



The Phoenix Housing Market Letter

Metro Phoenix Housing Market Data and Analysis - Since 1985

The most accurate and timely housing market data available in the region

Published by RL Brown Reports/Home Builders Marketing, Inc.

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METRO PHOENIX HOUSING STATS JULY 2015 DATA

By RLBROWNREPORTS-MAGIC PRO
VOL 369

NEW HOME CLOSINGS	JULY-15
SALES BY MONTH	985
SAME MO LAST YEAR	895
PERCENT CHG	10.06%
YTD CLOSINGS	6,164
YTD CLOSINGS LAST YR	5,630
PERCENT CHG	9.48%
AVG NEW PRICE	339,420
MED NEW PRICE	299,990
MED PRICE % CHANGE	3.10%
PERMITS	JULY-15
PERMITS BY MONTH	1592
SAME MO LAST YR	1024
PERCENT CHG	55.47%
YTD PERMITS	9,413
LAST YTD PERMIT	6,788
PERCENT CHG	38.67%
RESALES	JULY-15
RESALES BY MONTH	8,978
SAME MO LAST YR	7,338
PERCENT CHG	22.35%
YTD RESALES	56,776
LAST YTD RESALES	50,240
PERCENT CHG	13.01%
AVG RES PRICE	250,955
MED RES PRICE	200,000
MED PRICE % CHANGE	-0.50%

Green = positive market outlook

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...AND THE BEAT GOES ON!

As the 1967 Sonny and Cher hit song celebrated, "and the beat goes on", so does the Phoenix housing market here in late summer 2015, with new home permits racking up a 55% jump in July from last July and our local housing producers continuing their celebration of the housing market recovery here in Metropolitan Phoenix.

As usual, the devil is in the details, and we have a full range of housing market data and reports to provide all of the details of this market's activity in July as well as for every month going clear back to 1998.

The celebration this month begins with the permit activity for the region, with 1592 new home permits counted and Maricopa and Pinal counties in July producing that 55.47% increase in permit activity over the same month last year.

While July activity was down by a handful of permits from our near record June total of 1679 permits, it was an awesome housing market month for Phoenix area homebuilders.

As the table on the left shows, so far this year we have tallied 9413 new home permits in the region which is almost 39% above the counts for the same period of last year, and provides a good reason for shortages of both materials and labor currently being pondered in this housing market.

New-home closings in July just couldn't quite keep up with the pace set in June, with 985 new-home closings recorded for the month versus 1139 in June, but still a gain of 10% in new-home closings from last July.



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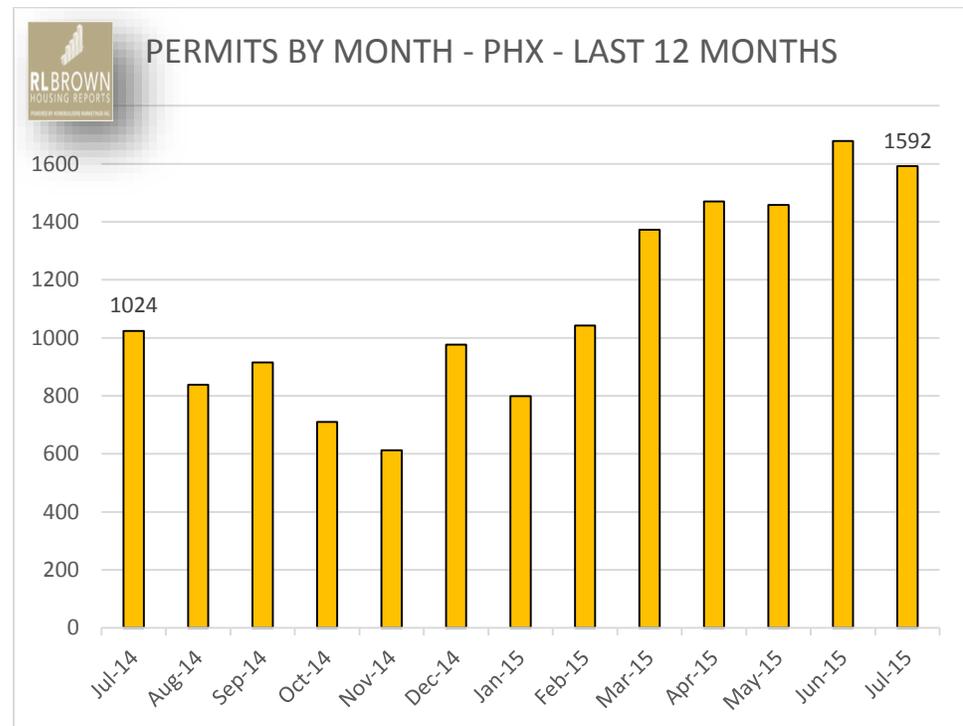
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Year to date 2015 we counted 6164 new home closings in Maricopa and Pinal counties, up 9.5% from the 5630 closings we counted at the same point in time last year. This lag in new-home closings is to be expected, as new home permits back in November December and January when most of these July closing homes were started, averaged 800-900 units per month.

Based upon a recent analysis we did of long-term permit to closing times of both spec and presold homes, the average over a significant period of time was 186 days from permit to closing. Note that this included both presold and spec homes and reflects construction-sale-closing times combined depending upon the status of the sales home at the time it was permitted.

The graphics below provide a clear picture of market trends in the region over the last 13 months.

July continues strong new housing permit trend, up 55% in permits over last July



Source: Data Summary Quick View Report in Vol 369 of Magic Pro

If you were out of town on July 23 and missed our [Housing Market Update and Five-Year Forecast](#) presentation you can get up-to-speed by downloading a copy of the presentation on our website at www.RLBrownreports.com. You will receive a complete text of the presentation plus the PowerPoint slide presentation, suitable for sharing with your Associates, investors, contractors, and others.



