

2008

Arizona's Housing Market

... a glance.

A stylized map of the state of Arizona, rendered in a dark brown color with a white outline. The map is positioned in the lower half of the page, centered horizontally. It is surrounded by a decorative border of small, colorful dots in shades of brown, orange, and yellow, which form a shape that roughly follows the outline of the state.

TRENDS

... shaping Arizona's future.

2008 GOVERNOR'S HOUSING FORUM

September 9-11, 2008 • High Country Conference Center • Flagstaff, AZ

JANET NAPOLITANO
GOVERNOR



FRED KARNAS
DIRECTOR

September 2008

Dear Community Partner,

The past year has brought many changes to Arizona's economy. The changes are so rapid, dramatic and challenging that it is hard to match existing data with the realities at the street level. This year's Arizona's Housing Market...a glance report, maintains our traditional format for comparison purposes. We realize, however, that the rapid pace of change means that existing data does not fully capture all that has been happening in the housing market and the broader economy of the state over the past six months.

So, you may want to read this year's report along with your daily newspaper. If you do, you will see that the silver lining of lower housing prices in some communities needs to be understood in the context of the impact of rising gas prices, growing utility expenses and increased food costs. Families who just a year ago could not find an affordable home to purchase are now seeing home values come down to a price that they thought they would be able to afford, only to be priced out by these increased household budget pressures.

The year ahead will be a challenge for all of us who care about affordable homes for all Arizonans. We hope the information in this report and our efforts at this year's Governor's Housing Forum to look at the trends that will shape Arizona's housing market in the years ahead will provide new insights on how we can all work together for a better Arizona.

I assure you that we at the Arizona Department of Housing and Arizona Housing Finance Authority look forward to building on our past partnerships to collaboratively take on the challenges before us.

Until all are safely and affordably housed...

Sincerely,

A handwritten signature in black ink that reads "Fred Karnas". The signature is written in a cursive, flowing style.

Fred Karnas
Director

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2008

Arizona's Housing Market

... a glance.

It has been a tumultuous year in the housing market. Economists are predicting that the housing industry will continue to struggle through much of 2009. The troubles in housing, combined with related turmoil in the financial sector, are together having a negative effect on most other economic sectors. While debate continues as to whether the U.S. economy is in recession, most experts agree that Arizona is already in a recession.

While the high inventory of unsold homes continues, a slowdown in the construction of new homes, higher number of mortgage interest rate resets for adjustable loans, and tighter mortgages approval standards have all contributed to further increase the housing problems both at the national and state levels.

The number of homes in foreclosures in Arizona, in the month of June 2008, was the third highest in the nation after Nevada and California. Most of the foreclosures in Arizona are found in Maricopa County. Foreclosures once concentrated in the Valley's more affordable fringes, have moved inward to the various areas of the Valley, including Central Phoenix, Scottsdale, Fountain Hills and even Paradise Valley. According to Information Market, the number of foreclosures in metro Phoenix for the first half of 2008 was estimated at 16,647 as compared to 9,966 for the same period in 2007, and 1,070 in 2006. Due to the size of its population, Pima County has the second largest number of foreclosures in the state. However, Pinal County, with a much smaller population, has the state's highest percentage of foreclosures. Some market analysts believe that the number of foreclosures in Arizona and metro Phoenix may not yet have reached its peak.

In the midst of these market adjustments are thousands of Arizona families, 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 2006 American Community Survey data reveal that in Arizona, almost half of all renters and close to 38 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 2008 or for 2007 on housing, income, population, employment, and wages by occupation and by industry. To enable equitable comparison and consistency in this report, communities are compared 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 \$86,750 in Winslow to a high price of \$462,500 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 \$1,750,000. 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 fallen in many communities and affordability has improved in some communities. But because this report uses only income versus housing cost, it does not reflect the growing pressures on family budgets from significant increases in gas price, food price and prices of many other family essential purchases, which may more than offset the benefits of reduced housing costs.

2008 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.

- From year 2000 to 2007, the median sales price of homes in Arizona increased by 75%. During the same period, median family income increased by only 13.8%.
- From 2006 to 2007, the median sales price of homes in Arizona decreased by 5.4%. During the same period, median family income decreased by 1%.
- Home prices have also been declining in 2008.

For census data by Arizona counties on median home values and household income for the years 1990 – 2006, see Table 5 in the Appendices.



