# State of the Market Report 2019 MID-YEAR

## Tucson & Southern Arizona





**Steven Mooneyham**
(520) 448-8422
StevenM@LongRealty.com

LONG REALTY
A BERKSHIRE HATHAWAY AFFILIATE

# GREATER TUCSON

## MAIN MARKET

**Closed Sales**
9,502
↘ 2%
Jan-Jun 2019 v Jan-Jun 2018

**Active Listings**
3,057
↘ 11%
Jun 2019 v Jun 2018

**Properties Under Contract**
1,811
↘ 11%
Jun 2019 v Jun 2018

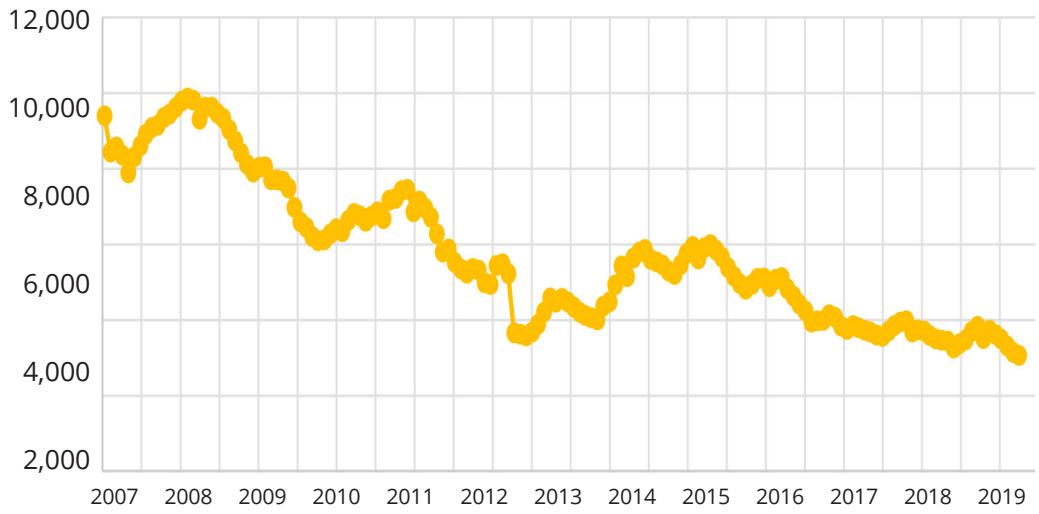
**Median Price**
$220,000
↗ 8%
Jan-Jun 2019 v Jan-Jun 2018



The trend of low inventory of homes for sale continued through the first half of 2019. This shortage of listings has made it more difficult for buyers to find a home to purchase, especially at lower price points. For sellers, it creates an environment where homes, if priced right and in good condition, can sell quickly. This under supply relative to demand has resulted in a slight slow down in home sales, and put upward pressure on home prices.

In this report, let's explore in more depth the reasons for these housing conditions and how they may impact you. This market can be complex to navigate and having a skilled agent to guide you through the maze is invaluable.

### TUCSON MAIN MARKET Active Residential Listing Inventory




| | Green Valley | | Sierra Vista | |
|---|---|---|---|---|
| **Closed Sales** Jan-Jun 2019 v Jan-Jun 2018 | 1,135 | ↘ 13% | 894 | ↗ 4% |
| **Active Listings** Jun 2019 v Jun 2018 | 266 | ↘ 8% | 415 | ↘ 18% |
| **Median Sale Price** Jan-Jun 2019 v Jan-Jun 2018 | $195,500 | ↗ 11% | $177,000 | ↗ 14% |



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**Long Realty Company**

Statistics based on information obtained from MLSSAZ and SAMLS on 07/03/2019 and 07/24/2019. Information is believed to be reliable, but not guaranteed.



