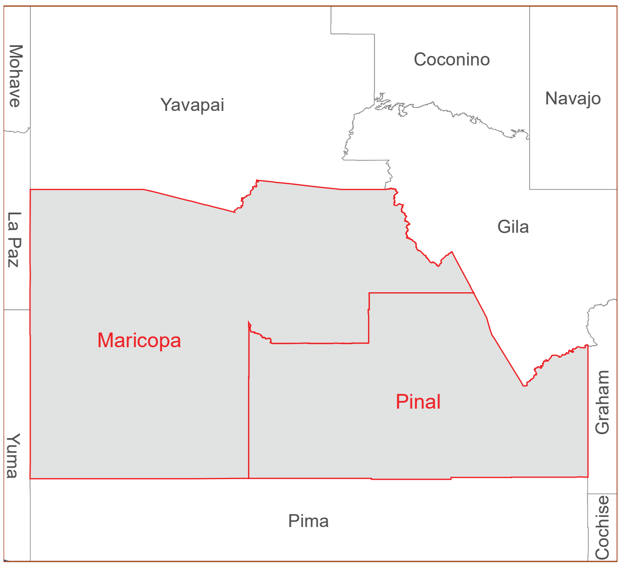
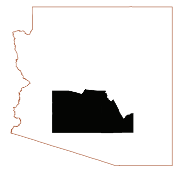
C O M P R E H E N S I V E   H O U S I N G   M A R K E T   A N A L Y S I S

Phoenix-Mesa-Scottsdale, Arizona

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of August 1, 2018





Housing Market Area

The Phoenix-Mesa-Scottsdale Housing Market Area (hereafter, Phoenix HMA) consists of Maricopa and Pinal Counties and is coterminous with the Phoenix-Mesa-Scottsdale, AZ Metropolitan Statistical Area. For this analysis, the HMA is divided into two submarkets: the city of Phoenix, which is in Maricopa County, and the Greater Mesa-Scottsdale submarket, which includes Pinal County and the remainder of Maricopa County. The city of Phoenix is the capital of Arizona, the largest city in the HMA, and the fifth most populous city in the nation as of July 1, 2017.

Summary

Economy

The Phoenix HMA has added jobs every year since 2011, with nonfarm payrolls surpassing the prerecession high in 2016. During the 12 months ending July 2018, total nonfarm payrolls increased by 57,400 jobs, or 2.9 percent, to an average of 2.07 million jobs, a similar increase to the prior 12 months. The unemployment rate has declined significantly since reaching a peak of 9.6 percent in 2010 to an average rate of 4.1 percent during the 12 months ending July 2018, down from the 4.4-percent rate a year earlier.

Sales Market

The sales housing market in the HMA is currently balanced with relatively low levels of single-family home construction, increasing population growth, and significant investment activity contributing to the absorption of excess inventory since the early 2010s. The current sales vacancy rate is estimated at 1.7 percent, down from 4.3 percent in April 2010 (Table DP-1). During the 3-year forecast period, demand is expected for 76,150 new homes (Table 1). The 11,050 homes currently under construction and a portion of the 126,500 other vacant units in the HMA that may reenter the sales market will satisfy some of the forecast demand.

Rental Market

The overall rental market in the HMA is currently balanced, with an estimated vacancy rate of 5.9 percent as of August 1, 2018, down from 13.8 percent in April 2010. Strong renter household growth has contributed to declining vacancy rates and strong rent growth since the

Market Details

early 2010s. During the forecast period, demand is expected for 37,050 new market-rate rental units; the approximately 10,800 rental units currently under construction and an estimated 940 units expected to start construction in the next 3 years will meet a portion of that demand (Table 1).

Table 1. Housing Demand in the Phoenix HMA* During the Forecast Period

	Phoenix-Mesa-Scottsdale HMA		City of Phoenix Submarket		Greater Mesa-Scottsdale Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	76,150	37,050	14,750	12,150	61,400	24,900
Under construction	11,050	10,800	1,725	3,700	9,325	7,100

** Phoenix-Mesa-Scottsdale HMA*

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of August 1, 2018. The forecast period is August 1, 2018, to August 1, 2021.

Source: Estimates by analyst

Economic Conditions

Economic conditions are strong in the Phoenix HMA, and the local economy has fully recovered from the most recent national recession, with job growth outpacing the rate for the nation since 2012. During the 12 months ending July 2018, nonfarm payrolls in the HMA increased by 57,400 jobs, or 2.9 percent, to an average of 2.07 million jobs, almost 8 percent higher than the pre-recession peak of 1.92 million jobs in 2006 (Table 2). From 2012 through 2017, nonfarm payroll growth averaged an addition of 52,800 jobs, or 2.9 percent, higher than the national rate of 1.8 percent during the same period. Job growth has contributed to declining unemployment in the Phoenix HMA since 2010. During the 12 months ending July 2018, the unemployment rate in the HMA decreased to 4.1 percent, down from 4.4 percent a year earlier, and well below the peak of 9.6 percent in 2010. The current unemployment rate for the HMA is below the statewide rate of 4.7 percent but the same as the 4.1-percent national rate. Figure 1 shows trends in the labor force, resident employment, and the average unemployment rate from 2000 through 2017.

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Phoenix HMA*, by Sector

	12 Months Ending		Absolute Change	Percent Change
	July 2017	July 2018		
Total nonfarm payroll jobs	2,011,600	2,069,000	57,400	2.9
Goods-producing sectors	233,700	250,900	17,200	7.4
Mining, logging, and construction	112,600	123,300	10,700	9.5
Manufacturing	121,100	127,600	6,500	5.4
Service-providing sectors	1,778,000	1,818,100	40,100	2.3
Wholesale and retail trade	317,000	321,300	4,300	1.4
Transportation and utilities	74,600	77,200	2,600	3.5
Information	35,800	36,100	300	0.8
Financial activities	183,200	188,900	5,700	3.1
Professional and business services	342,300	349,400	7,100	2.1
Education and health services	302,300	315,000	12,700	4.2
Leisure and hospitality	219,800	226,400	6,600	3.0
Other services	65,700	65,500	– 200	– 0.3
Government	237,400	238,400	1,000	0.4

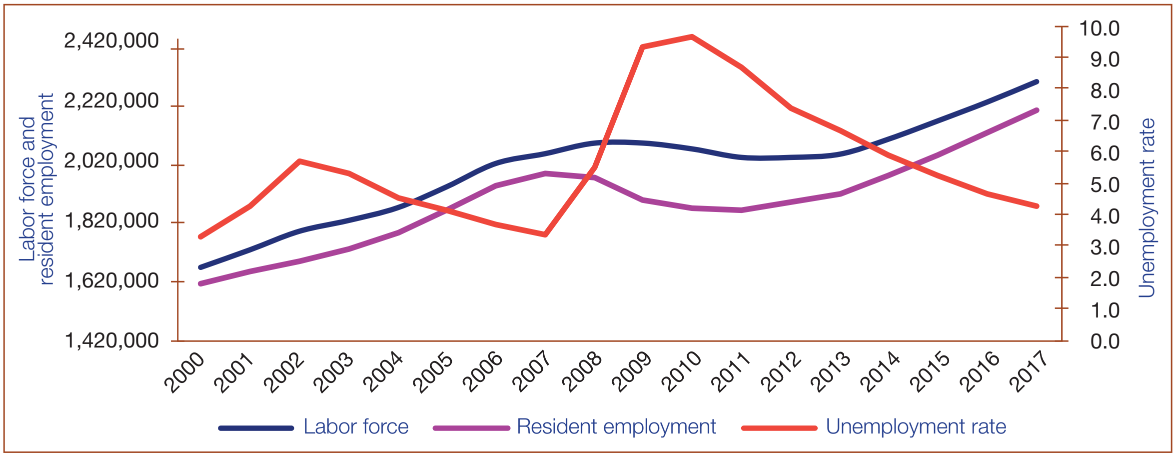
** Phoenix-Mesa-Scottsdale HMA*

Notes: Based on 12-month averages through July 2017 and July 2018. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

The professional and business services sector is the largest in the HMA, accounting for 349,400 jobs, or 16.9 percent of all nonfarm payroll jobs during

