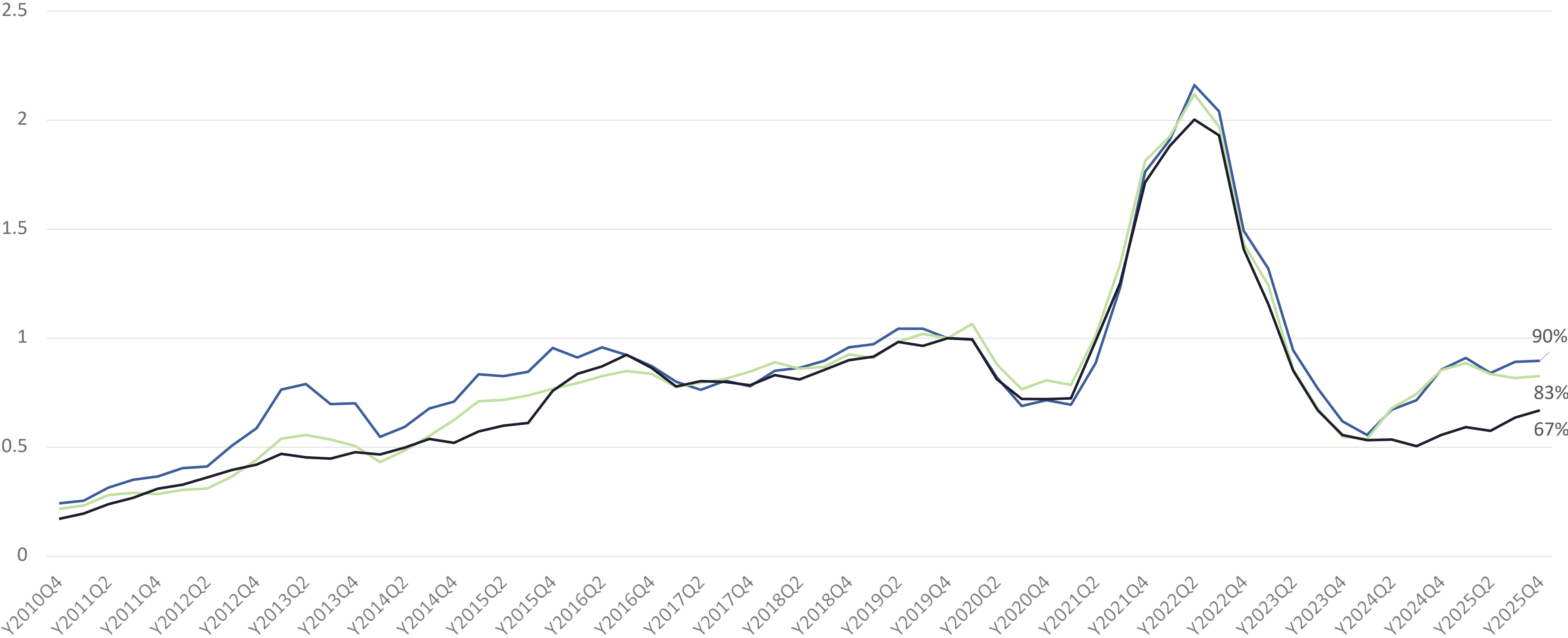


Source: RCA, Newmark Research as of 7/14/2026
Note: loan origination volumes are adjusted for future expected revisions using Newmark's proprietary models

Multifamily Buyers Today Heavily Favor Higher-Rent Submarkets

Apartment \$ Sales Volume by Submarket Rent Tier, Indexed to Q4'19

High-Rent Submarkets Mid-Rent Submarkets Low-Rent Submarkets

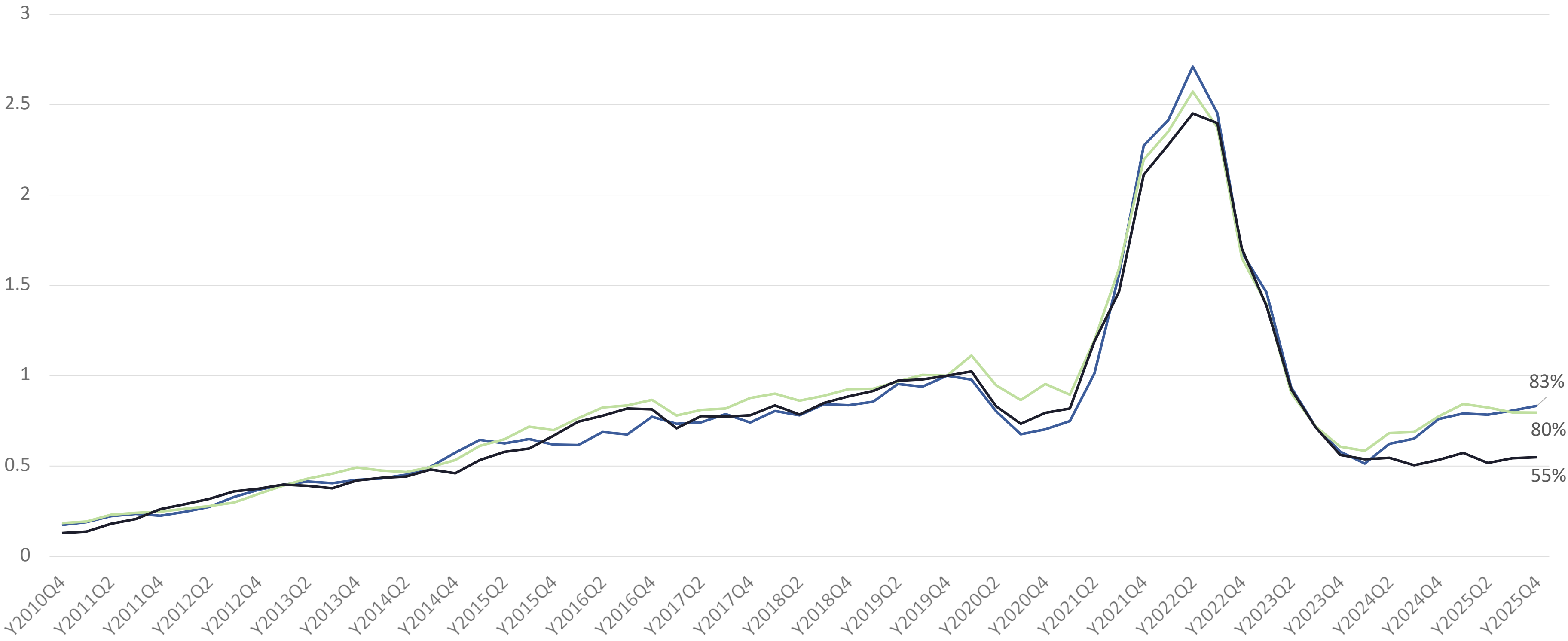


Source: JPI research, MSCI Real Capital Analytics. Rent tiers are based on the submarket's positioning relative to its parent market's average rent.

That's Especially True in the Sun Belt and Mountains Markets

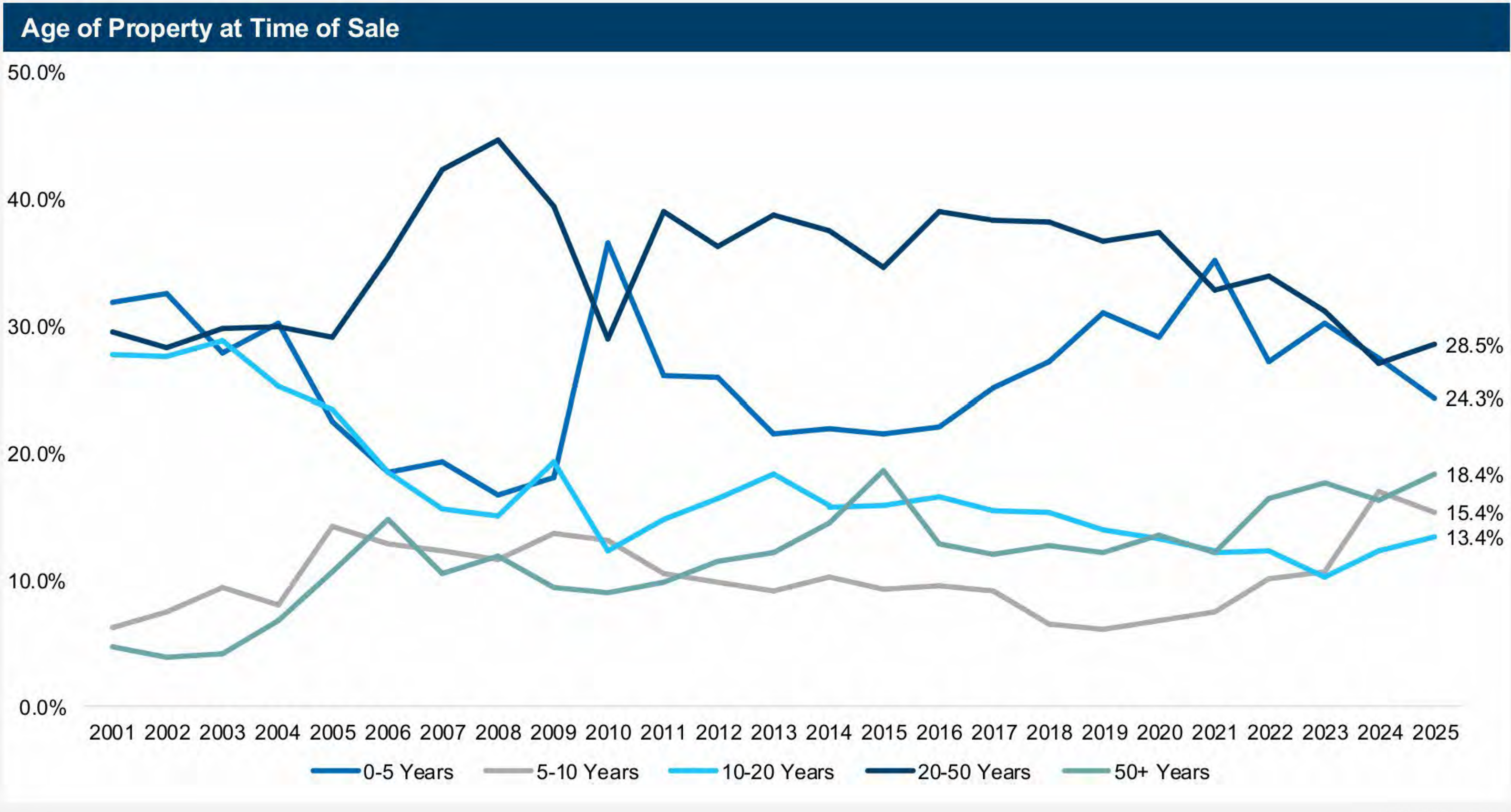
Sun Belt/Mountains: Apartment \$ Sales Volume by Submarket Rent Tier, Indexed to Q4'19

High-Rent Submarkets Mid-Rent Submarkets Low-Rent Submarkets



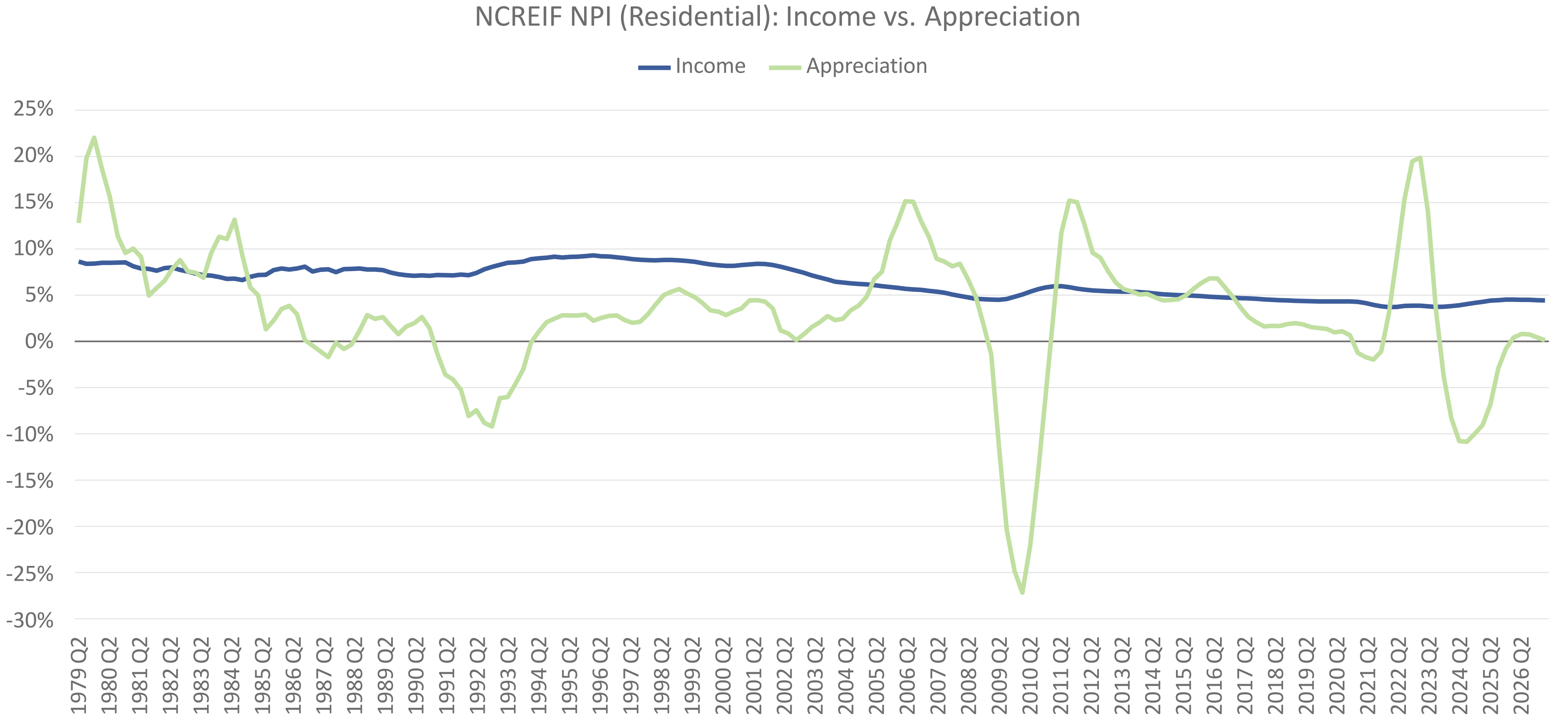
Source: JPI research, MSCI Real Capital Analytics. Rent tiers are based on the submarket's positioning relative to its parent market's average rent.

Buyers Heavily Favor Newer Apartments



NEWMARK

Investors are Increasingly Dependent on NOI, Not Appreciation



Source: JPI research, NCREIF

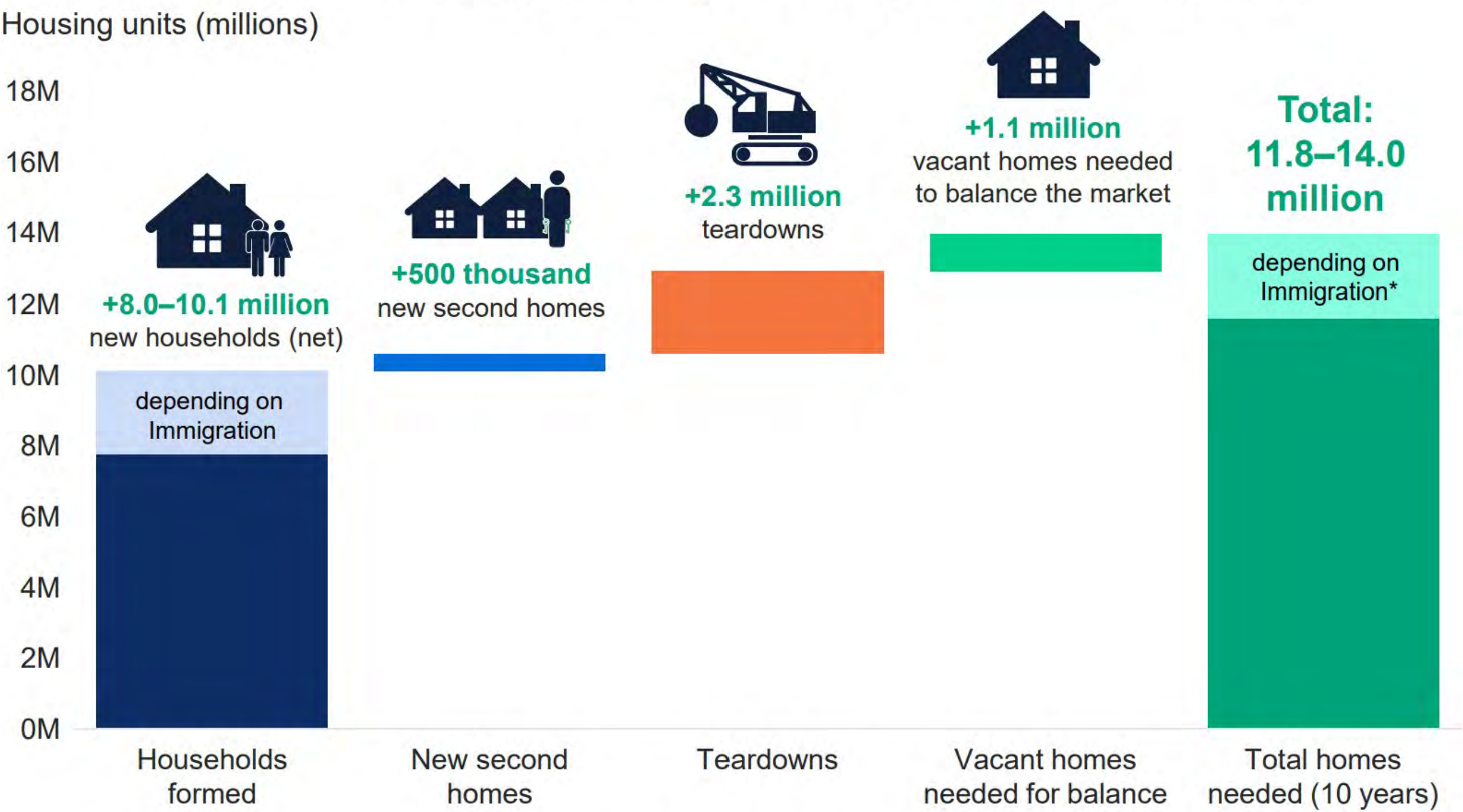
Most Researchers Still Say We’re Undersupplied of Housing

Organization	Estimated US Housing Shortage (Number of Homes)	Published	Shortage Calculation and Assumptions
JBREC	1.0 million	March 2026	Additional vacant units (for sale and for rent) to close vacancy rate gap between current and 1994-2003 average
NAHB	1.2 million	February 2026	Additional units needed to close metro vacancy rate gap between current and 2005-2024 average
Moody’s Analytics, Urban Institute	2.0 million	July 2025	Pent-up households + closing vacancy gap between current and 1985-2000 average)
Freddie Mac	3.7 million	January 2025	Missing households due to affordability only + closing vacancy gap between current and 1994-2003 average
Up for Growth	3.78 million	November 2025	Closing vacancy gap between current and 5%
Realtor.com	4.03 million	March 2026	Housing starts deficit vs. households since 2012 + 18-44 missing HHs
Zillow	4.7 million	July 2025	Additional homes that would house all doubled-up families minus vacant homes available for sale or rent

Focuses on estimates published and/or updated in 2025–2026 only.
Source: John Burns Research and Consulting, LLC, various publicly available estimates (Pub: Mar-26)

Burns: 1.2-1.4m New Homes Needed Per Year Over Next Decade

10-Year Projected US Housing Demand (2025–2034): For Sale and For Rent



Sources: U.S. Census Bureau; John Burns Research and Consulting, LLC (Pub: Dec-25)



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jay@jayparsons.com



OCTOBER 9, 2026

Perspectives & Projections

RENAISSANCE PHOENIX DOWNTOWN

03

SESSION | 9:45 – 10:30 AM

Economic Outlook

Xandon Keating

Deputy Director, City of Phoenix





Phoenix Economic Outlook

Xandon Keating, Deputy Director
City of Phoenix

Arizona Multihousing Association



Shaping the Phoenix Economy



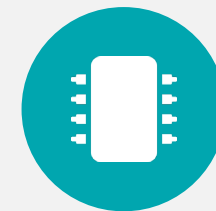
People

Population growth and the changing mix of migration



Jobs

A more diversified, higher-wage employment base



Investment

Semiconductors, life sciences, and new business locates



Development

City-owned land, redevelopment, and infrastructure

The question for this room: how do these four areas translate into apartment (or housing) demand, supply, and opportunity?

The Phoenix Economy Today

Key indicators for the City of Phoenix and the Phoenix-Mesa-Chandler MSA

\$329B

ECONOMIC OUTPUT (GDP)

Maricopa County real GDP rose \$14.5B, or 4.63%, from 2023 to 2024

2.4M

JOBS

Phoenix MSA jobs grew 1.2% from July 2025 to July 2026

4.7%

UNEMPLOYMENT

Phoenix's unemployment rate is stable compared July 2025

\$85,246

MEDIAN HOUSEHOLD INCOME

Household income continues to grow with the economy

33.6%

EDUCATIONAL ATTAINMENT

Share of residents 25+ with a bachelor's degree or higher keeps rising

1.14M

LABOR FORCE

Phoenix's civilian labor force, with 68.2% participation

Phoenix Keeps Adding People at a Top-Tier Pace

Phoenix is the nation's 5th-largest city and anchors its 10th-largest metro

5.23M

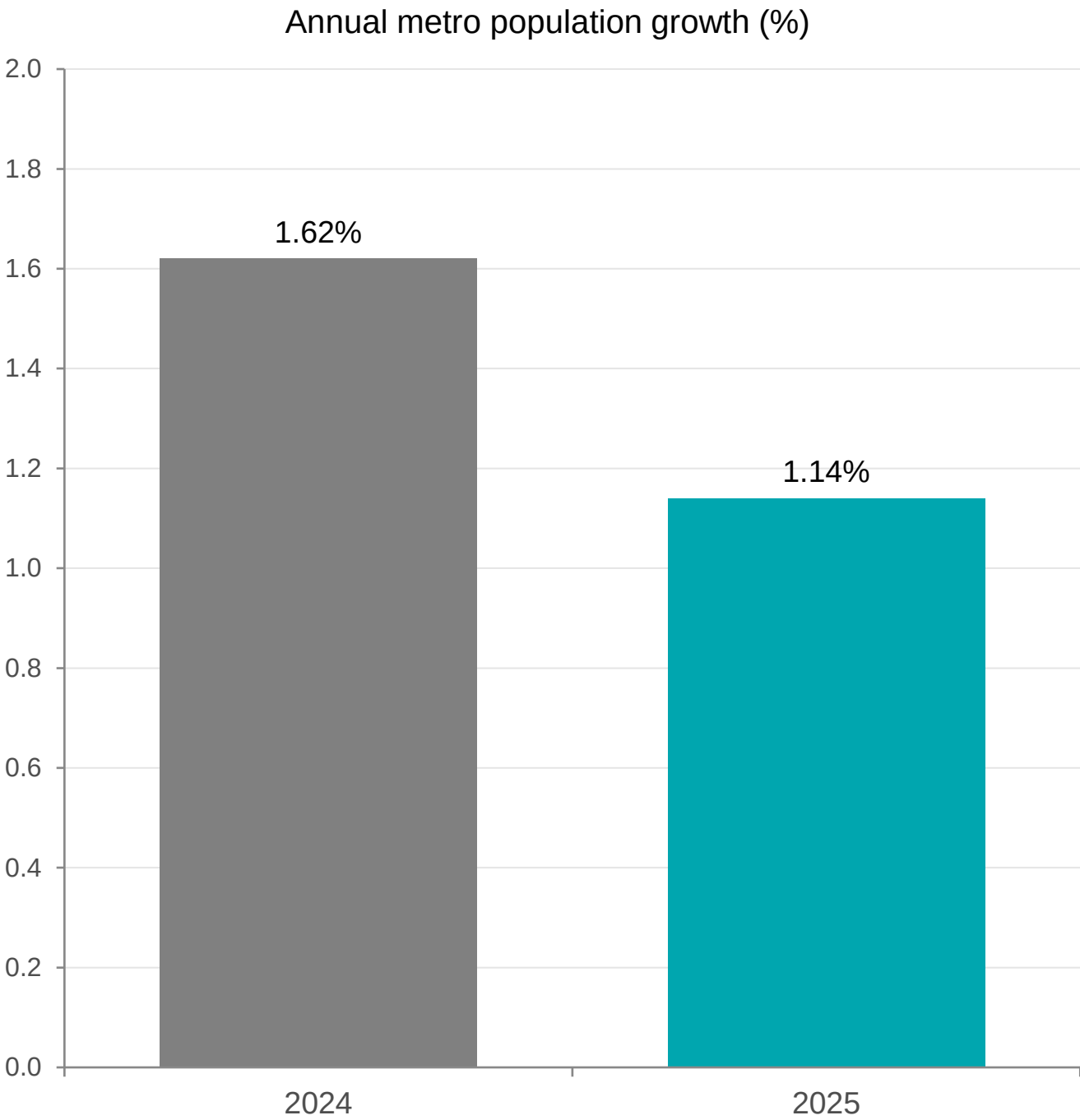
metro residents as of July 2025

+59,065

residents added in 2025, the 4th-largest gain in the country

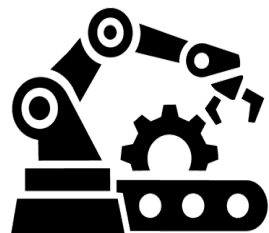
+377,643

residents added since 2020, about 7.25% cumulative growth



A More Diversified, Higher-Wage Economy

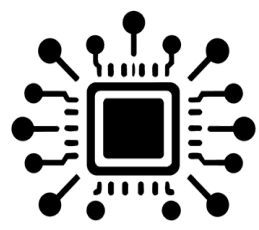
City of Phoenix target industry sectors and their job growth



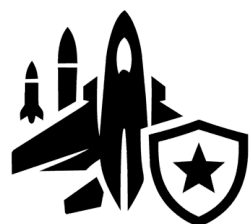
Advanced
Manufacturing and
Semiconductors



Biosciences and
Healthcare



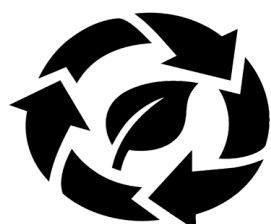
Quantum and
Advanced
Technologies



Aerospace and
Defense

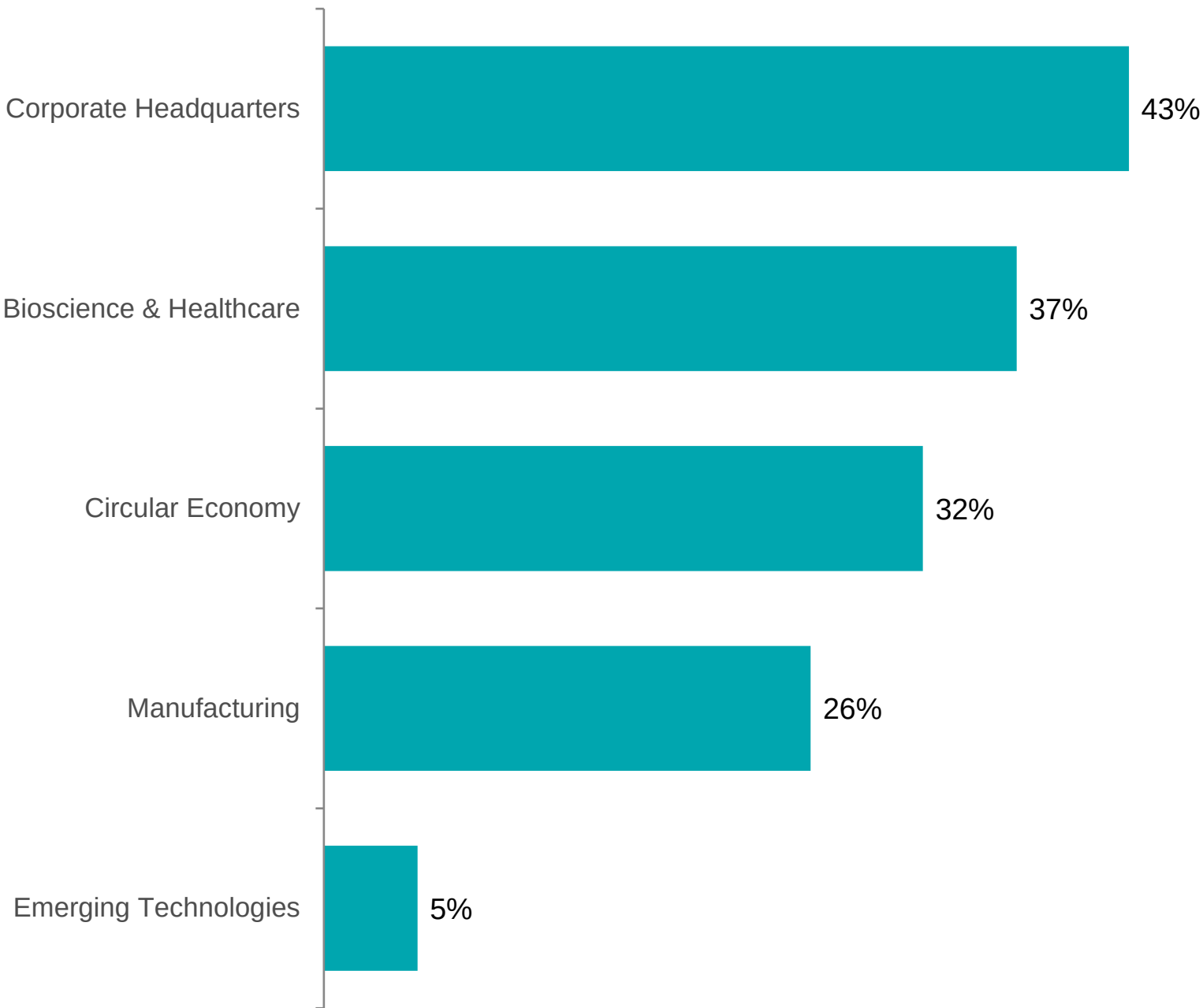


Business and
Professional Services



Climate Tech and
Resiliency

Job growth in target industries, 2010–2024 (%)



Facilitating Investment and Job Creation

City of Phoenix Community & Economic Development results, July 2025 through May 2026



20

business locates



6,369

jobs created



3M

SF of new commercial
space occupied



\$22.2B

in capital investment



\$90,885

average salary per job
created

For multifamily: A \$90,885 salary supports about \$2,270 in monthly rent under the 30% affordability guideline, above Phoenix's current average asking rent. As Phoenix continues to attract higher-wage jobs, these workers strengthen demand for new, high-quality housing and support continued multifamily investment across the City.

TSMC Is Anchoring a Semiconductor Ecosystem

North Phoenix: wafer fabs, advanced packaging, and R&D



\$265B

TSMC's total commitment, the largest foreign direct investment in U.S. history

62,000

estimated jobs at full build-out

40

supplier and sub-supplier locations already operating in Phoenix, including ASM, ASML, SUMCO, Sunlit, and FM Industries

For multifamily: suppliers and workers are concentrating in North Phoenix.

Continuing Growth in Central City



Downtown Residential Growth*

10,613
units
opened

1,768
units under
construction

2,798
units in
pre-development

**since 2015*

Transit Oriented Communities*

326
projects

\$11.6B
total
investment

\$8.4B
private
investment

** since 2004*

Life Sciences Investment Is Scaling Rapidly

Phoenix is a top-20 U.S. life sciences market (growth 2020–2025)

\$7B+

in new capital investment

15,000+

new quality jobs

8.5M+

SF of new primary facilities



ASU Health Headquarters

- 175,000 SF in the Phoenix Bioscience Core, Downtown Phoenix
- City of Phoenix is investing \$50M in the \$200M facility
- Home to the ASU School of Medicine and Medical Engineering; opens for the 2028–29 academic year

Investing in Phoenix's Workforce

Connecting Phoenix residents to quality jobs in growing industries



TSMC Technician Registered Apprenticeship

Employer-led training for semiconductor careers



Mobile Career Unit

630+ job offers made to residents



Innovation 27

Workforce training and education collaborative, opening summer 2027



Development

Where the City is unlocking the next wave of community focused growth

Unlocking the Next Development Opportunities

Three areas where the City is opening land for growth



Prime State Land in North Phoenix

Near the semiconductor and advanced manufacturing ecosystem, with room for large-scale employment, supplier, and commercial development



I-17 to Metro Redevelopment

Repositioning aging and underused properties along I-17, leveraging freeway access, light rail, and surrounding neighborhoods



Land Near Sky Harbor

Smaller, strategic parcels for compatible commercial and employment uses; 427 parcels have FAA authorization for sale or redevelopment

What it means for multifamily

- New employment land in North Phoenix creates demand for workforce housing nearby
- I-17 and light rail redevelopment opens infill and mixed-use sites
- Job centers near Sky Harbor support close-in rental demand

City-Owned Sites Ready for Redevelopment

Leveraging City-owned land to attract private investment and catalyze redevelopment

1

7th Avenue + Washington Street

Former Phoenix PD headquarters area at Downtown's western gateway; significant mixed-use opportunity

2

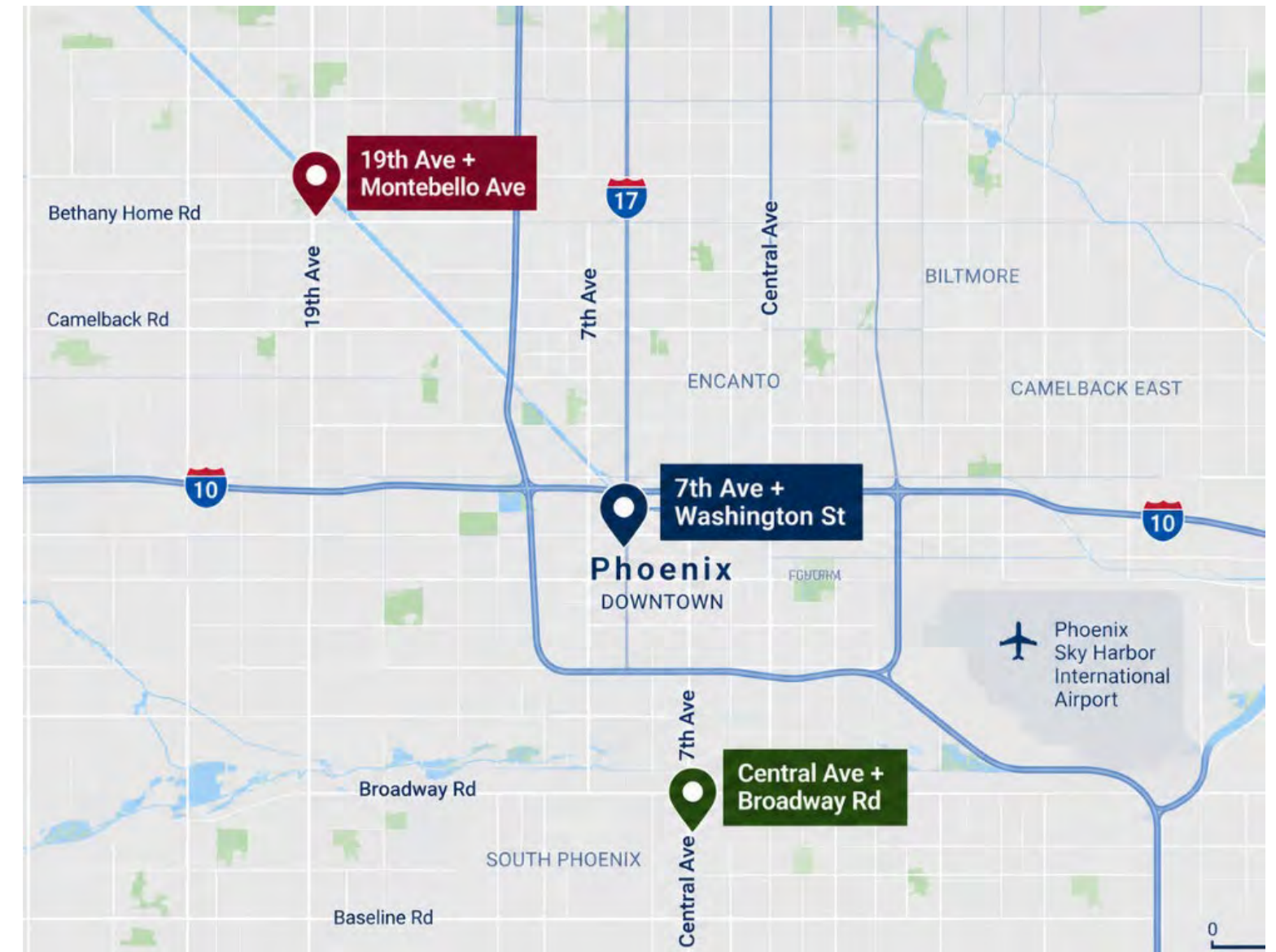
19th Avenue + Montebello Avenue

~10.2-acre site connected to the light rail station; zoned for mixed-use, commercial, and residential

3

Central Avenue + Broadway Road

Next to the South Central light rail extension; opportunity for mixed-use and multifamily



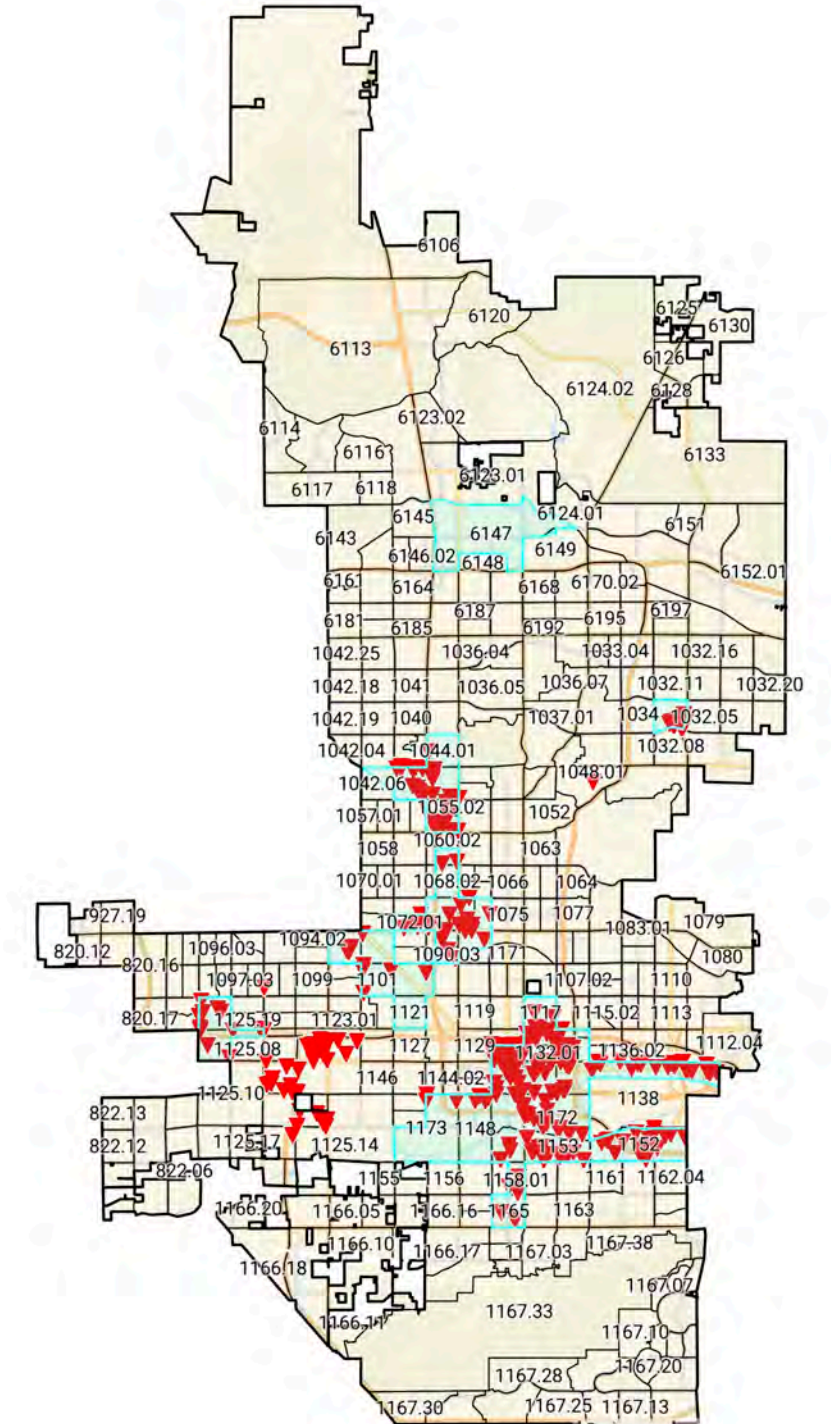
Two of the three sites are transit-oriented and zoned or targeted for residential use.

