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"shadow inventory" of homes doing well in market

Foreclosures selling faster here than in other areas

by [Catherine Reagor](#) - May. 28, 2011 12:00 AM
The Arizona Republic

37 comments

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Metro Phoenix has a "shadow inventory" of nearly 100,000 homes, the kind that market watchers sometimes fear could flood the region's long-suffering [housing market](#) and drive down prices.

These homes are either in foreclosure or the owners are behind on their mortgage payments, signaling that the houses could eventually join the supply of properties offered by lenders for sale at a deep discount.

But the region is actually in much better shape than other parts of the U.S. hit hard by foreclosures, according to new analysis from a national real-estate group.

Foreclosure homes are selling fast in the Valley as investors jump at the low prices, and experts don't think the area's shadow inventory will suppress prices further.

Analysts and investors have warily eyed the tough-to-measure shadow inventory since last year, when worries arose that banks were delaying foreclosures and holding onto large numbers of homes after foreclosing.

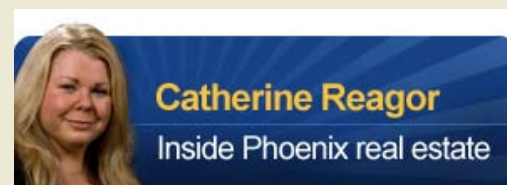
Market watchers saw the potential for the growing backlog of homes to drive the entire market. If buyers believed more bargains were coming, they would wait and prices would fall.

New data from California-based John Burns [Real Estate](#) Consulting, one of the nation's leading housing researchers, puts the number of homes in the Phoenix area's shadow inventory at about 92,000, the size of a small Valley suburb.

But that number, which includes Pinal County, isn't alarming

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housing analysts.

That's because the rate of sales is as important as the raw number of homes. If sales are brisk, the homes are snapped up quickly, meaning they won't lead to lower prices.

And homes in the Valley, especially low-priced foreclosure homes, are selling.

Other markets racked by the housing downturn since 2007, including Las Vegas, Orlando and Sacramento, are in worse shape - sometimes much worse.

Based on historical rates of home sales, the Valley's inventory would clear out much faster than other cities'.

"(Metro) Phoenix's shadow-inventory figure may look scary, but the area is in much better shape than other markets," said Tim Sullivan, a principal with Burns Real Estate. "Foreclosure homes are selling and selling fast in Phoenix, which makes a big difference."

Measuring the inventory

The supply of homes is as its name implies: shadowy, difficult to gauge.

Burns Real Estate estimates the number through a series of steps.

First, the group counts the number of homes already in foreclosure, including homes taken back by a bank and not yet resold: at least 40,000 in metro Phoenix as of January.

Then, it adds the number of homes in which the owner is at least 30 days' delinquent on the mortgage. From that number, it calculates how many are likely to end up being foreclosed on and resold, based on its formula tracking the same data during the past year.

In all, metro Phoenix has 110,000 houses in or approaching foreclosure, based on the estimates.

Bank-owned homes already listed are taken out. Also removed are homes listed for a short sale, in which the buyer is seeking the bank's OK to sell for less than the house is worth, thus staying out of foreclosure. These homes total about 18,000 in the Valley.

The remainder, about 92,000 houses, is considered the area's shadow inventory.

The rate at which homes sell is important to gauging the health of any market.

Based on the region's long-term sales rate over the past 10 years, the number of homes in the shadows is about as many as would sell in a year. Thus, the firm calls it a 12-month supply.

That puts the Valley in better shape than many similar markets.

Based on their local 10-year average sales rates, according to Burns Real Estate's estimates:

- Orlando has a 23-month supply of shadow inventory.
- Modesto, Calif., a boom market inland from the Bay Area, has a 20-month supply.
- Sacramento has a 16-month supply.
- Las Vegas has a 14-month supply.

"Shadow inventory isn't a big problem looming for the (metro) Phoenix market," said real-

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estate analyst Tom Ruff with Information Market. "The numbers have to be put in perspective. When you look at everything that's going on with home sales in Phoenix, you see that shadow inventory isn't something to worry about."

He said the number of pending foreclosures in Maricopa County is falling rapidly because new foreclosure filings are down and lenders are clearing out more of their foreclosure backlogs.

