

PHOENIX, CENTRAL AND NORTHERN ARIZONA

2018

END OF YEAR HOUSING REPORT

Long Realty Company

1-800-354-5664

LongRealty.com



A BERKSHIRE HATHAWAY AFFILIATE

HOUSING MARKET TRENDS

For the overall real estate market in Phoenix, Central and Northern Arizona, the Seller's Market conditions continue. The inventory of homes for sale continued to remain at low levels and the area saw consistent sales.

The resulting high competition for homes has contributed to an **8% increase in median price**. At lower price points, the environment is especially competitive. We expect continued strength in the real estate market in 2019.

PHOENIX RESIDENTIAL



Closed Unit Sales
virtually unchanged from last year

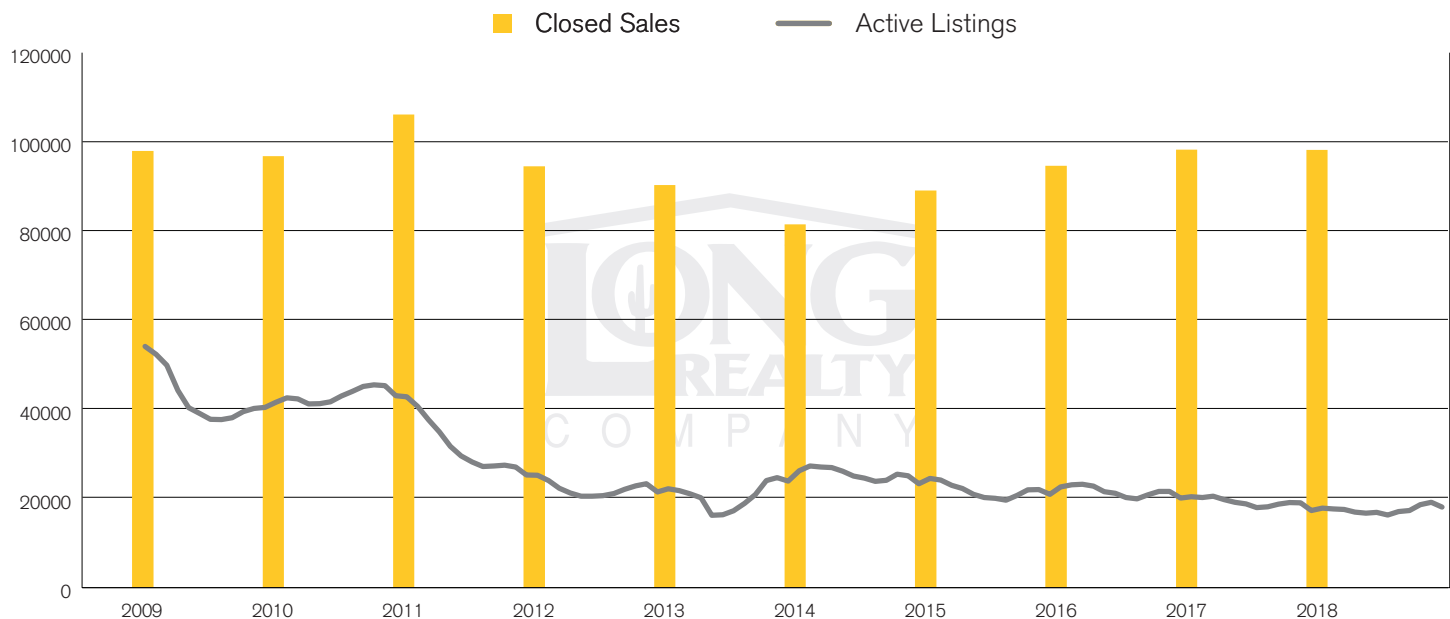


Active Listings*
+4% from last year



Median Sale Price (\$260,000)
+8% from last year

PHOENIX RESIDENTIAL HOME SALES AND LISTING INVENTORY



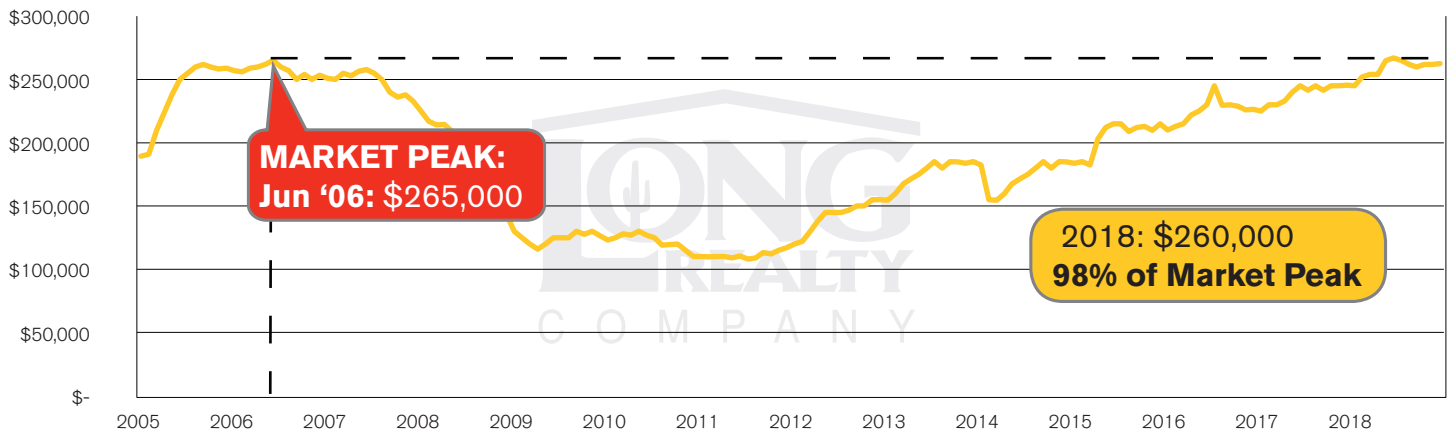
Residential Area	Closed Unit Sales	Active Listings*	Median Sale Price	
Yuma	+11%	-20%	\$148,000	+10%
Casa Grande	+2%	+13%	\$188,000	+11%
White Mountains	-2%	-14%	\$185,000	+11%
Flagstaff	+2%	+10%	\$335,105	+6%

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* Active Listings reflect the percent of change from December 2017 vs December 2018. Statistics based on information obtained from ARMLS, Yuma MLS, White Mountains MLS and Northern Arizona Association of REALTORS MLS on 01/04/2019. Information is believed to be reliable, but not guaranteed.

PHOENIX MEDIAN SALES PRICE

The median price of homes in Phoenix was **\$262,500** in December 2018 and **\$260,000** for all of 2018. Prices are 98% recovered to the market's peak of **\$265,000** in June 2006.



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 2009, 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 2006. Most homeowners are back in positive equity positions in their home, and in fact may be surprised to learn that their homes are worth more than they think.

