

# CONSUMER TRENDS: ARIZONA EDITION

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March 30, 2016

realtor.com®

# SALES ARE RETURNING TO NORMAL

Existing back to pre-boom levels, but new sales remain depressed

## US Home Sales 1989-2016 forecast



Source: National Association of REALTORS® Existing Home Sales Report

# EXPLORING THE GROWTH IN SALES

Existing home sales grew 6.5% in 2015

Leveraging monthly NAR<sup>®</sup> existing sales data and REALTOR<sup>®</sup> Confidence Survey data, we can see that not all types of sales increased:

First-time **+12%**

Normal/Non-distress **+10%**

Relocation/Job Change **+8%**

Second Home **-8%**

Investor **-10%**

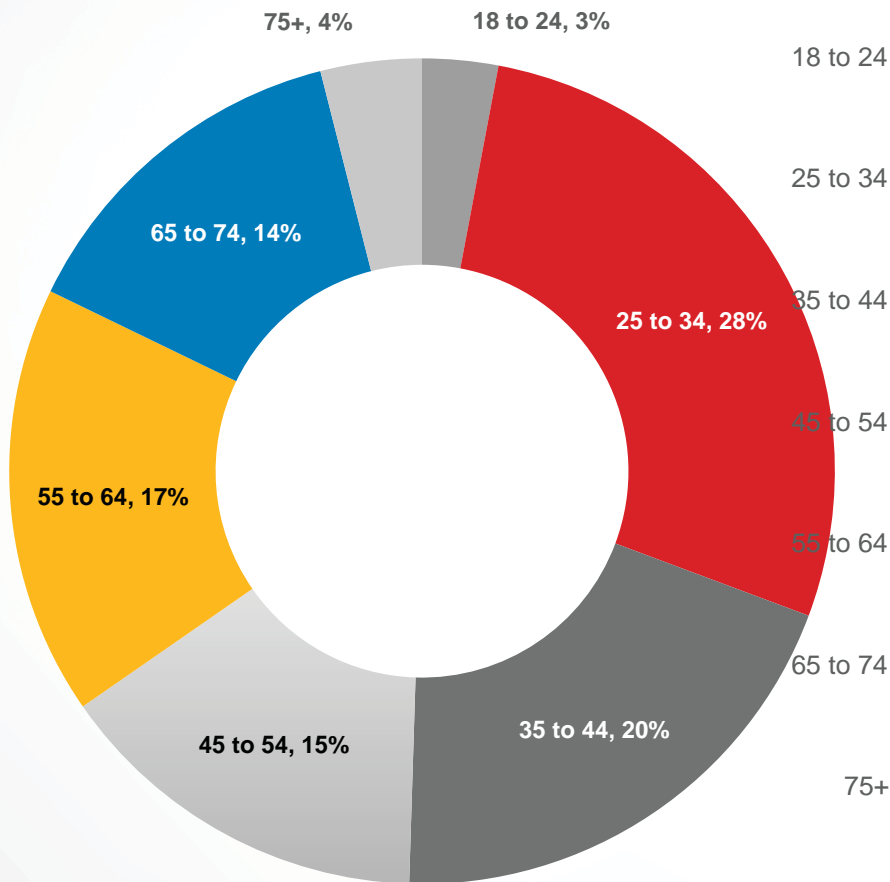
International Buyer **-12%**

Distressed Sales **-19%**

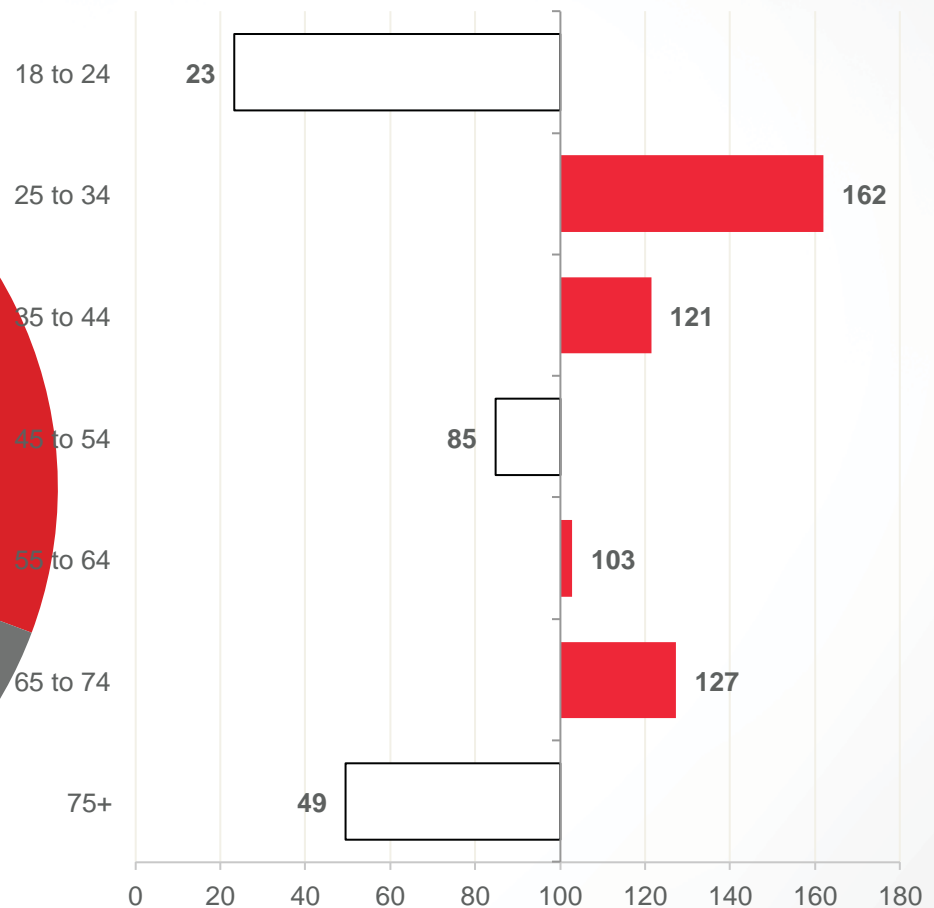
# VOLUME AND REPRESENTATION VARY

Older Gen-X and Younger Boomers are MIA

### 2015 Buyers by Age Group

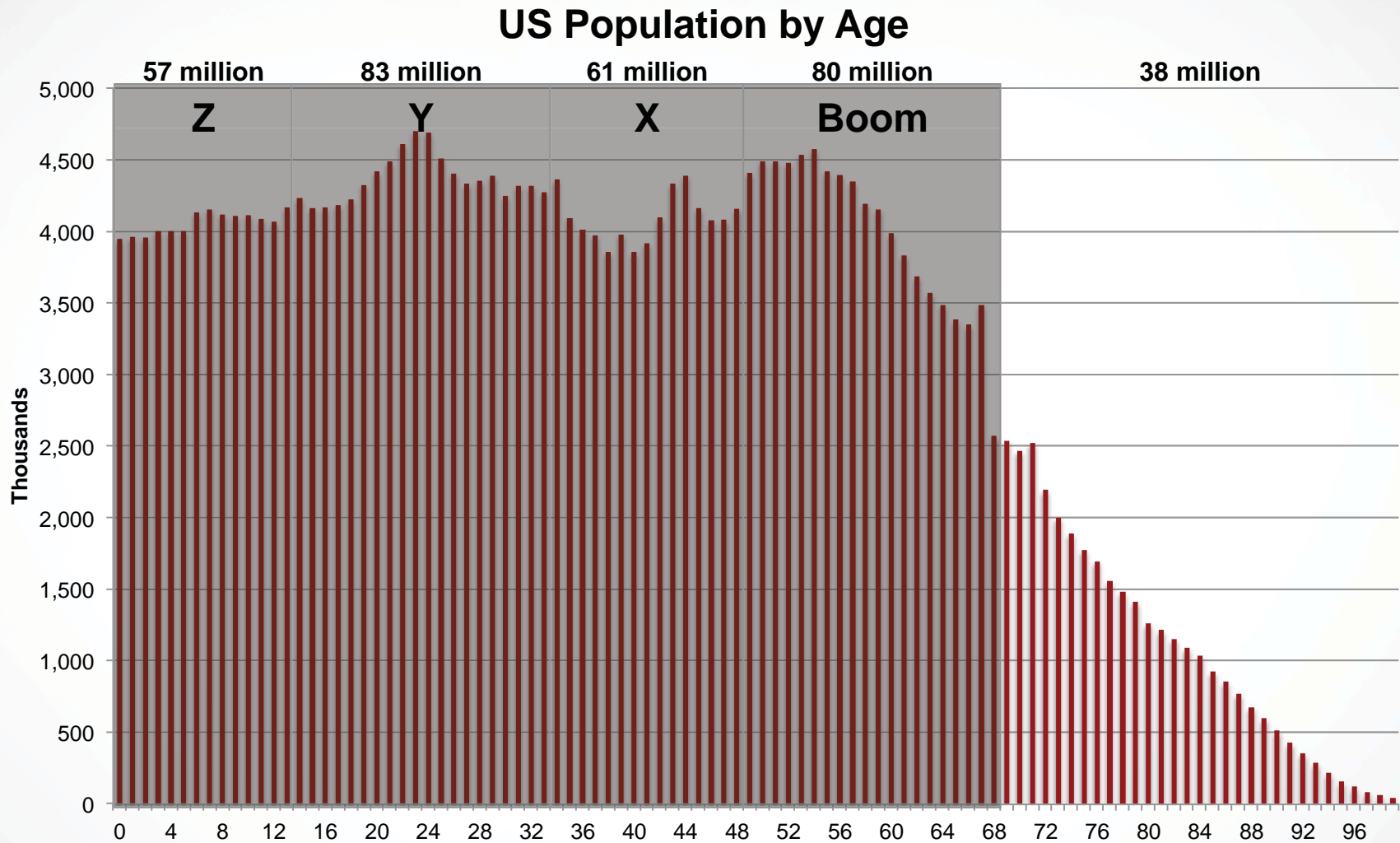


### Buying Index



# DEMOGRAPHICS SET THE TABLE

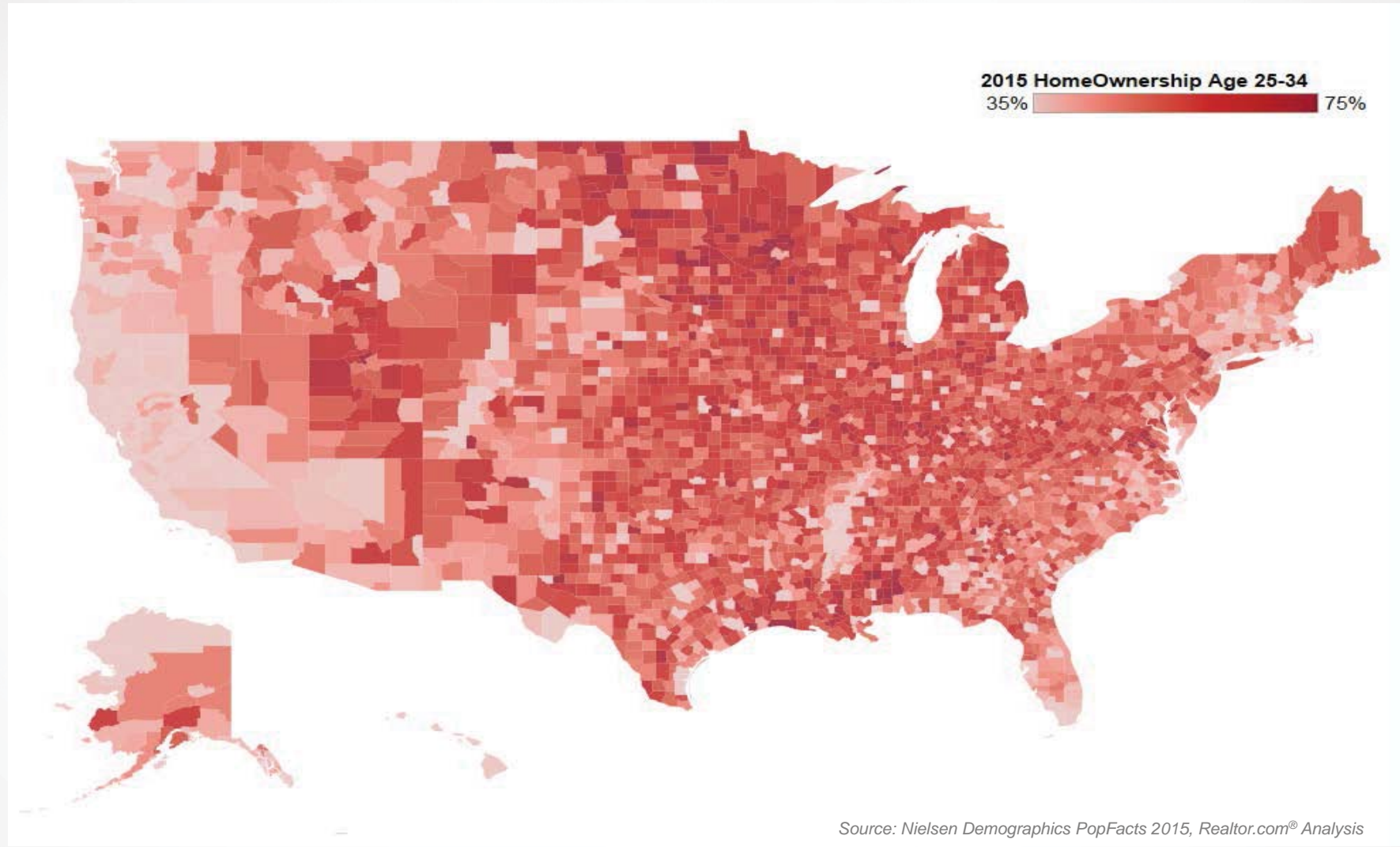
When viewed by age, importance of Millennials becomes clearer



Source: Realtor.com® Analysis of US Census Bureau Population Estimates (2014)

