TUCSON AND SOUTHERN ARIZONA

2016 STATE OF THE MARKET HOUSING REPORT

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JANUARY 2017

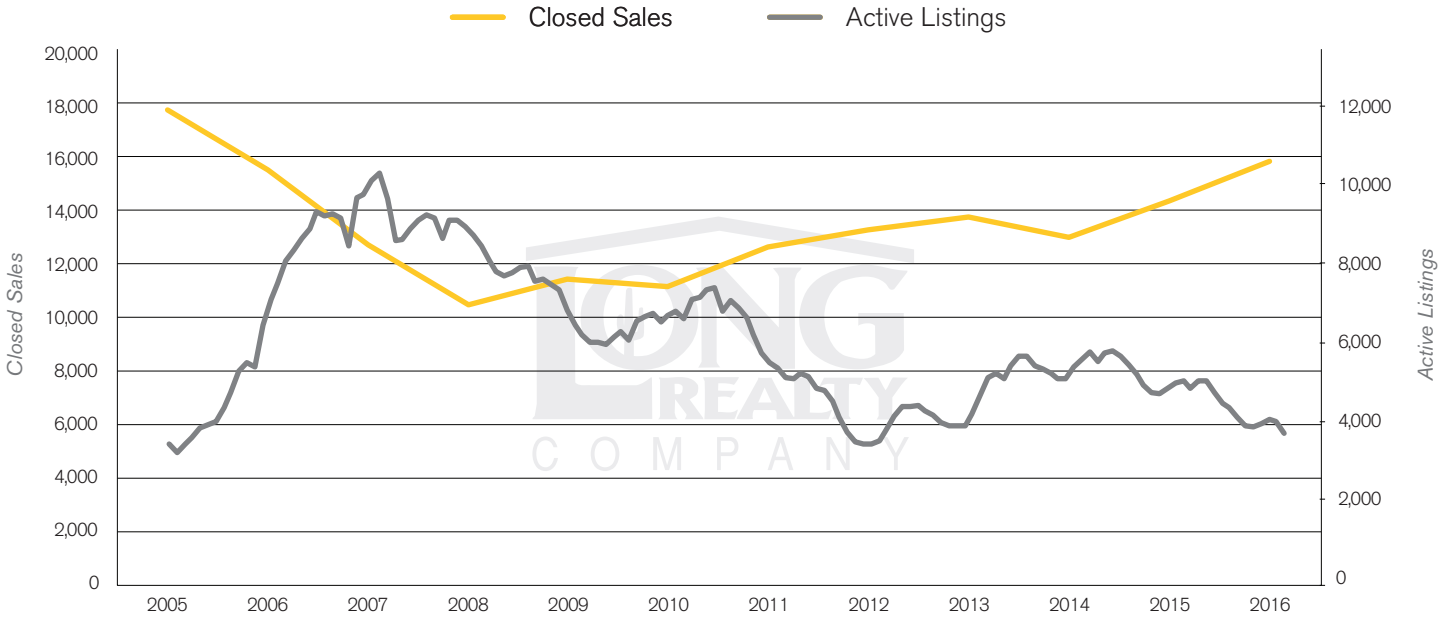
Tucson and Southern Arizona experienced a strong residential housing market in 2016. Increased sales along with less listing inventory resulted in a seller's market at many price points and a moderate increase in home prices. It's a function of supply and demand. Low interest rates and improved economic 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.

11%
2016 vs 2015
Closed Residential Sales (Tucson)

4%
2016 vs 2015
Median Sales Price (Tucson)

21%
Dec '16 vs. Dec '15
Active Listings (Tucson)

TUCSON RESIDENTIAL



Area	Closed Residential Sales (2016 vs. 2015)	Active Listings (Dec '16 vs. Dec '15)
Green Valley	5% increase	19% decrease
Sierra Vista	9% increase	18% decrease

Statistics based on information obtained from MLSSAZ, GVSAHMLS and SAMLS on 01/05/2017. Information is believed to be reliable, but not guaranteed.

