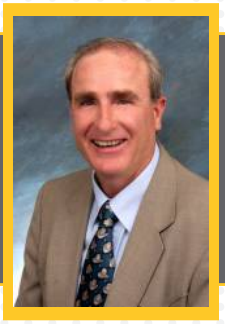
PHOENIX, CENTRAL AND NORTHERN ARIZONA

2017

END OF YEAR HOUSING REPORT



Lou and Pam Mindes
(520) 744-2457
lou@ilovetucson.com

LONG REALTY
A BERKSHIRE HATHAWAY AFFILIATE

HOUSING MARKET TRENDS

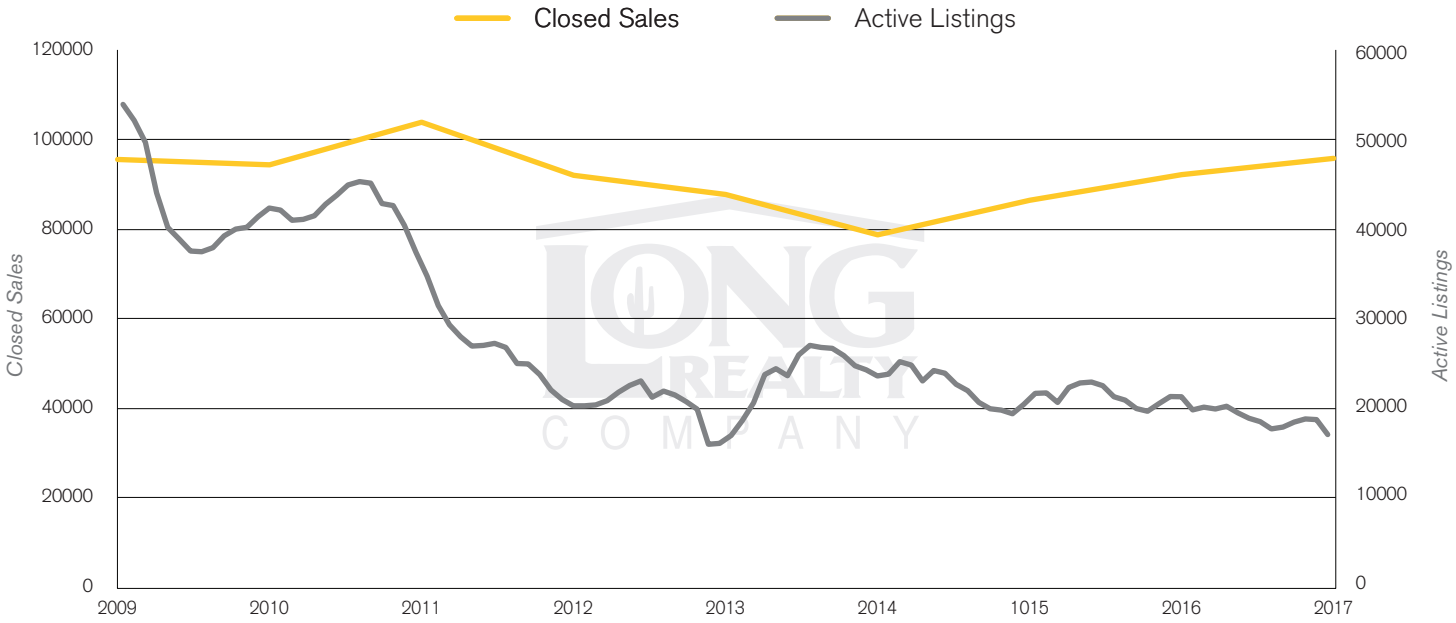
For the overall real estate market in Phoenix and Central Arizona, the seller's market conditions continue. The inventory of homes for sale continued to decline in 2017, while sales increased further. The shortage of listings has not been a drag on home sales, however it has created a very competitive environment, raising median sales price **7%** in Phoenix. We expect continued strength in the real estate market in 2018.

