
Market Review

Arizona Metro Phoenix Single Family Investment Opportunity

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"Where success is by design"

Real Vision Group Recommends Residential Housing as an Investment Opportunity

Arizona is one of the most Dynamic growth States

Arizona has been one of the most dynamic growth States in the United States since 1969. However, in more recent years; particularly 2000 to Present Arizona has been at the pinnacle in population growth. One county has stood out among all the others and has been at the top year after year. [Maricopa County has been leading the Nation since 2000](#) only to be surpassed by Clark County, Nevada. However, Clark County has not surpassed Maricopa County in actual population growth only in percent growth.

“According to CCN Money.com” Maricopa County added more residents to its population in 12 months ended July 1, 2006 than live in the city of Savannah, Georgia. 129,642 Increase (July 2005-July 2006) and other sources show even greater increases. Its main city, Phoenix, has grown from a modest desert town into the fifth-largest city in the Nation. Growth for the county as a whole has been (explosive), less than a million in 1970 to 3.8 million today. The population has increased by about 700,000 since 2000.” End of Quote *see report on Greater Phoenix Population (A.S.U. and the Department of Commerce)

Another Arizona source the Arizona Department of Transportation has the following to say about Arizona and its future growth.

An ADOT study say the following: “It is hard to predict the rate of growth over the next few decades, but many people believe that the rate of growth will continue at a rapid pace. The U.S. Census Bureau, Population Division, Interim State Population Projections, 2005 stated a population of 5,130,632 and 2030 projections of 10,712,397 for the State of Arizona. This forecast indicates the populations of Arizona will more than double (108.8 percent change) in the next 25 year.

All information deemed reliable, however not guaranteed

This chart shows Maricopa County having a population of 3,764,446 as of 2006 with an increase of 6,207,980 by the year 2030 an increase of (64.9 percent).

	2006	2030	2006-2030% Growth	2050	2030-2050 % Growth
ARIZONA	6,239,482	10,347,543	65.8%	16,000,000	54.5%
MARICOPA	3,764,446	6,207,980	64.9%	9,553,768	53.9%
PINAL	269,892	852,463	215.9%	1,624,774	90.6%
PIMA	980,977	1,442,420	47.0%	2,131,150	47.7%
COCHISE	134,789	187,725	39.3%	265,388	41.4%
GRAHAM	35,873	44,556	24.2%	62,261	39.7%

Arizona Dept. of Economic Security for 2006, 2030 Maricopa Association of Government for 2050.

Arizona and Metro Phoenix current Market Condition

Arizona is experiencing extreme contractions in the housing market. This is not only in Arizona, but throughout the United States and Internationally. As many may be aware; the cause was due to the sub-prime lending practices of our major lending institutions. The lack of any regulation from the regulators has created a crisis in the housing lending markets worldwide. Fannie Mae and Freddie Mac the two largest lenders in the United States have been taken over by the Government. Many other large financial companies have either went bankrupted or have had large amounts of cash loaned to them by the Federal Government to remain solvent. Others have been bought by much larger more solvent companies; such is the case with Bank of America purchasing the once “giant” lender Country Wide. Some experts say we have lost as much as 34 percent of our market value since its peak in 2006. It may even be more than this because many of these studies don’t take into account the foreclosed inventory.

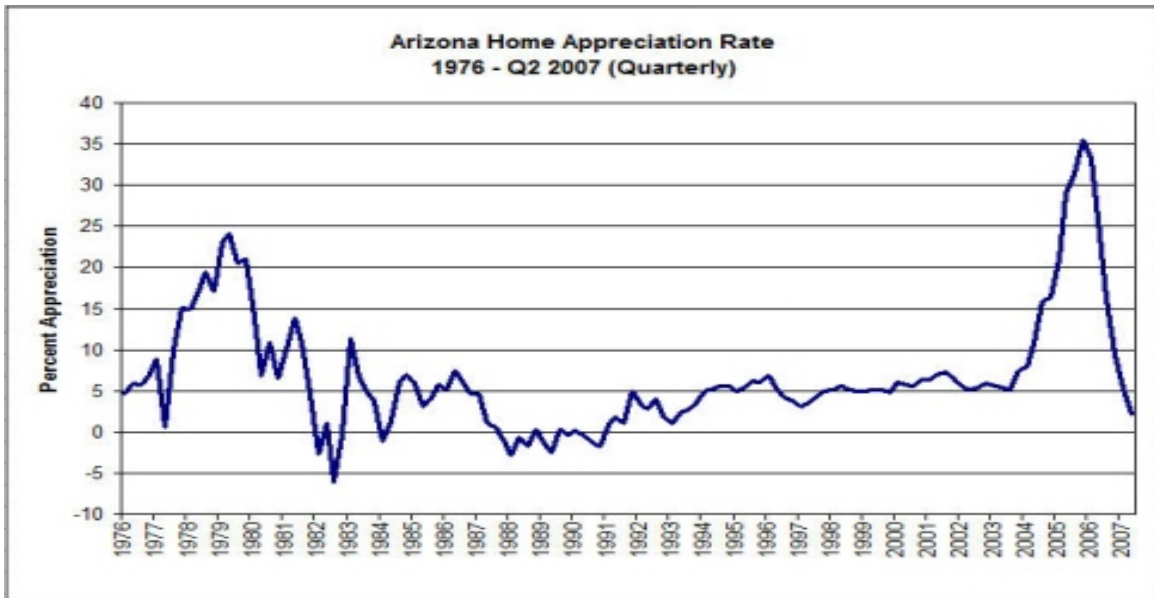
However, *with all bad news-comes good news*, with the dramatic down turn in the residential housing market brings opportunity! With lending all but at a halt, opens an opportunity for [Cash Rich Investors](#). The opportunity is phenomenal. Real Estate experts believe the opportunity is in income properties (rental housing). One Billionaire (Donald Trump) says the following:

