



ASFMRA Ag Forum

February 21, 2020

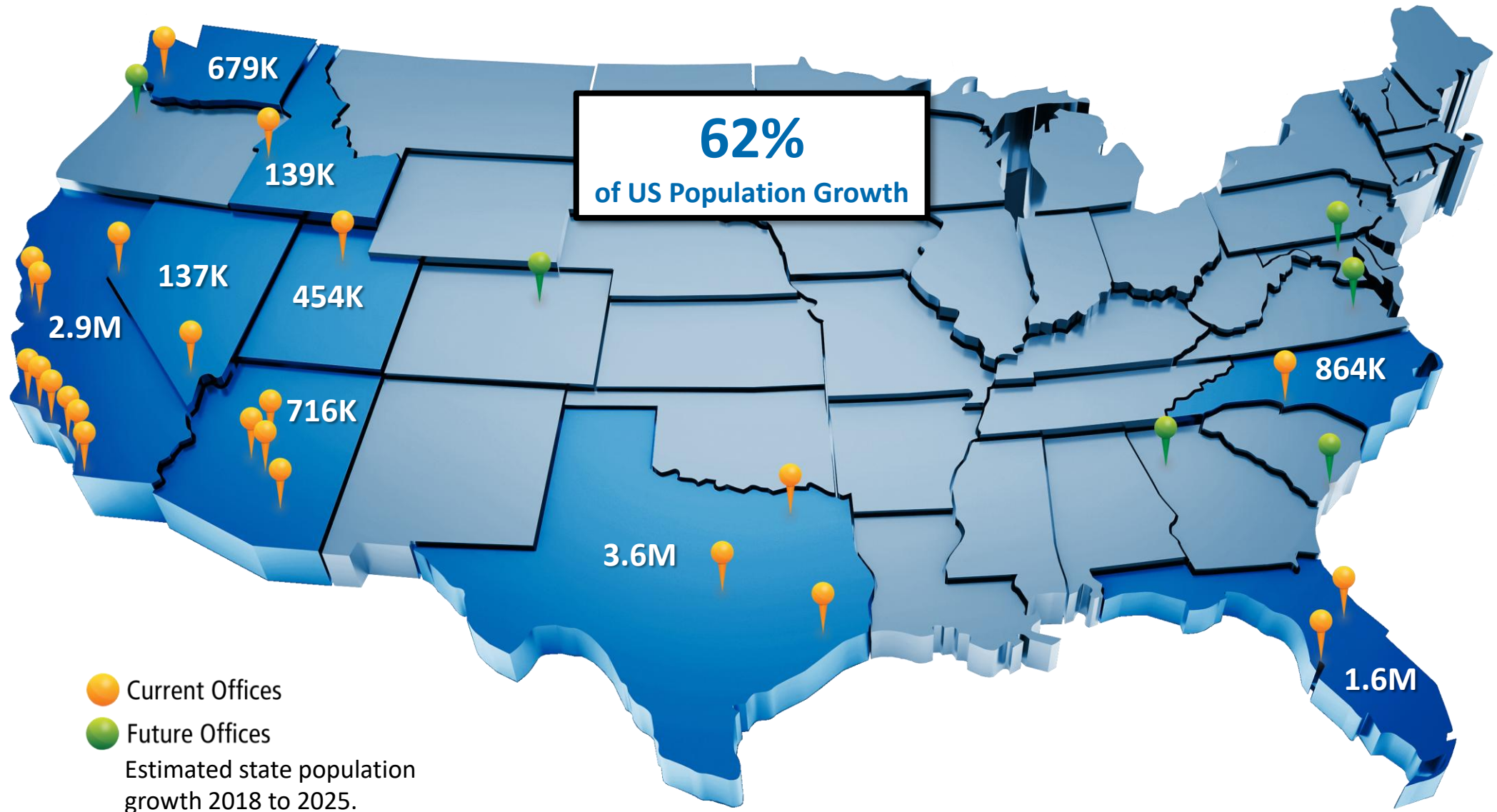


2019 PHOENIX LAND & HOUSING FORECAST



The Best-Known Name in Land

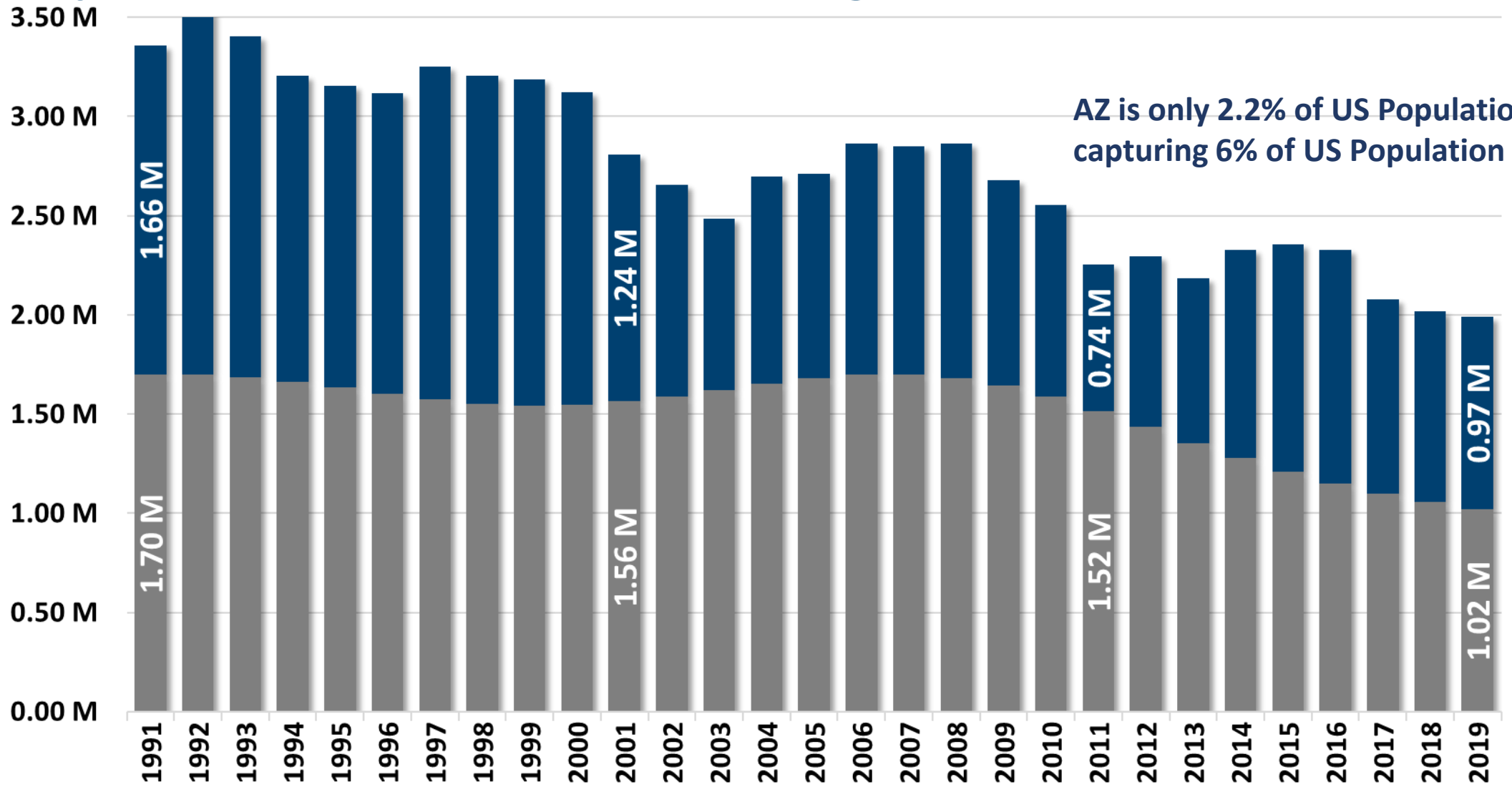
Founded 1987



Source: Land Advisors Organization, US Census

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US Population Natural Growth & Immigration



AZ is only 2.2% of US Population now capturing 6% of US Population Growth

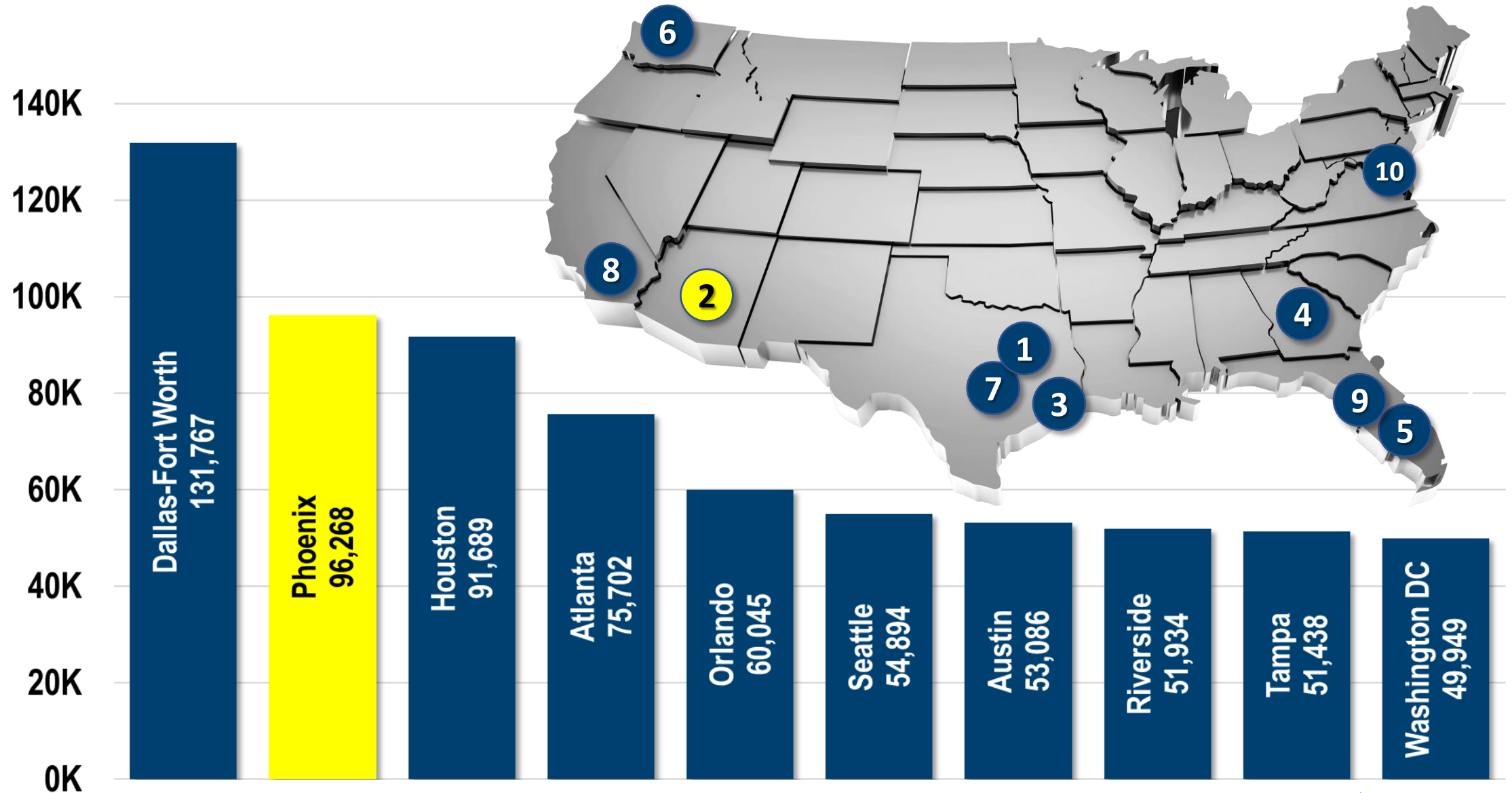
In-Migration **Natural Growth**

Source: US Census

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US Population Growth - Top 10 MSA's – “The Smile States”

2017 to 2018



Source: US Bureau Labor of Statistics

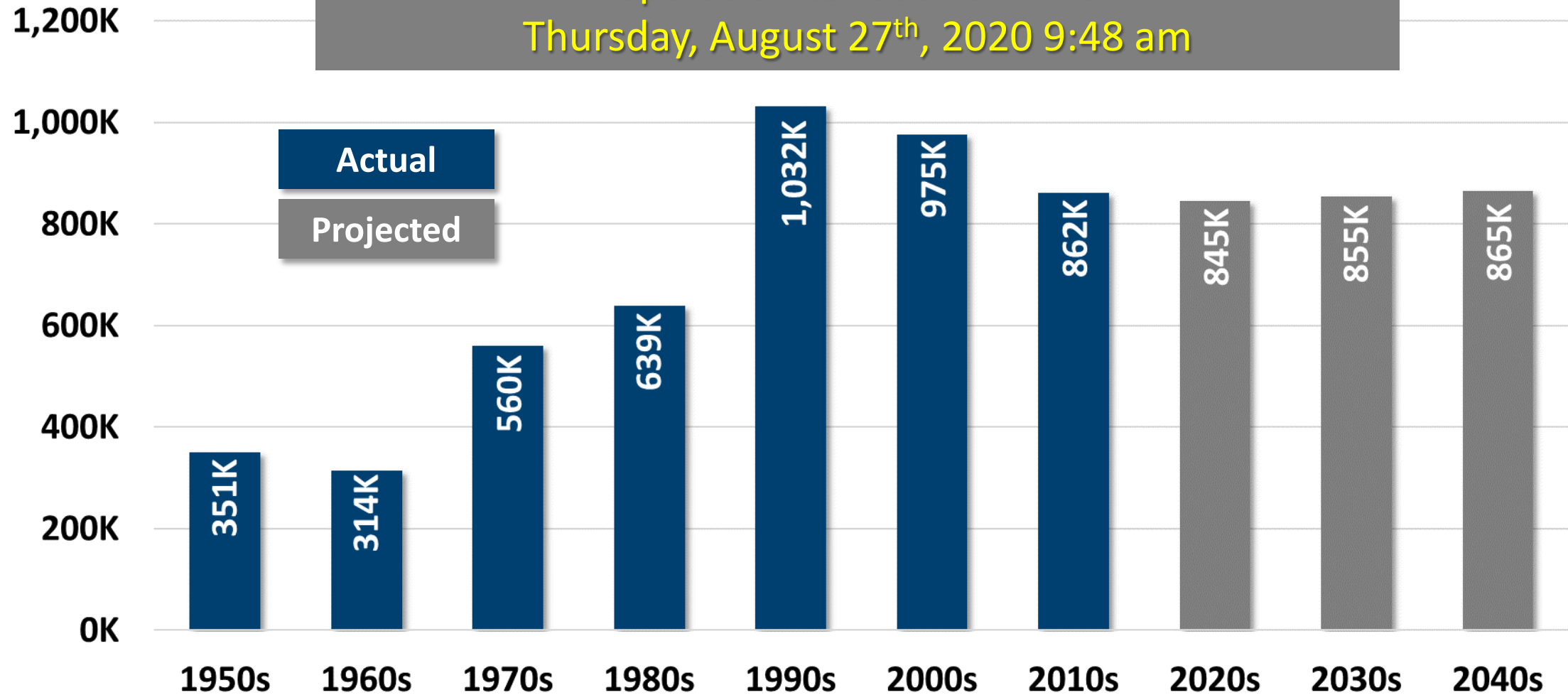
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Metro Phoenix Decennial Population Growth

2019 PHOENIX MSA POPULATION ESTIMATE : 4,945,000

Population to reach 5 million

Thursday, August 27th, 2020 9:48 am

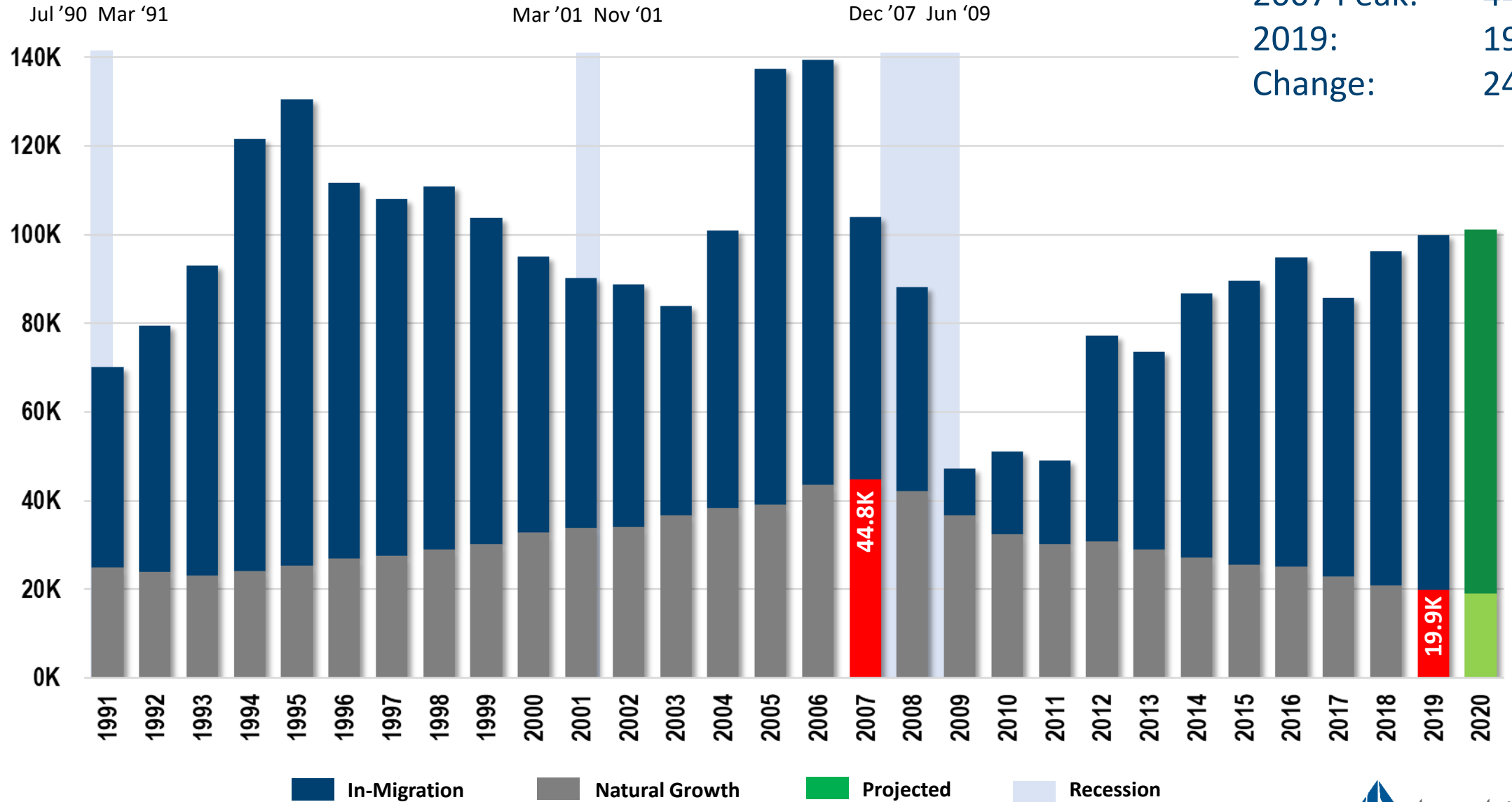


Metro Phoenix Natural Population Growth Declining

Year over year population change

Natural Growth

2007 Peak: 44,800
 2019: 19,900
 Change: 24,900

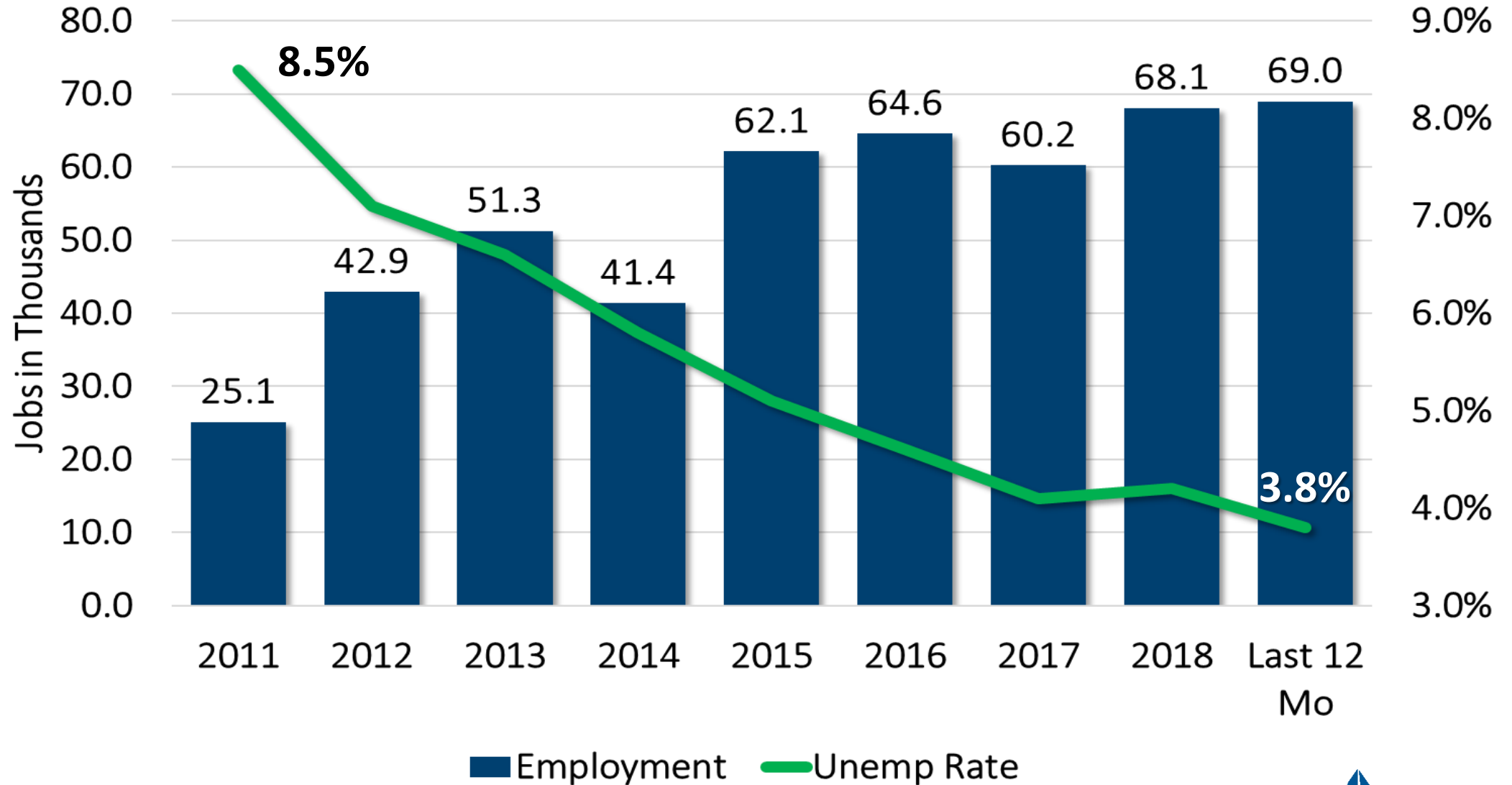


Source: Arizona Department of Employment and Population Statistics, Arizona Department of Health Services, US Census, Phoenix Blue Chip Forecast, Land Advisors Organization

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Annualized Employment Change & Unemployment Rate

12 Month Average of Annual Change in Jobs

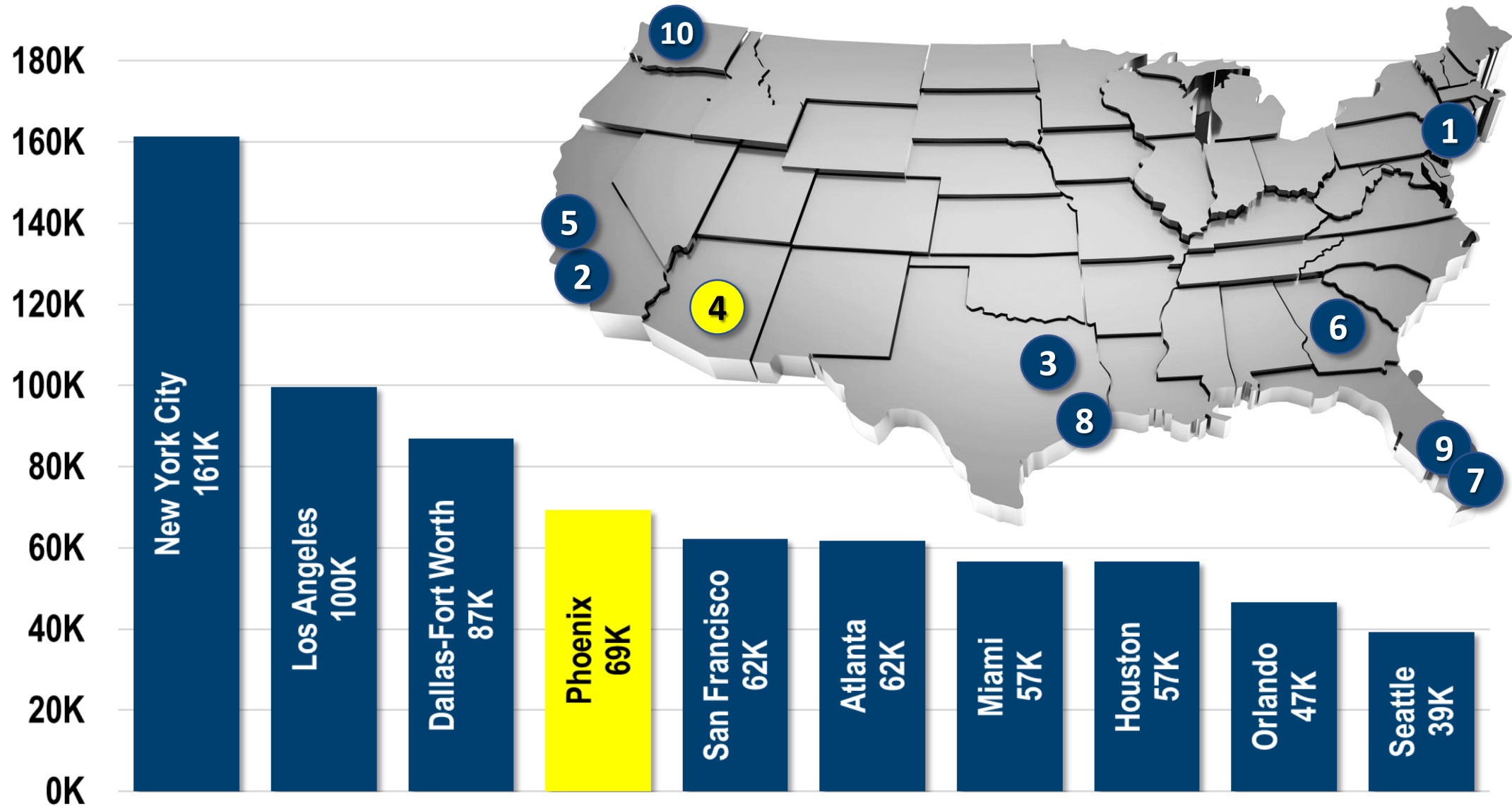


Source: Arizona Department of Employment and Population Statistics, St. Louis Fed, Bureau of Labor Statistics, Land Advisors Organization

