

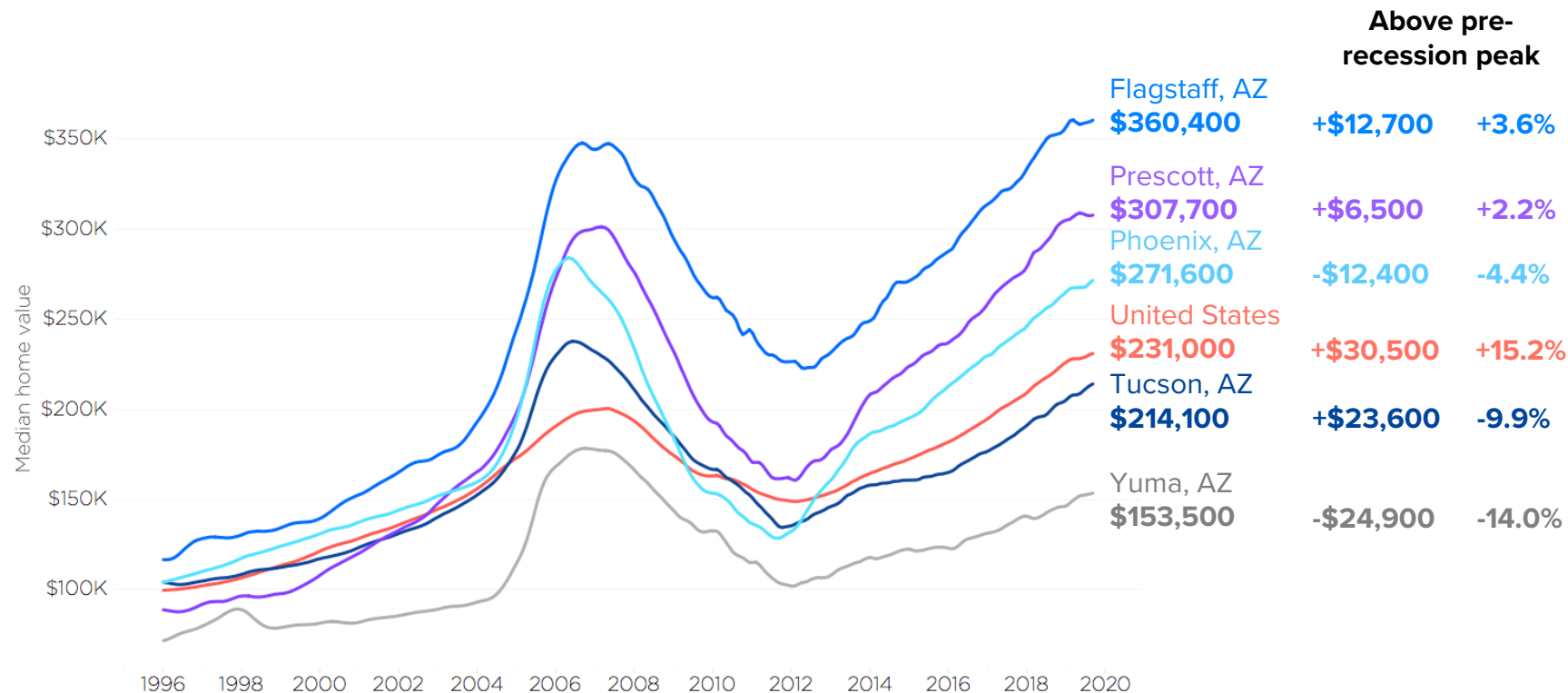


Arizona Housing Market Overview

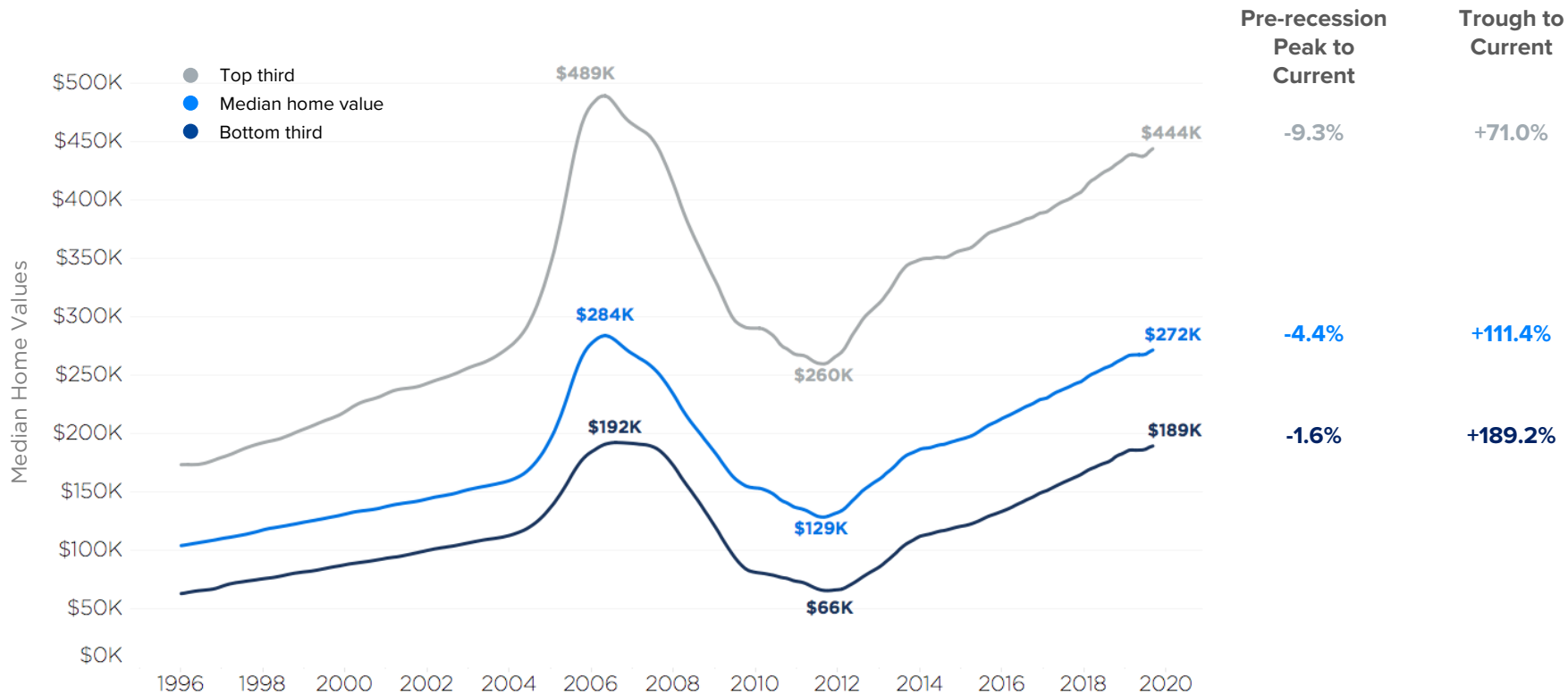
Alexander Casey

Senior Policy Advisor, Zillow Economic Research

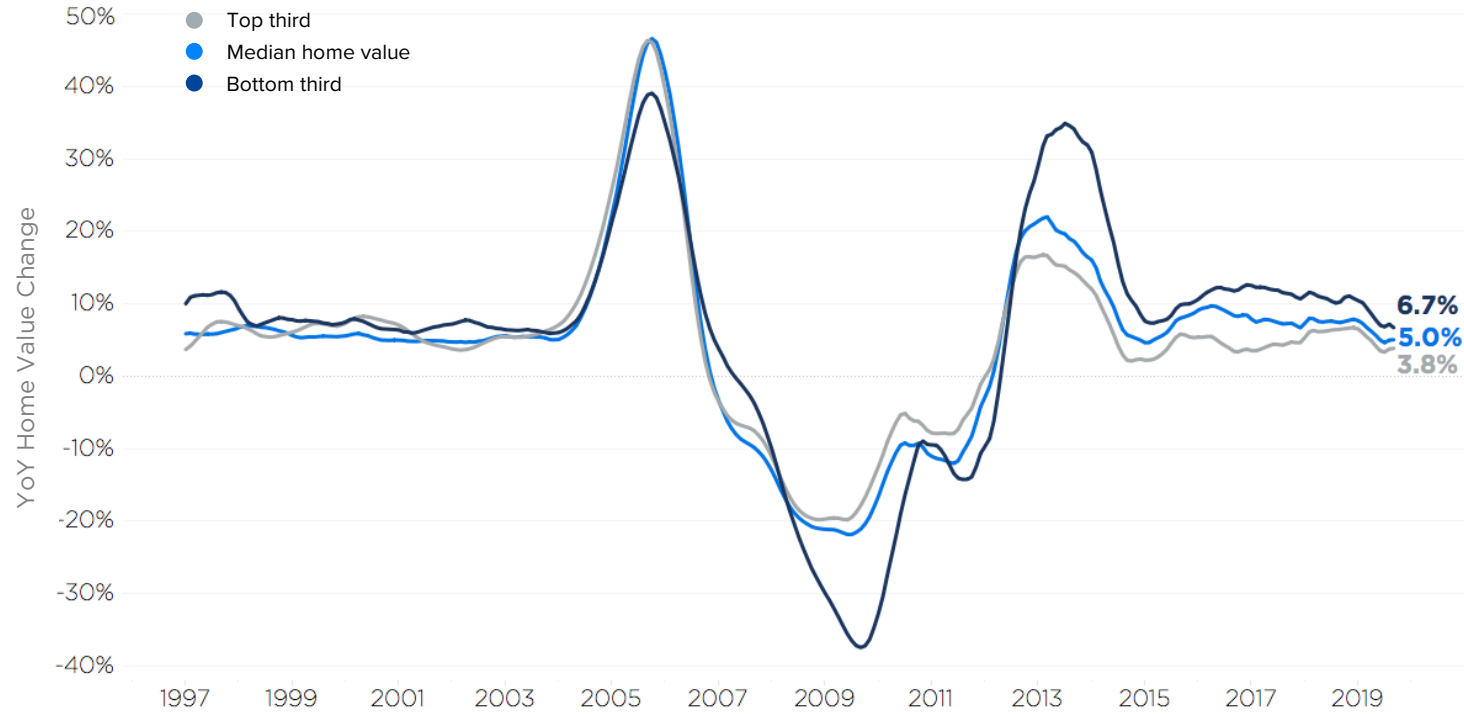
Arizona metros slower to recover value than rest of U.S.



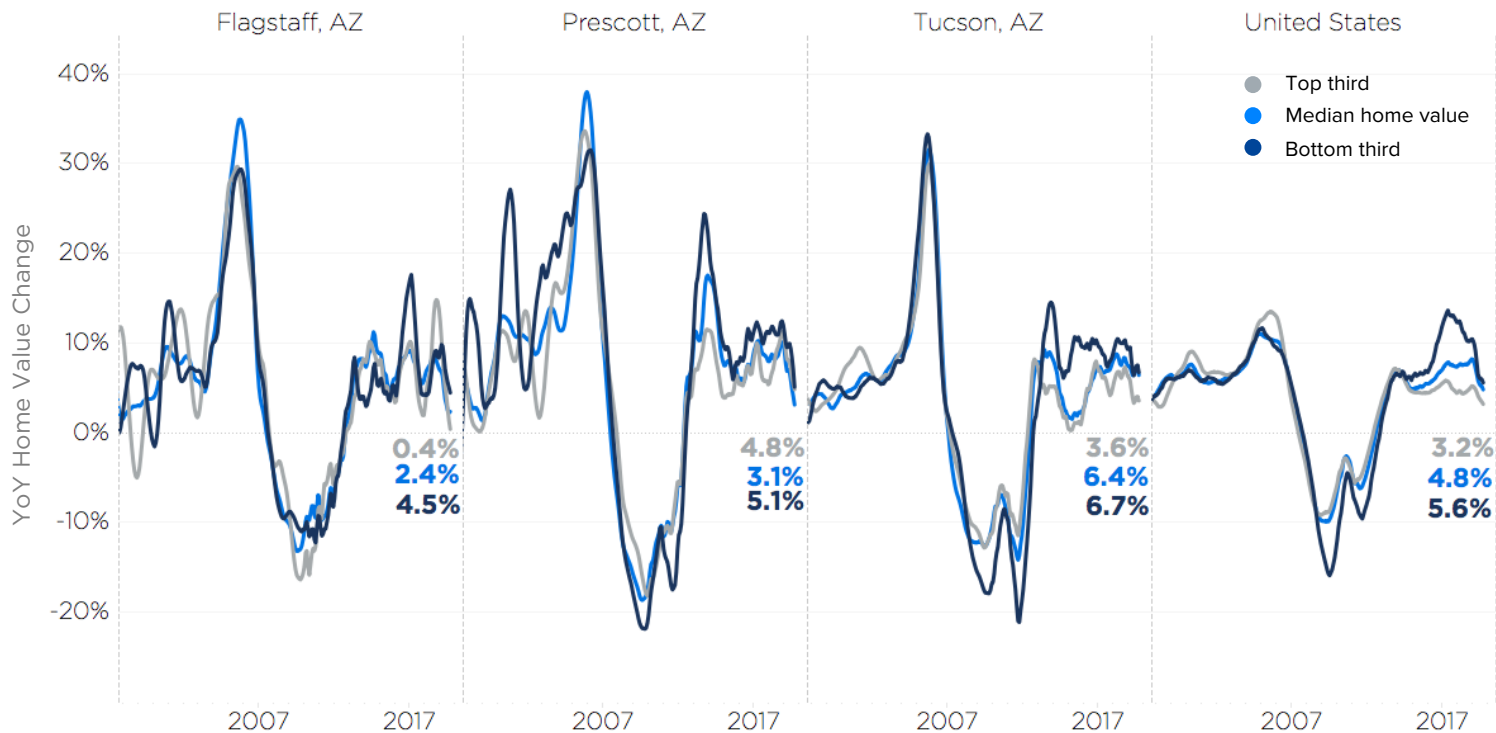
Phoenix lower-value homes leading the comeback



