

# 2016 MCDOWELL ROAD CORRIDOR RESALE HOUSING ANALYSIS

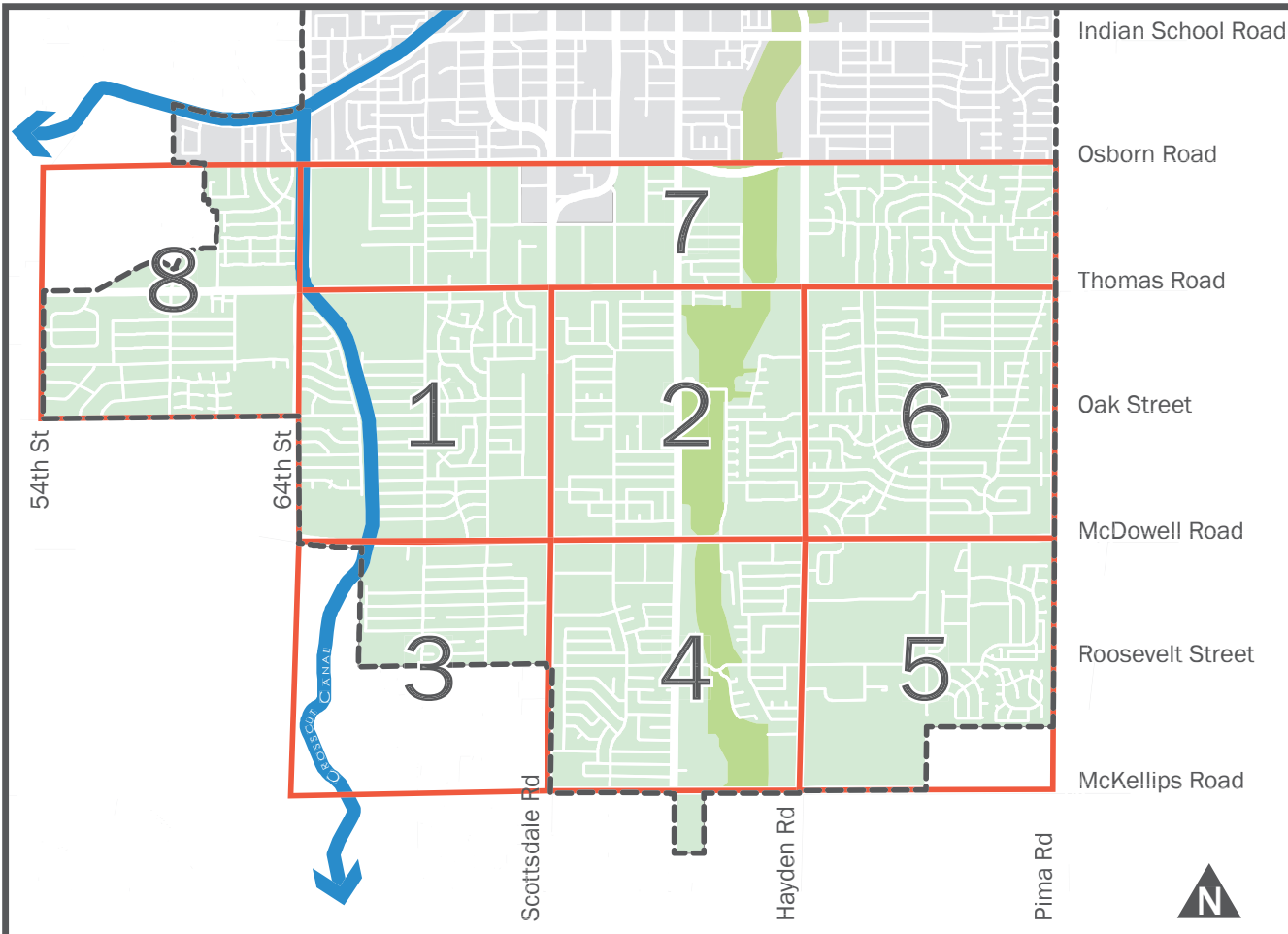


McDowell Road Corridor Housing Examples



# 2016 MCDOWELL ROAD CORRIDOR RESALE HOUSING ANALYSIS

For FY 2015/16, Scottsdale's City Council set priorities and key objectives within their Strategic Plan, which included the continued effort to revitalize the McDowell Road Corridor (MRC). The MRC is generally described as Osborn Road south to the city limits. The purpose of this housing analysis is to highlight local area and market changes over a 10 year period (January 2006 through June 1, 2016). In particular, Quadrants 1 through 4 (McDowell Core), comprise an area within MRC where efforts of public and private initiatives included significant area investment within the same time period. Summary results associated with this analysis utilize housing values as a proxy for evaluating expected household incomes (based on the mortgage amount) for the area. The transaction data queried for this analysis includes the following:



## Single Family Detached (SFD)

This typology includes detached properties where there is no wall shared partially or entirely with another property.

## All Others (AO)

This typology refers to all other housing product types other than Single Family Detached, including:

Townhomes: multi-level housing where one or more common walls are shared with surrounding units.

Apartment Style/Condominiums: units that have common walls as well as a unit above and/or below. This is the only type of property that is inherently a condo.

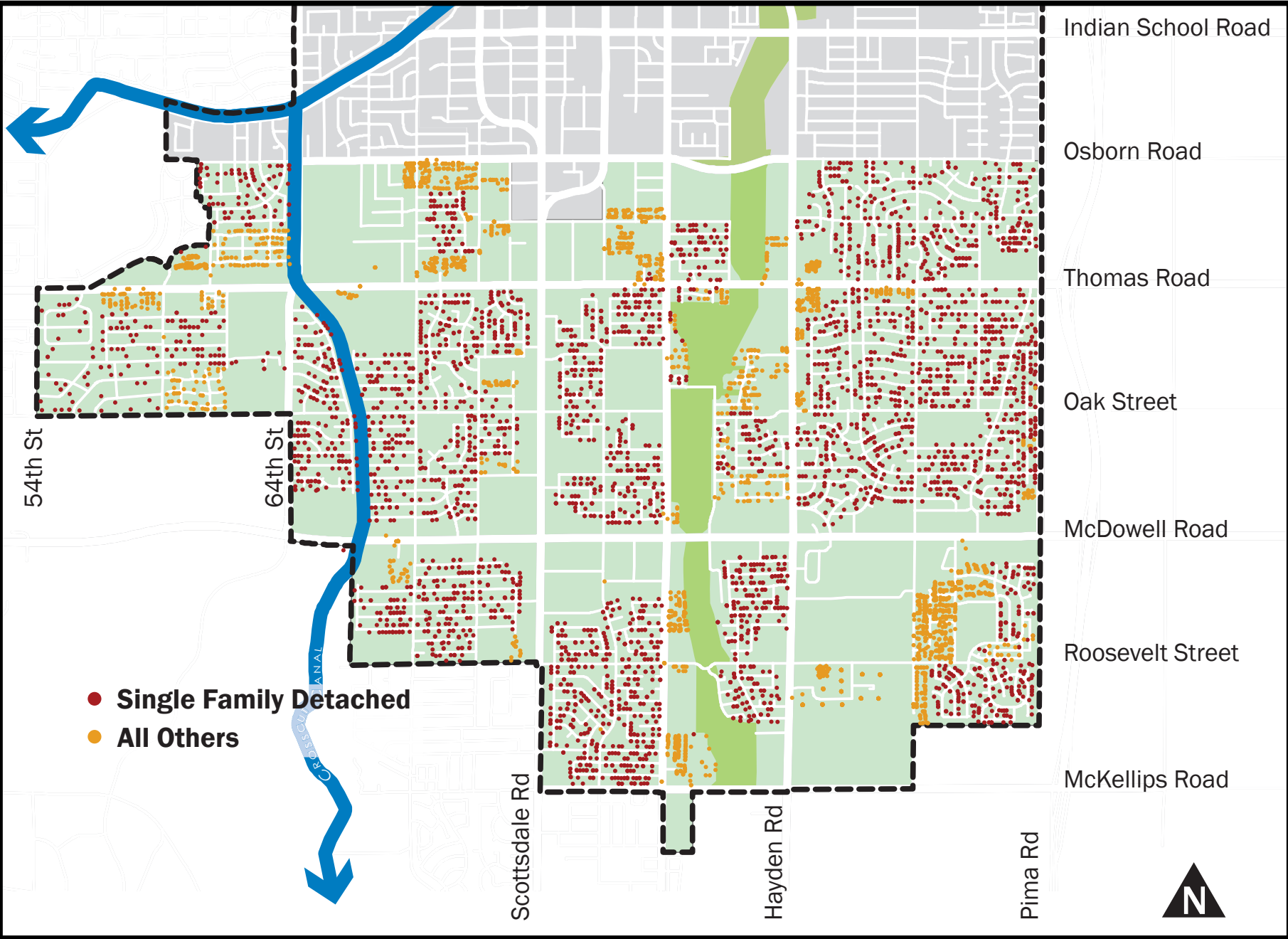
Loft Style: housing that might be similar to Apartment Style/Condominiums but where upper levels of the living area are not entirely walled in.

