# TUCSON AND SOUTHERN ARIZONA

# 2018

## END OF YEAR HOUSING REPORT

**Long Realty Company**
1-800-354-5664
LongRealty.com

LONG REALTY
A BERKSHIRE HATHAWAY AFFILIATE

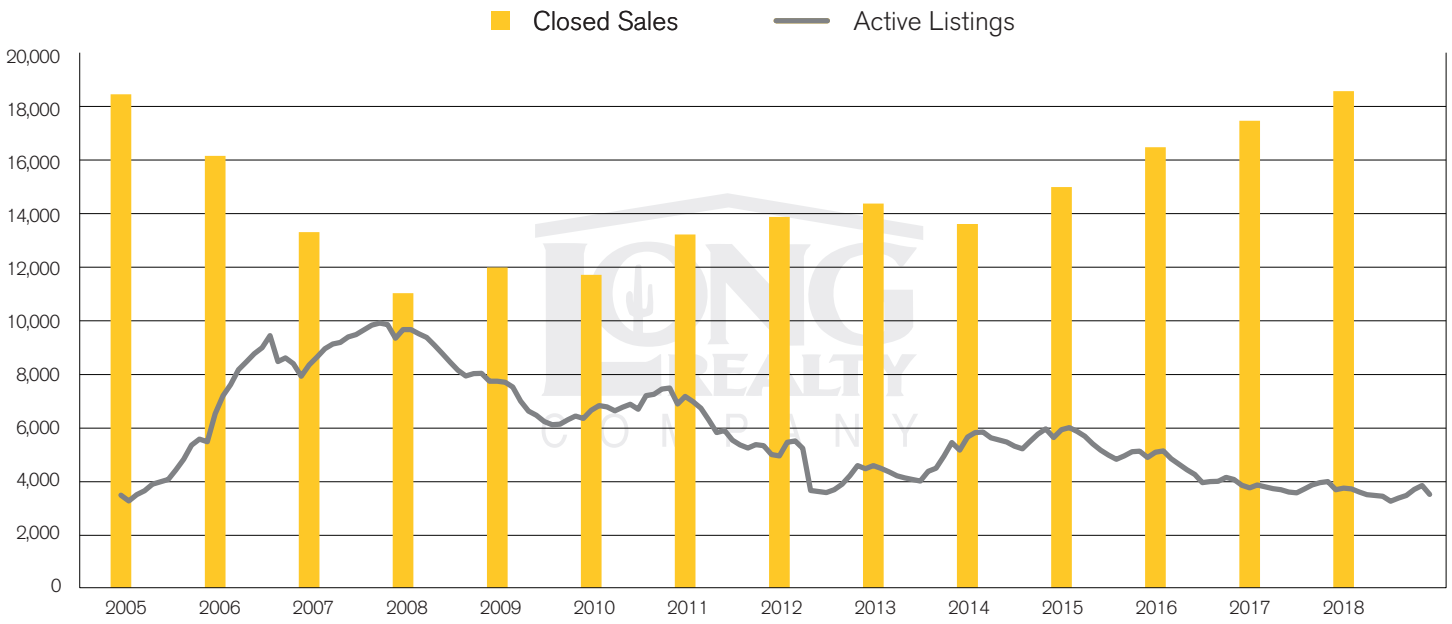
# HOUSING MARKET TRENDS

For the overall real estate market in Tucson and Southern Arizona, the Seller's Market conditions continue. The inventory of homes for sale continued to decline in 2018, while sales increased further. The shortage of listings has not been a drag on home sales, however, it has contributed to a **7% increase in median price.** This has created a very competitive environment, especially at lower price points. At the higher end of the market, there is still an oversupply of homes. We expect continued strength in the real estate market in 2019.