“Rental Property Out performs both the stock market and Bonds. If you accumulate a million dollars in property and, to live an average-to-above average lifestyle, you never need to eat your nest egg. And your net worth doesn’t diminish” see full quote and comparison in the back pages of this report.

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Historical Data indicates opportunity

If history has ever taught us anything, it is that it has the perpetuity of repeating it-self. Some will recall back in 1986 a time that parallels our current market with many similarities, banks were failing and real estate was declining rapidly. In 1986 a tax reform bill was passed and soon after markets across the Nation began to fail. During this time Savings and Loan ins where failing at an incredible rate. More than 200 failed soon after the 1986 TAX REFORM ACT. It was approximately 4 year from the peak in 1986 before real estate began to recover. In 1990 real estate markets across the country began to recover modestly. By 1991 the recovery was in steady recovery.



Arizona was a much different place then-compared to now! Then Arizona and the Phoenix Metro Area (Maricopa County) were very dependent on Hospitality related industries, winter visitors (Snow Birds) and the construction industry. From 1990 to 2000 Arizona primarily Maricopa County began a campaign to recruit new business to Arizona. What happen was a lot of high tech and industry moved out of California and other parts of the nation and moved to Arizona making it the [18th largest market in the United States and the number 2 growth state only behind Nevada](#). Arizona has a bright future with tremendous future growth on the horizon. This down turn is only a blip on the chart, when it comes to the value Arizona has to offer investors.

GREATER-PHOENIX POPULATION EMPLOYMENT GROWTH (1950 TO 2007)	GREATER PHOENIX	UNITED STATES
EMPLOYMENT	2,567%	205%
POPULATION	1,030%	98%

Elliott D. Pollack & Company

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Investment Opportunity Research

Real Vision Group has researched different aspects of the housing market and has found that entry level housing is showing signs of nearing the bottom of its decline. Historical data researched through the M.L.S. (Multiple Listing Service) does show a trend that would indicate that entry housing is approaching its bottom. Keep in mind, when the 1986 TAX REFORM ACT was implemented, it was approximately 4 years before recovery. Entry level homes were a large part of that recovery; it's very simple; **entry level homes are affordable, and in high demand, therefore, values began to increase rapidly.** In contrast of that period; 2005 is Arizona's most recent peak period. Therefore, history would indicate 2009 should be the start of the recovery, and our data is indicating such a trend. The **Real Vision Group** recommends a portfolio of entry level housing, hold them 2-5 years, then replace them with homes with less cash flow, but more appreciation power. Think of it this way! would you buy stock at market value and receive a nominal rate of return or buy it under valued with the potential of substantial growth. Entry level housing is under valued! In the early 2000's the Metro Phoenix Area was considered to be under valued compared to other competing markets. The greatest increase in these homes will be in the beginning of the recovery; they should rapidly acquire lost value and level out to pricing similar to 2004 pricing prior to the 2005 hyper-appreciation. This value fit with the affordability index (what people can afford). We refer to this as unearned equity.