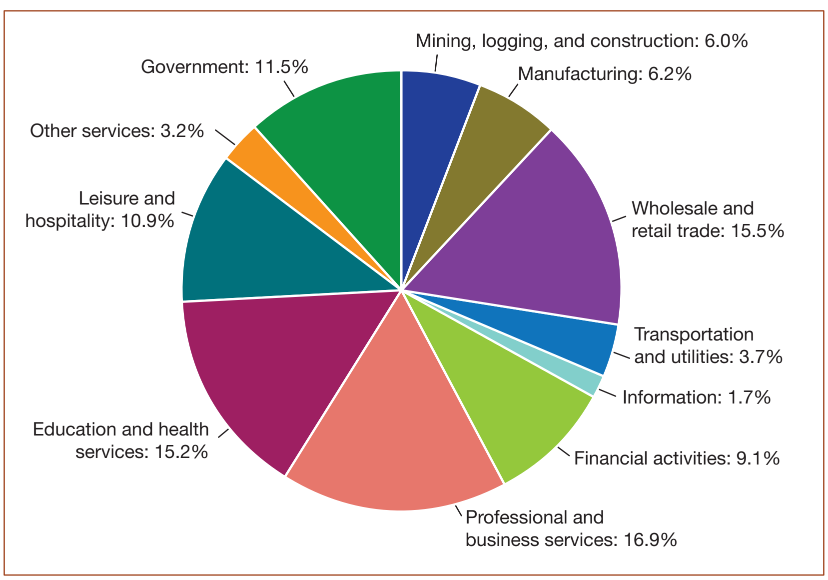
Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Phoenix HMA*, 2000 Through 2017



** Phoenix-Mesa-Scottsdale HMA*
Source: U.S. Bureau of Labor Statistics

the 12 months ending July 2018 (Figure 2). The sector has added the most jobs in the HMA since 2011, expanding by an average of 11,300 jobs, or 3.7 percent, annually, from 2011 through 2017 and increasing by 7,100 jobs, or 2.1 percent, during the most recent 12 months. Despite average job losses of 17,900, or 5.8 percent, a year during the national recession from 2008 through 2010, the number of jobs in the sector is currently 7.6 percent above the previous peak in 2007. The sector has benefited from the relocation of support offices and data centers of various national bank and insurance companies to the HMA because of Arizona's business-favorable corporate tax laws. The Arizona Commerce Authority has several programs that make $200 million in incentives available to companies relocating or expanding operations in the state. During the period from 2011 through 2017, expansions included ZipRecruiter, an online job portal company based in California, that doubled its workforce by an additional 200 employees in their expanded Tempe office after securing a $500,000 incentive payment in late 2017. In addition, the $700 million Marina Heights office development in Tempe, where State Farm Mutual Automobile Insurance Company's new regional headquarters is the anchor tenant, was completed in 2017. Approximately 5,500 employees currently work at the consolidated campus.

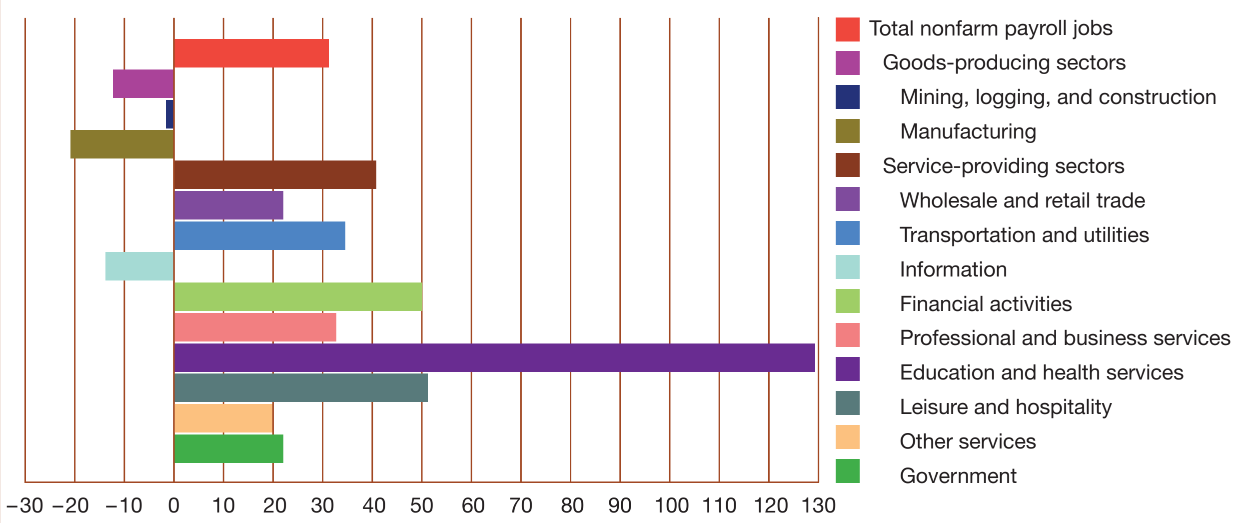
Figure 2. Current Nonfarm Payroll Jobs in the Phoenix HMA*, by Sector



** Phoenix-Mesa-Scottsdale HMA*
Note: Based on 12-month averages through July 2018.
Source: U.S. Bureau of Labor Statistics

The education and health services sector has been the fastest growing sector in the HMA since 2000 and is the only sector to add jobs each year during the period (Figure 3). During the 12 months ending July

Figure 3. Sector Growth in the Phoenix HMA*, Percentage Change, 2000 to Current



** Phoenix-Mesa-Scottsdale HMA*
Note: Current is based on 12-month averages through July 2018.
Source: U.S. Bureau of Labor Statistics

2018, the sector added the most jobs at an addition of 12,700, or 4.2 percent, accounting for 15 percent of all nonfarm payrolls. Job growth in the sector has resulted from increased demand for health services and higher enrollment at various universities, including Grand Canyon University (GCU), a primarily online university, which employs 4,525 faculty and staff. During the housing boom from 2004 through 2007, when the population of the HMA expanded due to significant net in-migration, health services industries accounted for 84 percent of total growth in the education and health services sector, expanding by an average of 9,500 jobs, or 6.1 percent a year. Banner Health, the largest employer in the HMA (Table 3) and the state of Arizona, opened several new facilities during this time, including the Banner Estrella Medical Center in west Phoenix in 2005 and Banner Gateway Medical Center in Gilbert to replace Mesa Lutheran hospital in 2007. Despite slowing population growth during the national recession, the education and health services sector continued to add jobs as the education services industry contributed to a larger share of growth in the sector, offsetting the slowing growth in the health services industries. From 2008 through 2011, the education and health services sector was the only one to add jobs, increasing by an average of 10,000 jobs, or 4.6 percent, a year. During this period, the education services industry expanded by an annual average of 7 percent and accounted for 26 percent of all job gains in the education and health services sector, up from the 16-percent contribution during

Table 3. Major Employers in the Phoenix HMA*

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Banner Health	Education & health services	26,950
State of Arizona	Government	24,830
Walmart	Wholesale & retail trade	17,270
County of Maricopa	Government	12,960
Fry's Food Stores	Wholesale & retail trade	13,340
Wells Fargo	Financial activities	12,550
City of Phoenix	Government	11,080
Intel Corporation	Manufacturing	10,940
Arizona State University	Government	10,490
Bank of America	Financial activities	9,720

** Phoenix-Mesa-Scottsdale HMA*
Notes: Excludes local school districts.
Source: Maricopa Association of Governments, Employer Database 2018

the housing boom. To meet the growing demand for university enrollment, GCU expanded their physical presence in the city of Phoenix with renovations and additional academic and residence hall buildings starting in 2009. The $60 million campus expansion project included the construction of a 500-bed residence hall, 55,000-square-foot fitness and recreation center, 125-classroom facility, food court and bowling alley, and a 5,000-seat arena. As of 2017, more than 70,000 students (primarily master's or doctoral candidates) attend classes online. Meanwhile 19,000 students (primarily those seeking undergraduate degrees) attend the main Phoenix campus, a significant increase from the 900 students who were enrolled in 2008. As the local economy has recovered from the national recession, the education and health services sector has continued to add jobs; from 2012 through 2017, an average of 10,000 sector jobs, or 3.7 percent, were added annually.

