

Valley of the Sun

June 2008 Real Estate Update

A Tale of Two Markets

If you have been following my newsletter over the years, you know that I am a big believer in sales data. I think that a successful purchase or sale is driven by the best possible understanding of what is happening in the market, and a close look at recent activity is our best gauge of likely developments in the future.

But knowing how to pull meaningful information from often complex and even conflicting sources is a constant challenge. Even a source as noted as the ASU Realty Studies group recently acknowledged that the numbers they have been publicizing do not accurately reflect the true number of sales in the area. And while it is true that, like politics, all real estate is local, Valley-wide and even national trends have a large impact on the direction of our market.

For example, look at the influence of FHA loans on our sales numbers. FHA loans are attractive to buyers because they have low down payment requirements, and they are attractive to large investors because they are federally insured. Earlier this year, they announced that

the limits on FHA loans would be raised to \$346,250, putting even more homes

in the Valley within reach of a larger pool of potential buyers. Since then, we have seen increasing activity in the under-\$350,000 price range across the Valley.

To measure that effect, we can compare the overall numbers to the portion of the market covered by FHA loans. Valley-wide, we currently have a 10-month inventory of homes—well over what we like to see. But the supply of homes under \$350k is only 8 months, while the supply over that level is a whopping 18 months. And the same distinction can be seen in local markets from Surprise to Chandler. Even areas like Maricopa and Queen Creek which recently had inventory in excess of 2 years are now showing robust sales, bringing supplies down to a very reasonable 6-month level.

One area that has not benefited from the new FHA policy is Scottsdale, where the vast majority of homes are in the over-\$350k segment. Those are currently showing a 16-month supply, while the inventory of under-\$350k homes there is less than 8 months.

So it seems clear that the increased buying power of the FHA loan is splitting our market into two categories, and a simple glance at the overall numbers probably won't tell you enough. If you would like to discuss how market changes might affect your own plans, I'd be



Ken Mayer

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Recipe of the Month

Almond Pear Flan

This is one of the treats we enjoyed on our holiday in the Alps earlier this year. It's rich, but not too sweet, and makes a great presentation on the table.

2 ready-made short crust pastries	2 eggs, beaten
6 oz butter, softened	2 egg yolks
6 oz extra-fine sugar	2 large ripe pears
6 oz ground almonds	4 Tbs apricot jam
2 oz plain flour	

1. Preheat the oven to 350°F
2. Lightly grease two 9" flan dishes and line with the pastry. Leave to chill while preparing the filling.
3. Beat together the butter and sugar until light and fluffy. Mix in the ground almonds, flour, beaten egg and egg yolk. Split this mixture between the two flan dishes. Even with a spatula as needed.
4. Peel the pears, slice into quarters, trim the stems/pits, and quarter them again into thin slices. Arrange them over the flan, pressing them down slightly.
5. Bake in the oven for 45-50 minutes until the flans are golden and firm to the touch.
6. Bring the jam to boil with 2 tbs water in a small pan, stirring with a wooden spoon. Remove from the heat and sieve the hot jam, then use this to glaze the flan while it is still warm.

The 2 flans will serve 12 people happily. It's easy to halve the recipe if you want, but making two is hardly any more work, and that way you can have one to serve your guests and one to snack on yourself for a few days.

Culture Corner

Quick reviews of some recent favorites:

Food: Jill and I recently went back to **Hon Machi Grill**, in Chandler just north of the Mall. Their sushi is good, but the real draw for me is the entertaining table-side preparation of their entrees—twirling knives, onion volcanoes, and a general good time to go with good food. A great place to go with friends.

Movies: A friend loaned me **Charlie Wilson's War** on DVD, a brisk but detailed look at the origins of US support for Afghani rebels fighting Soviet occupation in the 1980s. The light tones of the film cover plenty of politics making strange bedfellows, and some grim foreshadowing of unintended consequences.

Food: **Cowboy Ciao** has several things going for it. The menu features many of the sweet-and-savory pairings that mark my favorite dishes. And with all the growth of the Waterfront area, it also offers a chance for a real night out on the town, drinking and dining and people-watching in the heart of Scottsdale.

What's that you say?

You can't find pre-made short crust pastry? Don't worry: it's easy to make from scratch. Sift 3 cups of flour into a mixing bowl. Add 3/4 cup of butter, chopped into small cubes, & rub in with your fingertips until the mix looks like fine bread crumbs. Add about 4 Tbsp of cold water & mix with a round-bladed knife to form a soft but not sticky

Ken, how much is my home worth?

If you would like a free Current Market Analysis of your home, please fill out this form:

I'm not thinking of selling my home. I'm just curious about value. Please send me a complimentary current market analysis.

I'm thinking about selling my home. Please send me a complimentary current market analysis plus a Home Seller's Handbook with information about Hunt Real Estate ERA, our "Easy Exit Commission Plan", "Aggressive Marketing Plan", and other tips.

Home Description:

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On the Home Front



Well, it's official: we're getting old. I can say this with certainty because we just traded in Jill's old SUV for a lovely new minivan. The good news is that we will finally have the space we needed to take the kids, the dog, and a whole mess of gear with us when we go on road trips, so maybe the combination of being older & wiser will let us keep going a bit longer.

We took our first family camping trip a few weeks ago, an overnight in Christopher Creek. Taran loved the adventure, and Bryn slept like a champ in the tent. Both kids loved playing in the stream, so we'll be planning another get-away from the Valley sometime soon. Taran says we should go for "lots of nights"!



Waterfront Lot in Ocotillo

Great location, boat dock, pool, wow!
Priced at \$612,500 • MLS #2952364



Premium Lot, Mountain Views

5 BR/3.5 BA, upgrades galore
Priced at \$498,350 • MLS # 2945376



Upgraded Ahwatukee Home!

3 BR, 2 BA, 55+ Community, Granite
Priced at \$395,500 • MLS # 2877762



Large Lot in Chandler

3 BR, Den, Loft, 2.5 BA, Fresh Paint
Priced at \$289,500 • MLS # 2960344

Immaculate Home In Chandler

4 BR, 2.5 BA, 2414 sf, lush yard
Priced at \$289,000 • MLS #2940425

A Gem In Chandler

Spotless 3 BR, vaulted ceilings, neutral decor
Priced at \$225,000 • MLS # 2983188



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Here it is—
A brand-new format for my
newsletter! I'm still tweaking the
details, so I would really appreciate
any feedback or suggestions
you may have....

Online @ KenMayer.com

The screenshot shows a Microsoft Internet Explorer window displaying the homepage of KenMayer.com. The page features the Hunt Real Estate logo (HUNT Since 1911 ERA LUCAS DIVISION) at the top left. A navigation bar below the logo includes links for Home, MLS Search, Buyers, Sellers, Mortgage, Helpful Links, Newsletter, Testimonials, Support Staff, and Contact Ken. On the left side, there is a portrait of Ken Mayer and his email address, ken@lucasrealtygroup.com. The main content area contains a welcome message and two photographs of houses. The bottom left of the page displays contact information for Ken Mayer, and the bottom right contains a paragraph of text about finding a real estate agent.

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