YEAR	VALUE CHANGE	AVG. PRICE	AVG. SQ. FT.	AVG. PRICE PER SQ. FT.	PRICE PER SQ. FT. CHG.
2000	UNKNOWN	\$80,660	1086	74.44	UNKNOWN
2001	9.0%	\$87,901	1088	81.00	+6.56
2002	3.4%	\$90,920	1098	83.14	+3.14
2003	5.3%	\$95,756	1093	87.97	+4.83
2004	11.4%	\$106,695	1096	97.91	+9.94
2005	38.2%	\$147,449	1092	135.21	+37.30
2006	24.2	\$183,133	1096	167.45	+32.24
2007	-3.8%	\$176,202	1086	162.82	-4.63
2008	-60.1	\$70,386	1086	64.85	-97.97

This chart is showing data we at Real Vision Group believe to have all the markings of a strong price increase. (Phoenix Area)

YEAR	VALUE CHANGE	AVG. PRICE	AVG. SQ. FT.	AVG. PRICE PER SQ. FT.	PRICE PER SQ. FT. CHG.
2000	UNKNOWN	\$106,217	1298	81.70	UNKOWN
2001	2.5%	\$108,900	1300	83.85	+2.15
2002	6.2%	\$115,633	1297	89.20	+5.35
2003	4.7%	\$121,102	1302	93.02	+3.82
2004	15.2%	\$139,479	1302	107.15	+14.13
2005	46.0%	\$203,673	1303	156.34	+49.19
2006	6.6%	\$217,096	1306	166.40	+10.06
2007	-9.2%	\$191,043	1313	144.00	-22.4
2008	-29.9%	\$133,941	1307	102.59	-41.41

This chart is showing data we at Real Vision Group believe to have all the markings of a strong price increase. (Surprise Area)

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Opportunity at a Glance Chart 1

The first chart indicates some important data that is worthy of comparison:

- Compare the average price of 2008 to the average price of 2000. 2008 is \$70,386.00 and 2000 is \$80,660.00, 2008 average price is \$10,274.00 less than 2000 and \$9.59 a square foot less than in 2000.
- From 2001 thru 2004 the average appreciation was a respectful 7.27% over this four year period.
- Then if take 2005 thru 2006 you have on average an *hyper appreciation* of 31.2% over 4 times that of the previous four year period.
- But in 2007 thru 2008 as of October there has been a -32.0% decline in value. Everything that was gained in 2005 thru 2006 has been wiped-out and more!
- However if you look at 2008 compared to 2007 there has been a -60.1% decline in value. (WOW!) Compare \$176,202.00 to \$70,386.00 a very severe collapse of this market.
- We feel this Market should be at 2004 levels at least and if one takes into account a normal appreciation for years 2005 to present it would be around \$126,183.00 in today's market.

Opportunity at a Glance Chart 2

- Compare 2008 to 2004 even though 2008 decreased by -29.9% it really hasn't dropped dramatically below 2004 levels what were stable times in the market.
- The dropped in value between 2008 and 2004 is only 4.1% and price per square foot drop is \$4.56 that really isn't much compared to all the doom and gloom out there!
- What this data does not show is during the last 6 months is values have dropped below the yearly average by another -8.2% but since July 16th thru August 16th which had a -4.3% decrease then August 17th thru September 16th had a -3.3% decrease and finally September 17th thru October 16th only had a 1% decrease. This is an obvious trend to perhaps the bottom.
- Then closed listings are up over the previous month by 28% and the month before that is up 40% over 7/16/2008 thru 8/16/2008.
- Once again it appears that this market is under valued with current pricing on average \$123,845.00 and perhaps on the rise.

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Real Vision Group Conclusion

These numbers are simply unbelievable, but they are deemed reliable and as an investor it is hard not to see the value in this product. We at **Real Vision Group** feel not far in the future, perhaps starting in the late part of the 2nd quarter, 2009 housing will begin to level out in the low end. Then sometime in late 2009 these losses should begin to come back very rapidly up to 2004 levels and perhaps more! **Remember the peak was in 2005 we are going into 2009** and if history has any value it is that ***timing is everything*** and at **Real Vision Group** we believe the time is near! Other studies we have preformed show we are approaching the bottom in these niche markets (other studies available upon request). It does appear with Congress and other Nations throwing so much money at this crisis, along with extremely **low values** and **low interest** rates has began to bring the **first time home buyer** out! This is a very good signal we may be in the early stages of a recovery. Don't think all is well for a total market recovery, this will take time, but in some of the entry level markets ***opportunity is here now!***

Real Vision Group believes if you study your product and make educated decisions based on facts and not hype or emotion you are more likely to be successful in your endeavors and at **Real Vision Group** we only rely on the numbers and historical facts that is why you can trust you will make a well informed investment.

Every day, you'll have opportunities to take chances and to work outside your safety net. Sure, it's a lot easier to stay in your comfort zone.. in my case, business suits and real estate.. but sometimes you have to take risks. When the risks pay off, that's when you reap the biggest rewards.

Donald Trump - Business - Real Estate - Opportunity - Risk

Real Vision Group “Where success is by Design”

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