



# THE PHOENIX HOUSING MARKET LETTER

The most accurate and timely housing market data in the region since 1985  
Published by RL Brown Reports/Home Builders Marketing, Inc.  
[www.rlbrownreports.com](http://www.rlbrownreports.com) - 480-614-0211- Greg Burger/RL Brown

## Where did our housing recovery go?

<b>NEW HOME CLOSINGS</b>	<b>Nov-13</b>
SALES BY MONTH	914
SAME MO LAST YEAR	953
PERCENT CHG	-4.09%
YTD CLOSINGS	10,411
YTD CLOSINGS LAST YR	8,924
PERCENT CHG	16.66%
AVG NEW PRICE	323,207
MED NEW PRICE	284,841
<b>MED PRICE % CHANGE</b>	<b>-0.18%</b>
<b>PERMITS</b>	<b>Nov-13</b>
PERMITS BY MONTH	653
SAME MO LAST YR	772
PERCENT CHG	15.41%
YTD PERMITS	11,832
LAST YTD PERMIT	10,947
PERCENT CHG	8.08%
<b>RESALES</b>	<b>Nov-13</b>
RESALES BY MONTH	5,610
SAME MO LAST YR	7,046
PERCENT CHG	20.38%
YTD RESALES	83,681
LAST YTD RESALES	85,727
PERCENT CHG	-2.39%
AVG RES PRICE	230,469
MED RES PRICE	177,500
<b>MED PRICE % CHANGE</b>	<b>-0.28%</b>

After a reasonably solid October market performance November turned generally gray and dismal when it comes to the performance of our Metro Phoenix housing market.

New-home **closings** for November were lower than our October total of 1035.

New-home closings declined by just over 4% from last November as we counted 914 new home closings in the Metro area for the month.

Year to date we remain almost 17% ahead of the same period in 2012, with 10,411 new home closings in the region versus 8924 for the same 11 months of last year.

New-home **permits** fell pretty dramatically from the 1073 permits we counted in October, with only 653 permits logged in November.

Permits were off 15.41% from the same month last year but remain ahead for the year to date by just over 8%. Year to date last year we had counted 10,907 new home permits in the region while this year so far our tally is 11,832 new home permits.

Resale activity declined by a whopping 20.38% from the same month last year with 5610 resales tallied in the region for November versus 7046 resales last November.

Year to date resales have declined 2.39%, with 83,681 home sold this year to date versus 85,727 sold year to date last year.

[The Data Summary table above is available in a 12 month by month format. Call Greg at 480-614-0211 for details.]

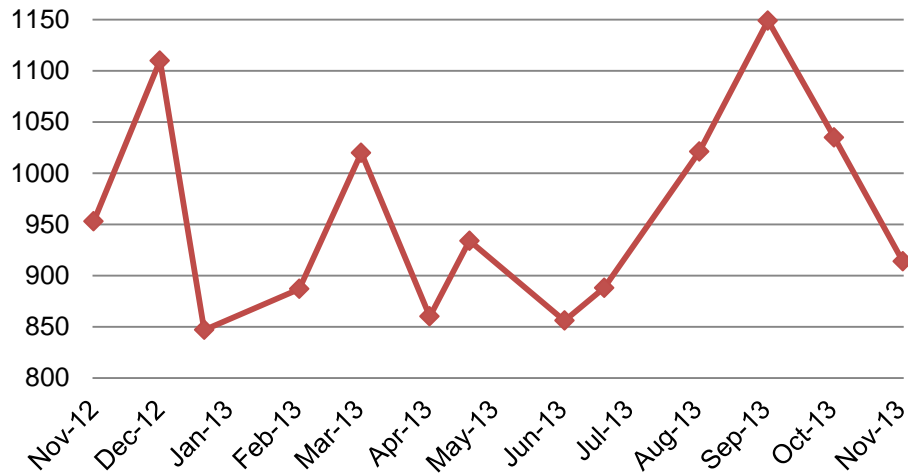
# THE PHOENIX HOUSING MARKET LETTER

The most accurate and timely housing market data in the region since 1985  
Published by RL Brown Reports/Home Builders Marketing, Inc.  
[www.rlbrownreports.com](http://www.rlbrownreports.com) - 480-614-0211- Greg Burger/RL Brown

The graphics below demonstrate the performance of the marketplace over the last 13 months and give a picture of market trends.