Opportunity Zones 2.0

A new round of federal designations begins January 1, 2027

- Permanent program, with new designations every 10 years
- Phoenix expects to have 30-34 designated tracts
- Qualified Opportunity Funds offer federal tax incentives for long-term investment in eligible communities
- The City aims to align zones with City-owned land, redevelopment areas, and transit corridors

Housing development in Opportunity Zones is a top priority and Phoenix is ready to partner with investors.



Infrastructure for Sustainable Growth

Prepared. Thoughtful growth. Value driven.



Water resiliency

- Pure Water Phoenix: advanced water purification at Cave Creek and North Gateway, with 91st Avenue to follow
- Bartlett Dam expansion to capture floodwaters now lost to spills and evaporation
- Secure Water Arizona: a first-of-its-kind voluntary water-sharing framework



Reliable power

#1

state for power grid reliability

47%

of Arizona's electricity from clean and renewable sources

60%

projected APS peak-demand growth over 14 years, from 8,000+ MW to 13,000+ MW



Impact on Multifamily

*Renter demand, new supply, and the
outlook for apartments*



Key Takeaways

1

Phoenix keeps growing

Still among the nation's top metros for population gains.

2

The jobs are higher-wage

\$22.2B in new investment, \$90,885 average salary, 62,000 TSMC jobs at build-out.

3

The City is opening land

City-owned transit sites and Opportunity Zones 2.0 create new projects.

4

Multifamily is turning the corner

Demand is outpacing new supply, setting up a gradual recovery.



 **PHOENIX IS HOT**

Let's connect

Xandon Keating, Deputy Director
200 West Washington St. 20th Floor
Phoenix, AZ 85003
Xandon.keating@phoenix.gov





OCTOBER 9, 2026

Perspectives & Projections

RENAISSANCE PHOENIX DOWNTOWN

04

SESSION | 10:45 – 11:30 AM

Arizona Market Perspective

Connor Devereaux

Director of Market Analytics, CoStar Group



About the Speaker



Connor Devereux

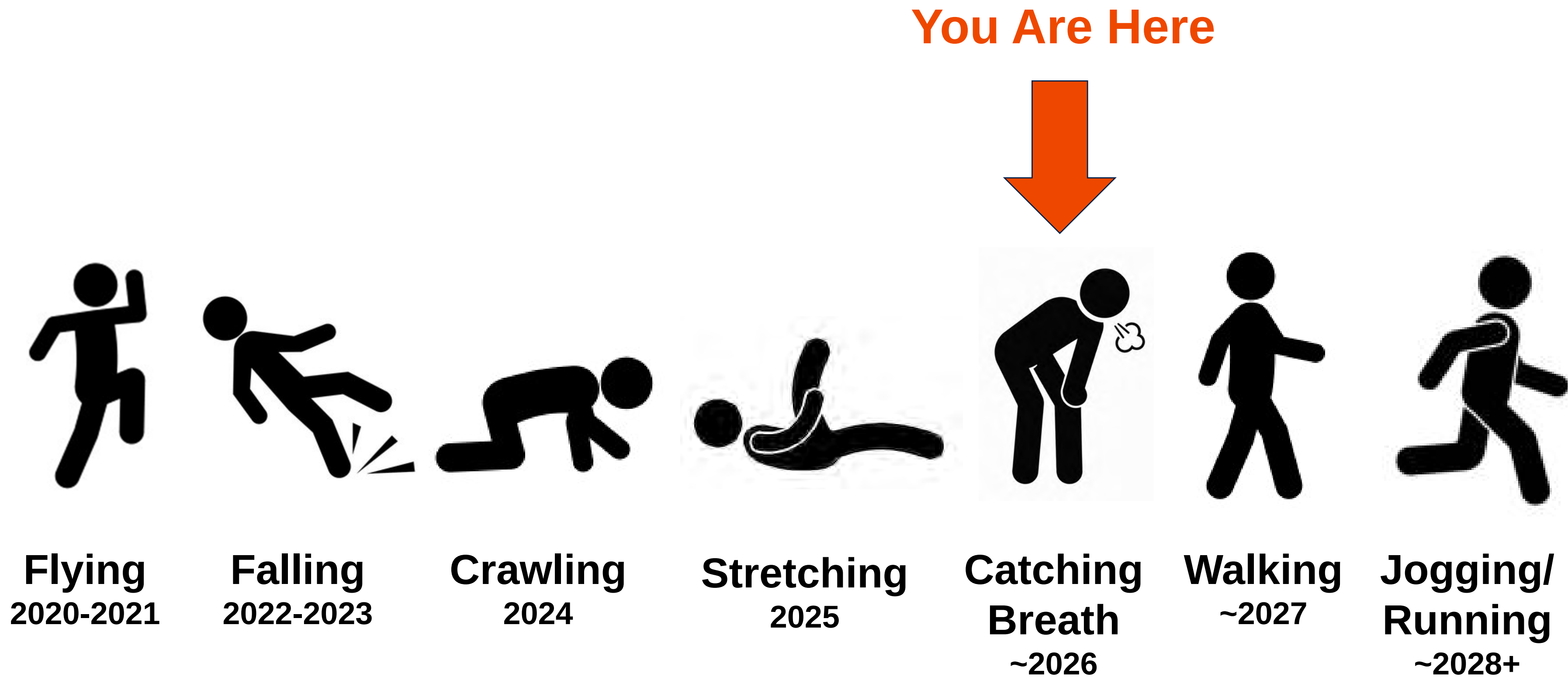
Senior Director of Market Analytics, Phoenix

- **Over a Decade of Commercial Real Estate Analytics Experience**
- **Phoenix-Native and Advocate - Born, Raised, & Educated in AZ**
- **Develops CoStar's Market Narratives for Arizona and Reno**
- **Coverage: Multifamily, Retail, Office, and Industrial**

**The first sign of improvement is that
conditions stop deteriorating.**



The Arizona Apartment Market's (Long) Road to Recovery



Phoenix Multifamily Supply & Demand

Sun Belt Markets Dominate the Multifamily Demand Ranking

Absolute Net Absorption

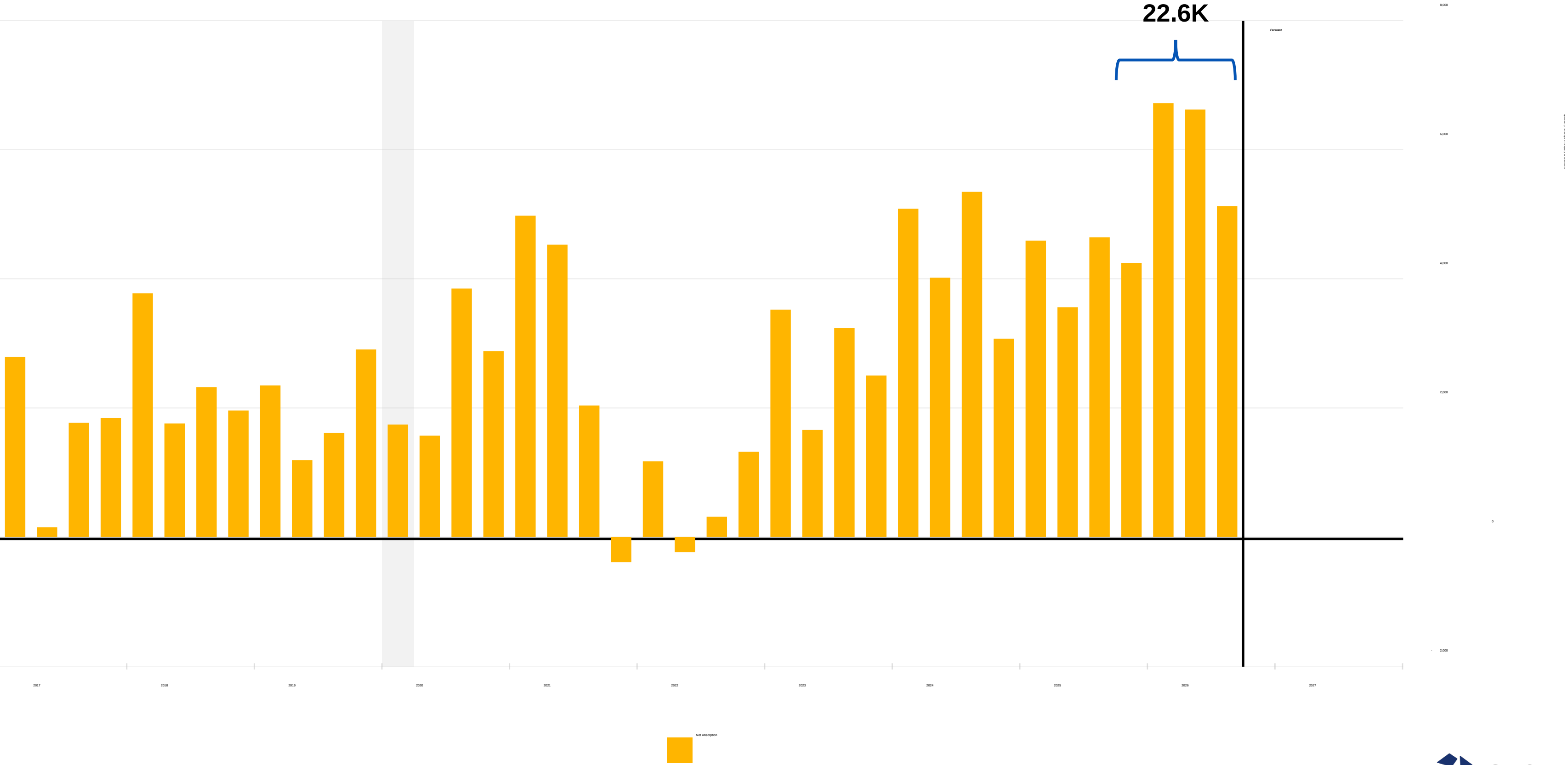
Rank	Market	Units Absorbed
1	Dallas-Fort Worth - TX	30,600
2	New York - NY	26,300
3	Phoenix - AZ	22,600
4	Austin - TX	21,000
5	Atlanta - GA	17,600
6	Charlotte - NC	15,300
7	Denver - CO	14,000
8	Orlando - FL	10,000
9	Houston - TX	9,600
10	Nashville - TN	9,400
11	Boston - MA	9,200
12	Columbus - OH	8,800
13	Philadelphia - PA	8,100
14	Los Angeles - CA	8,100
15	Washington - DC	8,000

Relative Net Absorption

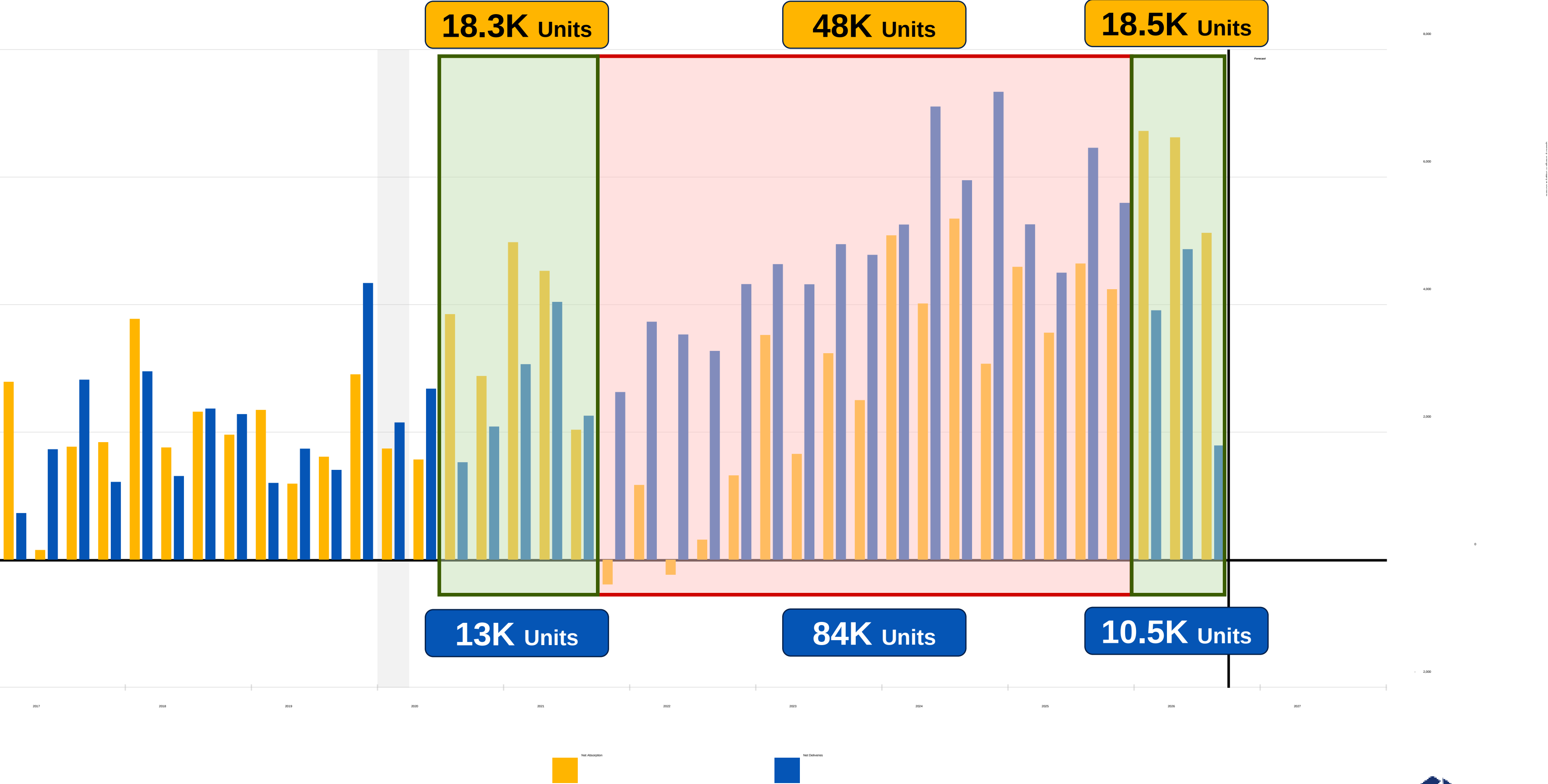
Rank	Market	% of Inventory
1	Austin - TX	6.1%
2	Charlotte - NC	5.9%
3	Phoenix - AZ	5.2%
4	Nashville - TN	4.9%
5	Raleigh - NC	4.7%
6	Charleston - SC	4.5%
7	Denver - CO	4.3%
8	Salt Lake City - UT	4.3%
9	Orlando - FL	4.1%
10	Jacksonville - FL	4.0%
11	Columbus - OH	3.7%
12	Miami - FL	3.7%
13	Fort Lauderdale - FL	3.3%
14	Dallas-Fort Worth - TX	3.2%
15	Atlanta - GA	3.2%

Trailing 12-months through 3Q 2026
Includes markets with at least 75,000 units of inventory
Source: CoStar, 2026 Q3

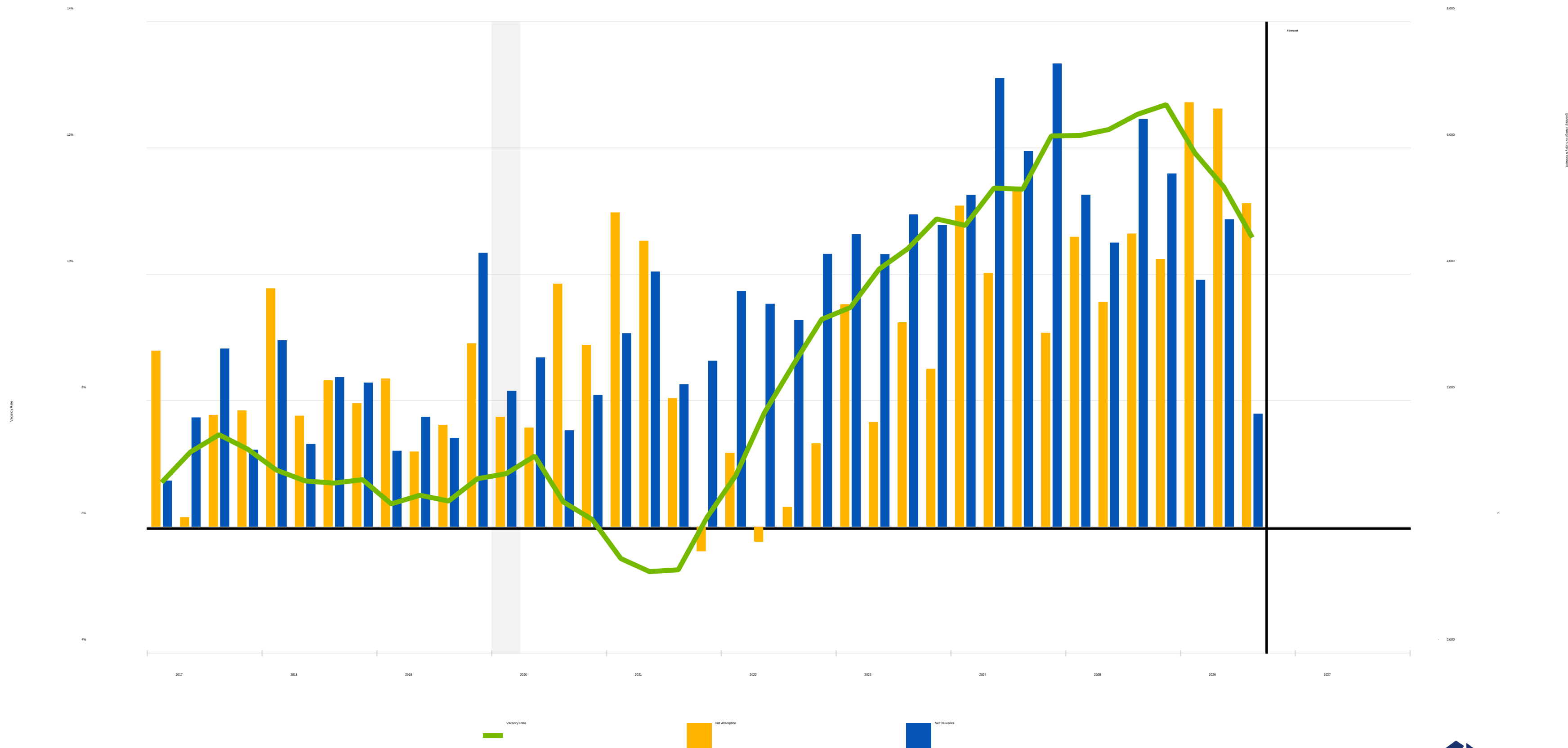
Phoenix Renter Demand Continues to Outperform



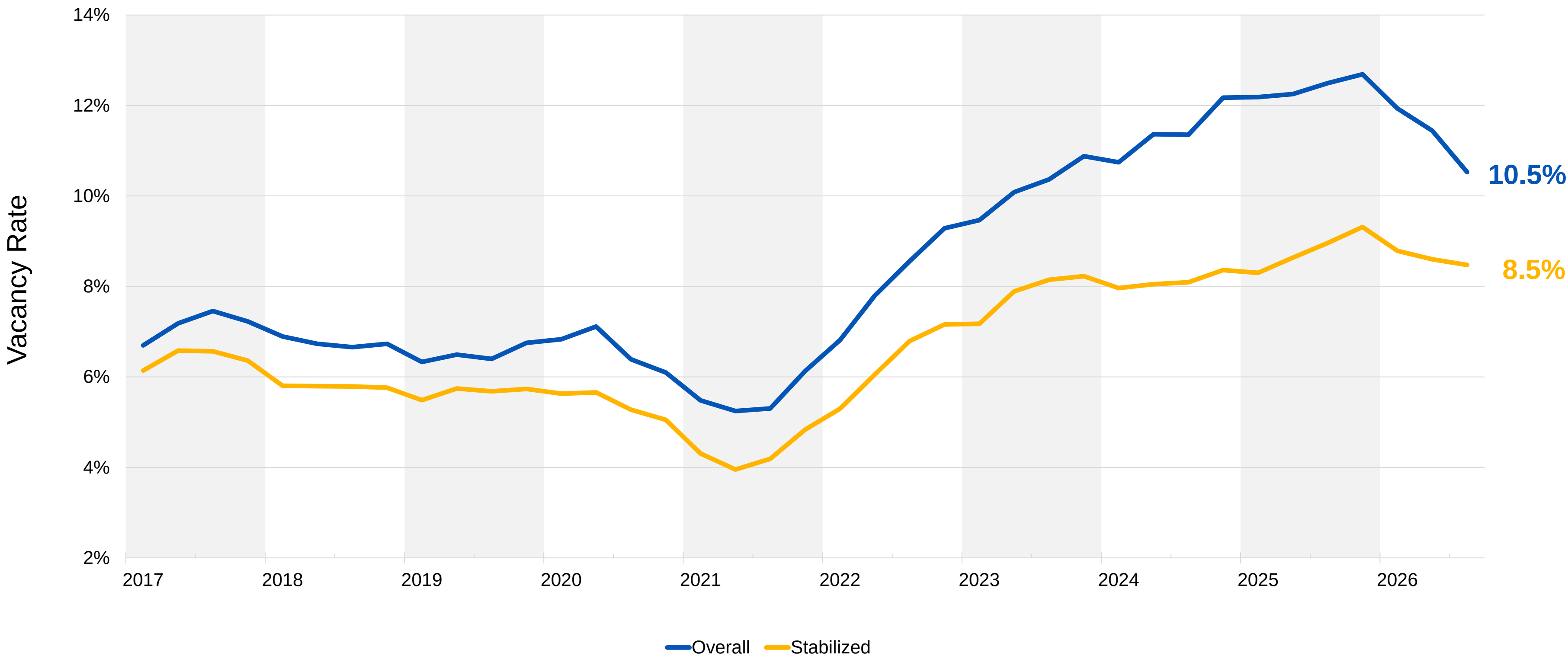
Layering in Supply Shows a Market Starting to Regain Balance



Phoenix's Overall Vacancy Rate Has Inflected



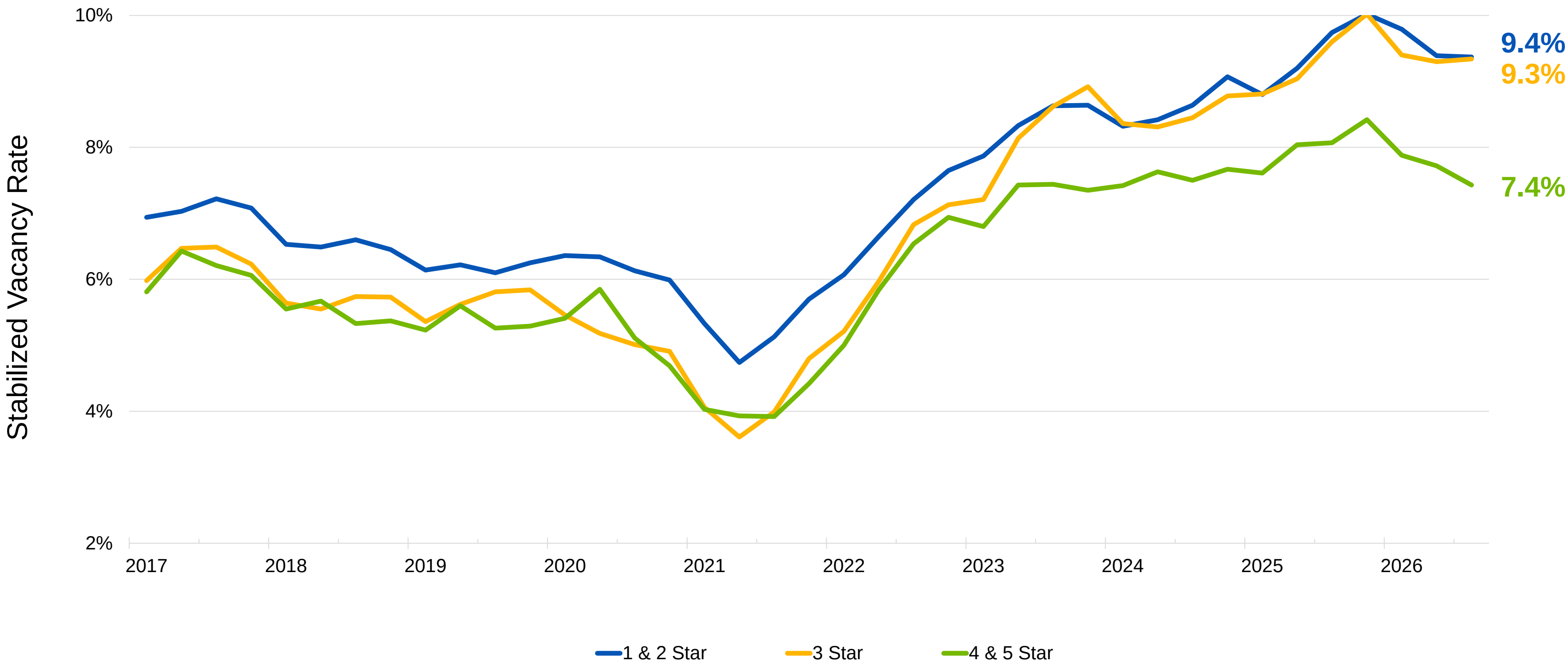
Stabilized Vacancy Is Improving Too



Stabilized vacancy includes buildings that have achieved 90% occupancy following delivery or are older than 18 months
Source: CoStar, 2026 Q3



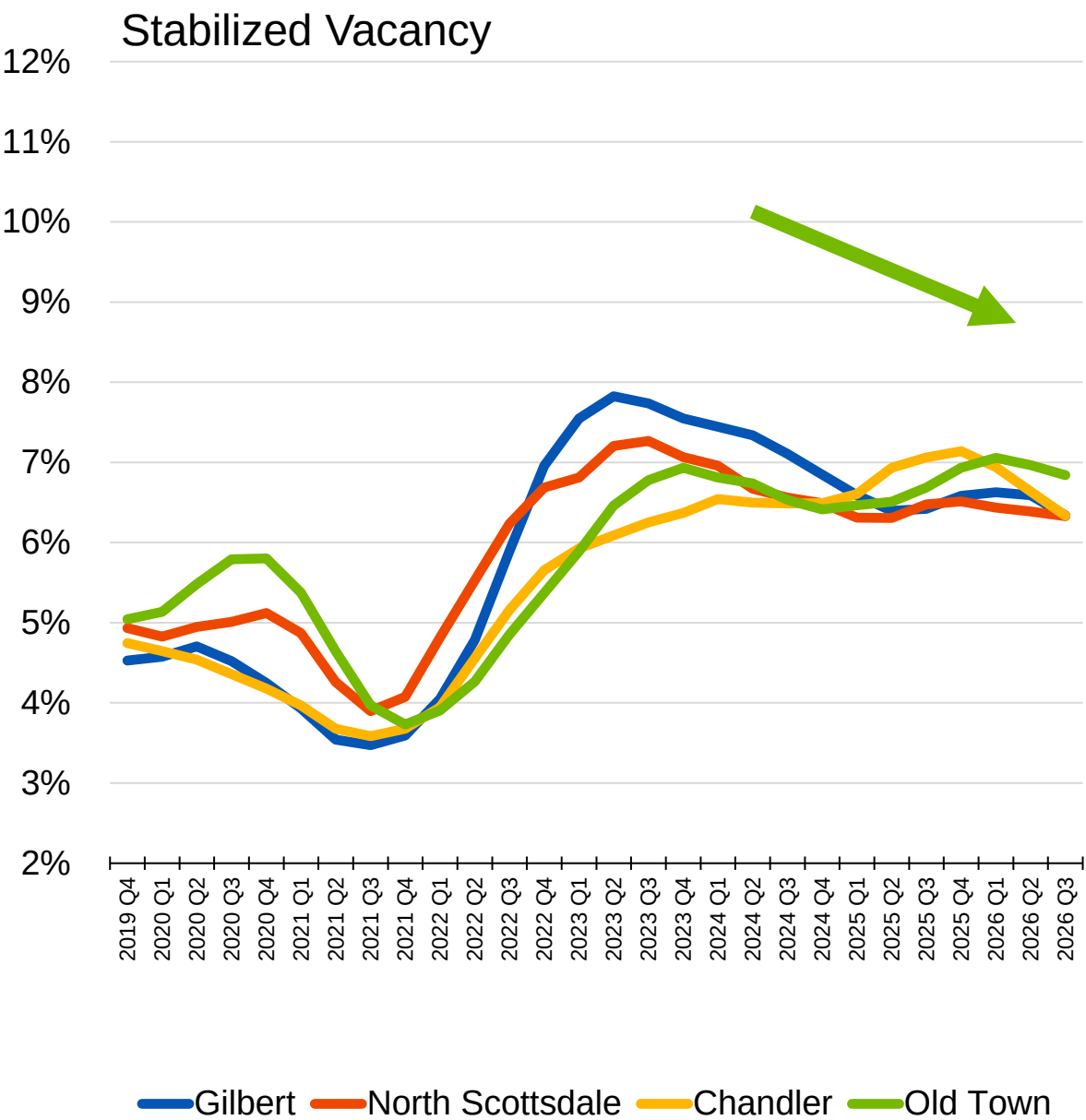
Phoenix Multifamily Stabilized Vacancy by Class



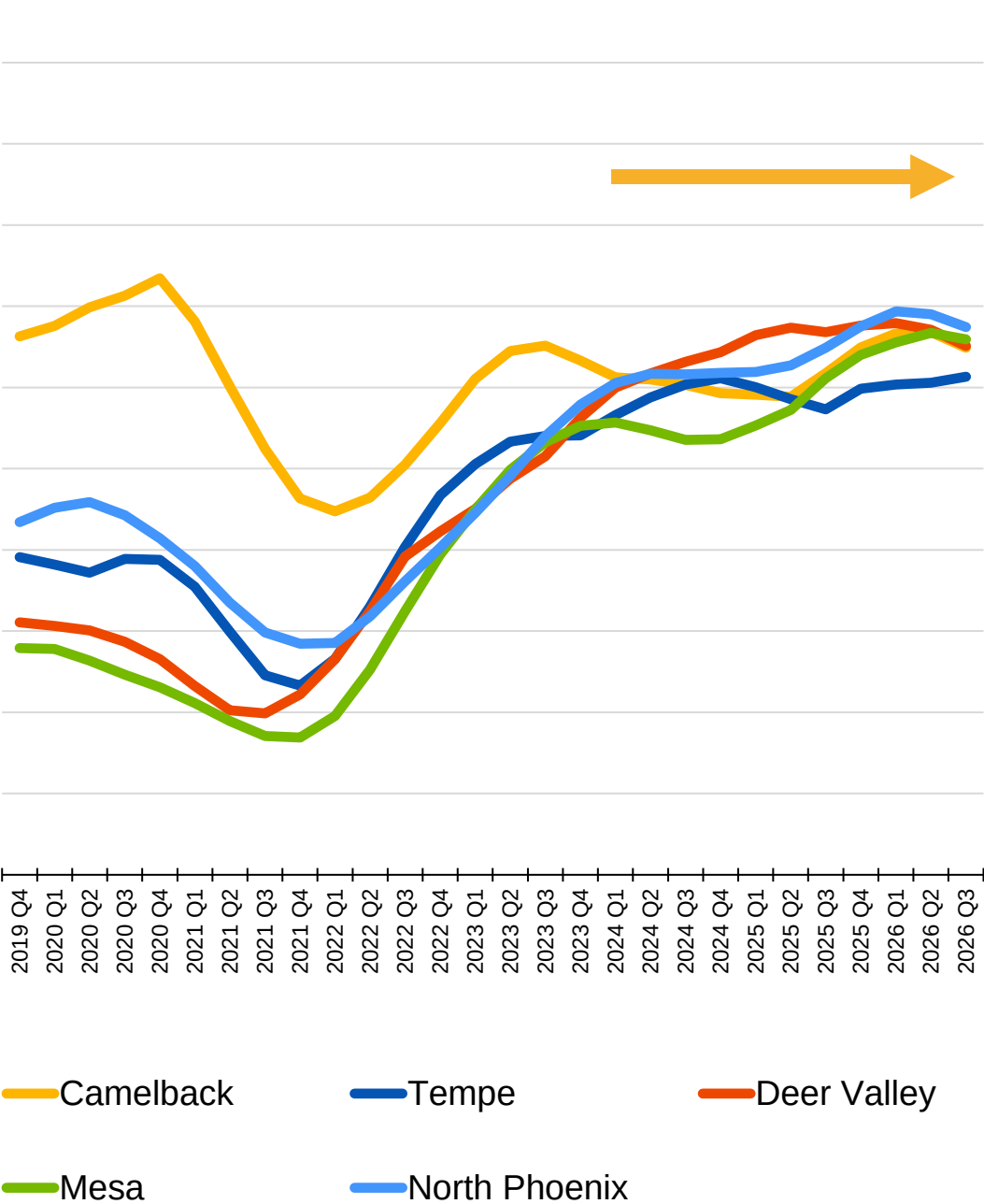
Stabilized vacancy includes buildings that have achieved 90% occupancy following delivery or are older than 18 months
Source: CoStar, 2026 Q3

