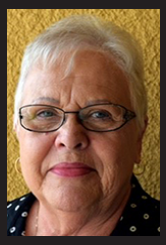
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ARIZONA HOUSING MID-YEAR
State of the Market

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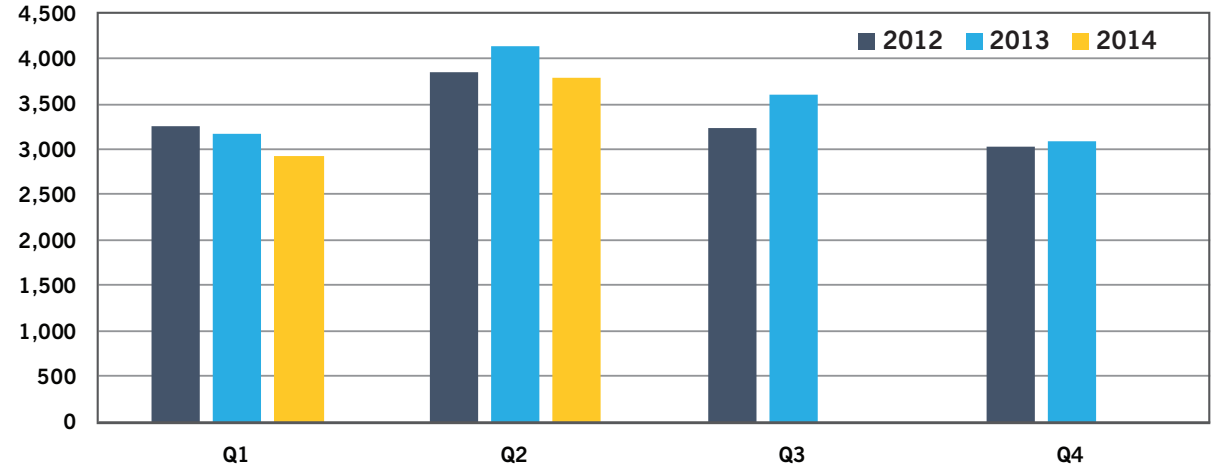


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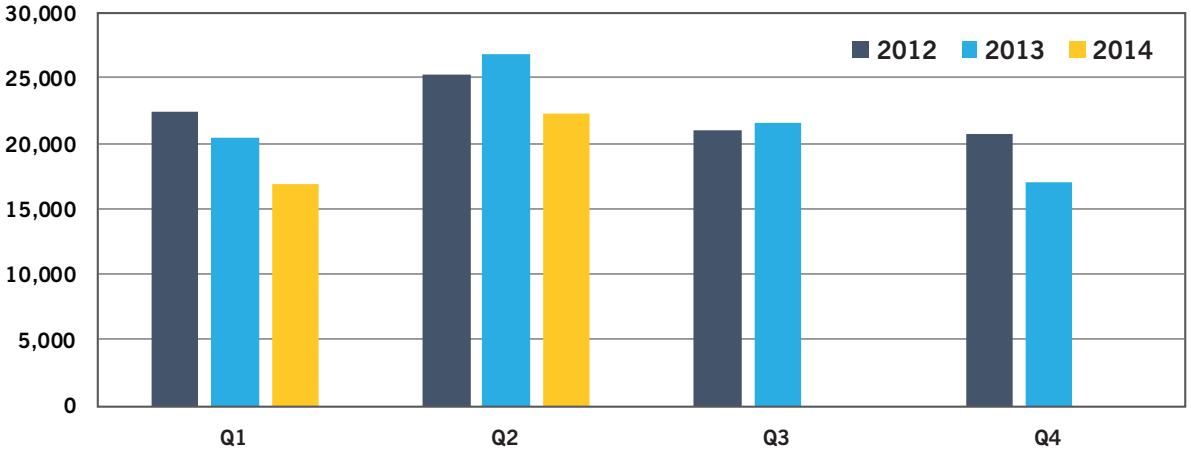
The housing market in Arizona started recovering off its lows in early 2012, as investors took advantage of eroded prices and distressed properties. As the market has recovered, prices have begun to rise off lows and the supply of distressed properties has diminished, resulting in a more normal and balanced market. Throughout the recovery and into 2014, Long Realty as a company has continued to outperform the market.

As investors have retreated in 2014, sales have adjusted to a sustainable pace. In the first half of this year, sales were down 8% in Tucson and down 17% in Phoenix as compared to 2013. We expect these market trends to continue for the balance of 2014.

