

Al Gage Report

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Issue 61

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FREE MOVIE NIGHT

From 1999 to 2007 we hosted a free movie night for all of the homeowners in Rancho Santa Fe, Corte Sierra, Sage Creek, and Crystal Gardens, Las Palmeras and Wigwam Creek as well as our past clients. We would love to offer this little payback to our community again but with the price of mail going up and the cost of printing, the only way we can do that is with your help to promote the E-newsletter to the same level of readership as the mailings touched in the past. In addition, we are saving a lot of trees.

Home prices up 30% since September...

Wow what a spectacular run of home prices we have witnessed since last September. In many areas such as Corte Sierra, Rancho Santa Fe and Crystal Gardens as well as the surrounding subdivisions, many are up around 30% in that time frame. We are currently experiencing a shortage of homes for sale valley wide.

This is very good news for those of you who bought in the past 5 years or stuck it out through the crash. We are seeing many more homeowners who are able to sell their homes outright and some at a substantial profit.

What does this mean? If you have been waiting to move up to a more expensive home, now is definitely the time. It might be tempting to wait and get just a little more value out of your home but remember the home you are going to purchase is also going up at about the same rate and as you wait for your home to increase in value, you actually lose money on the overall transaction because you end up paying more for the new purchase.

I believe the market will continue upward at a steady but rapid pace until one of two things happens:

The first would be the point where investors reach the price point that they believe Arizona is no longer a good investment. This pull back of buyers will likely simply stabilize the market at that point with no price decrease anticipated. We are apparently not rapidly approaching that point because every offer we write continues to have multiple offers on the property and we are usually out bid by a cash investor offer.

The second likely scenario that may put the brakes on appreciation is when we reach the price point that attracts ALL of the builders back into the market. This slow addition of homes to the total inventory would be a welcome relief right now. Many of the builders are actually capping the number of homes they can sell in any given month to a very small number but when prices get back to the point where new development or in fill of all of the existing lots can take place, the market again should stabilize without any short term depression in prices.

So here is the deal, if we can get our readership up to around 3500 per month from our current level of just over 1000, the savings in mailing and preparation cost will allow us to once again rent the entire movie theatre for our neighbors and clients. To accomplish this we will need each of you to forward the email or website to friends and have them opt in for market updates and eventually the free movie passes. We will keep a running count of the opt ins and when we reach 3,000 emails currently living in the Phoenix, Avondale, Goodyear, Litchfield Park and Buckeye areas, we will fire movie night back up

The math behind buying a house now!

Which brings us to the crux of the current market. Yes, you can sell your existing home now and go buy the home you want. My recommendation? Do it now! Here is the math behind it: Rates are at a historic lows with current rates hovering around 4% and possibly even less. You will likely not be able to buy at these interest rates combined with depressed market prices again anytime in your lifetime.

With that being said, if you are moving up, the math is very simple and goes as follows:

You basically have two options, bite the bullet and make your move now or wait for the market to go up to improve the amount of equity in your current home. The reason to do it now is very simple. Even if you take a loss on the home you are selling, that loss will be offset by the depressed price of the home you are purchasing on the back side. Or if you are capable, buy the new home now and hold



the existing home as a rental until the market goes up. If that is not an option, the math is still pretty easy. If you are moving up in value, the home you are selling will likely appreciate around 10% in the near term. The home you are purchasing will likely appreciate at the same rate as the one you are selling and if the new home is more expensive than your current home you will actually lose money (albeit a hypothetical loss), if you wait. Here is an example. If you can currently sell your existing home for \$150,000 and buy the one you want for \$250,000 TODAY, and they both go up 10% because you decided to wait till you had more equity in your existing home. When the first home is worth \$165,000, you will likely pay \$275,000 for the second home. A net hypothetical loss of \$10,000.

This month's Q & A on Short Sales

Q: What incentive do I have to do a short sale?

There are several incentives to do a short sale. There are a couple of programs such as the HAFSA program which offers up to \$3,000 and the HUD Pre-foreclosure sale program which offers up to \$1,000 dollars to the seller for completing their short sale programs. Bank of America has recently unveiled their pre-approved price short sale program with incentives of between \$2500 and \$30,000 for a seller to short sale instead of a foreclosure Chase has also been giving significant incentives up to \$20,000 in incentives but the larger figures are very rare and dependent upon which investor you have.

In addition to financial incentives, a short sale is better on your credit theoretically than a foreclosure. Trying to settle your debt with the lender instead of walking away is just the right thing to do. A short sale nets the banks more than a foreclosure otherwise they wouldn't do them. This is helpful in improving our economy but more specifically the home values in a neighborhood. It may not benefit you directly, but if home values had stabilized in 2008, you might be selling your home at a profit rather than considering a short sale.

Featured Homes of the Month



1) 2732 N. 127th Dr. in Rancho Santa Fe-a Portola model with a large lot and a pool. List Price-\$173,0000-PENDING by AL Gage.



2) 3214 N. 129th Dr. in Las Palmeras-an 1889 model on an oversize lot with an RV gate-SOLD by AL Gage for \$121,000



3) 11195 W. Alvarado Rd. in Crystal Point-a 1944 s.f. model with new carpet and a 3 car garage-SOLD by Al Gage for \$150,000



4) 10855 W. Edgemont Dr.an 1493 s.f. model in Upland Park PENDING by AL Gage -List Price \$100,000



5) 12234 W, Maricopa St.-1914 s.f. model in Coldwater-PENDING by AL Gage-List Price-\$129,900



6) 12883 W/ Sheridan St. . A Vail model in Ranch Santa Fe PENDING by Al Gage- List Price \$75,000

Other Notable Sales of Non Short Sale Non REO Properties in Avondale

- 11067 W Virginia Ave- A Cottonwood model in Crystal Gardens, SOLD \$125,000
- 12562 W. Holly St- A Payson model with a pool in Rancho Santa Fe, SOLD \$141,000
- 2731 N. 126th Dr.- A Prescott model in Casitas at Rancho Santa Fe, SOLD \$155,000
- 1900 N. 110th Ave.- A Carefree model with a pool in Crystal Gardens, SOLD \$156,000

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Over 1,000 homes sold in Avondale

With over 1,000 homes sold just in the Avondale area since 1997, we are positioned to have several advantages over other real estate agents. We did not sell 1,000 homes by getting some big bank contract or HUD contract, we sold them one customer at time. This leaves us with a large data-base of customer exclusively in the Avondale, Goodyear, Litchfield Park area to better sell your existing



home at the highest possible price. We are experienced in short sales and regular sales and have a vested interest in keeping and maintaining the values in our neighborhood. Especially important in this market is the fact that we are experienced in the area to effectively challenge any low appraisals we may receive.