LONG REALTY
A BERKSHIRE HATHAWAY AFFILIATE

PHOENIX AND CASA GRANDE

State of the Market

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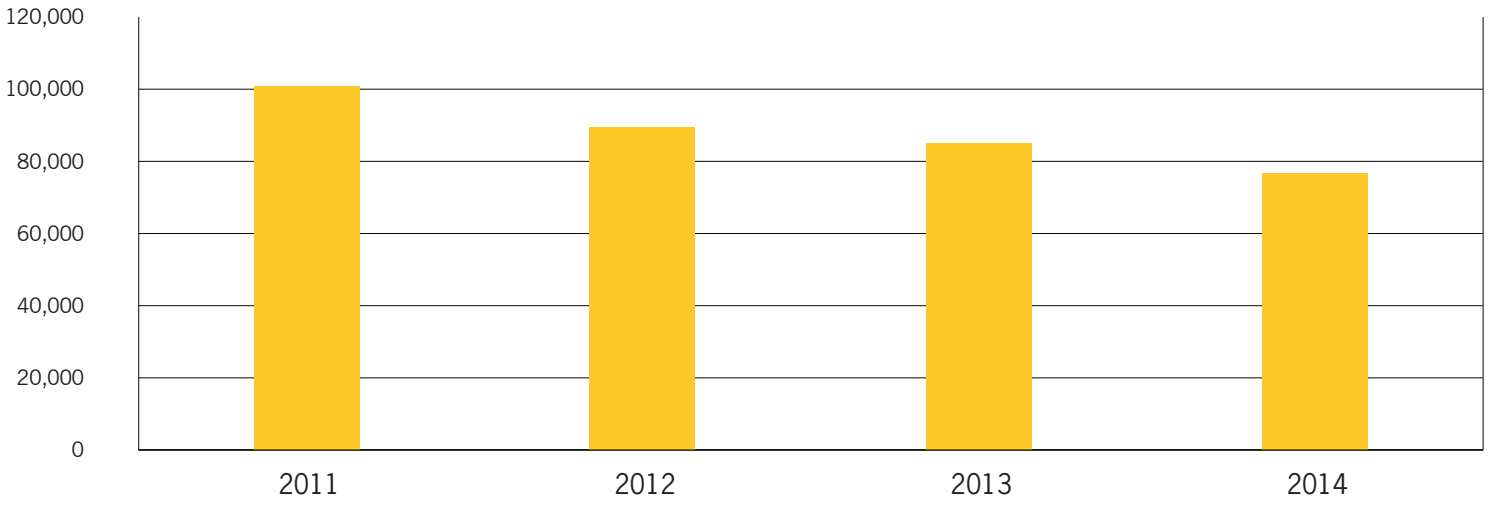
Edition 1 | 2015

Housing in 2014 for Phoenix and Casa Grande returned to a more normal market. Since the market bottom in 2011, prices have risen and the inventory of distressed properties has declined, leading to the retreat of the institutional investors. This has resulted in a market more reflective of the activities of traditional sellers and homebuyers. The decline in home sales in 2014 as compared to 2013 can be attributed to this shift.

The luxury market in Phoenix saw a steady rate of sales as compared to 2013, which was a positive sign given that high-end housing outperformed the rest of the residential market in 2014.

2014 paved a solid foundation for the long term stability and growth of housing in the Phoenix and Casa Grande areas.

CLOSED RESIDENTIAL SALES – PHOENIX



	2011	2012	2013	2014	2014 vs 2013
Phoenix - All Residential	100,678	89,283	84,971	76,614	**-9.8%**
Phoenix - Luxury Only	1,270	1,387	1,789	1,797	**0%**
Casa Grande	1,300	1,069	1,003	852	**-15.1%**

Statistics based on information obtained from ARMLS on 01/15/2015. Information is believed to be reliable, but not guaranteed.

