

ARIZONA: HOUSING AND LABOR MARKET TRENDS

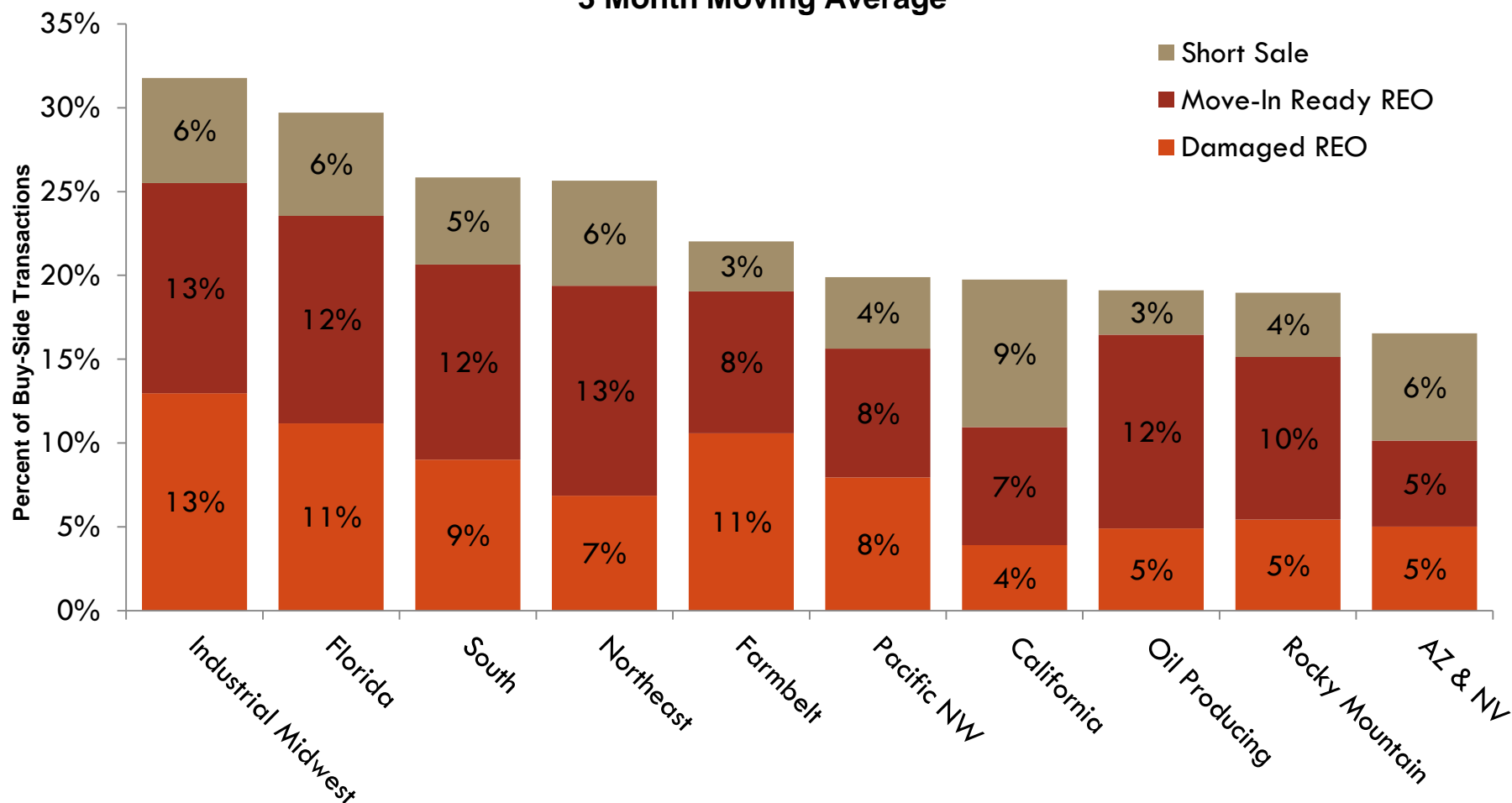
Joselyn Cousins

Federal Reserve Bank of San Francisco

National Trends

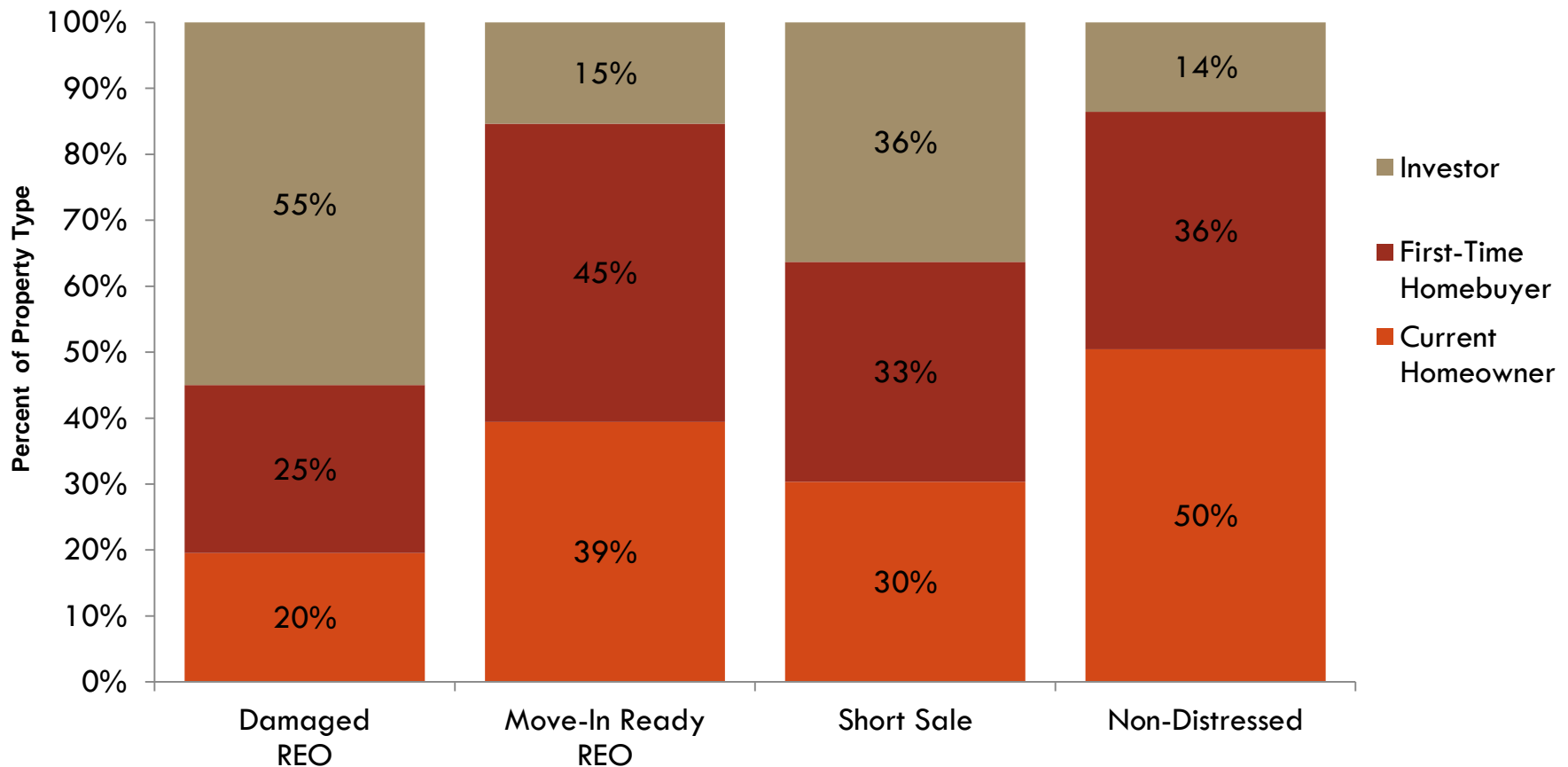
Composition of distressed sales by geography

Proportion of Distressed Property Transactions—May 2014
3 Month Moving Average



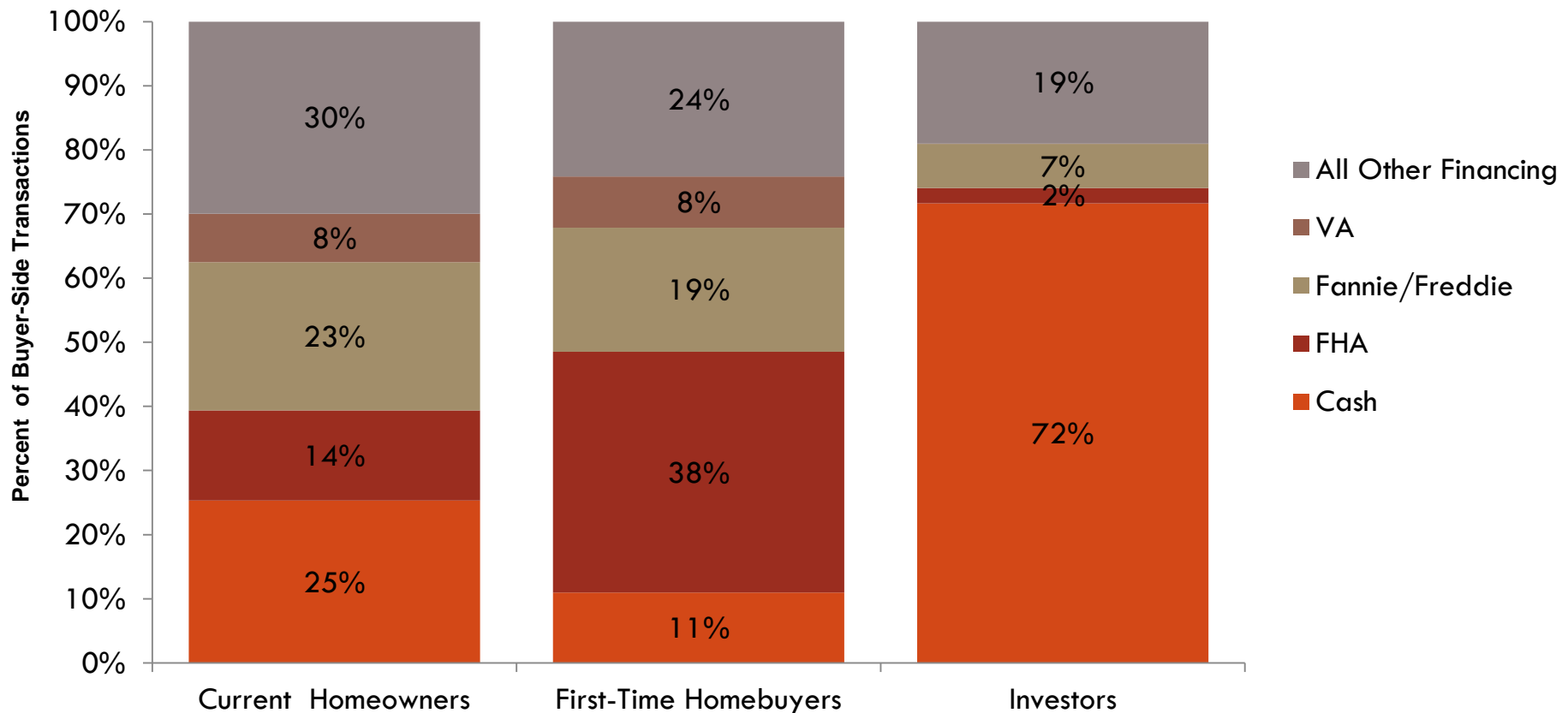
Neighborhood stabilization: concerns over investor purchases of distressed properties