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

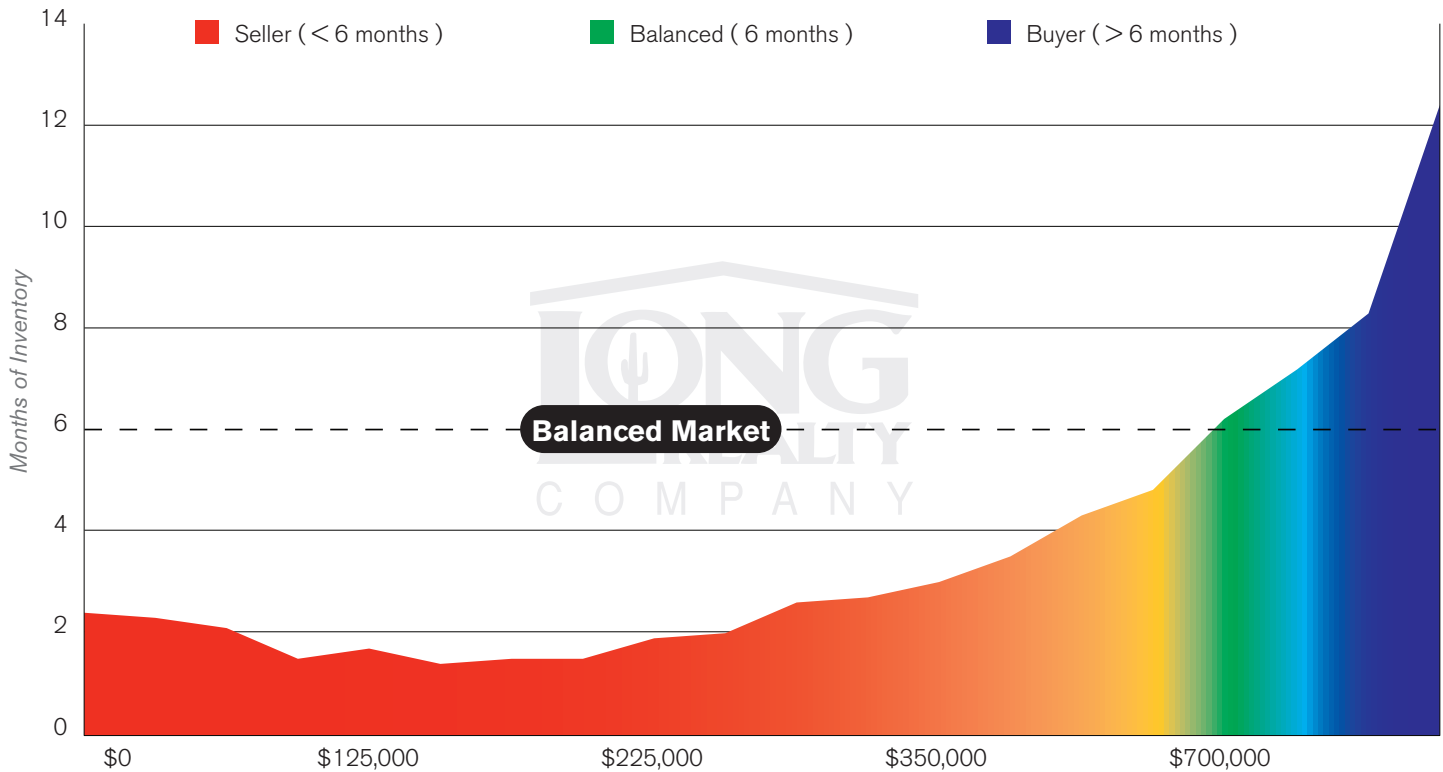
PHOENIX MONTHS OF INVENTORY

Think of Phoenix as a tale of 3 markets. The lower price range, especially under \$500,000, 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 \$600,000 to \$700,000 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.

PHOENIX MARKET CONDITIONS BY PRICE



	YUMA		CASA GRANDE		WHITE MOUNTAINS		FLAGSTAFF	
	Months of Available Inventory	Market Condition	Months of Available Inventory	Market Condition	Months of Available Inventory	Market Condition	Months of Available Inventory	Market Condition
\$1-299,999	4.0	Seller	2.8	Seller	3.8	Seller	3.7	Seller
\$300,000-499,999	8.4	Slightly Buyer	7.1	Slightly Buyer	6.3	Balanced	3.4	Seller
\$500,000-799,999	7.6	Slightly Buyer	34.0	Buyer	14.7	Buyer	8.3	Slightly Buyer
\$800,000 +	9.0	Buyer	18.0	Buyer	31.0	Buyer	13.8	Buyer

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Statistics based on information obtained from ARMLS, Yuma MLS, White Mountains MLS and Northern Arizona Association of REALTORS MLS 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.