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Annualized Employment Growth - Top 10 Markets

Oct 2018 to 2019

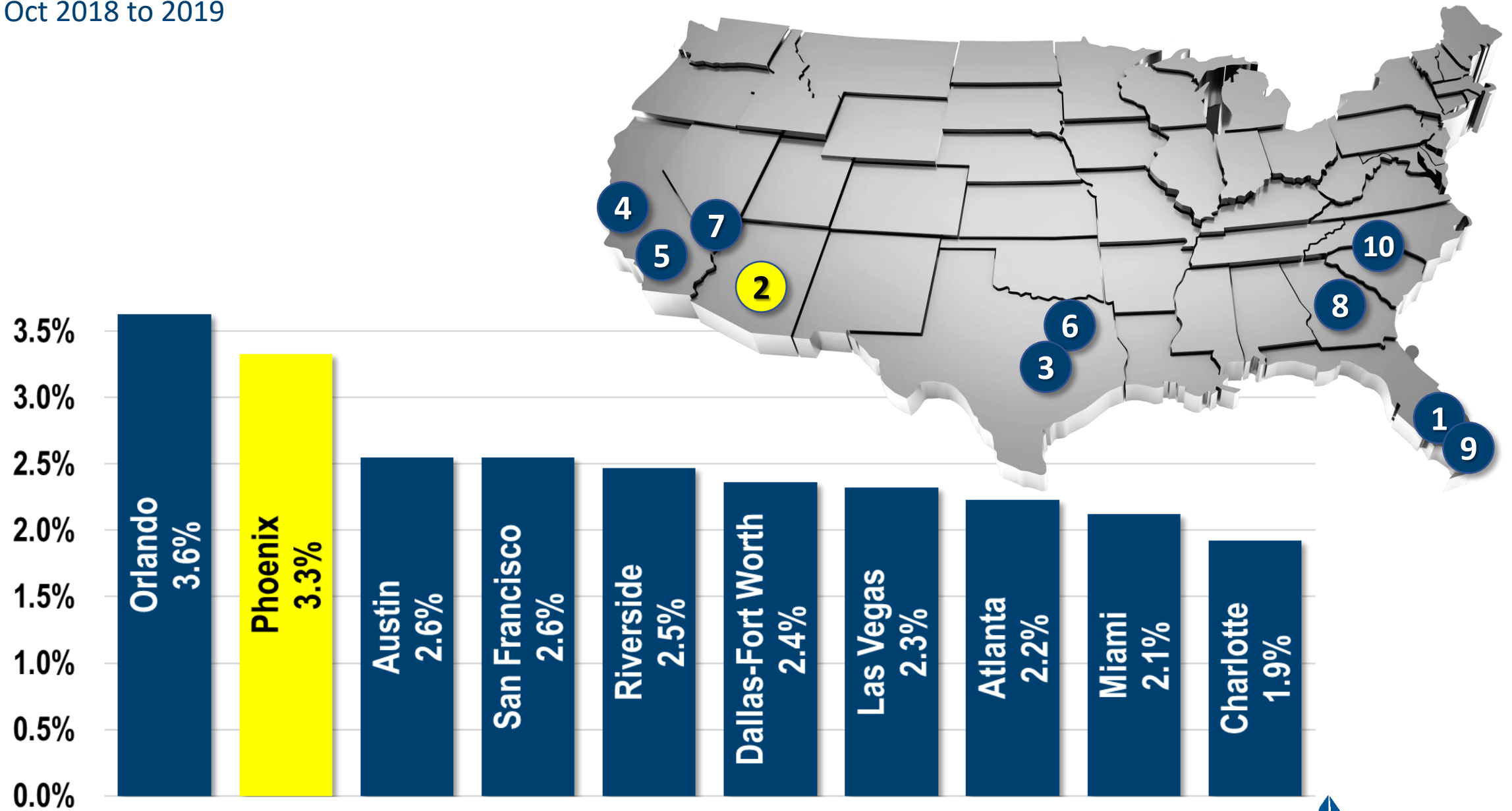


Source: US Bureau Labor Statistics, Land Advisors Organization

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Percentage Employment Growth - Top 10 Markets

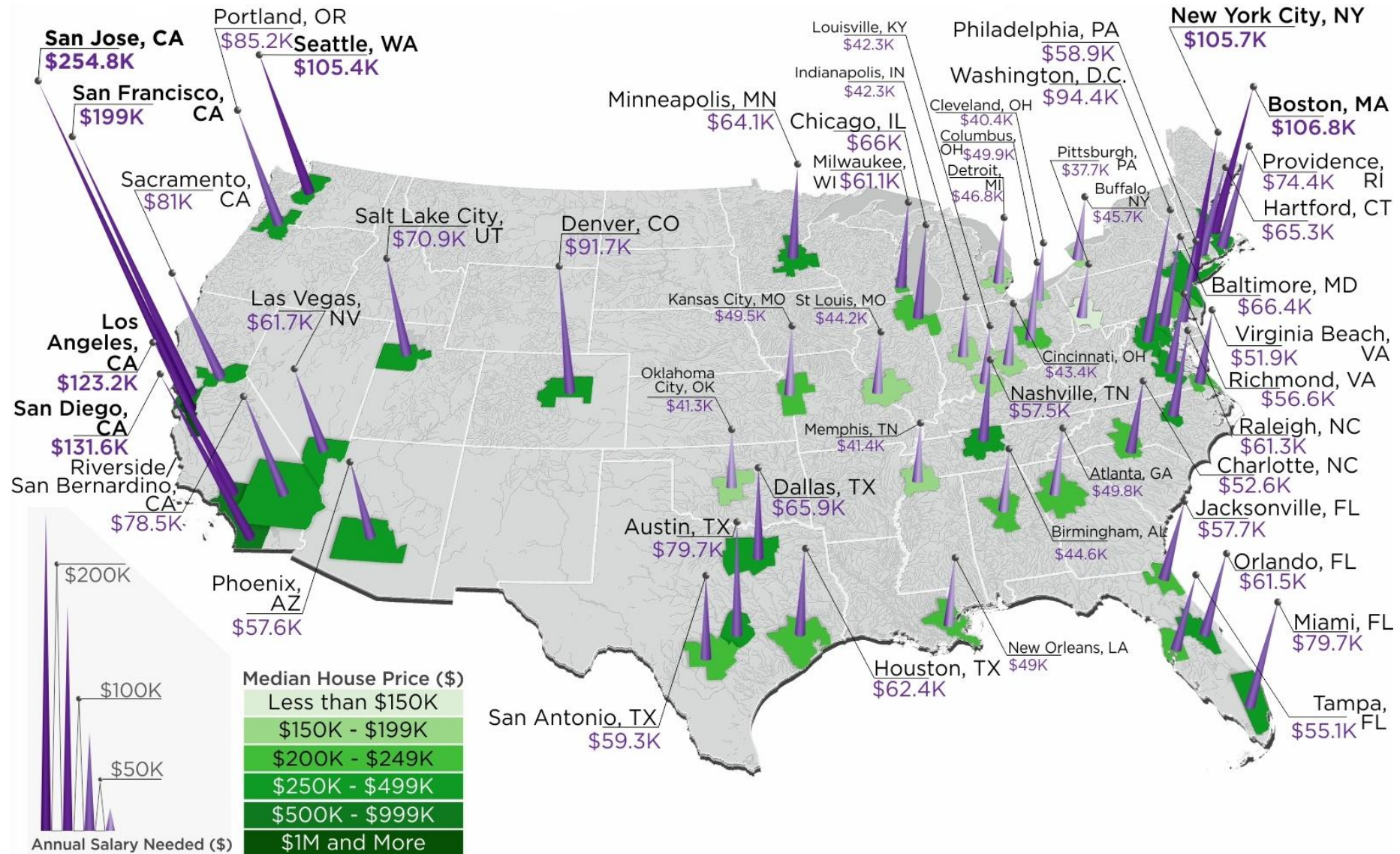
Oct 2018 to 2019



Source: US Bureau Labor Statistics, Land Advisors Organization

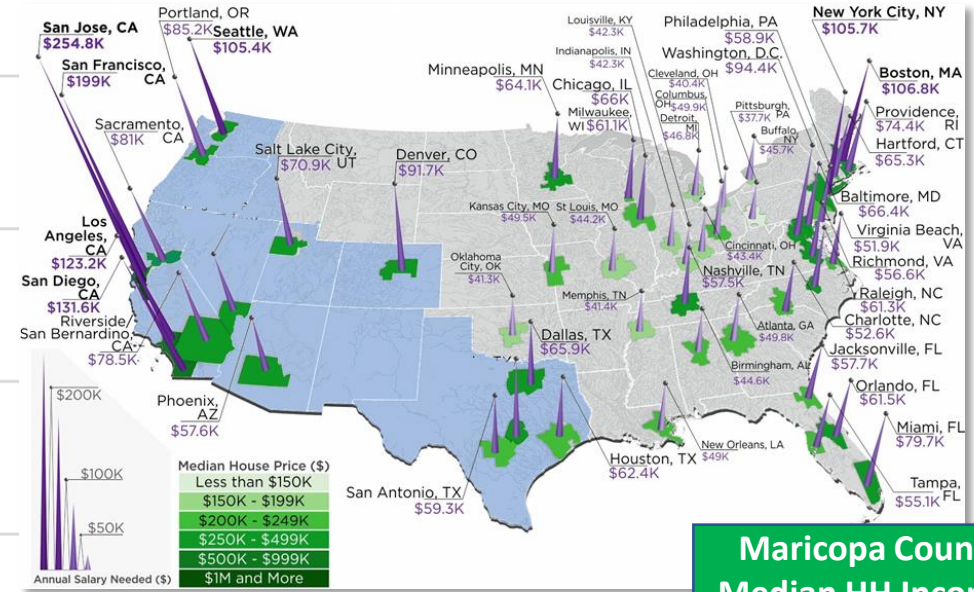
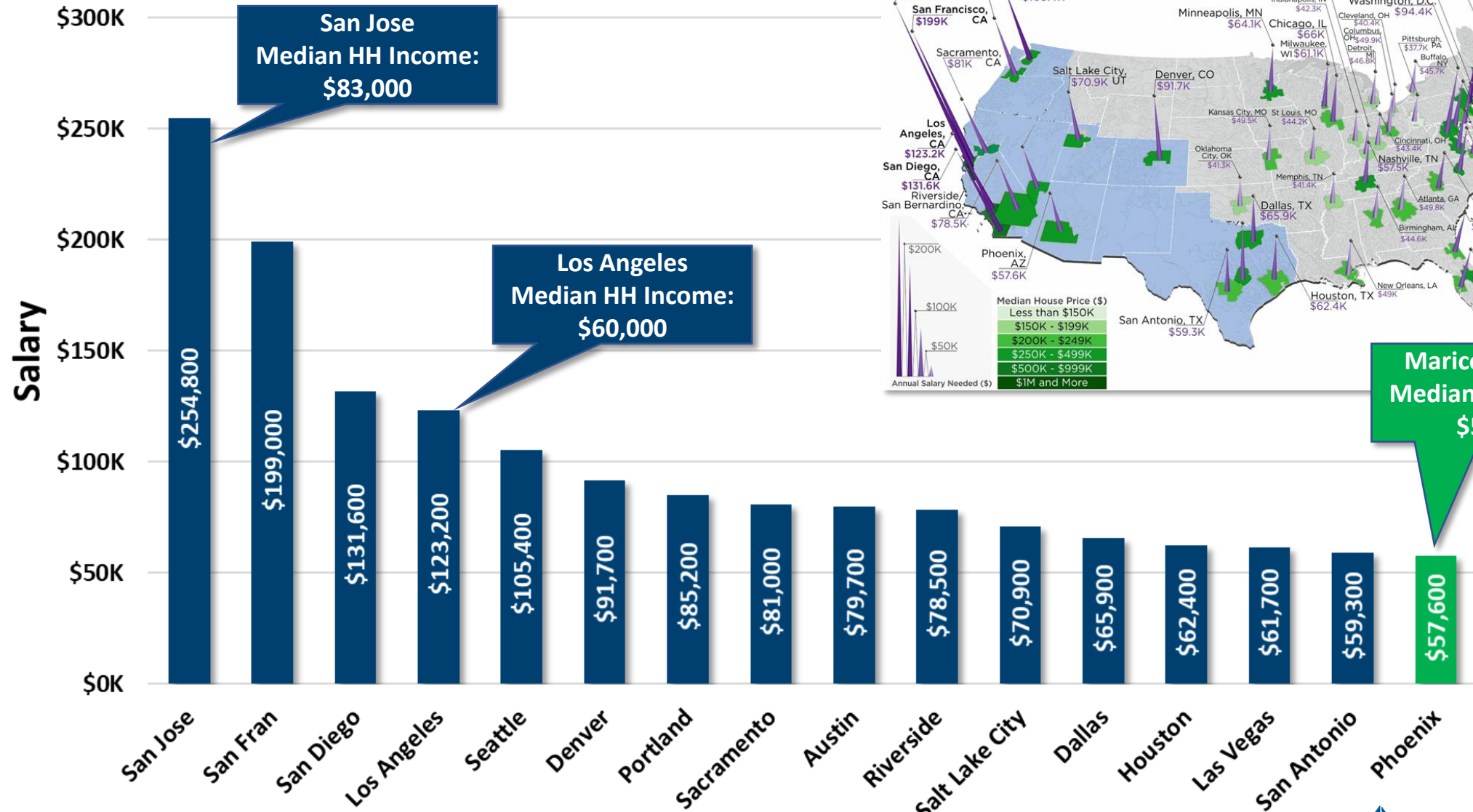
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Salary Required to Buy a Median Priced House



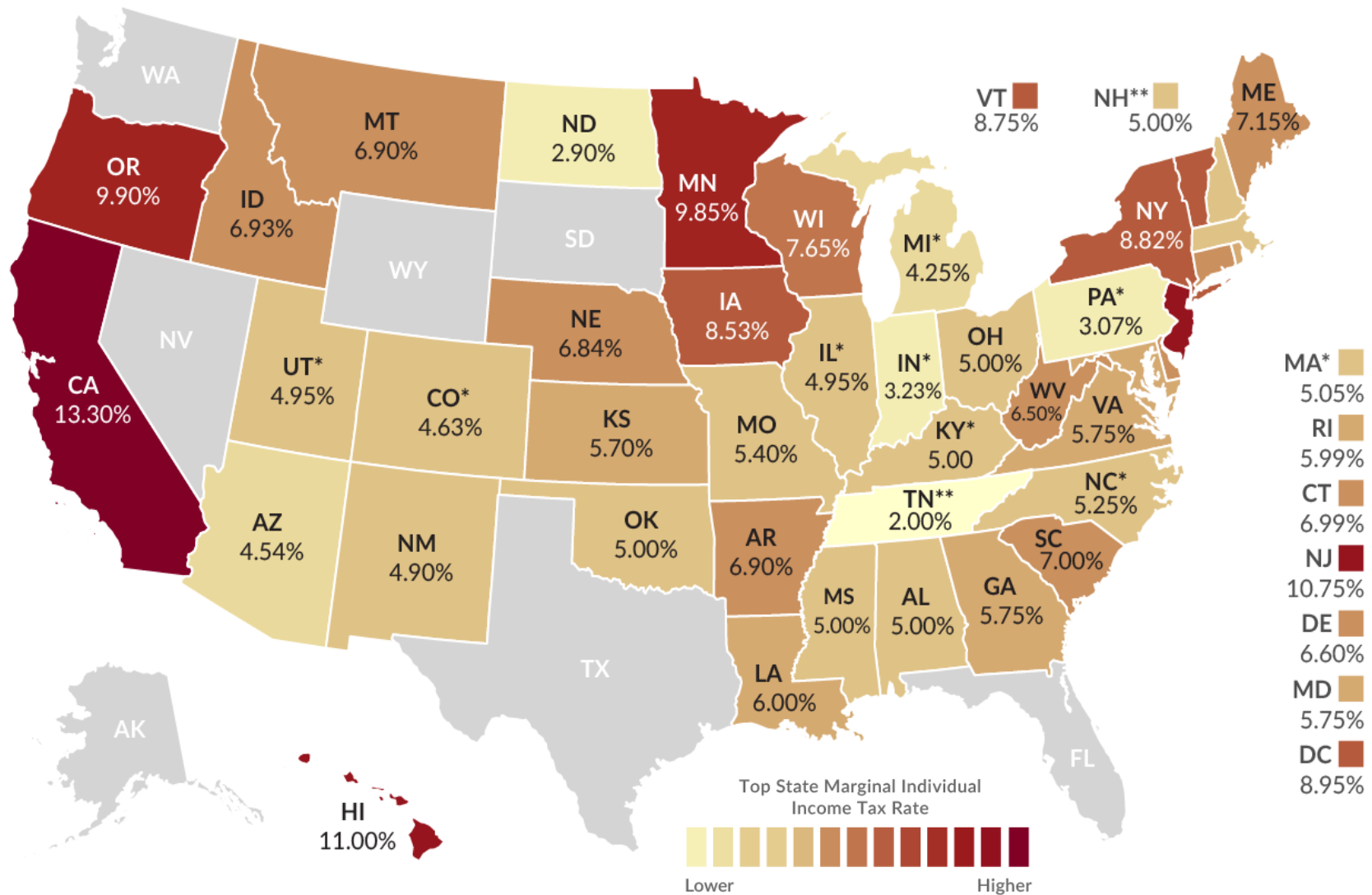
The Salary Required to Buy a House

Major Western US Metropolitan Areas



Top Marginal Individual Income Tax Rates

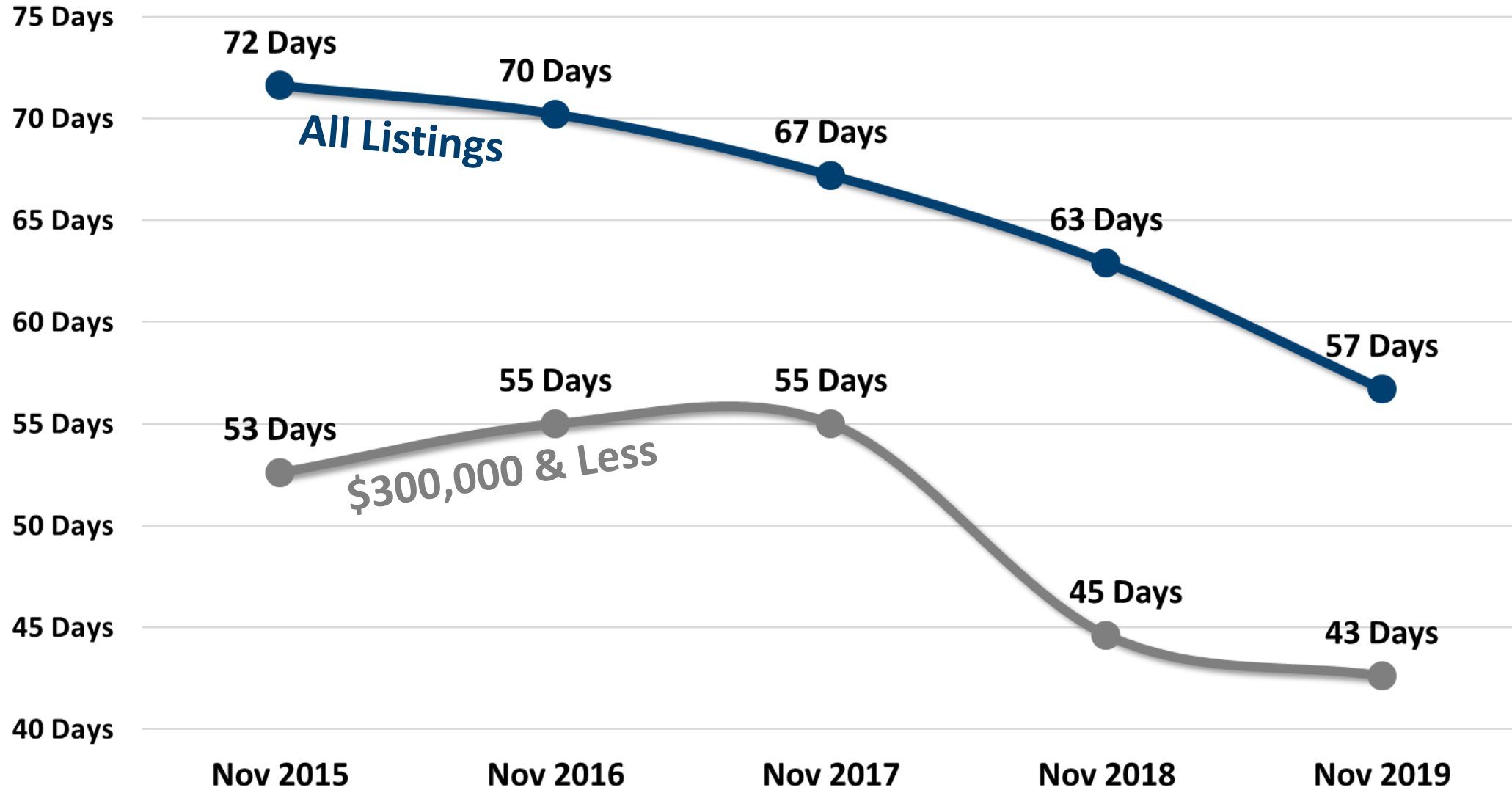
January 2019



Source: Tax Foundation, Bloomberg Tax, Land Advisors Organization

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Metro Phoenix - Resale Days of Supply – A Chronic Shortage

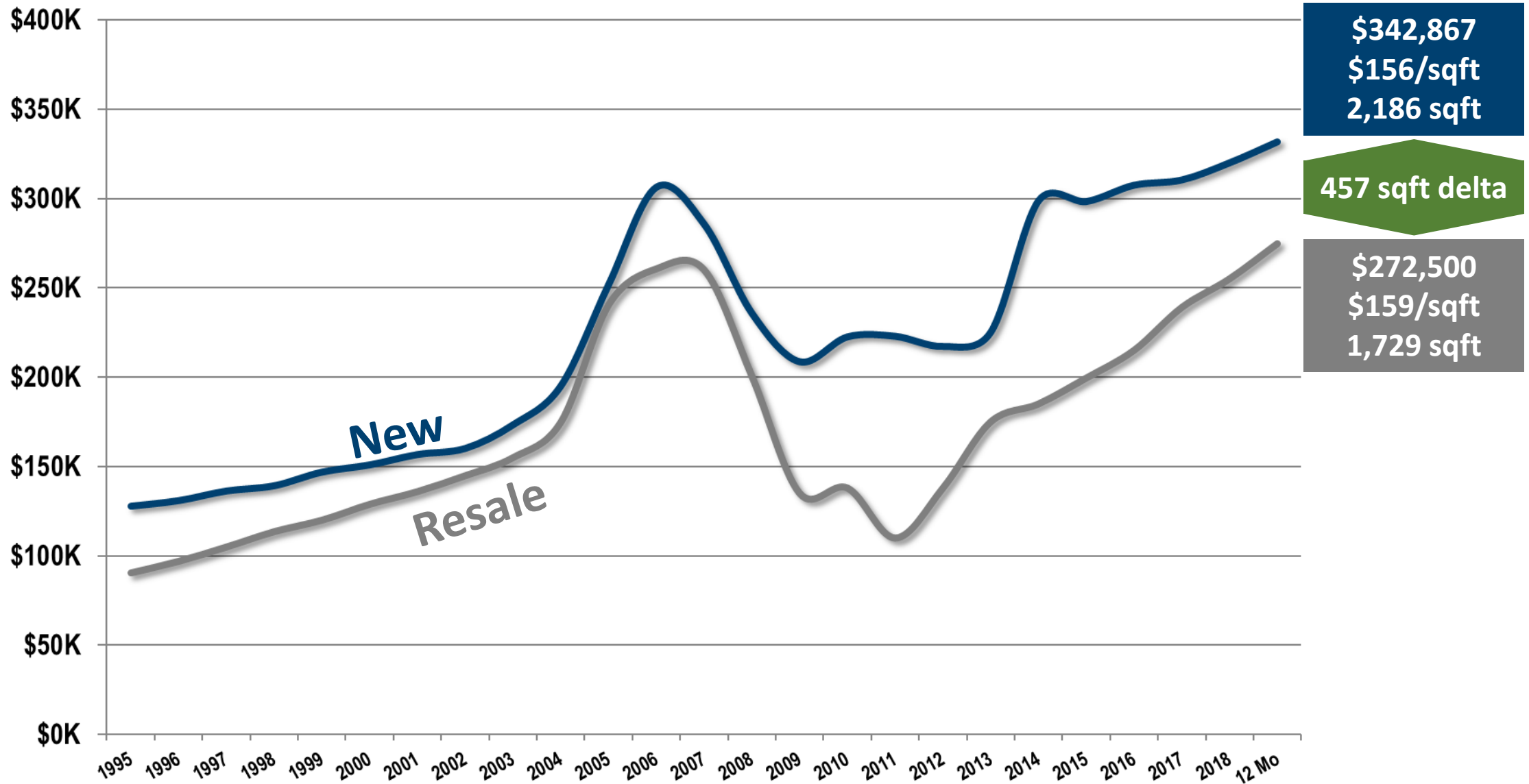


Source: Cromford Report, Land Advisors Organization

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New & Resale Median Home Price