Stabilized Apartment Vacancy Rate by Submarket

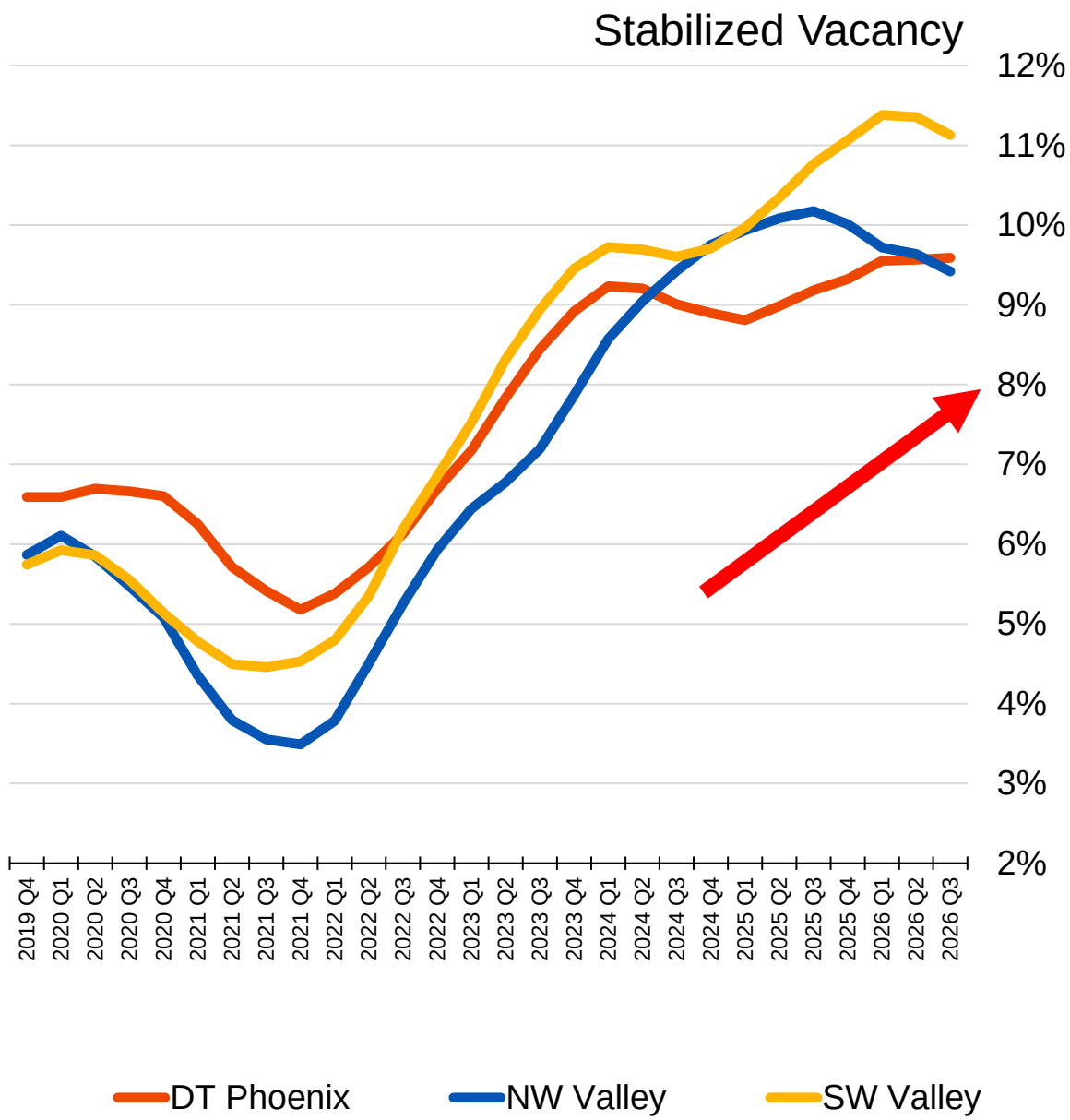
Outperformers



Middling

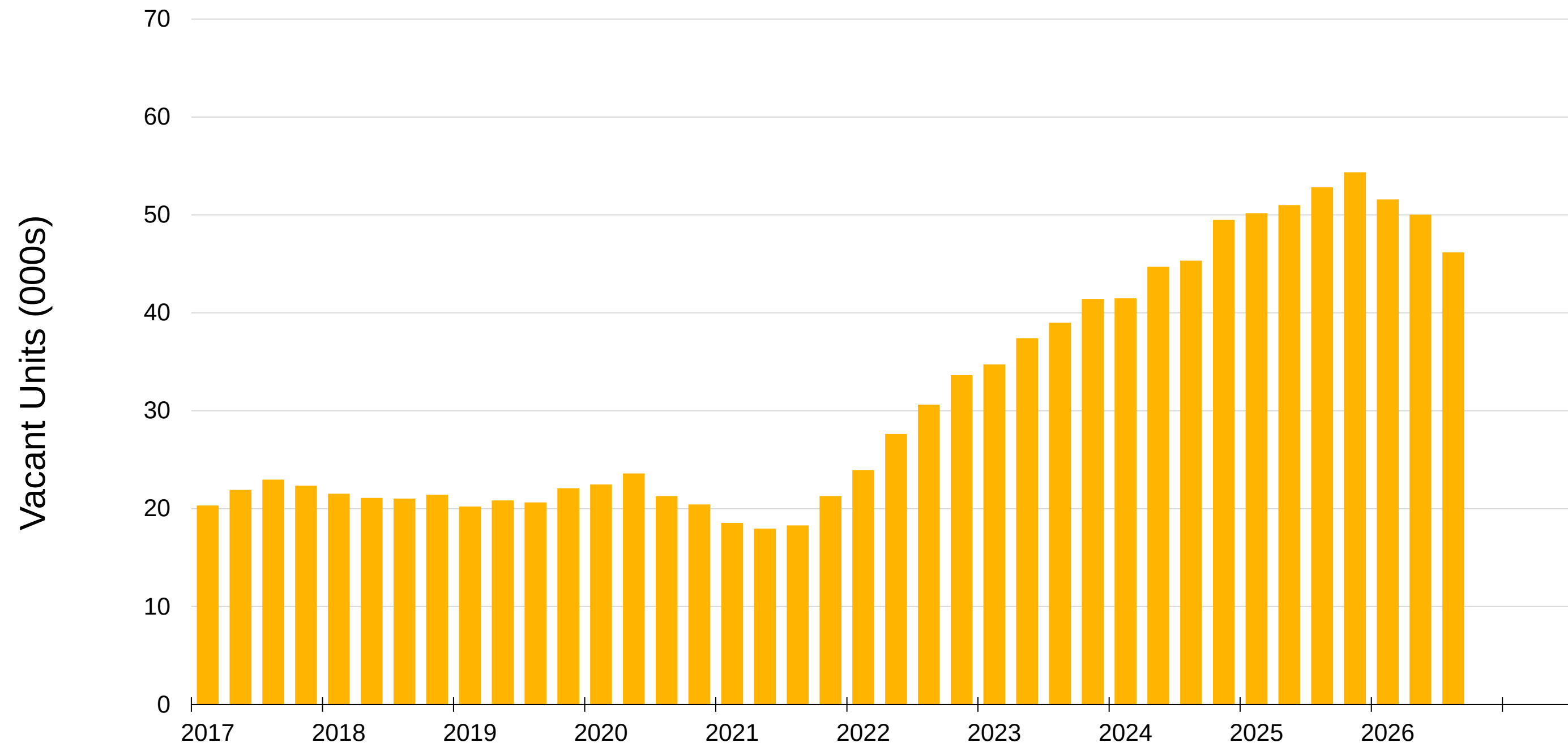


Laggards

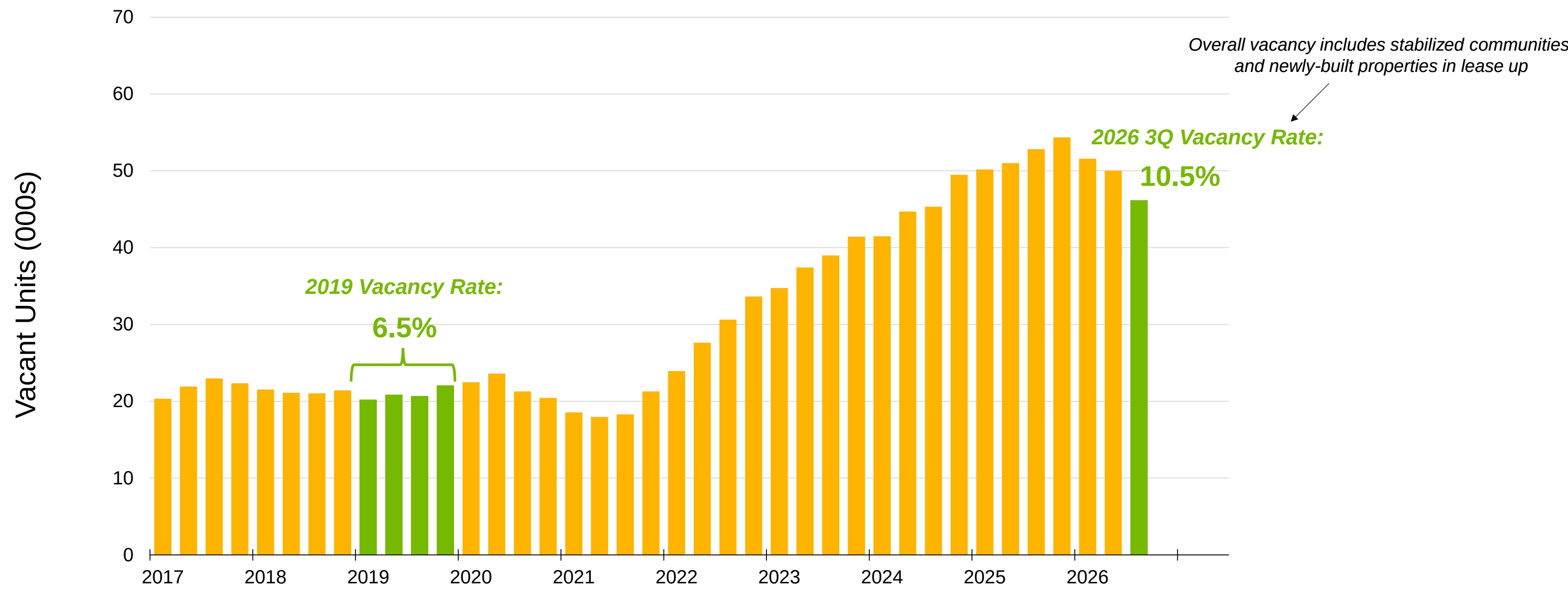


Source: CoStar, 2026 Q3
Note: Includes submarkets with at least 10,000 units of existing inventory;
Stabilized vacancy excludes newly built properties in lease-up until they have reached 90% occupancy or are older than 18 months

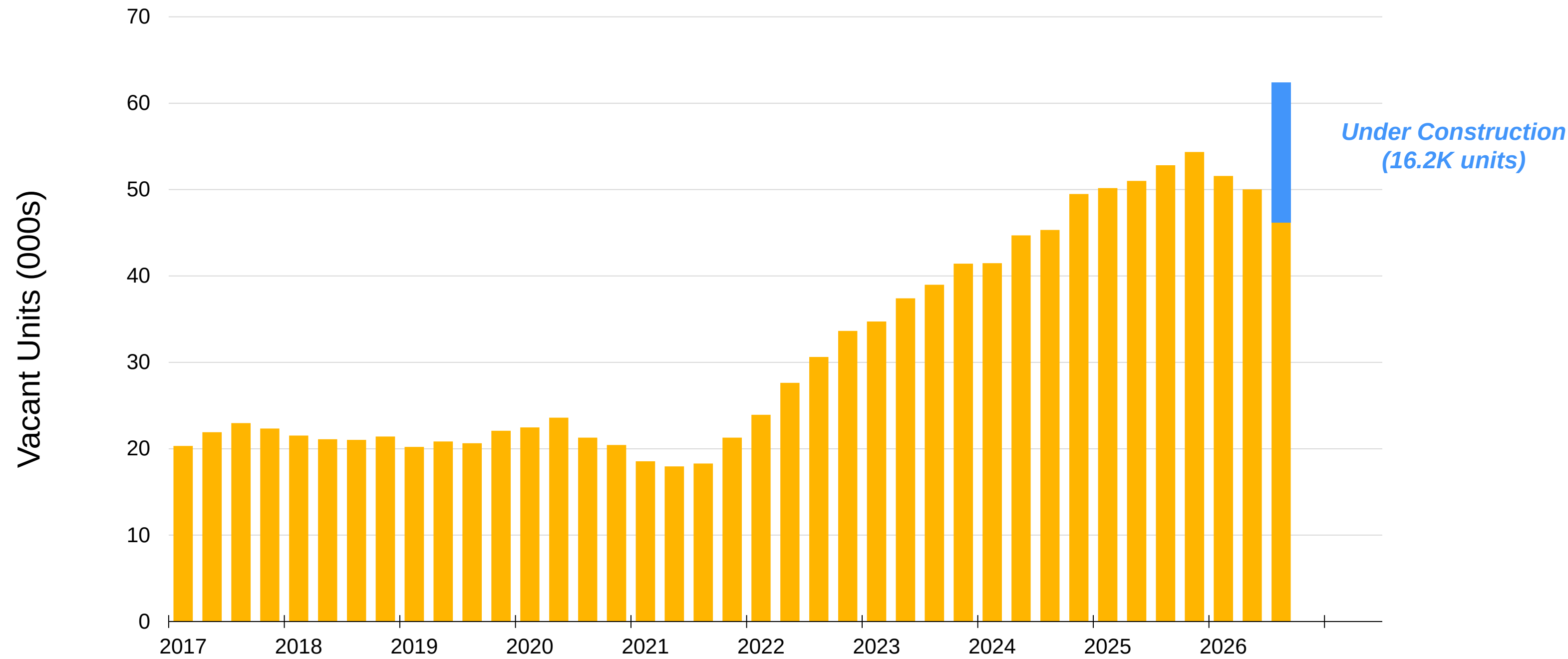
Phoenix Multifamily – Quantifying Excess Supply



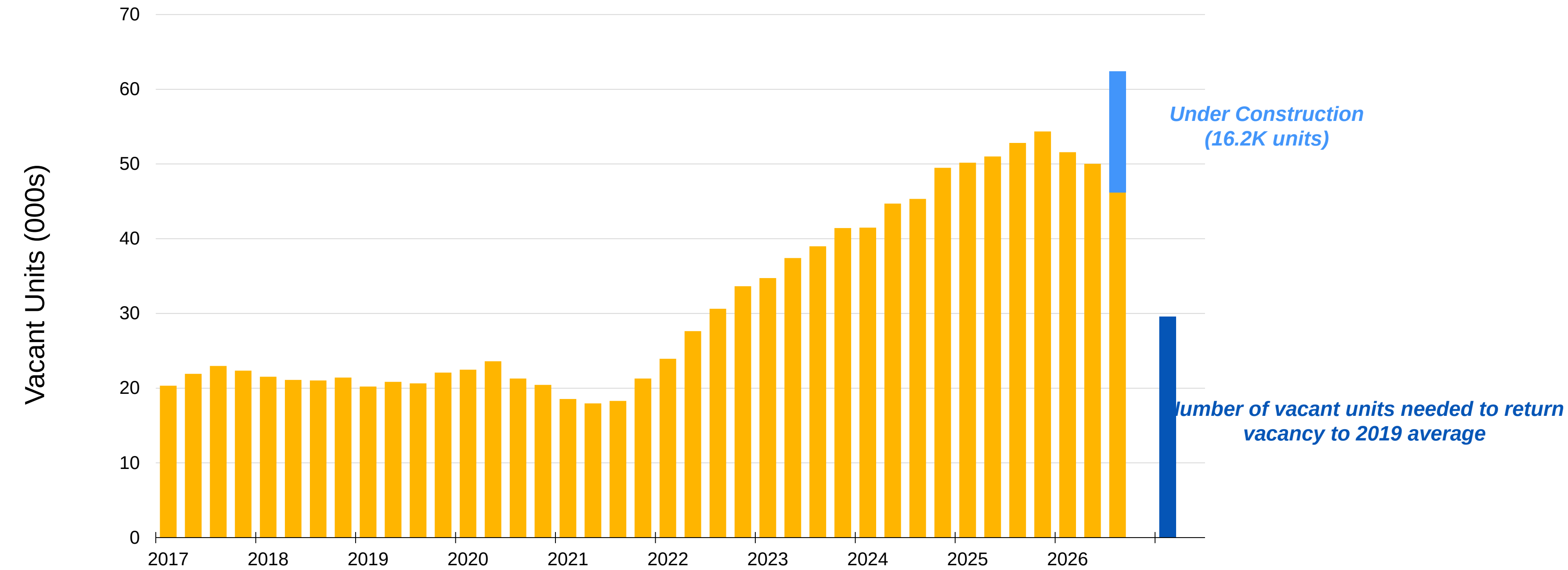
Phoenix Multifamily – Quantifying Excess Supply



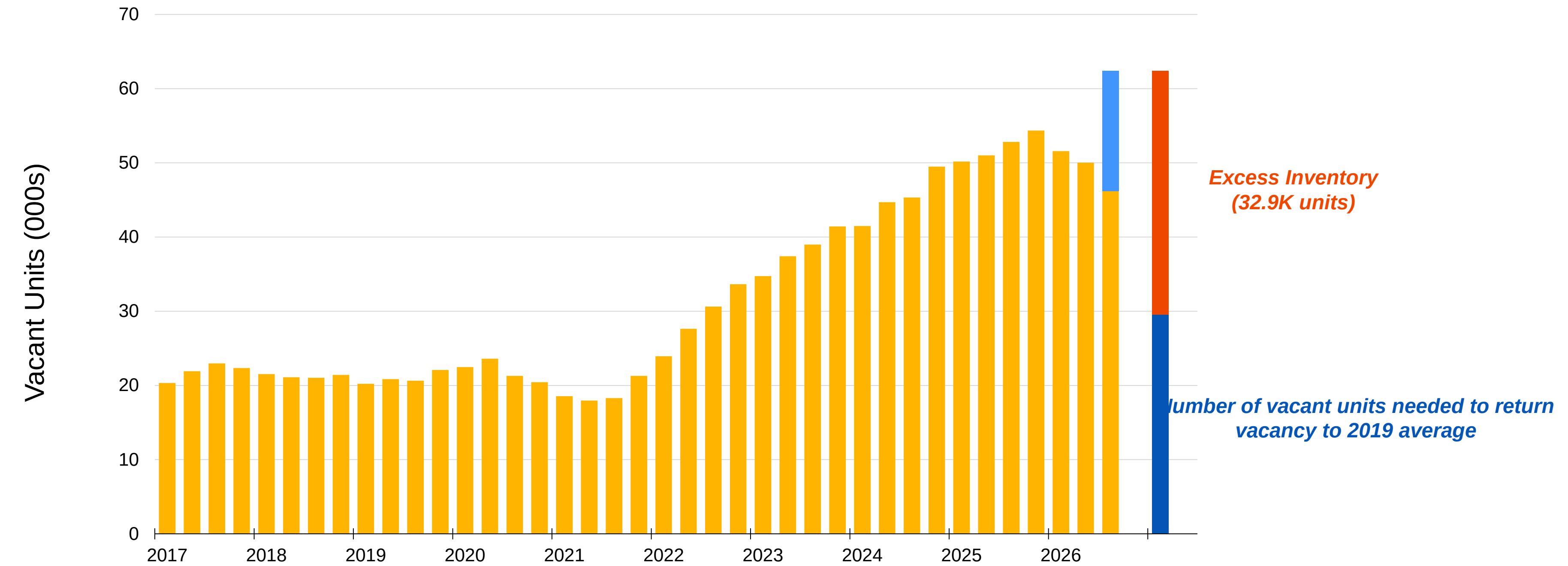
Phoenix Multifamily – Quantifying Excess Supply



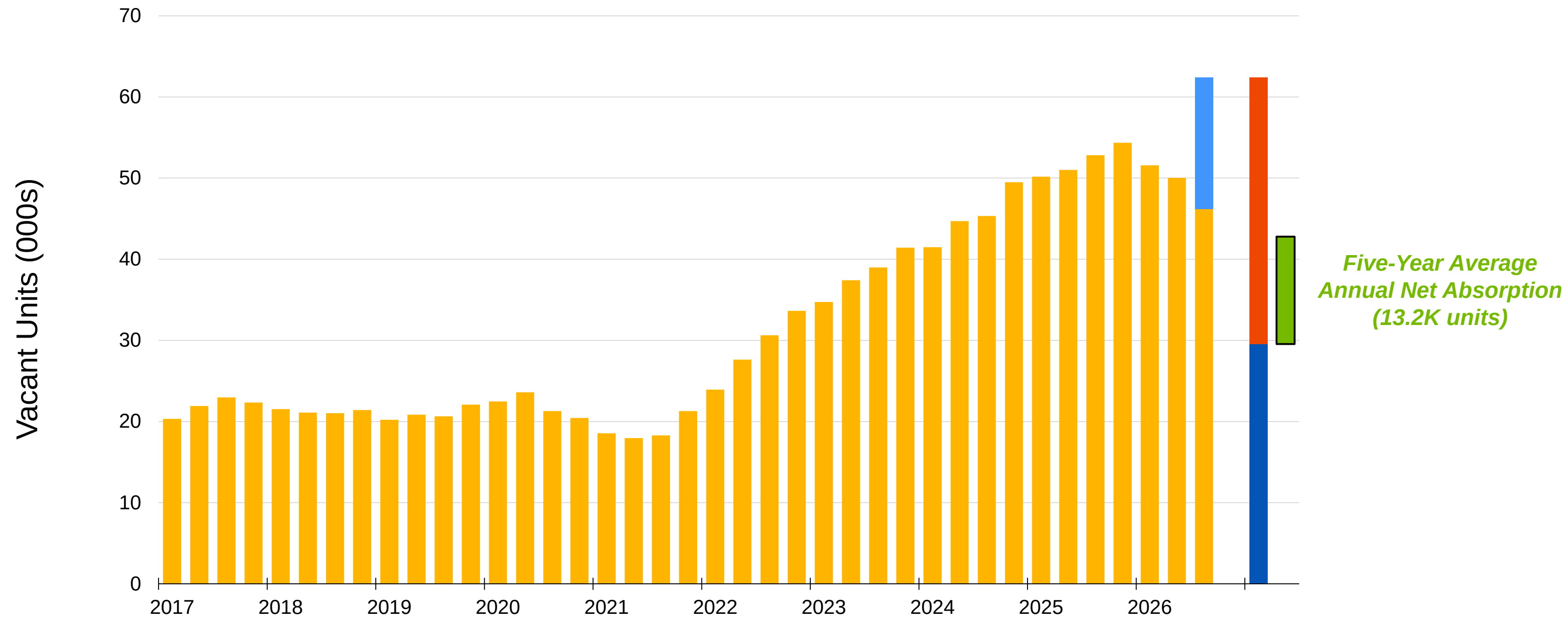
Phoenix Multifamily – Quantifying Excess Supply



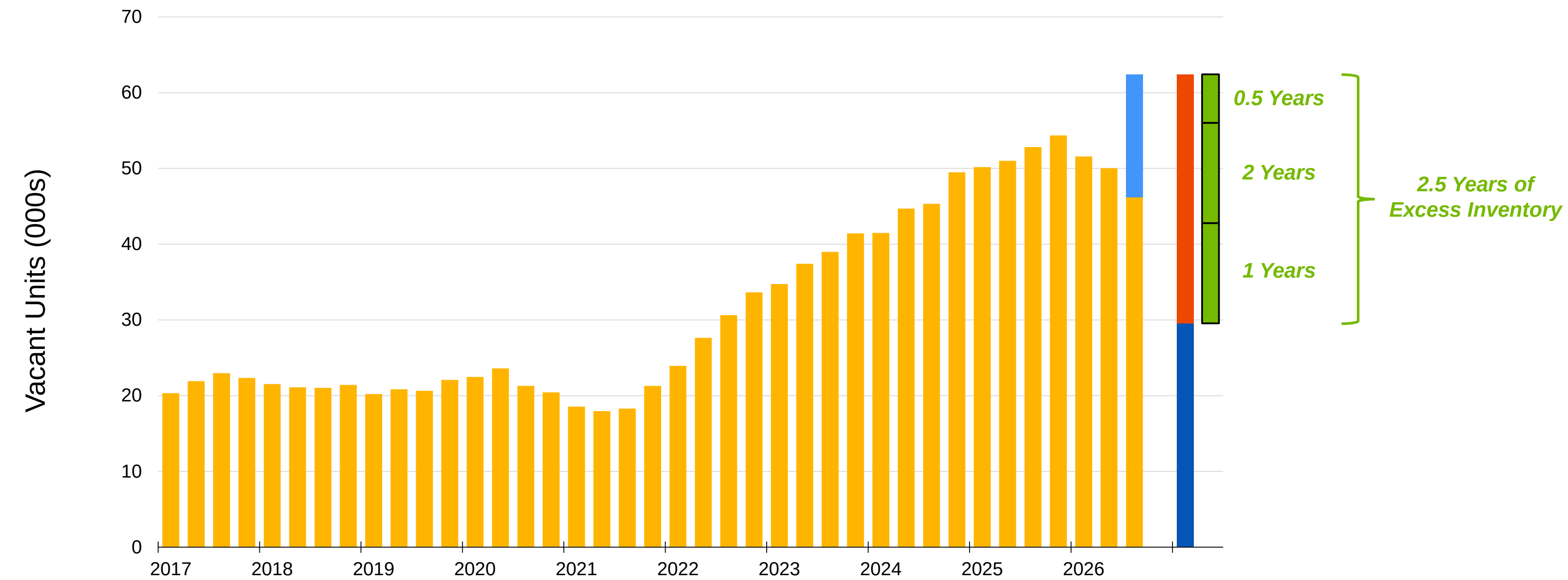
Phoenix Multifamily – Quantifying Excess Supply



Phoenix Multifamily – Quantifying Excess Supply

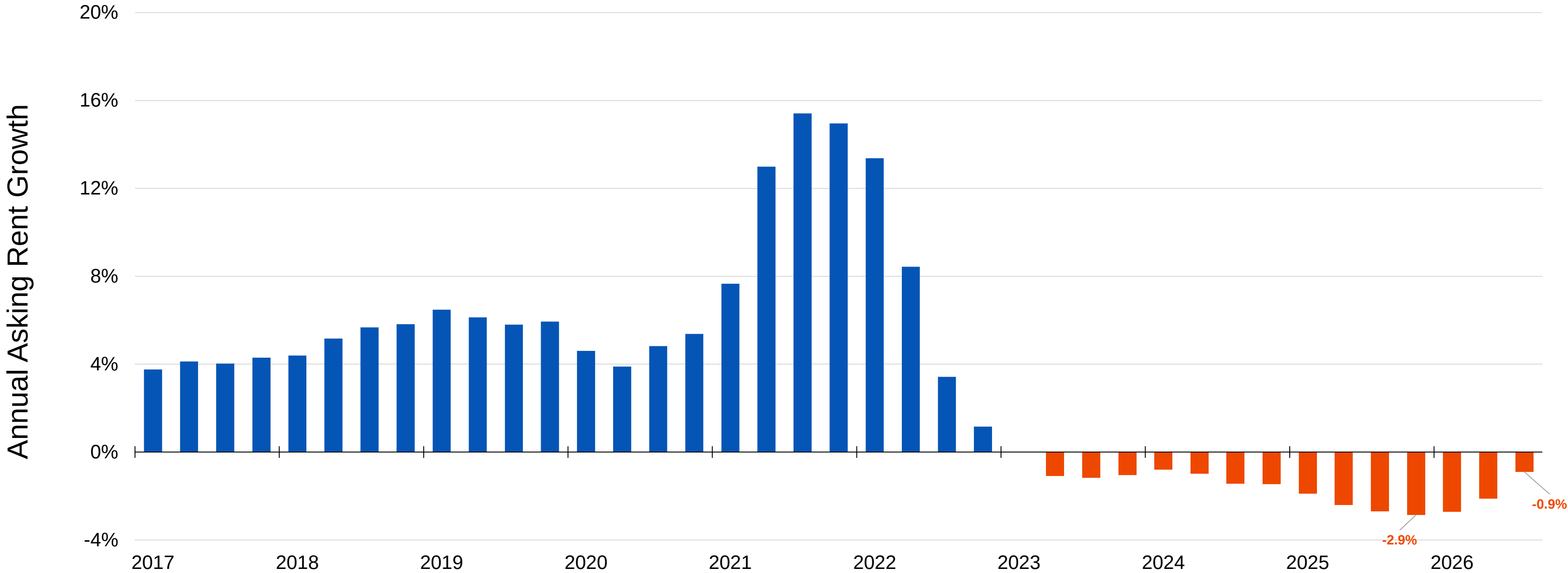


Phoenix Multifamily – Quantifying Excess Supply

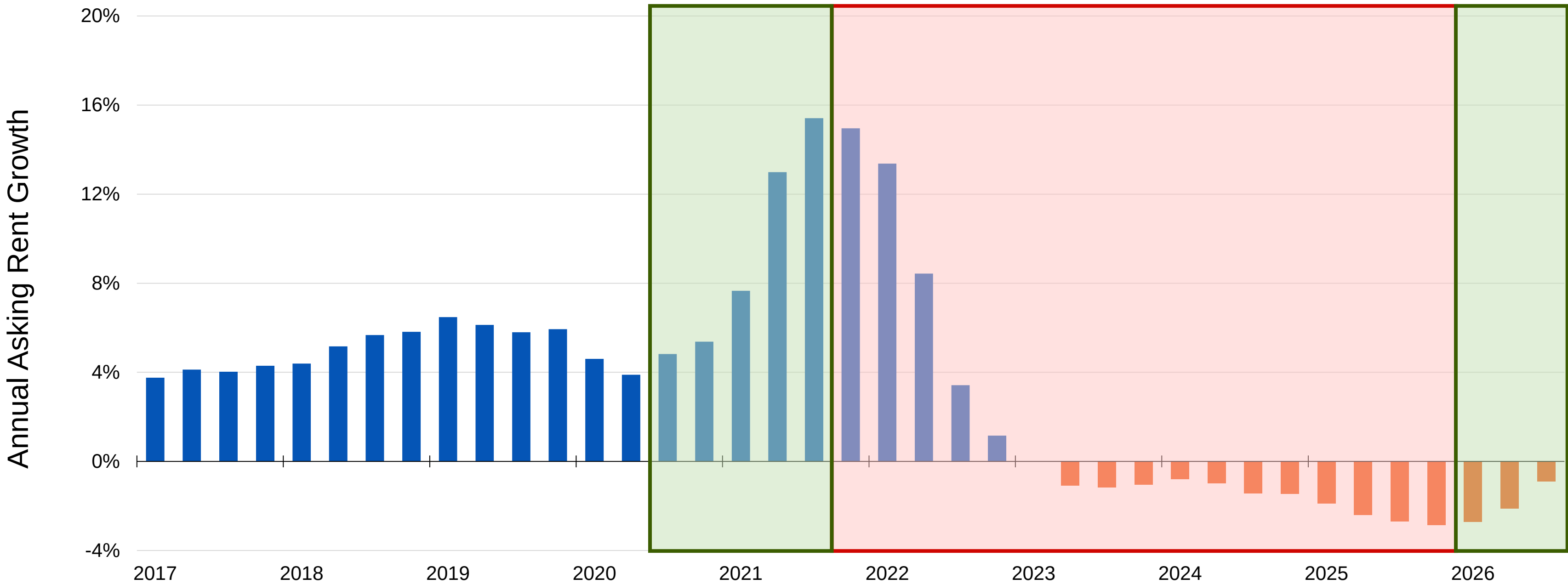


Phoenix Multifamily Rent Growth

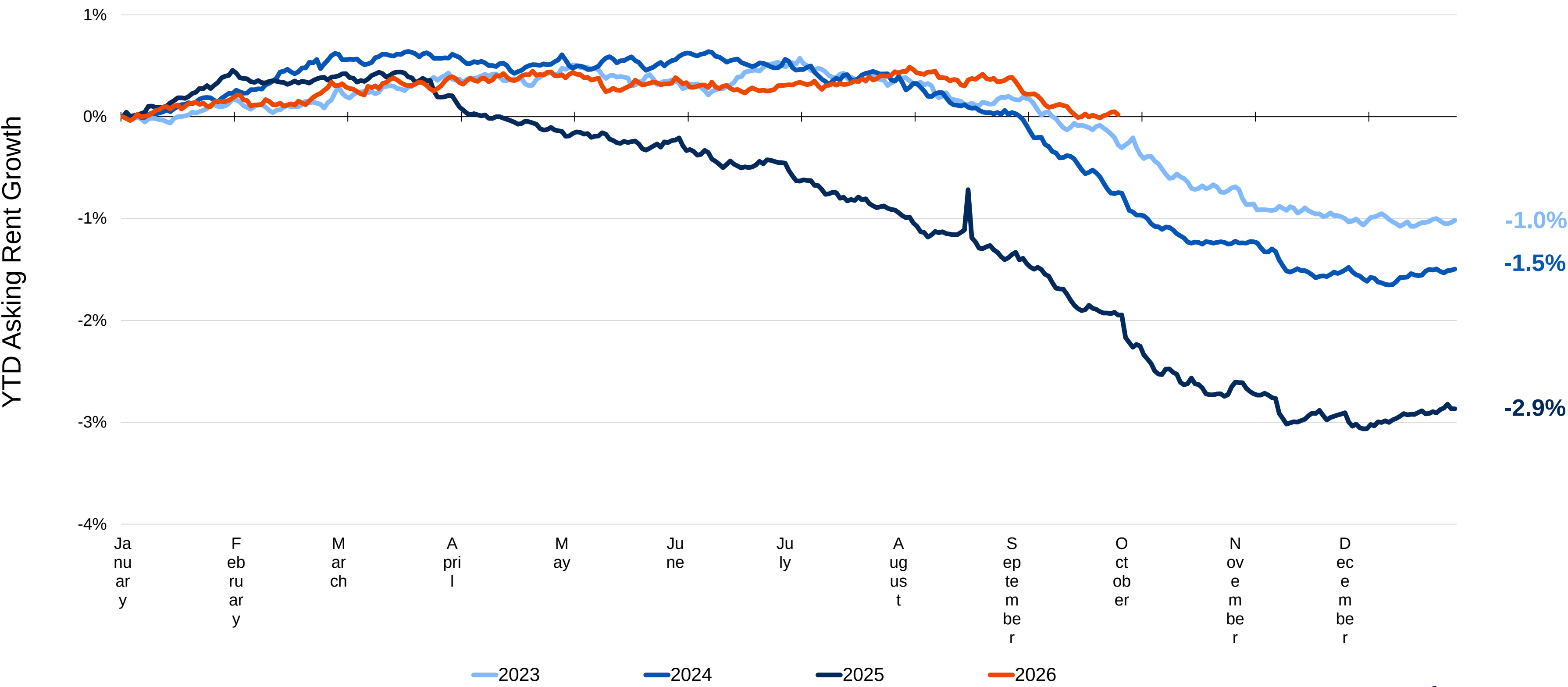
Phoenix Apartment Rent Growth Getting “Less Worse”



Phoenix Apartment Rent Growth Getting “Less Worse”



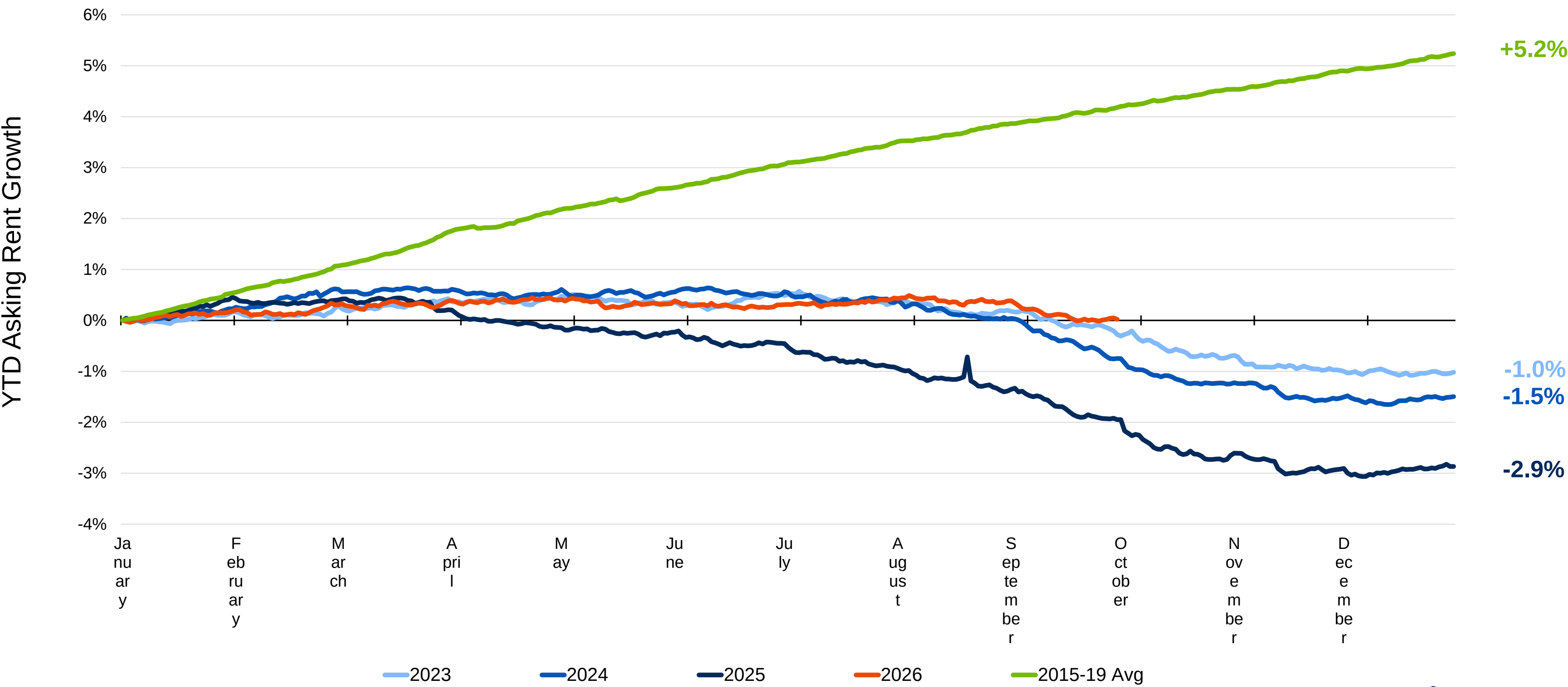
Phoenix Apartments Outperforming So Far This Year



Source: CoStar, October 01, 2026

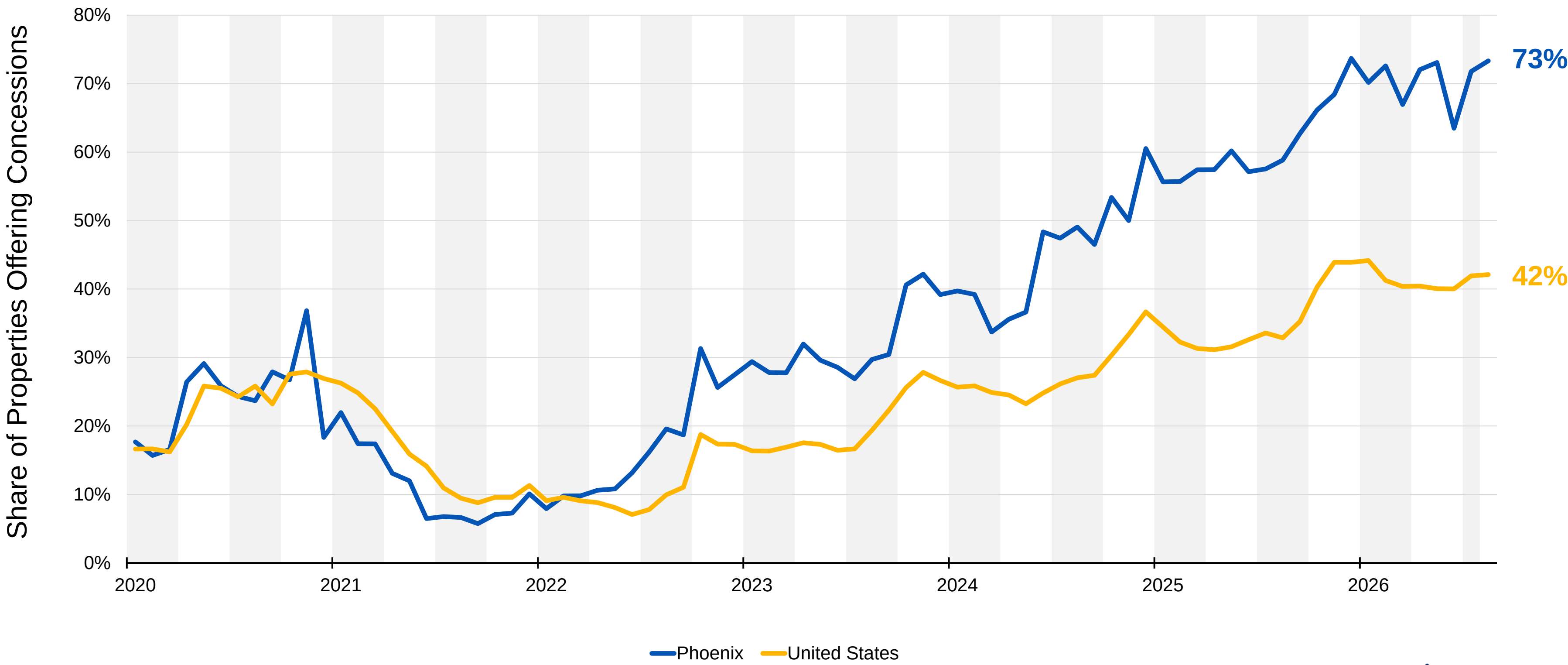


But We're Still Well Behind "Normal"

