

2nd Quarter, 2014 Fountain Hills Market Summary



**SONORAN
LIFESTYLE
REAL ESTATE**

FOUNTAIN HILLS

16824 E. Ave. of the Fountains, Suite 12 | Fountain Hills, AZ 85268
480-816-5557

www.SonoranLifestyle.com | www.MoveToFountainHills.com | FountainHills@SonoranLifestyle.com

Sonoran Lifestyle Real Estate's
Executive Market Summary
Fountain Hills Area Real Estate
2nd Quarter, 2014 Report

The Fountain Hills market is simmering gently on the back burner, just short of a full boil. Residential sales during the 2nd Quarter, while not as strong as the same period in 2013, still posted total volume that is the third highest quarter since 2007, during the height of the market. Fluidity in the market appears to be tempered by some good, old-fashioned and conservative practices that keep the market--and values--from rocketing skyward, but still strong. Lending, while easily available and very affordable, places strong requirements on the borrower to prove their ability to repay a loan. Recently, we also began to feel the effects of the Dodd-Frank Act, in particular affecting Seller Carry-backs, a segment of our market that often provided a safety net for buyers and sellers who wanted to take advantage of the tax and income benefits(sellers) and lower lending costs and restrictions (for buyers) afforded by a Seller carrying a note against their real estate.

As you will see on the following pages, Prices of Homes remained somewhat consistent (and on the rise, depending on the period of time you use to analyze the data), yet there are 29% more homes on the market than one year ago and less homebuyers--23% less for the 2nd quarter ending 2014 compared to 2013. These trends follow first quarter, 2014.

There has been some media emphasis on affordability in the marketplace. While it's true that only 34% of our residential inventory is below \$300,000, there are still 35 homes and 74 condos under that price point. Many of them could use some updating, but they are often on large homesites (single family) or in solid condo communities that offer upward appreciation for those that would like to build sweat equity. Many of them have already been nicely updated. So, instead of feeling that affordability is a serious issue, we believe that consumer confidence and education is more the culprit. We believe that many in the affordable housing market don't believe there are programs for them or that they need more cash than they possess. On the contrary, there are exceptional lending programs available that offer 5% downpayments; Sellers will often provide closing cost assistance that reduces cash down payments, and we are even seeing a new conventional lending program that allows for upgrades/updates to the home that can be allowed in the mortgage.

The great news is that Fountain Hills is still a very attractive destination for home buyers of all ages. There is also a nice selection of larger homes with family-friendly floorplans and yards that are priced competitively.

If you know a family that is looking to enjoy the quality of life in the community, encourage them to contact us at Sonoran Lifestyle Real Estate. Historically, Fountain Hills has always treated it's affordable housing owners very well in a reasonably decent market, and we see no signs on the horizon that indicate anything but. There are opportunities for equity gain that will provide a nice future for those with vision!

Quarterly Analysis by Price Stratas:

Fountain Hills Homes, Condos and Lots

2nd Quarter, 2014

	< 200k	\$200-300k	\$300-400k	\$400-500k	\$500-600k	\$600-800k	\$800-\$1m	\$1-1.5m	\$1.5 - \$2m	\$2m >	Total	Last Qtr	Last Year
SF Homes Available	2	33	31	42	31	36	19	18	20	5	237	294	161
SF Homes Sold 2nd Qtr, 2014	3	36	40	20	12	18	4	12	2	2	149	125	164
SF Homes Sold YTD	9	63	75	39	27	29	7	19	4	2	274		323
Condos Available	50	24	16	6	3	1					100	107	81
Condos Sold 2nd Qtr, 2014	40	21	11	3	0						75	43	93
Condos Sold YTD	67	31	17	3	0						118		176
	< \$100K	\$100-\$200	\$200-\$300	\$300-\$400	\$400-\$500k	\$500-\$600k	\$600-\$800k	\$800-\$1m	\$1-1.5m	\$1.5m >	Total	Last Qtr	Last Year
Residential Lots Available	18	70	44	34	9	8	2	0			185	195	146
Lots Sold 2nd Qtr, 2014	2	7	3	1				0			13	17	30
Lots Sold YTD	7	17	4	2				0			30		47