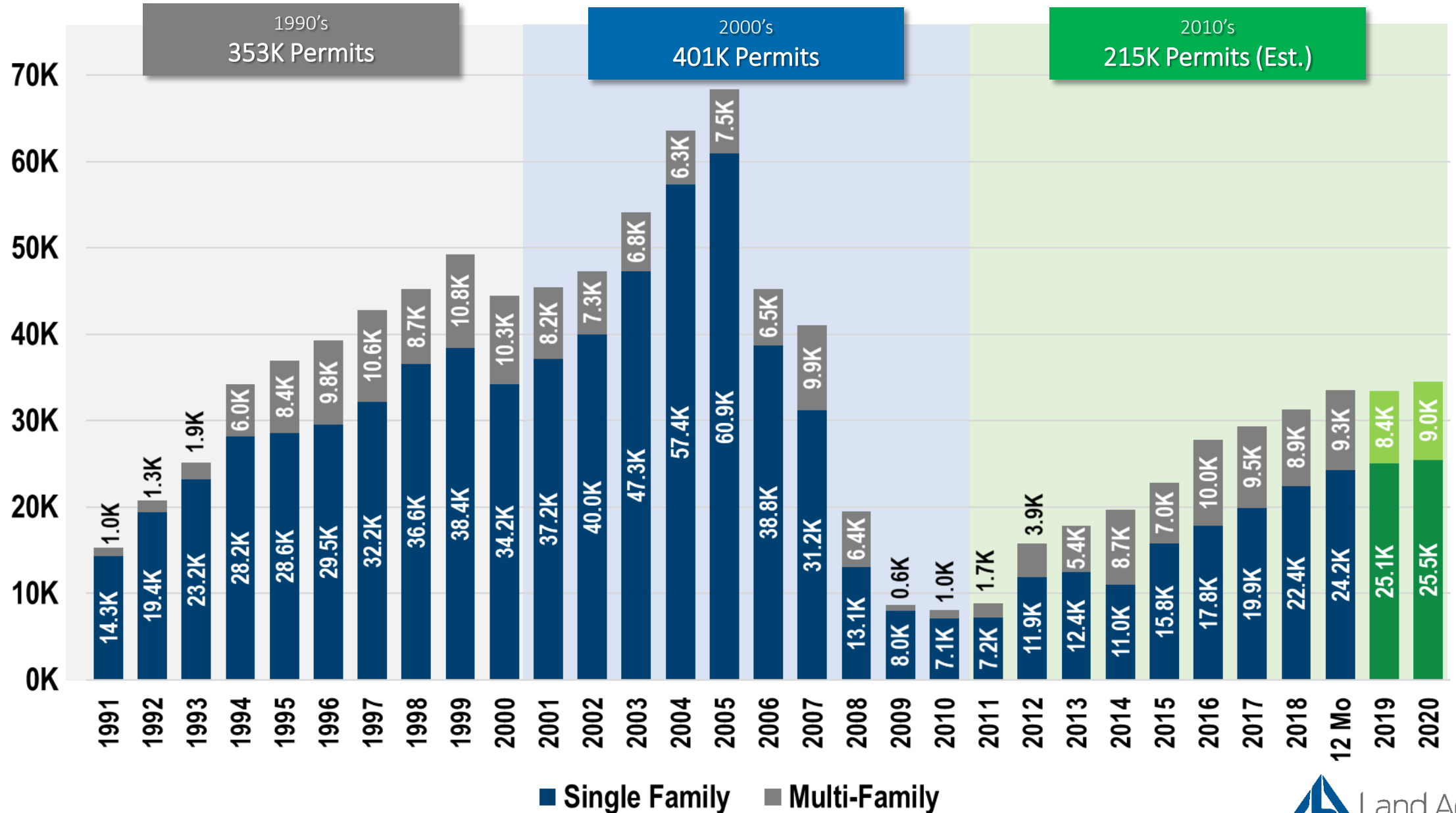
October 2019



Source: RL Brown, ASU Center for Real Estate, Land Advisors Organization Data does not include attached, trustee, REO or HUD sales

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Phoenix Metro – Single & Multifamily Permits



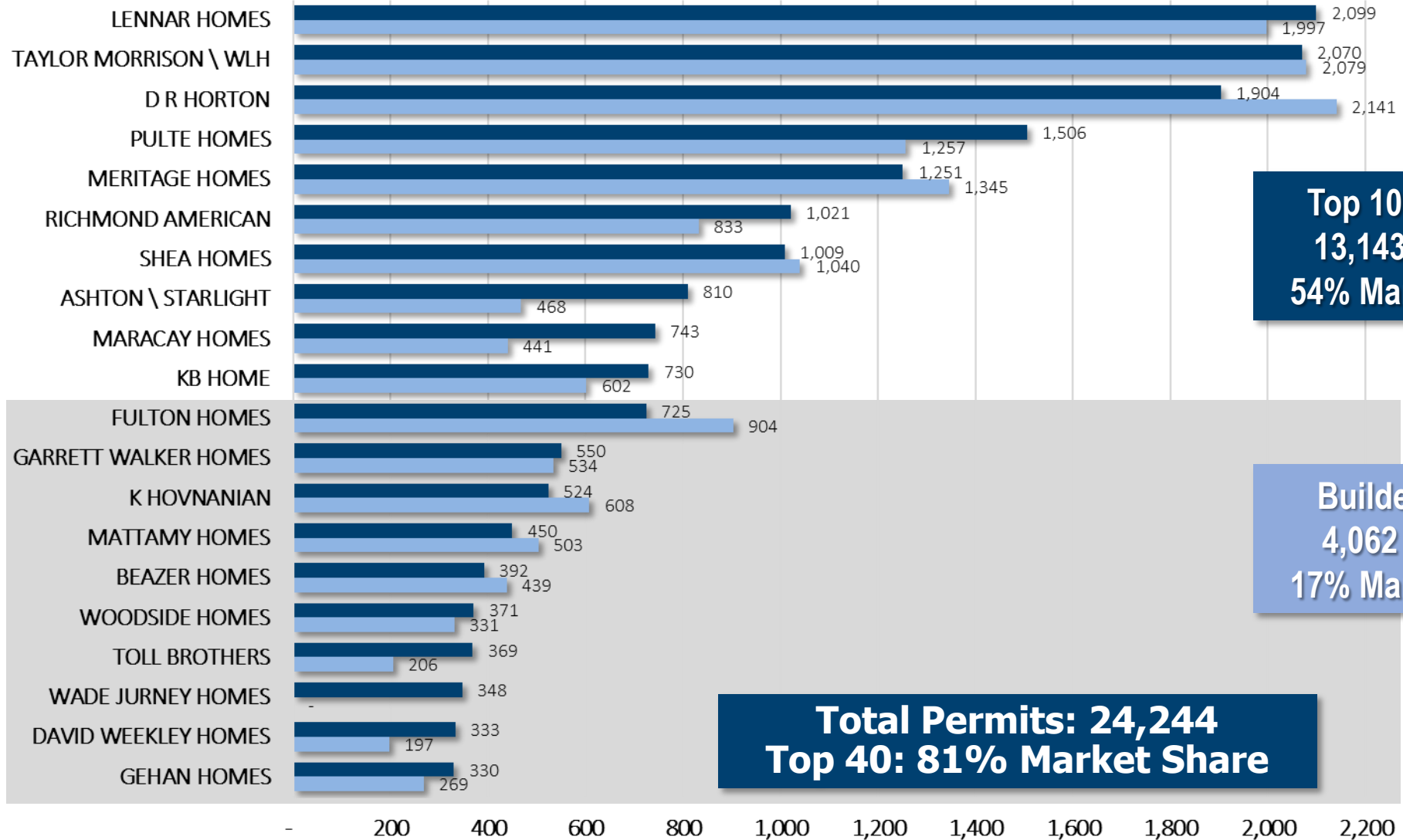
Source: Land Advisors Organization, HBACA, US Census Bureau, Phoenix Blue Chip Forecast

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Top 20 Homebuilders by Permits

Top Builders 2014

1	TAYLOR MORRISON	874
2	PULTE HOMES	862
3	MERITAGE HOMES	786
4	D R HORTON	581
5	SHEA HOMES	558



**Top 10 Builders
13,143 Permits
54% Market Share**

**Builders 11-20
4,062 Permits
17% Market Share**

**Total Permits: 24,244
Top 40: 81% Market Share**

Oct. 2019

Oct. 2018

Other Valley Homebuilders

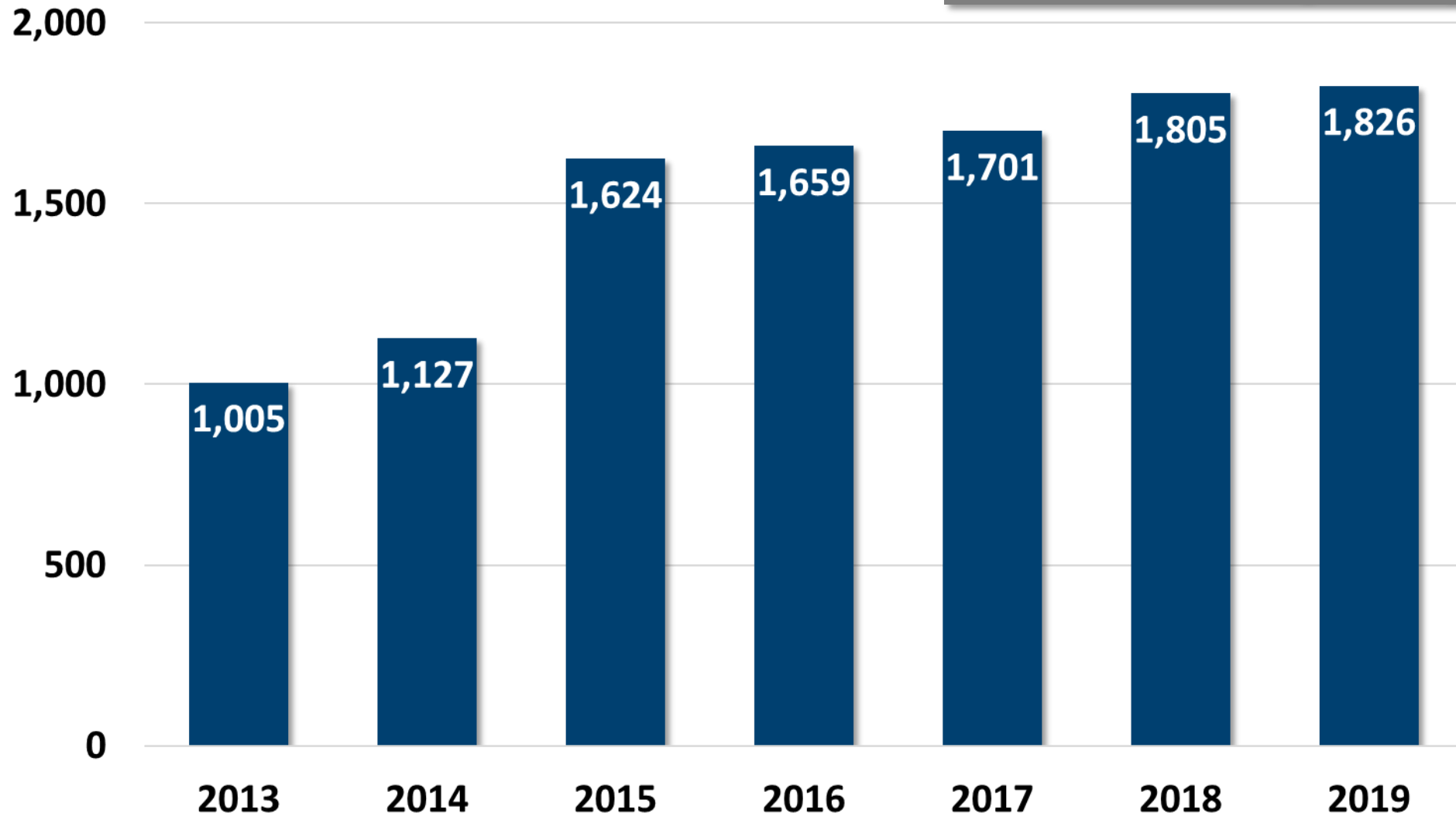


Source: RL Brown, Land Advisors Organization

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Active Adult Community Permits

Arizona's 65+ Population
Increasing at Over Twice the
Rate of Other Age Groups



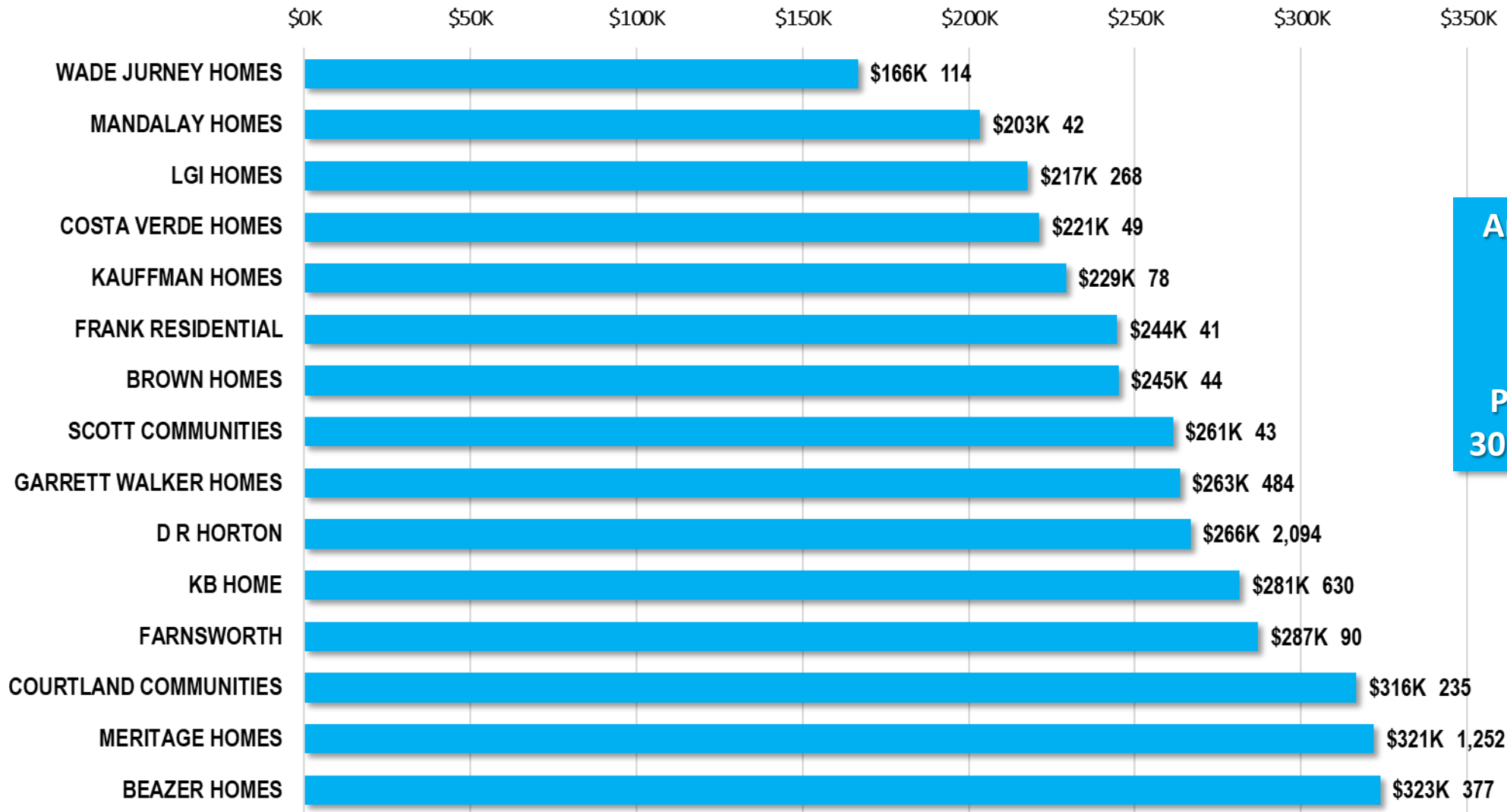
Source: RL Brown, Arizona Office of Economic Security, Land Advisors Organization

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Top Homebuilders by Home Price

Home Price Range: Less than \$332K (FHA Limit Effective Jan. 2020)

Total Sales: \$6.91B
Avg. Price: \$378K



Annual Household
Income Range:
\$50K to \$75K

Potential Market:
305,000 Households

Top Homebuilders by Home Price

Home Price Range: \$332K to \$430K

Total Sales: \$6.91B
Avg. Price: \$378K



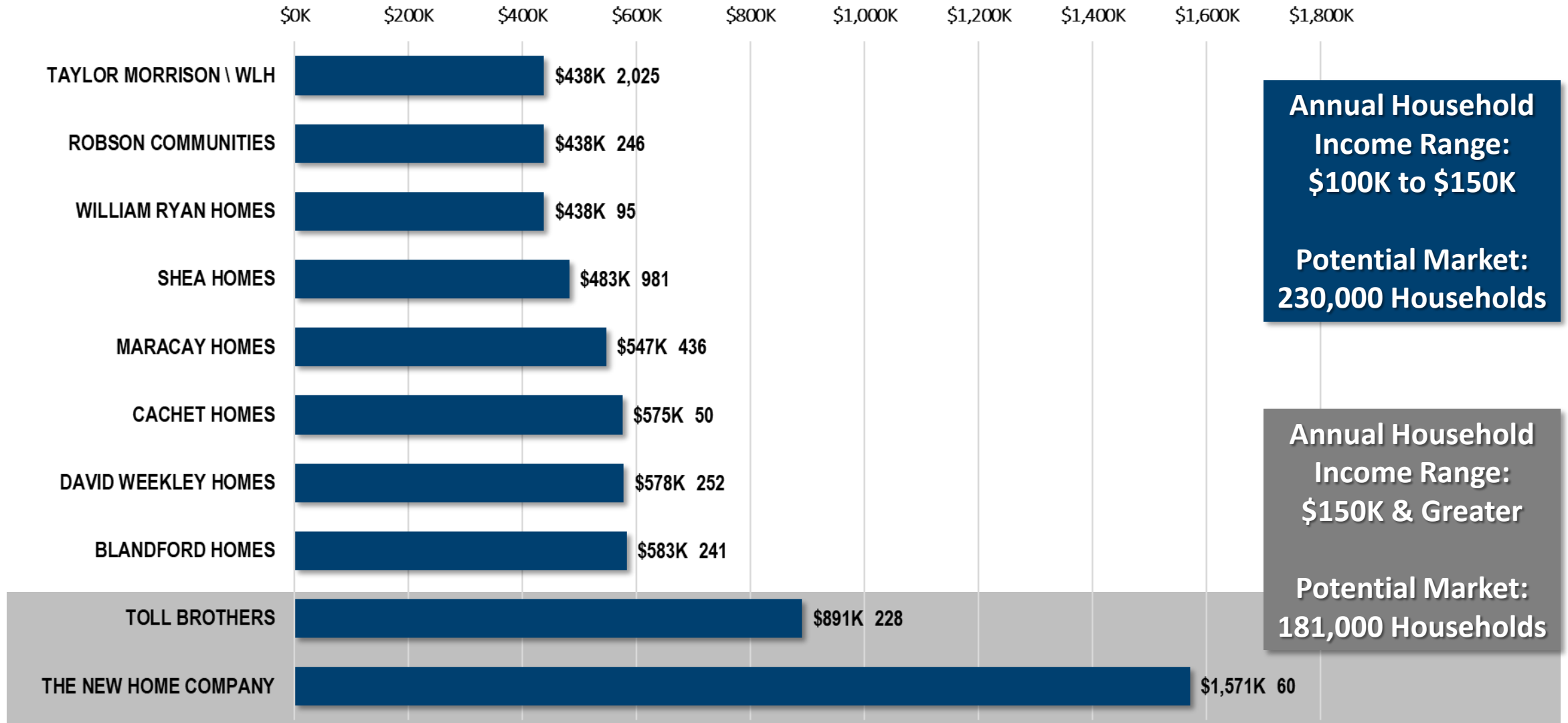
Annual Household
Income Range:
\$75K to \$100K

Potential Market:
206,000 Households

Top Homebuilders by Home Price

Home Price Ranges: \$430K to \$690K & Greater than \$690K

Total Sales: \$6.91B
Avg. Price: \$378K



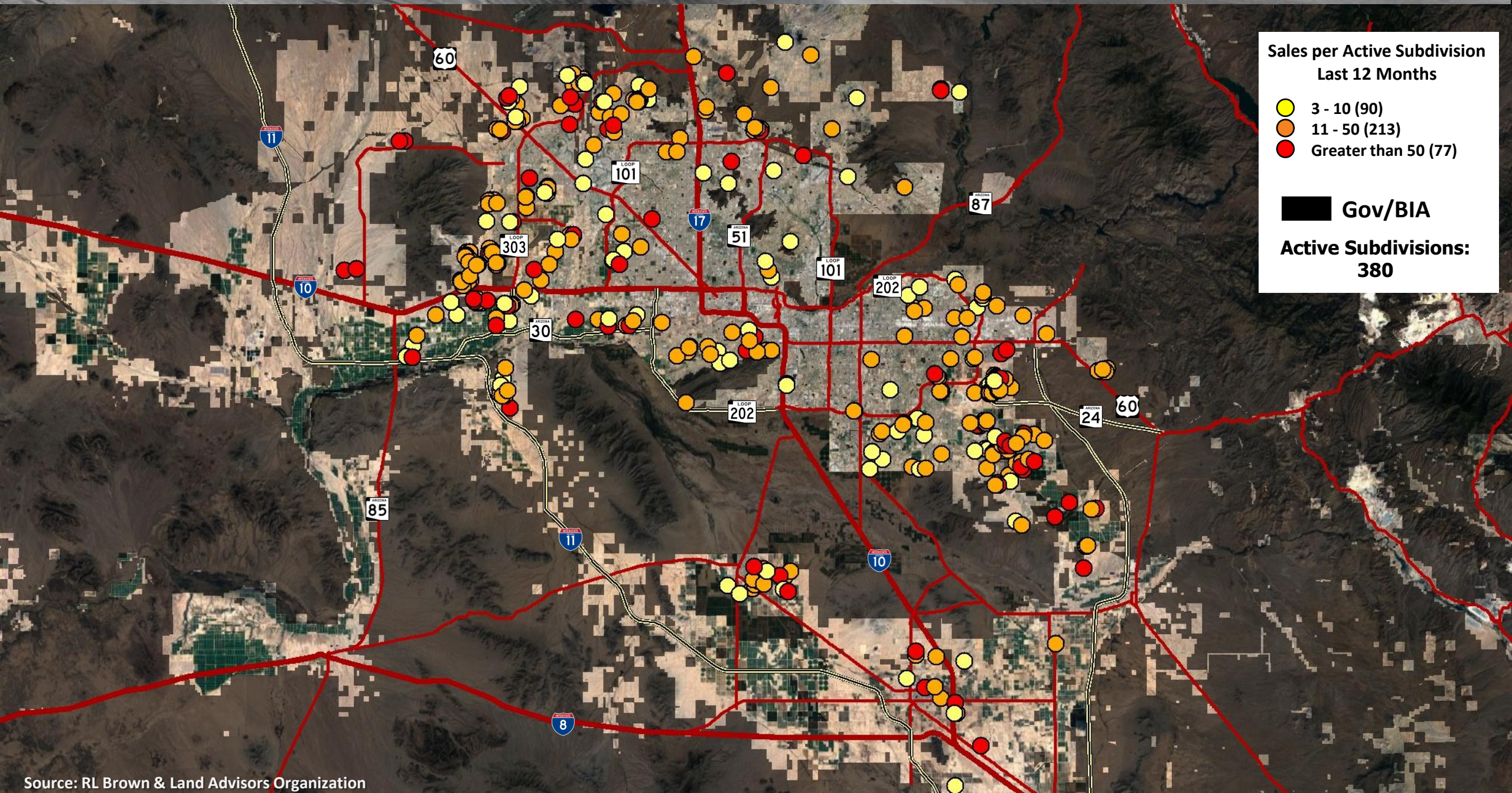
Annual Household Income Range: \$100K to \$150K