# DEFINING A SELLER'S MARKET

You've probably heard the phrase, "It's a seller's market." So, what is it, why is it happening, and what does it mean for you?

| TUCSON MAIN MARKET | |
|---|---|
| **1.8** Months of Inventory | |
| **GREEN VALLEY** | **SIERRA VISTA** |
| **1.4** Months of Inventory | **2.3** Months of Inventory |

## What is a seller's market?

A seller's market occurs when the months of inventory of homes available on the market falls below five or six months (which is considered a "normal" or "balanced" market). In other words, there is greater demand in the market for homes than supply. Currently in Tucson there are less than two months of inventory, and only a little over 3,000 active listings for sale. These are general statistics for the whole Tucson metro market; conditions can vary depending on price point and geographic area.

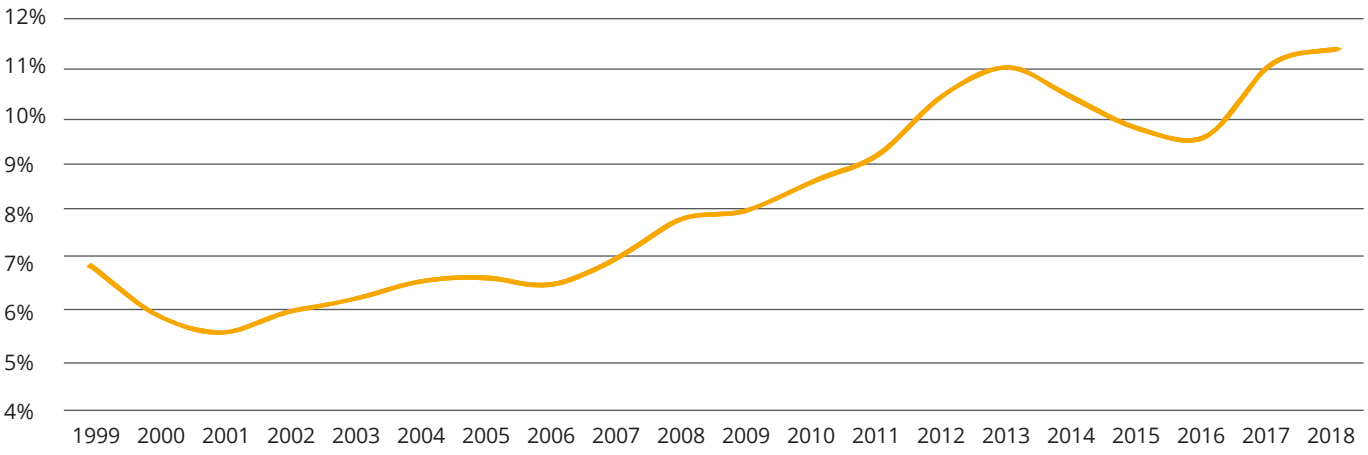
## Why is it a seller's market?

To understand where the market is, let's look at the forces that have resulted in today's seller's market.

## Buyer Competition

Over the last decade, homebuyers have been taking advantage of great prices and low interest rates. In addition to traditional buyers (those buying a home to live in), institutional investors have been buying homes as rental properties to add to their portfolios. According to a recent CoreLogic report, smaller investors are now responsible for increasing investor homebuying activity. This is in sharp contrast to the rise in large institutional investors in the years following the recession. In the Tucson area, 8.3% of home purchases in 2018 were by investors. Investor purchases are at their highest levels in two decades. With increased investor activity comes increased competition for the traditional buyer.

## U.S. Investor Homebuying Rates: 1999–2018
## Investors Purchases are at 20-Year Highs




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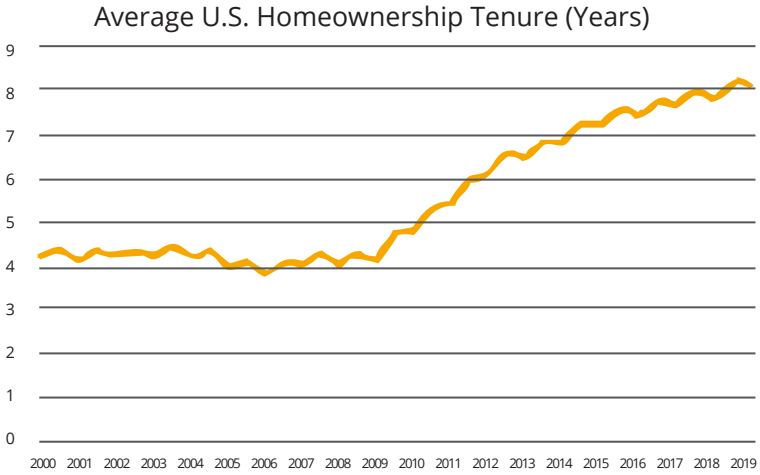
Months of Inventory based on three month trend Apr-Jun 2019 from information obtained from MLSSAZ and SAMLS on 07/03/2019. US Investor Homebuying Rates data from CoreLogic, Inc. Information is believed to be reliable, but not guaranteed.