Foreclosure sales

Homes taken back by lenders through foreclosure have become a major part of metro Phoenix's housing market during the past few years.

Today, though prices have plummeted from their 2006 highs, the Valley housing market is moving at a healthy pace, partly because the low-priced foreclosure homes attract plenty of willing buyers.

Homes are selling at foreclosure auctions at record-setting paces, with more than 1,300 sold in Maricopa County last month.

The number of foreclosure and normal resale homes on the Arizona Multiple Listing Service is a five-month supply, based on the long-term rate of sales.

These homes, because they're already listed, aren't part of the shadow inventory.

So, Phoenix's combined supply of homes, including shadow inventory and current inventory, should take 17 months to sell.

Other cities with high foreclosure rates all have higher levels of total supply. Las Vegas has a 21-month combined supply, according to Burns Real Estate. Orlando's overall supply is 29 months.

Experts say Phoenix-area homes are selling because investors see them as a good value. Many can hold the houses and turn them into rentals, earning a good return on the investment. Others move to resell or "flip" the properties quickly, still turning a profit because the up-front price was so low.

Another benefit of investment buyers: Many pay cash. Many homeowners who abandoned their homes during the crash did so because they lost little in the process, forfeiting only their small down-payments. A cash buyer owns a house free and clear and is less likely to walk away.

The combination of more buyers and bargain prices is making the region's housing market more competitive, and bidding wars have broken out for houses priced right. Investors are eager to get in before the deals end.

"(Metro) Phoenix's inventory of homes for sale has been shrinking fast this year," said Julie Bieganski, a real-estate agent and investor. "It's getting harder to find bargains."

Impact on prices

What buyers are doing now - and what they expect to happen soon - is key to the direction of any market. The experience of early 2009 shows how the shadow inventory can affect those expectations.

In early 2009, after seeing mortgages fail in historic numbers, lenders tried to resell a record supply of foreclosure homes in the Phoenix area, all at once.

Buyers saw the supply was huge and kept their offers low, believing there were even more homes to come. The region's median home price, already battered by two years of downturn and recession, sank to 2003's level.

However, metro Phoenix's shadow inventory now doesn't appear large enough to prompt a waiting game. The area's supply of homes for sale continues to shrink, even as more foreclosure homes are listed or put up for auction.

Last spring, some analysts estimated the Valley had 18 months of shadow inventory looming over its housing market.

New estimates of a smaller supply could mean metro Phoenix's housing market is poised to recover sooner than other areas.

"(Metro) Phoenix has seen an overcorrection in prices" said housing analyst John Burns. "There are vacancies and shadow inventory. But now is the most affordable time to buy in my lifetime."

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[Happytexas](#)

May-28 @ 12:05 AM

34



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Catherine Reagor hasn't been in my neighborhood. We still have plenty of foreclosures and we folks who are paying our mortgages see the realtors come and go.

Can we have a Catherine Reagor moratorium? I am tired of her puff pieces.

There are 6 replies to this comment. [Expand](#)



[MesaBaker](#)

May-28 @ 6:36 AM

13



28



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Another fluff piece for the Obummer administration. This market SUCKS! Renters are horrible. Flush it all out. I would rather see an EMPTY house than renters. They say the Obama "recovery" (if that's what you want to call it) is the WORSE since the post war era, and 10 times WORSE than the worse recovery. Pathetic. Unemployment is horrible. Obummer isn't telling us what's REALLY going on. Then again, they have lied about the Japan radiation crisis from day one. 3 meltdowns and spewing over to the United States.

There are 7 replies to this comment. [Expand](#)



[pwrightt](#)

May-28 @ 7:59 AM

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Da the housing market went crazy from 2005-2006. You must have gotten your facts from the same newspaper that Sarah Palin reads. THE CARTOONS



[rickyticktavy](#)

May-28 @ 9:42 AM

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IS EVERYONE FROM MESA RACIST OR JUST YOU AND RUSS PEARCE? MANY PEOPLE WHO MOVE TO ARIZONA RENT FIRST, IT DOESN'T MAKE THEM ALL BAD. BUT THEN AGAIN, REPUBLICANS LIKE YOU CANNOT SEE THE MIDDLE - ON ANYTHING - ITS WHITE (PREFERRED BY YOU AND RUSS) OR BLACK. NO GREY. TO A MESA REPUBLICAN, THERE IS NO WAY A RENTER CAN BE A GOOD PERSON CHECKING OUT THE MARKET FIRST BEFORE THEY BUY. TO A MESA REPUBLICAN, IT IS DEATH WAR TORTURE DEBT POVERTY DEREGULATION TAX BREAKS FOR WEALTH TAX BREAKS FOR CORPORATION - RENTING IS FOR "HORRIBLE" PEOPLE. ENJOY THE FIRES THAT AWAIT YOU.



