LONG COMPANIES

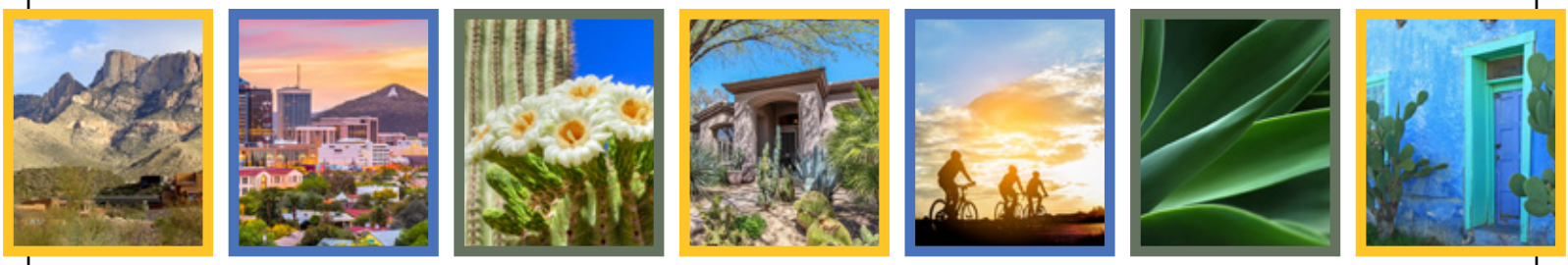
A BERKSHIRE HATHAWAY AFFILIATE

REALTY
MORTGAGE
TITLE &
INSURANCE

REAL ESTATE TRENDS

a look at 2022 and into 2023

Tucson and Southern Arizona





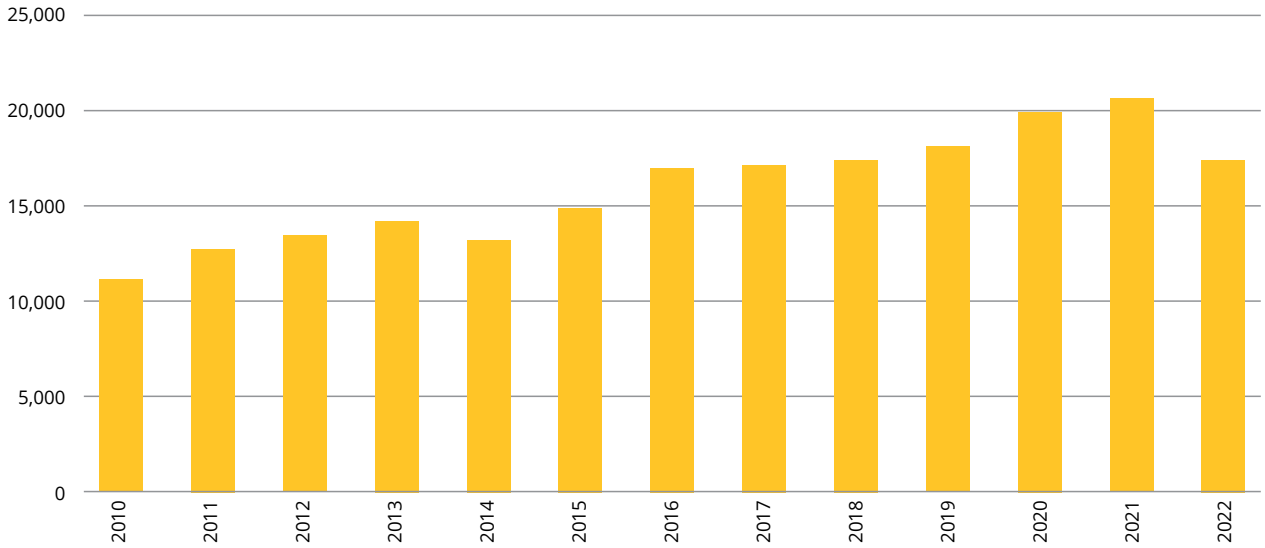
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2022 WAS THE TALE OF TWO MARKETS