# DEFINING A SELLER'S MARKET
(CONTINUED)

## A Shortage of Listings

The available inventory of homes for sale has not kept up with elevated levels of demand. Many builders left the business during the housing market crash. In the housing recovery, the builders who remained were more conservative in starting new projects. They also had to compete with the bargain prices of distressed sales. Fast forward to today: Builders face the dual headwinds of rising costs and shortages of materials and labor. As a result, new permits are only up slightly over the previous year. Regional pockets of new construction do present options for homebuyers, but buyers may need to wait for construction. Consulting and hiring a knowledgeable agent can be a big help when buying a newly built home.




Another factor limiting inventory is that homeowners are staying put longer. A recent report from ATTOM Data Solutions shows that the national average time in a home is now over eight years. Why? Many homeowners who bought in the first few years of the recession did so with low purchase prices and historically low interest rates. While their equity has increased, these homeowners are less likely to sell their home and risk an increase in their monthly payments for their replacement home – while dealing with this shortage for their own home search.

## What does a seller's market mean for you?

If you're a buyer, you'll need to be prepared in advance and move quickly when you find the right property to purchase. To improve your chances, get pre-approved with a lender, be ready to take quick action when you do find the home you want, and submit a compelling and competitive offer. Most importantly, a knowledgeable agent can help you find a home, including coming soon listings, and guide you through negotiations – and possibly, a multiple offer scenario.

For sellers, a seller's market can mean the opportunity to put your home on the market and sell it relatively quickly – if it is priced correctly and in good condition. Many homeowners don't realize how much their home has appreciated over the last decade of housing recovery, and a seller's market is an opportunity to sell and move on. One word of caution: overpricing your home never helps it sell, even in a seller's market.

Market conditions change over time. So while we expect to remain in a seller's market for the remainder of 2019, at some point the market is likely to balance out. Interest rates may rise. Rising prices will reduce affordability. The economy may shift. Ultimately, the best time to buy and sell is when it is right for you.



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Average US Homeownership Tenure data from ATTOM Data Solutions. Information is believed to be reliable, but not guaranteed.

# GREATER TUCSON LUXURY MARKET

**Closed Sales**
132
↘ 1%
Jan-Jun 2019 v Jan-Jun 2018

**Under Contract**
28
↘ 15%
Jan-Jun 2019 v Jan-Jun 2018

**Active Listings**
270
→ Virtually Unchanged
Jun 2019 v Jun 2018

**Months of Inventory**
10.8 Buyer's Market
↘ 6%
Jun 2019 v Jun 2018

**Median Price**
$950,000
↘ 2%
Jan-Jun 2019 v Jan-Jun 2018

# TUCSON LUXURY MARKET

Thanks to growing wealth nationally and globally, there are more high-net-worth consumers than ever before. And they're wealthier, too. As stock markets continue to advance, and as workers in high tech, finance, and other hot industries bring home ever-bigger paychecks, the allure of luxury real estate as a safe investment continues to grow.

In Tucson, the luxury segment includes homes selling for $800,000 or more – often considerably more. Despite the overall strength of the segment, the luxury market has cooled somewhat recently as concerns over trade wars and economic uncertainty make for cautious buyers.

But "taxation migration" is giving Tucson properties a boost as the desirability of Arizona property attracts buyers from California and other high-cost, high-tax states. As recent limits to property-tax deductions take hold, we're looking pretty good.

In real estate, "appreciation" is a golden word. Naturally, buyers want to see their investment grow in value over time. In the luxury market forecasting the appreciation of a specific property can be tricky. Many luxury homes are unique, custom-designed properties. Because comparable sales histories can be hard to find, appraisals and price-setting become more of an art than science.