[BJ1921](#)

May-28 @ 9:47 AM

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Wow - you're one of those, "blame the other side for everything guys"...

Politicians in our two party system love suckers like you...



[Phxchele](#)

May-28 @ 11:13 AM

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Wow! Take huge offense to the "Renters are horrible" remark. Maybe in your neighborhood. Might want to take a look at that buddy. The decline of the market started well before the current President as well. Good grief, get your facts straight before you spew your venom.



[sense1](#)

May-28 @ 7:06 AM

20

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this started under Obama??????



[youareallmorons](#)

May-28 @ 7:46 AM

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What about the Republican congress, should they share any of the blame? What about the Republican led state government here in AZ, do they share any of the blame?



[romeo2010](#)

May-28 @ 7:57 AM

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You're fluff. No one listening to your spewing so save

your breath in case you get radiation poisoning.



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ron7118

May-28 @ 7:55 AM

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Another propaganda piece from Obersturmbannfuhrer Reagor. Why does the AZ repugnant print these obvious LIES and FABRICATIONS?

2006 - "Buy now or be priced out forever!"

2007 - "Now is the time to buy! Prices have never been lower!"

2008 - "Now is the time to buy! Prices have never been lower!"

2009 - "Now is the time to Buy! Prices have never been lower!"

2010 - "Now is the time to Buy! Prices have never been lower!"

2011 - "Now is the time to Buy! Prices have never been lower!"

There are 6 replies to this comment. [Expand](#)



rickytickytavy

May-28 @ 8:29 AM

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FRET NOT PHOENIX. AFTER ALL, SARAH PALIN CHOSE TO MOVE HERE. WHEN GOD IS DONE PUNISHING THE NASCAR RED STATES WITH TORNADOES, HURRICANES, FLOODS AND OTHER BIBLICAL STYLE GLOBAL WARMING - THOSE PEOPLE WILL BE LOOKING TO COME BUILD A HOUSE ON THE ROCK IN ARIZONA.



anymouse

May-28 @ 8:23 AM

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Keep your political eyes looking somewhere else. A house in my neighborhood went in 20 days. Another got an offer before the for sale sign was put up in the yard. The good stuff is moving. Now is the time to flip the foreclosures.



DGribble

May-28 @ 8:53 AM

10

4

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You must understand this newspaper publisher is under horrific pressure from PHX realty companies to do puff pieces. The paper has been sucking huge profits from real estate advertising which, just like the help wanted and auto classifieds, has/and/or is drying up. This paper (as well as most) is desperate for advertising money.....note their attempt to cut costs by trying to combine the tv station staff. And, you will see more of that, too. As for the Real Estate puff pieces, remember that for the first time in 30-years PHX area real estate brokers are having to grovel when dealing with the speculators from the arab nations, canada and california. The years of arrogant attitudes and high-gross "lay down deals" from the midwest yokels are over (at least for a while). So, until

the foreclosure crisis ends (some believe as long as 5 to 7 years from now), expect puffery slightly true articles about PHX real estate.



PointBlankLee

May-28 @ 9:07 AM

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If you are not happy, don't buy.



SeekTruthNOW

May-28 @ 1:53 PM

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Very good Ron, By the way, pending home sales plunged nearly 18 percent in April 2011 vs April 2010.



TakeFive

May-28 @ 8:22 AM

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Love it !!!



USHEMPNEWS

May-28 @ 6:53 AM

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This story is really about the bad guys bailing out the bad guys so this gang could continue to exploit the middle class. We need a Gang Task Force.

The people that were living in those homes are the ones that should have been bailed out.