PHOENIX

Closed Residential Sales
+7% from last year

Active Listings*
-14% from last year

PHOENIX RESIDENTIAL HOME SALES AND LISTING INVENTORY



Area	Closed Residential Sales	Active Listings*
Yuma	-3%	-3%
Casa Grande	+10%	-17%
White Mountains	+15%	+18%

Flagstaff closed residential sales remain virtually unchanged.



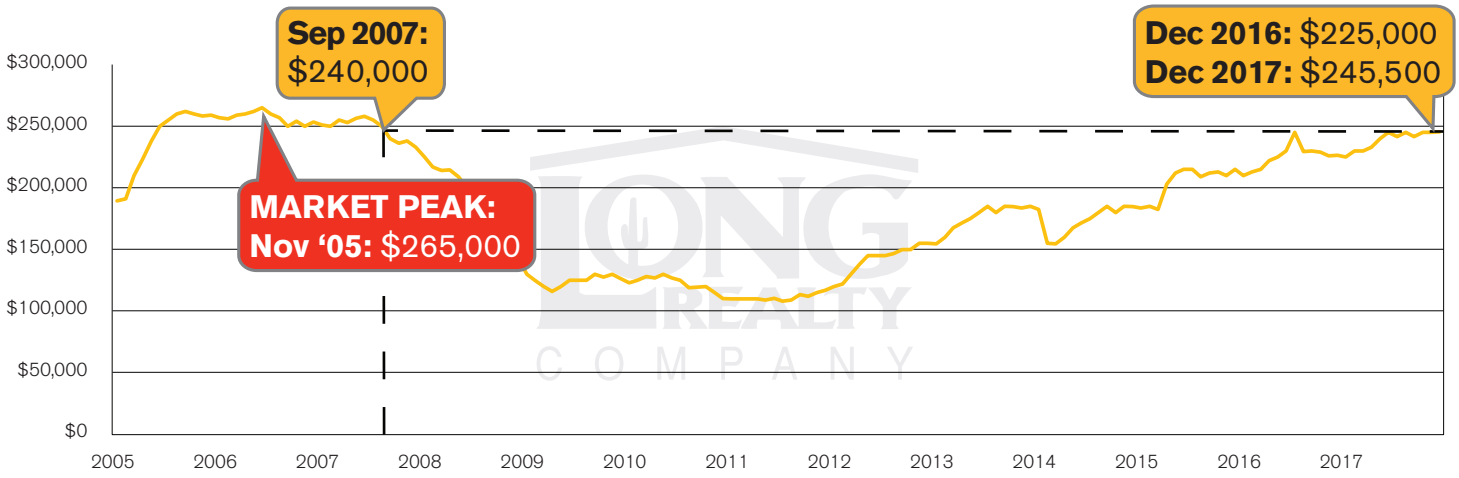
Lou and Pam Mindes
(520) 744-2457 | lou@ilovetucson.com
Long Realty Company

** Active Listings reflect the percent of change from December 2017 vs December 2016.*

Statistics based on information obtained from ARMLS, Yuma MLS, White Mountains MLS and Northern Arizona Association of REALTORS MLS on 01/04/2018. Information is believed to be reliable, but not guaranteed.

PHOENIX MEDIAN SALES PRICE

The median price of sold homes in Phoenix was **$245,500** in December 2017 and **$240,000** for all of 2017. Prices have recovered to September of 2007 levels and are 93% recovered from the market's peak in June of 2006 of **$265,000.**