The first half saw heated real estate activity with buyers rushing to purchase and take advantage of historically low mortgage rates, while competing for scarce listings. Mortgage rates started rising in April and May, and buying activity moderated in the second half of the year. We expect a return to a more balanced, normal market for 2023. With home price appreciation of 40%+ over the last few years, affordability has become an increased factor in purchase behaviors. We don't expect a major price correction given the continued tight (yet not as constrictive) available inventory, though we expect prices to stabilize, with slight price softening perhaps in some areas. To use a weather analogy, we are forecasting a party cloudy market with some breaks of sun, and a chance of showers — depending mostly on inflation and other macroeconomic factors.

Tucson Metro Residential — Closed Sales



Closed Sales for 2022
% difference from 2021

Tucson Metro	17,292	-15.8%	Oro Valley	827	-22.3%
Green Valley	1,354	-14.9%	Marana	948	-12.0%
Sahuarita	779	-13.0%	Saddlebrooke	180	-16.7%
Sierra Vista	1,932	-5.3%	Vail	802	-12.6%

National Annual Forecast

Year	Unit Sales
2023 forecast	-7%
2024 forecast	+10%

Dr Lawrence Yun, chief economist at NAR, is forecasting that nationally home sales will be 7% lower in 2023 vs 2022. Most of that decline will be in comparison to the first half of 2022, before market deceleration. As mortgage rates are predicted to improve throughout the year, home sales may outpace second half 2022. He also thinks that the home sales rate may vary considerably by metro area, with some areas below or above forecast depending on local factors. What happens in your part of town may vary, so stay informed with your Long Realty agent.



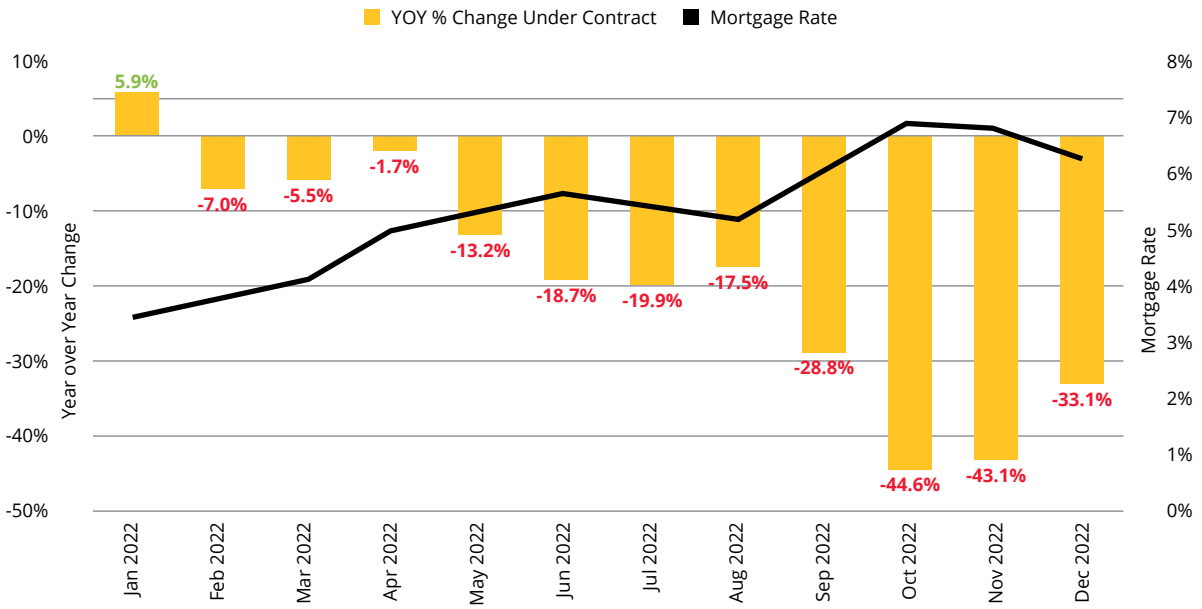
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Statistics based on information obtained from MLSSAZ and ARMLS on 01/05/2023 using TrendGraphix software. National Annual Forecast Source: National Association of REALTORS (NAR). Information is believed to be reliable, but not guaranteed.

