

Current State of the Greater Phoenix Housing Market

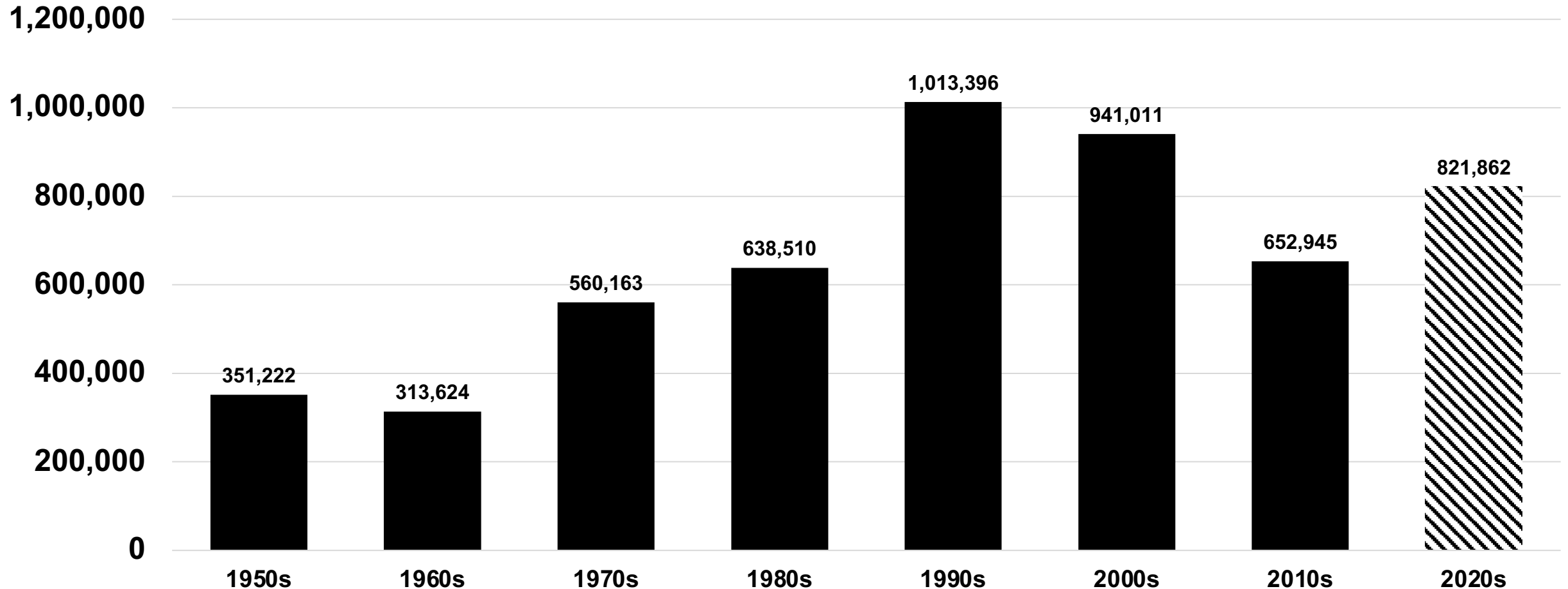
Nico D. Howard, Home Arizona



HOME
ARIZONA

Greater Phoenix Population Growth by Decade

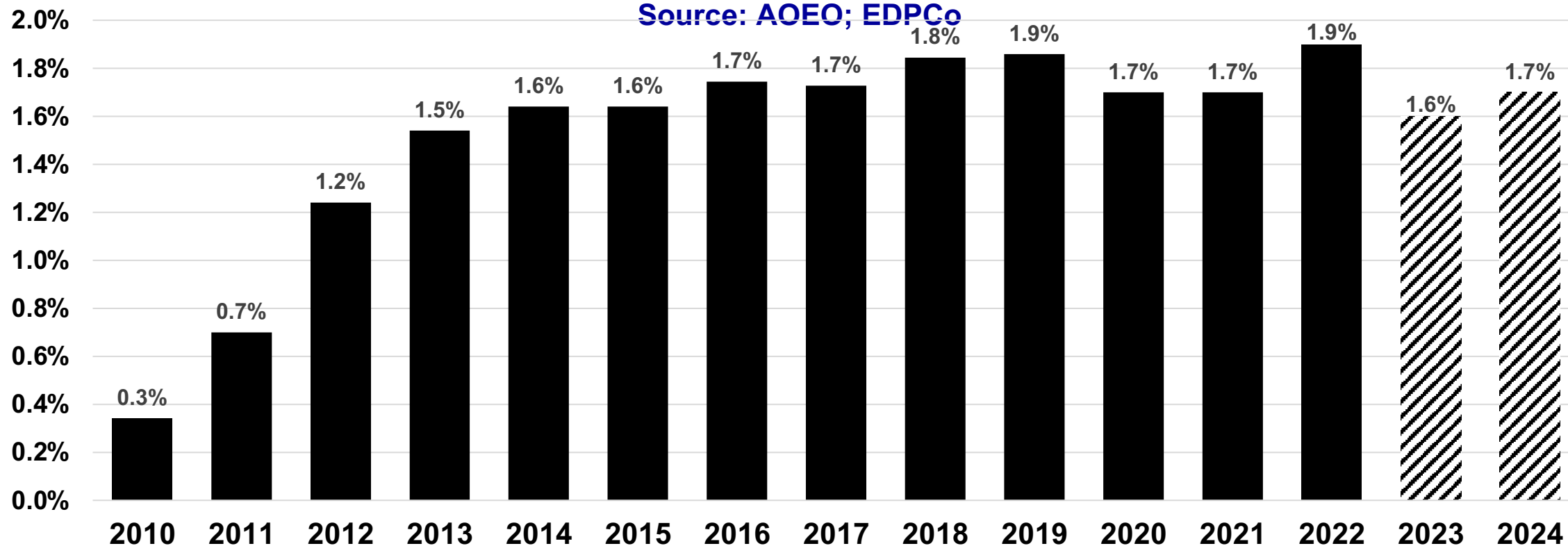
Source: U.S. Census; UofA Forecasting Project



