

Why We Will See More High End Foreclosures In 2011

As high end home owners tire of paying on homes worth less than their mortgages.

Oct. 21, 2010 - [PRLog](#) -- For the most part the real estate market peaked in 2007. Some of the areas of the country pay have peaked in late 2006 and others on early 2008. Most experts agree 2007 was the peak when real estate prices were highest. Since then we have seen record foreclosures and short sales at the bottom tier of the market. Many of them have been unwarranted meaning, people have walked away from homes they could afford. But why? Because the real estate market collapsed and the price of homes dropped dramatically. In the Phoenix, AZ market where I work as a Realtor, we have seen homes drop in value by an average of 50%. Cities that have experienced housing price reductions at this level include Gilbert, AZ which at one time was the fastest growing city in the United States. Other cities include Chandler, Scottsdale, Tempe, Mesa, Laveen, Peoria, Tolleson and Glendale. Other areas cities in rural areas outside of Phoenix where hit twice as hard with gas prices. Homes in Cassia Grande, Maricopa, Florence and Coolidge dropped by 70% from the market highs.

What has been absent from the foreclosures are the medium tier homes or executive level homes. These are homes that sold for \$500,000 up to \$2,000,000 in 2007. Most of these homeowners have deeper pockets and their credit rating is very important to them. After weathering this storm for going on 4 years, these folks are getting tired. Many have suffered job loss and are having to relocate. Others are upside down on their homes by very large sums of money. A person who is upside down on their home by \$500,000 is now reconsidering their options. If they walk they damage their credit. It may take them a couple of years to rebuild their credit. That's \$250,000 a year for them to get back on financial footing. It is a no brainer, these high end home owners are going to start walking from these homes. We will probably see this wave of housing come on the market as foreclosures. Most of these people cannot short sale their homes because they cannot show hardship. Owning more money on your home than it is worth is not called hardship. It is called tough s&t. If you are considering purchasing an executive home the market may well come to you in the coming year.

It will probably be some time before we see homes in excess of \$2,000,000 going into foreclosure in any numbers. These people have the funds to sustain the losses and in most cases can write off the losses on their taxes. They will simply hold on to their homes and wait for the market to change or until there is a major gain from some other investment that they want to offset with the loss.

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Real estate home sales in the greater Phoenix, AZ area. Areas served are Gilbert, Chandler, Mesa, Tempe, Scottsdale, Glendale, Peoria, Laveen, Casa Grande, Maricopa, Florence, Apache Junction and more.

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Source	Greg Urroz, CRS
City/Town	Gilbert
State/Province	Arizona
Zip	85295
Country	United States
Industry	Foreclosures
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