



# 2017 METRO PHOENIX LAND & HOUSING FORECAST



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## Vitality At Last

# The Best Known Name in Land

Founded 1987

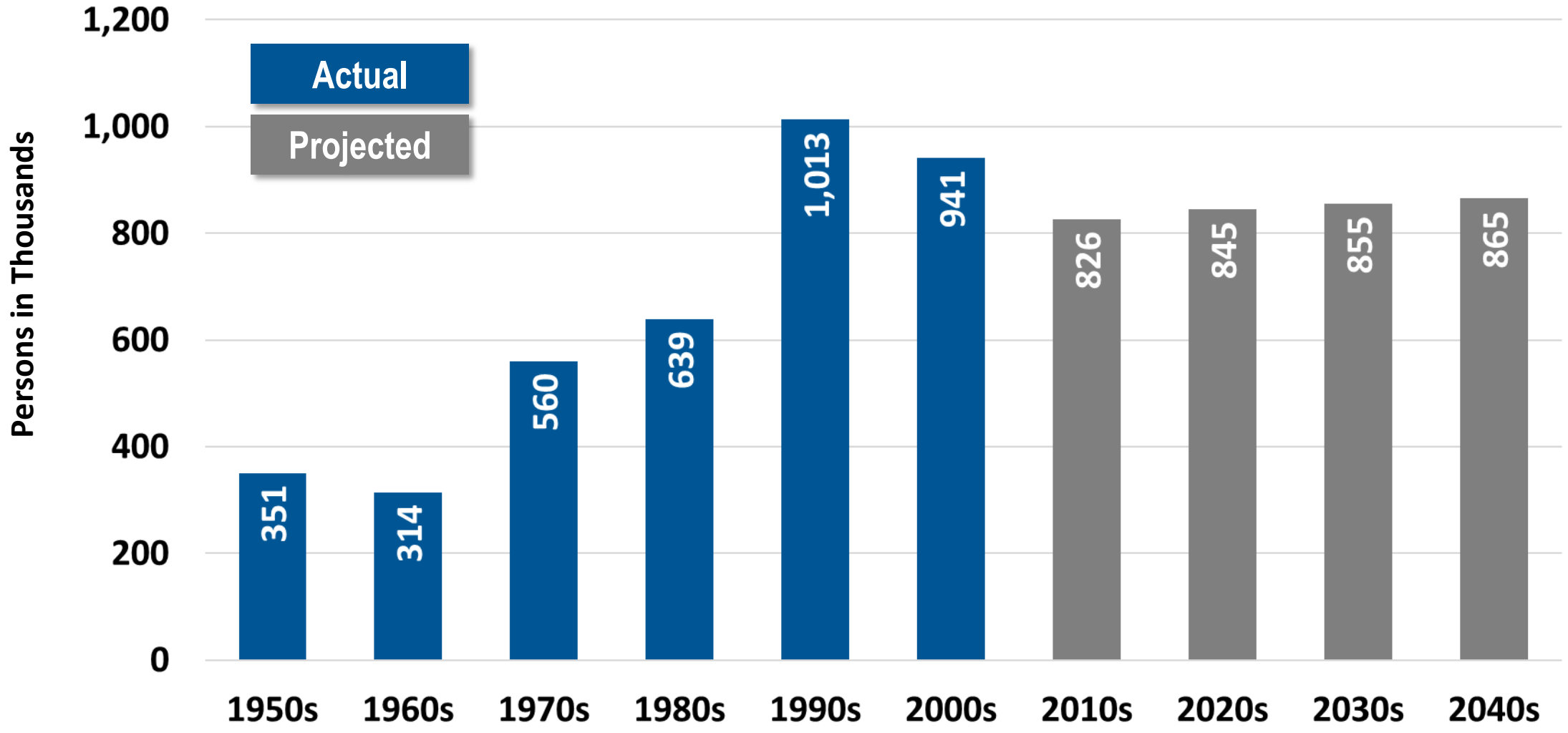
- Land Advisors Organization operates in 23 markets nationwide.
- Specializing in land brokerage and land-related services.
- Large scale MPCs to finished Lots, site selection services and institutional representation.

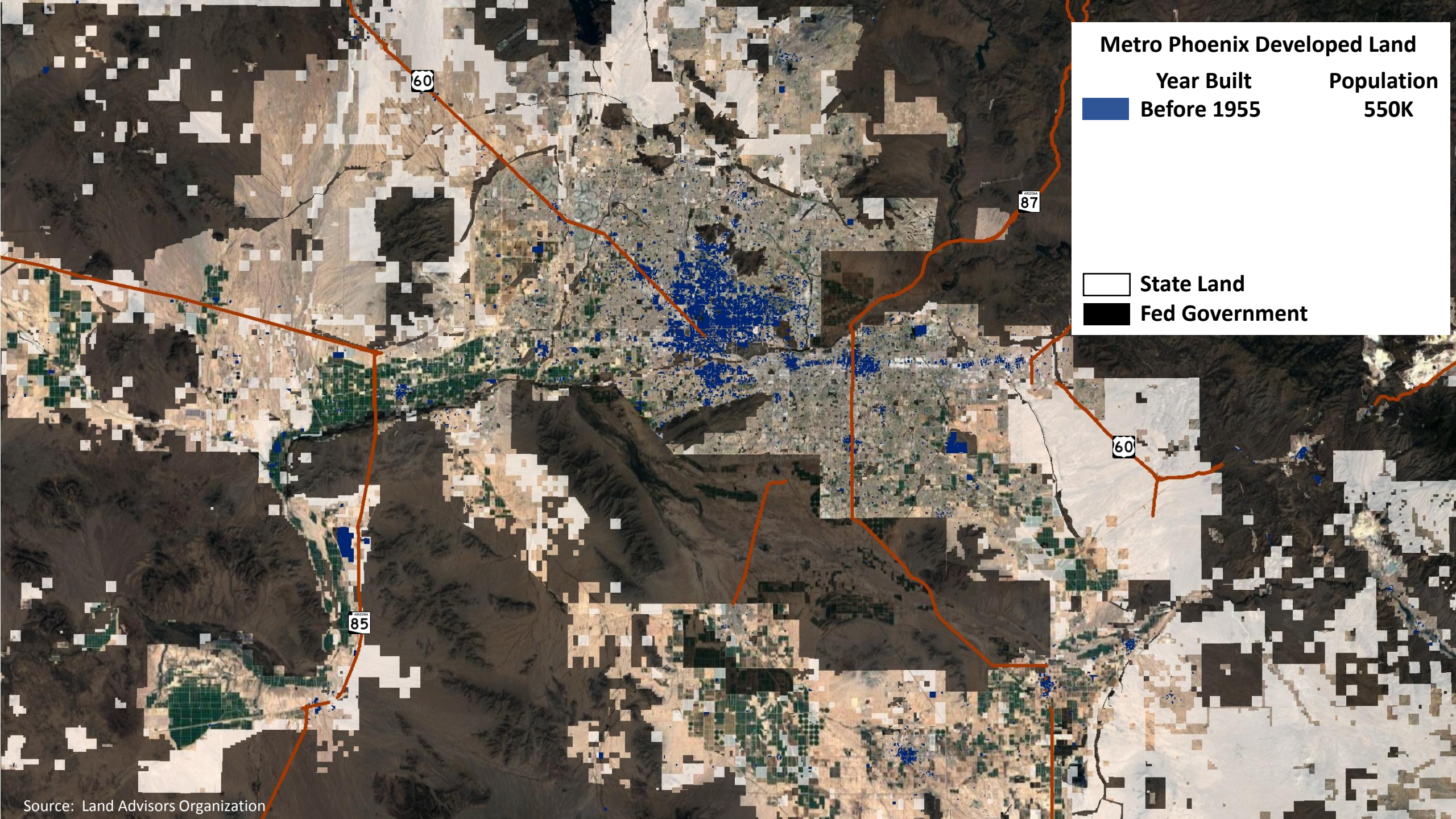


Scottsdale, AZ | Casa Grande, AZ | Prescott, AZ | Tucson, AZ | Irvine, CA | Bay Area, CA | Coachella Valley, CA | Pasadena, CA  
Roseville, CA | San Diego, CA | Santa Barbara, CA | Valencia, CA | Orlando, FL | Tampa, FL | Boise, ID | Albuquerque, NM  
Las Vegas, NV | Reno, NV | Austin, TX | Dallas-Fort Worth, TX | Houston, TX | Salt Lake City, UT | Seattle, WA

# Actual and Projected Population Growth in Metro Phoenix

**2017 PHOENIX MSA POPULATION ESTIMATE : 4,750,000**





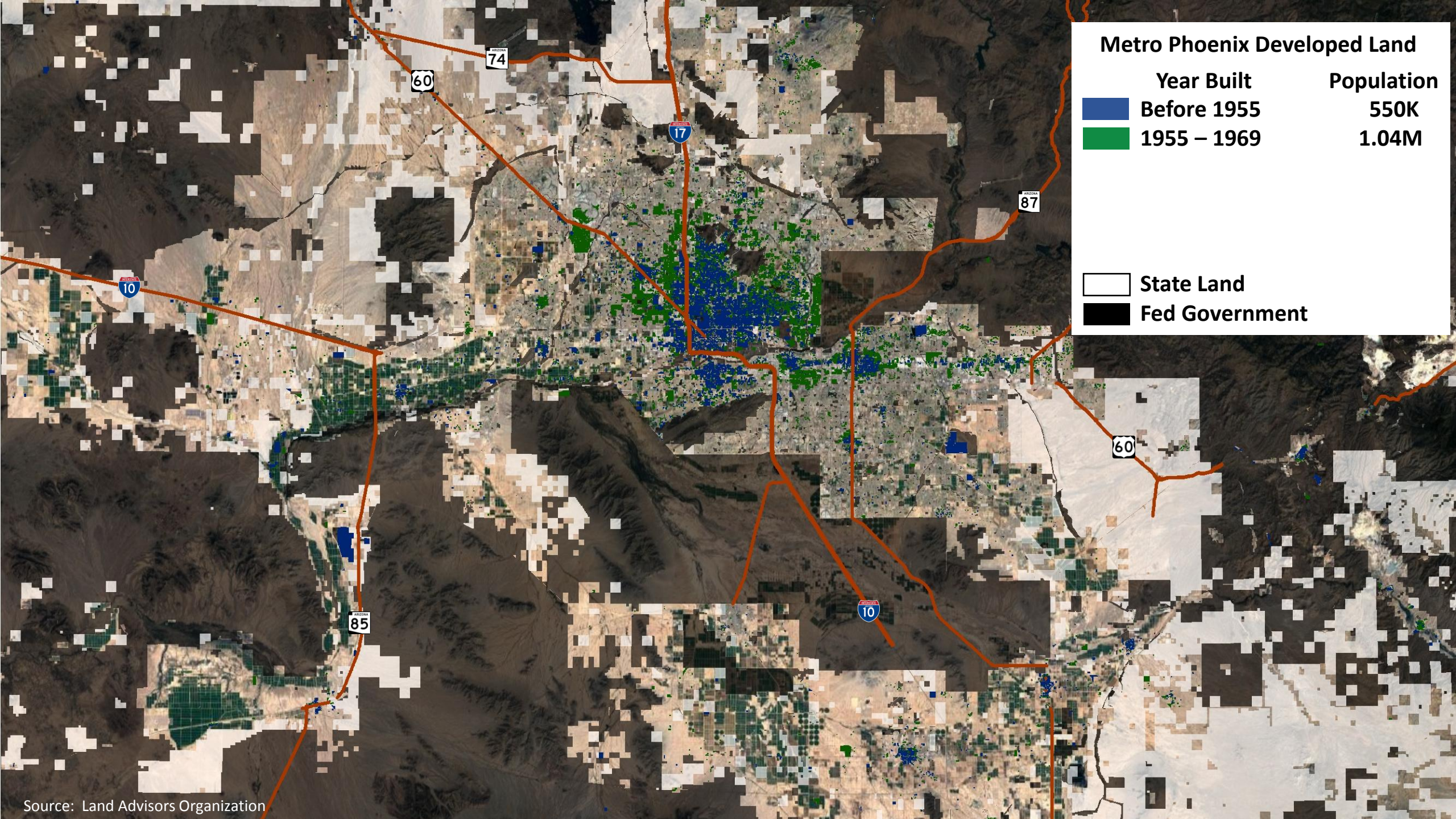


**Metro Phoenix Developed Land**

| Year Built  | Population |
|-------------|------------|
| Before 1955 | 550K       |



|   |                |
|---|----------------|
|  | State Land     |
|  | Fed Government |

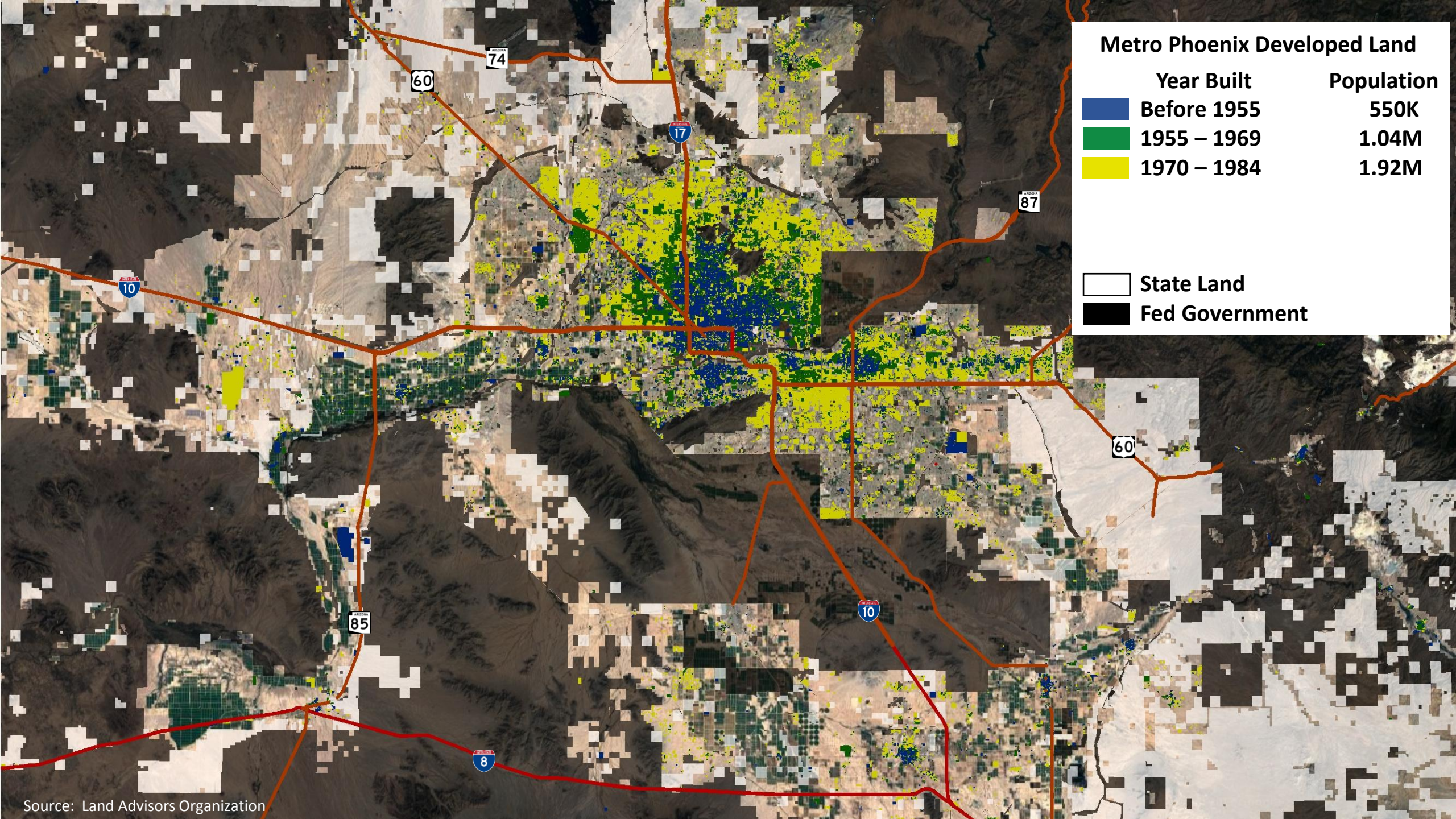


### Metro Phoenix Developed Land

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| 1955 – 1969 | 1.04M      |



|   |                |
|---|----------------|
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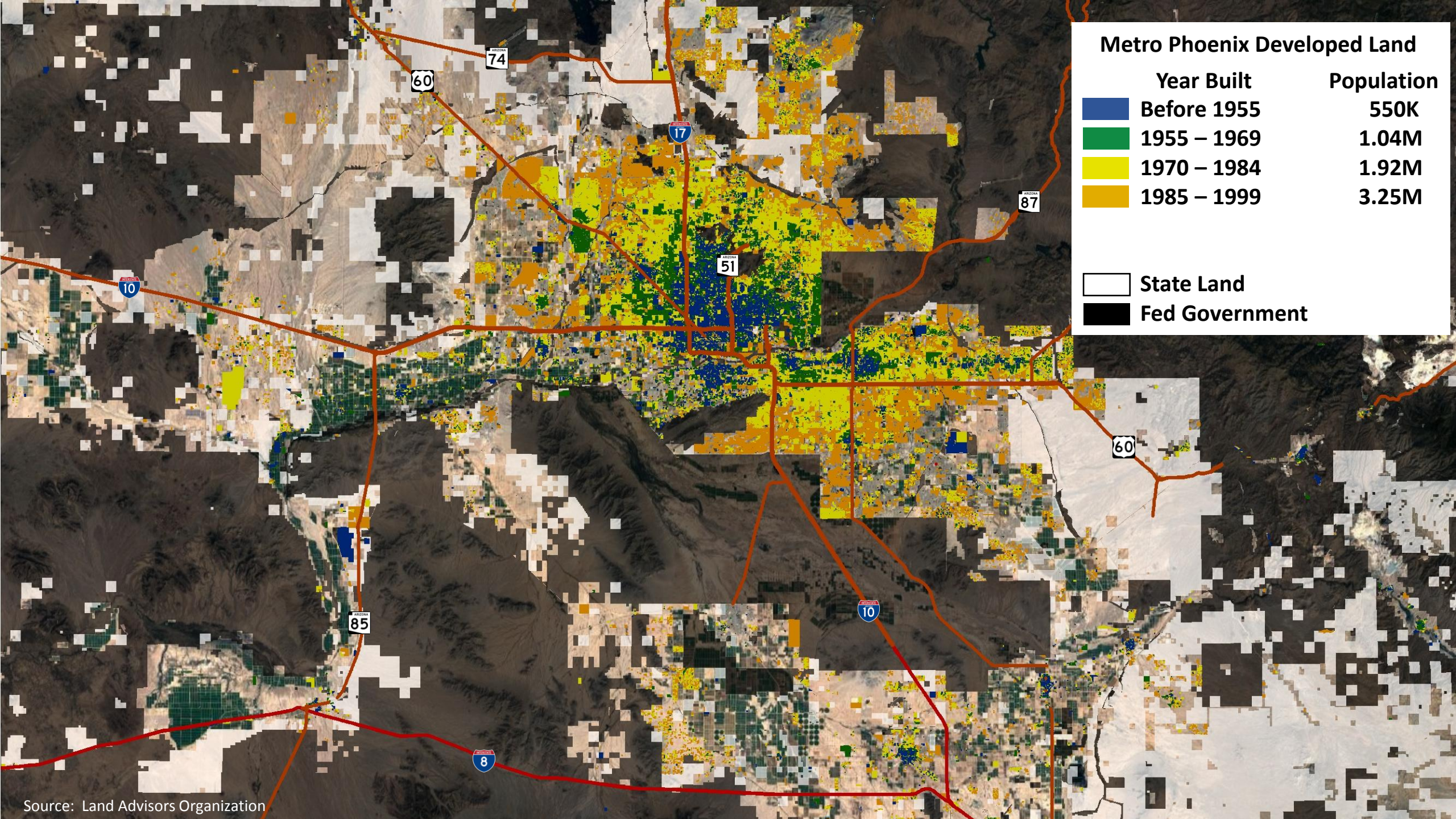


### Metro Phoenix Developed Land

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

|   |                |
|---|----------------|
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|  | Fed Government |

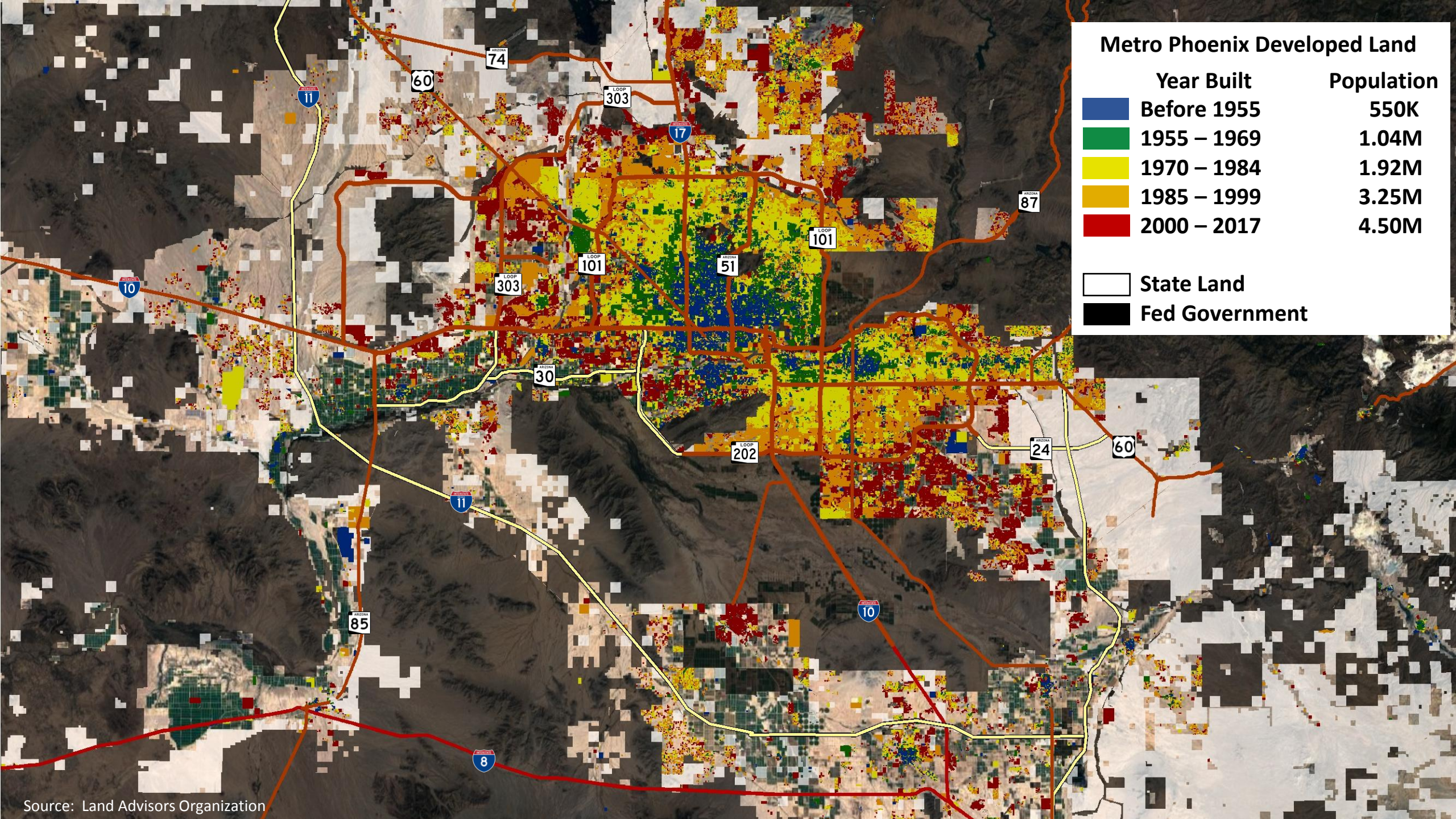


### Metro Phoenix Developed Land

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|   |                |
|---|----------------|
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|  | Fed Government |