Who Is Buying Properties?—May 2014
3 Month Moving Average



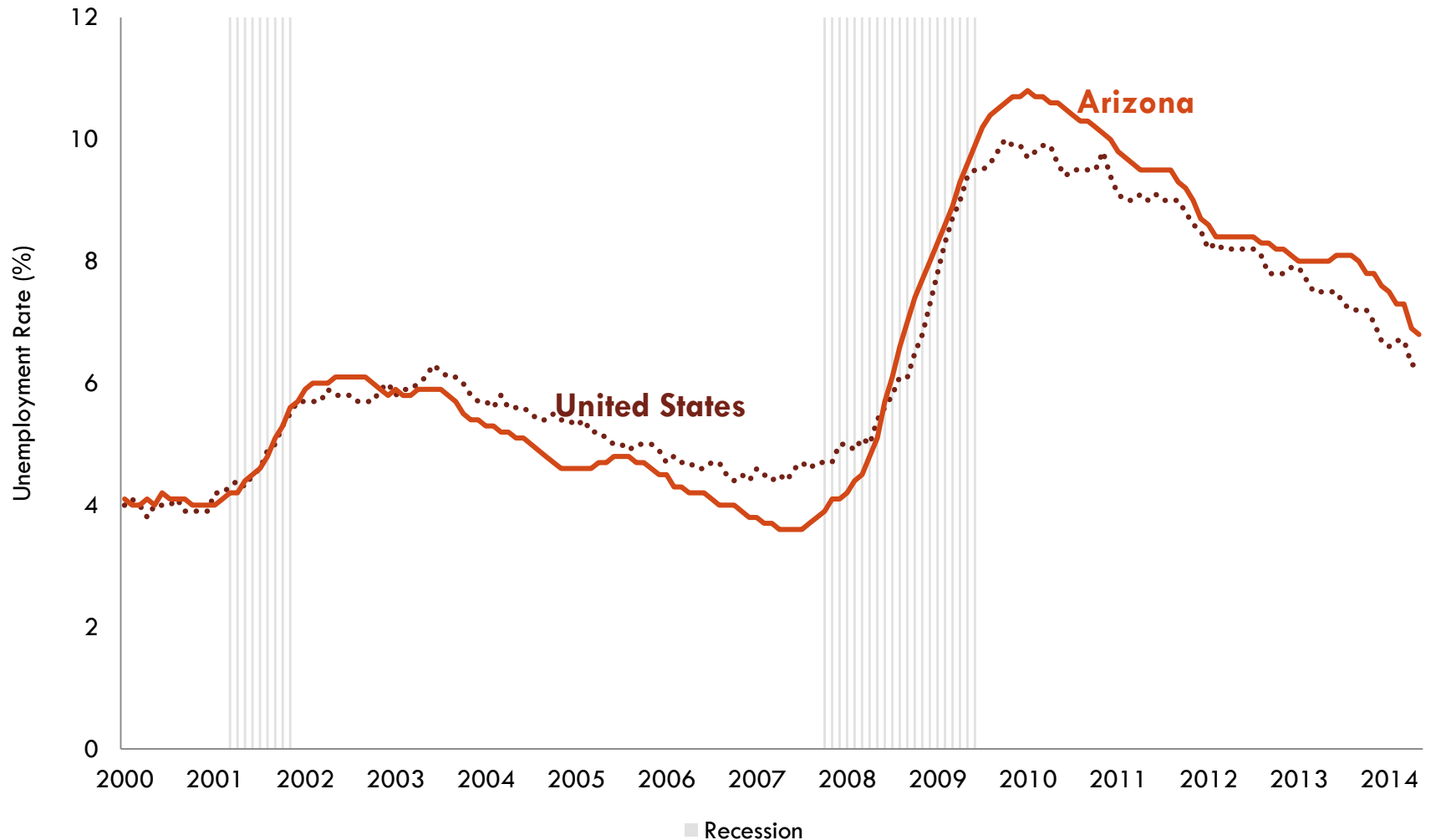
Financing for home purchases

**Financing for Homebuyers—May 2014
3 Month Moving Average**



Arizona Trends

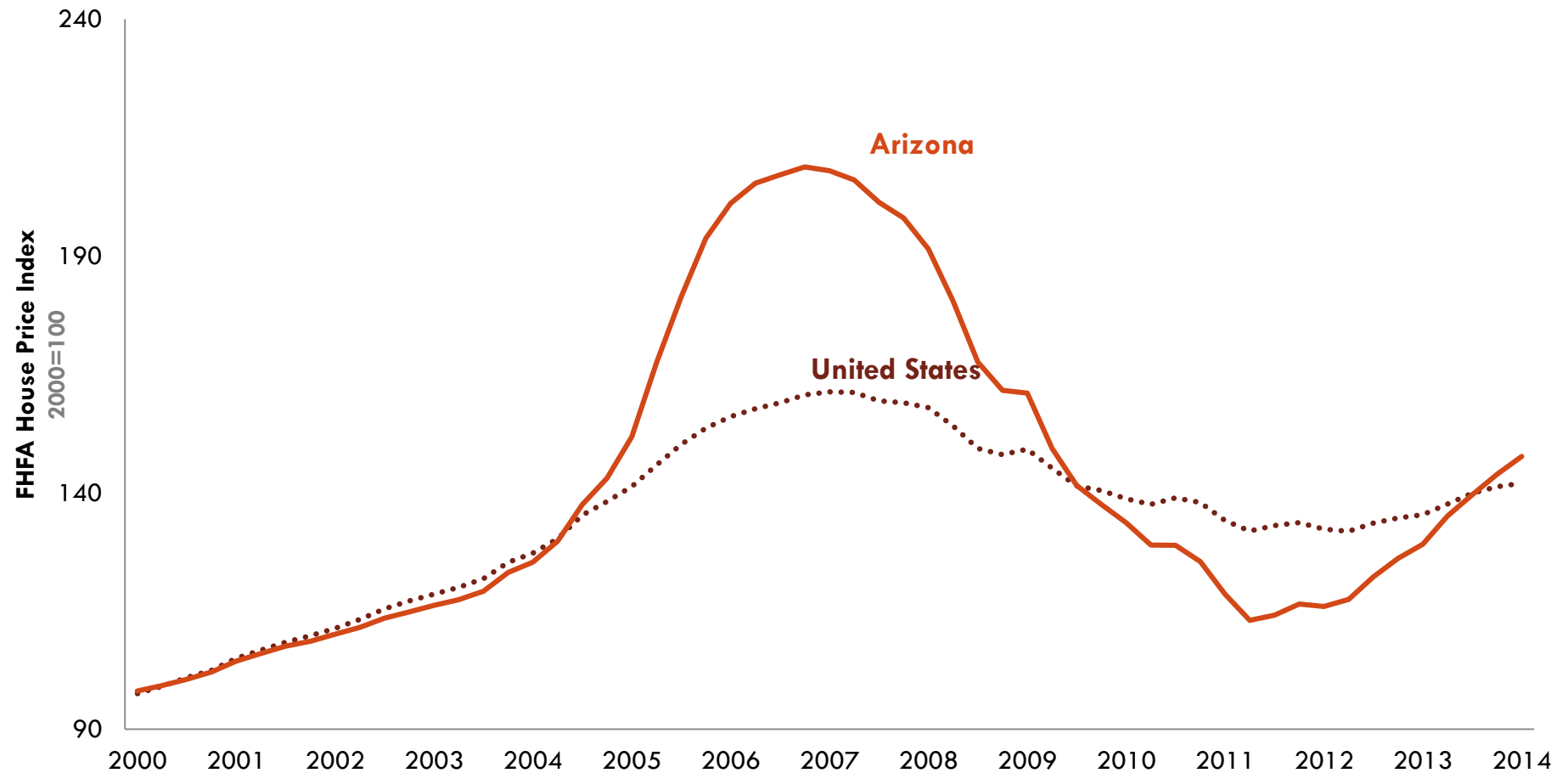
Arizona's unemployment rate at 6.8% for May 2014



