

Valley Market Update

July 2008

The Real Estate Market Continues to Recover

By The Numbers

Inventory (supply) down: For the fourth straight month, the total inventory has dropped. We are still in the 50,000's which is high but the trend is down.

Sales (demand) up: Closed sales for June are close to 6000 and double what they were per month during the slump in 2007.

Forecast: pending sales for July are above 7000, so it is safe to conclude that the trend will continue.

The inventory at the **current absorption rate** (time to clear out the current inventory) **has dropped to 9 months from over 20 months in 2007.** The last time we saw these numbers was in the Spring of 2007.

Conclusion: The market continues to gain momentum.

Foreclosures

Interesting numbers for June. There are two significant numbers to look at according to Realty Trac, one of the main foreclosure monitoring companies. First of all, **in June there was a dramatic jump in the number of foreclosures** (properties taken back by lenders). This means **there will be continued investment opportunity** as banks put these properties back on the market, especially at the lower end of the price spectrum. **The other number, foreclosure notices, is very significant if the number holds for another month or two.** Currently, **foreclosure notices are down dramatically, which may signal an end to the wave of foreclosures coming on the market.** We will continue to monitor this number closely. If the wave of new foreclosures ends, then as soon as the last batch of foreclosures are bought up by investors and bargain hunters, the window will completely close and all those fence sitters will jump in (typically too late to take advantage of the real bargains) and start driving prices up again.

Home Prices

Average home prices continue to drop. This started in June of 2006 when the median listing price was at **\$300,000.** The median listing price is now **down to \$220,000.** But, we are about to reach a level that would reflect a normal price increase for the market based on the 2001 to 2004 numbers, where we saw a steady 4-6% increase in values. At the current drop in average prices (driven by the current number of foreclosure deals out there) **we should hit the trend line in about 2 months.** There is a strong possibility that at that point we will see a rise in average prices and that will truly be a turning point in the market: both in terms of activity and price levels. **If all these numbers hold true then the investment window is now down to 60-90 days.**

It will be interesting to look back in the fall and see how accurate we were.

Don't sit on the fence until it's too late!

**Call us- We are ready to help!
The Walsh Team**



And by the way... if you know of someone who would appreciate the level of service I provide, please call me with their name and contact information. I'd be happy to follow up with them and take care of their real estate needs!



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