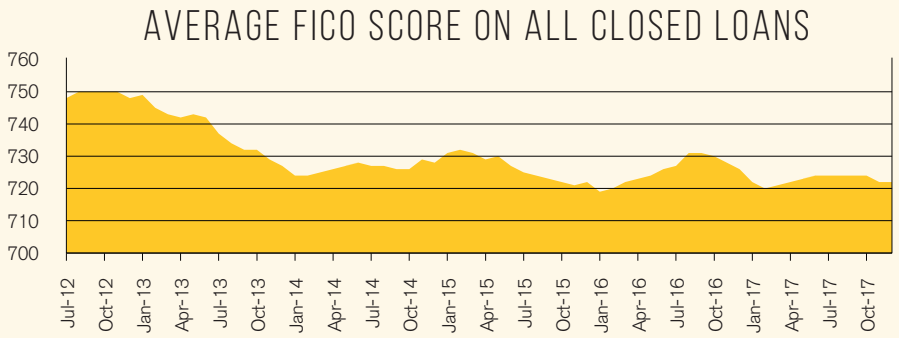


Area	Median Sales Price in 2017	% Change from 2016	Trend
Phoenix	$240,000	+7%	↗
Casa Grande	$170,000	+10%	↗
Yuma	$134,900	+1%	↗
White Mountains	$167,000	+8%	↗
Flagstaff	$315,000	+11%	↗

RECORD HIGH OPTIMISM FOR HOME FINANCING

59% of consumers believe it is easy to get a mortgage.*

Average FICO scores on closed loans have remained lower in recent years with a current average of **724.**



Source: *Ellie Mae*



Lou and Pam Mindes
(520) 744-2457 | lou@ilovetucson.com
Long Realty Company

** Source: Fannie Mae National Housing Survey, June 2017*

Statistics based on information obtained from ARMLS, Yuma MLS, White Mountains MLS and Northern Arizona Association of REALTORS MLS on 01/04/2018. Information is believed to be reliable, but not guaranteed.

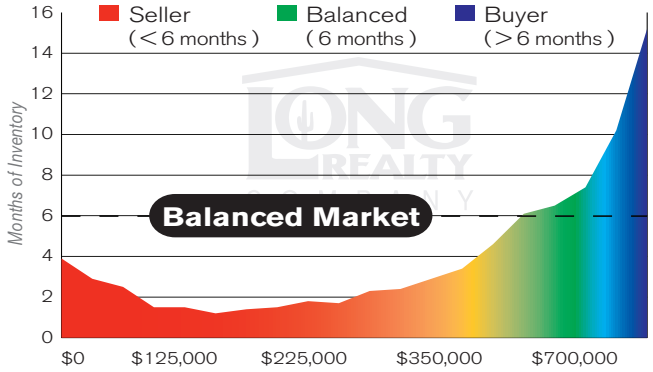
PHOENIX MONTHS OF INVENTORY

Think of Phoenix as a tale of different markets. The price range up to $500,000 has a very tight supply of inventory and high buyer demand. In a seller's market like this, buyers need to move quickly and be competitive.

The range from $500,000 to $800,000 is more balanced between supply and demand.

In the luxury market, above $800,000, there is still a greater supply of homes for sale as compared to buyer needs. While luxury sales have increased, sellers should continue to price competitively to attract buyers.

