

2009

Arizona's Housing Market

... *a glance.*



2009 GOVERNOR'S HOUSING FORUM

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JANICE K. BREWER
GOVERNOR



MICHAEL TRAILOR
DIRECTOR

September 2009

Dear Community Partner,

The Arizona Department of Housing is pleased to present you with the **2009 Arizona Housing Market ... a glance.**

Arizona's economy, which largely depends on the real estate industry, has been hit hard. Ongoing job losses and significant depreciation in real estate values continue to exacerbate the foreclosure problem adding unintended supply to the already depressed housing market.

On a positive note, as prices of homes have fallen approximately 50 percent from their peak, affordability has improved. Federal stimulus such as the Neighborhood Stabilization Program and 8 percent homebuyer tax incentive are helping to absorb excess housing inventory. Hundreds of Arizonans are taking advantage of this unique opportunity, purchasing homes and stabilizing our neighborhoods.

Lenders must do a better job of providing mortgage modifications and other types of assistance for at-risk homeowners or the foreclosure problems will persist as a vicious cycle. The flow of foreclosures must be stopped so the real estate market can recover and start adding jobs again. Unfortunately, offsetting improved affordability are much tougher lending standards and unemployment that is now reaching 10 percent or more.

Our customers, Arizonans who cannot afford market price homes or rentals, are growing in numbers and our resources to serve them are shrinking. The demand for housing advocates to be diligent and innovative has never been greater. We cannot afford to use our resources to fund anything but the very best of projects that meet the needs of our customers. As I travel around the state I have seen some very good examples of what we want to replicate. It is our hope that this year's Governor's Housing Forum will stimulate your creativity and provide resources to enable you to better serve our customers.

I am grateful for the members of our communities who are so very dedicated to solving Arizona's housing issues.

Sincerely,

A handwritten signature in black ink that reads "Michael Trailor". The signature is fluid and cursive, with the first name "Michael" being larger and more prominent than the last name "Trailor".

Michael Trailor
Director

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Home of the Arizona Housing Finance Authority

2009

Arizona's Housing Market . . . *a glance.*

The current recession which was originally triggered by troubles in the housing and financial markets has also dragged down the rest of the economy into recession. How long the recession will last is not clear, but there are signs that improvements in the economy and housing market will become noticeable towards the end of this year or by the first half of next year.

Last year at this time economists were debating whether or not the national and Arizona economies were in a recession. This year we know that both economies are in the midst of a severe and broad-based recession. The national economy has been in recession since December 2007 and Arizona's economy started contraction a few months prior to that in the third quarter of 2007.

Although there are some encouraging signs that existing home sales in Arizona surpass that of last year's at this time, new home construction and sales are still very weak and home loan approval standards are tight. In terms of home foreclosure rate, Florida, Nevada, California and Arizona have been on top of the list for most of the 2008 and 2009. Some projections show that Arizona's foreclosure severity may noticeably ease up by the middle of 2010.

As the housing and broader economic market follows their adjustment processes, many Arizona families are struggling to find and secure affordable housing as renters or homeowners. Affordable housing is generally described as standard and sanitary dwellings that cost no more than 30 percent of monthly household gross income. The U.S. Census Bureau's 2007 American Community Survey data reveal that in Arizona, almost 46 percent of all renters and more than 26 percent of homeowners spend more than 30 percent of their incomes on housing.

The analyses and tables in this document are based on data available for early 2009 or for 2008 on housing, income, population, employment, and wages by occupation and by industry. To enable equitable comparison and consistency in this report, we have compared communities across the state on affordability reflected in the median home price or fair market rent in each area. Median price refers to the middle of the price range.

The information compiled for this report also reveals that median home prices in Arizona's rural communities range from a relatively low price of \$69,000 in Parker to a high price of \$417,000 in the Sedona area. The most expensive among all Arizona rural and urban communities is the Town of Paradise Valley, with a median home sales price of \$1.3 million. In general, home prices are much higher in urban areas and in communities that attract large numbers of seasonal and recreational tourists.

Comparing this year's report on affordability with those of previous years, it is clear that median home sales prices have been falling in many communities and affordability has been improving. While lower prices can improve affordability, they can adversely impact many owners and potential sellers whom are watching their limited equity erode as prices decline to and even below existing debt level.

The median housing price for existing homes at the state level and for most of the communities that are included in this study, reached their peak in either 2006 or in 2007. They have been following a declining path ever since. From 2007 to 2009, the median price of existing homes decreased by eight percent at the state level and dropped by approximately 30 percent for all jurisdictions combined.

2009 General Trends in Arizona's Housing Market . . . *a glance.*

Arizona Home Prices vs. Median Income

Home prices have been increasing faster than income. According to the data from Federal Housing Finance Board, home prices in Arizona have been steadily on the rise, except for 2007, 2008 and 2009.

- From year 2000 to 2008, the median sales price of homes in Arizona increased by 70.7 percent. During the same period, median family income increased by only 22.4 percent.
- From 2007 to 2008, the median sales price of homes in Arizona decreased by 2.4 percent. During the same period, median family income increased by 7.5 percent.
- Home prices have also been declining in 2009.

For census data by Arizona counties on median home values and median household income for the years 1990, 2000 and 2007 see Table 5 in the Appendices.

Arizona Home Prices and Income*



*The Federal Housing Finance Board has revised the Median Home Prices for 2005 and 2006 from those reported in the 2006 Arizona's Housing Market at a Glance.