CLOSED RESIDENTIAL SALES BY QUARTER - TUCSON



CLOSED RESIDENTIAL SALES BY QUARTER - PHOENIX

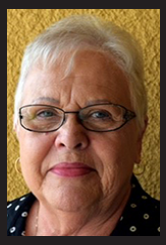


Statistics based on information obtained from TARMLS and ARMLS on 07/03/2014. Information is believed to be reliable, but not guaranteed.

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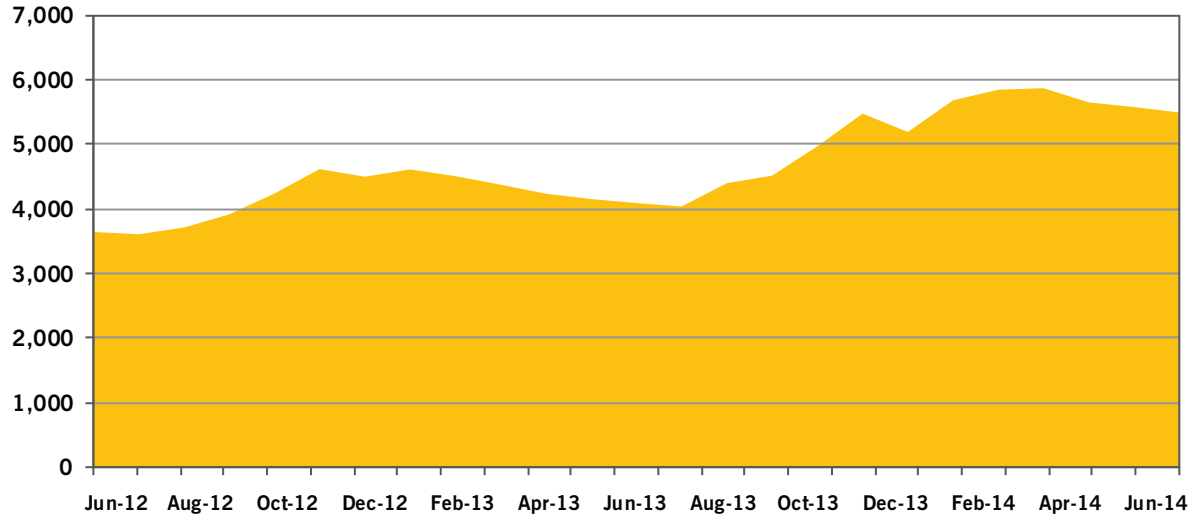
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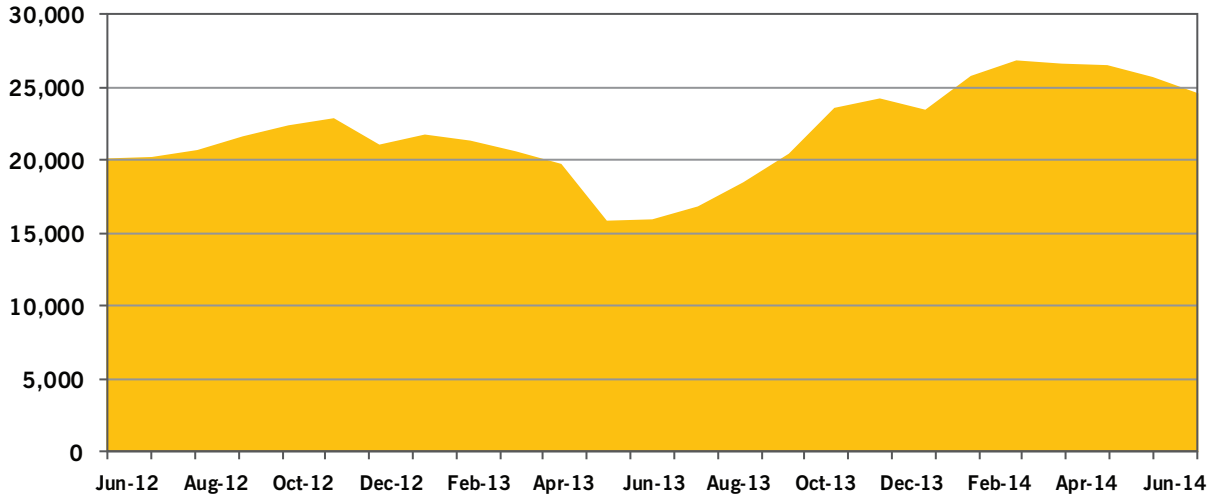
2014

During the market recovery, sales increased and the available inventory of homes dwindled to low levels, resulting in a seller's market at many price points. As demand increased and supply decreased, prices rebounded off recession lows. Rising prices sparked more homeowners to put their properties on the market. Coupled with a slowing sales rate this year, the result has been a stabilization of the supply/demand balance. In June 2014, Tucson residential inventory was 34% higher than June 2013, and in Phoenix it was 54% higher than 2013. Greater inventory of homes for sale means buyers have more choices, and sellers now face stiffer competition.

