# TUCSON AND SOUTHERN ARIZONA





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# **HOUSING MARKET TRENDS**

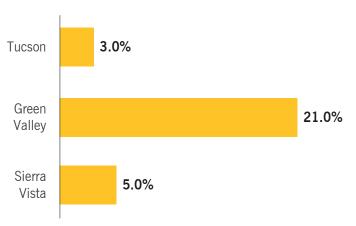
For the overall real estate market in Tucson and southern Arizona, the Seller's Market conditions continue. The inventory of homes for sale continues to decline in 2018, while sales increased further. The shortage of listings has not been a drag on home sales, however it has contributed to a **4% increase in median price.** This has created a very competitive environment, especially at lower price points. At the higher end of the market, there has been a measurable increase in luxury sales.



## TUCSON RESIDENTIAL ACTIVE LISTING INVENTORY



# **CLOSED SALES UNITS** ('% CHANGE FROM 2017)







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# **TUCSON MEDIAN SALES PRICE**

The median price of homes in Tucson was **\$207,250** in June 2018. Prices have recovered to 2007 levels and are 92% recovered from the market's peak of **\$226,465** in November 2005.





Area	Median Sales Price in June 2018	% Change from June 2017	Trend
Tucson	\$207,250	+4%	
Green Valley	\$179,450	+1%	
Sierra Vista	\$165,000	+14%	

# **HOUSING CONFIDENCE CONTINUES TO GROW**

Americans Who Feel Th	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% ₹

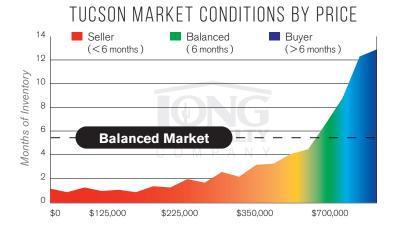




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# **TUCSON MONTHS OF INVENTORY**

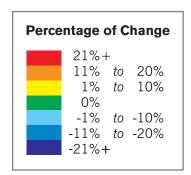
Tucson is a tale of 3 markets. In the last 6 months the price boundary of the Seller's Market has expanded upwards from \$350,000 to \$600,000. In a market like this, tight inventory and high buyer demand prevails, and buyers need to move quickly and should offer competitively. The range from \$600,000 to \$800,000 is a slight Seller's Market and more balanced. While we still have a Buyer's Market in homes \$800,000 and above, luxury home sales have increased significantly this year which has reduced Months of Inventory.

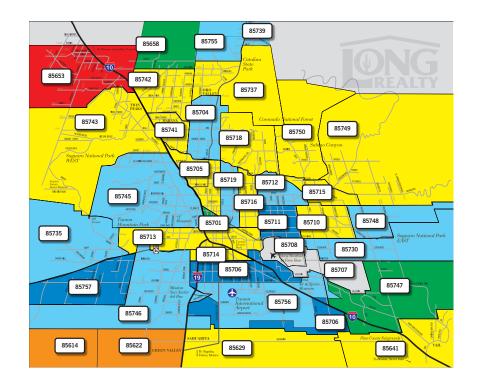


	GREEN V	ALLEY	SIERRA \	/ISTA
Price Range	3 Month Trend MOI	<b>Market Condition</b>	3 Month Trend MOI	<b>Market Condition</b>
\$1-299,999	1.1	Seller	2.8	Seller
\$300,000-499,999	4.1	Slightly Seller	4.4	Slightly Seller
\$500,000-799,999	20.9	Buyer	10.5	Buyer

## YEAR OVER YEAR CHANGE IN CLOSED HOME SALES

Many areas of metro Tucson 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.







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### TUCSON LUXURY HOUSING TRENDS

While we are still experiencing high levels of inventory of luxury homes, Tucson is seeing a great increase in luxury sales in 2018. Closed sales are up 44% in 2018 and there is a 43% increase in the number of new sales contracts written, which should be a leading indicator for further increases in luxury sales this year. Long Realty continues to be the predominate Tucson luxury real estate company with 59.5% market share, selling more luxury real estate than all other companies combined.