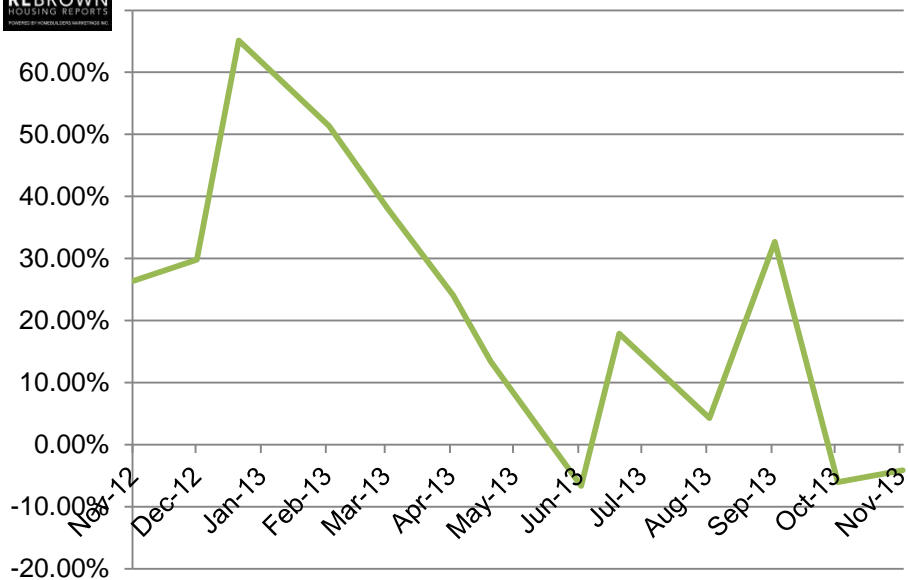
## NEW HOME CLOSINGS - METRO PHX



**NEW HOME  
CLOSINGS  
DOWN 4%  
FROM  
SAME  
MONTH  
LAST YEAR**



## CLOSINGS PERCENT CHG - SAME MONTH LAST YEAR

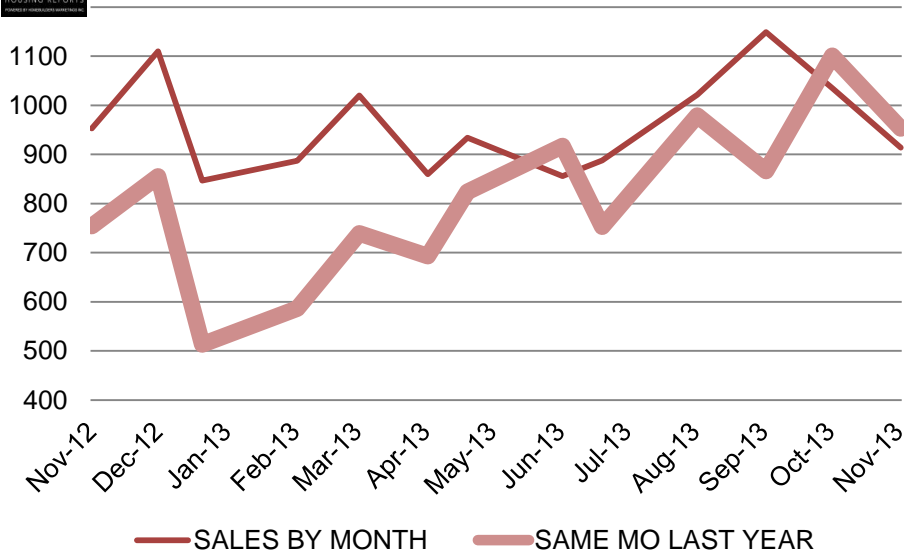


# THE PHOENIX HOUSING MARKET LETTER

The most accurate and timely housing market data in the region since 1985  
Published by RL Brown Reports/Home Builders Marketing, Inc.  
[www.rlbrownreports.com](http://www.rlbrownreports.com) - 480-614-0211- Greg Burger/RL Brown



