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12  
13 **THE SUPERIOR COURT OF THE STATE OF ARIZONA**  
14 **IN AND FOR THE COUNTY OF MARICOPA**

15 STATE OF ARIZONA, *ex rel.* KRISTIN K.  
16 MAYES, Attorney General,

17 Plaintiff,

18 v.

19 REALPAGE, INC.; APARTMENT  
20 MANAGEMENT CONSULTANTS, LLC;  
21 AVENUE5 RESIDENTIAL, LLC; BH  
22 MANAGEMENT SERVICES, LLC;  
23 CAMDEN PROPERTY TRUST; CROW  
24 HOLDINGS, LP; TRAMMELL CROW  
25 RESIDENTIAL COMPANY; GREYSTAR  
MANAGEMENT SERVICES, L.P.; HSL  
PROPERTIES, INC.; HSL ASSET  
MANAGEMENT, LLC; RPM LIVING,  
LLC; WEIDNER PROPERTY  
MANAGEMENT LLC

Defendants.

Case No.

**COMPLAINT**

**JURY TRIAL DEMANDED**

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1           3.       RealPage collects and shares pricing and occupancy information for many  
2 multifamily apartments in the Phoenix and Tucson metropolitan areas.<sup>4</sup> It feeds this data  
3 into a common algorithm and then tells the participating landlords what prices to charge  
4 based on all this data. And so, competitors have stopped using independent judgment to set  
5 prices and started working together.

6           4.       RealPage also encourages participants in this scheme to stop focusing on  
7 occupancy and turnover and instead push for rent increases—even if that means leaving  
8 some units vacant. As one operator put it, the rental industry “grew up worshiping the  
9 occupancy gods” but RealPage “totally turns the industry upside down” and allows them to  
10 grow revenue above expectations while keeping more units vacant.<sup>5</sup> One lessor defendant  
11 has acknowledged that adopting this pricing increased turnover rates by 15 percentage  
12 points—meaning tenants had to find new apartments because of these above-market price  
13 increases. But as the lessor defendant’s CEO observed, the “net effect” of RealPage’s  
14 software “pushing people out” was an additional “\$10 million in income.”<sup>6</sup>

15           5.       Each dot on the map below represents a multifamily apartment where  
16 RealPage is collecting and sharing pricing and occupancy information in the Phoenix  
17 metropolitan area:<sup>7</sup>

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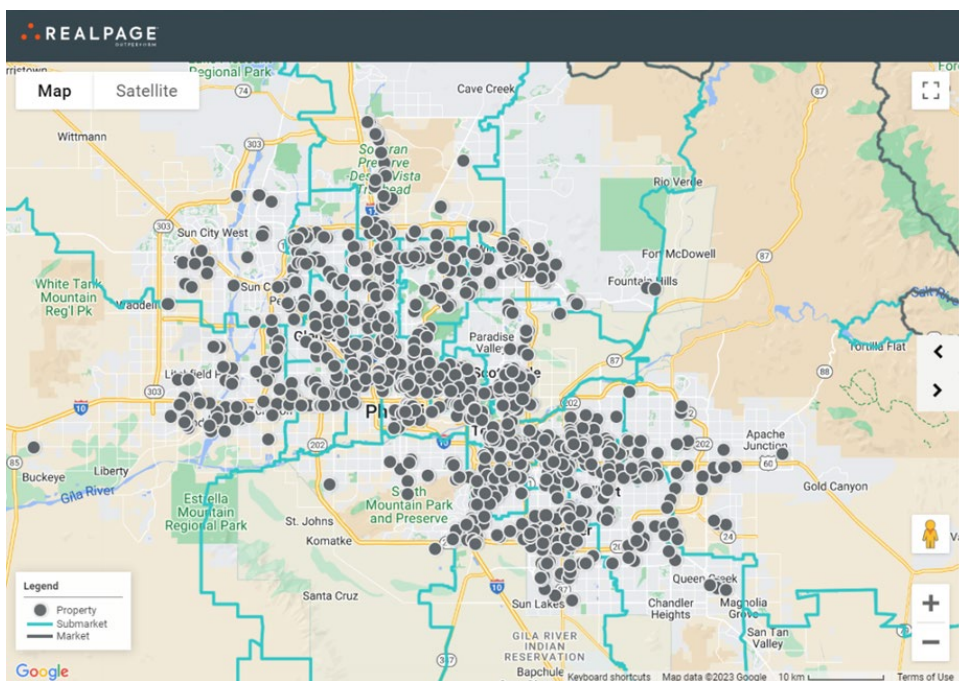
22       <sup>4</sup> “Multifamily apartments” are defined as buildings with five or more dwelling units  
23 where each unit is not individually owned. Excluded from this definition are affordable,  
24 military, senior, and student housing. *See* Section VI(A) below.

25       <sup>5</sup> *Id.*

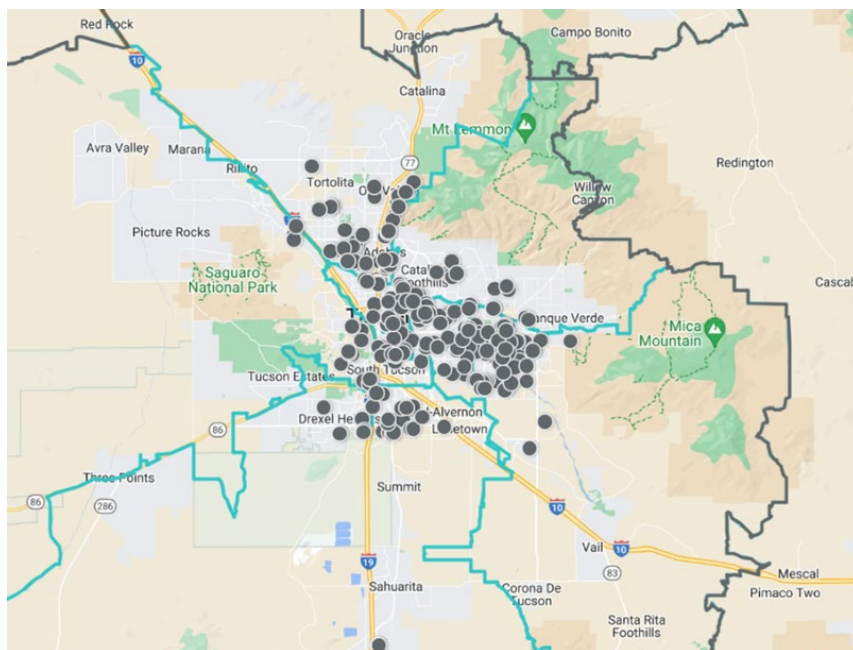
26       <sup>6</sup> Joe Bousquin, *Revenue Revolution: Pushing Rents Becomes the Norm*, Multifamily  
Executive (Feb. 13, 2008), available at: [https://www.multifamilyexecutive.com/property-management/revenue-revolution-pushing-rents-becomes-the-norm\\_o?o=0](https://www.multifamilyexecutive.com/property-management/revenue-revolution-pushing-rents-becomes-the-norm_o?o=0).

<sup>7</sup> <https://www.realpage.com/explore/main?latitude=33.48047070670475&longitude=-112.08554649451035&zoom=10>.

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6. RealPage collects and shares pricing and occupancy information in the Tucson metropolitan area as well, as the map below shows:<sup>8</sup>



<sup>8</sup> <https://www.realpage.com/explore/main?latitude=32.2539787&longitude=-110.97555019101563&zoom=10>.

1           7.       In the Phoenix metropolitan area, 36% of households are renters.<sup>9</sup> More than  
2 1.7 million people live in apartments. Today, these households are spending about 76%  
3 more on rent than they paid in 2016. Over the past few years, the Phoenix metropolitan area  
4 has “led the nation in rent increases” with many residents using 50% to 100% percent of  
5 their income to pay rent.<sup>10</sup>

6           8.       The Tucson metropolitan area, where about 37% of households rent, has also  
7 seen historic rent increases—30% in the past two years.<sup>11</sup>

8           9.       One reason renters in the Phoenix and Tucson metropolitan areas are paying  
9 more is because RealPage has facilitated a price-fixing conspiracy among a large share of  
10 multifamily apartment lessors in Arizona.

11           10.      On information and belief, approximately 70% of multifamily apartment units  
12 listed in the Phoenix metropolitan area are owned, operated, or managed by companies that  
13 have contracted with RealPage for “Revenue Management.” On information and belief,  
14 more than 50% of multifamily apartment units listed in in the Tucson metropolitan area are  
15 owned, operated, or managed by companies that have contracted with RealPage for  
16 “Revenue Management.”

17           11.      Ordinarily, competitors do not agree to share detailed, sensitive, competitive  
18 information with one another. But to join RealPage, lessors must agree to depart from

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19  
20 <sup>9</sup> The “Phoenix metropolitan area” refers to the Census Bureau’s Phoenix-Mesa-Chandler  
21 MSA and includes all of Maricopa and Pinal counties. The “Tucson metropolitan area”  
22 refers to the Census Bureau’s Tucson MSA and includes all of Pima County. These MSAs  
23 are, if anything, overbroad and therefore underestimate the RealPage conspiracy’s market  
24 power in Arizona’s metropolitan areas.

25 <sup>10</sup> Catherine Reagor, *Why Rent is Skyrocketing in the Phoenix Metro Area*, Arizona PBS  
(Mar. 24, 2022), available at <https://azpbs.org/horizon/2022/03/why-rent-is-skyrocketing-in-the-phoenix-metro-area/>.

26 <sup>11</sup> Brenda Muñoz Murguia, *Once-Affordable Tucson Neighborhoods Changing as Rents Rise*, Cronkite News (July 5, 2022) (Updated Aug. 10, 2023), available at [https://tucson.com/news/local/govt-and-politics/once-affordable-tucson-neighborhoods-changing-as-rents-rise/article\\_15a4559e-f7c6-11ec-af12-0bfb20ba29fa.html](https://tucson.com/news/local/govt-and-politics/once-affordable-tucson-neighborhoods-changing-as-rents-rise/article_15a4559e-f7c6-11ec-af12-0bfb20ba29fa.html).



1 normal behavior when competing with each other and provide RealPage with their “real-  
2 time lease-transaction data.” This data is non-public, “extremely targeted,” and “as fine as  
3 granular bits of sand.”<sup>12</sup> This data includes occupancy rates, rents charged for *each unit* and  
4 *each floorplan*, lease terms, amenities, move-in dates, and move-out dates—“literally  
5 hundreds of variables,” according RealPage’s founder and former CEO Steve Winn.<sup>13</sup>

6 12. RealPage feeds this data into a common algorithm that sets prices for each  
7 lease transaction for every participant. The software that performs this function is called  
8 revenue management software, or RM Software. In RealPage’s own words, RM Software  
9 allows landlords to “outsource daily pricing and ongoing revenue oversight” to RealPage.<sup>14</sup>  
10 RealPage’s purpose is to “set rents” for its clients—competitors in the multifamily  
11 apartment rental market.<sup>15</sup> In so doing, RealPage has said it acts “as though we own” these  
12 competitor properties.<sup>16</sup> RealPage aims to push prices beyond competitive levels; in its  
13 words, RealPage aims to “achieve[] revenue lift between 3% to 7%” even in economic  
14 downturns.<sup>17</sup> It calls this process “Revenue Management” or “RM.” The State and antitrust  
15 scholars call it price fixing.

16 13. This scheme works because landlords agree to outsource their pricing  
17 authority to RealPage—rather than competing with one another on price. As one lessor

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18 <sup>12</sup> *How YieldStar Can Double & Triple Revenue Performance*, REALPAGE, INC., available  
19 at <https://www.realpage.com/videos/yieldstar-helps-top-nmhc-companies/>.

20 <sup>13</sup> RealPage, Inc. Q2 2020 Earnings Conference Call (July 30, 2020), available at  
<https://seekingalpha.com/article/4363323-realpages-rp-ceo-steve-winn-on-q2-2020-results-earnings-call-transcript> (Q2 Earnings Call Transcript).