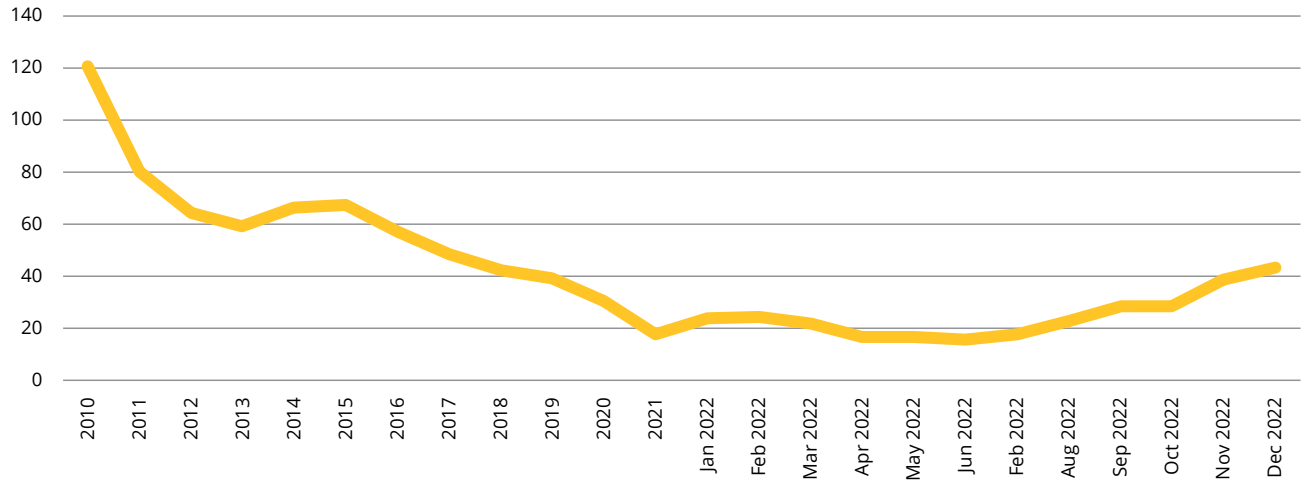
A RATE SENSITIVE MARKET

Tucson Metro Residential — Under Contract Homes vs Mortgage Rate



As mortgage rates almost doubled from the start of 2022 to the third quarter, there was a direct correlation to decreasing buyer demand as seen in the above year-over-year chart for listings going under contract. Rates are now past their peak and trending lower, which should improve opportunities for buyers in 2023. Even though there was a measurable deceleration in the market in the second half of 2022, days on market in December 2022 was at 43 - historically normal levels.

Tucson Metro Residential — Days on Market





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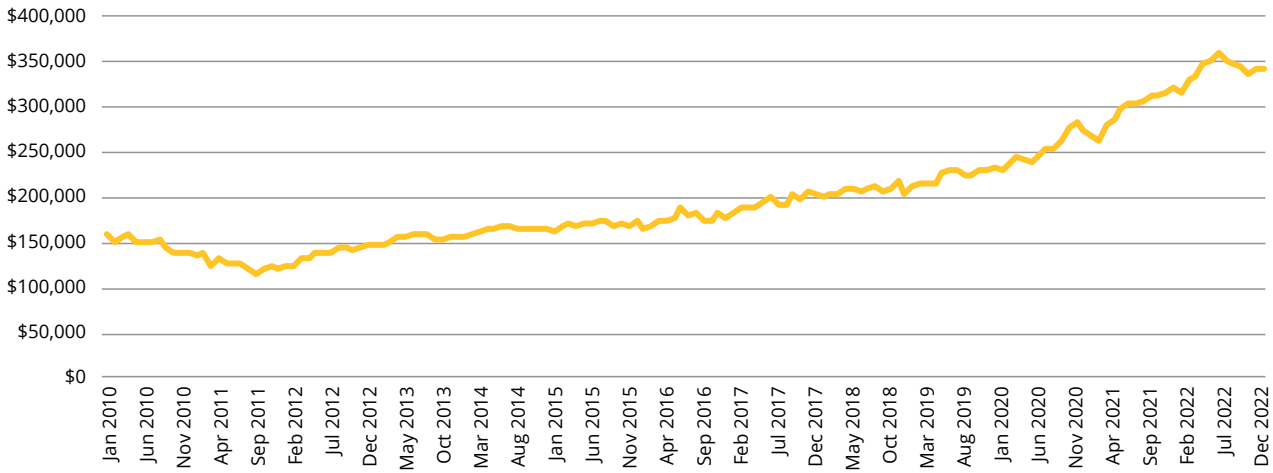
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HOME PRICES