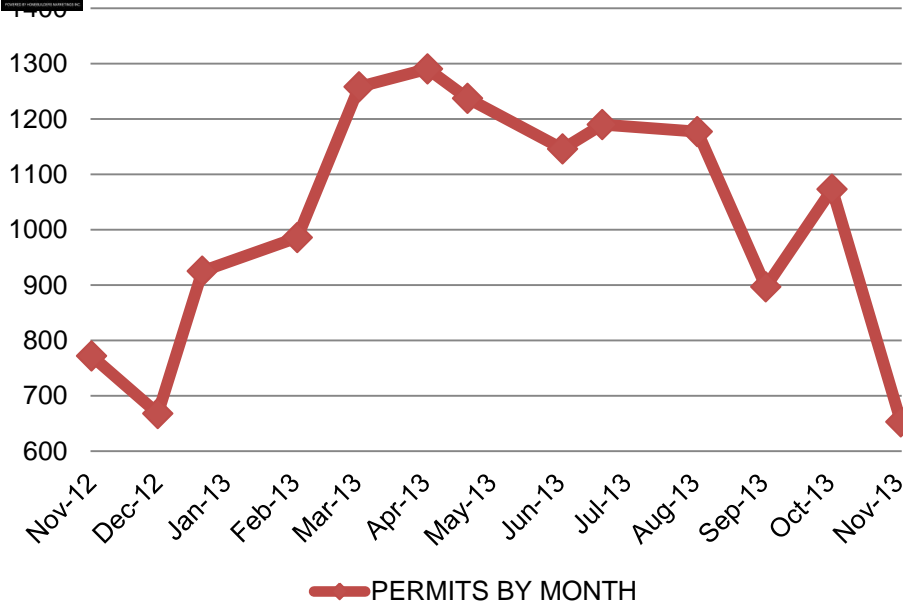
**CLOSINGS COMPARING SAME MONTH LAST YEAR**



**PERMITS  
DOWN  
15+%  
FROM  
SAME  
MONTH  
LAST  
YEAR**



**PERMITS BY MONTH METRO PHOENIX**

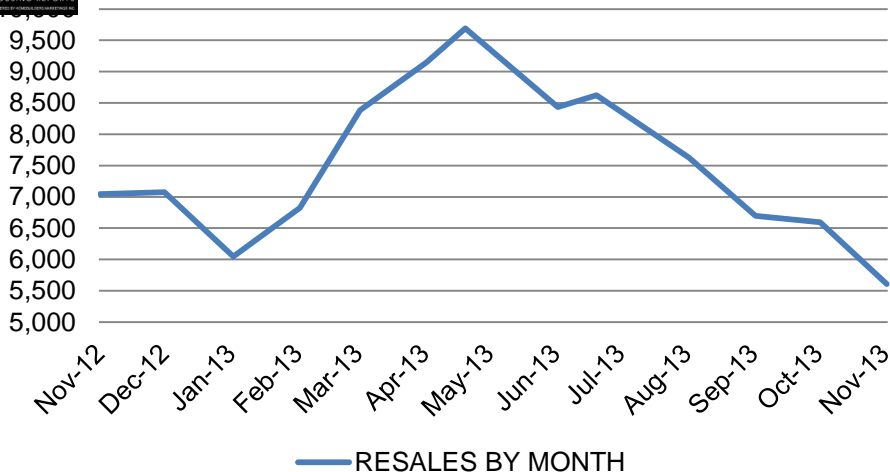


# THE PHOENIX HOUSING MARKET LETTER

The most accurate and timely housing market data in the region since 1985  
Published by RL Brown Reports/Home Builders Marketing, Inc.  
[www.rlbrownreports.com](http://www.rlbrownreports.com) - 480-614-0211- Greg Burger/RL Brown