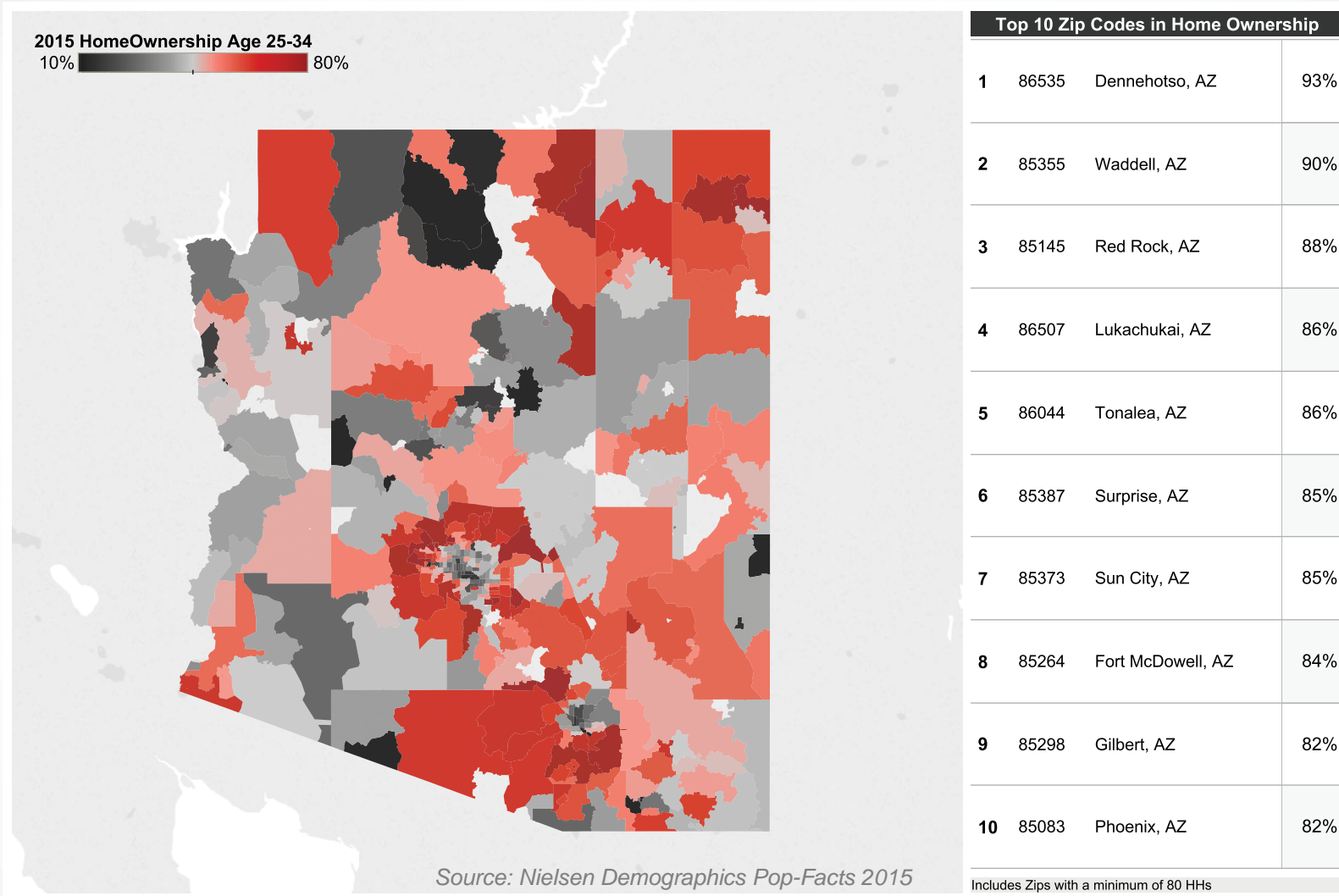
# MILLENNIAL OWNERSHIP VARIES

Strong correlation with affordable markets



# MILLENNIAL OWNERSHIP

25-34 homeownership rate in Arizona is 42%



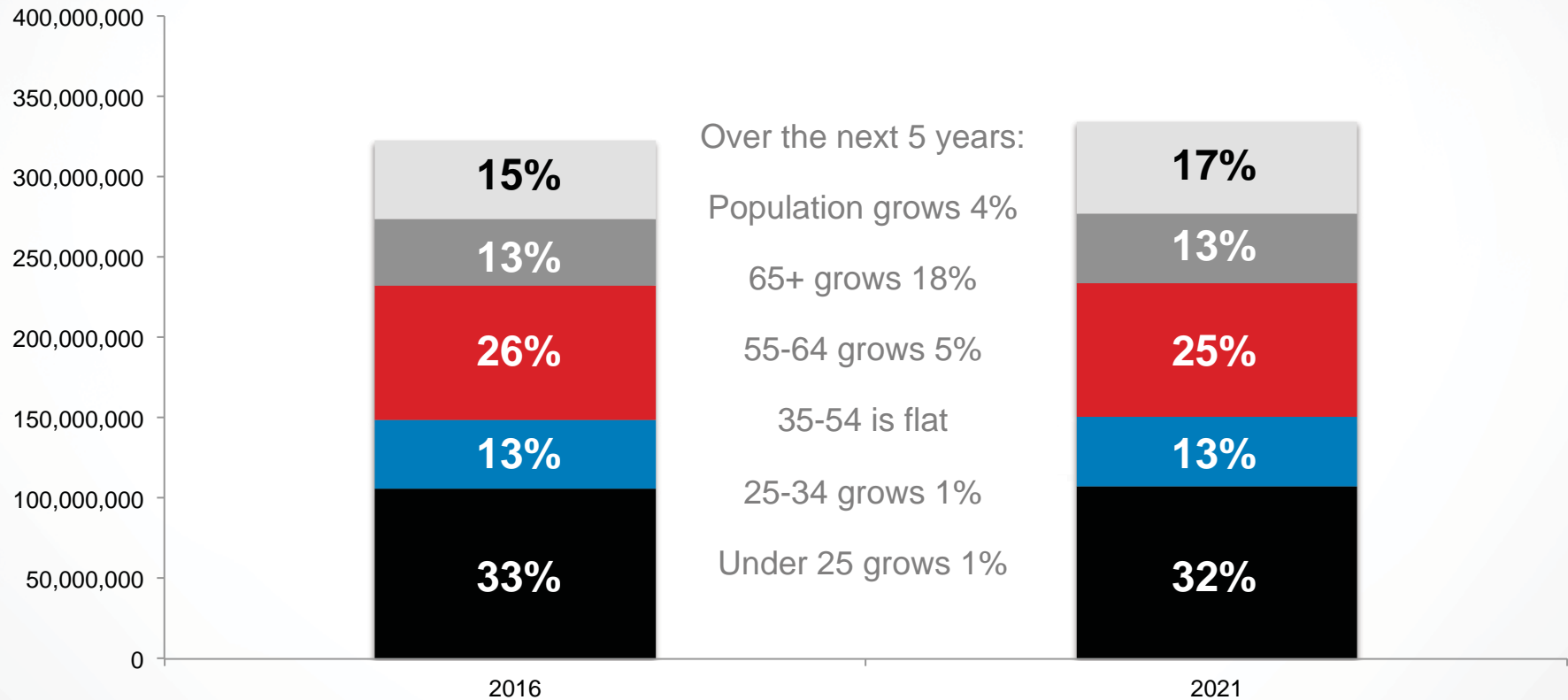


# BOOMERS KEEP DISTURBING

Boomer wave is causing a major population shift

