

















# EVERYTHING REAL ESTATE



R E A L T Y M O R T G A G E T I T L E & I N S U R A N C E

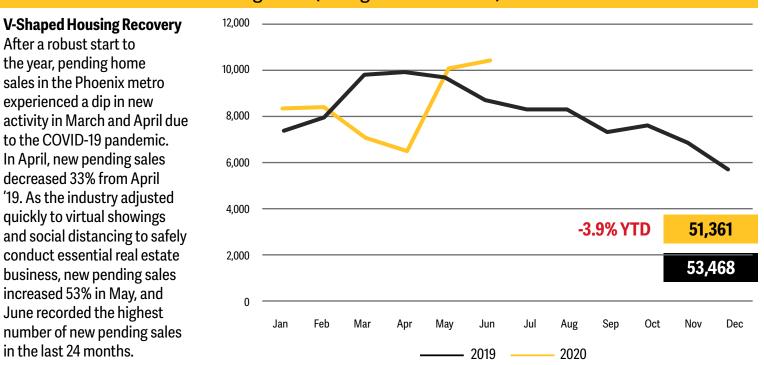
A BERKSHIRE HATHAWAY AFFILIATE

# State of the Market Report | 2020 Mid Year Phoenix, Central and Northern Arizona

Leela Sullivan (805) 794-1156 LeelaSullivan@LongRealty.com



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#### Residential Pending Sales (listing under contract) — Phoenix Metro

#### Closed Residential Sales — Phoenix Metro 12,000 10,000 8.000 6,000 4,000 45,053 -8% YTD 2,000 48,965 0 Feb Mar Jun Jul Aug Sep Oct Nov Dec Jan Apr May

#### **Home Sales To Increase** Closings on home sales typically occur 45-60 days after a listing goes under contract. Therefore, while closings are down slightly by 8% versus YTD 2019, we expect they will exceed 2019 levels for the first part of the third guarter, based on the increased pending activity in May and June of this year. While the full economic impact of COVID-19 is yet to be understood, low mortgage rates and high buyer demand should have a positive impact on housing in 2020.



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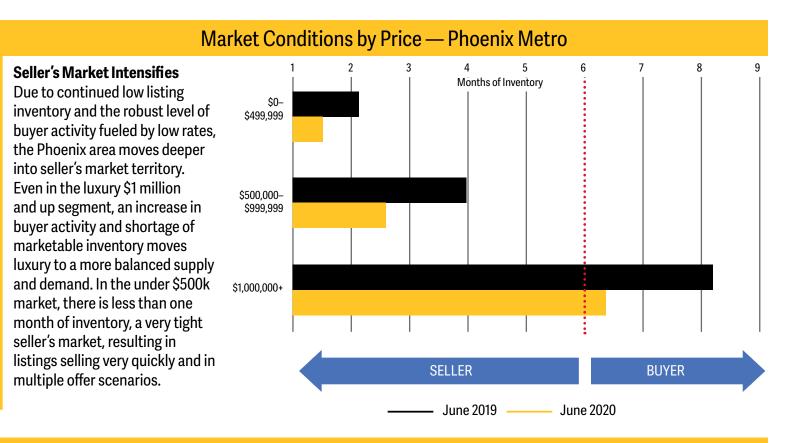
(805) 794-1156 | LeelaSullivan@LongRealty.com

2019

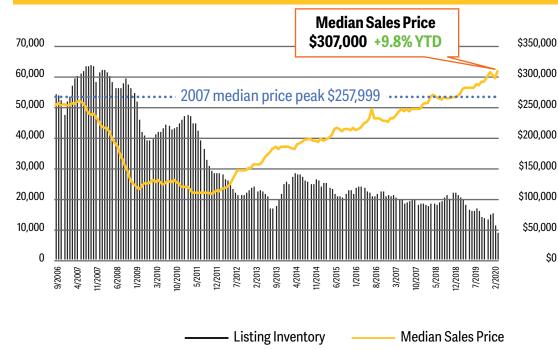
2020

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Statistics based on information obtained from ARMLS on 07/06/2020 using Brokermetrics software. Information is believed to be reliable, but not guaranteed.