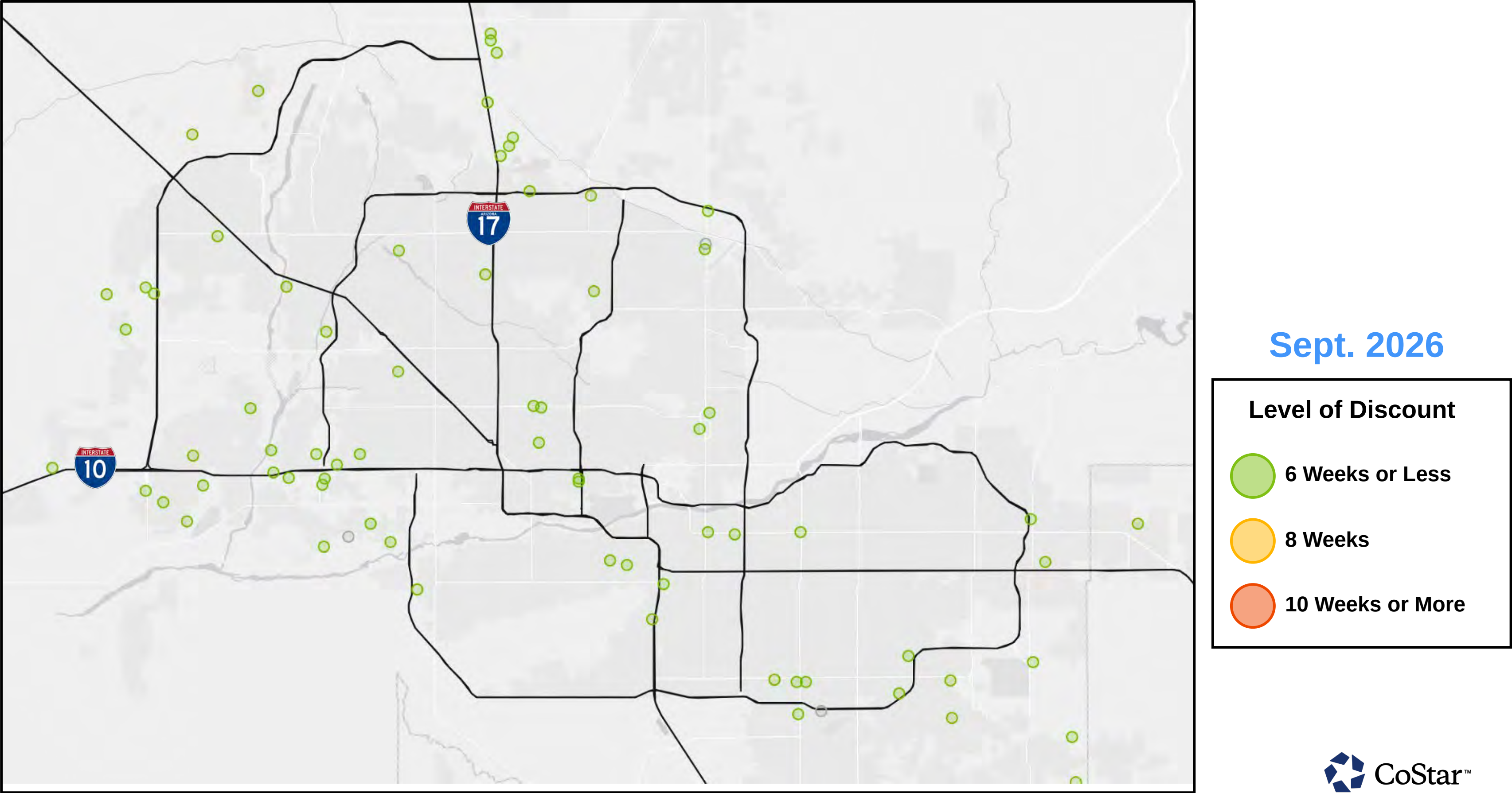


Source: CoStar, October 01, 2026

Phoenix vs. United States Multifamily Concession Usage

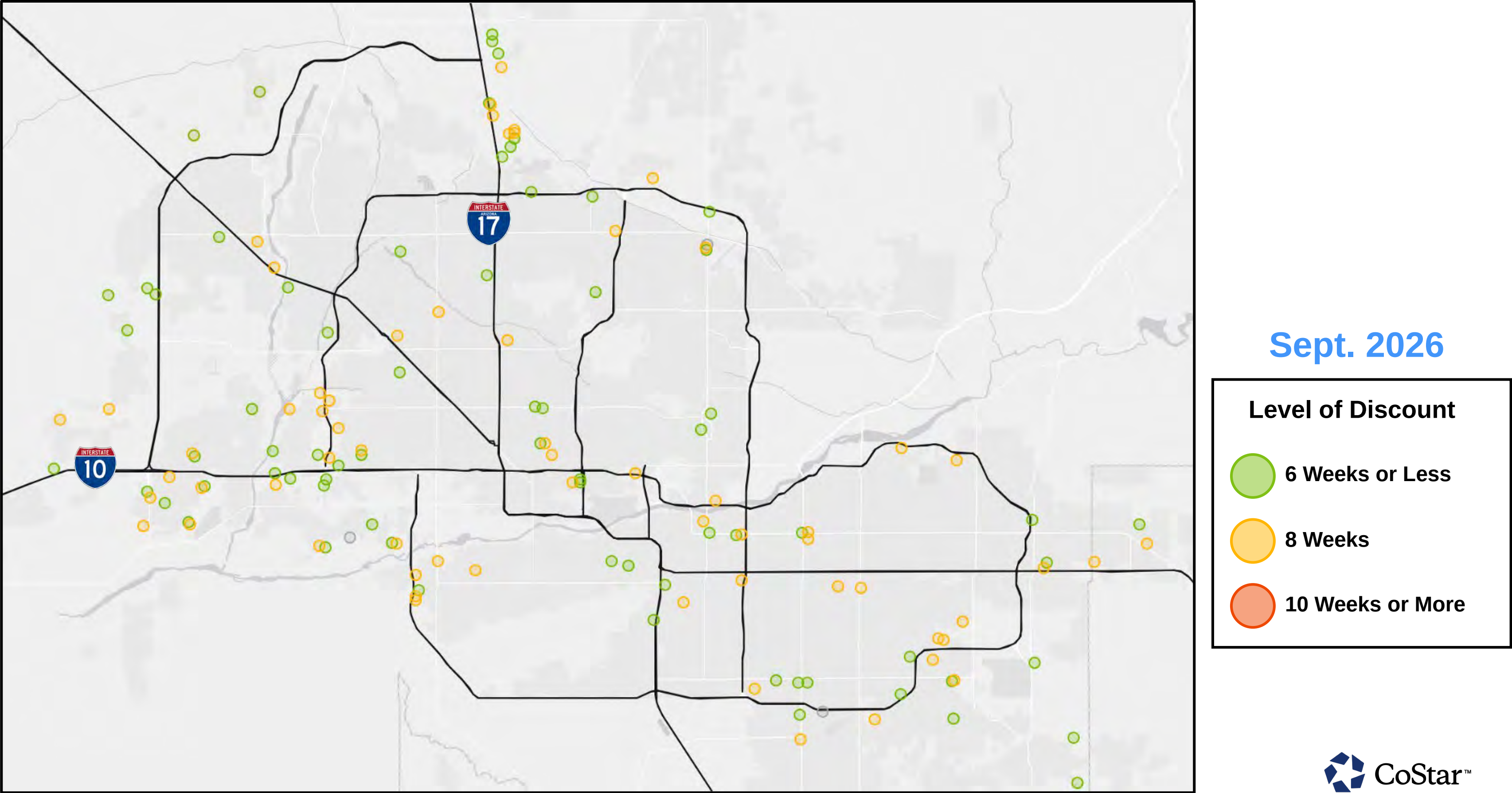


Advertised Concession Level – 100+ Units, Built Since 2023



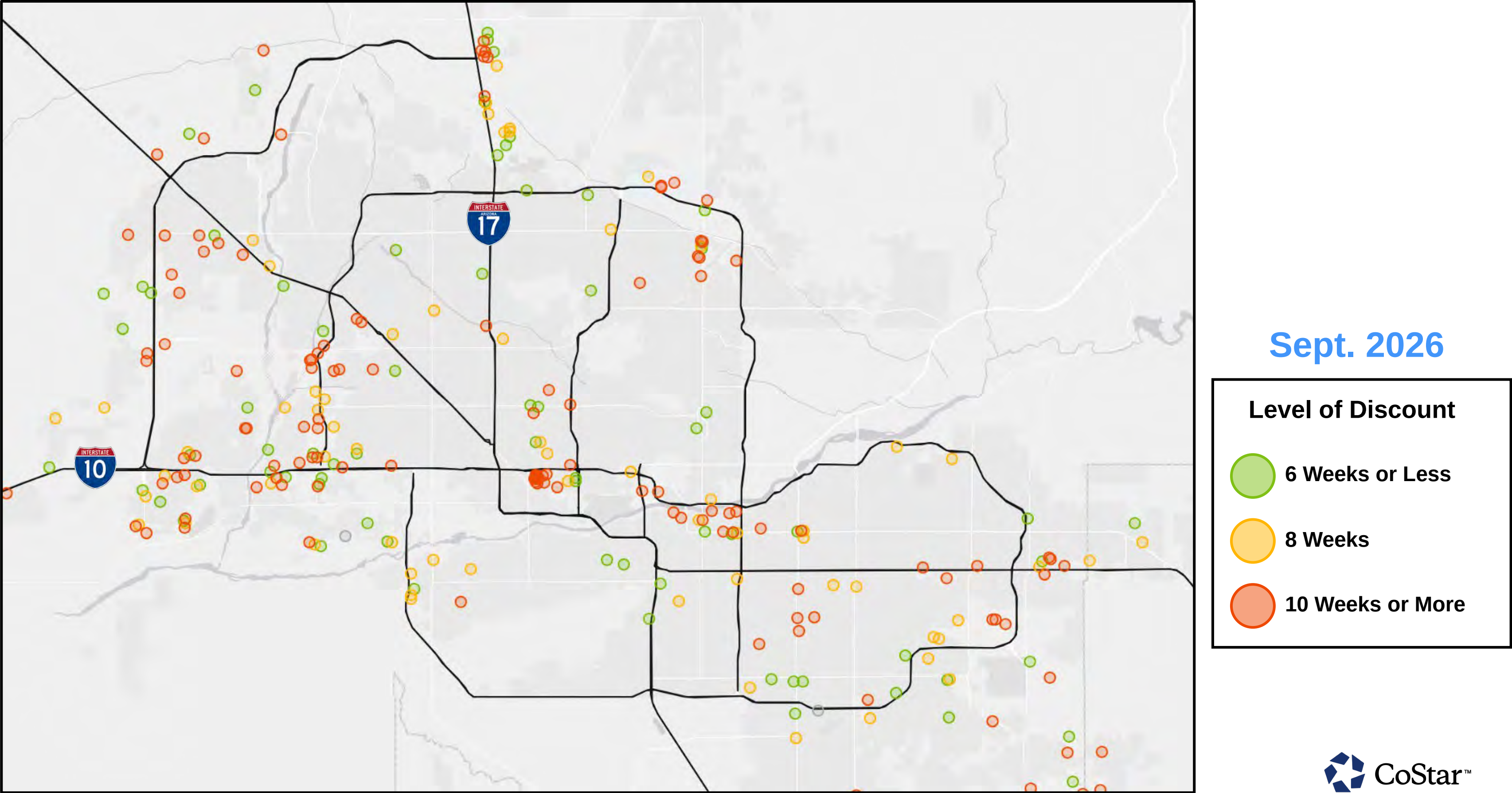
Source: CoStar, March 2026; Advertised concession level on property website or Apartments.com listing, regardless of lease term or other restriction

Advertised Concession Level – 100+ Units, Built Since 2023



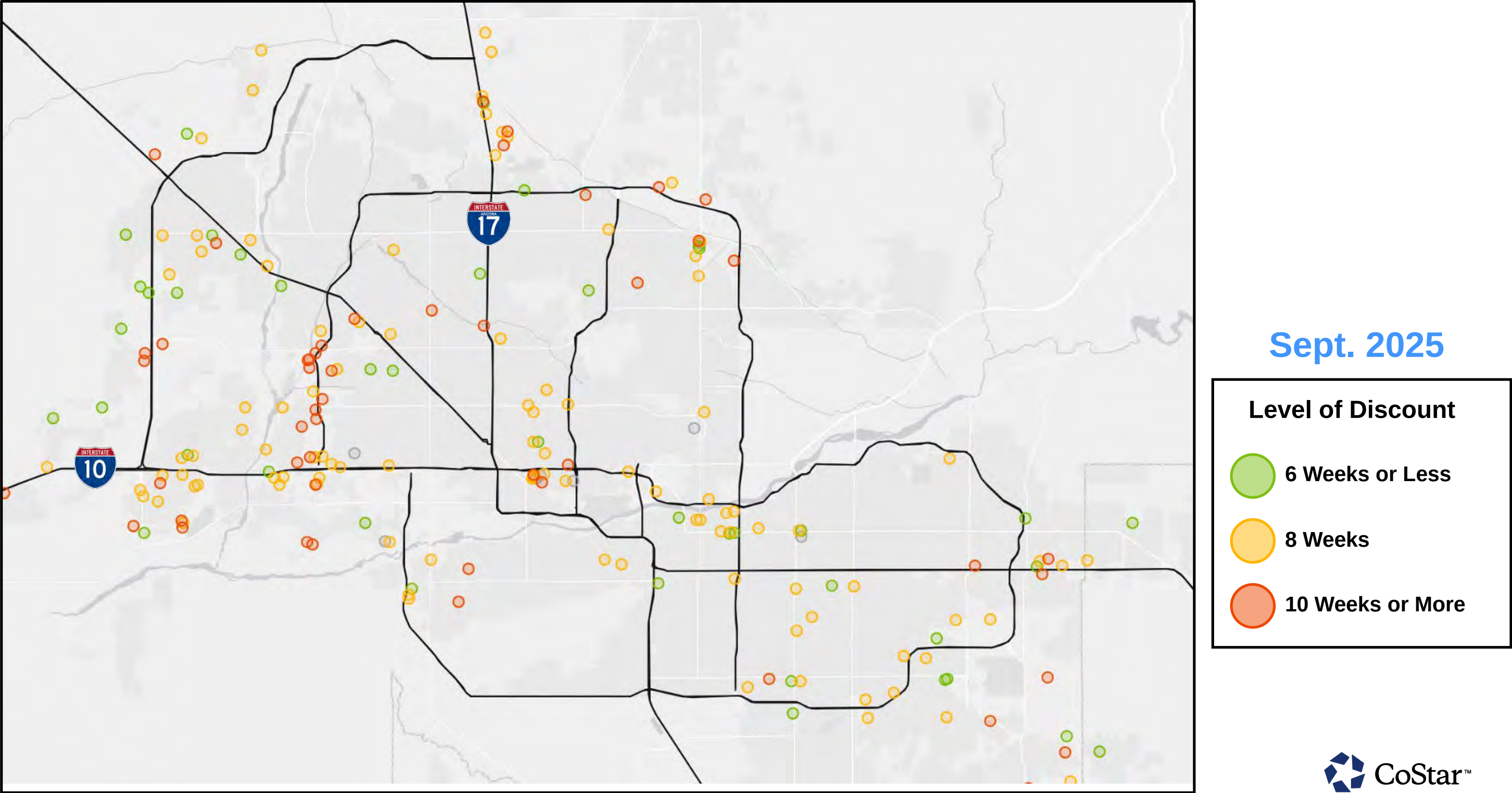
Source: CoStar, March 2026; Advertised concession level on property website or Apartments.com listing, regardless of lease term or other restriction

Advertised Concession Level – 100+ Units, Built Since 2023



Source: CoStar, March 2026; Advertised concession level on property website or Apartments.com listing, regardless of lease term or other restriction

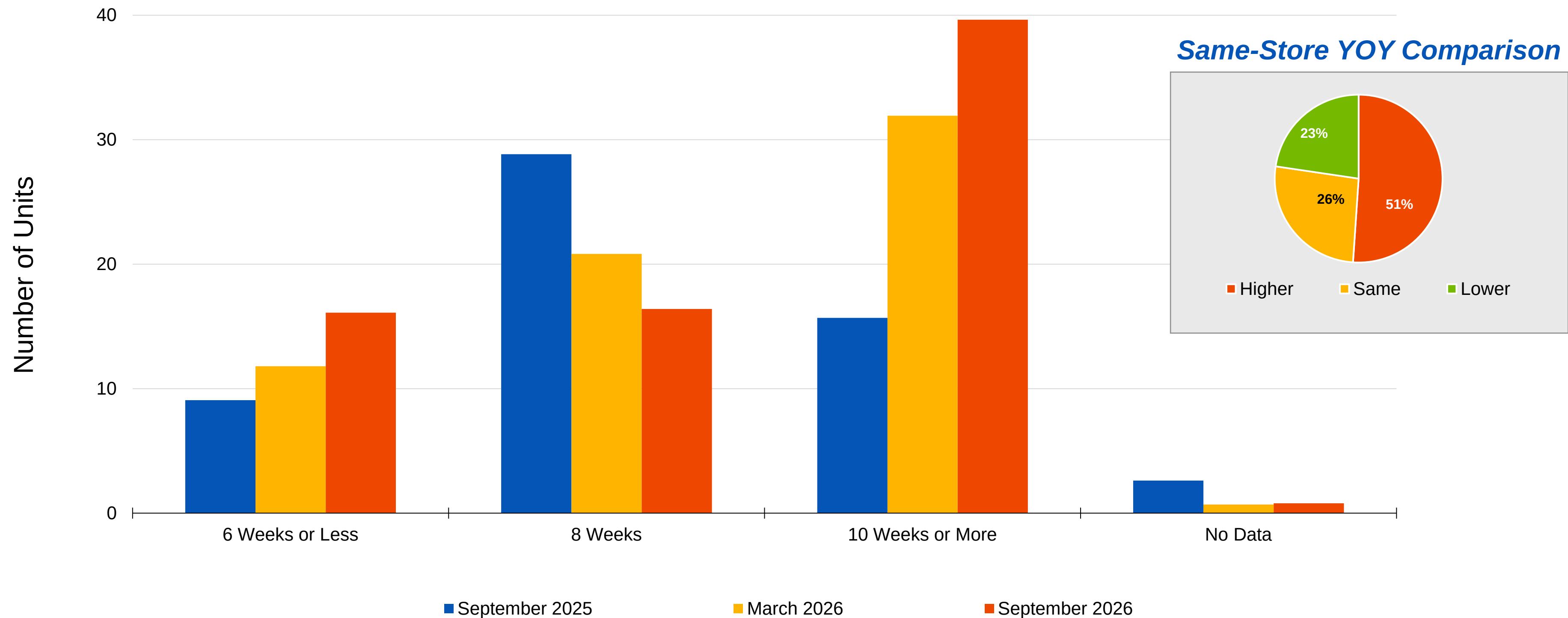
Advertised Concession Level – 100+ Units, Built Since 2023



Source: CoStar, March 2026; Advertised concession level on property website or Apartments.com listing, regardless of lease term or other restriction

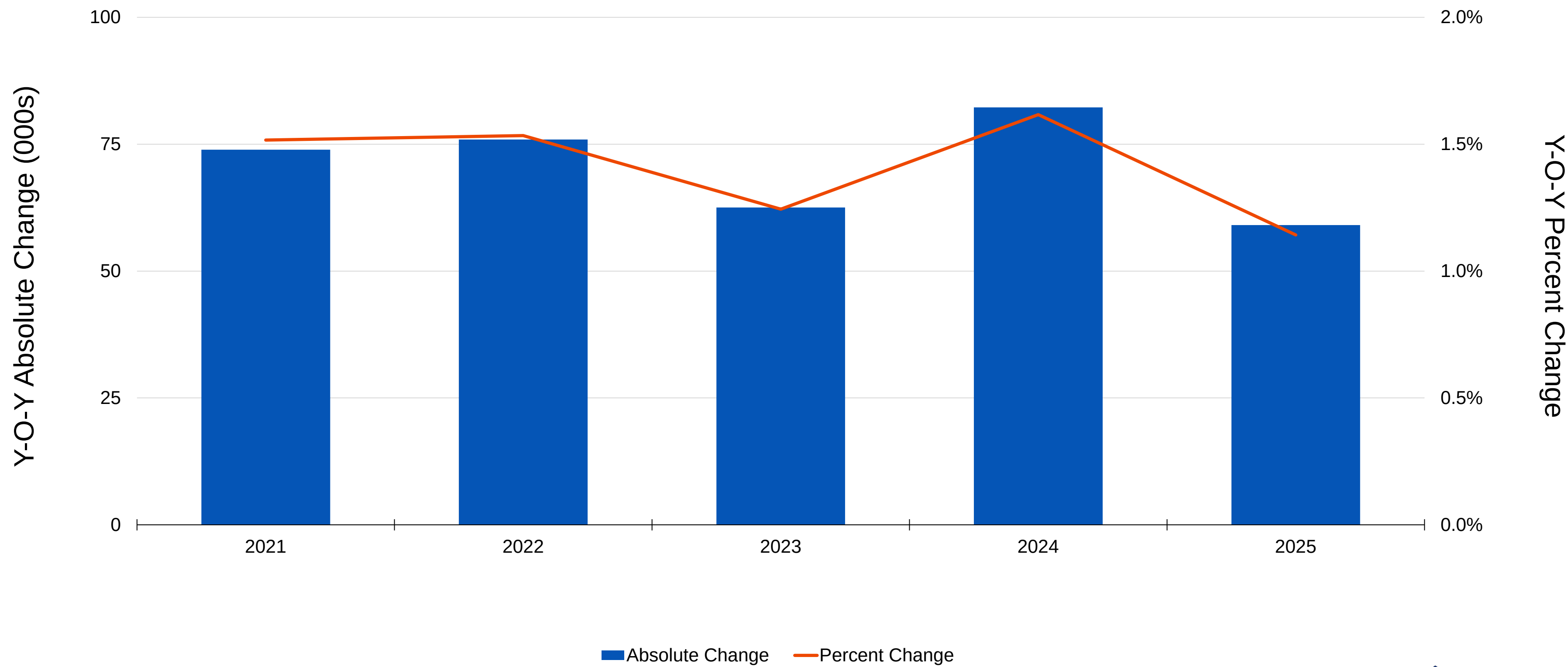
Multifamily Concession Comparison – Sept. 2025 vs. Sept. 2026

Advertised Concession Level – 100+ Units, Built Since 2023



Phoenix Multifamily Forecast

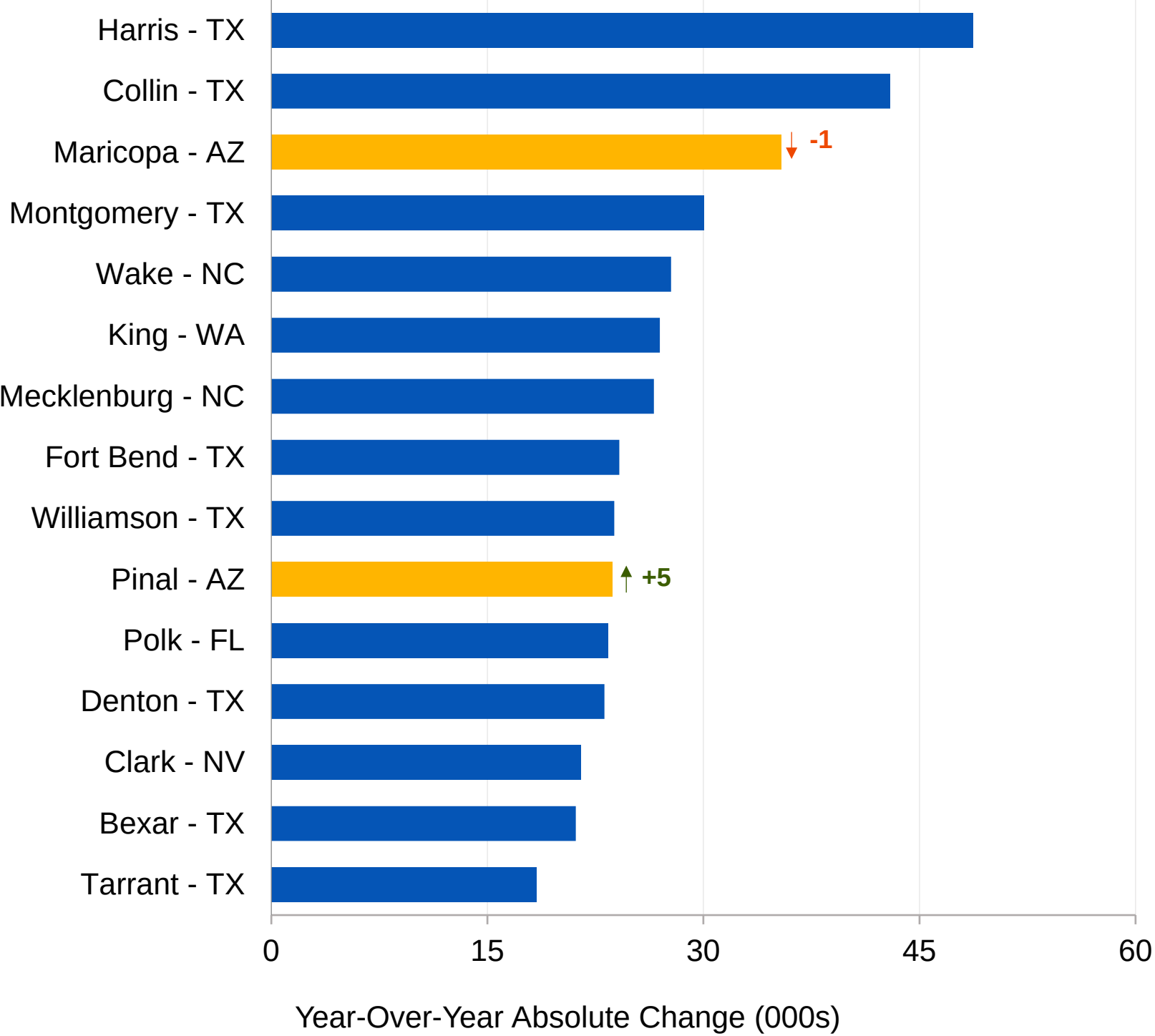
Phoenix MSA Sees a Moderation in Population Growth



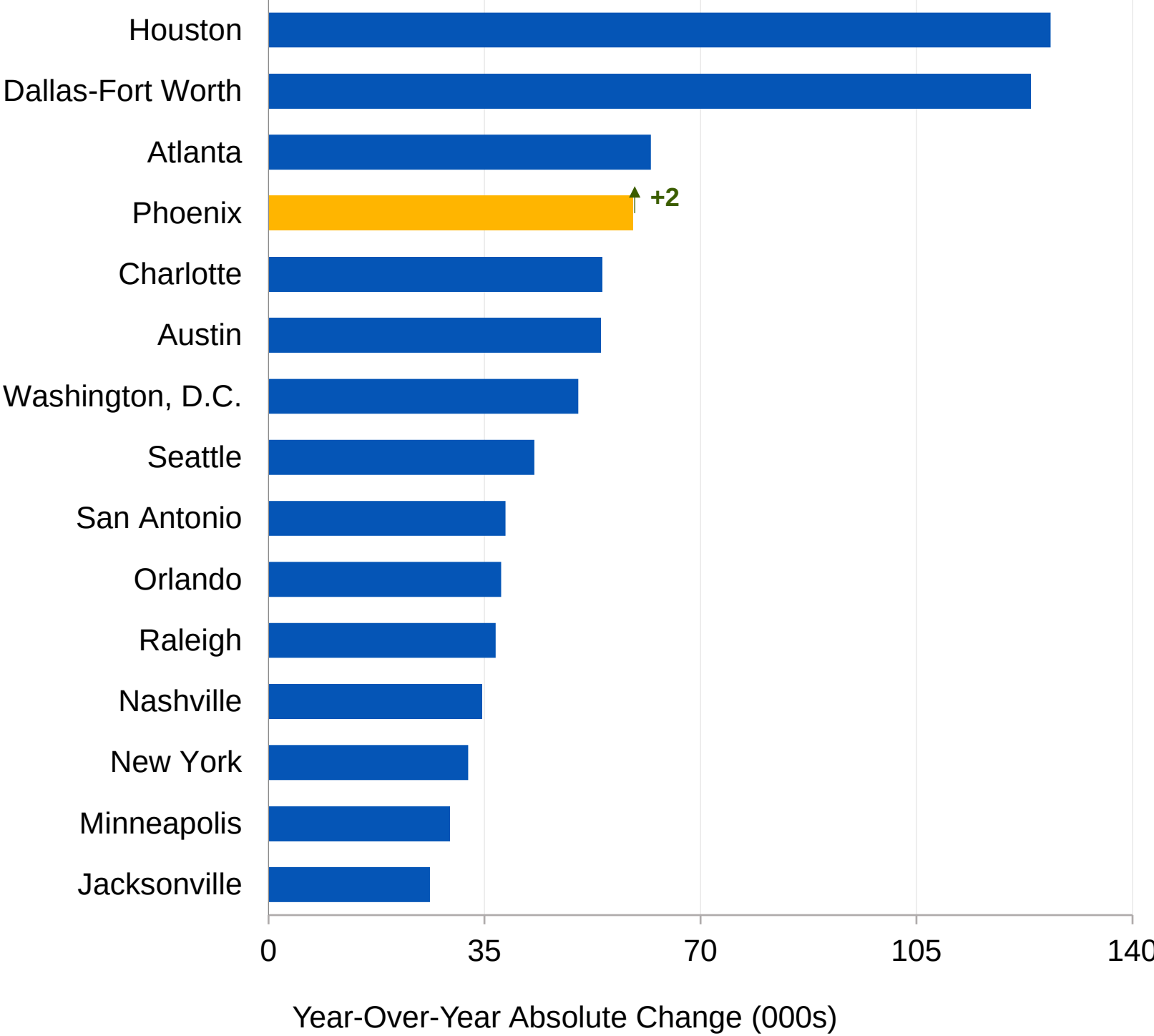
Source: CoStar, U.S. Census Bureau, March 2026
Note: Change from July 1 to July 1

But Is Still One of the Nation's Top Markets Demographically

Top 15 Counties



Top 15 MSAs

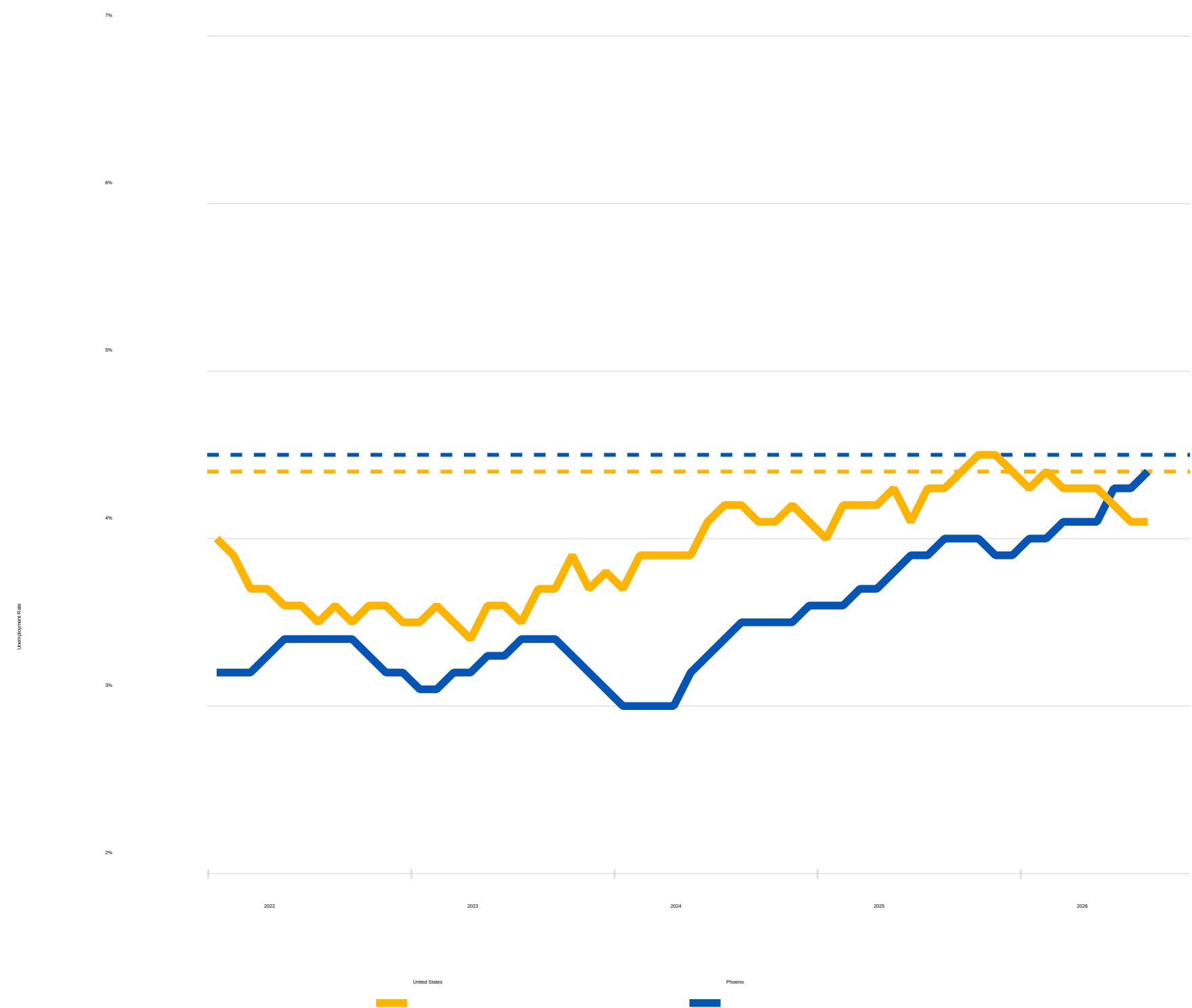


“Low Hire, Low Fire” Labor Market Could Temper Demand Formation

Employment Growth

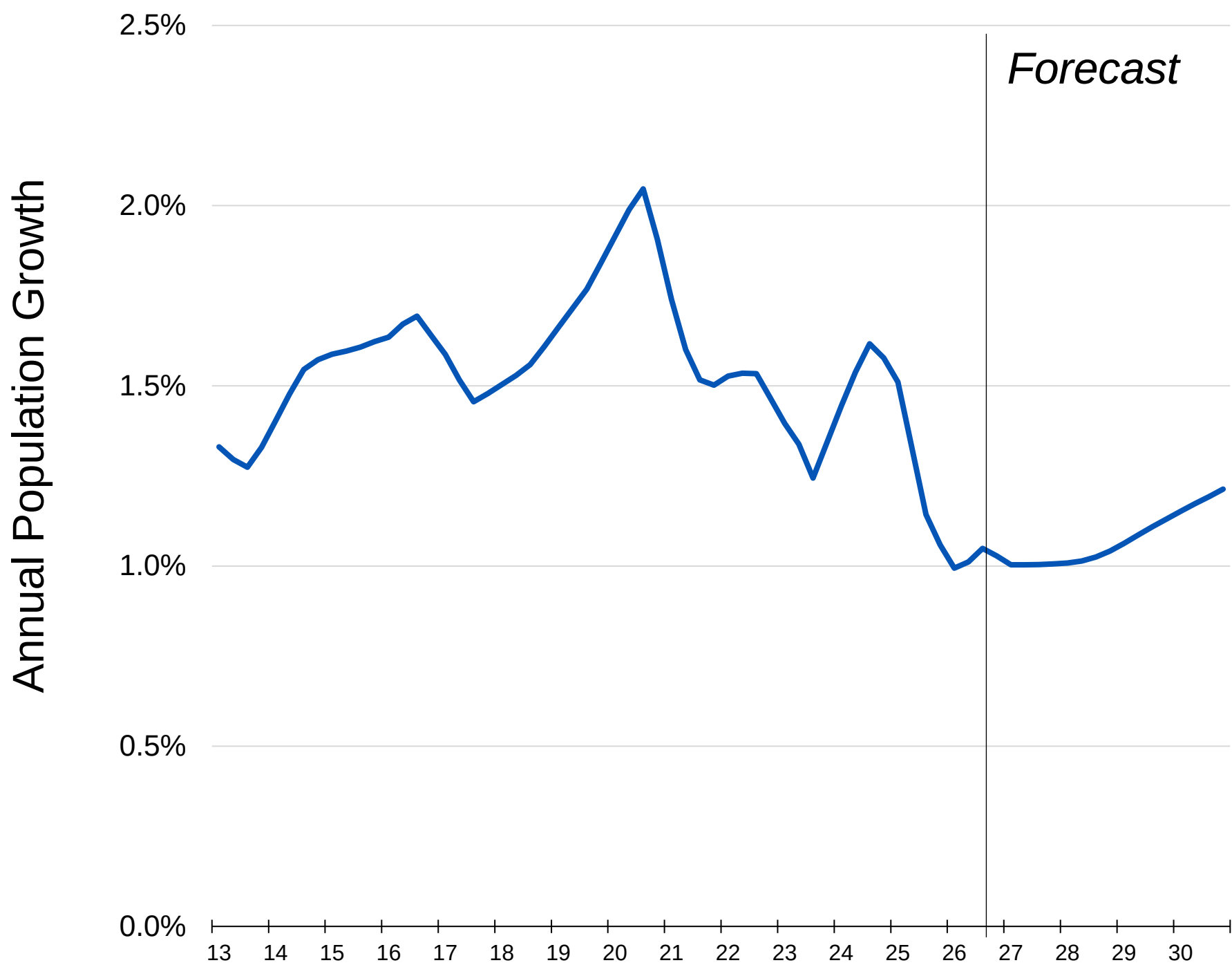


Unemployment Rate

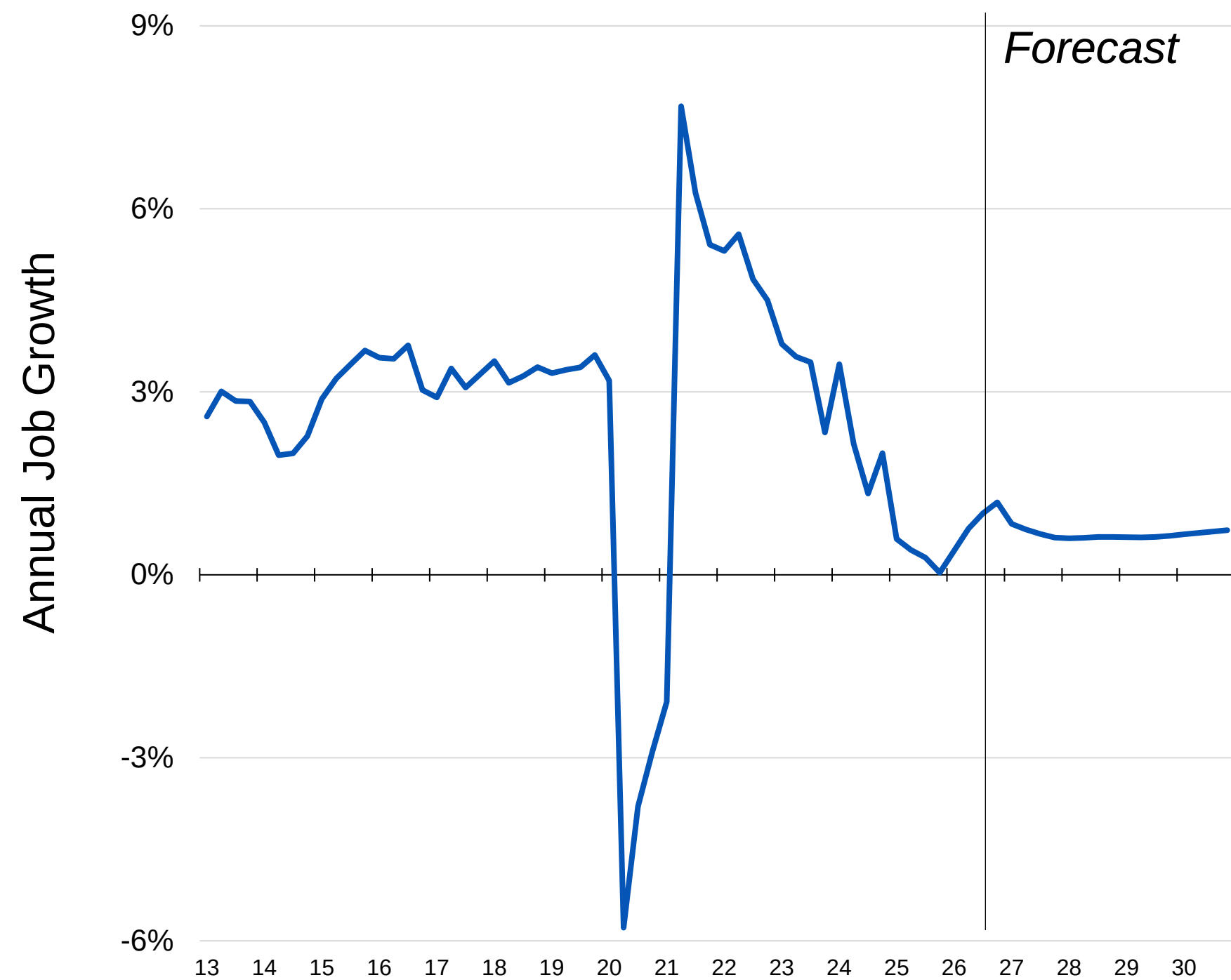


Phoenix's Population and Employment Tailwinds Set to Dissipate

Population Growth



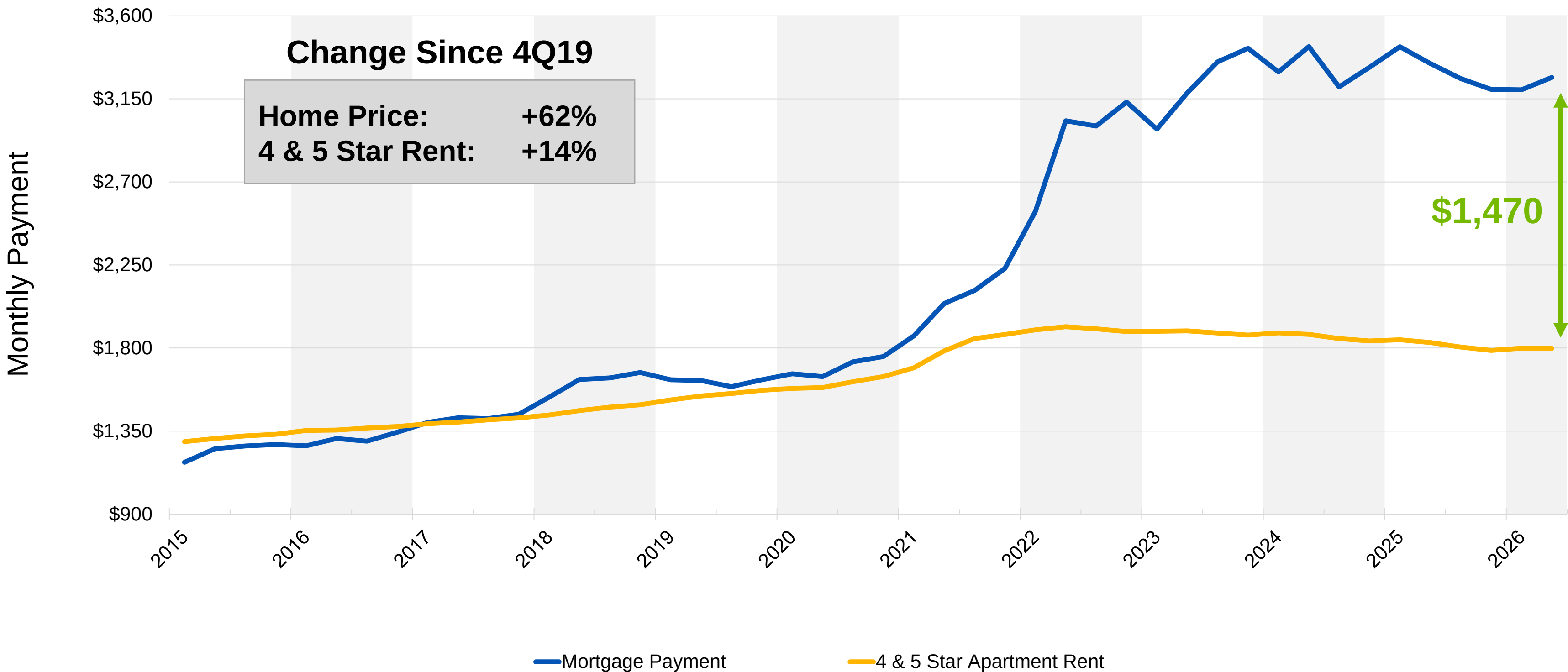
Employment Growth



Phoenix Wage and Income Growth Has Outpaced Apartment Rent Growth for Over Three Years



