

THE HOUSING MARKET

2024

APPLIED
ANALYSIS





POPULATION GROWTH

SUPPLY VS. DEMAND

HOUSING AFFORDABILITY

HOMEOWNERSHIP

RENTAL MARKET DYNAMICS

OUTLOOK



POPULATION GROWTH

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OUTLOOK

14th

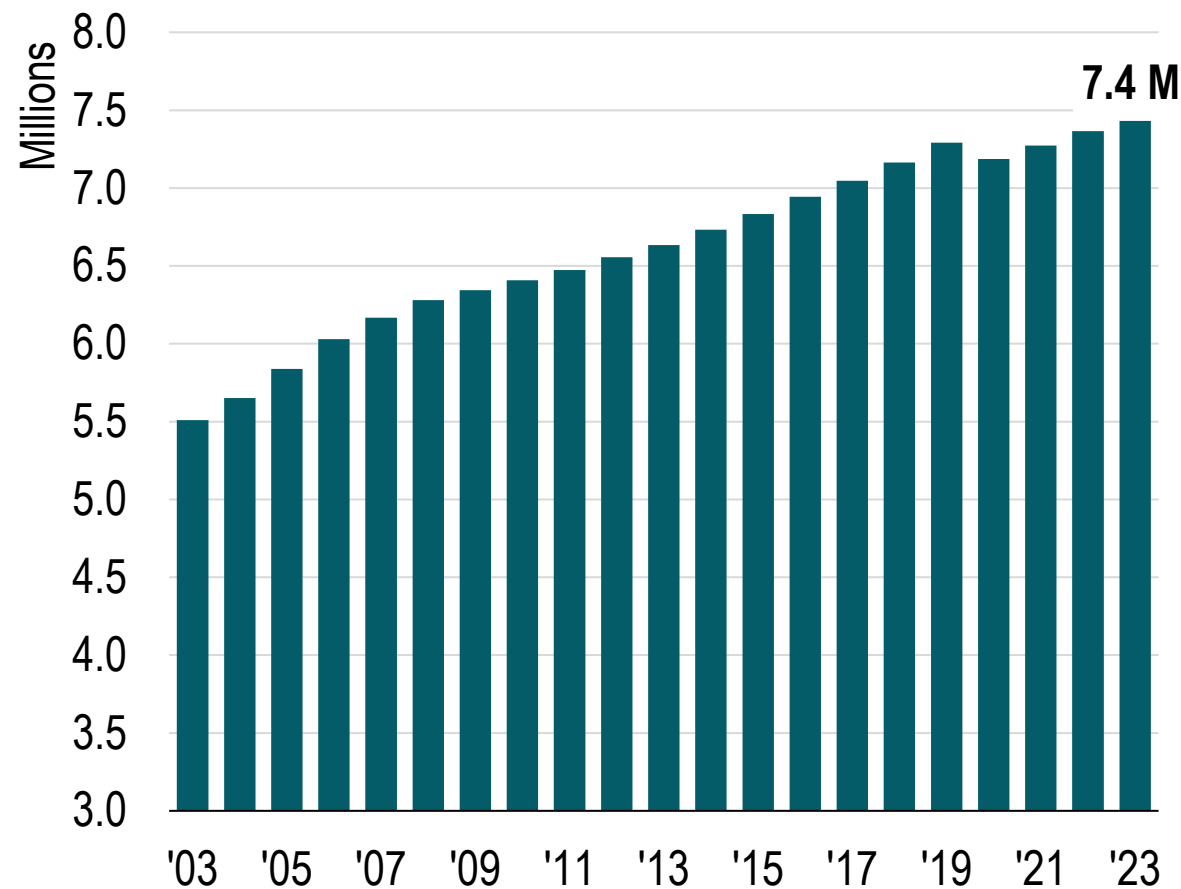
MOST POPULOUS STATE IN THE UNITED STATES IN 2023

Source: U.S. Census Bureau. Note: Image is sourced to (Jason Finn/shutterstock.com).

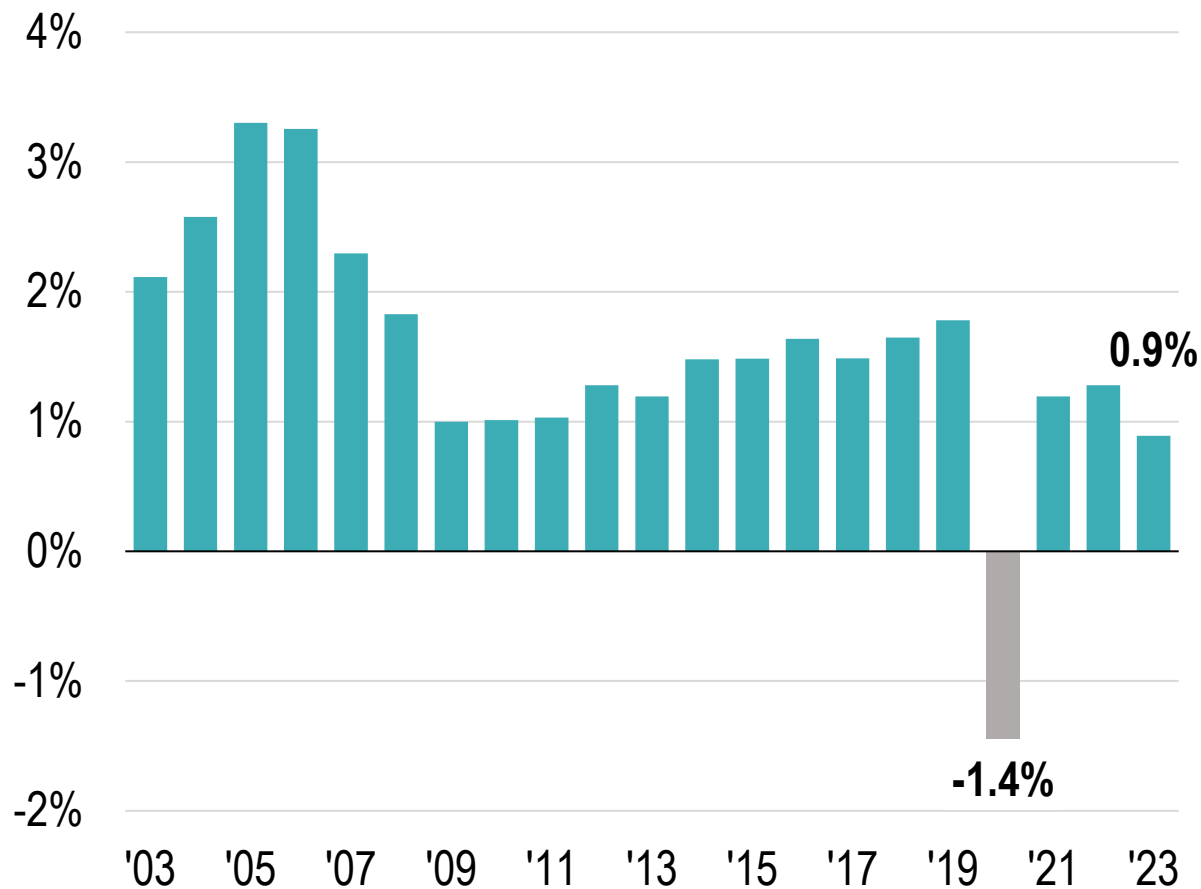
Population Growth

Arizona

Population



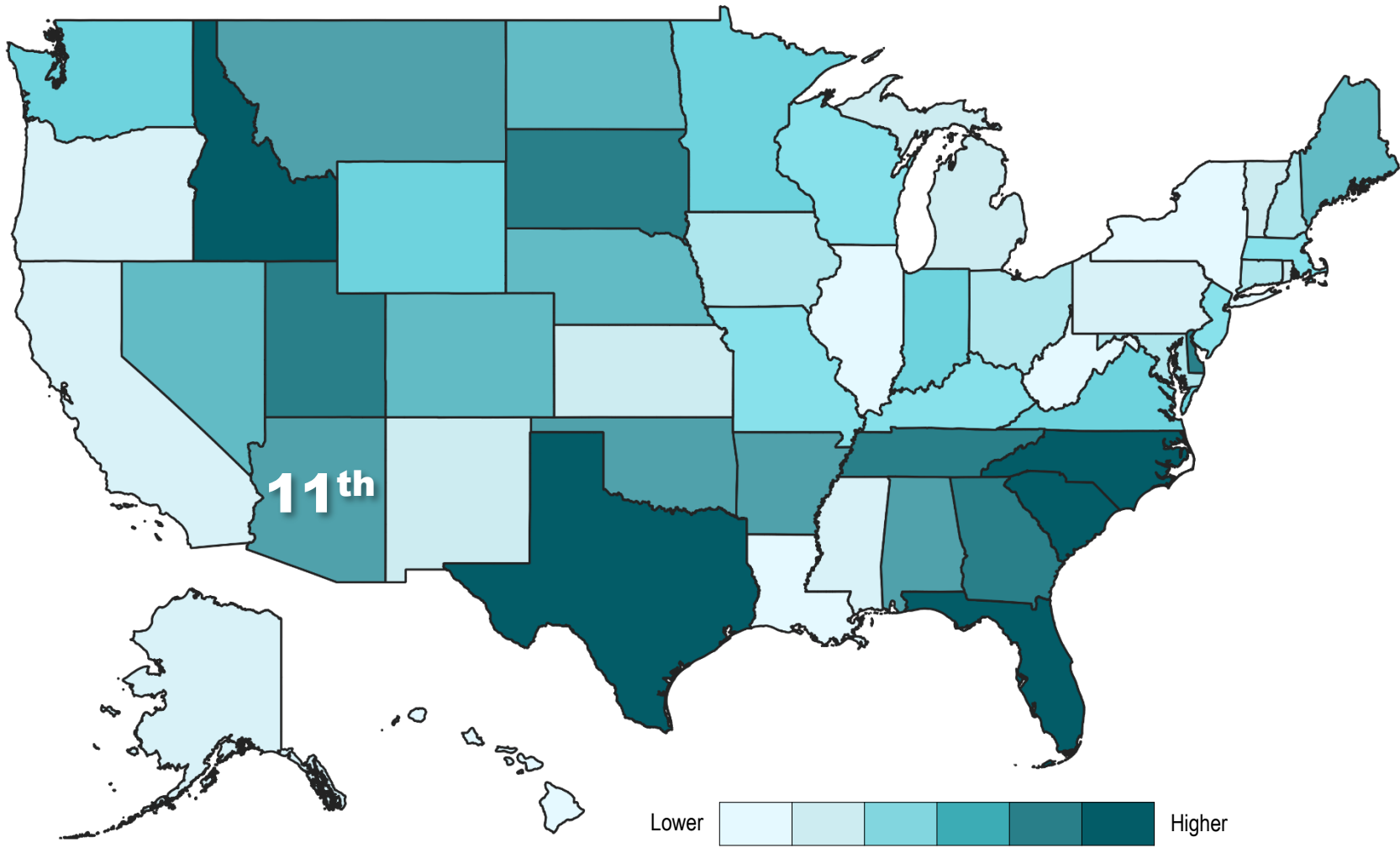
Year-Over-Year Growth



Source: U.S. Census Bureau

State Population Growth

2022 to 2023

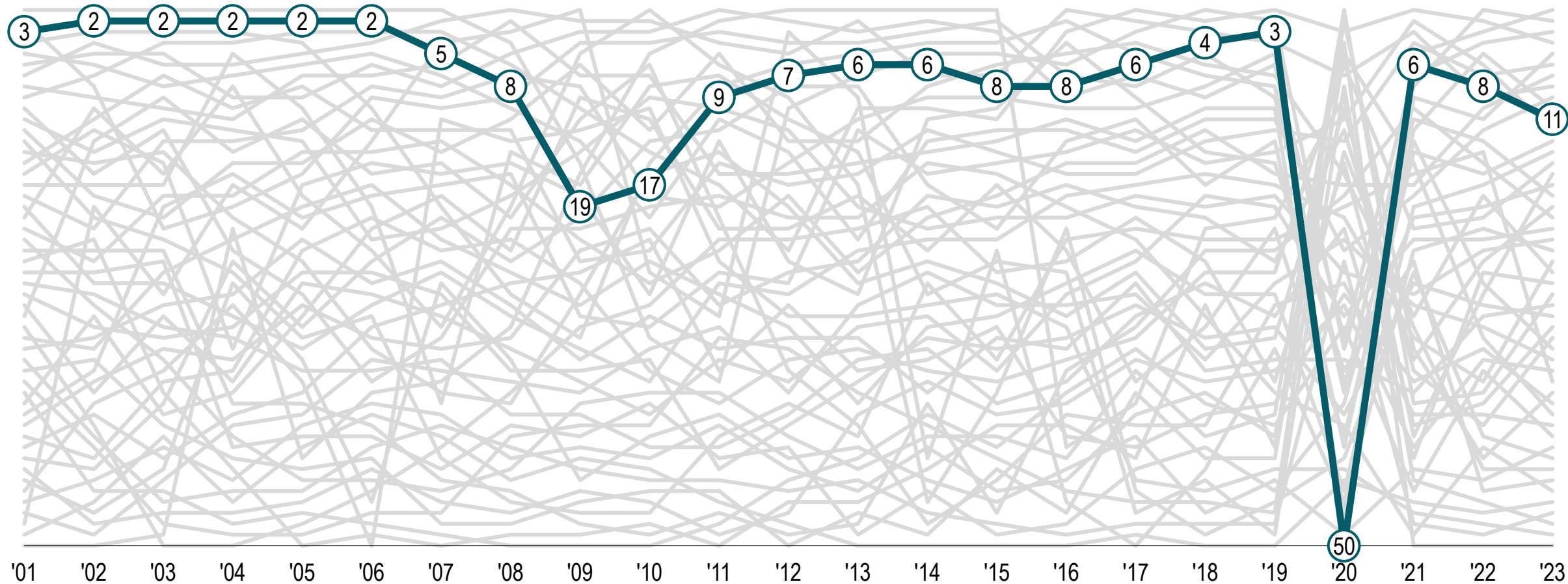


RANK	STATE	GROWTH
1	South Carolina	1.7%
2	Florida	1.6%
3	Texas	1.6%
4	Idaho	1.3%
5	North Carolina	1.3%
6	Delaware	1.2%
7	Tennessee	1.1%
8	Utah	1.1%
9	Georgia	1.1%
10	South Dakota	1.0%
11	Arizona	0.9%
U.S. Average		0.5%

Source: U.S. Census Bureau; Applied Analysis

State Population Growth Rate

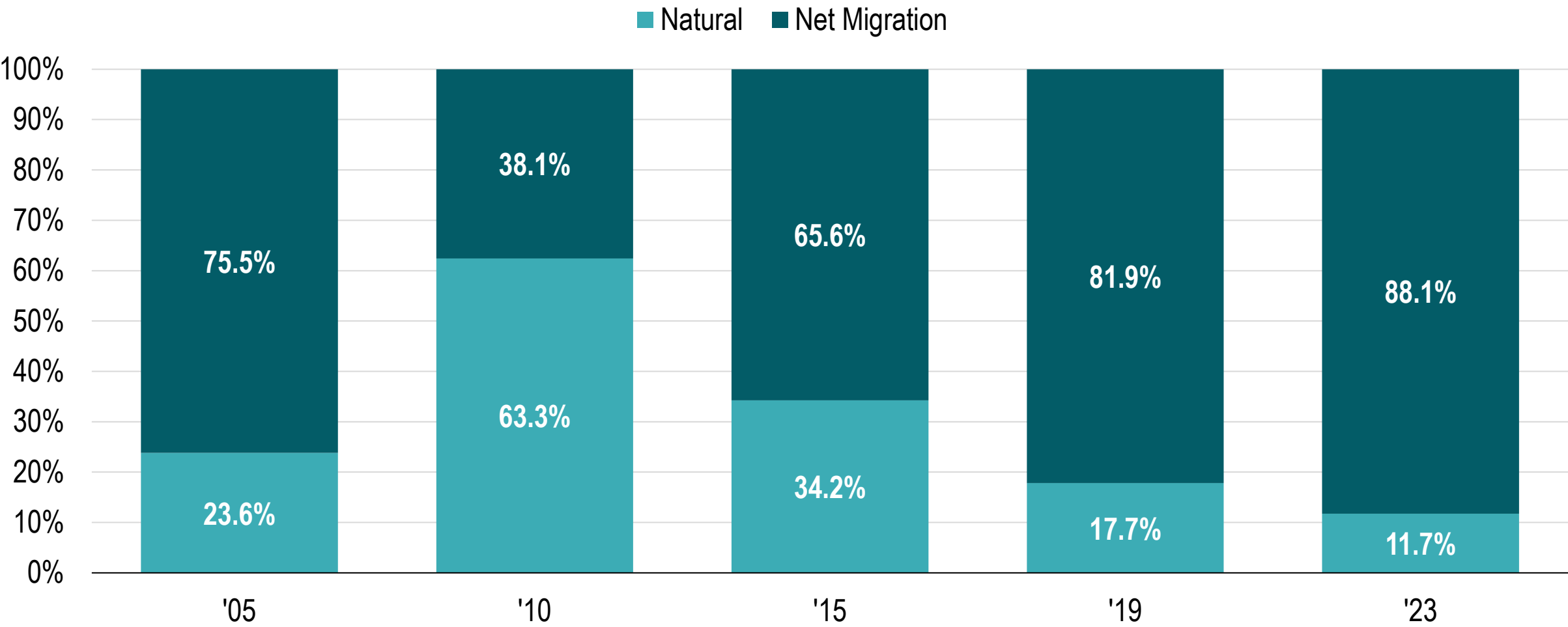
Arizona Rank by Year



Source: U.S. Census Bureau; Applied Analysis

Components of Population Growth

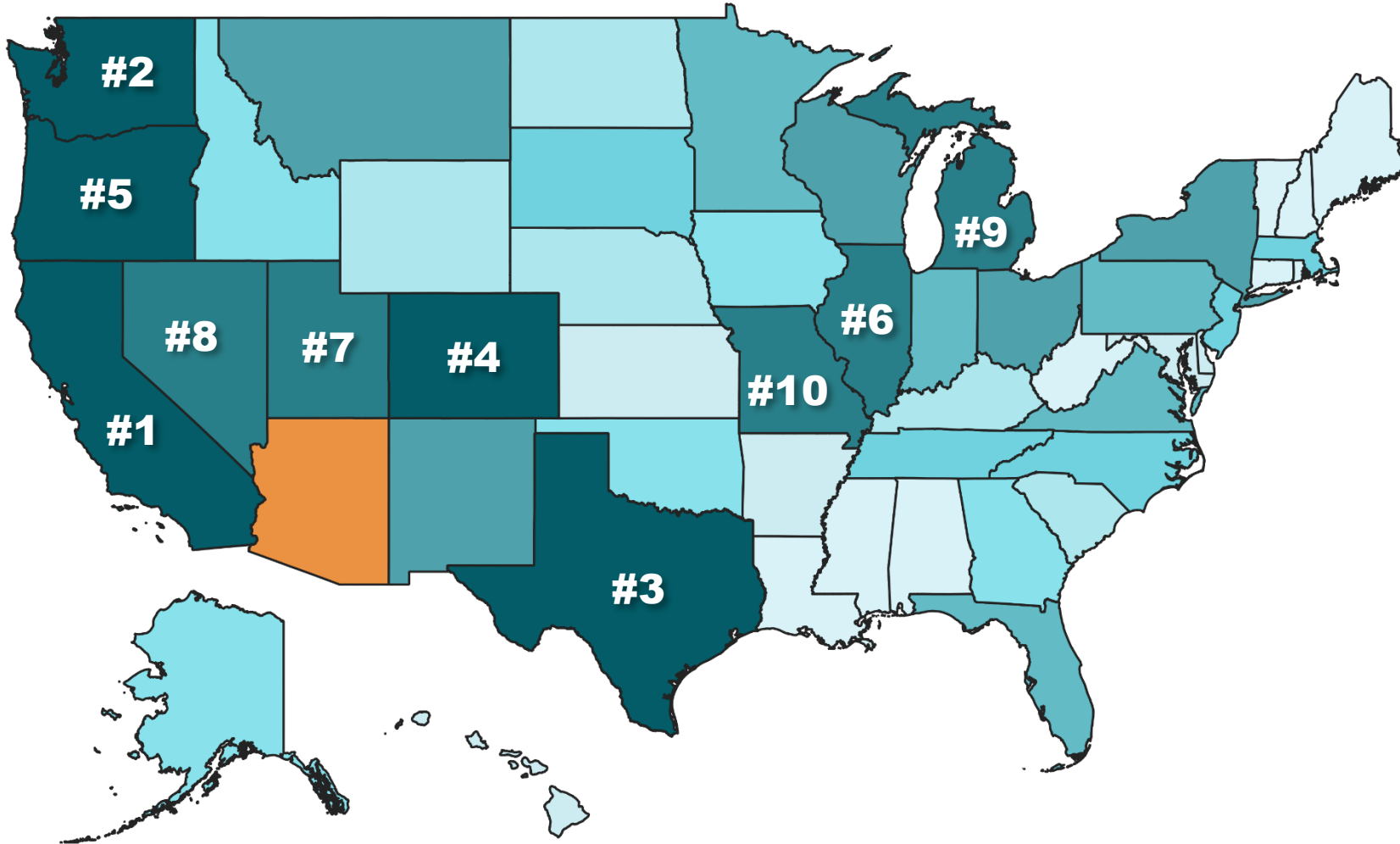
Arizona



Source: U.S. Census Bureau

In-Migration to Arizona

Top 10 States | 2022

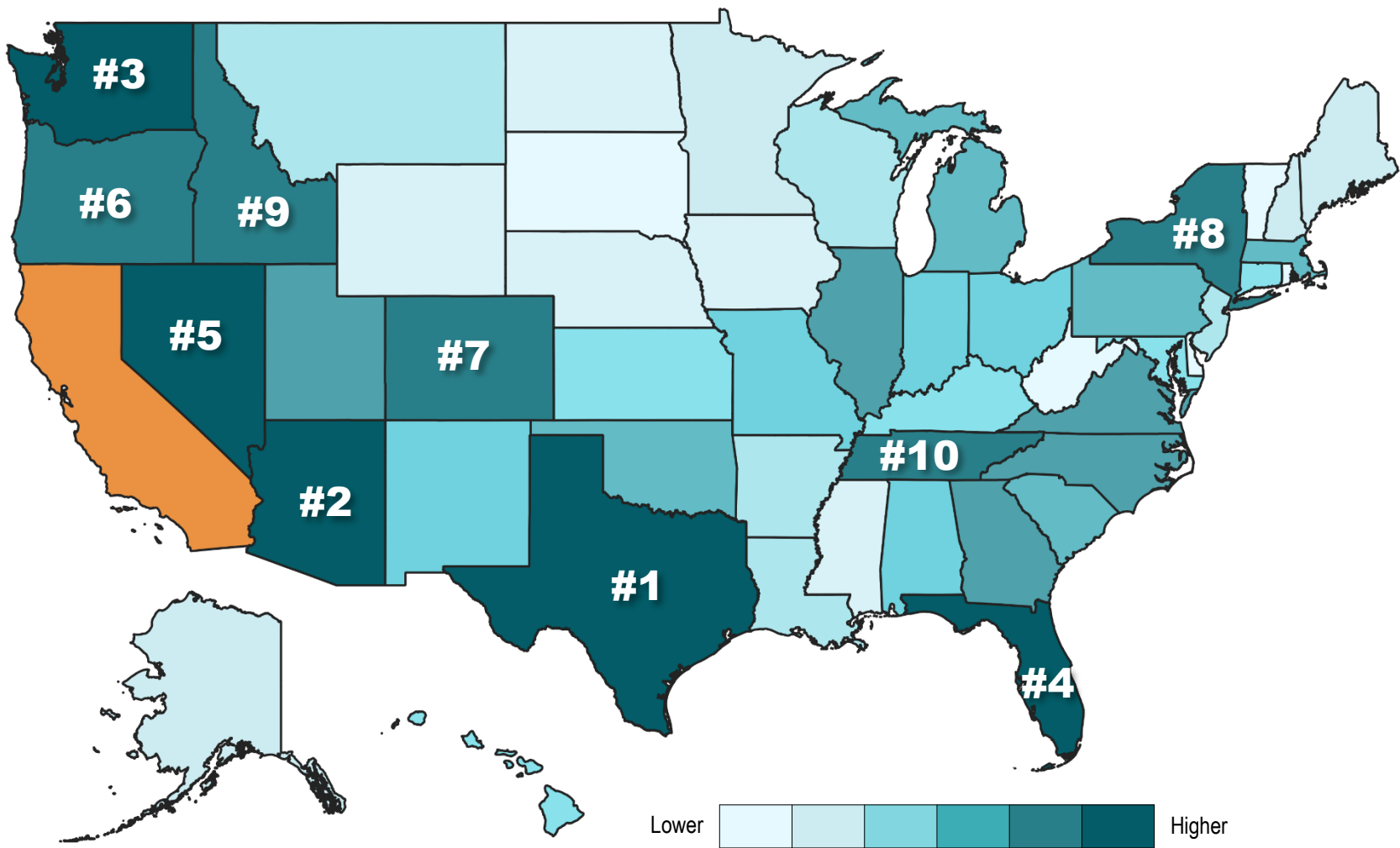


RANK	STATE	MOVERS	SHARE
1	California	74,800	31.4%
2	Washington	20,400	8.6%
3	Texas	17,600	7.4%
4	Colorado	12,400	5.2%
5	Oregon	11,700	4.9%
6	Illinois	10,900	4.6%
7	Utah	10,100	4.2%
8	Nevada	8,700	3.7%
9	Michigan	8,100	3.4%
10	Missouri	7,800	3.3%

Source: IPUMS USA, University of Minnesota; Applied Analysis

California Moving

2022 Migration Destinations

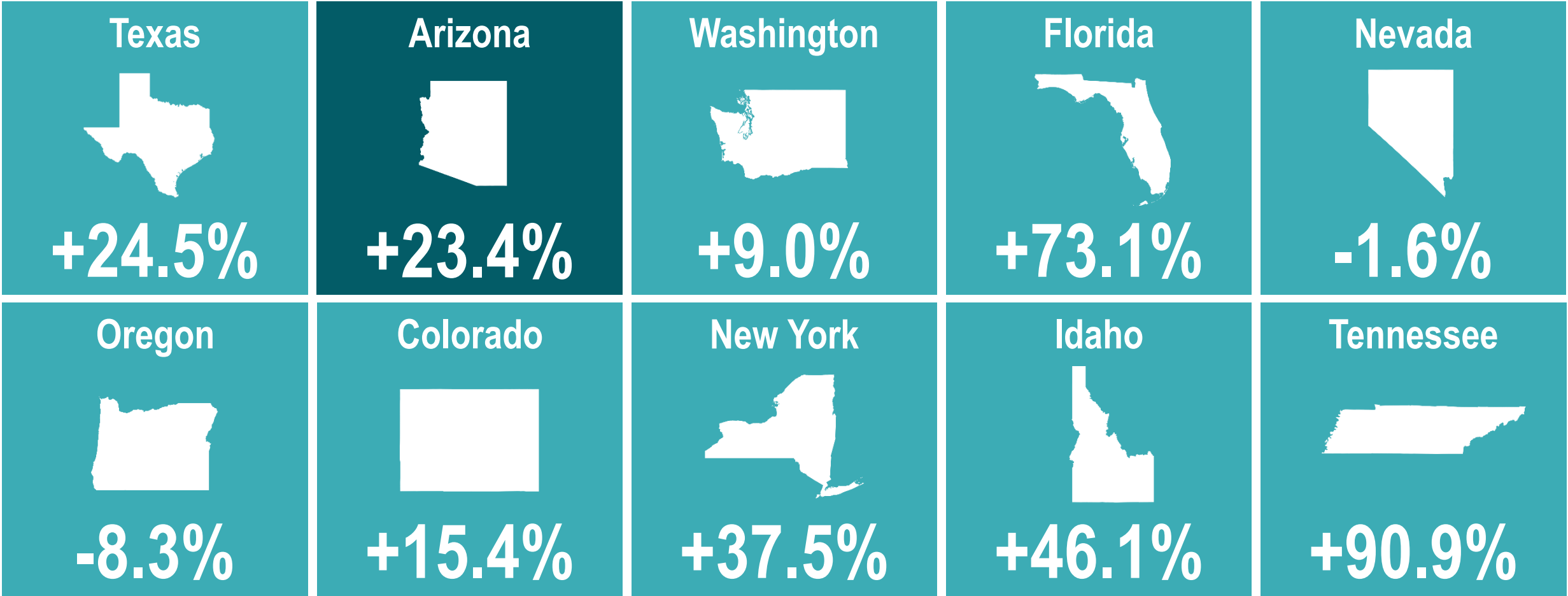


RANK	STATE	MOVERS	SHARE
1	Texas	100,000	12.1%
2	Arizona	74,800	9.0%
3	Washington	52,500	6.4%
4	Florida	48,900	5.9%
5	Nevada	46,600	5.7%
6	Oregon	36,400	4.4%
7	Colorado	35,500	4.3%
8	New York	32,700	4.0%
9	Idaho	25,900	3.1%
10	Tennessee	24,500	3.0%

Source: IPUMS USA, University of Minnesota; Applied Analysis

California Invasion

Change in Annual Migration 2019 to 2022



Source: IPUMS USA, University of Minnesota; Applied Analysis

Los Angeles Times

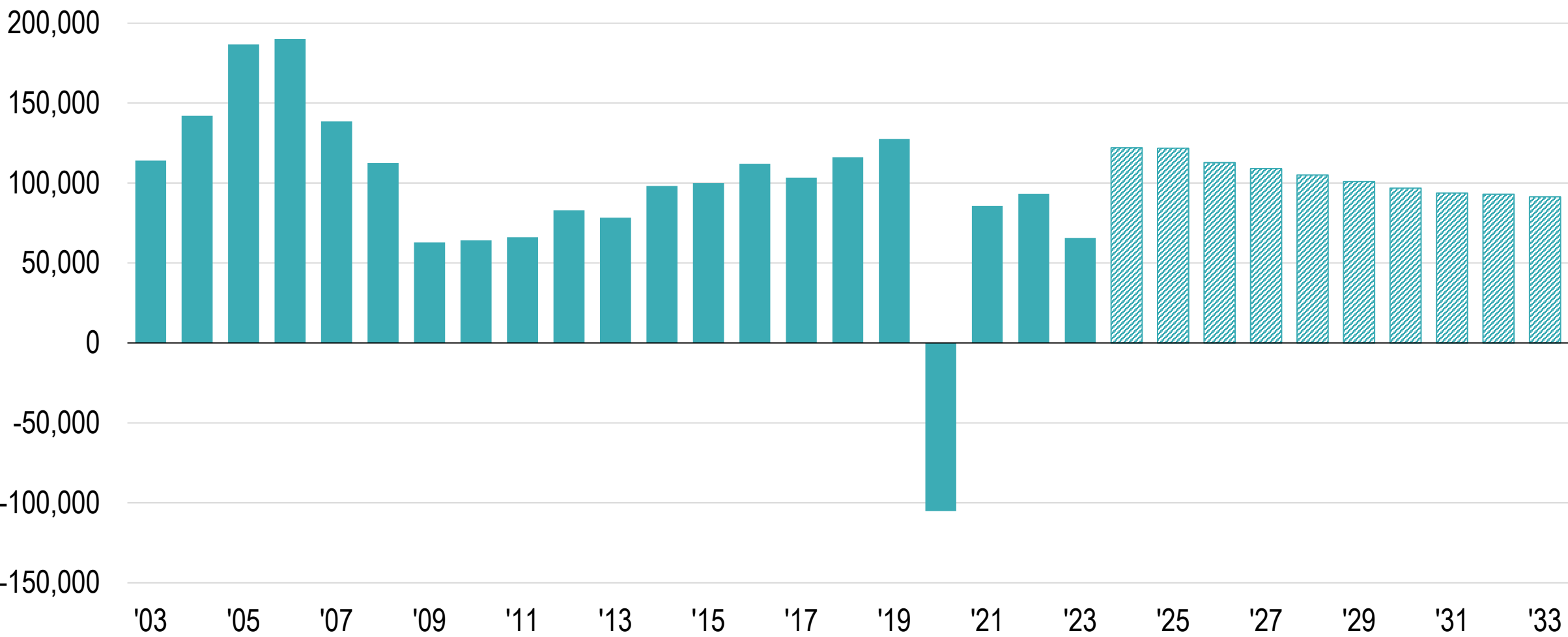
CALIFORNIA'S HOUSING CRISIS IS SPREADING TO ITS NEIGHBORS, WITH NATIONWIDE IMPLICATIONS

"More than 150,000 Californians moved to Arizona and Nevada in the last two years, driving up housing prices. Nevada's home prices have jumped by 50% since 2016, and Arizona faces a similar crisis with ballooning prices and interest rates."