21 <sup>14</sup> *RealPage Renewal Reporting Presentation*, Medve, available at <https://medve.com/assets/airm-renewal-reporting.pdf>.

22 <sup>15</sup> Webcast, *William Blaire 40th Annual Growth Stock Conference* (June 11, 2020),  
23 available at <https://ir.varonis.com/events-and-presentations/events/event-details/2020/William-Blair-40th-Annual-Growth-Stock-Conference/default.aspx>.

24 <sup>16</sup> RealPage Renewal Reporting Presentation, *supra* note 13.

25 <sup>17</sup> *Outperform in a Down Market*, REALPAGE, INC., available at <https://www.realpage.com/ebooks/outperform-in-a-down-market/>.



1 defendant, Camden Property Trust, put it, once RealPage's RM Software is used, there is  
2 not much to do beyond checking the software to ensure that it is continuing to push prices  
3 higher.<sup>18</sup> RealPage makes the process easy by allowing participating landlords to  
4 automatically implement RealPage's prices. This feature is called "Auto Pilot" or "Rent  
5 Syndication." RealPage tells participants to "let auto accept run."

6 14. RealPage puts significant pressure on participants to ensure they adopt  
7 RealPage's prices. In so doing, RealPage makes sure landlords are adhering to the  
8 agreement. In antitrust terms, this is called policing the conspiracy to make sure no one  
9 cheats by lowering prices and trying to gain market share. RealPage polices the conspiracy  
10 in at least four ways.

11 15. First, RealPage employs "Pricing Advisors" whose job is to "[m]onitor and  
12 report on weekly rents" and meet with landlords to ensure that properties are implementing  
13 RealPage's set rates. RealPage has said that its advisors provide "strategic oversight,"  
14 including by working "in collaboration with on-site and regional operations management"  
15 for these properties. Many lessors use these pricing advisors. But if a lessor chooses not to  
16 use a pricing advisor, RealPage will train a lessors' own employees to serve the same  
17 function.

18 16. Second, RealPage created a disincentive structure that chills lessors'  
19 employees from departing too often from RealPage's rates. If an employee seeks to adjust  
20 RealPage's prices, his or her "disputes" are "escalated to the Regional Manager" at his or  
21 her company. RealPage tracks the identity of the client's staff who requests a deviation.  
22 RealPage tells these clients' management who is failing to comply with RealPage's set  
23  
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25 <sup>18</sup> *RealPage Live at NMHC: James Flick of Camden*, REALPAGE, INC., available at [https://](https://www.realpage.com/videos/facebook-live-nmhc-james-flick-camden/)  
26 [www.realpage.com/videos/facebook-live-nmhc-james-flick-camden/](https://www.realpage.com/videos/facebook-live-nmhc-james-flick-camden/).

1 rates—and so, departing from RealPage’s set rates can get an employee fired. RealPage  
2 calls this taking “the emotion out of pricing.”<sup>19</sup>

3 17. Third, on information and belief, RealPage threatens to drop lessors that reject  
4 RealPage’s set rates. Lessors agree that if they fail to consistently implement RealPage’s  
5 set rates, their contract with RealPage will be terminated. When disputing a RealPage price,  
6 lessors agree to “objective facts, not subjective reasoning.” As Jeffrey Roper, the architect  
7 of RealPage, explains, “[i]f you have idiots undervaluing, it costs the whole system.”<sup>20</sup> And  
8 so, RealPage ensures participating lessors cannot use RealPage’s rates to undercut  
9 competitors—in other words, compete in the market.

10 18. Fourth, RealPage encourages participants to automatically accept RealPage’s  
11 prices. Some participants use software that automatically implements RealPage’s set rates.  
12 RealPage requires participants that deviate from RealPage’s set rates to provide “objective  
13 reasons” for doing so.

14 19. By enabling property managers and owners to outsource lease pricing  
15 decisions to RealPage’s RM Software, RealPage has corrupted rental markets, replacing  
16 independent centers of decision-making with a single effective decision-maker: RealPage.  
17 Lessors have agreed to delegate their rental price and supply decisions to RealPage. They  
18 understand cooperation is essential to successfully raise rent prices above competitive  
19 levels. And so, Lessor Defendants—which are named below—have abided by their  
20 agreement, imposing the rents set by RealPage’s RM Software. It is estimated they impose  
21 these rates more than 90% of the time.

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23 <sup>19</sup> *COVID-19: Impact on Apartment Pricing (Webcast Summary)*, REALPAGE, INC.  
24 (Mar. 25, 2020), available at <https://www.realpage.com/blog/covid-19-impact-on-apartment-pricing-webcast-summary/> (“*Impact on Apartment Pricing*”).

25 <sup>20</sup> Heather Vogell, *Rent Going Up? One Company’s Algorithm Could Be Why*, ProPublica  
26 (Oct. 15, 2022), available at <https://www.propublica.org/article/yieldstar-rent-increase-realpage-rent> (“Vogell”).

1           20.     These mechanisms provide comfort and security to competitors that are  
2 participating in RealPage’s agreement. RealPage boasts about its ability to increase rents  
3 regardless of true market conditions, including economic downturns or an all-out recession.  
4 RealPage emphasizes to clients and prospective clients that, by working together, “there is  
5 always money to be made regardless of market conditions.”<sup>21</sup>

6           21.     Steve Winn, former CEO of RealPage, described one client who “began  
7 utilizing RealPage to operate at 95% [occupancy] while seeing revenue increases 3% to  
8 4%—making more profit at an occupancy level that would have made management  
9 uncomfortable before.” And even in dire economic conditions, RealPage promises to help  
10 facilitate rent cuts that are “not nearly as deep” as the competitive market would otherwise  
11 allow.<sup>22</sup> Thus, RealPage works to fix rents above competitive levels in good times but also  
12 to stabilize rent prices above competitive levels during periods of low demand. That is price  
13 fixing, and it is illegal.

14           22.     RealPage created this algorithm in 2002. And it has been perfecting it ever  
15 since, with more non-public data and greater participation. It has acquired competing  
16 platforms that set rent.

17           23.     Beginning at a date unknown—but since at least 2016—RealPage’s  
18 widespread adoption has caused renters in the Phoenix and Tucson metropolitan areas—  
19 those who have rented from Lessor Defendants and their co-conspirators—to pay an  
20 overcharge on their rent. RealPage, Lessor Defendants, and their co-conspirators have  
21 unlawfully agreed to use a centralized system—RealPage’s RM Software—to inflate rents

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24           <sup>21</sup> Tim Blackwell, *Revenue Management: Proven in Any Market Cycle: See How These*  
25 *Top Companies Outperformed During Downturns*, REALPAGE, INC. E-BOOK, available at  
<https://www.realpage.com/blog/revenue-management-proven-market-cycle-ebook/>.

26           <sup>22</sup> *Impact on Apartment Pricing*, *supra* note 19.

1 on hundreds of thousands of units.<sup>23</sup> As such, renters have paid millions more for rent than  
2 they otherwise would have but for Defendants’ misconduct.

3 24. Last year, evictions were the second highest on record in Maricopa County,  
4 amounting to a 23% increase from 2022.<sup>24</sup> The Defendants’ anticompetitive agreement has  
5 exacerbated the affordable housing crisis—and will continue to do so moving forward.  
6 Every dollar of increased rent that the cartel illegally squeezes from renters is money they  
7 would not have otherwise paid in the absence of the conspiracy.

8 25. From the time Arizona became a state, our constitution has recognized that  
9 price fixers harm consumers.<sup>25</sup> The Arizona Uniform State Antitrust Act prohibits  
10 competitors from participating in any “contract, combination, or conspiracy . . . in restraint  
11 of, or to monopolize, trade or commerce.”<sup>26</sup>

12 26. Price fixing used to take place in smoke-filled backrooms—clandestine  
13 meetings with formal handshakes. But as technology has evolved, so too have methods for  
14 restraining competition. And yet, it is still illegal to for competitors to join together  
15 decision-making power to raise, depress, fix, or stabilize prices—no matter the technology  
16 used to effect a price-fixing agreement.

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18 <sup>23</sup> RealPage’s revenue management software includes RealPage Revenue Management,  
19 LRO, YieldStar, and AI Revenue Management. These products are called “RM Software”  
in this Complaint.

20 <sup>24</sup> Katherine Davis-Young, *There were 83,236 Maricopa County evictions in 2023. That*  
*nearly broke the all-time record from 2005*, KJZZ, available at [https://kjzz.org/content/1867835/there-were-83236-maricopa-county-evictions-2023-nearly-broke-all-time-](https://kjzz.org/content/1867835/there-were-83236-maricopa-county-evictions-2023-nearly-broke-all-time-record-2005)  
21 [record-2005](https://kjzz.org/content/1867835/there-were-83236-maricopa-county-evictions-2023-nearly-broke-all-time-record-2005) (Jan. 9, 2024).

22 <sup>25</sup> ARIZ. CONST. art. XIV, § 15 (“Monopolies and trusts shall never be allowed in this  
23 state and no incorporated company, co-partnership or association of persons in this state  
24 shall directly or indirectly combine or make any contract . . . to fix the prices, limit the  
25 production, or regulate the transportation of any product or commodity. The legislature shall  
enact laws for the enforcement of this section by adequate penalties, and in the case of  
incorporated companies, if necessary for that purpose, may, as a penalty declare a forfeiture  
of their franchises.”).

26 <sup>26</sup> A.R.S. § 44-1402.



1 specifically authorized to enforce the Arizona Uniform State Antitrust Act and the Arizona  
2 Consumer Fraud Act. A.R.S. §§ 44-1407, 44-1528, 44-1531.

3 **B. Defendants**

4 **1. Defendant RealPage**

5 32. Defendant RealPage, Inc. is a Delaware corporation headquartered in  
6 Richardson, Texas. RealPage provides software and services to the residential real estate  
7 industry, including the RM Software described herein. RealPage was a public company  
8 from 2010 until December 2020, when it was purchased by Chicago-based private equity  
9 firm Thoma Bravo, L.P. in a transaction that valued RealPage at approximately \$10.2  
10 billion.<sup>29</sup> At that time, RealPage had over 31,700 clients including each of the 10 largest  
11 multifamily apartment property management companies in the United States.<sup>30</sup> Defendant  
12 RealPage is registered with the Arizona Corporation Commission.

13 **2. Lessor Defendant AMC**

14 33. Defendant Apartment Management Consultants, L.L.C. (“AMC”) is a Utah  
15 limited liability corporation headquartered in Sandy, Utah. AMC is the sixth largest  
16 apartment management company in the United States. During the relevant period, AMC  
17 entered a written contract, paid for, and agreed to use RealPage RM Software products—  
18 specifically, YieldStar—to set prices for its rental units in Arizona, including the Phoenix  
19 and Tucson metropolitan areas. Defendant AMC is registered with the Arizona Corporation  
20 Commission.

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<sup>29</sup> Press Release, *Thoma Bravo Complete Acquisition of RealPage*, REALPAGE, INC.  
24 (Apr. 22, 2021), available at <https://www.realpage.com/news/thoma-bravo-completes-acquisition-of-realpage/>.

25 <sup>30</sup> RealPage Inc., 2020 Annual Report (For 10-K) at 6 (Mar. 1, 2021), available at  
26 <https://www.sec.gov/Archives/edgar/data/1286225/000128622521000007/rp-20201231.htm>.

1           **3. Lessor Defendant Avenue5**

2           34. Defendant Avenue5 Residential LLC (“Avenue5”) is a limited liability  
3 company headquartered in Seattle, Washington, organized and existing under the laws of  
4 Delaware. Avenue5 is a residential apartment manager that relies on the RealPage RM  
5 Software in its process for determining the price of rental leases in Arizona, including the  
6 Phoenix and Tucson metropolitan areas. During the relevant period, Avenue5 entered a  
7 written contract, paid for, and agreed to use RealPage RM Software products to set prices  
8 for its rental units in Arizona, including the Phoenix and Tucson metropolitan areas.  
9 Defendant Avenue5 is registered with the Arizona Corporation Commission.

