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Volume IV Edition I - April 2013

In This Edition

**So many areas – Which one(s) right for me?
Spring Market Update**



Areas in and around the Greater Phoenix Area

One question that most Canadians have who have not been to Phoenix before is what areas should they consider. Although there is no one right answer to this question, it can be somewhat daunting to start house hunting in a large area such as the Greater Phoenix Area when you haven't been here before. As a result, we often spend quite a bit of time with buyers trying to understand their interests and priorities and at the same time educating them as to the merits of different areas and which ones may be most suitable for them.

The GPA which covers all of Maricopa County covers 9,224 sq miles (23,890 km²) and has a population of approximately 4,000,000 people. The area is home to 13 Cities - such as Scottsdale , 11 Towns - such as Gilbert and numerous Named Communities - such as Anthem. Another way to describe the areas in the GPA is by population as the chart on the next page does. This chart also provides useful links to descriptions of each area.

<u>Phoenix Metropolitan Area</u>	
Core city	<ul style="list-style-type: none">• Phoenix
Largest suburbs (over 100,000 inhabitants)	<ul style="list-style-type: none">• Chandler• Gilbert• Glendale• Mesa• Peoria• Scottsdale• Surprise• Tempe
Other suburbs and towns (over 10,000 inhabitants)	<ul style="list-style-type: none">• Anthem• Apache Junction• Avondale• Buckeye• Casa Grande• El Mirage• Eloy• Florence• Fountain Hills

- [Goodyear](#)
- [Gold Canyon](#)
- [Luke Air Force Base](#)
- [Maricopa](#)
- [New River](#)
- [Paradise Valley](#)
- [Queen Creek](#)
- [San Tan Valley](#)
- [Sun City](#)
- [Sun City West](#)
- [Sun Lakes](#)

**Smaller suburbs and towns
(over 5,000 inhabitants)**

- [Carefree](#)
- [Cave Creek](#)
- [Coolidge](#)
- [Gila Bend](#)
- [Guadalupe](#)
- [Litchfield Park](#)
- [Superior](#)
- [Tolleson](#)
- [Wickenburg](#)
- [Youngtown](#)

Now that you have an idea of the lay of the land, let's consider which area(s) might suit you the best. The important considerations for any buyer include the following:

1. Budget – The prime factor in choosing locations is the amount of money you have available to make the purchase. Areas have different price points and within the GPA single family homes can start as low as \$100,000 in some communities or \$500,000 or more in others.
2. What is the primary use for the home?
 - a. Personal use only
 - b. Personal use and vacation rental (furnished)
 - c. Investment property (unfurnished rental)

Each of these uses may lead you to consider different areas as a home that is to be used to rent to vacationers has different requirements for location and amenities than a home to be used as a full time rental.

3. What do you want to be close to? Many people want to be close to shopping, restaurants, sports facilities, airports and golf courses and others may want to be in a less central location which is closer to the mountains and has scenic views and quieter surroundings.

With these things in mind let's look at a few different areas you may want to consider and the various attributes of each.

Scottsdale/Carefree

From its official incorporation in 1951 with a population of 2000, the city of Scottsdale has grown to a 2010 Census of 217,385. It is now the state's sixth-largest city. Scottsdale is commonly defined by its high quality of life, and in 1993 was named the "Most Livable City", in the United States by the United States Conference of Mayors. Located in the north east valley, it is continually ranked as one of the premier golf and resort destinations in the world, is home to the Phoenix Open Golf Tournament held at the Tournament Players Club every year and the Barrett Jackson car show held at WestWorld.

Cost - 2 bedroom condos typically start at about \$100,000 with newer units costing \$150,000 or more. Older single family homes can start as low as \$150,000 but you can expect to pay at least \$300,000 for a home built in the last 20 years.