## Population by Age (US)

■ Under 25 ■ 25-34 ■ 35-54 ■ 55-64 ■ 65+



Source: Nielsen Demographics Pop-Facts 2016

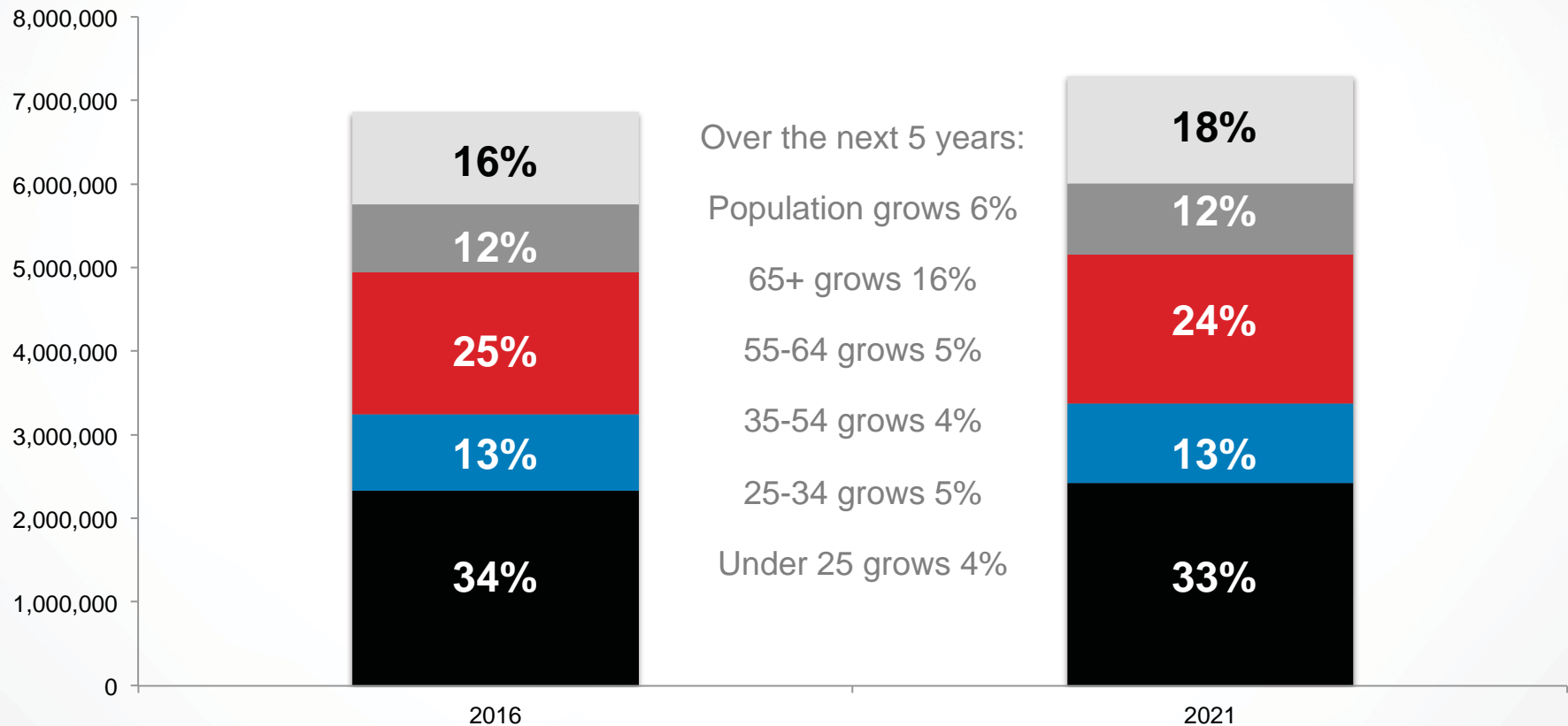


# BOOMERS IMPACTING ARIZONA TOO

But every age range has substantial growth

## Population by Age (Arizona)

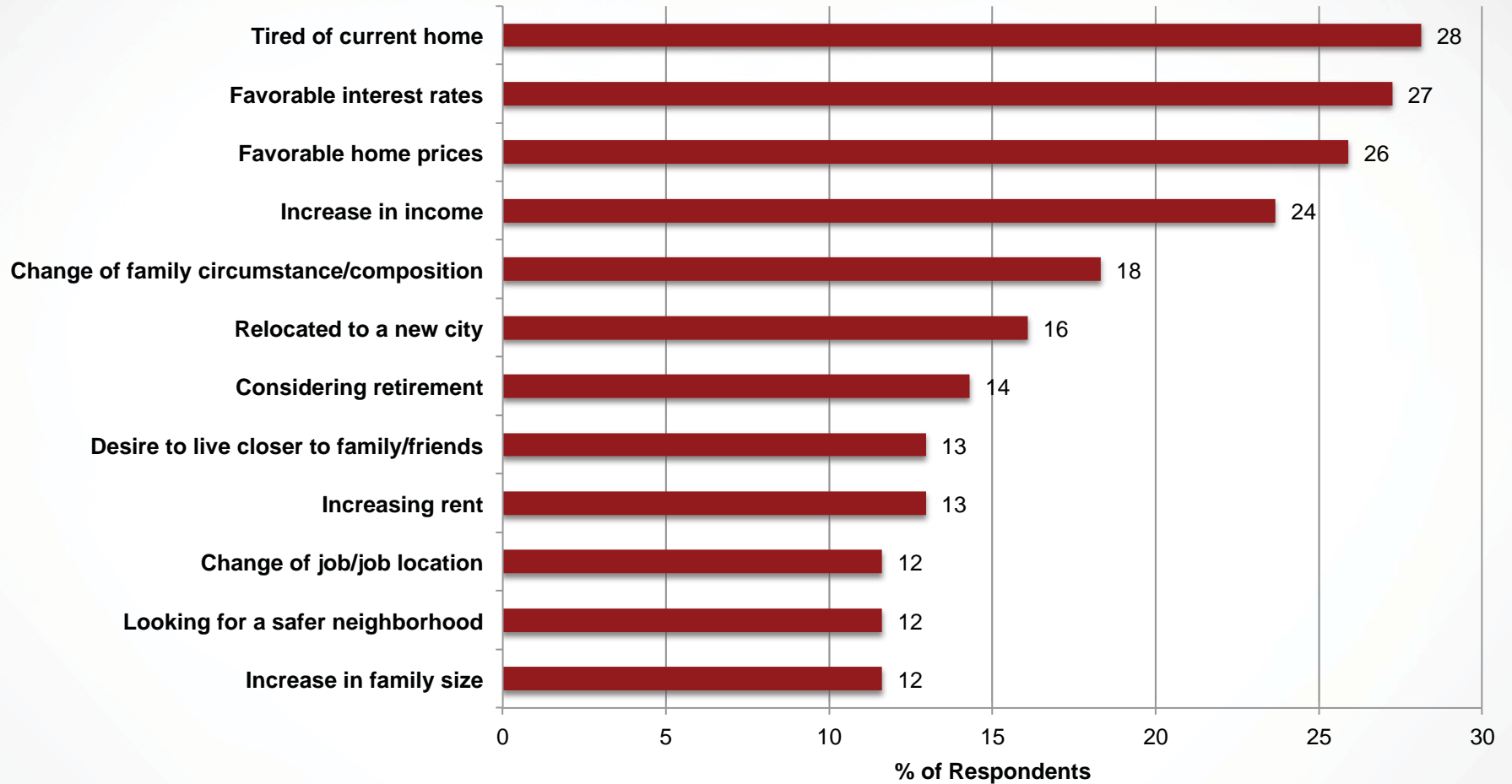
■ Under 25 ■ 25-34 ■ 35-54 ■ 55-64 ■ 65+



