

# HIGH NET WORTH REPORT

## Migration, Cost of Living and the Luxury Housing Market

Arizona continues to attract affluent households from higher-cost states, fueling record luxury home sales and reshaping demand across the state's housing market. Strong population growth, a competitive tax environment and greater purchasing power relative to comparable markets have contributed to the state's appeal among high-income earners. As the share of affluent newcomers has increased, luxury housing has emerged as one of the strongest-performing segments of Arizona's real estate market.

### HIGHLIGHTS IN THIS ISSUE

- Over 40 percent of people relocating to Arizona came from five states: California, Washington, Texas, Colorado and Illinois.
- In 2025, the Phoenix metro area's housing index (112.3) exceeded the national average (100.0), but remained well below comparable California metros, reflecting a lower cost basis and stronger relative value for luxury homebuyers.
- Arizona recorded 7,533 luxury home sales over the 12 months ending May 2026, a 16.4 percent year-over-year increase and more than double the growth rate of the overall housing market (7.1 percent).
- Activity in the luxury housing market reflects strong end-user demand, as approximately 87 percent of purchases were made by owner-occupants rather than investors.

#### Arizona's robust in-migration is driven by a favorable tax environment and relative purchasing power for relocating households.

Arizona welcomed more than 230,000 new arrivals from other states in 2024 (latest data available), resulting in a net gain of over 50,000 residents after accounting for out-migration. Over two-fifths of newcomers came from just five states, led by California (21.3 percent) and followed by Washington, Texas, Colorado and Illinois. Arizona's appeal to newcomers is supported in part by its competitive tax structure. The state ranks 14th nationally in overall tax climate. Along with a flat 2.5 percent individual income tax, the lowest in the country, Arizona has no inheritance, estate or gift taxes, enhancing its appeal to higher-income households and retirees. Beyond tax considerations, buyers relocating to Arizona can obtain larger homes and more living space for the same investment as in higher-cost markets, as illustrated by the Phoenix metro area.

In 2025, the cost of housing index in Phoenix was 112.3, indicative of housing costs modestly above the United States average (baseline = 100). However, housing costs remain well below those in Arizona's major origination markets, including California's Orange County (275.0), Los Angeles (235.4) and San Diego (209.6), as well as Washington's Seattle (203.6). These cost differentials reinforce the relative value proposition for households relocating from higher-cost regions and are likely to support Arizona's continued attractiveness as a domestic migration destination.

#### More high-income households have relocated to Arizona over the last decade, driving housing demand.

A growing share of newcomers are high-income households, or those with incomes in the top 10 percent nationally. In 2024, 16.2 percent of all new arrivals to Arizona were high-income households earning more than \$251,000 annually. By comparison, these households made up just over 11.0 percent of newcomers a decade earlier. Arizona also ranked among the top five states for net adjusted gross income inflow between the 2022 and 2023 tax years (the latest data available), adding nearly \$2.8 billion and underscoring its ability to attract wealth from other states. The growing number of high-income households is shifting demand toward higher-end housing.

#### Arizona's luxury housing is outperforming the broader market.

In Arizona, luxury home sales, defined as properties sold for \$1 million or more, totaled 7,533 transactions in the 12 months ending May 2026, growing 16.4 percent over the year (+1,061 transactions). By contrast, over the same period, the broader housing market grew by less than half that amount, to 77,240 (+5,087 transactions or +7.1 percent year-over-year). Broader housing activity across the state is well below its prior 2021 peak of 114,053 sales (May 2021 trailing 12-month total). Luxury home sales, however, have continued to establish new highs, surpassing the prior peak set in December 2025. Notably, luxury home sales have increased by 102.4 percent since

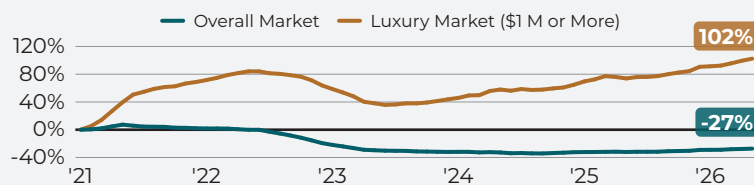


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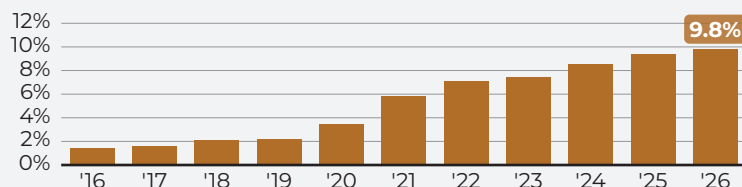
Luxury home sales have increased by 102.4 percent since January 2021, while overall home sales have declined 27.3 percent.