There are 4 replies to this comment. [Expand](#)



sense1

May-28 @ 7:07 AM

4

16

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if you bought it,,you should agree to pay for it,,,



Ariadne

May-28 @ 7:49 AM

7

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sense1 -- nevermind the corruption and lack of regulations (the REVOCATION of regulations that existed to protect us from this scenario) that created situations in which people could get duped. No doubt, people shouldn't have bought more than they could pay for, and they certainly shouldn't have gotten ARMs (dumb, dumb, and dumber).

That being said, from the very top the floodgates were opened to specifically create this situation (certain protective regulations were abolished years ago).

\$#!%, like snowballs, rolls downhill -- they knew there would be too many people, from corporate CEOs to investment gurus to loan officers to real estate agents to buyers, who wouldn't be able to stop themselves from the greed (laced with a lack of foresight, either purposefully or through ignorance). Obviously, some people are stronger than others -- I never bought into this crap (though I'd be lying if I said I'm glad I didn't get to flip a couple of houses before it all crashed, best though that I didn't get involved), nor did I take out a second (or even third, wow!) mortgage or HELOC. Many people are not so resistant to temptation, though. Add in ignorance, and well...

Human nature is extraordinarily predictable. If those floodgates hadn't been opened, the "little" people at the bottom wouldn't have been able to screw up so badly.

Therefore, my ire is directed a bit higher up, sense1 -- it's like getting angry at a tasmanian devil for being a little aggressive; most of them just can't help it, it's in their nature. The people at the top play the rest of us like we're predictable animals -- because we are. Of course, they forget that they're no different (money doesn't take away the animal nature and predictability, does it? It just opens up avenues to greed and atrocity filled with no remorse, at HUGE magnitudes with little to no limits -- these days at least, it seems).

I'm sure this sort of thing, in all its different forms, will happen over and over and over again, as humanity takes advantage of itself and feeds off of itself whenever "it" can -- maybe until we're either gone completely as a species or have evolved into something...better.

Of course, the "Il Duce" fools at the top think they're the "something better"...they are wrong. A dog, whether a mange-covered mutt or a primped-up poodle, still humps and dumps the same.



sense1

May-28 @ 10:24 AM



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so the government should have protected people from their own stupidity?



GetReal2105

May-28 @ 10:36 AM



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Bail outs, the ultimate handout at tax payers expense. No one should have been bailed out....including the middle class homeowner. America is a much weaker society because of these bail outs, now everyone wants a bail out when they screw up. So our college educated CEO's lack character where a handshake means something. Now it's everyman for themselves, Americans have lost good character traits as we now walk on a home if its underwater.....weak, very weak.



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Bozgotbannedx6

May-28 @ 8:53 AM



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I have seen only a few sub-markets where REO sales haven't effected home values. As long as there are recent foreclosure/short sales in your subdivision, the major banks will be required (if Fannie Mae or Freddie Mac conv. loan) to use an Appraisal Management Company. That middle-man company will send some flunkly new appraiser desperate for money (since the APMs take half of the money appraisers used to make) who will take short cuts and will always use REO sales (even if they are not in your subdivision). 2 out of 3 REO comparable sales in your appraisal will sink your home value faster than anything and lending from Wells/BofA/Chase will guarantee that will happen.



EricAZ

May-28 @ 7:18 AM



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What neighborhood is that? This is one of the better stories about our housing market that I've seen. The ARMLS shows we've sold 40,000 houses in less than 5 months! If anything, the story doesn't mention a huge surge in renters/first time buyers activity which I believe is in the 30% range of all purchases. Renters making \$10 an hour are finding condos and houses that meet their needs and they're buying them. Another reason for low prices is we still have some houses that have been vandalized for copper or other reasons which forces a lower price. After purchase repair costs are not captured by any program to help determine actual costs to make livable. Most seem to run about \$5000 to \$10,000 for basic repairs. Our market has some very good deals, yet it will be a bumpy ride for a while.

There are 4 replies to this comment. [Expand](#)



Ariadne

May-28 @ 7:54 AM



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I would think more investors are buying these houses, than anyone else. Welcome to America, land of the renter.

I think one of the reasons for "low prices", Eric, is that these houses were heavily over-valued for awhile... I hope first-time home buyers are buying some of these houses, but I'm sure most are going to investors. A different sort of USA...



