

# CITY OF MARICOPA HOUSING OUTLOOK

## SYNOPSIS

The 2010 Census confirms the City of Maricopa's previous years' population growth estimates, which stands out from the broader Greater Phoenix region that overestimated its population growth. Steady population has helped maintain occupancy levels in the City, though rentals are at a higher level than historic regional norms. The City currently has the lowest pricing to date which has sustained strong buyer activity and should support a strong long term outlook as excess home supply diminishes and population growth returns to the region.

AUGUST  
2011

Prepared by:  
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## POPULATION

Since 2000, the City of Maricopa has grown from a town of just over 1,000 people to a city with an estimated population of nearly 43,500 residents. Recent U.S. 2010 Census releases of population estimates indicate that the City has grown according to previous estimates, whereas other regions have been revised downward.

Year	Population	% Growth
2004	5,690	13.8%
2005	9,790	72.1%
2006	25,830	163.8%
2007	32,157	24.5%
2008	37,252	15.8%
2009	39,429	5.8%
2010	43,482	10.3%

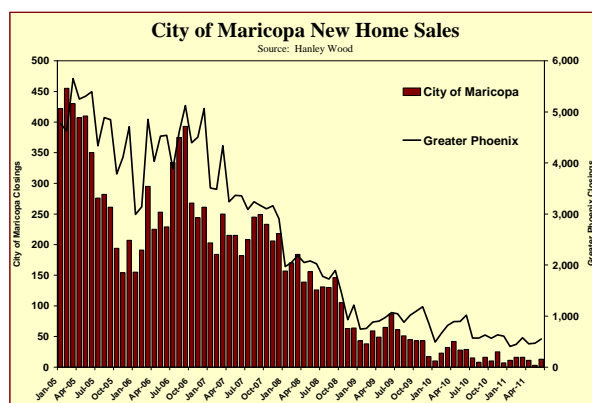
Source: AZ Dept. of Commerce; U.S. Census

## HOUSING

The 2010 Census reported 17,240 homes within the City. Based on recent data received by the local water company, idle or underutilized connections account for approximately 8.2% of total connections as of June 2011. Active connection rates appear to be reliable proxy estimates for housing vacancy and have been declining consistently over the last two years. Additionally, the Census reports that just over 20% of occupied homes are rented.

There are tens of thousands of planned lots within the City and surrounding area. Though these will not be constructed in the near term, finished lots and the extensive planning efforts by home builders prove the region's mid term outlook for growth.

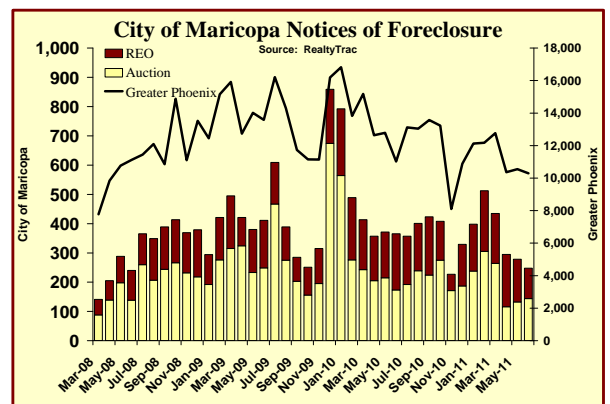
The City indeed will continue to grow. The timing and scale of the growth, however, remains uncertain. This is not just a City issue. The short term regional, State, and U.S. forecast also contains a large degree of uncertainty. New home sales in Maricopa have continued to decline over the last six months, averaging 12 sales per month. This declining trend is indicative of the extremely low prices of existing homes.



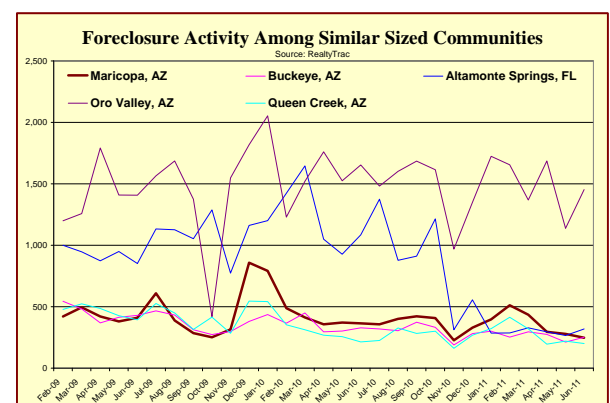
Over the last 12 months through June, Greater Phoenix has added 17,900 jobs. Positive job growth is expected to continue through the end of

the year. A continually improving economy will help brighten housing prospects as it eventually induces population growth to the region.

Foreclosures remain an issue, but at a rate very similar to other periphery communities in Greater Phoenix. We will likely continue to see more foreclosures occur, though overall volumes are down significantly from one year ago and analysts believe we are 75% through the foreclosure boom.



Many other communities across the nation continue to experience the same economic recovery and foreclosure issues that are being realized within the City of Maricopa. The following chart illustrates similar sized cities across the country and their comparative foreclosure activity.



