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PHOENIX'S HOUSING AND RETAIL CONSUMER IN PERSPECTIVE

A LOOK AT HOW PHOENIX IS DOING RELATIVE
OTHER MAJOR METROS

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ABOUT THE AUTHOR



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Thomas brings a wealth of eclectic experience at the touch points of economics including economic forecasting, econometrics, finance, investing, public economics, survey research, and cost-benefit analyses to name a few. He received his Ph.D. from the University of Utah with fields in Business Economics, Industrial Organization, Econometrics, and Finance.

ABOUT COMMON SENSE INSTITUTE

Common Sense Institute is a non-partisan research organization dedicated to the protection and promotion of Arizona's economy. CSI is at the forefront of important discussions concerning the future of free enterprise and aims to have an impact on the issues that matter most to Arizonans. CSI's mission is to examine the fiscal impacts of policies, initiatives, and proposed laws so that Arizonans are educated and informed on issues impacting their lives. CSI employs rigorous research techniques and dynamic modeling to evaluate the potential impact of these measures on the Arizona economy and individual opportunity.

TEAMS & FELLOWS STATEMENT

CSI is committed to independent, in-depth research that examines the impacts of policies, initiatives, and proposed laws so that Arizonans are educated and informed on issues impacting their lives. CSI's commitment to institutional independence is rooted in the individual independence of our researchers, economists, and fellows. At the core of CSI's mission is a belief in the power of the free enterprise system. Our work explores ideas that protect and promote jobs and the economy, and the CSI team and fellows take part in this pursuit with academic freedom. Our team's work is informed by data-driven research and evidence. The views and opinions of fellows do not reflect the institutional views of CSI. CSI operates independently of any political party and does not take positions.

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INTRODUCTION AND BACKGROUND

The Phoenix metropolitan area (Phoenix-Mesa-Chandler), when measured by population, is the 10th largest metro area in the U.S. with a little over 5.2 million residents. It is home to the Suns, the Diamondbacks, and Cardinals (NBA, MLB, and the NFL).ⁱ The City of Seattle saw its population mushroom by almost 7% since just 2020.