### Metro Phoenix Developed Land

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| 1985 – 1999 | 3.25M      |
| 2000 – 2017 | 4.50M      |

|   |                |
|---|----------------|
|  | State Land     |
|  | Fed Government |



# Annual Population Growth

Year over year population change

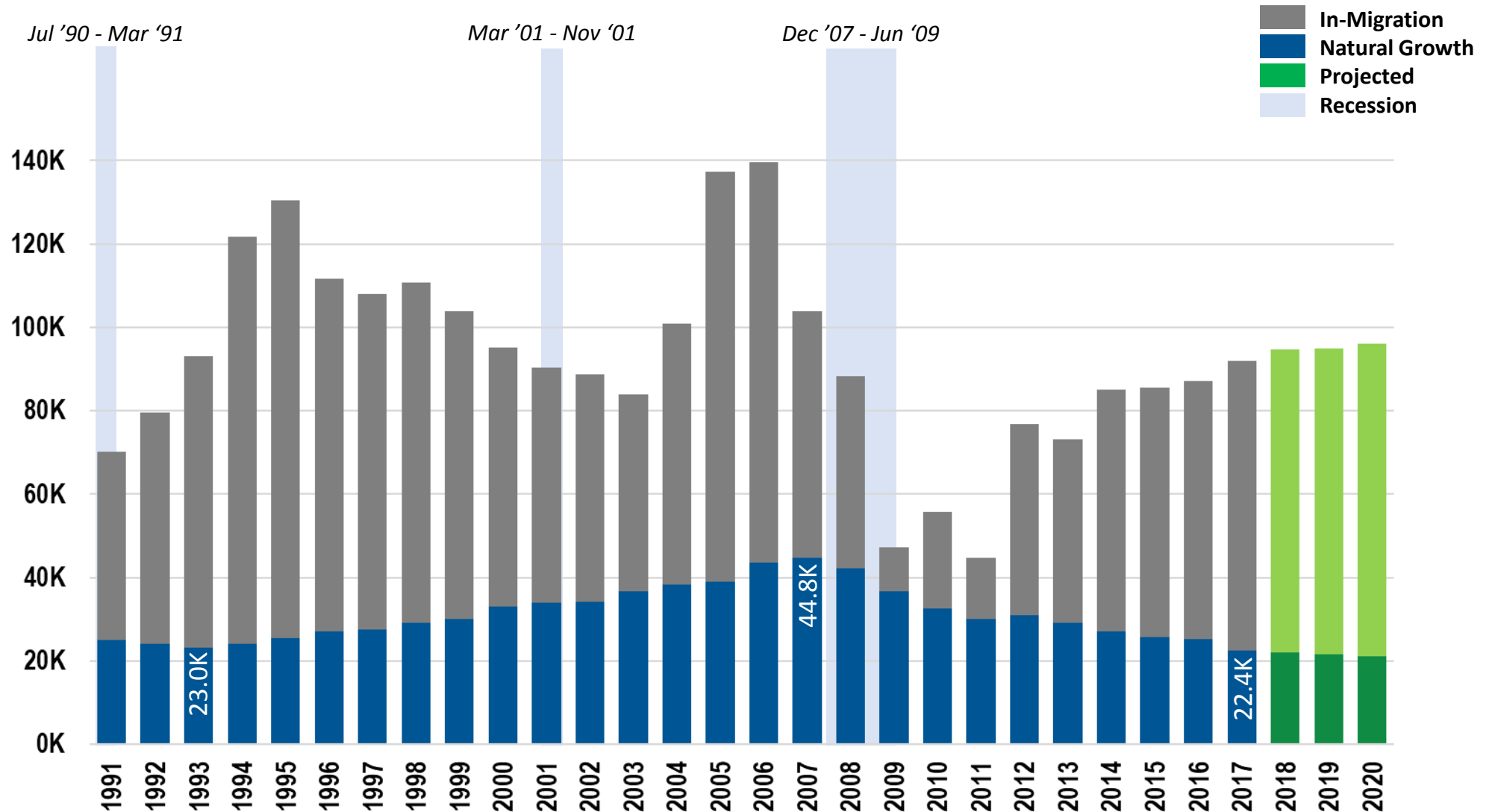
## Population Growth

1990's: 1,024,000  
 2000's: 936,000  
 2010's: 826,000  
 2020's: 845,400  
 2030's: 854,500

## Natural Growth

2007 Peak: 44,800  
 2016: 22,400  
 Change: -22,400

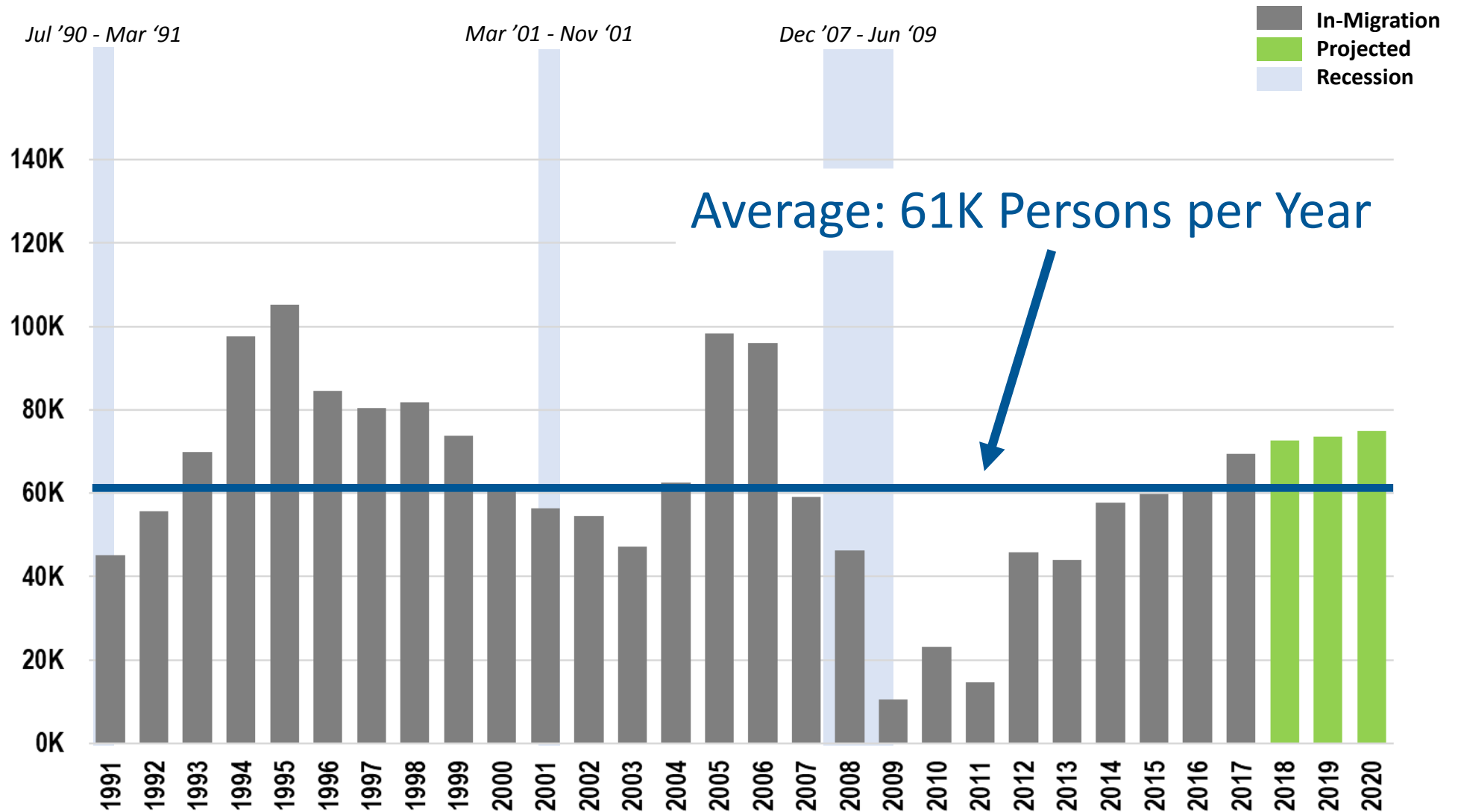
*Lowest natural growth rate since 1980*



# Annual Net Migration

Year over year population change not including natural growth.

**Total Net Migration**  
1990 – 2017  
1.66 Million

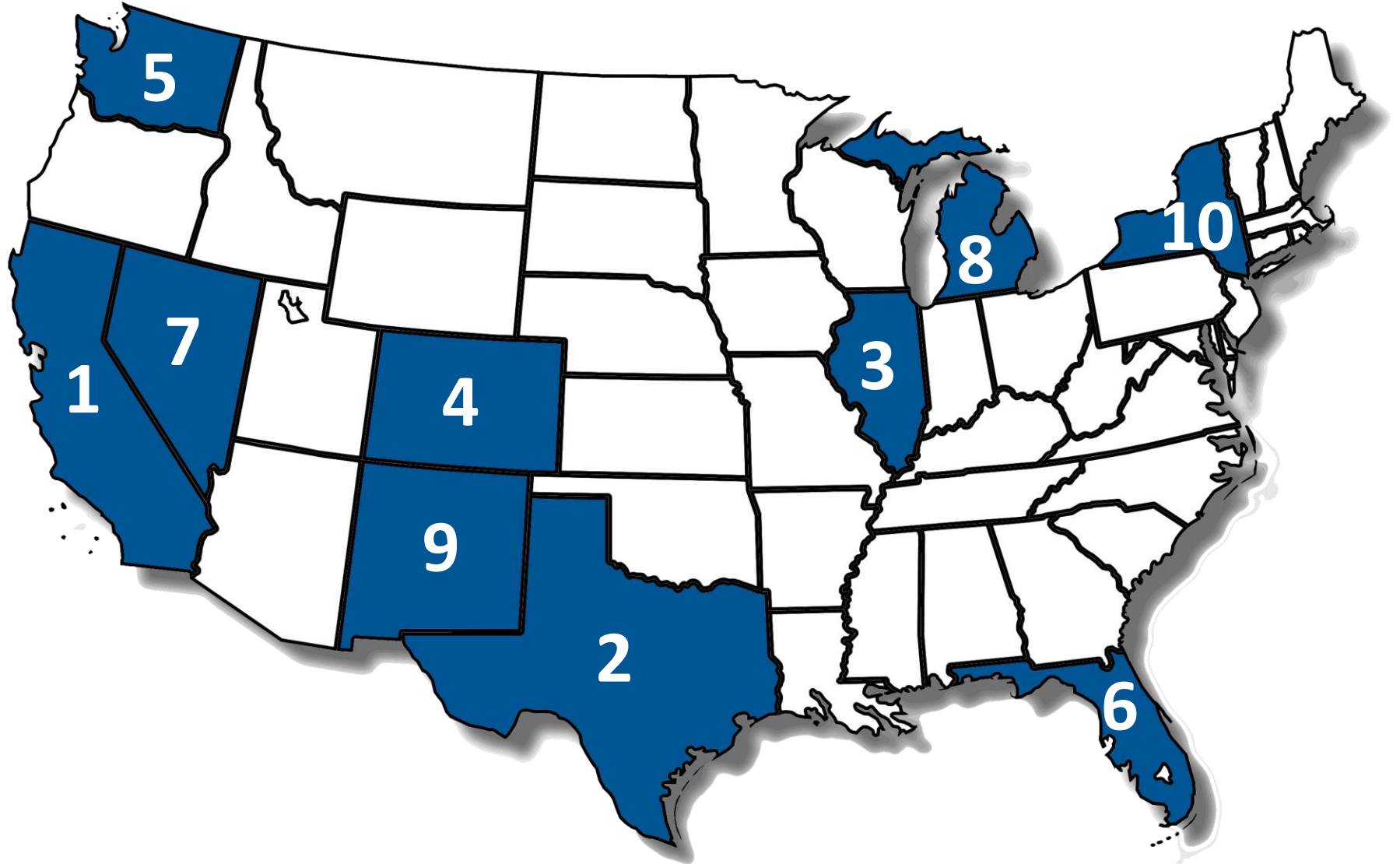


# 2017 Migration

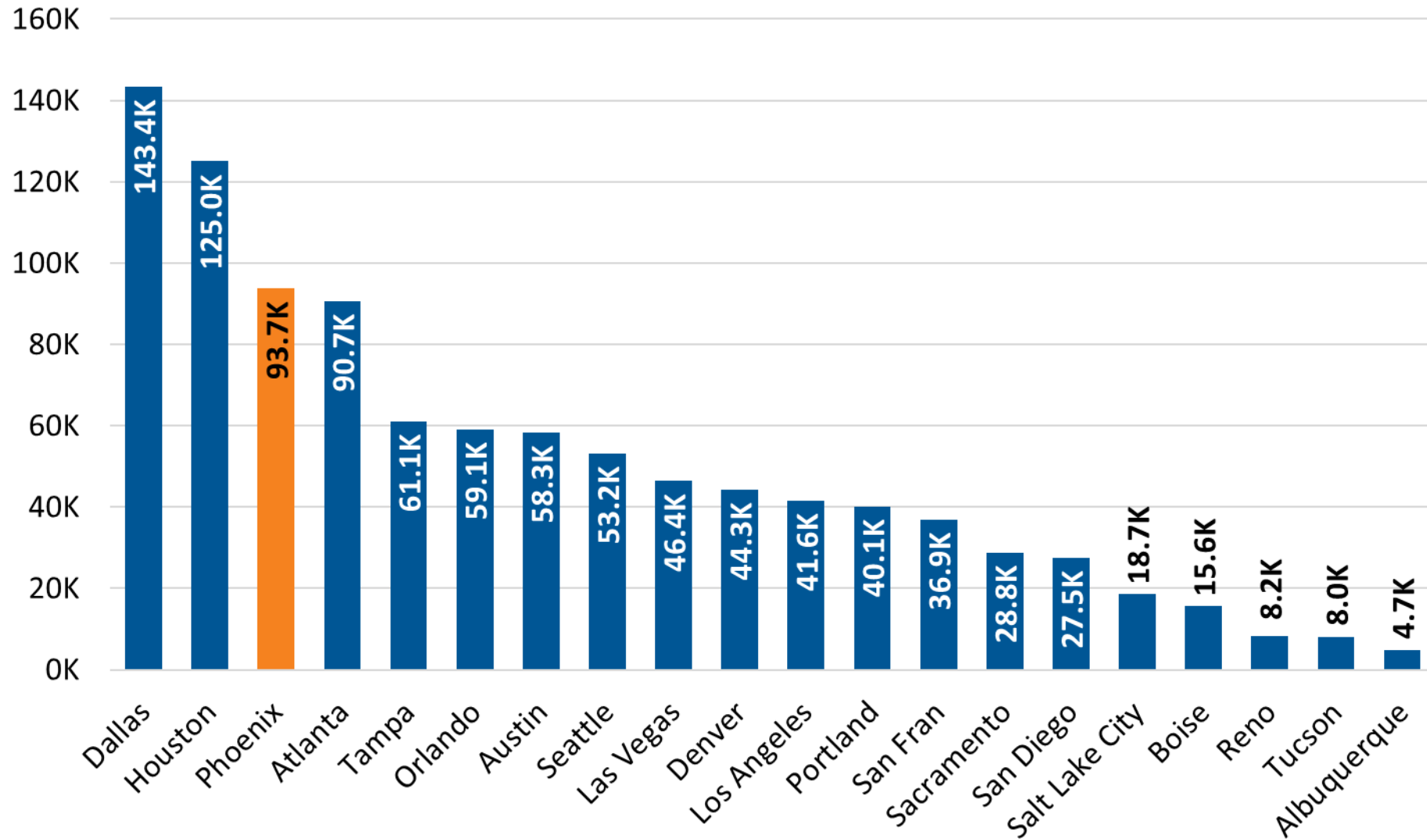
Where New Residents Are Coming From

## Top Sources for In-Migration

1. California
2. Texas
3. Illinois
4. Colorado
5. Washington
6. Florida
7. Nevada
8. Michigan
9. New Mexico
10. New York



# 2015 to 2016 Population Change Selected Metro Areas



# Arizona Fertility Rates



## Births per 1000 Women per Year

|                         | 1990  | 2017  |
|-------------------------|-------|-------|
| ↓ Annual Fertility Rate | 82.1  | 64.8  |
| By Age of Mother:       |       |       |
| ↓ Teenagers             | 77.1  | 26.5  |
| ↓ 20-24 years           | 143.4 | 86.6  |
| ↓ 25-29 years           | 133.7 | 115.4 |
| ↑ 30-34 years           | 84.8  | 95.9  |
| ↑ 35-40 years           | 33.9  | 48.9  |
| ↑ Over 40               | 6.4   | 11.4  |

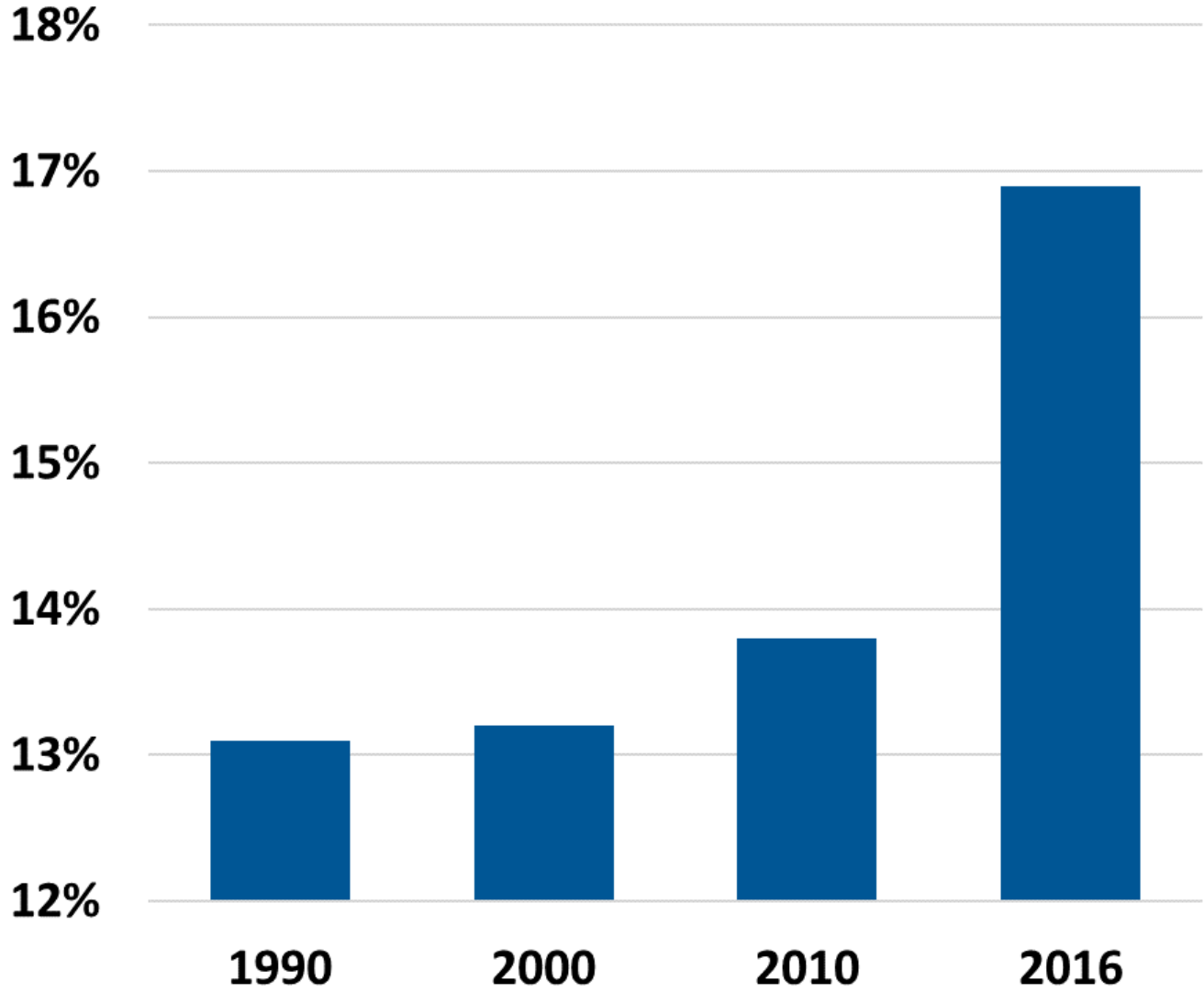
# Arizona Fertility Rates

## Births over Woman's Lifetime

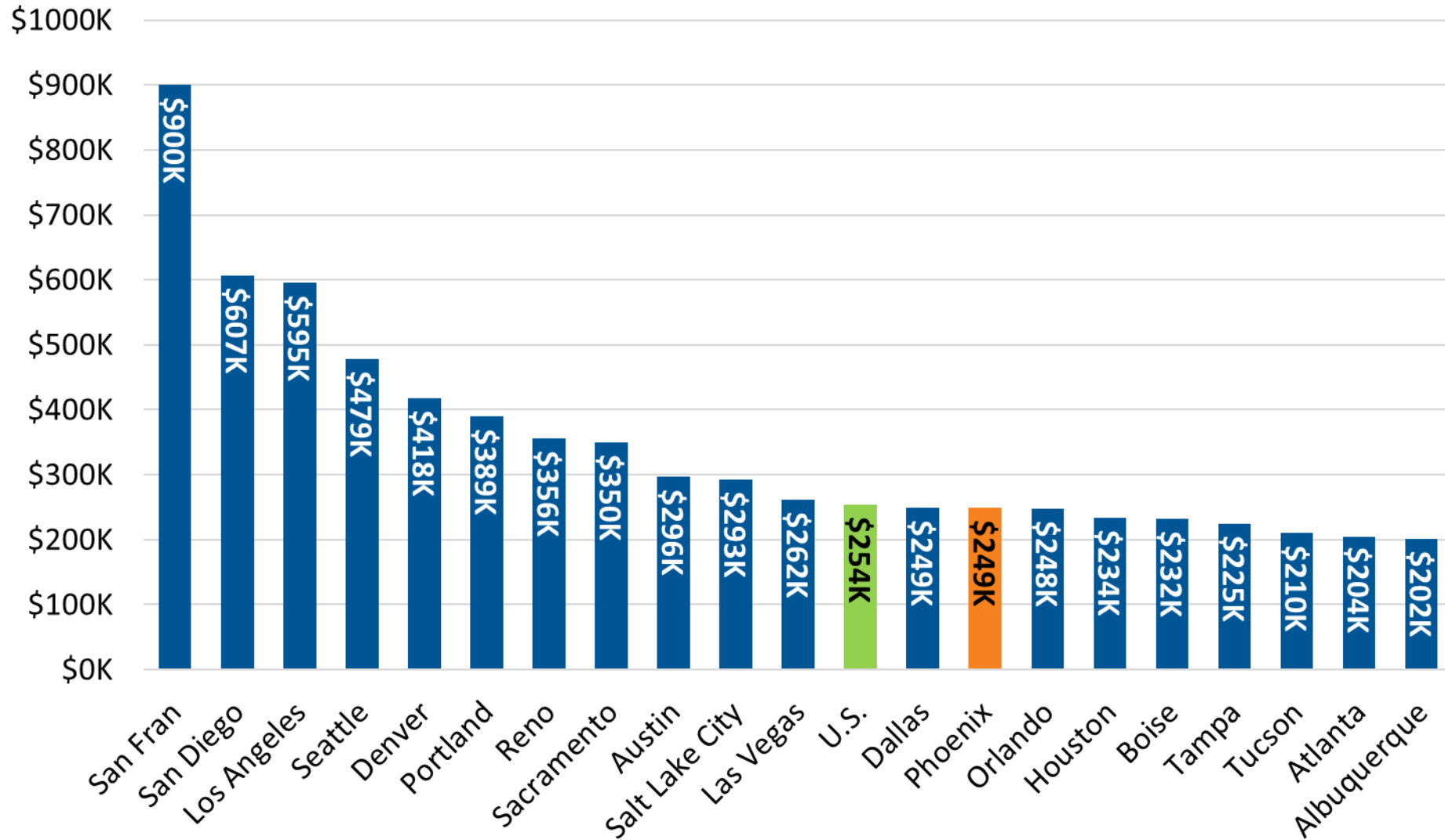
|                      | 1990 | 2017 |
|----------------------|------|------|
| ↓ Lifetime Fertility | 2.43 | 1.9* |
| ↓ Hispanic           | 3.06 | 1.99 |
| ↓ Non-Hispanic       | 2.13 | 1.83 |

\*Fertility rate below population sustainability rate of 2.1 births per woman.