RESIDENTIAL ACTIVE INVENTORY BY MONTH - TUCSON



RESIDENTIAL ACTIVE INVENTORY BY MONTH - PHOENIX

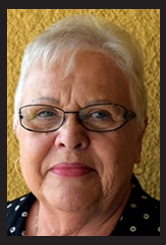


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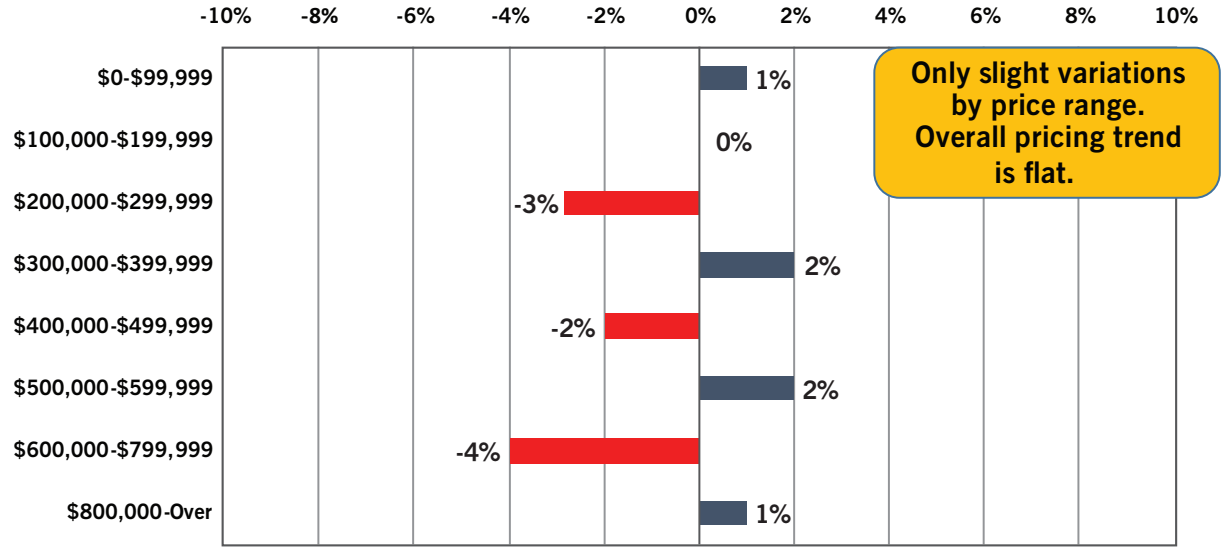
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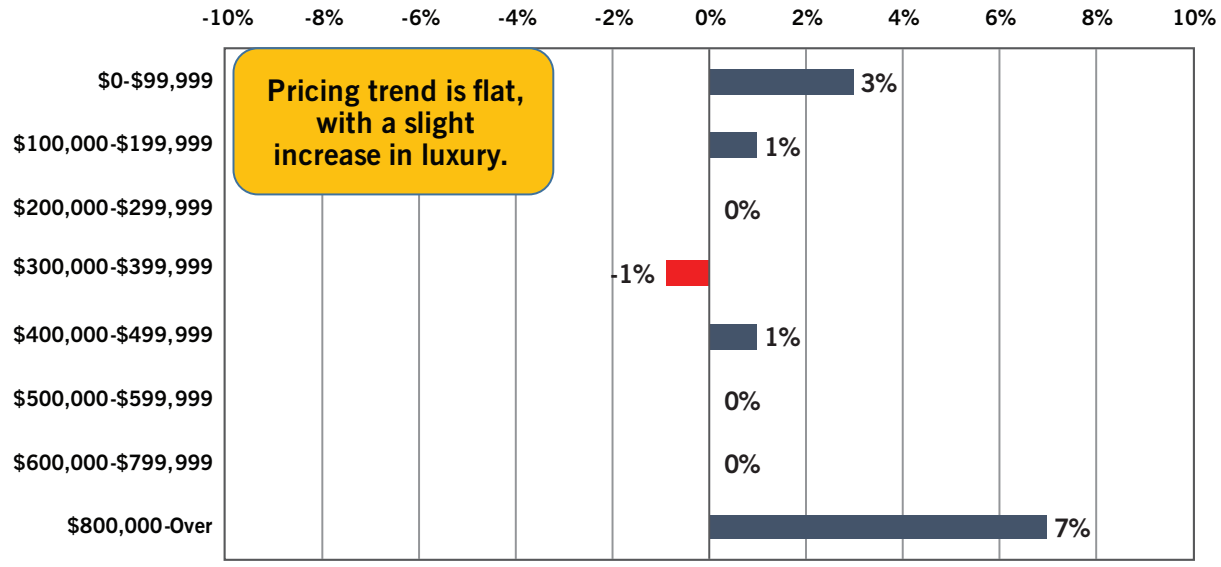
2014