2008 General Trends in Arizona's Housing Market . . . *a glance.*

Arizona Home Prices vs. Other States

Based on the House Price Index (HPI) by the Office of Federal Housing Enterprise Oversight (OFHEO), housing price appreciation for Arizona was ranked number 48 nationally for the first quarter of 2007 to the first quarter of 2008. Two years ago, Arizona's housing appreciation rate was ranked number one among all states. This is a clear indication of a significant slowdown in the 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
Wyoming	6.34%	1
Utah	5.58%	2
Montana	4.91%	3
Texas	4.69%	4
Alabama	4.46%	5
North Dakota	4.21%	6
South Dakota	4.21%	7
North Carolina	4.03%	8
Arizona	-5.50%	48
Florida	-8.15%	49
Nevada	-10.30%	50
California	-10.58%	51
U.S. Average	-0.03%	-

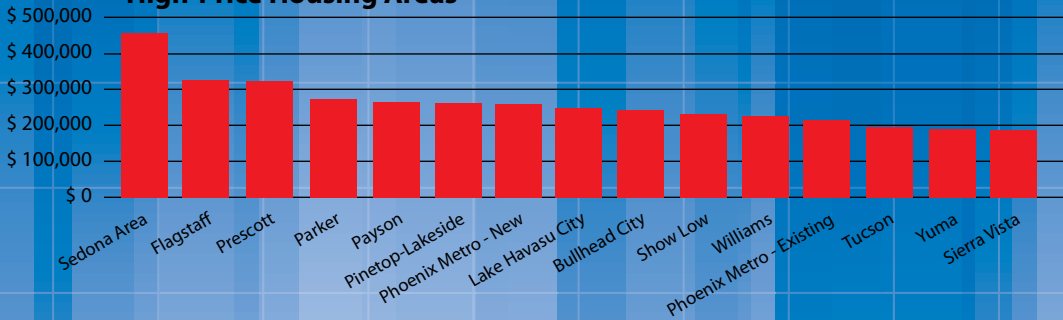
2008 General Trends in Arizona's Housing Market ... a glance.

Median Home Prices - 2008

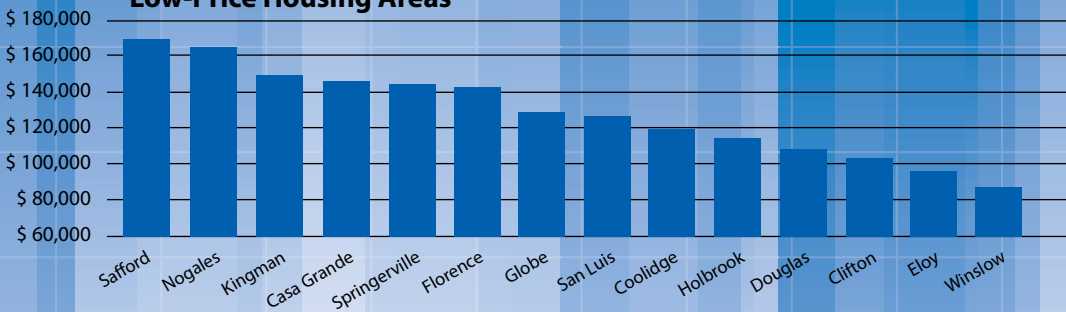
Median home prices in Arizona rural communities range from a low price of \$86,750 in Winslow to a high price of \$462,500 in the Sedona area. For cities and towns in Maricopa County, the lowest median price of \$151,905 was reported for El Mirage, and the highest median price of \$1,750,000 for Paradise Valley. While the first two bar charts below show the 2008 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.

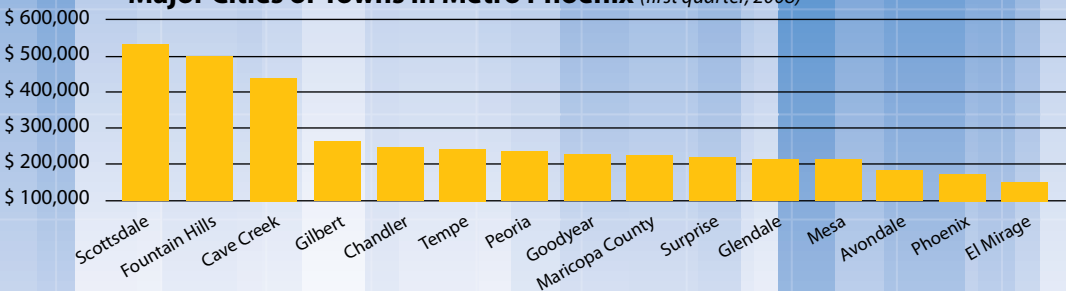
High-Price Housing Areas



Low-Price Housing Areas



Major Cities or Towns in Metro Phoenix (first quarter, 2008)



NOTE: Median Price for Paradise Valley was \$1,750,000; too large to show on a bar chart along with the other Maricopa County cities.