Manufactured/Mobile: Housing that is built on a towable structure, which is commonly buried as a foundation.

Modular/Prefabricated: Housing that is never towable and most components are NOT assembled offsite.

The information found within this report is Arizona Regional Multiple Listing Services (ARMLS) resale data, which does not include For Sale by Owner (FSBO), Non-MLS auctions and private sales. Consequently, sales counts from the Maricopa County Recorder's office will exceed the sales counts from ARMLS as the Recorder's Office includes all sales data, including ARMLS. Although the data is believed to be the most accurate that is available, no guarantees are made as to its accuracy.

# RESALE TRANSACTIONS IN THE MRC, 2006 - 2016



The graphic above depicts more than 7,000 housing resale transactions between 2006 and 2016 reported by Arizona Regional Multiple Listing Service.

### Single Family Housing Recovery

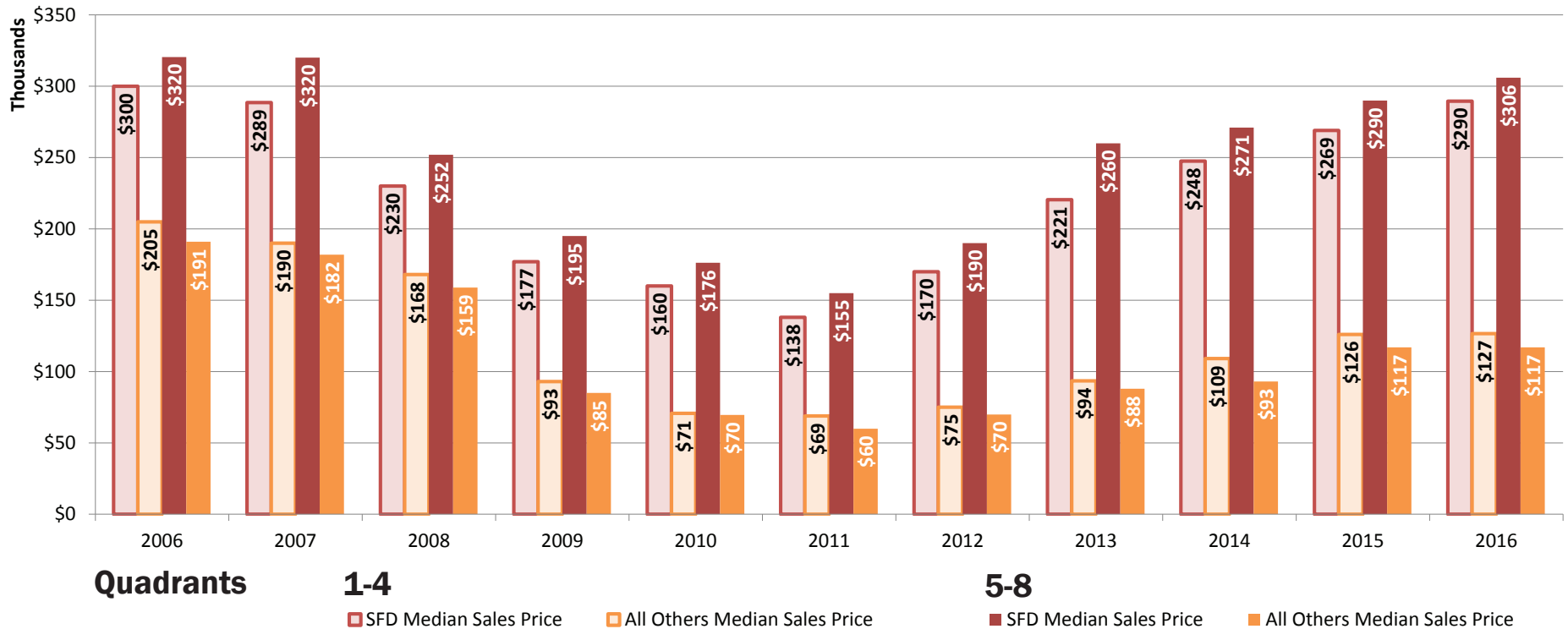
SFD median housing values within the McDowell Core (Quadrants 1-4) have recovered to within 3% of 2006 (pre-recession) values, while homes in the McDowell Corridor (Quadrants 5-8) are within 5%. McDowell Core SFD housing values declined by 56% during the recession. However, since 2011, McDowell Core SFD housing values have appreciated by more than 210% which is 7% greater than other similar housing available in the McDowell Corridor (Quadrants 5-8).

Today, the McDowell Core (Quadrants 1-4) SFD housing is matched to the McDowell Corridor (Quadrants 5-8) at a median price per square foot of \$186.00. However, the median home value in the Core (Quadrants 1-4) is \$290,000 while the median home value in the McDowell Corridor (Quadrants 5-8) is \$306,000: a difference of approximately 5%.

### New FOR SALE Single Family Development

Within McDowell Core Quadrant 6, new construction/ for sale SFD options have been developed with the community of Zara Court, a 6 lot subdivision located at Granite Reef and Thomas Roads. Since opening in February of 2016, pricing started at \$211 price per square foot which results in a home value of \$545,000. These homes offer Haver-inspired, mid-century modern architecture commonly found throughout the McDowell Corridor, detailed with vaulted ceilings, and large transom windows designed to fit more contemporary preferences in the marketplace. As a new construction development, along with the community's amenities and housing finishes, housing values are significantly higher than the existing housing stock of the Corridor; however this is not unusual to similar development scenarios citywide.

Sales Price, 2006 - 2016





### All Other Housing Types Remain Below Pre-Recession Values

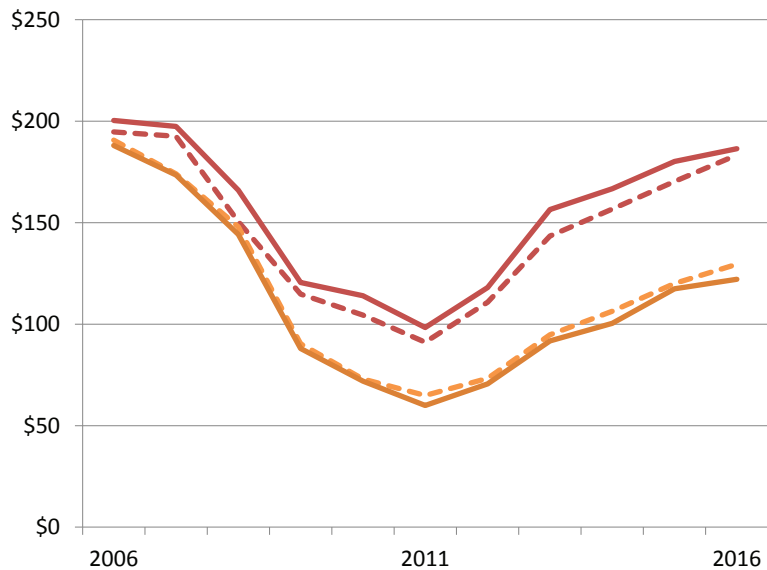
AO median housing values within the McDowell Core (Quadrants 1-4) and McDowell Corridor (Quadrants 5-8) have yet to fully recover from 2006 (pre-recession) values – a decline of more than 66% (2006-2011). McDowell Core AO housing values are currently 38% less than their pre-recession values, a matched deficit to other similar housing in the McDowell Corridor (Quadrants 5-8). Since 2011, AO housing in the McDowell Core has appreciated by more than 184%; this is only 5% less than AO housing available in the McDowell Corridor (Quadrants 5-8).

