PHOENIX, CENTRAL AND NORTHERN ARIZONA

2018

MID-YEAR HOUSING REPORT



The Jerri and Andy Szach Team
(520) 548-5646
Team@BestTucsonHomes.com

LONG REALTY
A BERKSHIRE HATHAWAY AFFILIATE

HOUSING MARKET TRENDS

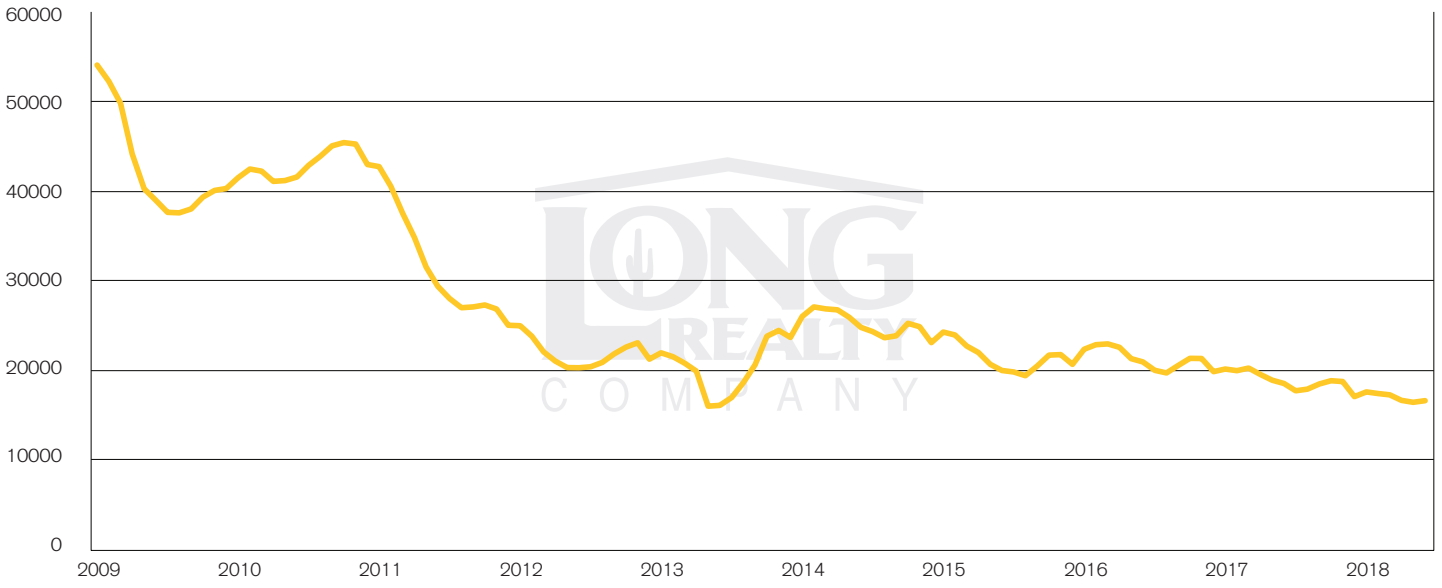
For the overall real estate market in Phoenix, Central and Northern Arizona, the Seller's Market conditions continue. The inventory of homes for sale continues to decline in 2018, while sales increased further. The shortage of listings has not been a drag on home sales, however it has contributed to a **9% increase in median price** in the Phoenix market. This has created a very competitive environment, especially at lower price points.