**METRO PHX RESALES BY MONTH**



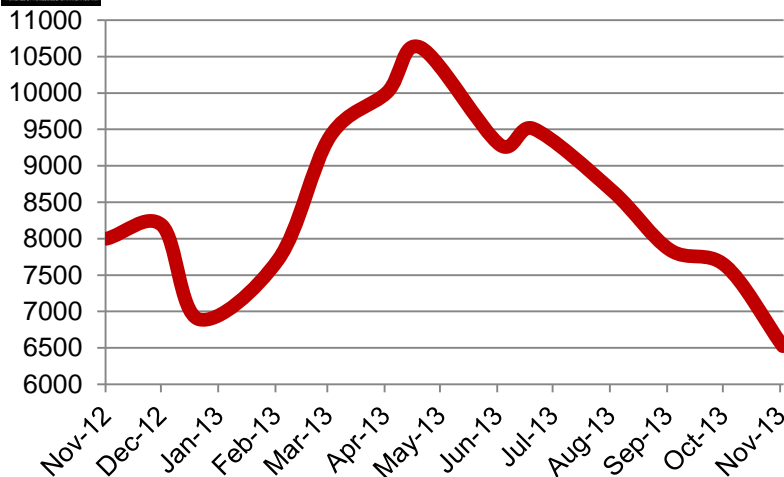
**TOTAL  
MARKET  
WIDE  
HOME  
SALES  
DECLINE  
FROM  
PEAK IN  
MAY**

**One of the most telling measures** of housing market performance in this region has traditionally been a track of the **total new and resale home sales in the market** by month.

The graphic below shows the track of that activity over the last 13 months, with total home sales in the region of 8000 or so last November falling below 7000 in January, then rising at a rapid pace over the next four months to over 10,500 In May, before tumbling to the 6500 combined new and resale transactions we just tallied for November 2013.



**TOTAL NEW AND RESALE HOME SALES - METRO PHX**



# THE PHOENIX HOUSING MARKET LETTER

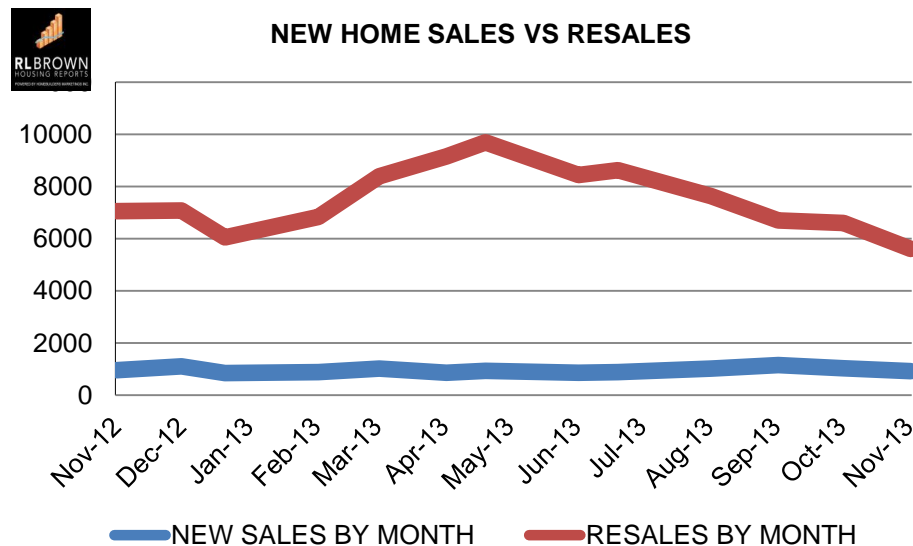
The most accurate and timely housing market data in the region since 1985  
Published by RL Brown Reports/Home Builders Marketing, Inc.  
[www.rlbrownreports.com](http://www.rlbrownreports.com) - 480-614-0211- Greg Burger/RL Brown

While we won't speculate on the reasons for the precipitous decline in home sales activity beginning in May of this year, we think it is reasonable to assume that a combination of uncertainty and rising prices had to play a major role at the same time that inventory considerations were also having an impact, especially in those neighborhoods that had attracted positive attention from home buyers.

How important is that "preferred neighborhood" consideration? Consider this, if today's prospective homebuyers are for the most part only attracted to a relative handful of preferred locations, price points, and products what happens to our housing recovery over the midterm when lot inventories and product inventories in those preferred locations and price points are depleted? How big a role did that criteria play in the decline of market activity that began in May of this year?

NEW HOME  
CAPTURE  
OF TOTAL  
SALES  
IMPROVED  
SLIGHTLY  
AS  
RESALES  
LAG

The graphic below represents the changes in the "gap" between new home sales and resales over the last 13 months.



