Increasing the Value of Your Investment

Bennett Property Management
Mesa, Arizona

Main Page | Search for Rental Homes | Contact Us

101 E 1st Ave #105 Mesa, AZ 85210 (480) 969-1818 (480) 464-0851 Fax

Volume 9, Issue 1
March 1, 2009

How We Doin?

The New Year has begun. We have a new President and a lot of hope. As a company we start with a few more "doors" to manage than we started with last year. Vacancies are almost exactly the same as January of 2008. Disappointing to a degree because we were doing better in the summer.

Rents are down in some areas, downtimes are a little longer and we are offering far more move-in specials (65% of December's leases had some incentive included).

We have a stable staff. Thirteen of 22 managers have been with us more than 5 years (4 for more than 10 years). The reception area and bookkeeping staff have all been with us a respectable time.

We like to hear from Owners. Praise for our staff if you have it, suggestions or complaints if you're in the mood. Ours is a service business and the property owner is the boss. We want to improve.

Thanks for your business. We are very grateful for your continued trust.

NARPM NEWS

National Association of Residential Property Managers

Narpm.org

Phoenix Metro Chapter Meetings at SEVRAR:

February 26th ~ 1~4pm
ARMLS Class

March 11 ~ 1~4pm
State Conference In Prescott

April 23rd ~ 1~4pm
NARPM Designation Discussion

PROMAS users group
12~1pm at SEVRAR.

To join our mailing list, please email us at kd@bennett2rentit.com.

Employee News!

We have added yet another one! Ron Lederman joined the team as a property manager last month. Ron has over 24 years experience in real estate, management, and 15 years as a loan officer. Ron is married and has two boys and a daughter. Welcome to the team Ron! Congratulations to two members of our family! Luana Sainz-Sheldon just announced exciting news on her engagement to John Patterson. And Michele Van Sickle is now Mrs. Roy Winkles! Michele Married her high school sweetheart September of 2008. Proud Mom and Dad, Frank Jr. and Cindy Bennett and the rest of the BPM staff would like to wish Malcolm Jeffrey Bennett a very Happy 1st Birthday! Another Congratulations is in order for Joe McCawley! Joe's 18th Anniversary with the company was this month (Jan)! Way to go Joe!

BPM Vacancy News

Jan '09	Central locations: 7.8% "Fringe areas*: 12.3%	Feb '09	Central Locations: 9.5% "Fringe areas*: 11.9%

*Fringe areas include Queen Creek, Buckeye, Goodyear, El Mirage, Surprise, Coolidge, Florence, Maricopa, Arizona City.

Broker
Anne McCawley
Katherine Dean
(Licensed Assistant)

Associate Broker
Sharon Wilson

Office Manager
Mike Mumford

Property Managers
Daniel Anderson
Kayla Berry
Ginny Casselman
Jason Casselman
Jackie Mance-Casselman
Kate Erbe
Hector Felix
Kristina Fogliano
Jodi Brace
Melissa Guerrero
Karen Homa
Ron Lederman
Joe McCawley
Jane McCawley
Sarah Johnson
Mike Noggle
Travis Reich
Sandy Shannon
Luana Sainz-Sheldon
Carolyn Summers
Kim Tracy
Jim Wilson

Bookkeeping & Clerical
Olga Aguirre
Margie Cooley
Rosey Reich
Brittany Smith
Michele Winkles

Owners
Anne McCawley
Frank Bennett, Jr.

a new leaf

Helping Families...Changing Lives.

Camaraderie

February 21. 2009
JW Marriott's Camelback Inn

Benefiting A New Leaf Foundation

Four Needs

Lou Holtz, the football coach, says to "make sure you always have four things in your life: something to do, someone to love, something to hope for and something to believe in."

Buy and Hold

The Arizona Republic is performing a great public service with their weekly analysis of the price changes in single family homes in the Valley. (for a more comprehensive look at the Valley home prices go to azcentral.com and click on "Real Estate".)

While they spot-light 5 zip codes each week, the numbers don't change much. The last ones I looked at showed 2003-2008 increases from 31% to 69%; and 2007-2008 decreases from 2% to 17%.

