

# Casa Grande Real Estate Reality

- Debbie Yost

Mayor Walton is correct. The City Council couldn't stop the growth in Casa Grande if they wanted to. The current demographic predictions of Casa Grande's population doubling in five years and Pinal County population hitting one million people by 2025 seems incredible... just about as incredible as the current residential real estate market in Casa Grande seems right now!

I'm not an Arizona native, but I'm getting close! I moved here from Pennsylvania with my husband Joe back in August of 1977. The sleepy little town of Casa Grande was experiencing a "buyer's market" then as a result of recent layoffs in the copper mining industry. McDonalds was the eastern most commercial building on Florence Blvd and the closest department store was Sears at Fiesta Mall in Mesa. In fact that was the only store at Fiesta Mall, and it was surrounded by cotton fields. Back in the late '70's you could buy a lovely home with a pool in the \$40's! Hindsight is a wonderful thing! How I wish we would have had the foresight and the ability to buy quite a few of those homes and hold on to them to sell in the seller's market we are experiencing today!

Enough reminiscing. Come back to 2005 with me. Casa Grande has become a bedroom community for metro Phoenix. We are in a seller's market, the most extreme seller's market I've seen in my 25 years in the local real estate market. We're not alone. This trend is happening in many major metropolitan areas, and we're now part of the Phoenix market. Investors and second home buyers are purchasing one out of every three homes sold. Builders are holding lotteries for the right to purchase a new home. Buyers are camping out overnight at builder's sales offices to be first in line when the next phase of lots is released for sale. The multiple listing service (mls) inventory of available properties for sale in Casa Grande is just 11% of what it was a year ago. The number of homes sold in Casa Grande in February 2005 is up 31% over February 2004, with the median price increasing 31%. Total dollar volume of residential real estate sales reported by

mls for the same period is up 72%! Keep in mind that these numbers don't include the majority of newly constructed homes sold directly by the builders. (Data source ARMLS Arizona Regional Multiple Listing Service).

So what does a "seller's market" mean to the family that wants to move up to a bigger home? Low interest rates will keep mortgage payments affordable, even with a much higher sales price on the home they buy. If they have a home to sell, it won't be a problem. In fact they'll probably receive multiple offers within days (sometimes hours) of placing it on the market. Getting the sale closed on time and without high blood pressure may be a bit trickier, however. The home buying/selling system is overloaded in almost every aspect: title companies and mortgage companies are hiring new employees to manage the increased workload. Appraisers are challenged to justify the increasing sales prices that result from multiple buyers outbidding each other for a single property. Internet lenders offer almost too good to be true rates and terms but when it's time to receive loan documents for closing it's hard to get the same efficient service promised as when the buyers first contacted them. And buyers have sticker shock. If a new listing comes on the market buyers have to be prepared to jump on it, right away...and know that they won't have much leverage to negotiate inspection repairs if any issues come up during the inspection period. If a sale doesn't close on time sellers are eager to cancel the sale and put the home back on the market and sell it to another buyer at a higher price. Yes, it's easy to find a buyer in this market but it can be very difficult to navigate the challenges necessary to get to closing.

People keep asking me "What do you think? Will the market values continue to go up? Should I wait to buy? Should I wait to sell? Will my home be worth more next month? When do you think we will hit the top of this market? Should I buy a home as an investment and rent it?" When I get asked these questions, I dust off my crystal ball and peer into the murky surface, responding with, "Did you own any stock in the '90's?".

The Arizona Republic quoted veteran University of Arizona economist Marshall Vest in it's March 6th Business Section. He quoted appreciation rates at 41.7% in

Las Vegas, 30.4% in San Diego, 14.2 % in Tucson and 13.2% in Phoenix. He told the Republic he wasn't alarmed about a housing bubble in Arizona's major metropolitan areas - yet. "I think the Tucson and Phoenix markets are late to the party. You might argue that we're doing a little catch-up."

Now I'm not an economist, but I watch market statistics constantly. I watch the inventory, the average days on market, the average prices, and I watch them in similar communities. Las Vegas experienced the same kind of seller's market last February, fueled by the same influences our market is experiencing now. Prices peaked, and fell. Las Vegas is now experiencing a buyer's market and those who bought at the top have to ride the whole cycle again, or sell at a loss. Anyone who has participated in the California real estate market has experienced the same market cycle, over and over.

What do I know? I know that every real estate market is cyclical and over the years real estate has continued to appreciate. I know that the tax advantages are significant. Over the years I've run into two types of people: those who plan their lives and accept the real estate market as it is. Sometimes they don't make any money when they sell, and sometimes they make a lot of money. Then there are those folks that only move when the real estate market has appreciated enough for them to make a killing. Both strategies seem to work just fine. I also know that I wish I had the insight twenty five years ago, rather than the hindsight now to have bought quite a few of those homes that were priced in the \$40's. Those same houses are selling in the \$120's now. The \$4,000 (ten percent of the purchase price) I would have invested to buy the home would have grown dramatically while a tenant made the mortgage payments and Uncle Sam provided tax deductions. Occasionally I would have added additional funds to make improvements and repairs, or cover occasional vacancies. Overall, the home would have paid for itself and the appreciation would have been significant. The only question I'd be asking now is "Where is the top of this market cycle?"

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