Potential Market: 230,000 Households

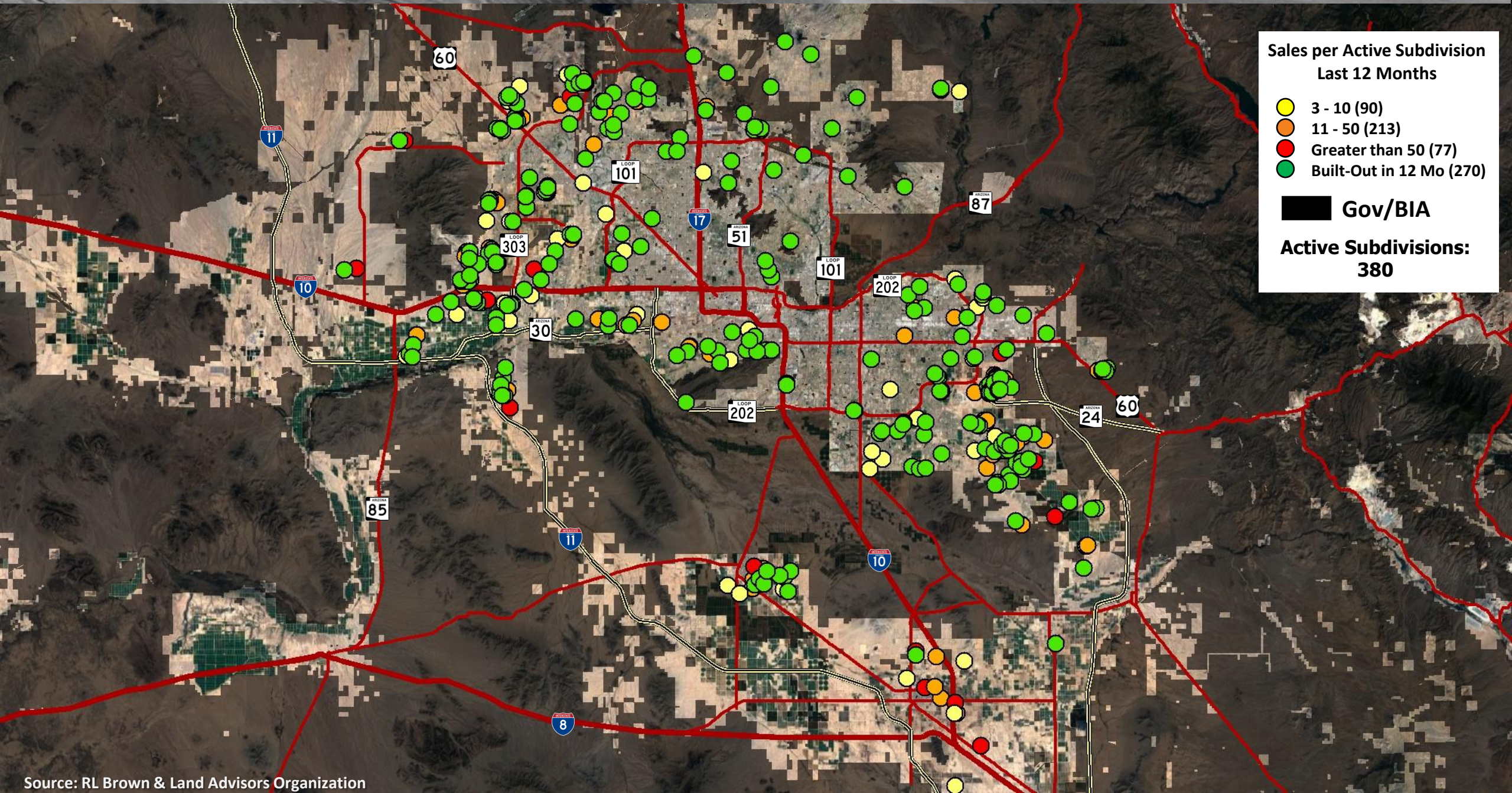
Annual Household Income Range: \$150K & Greater

Potential Market: 181,000 Households

Active Subdivisions & Sales Velocity



Built-Out Subdivisions - Next 12 Months



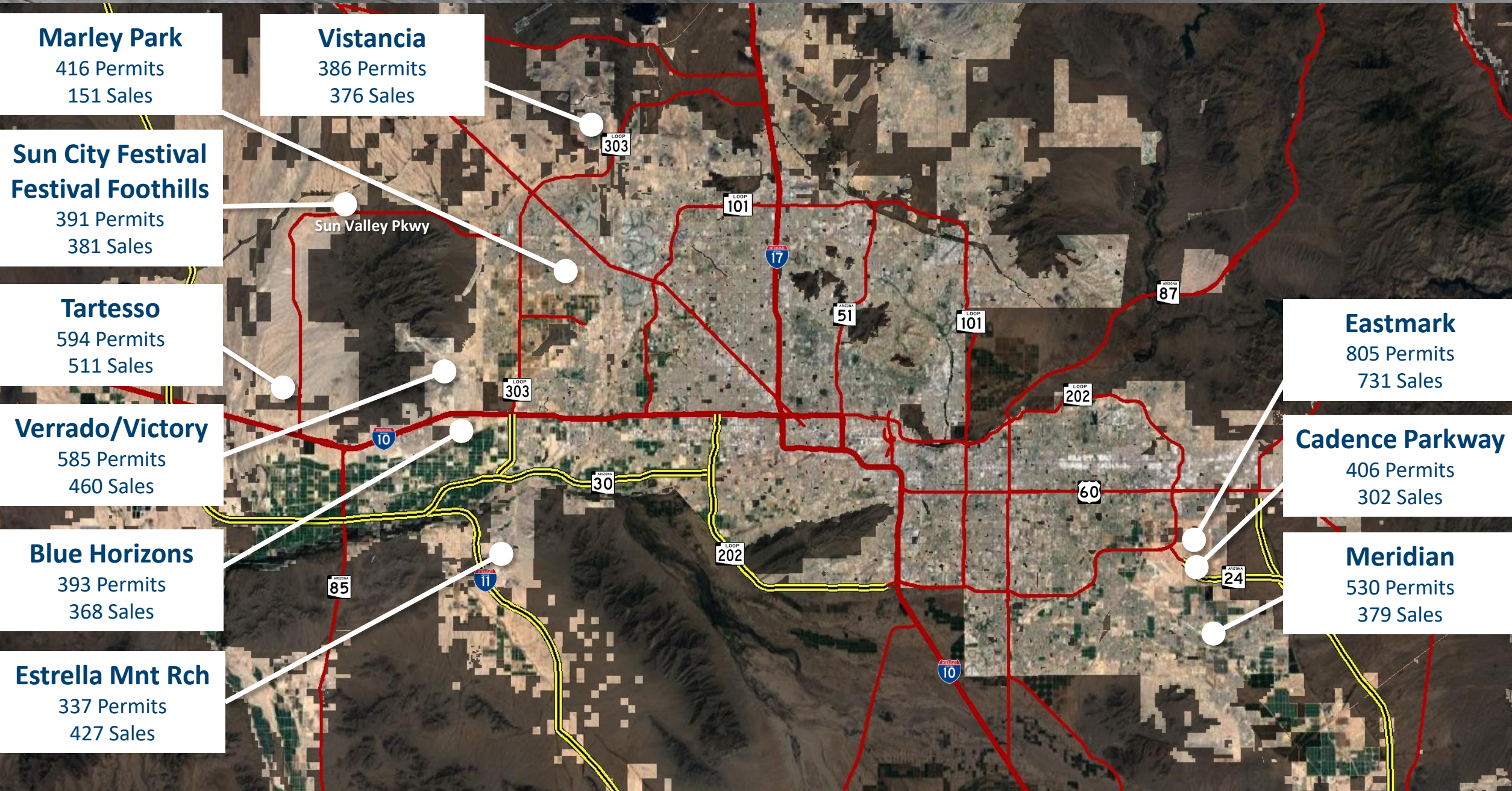
Sales per Active Subdivision
Last 12 Months

- 3 - 10 (90)
- 11 - 50 (213)
- Greater than 50 (77)
- Built-Out in 12 Mo (270)

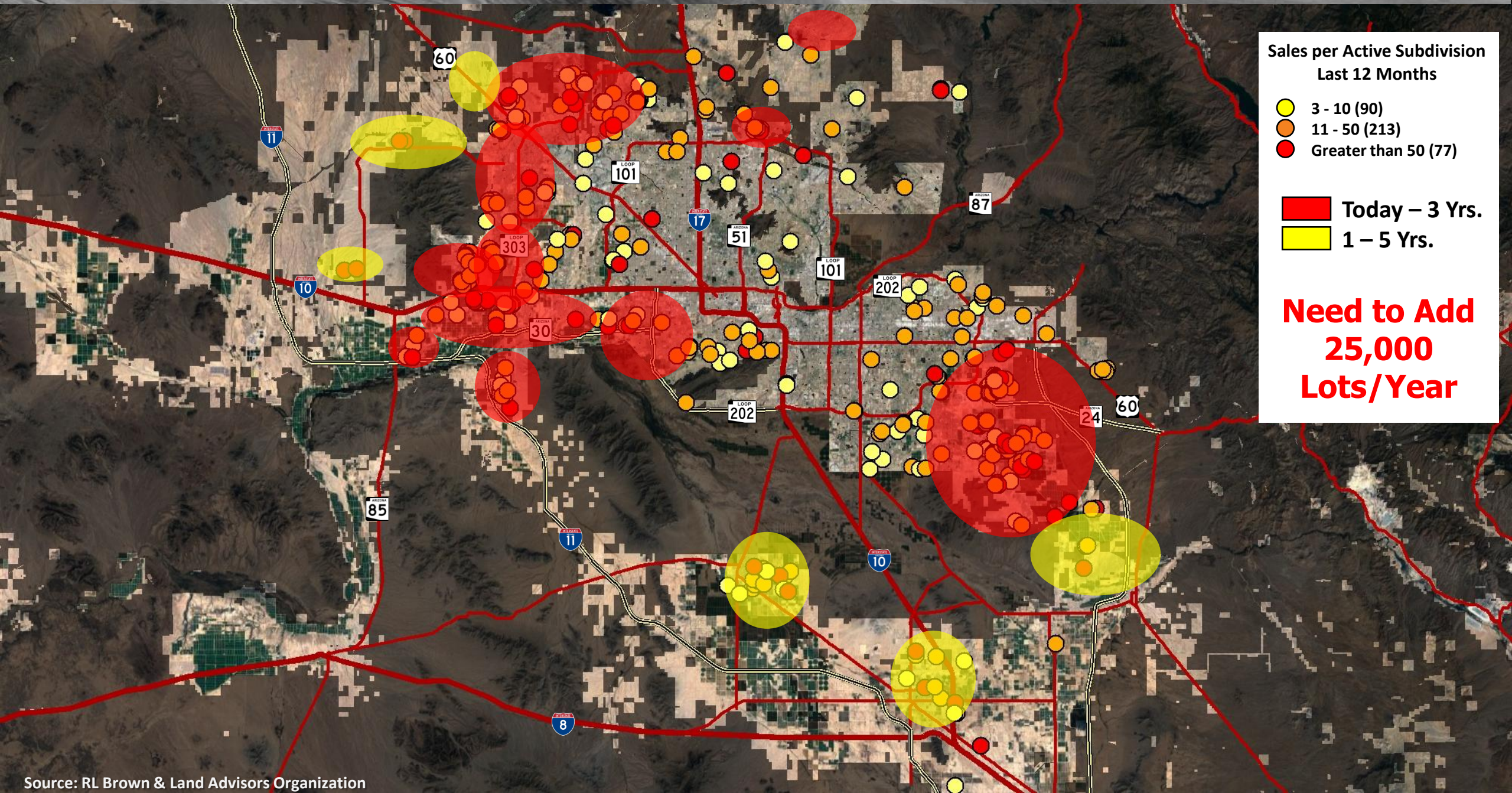
Gov/BIA

Active Subdivisions:
380

Top Master Plans



Lot Development Pressure



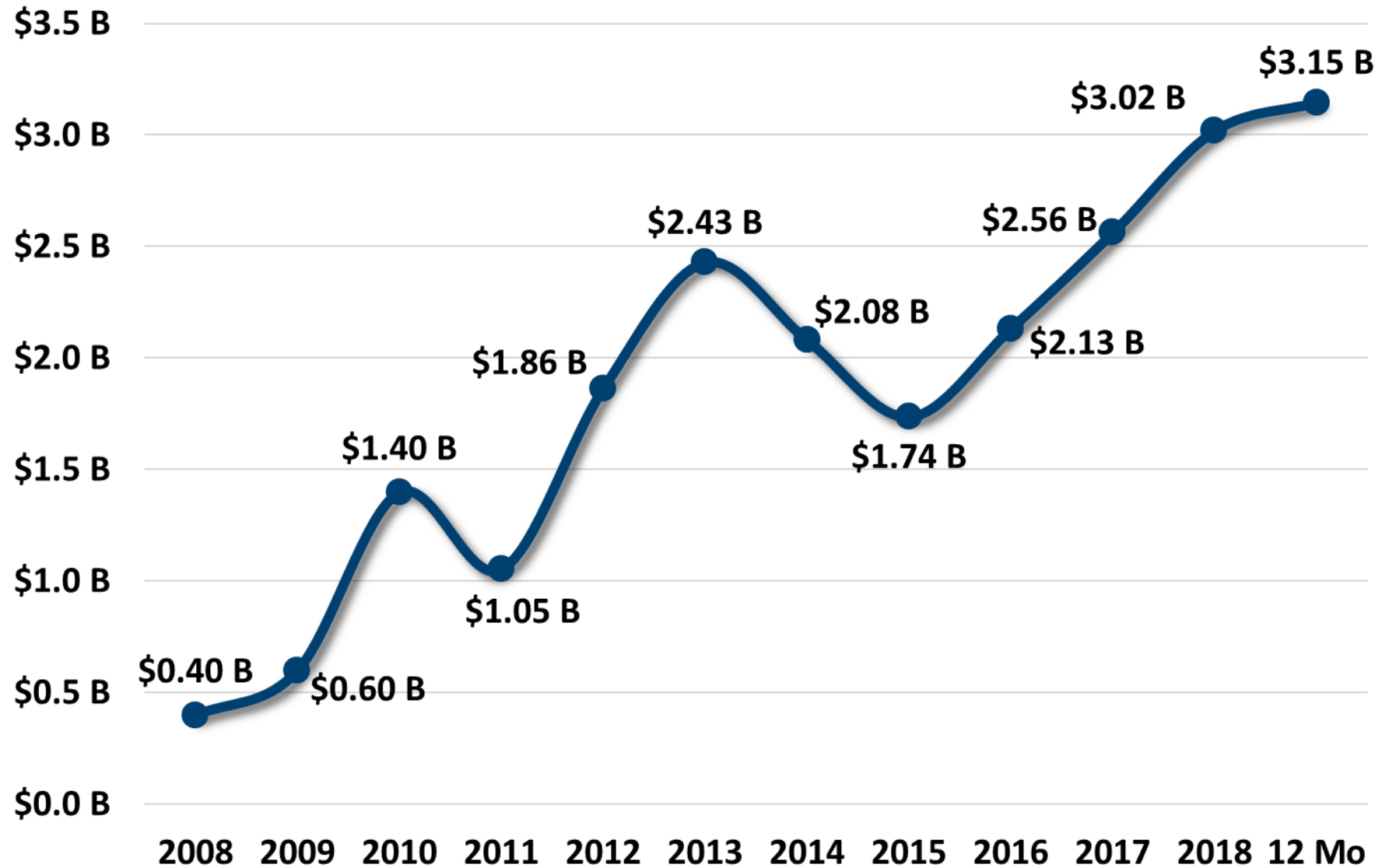
Sales per Active Subdivision
Last 12 Months

- 3 - 10 (90)
- 11 - 50 (213)
- Greater than 50 (77)

- Today - 3 Yrs.
- 1 - 5 Yrs.

**Need to Add
25,000
Lots/Year**

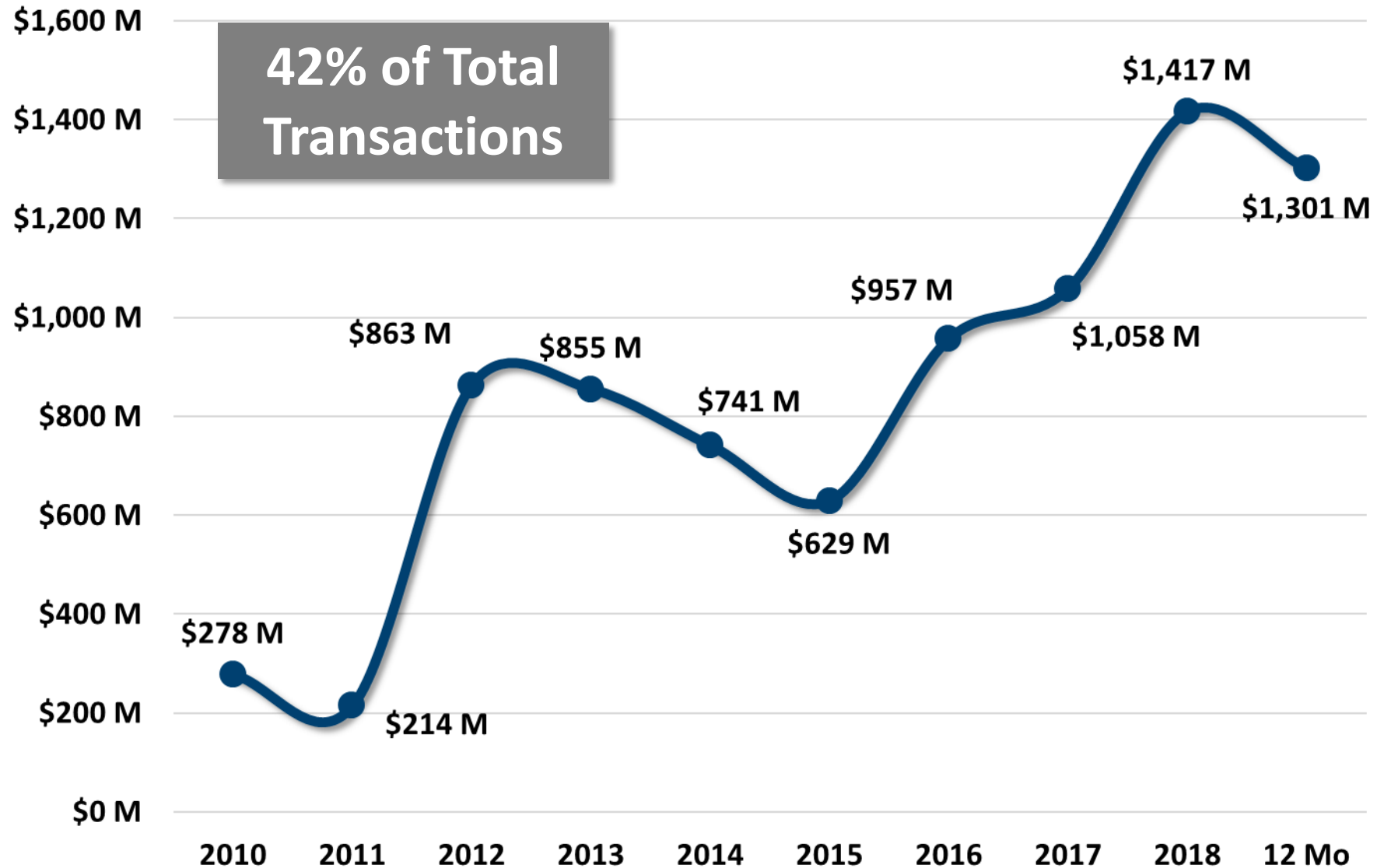
Land Transactions Annual Volume



Source: Land Advisors Organization

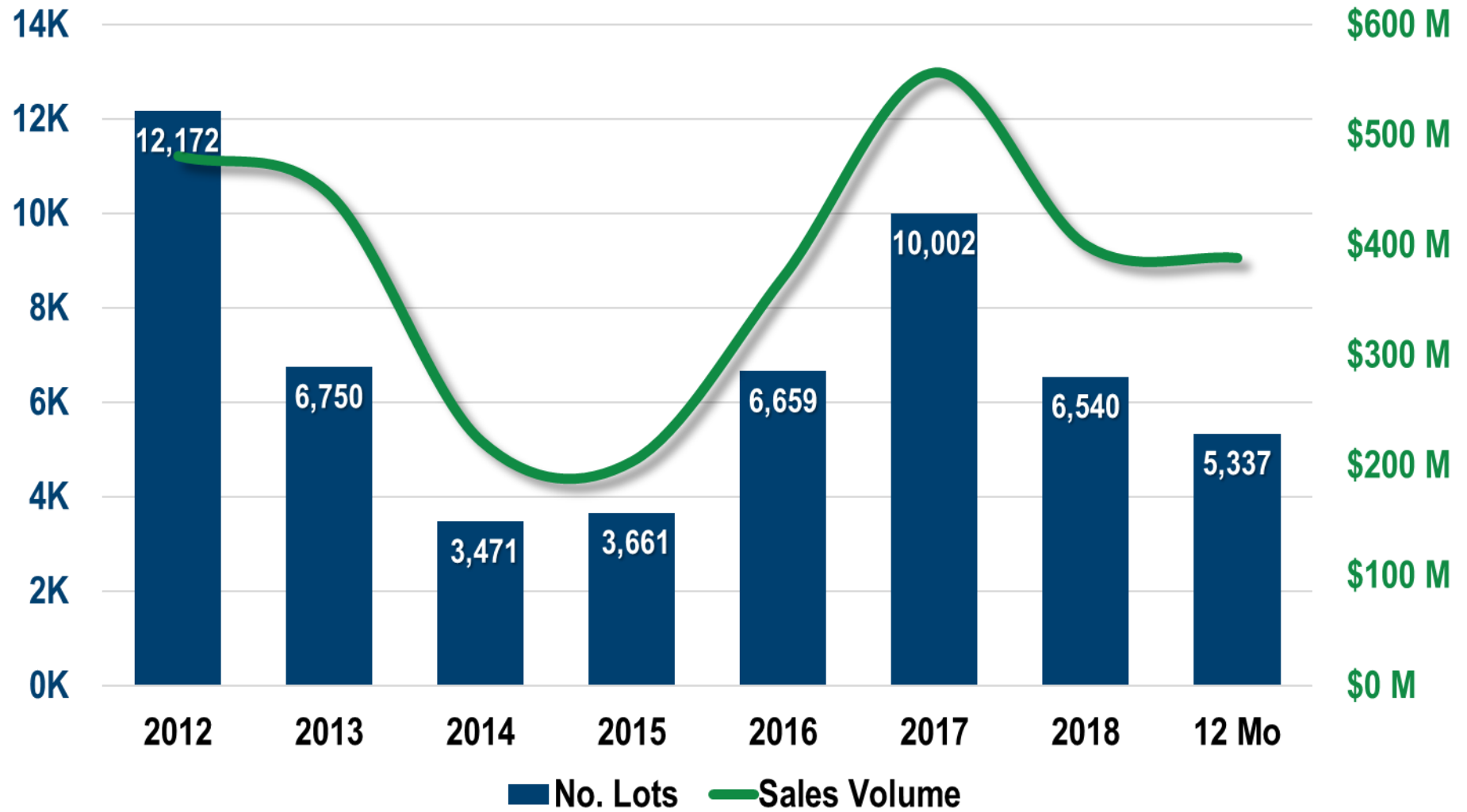
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Homebuilder's Annual Land & Lot Spend



Finished Lots

Number of Lots & Sales Volume

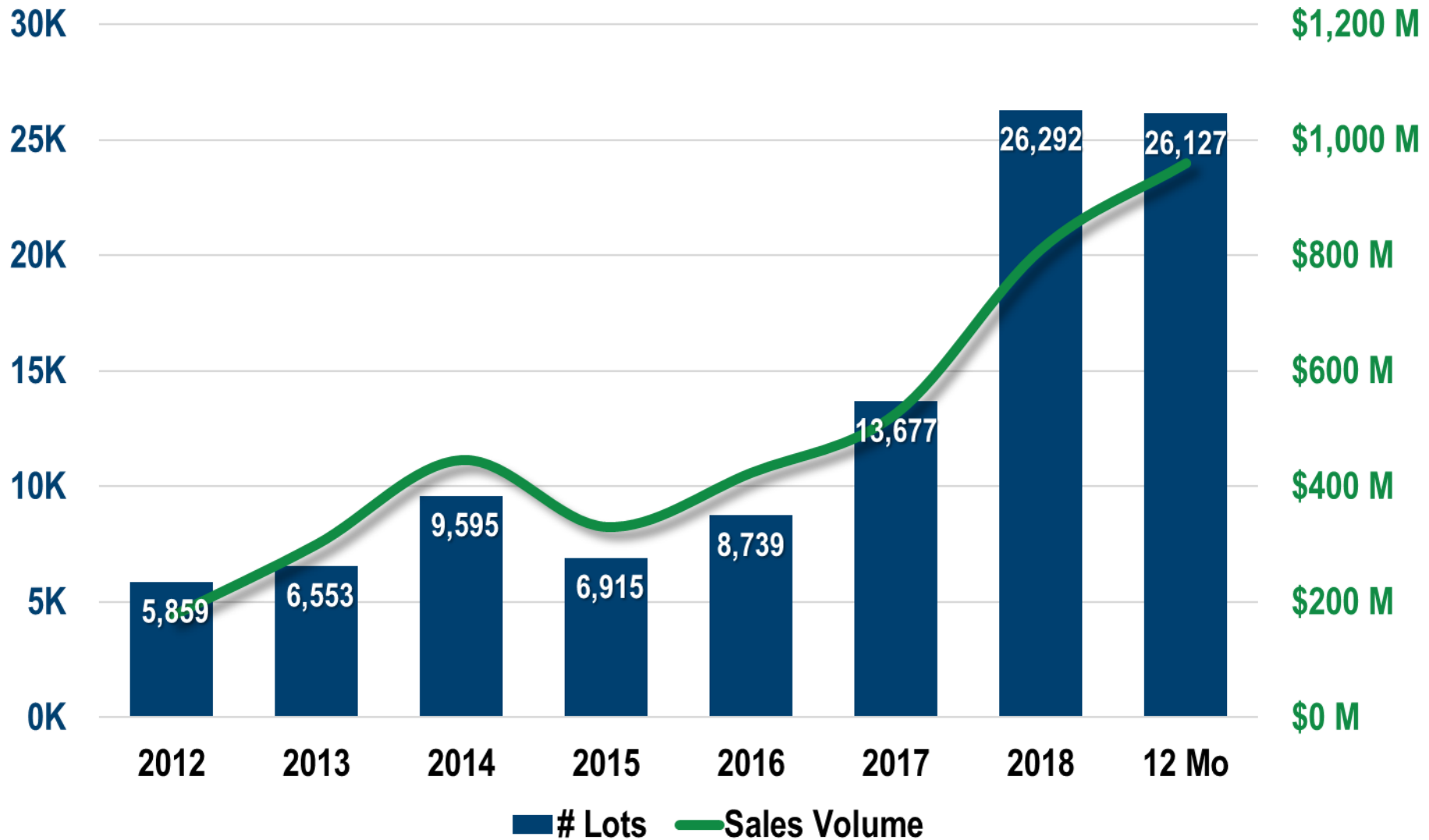


Source: Land Advisors Organization

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Platted & Engineered/Partially Improved Lots

