



Poppies Pipeline

MARCH 30, 2005

VOL. 1 NO. 3

Poppies Corp

Phone
949.215.1103

Fax
949.716.6961

E-mail
mark@poppiescorp.com

We're on the Web!
www.poppiescorp.com

"Poppies Pipeline" provides up to date status on our current and proposed new development projects and opportunities.

It's a Bloomin' Desert!

A recent front page article in the LA Times addressed the response many Southern California homeowners and investors had to the growing belief that local real estate prices "*can only fall*" – they're selling. They either trade down, rent in order to wait until "*the frenzy has passed*", or in many cases, have moved to less expensive areas where they use their windfall equity to pay cash for a home or move up into their dream house. Southern California investors with a similar outlook on our inflated local market agree. On a recent trip to Arizona, I visited a number of new housing tracts and in each case, the builder's sales representatives reported a significant number of homes being purchased by Californians along with California investors who come in and buy completed new homes to resell in the near term future. It's become enough of a problem that the major builders are enforcing homeowner association rules that require the majority of homes to be initially sold to owner-occupiers and restricts the number of homes sold to investors.

The LA Times articles reported that so many baby boomers have left for the more reasonably priced Las Vegas area that prices in that area have increased faster than in the Southland. A number of well-known major home builders have gleefully gone to a lottery system to meet the hot demand for their new homes in the Vegas area and one of them told me they expect to be on a lottery in the Phoenix area in the near future. Building permits in Maricopa County (Phoenix) are skyrocketing and like Las Vegas, the desert is blooming with construction of new homes and condominiums.

For Poppies Corp, Maricopa is where we want to be. Not quite at the frenzied rate of Las Vegas, Maricopa is the second fastest growing county in the country and even with lots of new housing starts, home prices still went up 8.5% since this time last year. But while increased value is a wonderful benefit, our foremost priority is security and a safe return. The Phoenix area combines an extremely diversified economic base with a good supply of new housing starts and increasing demand from California and a number of cold climates.

Baby boomers from one of those cold climes (my childhood home of Chicago) are increasingly looking to Maricopa as their permanent home. The Arizona Diamondback's manager, Bob Brenly, was recently commenting about the legions of Chicago Cubs fans who attend Diamondback games: "*God bless them, but I wish they'd go to Wrigley and stay out of our ballpark*". Well Bob, that would be quite a commute because many of those Chicago bred snowbirds have already made the Phoenix area their full-time retirement home.

Unless there is a major change such as a significant increase in interest rates, we see tremendous growth in the Phoenix area with little of the economic pitfalls that would slow a hot market and depress prices for the next year or two. Poppies Corp can build with confidence knowing that if we choose land wisely, build efficiently and remain flexible in response to the market – every home we build will sell quickly and profitably.