**This "gap" has remained a concern** for the new housing market for the last several years as we have recognized that the new home market share capture of the overall housing activity in the region has declined greatly since the collapse of the housing market in this region beginning in 2006.



# THE PHOENIX HOUSING MARKET LETTER

The most accurate and timely housing market data in the region since 1985  
Published by RL Brown Reports/Home Builders Marketing, Inc.  
[www.rlbrownreports.com](http://www.rlbrownreports.com) - 480-614-0211- Greg Burger/RL Brown

In the last 12 months the market has produced a total of 102,200 total home sales, which is a very reasonable performance especially when compared with other housing markets across the nation.

In the “good times” new homes accounted for 30 to 40% of the overall home sales activity in the region. In November the 914 new home sales represented 14% of the aggregate home sales activity in the region. Based upon that historical criterion, new home sales this month should have been in the range of 2300, not 914.

On the bright side, the gap has narrowed from this past spring and in November represented the best market share performance for new homes of the last 13 months. Progress!

Nov new  
and resale  
prices  
show little  
move-  
ment

So, where did our housing market recovery go? We will address that further in the “our view of the market” section, later in this market letter.

**No discussion of the Phoenix housing market is complete** without a look at the track of new and resale housing prices in the region. The median price of a new home in Phoenix Metro in November was **\$284,841**, a decline of 0.18% from last month’s median new home price. This represents the third month over the last several we have seen a decline in median new home prices. The median new home price a year ago was \$240,000, for an increase of \$45,000 in 12 months.

The resale median price also declined, falling from \$178,000 last month to **\$177,500** in November. The median resale price in November of last year was \$152,000, and this represents a median price increase of \$25,500 over the year.

A much more meaningful analysis of new home actual **plan by plan** price activity can be gleaned from our **Competition Product Data Set**, available either as an electronic report in Microsoft Excel or as a data set in our Magic Professional Housing Data Application. This data set is **completely updated every month** to include both the current and historical pricing for every floor plan being offered in the region.

A perusal of this data can readily show price movements by plan, by neighborhood, by price bracket, by product type, and by product size. In addition to being used by builders for a comprehensive look at their competition’s latest pricing strategies it is a valuable tool for subcontractors seeking to understand their own pricing opportunities as builders increase new home pricing. (You can get access to this Competition Product Data Set through our website at [www.RLBrownreports.com](http://www.RLBrownreports.com).)



# THE PHOENIX HOUSING MARKET LETTER

The most accurate and timely housing market data in the region since 1985  
 Published by RL Brown Reports/Home Builders Marketing, Inc.  
[www.rlbrownreports.com](http://www.rlbrownreports.com) - 480-614-0211- Greg Burger/RL Brown

## Best-performing builders and subdivisions for November

We tracked the activity of all 59 homebuilders active in November and in 257 new home communities with activity for the month.

**Meritage Homes** has maintained its lead in builder performance again in November in both permits and in escrow closings. We also note a resurgence in activity by locally owned Fulton Homes in both permits and in escrow closings. In addition, we continue to see improvement of “custom home” activity in the marketplace.

Meritage homes scores again in permits and coe's

BUILDER	PERMITS NOV 13
MISC CUSTOM	82
MERITAGE HOMES	43
FULTON HOMES	40
LENNAR HOMES	35
RICHMOND AMERICAN	35
TAYLOR MORRISON	35
PULTE HOMES	33
MARACAY HOMES	27
K HOVNANIAN	25
SHEA HOMES	24

BUILDER	COE NOV 13
MERITAGE HOMES	74
PULTE HOMES	66
FULTON HOMES	62
TAYLOR MORRISON	57
SHEA HOMES	55
D R HORTON	51
MARACAY HOMES	49
LENNAR HOMES	44
BEAZER HOMES	32
PULTE HOMES/DEL WEBB	31



# THE PHOENIX HOUSING MARKET LETTER

The most accurate and timely housing market data in the region since 1985  
 Published by RL Brown Reports/Home Builders Marketing, Inc.  
[www.rlbrownreports.com](http://www.rlbrownreports.com) - 480-614-0211- Greg Burger/RL Brown

**Higley Park** takes permit honors for November followed by the Villa Rialto condos and the adult segment of **Sun City Festival**.