Greater Phoenix Population

FY2010-2024

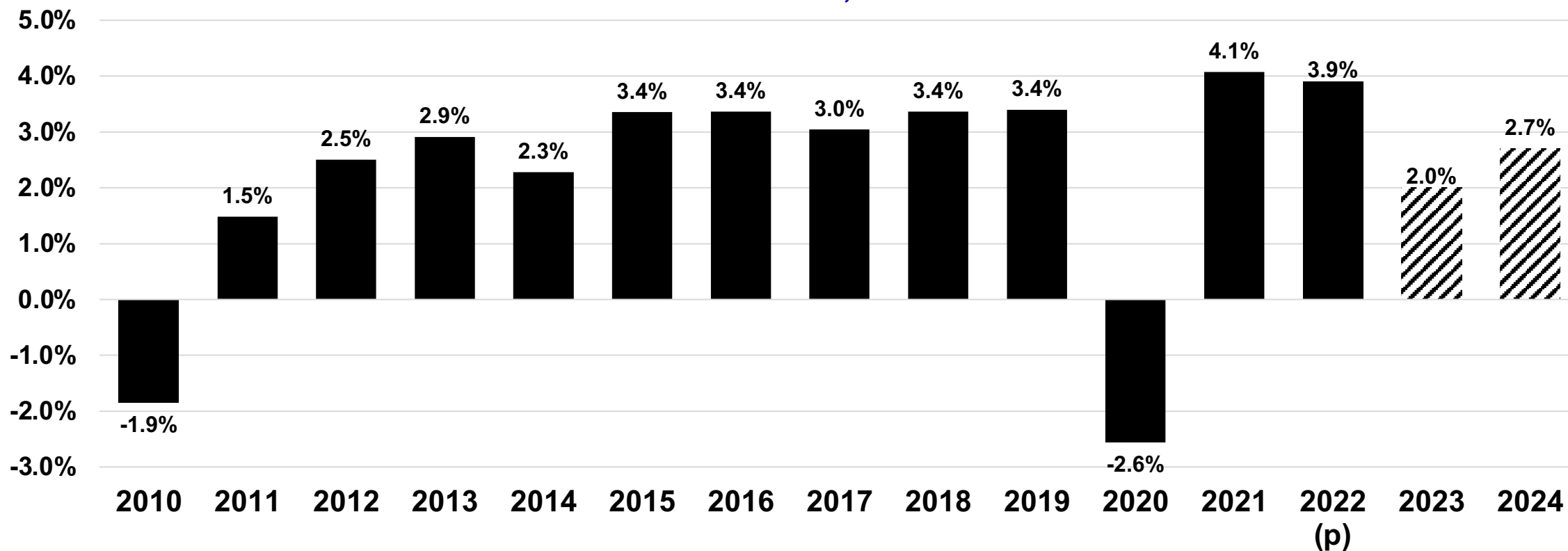
Source: AOEO; EDPCo



Projected growth approximates 90,000 new residents each year

Greater Phoenix Employment

Source: AOEO; EDPCo



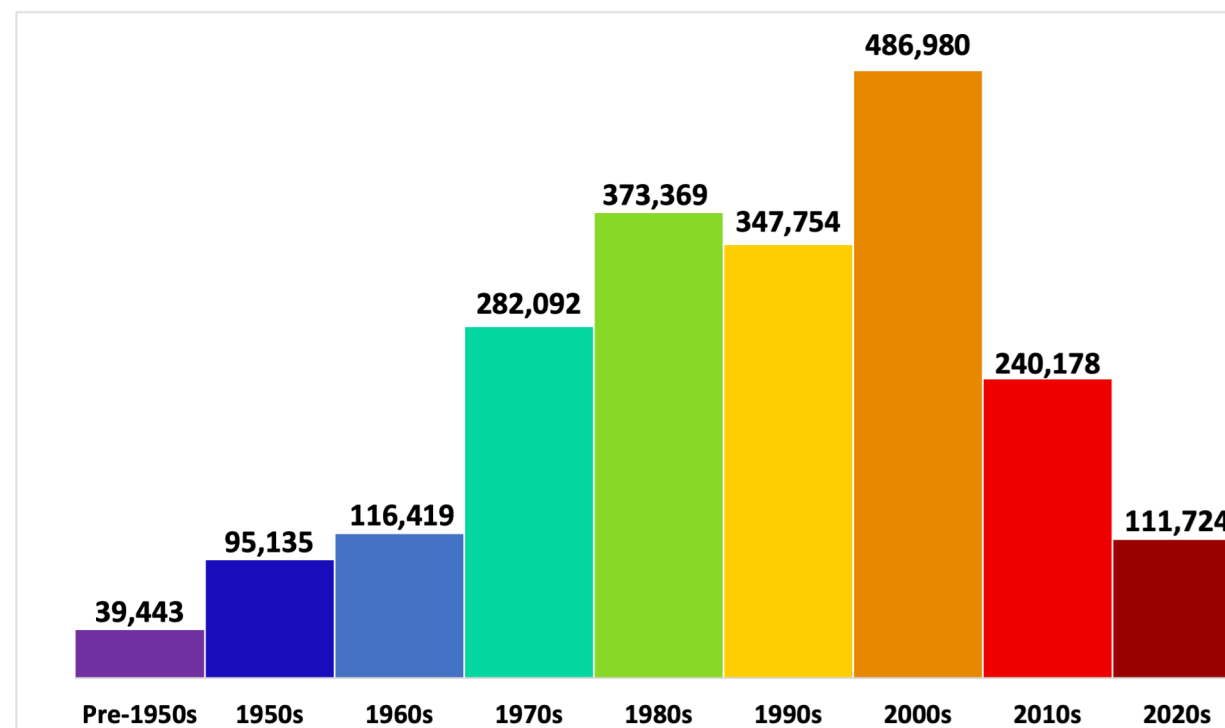
Greater Phoenix has a long history of strong employment growth



