

***February 24, 2013***

**Great Promise for Residential Market in Greater Phoenix: But a Few Challenges**

- **January 2014 Foreclosure Starts Lowest in Over a Decade, page 6**
- **Four Reasons Why the Number of Potential Financing Homebuyers is Growing, page 7**
  - **Qualified Buyers Gain Market Power in First Part of 2014, page 25**
    - **44,222 Possible Boomerang Buyers in 2014, page 12**
    - **Some Reasons Why Existing Home Sales Are Down, page 17**
- **Dodd Frank Legislation and Lower FHA Loan Limit Likely to Reduce Sales in 2014, page 21**
  - **Upcoming Real Estate Broker Symposium on Dodd-Frank, page 4**
  - **Historic Review of Thirty Year Fixed Mortgage Rate, page 19**
- **How A One Percent Rise in Interest Rate Dramatically Changed Refinance Market, page 3**
  - **Single Family Property Inventory Up, page 20**
  - **January 2014 Median Single Family Sales Price Flat, page 22**
  - **January 2014 Existing Single Family Sales Results, page 23**

***By***

**Fletcher Wilcox, Grand Canyon Title Agency, Inc.**



***Grand Canyon Title has seventeen offices in Greater Phoenix and has been closing resale and new home escrows for thirty-five years.***

## **Great Promise for Greater Phoenix Residential Market – But Market Faces a Few Challenges**

January 2014 ends on stronger fundamentals than January 2013. Review the following data:

- In January 2014 the median sales price was \$209,000 compared to \$175,000 in January 2013. An increase of \$34,000.
- In January 2014 there were 894 single family foreclosure starts compared to 1,927 in January 2013 for a decrease of 54%.
- The Distressed Property Index on page 5, shows in January 2014 1,944 properties compared to 4,421 in January 2013 for a decrease of 56%.
- January 2014 started the month with 1,849,000 non-farm jobs compared to 1,803,600 in January 2013 for an increase of 45,400 jobs.
- The population in January 2014 is approximately 65,000 people greater than in January 2013.
- In January 2014 there were 3,632 potential boomerangs buyers.
- Potential home buyers in January 2014 had over 6,000 more active listings to choose from than in January 2013.

But January 2014 overall existing single family sales were down 17% from January 2013. A closer look shows it was sales under \$150,000 that were down, but sales over \$150,000 were higher in January 2014 than January 2013. See page 17. For reasons why existing single family home sales may be down and challenged the first part of 2014 go to page 17 and page 21.

Even though existing sales are down, the future of housing in Greater Phoenix shows great promise.

Two strong factors supporting future demand for single family properties are population growth and job growth. The more people, the more need for housing. And if you need a loan to own, you need a job. Greater Phoenix in the coming years should be in the top ten in both population growth and job growth, if not the top five. The population of Greater Phoenix, with Greater Phoenix defined in this report as the cities that make up Maricopa County, is projected to be over four million in 2014 and over five million in 2024. This increase of 1,000,000 people will need to live in some type of housing, with single family properties likely the preferred choice. When it comes to jobs, the number of non-farms jobs in December 2013 was the highest since November 2008. For more on the growing number of potential homeowners, including 42,444 potential boomerang buyers in 2014, go to page 7.

Unless otherwise mentioned, this report is on existing single family property trends in Greater Phoenix. Greater Phoenix in this report is defined as the cities that make up Maricopa County, Arizona.

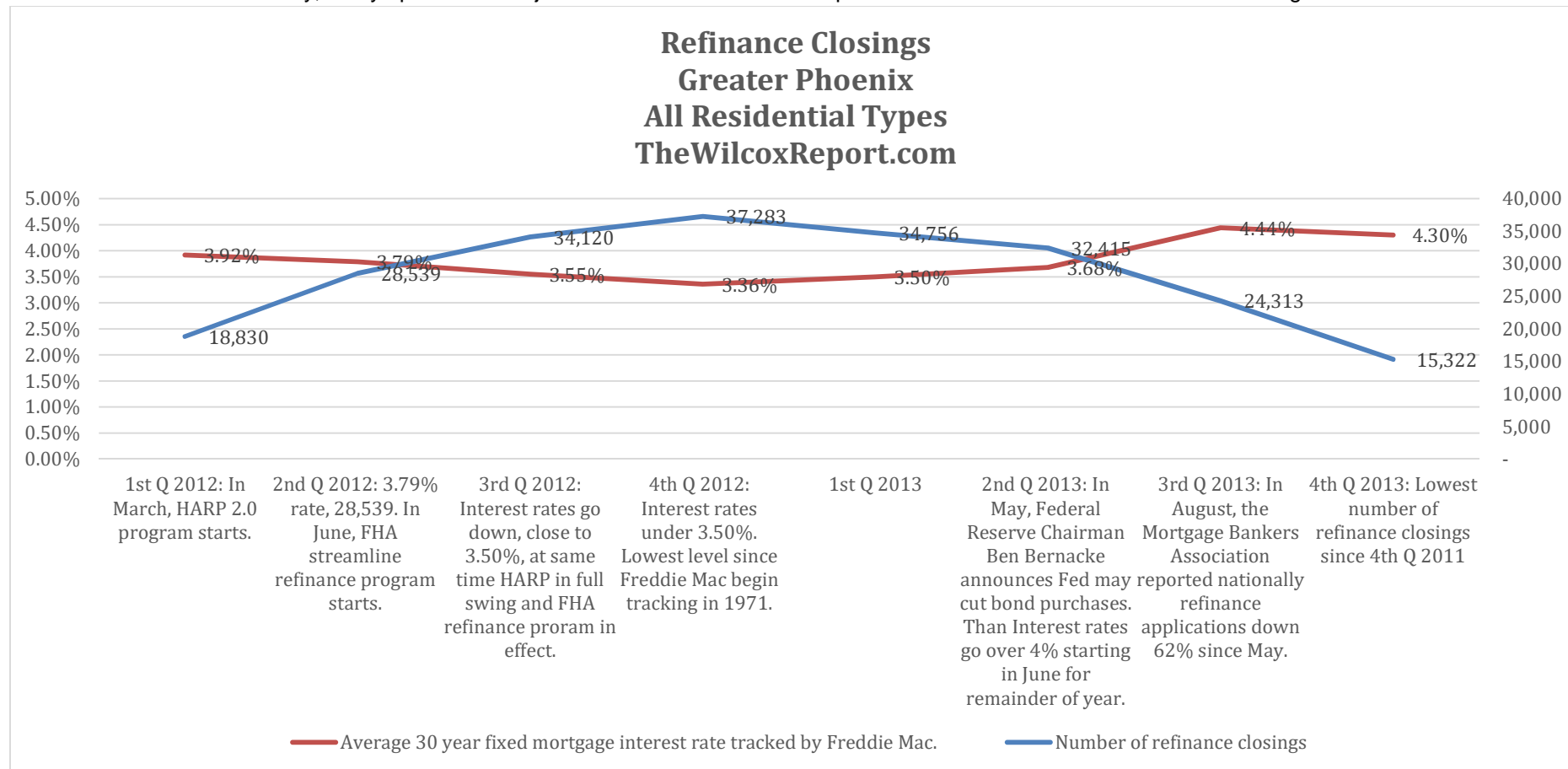
The Scottsdale Association of REALTORS on March 13 from 8:30 a.m. to 10:30 a.m. is sponsoring a Real Estate Broker Symposium on Dodd-Frank and the Consumer Finance Protection Bureau. I will moderate a panel consisting of Kelly Powers, 2014 President Arizona Mortgage Lenders Association and National Retail Operations Manager for AmeriFirst Financial; Amy Swaney, CMB, 2006 Past President Arizona Mortgage Lenders Association and Governmental Relations Officer, Branch Manager, Citywide Home Loans; Aaron Green, Attorney, Aaron Green Law Offices; Lisa Robinson, CIC, President Pinnacle Insurance Consultants. To RSVP

