

The **BASELINE CORRIDOR** feature provides information relevant to all new construction taking place between the Salt River and South Mountain. Detailed listings of the Baseline Corridor homes can be found in the following general listing sections of The Ultimate New Homes Update: MLS area #208, #324, #325 and #503.

by Bob Yarrow

The Baseline Corridor is BOOMING!

Currently there are 51 New Home subdivisions actively selling in the Baseline Corridor. Another 31 are preparing for sales, i.e. they have at least begun site preparation. In the past fourteen months 49 New Home subdivisions have sold out in this area. This is one of the hottest selling areas in the metro area, and you need to see it!

The NEW REALITY vs. the old perception

If you have not been in the South Mountain area in the last three years, you owe it to yourself to make a short trip down the Baseline Corridor. You will be amazed at what you see and experience! The area is drastically different than it was just three years ago. You will discover today's reality – VITALITY, VIEWS, VALUE and POTENTIAL - is drastically different than your old perception of south Phoenix. This area offers some of the least known housing gems in the Phoenix metro market today!

In January 2001 there were only eleven subdivisions in this area. A year prior to that the only developments were the Pines and the Legacy on 32nd Street north of Baseline. Today if you drive the twelve miles down Baseline Road you will pass nearly 50 new home subdivisions. A new Phoenix is rising from the farmland, desert and poverty of the old south Phoenix. Over 10,000 homes are scheduled to be built in the new home subdivisions currently under development.

The Vitality Factor (Builder's Spend a Quarter of a Billion Dollars)

There are 82 new home communities planned or being built in the South Mountain area. The "Baseline Corridor" is bounded by the Salt River on the north, South Mountain on the south, 48th Street on the east, and the Gila River Indian Community on the west (see BASELINE CORRIDOR map). Our calculations show that combined, the thirty six new home builders of these communities will be investing over \$300,000,000 in land and infrastructure. Drawn by the building of over 10,000 new homes, many new retail businesses are now being built in this area and others are in the planning stages. Several new schools are either being built or are in the planning stages.

Awesome Views and the Location Factor

The most important thing in real estate is location. And, the location of the Baseline Corridor is fantastic! This area provides beautiful scenic views of both the mountains and the city. Because it is situated so close to the city center core, this area provides many of the advantages of Urban Living. All of the Baseline Corridor is within ten miles and twenty minutes drive time of downtown. Coupling this location with the ability to purchase a home offering fantastic value creates an opportunity that is available nowhere else in the metro area!

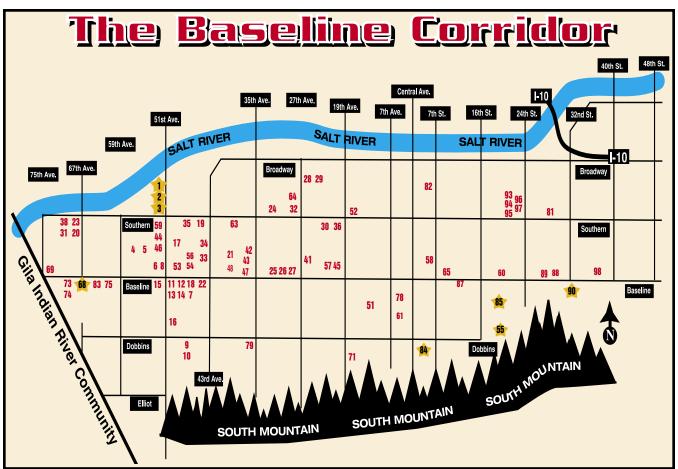
The Value Factor

We undertook a detailed new home price study to determine what has happened to new home prices in the BASELINE

New in this 8th edition:

- 1. All maps were updated.
- 2. All data tables were updated.
- 3. Tracking of Upcoming Subdivisions added.
- 4. Retail section was updated and Laveen Village Center added.

The total number of communities shown on the Baseline Corridor map is now 82, which is up from 66 sixteen months ago and down from 89 two months ago. The number of builders has increased from 28 to 36.