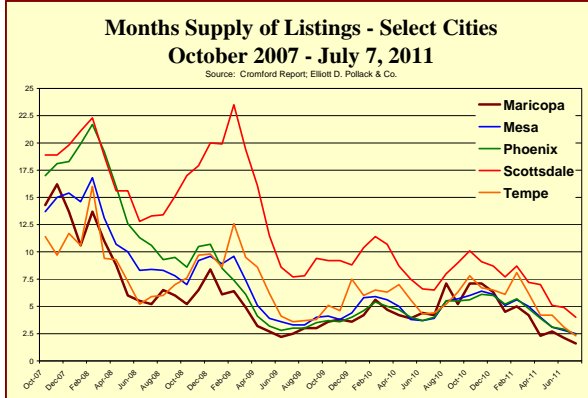
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There are 490 homes listed in Maricopa on the ARMLS as of July 1<sup>st</sup>, 2011. Current listings are quite low, comparable to early 2006 levels. Compared to recent sales activity, supply stands at only 1.6 months, which outperforms most major cities in the Greater Phoenix region. Historically low prices are accounting for high sales volume.



Through June, an estimated 75.5% of homes for sale are in some stage of foreclosure, which is an improvement from 83% at mid-year 2009.

## CITY OF MARICOPA MLS LISTINGS

Type	Inventory	% of Total
Foreclosed/REO	71	14.5%
Short Sale/ Pre-foreclosure	299	61.0%
Traditional Resale	120	24.5%
<b>Total</b>	<b>490</b>	

Source: The Cromford Report; ARMLS

The percentage of listed homes in foreclosure is still lower than many other cities in the Valley and has declined slightly over the past six months. Also, the *total* number of distressed listings is

much less than cities such as Queen Creek and Surprise.

## MLS LISTINGS BY TYPE

City	Normal	Pre- Foreclosure	REO/ Foreclosed	Total in Foreclosure
Avondale	50 13%	263 66%	87 22%	350 88%
Buckeye	230 38%	252 42%	116 19%	368 62%
Casa Grande	108 35%	118 38%	85 27%	203 65%
El Mirage	41 20%	120 60%	40 20%	160 80%
Gilbert	435 36%	623 51%	155 13%	778 64%
Glendale	284 28%	542 53%	203 20%	745 72%
Laveen	50 13%	245 65%	83 22%	328 87%
<b>Maricopa</b>	<b>120 24%</b>	<b>299 61%</b>	<b>71 14%</b>	<b>370 76%</b>
Phoenix	1,786 35%	2328 45%	1004 20%	3,332 65%
Queen Creek	265 28%	561 60%	116 12%	677 72%
Surprise	341 36%	483 51%	117 12%	600 64%
Tolleson	50 21%	153 63%	39 16%	192 79%

Source: The Cromford Report; ARMLS

Investors represent over 40% of all home purchases in Greater Phoenix and up to 67% of purchases in the far perimeter communities.

Investors have helped temporarily increase demand while the supply of housing has remained unchanged. This has allowed home prices to stabilize. However, we expect investor-owned homes to be re-listed for sale over the next couple of years, resulting in the opposite effect: downward pressure on home prices.

The net effect will be relatively flat home prices for a couple of years at least. We expect moderate housing price declines for the first half of the year with stability and some very conservative improvement in the second half of the year. Once excess housing is absorbed, the broader region will again lead the country in terms of economic growth and the City will again post strong economic statistics.

## SHORT TERM FORECASTS

In the current market, outlying areas have lost market share that was achieved during the housing boom. This trend may continue over the next two to four years as long as reasonably priced land in more central locations is available. In 2010, for example, Pinal County accounted for only 18.3% of Greater Phoenix permits and the City captured 2.7%, or 186 permits. This level of activity is well below 2009's total of 400 permits.

The Greater Phoenix new home market in 2010 was even weaker than what was experienced in 2009 due to population growth forecasts falling short of expectations. The federal homebuyer incentive increased demand in the first quarter of 2010 and since its expiration, a much lower level of activity followed. Without federal action, the Phoenix metro region would likely have seen 1,000 fewer new homes built.

Through the first 6 months of 2011, Greater Phoenix has issued 3,385 new home permits. We see no reason for the Metro area to exceed an adjusted 2010 level through the end of the year due to persistent supply/demand imbalances.

The longer term outlook is still very promising; the region simply needs to grow through the excess. The region and the City of Maricopa will be in recovery mode when: 1) population inflows improve, and 2) when new jobs are created. As of July 2011, we are continuing to experience recovery, albeit modestly. The region will not be fully "recovered" until 2014 or later.

## CITY OF MARICOPA HOUSING PERMITS 2011-2015

	Conservative	Baseline	Aggressive
2011	80	140	250
2012	80	190	350
2013	80	220	400
2014	150	410	750
2015	250	680	1,500

Source: Elliott D. Pollack & Co.; U of A; RL Brown; City of Maricopa; GPBC