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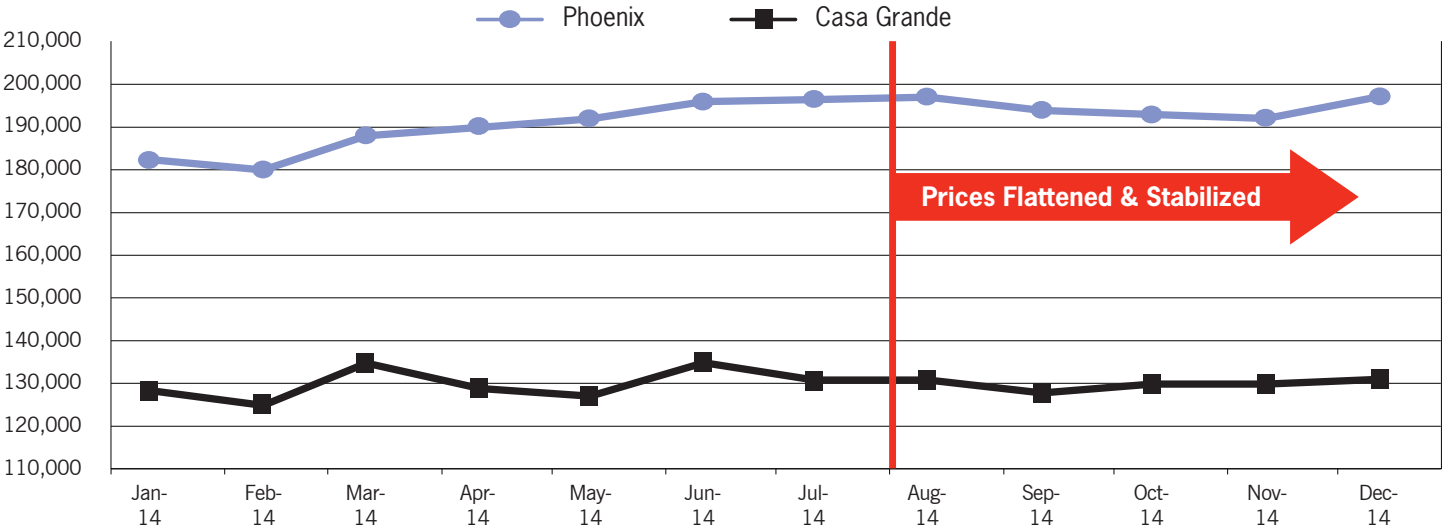


Edition 1 | 2015

The balance of supply and demand has stabilized prices in the second half of 2014. This flattening trend in pricing gives buyers a new window of opportunity to purchase, as lower interest rates coupled with stable prices result in an increase in affordability.

Sellers will need to adjust to this new pricing trend and manage their expectations as prices overall are currently not appreciating. Homes in the mid to upper tier can have considerably more competition, and therefore may be facing declining price trends. Well priced, attractive homes will sell, those that are not will struggle to attract serious buyers.

RESIDENTIAL MEDIAN SALES PRICE - 2014



MONTHLY PAYMENT ON A MEDIAN PRICED HOME

PHOENIX

Year	Median Price	Int. Rate	MO. Payment
2013	$185,000	4.500%	$890.50
2014	$197,000	3.875%	**$880.05**

CASA GRANDE

Year	Median Price	Int. Rate	MO. Payment
2013	$130,500	4.500%	$628.16
2014	$131,000	3.875%	**$585.21**

AFFORDABILITY TRENDS

Rates **DOWN**

Prices **FLAT**

Affordability **UP**

Statistics based on information obtained from ARMLS on 01/15/2015. Monthly payments based on a 5% down payment on a median priced home. Information is believed to be reliable, but not guaranteed.