**The 2000's - A decade
of building excess
inventory.**

**The 2010's - A decade
of absorbing that
inventory.**

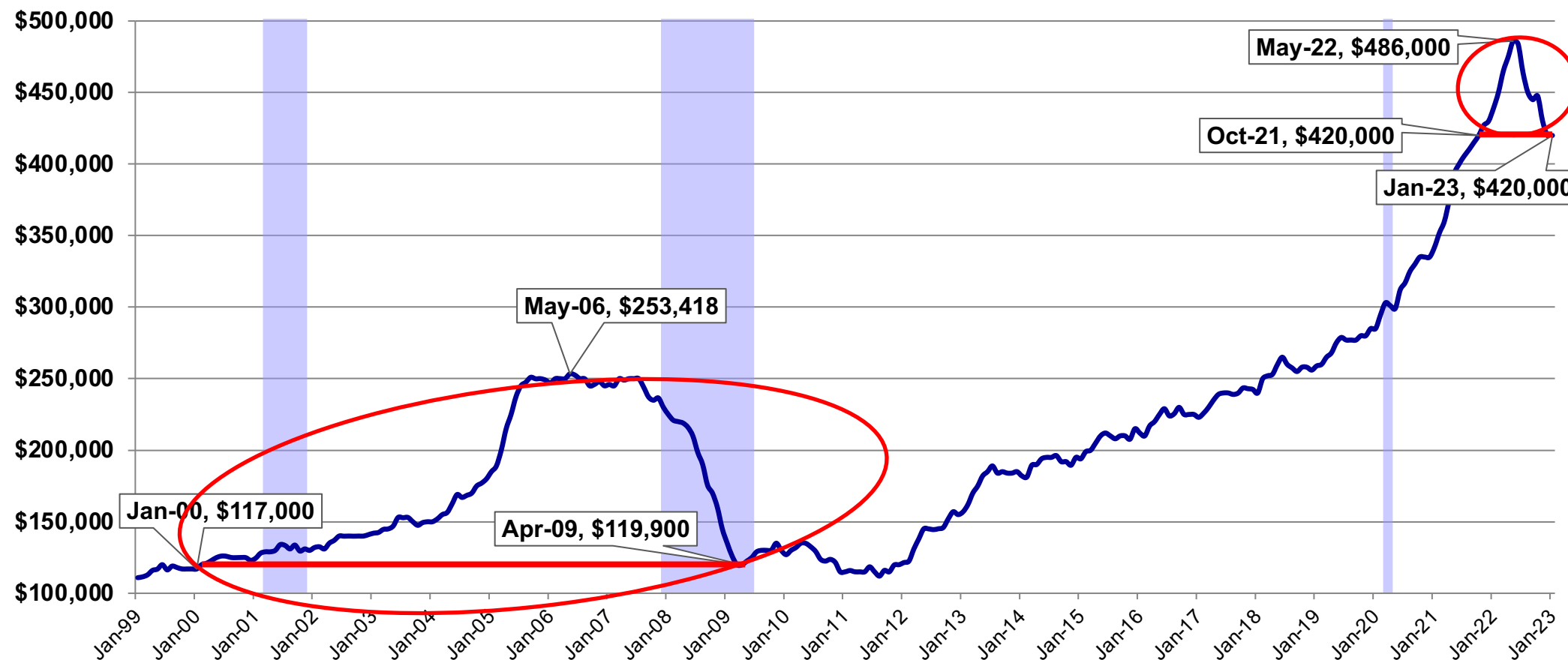
**We are now short of
inventory.**



Source: Maricopa Association of Governments. Data reflects Greater Phoenix.

