



Real Estate Reality



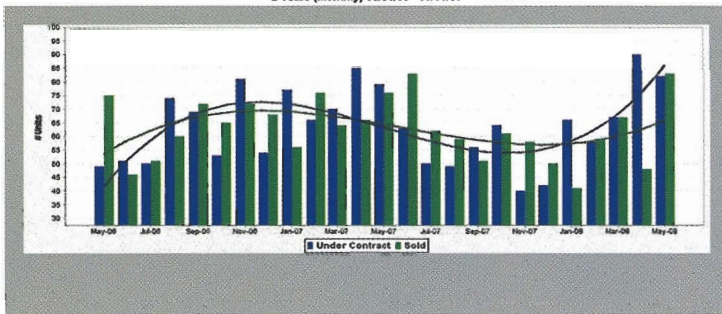
- By Debbie Yost, CLHMS, CRS, GRI, CPC

Real estate reports from across the country and local statistics indicate an increase in recent closed real estate transactions. The REAL Trends April Housing Market Report shows that April closings of residential sales across the country were greatly improved over March 2008 results.

The Phoenix market is also posting signs of improvement. A total of 1,845 new homes in Phoenix were sold in May, up slightly from 1,832 sales the previous month, according to the latest Phoenix Housing Market Letter by analyst RL Brown. The number of existing home sales jumped nearly 12 percent from April, the report shows. "We'll look back on (2008) as the bottom of the marketplace," Brown said. More than 5,000 existing Phoenix Valley homes were sold in May, the highest monthly total in two years. The number of pending homes sales has also been climbing since the beginning of the year.

In the Casa Grande area, we continue to see increases in the number of closed sales and pending sales. The most accurate indicator of current activity is the number of pending sales, which is indicated in the chart below as blue bars. The green bars represent the number of closed transactions. The chart summarizes pending and closed sales for those Casa Grande properties listed in the AZ Regional MLS system month by month for the past two years. It does not reflect new homes, unless the builder reports those sales to the MLS.

Market Dynamics
Supply & Demand - # Units (UC, Sold)
2 Years (Monthly) 05/01/06 - 05/31/08
Re/Max Casa Grande



Why the increase in sales? Experts mention pent up demand, greater affordability with lower prices and low interest rates, the availability of FHA financing for the majority of homebuyers, and investors returning to the market. I recently read an article in a high profile magazine that encouraged investors to buy in Arizona, Florida and Nevada quickly before our prices begin to climb again.

I participated in an international conference call this week with Realtors across the globe. I learned from several participating that their clients in Canada and Australia had liquidated most of their real estate assets at top dollar in those markets in order to buy our real estate in the US, particularly in the lower priced sun belt states! While I've repeatedly expressed my belief that every real estate market is cyclical, and that the speed and depth of the latest cycle had drastically increased, I'm seeing indications from many sources that

we are headed back into another up cycle. The only difference this time is that many of the investors buying properties are foreign investors and not local folks!

The "day trading" philosophy of making money in the stock market has moved to real estate. While we experienced the professional investors buying multiple properties sight unseen and driving up home values by 40% in 2004 and 2005, and then moving on to other states as prices rose dramatically, I see evidence of the same thing occurring again, but on a global basis rather than just limited to areas of the US and North America. Professional investors move from market to market, to real estate, to stocks, to buying commodities and futures in the petroleum and food markets, anywhere they see a future demand for a product.

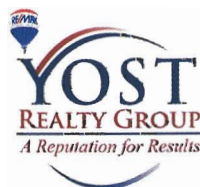
How does the individual or family avoid getting lost in all this day trading and speculating? I can't speak for the stock market, gold and metals market or the petroleum market, except to repeat the wise advice that the best buys are made when everyone else wants to sell. The same applies to the housing market.

Watch the trends and statistics and work with someone who understands them. If you are buying a home for yourself, don't buy as much as you can qualify for. Seek a reputable lender and become qualified for the loan before you begin looking for "the house." Seek out a location that is desirable, not only for you but also for resale value. Understand the difference between the builder's model home or the seller's d?cor and the "naked" house you will move into. Use sound judgment when adding expensive upgrades and learn which upgrades bring the most return in resale value. If you don't have experience and knowledge about home repair the foreclosure property may not be a great buy for you. Understand those short sales sound great, but few are actually making it to the closing table, as lenders seem unable to process these approvals in a reasonable time period. Use a certified home inspector so you know the condition of the property you are buying. Realize that interest rates are probably as low as they are going to go for awhile. Understand that when the Federal Reserve Chairman speaks with concern about increasing inflation those interest rates will probably move upward to counteract inflationary pressures. If you are not one of the professional investors, taking the time to learn about the process and seeking a local agent who specializes in buyer representation is well worth the effort.

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