Number of Lots & Sales Volume



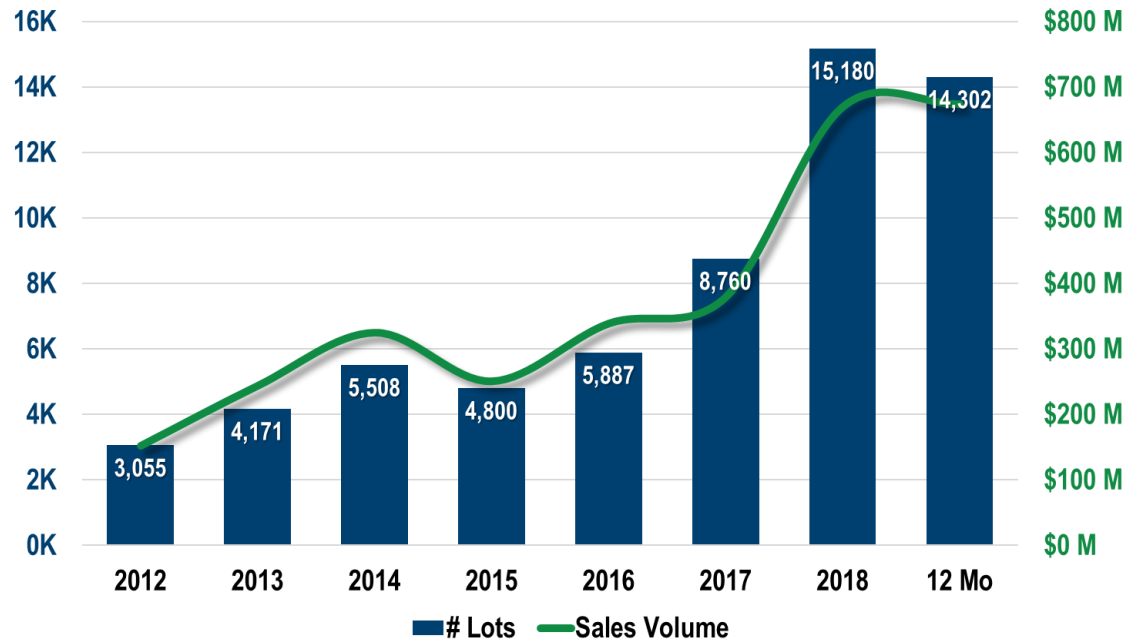
Source: Land Advisors Organization

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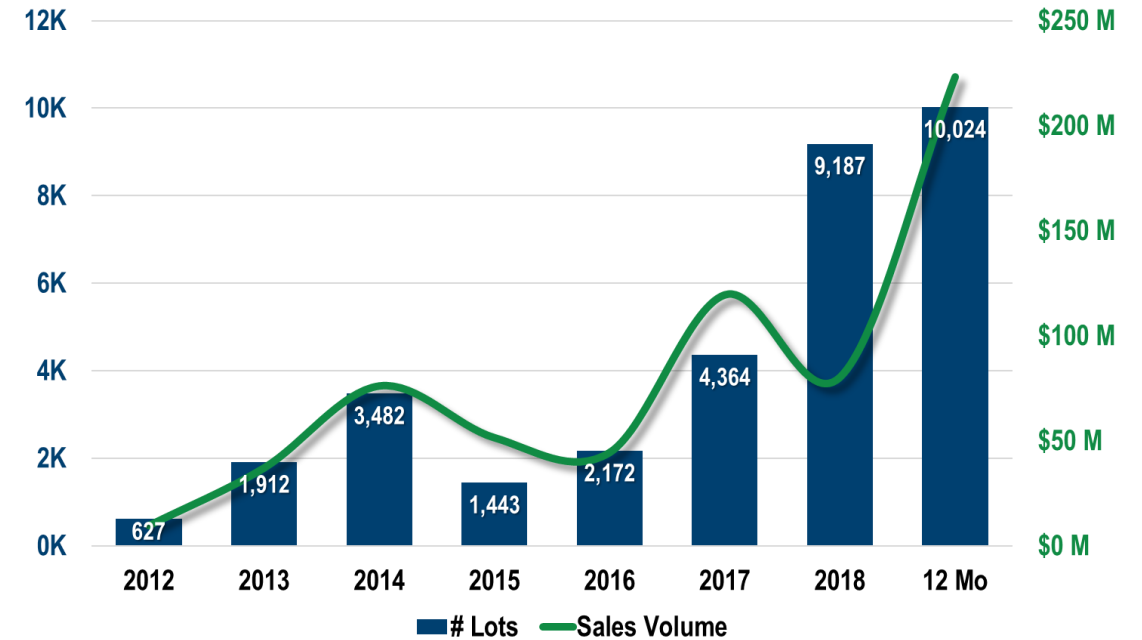
Platted & Engineered/Partially Improved Lots

Number of Lots & Sales Volume

Homebuilders



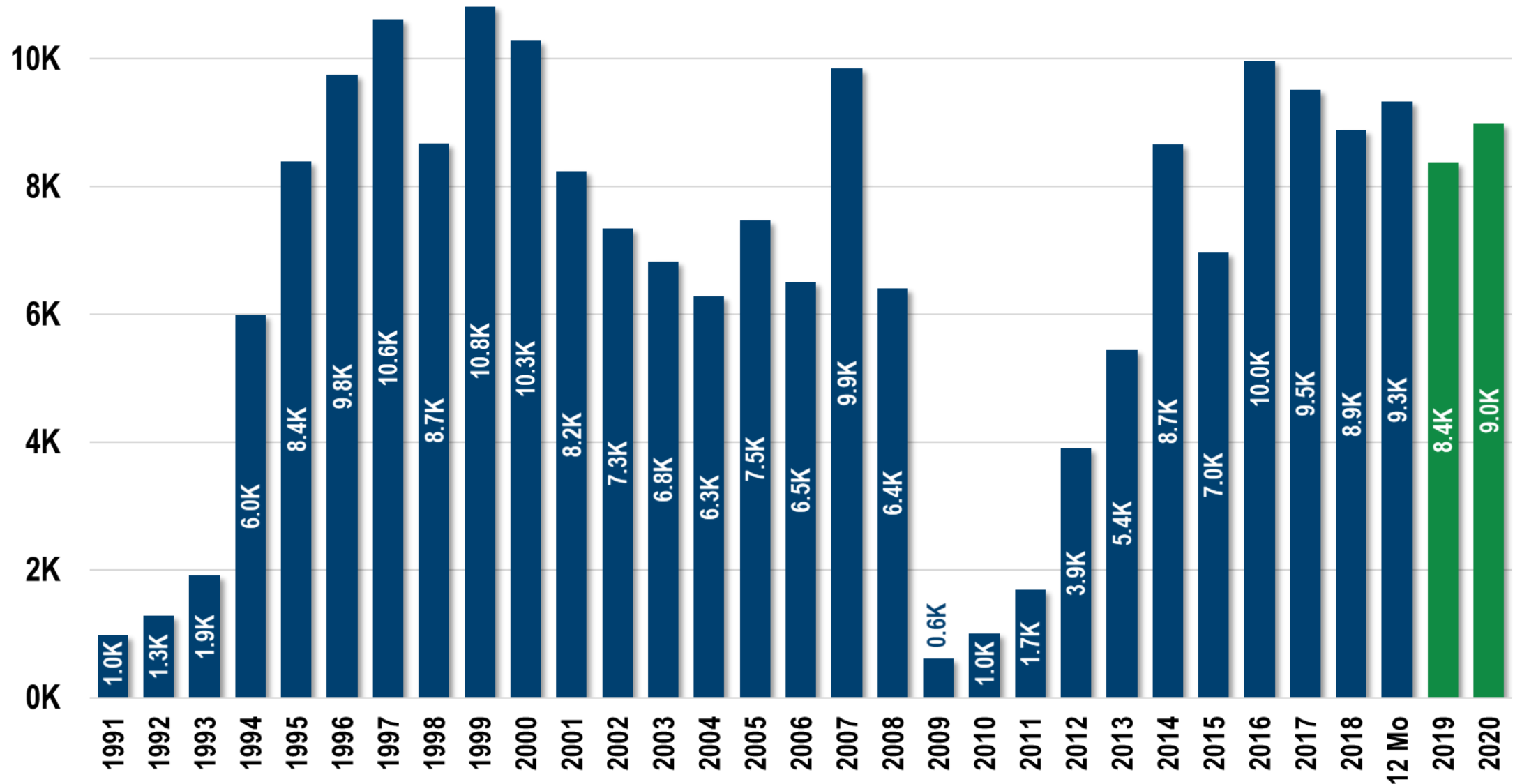
Investors/Developers



Source: Land Advisors Organization

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Multifamily Permits



Source: US Census Bureau, AXIOMetrics, Land Advisors Organization

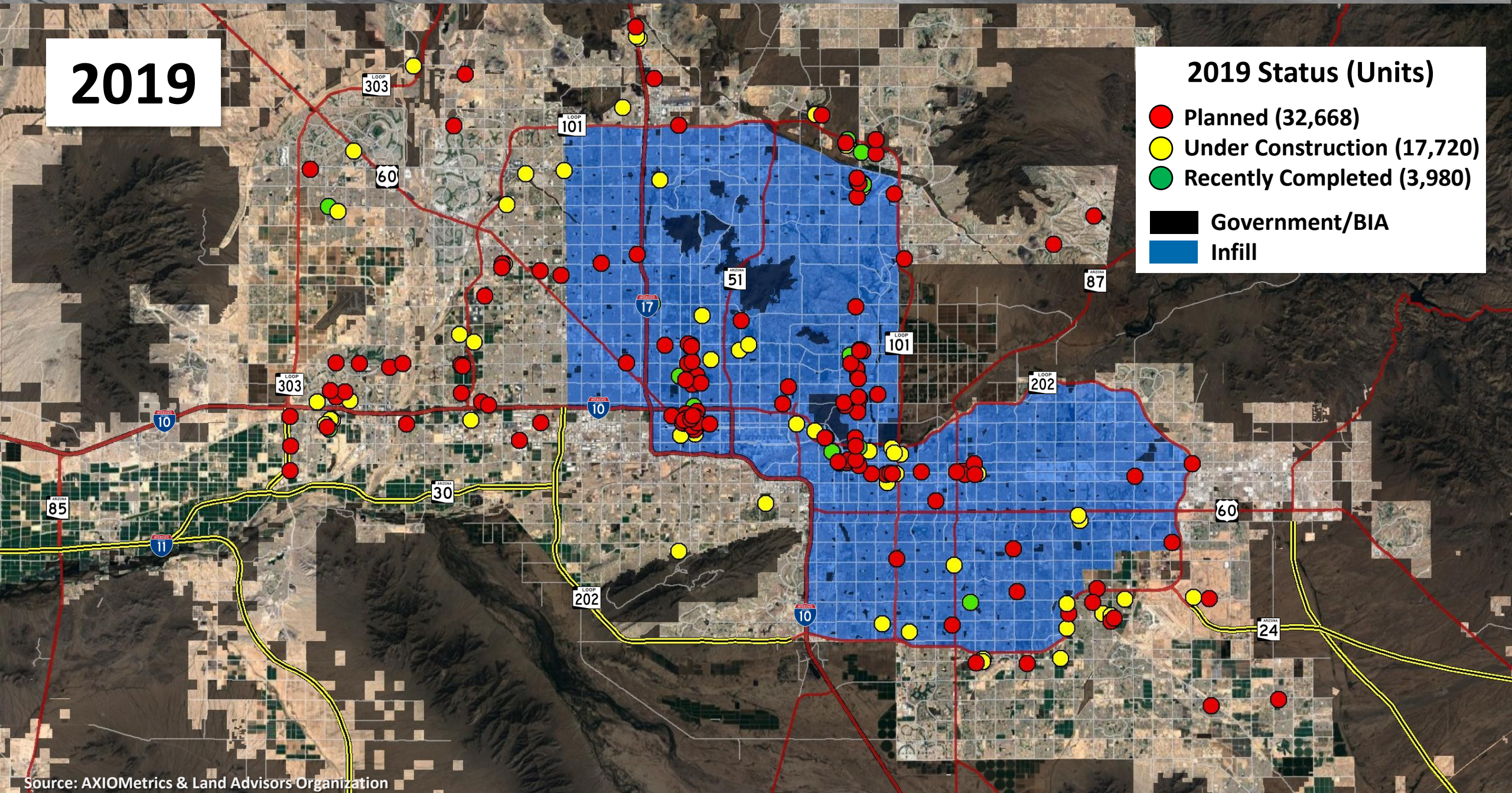
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Apartment Construction

2019

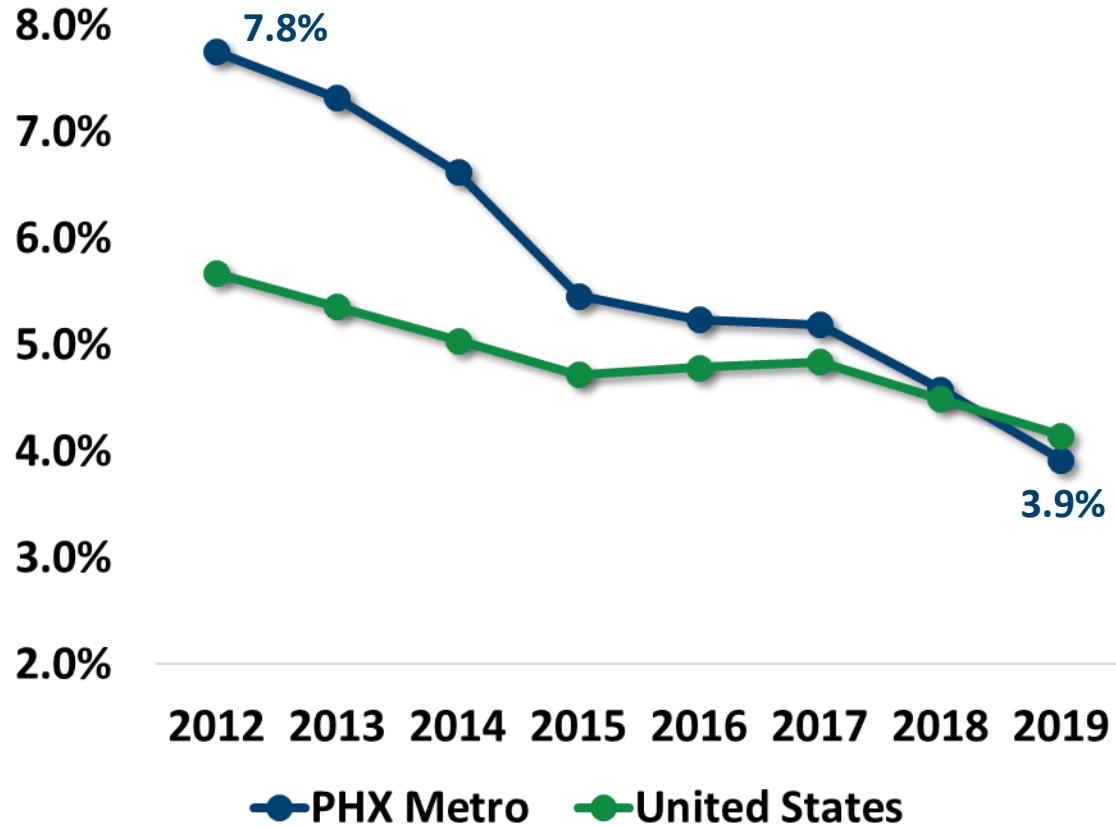
2019 Status (Units)

- Planned (32,668)
- Under Construction (17,720)
- Recently Completed (3,980)
- Government/BIA
- Infill