Since January 2020, the median home sales price has **increased 49% - an average gain of $113,153 in home values.** This rapid appreciation has added to household wealth, yet also created affordability issues for buyers and resulted in a mortgage rate sensitive market. In the fourth quarter, median price growth has decelerated from it's peak, and stabilized with moderating buyer demand.

Tucson Metro Residential — Median Sales Price

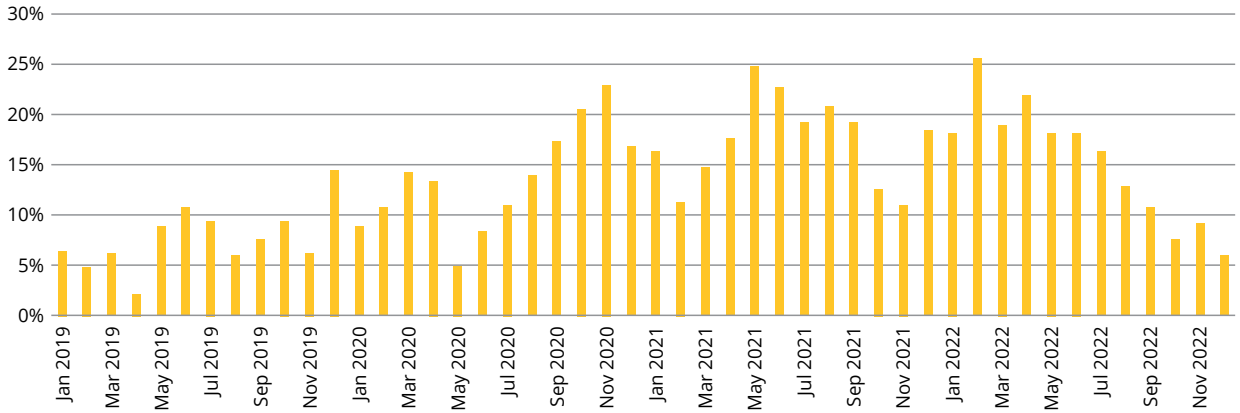


Median Home Sales Price in Dec 2022

% difference from Dec 2021

Tucson Metro	$345,000	+6.2%	Oro Valley	$512,000	-3.4%
Green Valley	$350,000	+11.1%	Marana	$390,000	+4.6%
Sahuarita	$355,000	+6.0%	Saddlebrooke	$525,000	+16.9%
Sierra Vista	$240,000	-2.4%	Vail	$384,000	+2.4%

