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Arizona Bound

Albertans are snapping up second homes in the U.S. Sunbelt, thanks to a strong Canadian dollar and a growing number of foreclosures in cities such as Phoenix

Jamie Komarnicki
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On a sunny fall morning, in an Arizona city lined with palm trees and desert shrubs, Kelly and Denise Booker of Alberta enjoy a few cold drinks in the backyard of their new home.

The Bookers, from Redcliff, purchased the four-bedroom bungalow last January in Surprise, a stuccoed suburban community northwest of Phoenix.

The abundance of nearby golf courses -- coupled with sunny skies, box store shopping and even the odd Calgary Flames-Phoenix Coyotes match at the nearby NHL arena -- made buying the home a simple decision. The price tag didn't hurt, either.

The Albertans scooped up the four-year-old home for \$170,000, less than half of its original value and a fraction of what they'd pay for a similar property north of the border.

"The experience for us was rather simple," says Kelly Booker, 55.

"When we saw this house, we decided this was the house we wanted."

The Bookers are among a growing group of Alberta buyers taking advantage of U.S. mortgage turmoil -- and a Canadian dollar hovering around par with the greenback -- to buy investment properties and winter homes at bargain-basement prices in Arizona's Valley of the Sun.

Top Arizona real estate officials say the droves of Canadians purchasing homes have surpassed Californians this year as the top out-of-state buyers of Phoenix-area Phoenix-properties.

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Watch video of Albertans who chose to buy in Arizona

Like other U.S. markets, the desert state's real estate values escalated wildly in 2005 and 2006. Property was scarce and prices were high.

When the global financial meltdown hit, the market screeched to a halt. As unemployment rose, housing prices collapsed and foreclosed homes flooded the listings.

In September, foreclosures in the Phoenix area hit a six-month high, accounting for

almost half of real estate transactions.

While Calgary homebuyers dish out about \$460,000 for a single-family home, the average resale price in the desert city hovers around \$135,000.

The battered Arizona real estate market was dealt another blow last week when the state's largest home mortgage lender, Bank of America, announced a moratorium on bank-owned home sales in the wake of criticism over the way it processes foreclosures.

Amid the turmoil, the presence by Canadian house hunters is welcome, says the head of the state's real estate regulator.

"From 2007 forward, we've been experiencing a lot of challenges, a lot of changes in our marketplace," says Judy Lowe, commissioner of the Arizona Department of Real Estate.

"Our Canadian buyers coming in and buying property have been a real blessing for real estate in Arizona."

The Bookers, golf nuts and semi-retired owners of an Alberta pipeline liner installation company, came to Arizona seeking a slower paced lifestyle and a home large enough to entertain Canadian sun-seeking friends in the winter. They had a price between \$150,000 and \$200,000 in mind.

"When I came down, I came down with the full intent on buying," Kelly Booker says.

"It was just figuring out which one to pick out."

The couple looked at just four homes before making an offer on a single level, 2,500-square-foot Surprise bungalow originally worth about \$370,000.

It took just four days to close the deal.

"We didn't negotiate, we just paid the asking price," Booker says.

According to Lowe, selling cheap homes to Canadian buyers is a "condition of the market."

"The unemployment in Arizona is high, and when you owe more on your property than it's worth, that creates hardships," Lowe says.

"We would like to think those properties were not worth 50 per cent of what the owner paid for it, but that is a condition. Reality mandates that we face that condition, and that we just pray for buyers who will come in and take those properties off the market."

Canadian snowbirds aren't the only ones being lured south of the border.

"We're seeing more and more people in their 30s or 40s who are buying at really, really low prices when the Canadian dollar is extremely high and just having a place for family and friends to enjoy," says Laurie Lavine, a dual citizen and realtor who represents clients in Alberta and Arizona.

Many of the homes Canadians are stepping in to buy are short sales, a scenario in which the sellers put the property on the market for less than what they owe on it, with the bank's permission, to try to ward off foreclosures.

In the Phoenix area, Alberta homeowners who purchased their Canadian homes before the boom are plunking down cash for distressed Arizona properties, says Lavine.

"They're going to the bank, taking out a home equity line of credit, cashing in on that, coming down here and paying cash for a house," he says, adding: "Unlike many of the neighbours on the streets they're buying condos from, they're investing in home improvements."

Calgary insurance agent Gina Civitarese has just begun the Phoenix-area house hunt.

"It just seems to be a plus-plus at the moment," says Civitarese. "The prices are right."

The 48-year-old and her husband have started scouting out neighbourhoods where they'd like to own property. With the Canadian dollar flirting with parity, the time seems right to make their move.

They haven't yet sat down to figure out financing, but have already begun dreaming of a sunny getaway home.

"We're looking and dreaming and hoping," she says.

The Bookers, from Redcliff, are hoping to spend up to four months a year in Arizona. Their home in Surprise, just an hour from the Phoenix Sky Harbour airport, has become a popular vacation destination for their friends.

"We love Alberta dearly. But sometimes when you get away from the snowbanks, it's kind of nice," Kelly Booker says.

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jkomarnicki@calgaryherald.com

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