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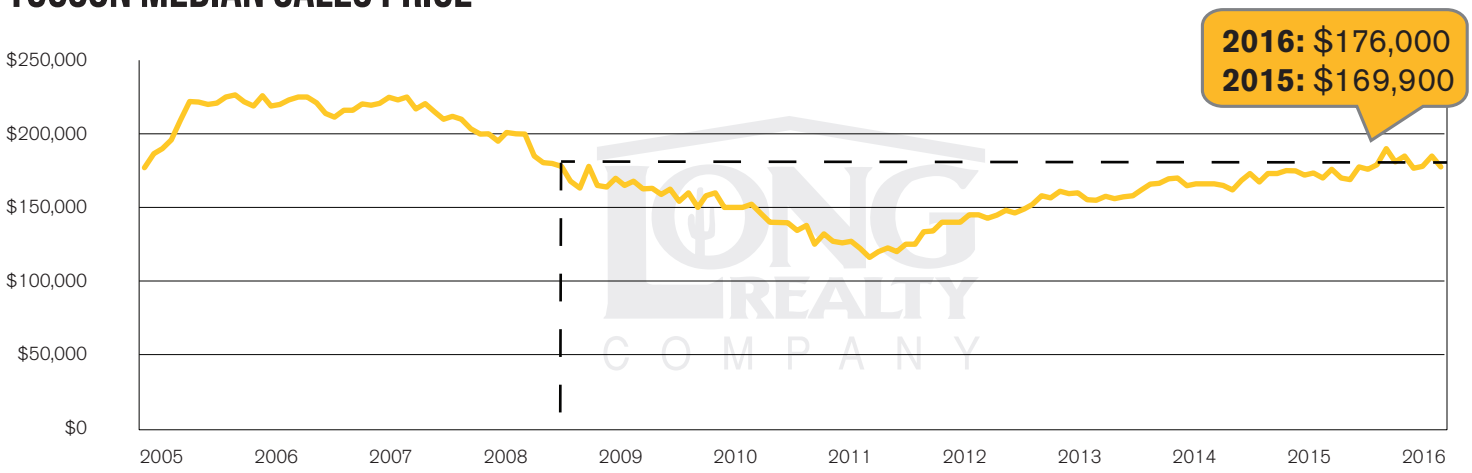
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As the housing recovery continues in Tucson, the median price of home sales in Tucson was **$177,500** in December 2016, and **$176,000** for all of 2016. Prices have recovered to October 2008 levels. This means that there is still opportunity for more home price appreciation before returning to the historical peak of 2006.

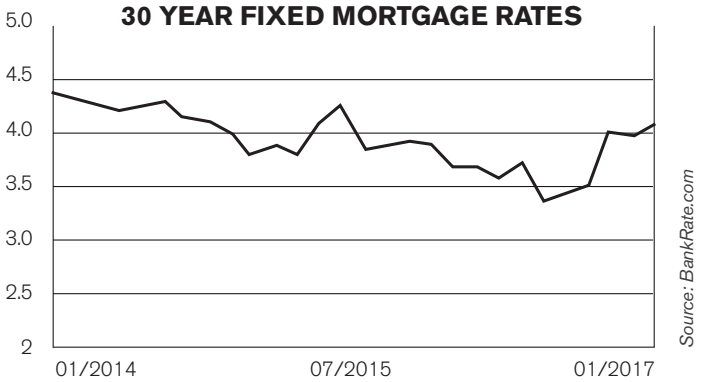
TUCSON MEDIAN SALES PRICE



Area	2016	% Change 2016 vs. 2015	Trend
Tucson	$176,000	+4%	↗
Green Valley	$154,900	+7%	↗
Sierra Vista	$130,100	+2%	↗

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 Tucson stands at $842.