2009 General Trends in Arizona's Housing Market . . . *a glance.*

Arizona Home Prices vs. Other States

Based on the House Price Index (HPI) by the Federal Housing Finance Agency (FHFA), housing price appreciation in Arizona was ranked number 48th nationally for the first quarter of 2008 to the first quarter of 2009. Three years ago, Arizona's housing appreciation rate was ranked number one among all states. This is a clear indication of a significant slowdown in Arizona's housing market. It is very unusual for states such as Arizona, Florida, Nevada and California to experience such a depressed state in their housing markets as evidenced by declining housing prices.

State	Annual Price Increase or Decrease	Ranking
Alaska	4.79%	1
Oklahoma	0.30%	2
North Dakota	0.30%	3
South Dakota	0.29%	4
Kentucky	-0.54%	5
Texas	-0.58%	6
Missouri	-0.67%	7
North Carolina	-0.80%	8
Arizona	-19.51%	48
California	-22.12%	49
Florida	-22.46%	50
Nevada	-31.10%	51
U.S. Average	-7.1%	-

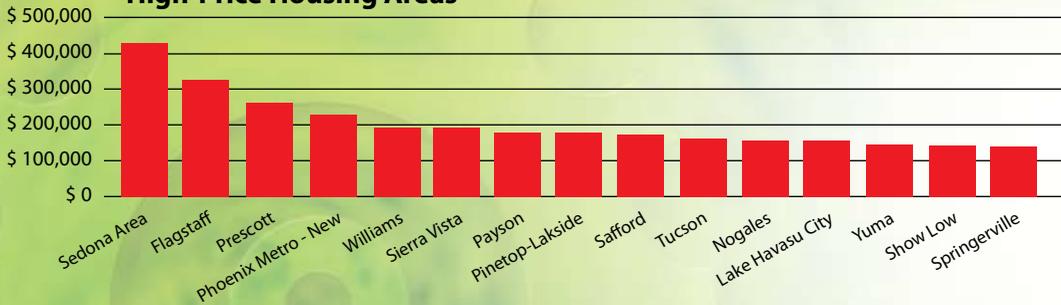
2009 General Trends in Arizona's Housing Market . . . a glance.

Median Home Prices - 2009

Median home prices in Arizona rural communities range from a low price of \$69,000 in Parker to a high price of \$417,000 in the Sedona area. For cities and towns in Maricopa County, the lowest median price of \$68,900 was reported for El Mirage, and the highest median price of \$1,300,000 for Paradise Valley. While the first two bar charts below show the 2009 median home prices for selected rural communities, the third bar chart is exclusively for jurisdictions in Maricopa County.

In general, home prices are much higher in urban communities and those that attract tourists, or have a relatively higher percentage of seasonal, recreational, or occasional use homes.

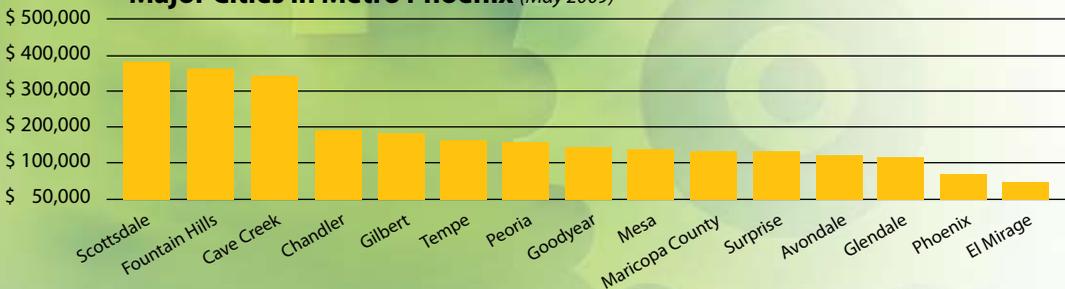
High-Price Housing Areas



Low-Price Housing Areas



Major Cities in Metro Phoenix (May 2009)



* Paradise Valley median sales price of \$1.3 million was too high to include in the above graph.

Note: First quarter 2009 prices for Fountain Hills and Cave Creek and May 2009 prices for all other jurisdictions.

Source: Realty Studies at ASU Polytechnic.

2009 Workforce Housing Affordability ... a glance.

Police Officers, Teachers, Nurses and Firefighters

The following table shows the ability of a police officer to own a median price home which is affordable in selected communities. Similar details for other occupations such as firefighter, teacher, retail worker, and waiter/waitress are presented in Table 1 in the Appendices.

- **One Income Earner per Household:** A police officer would be able to afford buying a house in only five out of 13 of the following communities in Arizona, assuming he/she is the only income earner in the household.
- **Two Income Earners per Household:** A police officer, with the financial help of another income earner in the household, would be able to afford buying a house in 11 out of the 13 following jurisdictions.

Selected Areas	Hourly Wage Needed to Buy a Median Price House	One Income Earner Per Household		Two Income Earners Per Household	
		Median Hourly Wage of a Police Officer	Affordability Status	Hourly Wage of a Police Officer and Another Income Earner*	Affordability Status
Sedona	\$58.04	\$17.43	Not Affordable	\$29.63	Not Affordable
Flagstaff	\$45.23	\$17.25	Not Affordable	\$29.33	Not Affordable
Pinetop-lakeside	\$25.05	\$19.25	Not Affordable	\$32.73	Affordable
Payson	\$25.05	\$19.25	Not Affordable	\$32.73	Affordable
Phoenix (Maricopa County)	\$18.79	\$25.83	Affordable	\$43.91	Affordable
Sierra Vista	\$27.15	\$22.38	Not Affordable	\$38.05	Affordable
Tucson (Pima County)	\$22.96	\$18.70	Not Affordable	\$31.79	Affordable
Kingman	\$14.20	\$15.54	Affordable	\$26.42	Affordable
Casa Grande	\$15.57	\$25.83	Affordable	\$43.91	Affordable
Yuma	\$19.83	\$15.24	Not Affordable	\$25.91	Affordable
Nogales	\$22.27	\$22.38	Affordable	\$38.05	Affordable
Douglas	\$12.25	\$22.38	Affordable	\$38.05	Affordable
State Average	\$33.40	\$25.46	Not Affordable	\$43.28	Affordable

* Assuming that the hourly wage or income of the second income earner in the household is 70 percent of the police officer's income.