## LUXURY MARKET PERFORMANCE IN ARIZONA

## GROWTH SINCE 2021 BY MARKET



## LUXURY SALES SHARE OF TOTAL SALES



Source: Arizona Regional Multiple Listing Services (ARMLS). Note: 2026 reflects trailing 12-month values for May 2026.

January 2021, while broader market sales remain 27.3 percent below January 2021 levels. Arizona's luxury housing market also remains competitive nationally. A recent report ranked the Phoenix metro area among the nation's 10 fastest-moving luxury housing markets in 2025. Nearly 90 percent of luxury home sales over the past year occurred in Maricopa County, the dominant county in the metro.

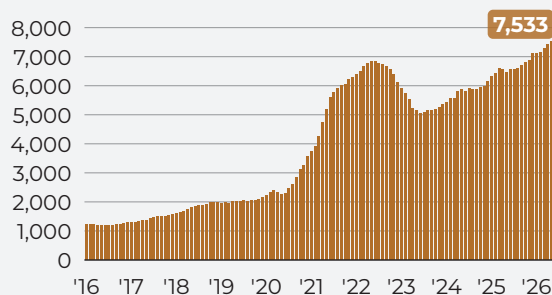
Growth has been led by homes priced at the upper end of the luxury market. Sales of homes priced at \$3.0 million or more have increased by 191.4 percent since January 2021, outpacing the overall luxury market (102.4 percent). While active luxury listings have continued to rise, pending sales remain near record highs, indicating that buyer demand has absorbed much of the

growing supply. Further, only 13 percent of luxury purchases in 2025 were made by investors, with the remaining 87 percent acquired by households intending to occupy the property. This suggests that luxury housing demand is being supported primarily by residents relocating to or living in Arizona rather than investment activity.

Overall, Arizona's luxury market remains supported by sustained in-migration, a rising share of high-earning households and owner-occupant demand. While elevated mortgage rates weighed on the broader market, the luxury segment has stayed resilient. Continued population growth and Arizona's purchasing power advantage are expected to support further expansion of the luxury housing market.

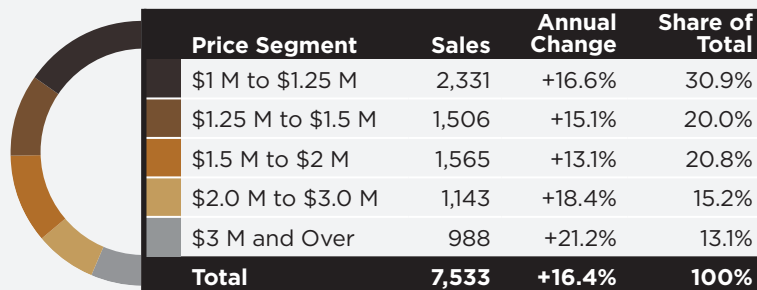
## LUXURY MARKET ACTIVITY IN ARIZONA

## HOME SALES (\$1 MILLION OR MORE)



Source: Arizona Regional Multiple Listing Service (ARMLS). Note: Data are derived from aggregated ARMLS home sales reports and reflect trailing 12-month totals. Reported figures are based on available data, may be revised as ARMLS updates or audits its underlying records and may not represent all real estate activity in the market.

## PRICE DISTRIBUTION OF LUXURY SALES, 12 MONTHS ENDING MAY 2026



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**APPLIED ANALYSIS**  
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The Private Bank by National Bank of Arizona retained the team at Applied Analysis to explore the high net worth segment of the community. Specifically, the team has been working to better understand the size, consumer trends, needs and other aspects of this key segment of the market. Research efforts focused on selected demographic and economic data, as well as information garnered through direct surveying techniques and other cutting edge research methodologies. This reporting series has been designed with these high net worth individuals in mind. We hope you find the elements of our research and analysis helpful in assessing the market.