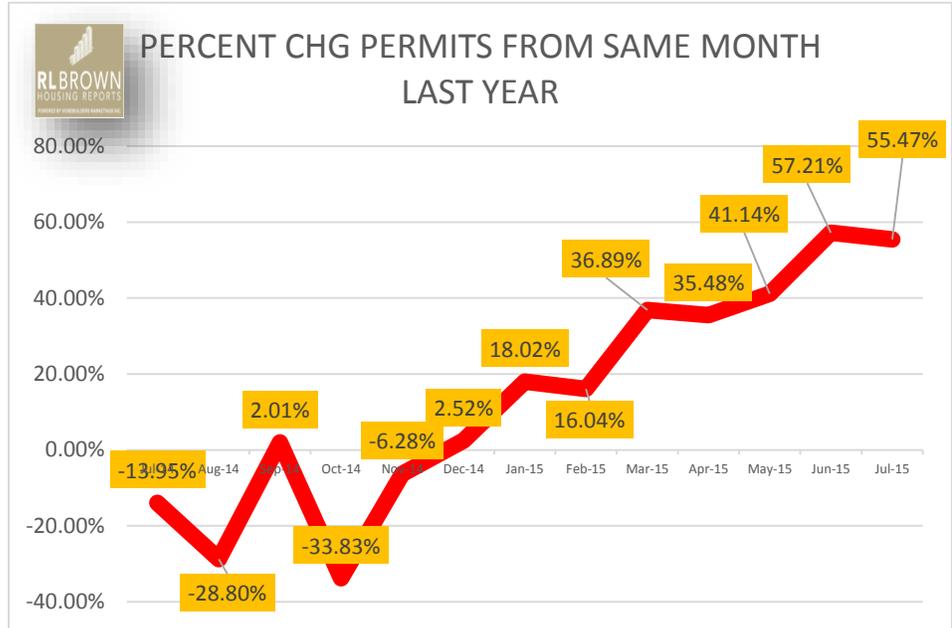
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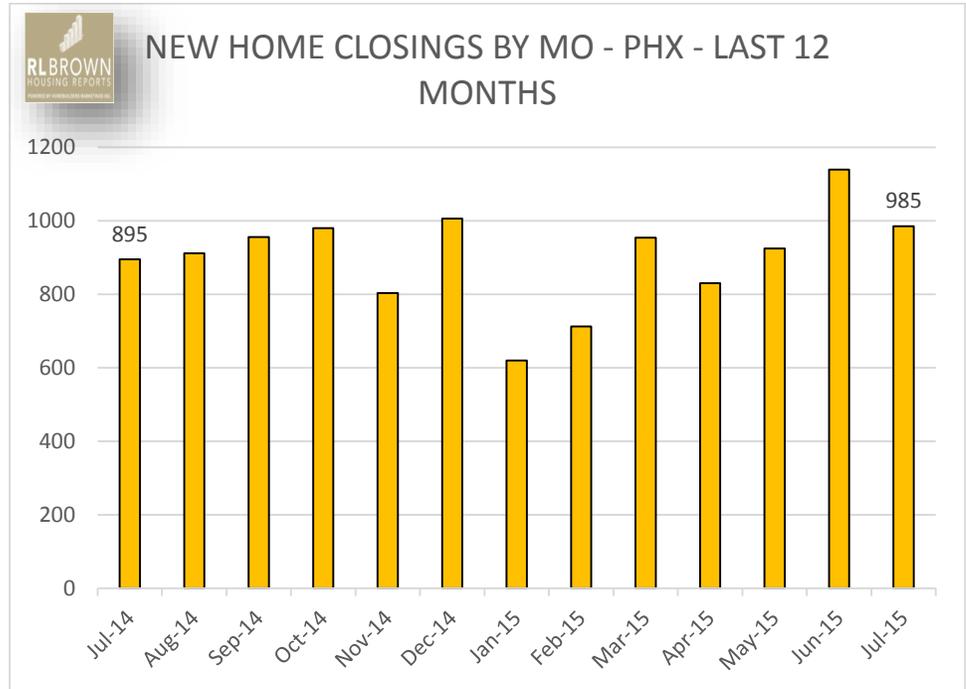
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Source: Data Summary Quick View Report in Vol 369 of Magic Pro

July new home closings gain over last July with 985 counted.