2008 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 three 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 nine 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	\$67.12	\$22.01	Not Affordable	\$37.42	Not Affordable
Flagstaff	\$45.71	\$23.47	Not Affordable	\$39.90	Not Affordable
Pinetop-Lakeside	\$37.44	\$14.35	Not Affordable	\$24.40	Not Affordable
Payson	\$37.72	\$21.61	Not Affordable	\$36.74	Not Affordable
Phoenix (Maricopa County)	\$30.66	\$24.84	Not Affordable	\$42.23	Affordable
Sierra Vista	\$27.56	\$21.17	Not Affordable	\$35.99	Affordable
Tucson (Pima County)	\$29.01	\$25.87	Not Affordable	\$43.98	Affordable
Kingman	\$19.95	\$24.42	Affordable	\$41.51	Affordable
Casa Grande	\$21.19	\$17.08	Not Affordable	\$29.04	Affordable
Yuma	\$28.70	\$18.45	Not Affordable	\$31.37	Affordable
Nogales	\$24.13	\$24.84	Affordable	\$42.23	Affordable
Douglas	\$15.82	\$21.17	Affordable	\$35.99	Affordable
State Average	\$25.70	\$24.34	Not Affordable	\$41.38	Affordable

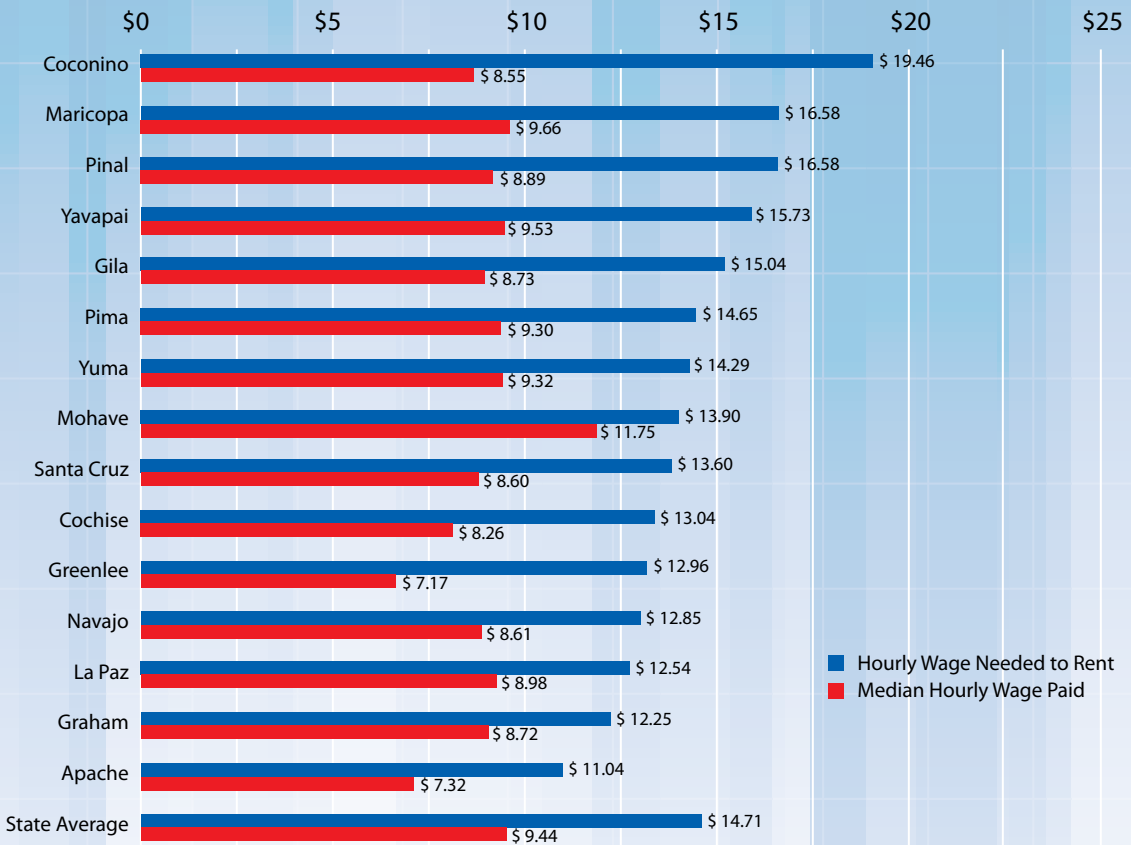
* Assuming that the hourly income of the second income earner in the household is 70% of the police officer's income.