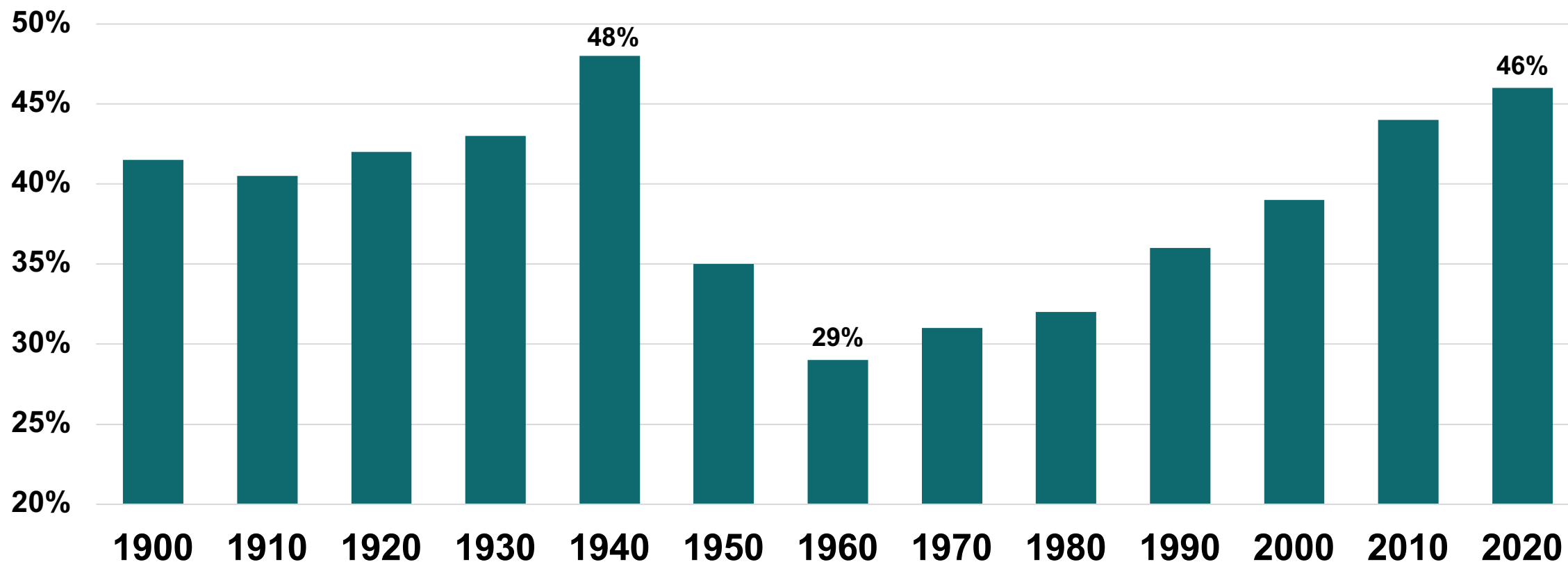
Existing Median Sales Price

Source: Information Market



Adults Living with a Parent 18-to-29-year-olds

Source: U.S. Census Bureau



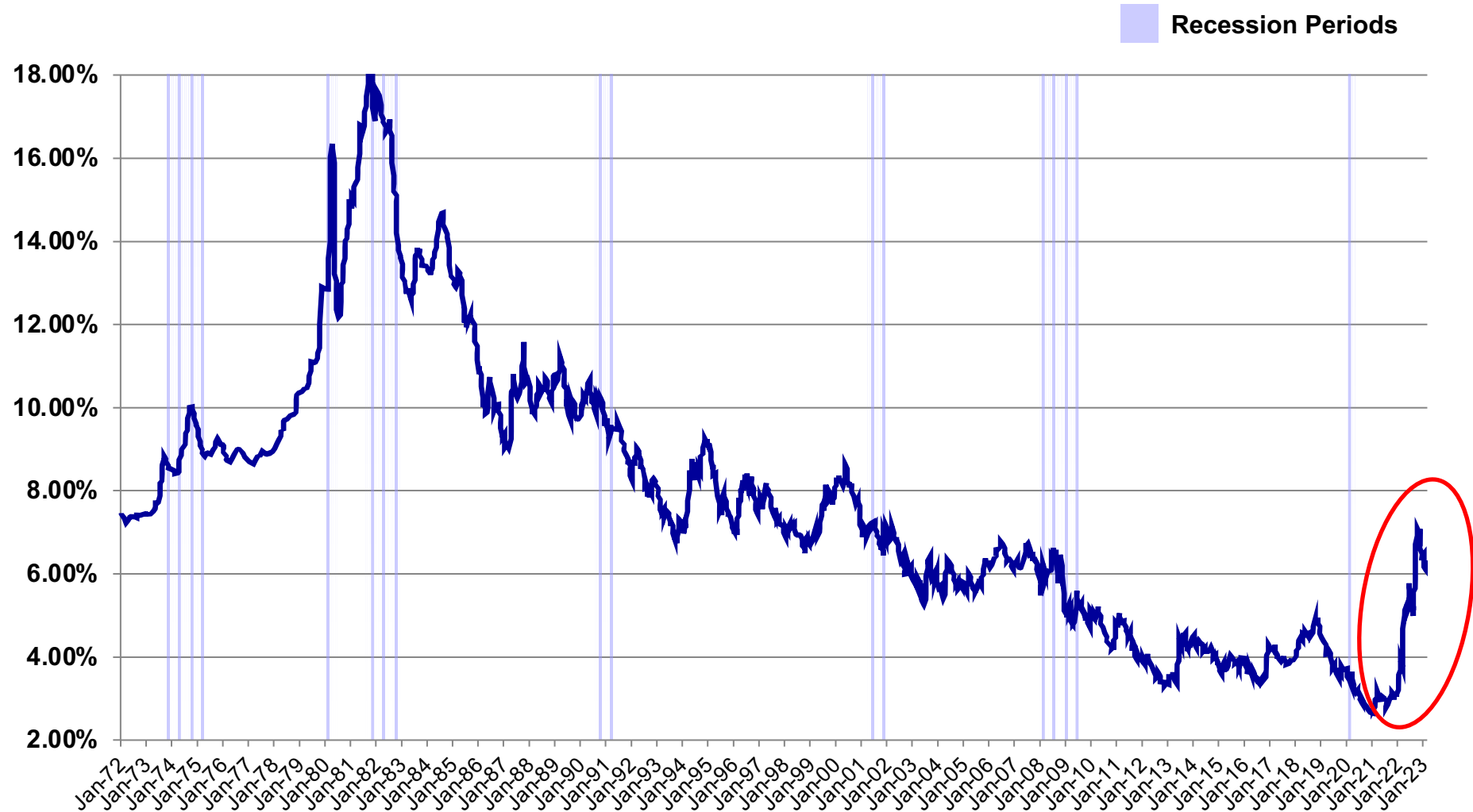
What is the Cause?

- Supply chains
- Labor shortages
- Interest rates
- **HOUSING POLICY**
