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Opportunity Zones Shine Bright in Phoenix, AZ - but Need Off-Market Data.

Commercial real estate professionals will know there's no avoiding Opportunity Zones these days, especially in hot markets like Phoenix. The popular government program sets out to stimulate low-income and underdeveloped communities across the nation by offering generous incentives on capital gains to investors and developers. Of the 144 designated census tracts across the state of Arizona, 61 are located in the greater Phoenix area. Considering the rewards at stake, the local commercial real estate community is keen, with more sophisticated funds already capitalizing on market trends. But, resources are limited, and as more players enter Phoenix's Opportunity Zone market, competition is beginning to intensify. How can investors and developers successfully surpass others for valuable assets?

The advent of commercial real estate technology and democratization of off-market data has allowed the commercial real estate community to streamline and simplify their Opportunity Zone search experience. Access to the entire pool of property across the nation, including Phoenix's qualified census tracts, provides commercial real estate professionals an easier way to find potential investments. Then, when looking at Phoenix's hottest submarkets like industrial and multifamily, users can analyze individual asset data to empower stronger, smarter deal-making.

How Off-Market Data Helps

As investors and developers race to find valuable properties for investment in Phoenix Opportunity Zones, off-market data is now more beneficial than ever. In the age of digital disruption, it's no longer enough to rely solely on "on-market" listed properties. Instead, off-market data, which includes an area's total asset stock, can empower simpler, more strategic due diligence. Off-market data aggregation tools, like Reonomy, give users the advantage of finding high-demand properties faster, long before the less-sophisticated competition does.

More importantly, robust off-market platforms arm investors and developers with the information they need to make stronger decisions to usher in more flexible deals. For Opportunity Zone deal-making, specifically, granular building and transactional information can give users an edge on the competition. Ownership and portfolio information enable them to reach decision-makers directly, rather than getting stonewalled by gatekeepers and LLCs. In all, it's the comprehensive depth and breadth of off-market data that opens doors for investors interested in Opportunity Zone investments.

Uncovering Phoenix's Potential

Using off-market data, what particular Phoenix markets should commercial real estate professionals explore? Industrial and manufacturing had a strong 2018; the sector hit an all-time high since 2007 with approximately 6.9 million square feet under construction throughout the metro. Phoenix's positive economic growth lends itself to extremely low vacancy rates (7.3%) and an increase in rent prices, which have steadily increased to an average $7.2 per square foot.

According to Reonomy data, more than 6,800 commercial properties are located in Phoenix's designated Opportunity Zones. Nearly 3,000 of these properties are categorized as industrial and include a myriad of assets, spanning from aircraft hangars to sprawling warehouses. For those interested in capitalizing on Phoenix's industrial advancement, there's plenty of potential in the area's nominated census tracts. Users who utilize off-market data platforms, like Reonomy, can explore this information further, by customizing their search experience source the properties that best match their preferences and ensure the highest return on investment (ROI).

Additionally, Phoenix's strong job and population growth are attracting multifamily investments across the city. Globe Street reports the need for more multifamily units will likely attract land investment and development deals throughout the first few months of 2019. Big-name buyers have already begun investing in Phoenix's promising multifamily sector, with companies like LaSalle Investment Management and TruAmerica expanding their portfolios throughout the city. These high-yielding multifamily investments might prove lucrative in the years to come, especially in Phoenix's Opportunity Zones where ROI can be maximized.

Current Reonomy off-market data indicates that there are 1,280 multifamily assets located throughout Phoenix's Opportunity Zones, including duplexes, triplexes, and general multifamily communities. Reonomy data also indicates another 2,600 land parcels in qualified census tracts. While 953 of these are zoned for industrial properties, over 1,211 are zoned for residential purposes, giving developers a wide-ranging scope of property options for consideration.

These numbers provide a broad overview of the options in Phoenix's Opportunity Zones, but it's the depth of the off-market data that truly empowers smart investment decisions for stronger deal enablement. Commercial real estate technology like Reonomy allows users to dive deeper into individual asset details to explore physical, transactional and owner information. This granular intel ultimately enables investors and developers to strike more flexible, personal deals with decision-makers before the competition does.

There's no doubt Arizona's capital city will continue to garner attention from investors and developers. With Opportunity Zones in the picture now, off-market data is essential for simplified prospecting and stronger deal facilitation.

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