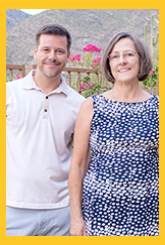
PHOENIX, CENTRAL AZ & WHITE MOUNTAINS

2016 STATE OF THE MARKET HOUSING REPORT

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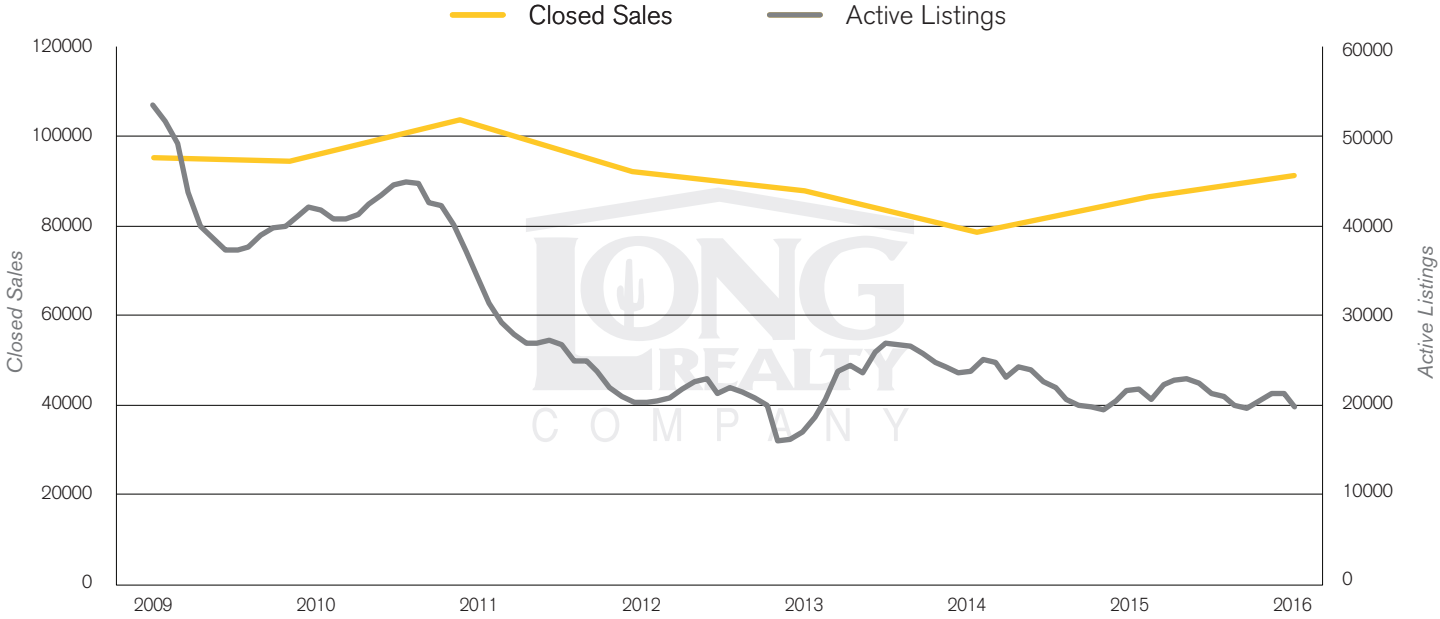
Phoenix, Casa Grande, Yuma and the White Mountains all experienced a strong residential housing market in 2016. Increased sales along with less listing inventory in Phoenix resulted in a seller's market at many price points and a moderate increase in home prices. It's a function of supply and demand. Low interest rates and improved economic development in the area fueled housing growth and should continue to do so. Buyers may need to act quickly when purchasing and there is a new opportunity for homeowners who may be considering selling.

7%
2016 vs 2015
Closed Residential Sales (Phoenix)

8%
2016 vs 2015
Median Sales Price (Phoenix)

4%
Dec '16 vs. Dec '15
Active Listings (Phoenix)

PHOENIX RESIDENTIAL



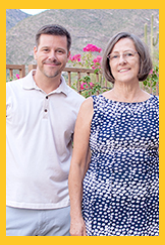
Area	Closed Residential Sales (2016 vs. 2015)	Active Listings (Dec '16 vs. Dec '15)
Casa Grande	14% increase	10% increase
Yuma	31% increase	15% increase
White Mountains	9% increase	0% change

Statistics based on information obtained from ARMLS, Yuma MLS and White Mountains MLS on 01/05/2017. Information is believed to be reliable, but not guaranteed.