Source: Los Angeles Times (April 10, 2024). Note: Video is sourced to (Ronaldbrownjr/Pixabay.com).

Population Growth

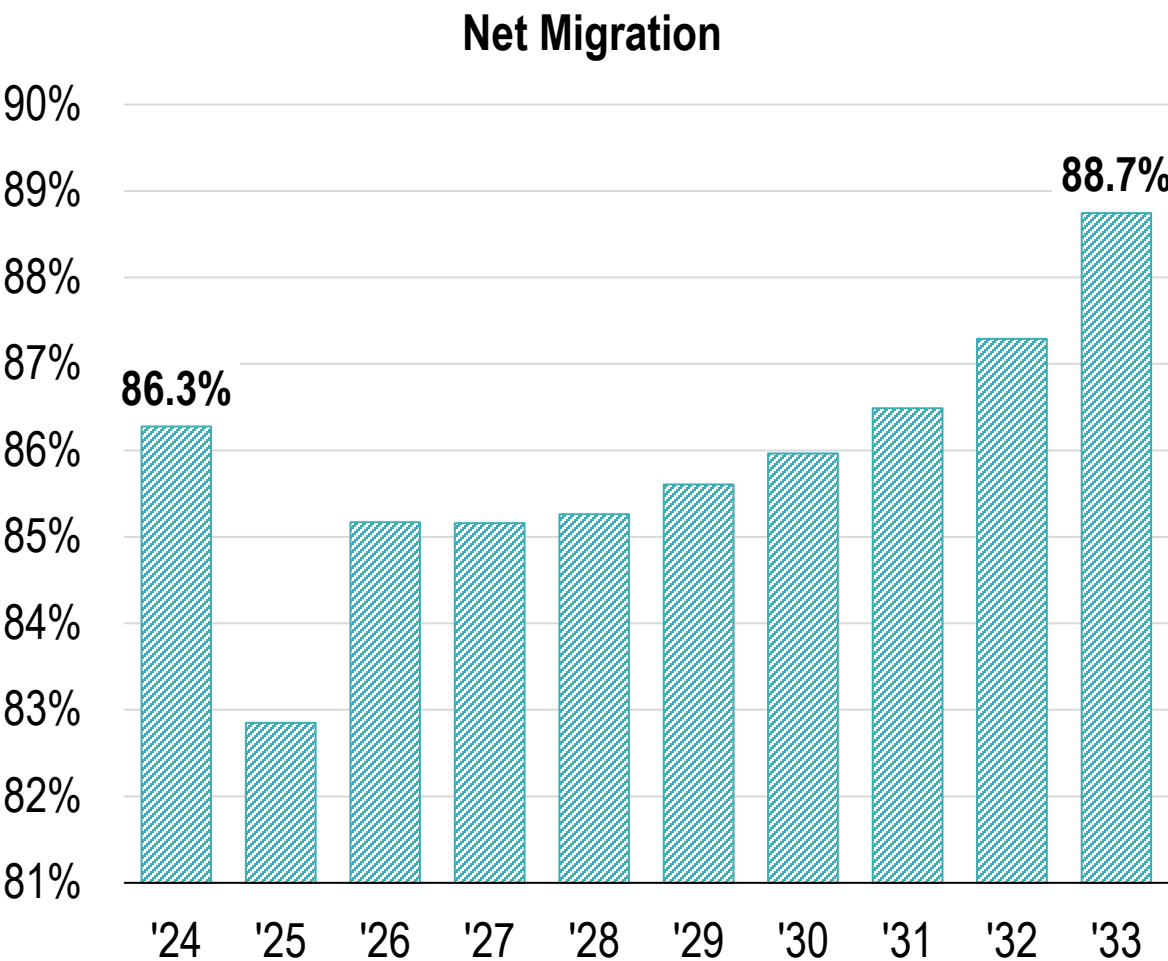
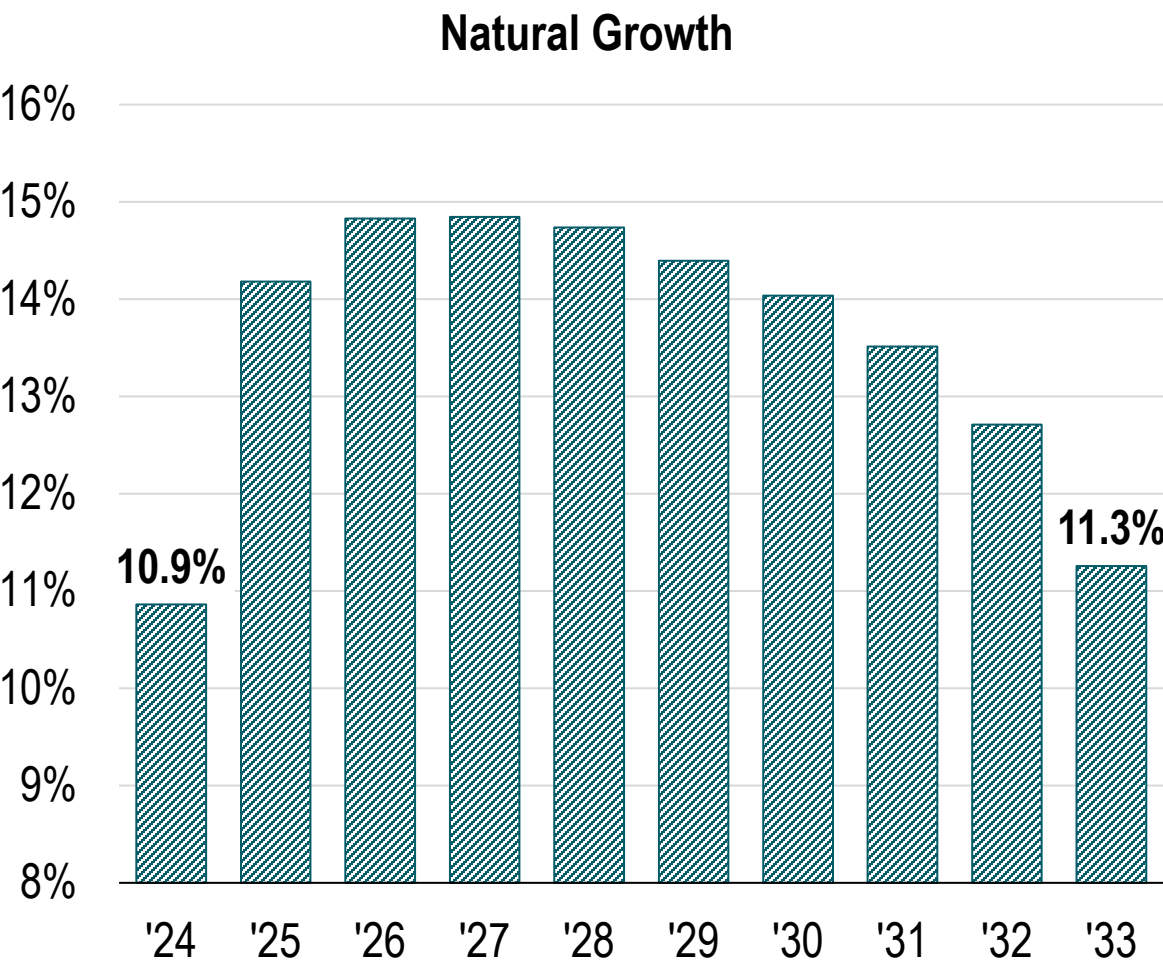
Arizona | Historical and Forecasted Growth



Source: U.S. Census Bureau; Arizona Office of Economic Opportunity; Applied Analysis. Note: Medium series annual growth projections and census data are used to calculate nominal growth.

Components of Population Growth

Arizona | Forecasted Share of Total Growth



Source: Arizona Office of Economic Opportunity. Note: Data reflects medium series forecasts. 2024 and 2025 will not add up to 100% forecast as special population change is excluded for these years.



POPULATION GROWTH

SUPPLY VS. DEMAND

HOUSING AFFORDABILITY

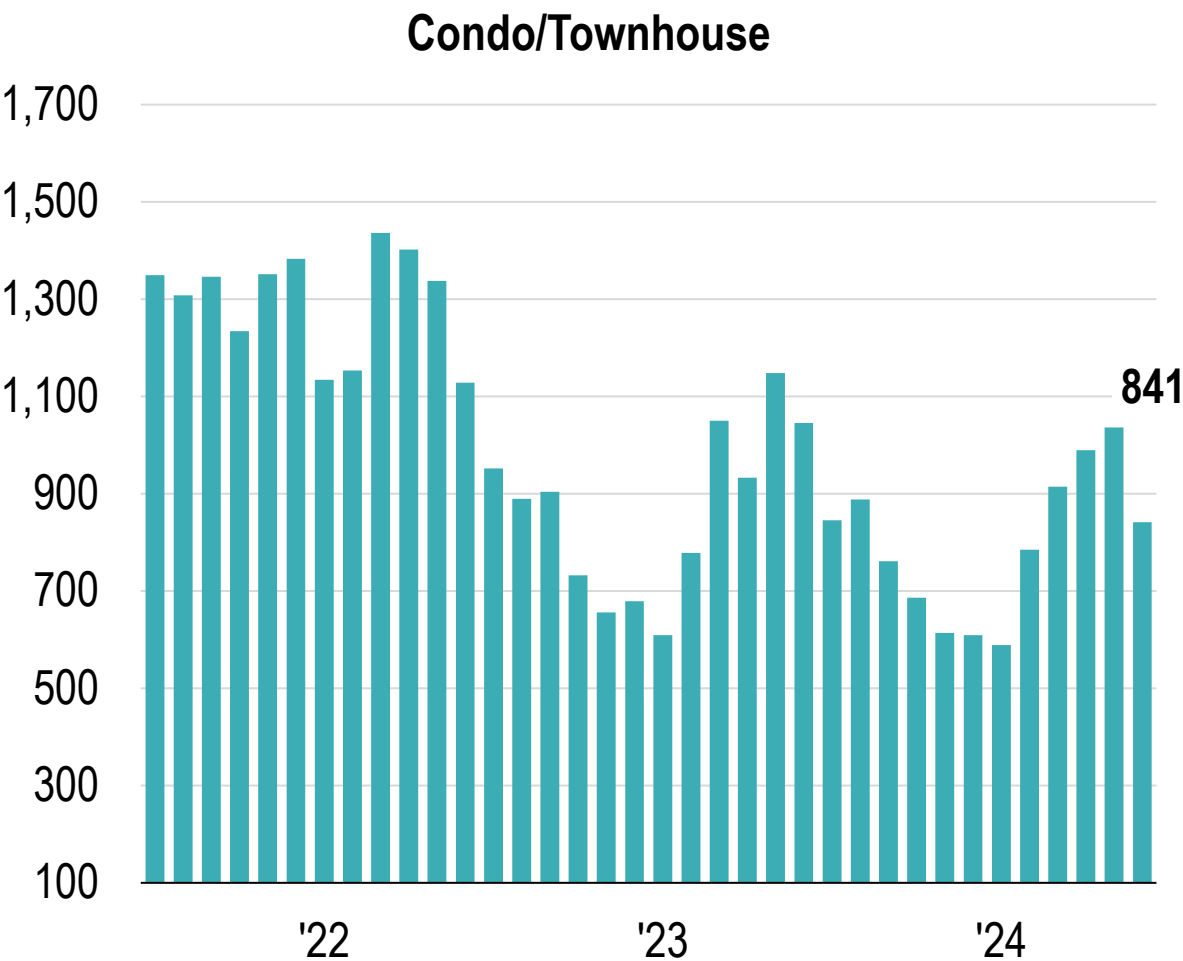
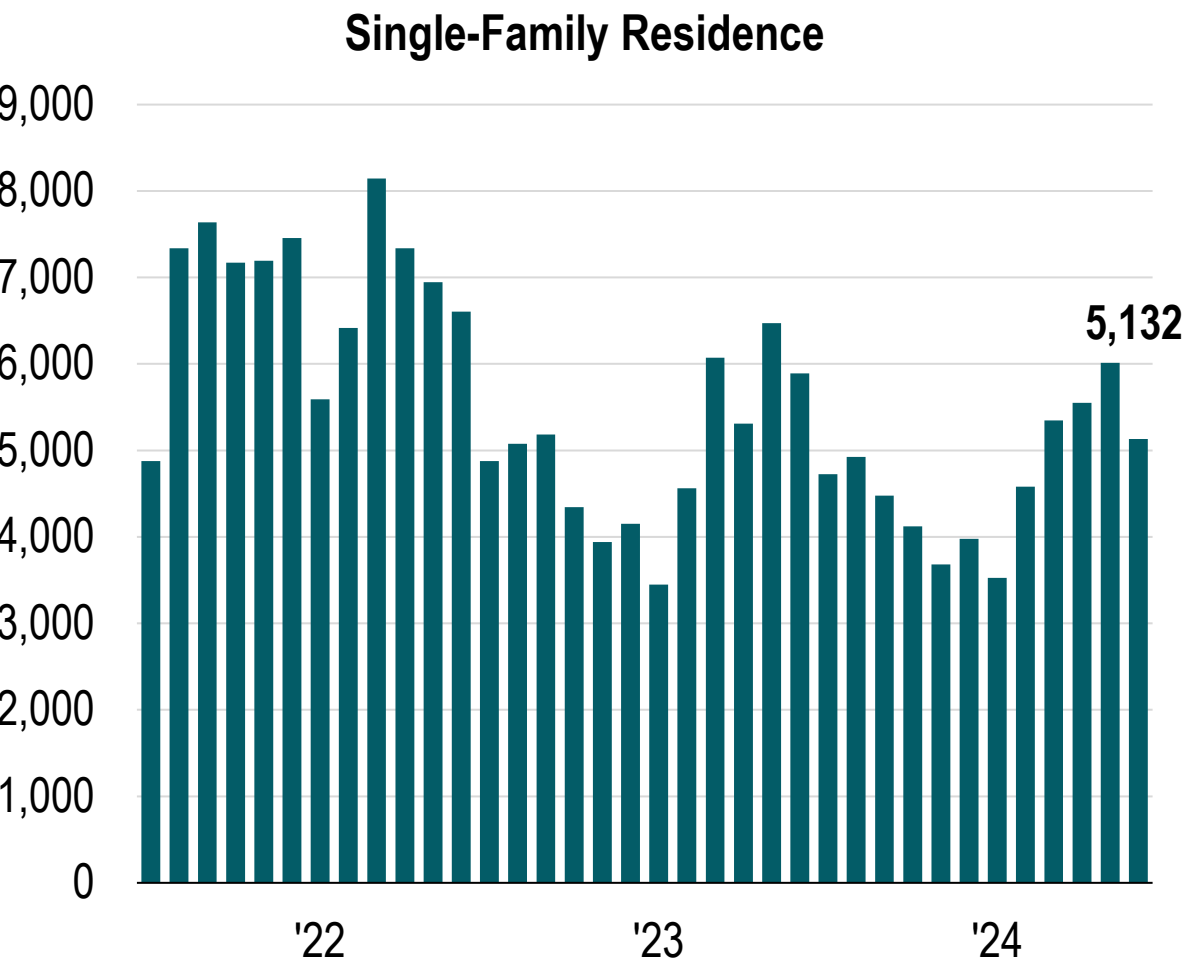
HOMEOWNERSHIP

