

REALTY STUDIES  
July 2010  
RESALE HOME MARKET

It is not unusual to see the resale home activity slow as the selling season comes to an end. For July 2010, there were 8,945 recorded sales, which is a decline from the 10,720 sales of June and last year's 11,500 sales. Foreclosure activity continues to dominate the market with 43 percent (3,865 foreclosures) of recorded activity in July while it was 36 percent (3,835 foreclosures) in June. Although March was the most active foreclosure market in 2010, the 43 percent market share is above the 40 percent found in March 2010, but is still below the 4,370 foreclosures.

Foreclosure activity, as percentage of the total resale market, varied throughout the Valley such as 50 percent in El Mirage, 29 percent in Scottsdale and 36 percent in Surprise. Another significant component of the market was the sale of previously foreclosed property, which accounted for approximately 40 percent of the traditional transactions (5,080 sales). Thus, foreclosure-related activity represented 66 percent of the recorded activity.

In previous housing downturns, recovery was driven by pent-up demand responding to lower interest rates and supportive home prices. Although current interest rates and home prices are very attractive, the typical owner-occupant seems to lack the motivation to satisfy any pent-up demand. This lack of motivation can be attributed to several factors including anemic economic and job (income) recovery, low consumer confidence, and stricter underwriting guidelines. Further, the move-up market has a home that is probably difficult to sell, but yet many households maybe satisfied in their current home and see no reason to move. Thus, pent-up demand is currently weak because many households lack the desire and economic capability to buy a home. .

The recent improvement in home prices, not only provides evidence of potential short-term appreciation, it has further enhanced the interest of investors' interest in the local housing market. While lower prices can greatly improve affordability, they can adversely impact many owners and potential sellers whom are watching their limited equity erode, as prices decline to and even below existing debt level. Low value can be another issue in some of the mortgage modification programs and the stimulus for strategic defaults. The median price for the traditional market in July was \$137,500, which is down from the \$143,000 of June 2010, but an improvement over last year's \$135,500. The foreclosed properties had a median price of \$154,970 in contrast to \$155,625 for June and \$148,045 for a year ago.

Housing prices are being influenced by foreclosure-related activity. The first influence is that expensive homes continued to be foreclosed, with 30 being over \$1 million in July, including 7 above \$2 million. Another influence is that, for the last year, approximately 40 percent of the traditional sales were foreclosed homes that were sold again with a median price markdown

of 14 percent from the foreclosed price. Although the markdown has improved from 25 percent a year ago, it does vary throughout the Valley ranging from 46 percent in Maryvale to 21 percent in Glendale to 8 percent in the Gilbert area.

Since the Greater Phoenix area is so large, the median price can range significantly. For July 2010 in North Scottsdale, the median price for a foreclosed property was \$403,230 (\$409,340 in June) while the traditional market was \$447,450 (\$490,000 in June). In South Scottsdale the splits were \$172,910 (\$190,885 in June) and \$180,000 (\$175,615 in June), respectively.

In Maryvale, traditional transactions were \$55,000 (\$59,900 in June) and foreclosures were \$97,750 (\$74,295 in June), while in Union Hills it was \$181,950 (\$193,000 in June) and \$162,290 (\$190,000 in June), respectively. For July 2010, Paradise Valley had a median square footage of 4,640 and a median price of \$1,135,000.

Within the 1,470 total recorded sales for July 2010, the townhouse/condominium market had 590 foreclosed properties. For a year ago, there were 1,475 total transactions with 555 being foreclosures. In July 2010, the median price for foreclosed properties was \$110,235 while the traditional market stood at \$84,500. Last year, the splits were \$109,545 and \$106,500, respectively.

The median square footage for a single-family home recorded as foreclosed in July 2010 was 1,665 square feet (1,685 for a year ago), while it was 1,830 square feet (1,760 for a year ago) for a market transaction home. In the townhouse/condominium sector, the median square footage for a foreclosed unit was 1,080 square feet (1,050 for a year ago), while the traditional market units was 1,115 square feet (1,160 for a year ago).

July 2009 Selected Cities	SINGLE-FAMILY RESALE HOMES						July 2009	CONDOMINIUM/TOWNHOUSE RESALES					
	Total	Median	Traditiona	Median	Foreclose	Median		Total	Median	Traditiona	Median	Foreclose	Median
		Price	l Sales	Price	Sales	Price			Price	Sales	Price	Sales	Price
<b>Phoenix</b>	3,440	105,000	2,125	94,000	1,315	171,300	680	95,000	400	93,750	280	104,935	
<b>Scottsdale</b>	535	370,000	400	389,900	135	320,500	300	160,000	200	170,000	100	149,563	
<b>Chandler</b>	610	185,100	405	195,000	205	173,270	55	103,000	35	101,000	20	131,200	
<b>Gilbert</b>	645	199,000	440	19,900	205	198,000	25	135,000	15	125,000	10	141,700	
<b>Mesa</b>	1,135	130,000	730	127,000	405	136,000	120	75,335	70	69,785	50	77,825	
<b>Tempe</b>	190	200,000	135	208,700	55	185,685	70	121,400	55	119,930	15	135,000	
<b>Avondale</b>	410	109,600	245	110,000	165	106,950							
<b>El Mirage</b>	210	75,000	125	70,000	85	94,205							
<b>Glendale</b>	855	119,000	520	110,000	335	130,555	70	56,140	40	43,505	30	67,610	
<b>Goodyear</b>	360	145,290	210	130,000	150	163,620							
<b>Peoria</b>	515	165,000	330	161,750	185	171,300	35	84,140	25	69,500	15	108,485	
<b>Sun City</b>	80	135,000	55	135,000	25	148,630	45	83,000	35	81,250	10	94,950	
<b>Sun City West</b>	75	182,000	65	182,000	10	171,875	10	102,670	10	102,670			
<b>Surprise</b>	680	139,800	415	138,010	260	144,500	10	114,900	5	101,750	5	165,530	
<b>County</b>	11,500	140,000	7,300	135,500	4,200	148,045	1,475	107,535	920	106,500	555	109,545	

