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Commercial Real Estate

Multifamily developer nears completion of 4,000 'missing middle' housing units in Arizona




The interior of a unit in the Greenlight Encanto multifamily property.

GREENLIGHT COMMUNITIES



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Scottsdale-based multifamily developer Greenlight Communities is nearing the completion of 4,000 workforce housing units with even more in the pipeline aimed at helping address the lack of affordable housing in Arizona.

Since 2018, Greenlight has invested more than \$800 million in building "attainable" workforce rental units in Arizona, namely nonsubsidized housing for workers who earn around \$30,000 to \$70,000 a year, such as educators and retail workers.

Greenlight Communities has completed 10 communities to date and is nearing completion on six more by the start of next year. Another three projects are also in the planning phases for fast-growing cities such as Peoria and Surprise.

Just in the past year, Greenlight has completed four multifamily projects. Its main apartment products include Cabana and the newly introduced Streamliner.

Depending on the number of rooms, Cabana monthly rent can range from \$1,300 to \$1,700 while its new Streamliner product will be Greenlight's most affordable with rents ranging from \$1,100 to \$1,500.

"What we're trying to do is really capture as much of the missing middle rental community as we can," said Dan Richards, partner at Greenlight Communities. "We're always looking for ways to come up with other brands or enhance the ones we have."

Greenlight eyes Peoria, Surprise for new projects

Three Streamliner projects are now under construction in Phoenix and Glendale. They include Streamliner 67th, which is set to open with 292 units in April 2024; Streamliner 16th, which is expected to open with 208 units in May 2024; both of which are in Phoenix; and Streamliner Aldea in Glendale, which will deliver with 282 units by February 2025.

In addition, Greenlight is planning to build a project in Peoria called Streamliner 87th at the southwest corner of 87th and Peoria avenues. It will include 190 units with leasing slated to start in June 2025. It's also planning to build The Lanai with 210 units at 1679 N. Reems Road for its first multifamily project in the city of Surprise with leasing set for March 2025.

For its well-known Cabana projects, Greenlight is currently building Cabana North Valley in Phoenix with 159 units and Cabana Aldea with 257 units in Glendale, which are set to start leasing beginning next fall.

Three other projects – Cabana Bridges in Tucson, Cabana Southern in Mesa and Cabana Bullard in Goodyear totaling 874 units – are currently being leased and are ready for move-in.

Greenlight is also in the process of further expanding in Tucson. It completed Cabana Bridges with 288 units in 2022 and is building a higher-end product with 286 units called Villa Cielo Cortaro with move-in expected to start in April of 2024.

The company has [also sold several of its multifamily communities](#) across the Phoenix area.

Phoenix tops nation in delivered apartment units

Phoenix is [No. 1 in the U.S. for number of apartment units](#) expected to be delivered in 2023. By the end of 2023, Yardi Matrix expects to see 20,541 new units built in metro Phoenix, out of the total 487,512 new unit deliveries expected nationwide.

Despite rising interest rates and ongoing supply chain challenges, which has forced some multifamily developers to pause construction, Richards said the ongoing demand for their product means they're still able to secure funding.

"There's a need for more rental product in the missing middle, so the demand is getting larger and our partners and lenders see that and they've been supporting us to do it," Richards said.

Previously, Richards said institutional investors were mostly interested in luxury multifamily product, which is out of reach for many people.

"That's what people built, but we see the demand in something else, so we're trying to incorporate a lot of neat features and other stuff in that luxury product into ours and give the renter everything they need," he said.

Phoenix [rents have declined by 4.7% year-over-year](#), according to one recent study by ApartmentList. Rent prices dropped 1% in October, more than the national average of 0.7%. The drop brought the Valley's median rent down to \$1,422, roughly 5.1% higher than the national average.