Source: Bureau of Labor Statistics

Arizona house prices continue to rise

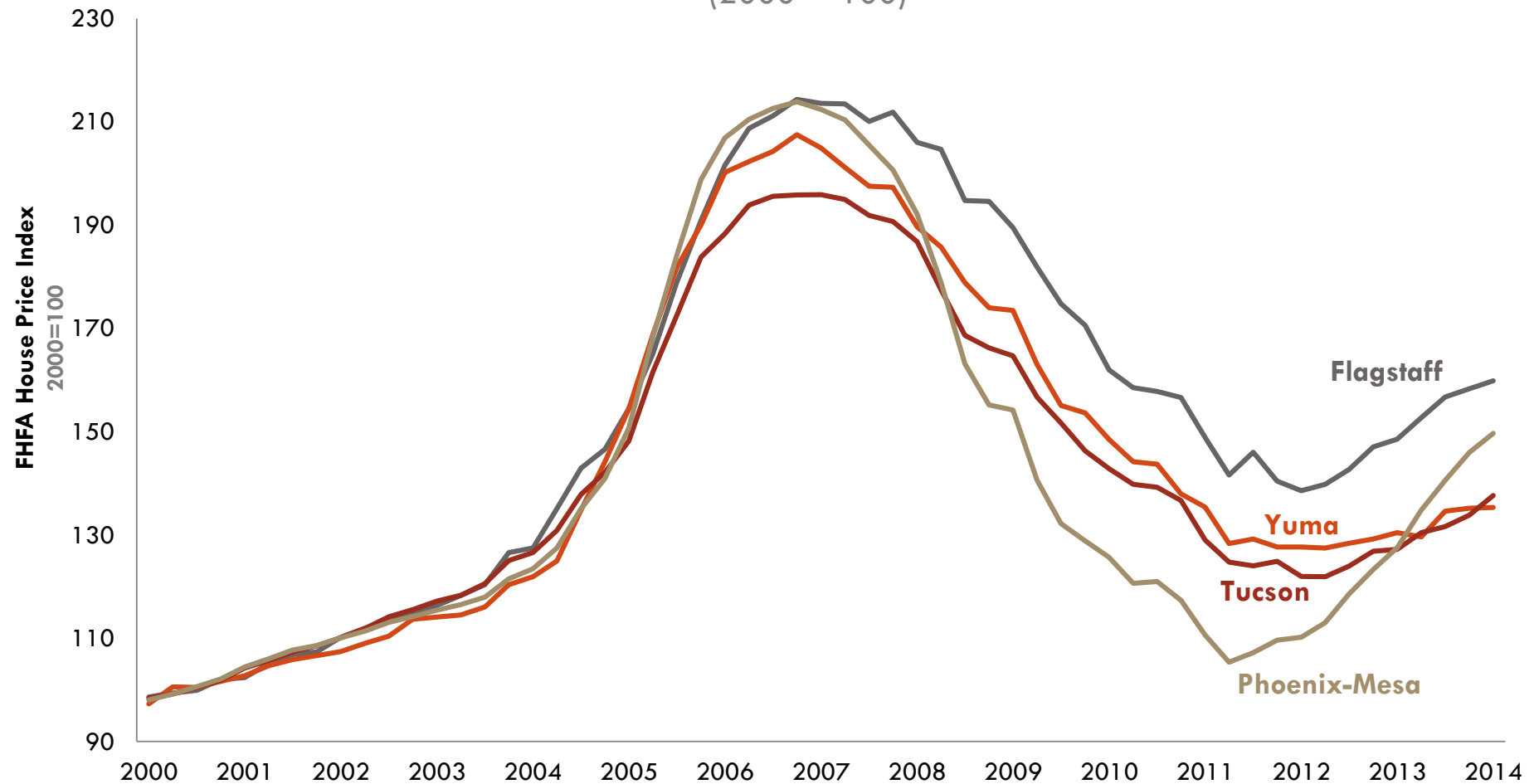
FHFA (formerly OFHEO) House Price Index
(2000=100, quarterly)



Source: Federal Housing Finance Agency (formerly OFHEO)

House prices improving in most major metros

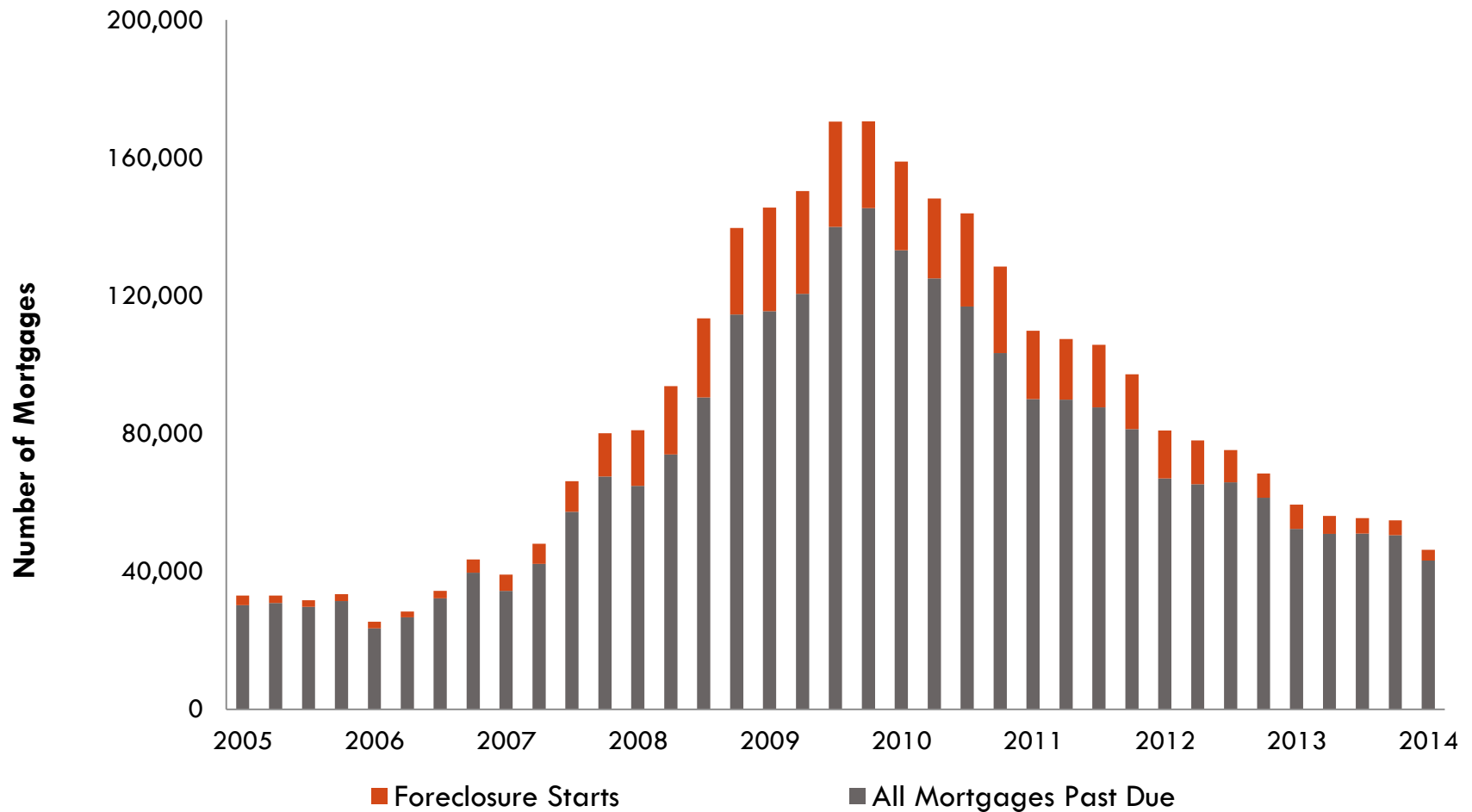
FHFA (formerly OFHEO) House Price Index
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Source: Federal Housing Finance Agency (formerly OFHEO)

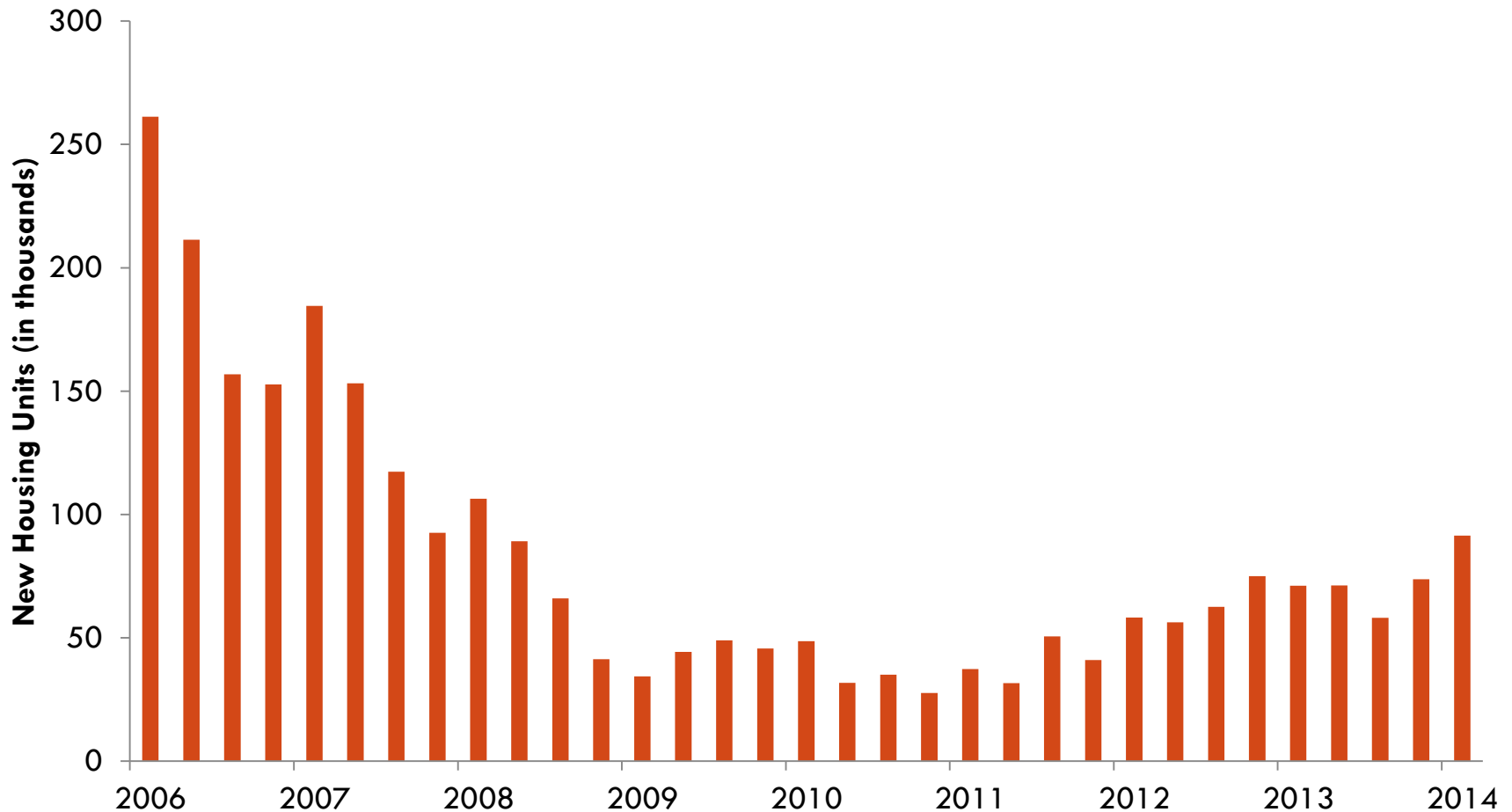
Number of delinquent mortgages and foreclosure starts continues to fall

