

Valley of the Sun Real Estate Update

April, 2008

Is it really a buyer's market?

The national news last month reported that the trends we have seen in our local market are also evident across the country. Still, the Valley posted the 3rd-largest pricing decline amongst major metropolitan areas over the last year, down a whopping 18% from January 07 to January 08. And with the number of homes for sale hovering around 55,000 for the last several months, and only about 3,500 selling each month, buyers have good reason to expect very favorable conditions: declining prices, abundant choices, and highly motivated sellers.

But if we look "inside the numbers" for a minute, we see that buyers might not have quite as much leverage as you would expect. To begin, consider why some homes sell and others don't. Inventory levels are the biggest factor here: with so many choices available, only the best houses sell each month. And there are two categories of "best": homes that have a strong "wow factor" are always popular, and homes that offer a clear pricing benefit can also distinguish themselves from the competition. So while buyers do have lots of options, they will sort through the chaff to find the best opportunities.

In this market, buyers can reasonably expect a seller to be flexible on price and other terms. But the leverage of a buyer's market is based on the idea that buyers have many choices, and can buy any one of several properties. Once a buyer has made a financial or emotional commitment to a specific home, the balance of power can shift quickly to the seller. Buyers who have already begun to picture their family living in their new home are unlikely to walk away from those dreams over minor issues in the contract. After months of looking, the inventory level in the Valley for those buyers isn't 55,000—it may be just 1, if that's the only one they found that they wanted to make an offer on. The substantial effort of starting the home search all over again is very daunting, and will keep most buyers from giving up in the face of unexpected challenges.

This doesn't mean that a seller can disregard the very real trends we are seeing in the market. An 18% drop in pricing in one year is a big hit, and we expect to see prices down an-

other 10-15% this year with no prospect for an immediate recovery after that. Homes are worth more now than they will be in 6 or 9 months, and driving off a buyer now over a modest disagreement in price or terms can lead to a significant long-term loss for a seller. So they too have good reason to fight through temporary difficulties to keep a good deal alive.

As always, the buyers and sellers who have done their homework and are well-informed about all their options will be the most satisfied at the end of their transaction. If you are thinking about buying or selling a home later this year, let's find a time to get together and plan out a strategy to help you achieve your goals. This is a challenging market to be sure, but there are still plenty of opportunities for well-prepared buy-

On the Home Front



Bryn celebrated her first birthday last week, and she is now pulling herself up to stand on everything she can find. She isn't quite ready to walk yet, but it's coming soon. She really enjoys the independence she gets when she is free to roam on her own. Taran isn't ready for her to be his best friend, but he certainly notices that she is becoming her own little person, and he is increasingly happy to play near her—if not exactly with her—in the sandbox or with her new water table.



Ken Mayer

Ken@HuntRealEstateAZ.com

Direct: 602-750-3678

Office: 480-603-3310

www.kenmayer.com

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Recipe of the Month

Asparagus Soup

As they say in the old commercials, "soup is good food." In the cooler months, a warm bowl of soup is a great way to stave off chills as well as hunger. As the days get longer and you spend more time outside & less in the kitchen, a big batch of soup will provide you with easy-to-heat leftovers for several days. And if you are hosting friends for dinner, a bowl of soup to start off the meal is all it takes to turn your regular menu into a festive multi-course experience. This recipe is from my favorite cookbook, *Classic Home Cooking*, and it is very easy to prepare.

1 large potato, chopped
6 cups chicken or vegetable stock
1 1/2 pounds asparagus
2 garlic cloves, crushed
2 tablespoons chopped fresh basil
Salt & pepper to taste

1. Place the chopped potatoes and the stock in a large saucepan, and bring to a boil. Cover and simmer for 15 minutes or until potatoes are tender.
2. Meanwhile, trim the asparagus and discard any tough stalks. Chop into large pieces.
3. Add the chopped asparagus and garlic to the pan and cook for about 5 minutes, stirring occasionally, until the asparagus is tender. Remove 6 tips & set aside for garnish.
4. Puree the soup in a food processor or blender until smooth.
5. Return the soup to the rinsed-out pan and reheat. Add the basil, salt, & pepper. Slice the reserved asparagus tip in half lengthwise. Pour into serving bowls, float tips on top for garnish, and serve immediately.

You can also prepare the soup through Step 4, refrigerate it, and complete Step 5 right before dinner, so you can spend more time preparing the main course before your guests arrive.



Culture Corner

Quick reviews of some recent favorites

Books: A friend said I might like Austin Grossman's first novel, **Soon I Will Be Invincible**, and he was right. It tells a comic-book story from two perspectives, that of a new-to-the-team superhero and—even better—of the world's most notorious arch-villain. The plot is simple, but largely irrelevant, as Grossman uses the book to simultaneously poke fun at comic-book culture and to explore the power of human relationships to confound even those with super-human skills.

Food: I take a lot of classes in downtown Chandler, but I had never been to **Brunchies** (corner of Boston & Arizona) until a client suggested meeting there recently. It's not on the "trendy" side of the street, but it more than makes up for that with generous portions of home-style Mexican & American favorites in a family-friendly space. They're open for breakfast & lunch daily, so stop by.

Books: I'm a big fan of Erik Larsen's writing, and **Thunderstruck** did not disappoint me. With his blend of painstaking research and interwoven stories, he brings to life a time when something we take for granted—wireless communication—was still something between a Victorian parlor trick and the cutting edge of technology.



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