Migration to Phoenix driving continued housing demand

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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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