Delinquent Mortgages and Foreclosure Starts - Arizona



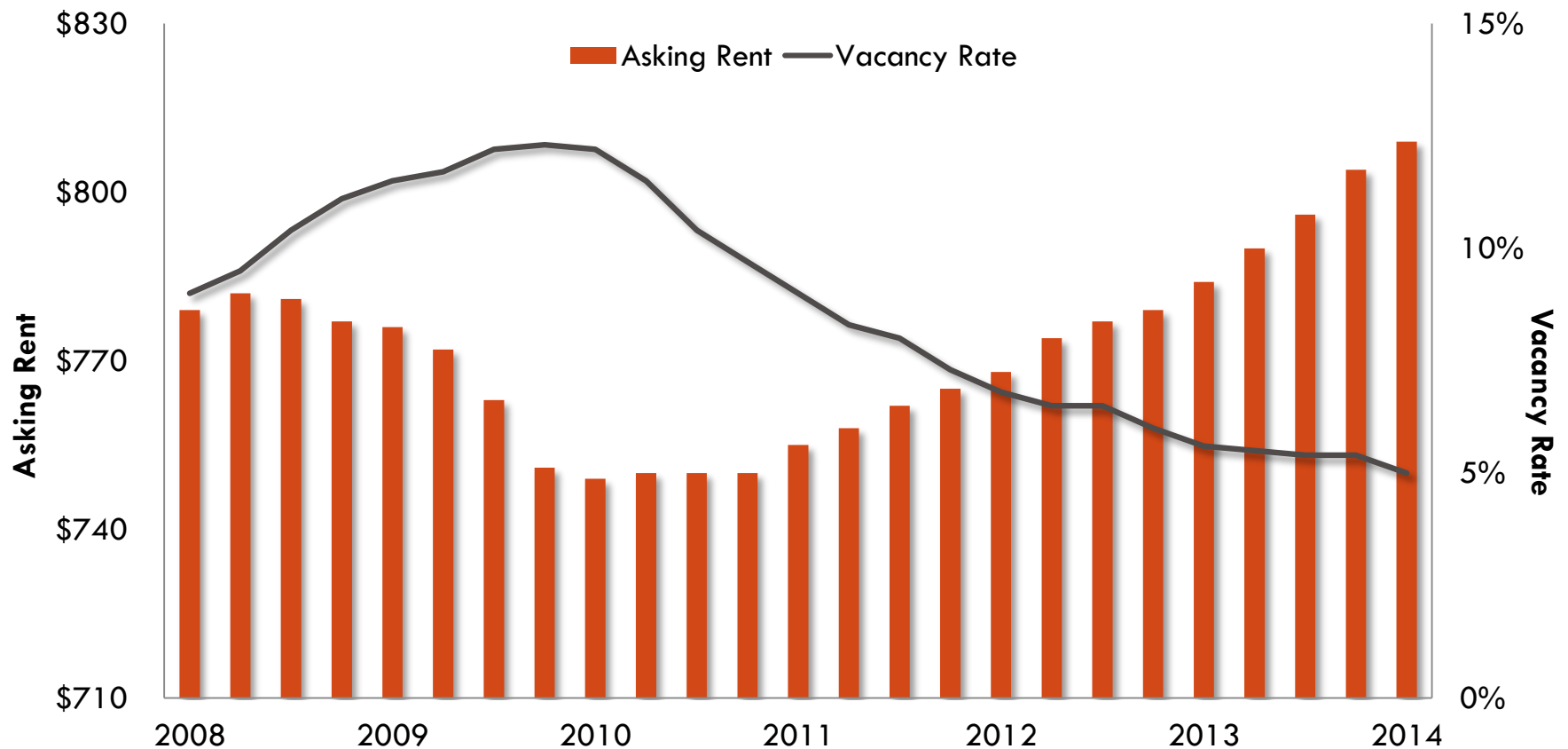
New housing starts are slowly growing

New Housing Starts - Arizona (Quarterly)



Phoenix rents up: \$809 for Q1 2014, vacancy rate down to 5%

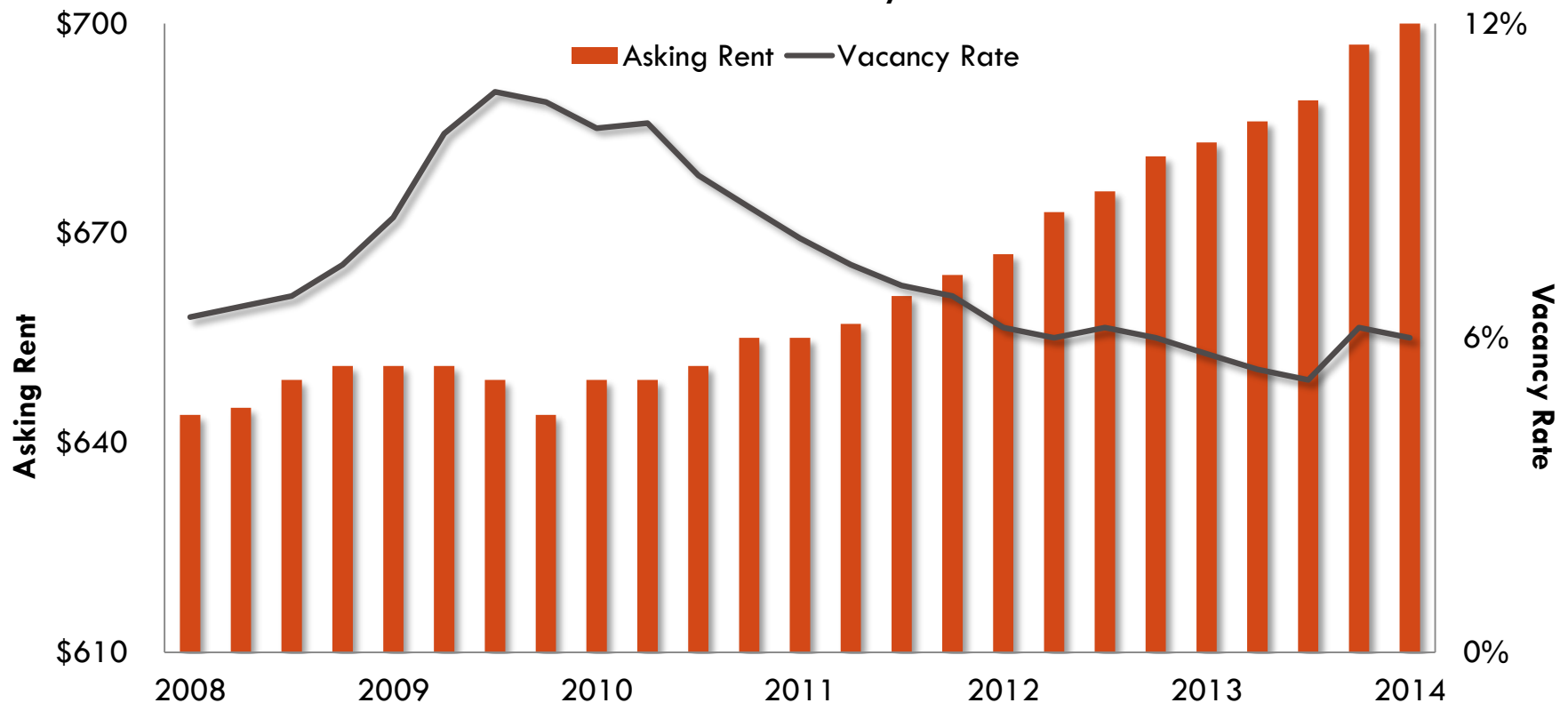
Asking Rent and Vacancy Rate in Phoenix Quarterly



Source: Reis, Inc. Asking rent is calculated by first determining the average rent for each unit size, and then calculating a weighted average based on the number of units in each size category.

Tucson rents up: \$700 for Q1 2014; vacancy rate at 6%

Asking Rent and Vacancy Rate in Tucson
Quarterly

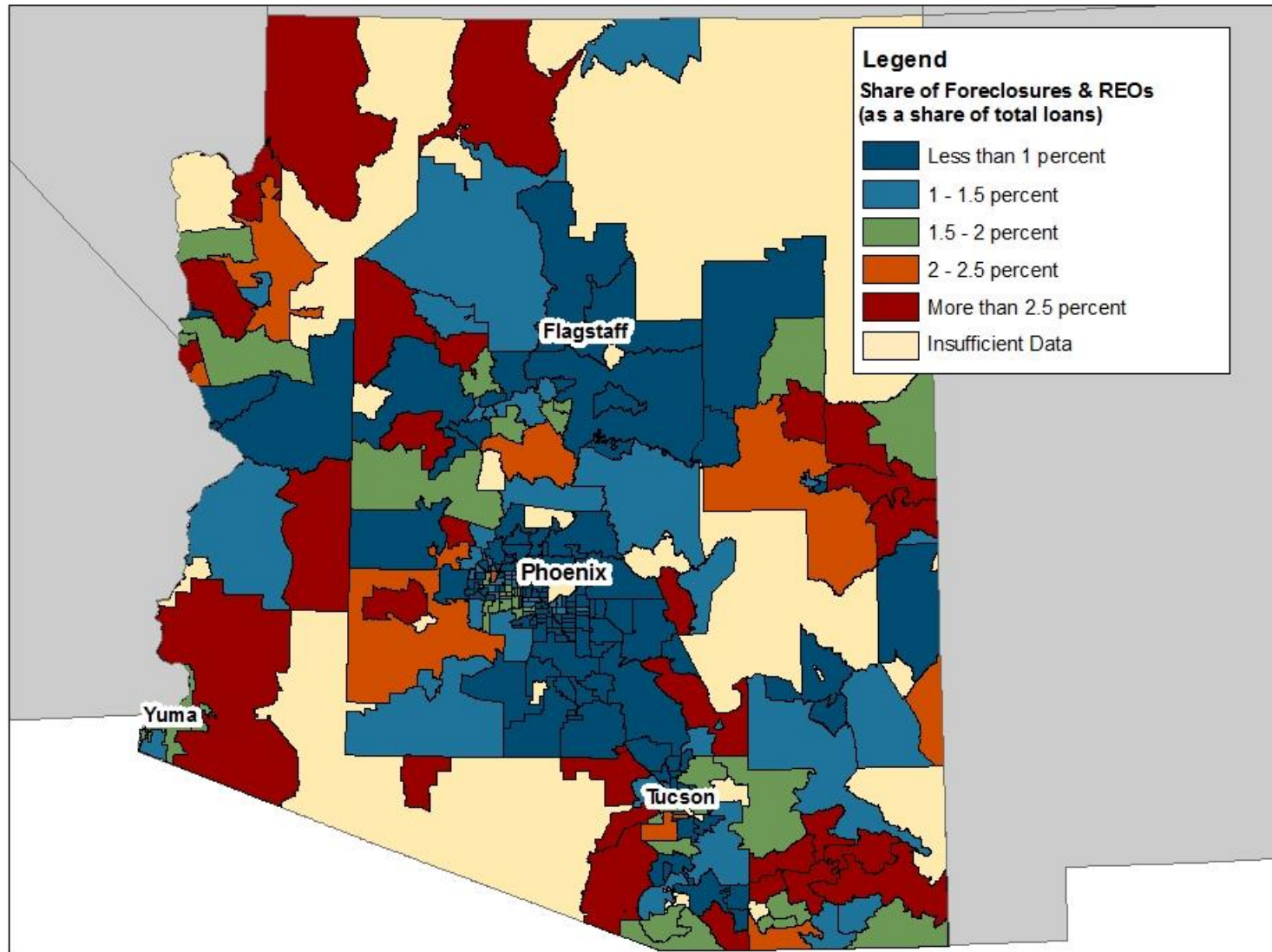


Source: Reis, Inc. Asking rent is calculated by first determining the average rent for each unit size, and then calculating a weighted average based on the number of units in each size category.