RENTAL MARKET DYNAMICS

OUTLOOK

Resale Home Closings

Phoenix MSA

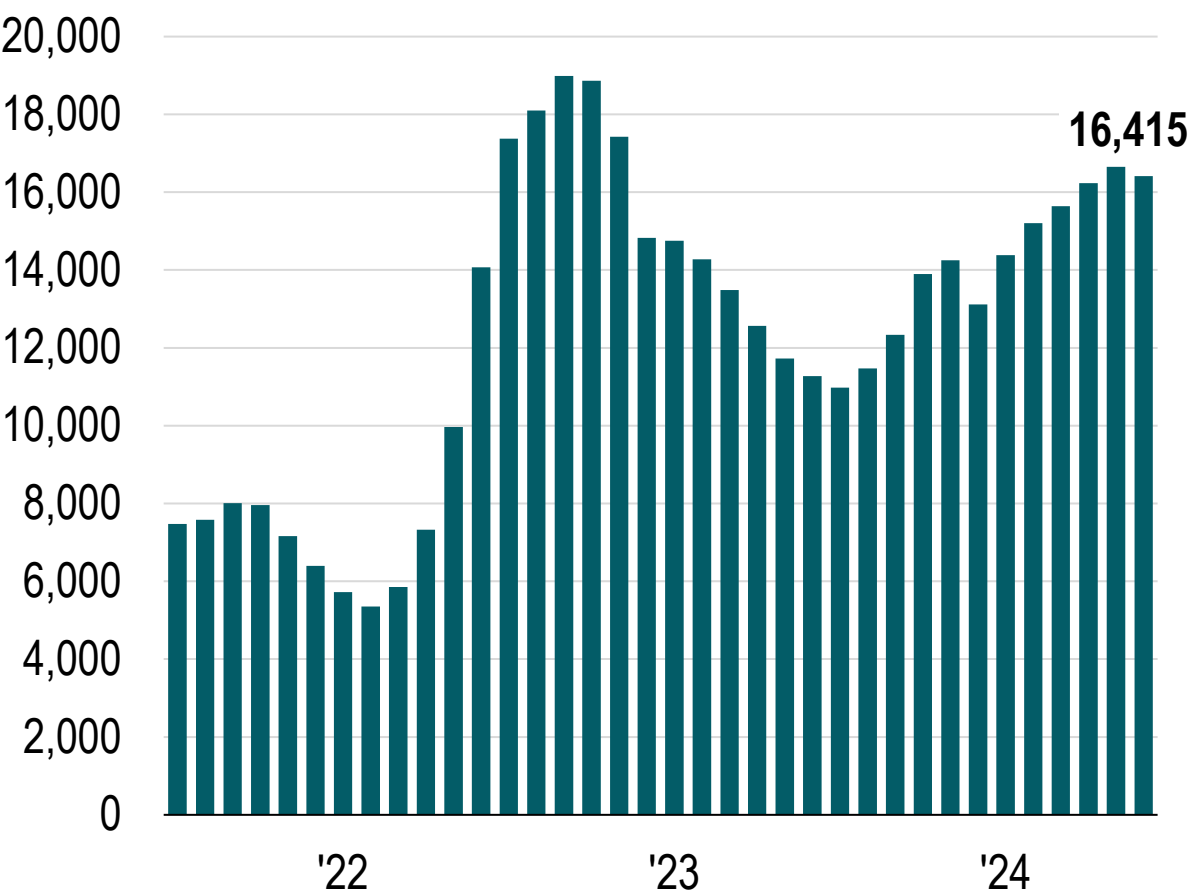


Source: Phoenix Realtors

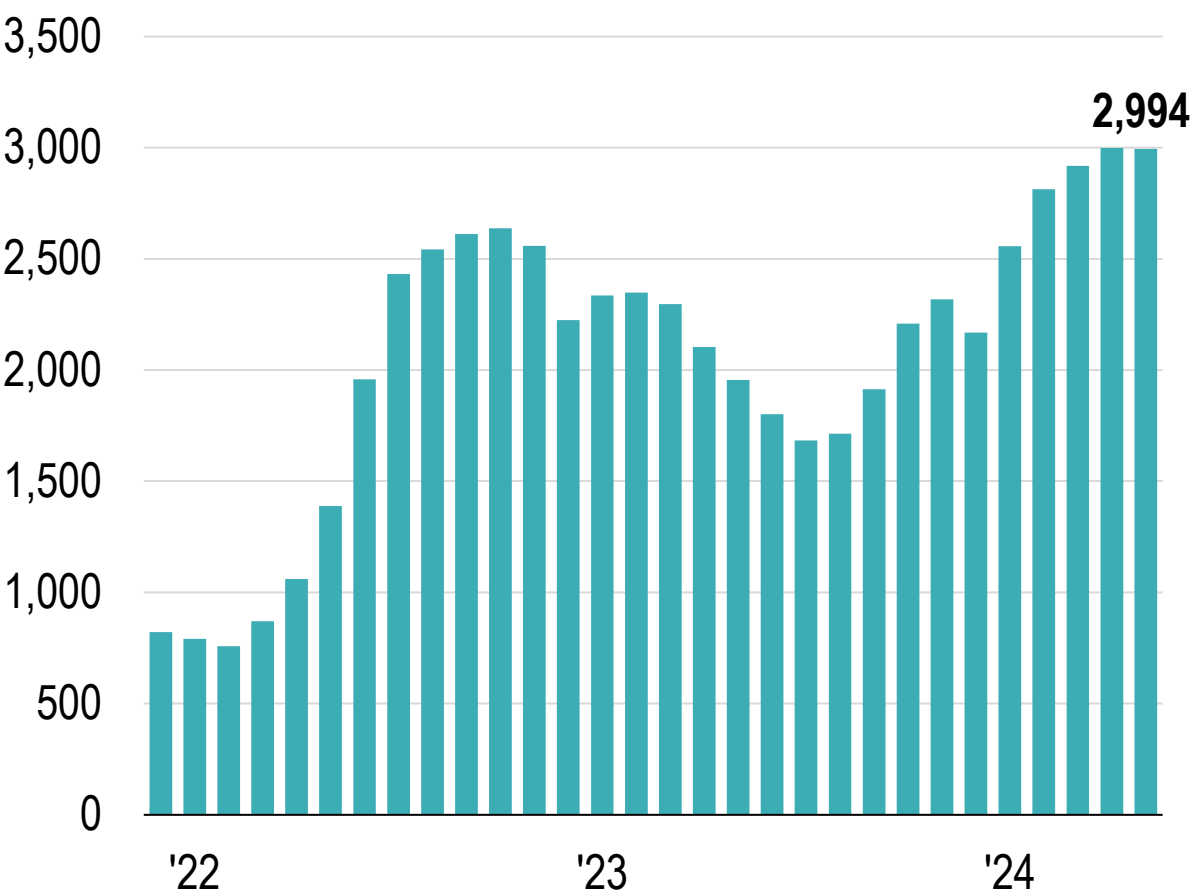
Active Inventory

Phoenix MSA

Single-Family Residence



Townhouse/Condo

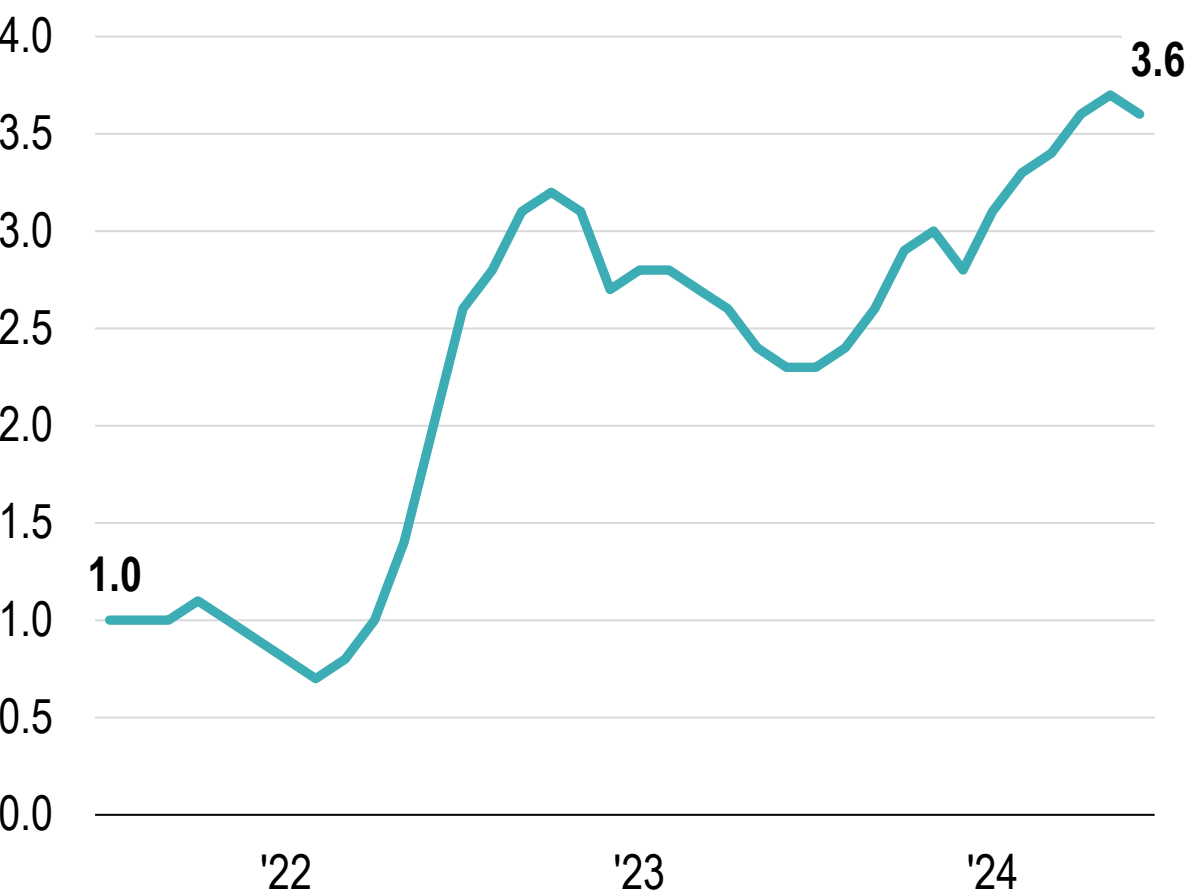


Source: Phoenix Realtors

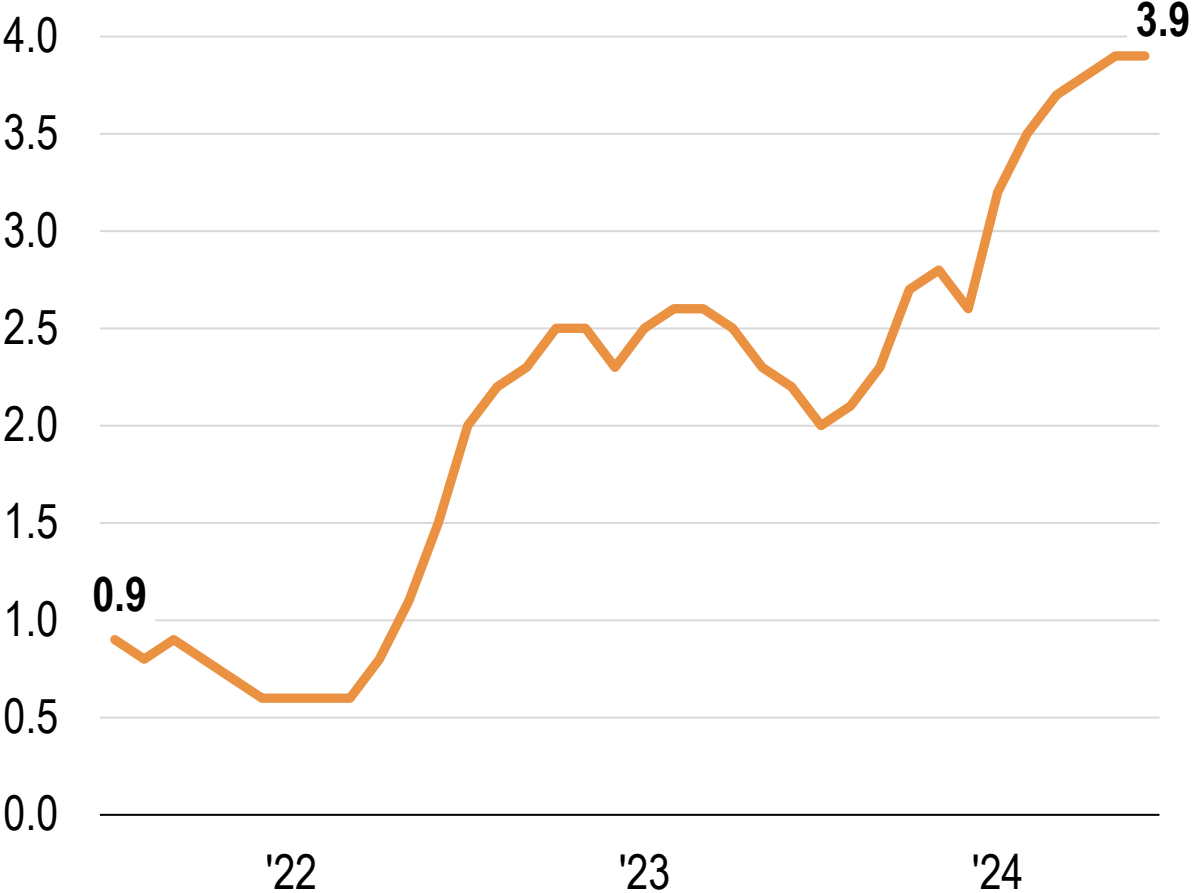
Months Supply of Inventory

Phoenix MSA | Supply vs. Demand

Single-Family Residence



Townhouse/Condo



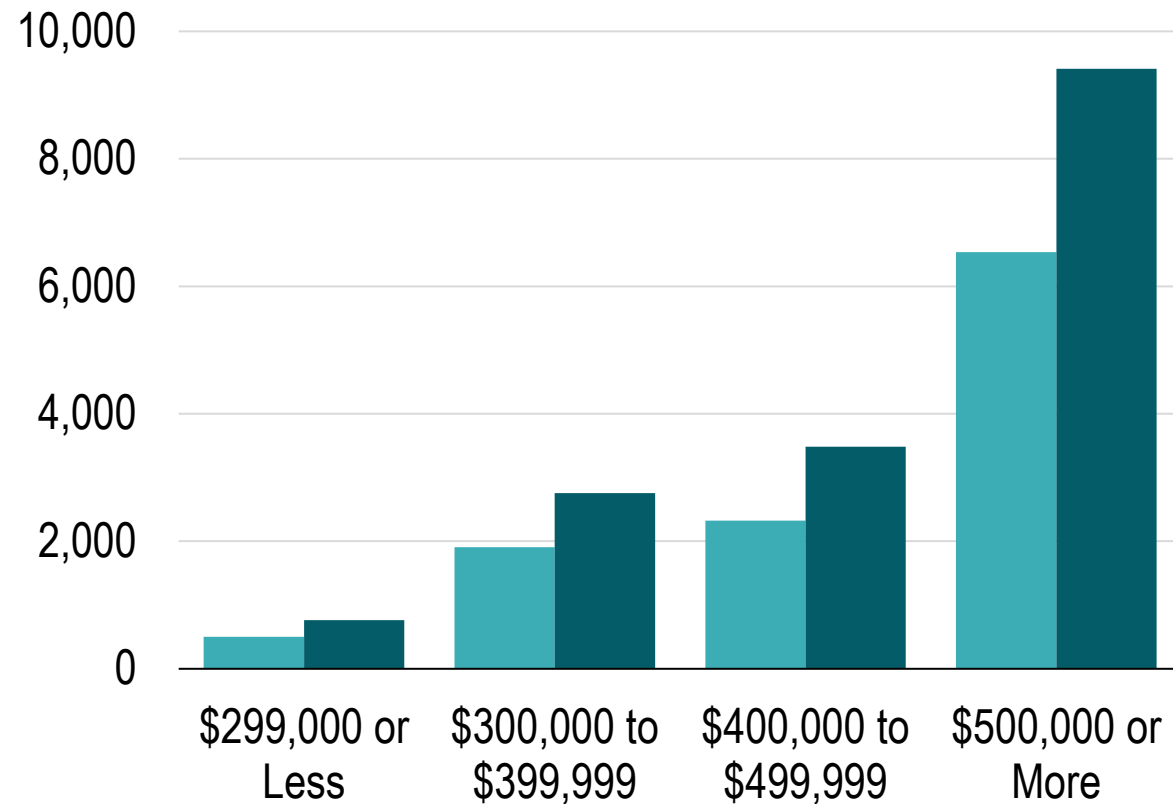
Source: Phoenix Realtors

Active Inventory

Phoenix MSA | By Price Range

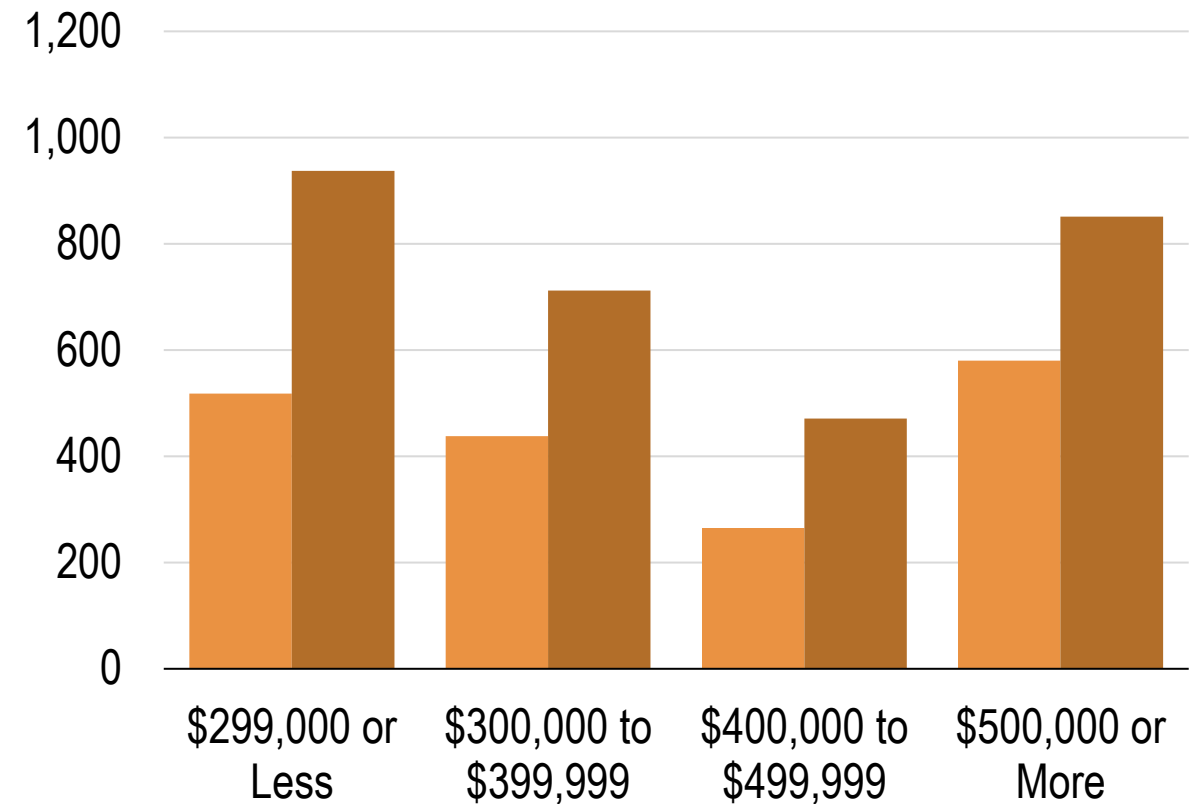
Single-Family Residence

■ June 2023 ■ June 2024



Townhouse/Condo

■ June 2023 ■ June 2024



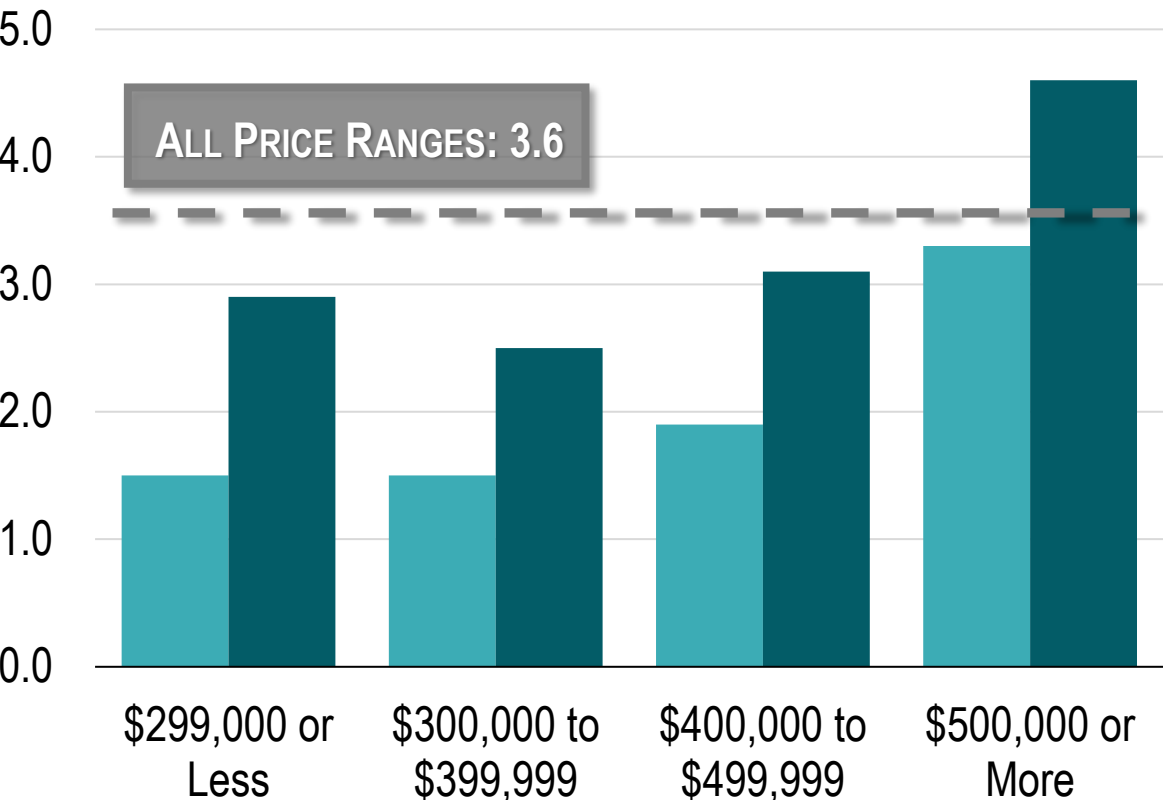
Source: Phoenix Realtors

Months Supply of Inventory

Phoenix MSA | By Price Range

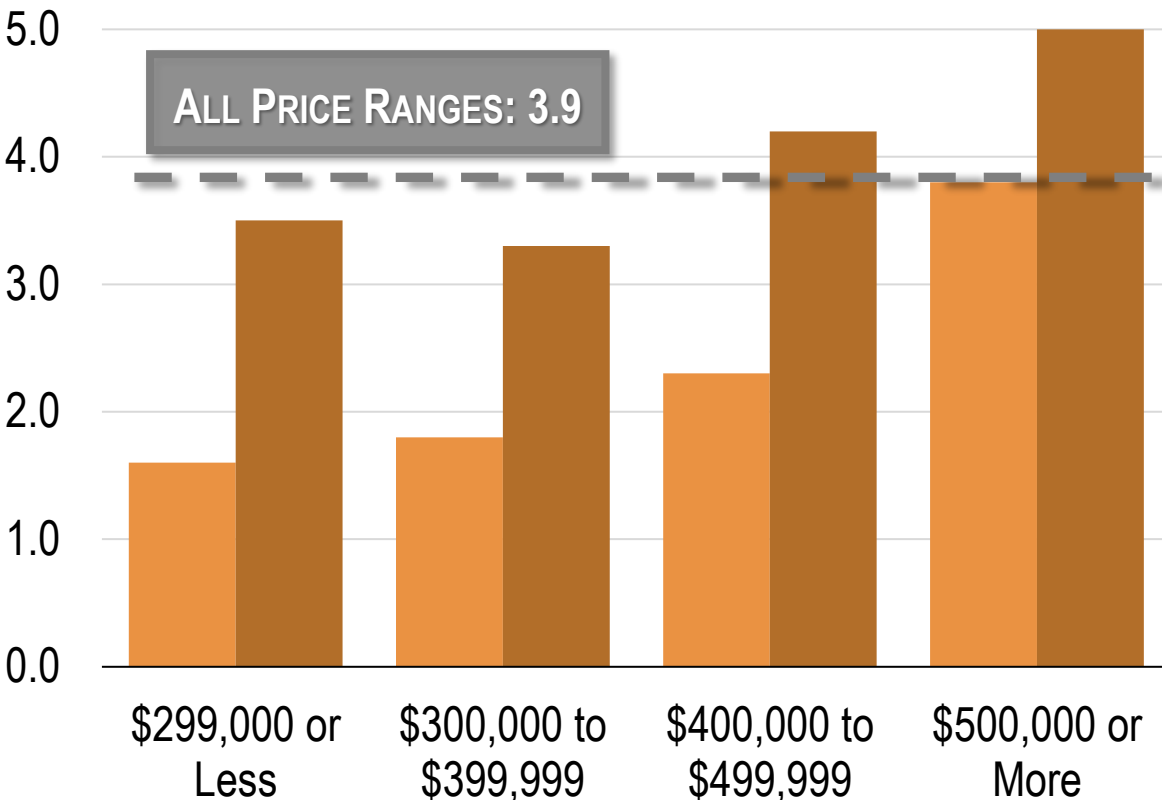
Single-Family Residence

June 2023 June 2024



Townhouse/Condo

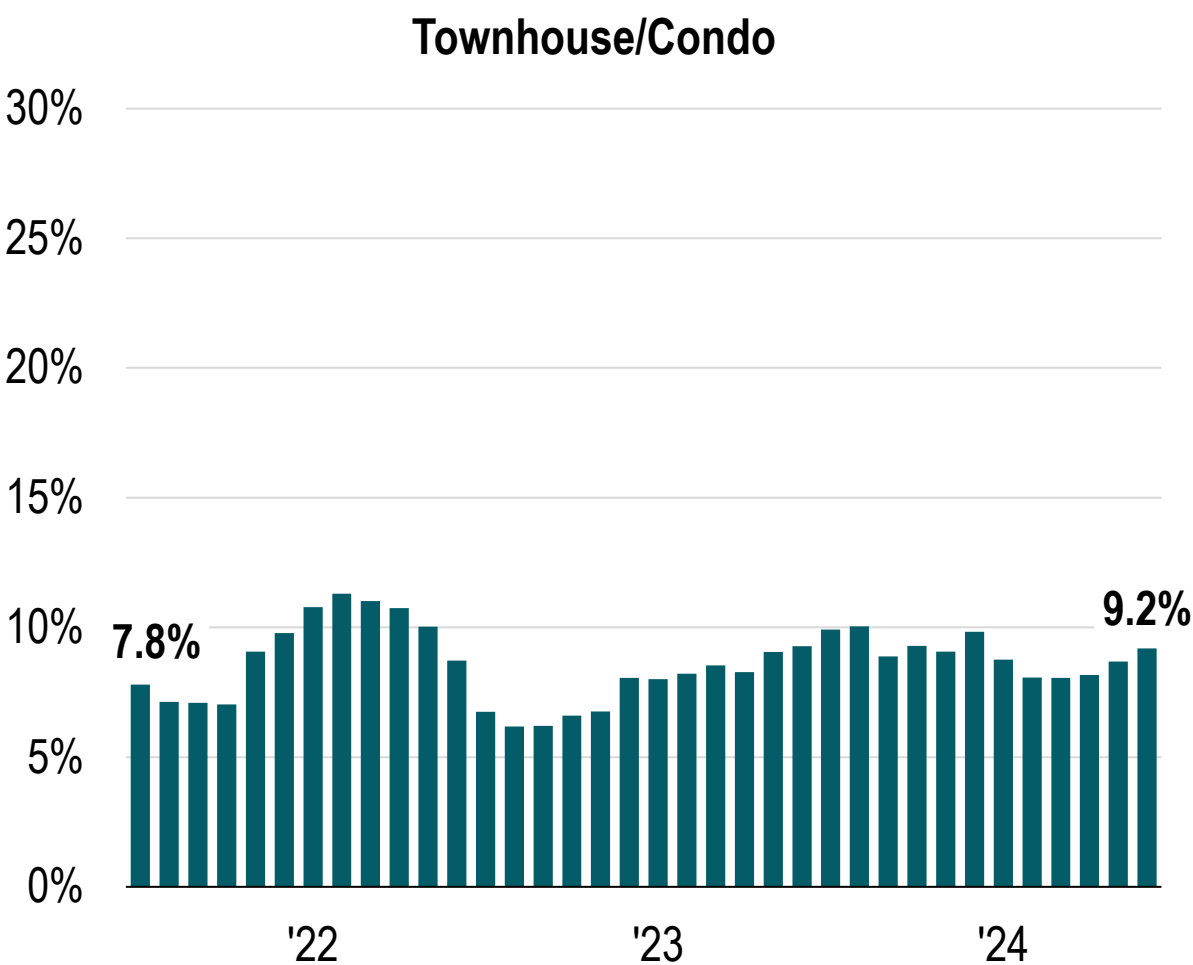
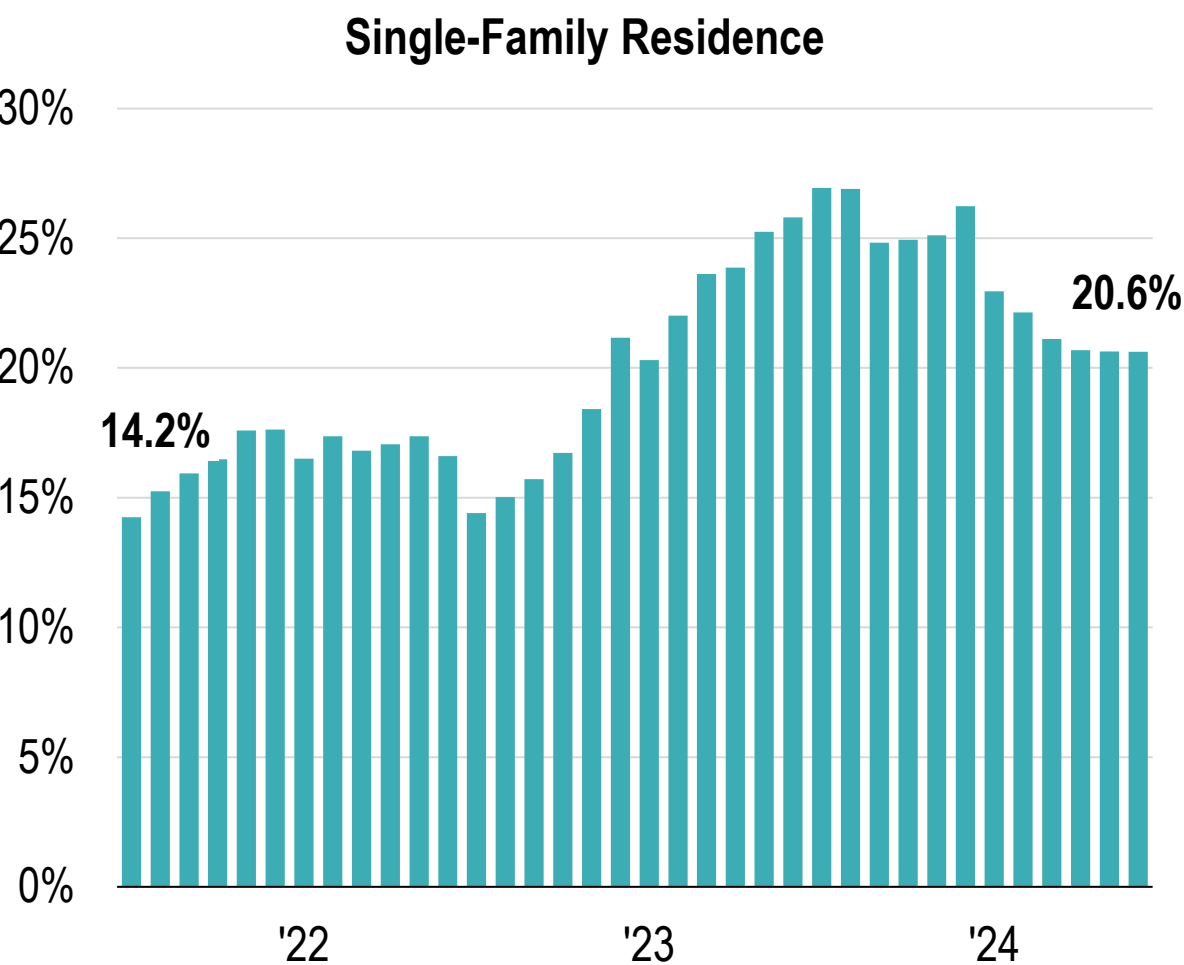
June 2023 June 2024



Source: Phoenix Realtors. Note: Month supply of inventory for all price ranges in June 2024 is shown.

New Construction

Phoenix MSA | As Share of Active Inventory Relative to Property Type



Source: Phoenix Realtors

Days On The Market

JUNE 2023

JUNE 2024

NEW
CONSTRUCTION

71

76

PREVIOUSLY
OWNED

60

56

ALL
TYPES

62

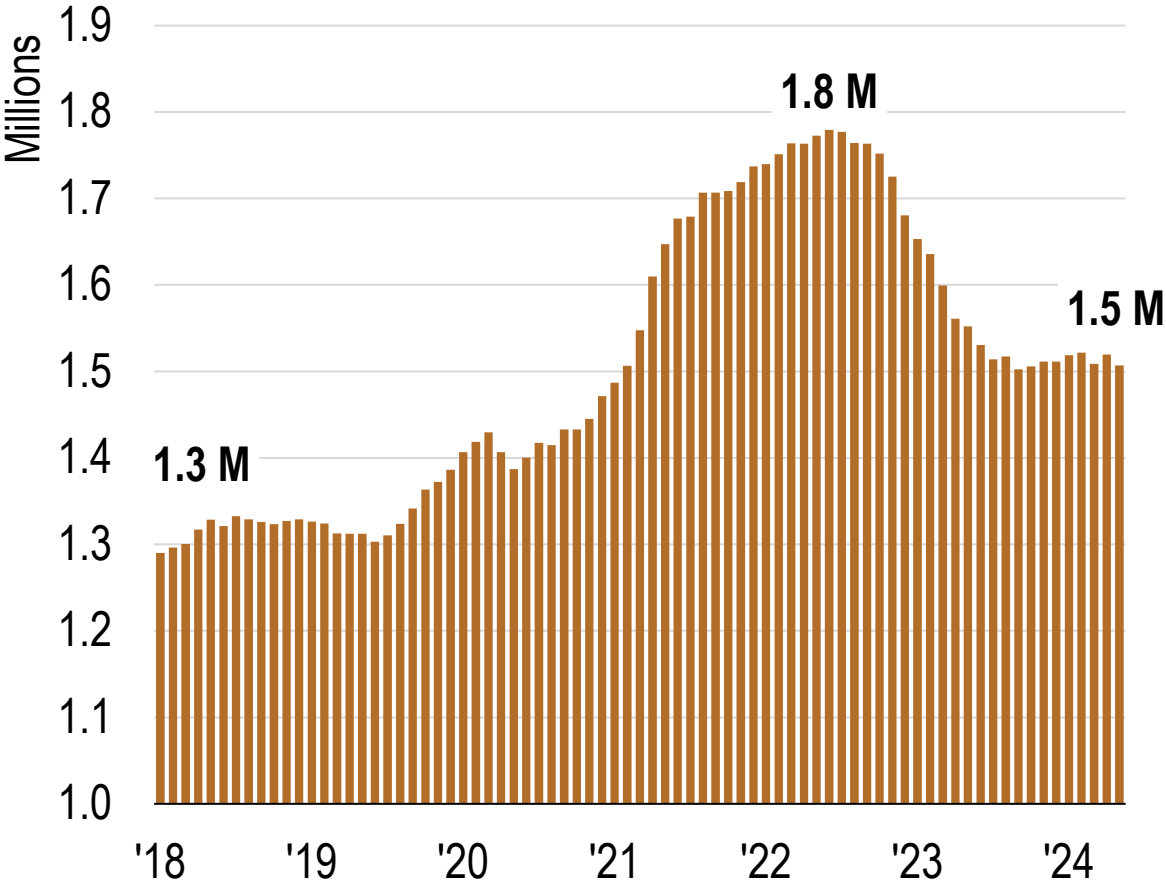
60

Source: Phoenix Realtors. Note: Image is sourced to (Jason Finn/shutterstock.com).

