



Phoenix ranks No. 2 for the biggest decrease in home values



The Zillow Home Value Index (ZHVI), a gauge of home value and market fluctuations, reveals that Phoenix has experienced the second-largest decline in home values across the U.S. In July, Phoenix home values dropped by 6.1%, with Austin, Texas, leading the pack with a 10.1% decrease. Nationally, the housing market is following the typical late-summer cooling trend, marked by lower inventory levels and a slower pace of growth, offering buyers more room to make informed decisions.

Zillow's senior economist, Nicole Bachaud, noted that while the housing market is returning to seasonal norms, sellers are currently holding back, leading to reduced options and higher prices. While Phoenix's home values decreased, the average U.S. home value rose by 0.9% from June to July. Notably, Austin stood as the sole major market experiencing a decline in home values for that period.

Slowing sales give buyers a bit of breathing room

Market dynamics favoring buyers are apparent in several indicators. Homes are taking longer to sell, spending 12 days on the market in July compared to 11 in June, indicating a change in buying pace. The volume of newly pending sales has aligned with seasonal patterns, dropping by roughly 6.5% from June to July.

Affordability challenges and low inventory have led to a year-over-year decline of about 15% in existing home sales. Moreover, the proportion of listings with price reductions has slightly risen since June, currently hovering at around 22%, a figure in line with pre-pandemic norms.



Inventory drought marches on amidst high mortgage rates

Inventory challenges persist in the housing market as total active inventory in July witnessed a 15% year-on-year decline and an astounding 44% drop from July 2019 levels. Zillow's senior economist, Nicole Bachaud, predicts that buyers should not anticipate a significant increase in available homes throughout the year on the platform. Homeowners seem reluctant to part with their properties, as evidenced by new listings of existing homes hitting a seasonal low, with approximately 336,000 coming to the market in July, marking a 26% decrease compared to the previous year.

The root cause of this scarcity, high mortgage rates, is indicated by a Zillow survey, which suggests that homeowners with rates above 5% are less likely to sell. Builders are stepping in to address the inventory gap, with increased new home sales and innovative approaches, such as smaller homes, townhouses, and interest-rate buydowns, to cater to demand.

Rents are climbing slightly faster than normal for July

After its own record-breaking run that saw annual rent price growth peak at 16% in February of 2022, the rental market is also falling back into more normal long-term patterns of growth, according to Zillow's latest rental market report. July's 0.5% monthly rent growth was slightly hotter than pre-pandemic averages, but year-over-year growth of 3.6% was a touch cooler.



Why industry growth attracted to Pinal County



Pinal County is in the midst of an economic revolution, ignited by pioneering advances in manufacturing. This dynamic county's economic prospects are shining brightly as it welcomes a surge of fresh manufacturing projects. A standout among them is Procter and Gamble's revelation of their plans to establish an advanced manufacturing facility in Coolidge, Arizona. With a rich legacy spanning centuries, P&G boasts iconic brands like Pampers, Tide, and Cascade. This facility is poised to be a hub for producing P&G's Fabric Care stars, creating 500 jobs by 2025 and invigorating the local workforce.

Notably, Pinal County's manufacturing momentum extends beyond P&G. Companies like Owens Corning, National Gypsum, and Kohler Co. are making their mark, driving an industrial renaissance. Owens Corning revitalized a dormant Eloy facility, generating over 50 jobs through fiberglass insulation production. This resurgence aligns with the county's population and job growth boom, fueled by national players like National Gypsum and Owens Corning. Additionally, Kohler Co. is constructing a massive manufacturing hub in Casa Grande, set to create over 400 jobs and featuring cutting-edge technology. This crescendo of manufacturing triumphs paints a picture of prosperity for Pinal County's economic future, where innovation and expansion open doors to new opportunities.

Building a future of growth

Pinal County is rapidly becoming a symbol of prosperity, witnessing impressive growth driven by substantial developmental progress. Under the guidance of James Smith, the Economic and Workforce Development Director, the region experienced remarkable increases in population, labor force, and employment over five years, with a 13.2% population surge and a 19% rise in employment.

This economic surge is embraced by the local community, recognizing the tangible opportunities these advancements bring. Pinal County's future holds the promise of a sustained manufacturing boom, fueled by Arizona's steady population growth and a strategic location that cements its role as a vital manufacturing hub, welcoming new projects to diversify the economy and drive substantial growth beyond state borders.



Evergreen Capital's Insight:

Seizing Economic Momentum for Commercial Real Estate Investment in Pinal County

Evergreen Capital recognizes the significance of this wave, poised to harness the momentum by delving into Pinal County's commercial real estate opportunities. As major companies legacy strengthens the county's allure and job creation prospects, Evergreen Capital's strategic approach, coupled with the region's industrial boom and population surge, solidifies Pinal County as an enticing investment haven. Positioned to capitalize on its expertise, Evergreen Capital is well-equipped to guide investors through meticulous due diligence, fostering a nexus of possibilities within Pinal County's thriving manufacturing hub. Through this alignment, Evergreen Capital stands poised to unlock a realm of investment avenues that span beyond state borders, cultivating a prosperous future for investors and the county alike.

Unlocking Phoenix's Housing Potential: Existing Vacant Land Could Hold Apartments for 93,000 Renters

Phoenix, experiencing rapid growth with over 30,000 newcomers in three years, faces a severe affordable housing shortage, with 50% of Maricopa County renters spending over 30% of their income on rent.