Arizona State University (ASU), the largest university in the HMA and the 12th largest college in the nation, also expanded during the housing boom from 2004 through 2007, to meet demand for higher education. ASU opened its downtown Phoenix campus in August 2006, and the $223 million campus initially started with three college programs: the College of Nursing, the College of Public Programs, and University College. Since its opening 12 years ago, the campus has added new programs and buildings, such as the Walter Cronkite School of Journalism and Mass Communication in 2007 and the Arizona Center for Law and Society in 2016, and expanded enrollment from an initial 2,475 students in the fall 2016 semester to almost 10,000 students in the fall 2017 semester (ASU). Approximately 71,800 students were enrolled and an estimated 3,650 full-time faculty and staff were employed across the five ASU campuses in the HMA during the fall 2017 semester. As of FY 2016, spending at ASU was responsible for 47,650 jobs and gross product of $3.58 billion statewide (ASU). The publicly funded ASU is part of the government sector, which added 1,000 jobs during the 12 months ending July 2018, a 0.4-percent increase compared with the previous 12-month period. During the housing boom and the opening of the new ASU Downtown Phoenix campus, from 2004 through 2007, the government sector added an average of 5,500 jobs, or 2.5 percent, annually. Because Phoenix is the capital of Arizona, state government is the second largest employer in the HMA accounting for 24,830 employees.

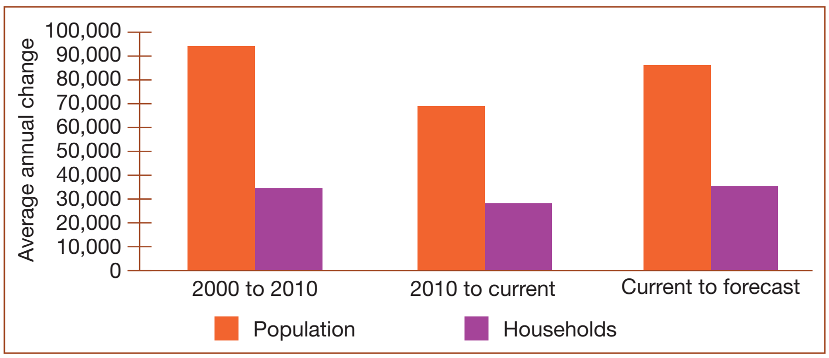
The HMA had strong job growth in the mid-2000s but was one of the hardest hit areas in the nation, in terms of foreclosure and vacancy rates during the late 2000s, partly because of the significant amount of speculative building that occurred during the housing boom. As a result, during the national recession, job losses in the HMA were particularly concentrated in the mining, logging, and construction sector. From 2004 through 2007, nonfarm payrolls in the HMA expanded by an average of 74,100 jobs, or 4.3 percent, annually, as compared to average annual growth of 1.4 percent for the nation. By comparison, nonfarm payroll growth in the HMA averaged only 14,700 jobs, or 0.9 percent, annually from 2001 through 2003. During the housing boom, the fastest job growth in the HMA occurred in the mining, logging, and construction sector, which added an average of 10,300 jobs, or 7.1 percent, annually, compared with average growth of 1.7 percent in the sector, nationally. The relatively affordable housing options in the HMA and job opportunities, which contributed to an average of 46,500 residential permits a year during the period, up from an average of 43,200 from 2000 through 2004, attracted migrants, primarily from California, Illinois, and Canada. Population growth also contributed to strong service sector job growth. The professional and business services, wholesale and retail trade, and education and health services sectors added a significant number of jobs from 2004 through 2007, with average expansions of 16,600, 13,500, and 11,000 jobs, or 5.9, 4.7, and 6.1 percent, respectively, annually. The HMA lost an average of 75,400 jobs, or 4.1 percent, annually, from 2008 through 2010 compared with an average decline of 1.9 percent for the nation, however. About 39 percent of the total decline in nonfarm payrolls in the HMA occurred in the mining, logging, and construction sector, which lost an average of 29,000 jobs, or 20.9 percent, annually, during the period, as residential construction slowed dramatically. By comparison, job losses in the sector nationwide averaged 0.9 percent and contributed to 22 percent of total nonfarm payroll losses during this period. Residential permit activity averaged only 9,500 units, annually, from 2008 through 2010, a decline of 80 percent from 2004 through 2007. The professional and business services and the wholesale and retail trade sectors also recorded significant losses from 2008 through 2010, declining by averages of 17,900 and 12,800 or 5.8 and 4.1 percent, respectively. Along with the mining, logging, and construction sector, the three sectors combined accounted for 79 percent of total nonfarm payroll losses in the HMA during the period.

Nonfarm payroll growth, which began in 2012, is expected to continue, but slow slightly during the forecast period. During the next 3 years, nonfarm payrolls in the HMA are expected to expand by 51,700 jobs, or 2.5 percent, annually. The professional and business services and education and health services sectors led job gains over almost all sectors in the 2012-through-2017 period. The two sectors are expected to continue to lead job growth in the forecast period as well. Both Farmers Insurance Group and State Farm Insurance have plans to add a significant number of jobs during the forecast period. State Farm Mutual Automobile Insurance Company expects to add another 2,500 employees to its Marina Heights regional headquarters by the end of 2019. Additionally, Farmers Insurance Group will receive up to $500,000 in workforce training from the Arizona Commerce Authority for the additional 1,000 jobs it expects to add by 2019 to its expanded Phoenix office. In the education and health services sector, Banner Health, the largest employer in the state, is expected to invest more than $1 billion in infrastructure during the next 5 years in Phoenix and Tucson (University of Phoenix). Developments currently underway include the Banner Estrella Medical Plaza II in Phoenix, a new four-story medical office building that will include a direct pedestrian connection to the existing 317-bed hospital, that is expected to be open in December 2018. Permanent job additions are not yet available.

Population and Households

The current population of the Phoenix HMA is estimated at 4.76 million, an average increase of 68,400, or 1.5 percent, a year since April 2010 (Figure 4). By comparison, population growth from 2000 to 2010 averaged 2.6 percent, or 94,100, a year, with peak growth of 3.5 percent, or 132,400, a year from 2003 to 2007 (U.S. Census Bureau decennial census counts, and population estimates as of July 1). Net in-migration during this peak period of growth, accounted for 69 percent of population growth, when a net average of 91,950 people migrated into the HMA, annually. Relatively low housing prices as well as increasing job prospects in the HMA attracted new residents, particularly from California, Canada, Illinois, and other parts of Arizona, which accounted for 80 percent of net in-migration during the period (Internal Revenue Service tax return data). Population growth slowed to an average of only 20,200, or 0.5 percent, annually, from 2008 to 2011, around the time of the national recession. During this period, net natural change (resident births minus resident deaths) accounted for all the population growth as net out-migration averaged 14,900 people a year. Economic conditions in the HMA have since strengthened, and net in-migration to the HMA has resumed, but at lower levels than during the housing boom. Since 2012, population growth has averaged 80,400, or 1.8 percent, annually. Average net in-migration of 53,550 people, annually, during this period has contributed to 67 percent of total population growth. Figure 5 shows the components of population change in the Phoenix HMA from 2000 to the forecast date.