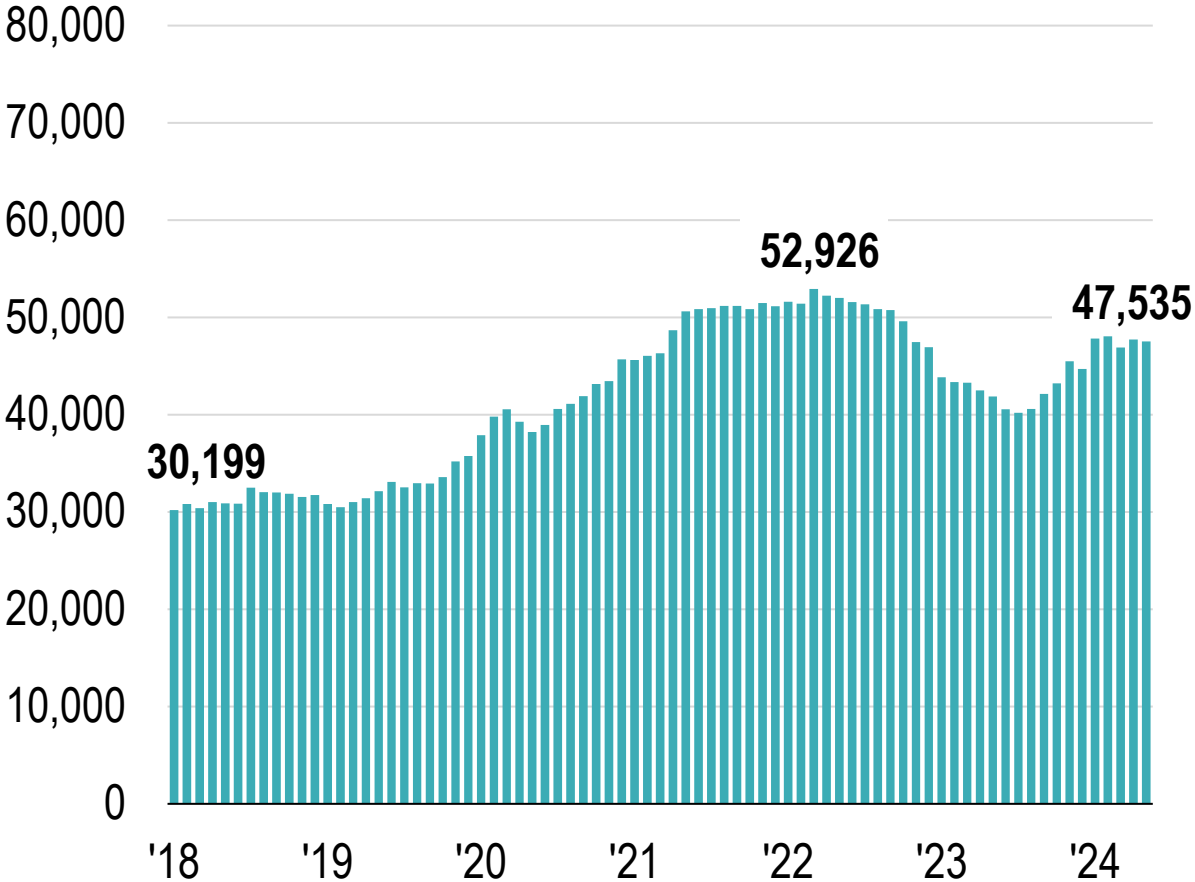
Building Permits

United States | Trailing-Twelve-Month Totals

United States



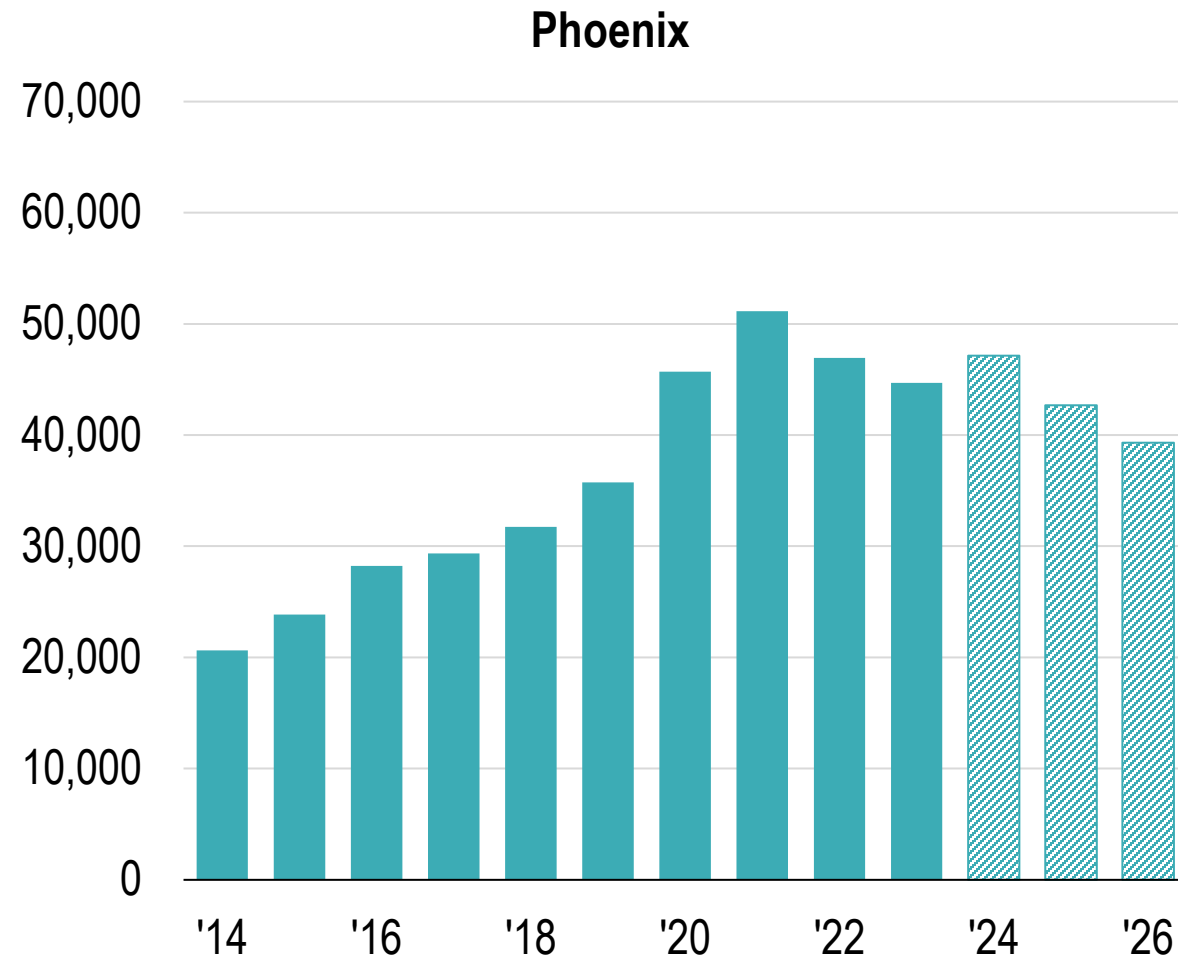
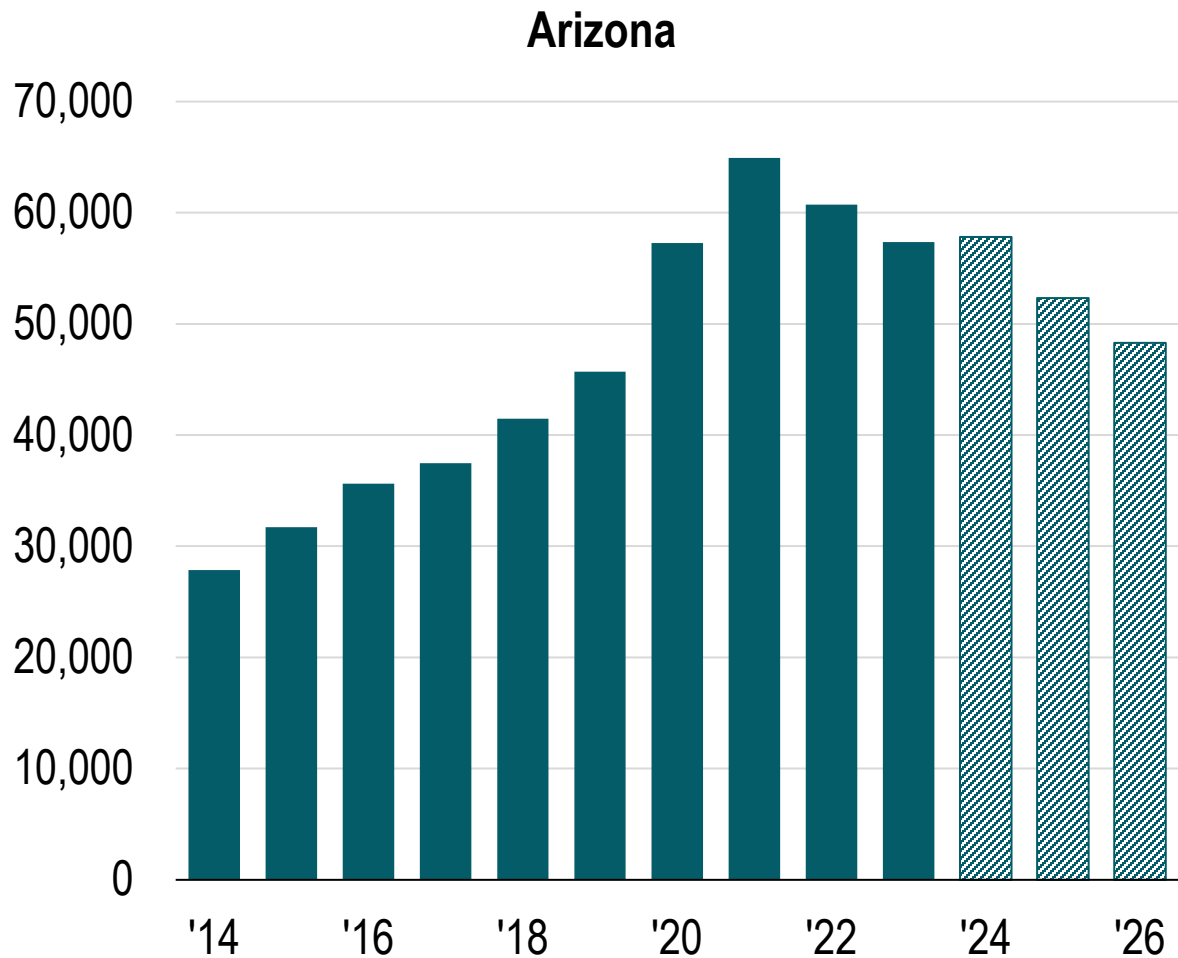
Phoenix



Source: U.S. Census Bureau

Building Permits

In Arizona | Historical and Forecasted Nominal Growth



Source: U.S. Census Bureau; University of Arizona Q2 Forecast (May 2024)

Arizona's Housing Shortage

67,400

- Common Sense Institute

270,000

- Arizona Department of Housing

Source: Common Sense Institute; Arizona Department of Housing. Note: Image is sourced to (Matt Gush/shutterstock.com).



POPULATION GROWTH

SUPPLY VS. DEMAND

HOUSING AFFORDABILITY

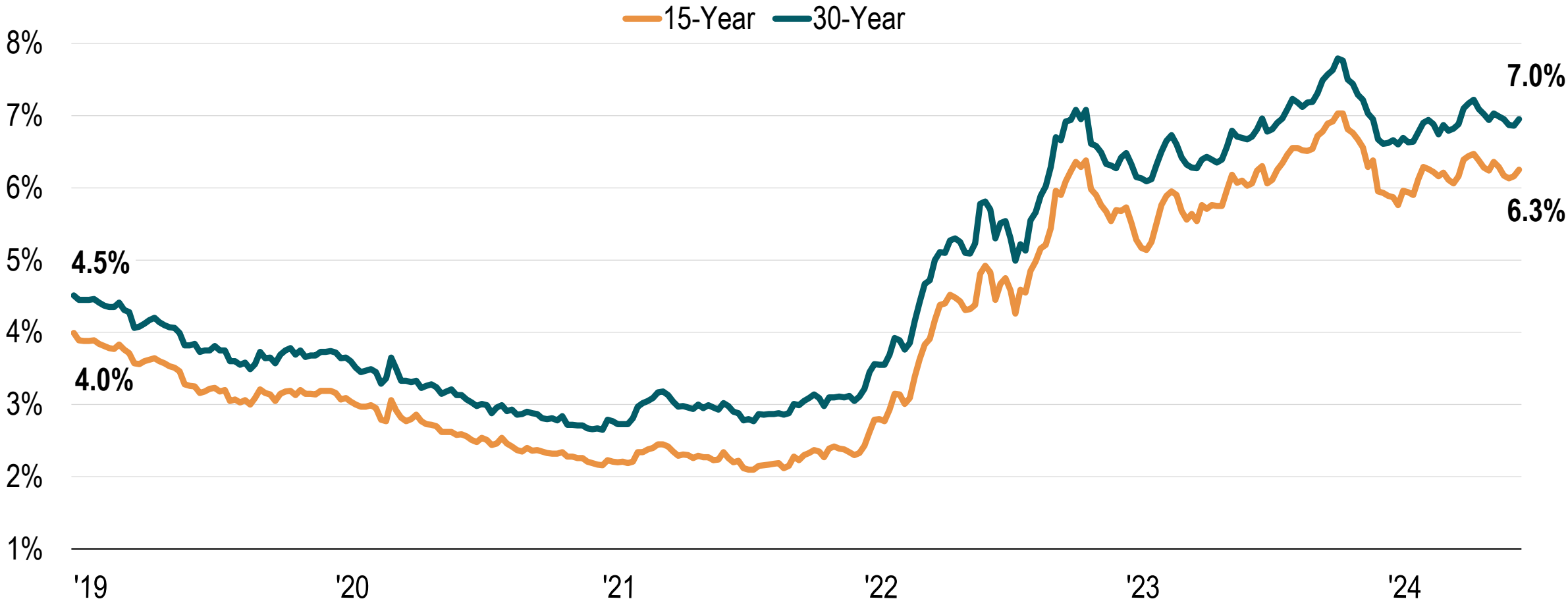
HOMEOWNERSHIP

RENTAL MARKET DYNAMICS

OUTLOOK

Mortgage Interest Rates

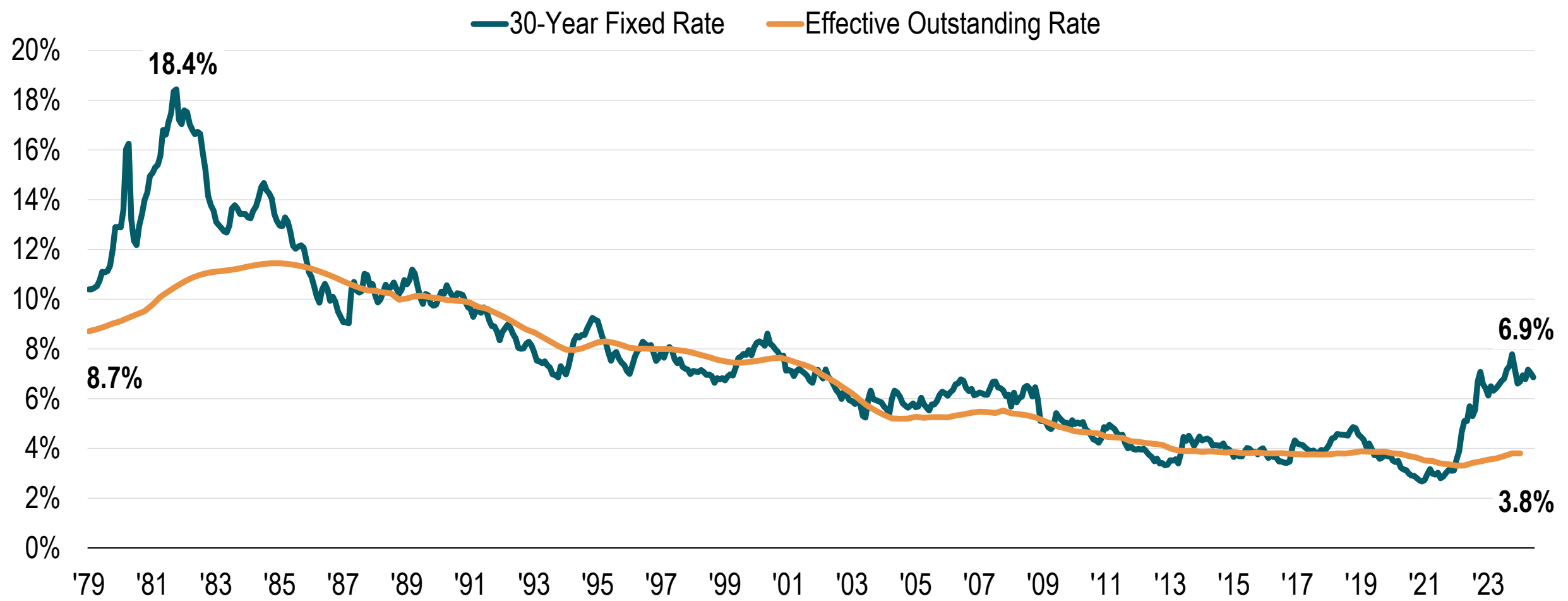
National | Fixed Rate



Source: Freddie Mac. Note: Weekly data is shown.

Mortgage Interest Rates

National | 30-Year Fixed Rate vs. Effective Outstanding Rates



Source: Freddie Mac; Bureau of Economic Analysis

MORTGAGE “LOCK-IN” EFFECT

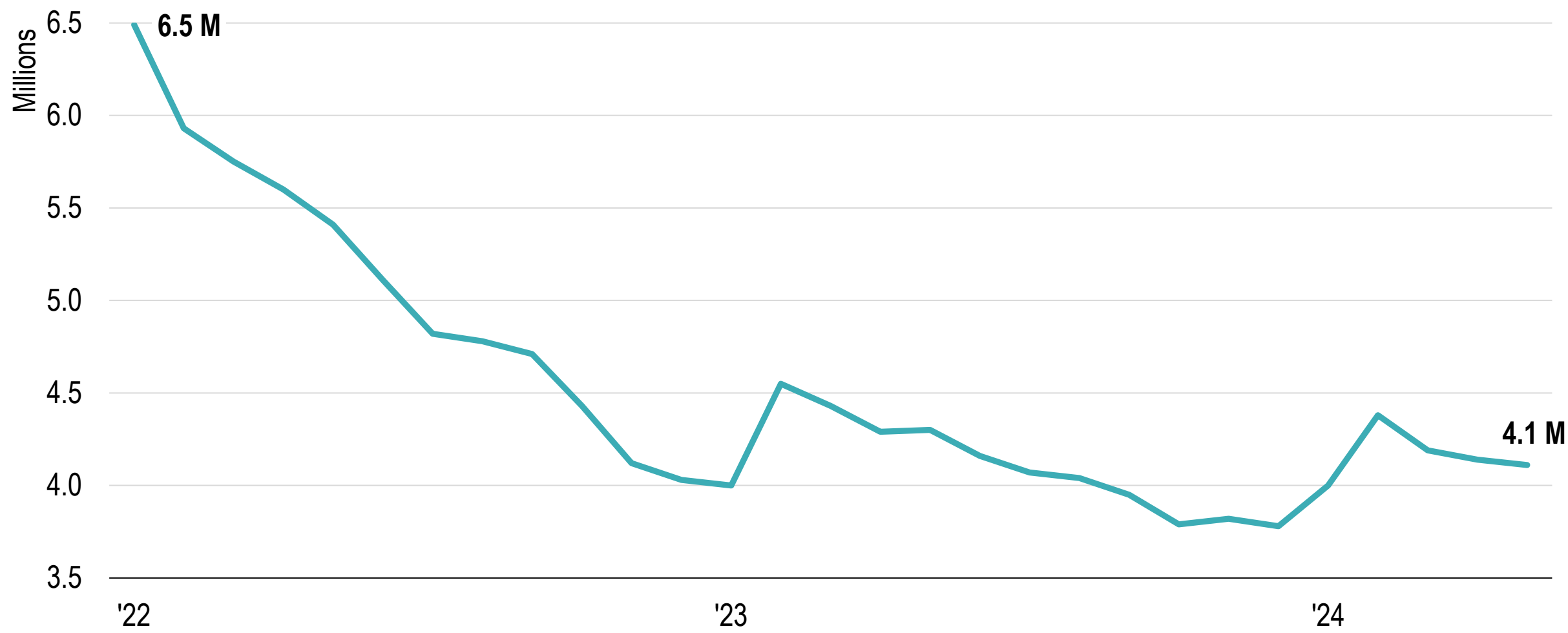
A financial phenomenon keeping homeowners “locked” in their homes when current mortgage rates significantly exceed existing loan rates.



Source: Bankrate. Note: Image is sourced to (fizkes/shutterstock.com).

Existing Home Sales

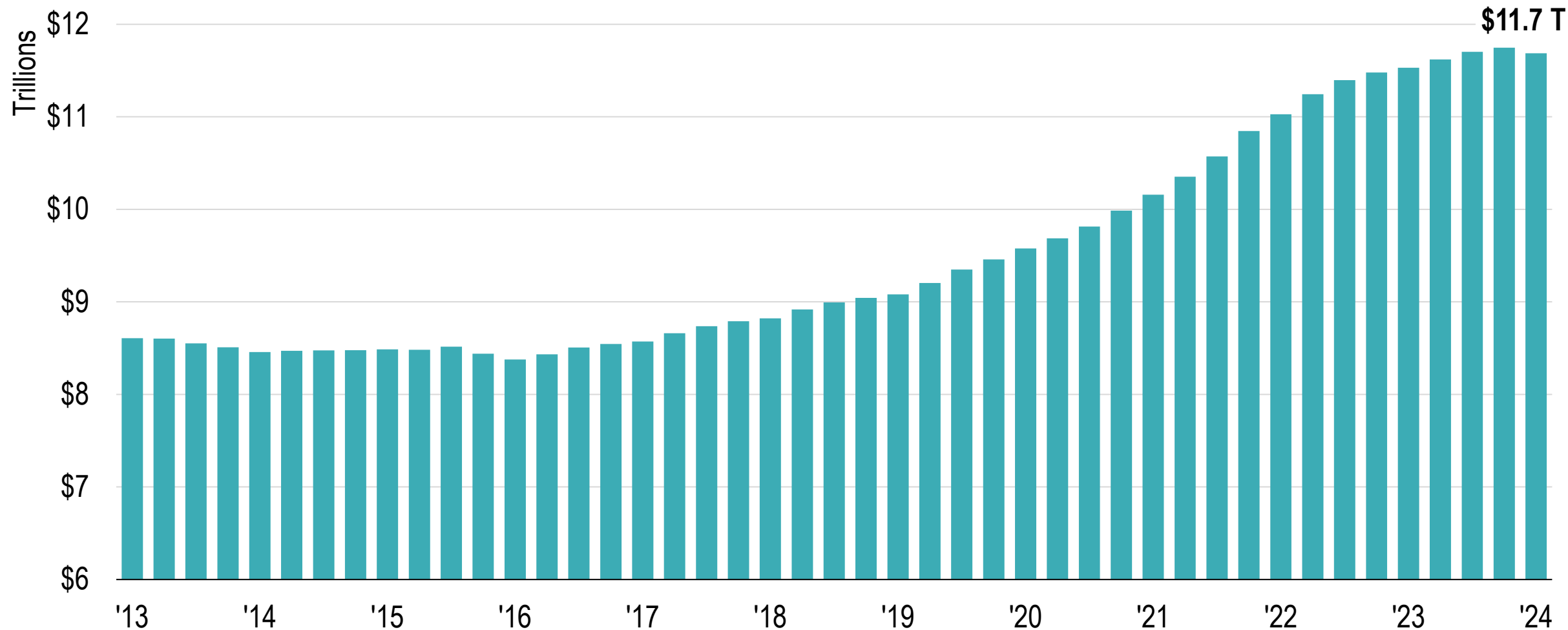
National



Source: Bankrate; National Association of Realtors

Outstanding Loan Volume

National | Residential Mortgages



Source: Federal Housing Finance Agency, National Mortgage Database. Note: Data reflects total unpaid principal balance of outstanding mortgages.

Total Outstanding Mortgages

National | Q1 2024

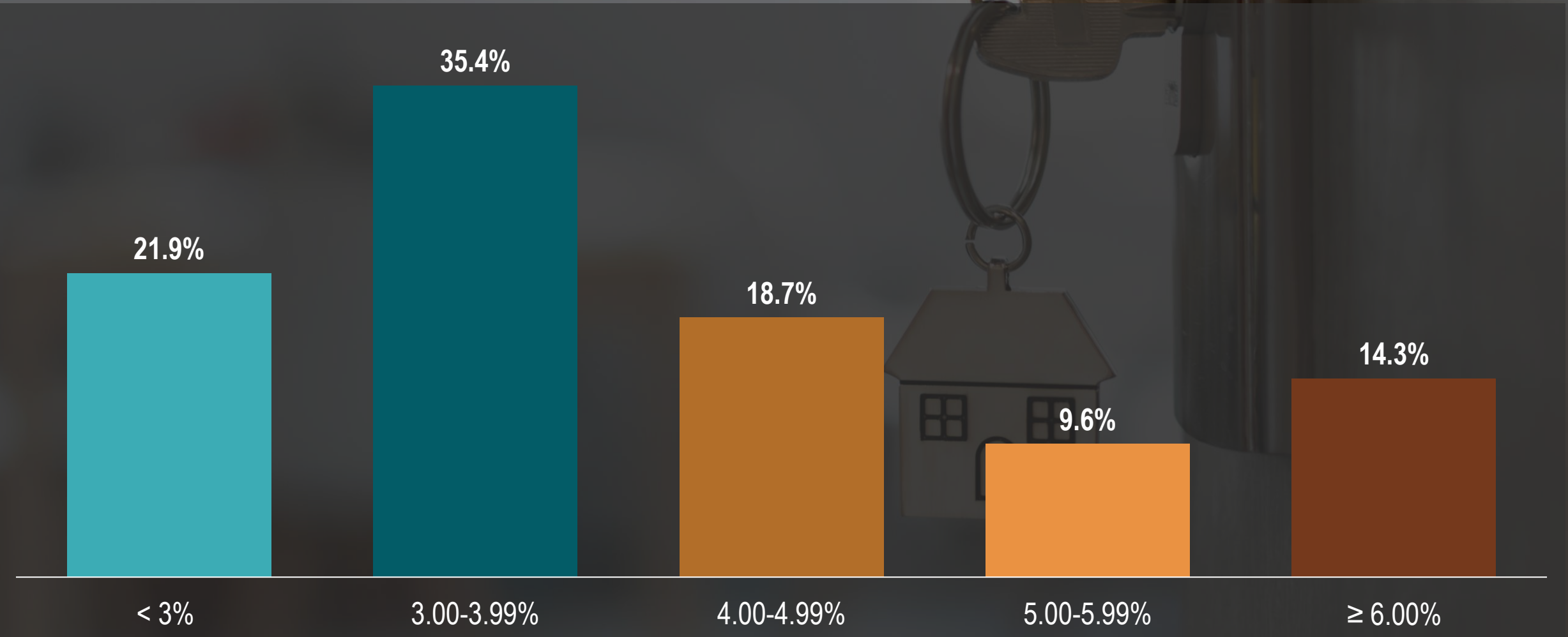
50.9 M



Source: Federal Housing Finance Agency, National Mortgage Database. Note: Image is sourced to (Inna Dodor/shutterstock.com).

Outstanding Share of Mortgages

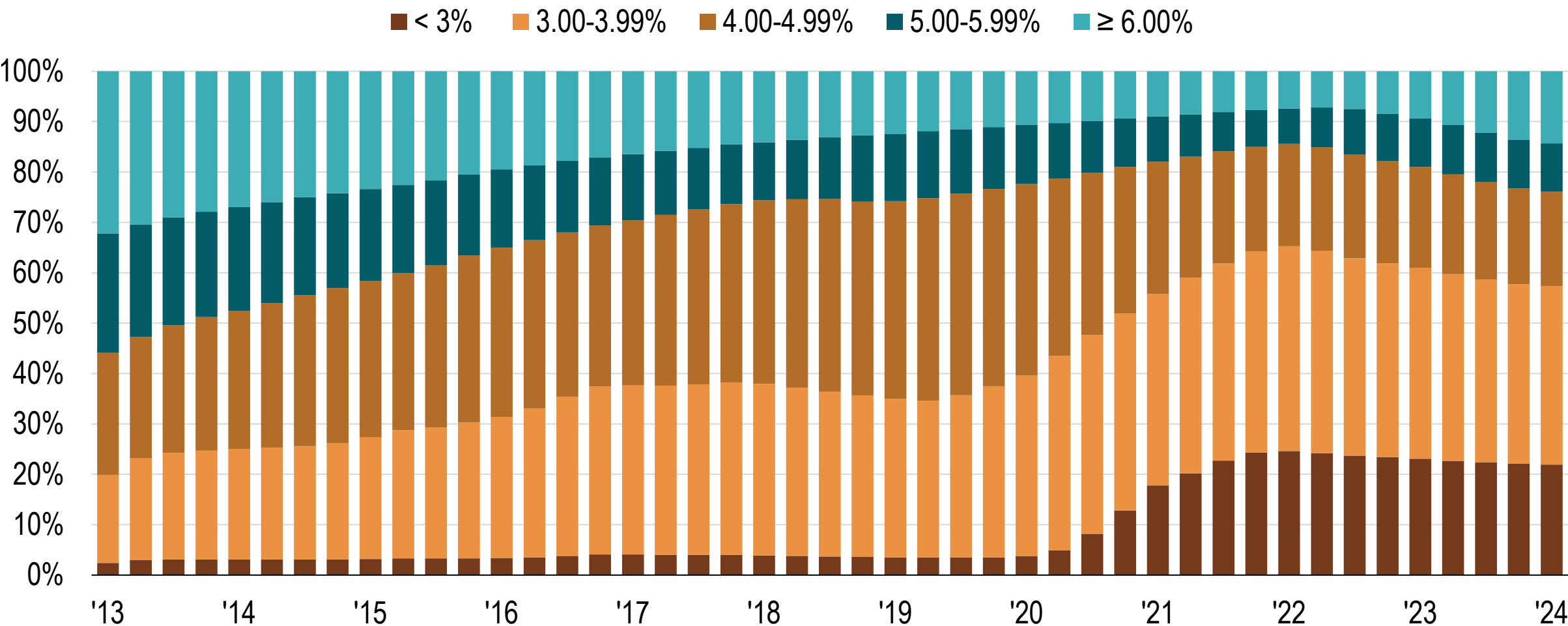
National | By Interest Rate in Q1 2024



Source: Federal Housing Finance Agency, National Mortgage Database. Note: Image is sourced to (Inna Dodor/shutterstock.com).