June 2010 Selected Cities	SINGLE-FAMILY RESALE HOMES						June 2010 CONDOMINIUM/TOWNHOUSE RESALES					
	Total	Median	Traditiona	Median	Foreclose	Median	Total	Median	Traditiona	Median	Foreclose	Median
		Price	l Sales	Price	Sales	Price		Price	l Sales	Price	Sales	Price
<b>Phoenix</b>	2,940	107,000	1,760	100,000	1180	118,770	650	84,020	390	75,000	260	100,965
<b>Scottsdale</b>	630	378,600	490	390,000	140	330,000	385	145,000	290	144,900	95	158,195
<b>Chandler</b>	605	193,650	415	190,000	190	197,100	60	95,600	45	83,750	15	122,765
<b>Gilbert</b>	690	195,000	445	180,000	245	208,140	40	107,000	30	96,950	10	136,000
<b>Mesa</b>	1,060	139,000	680	134,000	380	149,000	165	65,000	100	55,100	65	84,370
<b>Tempe</b>	190	165,575	135	168,000	55	156,875	75	113,200	45	96,250	30	129,145
<b>Avondale</b>	305	116,970	175	110,000	130	146,650						
<b>El Mirage</b>	175	80,300	110	75,090	65	121,850						
<b>Glendale</b>	770	121,700	470	115,000	300	150,245	90	57,910	45	40,075	45	80,065
<b>Goodyear</b>	345	152,870	220	150,000	125	163,675						
<b>Peoria</b>	535	160,600	350	160,000	185	162,080	30	57,000	20	57,000	10	74,165
<b>Sun City</b>	120	131,750	85	130,000	35	140,675	55	75,250	50	76,250	5	31,565
<b>Sun City West</b>	80	171,400	70	178,000	10	157,000	20	125,000	20	125,000		
<b>Surprise</b>	590	141,250	375	136,000	215	155,345	10	100,000	10	100,000		
<b>County</b>	10,720	147,500	6,885	143,000	3,835	155,625	1,725	99,900	1,140	94,600	585	109,200

July 2010	SINGLE-FAMILY RESALE HOMES						July 2010	CONDOMINIUM/TOWNHOUSE RESALES					
	Total	Median Price	Traditiona l Sales	Median Price	Foreclose Sales	Median Price		Total	Median Price	Traditiona l Sales	Median Price	Foreclose Sales	Median Price
<b>Selected Cities</b>													
<b>Phoenix</b>	2,535	100,900	1,310	92,000	1,225	117,975	570	76,735	325	66,750	245	100,000	
<b>Scottsdale</b>	500	350,000	355	371,000	145	319,960	310	148,950	195	144,900	115	155,000	
<b>Chandler</b>	485	180,350	300	175,305	185	190,260	60	85,000	35	74,620	25	101,445	
<b>Gilbert</b>	600	187,290	370	183,045	230	190,095	25	110,000	15	109,000	10	168,130	
<b>Mesa</b>	885	132,645	475	129,450	410	139,790	135	76,600	75	58,500	60	92,975	
<b>Tempe</b>	155	169,000	105	167,665	50	176,075	70	105,900	40	108,900	30	102,950	
<b>Avondale</b>	250	110,000	145	105,000	105	128,045							
<b>El Mirage</b>	160	81,000	80	78,500	80	103,830							
<b>Glendale</b>	650	125,000	335	116,250	315	146,320	75	45,000	50	38,000	25	98,745	
<b>Goodyear</b>	240	150,000	145	134,200	95	175,470							
<b>Peoria</b>	450	159,350	230	158,465	220	159,725	20	110,000	10	92,000	10	110,000	
<b>Sun City</b>	110	120,000	75	110,000	35	131,195	60	81,700	45	87,950	15	63,455	
<b>Sun City West</b>	50	157,500	40	155,000	10	168,750	15	105,000	10	105,000	5	128,580	
<b>Surprise</b>	480	134,500	305	127,715	175	170,150	5	80,500	5	80,500			
<b>County</b>	8,945	144,000	5,080	137,500	3,865	154,970	1,470	94,500	880	84,500	590	110,235	