But the PHX bottom tier homes have been the most volatile

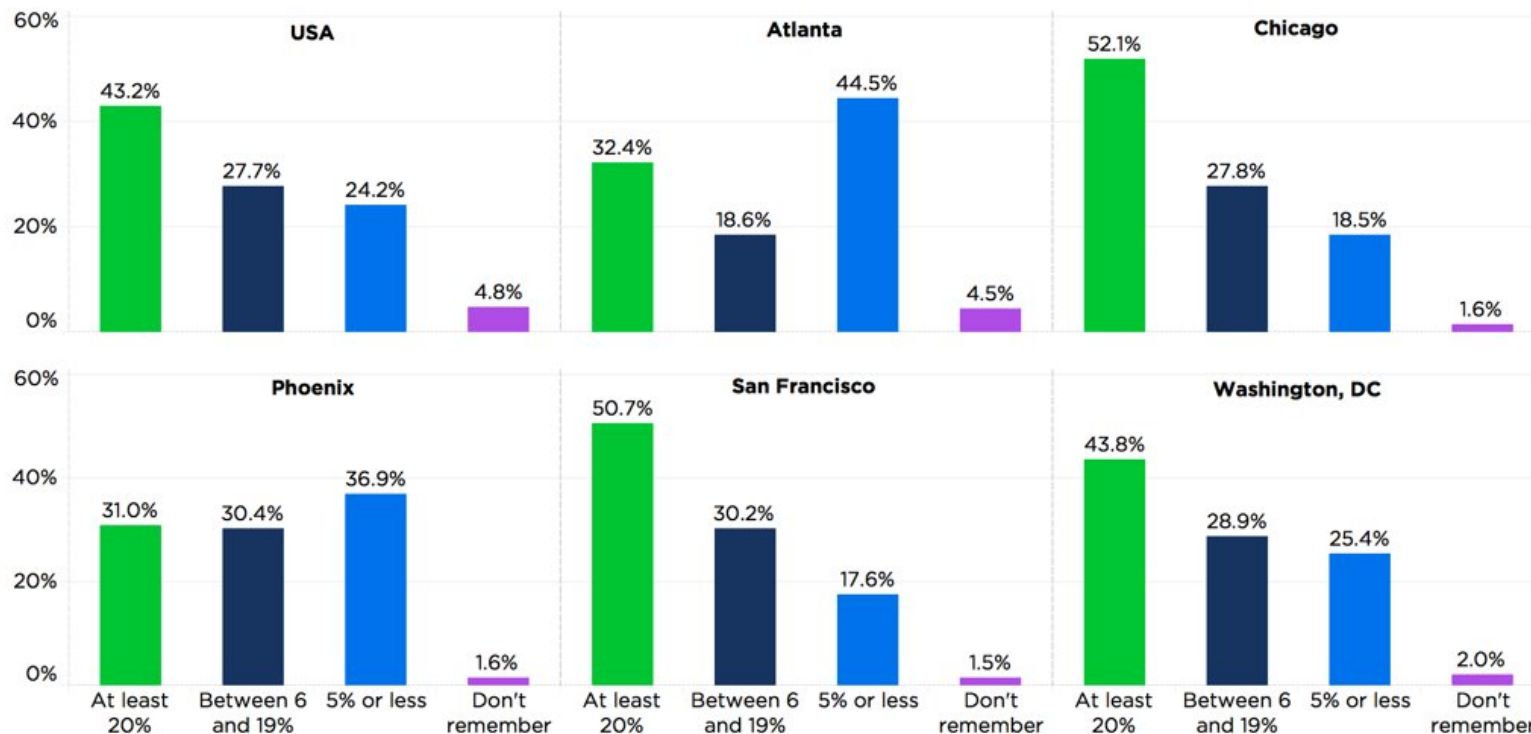


Annual home value change similar across AZ metros

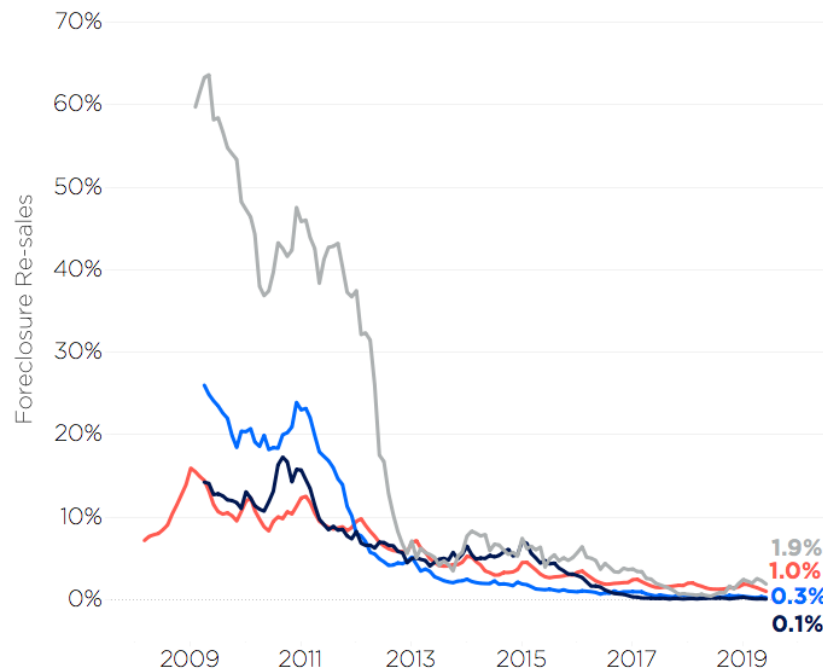
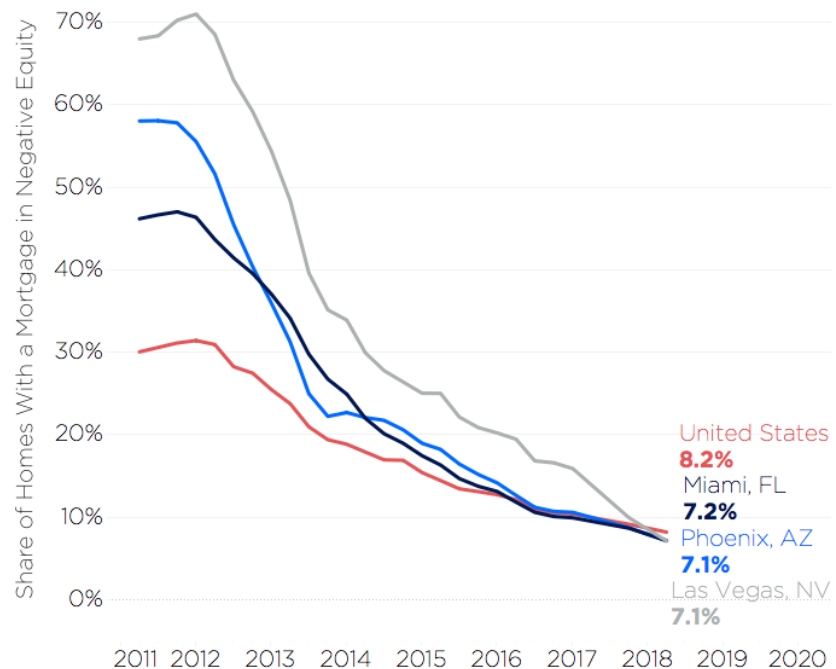


A greater share of home buyers in Atlanta, Phoenix put down 5% or less

Share of home buyers who put down at least 20%, 6-19% and 5% or less

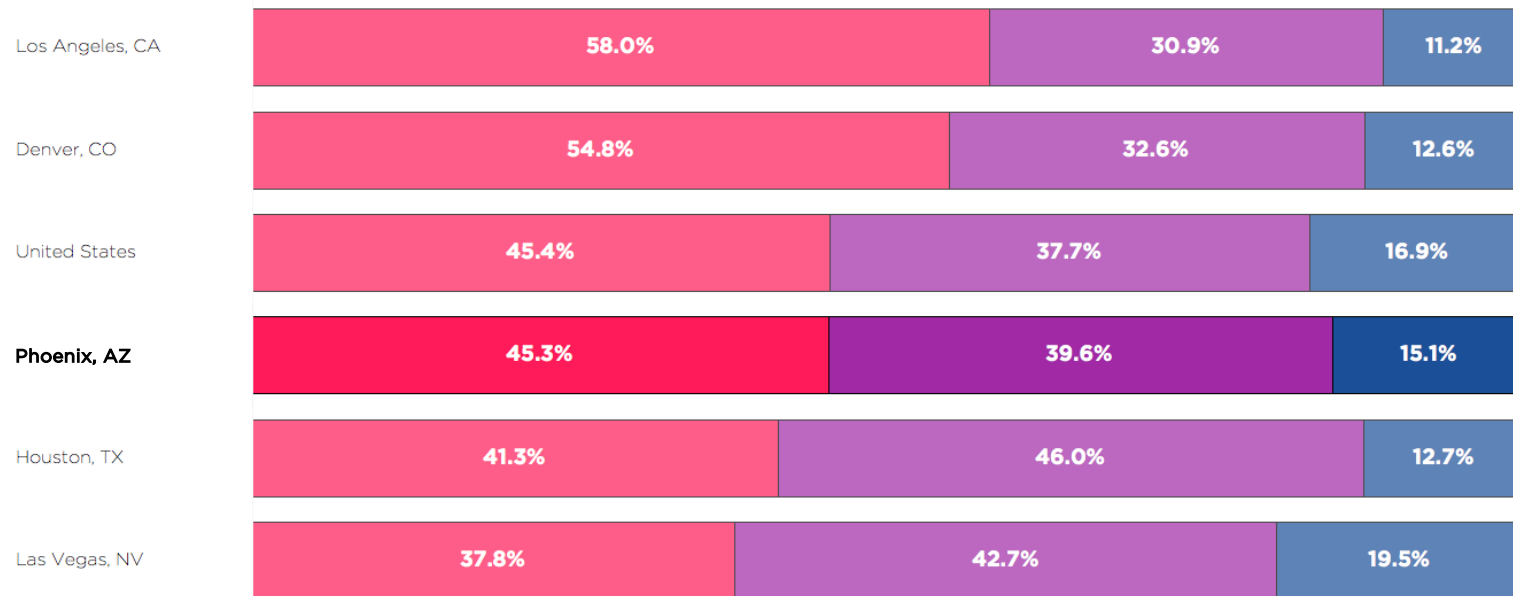


Phoenix hit especially hard by negative equity and foreclosures



Entry-level homes were hit the hardest by the foreclosure crisis

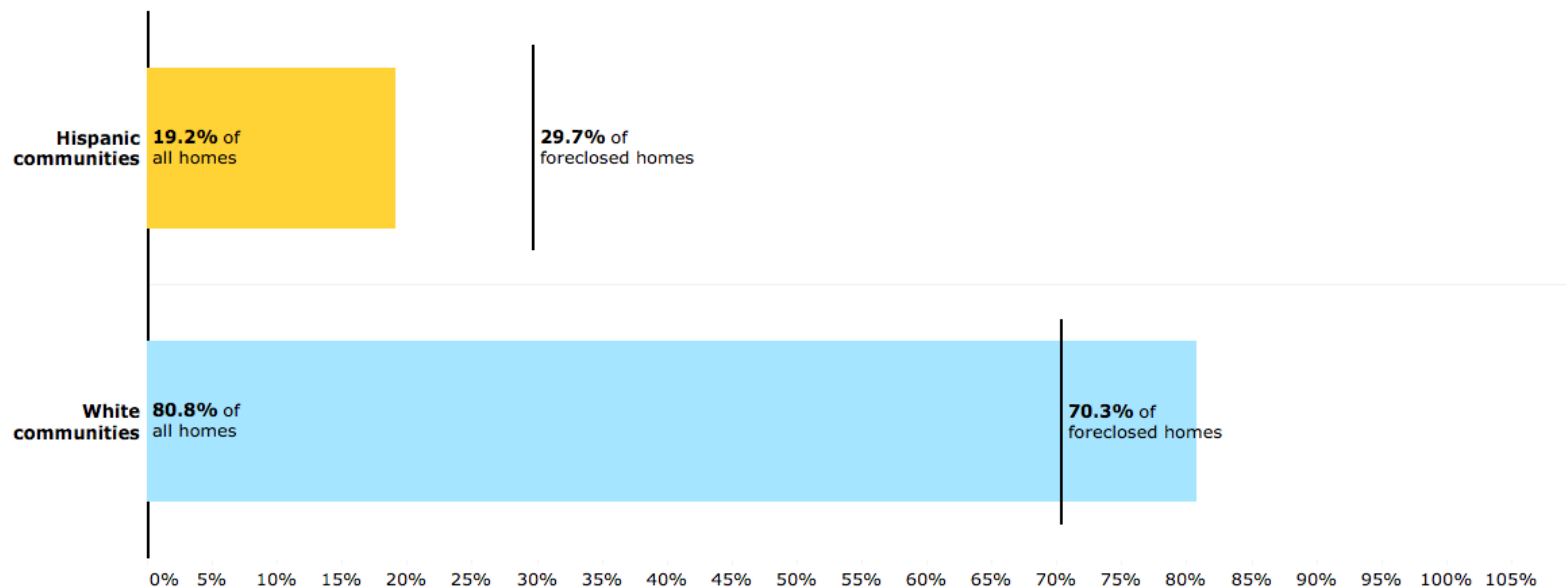
Share of foreclosed homes that were **entry-level**, **middle-tier**, and **high-end**



Phoenix-area Hispanic communities hit hardest by foreclosures

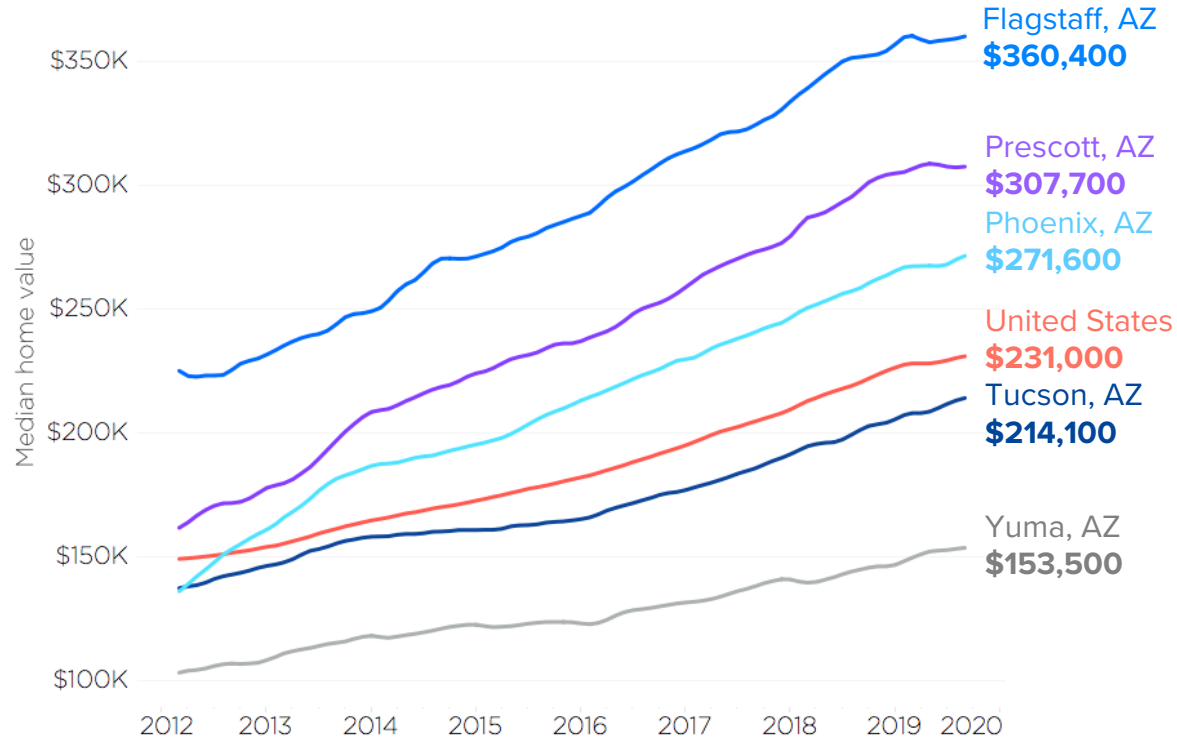
Homes in communities of color were hit the hardest by foreclosures

Share of homes in Hispanic, black and white communities that were foreclosed

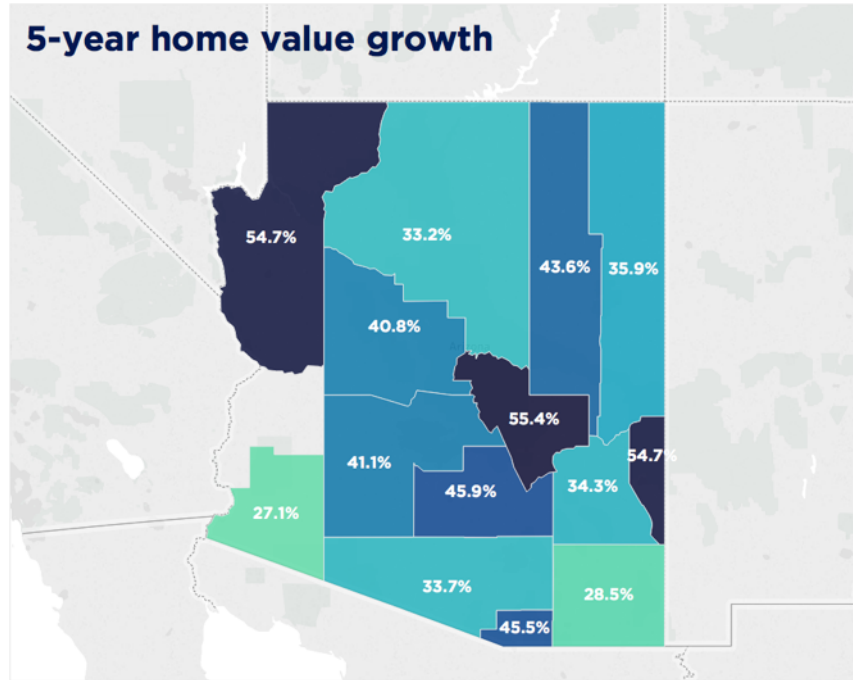


Zillow Economic Research | Source: Zillow analysis of foreclosed homes between January 2007 and December 2015 in racial pluralities identified using data from the U.S. Census Bureau, Decennial Census and American Community Survey.

