

## Casa Grande Real Estate Reality

### THEY ARE CALLING US PHUCSON...

-Debbie Yost



I used to believe Casa Grande would never become a suburb of Phoenix or Tucson. I would nod approvingly when people told me that they were moving to Casa Grande because of the small town advantages of less traffic, cleaner air, and knowing your neighbors. I remember being amazed when a client moved to Phoenix years ago and told me that if he wasn't paying attention when he drove home in the dark he might not find his home. He said all the houses looked the same and that once he tried to open the garage door of someone else's home because it looked just like his.

Experts predict that Phoenix and Tucson will grow together into one mega metropolitan area nicknamed "Phucson" within a decade. That is amazing! Can we achieve any balance if we grow at that speed? I'm doubtful, especially when I consider other mega metropolitan areas such as those from Los Angeles to San Diego and the Portland-Seattle area, both of which have horrid traffic issues.

Drive around and take a look at the exploding growth. New home subdivisions are gobbling up acreage that was recently open space at amazing speed. Casa Grande Planning and Zoning Director Rick Miller recently told the Planning and Zoning Commission that 583 residential building permits were issued for the first quarter of 2006, which is 129 more than the same period in 2005. That is nearly four times the amount issued in the entire year of 2002.

Please don't misunderstand me. I believe that our area needed more housing options, and the production builders are able to build a lot of homes faster and more economically than a custom home builder. More housing means more population, and along with more rooftops we have more retail options and services. Hypothetically more of our sales tax dollars will remain in the community. A larger population base offers employers more of a labor pool to choose from. A growing area typically ensures that property values will increase and homeowners gain equity more quickly than in an area with little real growth.

The past year was extraordinary in terms of real estate appreciation in Arizona. The Casa Grande Valley experienced about a 40% increase in the value of the average home. Many of the out of state investors who bought homes in our area in the past year have placed them on the market, either because they haven't been able to rent them at reasonable rates, or because they planned to hold them only long enough to experience a profit. Our market has plenty of inventory to choose from once again. We do not have an oversupply when you look at the market from a historical perspective.

Can we slow the construction enough to allow public infrastructure such as roads, schools and government services to catch up? That is doubtful. The majority of builders are publicly held companies who must produce profit to satisfy corporate boards of directors. If sales are down a bit, due to a natural supply and demand cycle, or a media induced panic, they simply change their marketing strategy and begin offering increased "buyer incentives" to the same people who had to camp out at their construction trailers in order to participate in a lottery for a chance to buy just months ago. As a result the resale value of existing homes decreases as an individual homeowner has no way to compete with the builders' giveaways other than reducing their sales price if they really want to sell.

The average new home buyer has no idea of the quickly changing incentives offered in various neighborhoods. Most are seduced by the professional decorating and staging in the model homes and forget to ask the important questions, such as "What is that on the other side of the subdivision? Is that a freeway or a dairy? What is the student to teacher ratio at the school? Is this feature included or is it an option that costs extra?" Yet we know that after a subdivision is sold out, many homeowners come to city government, asking them to solve problems such as loud traffic noise from a freeway or an odor from a functioning farm or dairy that was there before the subdivision was built.

Do new home buyers consider resale value? Do they know when the builders are facing the end of their fiscal year and increase their buyer incentives to make their corporate bottom lines look as good as possible? Do they really understand the impact of changing market conditions and get expert and professional advice before making a purchasing decision? The interesting fact is that using a real estate broker for professional representation when buying a new home doesn't cost the buyer a penny, and usually saves them money in the long run, yet most new home buyers buy without considering all the aspects that will affect their quality of life and their resale value.

What will this Phucson look like? It's the question I ponder as I drive around Casa Grande, a city that I've called home for almost 30 years. I know that our city and county staff and elected officials are working diligently to prevent some of the challenges associated with explosive growth. I don't have all the answers. I do know that unless we ask and answer some of these hard questions, the benefits of living in the smaller, quieter Casa Grande Valley will be long gone, along with the corporations who profited mightily while building Phucson.

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