Source: Nielsen Demographics Pop-Facts 2016

# REASONS FOR PURCHASE VARY

Clear patterns emerge from top 12 triggers for 2015 buyers

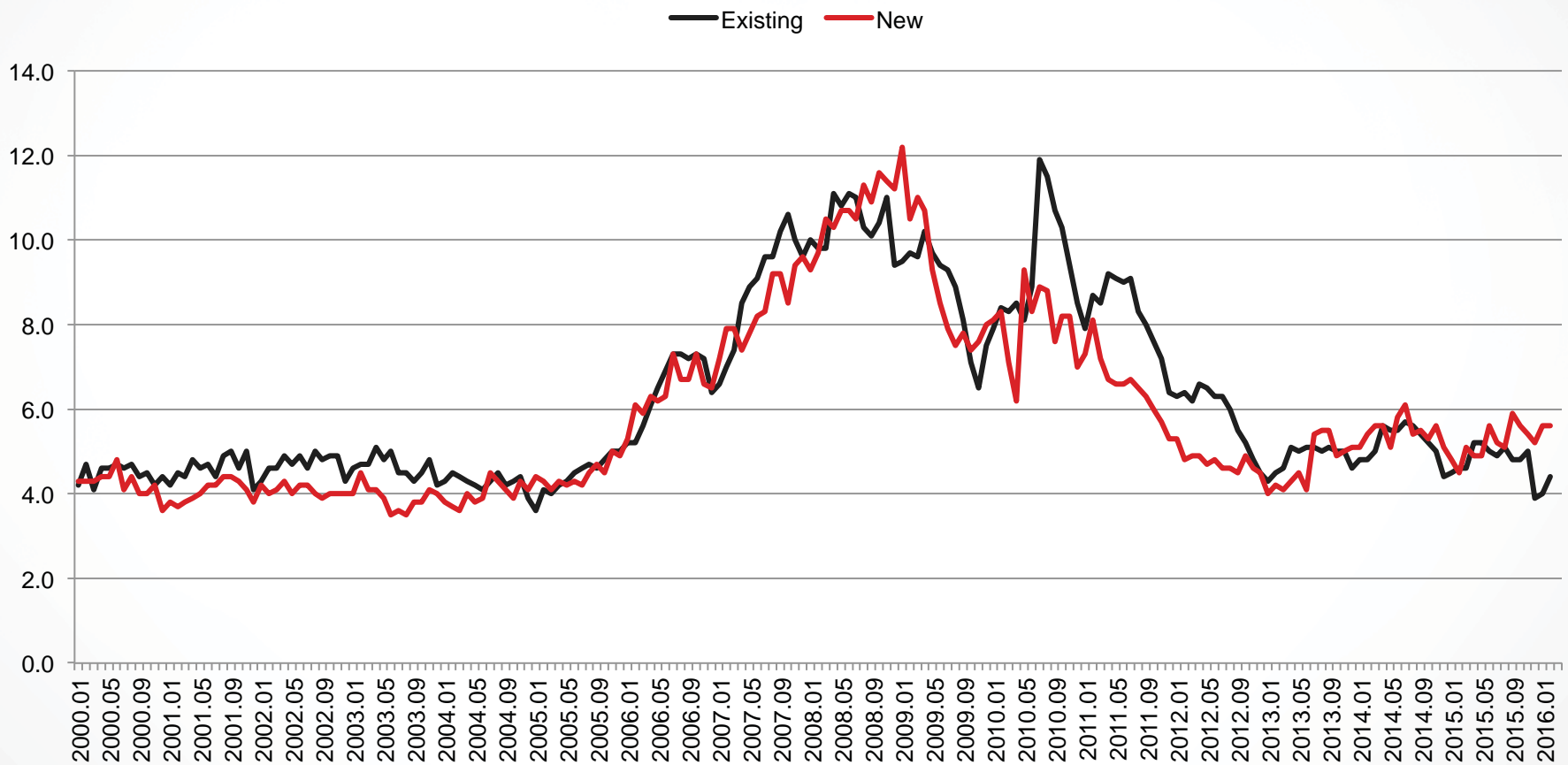


Source: BDX Home Shopper Insights Panel, Summer 2015

# INVENTORY HAS BEEN A CONSTRAINT

Demand continues to exceed supply

## Months' Supply of Homes for Sale

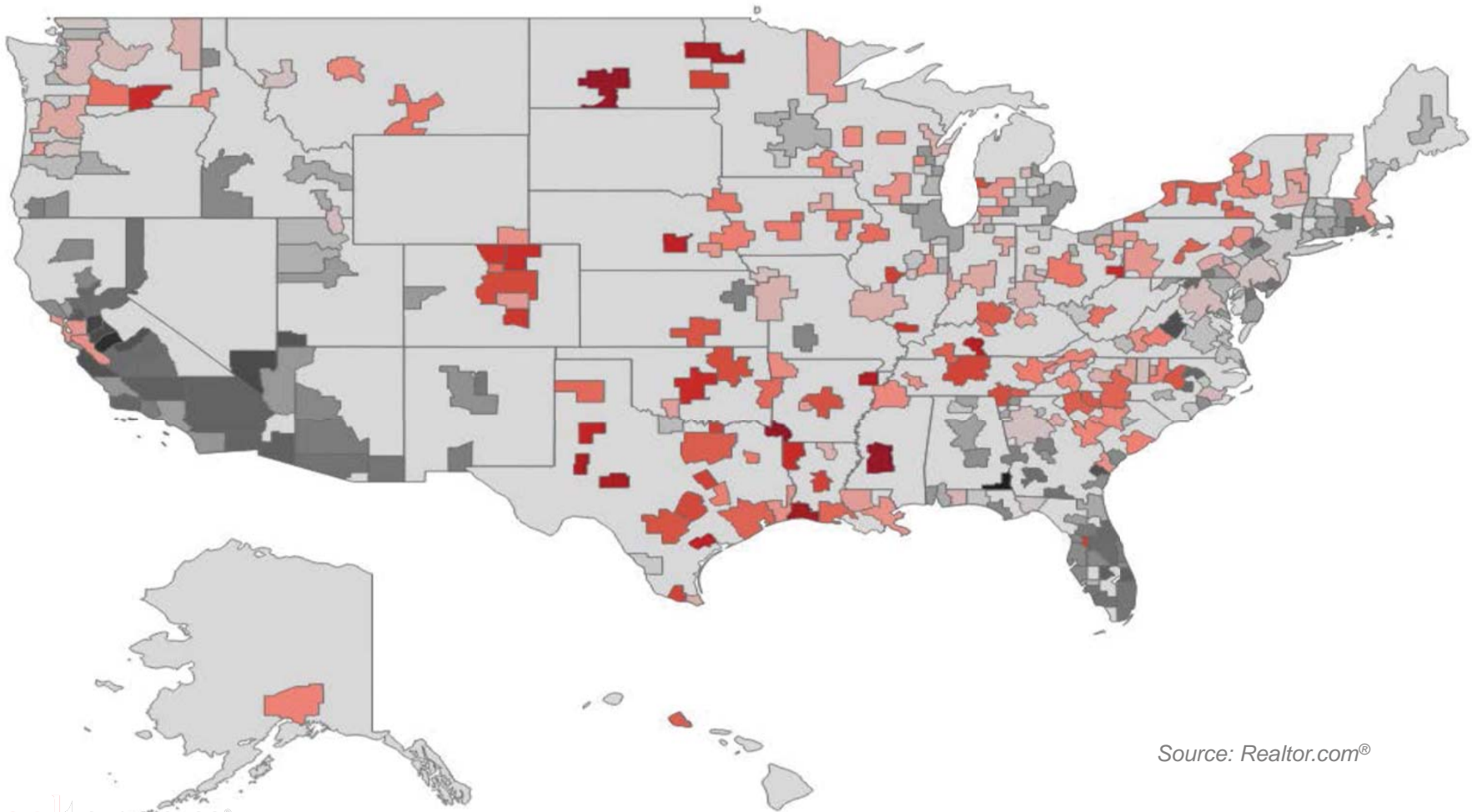


Source: National Association of REALTORS®, Commerce Department

# HOME PRICE RECOVERY VARIES

Markets not recovered face the most existing inventory challenges

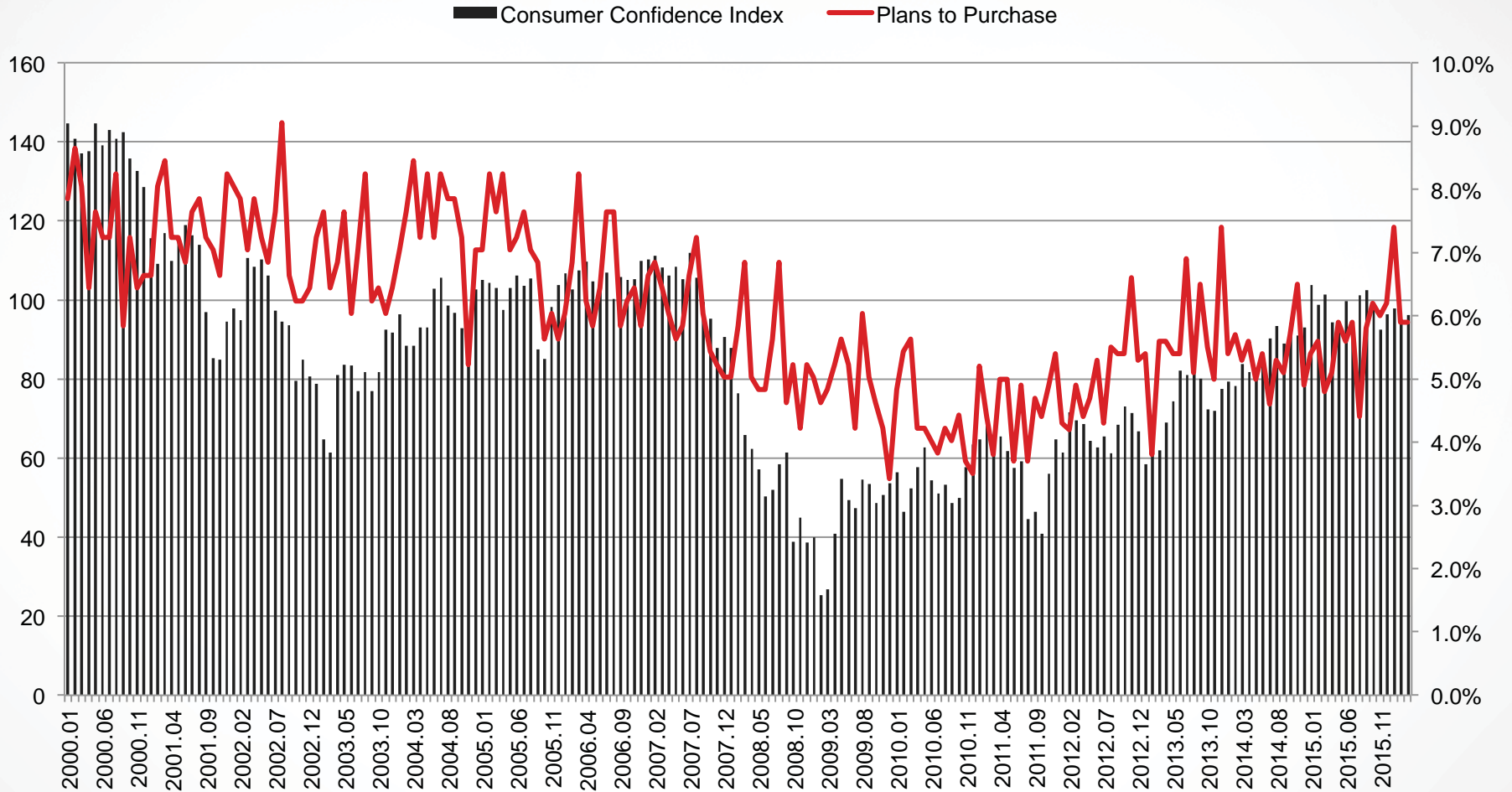
Recovery Index  
60% 150%



Source: Realtor.com®

