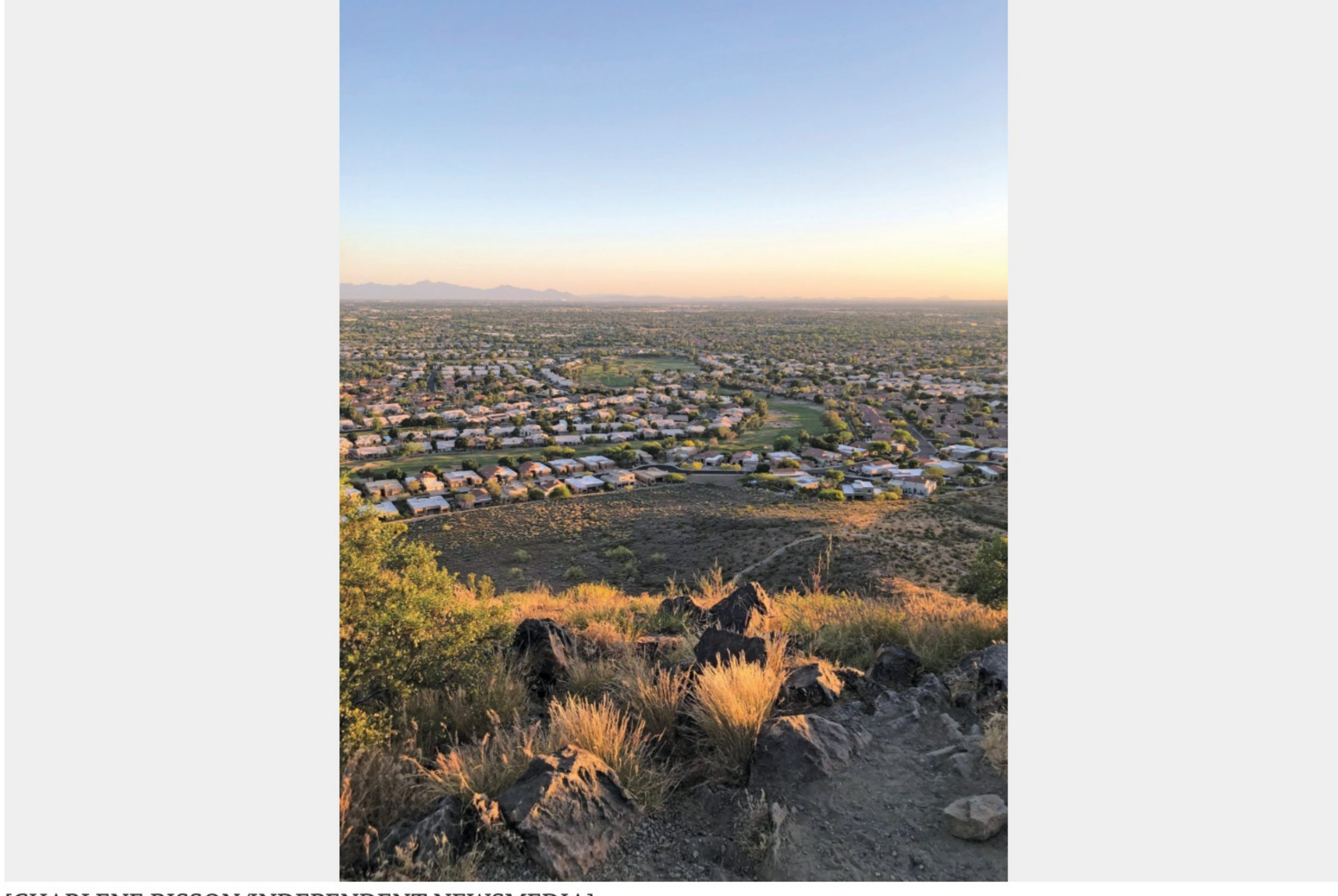


Glendale median house price up 40% in 2 years

New residents, housing shortage, lumber prices adds up



[CHARLENE BISSON/INDEPENDENT NEWSMEDIA]

Looking south toward the Arrowhead Lakes community from atop the Arrowhead Point Loop hiking trail in Glendale. The north side of town, in the 85308 and 85310 ZIP codes, have seen dramatic average home listing prices from spring 2020 to spring 2021.