Information Supplied Courtesy of Arizona Regional Multiple Listing Service

FOUNTAIN HILLS SINGLE FAMILY AND PATIO HOMES SALES BY QUARTER

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total Units
2002 Units	129	187	152	185	653
2002 Volume	\$39,626,831	\$59,103,850	\$50,961,565	\$62,096,119	\$211,788,365
2002 Average	\$307,185	\$316,063	\$335,273	\$370,952	\$324,331
2003 Units	146	220	183	161	710
2003 Volume	\$46,552,990	\$75,794,467	\$62,098,048	\$59,723,258	\$244,168,763
2003 Average	\$318,856	\$344,520	\$339,334	\$370,952	\$343,900
2004 Units	226	256	202	155	839
2004 Volume	\$86,057,797	\$113,281,947	\$88,903,221	\$73,438,045	\$361,681,010
2004 Average	\$380,787	\$442,508	\$473,794	\$473,794	\$431,086
2005 Units	177	218	164	131	690
2005 Volume	\$100,434,579	\$127,222,675	\$107,761,158	\$88,305,971	\$423,724,383
2005 Average	\$567,427	\$583,590	\$657,080	\$674,091	\$614,093
2006 Units	140	151	87	95	473
2006 Volume	\$92,975,220	\$98,713,360	\$58,770,234	\$66,627,856	\$317,086,670
2006 Average	\$664,109	\$653,731	\$675,520	\$701,346	\$670,374
2007 Units	139	124	77	70	410
2007 Volume	\$87,533,422	\$78,814,894	\$50,663,111	\$46,562,933	\$263,574,360
2007 Average	\$629,737	\$635,604	\$657,962	\$665,185	\$642,864
2008 Units	105	95	89	80	369
2008 Volume	\$79,276,957	\$65,390,454	\$45,591,277	\$39,882,069	\$230,140,757
2008 Average	\$755,019	\$688,321	\$512,262	\$498,526	\$623,688
2009 Units	92	147	100	121	460
2009 Volume	\$47,412,441	\$76,067,639	\$48,409,660	\$50,183,175	\$222,072,915
2009 Average	\$515,353	\$517,467	\$484,097	\$414,737	\$482,767
2010 Units	129	147	93	113	482
2010 Volume	\$70,179,696	\$71,139,599	\$36,924,675	\$37,015,267	\$215,259,237
2010 Average	\$544,029	\$483,943	\$397,040	\$327,569	\$446,596
2011 Units	149	157	112	100	518
2011 Volume	\$58,679,959	\$70,121,024	\$42,419,879	\$36,301,201	\$207,522,063
2011 Average	\$393,825	\$446,631	\$378,749	\$363,012	\$400,622
2012 Units	148	171	123	119	561
2012 Volume	\$52,929,055	\$72,312,801	\$55,544,504	\$53,954,071	\$234,740,431
2012 Average	\$357,629	\$422,882	\$451,581	\$453,396	\$418,432
2013 Units	159	164	125	93	541
2013 Volume	\$71,700,792	\$84,824,409	\$54,128,165	\$40,712,809	\$251,366,175
2013 Average	\$450,948	\$517,222	\$433,025	\$437,772	\$464,632
2014 Units	125	149			274
2014 Volume	\$59,463,913	\$78,523,399			\$137,987,312
2014 Average	\$475,711	\$527,003	#DIV/0!	#DIV/0!	\$503,603