Other ways to add value to any property – especially in the luxury market – are upgrades and renovations. Even in the luxury segment, some properties have long since been refreshed. In the million-dollar-and-up range, most buyers expect a fully updated, move-in-ready property, or at least one with a healthy potential to renovate or customize to their own needs and tastes.

Along with the segment's value as a safe long-term investment, luxury buyers are looking for desirable locations, in-home amenities that suit their lifestyle, security, and privacy. For the Tucson market, that still leaves plenty to choose from.

LUXURY PORTFOLIO INTERNATIONAL®

Our membership with Luxury Portfolio International provides global exposure for Long Realty listings over $800,000. Long Realty had 403 properties featured on LuxuryPortfolio.com and here is the level of exposure they received for the first half of 2019.

| Countries | Regions/States | Cities |
|---|---|---|
| 99 | 294 | 1,338 |

| Total Visits | Languages | Currencies |
|---|---|---|
| 227,134 | 6 | 8 |



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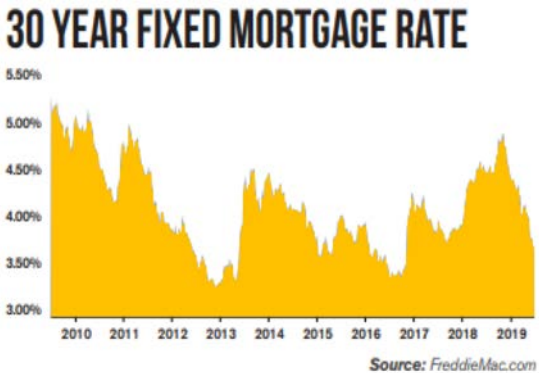
Real estate statistics based on information obtained from MLSSAZ for all residential properties priced $800,000 and above. Online properties view statistics provided by Luxury Portfolio International. All data obtained on 07/03/2019 and 07/24/2019. Information is believed to be reliable, but not guaranteed.



# WINDOW OF OPPORTUNITY

How do rising home prices affect your ability to buy a home? This year's dip in mortgage interest rates has opened a window of opportunity for buyers to lock in lower financing costs and increase their purchasing power.

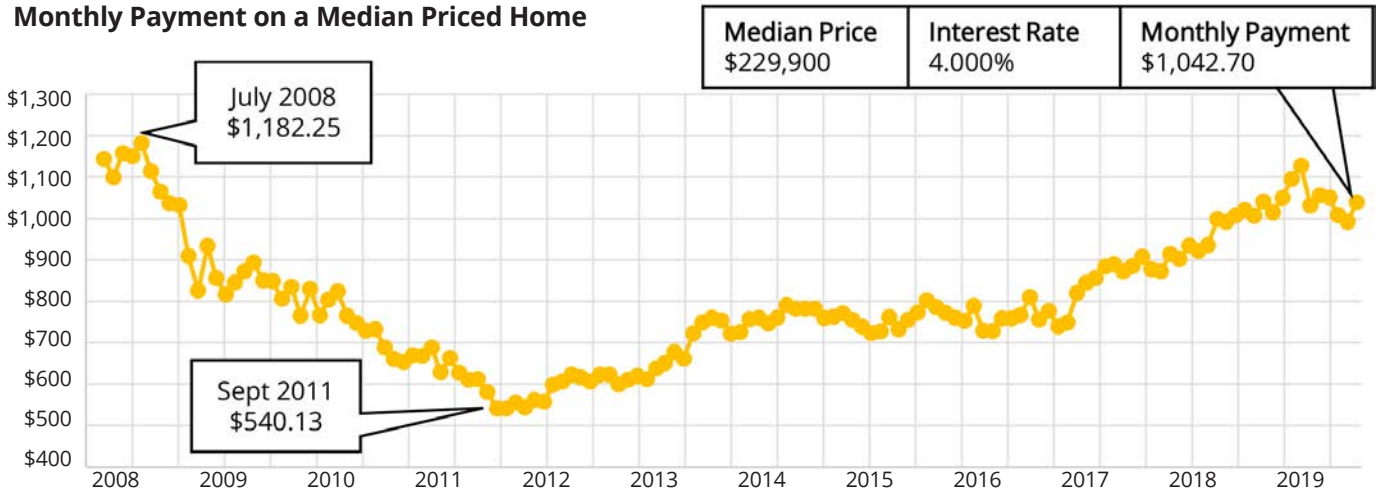
The decline in mortgage interest rates offsets some of the ongoing rise in home prices. Monthly payments on a median-priced home in Tucson, while steadily increasing, have actually trended downward over the last few months because of lower interest rates. This short-term trend is a great reason to buy now – as both mortgage interest rates and home prices rise, so will monthly payments.