## TUCSON RESIDENTIAL

| | |
|---|---|
| Closed Unit Sales | **+3%** from last year |
| Active Listings* | **-4%** from last year |
| **Median Sale Price** ($207,000) | **+7%** from last year |

## TUCSON RESIDENTIAL HOME SALES AND LISTING INVENTORY




## GREEN VALLEY RESIDENTIAL

| | % Change from 2017 |
|---|---|
| **Closed Unit Sales** | +26% |
| **Active Listings*** | +9% |
| **Median Sale Price** ($186,000) | +8% |

## SIERRA VISTA RESIDENTIAL

| | % Change from 2017 |
|---|---|
| **Closed Unit Sales** | +8% |
| **Active Listings*** | -28% |
| **Median Sale Price** ($159,000) | +12% |

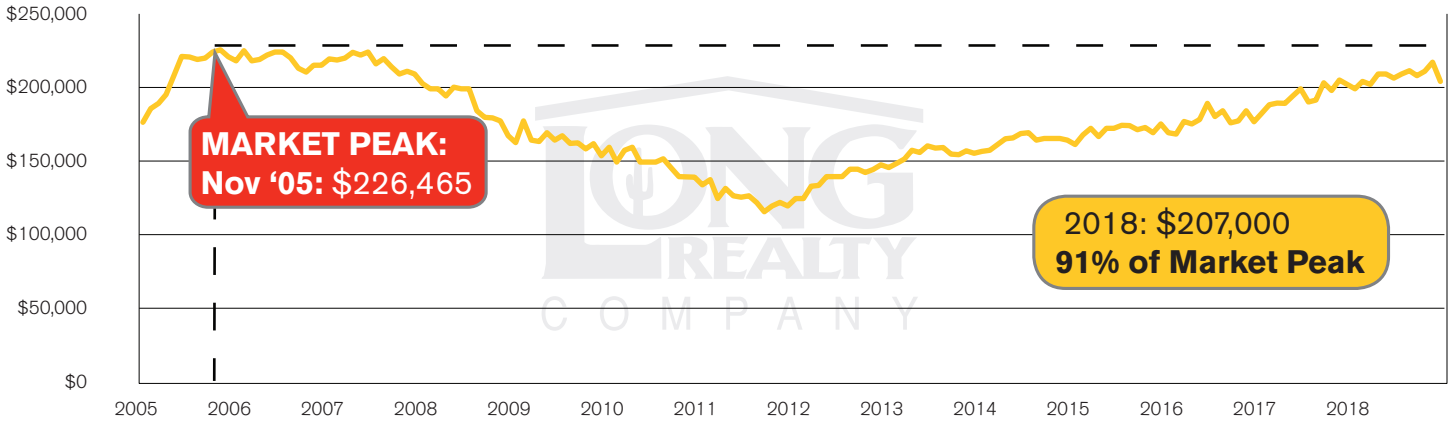
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** Active Listings reflect the percent of change from December 2017 vs December 2018.*

*Statistics based on information obtained from MLSSAZ and SAMLS on 01/04/2019. Information is believed to be reliable, but not guaranteed.*

# TUCSON MEDIAN SALES PRICE

The median price of homes in Tucson was **$205,000** in December 2018 and **$207,000** for all of 2018. Prices have recovered and are now at 91% of the market's peak of **$226,465** in November 2005.




## A DECADE OF RECOVERY

It may be hard to imagine, but it has already been 10 years since the great recession of 2008. The housing market burst, Wall Street buckled and the economy faltered. The immediate impact on housing was multifold. Housing sales shrunk, home prices fell, buyers retreated and lenders tightened intensely on the criteria to qualify for a mortgage. Short sales and foreclosures became the dominate norm.

Fast forward to 2011, home prices in our local market finally bottomed out, and in 2012 they started to increase again thanks to investors looking to buy inventory at rock bottom prices. Historically low interest rates fueled qualified buyers to re-emerge in the marketplace to capitalize on the deals.

Incredibly, this last decade has been one of a return to moderate, sustainable, healthy growth in our local housing market. In fact, home prices have recovered to levels close to the peak in 2005. Most homeowners are no longer underwater and may not realize just how much equity they have in their home.