Use - Scottsdale can accommodate practically any use due to it's large area and the high number of communities there. Many Canadians own vacation homes there and some derive significant rental income from them. For example, a typical 3 bedroom house with a pool rents for over \$2,000 per week in high season and a small 2 bedroom condo for over \$1200 per week. Also, Scottsdale is a popular area for young professionals who may not want to own a home at present and therefore there is a lot of rental demand for unfurnished rentals as well.

Amenities – Scottsdale is known for great golf courses, restaurants / night life, shopping, fabulous resorts and various tourist attractions. Scottsdale is also home to internationally renowned Entertainment Districts such Kierland Commons, City North, Old Town and the newly opened Scottsdale Quarter.

North Phoenix/Cave Creek/Anthem

The North Central part of Phoenix offers a great deal to residents. There is easy access to major freeways. By definition is it “central” — so no trekking across the Valley is required. Shopping, golf, medical facilities, restaurants, and more are readily available and easily accessible. The north valley is known for newer housing developments, beautiful mountain views, easy access to desert activities such as hiking, biking and horseback riding. Housing developments similar in quality to Scottsdale but at a fraction of the cost such as the award winning community of Anthem provide both snowbirds and investors alike a great opportunity to purchase quality homes at bargain basement prices. Communities such as Anthem Country Club, and Rancho Manana and Dove Valley Ranch feature resort like settings and a variety of home styles.

Cost - 2 bedroom condos typically start at about \$100,000 and single family homes start as low as \$150,000.

Use – Similar to Scottsdale this area can accommodate practically any use due to its large area and the high number of communities there. For example, a typical 3 bedroom house with a pool rents for over \$3000 per month in high season. Full time rentals are in high demand here because of the excellent schools and great facilities for families.

Amenities – Anthem Outlet Mall, Anthem Community Park with its catch and release fishing ponds, many sports fields and the two golf courses in Anthem CC draw many people to the area. [Lake Pleasant](#) which is a large lake with a marina, camping and great boating is also nearby.

West Valley towns of Sun City, Glendale, Peoria, Surprise, Litchfield Park and Avondale

Known as the home Sun City which is one of the first Adult age restricted communities built in the US. Sun City was launched January 1, 1960, with five home models, a shopping center, a recreation center, and a golf course. The opening weekend drew 100,000 people, ten times more than expected, and resulted in a *Time* magazine cover story. The future retirement community was built on the site of the former [ghost town](#) of [Marinette](#).^[1] Developer Del E. Webb expanded Sun City over the years, and his company went on to build other retirement communities in the [Sun Belt](#). [Sun City West](#) was built in the late 1970s, [Sun City Grand](#) in the late 1990s.

The west valley is also home to many newer communities that are very attractive to families. Many communities have been built there in the last 12 years and offer very affordable houses to families looking for a starter home. There are also some more upscale communities located here including Corte Bella in Sun City West, Trilogy at Vistancia in Peoria and Estrella Mountain Ranch in Goodyear.

Cost – Single family homes in these communities start in the low \$100,000’s and go up from there.

Use – Very strong full time rental market with some demand as a vacation destination.

Amenities - Just 30 minutes from Sky Harbor International Airport, the western portion of the greater Phoenix area is known as the West Valley. Home to more than 50 golf courses, Maricopa County's largest park, White Tank Mountain Regional Park, and a large portion of the Great Western Trail, the West Valley has experienced significant growth during the last decade. Many event venues including University of Phoenix Stadium, Jobing.com Arena and \$1 billion Westgate City Center call the West Valley home and the area rose to national fame in 2008 when it hosted Super Bowl XLIII. The West Valley also boasts Arizona's largest theme park, Wet 'n' Wild, which features more than 30 exhilarating water slides and attractions.

The East Valley

The East Valley is a growing area of the Greater Phoenix region that encompasses the communities of Mesa, Chandler, Tempe, Gilbert and Queen Creek. The region is affluent, well-educated and economically dynamic. More than 1.3 million people living in 650,000 households call the East Valley home. Its economy is driven by healthcare, education, aerospace, tourism and technology. It is home to [Intel's](#) two Chandler campuses, [Boeing's](#) Apache helicopter assembly plant and Orbital Sciences Corporation.