PHOENIX MARKET CONDITIONS BY PRICE



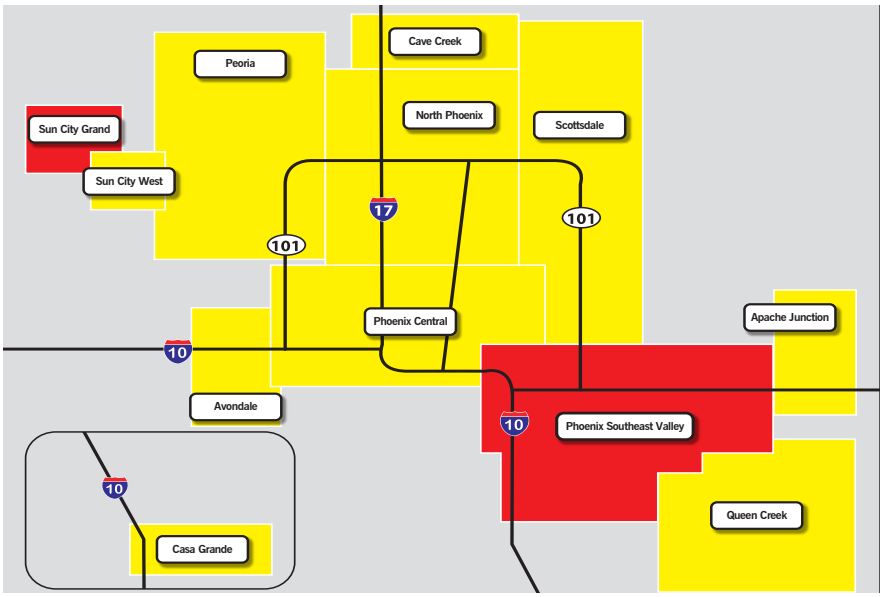
	YUMA		CASA GRANDE		WHITE MOUNTAINS		FLAGSTAFF	
	3 Month Trend MOI	Market Condition	3 Month Trend MOI	Market Condition	3 Month Trend MOI	Market Condition	3 Month Trend MOI	Market Condition
$1-299,999	6.0	Slightly Buyer	2.5	Seller	4.8	Slightly Seller	2.8	Seller
$300,000-499,999	14.3	Buyer	6.8	Slightly Buyer	6.3	Balanced	3.2	Seller
$500,000-799,999	67.0	Buyer	15.3	Buyer	11.2	Buyer	8.0	Buyer
+ $800,000	17.0	Buyer	n/a	n/a	133.0	Buyer	15.8	Buyer

YEAR OVER YEAR CHANGE IN CLOSED HOME SALES

All regions of metro Phoenix experienced a growth in home sales in 2017 versus prior year. Market conditions can vary considerably by location and price, contact me for real estate information about your neighborhood.

Percentage of Change

21%+
11% *to* 20%
1% *to* 10%
0%





Lou and Pam Mindes
(520) 744-2457 | lou@ilovetucson.com
Long Realty Company

Statistics based on information obtained from ARMLS, Yuma MLS, White Mountains MLS and Northern Arizona Association of REALTORS MLS on 01/04/2018. 3 month trend in months of inventory is the average closed sales and active listings date from 10/01/2017 – 12/31/2017. 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 an increase in luxury sales in 2017. Growth in luxury sales reflects greater luxury buyer interest, which also helps to absorb inventory and indicates a recovery in the luxury market.

+22.6%
Closed Sales
2,693
(2017 vs 2016)

+25.6%
2,923 Luxury Properties went **Under Contract**
(2017 vs 2016)

-2%
Median Price
$1,080,000
(2017 vs 2016)

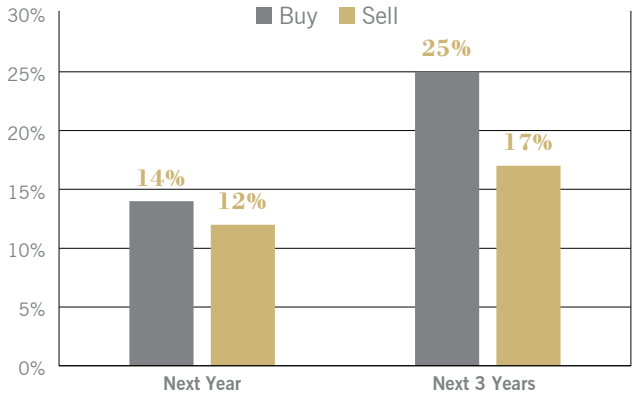
-22.8%
Months of Inventory
11.2 - Buyers Market
(2017 vs 2016)

LUXURY PORTFOLIO INTERNATIONAL™

Long Realty is a member of the largest global luxury real estate brand, Luxury Portfolio International, providing a unique opportunity to reach an international market of buyers.

As we look forward, the global market for luxury real estate is expected to pick up momentum – with **14%** of affluent consumers looking to buy and only **12%** looking to sell. This trend is expected to increase over the next three years when **25%** of global high net worth individuals expect to buy compared to only **17%** looking to sell.