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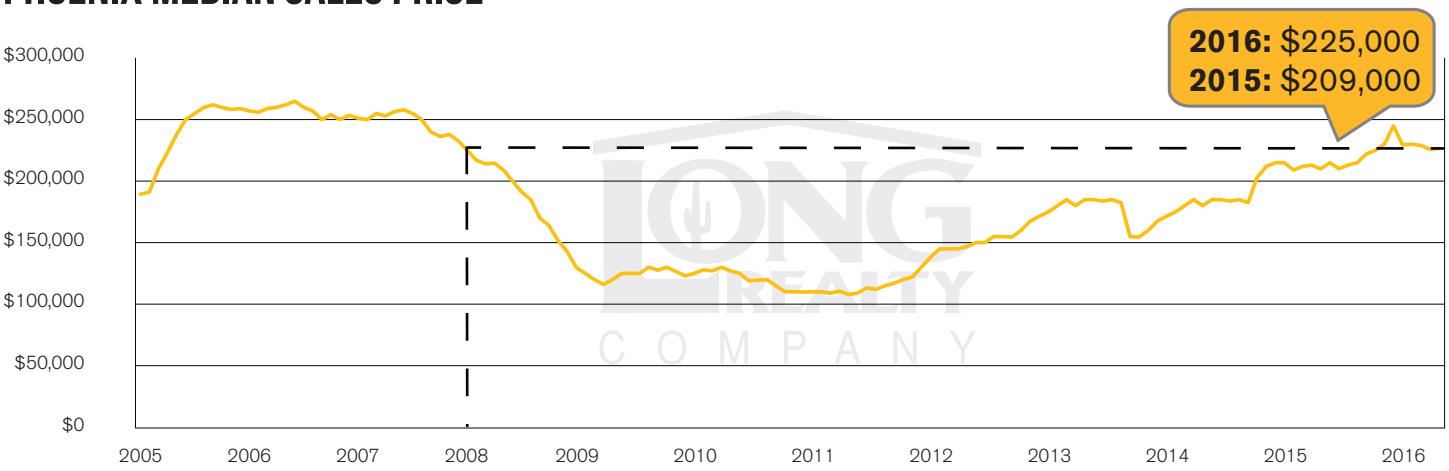
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As the housing recovery continues in Phoenix, the median price of home sales in Phoenix was **$226,500** in December 2016, and **$225,000** for all of 2016. Prices have recovered to January 2008 levels. This means that there is still opportunity for more home price appreciation before returning to the historical peak of 2006.

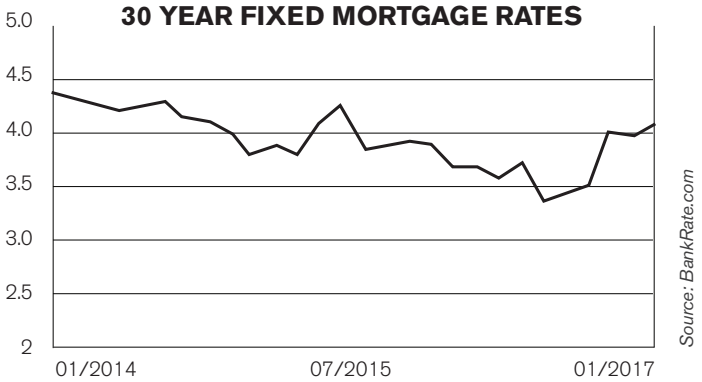
PHOENIX MEDIAN SALES PRICE



Area	2016	% Change 2016 vs. 2015	Trend
Phoenix	$225,000	+8%	
Casa Grande	$155,000	+8%	
Yuma	$134,000	+6%	
White Mountains	$155,000	+11%	

MORTGAGE RATES RISE SLIGHTLY

30 year fixed mortgage rates have risen recently, however still remain historically low at slightly over 4%. Monthly loan payment on a median priced home in Phoenix stands at $1,074.

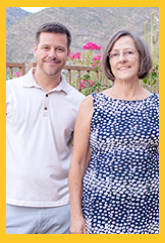


Statistics based on information obtained from ARMLS, Yuma MLS and White Mountains MLS on 01/05/2017. Information is believed to be reliable, but not guaranteed.

