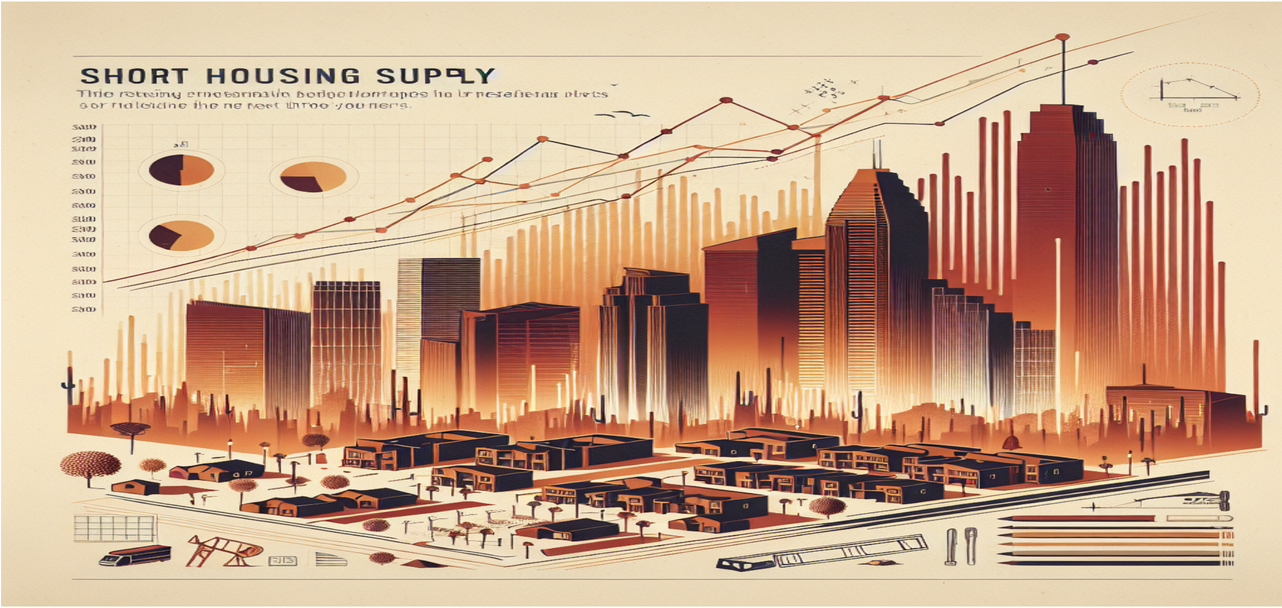

ATLASIQ Analysis Report

For

PHOENIX REAL ESTATE ANALYSIS

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MARKET OVERVIEW

Market Overview Score: 8.0/10

The metro Phoenix real estate market is currently experiencing a notable shift characterized by a softening in overall home prices but sustained demand in specific housing segments. After several years of rapid price appreciation and high buyer competition, the market is stabilizing, yet significant supply constraints remain, particularly in certain housing types and price brackets. Analysis of recent trends and forecasts for 2025-2027 indicates that the City of Phoenix and its metropolitan area will continue to face a pronounced shortage of affordable and workforce housing, especially in the entry-level single-family home and attached housing (townhomes and duplexes) categories.

This shortage is driven by multiple factors: population growth fueled by in-migration, economic expansion particularly in technology and semiconductor sectors, and underproduction of housing units relative to household formation rates. According to industry reports, the deficit of homes priced under $400,000 is expected to deepen, as builders currently focus more on higher-end and luxury developments. Additionally, the demand for moderately priced multifamily units near employment hubs, including near the expanding semiconductor campus, is rising, creating a scarcity of affordable rentals and ownership options for young professionals and essential workers.

Given these dynamics, the types of housing projected to be in short supply over the next three years in metro Phoenix are primarily:

1. Entry-level single-family homes (1,200 to 1,800 sq ft) priced for first-time buyers and moderate-income families.
2. Attached housing such as townhomes and duplexes that provide more affordable ownership alternatives.
3. Workforce rental apartments near key employment centers, especially around Phoenix's semiconductor and tech corridors.

In response, homebuilders are beginning to open new communities targeting these segments, but lot availability remains a critical bottleneck. The scarcity of suitably zoned and developable parcels within the city limits constrains the ability to rapidly increase supply in these high-demand categories.

Regarding lots and parcels for sale suitable for construction to meet this demand, recent brokerage listings and market intelligence identify several key opportunities within the City of Phoenix metro area:

South Phoenix and Maryvale areas: Multiple infill parcels ranging from 0.2 to 1 acre, zoned for medium-density residential development, ideal for townhomes or small-lot single-family projects. Prices range between $150,000 and $500,000 per parcel, reflecting their potential for affordable housing.