Outstanding Share of Mortgages

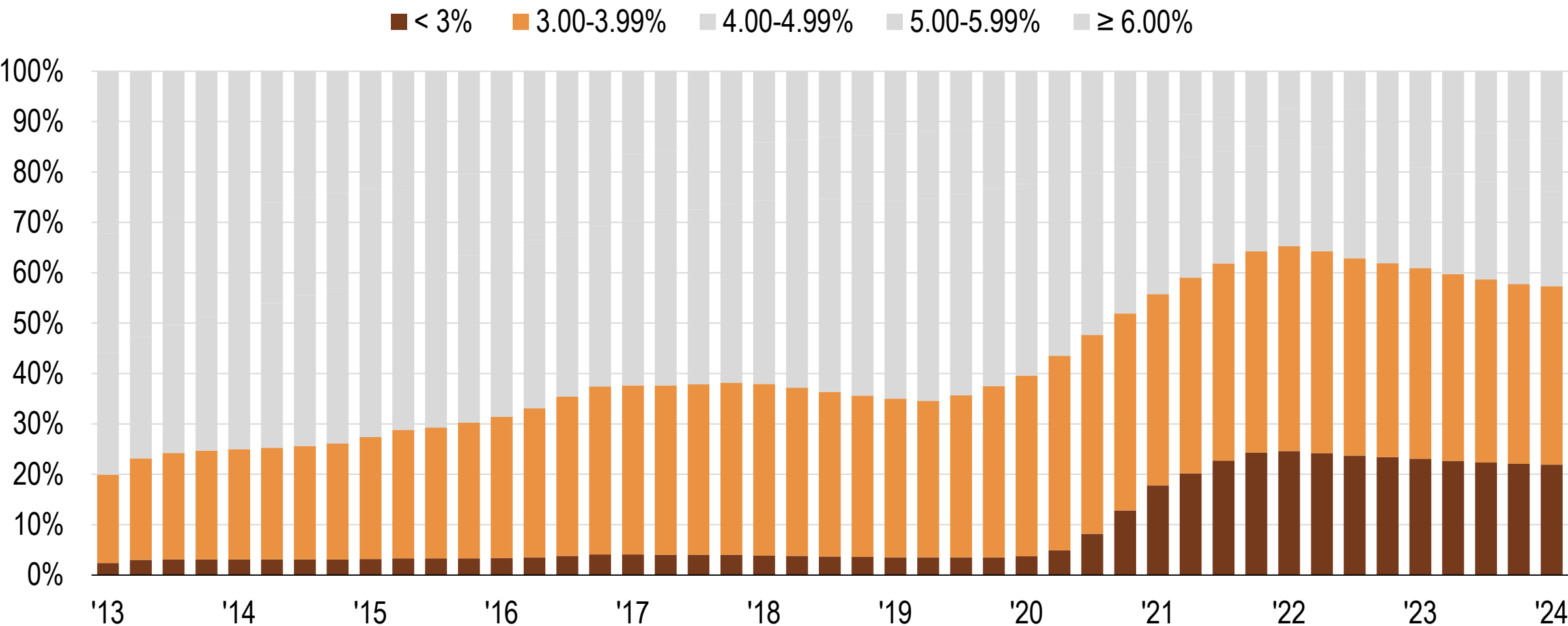
National | By Interest Rate



Source: Federal Housing Finance Agency, National Mortgage Database

Outstanding Share of Mortgages

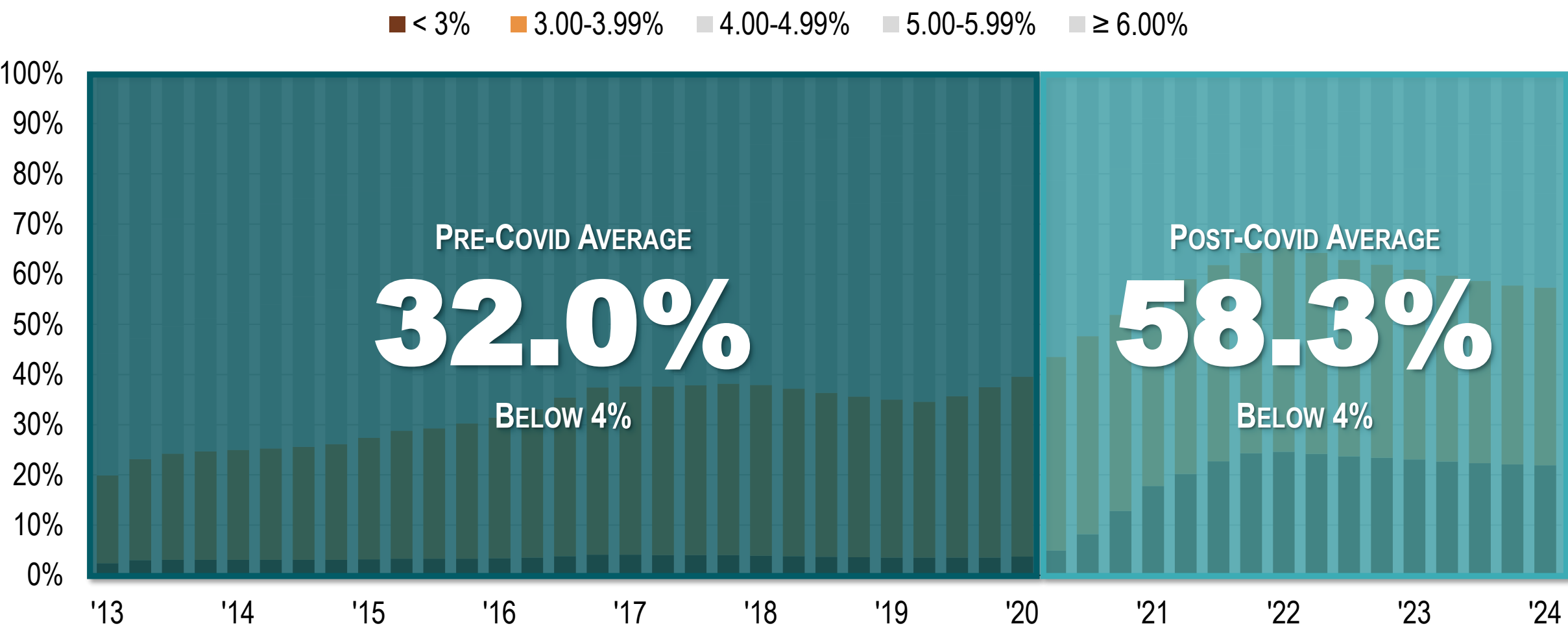
National | By Interest Rate



Source: Federal Housing Finance Agency, National Mortgage Database

Outstanding Share of Mortgages

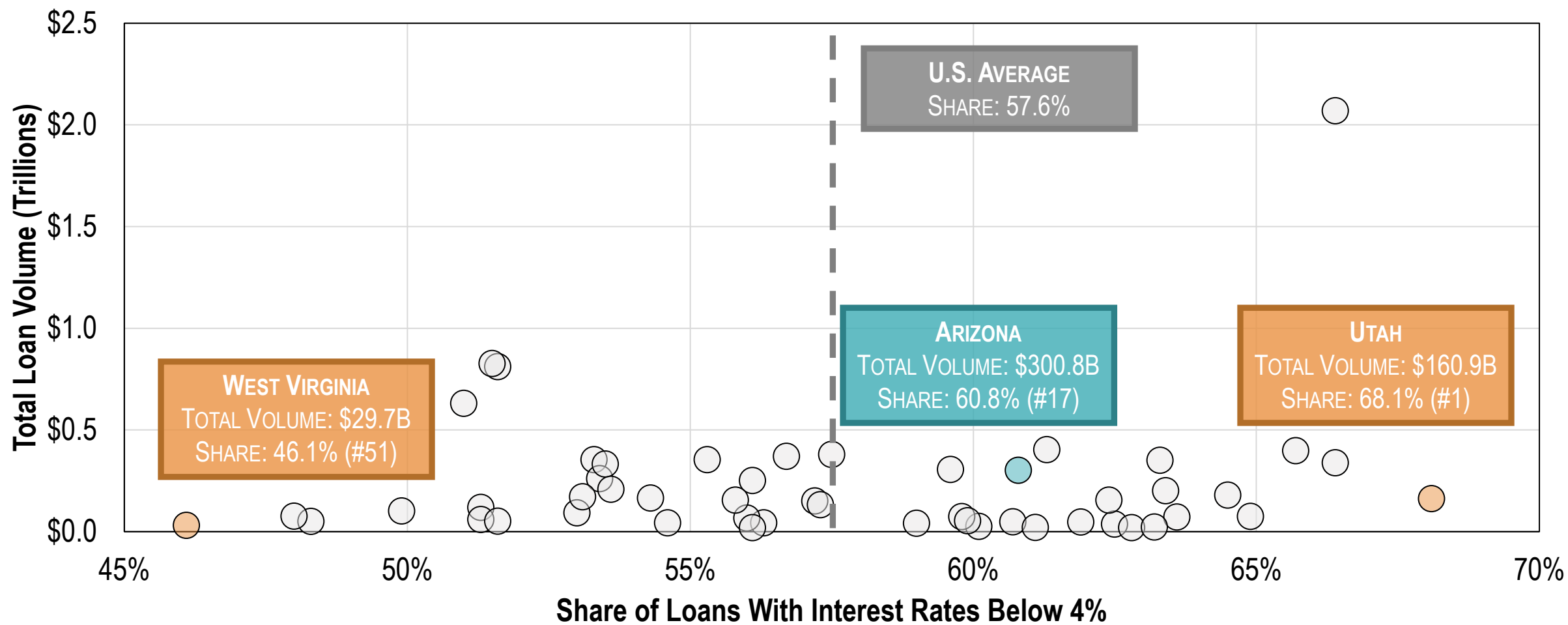
National | By Interest Rate



Source: Federal Housing Finance Agency, National Mortgage Database. Note: Callouts reflect the average share of mortgages below 4%.

Loans With Interest Rates Below 4%

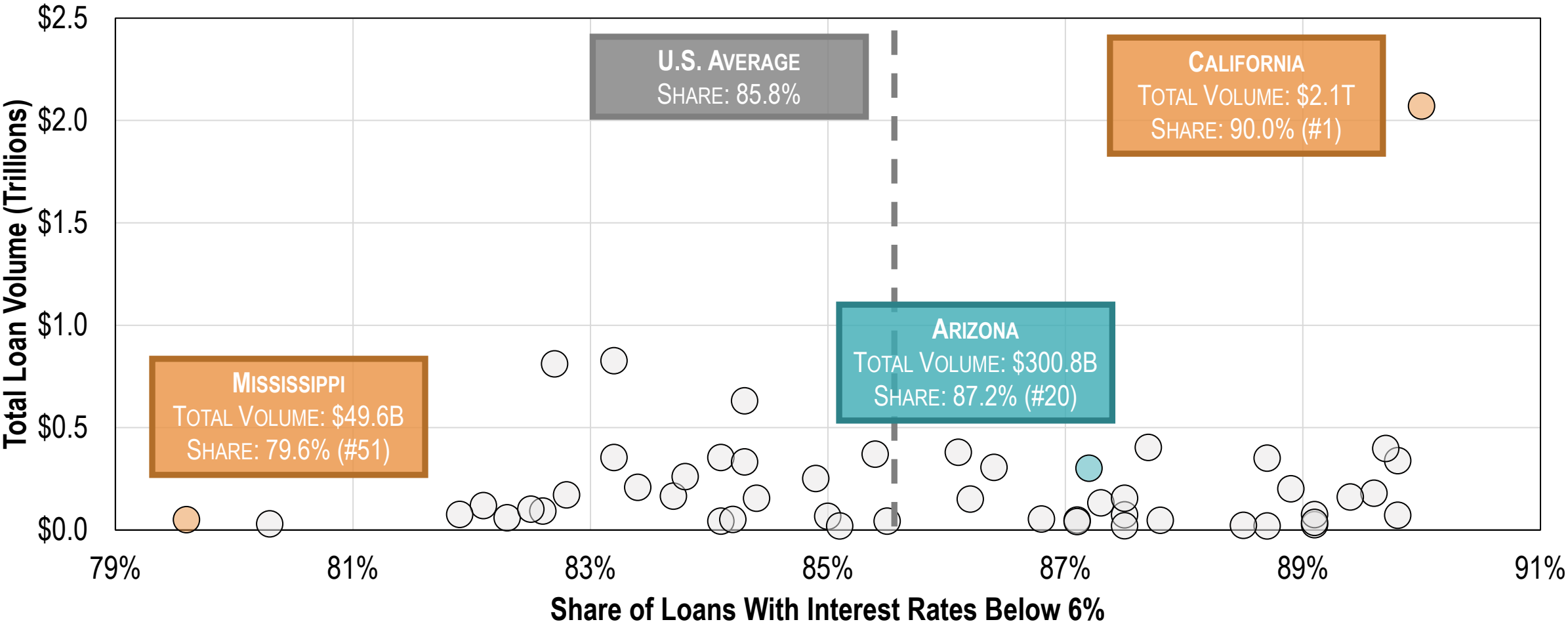
By State | As of Q1 2024



Source: Federal Housing Finance Agency, National Mortgage Database. Note: Total loan volume is the total unpaid principal balance (UPB) of outstanding mortgages.

Loans With Interest Rates Below 6%

By State | Q1 2024



Source: Federal Housing Finance Agency, National Mortgage Database. Note: Total loan volume is the total unpaid principal balance (UPB) of outstanding mortgages.

Outstanding Mortgage Overview

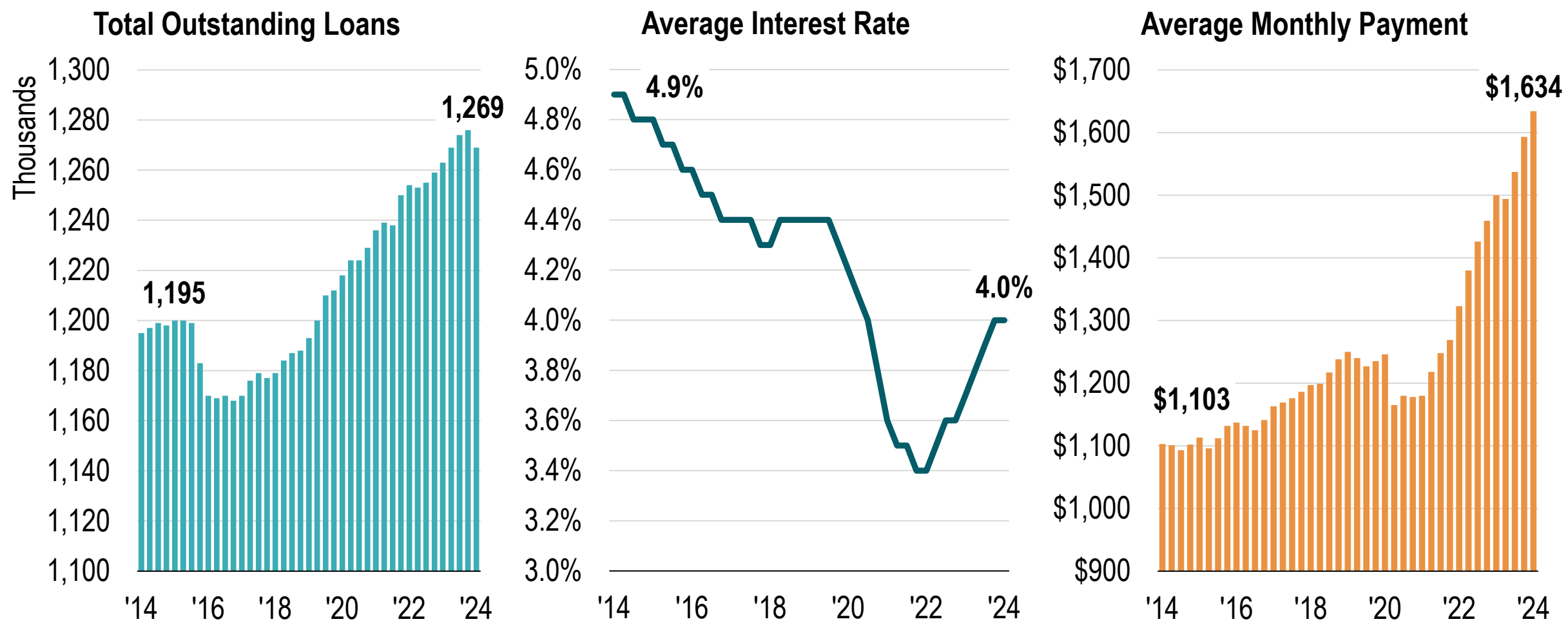
Arizona

METRIC	Q1 2023	Q1 2024	GROWTH	
Total Loans	1.3 M	1.3 M	+0.5%	▲
Total Outstanding Loan Volume	\$294.9 B	\$300.8 B	+2.0%	▲
Average Interest Rate	3.7%	4.0%	+0.3%	▲
Average Monthly Payment	\$1,500	\$1,634	+8.9%	▲
Median Monthly Payment	\$1,316	\$1,414	+7.4%	▲
Average Mark-to-Market LTV	46.4%	47.6%	+1.2%	▲
Percent ARM	2.5%	2.1%	-0.4%	▼
Average Credit Score	745	744	-0.1%	▼
Average Loan Age (Months)	52	58	+11.5%	▲

Source: Federal Housing Finance Agency, National Mortgage Database. Note: Image is sourced to (antsdrone/shutterstock.com).

Outstanding Mortgage Overview

Arizona | Historical



Source: Federal Housing Finance Agency, National Mortgage Database

How Has Housing Affordability Been Affected?



Image Source: (Pickadook/shutterstock.com)

Bankrate®

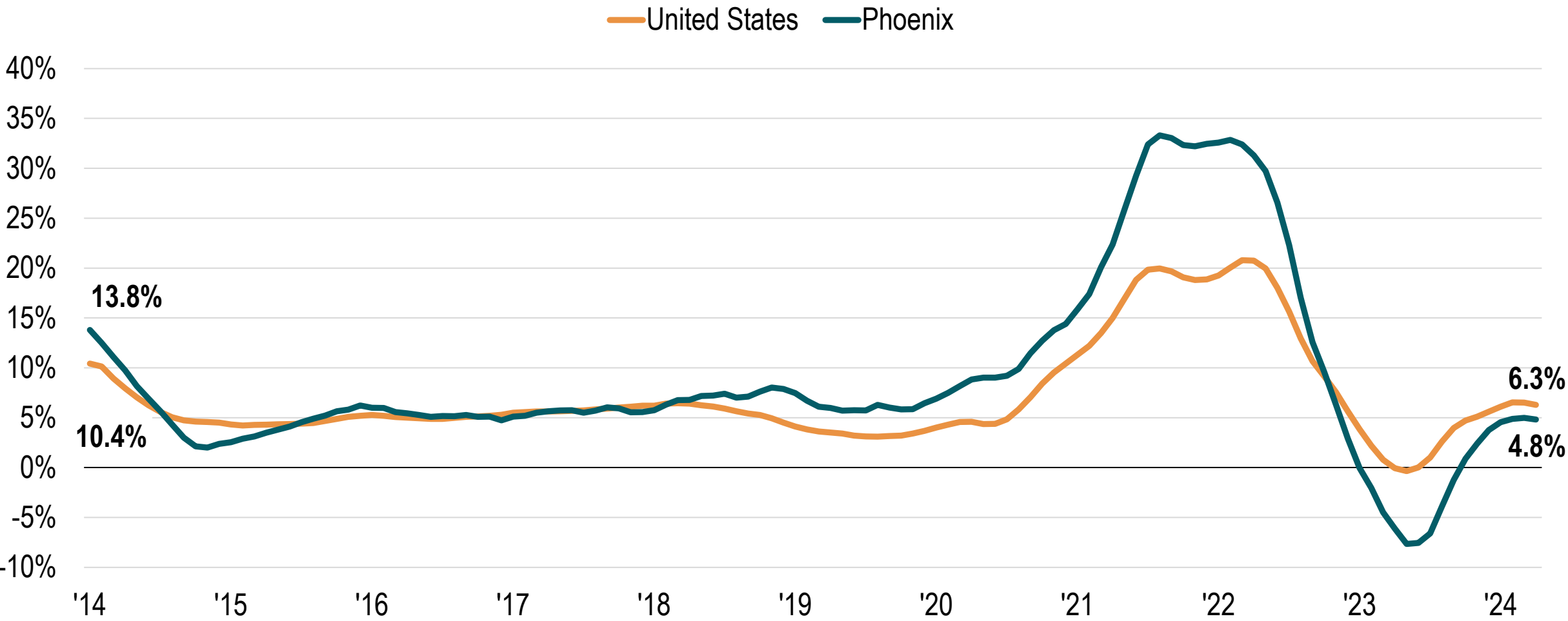
HOME PRICE GAINS CONTINUE NATIONALLY

“Amid an environment of tight inventory and stubbornly high mortgage rates, housing prices in the U.S. continue to rise ever higher. S&P reports that annual home-price growth increased in April 2024 by 6.3 percent. That’s a new all-time high, breaking the previous record set last month.”

Source: Bankrate (June 25, 2024); Note: Image is sourced to (Kit Leong/shutterstock.com).

Home Price Index

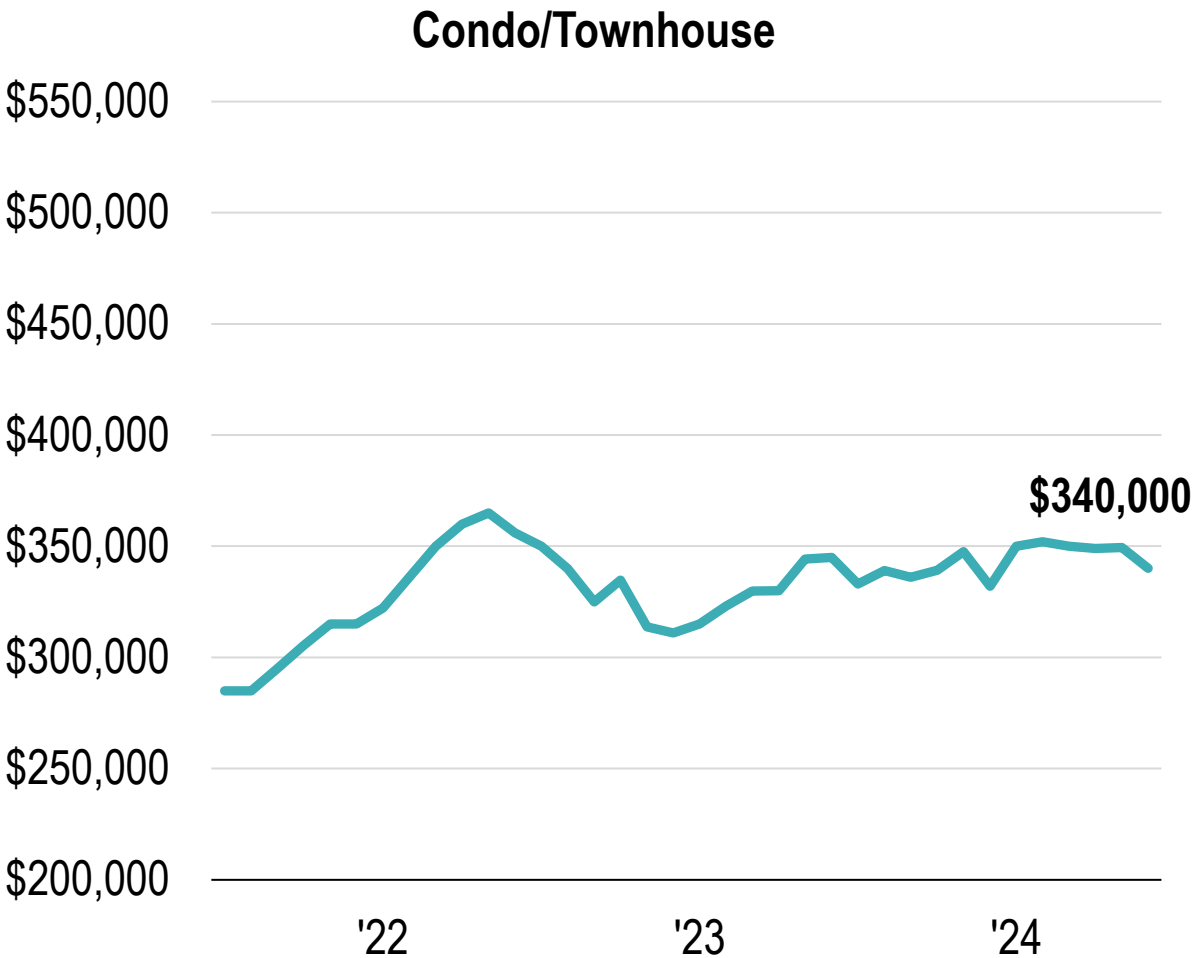
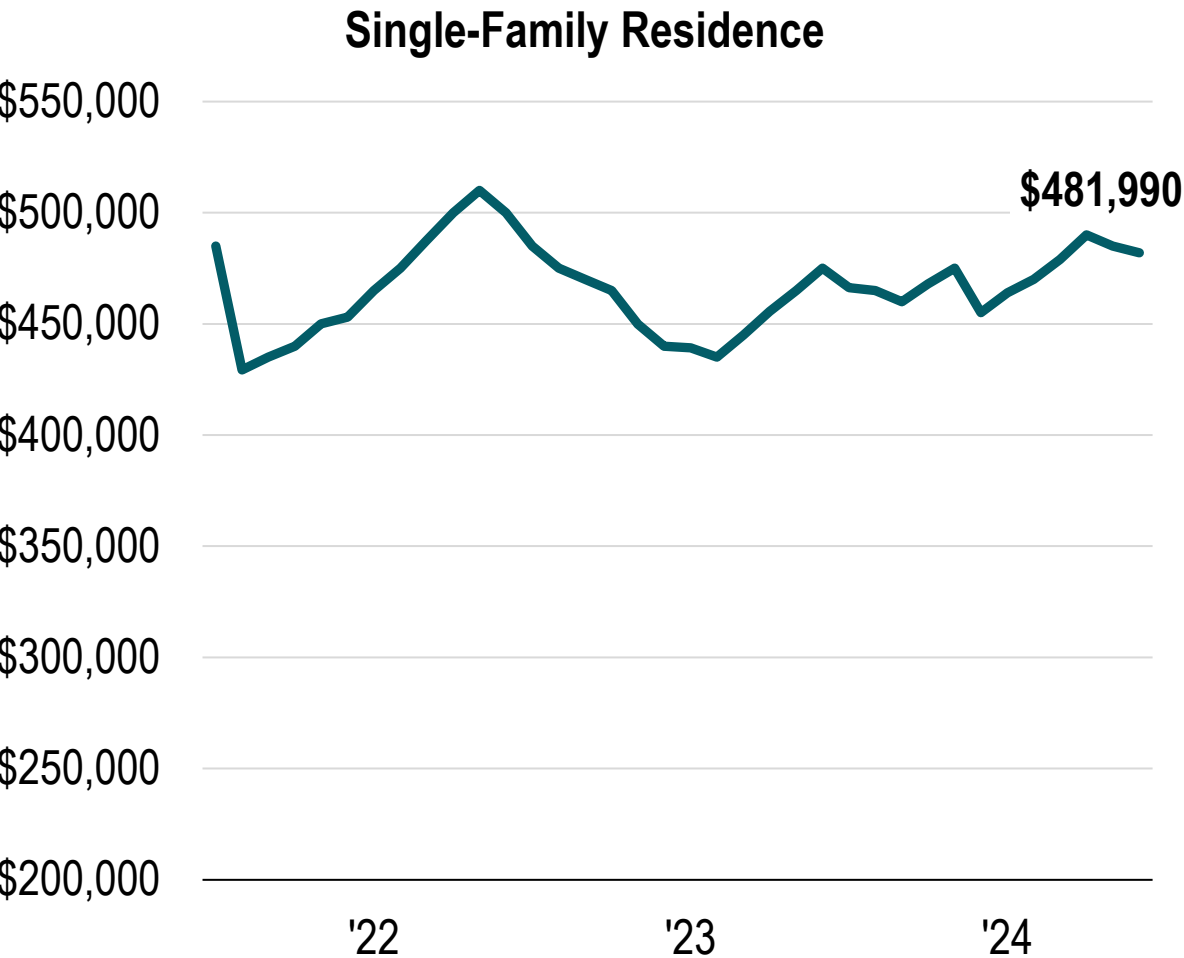
United States vs. Phoenix MSA | Year-Over-Year Growth



Source: S&P CoreLogic Case-Shiller Home Price Indices

Resale Median Sales Price

Phoenix MSA



Source: Phoenix Realtors

Cost of Housing Rankings

Costs Among Selected Urban Areas In Arizona Compared to U.S. Average

Q1 2023

	HOUSING INDEX
Lake Havasu City, AZ	+81.5%
Prescott Valley, AZ	+42.8%
Flagstaff, AZ	+35.4%
Phoenix, AZ	+22.7%
Surprise, AZ	-1.4%
Bullhead City, AZ	-4.7%

MORE EXPENSIVE

Q1 2024

	HOUSING INDEX
Lake Havasu City, AZ	+74.8%
Prescott Valley, AZ	+56.5%
Flagstaff, AZ	+45.7%
Phoenix, AZ	+13.5%
Bullhead City, AZ	-9.9%
Surprise, AZ	-10.6%

Source: The Council for Community and Economic Research; Image Source: (antsdrone/shutterstock.com). Note: Data reflects how much more expensive/cheaper urban areas in Arizona are compared to the United States.

Cost of Housing Rankings

Costs Among Western Metro Areas Compared to Phoenix

Q1 2023

	HOUSING INDEX
San Francisco, CA	+133.6%
Los Angeles, CA	+91.7%
San Diego, CA	+75.7%
Seattle, WA	+71.2%
Portland, OR	+24.4%
Denver, CO	+9.8%
Salt Lake City, UT	-4.0%
Las Vegas, NV	-13.9%

MORE EXPENSIVE

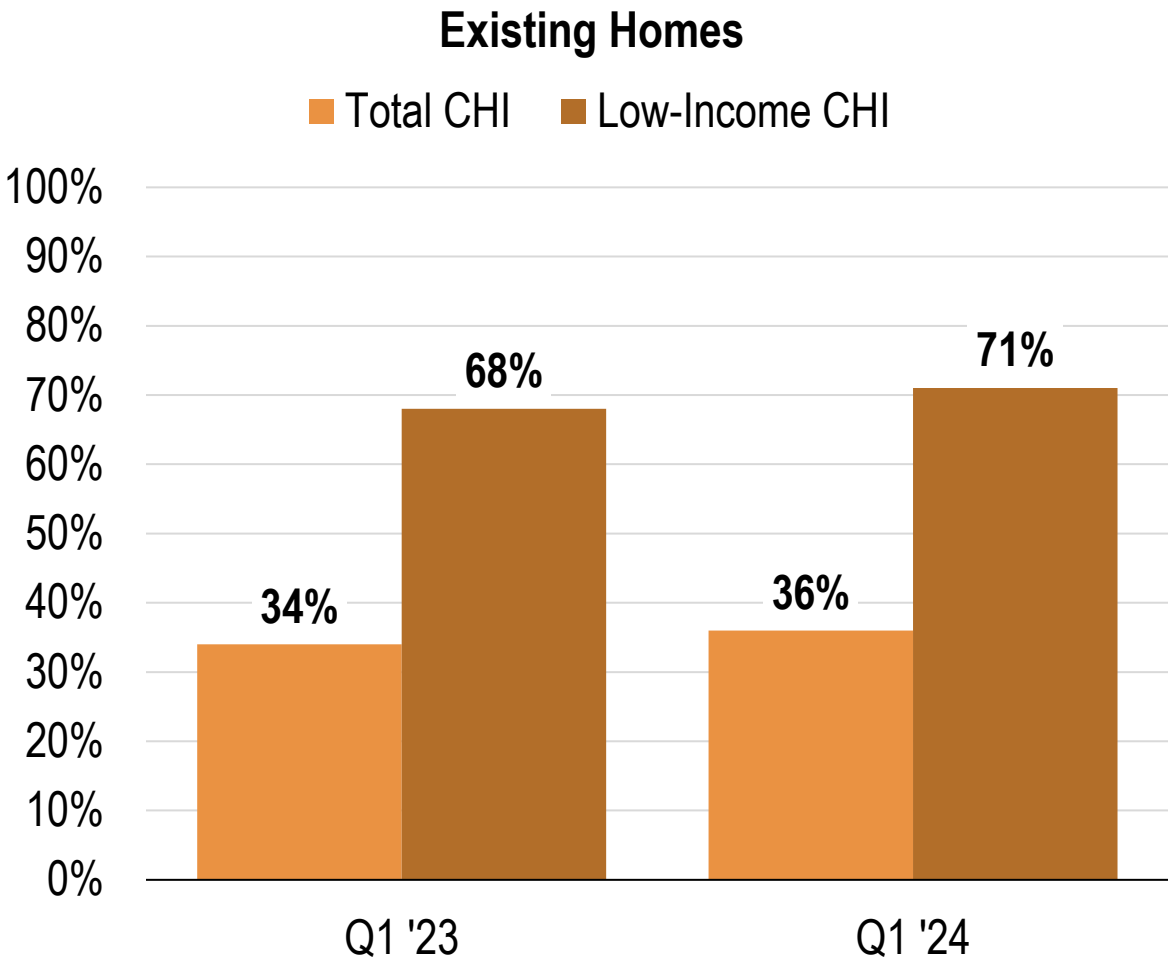
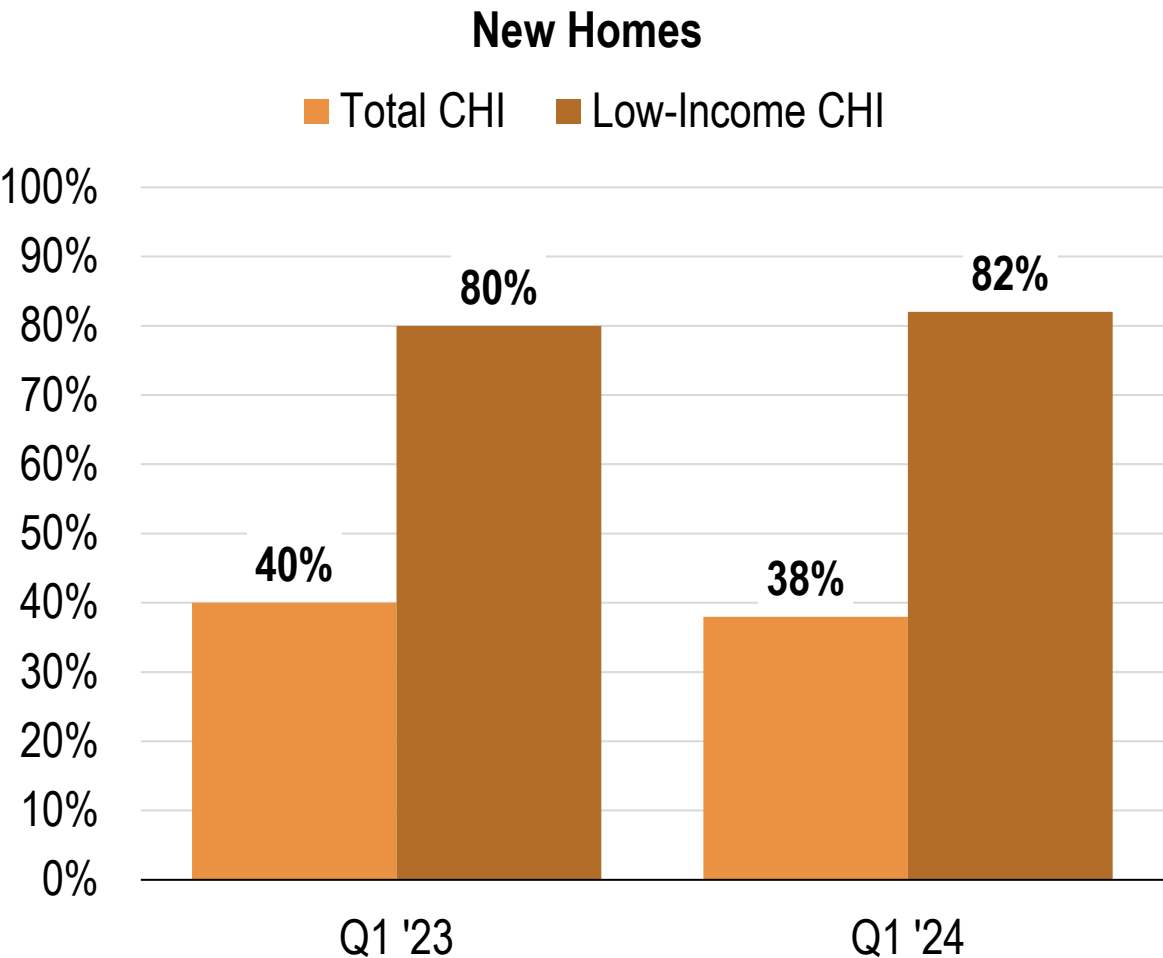
Q1 2024

	HOUSING INDEX
San Francisco, CA	+142.2%
Los Angeles, CA	+105.6%
San Diego, CA	+85.8%
Seattle, WA	+84.3%
Portland, OR	+29.9%
Salt Lake City, UT	+12.2%
Denver, CO	+9.6%
Las Vegas, NV	-5.2%

Source: The Council for Community and Economic Research; Image Source: (antsdrone/shutterstock.com). Note: Data reflects how much more expensive/cheaper urban areas in Arizona are compared to the United States.