SUBDIVISION	BUILDER	PERMITS NOV 13
CUSTOM - MG (MC)	MISC CUSTOM	19
CUSTOM - S (MC)	MISC CUSTOM	15
HIGLEY PARK/HIGLEY HOMES	HIGLEY HOMES	13
VILLA RIALTO CONDOS	BELA FLOR COMMUNITIES	12
SUN CITY FESTIVAL	PULTE HOMES/DEL WEBB	11
SIENNA HILLS 3 SOUTH/RICHMOND	RICHMOND AMERICAN	11
CUSTOM - N (MC)	MISC CUSTOM	10
WINDGATE RANCH 1A,B,C,2B,2C	TOLL BROTHERS	10
VINSANTO/DRH	D R HORTON	10
COOLEY STATION 2/SANTA FE	FULTON HOMES	9
MONTEREY RIDGE/CACHET	CACHET HOMES	9

The **Vinsanto** community by DR Horton leads in new home closings in November followed by Fulton homes **Fulton Ranch/Reserve** community

SUBDIVISION	BUILDER	COE NOV 13
VINSANTO/DRH	D R HORTON	20
FULTON RANCH/RESERVE	FULTON HOMES	18
JOHNSON FARMS 1,2,3,7B/TRILOGY ENCANTERRA	SHEA HOMES	17
SUN CITY FESTIVAL	PULTE HOMES/DEL WEBB	16
ADORA TRAILS 2A,3,D,F,4/DISCOVERY & ENCORE	TAYLOR MORRISON	15
SUNLAND SPRINGS VILLAGE	FARNSWORTH DEV	14
HASTINGS FARMS H,C/VILLAS	WILLIAM LYON HOMES	13
FREEMAN FARMS 2-1,3-3/CLASSICS,CARIBBEAN,PENINSULA	FULTON HOMES	11
IRONWOOD CROSSING 1,3A,3B,3C/PARADISE	FULTON HOMES	11
MARLEY PARK 1,4,5,6,7,8,11,12	MATTAMY HOMES	11
MADISON PLACE	MERITAGE HOMES	11

The month by month 12 months performance record of **every new home community** active in the region is available in our Sales and Permit Report and in Magic Pro. These are great strategic intelligence tools for builders as well as a prospecting tool for subcontractors and lenders.





# THE PHOENIX HOUSING MARKET LETTER

The most accurate and timely housing market data in the region since 1985  
Published by RL Brown Reports/Home Builders Marketing, Inc.  
[www.rlbrownreports.com](http://www.rlbrownreports.com) - 480-614-0211- Greg Burger/RL Brown

## On track to real recovery ..... What the roadmap to recovery will look like.

Greg and I are in the process of planning our Year-End Review 2013 and five year Metro Phoenix housing market forecast presentation.

The title of the presentation will be **On track to real recovery ..... What the roadmap to recovery will look like.** You will not want to miss this one-of-a-kind five year market forecast opportunity.

Mark Jan 23<sup>rd</sup>  
at 10am on  
your calendar  
for a  
professional  
level year end  
review and 5  
year market  
forecast

RLBROWN  
HOUSING REPORTS  
POWERED BY HOMEBUILDERS MARKETINGS INC.

**"The Road Map to "Real Recovery"  
in Metro Phoenix Housing**

**January 23rd, 2014 – 10:00AM**

**A Special Webcast Event**

Metro Phoenix 2014 Housing Outlook and Forecast

For the last 25+ years we have offered housing market professionals and those who make all or part of their living off of this housing market our insights into the nuts and bolts of and the opportunities offered by the marketplace.

For most of the local housing industry the recovery to date has been spotty and inconsistent but the forecast that we presented last year was **right on target** and we expect to do just as well with our 2014 - 2018 forecast efforts.