# Arizona Percent of Population Over 65

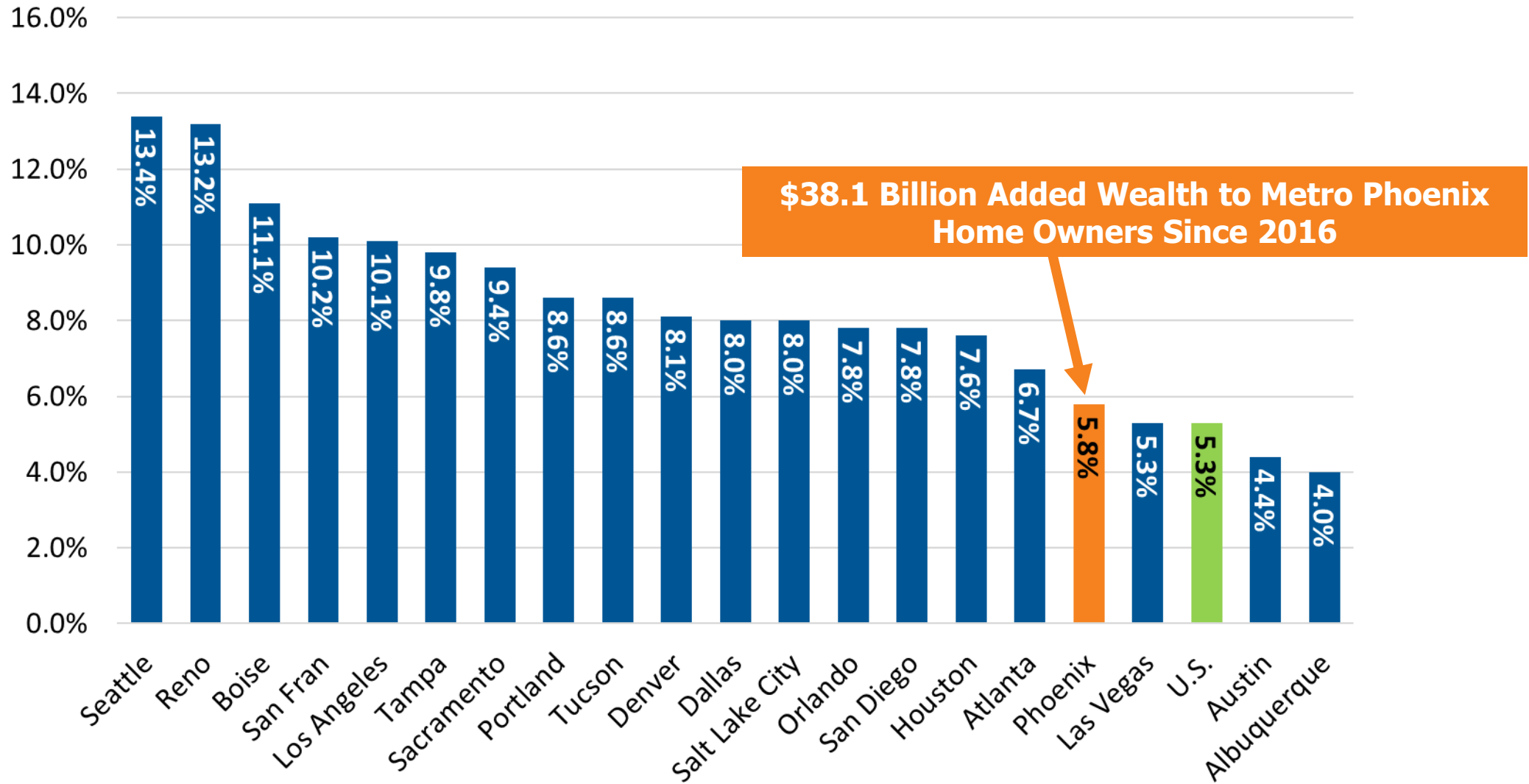


# Median Home Sales Price

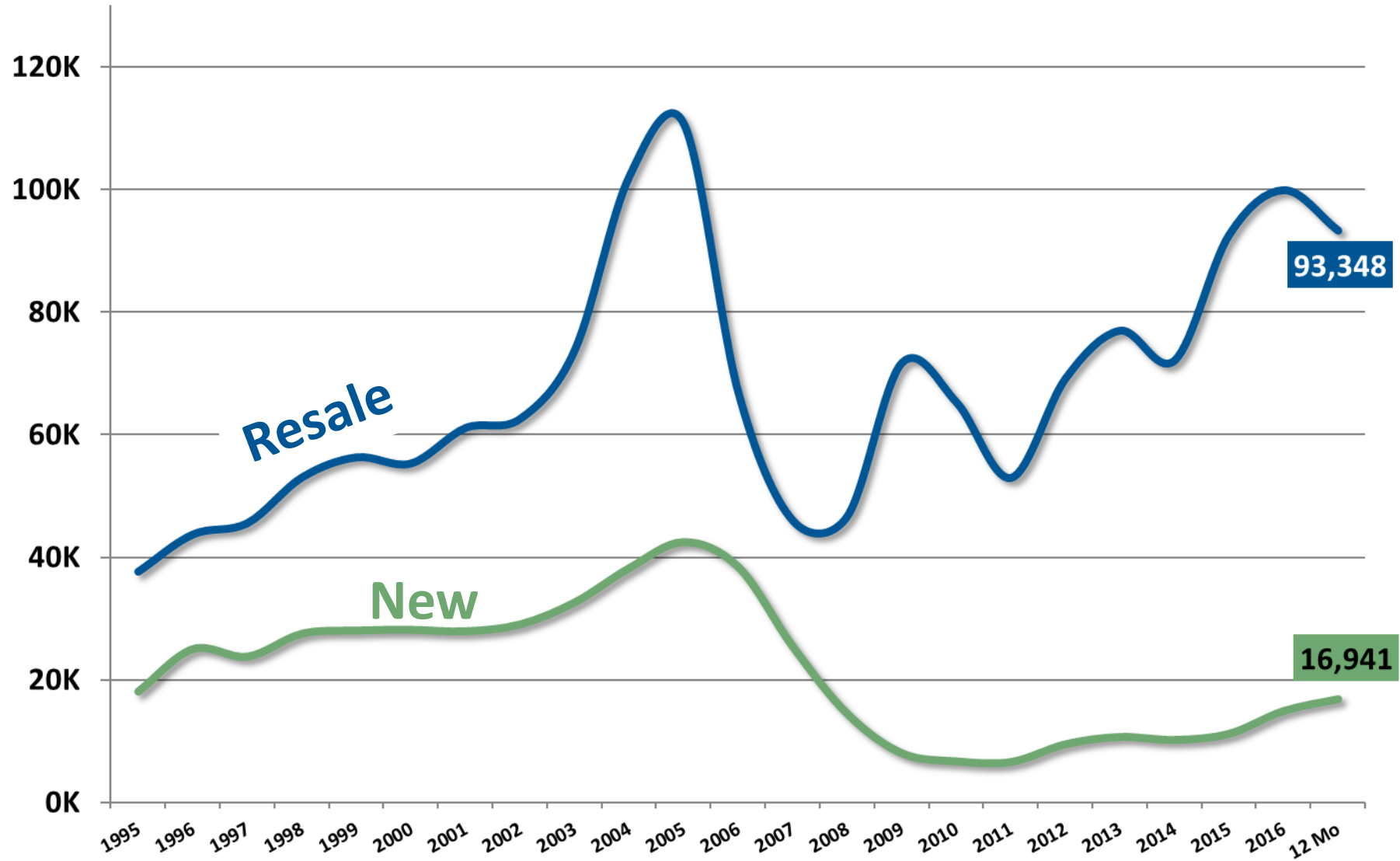




# Median Home Price Appreciation

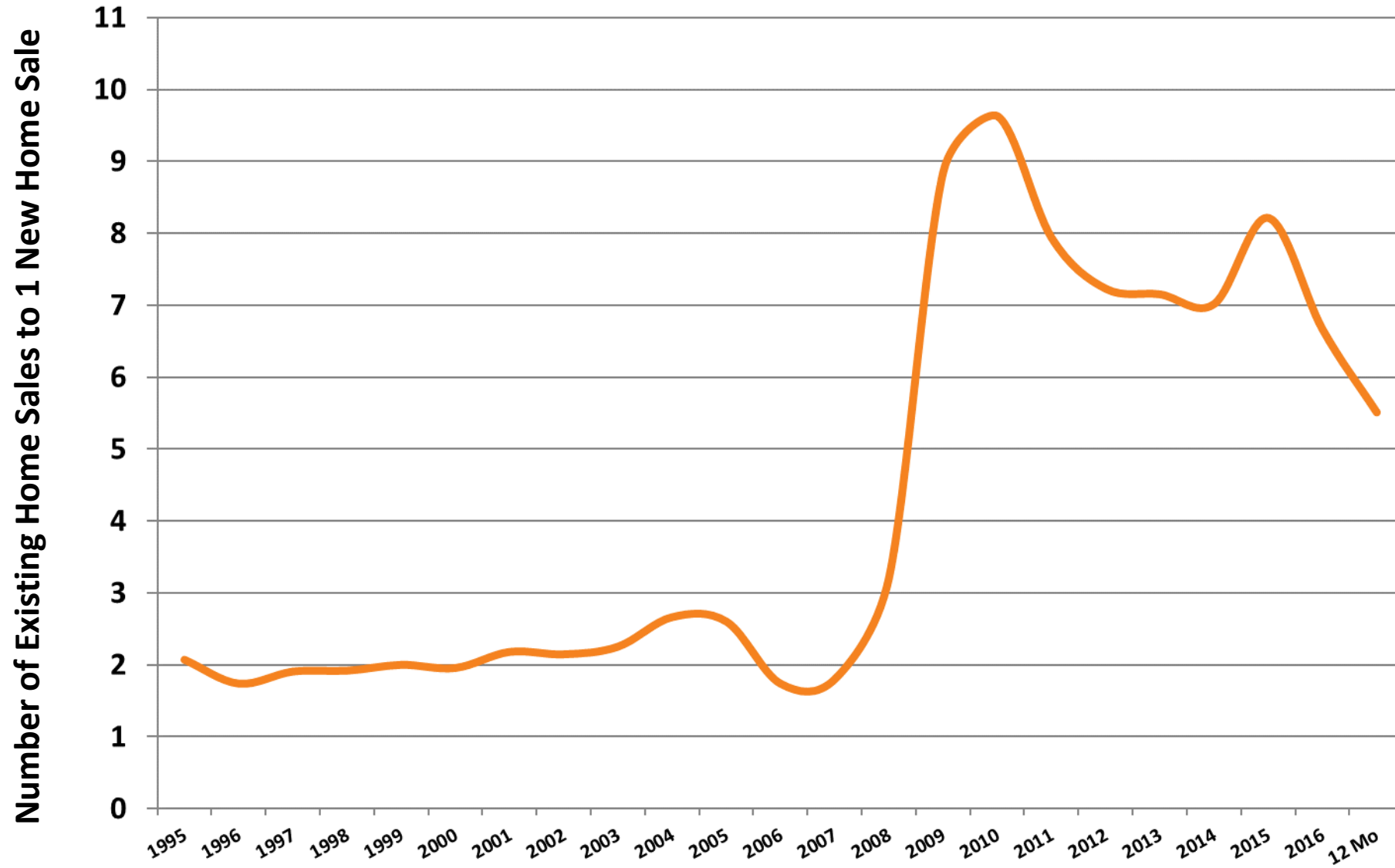


# New & Resale Home Sales Volume

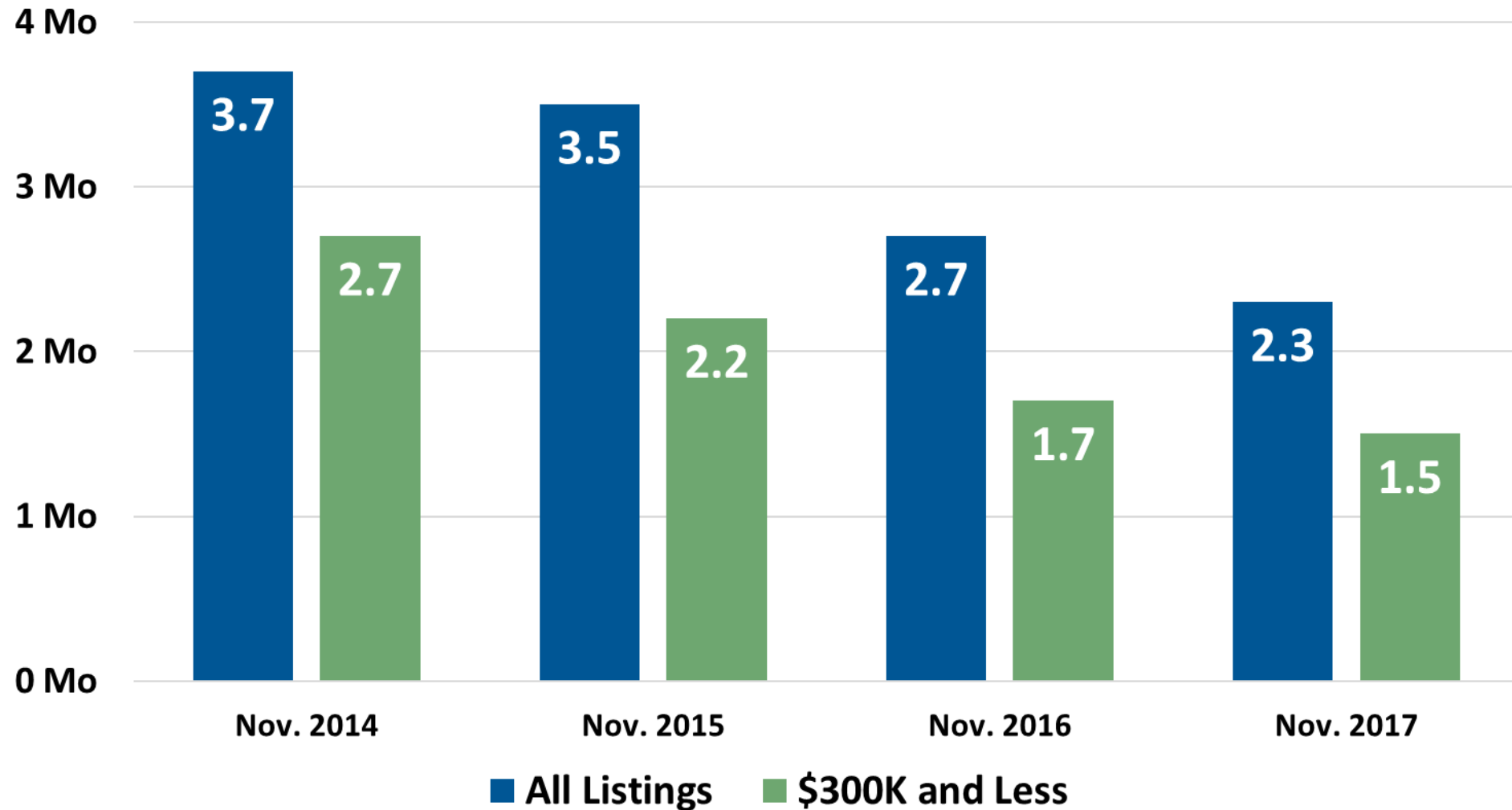


# Ratio of Resale Homes to New Home Sales

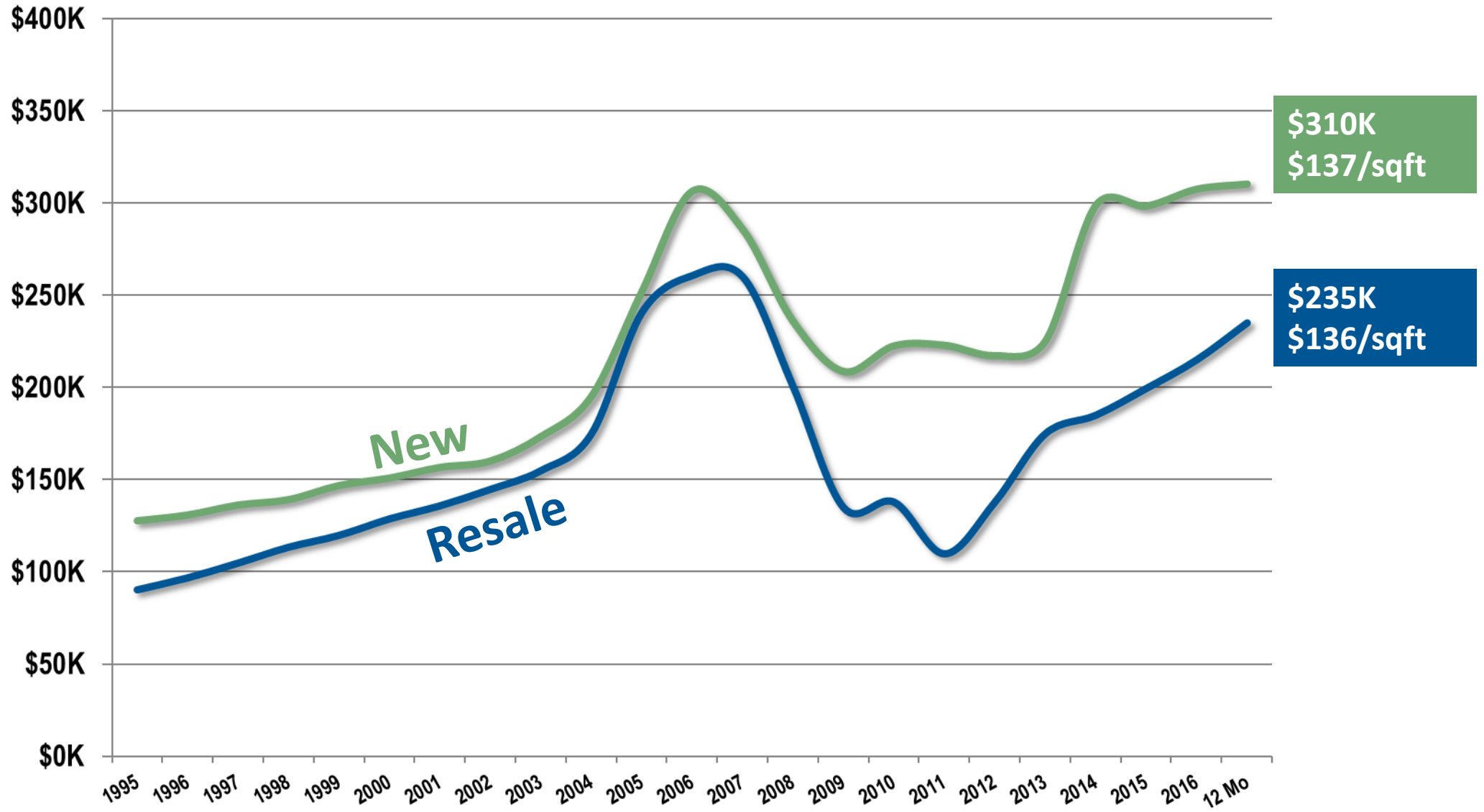
Annual Sales of Existing Homes Divided by New Home Sales



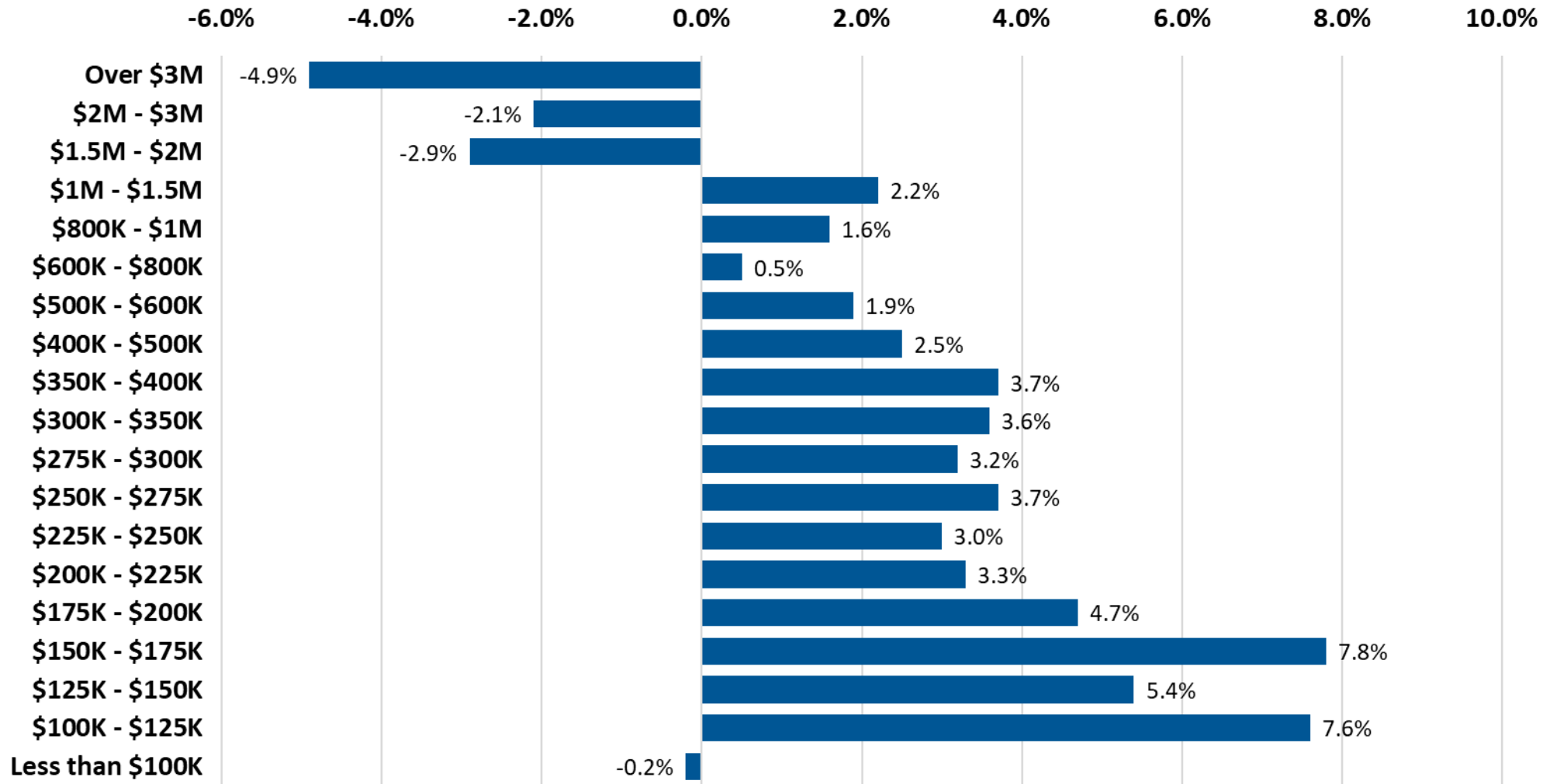
# Metro Phoenix Resale Months of Supply



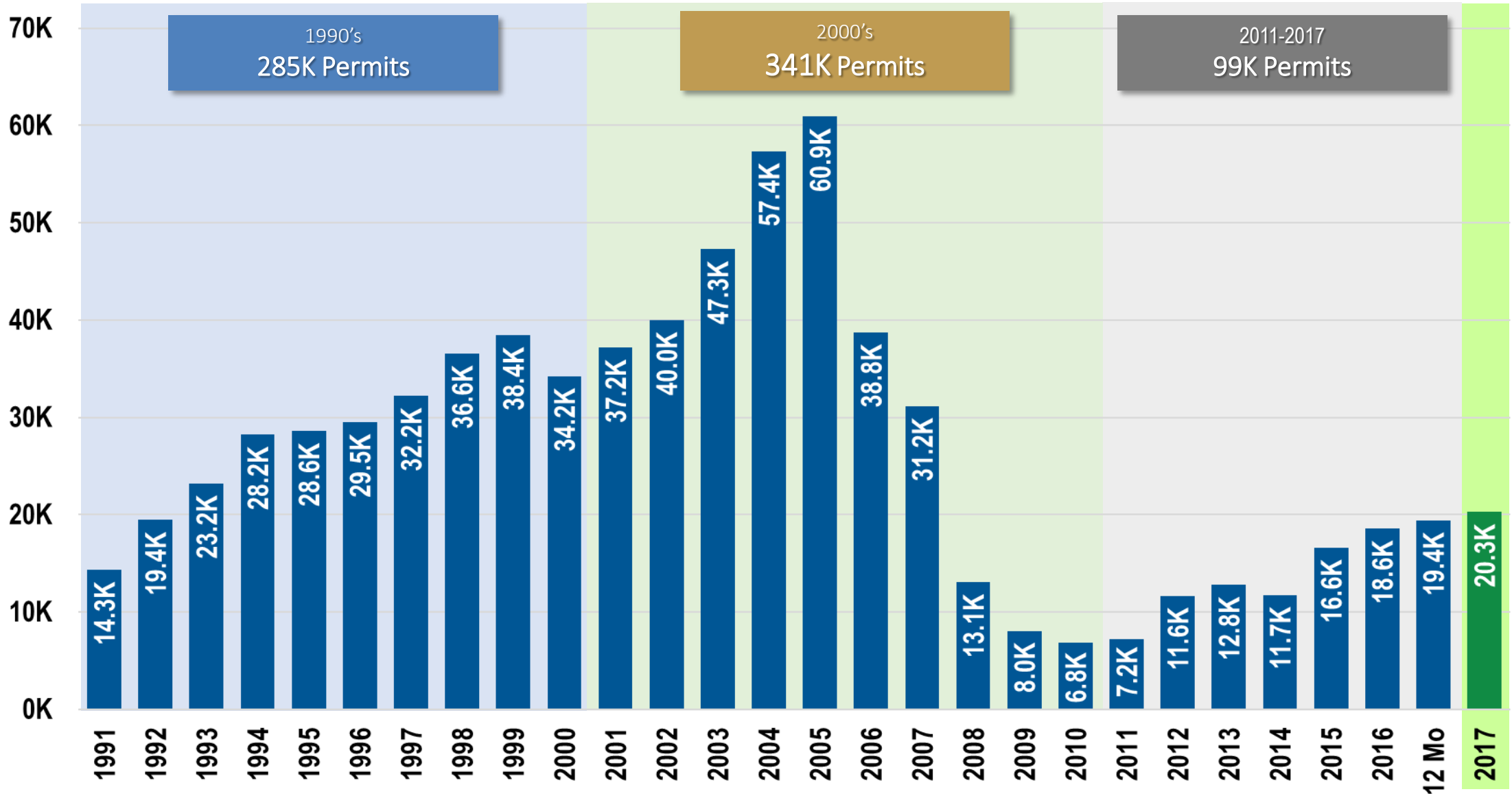
# New & Resale Median Home Price – The Spread is Thinning