10           **4. Lessor Defendant BH**

11           35. Defendant BH Management Services, LLC (“BH”) is a limited liability  
12 company headquartered in Des Moines, Iowa, organized and existing under the laws of  
13 Iowa. During the relevant period, BH entered a written contract, paid for, and agreed to use  
14 RealPage RM Software products—specifically, YieldStar—to set prices for its rental units  
15 in Arizona, including the Phoenix metropolitan area. Defendant BH is registered with the  
16 Arizona Corporation Commission.

17           **5. Lessor Defendant Camden**

18           36. Defendant Camden Property Trust (“Camden”) is a real estate investment  
19 trust headquartered in Houston, Texas, organized and existing under the laws of Texas.  
20 During the relevant period, Camden entered a written contract, paid for, and agreed to use  
21 RealPage RM Software products—YieldStar and AIRM—to set prices for its rental units  
22 in Arizona, including the Phoenix metropolitan area. Defendant Camden is registered with  
23 the Arizona Corporation Commission.

24           **6. Lessor Defendant Greystar**

25           37. Defendant Greystar Management Services L.P. (“Greystar”) is a limited  
26 partnership headquartered in Charleston, South Carolina, organized and existing under the



1 laws of Delaware. During the relevant period, Greystar entered a written contract, paid for,  
2 and agreed to use RealPage RM Software products—specifically, YieldStar—to set prices  
3 for its rental units in Arizona, including the Phoenix and Tucson metropolitan areas.  
4 Defendant Greystar is registered with the Arizona Corporation Commission.

5 **7. Lessor Defendant HSL**

6 38. Defendant HSL Properties, Inc. (“HSL Properties”) is a corporation  
7 headquartered in Tucson, organized and existing under the laws of Arizona. HSL Properties  
8 is the parent company of Defendant HSL Asset Management, LLC (“HSL Asset  
9 Management”), a limited liability company headquartered in Tucson, organized and  
10 existing under the laws of Arizona that operates as property manager and agent for HSL  
11 Properties (HSL Properties and HSL Asset Management are collectively referred to as  
12 “HSL”). During the relevant period, HSL entered a written contract, paid for, and agreed to  
13 use RealPage RM Software products—specifically, YieldStar—to set prices for its rental  
14 units in Arizona, including the Phoenix and Tucson metropolitan areas. Both HSL  
15 Defendants are registered with the Arizona Corporation Commission.

16 **8. Lessor Defendant RPM**

17 39. Defendant RPM Living, LLC (“RPM”) is a limited liability company  
18 headquartered in Austin, Texas, organized and existing under the laws of Texas. During the  
19 relevant period, RPM entered a written contract, paid for, and agreed to use RealPage RM  
20 Software products—YieldStar, LRO, and AIRM—to set prices for its rental units in  
21 Arizona, including the Phoenix and Tucson metropolitan areas. Defendant RPM is  
22 registered with the Arizona Corporation Commission.

23 **9. Lessor Defendant Trammell Crow**

24 40. Defendant Crow Holdings, LP (“Crow Holdings”) is a Delaware limited  
25 partnership headquartered in Dallas, Texas. Crow Holdings is the parent company of Lessor  
26 Defendant Trammell Crow Residential Company (“Crow Residential”), which itself is a

1 Delaware corporation headquartered in Dallas, Texas (Crow Holdings and Crow  
2 Residential are collectively referred to as “Trammell Crow”). During the relevant period,  
3 Trammell Crow entered a written contract, paid for, and agreed to use RealPage RM  
4 Software products—specifically, YieldStar—to set prices for its rental units in Arizona,  
5 including the Phoenix metropolitan area.

6 **10. Lessor Defendant Weidner**

7 41. Defendant Weidner Property Management LLC (“Weidner”) is a Washington  
8 limited liability company headquartered in Kirkland, Washington. During the relevant  
9 period, Defendant Weidner entered a written contract, paid for, and agreed to use RealPage  
10 RM Software products—specifically, YieldStar—to set prices for its rental units in Arizona,  
11 including the Phoenix and Tucson metropolitan areas. Defendant Weidner is registered with  
12 the Arizona Corporation Commission.

13 42. Defendants AMC, Avenue5, BH, Camden, Greystar, HSL, RPM, Trammell  
14 Crow, and Weidner are collectively called “Lessor Defendants” in this Complaint. Together  
15 with RealPage, they are called “Defendants.”

16 **III. CO-CONSPIRATORS**

17 43. Not all members of the conspiracy are named as defendants in this Complaint.  
18 Other lessors who used RealPage to set prices and share confidential business information  
19 are known co-conspirators who entered into written contracts, paid for, and agreed to use  
20 RealPage RM Software products to set prices for multifamily apartment units in Arizona,  
21 including in the Phoenix and Tucson metropolitan areas. Other co-conspirators may not be  
22 known yet to the State. Defendants are jointly and severally liable for the acts of their co-  
23 conspirators whether or not named as defendants in this Complaint.

24 **IV. JURISDICTION AND VENUE**

25 44. Jurisdiction is appropriate in this Court pursuant to A.R.S. § 12-123. The  
26 amount in controversy exceeds the jurisdictional minimum.

1           45. This Court has personal jurisdiction over each Defendant. Each Defendant  
2 (1) transacts business and/or is admitted to conduct business within Arizona; (2) maintains  
3 substantial contacts in Arizona; and (3) committed violations of Arizona statutes in whole  
4 or part within the State of Arizona. This action arises out of and relates to each Defendant’s  
5 contacts with this forum.

6           46. Rental price fixing has been directed at, and has had the foreseeable and  
7 intended effect of, harming residents in Arizona. At-issue transactions occurred in the State  
8 of Arizona and/or involved Arizona residents.

9           47. Each Defendant purposefully availed itself of the privilege of doing business  
10 within this state, and each derived substantial financial gain from doing so. These  
11 continuous, systematic, and case-related business contacts—including the acts described  
12 herein—are such that each Defendant should reasonably have anticipated being brought  
13 into this Court.

14           48. Each Defendant submitted itself to jurisdiction through, among other things,  
15 pervasive marketing; encouraging the use of its services; and purposefully cultivating  
16 profitable relationships in the State of Arizona. Defendants RealPage, AMC, Avenue5, BH,  
17 Camden, Greystar, HSL, RPM, Weidner also registered with the Arizona Corporation  
18 Commission.

19           49. In short, each Defendant has systematically served the Arizona market  
20 relating to renting multifamily apartments and has harmed residents in Arizona such that  
21 there is a strong relationship among Defendants, this forum, and the litigation.

22           50. Venue is appropriate pursuant to A.R.S. § 12-401(17).  
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## V. FACTUAL ALLEGATIONS

**A. Before RealPage, Lessor Defendants competed with one another on price while aiming to maximize occupancy.**

51. A competitive market is characterized by landlords maximizing occupancy and setting independent prices based on their own observations of the market.

52. Before RealPage gained widespread adoption in the Phoenix and Tucson metropolitan areas, Lessor Defendants acted independently to set rents. Because they have high fixed costs, each Lessor Defendant had an incentive to maximize its occupancy. Every day a unit was left empty, Lessor Defendants lost the opportunity to earn revenue. As a result, Lessor Defendants offered competitive rates to try to maintain maximum occupancy and decrease turnover. This often came in the form of reduced prices or promotional offers, such as rental concessions.

53. This is described as the “heads in beds” strategy, and it drove the market before RealPage’s RM Software was widely adopted. If supply was high, market prices would drop. Thus, in the past, Lessor Defendants had incentive to lower rents until all available units were occupied.

54. As RealPage has observed, “[w]hen markets soften, the focus naturally turns from rent growth to maintaining occupancy, which often leads to concessions for new leases and at the sacrifice of rent growth on renewals. Softening markets—some created by new supply coming online, others by changing demand levels—have led to discounted rents in some major metros.”<sup>31</sup> RealPage sought to change this dynamic and keep rents artificially high, defying supply and demand.

55. After RealPage’s RM Software was widely adopted, Lessor Defendants shifted from the previous competitive status quo to a new strategy, facilitated by RealPage:

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<sup>31</sup> REALPAGE, INC. E-Book, *supra* note 21.

1 increasing prices and tolerating the lost revenue resulting from any unrented and empty  
2 housing units. In a competitive market, this strategy would quickly fail—any units listed at  
3 prices exceeding the market price would be undercut by competitors and thus stay empty,  
4 and landlords would still incur fixed costs on those empty units. This would threaten  
5 landlords’ profits.

6 56. Now Lessor Defendants have agreed to set prices using RealPage’s  
7 coordinated algorithmic pricing. This coordination hikes prices beyond the competitive  
8 market. To ensure that the prices RealPage sets are coordinated, Lessor Defendants have  
9 agreed to provide RealPage with real-time access to their competitively sensitive and non-  
10 public data on their housing real estate leases. This data includes occupancy rates, lease  
11 terms, prices, and more.

12 57. RealPage assured Lessor Defendants that no other participating members  
13 would use this data to undercut RealPage’s higher prices—doing so for too long would  
14 mean losing access to RealPage. In turn, Lessor Defendants were reassured that their  
15 competitive data would be used to keep prices artificially high, leaving renters in the  
16 Phoenix and Tucson metropolitan areas with no choice but to pay what Lessor Defendants  
17 demanded. RealPage acknowledged this would help Lessor Defendants overcome their  
18 “lack of faith in the property’s ability to command the rental rates generated.”<sup>32</sup>

19 58. RealPage’s RM Software essentially granted Lessor Defendants the courage  
20 to charge higher prices instead of focusing on occupancy. This is reflected in RealPage’s  
21 own marketing materials. Andrew Bowen, RealPage’s Vice President of Investor Markets,  
22 credited the algorithm as “driving” the growth, because “[a]s a property manager, very few  
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24 <sup>32</sup> *Gearing Up for the Apartment Revenue Management Conference*, August 2013,  
25 National Apartment Association, available at <https://www.naahq.org/sites/default/files/naa-documents/publications-units/august-units-13/Gearing-For-Apartment-Revenue-Management-Conference-Units-Aug2013.pdf>.

1 of us would be willing to actually raise rents double digits within a single month by doing  
2 it manually.”<sup>33</sup> But once Lessor Defendants were acting together, these double-digit rent  
3 increases became more common.

4 59. RealPage set these double-digit price increases even though doing so would  
5 reduce occupancy—as some renters would not be able to afford the new, higher prices. As  
6 the creator of RealPage’s RM Software Jeffrey Roper told ProPublica, RealPage’s software  
7 circumvented human agents who had “way too much empathy” and hesitated to push rents  
8 higher.<sup>34</sup>

9 60. In a competitive market, higher prices that reduce occupancy also would  
10 make Lessor Defendants’ management uncomfortable. And so, they would reduce prices  
11 until they hit a targeted occupancy of “97% to 98%.” As former RealPage CEO Steve Winn  
12 observed, “[i]nitially, it was very hard for executives to accept that they could operate at  
13 94% or 96% and achieve a higher NOI by increasing rents.” But with RealPage, Defendant  
14 Lessors were able to charge higher prices and operate at a lower occupancy level that  
15 “would have made management uncomfortable before.”<sup>35</sup> In one case study, RealPage told  
16 a company to increase prices by up to 7%, even as occupancy decreased from near full to  
17 95%. The inflated price increases allowed management to increase revenue despite leasing  
18 fewer units.

19 **B. RealPage has spent 20 years perfecting its pricing algorithms that have now**  
20 **been widely adopted in Arizona markets and have led to higher prices.**

21 61. RealPage was founded in 1998. In 2002, RealPage acquired the original  
22 YieldStar software from Defendant Camden. In August and September of that year,

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23 <sup>33</sup> Vogell, *supra* note 20.