FOUNTAIN HILLS CONDOMINIUM AND TOWNHOMES

SALES BY QUARTER

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total Units
2002 Units	70	94	75	68	307
2002 Volume	\$11,681,328	\$15,551,622	\$11,626,046	\$9,687,644	\$48,546,640
2002 Average	\$166,876	\$165,442	\$155,014	\$142,465	\$158,132
2003 Units	74	100	94	93	361
2003 Volume	\$10,709,762	\$15,735,280	\$14,202,245	\$17,865,766	\$58,513,053
2003 Average	\$144,727	\$157,353	\$151,088	\$192,105	\$162,086
2004 Units	125	165	120	108	518
2004 Volume	\$26,332,459	\$30,674,628	\$23,746,161	\$22,343,737	\$103,096,985
2004 Average	\$210,660	\$185,907	\$197,885	\$206,886	\$199,029
2005 Units	142	121	121	78	462
2005 Volume	\$35,389,107	\$37,564,262	\$36,983,088	\$25,509,405	\$135,445,862
2005 Average	\$249,219	\$310,448	\$305,645	\$327,044	\$293,173
2006 Units	82	72	48	37	239
2006 Volume	\$27,934,411	\$21,394,890	\$12,598,505	\$11,943,462	\$73,871,268
2006 Average	\$340,664	\$297,151	\$262,469	\$322,796	\$309,085
2007 Units	66	103	41	41	251
2007 Volume	\$22,653,029	\$31,411,910	\$12,273,945	\$13,008,416	\$79,347,300
2007 Average	\$343,228	\$304,970	\$299,365	\$317,278	\$316,125
2008 Units	47	84	59	26	216
2008 Volume	\$13,718,364	\$20,552,972	\$13,820,916	\$5,786,000	\$53,878,252
2008 Average	\$291,880	\$244,678	\$234,253	\$222,538	\$249,436
2009 Units	28	63	63	36	190
2009 Volume	\$6,182,450	\$13,689,328	\$12,243,310	\$6,076,499	\$38,191,587
2009 Average	\$220,802	\$217,291	\$194,338	\$168,792	\$201,008
2010 Units	66	82	46	38	232
2010 Volume	\$13,188,023	\$15,475,219	\$7,637,671	\$6,409,345	\$42,710,258
2010 Average	\$199,819	\$188,722	\$166,036	\$168,667	\$184,096
2011 Units	78	83	50	69	280
2011 Volume	\$12,679,578	\$13,992,775	\$7,360,985	\$9,981,901	\$44,015,239
2011 Average	\$162,559	\$168,588	\$147,220	\$144,665	\$157,197
2012 Units	80	92	44	57	273
2012 Volume	\$12,979,899	\$14,946,477	\$6,352,210	\$9,135,050	\$43,413,636
2012 Average	\$162,249	\$162,462	\$144,368	\$160,264	\$159,024
2013 Units	73	93	34	47	247
2013 Volume	\$13,521,900	\$19,634,580	\$6,594,400	\$8,471,400	\$48,222,280
2013 Average	\$185,232	\$211,125	\$193,953	\$180,243	\$195,232
2014 Units	43	74			117
2014 Volume	\$8,427,600	\$15,398,850			\$23,826,450
2014 Average	\$195,991	\$208,093	#DIV/0!	#DIV/0!	\$203,645

