

Home sales up; median price drops

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The Arizona Republic

May. 14, 2008 12:00 AM

A falling median home-sale price driven in part by foreclosures helped fuel the first year-over-year increase in Valley home-resale transactions since July 2005, according to an Arizona State University report.

The monthly report listed 5,585 sales in April, compared with 4,855 sales in April 2007. The report, compiled by ASU's Realty Studies at the Morrison School of Management and Agribusiness, includes all publicly recorded transactions in the greater Phoenix area except for new home sales.

Valley-wide, the median home price decreased from \$265,000 in April 2007 to \$210,000, according to the report. That's the lowest median price since February 2005, when it was \$200,000.

Jay Butler, director of realty studies, said the lower median sale price contributed to the turnaround, and he cautioned that the recent increase in resale numbers does not necessarily indicate the housing market is recovering.

"It's only one month," he said. "I think you could make arguments on both sides."

Butler said resale figures include publicly recorded foreclosure sales, which helped drive down the median price as the Valley's high foreclosure rate continues.

West Valley communities saw the biggest percent gains in home-resale activity, with relatively high foreclosure rates driving April median prices down more than 24 percent from the previous April.

For example, sales in Avondale more than doubled from 90 in April 2007 to 190 a year later, while the median price fell from \$233,980 to \$176,000, the report shows.

Valley cities dominated by older or more upscale neighborhoods saw more moderate gains in resale activity, and in some cases, the number of sales actually decreased. Not surprisingly, median prices in those cities dipped by a smaller percentage. In Scottsdale, sales decreased from 400 in April 2007 to 330 a year later, while the median home price dropped just 9 percent, from \$557,500 to \$506,500.

John Foltz, president of Realty Executives Phoenix, said changes in sales activity and price were more drastic in relatively new neighborhoods because some prospective buyers were afraid to purchase homes in those communities a year ago. But that shock and fear has begun to ease its way down a long path toward acceptance and optimism, he said.

"Markets are driven by psychology, and psychology doesn't change in one month," Foltz said.

Across the Valley, home-resale transactions for March and April totaled 9,920 sales, down from 10,245 sales in the same two-month period in 2007. The current year-to-date total is 16,975 sales, compared with 19,045 sales in January-April 2007.

Foltz said the real-estate market is nothing but an aggregation of individual buying decisions, and those individual buyers appear to be thinking more rationally about the ups and downs of purchasing a home at the market price than they were a year ago.

"The psychology, whether it's good or bad, is starting to stabilize," he said.

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