Phoenix Housing Market Forecast: Dynamic Growth, but Is There Enough Water?

U.S. News Housing Market Index predicts spring rebound in single-family and multifamily building permits to meet continued demand

PHOENIX, ARIZ., UNITED STATES, March 28, 2023 /EINPresswire.com/ -- A new [housing market forecast]() for the Phoenix area published by U.S. News & World Report and produced by contributor [MetroIntelligence]() concludes that despite dwindling fresh water supplies and a growing homeless problem, the future for this economically dynamic city remains bright.

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>
> *Patrick S. Duffy, Real Estate Economist*

The forecast for building permits is populated through June 2023 using the U.S. News Housing Market Index, an interactive data set acquired last year from EnergyLogic. Currently in beta testing, the index aggregates a large variety of public and private data points categorized by their impacts on housing demand, supply and financing.

The forecast calls for the Valley of the Sun to maintain average multifamily permit levels at about 1,550 per month, while permits for single-family homes are predicted to rebound to an average of 2,000 per month during the first half of 2023. Many of the multifamily homes will be built both as traditional apartments as well as townhomes and “horizontal apartments,” otherwise known as single-family homes for rent.

“There are some major challenges facing the region, including dwindling supplies of fresh water for the burgeoning population and a serious problem with a rapid rise in the homeless, many of whom test their luck on the streets of downtown Phoenix,” writes [Patrick S. Duffy](), chief economist for MetroIntelligence in the report. “Still, once suffering from a collapsed housing market in the wake of the financial crisis of 2007-08, in more recent years Phoenix's housing market has not just rebounded – it has become one the country's economic success stories.”

The report also includes commentary on local market conditions from experts including Butch Leiber, president of the Phoenix Board of Realtors; Steven Hensley, senior manager at Zonda Advisory, which tracks and advises home builders on new home activity; and James Attwood, president for the Arizona division of TriPointe Homes.

Although the report does find a 12.6% decline in median sales prices from June 2022 through January 2023, in more recent months price declines have flattened out at about $425,000. In addition, home prices regularly soften between the spring and winter months due to less competition from buyers eager to take advantage of the earlier selling season and be able to move prior to schools starting up again in the fall.

Leiber explains that despite recent increases in the inventory of homes for sale, it's still below where it needs to be to meet demand. "Even though buyer activity is the lowest it's been in the last eight years, because demand is still higher than supply, we're actually in a seller's market," he says.

For new homes, Hensley offers that “homes with favorable specs and financing are selling at a healthy pace, and builders can pull some levers which don't exist in the resale market,” adding that today’s buyers don’t want to wait and prefer the certainty that some builders can provide.

As for the challenging water situation, as Attwood explains, "In our due diligence, water has become priority No. 1 to make sure the land position already has water rights in place and secured."

The entire report can be viewed at https://realestate.usnews.com/real-estate/housing-market-index/articles/phoenix-housing-market-forecast.

About MetroIntelligence:
MetroIntelligence is an economics consulting firm focused on land use, and also provides public relations and corporate communications services to clients working in homebuilding, real estate development, finance and sales. Company founder and real estate economist Patrick S. Duffy began contributing to U.S. News & World Report in 2022, focusing on economics and other trends related to the housing market as well as analyzing their recently unveiled Housing Market Index. For more information on MetroIntelligence, visit https://www.metrointel.com.

About the U.S. News Housing Market Index:
The U.S. News Housing Market Index leverages IBM Watson® Natural Language Understanding – and the recently acquired Housing Tides Index from EnergyLogic – to help enable U.S. News to interpret and synthesize large volumes of housing data for easy viewing.
The computing power supporting this platform allows users to find tailored data results for different regions and time periods, allowing them to make informed decisions about housing. The index also includes a tool providing forecasts on building permits for the top 50+ U.S. markets, while a robust sentiment analysis feature interprets 500 media pieces related to housing each month. For more information on the U.S. News Housing Market Interface, visit https://realestate.usnews.com/housing-market-index/interface.

Sean McNerney

MetroIntelligence
smcnerney@metrointel.com
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