Today, the McDowell Core (Quadrants 1-4) AO housing is demanding 5% more median price per square foot compared to similar housing in the McDowell Corridor (Quadrants 5-8). This has resulted in a median home value that is \$127,000 in the McDowell Core (Quadrants 1-4) and a median home value of \$117,000 in the McDowell Corridor (Quadrants 5-8); a difference of approximately 8%.

### New FOR SALE Development in the AO Housing Type

Within McDowell Core (Quadrant 1), new construction/ for sale AO options have been developed with –Diamante, a gated 144 unit condominium community located at 68th Street and Thomas Road. Since opening in 2015, base pricing has started at \$249 price per square foot which results in a home value of \$318,000. Notably, this does not include upgrades in options averaging a reported \$45,000. As a new construction development, along with the community’s amenities and housing finishes, housing values are significantly higher than the existing housing stock of the Corridor; however this is not unusual to similar development scenarios citywide.

Price Per Square Foot, 2006 - 2016



SFD - Zara Court



AO - Diamante

Quadrants

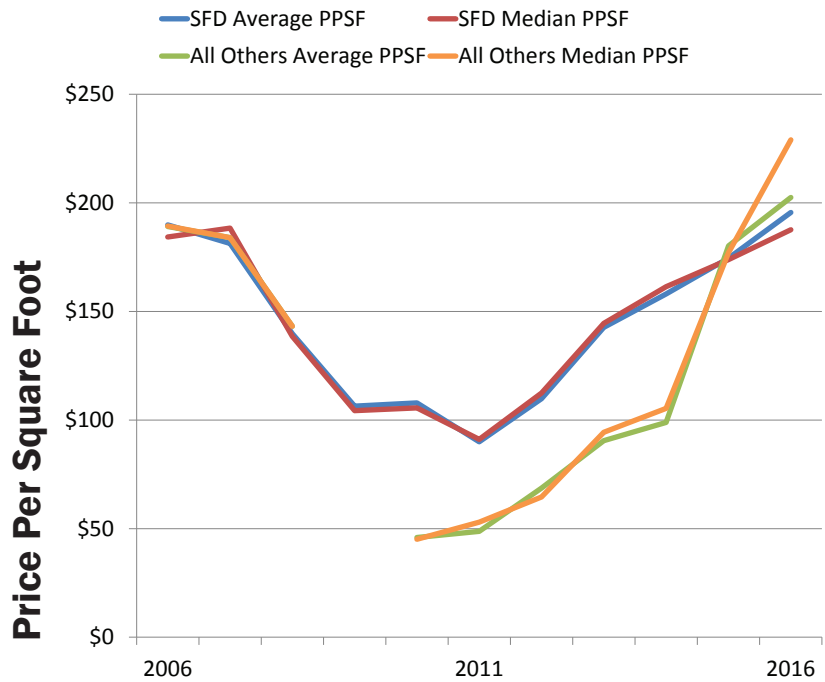
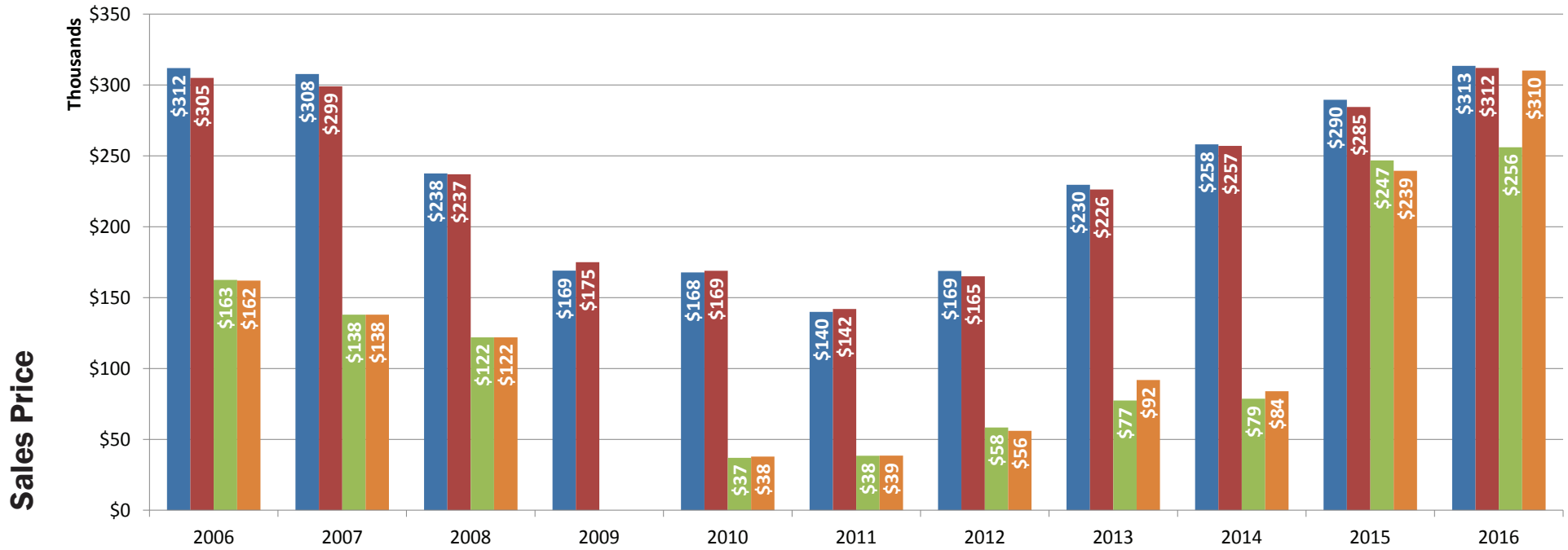
1-4

5-8

- All Others Median PPSF
- All Others Median PPSF
- SFD Median PPSF
- SFD Median PPSF

# Quadrant 1

■ SFD Average Sales Price ■ SFD Median Sales Price ■ All Others Average Sales Price ■ All Others Median Sales Price



Median SFD Housing values are more than in 2006.

**2%**

Responding to the decrease of 30-year annual interest rates, median monthly SFD housing mortgage costs have decreased by

**11%**

Resulting in a median monthly SFD mortgage payment of

**\$1,386\***

Median AO Housing values are more than in 2006.