2009 Workforce Housing Affordability ... a glance.

Renting a Two Bedroom Apartment in Selected Counties

Despite the emphasis on homeownership, renter households comprise almost one-third of the total occupied homes in Arizona according to Census 2000 (32 percent) and American Community Survey 2005-2007 (31.4 percent). The following graph shows the amount a household must earn to afford a two bedroom rental unit at the area's Fair Market Rent, based on the generally accepted affordability standard of paying no more than 30 percent of one's income for housing costs.

The median hourly wage used in this analysis is that of Retail Sales Workers in the corresponding county. Similar details for other selected occupations are presented in Table 1 in the Appendices.



2009 Rural & Urban Growth . . . *a glance.*

Employment and Population Growth 2001 – 2008

Most of the economic growth in Arizona, in terms of employment and population occurred in the urban areas from 2001-2008.

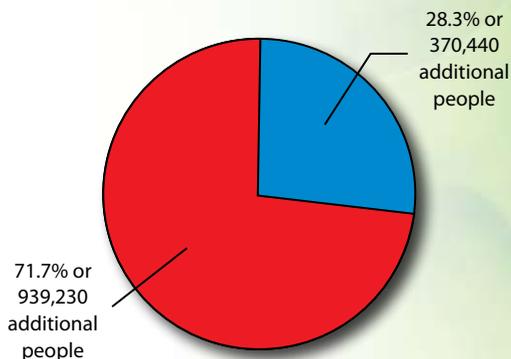
Statewide employment increased by 351,500 jobs during that period. Of the total increase, 307,300 jobs, 87.4 percent were attributed to employment growth in the urban areas. The remaining 44,200 jobs (12.6 percent) went to the rural areas. One out of every three additions to total employment statewide occurred in the low-wage industries. Workers in these industries, on average, do not make enough money to buy a median price house or rent an apartment as a single income earner. Examples of such industries include retail trade, leisure and hospitality, real estate rental and leasing, and other services (i.e., repair shops and barber shops). Further details are presented in Tables 2, 3 and 4, at the end of the report.

Arizona's economy has been following a declining growth path in 2008, as demonstrated by the loss of 81,000 civilian non-farm jobs for the January to December period.

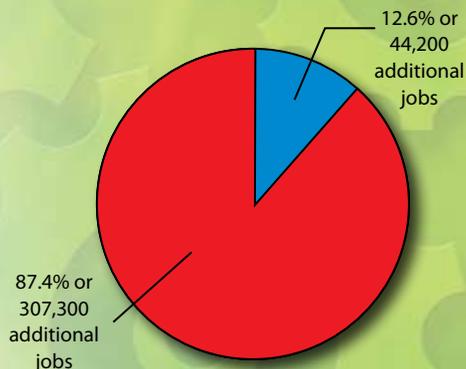
During the 2001-2008 period, population of the state increased by 1,309,670 persons. Close to two-thirds (71.7 percent or 939,230 persons) became resident of urban areas. The remaining 28.3 percent (370,440 persons) chose to live in one of the 13 rural counties of Arizona.

The following pie charts illustrate that the share of employment growth in rural counties (12.6 percent) has been smaller than their population growth share (28.3 percent). It is very likely that limited employment opportunities in the rural counties are a contributing factor to this variation.

Population Growth: 2001-2008



Employment Growth: 2001-2008



■ Rural
■ Urban

Appendices

Table 1:
Housing Affordability for Home Buyers and Renters for Common Occupations
in Selected Arizona Communities