The last year or two has brought some humility to those of us who thought we were such smart investors. Our advice remains: Buy and Hold.

We're Proud of us!

Last newsletter it was announced that Bennett Property Management had received the Certified Residential Management Company Designation (CRMC) from NARPM, our professional association.

We want to brag on that a little (well, a lot) not just because only 33 companies nationwide have the designation, but Bennett Property Management is the ONLY company in Arizona to receive the award.

Our fearless Broker, Anne McCawley led the team of Mike Mumford, Sharon Wilson and Travis Reich to make sure we met all the requirements to receive the award. We are very proud of this new designation.

This Recession Not So Bad

The Phoenix Business Journal just ran a column by Mark Dioguardi, a finance and real-estate attorney. Dioguardi was comparing the current recession to the last major recession– in the early 90's:

The 1990 recession saw every savings and loan in the Valley close and every sizeable local bank was sold to out-of-town institutions. Almost every real estate developer went out of business.

Even though BPM has been in business since the early 80's, almost none of our present staff has been through these tough times. One of my jobs is to be the company "reminder" telling everyone that things may get worse, and that they will also get better.

We have a huge resilient economy that will absorb the losses and bounce back. Our job is to keep moving and adjusting to the changing market conditions. No matter how we voted, what a great place our country is.

USA

Like so many others I stayed near a TV set to be able to watch the inauguration of Barack Obama. What a wonderful occasion.

Barbara and I recently travelled to Zimbabwe where the party that won the election is not being allowed to take power, inflation is 98% per day and people are starving. We just returned from Romania and Bulgaria where communist dictators held power for almost 60 years. The courts and legislatures are totally corrupt and the people depend on self-subsistence farming, with families growing their own food.

God Bless America!

Naked?

Warren Buffet has another great quote: "You only learn who's been swimming naked when the tide goes out."

In our early days Barbara and I bought and bought, using all the leverage we could. The 70's and early 80's compare very favorable with the late 90's and early 2000's as far as the ease of doing "no-down" deals (we were all swimming naked).

When the tide went out in the late 80's, early 90's, we all found out that a lever has two ends; in a declining market the lever comes up and smacks you in the face. As I've reported before, we lost a couple of properties in foreclosure and struggled for almost 10 years to recover. At one point I almost had to go get a job!!

We held on, and the good news is that there was a turnaround, and values did go back up, and we did pay off loans so that in the next downturn (now) our properties are not at risk. Equity is down, but we are secure.

So-- hold on (this could be called the hold on newsletter). And put your swim suit on next time.

Lending

What a tough market! As usual, lenders are living in the past, trying to close the stable door after the horse thieves took everything but their pet goat.

Somebody has decided that investors are bad people (their definition: an investor is anyone with more than 4 properties), so no loans to investors. They (who ever they are) have also decided that properties are not worth anything and that all of us are bad credit risks.

Result: the government is lending money to banks for no interest and borrowing it back at 2 or 3 percent. So the banks don't have to lend to make money. This is a little simplistic and exaggerated, but not much. One of the end-game points that I fear is that the banks may be forgiven the bail-out money, increasing our debt burden even more.

Frank's Forum

The Long Term

The January 11 edition of the New York Times Magazine (a socialist publication according to many of my Arizona Republican friends) had a great lead column by Roger Lowenstein. He had taken part in a panel to discuss an updated version of Ben Graham's textbook on value investing.

The primary themes were caution, avoidance of speculation and the preservation of capital. He wrote about the disasters waiting for investors that get hooked on trading assets instead of owning them.

One of the panelists says there are really three schools of investing. There are people who think they can identify superior opportunities over the long term and selectively invest in those (stocks, bonds, real estate). Second, there are people who recognize they do not have this ability (I would add, or the time to spend on the selection) and resolve to salt away a fixed portion of their savings in a generic and diversified portfolio. Both of these "systems" should work.

What does not work is believing you are following one of the above strategies when you are actually engaging in the third approach, which entails following the crowd, day by day and hour by hour.

The great promise from Ben Graham 70 years ago was that, sooner or later, markets will reflect underlying values. And while Graham's work and the NY Times column is pointed at the stock investor, it holds so true for the local real estate market.