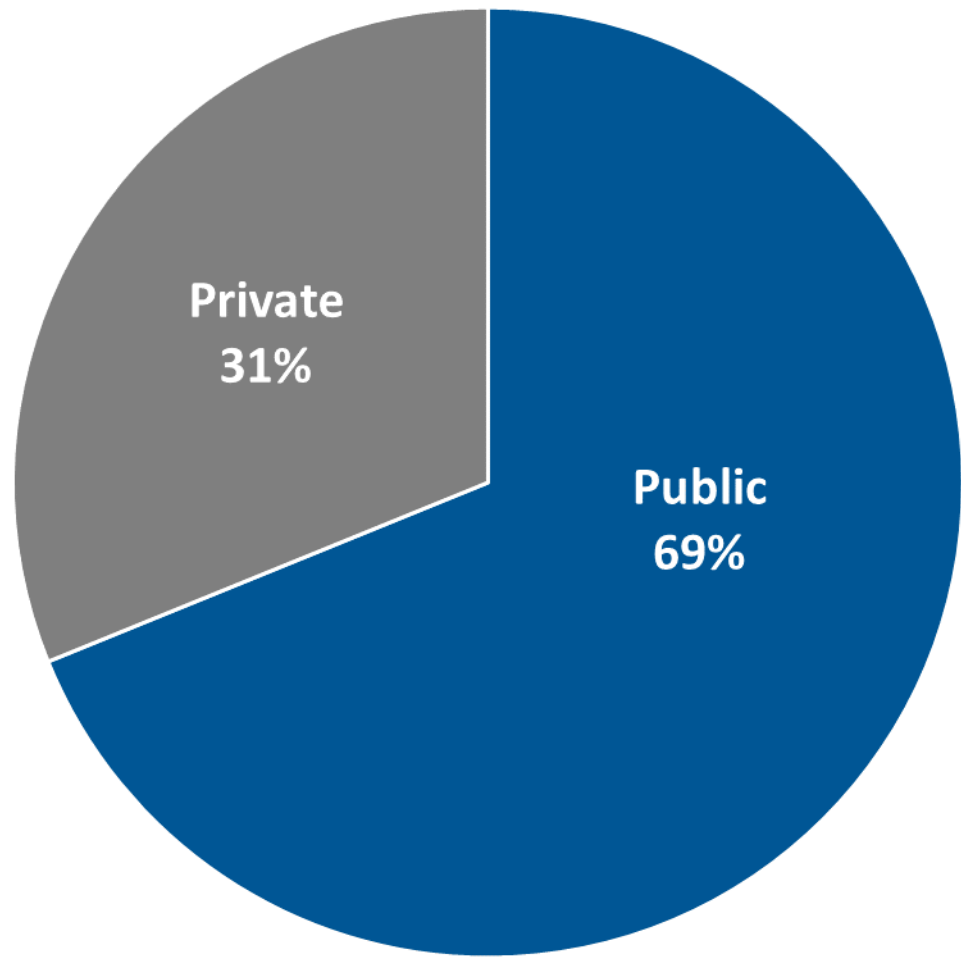
# Resale Change in Price per Square Foot by Home Price



# Phoenix Metro - Single Family Permits



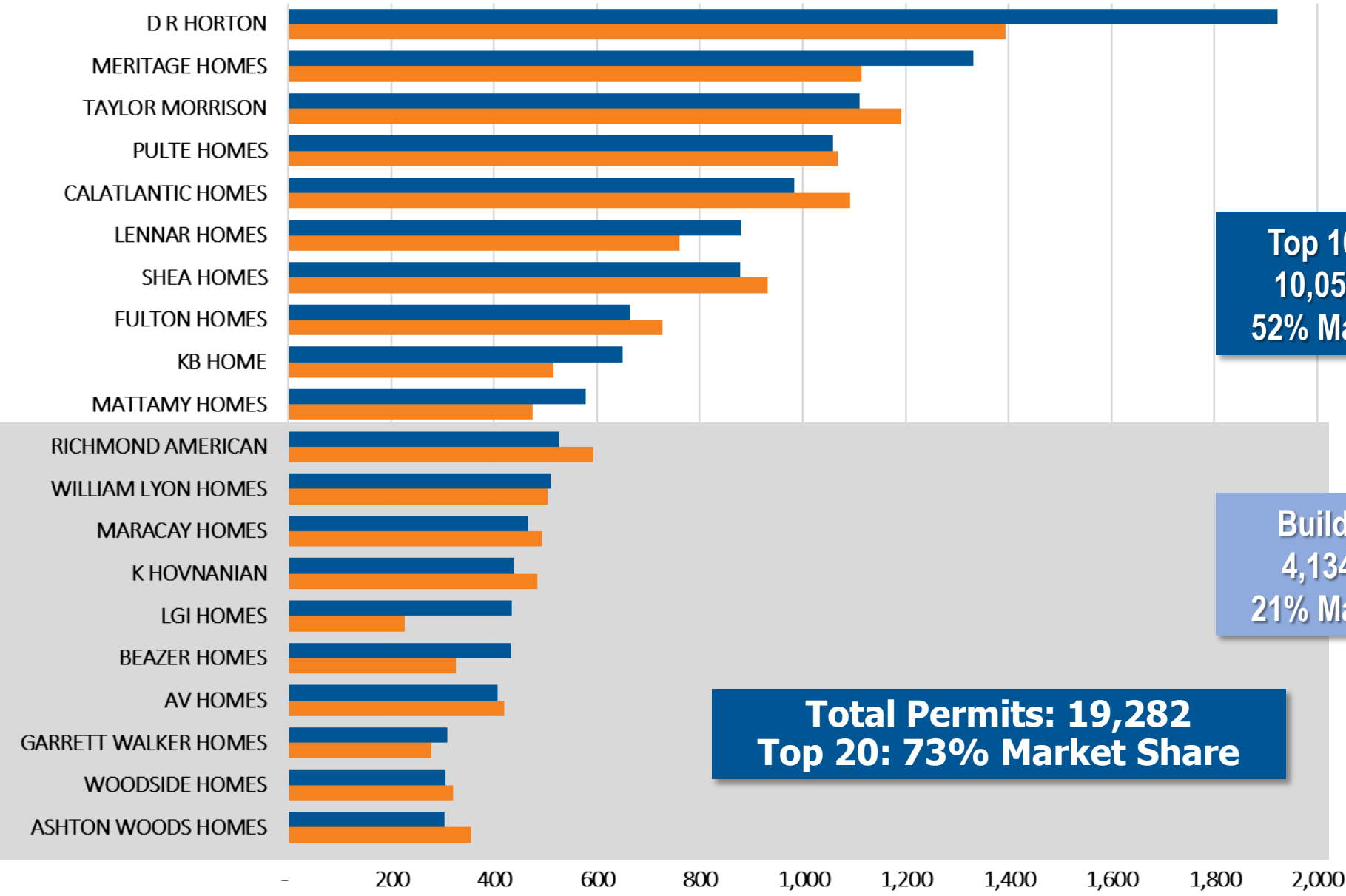
# Public vs. Private Homebuilder's Market Share





# Top 20 Homebuilders by Permits

3Q 2017 ■  
 3Q 2016 ■



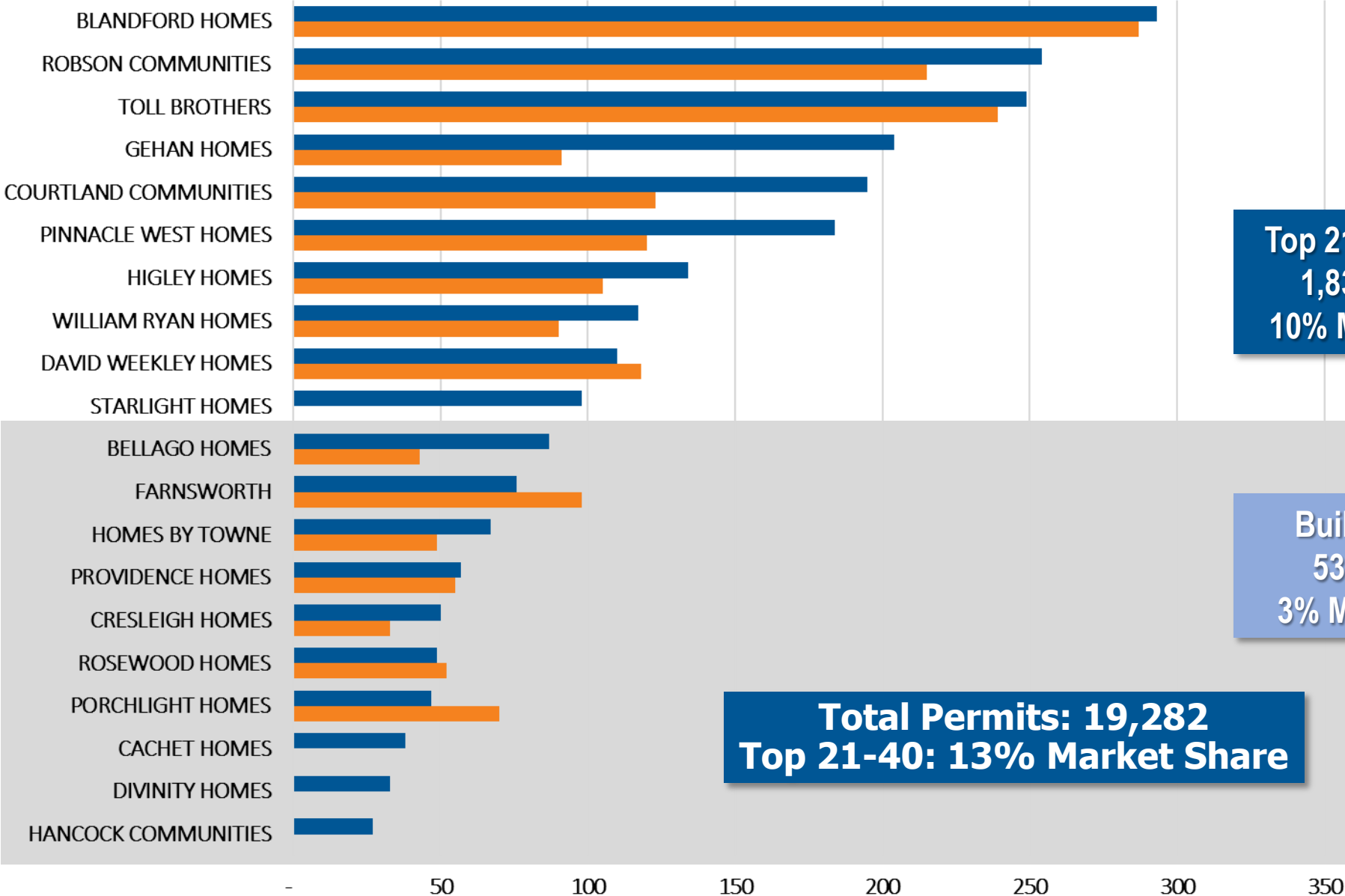
**Top 10 Builders**  
 10,058 Permits  
 52% Market Share

**Builders 11-20**  
 4,134 Permits  
 21% Market Share

**Total Permits: 19,282**  
**Top 20: 73% Market Share**

# Top 21 to 40 Homebuilders by Permits

3Q 2017 ■  
 3Q 2016 ■



**Top 21-30 Builders**  
 1,838 Permits  
 10% Market Share

**Builders 31-40**  
 531 Permits  
 3% Market Share

**Total Permits: 19,282**  
**Top 21-40: 13% Market Share**

# Top Builders Average Home Price

\$0K      \$100K      \$200K      \$300K      \$400K      \$500K      \$600K      \$700K      \$800K      \$900K

**FHA Limit**

|                      |        |
|----------------------|--------|
| LGI HOMES            | \$200K |
| D R HORTON           | \$225K |
| DIVINITY HOMES       | \$229K |
| PINNACLE WEST HOMES  | \$251K |
| GARRETT WALKER HOMES | \$253K |
| KB HOME              | \$258K |
| BELLAGO HOMES        | \$261K |
| PROVIDENCE HOMES     | \$268K |
| BEAZER HOMES         | \$272K |

**\$280K to \$350K**

|                       |        |
|-----------------------|--------|
| HANCOCK COMMUNITIES   | \$280K |
| WILLIAM LYON HOMES    | \$290K |
| FARNSWORTH            | \$298K |
| HOMES BY TOWNE        | \$308K |
| WOODSIDE HOMES        | \$318K |
| COURTLAND COMMUNITIES | \$325K |
| WATT COMMUNITIES      | \$326K |
| RICHMOND AMERICAN     | \$331K |
| WILLIAM RYAN HOMES    | \$331K |
| AV HOMES              | \$332K |
| PULTE HOMES           | \$335K |
| PORCHLIGHT HOMES      | \$340K |
| MATTAMY HOMES         | \$343K |
| MERITAGE HOMES        | \$344K |
| GEHAN HOMES           | \$346K |
| FULTON HOMES          | \$348K |

**Total Sales: \$6.79B**  
**Avg. Price: \$373K**  
**Top 40: 87% Market Share**

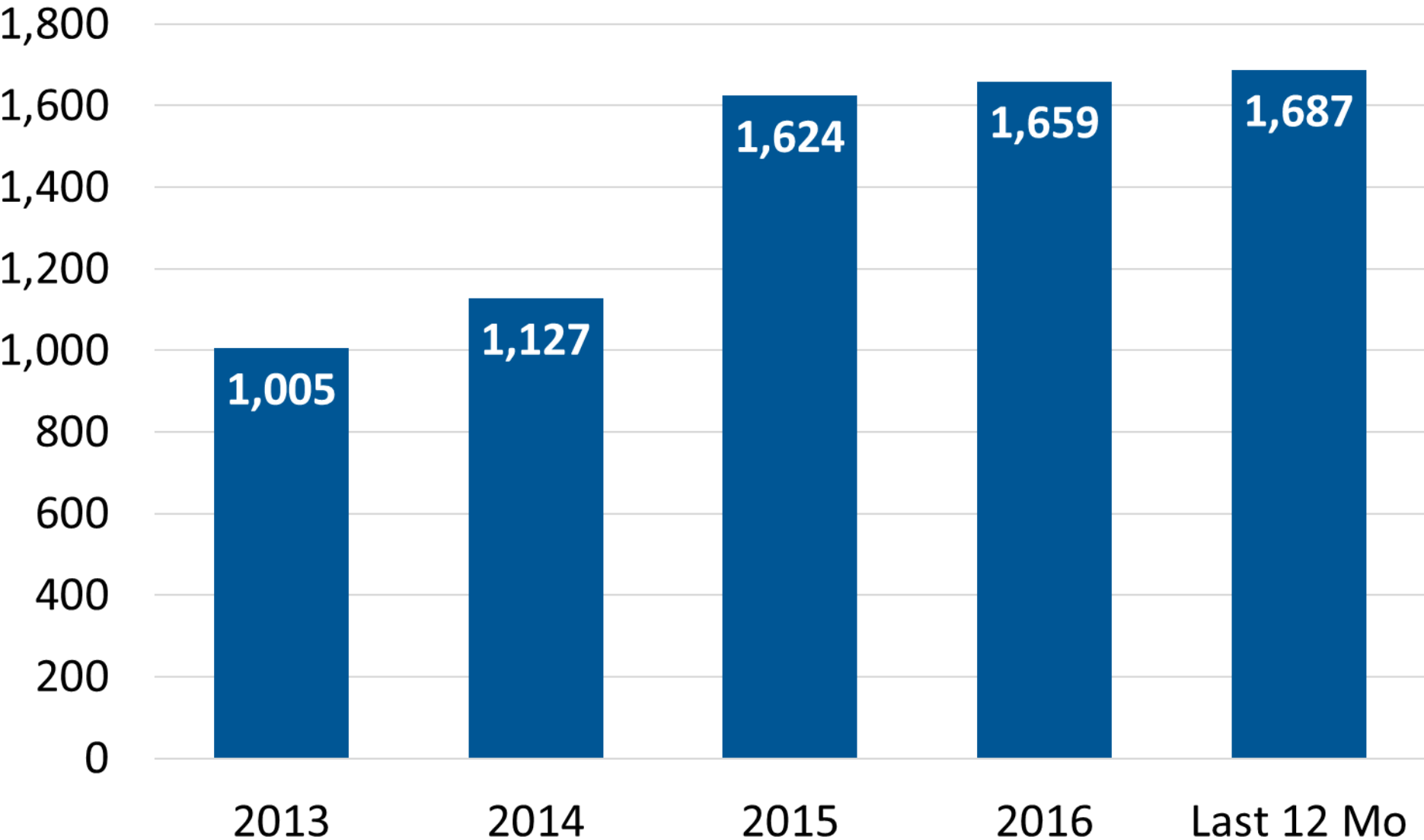
**\$350K to \$500K**

|                    |        |
|--------------------|--------|
| LENNAR HOMES       | \$361K |
| CRESLEIGH HOMES    | \$369K |
| K HOVNANIAN        | \$380K |
| ROBSON COMMUNITIES | \$382K |
| ASHTON WOODS HOMES | \$406K |
| SHEA HOMES         | \$406K |
| TAYLOR MORRISON    | \$418K |
| MARACAY HOMES      | \$428K |
| BLANDFORD HOMES    | \$444K |
| CACHET HOMES       | \$470K |

**Over \$500K**

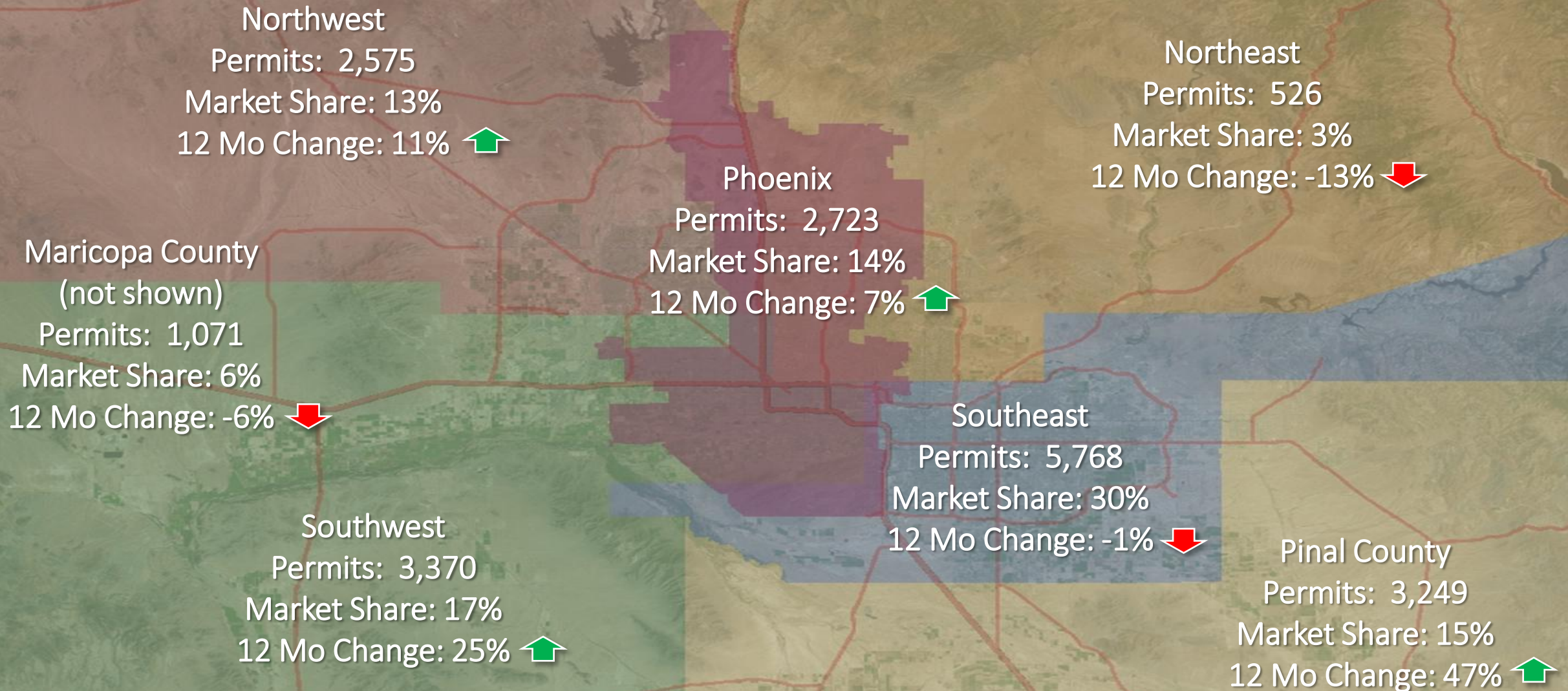
|                     |        |
|---------------------|--------|
| VIP HOMES           | \$510K |
| DAVID WEEKLEY HOMES | \$622K |
| ROSEWOOD HOMES      | \$645K |
| TOLL BROTHERS       | \$808K |