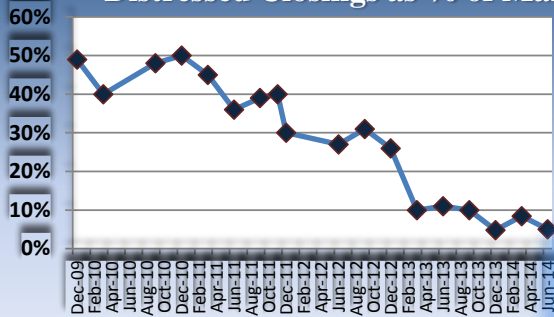
FOUNTAIN HILLS LOTS AND HOMESITES

SALES BY QUARTER

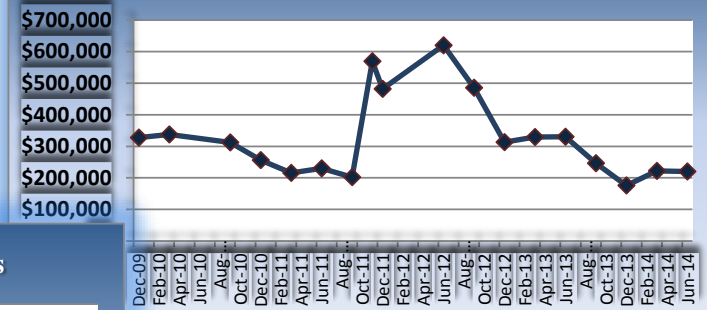
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total Units
2002 Units	48	57	28	43	176
2002 Volume	\$9,263,900	\$12,086,150	\$5,210,000	\$10,004,650	\$36,564,700
2002 Average	\$192,998	\$212,038	\$186,071	\$232,666	\$207,754
2003 Units	39	65	52	43	199
2003 Volume	\$7,234,400	\$11,715,725	\$10,116,900	\$14,211,250	\$43,278,275
2003 Average	\$185,497	\$180,242	\$194,556	\$212,108	\$217,479
2004 Units	95	120	95	87	397
2004 Volume	\$20,730,750	\$24,649,956	\$22,800,310	\$28,179,191	\$96,360,207
2004 Average	\$218,218	\$205,416	\$240,003	\$323,889	\$242,721
2005 Units	96	84	58	26	264
2005 Volume	\$35,790,376	\$40,715,155	\$27,836,000	\$11,862,450	\$116,203,981
2005 Average	\$372,816	\$484,704	\$479,931	\$456,248	\$440,167
2006 Units	20	16	8	14	58
2006 Volume	\$9,141,975	\$8,445,500	\$4,003,000	\$7,211,250	\$28,801,725
2006 Average	\$457,099	\$527,844	\$500,375	\$515,089	\$496,581
2007 Units	18	21	2	10	51
2007 Volume	\$7,827,700	\$10,293,300	\$620,000	\$4,049,800	\$22,790,800
2007 Average	\$434,872	\$490,157	\$310,000	\$404,980	\$446,878
2008 Units	4	15	4	3	26
2008 Volume	\$3,012,500	\$11,708,750	\$2,579,000	\$799,000	\$18,099,250
2008 Average	\$753,125	\$780,583	\$644,750	\$266,333	\$696,125
2009 Units	4	12	10	4	30
2009 Volume	\$417,000	\$2,740,325	\$1,721,952	\$687,250	\$5,566,527
2009 Average	\$104,250	\$228,360	\$172,195	\$171,813	\$185,551
2010 Units	11	15	12	20	58
2010 Volume	\$1,441,300	\$2,892,000	1901900	\$2,340,398	\$8,575,598
2010 Average	\$131,027	\$192,800	\$158,492	\$117,020	\$147,855
2011 Units	10	17	20	11	58
2011 Volume	\$859,000	\$2,830,560	1660900	\$1,037,500	\$6,387,960
2011 Average	\$85,900	\$166,504	\$83,045	\$94,318	\$110,137
2012 Units	25	10	17	10	62
2012 Volume	\$3,412,128	\$1,476,400	\$2,043,500	\$1,406,000	\$8,338,028
2012 Average	\$136,485	\$147,640	\$120,206	\$140,600	\$134,484
2013 Units	17	30	9	18	74
2013 Volume	\$2,421,300	\$5,499,640	\$1,656,500	\$3,201,900	\$12,779,340
2013 Average	\$142,429	\$183,321	\$184,056	\$177,883	\$172,694
2014 Units	17	13			30
2014 Volume	\$2,359,500	\$2,382,010			\$4,741,510
2014 Average	\$138,794	\$183,232	#DIV/0!	#DIV/0!	\$158,050

Is it a Good Time to Buy in Fountain Hills?