EricAZ

May-28 @ 8:01 AM



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Ariadne, Many/most HUD, Fannie, & Freddie homes have a 15 day owner occupant period to make an offer. Investors & 2nd home buyers can not make offers during this time. As a Realtor, it looks like about 30% of our buyers are first timers and we are seeing folks moving

here & buying too. It looks like the investor purchases are running about 40% though it's very hard to catch that info unless they rent or resell the house quickly. Another reason for the low prices is many need repairs, painting, cleanup, new carpet, new appliances, etc. Those bills quickly add up to more than many homeowners can afford, thus they sell for 20% or more less than move in condition homes can sell for.



EricAZ

May-28 @ 9:38 AM



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Interesting. 4 negs for saying the truth? Yet, no one can explain... OK.



az20081

May-28 @ 12:19 PM



[Report abuse](#)

"" Interesting. 4 negs for saying the truth? Yet, no one can explain... OK. ""

That's another reason why I believe we're near the bottom: irrational pessimism. (At the top it was the reverse: irrational exuberance.).

Those two things characterize tops and bottoms. When the herd mentality kicks in, it usually means it's over. Same for stocks. There are proven, market-beating strategies which monitor analyst sentiment -- and do the opposite when sentiment becomes excessive in either direction.

Reader comments here are interesting because they can't possibly be biased by anyone having a *stake* in the market declining further. A tiny fraction of people short real estate via inverse REIT investment funds. What we see here are people who are negative because they believe it can't get better. It's been so bad, so long, it must continue. That's classic. That's why the majority of people miss tops and bottoms.



cbtole

May-28 @ 1:18 AM



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Check out the articles she has written at the top of the page. They are inconsistent, from one to the next.

She's writing what she's being told to write.

There is 1 reply to this comment. [Expand](#)



kimwal

May-28 @ 3:21 AM



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Thanks, I read some and note she was consistently

wrong in her predictions. History of her writings reads like Goebel's propaganda machine.....one exaggerated lie after another.
Expert analysis? Con game is more like it and it shows up nicely in retrospect. No credibility here....forget Catherine Reagor.



ToddStallion1

May-28 @ 12:25 AM

17 7 [Report abuse](#)

"Experts say Phoenix-area homes are selling because investors see them as a good value."

HA HA HA

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Really? Investors aren't buying because they are bad values?

Where do they find this hard hitting Expert Analysis? Who are these experts?

There are 6 replies to this comment. [Expand](#)



MesaBaker

May-28 @ 6:46 AM

7 7 [Report abuse](#)

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I'm just anxious to see values go BACK UP, so low lifes don't move into my area. Higher values are a hedge against hillbillies moving in and putting couches on their front porch, and parking their battle wagons in the front yard.

There are 3 replies to this comment. [Expand](#)



reader22

May-28 @ 7:28 AM

7 1 [Report abuse](#)

Unemployment is still high. Experts say that if we want to be competitive with the emerging markets we need to earn \$0.50/day. Then companies will start hiring. I don't see how a decrease in income will help the home "values".



strangemale

May-28 @ 8:02 AM

7 0 [Report abuse](#)

There is already a "low life" living in your neighborhood.



sense1

May-28 @ 7:09 AM

6 4 [Report abuse](#)

the problem is,,,homes in phx were never worth what they were selling for in 2006,,,the present prices are about the correct prices when you look at the real spendable incomes in this area.



USHEMPNEWS

May-28 @ 6:57 AM



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When investors invest, that means that the person that actually lives in the home or eats those Pork Futures has to pay more for it.

Investment is a form of slavery for the ultimate consumer and this needs to stop.

Investing is a newer form of usury.

Study usury, what it does and where it came, who used it and why the practice used to be illegal.

There are 5 replies to this comment. [Expand](#)



sense1

May-28 @ 7:10 AM



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jealous much,,,,?



TakeFive

May-28 @ 7:12 AM



Report abuse

How many are able to pay all cash for their home? Most homeowners are renters of a different sort. Their hard earned dollars still go to "investors."



EricAZ

May-28 @ 7:22 AM



Report abuse

BREAKING NEWS! America is proudly capitalistic! I'm thankful for that as it spurs innovation like no other system out there. It also provides products at market value and cheaper than any government program can. Please reconsider your position.



riggodrill

May-28 @ 8:30 AM



Report abuse

Go to North Korea, you'll love it. The politics of that country are right down your alley.



az20081

May-28 @ 12:37 PM



Report abuse

"" When investors invest, that means that the person that actually lives in the home or eats those Pork Futures has to pay more for it.""