24 <sup>34</sup> *Id.*

25 <sup>35</sup> Q4 2017 Earnings Conference Call, REALPAGE, INC. (Feb. 27, 2018), available at  
26 <https://seekingalpha.com/article/4151484-realpages-rp-ceo-steve-winn-on-q4-2017-results-earnings-call-transcript>.

1 RealPage coordinated a series of meetings, called “executive-level revenue management  
2 summits” with competing landlords. These meetings allowed landlords to provide “input”  
3 into the pricing system that was then “factored into subsequent releases of the product.” At  
4 these summits, competitors met to discuss “methods for establishing a forecast of weekly  
5 supply,” “methods to price units in real time,” and “methods to manage concessions . . . that  
6 gross up net effective base rents computed by the pricing engine.”<sup>36</sup>

7 62. In 2004, RealPage hired Jeffery Roper to become its “principal scientist” and  
8 improve the software.<sup>37</sup> Roper, who had previously worked on airline price-setting software  
9 that the Department of Justice alleged artificially inflated airfares by more than a billion  
10 dollars, began building a “data warehouse” that pulled in client data from other RealPage  
11 applications and output prices for participants.

12 63. From 2006 to 2016, the use of revenue management for pricing grew  
13 significantly, and RealPage was a key part of that growth.<sup>38</sup> In 2016, RealPage was  
14 reporting double-digit growth largely driven by YieldStar. RealPage became the primary  
15 price-setting vendor to the multifamily market through acquisitions of its competitors.  
16 RealPage began buying up similar and competing software companies, and it has completed  
17 44 acquisitions since its founding.

18 64. The exact date when RealPage began to dominate the Phoenix and Tucson  
19 metropolitan areas is currently unknown. But by 2016, RealPage had been adopted by most  
20 Lessor Defendants and was being used widely in the Phoenix and Tucson metropolitan  
21 areas.

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23 <sup>36</sup> Press Release, *RealPage Acquires YieldStar Multifamily Revenue Management System*,  
24 REALPAGE, INC. (July 19, 2002), available at <https://www.realpage.com/news/realpage-acquires-yieldstar-multifamily-revenue-management-system/>.

<sup>37</sup> Vogell, *supra* note 20.

25 <sup>38</sup> Press Release, *RealPage Acquires YieldStar Multifamily Revenue Management System*,  
26 REALPAGE, INC. (July 19, 2002), available at <https://www.realpage.com/news/realpage-acquires-yieldstar-multifamily-revenue-management-system/>.



1           65.     In 2017, RealPage acquired its competitor Rainmaker LRO. The acquisition  
2 included LRO’s revenue-management software. At the time of the merger, RealPage’s RM  
3 Software was pricing 1.5 million units. That number doubled with the acquisition. RealPage  
4 then merged LRO into its existing revenue management software.

5           66.     Between 2018 and 2020, RealPage continued to market both YieldStar and  
6 LRO, noting that RealPage’s RM products used an “unmatched database” reflecting “lease  
7 transaction data on over 12M units.”

8           67.     RealPage has since integrated both YieldStar and LRO to “form the industry’s  
9 most comprehensive suite of solutions for precision data analytics and asset optimization  
10 for rental housing assets,”<sup>39</sup> introduced as “AI Revenue Management” (“AIRM”) in 2020.<sup>40</sup>  
11 AIRM’s core functionality and purpose remain identical to YieldStar’s and LRO’s.

12           68.     RealPage markets AIRM as a tool that helps lessors “continuously maximize  
13 asset value with precision pricing capabilities.” RealPage describes this software as “the  
14 industry’s only price optimization solution” and states that it will “maximize rents” and  
15 “outperform[] the market 2%-5%.”<sup>41</sup> Built upon the bedrock of its legacy products, LRO  
16 and YieldStar, “[t]he backbone of AIRM is data collected from six million lease  
17 transactions across the United States.”

18           69.     The three RealPage revenue managements products—YieldStar, LRO, and  
19 AIRM—are functionally identical. They each automate pricing of multifamily apartment  
20 units using algorithms fueled by RealPage’s vast data repositories, which are shared among  
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22           <sup>39</sup> *RealPage Closes Acquisition of Lease Rent Options, LRO®*, BUSINESS WIRE (Dec. 4,  
23 2017), available at <https://www.businesswire.com/news/home/20171204006136/en/RealPage-Closes-Acquisition-of-Lease-Rent-Options-LRO5C2%AE>.

24           <sup>40</sup> Guy Leman, *Don’t Miss This! Unveiling of “AIRM” AI Revenue Management at*  
25 *RealWorld*, RealPage Blog (Sept. 8, 2020), available at <https://www.realpage.com/blog/dont-miss-this-unveiling-of-airm-ai-revenue-management-at-realworld/>.

26           <sup>41</sup> *RealPage AI Revenue Management*, REALPAGE, INC., available at <https://www.realpage.com/asset-optimization/revenue-management/>.

1 the three products. RealPage’s RM Software allows clients to “[o]ptimize rents to achieve  
2 the overall highest yield, or combination of rent and occupancy, at each property.” Stated  
3 simply, these products employ statistical models that use data—including proprietary, non-  
4 public data—to generate a “price” to charge for renting those units. These higher prices  
5 ensure that participants will beat the competitive market.

6 70. RealPage contracts with property managers and owners to provide its revenue  
7 management software. In some instances, the property manager and owner are the same  
8 entity. Each of the Lessor Defendants in this case contracted with RealPage and materially  
9 advanced the anticompetitive agreements by agreeing to provide competitive data to  
10 RealPage and, in exchange, price units using RealPage’s set prices.

11 71. Each of the Lessor Defendants has used one or more of the RealPage RM  
12 products to set the prices of multifamily apartment leases in the Phoenix and Tucson  
13 metropolitan areas. The Lessor Defendants that have used YieldStar include at least: AMC,  
14 Avenue5, BH, Camden, Greystar, HSL, RPM Living, Trammell Crow, and Weidner. The  
15 Lessor Defendants that have used AIRM include at least: Camden, Greystar, and RPM  
16 Living. The Lessor Defendants that have used LRO include at least Greystar and RPM  
17 Living.

18 72. While access to the RealPage RM Software is typically purchased on a per-  
19 building basis, RealPage charges the landlord an initial setup fee for the RealPage RM  
20 Software and then a monthly fee for each unit. This has been incredibly lucrative for  
21 RealPage, which has earned hundreds of millions of dollars in revenue as a result. Each new  
22 participant means access to more proprietary data, more market share, and more confidence  
23 that RealPage’s higher-than-market prices can dominate.

24 73. RealPage sets the prices for Lessor Defendants using its revenue management  
25 algorithms. Lessor Defendants agree that they will not depart from these rates. As a result,  
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1 the rates are accepted more than 80% of the time. This has allowed Lessor Defendants to  
2 “outperform the market by 2%-7% year over year.”<sup>42</sup>

3 74. Much like the airlines’ price-fixing cartel, Defendants’ cartel eliminates price  
4 competition and the “race to the bottom” during periods of oversupply. As Defendant  
5 RealPage declared to both its existing and potential clients in a 2020 advertisement e-book:  
6 “You don’t have to sacrifice rent growth during a softening market . . . you shouldn’t lose  
7 sight of this of this proven fact: There is always money to be made regardless of market  
8 conditions.”

9 75. On information and belief, about 70% of multifamily apartment units in the  
10 Phoenix metropolitan area are owned or managed by companies that have contracted with  
11 RealPage for Revenue Management, and about 50% of multifamily apartment units in  
12 Tucson are owned or managed by companies that have contracted with RealPage for  
13 Revenue Management. Lessor Defendants include some of the largest providers of  
14 multifamily apartment rentals in the nation and in Arizona.

15 **C. Lessor Defendants agreed to give RealPage access to their confidential,**  
16 **proprietary data to set prices higher.**

17 76. RealPage required that Lessor Defendants contribute their non-public,  
18 competitively sensitive data to RealPage’s data pool. To access the price-setting tool that  
19 promised revenue growth even in a down market, each Lessor Defendant agreed to  
20 participate in the data co-operative and price its multifamily apartment rental units  
21 according to RealPage’s revenue management software. RealPage promised Lessor  
22 Defendants this software would help them all “outperform the market.”<sup>43</sup> As one participant

23 <sup>42</sup> *Introducing AI Revenue Management: Next-Generation Price Optimization That*  
24 *Unlocks Hidden Yield*, REALPAGE, INC. (2020).

25 <sup>43</sup> *YieldStar Predicts Market Impact Down to Unit Type and Street Location*, REALPAGE,  
26 INC., available at <https://www.realpage.com/videos/yieldstar-data-scientists-help-manage-supply-demand/>.

1 noted, RealPage was valuable because it provided “[c]ompetitor insight.” RealPage  
2 explains that it “calculates exactly what you should pay on that particular day, based on . . .  
3 competitor pricing.”<sup>44</sup>

4 77. Lessor Defendants shared their proprietary data with RealPage on the  
5 understanding that their competitors were doing the same. The stated goal of RealPage’s  
6 RM Software is for its clients to “outperform the market [by] 3% to 7%.”<sup>45</sup> And so, the  
7 inevitable outcome of coordinating prices is that rents have been pushed above competitive  
8 levels.

9 78. Defendant RealPage and its clients admit the impact that the use of  
10 RealPage’s RM Software has on multifamily apartment rental prices. After praising a 14%  
11 increase in average rental prices across 2021 at an industry event, RealPage’s Vice President  
12 Jay Parsons asked Andrew Bowen, RealPage’s then Vice President of Investor Markets,  
13 what role he thought RealPage had played in the unprecedented increase. “I think it’s  
14 driving it, quite honestly,” Bowen replied.<sup>46</sup>

15 79. In a promotional video posted on RealPage’s website, a representative from  
16 Defendant BH explained that, while in a competitive market “there’s a tendency . . . to let  
17 your competitors drive your pricing,” RealPage’s RM Software price-setting function  
18 “keeps you from subjectively adjusting to what the market is doing.”<sup>47</sup> Defendant BH’s  
19 Vice President of Business Intelligence Systems, Brandy Daniel, echoed this sentiment in  
20 a webcast hosted by RealPage in which BH participated.

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23 <sup>44</sup> Vogell, *supra* note 20.

24 <sup>45</sup> *Id.*

25 <sup>46</sup> *Id.*

26 <sup>47</sup> Tim Blackwell, *Six Ways Revenue Management Software Benefits B and C Properties*,  
REALPAGE, INC. (June 12, 2019), available at <https://www.realpage.com/blog/six-ways-revenue-management-software-benefits-b-c-properties/>.

1           80.     When asked how revenue management has allowed BH to “stay ahead of the  
2 market and avoid any sort of reactionary behaviors,” Ms. Daniel responded that, for BH,  
3 “being able to see [competitors’] transaction-level data has been really important to keeping  
4 decisions in line for each market. Our very first goal that we came out with immediately out  
5 of the gate is that we will not be the reason any particular submarket takes a rate dive. So  
6 for us our strategy was to hold steady and to keep an eye on the communities around us and  
7 our competitors.”<sup>48</sup>

8           81.     In other words, despite the presence of market conditions that may warrant  
9 rental price adjustments in certain markets in order to attract potential renters and/or retain  
10 existing tenants, if the RM Software system showed competitors were remaining steady  
11 with their rental prices in those, and perhaps other, markets, Defendant BH committed to  
12 pricing its own units according to its competitors’ pricing rather than true market conditions  
13 so as not to be the cause of any rental rate dips.

14           82.     RealPage and Lessor Defendants use this edge to dominate the multifamily  
15 apartment rental markets in the Phoenix and Tucson metropolitan areas. RealPage’s  
16 dominant market position stems from this unrivaled access to very detailed proprietary data.  
17 This data is then used daily to generate rental prices for each unit using RM Software.  
18 Lessor Defendants eliminated competition by agreeing to outsource pricing and supply  
19 decisions to each other.