[https://netforum.avectra.com/eWeb/DynamicPage.aspx?Site=SAAR&WebCode=EventDetail&evt\\_key=6e163e8a-df8b-48b7-bc01-74d2a1c9fcd9](https://netforum.avectra.com/eWeb/DynamicPage.aspx?Site=SAAR&WebCode=EventDetail&evt_key=6e163e8a-df8b-48b7-bc01-74d2a1c9fcd9)

TheWilcoxReport.com by Fletcher Wilcox, Grand Canyon Title Agency, Inc. [FWilcox@gcta.com](mailto:FWilcox@gcta.com) 602-648-1230

### Interest Rates and the Number of Refinances

**An almost one percent increase in the thirty-year fixed mortgage rate greatly decreases number of refinance closings.** In the fourth quarter of 2012 the average thirty year fixed mortgage rate was 3.36% and there were 37,283 residential refinances. In the fourth quarter 2013 the average thirty year fixed mortgage rate was 4.30% and there were 15,322 residential refinances for a drop of fifty-nine percent from fourth quarter 2012. While the number of households that have not refinanced decreases daily, in my opinion the major reason for the dramatic drop in the number of refinances is because of higher interest rates.



Quarter	1 <sup>st</sup> Q 2012	2 <sup>nd</sup> Q 2012	3 <sup>rd</sup> Q 2012	4 <sup>th</sup> Q 2012	1 <sup>st</sup> Q 2013	2 <sup>nd</sup> Q 2013	3 <sup>rd</sup> Q 2013	4 <sup>th</sup> Q 2013
Average 30 year fixed mortgage rate	3.92%	3.79%	3.55%	3.36%	3.50%	3.68%	4.44%	4.30%
Refinances	18,830	28,539	34,120	37,283	34,756	32,415	24,313	15,322

# Broker Symposium & Breakfast



ATTENTION: Designated Brokers and Managers!

## Thursday, March 13th

8:00am Registration & Continental Breakfast      8:30am-10:30am Program      \$20

LOCATION: The ZONA Hotel and Suites: The Pavilion Room  
7677 E. Princess Blvd., Scottsdale, AZ 85255

### Does Dodd-Frank Keep You Up At Night? If Not – It Should

Panel Presentation of things brokers need to think about:

Does Dodd-Frank impact policies and procedures, affiliated business arrangements, change liability? What about the CFPB and RESPA?



Amy Swaney, CMB  
Citywide Home Loans



Aaron Green  
Attorney, Aaron Green  
Law Offices



Lisa Robinson, CIC  
Pinnacle Insurance Consultants



Kelly Powers  
2014 President,  
AMLA AmeriFirst Financial

MODERATOR

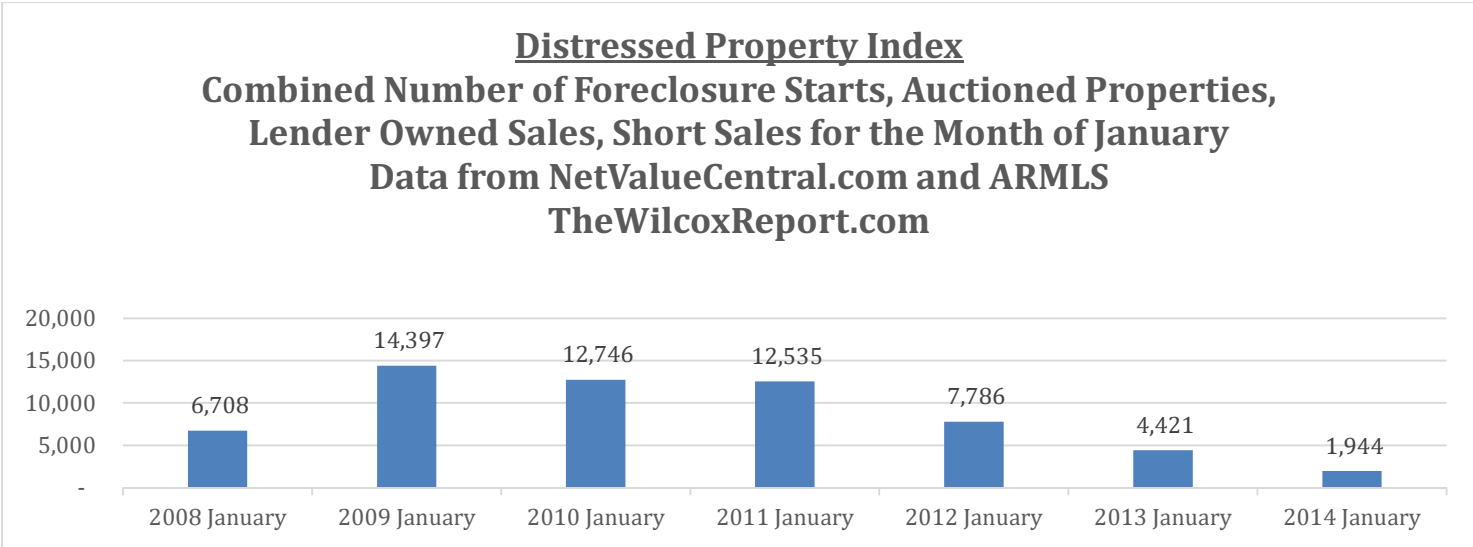
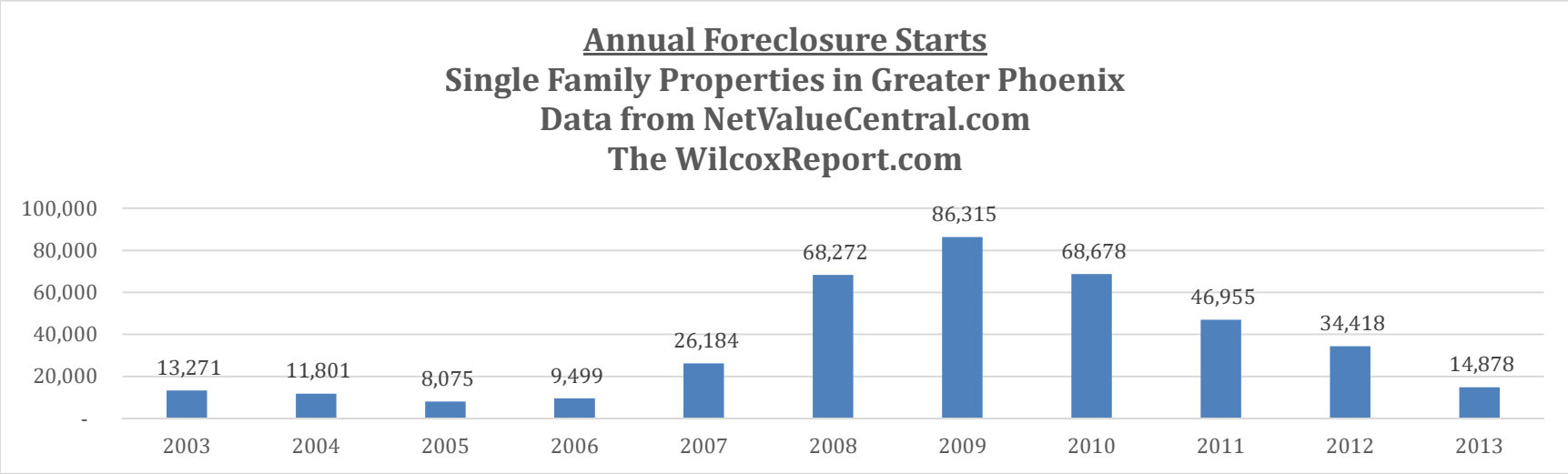


