

Newsletter from the Greater Phoenix Central and Southern Arizona Land Specialist



Land values are rising fast.

If you're thinking of investing – consider these thoughts...

Land can be a risky investment because it always involves speculating that the land will increase in value over time. Land can also be a great investment because when the market goes up- the values can go up at a much faster rate than other real estate investments. Everybody should have learned from the last rise and fall of the land values that it will happen again. The #1 rule is timing and there is no better time to invest in land in Central Arizona than right now. While there are no costs for buildings on vacant land, you will have to pay for the property taxes, and possibly some maintenance expenses while the property is sitting vacant. Unless you lease the land, you will need to continue to make an annual investment.

Short Term Investing and Land Entitlement

In general, there are two types of land investing – “short” or “long term”. With short term investment, I recommend residential or commercial land in the Metropolitan Phoenix area. The economy is on the way up, the values for land are rising fast but the prices are still very low compared to the height of the boom. With a rising market, strong profits might be realized fairly quickly. Another short term strategy is to go through the entitlement process and then flip it to a developer. The entitlement process involves legally changing the zoning. For example: a piece of land is located in a commercial zone, but zoned for residential use. If you can change the zoning of the property to allow for a commercial property to be built, it will be worth more to a developer than it was when it was zoned for residential use.

Using Leverage – Risky but High Reward Potential

If you leverage your money, which obviously increases risk, your goal should be 50% to 100%. The reason I say those high numbers (100% and more) is because I learned my first and probably biggest lesson when I was a rooky real estate agent. It im-

pressed me so much - all I wanted to do afterward was to investment in vacant land using as much leverage as possible. Here's the story:

Many years ago, I sold a 40 acre parcel for a client for \$130,000, it was a distressed property and the seller wanted out quickly. The buyer sold it 6 months later for \$280,000. I could not help myself and I said to him “you just made more than 100% on your money in 6 months” (after my brokerage fee). He looked at me with a smile on his face and said “what was my return?” I did not get it, so he explained to me that he had only put \$10,000 down and had obtained a line of credit for the balance. The roughly \$130,000 profit actually represented a return on the cash invested (ROI) of 1,000+%. WOW

Long Term Investing

Unlike active investors, long term investors are passive investors and they rely on their belief that regardless if values take a temporary slip, over the long term, values will increase and their investment profitable. In my opinion, buying land now, almost anywhere in Arizona (except in a few areas), most likely will make more money than investing in other secure investments like bonds. And what is more important, Real estate is real and therefore it always will be there, no matter what and at the minimum it always will have its intrinsic value and follow inflation.

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Compliments of:

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Never interrupt someone doing what you said couldn't be done Amelia Earhart

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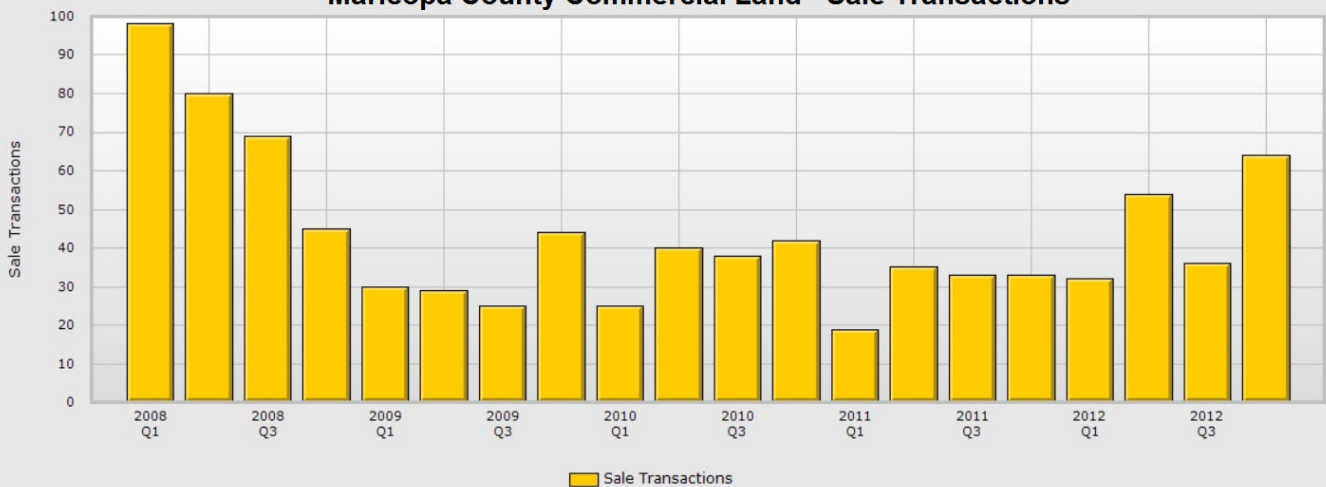
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History says at the next big boom the values will always be higher then at the last big boom. So do your math and you will agree with me, you have a possibility to make a lot of money with very little risk and on a very secure and real investment.

Please call me **anytime** if you have any questions or you just want to talk to me about land investments or your land.

My cell 520-975-5207, & my e-mail walterunger@ccim.net Please put in the subject line "land investment".
 - Walter Unger, CCIM

Maricopa County Commercial Land - Sale Transactions



Maricopa County Commercial Land - SOLD - Average Price per AC