Figure 4. Population and Household Growth in the Phoenix HMA*, 2000 to Forecast

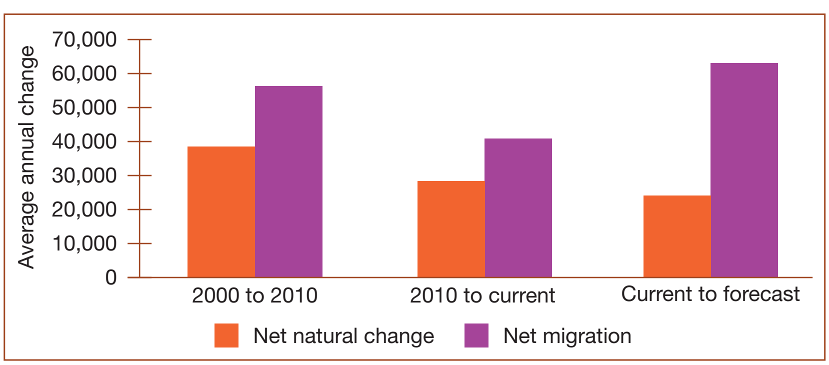


** Phoenix-Mesa-Scottsdale HMA*

Notes: The current date is August 1, 2018. The forecast date is August 1, 2021.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Phoenix HMA*, 2000 to Forecast



** Phoenix-Mesa-Scottsdale HMA*

Notes: The current date is August 1, 2018. The forecast date is August 1, 2021.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Despite being the job center of the HMA and the fifth most populous city in the nation, the City of Phoenix submarket has experienced slower population growth than the outlying suburban areas during much of the past two decades, as in-migrants have been attracted to the relative affordability of housing and larger lots in the outlying suburban areas. As of August 1, 2018, the population of the City of Phoenix submarket was estimated at 1.60

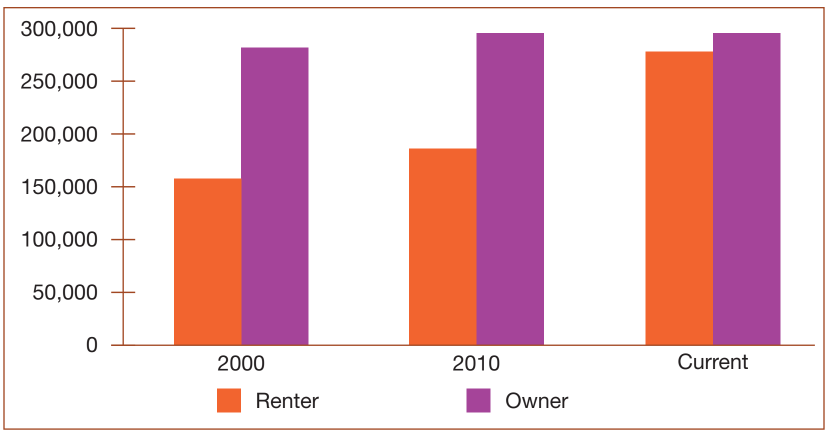
million people, representing an average increase of 18,500, or 1.2 percent, annually, since 2010. By comparison, population growth in the Greater Mesa-Scottsdale submarket averaged 49,900 people, or 1.7 percent, during the period, with an estimated population of 3.16 million people as of August 1, 2018. The difference in population growth rates in the two submarkets was even more pronounced during the housing boom, as population growth averaged only 21,300, or 1.5 percent, annually, from 2003 to 2007 in the City of Phoenix submarket compared with an average of 111,000, or 4.7 percent, annually, in the Greater Mesa-Scottsdale submarket. Net in-migration accounted for much of the difference during the period. From 2003 to 2007, average net in-migration of 89,250 people contributed to 80 percent of population growth in the Greater Mesa-Scottsdale submarket, whereas average net in-migration of 2,600 people into the City of Phoenix submarket accounted for only 12 percent of growth.

From 2008 to 2011, the population in the City of Phoenix submarket shrank by an average of 1,025 people, or 0.1 percent, annually. Net natural change of 15,700 people did not offset entirely average net out-migration of 16,750 people, annually, during this time. By comparison, population growth in the outlying suburban areas of the HMA slowed significantly from the very high rates in the mid-2000s but remained positive. From 2008 to 2011, the population of the Greater Mesa-Scottsdale submarket increased by an average of 21,200, or 0.8 percent, annually. Net natural change also accounted for much of the population growth in this submarket, as average net in-migration of only 1,800 people occurred, annually.

Strong job growth and the addition of the ASU Downtown Phoenix campus have attracted a growing number of residents to the urban core of the HMA since the early 2010s. As a result, the gap in the population growth rate between the City of Phoenix submarket and the Greater Mesa-Scottsdale submarket has tightened in recent years. Due in part to development efforts in downtown areas of cities such as Scottsdale, the Greater Mesa-Scottsdale submarket has continued to receive a greater share of the in-migration to the HMA, however. Since 2012, the City of Phoenix submarket has added an average of 22,250 people, or 1.5 percent, annually. About one-third of that population growth is attributed to net in-migration, as an average of 7,650 people moved into the submarket each year during period. By comparison, population growth in the Greater Mesa-Scottsdale submarket has averaged 54,700, or 1.9 percent, annually, since 2012, with an average net in-migration of 42,000.

Since 2010, the rate of household growth has exceeded the rate of population growth, as household formation that was delayed during the national recession, in part associated with students, has accelerated during the recent period of economic growth. The number of households in the HMA is currently estimated at 1.77 million, an average increase of 28,100, or 1.7 percent, annually, since 2010. During the period, average annual household growth of 20,800, or 1.9 percent, in the Greater Mesa-Scottsdale submarket contributed to two-thirds of total household growth in the HMA, whereas household growth in the City of Phoenix averaged 7,250, or 1.3 percent, annually. By comparison, from 2000 to 2010, the number of households in the HMA increased from 1.19 million to 1.54 million, an average annual rate of 2.6 percent. During this period, household growth averaged 4,900, or 1.0 percent, annually in the City of Phoenix submarket, and 29,400, or 3.4 percent, annually in the Greater Mesa-Scottsdale submarket. The homeownership rate has fallen significantly in both submarkets since 2010—by 6.0 percentage points—to a current rate of 51.6 percent in the City of Phoenix submarket, and by 5.2 percentage points to a current rate of 64.2 percent in the Greater Mesa-Scottsdale submarket (Tables DP-2 and DP-3 at the end of this report). The homeownership rate for the nation declined from 66.9 percent during the second quarter of 2010 to 64.3 percent as of the second quarter of 2018. Figures 6 and 7 show the number of households by tenure in the City of Phoenix and Greater Mesa-Scottsdale submarket from 2000 to the current date, respectively.

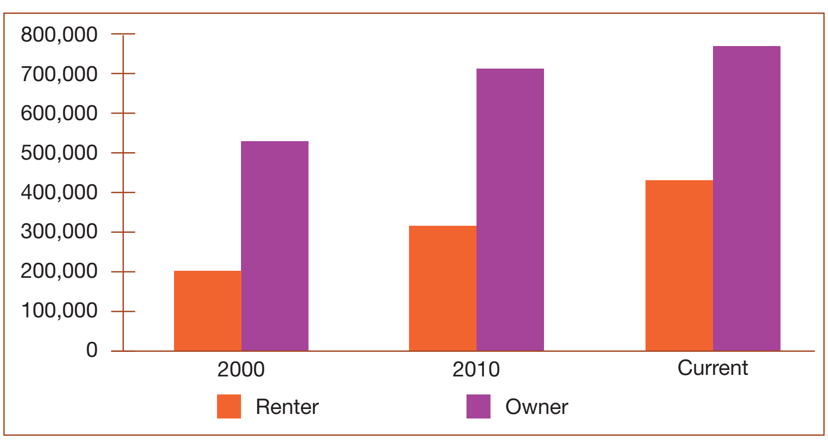
Figure 6: Number of Households by Tenure in the City of Phoenix Submarket, 2000 to Current



Note: The current date is August 1, 2018.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 7. Number of Households by Tenure in the Greater Mesa-Scottsdale Submarket, 2000 to Current



Note: The current date is August 1, 2018.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

During the forecast period, population growth is expected to accelerate as job growth and relatively affordable housing continue to attract new residents. The population of the HMA is expected to increase by an average of 86,000, or 1.8 percent, annually to 5.02 million people with average net in-migration of 62,500, annually, expected to contribute to 73 percent of total growth. As in previous periods of growth, much of the net in-migration is forecast for the Greater Mesa-Scottsdale submarket, where population growth is forecast to average 67,000, or 2.1 percent, reaching 3.36 million at the end of the next 3 years. Average net in-migration of 56,900, annually, is expected in the submarket, accounting for 91 percent of total migration into the HMA. The population of the City of Phoenix submarket is expected to increase by an average of 19,000, or 1.2 percent, annually and reach 1.66 million at the end of the 3-year forecast period and account for about one-third of total population in the HMA. The number of households in the HMA is expected to grow by an average of 35,250, or 2.0 percent, annually to 1.88 million. Given the higher rate of population growth in the Greater Mesa-Scottsdale submarket, household growth in the submarket is also expected to be greater, at an average of 27,700, or 2.3 percent. Average household growth of 7,625, or 1.3 percent, is expected in the

City of Phoenix submarket. The homeownership rate is expected to continue to decline throughout the HMA during the next 3 years, although at a much slower rate than the period from April 2010 to current because of strengthening economic conditions and a further reduction in the number of distressed homes.