What has been **different about this decade of growth** versus the explosive growth in the early 2000s is that it is **sustainable** with the foundations of a healthy housing market:

- reasonable financial tools
- local job growth
- affordability
- consumer confidence

***We made it! Here's to a new decade of housing growth and stability!***

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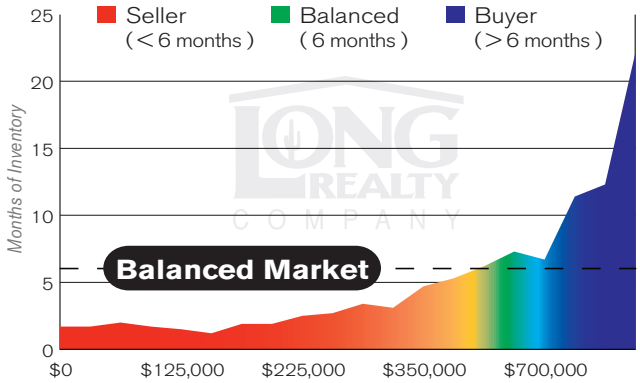
# TUCSON MONTHS OF INVENTORY

Think of Tucson as a tale of 3 markets. The lower price range, especially under $400,000, which has a very tight supply of inventory and high buyer demand. In a seller's market like this, buyers need to move quickly and offer competitively.

The range from $400,000 to $600,000 is more balanced between supply and demand.

Affluent buyers, in the luxury price point of $800,000 and above, are looking for pristine properties and/or appropriately priced listings.

## TUCSON MARKET CONDITIONS BY PRICE




| | GREEN VALLEY | | SIERRA VISTA | |
|---|---|---|---|---|
| **Price Range** | **Months of Available Inventory** | **Market Condition** | **Months of Available Inventory** | **Market Condition** |
| **$1-299,999** | **2.2** | Seller | **2.8** | Seller |
| **$300,000-499,999** | **5.4** | Balanced | **7.8** | Slightly Buyer |
| **$500,000-799,999** | **17.7** | Buyer | **10.0** | Buyers |

## WHAT ARE BUYERS LOOKING FOR?

1 TREND 1

**BUYERS WANT VALUE**
It isn't always about the lowest price. The buyers today are looking for either a home already remodeled and move in ready, or a value in pricing that leaves them room to do the improvements they desire. Especially attractive are homes with light, bright, open floorplans and flow between interior and exterior spaces.

2 TREND 2

**CARPET IS TRENDING DOWN**
More and more, buyers are preferring not to have carpet in their homes. If you are a seller and have carpet you are looking to replace, consider an alternative such as tile, hardwood or even concrete floorings to increase your marketability.

3 TREND 3

**NEW CONSTRUCTION, HOWEVER…** Some buyers are attracted by the idea of a new construction home. Limited availability and potential long wait times though may not make new construction a fit for all. Did you know that if you bring your agent with you the first time you visit a new home subdivision, that your Long Realty agent can represent you—rather than the site agent hired by the builder—in the event you decide to purchase.

4 TREND 4

**BUILDING EQUITY**
Buyers are interested in building equity in a home purchase. They are looking for purchases that are at a good price and have the potential for appreciation over time, whether that be for personal wealth building or having this purchase become a stepping stone to a future purchase.



*Statistics based on information obtained from MLSSAZ and SAMLS on 01/04/2019. 3 month trend in months of inventory is the average closed sales and active listings date from 10/01/2018 – 12/31/2018. Information is believed to be reliable, but not guaranteed.*

# Tucson Luxury Housing Trends

While there is still an abundant inventory of luxury homes, Tucson did see a significant increase in luxury sales in 2018. Additionally, there was a **29%** increase in the number of new sales contracts written, which may be a leading indicator for further increase in luxury closed sales in 2019. Long Realty continues to be the predominate Tucson luxury real estate company with **53.7%** market share.

**+38%**
**Closed Sales**
250
(2017 vs 2018)

**-3%**
**Median Price**
$972,500
(2017 vs 2018)

**-15%**
**Active Inventory**
270
(Dec 2017 vs Dec 2018)

- Long Realty sold **OVER $296 MILLION** in total luxury sales, more than all other companies combined in Tucson.
- The highest priced listing sold in Tucson for 2018 was for **$3.25 MILLION.**
- Long Realty had 9 out of 10 of the **HIGHEST LISTING SALES** of the year in Tucson.
- In 2017, there were only 2 Tucson homes that sold for more than $2 million. Last year, there were **9 HOMES SOLD** in the same price range.

