



Service
First
Realty

Maureen Porter
Service First Realty LLC
(602)448-6313 1-877-AZ4-CDNS
maureen@arizonaforcanadians.com

Volume I Edition III

IF IT SOUNDS TO GOOD TO BE TRUE

In This Edition

What to consider when buying your home in Arizona

Community Focus: Anthem – Award winning master planned community in North Phoenix

Many Canadians have been educating themselves on the great opportunities in real estate south of the border. Articles, blogs, and U.S. Realtors have all been talking about cheap real estate, low interest rates, the high Canadian dollar and the once in a lifetime opportunity that convergence of these three factors represent. Let's look a little more closely at what all this means.

Where to Buy

Many Canadians have been to Florida or Arizona. As a result, these two states are attracting the most interest from Canadian buyers. Canadians now represent by far the largest group of foreign buyers of Arizona real estate. Statistics quoted in the press suggest that Canadians are involved in 20% of the real estate transactions in the state. Why are Canadians choosing Arizona?

1. The warm consistent weather. Winter weather in Arizona is characterized by blue skies, warm sunshine and low humidity. Normal daytime temperatures are in the low to mid 20's with less than 1 inch of rain per month.
2. Arizona has seen the price of real estate drop over 50% since the peak in June 2006. Contrast that to the historical average annual increase of 9% per year since 1980 and this market bottom has no where to go but up over the medium to long term. The Phoenix area had the highest population growth in the U.S. in 2005 and 2007.
3. The cost of home ownership is low in Arizona.
 - a. Property taxes are the same for all classes of home owners (contrast this to Florida where out of state residents pay triple what Florida residents pay) and typically are about .7% to 1% of assessed value of the property.

- b. Home insurance costs are low due to the consistency of the weather and lower cost of construction. Home insurance for a typical 1500-2000 sq. ft. house including contents can be found for \$400-\$500 per year. Contrast this to Florida where it is difficult to get coverage against hurricanes (damage by wind or rain) and the premiums are extremely high.
 - c. Home Owners Associations (HOA) fees are typically less than \$100 per month.
4. Arizona is characterized by vast open spaces. Not only does this mean less traffic, pollution and crime than many states – it also means that they build out rather than up. You won't see high rise condos and office buildings all over the place blocking your views and you won't find condo developments with a high number of vacancies due to over zealous builders and speculators. Condo projects are typically low-rise two to three story structures with 4-6 units per building and 10-20 buildings per development. Facilities vary, but most projects have heated pools and spas, fitness facilities and outdoor basketball or volleyball courts and BBQ areas. HOA costs are low and HOA balance sheets are strong because of lower vacancy rates than many states. Contrast this to Florida where HOA fees are high and assessments to owners are common due to the high vacancy rate in the thousands of projects throughout the state. There may be great prices to attract buyers but the ongoing cost of ownership may be prohibitive.

What is your primary use for the home?

1. Do you want a vacation home to escape the Canadian winter? If so, your most important search criteria might be based upon location (near golf, shopping, friends), size and features of house (bedrooms, pool, floor plan) or community amenities (gated, golf course, social activities).
2. Will you want to rent the house out on a part-time or full time basis? If you plan to furnish the home, use it part-time and offer it for rental to vacationers, then location will be very important. People coming on vacation will want to be close to certain amenities (airport, golf, restaurants, shopping, nightlife) and expect certain features in a home (heated pool, home entertainment systems, nice kitchen and cooking equipment) and typically want 4 bedrooms for golfers, families or two couples with kids).
3. Is the home strictly for investment purposes? If so, what areas are in demand (both desirable to renters and not full of vacant homes to compete against), have the best chance at appreciation, and will attract the type of tenant you are looking for. Safe, newer neighbourhoods are the best places to invest as they attract tenants with better credit histories, and will be the first areas to come back when the real estate market improves. Lastly, save yourself the headaches - hire a property management company to look after your home and tenants. We have good companies we recommend.
4. Are you prepared to spend some money in fixing up a home? If so, don't become the best home on the block as the old maxim "location, location, location" still applies.

Hire a reputable contractor with good references (we have ones we can recommend) and be prepared to spend time onsite making sure the work is done to your satisfaction. Getting someone back in after you've paid them is a lot more difficult than making sure things are done properly before final payment is made.

Which are the best communities to buy in?

For vacation homes – with rental use

The most popular vacation communities are in Scottsdale, Fountain Hills, Chandler and Tempe. You can check out our website for more information on these areas but they have all the amenities and the central location that most people want. The homes here are priced higher than other areas, but they are also the most in demand and offer the best potential for appreciation.

For vacation homes – personal use only

There are no hard and fast rules here other than the financial considerations mentioned above. Make sure you like the community. Is it close to where you will want to spend your time (golf, shopping etc.)? Is the quality of construction to your satisfaction? Is it a safe area? Will your home appreciate in value?

For investment properties

The best communities to buy in have low crime rates (see our link to Phoenix area crime statistics below), newer construction and are centrally located. The location of a rental property is doubly important because it should be close to jobs or an easy commute. When gas hit \$4.00 a gallon here in 2008, home rentals in outlying areas dried up.