Housing Market Trends

Sales Market—City of Phoenix Submarket

The sales housing market in the City of Phoenix submarket is currently balanced as strengthening economic conditions, population growth, and investment activity have contributed to the absorption of excess inventory since the early 2010s. The sales vacancy rate is currently estimated at 1.4 percent, down from 4.3 percent in April 2010. As of July 2018, the City of Phoenix submarket had a 2.2-month supply of available inventory, down from 2.7 months during July 2017 and less than the July high of 3.5 months in 2014 (Redfin). By comparison, national data show a 2.7-month supply as of July 2018, down from 3.0 months in July 2017 and a July high of 6.9 months in 2010. Consistent with the decline in available inventory, the median days on market was 38 days in the City of Phoenix submarket during July 2018, down from 41 days in July 2017 but higher than the national median of 35 days.

Due to significant declines in the number of real estate owned (REO) sales, total home sales activity in the submarket, although still positive, has trended downwards since the early 2010s from highs during the housing boom in the mid-2000s, despite increased levels of new and regular resales. Approximately 30,750 new and existing homes, including single-family homes, townhomes, and condominiums, were sold during the 12 months ending June 2018, relatively unchanged from the previous 12-month period, with existing home sales accounting for 95 percent of all home sales (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). REO home sales declined 35 percent to 1,600 homes during the 12 months ending June 2018. An average of 27,800 homes sold in the submarket, annually, from 2010 through 2017. During this period, sales increased by an average of 3 percent per year. Both regular resales and new home sales increased from 2010 through 2017, by respective averages of 17 and 8 percent, annually, offsetting significant declines in the number of REO home sales, which fell by an average of 26 percent, annually. By comparison, during the home construction boom during 2005 and 2006, an average of 81,350 homes sold, annually. From 2007 through 2010, sales declined by an average of 10 percent per year, but also averaged 27,800 homes sold, every year. Both regular resales and new sales declined during this period, by respective averages of 5,025 and 2,250 homes, or 25 and 41 percent, annually. REO sales were the only category of sales to increase during this period, when investors purchased a growing number of foreclosed properties at a discount to flip for a profit or convert to rental use. An average of 11,050 REO homes sold during this period, a 24-fold increase from the average of 460 REO home sales during 2005 and 2006, when sales market conditions were strong.

During the 12 months ending June 2018, the average sales price in the submarket for new and existing homes rose 8 percent to $267,500, primarily due to a 9-percent increase in the average sales price of an existing home to $260,400 whereas the average sales price of a new home remained flat at $365,000. As strong sales market conditions have allowed for the absorption of excess inventory, the average home sales price in the submarket increased by an average of 11 percent annually from 2012 through 2017; during this period, the average new home sales price rose an average of 7 percent, annually whereas the average existing home sales price rose 11 percent. By comparison, home sales prices declined by an average of 18 percent from 2008 through 2011, when the average sales price of an REO sale also declined by an average of 18 percent, annually, whereas the average sales price for a regular resales and new home sales declined by an average of 12 and 5 percent each year, respectively.

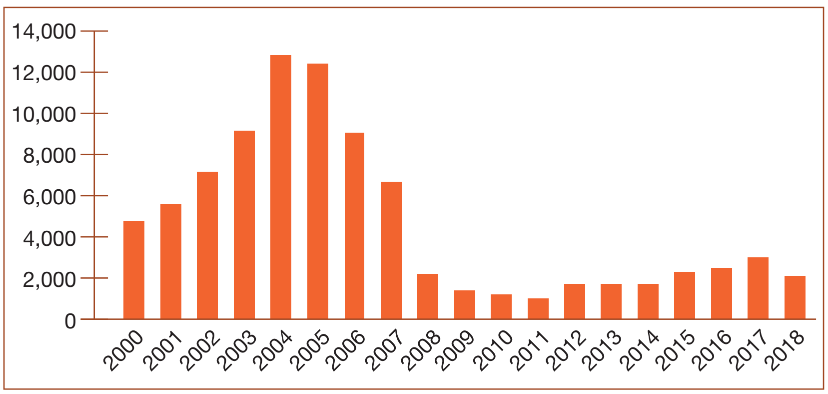
Few areas in the nation were affected more severely by the housing crisis than the overall Phoenix HMA, and the steep home price declines during the national recession made the HMA a particularly attractive area for real estate investors, who contributed to relatively rapid absorption of distressed properties in the early and mid-2010s. In January 2010, the HMA was among the top 3 percent of all metropolitan areas nationally in the percentage of home loans that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status (CoreLogic, Inc.). The rate in the HMA has been below the national rate since March 2012, however, as investor purchases have absorbed those seriously delinquent and REO homes. As of May 2018, the rate in the overall Phoenix-Mesa-Scottsdale HMA was 0.8 percent, down from 0.1 percent during May 2017 and well below the high of 13.8 percent in December 2009. By comparison, the percentage of home loans in the nation that were seriously delinquent or had transitioned into REO status was 2.0 percent in May 2018, down from 2.3 percent in May 2017 and down from the high of 8.6 percent in January 2010. As the rate of seriously delinquent loans and REO properties increased when the housing bubble burst, the percentage of home purchases made by absentee owners in the HMA (a measure of investor purchases) rose each year, from 15 percent of all home sales in 2005 to a high of 39 percent in 2011. The percentage of purchases made by absentee owners declined to 17 percent in 2017 as home price growth began to accelerate, reducing the attractiveness of the HMA to investors (Metrostudy, A Hanley Wood Company, with adjustments by the analyst).

Condominium and townhome sales, which accounted for one-half of all new home sales in the submarket from 2006 through 2008, declined in significance following the national recession. From 2009 through 2011, condominium and townhome sales accounted for 36 percent of all new home sales, before declining further to a 14-percent contribution from 2012 through 2014. Rising home prices have contributed to a renewed interest in smaller housing units and from 2015 through 2017, condominium and townhome sales have accounted for 24 percent of all new home sales. During the 12 months ending June 2018, 480 new condominium and townhomes were sold, a 5-percent decline from the previous 12-month period, but significantly higher than the average of 10 new condominium and townhome units sold during the 2012-through-2014 period.

Single-family homebuilding activity, as measured by the number of single-family homes permitted, increased by 43 percent, to 3,550 homes permitted during the 12 months ending July 2018 (Figure 8). The current level of single-family home construction in the submarket is 67 percent below the average of 10,800 single-family homes permitted from 2003 through 2006, a peak period of construction activity during the housing boom. However, the current level is more than double the average of 1,400 homes permitted from 2009 through 2014. The recent revitalization of downtown Phoenix has contributed to increased development of smaller townhome or condominium units in the more densely populated parts of the submarket. The Center 8 townhomes, in the Roosevelt Triangle neighborhood, are currently underway, with 30 townhomes starting at the low $300,000s. Townhomes range in size from 1,553 to 1,680 square feet for the two- and three-bedroom units. Also in the Roosevelt Triangle neighborhood is the recently completed McKinley Row community, with 18 single-family attached townhomes. Prices for the two-bedroom, two-and-a-half bath units start at $399,000.

During the 3-year forecast period, demand is estimated for 14,750 new homes in the submarket (Table 1). The 1,725 homes currently under construction will satisfy some of the forecast demand. Demand is expected to slow each successive year of the forecast period as economic conditions moderate and will be greatest for single-family homes priced between $200,000 and $399,999. Table 4 shows the estimated demand in the submarket by price range. An estimated 20,000 other vacant units are currently in the inventory, a portion of which may reenter the sales market and satisfy some of the forecast demand.