**91%**

Responding to the decrease of 30-year annual interest rates, median monthly AO housing mortgage costs have increased by only

**40%**

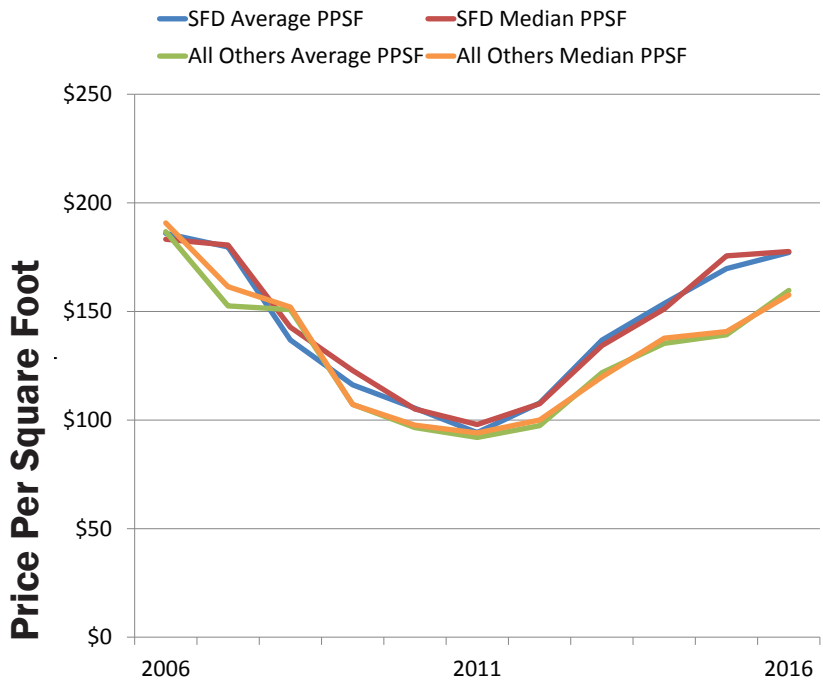
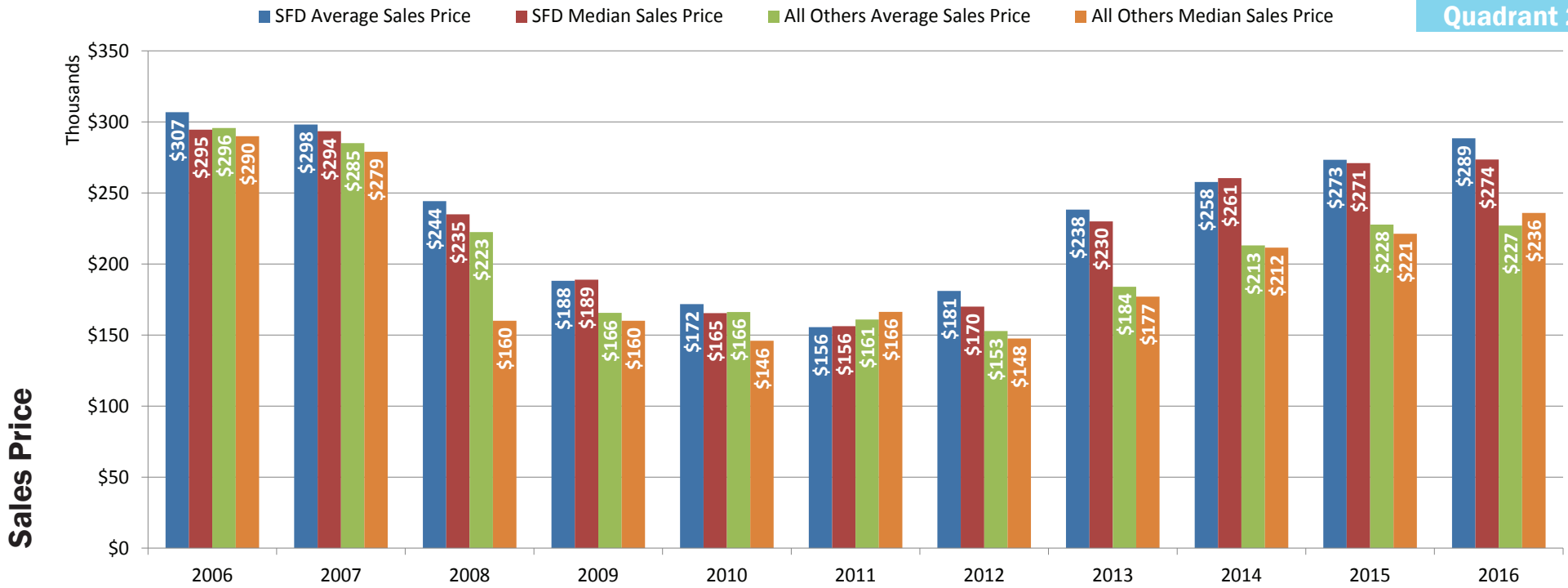
Resulting in a median monthly AO mortgage payment of

**\$1,378\***

Median resale values suggest a median household income between \$55,068 and \$55,392 would be required in order to own within this Quadrant.

\*NOTE: Estimated mortgage payments assume a 20% down payment at a 30 year conventional interest rate of 3.66% principle and interest only, and not inclusive of homeowner association fees (more typical within the All Other typology). Consequently, household income requirements assume that monthly household expenses on housing costs are at least 30% of the total household income.





Median SFD Housing values are less than in 2006.

**8%**

Responding to the decrease of 30-year annual interest rates, median monthly SFD housing mortgage costs have decreased by

**32%**

Resulting in a median monthly SFD mortgage payment of

**\$1,215\***

Median AO Housing values are less than in 2006.

**19%**

Responding to the decrease of 30-year annual interest rates, median monthly AO housing mortgage costs have decreased by

**41%**

Resulting in a median monthly AO mortgage payment of

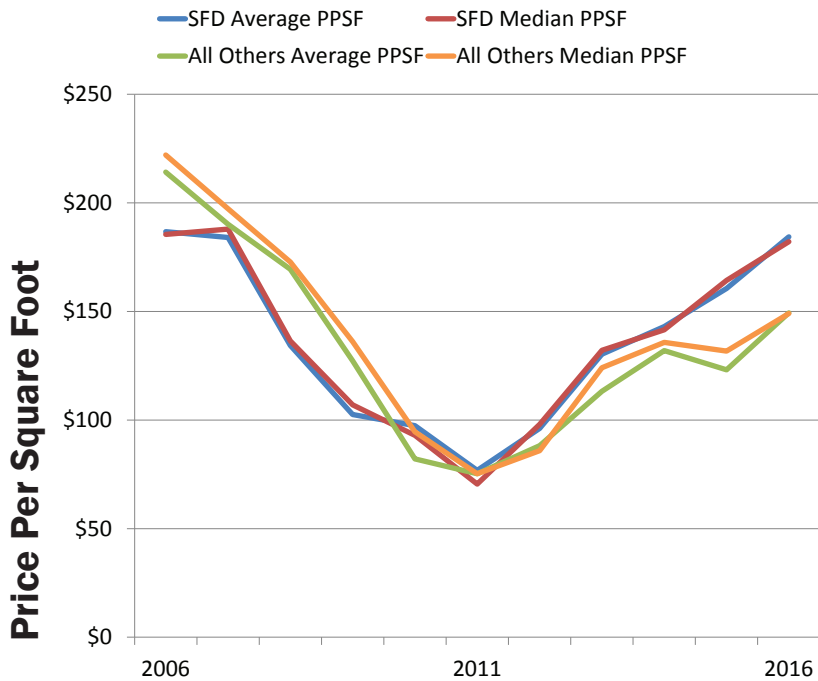
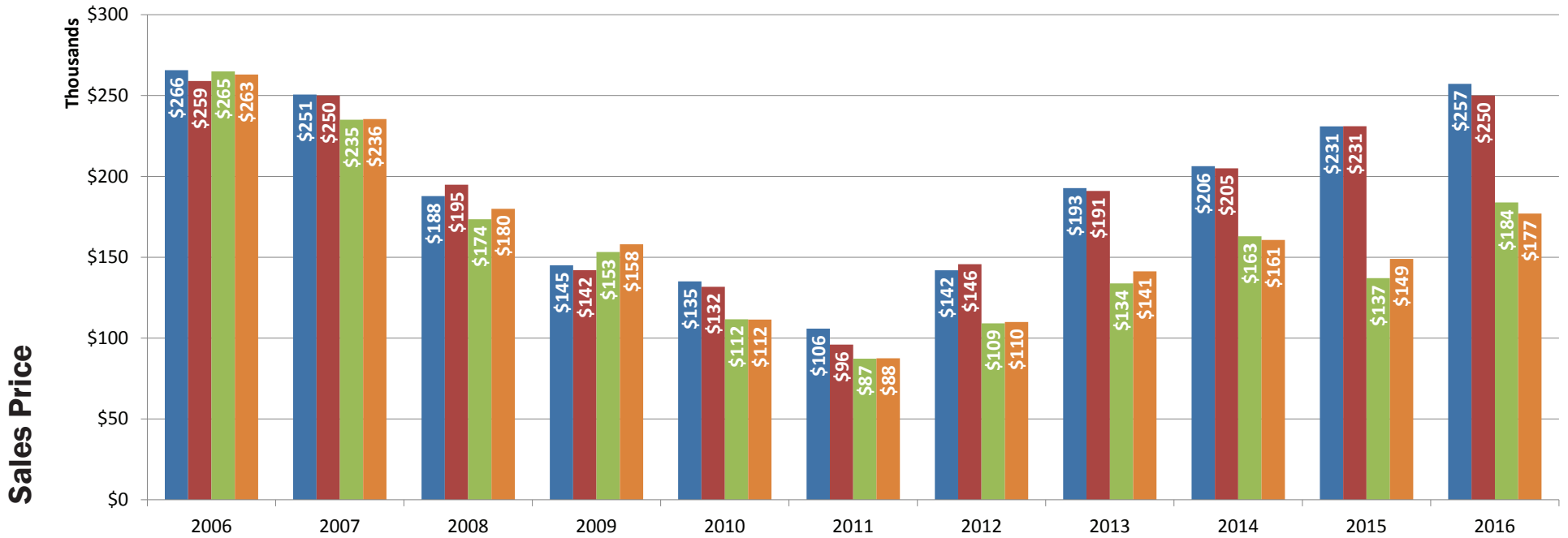
**\$1,048\***