Cost – Single family homes start at about \$150,000 with lakefront properties starting in the mid \$250,000 range.

Use – Very strong full time rental market with some demand as a vacation destination. Intel is building a new 3,000,000 sf manufacturing facility and hiring an additional 1200 people. Very competitive market for homes priced under \$200,000.

Amenities - The region takes pride in its transportation system. In the air, the region is served by [Phoenix Sky Harbor](#) on its western border, [Phoenix-Mesa Gateway Airport](#) in east Mesa, and robust general aviation airports in Mesa, Scottsdale, and Chandler. On the ground, traffic is fed through a system of freeways that includes east-west and north-south loops and a bisection of the east-west [Superstition Freeway](#). In addition to airports and freeways, [Valley Metro](#) offers extensive bus routes and a [Light Rail](#) that connects the East Valley to the business and sporting district of [Downtown Phoenix](#).

[Arizona State University](#) serves the region with two-campus, the main campus in Tempe and the Polytechnic campus with its new College of Innovation and Technology in east Mesa. The region also boasts five community colleges and [A.T. Still University](#).

Three [Cactus League](#) teams make their spring ball homes in the East Valley, sunshine fed golf courses abound, as do the natural wonders of the [Superstition Mountains](#), the San Tan Mountains, the [Tonto National Forest](#) and the Lower Salt River Basin that beckon hikers, bikers, climbers, rafters and birders.

Spring 2013 Market Update

March was a somewhat stronger month for sales volumes but most trends continued in the same direction as they have for many months.

Here are the basic ARMLS numbers for April 1, 2013 relative to April 1, 2012 for all areas & types:

- Active Listings (excluding UCB): 16,415 versus 14,175 last year - up 15.8% - but down 3.9% from 17,090 last month
- Active Listings (including UCB): 20,670 versus 21,841 last year - down 5.4% - and down 3.7% from 21,460 last month
- Pending Listings: 10,658 versus 11,964 last year - down 10.9% - but up 3.5% from 10,300 last month
- Monthly Sales: 8,162 versus 8,187 last year - down 7.4% - but up 24.5% from 6,555 last month
- Monthly Average Sales Price per Sq. Ft.: \$113.10 versus \$93.57 last year - up 21% - and up 1.3% from last month
- Monthly Median Sales Price: \$167,000 versus \$130,000 last year - up 28.5% - and up 4.4% from last month

As is common for the end of a quarter, we saw a large number of sales closed on ARMLS in the last 2 working days of the month. These late closings had a slight bias towards the lower end of the market so the final sales price numbers for March saw a relatively small advance over February. I say relatively because a 1.3% jump in average \$/SF and a 4.4% jump in median sales price would normally be thought of as large. The closing of many cheaper homes has left the pending and UCB listings showing higher average \$/SF, suggesting strongly that sales prices will continue to move higher in April.

Our pending listing counts are rising much more slowly than they have at similar points in recent years. This shows us that rising prices are having a dampening effect on demand. However, out there in the market it is hard to detect the weakening in demand because supply remains so far below normal that sellers remain severely outnumbered by buyers. Sales volumes remain weaker than last year, down 7.4% from 12 months ago, but the deficit is less than in February. Bank-owned and short sale homes continue to get scarcer. Normal sales across Greater Phoenix were 29% higher than in March 2012. However lender owned sales in Greater Phoenix were down 51% and short sales and pre-foreclosures were down 43%. Supply remains weak, but the situation is not deteriorating as fast as it did this time last year when active listing counts were dropping very quickly. The number of new listings being added is almost (but not quite) enough to make up for the listings going under contract or getting cancelled or expired.

