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DJIA 7888.88 ▼ 381.99 -4.6% NASDAQ 1524.73 ▼ 4.2% NIKKEI 7945.94 ▼ 0.3% DJ STOXX 50 1991.07 ▼ 2.6% 10-YR TREAS ▲ 1 18/32, yield 2.849% OIL \$37.55 ▼ \$2.01 GOLD \$913.70 ▲ \$21.30 EURO \$1.2884 ▼

Special Advertising Section

A Buyer's Market Beckons Those With Money

By Meta L. Levin

Each morning Terry Valeski takes his dog for a walk around the perimeter of his four-acre Tucson property checking for evidence of the great horned owls, coyotes and other wildlife that cross his land. It's a habit he relishes as he and his wife, Pam, ease into retirement after Mr. Valeski's career in telecommunications took them to live in more than seven cities in the U.S. and around the world.

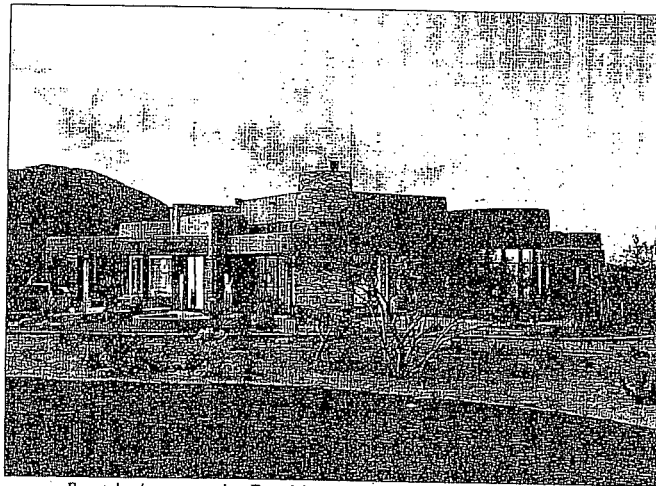
Like a number of luxury-home buyers in Arizona, the Valeskis eschewed the growing Phoenix metropolitan area for their retirement home. Phoenix hasn't lost its attraction for those who want a more urban environment, however. In fact, data from Arizona State University's Realty Studies Center shows that 81,700 single-family homes sold in the Phoenix area last year compared with 54,570 a year earlier. "They are responding to large price drops," says Walter Molony, senior public affairs associate at the Chicago-based National Association of Realtors, speaking from his Washington office. In part of upscale North Scottsdale, for example, prices fell 15.9% between the end of 2007 and the end of 2008.

Prof. Jay Butler, head of Arizona State University's Realty Studies Center, echoes that. "When things were good the Phoenix metropolitan area was in the top five cities in the nation and now that things are bad, it's also in the top five," he says from his office in Tempe, just southwest of Phoenix. That created a buyers' market and those with money are taking advantage of it.

Many out-of-state buyers of high-end property are attracted to Arizona by its sunny climate, swimming, golf and tennis, hiking, biking and generally outdoors lifestyle. Kim Clifton, a broker with Tierra Antigua Realty in Tucson and outgoing president of the Tucson Multiple Listing Service, says: "60% to 70% of our up-end buyers come from out of state." Ms. Clifton, who specializes in luxury-home sales, adds that there are particularly good buys to be had from developers who built homes speculatively.

Kevin Kaplan, vice president of marketing and technology for Long Realty in Tucson, says Pima County (in which Tucson is located) is more affordable than the Phoenix area. Prices did not rise as much during the boom and have not fallen as much since. In mid-January he was beginning to see an increase in buyers.

Some luxury-home buyers are zeroing in on resort developments such as two new Ritz-Carlton projects that are under way, in Paradise Valley, in the Phoenix metropolitan area, and at Dove Mountain, in the Tucson metropolitan area.



Resort developments, such as Dove Mountain Ritz-Carlton Residences in Marana, just northwest of Tucson, are proving popular with buyers of luxury property.

Dove Mountain Ritz-Carlton Residences sits on 850 acres in Marana, just northwest of Tucson. Sales opened last October and as of late January there were 10 reservations, says Robert Shields, director of sales and marketing for DM Residential Investment, which is developing the property. There will be nearly 440 residences: villas, which share a wall, between 1,900 square feet and 2,600 square feet on 9,600 square-foot lots, priced between \$1.25 million and \$1.5 million; and 2,500 square-foot to 5,500 square-foot detached homes on lots between a quarter and one acre, priced between \$1.5 million and \$3 million. Custom-home lots between one and seven acres are priced be-

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between \$700,000 and \$1.8 million. All homes face one of two Jack Nicklaus-designed golf courses or the Tortolita mountains, and residents have access to the resort's restaurants, spa, nine swimming pools and other services.

Sales at Ritz-Carlton Paradise Valley — at the foot of Camelback Mountain between Phoenix and Scottsdale — began last March. Buyers who have to arrange financing or sell another home will have "two-and-a-half years to sort everything out," says Brendan Mann, director of sales for S&P Destination Properties, which is handling the resort-style development. Homes range from 2,000 square-foot villas to 5,500 square-

foot estate homes, priced between \$1.6 million and \$7 million. Facilities include access to the hotel's cooks and events lawns.

Kristen Johnson, an agent with Arizona Best Real Estate in Scottsdale, says that the luxury-home buyers with whom she works still zero in on North Scottsdale and Paradise Valley. She and others like her count on Arizona's reputation as a resort destination with buyers from colder climates, such as Chicago, New York, Washington state and Canada. "Now they are looking for deals, because the deals are out there," she says, speaking from her home office in Scottsdale.

Sedona, around a two-hour drive north of Phoenix, known for its red rocks and nearby historic ruins, is considered a cooler option for Phoenix residents and those for whom the heat of southern Arizona is too much. There the luxury market starts at \$1 million and as of mid-January there were 93 luxury homes on the market, says Jacque Weems, a real estate agent and luxury-home expert with Russ Lyon Sotheby's in Sedona. Of those, nine were priced at more than \$3 million and three at more than \$10 million.

Ms. Weems's buyers are looking for privacy and panoramic views, often seeking homes on land abutting the Coconino National Forest. "They don't want to see another house," she says. Many of the homes have floor-to-ceiling windows, which allow the residents to feel as if they are walking among the red rocks and the towering trees that surround them.

For those who have the money, Arizona today is a buyers' market.

INVITING CLIMATE, SPLENDID SCENERY AND SPORTS GALORE

IN ARIZONA, the outdoors calls. Realtors and developers report that buyers of luxury homes nearly always cite the climate as important in their choice, looking for a variety of outdoor activities.

And Arizona delivers. There are more than 300 golf courses in the state, with 150 connected to golfing communities. More than 15 of these courses are of the caliber to host a Professional Golf Association event. Tennis also is big, with courts, clubs and camps available throughout the state.

There are no fewer than 24 national parks, monuments and historic trails. Grand Canyon National Park is probably the best known, with 277 miles of the Colorado River winding its way through Arizona's northwest corner, offering opportunities for hiking, backpacking and river rafting, not to mention some breathtaking scenery.

Buyers in the Sedona area often opt for homes nestled on land partially surrounded by the Coconino National Forest, one of six national forests in Arizona. It covers 1.8 million acres, providing opportunities for those who want to camp, horseback ride, hike or fish.

And baseball fans can watch 14 Major League teams compete in Arizona's "Cactus League" during spring training, enjoying both the scenery and the games.

— Meta L. Levin



Grand Canyon National Park