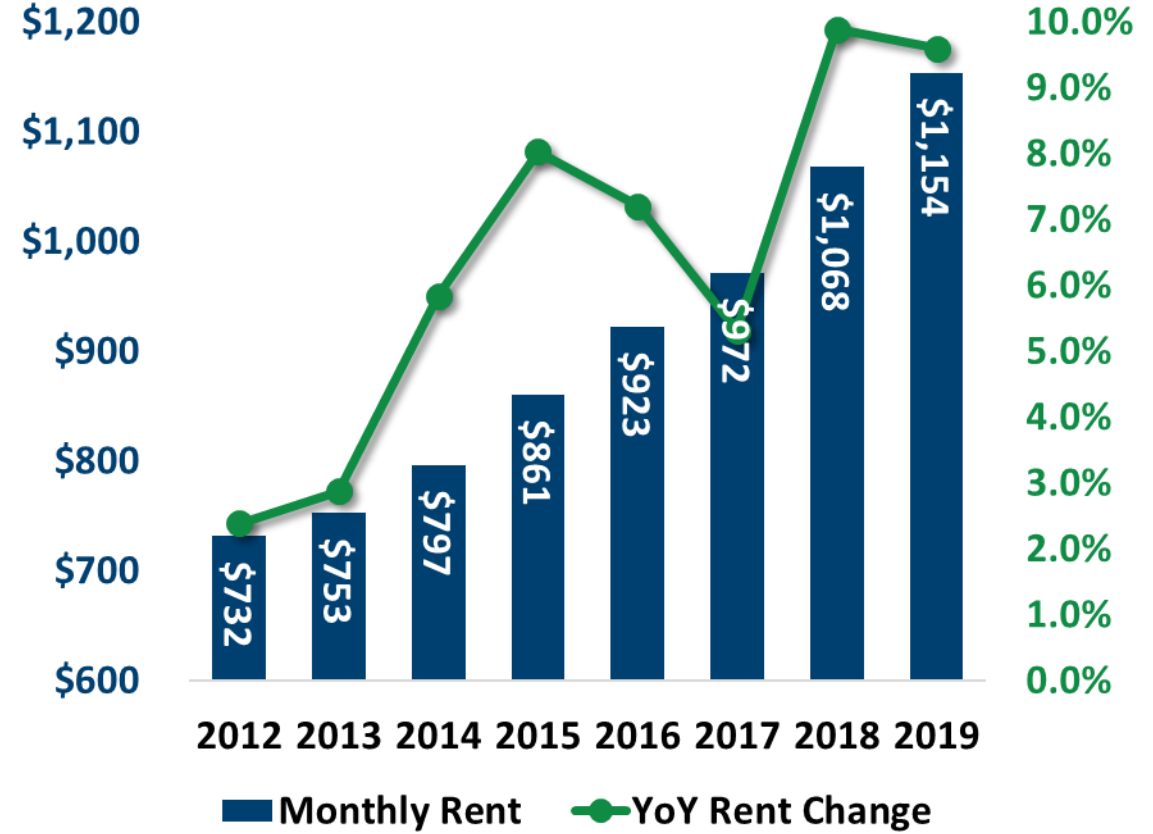


Multifamily Trends

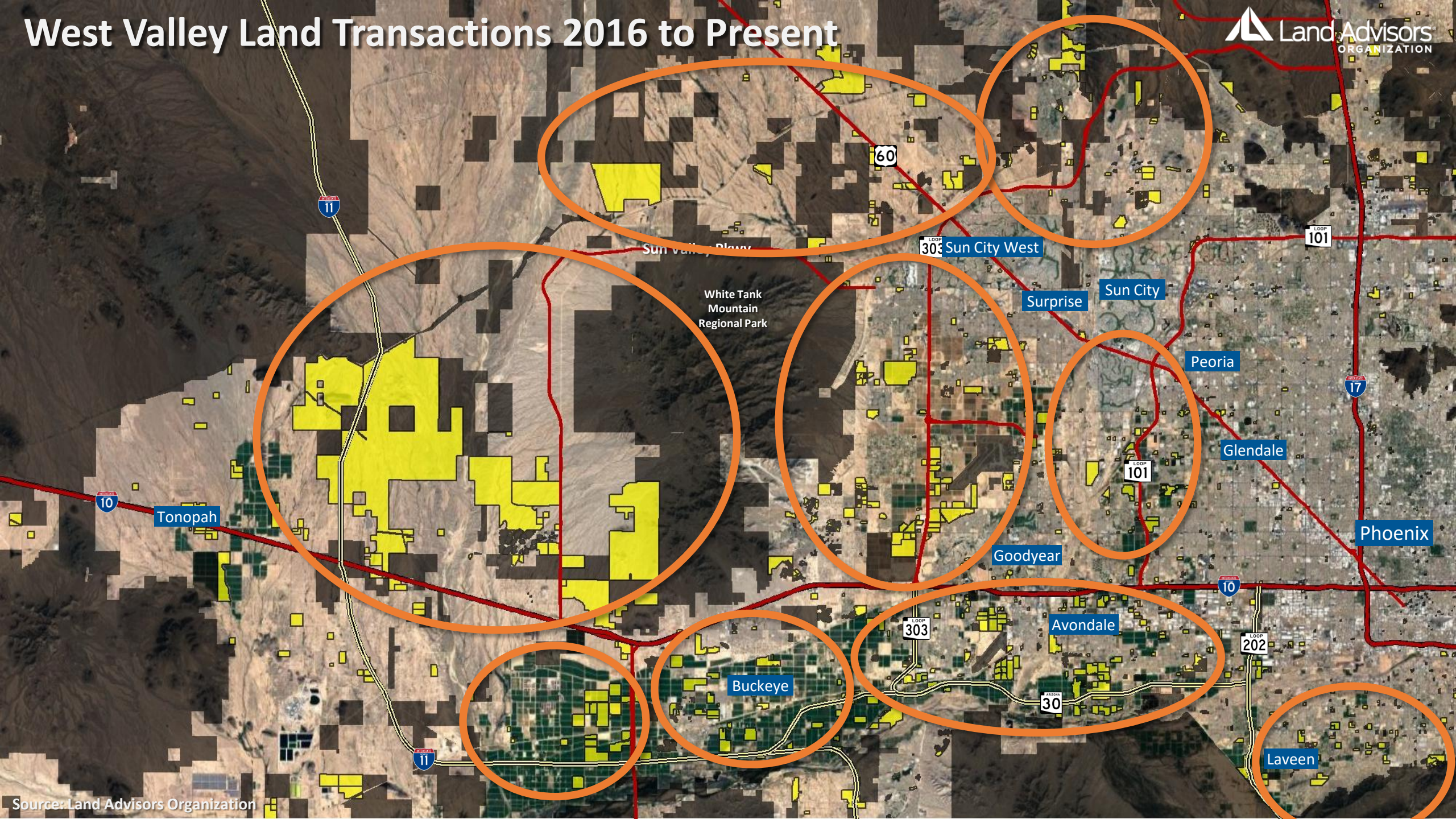
Phx vs. US Vacancy Rates



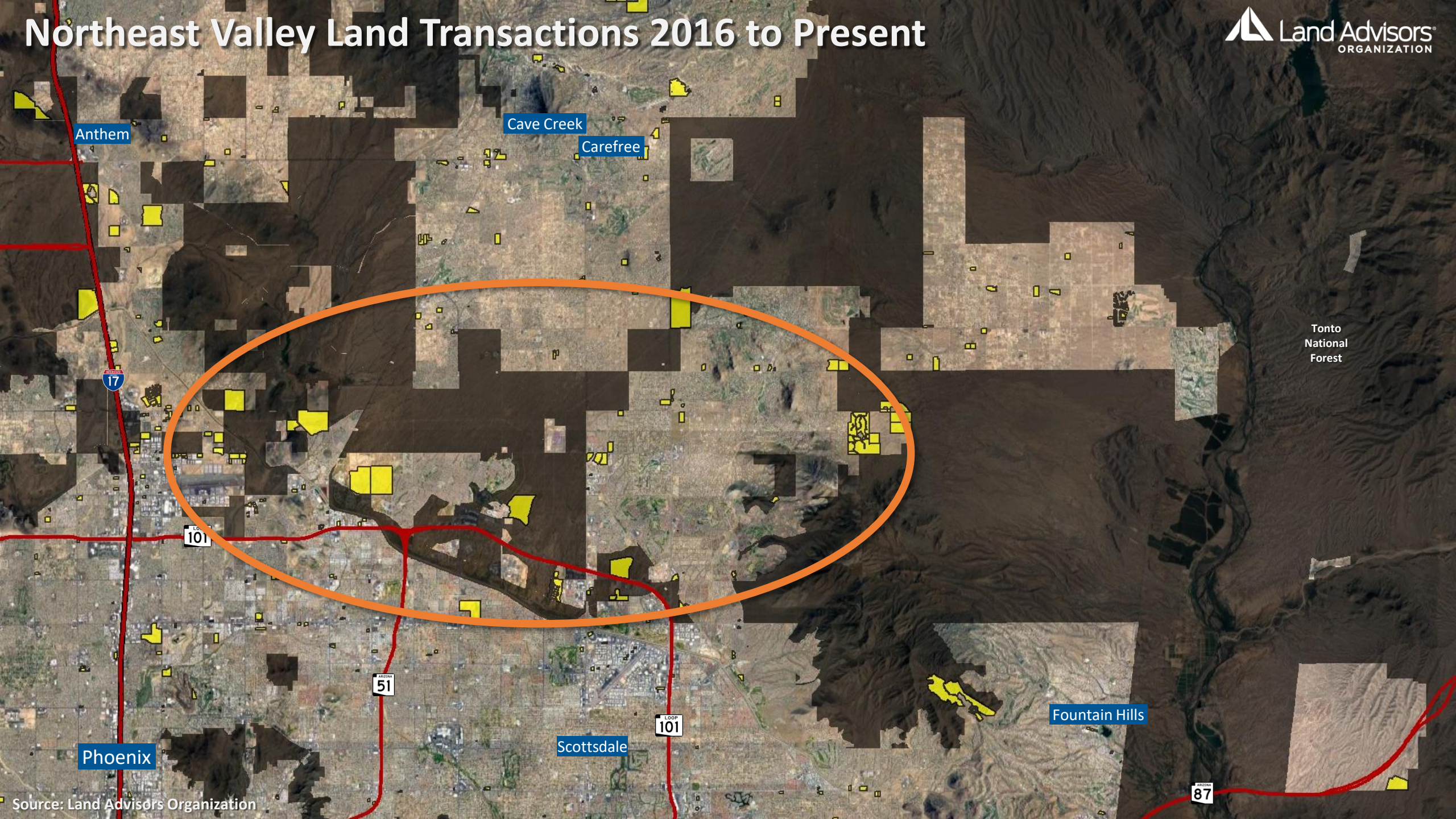
Phx Monthly Rent & YoY Change



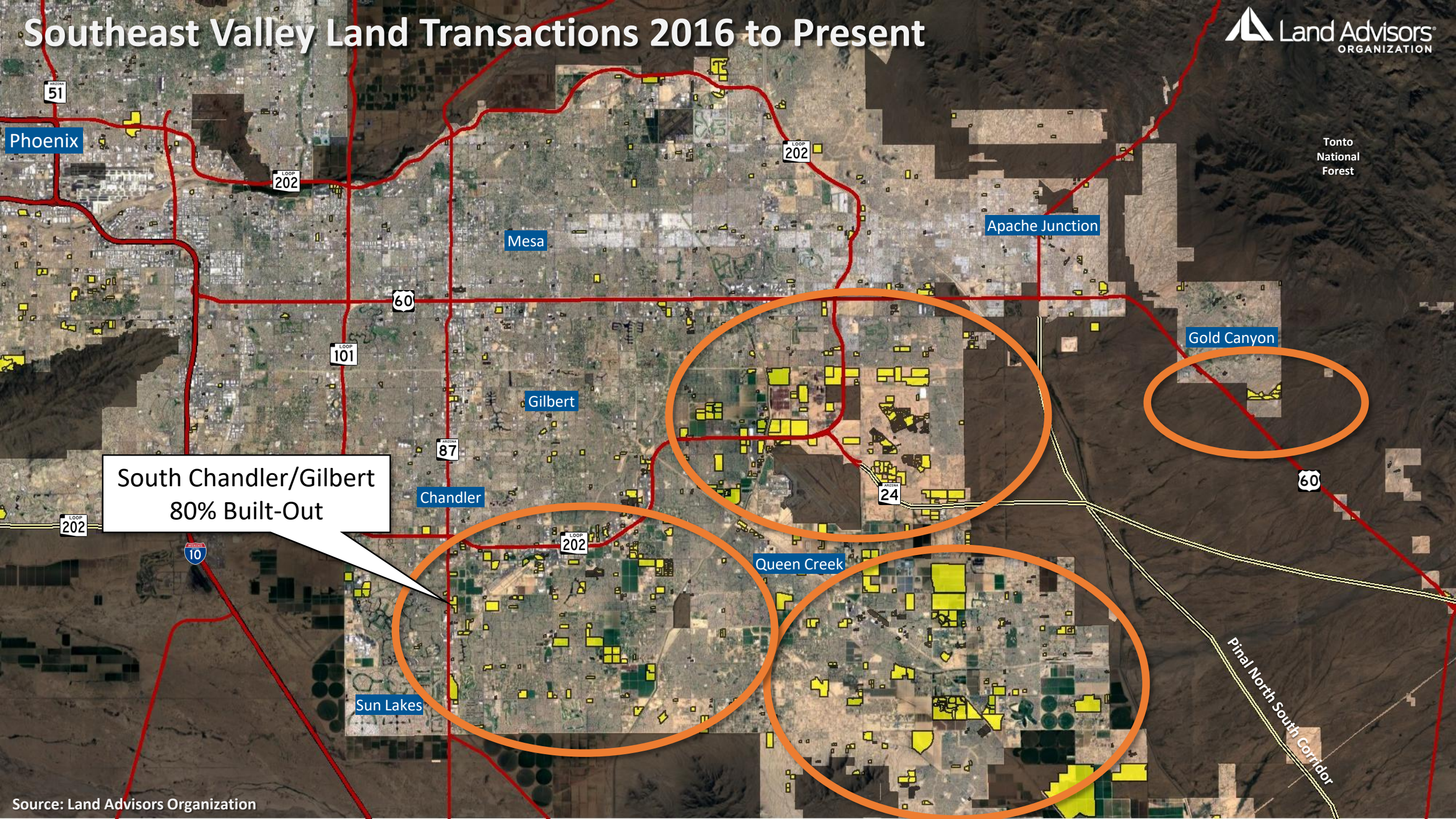
West Valley Land Transactions 2016 to Present



Northeast Valley Land Transactions 2016 to Present

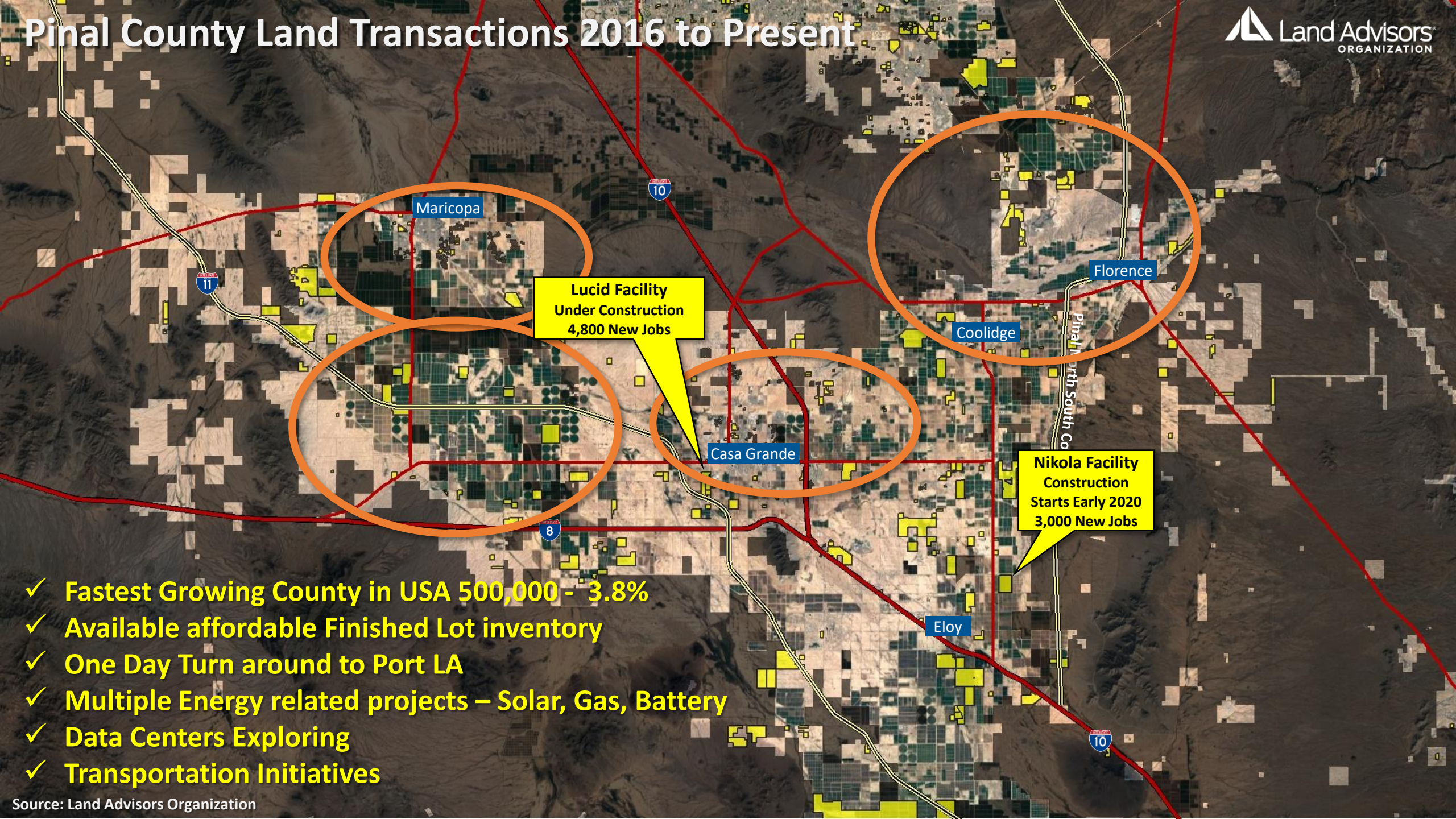


Southeast Valley Land Transactions 2016 to Present



South Chandler/Gilbert
80% Built-Out

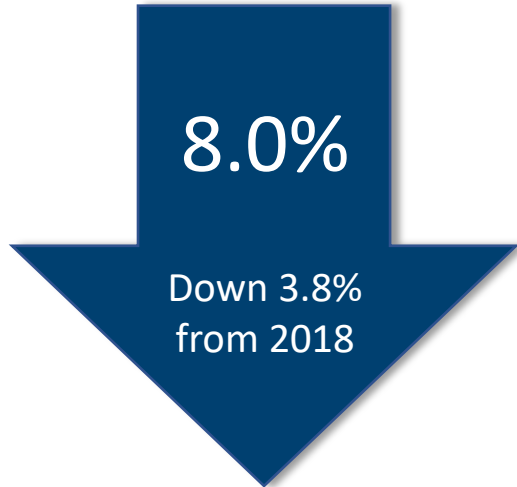
Pinal County Land Transactions 2016 to Present



- ✓ Fastest Growing County in USA 500,000 - 3.8%
- ✓ Available affordable Finished Lot inventory
- ✓ One Day Turn around to Port LA
- ✓ Multiple Energy related projects – Solar, Gas, Battery
- ✓ Data Centers Exploring
- ✓ Transportation Initiatives

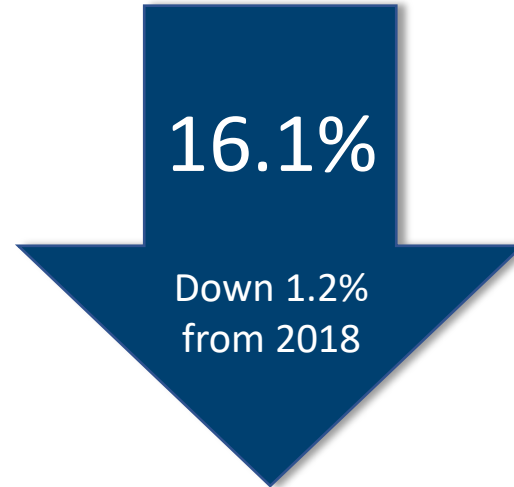
Commercial Real Estate

Retail Vacancy



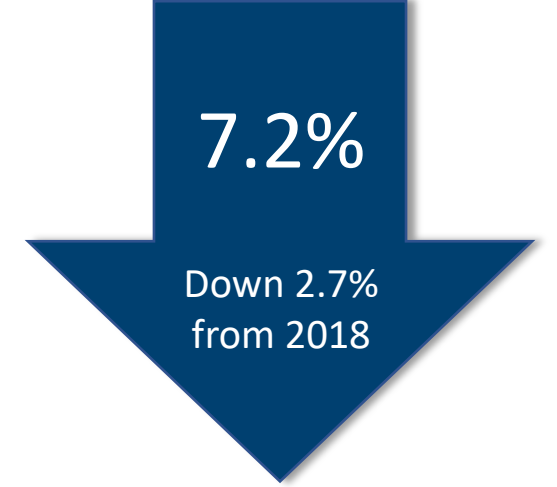
Rentable Area: 159.3M Sq ft
3Q Net Absorption: 147.5K Sq ft
Under Construction: 883.4K Sq ft

Office Vacancy



Rentable Area: 103.0M Sq ft
12 Mo Net Absorption: 2.344M Sq ft
Under Construction: 1.827M Sq ft

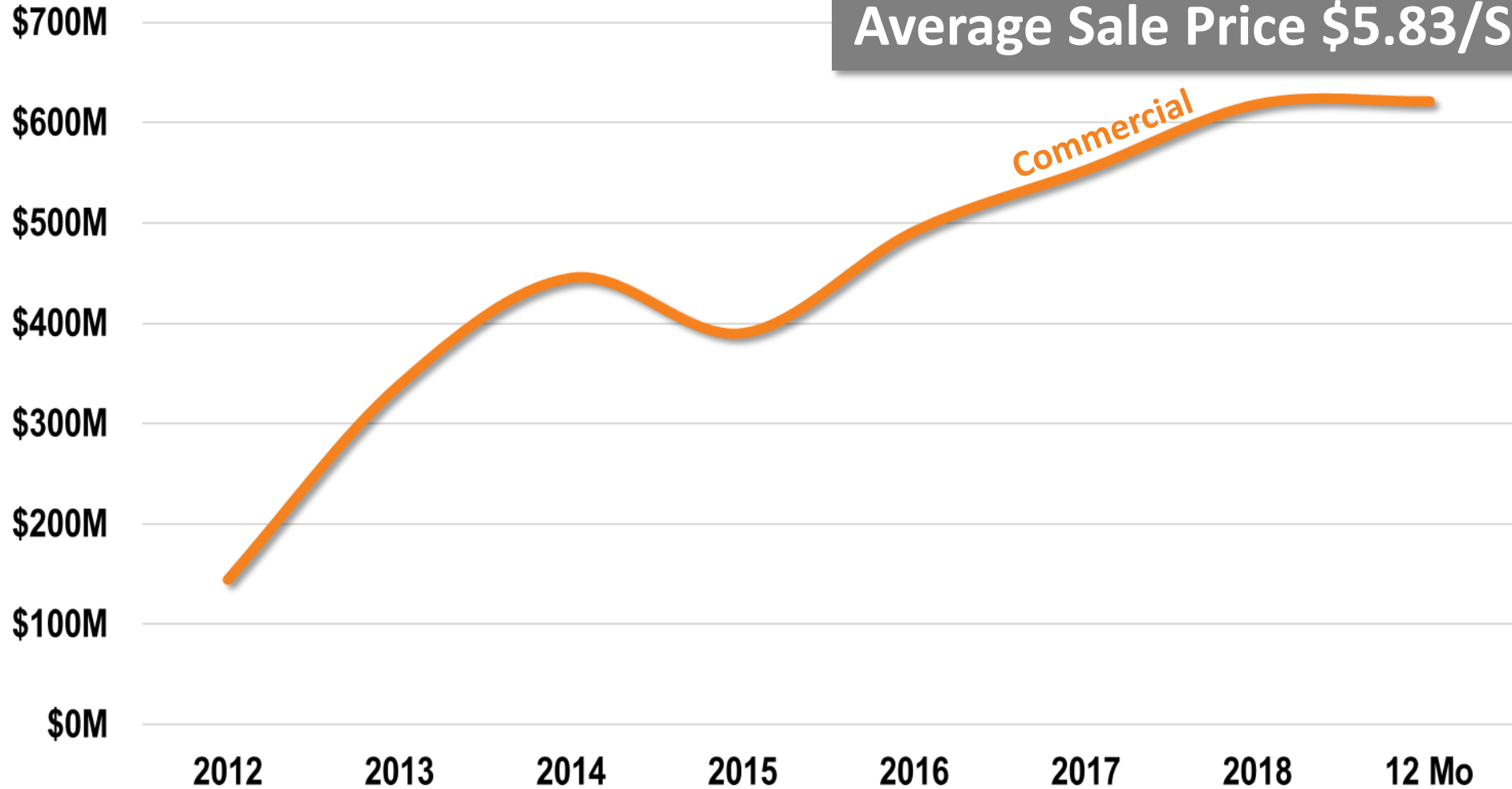
Industrial Vacancy



Rentable Area: 316.4M Sq ft
12 Mo Net Absorption: 6.645M Sq ft
Under Construction: 9.694M Sq ft

