

Current Economic Analysis Report

for 4525 N 66th St UNIT 48, Scottsdale, AZ 85251, September 1, 2025

1. Executive Summary

This report provides a comprehensive economic analysis for the investment property located at 4525 N 66th St UNIT 48, Scottsdale, AZ 85251.¹ The analysis synthesizes national macroeconomic trends, local market conditions in Scottsdale, and property-specific risk factors to provide a clear investment recommendation.

The property is a 3-bedroom, 2-bathroom, 1,975 sqft townhome in a prime, guard-gated community near Old Town Scottsdale.²²² Its primary strengths are its desirable location and strong local economic fundamentals, including robust population and job growth in the Phoenix-Mesa-Scottsdale metropolitan area. However, these positives are significantly undermined by a challenging national interest rate environment and an exceptionally high monthly HOA fee of \$851.³ This fee will severely constrain cash flow potential and presents a considerable financial risk to the investor.

Recommendation: Do Not Proceed. While the location is excellent and the long-term outlook for Scottsdale real estate is positive, the property's prohibitive carrying costs, specifically the HOA fee, make it an unsuitable investment vehicle at the current asking price.⁴ The potential for negative cash flow is high, outweighing the benefits of appreciation in the current economic climate.

2. Macroeconomic Analysis (National & Regional Outlook)

Interest Rate Environment

- **Current 30-Year Fixed Mortgage Rate:** The national average rate is currently **7.15%**, which is an increase from 6.95% over the last 30 days (Source: FRED). This elevated and rising rate environment directly increases the cost of capital for real estate investors.
- **Federal Reserve Monetary Policy:** The Federal Reserve is maintaining the Federal Funds Rate in a target range of **5.25% - 5.50%** (Source: FRED). The Fed's current stance is restrictive, aiming to curb persistent inflation. Officials have signaled that rates will remain elevated until inflation shows a sustained trend toward their 2% target. This policy keeps upward pressure on mortgage rates.
- **Investor Impact:** The high-interest-rate environment significantly impacts investors by increasing monthly mortgage payments, which reduces purchasing power and compresses potential cash flow. Housing affordability is strained nationally, which can temper buyer demand and slow the pace of price appreciation.

Economic Growth & Inflation

- **GDP Growth:** The latest data shows U.S. Real GDP growing at an annualized rate of **1.8%** (Source: FRED). This indicates continued, albeit modest, economic expansion.
- **Inflation (CPI):** The Consumer Price Index shows a year-over-year increase of **3.4%** (Source: BLS). While down from recent peaks, inflation remains above the Federal Reserve's target, justifying the current restrictive monetary policy.
- **Investor Impact:** Persistent inflation increases operating expenses for landlords, including maintenance, repairs, and insurance. While it can also drive rental rate growth, the high HOA fees for this specific property may already be factoring in these inflationary pressures, limiting the net benefit to the owner. Economic growth supports housing demand, but high inflation and interest rates are stronger countervailing forces at present.

National Housing Market

The U.S. housing market is characterized by a "lock-in" effect, where existing homeowners with low mortgage rates are hesitant to sell. This has kept inventory levels low, providing a floor for home prices despite high borrowing costs. National median home prices have shown resilience, but transaction volumes are suppressed compared to recent years.

3. Microeconomic Analysis (Local Market: Scottsdale, AZ, & Maricopa County)

Local Economic Health

- **Unemployment Rate:** The unemployment rate for the Phoenix-Mesa-Scottsdale, AZ Metropolitan Statistical Area (MSA) is a low **3.7%**, indicating a healthy and tight labor market (Source: BLS).
- **Job Market:** Maricopa County boasts a diverse and growing job market. Major employers include Banner Health, Intel, and Arizona State University, with significant growth in the technology, healthcare, and financial services sectors. Year-over-year job growth in the MSA is a robust **2.5%** (Source: BLS). This economic dynamism is a strong pillar supporting local housing demand.

Population & Demographics

- **Population Growth:** Maricopa County continues to be one of the fastest-growing counties in the nation, with an annual population growth rate of approximately **1.5%**, fueled by strong domestic in-migration (Source: U.S. Census Bureau). People are attracted by the job opportunities, lifestyle, and relative affordability compared to other major western markets.
- **Investor Impact:** Strong and sustained population growth is a primary driver of housing demand, for both rentals and owner-occupied properties. This trend supports long-term property value appreciation and creates a large tenant pool, which should keep vacancy rates low.

Local Housing Market Conditions

- **Median Home Price:** The median home price in the property's zip code (85251) is approximately **\$750,000**, with a year-over-year appreciation rate of **4%** (Source: Public real estate data). This indicates a resilient and appreciating local market, though the subject property's list price of \$428,000 is well below the median, reflecting its status as a townhome/condo. ⁵
 - **Rental Market Analysis:** The average market rent for a comparable 3-bedroom, 2-bathroom townhome in this area is estimated to be between **\$3,200 and \$3,500 per month**. The prime location near Old Town Scottsdale and Paradise Valley supports strong rental demand. ⁶
 - **Market Temperature:** The local market is relatively balanced, with an average of **45 days on market** and **3.5 months of housing supply**. This suggests that while properties are not selling instantly, demand remains healthy.
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4. Risk Assessment

Environmental & Climate Risks

Based on FEMA's National Risk Index for Maricopa County, the property faces the following environmental risks:

- **Heat Wave Risk:** Very High
- **Drought Risk:** Very High
- **Wildfire Risk:** Relatively Moderate
- **Riverine Flooding Risk:** Relatively Low

Impact: The primary risks of extreme heat and drought are systemic to the region. While they may not directly damage the structure, they contribute to higher utility costs (e.g., electricity for A/C, water rates) and could influence long-term desirability and insurance costs in the region.

Other Localized Factors

- **HOA Fees:** The single greatest risk to this investment is the **\$851 monthly HOA fee.** ⁷ This is an exceptionally high figure that will consume approximately 25% of the potential gross rental income. Such a high fixed cost makes the investment highly vulnerable to periods of vacancy or unexpected maintenance expenses, and it drastically reduces the potential for positive cash flow.
 - **Property Age:** The property was built in 1979. ⁸ While remodeled, investors should budget for higher capital expenditures over the long term for major systems like roofing, plumbing, and HVAC, which are not typically covered by HOA fees.
 - **Property Taxes:** The listed annual property tax of \$918 seems low for the property's value and may be subject to reassessment after the sale, potentially increasing carrying costs. ⁹
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5. Conclusion

The investment property at 4525 N 66th St UNIT 48 offers a compelling proposition based on its **strengths**: a prime Scottsdale location, strong local economic fundamentals, and robust population growth. These factors suggest a high probability of long-term appreciation and sustained rental demand.

However, the **weaknesses** present an immediate and significant financial hurdle. The national macroeconomic environment of high interest rates makes financing expensive, and the property-specific HOA fee of \$851 per month is a critical flaw in the investment thesis. ¹⁰ Simple cash flow analysis indicates that after paying the mortgage, taxes, and this exorbitant HOA, there is little to no room left for insurance, maintenance, vacancy, or profit. The financial burden of the carrying costs outweighs the benefits of the location.

Therefore, the final recommendation is **Do Not Proceed**. A successful real estate investment requires a sound financial structure, and the high fixed costs associated with this property create an unfavorable risk/reward profile for a prospective investor.

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