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## As Valley home market cools, emotions heat up

**Glen Creno**  
The Arizona Republic  
Jul. 30, 2006 12:00 AM

Real estate agent Neil Brooks was getting the feeling that his client was about to completely lose it. He'd seen it before.

He had just broken some bad news about her house deal, and she wasn't taking it well. She was pacing, yelling and swearing at him, tossing a cellphone from hand to hand.

"I was thinking, 'OK, here we go,' " said Brooks, who's with Century 21 Arizona Foothills. "Something's going to happen. Something's going to blow."

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He was right. The client whirled suddenly and whipped the phone at him. But he was ready. He ducked, and the phone shattered against the wall behind him. The client stormed out of the house.

Brooks wasn't mad, and he wasn't offended. The business of buying and selling houses provokes extreme emotional outbursts. The stress, the financial worries, the personal feelings people have about their homes - sometimes it's too much to take. People yell, they lose sleep, they cry, they're stricken with buyer's and seller's remorse.

That's especially true these days in metropolitan Phoenix's post-boom housing market, where nearly everything has reversed

since last year's frenzy. The number of homes for sale on the Arizona Regional Multiple Listing Service increased nearly four times from June 2005 to last month, when it hit a level nearly double what experts consider healthy. Last year, homes sold in about three weeks. Now, it's about triple that.

Some of the post-boom market figures are closer to historic Valley norms, but many homeowners had their assumptions of what a house is worth and how quickly it should sell recalibrated by the buying craze.

The rising angst of buyers and sellers cracks back on agents, who are paid to stay cool and steer their clients away from bad decisions. It's not always easy. Real estate schools in many cases don't teach people how to counsel distraught customers but, increasingly, agents have to do that. Some deals take on the mood of an afternoon TV talk show.

"I feel like the Dr. Phil of real estate," said Brett Barry of Realty Executives in the northeast Valley. "I give my clients hugs. This is much more emotional now than any time of the 15 years that I've been in the business."

### Pressure is wearing

Holly and Aaron Mueller have gotten a taste of both sides of the market, along with some extreme swings of emotion. They went from the elation of a big windfall profit and financial security to the non-stop stress of a house in another state that won't sell, two mortgages and forced changes in their lifestyle and employment.

The couple paid \$218,000 for their northeast Valley home in 2002 and sold it for \$399,000 - \$10,000 over asking price - last year. That was a profit of \$181,000.

They moved to a \$373,000 house on an acre in the north Valley. The Minnesota natives spent \$60,000 for things like a block wall surrounding the property, shutters and landscaping, mistakenly figuring the rising housing market would more than reward them when they sold. "We thought we were doing pretty well," said Aaron, a Honeywell electrical engineer. "We wanted to move back to Minnesota. My wife was pregnant. We wanted to be near family."

His job transfer came this spring. With the help of a credit line on the Phoenix house, they bought a \$495,000 house in a Minneapolis suburb. They put the Phoenix house on the market for \$760,000 in March. Three price reductions later, it still hasn't sold at \$650,000, which is \$60,000 below its appraised value. The couple pays about \$5,000 a month for their four mortgages - a first and second on each house. Holly, a nutritionist, wanted to stay home after having the baby

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but is looking for a job. Money is tight, and stress is high.

Asked what he was going to do, Aaron said, "Pray."

The financial pressure is wearing. The new house needs landscaping but that would be an extravagance. So the dog tracks in mud. And the Phoenix house needs maintenance, and it's racking up utility bills.

"It's on your mind every day," Aaron said. "Every time the phone rings, you hope it's the Realtor saying, 'Your house sold.' As far as doing things like vacations, we can't spend the money. We'll be fine. We talk a lot. We have a good relationship. It's just stressful."

## Threats and vandalism

Home prices have become a touchy subject. Builders are discounting speculative homes, and resale prices are flat, or down, in a lot of neighborhoods. Buyers are submitting lowball offers. Even some sellers and their agents are having trouble agreeing how much similar homes in the same neighborhood are worth.

Two houses on the same north Valley street, similar in size and age, are for sale. One lists for \$749,000 and the other for \$775,000. A third house came on the market on the same street a few doors from the other two. The new listing was similar to the others in size and age but priced at \$659,000.

Reaction: outrage.

"The neighbors were really mad," said Thomas Stornelli, principal of Global Network of Homes in Scottsdale. "They knocked on the door and asked, 'What are you thinking?' For a lot of people, their home equity is their bank. It's like taking money out of someone's bank, their retirement account. People (future buyers) are going to use that house as a comp, even if it doesn't have the same upgrades. It's going to leave a mark."

The owners of the least-expensive home were equally upset. They were in the midst of a corporate relocation and wanted to sell quickly. Suddenly, angry neighbors were confronting them. One night, someone tore down their for-sale sign.

Stornelli is the listing agent for one of the higher-priced homes. His approach is to try for the higher prices, which he believes are justified in Scottsdale.

"Whenever you mix emotion and finance, there's going to be stress," he said. "As a Realtor, we deal with that every day."

The market has proven everyone wrong. None of the houses had sold as of the third week of this month.

## Novices get burned

There was a lot of talk about how investors cashed in on the Phoenix market when home values were soaring. That euphoria convinced less-experienced people to try the investment game. Some were hurt.

A woman walked into Barry's Realty Executives office about nine weeks ago, sat down and began crying. She said she bought two houses last year, fixed them up and quickly sold them, making a \$50,000 profit on each.

She was a novice investor, but it all looked easy. She took her profits, threw in some extra money and bought five more houses. She spent money fixing them up, but when she put the houses on the market, she realized she had bought at the peak, Barry said.

"Her eyes just started to well up, and she just started bawling," Barry said. "She said she couldn't sell them for what she bought them for. She said her monthly payments were about \$20,000."

Barry suggested turning them into rentals. She told him she couldn't get enough rent to make it worthwhile.

"She was expecting to flip them," he said. "The market flipped her. She was devastated. People have forgotten that houses are not a liquid asset. They never were meant to be."

Agents say they try to stay dispassionate about house deals, even when clients get upset. Brian Judy, the designated broker of Steele Larson Anderson Realty Advisors in Mesa, sells upscale homes in Gilbert. He sends sellers weekly reports on his marketing, the number of people who tour the house, updates on neighborhood sales.

"You take a logical approach from the beginning," he said. "You make sure you track the facts so you understand the market's response to your home."

Diane Watson of Realty Executives in the north Valley said it's more important than ever for agents to have a good bedside manner. She said counseling is part of the job.

"Clients are more fragile," she said. "I have had sellers call me just to talk. I just let them talk. . . . Some days there is just that anxiety." But it may be pointless to try to get buyers and sellers to stay calm during a house deal. "A home purchase is an emotional purchase, period," said Jay Butler, head of the Arizona Real Estate Center at Arizona State University Polytechnic. "It says where you are in life, where you are going. The house is a very important element and because it's so expensive, it is emotional."

Brooks, the agent who dodged the thrown cellphone, knows emotion is part of the business. He said the woman who threw the phone calmed down and proceeded with the sale, after they patched the wall. She called a couple of days later on her new cellphone to apologize.

"People can get very emotional when it comes to their own house," Brooks said. "They take everything very seriously."

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