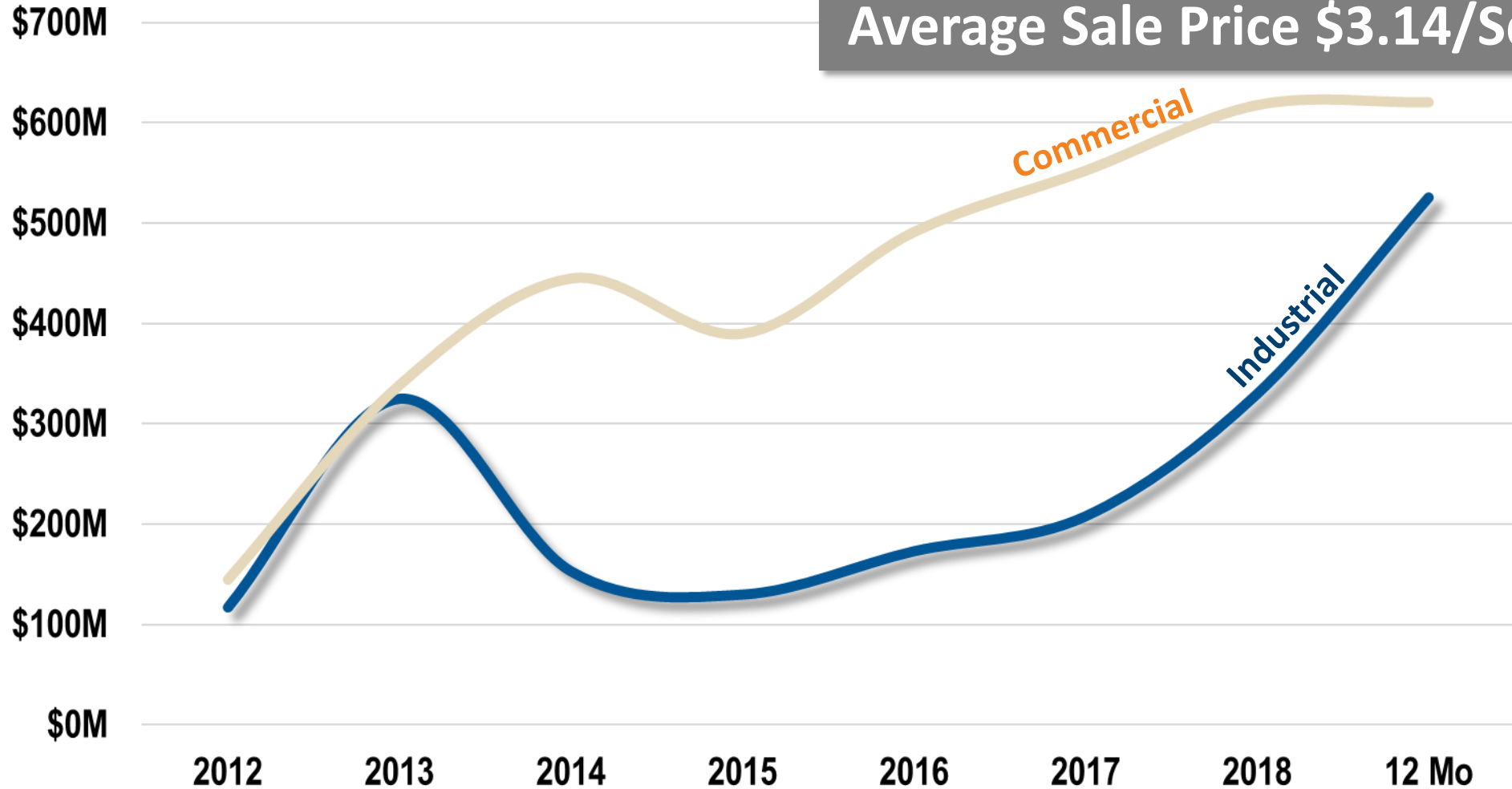
Sales Volume by Land Type

Commercial Land
20% of Total Transactions
Average Sale Price \$5.83/Sq Ft



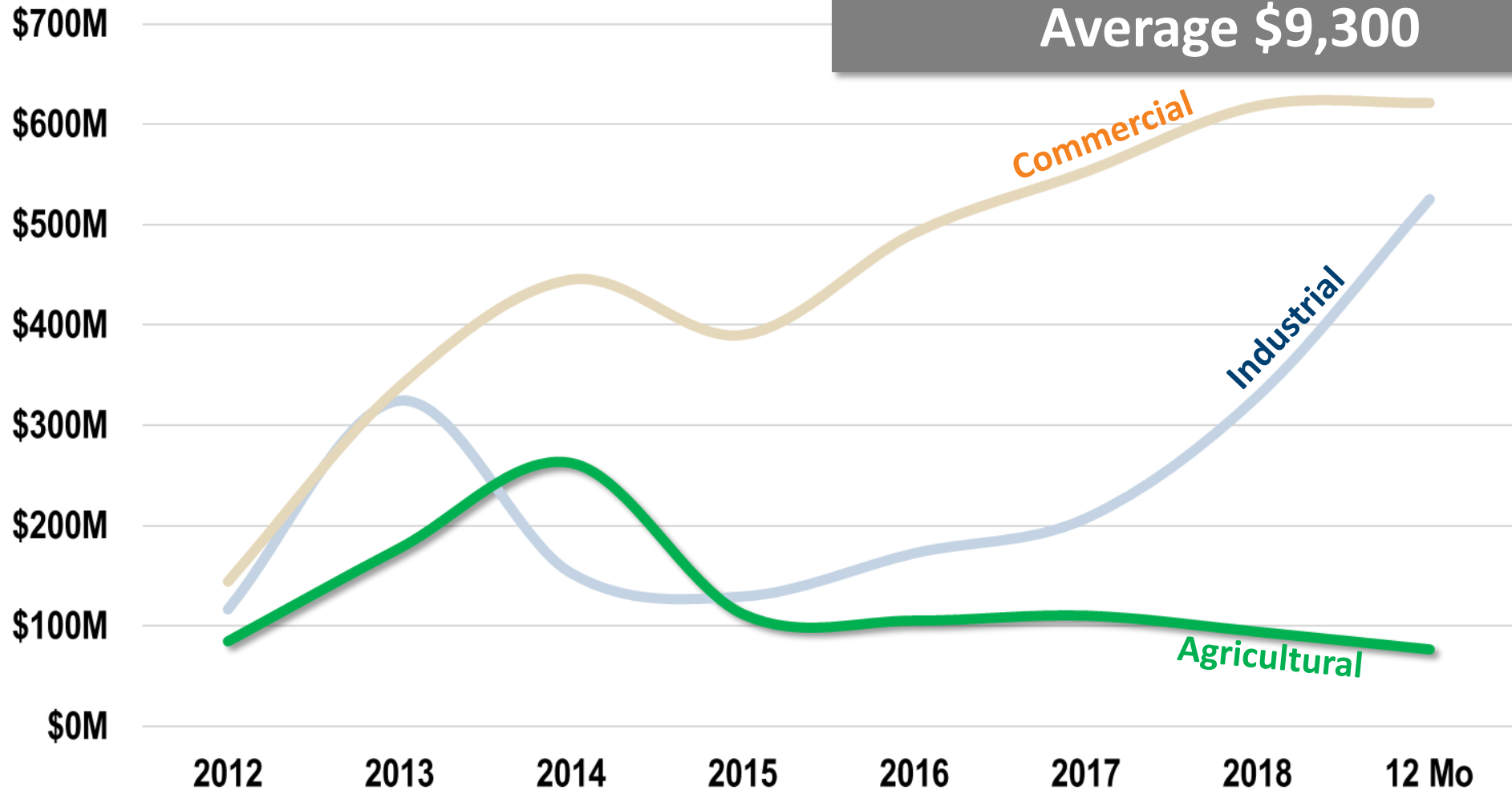
Sales Volume by Land Type

Industrial Land
17% of Total Transactions
Average Sale Price \$3.14/Sq Ft



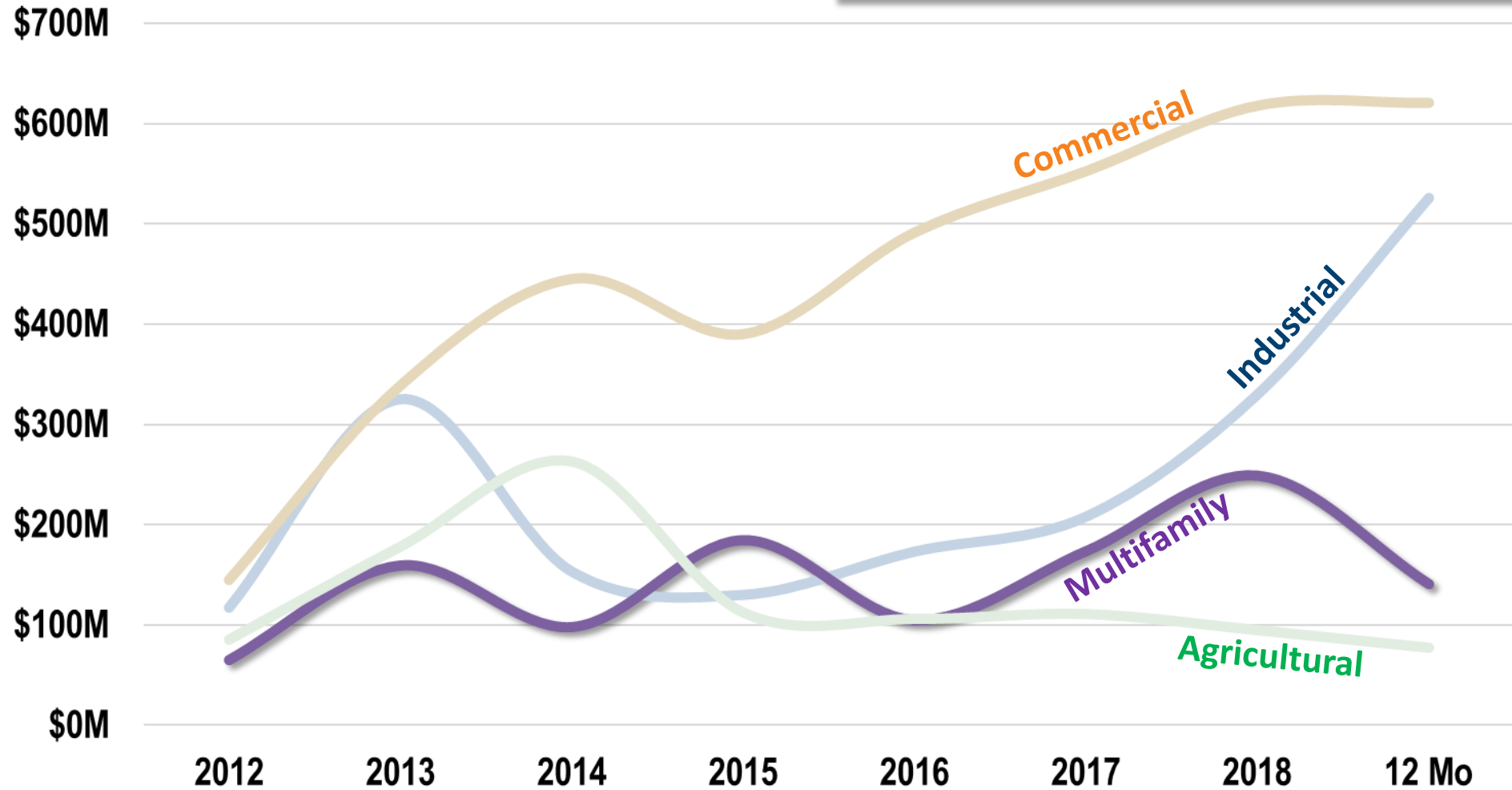
Sales Volume by Land Type

Agricultural Land
2.5% of Total Transactions
Average \$9,300



Sales Volume by Land Type

Multifamily Land
4.5% of Total Transactions

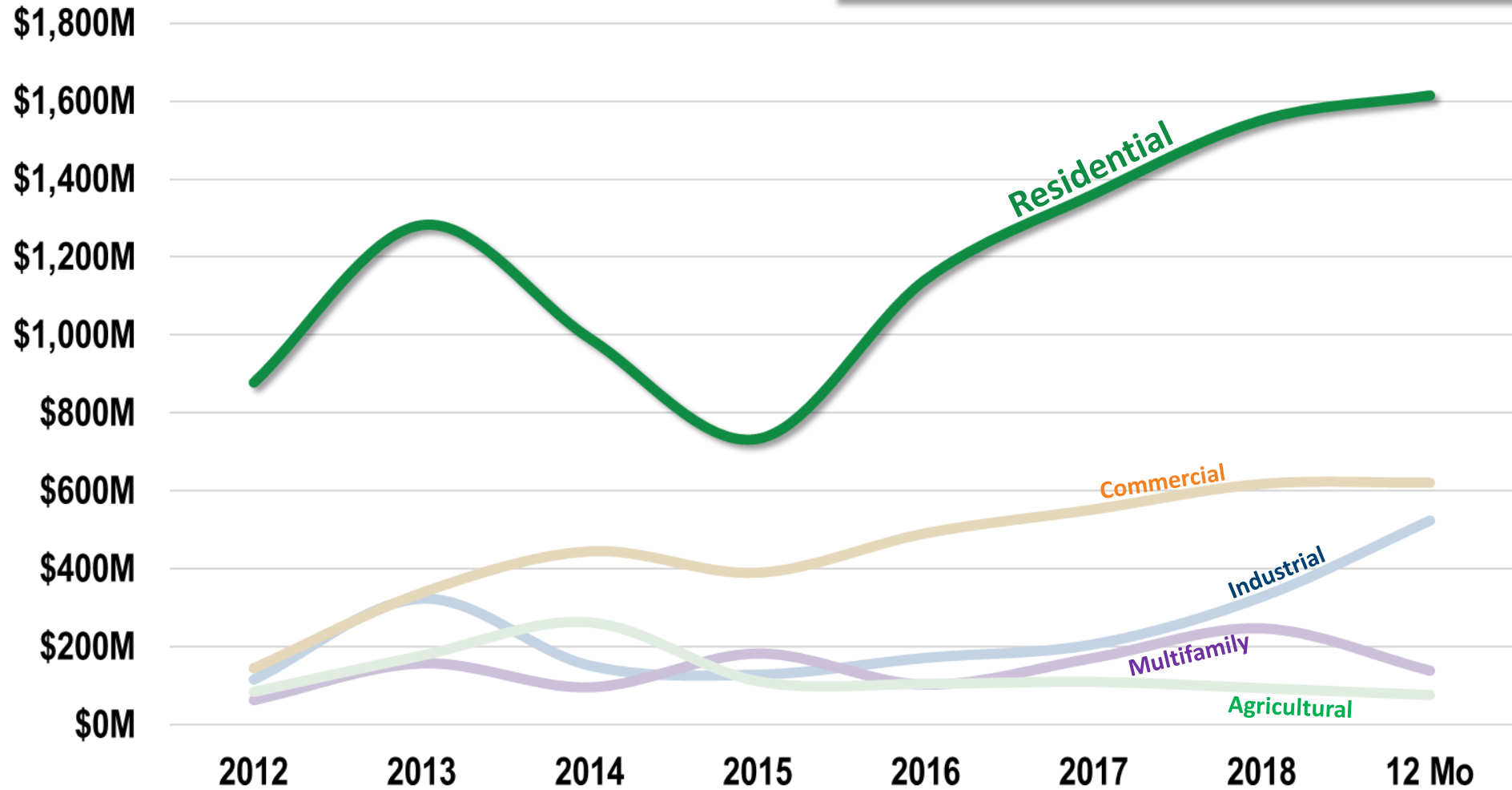


Source: Land Advisors Organization

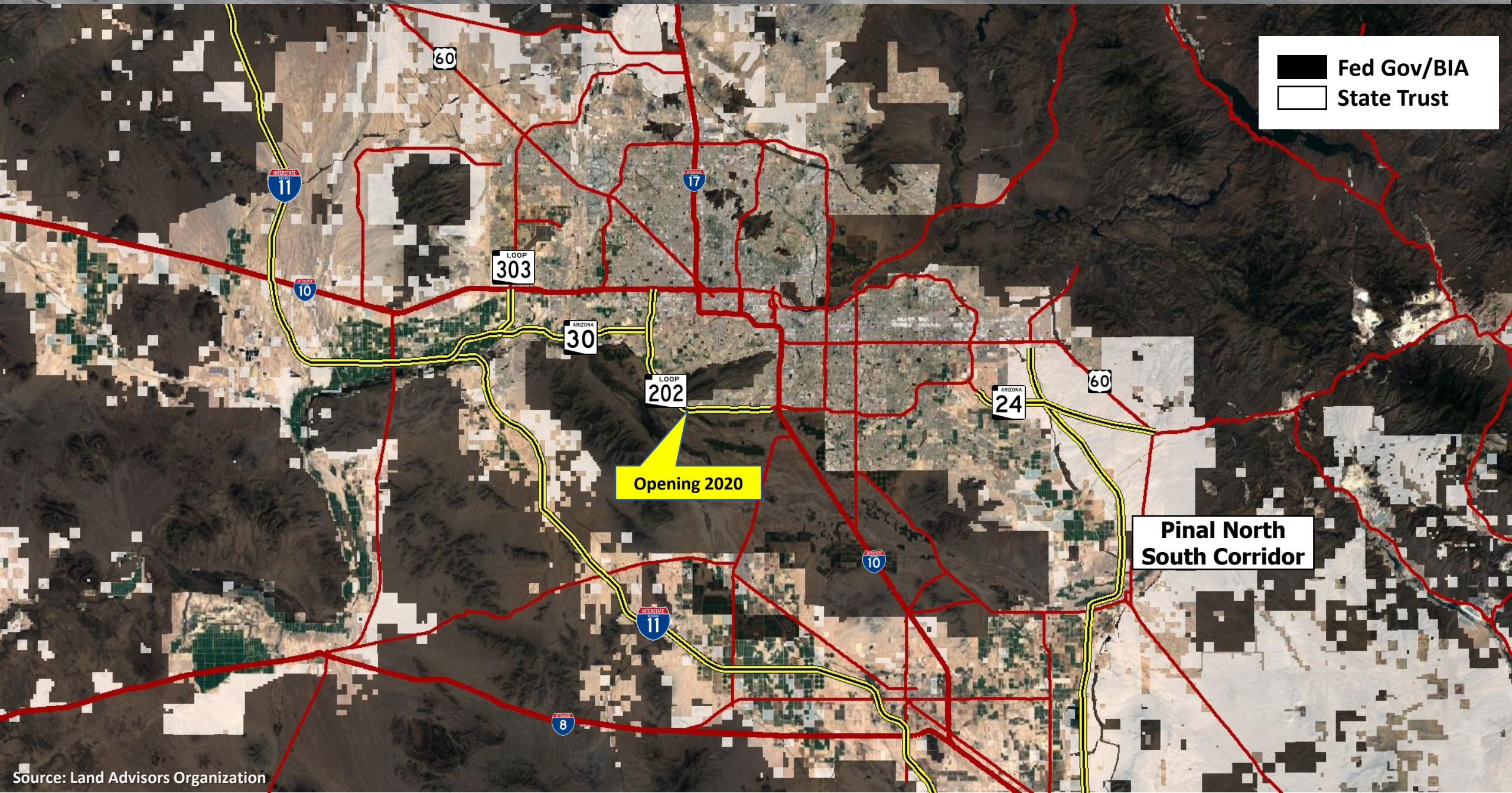
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Sales Volume by Land Type

Residential Land
51% of Total Transactions



Proposed Freeways

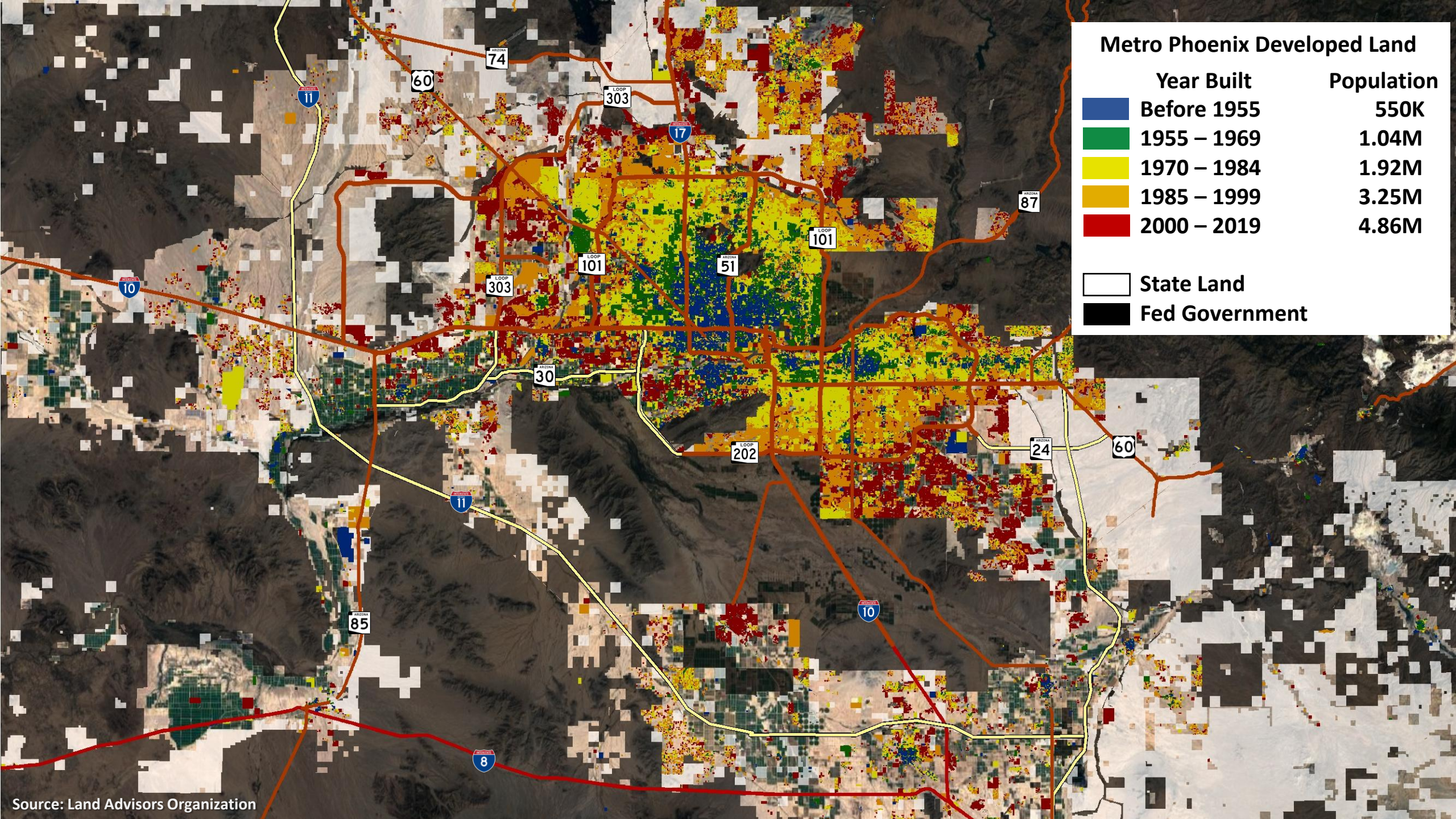


Legend:

- Black square: Fed Gov/BIA
- White square: State Trust

Opening 2020

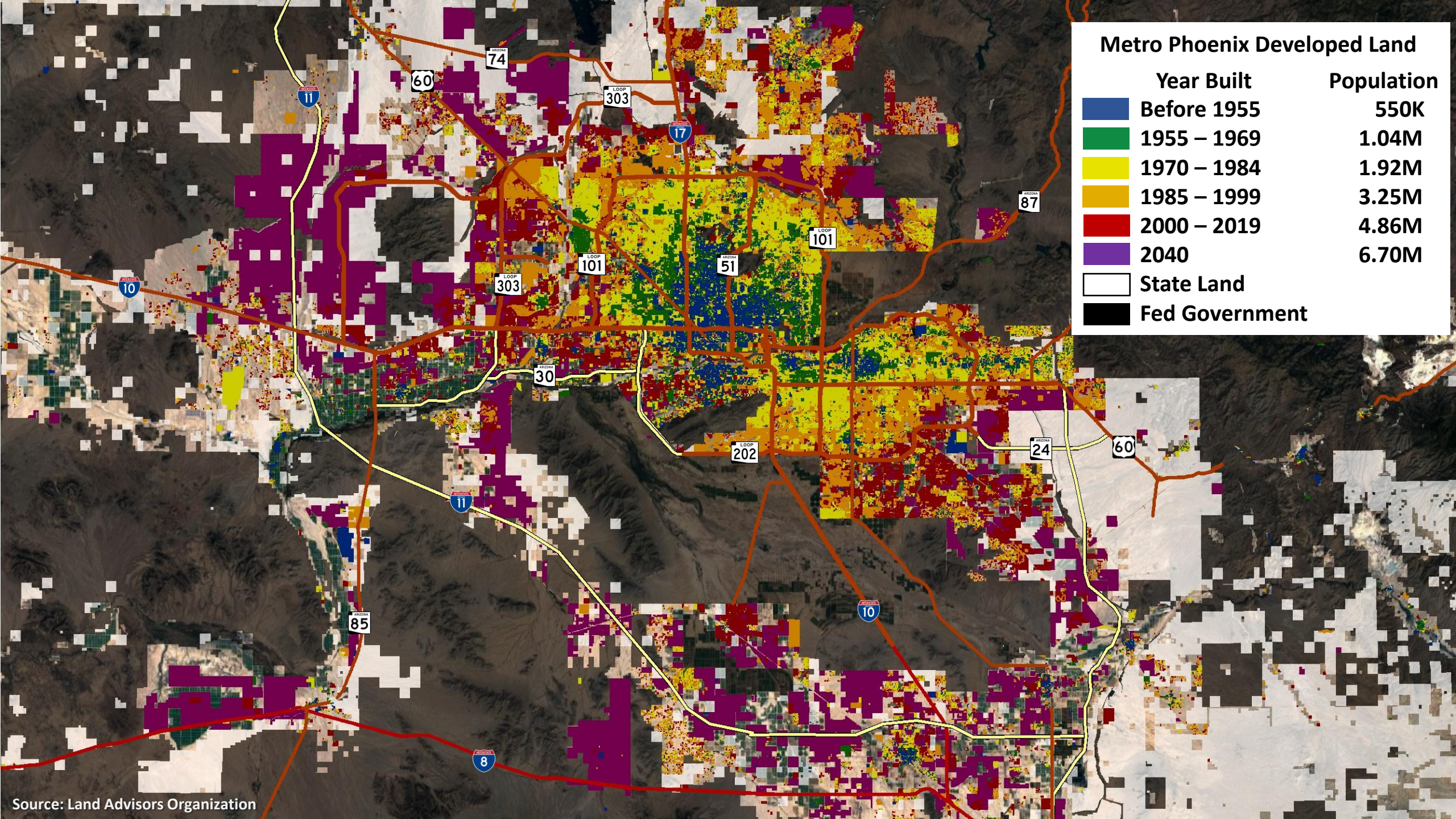
Pinal North
South Corridor



Metro Phoenix Developed Land

Year Built	Population
Before 1955	550K
1955 – 1969	1.04M
1970 – 1984	1.92M
1985 – 1999	3.25M
2000 – 2019	4.86M

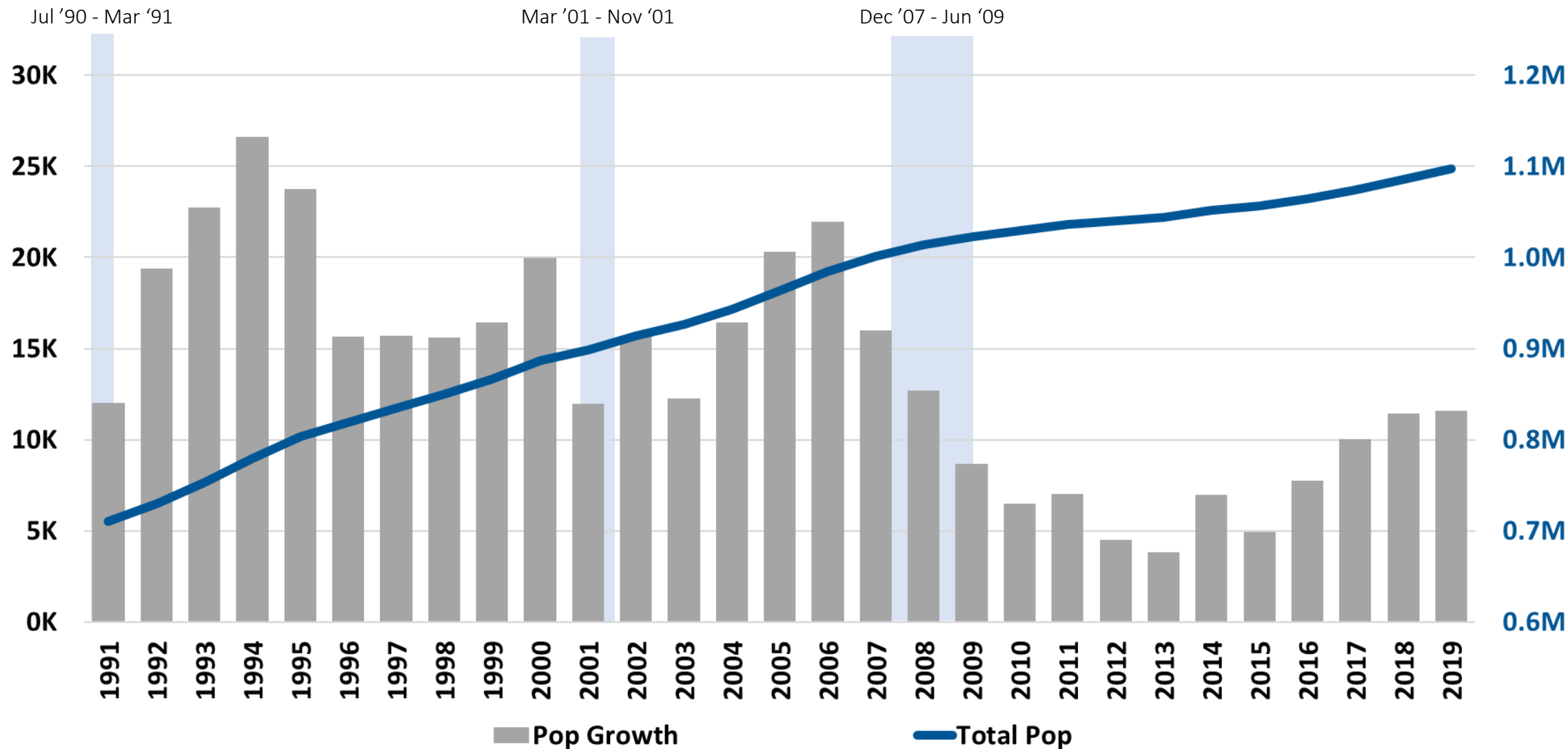
White outline	State Land
Black outline	Fed Government



Metro Phoenix Developed Land	
Year Built	Population
Before 1955	550K
1955 – 1969	1.04M
1970 – 1984	1.92M
1985 – 1999	3.25M
2000 – 2019	4.86M
2040	6.70M
State Land	
Fed Government	

