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## Housing market trend is upward, analyst says

By Misty Williams  
Tribune



*Construction workers frame the roof on a Standard Pacific home being built in the Vincenz development in Gilbert.*

*Tim Hacker Tribune*

Valley developers took out more home building permits for the fifth month in a row in March, though sales continued to sag. [View March permits and sales](#)

Some 3,737 permits were issued in March, up from 3,630 in February but down 21 percent from the year ago period, the latest Phoenix Housing Market Letter from analyst RL Brown shows. "It's a positive sign that the trend is upward," Brown said.

Builders are also making good progress on getting rid of excess inventory, but the new home market is facing another hurdle - tightening lending standards, he said.

With a rising number of subprime borrowers beginning to miss mortgage payments, skittish lenders have done away with 100 percent financing, stated-income loans and other types of mortgage products, as well as requiring higher credit scores.

It's becoming tougher for everybody to obtain financing, not just for first-time homebuyers, Brown said. "I think that's the dark cloud that's on the horizon," he said.

Also in March, 3,674 new homes were sold, down 20 percent from the same month last year. Some 10,369 new Valley homes were sold in the first three months of 2007, compared with 12,536 in the same period in 2006.

The local market may start to rebound as early as the first half of 2008 if the economy continues to grow and the mortgage situation doesn't get too bad, but those are some big "if's," said Ben Sage, director of national research firm Metrostudy's Arizona division.

Loose lending standards and investors trying to dump speculative properties have contributed to the slowing market, but Arizona has tremendous job growth, he said.

"The strong economy is what will allow people to get that extra job or work with their banks" to keep their homes, Sage said. The Valley's median new home price is also holding steady at \$272,683, down less than 1 percent from March 2006, according to the Houston-based research company.



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