2008 Workforce Housing Affordability ... a glance.

Renting a Two Bedroom Apartment in Selected Counties

Despite the emphasis on homeownership, renter households comprise almost one-third (32%) of the total occupied homes in Arizona according to Census 2000 and American Community Survey, 2006. 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% 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.



2008 Rural & Urban Growth . . . *a glance.*

Employment and Population Growth 2001 – 2007

Most of the economic growth in Arizona, in terms of employment and population occurred in the urban areas from 2001 -2007.

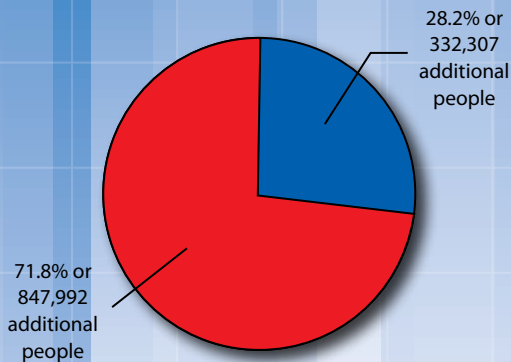
Statewide employment increased by 400,900 jobs during that period. Of the total increase, 349,300 jobs, (87.1%) were attributed to employment growth in the urban areas. The remaining 51,600 jobs (12.9%) went to the rural areas. One out of every three additions to total employment statewide occurred in 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 33,000 civilian non-farm jobs for the January to June period.

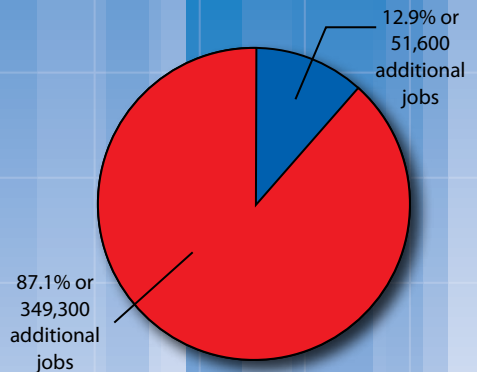
Population in the state increased by 1,180,299 persons during the 2001-2007 period. Close to two-thirds (71.8% or 847,992 persons) became resident of urban areas. The remaining 28.2% (332,307 persons) chose to live in one of the 13 rural counties of Arizona.

The following pie charts illustrate that the share of employment growth in rural counties (12.9%) has been smaller than their population growth share (28.2%). It is very likely that limited employment opportunities in the rural counties are a contributing factor to this variation.

