

Flagstaff 2018 Housing Market Review and How to Prepare for 2019

Sellers Bask in Record Soaring Values

Flagstaff's 2018 home values jumped by 9% in both the average (AV SP) and median sales price (ME SP) for all residential home sales. The number of units sold remained over 1500, showing a strong desire to make Flagstaff home. The cost of a single family (SFM) home jumped up by almost \$20K in the ME SP. The average price per square foot was up by 6% at \$219/SqFt, a \$13/SqFt increase from 2017. *With the days on the market at barely 3.5 months, the Seller's Market was most opportune in 2018.*



The **Luxury Market** sales also elevated by 44% and contributed 12% of SFM home sales. The AV and ME SP were both up 7%. Forest Highlands had the highest sale at \$2.9 Million and outsold Pine Canyon by 11 more SFM homes. However, their ME SP was still \$245,500 less than Pine Canyon's. Pine Canyon showed the strongest appreciation in value for Flagstaff with both their AV and ME SP at over \$1 Million where new construction has also been increasing.

New Construction provided 5% more total residential units than in 2017, the AV SP increased by 12% to almost \$500K. The ME SP hovered around \$400K at \$224/SqFt (up by 4%). Most of new construction is in the northwest city area, Presidio & Crestview where workforce housing is aggressively breaking ground, but still not enough to ease supply or provide less cost to build any time soon. *Freddie Mac predicts that due to increased cost of materials, the labor shortage, and destruction caused by natural disasters that there's a 370K+ national housing unit deficit.*

What goes up... The market showed a steep 8% descent by the end of the 3rd quarter with number of units sold. When comparing DEC 2017, the 2018 DEC market had a 29% decrease in units sold, a 24% increase in month's supply, and a 19% increase in the average days on market. By the end of the 4th quarter total number of residential units was down by 12%. It appears the Buyer's price threshold for what is affordable or agreeable has likely been met and may not return with the gradually rising interest rates which are predicted to be 5.5% by 2020. For some, the looming doubt of political and economical uncertainties can typically cause a pause in the market. *Sellers and builders will need to account for these statistics and factors when anticipating pricing their properties in 2019. Buyers of 2018 may want to hold onto their home for the next 5+ years for more positive equity growth in their investment.*

Correcting: According to the Analysts and Experts The market is dependent upon many indicators, and for decades many believe real estate has a 7 year cycle. From Fannie Mae and top expert housing market analysts to the Chief Economist for the National Association of Realtors®, it is predicted that 2019 will see a leveling out in home prices, but warnings of experiencing another housing crash is not in the forecast. *Due to safer lending practices, the high demand for housing and continued steady job growth, the housing market should survive a slight balancing act in values, and home ownership will remain one of the best and most reliable sources to generate future wealth.*



Melinda T. Bishop-Morfin, REALTOR®
ABR, BPOR, CDPE, CLHMS, GRI, MCNE, PSA, rCRMS, SFR, SRS
C: 928.853.6315 Melinda@MelindaMorfin.com
www.FlagstaffRealEstateForSale.com



Knowledgeable Experienced Engaged Professional

ONE LUXE

ONE REALTYONEGROUP
MOUNTAIN DESERT

LUXURY REAL ESTATE