



News

Real estate review: A look at the local housing market

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Herald/Review

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SIERRA VISTA — Fears over an uncertain housing market seem to be subsiding, giving way to a number of buyers looking to take advantage of low prices and government incentives, local real estate agents said.

“The buyers that are out there sitting on the fence are now starting to come out,” said Chris Hickman, designated broker for Remax Home Stores in Sierra Vista.

From January of this year through May, a total of 401 homes were sold in Cochise County, according to the Southeast Arizona Multiple Listing Service.

Though the area may not be seeing dramatic increases in home sales like other parts of the state, homes in Cochise County still sell for significantly more than those in more metropolitan areas like Phoenix, where, according to the National Association of Realtors, the median home price in the first three months of 2009 was \$129,000, compared to \$178,000 in Cochise County.

A new federal tax credit of up to \$8,000 for new homeowners also is contributing to the “optimistic market,” said Linda Huffman, the Southeast Arizona manager for realestate.com.

“We’re in an all out listing campaign right now, because it’s the best time to buy,” she said.

Brad Snyder of Sierra Vista Realty said that many people have been calling his office asking about foreclosed homes for sale, thinking they may get a steal after hearing about extraordinary deals happening in other parts of the country, where news agencies have reported houses being sold for pennies on the dollar.

“A lot of people want those deals they hear about on the news,” he said. “We field several calls a day of people looking for foreclosures. There are more people looking for foreclosures than there are foreclosures.”

According to the Cochise College Center for Economic Research, in Cochise County foreclosed home sales accounted for just over a fourth of home sales in the first quarter of 2009, whereas nationally, foreclosed

homes comprised approximately half of all sales.

A majority of the growth in Arizona home sales, which were up 50 percent over the first quarter of 2008, were driven by the sale of foreclosed homes.

“That is what’s driving our entire housing market right now,” said John Strobeck, owner of Bright Future Business Consultants in Tucson.

In Pima County, where 33 percent of all home sales are foreclosures, Strobeck said that homes with \$250,000 mortgages were selling for \$150,000.

The buying up of foreclosed homes can come with other long-term economic repercussions, however.

“The problem with that is we’re not going to be seeing much new home building, which is the economic driver. Consequently, we’re going to see new construction continue to be in the doldrums until probably 2013,” he said.

Strobeck will visit Sierra Vista next week to discuss his analysis of the local housing market and construction industry with the Southeastern Arizona Contractors Association.

Thanks to the financial buffer of Fort Huachuca, the local real estate market did not feel the full effect of the economic fallout, said Snyder.

“We’re seeing, I think, the types of signs that we’ve already hit the bottom,” he said, noting that sales have been climbing since November.

Huffman said that after years of unsustainable growth, the market is on track to return to normal.

“We’re going back to a healthy, sustainable market,” she said.

Both Huffman and Snyder said they are expecting a return to a historically steady growth in home values by a few percentage points a year in the months ahead.

“I think we’ll get back to that three or four percent appreciation cycle again,” Snyder said.

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Building report

The Sierra Vista building inspections division issued 122 building permits during the month of May, with a total valuation of \$4,879,735 and \$45,256.40 collected in fees. Included in this were 19 new residential construction permits with a total valuation of \$3,023,414.

There were 19 sewer permits issued with \$15,519.35 collected in fees. Park development fees were \$20,044.

The total new residential permits issued for calendar year 2009 through May is 54 with a total valuation of

\$8,817,822, compared with a total of 98 though May 2008 with a total valuation of \$15905,526.

There were five new commerical construction permits issued for calendar year 2009 through May, with a valuation of \$5,057,555, compared with five new commercial construction permits issued through May for calendar year 2008, with a valuation of \$4,473,819.

— City of Sierra Vista

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