

Migration to Phoenix driving continued housing demand

Feb 19, 2020, 2:10pm MST

Phoenix is expected to rise to the top spot among U.S. metro areas in net migration this year, adding more than 77,000 new residents, according to a 2020 forecast report issued by Marcus & Millichap.

"Phoenix stands out this year with one of the nation's fastest-growing economies as firms are drawn to the favorable business environment, lower expenses and an increasingly educated workforce," according to the investment forecast report.

Here's a look at how vacancy and rent growth are expected to move this year:

Here's a closer look at Marcus & Millichap's 2020 predictions:

Employment up 1.8%

Following a 2.5% employment expansion during 2019, Phoenix remains one of the nation's top job creation markets with employers adding 40,000 workers to company payrolls this year.

Construction of 9,000 apartment units

An impressive wave of apartments are scheduled for delivery this year, eclipsing last year's total by almost 1,200 units and accounting for the greatest supply increase in at least 20 years.

Vacancy up 40 basis points

Limited class B and C apartment availability will cause moderated leasing activity, supporting a vacancy bump to 4.3%.

Rent up 8.6%

Rent growth remains strong this year, bringing the average effective rent up to \$1,280 per month after a 9.78% advance was registered last year.

Investment

Assets near major employment nodes including Glendale and Tempe Town Lake will continue to receive strong investor interest this year as workers seek short commutes in these areas.

Source: Marcus & Millichap

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Marcus & Millichap forecasts the Phoenix economy for 2020.