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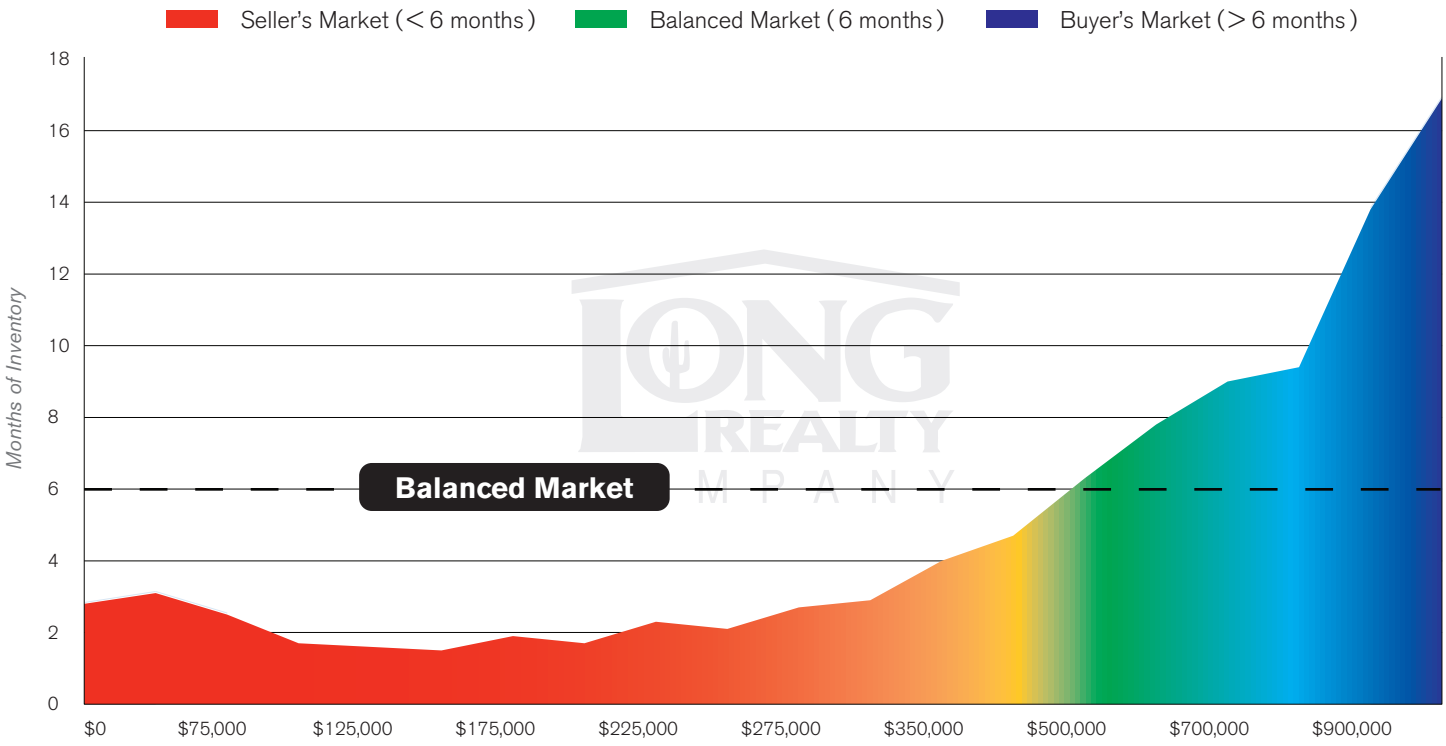
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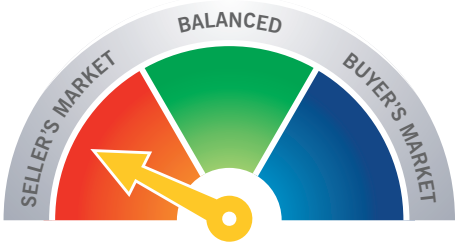
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High buyer demand and a shortage of listing inventory at price points below $500,000 resulted in a seller's market, which means buyers may have a more difficult time finding a home and face multiple offer situations. Higher price points remain in a buyer's market. Market conditions can vary greatly by price point and geographic area, so always check with your Long Realty agent for what is happening in your area.

PHOENIX MARKET CONDITIONS (MONTHS OF INVENTORY)



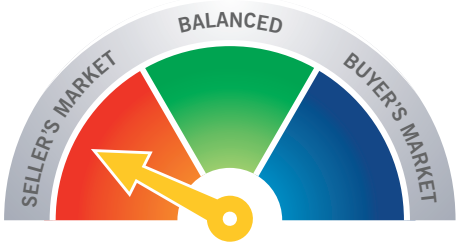
MARKET CONDITIONS



CASA GRANDE
Months of Inventory: **3.4**



YUMA
Months of Inventory: **6.4**



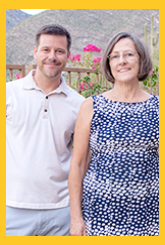
WHITE MOUNTAINS
Months of Inventory: **3.9**

Statistics based on information obtained from ARMLS, Yuma MLS and White Mountains MLS on 01/05/2017. Months of Inventory based on 3 month trend from Oct-Dec 2016. Information is believed to be reliable, but not guaranteed.