Statistics based on information obtained from MLSSAZ, GVSAHMLS and SAMLS on 01/05/2017. Information is believed to be reliable, but not guaranteed.

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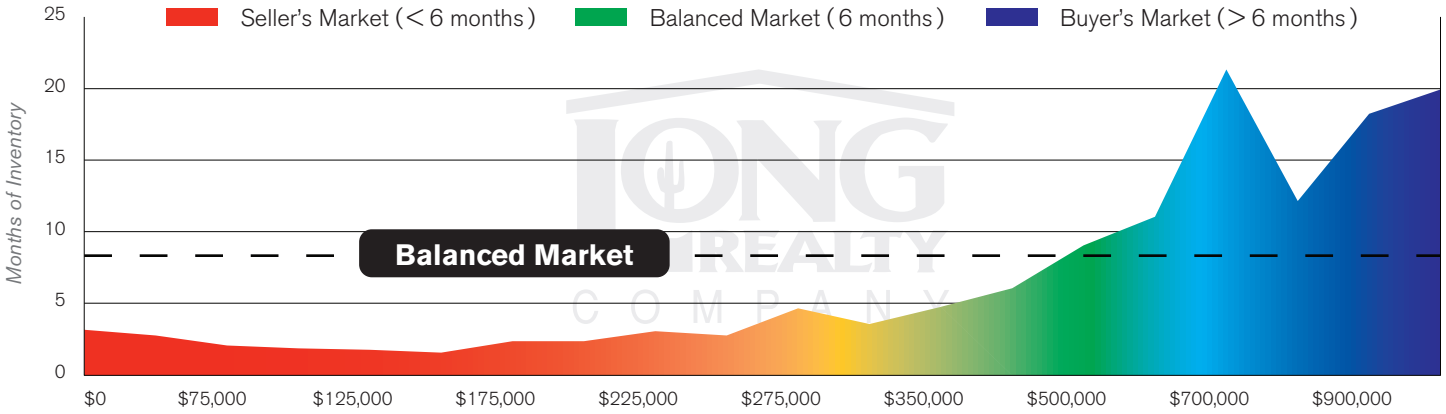
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High buyer demand and a shortage of listing inventory at price points below $400,000 resulted in a seller's market, which means buyers may have a more difficult time finding a home and face multiple offer situations. Higher price points remain in a 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.

TUCSON MARKET CONDITIONS (MONTHS OF INVENTORY)



MARKET CONDITIONS

	GREEN VALLEY		SIERRA VISTA	
Price	Months of Inventory	Market Conditions	Months of Inventory	Market Conditions
$1 - 59,999	3.2	Seller	3.8	Seller
$60,000 - 79,999	2.8	Seller	4.5	Slightly Seller
$80,000 - 99,999	3.7	Seller	6.5	Balanced
$100,000 - 119,999	3.5	Seller	4.9	Slightly Seller
$120,000 - 139,999	4.1	Slightly Seller	6.2	Balanced
$140,000 - 159,999	2.6	Seller	6.4	Balanced
$160,000 - 179,999	3.6	Seller	6.0	Balanced
$180,000 - 199,999	6.4	Balanced	5.1	Balanced
$200,000 - 249,999	7.3	Slightly Buyer	6.1	Balanced
$250,000 - 299,999	7.2	Slightly Buyer	9.8	Buyer
$300,000 - 399,999	9.6	Buyer	12.1	Buyer
$400,000 - 499,999	9.1	Buyer	17.5	Buyer
$500,000 - 749,999	23.0	Buyer	n/a	n/a
$750,000 - 999,999	24.0	Buyer	n/a	n/a
$1,000,000 - and over	10.0	Buyer	n/a	n/a