2007

City/Town	County	Median Home Price*	Hourly Wage Needed to Buy	2 BDRM Aptmnt Monthly Rent**	Hourly Wage Needed to Rent	Hourly Median Wage						Total of All Occupations
						Police Officer	Teacher	Retail Worker	Nurse	Firefighter	Waitperson	
Bullhead City	Mohave	\$260,985	\$38.19	\$676	\$13.00	22.59	15.83	8.72	18.24	19.71	6.43	12.09
Casa Grande	Pinal	\$180,000	\$26.34	\$782	\$15.04	22.13	21.39	8.87	20.26	15.37	6.61	12.88
Coolidge	Pinal	\$125,900	\$18.42	\$782	\$15.04	22.13	21.39	8.87	20.26	15.37	6.61	12.88
Douglas	Cochise	\$88,900	\$13.01	\$617	\$11.87	19.78	17.23	8.00	17.23	13.16	6.24	13.36
Eloy	Pinal	\$118,450	\$17.49	\$782	\$15.04	22.13	21.39	8.87	20.26	15.37	6.61	12.88
Flagstaff	Coconino	\$370,000	\$54.14	\$939	\$18.06	22.78	17.28	8.52	19.88	15.62	6.72	12.54
Florence	Pinal	\$157,270	\$23.01	\$782	\$15.04	22.13	21.39	8.87	20.26	15.37	6.61	12.88
Globe	Gila	\$142,000	\$20.78	\$713	\$13.71	20.39	17.14	8.47	18.48	14.38	6.43	12.87
Holbrook	Navajo	\$149,500	\$21.88	\$610	\$11.73	17.30	17.51	8.40	19.09	13.43	6.49	12.92
Kingman	Mohave	\$204,000	\$29.85	\$676	\$13.00	22.59	15.83	8.72	18.24	19.71	6.43	12.09
Lake Havasu City	Mohave	\$249,000	\$36.77	\$676	\$13.00	22.59	15.83	8.72	18.24	19.71	6.43	12.09
Nogales	Santa Cruz	\$169,000	\$24.73	\$645	\$12.40	25.53	17.81	8.31	14.08	13.16	6.83	11.02
Parker	La Paz	\$279,000	\$40.83	\$592	\$11.38	21.55	15.83	8.80	17.24	15.37	6.70	11.30
Payson	Gila	\$300,000	\$43.90	\$713	\$13.71	20.39	17.14	8.47	18.48	14.38	6.43	12.87
Phoenix Metro - Resale	Maricopa	\$262,570	\$38.42	\$782	\$15.04	24.06	15.59	9.62	20.04	21.26	6.77	14.07
Phoenix Metro - New	Maricopa	\$296,425	\$43.38	\$782	\$15.04	24.06	15.59	9.62	20.04	21.26	6.77	14.07
Pinetop-Lakeside	Navajo	\$329,593	\$48.23	\$610	\$11.73	17.30	17.51	8.40	19.09	13.43	6.49	12.92
Prescott	Yavapai	\$319,000	\$48.68	\$744	\$14.31	21.55	17.68	9.38	19.71	12.97	6.78	13.33
Safford	Graham	\$168,500	\$24.66	\$582	\$11.19	18.64	16.25	8.59	18.48	13.11	6.53	13.04
San Luis	Yuma	\$136,000	\$19.90	\$695	\$13.37	17.58	15.11	8.64	17.12	15.37	6.60	10.06
Sedona	Yavapai/Coconino	\$577,500	\$84.50	\$744	\$14.31	21.55	17.68	9.38	19.71	12.97	6.78	13.33
Show Low	Navajo	\$337,144	\$49.33	\$610	\$11.73	17.30	17.51	8.40	19.09	13.43	6.49	12.92
Sierra Vista	Cochise	\$212,228	\$31.05	\$617	\$11.87	22.13	21.39	8.87	20.26	15.37	6.61	12.88
Springerville	Apache	\$148,900	\$21.79	\$522	\$10.04	18.02	17.88	7.53	20.02	13.43	6.40	13.34
Tucson	Pima	\$210,000	\$30.73	\$772	\$14.85	25.00	17.35	9.08	19.37	20.23	6.38	12.56
Williams	Coconino	\$335,000	\$49.02	\$939	\$18.06	22.78	17.28	8.52	19.88	15.62	6.72	12.54
Winslow	Navajo	\$112,000	\$16.39	\$610	\$11.73	17.30	17.51	8.40	19.09	13.43	6.49	12.92
Yuma	Yuma	\$174,950	\$25.60	\$695	\$13.37	17.58	15.11	8.64	17.12	15.37	6.60	10.06
Arizona***	-	\$260,000	\$38.04	\$703	\$13.52	23.74	16.16	9.33	19.72	17.59	6.67	12.97

Affordability Calculation Assumptions: 30% of income is allocated to housing. For buying a house additional assumptions included 5% down payment, 6.6% interest rate at 30-years fixed, plus allocation of 21% of the monthly payments to property taxes, insurance and other costs such as PMI.

* Most home prices are median, but a few (Pinetop-Lakeside, Show Low, Springerville) are average prices. Most prices are for April 2007 and some are for May, June, or for first quarter, 2007.

** Apartment Rents - HUD 2007 Fair Market Rents. Rents shown are for 2-bedroom units.

*** The Federal Housing Finance Board has revised the Median Home Prices for 2005 and 2006 from those reported in the **2006 Arizona's Housing Market at a Glance**.

Data Source: Arizona Department of Housing, Arizona Department of Commerce, U.S. Department of Housing and Urban Development, ASU Polytechnic - Real Estate Studies, various local real estate associations, and local governments.

The historical information in these three tables illustrates the affordability of owning a home or renting an apartment in various communities around Arizona based on home prices and hourly wages. For 2009, a new category has emerged: those who can buy a house, but cannot afford to rent.

