

TOWN OF PARADISE VALLEY INDEPENDENT

Your hometown, nonpartisan newspaper ♦ YourValley.net



Second homes have become a welcome solace for Valley residents, with some folks purchasing get-away properties in Flagstaff, one Realtor says, for a change of pace away from the city. (Special to the Independent)

A PLUMP INVESTMENT

Valley buyers invest in Flagstaff getaway homes

By Melissa Rosequist
INDEPENDENT NEWSMEDIA

One Realtor says a new trend appears to be emerging in northern Arizona, where Paradise Valley and Scottsdale residents are purchasing second homes in-state as the Valley's real estate market continues to boom.

While word coming from Flagstaff is that many Valley purchases are sucking up the housing inventory, Scottsdale and Paradise Valley Realtors are not singing the same tune — Arizona in general is booming in real estate, they say.

About two hours north of Phoenix lies Arizona's winter gem: Flagstaff. A popular getaway for Phoenix families to escape the scorching summer heat or to get a taste of a snowy wonderland, Flagstaff is a beloved respite for Ariz-



It is not uncommon for affluent people to purchase second homes around the country, Arizona Realtors say. (Independent Newsmedia/Arianna Grainey)

nans.

But the country's top luxury buyers, Paradise Valley Realtor Joan Levinson says, are not seeking out Flagstaff if they already have a home in Aspen.

"I have some clients who have homes in Flagstaff, but

I have clients who have homes in Aspen and all over the country in different places," Ms. Levinson said. "But I haven't seen a run on Flagstaff at all — I haven't had one conversation in the last four months about anyone wanting to go to

» See Homes on page 14

Homes

» From page 1

Flagstaff, actually.”

Area code 928

Flagstaff Realtor Chad Dragos, who specializes in second-home buyers from Paradise Valley and Scottsdale, says this year is different for the real estate sector. He said his clients from Phoenix's two wealthy communities increased 60% in 2020.

“Everywhere in real estate is pretty much the same, but I think it started right around COVID — I think a lot of those reasons stem from COVID — the low [interest] rate is probably one, and that was a driver just from COVID. When people wanted to shelter in place, they would rather come up here,” Mr. Dragos said. “It took up all of the inventory.”

Data provided by The Agency, a Flagstaff luxury real estate brokerage, shows since March 1, 160 buyers from Paradise Valley or Scottsdale purchased a Flagstaff-area home.

While the area typically has 60% sellers and 40% buyers, this year he has witnessed 15% sellers and 85% buyers.

He points to the average sale price for 2019, which is about \$90,000 less than the



(Photo by Independent Newsmedia/Arianna Grainey)

2020 average sale price of \$521,000.

Flagstaff has three popular luxury neighborhoods: Pine Canyon, Flagstaff Ranch and Forest Highlands.

Data show from March 1 to Oct. 19, in the three gated communities, there have been 202 total sales, with the average days a listing is on the market at 143.

The average list price, Mr. Dragos says, is \$1.2 million.

For the same time the year prior, there were a total of 83 sales, and homes were on the market for an average of 50 days longer.

Mr. Dragos says he doesn't believe these houses are being purchased to become short-term rental properties, but simply investments.

“I think more of the play has been the rates are so low — also, you have to look at the economics of business and the stock market. When people have money, especially the affluent, to put into either real estate or stocks in March, April, May when people were getting laid off, businesses were closing — it was doom and gloom everywhere — people started transferring that money from business, from the stock market, into real estate. I think that's probably more of a factor than VRBO,” Mr. Dragos said.

A safe asset

Scottsdale Realtor Gary Shapiro echoes those thoughts about how 2020 has in-turn shaped the housing

market.

“I think during this COVID time, a lot of second homes have been considered safe refuge,” Mr. Shapiro said.

“So as a result, people that have second homes already outside of Maricopa County are spending more time there because the pace is different, the outdoors, the fact that they're on a larger lot — a different lifestyle.”

Mr. Shapiro also points out the long-term factor to purchasing a second home.

“This may be something that they're revisiting that had been put on hold,” he said. “Interest rates are low, a lot of people are paying cash for properties, there's an amazing amount of wealth still out there. Real estate continues

to be a safe asset.”

Mr. Dragos points out how Flagstaff has struggled with affordable home prices for the past five to 10 years, stating the 2020 COVID-19 investments could worsen that problem. “It's probably expedited that as each pricing goes up, it's pushing a local worker from downtown Flagstaff to the outer towns around Flagstaff, which have lower housing prices,” Mr. Dragos said.

Californians seek out Paradise Valley

Ms. Levinson, on the other hand, says she isn't having clients clamoring for Flagstaff — but she admits she slings a different realm of luxury.

“Maybe a lot people do want to go to Flagstaff, that very well may be true, but I don't have the statistics to support it,” she said.

Ms. Levinson pointed to the real estate growth in the west Valley — particularly for first-time home buyers — Tempe, and other areas of the Valley and state.

“The bigger houses now, people were down-scaling for a while. I have someone who I just moved a year ago — with COVID, their kids came back, and they realized they didn't want to down scale so much,” Ms. Levinson said of the im-

pact of COVID-19 on people's home needs.

“We are having a lot of that, with COVID, people are more interested with their environment: Do they have an office in their house? Do they have nice back yards? Do they feel safe walking their neighborhoods?”

Ms. Levinson noted some points of fact she's learned from her clients, which includes disdain at California's rising taxes and growing population.

“Suddenly, people are not liking San Francisco — it's closer quarters — and people are really unhappy with what's happening in California,” Ms. Levinson said, noting the impact of homelessness on public areas.

“I think they really don't like the taxes. They think the taxes are going to go up. Someone sent me a letter that taxes could go up to 19% in California, so they've been taxed out. The houses are so close together, and here they are further apart,” Ms. Levinson says wealthy California residents are contacting her a couple of times a week.

“I've had Florida, Kansas, Texas — but I've had an amazing amount of people from California, but they all want to be around Paradise Valley,” Ms. Levinson said.