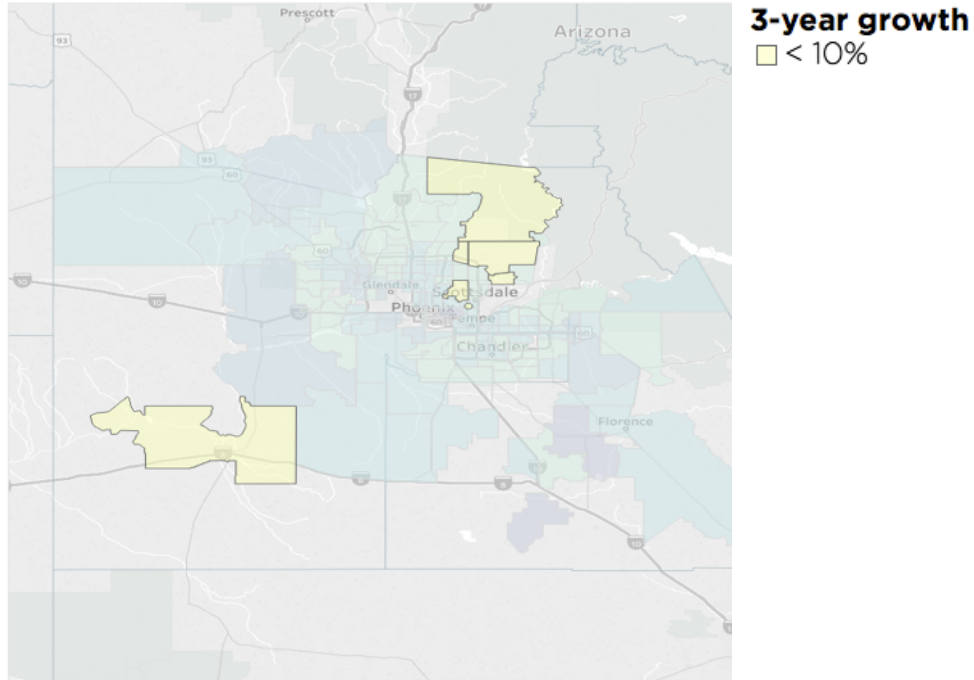
Home value growth across AZ slowing in recent months



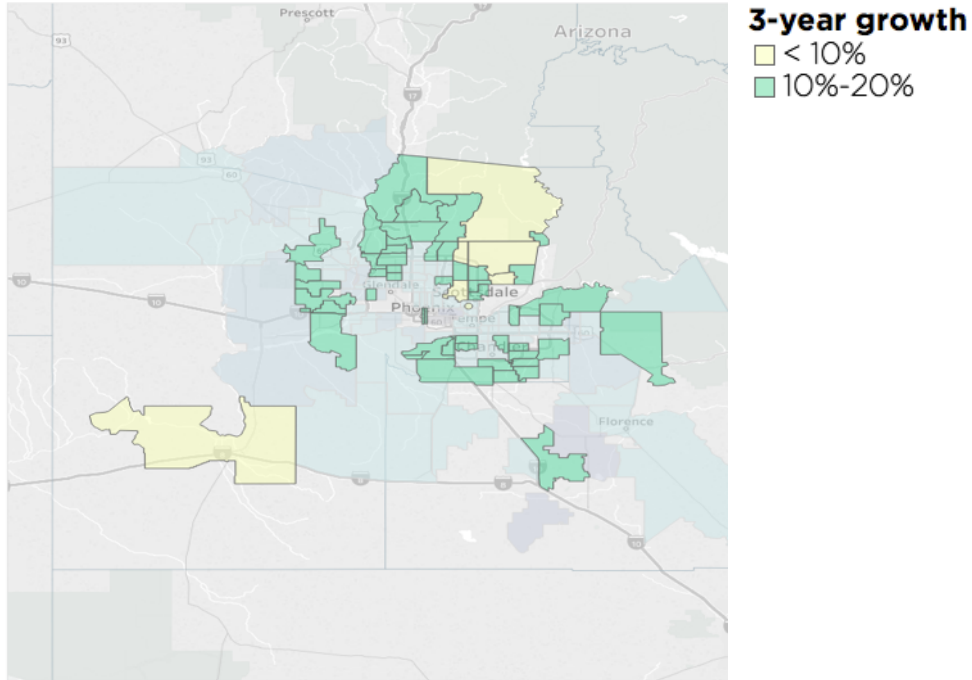
Home value change over past five years



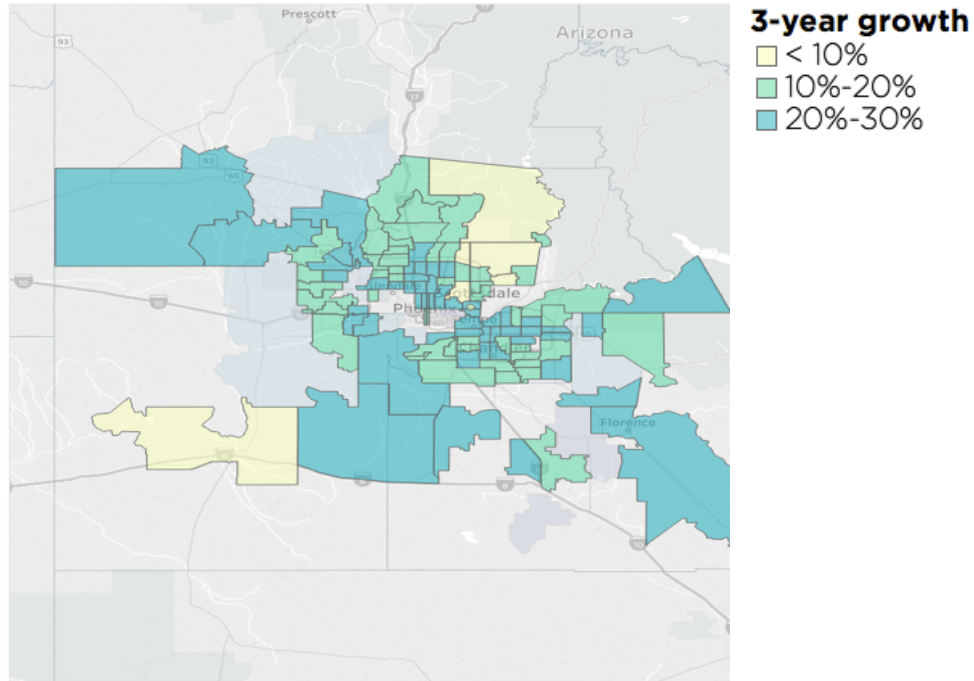
Three-year home value growth by ZIP code



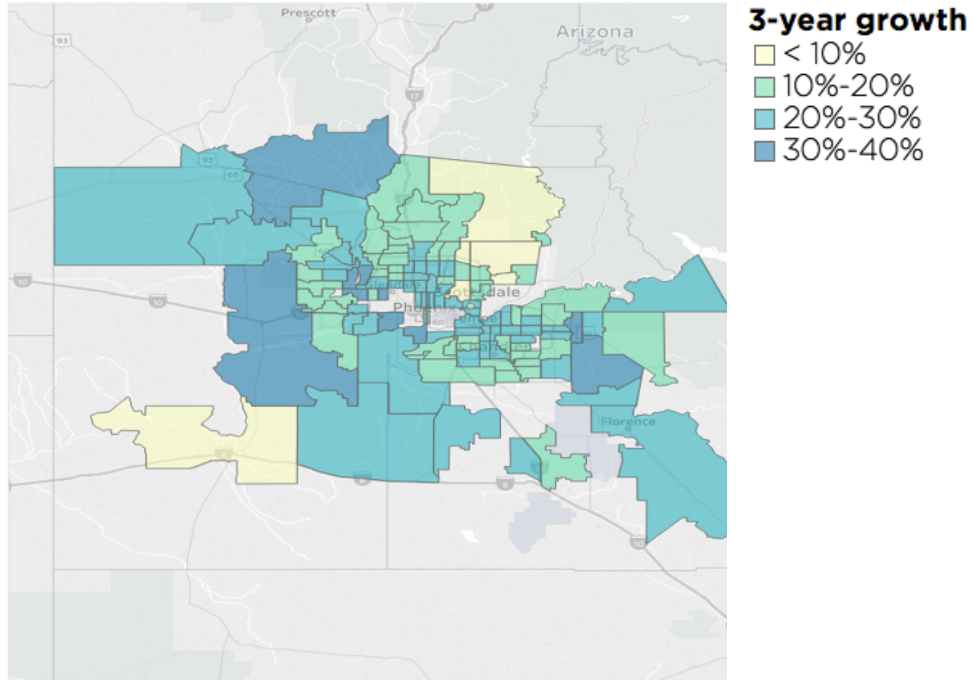
Three-year home value growth by ZIP code



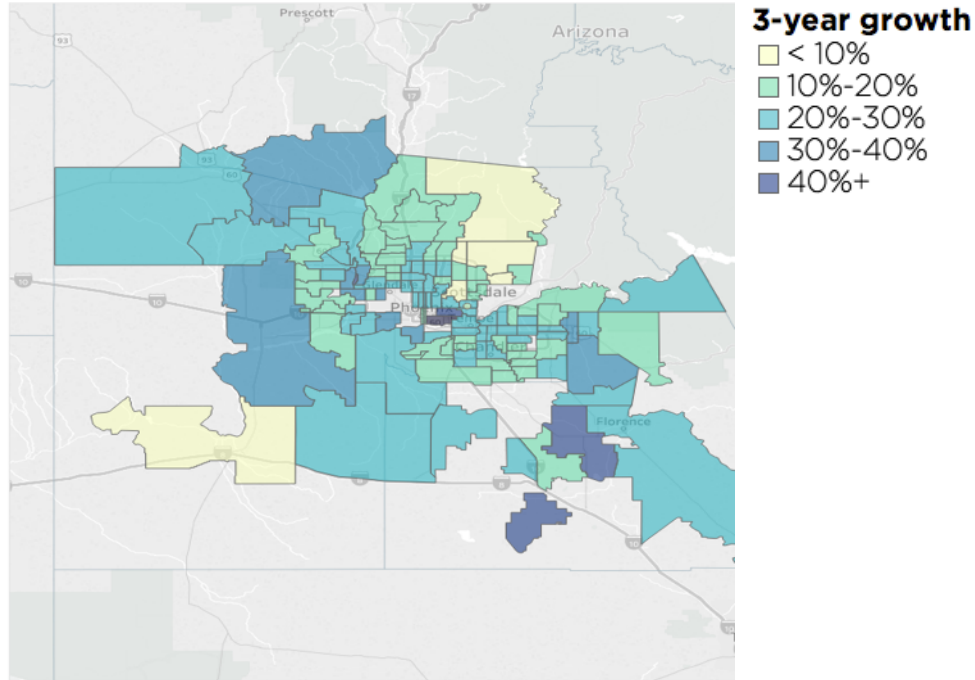
Three-year home value growth by ZIP code



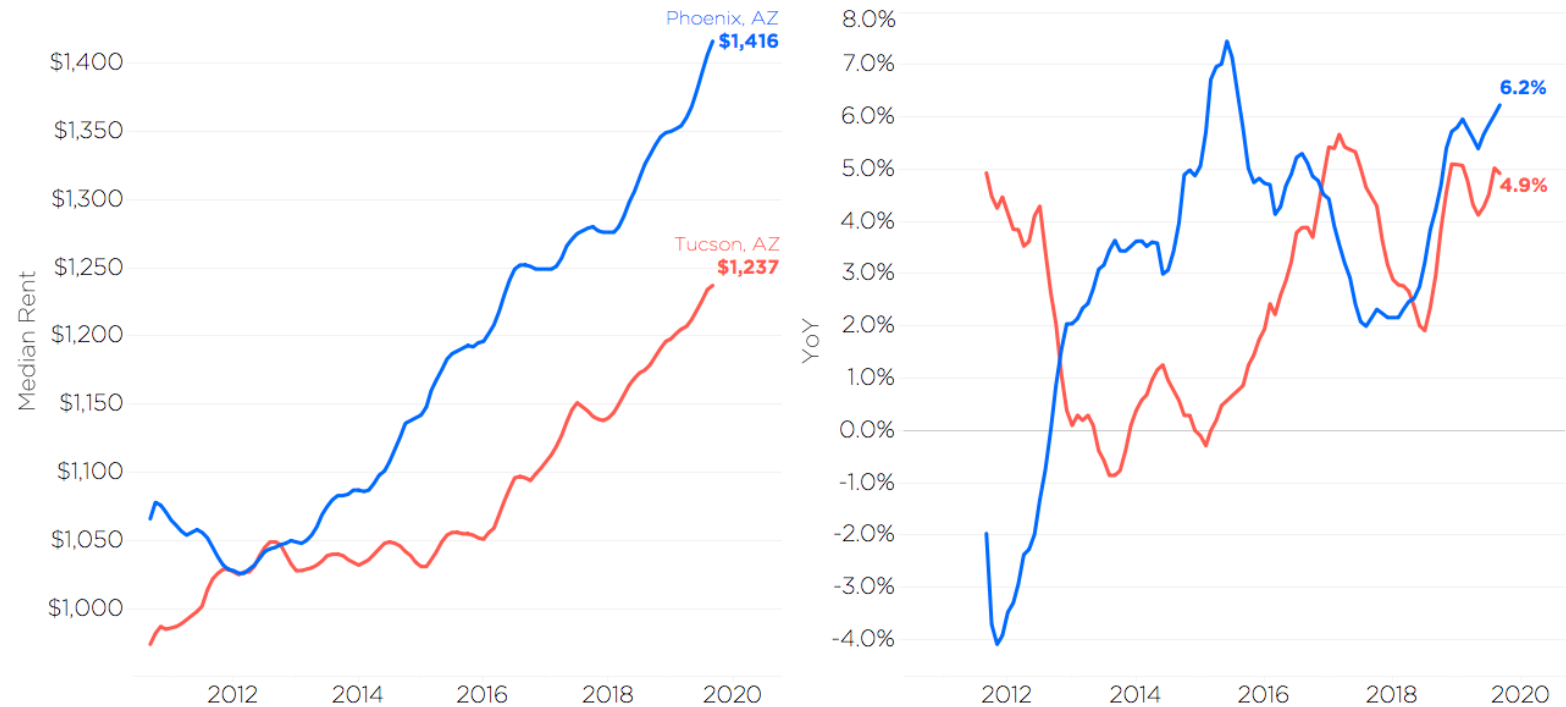
Three-year home value growth by ZIP code



Three-year home value growth by ZIP code



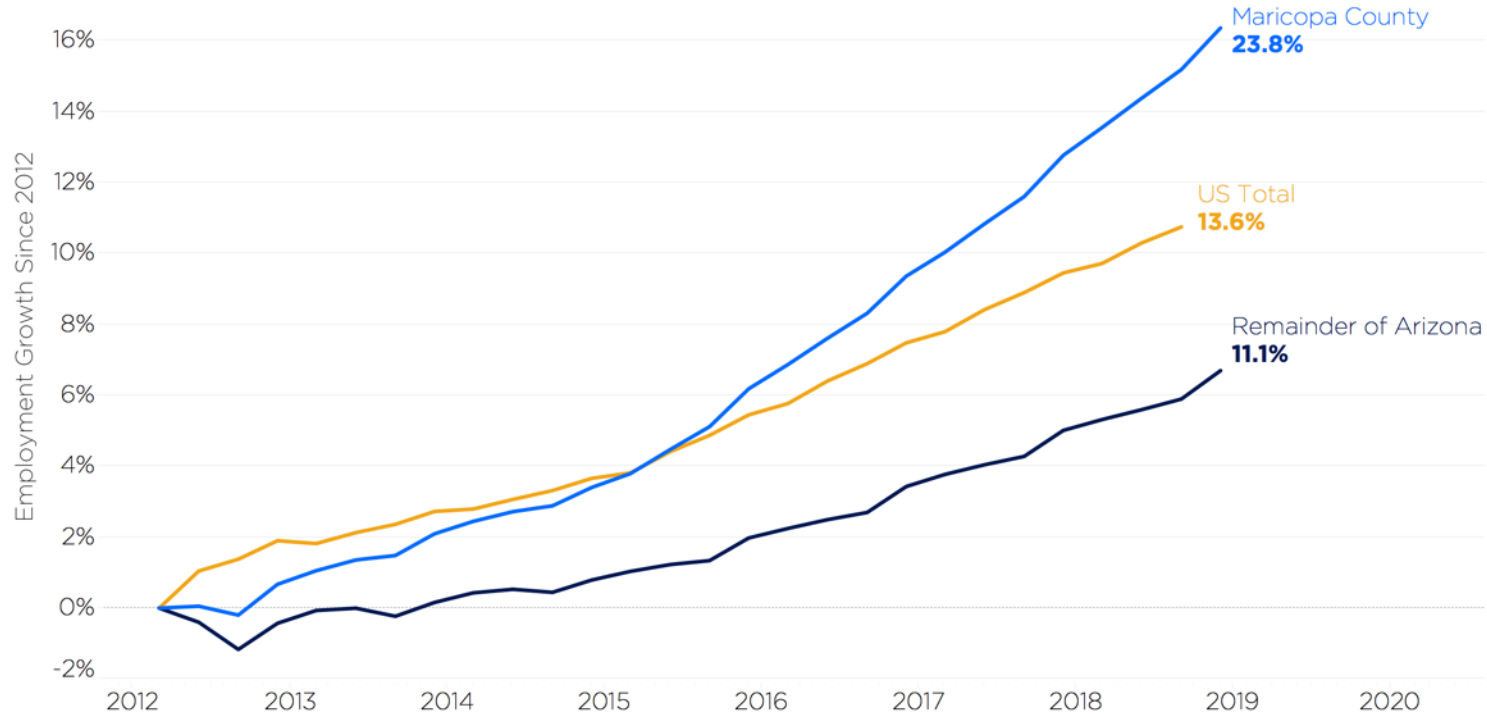
Median rental values surging in recent years



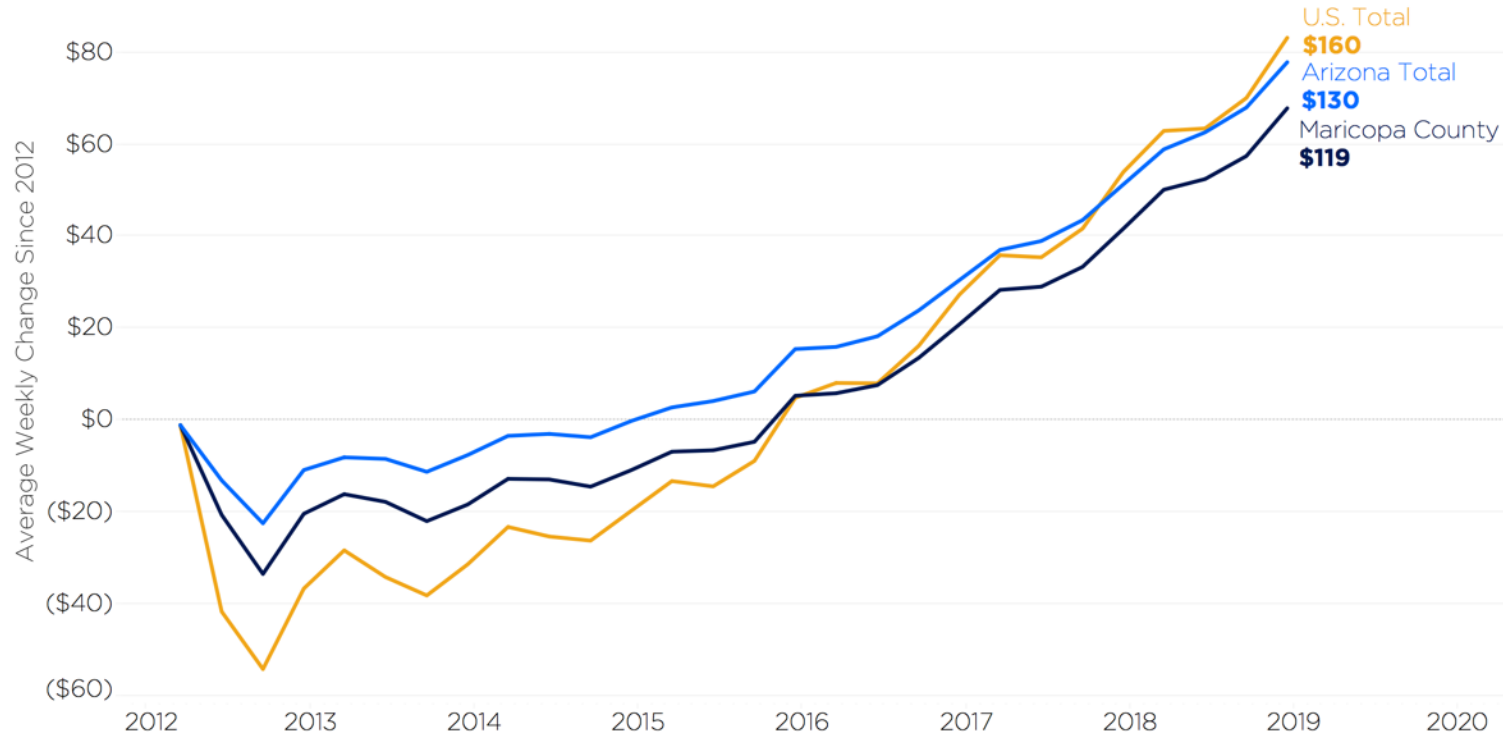
A photograph of a blue house with a garden at night. The house has a blue exterior and a wooden door. The garden is filled with various plants, including ferns and potted plants. The scene is dimly lit, with some lights visible inside the house and in the garden.