Fletcher Wilcox  
Vice President,  
Grand Canyon Title

RSVP

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**THE CLIMB OUT OF THE REAL ESTATE RECESSION INTO RECOVERY**  
**Distressed Single Family Property Update**



**Snapshot of Greater Phoenix Distressed Single Family Trends 2003 through 2014 for the Month of January**

	Jan 2003	Jan 2004	Jan 2005	Jan 2006	Jan 2007	Jan 2008	Jan 2009	Jan 2010	Jan 2011	Jan 2012	Jan 2013	Jan 2014
<b>Foreclosure Starts</b>	1,406	1,206	1,083	617	1,378	4,595	7,405	5,560	5,704	2,868	1,927	894
<b>Auctioned Properties*</b>	335	394	170	38	322	1,776	4,179	4,522	3,520	2,151	1,097	507
<b>Auctioned Properties Purchased by Third Party**</b>	131	161	129	34	71	211	494	955	912	1,103	584	230
<b>Auctioned Properties to Lender***</b>	224	233	41	4	251	1,565	3,685	3,567	2,608	1,048	513	277
<b>Lender Owned Sales</b>	70	76	27	0	23	337	2,499	1,778	2,291	1,367	647	314
<b>Short Sales</b>	--	--	--	--	--	--	314	886	1,020	1,400	750	229
<b>Sales under \$50,000</b>	8	5	1	2	0	2	481	331	512	360	95	16
<b>Distressed Title Transfers****</b>	335	394	170	38	322	1,776	4,493	5,408	4,540	3,551	1,847	736

\*auctioned properties at trustee's sale \*\*number of properties sold to third party at trustee's sale \*\*\*number of properties lender took title to at trustee's sale \*\*\*\*distressed title transfers combines the number of auctioned properties and short sales

## **Opportunity: The Population of Future Homebuyers Grows**

### **Four Reasons Why the Number of Potential Homebuyers is Increasing in Greater Phoenix**



- 1. Job growth**
- 2. Population growth**
- 3. A high number of people (boomerang buyers) who may be able to buy again after a foreclosure or short sale**
- 4. High number of single family renters who currently rent, who like the experience of living in a single family home, and will want to own their own home. Some will be first time homebuyers, others are past owners.**

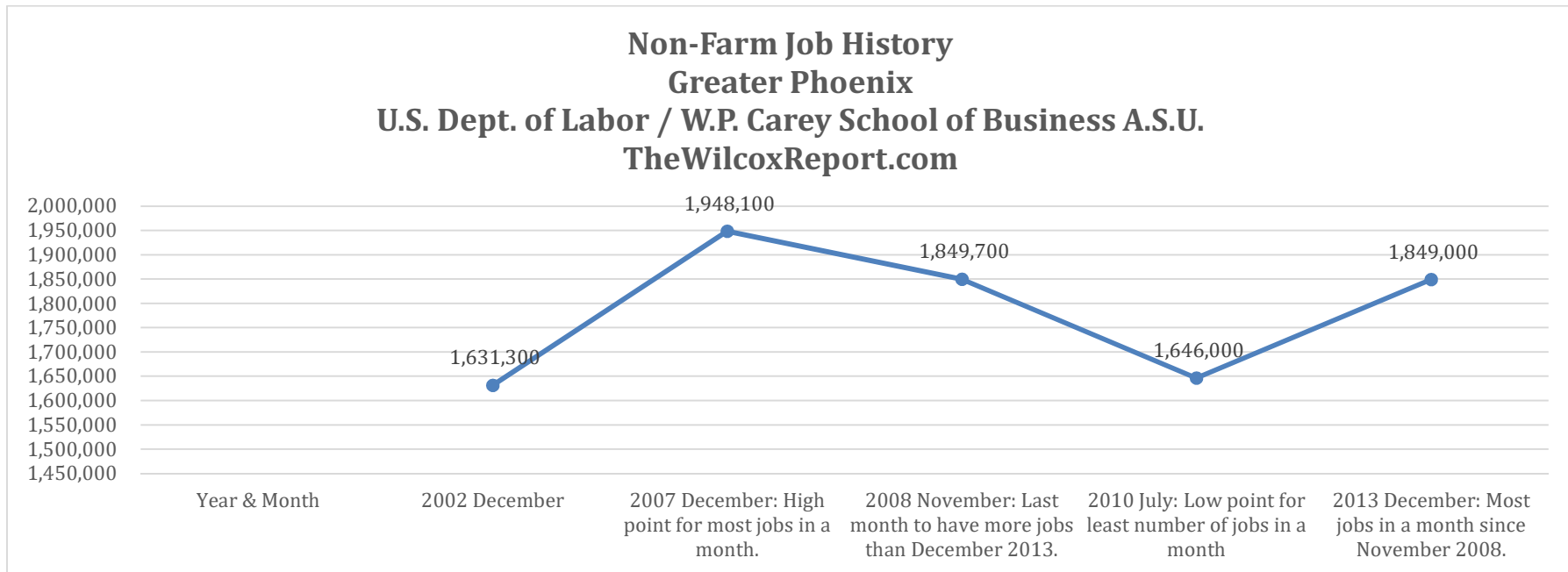


## 1. Going in the right direction: Job numbers up in Greater Phoenix

Forbes Magazine ranked Arizona and Texas as the top two states for future job growth with Arizona beating the Lone Star state. To read the Forbes article *Arizona, Texas Head List Of Best States For Expected Job Growth* go to

<http://www.forbes.com/sites/kurtbadenhausen/2013/09/25/arizona-texas-head-list-of-best-states-for-expected-job-growth/>

Job growth proceeds home ownership and the number of people with jobs is up. The 1,849,000 non-farm jobs in December 2013 was the highest number of non-farm jobs in a month in sixty-one months, since November 2008. In December 2013 there were 203,000 more jobs than the low month for jobs which was July 2010 when there were 1,646,000. The December 2013 job numbers are still short 99,100 jobs when compared to the 1,948,100 in December 2007.



TheWilcoxReport.com by Fletcher Wilcox, Grand Canyon Title Agency, Inc. [FWilcox@gcta.com](mailto:FWilcox@gcta.com) 602-648-1230





[www.GPEC.com](http://www.GPEC.com) (GPEC = Greater Phoenix Economic Council)

## 2. Population growth

From 2014 through 2024, Greater Phoenix (defined as Maricopa County) is projected to gain 1,000,000 people.