While prices of sold homes rebounded in the initial housing recovery period of 2012 and first half of 2013, they have since leveled off into a more flat pattern. These charts reflect residential median sold price changes from June 2013 to June 2014, across multiple price ranges. Predominantly pricing is flat, giving buyers another window of opportunity into the market. Sellers should be re-evaluating their pricing strategies, along with property condition, to attract today's buyer.

CHANGE IN RESIDENTIAL MEDIAN SOLD PRICE JUNE 2013 TO JUNE 2014 - TUCSON



CHANGE IN RESIDENTIAL MEDIAN SOLD PRICE JUNE 2013 TO JUNE 2014 - PHOENIX

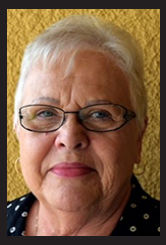


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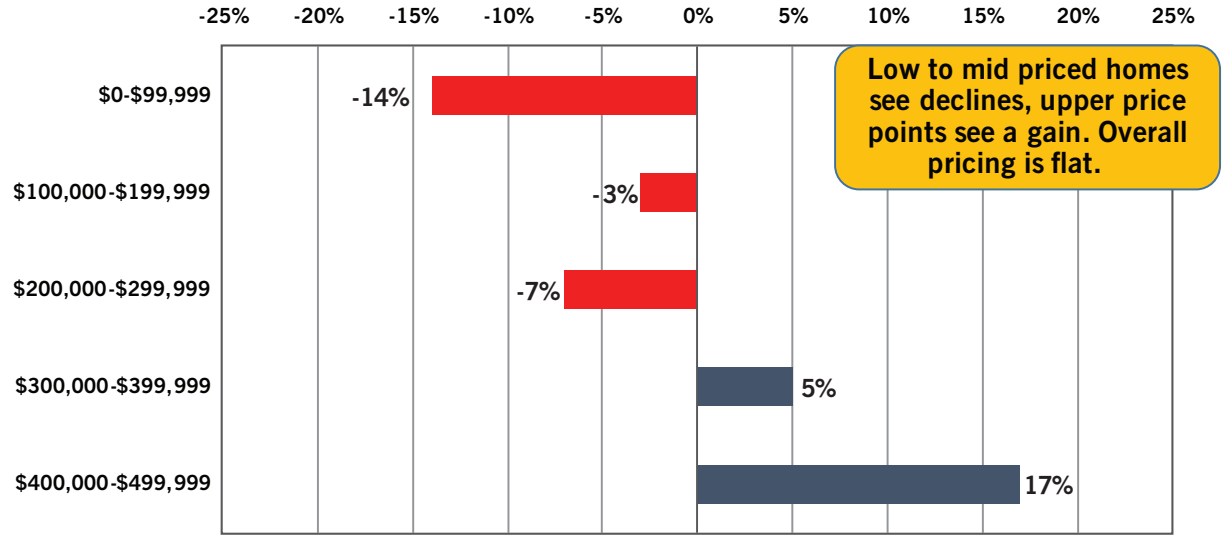
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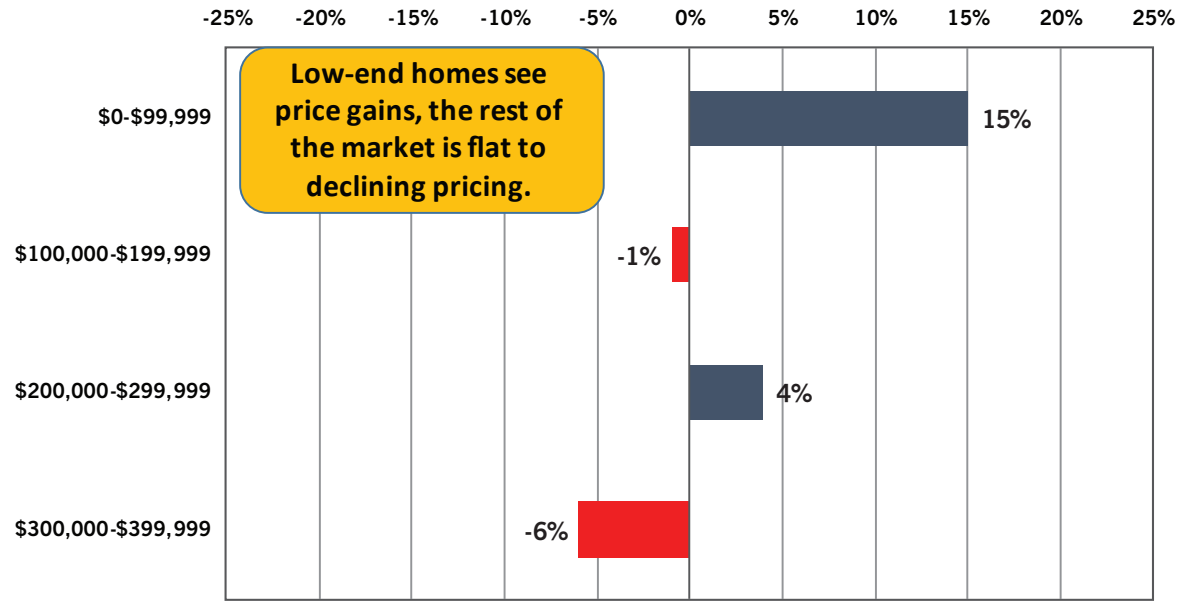