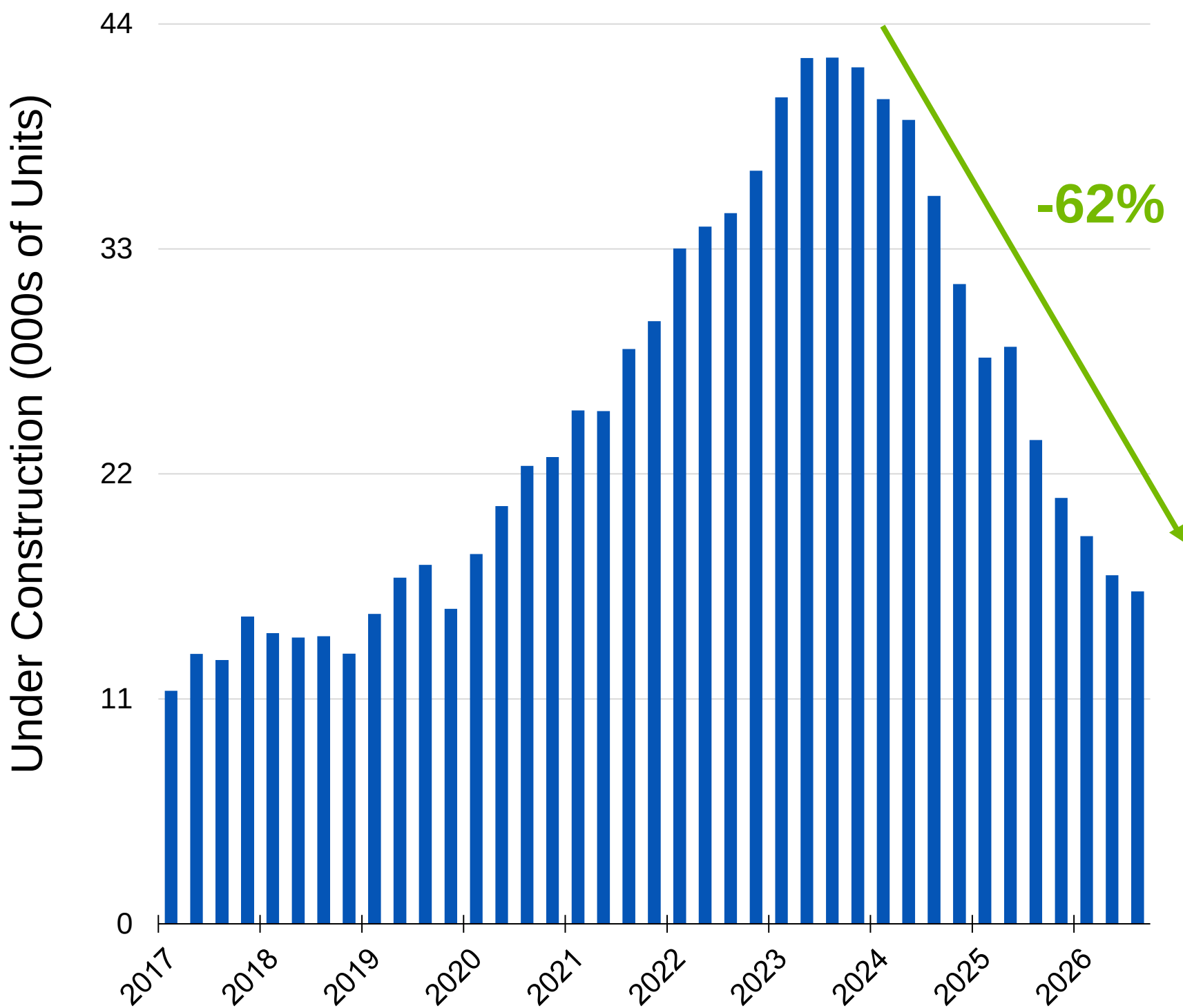
Phoenix Rent vs. Own Gap Directs Housing Demand to Rentals



Includes 10% downpayment, PMI, homeowners insurance, and property taxes
Source: CoStar, NAR, Freddie Mac, BLS, June 2026

Phoenix Construction Pipeline Emptying Rapidly

Units Under Construction

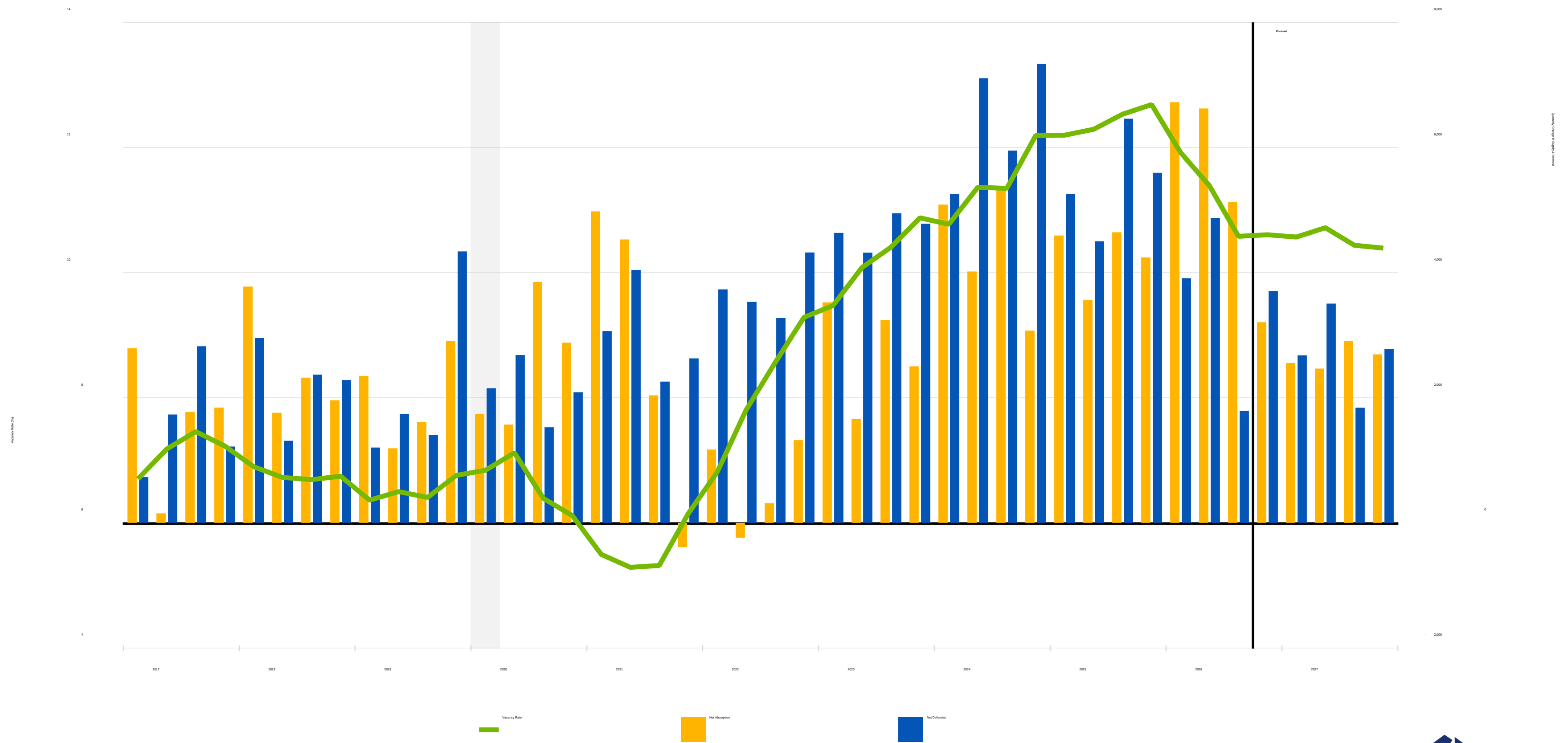


MF Permit Issuance

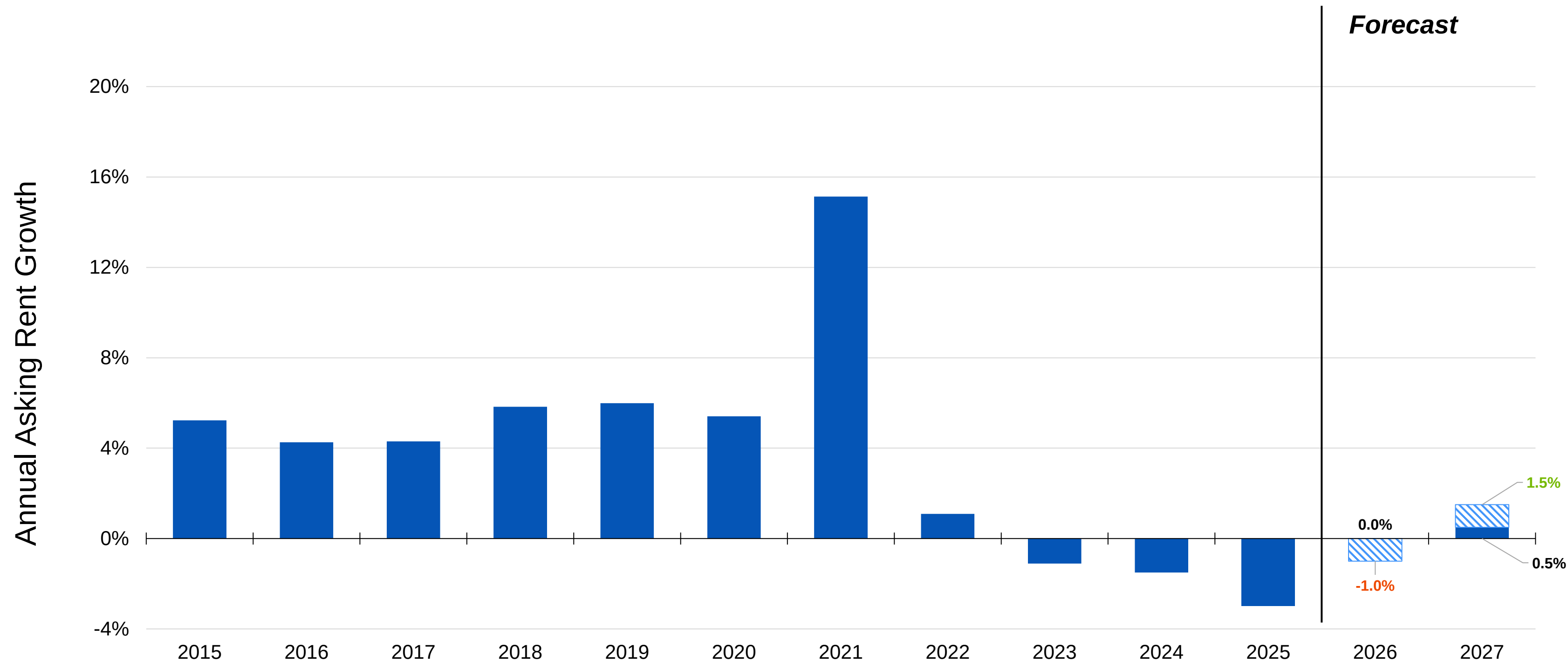


Multifamily permits include dwellings with 5+ units; Trailing 12-month total through August 2026
Source: CoStar, U.S. Census Bureau, 2026 Q3

Vacancy Set to Steadily Improve as Supply Drops Off

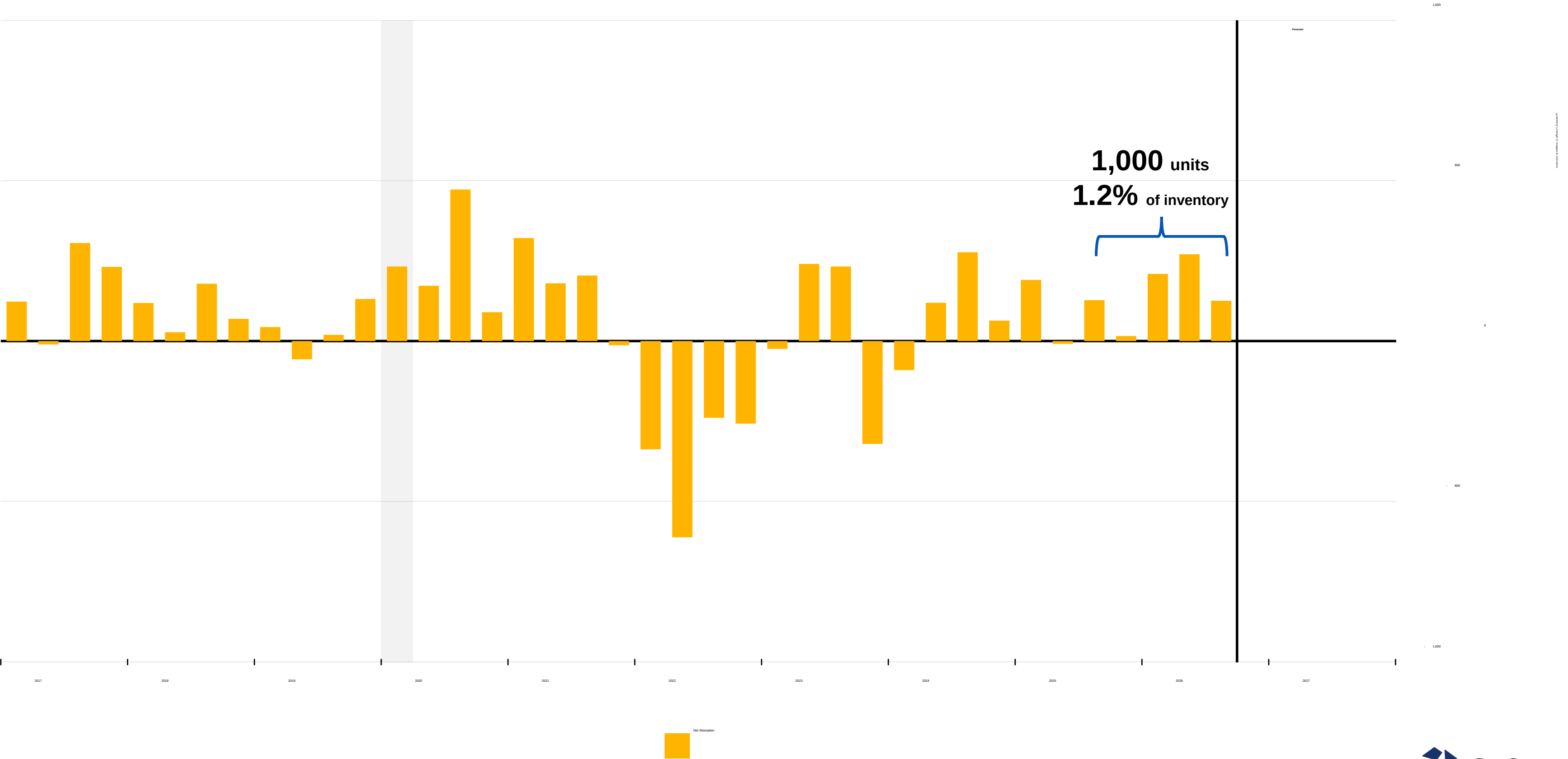


Modestly Positive Asking Rent Growth Expected in 2027

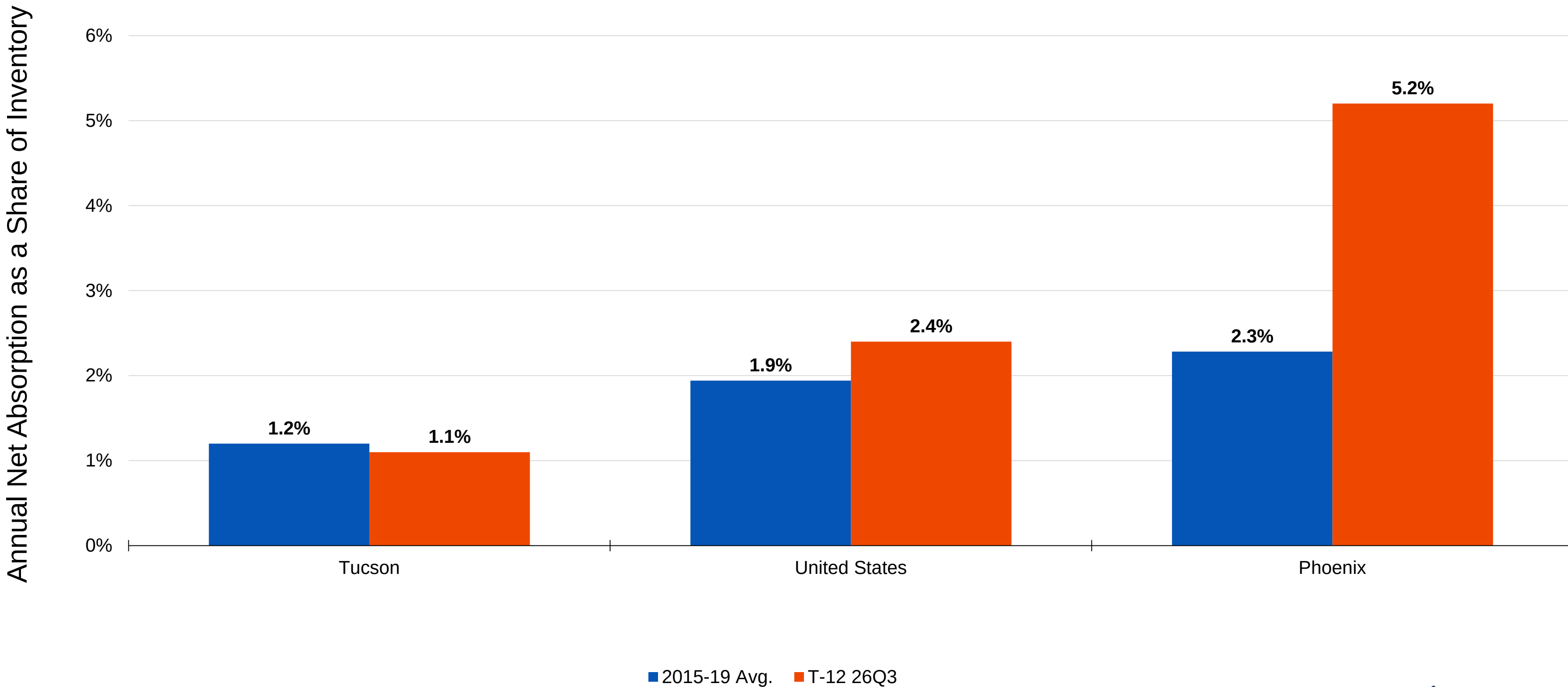


Tucson Multifamily Supply & Demand

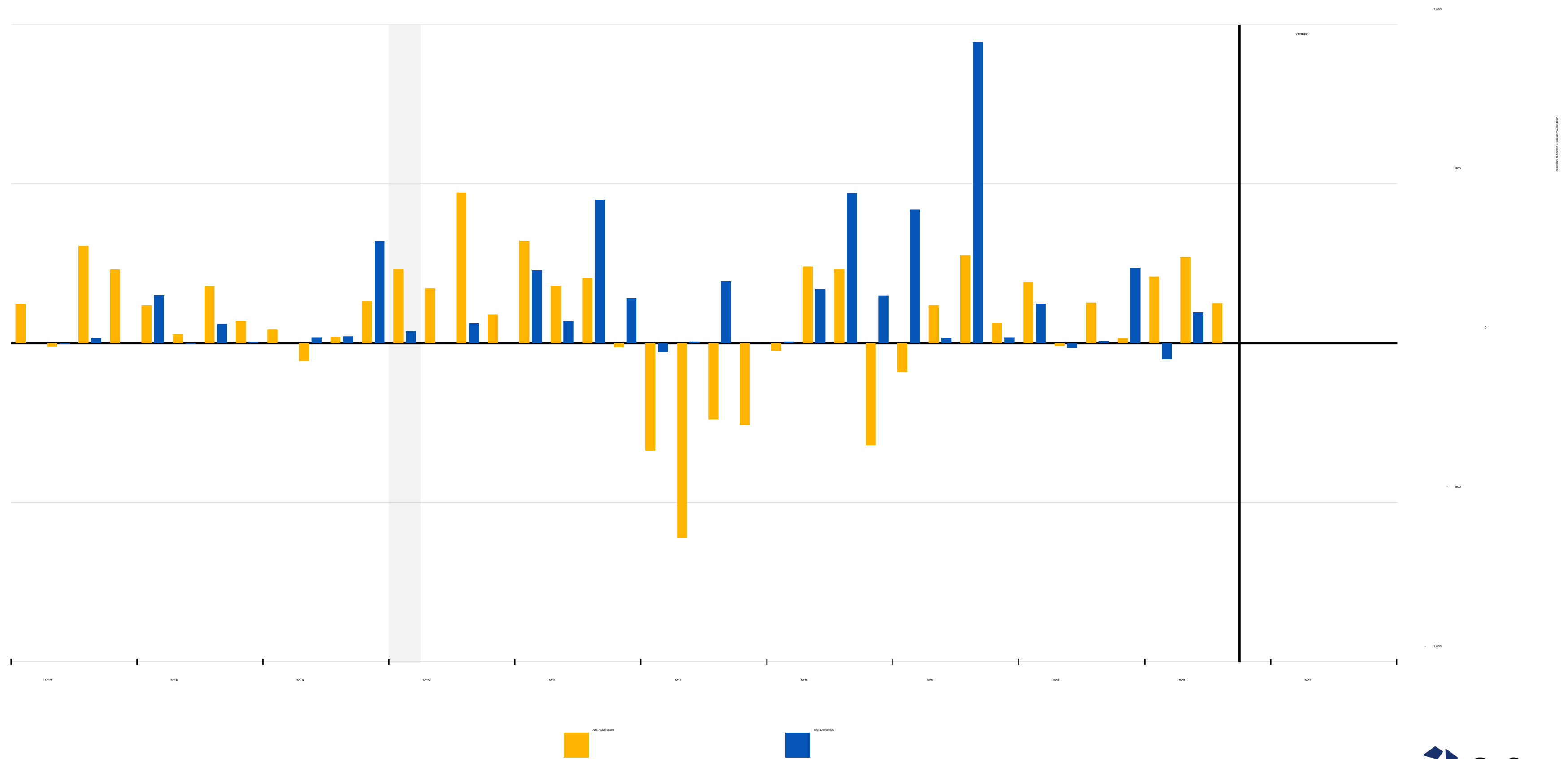
Tucson Posts Improved Demand Formation



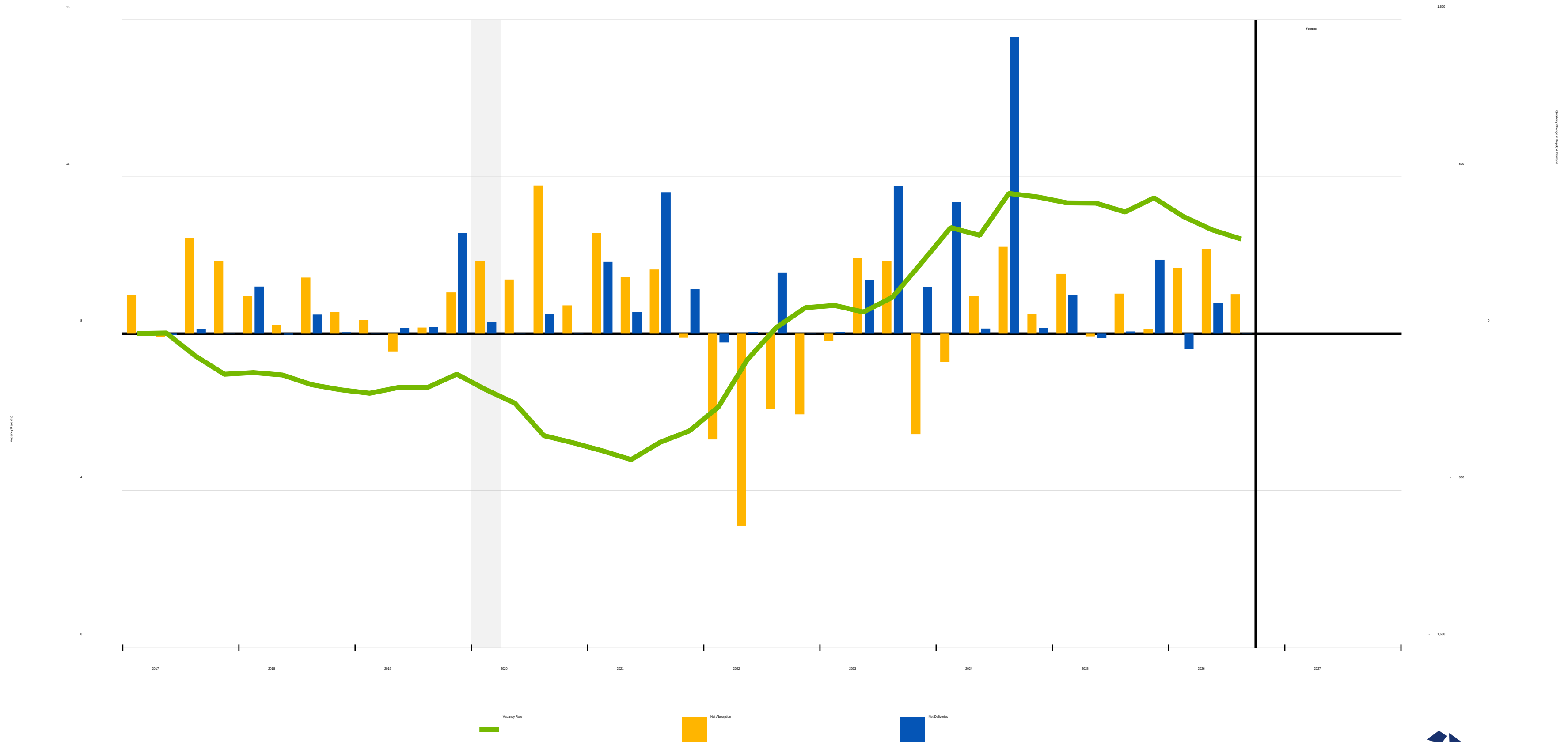
Comparing Tucson Multifamily Demand to the U.S. and Phoenix



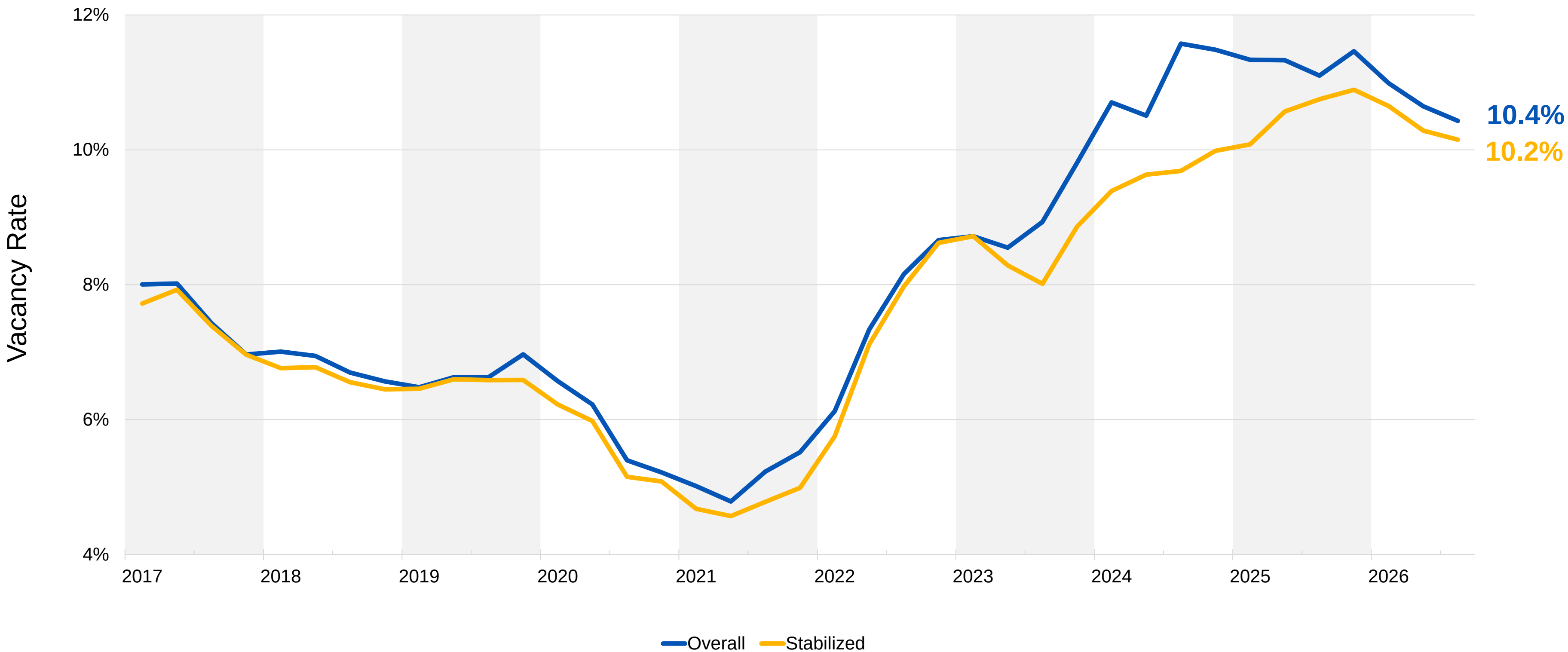
Steady Demand Converges With Reprieve of New Supply



Tucson Vacancy Leveling Off and Making Improvement

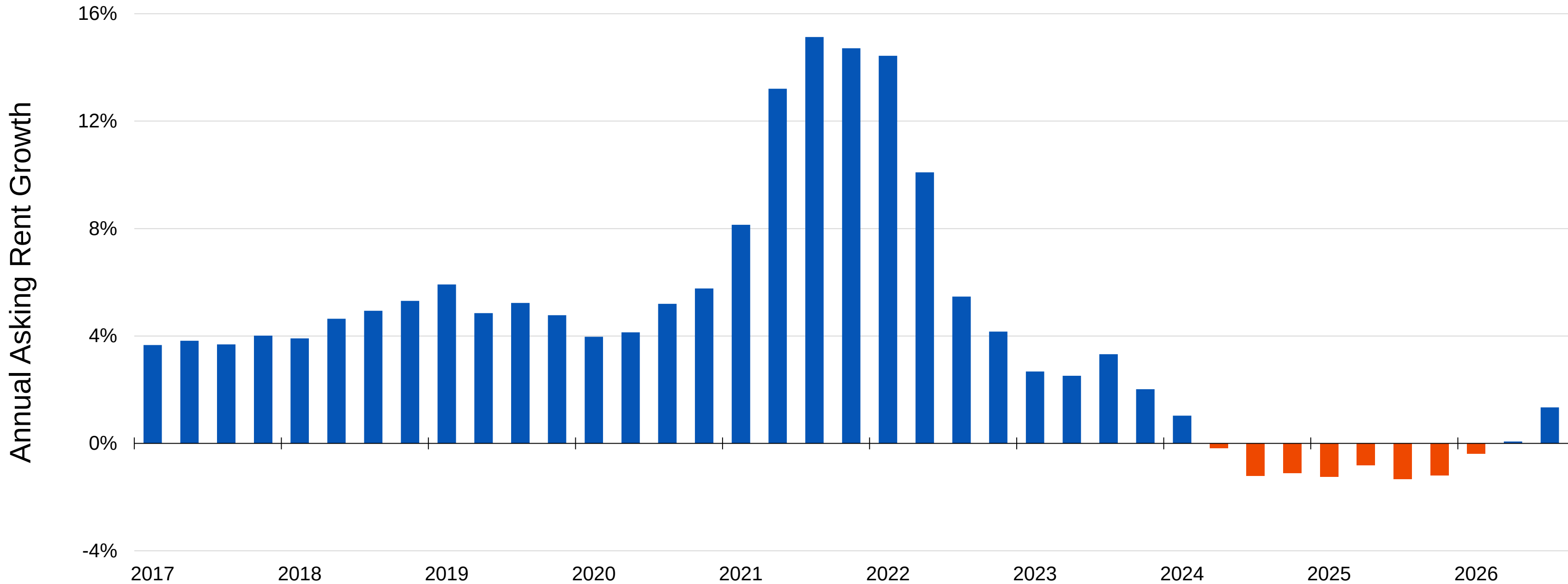


Stabilized Vacancy Is Heading Lower Too

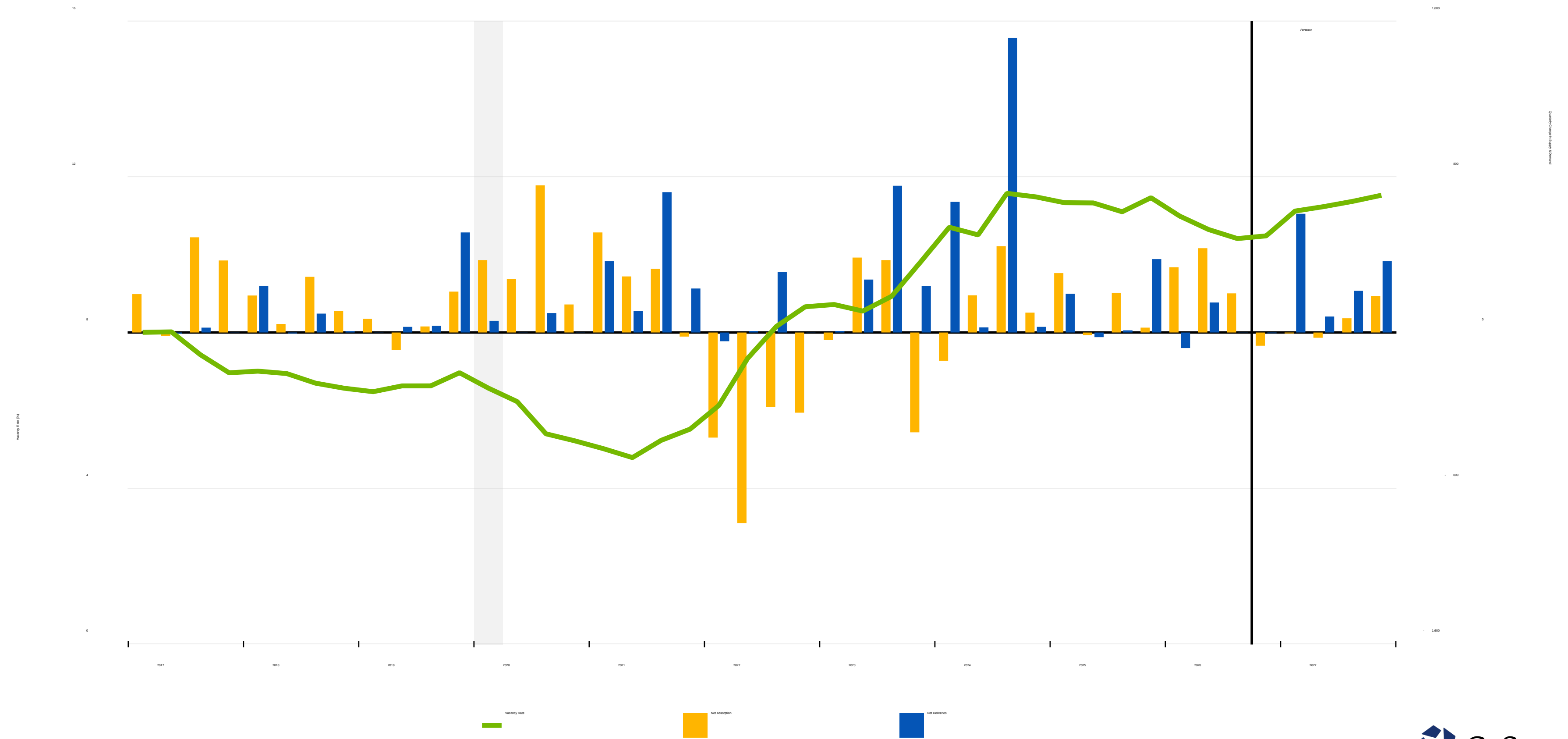


Stabilized vacancy includes buildings that have achieved 90% occupancy following delivery or are older than 18 months
Source: CoStar, 2026 Q3

