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Zillow Rated 5 ★★★★★

The Skarphol Rapport®

Q1-2019



TOP 5%

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SPRING A
DING-DING...
SELL BELLS
RING!



"Make absolute integrity the compass that guides you in everything you do. And surround yourself with people of flawless integrity."

Karl Eller

QUARTERLY MARKET UPDATE - FOR BUYERS, SELLERS, AND INVESTORS

EXECUTIVE SUMMARY – RESIDENTIAL REAL ESTATE MARKET IN 60 SECONDS

The residential market in the first quarter of 2019 started out slow but improved at an accelerated rate over the first 90 days of 2019 to a pace that bodes well for another record setting year! Appreciation continues to be strong across most price ranges. All 17 metro areas have a Cromford Market index above 110 signifying seller advantage, again across most price segments.

Mortgage rates continue to decline with 30-year loans under 4% available to the top tier credit scores. This has kept demand strong for properties under \$500k. Fix n Flips and other move-in ready properties are turning quickly as buyers seek the best homes available.

Inventory is also down with most homes selling under \$500k having less than 3 months supply. In fact, the first quarter had inventory drop from 3.2 months to only 2.2 months in 90 days. The Luxury market in contrast is holding a 9-14-month supply; creating a buyer's market in price ranges over \$1.5M and up with high-quality inventory, more seller concessions and list prices declining.

Buyers will continue to experience frustration with multiple offers common on the best properties and many average or sub-standard properties facing regular price reductions to motivate traffic and buyers. Continuing good market for sellers through 2019.

EXECUTIVE SUMMARY – COMMERCIAL REAL ESTATE MARKET IN 60 SECONDS

Multi-family: \$5.9 Billion in sales coupled with over 8,150 new units delivered in 2018 was a hot market which continued into the first quarter of 2019. Occupancy has increased to 95.4% showing continued strength as new units enter the market. Most of the new units are targeting the high end which is contributing to a slowed growth in rental rates of only 3.9% YOY.

Office: Building on a strong economy in 2018, employers are now actively seeking additional office space as businesses expand. This is fueled by the nearly 80,000 net jobs added to the local economy... a whopping 3.9% YOY. Metro Phoenix is now ranked 4th in job growth among the 36 largest SMSA's. Growth is driving absorption and stimulating new development in this segment.

Industrial: Industrial sub-market is gently cooling with absorption holding steady and vacancy increasing just 10 basis points. Cap rates are holding near 7% as investment sales and rental growth remains flat.

Retail: Retail market has been flat in rent growth and investment sales, which has been attributed to the Internet's disruption of shopping and buying habits of consumers. Expecting continued softness in this segment as retail properties are repurposed and new non-traditional tenants move into the mix.

Land: Developed lots and future supply of lots are being positively impacted by recent sales of large parcels of State Trust land. Infill continues to be a strong interest among investors looking to acquire, assemble, plan, and flip to a strong base of established infill builders looking to bring new multi-family units to the market.

**Mid-Century Modern
Al Beadle Design**

10001 N 33rd PI
\$555,000.00

4 bed/2bath 1,882 sq ft
10,988 sq ft lot



Complete renovation 2017!

Stunning *Al Beadle* design in the historic *Paradise Gardens* community. This GEM features architectural grade finishes throughout. Proximity to *Phoenix Mountain Preserve* is ideal to run, hike and bike.

Call me for details!

Medical Office Condo

20033 N 19th Ave
\$450,000.00

1,969 sq ft



Great opportunity for medical practice near *Lincoln Deer Valley Hospital*. Existing medical suite with exam rooms, nurses' station, private offices and breakroom. Premium finishes.

Call me for details!

Testimonial:

"Steve was my purchasing agent in 2010, and my selling agent for the same property in 2019. He took responsibility for all aspects of the purchase and sale, including numerous, pesky property management and title company issues. Because of his extensive education and experience in finance, he also can offer sound advice about cash flow, financing, and total return planning. Steve is extremely patient and polite, and he has excellent negotiation skills. Steve's integrity is impeccable. I appreciate that he is not beholden to the interests of a large firm, so he can always put my interests first. Selling my property without a realtor would have resulted in marketing expenses, property management expenses, and a lowered sales price that would easily exceed the commission I paid. It is refreshing to pay a large commission that is well earned."

K.K. – Multi-family Investor / Developer

All 17 markets are holding a CMI above 110, favoring sellers!

Rank	March 28, 2019	Cromford® Market Index Now		Chg	Cromford® Market Index Last Month
1	Avondale	230.3	↑	13%	202.9
2	Glendale	185.7	↑	13%	164.6
3	Mesa	163.0	↑	6%	153.1
4	Chandler	162.3	↑	4%	156.6
5	Gilbert	160.5	↑	4%	155.0
6	Fountain Hills	150.1	↑	0%	149.9
7	Tempe	145.7	↑	8%	135.4
8	Cave Creek	143.7	↑	26%	114.3
9	Surprise	138.6	↑	1%	136.7
10	Phoenix	133.7	↑	6%	125.7
11	Paradise Valley	127.7	↑	8%	118.7
12	Maricopa	125.0	↑	5%	118.6
13	Goodyear	123.8	↑	7%	116.1
14	Queen Creek	122.1	↑	4%	117.0
15	Peoria	120.3	↑	0%	120.0
16	Scottsdale	116.0	↓	-4%	120.5
17	Buckeye	113.8	↓	-1%	114.6

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CMR1

SOURCES: Michael Orr, *The Cromford Report, The Information Market*,

ARMLS - the most accurate and comprehensive Arizona Real Estate Statistics and Data available. *Phoenix Business Journal, The Rose Law Group /Belfiore – Dealmaker*

If you want to opt-out of this Quarterly Market Update, click here info@skarphol.com and type REMOVE in subject line.