# CONFIDENCE IS STRONG

Plans to purchase a home in the next 6 months at 9-year highs

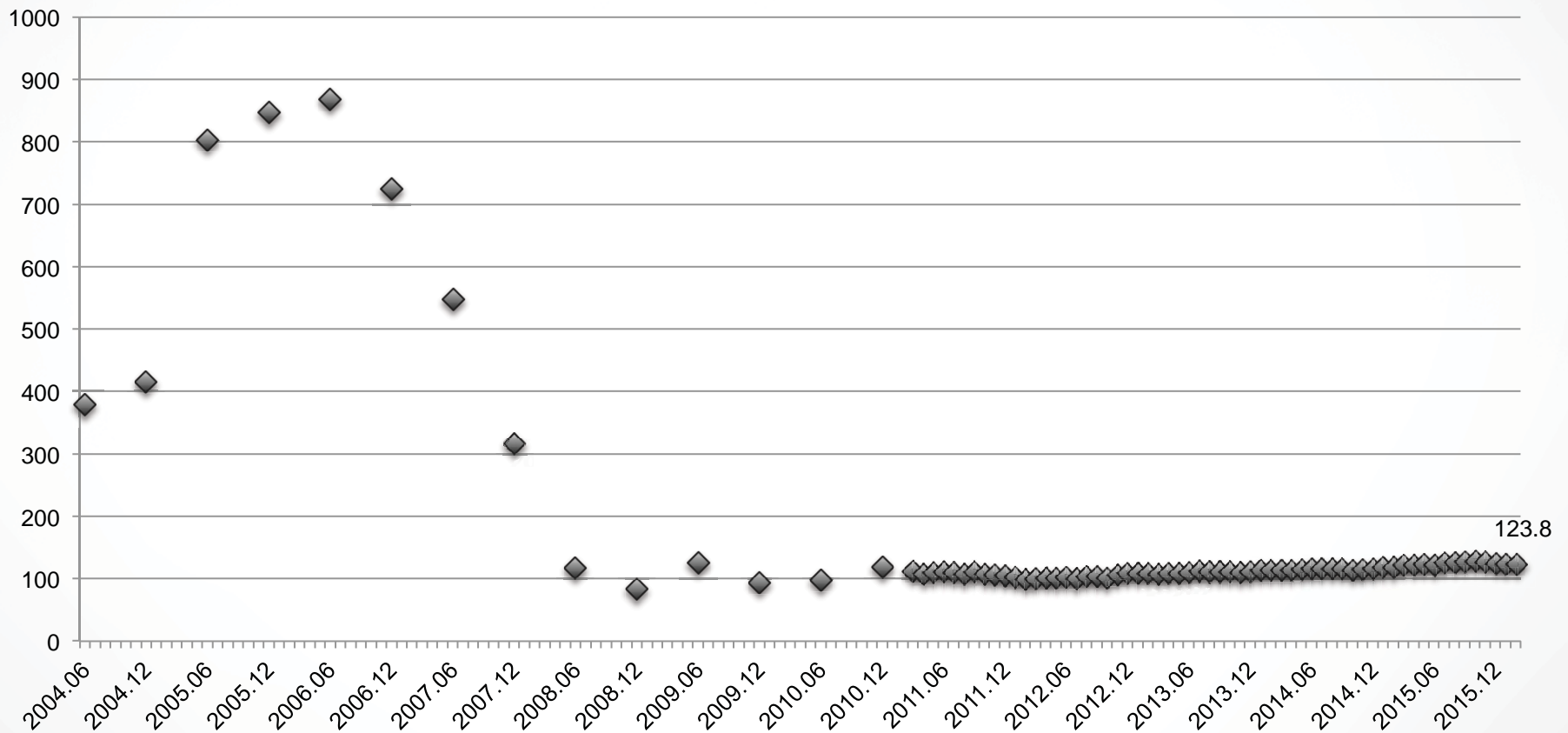


Source: The Conference Board, Moody's Analytics

# CREDIT ACCESS REMAINS TIGHT

Mortgage access up only 4% year-over-year in February

**Mortgage Credit Availability Index**  
Mar-2012=100

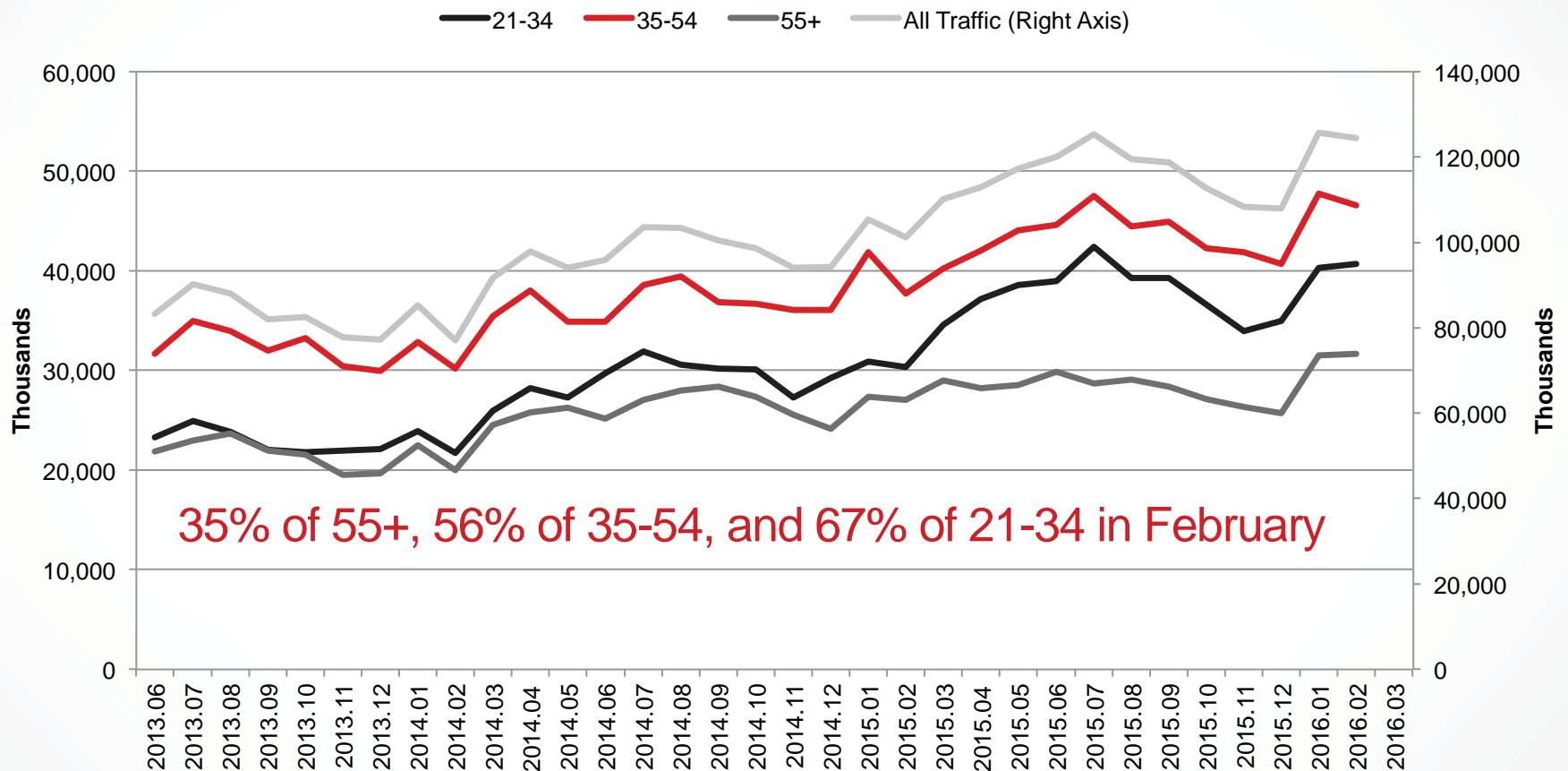


Source: Mortgage Bankers Association, Haver Analytics

# STRONG START TO 2016 IN TRAFFIC

Traffic up in February 23%yy; 21-34 year olds up 34% yy

## Real Estate Web Unique Visitors by Age



Source: Realtor.com® Analysis of comScore Media Metrix® Real Estate Category Unique Visitor Data