# Active Adult Community Permits



# Permits by Submarket

Single Family Permits Issued in the Last 12 Months



# Master Planned Communities

**Sun City Festival**  
285 Permits

**Tierra Del Rio**  
301 Permits

**Verrado**  
500 Permits

**Vistancia**  
492 Permits

**Tartesso**  
241 Permits

**Cooley Station**  
317 Permits

**Blue Horizons**  
239 Permits

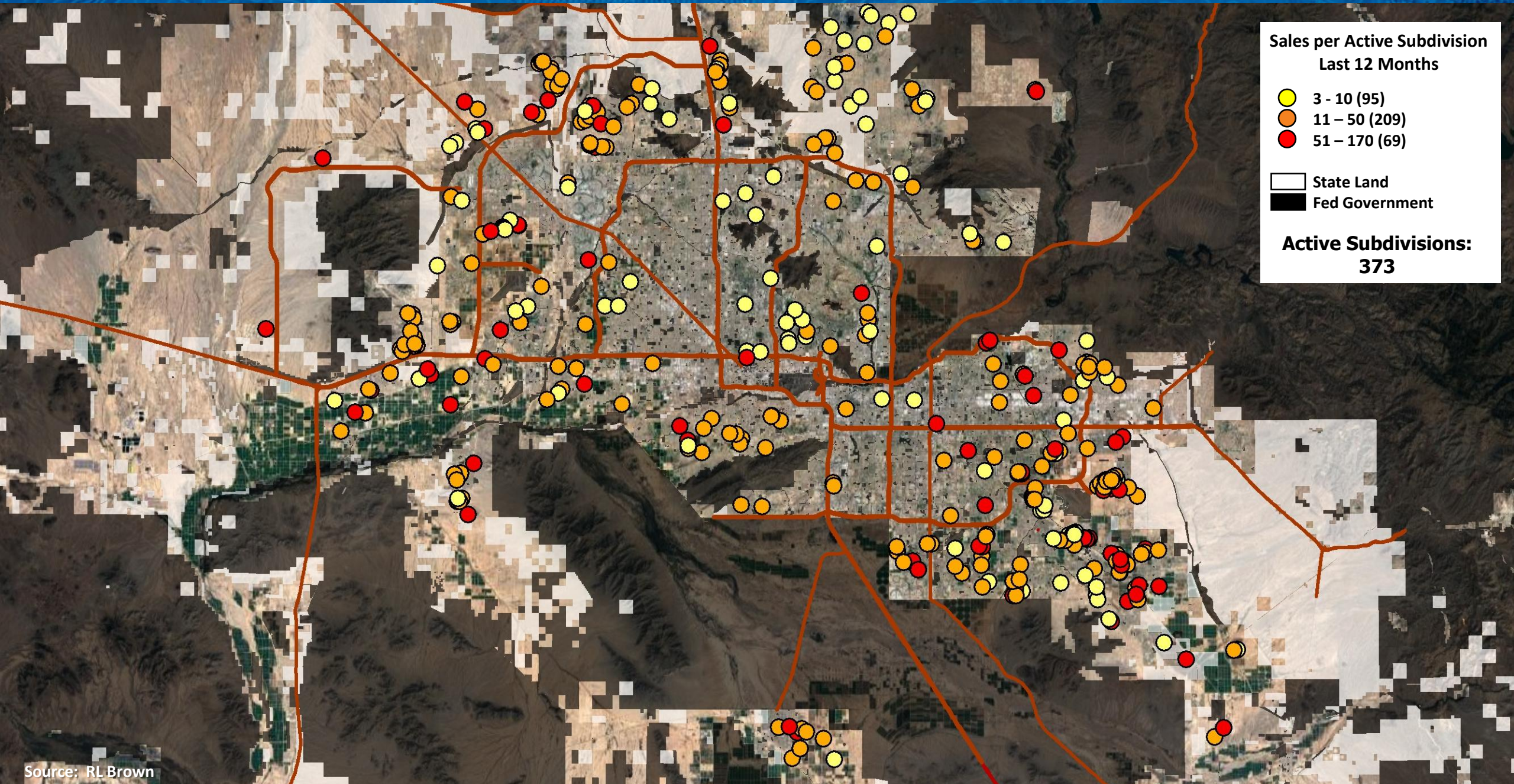
**Meridian**  
273 Permits

**Estrella Mountain Ranch**  
405 Permits

**Morrison Ranch**  
278 Permits

**Adoration**  
372 Permits

# Active Subdivisions & Velocity



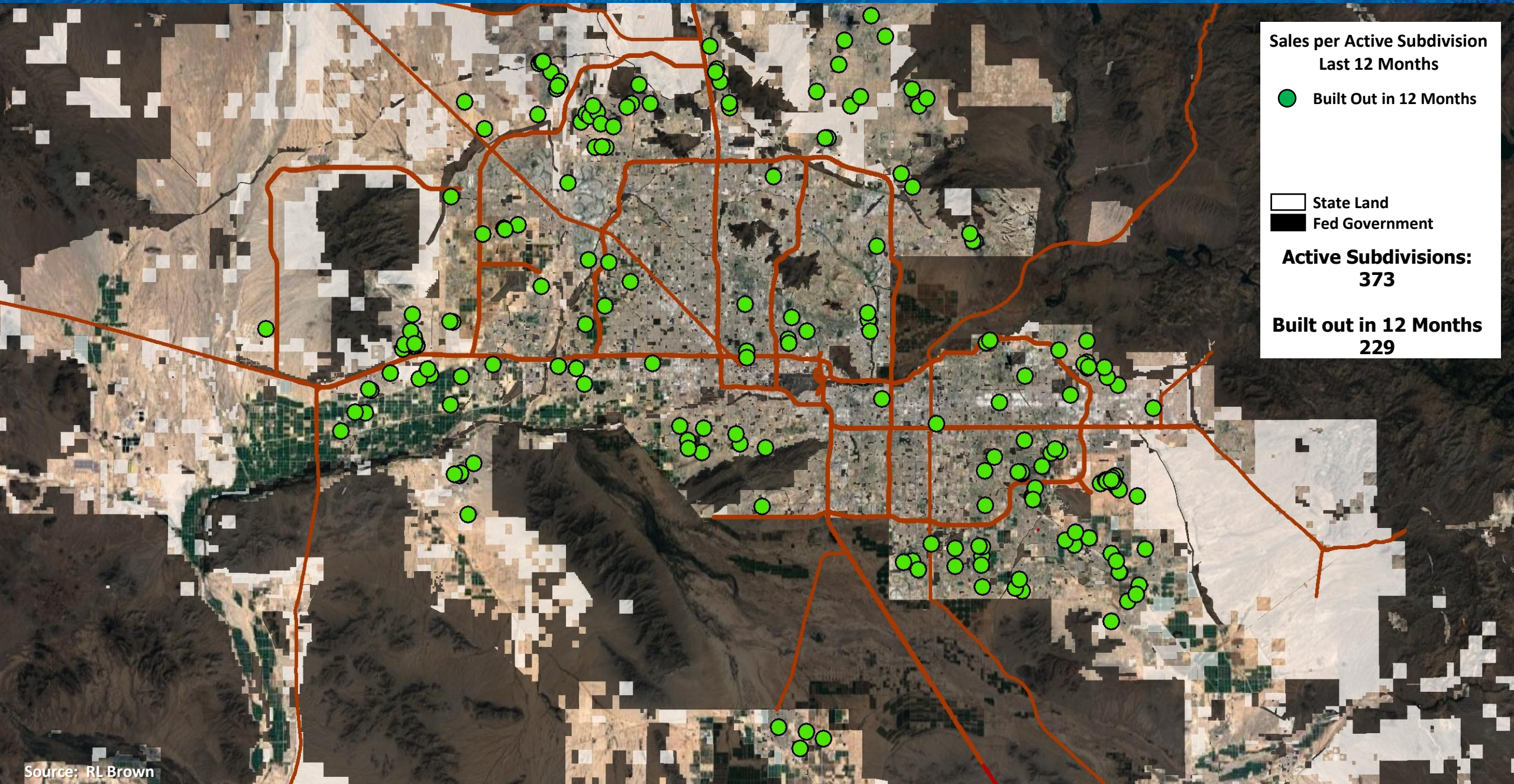
**Sales per Active Subdivision  
Last 12 Months**

- 3 - 10 (95)
- 11 - 50 (209)
- 51 - 170 (69)

State Land  
Fed Government

**Active Subdivisions:  
373**

# Built Out Subdivisions over next 12 Months



Sales per Active Subdivision  
Last 12 Months

● Built Out in 12 Months

□ State Land  
■ Fed Government

**Active Subdivisions:**  
**373**

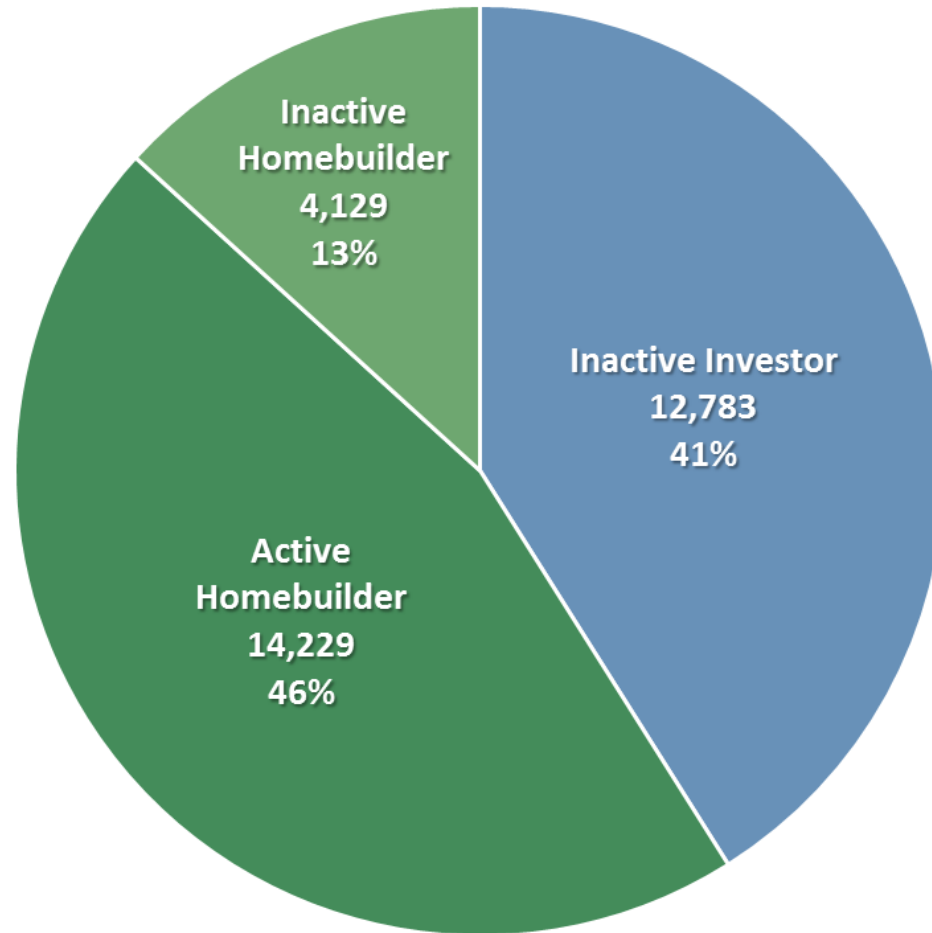
**Built out in 12 Months**  
**229**



# Finished Lot Inventory

Conventional\* Finished Lots Active/Inactive & Owner Type

Total Inventory: 31,345 Lots

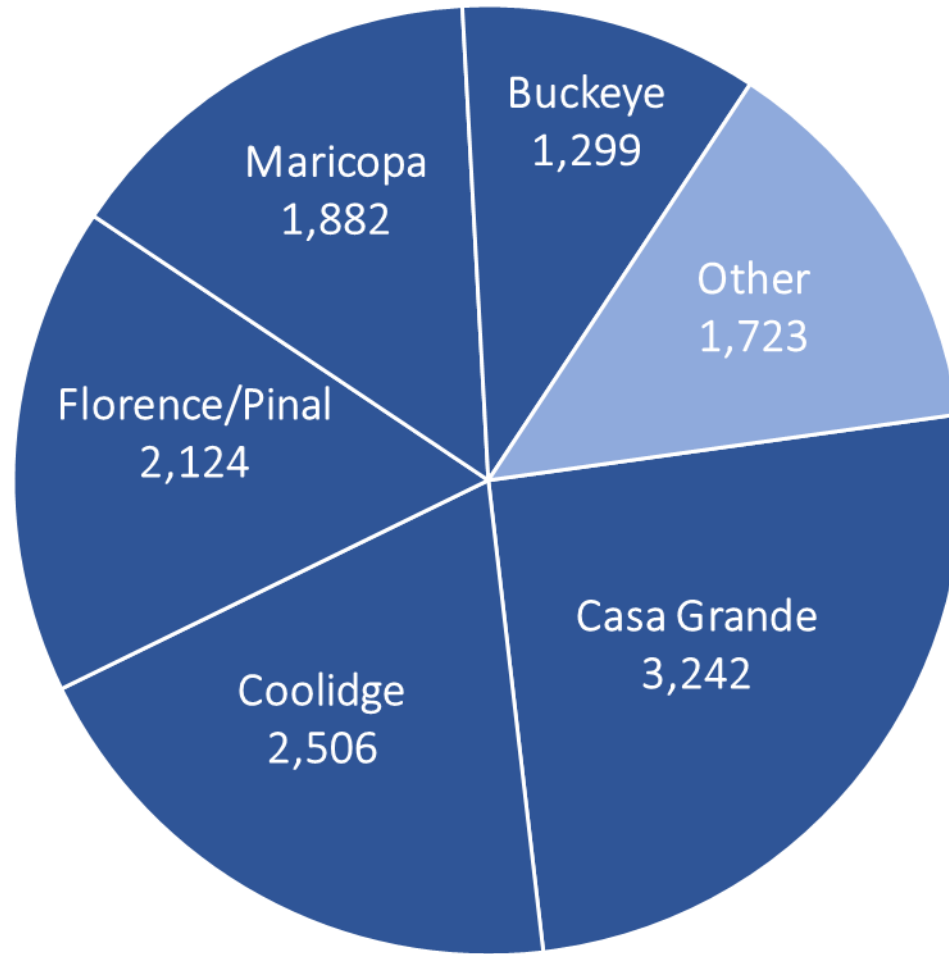


\* Conventional lot width is between 40 and 94 feet.

# Investor Finished Lot Inventory by Location

Conventional\* Finished Lots

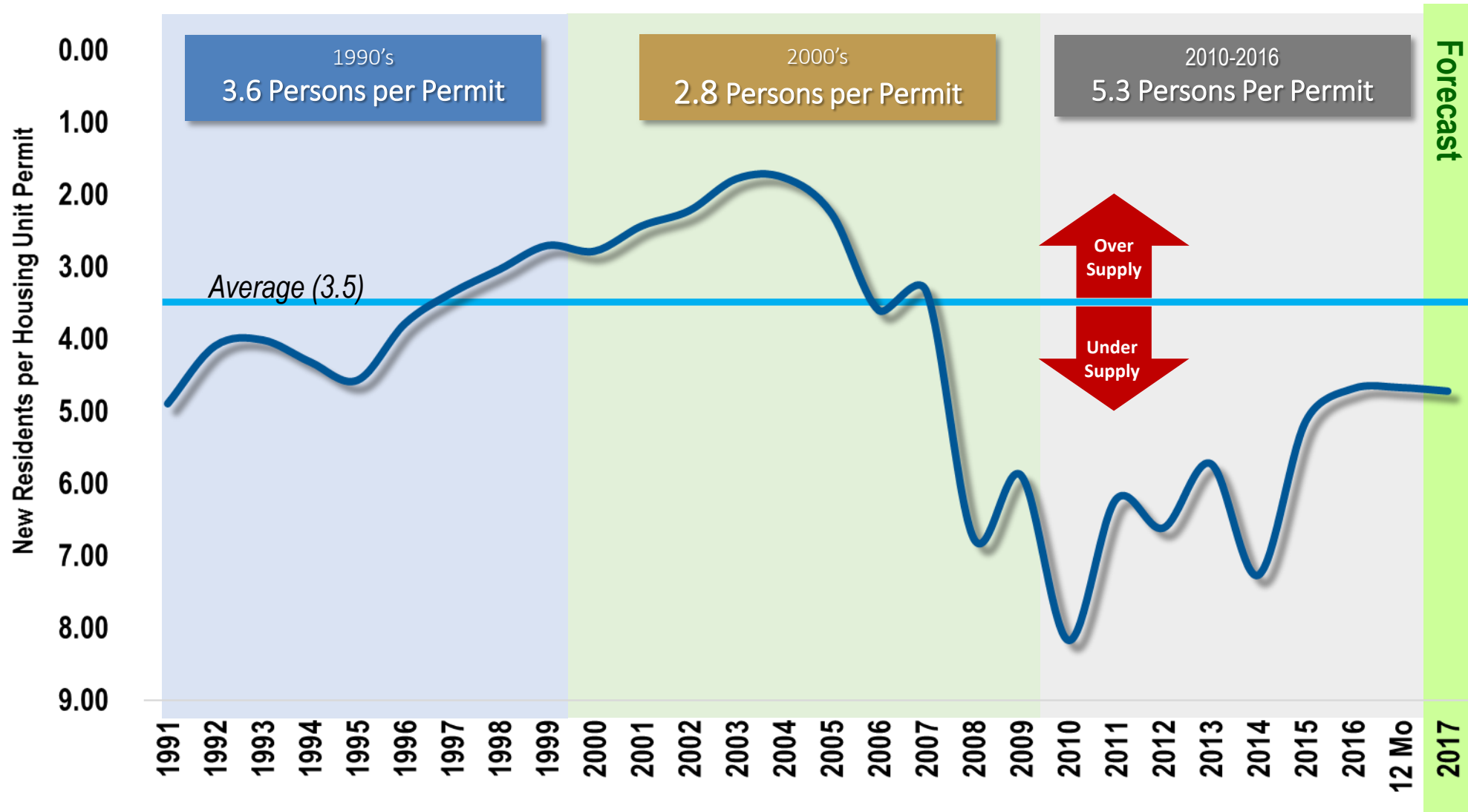
Investor Inventory: 12,766 Lots



\* Conventional lot width is between 40 and 94 feet.

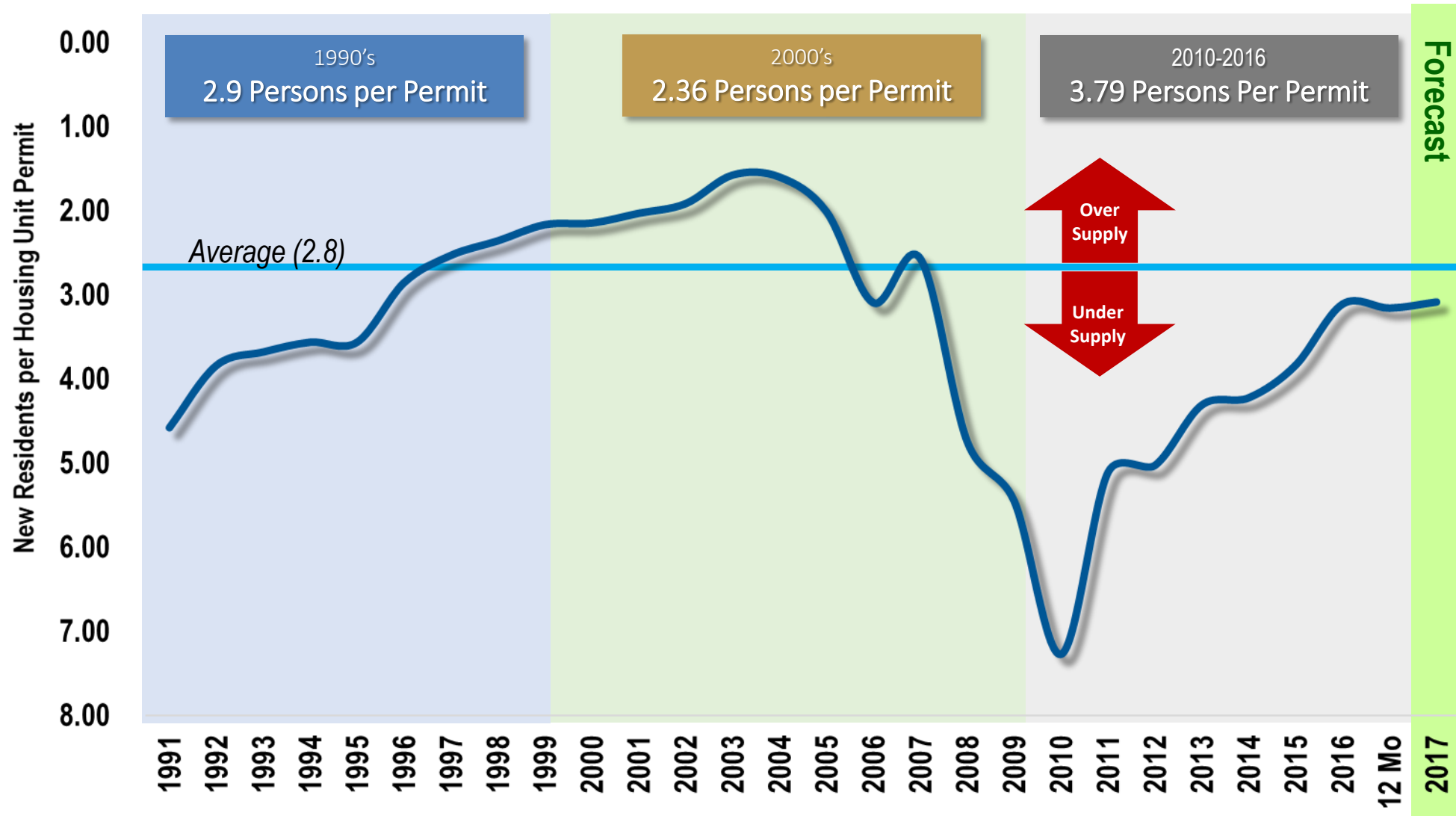
# New Population to Single Family Permits Ratio