2014

CHANGE IN RESIDENTIAL MEDIAN SOLD PRICE JUNE 2013 TO JUNE 2014 - GREEN VALLEY



CHANGE IN RESIDENTIAL MEDIAN SOLD PRICE JUNE 2013 TO JUNE 2014 - SIERRA VISTA

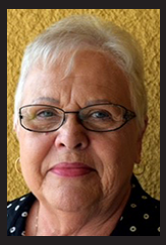


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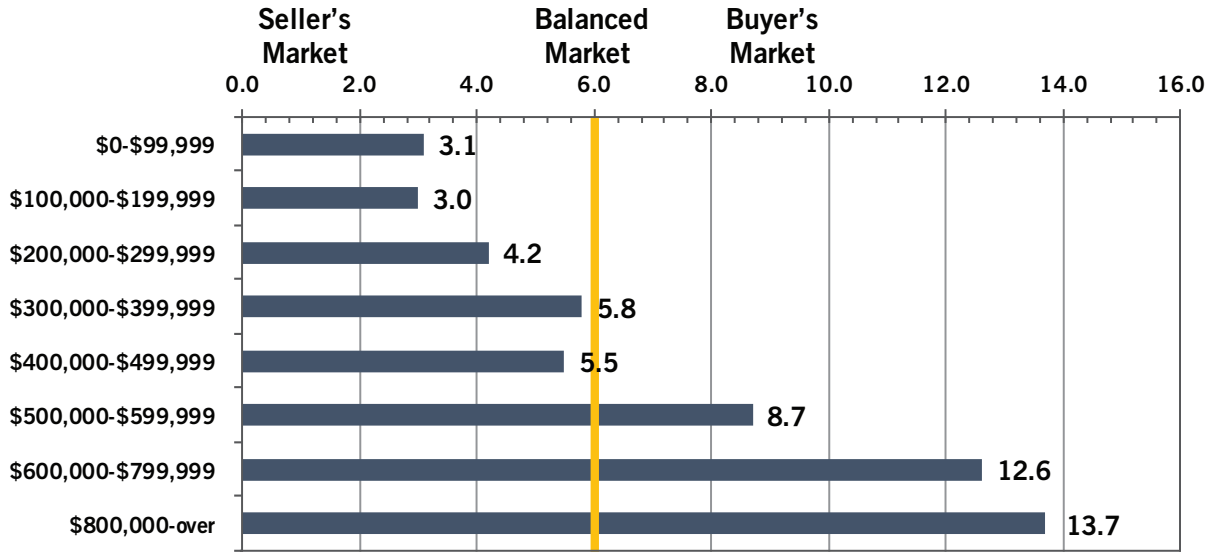
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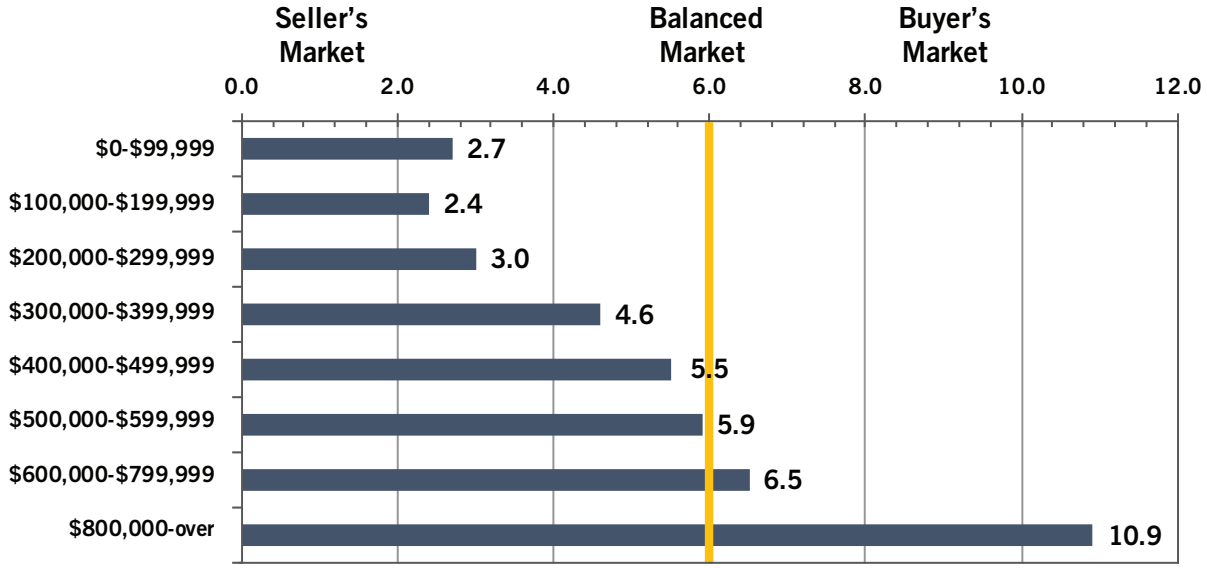
2014