2008

City/Town	County	Median Home Price*	Hourly Wage Needed to Buy	2 BDRM Aptmnt Monthly Rent**	Hourly Wage Needed to Rent	Hourly Median Wage						Total of All Occupations
						Police Officer	Teacher	Retail Worker	Nurse	Firefighter	Waitperson	
Bullhead City	Mohave	\$241,000	\$34.97	\$723	\$13.90	24.42	16.74	11.75	19.38	18.38	7.37	12.73
Casa Grande	Pinal	\$146,000	\$21.19	\$862	\$16.58	17.08	21.93	8.89	20.81	18.52	7.25	13.21
Clifton	Greenlee	\$104,983	\$15.24	\$674	\$12.96	16.11	16.59	7.17	17.77	15.39	7.18	19.55
Coolidge	Pinal	\$119,950	\$17.41	\$862	\$16.58	17.08	21.93	8.89	20.81	18.52	7.25	13.21
Douglas	Cochise	\$109,000	\$15.82	\$678	\$13.04	21.17	16.10	8.28	17.77	16.00	7.08	14.04
Eloy	Pinal	\$95,930	\$13.92	\$862	\$16.58	17.08	21.93	8.89	20.81	18.52	7.25	13.21
Flagstaff	Coconino	\$315,000	\$45.71	\$1,012	\$19.46	23.47	18.24	8.55	18.07	16.86	7.22	12.84
Florence	Pinal	\$141,660	\$20.56	\$862	\$16.58	17.08	21.93	8.89	20.81	18.52	7.25	13.21
Globe	Gila	\$127,500	\$18.50	\$782	\$15.04	21.68	16.24	8.73	19.28	15.39	7.12	14.33
Holbrook	Navajo	\$115,000	\$16.69	\$668	\$12.85	14.35	18.12	8.61	19.22	14.35	7.29	13.77
Kingman	Mohave	\$151,000	\$21.91	\$723	\$13.90	24.42	16.74	11.75	19.38	18.38	7.37	12.73
Lake Havasu City	Mohave	\$247,500	\$35.92	\$723	\$13.90	24.42	16.74	11.75	19.38	18.38	7.37	12.73
Nogales	Santa Cruz	\$166,251	\$24.13	\$707	\$13.60	24.84	18.51	8.60	13.34	16.23	7.34	11.17
Parker	La Paz	\$270,000	\$39.18	\$652	\$12.54	23.80	17.41	8.98	16.69	15.39	7.18	11.44
Payson	Gila	\$259,900	\$37.72	\$782	\$15.04	21.69	16.24	8.73	19.28	15.39	7.12	14.33
Phoenix Metro - Resale	Maricopa	\$211,305	\$30.66	\$8.62	\$16.58	24.84	16.28	9.66	20.54	22.19	7.30	14.56
Phoenix Metro - New	Maricopa	\$253,505	\$36.79	\$862	\$16.58	24.84	16.28	9.66	20.54	22.19	7.30	14.56
Pinetop-Lakeside	Navajo	\$258,000	\$37.44	\$668	\$12.85	14.35	18.12	8.61	19.22	14.35	7.29	13.77
Prescott	Yavapai	\$311,054	\$45.14	\$818	\$15.73	22.01	18.41	9.53	20.71	16.03	7.36	13.06
Safford	Graham	\$174,000	\$25.25	\$637	\$12.25	23.41	16.84	8.72	17.77	15.39	7.18	12.88
San Luis	Yuma	\$125,000	\$18.14	\$743	\$14.29	18.45	17.37	9.32	18.40	15.58	7.20	11.46
Sedona	Yavapai/Coconino	\$462,500	\$67.12	\$818	\$15.73	22.01	18.41	9.53	20.71	16.03	7.36	13.06
Show Low	Navajo	\$234,500	\$34.03	\$668	\$12.85	14.35	18.12	8.61	19.22	14.35	7.29	13.77
Sierra Vista	Cochise	\$189,899	\$27.56	\$678	\$13.04	21.17	16.10	8.28	17.77	16.00	7.08	14.04
Springerville	Apache	\$143,692	\$20.85	\$574	\$11.04	19.54	18.71	7.32	18.45	13.57	7.10	13.56
Tucson*	Pima	\$199,900	\$29.01	\$762	\$14.65	25.87	17.86	9.30	20.06	18.76	7.17	14.18
Williams	Coconino	\$220,000	\$31.93	\$1,012	\$19.46	23.47	18.24	8.55	18.07	16.86	7.22	12.84
Winslow	Navajo	\$86,750	\$12.59	\$668	\$12.85	14.35	18.12	8.61	19.22	14.35	7.29	13.77
Yuma	Yuma	\$197,750	\$28.70	\$743	\$14.29	18.45	17.37	9.32	18.40	15.58	7.20	11.46
Arizona	-	\$246,000	\$35.70	\$762	\$14.65	24.34	16.91	9.44	20.24	17.83	7.26	14.25

Affordability Calculation Assumptions: 30% of income is allocated to housing. For buying a house additional assumptions included 5% down payment, 6.5% interest rate at 30-years fixed, plus allocation of 21% of the monthly payments to property taxes, insurance and other costs such as PMI.

* Most home prices are median, but a few are average prices. Most prices are for April 2008 and some are for May, June, or for first quarter, 2008.

