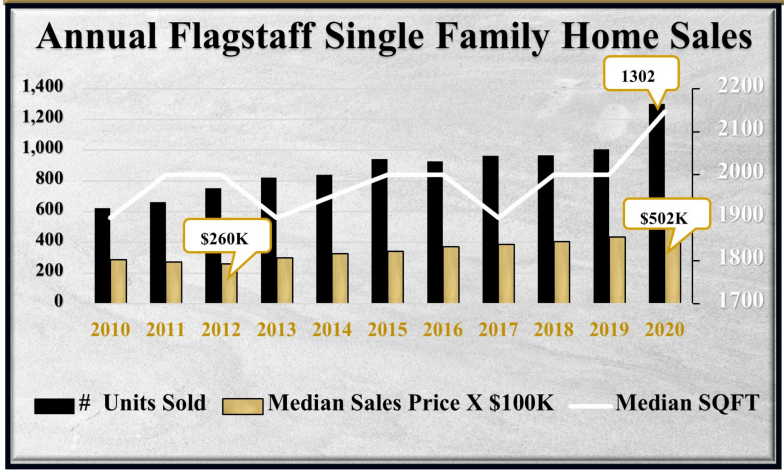
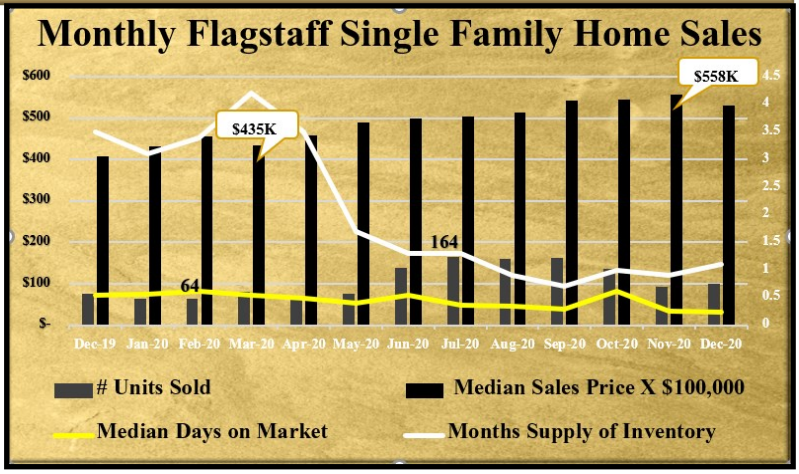
2020 Housing Market Review & Preparing for 2021





Unprecedented Times. Unexpected Results.

As vacation home sales jumped **44%** nationally, Coconino County was the **6th** top location for vacation home sales in the nation for Buyers. Coming primarily from California and the Phoenix area they invested in homes with about **150** SqFt more for home offices and gyms, but also for more access to the great outdoors near open space and with larger lot sizes. With almost **1900** residential units to sell in Flagstaff alone, **1302 (69%)** were Single Family homes (SFM), up **29%** from 2019 with an annual Median Sales Price (ME SP) up **15%** at **$502,000**. This is over twice as many SFM to sell in 2010 and almost double the ME SP from 2012. The **15%** annual ME SP increase from 2019 is over double the rate of increase from 2018 and at a rate not seen since 2013 when the ME SP hit **$300K**. Annually Sellers averaged **99.8%** of their listed price (in many cases **3-5%** more than list price) selling in just **55** days once listed which is a **69%** decrease in the median market time. The sales price of **$300-$500K** accounted for **44%** of ***all residential sales*** with **$500-$700K** accounting for **20%**. The highest selling home was **$4.6** million in Pine Canyon with luxury properties **($700K+)** breaking a record at **18%** of SFM sales at a ME SP of **$950K**. December 2020 vs DEC 2019 SFM showed an increase of **31%** more sales causing a **68%** decrease in months supply of inventory leaving less than 1 month's supply for Buyers. This ended 2020 with **64%** less homes with ***only 49 SFM active listings*** by the end of January at a ME list price of **$785K.** Experts predict 2021 will see **5-6%** increase in national home values as people continue to expand out of urban areas, hovering **2-3%** in interest rates, and due to a lack of supply that isn't expected to increase until new construction can progress quicker. New construction faces ongoing challenges of needed skilled labor and delays with zoning and building requirements. Flagstaff saw **261** residential new builds in 2020, up **1%** from 2019 while SFM dropped **1%** to only **159** units with a ME SP of **$500K** (**$18K** more than its ME list price), selling at **$20** more per square foot than resale with about **143** less square feet of home to own.

Even considering the uncertainty of the pandemic's effect on economic certainty, concerns of experiencing another housing crash is unlikely due to better lending practices, lack of supply vs over-supply, the government's assistance in financial aid, and the continuance of mortgage forbearance vs foreclosures. Thus, it's expected in 2021 Sellers will still be holding the negotiating leveraging power. Buyers should have their financing ***pre-approval*** ready (not just pre-qualification) with as few contingencies as possible, and understand their risk comfort when negotiating. Whether Buyer or Seller, having proficient, professional **REALTOR®** representation is the best strategy for preparedness, protection, advocacy, negotiating, and your overall success.

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