Population Growth: 2001-2007



Employment Growth: 2001-2007



■ Rural
■ Urban

Appendices

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

2006

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	\$180,260	\$26.15	\$653	\$12.56	19.92	15.16	9.99	17.74	14.78	6.48	11.68
Casa Grande	Pinal	\$175,000	\$25.38	\$770	\$14.81	21.08	18.75	8.76	19.36	10.90	6.42	12.57
Coolidge	Pinal	\$114,000	\$16.54	\$770	\$14.81	21.08	18.75	8.76	19.36	10.90	6.42	12.47
Douglas	Cochise	\$76,500	\$11.10	\$596	\$11.46	22.75	15.49	7.79	16.39	14.27	6.08	12.69
Eloy	Pinal	\$119,900	\$17.38	\$770	\$14.81	21.08	18.75	8.76	19.36	10.90	6.42	12.47
Flagstaff	Coconino	\$395,000	\$57.31	\$907	\$17.44	19.96	16.73	8.41	16.39	13.00	6.47	11.98
Florence	Pinal	\$195,950	\$28.44	\$770	\$14.81	21.08	18.75	8.76	19.36	10.90	6.42	12.57
Globe	Gila	\$126,400	\$19.35	\$689	\$13.25	19.89	17.13	9.40	16.86	14.41	6.29	12.70
Holbrook	Navajo	\$140,750	\$20.42	\$589	\$11.33	17.12	17.28	9.21	17.84	14.78	6.64	12.55
Kingman	Mohave	\$170,350	\$24.71	\$653	\$12.56	19.92	15.16	9.99	17.74	14.78	6.48	11.68
Lake Havasu City	Mohave	\$269,950	\$39.17	\$653	\$12.56	19.92	15.16	9.99	17.74	14.78	6.48	11.68
Nogales	Santa Cruz	\$172,000	\$24.96	\$623	\$11.98	23.38	15.81	7.85	16.64	14.78	6.18	10.27
Parker	La Paz	\$245,000	\$35.56	\$572	\$11.00	21.88	15.04	11.33	17.74	14.41	7.66	10.05
Payson	Gila	\$242,250	\$35.15	\$689	\$13.25	19.89	17.13	9.40	16.86	14.41	6.29	12.70
Phoenix Metro - Resale	Maricopa	\$264,900	\$38.44	\$770	\$14.81	23.81	15.04	10.04	19.27	22.86	6.49	13.65
Phoenix Metro - New	Maricopa	\$268,232	\$38.92	\$770	\$14.81	23.81	15.04	10.04	19.27	22.86	6.49	13.65
Pinetop-Lakeside	Navajo	\$297,000	\$43.10	\$589	\$11.33	17.12	17.28	9.21	17.84	14.78	6.64	12.55
Prescott	Yavapai	\$340,000	\$49.35	\$719	\$13.83	19.31	15.81	9.60	17.33	11.04	6.59	12.07
Safford	Graham	\$99,545	\$14.44	\$562	\$10.81	16.22	16.20	8.93	16.39	14.41	6.49	11.16
San Luis	Yuma	\$163,000	\$23.65	\$672	\$12.92	19.92	17.87	8.88	16.64	14.78	6.24	10.64
Sedona	Yavapai/Coconino	\$513,000	\$74.44	\$719	\$13.83	19.31	15.81	9.60	17.33	11.04	6.59	12.07
Show Low	Navajo	\$150,000	\$21.77	\$589	\$11.33	17.12	17.28	9.21	17.84	14.78	6.64	12.55
Sierra Vista	Cochise	\$165,000	\$23.94	\$596	\$11.46	22.75	15.49	7.79	16.39	14.27	6.08	12.69
Springerville	Apache	\$135,000	\$19.60	\$504	\$9.69	15.28	18.20	6.64	18.07	14.27	6.23	11.99
Tucson	Pima	\$211,502	\$30.69	\$746	\$14.35	23.11	18.87	9.72	18.37	18.38	6.16	13.24
Winslow	Navajo	\$129,000	\$18.02	\$589	\$11.33	17.12	17.28	9.21	17.84	14.78	6.64	12.55
Yuma	Yuma	\$224,900	\$32.63	\$672	\$12.92	19.92	17.87	8.88	16.64	14.78	6.24	10.64
Arizona	-	\$244,000	\$35.40	\$674	\$12.96	23.05	15.78	9.80	18.92	15.25	6.42	13.31

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 2006.

** Apartment Rents - HUD 2006 Fair Market Rents. Rents shown are for 2-bedroom units.

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 information in these three tables illustrates the affordability of owning a home or renting an apartment in various communities around Arizona based on median home prices and hourly wages of workers in those 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**.



Cannot afford to buy or rent
 Can afford to only rent
 Can afford to buy or 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	\$862	\$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.