New Residents Divided by Single Family Permits

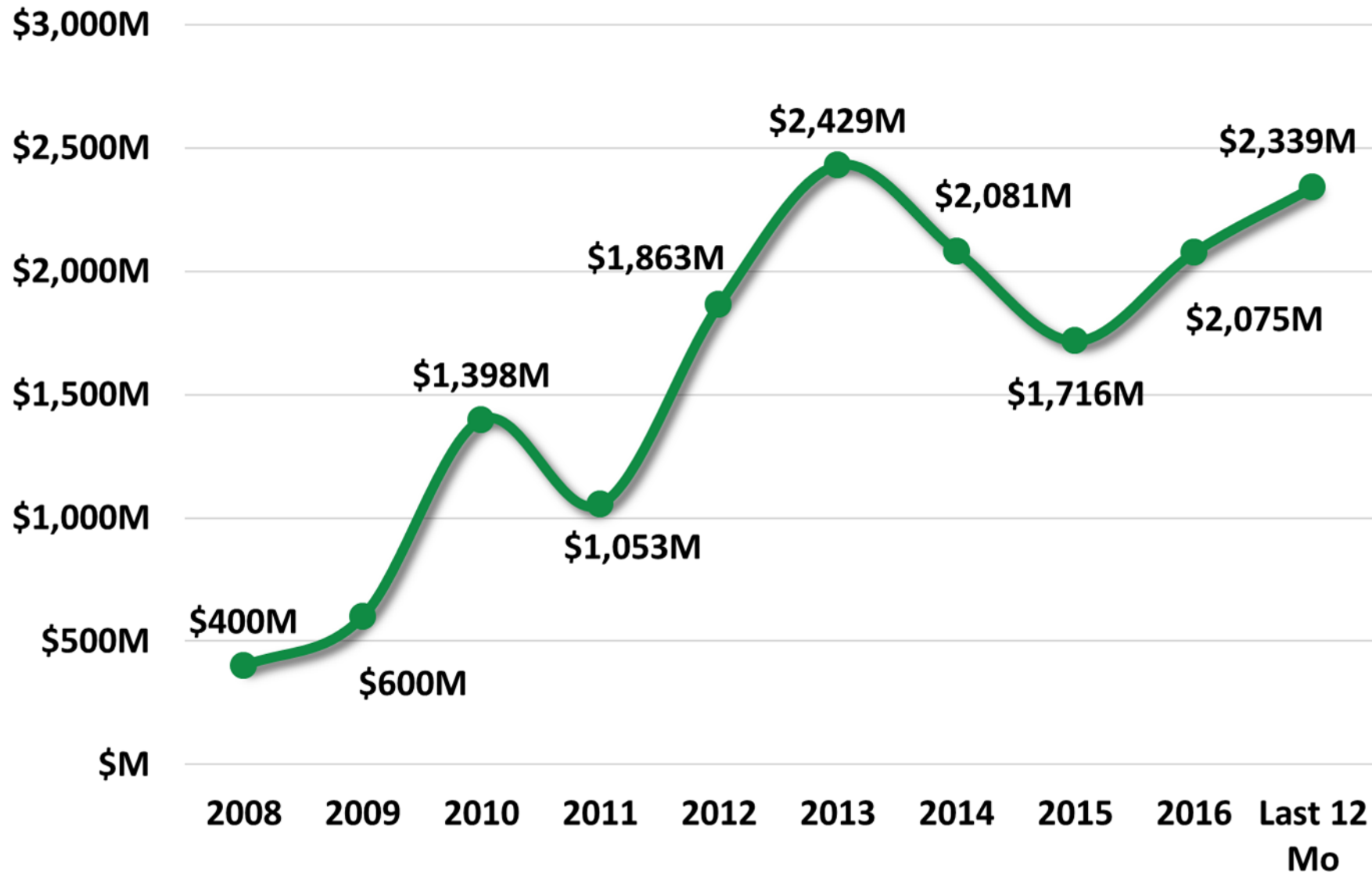


# New Population to Total Permits Ratio

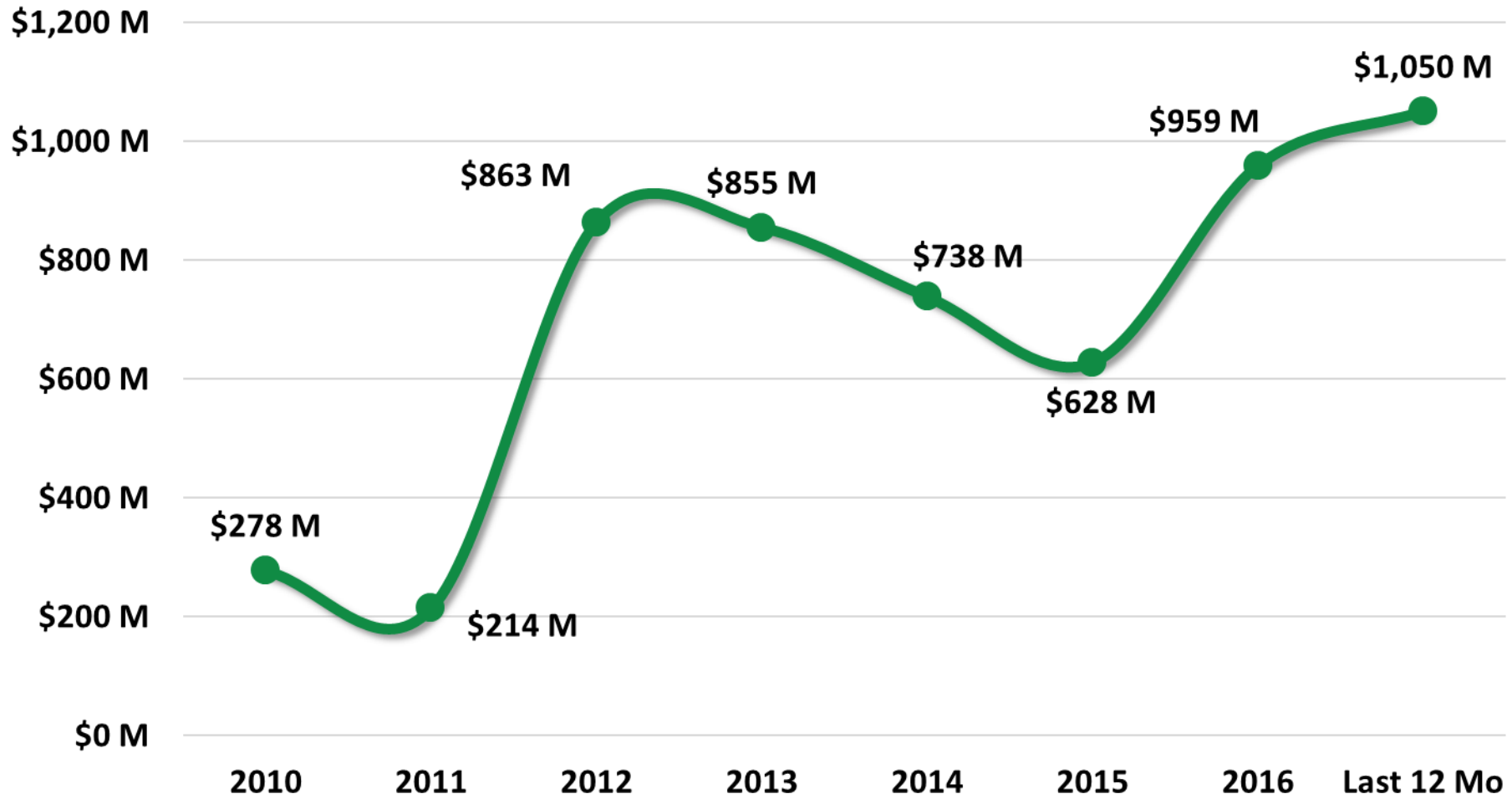
New Residents Divided by Single Family & Multifamily Permits



# Land Transactions Annual Volume

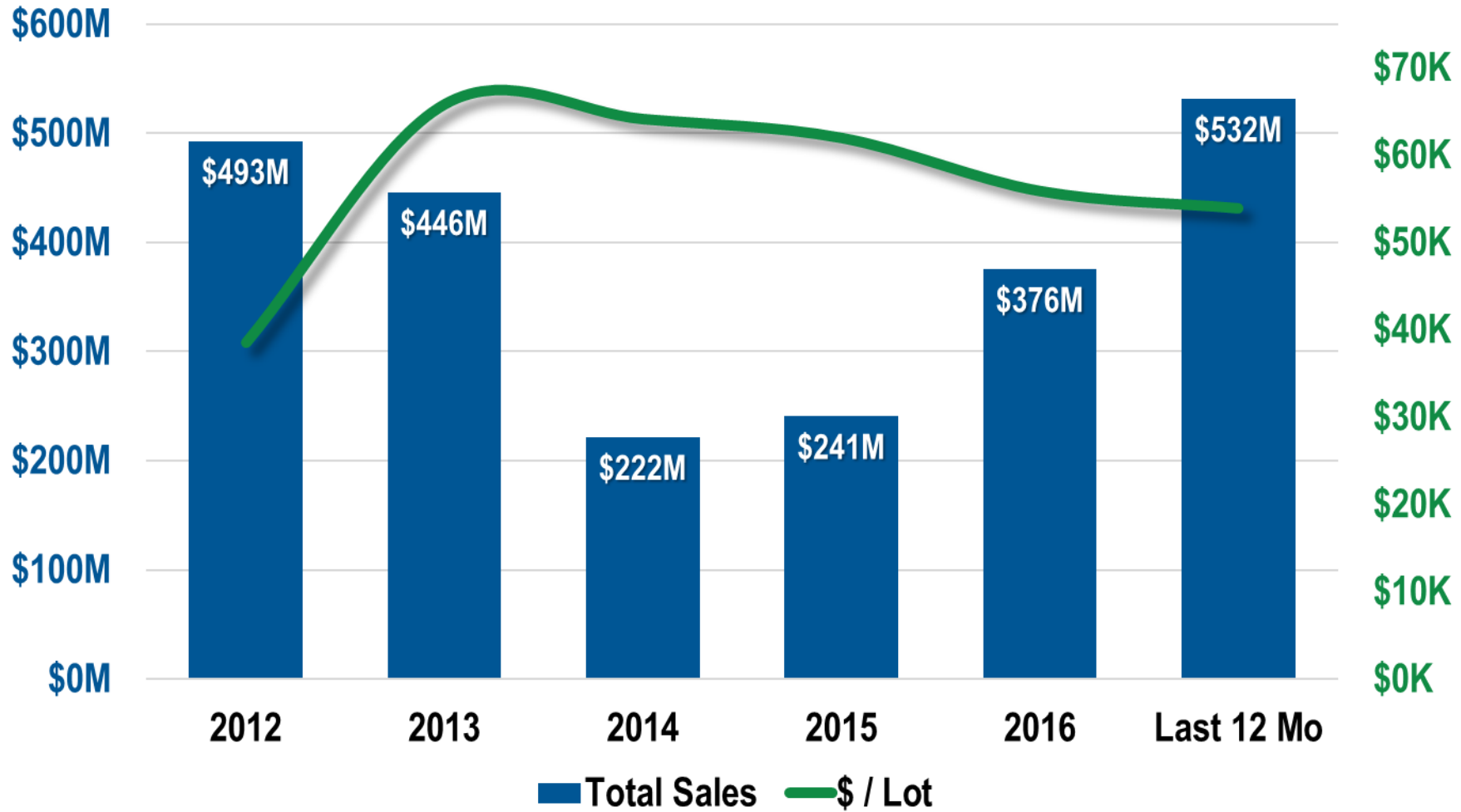


# Homebuilder's Annual Lot Spend

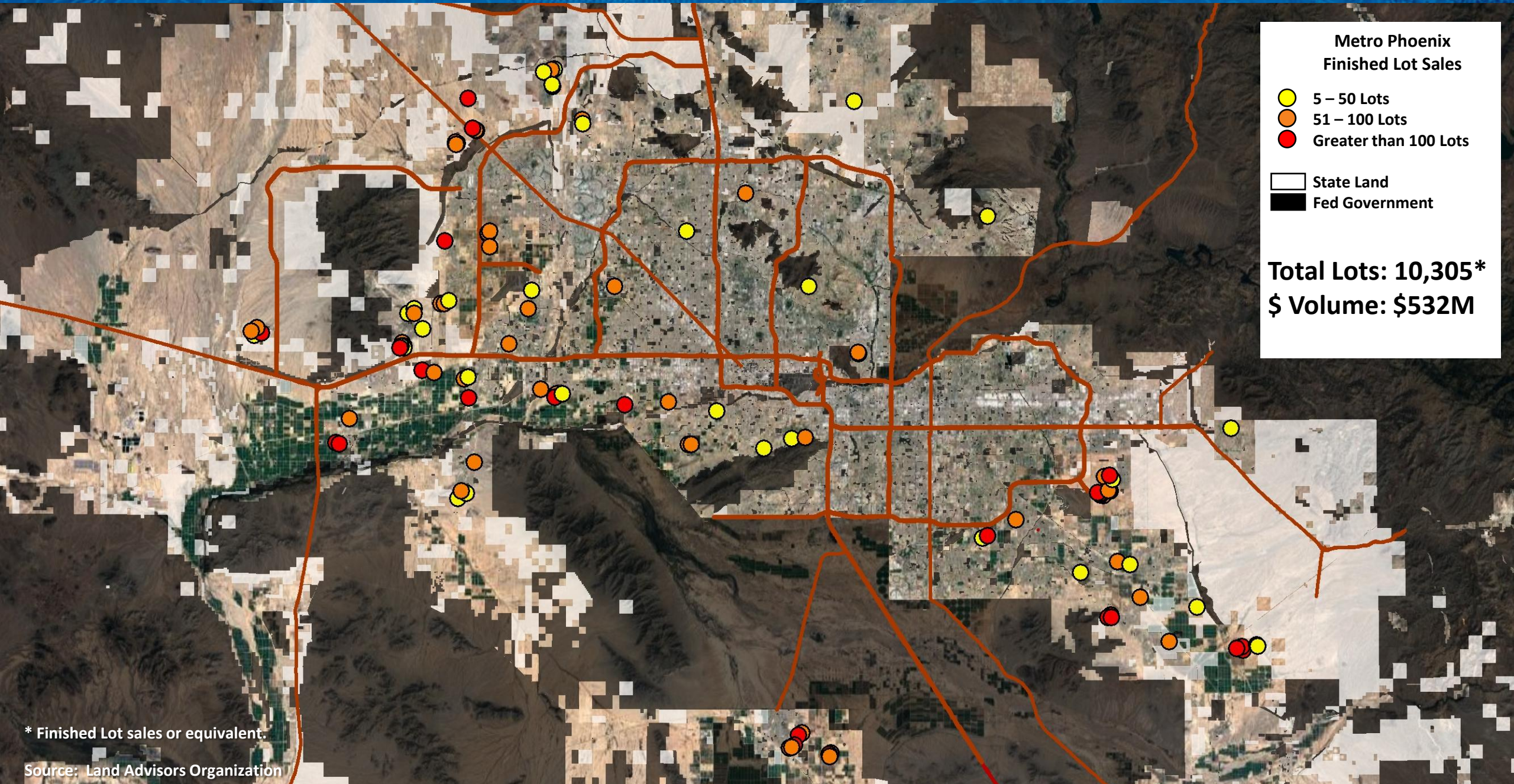


# Finished Lots

Sales Volume & Average Price per Lot



# Single Family Residential Finished Lot Sales Last 12 Months



**Metro Phoenix  
Finished Lot Sales**

- 5 – 50 Lots
- 51 – 100 Lots
- Greater than 100 Lots

State Land  
Fed Government

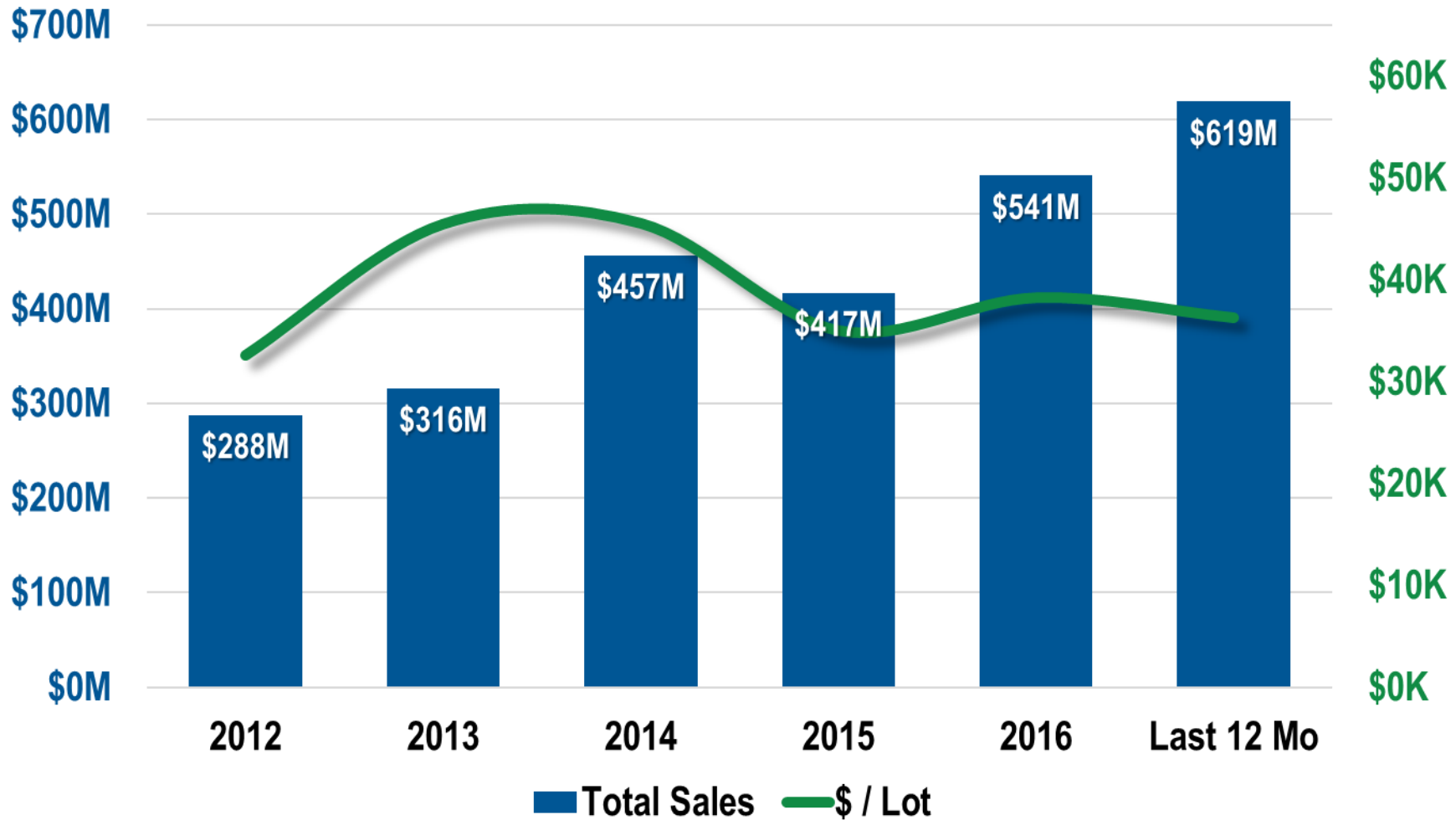
**Total Lots: 10,305\***  
**\$ Volume: \$532M**

\* Finished Lot sales or equivalent.

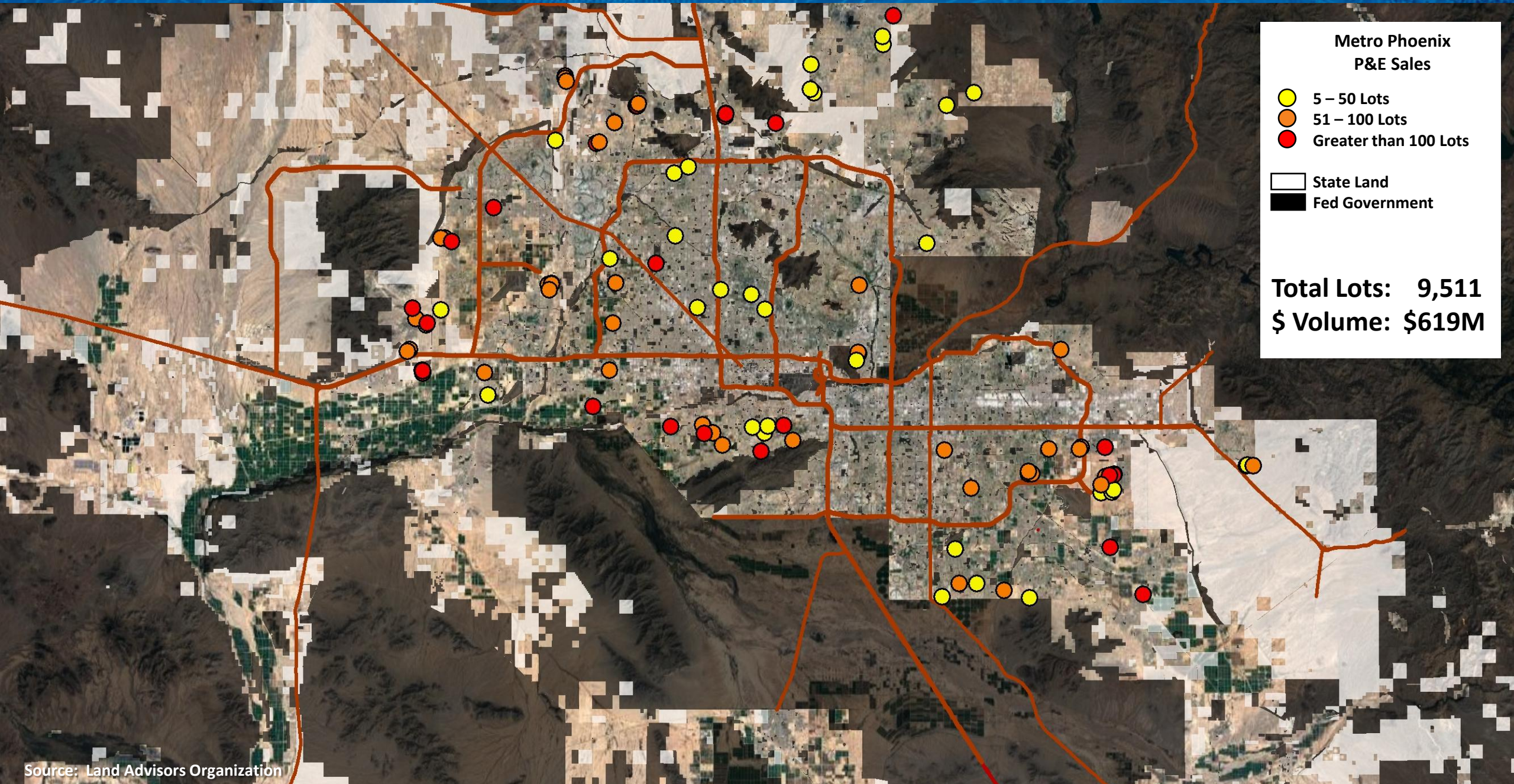


# Platted & Engineered / Partially Improved Lots

Sales Volume & Average Price per Lot



# Platted & Engineered Lot Sales Last 12 Months



## Metro Phoenix P&E Sales

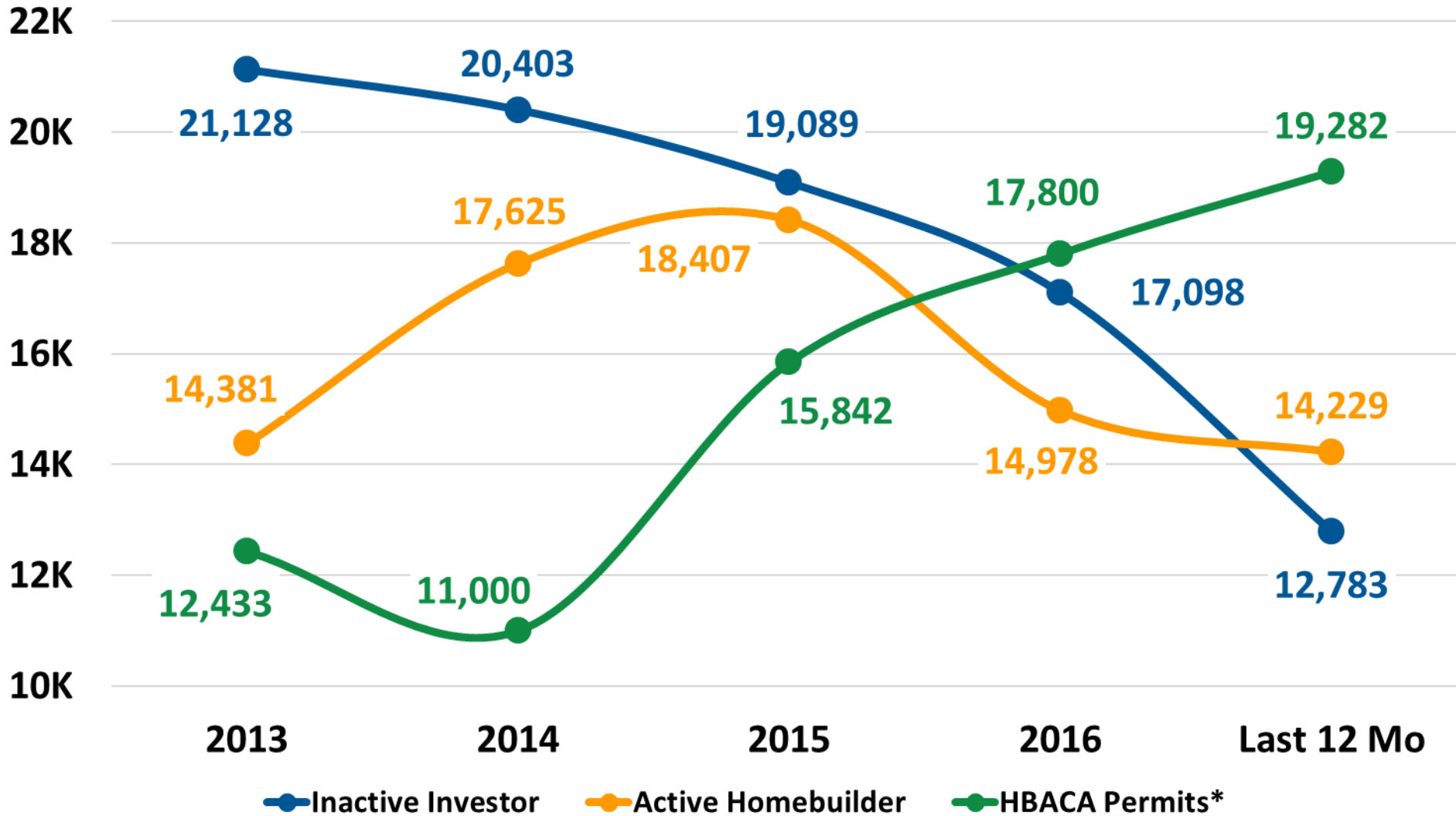
- 5 – 50 Lots
- 51 – 100 Lots
- Greater than 100 Lots