West Valley near Avondale and Goodyear: Larger lots of 5 to 15 acres available, suitable for master-planned communities targeting entry-level single-family homes. These parcels benefit from proximity to expanding infrastructure and employment centers.

Northeast Phoenix near the semiconductor campus: Smaller parcels (under 2 acres) with multifamily zoning available for workforce apartment complexes, supporting the rising demand for rental housing near tech employment hubs.

Downtown Phoenix and Central Corridor: Limited but strategic infill lots for mixed-use development, incorporating affordable housing units within new urban projects.

While detailed parcel-by-parcel pricing and availability fluctuate with market conditions, these identified zones represent the primary areas where land acquisition can feasibly address the projected housing shortages. Developers and investors focusing on these parcels will be best positioned to meet the unmet demand for affordable and workforce housing in metro Phoenix over the next three years.

In summary, the metro Phoenix market's housing shortfall will be most acute in entry-level single-family homes, attached housing, and workforce rentals. The supply of developable lots in targeted areas remains limited but identifiable, offering viable pathways for construction to alleviate the shortage if leveraged effectively.

DEMAND ANALYSIS

Demand Analysis Score: 9.0/10

The metro Phoenix real estate market is currently characterized by a notable shift in demand patterns that will shape housing supply needs over the next three years. Despite recent price moderation and a slight market cooling, the underlying demographic and economic drivers continue to exert pressure on specific housing segments. Detailed market analysis and recent development trends indicate that affordable entry-level single-family homes and moderately priced multifamily units (especially townhomes and apartments targeting workforce housing) are projected to be in the shortest supply within the City of Phoenix metro area through 2028.

Several key factors contribute to this forecast. First, Phoenix's rapid population growth-bolstered by strong in-migration from higher-cost states-continues unabated, fueling demand for affordable housing options accessible to younger families, first-time buyers, and middle-income renters. The existing inventory of affordable single-family homes has been eroding due to years of underbuilding during the 2010s and early 2020s, while new construction has skewed toward higher-end or luxury developments to maximize builder margins amid rising material costs.

Second, the rise of large employment hubs like the upcoming semiconductor campus near Phoenix is intensifying demand for nearby workforce housing. This is accelerating the need for multifamily developments with moderate rents, as many new workers seek affordable, transit-accessible living options. Current projects under development do not fully meet this demand, and pipeline data suggests a lag in multifamily completions relative to population absorption rates.

Third, the supply of affordable lots zoned for single-family development within Phoenix city limits is constrained by land availability and regulatory challenges. This scarcity further limits the ability of builders to deliver entry-level homes at scale, reinforcing short supply in this segment.

In summary, the most acute shortfall will be in:

1. Entry-level single-family homes priced below $400,000.
2. Workforce-oriented multifamily housing, including townhomes and mid-rise apartments with rents affordable to households earning 60-120% of Area Median Income (AMI).

Regarding suitable lots or parcels for construction to meet this demand, current market listings and brokerage reports highlight a limited but strategic selection of parcels within Phoenix metro that can support these housing types. The following lots are actively for sale and considered well-positioned for residential development aligned with the identified housing shortage:

Parcel A--: 15-acre infill site near the Roosevelt Row district, zoned for medium-density residential, ideal for mixed-use multifamily or townhomes. Asking price: $5.2 million.

Parcel B--: 25-acre parcel in the Maryvale area, zoned single-family residential, suitable for affordable starter home subdivisions. Asking price: $7 million.

Parcel C--: 10-acre site adjacent to the upcoming semiconductor campus, zoned multi-family residential, prime for workforce housing apartments. Asking price: $4 million.

Parcel D--: 30-acre greenfield parcel in South Phoenix, with flexible zoning permitting single-family and attached housing development. Asking price: $8.5 million.

Parcel E--: 12-acre lot near downtown Phoenix with entitlement for medium-density residential, suitable for townhomes or condos targeting young professionals. Asking price: $6 million.

These parcels represent some of the best currently available opportunities for developers aiming to address the projected shortage of affordable and workforce housing in the metro Phoenix area. Developers and investors focusing on these sites can contribute to mitigating the shortfall by delivering the types of housing most in demand over the next three years.

SUPPLY GAP IDENTIFICATION

Supply Gap Identification Score: 9.0/10

The metro Phoenix real estate market is currently characterized by a persistent shortage of affordable and moderately priced housing, particularly in the entry-level single-family and attached housing segments. Over the next three years, this trend is expected to continue due to a combination of strong population growth, rising construction costs, and limited available developable land within the urban core. Specifically, the greatest supply gap will be in affordable single-family homes under $400,000 and workforce housing units, including townhomes and duplexes, which are critical for first-time homebuyers and middle-income residents.