Arizona Data Maps

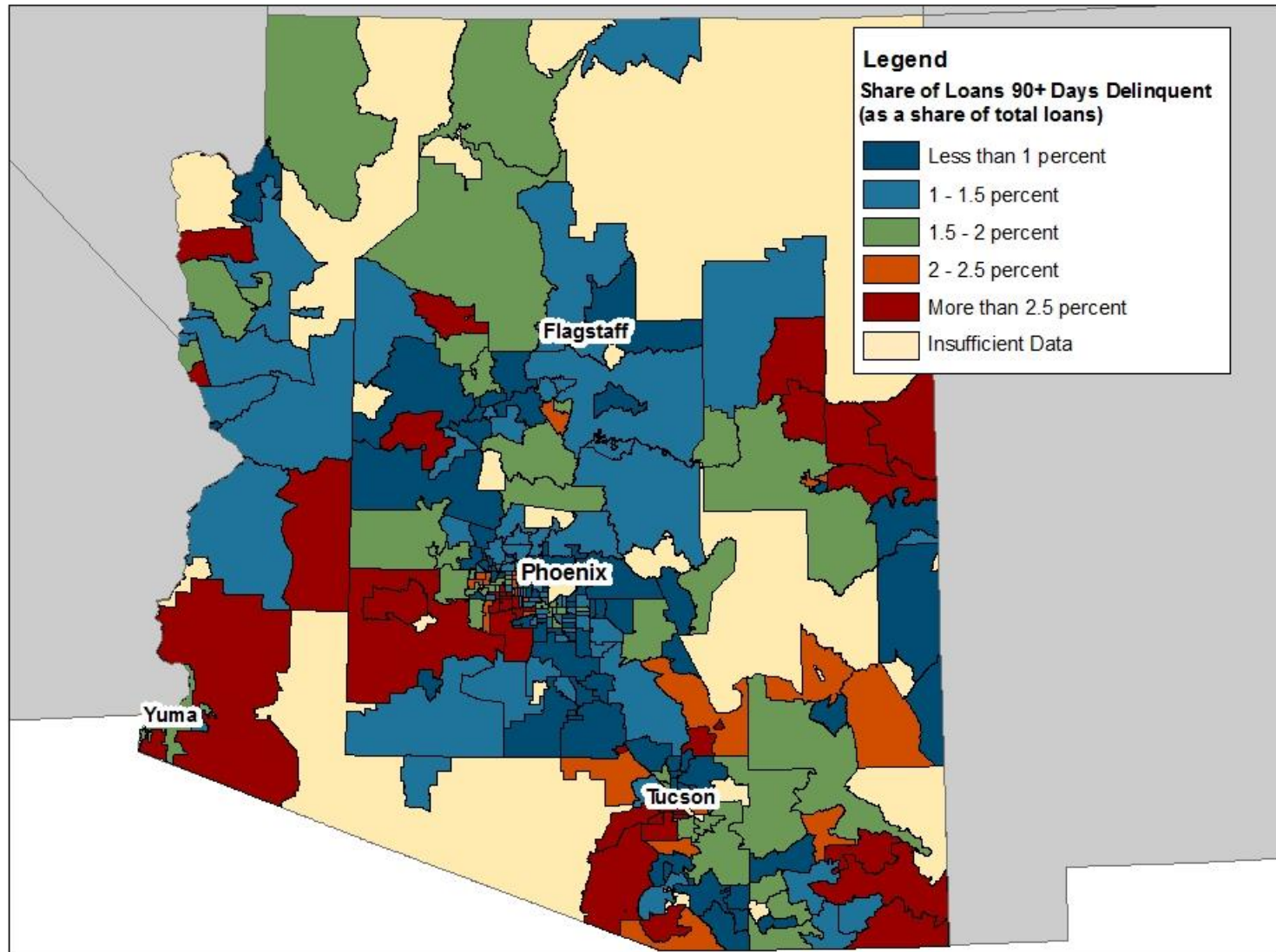
Areas Affected by Concentrated Foreclosures

May 2014



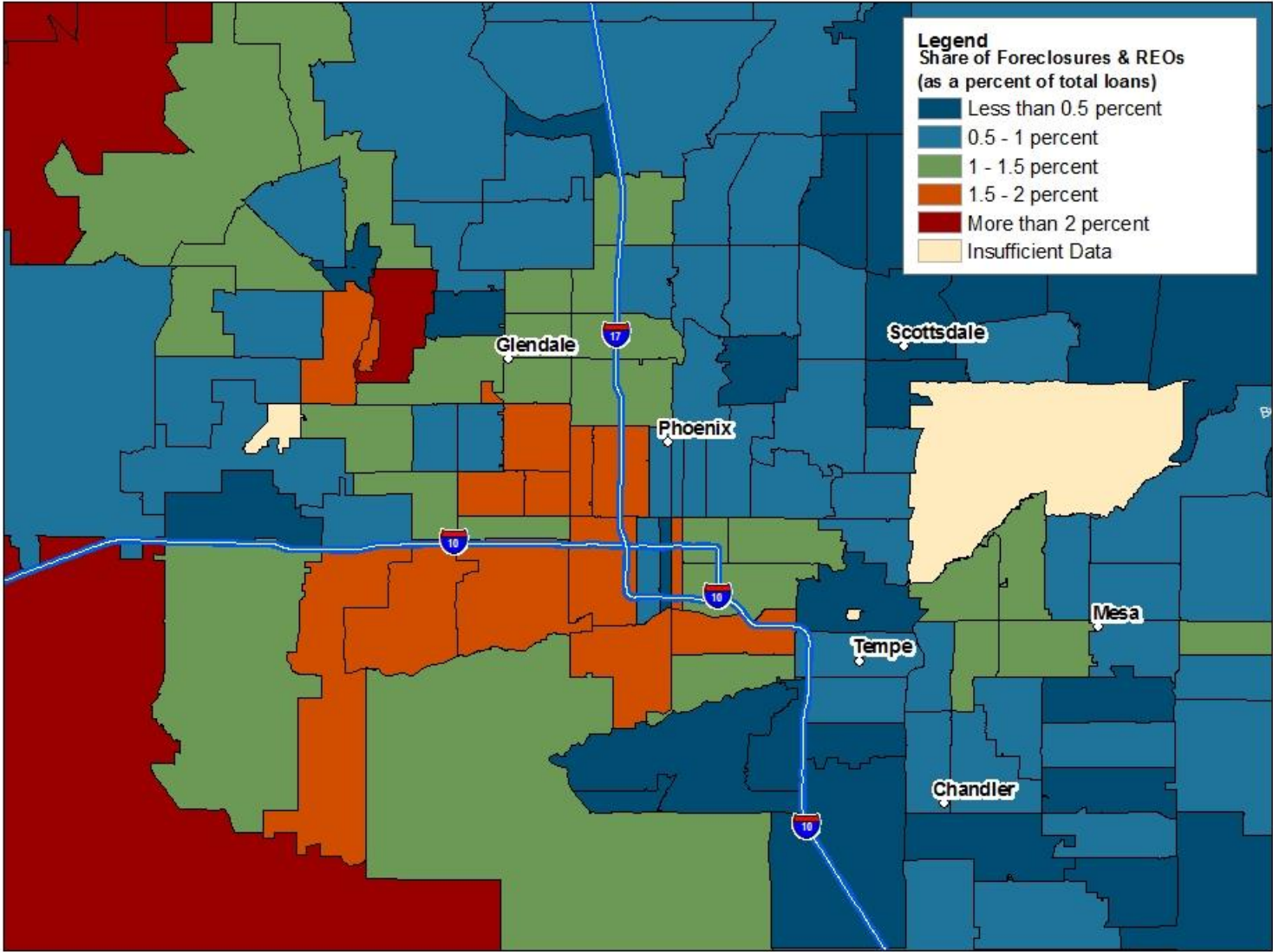
Areas At Risk Of Additional Foreclosures