Real estate is still very localized, and conditions can vary greatly by area and price point. Months of inventory is a good measure of the health of the market, and reflects the amount of time it would take to sell the available homes listed at the current month's sales rate. Six months of inventory is considered balanced, below that a seller's market and above that a buyer's market.

MONTHS OF INVENTORY BY PRICE RANGE - TUCSON



MONTHS OF INVENTORY BY PRICE RANGE - PHOENIX

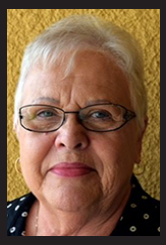


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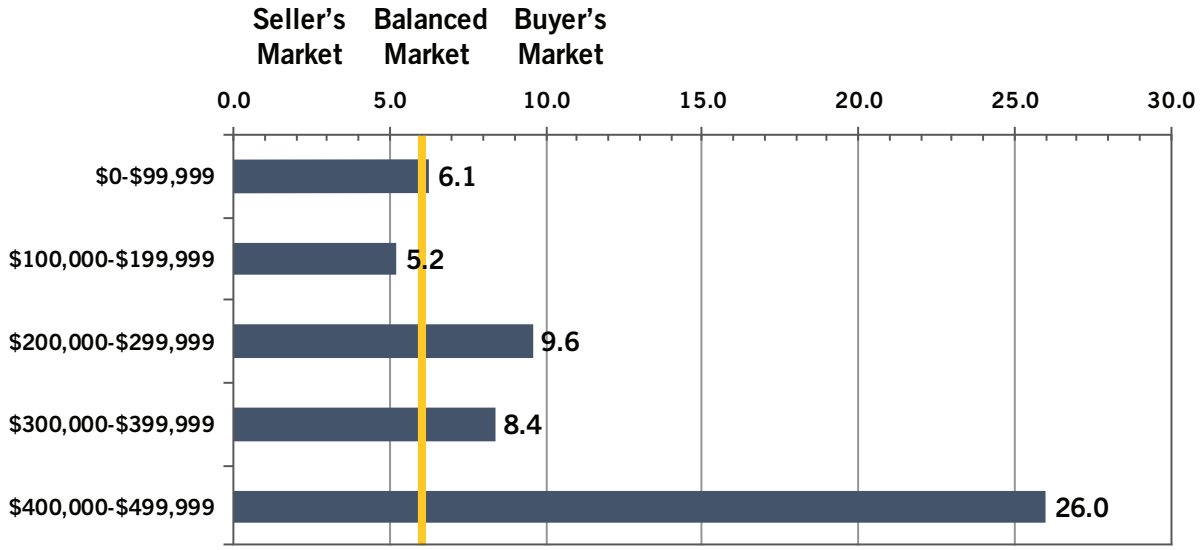
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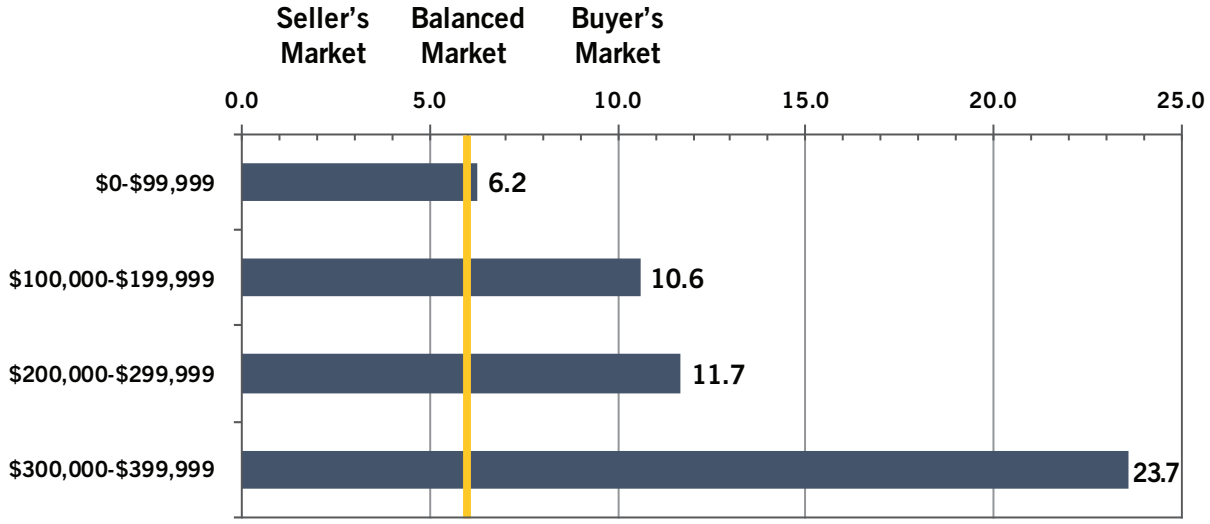