# EVEN MORTGAGE RATES VARY

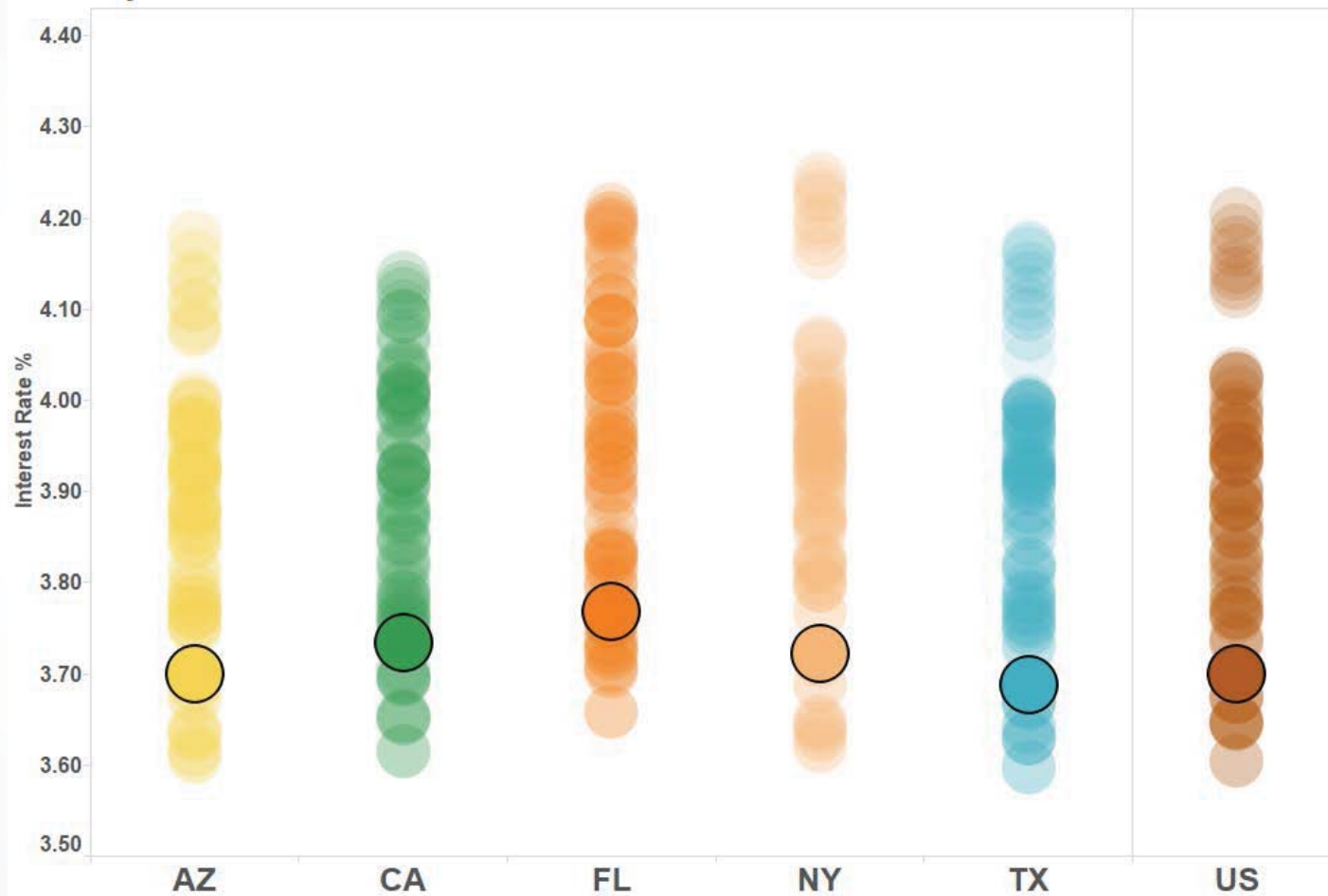
30-Year-Fixed in AZ: High 4.18 (Jun'15) Low 3.61 (Feb '16)

Last 13 Months

US Rate (March 13, 2016)

ThirtyYear0Pts

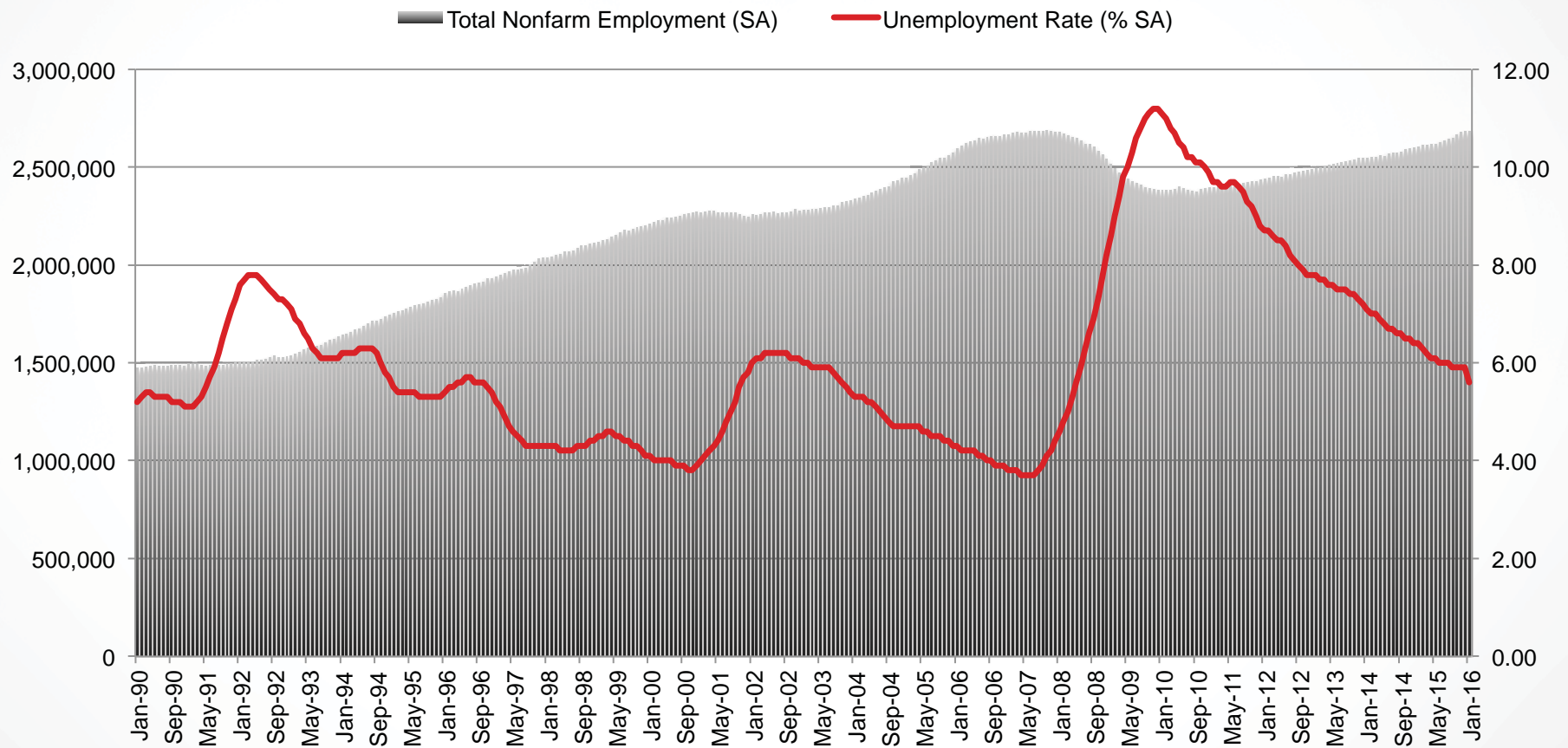
3.70



# <4,000 JOBS AWAY FROM RECOVERY

Unemployment down substantially

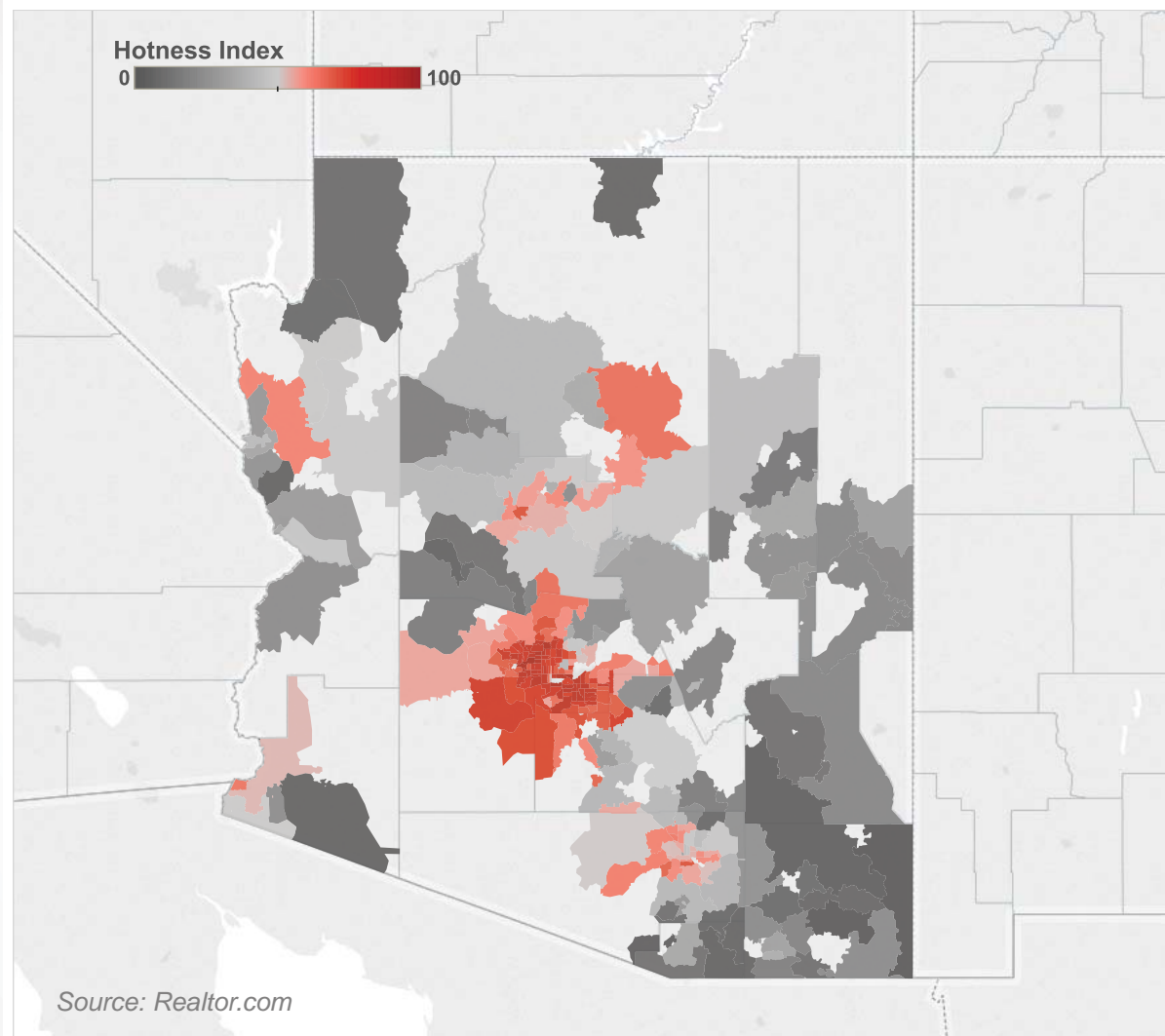
## Employment and Unemployment Rate in Arizona