Source: Data Summary Quick View Report in Vol 369 of Magic Pro



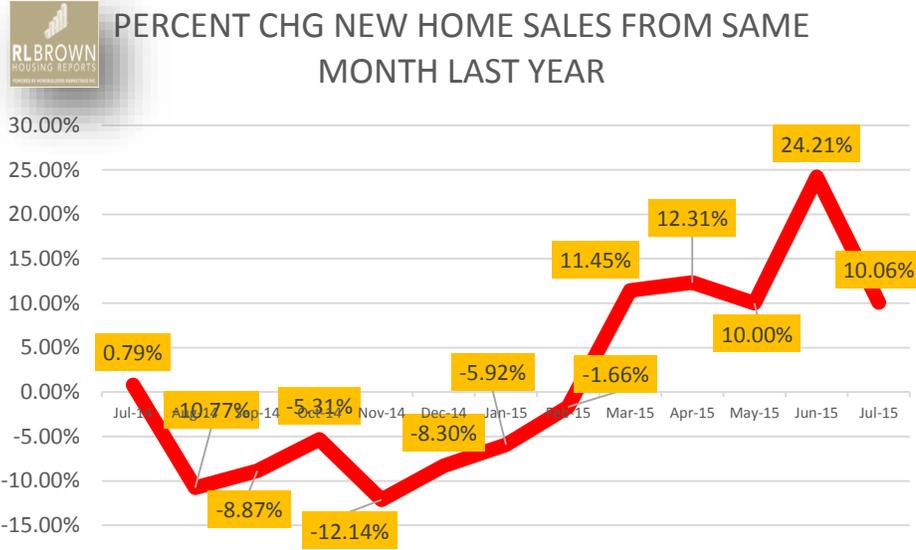
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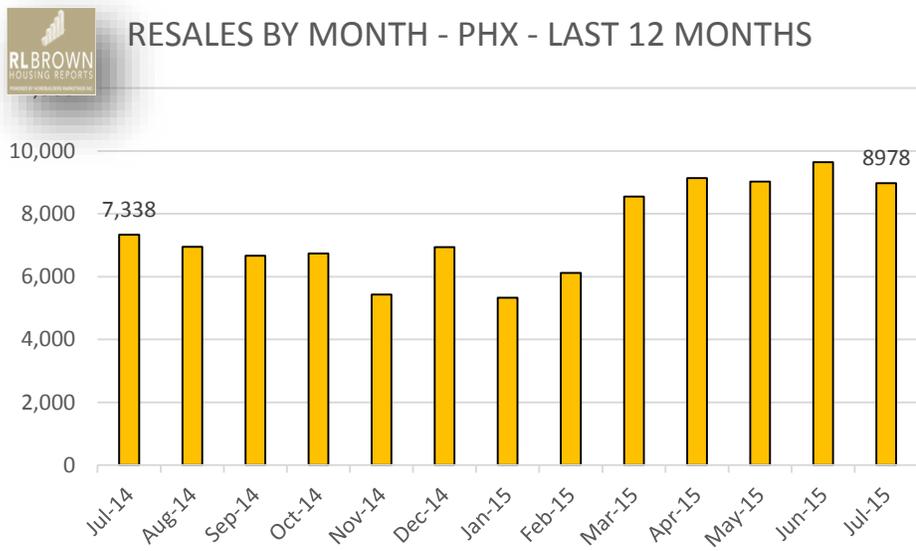
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Source: Data Summary Quick View Report in Vol 369 of Magic Pro

July resales up by 22% from last July but off slightly from June torrid pace.

The strength of the resale market in July was not diminished by the new home activity, with resales up over 22% from the same month last year with a total count of 8978 existing home transactions in Maricopa and Pinal counties for the month. This represents a 13% increase year to date over the same timeframe last year with a total of 56,776 resale transactions counted in the two counties so far in 2015.



Source: Data Summary Quick View Report in Vol 369 of Magic Pro



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Note that our count of resale activity is independent of that of the Arizona Regional Multiple Listing Service, with our tally taken directly from Maricopa and Pinal County records, and therefore our tally includes both broker assisted sales and sales directly by owner whereas the ARMLS tallies are broker assisted sales only.

You have probably heard about our Executive Reports.....

Several months ago we initiated a series that we labeled “Executive Summary Reports” specifically for users of our Magic Pro software application and free of charge to these folks.

Our thought was to offer these special reports each month to demonstrate just how powerful the data and software capabilities of Magic Pro are to these folks that are already users of the program but may be unaware of some of the capabilities built-in to the program or available using Magic Pro in conjunction with programs like Microsoft Access.

The series is now grown to eight special reports each month ranging from handy one page summaries of key housing data to keep on the desktop for regular reference to complex reports comparing new and resale average prices, square footages, and prices per square foot by city within the region, as shown in the sample below.

Our series of eight monthly **Executive Summary reports** are available at no charge to Magic Pro subscribers.



NEW HOME VS RESALE HOME PRICE AND SQUARE FOOTAGE COMPARISONS BY CITY - AN EXECUTIVE SUMMARY REPORT
METRO PHOENIX - INCLUDING MARICOPA AND PINAL COUNTIES
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CONTACT US AT 480-614-0211

PREPARED EXCLUSIVELY FOR SUBSCRIBERS TO MAGIC PRO

EX3-368 JUNE 2015 DATA

CITY	AVG NEW HOME BASE PRICE	AVG APRIL RESALE PRICE	AVG NEW SQ FTG	AVG RESALE SQ FTG	AVG NEW \$/SQFT	AVG RESALES \$/SQFT
APACHE JUNCTION	\$171,459	\$164,107	1772	1643	\$107	\$108
AVONDALE	\$227,454	\$186,335	2370	2002	\$92	\$97
BUCKEYE	\$253,315	\$183,105	2421	2111	\$108	\$92
CAREFREE	\$673,120	\$800,384	3031	3929	\$204	\$227
CASA GRANDE	\$172,953	\$144,663	2054	2091	\$93	\$74
CAVE CREEK	\$533,470	\$460,909	3129	2607	\$167	\$171
CHANDLER	\$354,013	\$292,080	2864	2144	\$133	\$141
ELOY	\$195,121	\$146,243	1839	1783	\$116	\$89
FLORENCE	\$182,040	\$148,092	2107	2108	\$88	\$76
FOUNTAIN HILLS	\$366,900	\$363,250	1684	1684	\$212	\$177

Naturally, the word got around beyond the Magic Pro user “neighborhood” and we’ve had numerous requests from subscribers to our other reports for access to one or more of these “Executive Summary Reports”.



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If you have an interest in hearing more, or in exploring with us how we can create “custom” special reports for you or your home office on a one time or on a regular recurring basis, give Greg Burger a call at 480-614-0211. There seems to be almost no limit to the power of this application to satisfy the market intelligence needs of the housing community in this region.

