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## Arizona Market Watch, January 30, 2009

# Mixed Resale Market in Phoenix

According to the latest statistics from Arizona State University (ASU), sales of resale homes were up substantially in the Phoenix metro area in 2008 amid slowing economic conditions. There were 81,700 homes sold last year, up a staggering 50% from a year ago. When compared to historical levels, the volume of sales activity last year was robust, coming in 54% above the 21-year average. Despite accelerating job losses and a rising unemployment rate that reached 6.9% in December, bargain shoppers were eager to find deals in the foreclosure market. Sales of distressed homes accounted for 43% of total sales and were up 310% from 2007 levels, increasing from roughly 8,500 to nearly 35,000 by yearend 2008. Fueling the increased sales volume are drastically reduced prices, with home values plummeting more than 49% during this period to reach a median of \$158,000 in the fourth quarter 2008.

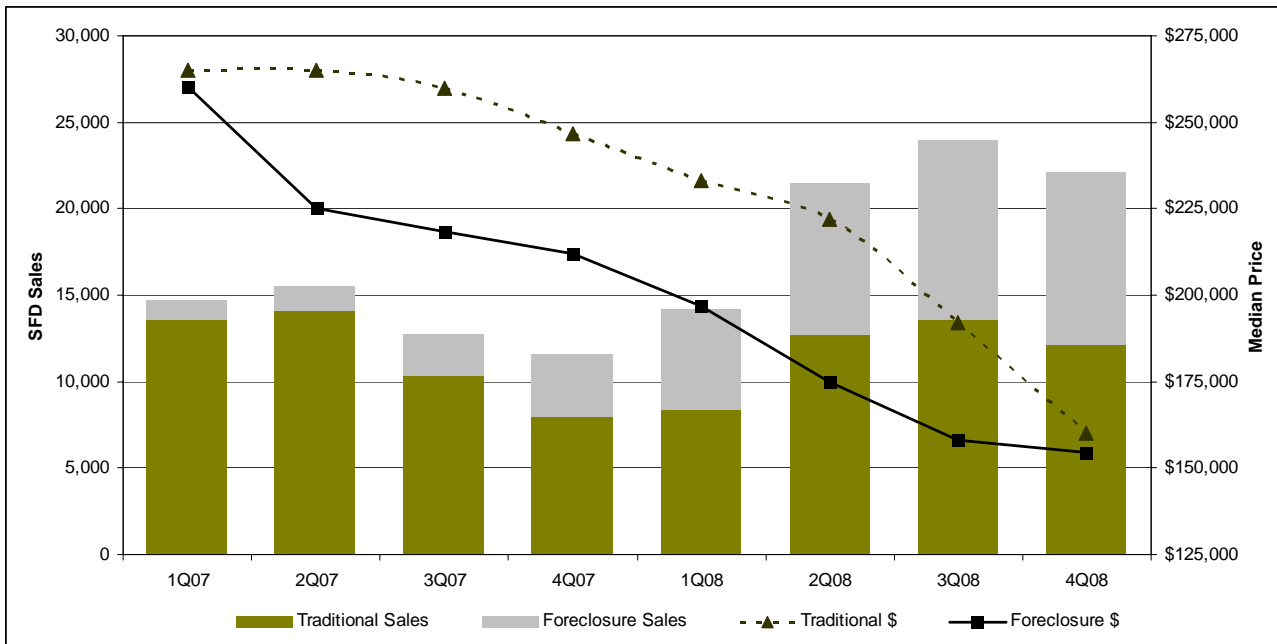
- **Traditional and foreclosed median home prices narrow.** While traditional sales held relatively steady (totaling 46,745 last year), sellers were forced in the fourth quarter to drop prices to be more competitive with the discounted foreclosures that were flooding the market. Throughout much of 2007 and 2008, there had been a 16% to 27% price differential between a traditional and foreclosed home. However, this price gap narrowed significantly in the fourth quarter 2008 to a mere 4% spread.
- **Listings are at historic highs for the region.** The Arizona Regional Multiple Listing Service (ARMLS) reported there were more than 53,000 listings for resales in December, which was down slightly from the previous month. While sales volume has increased over the last year, there were 22,100 sales in the fourth quarter of 2008, indicating resale inventory levels will be absorbed in a little over seven months.