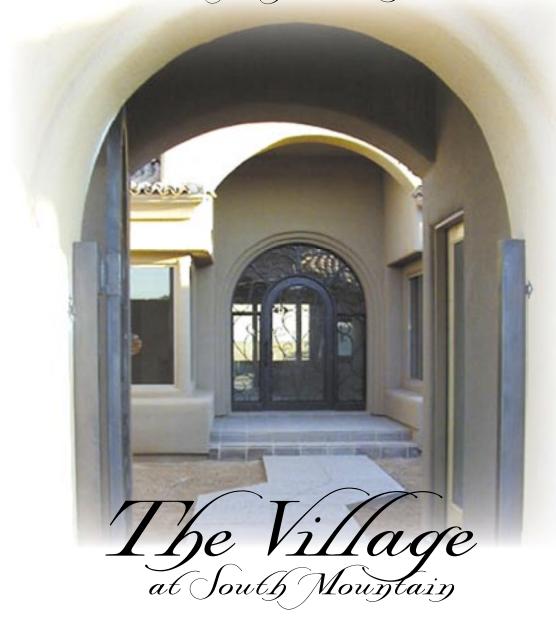


No.	Subdivision	Builder Name	Kev Features	MLS	No.	No.	Subdivision	Builder Name	Kev Features	MLS No.
1	River Walk Villages Dorado Series	Elliott Homes	51st Avenue & Southern	324	R32	45	Vinevard Vista	Great Western-K. Hovanian Co	Key i catules	208 R34
2	River Walk Villages Classic Series	Elliott Homes	51st Avenue & Southern	324	R32	46	The Groves @ Laveen Crossing	Pulte Homes		324 R32
3	River Walk Villages Signature Series		51st Avenue & Southern	324	R32	47	Amber Ridge	Montalbano Homes		208 R33
4	The Foothills At Bougainvillea	Engle Homes Arizona	JIST AVEILUE & COULIIGITI	324	R32	48	Cameron Creek	Great Western-K. Hovanian Co		208 R33
5	The Villages At Bougainvillea	Engle Homes Arizona		324	R32	51	Dobbins Crossing II	VIP Homes		208 S34
6	Cottonfield Ranch	Homes By Ld Pappan		208	R32	52	Colony At Silverado	Richmond American		208 R34
7	Lookout Canvon At Sierra Madre	D.R. Horton - Continental Series			omina	53	Rogers Ranch By Calex	Calex Homes		Upcoming
8	Cottonfield Ranch	Capital Pacific Homes		324	R32	54	Rogers Ranch	Brown Family		Upcoming
9	The Foothills At Dobbins Point	Engle Homes Arizona		325	S32	55	Mountainside Estates	Destiny Homes Marketing	Mtn./City View Lots	Upcoming
10	The Highlands At Dobbins Point	Engle Homes Arizona		325	S32	56	Rogers Ranch	Brown Family	manuony rion 2010	Upcoming
11	Morning Star At Sierra Madre	D.R. Horton - Continental Series		325	S32	57	The Enclave	Pinnacle Builders		Upcoming
12	North Star At Sierra Madre	D.R. Horton - Continental Series		325	S32	58	The Heritage At Alta Vista	Heritage American		208 R34
13	Sunrise Cove At Sierra Madre	D.R. Horton - Continental Series		325	S32	59	Sierra Colina	Beazer Homes		Upcoming
14	Davbreak At Sierra Madre	D.R. Horton - Continental Series		325	S32	60	Meridian Hills	Charlevoix Homes		Upcoming
15	Sierra Bella	Beazer Homes		325	S32	61	Southern Views	Charlevoix Homes		Upcoming
16	Silverado Ranch	Meritage Homes		325	S32	63	Vista Rio	Calex Homes		Upcoming
17	Rancho Verde Estates	Hacienda Builders		324	R32	64	Barcelona - 5000 Series	Providence Homes		Upcoming
18	Sunset Vista At Sierra Madre	D.R. Horton - Continental Series		325	S32	65	Fremont Cove	Charlevoix Homes		Upcoming
19	Horizons @ Rogers Ranch	Ryland Homes		324	R32	68	Laveen Meadows	Elliott Homes		Upcoming
20	Bridle Crossing @ Trailside Point	Centex Homes		324	R31	69	Laveen Ranch	Great Western-K. Hovanian Co		Upcoming
21	Vineyard Commons @ Arlington Est	: Trend Homes		208	R33	71	Talasera At South Mountain	Beazer Homes		208 S34
22	Skyline At Sierra Madre	D.R. Horton - Continental Series			coming	73	Meadows At Laveen Meadows	Standard Pacific Homes		Upcoming
23	Mesquite Manor @ Trailside Point	Centex Homes		324	R3Ť	74	Village At Laveen Meadows	Standard Pacific Homes		Upcoming