The house in Queen Creek that sold for $320,000 in 2006 was never worth that kind of money. The same house recently sold for $130,000 because the previous buyer could not hold on while he looked for the next buyer; the lender foreclosed because they were too short-sighted to go to the barrower with a re-structure offer; and the lender sold at a fire-sale price because they were sure the market would continue down (just like they were sure the market would continue up 3 years ago).

The "hard dollar" replacement cost of the home is in the low $200's, so I think we'll do just fine over the long term (where have I heard those words before?)

Smart Guys

One of the books about the Enron mess talked about the "smart guys in the room". I think those guys went to work on Wall Street.

Several articles lately have concluded that the market melt-down happened because companies did not measure or assess risk accurately; that risk models did not account for disaster and when the collapse began it was not recognized and steps were not taken to get out.

Even Alan Greenspan admitted he had over-estimated the ability of a free market to self-correct. The "whole intellectual edifice", he said, "collapsed in the summer of last year."

I keep reading about all the smart people around President Obama and hope that somewhere in the mix there is a guy that has actually been out earning a living somewhere.

Ben Stein

Stein has recently written advice to his 21 year-old son (I trust he started giving this advice long before now):

Do not act like typical Americans. Do not fail to save. Do not get yourself in debt up to your eyeballs. Work and take pride and humor from your work. Learn a useful skill that Americans really need, like law or plumbing or medicine or nursing. Learn to be self-sufficient through your own contributions.

Be Prudent.

More Ben Stein

You can probably tell I really like what Mr. Stein has to say. One of his last columns from 2008 talked about our "need" to believe that somewhere, somehow, there is a person or a system that is smarter than the market.

He talked about Bernie Madoff (who claimed he never lost money) and Warren Buffett who says repeatedly he will have losing years and losing stretches of years. But Buffet is boring and lives in Omaha. Madoff is exciting and lives in Manhattan and France and on a super-yacht.

Stein concludes:

"We are more than our investments. We are more than the year-to-year or day-by-day changes in our net worth. We are what we do for charity. We are how we treat our family and friends. We are what we do for our community and our nation. If you had $100 million or $100,000 a year ago and now you have a lot less, you are still the same person. You are not a balance sheet, at least not one denominated in money, as was explained to me recently. Losing and making money are not moral issues so long as you are being honest. You may have a lot less money as this year ends than you did two years ago. But you are just as good or bad a person as you were then. It is a myth that money determines who you are, and if you have gotten over that myth by now, then 2008 will have been a very good year."

Bonuses

Now here's an idea we can get behind.

Credit Suisse, a leading banking and brokerage house, said that instead of all-cash bonuses for it's executives and traders this year, they would be paid partly with the "toxic" assets on the bank's books-the troubled mortgage-backed securities and other instruments whose collapse in value has driven the financial crisis.

Bennett Property Management, Inc.
101 E. 1st Ave. #105
Mesa, AZ 85210

Phone: 480-969-1818
Fax: 480-464-0851
E-mail: info@bennett2rentit.com

We're on the Web!
www.bennett2rentit.com

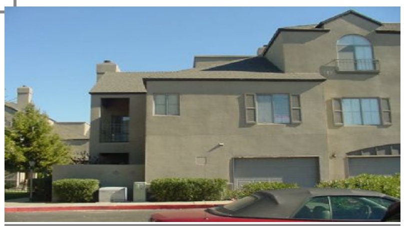
Bennett
Property
Management

Featured Homes

E. Mineral Park, Queen Creek
Type: **Single Family**
Monthly Rent: **$ 799**
Bedrooms: **3**
Bathrooms: **2**

W. Owens Way, Anthem
Type: **Single Family**
Monthly Rent: **$ 995**
Bedrooms: **2**
Bathrooms: **2**

S. Extension #205, Mesa
Type: **Condo**
Monthly Rent: **$ 695**
Bedrooms: **2**
Bathrooms: **2**



100 E. Fillmore #206, Phoenix
Type: **Condo**
Monthly Rent: **$ 725**
Bedrooms: **1**
Bathrooms: **1**