An additional benefit of buying now is that, thanks to a tight seller's market, median home prices should continue to rise in the short-term, creating positive equity for buyers.

## Greater Tucson Main Market

**Monthly Payment on a Median Priced Home**




| Green Valley | | | Sierra Vista | | |
|---|---|---|---|---|---|
| **Median Price** | **Interest Rate** | **Monthly Payment** | **Median Price** | **Interest Rate** | **Monthly Payment** |
| $205,000 | 4.000% | $929.77 | $194,950 | 4.000% | $884.19 |



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Statistics based on information obtained from MLSSAZ and SAMLS on 07/03/2019. Residential median sales prices for June 2019. Monthly payments are principal and interest, based on a 5% down payment on a median priced home.30 Year Fixed Mortgage Rate from FreddieMac.com. Information is believed to be reliable, but not guaranteed.



# TOP QUESTIONS HOME SELLERS HAVE

**Does my home need to look like it's had a TV-style makeover, perfect in every way?**
The better a home looks, the better it sells. Making certain repairs can help you find a buyer more quickly and negotiate the best price. But the prospect can be daunting, as some repairs and upgrades are much more important than others. Helping separate the "must-dos" from the "maybes" is one important service an agent provides. Staging is another. Properly staged homes often sell faster, and for more money. An experienced agent can help prepare your home for maximum appeal to buyers.

**How do I set a price for my property?**
It's tempting to go online and ask a website what it thinks your home is worth. But online estimates are guesses, at best, based on similar sales in your area; they're mathematical calculations. They don't take into account the many variables that actually matter, such as the condition and appearance, upgrades you have made to your home (and other properties near yours), nearby new construction, neighbors with issues, etc. Even the rise and fall of mortgage rates can affect the sale price of your home. Long Realty agents bring their knowledge, expertise, and tools right to your kitchen table, working with you to price your home so it sells on time—and without costing you the equity you've built.

**How long will my home be on the market?**
There's no easy answer to this question. In Tucson, the current days-on-market average is 38 days, but your home could sell much faster or slower. Geography, local trends, the marketability and price of your home all play a role. Higher-priced homes take longer to sell, because the pool of qualified buyers is shallower. The more prep work you do before listing your home, the easier, and less disruptive, the "for sale" period will be. And the more likely you'll be to beat that time-on-market average. In this market, it isn't unusual for a value-priced home to sell in a matter of days.

**How will the right buyer find my home?**
Your agent will take care of this! Finding the right buyer is the goal of everything your agent does. Networking with other agents, locally to globally, paired with a skillful use of a comprehensive set of marketing tools will give your property the most exposure to potential buyers. In today's market that means a strong digital marketing strategy that lets buyers see your listing anytime, anywhere, on any device.

**What happens after I get an offer?**
Once you have an offer, that's just the start of the home selling process and what your agent is for – to do the hard work, so you don't have to. Every real estate transaction has many moving parts. Your agent's expertise is vital to making your sale go as smoothly as possible. Your agent will work with the buyer's agent, negotiate on your behalf, manage counteroffers, coordinate and verify needed repairs and inspections, keep you up-to-date on the appraisal, track the progress of the buyer's loan, and much more.

As your Long Realty resource, our connections and programs can do more to sell your home or help you buy that perfect place. **Long Realty - for all your real estate needs.**



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Days-on-market statistic based on information obtained from MLSSAZ Monthly Statistics for June 2019, released 7/10/19. Information is believed to be reliable, but not guaranteed.