

Scottsdale-area housing market may be flattening out

by [Peter Corbett](#) - Apr. 2, 2011 06:04 AM
 The Arizona Republic

It's still a buyer's market, but a shrinking inventory of homes and fewer foreclosures are giving analysts and real-estate agents hope that housing prices are flattening out.

The overall median price in Scottsdale of \$375,000 fell 6 percent last year from 2009. But that follows two years of double-digit percentage price declines in most Scottsdale neighborhoods, according to data from the Information Market.

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Prices were off just under 2 percent in the Pinnacle Peak area of Scottsdale and Rio Verde's median price edged up 1 percent, providing a glimmer of sunshine for the Northeast Valley.

"We're seeing more stability at the top end of the market," said Mike Orr, an analyst who produces the Cromford Report on the Valley housing market.

The market has absorbed a fair share of the distressed properties that have been a drag on prices.

Rick Amos, a Realty Executives agent, said buyers are finding it's harder to find a good house at a good price than they thought it

would be.

As an example of the shifting market, Amos said a DC Ranch neighborhood southeast of Pima Road and Legacy Boulevard has gone from 23 foreclosures a year ago to just one.

"It was the epicenter of the subprime-mortgage meltdown," he said.

One home in the 9200 block of East Trailside View that sold new for \$711,500 in November 2005 dropped to \$435,000 in a sale that closed in late February.

The cash buyer got a two-story, 2,800-square-foot home, built by Ashton Woods, with a three-car garage.

Cash is king

"Homes are very affordable, but loans are very hard to get," Orr said.

Investors are seeing that the time is right to buy and hold homes, not flip them.

"It's not difficult to make 8 to 10 percent return being a landlord even if you deduct the management fees," Orr said.

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Mark Tait, a HomeSmart agent, said banks are getting wiser about **selling** foreclosed homes by cleaning them up and installing new appliances.

"It's not like there's a bunch of beat-up homes out there," he said.

There are examples of unfinished custom homes that have sold at bargain prices.

Doug Koch, a restaurant franchisee, bought a 10,000-square-foot home on the **golf course** in Troon's Glenmoor neighborhood for \$1.85 million about 15 months ago, Tait said.

The 1.85-acre property had been valued at more than \$7 million.

Koch completed the home and moved in with his family last fall.

The five-bedroom home includes a theater and game room, wine cellar, eight fireplaces and six-car garage.

Tait now has it listed for \$4.2 million.

'Extend and pretend'

At the top end of the market, bankers have been reluctant to foreclose on luxury homes, according to David MacIntyre, Arizona Best Real Estate owner-broker.

They prefer to "pretend and extend," he said. That is they pretend the payments are current and extend the terms of loan for good customers.

At the lower end of the market, first-time buyers with good credit scores are buying homes in the area for \$200,000 to

\$300,000, about half their value at the peak of the housing bubble, MacIntyre said.

Karl Stauffer, Capital **AssetManagement** associate broker, said that a decline in the housing inventory is a good sign for a recovery in prices.

The Valley's inventory of single-family homes was 26,332 in February, down 10 percent from the previous month and it was down 5 percent in the Northeast Valley, he said.

The Scottsdale area has about a five-month supply of homes, while a stable market typically has a six-month supply, Stauffer said.

The lower inventory should be putting more upward pressure on prices, but the shadow inventory of bank-owned properties could be stalling an uptick in prices, according to Stauffer.

Orr, of the "Cromford Report," said the Valley is in the peak buying season now and sales will start to taper off after May.

A lot of people from colder areas who like

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the desert climate are coming here to shop for houses, he said.

"They think it's OK to come to Arizona again," Orr said, of the fallout from the state's illegal-immigration crackdown.

"Fewer people were coming when we were talking about headless corpses in the desert."

That gruesome image is perhaps fitting for the Valley's troubled housing market and the slow recovery.

"It's been bloody for certain," Amos said.

Northeast Valley median-home prices

In 2010, Scottsdale-area median-home prices continued to decline in all areas except Rio Verde, which had a 1 percent gain. Most areas experienced their biggest price drops in 2008, but the decline has now slowed. The lowest median price was in the Scottsdale neighborhoods south of Thomas Road. Scottsdale's highest median price was in the 85262 ZIP code northeast of Pima and Jomax roads.

Source: Arizona Republic analysis of data from informationmarket.com.

ZIP CODE	2010 MEDIAN VALUE	2009 MEDIAN VALUE	PERCENT CHANGE	PERCENT CHANGE SINCE 2005	TOTAL SALES 2010
SCOTTSDALE					
85250	\$211,000	\$248,000	- 14.9	- 35.1	120
85251	\$227,000	\$237,000	- 4.2	- 24.8	249
85254	\$290,000	\$310,000	- 6.5	- 36.3	748
85255	\$525,000	\$549,500	- 4.5	- 26.6	931
85257	\$155,000	\$170,000	- 8.8	- 39	374
85258	\$410,250	\$421,000	- 2.6	- 24.7	282
85259	\$495,000	\$538,000	- 8	- 30.8	423
85260	\$340,000	\$360,000	- 5.6	- 35.2	457
85262	\$550,000	\$560,000	- 1.8	- 30.6	593
85266	\$530,000	\$563,750	- 6	- 24.6	321
PARADISE VALLEY					
85253	\$1,168,750	\$1,322,500	- 11.6	- 14	348
RIO VERDE					
85263	\$353,500	\$350,000	+1	NA	56
FOUNTAIN HILLS					
85268	\$349,000	\$375,000	- 6.9	- 28	471
CAVE CREEK					
85331	\$310,000	\$325,000	- 4.6	- 34	647
CAREFREE					
85377	\$571,332	\$640,000	- 10.7	NA	92

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