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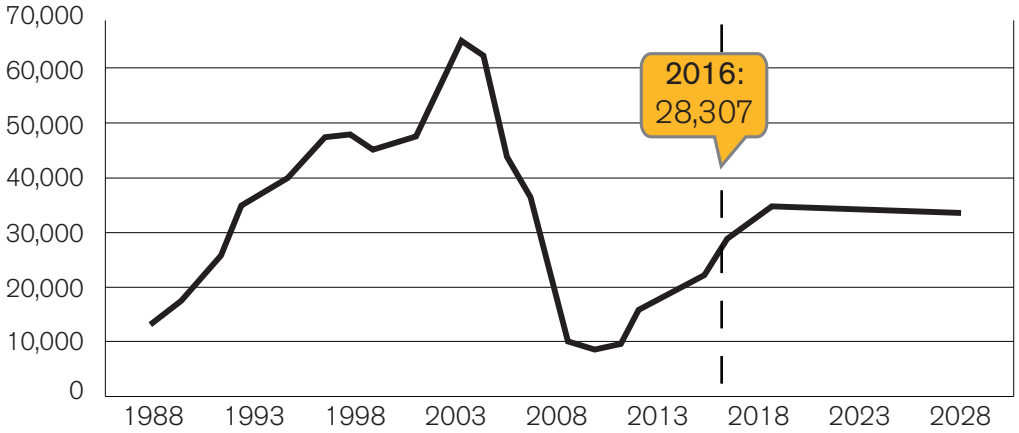


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NEW CONSTRUCTION

There were 28,307 residential new construction permits in Phoenix in 2016, up 26.4% from prior year. Permits are expected to grow further in 2017 as more building comes online.