## What are Luxury Buyers Looking for?

LUXURY PORTFOLIO INTERNATIONAL™

TREND 1

### GREAT OUTDOOR SPACES

The desire to maximize the square footage of their living space and be efficient in the entertaining areas make having a great outdoor living space essential for affluent buyers. Luckily, many of Arizona's luxury properties are already sporting excellent outdoor spaces!

TREND 2

### DEDICATED SPACES

For both practical purposes and hobbies, affluent buyers find having dedicated spaces for activities a crucial part of the home buying process. Among the most requested dedicated spaces include a laundry room, dual master suite closets, a formal living room, and a dedicated home office.

TREND 3

### SECURITY FEATURES

There is a large need for security and privacy – the need to create an escape away from our social sharing culture. Most notably, they are looking for homes with multiple view surveillance cameras and monitored security system or alarms to give them greater peace of mind.

TREND 4

### EFFICIENT, TOP-OF-THE-LINE CONSTRUCTION

Affluent buyers today are very tech savvy. They have come to expect integrated smart home features to automate, thus simplifying, their lives and eco-friendly qualities, motivated by both the cost-savings and efforts to promote sustainability. A large number of buyers are even looking at commercial-grade options in the home, especially kitchen appliances.

***Source:** Luxury Portfolio*

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*Statistics based on information obtained from MLSSAZ and SAMLS on 01/04/2019. Luxury is based on all closed residential units priced $800,000 and above. Information is believed to be reliable, but not guaranteed.*

# NEW HOME CONSTRUCTION IN TUCSON

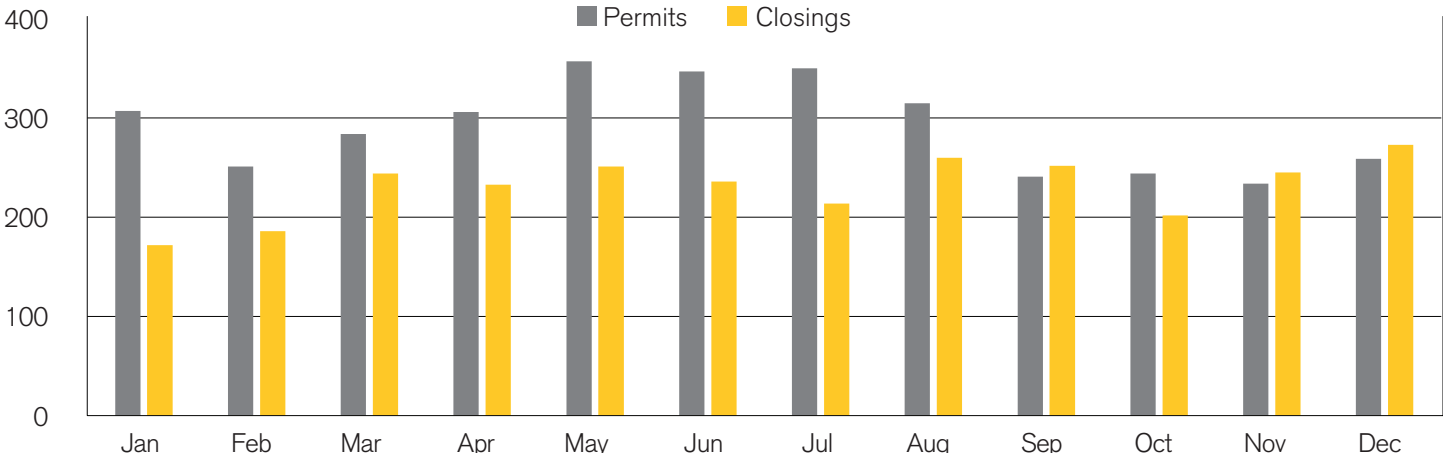
The inventory shortage of homes we continue to see in the market has created an opportunity for the construction of new homes. For the third year in a row, Tucson has seen double digit growth in the number of permits issued. If you are a buyer looking for a new construction home to purchase, our Long Realty pros can help!