Tucson Annual Population Change & Total Population

Yearly Increase in Population

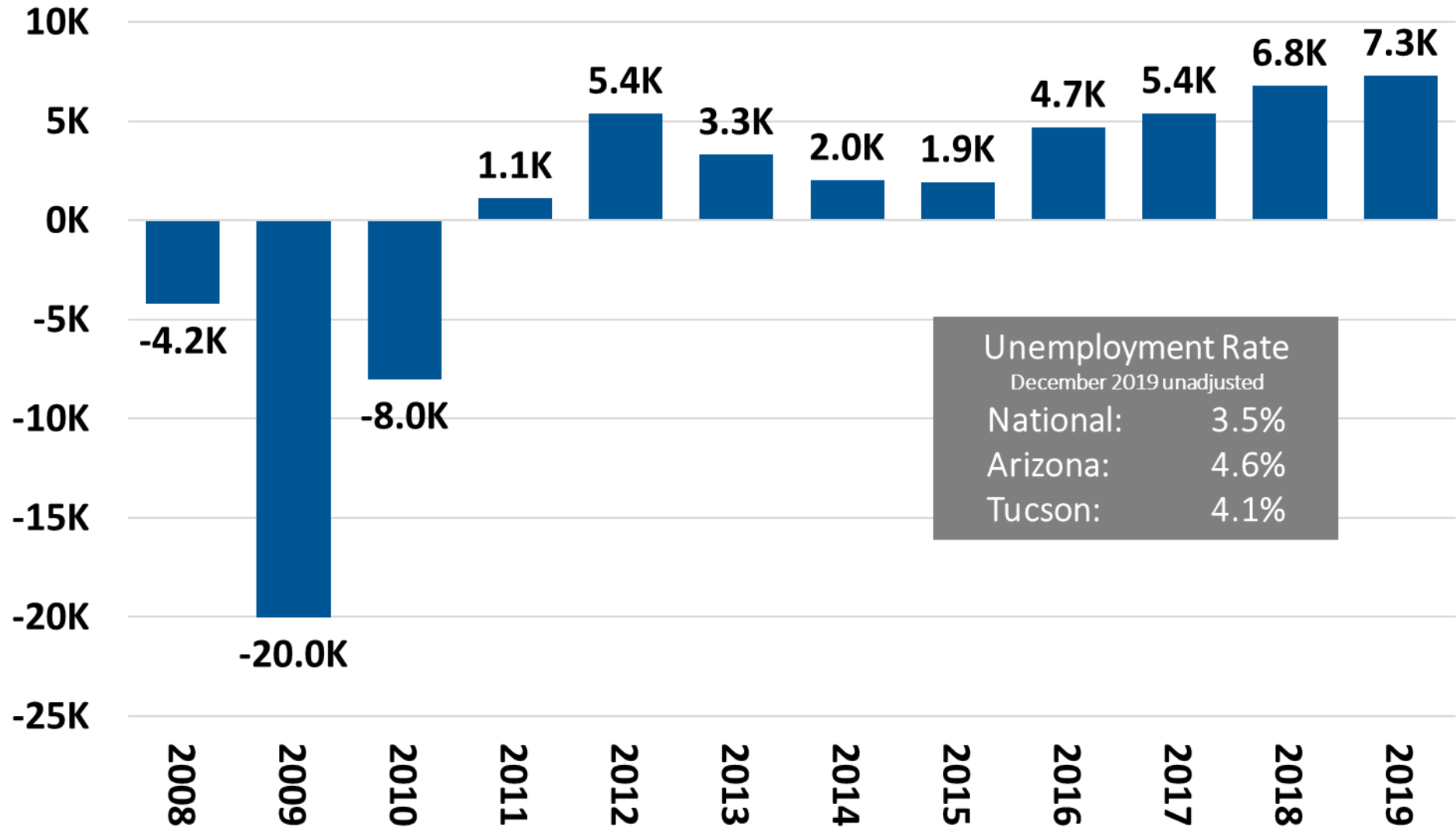


Source: US Census Bureau

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Tucson Employment Change

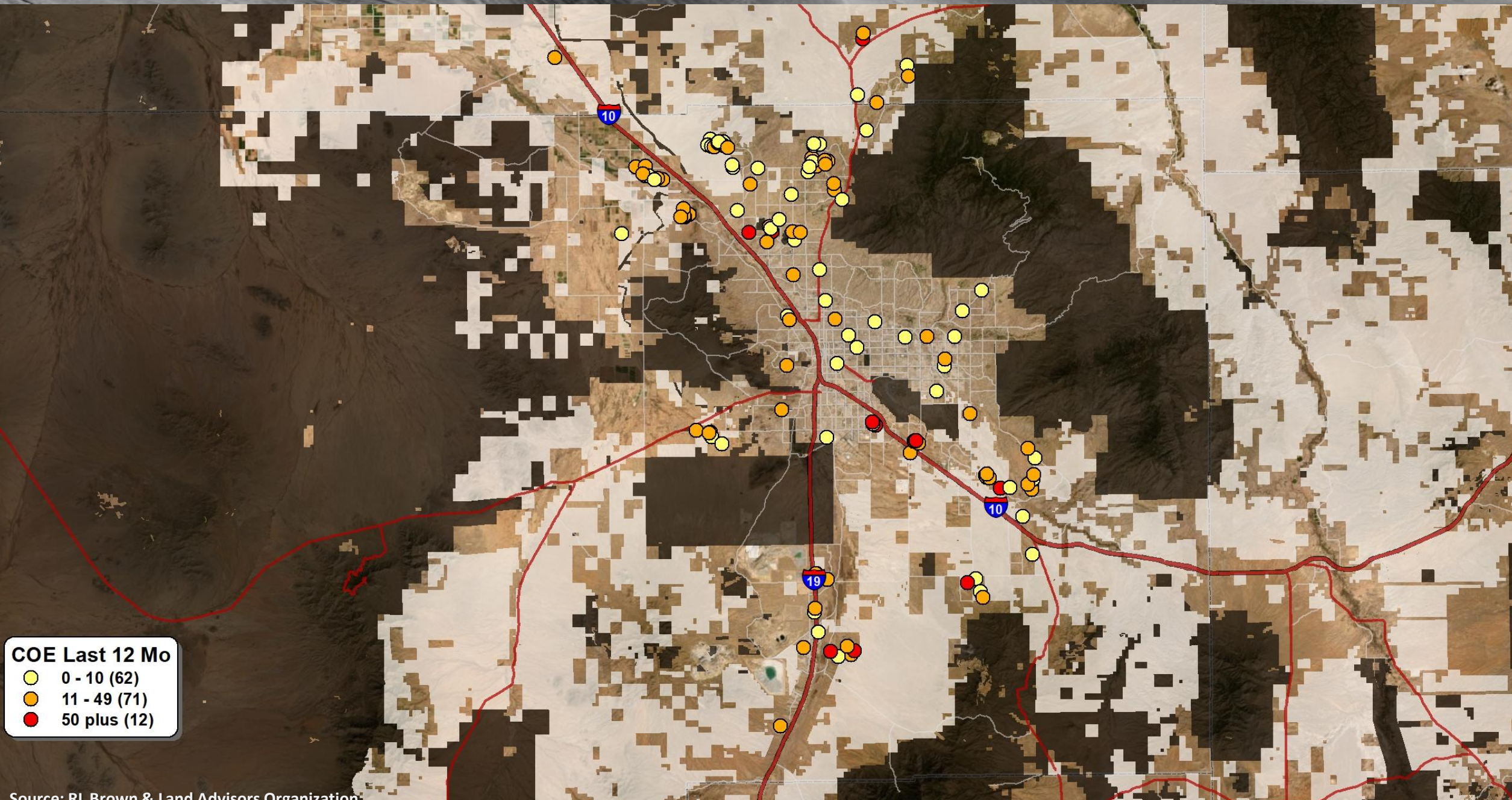
Seasonally Adjusted Jobs Added or Lost Annually



Source: Bureau of Labor Statistics

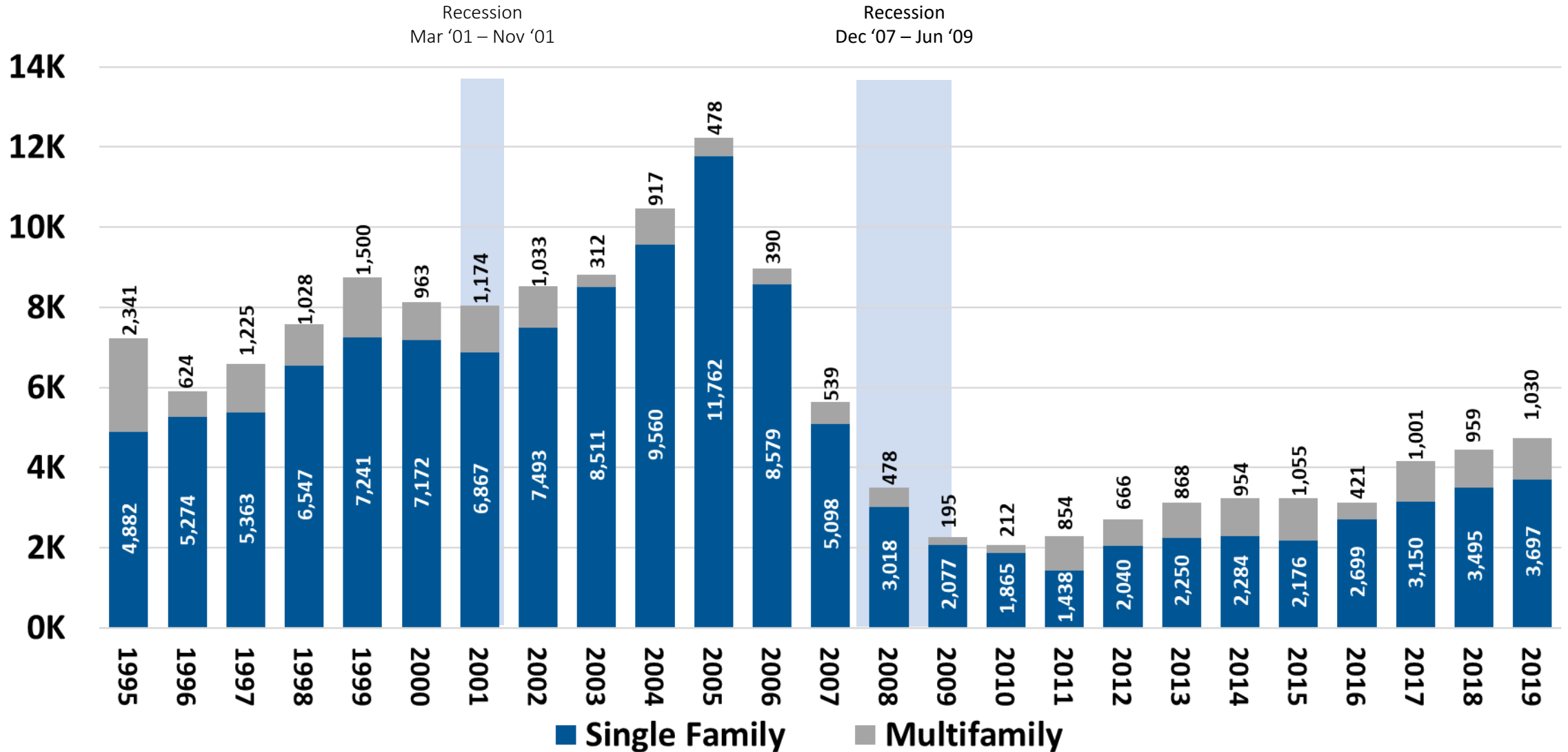
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Tucson Active Subdivisions & Sales Velocity



Tucson Total Permits

Single Family and Multi-Family

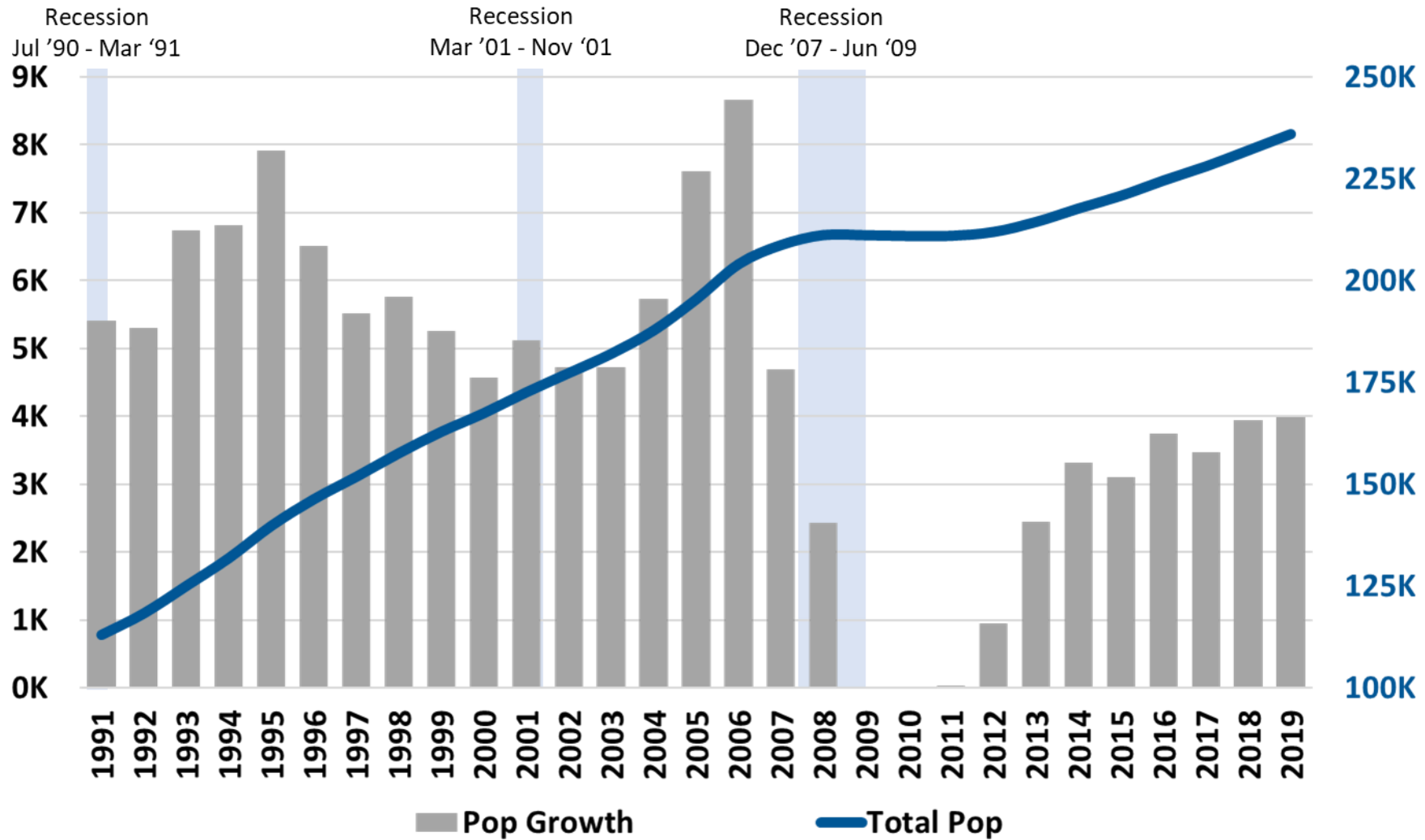


Source: Bright Future Real Estate Research, US Census Bureau

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Prescott Annual Population Change & Total Population

Yearly Increase in Population

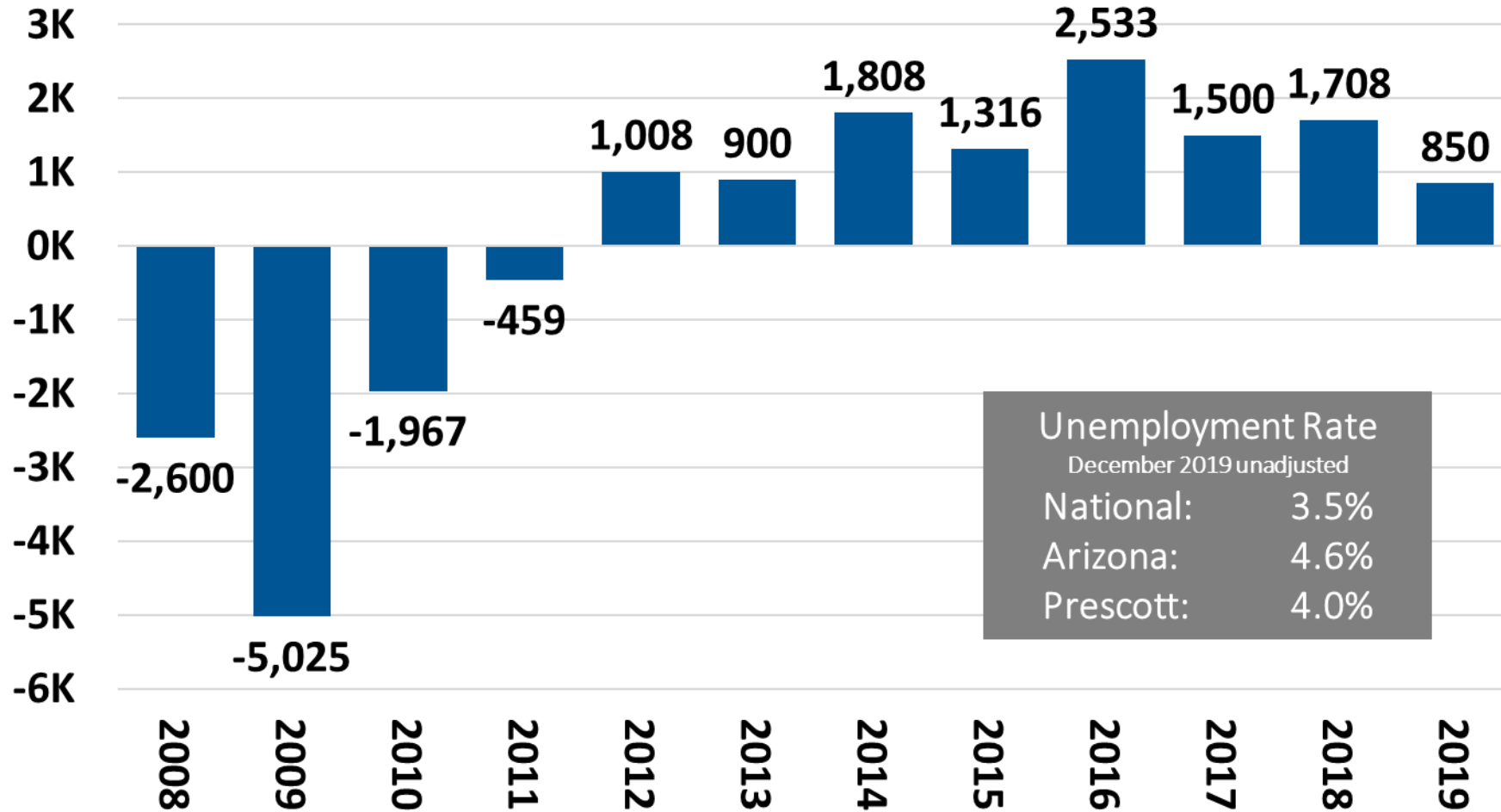


Source: US Census Bureau

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Prescott Employment Change

Seasonally Adjusted Jobs Added or Lost Annually

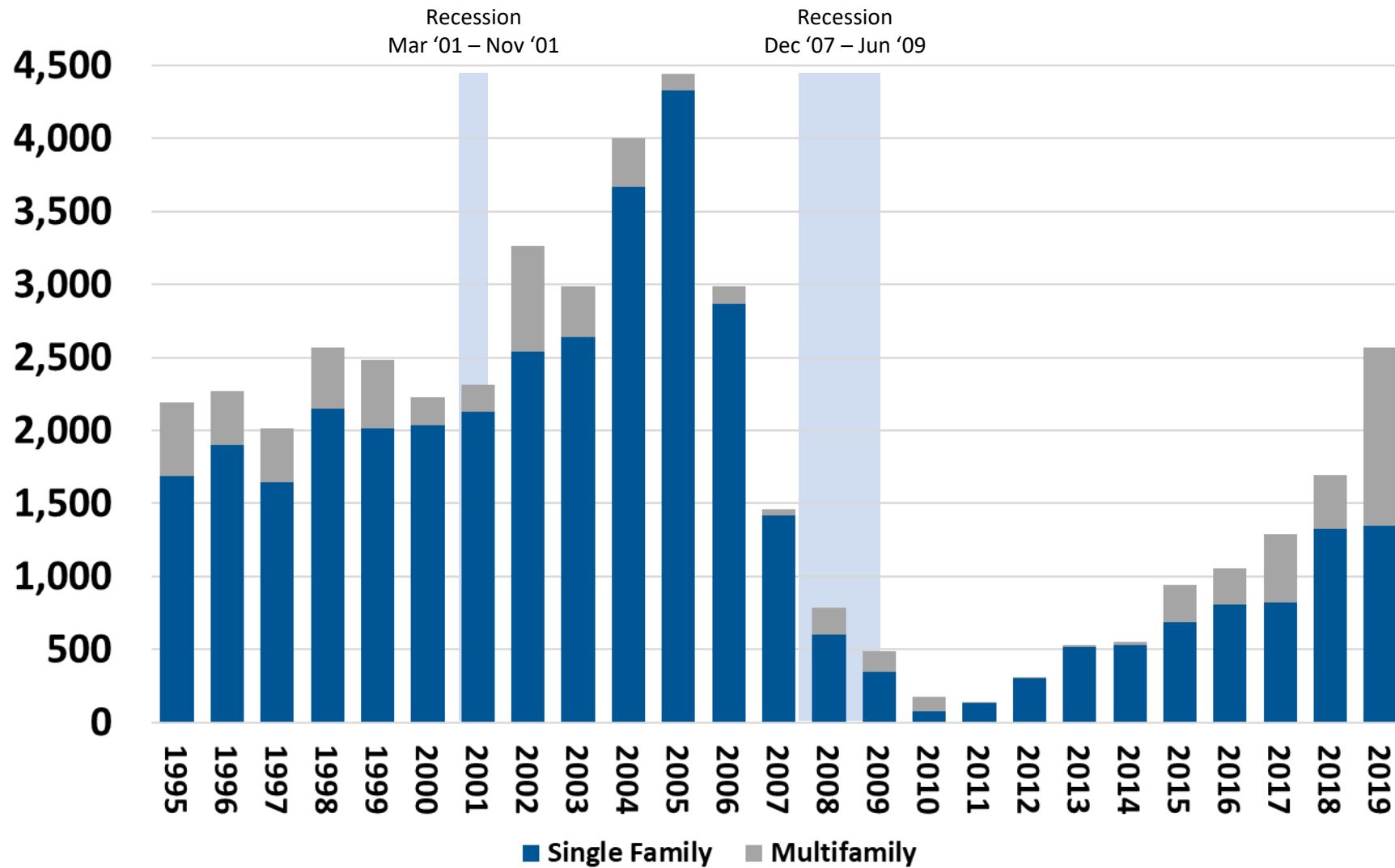


Source: Bureau of Labor Statistics

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Prescott Total Permits

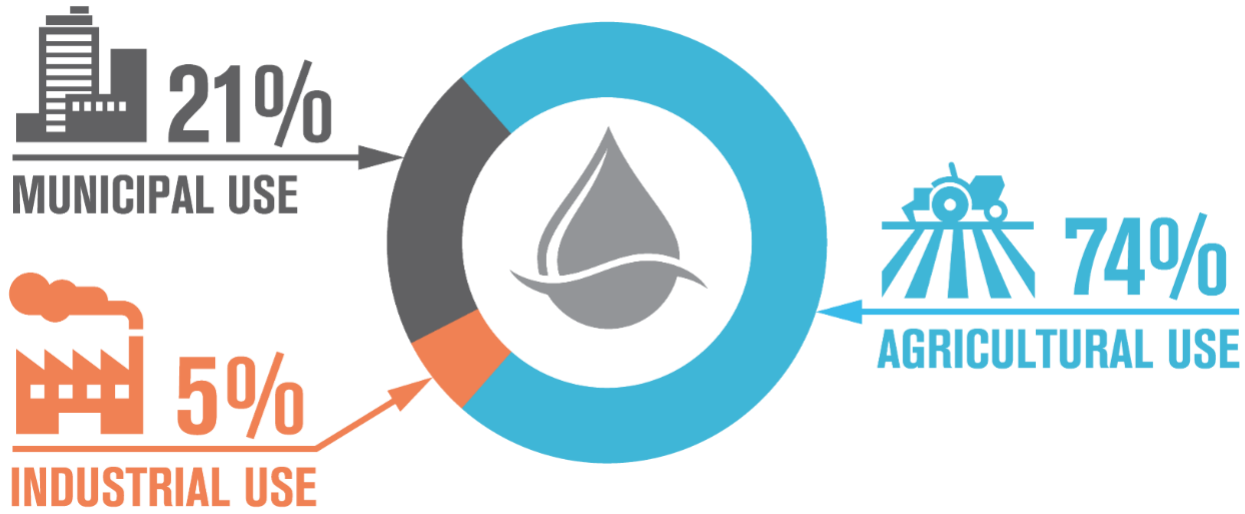
Single Family and Multi-Family



Source: US Census Bureau, Land Advisors Organization

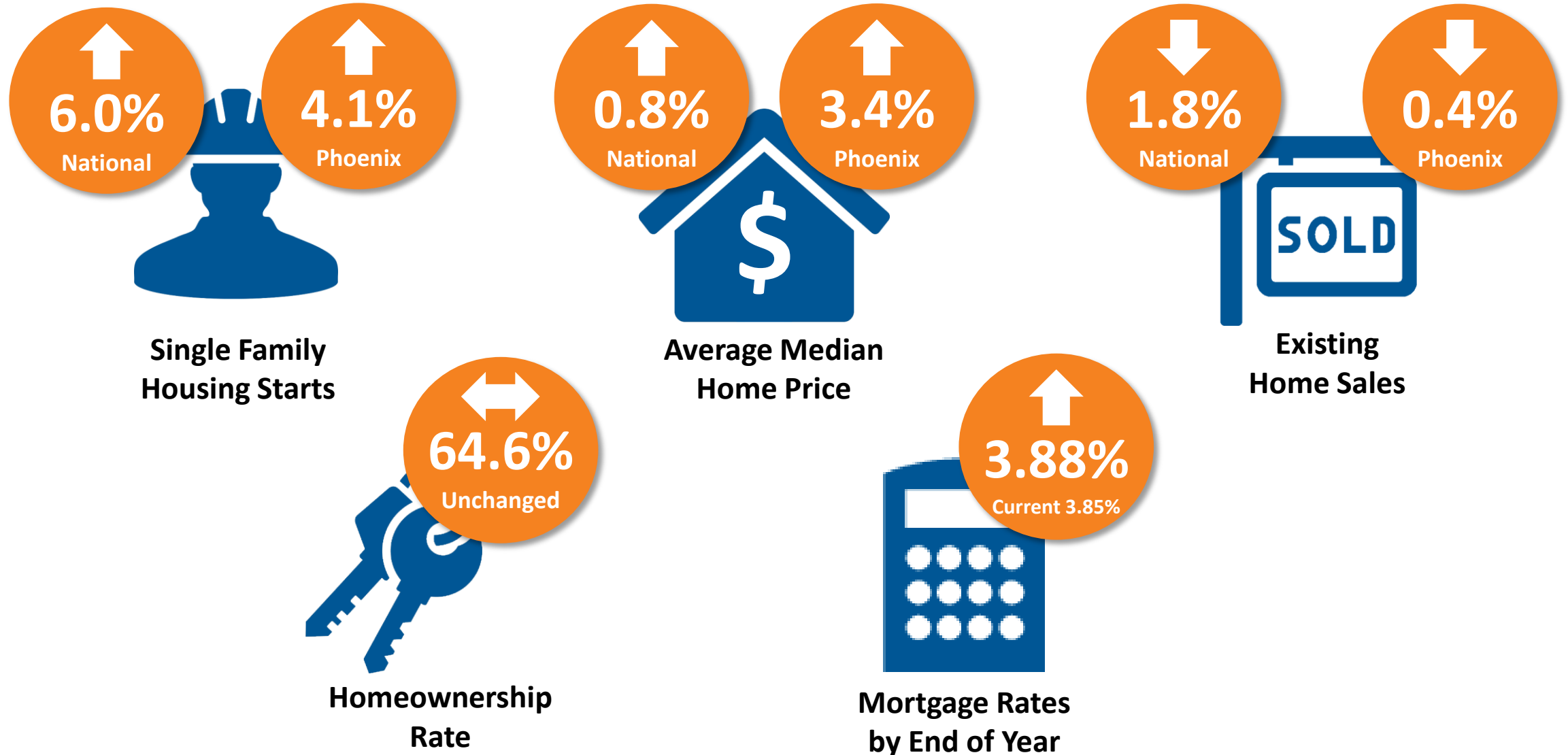
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Water



SOURCE: ADWR, 2018

2020 Housing Forecast



Conclusions

- ✓ **Metro Phoenix will remain top tier Housing, Population and Job Growth Market 2020 – 2025**
- ✓ **Higher Costs and continued conservative lending will reduce risks of overbuilding.**
- ✓ **All sectors of commercial and residential development remain in favor for continued demand with occupancy and increasing rents.**
- ✓ **We remain a magnet! Phoenix & AZ Has Risen!**