24	Park Meadows	D.R. Horton - Dietz-Crane Series	208	R33		75		KB Home		Upcoming
25	Trailside At Laveen Village	Courtland Homes		208	R33	78	Brighton Park	Cambria Homes		Upcoming
26	Oak Springs At Laveen Village	Courtland Homes		208	R33	79	Dobbins Corner	Calex Homes		Upcoming
27	Ash Creek At Laveen Village	Courtland Homes		208	R33	81	Southern Springs	Rb Homes		208 R35
28	Arizona Belamar	KB Home		208	R33	82	Roeser Park	V&M Homes		Upcoming
29	Arizona Enclave	KB Home	.1	208	R33	83	Preserve At Laveen Meadows	Taylor Woodrow	Mts (O'ts) Vissal sta	Upcoming
30	Mountain West	Cornerstone Hms & Development Centex Homes	II.	208	R33	84	Mineral Canyon	Destiny Homes Marketing	Mtn./City View Lots	Upcoming 208 S35
31	Keningston Place @ Trailside Point	Providence Homes			coming	85	Highline Ranch At South Mountain	Destiny Homes Marketing	Mtn./City View Lots	
32 33	Barcelona - 6000 Series	Providence Homes Richmond American		208	coming R33	87 88	Casitas Grande Hunter Ridge	Sundance Development KB Home		Upcoming
33	Regal At Rogers Ranch Vision At Rogers Ranch	Richmond American Richmond American		208	R33	88 89	Mountain Grove	Heritage American		Upcoming Upcoming
35	Vistas @ Rogers Ranch	Ryland Homes		208 324	R32	90	The Village At South Mountain	Sonoran Family Communities	Mtn./City View Lots	208 S35
36	Clover Farms	Brown Family		208	R33	93	Copper Leaf	Trend Homes	WILLTORY VIEW LOIS	324 R31
38	Equestrian Estates @ Trailside Point				omina	94	Regency At Copper Leaf	Trend Homes		324 R31
41	Sterling At Lantana Estates	Richmond American		208	R33	95	Copper Leaf (III)	Trend Homes		Upcoming
42	Amber Ridge Trails	Ryland Homes		208	R33	96	Copper Leaf (III)	Classic Communities		324 R31
43	Amber Ridge Crossing	Ryland Homes		208	R33	97	Copper Leaf (V)	Classic Communities		Upcoming
44	The Breezes @ Laveen Crossing	Pulte Homes		324	R32	98	The Gardens At South Mountain	Frank Residential		208 R35
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CORRIDOR in the last couple of years. From this we arrived at the conclusion that the average South Mountain area new home has appreciated at a rate substantially faster than the national average! The results and methodology used in this analysis are described in detail in the "Best Home Values in the Valley" section located later in this article.

Although recent history is the best predictor of future value, other factors influencing home value need to be considered before coming to a home investment decision. New home value is impacted by location factors, amenity factors, cost factors and area potential. The location factor was described previously.

Since homes in the Baseline Corridor are generally priced as well or better than other areas of the valley, value can be found in all price ranges. This area offers a great mixture of prices, ranging from under \$110,000's to over \$700,000.