2008
**General Trends in
Arizona's Housing Market**



Appendices

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

Industry	Employment 2001	Employment 2007	Employment Change 2001-2007 Numbers	Employment Change 2001-2007 Percent	Median Hourly Wages Statewide 2007	Can Afford to Buy Median Priced House	Can Afford to Rent 2-BDRM Apartment
Mining	9,600	10,700	1,100	11.5%	\$19.71	No	Yes
Construction	173,600	248,000	74,400	42.9%	\$15.83	No	Yes
Manufacturing	201,700	186,600	(15,100)	-7.5%	\$17.72	No	Yes
Wholesale Trade	95,900	109,300	13,400	14.0%	\$16.53	No	Yes
Retail Trade (Retail store workers)	268,100	330,000	61,900	23.1%	\$11.15	No	No
Transportation, Warehousing and Utilities	76,600	83,100	6,500	8.5%	\$18.20	No	Yes
Information (Publishing, motion pictures and videos, radio and TV stations, and telecommunications)	53,900	43,800	(10,100)	-18.7%	\$18.78	No	Yes
Finance and Insurance	109,300	133,900	24,600	22.5%	\$17.16	No	Yes
Real Estate Rental and Leasing	44,100	53,700	9,600	21.8%	\$13.86	No	No
Professional and Business Services (Legal services, management services, computers services, accounting services, engineering services, payroll services)	319,900	409,100	89,200	27.9%	\$21.35	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	45,400	17,100	60.4%	\$16.03	No	Yes
Health Care and Social Assistance	191,600	252,200	60,600	31.6%	\$14.68	No	Yes
Leisure and Hospitality	230,000	276,200	46,200	20.1%	\$10.52	No	No
Other Services (Auto repair shops, barber shops, other repair shops)	84,700	105,000	20,300	24.0%	\$12.23	No	No
Government - Federal, State and Local (All government employees including teachers, police)	377,800	421,300	43,500	11.5%	\$18.65	No	Yes
Total Employment	2,265,100	2,708,300	443,200	19.6%	\$14.25	No	No

NOTE: 2007 employment data are the average of January to December numbers.

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

Appendices

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

Industry	Urban Employment 2001	Urban Employment 2007	Urban Employment Change 2001-2007 Numbers	Urban Employment Change 2001-2007 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	4,700	500	11.9%	\$17.50	No	Yes
Construction	151,000	215,800	64,800	42.9%	\$16.26	No	No
Manufacturing	186,200	167,600	(18,600)	-10.0%	\$17.99	No	Yes
Wholesale Trade	87,000	98,900	11,900	13.7%	\$17.11	No	Yes
Retail Trade (Retail store workers)	224,900	279,100	54,200	24.1%	\$11.42	No	No
Transportation, Warehousing and Utilities	67,800	73,400	5,600	8.3%	\$18.23	No	Yes
Information (Publishing, motion pictures and videos, radio and TV stations and telecommunications)	49,300	37,700	(11,600)	-23.5%	\$18.99	No	Yes
Finance and Insurance	107,900	130,200	22,300	20.7%	\$17.45	No	Yes
Real Estate Rental and Leasing	36,200	45,500	9,300	25.7%	\$14.33	No	No
Professional and Business Services (Legal services, management services, computers services, accounting services, engineering services, payroll services)	300,700	383,000	82,300	27.4%	\$21.41	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)	26,188	43,000	16,812	64.2%	\$16.08	No	No
Health Care and Social Assistance	159,312	211,100	51,788	32.5%	\$15.09	No	No
Leisure and Hospitality	190,700	232,200	41,500	21.8%	\$10.79	No	No
Other Services (Auto repair shops, barber shops, other repair shops)	73,600	93,300	19,700	26.8%	\$12.37	No	No
Government - Federal, State and Local (All government employees including teachers, police)	277,200	318,200	41,000	14.8%	\$19.72	No	Yes
Total Employment	1,942,200	2,333,700	391,500	20.2%	\$14.56	No	No

* Urban Arizona is comprised of the Maricopa County and Pima County.