Click on the hyperlink below and get your reservation for this authoritative webcast analysis and forecast. For the price of one ticket you can invite your entire staff and support group.  
<http://rl-brown.stores.yahoo.net/meph3rdqumao.html>

# THE PHOENIX HOUSING MARKET LETTER

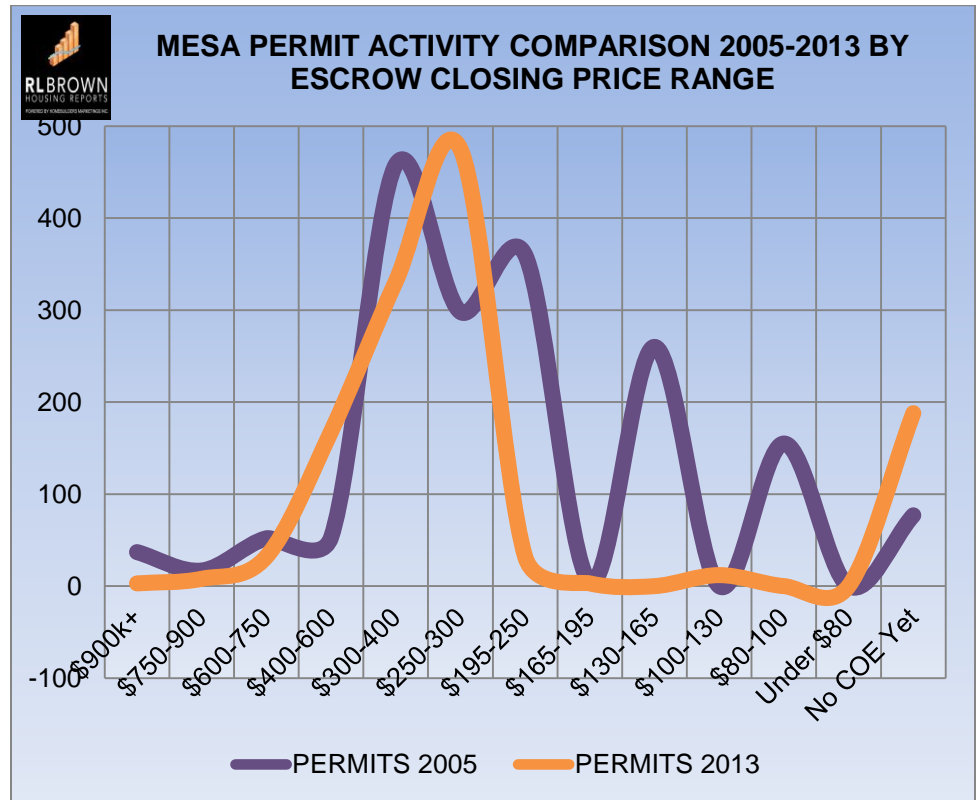
The most accurate and timely housing market data in the region since 1985  
Published by RL Brown Reports/Home Builders Marketing, Inc.  
[www.rlbrownreports.com](http://www.rlbrownreports.com) - 480-614-0211- Greg Burger/RL Brown

## Dramatic changes in Mesa pricing characteristics

We recently had occasion to analyze permit activity in the city of Mesa by its price range bracketing and examine that “bracket creep” over the period 2002 through 2013. As you would expect, there were dramatic changes in the velocity capture by bracket over the years as development activity matured and land became less available.

The graphic below compares just 2005 with 2013 permit activity by escrow closing price range. Note that the large number of permits as yet unclassified by price because there have been no closings in those communities largely reflects the activity in the new master-planned community Eastmark. We expect that activity to generally reinforce the upper middle price bracket activity.

Mesa moves from affordable to move-up in 2013



# THE PHOENIX HOUSING MARKET LETTER

The most accurate and timely housing market data in the region since 1985  
Published by RL Brown Reports/Home Builders Marketing, Inc.  
[www.rlbrownreports.com](http://www.rlbrownreports.com) - 480-614-0211- Greg Burger/RL Brown

As the graphic shows, activity in new housing below \$250,000 in Mesa has largely ceased whereas in 2005 it made up a relatively significant share of the market activity.

We have just completed a very **comprehensive special analysis** of the **Queen Creek market area** where we have examined in some detail the permit and closing activity by community within that study area and the characteristics of the communities, product positioning, price positioning, and future potential of the Queen Creek market area. If you have an interest in housing in the **Queen Creek market area**, this report will be invaluable to you.