May 2014



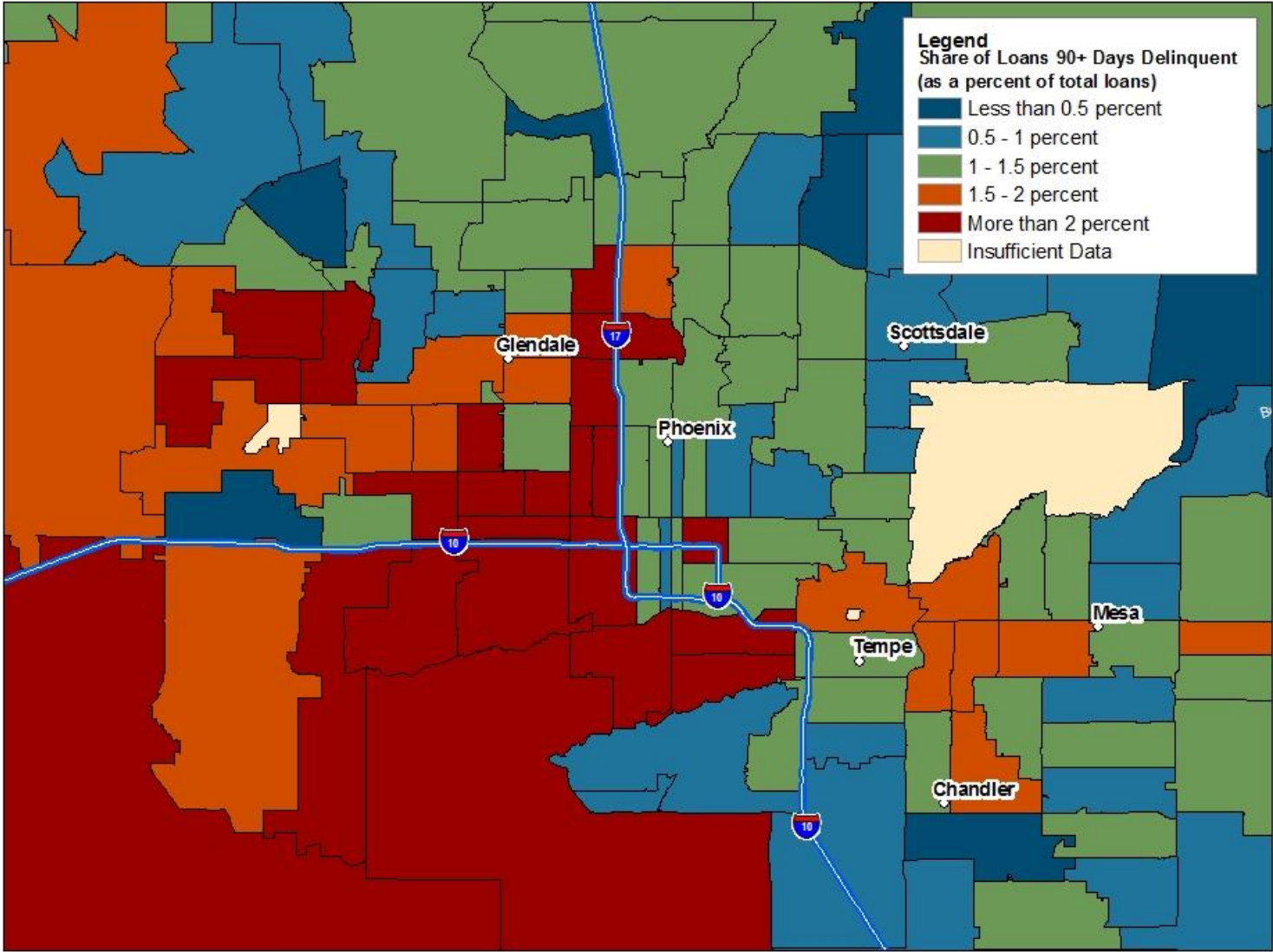
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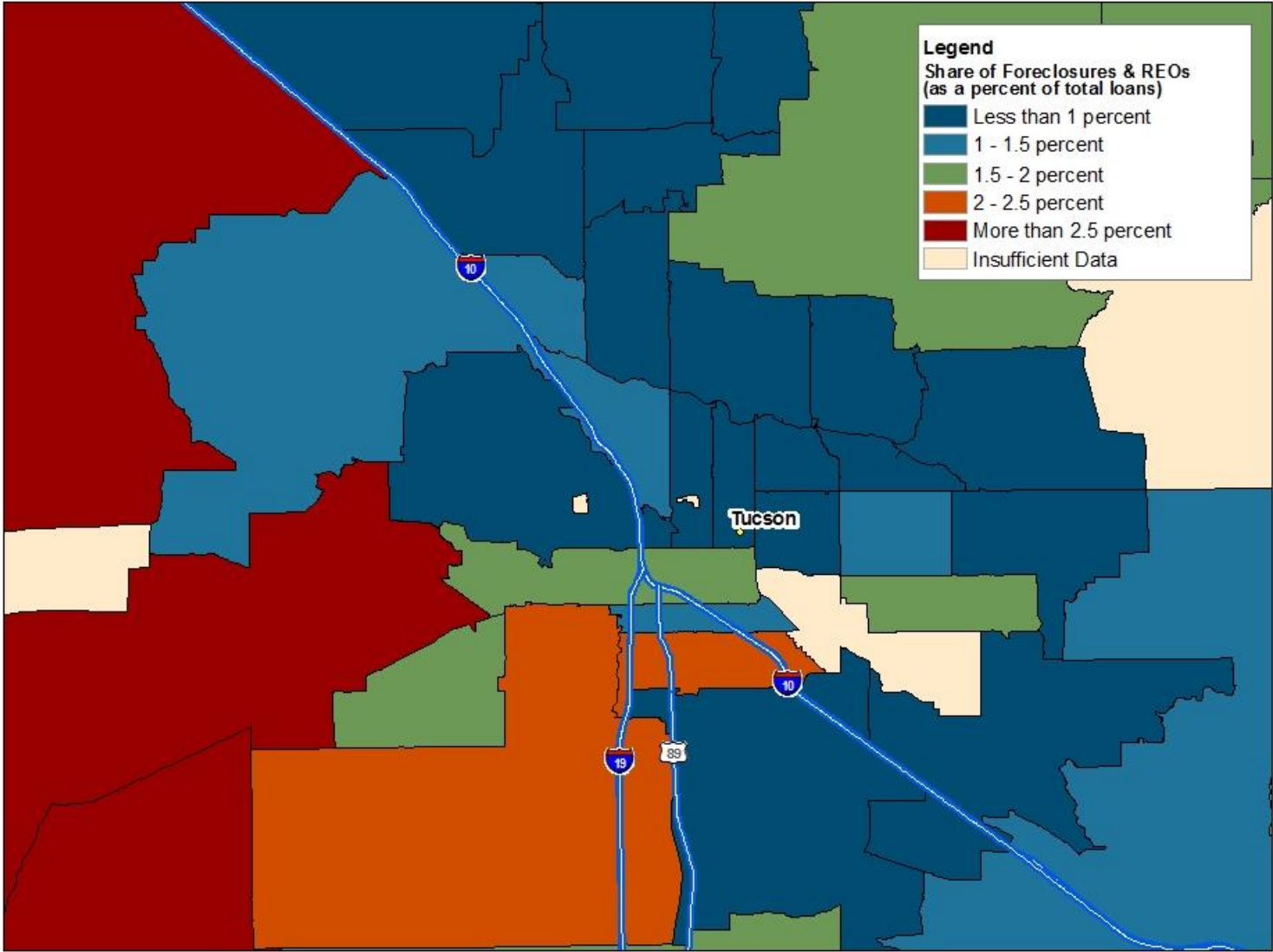
Areas at Risk of Additional Foreclosures

May 2014



Areas Affected by Concentrated Foreclosures

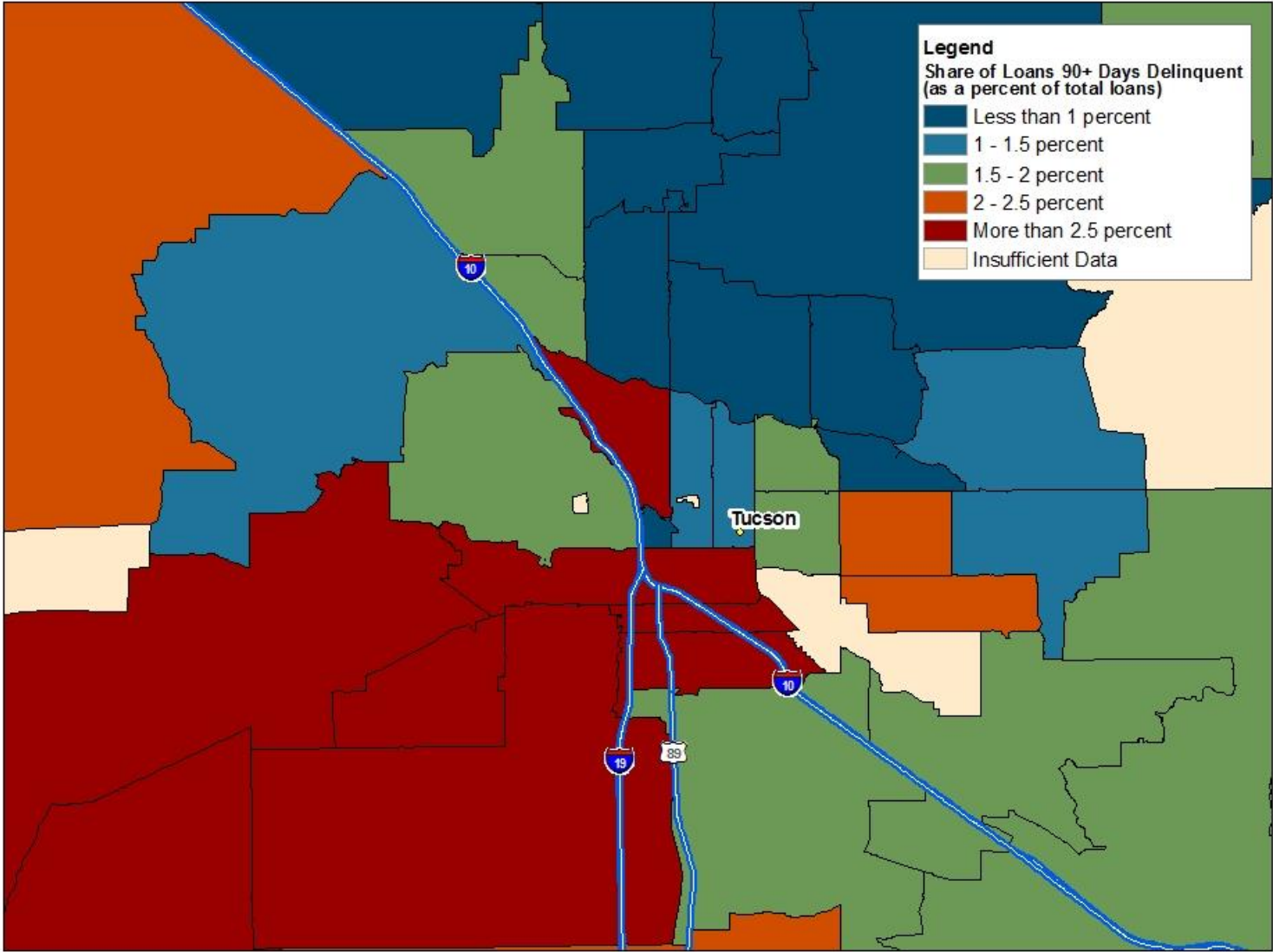
May 2014



Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations

Areas at Risk of Additional Foreclosures

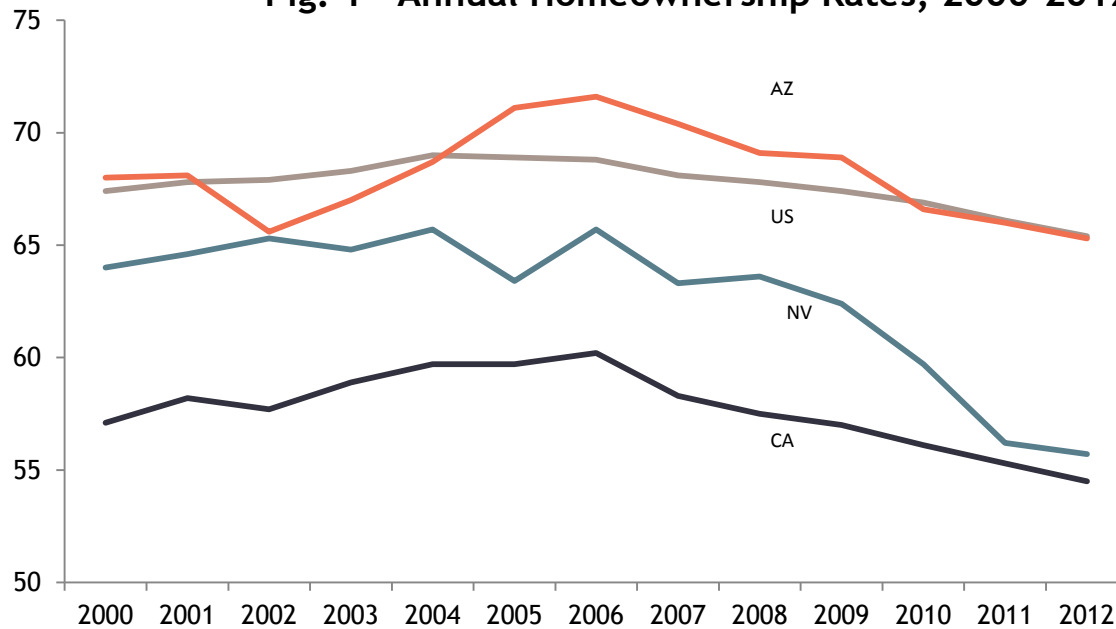
May 2014



The Rise of Single-Family Rentals in Arizona

Homeownership Rate for AZ, CA and NV, relative to the U.S.