Maricopa County Population Projections	
2013	3,942,900
2014	4,007,600
2015	4,094,800
2016	4,196,200
2017	4,307,100
2018	4,418,400
2019	4,527,000
2020	4,632,600
2021	4,737,900
2022	4,843,200
2023	4,948,500
2024	5,054,100

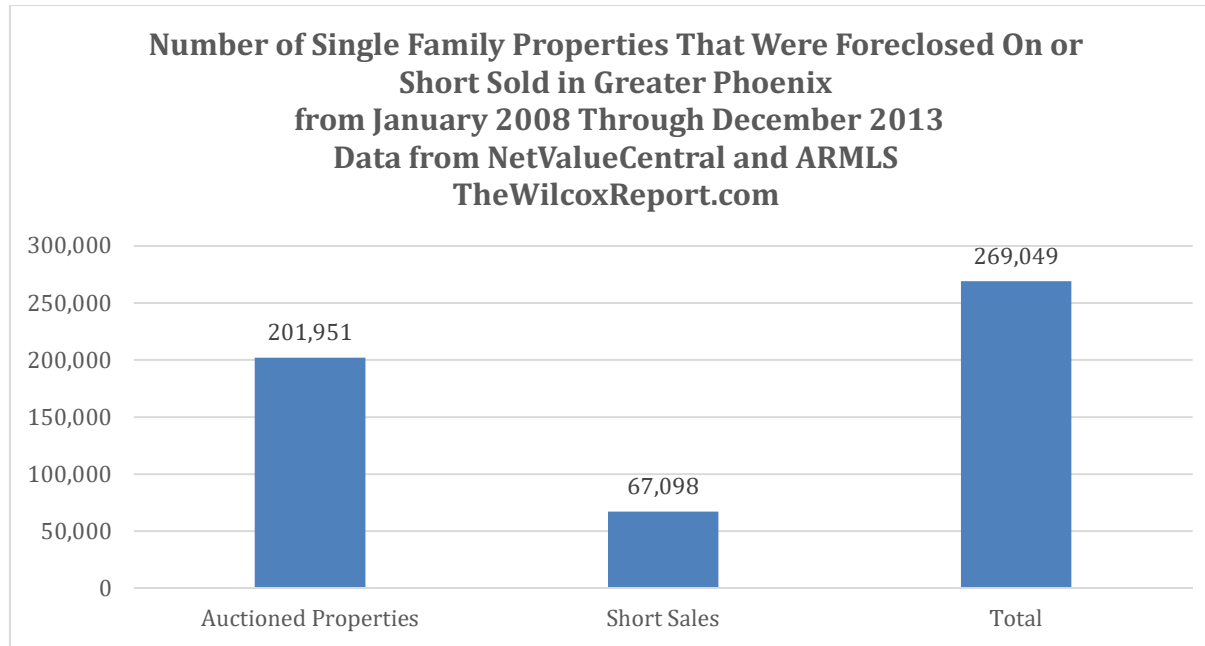
Source: Arizona Office of Employment and Population Statistics



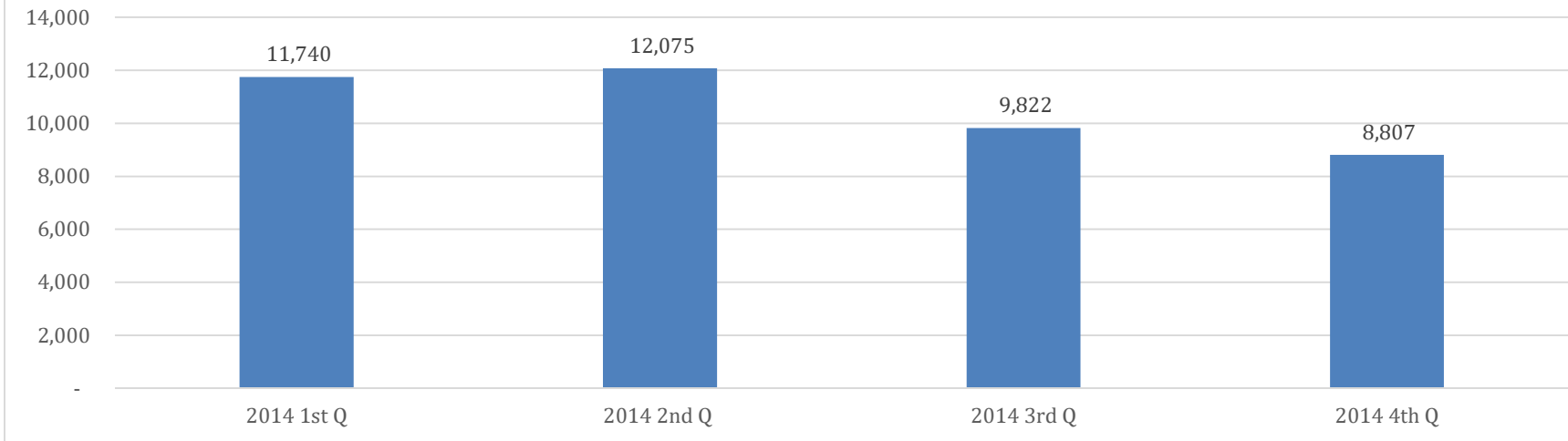
At the 50<sup>th</sup> annual Economic Forecast Luncheon on December 4, 2013 in Phoenix, economist Elliott Pollack presented information that according to government population numbers, Greater Phoenix has demand for an average of more than 22,500 single family homes each year from 2014 through 2020.

### 3. Boomerang Buyers: Owning Again After a Foreclosure or Short Sale

From January 2008 through December 2013, 269,049 single family properties in Greater Phoenix were either foreclosed on or short sold. According to this data, I estimate that in 2014, 42,444 previous homeowners that either short sold or were foreclosed on will have completed the three year FHA wait period and will be eligible to purchase a home with an FHA insured loan. The wait period is the time required after a foreclosure or short sale before a borrower may be eligible for certain loans. Of course the waiting period is only one step in buying again after a short sale or foreclosure. After the required wait period, the borrower still must have the necessary credit and down payment to qualify for a loan.



**42,444 Possible Boomerang Buyers in 2014**  
**The Number Of Possible Buyers By Quarter That Have Been Through the FHA Three Year**  
**Waiting Period After a Foreclosure or Short Sale and May Be Eligible To Purchase With An FHA**  
**Insured Loan**  
**TheWilcoxReport.com**



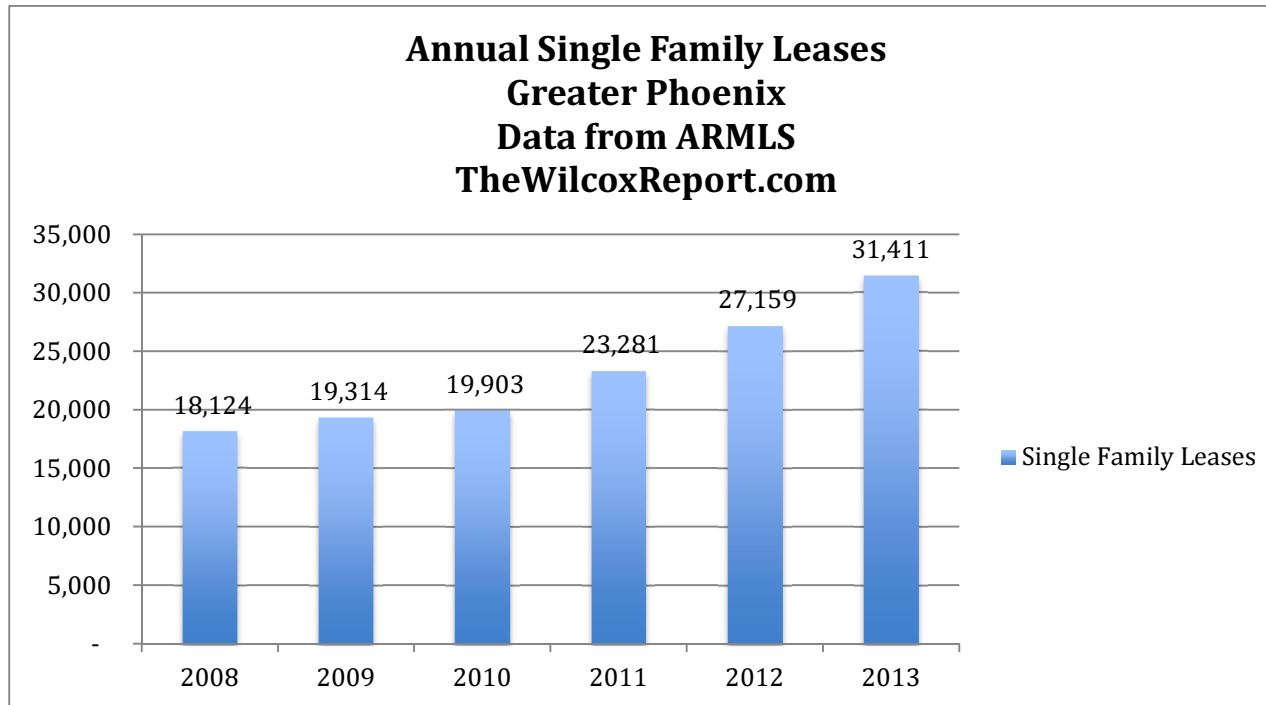
## The Wait Period Time Lines:

### General Time Guidelines for Getting a Loan after a Foreclosure or Short Sale

	Fannie Mae	Freddie Mac	FHA	VA
Maximum Loan Amount	Loans at \$417,000 or less in Maricopa County.	Loans at \$417,000 or less in Maricopa County.	Loans at \$271,050 or less in Maricopa County.	Loans up to \$1,000,000.
Foreclosure Wait Period	Seven years.	Seven years.	Three years and 3.5% down payment.	Two years. No down payment for loan up to \$417,000.
Foreclosure Wait Period with Extenuating Circumstances	Three years and 10% down payment.	Three years and 10% down payment.	One year and 3.5% down payment.	One year. No down payment for loan up to \$417,000.
Short Sale Wait Period	Two years and 20% down payment. Four years and 10% down payment.	Four years.	Three years and 3.5% down payment. No wait period when requirements are met.	Possible no wait period if the short sale was not done because of declining market conditions. No down payment for loan up to \$417,000.
Short Sale Wait Period with Extenuating Circumstances	Two Years and 10% down payment.	Two years and 10% down payment.	One year and 3.5% down payment.	

#### 4. Single Family Renters

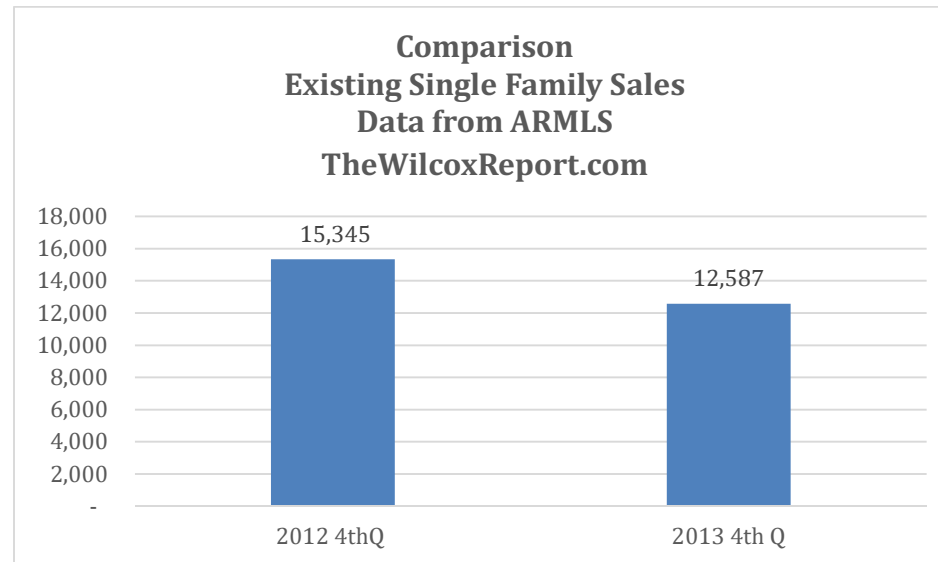
Renting a single family property is probably the preference of many renters. In 2013, the number of single family renters finding a rental through ARMLS reached an all-time high. In 2013, there were 31,411 single family rentals, breaking the 30,000 mark for the first time. Many of these renters having the experience of living in a single family home, will someday want to own a single family home. Some as first time homeowners, others owning again.



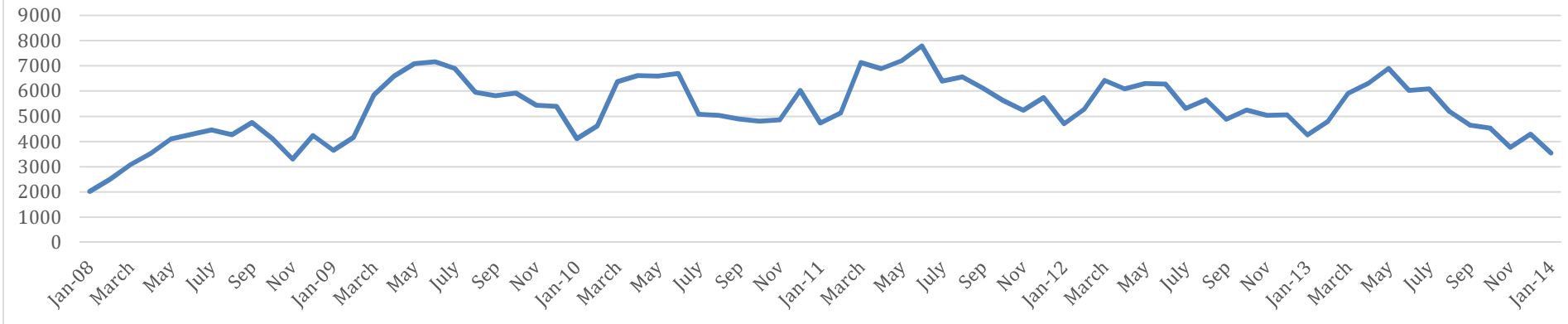
## Sales of Existing Single Family Homes

The number of existing home sales has declined. In the fourth quarter of 2013 they were down 18% from the fourth quarter of 2013. January 2014 sales of 3,546 were 709 less than January 2013, and were the lowest for a month since November 2008, when they were 3,388.

When controlling for the number of days available to close a transaction and record a sale, January 2014 was actually a slower month per day for sales than November 2008. In November 2008 there were five less days in the month to record a sale than in January 2014. November 2008 averaged 199 closings per day compared to 169 in January 2014. To close an existing home sale in Arizona, both the county recorder and the escrow company must be open for business, so the calculation of closings per day is based on the number of escrow closing days in the month.



Existing Sales of Single Family Properties  
Greater Phoenix  
Data from ARMLS  
TheWilcoxReport.com



	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec
2008	2,024	2,508	3,079	3,524	4,098	4,283	4,458	4,274	4,758	4,113	3,308	4,241
2009	3,649	4,168	5,847	6,594	7,087	7,159	6,887	5,953	5,814	5,921	5,442	5,393
2010	4,112	4,618	6,370	6,619	6,595	6,703	5,081	5,036	4,891	4,807	4,863	6,024
2011	4,730	5,135	7,134	6,889	7,201	7,791	6,392	6,566	6,118	5,625	5,242	5,744
2012	4,701	5,278	6,428	6,094	6,304	6,278	5,309	5,662	4,879	5,245	5,041	5,059
2013	4,255	4,789	5,906	6,307	6,902	6,030	6,087	5,188	4,648	4,536	3,762	4,289
2014	3,546											

**If the number of potential financing homebuyers is growing, why have the number of sales gone down?**



**Reasons Why Existing Sales Were Down in January 2014 Compared to January 2013.**

**Less Distressed Sales.** The first reason for less sales in January 2014 may be because there were less distressed sales. When adding together the number of short sales, lender owned sales and HUD sales, there were 854 less distressed sales in January 2014 than January 2013.