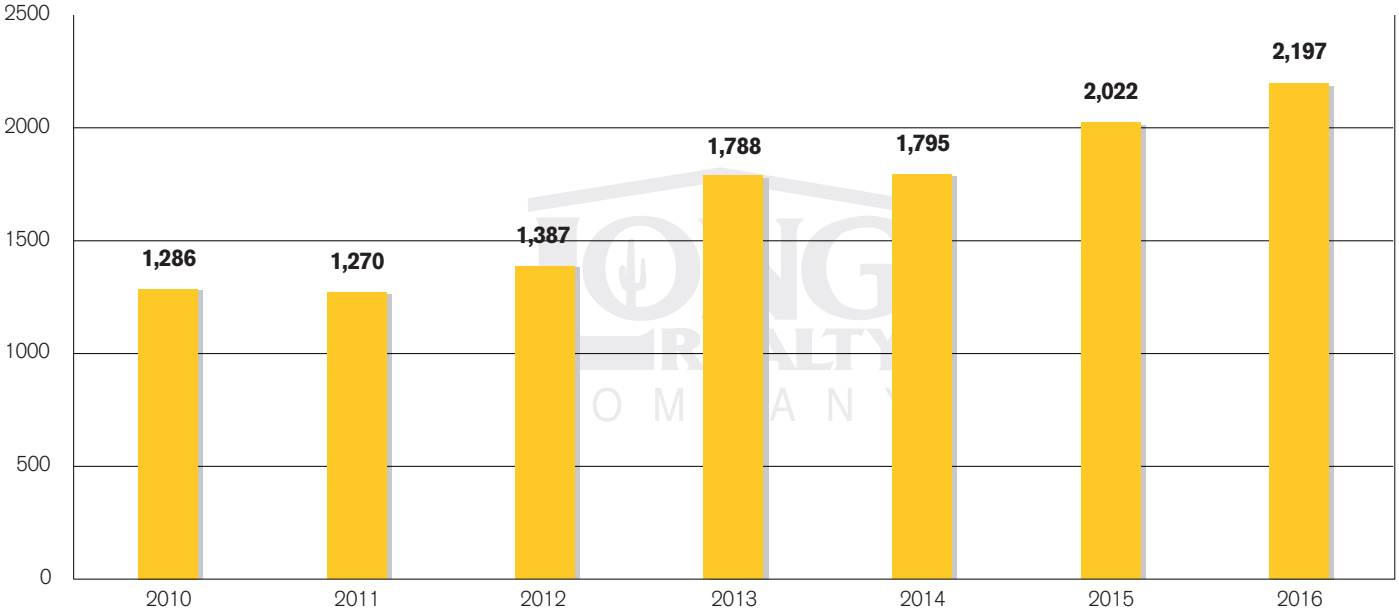
RESIDENTIAL BUILDING PERMITS – PHOENIX MSA FORECAST



Source: azeconomy

PHOENIX LUXURY HOUSING

Closed sales of luxury properties in Phoenix increased by 9% over 2015.



1.8%
Median Price
$1,100,000
(2016 vs 2015)

7.5%
2,351 Luxury Properties went **Under Contract**
(2016 vs 2015)

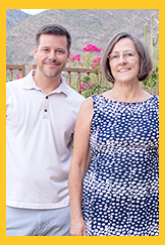
16.9
Months of Inventory
Buyers Market

Statistics based on information obtained from ARMLS, Yuma MLS and White Mountains MLS on 01/05/2017. Months of Inventory based on 3 month trend from Oct-Dec 2016. Information is believed to be reliable, but not guaranteed.

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WHERE ARE BUYERS COMING FROM?

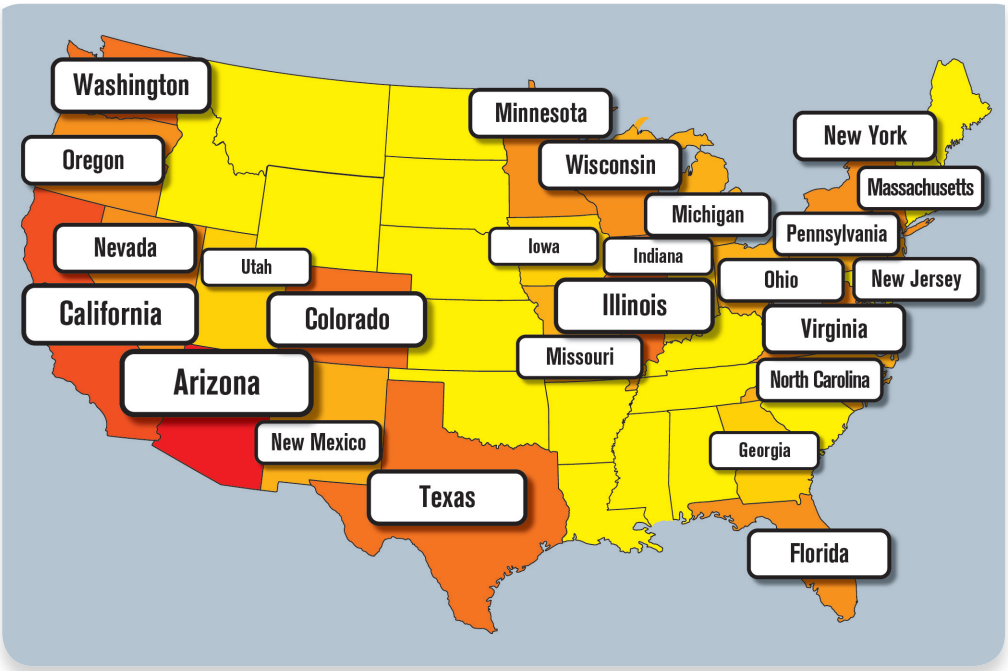
These heat maps show the geographic sources of website traffic for Arizona real estate. Domestically, we continue to see strong interest in Arizona from the west and Pacific northwest, upper midwest, northeast, Colorado and Texas. Internationally, The United Kingdom, Italy, France, Germany, China, Canada and Mexico lead the way.

