MARKET TRACKER: 20 FAST GROWTH CITIES

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SUMMARY:

This report is a review of 20 cities that experienced some of the fastest growth in the nation over the 5 years prior to Q2,2022.

In an attempt to determine why these markets went up more than their fellow cities we will first sort them by the type of market cycle they have.

We initially sorted the 20 markets by the various market cycle types represented: Volatile, moderate and stable.

We also looked for correlations of different market data figures. These also proved to be inconclusive, in fact surprising as some of the strongest correlations were 1) lower than average owner occupancy rates, and 2) higher than average poverty rates. Both of these seem unexpected for markets with dramatically increasing sales prices. Others include a strong correlation between the U.S. numbers and the GRM and Median Sold Prices, crime rates were higher, and the expense of rent was a higher percentage of median family income (no surprise).

CONCLUSIONS:

These do not seem to provide data that is consistent and reliable for future research.

ADDITIONAL POSSIBLE RESEARCH AVENUES:

Other avenues of research could be changes in population size, shifts in job type or job growth, asking agents why they think the market has gone us so much, restrictions on building.

METHODOLOGY:

To determine which cities to use we added the 2 percentages together and removed the smaller cities, and limited the number to 2 cities in each state to get a broader representation, and add in the highest from CA. We are tracking the numbers according to the median price change for the metropolitan area as tracked quarterly by the National Association of Realtors.

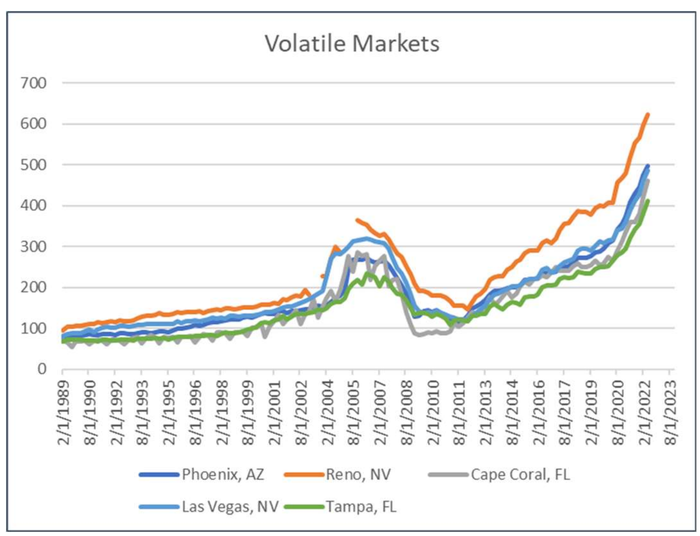
https://www.nar.realtor/research-and-statistics/housing-statistics/metropolitan-median-area-prices-and-affordability

LIST OF MARKETS:

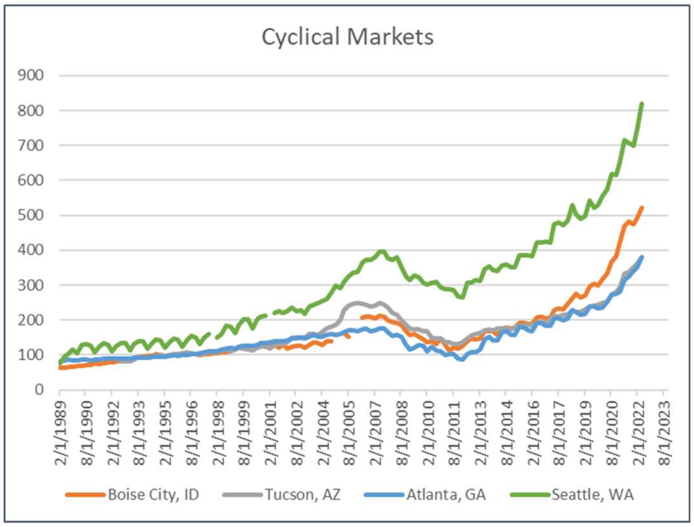
Cycle Type	Metro Area	1 Yr. Chg.	5 Yr. Chg.	1Yr. + 5Yr.
1	Phoenix, AZ	14.4%	70.2%	84.6%
1	Las Vegas, NV	20.5%	85.3%	105.8%
1	Tampa, FL	28.0%	60.5%	88.5%
1	Anaheim, CA	22.9%	86.5%	109.4%
1	Reno, NV	24.7%	75.2%	99.9%
1	Cape Coral, FL	17.5%	76.8%	94.3%
2	Seattle, WA	17.7%	75.8%	93.5%
2	Tucson, AZ	14.5%	72.7%	87.2%
2	Atlanta, GA	19.8%	68.9%	88.7%
2	Boise City, ID	24.5%	61.0%	85.4%
3	Albuquerque, NM	11.2%	129.1%	140.3%
3	Spokane, WA	19.1%	83.5%	102.7%
3	Salt Lake City, UT	27.8%	91.7%	119.5%
3	Grand Rapids, MI	23.6%	62.1%	85.7%
3	Eugene, OR	21.4%	74.1%	95.5%
4	Austin, TX	19.0%	99.1%	118.1%
4	Charlotte, NC	17.2%	65.0%	82.1%
4	Durham, NC	13.3%	73.2%	86.5%
4	Knoxville, TN	11.7%	75.6%	87.3%
4	Columbia, SC	18.5%	68.0%	86.5%

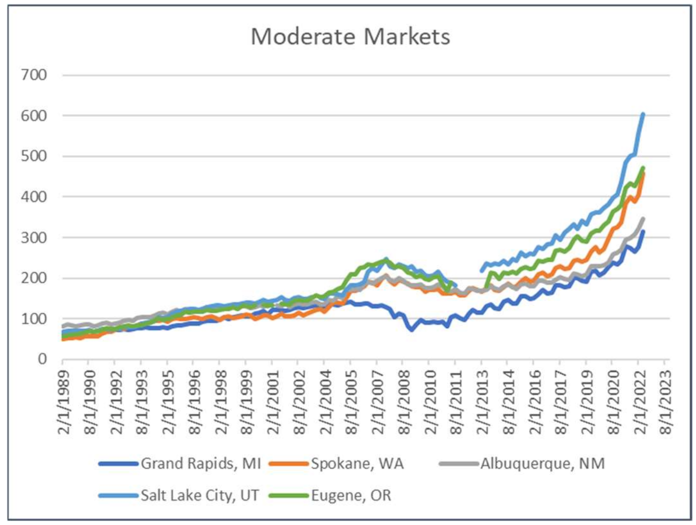
MARKET CYCLES:

Volatile Markets - These markets had a significant down turn during the great recession.

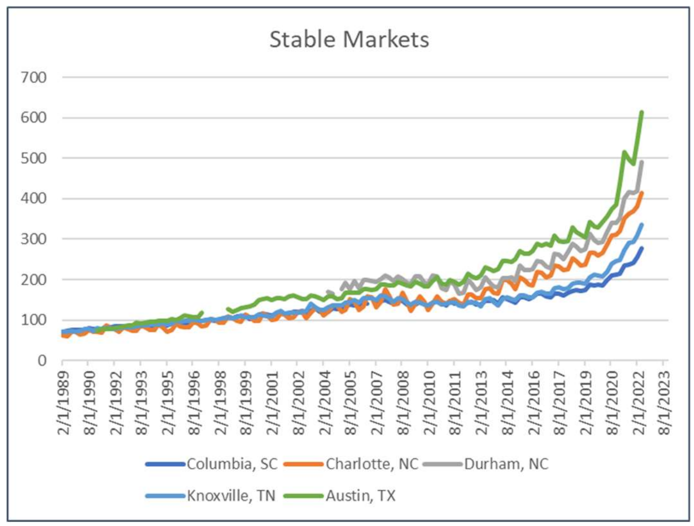


Moderate markets did not see a significant downturn during the great recession.





Stable markets saw little to no shift in sold price during the great recession.