Excessive speculation can distort markets. For example, pig futures are valuable for hog farmers to reduce their

downside risk. For futures contracts to work, there has to be a buyer on the opposite side of the contract willing to assume the other half of the risk. Should the other half of the contract be limited to entities who actually can take delivery (Hormel)? Or, can they be intermediaries (speculators) who see an opportunity Hormel doesn't, and are willing to risk their capital on the belief that they're calling the market better than Hormel, and can sell to Hormel at a profit (or, at a loss, and to Hormel's advantage, if the speculator got it wrong)?

Intermediaries like that create "liquidity". That is beneficial for the hog farmer who will get a better price than Hormel offers. It's good for Hormel because, if they really understand their business better than anyone else, they'll reap the expired contracts at a huge discount.

I agree with you that speculation can be excessive, driving bubbles in futures (or any market). The problem is, 1) there's no way to define what is excessive. If you try to limit it, it will be to the detriment of legitimate parties who benefit from liquidity (or crashes, and low prices).

Your argument really implies that speculators are excessive today. There's no evidence of that. Buyers/investors/lenders have been extremely cautious which is why the market dropped 50%.

The bottom line: investors are buying homes, often pouring money into renovations and "selling" them. The buyers of those homes are willing to buy them. Banks are willing to lend. There may be a bias negatively affecting buyers with imperfect credit or lack of capitalization which gives investors an edge to buy and hold until that credit problem changes.

But, that's the "exact opposite" of bubble-creating speculation. If banks were lending to poor credit risks, encouraging people to buy homes with little or no money down, "that" would prove your point about speculation.



WinstonWolf

May-28 @ 1:01 AM

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12

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... You're right, Todd. On the upside, many of us are capitalizing on the great real-estate values now. So much so that many of us are retiring early - w0oT!

There are 5 replies to this comment. [Expand](#)



Camry

May-28 @ 6:32 AM

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I just bought another Maryvale home, \$27K, put \$1k into cleaning it up and have a tenant in at \$850/mo. Just one of many.

After costs, I'll recoup my investment in 4 years and the

rest is just gravy.



TakeFive

May-28 @ 6:32 AM

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If you have the capital/cash to invest, enough to retire, good for you. As far as what return you will get, that is yet to be determined. "Past performance is not a guarantee of future returns."



steve2242

May-28 @ 6:44 AM

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You are correct. No one knows what the future holds. Buying a home in Maryvale is not an investment. Since the bubble burst, so-called investors have kept buying while prices are still dropping. They will continue to drop. There is only one way that the deficit will get cured. That's higher taxes. Higher taxes mean a shrinking economy resulting in fewer jobs. Our country is in the middle of a hugh economic adjustment. No one knows how the real estate market will shake out. Do you remember all the geniuses who thought their investments in the early 2000's were bullet proof? When the losses are tallied at FHA, loans for low end homes are not going to be easy to get.



az20081

May-28 @ 12:45 PM

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"" "Past performance is not a guarantee of future returns." ""

It's a matter of odds. When you draw a straight line across the average home prices over the past 30 years, past performance is a *significant* guide to future performance. Today, Phoenixes home prices are significantly lower than that straight (average) trend.

It's like driving using the rear view mirror. If I see miles and miles of straight interstate in my rear view mirror, my money will be on there being no hairpin curve ahead.

The fact that it's not *guaranteed* doesn't diminish how the available information can be used to tremendous advantage. We're nowhere near a toppy, frothy market. This is an opposite market, with people saying "stay away from real estate, it's terrible" (with no rational basis for that sentiment). History as a gauge, that's the opposite of froth and tops.



jl12

May-28 @ 3:36 PM

0

0

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Camry - Congratulations!!!! That is a WIN WIN.....TRY GETTING THAT INCOME ANYWHERE ELSE ON \$28,000.....and how much would it cost to replace or rebuild that same home???????????? at least 100K. Many people on here are just REALLY SOURED UP!!! YOU ARE THE SMART ONE!!!!



[EricAZ](#)

May-28 @ 7:19 AM



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Investors are seeing houses as a good value vs stock market and other commodities and that is what they are referring too. They've also had to wean themselves off of all the bad housing news and look at the real numbers to see that there is value in today's Phoenix housing market. That does take time.