Pulte-Webb combination leads July permit race....

Pulte homes in combination with their Del Webb division captured permit honors for the month with 136 combined permits in July. Taylor Morrison with 107 permits was next in line followed by William Lyon Homes with 100 permits for the month.

Pulte captures top honors in permits for July with 135 for the month,

BUILDER	JULY PERMITS
PULTE HOMES COMBINED	136
MISC CUSTOM	109
TAYLOR MORRISON	107
WILLIAM LYON HOMES	100
SHEA HOMES	91
D R HORTON	87
KB HOME	79
AV HOMES	76
MERITAGE HOMES	74
RYLAND HOMES	65
RICHMOND AMERICAN	52
MATTAMY HOMES	50
FULTON HOMES	46
MARACAY HOMES	44
LGI HOMES	40
LENNAR HOMES	40
K HOVNANIAN	39
ASHTON WOODS HOMES	34
STANDARD PACIFIC HOMES	33
BLANDFORD HOMES	32



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A complete count and ranking of every active homebuilder in the region is included every month in both our Sales and Permit Report and in the Quick View Report section of each edition of Magic Pro.

AV Homes' Eastmark Encore community is top permitting community ...

Rankings of new home communities based upon permit activity in July for the top 20 communities are shown below.

SUBDIVISION MONTHLY PERMIT RANK	BUILDER	PERMITS JULY 15
EASTMARK/ENCORE 9.2,9.1	AV HOMES	30
COLDWATER RANCH 4	WILLIAM LYON HOMES	29
COPPER BASIN 5B	D R HORTON	27
CRYSTAL VISTA	LGI HOMES	23
LEHI CROSSING 4,5,6/SETTLERS	WILLIAM LYON HOMES	21
JOHNSON FARMS 1,2,3,7B/TRILOGY ENCANTERRA	SHEA HOMES	21
ADORA TRAILS 13/ 50X115	TAYLOR MORRISON	19
MERIDIAN/HARVEST/CHURCH FARMS E1	WILLIAM LYON HOMES	19
SUN CITY FESTIVAL	PULTE HOMES/DEL WEBB	19
ESTRELLA MTN RCH/CANTAMIA	AV HOMES	18
GRAND MANOR	GARRETT WALKER HOMES	18
COPPER CREST/HIGLEY HEIGHTS - VILLAS	KB HOME	16
FESTIVAL FOOTHILLS 1,2/SKYLINE	PULTE HOMES	16
IRONWOOD CROSSING 1,3C/CARIBBEAN	FULTON HOMES	16
SOLANA TOWNE CENTER/VILLAGES	RYLAND HOMES	15
SUNLAND SPRINGS VILLAGE	FARNSWORTH	15
SUN CITY ANTHEM @ MERRILL RANCH	PULTE HOMES/DEL WEBB	14
RANCHO EL DORADO 3-33,3-36A/LAKES/45' & 50'	MERITAGE HOMES	14
JOHNSON RANCH 23B/HIDEAWAY	SHEA HOMES	14
MULBERRY PARCELS 1,2,3	BLANDFORD HOMES	13
TIERRA DEL RIO 4A,6,10,12/CACTUS	PULTE HOMES	12

AV Homes Eastmark-Encore is top July permitting community with 30 permits issued

Both Our [Magic Pro housing data application](#) and our [Sales and Permit Report](#) have a complete listing updated every month all of the new home communities ranked by both permits issued and new-home closings for the month as well as year to date and for the last 12 months. You can access

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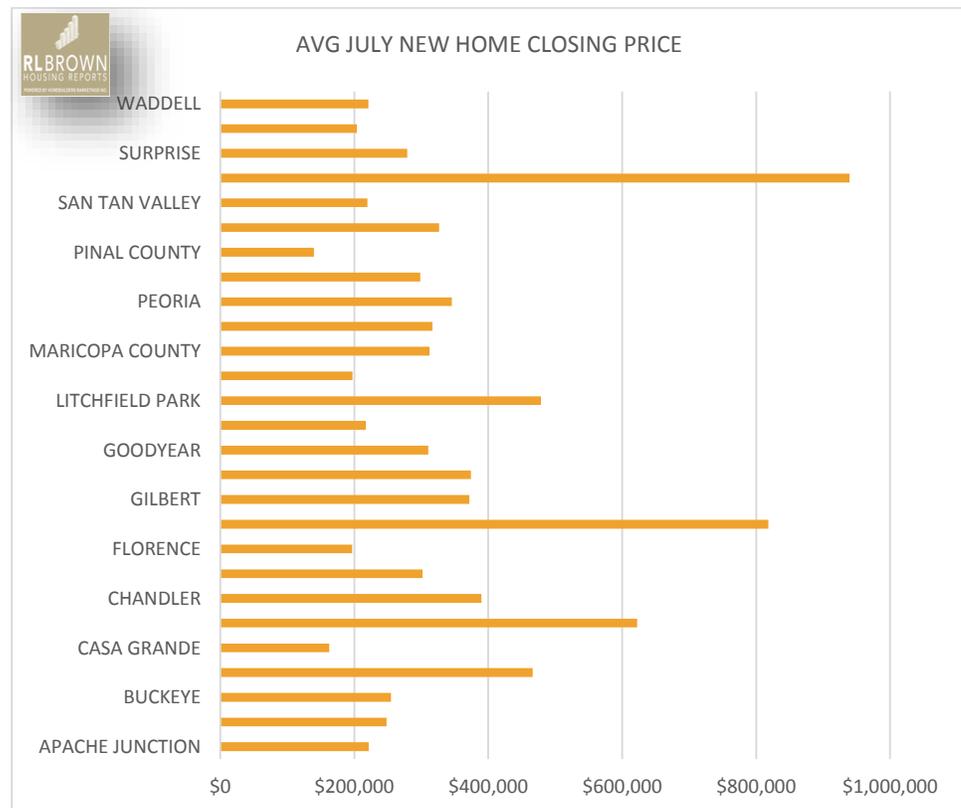
subscription information on both of these reports at

www.rlbrownreports.com.