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

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 2007	Rural Employment Change 2001-2007 Numbers	Rural Employment Change 2001-2007 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	6,000	600	11.1%	\$18.09	No	Yes
Construction	22,600	32,200	9,600	42.5%	\$14.65	No	Yes
Manufacturing	15,500	19,000	3,500	22.6%	\$14.02	No	Yes
Wholesale Trade	8,900	10,400	1,500	16.9%	\$14.45	No	Yes
Retail Trade (Retail store workers)	43,200	50,900	7,700	17.8%	\$10.66	No	No
Transportation, Warehousing and Utilities	8,800	9,700	900	10.2%	\$16.13	No	Yes
Information (Publishing, motion pictures and videos, radio and TV stations and telecommunications)	4,600	6,100	1,500	32.6%	\$13.77	No	No
Finance and Insurance	1,400	3,700	2,300	164.3%	\$15.02	No	Yes
Real Estate Rental and Leasing	7,900	8,200	300	3.8%	\$12.50	No	No
Professional and Business Services (Legal services, management services, computers services, accounting services, engineering services, payroll services)	19,200	26,100	6,900	35.9%	\$14.29	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)	2,112	2,400	288	13.6%	\$14.20	No	Yes
Health Care and Social Assistance	32,288	41,100	8,812	27.3%	\$14.20	No	Yes
Leisure and Hospitality	39,300	44,000	4,700	12.0%	\$9.72	No	No
Other Services (Auto repair shops, barber shops, other repair shops)	11,100	11,700	600	5.4%	\$10.97	No	No
Government - Federal, State and Local (All government employees including teachers, police)	100,600	103,100	2,500	2.5%	\$17.02	No	Yes
Total Employment	322,900	374,600	51,700	16.0%	\$12.73	No	No

*Rural Arizona is comprised of Arizona minus Maricopa County and Pima County.

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

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

Appendices

Table 5:
1990,2000 and 2006 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	2006	% Increase 1990-2000	% Increase 2000-2006	1990	2000	2006	% Increase 1990-2000	% Increase 2000-2006	% Net Increase 1990 - 2000	% Net Increase 2000 - 2006
Apache	\$16,600	\$41,700	\$66,700	151.2%	60.0%	\$14,100	\$23,344	\$26,502	65.6%	13.5%	85.6%	46.4%
Cochise	\$59,700	\$88,200	\$136,700	47.7%	55.0%	\$22,425	\$32,105	\$38,427	43.2%	19.7%	4.6%	35.3%
Coconino	\$82,600	\$142,500	\$171,900	72.5%	20.6%	\$26,112	\$38,256	\$43,510	46.5%	13.7%	26.0%	6.9%
Gila	\$58,600	\$100,100	NA	70.8%	NA	\$20,964	\$30,917	NA	47.5%	NA	23.3%	NA
Graham	\$50,300	\$80,900	NA	60.8%	NA	\$18,455	\$29,668	NA	60.8%	NA	0.1%	NA
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	NA	52.3%	NA	\$16,555	\$25,839	NA	56.1%	NA	-3.8%	NA
Maricopa	\$84,700	\$129,200	\$273,400	52.5%	111.6%	\$30,797	\$45,358	\$52,521	47.3%	15.8%	5.3%	95.8%
Mohave	\$74,900	\$95,300	\$191,400	27.2%	100.8%	\$24,002	\$31,521	\$36,097	31.3%	14.5%	-4.1%	86.3%
Navajo	\$51,500	\$77,000	\$88,000	49.5%	14.3%	\$19,452	\$28,569	\$36,651	46.9%	28.3%	2.6%	-14.0%
Pima	\$76,500	\$114,600	\$204,800	49.8%	78.7%	\$25,401	\$36,758	\$42,984	44.7%	16.9%	5.1%	61.8%
Pinal	\$53,400	\$93,900	\$207,500	75.8%	121.0%	\$21,301	\$35,856	\$43,142	68.3%	20.3%	7.5%	100.7%
Santa Cruz	\$71,500	\$94,700	NA	32.4%	NA	\$22,066	\$29,710	NA	34.6%	NA	-2.2%	NA
Yavapai	\$85,300	\$138,000	\$238,600	61.8%	72.9%	\$22,060	\$34,901	\$40,649	58.2%	16.5%	3.6%	56.4%
Yuma	\$63,700	\$85,100	\$139,800	33.6%	64.3%	\$23,635	\$32,182	\$37,457	36.2%	16.4%	-2.6%	47.9%
State of Arizona	\$79,700	\$121,300	\$236,500	52.2%	95.0%	\$27,540	\$40,558	\$47,265	47.3%	16.5%	4.9%	78.4%

NOTE 1: The American Community Survey data was used for the 2006 home value estimates and median household income numbers.

NOTE 2: The 2006 data from American Community Survey is in 2006 inflation-adjusted dollars.

*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 2000-2006 periods.

2008

Arizona's Housing Market

... a glance.

Sources

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Harvard University – Joint Center for Housing Studies
National Association of Homebuilders
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Office of Federal Housing Enterprise Oversight
U.S. Census Bureau
U.S. Department of Labor
U.S. Department of Housing and Urban Development



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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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