Booming South Mountain Area

The area between South Mountain and the Salt River has the highest concentration of new home construction of any continuous locale in the Phoenix metro area. The builders who have had the vision to build here have invested a huge amount into land, streets, sewers, model homes and other community amenities. This huge expenditure demonstrates their conviction concerning the vitality of the South Mountain area. This residential growth is now bringing significant retail development to the Baseline Corridor area.

The total Baseline Corridor area is comprised of just over 50 square miles, and is shown in detail on the community map located previously in this Baseline Corridor section. Over 80 new home communities are being built (our current count is 82 subdivisions) in the South Mountain area. These subdivisions contain over 114 model homes, most decorated and furnished for homebuyer viewing, 290 floorplans which can be built, and 65 spec homes currently under construction.

The 36 builders currently building or with plans to build in the near future are listed in the following table. The quantity of communities listed as active include those being developed but not yet selling.

Number of Baseline Corridor Communities by each Builder

Γ.	Builder Name			Builder Name				
40,	<u>\\</u>	%	Builder Name	20,00	$\frac{1}{2}$	%	Builder Name	
3	1	2	Beazer Homes	1			Homes By LD Pappan	
3	2	1	Brown Family	4	2	2	KB Home	
3	3		Calex Homes	1		1	Meritage Homes	
1	1		Cambria Homes	1		1	Montalbano Homes	
1		1	Capital Pacific	1	1		Pinnacle Builders	
4	2	2	Centex Homes	2	2		Providence Homes	
3	3		Charlevoix Homes	2		2	Pulte Homes_	
2	1	1	Classic Communities	1		1	Rb Homes	
1		1	Cornerstone Hms	4		4	Richmond American	
3		3	Courtland Homes	4		4	Ryland Homes	
7	2	5	D.r. Horton - Continental	1		1	Sonoran Family	
1		1	D.R. Horton - Dietz-Crane	2	2		Standard Pacific	
3	2	1	Destiny Homes	1	1		Sundance Development	
4	1	3	Elliott Homes	1	1		Taylor Woodrow	
4		4	Engle Homes Arizona	4	1	3	Trend Homes	
1	1	1	Frank Residential	1	1		V&M Homes	
3	1	2	Great Western-K. Hovanian	1		1	Vip Homes	
1		1	Hacienda Builders					
2	1	1	Heritage American	82	31	51		

Our analysis shows the builders' investments in the Baseline Corridor area total well over \$300,000,000. We arrived at this number of over one quarter of a billion dollars as follows:

> Quantity of Subs Avg. Lot Quantity / Sub x 128 Total Quantity of Lots 10,496 x \$30,000 Avg. Cost / Lot \$314,880,000 Total Builder Investment

If that number seems too large to be meaningful, then just look at the smaller investment of just fifteen million dollars to build, decorate and furnish the 114 model homes. These builders have put their money where their mouth is! Doesn't this suggest strongly that a short trip to South Mountain would be a good investment of your time?



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Growth Statistics

We have been doing special tracking of development activity in the Baseline Corridor for 14 months, and the chart to the right clearly shows that this is not a passing fad. We estimate Baseline Corridor New Home sales (contracts written) are running at over 600 sales per month for a sales volume of about \$100,000,000 per month.



Baseline Corridor Building Activity

Period Ending	Builder Qty	Sub. Qty	Subs Not Open for Sales
Apr 2003	28	66	n/a
Jun 2003	31	72	n/a
Aug 2003	32	74	n/a
Sep 2003	35	77	n/a
Nov 2003	38	80	n/a
Jan 2004	41	87	16
Mar 2004	42	88	23
May 2004	40	89	28
<u>Jul 2004</u>	36	82	31

You might interpret the growth statistics above as a slowing in the rate of growth in this area. However, the situation is the exact opposite of that. Over the past few months sales have accelerated significantly in this area causing subdivisions which are open to sell out faster than new communities are able to open. The column titled "Subs Not Open for Sales" actually paints a more accurate picture of what is happening in recent months in this area. The Baseline Corridor is quickly becoming the NEWEST area in Phoenix!