Global Intentions for Residential Luxury Real Estate



***Source:** Luxury Portfolio*



Lou and Pam Mindes
(520) 744-2457 | lou@ilovetucson.com
Long Realty Company

Statistics based on information obtained from ARMLS on 01/04/2018. Information is believed to be reliable, but not guaranteed.

RECENT TAX CHANGES

There are a number of tax changes in the Tax Cuts and Jobs Act of 2017 that may affect homeowners and homebuyers. For a detailed list, visit **http://longre.biz/TheTaxCutsandJobsAct.** Some changes include:

- Doubling the standard deduction, and repeal of personal exemptions
- Mortgage interest deduction on new loans, up to $750,000 loan limit
- Limit of $10,000 on deductions for state and local taxes
- Continues existing law on exclusion of gain on sale of a principal residence

For homeowners that itemize their tax deductions, they can continue to benefit from real estate specific deductions including mortgage interest and property tax, within the limits as defined in the Tax Cuts and Jobs Act of 2017. There are many tax changes, and we recommend consulting a tax professional to learn more about your specific situation. According to the Institute on Taxation and Economic Policy, below is the average impact to families and individuals in the U.S. of the tax changes in 2019, by income range. What other impact may the tax changes have, relative to real estate?

Deductions for property taxes, and state and local income taxes are now capped at $10,000 per year. For homeowners that live in high property tax states, this new limit may increase their cost of homeownership and prompt some to consider moving to lower tax-base states, such as Arizona.

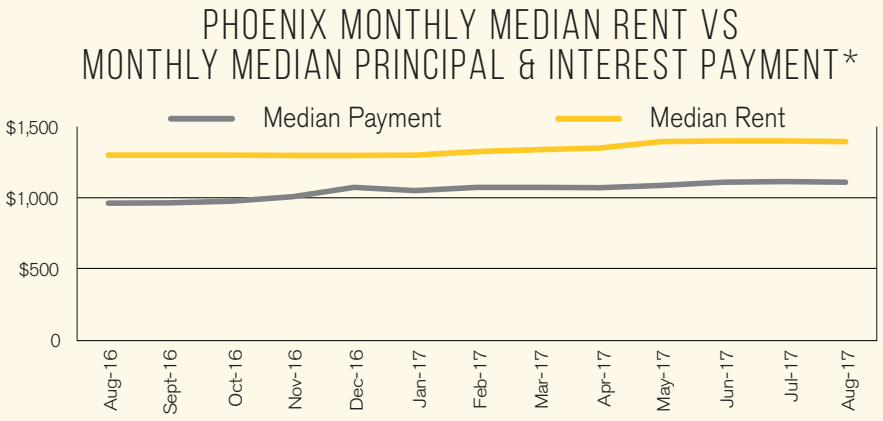
New corporate tax rate cuts may help strengthen businesses. In addition, builders may use some of their tax savings to reinvest in expanding new construction starts, catching up on a shortage of inventory to meet a growing housing demand.

Income Range	Average Income	Average Tax Change
Less than $24,090	$14,600	-$100
$24,090–$41,910	$32,900	-$350
$41,910–$66,850	$53,400	-$650
$66,850–$112,160	$86,400	-$1,040
$112,160–$239,600	$155,700	-$1,680
$239,600–$607,090	$356,800	-$7,270
$607,090 +	$2,023,900	$1,750

Source: *itep.org/finalgop-trumpbill*

CHEAPER TO OWN VS RENT

The tax changes have also refocused consumers on the fundamental benefits of homeownership: building equity in owning real estate and the pride of homeownership. In many markets, like ours, rental rates have continued to increase and with mortgage rates still attractive, it is cheaper to own through financing than rent. Contact me for more information.



Source: *Trulia*



Lou and Pam Mindes
(520) 744-2457 | lou@ilovetucson.com
Long Realty Company

** Monthly payments based on a 5% down payment on a median priced home.*

Statistics based on information obtained from ARMLS, on 01/04/2018. Information is believed to be reliable, but not guaranteed.

COMMUNITY GROWTH AND ACCOLADES

WHERE ARE BUYERS COMING FROM?