Median resale values suggest a median household income between \$41,880 and \$48,552 would be required in order to own within this Quadrant.

\*NOTE: Estimated mortgage payments assume a 20% down payment at a 30 year conventional interest rate of 3.66% principle and interest only, and not inclusive of homeowner association fees (more typical within the All Other typology). Consequently, household income requirements assume that monthly household expenses on housing costs are at least 30% of the total household income.

# Quadrant 3

■ SFD Average Sales Price ■ SFD Median Sales Price ■ All Others Average Sales Price ■ All Others Median Sales Price



Median SFD Housing values are less than in 2006.

**3%**

Responding to the decrease of 30-year annual interest rates, median monthly SFD housing mortgage costs have decreased by

**30%**

Resulting in a median monthly SFD mortgage payment of

**\$1,111\***

Median AO Housing values are less than in 2006.

**33%**

Responding to the decrease of 30-year annual interest rates, median monthly AO housing mortgage costs have decreased by

**51%**

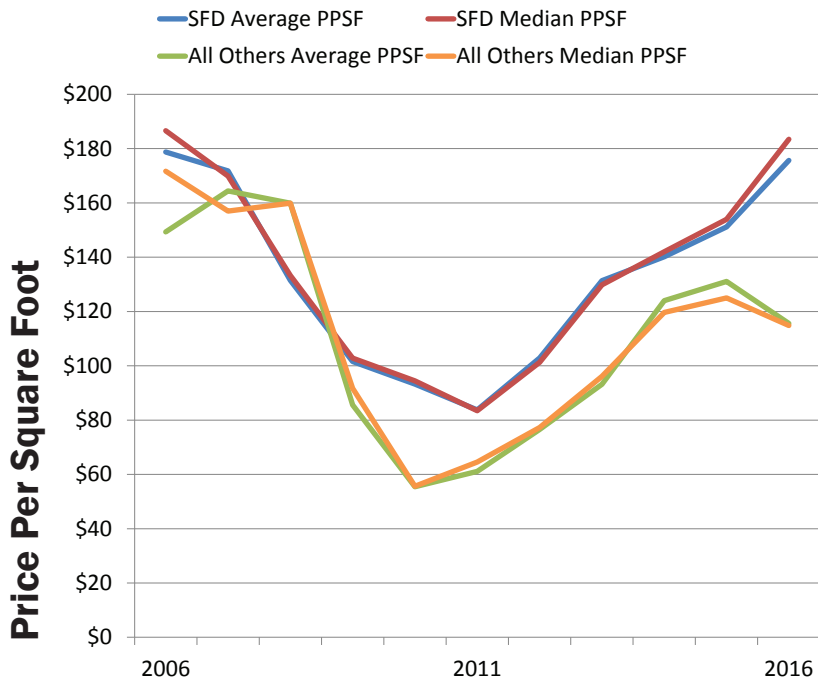
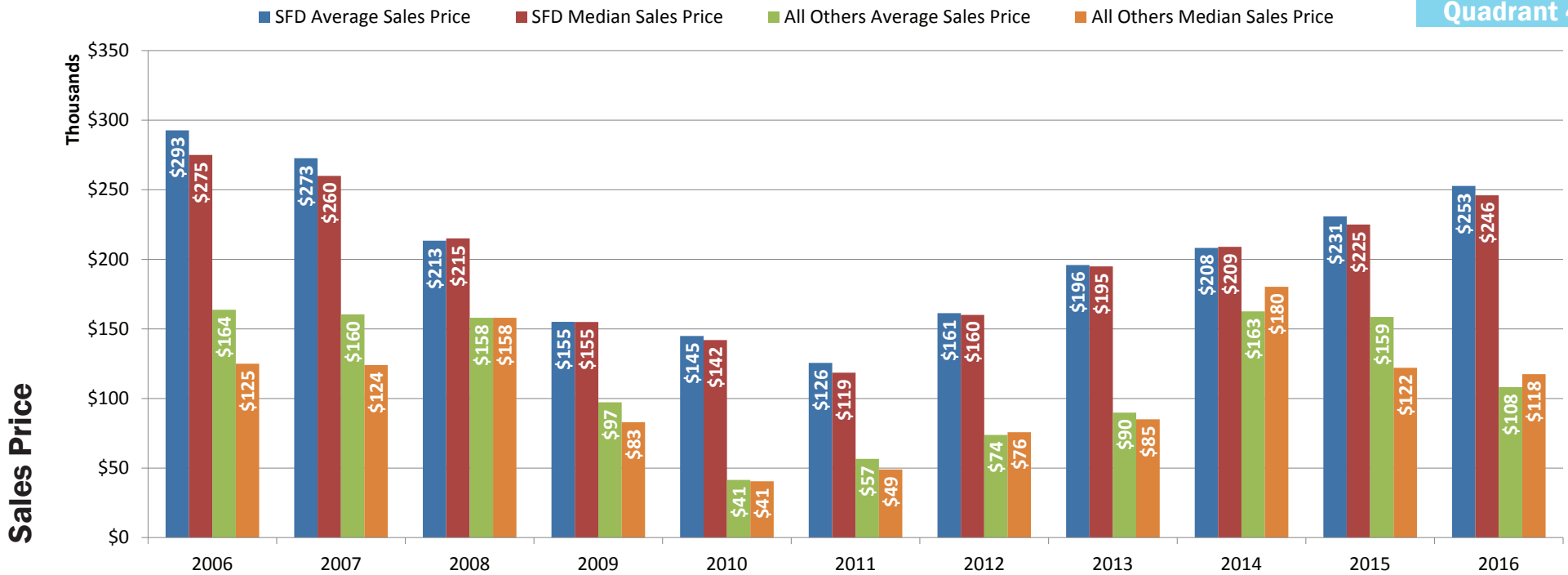
Resulting in a median monthly AO mortgage payment of

**\$786\***

Median resale values suggest a median household income between \$31,428 and \$44,388 would be required in order to own within this Quadrant.