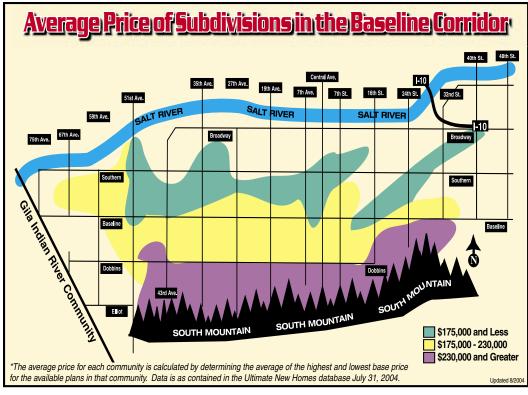
Area Potential – It will be the **NEWEST in Phoenix**

Most of this review deals with what is currently happening in the area between Broadway Road and South Mountain. However, to get a true sense of the potential value, you need to look beyond the area that is already in sticks and mortar. So, when you are done driving Baseline Road and Southern Avenue, take a short side trip down Broadway Road and look to the north. This area has had a reputation for its' poor and dilapidated housing, and there are still houses located here that fit into those categories. However, the thing that is most significant is what's missing. Buildings are missing from a large percentage of this acreage. They have been demolished and the land is accumulating into large enough blocks that it will soon be available for new

I describe this situation because much of the land further south in the core of the Baseline Corridor has already progressed though this process. When you see vacant lots intermingled with poor housing you can see a "glass half full" or a "glass half empty." Literally, you can see a poor neighborhood that seems to be deteriorating, or you can see the potential development which may be just over the horizon. This is a key point for anyone considering buying



Highline Rancl



Soon, the area that for years has been the poorest in Phoenix will be the **NEWEST in Phoenix!**

Subdivision Location by Price

The map above shows the location by general pricing of the Baseline Corridor subdivisions. The most expensive subdivisions (average subdivision price of \$230,000 or greater) are located nearest to South Mountain. In turn the least expensive communities (average subdivision price of \$175,000 or less) are in the north. Between these two are communities with an average price between \$175,000 and \$230,000. Generally the subdivision price increases as the communities move to the south, i.e. closer to South Mountain. However, be aware that using just one price point, as we have done, to represent a subdivision only provides a general indication of where the homes fitting your needs may be located. All plan base prices are shown in the general listing section of this new home catalog.

Retail is Coming (ALMOST HERE)

In this section we have been saying for sixteen months the words "Retail is Coming". That no longer is the case, it is ALMOST here! Two significant shopping developments have grown from the desert and will be completed in the next few

months: In the east - Legacy Village - and in the west – Fry's Center. You can see photos of these two developments on the Retail Maps we have provided.

The retail real estate development adage that it takes rooftops and disposable income to attract retail development

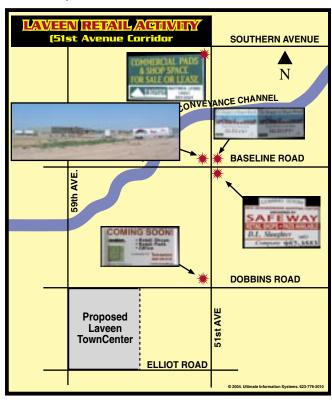
has been proven true again. The thousands of new homes built in the last couple of years coupled with the 10,000 to be built in active subdivisions is fueling substantial retail development. The map titled "Retail Development in the Baseline Corridor" shows both existing, under construction and planned retail centers. For this article we have defined retail development to include: major department stores. (e.g. Big K-Mart, Target, and WalMart), grocery stores (e.g. Basha's, Food City,

Frv's, and Safeway), major drug stores, (e.g. Eckert's, Osco, and Walgreen's) and sit-down restaurants. The chart map titled "Retail Development in the Baseline Corridor" gives graphical detail about the status of these retail developments. Again, in order to understand the true value of the Baseline Corridor area vou need to look at the retail that is planned as well as what already exists.