Tucson Metro Residential — Year-Over-Year Median Sales Price Change





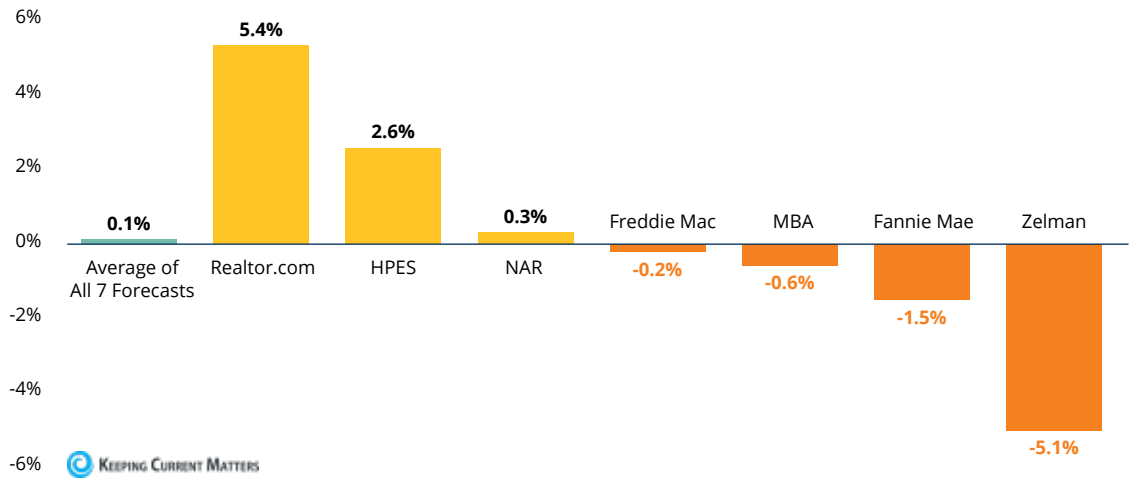
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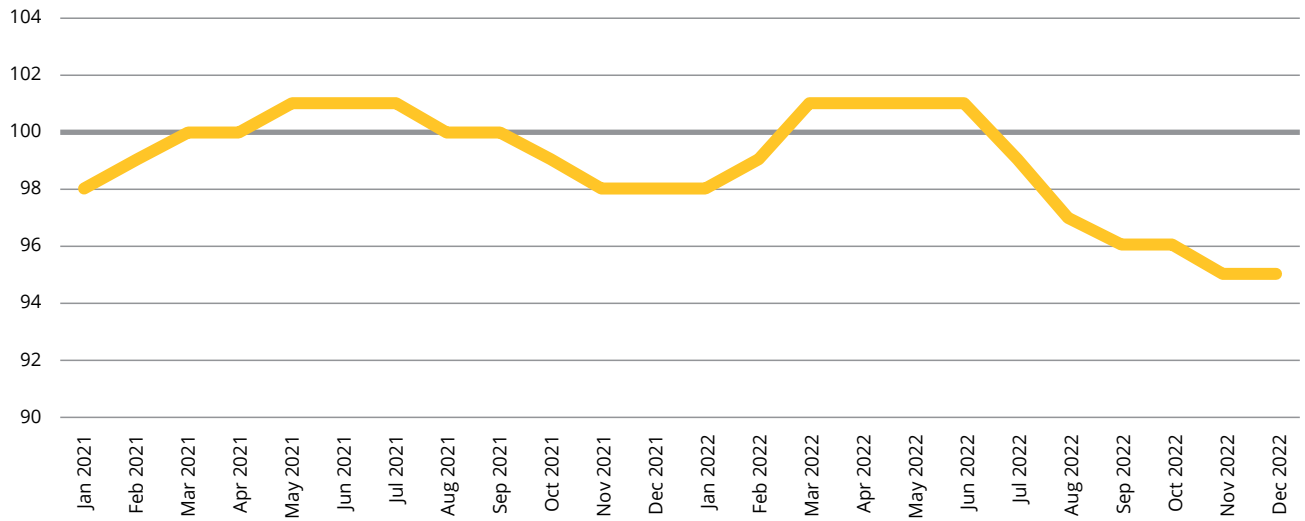
HOME PRICE FORECAST

Latest Price Forecasts from Each Entity for 2023



Economists are forecasting national home price changes for 2023 to range from +5% to -5%, with the average being flat pricing. None of the economists predict major price erosion. Even with moderating buyer demand, listing inventory is forecast to remain relatively tight, which will keep pricing stabilized. Pricing trends may vary by metro area and local market conditions. While overall pricing is forecast to remain stable, there is more negotiating room for buyers with sellers these days. On average, listings in Tucson are now selling at 95% of the original list price. A greater choice of listings and more negotiating room create an environment for buyers to find the home that best suits their needs. With expected improvement in mortgage rates as the year progresses, 2023 may present a window of opportunity for buyers before the market and prices are forecast to pick up steam in 2024.