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 +



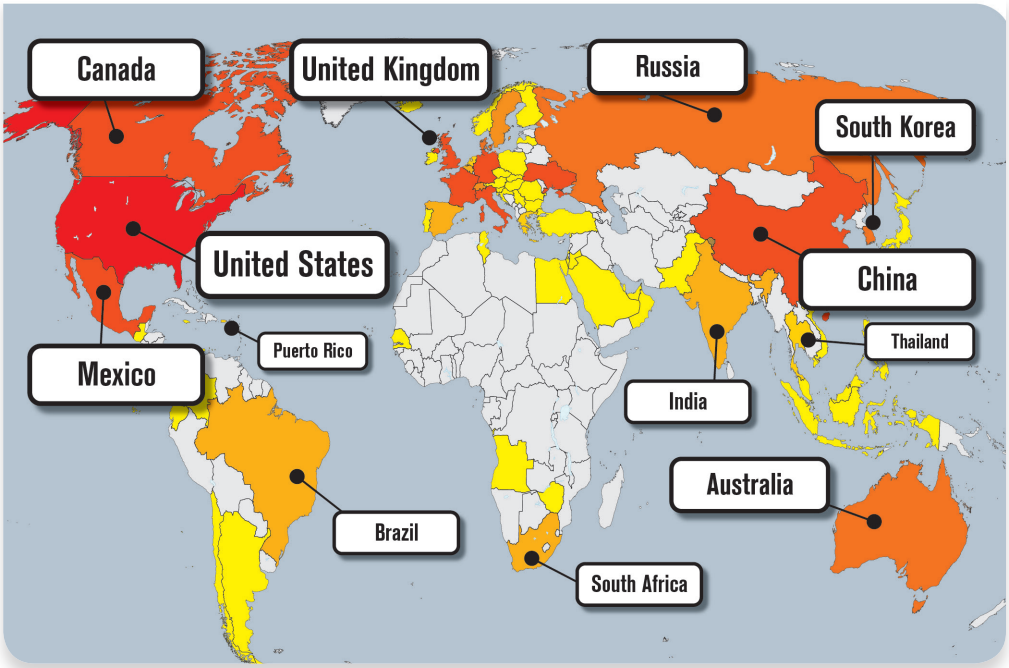
Source: *Google Analytics data for LongRealty.com*

GLOBAL WEBSITE TRAFFIC FOR LUXURY REAL ESTATE

This heat map represents which countries visit LuxuryPortfolio.com the most.

Number of Sessions

- 100,000 +
- 10,000 +
- 4,000 +
- 2,000 +
- 1,500 +
- 1,000 +
- 100 +

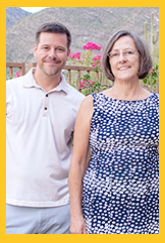


Source: *Luxury Portfolio*

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JANUARY 2017

MARKET INSIGHTS



2016 was a year of continued recovery for our local housing market. What's in store for 2017? While the future is never certain, we expect the factors that contributed to market growth in 2016 will continue into this year.

Rosey Koberlein
Long Companies CEO

EMPLOYMENT & ECONOMIC DEVELOPMENT

According to a recent *Forbes* article, Arizona is home to two of the metros with rapid employment growth on the horizon, per Moody's Analytics. Tucson is No. 5 at 3.3% annually, while Phoenix clocks in at No. 8 with a per-year average of 3.1%. Demographics and migration patterns in Arizona are favorable as baby boomers retire to warmer climates fueling real estate expansion along with hospitality gains. Arizona also has a relatively diverse private sector and offers a more affordable alternative to the high-priced business and living costs in California. Farmers Insurance announced plans this year to add 1,000 more jobs in Phoenix from its current 500. Phoenix has added nearly 20% more tech jobs over the past five years. Uber, Shutterfly and Yelp have all recently opened offices there.

MILLENNIAL HOMEBUYERS & AGING BOOMERS

While Millennials haven't purchased homes in force in past years due to recessionary conditions, tight mortgage lending criteria and high student loan debt, those trends are starting to change. Millennials in their 30's are starting families, and coupled with employment growth, are looking to become homeowners. In fact, according to a recent study, 65.3% of millennials associate the American Dream with buying a home – more than any other generation. As Millennials age, we expect an influx of home buyers. At the opposite end, aging baby boomers will be reaching retirement age and will create more home purchase and sale opportunities in Phoenix and central Arizona, a magnet for retirees.

COMMUNITY ACCOLADES

- **Phoenix ranked among top cities to invest in housing for 2017:** http://longre.biz/PhoenixTopCitiestoInvest2017
- **Phoenix Ranks Among Top Homebuilding Markets:** http://longre.biz/PhoenixRanksTopHomeBuildingMarkets
- **Phoenix a Top City for Building Wealth:** http://longre.biz/PhoenixRanksTopCitytoBuildWealth
- **Phoenix Ranked Among Best Cities to Live & Work Nationwide:** http://longre.biz/PhoenixRanksTopCityNationwide
- **Phoenix Ranks Best USA Airport:** http://longre.biz/PhoenixAirportRanksTop
- **Mayo Clinic Ranked #1 by US News & World Report:** http://longre.biz/MayoClinicRanksTopHospitals