2014

MONTHS OF INVENTORY BY PRICE RANGE – GREEN VALLEY



MONTHS OF INVENTORY BY PRICE RANGE – SIERRA VISTA

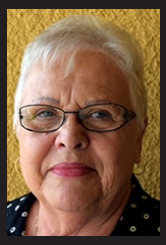


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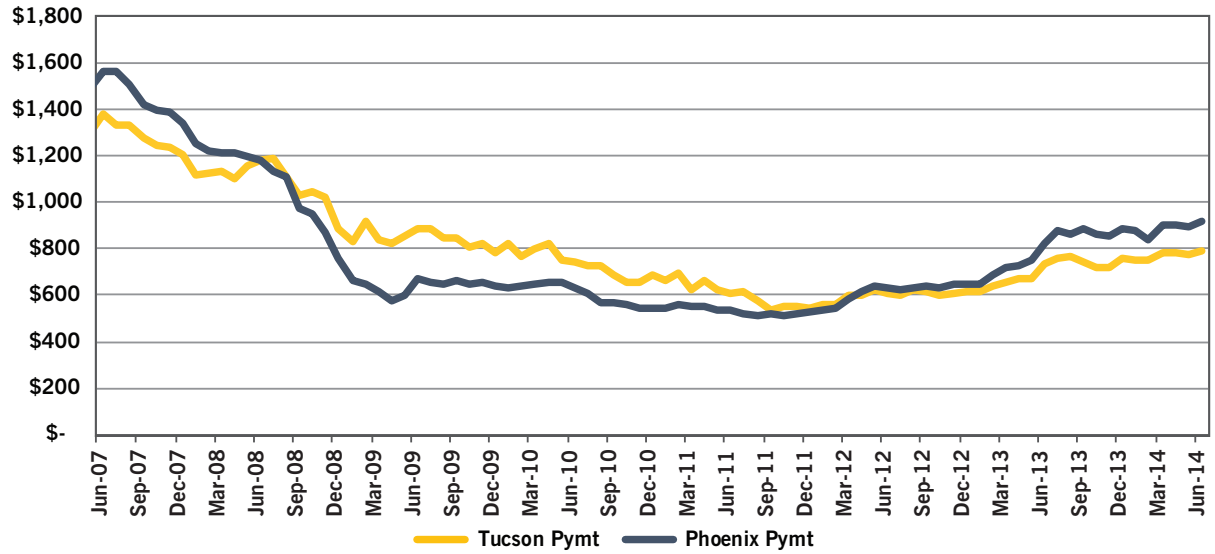
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2014

Low interest rates and home prices created historically significant affordability in the recovery. As prices started to inch up and interest rates ticked up, the monthly principal and interest cost on a median priced home rose slightly. However, mortgage rates have stayed in a tight range and prices have flattened, so we expect to see a leveling off of affordability for the balance of 2014.

MONTHLY PRINCIPAL AND INTEREST PAYMENT ON A MEDIAN PRICED HOME



Data obtained 07/03/2014 from TARMLS, and ARMLS, Monthly payments based on a 5% down payment on a median priced home. All data obtained is believed to be reliable, but not guaranteed.