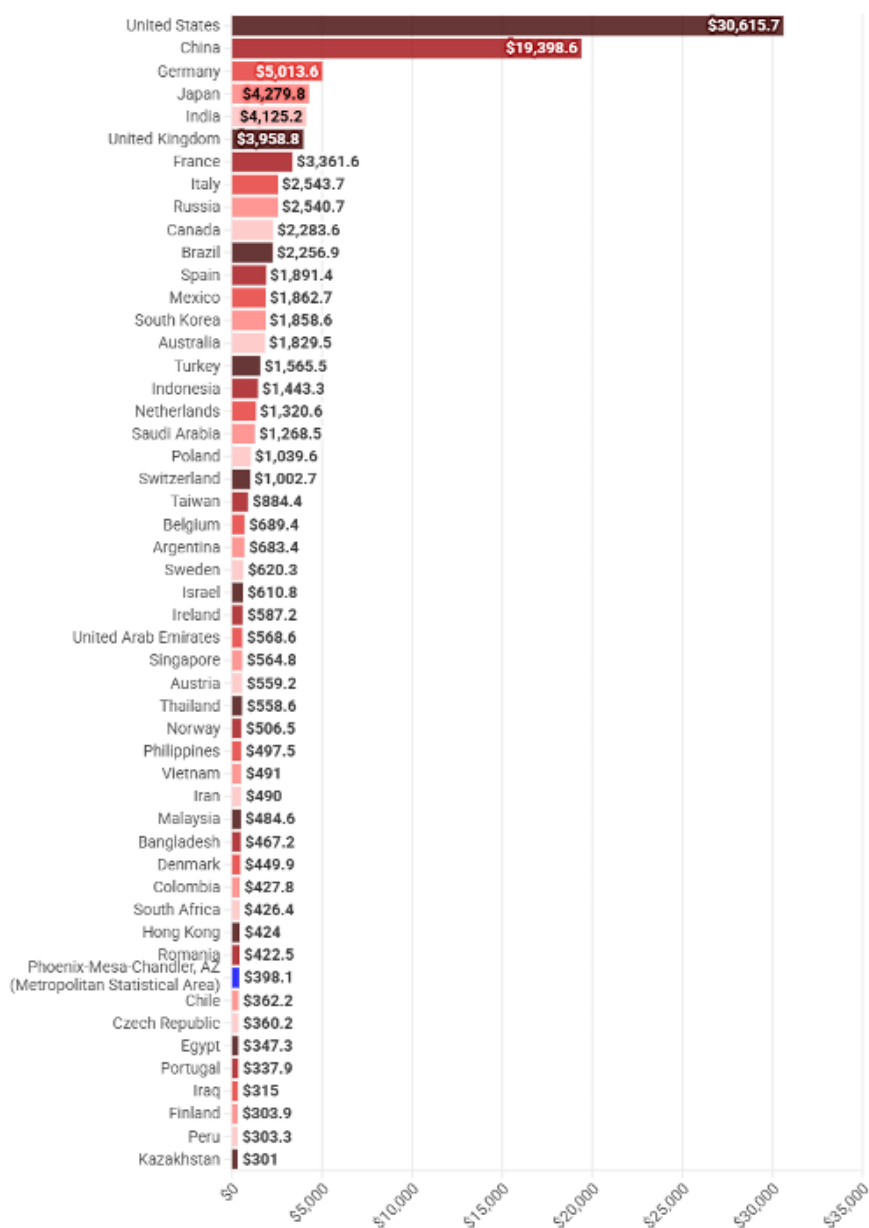
Its economy is large at \$398 billion.ⁱⁱ If measured against all other countries, Phoenix's economy by itself would come in 43rd place, just behind South Africa, Hong Kong, and Romania and just above Chile, Czech Republic, and Egypt (see Figure 1 for the Top 50 rankings with Phoenix in blue).^{iii, iv} It is a major hub for research, construction, tourism, healthcare, financial services, and manufacturing. The median household income of the metro area, at approximately \$80,000, is close to the national average.^v

Given the importance of Phoenix's economy to the U.S., here's a look at the state of Phoenix's retail and housing picture.

FIGURE 1.

Phoenix-Mesa-Chandler Ranking Against World Economies

Phoenix would be the 43rd largest economy in the world.



Source: IMF, BEA



KEY FINDINGS

- The Phoenix-Mesa-Chandler metro area would be the 43rd largest economy in the world when measured against other countries.
- Phoenix's consumer base is large. When compared against the other metro areas in the U.S., Phoenix's retail sales would be the 10th largest at almost \$164 billion, behind Philadelphia-Camden-Wilmington, PA-NJ-DE-MD and just above Bost-Cambridge-Newton, MA-NH.
- Phoenix has grown to be the 10th largest retail base, from the 34th ranking in 1970.
- The Phoenix metro area continues to grow since the pandemic, up 64% compared to the average metro area growth of 27%.
- For September 2025, Zillow reported a typical home value of \$447,000 for Phoenix, only 9% above the median sale price across the U.S.
- Among the top 50 "regions", as defined by size, Phoenix is in the middle at 17th highest. The fact that Phoenix's housing market has stayed away from becoming an extremely expensive housing market bodes well for the metro area's future.