Cost of Housing Index

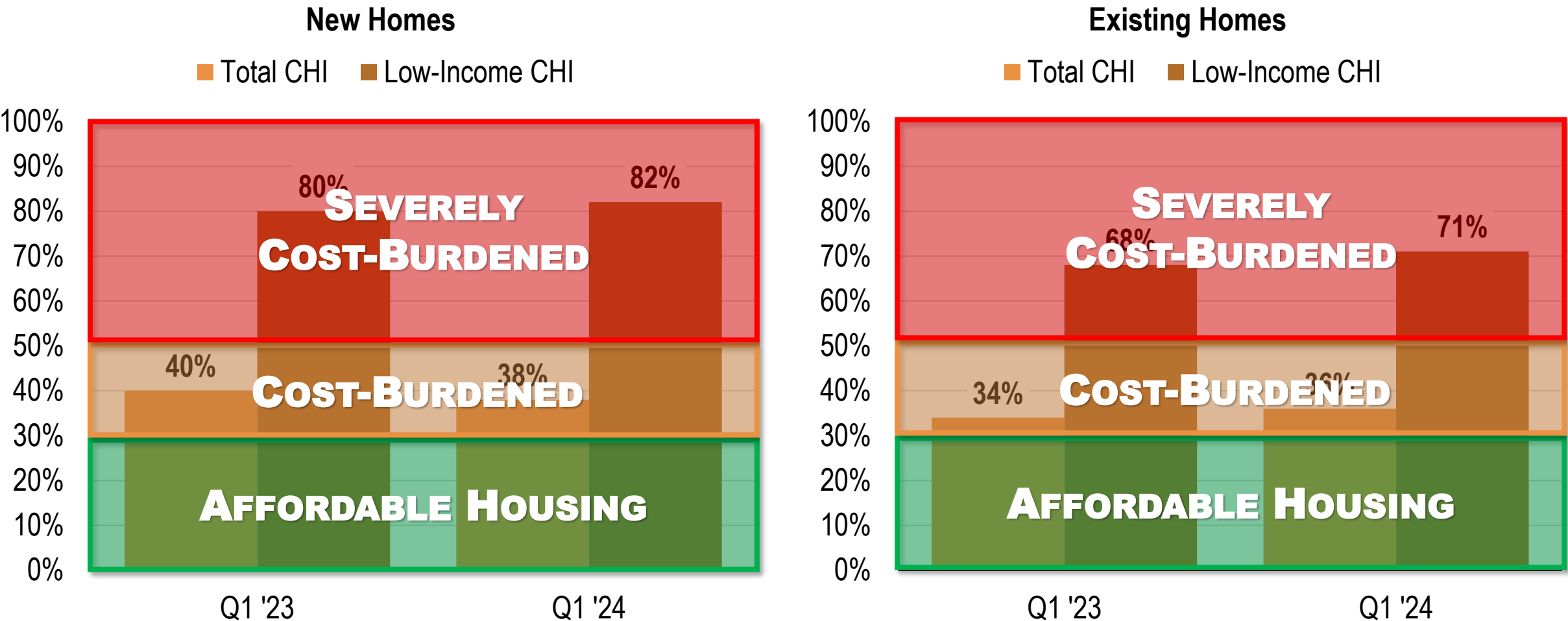
United States



Source: National Association of Homebuilders. Note: CHI is the portion of income needed for a mortgage on a median-priced home.

Cost of Housing Index

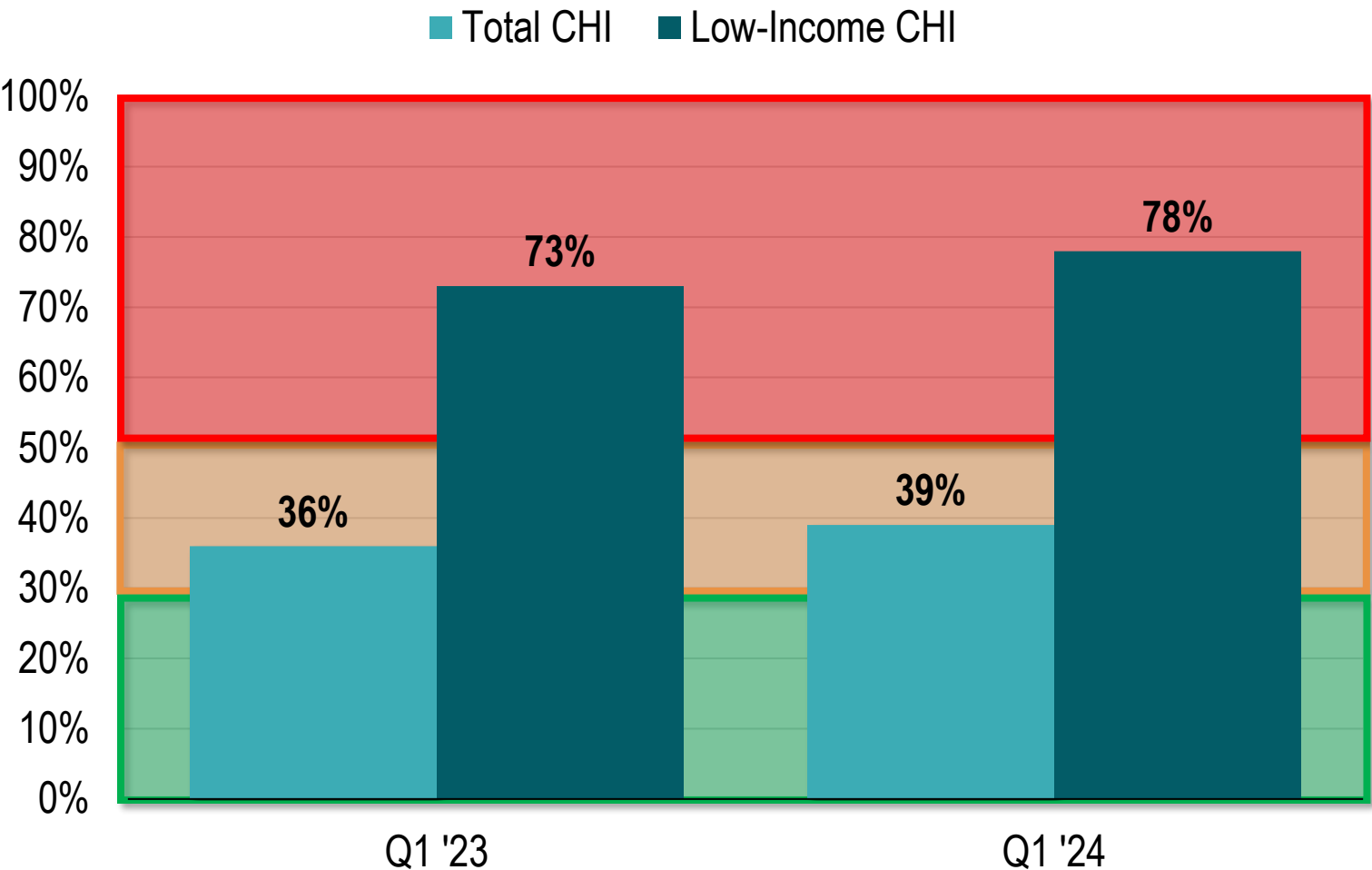
United States



Source: National Association of Homebuilders. Note: CHI is the portion of income needed for a mortgage on a median-priced home.

Cost of Housing Index

Phoenix MSA



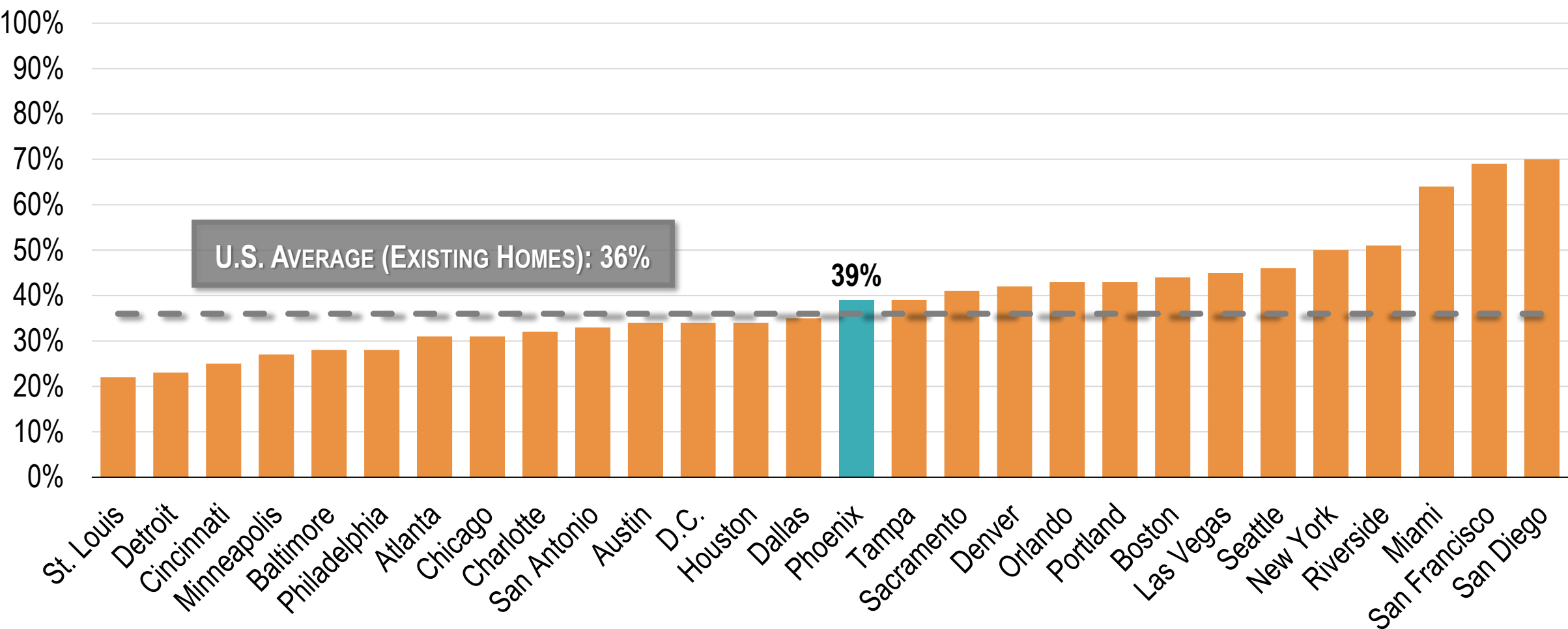
39% OF INCOME
NEEDED FOR MORTGAGE
ON MEDIAN-PRICED HOME

78% OF INCOME
NEEDED FOR
LOW-INCOME FAMILIES

Source: National Association of Homebuilders. Note: Low-income families = ≤ 50% of median income.

Cost of Housing Index

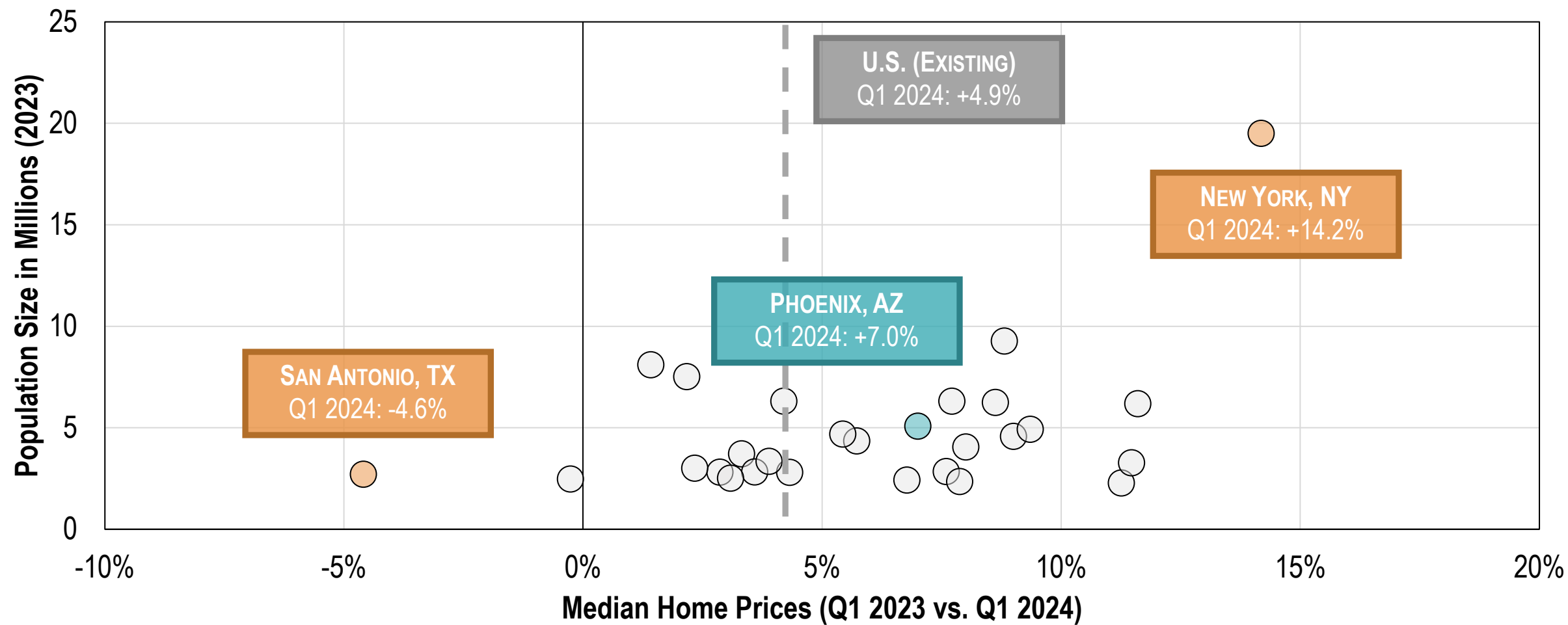
By MSA | Q1 2024



Source: National Association of Homebuilders. Note: Data reflects top 30 MSAs, excluding Los Angeles and Pittsburgh.

Median Home Prices

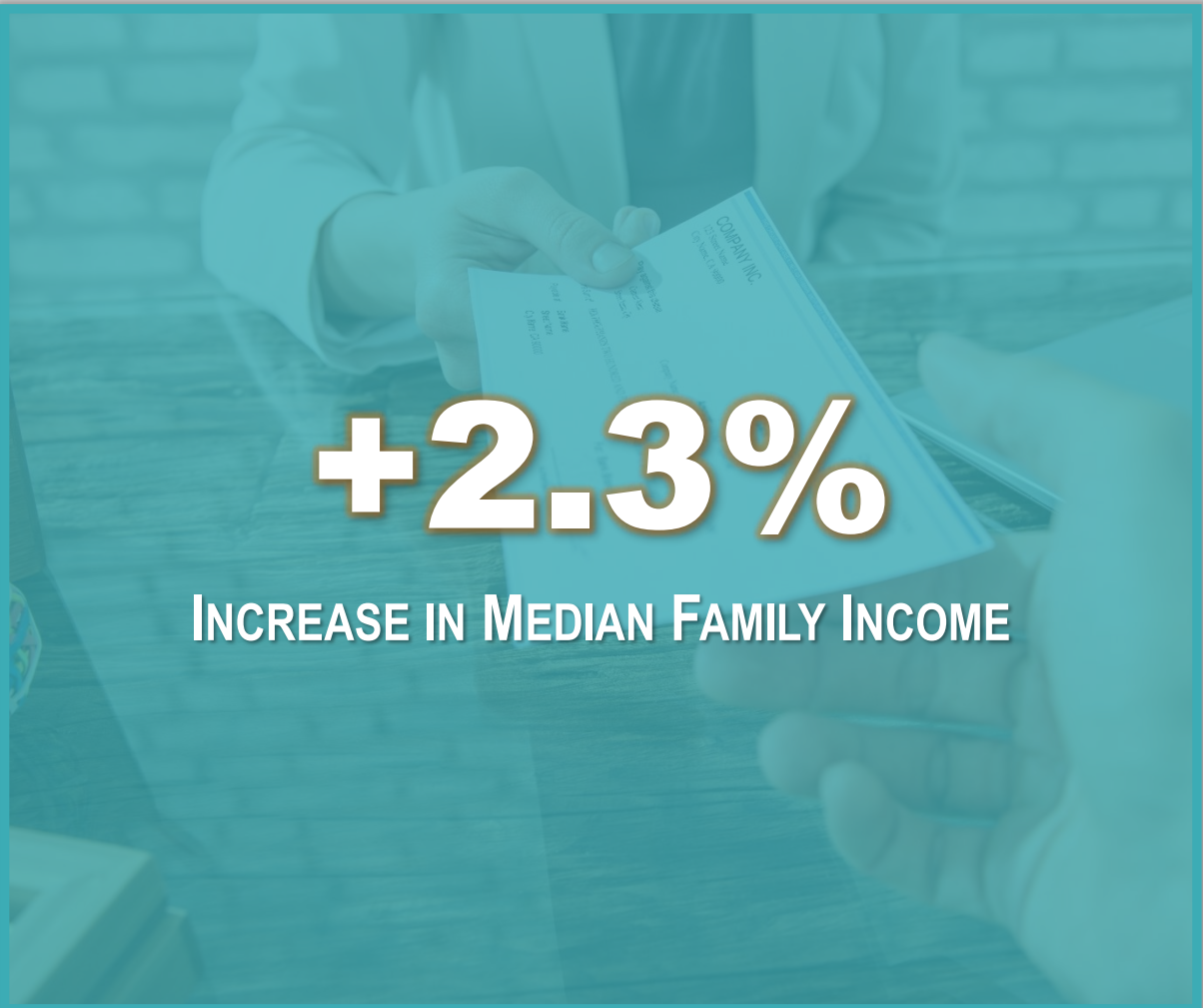
By MSA | Year-Over-Year Growth



Source: National Association of Homebuilders; U.S. Census Bureau. Note: Data reflects top 30 MSAs, excluding Los Angeles and Pittsburgh.

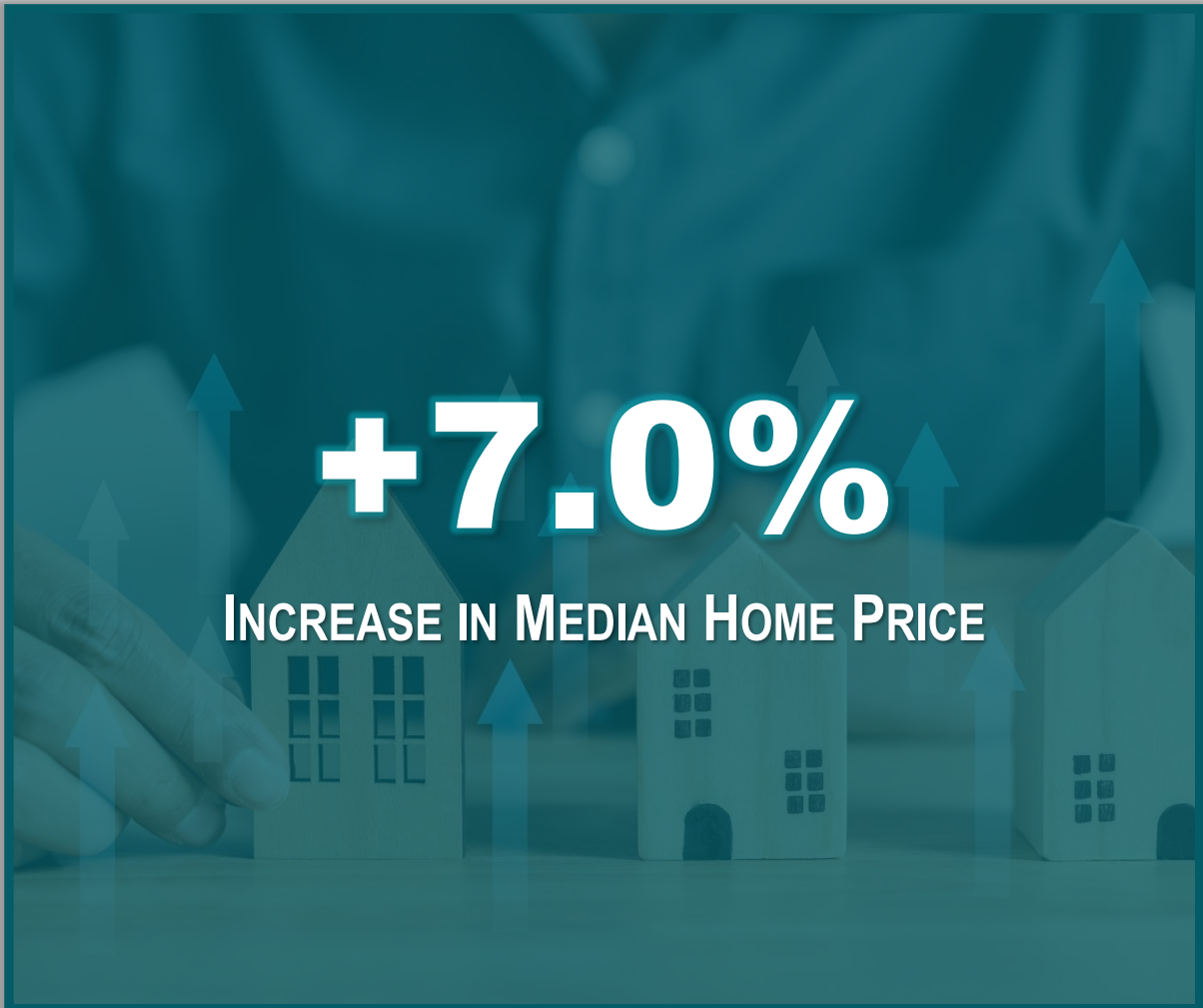
Growth in Income vs. Home Prices

Phoenix MSA



+2.3%

INCREASE IN MEDIAN FAMILY INCOME



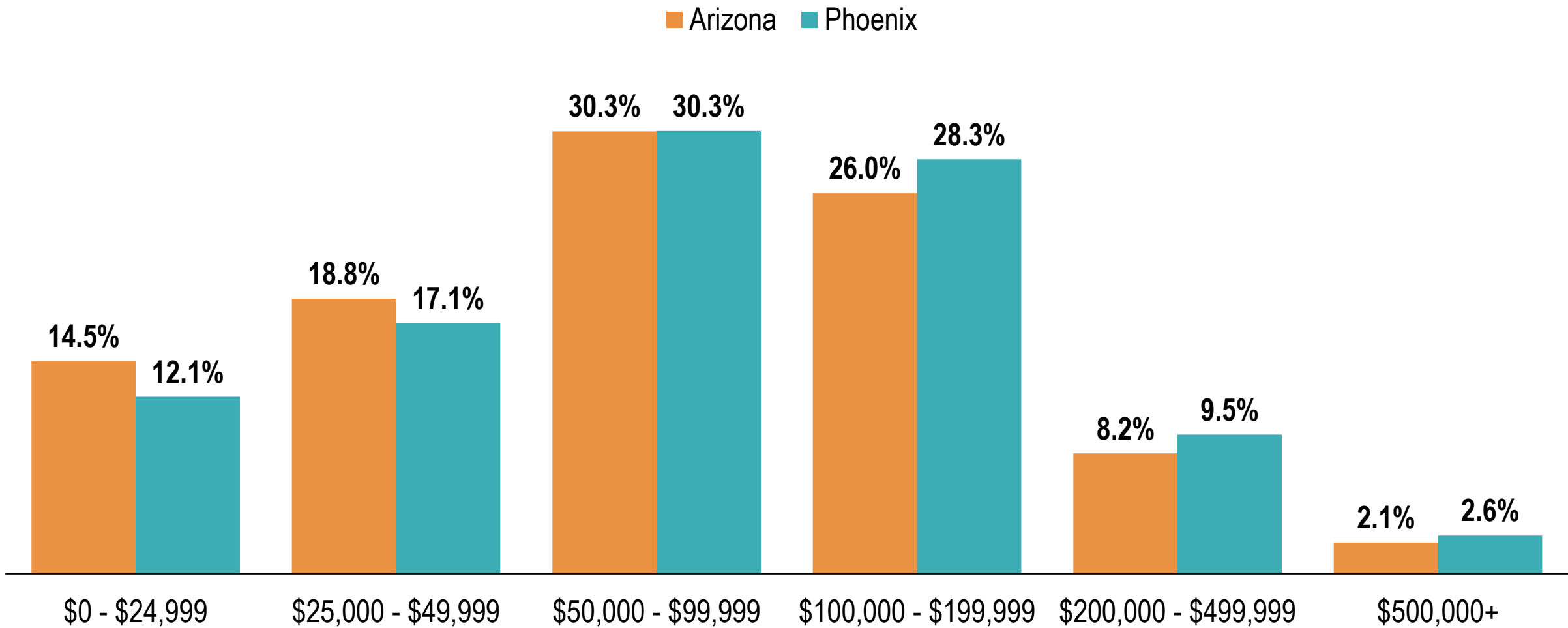
+7.0%

INCREASE IN MEDIAN HOME PRICE

Source: National Association of Homebuilders. Note: Images are sourced to (Andrey_Popov/shutterstock.com) and (MMD Creative/shutterstock.com).

Income Distribution

In Arizona



Source: Claritas



\$74,424

MEDIAN HOUSEHOLD INCOME (AZ)



\$81,876

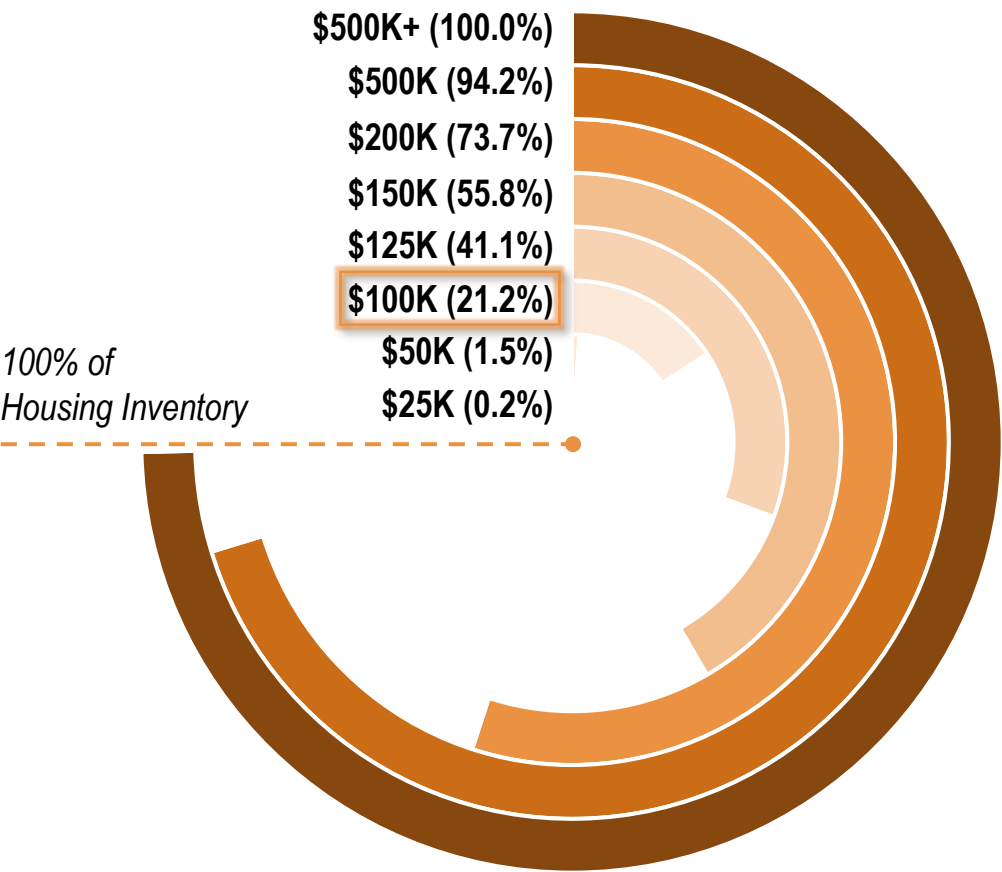
MEDIAN HOUSEHOLD INCOME (PHX)

Source: Claritas. Note: The median household income is calculated using American Community Survey (ACS) data. Image is sourced to (jdross75/shutterstock.com).