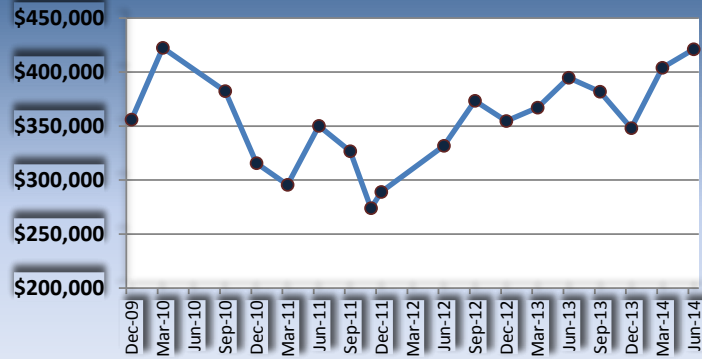
Distressed Closings as % of Market



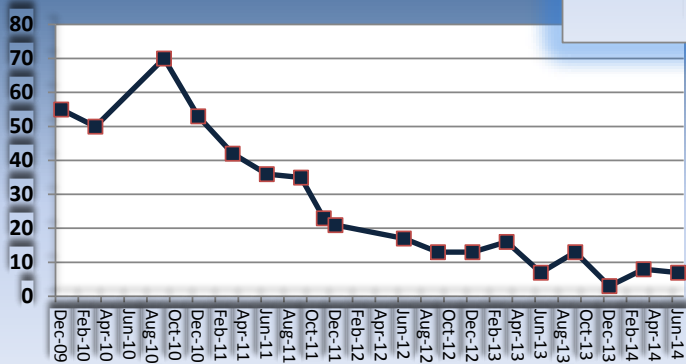
Average Price-Bank Owned Closings



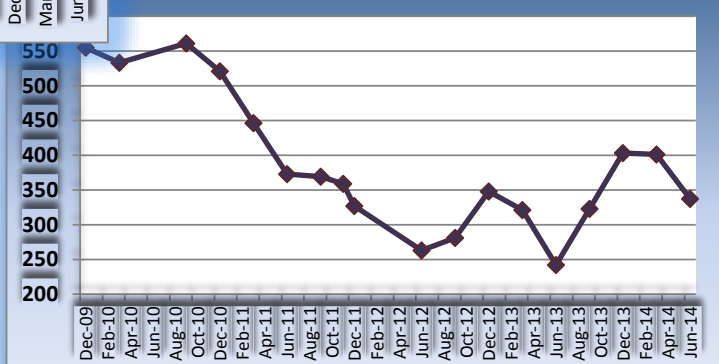
Avg Price of All FH Residential Closings



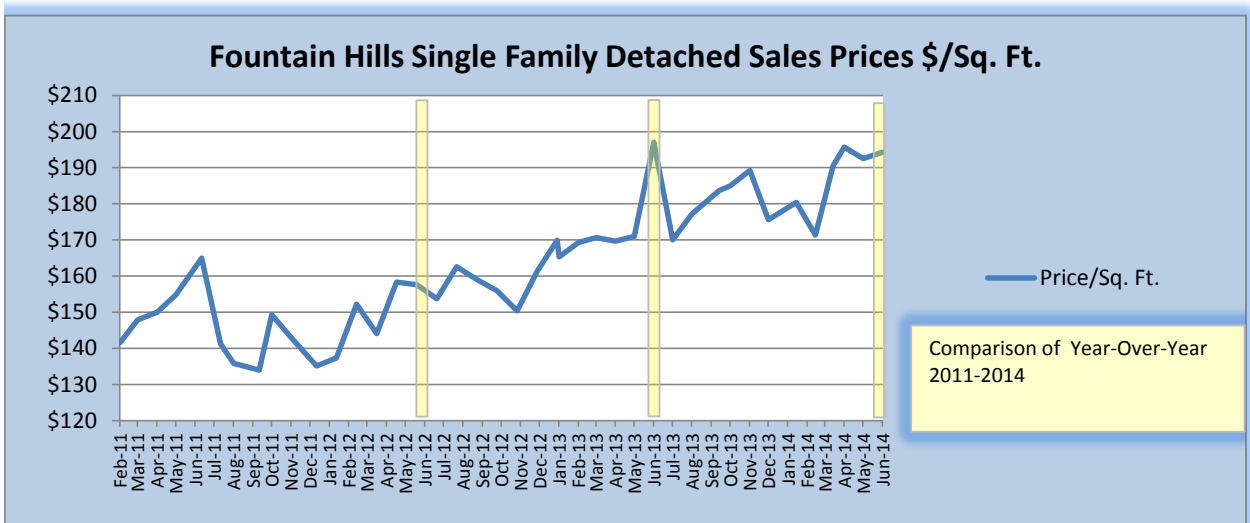
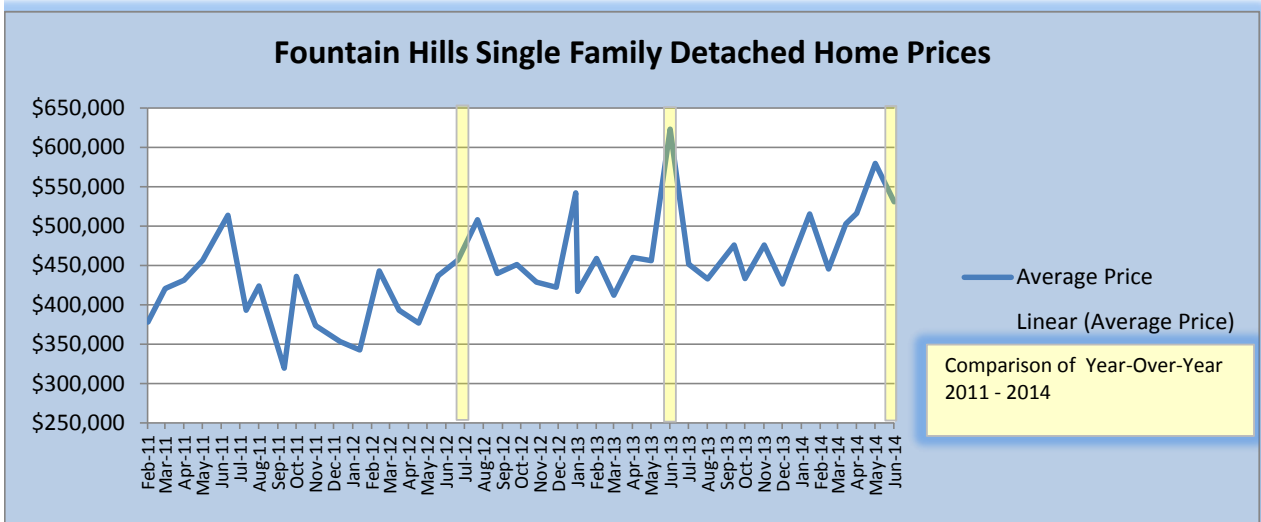
Inventory of FH Bank-Owned Property (# Units)