- State Land
- Fed Government

**Total Lots: 9,511**  
**\$ Volume: \$619M**

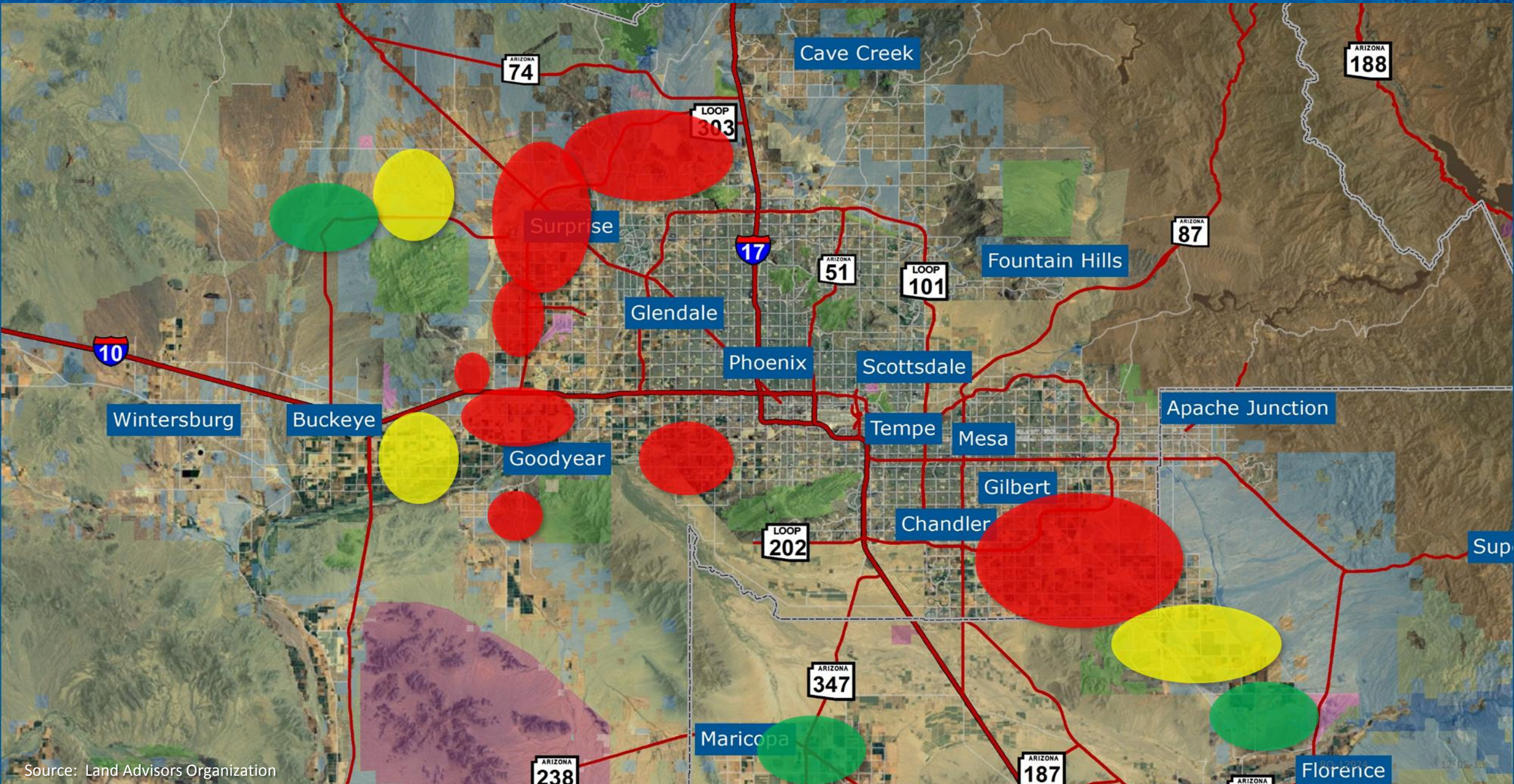
# Finished Lot Inventory vs. Permits\*

Conventional\* Finished Lots Active / Inactive, Permits

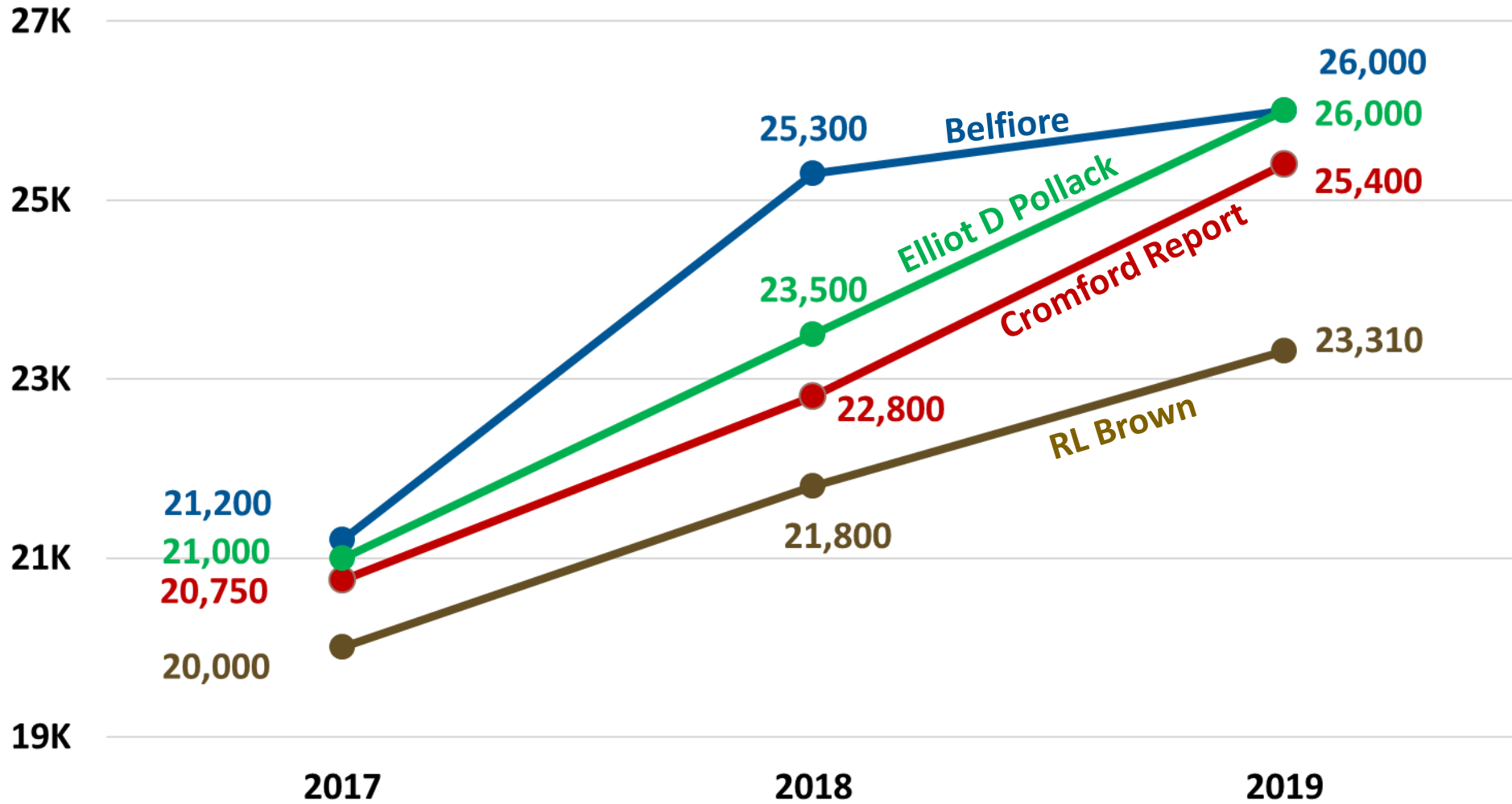


\* Conventional lot width is between 40 and 94 feet except for HBACA permits which includes all lot sizes.