PHOENIX

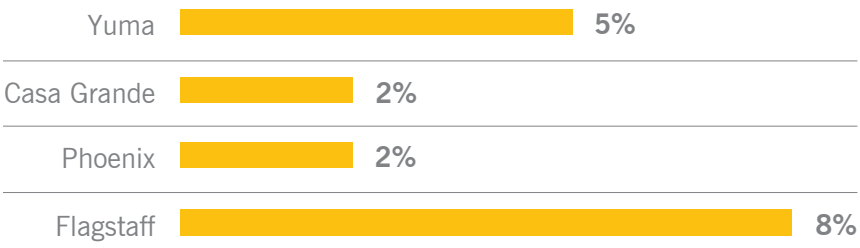
Closed Residential Sales
+2% from last year

Active Listings*
-10% from last year

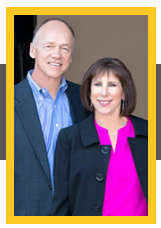
PHOENIX RESIDENTIAL ACTIVE LISTING INVENTORY



CLOSED SALES UNITS ('% CHANGE FROM 2017)



Area	Active Listings*
Yuma	-9%
Casa Grande	-13%
White Mountains	-21%
Flagstaff	-4%



White Mountains closed residential sales remain virtually unchanged.

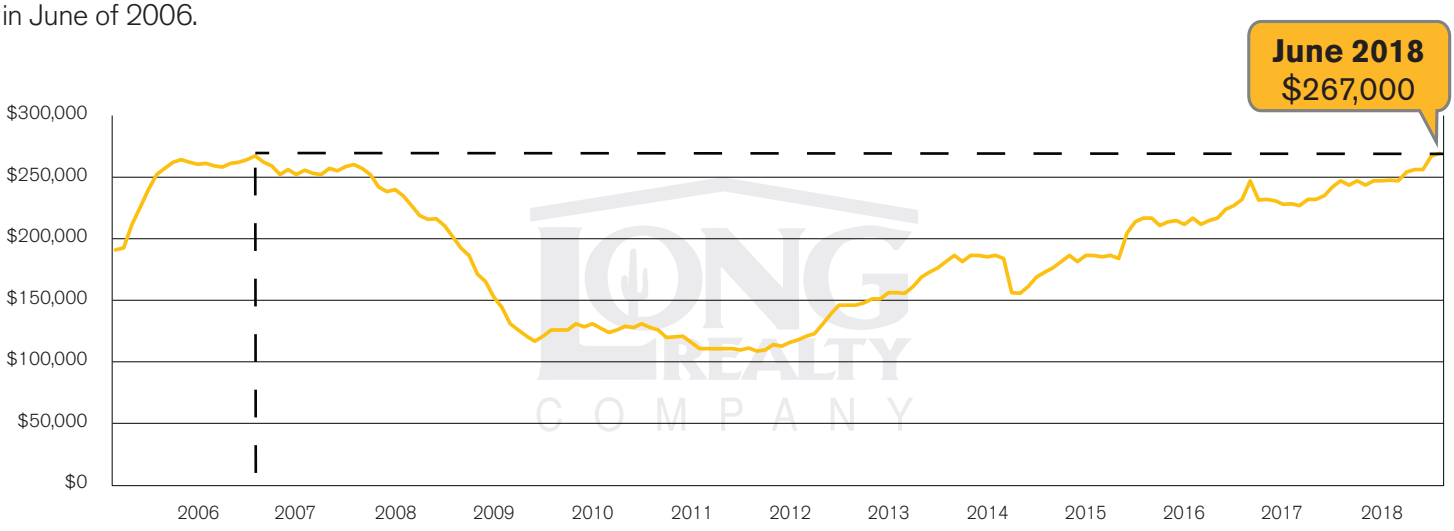
The Jerri and Andy Szach Team
(520) 548-5646 | Team@BestTucsonHomes.com
Long Realty Company

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

Statistics based on information obtained from ARMLS, Yuma MLS, White Mountains MLS and Northern Arizona Association of REALTORS MLS on 07/06/2018. Information is believed to be reliable, but not guaranteed.

PHOENIX MEDIAN SALES PRICE

The median price of homes in Phoenix was **$267,000** in June 2018. Prices have exceeded the market's peak of **$265,000** in June of 2006.