+44%

Closed Sales 135

(Jan-Jun 2018 vs Jan-Jun 2017)

+1%

Median Price \$965,000

(Jan-Jun 2018 vs Jan-Jun 2017) +43%

175 Luxury Properties went Under Contract

> (Jan-Jun 2018 vs Jan-Jun 2017)

-13%

Months of Inventory 11.7 - Buyers Market

(Jan-Jun 2018 vs Jan-Jun 2017)



#### LONG REALTY HAD THE TOP 3 HIGHEST LISTING SALES OF THE YEAR:

**\$3,250,000** (sold 5/29)

**\$3,000,000** (sold 2/22)

**\$2,400,000** (sold 5/14)

# Global Trends in Luxury Real Estate





#### **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.



#### 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.



#### **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.

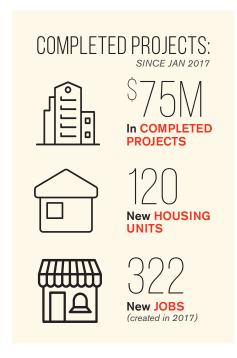


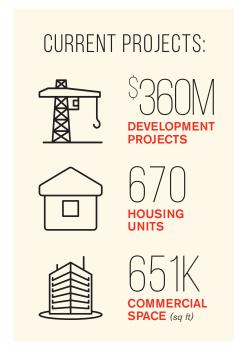
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# DOWNTOWN TUCSON CONTINUES TO GROW

The transformation of Tucson's downtown continues to thrive. The Downtown Tucson Partnership recently published a comprehensive report highlighting project developments, housing forecasts and business trends. View the full report at longre.biz/DowntownTucsonDevelopmentReport.

# **DOWNTOWN TUCSON DEVELOPMENT AT A GLANCE\***









"The Downtown we have dreamed of for years is now becoming a reality. The transformation is remarkable and the impact throughout the region is profound."



- Randi Dorman, Chairwoman Downtown Tucson Partnership

# **COMMUNITY ACCOLADES**



Downtown Tucson Development Reaches Fever Pitch: longre.biz/DowntownTUC



Tucson Ranks Top 5 Cities for Bikes: longre.biz/BestBiking



University of Arizona Recognized as a 'Best Buy' School by College Guide: longre.biz/UABestBuy



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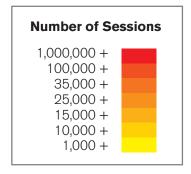
# ARIZONA REMAINS NATIONALLY ATTRACTIVE

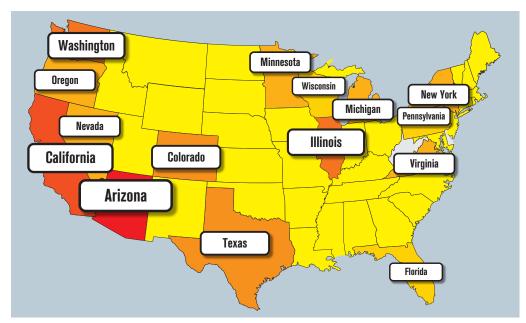
### WHERE ARE BUYERS COMING FROM?

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 BANGES

This map represents which states visited LongRealty.com the most in 2018.





Source: Google Analytics (7/10/2018)

# WHY ARE BUYERS AND SELLERS CHOOSING LONG REALTY?

# WE'RE One and for good reason

Long Realty Company		29.3%
Tierra Antigua Realty  Realty Executives Tucson Elite  Coldwell Banker Residential Brokerage  7.3%	14.2%	Reason 4: Our pros are leaders in the market as evidenced by our high ranking in customer satisfaction. 4.97 out of 5 stars.
Keller Williams Southern AZ 7.1%		# 1 in Tucson Residential Sales Volume for 2018

Don't pick just any agent. Talk to me, your LONG REALTY PRO.



Russ Lyon Sotheby's International Realty

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# **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
- 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.

Monthly Mortgage Payment for \$250,000 Loan	Cost of Waiting per month for every \$250,000 you borrow
\$1,251.90	-
\$1,266.71	\$14.81
\$1,281.61	\$29.71
\$1,326.82	\$74.92
\$1,357.37	\$105.47
	Mortgage Payment for \$250,000 Loan \$1,251.90 \$1,266.71 \$1,281.61 \$1,326.82

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.