So what's driving this

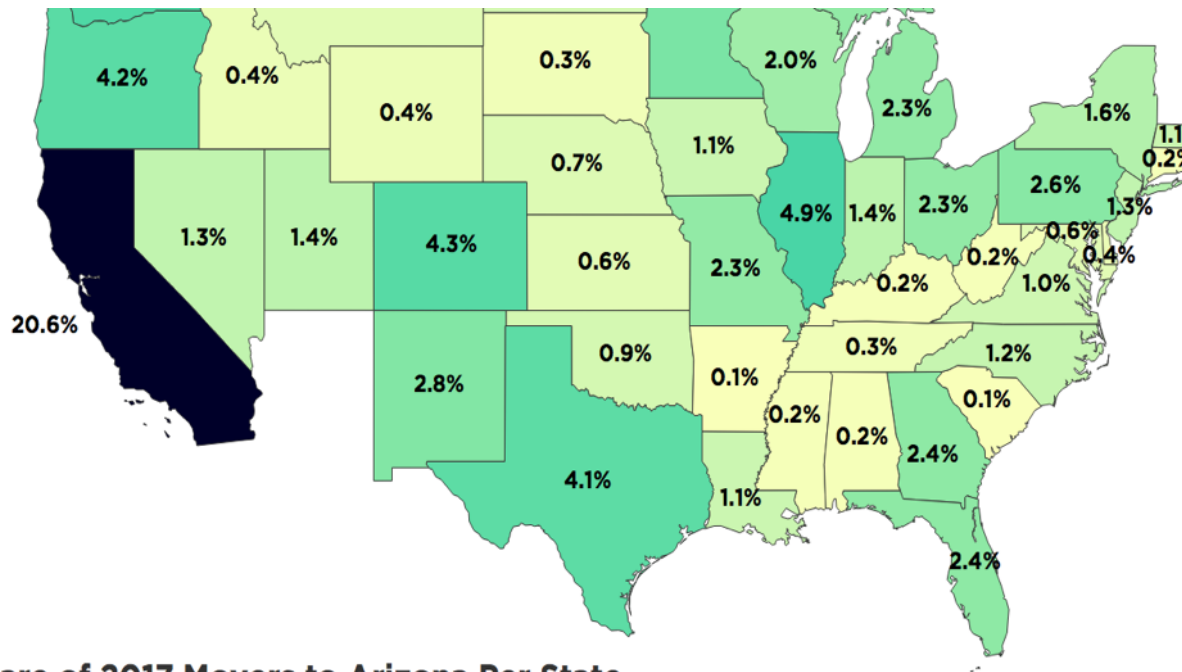
A lot of jobs have come to Maricopa County



Average wage growth in AZ tracks with national average

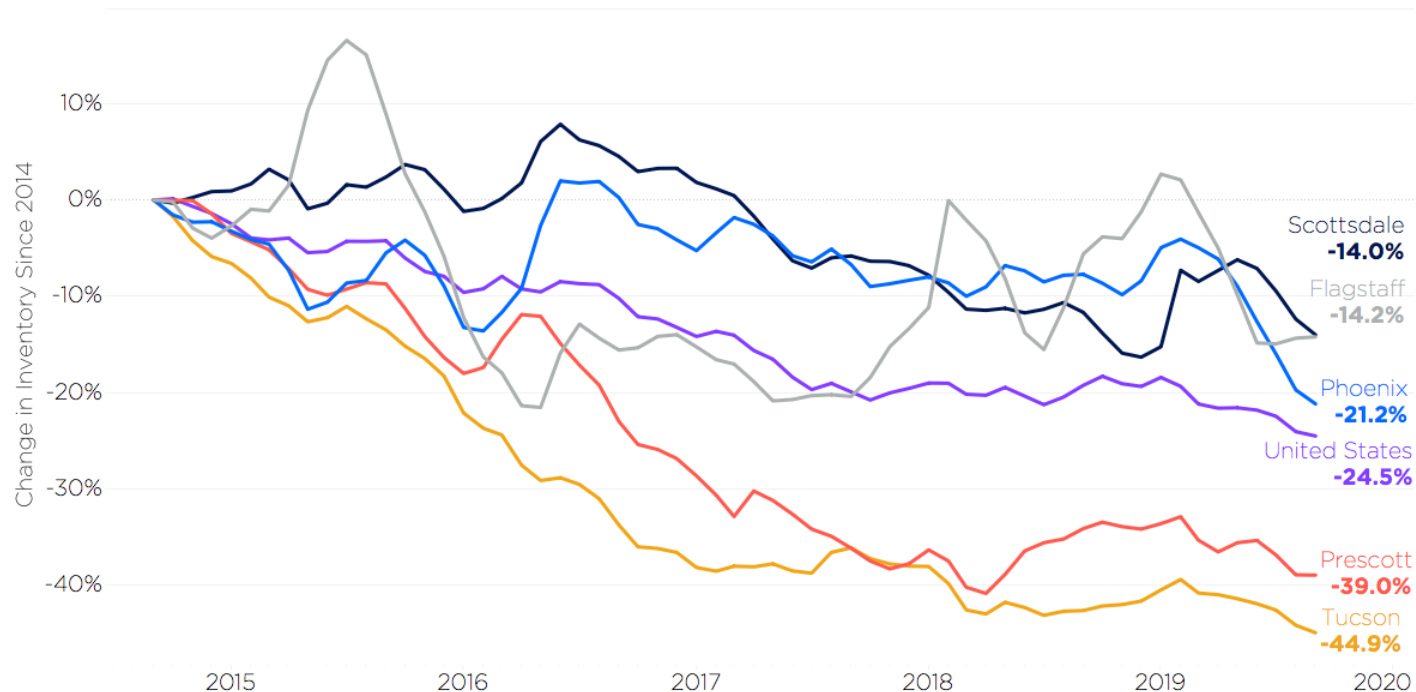


Californians love Arizona



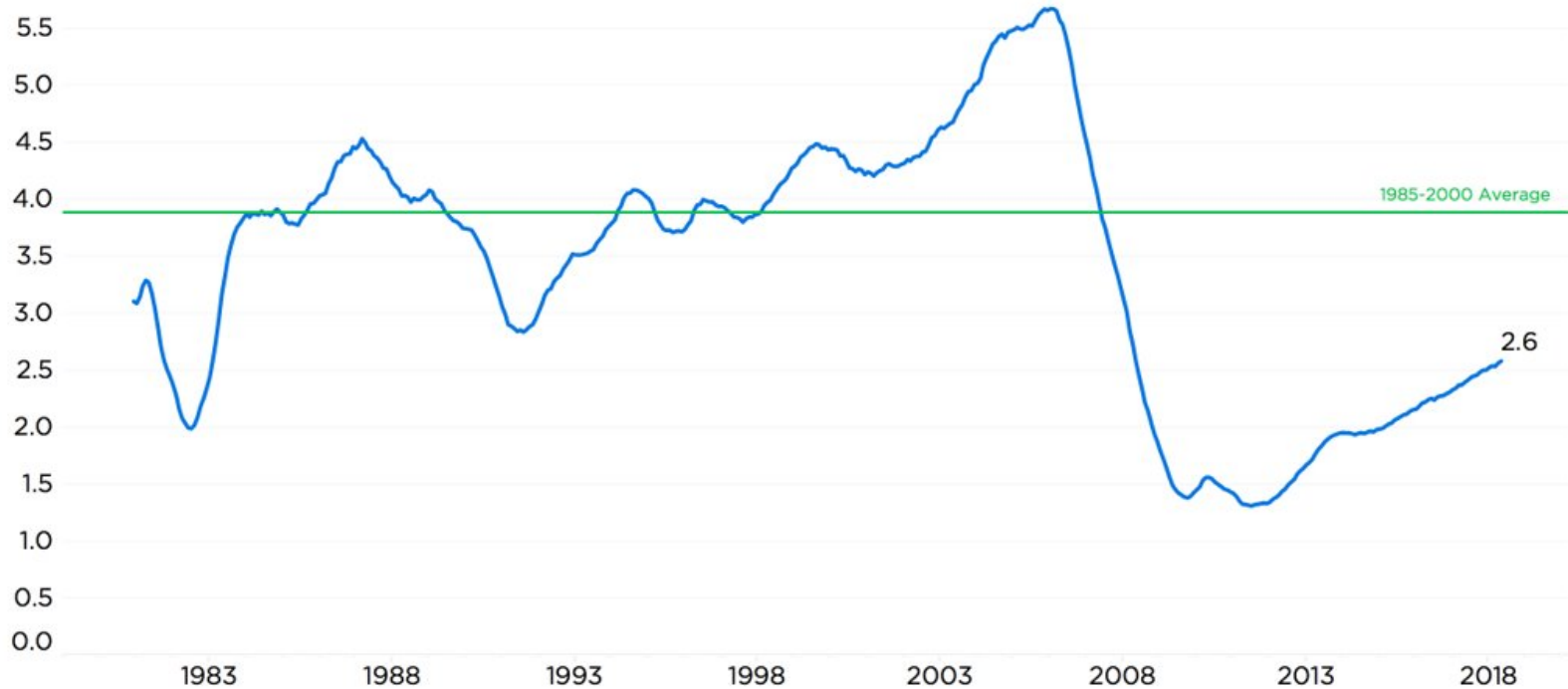
Share of 2017 Movers to Arizona Per State