20           83.     RealPage and the Lessor Defendants have unlawfully agreed to forgo  
21 competition in favor of using a central entity—the RealPage RM Software—to set  
22 apartment rents. Their agreement is reflected in existing documents, has been publicly  
23 acknowledged by cartel members, and is closely policed to ensure compliance.

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25 <sup>48</sup> *Smart Solutions: How to Outperform in a Changing Market*, REALPAGE VIDEOS  
26 (May 4, 2020), available at <https://www.realpage.com/webcasts/smart-solutions-outperform-changing-market/> (“Smart Solutions: How to Outperform in a Changing Market”).

1           84. Ordinarily, Lessor Defendants would compete with one another for customers  
2 (tenants) in the rental housing market, including competing on the price of rental leases to  
3 increase occupancy. Prospective tenants in multifamily apartment housing units routinely  
4 consider multiple options when evaluating potential leases, and their decisions of which  
5 unit to lease are determined in large part by the rent offered.

6           85. The RealPage scheme represents a fundamental departure from the  
7 traditional, competitive marketplace that historically existed for multifamily apartment  
8 rentals. RealPage and its clients have transformed a competitive marketplace into one in  
9 which competing landlords work together for their collective benefit at the expense of  
10 renters.

11           86. This scheme worked because Lessor Defendants agreed to delegate their rent-  
12 setting authority to RealPage, which enforced compliance.

13           87. RealPage documents show the methods by which the company suppresses  
14 Lessor Defendants' independent price decision-making while also securing their  
15 cooperation in the cartel. RealPage training documents state: "You should be compliant"—  
16 *i.e.*, each individually participating landlord must impose the rents generated by the  
17 RealPage RM Software—"90+% of the time to see the best results in your revenue  
18 management." This principle is reinforced during in-person trainings when landlords join  
19 the cartel.

20           88. RealPage documents are replete with references to the need for "discipline"—  
21 *i.e.*, adherence to the prices generated by RealPage. For example, an LRO training  
22 presentation emphasizes the importance of "disciplined . . . pricing practices portfolio  
23 wide." Similarly, an AIRM training presentation references Lessor Defendants'  
24 commitment to the "disciplined use of formal quotes." When training landlords on LRO's  
25 Lease Audit Report, RealPage instructs landlords: "We should have all compliant leases.  
26 Just use the LRO price and you won't have to worry about it."

1           89.     Deviations from the RealPage-generated rent are referred to as “overrides.”  
2 Consistent with their agreement to impose rents generated by RealPage RM Software nearly  
3 all the time, Defendants agreed to limit overrides. For example, a RealPage LRO training  
4 document states: “Overrides should be few and far between.” Similarly, internal RealPage  
5 LRO training documents teach cartel members’ regional managers to beware of “Override  
6 Overload” or “rogue” leasing agents who too frequently override the LRO-generated  
7 pricing.

8           90.     RealPage facilitates landlords’ compliance with the agreement in many ways,  
9 including through a software feature that automatically accepts rents generated by the RM  
10 Software. In both AIRM and YieldStar, this feature is called “Auto Pilot” and, if enabled,  
11 causes the RealPage-generated rents to be automatically “accepted” and deployed to the  
12 landlord’s property management system. LRO offers a similar feature referred to as “Rent  
13 Syndication,” which automatically sends LRO pricing information to Internet Listing  
14 Services where the landlord’s units are marketed.

15           91.     RealPage’s message to Lessor Defendants (RealPage’s clients) is that they  
16 should “let auto accept run” such that the landlords “accept all” of RealPage’s prices. A  
17 RealPage presentation on pushing landlords to enable auto-accept states: “Not an ask of the  
18 client. This is a command to the client. It isn’t an optional process.”

19           92.     Even where Lessor Defendants do not enable auto-accept, most landlords  
20 cannot, on their own, charge rents other than those generated by RealPage’s RM Software—  
21 landlords can only “propose an override.” The landlord must then provide a written business  
22 justification for why it wishes to depart from the RealPage-generated rent. The landlord is  
23 also required to “enter the floorplan rent that [the landlord] is recommending” for the  
24 prospective tenant in order to “submit an override recommendation.”

25           93.     RealPage actively polices Lessor Defendants’ compliance to ensure overrides  
26 remain rare. When a new landlord joins Defendants’ rent-setting cartel, RealPage conducts



1 “secret shops” to “confirm successful adoption” of the software. This process tests whether  
2 the landlords’ employees are, in fact, offering only RealPage-generated rents even in the  
3 event that a prospective tenant attempts to negotiate.

4 94. RealPage has also designed its RM Software to ensure that landlords monitor  
5 their own compliance—*i.e.*, whether the landlord has imposed the RealPage-generated rent.  
6 For example, AIRM’s New Lease Workflow displays a “Lease Compliance” number where  
7 “100% means no compliance variances.” YieldStar displays a “Lease Compliance” widget  
8 to landlords that indicates whether compliance rates are acceptable and generates  
9 “Compliance Reports” for landlords that present noncompliant rents as losses (in  
10 parentheses). Similarly, LRO presents a “Rent Comparison Graph” to landlords that  
11 presents compliance data and generates “Lease Audit Reports” identifying any differences  
12 between RealPage-generated rents and the rents that the landlord in fact is charging tenants.

13 95. RealPage also employs pricing advisors who create reports analyzing clients’  
14 compliance rates. Pricing advisors generate “Rate Acceptance and Lease Compliance  
15 Analysis” reports that measure landlords’ compliance and “identify detached potentially  
16 at-risk clients, properties that need additional training, or opportunities for parameter and  
17 strategy alignment.” In other words, RealPage monitors the prices actually imposed by  
18 cartel members to identify anyone departing from the agreed-upon pricing plan, in order to  
19 discipline that member into adhering to the RealPage-generated prices.

20 96. To prevent their staff from exercising independent judgment when setting  
21 rents, Defendants have established a rigorous monitoring and compliance system to ensure  
22 cartel members adhere to RealPage’s RM Software pricing.

23 97. RealPage has also ensured that there is an incentive structure that chills Lessor  
24 Defendants’ employees from departing from RealPage’s rates. If an employee seeks to  
25 adjust RealPage’s prices, his or her “disputes” are “escalated to the Regional Manager” at  
26 his or her company and he or she can be threatened with being fired. RealPage generates

1 reports for lessors’ management and executives that identify employees who fail to comply  
2 with RealPage’s set rates—employees must accept the rates or lose their jobs. When  
3 disputing a RealPage price, lessors agree to “objective facts, not subjective reasoning.”  
4 RealPage calls this taking “the emotion out of pricing.”<sup>49</sup>

5 98. RealPage threatens to drop lessors who reject RealPage’s set rates. Lessors  
6 agree that if they fail to consistently implement RealPage’s set rates, their contract with  
7 RealPage will be terminated. As Jeffrey Roper, the architect of RealPage, explains, “[i]f  
8 you have idiots undervaluing, it costs the whole system.”<sup>50</sup> Thus, RealPage ensures  
9 participating lessors cannot use RealPage’s rates to undercut competitors—in other words,  
10 compete in the market.

11 99. At bottom, the rents RealPage generates are not recommendations. Rather  
12 than competing on price, Lessor Defendants agree to and do impose the RealPage-generated  
13 rents nearly all the time.

14 **D. Lessor Defendants have the ability to police one another’s participation in the**  
15 **conspiracy.**

16 100. Lessor Defendants have the ability to police each other’s adherence to the  
17 conspiracy. RealPage provides Lessor Defendants with a “peer list” of the companies whose  
18 transaction data is used as an input in the RealPage pricing algorithm for that client’s  
19 pricing. Lessor Defendants can review their peer lists and even request that specific  
20 competitors be included. In this way, Lessor Defendants know who is participating and  
21 pricing off of RealPage.

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25 <sup>49</sup> *Impact on Apartment Pricing*, *supra* note 19.

26 <sup>50</sup> Vogell, *supra* note 20.

1           101. Lessor Defendants also know who is participating based on public statements  
2 and signaling. Many participants, including Defendants Camden, BH, HSL, Greystar, and  
3 Weidner have provided RealPage with testimonials lauding the benefits of this software.

4           102. RealPage urges its clients to “shop your competitors over the phone,  
5 in-person, and view their websites.”<sup>51</sup> In this way, Lessor Defendants have the ability to  
6 police each other to make sure that nobody uses the information to gain a competitive  
7 advantage to undercut prices and lure away customers.

8           103. This gives Lessor Defendants confidence to raise rates. As one Camden  
9 executive confirmed: “[T]he public companies where we compete with them, they make—  
10 we all make the market better. I mean they all use revenue management. They are all smart.  
11 They raised rents when they should.”<sup>52</sup>

12 **E. Because of this conspiracy, renters in Arizona markets have paid and are**  
13 **paying higher than competitive rents.**

14           104. RealPage’s RM Software is widely used throughout the Phoenix and Tucson  
15 metropolitan areas. Consistent with this, test-run economic analyses confirm that collective  
16 usage of RealPage’s Revenue Management Software leads to higher prices. Because not all  
17 RealPage subscribers are known, these preliminary results are conservative and may  
18 undermeasure the true overcharge.

19           105. In the first analysis, public rent data was collected from the Phoenix  
20 metropolitan area.

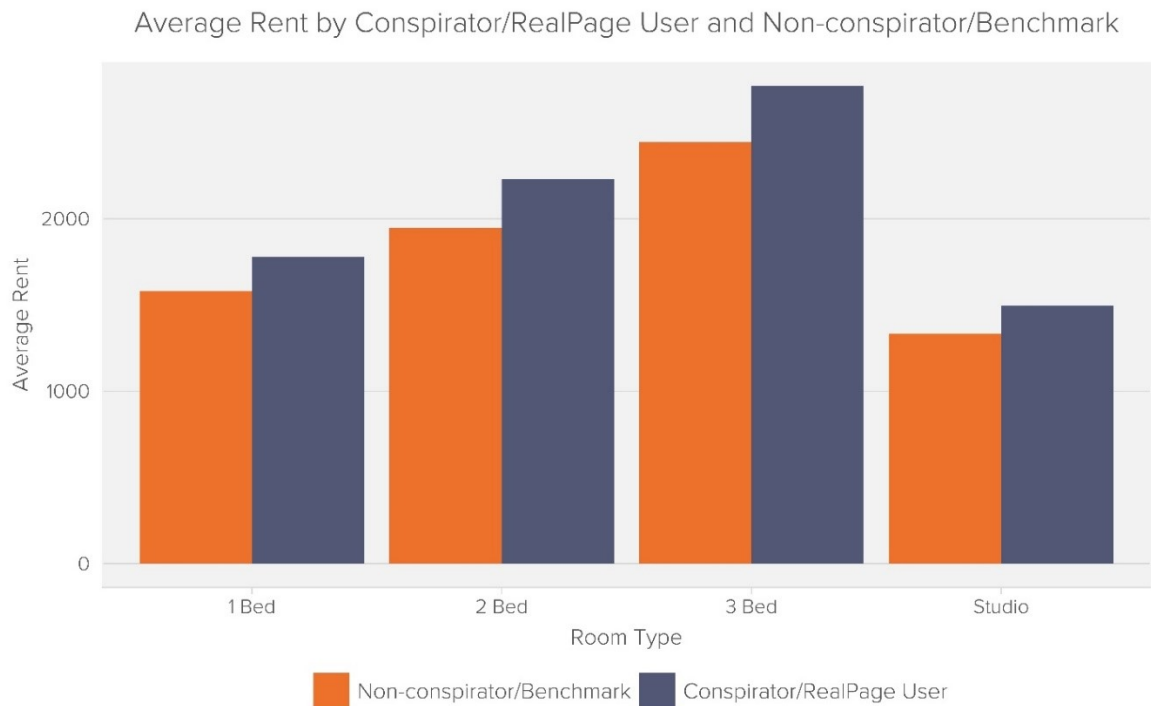
21           106. The regression analysis controlled for various property and geographic  
22 features such as size of the unit and number of bathrooms. Across over 30,000 units, the  
23 regression found an average overcharge of 12% on units priced by RealPage’s Revenue

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24 <sup>51</sup> Revenue Management, *Overcoming Objections Guide*, RealPage, Inc. (2021).