	January 2013	January 2014	Difference
Distressed Sales: Short Sales, Lender Owned Sales and HUD Sales	1,397	543	-854
Number Purchased with Cash	739	281	-458

**Less Inexpensive Sales.** Less distressed sales led to less inexpensive sales. In January 2014 there 799 less sales under \$150,000 compared to January 2013. NOTE: When comparing sales between \$150,000 and \$499,999 and for sales over \$1,000,000 there were more sales in January 2014.

	January 2013	January 2014	Difference
Sales under \$150,000	1,684	885	-799
Sales between \$150,000 and \$499,999	2,294	2,373	79
Sales between \$500,000 and \$999,999	223	222	-1
Sales at \$1,000,000 or more	54	66	12

**Less Cash Sales.** Since cash buyers are attracted to distressed properties, less distressed properties led to less cash buyers. In January 2014 there were 458 less cash purchases of distressed properties.

In January 2012 cash purchases were 44% of all purchases, in January 2013 39%, and in January 2014 30%.

We should remember to thank all the cash buyers for what they did for our market. Their purchases took off the market excessive cheap inventor, and competition amongst cash buyers for cheap properties drove up home prices. From 2009 through 2011 there were 19,773 ARMLS sales under \$50,000 with 18,328 or ninety-three percent purchased with cash. Today there is only a handful of monthly sales under \$50,000.

**Three of the Four Most Common Ways Single Family Properties are Purchased Decreased in January 2014**

The four most common ways properties are purchased is by first conventional loan, then cash, then FHA, and then VA. As seen in the table below, when comparing January 2014 to January 2013, cash purchases declined 36% in January 2014, conventional declined 8% and FHA declined 5%, with a surprise, VA purchases increased. VA purchases of single family properties were 7% in 2014 compared to 5% in 2013.

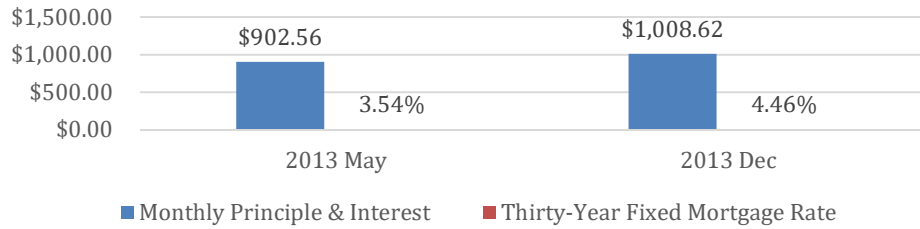
How Purchased	2013 January	2014 January	Difference
Cash	1,653	1,063	-590 or -36%
Conventional Loan	1,518	1,398	-120 or -8%
FHA	826	782	-44 or -5%
VA	209	244	+36 or +17%
Other	49	59	+9 or 2%
Total	4,255	3,546	-709 or -17%

**Higher Interest Rates as a Reason for the Decline in Sales**

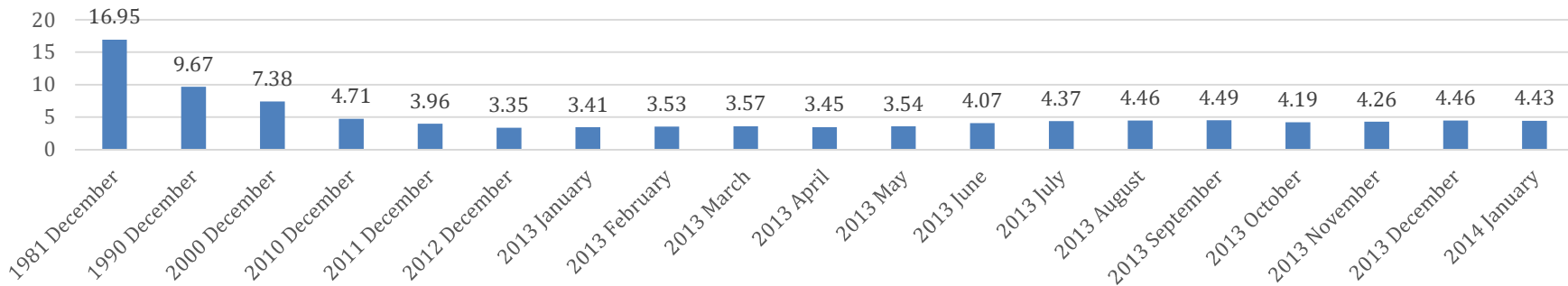
While rising interest rates does not affect the resale market to the extent it does the refinance market, nevertheless, any rise in interest rates disqualifies a certain number of possible buyers. In December 2013 the thirty year fix mortgage interest rate was almost one percent higher, .92%, than in May 2013 according to Freddie Mac's average thirty year rate. If a buyer purchased in May 2013, at the average thirty year fixed rate of 3.54%, their principal and interest payment was \$902.56 compared to \$1,008.62, if they purchased in December 2013 when the rate was 4.46%. The higher December principal and interest payment of \$106.06 increased the mortgage payment by 12%. This may not seem like a big increase, but with many buyers it may make the difference in qualifying versus not qualifying for a loan.

From speaking with real estate agents and lenders, there seems to be a psychology effect on some buyers putting on hold the decision to buy when the thirty year fixed rate interest rate went over four percent. For nineteen months, from November 2011 through May 2013, the thirty year fixed mortgage rate was under four percent. The thirty year fixed mortgage interest rate of 3.35% in December 2012, was the lowest on record since Freddie Mac begin tracking it in 1971. One year later in December 2013 it was 4.46% or 1.11% higher. January 2014 was the eighth consecutive month mortgage rate were over four percent. Over time, some potential buyers may realized that a mortgage rate in the four percent range is a good rate.

**Comparison:  
Monthly Principle and Interest Payment  
May 2013 versus December 2013  
Freddie Mac Thirty-Year Mortgage Rate  
TheWilcoxReport.com**



**Historical View of the Thirty Year Fixed Mortgage Interest Rate  
Data from Freddie Mac  
TheWilcoxReport.com**



**More Listings.** Because inventory is up, most buyers know that the market is no longer in a frenzy. While more inventory is a good thing for buyers, more property choices causes some buyers to take more time finding a home to purchase. An increase in the time to find and close on a home, slows down home sales.

**Active Listing Comparison: January 2013 to January 2014  
Greater Phoenix Existing Single Family Property Listings. Data from ARMLS**

Residential Sold Price Range	2013 January Sales	2014 January Sales	Difference	2013 Active Listings	2014 Active Listings	Difference
Under \$50,000	95	16	-79	58	26	-32
50,000 to 99,999	544	211	-333	595	495	-100
100,000 to 149,999	1,045	658	-387	1,399	1,929	530
150,000 to 199,999	786	794	8	1,801	2,796	995
200,000 to 249,999	538	532	-6	1,365	2,396	1,031
250,000 to 299,999	400	394	-6	1,110	1,970	860
300,000 to 349,999	243	273	30	773	1,365	592
350,000 to 399,999	156	198	42	696	1,232	536
400,000 to 499,999	171	182	11	801	1,343	542
500,000 to 599,999	91	90	-1	506	868	362
600,000 to 699,999	53	60	7	326	545	219
700,000 to 799,999	42	38	-4	290	404	114
800,000 to 899,999	25	20	-5	224	325	101
900,000 to 999,999	12	14	2	141	234	93
1,000,000 to 1,499,999	37	37	0	394	592	198
1,500,000 to 1,999,999	13	14	1	262	331	69
2,000,000 and Over	4	15	11	445	593	148
<b>TOTAL</b>	<b>4,255</b>	<b>3,546</b>	<b>709</b>	<b>11,186</b>	<b>17,444</b>	<b>6,258</b>



## **Challenges: Some Housing Headwinds That May Slow Single Family Property Sales in 2014**

- 1. Interest Rates.** If interest rates go up in 2014, even a little bit, a percentage of possible homebuyers may no longer qualify to buy. Certainly in these tight times of economic recovery, any increase in rates denies a certain number of potential buyers the ability to buy.
- 2. The Change in the FHA Insured Loan Limit in Maricopa County.** On January 1, 2014 the maximum FHA insured loan amount in Maricopa County was reduced from \$346,250 to \$271,050. If the \$271,050 maximum loan amount had been in effect in 2013, I estimate that the number of total single family sales in Greater Phoenix would have been reduced by 1,540 sales or 2.5%.
- 3. Dodd-Frank Act:** On January 10, 2014 the Dodd-Frank Act became effective. There is probably not anything in this legislation which will increase the number of home sales. According to mortgage executives I have spoken with, their internal studies show that had the Dodd-Frank Act been effective last year, the reduction in the number of mortgages their companies would have closed in 2013 ranged from under five percent to five or six percent to maybe up to ten percent.