"Did you know 40 percent of today's homebuyers using mortgage financing are making down payments that are less than 10 percent? And how about this: since 2010, the number of people putting down less than 10 percent for conventional loans has grown three fold. So, not only are low down payment options real, they represent a significant portion of today's purchases."

Source: FreddieMac.com

THE LUXURY MARKET CONTINUES TO LAG

While lower price points experienced a very competitive landscape during the housing recovery, the luxury market (priced $800,000+) has lagged behind. This year, sales and under contract properties in Tucson are off from YTD 2013, relatively flat in Phoenix and both markets are experiencing increases in luxury listing inventory. This will put additional pricing pressure on sellers at the high end.

	Tucson			Phoenix		
	Jan-Jun 2013	Jan-Jun 2014	% Change	Jan-Jun 2013	Jan-Jun 2014	% Change
Luxury Closed Sales	78	75	-3.8%	966	984	+1.9%
New Properties Under Contract	110	95	-13.6%	1144	1148	+0.3%
Luxury Inventory*	222	269	+21.2%	1680	2115	+25.9%

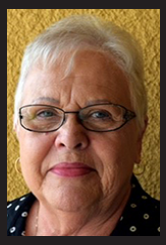
**as of June 30 each year*

Statistics based on information obtained from TARMLS and ARMLS on 07/03/2014 for residential properties priced $800,000 or higher. Information is believed to be reliable, but not guaranteed.

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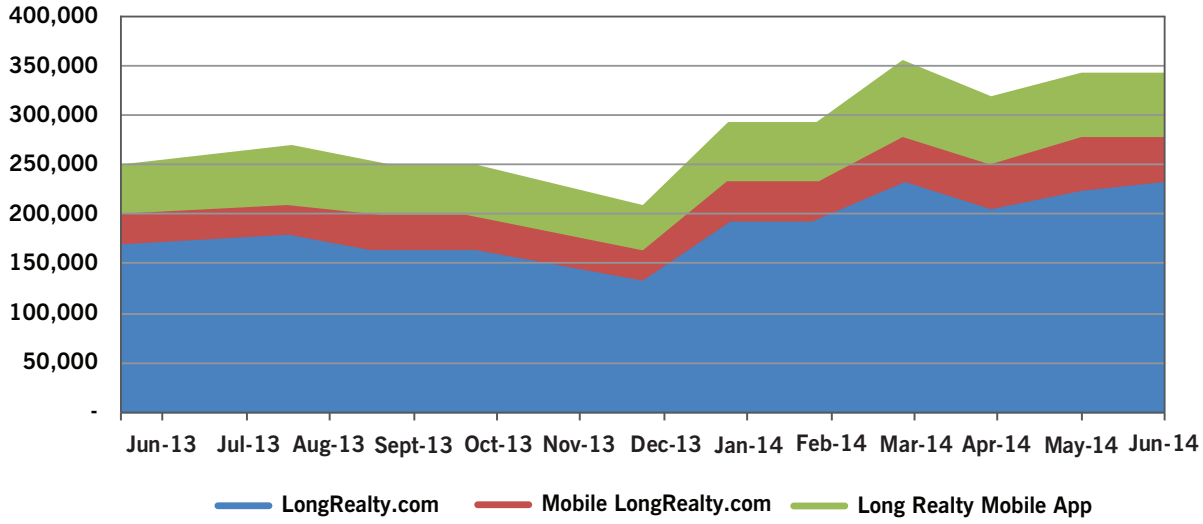
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2014

One of the indicators of future market activity is online home searches. Long Realty is experiencing a positive trend in terms of an increase in online home searches, with more consumers visiting its websites and mobile app in the last 12 months. This trend could very well lead to an increase in buyer activity in the second half of 2014. Consumers continue to grow their use of mobile devices to search for real estate. In 2014, more than 50% of online search traffic to Long Realty has been on a smartphone or tablet.

TOTAL VISITS TREND BY FULL WEBSITE, MOBILE WEBSITE, AND MOBILE APP



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Faster – See new listings within 15 minutes.
More Accurate – Information directly from the MLS.



MARKET SUMMARY

Today's market is punctuated by these key trends:

- A more normal and traditional market with investors on the sidelines.
- Sales off the pace of 2013.
- An increase in the number of homes for sale.
- More buyer choices and negotiating power than in the last 2 years.
- Greater competition for home sellers with increased inventory and flattening prices.
- Dynamic market conditions that vary by both area and price point.

Real estate can be complex, from locally changing market trends to challenging transactions. To ensure you are making the best real estate decisions, work with a knowledgeable Long Realty professional. Please contact me for help addressing your specific needs.