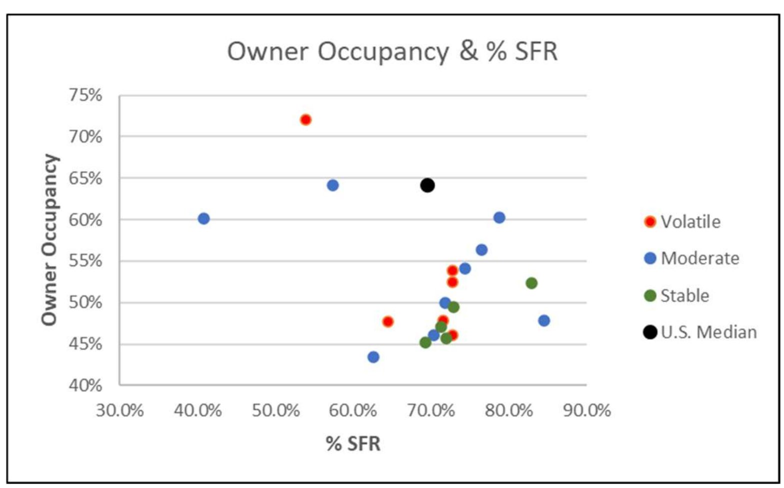


COMMONALITIES AMONG THE DATA:

We look for commonalities for these various types of markets to determine why they are some of the fasted growing cities over the last 5 years.

% SFR : Moderate Correlation

About 1/3 of the cities have a lower than average number of SFR relative to the total number of buildings; (the others being condos, 2-4 unit multi-family and commercial properties).



Owner Occupancy: Strong Correlation

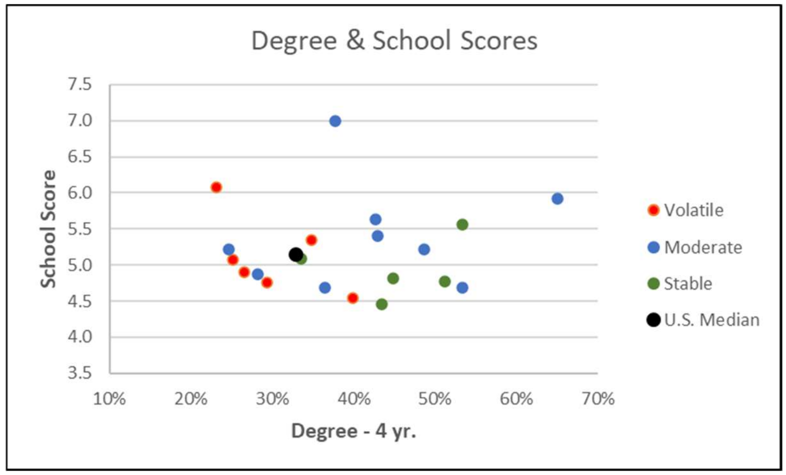
Almost all areas seem to have lower than U.S. average owner occupation, that is a low owner occupancy rate. Therefore, there must be a strong renter base in these cities.

4 Year Degree: Moderate Correlation

For markets with a higher percentage of citizens with college graduations they represent about 2/3 of the markets, including all of the stable markets.

School Scores: Weak to No Correlation

The average school scores seems to not have a bearing on strong price increase.

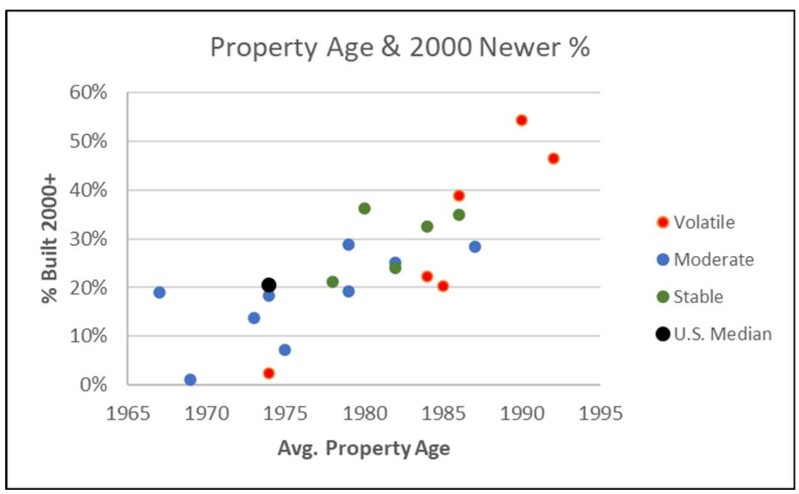


Sold Price and GRM: Strong Correlation

For properties with median sold price higher than the U.S. Median sold price the GRM (Gross Rent Multiplier) was higher than the U.S. For markets with a lower sold price, the GRM was also lower.