\*NOTE: Estimated mortgage payments assume a 20% down payment at a 30 year conventional interest rate of 3.66% principle and interest only, and not inclusive of homeowner association fees (more typical within the All Other typology). Consequently, household income requirements assume that monthly household expenses on housing costs are at least 30% of the total household income.





Median SFD Housing values are less than in 2006.

**11%**

Responding to the decrease of 30-year annual interest rates, median monthly SFD housing mortgage costs have decreased by

**35%**

Resulting in a median monthly SFD mortgage payment of

**\$1,093\***

Median AO Housing values are less than in 2006.

**6%**

Responding to the decrease of 30-year annual interest rates, median monthly AO housing mortgage costs have decreased by

**27%**

Resulting in a median monthly AO mortgage payment of

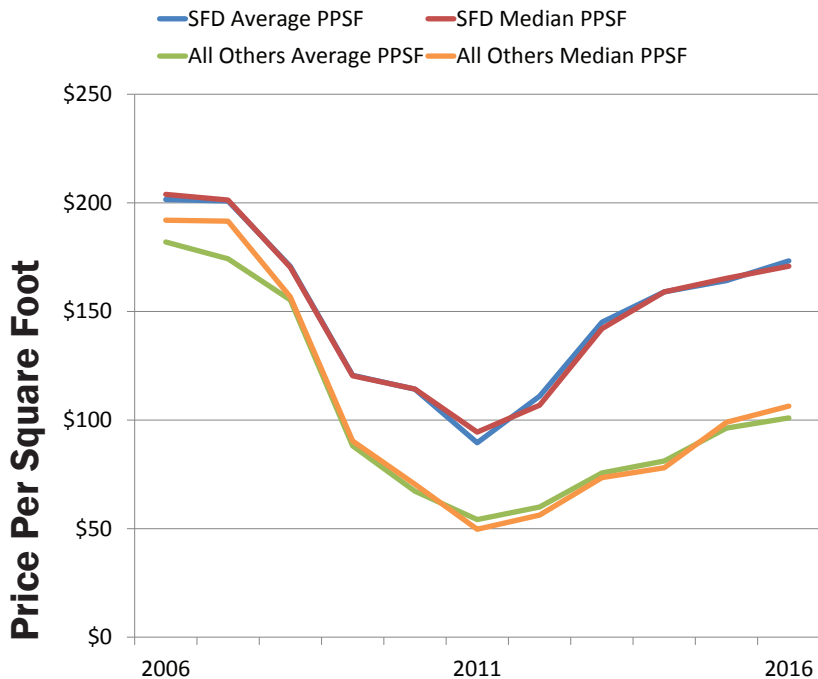
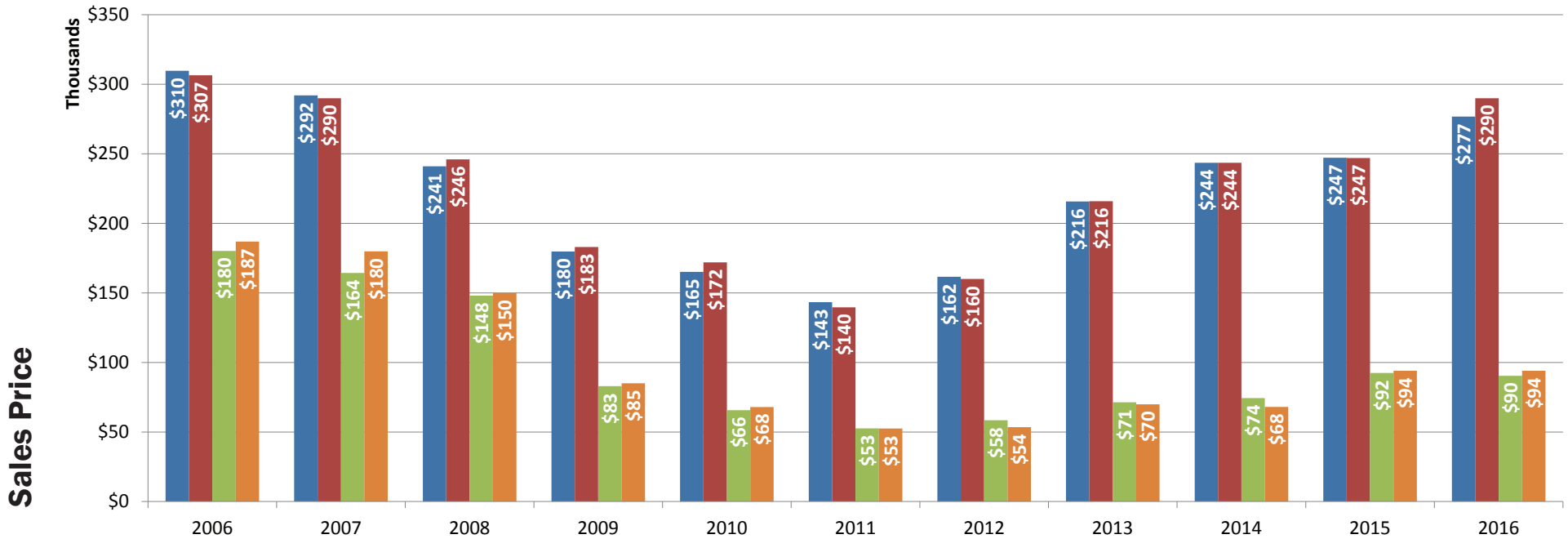
**\$552\***

Median resale values suggest a median household income between \$20,856 and \$43,668 would be required in order to own within this Quadrant.

\*NOTE: Estimated mortgage payments assume a 20% down payment at a 30 year conventional interest rate of 3.66% principle and interest only, and not inclusive of homeowner association fees (more typical within the All Other typology). Consequently, household income requirements assume that monthly household expenses on housing costs are at least 30% of the total household income.

# Quadrant 5

■ SFD Average Sales Price ■ SFD Median Sales Price ■ All Others Average Sales Price ■ All Others Median Sales Price



Median SFD Housing values are less than in 2006.

**5%**

Responding to the decrease of 30-year annual interest rates, median monthly SFD housing mortgage costs have decreased by

**31%**

Resulting in a median monthly SFD mortgage payment of

**\$1,288\***

Median AO Housing values are less than in 2006.

**50%**

Responding to the decrease of 30-year annual interest rates, median monthly AO housing mortgage costs have decreased by