For-sale inventory still tighter than recent past

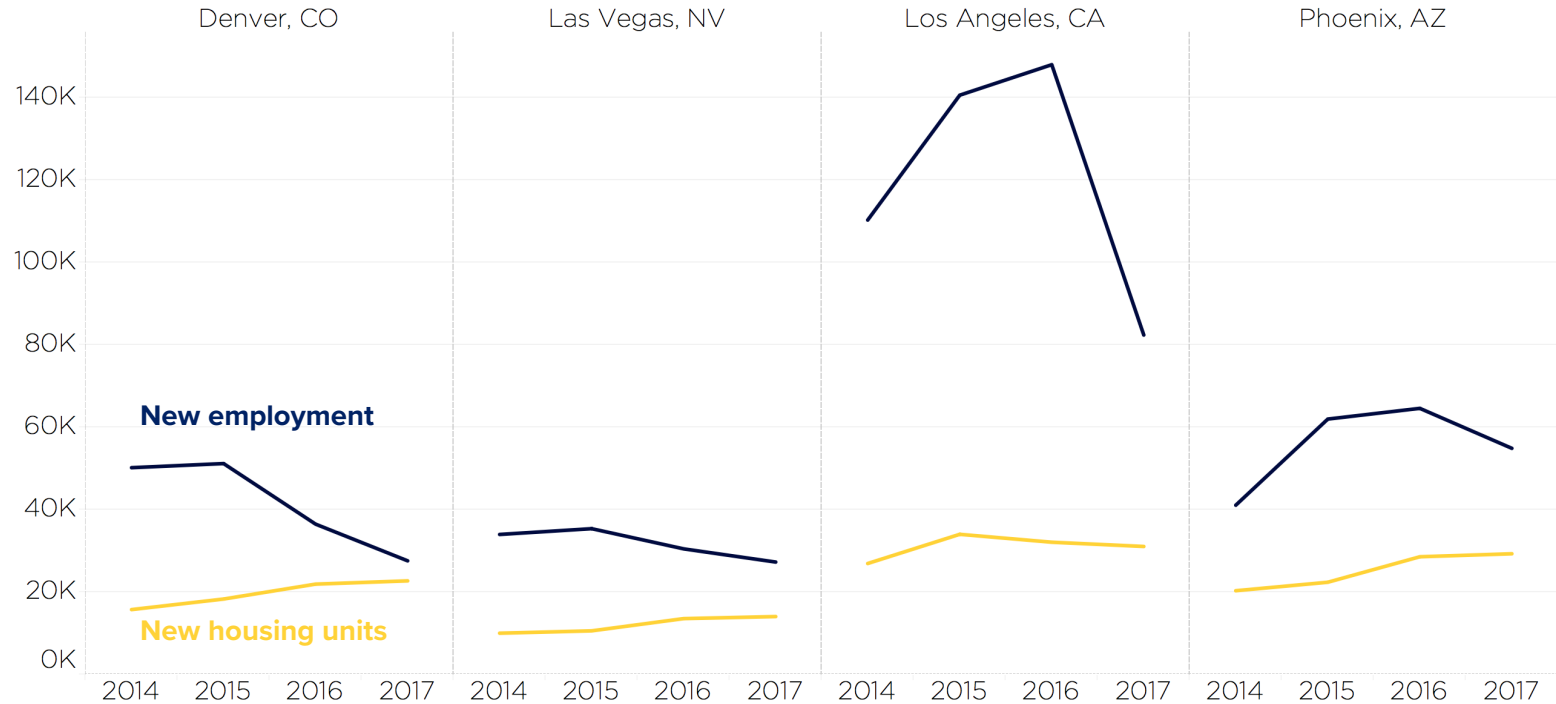


Home building behind historic average

Permits per 1,000 residents in previous 12 months

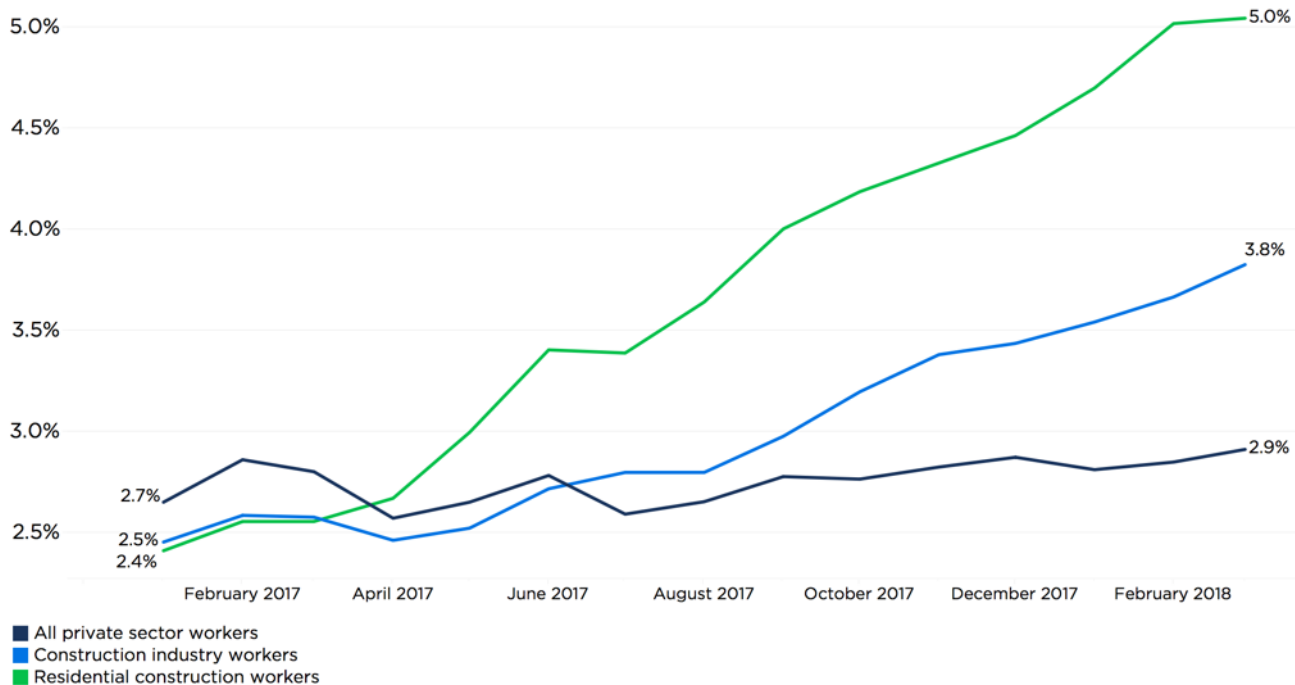


Homebuilding lagged new employment

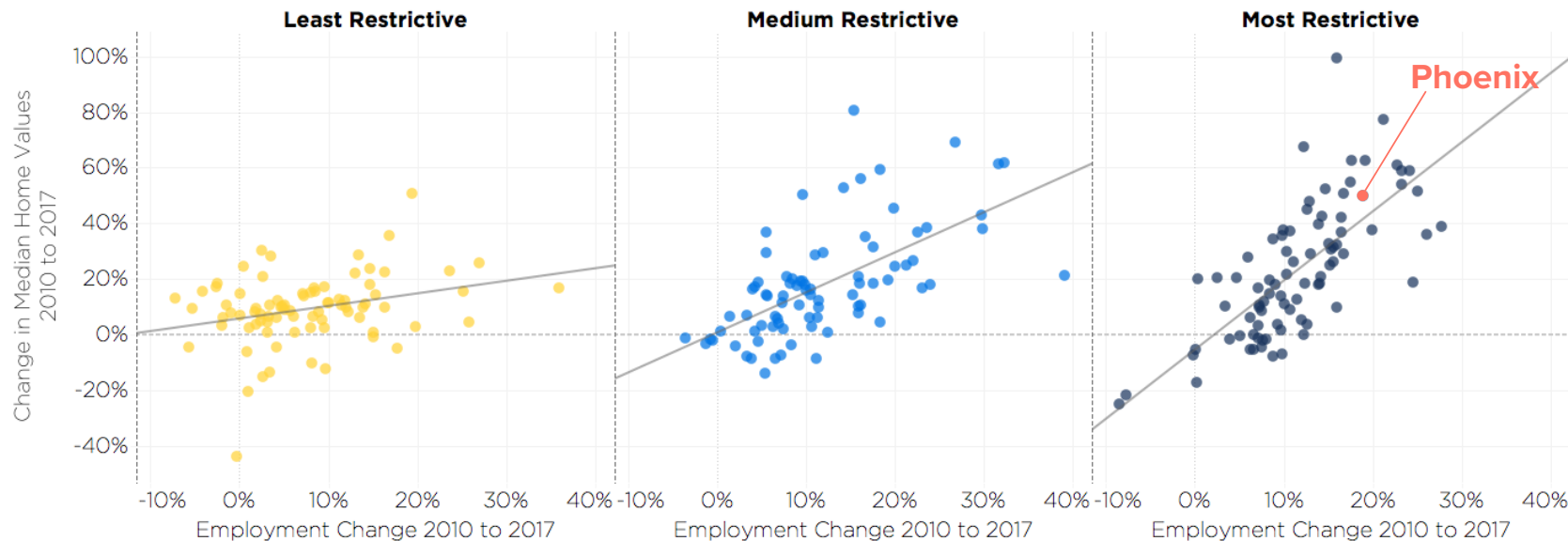


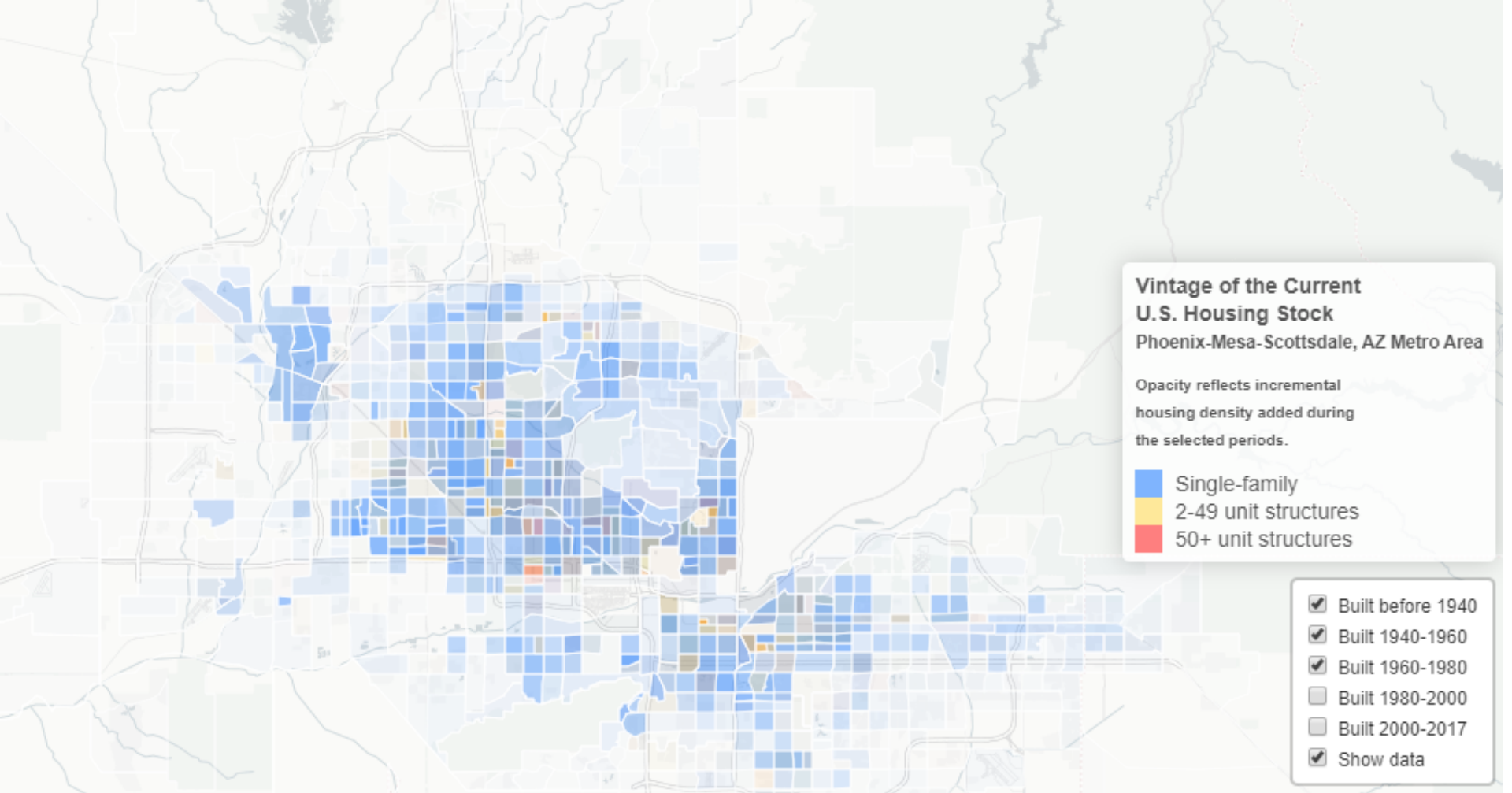
Construction wages climbing steadily

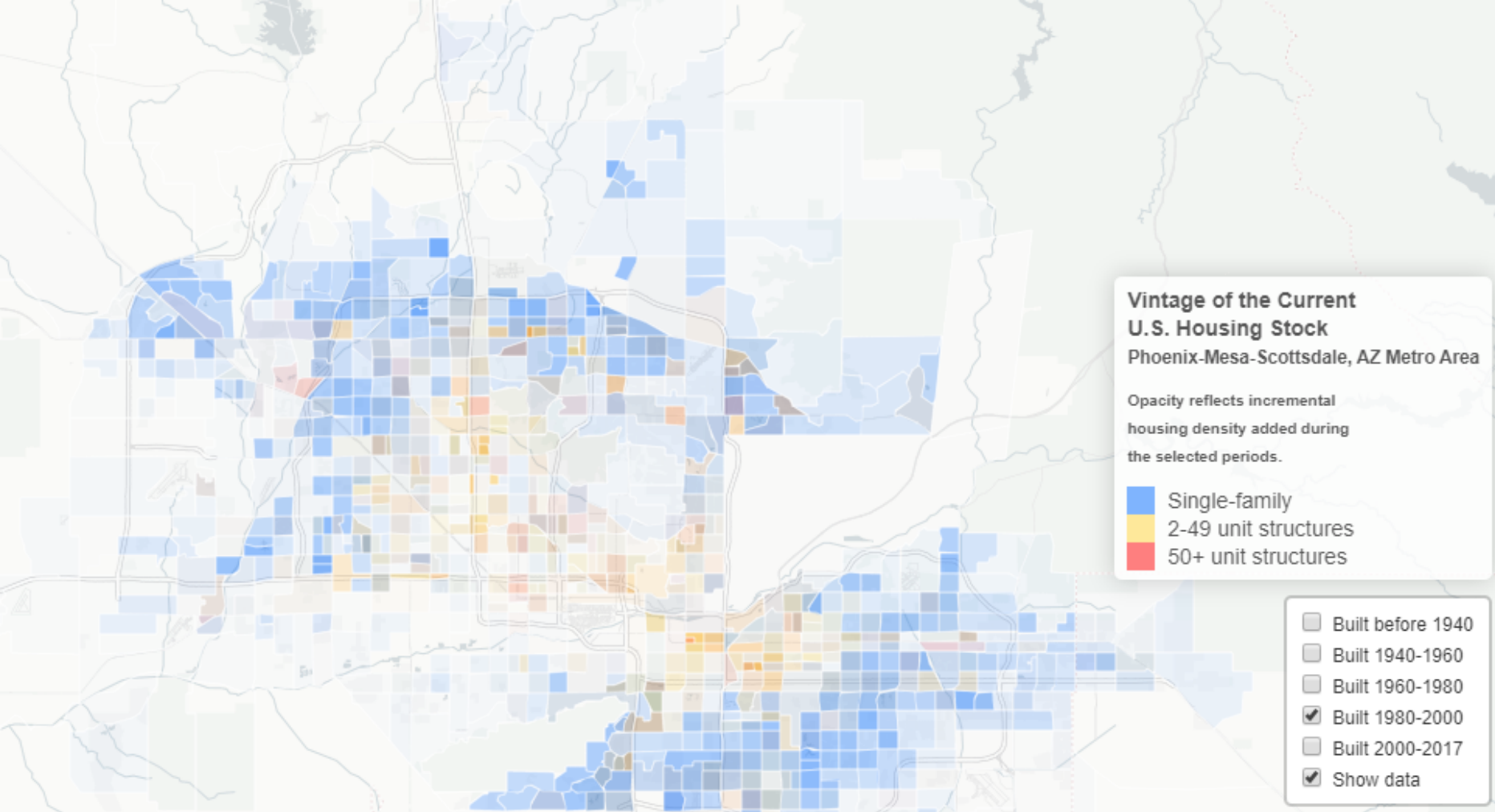
Year-Over-Year % Wage Growth (12-month moving average)

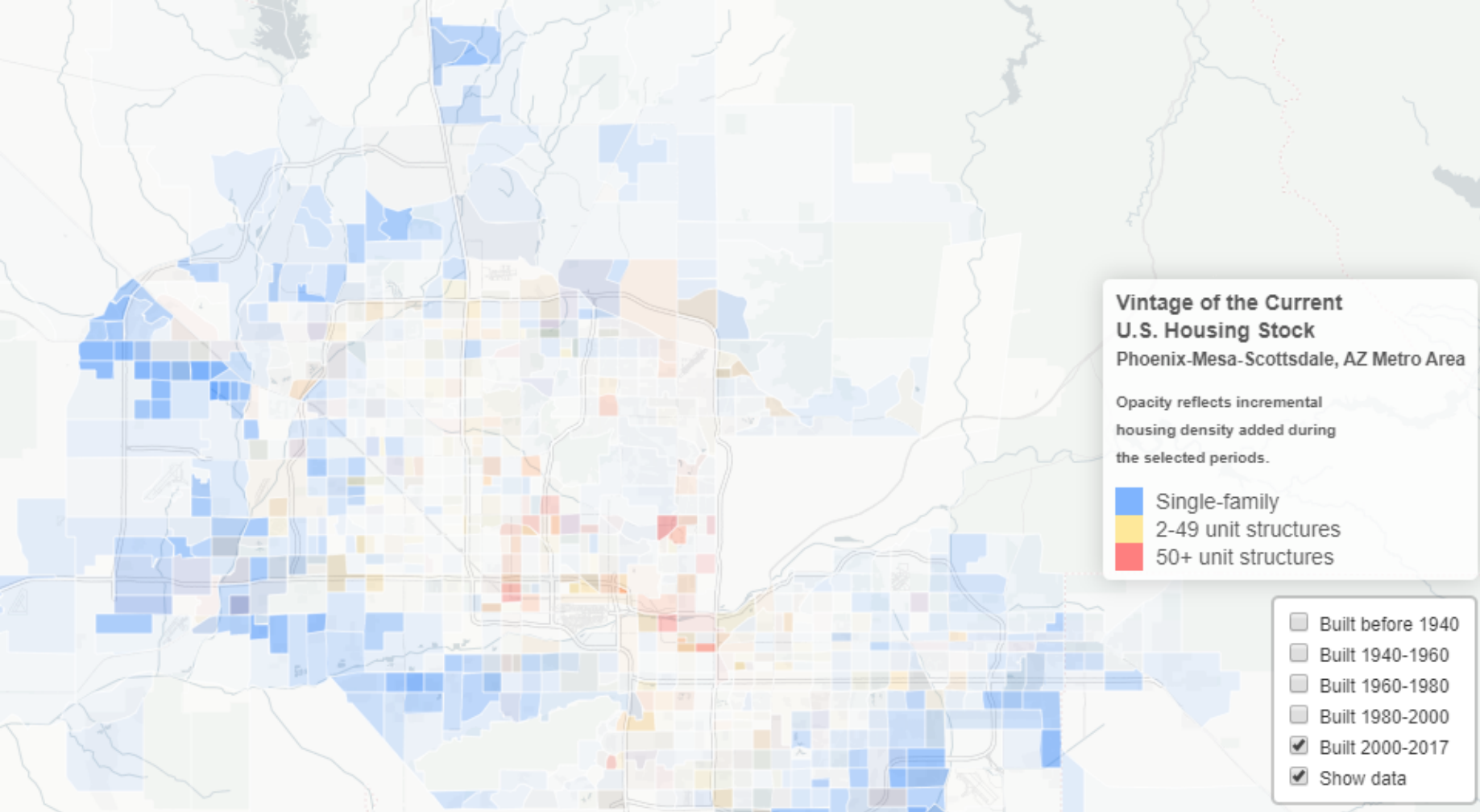


Cities with the most land use restrictions see their home values grow faster when new jobs come to town

