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Pinal still fast-growing even as slowdown hits

Percentage of new housing units was nation's best at '05-'06 peak

STAFF AND WIRE

A bigger chunk of people's monthly income is going to cover the mortgage, and while Pinal County continues to be one of the fastest-growing communities in the country, it is experiencing a significant drop in new-home purchases, new census data show.

The new housing figures provide insight into the reasons for the slumping housing market: Since 1990, homeowners have faced a growing gap between their incomes and the price of their homes, an Associated Press analysis shows.

The Census Bureau released 2006 housing data Wednesday for every state, county, metro area and city with a population of at least 65,000. Income data were released last month.

Together, the figures provide a snapshot of the nation's economy just as housing prices were peaking in many areas. Since then, housing prices have started to tumble in many markets, fueled by a crisis in the subprime-loan market and dwindling credit even for some wealthier borrowers.

The figures released this week continue to show that Pinal County was front and center during the most recent homebuilding boom. But as in the rest of Arizona, the slowdown in the housing market since then has had an effect on its growth.

Pinal County saw more than 18,000 new housing units go up from July 1, 2005 to July 1, 2006, a 16.6 percent increase that according to the Census Bureau was tops among all counties in the nation.

"The 2005 to 2006 timeline is where we've seen the peak to be," Pinal County Supervisor David Snider said. "That falls in line with us being one of the five or six fastest-growing counties in the country."

The Census Bureau lists Maricopa County, which includes Phoenix, as the country's fastest-growing county in terms of number of units added. Maricopa added 42,980 housing units from July 1, 2005 to July 1, 2006, an increase of about 3 percent to just under 1.5 million units.

But in pure numbers, Maricopa's 3 percent beat out every other county in the country.

The number of new homes in the entire state grew by 3.5 percent in the same period.

In terms of the rate of growth, Arizona managed to put a couple of other counties on the Top 100 list nationwide.

Tiny Santa Cruz County was 54th, where 817 new homes translated to a 5.3 percent growth rate. And Yavapai County added 4,535 new homes for a 4.7 percent year-over-year increase.

The national rate of increase was just 1.4 percent.

Census Housing Estimates

The U.S. Census Bureau produces estimates of housing units for states and counties on an annual basis. Pinal County, Ariz., part of the Phoenix metro area, had the highest growth rate of housing units of any county in the nation as of July 2006, according to newly released U.S. Census Bureau estimates.

Meanwhile, neighboring Maricopa County was the biggest numerical gainer. The U.S. Census Bureau produces annual housing growth estimates.

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Pima County added 11,151 new housing units during that same time span, a 2.7 percent increase to 418,199 units.

The census figures account for new homes, apartments or even guest houses that were constructed during that period, a number that housing-market analysts say doesn't truly reflect an area's growth.

"That just means that's the number of homes being built," said John Strobeck of Bright Future Business Consultants.

"It's a worthless statistic," said R.L. Brown, publisher of the Phoenix Housing Market newsletter.

Brown, who keeps track of housing data for both Maricopa and Pinal counties, said during the 12-month span when Pinal added 18,073 housing units, it had only 12,086 new-home escrow closings, meaning many homes were built but not occupied.

And from July 2006 through June 2007, the county had only 9,642 new-home closings, a decrease of 20.2 percent from the year before.

"Pinal County has been as hard-hit as any submetro area by the end of the housing boom," Brown said. "It has been extremely slow in Pinal County ... and will continue to be so for the immediate future."

Brown said the reason for such a gap between the number of homes built and the number sold in Pinal County relates to two factors: the lack of transportation solutions for the area as well as a huge escalation in home prices for the county, making it less desirable to move so far from Tucson or Phoenix to find a home. Addressing those issues, he says, is the key to Pinal's home market rebounding.

"Eventually it will happen, because that's where the land is," Brown said.

Even though fewer homes are being built in Pinal, much of the county is still experiencing growth, said Paul Ringer, executive director of the Central Arizona Regional Economic Development Foundation.

He said commercial and industrial development in the area continues at a fast pace, meaning those who already live there are now starting to get to shop and play close to home.

Ringer said the slowdown has also been helpful to area governments.

"All of the cities we deal with around here have had an opportunity to catch up with the infrastructure that needs to be in place to handle the growth," Ringer said.

In Pima County, the number of housing units added each year has often fallen below the annual pace of population growth, market expert Strobeck said, so even with fewer homes being built, the Tucson area isn't in as bad a situation in terms of surplus as Maricopa or Pinal.

"From as far back as 1990 we typically saw a 2.6 to 2.9 percent increase in the number of units, but in some of those years the population was up 3 percent or more," Strobeck said.

Strobeck said the new census numbers are outdated because of the change in the housing market, which he calls a "new market" for the Tucson area.

Pima County had 8,665 new-home closings from July 2005 through June 2006 and 6,591 from July 2006 through June 2007, a 23.9 percent drop, according to numbers compiled by Strobeck.

"We're really going back to the markets we saw in the late '90s in terms of building permits being issued, and from about 2003 to 2004 for home closings," Strobeck said.

Overall, home-ownership rates are among historic highs, at 67.3 percent nationally.

Booming home values have increased wealth for many families, allowing them to use the equity in their homes to take out second and third mortgages to finance home improvements, pay for college or buy automobiles and other amenities.

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- *The Star's Brian J. Pedersen and Capitol Media Services' Howard Fischer contributed to this report, as did The Associated Press.*

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