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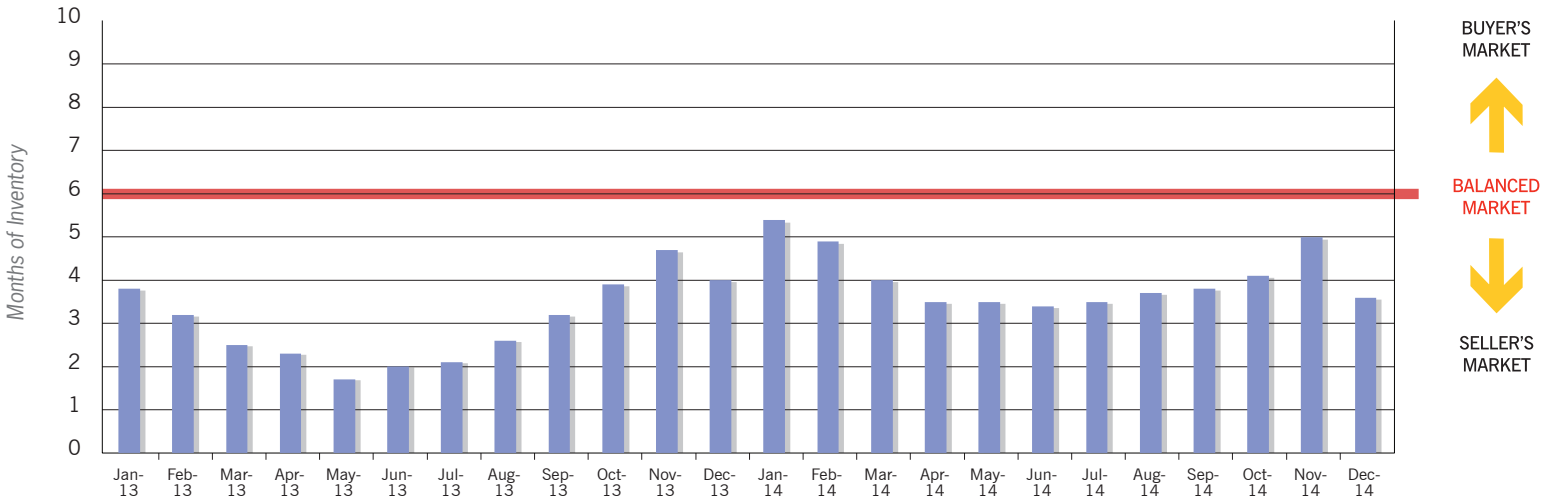
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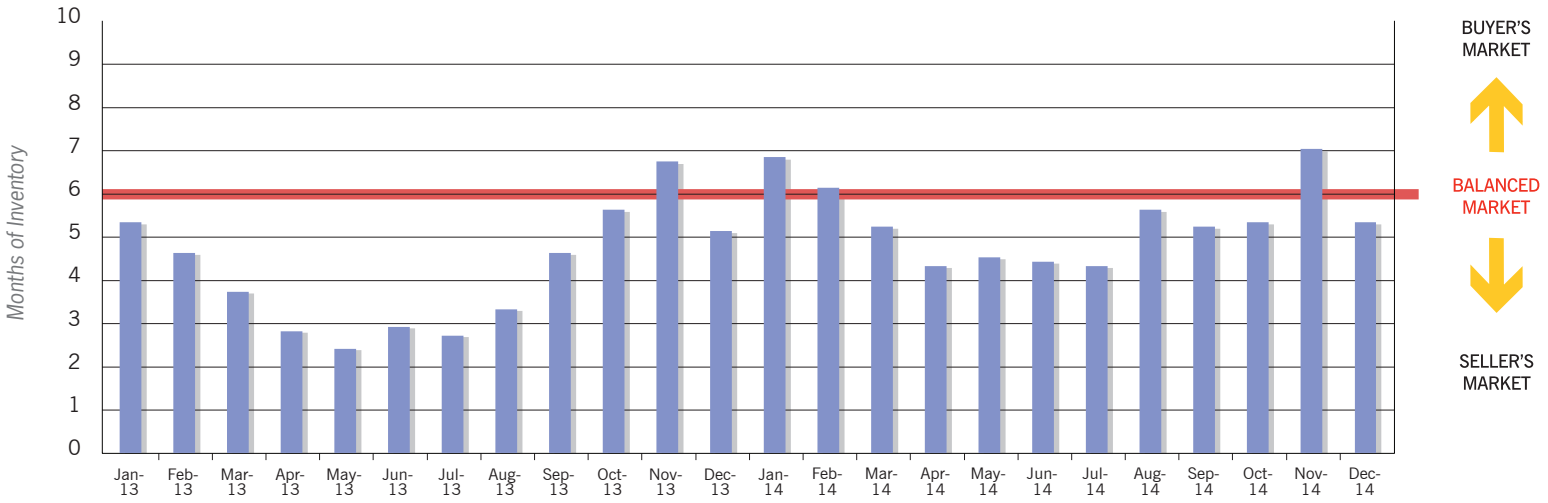
Edition 1 | 2015

Months of Inventory measures the relationship between supply and demand, and the overall health of a housing market. Phoenix has started to emerge from the inventory shortages of the housing recovery into a more balanced position, which creates opportunities for both sellers and buyers. Casa Grande experienced a balanced market for the majority of 2014. Overall, this recent shift to equilibrium in supply and demand will be a catalyst for a strong and stable market in 2015.

MONTHS OF INVENTORY – PHOENIX



MONTHS OF INVENTORY – CASA GRANDE



Statistics based on information obtained from ARMLS on 01/15/2015. Information is believed to be reliable, but not guaranteed.

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Edition 1 | 2015

MARKET INSIGHTS

In residential real estate there are always opportunities. While the American Dream of homeownership is still intact, access to financing has been a challenge to some. I believe we will start to see some movement on this issue in 2015. Fannie Mae and Freddie Mac have already announced that they will be rolling out a 3% down payment loan product in January 2015. It's a myth that a buyer needs a 20% down payment to purchase a home. Also, we have already seen some changes to how credit scores are evaluated and this will help buyers as well. Interest rates are still very low and are rumored to continue to stay low throughout most of 2015.

Sellers need to focus on creating their own opportunity with appropriate pricing. Buyers are very savvy and price sensitive. Pricing is absolutely critical in all price ranges but particularly in the $500,000 and above market.

2015 will be a bit better year than 2014. On a national level, consumer confidence has increased to a high that we have not seen for some time. Also, stock market increases fuel the real estate market. Lower gasoline prices will create a sense of "life is better" which will free up the "hunker down" mentality the recession created.



Rosey Koberlein
Long Companies CEO

Housing market conditions can vary greatly depending on factors including location, price point, condition of the property and time of year. If you would like a professional opinion on the current value of your property, please contact me.