New home average prices show wide diversity from city to city...

Not surprisingly, new home average closing prices for July show a wide diversity from city to city within the region with the highest prices in Scottsdale, Fountain Hills, Cave Creek, and Carefree and the lowest prices in Casa Grande, Florence, Maricopa, and rural Pinal County.

Most affordable new home activity in July was centered in Pinal County housing



Source: Data Summary Quick View Report in Vol 369 of Magic Pro

We regularly produce an *Executive Summary Report* for Magic Pro subscribers that compares average new and resale prices, square footages, and prices per square foot *by city* each month which gives extra insight into the actual current performance of each of these communities and allows a comparison of the changes that occur from month-to-month, giving a significant planning tool for those involved in land acquisition and development activities in the region as well as those responsible for product niching.

Is Magic Pro too expensive or complex for your firm? Let Greg Burger at 480-614-0211 show you how he can tailor a subscription to meet your exact needs and budget. No kidding, dozens have discovered how it can work for them.

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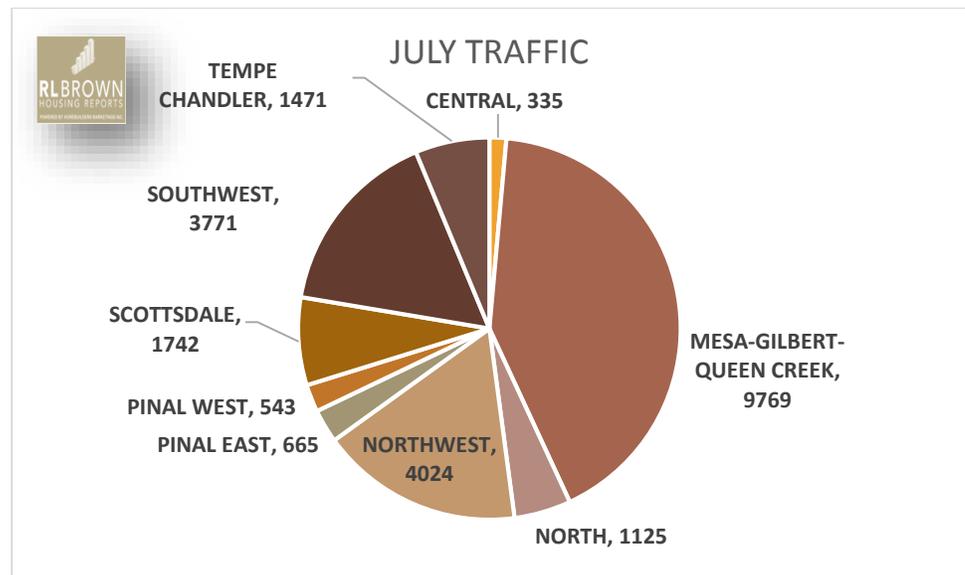
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Subdivision Traffic, New Orders, and Specs by Market Area

As users of our housing market data already know, each month we track community level traffic, new orders, and spec housing inventory as reported by Sales Associates as well as new home permits and closings at the community level collected directly from government records to ensure the highest degree of accuracy.

The graphics below portray July traffic, new orders, and specs by geographic submarket area.



Source: Data Summary Quick View Report in Vol 369 of Magic Pro

The Mesa-Gilbert-Queen-Creek submarket area continues to see the highest levels of sales office traffic, closely followed by activity in the Northwest and Southwest submarket areas.

The Northwest and Southwest submarket areas combined overtook the-Mesa-Gilbert-Queen-Creek submarket area in new orders reported in July, continuing the trend of fairly dramatically improving market conditions in those geographic submarket areas as the housing market recovery continues in the region and as more and more builder and community offerings are presented in those two West Valley market areas, buoyed by the completion of the Loop 303 freeway and the availability of land for development plus the favorable development climates in the West Valley municipalities.



