



From the Desk of Helena Ann Kauchek
Bringing Real News on the Home Front
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Before the big “bangup” as I like to call it, the housing market held very little on hand inventory. This is one of the reasons that the housing market shot up so high. The lack of enough homes to buy, allowed prices to be bid up as much as the other person can pay or wanted to pay for the same house.

Aside from all the economic issues that helped to lower home prices, another huge factor was the inability for most homeowners in 2007 and 2008 to sell their homes at desired price points. Add to that mix were homeowners who had to sell at higher prices because they bought homes at prices that the market no longer was able to purchase (obviously among 100 other reasons). This allowed for a backup of homes on the market. When things backup, homes start selling for less and less until we see that the market became one big game of domino.

In 2007 and 2008; it was not uncommon (in fact pretty consistent) to have what we call Months Inventory to be around 13-15 months. Meaning that in that market, the normal time it took to sell a home was roughly 15 months. That is a HUGE number when you consider that the one home taking 15 months will most likely see competition within the 15 months it is on the market. The backup of home sales in the market was crazy.

Since that time, our Months Inventory numbers have come down to a fairly reasonable level. While not optimal, it is at least workable. In fact, in 2009 we actually saw months supplies looming around 4-5 months. No longer are we seeing the majority of homes taking over a year to contract and close. This smaller amount of homes for sale allowed us to see some price stability in certain areas. That is great news when you look at the amount of time we’ve had to sit still and watch our homes lose property values.

As of August, 2, 2010; the months inventory levels are lingering around 6 months (according to Cromford). While this appears to be a higher than last year; this is still a MUCH better number than a few years past. This may indicate that prices may slip a bit due to inventory numbers but that the overall decrease may be limited. With REO’s and short sales dominating the market, I was very happy to see an above average amount resales have taken the market as well. In fact, the resales that are able to compete with Short Sales and REO’s (who by the way have not been too far off the market prices); are going into contract and closing.

Great Phoenix Square Footage Pricing
Percentage of obtained price vs. list price (Cromford Reports)

<i>House \$ range</i>	<i>Average percentage obtained</i>
Under 100k	99.8%
125k – 150k	98.1%
175k - 200k	97.5%
200k – 225k	97.4%
225k – 250k	97.1%
250k – 275k	97.9%
275k – 300k	96.6%
300k—325k	96.6%