

Foreclosure rate stays high, possible return to negative trend

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More bad news for the Phoenix-area housing market. A new report from the W. P. Carey School of Business at Arizona State University shows the possible return to a negative trend.

In the final months of 2010, [foreclosures](#) had gone down to represent only 30 percent of the transactions in the single-family home resale market. However, in January, that rate shot up to 43 percent, and the new report reveals it was about 43 percent again in February.

“We’ve all been watching to see if the foreclosure rate in late 2010 would carry over into this year, but unfortunately, the good news hasn’t come yet,” says associate professor of Real Estate Jay Butler, who wrote the report. “January 2011 showed a reemergence of troubled times, which continued through February.”

Butler explains the year 2010 ended with an unusual set of circumstances, including foreclosure moratoriums, legal challenges to the foreclosure process, and weak economic and job recovery.

“The fundamental uncertainty now is whether the initial months of 2011 represent just a short-term response as the pipeline unclogs after the foreclosure moratoriums or if it’s a continuation of a market being dominated by foreclosures,” says Butler.

Out of more than 8,500 single-family home resale transactions in February, more than 3,600 were foreclosures. In addition, when you look

at the rest of the transactions, 40-percent of those were the resales of previously foreclosed-on properties.

“Thus, foreclosure-related activity represented a total of 66 percent of the market transactions in February,” explains Butler.

The median price for single-family homes resold (not newly foreclosed) in the Phoenix area in February was \$127,500. That’s up from \$125,000 in January, but way down from last February’s \$140,000.

In the townhouse/condominium market, 580 foreclosures happened in February. The median price of a townhome/condo resold (not newly foreclosed) in February was \$75,000. That’s way down from \$95,000 last 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-e-Market-Reports.cfm. More analysis is also available from Knowledge@W. P. Carey, the business school’s online resource and newsletter, at knowledge.wpcarey.asu.edu.

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Provided by Arizona State University

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