** Apartment Rents - HUD 2008 Fair Market Rents. Rents shown are for 2-bedroom units.

Can afford to only buy

Can afford to buy or rent

Cannot afford to buy or rent

Can afford to only rent



2009

City/Town	County	Median Home Price*	Hourly Wage Needed to Buy	2 BDRM Aptmnt Monthly Rent**	Hourly Wage Needed to Rent	Hourly Median Wage						Total of All Occupations
						Police Officer	Teacher	Retail Worker	Nurse	Firefighter	Waitperson	
Bullhead City	Mohave	\$139,000	\$19.35	\$746	\$14.35	15.94	18.17	10.66	20.15	16.29	7.49	13.35
Casa Grande	Pinal	\$111,900	\$15.57	\$877	\$16.87	25.83	18.65	10.51	21.42	20.93	7.71	15.15
Clifton	Greenlee	\$81,406	\$11.33	\$695	\$13.37	22.38	17.99	8.65	18.91	17.00	7.35	14.59
Coolidge	Pinal	\$77,520	\$10.79	\$877	\$16.87	25.83	18.65	10.51	221.42	20.93	7.71	15.15
Douglas	Cochise	\$88,000	\$12.25	\$699	\$13.44	22.38	17.99	8.65	18.91	17.00	7.35	14.59
Eloy	Pinal	\$91,290	\$12.71	\$877	\$16.87	25.83	18.65	10.51	21.42	20.93	7.71	15.15
Flagstaff	Coconino	\$325,000	\$45.23	\$1,044	\$20.08	17.25	18.54	8.90	17.40	19.55	7.48	13.01
Florence	Pinal	\$80,000	\$11.13	\$877	\$16.87	25.83	18.65	10.51	21.42	20.93	7.71	15.15
Globe	Gila	\$129,900	\$18.08	\$809	\$15.56	19.25	18.73	10.56	19.76	14.32	7.35	14.00
Holbrook	Navajo	\$88,800	\$12.36	\$689	\$13.25	19.25	18.73	10.56	19.76	14.32	7.35	14.00
Kingman	Mohave	\$102,000	\$14.20	\$746	\$14.35	15.94	18.17	10.56	20.15	16.29	7.49	13.35
Lake Havasu City	Mohave	\$155,000	\$21.57	\$746	\$14.35	15.94	18.17	10.56	20.15	16.29	7.49	13.35
Nogales	Santa Cruz	\$160,000	\$22.27	\$729	\$14.02	22.38	17.99	8.65	18.91	17.00	7.35	14.59
Parker	La Paz	\$69,000	\$9.60	\$672	\$12.92	19.25	18.73	10.56	19.76	14.32	7.35	14.00
Payson	Gila	\$180,000	\$25.05	\$809	\$15.56	19.25	18.73	10.56	19.76	14.32	7.35	14.00
Phoenix Metro - Resale	Maricopa	\$135,000	\$18.79	\$877	\$16.87	25.83	18.65	10.51	21.42	20.93	7.71	15.15
Phoenix Metro - New	Maricopa	\$217,535	\$30.28	\$877	\$16.87	25.83	18.65	10.51	21.42	20.93	7.71	15.15
Pinetop-Lakeside	Navajo	\$180,000	\$25.05	\$689	\$13.25	19.25	18.73	10.56	19.76	14.32	7.35	14.00
Prescott	Yavapai	\$255,750	\$35.60	\$844	\$16.23	17.43	18.77	10.72	21.76	18.29	7.76	13.76
Safford	Graham	\$170,000	\$23.66	\$657	\$12.63	22.38	17.99	8.65	18.91	17.00	7.35	14.59
San Luis	Yuma	\$105,000	\$14.61	\$767	\$14.75	15.24	18.57	9.58	19.30	16.89	7.60	11.89
Sedona	Yavapai/Coconino	\$417,000	\$58.04	\$844	\$16.23	17.43	18.77	10.72	21.76	18.29	7.76	13.76
Show Low	Navajo	\$141,000	\$19.62	\$689	\$13.25	19.25	18.73	10.56	19.76	14.32	7.35	14.00
Sierra Vista	Cochise	\$195,050	\$27.15	\$699	\$13.44	22.38	17.99	8.65	18.91	17.00	7.35	14.59
Springerville	Apache	\$139,750	\$19.45	\$593	\$11.40	19.25	18.73	10.56	19.76	14.32	7.35	14.00
Tucson*	Pima	\$165,000	\$22.96	\$743	\$14.29	18.70	18.78	9.69	20.86	19.08	7.50	14.82
Williams	Coconino	\$197,500	\$27.49	\$1,044	\$20.08	17.25	18.54	8.90	17.40	19.55	7.48	13.01
Winslow	Navajo	\$130,000	\$18.09	\$689	\$13.25	19.25	18.73	10.56	19.76	14.32	7.35	14.00
Yuma	Yuma	\$142,500	\$19.83	\$767	\$14.75	15.24	18.57	9.58	19.30	16.89	7.60	11.89
Arizona	-	\$240,000	\$33.40	\$782	\$15.03	25.46	18.56	10.29	21.01	18.55	7.61	14.87

Affordability Calculation Assumptions: 30% of income is allocated to housing. For buying a house additional assumptions included 5% down payment, 6.0% interest rate at 30-years fixed, plus allocation of 21% of the monthly payments to property taxes, insurance and other costs such as PMI.

* Most home prices are median, but a few are average prices. Most prices are for April 2009 and some are for May, June, or for first quarter, 2009.

** Apartment Rents - HUD 2009 Fair Market Rents. Rents shown are for 2-bedroom units.

Data Source: Arizona Department of Commerce, U.S. Department of Housing and Urban Development, Realty Studies at ASU Polytechnic, various local real estate associations and local governments.

2009
General Trends in
Arizona's Housing Market



Appendices

Table 2:
Employment Growth and Housing Affordability by Industry - Arizona

Industry	Employment 2001	Employment 2008	Employment Change 2001-2008 Numbers	Employment Change 2001-2008 Percent	Median Hourly Wages Statewide 2008	Can Afford to Buy Median Priced House	Can Afford to Rent 2-BDRM Apartment
Mining	9,600	13,500	3,900	40.6%	\$20.90	No	Yes
Construction*	173,600	187,800	14,200	8.2%	\$16.59	No	Yes
Manufacturing	201,700	174,500	-27,200	-13.5%	\$18.39	No	Yes
Wholesale Trade	95,900	107,600	11,700	12.2%	\$17.45	No	Yes
Retail Trade (Retail store workers)	268,100	320,600	52,500	19.6%	\$11.30	No	No
Transportation, Warehousing and Utilities	76,600	87,000	10,400	13.6%	\$18.48	No	Yes
Information (Publishing, motion pictures and videos, radio and TV stations, and telecommunications)	53,900	42,100	-11,800	-21.9%	\$19.08	No	Yes
Finance and Insurance	109,300	125,000	15,700	14.4%	\$18.00	No	Yes
Real Estate Rental and Leasing	44,100	51,000	7,000	15.9%	\$14.30	No	No
Professional and Business Services (Legal services, management services, computers services, accounting services, engineering services, payroll services)	319,900	385,500	65,600	20.5%	\$22.04	No	Yes
Educational Services (Businesses that provide educational services to schools, colleges, and universities plus specialized schools such as computer training, language schools, flight training, cosmetology)	28,300	45,200	16,900	59.7%	\$17.07	No	Yes
Health Care and Social Assistance	191,600	274,000	82,400	43.0%	\$15.16	No	Yes
Leisure and Hospitality	230,000	268,800	38,800	16.9%	\$10.64	No	No
Other Services (Auto repair shops, barber shops, other repair shops)	84,700	100,300	15,600	18.4%	\$12.78	No	No
Government - Federal, State and Local (All government employees including teachers, police)	377,800	433,600	55,800	14.8%	\$19.51	No	Yes
Total Employment	2,265,100	2,616,600	351,500	15.5%	\$14.87	No	No