### Listing Inventory and Median Sales Price — Phoenix Metro



#### Inventory Shortage / Price Gains Active listing inventory has fallen to new lows, fueled by high buyer demand and COVID-19 impacts. This

limited and highly sought after supply will continue near-term to grow home price appreciation. These conditions are ripe for those considering selling a home.

#### **Inventory 8,308**

### Inventory 16,988

-51.1% YTD

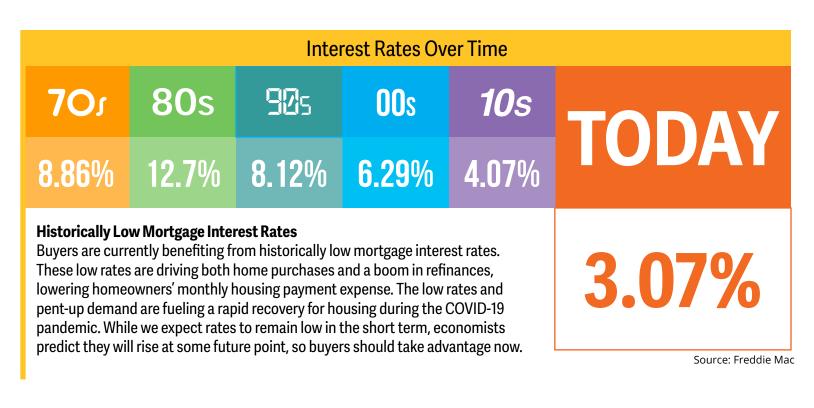


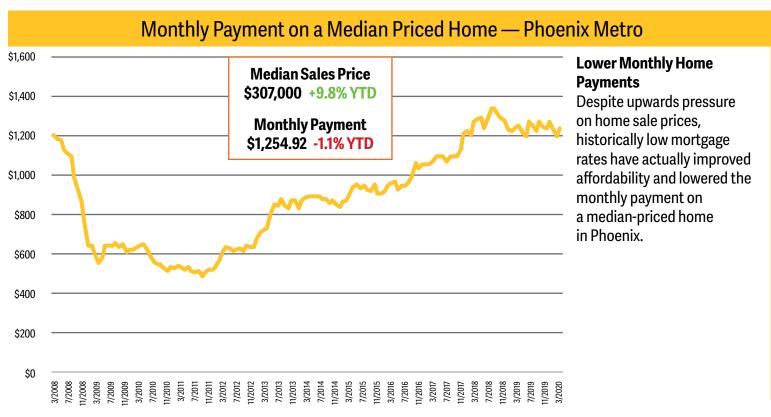
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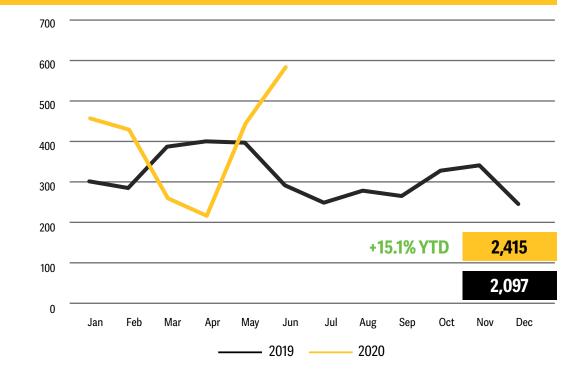
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### Luxury Residential New Pending Sales — Phoenix Metro

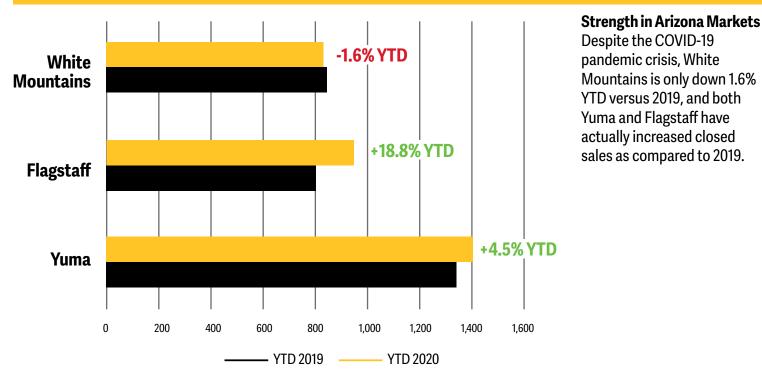


The \$800,000 and up housing market has experienced a robust increase in sales activity in 2020. Despite the COVID-19 pandemic, reduction in travel and an at times volatile stock market, affluent buyers have stepped up interest, and bounced back in earnest in May and June.