FH Residential Inventory (# Units)



Fountain Hills Month-By-Month Analysis of Single Family (Only) Home Prices, 2011-2014



Back-up Data for Monthly Single Family Home Sales and Price/Ft Study

Feb-11	35	2494	\$401,663	\$149	\$377,926	\$142
Mar-11	68	2749	\$447,860	\$156	\$420,808	\$148
Apr-11	50	2620	\$451,333	\$158	\$431,114	\$150
May-11	28	2797	\$493,610	\$165	\$456,608	\$155
Jun-11	52	2,970	\$541,663	\$173	\$513,653	\$165
Jul-11	46	2,610	\$431,468	\$151	\$393,187	\$141
Aug-11	34	2924	\$466,048	\$146	\$424,043	\$136
Sep-11	27	2320	\$331,287	\$138	\$319,400	\$134
Oct-11	26	2778	\$469,490	\$159	\$436,193	\$149
Nov-11	31	2478	\$390,875	\$149	\$373,526	\$143
Dec-11	41	2,523	\$367,525	\$140	\$353,183	\$135
Jan-12	34	2,386	\$367,797	\$145	\$342,782	\$137
Feb-12	37	2760	\$477,861	\$162	\$443,178	\$152
Mar-12	64	2592	\$413,795	\$150	\$393,012	\$144
Apr-12	52	2315	\$392,838	\$165	\$376,925	\$158
May-12	62	2652	\$457,923	\$164	\$436,963	\$158
Jun-12	54	2827	\$479,626	\$161	\$457,056	\$154
Jul-12	27	2862	\$532,544	\$170	\$507,910	\$163
Aug-12	45	2724	\$464,081	\$166	\$439,820	\$159
Sep-12	40	2,834	\$473,384	\$163	\$451,220	\$156
Oct-12	34	2823	\$446,459	\$155	\$428,865	\$150
Nov-12	41	2626	\$437,649	\$165	\$422,317	\$161
Dec-12	39	3071	\$563,233	\$176	\$542,141	\$170
Jan-13	51	2382	\$442,102	\$174	\$416,898	\$165
Feb-13	58	2617	\$481,168	\$176	\$458,966	\$169
Mar-13	61	2318	\$430,638	\$177	\$412,043	\$171
Apr-13	64	2627	\$477,198	\$176	\$460,202	\$170
May-13	47	2723	\$468,247	\$175	\$455,939	\$171
Jun-13	40	2913	\$650,319	\$205	\$622,989	\$197
Jul-13	40	2593	\$466,777	\$175	\$451,735	\$170
Aug-13	40	2408	\$447,320	\$183	\$432,883	\$177
Sep-13	35	2527	\$494,852	\$190	\$476,166	\$184
Oct-13	24	2337	\$443,600	\$189	\$433,244	\$185
Nov-13	24	2437	\$493,533	\$196	\$475,858	\$189
Dec-13	39	2451	\$440,649	\$182	\$426,454	\$176
Jan-14	41	2820	\$542,745	\$189	\$515,291	\$180
Feb-14	34	2622	\$468,906	\$180	\$445,354	\$171
Mar-14	43	2505	\$523,277	\$197	\$502,629	\$191
Apr-14	60	2530	\$540,216	\$204	\$516,356	\$196
May-14	37	2876	\$599,297	\$198	\$579,511	\$192
Jun-14	40	2535	\$555,865	\$202	\$530,890	\$194

Information Provided Courtesy of Sonoran Lifestyle Real Estate