

Residential Real Estate

## Here are the new hot spots for future Valley home construction. Hint: keep driving



Scottsdale-based Nathan & Associates Inc. has recently negotiated several homebuilder land buys, including this site in San Tan Valley.

NATHAN & ASSOCIATES INC.



By [Angela Gonzales](#) – Senior Reporter, Phoenix Business Journal  
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Homebuilders continue to pay millions of dollars in cash to scoop up lots as the Phoenix metro market continues to show strength despite mortgage interest rates hovering near 8%.

"Metro Phoenix homebuilders aren't waiting for lower mortgage rates," according to the latest Phoenix Housing Market Letter by RL Brown Housing Reports, which [specializes in housing marketing data and research](#).

The newest report shows a 2.86% year-over-year increase in new home closings between January and May. Year to date closings totaled 9,522, up from 9,257 last year.

KB Home (NYSE: KBH) offers one example, having recently closed on 35.3 acres with plans to build 133 homes in San Tan Valley.

The Los Angeles-based homebuilder paid \$7.1 million in cash to a partnership led by Scottsdale-based Harvard Investments Inc. for the land north of the northwest corner of N. Gantzel and E. Bella Vista roads, according to Tempe-based real estate database Vizzda LLC. Nate Nathan and Courtney Buck of Scottsdale-based Nathan & Associates Inc. represented the buyer and seller in the transaction.

Plans call for beginning land development this month, said Kevin McAndrews, president of the Phoenix division for KB Home.

"KB Home has been expanding its footprint across Phoenix and we are excited to be building in San Tan Valley," he said. "We understand that homebuyers are attracted to this growing submarket, which blends an exceptional lifestyle and affordable pricing."

Homes are set to range from 1,400 to 2,500 square feet and will include three to four bedrooms and two to 2.5 baths.



KB Home plans to build homes like this in San Tan Valley.

JIM DOYLE

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Called Bella Camino, the community will feature a park with a children's play structure, picnic tables and grilling station.

While that land purchase is in the far southeast Valley, most of the recent land deals are in the far West Valley, where land is still available for purchase and development.

### **Meritage Homes targets Buckeye in latest land deal**

The Nathan & Associates team has been busy, with Ryan Duncan, Dan Baldwin and Casey Christensen negotiating the recent \$6 million sale of 40.16 acres at the northwest corner of Apache and Beloit roads in Buckeye, according to Vizzda.

Scottsdale-based Meritage Homes Corp. (NYSE: MTH) paid cash to a limited partnership tracing to Vaulter Real Estate Investments, formerly known as McRae Gomez Cos., according to Vizzda.

The 40 acres encompasses 161 platted and engineered lots, according to Vizzda.



"We purchased the land on June 14, 2024, and expect to be in the development phase for approximately 12 months," according to a statement from Meritage.



D.R. Horton Inc. paid \$12.34 million for 82.19 acres at a site currently named Westpark in Buckeye.

NATHAN & ASSOCIATES INC.

Also in Buckeye, Nathan, Duncan, Baldwin and David Mullard worked with Bret Rinehart and Ryan Semro of Land Advisors Organization to negotiate the \$12.3 million acquisition of 82.2 acres by Arlington, Texas-based D.R. Horton Inc. (NYSE: DHI), according to Vizzda.

D.R. Horton bought the property east of the southeast corner of State Route 85 and Interstate 10 from an entity tracing to the Kemper & Ethel Marley Foundation and Garrett Development Corp., according to Vizzda.

Also in the West Valley, in Surprise, Brookfield Property Group paid \$19 million to Courtland Communities for 188 finished lots west of the northwest corner of Grand Avenue and Deer Valley Road, according to Vizzda.

"The closing was a land bank for Ashton Woods homes," said Troy Wahlberg, vice president of investments for Brookfield Asset Management in Scottsdale.

The option agreement with Ashton Woods expires on March 31, 2025, according to Vizzda. Nate Nathan, president and designated broker for Nathan & Associates, negotiated that transaction.

Another land banking deal in the West Valley involved Miami-based Lennar Corp. (NYSE: LEN), in which Lennar grabbed 29 finished lots at Verde Trails II in Avondale, according to Vizzda.

Lennar paid \$2.1 million to an entity tracing to DW Partners/Domain Real Estate Partners for that land east of the southeast corner of Avondale Boulevard and Broadway Road, according to Vizzda.

