

Report: Foreclosures still dominate housing market

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Despite signs of economic recovery across the country, the Phoenix-area housing market continues to be driven by foreclosures. Last month, almost two-thirds of the existing-home transactions in the market were either foreclosures or the resales of previously foreclosed-on properties, according to the latest Realty Studies report from the W. P. Carey School of Business at Arizona State University.

“Foreclosure-related activity represented 65 percent of the recorded activity in the Phoenix market in February,” said associate professor of real estate Jay Butler, who authored the new report. “The fundamental problem remains that a weak recovery is restricting job growth that could impact the ability of property owners to maintain their homes, and a large number of adjustable rate mortgages are expected to reset in the coming months. Further, owners, confronted with declining neighborhood values and restrictive debt amounts, could decide to walk away from their homes.”

More than 3,300 homes were foreclosed on in the Phoenix area in February. That accounts for 42 percent of the existing-home activity in the market. However, the number is actually down from January, when the area had 3,500 foreclosures, and from last February, when it experienced almost 4,300 foreclosures.

Home resale activity in the Valley is getting busier. More than 4,600 single-family homes were resold in February. In January, there were just over 4,200 resales, about the same number in February of last year.

Also, the median price of single-family homes being resold in the Valley is going up, which may indicate some value returning to the market. In February, the median was \$140,000. That's higher than the \$136,500 median price in January and the \$133,000 median price last February.

However, the condominium/townhouse market continues to suffer. The median price of condos resold in the Phoenix area in February is \$95,000, the same as in January. Last year, the median was way up at \$121,000. About 500 condos and townhomes in Maricopa County were foreclosed on this February.

Butler's full report, including statistics, charts and a breakdown by different areas of the Valley, can be viewed at wpcarey.asu.edu/realestate/Phoenix-Real-Estate-Market-Reports.cfm .

Provided by Arizona State University

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