### Historical Resale Sales & Prices: 1Q2007 – 4Q2008

	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
Foreclosure Sales	1,065	1,475	2,390	3,605	5,840	8,745	10,420	9,950
Traditional Sales	13,580	14,115	10,380	7,960	8,365	12,700	13,530	12,150
<b>Total Sales</b>	<b>14,645</b>	<b>15,590</b>	<b>12,770</b>	<b>11,565</b>	<b>14,205</b>	<b>21,445</b>	<b>23,950</b>	<b>22,100</b>
Foreclosure \$	\$260,300	\$225,000	\$218,395	\$212,050	\$196,715	\$175,000	\$158,100	\$154,510
Traditional \$	\$265,000	\$265,000	\$260,000	\$246,625	\$233,000	\$222,000	\$192,000	\$160,000
<b>Overall Median Price</b>	<b>\$262,000</b>	<b>\$260,900</b>	<b>\$252,000</b>	<b>\$235,000</b>	<b>\$216,845</b>	<b>\$200,000</b>	<b>\$175,000</b>	<b>\$158,000</b>

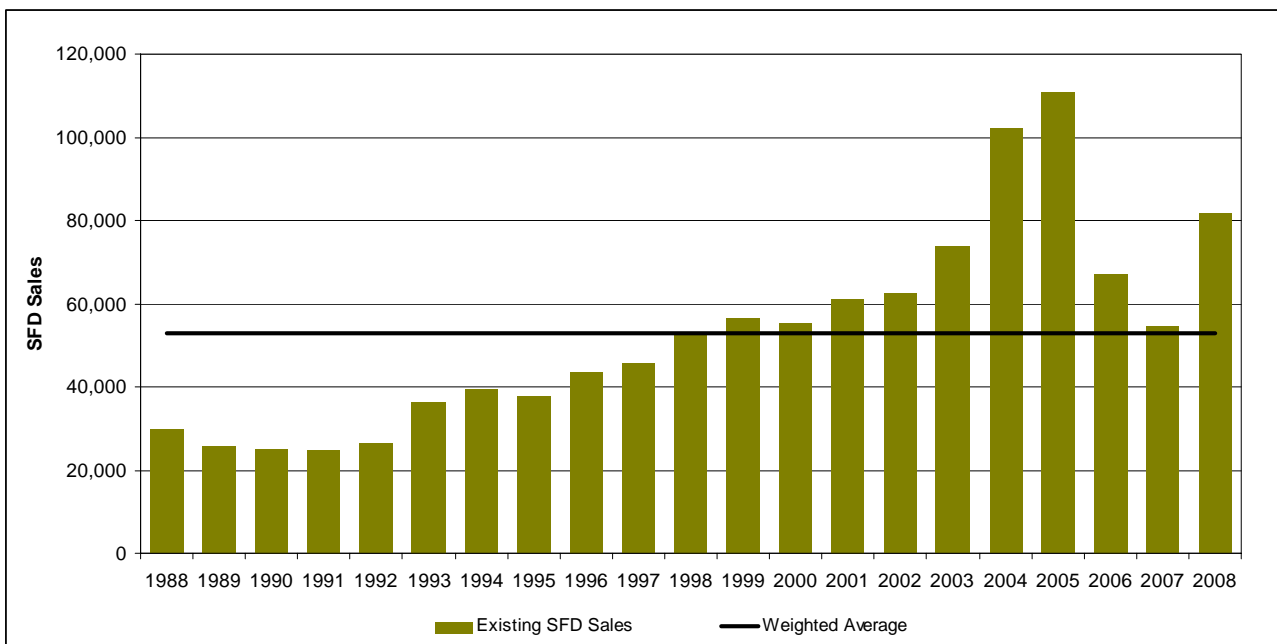
SOURCE: Arizona State University

### Foreclosure Sales Increase



SOURCE: Arizona State University

### Historical SFD Sales Volume



### About Meyers Builder Advisors

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**For more information, contact –**

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