

February 2011

Dear Friends,

I hope your year has started out well. It's been really cold in the east so use this time to tease your friends and family as they will get us back in July. You're welcome to use my favorite reply, just tell them "we don't have to shovel sunshine."

**In this Issue:**

- 1) What does 2011 have in store for us?
- 2) What areas do I buy in?
- 3) What to look for in a community?

1) Now that we have gotten through the first month of 2011 and heard the presidents State of the Union address we can comfortably say that this year will be.... well, not much different from last year. Sorry, this is a really tough recession and it's not going to end soon.

As I have been saying for the past year, if you are in the position where you'd like to buy a property to live in or as an investment, this is still a good time to buy, the catch is, you need to commit yourself to at least a 5 year plan. I don't see values going up enough to be worth your investment in less than 5 years.



That said, I don't believe that values are going up fast but Interest rates are going to start going up but I don't really think they will skyrocket, I'm not an economist but I also don't think the economy can handle really high interest rates.

2) I'm standing by my opinion that the Urban areas are the place to buy. Downtown Phoenix, the Biltmore, Scottsdale and as always, Tempe. Now that prices have dropped so much, more and more people are moving back in from the



Burbs and want to live in the city. The Light Rail is a success for entertainment more than workers but that is continuing to improve. Downtown and Midtown now have more restaurants than ever and most are locally owned and a real treat from the Chains out in the Burbs. Of the 40ish properties I sold in 2010, about 70% of them were in the Urban areas. They have broken ground on the expanded Downtown Medical School and now we just need the Downtown Teaching Hospital for us to really grow. I still think this is in our future although it was delayed because of the economy.

3) If you are in the market to buy, here are some things to watch for. And, if you are going to sell your property, you might want to look at the same list. These things are reasons I suggest Buyers consider about communities they are interested in.

**A)** Confirm the financial security of the HOA. Many HOA's are not in good financial shape because of so many foreclosures, if the owner didn't make their mortgage payment, they may not have been paying the HOA fee. This includes the number of units that are more than 90 days behind in their monthly fee.

**B)** Confirm the number of rentals in the community. You don't want more than 30% or you may not get a loan.

**C)** If the community tried to convert to Condo's and failed and now has an active rental office on site, that's a bad sign for lenders and you may only be able to buy with cash.

**D)** Walking distance to the Light Rail. And I'm not talking 24th Street. Most people feel walking distance to the Light Rail means between 7th Ave and 7th Street. Six blocks is a good rule of thumb, some people will walk further but not many.

**E)** Realize that Banks are not giving property away so there are some good deals out there but you're not going to get it for nothing. I'm all for a low ball offer but 10% of the asking price is just not going to fly.

**F)** Short Sales are still very difficult. There are some good Listing Realtors that make it easier but they are still very painful for everyone.

**G)** Know that we could be feeling the effects of all of these foreclosures for years to come. Many home owners are under water but not giving up yet only to maybe give up a few years from now. These foreclosures could be with us for a generation.

**H)** Know your lender. There are still mortgage lenders that promise you the moon and then deliver a rock. Mortgages are NOT hard to get, but they do require a professional that knows the new processes and what lenders require. For example, lenders now want not just your tax return but confirmation from the IRS that what you have matches what you filed. Don't get into a contract without the IRS confirmation or you may not be able to close.

If you know me, you probably know that I have always considered myself the eternal optimist. However, I also believe in being a realist. The economy is still tough but there are more and more signs of it slowly getting better. I am very comfortable with my clients that are buying properties today because we are discussing these issues and others to make sure it's the right time for them to buy. Call me and I'd be happy to meet with you and help you determine if this is the right time for you.

**Best Regards,**

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