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### White Mountains, Flagstaff and Yuma Closed Sales





Leela Sullivan

(805) 794-1156 | LeelaSullivan@LongRealty.com

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In these uncertain times, the future of our economy, housing and what additional impact COVID-19 may have is not entirely clear. That being said, many economists predict that the economy, while negatively impacted this year, will start to recover in the second half of 2020 and continue into 2021.

### **Annual Forecast**

#### Home Sales Forecast To Rise

COVID-19 certainly will have an impact on the economy this year. Dr. Lawrence Yun, Chief Economist for the National Association of REALTORS, believes that nationally home sales will be impacted downward this year but recover even stronger in 2021, partly fueled by the expectation of continuing low rates, economic expansion and job growth. Locally, we are seeing trends that our home sales rebound is happening faster.

	2019	2020 Forecast	2021 Forecast
GDP Growth	2.3%	-4.5%	+3%
Job Gains	2.2 million	-4 million	+2 million
Home Prices	4.8%	0% to 2 %	1% to 3%
Home Sales	0%	-10% to -15%	+13% to +18%

Source: National Association of REALTORS, Dr. Lawrence Yun

# 2025 to 2030: Delayed Inflation

	<b>Future Possibilities</b>	
Inflation Rate	4% to 7%	
Mortgage Rate	6% to 9%	
Home Sales	Negative	
Homeownership Rate	62%	
Home Price Appreciation	5% to 10%	
College Tuition, Medical Expenses	Rising	
Income, Rent, Food	Rising	
Mortgage Payment for those who bought in 2020–2021	Not Rising	

#### ledging Possible Future nflation Now With A Lower lousing Payment

Yun also forecasts that government economic nulus and economic icies related to the demic crisis may lead to ure increases in inflation, cting household goods, cation costs, rent, home es, food and other goods services. One way to et future inflation is by king in a home purchase efinance now at these oric low rates, to have ked monthly house payment, sheltered from future inflation.

Source: National Association of REALTORS, Dr. Lawrence Yun



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## Home Prices Forecast to Rise

#### **Economists Bullish on Home Prices**

These economists are forecasting home prices to rise moderately this year, and increase at a higher rate in 2021 and into 2022. This is driven by economic and employment expansion, an expectation of continued low mortgage rates and on the supply side a continuation of limited availability related to home inventory for sale, including resale and new construction. Forecasters are not predicting a drop in prices.

Source	2020	2021	2022
Mortgage Bankers Association	+4.3	+3.2	+2.4
Zelman & Assoc	+3.0	+4.2	+4.6
Fannie Mae	+0.4	+2.1	N/A
National Association of Realtors	+3.8	+2.1	N/A
Freddie Mac	+0.4	+0.7	N/A

Source: Keeping Current Matters



### Within the Next 3 Months Y/Y Percent Change by State

#### **REALTORS Anticipate Prices to Rise**

Like economists, REALTORS "on the street" across the country are anticipating prices to be stable or in some cases rise moderately this year. In Arizona, REALTORS are expecting prices to rise in the 2%–3% range (from prior year). This bodes well for buyers who may see short term price and equity gains on purchases, and sellers who are looking to optimize the pricing on their home sale now.

# In Closing...

2020 has proven to be a challenging year, with many unknowns. One thing we do know though, is the underlying resiliency and strength in our local housing markets. If you are considering buying, the very attractive mortgage rates could benefit you. Just be prepared to act quickly and aggressively when making offers. For those considering selling, the conditions are ideal to do so. With safety guidelines and practices in place, and virtual marketing and showings, you can have a successful sale with everyone involved in your transaction maintaining proper safety measures. It is also a good time to have an updated analysis completed on your home's current value. Contact me for a complimentary home value analysis, or any other real estate needs.



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