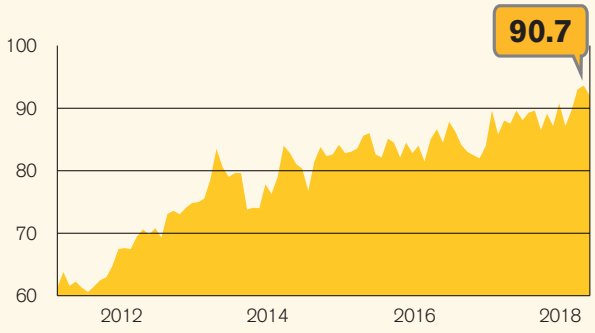


Area	Median Sales Price in June 2018	% Change from June 2017	Trend
Phoenix	$267,000	+9%	↗
Casa Grande	$193,945	+13%	↗
Yuma	$172,500	+20%	↗
White Mountains	$209,000	+30%	↗
Flagstaff	$301,750	+4%	↗

HOUSING CONFIDENCE CONTINUES TO GROW

Americans Who Feel That:		Change from last year
Now is a good time to sell	46%	14% ↗
Home prices will increase in the next 12 months	49%	9% ↗
They won't lose their jobs	78%	7% ↗
Their income is significantly higher than it was a year ago	21%	3% ↗

HOME PURCHASE SENTIMENT INDEX





The Jerri and Andy Szach Team
(520) 548-5646 | Team@BestTucsonHomes.com
Long Realty Company

** Source: Fannie Mae National Housing Survey, June 2018*

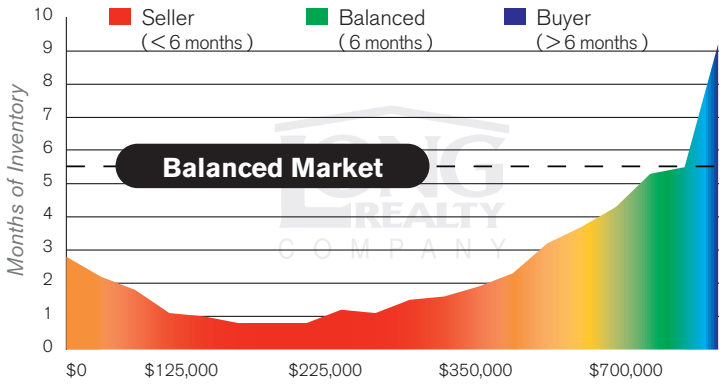
Statistics based on information obtained from ARMLS, Yuma MLS, White Mountains MLS and Northern Arizona Association of REALTORS MLS on 07/06/2018. Information is believed to be reliable, but not guaranteed.

PHOENIX MONTHS OF INVENTORY

Phoenix is a tale of 3 markets. In the last 6 months the price boundary of the Seller's Market has expanded upwards from $500,000 to $700,000. In a market like this, tight inventory and high buyer demand prevails, and buyers need to move quickly and should offer competitively.

The range from $700,000 to $1,000,000 is a slight Seller's Market and more balanced. While we still have a Buyer's Market in homes $1,000,000 and above, luxury home sales have increased significantly this year which has reduced Months of Inventory.