**63%**

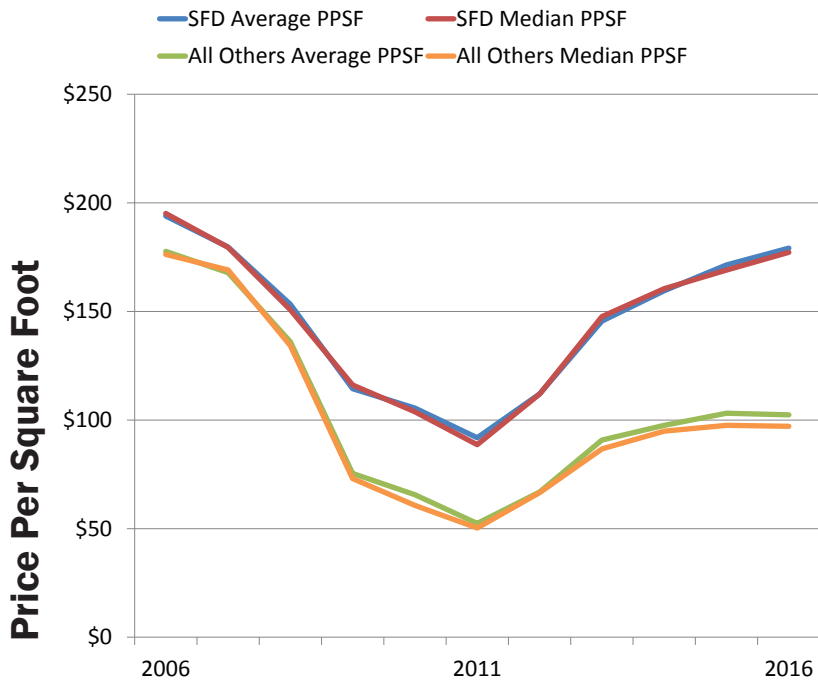
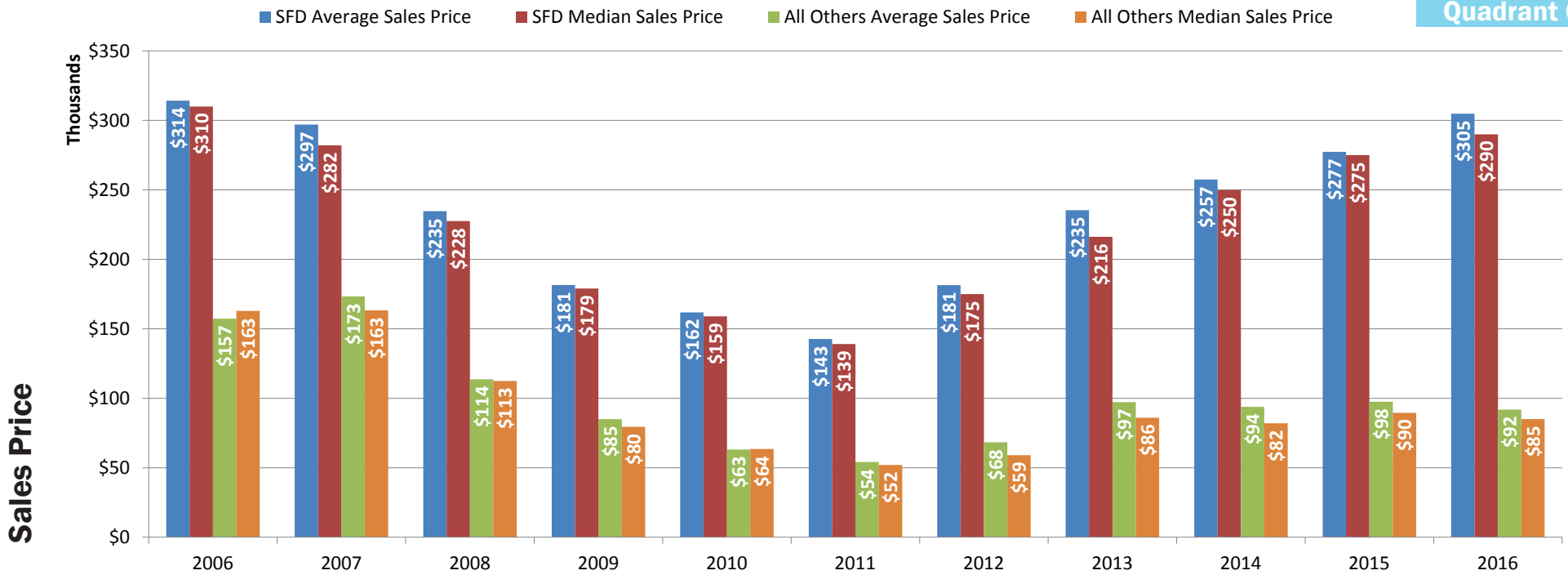
Resulting in a median monthly AO mortgage payment of

**\$418\***

Median resale values suggest a median household income between \$16,692 and \$51,480 would be required in order to own within this Quadrant.

\*NOTE: Estimated mortgage payments assume a 20% down payment at a 30 year conventional interest rate of 3.66% principle and interest only, and not inclusive of homeowner association fees (more typical within the All Other typology). Consequently, household income requirements assume that monthly household expenses on housing costs are at least 30% of the total household income.





Median SFD Housing values are less than in 2006.

**6%**

Responding to the decrease of 30-year annual interest rates, median monthly SFD housing mortgage costs have decreased by

**32%**

Resulting in a median monthly SFD mortgage payment of

**\$1,288\***

Median AO Housing values are less than in 2006.

**48%**

Responding to the decrease of 30-year annual interest rates, median monthly AO housing mortgage costs have decreased by

**62%**

Resulting in a median monthly AO mortgage payment of

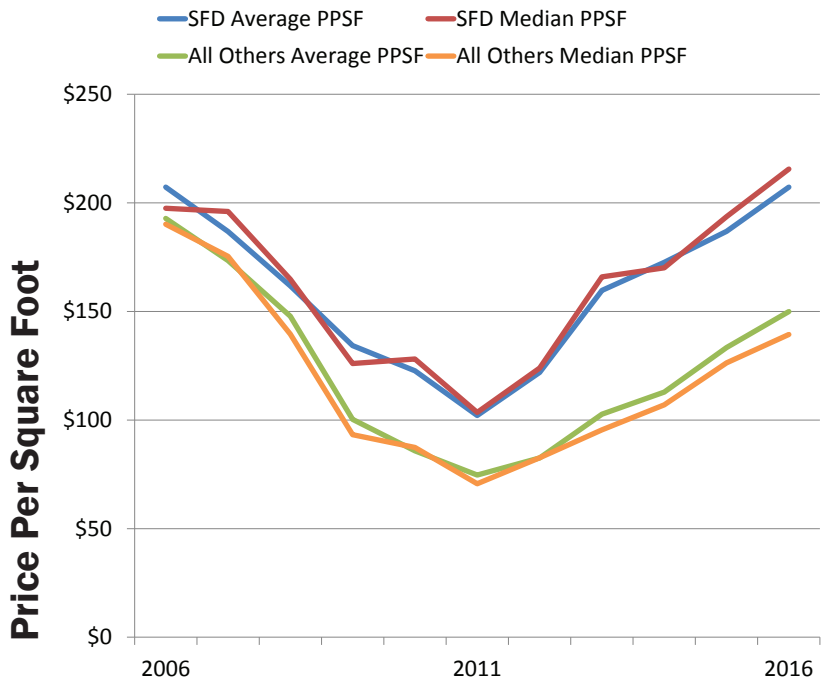
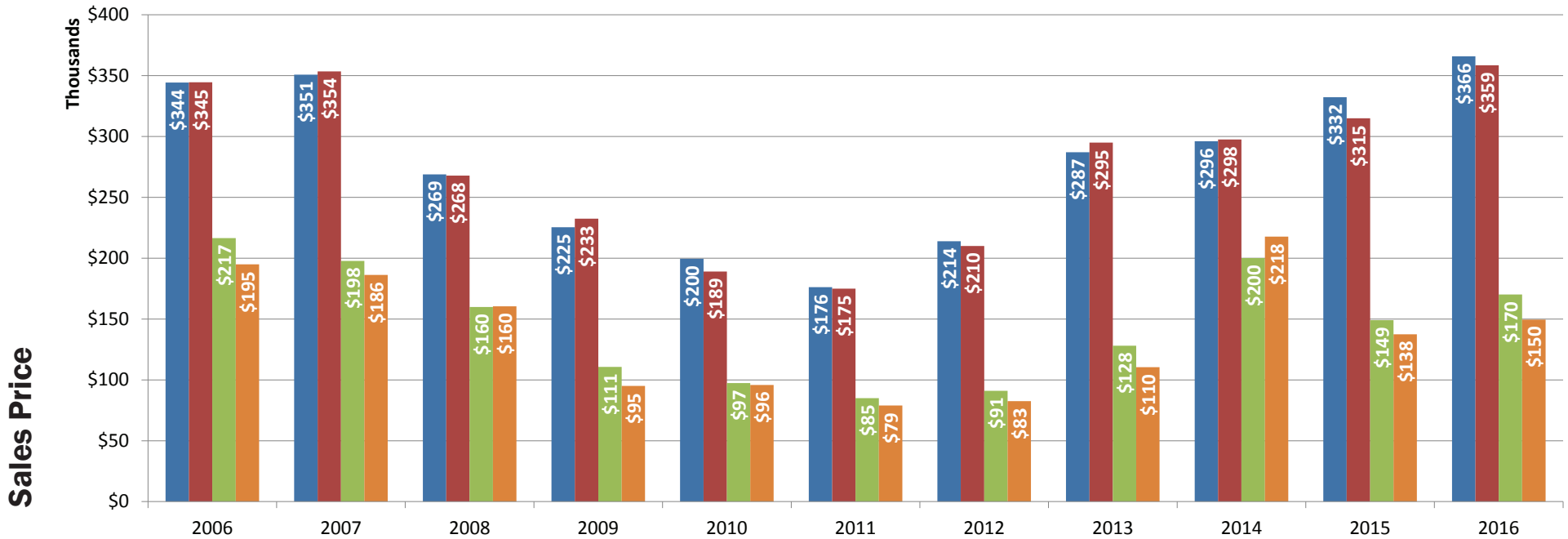
**\$378\***

Median resale values suggest a median household income between \$15,096 and \$51,480 would be required in order to own within this Quadrant.