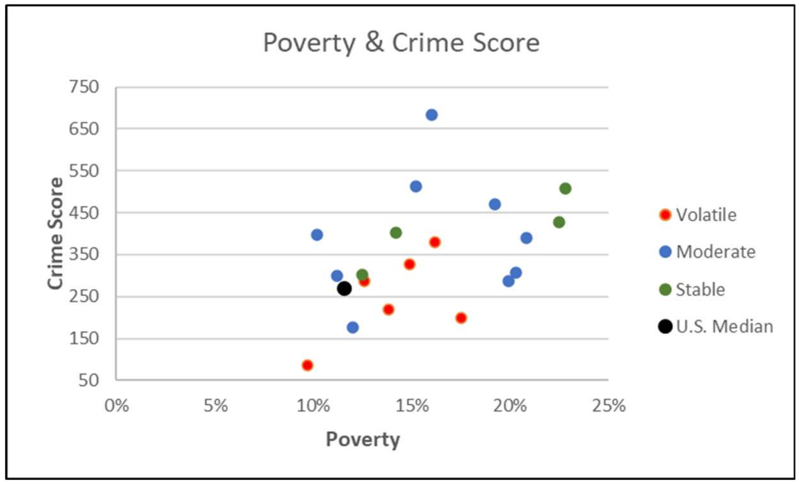
Property Age & % New Built: Moderate Correlation

The U.S. Median age of homes is generally lower than the that of the growth markets. 6 markets are near or below the U.S. while the rest are newer. These older markets also showed the lowest % of their inventory being built after the year 2000.



Poverty: Strong Correlation

The poverty percent for the various cities is in all but 3 cases higher than the average poverty rate in the U.S.

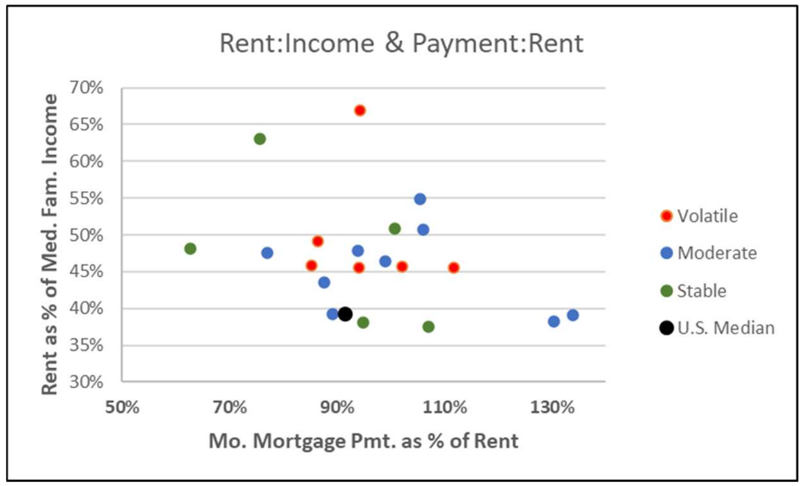


Crime Rate: Strong Correlation

Crime Rate in most of the cities is also higher than the U.S. average.

Rent to Income: Strong Correlation

Monthly Rent income as a percent of Median Family Income is the first percentage, and this is higher than the U.S. median in almost all cities.



Payment to Rent: Weak Correlation

This number is found by calculating the average mortgage payment at a reasonable interest rate at 20% of the median sold price and dividing by rent to see what % of the amount of money coming in for rent would be paid to cover mortgage. 1/3 of the areas are lower than the average.