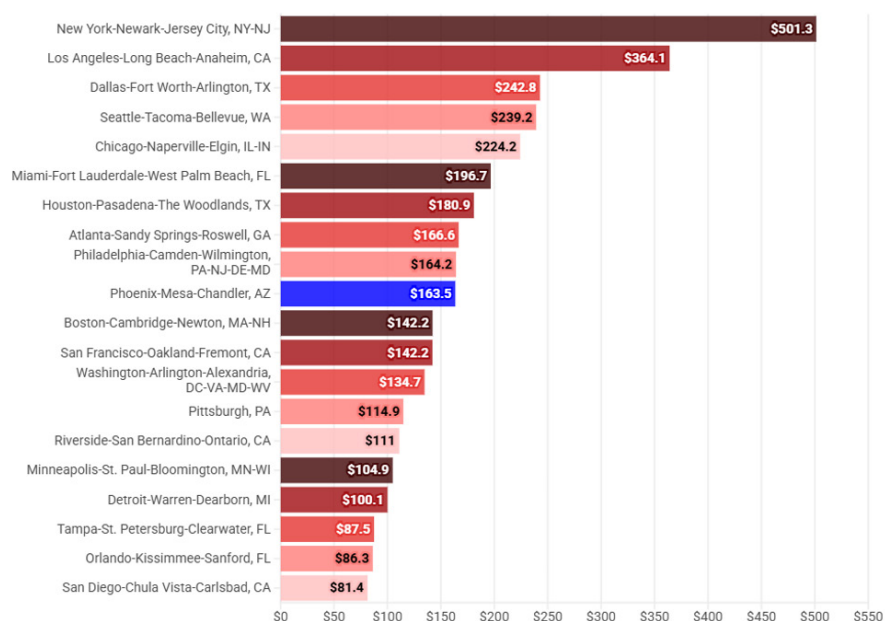
THE RETAIL CONSUMER PICTURE

The Phoenix consumer base is enormous. Using the four most recent quarterly values through the second quarter of 2025, Phoenix is the tenth largest consumer base in the country (Figure 2), at almost \$164 billion. Phoenix's consumer base is just behind Philadelphia-Camden-Wilmington and just above Boston-Cambridge-Newton.

FIGURE 2.

Phoenix-Mesa-Chandler, AZ Compared to Other Metro Areas' Retail Sales

Phoenix is the tenth largest consumer based in the U.S.



Source: U.S. Census Bureau, Moody's



PHOENIX RISE FROM 34TH TO 10TH

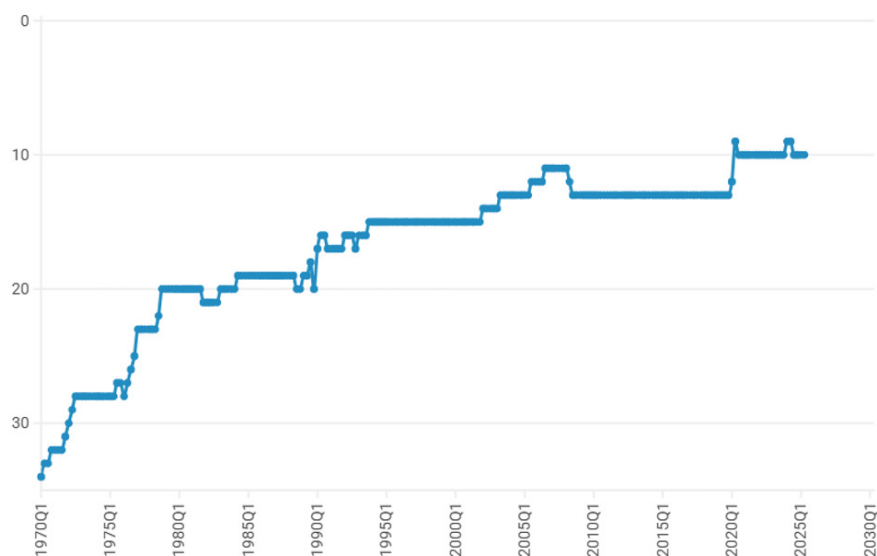
Phoenix hasn't always been a big player in retail sales. In the early 1970s, Phoenix had the 34th largest retail sales base compared to 387 metros. It has grown to tenth place and briefly reached a high of ninth place in 2024 (Figure 3).