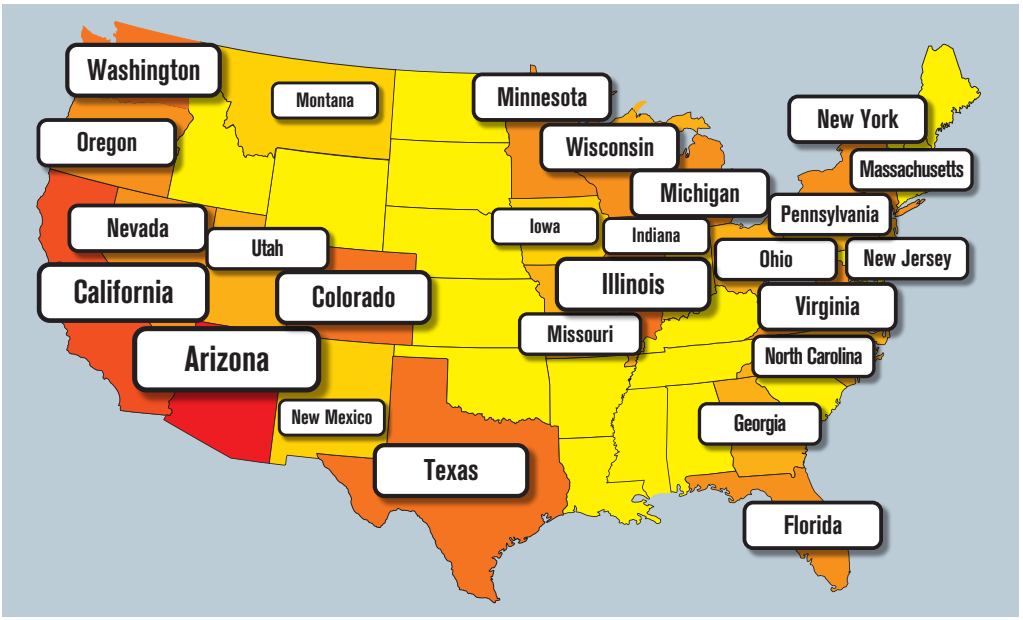
Buyer interest in Arizona comes from across the country. California, the pacific northwest, upper Midwest, Texas, other southwest states and the northeast all show strong interest in Arizona real estate.

U.S. WEBSITE TRAFFIC FOR ALL PRICE RANGES

This heat map represents which states visit LongRealty.com the most.

Number of Sessions

- 1,500,000 +
- 100,000 +
- 50,000 +
- 25,000 +
- 15,000 +
- 10,000 +
- 1,000 +



Source: *Long Realty*

WHY ARE THEY COMING TO ARIZONA?

For more information on these and other 2017 Arizona accolades, visit **www.longrealtyblog.com.**

IN 2017, PHOENIX RANKED:

#8 TOP

Best City to RETIRE in 2017[1]

TOP 2017

U.S. Market for INDUSTRIAL, MANUFACTURING[2]

PHOENIX RANKED:

#5 TOP

LARGEST CITY in the U.S.[3]

SCOTTSDALE RANKED:

THE BEST

City in the Nation to GET A JOB[4]

BUSINESS ACCOLADES:

Casa Grande secured the **Lucid Motorsports Manufacturing Facility**[5]

Arizona's Mayo Clinic Campus ranks in **Top 20 Hospitals Nationwide**[6]

Arizona Ranks Among **Top States for Job Growth Increase** 2016-2017[7]



Lou and Pam Mindes
(520) 744-2457 | lou@ilovetucson.com
Long Realty Company

Sources: *1. Bankrate 2. Colliers International 3. U.S. Census Bureau 4. WalletHub 5. AZ Big Media 6. U.S. News & World Report 7. Bureau of Labor Statistics*