Source: BLS, Moody's Analytics

# HOTTEST ZIPS IN ARIZONA Q4 2015

Based on Supply and Demand



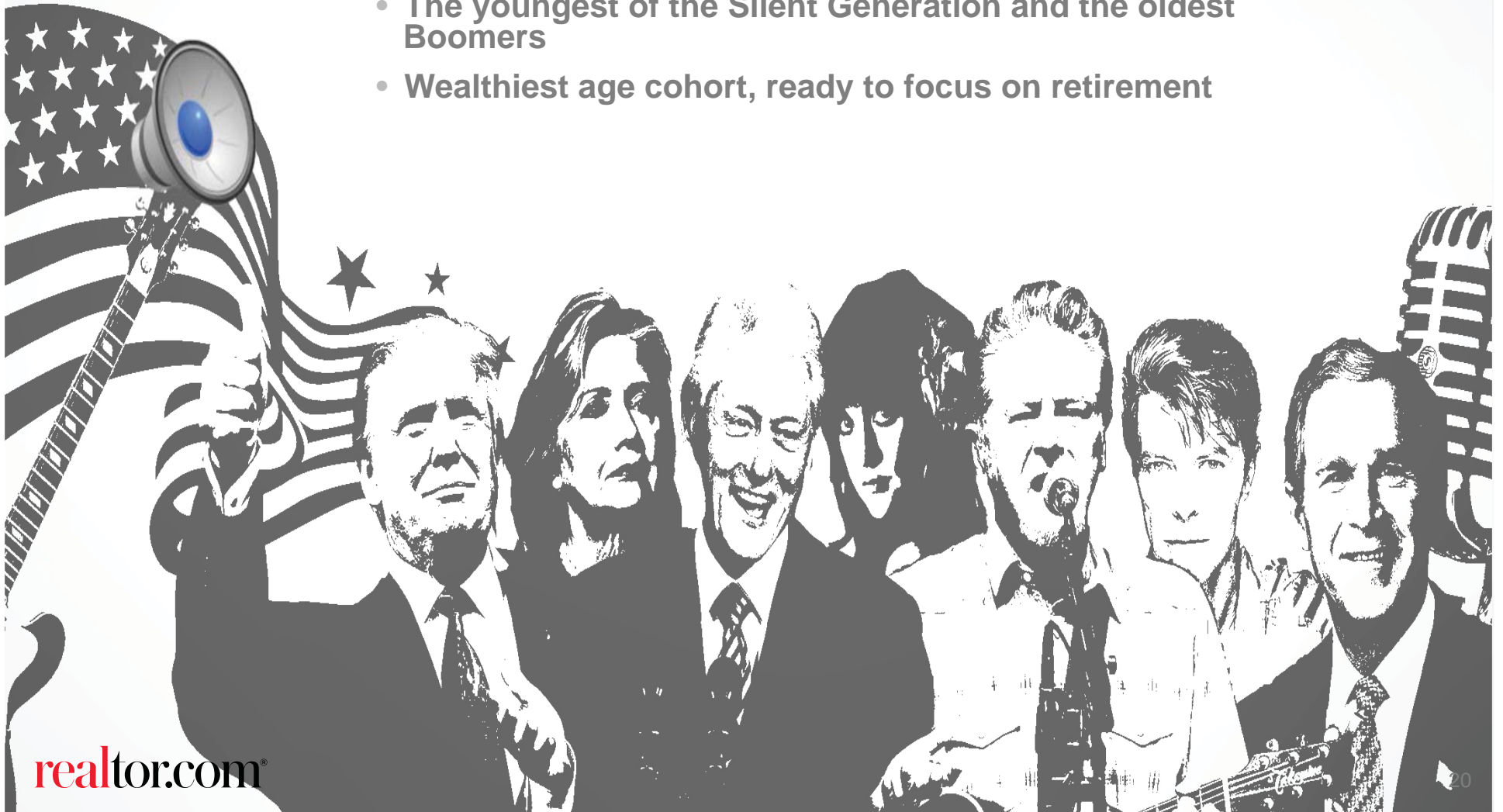
Top 10 Hottest Zips		
		Hotness Index
1	85345 Peoria, AZ	95.9
2	85307 Glendale, AZ	94.2
3	85040 Phoenix, AZ	94.2
4	85027 Phoenix, AZ	93.9
5	85257 Scottsdale, AZ	93.4
6	85306 Glendale, AZ	93.2
7	85302 Glendale, AZ	92.9
8	85008 Phoenix, AZ	91.4
9	85053 Phoenix, AZ	91.0
10	85304 Glendale, AZ	90.9

# CRYSTAL BALL

# KEY SEGMENT: RETIREES

Born 1942-1951, these wild things have rocked the world for decades

- The youngest of the Silent Generation and the oldest Boomers
- Wealthiest age cohort, ready to focus on retirement



# KEY SEGMENT: RETIREES

65 is the new 55, and housing is central to their plans



Why: Second Age Cohort Most Likely to Buy

Timing: Spring

Current Tenure: Own But Motivated to Downsize

Type: Mix, Active Adult

Preference: Newly Constructed Homes

Reason: Desires, Cost of Living

Focus: Ability to Customize

Trigger: Relocation and Retirement

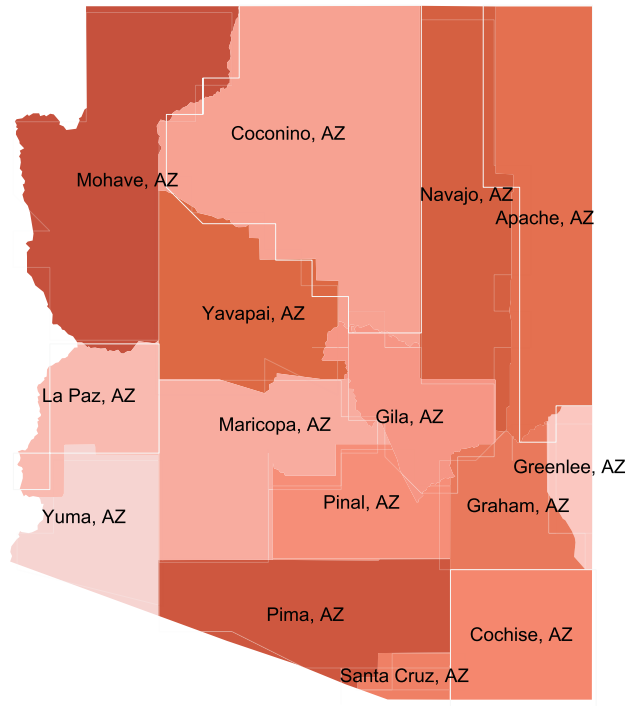
Challenges: Selling Current Home; Inventory



# RETIREE HOT SPOTS

Where 65-74 year olds are looking at listings the most

Age 65-74 Propensity Score  
7% 100%



## Top 5 Counties for Age 65-74

Rank	County	State
1	Mohave	AZ
2	Pima	AZ
3	Navajo	AZ
4	Yavapai	AZ
5	Apache	AZ

Based on Q4 2015 realtor.com traffic data. Table shows top 20 counties in the top 50 largest metros.



# KEY SEGMENT: YOUNGER GEN-X'ERS

Born 1972-1981, music has been central to their experience



- Dwarfed by the generations before and after them, these Gen-X'ers are a force in part because they are entering their prime earning years
- They still love the suburbs



# KEY SEGMENT: YOUNGER GEN-X'ERS

The hardest hit by the downturn see solid economic improvements



Why: Second Biggest Age Cohort of Buyers

Timing: Spring

Current Tenure: Own But Want to Trade Up

Type: Entry-Level to Move-Up

Preference: Existing Homes

Reason: Driven by Family Needs

Focus: Quality

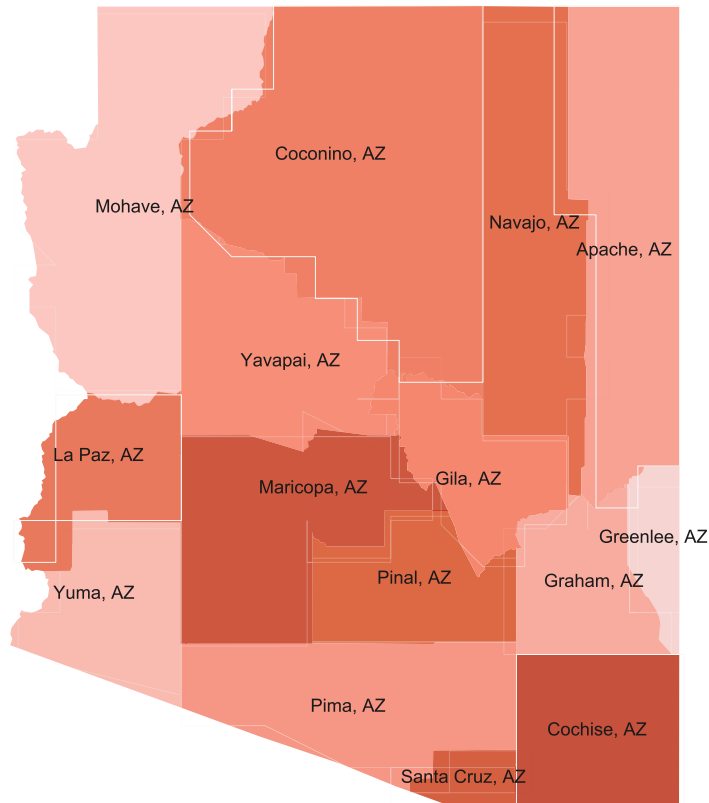
Trigger: Tired of Current Home; Increase in Income

Challenges: Selling Current Home, Inventory, Down Payment

# GEN-X HOT SPOTS

Where 35-44 year olds are looking at listings the most

Age 35-44 Propensity Score  
7% 100%



Top 5 Counties for Age 35-44

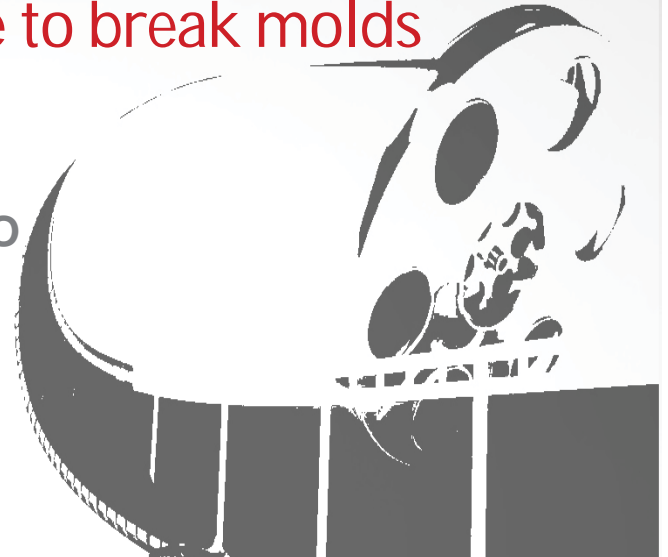
Rank	County	State
1	Cochise	AZ
2	Maricopa	AZ
3	Santa Cruz	AZ
4	Pinal	AZ
5	Navajo	AZ

Based on Q4 2015 realtor.com traffic data. Table shows top 20 counties in the top 50 largest metros.