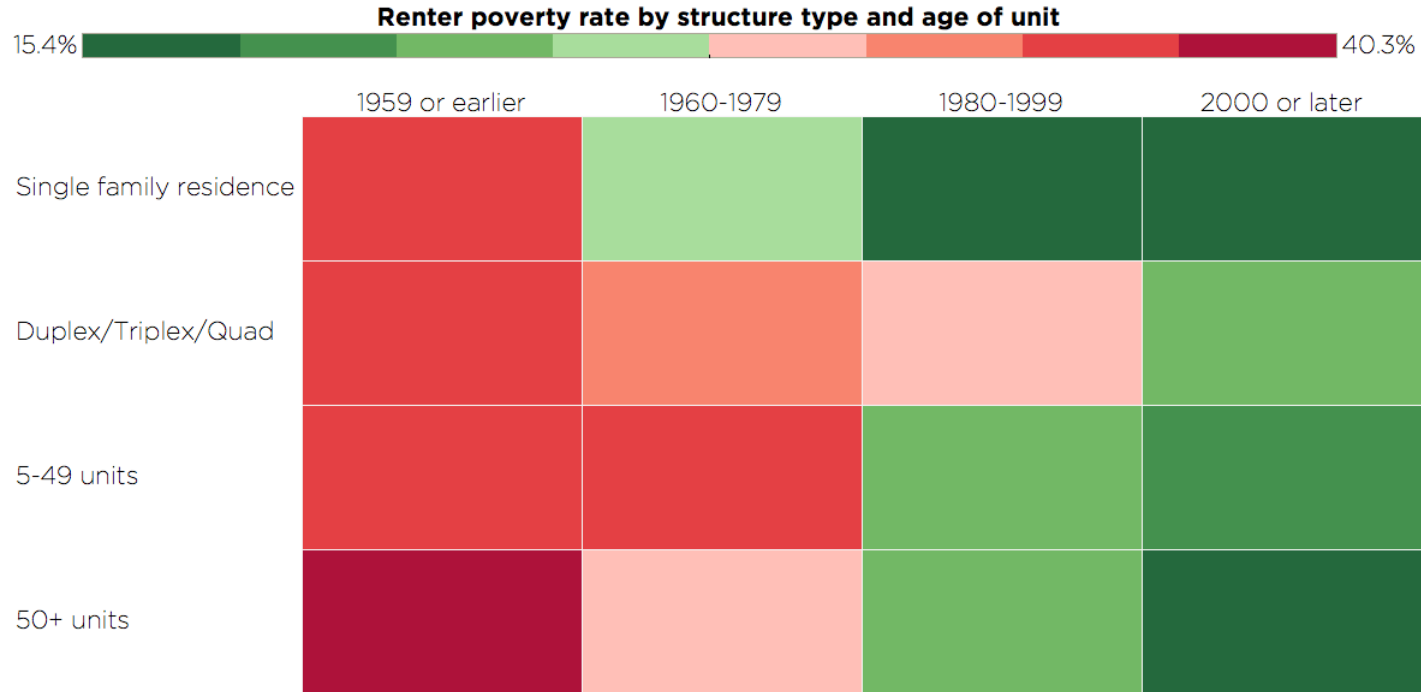








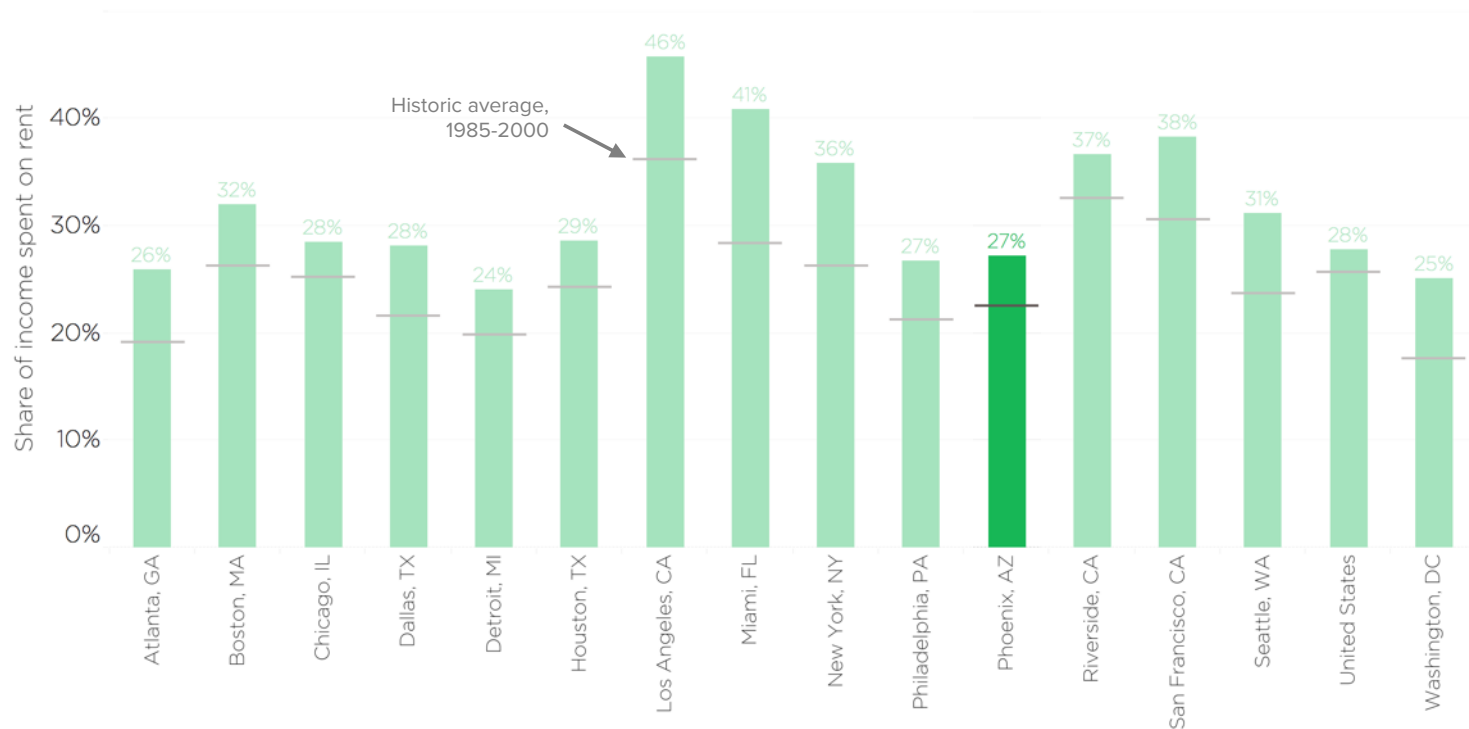
Poverty Rate Among Renters by Structure and Age (PHX metro)



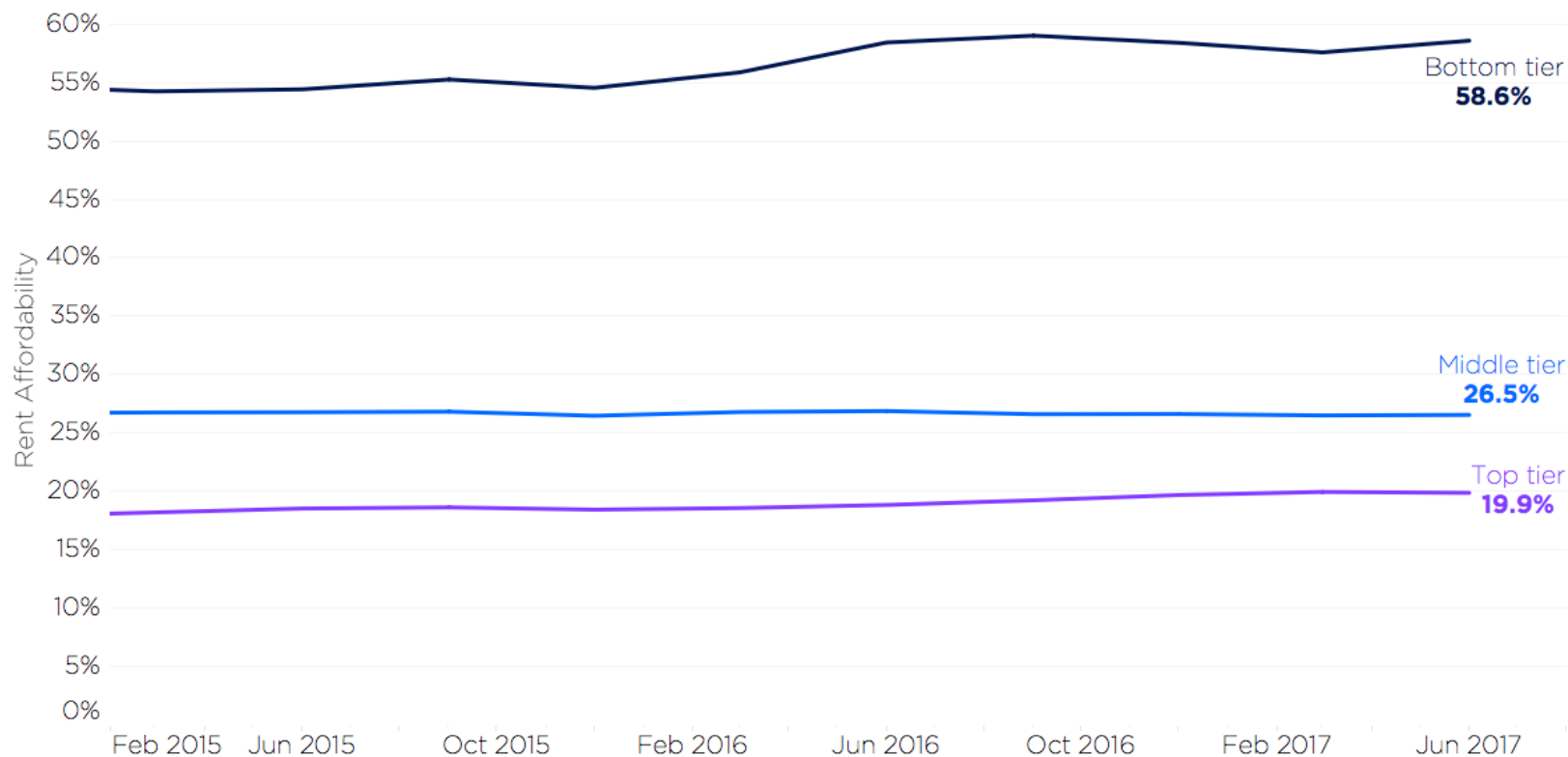
A photograph of a single-story blue house with a white-trimmed porch and large windows. The house is surrounded by dense green foliage, including large ferns and trees. The scene is captured in a slightly desaturated, blue-tinted style. The text "Where does this leave us?" is overlaid in white, with a horizontal line underneath the word "leave".

Where does this leave us?

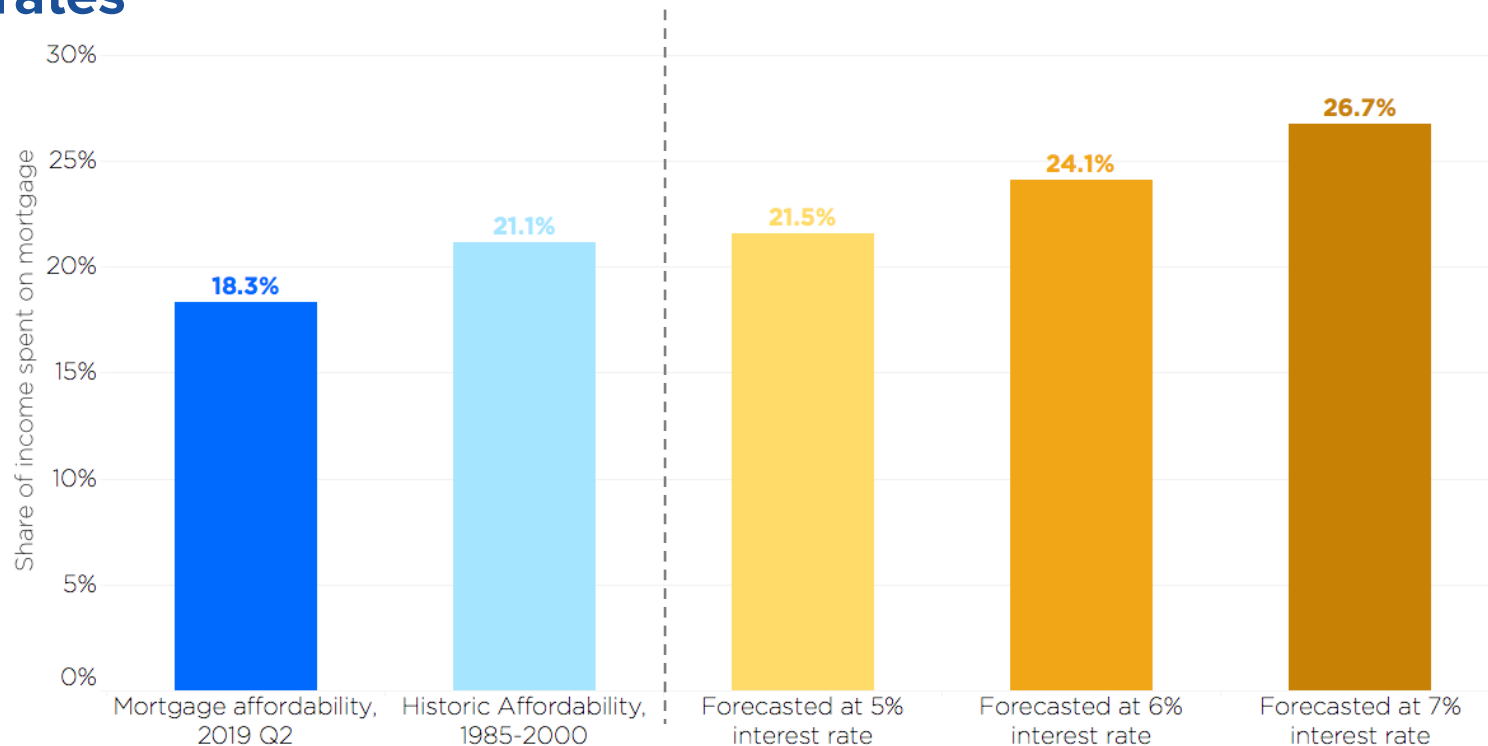
Share of income necessary for typical rental at historic high



Affordability pinch most severe on the lower-end of the market

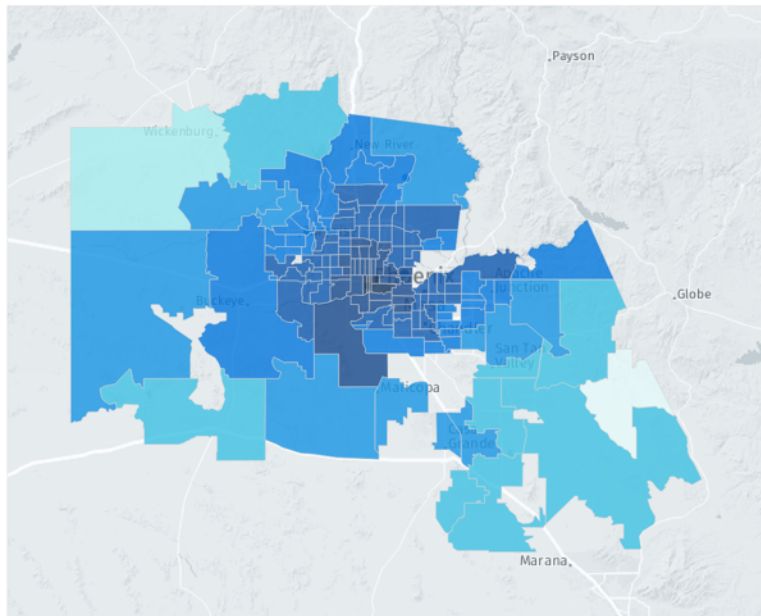


Phoenix metro mortgage affordability sensitive to interest rates

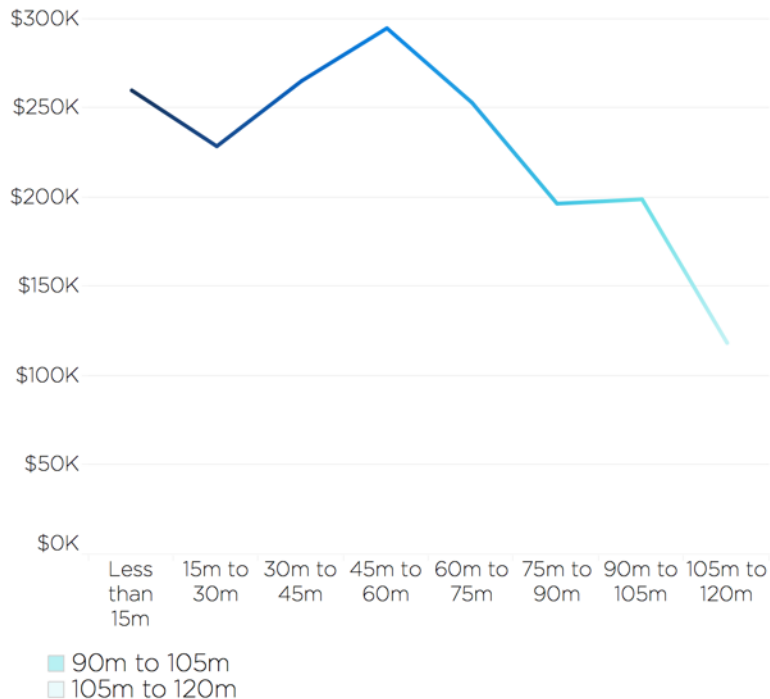


Drive 'til you qualify

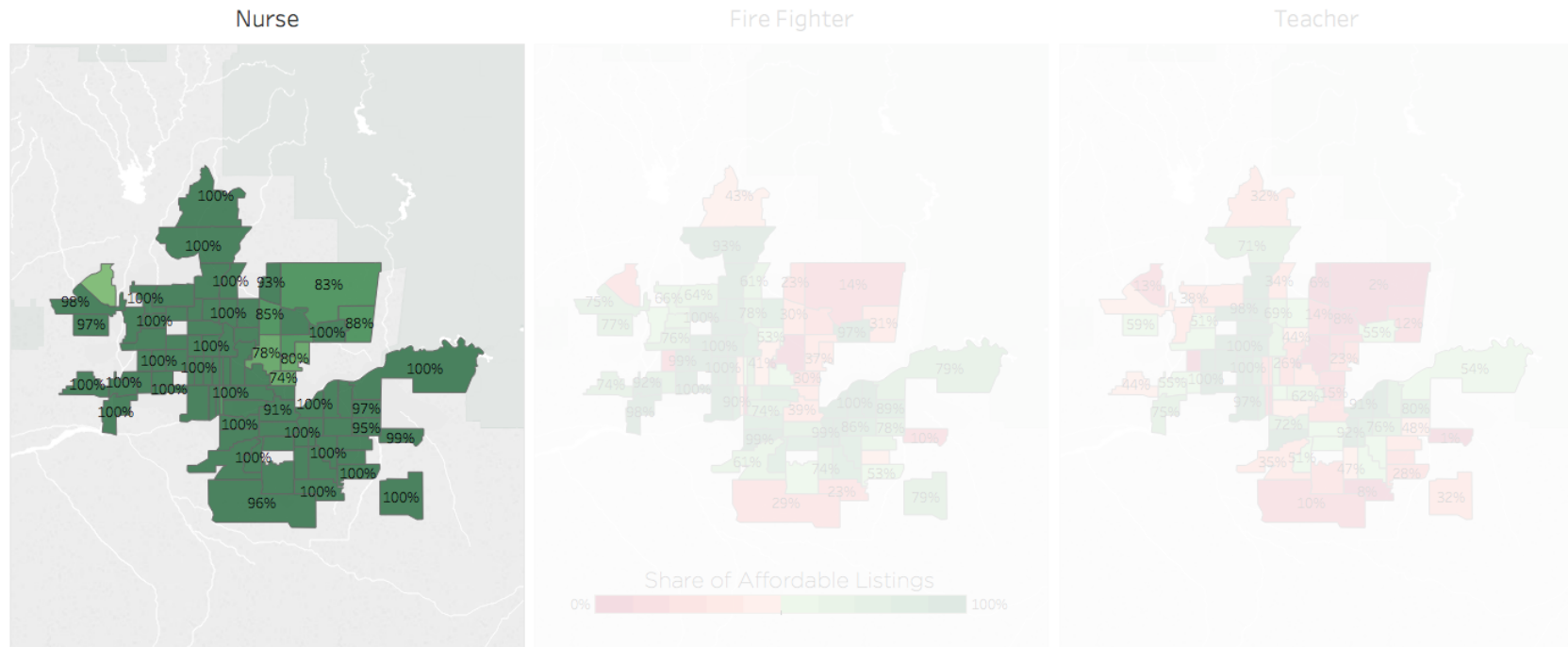
**Commute Times (to Downtown Core)
and Home Values and Rents for Phoenix**