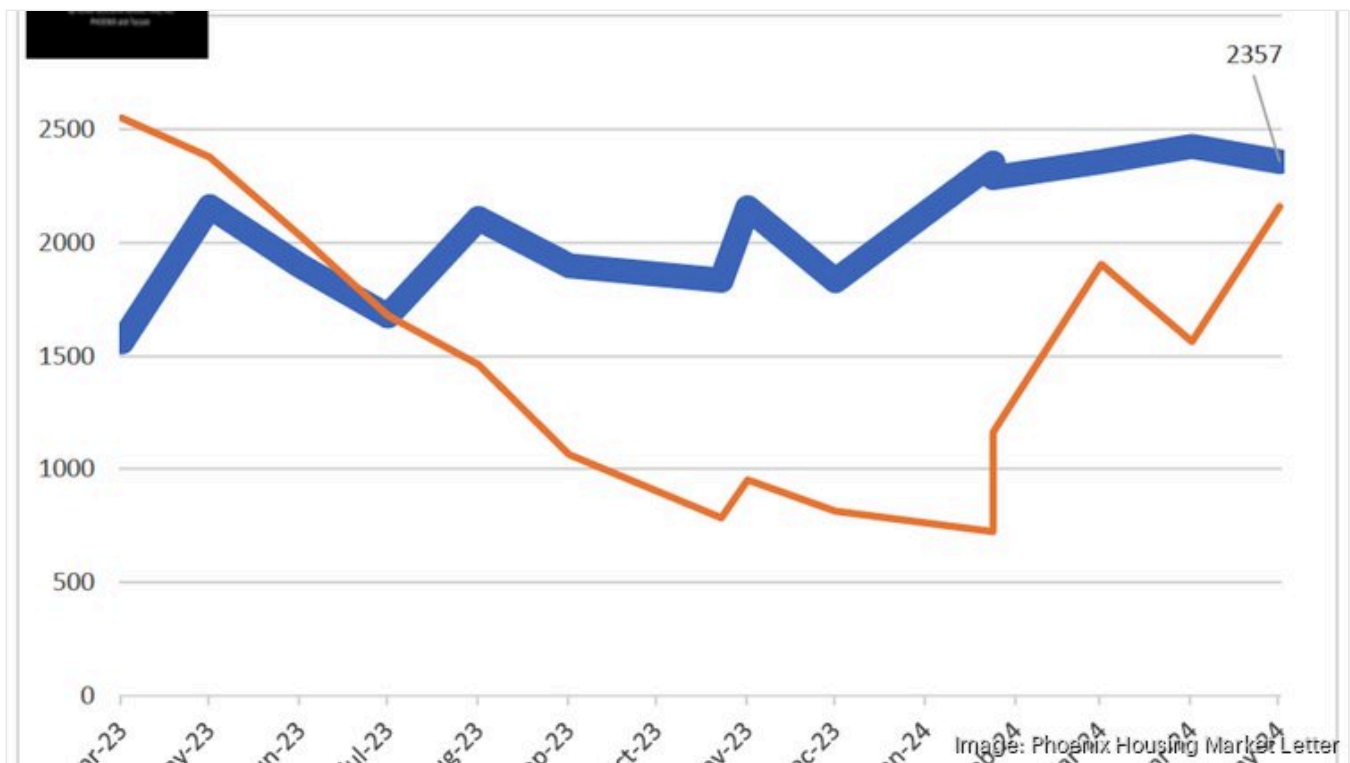
These land deals follow [several other homebuilder land purchases](#) earlier this year. Orlando, Florida-based Mattamy Homes, which purchased most of its lots at least two years ago, is beginning development on [six new communities totaling 1,473 homes](#) across the Valley.

### **Homebuilder permits up nearly 57% this year**

When interest rates rose up to 7%, many homebuilders paused development, including Mattamy Homes, said Don Barrineau, Phoenix division president for Mattamy Homes.

But they have lifted the pause button.

In fact, homebuilders secured 11,775 single-family homebuilder permits between January and May, representing a 56.77% increase over the same period in 2023, according to the Phoenix Housing Market Letter.



The blue line shows permits on the increase since February.

PHOENIX HOUSING MARKET LETTER

Meanwhile the median price for new homes was \$474,990 in May, up .21% from May 2023, according to the Phoenix Housing Market Letter.

The median price for existing homes in May was \$448,400, up 0.76% year-over-year, according to that report.

In April, the CoreLogic S&P Case-Shiller index slowed to a 6.3% year-over-year gain, after nearly 10 months of accelerating annual gains, said Selma Hepp, chief economist for CoreLogic.

"Phoenix home prices continued to push higher in April, up 4.8% compared to the same time last year," she said. "The overall surge in prices in Phoenix has challenged the metro's affordability, which tended to rank among more affordable areas in the west, but slowing home price growth will help potential home buyers going forward, as will eventual decline in mortgage rates, which is expected later this year."

Demand for new housing continues to stabilize despite price increases and financing costs, according to the Phoenix Housing Market Letter.

"The data clearly suggests that the new home construction community is producing housing appropriate to the demonstrated demand, and there seems to be little concern that any overproduction is occurring," according to the report.