- Time to build / Nature of Construction

30-year Mortgage

1972 – 2023*

Source: Freddie



Interest Rates

- Today – 6.69%
- Low – 2.65 % (January, 2020)
- High – 7.1% (November, 2022)
- Today, we are 2.52x higher than the low
- At the height, we were 2.67x the low

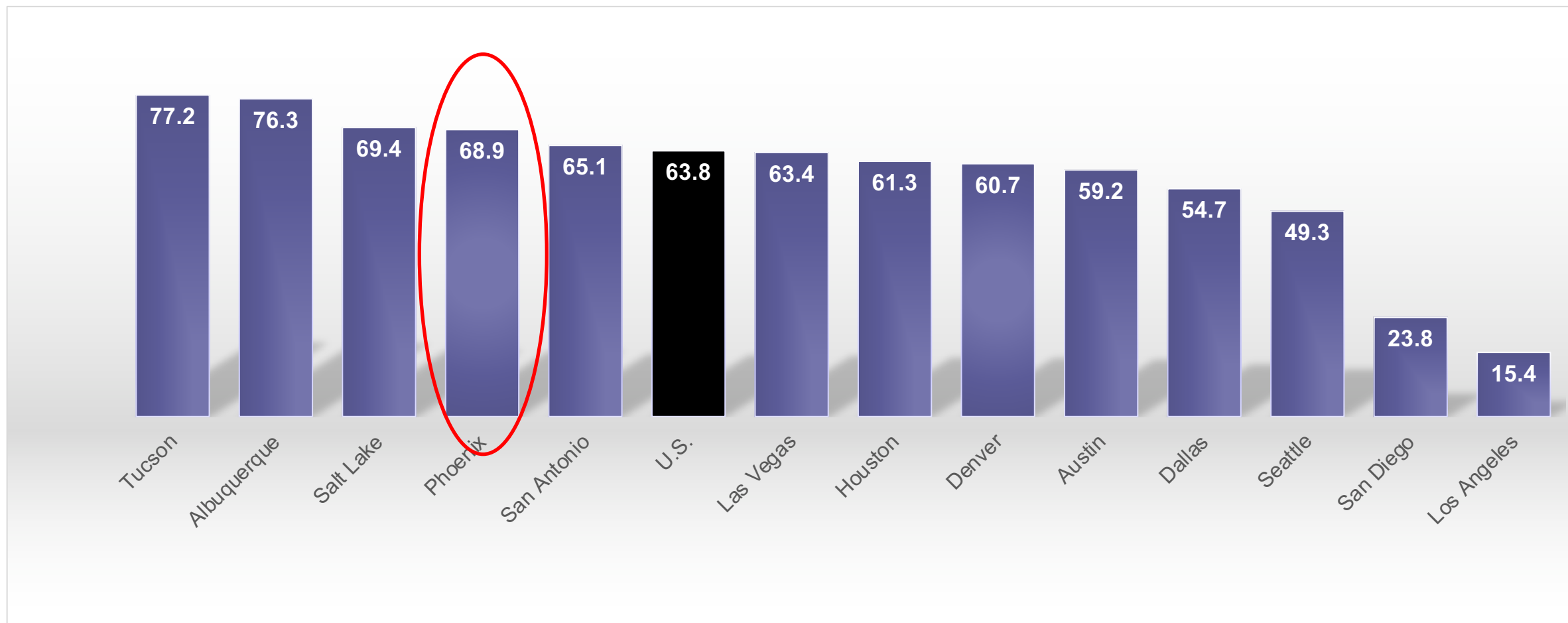
Why Do We Care?