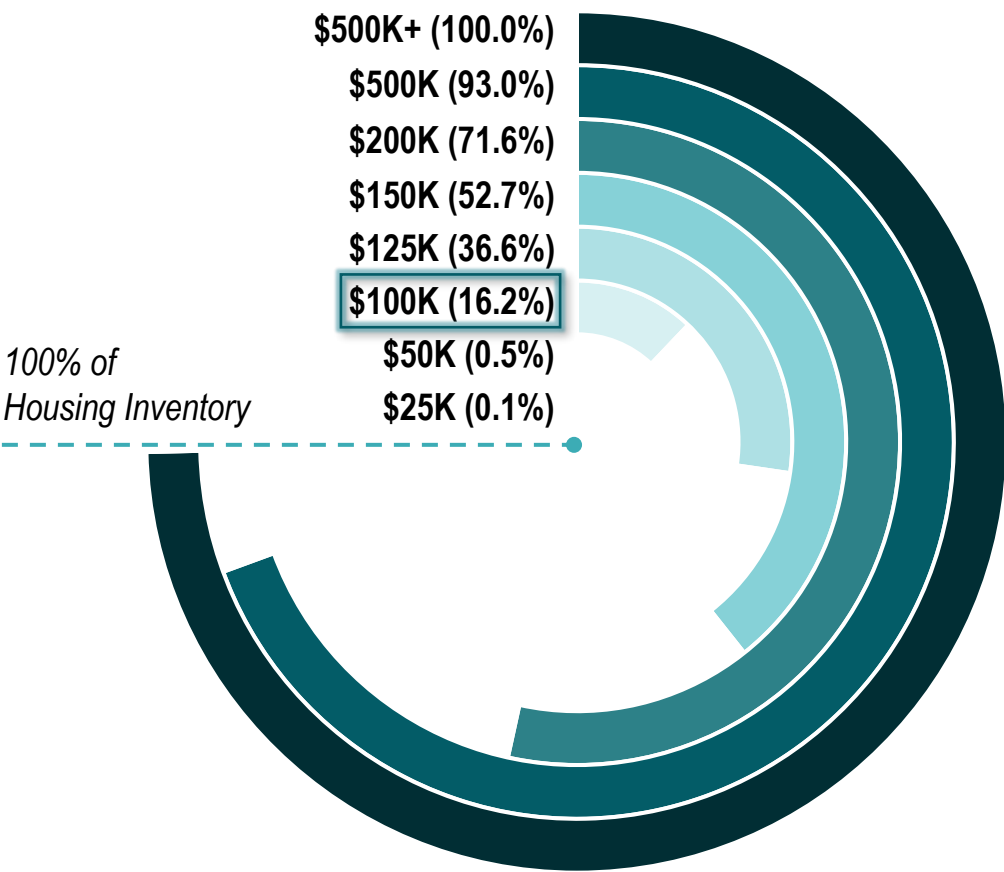
Housing Affordability

In Arizona | April 2024

Arizona



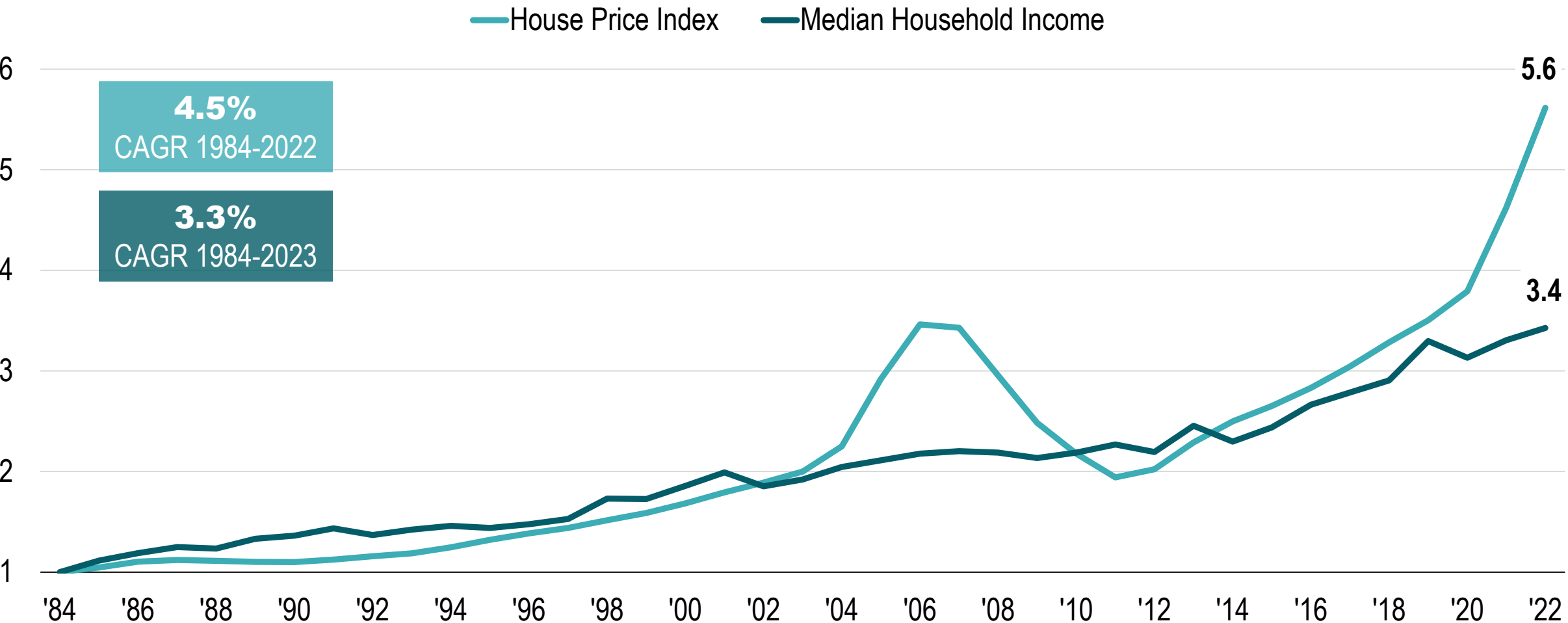
Phoenix



Source: Nielson, Optimal Blue, National Association of Realtors, Realtor.com. Note: Data reflects the share of homes that households can afford by income level based on the active inventory for April 2024.

Housing Inaccessibility

Arizona | Growth Indexed to 1984



Source: Federal Reserve Economic Data

ARIZONA CAPITOL TIMES

ARIZONA LEGALIZES NEW HOUSING BILLS

On May 21, 2024, Arizona legalized “two bills requiring larger cities to permit accessory dwelling units and middle housing like duplexes and triplexes.”

Source: Axios Phoenix; Capitol Times; Note: Image is sourced to (Kit Leong/shutterstock.com).



POPULATION GROWTH

SUPPLY VS. DEMAND

HOUSING AFFORDABILITY

HOMEOWNERSHIP

RENTAL MARKET DYNAMICS

OUTLOOK

Median Age

35 FIRST-TIME

58 REPEAT

Source: National Association of REALTORS (2023 Profile). Note: Video is sourced to (RDNE Stock Project/pexels.com)

71%

Source: IPUMS; Applied Analysis; Note: Video is sourced to (Aaron Moya/pixabay.com).

Calculating Homeownership Rates

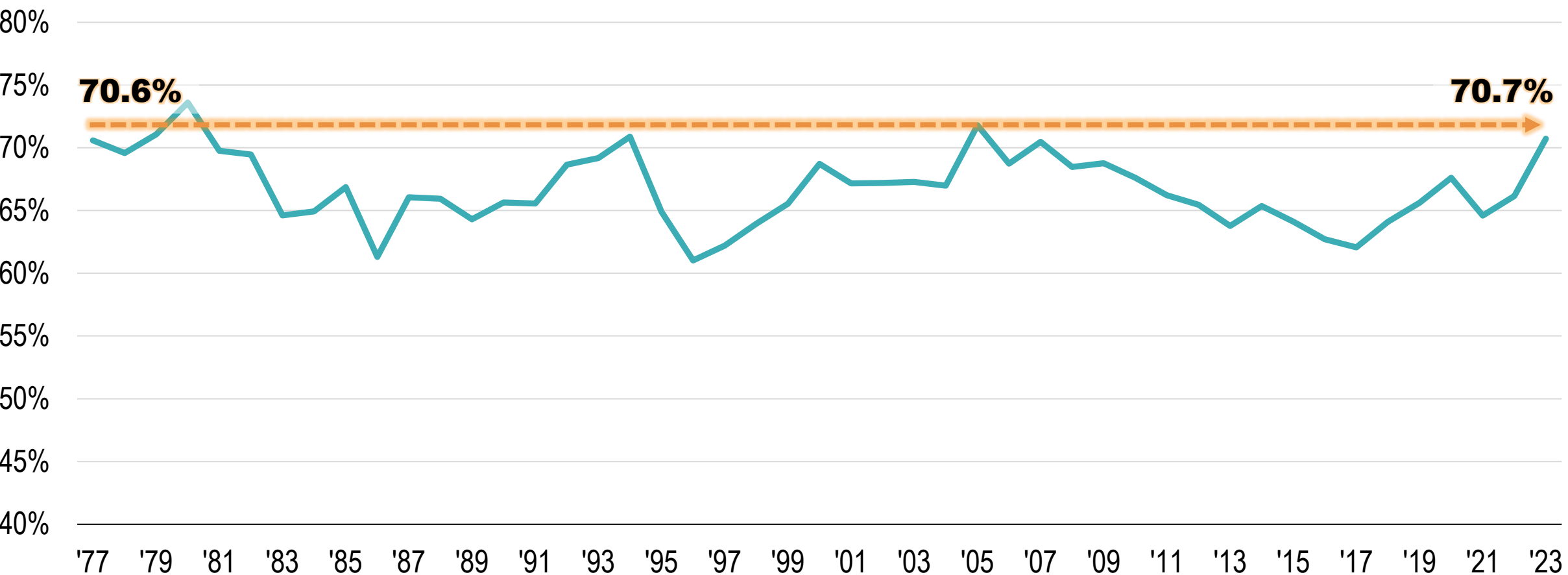


1 Household Unit

(Based on Head of Household)

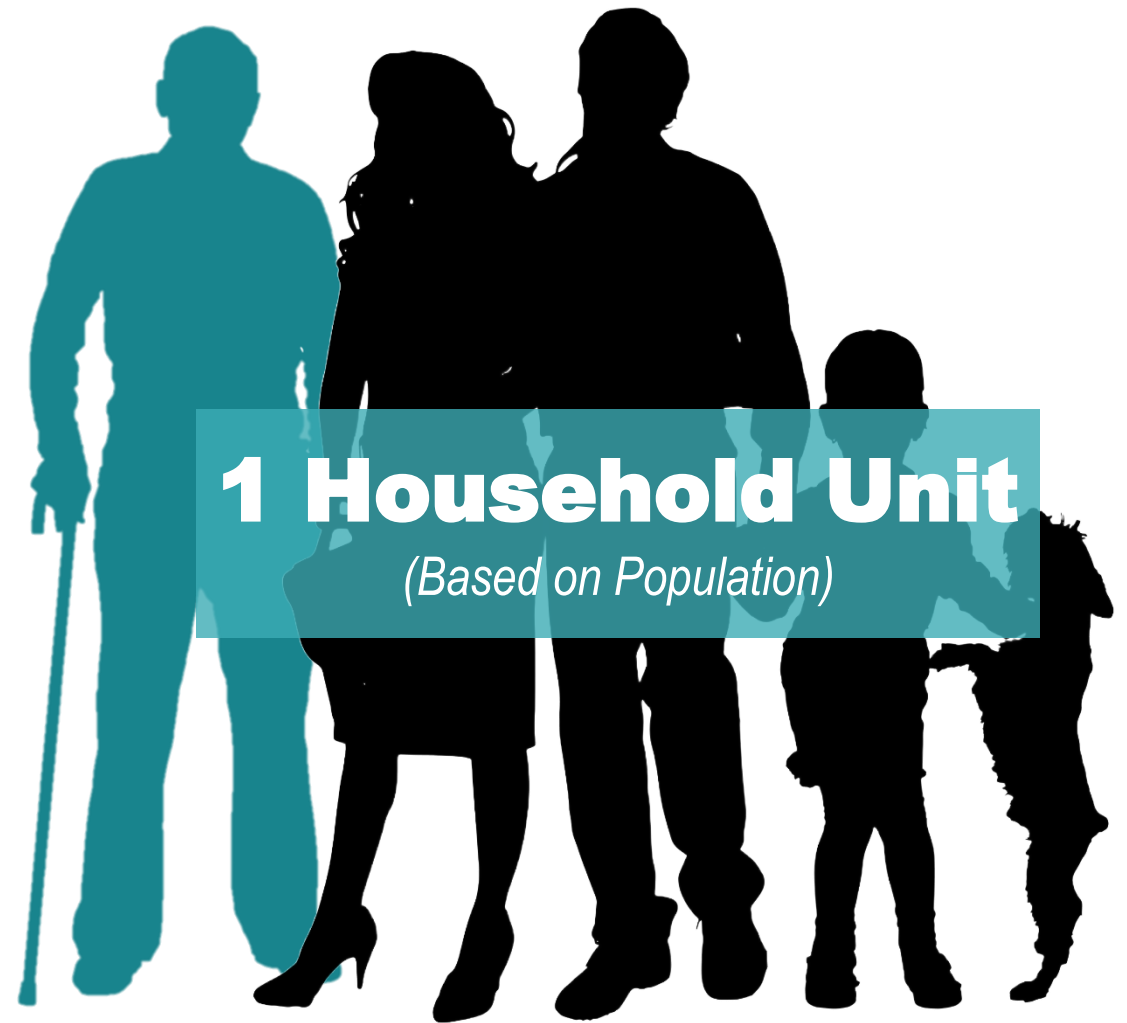
Homeownership Rates

Arizona | Among Head of Household Age 18+



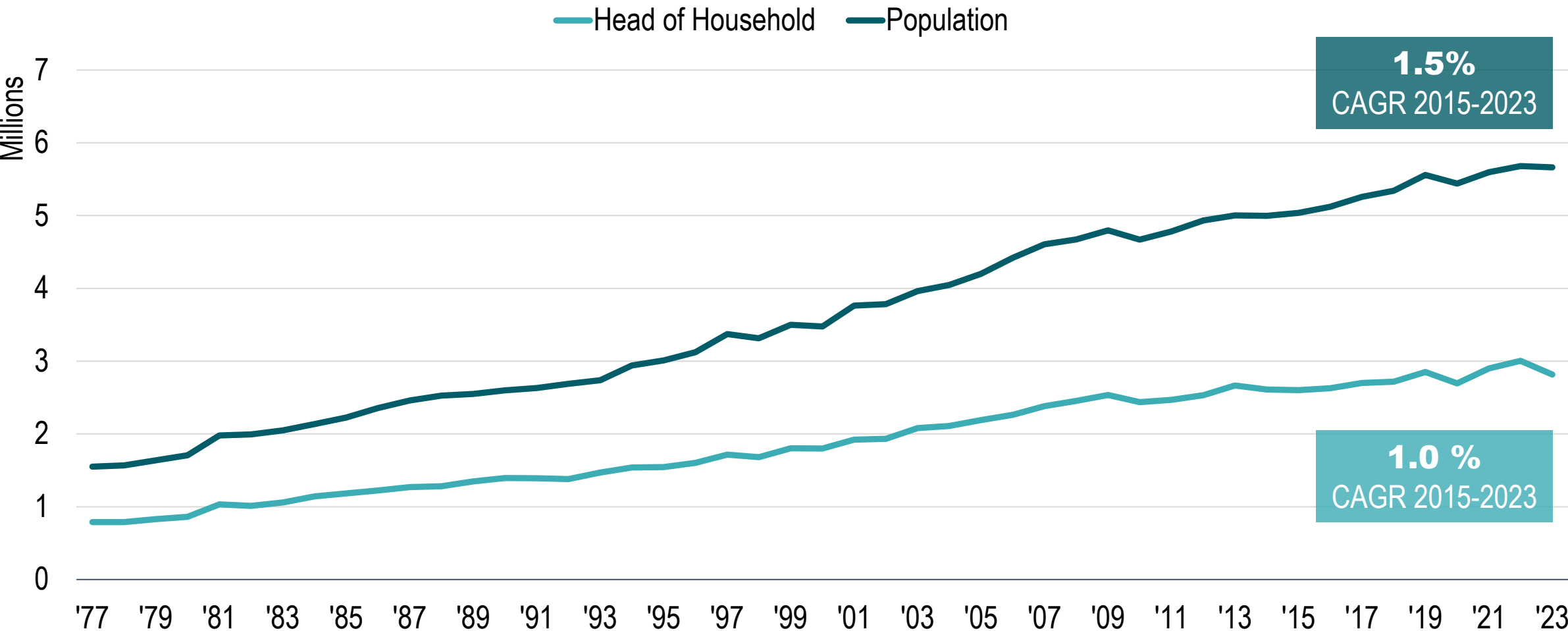
Source: IPUMS; Applied Analysis

Calculating Homeownership Rates



Population vs. Head of Household

Arizona | Age 18+



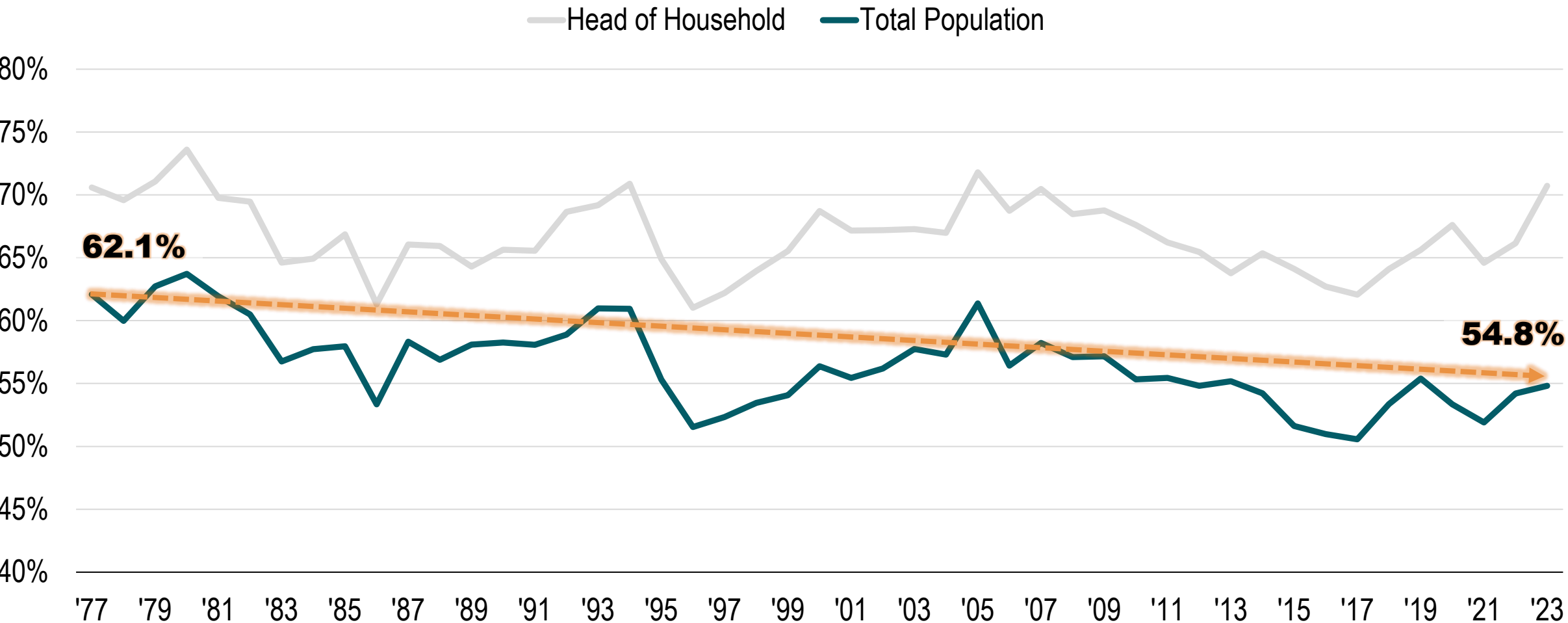
Source: IPUMS; Applied Analysis

Adult Population 18+

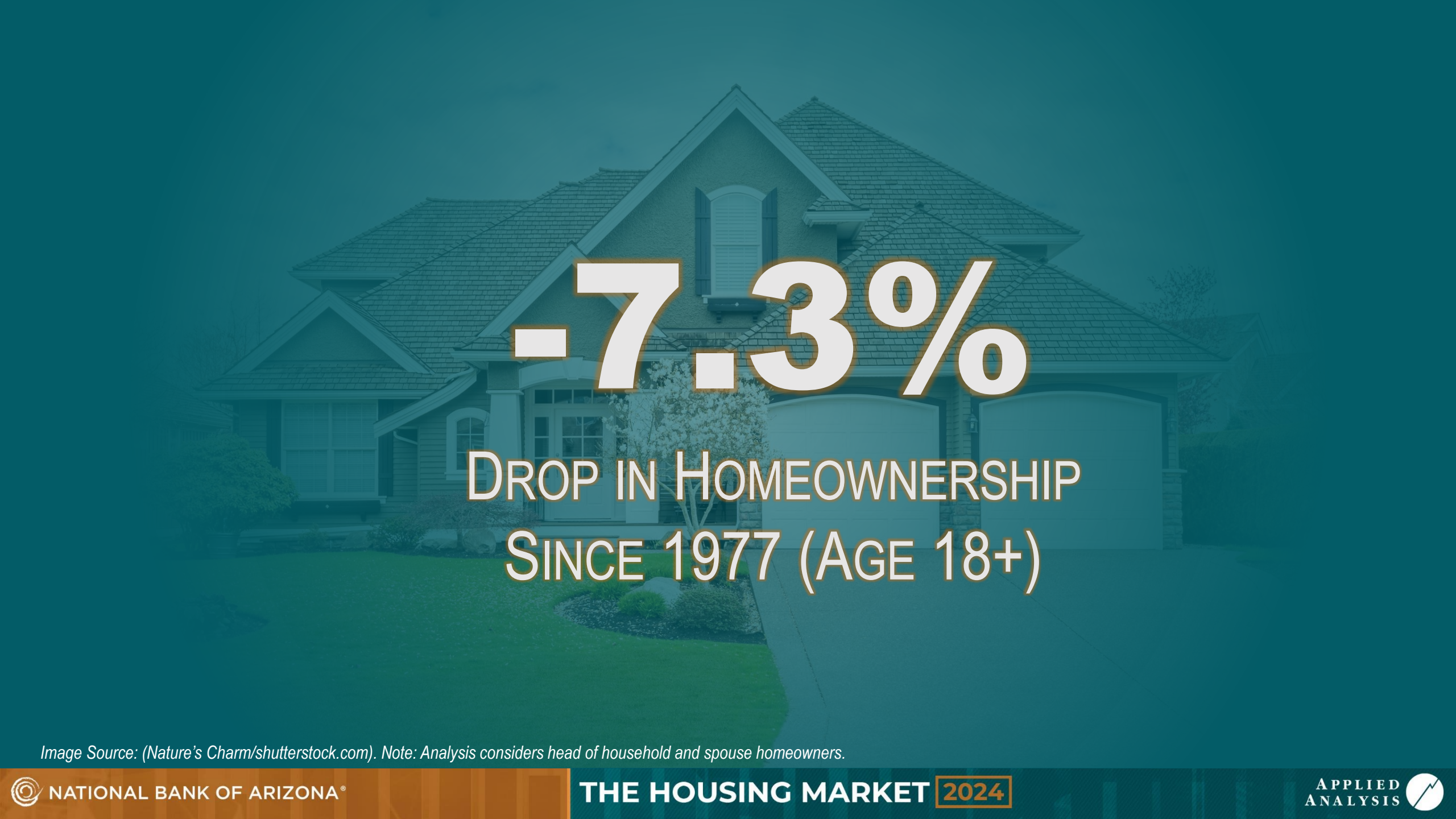


Homeownership Rates

Arizona | Age 18+



Source: IPUMS; Applied Analysis. Note: Analysis considers head of household and spouse homeowners.



-7.3%

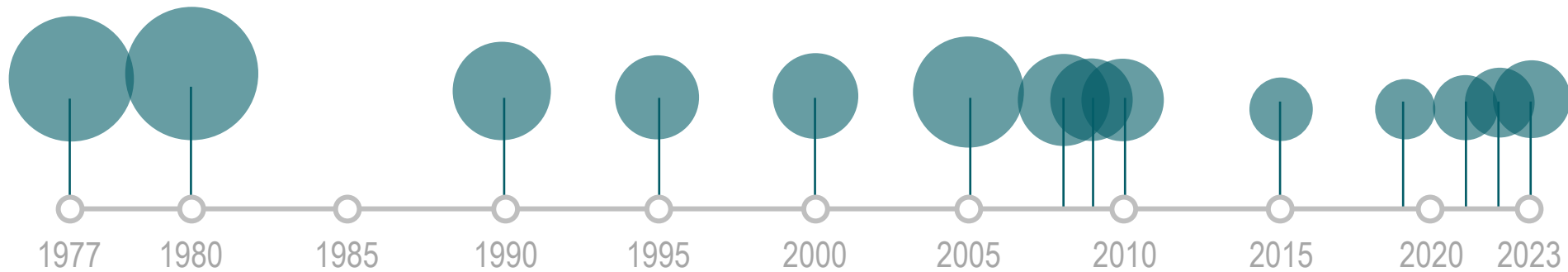
**DROP IN HOMEOWNERSHIP
SINCE 1977 (AGE 18+)**

Image Source: (Nature's Charm/shutterstock.com). Note: Analysis considers head of household and spouse homeowners.

Homeownership Rates

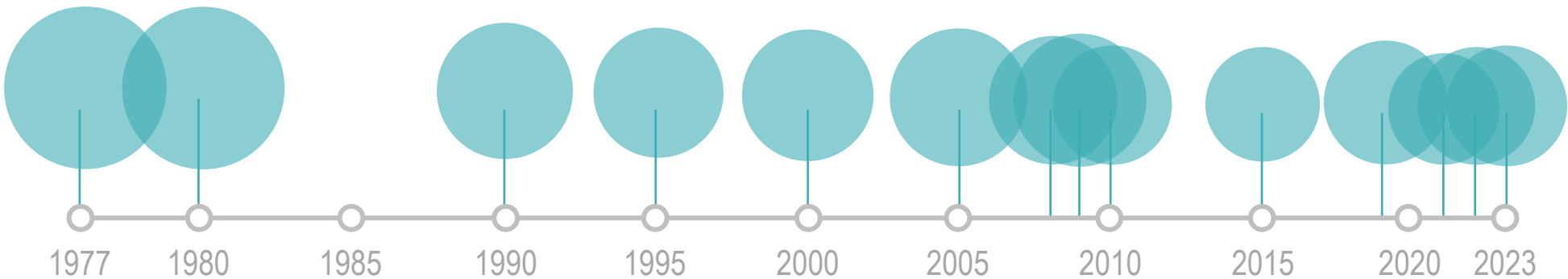
Arizona | Total Population

Population Age 25-64



-15.8%
1977-2023

Population Age 25-34

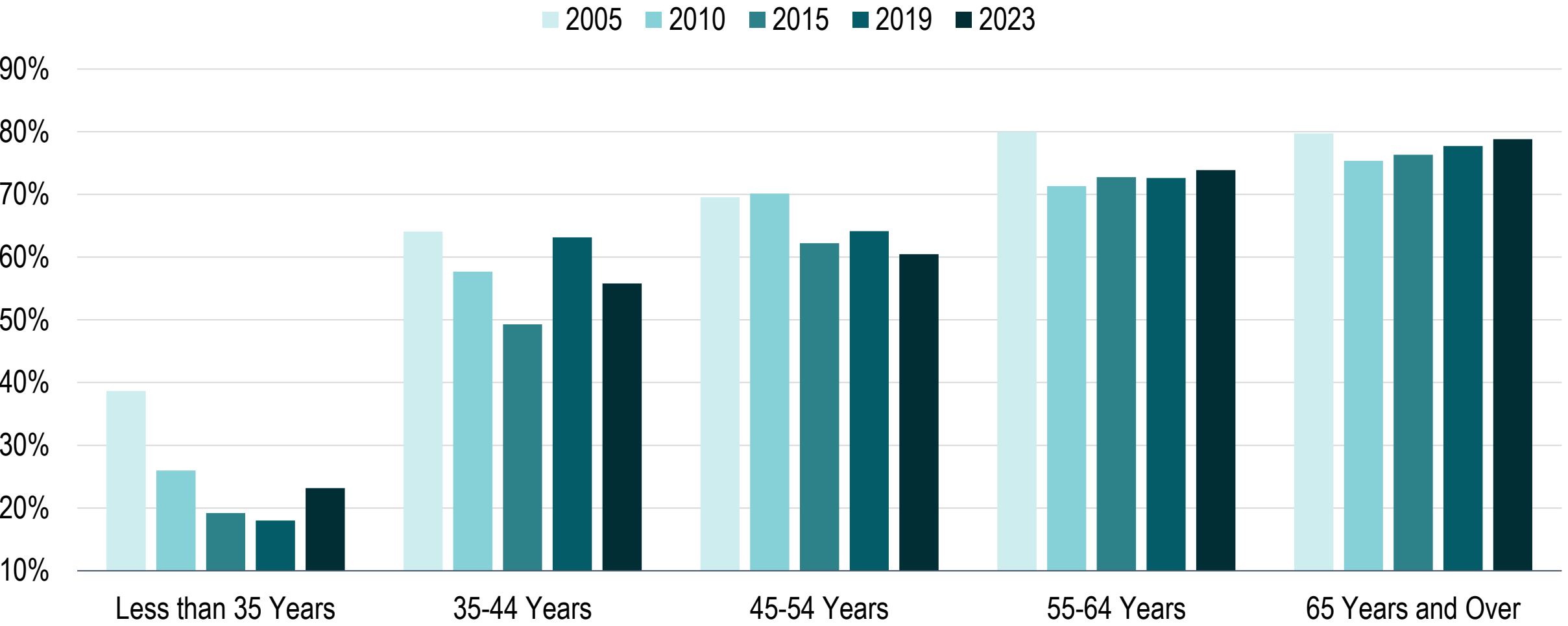


-22.1%
1977-2023

Source: IPUMS; Applied Analysis. Note: Analysis considers head of household and spouse homeowners.

