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Zillow Rated 5 ★★★★★

The Skarphol Rapport®

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HOLD ON TO YOUR SPARKLERS * IT'S THE 4th OF JULY & The MARKET is EXPLODING!**

QUARTERLY MARKET UPDATE - INVESTORS, BUYERS/SELLERS, and GREEN:

INVESTOR Market Update:

- **INVESTORS** – it's a good news bad news situation. The good news is that rental rates have increased 25% in the last 2 years, so yields and appreciation are looking very good. On the bad news side, there are several issues. First, increased rates impact disposable income as a larger percentage is allocated to rent. This drags on the consumer economy because real wage growth has been flat for decades. Second, acquiring new rental inventory is increasingly difficult as supply is very limited and the pipeline of new inventory is barely a drip, pardon the pun. Also, the available inventory is priced higher and typically requires more investment to make it rent ready, so the double digit returns typically targeted are now in the modest single digits.
- **Opportunities** – commercial money is available and cheap, so structured refinance and leveraged portfolio purchases will make sense for existing portfolio investors.
- **THE \$100,000,000 Opportunity** - having raised and placed over \$500M in debt and equity in my career, it is difficult not to think BIG about the next BIG investment opportunity in real estate. There is an oversupply situation building in the \$750k-\$3M+ caused by Boomer's aging out and downsizing. BREXIT is impacting investor confidence, so this may have additional downward price pressure on Seller's home values descending into a deep Buyer's market as the inventory swells. Further downward price pressure in this luxury segment is caused by the large number of homes needing significant updates to current competitive standards. This all points to a great time to buy and invest in this segment. The opportunity is to purchase 75-80 homes- (\$80M), convert the best to luxury rentals for added cash flow. Use the remaining funds to make judicious upgrades to the best fix-n-flip assets. Objective is to invest \$100M and generate \$50M-\$100M ROI over a 5 to 10 year investment horizon. Call me for more details!
- **FEATURED LISTING: Ocotillo Mews** – an infill development located in the 85016 zip code is creating lots of market BUZZ! Nearing the mid-July completion, we have a waiting list for buyers and renters anxious to tour the finished product. A great investor opportunity to buy a new build and achieve top market rents. The two attached single family homes feature open floor plans and aesthetics which are the creation of an award winning international developer from the UK. Mountain views, private yards with direct access to the Arizona Canal trail system, 2 car garages with private guest/third car parking, and no HOA. Call for more information!



“I can't express in enough words how much Steve helped us with our rental property and then in the sale of the property. He went above and beyond what I would expect from any real estate agent in helping us find new tenants, take care of property problems, and then the sale. He's the best!”

A.S – Investor Client- La Jolla, CA – Leasing & Sale

BUYERS/SELLERS Market Update:

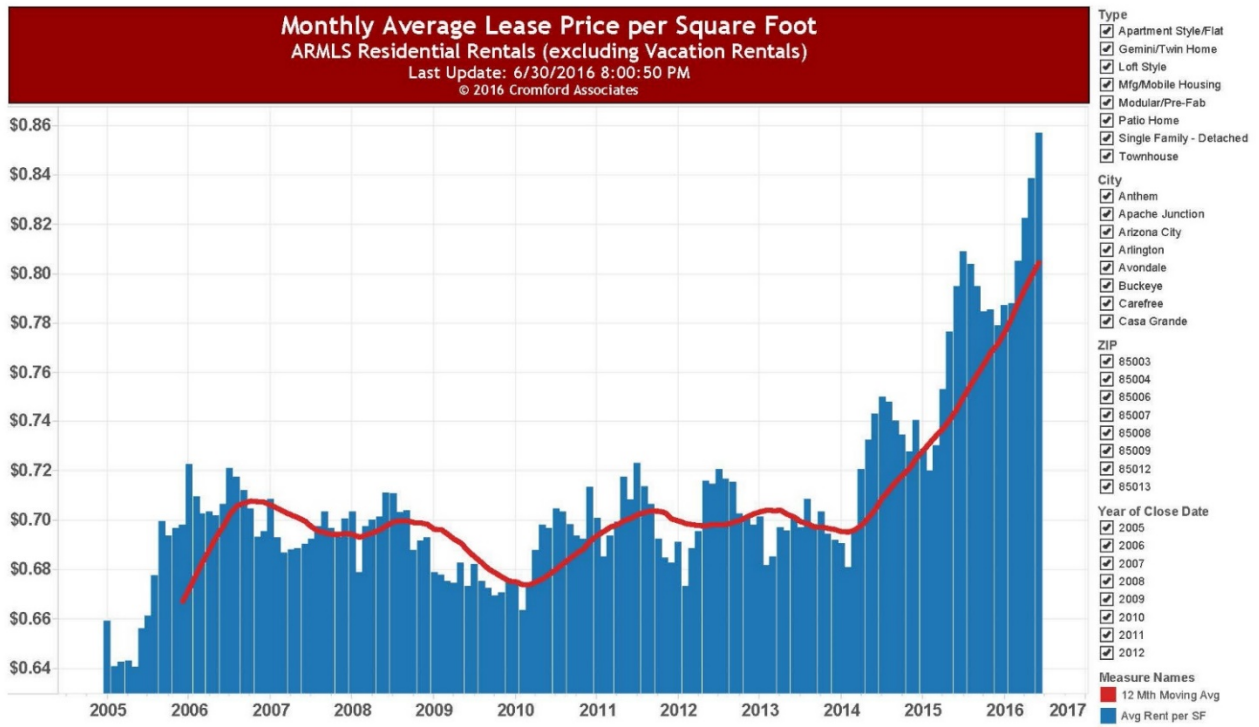
- Arizona is the most affordable major housing market in the West, but now 11 of the 17 communities in Maricopa county are now firmly Seller's markets pushing more Buyer's out of the market as the inventory average and median prices move up! Paradise Valley is the only community firmly favoring buyers....as I described in my **INVESTORS** Market Update.

“As a new homeowner, Steve made the experience of purchasing a home very memorable. He will dedicate all of his time into working with his client, and take good care of his clients. Throughout the process of purchasing a home, Steve pays very close attention to detail. Steve will work with his client to make sure the process of purchasing a home goes by smoothly, but the most important thing that Steve has, which no other individuals can match is how trustworthy he is with his clients. Steve will never take advantage of home buyers to make more money. Overall, Steve made the experience of buying a new home very easy.....”

H.P. Family – First Home

GREEN Update:

- **Energy Storage** is a current focus as I continue to research and design sustainable residential systems: Thermal, Electric, Compressed Air, Mechanical and my latest area of interest - storing 500 degree-plus energy in solar-melted lithium nitrate salts...available at your local CVS!
- Check out this amazing site for the latest in high-quality modular buildings to accommodate accessory building uses in the City of Phoenix. Guest house/Casita, Pool house/Cabana, Office/Studio. <http://www.YardHaus.com>



SOURCES: Michael Orr, W P Carey School of Business, *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*.



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