# KEY SEGMENT: OLDER MILLENNIALS

Born 1982-1991, these social artists continue to break molds

- The generation that gave us #selfie & #FOMO
- Starting to experience #RealLife
- But doing it in their own way



# KEY SEGMENT: OLDER MILLENNIALS

Mainly first-time buyers are already showing their numbers



Why: Biggest Cohort of Buyers and Cohort Most Likely to Buy

Timing: Spring and Summer

Current Tenure: Renting

Type: Entry-Level to Move-Up

Preference: Existing Homes

Reason: Driven by Family Needs

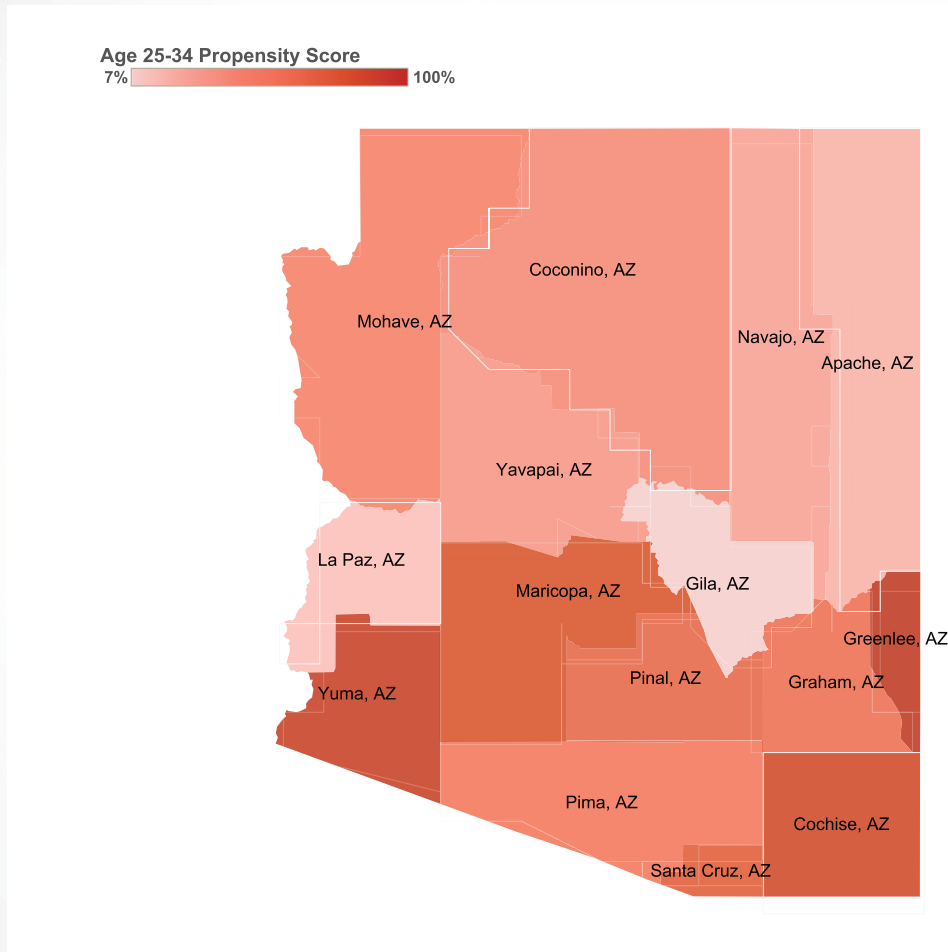
Focus: Safety, Quality

Trigger: Increase in Income

Challenges: Inventory, Time, Down Payment, Lease

# MILLENNIAL HOT SPOTS

Where 25-34 year olds are looking at listings the most



Top 5 Counties for Age 25-34

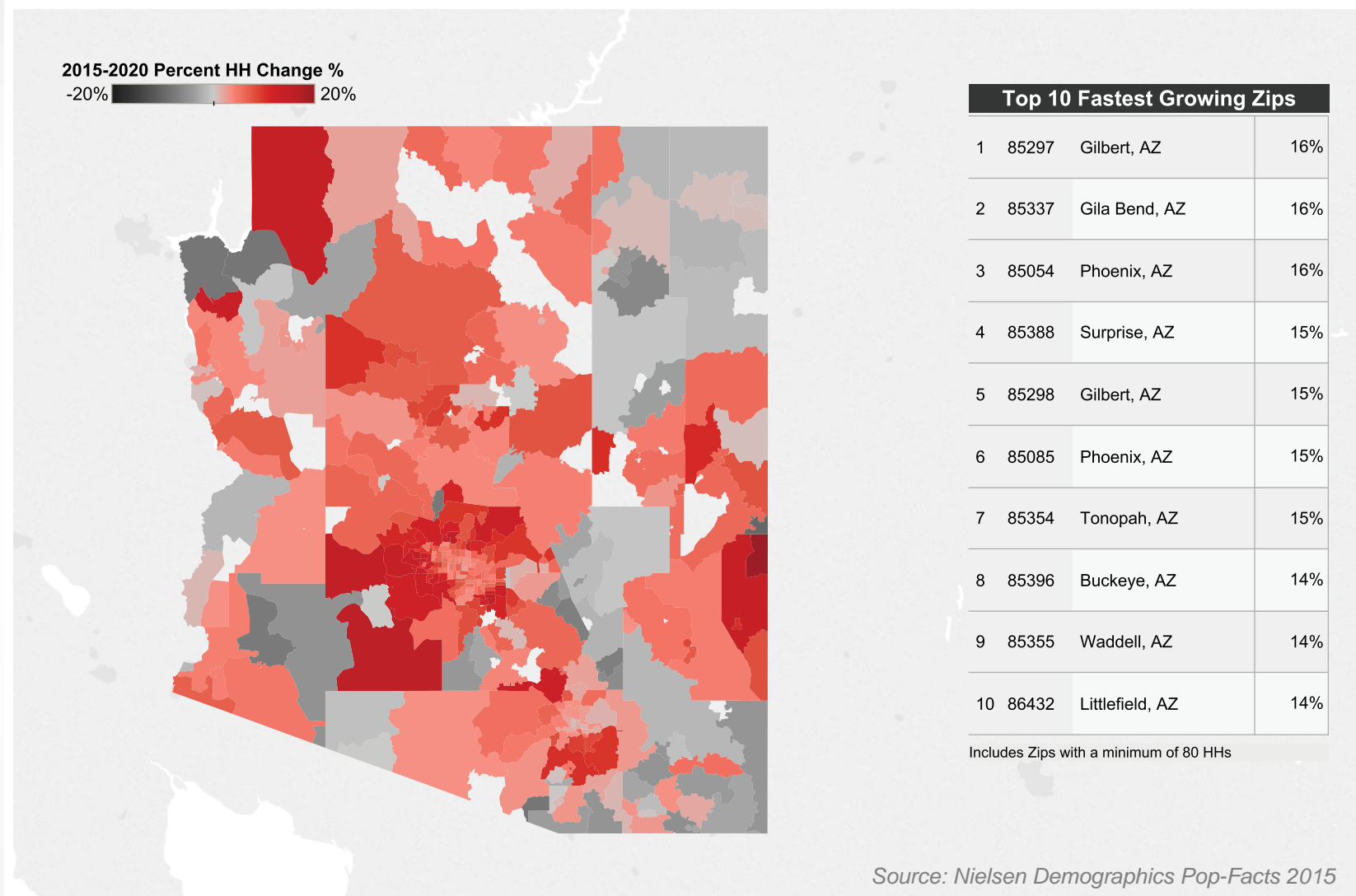
Rank	County	State
1	Greenlee	AZ
2	Yuma	AZ
3	Cochise	AZ
4	Maricopa	AZ
5	Santa Cruz	AZ

Based on Q4 2015 realtor.com traffic data. Table shows top 20 counties in the top 50 largest metros.



# HOUSEHOLD GROWTH 2015-2020

Half of zip codes in AZ should see 4%+ growth in the next 5 years





# THIS IS MY KIND OF SPIN...

Courtesy of DJ Smokey Smoke

1. Rents are rising, it's cheaper to buy a home in 77% of the country, and real estate is viewed very positively, especially by young people—owning is cool again. Welcome to My House!

 *My House* by Flo Rida

2. Planning to buy in 2016? Don't mess around. More than 85% of buyers who plan to purchase in 2016 are focused on the spring and summer.

 *Mess Around* by Cage the Elephant

3. The world's pain is the real estate market's gain—rates have fallen and increased buying power. Whatcha gonna do with that dessert?

 *Dessert* by Dawin

4. We all benefit from the occasional Smoke break.

 *Smoke Break* by Carrie Underwood

A photograph of Jonathan Smoke, a man wearing a white baseball cap, a checkered shirt, and headphones, smiling while DJing at a Denon DJ mixer. The background is slightly blurred, showing some indoor plants.

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