## NEW HOMES

**New Home Permits**
**+11%** from last year

**New Home Closings**
**+7%** from last year

## 2018 NEW HOME PERMITS AND CLOSINGS




***Source:*** *Ginger G. Kneup of Bright Future Real Estate Research, LLC.*

# WAY TO GO SOUTHERN ARIZONA!

- Tucson ranks 2nd in Bike Friendly Cities from Livability.com.
- Smart Asset found Tucson to be the Most Dog Friendly City in the US.
- Tucson ranked 6th Most Generous City by GoFundMe.com.
- Davis-Monthan won the coveted 2018 Installation Excellence Award for the first time since 2012.
- Tucson is Arizona's Hippest City according to The Daily Meal.
- Tucson among the Top 6 Favorite Food Cities according to Travel Zoo.
- Green Valley was among Forbes' list of the Best Places to Retire in 2018.
- Sierra Vista among the Top 25 Military Cities by financial news publication 24/7 Wall St.

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# ARIZONA REMAINS NATIONALLY ATTRACTIVE

## WHERE ARE BUYERS COMING FROM?

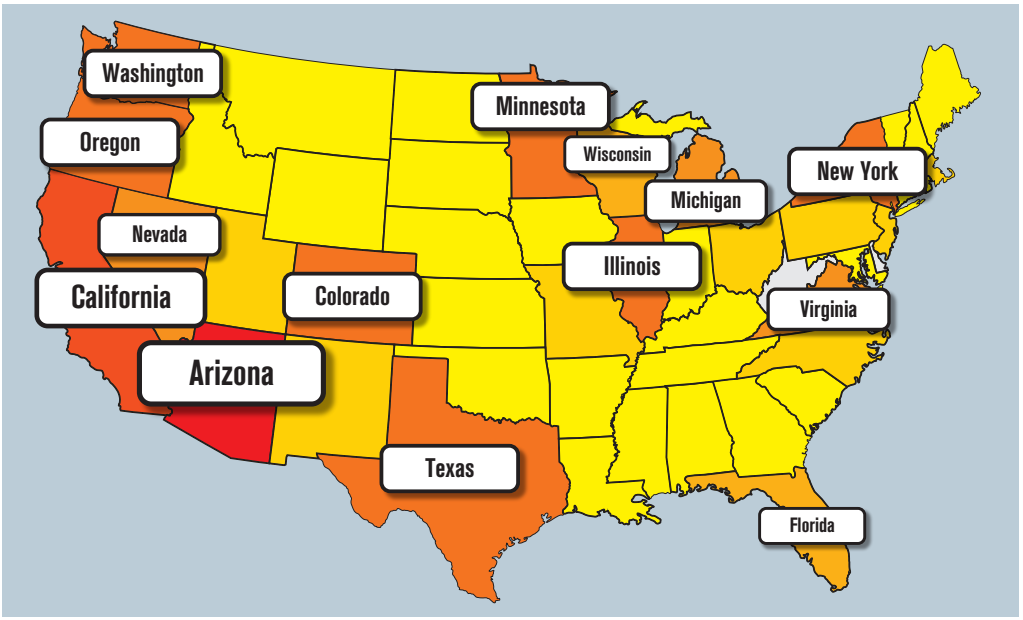
Buyer interest in Arizona comes from across the country. California, the pacific northwest, upper Midwest, Texas, other southwest states and the northeast all show strong interest in Arizona real estate.

