

Phoenix-area foreclosure rate drops slightly

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A little bit of good news is coming to the Phoenix-area housing market. Foreclosures accounted for just under 38 percent of the existing-home transactions in the area in March. A new report from the W. P. Carey School of Business at Arizona State University reveals the improvement over the 43 percent seen in the first two months of 2011.

“Foreclosure activity, as a share of total activity, is down slightly from the 43-percent recordings of January and February,” says Associate Professor of Real Estate Jay Butler, who authored the report. “However, because the change is so slight, it’s still unclear whether the initial months of 2011 just represented a short-term foreclosure boost as the pipeline unclogged after banks’ recent mortgage moratoriums or if it’s a continuation of a foreclosure-dominated market.”

The Phoenix-area [housing market](#) had more than 11,000 existing-home transactions in March. More than 4,100 of those were [foreclosures](#). In March of last year, the market saw almost 4,400 foreclosures.

The median price for existing-home resales in March (not new foreclosures) was \$125,000. That’s slightly down from \$127,500 in February and way down from last March’s median of \$142,500. The annual drop in price is partly because of the glut of foreclosed homes on the market. For the last year, about 40 percent of the traditional home resales were foreclosed homes sold again with a median price markdown of 14 percent from the foreclosed price.

Overall, activity is picking up in the market, since March is the usual

beginning of the home-resale season that lasts until August. While only about 8,600 homes changed hands in February, the number went up over 11,000 in March.

Butler notes, “Sales and median prices tend to increase as the traditional owner-occupant moves to lock in a purchase before the start of schools and holidays. However, even though mortgage interest rates and prices are attractively low, tighter underwriting standards and a struggling economy and job market could continue to be obstacles for the return of homeowner-occupants. The dominant group will probably be investors scrambling to take advantage of the buying opportunities that might be slowly disappearing in many areas.”

In the townhome/condo market, 580 foreclosures happened in March, the same amount as in February. That’s a significant drop from last March’s 660 foreclosures. The median price in the traditional townhome/condo market in March was \$80,000, up from \$75,000 in February. Still, the median is way down from \$94,000 last March.

More information: 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-Home-Resale-Reports/e-Market-Reports.cfm

Provided by Arizona State University

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