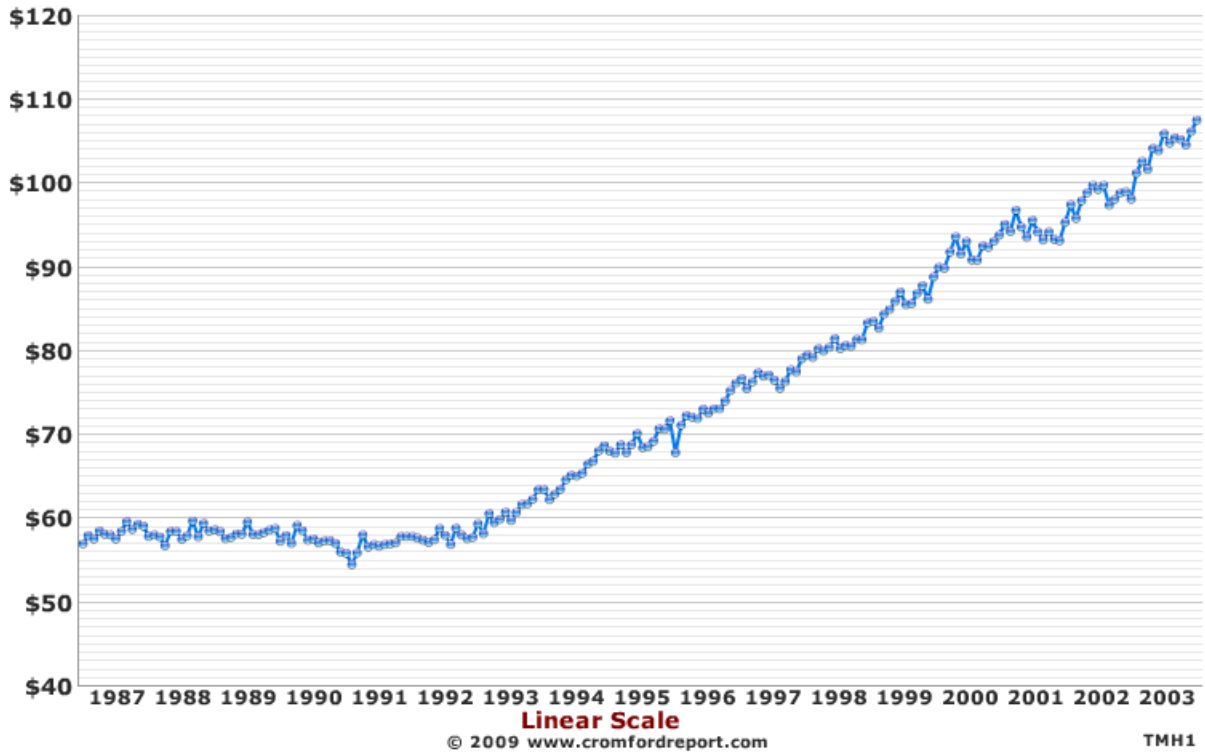
Appreciation rates are dropping because prices were rising so fast this time last year. It is unlikely that they will be able to rise so fast this year, but price will still rise at a strong pace over the near term, at least until we hit the summer months.

Normal sales took a 73% market share in February (the highest since February 2008) with short sales at 16% and REOs at 11% (their lowest share since December 2007).

It is expected that prices will rise at least 10% between February and June this year. March only delivered 1.3% so we must expect more movement in the next few months.