Tucson Metro Residential — Sold/Orig List Price Diff %





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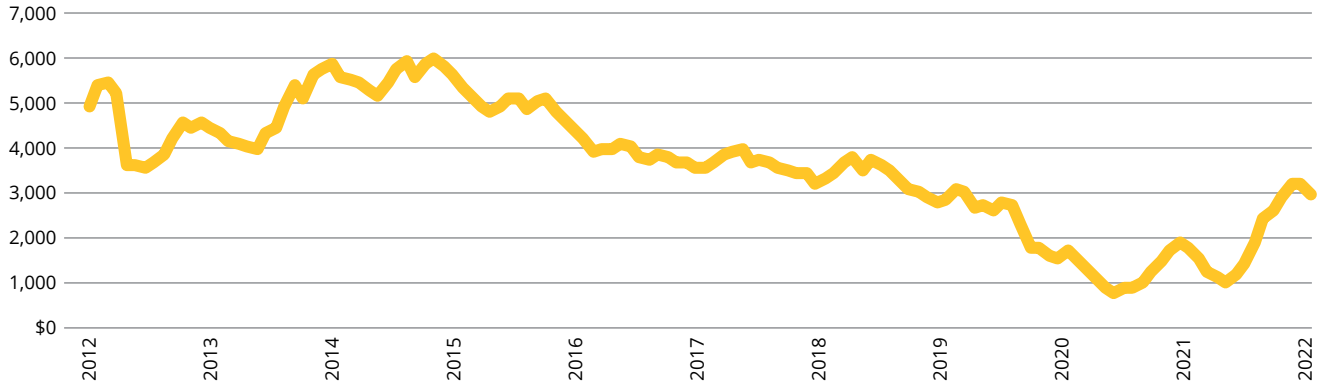
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Statistics based on information obtained from MLSSAZ on 01/05/2023 using TrendGraphix software. Price Forecast Source: Keeping Current Matters. Information is believed to be reliable, but not guaranteed.

RISING INVENTORY REMAINS LOW

Listing inventory has increased from historic lows, due mostly from longer days on market (the time it takes a new listing to go under contract). The increase in inventory gives buyers more choices, however the increases are still not high enough to keep pace with buyer demand - even moderated buyer demand. Therefore, the Tucson market remains in a seller's market, overall, with only 3.0 months of inventory. Homeowners sitting on low mortgage rates may be hesitant to sell and then buy until mortgage rates soften, keeping inventory relatively tight, but not scarce like during the pandemic housing boom.

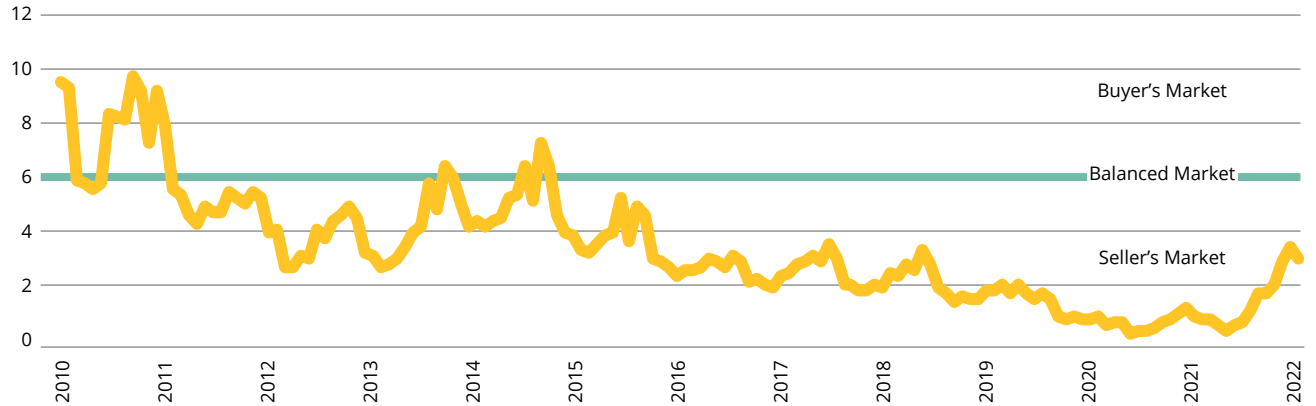
Tucson Metro Residential — Active Inventory



