

CATHERINE REAGOR

Metro Phoenix foreclosures are not soaring. Don't believe the hype, and here's why



Catherine Reagor

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Metro Phoenix isn't facing a looming foreclosure crisis despite some warnings of one coming due to rising interest rates and lagging home prices.

National foreclosure headlines focus on increases but are often misleading.

The number of people in danger of losing houses to lenders in the Phoenix area is down.

That will disappoint some home shoppers looking for deals.

"Most metro Phoenix homeowners still have plenty of equity in their houses and low mortgage rates," said Cromford Report senior housing analyst Tina Tamboer.

So if Valley homeowners lose a job or can't make their mortgage payment for another reason, they can sell and avoid foreclosure.

Also, the Department of Veterans Affairs recently announced it will halt foreclosures on VA loans until May 2024.

In October, 315 homeowners received notices from lenders that they were facing foreclosure for missing payments, according to the Information Market. That's up from 234 in September but close to August's pace of 302 foreclosure notices.

And those numbers are historically very low.

Most lenders wait for borrowers to be three months behind on their home loan payments to file a notice of trustee sale. That is the first step in an Arizona foreclosure and is often called a pre-foreclosure because homeowners can still catch up and keep their house.

During the housing crash, pre-foreclosure filings against Valley homeowners hit a monthly record of 10,100 in March 2009.

Tom Ruff, veteran housing market analyst with The Information Market, said look at 2009-10 to see what “a foreclosure tsunami actually looks like.”

Then, lenders daily auctioned off hundreds of foreclosure homes with \$300,000 mortgages or more on the Maricopa County courthouse steps for as little as \$50,000.

Ruff said foreclosures are the “feared monster around the corner.”

Current national reports say the number of lenders moving to foreclose is rising quickly.

A recent press release headline from real estate data firm Attom said: “U.S. foreclosure activity shows continued rise in third quarter, approaching levels seen before pandemic.”

The Attom data shows lenders moved to foreclose on 68,961 U.S. properties during this year’s third quarter. That’s down 1% from the second quarter of 2023 and up only 3% from a year ago.

During September 2023, there were 30 residential foreclosures in metro Phoenix. That’s six more than in September 2022.

“I have to admit, it’s much more dramatic to say residential foreclosures shot up 24% year-over-year than to say six more,” said Ruff.

Housing analysts say that’s unnecessary drama the housing market doesn’t need.

Reach the reporter at catherine.reagor@arizonarepublic.com or 602-444-8040. Follow her on X, formerly known as Twitter, @CatherineReagor.