Statistics based on information obtained from MLSSAZ, GVSAHMLS and SAMLS 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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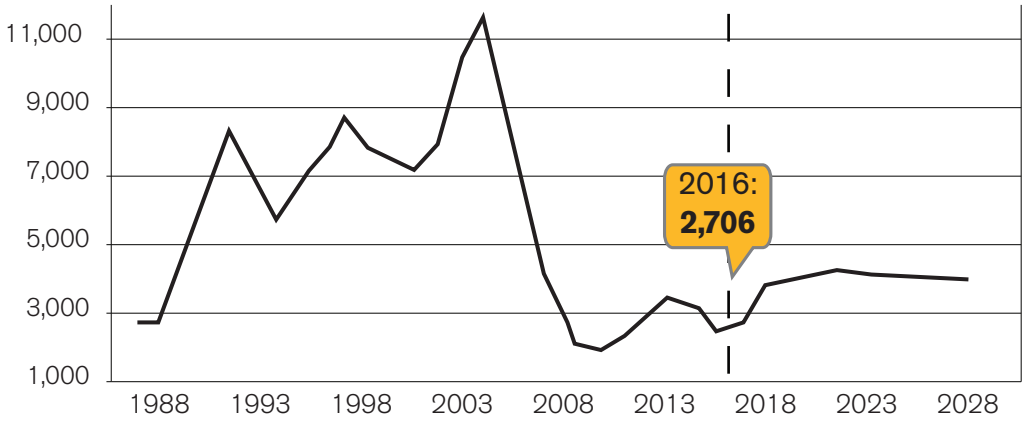


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NEW CONSTRUCTION

There were 2,706 residential new construction permits in Tucson in 2016, up 11.5% from prior year. Permits are expected to grow further in 2017 as more building comes online.

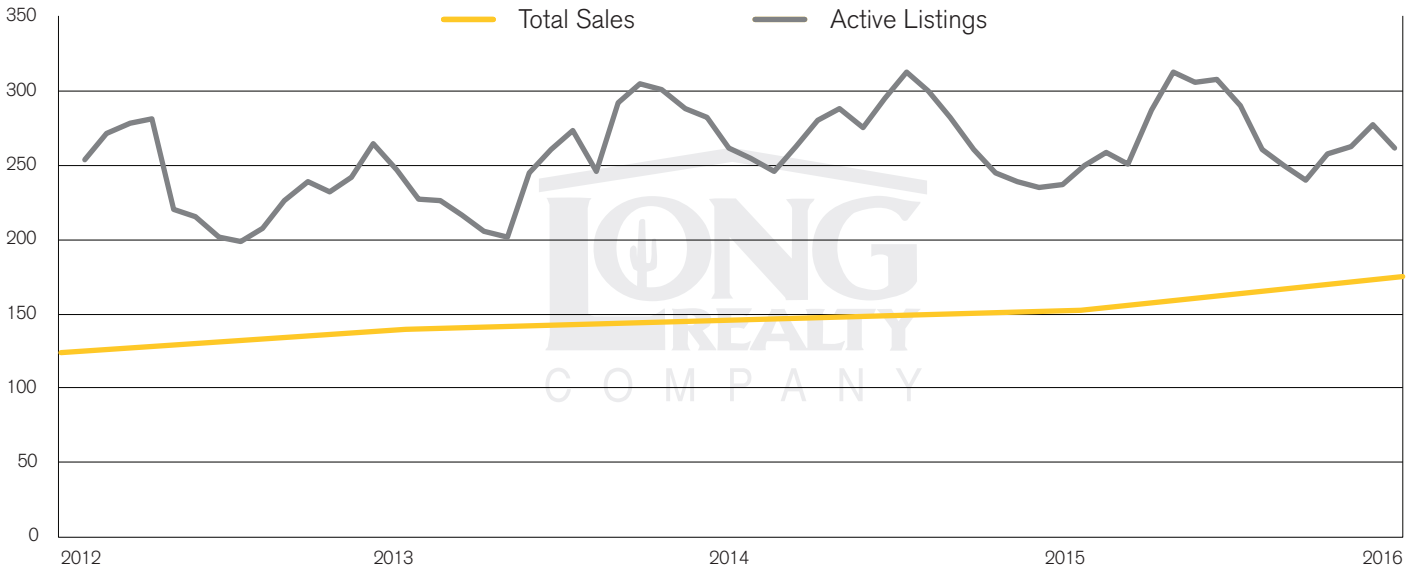
RESIDENTIAL PERMITS – TUCSON MSA FORECAST



Source: azeconomy

TUCSON LUXURY HOUSING

Closed sales of luxury properties in Tucson increased by 19% over 2015, the highest rate of increase in recent years. Listing inventory remained relatively steady.