25 <sup>52</sup> Q2 2021 Earnings Conference Call, CAMDEN PROPERTY TRUST (Jul. 30, 2021),  
26 available at <https://seekingalpha.com/article/4443346-camden-property-trust-cpt-ceo-ric-campo-on-q2-2021-results-earnings-call-transcript>.

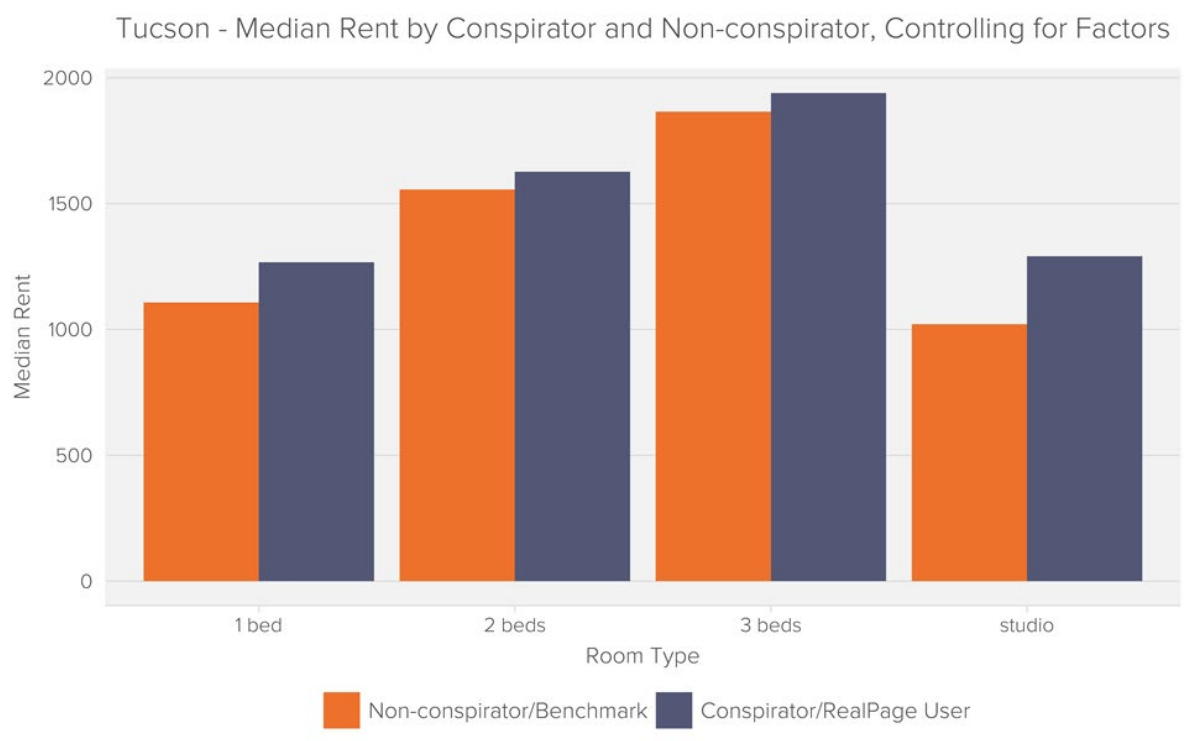
1 Management Software as compared to units not priced using RealPage’s Revenue  
2 Management Software, including 1-bedroom, 2-bedroom, 3-bedroom, and studio  
3 apartments. These estimates are conservative and may underestimate the true overcharge,  
4 as not every property using RealPage is included in the estimate.



17 107. In the second analysis, public rent data was collected from the Tucson  
18 metropolitan area.

19 108. The regression analysis controlled for various property and geographic  
20 features such as size of the unit and number of bathrooms. Across over 3,740 units, the  
21 regression found an average overcharge of 13% on units priced by RealPage’s Revenue  
22 Management Software as compared to units not priced using RealPage’s Revenue  
23 Management Software, including 1-bedroom, 2-bedroom, 3-bedroom, and studio  
24 apartments. These estimates are conservative and may underestimate the true overcharge,  
25 as not every property using RealPage is included in the estimate.

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**F. “Plus Factors” provide additional evidence of a conspiracy.**

109. The market for the sale of multifamily apartment real estate leases from Lessor Defendants in the Phoenix and Tucson metropolitan areas is characterized by numerous “plus factors” that render the industry susceptible to collusion such that the formation, maintenance, and efficacy of a cartel is more likely. These include (1) high barriers to entry, (2) high switching costs, (3) inelastic consumer demand, (4) market concentration, (5) relative fungibility of residential real estate leases, (6) exchanges of competitively sensitive information among horizontal competitors, and (7) numerous opportunities to collude at trade associations and RealPage functions.

110. First, property owners and operators face significant entry barriers. These include the high cost of acquiring property and establishing a property management infrastructure and the ongoing costs of building maintenance and regulatory compliance. Even small rental properties cost millions of dollars to acquire. Large properties, such as those operated by Defendant Greystar, run into the hundreds of millions of dollars to own

1 and manage and take several years and significant experience to build or acquire. Thus, new  
2 entrants into the multifamily real estate leasing market are unlikely to discipline cartel  
3 pricing.

4 111. Second, switching costs for renters prevent effective price competition in the  
5 multifamily apartment rental market. Residents in the Phoenix and Tucson metropolitan  
6 areas are forced to absorb inflated rents each lease cycle owing to the costs associated with  
7 moving, the time and labor required to locate a new and more affordable apartment,  
8 including in-person research, background-checks, and the disruption to family, work, and  
9 personal life caused by moving. And the cost of physically moving all of one's possessions  
10 from one apartment to another can easily add up to thousands of dollars. Indeed, RealPage  
11 itself has recognized the direct connection between the high cost of moving and landlords'  
12 ability to extract supra-competitive rents: in a training on "overcoming renewal objections,"  
13 RealPage instructs landlords to remind the tenants of the high cost of moving to force  
14 acceptance of the RealPage-generated price.

15 112. Additionally, renters who seek to switch to a better-priced alternative mid-  
16 lease will likely face significant financial penalties—including forfeiture of a security  
17 deposit that is typically at least one month's rent. Because of these high switching costs and  
18 lack of substitutability, renters in the Phoenix and Tucson metropolitan areas cannot readily  
19 switch from one rental unit to another in the event their current rental unit no longer aligns  
20 with market prices. Making matters worse, Lessor Defendants operate most of the  
21 multifamily apartments in the Phoenix and Tucson metropolitan areas, which significantly  
22 decreases the likelihood of renters even being able to find lower-priced options in  
23 reasonable proximity.

24 113. Third, the demand for multifamily apartment leases is highly inelastic.  
25 Housing is a human necessity and therefore residents' demand for housing does not change  
26 dramatically in response to pricing increases or decreases. Lessor Defendants are thus

1 essentially guaranteed a reliable and steady supply of customers. Because the demand for  
2 multifamily housing is relatively insensitive to changes in price, it is more susceptible to  
3 collusion and price fixing.

4 114. Fourth, the market for the sale of multifamily apartment leases in the Phoenix  
5 and Tucson metropolitan areas is highly concentrated. A relatively small number of large  
6 property owners and management companies (many of them Lessor Defendants), control a  
7 significant number of the multifamily rental housing properties in the Phoenix metropolitan  
8 area and the Tucson metropolitan area.

9 115. The market for multifamily revenue management is even more concentrated.  
10 Although Defendant RealPage has publicly stated that it collects data on over 16 million  
11 units, its 2020 10-K filing indicates that RealPage clients in fact control 19.7 million, out  
12 of a total 22 million, investment-grade units in the country. In other words, RealPage's  
13 clients comprise nearly 90% of the U.S. market for multifamily apartments. This reflects a  
14 national trend: the number of apartments controlled by the country's 50 largest property  
15 managers has grown every year for 14 years, according to the National Multifamily Housing  
16 Council.<sup>53</sup>

17 116. Fifth, multifamily apartments are relatively fungible, particularly within  
18 classes of properties. That is, when controlling for certain high-level characteristics of  
19 properties—such as the number of bedrooms and bathrooms, amenities, location, or the age  
20 of the building—properties within those classes are relatively fungible. Lessor Defendants  
21 recognize this fungibility within classes of properties and categorize their properties into  
22 grades within the RealPage system.

23 117. Sixth, RealPage's participating Lessor Defendants, directly and using  
24 RealPage as a conduit, share competitively sensitive information with one another.

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26 <sup>53</sup> Vogell, *supra* note 20.

1 RealPage founder and former CEO Steve Winn has noted in earnings calls that RealPage’s  
2 numbers “give a much more accurate view of what’s happening in the market compared to  
3 merely looking at rents reported by Internet listing services or other sources.”<sup>54</sup> It is even  
4 less likely that this function could be recreated using any public, non-competitively  
5 sensitive sources because the advertised rates for multifamily apartment leases can diverge  
6 from the actual rates. Furthermore, RealPage provides specific, non-public pricing  
7 information on important factors such as concessions that are given at the time of lease that  
8 are individually negotiated and not otherwise publicly available.

9 118. Seventh, RealPage and participating Lessor Defendants have ample  
10 opportunities to collude.

11 119. RealPage operates a private RealPage User Group Forum, an association of  
12 over a thousand users, including Lessor Defendants, which, according to RealPage, aims  
13 “to improve communications between RealPage and the user community,” while  
14 “promot[ing] communication between users” themselves. Within that Forum is an “Idea  
15 Exchange,” where Lessor Defendants submit their own ideas for changes or improvements  
16 to RealPage’s offerings, as well as provide comments on proposed changes that RealPage  
17 is considering making to its software offerings.<sup>55</sup>

18 120. RealPage also encourages clients to serve on subcommittees, which require  
19 that clients “[a]ttend one annual meeting to be held during the RealWorld conference” and  
20 “[p]articipate in one conference call per quarter.”<sup>56</sup>

21 121. RealPage hosts in-person, annual, multi-day RealWorld summits. The  
22 summits gather Lessor Defendants with RealPage executives to network, exchange insights

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23 <sup>54</sup> 2020 Q2 Earnings Call Transcript, *supra* note 13.

24 <sup>55</sup> *User Group Overview*, REALPAGE, INC., available at [https://web.archive.org/web/](https://web.archive.org/web/20220128195118/https://www.realpage.com/user-group/overview/)  
25 [20220128195118/https://www.realpage.com/user-group/overview/](https://www.realpage.com/user-group/overview/).

26 <sup>56</sup> *Membership*, REALPAGE, INC., available at [https://web.archive.org/web/20220128](https://web.archive.org/web/20220128185904/https://www.realpage.com/user-group/membership/)  
[185904/https://www.realpage.com/user-group/membership/](https://www.realpage.com/user-group/membership/).



1 and ideas, and discuss revenue management tools. Over the past five years, those  
2 conferences have been held in Las Vegas, Nevada, Nashville, Tennessee, Orlando, Florida,  
3 and virtually during the COVID-19 pandemic.

4 122. RealPage advisors also have regular contact with Lessor Defendants to keep  
5 them up to date on their competitors. Advisors help Lessor Defendants “[r]eview pricing  
6 daily or weekly in collaboration with on-site and regional operations management,”  
7 “[m]onitor and report on weekly rents, occupancy, and revenue trends,” and “[a]djust  
8 configurations and pricing to align with your asset objectives as market conditions and  
9 business strategies change.”<sup>57</sup> In an earnings call, RealPage CFO Tom Ernst stated that  
10 RealPage was “actively ramping” efforts to have RealPage’s sales team discuss its revenue  
11 management products with its clients.<sup>58</sup>

12 123. In addition to these plus factors, RealPage also trained Lessor Defendants  
13 how to avoid detection for this conspiracy. RealPage created training materials for Lessor  
14 Defendants that encouraged them to avoid mentioning RM and instead lie and say units  
15 were being “priced individually.” RealPage encouraged concealment to avoid detection.

