



Influences on The Phoenix-area Housing Market

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What is the market?

What is influencing the market?

Concerns for 2015

Investors Exit Market

- **Consolidate**
- **Take profits**

Lending Criteria Remains Tight

- **It's not just down payment, or even income...**
- **It's also credit scores.**

Interest Rates Rise

- **Even a little may keep many out.**

Foreign Investors Pull Back

- **Dollar strengthens**
- **Economic issues in Europe/Russia remain**

Wages

- **Job growth, but little in the way of wage growth**
- **Low-wage earning jobs or wages that increase with inflation**

Jobs

- **November – AZ ranked No. 12 among states**
- **Job growth at 2.07%**
- **Made up 60% of jobs lost in recession**
- **Projected to add about 40,000 per year**

Source: Maricopa Association of Governments

Population Growth

2011 to 2012	 	41,300	(16,500 HH)*
2012 to 2013	 	60,200	(24,080 HH)*
2013 to 2014	 	63,800	(25,520 HH)*

Source: Maricopa Association of Governments

*Based on 2.68 pphh

Population Projections

2014 | 4,040,100 (est.)

2020 | 4,507,200

2030 | 5,359,300

2040 | 6,175,000

Source: Maricopa Association of Governments

Housing Demand 2014 to 2020

796,600 new housing units

**(Population increase of 2,134,900/
2.68 people per household)**

30,640 new units per year

What and where?

Age Make-up

- Millennials are a larger cohort than their parents.
- They are postponing homeownership and renting longer (good for apartments).
- What are their housing preferences in the 2020s?
- We'll see further industry changes resulting from the emergence of the smaller "Generation Z."
- Baby boomers – as workers and retirees – will continue to have significant impact on real estate development and investment for at least two more decades.

Urbanization of Our Suburbs

- Immature market, but evolving
- Giving life to edge cities/towns, cities that were historically nine-to-five
- Suburban “downtown” transformations combining key ingredients of housing, retail, dining and walkable “nodes”
- Development within the “loop” continuing to dominate in 2015

Technology

- Smart Homes emerge – Technological disruption and consumer demand for connected place important
- Technology pushes change in space use
- E-commerce and crowdfunding, for example, viewed as an adaptation challenge, “omnichannel distribution” and “e-tailers” to open brick-and-mortar stores
- Changes where we do things and how we do them

Planning for a nation with lesser household formation, fewer new consumers, and a meager number of workforce entrants

**What should
we be
investing
in?**



arts

education

culture

infrastructure