The highest demand areas for renters are currently Anthem, North Phoenix, Sun City, Glendale, Goodyear, Laveen and Tempe. They each represent different price points, rental rates and appreciation opportunities, but all should rent well and draw good tenants.

How much should I spend?

1. Most importantly, spend what you are comfortable with. Can you afford the loan or mortgage payments and home ownership costs?
2. If so, what will be the soundest investment that will satisfy your needs? Besides buying a nice home, make sure you consider income potential and exit strategy. Buying the right home in the wrong area or visa versa can saddle you with a poor investment that may be difficult to rent or sell.
3. Don't pay less thinking you will get a better return on investment. The homes that are in the better areas will appreciate more and represent the least risk. Buying a home in a high crime, old run down neighbourhood or in a location far away from the city centre may look good on paper, but there will be few renters who want to live there and fewer home owners who will want to buy there. Be wary of unfinished developments, very few **new homes** are being bought or built so builders can be in

financial trouble and developments may sit with empty lots and unfinished amenities for years. In addition, some of the outlying communities have delayed planned retail and other community projects due to the poor economy and large number of vacancies in that area.

4. Be realistic. Homes that are advertised as great deals for \$50,000 are that price for a reason. Pictures of the inside and outside of a home on the internet don't tell the whole story. Check out all of the factors mentioned above before settling on a home or an area. Today's better investment opportunities in the Phoenix area can be bought for as low as \$50-\$60 per square foot and rented out for up to \$.50 - .60 per sq. ft. per month. These are homes in good neighbourhoods that are in demand as rentals as will generate significant positive cash flow. Homes are now selling for over 95% of the list price. If a home is priced correctly, which most are now, don't expect to get it for significantly less than the asking price. Don't forget there is already a three year history of price declines built in to these prices which are now often less than half of what the home sold for in 2005-2007.
5. Consider all types of sales, normal, foreclosures and even short sales if you have the time and patience. There is only one market out there and all home owners need to adapt to the comparable sales in their area.
6. Most importantly, deal with an experienced realtor who understands the market, has satisfied customers and understands the requirements of working with Canadians. The transaction process, financing and tax rules for Canadians are not the same as they are for Americans – knowing these differences can be crucial in making sure your purchase goes smoothly.

For more information on Phoenix area crime statistics

Go to: <http://www.azcentral.com/CrimeMaps/>

Focus on Anthem in North Phoenix

The community of Anthem is an award winning master planned community in North Phoenix. Conveniently located off Interstate 17 about 10 minutes north of the 101, Anthem is quickly becoming known as the Scottsdale of the north without the Scottsdale prices. Nestled up against Daisy Mountain, the community of Anthem was developed by Del Webb (now owned by Pulte Homes) in 1999. It took less than 10 years to sell and build all of the homes (it was originally expected to take 20 years to do so) and now it is a mature, fully built out active community with most of the amenities anyone would need right locally or within a 10 minute drive. Anthem is comprised of three areas: Anthem Country Club, Anthem Parkside and the Village Condos.

Anthem Country Club is tucked away within a gated, resort-style community. It was voted the Best Master Planned Community in America by the National Association of Home Builders when it opened in 2001. The country club is comprised of 2,900 single level south-west style homes ranging in size from 2 bedroom, 1100 sq. ft. models to 5 bedroom grand homes at 4600 sq. ft.

Locally, Anthem is known as the Club with two of everything — two championship golf courses, two golf practice facilities, two spectacular clubhouses, two dining rooms, two state-of-the-art fitness centers, two heated pools, and two tennis gardens. Social Membership is an integrated part of the homeowner experience for residents of the country club community. Golf membership is optional and gives members year end access to both golf courses. Social members may play both of these private 18 golf courses on a pay as you play basis.

For more information click on the link below

[Anthem Golf & Country Club | Private Golf & Country Club - Anthem, Arizona](#)

Parkside by Pulte Homes is the all ages community, perfect for today's busy families, with loads of incredible amenities including a gigantic 43,000 sq foot community center, complete with state of the art fitness facilities, indoor basketball courts, a rock climbing wall and the popular Big Splash Water Park. Parkside offers a wide variety of homes to fit your needs with 31 single and two-story home plans ranging from 1483 - 4071 sq feet.

The Village at Anthem is a gated condominium community of 210 units nestled near Gavilan Peak in Anthem. The Community offers 1, 2, and three bedroom units with one and two car garages. Amenities in the community include a private pool, hydro spa and an exercise room. Residents of the community may also utilize the Anthem Community Center. Other amenities available to the residents are the Anthem Community Park consisting of 63 acres featuring catch and release ponds, waterfalls, walking paths, water park, various sports facilities throughout the main park as well as many pocket parks throughout the Community.

For more information click on the link below

[Village @ Anthem - Welcome to The Village at Anthem](#)

All three communities are fully built so there are no issues with ongoing construction or empty lots nearby. We live in anthem ourselves and found that our Canadian clients love its beautiful surroundings, amazing amenities and quiet solitude.

Homes in Anthem sell for on average between \$80 to \$120 per sq. ft. depending on the upgrades in the home and the backyard amenities. As well as being outstanding vacation homes, they are great investments as rental properties and are in extremely high demand. For a better idea of what is available in Anthem see some of the active listings below.

[Homes for sale in Anthem](#)