

Mortgage and Real Estate News: Valley rises in economic rankings

The Phoenix region, which had one of the worst-performing economies among the nation's 100 largest metro areas, finally is moving rapidly in a positive direction.

Metro Phoenix rankings

This is how the Phoenix region ranked among the nation's 100 largest metro areas for improvements from the second quarter ending in June to the third quarter ending in September.

Real-estate owned properties:* Second.

Housing prices: Seventh.

Unemployment rate**: 19th.

Employment: 26th.

Gross metropolitan product: 94th.

*This refers to the properties owned by banks or other lending institutions per 1,000 properties that have mortgages.

**This ranking is based on a one-year percentage-point change in the rate. The Phoenix-area rate in the third quarter was 8 percent.

Source: Brookings Institution's Mountain Monitor report

A Brookings Institution Mountain Monitor report being released today puts metro Phoenix among the top 20 of the metro areas for its overall economic performance and improvement between the second and third quarters.

That's a dramatic turnaround from its placement among the 20 or 40 worst, where it has been for the past year.

The finding is based on four indicators: changes in the number of jobs, unemployment rates, economic output (gross metropolitan product) and housing prices. The time periods for the changes varies with each indicator and ranges from several months to several years.

Mark Muro, a Washington, D.C.-based senior fellow at Brookings' Metropolitan Policy Program, credits the turnaround to the national growth of two segments of the Phoenix area's economy, high-tech and manufacturing, which help offset Phoenix's real-estate crash, as well as subtle improvements in housing and employment.

"The Phoenix area has a lot of wreckage from the real-estate mess, but you do participate in those important technology and manufacturing segments," he said.

In contrast, the Tucson area, with fewer of those industries, remained in the bottom fifth for its overall economic performance. It is also more dependent on now-stagnant federal dollars.

"They (Tucson) have just as significant real-estate shrapnel, but they have a thinner economy. They have fewer drivers to offset the real-estate crash," Muro said of Tucson.

The Brookings report ranks the Phoenix area 26th among the metro areas for job gains between the second and third quarters, with a gain of 0.6 percent, compared with a national metro average of 0.1 percent.

"It (job growth) may not feel great, but it's something and it's better than what is going on in a lot of places," Muro said.

Arizona State University economist Lee McPheters said Wednesday that job growth in the second half of the year has come faster than in the first half and that the region will probably end the year in 10th place for the most job gains among metro areas.

Although the Phoenix area's housing market remains in pain, Muro said a drop in lender-owned properties and rise in housing prices over the quarter helped boost Phoenix's overall ratings.

Brookings research shows that the Phoenix area's housing prices have fallen 56 percent from when they peaked in the fourth quarter of 2006 to the third quarter of 2011.

But since hitting their low point in the second quarter of 2011, prices have risen almost 2 percent.

The number of lender-owned properties per 1,000 properties that have mortgages has fallen to 9.3 in the third quarter from 11.4 in the previous quarter.

The third quarter not only brought progress for the Phoenix area but for the entire intermountain West, which consists of Arizona, Colorado, Utah, New Mexico, Nevada and Idaho.

All the states began to see signs of recovery after idling for most of the year, Brookings said. And even struggling Las Vegas landed in the middle.

By Betty Beard, The Arizona Republic Dec 15, 2011

[Valley rises in economic rankings - USATODAY.com](#)