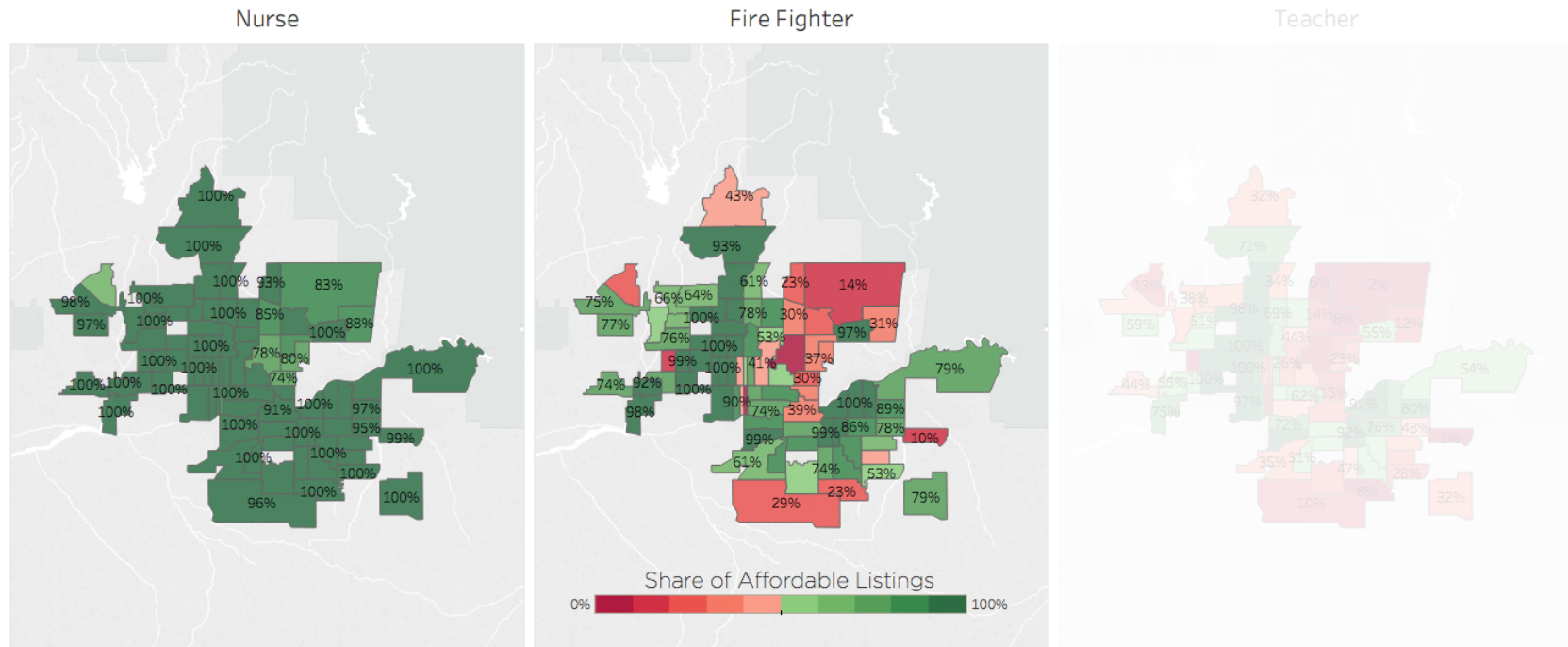
Median Home Value by Commute Time



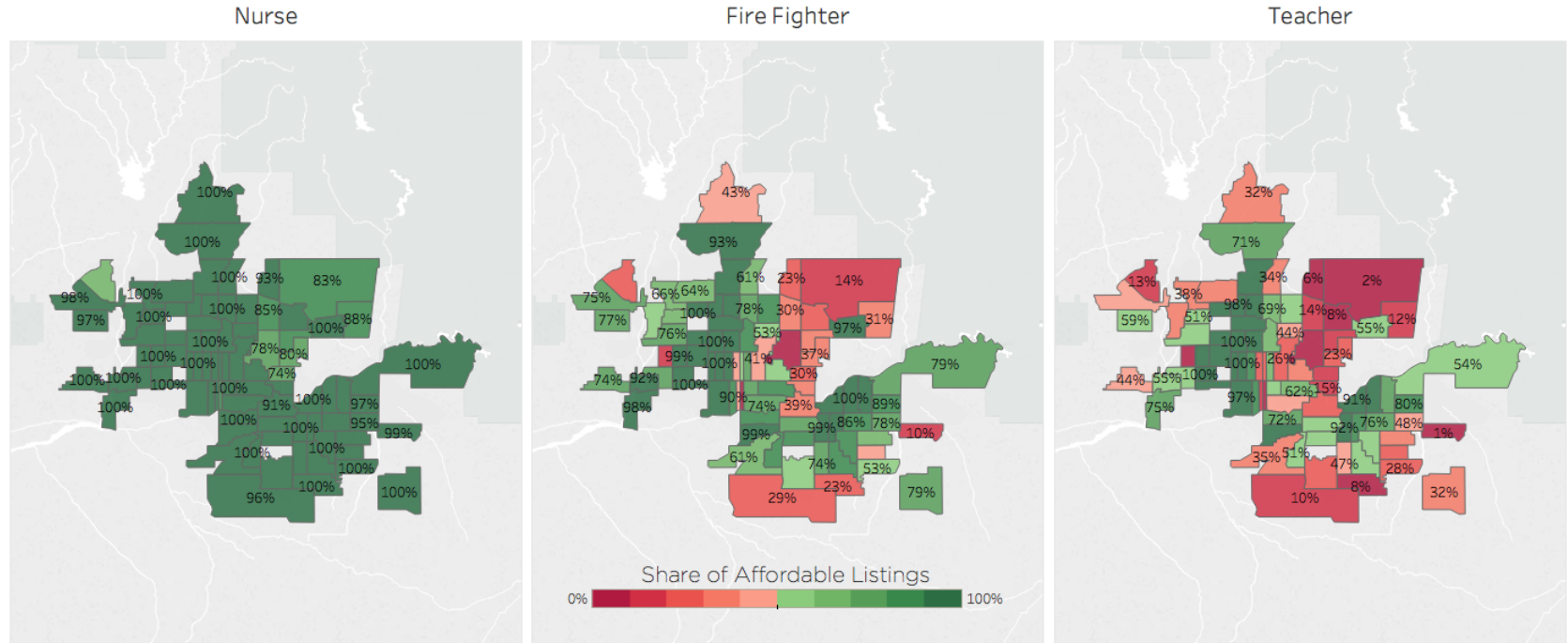
Share of rental listings affordable by profession



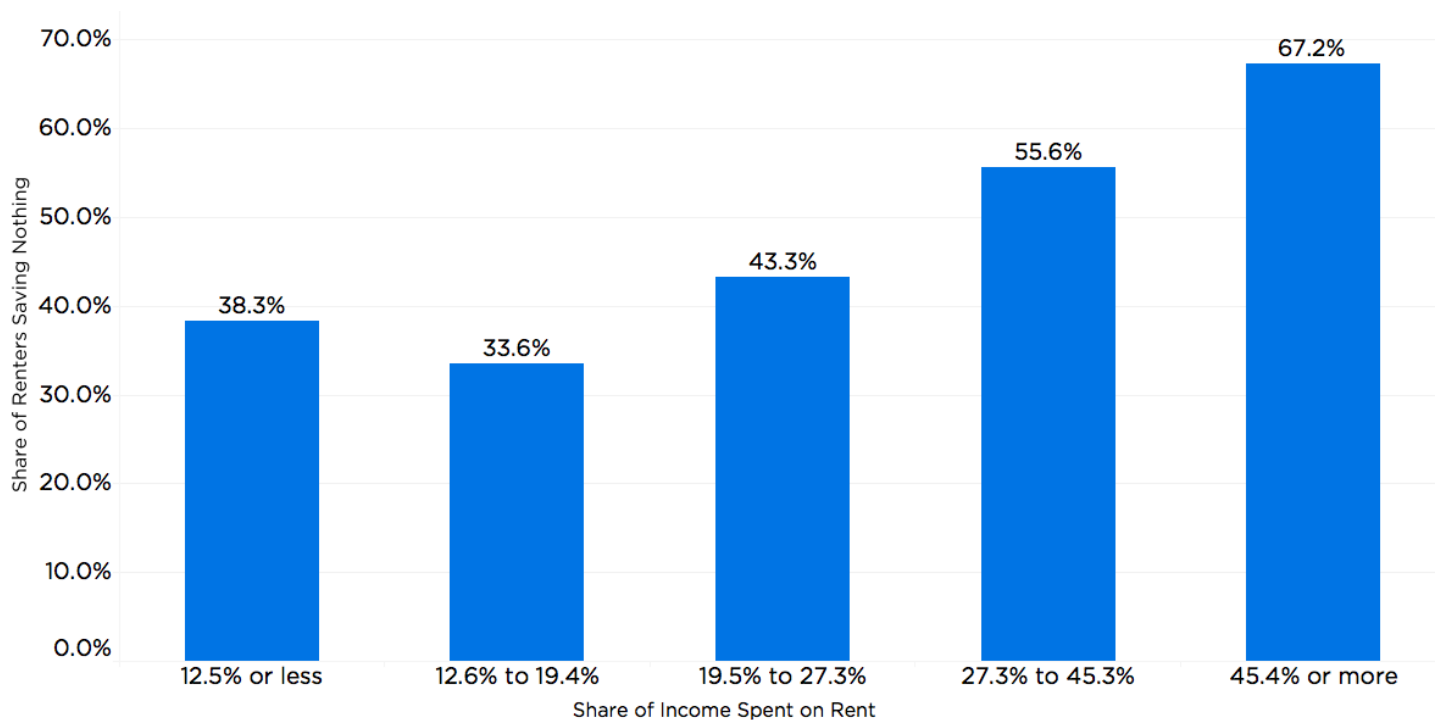
Share of rental listings affordable by profession



Share of rental listings affordable by profession



Higher rent burdens increase likelihood of nothing left over for savings



Healthy Housing:

Where Higher Rents Are Correlated With Worse Health

Choose State:

Arizona

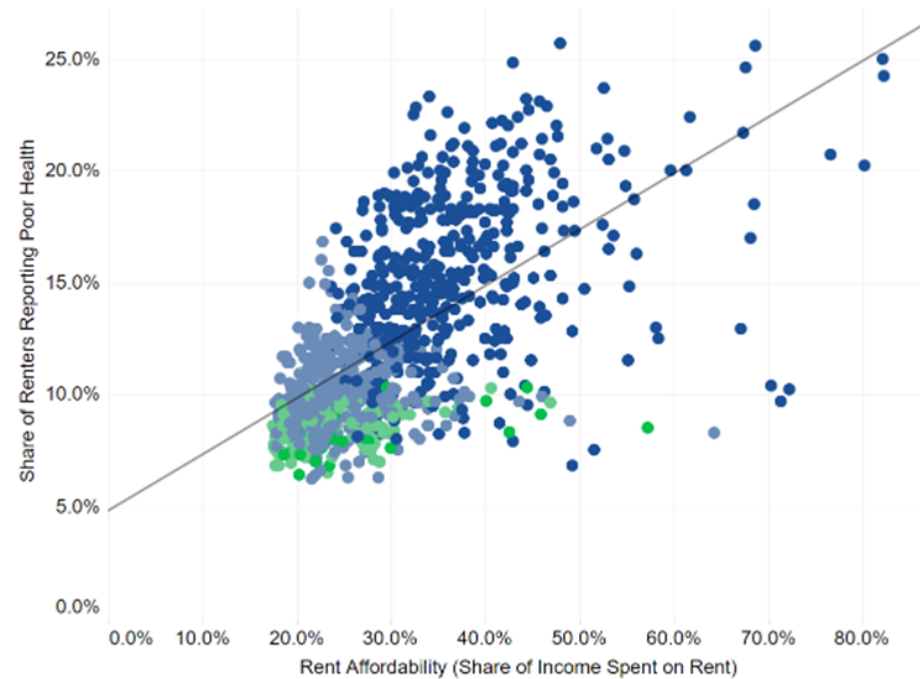


Median Household Income

\$12,500

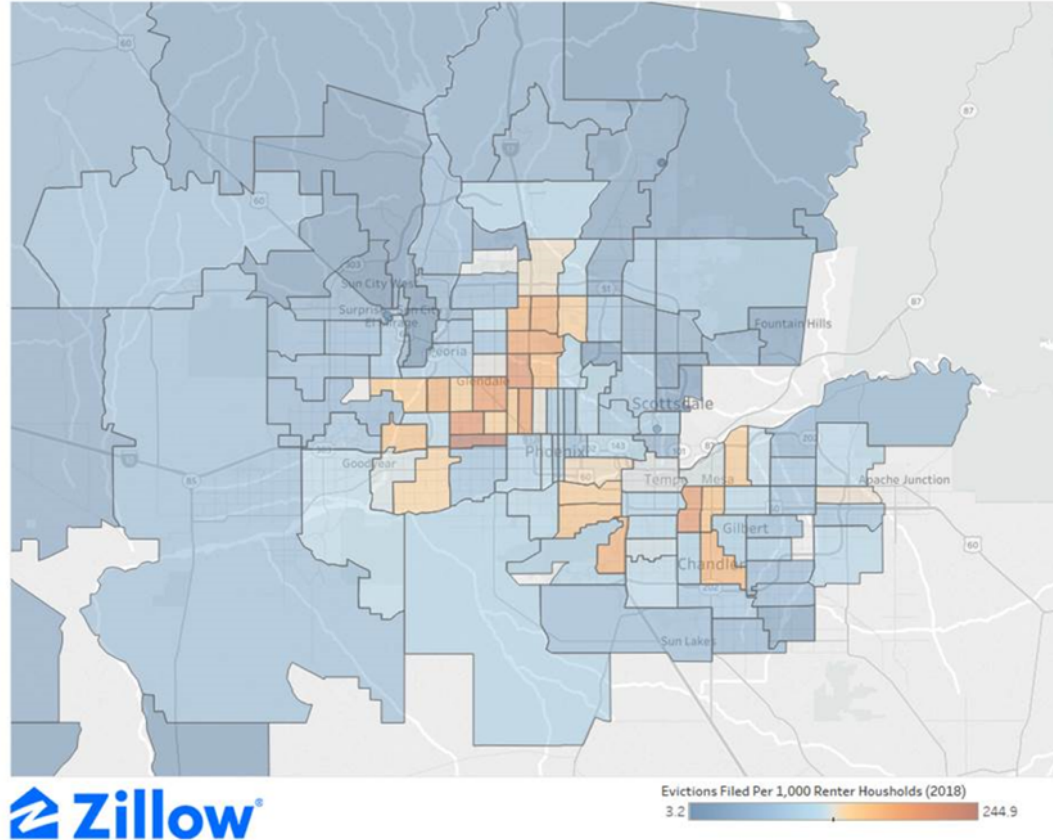
\$158,750

Rent Affordability and Share of Renters Reporting Poor Health

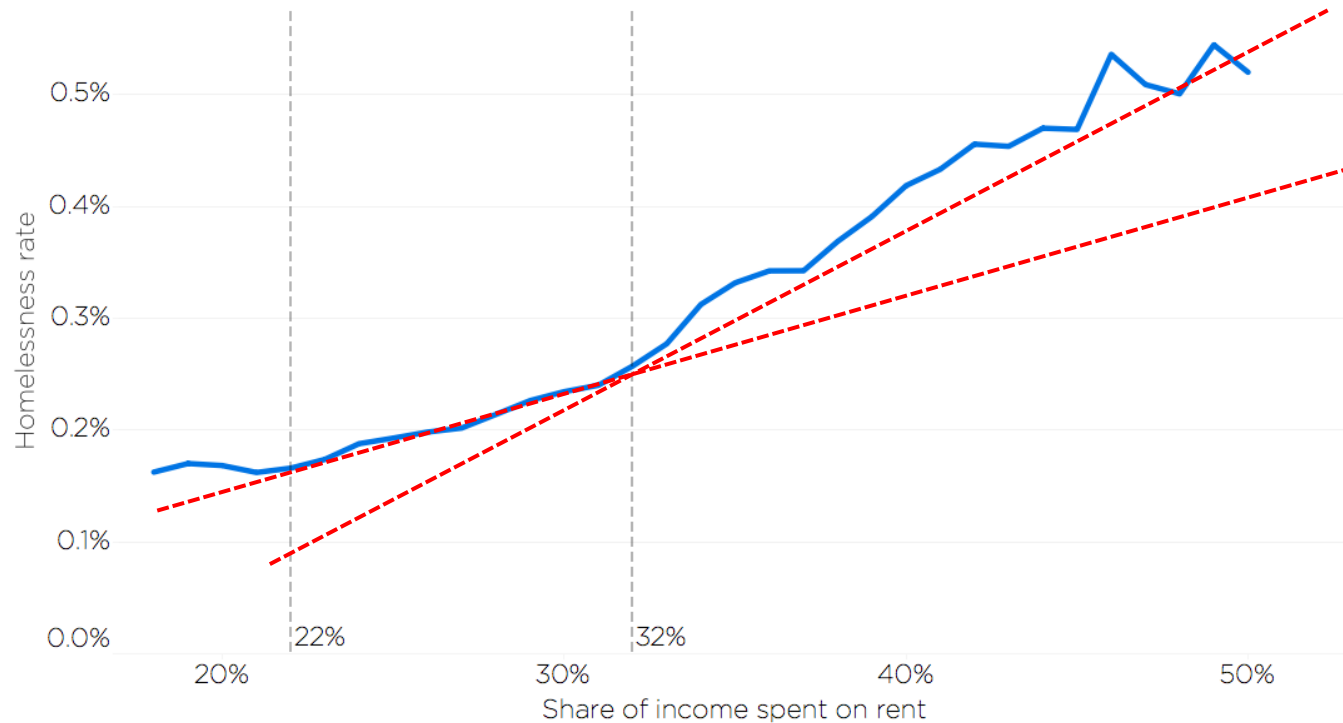


Source: Zillow analysis of data from Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Division of Population Health, 500 Cities Project Data; the U.S. Census Bureau, American Community Survey, 2014; and the Zillow Rent Index (ZRI) by census tract.

Evictions filed in 2018 per 1,000 renter households



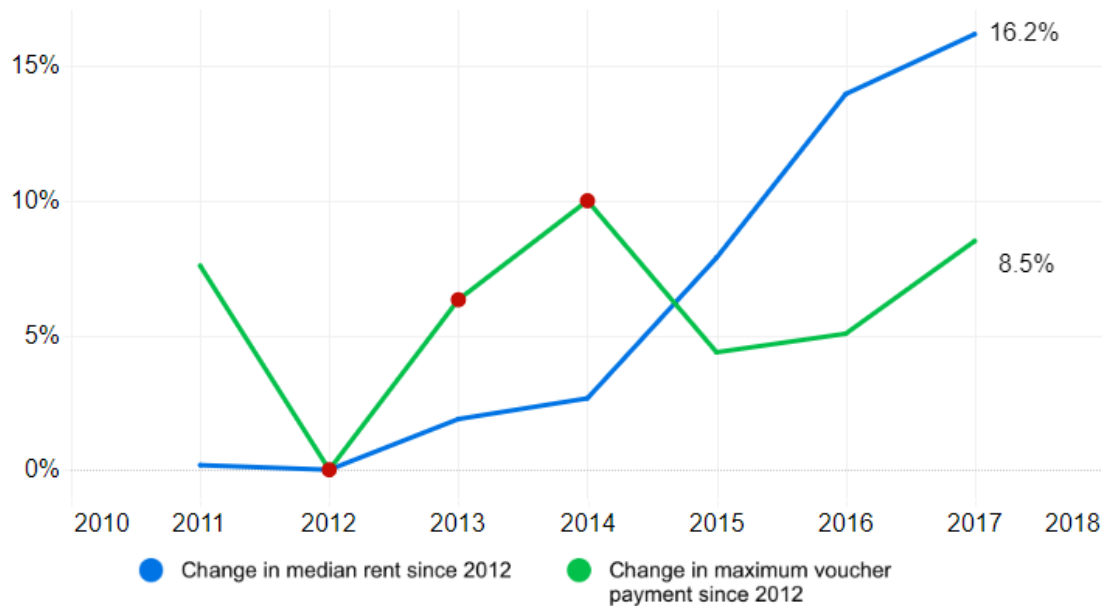
Homelessness Inflection Points



Housing assistance lagged Maricopa County rents

Change in Median Rents and Maximum Voucher Payment

Percent change since 2012



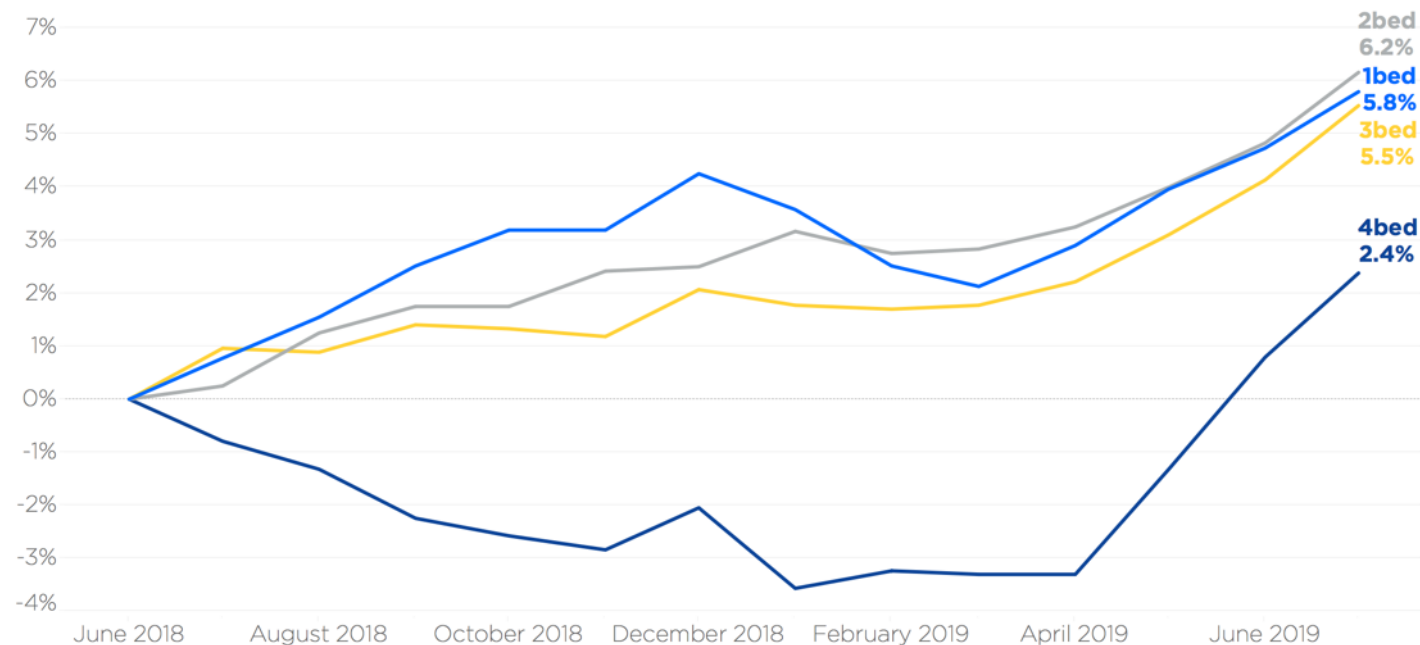
Red dots indicate FMR formula based on 50th percentile rents



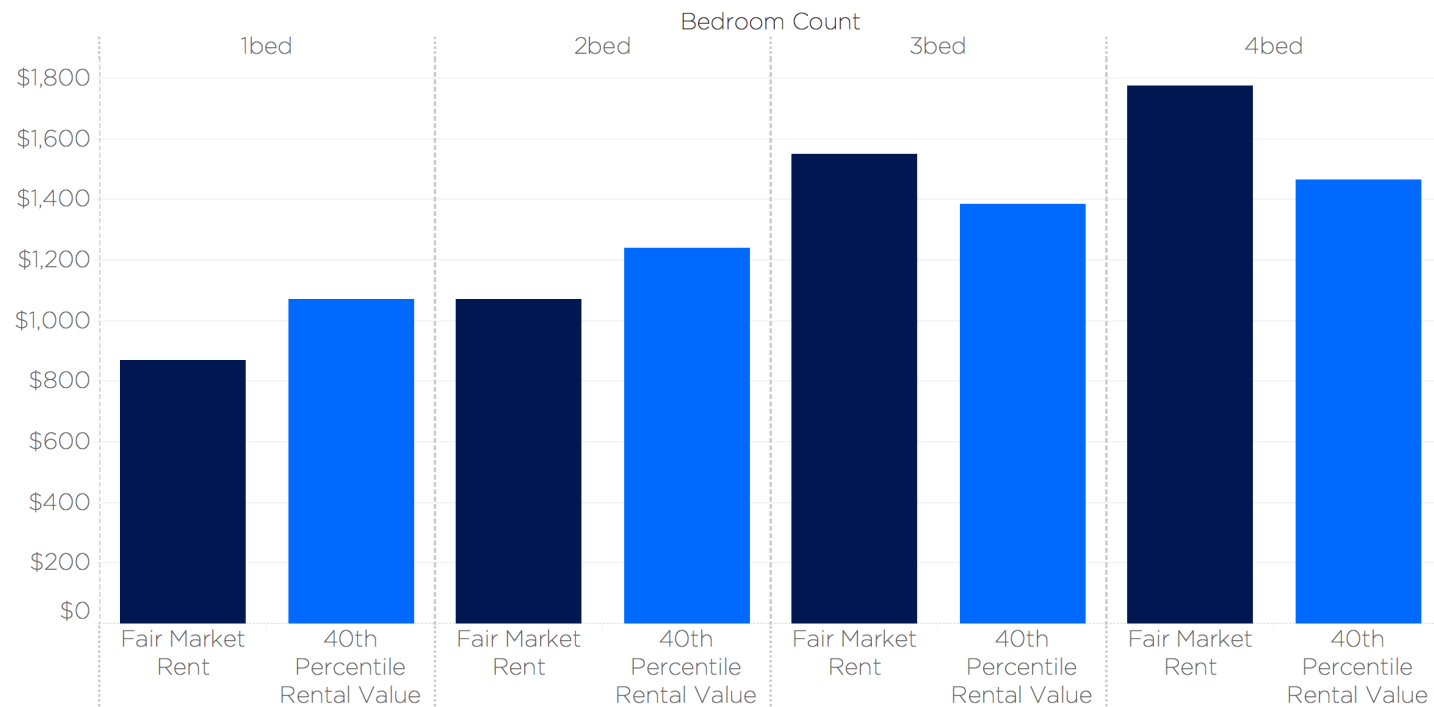
Source: Zillow Analysis of Zillow Listings, Zillow Rent Index and HUD Fair Market Rents

Two-bedroom units growing fastest at the 40th percentile in PHX metro

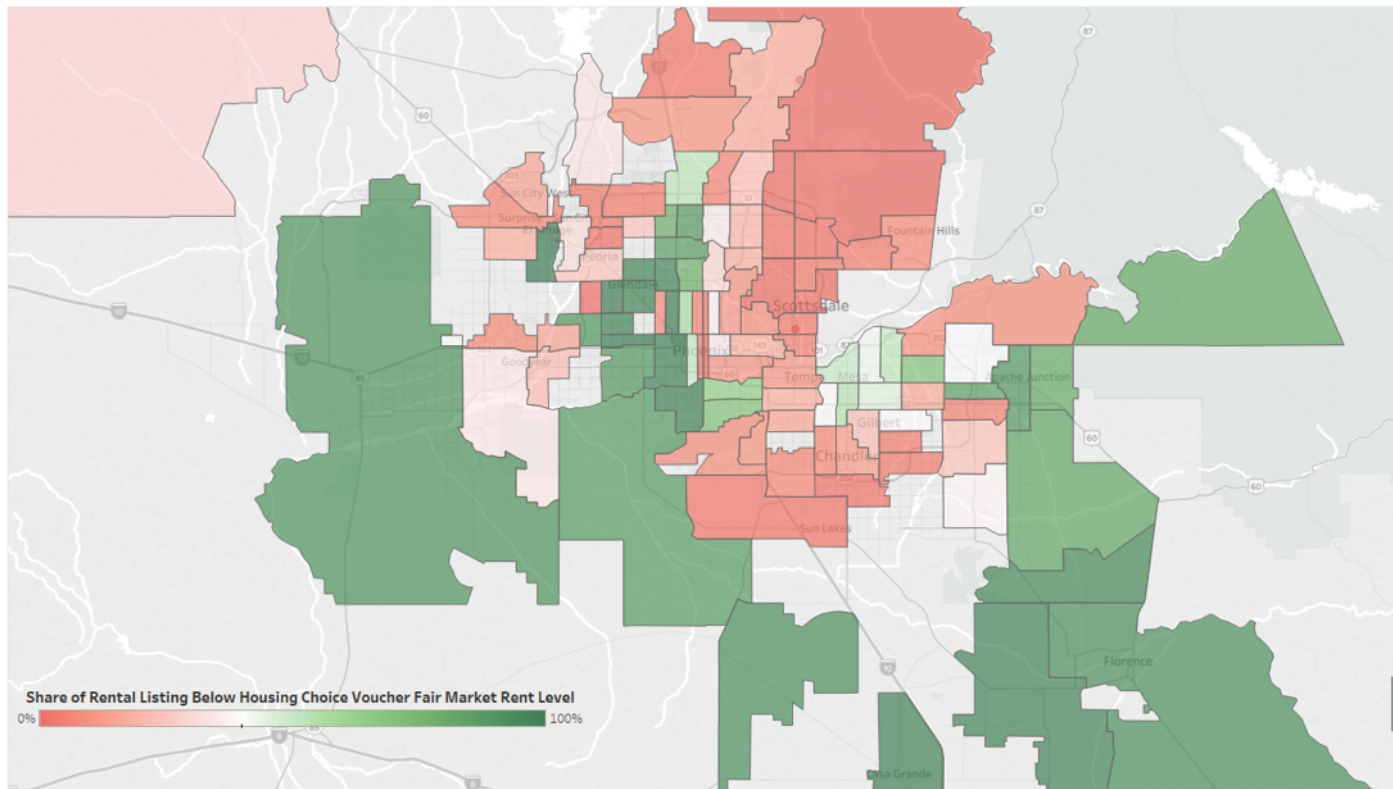
One year growth in 40th percentile of rental values



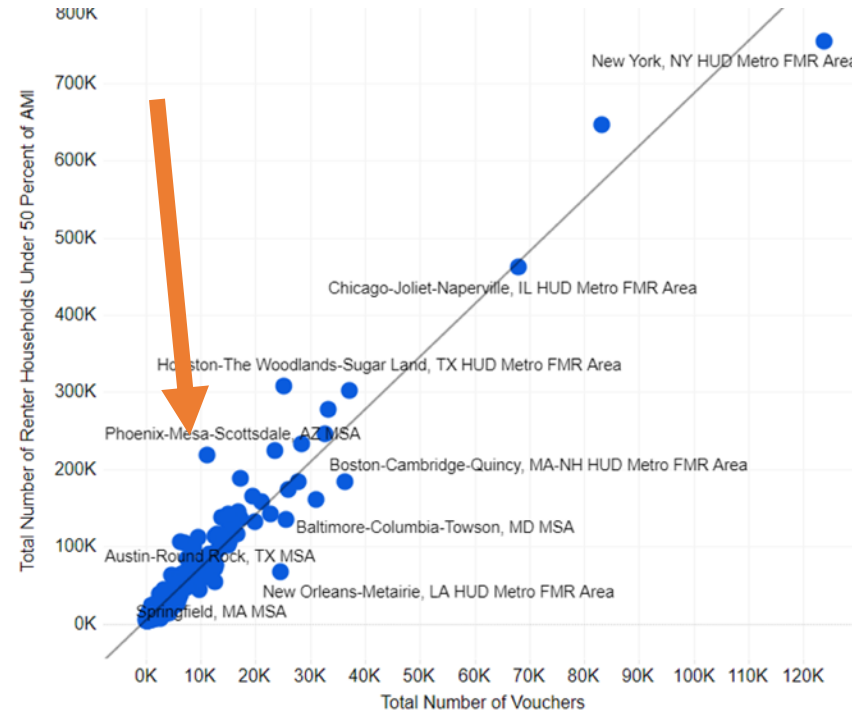
Fair Market Rent falls short for smaller units



Affordable rental options unevenly available



Total Renter Households below 50% AMI and Total Vouchers



Highlight Region

Highlight Region



Source: Zillow Analysis of HUD Vouchers and U.S. Census Bureau, American Community Survey, 2015