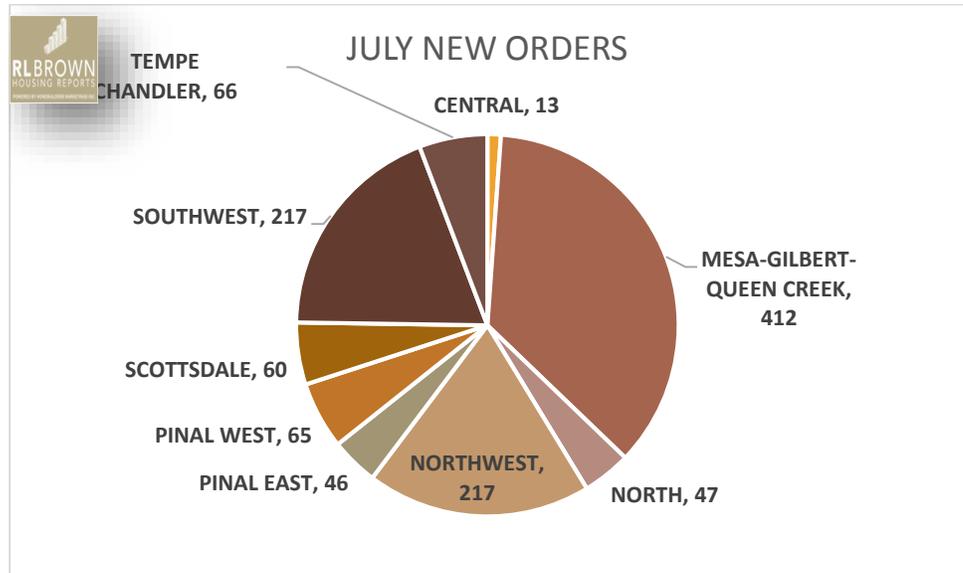
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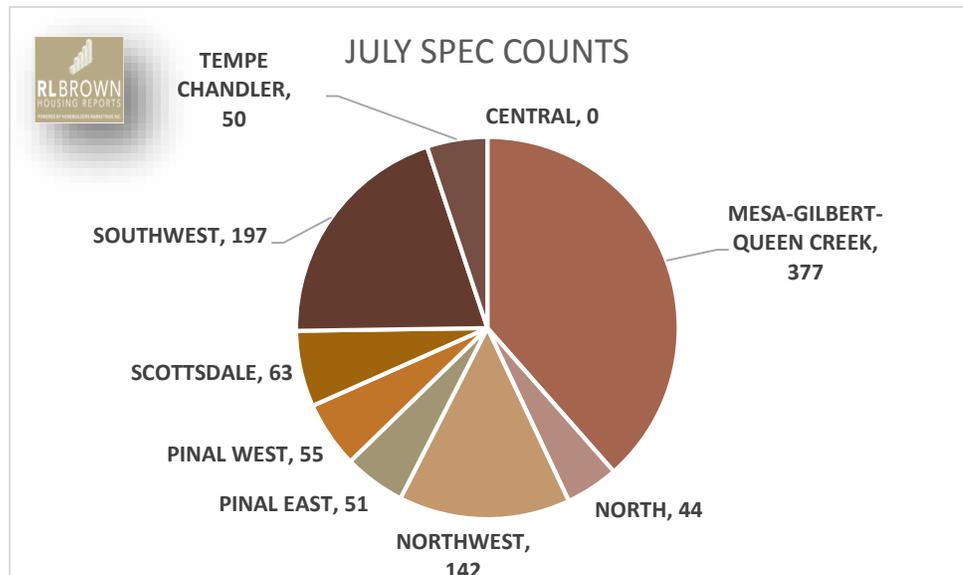
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Source: Data Summary Quick View Report in Vol 369 of Magic Pro

Spec home counts remain stable as builder pipelines fill up after strong buyer activity



Source: Data Summary Quick View Report in Vol 369 of Magic Pro

Reported spec unit counts remain at comfortable levels overall, with at least one major builder reporting that his production pipeline is so full of presold units that no additional spec units will be started for the balance of 2015. We can expect similar situations to occur among those builders with products astride the most popular niches.



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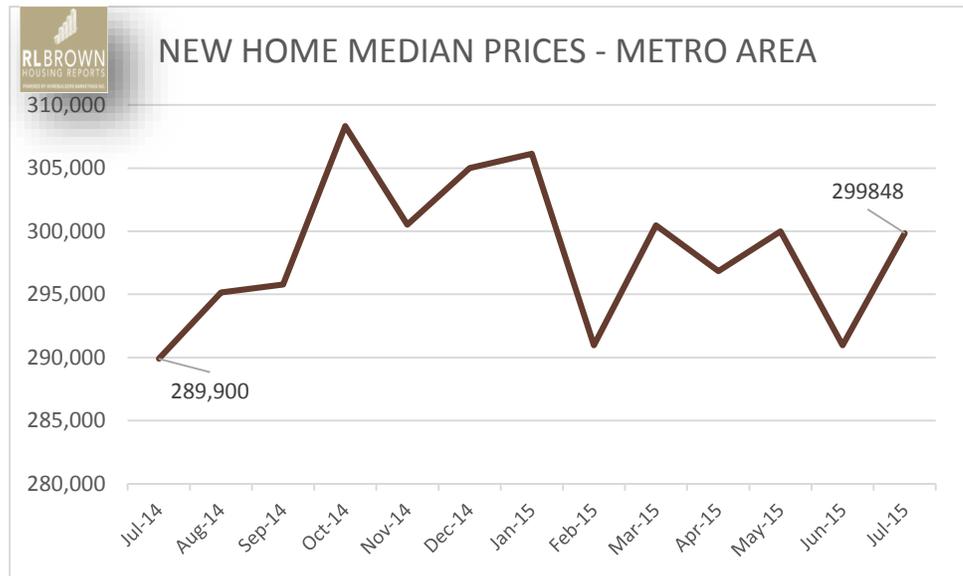
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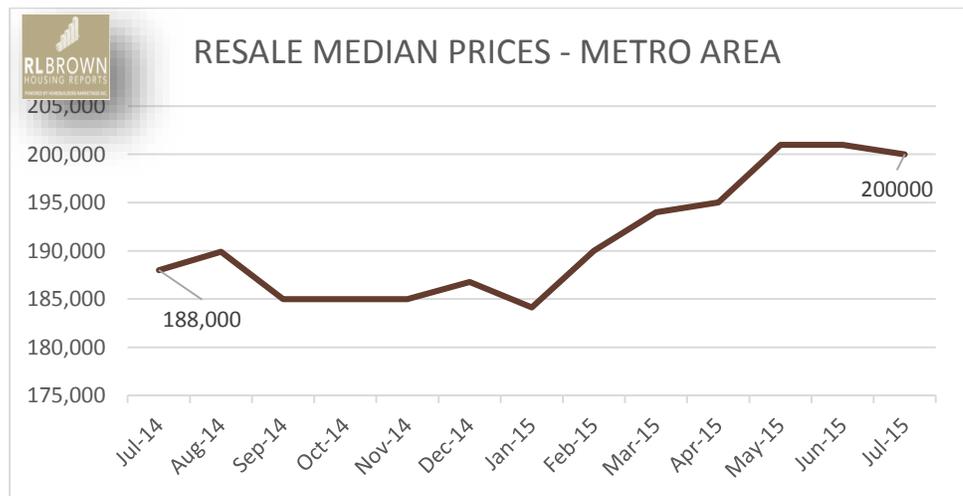
Median new home prices fluctuate in July ...