[BJ1921](#)

May-28 @ 9:43 AM



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People are buying "investments" again.

It's a 2nd bubble.

This time, however, the prices are much lower.

Barring runaway inflation, values aren't going to explode again due to demand, however. This is a renter-driven market. There are a ton of renters - the people being booted from these homes - that need to live somewhere, and the banks are absolutely thrilled to be dumping all of this bad debt onto private investors and write off the losses.

Finally - This doesn't mean that the housing market is "recovering". This just means that the risk is being shifted. A \$25,000 condo in Mesa or Phoenix is still just a condo in Mesa or Phoenix. If you're buying an investment in the wrong part of town, you're hosed.

IMO - there's money to be made, but as it always is in business, you'd better not buy the wrong "stock" (because that's all these homes are anymore - a "stock").

The bubble bursting didn't change that at all... and the machine is running all over again.



[Camry](#)

May-28 @ 6:29 AM



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If you are deep underwater on your home purchase you see home prices as bad.

If you are an investor looking at low home prices and realize you can make 20%/yr buying them to rent out then home prices are good.



May-28 @ 12:57 AM

18 3 [Report abuse](#)

If foreclosure homes are bought by investors they are eventually re-listed by those investors. . So, to the extent that foreclosure purchases are made by investors, they do nothing to clear the market for the rest of us.

There are 3 replies to this comment. [Expand](#)



Camry

May-28 @ 6:33 AM

4 11 [Report abuse](#)

If houses are bought by people who plan on living in them they are eventually re-listed by those owners therefore they do nothing to clear the market ...

Nonsense. A sale is a sale.

Properties are selling in Phoenix, if priced correctly they sell fast with multiple bids.

There are 5 replies to this comment. [Expand](#)



riggodrill

May-28 @ 8:38 AM

2 3 [Report abuse](#)

Take Five, every single person on this site that has a job and a regular paycheck should understand it is due to investors. Investors in companies, investors in real estate, investors in the stock market, bond market, futures, doesn't matter what they invest in, they create jobs and paychecks. Downturns are not created by investors, recoveries are. The next time you take your kid to a hospital for care, get on your knees and thank God someone out there decided to invest in hospitals, and someone else decided to invest in education. Its all about getting off the couch and making something of yourself, one baby step afer another. Contrary to popular belief, it doesn't happen overnight and it doesn't take money to start. Just start.



TakeFive

May-28 @ 8:51 AM

2 2 [Report abuse](#)

riggodrill.... says: "Downturns are not created by investors"

Did you just wake up after a decade-long nap? The greed of investors is absolutely, exactly why we are (still) in this mess.

Do they also help coming out of the other side, sure.

Recently picked up my kid from the ER. I was thankful he was still alive. If you had seen his car from a red light runner, you understand why.

But I'm clearly aware of the vast sums that have been poured into health care over the last 15 years. I think

most are aware of the "cost" of such investments.



reader22

May-28 @ 9:26 AM



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riggo, there was really nothing "innovative" in the financial sector. I wouldn't call derivative speculation investing. It was nothing more than a speculative casino.



TakeFive

May-28 @ 7:00 AM



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Except the reference was to investors. You used owner occupants.

"A sale is a sale." OK, we got that part.



michjas

May-28 @ 8:03 AM



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So those who flip homes do us an economic service?
Were you paying attention during the last housing crisis?



EricAZ

May-28 @ 7:32 AM



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In the mean time those investors are fixing up those properties and spending at least \$5000 to \$10,000 to do it. Many are keeping them as rentals and making 10% and more after ALL expenses and vacancies. Either way, their actions are helping the market out today.



TakeFive

May-28 @ 6:26 AM



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Exactly. It does provide a healthy market clearing mechanism for "banks" and allows inventory to flow to more productive "capital hands." But once in said hands, it depends on now - the landlord and who they chose to occupy their investment.

For the "rest of us" these new landlords (and their renters) become our new "neighbors" and our new competition.

Ultimately, it is the economy and labor markets that decide how wise, or not, this dance is.



cbtole

May-28 @ 1:15 AM



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Another sunny day, here in the Valley of Prosperity...

More BS from the Arizona Democrat.

Anyone checked Zillow lately? Houses are on there for 200+ days, and still aren't selling.