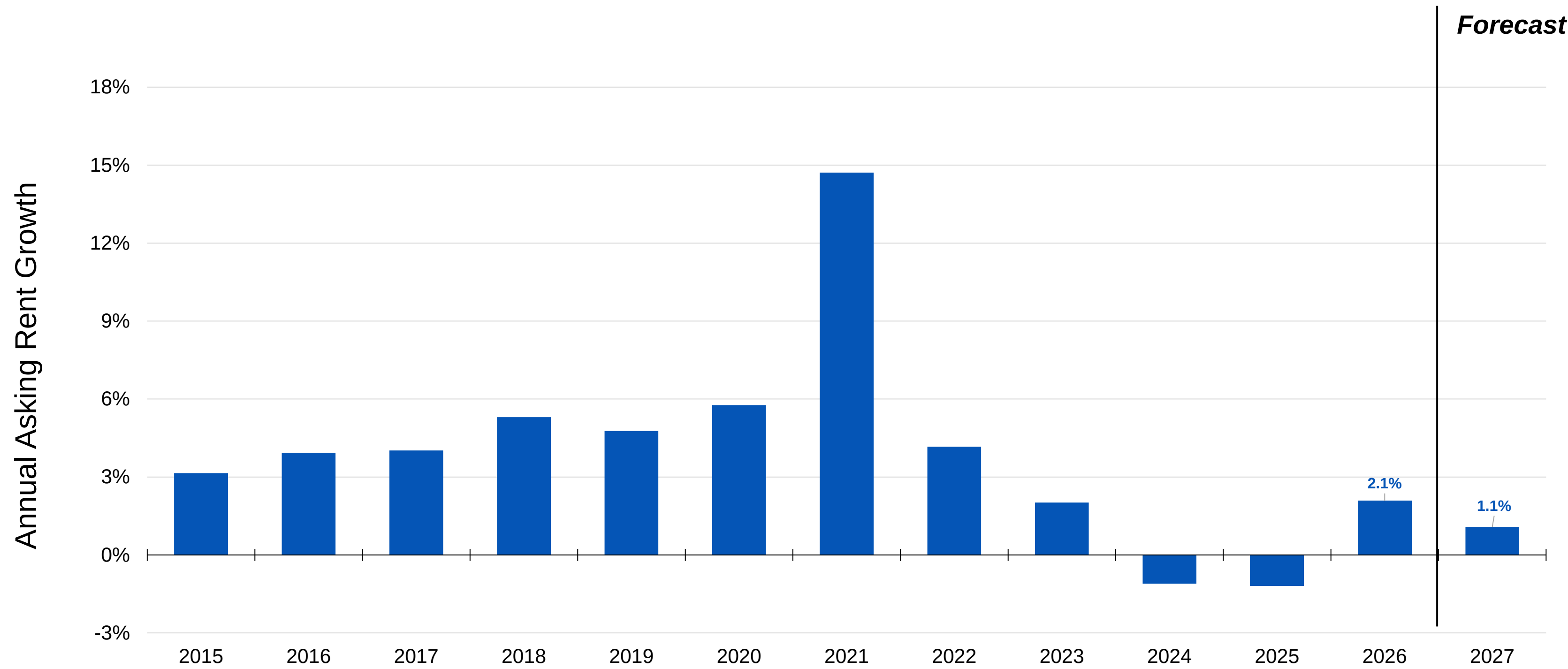
Tucson Asking Rent Growth Edges into Positive Territory in 3Q



Vacancy Could Remain Stubbornly High

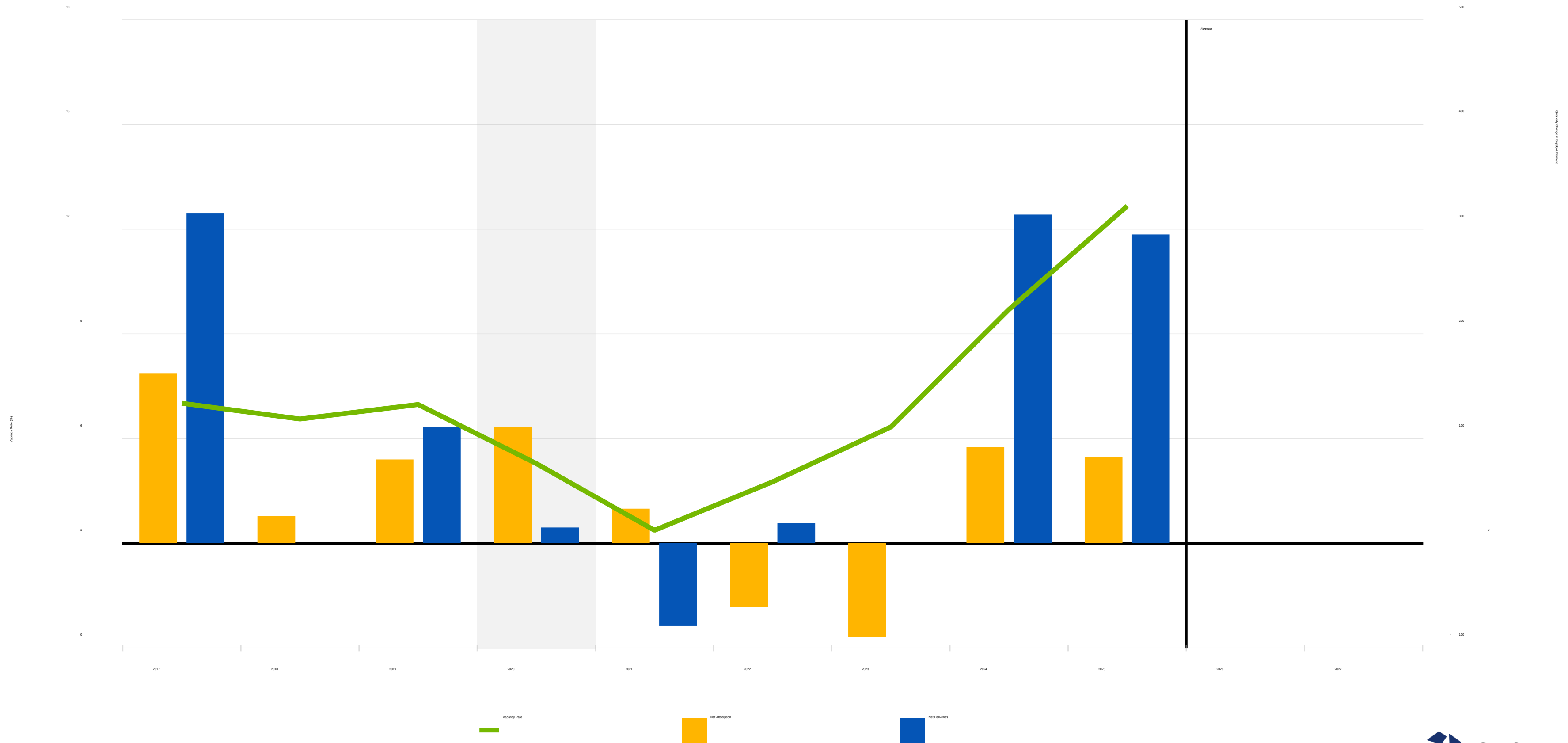


Tucson Average Asking Rent Growth Forecast

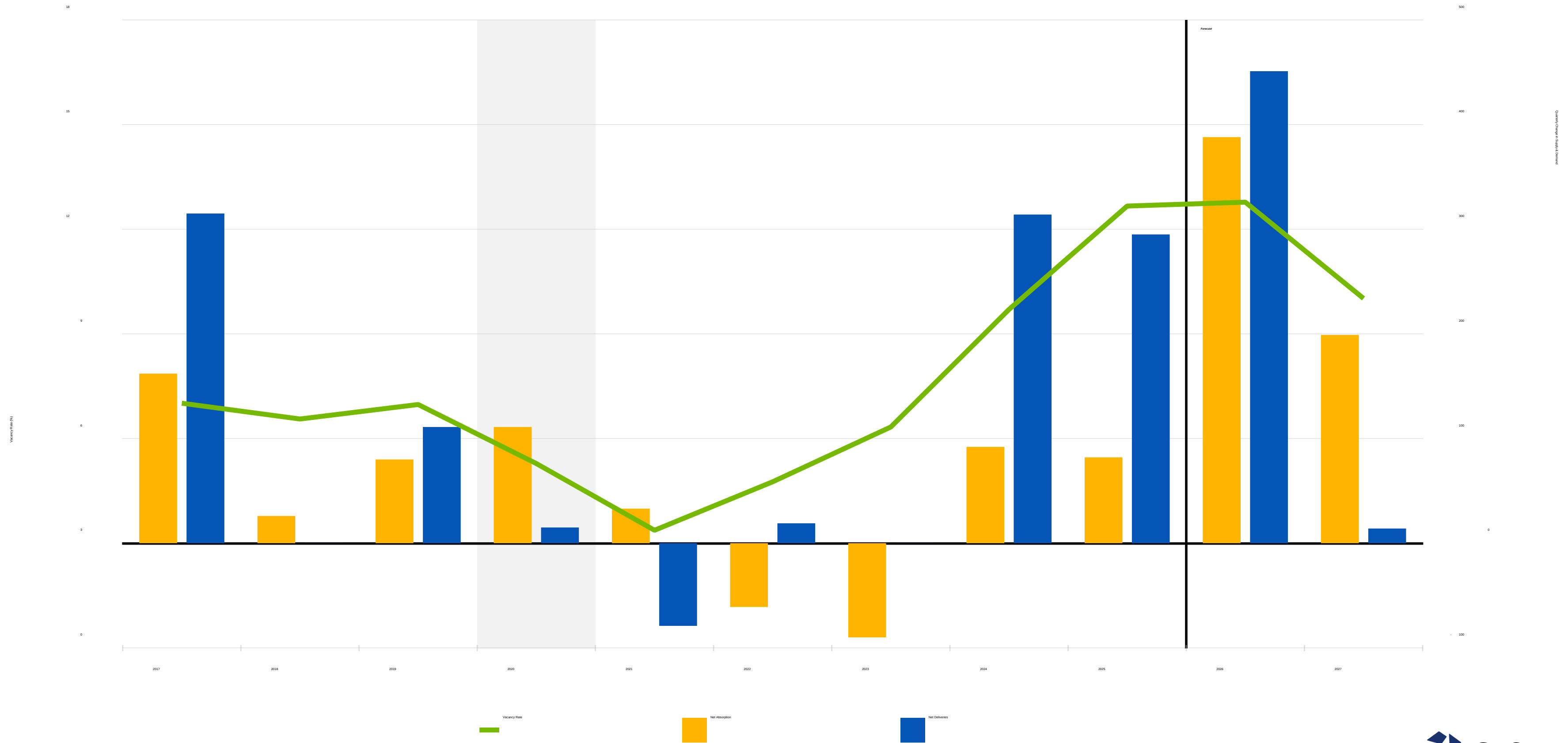


Flagstaff Multifamily Overview

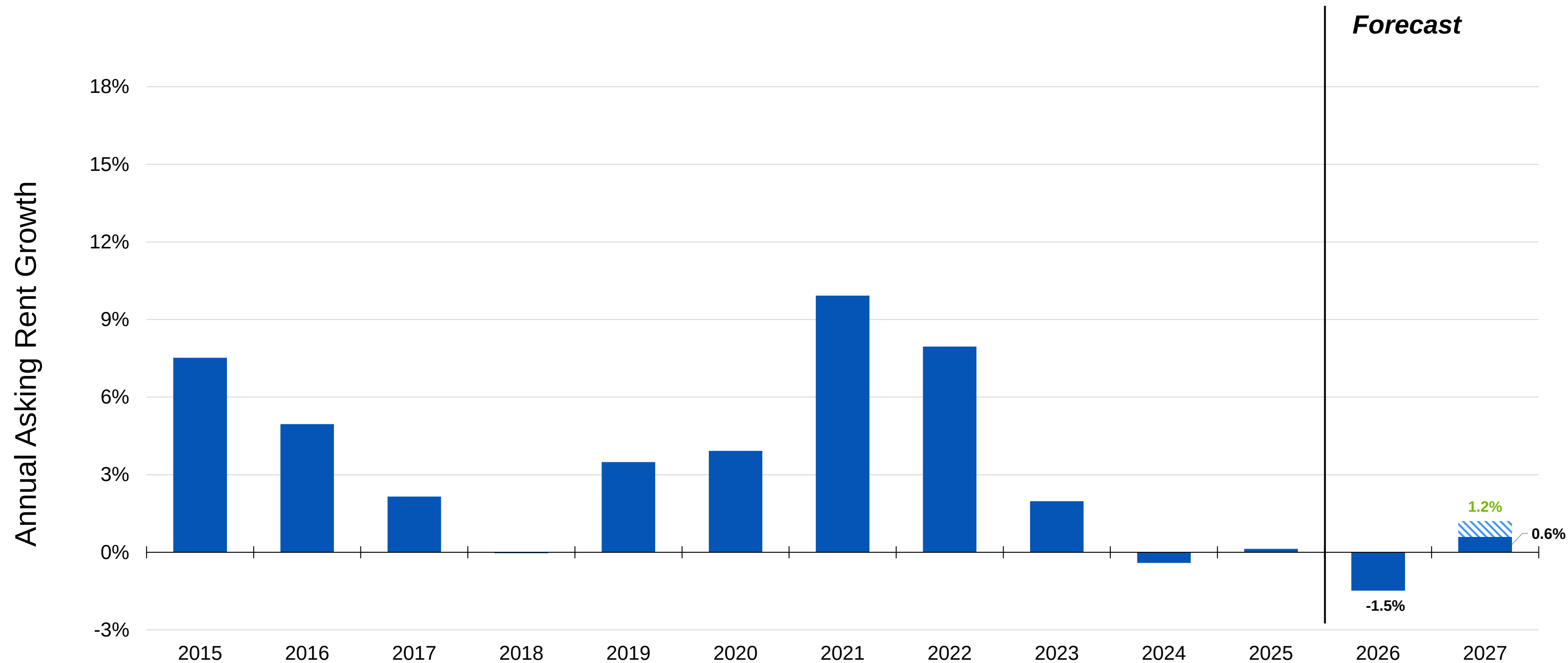
Overall Vacancy Remains Elevated and Climbing Higher



Overall Vacancy Remains Elevated and Climbing Higher



Flagstaff Average Asking Rent Growth Forecast



Thank You!



Connor Devereux

Senior Director of Market Analytics
CoStar Market Analytics

(480) 795-4715

cdevereux@costar.com

<https://www.linkedin.com/in/connordevereux/>

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OCTOBER 9, 2026

Perspectives & Projections

RENAISSANCE PHOENIX DOWNTOWN

05

SESSION | 11:30 AM – 12:15 PM

Arizona Water Update

Greg Vogel

Founder & Chairman, Land Advisors Organization



Arizona's Water Then Now & Future



GREG VOGEL

Founder and Chairman,
Land Advisors Organization

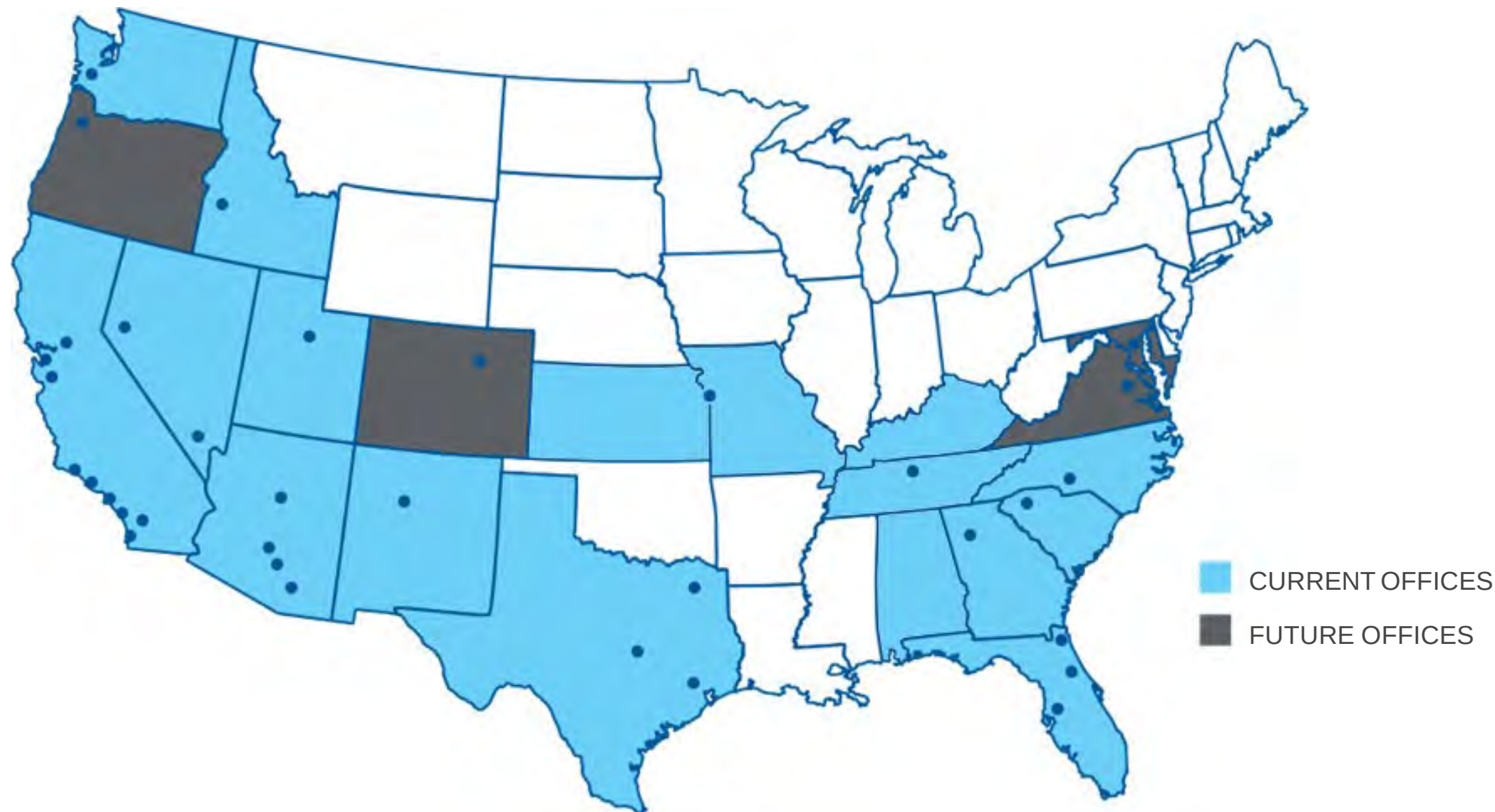


Land Advisors[®]
ORGANIZATION

“The Best-Known Name in Land”

FOUNDED IN 1987

- Land Advisors Organization operates in 32 growth markets nationwide
- Specializing in land-related services, including advisory, brokerage, capital, infrastructure and site selection

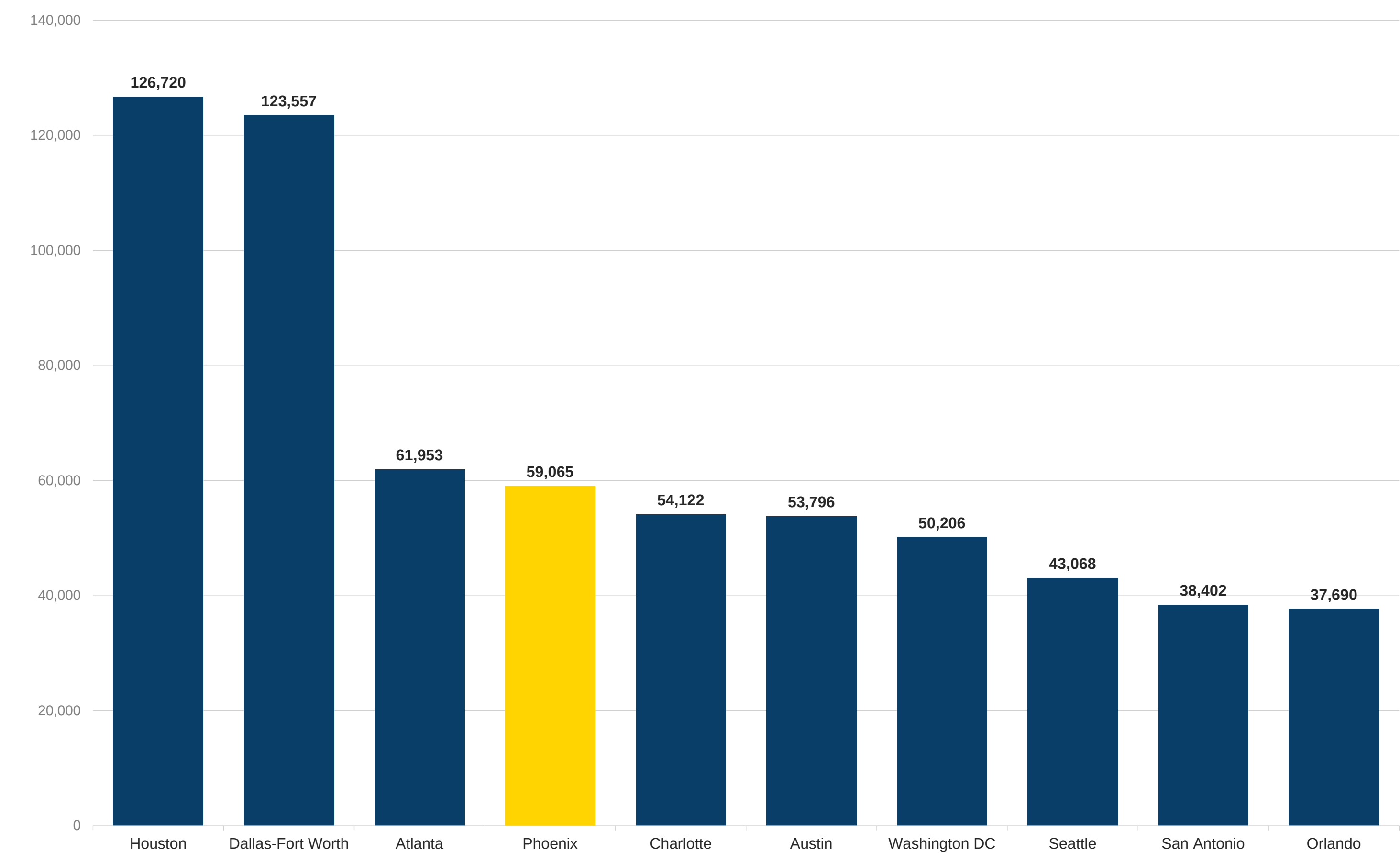


US Population 2025
341,800,000

Arizona Accounts for
2.2%
of the US Population

AZ Percentage of US
Population Growth
2024 to 2025: 3.7%

Top US population growth metros, 2024 to 2025



Metro Phoenix growth, 1990 to 2040

923,000 New Residents*
From 2020 to 2030 Requiring
341,000 ± New SF and MF
Housing Units

154,000 Acres of Land
55% West Valley
20% East Valley
25% South Pinal

* Projections: MAG and AZ OEO, 2023 medium series. Housing and land:
Land Advisors Organization estimate

Actual 2020 to 2025: about 73,000 a year, reaching 5.23 million (Census).
State projections (OEO, 2025): Arizona reaches 9.75 million by 2060.

1990 - 2000
Grew 101,300 annually

2000 - 2010
Grew 94,100 annually

2010 - 2020
Grew 65,300 annually

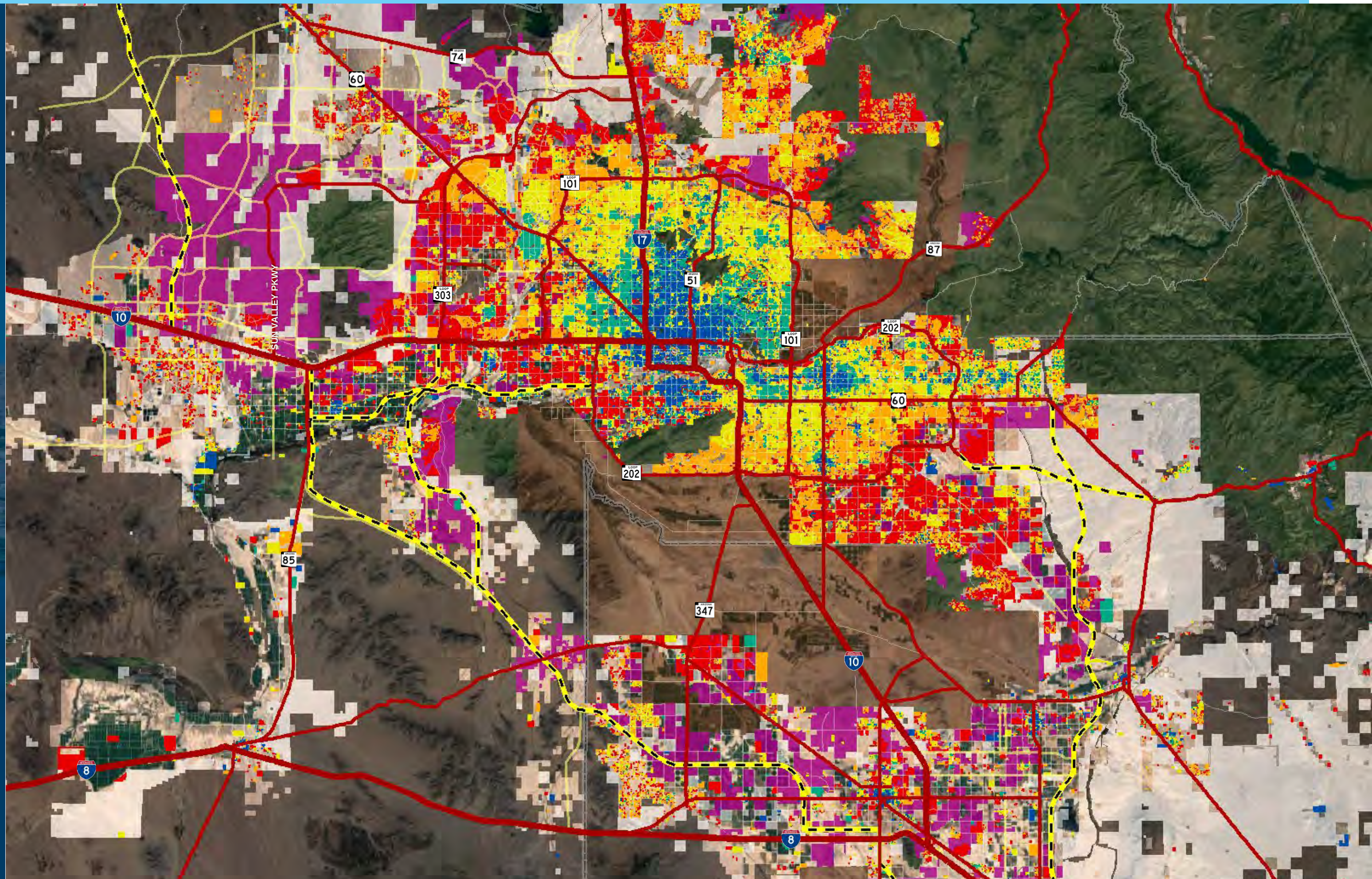
2020 – 2030
*Projected 92,300 annually

2030 – 2040
*Projected 75,300 annually

Metro Phoenix developed land and future growth

	Year Built	Pop
	Before 1955	500K
	1956 – 1970	1.04M
	1971 – 1985	1.92M
	1986 – 2000	3.25M
	2001 – 2023	5.00M
	2024 +	

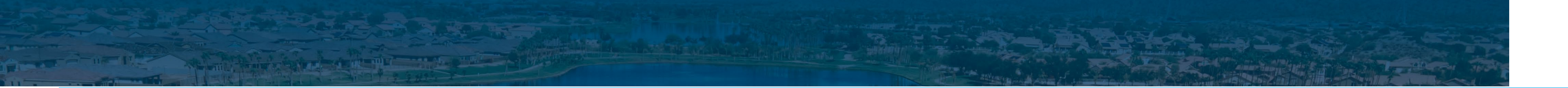
-  **Federal**
-  **Indian Community**
-  **State Trust**
-  **Parks & Preserves**



Source: First American Title, Land Advisors Organization

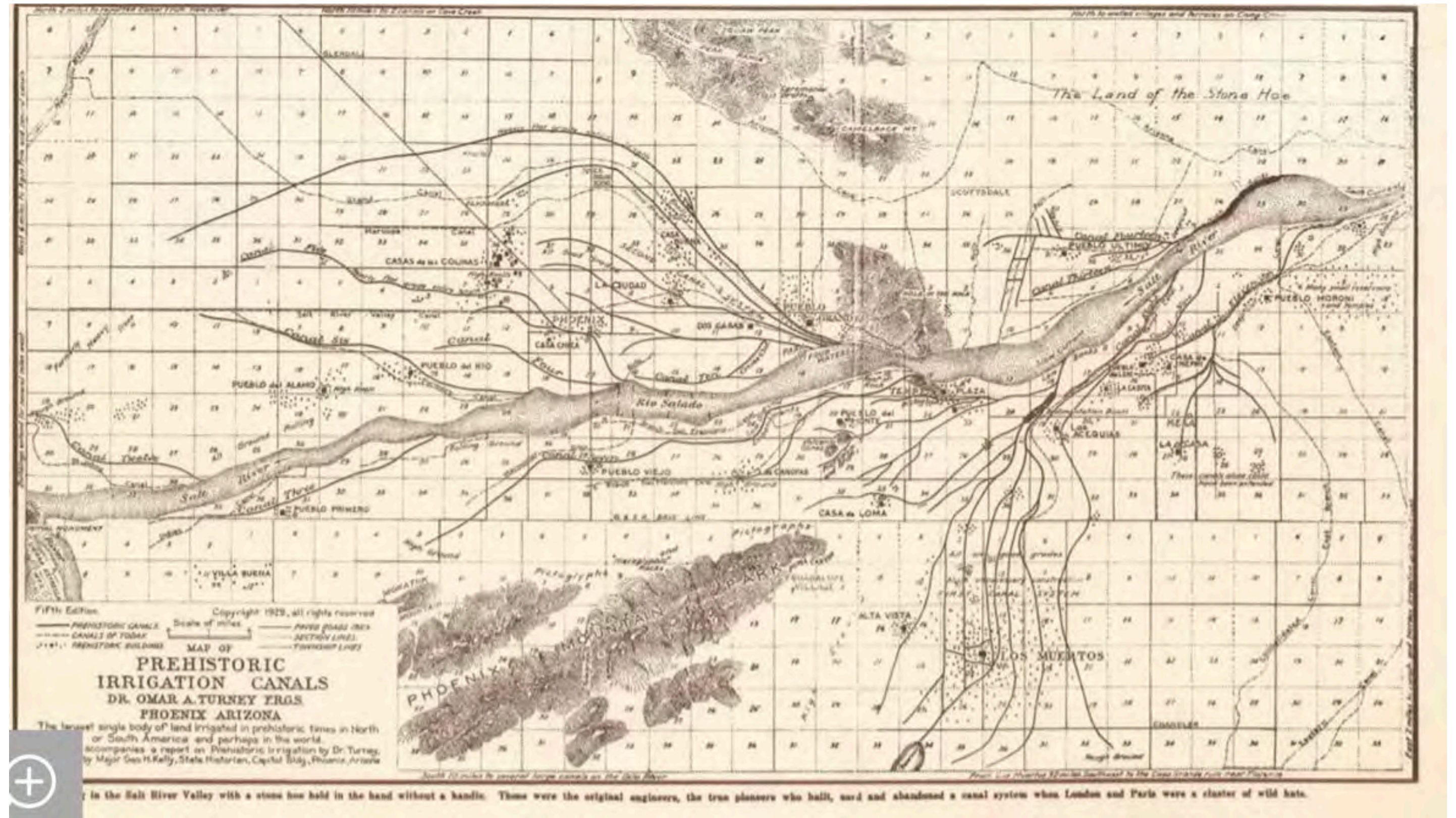
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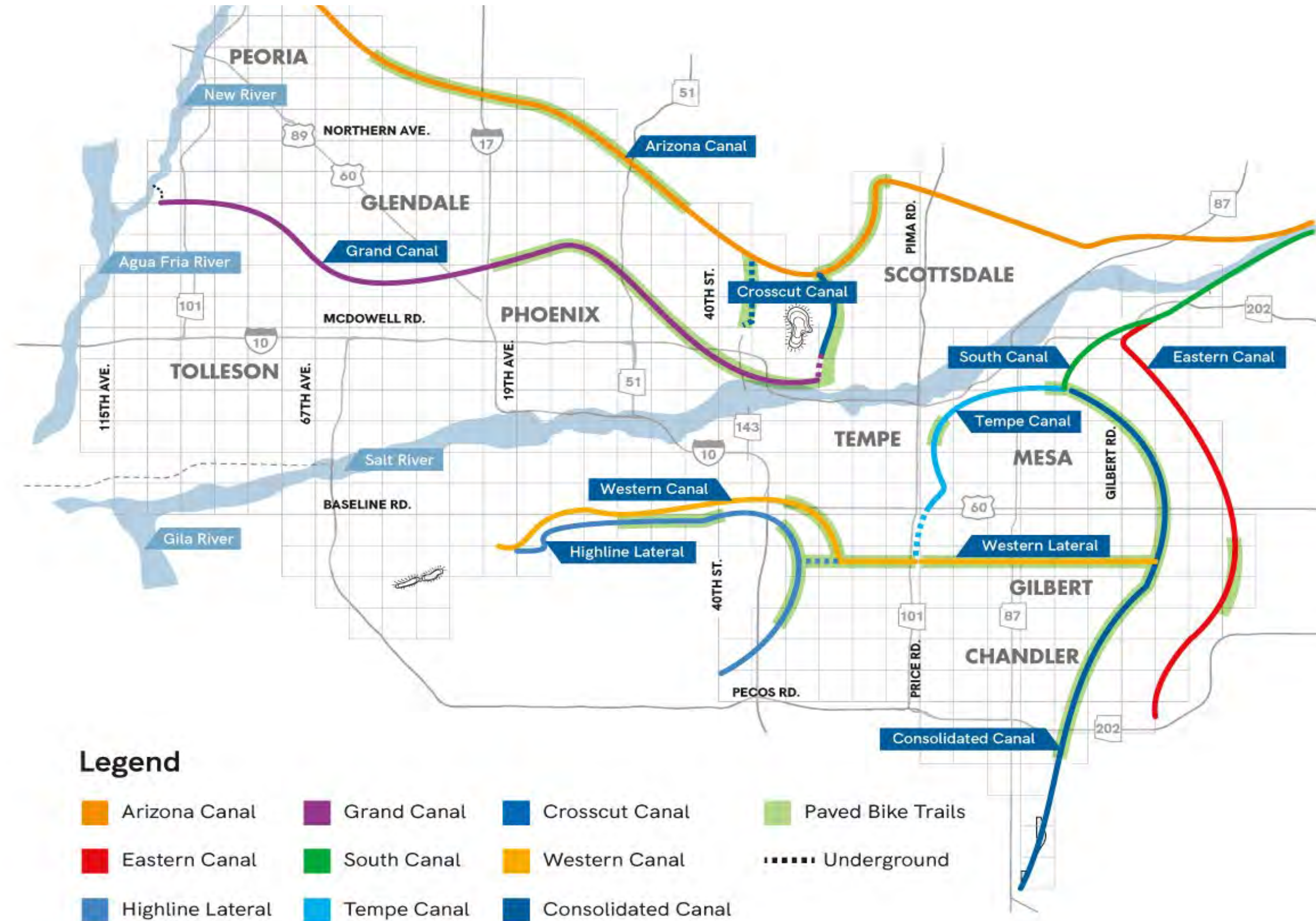
Water

Omar Turney's map of prehistoric canals



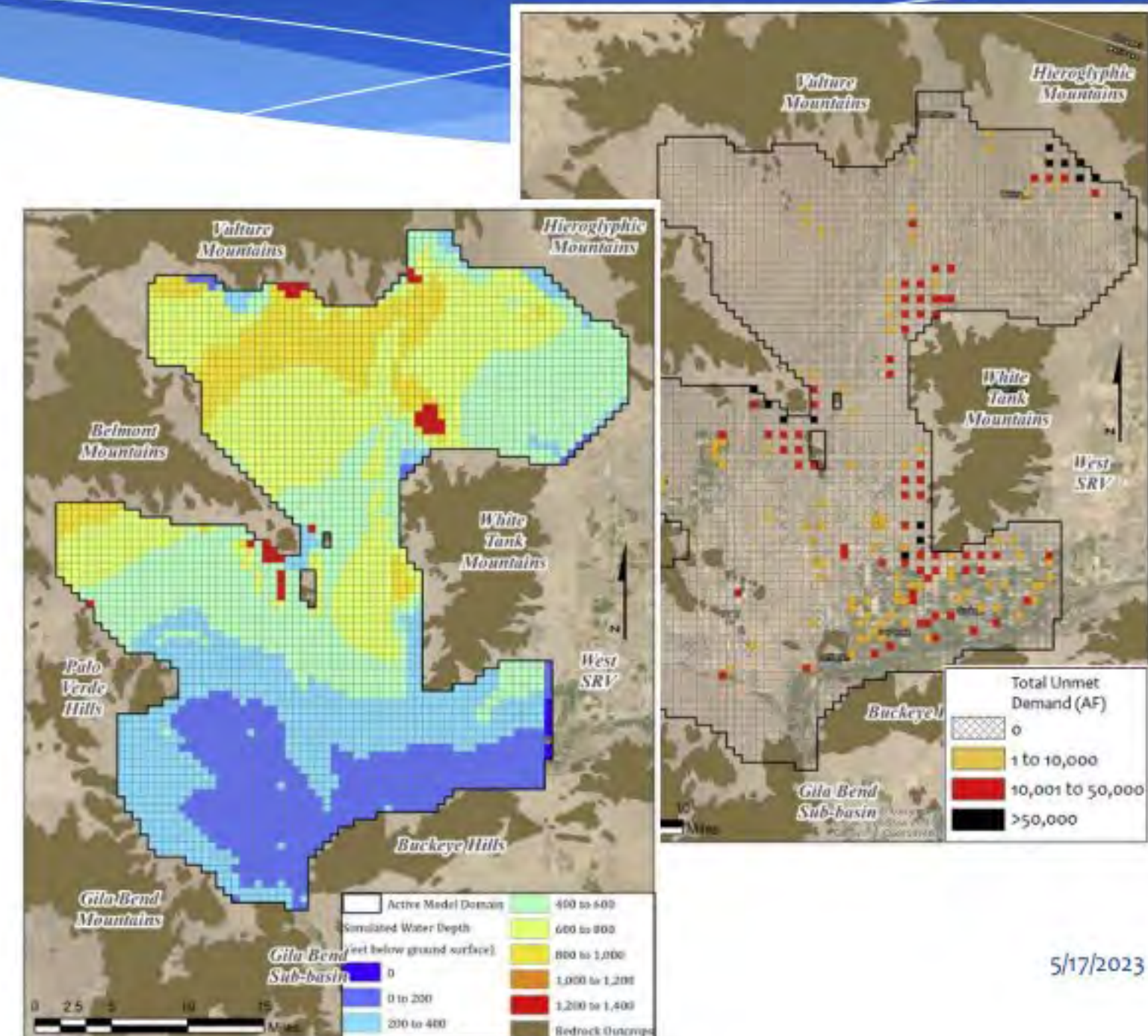
Source: Omar A. Turney, Map of Prehistoric Irrigation Canals, Phoenix, Arizona

Salt River Project



Hassayampa Sub-basin Model (2023)

- **Unmet demand after 100 years**
 - Existing wells = 0.9 MAF
 - Analyses = 2.2 MAF
 - Certificates = 1.3 MAF
 - LTSC = 0.1 MAF
- **Total unmet demand after 100 years**
 - **4.4 MAF**
- Depth to water exceeds 1,000 ft bls and/or hits bedrock in the central and northern parts of the sub-basin



"The days of utilizing native groundwater for development in Pinal are over, it's done."
- Director Buschatzke, June 2021



"ADWR previously worked with stakeholders in the West Valley that are subject to the Assured Water Supply program to seek solutions to the shortfall projected in the Hassayampa model."