Housing Opportunity Index

2015 Q4

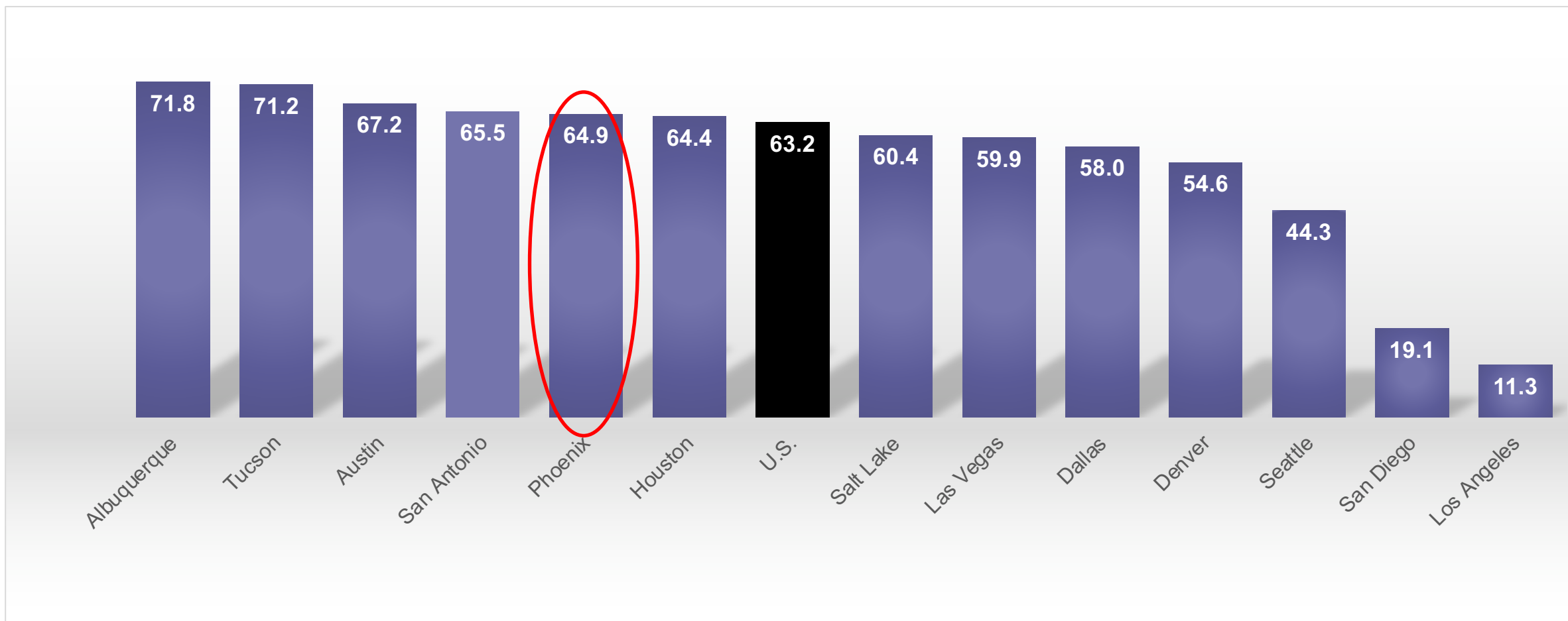
Source: NAHB/Wells Fargo



Housing Opportunity Index

2019 Q4

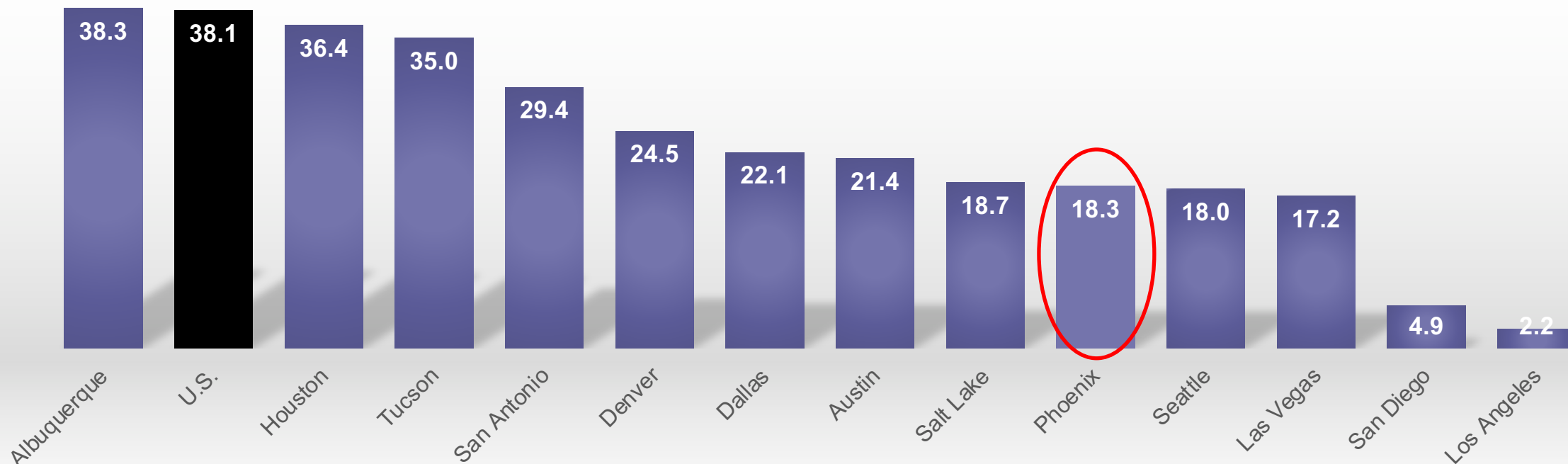
Source: NAHB/Wells Fargo



Housing Opportunity Index

2022 Q4

Source: NAHB/Wells Fargo



72% decline in 3 years
3.5x higher in 2019 than 2022

Affordability by Occupation

	Median Home Price	Annual Salary Needed	2-Bedroom Rent	Annual Salary Needed	1-Bedroom Rent	Annual Salary Needed	Nurse	Police Officer	Firefighter	High School Teacher	Chef	Elementary/Middle School Teacher	Construction Worker	Wait Staff	Retail Worker
2020 (August)							\$80,609	\$73,786	\$54,900	\$54,186	\$53,071	\$47,799	\$47,034	\$34,940	\$26,843
Avondale	\$285,000	\$53,800	\$1,340	\$53,600	\$1,152	\$46,100									
Chandler	\$381,500	\$72,100	\$1,420	\$56,800	\$1,251	\$50,000									
Gilbert	\$395,000	\$74,600	\$1,395	\$55,800	\$1,201	\$48,000									
Glendale	\$297,000	\$56,100	\$1,144	\$45,800	\$905	\$36,200									
Goodyear	\$324,780	\$61,400	\$1,477	\$59,100	\$1,164	\$46,600									
Mesa	\$315,000	\$59,500	\$1,200	\$48,000	\$1,046	\$41,800									
Peoria	\$346,613	\$65,500	\$1,302	\$52,100	\$1,250	\$50,000									