Legacy Village – 24th St & Baseline

Construction of this 40 acre shopping center which will include a Target Department Store, a Fry's Food Store, Famous Footwear, Ace Hardware, Anna's Linens, Jack in

the Box, Applebee's, IHOP and Bank of America on the Northwest corner of 24th Street and Baseline Road began in November, 2003. It is anticipated that the Target store will open for business by Christmas 2004. Some of these buildings are fully enclosed.



32nd St & Baseline Rd Project Planned

Another new retail project is being planned south of Baseline Rd. at 32nd Street. The businesses will face both the realigned 32nd Street and Baseline Road. Discussions are being held with major drug stores concerning the three acre parcel which will be east of the new 32nd Street (see" Retail Development in the Baseline Corridor" map). The total retail project is ten acres and will offer both retail and office space, with the retail on the first floor and office and medical space upstairs. The buildings will surround an open-air central courtyard which will create the relaxing atmosphere for the upscale outdoor dining and boutiquetype shops that are planned. Underground parking is currently anticipated.

Laveen Village Center - 35th Ave & Baseline

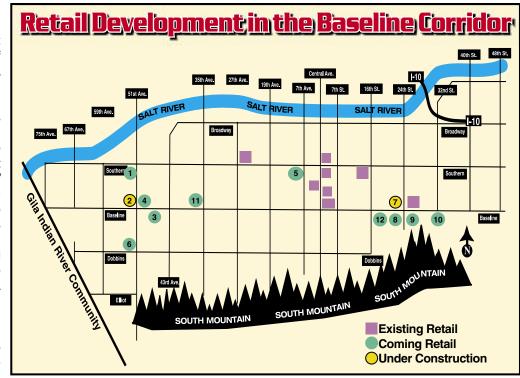
Developers are seeking clients for a major shopping center to be located west of the Circle K on the northwest corner of 35th Avenue and Baseline. This center is anticipated to have three

major stores 15,000 - 25,000 square feet, pads for five free standing businesses, and numerous smaller retail shops between the major stores.

Fry's at NWC Baseline & 51st Ave.

A Fry's shopping center is to be located on the northwest corner of 51st Avenue and Baseline Road. This will be a beautiful upscale shopping center of the nature that you typically see in north Scottsdale. It is anticipated that Fry's will be open for sales around the beginning of 2005. Construction is underway.

The initial phase of this project is 15 acres consisting of a large Fry's store, a Wells Fargo bank, a gas station, coffee shop, restaurants and other typical type of local stores that are located in community shopping centers. Retail space in this center is currently leasing. A second 25 acre phase, just to the west of phase one, is still in the planning stages.



	Retail P	rojects Being Considered or Planned	Existing Retail		
No.	Retail Store	Status of Project	Retail Store	Location of Existing Retail	
1	Retail	Seeking Occupants	Walgreen's	NEC Southern & 19th Ave	
2	Fry's	Under Construction - Open Late 2004	Ranch Market	NEC Southern & Central	
3	Safeway	Planned	Food City	SWC Southern & Central	
4	Retail	Seeking Occupants	Osco	SEC Southern & Central	
5	Food City	Planned	Food City	N of Baseline & E of Central	
6	Retail	Seeking Occupants	Big K Mart	N of Baseline & E 3rd St	
7	Target/Fry's	Under Construction - Open Christmas 2004	Fry's/Walgreen's	NWC Baseline & 7th St	
8	Retail	Zoned Commercial	Safeway	SWC Southern & 16th St	
9	Retail	Zoned Commercial	Walgreen's	NEC Baseline & 24th St	
10	Retail	Seeking Occupants			
11	Retail	Seeking Occupants			
12	Retail	Seeking Occupants			

Safeway at SEC of Baseline & 51st Avenue

Laveen Ranch Marketplace is currently scheduled to open in late 2005 or early 2006. Safeway will be opening a 55,000 sq ft. store on this land that they own. The attractive store will face the corner of 51st and Baseline and will feature a stone and river rock exterior. Laveen Ranch Marketplace will also include a gas station, a Bank of America with three drivethrough lanes, a tire store, a restaurant and other shops. The developer is Evergreen Devco.