"As Governor Hobbs signaled in her State of the State speech, it is time to include legislators, the business community and all constituencies to address the challenges attendant to the Assured Water Supply program in the Hassayampa Basin and for all the water management challenges facing Arizona."

- Director Buschatzke, January 2023

What critics point to

- Treats every approved subdivision as built and pumping, whether or not homes exist – All at once
- Bloated water usage – 30%
- Recharge Credits - only supplies from existing facilities, not future required recharge. 30-40%
- Well placement: Study has wells in the half-mile grid to base of the mountains – Ignored existing studies and analyses
- Model shows any dry wells over 100 years - blocks groundwater certificates across the whole AMA
- Allows zero "unmet demand", which critics call stricter than standards elsewhere

Where it stands

- Unmet demand is concentrated at the Valley's edges, mainly the West Valley and Hassayampa areas and the Southeast Valley
- Apr. 21, 2026: court rules ADWR never properly adopted its AMA-wide unmet-demand and depth-to-water rules and bars their use
- June 8, 2026: court voids the ADAWS 25% extra-supply requirement
- ADWR has said it will appeal

What is tight

1,037.79 ft

Lake Mead's lowest level since it first filled (Sept. 27, 2026)

760,000 AF a year

Arizona's yearly Colorado River cut in 2027 and 2028, about 27% of its 2.8 MAF share

Since 2023

ADWR limits on new groundwater-based Phoenix AMA certificates; a court struck the rules in 2026 and ADWR plans to appeal

\$20,000+

Price per acre-foot a year of 100-year Harquahala supply, up from \$6,000 to \$13,500 in 2022 and 2023 deals

What is working

6.9 vs 7.1 MAF

Arizona's annual water use was lower in 2015 than in 1957, with about 6 million more people

96%

Share of projected 100-year Phoenix AMA groundwater demand met in ADWR's 2023 model

14.5 MAF

Long-term storage credits banked in Central Arizona (2023), held by many owners and largely committed

58%

Phoenix supply from the Salt and Verde rivers, outside the Colorado River cuts

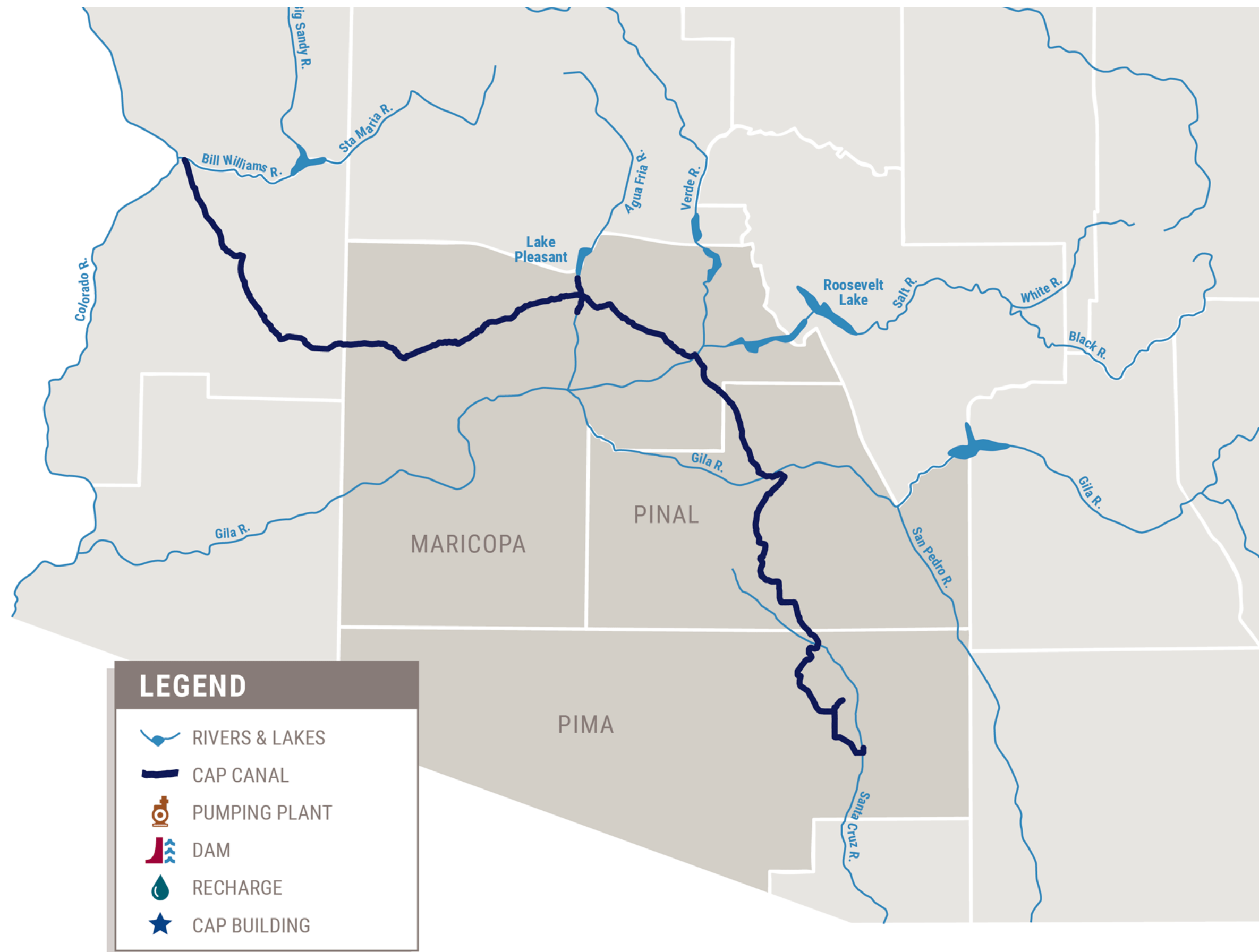
Salt and Verde watersheds, storing our water



Source: Salt River Project reservoir system; base map, Google Maps

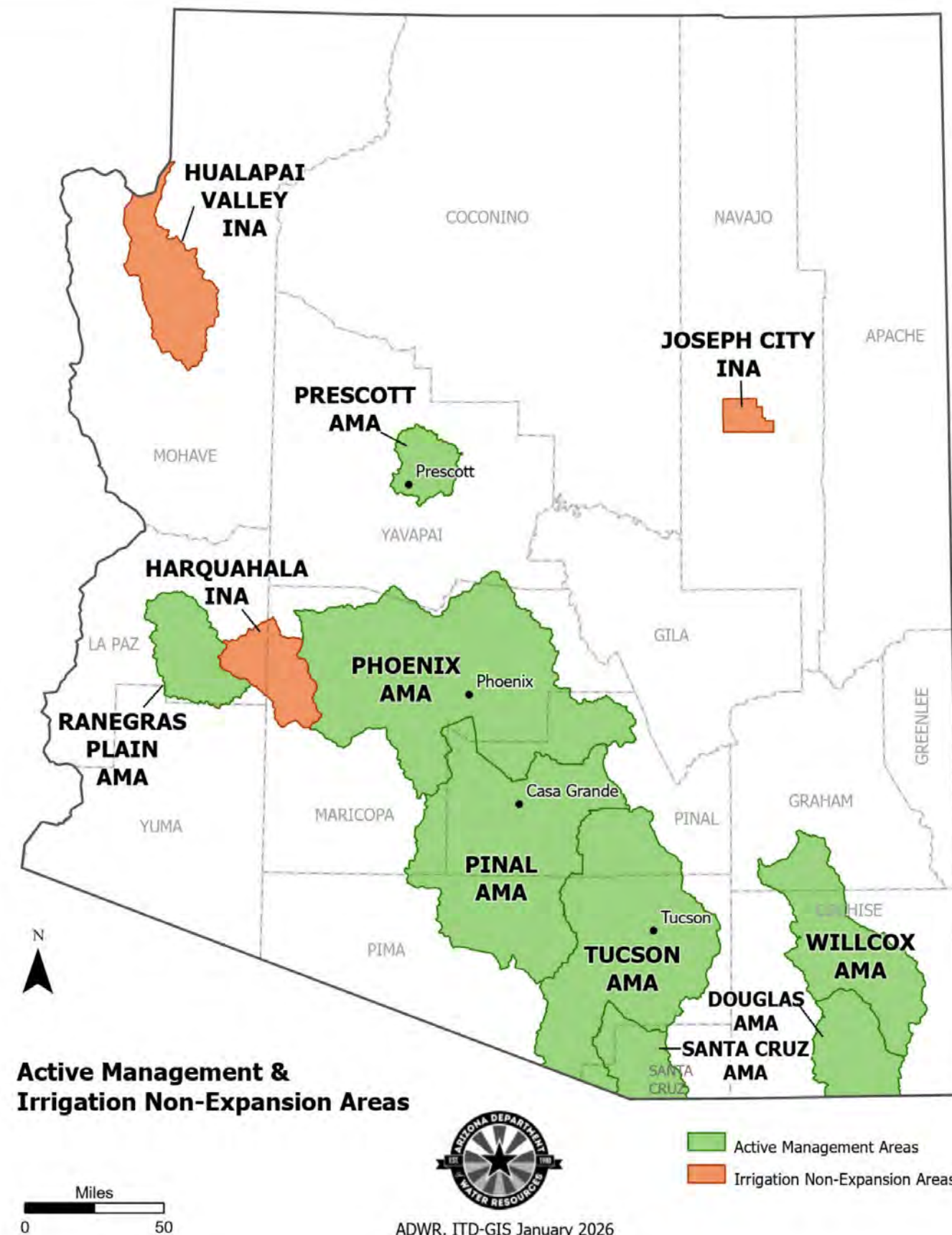


Central Arizona Project



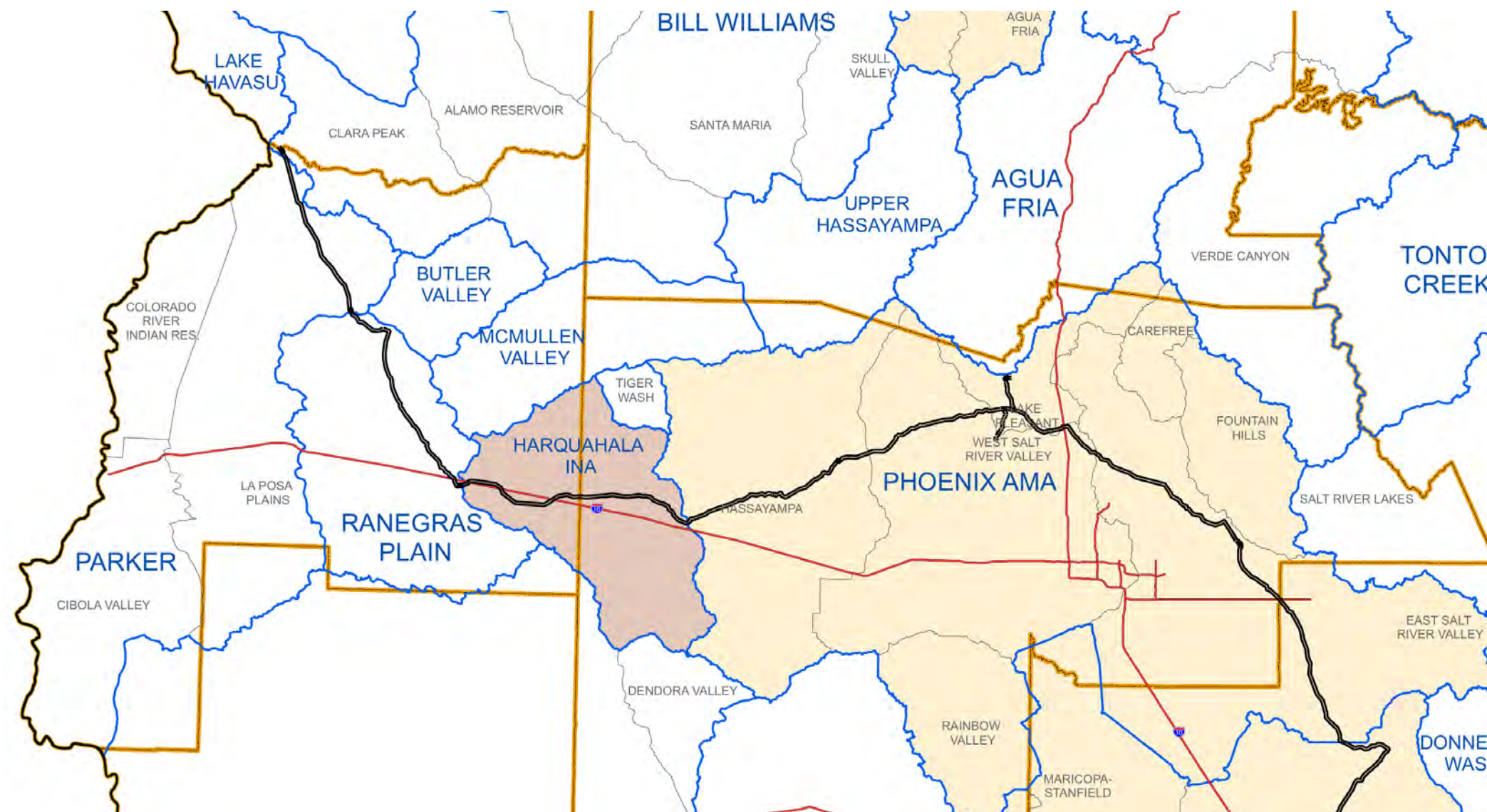
Source: Central Arizona Project

Active Management Areas

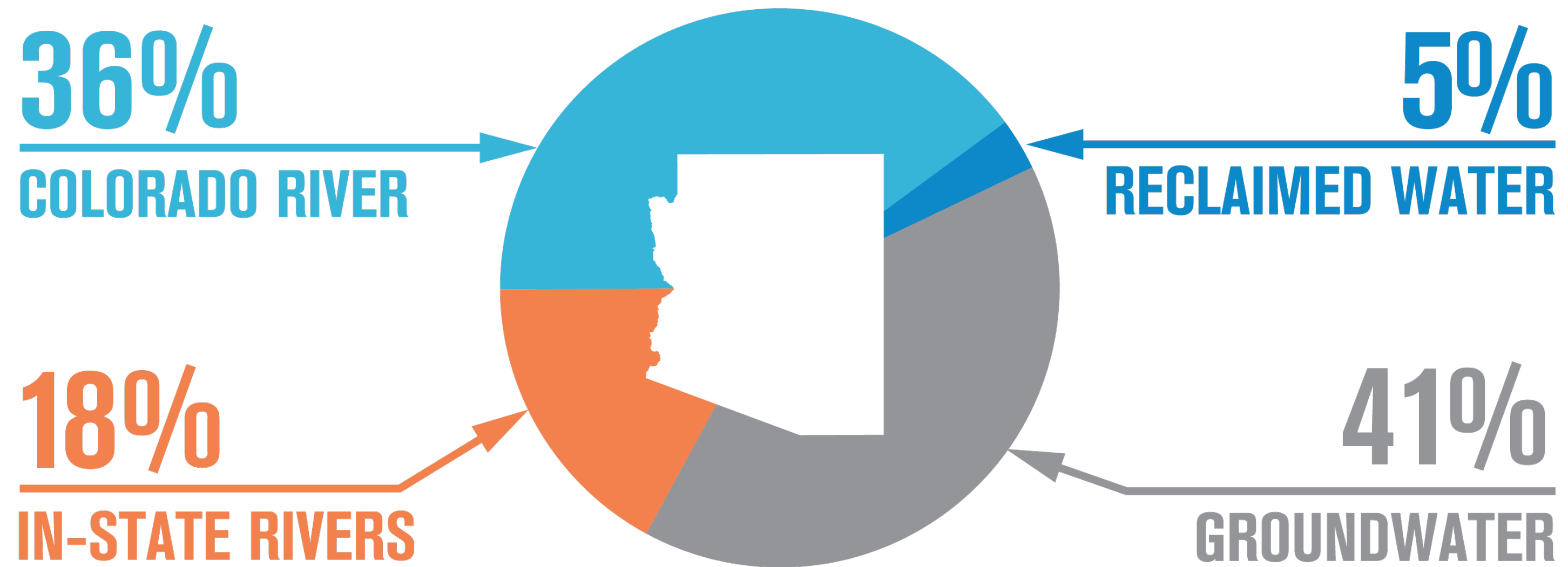


- Eight AMAs now manage groundwater; Willcox (Dec. 2024) and Ranegras Plain (Jan. 2026) are the newest
- State law lets three rural basins transport groundwater into AMAs, including Phoenix: Harquahala, McMullen Valley and Butler Valley
- Irrigation non-expansion areas (INAs) bar new irrigated farmland but do not carry an AMA's full pumping rules

Import basins and the CAP canal

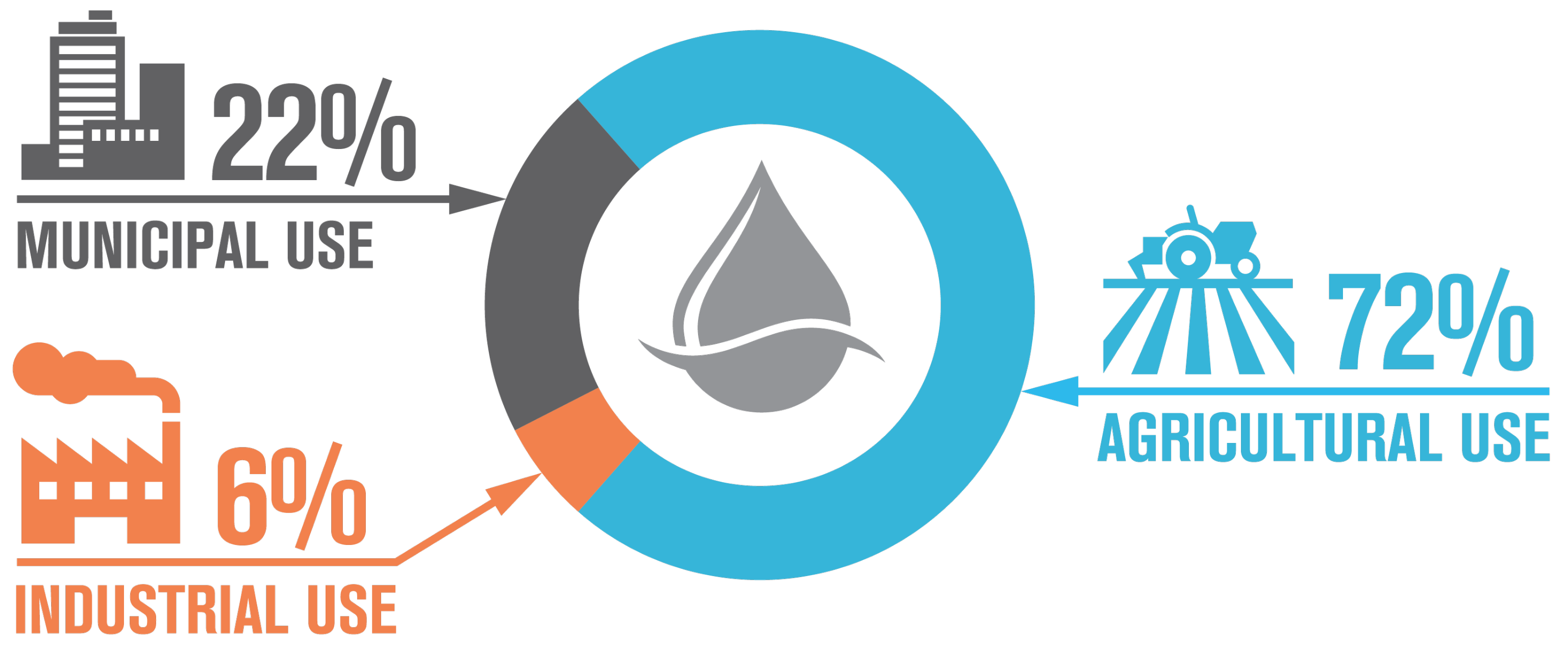


- Butler Valley, McMullen Valley and the Harquahala INA sit west of the Phoenix AMA
- The CAP canal runs from Lake Havasu through the Harquahala INA into the Phoenix AMA, the route for transported Harquahala water
- McMullen Valley would need a pipeline to reach the canal; Butler Valley water can be moved only by public entities
- This ADWR map predates the 2026 Ranegras Plain AMA



SOURCE: ADWR, 2020

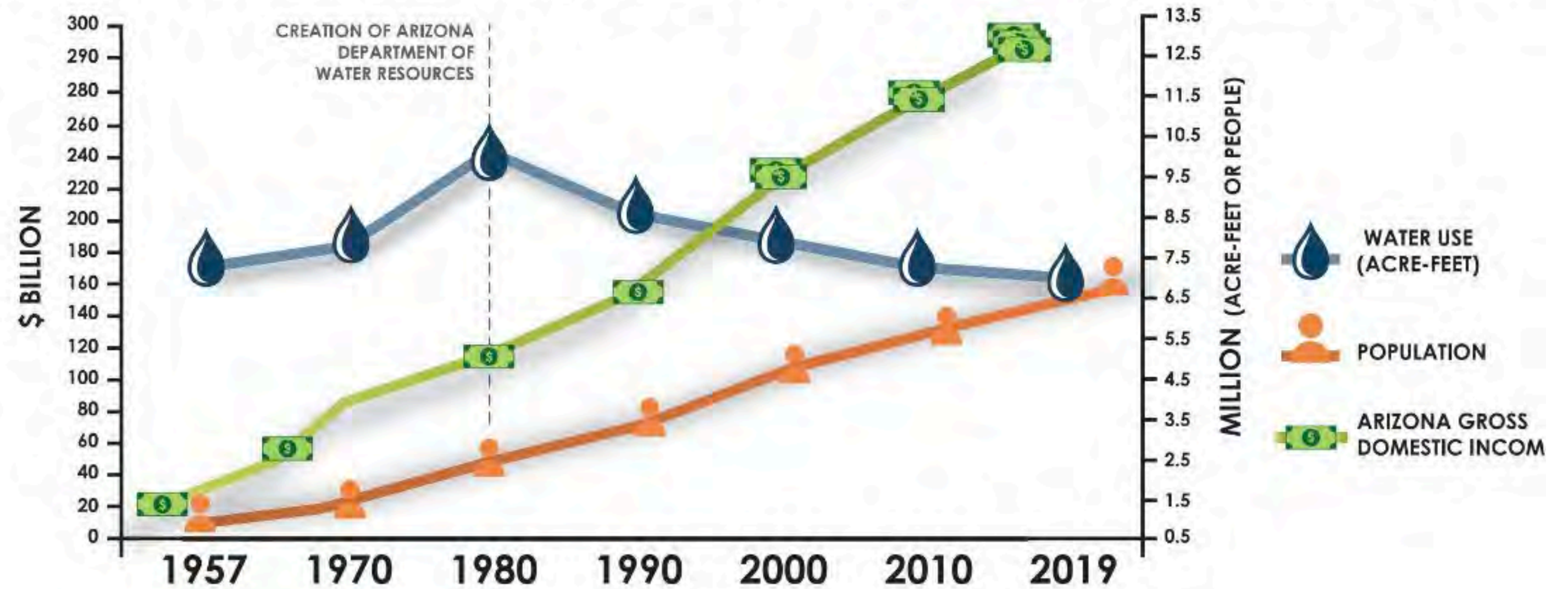
Arizona water use



SOURCE: ADWR, 2020

Water use

ARIZONA WATER USE, POPULATION AND ECONOMIC GROWTH



Arizona used less water in 2015 than in 1957, with about 6 million more people.

6.9 MAF

Arizona's annual water use in 2015, below 7.1 MAF in 1957

While adding about 6 million people and growing the economy nearly 500%

-29%

City of Phoenix use per person, 1990 to 2019

Phoenix added about 400,000 people over 20 years as per-person use fell

-49%

Irrigated farmland in the Phoenix AMA

302,322 acres (1995 to 1999 average) to 153,001 acres (2016 to 2020)

35% to 15%

Groundwater's share of Phoenix AMA city supply

Late 1980s to about 2020, per AMWUA

-27%

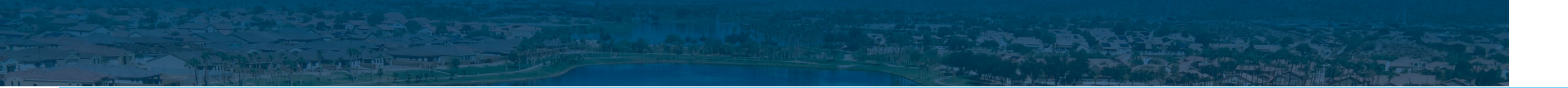
Phoenix AMA groundwater use, 1985 to 2017

About 977,000 AF a year down to about 716,000 AF a year (AMWUA)

-25%

Phoenix AMA city use per person

307 to 230 gallons a day, 1985-90 to 2010-17 (ADWR)



The Colorado River and CAP

What Interior decided on Aug. 21

- Operating rules for 2027 and 2028, inside a 10-year framework through 2036
- Lower Basin cuts of 1.25 MAF a year, plus 700,000 AF of voluntary conservation over the two years
- Rules take effect Oct. 1, 2026; shortages of up to 3 MAF a year are possible from 2029 to 2036
- Lake Powell's 2027 release of 6.0 to 7.0 MAF, final figure set in April 2027
- After 2028, operating ranges only; new two-year rules must be negotiated

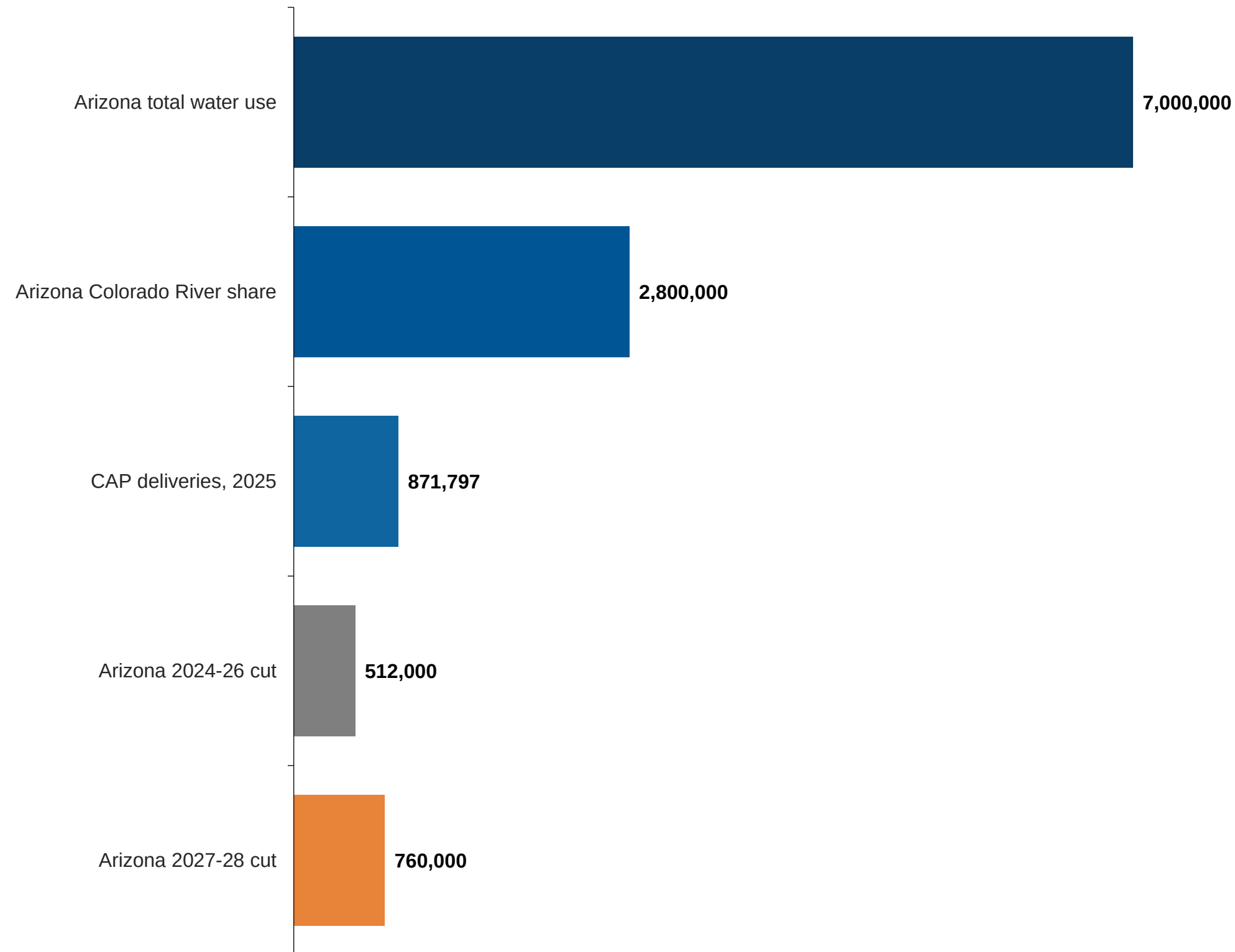
State	Annual cut (AF)	Share
Arizona	760,000	61%
California	440,000	35%
Nevada	50,000	4%
Lower Basin	1,250,000	100%

What comes next

- Nevada sued the federal government on Aug. 24; the Gila River Indian Community is sympathetic but not a party
- CAP's board voted Sept. 3 to prepare for litigation, arguing Upper Basin states face no mandatory cuts
- Arizona's stated priority remains a three-state Lower Basin agreement

The 760,000 AF cut in context

Acre-feet a year



About 11%

of Arizona's total yearly water use

About 27%

of Arizona's 2.8 MAF Colorado River share

248,000 AF

a year more than Arizona's required cut since 2024; paid voluntary conservation comes on top in both periods

Who takes the cut in 2027 and 2028

About 20% of M&I CAP water

Cities with municipal (M&I) CAP
contracts

- Phoenix, Scottsdale, Mesa, Peoria, Glendale, Gilbert, Chandler, Goodyear, Surprise, Avondale, Tempe and EPCOR
- The cut applies to their CAP contract, not their whole supply

Little change

Small contracts of lowest-priority CAP
water (NIA)

- Buckeye, Queen Creek and El Mirage hold small contracts of this water, largely unavailable before 2027
- Their limit is groundwater rules, not the river

Least affected

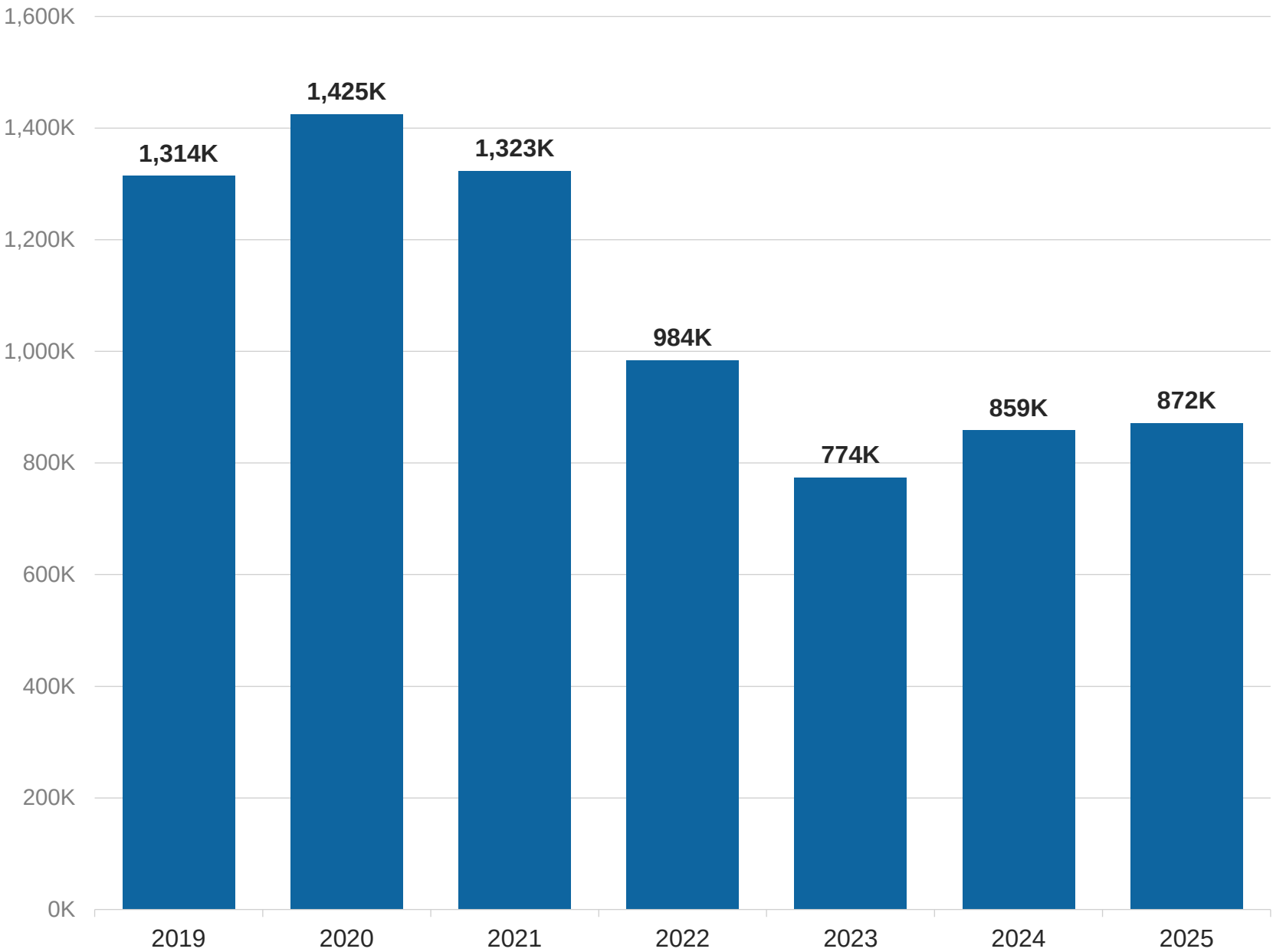
Salt and Verde water and higher-priority
tribal water

- Salt and Verde (SRP) water is outside the decision
- Top-priority tribal water, such as Anthem's Ak-Chin lease, is protected

How hard a city is hit depends on how much of its supply is CAP water. Scottsdale is about 70 to 75% CAP; Tempe gets most of its water from the Salt and Verde.

How CAP absorbs the cut

CAP water deliveries, acre-feet



Deliveries are nearly 40% below the 2020 peak. Excludes long-term storage credit transfers.

