

It Wasn't a Mirage – But It Was a Dream

By Mark Stapp, executive director of the Master of Real Estate Development program, W.P. Carey School of Business, Arizona State University, June 22, 2013.

There is a quote by Kurt Vonnegut about hope and recovery that describes the state of our local economy “You were sick, but now you're well again, and there's work to do.” How do we know if we are well again? Numbers tell part of the story. We gather statistics about the economy to tell us where we are and how we are doing. But statistics are backward looking. I experienced first-hand the economy this weekend. I walked directly onto the middle of hope and promise on Saturday, not once but twice.

It was the first day Phoenicians would consider summer with temperature topping out about 109. Yet the temperature did not bother the thousands of people, young and old, I encountered first, in a small way (a hint of what I would experience) at Arizona Tile in Tempe. The showroom and yard was mobbed with people looking to upgrade their homes. Wow I thought maybe things are improving. Then we drove to the grand opening of Eastmark in east Mesa because I wanted to see DMB's new project first hand. I thought we were at Disneyland - it was amazing. There were thousands of people ignoring the heat, parading through model homes to the point you couldn't move in the homes at times there were so many people in them. Lines going up and down stairs, waiting to peak into a room because it was so full you couldn't actually walk into it. I think every Ollie the Trolley and shuttle bus available in Arizona was circulating the property moving people between various points with long lines of people waiting to get on the shuttles.

This was an example of pent up demand. People now hoped, wished and dreamed about buying a house. Visiting model homes is about the sale but more importantly it is about the dream. I thought about this too. When was the last time a project like Eastmark opened in metro Phoenix? Seven, eight years ago or possibly longer. Many of those I saw have not, as buyers, ever witnessed something like that. We have an entire segment of the homebuyer population that has not had the chance to buy a new home. The recession has been so long that people have moved to new places in their life. Now they have hope and Eastmark gave them something to hope and dream for.

There are many examples of Arizonans swarming to the grand opening of a new project. First, it has been a long time since that has happened and second we've grown as a metro area so it is not like this is novel and there is nothing else to do. There is a lot to do and Eastmark is on the edge so you have to want to go there. This is a sign that the economy in general and the housing market specifically is well on its way to recovery. We are not yet there, we have more healing to do, but what we experienced Saturday shows what statistics don't easily show - hope, promise and dreams. We need people to have these good feeling to keep us on the road to recovery.

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