16 **G. RealPage trained Lessor Defendants to hide this conspiracy from tenants and**  
17 **deceive consumers.**

18 124. Lessor Defendants actively concealed these material facts from consumers.  
19 Because there was no public list of RealPage participants, consumers had no way of seeing  
20 the market power RealPage wielded over Arizona renters.

21 125. There is no public list of RealPage participants. RealPage would never  
22 publish such a list. RealPage’s pricing algorithms are also not available to the public—to  
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24 <sup>57</sup> *RealPage AI Revenue Management*, REALPAGE, INC., available at <https://web.archive.org/web/20220923051511/https://www.realpage.com/asset-optimization/revenue-management>.

26 <sup>58</sup> 2020 Q2 Earnings Call Transcript, *supra* note 13.

1 participate, a company must own property such that it can set rents and agree to provide  
2 data to its competitors also participating in the conspiracy.

3 126. Lessor Defendants and RealPage concealed this conspiracy from the public  
4 and deceived consumers into thinking they were being charged competitive rates. RealPage  
5 provided trainings to Lessor Defendants and instructed them not to mention RealPage or  
6 pricing algorithms when explaining rent increases to tenants. Instead, Lessor Defendants  
7 were taught by RealPage to lie and say units were being “priced individually” and that  
8 concessions were “built into our prices.” In reality, prices were set by RealPage and  
9 RealPage made the pricing determinations:

## 10 Scenario 2



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18 Listen to the scenario, then read each of the three possible responses.  
19 Select the box that gives the best response for the business situation.

20 “We use AI Revenue Management to price our apartments,  
21 so we don’t offer specials.”

22 “Our prices are so low we don’t need to offer specials.”

23 “Our specials are built into our prices. We price each  
24 apartment individually and we also take market conditions  
25 into consideration.”

26 127. Lessor Defendants deceived consumers into believing their pricing was  
independent and competitive. In reality, Lessor Defendants had centralized their decision-  
making authority in RealPage.

128. Arizona residents have been harmed by Defendants’ deception. Through  
willfully deceptive practices and by omitting material facts, Defendants tricked tenants into  
paying more for rent than they otherwise would have.

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## VI. RELEVANT MARKETS

129. RealPage has replaced independent decision-making on prices among horizontal competitors with a price-fixing agreement that unreasonably restrains trade. Each Lessor Defendant has agreed to exchange detailed, confidential, proprietary data with RealPage and, through RealPage, with the other Lessor Defendants. The Lessor Defendants understood RealPage would use this competitive data to generate prices for Lessor Defendants that were above competitive levels. The Lessor Defendants understood that all participants would agree to price their units using RealPage's pricing algorithm. This conduct is *per se* illegal; these acts constitute a single, horizontal conspiracy to control, fix, raise, stabilize, or maintain at artificially high levels the rent charged to multifamily apartment tenants in the Phoenix and Tucson metropolitan areas.

130. RealPage is not a supplier of housing or a housing builder and does not have a vertical relationship with Lessor Defendants. Instead, RealPage acts as a middleman to facilitate the horizontal exchange of competitive information to control, fix, raise, stabilize, or maintain artificially high rent prices.

131. The Arizona Uniform State Antitrust Act, like the federal Sherman Act, makes it *per se* illegal for competitors to agree on the prices they will charge. When competitors have entered a *per se* illegal horizontal conspiracy, it is no defense for them to claim that they acted with good motives or believed their conduct was lawful or that the conduct may have had some good results. Even if Defendants' conduct here were not given *per se* treatment and instead were analyzed under the rule of reason, the conduct has increased prices, reduced output, and unlawfully restrained competition.

**A. The relevant product market is multifamily apartment leases.**

132. As Defendant RealPage has observed, the multifamily apartment market is a separate and distinct market from other residential markets. On its website, for example,

1 RealPage lists “Multifamily” as its own market and distinguishes it from affordable,  
2 military, senior, single-family, and student housing, as well as commercial properties.

3 133. Consumers do not consider apartments, condominiums, or houses for  
4 purchase as substitutes for multifamily rental apartment units because, among other reasons,  
5 the purchase of real estate requires the ability to make a substantial down payment and, in  
6 most cases, to obtain financing.

7 134. Consumers also do not consider single-family real estate rentals as an  
8 economic substitute for multifamily apartments. Single-family properties do not typically  
9 offer the same amenities—such as security or access to public transportation—that  
10 multifamily apartments provide. For that reason, industry participants in multifamily  
11 residential real estate distinguish multifamily residential real estate from single-family  
12 residential real estate in market trend reports and when discussing customer preferences.  
13 Industry participants have observed different pricing for single-family real estate rentals.

14 **B. The relevant geographic markets are the Phoenix metropolitan area and the**  
15 **Tucson metropolitan area.**

16 135. The broadest plausible relevant geographic markets are the Phoenix  
17 metropolitan area and the Tucson metropolitan area.

18 136. A geographic market can be defined as the region in which the seller operates  
19 and to which the purchaser can practicably turn for supply. Although Defendants operate  
20 nationally, housing markets are local. Factors like commuting distance to a place of work  
21 or school pose significant geographic constraints on where a person chooses to live.

22 137. The U.S. Census Bureau and Office of Management and Budget establish a  
23 Metropolitan Statistical Area (“MSA”) for each major metropolitan area in the country,  
24 including Phoenix and Tucson. The Census Bureau defines an MSA as a geographic entity  
25 associated with at least one core urbanized area of 50,000 or more people, plus adjacent  
26

1 territory that has a high degree of social and economic integration with the core as measured  
2 by commuting ties.

3 **1. The Phoenix metropolitan area**

4 138. The U.S. Census Bureau defines the Phoenix metropolitan area as including  
5 Maricopa County and Pinal County and refers to this geographic area as the “Phoenix-  
6 Mesa-Chandler MSA.” Until 2018, the U.S. Census Bureau previously identified this  
7 metropolitan area as the “Phoenix-Mesa-Scottsdale MSA.”

8 139. There are several cities within the Phoenix metropolitan area, including  
9 Phoenix, Mesa, Scottsdale, and Tempe. Nevertheless, RealPage views the Phoenix  
10 metropolitan area one single distinct geographic market. For example, RealPage tracks  
11 revenue, occupancy, and rent concessions in the Phoenix metropolitan area:



21 140. Lessor Defendants also view the Phoenix metropolitan area as one distinct  
22 geographic market. For example, Lessor Defendant Greystar advertises “Apartments for  
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1 rent in Phoenix Metro.”<sup>59</sup> Defendant BH likewise advertises its apartments in Tempe, Mesa,  
2 and Chandler as “Apartments in Phoenix, AZ.”<sup>60</sup>

3 141. Renters in the Phoenix metropolitan area are unlikely to consider multifamily  
4 residential leases in other MSAs as adequate substitutes for multifamily residential leases  
5 within the Phoenix metropolitan area. The Phoenix metropolitan area includes two of the  
6 largest counties in the state (Maricopa and Pinal). So, leases outside the Phoenix  
7 metropolitan area would not be suitable substitutes for leases inside the Phoenix  
8 metropolitan area because they would leave renters with impractical commutes to schools  
9 or jobs.

10 142. As a result, multifamily residential real estate outside Maricopa County and  
11 Pinal County are not within the relevant Phoenix metropolitan geographic market for  
12 antitrust purposes.

13 143. Because the Phoenix-Mesa-Chandler MSA covers both Maricopa and Pinal  
14 Counties, it provides a conservatively broad geographic market definition that likely  
15 understates Defendants’ market power in the Phoenix metropolitan area.

16 144. Even within the Phoenix metropolitan area, some renters may be unwilling to  
17 consider multifamily apartments too far from their workplaces, schools, and families. A  
18 renter in downtown Phoenix, for instance, may be hesitant to move to Deer Valley and  
19 increase his or her commute by an hour or more.

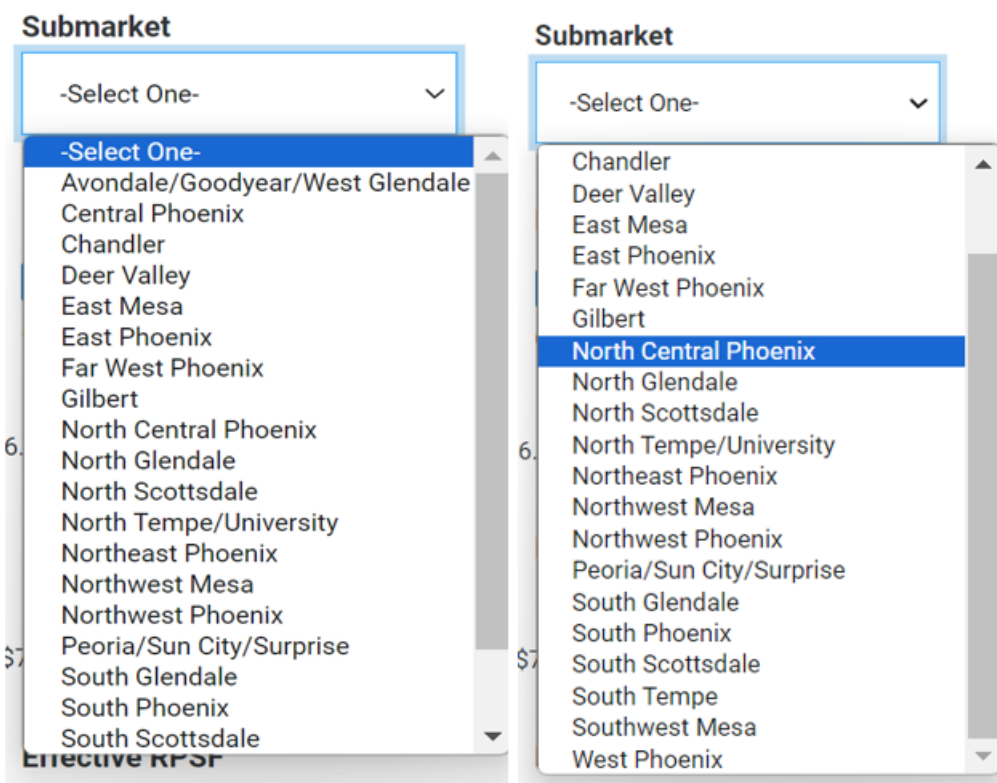
20 145. As such, there may be submarkets within the Phoenix metropolitan area.  
21 RealPage itself has identified at least 31 potential submarkets in the Phoenix metropolitan  
22 area and allows Lessor Defendants to sort data from these submarkets separately:  
23

24 \_\_\_\_\_  
25 <sup>59</sup> Greystar, *Apartments for Rent in Phoenix Metro*, available at <https://www.greystar.com/browse-apartments/us/az/phoenix-metro>.

26 <sup>60</sup> BH, *Apartments in Phoenix, AZ*, available at <https://livebh.com/apartments-in/phoenix-az/>.



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**2. The Tucson metropolitan area**

146. The U.S. Census Bureau defines the Tucson metropolitan area as including all of Pima County and refers to this geographic area as the “Tucson MSA.” It includes Tucson, Marana, and Oro Valley. RealPage views the Tucson metropolitan area as one single distinct geographic market. For example, RealPage tracks revenue, occupancy, and rent concessions in the Tucson metropolitan area:

**MARKET LEADERBOARD**

**TUCSON, AZ**

Tucson, AZ was an underperformer in terms of overall occupancy and an outperformer in terms of rent growth in December. The market recorded occupancy of 92.3%, below the U.S. average of 94.1% in December. Occupancy in the market declined -1.14 points year-over-year. The December occupancy rate trailed the five-year average of 95.4%. As occupancy decreased in past year, same-store rental rates for new leases decreased -10.0. That rent performance exceeded the U.S. average of 0.25%. Over the past five years, annual rent growth in Tucson, AZ averaged 8.69%.