An interesting article that according to the author, his switch to self-employment had mortgage implications. He said that despite excellent credit, it's still possible to be turned down for a mortgage due to new rules on verifying that borrowers have the ability to pay.

<http://www.latimes.com/business/realestate/la-fi-lew-20140112,0,7530878.story#axzz2tFYjeojR>

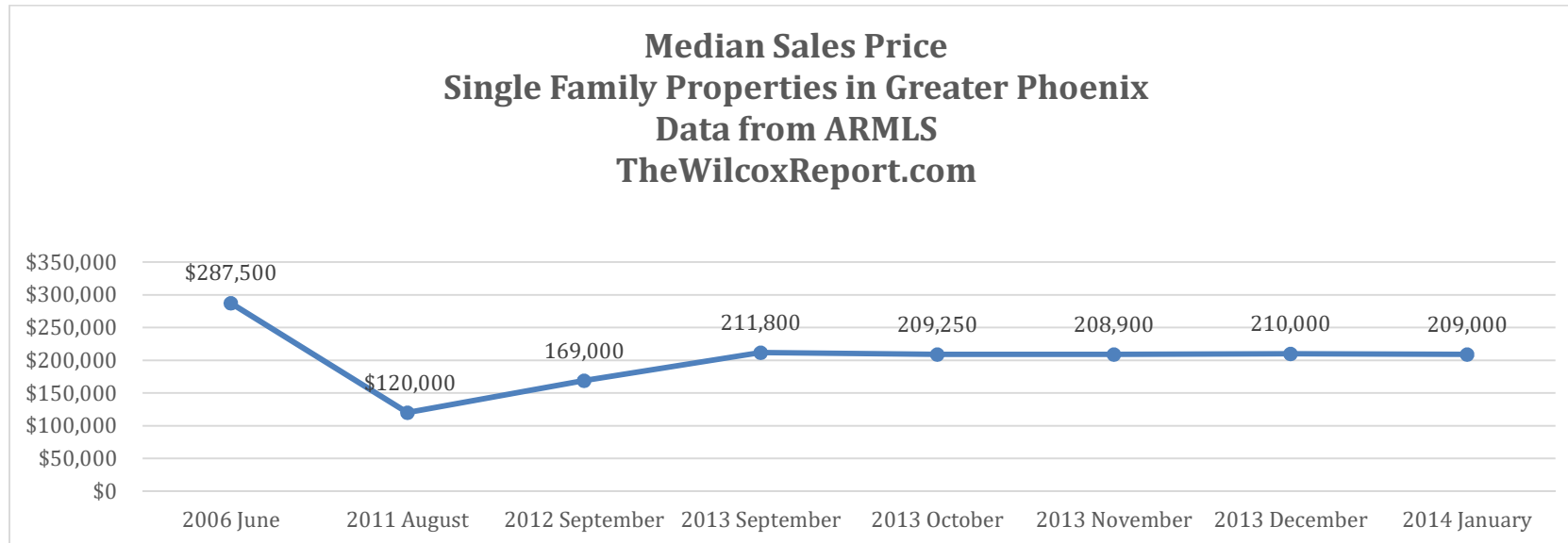
### **4. The Affordable Care Act**

I think this legislation may be creating some uncertainty holding back a percentage of potential buyers from buying. I was asked if I have hard evidence of this. No. But, if a monthly principle and interest increase of \$106.06 is enough for some buyers to no longer qualify for a loan, most likely a monthly increase in health insurance of \$200 to \$500 dollars or more is enough for some possible buyers to decide to not apply for a home loan. (Note: when applying for a loan the monthly principle and interest payment is calculated in the borrower's debt to income ratio, while the monthly amount paid for health insurance is not.)

## Median Sales Price for Existing Single Family Properties in Greater Phoenix

Last year was a good year for the single family property sales prices in Greater Phoenix. In 2013, strong demand pushed up the median sales price. In May 2013, the median sales price was \$200,000. The last time it was at or over \$200,000 was July 2008 when it was \$210,000. In September 2013, the median sale price peaked at \$211,800. Since September, it has dropped a little and is flat.

The median sales price peaked in June 2006 at \$287,500 and bottomed in August 2011 at \$120,000.



**January 2014**  
**Single Family Existing Sales by Price Range**  
**Greater Phoenix**  
**Data from ARMLS**

Residential Sold Price Range	2014 January Sales	Active Listings February 6	Estimated Months of Supply	Short Sales (No.)	Short Sales (%)	Lender-Owned Sales (No.)	Lender-Owned Sales (%)	HUD Sales (No.)	HUD Sales (%)	Other (No.)	Other (%)	Total
Under \$50,000	16	26	1.6	5	31%	4	25%	0	0%	7	44%	100%
50,000 to 99,999	211	495	2.3	36	17%	41	19%	13	6%	121	57%	100%
100,000 to 149,999	658	1,929	2.9	69	10%	79	12%	29	4%	481	73%	100%
150,000 to 199,999	794	2,796	3.5	46	6%	68	9%	8	1%	672	85%	100%
200,000 to 249,999	532	2,396	4.5	27	5%	28	5%	2	0%	475	89%	100%
250,000 to 299,999	394	1,970	5.0	17	4%	15	4%	1	0%	361	92%	100%
300,000 to 349,999	273	1,365	5.0	7	3%	10	4%	1	0%	255	93%	100%
350,000 to 399,999	198	1,232	6.2	8	4%	5	3%	0	0%	185	93%	100%
400,000 to 499,999	182	1,343	7.4	6	3%	4	2%	0	0%	172	95%	100%
500,000 to 599,999	90	868	9.6	4	4%	4	4%	0	0%	82	91%	100%
600,000 to 699,999	60	545	9.1	1	2%	1	2%	0	0%	58	97%	100%
700,000 to 799,999	38	404	10.6	1	3%	0	0%	0	0%	37	97%	100%
800,000 to 899,999	20	325	16.3	0	0%	0	0%	0	0%	20	100%	100%
900,000 to 999,999	14	234	16.7	1	7%	0	0%	0	0%	13	93%	100%
1,000,000 to 1,499,999	37	592	16.0	0	0%	1	3%	0	0%	36	97%	100%
1,500,000 to 1,999,999	14	331	23.6	1	7%	0	0%	0	0%	13	93%	100%
2,000,000 to 2,999,999	9	333	37.0	0	0%	0	0%	0	0%	9	100%	100%
3,000,000 to 3,999,999	5	120	24.0	0	0%	0	0%	0	0%	5	100%	100%
4,000,000 to 4,999,999	0	51	?	0	0%	0	0%	0	0%	0	0%	100%
5,000,000 to 9,999,999	1	73	73.0	0	0%	0	0%	0	0%	1	100%	100%
Over 10,000,000	0	16	?	0	0%	0	0%	0	0%	0	0%	100%
<b>TOTAL</b>	<b>3,546</b>	<b>17,444</b>	<b>4.9</b>	<b>229</b>	<b>6%</b>	<b>260</b>	<b>7%</b>	<b>54</b>	<b>2%</b>	<b>3,003</b>	<b>85%</b>	<b>100%</b>