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JAN LEIGHTON, PRESIDENT OF THE ARIZONA ASSOCIATION OF REALTORS

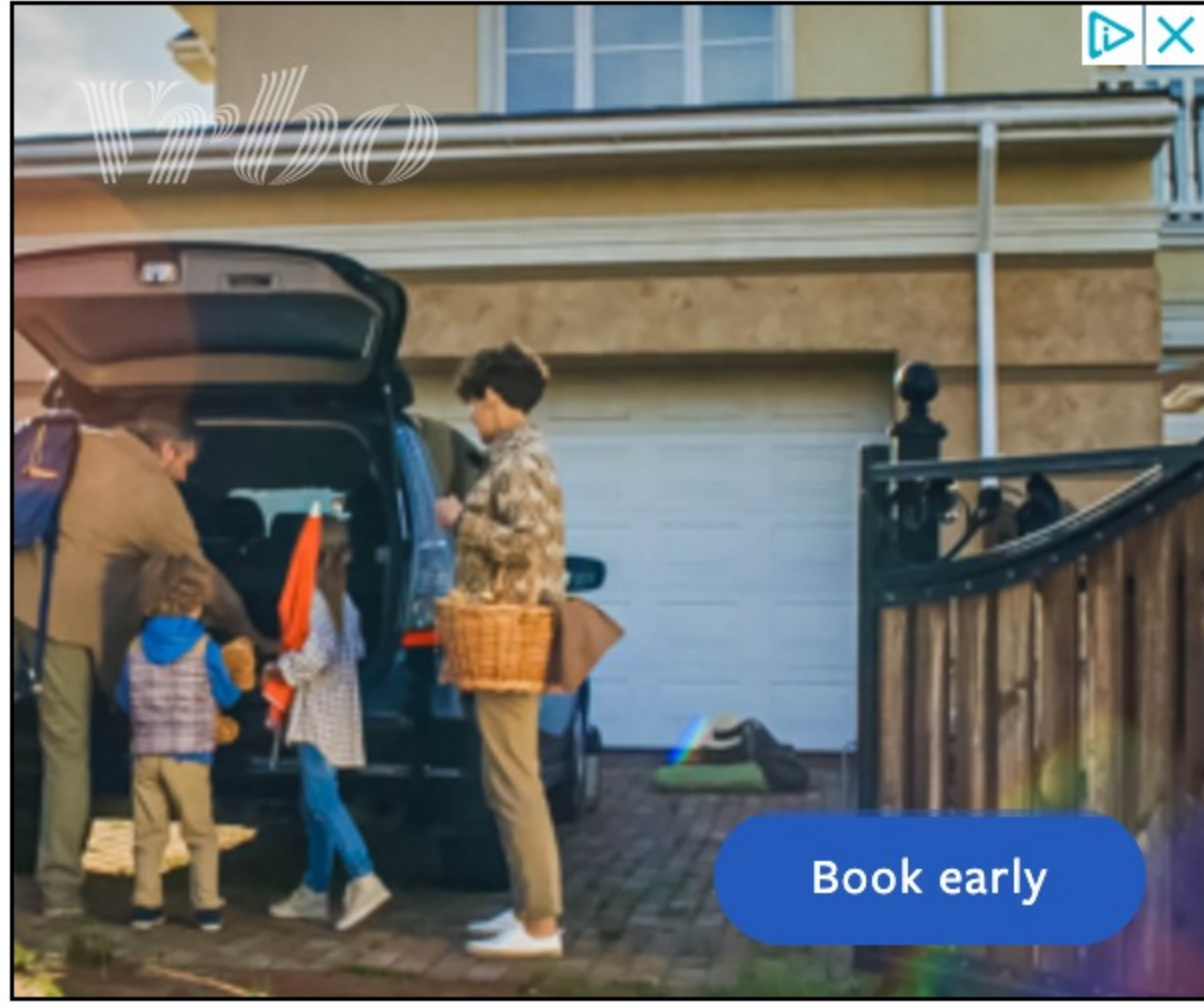


By **Steve Stockmar**
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Whether Valley residents will first see relief from soaring home prices or relief from extreme weather is a hot summer topic right now.

While temperatures setting records in June, the real estate market in cities like Glendale is experiencing similarly wild twists and turns. Consider the seven-day median list price citywide in Glendale, according to figures compiled by industry market researcher Altos, has jumped from \$303,513 in June 2019 to \$345,000 in June 2020 to \$424,900 in June 2021.