Homeownership Rates

Arizona | By Age Group

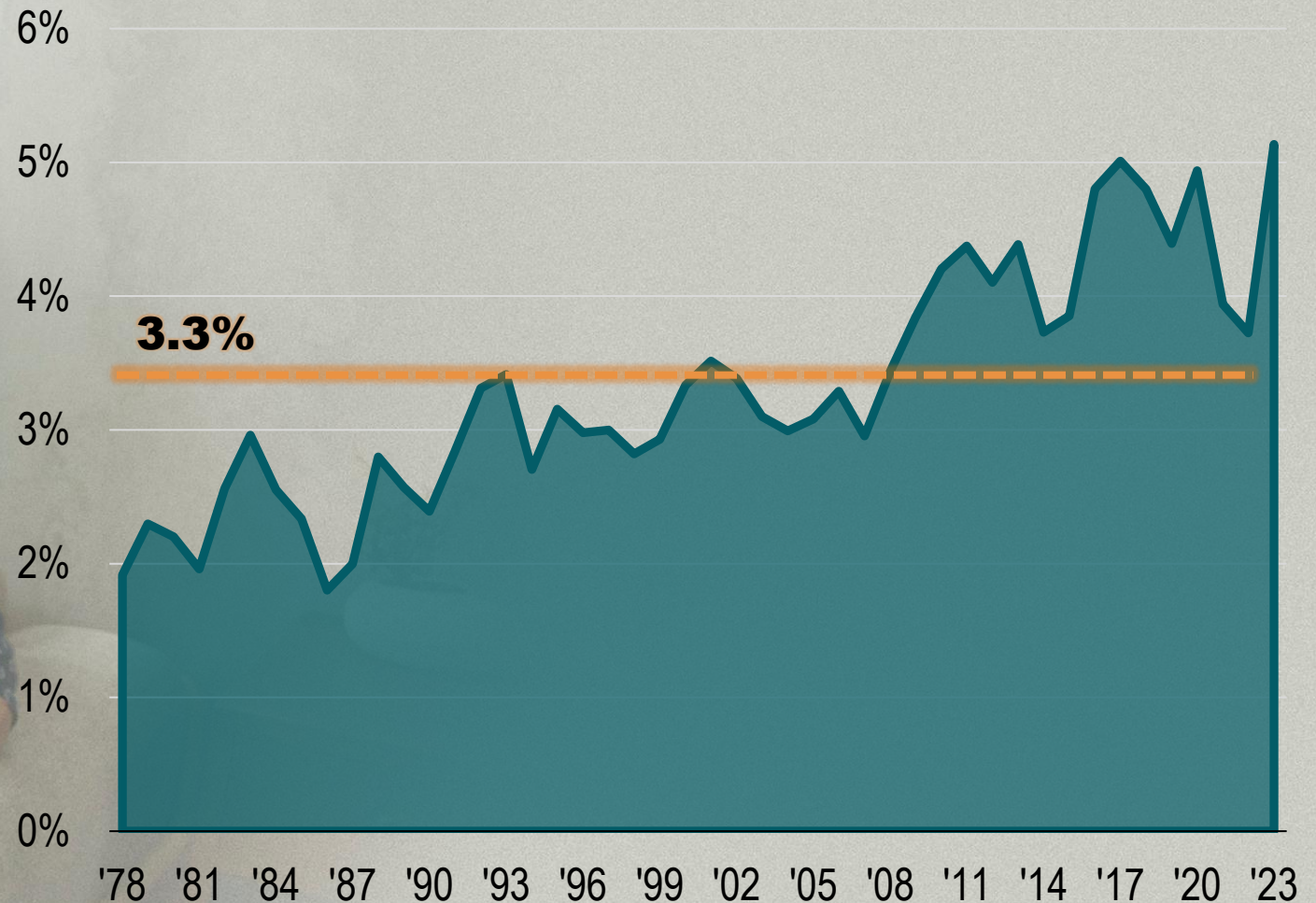


Source: IPUMS; Applied Analysis. Note: Analysis considers head of household and spouse homeowners.



Share of Children 18+

Arizona | Living at Home

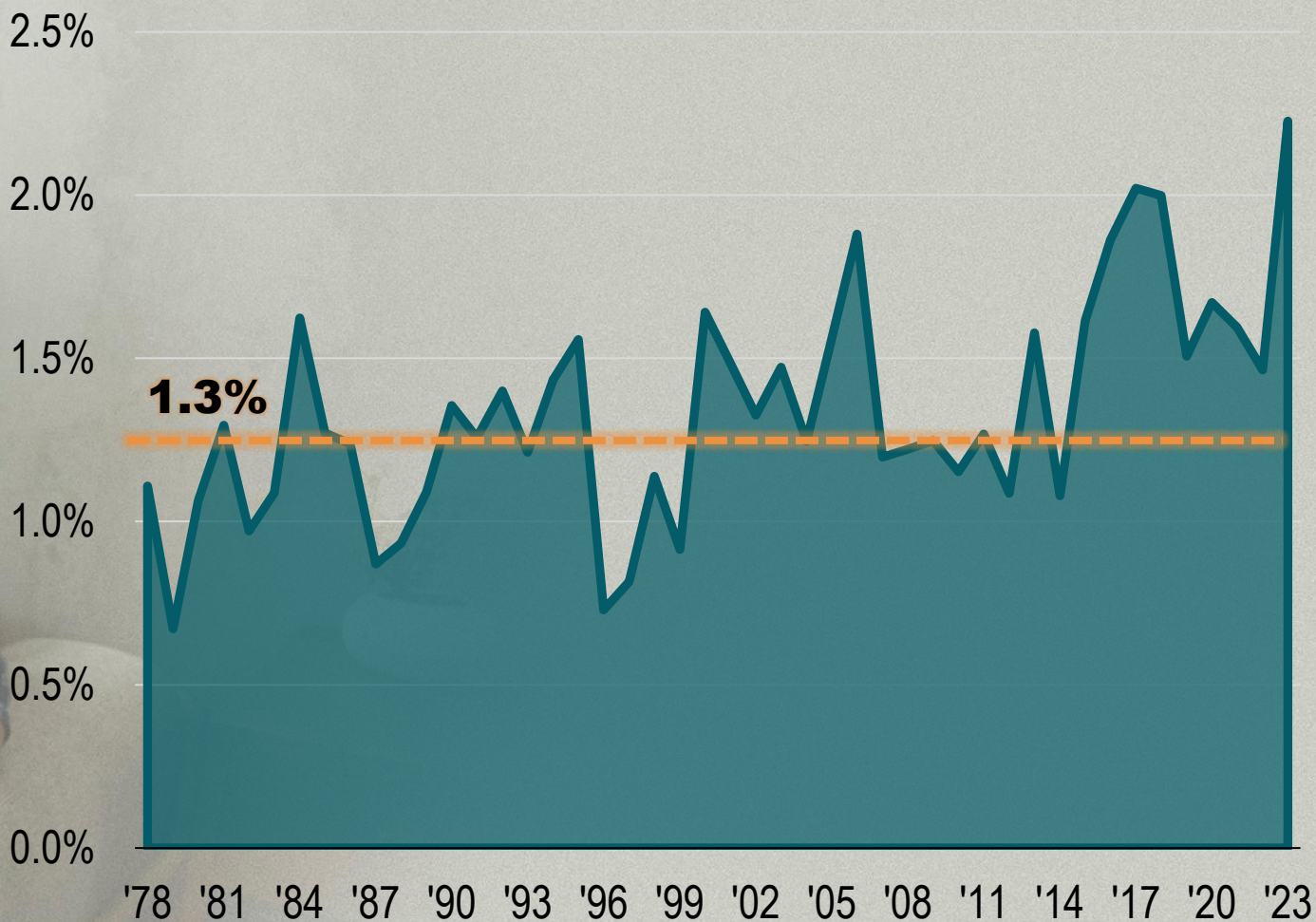


Source: IPUMS; Applied Analysis. Note: Includes biological children, step-children and foster children. Image is sourced to (rawpixel.com/shutterstock.com)



Share of Adults 65+

Arizona | Living at Home



Source: IPUMS; Applied Analysis. Note: Includes all adults over the age of 65 who are not head of household, spouse, or child. Image is sourced to (rawpixel.com/shutterstock.com)



POPULATION GROWTH

SUPPLY VS. DEMAND

HOUSING AFFORDABILITY

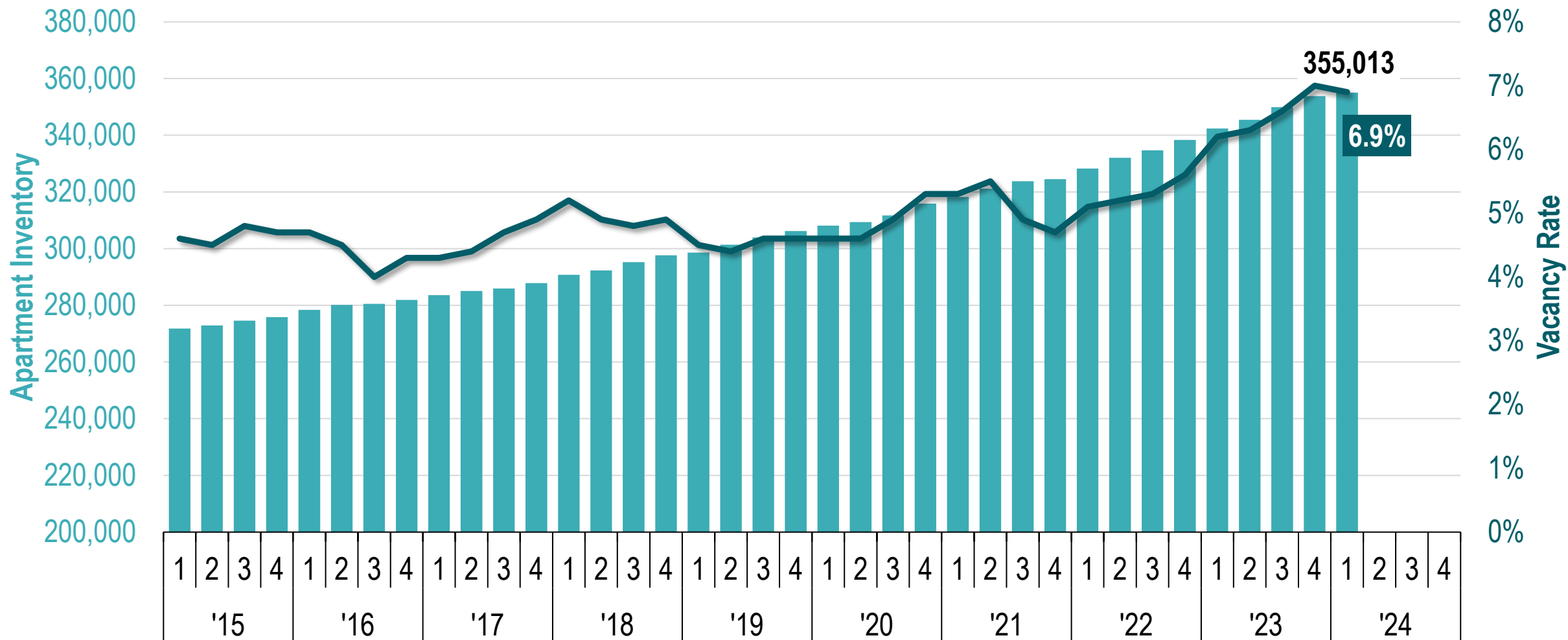
HOMEOWNERSHIP

RENTAL MARKET DYNAMICS

OUTLOOK

Apartment Inventory & Vacancy Rate

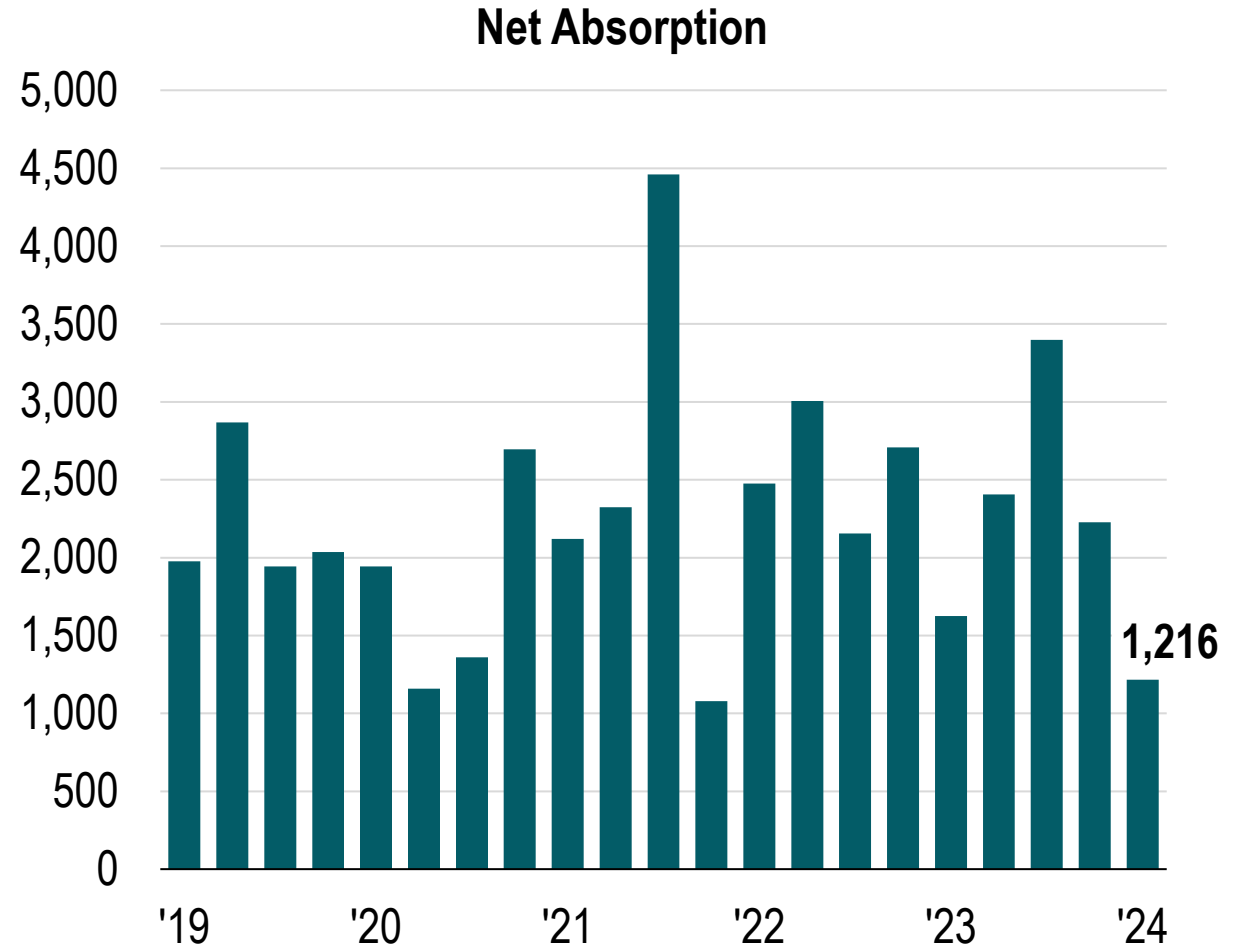
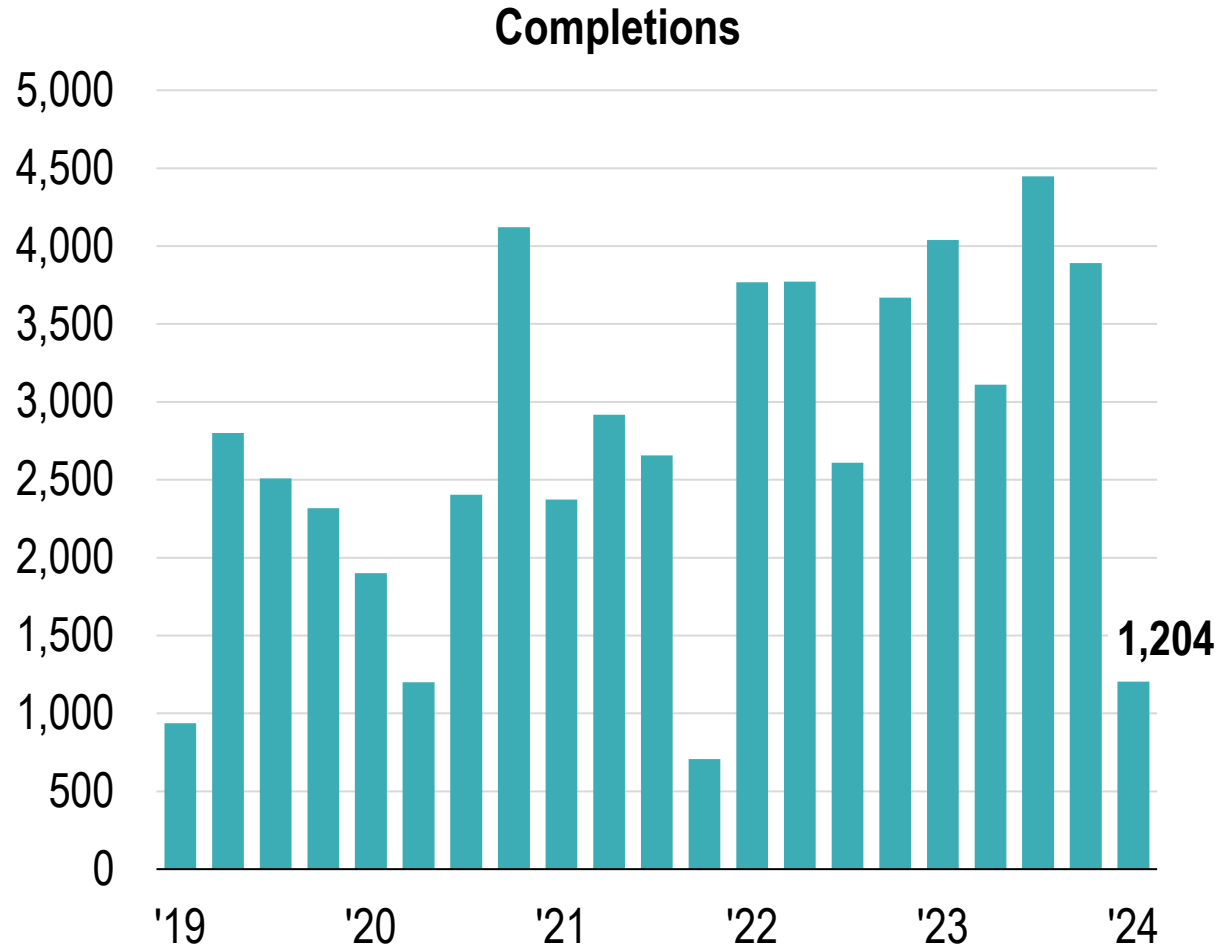
Phoenix MSA | Quarterly



Source: REIS

Apartment Supply vs. Demand

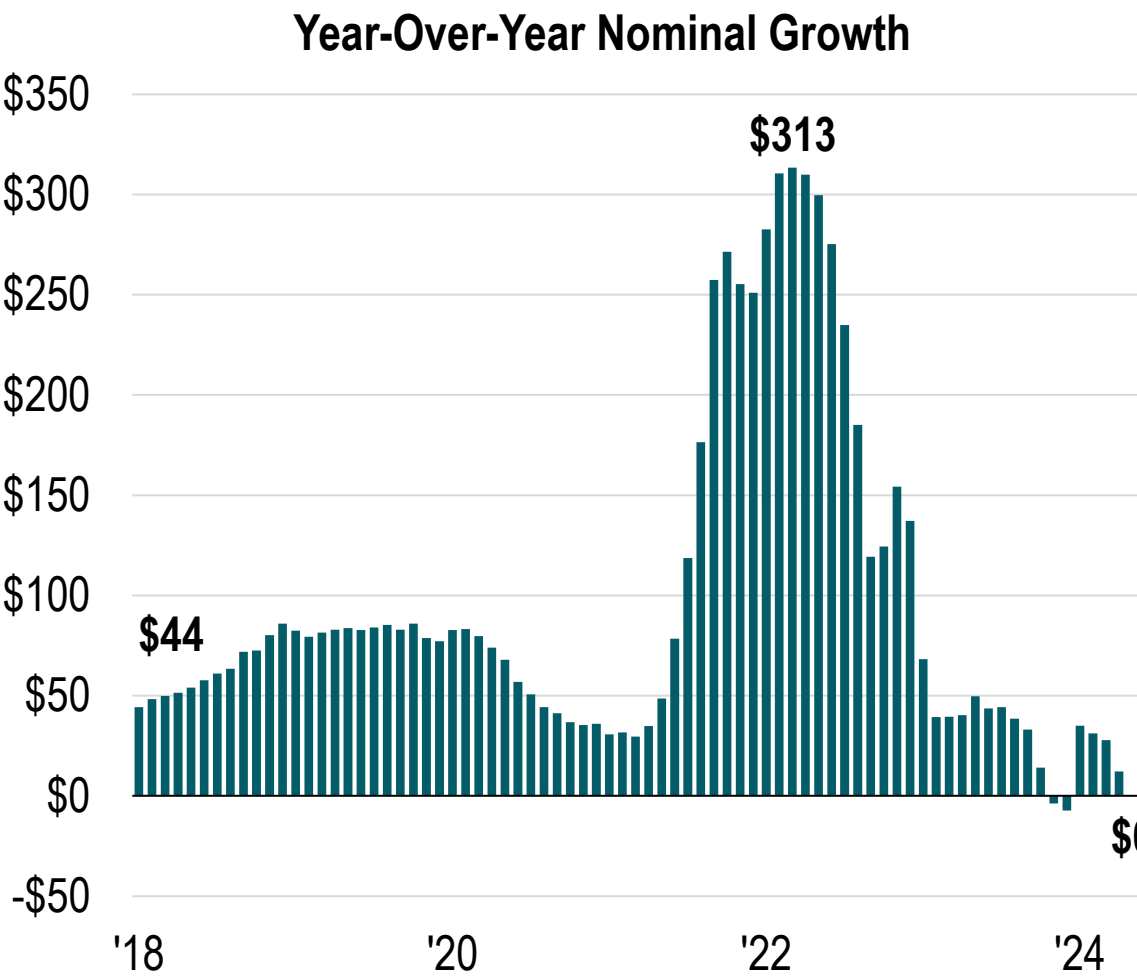
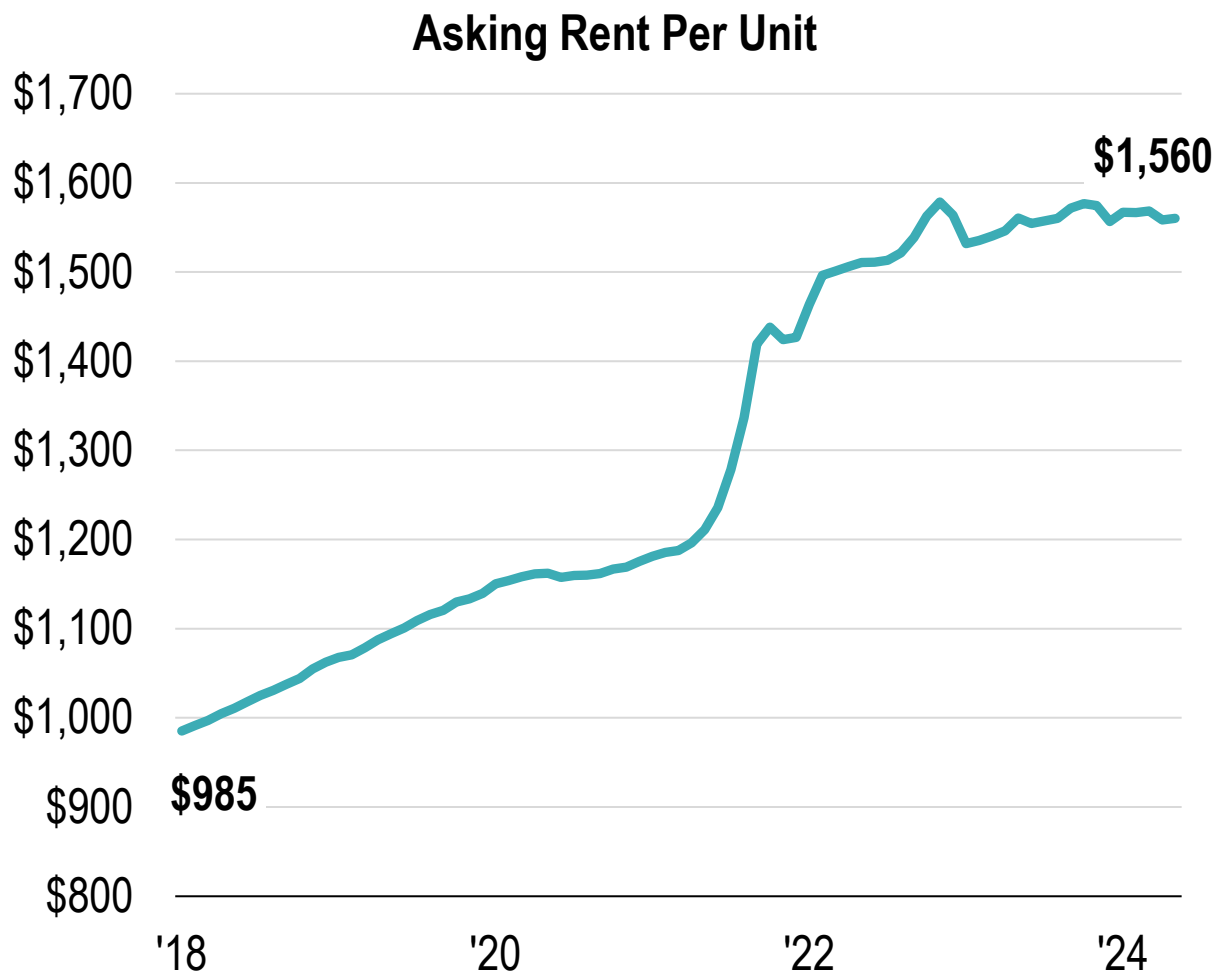
Phoenix MSA | Quarterly



Source: REIS

Apartment Asking Rent Per Unit

Phoenix MSA | Monthly



Source: REIS



POPULATION GROWTH

SUPPLY VS. DEMAND

HOUSING AFFORDABILITY

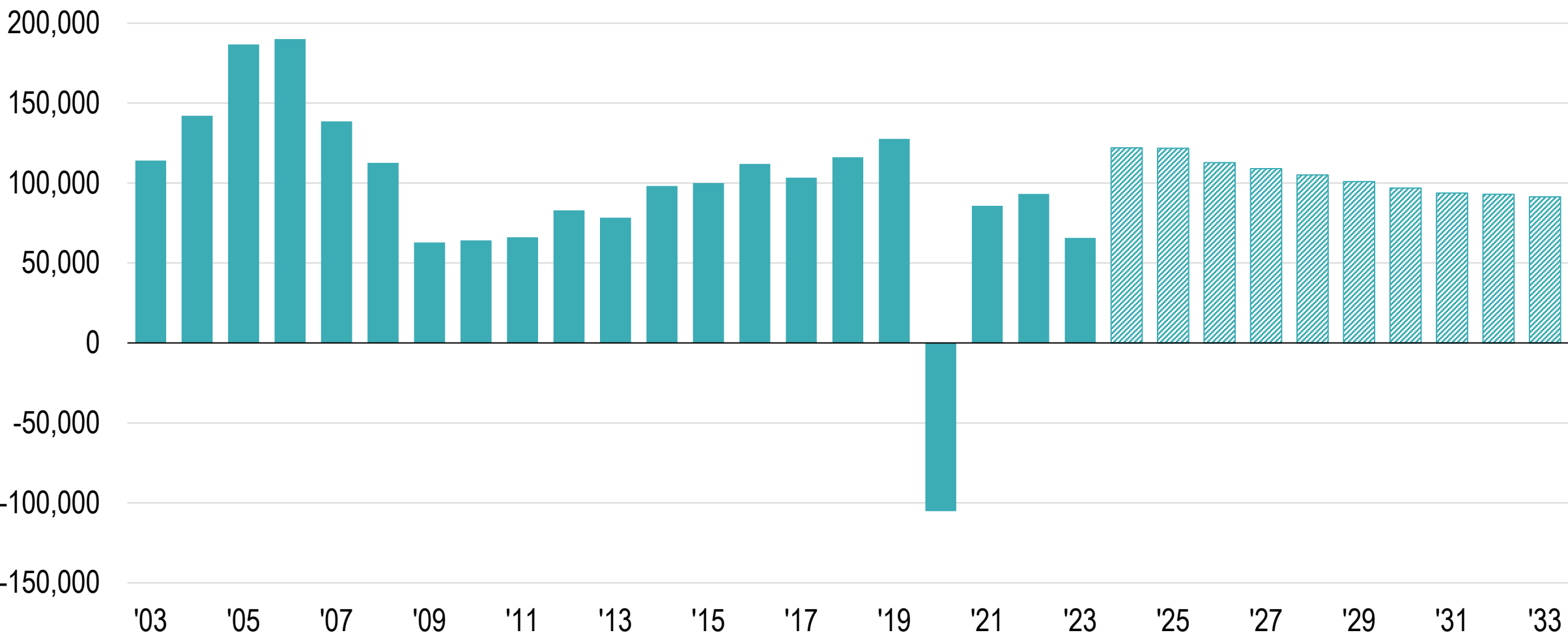
HOMEOWNERSHIP

RENTAL MARKET DYNAMICS

OUTLOOK

Population Growth

Arizona | Historical and Forecasted Growth



Source: U.S. Census Bureau; Arizona Office of Economic Opportunity; Applied Analysis. Note: Medium series annual growth projections and census data are used to calculate nominal growth.



Image Source: (DestinaDesign/shutterstock.com)

“[T]he likelihood of a housing market crash remains low for 2024...experts point out that today’s homeowners stand on much more secure footing than those coming out of the 2008 financial crisis, with many borrowers having substantial home equity.”

--- *Forbes Advisor (June 6, 2024)*

Image Source: (DestinaDesign/shutterstock.com)

THE HOUSING MARKET

2024

APPLIED
ANALYSIS