1 **C. Lessor Defendants have market power in the Phoenix and Tucson**  
2 **metropolitan areas.**

3 151. The Phoenix and Tucson multifamily apartment markets satisfy the market  
4 power test historically used by federal antitrust enforcement agencies, widely known as the  
5 “SSNIP” test.<sup>62</sup> That test asks whether a hypothetical monopolist or cartel in a posited  
6 market could profitably charge prices that are significantly higher than the prices that would  
7 prevail if the market were competitive. If a hypothetical monopolist or cartel could do so,  
8 then the test is passed, meaning that the posited market is sufficiently broad (*i.e.*, includes  
9 a sufficient number of substitutes) to be useful in economic analysis. If the test is failed, the  
10 posited market is too narrow (*i.e.*, includes an insufficient number of substitutes) to be  
11 useful in economic analysis. The posited market should then be expanded to include the  
12 next closest substitute, and the hypothetical monopolist test should be repeated to see  
13 whether the slightly broader market is sufficiently broad.

14 152. Here, the markets alleged satisfy the SSNIP test. The State’s preliminary  
15 regression in the Phoenix metropolitan area shows Lessor Defendants’ prices are at least  
16 12% higher than non-participants’ prices. The State’s preliminary regression in the Tucson  
17 metropolitan area shows Lessor Defendants’ prices are at least 13% higher than non-  
18 participants’ prices.

19 153. This is evidence that Lessor Defendants have been able to raise prices without  
20 driving enough renters out of the market to make the price increase ineffective or  
21 unprofitable. Because landlords can significantly increase prices without losing sufficient

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22 <sup>62</sup> On December 18, 2023, the Federal Trade Commission and Department of Justice  
23 issued new guidance that expands the SSNIP test. The guidance notes that regulators may  
24 evaluate whether a product would take at least a small but significant and non-transitory  
25 increase in price (“SSNIP”) or other worsening of terms (“SSNIPT”). *See* U.S. Dep’t of  
26 Justice & Fed. Trade Comm’n., Merger Guidelines (Dec. 18, 2023). Because the State’s  
initial regression measures the potential for increases in price, it refers to the “SSNIP” test.  
Discovery may uncover that Defendants’ conduct also led to worsening terms, as measured  
by the SSNIPT test.

1 sales to render the increase unprofitable, the multifamily apartment lease markets in the  
2 Phoenix and Tucson metropolitan areas are not too narrowly defined.

3 154. Market power can also be shown through direct evidence of anticompetitive  
4 effects. Lessor Defendants using RealPage’s RM Software have touted their ability to raise  
5 rents by 20% or more. And similarly, Defendant RealPage publicly advertises that lessors  
6 can increase revenue by 3% to 7% regardless of market conditions by using its RM  
7 Software.

8 155. In addition to direct evidence of market power, Lessor Defendants’ market  
9 shares also provide indirect evidence that they collectively exercise market power in the  
10 Phoenix and Tucson metropolitan areas. Approximately 70% of multifamily apartment  
11 units listed in the Phoenix metropolitan area are owned, operated, or managed by companies  
12 that have contracted with RealPage for “Revenue Management.” More than 50% of  
13 multifamily apartment units listed in the Tucson metropolitan area are owned, operated, or  
14 managed by companies that have contracted with RealPage for “Revenue Management.”

## 15 **VII. CLAIMS FOR RELIEF**

### 16 **COUNT I**

#### 17 **VIOLATIONS OF THE ARIZONA UNIFORM STATE ANTITRUST ACT** 18 **(A.R.S. § 44-1401 ET SEQ.)**

19 156. The State repeats and re-alleges every preceding allegation of this Complaint  
20 as if fully set forth herein.

21 157. Beginning at a time currently unknown to the State, Defendants formed a  
22 cartel to artificially inflate the price of multifamily apartment leases in the Phoenix and  
23 Tucson metropolitan areas. Defendants’ acts in furtherance of their combination or  
24 conspiracy were authorized, ordered, or done by their officers, agents, employees, or  
25 representatives while actively engaged in the management of Defendants’ affairs.

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1           158. By entering an agreement providing for the use of RealPage’s RM Software  
2 and related services, as well as the exchange of sensitive non-public information with  
3 competitors through RealPage, Lessor Defendants and Defendant RealPage have entered  
4 into contracts, combinations in the form of a trust or otherwise, or conspiracies in restraint  
5 of trade or commerce all or any part of which is within Arizona, in violation of the Arizona  
6 Uniform State Antitrust Act, A.R.S. § 44-1401 *et seq.* Lessor Defendants have agreed with  
7 RealPage to delegate rent price-setting responsibility to RealPage for multifamily apartment  
8 units in Arizona, rather than competing with other landlords on the basis of price.

9           159. Additionally, through numerous means of communication, including  
10 writings, videos, and in-person meetings, Lessor Defendants have entered with each other  
11 into horizontal contracts, combinations in the form of a trust or otherwise, or conspiracies  
12 in restraint of trade or commerce all or any part of which is within Arizona, in violation of  
13 the Arizona Uniform State Antitrust Act, A.R.S. § 44-1401 *et seq.* Specifically, Lessor  
14 Defendants have recruited one another into an agreement to exchange sensitive non-public  
15 data among competitors and delegate to RealPage price-setting responsibility for  
16 multifamily apartment units in Arizona, instead of competing with one another on the basis  
17 of price.

18           160. By delegating a substantial majority of price-setting authority to a centralized  
19 entity, RealPage, Defendants have conspired to reduce the supply of multifamily apartment  
20 units in the form of limited target occupancy rates and to fix and increase the price of leases  
21 for multifamily housing units in Arizona. Defendants further advanced their anticompetitive  
22 scheme by agreeing to share, and in fact sharing, competitively sensitive, non-public  
23 information with their competitors, through RealPage.

24           161. Defendants’ anticompetitive misconduct is unlawful *per se* under the Arizona  
25 Uniform State Antitrust Act. Even if the misconduct were not found to be unlawful *per se*—  
26 and it should be—the misconduct is additionally unlawful under the rule of reason. There

1 are no procompetitive justifications sufficient to outweigh the anticompetitive effects of the  
2 misconduct.

3 162. The result of Defendants’ anticompetitive conspiracy has been to limit  
4 competition in the market for leases of multifamily apartment units in Arizona, forcing  
5 Arizona renters to pay illegal, supra-competitive rents and incur substantial damages.

6 163. The State seeks legal and equitable relief as allowed by law, including, *inter*  
7 *alia*, disgorgement, injunctive relief, attorneys’ fees, costs of investigation and prosecution  
8 of this action, all appropriate civil penalties and fees, and any other relief to which the State  
9 may be entitled.

10 **COUNT II**

11 **VIOLATIONS OF THE ARIZONA**  
12 **CONSUMER FRAUD ACT (A.R.S. § 44-1521 *ET SEQ.*)**  
13 **UNFAIR ACTS OR PRACTICES**

14 164. The State repeats and re-alleges every preceding allegation of this Complaint  
15 as if fully set forth herein.

16 165. The Arizona Consumer Fraud Act prohibits, among other things, “unfair  
17 act[s] or practice[s] in connection with the sale or advertisement of any merchandise.”  
18 A.R.S. § 44-1522(A). It is the Arizona Legislature’s stated intent that courts may use as a  
19 guide for interpreting this provision interpretations given by the Federal Trade Commission  
20 (“FTC”) and federal courts to FTC Act Sections 5, 12, and 15.

21 166. Defendants’ conduct described throughout this Complaint constitutes unfair  
22 acts or practices prohibited by the Arizona Consumer Fraud Act.

23 167. Defendants’ violations of the Arizona Consumer Fraud Act were wilful  
24 because Defendants knew or should have known that their conduct was of the nature  
25 prohibited by A.R.S. § 44-1522. Defendants are “person[s]” within the meaning of, and  
26 subject to, the provisions of the Arizona Consumer Fraud Act, A.R.S. § 44-1521(6).



1 pricing was competitive with the intent that consumers rely on Defendants' concealment,  
2 suppression, and omissions.

3 175. Defendants' violations of the Arizona Consumer Fraud Act were wilful  
4 because Defendants knew or should have known that their conduct was of the nature  
5 prohibited by A.R.S. § 44-1522. Defendants are "person[s]" within the meaning of, and  
6 subject to, the provisions of the Arizona Consumer Fraud Act, A.R.S. § 44-1521(6).

7 176. The apartment leases described above are "merchandise" under A.R.S. § 44-  
8 1521(5).

9 177. Defendants' unlawful practices, as described herein, occurred "in connection  
10 with the sale or advertisement" of residential leases. A.R.S. § 44-1521(1), (7).

11 178. The State seeks all legal and equitable relief as allowed by law, including,  
12 *inter alia*, restitution, disgorgement, injunctive relief, attorneys' fees and costs of  
13 investigation and prosecution of this action, all appropriate civil penalties and fees, and any  
14 other relief to which the State may be entitled.

### 15 PRAYER FOR RELIEF

16 WHEREFORE, the State of Arizona respectfully requests that this Court enter  
17 judgment against Defendants and:

18 A. Adjudge and decree that Defendants' actions constitute unreasonable and  
19 unlawful restraints of trade in violation of the Arizona Uniform State Antitrust Act,  
20 A.R.S. § 44-1401 *et seq.*;

21 B. Adjudge and decree that Defendants' actions are unlawful under the Arizona  
22 Consumer Fraud Act, A.R.S. § 44-1521 *et seq.*;

23 C. Enjoin and restrain Defendants, their affiliates, assignees, subsidiaries,  
24 successors, and transferees, and their officers, directors, partners, agents and employees,  
25 and all other persons acting or claiming to act on Defendants' behalf or in concert with  
26 them, from continuing to engage in any anticompetitive conduct and from adopting in the

1 future any practice, plan, program, or device having a similar purpose or effect to the  
2 anticompetitive and unfair actions set forth above;

3 D. As needed, enter such relief to remove any ability of Defendants to harm  
4 competition by the anticompetitive and unfair actions set forth above, including, but not  
5 limited to, structural relief as well as effective, monitorable, and measurable conduct  
6 remedies that eliminate the ability of Defendants to continue to reap benefits from their  
7 pattern of anticompetitive harm;

8 E. Appoint a corporate monitor to ensure implementation of all structural or  
9 behavioral remedies ordered by the Court, as well as to ensure that Defendants do not  
10 engage in further anticompetitive conduct, at Defendants' expense;

11 F. Award to the State any other equitable relief as the Court finds appropriate to  
12 redress Defendants' violations of the laws specified above and to restore competitive  
13 conditions in the markets affected by Defendants' unlawful conduct and to deprive  
14 Defendants of any advantages from their unlawful acts;

15 G. Award to the State the appropriate civil penalties provided by the Arizona  
16 Uniform State Antitrust Act and the Arizona Consumer Fraud Act for Defendants'  
17 violations of those statutes;

18 H. Award to the State statutory or equitable disgorgement, restitution, and any  
19 other equitable relief for the benefit of Arizona consumers as appropriate under the Arizona  
20 Uniform State Antitrust Act and the Arizona Consumer Fraud Act;

21 I. Award to the State its costs, including reasonable attorneys' fees;

22 J. Award post-judgment interest on all monetary relief to accrue at the highest  
23 rate permitted by A.R.S. § 44-1201 or other applicable law; and

24 K. Order any additional relief this Court deems just and proper.

25 **JURY TRIAL DEMANDED**

26 The State hereby demands a jury trial on all issues so triable.

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Dated: February 28, 2024

Respectfully submitted,

By: /s/ Jayme L. Weber

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