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Zillow Rated 5 ★★★★★

The Skarphol Rapport®

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HAPPY EARTH DAY - 2016 is BLOOMING!

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

“Steve was referred to us from a colleague, and was a god send. We had just had a less than desirable real estate experience, and were starting over in our search. From the start Steve provided continuous communication, and was extremely flexible in accommodating the 4 of our busy schedules. He went above and beyond in referring the necessary contractors, and providing the guidance and advice we needed in order to make our leasing decisions. I would recommend Steve to anyone needing a proven real estate agent.”

K.S. Commercial Lease – Tenant Representation - Cross-Fit Training

INVESTOR Market Update:

- **Investors** are facing a severe **shortage of investment grade SFR assets under \$175k**. This is not likely to change anytime soon, so adapting strategies to expand product types. Investors are **looking towards new build in-fill projects** as a strategy to satisfy investment goals for the years ahead. Diversifying into commercial, multi-family and retail requires additional capital and investment expertise, but offer upside potential and spread the investment risk across asset classes. In-fill land has limited supply and demand is tied to the builder’s ability to build new product adapted to higher density and urban locations.
- **Landlords** will continue to enjoy **strong demand as rental inventories continue to shrink**. This means **upward pressure on rental rates** and new challenges for tenants. Average rents are up 9% 2015 vs 2014.
- **Commercial loans** are available for **portfolios of single family homes**. The strength and depth of this commercial loan conduit was demonstrated recently while working with one of my portfolio clients to secure refinance and new acquisition financing. Their request for financing was posted on the commercial loan conduit website and within 24 hours, over 80 lenders responded. Rates were under 5% with 30 year terms. Time to look at cash outs and acquisitions with abundant private equity money available. Call me for more details and assistance.
- **APARTMENTS: Multi-Family: A WORD OF CAUTION** - A substantial flow of apartments geared to the **Luxury Market** are in the works, so rentals in that segment will face some downward pressure. The only major factor that negatively affects the price of real estate is oversupply. Apartments are headed in that direction.

“We had a wonderful experience with selling our existing home and buying our new home! Steve took care of us and all the stressful details with buying and selling homes. We would highly recommend Steve!”

T.G., M.A. – Sold Existing Home – Purchased larger New Home – Contingent Sale, Solar Lease

BUYERS/SELLERS Market Update:

- **Arizona is the most affordable major housing market in the West!**
- Homes valued at \$350k and under are enjoying some seller advantage, with demand exceeding new supply. This is particularly true at the low end of the market under \$175k.
- Low inventories, less than 2-month supply are apparent in almost all price categories under \$500k are creating challenges for first time homebuyers and move-up buyers.
- In the \$1M plus market, the quality of the inventory is declining as more owners begin to age out of homes that have not been updated to current standards. Sellers need to accept this reality and take the best deal on the table now or face lower offers 6 months from now as this segment declines. Buyers in the luxury market have more opportunity than usual because of the downward pressure on prices and financing remains very competitive at the jumbo level.
- Average Interest rates for 30-year fixed loan are 3.59%, with 15-year and ARM rates averaging under 3%. Credit issues, student debt and lack of funds for a down payment are still impacting the first time homebuyers and some segments of the move-up market. The FHA and the lending industry are implementing changes focused on easing credit and underwriting standards extending homeownership to more families that were previously excluded.
- Down payment assistance programs are available and may be a viable option for young families and first time home buyers. The ADRE invites you to check out the **Pathway to Purchase Down Payment Assistance Program** at the Arizona Department of Housing (ADOH) by [clicking here](#) Follow ADOH on Twitter [@AZHousing](#)
- **Distressed, Short Sale:** Congress acted to **extend The Mortgage Debt Relief Act through 2016**. This will help those sellers considering a short sale to potentially mitigate the IRS tax impact of the debt relief.

GREEN Update :

- **Tiny homes** and high quality **modular construction** are expanding globally and in the US, albeit slower in the US because of arcane zoning ordinances and bureaucratic processes in place that no longer serve the emerging market trends.
- **Millenials** are seeking to buy properties with a guest house or accessory building that they can rent out to cover or offset the cost of purchasing a new home.
- **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>

Year-over-Year Comparison by Price Range – New Listings (Supply), Closed Listings (Demand),

Price Range	Change in New Listings	Change in Closed Listings	Comment on Change 2015 to 2016	Ratio of New Supply to Quarterly Sales Q1 2016
Up to \$100K	-28%	-28%	balanced	1.4
\$100K-\$125K	-24%	-24%	balanced	1.3
\$125K-\$150K	-20%	-16%	new supply dropped relative to sales	1.2
\$150K-\$175K	-1%	+14%	sales rose much faster than new supply	1.3
\$175K-\$200K	+12%	+15%	sales rose slightly faster than new supply	1.5
\$200K-\$225K	+19%	+22%	sales rose slightly faster than new supply	1.5
\$225K-\$250K	+23%	+19%	new supply rose slightly faster than sales	1.6
\$250K-\$275K	+26%	+32%	sales rose faster than new supply	1.5
\$275K-\$300K	+15%	+17%	sales rose slightly faster than new supply	1.7
\$300K-\$350K	+15%	+21%	sales rose faster than new supply	1.8
\$350K-\$400K	+17%	+3%	new supply rose much faster than sales	2.1
\$400K-\$500K	+21%	+22%	balanced	2.1
\$500K-\$600K	+23%	+18%	new supply rose faster than sales	2.5
\$600K-\$800K	+33%	+18%	new supply rose much faster than sales	2.8
\$800K-\$1M	+10%	+12%	balanced	3.0
\$1M-\$1.5M	+16%	-15%	new supply rose while sales fell	3.7
\$1.5M-\$2M	+12%	+22%	sales rose faster than new supply	3.7
\$2M-\$3M	+6%	+4%	balanced	3.4
Over \$3M	+27%	+37%	sales rose faster than new supply	5.5

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