### U.S. WEBSITE TRAFFIC FOR ALL PRICE RANGES

*This map represents which states visited LongRealty.com the most in 2018.*

**Number of Sessions**

- 1,000,000 +
- 100,000 +
- 35,000 +
- 25,000 +
- 15,000 +
- 10,000 +
- 1,000 +




***Source:*** *Google Analytics (1/18/2019)*

## WHO ARE BUYERS AND SELLERS WORKING WITH?

### WE'RE #1 AND FOR GOOD REASON

| | |
|---|---|
| **LONG REALTY COMPANY** | **27.4%** |
| Tierra Antigua Realty | 14.3% |
| Realty Executives Tucson Elite | 8.7% |
| Coldwell Banker Residential Brokerage | 7.2% |
| Keller Williams Southern Arizona | 6.9% |
| Russ Lyon Sotheby's | 2.2% |

Don't pick just any agent. Talk to me, your **LONG REALTY PRO.**

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*Data obtained 01/11/2019 from MLSSAZ using BrokerMetrics software for all closed residential sales volume between 01/01/2018 – 12/31/2018 rounded to the nearest tenth of one percent. Information is believed to be reliable, but not guaranteed.*

# ROSEY'S MARKET INSIGHTS



*Rosey Koberlein, Long Companies CEO*

On the whole, 2018 saw modest sales increases, moderate home price appreciation and a shortage of listing inventory. That being said, sales rates flattened in the later part of the year. As we enter 2019, I expect we may see similar market conditions as we did in 2018 - flat to a moderate increase in sales rates, moderate price appreciation and continued shortages of inventory, especially at lower price points. What I do know is that most homeowners now have positive equity with their home and may not realize their home is worth more than they think. National and local factors make it harder to predict with certainty the trajectory of housing for this coming year.

## NATIONAL

**Mortgage Rates** on a 30-year fixed loan currently stand at about 4.6%. Forecasters predict rates may increase by the end of 2019 to just under 5%. Much of the future of mortgage rates depends on the Federal Reserve's decisions on benchmark interest rates and how robust the national economy is in 2019. Obviously higher rates translate to reduced buying power for buyers, however rising rates can also motivate buyers to borrow before costs increase.

### NATIONAL MORTGAGE RATE PROJECTIONS

| 2019 Quarter | Fannie Mae | MBA | NAR | Average of all Three |
|---|---|---|---|---|
| Q1 | 4.8 | 4.8 | 4.7 | 4.77 |
| Q2 | 4.8 | 4.9 | 4.8 | 4.83 |
| Q3 | 4.8 | 5.0 | 4.9 | 4.90 |
| Q4 | 4.8 | 5.0 | 5.0 | 4.93 |

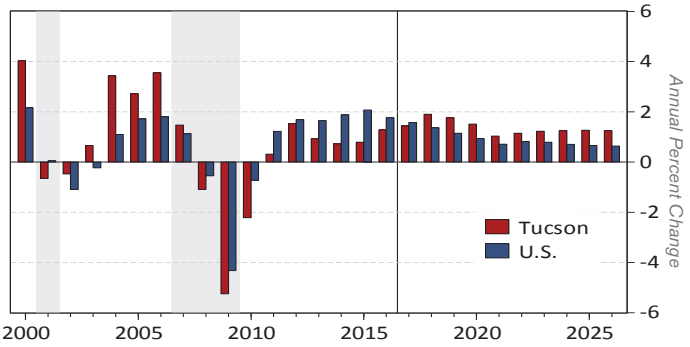
***Source:*** *Keeping Current Matters*

**The Political Front** is a wildcard factor here. As I write this, the government has temporarily comeback from a partial shutdown and we don't fully know its impact or other potential political situations that could affect our economy.

## LOCAL

Locally, there are strong economic forces at work. One measure of the health of the local economy is **Job Growth.** The good news here is, in 2019 and for the foreseeable future, Tucson is projected to have job growth that outpaces the US national average. More jobs means more people are employed, which means more confidence by consumers in buying houses. Plus, a strong local economy with job growth helps increase the attractiveness of our community as a place to relocate.

### TUCSON METRO STATISTICAL AREA: JOB GROWTH*




***Source:*** *University of Arizona, Eller College of Management*

While on the national level the forecast is a little cloudy, the sunny prospects of our local economy I believe will present opportunities for both home buyers and sellers in 2019. Contact your Long Realty pro to find out more about your neighborhood market trends and for help with all your real estate needs.



*Statistics based on information obtained from MLSSAZ and SAMLS on 01/04/2019. Information is believed to be reliable, but not guaranteed.*