PHOENIX LUXURY HOUSING TRENDS

While there is still an abundant inventory of luxury homes, Phoenix did see a significant increase in luxury sales in 2018. Additionally, there was a 19% increase in the number of new sales contracts written, which may be a leading indicator for further increase in luxury closed sales in 2019.

+24%
Closed Unit Sales
 3,342
 (2017 vs 2018)



+2%
Median Price
 \$1,100,000
 (2017 vs 2018)



-3%
Active Inventory
 2,578
 (Dec 2017 vs Dec 2018)



In 2017, there were 13 Phoenix homes that sold for more than \$5 million. Last year, that number grew to **20 HOMES SOLD** in that price range.

What are Luxury Buyers Looking for?

LUXURY PORTFOLIO
 INTERNATIONAL™

1
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!

2
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.

3
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.

4
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

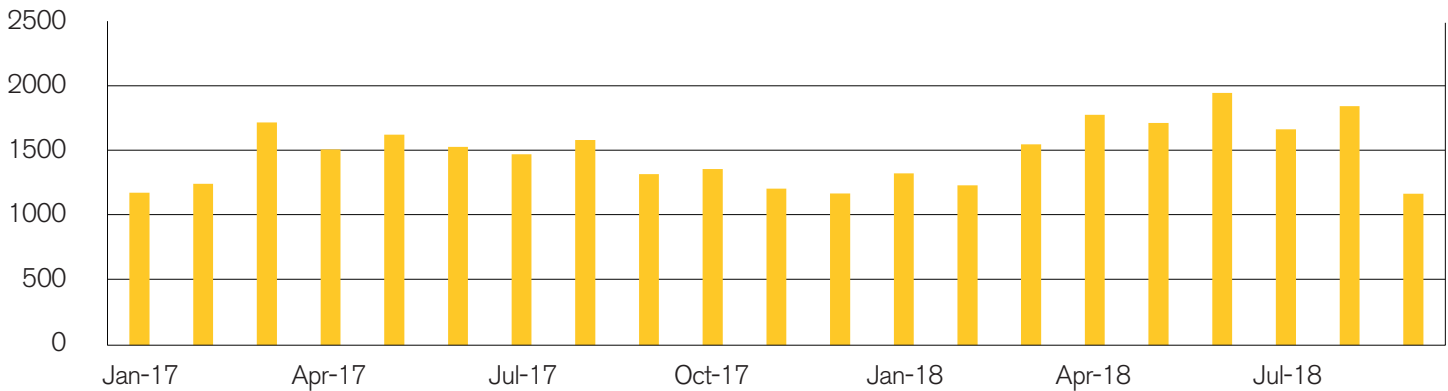
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Statistics based on information obtained from ARMLS on 01/04/2019. Luxury is based on all closed residential units priced \$800,000 and above. Information is believed to be reliable, but not guaranteed.

NEW HOME CONSTRUCTION IN PHOENIX

The inventory shortage of homes we continue to see in the market has created an opportunity for the construction of new homes. New Home Permits issued saw an **8% increase** during the first three quarters of 2018, compared to 2017. If you are a buyer looking for a new construction home to purchase, our Long Realty pros can help!

NEW SINGLE FAMILY HOME PERMITS*



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.

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*Data provided by University of Arizona Eller College of Management, Economic and Business Research Center. Information is believed to be reliable, but not guaranteed.