Figure 8. Single-Family Homes Permitted in the City of Phoenix Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through July 2018.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2017 final data, 2018 preliminary data and analyst estimates

Table 4: Estimated Demand for New Market-Rate Sales Housing in the City of Phoenix Submarket During the Forecast Period

Price Range ($) From	Price Range ($) To	Units of Demand	Percent of Total
175,000	199,999	2,225	15.0
200,000	299,999	4,425	30.0
300,000	399,999	3,700	25.0
400,000	499,999	2,225	15.0
500,000	599,999	1,025	7.0
600,000	and higher	1,175	8.0

Notes: Numbers may not add to totals because of rounding. The 1,725 homes currently under construction in the submarket will likely satisfy some of the forecast demand.

Source: Estimates by analyst

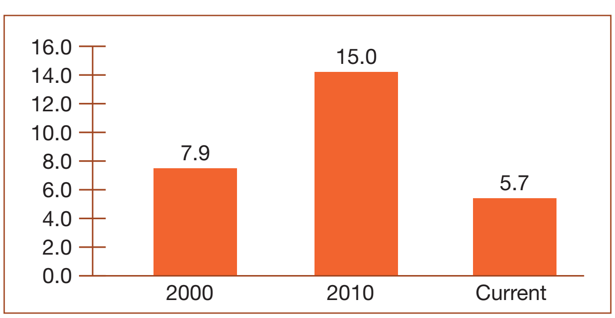
Rental Market—City of Phoenix Submarket

The rental housing market in the City of Phoenix submarket is currently balanced, with an estimated vacancy rate for all rental units (including single-family homes, manufactured homes, and apartment units) of 5.7 percent, down from 15.0 percent in April 2010 (Figure 9). Apartment market conditions are also balanced, with a 4.6-percent vacancy rate during the second quarter of 2018, down from the 5.4-percent rate recorded during the previous year, and well below a high of 16.8 percent during the fourth quarter 2009, when overproduction of apartments during the housing boom and an influx of single-family homes into the rental market contributed to soft conditions (RealPage, Inc.). In 2016, 39 percent of all rental units were in single-family units, up from 36 percent in 2010 (ACS 1-year data).

During the second quarter of 2018, apartment market conditions were similar across the eight RealPage-defined market areas that comprise the submarket, with apartment vacancy rates between 4.1 to 5.6 percent and average rent growth between 5 to 10 percent for almost all market areas. Apartment vacancy rates ranged from 4.1 percent in the Far West Phoenix market area to 5.6 percent in the Central Phoenix market area. The average asking apartment rent during the second quarter of 2018 increased 7 percent to $936 in the submarket. Average rents increased faster than the 2.5-percent rate of rent growth nationwide in all eight market areas of the submarket, ranging from a 5-percent gain in the South Phoenix market area where the average rent was $1,065 to a 10-percent increase in the Northeast Phoenix market area, where the average rent was $1,003.

As economic conditions have strengthened in the HMA, a surge of young professionals have moved into downtown locations including the city of Phoenix, and multifamily construction in the submarket, as measured by the number of multifamily units permitted, has expanded in the past year. During the 12 months ending July 2018, approximately 4,000 multifamily units were permitted, up by 460 units, or 13 percent from the number of units permitted during the prior 12-month period (preliminary data). From 2012 through 2016, multifamily permitting increased by an average of 700 units permitted, or 35 percent, annually, with significant increases in 2014 and 2016 (Figure 10). During the housing boom, multifamily permitting activity was significant, with an average of 3,525 units permitted annually from 2000 through 2007. After declining 67 percent from the peak of 5,975 units permitted in 2007 to 2,000 units in 2008, multifamily permitting activity continued to decline, to an average of 570 units each year in 2008 and 2010. Due to demand for urban living, much of the new market-

Figure 9. Rental Vacancy Rates in the City of Phoenix Submarket, 2000 to Current

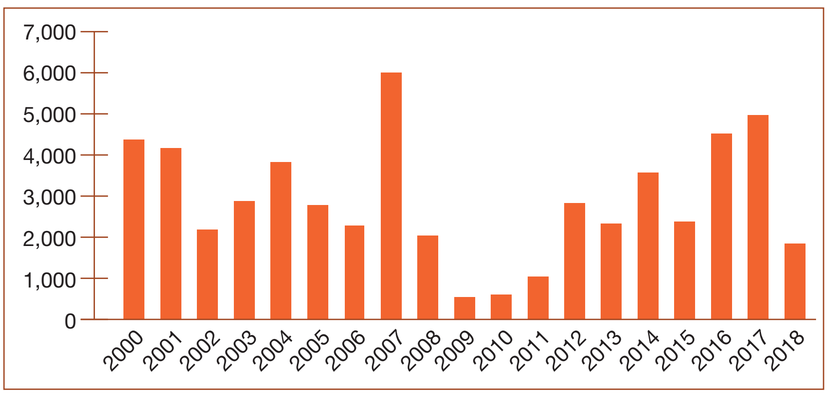


Note: The current date is August 1, 2018.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst rate apartment developments are close to downtown Phoenix or major thoroughfares, such as the Camelback corridor. Projects currently underway include the 496-unit District at Biltmore Apartments, on Camelback. One-bedroom units at the project range in size from 593 to 841 square feet, and monthly rents range from $1,205 to $1,495, whereas two-bedroom units range in size from 979 to 1,294 square feet, and monthly rents range from $1,675 to $1,970. The Broadstone Roosevelt Row, a 316-unit apartment development, is one of the most recently completed projects in the submarket. Rents for the studio units start at $1,329, at $1,499 for one-bedroom units, and at $1,750 for two-bedroom units. Since 2009, approximately 5 percent of all multifamily units permitted have been for condominiums, down from 30 percent from 2000 through 2008 (estimate by the analyst).

During the next 3 years, demand is expected for 12,150 new market-rate rental units in the submarket (Table 1). Demand is expected to be greatest for one-bedroom units with rents ranging from $1,200 to $1,399 and two-bedroom units with rents ranging from $1,450 to $1,649. Table 5 shows the estimated demand for market-rate rental housing in the submarket by rent, during the forecast period. The 3,700 apartment units currently under construction and an additional 860 units expected to be completed during the forecast period will satisfy part of the demand.

Figure 10. Multifamily Units Permitted in the City of Phoenix Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through July 2018.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2017 final data, 2018 preliminary data and analyst estimates

Table 5. Estimated Demand for New Market-Rate Rental Housing in the City of Phoenix Submarket During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Rent ($)	Units of Demand	Monthly Rent ($)	Units of Demand	Monthly Rent ($)	Units of Demand	Monthly Rent ($)	Units of Demand
950 to 1,149	1,000	1,200 to 1,399	4,375	1,450 to 1,649	2,550	2,000 to 2199	430
1,150 to 1,349	730	1,400 or more	1,100	1,650 to 1,849	1,275	2,200 or more	180
1,350 or more	90			1,850 or more	430		
Total	1,825	Total	5,475	Total	4,250	Total	610

Notes: Monthly rent does not include utilities or concessions. Numbers may not add to totals because of rounding. The 3,700 units currently under construction will likely satisfy some of the estimated demand.

Source: Estimates by analyst

Sales Market—Greater Mesa-Scottsdale Submarket

Substantial overbuilding of speculative housing in the Greater Mesa-Scottsdale submarket beginning in the mid-2000s lead to significant foreclosure activity during the early 2010s as credit tightened and economic conditions worsened, slowing the flow of potential new residents to the area. Reduced levels of home construction, purchases of seriously delinquent properties and REO properties, strengthening economic conditions, and accelerating population growth into the submarket have since contributed to the absorption of the excess inventory created during the housing boom, however. The sales housing market in the submarket is currently balanced, with a sales vacancy rate estimated at 1.8 percent, down from 4.2 percent in April 2010.