About once a week, this piece of crap comes out with a story just like this. The market's picking up, values are rising, la de da de da...

These perverts remind me of Redd Foxx. "Who you goin' to believe, me or your lyin' eyes?"

They should stick to what they know. Gay marriage, and trying to get Sheriff Joe in trouble.

They don't know jack about the economy.

This is the most corrupt newspaper in the West.

They are right up there with the East Coast biggies, the Compost and the NY Crimes.

I am so glad they are having financial trouble. You really have to suck to be the Number Two paper in a one-paper town.

There are 5 replies to this comment. [Expand](#)



[riggodrill](#)

May-28 @ 8:41 AM



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Zillow????? Zillow is the most unreliable source for data there is. Its right up there with Saturday night live for factual content.



[az20081](#)

May-28 @ 4:13 AM



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"" Anyone checked Zillow lately? Houses are on there for 200+ days, and still aren't selling. ""

Depends on the area. Eyeballing my neighborhood, the average is 90 days. Zillow's data isn't trustworthy either. They still show a foreclosure which was cleared at least 6 months ago. They say it's been listed 300 days.

And, two homeowners in my neighborhood listed their homes on Zillow for about twice what the going prices are. They've been listed 400 days. They're not really listed with agents. Just listed on Zillow, fishing for a buyer.

Tops and bottoms of markets are never easy to spot. They're usually counter popular opinion. To me, the most solid evidence that we're near the bottom is a graph of home prices for the past 30 years. If you draw a straight line along the pre-bubble trend, today's prices are *below* where they would have been if prices continued to follow the trend.

One variable which makes the the historic trend unreliable is that we're facing a demographic shift. Baby boomers retiring, needing equity in their homes to fund their requirement, downsizing, dying off at a faster rate than young buyers, resulting in more housing than

necessary.

OTOH, another variable which could cancel out the above is rising energy prices due to developing nations which will steer younger buyers (not indoctrinated in 50's-era values concerning endless sprawl and single-occupant transportation) to existing development rather than greenfield. Bad news for developers, better news for existing homeowners.

There are 3 replies to this comment. [Expand](#)



TakeFive

May-28 @ 5:31 AM



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Good thoughts, well expressed.



MikeCan

May-28 @ 7:47 AM



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Zillow is garbage and they also use stats that include short sales...a short sale is not a "real" sale.



pintochico

May-28 @ 9:02 AM



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MikeCan,

A short sale isn't a "real" sale, but a foreclosure sale is? They're both between a willing buyer and a willing seller. The bank takes their losses on either. What you say doesn't make sense.



Camry

May-28 @ 6:35 AM



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List your house for 20% over market and you can have it sit forever.

I asked a person once why they were trying to sell their house for 50% (that's right, 50%) over comps and their explanation was that that was what they NEEDED. As if what you need has anything to do with what something is WORTH.

Price your house right and people will be flooding you with offers.

Price it wrong and you'll get nothing.



sense1

May-28 @ 7:13 AM



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if its on zillow for 200 days its either way over priced,,lor its a short sale - tied up in endless paperwork.

the practice of short sales should be ended,,if you don't pay your mortgage,,you need to be out on the street and the property sold to the highest bidder who will pay the mortgage.



EricAZ

May-28 @ 7:38 AM



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So you are relying on Zillow for good info? Try looking at our local MLS info for sales at <http://armls.com/Libraries/...>

There are 4 replies to this comment. [Expand](#)



urma

May-28 @ 8:41 AM



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I would like to see it but I just get: "Server Error in '/' Application" when I click the link.



Llama19

May-28 @ 8:47 AM



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Our AZ Republic has never, and will never 'fix' their issue with handling 'links' properly.

Here is a corrected link:

armls.com/Libraries/New_and_Sold_Listing_Charts_2011/SoldChartApril2011.sflb.ashx

Note: Just copy and paste the two lines into your browser's address bar.



Llama19

May-28 @ 8:51 AM



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Here is the 'page' where the reports are updated.

armls.com/Statistics/MarketReports.aspx



EricAZ

May-28 @ 9:34 AM



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Llama beat me to it. Thank you.



unnamedDBacksfan1

May-28 @ 1:16 AM



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the siren song of those desperate for one more tiny boom so they can cash out and flee for good.

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