ROSEY'S MARKET INSIGHTS



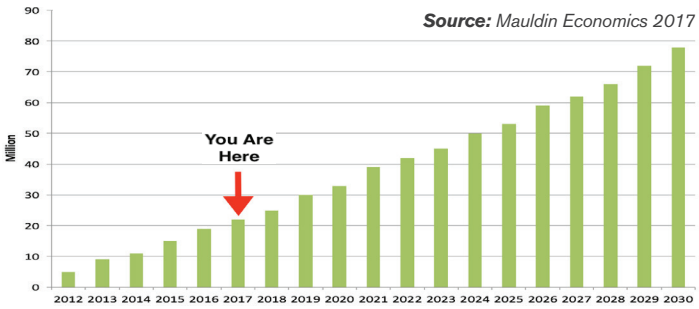
Rosey Koberlein, Long Companies CEO

While the net impact of tax changes is yet to be determined, the underlying fundamentals of strength in real estate remain. A strong demand for housing, a shortage of listing inventory, attractive mortgage rates, a strong stock market, a growing pool of retiring baby boomers, and promising growth in local employment will bring the local housing market continued sales and pricing growth in 2018. In fact, the National Association of REALTORS® forecasts that Arizona housing will see a 5.6% increase in 2018. Coupled with baby boomer retirement, the number of Millennials purchasing homes will continue to grow, to an anticipated 43% of total home loans in 2018. These dynamics create a demographic "bookend" of real estate activity.

BABY BOOMERS RETIRING

As the baby boomer generation ages, the number of baby boomers retiring continues to grow, which will spark further movement to fair weather locations like our area. Arizona continues to rank as one of the premier retirement destinations.

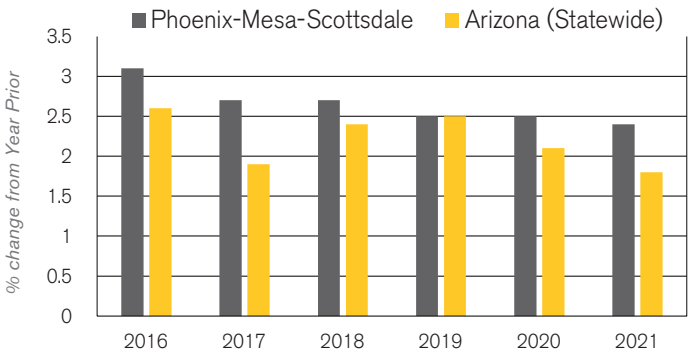
BABY BOOMERS OVER 65: 2012-2030(E)



IMPROVING EMPLOYMENT

Phoenix area job growth is projected to continue to outpace the statewide job growth. Job stability and growth will bolster consumer confidence, which in turn spurs large ticket purchases such as real estate.

PHOENIX-MESA-SCOTTSDALE VS. STATEWIDE EMPLOYMENT GROWTH

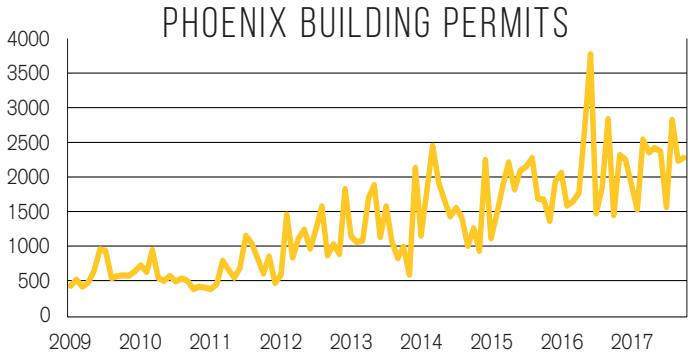


Source: *University of Arizona, Eller College of Management*

SHORTAGE OF LISTING INVENTORY

We remain in a seller's market due to low listing inventory and high demand. New construction activity in Phoenix has grown, however not enough to fill all the buyer needs. Thus we expect a continued shortage of inventory in 2018, and seller's market conditions, especially at lower price points.

PHOENIX BUILDING PERMITS



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



Lou and Pam Mindes
(520) 744-2457 | lou@ilovetucson.com
Long Realty Company