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ERA National Realty of Arizona

AREA ACTIVITY—JANUARY THRU MAY 2006

	Prescott		Prescott Valley	
Jan - May '06				
New Listings	1,059	681		
Sold	414	341		
Homes for Sale as of 6/28/06	1,026	574		
Median Price Jan-Dec 2005			225,000	
Median Price Jan-May 2006				231,750

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# The Real Estate View

*A thoughtful look at real estate issues in the tri-city area.*

Real Estate in Prescott —

## *the Good, the Bad, and the Ugly*

### THE GOOD

On March 1, 2006, the Office of Federal Housing Enterprise Oversight (OFHEO) released house-price appreciation rankings for 275 metropolitan areas. The results? Prescott ranked 5<sup>th</sup> in 2005 for appreciation of its housing market. An average-priced house in Prescott appreciated almost 32% last year and 6.72% over the past 5-year period. That's good news for anyone who purchased a home in the Prescott area during the past several years.

Another reason for optimism for continuing growth in the area real estate market is the explosion of new businesses in the tri-cities, especially in Prescott Valley. Our beautiful locale and climate continue to entice people to relocate here from other areas.

Buyers can benefit from taking advantage of the recent increase in inventory of new and resale homes. Prices will remain steady until we begin to see a decrease in housing availability.

### Now for the Bad

If you're a seller or thinking about selling, the market is no longer as "hot" as it was in the past couple of years. Prices are holding steady, but there is a continued build-up of inventory, and many sellers are offering incentives or lowering their price in order to sell their home. Homes are also taking longer to sell. Most are selling within the 4-month to 6-month range, rather than the 30-60 days we saw last year.

If you're a buyer, the only bad news is that interest rates are on the rise. They are still low, but experts are now predicting 7.00% or higher by year end.

### And the Ugly

Bankrate.com has fingered Phoenix as an area where housing prices are expected to decline. They point to the high rate of appreciation (over 30%) and state that Phoenix has the largest number of housing starts (65,000/yr) in the U.S. Thus Bankrate feels that Phoenix cannot sustain such growth and that prices are set to decline. Although Phoenix is currently undergoing a slight market correction and a significant increase in homes currently for sale, the Phoenix housing market has by no means come to a standstill. Prescott has been impacted less than Phoenix because we don't have the huge new home subdivisions that Phoenix does. Also our real estate economy is largely fueled by retirees from other parts of the country. One advantage that Phoenix has is that industries and businesses are continuing to relocate to the Phoenix area.

Critical to avoiding a downtrend in our local real estate economy will be attracting new employers to the tri-city area. Also, it's important that mortgage rates do not get much higher than 7.5% in the next several months, in order to ensure the affordability of our homes.

**Do you have a specific question or concern about your housing situation?**

Please e-mail me or give me a call. I'd be happy to help.

After all, housing decisions can have the biggest impact on our lives—

**YOU NEED ACCURATE INFORMATION!**

Gretchen Blankenship

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*Inside . . .*

- ⇒ The upside & downside of the Prescott real estate market
- ⇒ Area real estate stats Jan-May
- ⇒ Rate my new website



*A thoughtful look at real estate issues in the tri-city area*



*Prescott truly is "Everybody's Hometown"*

*My New, Improved Website Is Up and Running*

Well, it's been months in the making, but my new, improved website is finally up and running. I hope you'll all take a tour of the new site and let me know what you think of it. I'm always anxious to receive feedback so that I can continue to make improvements.

Here's some of the features you'll find:

- ◆ User-friendly MLS search—including more photos of homes
- ◆ Useful reports for Buyers, Sellers, and those wanting to stay current with market trends
- ◆ Photo tour of our beautiful area

- ◆ Links to helpful information such as event calendars, city websites, and local golf course information

After visiting my website, please take a moment to email me your feedback.

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