NOTE: 2008 employment data are the average of January to December numbers.

* The U.S. Department of Labor's classification for the construction industry is comprised of residential construction, commercial construction, highway and bridge construction, and related activities. While residential construction in Arizona has almost stopped, commercial and highway construction and repairs have been going strong.

Data Source: Arizona Department of Housing, Arizona Department of Commerce - Research Administration.

Appendices

Table 3:
Employment Growth and Housing Affordability by Industry - Urban Arizona*

Industry	Urban Employment 2001	Urban Employment 2008	Urban Employment Change 2001-2008 Numbers	Urban Employment Change 2001-2008 Percent	Hourly Wages- Maricopa County (for Urban Arizona)	Can Afford to Buy Median Priced House	Can Afford to Rent 2-BDRM Apartment
Mining	4,200	5,600	1,400	33.3%	\$19.81	Yes	Yes
Construction**	151,000	163,300	12,300	8.1%	\$17.04	No	Yes
Manufacturing	186,200	158,500	-27,700	-14.9%	\$18.25	No	Yes
Wholesale Trade	87,000	98,600	11,600	13.3%	\$18.06	No	Yes
Retail Trade (Retail store workers)	224,900	270,000	45,100	20.1%	\$11.52	No	No
Transportation, Warehousing and Utilities	67,800	76,300	8,500	12.5%	\$18.35	No	Yes
Information (Publishing, motion pictures and videos, radio and TV stations and telecommunications)	49,300	36,700	-12,600	-25.6%	\$19.16	Yes	Yes
Finance and Insurance	110,900	119,400	8,500	7.7%	\$18.46	No	Yes
Real Estate Rental and Leasing	33,200	45,600	12,400	37.3%	\$14.78	No	No
Professional and Business Services (Legal services, management services, computers services, accounting services, engineering services, payroll services)	300,700	360,600	59,900	19.9%	\$22.08	Yes	Yes
Educational Services (Businesses that provide educational services to schools, colleges, and universities, plus specialized schools such as computer training, language schools, flight training, cosmetology)	30,200	48,400	18,200	60.3%	\$17.38	No	Yes
Health Care and Social Assistance	155,300	225,700	70,400	45.3%	\$15.42	No	No
Leisure and Hospitality	190,700	224,900	34,200	17.9%	\$10.94	No	No
Other Services (Auto repair shops, barber shops, other repair shops)	73,600	89,800	16,200	22.0%	\$12.87	No	No
Government - Federal, State and Local (All government employees including teachers, police)	277,200	326,100	48,900	17.6%	\$20.48	Yes	Yes
Total Employment	1,942,200	2,249,500	307,300	15.8%	\$15.15	No	No

Note 1: Maricopa County hourly wages by industry data was used as a substitute for the same category of data in the urban areas of Arizona.

Note 2: 2008 employment data are the average of January to December numbers.

Note 3: While the 2001 Total Employment number is the same as reported in 2008, there has been a redistribution among some industries.

* Urban Arizona is defined as Metro Phoenix plus Metro Tucson.

** The U.S. Department of Labor's classification for the construction industry is comprised of residential construction, commercial construction, highway and bridge construction, and related activities. While residential construction in Arizona has almost stopped, commercial and highway construction and repairs have been going strong.

Data Source: Arizona Department of Housing and Arizona Department of Commerce.

Appendices

Table 4:
Employment Growth and Housing Affordability by Industry - Rural Arizona*

Industry	Rural Employment 2001	Rural Employment 2008	Rural Employment Change 2001-2008 Numbers	Rural Employment Change 2001-2008 Percent	Hourly Wages-Mohave County (for Rural Arizona)	Can Afford Buying a Median-Priced House	Can Afford Renting a 2-BDRM Apartment
Mining	5,400	7,900	2,500	46.3%	\$18.68	No	Yes
Construction**	22,600	24,500	1,900	8.4%	\$15.54	No	Yes
Manufacturing	15,500	16,000	500	3.2%	\$14.87	No	Yes
Wholesale Trade	8,900	9,000	100	1.1%	\$14.38	No	Yes
Retail Trade (Retail store workers)	43,200	50,600	7,400	17.1%	\$10.86	No	No
Transportation, Warehousing and Utilities	8,800	10,700	1,900	21.6%	\$16.77	No	Yes
Information (Publishing, motion pictures and videos, radio and TV stations and telecommunications)	4,600	5,400	800	17.4%	\$16.71	No	Yes
Finance and Insurance	-1,600	5,600	7,200	-450%	\$15.52	No	Yes
Real Estate Rental and Leasing	10,900	5,500	-5,400	-49.5%	\$11.94	No	No
Professional and Business Services (Legal services, management services, computers services, accounting services, engineering services, payroll services)	19,200	24,900	5,700	29.7%	\$14.30	No	No
Educational Services (Businesses that provide educational services to schools, colleges and universities plus specialized schools such as computer training, language schools, flight training, cosmetology)	-1,900	-3,200	-1,300	68.4%	\$15.16	No	Yes
Health Care and Social Assistance	36,300	48,300	12,000	33.1%	\$15.10	No	Yes
Leisure and Hospitality	39,300	43,900	4,600	11.7%	\$10.35	No	No
Other Services (Auto repair shops, barber shops, other repair shops)	11,100	10,500	-600	-5.4%	\$10.96	No	No
Government - Federal, State and Local (All government employees including teachers, police)	100,600	107,500	6,900	6.9%	\$17.63	No	Yes
Total Employment	322,900	367,100	44,200	13.7%	\$13.34	No	No