Median new-home prices in July bounced back up from last month and were calculated at \$299,848 for the month, or generally equal to the median price for new homes in March and May of this year. The July median price is \$10,000 above the median price of a new home in Metro Phoenix last July.

The price gap between median new and resale homes in July remains at \$100k



The median resale price declined slightly from last month to \$200,000 compared with \$188,000 in July 2014 for an increase of \$12,000 year-over-year. The gap between new and resale median prices remains at \$100,000.



Source: Data Summary Quick View Report in Vol 369 of Magic Pro

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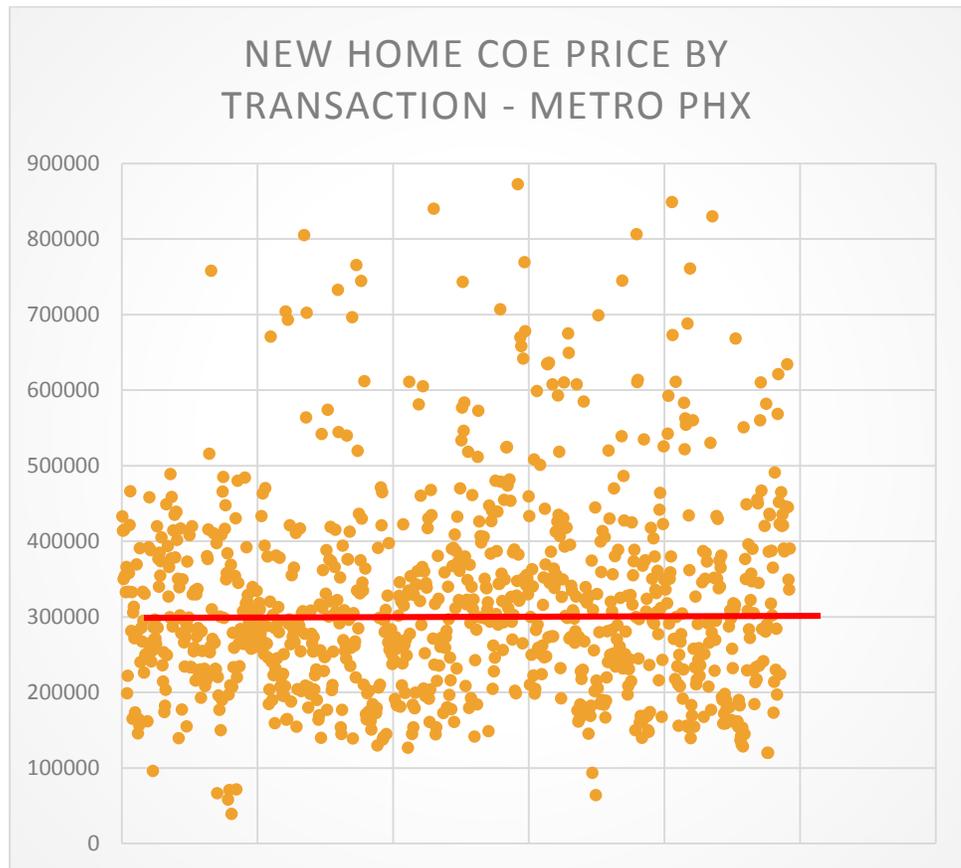
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The graphic below plots the actual closing price of each new home closed in July priced from \$90k to \$900k and gives a clear picture of the distribution of pricing across the new-home marketplace here in Phoenix.



The red line on the graphic represents the new home median price in July

The above data was developed from the New Coe data set in Volume 369 of Magic Pro, which can be found on the selection panel on the left side of your Magic Pro screen and then plotted on a Microsoft Excel graphic. A similar graphic can be plotted for resale transactions by selecting the Resale COE tab on the panel.

Many Magic Pro users use this data to compare their own specific product positioning evidenced by actual closing prices of their products with those of the market overall, providing valuable insight into precisely where they are positioned product-wise versus the overall market in almost real-time.

As we have noted before, it is easy to plot only sales in a given geographic area, lot size range, or product type using the filters available for selection in



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Magic Pro allowing an even more definitive comparison of a product offering or a propose product offering with actual market activity.

Take a moment to visit our webpage at www.rlbrownreports.com for a look at the reports and services that we offer to the Phoenix housing community. You can order and download many of our reports right from the webpage and you can always call us at 480-614-0211. Thank you!

Our view of the marketplace

..... conditions are aligned for a positive market opportunity for homebuilders and others associated with the housing industry in our town. RLB

As veterans of this Phoenix housing market already know, we have tracked, analyzed and commented upon this housing market for over the 30 years, through market ups and market downs and we're excited to once again be able to witness what clearly appears to be a positive and sustainable trend in this housing market.

In a number of respects conditions are aligned for a positive market opportunity for homebuilders and others associated with the housing industry in our town.

Interest rates, which have often been the bugaboo of this housing market in other times remain favorable and few anticipate future increases in rates to a degree which would incapacitate the housing market.