**January 2014**  
**How Purchased: Single Family Existing Sales by Price Range**  
**Greater Phoenix**  
**Data from ARMLS**

Residential Sold Price Range	2014 January Sales	Cash Purchase (No.)	Cash Purchase (%)	Conv. Loan (No.)	Conv. Loan (%)	FHA Loan (No.)	FHA Loan (%)	VA Loan (No.)	VA Loan (%)	Other (No.)	Other (%)	Total
Under \$50,000	16	14	88%	1	6%	0	0%	0	0%	1	6%	100%
50,000 to 99,999	211	138	65%	33	16%	33	16%	1	0%	6	3%	100%
100,000 to 149,999	658	231	35%	149	23%	222	34%	34	5%	22	3%	100%
150,000 to 199,999	794	213	27%	266	34%	235	30%	74	9%	6	1%	100%
200,000 to 249,999	532	116	22%	223	42%	129	24%	57	11%	7	1%	100%
250,000 to 299,999	394	98	25%	187	47%	75	19%	34	9%	0	0%	100%
300,000 to 349,999	273	55	20%	140	51%	61	22%	16	6%	1	0%	100%
350,000 to 399,999	198	35	18%	118	60%	19	10%	18	9%	8	4%	100%
400,000 to 499,999	182	55	30%	110	60%	7	4%	8	4%	2	1%	100%
500,000 to 599,999	90	26	29%	61	68%	1	1%	1	1%	1	1%	100%
600,000 to 699,999	60	17	28%	42	70%	0	0%	1	2%	0	0%	100%
700,000 to 799,999	38	13	34%	24	63%	0	0%	0	0%	1	3%	100%
800,000 to 899,999	20	11	55%	9	45%	0	0%	0	0%	0	0%	100%
900,000 to 999,999	14	6	43%	6	43%	0	0%	0	0%	2	14%	100%
1,000,000 to 1,499,999	37	17	46%	18	49%	0	0%	0	0%	2	5%	100%
1,500,000 to 1,999,999	14	9	64%	5	36%	0	0%	0	0%	0	0%	100%
2,000,000 to 2,999,999	9	5	56%	4	44%	0	0%	0	0%	0	0%	100%
3,000,000 to 3,999,999	5	3	60%	2	40%	0	0%	0	0%	0	0%	100%
4,000,000 to 4,999,999	0	0	0%	0	0%	0	0%	0	0%	0	0%	#DIV/0!
5,000,000 to 9,999,999	1	1	100%	0	0%	0	0%	0	0%	0	0%	100%
Over 10,000,000	0	0	0%	0	0%	0	0%	0	0%	0	0%	100%
<b>TOTALS</b>	<b>3,546</b>	<b>1,063</b>	<b>30%</b>	<b>1,398</b>	<b>39%</b>	<b>782</b>	<b>22%</b>	<b>244</b>	<b>7%</b>	<b>59</b>	<b>2%</b>	<b>100%</b>



## Conclusion

Buyers have gained market power. This gain is because of an increase in housing supply at the same time incremental decreases in demand due to higher interest rates, Dodd-Frank legislation, the decrease in the FHA maximum insured loan amount, and part because of uncertainty and lack of confidence in the Affordable Healthcare Act and the economy in general.

At the same time sales have slowed, the pool of potential buyers in Greater Phoenix increases daily. The strong fundamentals of job growth and population growth at some point over time should create a critical mass of buyers which should will overtake the factors slowing down sales, and when this happens sellers gain market power.

Note: When it comes to the overall U.S. economy it is possible for steps to be taken to increase job growth. A review of history shows that in September 2011 the U.S. added 103,000 jobs. Twenty-eight years earlier in September 1983 the U.S. added 1,100,000 jobs in this one month. Perhaps a comparison should be made between what tax policies and government regulations were in effect in September 1983 which produced 997,000 more jobs than September 2011 and make some changes.

The numbers in this report may be from the Arizona Regional Multiple Listing Service, Inc., NetValueCentral.com, the U.S. Department of Labor, W.P. Carey School of Business, the U.S. Census Bureau, Homebuilders Association of Central Arizona, Freddie Mac.

This report is for real estate agents only. This report does not guarantee the accuracy of the data. Some numbers will change. Report may not reflect all real estate activity. Information should be verified. This article is of a general nature, and is not intended as investment advice, real estate advice, lending advice or legal advice. Please consult your broker, your lender, your own independent legal counsel, your certified public accountant. The information in this report may not be the opinion of Grand Canyon Title Agency, Inc.

Note: Included in some of the charts in this report is a small percentage of new home sales.



## ***The Wilcox Report***

***by***

**Fletcher Wilcox V. P. Business Development, Real Estate Analyst at Grand Canyon Title Agency, Inc.**

Fletcher is proud to be part of Grand Canyon Title Agency, Inc. The company has been closing escrows in Greater Phoenix for thirty-two years and has eighteen escrow offices in the Valley. Fletcher was born and raised in Arizona. He received a Bachelor of Science degree and a Master of Arts degree from Arizona State University. He obtained an Arizona Real Estate license in 1985 and co-listed and closed a \$2.5 million dollar commercial property in 1986.

He is a member or past member of the following associations

Arizona Association of Realtors [www.aaronline.com](http://www.aaronline.com)

Arizona State Escrow Association <http://www.azsea.org>

Scottsdale Area Association of Realtors [www.saaronline.com](http://www.saaronline.com)

Scottsdale Chapter Women's Council of REALTORS [www.scottsdalewcr.com](http://www.scottsdalewcr.com)

Past statistician for the Scottsdale Luxury Tour <http://saaronline.com/marketing/scottsdale.php>

Statistician for the Heart of Scottsdale Tour <http://www.saaronline.com/marketing/scottsdale.php>

Current member and past V.P. of Education Arizona Mortgage Lenders Association [www.azmortgagelenders.com](http://www.azmortgagelenders.com)

Fletcher is author of **The Wilcox Report** previously called **Residential Focus**. This report provides statistics and analysis for single family real estate trends in Greater Phoenix; He is a contributing columnist for the *Arizona Journal of Real Estate & Business* and has written for *Arizona Realtor Magazine* a publication by the Arizona Association of Realtors. He has been a guest speaker on KTAR, KJZZ/NPR, KFNN, channel's 3, 10 and 12 and a guest on the Horizon show on channel 8. His residential analysis has been mentioned in the Wall Street Journal, Arizona Republic, AZCentral.com, Phoenix Business Journal, East Valley Tribune, Bloomberg News, Dow Jones MarketWatch, HousingWire.com and National Mortgage News.

He teaches renewal courses on the Residential Resale Real Estate Purchase Contract. Fletcher joined Alice Cooper's Solid Rock organization as a board member. The organization promotes music and the arts and has opened a center for teenagers in Phoenix

<http://www.alicecoopersolidrock.com/the-rock/> Fletcher served eleven years as a citizen board member on the Phoenix Police

Department's Disciplinary Review & Use of Force Boards. He attends Living Streams Christian Church. Fletcher started snowboarding in 2008. He is not very good.

TheWilcoxReport.com by Fletcher Wilcox, Grand Canyon Title Agency, Inc. [FWilcox@gcta.com](mailto:FWilcox@gcta.com) 602-648-1230