Given Phoenix's rise, it's worth noting that Phoenix's growth since 2020—the onset of the pandemic—has slowed, although still in the top echelon of metros at 64%. The average across all metros since early 2020 is 27%.

FIGURE 3.

Phoenix's Retail Sales Ranking Among 387 Metros

Phoenix has consistently grown from the 34th largest consumer base in 1970 to currently the tenth largest. It briefly reached a high of ninth ahead of Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area in 2024.



Source: U.S. Census Bureau, CSI Analysis



WHAT COULD BOOST PHOENIX TO #1 OR CAUSE IT TO LOSE GROUND? THE HOUSING MARKET.

Although recent economic indicators have been muddy, the past 20 years have been, as shown, quite good for Phoenix and Arizona. What could cause Phoenix to boom to #1 or cause it to lose ground?

Among the myriad of factors, the housing market is worth watching.

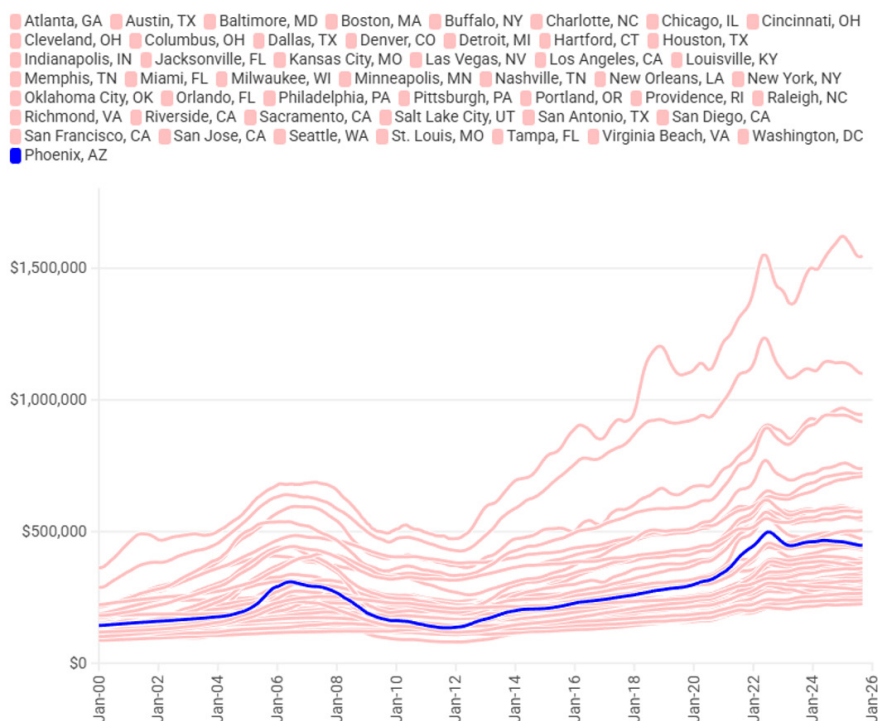
According to Zillow's Home Value Index, Phoenix has the 104th most expensive typical home price in the country of the 895 regions reported by Zillow.^{vi} For September 2025, Zillow reported a typical home value of \$447,000 for Phoenix, above the unweighted average across the regions in Zillow reports (\$293,000)^{vii}, but only 9% above the median sales price of homes sold across the U.S. as reported by the U.S. Census Bureau.^{viii}

The fact that Phoenix has been able to keep housing prices relatively reasonable compared to other major metro areas is a positive sign for the future of Phoenix. In fact, of the top 50 metros as defined by Zillow, Phoenix is around the middle at 17th highest – a good position considering that Phoenix has the 10th largest consumer base.

FIGURE 4.

Typical Home Value for the Top 50 Zillow-Defined "Region" Areas

In blue (the only non-red line) is Phoenix, AZ. Among large metros, Phoenix ranks 17th most expensive housing market even though it has the 10th largest consumer base.



Source: Zillow



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