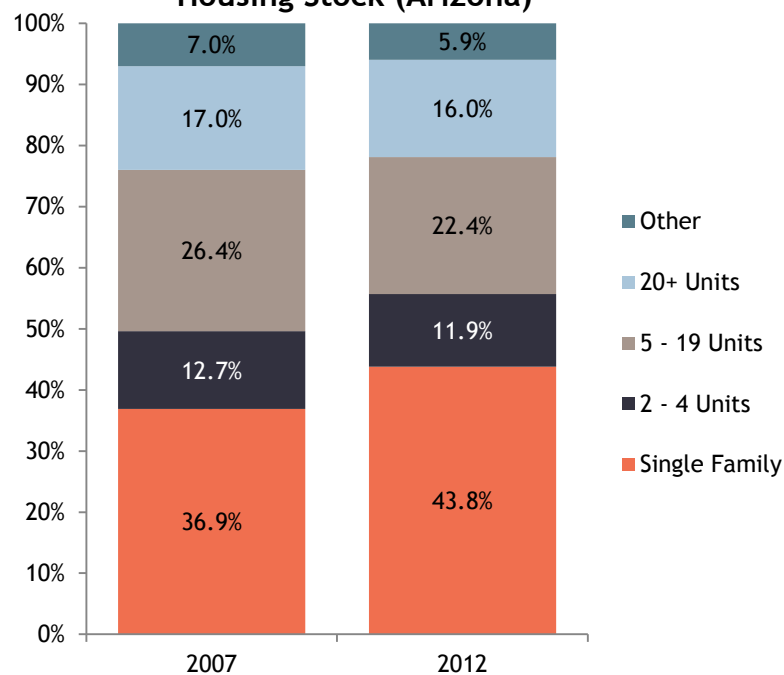
Fig. 1 - Annual Homeownership Rates, 2000-2012



Source: Housing Vacancies and Homeownership Survey. U.S. Census Bureau.

Single Family Rental Housing Stock in Arizona

Fig. 2 - Distribution of Renter-Occupied Housing Stock (Arizona)

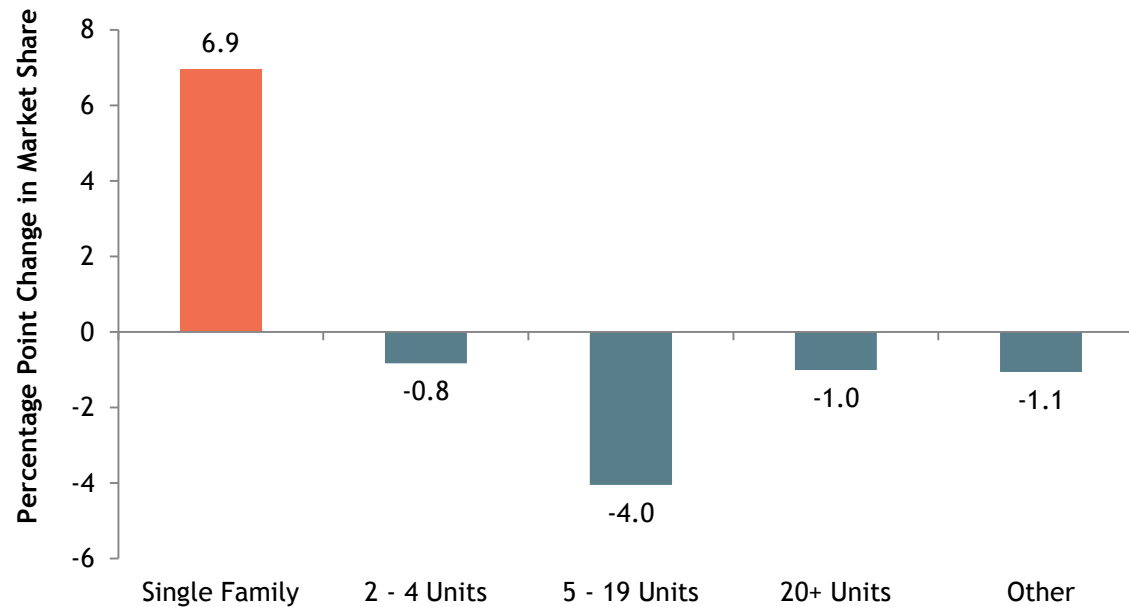


Note: Other includes mobile home, RV, boat, van, etc.

Source: American Community Survey, 1-year estimates

Decline in Multi-Family Housing

Fig. 3 - Change in Rental Market Share by Units in Structure
2007 vs. 2012 (Arizona)

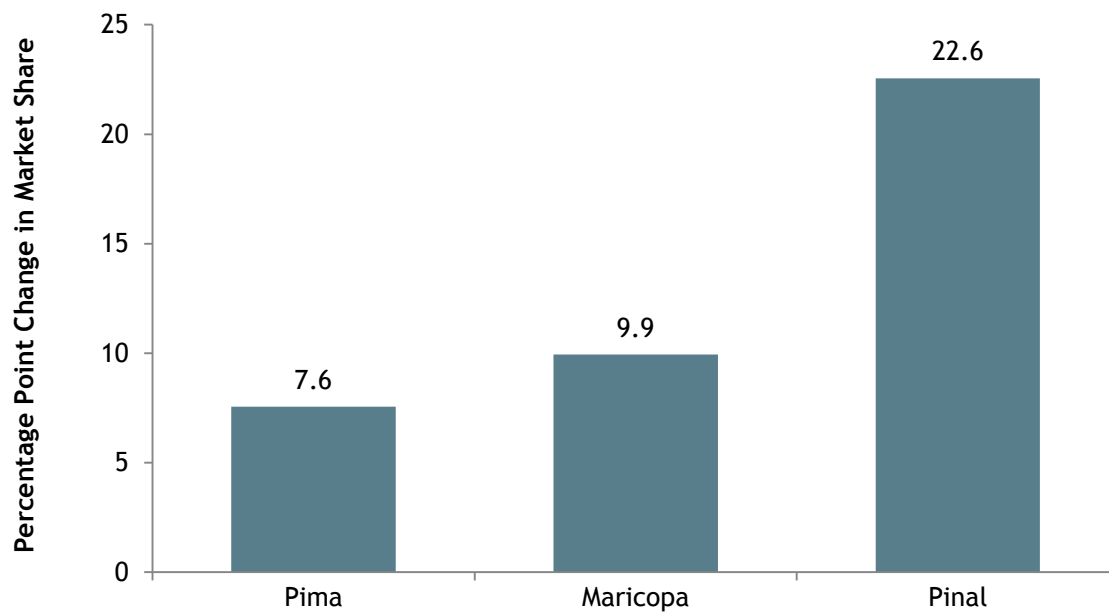


Note: Other includes mobile home, RV, boat, van, etc.

Source: American Community Survey, 1-year estimates

Percentage Change in the Market Share of Single-family Rentals

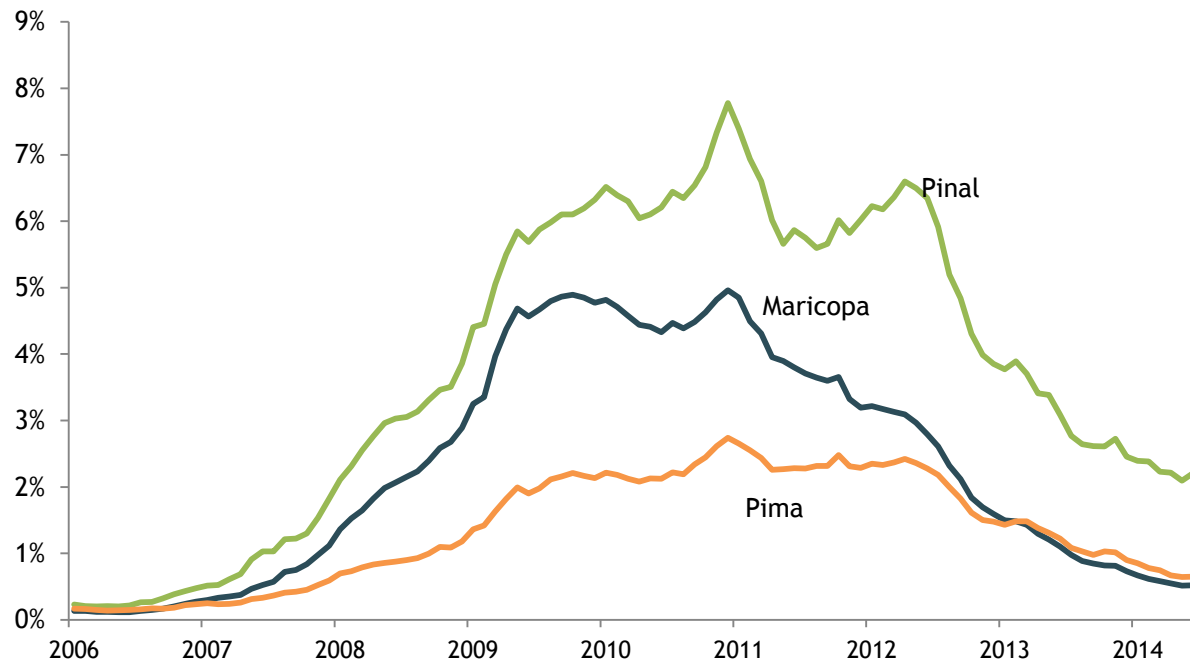
Fig. 4 - Change in Market Share of Single-family Renter-occupied Housing, 2007 to 2012 (Arizona)