Homelessness has surged by 70% to 9,600 individuals since 2017, underscoring the need for action. Ranked third nationally for undeveloped land, Phoenix could potentially build apartments on this space, accommodating 93,000 renters and addressing the housing demand exacerbated by its population growth.

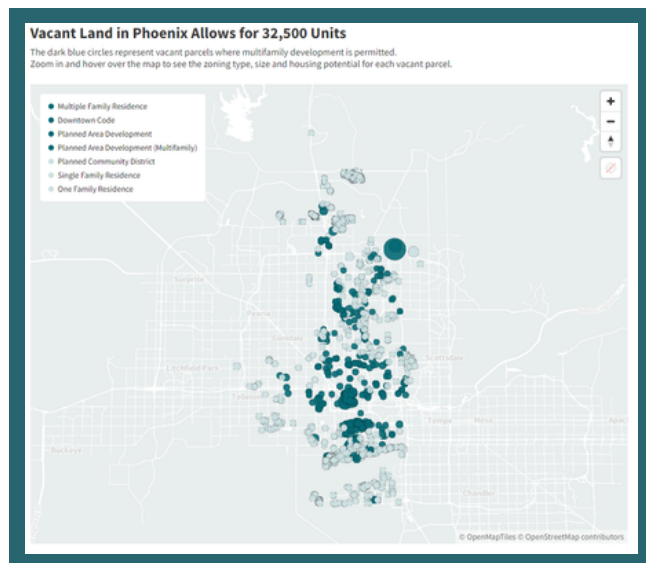
With 36 million square feet of zoned multifamily land (363 plots), the city has the capacity to create up to 32,500 apartments, a significant response to rising rents. As Phoenix's population is projected to exceed 2 million by 2040, this article, part of RentCafe's series, highlights the city's potential to leverage its vacant land for housing solutions, ensuring sustainable growth through thoughtful planning and proactive measures.

Accelerating rental development could mitigate rent hikes significantly. By constructing 3,250 new apartments annually, projected rent growth over the next decade could drop from an anticipated 88% under current building rates and migration trends to 77% at best.

Given Arizona's water supply constraints and development limitations, unlocking Phoenix's housing potential is paramount. Should apartment construction decrease to 1,000 units yearly, rents might double within a decade. Phoenix, the nation's second-fastest growing city, has initiated measures to enhance housing density, preserve affordable apartments, and optimize vacant properties usage to address these challenges.

Top 5 zip codes for housing potential could house 65,000 renters

The top five zip codes with the most housing potential in Phoenix collectively offer solutions to accommodate a substantial portion of the city's housing needs. These areas, forming a corridor both north and south of the city core and spanning across downtown, hold remarkable potential for apartment construction.



1.1 Using PropertyShark's data, we identified prime areas for apartment construction by assessing vacant lots and zoning restrictions in Phoenix, revealing key zip codes for potential rental unit expansion.



Top Phoenix Zip Codes with the Greatest Potential for Multifamily Development

	Zip Code	No. of Vacant Parcels	Vacant Land Area (Sq.Ft.)	Estimated Multifamily Units	Actual Renters	Rent Price (2023)	Rent Increase (2014-2023)	Home Prices (2021)	Median Income (2021)
1	85003	19	1,352,451	6,656	19,037	\$2,020	46.6%	\$420,000	\$47,813
2	85050	8	10,354,038	5,768	16,496	\$2,018	92.2%	\$399,300	\$113,020
3	85004	19	948,171	4,524	12,940	\$2,089	39.4%	\$321,500	\$59,913
4	85040	89	6,641,811	4,051	11,587	\$1,481	122.1%	\$191,000	\$48,403
5	85020	49	4,538,647	1,690	4,834	\$1,532	101.8%	\$310,800	\$67,361

Leading the list is zip code 85003, situated downtown and central to Phoenix. This area boasts the potential for approximately 6,700 apartments, accommodating over 19,000 renters. Following closely is zip code 85050, located in the northern part of the city, with capacity for 5,800 units, potentially housing 16,500 renters. Zip code 85004 ranks third, encompassing upscale neighborhoods and downtown areas, capable of accommodating more than 4,500 apartments and providing homes for around 13,000 residents.

The fourth notable zip code, 85040, just south of the city's core districts, could support over 4,000 apartments, offering housing for around 11,600 individuals. Finally, zip code 85020 secures the fifth position, with potential for nearly 1,700 apartments, potentially housing more than 4,800 residents. These promising areas hold the key to addressing Phoenix's housing demands, with existing vacant parcels primed for multifamily development.

Leveraging all this housing potential across Phoenix is key for obtaining rental affordability in the long run.

Evergreen Capital Insight: Profiting from Phoenix's Housing Potential

Evergreen Capital discerns a promising investment opportunity within Phoenix's housing crisis, driven by rapid population growth and escalating rents. With over 30,000 newcomers in three years and a 70% surge in homelessness, the demand for housing solutions is pronounced. Leveraging Phoenix's vast undeveloped land, the city could erect up to 32,500 apartments, directly addressing the pressing issue of rising rents.

This aligns strategically with the city's projected growth trajectory, positioning us to tap into a burgeoning market demand. By concentrating on high-potential zip codes and facilitating accelerated rental development, Evergreen Capital aims not only to mitigate rent hikes but also to secure substantial returns within the thriving commercial real estate landscape of Phoenix.