That’s a 40% rise in two years.



A closer look at the north side of town, where higher-priced homes are listed, gets even wilder.

Homes in the 85310 ZIP code, say figures from the Arizona Regional Multiple Listing Service, show an average list price leap from \$577,137 in May 2020 to \$847,583 in May of this year.

That’s almost a 47% jump in just one year.

“It’s supply and demand, and it’s what the market will bear,” said Jan Leighton, of JD Campbell Realty in Peoria

and current president of the Arizona Association of Realtors, of the 85310 situation specifically. “It’s unusual, but real estate is cyclical.”

Market watchers attribute escalating prices to a growing pool of buyers as Maricopa County has emerged as the fastest-growing county in the U.S. three years running. The U.S. Census Bureau estimates the metro area grew on average 291 people every day.

Combine that with a serious shortage of available homes, and the result is a seller’s market, bidding wars, and, in some cases, buyers finding themselves priced out of ownership.

But will it last?

“The market has started cooling and prices have recently plateaued,” Altos posted on June 14, the same week the median list price for a Glendale house was \$424,900. “Since we’re in the seller’s zone, watch for changes in MAI (market action index). If the MAI resumes its climb, prices will likely follow suit. If the MAI drops consistently or falls into the buyer’s zone, watch for downward pressure on prices.”

Leighton, armed with more than 25 years experience, sees similar trends.

“We have already seen some stagnation in prices, meaning buyers are starting to sit on the sidelines a little bit,” she said. “And we’ve been counseling our buyers, ‘Do you really want to pay \$900,000 for that house if technically in the ‘real world’ it’s only worth \$825,000?’”

Point2Homes, a website where real estate professionals can advertise or post listings, in its Glendale demographics says the city contains more than 90,000 housing units.

As recently as June 16, there were 103 single family residence listings in Glendale, including 49 in the 85308 ZIP code and 14 in 85310. Leighton estimates 103 active homes would represent less than one month’s supply.

And builders are working up new Valley subdivisions, which will bring new inventory to the market for buyers. But even that will take time for a complete course correction, Leighton says.

“It’s taken a good 10 years to get here. In ’08 when we hit the downturn in the market, new builds went away,” she explained. “So even though they geared back up about three years ago, with the permit process and the infrastructure, it typically takes a subdivision a year to a year and a half before they even break ground. So the new builds that you see coming up out of the ground now, they started running that process two to three years ago.”

Adding to the rising costs has been the sharp increase in lumber prices.

“Lumber prices have been especially volatile in the wake of the COVID-19 pandemic due to increased demand and supply-side constraints,” the National Association of Home Builders states. “The unprecedented spikes in lumber prices have added nearly \$36,000 to the average price of a new single-family home, and nearly \$13,000 to the price of a multifamily home since April 2020.”

It all adds up to a lot of gridlock in the market — for buyers.

Some Realtors, Leighton says, have written up to 30 contracts on a home and not been able to get an offer accepted. Some contracts as incentives have even included clauses that eliminate the need for an inspector or an appraisal, neither of which are generally encouraged by agents.

“In price ranges, say, less than \$375,000, you are going to be typically in a multiple bidding situation,” she said. “Right now if you’re an FHA-qualified buyer, you would have a hard time getting a property contract accepted.”

As for which buyers are driving up Valley housing costs through bidding wars, it may not be the typical suspect many residents are apt to blame: Californians.

“I myself don’t see that,” Leighton said. “I certainly have buyers that come in from California, but it’s not an overwhelming part of my market.”

Rather, she sees younger professionals growing into the Valley market as those looking to buy, and with the resources to make it happen.

“A lot of our buyers are young professionals who have the ability to take on a mortgage, have the money in the bank, and the money is ‘free,’” she added. “Let’s take a look at the interest rates. If interest rates were at 10% right now, we wouldn’t be having this frenzy I doubt very much. But interest rates are less than 3%. So if you’re a fairly affluent buyer that’s made the decision, ‘We are gonna buy that bigger house...,’ those are more the buyers that we’re seeing these days.”

As for when the trends may turn in different directions that favor buyers, cooler temperatures may end up coming first.

“I think we’re just gonna kind of have to ride this out,” Leighton said. “The only thing that’s going to change the market is more inventory, and it’s not going to happen overnight.”