2%
Median Price
$1,000,000
(2016 vs 2015)

9%
208 Luxury Properties
went **Under Contract**
(2016 vs 2015)

17.5
Months of Inventory
Buyers Market

Statistics based on information obtained from MLSSAZ, GVSAHMLS and SAMLS 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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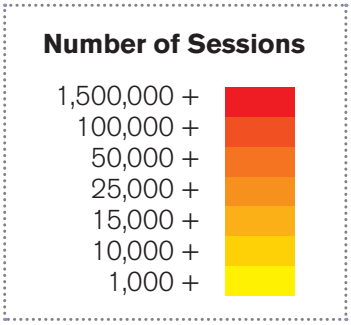
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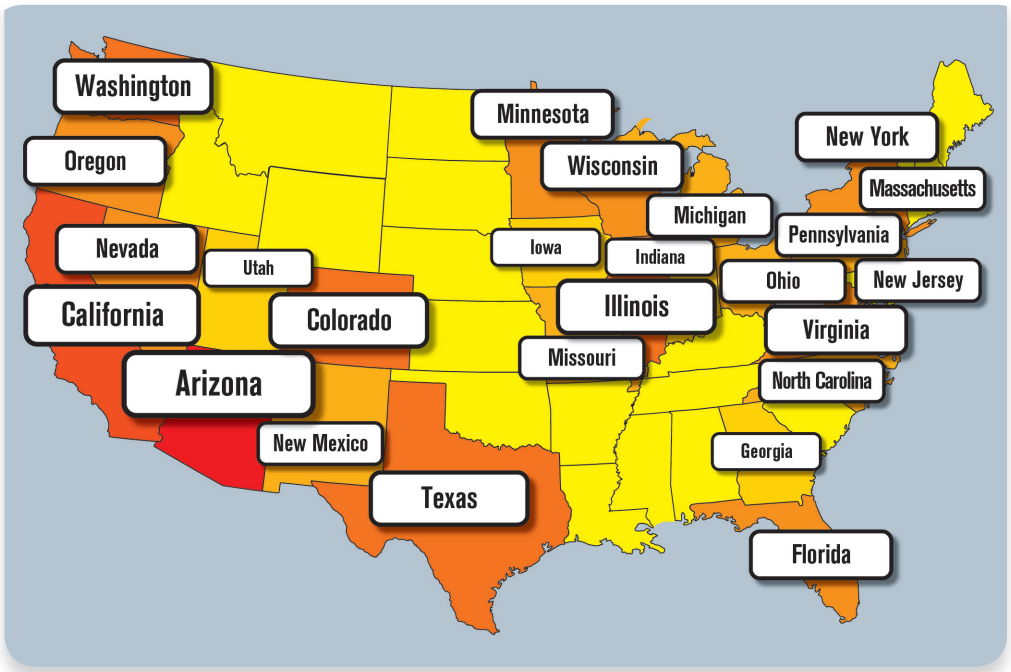
WHERE ARE BUYERS COMING FROM?

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.