# Lot Delivery Pressure

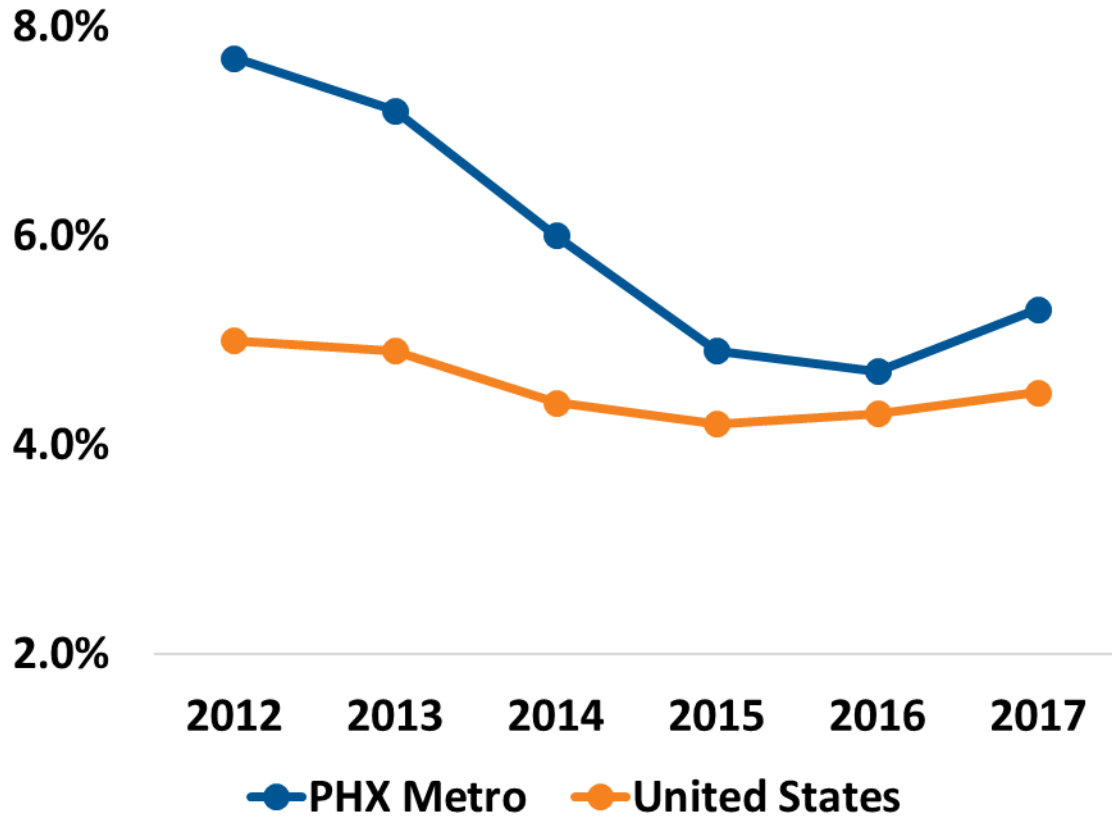


# Expert Single Family Permit Projections

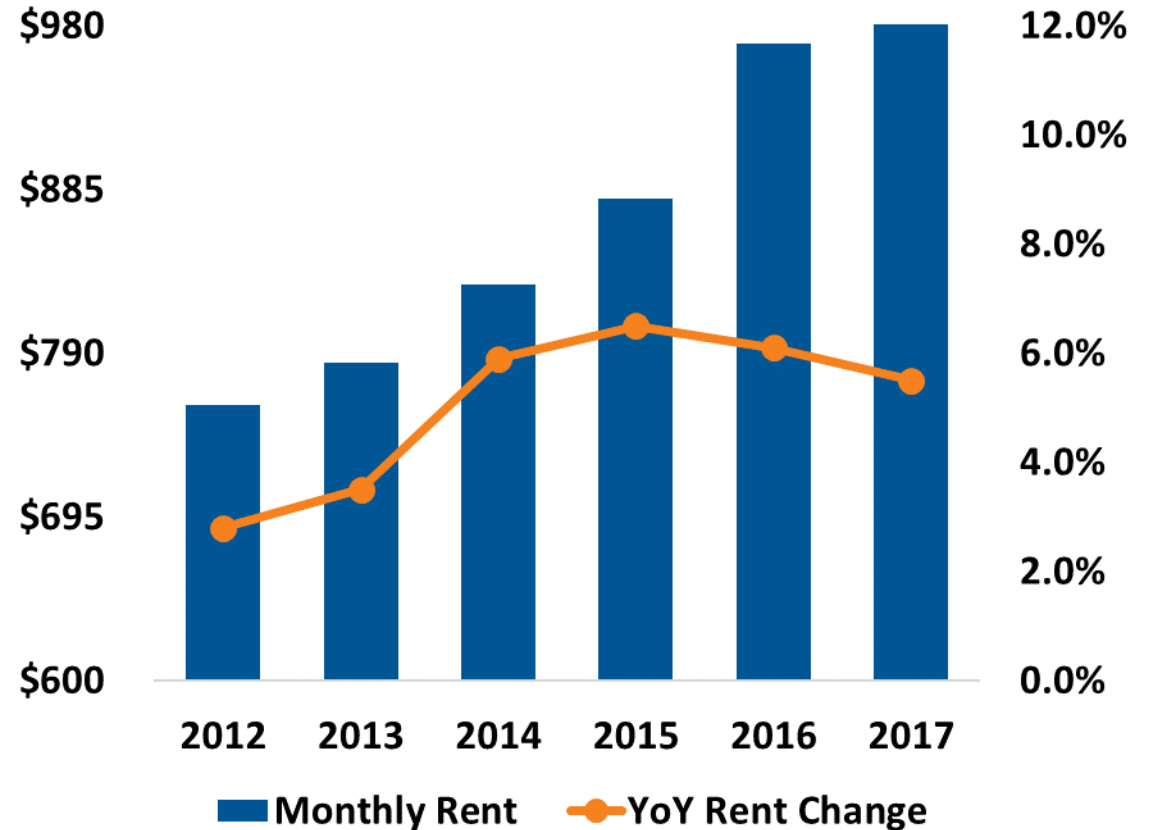


# Multifamily Trends

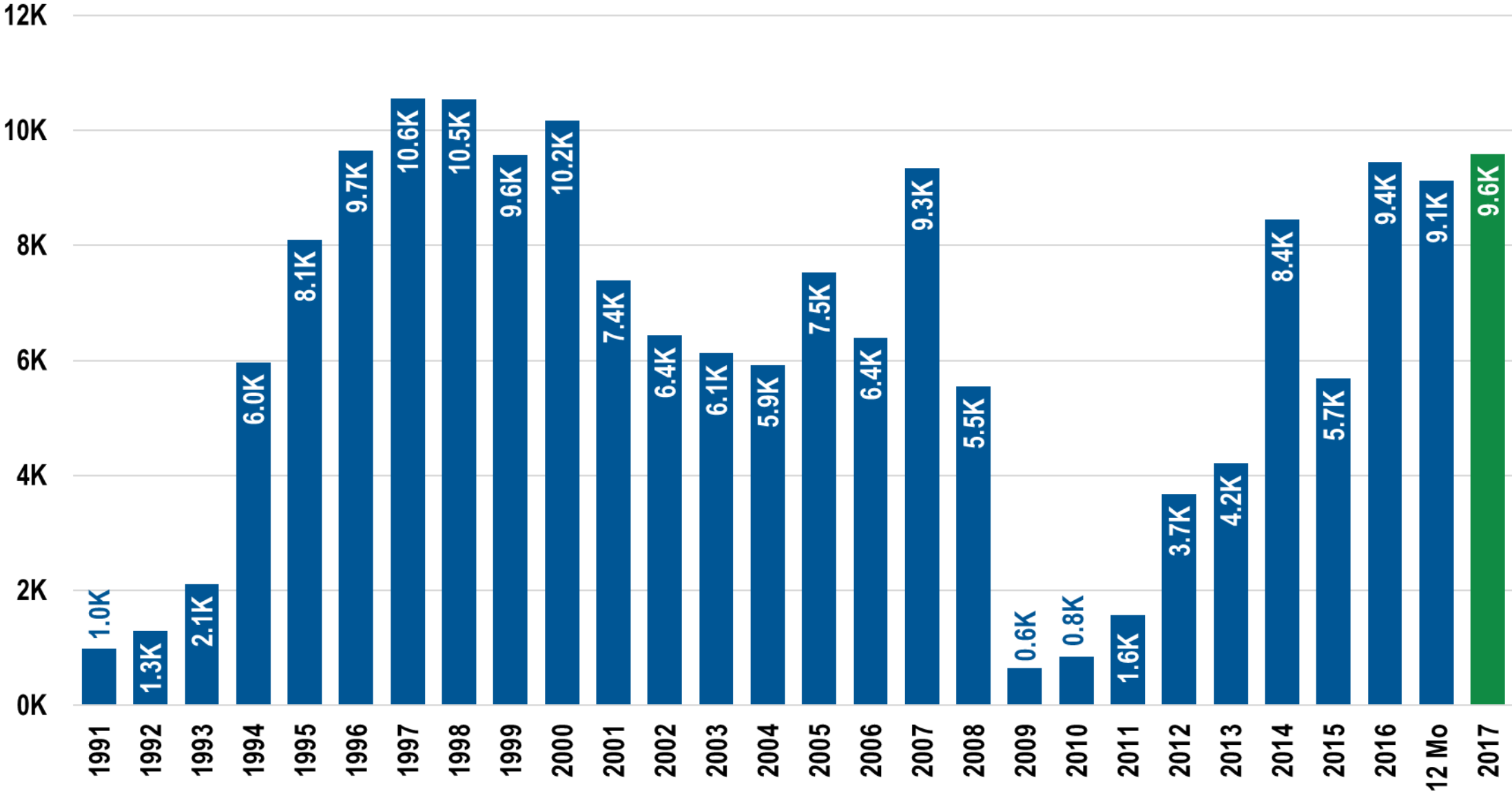
## Vacancy Rate Trends



## Rent Trends

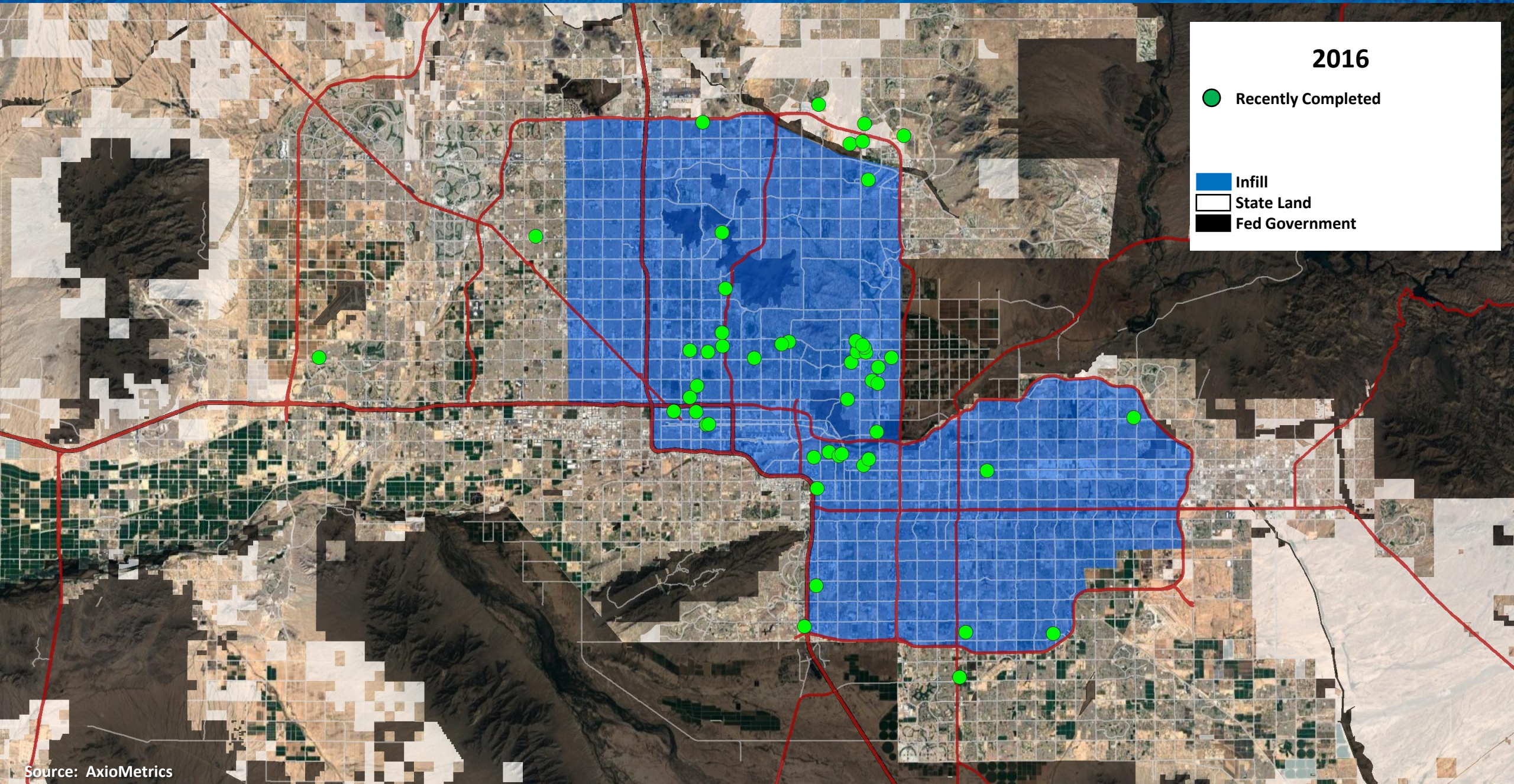


# Multifamily Permits



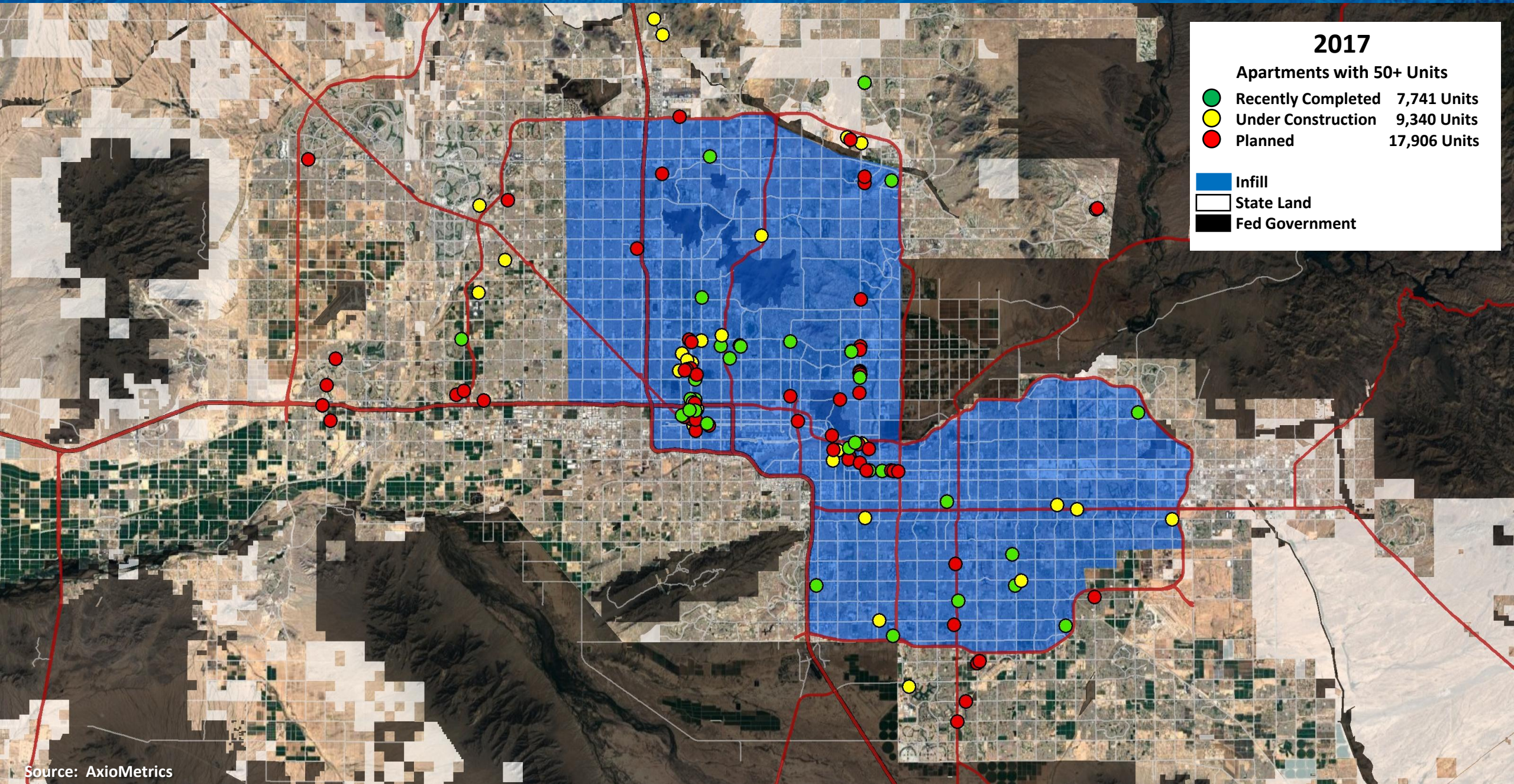
Source: US Census Bureau, Axiometrics

# 2016 Apartment Construction Pipeline





# 2017 Apartment Construction Pipeline



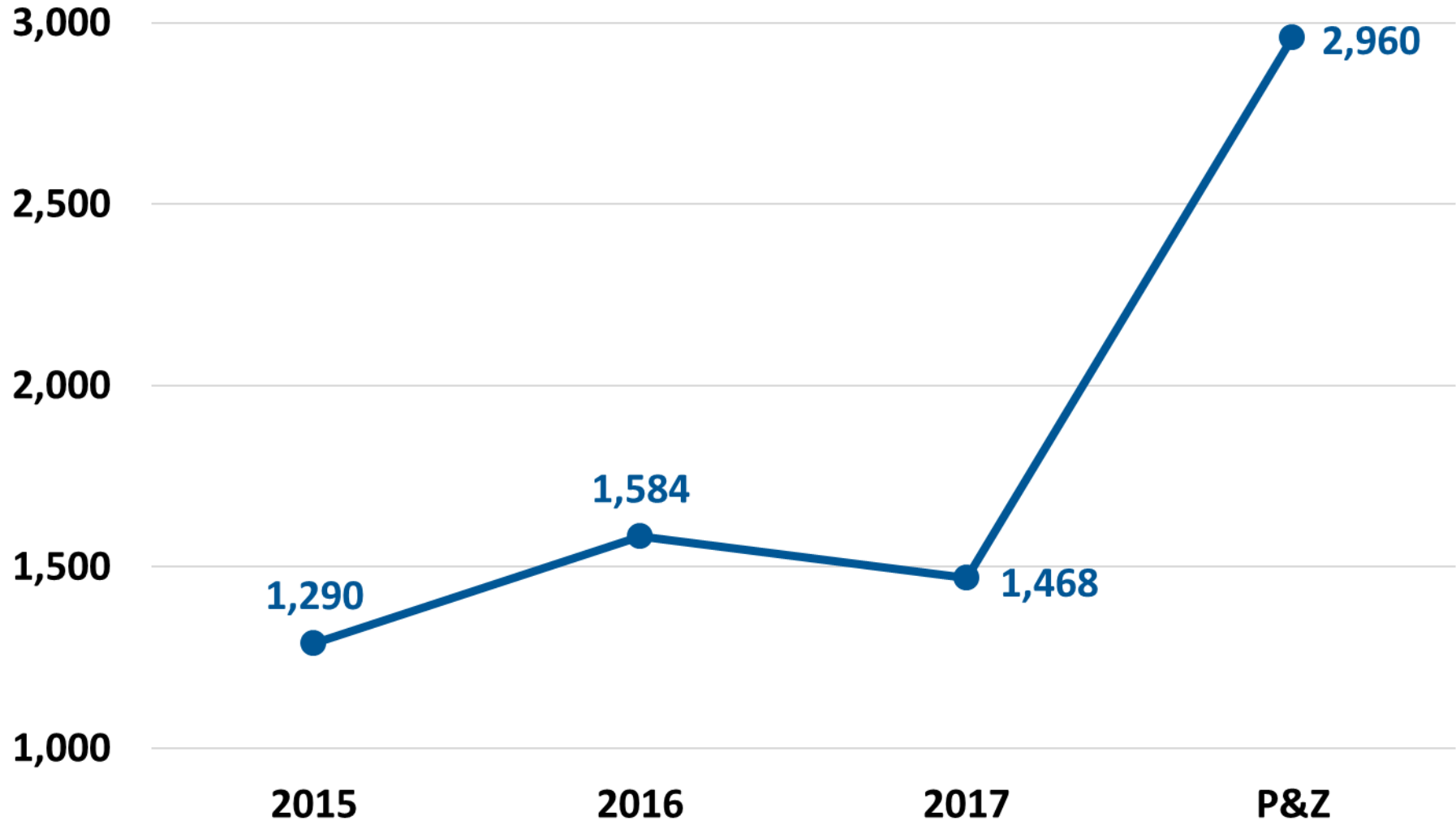
**2017**

**Apartments with 50+ Units**

|                      |              |
|----------------------|--------------|
| ● Recently Completed | 7,741 Units  |
| ● Under Construction | 9,340 Units  |
| ● Planned            | 17,906 Units |

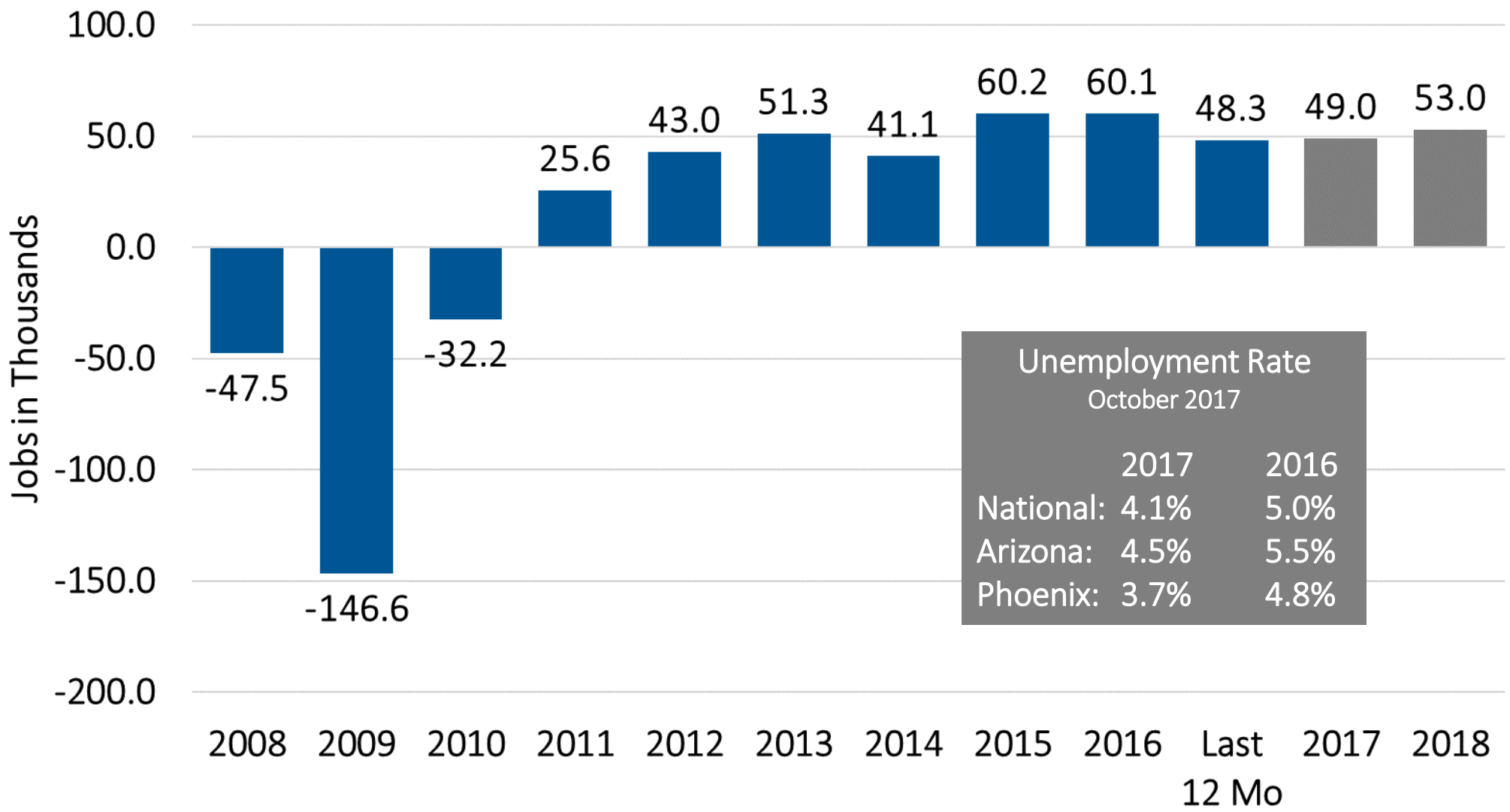
■ Infill  
□ State Land  
■ Fed Government

# Assisted Living Land Sales and Planning & Zoning Submittals



# Annual Employment Change

12 Month Average of Annual Change in Jobs



## Retail Vacancy

8.3%

Down 0.7%  
from 2016

Rentable Area: 150.5M Sqft  
YTD Net Absorption: 1.040M Sqft  
Under Construction: 1.350M Sqft

Pop Ratio: 32 Sqft/Person  
Needed by 2040: 66.7M Sqft  
6.0K Acres

## Office Vacancy

16-19%

Rentable Area: 87.7M Sqft  
YTD Net Absorption: 1.819M Sqft  
Under Construction: 2.016M Sqft

Pop Ratio: 19 Sqft/Person  
Needed by 2040: 38.3M Sqft

## Industrial Vacancy

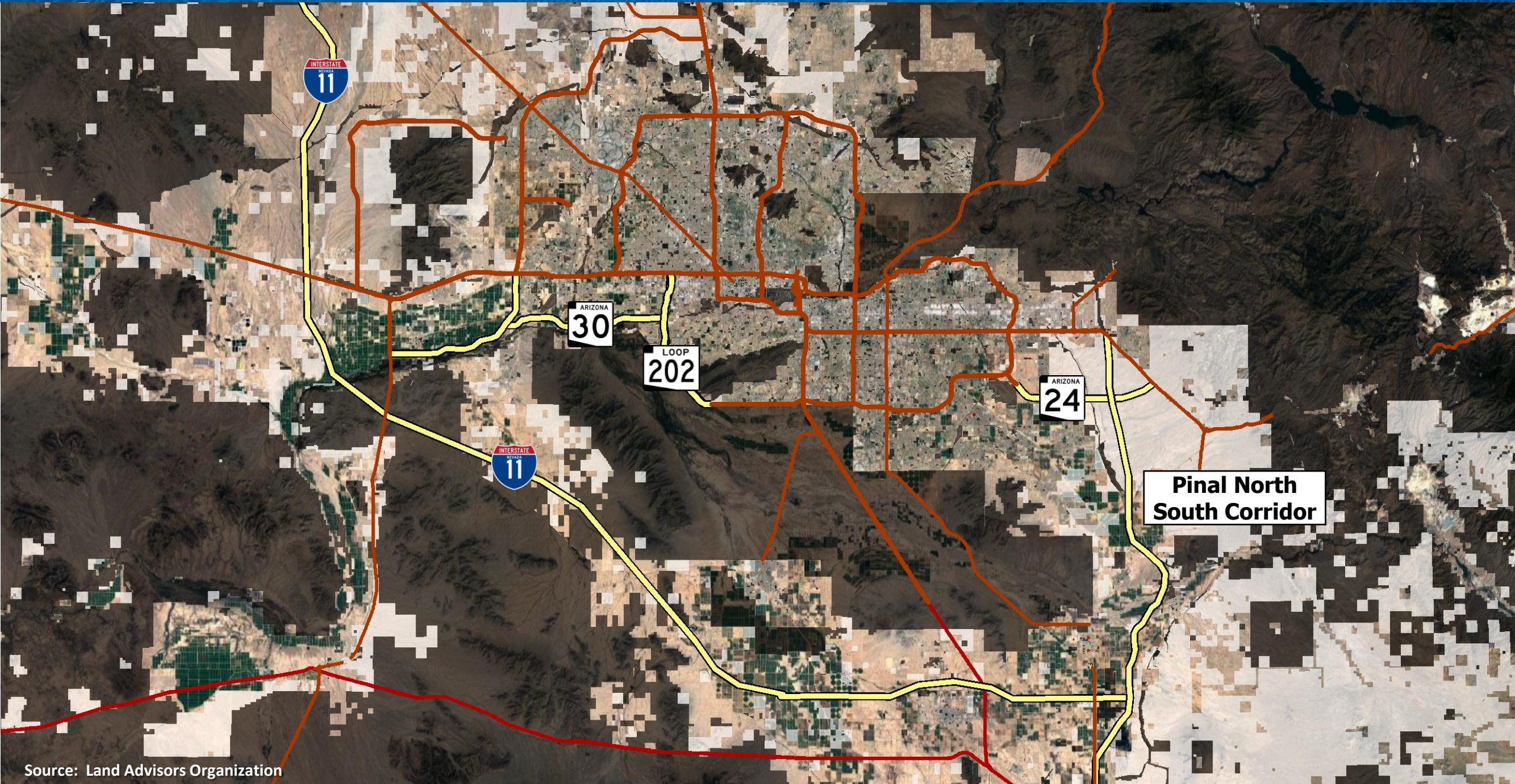
7.3%

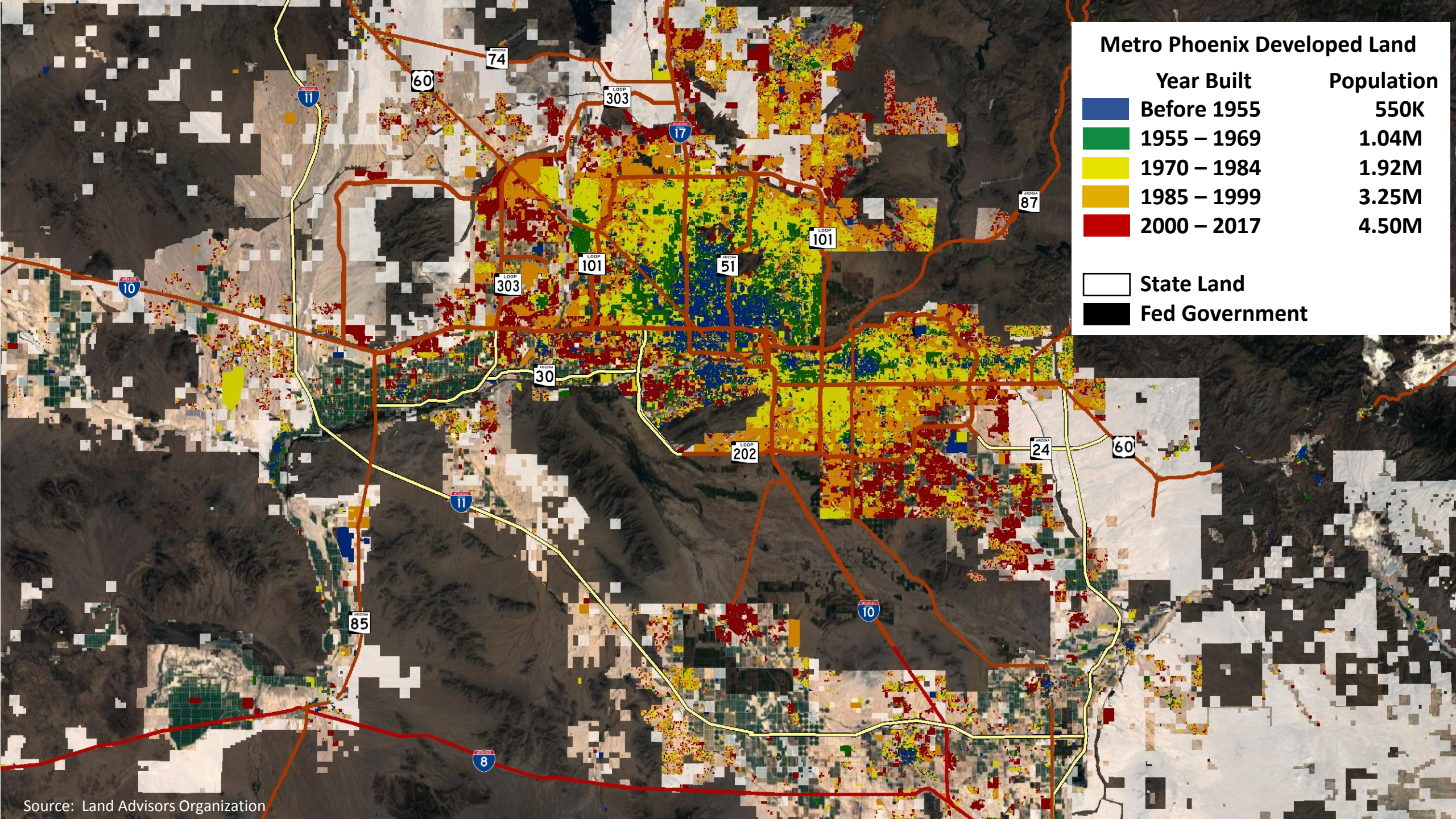
Down 1.2%  
from 2016

Rentable Area: 307.4M Sqft  
YTD Net Absorption: 7.015M Sqft  
Under Construction: 4.805M Sqft

Pop Ratio: 66 Sqft/Person  
Needed by 2040: 134.1M Sqft  
9.2K Acres

# Metro Phoenix Proposed Freeways





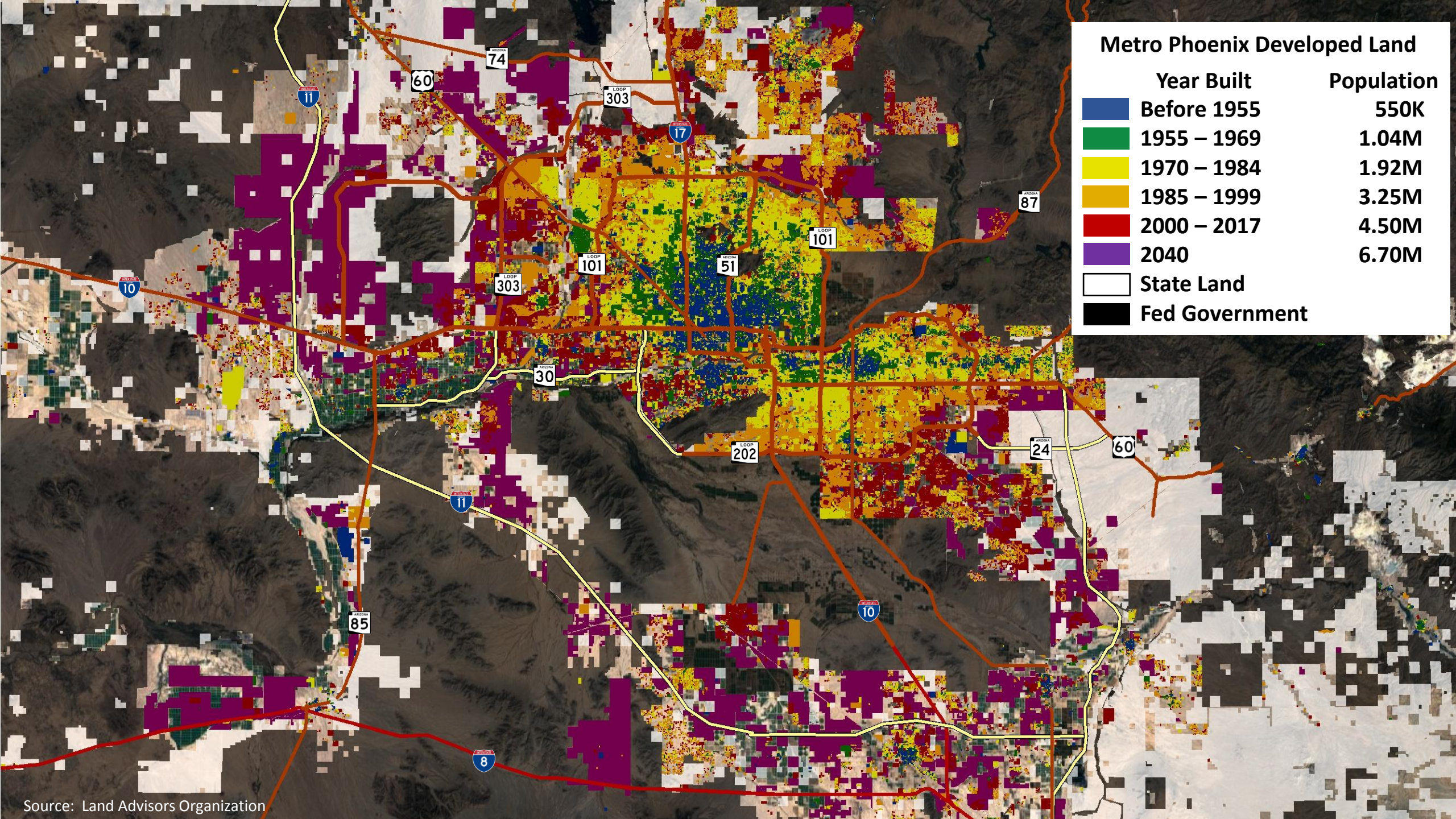


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|   |                |
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|  | Fed Government |



| Metro Phoenix Developed Land |            |
|------------------------------|------------|
| Year Built                   | Population |
| Before 1955                  | 550K       |
| 1955 – 1969                  | 1.04M      |
| 1970 – 1984                  | 1.92M      |
| 1985 – 1999                  | 3.25M      |
| 2000 – 2017                  | 4.50M      |
| 2040                         | 6.70M      |
| State Land                   |            |
| Fed Government               |            |

# Looking Forward

**Population Growth + Underbuilding = Recovery**



# Looking Forward

## Baby Bust

**There is Only one Answer to Resolve This**

# Looking Forward

## Housing, Care and Entertainment for Our Aging Population

# Looking Forward

**Paths of Growth Shifting  
Go West and South Young Man**

# Looking Forward

## Shifts in Housing Types and Requirements

# Looking Forward

## Construction Labor Pains Resolved Through New Building Systems

# Looking Forward

**Transportation**

**Must Resolve I-10**

**Continue with Funding - Prop 505**

# Conclusions

**“Today is A Good Day”  
Bob Sharpe**

# Conclusions

**The Next Decade will Exceed  
All of your Expectations**





Thank You

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