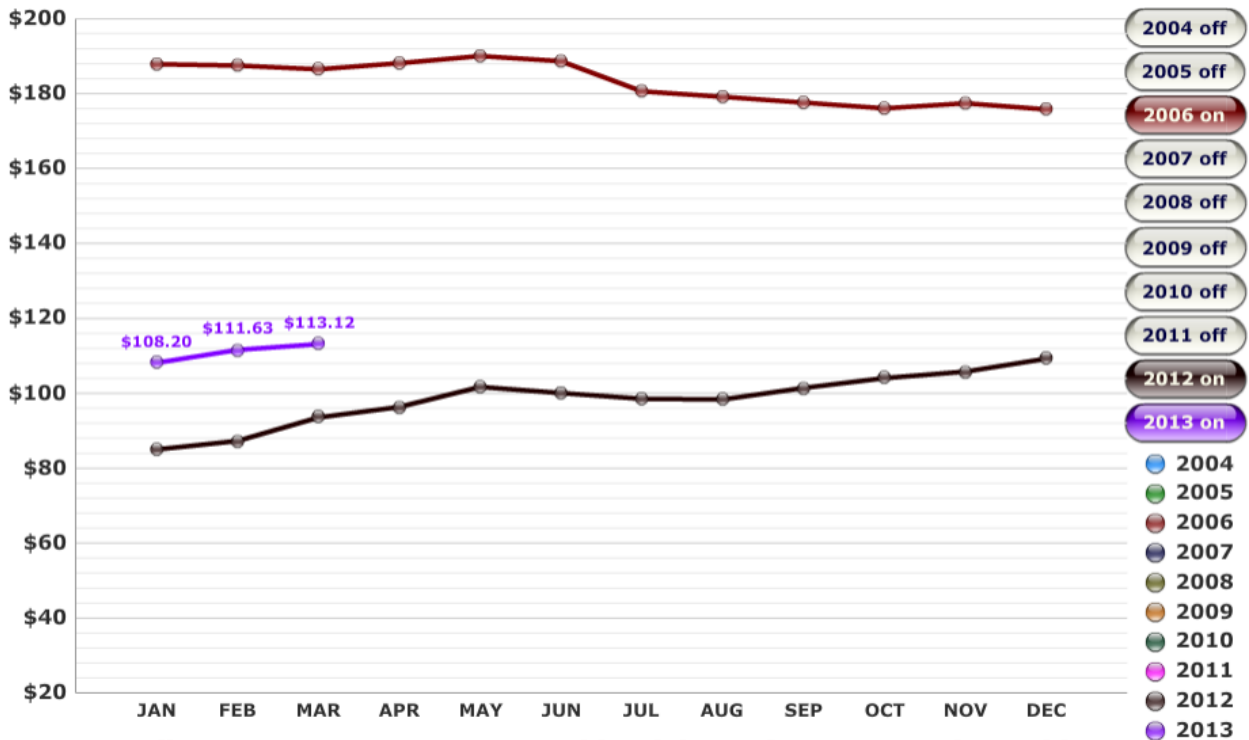
The charts on the next page show historical prices for the GPA and how the market has started its recovery but far from finished.

Historical Monthly Average \$/SF Maricopa County Deeds



Print

Average Sales Price per Square Foot - Monthly Sales April 4, 2013



All Areas & Types - ARMLS Residential Resale - Measured Monthly

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Steps in the Buying Process

- Determine primary use for the home
- Arrange financing
- Determine price range
- Determine best locations and amenities desired
- Get set up on a listing search
- Plan trip to view homes (2-3 days minimum)
- Write a Purchase Offer
- Negotiate and Write Counter Offers
- Open Escrow with Title Company
- Wire Earnest Money Deposit
- Setup U.S. bank account
- Home Inspection/ Issue Request for Repairs
- Order Homeowner's Insurance Policy
- Wire closing funds
- Close Escrow
- Set up home
- Contract for Property Management if appropriate

Services we provide our Canadian clients

- Specialists in buying and selling vacation homes
- Investment properties – Rental and Lease Option
- Trustee Auction services
- Property Management
- Financing for Canadians
- Cross Border Tax and Estate Planning
- Home and Auto Insurance
- House sitting services
- Lawn and Pool services
- Home renovation
- Listing services

We have been featured in major media stories in Canada in the Toronto Star, Globe & Mail, CBC National News, CTV, Canadian Real Estate Magazine, The Business News Network and in the U.S. on Fox News, NPR Radio, USA Today and The Arizona Republic.