Acquisition and development and construction financing is also generally available for projects where appropriate due diligence deems them suitable for the marketplace in today's environment, even if it is from sources quite different than the heyday of savings-and-loan financing of the housing industry.

Local job growth is on a positive track and expected to continue to improve as the overall economy of the region and the nation move toward more normal conditions and there is some reason to hope that wage growth will follow as the overall economy continues to re-stabilize from the recent recession era.

Credit repair for many of those households damaged by the recent recession appears to be under way and the return of equity as a source for down payment continues with the rise in existing home values that is occurring in many parts of the region. We believe we can expect continued improvement



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in the household finances of prospective homebuyers as the economy continues to improve.

The local housing market appears to have dodged the “lot shortage” feared by many not many months ago as developers and homebuilders have been able to create new building sites even in the current “hotspot” housing areas of the region. It will be interesting to see if and when future housing consumers will be willing to move to new homes beyond the recent “hotspot areas” and began to accelerate housing activity in the edge areas once again.

The recent improvements in the freeway network has already changed the “old” definition of edge areas and certainly have contributed to the rise of the Northwest and Southwest submarkets to compete very favorably with the Mesa-Gilbert-Tempe-Queen Creek submarket area.

We are your only real source for authoritative Phoenix and Tucson housing market data that is completely updated every month ... for every community, every price, every incentive offering

Innovation amongst both “old” and-“new-to-the-market” homebuilders has proven popular amongst housing consumers and has caused some rather dramatic shifts in builder market share capture as the recovery has continued. The shifts are beginning to catch the attention at Corporate Headquarters of many of the regions homebuilders, one or more of which may have been caught short of shifts of market positioning opportunities and consumer demographics here in the Phoenix marketplace.

As serious students of the marketplace have become aware of late, so far in the recovery much of the product positioning of new homes has been grouped in the middle and upper end of the marketplace with few homebuilders servicing the lower middle and lower end of the new housing spectrum, essentially defaulting that entire market opportunity to the existing home market place, which has contributed to the recovery of prices in that resale segment over the last several months.

While there are a number of reasons this situation has occurred and continues at this writing, there is a growing body of thought that much of the future growth of the new housing segment in the region must occur in the so-called starter home segment of the marketplace if indeed the regional housing market is to begin to approach the levels of velocity that occurred in the early and late 1990s and early 2000’s.

It is essential that new-home construction capture more than the current 10-12% of the overall regions housing activity if we are to see a complete recovery of new housing in this marketplace.

The graphic below shows that *overall* this marketplace has recovered its pre-bubble velocity when characterized by *total home sales* even *without* the economic and population growth rates of that pre-bubble period.

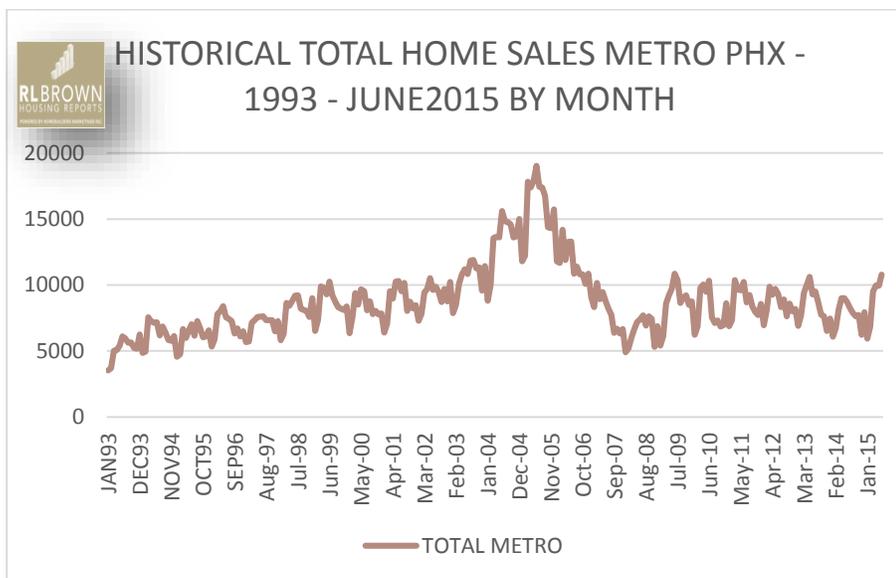
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The local new housing industry must *recapture* a significant share of the starter housing and lower middle price range market for a full recovery of the new home market in Phoenix. RLB

What's different this time around is that the overall new-home component of those total home sales *is far less* than it was during that pre-bubble era, and that's what has to change if the new housing industry in the region is to expect to regain its performance level of those earlier days. The local new housing industry must *recapture* a significant share of the starter housing and lower middle price range market for this to happen.

When and how will that happen? If you do not already have a copy of our Midyear Market Update and Forecast 2015-2019 you can go online at www.rlbrownreports.com and download a copy.

As we have for the last 30 years we stand ready willing and able to assist you in your evaluation of this housing market through our series of monthly on-the-shelf housing market reports covering just about every facet of housing in the region, and for really serious students of the marketplace through our *Magic Professional* housing data application, which contains a complete range of housing market data plus a sophisticated analysis engine allowing users to generate a comprehensive range of housing market information unrivaled by any other market intelligence offering available in this region and priced to be usable by any size builder, lender, developer, contractor, investor, or other party needing serious information and analysis about this market.

We are always happy to demonstrate our products at your convenience either online or in person, and to show the kind of value that they can add to your specific operation. Give Greg Burger a call at 480-614-0211.



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Have a great day!

Home Builders Marketing, Inc.

Greg Burger - President

RL Brown – Founder and Chairman

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