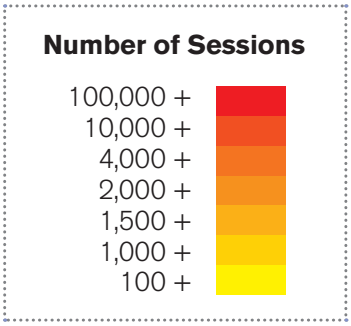


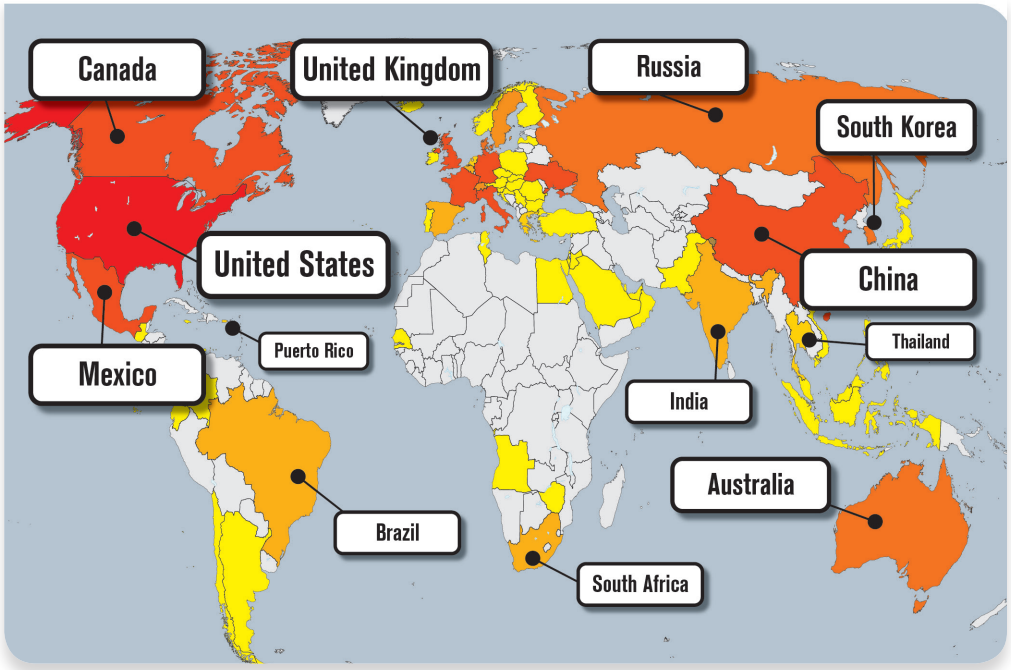


Source: *Google Analytics data for LongRealty.com*

GLOBAL WEBSITE TRAFFIC FOR LUXURY REAL ESTATE

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





Source: *Luxury Portfolio*

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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

Tucson has experienced employment expansion in 2016 from initiatives at Raytheon, Caterpillar, Vector Space, Comcast Center of Excellence and World View, totaling thousands of new jobs to the area. According to UA Eller Economist George Hammond - Arizona's economy continues to grow, with the Tucson metro area finally gathering momentum. In particular, Tucson's job growth began to accelerate this year and looks set to carry faster growth into 2017 and 2018. The forecast calls for Tucson's job growth to rise from 0.6 percent in 2015, to 1.4 percent this year, then to the 2.0 percent range in 2017 and 2018. Those growth rates translate into 5,300 net new jobs this year, 7,100 in 2017, and 7,600 in 2018.

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 Tucson and southern Arizona, a magnet for retirees.

COMMUNITY ACCOLADES

- **Tucson Ranks 'Top 10 Destinations on the Rise' in the US:** http://longre.biz/DestinationsOnTheRise
- **Tucson Becomes an Unlikely Food Star:** http://longre.biz/UnlikelyFoodStar
- **Tucson Ranks 3rd in US Job Growth:** http://longre.biz/USJobGrowth
- **Eight Tucson Employers on Arizona Best Workplaces List:** http://longre.biz/ArizonaBestWorkplaces
- **Tucson Named One of America's Most Romantic Cities:** http://longre.biz/TucsonNamedRomanticCity
- **Downtown Tucson Dominates Bartenders' Guild Awards:** http://longre.biz/DowntownTucsonBartenders