Note 1: Mohave County hourly wages by industry data was used as a substitute for the same category of data in the rural areas of Arizona.

Note 2: 2008 employment data are the average of January to December numbers.

Note 3: While the 2001 Total Employment number is the same as reported in 2008, there has been a redistribution among some industries.

* Rural Arizona is defined as Arizona minus Urban Arizona (Metro Phoenix plus Metro Tucson).

** The U.S. Department of Labor's classification for the construction industry is comprised of residential construction, commercial construction, highway and bridge construction, and related activities. While residential construction in Arizona has almost stopped, commercial and highway construction and repairs have been going strong.

Data Source: Arizona Department of Housing and Arizona Department of Commerce - Research Administration.

Appendices

Table 5:
1990, 2000 and 2007 Median Home Value and Household Income Data for Arizona and Counties

County	Median Home Value					Median Household Income					Median Home Value Increased Faster Than Median Household Income*	
	1990	2000	2007	% Increase 1990-2000	% Increase 2000-2007	1990	2000	2007	% Increase 1990-2000	% Increase 2000-2007	% Net Increase 1990 - 2000	% Net Increase 2000 - 2007
Apache	\$16,600	\$41,700	\$79,300	151.2%	90.2%	\$14,100	\$23,344	\$30,539	65.6%	30.8%	85.6%	59.3%
Cochise	\$59,700	\$88,200	\$156,100	47.7%	77.0%	\$22,425	\$32,105	\$44,499	43.2%	38.6%	4.6%	38.4%
Coconino	\$82,600	\$142,500	\$288,500	72.5%	102.5%	\$26,112	\$38,256	\$49,633	46.5%	29.7%	26.0%	72.7%
Gila	\$58,600	\$100,100	\$135,500	70.8%	35.4%	\$20,964	\$30,917	\$34,989	47.5%	13.2%	23.3%	22.2%
Graham	\$50,300	\$80,900	\$98,500	60.8%	21.8%	\$18,455	\$29,668	\$38,525	60.8%	29.9%	0.1%	-8.1%
Greenlee	\$40,700	\$62,700	NA	54.1%	NA	\$27,491	\$39,384	NA	43.3%	NA	10.8%	NA
La Paz	\$56,800	\$86,500	\$85,500	52.3%	-1.2%	\$16,555	\$25,839	\$28,973	56.1%	12.1%	-3.8%	-13.3%
Maricopa	\$84,700	\$129,200	\$268,900	52.5%	108.1%	\$30,797	\$45,358	\$54,730	47.3%	20.7%	5.3%	87.5%
Mohave	\$74,900	\$95,300	\$204,600	27.2%	114.7%	\$24,002	\$31,521	\$39,991	31.3%	26.9%	-4.1%	87.8%
Navajo	\$51,500	\$77,000	\$126,900	49.5%	64.8%	\$19,452	\$28,569	\$40,190	46.9%	40.7%	2.6%	24.1%
Pima	\$76,500	\$114,600	\$210,700	49.8%	83.9%	\$25,401	\$36,758	\$43,546	44.7%	18.5%	5.1%	65.4%
Pinal	\$53,400	\$93,900	\$197,500	75.8%	110.3%	\$21,301	\$35,856	\$50,228	68.3%	40.1%	7.5%	70.2%
Santa Cruz	\$71,500	\$94,700	\$131,100	32.4%	38.4%	\$22,066	\$29,710	\$45,034	34.6%	51.6%	-2.2%	-13.1%
Yavapai	\$85,300	\$138,000	\$253,400	61.8%	83.6%	\$22,060	\$34,901	\$44,408	58.2%	27.2%	3.6%	56.4%
Yuma	\$63,700	\$85,100	\$151,600	33.6%	78.1%	\$23,635	\$32,182	\$40,733	36.2%	26.6%	-2.6%	51.6%
State of Arizona	\$79,700	\$121,300	\$221,800	52.2%	82.9%	\$27,540	\$40,558	\$48,609	47.3%	19.9%	4.9%	63.0%

Note 1: The American Community Survey data was used for the 2007 home value estimates and median household income numbers.

Note 2: The 2007 data from American Community Survey is in 2007 inflation-adjusted dollars.

Note 3: 2007 median household income and median home value for the counties of Gila, Graham, La Paz and Santa Cruz County are from ACS 2005-1007.

* These numbers were derived by subtracting the percent increase in "median household income" from the percent increase in "median home values" for the 1990-2000 and 2000-2007 periods.

2009 Arizona's Housing Market ... a glance.



Enterprise Community Investments, Inc.

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The goal of the Arizona Department of Housing is to alleviate many of the issues raised in this document through strategic public investment and technical assistance. If you would like additional information, please contact:

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