Phoenix	\$310,000	\$58,600	\$1,135	\$45,400	\$929	\$37,200									
Scottsdale	\$570,901	\$107,900	\$1,465	\$58,600	\$1,235	\$49,400									
Surprise	\$303,495	\$57,300	\$1,428	\$57,100	\$1,219	\$48,800									
Tempe	\$337,000	\$63,700	\$1,313	\$52,500	\$1,099	\$44,000									
2021 (August)							\$83,269	\$76,221	\$56,712	\$55,974	\$55,141	\$49,376	\$48,680	\$36,303	\$27,836
Avondale	\$378,500	\$70,300	\$1,724	\$69,000	\$1,482	\$59,300									
Chandler	\$465,000	\$91,100	\$1,810	\$72,400	\$1,594	\$63,800									
Gilbert	\$515,000	\$100,900	\$1,765	\$70,600	\$1,519	\$60,800									
Glendale	\$385,000	\$75,500	\$1,430	\$57,200	\$1,132	\$45,300									
Goodyear	\$438,600	\$86,000	\$1,787	\$71,500	\$1,409	\$56,400									
Mesa	\$405,000	\$79,400	\$1,496	\$59,800	\$1,304	\$52,200									
Peoria	\$440,000	\$86,200	\$1,638	\$65,500	\$1,573	\$62,900									
Phoenix	\$380,000	\$74,500	\$1,394	\$55,800	\$1,142	\$45,700									
Scottsdale	\$717,500	\$140,600	\$1,870	\$74,800	\$1,576	\$63,000									
Surprise	\$410,000	\$80,400	\$1,764	\$70,600	\$1,506	\$60,200									
Tempe	\$431,500	\$84,600	\$1,665	\$66,600	\$1,393	\$55,700									