PHOENIX MARKET CONDITIONS BY PRICE



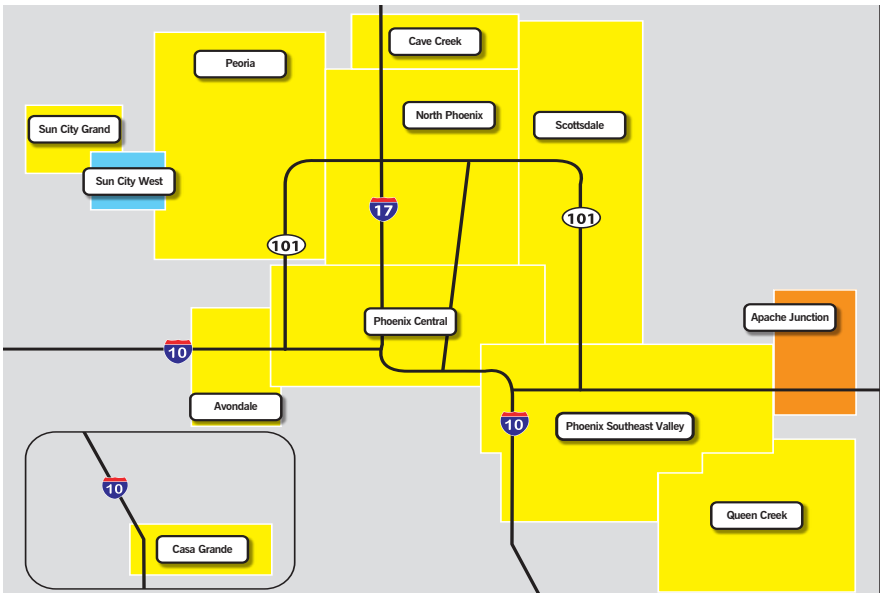
	YUMA		CASA GRANDE		WHITE MOUNTAINS		FLAGSTAFF	
	3 Month Trend MOI	Market Condition	3 Month Trend MOI	Market Condition	3 Month Trend MOI	Market Condition	3 Month Trend MOI	Market Condition
$1-299,999	3.2	Seller	1.3	Seller	4.6	Slightly Seller	3.5	Seller
$300,000-499,999	6.9	Slightly Buyer	4.5	Slightly Seller	7.3	Slightly Buyer	3.5	Seller
$500,000-799,999	25.5	Buyer	7.5	Slightly Buyer	26.8	Buyer	9.2	Buyer
+ $800,000	9.0	Buyer	18	Buyer	79.5	Buyer	16.8	Buyer

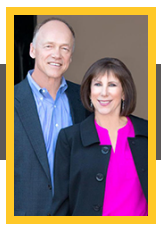
YEAR OVER YEAR CHANGE IN CLOSED HOME SALES

Many areas of metro Phoenix experienced a growth in home sales between 7/1/17-6/30/18 versus 7/1/16-6/30/17. Some outlying areas saw a slight decrease. Market conditions can vary considerably by location and price.

Percentage of Change

11%	*to* 20%
1%	*to* 10%
0%	
-1%	*to* -10%





The Jerri and Andy Szach Team
(520) 548-5646 | Team@BestTucsonHomes.com
Long Realty Company

Statistics based on information obtained from ARMLS, Yuma MLS, White Mountains MLS and Northern Arizona Association of REALTORS MLS on 07/06/2018. 3 month trend in months of inventory is the average closed sales and active listings date from 04/01/2018-06/30/2018. Information is believed to be reliable, but not guaranteed.

Phoenix Luxury Housing Trends

Phoenix is seeing a great increase in luxury sales in 2018. Closed sales are up 30% and there is a 28% increase in the number of new sales contracts written, which should be a leading indicator for further increase in luxury closed sales the second half of 2018.

+30%
Closed Sales
1,834
(Jan-Jun 2018 vs Jan-Jun 2017)

+28%
2,923 Luxury Properties went **Under Contract**
(Jan-Jun 2018 vs Jan-Jun 2017)

+2%
Median Price
$1,075,000
(Jan-Jun 2018 vs Jan-Jun 2017)

-62%
6.9 **Months of Inventory**
Slightly Buyers Market
(Jan-Jun 2018 vs Jan-Jun 2017)

Global Trends in Luxury Real Estate

LUXURY PORTFOLIO INTERNATIONAL™

TREND 1

INVENTORY HIGHS AND LOWS

For the first time, the high-end market in the U.S. has begun to feel the trend around inventory pressure that we have seen at lower price points for the last few years. Markets like San Francisco are facing significant and in some places historic inventory lows, yet other markets, like Tucson and Phoenix have a plethora of inventory, although much of it is dated or simply not up to the standards of today's buyer. **TAKEAWAY:** ***Sellers that recognize the opportunity to renovate or reduce their prices in the latter markets are having the most success.***