Active Listing Inventory in Dec 2022
% difference from Dec 2021

Tucson Metro	2,996	+92.8%	Oro Valley	141	+135.0%
Green Valley	351	+76.4%	Marana	294	+113.0%
Sahuarita	151	+57.3%	Saddlebrooke	43	+290.9%
Sierra Vista	334	+70.4%	Vail	180	+59.3%

Tucson Metro Residential — Months of Inventory





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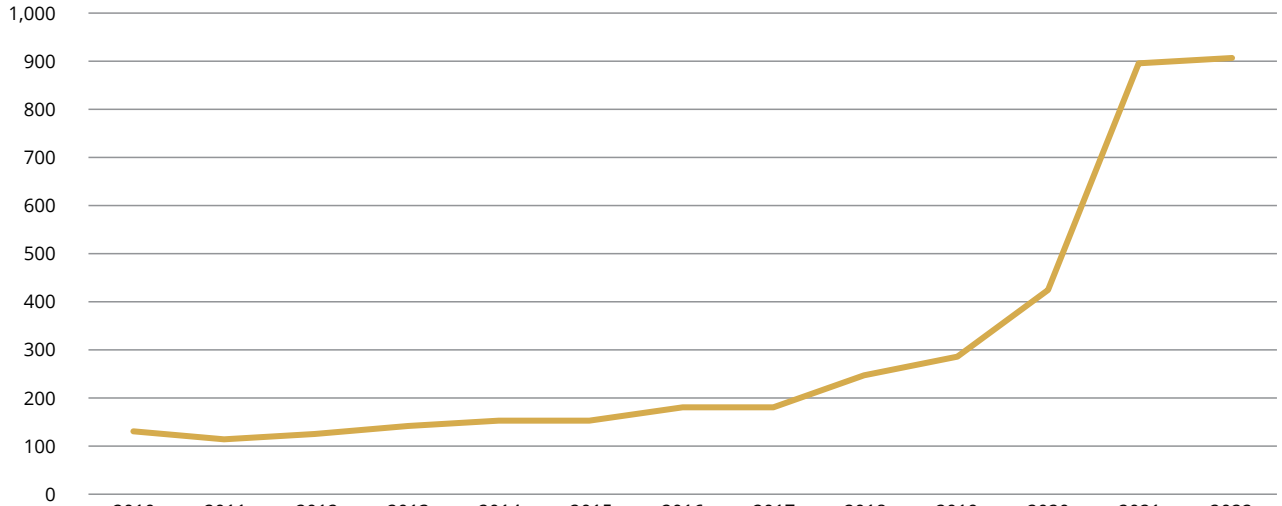
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LUXURY REAL ESTATE

The market for higher priced homes boomed from 2019 through 2022, more than tripling in annual home sales during that time. Despite overall housing moderation, luxury homes sales in Tucson for 2022 outperformed the prior year. The luxury market tends to be less sensitive to mortgage rates, as more of the transactions are cash purchases. With lower costs of living, more value-based luxury housing, our desert climate and lifestyle, Tucson and Arizona remain attractive to affluent buyers coming from higher priced markets.