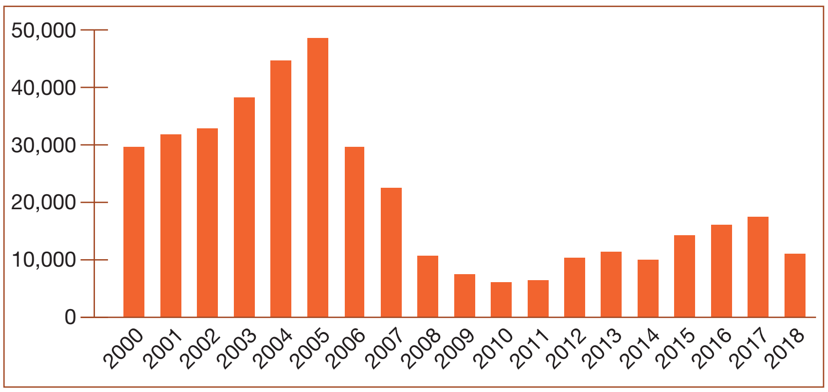
Despite significant declines in REO sales, home sales activity in the submarket has increased steadily since the early 2010s. During the 12 months ending June 2018, 94,800 homes sold, a 2-percent increase from the previous 12-month period (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). Home sales increased an average of 4 percent, annually, from 76,800 in 2011 to 95,500 in 2017. Although new home sales and regular resales grew at roughly the same pace during the period, with average increases of 16 and 15 percent, respectively, those gains were offset by the average annual decline of 32 percent in REO home sales during the same period. Existing sales accounted for 87 percent of the total sales during the 2011-to-2017 period. By comparison, lenient mortgage lending standards and relatively affordable housing prices for Californians, Canadians and Illinoisans, the largest sources of in-migrants, contributed to very high numbers of homes sold in the mid-2000s. Home sales in the submarket peaked in 2005 and 2006, when an average of 126,700 total homes were sold, annually, before declining precipitously to a low of 61,900 in 2008 as the economy contracted, net in-migration slowed, and lending standards tightened. Following 2008, home sales in the submarket rose due to a significant increase in REO sales. From 2009 through 2010, an average of 127,900 homes were sold, annually, as the number of REO home sales increased to an average of 32,300, annually, representing a 41-fold increase from the average of 780 REO sales during 2005 and 2006.

The average home sales price in the submarket has increased significantly since the early 2010s as excess inventory has been absorbed but remains below the pre-recessionary high. During the 12 months ending June 2018, home sales prices averaged $313,500, up 6 percent from a year earlier. Average prices for new home sales are about 21 percent higher at $366,000, compared with the average price of $302,900 for an existing home during the same period. Home sales prices increased by nearly 5 percent annually from 2012 through 2017 after declining by an average of 19 percent, annually, from a high of $345,200 in 2006 to a low of $180,100 in 2011. Although both new and existing home sales prices declined during this period, existing home sales prices fell at a faster rate; from 2006 through 2011, the average sales price of an existing home declined by an average of 13 percent, every year, whereas the average sales price of a new home declined by an average of 5 percent, annually. REO sales, which sold for an average of $136,600 in 2011, contributed to the sharp decline in overall home prices during the period.

As excess inventory has been absorbed, single-family home construction in the submarket has begun to increase. During the 12 months ending July 2018, 19,650 single-family homes were permitted in the HMA, an 18-percent increase from 16,700 homes permitted during the previous 12 months (preliminary data). Single-family permitting averaged 46,550 homes annually during 2004 and 2005 before declining 86 percent, to a low of an average of 6,625 homes permitted annually during 2010 and 2011 (Figure 11). Homebuilding activity began to recover in 2012, and new home construction increased by an average of 18 percent annually from 2012 through 2017. Single-family home construction has been occurring in the outlying areas of the submarket, where land availability is greater. Cities such as Mesa, Surprise, Buckeye Town, and the unincorporated sections of Maricopa and Pinal counties were among the areas with the highest percentage of single-family permits issued during the most recent 12-month period. The 464-acre Cadence at Gateway master-planned community in the City of Mesa is the largest single-family home construction project currently underway in the submarket. The development will be built in several phases during the next several years and eventually hold 1,800 single-family homes and roughly 400 attached residences—either townhomes or apartments. The first homes are expected to be completed and ready for occupancy as soon as early 2019, with prices starting at $334,990.

During the 3-year forecast period, demand is estimated for 61,400 new homes in the submarket (Table 1). The 9,325 homes currently under construction will satisfy some of the forecast demand. Demand is expected to be greatest for single-family homes priced between $200,000 and $399,999. Table 6 shows the estimated demand in the submarket by price range. An estimated 106,500 other vacant units are currently in the inventory, a portion of which may reenter the sales market and satisfy some of the forecast demand.

Figure 11. Single-Family Homes Permitted in the Greater Mesa-Scottsdale Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through July 2018.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2017 final data, 2018 preliminary data and analyst estimates

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Greater Mesa-Scottsdale Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
150,000	199,999	9,200	15.0
200,000	299,999	21,500	35.0
300,000	399,999	15,350	25.0
400,000	499,999	9,200	15.0
500,000	599,999	3,075	5.0
600,000	and higher	3,075	5.0

Notes: Numbers may not add to totals because of rounding. The 61,400 homes currently under construction in the submarket will likely satisfy some of the forecast demand.

Source: Estimates by analyst

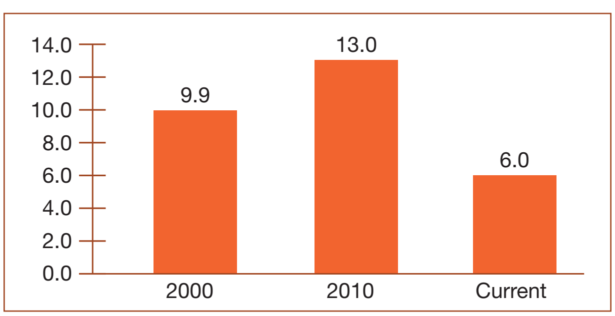
Rental Market—Greater Mesa-Scottsdale Submarket

The rental housing market in the Greater Mesa-Scottsdale submarket is currently balanced. Strong renter household growth has resulted in declining vacancy rates since the early 2010s. Slowed conversions of single-family homes to rental units has also contributed to absorption of excess inventory. The estimated vacancy rate for all rental units (including single-family homes, manufactured homes, and apartment units) is 6.0 percent, down from 13.0 percent in April 2010 (Figure 12). Due to significant conversions of single-family homes to rentals during the peak of foreclosure activity in the late 2000s and early 2010s, such units increased from 39 percent of all renter-occupied units in the submarket in 2007 to 49 percent in 2014 (ACS 1-year data). Strengthening sales market conditions have since decreased the incentive for such conversions and slowed conversions of single-family homes to rental units, which represented only 45 percent of all renter-occupied units in 2016.

The apartment market in the submarket is also balanced, with a vacancy rate of 4.8 percent during the second quarter of 2018, down from 5.1 percent a year earlier, and significantly below the 11.9-percent rate in the second quarter of 2008 (RealPage, Inc.). During the second quarter of 2018, apartment vacancy rates ranged from a low of 3.6 percent in the RealPage-defined East Mesa market area, where rents are relatively affordable, to 6.2 percent in the North Tempe/University market area, where development of new luxury apartment units, particularly targeting students and young professionals, has been prevalent in recent years.

The average monthly apartment asking rent was $1,081 in the submarket during the second quarter of 2018, up 5 percent from rents a year prior, and 47 percent higher than the average of $733 during the second quarter of 2010. Average rents rose during the past year in all 15 of the RealPage-defined market areas that comprise the submarket, with the greatest increases in market areas with the most significant numbers of new apartment completions. The Chandler market area had the highest rent growth at 8 percent, to $1,184 as the apartment inventory expanded by 4 percent in the past year. Similarly, average rent growth was 6 percent in both the Gilbert and North Scottsdale market areas, to $1,094 and $1,300, respectively after 12- and 3-percent additions to the apartment inventory. The lowest rents were in market areas that were less urbanized, including the Northwest Mesa market area, where the average rent during the second quarter of 2018 was $897 and the South Glendale market area, with an average rent of $782. Studio units in the overall submarket currently rent for an average of $830, with

Figure 12. Rental Vacancy Rates in the Greater Mesa-Scottsdale Submarket, 2000 to Current



Note: The current date is August 1, 2018.