TREND 2

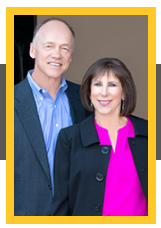
LIFESTYLE FEATURES

Today's affluent buyers seek features that make a home eco-friendly and save energy. Recently, there has been an emergence in interest in adaptations for housing and caring for aging adults. These trends are evident on a global basis. **TAKEAWAY:** ***As globalization increases, our similarities are becoming closer than our differences.***

TREND 3

DEMAND IN THE HIGH-END

Globally the luxury market continues to show high interest from many buyers in the USD $1 million or more class, quite simply because they can afford it. Worldwide, the reasons for buying are fairly consistent: Improve quality of life, financial investments, change of scenery, looking to downsize and looking to upsize. **TAKEAWAY:** ***Buyers see luxury real estate purchases as a reflection of their personal achievement.***



The Jerri and Andy Szach Team
(520) 548-5646 | Team@BestTucsonHomes.com
Long Realty Company

Statistics based on information obtained from ARMLS on 07/06/2018. Information is believed to be reliable, but not guaranteed.

COMMUNITY GROWTH AND ACCOLADES

WHERE ARE BUYERS COMING FROM?

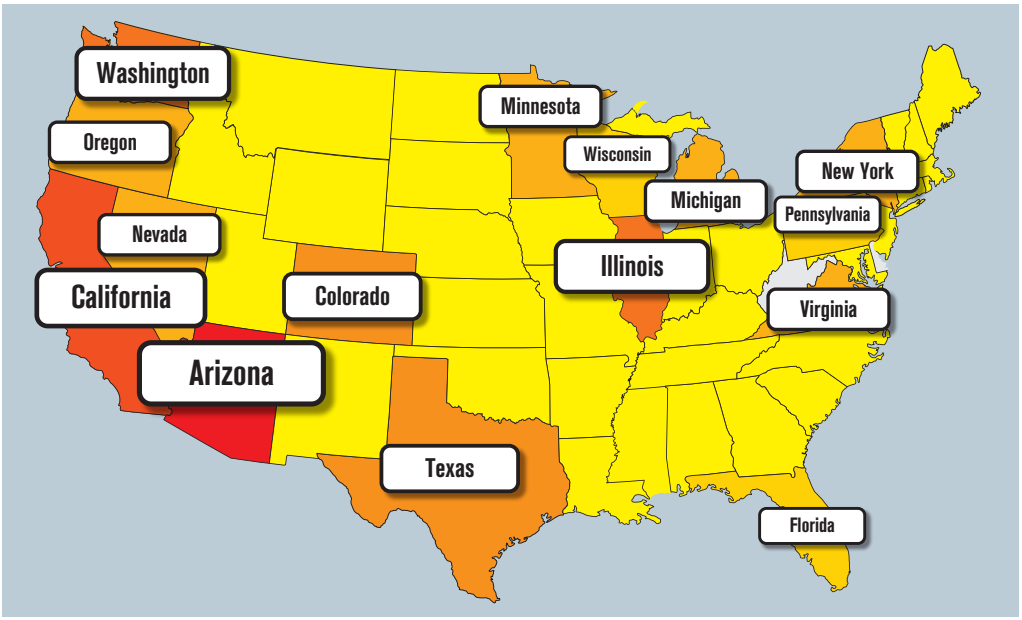
Buyer interest in Arizona comes from across the country. California, the pacific northwest, upper Midwest, Texas, other southwest states and the northeast all show strong interest in Arizona real estate.

U.S. WEBSITE TRAFFIC FOR ALL PRICE RANGES

This 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 (7/10/2018)*

WHY ARE THEY COMING TO ARIZONA?