Queen  
Creek,  
The place to  
build.  
The whole  
story



**QUEEN CREEK NEW HOUSING - THE WHOLE STORY**  
SALES AND PERMIT PERFORMANCE OF ACTIVE COMMUNITIES - AVAILABLE LOTS - FUTURE NEW HOME COMMUNITIES LAND  
SALES ACTIVITY- HOUSING PRODUCT OFFERINGS - BEST SELLING PLANS

*A SPECIAL HOUSING MARKET REPORT BY RLBROWNREPORTS*



You can access a copy of that analysis on our website at [www.RLBrownreports.com](http://www.RLBrownreports.com). Click on the link below and we'll take you to the page where that analysis can be ordered.

## Our view of the marketplace and other important matters

We continue to view this housing market as a market in recovery even though as noted earlier herein the velocity of both permits and closings as well as resale activity suggests that in essence the recovery ran into the muck and mire of the economy and the political scene about midyear.



# THE PHOENIX HOUSING MARKET LETTER

The most accurate and timely housing market data in the region since 1985  
Published by RL Brown Reports/Home Builders Marketing, Inc.  
[www.rlbrownreports.com](http://www.rlbrownreports.com) - 480-614-0211- Greg Burger/RL Brown

In addition to those uncertainties it's obvious that rising prices, low inventories, and a shortage of available lots for new home activity in what has become a **location focused marketplace** have combined to diminish or at least dampen the recovery that appeared to be on track in the first half of 2013.

We should not lose sight of the fact that this Metropolitan housing market remains one of the most vibrant housing market places in the nation as evidenced by the 102,000 overall home sales that have occurred in the marketplace in the last 12 months. The home builders challenge is to capture a larger share of that demonstrated demand for homes by offering housing in the right place, at the right price, and with the right features.

Were your  
expectations for  
2013  
realistic or  
wishy?

If you peruse our monthly Sales and Permit Report and builder and subdivision rankings you will see that there are indeed communities and builders doing just that and doing it today under today's market conditions.

As we have written in earlier editions of these thoughts, a substantial number of Phoenix housing market participants had expectations for 2013 that were unrealistically aggressive, especially in light of the widely known roadblocks in the way of recovery.

At the onset of this market letter we asked the question "where did our housing recovery go"? Join us on the 23<sup>rd</sup> and we will explore the answers to that question.

As we cautioned in our forecast of a year ago (which we hope you attended) and reemphasized in our midyear forecast update in July, the path ahead for housing in Metro Phoenix had a number of perils which caused us to present a conservative but cautiously optimistic outlook for 2013 .....which has now become the reality. With forecasting as dicy a proposition as it is it's always nice when we have one right on target.

Greg and I are in the process right now of thinking through what the likely path of this marketplace will be over the next five years, and one thing for sure, the forecast that we present to you on January 23 will be based on the realities of the marketplace and not on the "I wish" approach often used. We hope to see you there on the 23<sup>rd</sup>.

We have recently compiled a really comprehensive historical data set for the Phoenix marketplace that allows us to readily access our



# THE PHOENIX HOUSING MARKET LETTER

The most accurate and timely housing market data in the region since 1985  
Published by RL Brown Reports/Home Builders Marketing, Inc.  
[www.rlbrownreports.com](http://www.rlbrownreports.com) - 480-614-0211- Greg Burger/RL Brown

housing market data clearly back into the 1980s on a subdivision level permit and closing basis.

This database complements our historical housing **product** data set, which is unique to the marketplace, and allows us to track the month by month pricing history of every floor plan that is being or has been offered in the region.

MERRY  
CHRIST-  
MAS  
AND A  
HAPPY  
NEW  
YEAR!

While the historical database is not for sale per se it allows us to generate seriously accurate and comprehensive market analysis and is one of the reasons that we are a longtime leader in the generation of professional level housing market due diligence and analysis. We really understand this housing market and have the facts at hand to back up that understanding.

**We wrap up 2013** by wishing you a very **Merry Christmas** from everyone here at Home Builders Marketing, including Greg and I and Joann, Jim, Dave, Joni, and Jennifer.

Home Builders Marketing, Inc.  
Greg Burger - President  
RL Brown – Founder and Chairman

*For complete information on all of our products and services or to order a report or special data click on [www.RL Brown reports.com](http://www.RL Brown reports.com)*  
Or, you can call us at 480-614-0211 and talk to a Principal of the firm.