Tucson Metro — Luxury Closed Sales ($800k+)



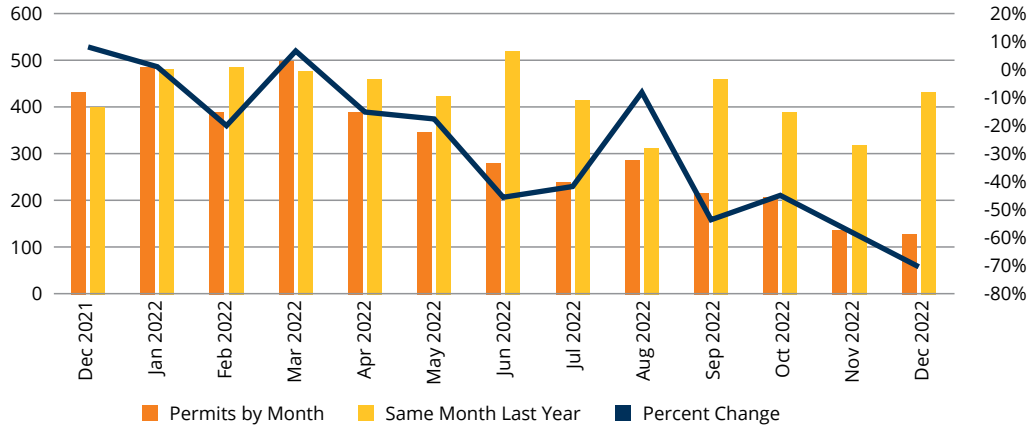
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Tucson	125	110	123	137	148	150	179	178	246	282	426	898	911

NEW CONSTRUCTION

Permits for new construction fell in 2022, year-over-year. Inflation pressures on building materials and labor, lingering supply chain issues, and a softening housing market with higher mortgage rates resulted in a pullback from builders on new permits. This means that the gaps remaining in listing inventory will not be solved with new builds.

Tucson New Home Permits

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Statistics based on information obtained from MLSSAZ on 01/05/2023 using TrendGraphix software. Luxury data based on residential home sales priced $800,000 and over. New Construction Permit data Source: RLBrown Reports. Information is believed to be reliable, but not guaranteed.

AFFORDABILITY

The rapid increase in home values in the last 2 years was at first offset by lower mortgage rates for buyers. With escalated home prices, inflation on goods and services, and increased mortgage rates in the second to third quarter of 2022, the average monthly payment shot up - considerably affecting buyers' purchasing ability. Mortgage rates have come down off their highs and homes prices are moderating, so that may create some relief for buyers in 2023.

Tucson Median Priced Home — Average Monthly Payment



Mortgage Rate Projections for 2023
As of December 2022

Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2023 Q1	6.60%	6.50%	6.20%	6.10%	**6.35%**
2023 Q2	6.50%	6.40%	5.60%	5.70%	**6.05%**
2023 Q3	6.40%	6.20%	5.40%	5.60%	**5.90%**
2023 Q4	6.20%	6.00%	5.20%	5.50%	**5.73%**

Keeping Current Matters

Economist agree that mortgage rates are forecast to decrease throughout 2023, as inflation continues to improve. Overall, mortgage rates are forecast to be under 6% by the fourth quarter of 2023. These forecasts may change throughout the year based on how the economy performs. The rate improvements, additional inventory and added room for negotiation may be beneficial to buyers – leading to potential for the second half of the year to outperform the first.

THE YEAR AHEAD

2023 is shaping up to be a return to a more "normal" housing market with moderating buyer activity, slightly higher inventory and historically normal mortgage rates. While compared to the last two years the market may feel like a pull-back, it is actually a return to normalcy and will create room for buyers to have more choices (especially compared to rising rent costs), and an opportunity for sellers to benefit from home value appreciation. Market conditions can vary for each neighborhood and community, so consult a Long Realty professional for the most current information and guidance for your area.

KEEPING YOU INFORMED

Long Realty's Industry Experts will be answering your real estate questions during our **Facebook Live Market Insights on February 15th at 4 pm**. Like our page in advance to get notified or on the 15th at 4 pm visit **Facebook.com/LongRealty** to see it LIVE.

Whether you're looking to make a move in the coming year or want to track the value of your home — this is a great way to stay informed about our housing market and economic forecast. If you have any real estate questions before or after the Facebook LIVE event, you are always encouraged to reach out directly with your questions.



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