In 2018, Phoenix ranked:

TOP 2
U.S. Cities for **JOB GROWTH**[1]

TOP 10
Most **PLAYFUL** Cities to Live in[2]

TOP 6
Best City to **BRING PETS**[3]

HIGHEST
HOME SALE PRICES in a decade[4]

#19 TOP
Best Overall **PLACE TO LIVE**[5]



The Jerri and Andy Szach Team
(520) 548-5646 | Team@BestTucsonHomes.com
Long Realty Company

Sources: 1. longre.biz/BestCitiesforJobs 2. longre.biz/PlayfulCities 3. longre.biz/DogFriendlyCity 4. longre.biz/HomeBuildingHitsDecadeHigh 5. longre.biz/BestCitiestoLive

ROSEY'S MARKET INSIGHTS

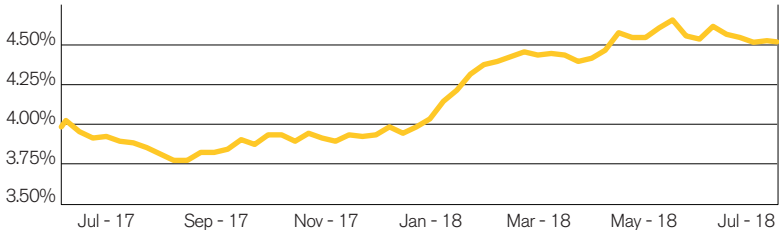


Rosey Koberlein, Long Companies CEO

Seller's markets—such as the one we're in now, where demand exceeds available listings—are great, if you're a seller. For buyers, not so much. But when interest rates are rising—as they are now—opportunities exist on both sides of the transaction for those who are prepared to act promptly. As CEO of a major real-estate brokerage, it's my business to help buyers and sellers with their transactions. It's also my business to pay close attention to market trends. And the story those trends tell is clear: Home prices and mortgage-interest rates are both rising. At the same time, strong demand—and hesitating sellers—is shrinking the inventory of available properties.

COSTS OF DELAYING HOME PURCHASE IN A SELLER'S MARKET:

1. Dream house could be sold to someone else
2. Purchase price could be higher
3. Interest rate on your mortgage could be higher
4. Missed opportunity for increasing home value and equity



Freddie Mac's Mortgage Rate Trend predicts "Mortgage Rates Move Up to Highest Level in Seven Years." That was when rates were around 4.61 percent for a 30-year loan.

Projected Interest Rate	Monthly Mortgage Payment for $250,000 Loan	Cost of Waiting per month for every $250,000 you borrow
4.4%	$1,251.90	–
4.5%	$1,266.71	$14.81
4.6%	$1,281.61	$29.71
4.9%	$1,326.82	$74.92
5.1%	$1,357.37	$105.47

In addition to a projected increase in mortgage rates, NAR predicts Arizona home prices to rise another 4% to 5% over the next year.

MARKET INSIGHTS SUMMARY

Common wisdom says rising mortgage rates will push buyers out of the market, reducing demand and forcing down home prices. But it doesn't always work that way. In a strong economy, Freddie Mac points out, rising mortgage rates actually increase demand as many shoppers become buyers, eager to lock in the lower rate. Meanwhile, the same report notes, prospective sellers are more likely to de-list their homes as rates rise, because most home sales are tied to a new purchase, and would-be sellers stand to lose the below-market rate they currently enjoy.

Rising rates, rising prices, shrinking inventory, reduced equity growth—it's not a pretty picture for buyers who wait too long. Here's my advice. If you're in the market to buy a home, do it now. You'll avoid further cost increases, and you'll benefit more as your home's value grows. And if you're a seller, list your property now, while demand is high. It is, after all, a seller's market.



The Jerri and Andy Szach Team
(520) 548-5646 | Team@BestTucsonHomes.com
Long Realty Company