Source: American Community Survey, 3-year estimates

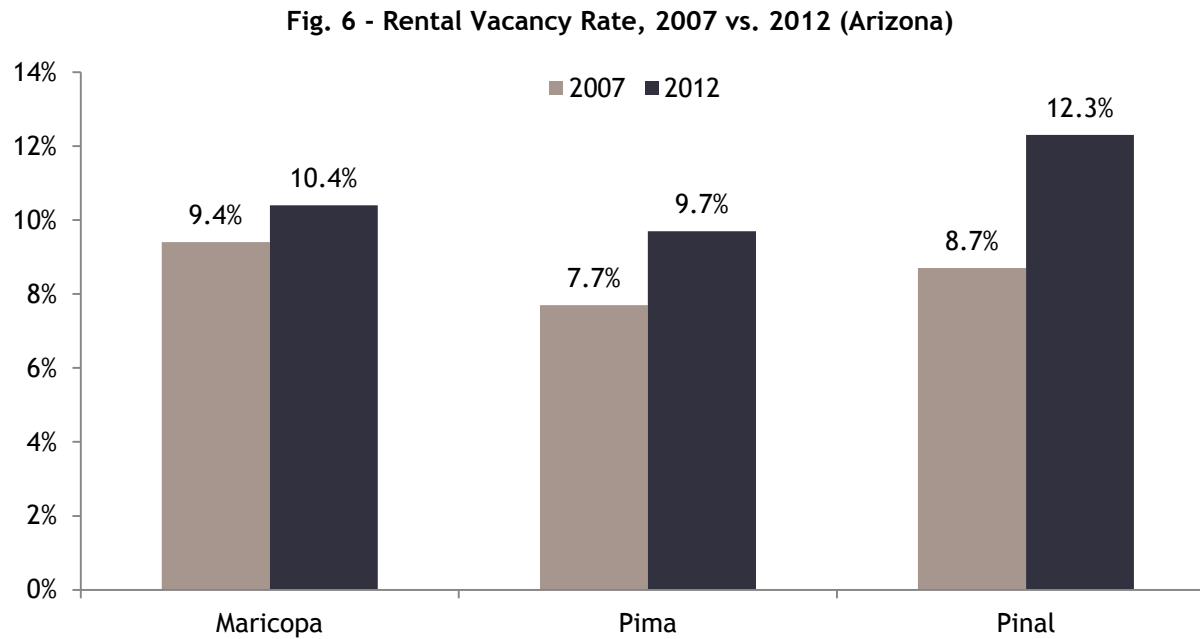
County Foreclosure Rates

Fig. 5 - County Foreclosure Rate, 2006-2014 (Arizona)



Source: LPS (Lender Processing Services Inc.) Applied Analytics

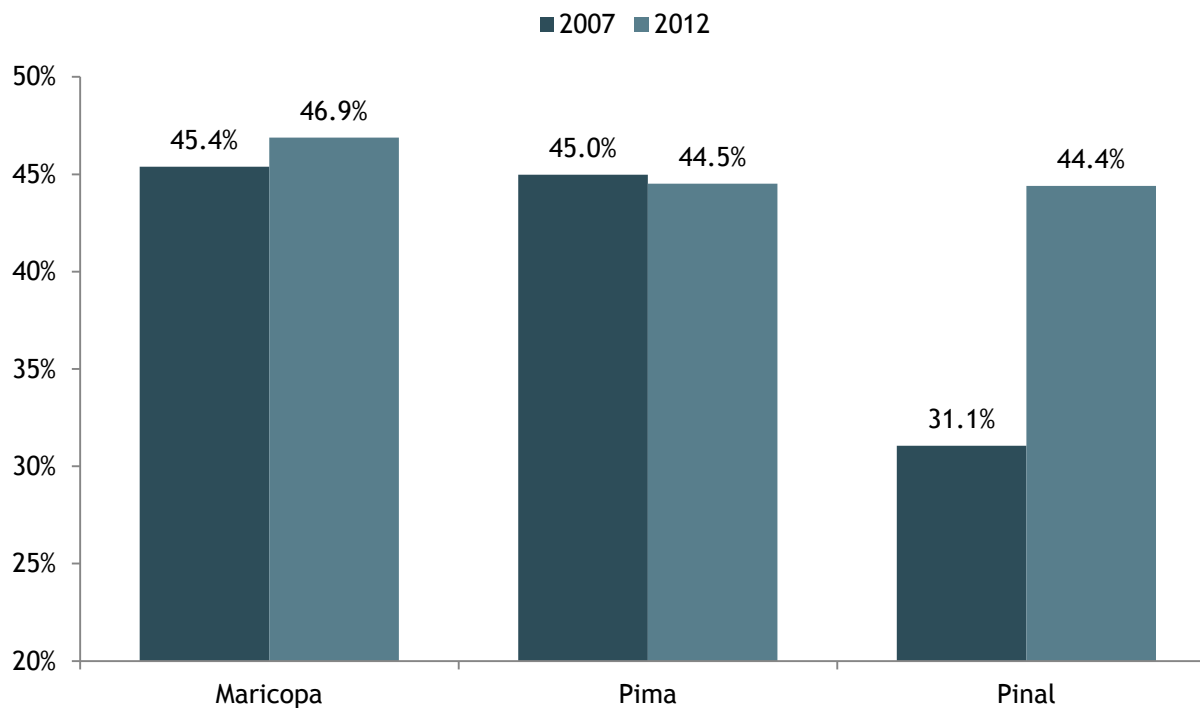
Rental Vacancy Rates Rise



Source: American Community Survey, 3-year estimates

Cost Burden Among Single-family Renter Households

Fig. 7 - Share of Single-Family Renters that Are Cost Burdened* (Arizona)

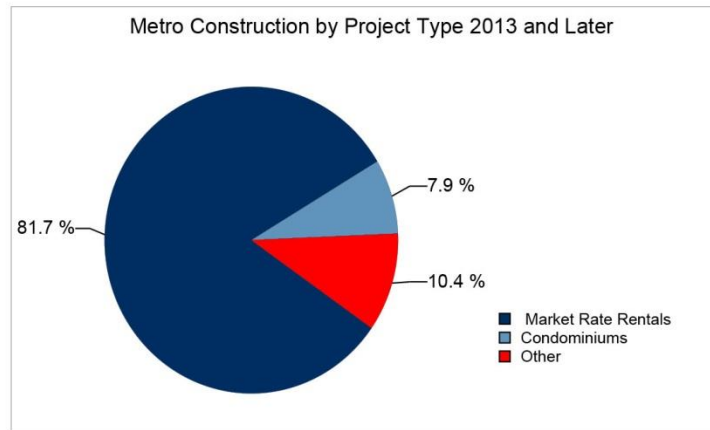


**Defined as spending more than 30% of income on rent*

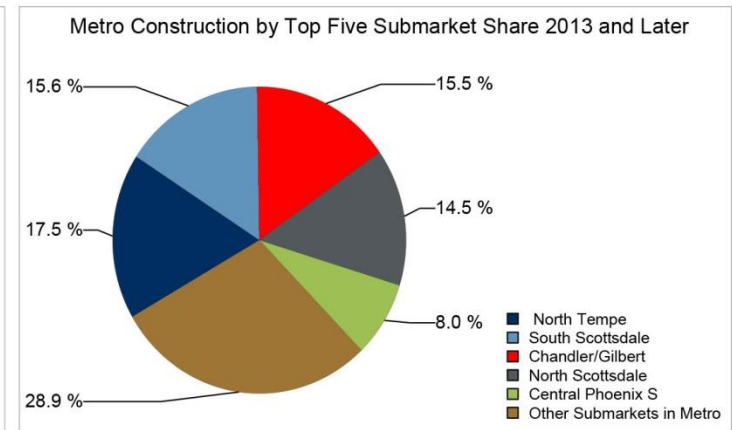
Source: American Community Survey 3-year estimates

Housing Construction Update

Metro Construction Breakdown



Includes all recently completed, under construction, planned, and proposed properties from the table above. Note that some verified listings for planned and proposed properties do not yet have a firm completion date.



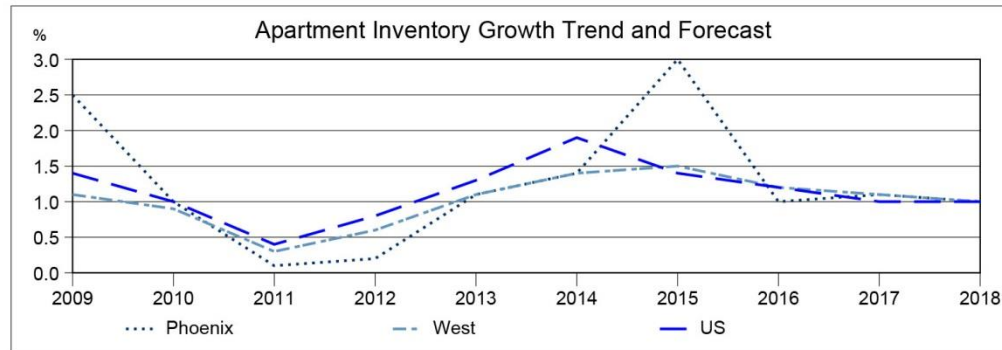
Source: Prepared by Reis, Inc.

Metro Inventory Details

Inventory By Building Age

Year Built	Percent
Before 1970	5.0%
1970-1979	15.0%
1980-1989	42.0%
1990-1999	14.0%
2000-2009	20.0%
After 2009	3.0%
All	100.0%

As of 06/30/14



Source: Prepared by Reis, Inc.

Inventory Growth Rankings Forecast

West Region Cumulative Inventory Growth Forecast Ranking 2014 and Later

Metro	Cumulative Growth Forecast	Rank
Denver	12.5%	1
Seattle	8.5%	4
Portland	8.2%	5
Phoenix	7.7%	6
Las Vegas	7.5%	7
San Bernardino/Riverside	7.3%	8
Tacoma	2.5%	19

National Cumulative Inventory Growth Forecast Ranking 2014 and Later

Metro	Cumulative Growth Forecast	Rank
Charleston	17.2%	1
Omaha	8.0%	26
Kansas City	7.7%	27
Phoenix	7.7%	28
Las Vegas	7.5%	29
San Bernardino/Riverside	7.3%	30
Lexington	0.6%	82

Source: Prepared by Reis, Inc.

Questions?

Question please contact Joselyn Cousins at 415 974-3281 or joselyn.cousins@sf.frb.org