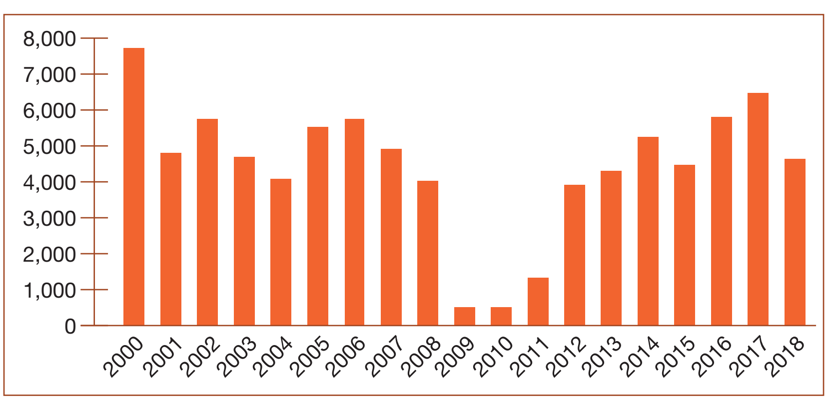
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst one-bedroom units at $963, two-bedroom units at $1,144, and three-bedroom units at $1,393.

The four ASU campuses in the Greater Mesa-Scottsdale submarket have a significant impact on the rental market in the submarket, particularly the main Tempe campus. Of the 53,300 ASU students attending campuses in the submarket, only 21 percent live on campus in residence halls or university-affiliated apartments (ASU data). ASU has 16 student-oriented housing communities comprising nearly 13,000 campus-owned beds in the submarket. The remaining 42,100 students represent an estimated 10,525 households, the majority of which are renter and have a significant impact on the rental market in the submarket, particularly the North Tempe/University market area, where the average rent of $1,189 during the second quarter of 2018 are at the high end of the market. Student enrollment is anticipated to increase an average of 3 percent, or approximately 6,225 students, a year during the next 3 years. Plans to construct additional dormitory housing will provide 1,380 beds during the 3-year forecast period.

The ASU Polytechnical campus, in Mesa, has plans to construct a 430-bed residence hall to be completed by the 2020–2021 academic year. In addition, the ASU Greek Leadership Village housing development is currently underway at the ASU main Tempe campus. Plans for 27 townhomes for fraternity and sorority chapters will feature 950 beds and centralize Greek chapter living on campus. The first students are expected to begin moving in by the fall 2018 term.

Multifamily construction activity, as measured by the number of units permitted, were at all-time lows during 2009 and 2010, as apartment development slowed in response to decreased population growth and an increased share of rental demand being absorbed by single-family homes. Builders have responded to improving rental market conditions with high levels of multifamily permitting activity since 2011, however (Figure 13). During the 12 months ending July 2018, the number of multifamily units permitted totaled 7,100, a 26-percent addition compared with the 5,600 units permits in the previous 12-month period. An average of 4,175 multifamily units were permitted from 2011 through 2016, almost 10 times higher than the average of 480 units permitted during 2009 and 2010. At the height of the housing boom, multifamily permitting in the submarket averaged 5,500 units a year from 2000 through 2006. Multifamily permitting activity began declining in 2007 and 2008, when an average of 4,450 units were permitted, before the dramatic declines recorded in 2009 and 2010. Since 2009, approximately 6 percent of all multifamily units permitted have been for condominiums, down from 24 percent from

Figure 13. Multifamily Units Permitted in the Greater Mesa-Scottsdale Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through July 2018.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2017 final data, 2018 preliminary data and analyst estimates

2000 through 2008 (estimates by the analyst).

Recent multifamily development has been particularly prevalent in areas with urbanized downtown areas and suburban employment centers, such as Scottsdale, Chandler, and Tempe. Three-fourths of all new market-rate apartment units currently underway are in one of those three cities. The 382-unit San Valencia Apartments is currently under construction in the city of Chandler, with completion on the entire development expected by November 2018. Monthly rents for one-bedroom units start at $1,320, at $1,545 for two-bedroom units and $2,050 for three-bedroom units. One of the largest projects currently underway is the 407-unit Union Tempe Apartments that covers an entire city block on University Drive and Forest Avenue in proximity to the ASU main Tempe campus. The development will include two high-rise residential towers connected to retail and restaurant space on the ground level in addition to 22 walk-up city homes and flats and a 200-bed hotel. Rents and completion dates have not yet been determined.

During the next 3-years, demand is expected for 24,900 new market-rate rental units (Table 1). Rental demand is expected to decline slightly during each year of the 3-year forecast period as economic and population growth moderate slightly from the currently high levels. Demand is expected to be greatest for one-bedroom units with rents ranging from $1,000 to $1,199 and two-bedroom units with rents ranging from $1,250 to $1,449 (Table 7). The 7,100 apartment units currently under construction and an additional 80 units expected to be completed during the forecast period will satisfy part of the demand.

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Greater Mesa-Scottsdale Submarket During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Rent ($)	Units of Demand	Monthly Rent ($)	Units of Demand	Monthly Rent ($)	Units of Demand	Monthly Rent ($)	Units of Demand
900 to 1,099	930	1,000 to 1,199	5,975	1,250 to 1,449	5,600	1,500 to 1,699	1,000
1,100 to 1,299	250	1,200 to 1,399	2,975	1,450 to 1,649	3,350	1,700 to 1,899	750
1,300 or more	60	1,400 or more	1,000	1,650 or more	2,250	1,900 to 2,099	500
Total	1,250	Total	9,950	Total	11,200	Total	2,500

Notes: Monthly rent does not include utilities or concessions. Numbers may not add to totals because of rounding. The 7,100 units currently under construction will likely satisfy some of the estimated demand.

Source: Estimates by analyst

Data Profiles

Table DP-1. Phoenix HMA* Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total resident employment	1,612,861	1,874,006	2,247,000	1.5	2.4
Unemployment rate	3.3%	9.6%	4.1%		
Total nonfarm payroll jobs	1,577,400	1,691,600	2,069,000	0.7	2.7
Total population	3,251,884	4,192,887	4,763,000	2.6	1.5
Total households	1,194,250	1,537,173	1,771,200	2.6	1.7
Owner households	812,045	1,005,949	1,064,000	2.2	0.7
Percent owner	68.0%	65.4%	60.1%		
Renter households	382,205	531,224	707,200	3.3	3.5
Percent renter	32.0%	34.6%	39.9%		
Total housing units	1,331,385	1,798,501	1,960,000	3.1	1.0
Sales vacancy rate	2.0%	4.3%	1.7%		
Rental vacancy rate	9.0%	13.8%	5.9%		
Median Family Income	$53,100	$65,900	$62,900	2.2	– 0.7

Notes: Median Family Incomes are for 1999, 2009, and 2016. Employment data represent annual averages for 2000, 2010, and the 12 months through July 2018.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-2. City of Phoenix Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	1,321,045	1,445,632	1,600,000	0.9	1.2
Total households	465,834	514,806	575,200	1.0	1.3
Owner households	282,670	296,742	296,600	0.5	0.0
Percent owner	60.7%	57.6%	51.6%		
Renter households	183,164	218,064	278,600	1.8	3.0
Percent renter	39.3%	42.4%	48.4%		
Total housing units	495,832	590,149	616,300	1.8	0.5
Sales vacancy rate	1.4%	4.3%	1.4%		
Rental vacancy rate	7.9%	15.0%	5.7%		
Median Family Income	NA	NA	NA	NA	NA

NA = data not available

Note: Median Family Incomes are for 1999, 2009, and 2016.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-3. Greater Mesa-Scottsdale Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	1,930,839	2,747,255	3,163,000	3.6	1.7
Total households	728,416	1,022,367	1,195,900	3.4	1.9
Owner households	529,375	709,207	767,300	3.0	0.9
Percent owner	72.7	69.4	64.2		
Renter households	199,041	313,160	428,600	4.6	3.8
Percent renter	27.3	30.6	35.8		
Total housing units	835,553	1,208,352	1,344,000	3.8	1.3
Sales vacancy rate	2.3	4.2	1.8		
Rental vacancy rate	9.9	13.0	6.0		
Median Family Income	NA	NA	NA	NA	NA

NA = data not available

Note: Median Family Incomes are for 1999, 2009, and 2016.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census

2010: 4/1/2010—U.S. Decennial Census

Current date: 8/1/2018—Estimates by the analyst

Forecast period: 8/1/2018–8/1/2021—Estimates by the analyst

The metropolitan statistical area definition noted in this report is based upon the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_Phoenix-Mesa-ScottsdaleAZ_18.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.