Best Home Values in the Valley

One question that always goes through the buyer's mind when buying a home is what will happen to property value. Is this home or a home in this area, going to increase or decrease in value? This question is particularly difficult to answer when there are a limited number of existing

homes of comparable value located in the same area. Since recent history is the best predictor of future home value appreciation, we undertook a detailed new home price study to determine what has happened to new home prices in the BASELINE CORRIDOR in the last couple of years. This "Best Home Values in the Valley" section addresses this question based on a thorough new home pricing data analysis for the Baseline Corridor area. This analysis may be a little more technical than you might desire, but the detail is essential to understand the methodology by which we reached our conclusion.

At the time of this analysis there were 82 communities listed on the Baseline Corridor map. thirty six of these were used for the purpose of this analysis. Fifteen communities were excluded because they had very recently opened and did not yet have a price change or they have been

open for such a short period of time that their data would bias the averaging process. Thirty one of the communities listed on the map were not yet selling homes.

The source of information for this analysis is the "Price Change History" maintained by Ultimate Information Systems, Inc. This basic data is available to any Realtor® who is a member of the Arizona Regional Multiple Listing System (ARMLS) for each active plan or model in any active subdivision. To access the information the Realtor® just clicks on the "Price History" link on the detail report of the plan or model of interest.

The methodology is as follows:

- 1. Each subdivision was analyzed individually and then the subdivision percentages were averaged to come up with an overall percentage of increase.
- 2. The actual dollar value of the price change of each model was calculated by taking the difference between the selling price of the model when it was first available and the current selling price.
- 3. A percentage for the above price change was arrived at by dividing this change by the initial base listing price
- 4. The time over which this change took place was calculated by calculating the number of days between the initial listing and the most recent price change. This number of days was then converted into a percentage of a year.
- 5. To arrive at the final number, the price change percentage was then divided by the percentage of a year that applied.

Increase in Base Sales Price in Baseline Corridor New Home Subdivisions

Date	Percentage
Calculated	Appreciation
Aug 2003	5.60%
Sep 2003	*
Nov 2003	8.10%
Jan 2004	7.05%
Mar 2004	7.52%
May 2004	10.40%
Jul 2004	13.40%
*Not Calculated	

The conclusion we arrived at was that the average new home base price has increased at a rate of at least 13.4% per year for the last couple of years! The table above shows the appreciation that we have calculated over the last year. Note that this calculation is a rolling average and not just an average for that two month period of time.

But, what's the Significance

After reading this you might still ask, how significant is the Baseline Corridor in the Phoenix New Home market? The answer is "very significant!" More than ten percent of the non age restricted New Home communities in the valley are in the Baseline Corridor, 51 of 616 subdivisions. If you don't check out what is here, you may miss the opportunity for ten percent of your sales.

By our estimate there are about 20 sections of land in the active portion of the Baseline Corridor that can potentially be developed (this is not including the land in the subdivisions that are currently selling or areas which are built out). It is likely that before all of that land is built out, the area north of Broadway and south of the Rio Salado Wildlife Preserve will yield several more sections of land for development. Twenty sections of land equates to 12,800 acres. To understand the magnitude of this, compare it to Anthem by Del Webb. When completed, Anthem will use 5,800 acres. The Baseline Corridor will accommodate more than two and one half times the number of homes which will be in Anthem!

Take that Baseline Corridor Excursion Today!

I hope this has convinced you to get in your car and take an exciting adventure to South Mountain! If not, let me offer you a few more tidbits. This area is being referred to by many who are familiar with it as "The New Ahwatukee". There are three awesome golf courses in this area. Rio Salado Preserve along the Salt River is being planned as a wonderful nature preserve. These are just a few more examples of the availability of quality activities and great value.

Want More Information?

- 1. Take the tour
- 2. Start a notebook for this area and include the Baseline Corridor pull-out section
 - 3. Pursue these information sources
 - 4. Give me a call



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