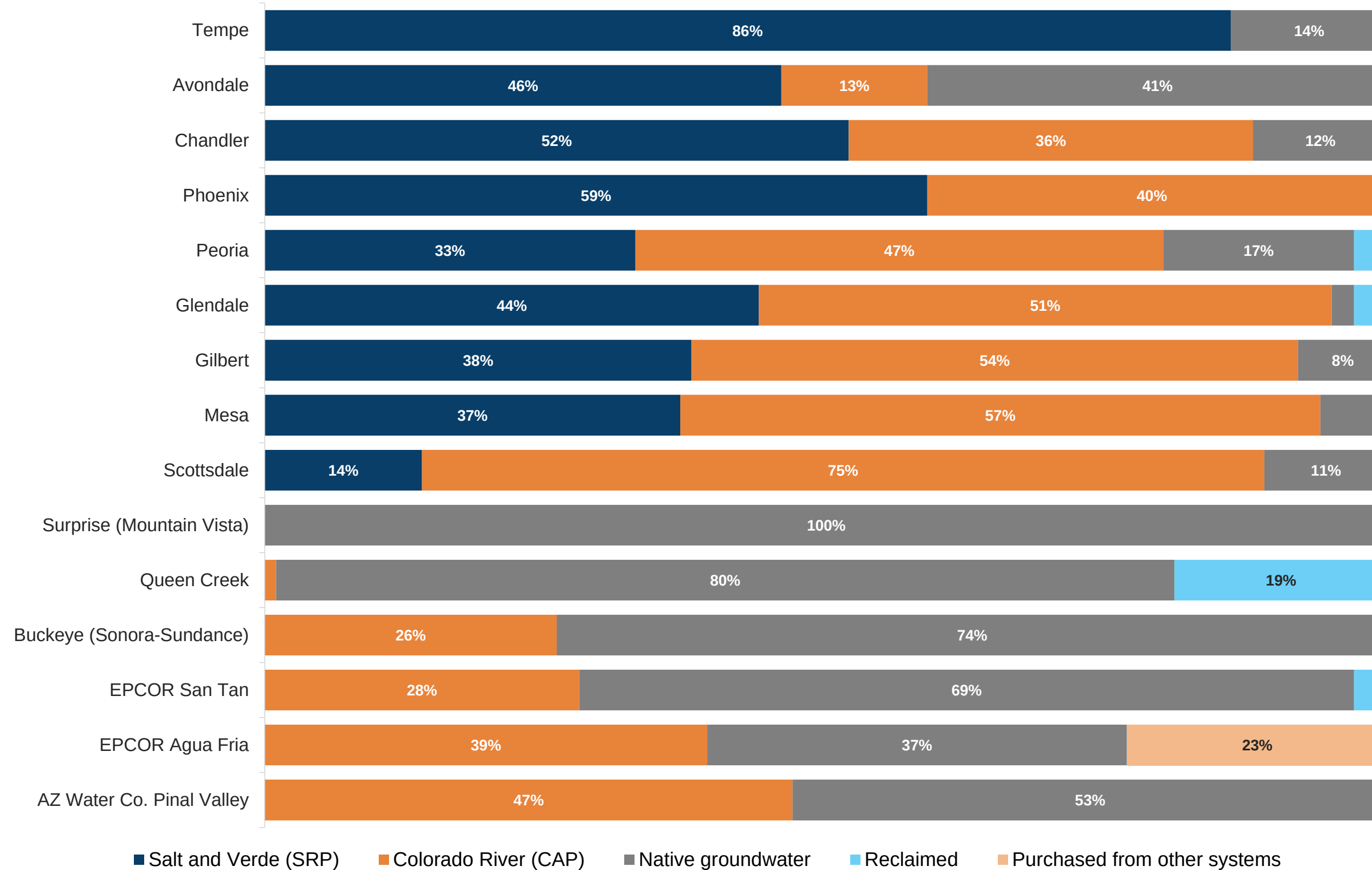
CAP priority pools, first cut to last

Excess water	Already cut to zero
Ag Settlement Pool	Already cut to zero
NIA priority	Largely gone; gets water only when CAP supply exceeds about 982,000 AF
M&I subcontracts	About 20% cut in 2027 and 2028
Indian priority	Shares shortages with M&I; federal firming offsets some tribal cuts
Third priority (P3)	Most protected

CAP M&I rate \$365 per AF in 2026, \$378 in 2027

CAGR D replenishment (Phoenix AMA) \$944 per AF in 2026-27, \$982 in 2027-28 (provisional)

Who depends on the Colorado River

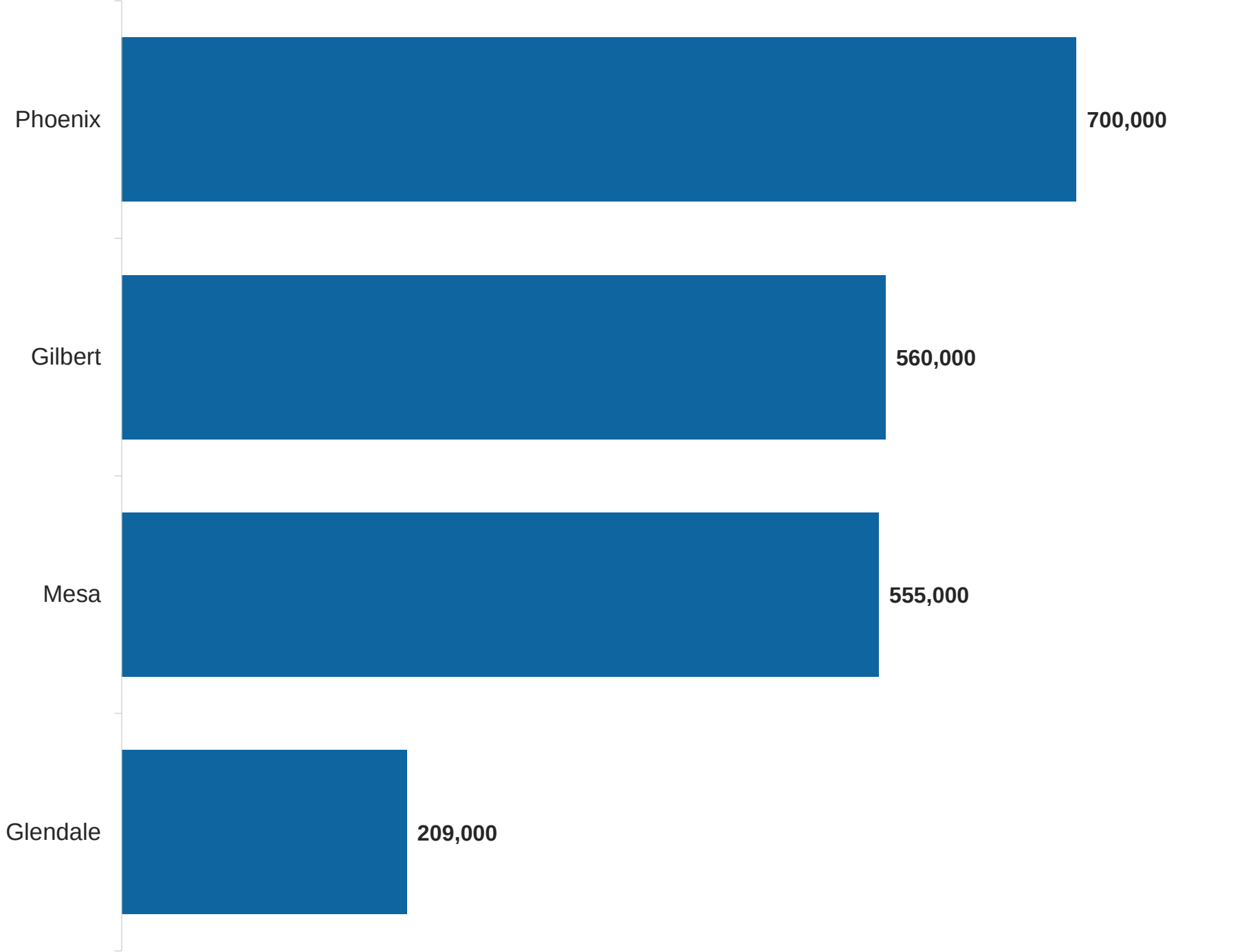


Share of each provider's 2022 deliveries by source. Buckeye and Surprise show their largest systems.

- Cities inside SRP get much of their water from the Salt and Verde, which the cuts do not touch
- Scottsdale, Mesa, Gilbert and Glendale got more than half their 2022 water from the Colorado River
- Growth-edge systems ran mostly on groundwater, which the certificate rules limit

Stored water, the Valley's cushion

Water stored underground or held as storage credits, acre-feet



City-reported totals. Gilbert figure is cumulative storage since 1989; Glendale figure is storage credits.

City	What 2027 looks like
Phoenix	Stage 1 now; expects Stage 2 when cuts take effect in 2027
Mesa	Stage One of drought plan
Gilbert	About a 20% cut to Colorado River supply; Stage 2 could begin Jan. 1, 2027
Chandler	About a 16% cut; city says demand is still met
Glendale	Would draw on stored credits in a deep-cut planning scenario (65%)
Peoria	Bought 173,673 AF of storage credits from Vidler (Sept. 2026)

About 5 years

of the cut, on paper, from the state's water bank

3.8 MAF banked for Arizona (2023) divided by the 760,000 AF a year cut

What a credit is

Water stored underground, usually CAP or treated effluent, that the holder can pump back later

A one-time volume, not a yearly supply. Central Arizona holds over 14.5 MAF of credits (2023), mostly committed to specific owners and uses

The fine print

- Banked water is a cushion, not a new supply; once recovered it has to be replaced
- Much of the Water Banking Authority's water is reserved for specific uses, including firming city CAP supplies and tribal settlements
- How fast credits can be used depends on recovery wells and pipes, not just the balance on the books

What the cuts mean for taps and bills

The question

Will taps run dry?

No

The facts

Cities are drawing on stored water (Phoenix holds about 700,000 AF) and moving to drought stages, not service cuts.

What to watch

CAP-heavy cities, such as Scottsdale, lean hardest on storage and new supply.

Will bills spike?

They will rise

CAP's city rate rises about 4% in 2027. Most Valley bills sit in the lower half of large US cities.

Replacement water costs more; some increases will be large, such as Gilbert's 25% in 2026.

What the cuts mean for growth

The question

Does growth stop?
No, it costs more

The facts

The decision does not revoke existing certificates or designations, and new pathways keep approving homes.

What to watch

Water fees in CAP-dependent growth areas.

Do new homes pay more for water?
Yes, modestly

Homes on CAGRD member land pay an assessment to replace groundwater, roughly \$330 a year at provisional 2027-28 rates (estimate).

CAGRD's yearly replenishment obligation is projected to more than double by 2044.

Gila River Indian Community

A joint venture with SRP stores and sells the Community's water as credits. It also supplies CAGR D and swaps water with Mesa and Chandler.

Colorado River Indian Tribes

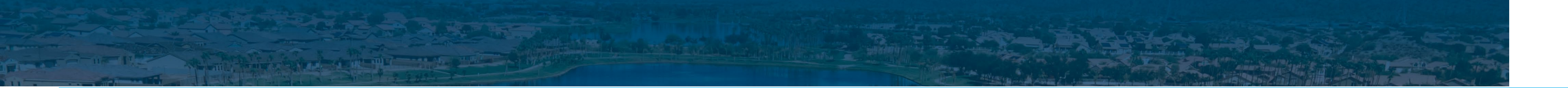
Congress allowed off-reservation leasing in 2023. In Sept. 2026, CAP's board approved buying 9,009 AF of CRIT's conserved water for CAGR D.

Ak-Chin Indian Community

Its lease supplies all of Anthem's water, from CAP's top priority. Recently leased additional water for Sun City Festival in Buckeye.

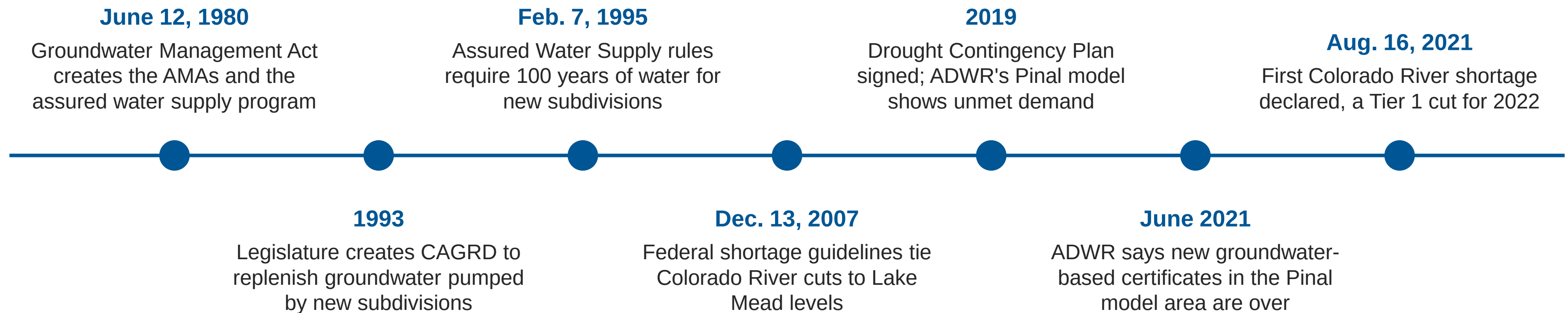
Why it matters

About 46% of CAP's supply is or will be tribal. Tribal leases and credits are one of the few ways to add long-term supply.

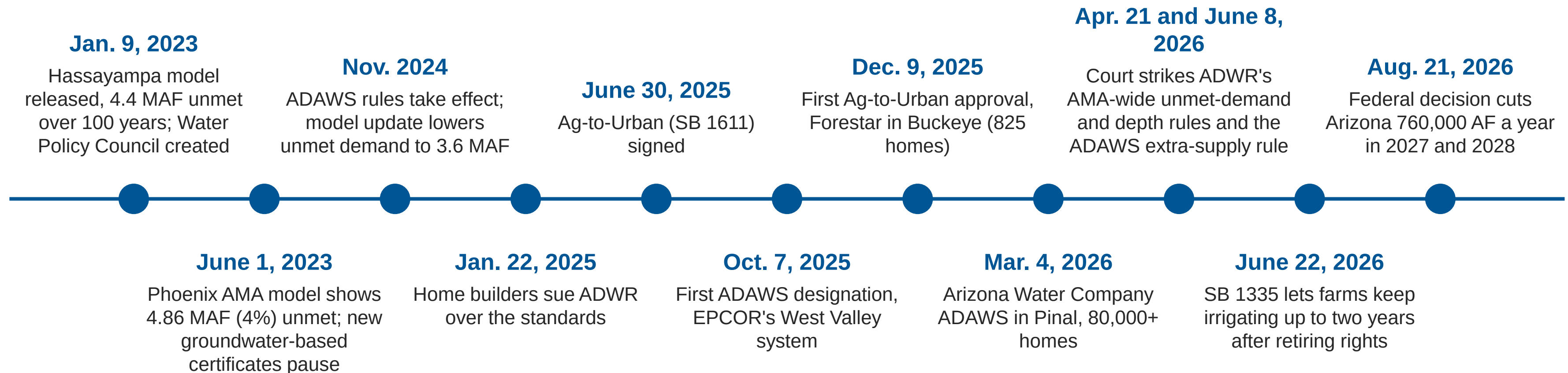


Groundwater and the 100-year rule

How we got here, 1980 to 2022



The pause and new pathways, 2023 to 2026



96%

Of projected 100-year Phoenix AMA groundwater demand met in ADWR's 2023 model

4.86 MAF unmet over 100 years, about 4%, concentrated at the Valley's edges; 3.6 MAF in the 2024 update

101 to 250 ft

Depth to water across large areas of the Phoenix AMA in 2121

Snell & Wilmer's reading of ADWR's 2023 model; water deeper than 1,000 ft is not counted

40 MAF+

Groundwater in storage, Pinal AMA model area, to 1,100 ft

ADWR, as of 2013. More than 3 MAF sits beneath the City of Phoenix service area

Why a large aquifer still limited new certificates

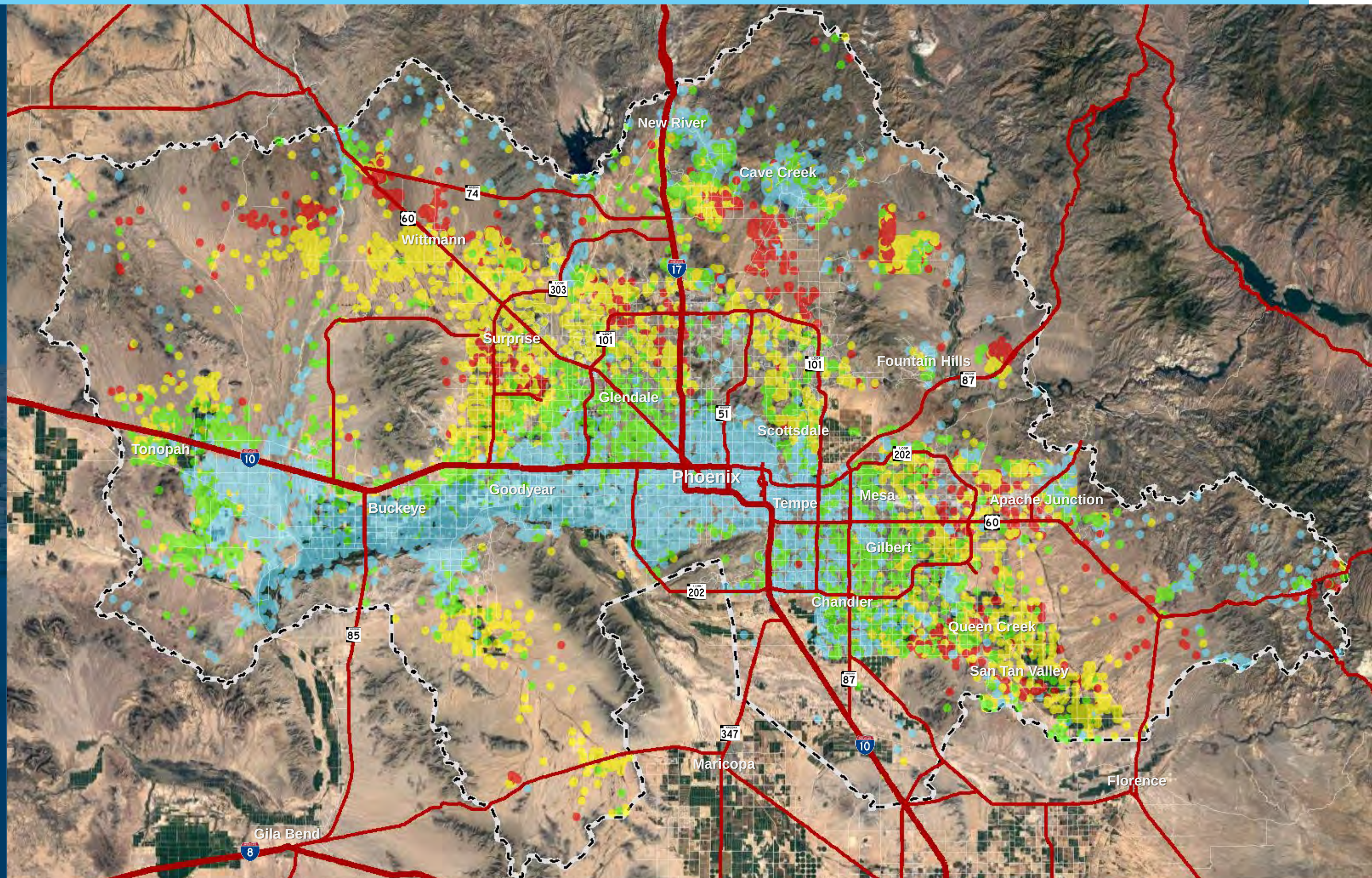
- ADWR's standard counted only water above 1,000 feet and allowed no unmet demand, so a gap of a few percent stopped new groundwater-based certificates
- A court struck the AMA-wide standard in April 2026; ADWR plans to appeal
- About 80,000 unbuilt homes already held certificates when the pause began (Governor, June 2023)

Phoenix AMA well water levels

Water Depth at Well Site

- 10 to 150 ft
- 150 to 300 ft
- 300 to 500 ft
- Greater than 500 ft

AMA Boundary



Source: Arizona Department of Water Resources, well water level data (GWSI)

LandAdvisors.com



Designated

- 16 providers in the Phoenix AMA, including Phoenix, Mesa, Scottsdale, Chandler, Gilbert, Glendale, Peoria, Goodyear, Surprise, Tempe, Avondale and El Mirage
- Inside, a developer needs only a written commitment of service

Not designated

- City of Buckeye and Town of Queen Creek water systems, Cave Creek and most unincorporated land
- Each new subdivision needs its own ADWR certificate

Before June 2023

Groundwater plus CAGR, handled by the developer

- 1** Hydrology study shows groundwater physically available for 100 years, within the 1,000 ft depth limit
- 2** Show legal and continuous availability, water quality and financial capability
- 3** Enroll in CAGR, which replenishes the groundwater pumped; homeowners pay through assessments
- 4** ADWR issues the Certificate of Assured Water Supply; plat approval follows

Today

Since 2023, no new groundwater-based certificates where models show unmet demand (rule struck in 2026, under appeal). Four paths remain.

Designated provider Build inside a city or utility that already holds a 100-year designation

Renewable supply certificate Use CAP, effluent or stored-water credits; scarce, and CAP supply is shrinking

Ag-to-Urban Retire irrigation rights for Groundwater Savings Credits; credits capped at 1.5 AF a year per retired acre for 100 years (Phoenix AMA) or 1.0 (Pinal)

ADAWS Provider-level designation; the provider joins CAGR as a Member Service Area and must acquire alternative supplies

The 100-year test did not change. The source did. Growth now depends on a provider's portfolio of renewable or credited water rather than a developer's groundwater study, and that water costs more.

60,000

homes

ADAWS

EPCOR Water, West Valley system

Buckeye and Surprise, Oct. 2025

825

homes

Ag-to-Urban

Forestar Group

Buckeye, Dec. 2025

80,000+

homes

ADAWS

Arizona Water Company

Casa Grande and Coolidge area, Mar. 2026

Why it matters

- The West Valley and Pinal submarkets hit hardest by the 2021 Pinal and 2023 Phoenix pauses are reopening, provider by provider
- Each designation carries CAGRD membership and new-supply obligations that flow into water fees and lot costs
- Arizona Water Company's designation is the first in the Pinal AMA in more than 20 years

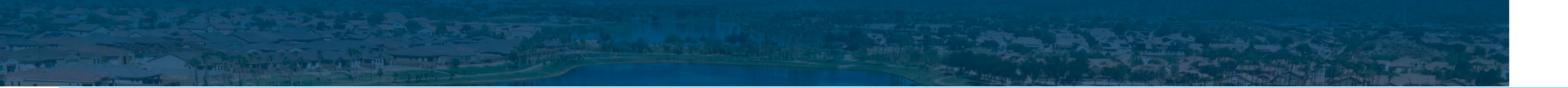
EPCOR home count is a company estimate.

Recent Arizona water laws and rulings

Action	Bill or source	Short title	Status
Ag-to-Urban: retired farm rights become credits for new homes	SB 1611	groundwater savings credit; ADWR	Signed June 30, 2025
Farms may keep irrigating up to two years after retiring rights for credits	SB 1335	groundwater savings credits; irrigation	Signed June 22, 2026
County water augmentation authorities may issue revenue bonds	HB 2098	county water augmentation authorities; bond	Signed Apr. 13, 2026
Would have allowed McMullen Valley exports to Phoenix-area cities	HB 2758	McMullen Valley; eligible entities; groundwater	Passed House; died in Senate
Brackish groundwater program	HB 2055	brackish groundwater recovery program	Vetoed Apr. 13, 2026
CAP water for State Trust land offered for sale or lease	HB 2985	CAP water; state land; allocation	Vetoed Apr. 13, 2026
Colorado River Litigation Fund, \$9 million total	State budget	2025 and FY2027 budgets	Funded
About two thirds of WIFA's promised \$1 billion withdrawn	State budget	FY2024 to FY2027 budgets	Withdrawn
New AMAs bar irrigation expansion in Willcox and Ranegras Plain	ADWR order	Not a bill	Dec. 20, 2024; Jan. 9, 2026
Court strikes ADWR's AMA-wide unmet-demand and depth rules and ADAWS extra-supply rule	HBACA v. ADWR	Maricopa County Superior Court	Apr. 21 and June 8, 2026; ADWR to appeal

As of Sept. 30, 2026. Appeals, approvals and litigation are ongoing.

Source: Office of the Governor; ADWR legislative affairs; Arizona Capitol Times; KJZZ; Arizona Mirror; Gammage & Burnham; Holland & Hart



New supply

Importing groundwater from rural basins

Basin	Water in the ground	Pumping limits	Status
Harquahala	More than 8 MAF (State of Arizona, 2025)	Default 6 AF per acre a year and 30 AF per acre per 10 years on eligible land; depth generally to 1,000 ft	First transport approvals July 2025: Buckeye 5,926 AF/yr and Queen Creek 5,000 AF/yr; Queen Creek's 12,000 AF/yr awaits approval
McMullen Valley	About 15.1 MAF (ADEQ, 2011)	Average 3 AF a year per historically irrigated acre; 6 MAF total cap	No transfers yet; 2026 bill to expand exports failed; local AMA petition drive underway
Butler Valley	About 6.5 MAF (ADEQ, 2012)	Mostly federal and state land; only the state or its political subdivisions may withdraw and transport	Fondomonte farming ended Feb. 2024; no transport approved

About 30 MAF

Water in the ground, three basins

Rough estimates (2011 to 2025) using different methods; a one-time total, not a yearly supply

10,926 AF a year

Approved to move into the Phoenix AMA

Buckeye 5,926 and Queen Creek 5,000

12,000 AF a year

Pending, Queen Creek's second Harquahala purchase

Town approved Nov. 2025; ADWR transport approval pending

Other basins, including Gila Bend, cannot legally send groundwater to the Phoenix AMA (A.R.S. 45-551).

97%

Share of Phoenix wastewater recycled

Of about 70 billion gallons a year, roughly 215,000 AF

March 2025

Arizona's direct potable reuse rules take effect

Permitted plants can send purified wastewater directly to the tap

50,000+ AF a year

Phoenix expects to add from new supplies within a decade

City of Phoenix, July 2026

Project	Size	Timing
Phoenix, Cave Creek plant	About 7,500 AF/yr (nearly 7 MGD)	Demonstration 2027; taps about 2029
Phoenix, North Gateway plant	14,000 AF/yr combined with Cave Creek	About 2030; \$179M federal grant
Phoenix, 91st Avenue plant	Not yet sized	Target 2033
Scottsdale Water Campus	About 22,400 AF/yr capacity (20 MGD); first potable reuse permit	Most expansion funding cut June 2026
Tucson Pure Water	About 2,800 AF/yr (2.5 MGD)	Target 2031
Peoria	About \$1B central plant	In 2025 master plan

What it means

- Purified water is a renewable supply that counts toward a provider's 100-year designation
- Most effluent already has a use (Palo Verde, tribal swaps, recharge), so plants mostly upgrade existing water. Phoenix's Cave Creek plant alone is about \$300 to \$350 million

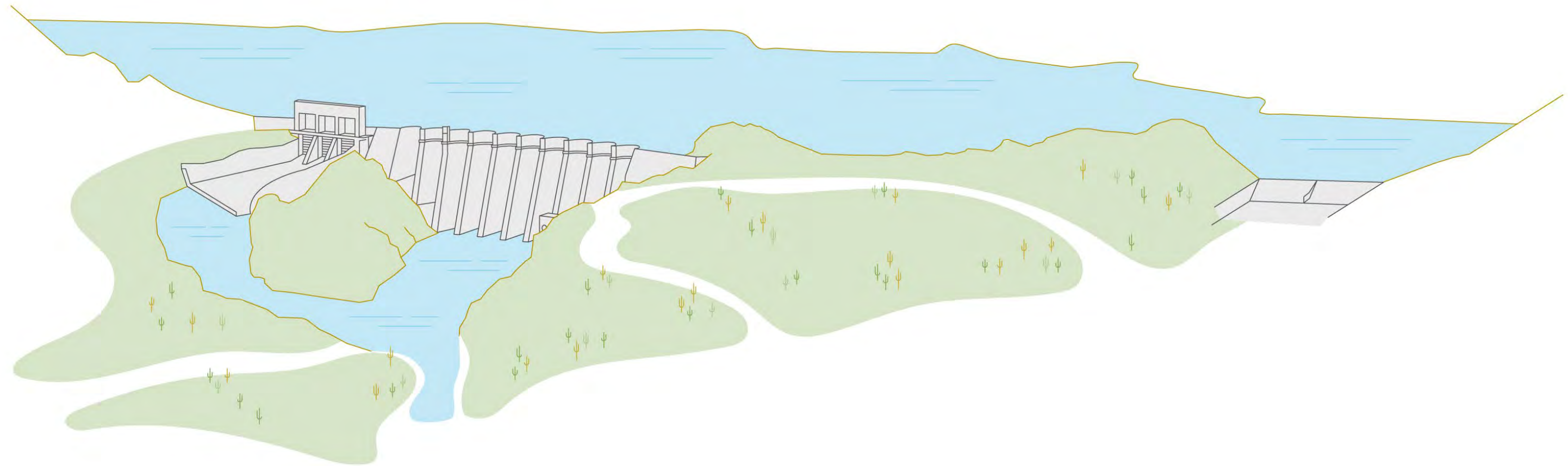
Raising Bartlett Dam

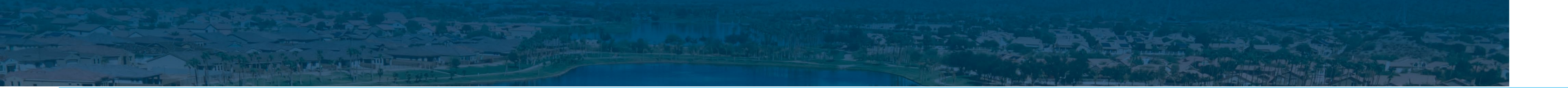
Adds up to about 323,000 AF of storage by capturing Verde River flood flows.

Construction estimated at \$2.6 to \$3.7 billion.

Feasibility report late 2027, to Congress in 2028; 10 to 15 years to build if authorized, so late 2030s at the earliest.

Congress has not authorized construction.





The water market

Types of water rights

Right	What it is	Can it be sold or moved?	Example
Irrigation grandfathered right	Right to pump groundwater to farm land irrigated before the AMA was created	Stays with the land; can be retired for Ag-to-Urban credits (Phoenix and Pinal AMAs)	Forestar, Buckeye (2025)
Type 1 non-irrigation right	Farm right converted when land is retired to another use	Stays with that land	Retired farmland
Type 2 non-irrigation right	Right to pump a set volume for non-farm use	Can be sold apart from land, within the same AMA	BNSF, 1,661 AF a year (2025)
Long-term storage credit	Water stored underground, usually CAP or effluent, to recover later	Can be sold; recovered in the AMA or INA where stored	Peoria and Scottsdale from Vidler (2026)
CAP subcontract	A city's share of CAP water, by priority	Transfers need state and federal approval	Surprise, Circle City (2025)
Tribal lease	Indian-priority CAP or river water, often leased for 100 years	Needs federal approval	Anthem from Ak-Chin
Groundwater savings credit	Credit from retiring farm pumping under Ag-to-Urban	Pledged to a certificate for new homes	Forestar, 825 homes
Transported groundwater	Groundwater from Harquahala, McMullen or Butler moved to the Phoenix AMA	Only from those basins, with ADWR approval	Buckeye, Queen Creek

Source: A.R.S. 45-464, 45-465, 45-551 to 554, 45-834.01; ADWR; CAP; FOX 10; City of Peoria; Town of Queen Creek

Buying long-term water supply

Buyer	Right type and source	AF a year	Price	\$ per AF a year	Date	Status
Queen Creek	Groundwater, Harquahala (transported)	12,000	\$244.4M	\$20,367	Nov. 2025	ADWR transport approval pending
Cave Creek	Groundwater, Harquahala (transported)	500	\$11.25M	\$22,500	Oct. 2025	Terminated Jan. 2026
Surprise	CAP subcontract (Circle City Water Co.)	3,932	\$15M (incl. utility)	\$3,815	Jan. 2025	Council approved Jan. 2025
BNSF	Type 2 groundwater right, Wittmann	1,661	Not disclosed	n/a	2025	Onsite wells planned
Buckeye	Groundwater, Harquahala (transported)	5,926	\$80M	\$13,500	Feb. 2023	ADWR approved July 2025
Queen Creek	Groundwater, Harquahala (transported)	5,000	\$30M	\$6,000	2022	ADWR approved July 2025
Queen Creek	Colorado River rights, Cibola (GSC Farm)	2,033	About \$21M	\$10,330	Dec. 2018	Federal environmental review under way

Each figure is water delivered every year over a long term; the Harquahala deals are 100-year supplies. Price per AF a year is the total price divided by annual volume, before pipelines and treatment; some deals include land or a utility.

Buying stored and one-time water

Buyer	What was bought	Acre-feet (total)	Price	\$ per AF	Date	Status
Peoria	Storage credits from Vidler, plus 120 acres, wells and infrastructure	173,673	\$104.2M	About \$600	Sept. 2026	Closing Oct. 2026
Scottsdale	Storage credits from Vidler (Harquahala)	15,000	\$8.25M	\$550	June 2026	Approved
CAGRD	Conserved Colorado River water from CRIT	9,009	\$5.3M	\$590	Sept. 2026	Approved Sept. 2026
D.R. Horton	Vidler Water, the company, with about 223,000 AF of Arizona credits plus other assets	About 223,000	\$291M	n/a (whole company)	Apr. 2022	Complete
CAGRD	CAP water and storage credits from GRIC, over 25 years	Up to 830,000	\$97.5M upfront	n/a (multi-year)	Nov. 2018	In effect since 2020

Every figure here is a one-time amount of water, used once. Storage credits run about \$550 to \$600 per acre-foot. For comparison, a 100-year Harquahala supply at \$20,367 per AF a year works out to about \$204 per acre-foot delivered, before pipelines and treatment.

Farm owners

Eligible grandfathered irrigation rights can now become Groundwater Savings Credits for homes. ADWR estimated about 109,000 Phoenix AMA acres and 218,000 Pinal acres could qualify (2024).

Land inside designated providers

No certificate needed, only a written commitment of service. Sixteen Phoenix AMA providers are designated.

Utilities with ADAWS designations

EPCOR's West Valley (about 60,000 homes) and Arizona Water Company in Pinal (80,000+) reopened growth areas.

Storage credit holders

Cities are buying banked water at about \$550 to \$600 per AF (Peoria, Scottsdale, 2026).

Import basin landowners

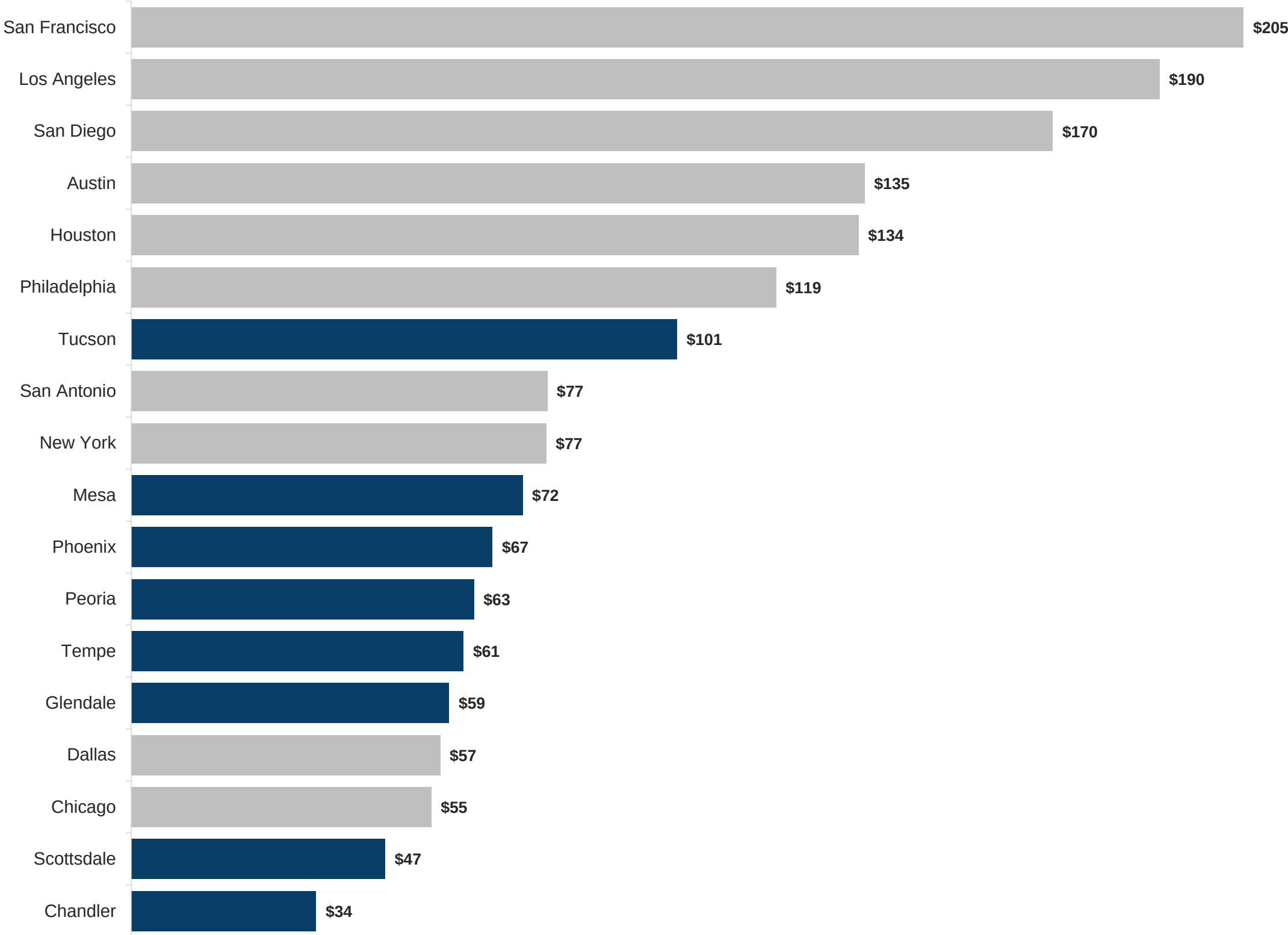
Harquahala supplies sold for up to \$20,367 per AF a year; Queen Creek agreed to pay \$244.4 million (Nov. 2025).

Tribes

GRIC and CRIT lease and sell water to CAGR and providers; about 46% of CAP's supply is or will be tribal.

What households pay for water

Average monthly single-family water bill, same usage in every city (Arizona cities in navy)



- Most Valley cities fall in the lower half of the 29-city survey, well below California
- Bills reflect pipes, plants and debt more than scarcity; Chandler at \$34 and Tucson at \$101 both use Colorado River water
- Gilbert raised water rates 25% on Apr. 1, 2026, its third straight increase, to fund eight wells and treatment plant upgrades

What water agencies and experts are saying

“Phoenix has prepared for this moment, and our customers can expect reliable water service. But preparation does not mean we can stand still.”

Brandy Kelso

Water Services Director, City of Phoenix, July 2026

“The scale is too big to solve it on the backs of cities alone.”

Kathryn Sorensen

Director of Research, ASU Kyl Center for Water Policy, Aug. 2026

“Right now, a shortage on the Colorado River does not mean a shortage at your tap, but it does mean we will all need to learn to live with less.”

AMWUA

Arizona Municipal Water Users Association, sponsored column on KTAR, Aug. 2026

1

Water drives value

Sites inside a designated provider, or with a secured ADAWS or Ag-to-Urban path, should command a premium over sites still searching for supply.

2

Diligence starts with the provider

Designation status, remaining capacity, CAGRD membership and water resource fees come before the plat.

3

Farm rights have a new buyer

Eligible grandfathered irrigation rights can convert to Groundwater Savings Credits that support new homes.

4

Budget for higher water costs

Most new supply is imported, recycled or stored. Expect fees and assessments to rise and build them into lot costs.

5

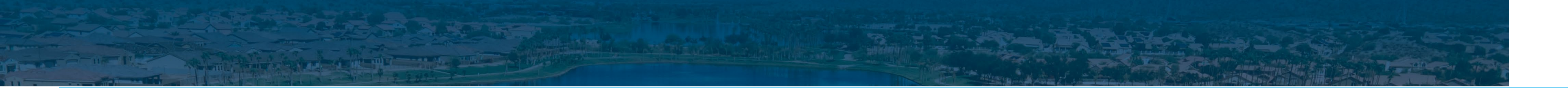
Surface water rights add protection

Areas served by Salt and Verde surface water are less exposed to Colorado River cuts than CAP-dependent growth areas.

6

Growth can continue, with new supply

Arizona used less water in 2015 than in 1957, stored water ahead and updated its rules to create paths for new supply.



Questions

Arizona Water Presentation 2026

THANK YOU



GREG VOGEL

Founder and Chairman,
Land Advisors Organization





OCTOBER 9, 2026

Perspectives & Projections

RENAISSANCE PHOENIX DOWNTOWN

OCTOBER 9, 2026

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PLATINUM



SILVER

The logo for Apartments.com features a green circular icon with a white recycling symbol inside, followed by the text "Apartments.com" in a black font.	The logo for Arizona Sunscape Professional Property Maintenance features a circular emblem with a sun, a tree, and a bird, with the text "ARIZONA SUNSCAPE Professional Property Maintenance" to its left.	The logo for ATH Restoration features a stylized house icon with the letters "ATH" inside, and the word "RESTORATION" below it.	The logo for Dixie Interiors features the letters "D I" in a large, serif font, with "DIXIE INTERIORS" and "AN ADG COMPANY" below it.	The logo for HD Supply features the letters "HD" in a bold, black font, followed by the word "SUPPLY" in a bold, black font.
The logo for Impact Property Solutions features a stylized "V" icon, followed by the word "IMPACT" in a bold, blue font, and "PROPERTY SOLUTIONS" and "FLOORS THAT MAKE AN IMPACT" below it.	The logo for Kowalski Construction Inc. features the word "KOWALSKI" in a bold, red font, with "CONSTRUCTION Inc." and "Piecing Together Home & Business... Since 1967" below it.	The logo for the Law Offices of Scott M. Clark P.C. features a stylized house icon, followed by the text "LAW OFFICES OF SCOTT M. CLARK P.C." in a black font.	The logo for Rasa Floors features the word "Rasa" in a stylized, red font, with "FLOORS" below it.	The logo for Rose Paving LLC features a stylized rose icon, followed by the word "Rose" in a bold, black font, and "PAVING LLC" below it.
The logo for Smart Pest Solutions features the word "SMART" in a bold, green font, with "PEST SOLUTIONS" below it.	The logo for United Asset Services, Inc. features a stylized city skyline icon, followed by the text "UNITED ASSET SERVICES, INC." in a blue font.	The logo for Valet Living features a stylized "V" icon, followed by the text "Valet Living" and "Setting the Standards" below it.		



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Parking Information

If you used valet parking at the Renaissance Phoenix Downtown Hotel, please pick up a discounted valet ticket if you have not already.

**The discount is valid only for the Renaissance valet parking.*





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