Greater Phoenix Housing Market

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Situation Summary – March 2014

- Supply is low but growing (94% of normal)
- Demand is very weak but stable (79% of normal)
- AZ loan delinquency close to normal at 5.2%
- Foreclosures are below normal
- Investors interest has faded 40% -> 18% of sales
- Cash transactions decreased 42% -> 29%
- Out-of-state buyers down from 29% -> 20%
- No upward pressure on pricing
Percentage of First Home Loans Over 30 Days Late

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Source: Lender Processing Services

5% is considered normal.
Supply Is Growing Due to Very Weak Demand And More New Listings

So far 10% more new listings created than in 2013
Outlook

- Buyer’s have significant negotiation power in most areas
- Pricing will rise slightly for spring but is likely to fall in 2H 2014
- Rental rates will probably increase in some popular areas
- Household formation insufficient to drive further recovery
- Luxury market will out-perform if the stock market does well
- Market would improve if lending standards were loosened