\*NOTE: Estimated mortgage payments assume a 20% down payment at a 30 year conventional interest rate of 3.66% principle and interest only, and not inclusive of homeowner association fees (more typical within the All Other typology). Consequently, household income requirements assume that monthly household expenses on housing costs are at least 30% of the total household income.

# Quadrant 7

■ SFD Average Sales Price ■ SFD Median Sales Price ■ All Others Average Sales Price ■ All Others Median Sales Price



Median SFD Housing values are more than in 2006.

**4%**

Responding to the decrease of 30-year annual interest rates, median monthly SFD housing mortgage costs have decreased by **24%**

Resulting in a median monthly SFD mortgage payment of **\$1,593\***

Median AO Housing values are less than in 2006.

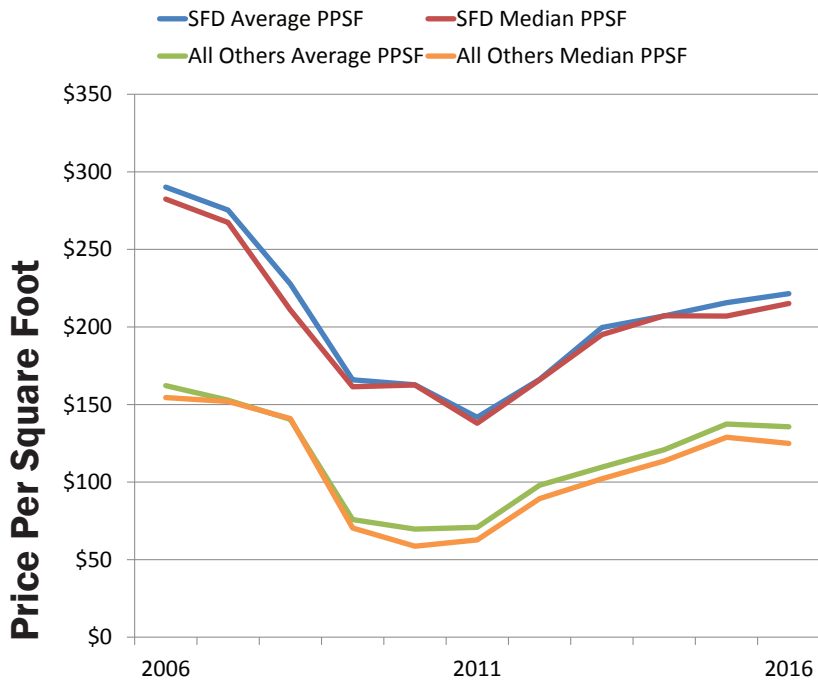
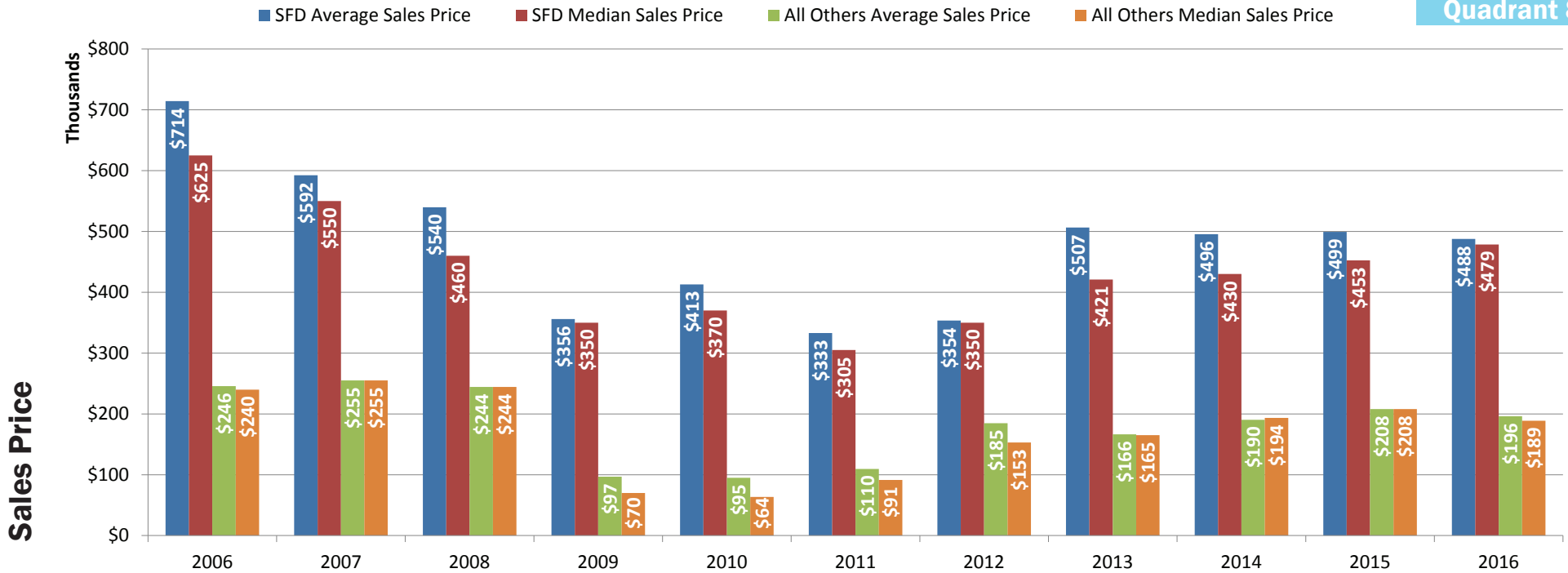
**24%**

Responding to the decrease of 30-year annual interest rates, median monthly AO housing mortgage costs have decreased by **44%**

Resulting in a median monthly AO mortgage payment of **\$664\***

Median resale values suggest a median household income between \$26,544 and \$63,648 would be required in order to own within this Quadrant.

\*NOTE: Estimated mortgage payments assume a 20% down payment at a 30 year conventional interest rate of 3.66% principle and interest only, and not inclusive of homeowner association fees (more typical within the All Other typology). Consequently, household income requirements assume that monthly household expenses on housing costs are at least 30% of the total household income.



Median SFD Housing values are less than in 2006.

**23%**

Responding to the decrease of 30-year annual interest rates, median monthly SFD housing mortgage costs have decreased by

**44%**

Resulting in a median monthly SFD mortgage payment of

**\$2,126\***

Median AO Housing values are less than in 2006.

**21%**

Responding to the decrease of 30-year annual interest rates, median monthly AO housing mortgage costs have decreased by

**44%**

Resulting in a median monthly AO mortgage payment of

**\$839\***

Median resale values suggest a median household income between \$33,504 and \$84,948 would be required in order to own within this Quadrant.

\*NOTE: Estimated mortgage payments assume a 20% down payment at a 30 year conventional interest rate of 3.66% principle and interest only, and not inclusive of homeowner association fees (more typical within the All Other typology). Consequently, household income requirements assume that monthly household expenses on housing costs are at least 30% of the total household income.