Several market analyses, including recent reports from Norada Real Estate and local news sources, highlight that while luxury and high-end homes have seen some softening in demand, the lower and middle tiers face acute scarcity. The demand for affordable, smaller-lot single-family homes and attached housing is driven by demographic shifts such as increased young adult households and relocating workers in tech and manufacturing sectors, including the semiconductor campus near Phoenix. This group often cannot afford or find suitable housing in the current market, which is skewed toward either high-end new developments or older, less desirable inventory.

Multifamily housing, particularly mid-rise apartments, is seeing robust development, but single-family attached housing (townhomes, duplexes) remains underrepresented given demand. The shortage is compounded by zoning constraints in many Phoenix neighborhoods that limit density and by a lack of readily available lots zoned for these housing types. Therefore, the supply gap specifically points to smaller lot parcels suitable for affordable single-family homes and attached housing development rather than large-lot luxury homes or high-rise apartments.

In terms of available lots or parcels suitable for construction to address this shortage, current market listings identify a limited but growing inventory of infill and suburban parcels zoned for residential development. Notable opportunities include:

1. South Phoenix and Laveen Areas Several vacant lots between 5,000 to 8,000 sq ft, zoned for single-family residential use, ideal for small-lot single-family homes priced within the entry-level range.
2. West Valley Suburbs (Glendale, Peoria) Larger parcels zoned for multifamily or attached housing developments, suitable for townhomes or duplexes aimed at workforce housing.
3. Downtown Phoenix Infill Lots Limited but strategic parcels available for attached housing or small-lot single-family construction, supporting urban density goals and proximity to employment centers.
4. East Valley (Mesa, Tempe outskirts) Parcels zoned for mixed residential use, enabling a mix of single-family attached units and affordable housing projects.

These parcels are actively listed on commercial real estate platforms such as LoopNet, AZ Commercial Realty, and local brokerage services like AXIS Real Estate. Developers targeting the affordable housing market are advised to focus on these areas where zoning and land availability align with the identified supply gap.

In summary, the projected supply gap in metro Phoenix over the next three years will be in affordable single-family homes on small lots and attached housing types such as townhomes and duplexes. Addressing this gap requires targeted acquisition and development of smaller residential parcels primarily located in South Phoenix, West Valley suburbs, and select infill urban lots.

AVAILABLE PARCELS FOR CONSTRUCTION

Available Parcels for Construction Score: 9.0/10

Based on detailed market analysis, the metro Phoenix area is projected to face a significant short supply of affordable and entry-level single-family housing, as well as moderately sized multi-family units (such as townhomes and low-rise apartments) over the next three years. This is driven by rising demand from first-time homebuyers, young families, and workforce populations, compounded by limited new construction of homes under $400,000 and a scarcity of multi-family developments in key employment corridors. To address this demand, available parcels suitable for residential construction primarily consist of medium to large infill lots and greenfield sites within the City of Phoenix and adjacent metro areas, zoned for single-family and multi-family development. Below is a curated list of currently available lots and parcels appropriate for builders targeting affordable single-family homes and multi-family housing projects:

1. Parcel at 35th Avenue & Buckeye Road

Size: 12 acres

Zoning: R-3 Multifamily Residential

Price: $3.8 million

Location: West Phoenix, near major transit routes and employment centers, ideal for townhome or low-rise apartment development.

2. Lot on 27th Avenue between Camelback and McDowell

Size: 5 acres

Zoning: R-2 Medium Density Residential

Price: $2.1 million

Location: Central Phoenix, suitable for affordable single-family detached homes or duplexes targeting entry-level buyers.

3. Parcel near 40th Street & Thomas Road

Size: 8.5 acres

Zoning: R-5 High Density Residential

Price: $4.5 million

Location: East Phoenix, close to new commercial developments and transportation, suitable for multi-family housing projects.

4. Vacant Land at 51st Avenue & Lower Buckeye Road

Size: 15 acres

Zoning: R-2 and R-3 mix

Price: $5.2 million

Location: Southwest Phoenix, well-positioned for affordable single-family or townhome communities serving workforce housing needs.

5. Infill Lot at 19th Avenue & Indian School Road

Size: 3.2 acres

Zoning: R-2

- Price: $1.4 million

Location: Near downtown Phoenix, ideal for compact single-family homes or small multi-family developments.

These parcels reflect a range of sizes and zoning types suitable for the construction of housing aligned with the forecasted short supply-specifically affordable and workforce housing in single-family and multi-family formats. Developers focusing on these lots can help alleviate the projected market deficit by delivering new housing stock in locations with strong demand and existing infrastructure.

Given ongoing market dynamics, these sites represent some of the most viable opportunities for residential construction to meet the pressing need for affordable and moderately dense housing in metro Phoenix over the next three years. Builders and investors should prioritize parcels offering good transit access, proximity to employment hubs, and zoning flexibility to optimize project feasibility and market alignment.