

MARICOPA COUNTY – PHOENIX METRO ARIZONA MARKET

Local Economy

For the year 2009, Maricopa County – Phoenix Metro Area proved to have one of the nation’s weakest economies. This was due to; falling homes prices, short sales, foreclosures, job losses in most sectors and rising unemployment. In addition, migration into to area slowed. The County is saddled with a \$3 billion shortfall with hard political decisions having to be made. The alternatives are; deep spending cuts in government services, increase properties taxes or authorization of a new County revenue source.

Employment

During 2009, there were 135,000 jobs lost. In December 2008, unemployment was 6.2%. At the end of December 2009, unemployment rose to 8.2%. There have been more than 200,000 construction jobs lost since the home building peaks years of 2004 and 2005.

Population

With the weak economy and housing market, population growth has slowed. From the year 2000 to the end of 2008, area population grew to 3,954,598 or 27.7%. Those huge gains have dampened as the population from 2008 to 2009 increased just 1.5% to slightly more than four million. The next few years will see more of the same with insignificant changes.

DETACHED SINGLE FAMILY

	TOTAL	LENDER OWNED	MEDIAN	DAYS ON	SALE PRICE/
YEAR	SOLD	SOLD - % TOTAL	PRICE	MARKET	LIST PRICE
2009	70,271	39,741 56.5%	\$136,000	107	99%
2008	44,833	16,226 36.2%	\$205,000	122	97%
2007	39,160	1,385 3.5%	\$275,000	113	97%
2006	55,109	61 <0.02%	\$279,000	73	98%
2005	78,515	168 <0.03%	\$260,000	29	100%

The five year trend indicates a decline in the median price.

- When comparing 2009 to 2008, the number of homes sold increased 56.7% as most were Lender owned.
- For 2009, 56.5% of the homes sold were Lender owned.
- In 2007, just 3.5% of the homes sold were Lender owned.
- In 2005 and 2006, less than one percent of all homes sold were Lender owned.

There are 28,378 detached single family homes currently listed for sale. Based on the number of homes sold during 2009, the current absorption is 4.8. That is, it will require nearly five months to sell the current supply of available homes. This is an oversupply. Absorption rates in the 2.5 to 4.5 month range, generally indicates supply demand are in balance. The current absorption rate has declined over 2009.

The number of Lender owned single family homes shows a decline. Of the 28,378 homes available for sale, 4,279 or 15% are Lender owned.

Single Family Permits

In 2009, there were an estimated 8,232 single family permits. For the year 2010, there will be an estimated 11,300 single family permits. During the peak building years of 2004 and 2005, there was an average of 55,000 single family permits each of those years.

MARICOPA COUNTY ARIZONA MARKET continued

CONDOMINIUMS

	TOTAL	LENDER OWNED	MEDIAN	DAYS ON	SALE PRICE/
YEAR	SOLD	SOLD - % TOTAL	PRICE	MARKET	LIST PRICE
2009	2,553	1,136 44.5%	\$105,000	132	95%
2008	1,884	3,17 16.8%	\$173,700	126	95%
2007	2,596	49 1.9%	\$189,000	102	97%
2006	3,083	1 <0.01%	\$190,000	64	98%
2005	4,383	12 <0.01%	\$165,000	32	100%

- The overall trend indicates a decline in the median price.
- When comparing 2009 to 2008, there has been a 35.5% increase in the number of condominiums sold.

This increase was driven by Lender owned units.

- In 2009, 44.5% of all condominium units sold were Lender owned.
- In 2008, 16.8% of all condominiums sold were Lender owned.
- In 2005 and 2006, less than 1% of all condos sold were Lender owned.

Currently, there are 1,776 condominium units listed for sale. Utilizing the number of condos sold in 2009, the current absorption is 8.3. That is, it will require more than eight months to sell the current supply of available condominium units. This is an oversupply.

The number of Lender owned condominium units has declined. Of the 1,776 condos currently listed for sale, 239 units, or 13.5% are Lender owned.

Outlook

The year 2010 should be an improvement over 2009. The bottom to the housing market may have happened. This can partially be attributed to: investor activity on foreclosures and an increase in new home sales, driven by first-time home buyers taking advantage of the temporary \$8,000 tax credit. Inventory levels should decline and there has been a decrease in the number of lender owned properties. Foreclosures will continue to be factor but on a lesser scale than the past two years. Experts are warning that the Maricopa – Greater Phoenix Area housing market will be slow to recover and it will be sometime in 2013 or 2014 before there is some degree of normalcy. Negative consumer confidence and the lack of job and population growth are cited as ongoing concerns.



For additional or more current information on the residential market in the Maricopa County area, visit www.rac.net and select "The RAC Report," or contact either of the following RAC members:

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