ARIZONA REMAINS NATIONALLY ATTRACTIVE

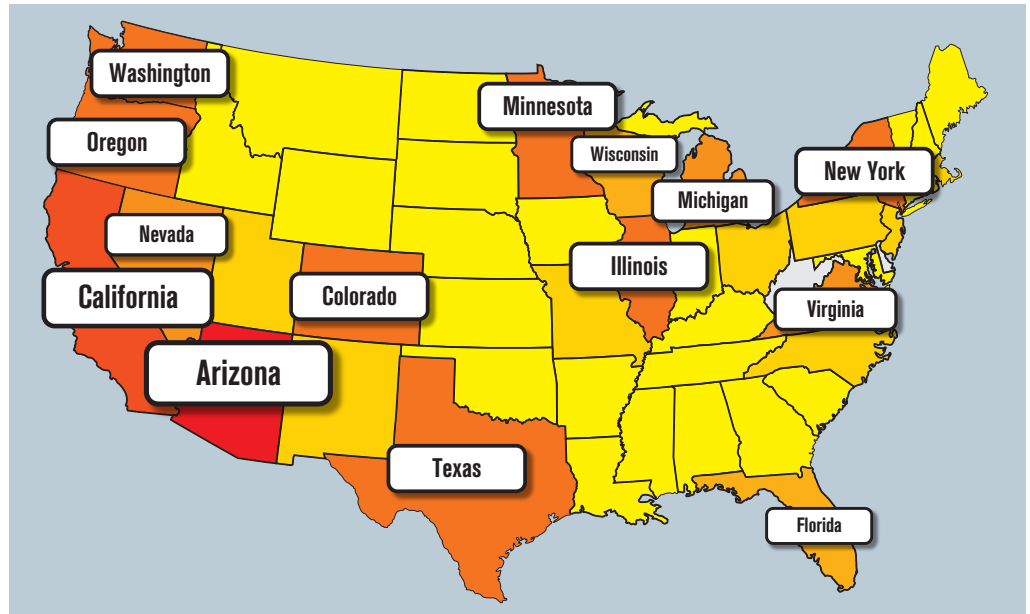
WHERE ARE BUYERS COMING FROM?

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



Source: Google Analytics (1/18/2019)

WHY ARE THEY COMING TO ARIZONA?



Arizona is in the [Top 5 States for Economic Momentum](#).



Phoenix Sky Harbor International Airport was named [Best US Airport](#).



Phoenix among the [Top 20 Best Places to Live](#) by US News and World Report.



Phoenix ranks 3rd for Groupon's list of US cities with the [Friendliest Local Businesses](#).



Phoenix was singled out as the [Top Housing Market to Watch in 2019](#).



Flagstaff named one of the [Best College Towns](#) in America.



Florence, Paradise Valley, Gilbert, Maricopa, and Surprise all made the [Top 10 Safest Places in AZ](#).



Maricopa County has the [Fastest Growing Population](#) according to US Census data.

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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 consistent sales, moderate home price appreciation and a continued shortage of listing inventory. 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.

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

NATIONAL MORTGAGE RATE PROJECTIONS

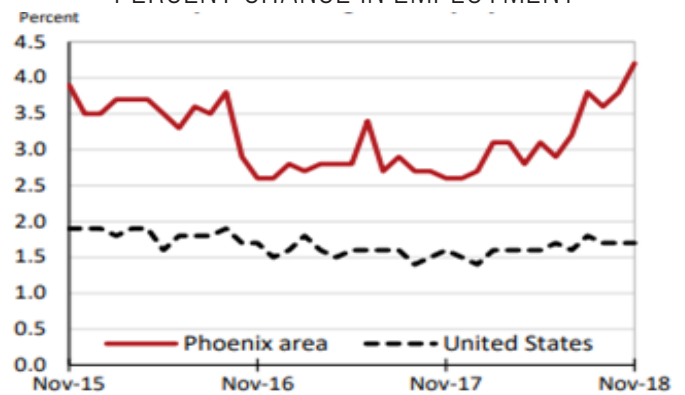
2019 Quarter	Fannie Mae	MBA	NAR	Average of all Three
Q1	4.8	4.8	4.7	4.77
Q2	4.8	4.9	4.8	4.83
Q3	4.8	5.0	4.9	4.90
Q4	4.8	5.0	5.0	4.93

Source: Keeping Current Matters

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, since 2015, Phoenix has had job growth that outpaces the US national average – a trend we expect to continue. More jobs mean 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.

PERCENT CHANGE IN EMPLOYMENT



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.

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