

Commercial Real Estate

# Phoenix still a top 10 real estate market to watch going into 2025

West Valley still in focus for business relocation, national site selector says




A view of the Phoenix skyline, looking west from Tempe.

JIM POULIN



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Despite a precipitous drop from last year's ranking, Phoenix is still among the top 10 real estate markets in the U.S. as it experiences challenges in housing affordability and infrastructure constraints, according to the Urban Land Institute's [latest Emerging Trends in Real Estate](#) report.

This has led to a slowdown of recent in-migration in the region, similar to other Sun Belt markets that previously saw increased migration following the Covid-19 pandemic.

As a result, Phoenix dropped [from its second-place ranking](#) in last year's report to No. 10 among the top overall U.S. real estate prospects in 2025, closer to its ninth-place spot in 2023.

"So much of it has to do with affordability given the enormous record-breaking success of Phoenix and [the resulting] skyrocketing costs, home prices and cost of living increases," said John Boyd, principal at Boca Raton, Florida-based corporate site selection firm The Boyd Co., which has helped businesses expand to the Valley.

Dallas landed at No. 1 on the report, just ahead of Miami, Houston, Tampa and Nashville. Last year, Dallas was No. 3, while Nashville held the top spot.



John Boyd, principal of corporate site consulting firm The Boyd Company Inc., says water is now a major determinant in what cities can compete for companies and jobs.

THE BOYD CO. INC.

Despite the growing pains, Phoenix's top 10 ranking is enviable and shows that the region is still growing all on cylinders, Boyd said. That's thanks in part to its increased standing in the semiconductor and bioscience industries.

"Based upon our project load and data requests coming into our firm, it's one of the most successful markets in the country," Boyd said. "We see a lot projects coming your way, particularly in the West Valley."

### **More massive developments coming to Arizona**

Metro Phoenix has no shortage of the nation's largest developments and capital investments.

Texas-based Howard Hughes Holdings Inc. is planning the [37,000-acre master-planned Teravalis](#) community in Buckeye, at the same time that Mack Real Estate Group is progressing on plans for [the \\$7 billion, Halo Vista mixed use center](#) surrounding the \$65 billion Taiwan Semiconductor Manufacturing Co. complex in north Phoenix.

[Arizona State University's](#) expanding presence, the state's ties to the global marketplace, proximity to California and business-friendly environment are all helping drive Arizona's growth. The [renewal of the Arizona Commerce Authority](#) by the state legislature this year is also a positive for the region.

"It sent a good message to the business community that despite all of the success in Arizona that the state is not going to take its foot off the pedal," Boyd said.

Phoenix ranked No. 6 for both homebuilding prospects and local market perspective on topics such as the economy, investor demand, capital availability and development opportunities in the latest ULI report.

Once the election is over, Boyd expects development that was paused to kick into gear as interest rates continue downward and mortgage rates decline.

Phoenix will likely continue to compete for projects with other fast-growing markets such as Austin and San Antonio as more companies move out of California, Boyd added.

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