Buy
Rent 2BD
Rent 1BD
Neither

Source:
Cromford Report; AZ
Office of Economic
Opportunity; Bureau of
Labor Statistics;
ApartmentList.com; Elliott
D. Pollack & Company



Affordability by Occupation

Buy
Rent 2BD
Rent 1BD
Neither

	Median Home Price	Annual Salary Needed	2- Bedroom Rent	Annual Salary Needed	1- Bedroom Rent	Annual Salary Needed	Nurse	Police Officer	Firefighter	High School Teacher	Chef	Elementary/ Middle School Teacher	Construction Worker	Wait Staff	Retail Worker
2021 (August)							\$78,670	\$77,150	\$47,690	\$60,040	\$60,980	\$48,650	\$47,890	\$37,060	\$29,690
Avondale	\$378,500	\$70,300	\$1,724	\$69,000	\$1,482	\$59,300									
Chandler	\$465,000	\$91,100	\$1,810	\$72,400	\$1,594	\$63,800									
Gilbert	\$515,000	\$100,900	\$1,765	\$70,600	\$1,519	\$60,800									
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Tempe	\$431,500	\$84,600	\$1,665	\$66,600	\$1,393	\$55,700									
2022 (December)							\$81,817	\$79,927	\$49,407	\$62,442	\$64,090	\$50,596	\$49,901	\$38,950	\$31,175
Avondale	\$410,000	\$106,300	\$1,606	\$64,200	\$1,393	\$55,700									
Chandler	\$485,000	\$125,700	\$1,684	\$67,400	\$1,465	\$58,600									
Gilbert	\$525,000	\$136,100	\$1,679	\$67,200	\$1,409	\$56,400									
Glendale	\$401,000	\$104,000	\$1,395	\$55,800	\$1,134	\$45,400									
Goodyear	\$476,400	\$123,500	\$1,780	\$71,200	\$1,432	\$57,300									
Mesa	\$393,000	\$101,900	\$1,435	\$57,400	\$1,244	\$49,800									
Peoria	\$440,000	\$114,100	\$1,524	\$61,000	\$1,452	\$58,100									
Phoenix	\$393,100	\$101,900	\$1,449	\$58,000	\$1,198	\$47,900									
Scottsdale	\$750,000	\$194,400	\$1,825	\$73,000	\$1,530	\$61,200									
Surprise	\$410,000	\$106,300	\$1,731	\$69,200	\$1,385	\$55,400									
Tempe	\$430,000	\$111,500	\$1,572	\$62,900	\$1,319	\$52,800									

Source:
Cromford Report; AZ
Office of Economic
Opportunity; Bureau of
Labor Statistics;
ApartmentList.com; Elliott
D. Pollack & Company



Obligation to our Citizens



Fairness.
Families.
Affordability.



12th Ave & Madison

Failure to act invites consequences

Relationship to Labor Availability & Economic Development



It's a bit of a fixer-upper.

Top 7 Things That Can Be Done to End The Housing Shortage



Top 7 Things That Can Be Done to End The Housing Shortage

1. **Build more housing units**
2. **Build more housing units**
3. **Build more housing units**
4. **Build more housing units**
5. **Build more housing units**
6. **Build more housing units**
7. **Build more housing units**

What Do We Need?

- ☑ Entry Level Ownership Housing
- ☑ Move-Up Ownership Housing
- ☑ Market Rate Rental Housing
- ☑ Workforce Level Rental Housing
- ☑ Low-Income Rental Housing
- ☑ Extremely Low-Income Rental Housing

The current shortage is in all housing types, at all price levels, and all income levels.

Rent Control

- Rent control will make things worse
- Rent control impacts the economics of construction in a way that disincentivizes delivery of new supply
- In doing so, it exacerbates the very problem it was intended to solve

Why This Issue?

- Critical Juncture
- Addressable issues w/in our control (policy & education)
- Housing has not received the attention it deserves
- Housing needs the help
- Public sentiment / perception of water vs. housing

WHY NOW?

- Shortage will be greatest in 2025 – 2027
- We have an opportunity to get in front of this
- Lagging deliveries (2-5 years)

Recommendation

- For the topic of the year for 2025, you should combine the housing shortage and the labor shortage, because they are not actually separate issues, but they are the same issue at different stages of its life cycle.
- You can't talk about housing without talking about labor availability, and you can't talk about jobs without talking about housing.

Thank You!

