

# 1<sup>st</sup> Quarter 2012 Market Summary and Observations

I am always surprised when I complete the statistics for a quarter. The reality is somehow different from the perception. The perception during the first quarter is that there has been a lot of activity in the Sedona real estate market, and the entire Verde Valley real estate market for that matter. The reality is that when it came to single family closings year over year for the last 12 months compared to the previous 12 months they were flat with 399 sales in the last 12 months compared to 404 sales in the previous 12 months.

But... The closing for the first quarter did not reflect what is going on in the market. There are a lot of homes in Sedona and the Verde Valley that are under contract and in escrow. As of this writing, April 6, 2012, in the Sedona area, of the 359 single family listings, 84 are under contract, that is 23% under contract. For the entire Verde Valley of the 948 residential listings, 277 are under contract that is 29% under contract. These are significant numbers and I believe by the end of the second quarter will show the Sedona real estate market in a significant recovery.

There is still a dark cloud hanging over the market but more off to the side at this time. I have been saying for years that the Canary in the coal mine of the real estate market is the Notice of Trustees Sales filings. Those filings were trailing off during the last quarter of 2011 but have spiked up during the first quarter of 2012 and are on track to exceed the total for 2011 in 2012. Until these filings drop back to normal levels, foreclosures and short sales will continue to have a dampening impact on the real estate markets of Sedona and the Verde Valley.

As of this writing in the Sedona area of the 359 single family listings, 52 (14.5%) of them are either foreclosed or short sales and for the entire Verde Valley of the 750 single family listings, 186 (25%) are either foreclosed or short sales. The number of distressed listings compared to a year ago is heading downward but are still having their impact on real estate values. For the entire Verde Valley in the first quarter of 2011 there were 256 single family sales and of those 58% were distressed sales compared to 2012 there were 263 total sales and only (ONLY) 39% distressed. Still terrible but heading in the right direction.

Overall listing inventory continues on its downward trend but seems to have hits its bottom. However with the number of properties in escrow valley wide without an increase in inventory coming on the market, we could be looking at a market in balance as far as supply and demand goes as we head into the fall selling season.

With that said here are just the facts:

Numbers of single family transactions:

Sedona area: for the last three years they have remained flat at around 400 sales per year. The first quarter of 2012 is up 13% over 2011, this will be the tip of the iceberg when we look at the

first 6 months of 2012. Median sales price is relatively flat also year over year, with the first quarter of 2012 down 6% compared to the first quarter of 2011

Cottonwood area: Number of transactions for the Cottonwood area continues to climb year over year with a 5% increase in the last 12 months and a 20% increase compared to two years ago. Median sales price continues to fall with an 11% drop year over year and a 51% drop since the peak in 2006-2007. However, for the first quarter of 2012 we are seeing an INCREASE in the median sales price compared to the first quarter of 2011 of 5.5%. Is this the start of a new trend?

Camp Verde area: The number of transactions has remained flat over the last two years at about 110. Median sales prices are still dropping, with a 10% drop year over year. Median sales price for the first quarter of 2012 is down 18% year over year. Still no relief in sight here.

Rimrock-Lake Montezuma: the number of transactions is up 7% year over year. Median sales price continued to fall at the rate of 9% year over year. However the median sales price for the first quarter of 2102 is up 6% compared to the first quarter of 2011. Another trend?

Residential inventory in the Verde Valley is down 46% since the peak in October Of 2007, expect with the number of properties in escrow that we will see a further decline in inventory for the foreseeable future.

The Sedona luxury home segment of the Sedona real estate market hit the doldrums in the last quarter of 2011. There were no closings over \$1,000,000 from 8/22/11 to 12/22/11. With all the negative news in the stock market and the bickering in Congress, buyers just pulled back and took a wait and see attitude that resulted in just 15 sales in the last 12 months. That has all changed in the first quarter of 2012, with 5 closings over \$1,000,000 and another 4 under contract. With only 59 listings over \$1,000,000 available at this writing, this could shape up to be the best year for the Sedona luxury home market years.

The number of transaction for vacant land in the sedona real estate market continues to be very soft. Year over years sales have been in the 100 range for the last three years. The median sales price for vacant land continued its slide with another 13% drop in the last 12 months. There is a several year supply of vacant land on the market. However, with these prices and a strengthening in the residential market and the fact that we have a limited resource of land in the "red rocks", if you fall in love with that great view, it might be time to pull the trigger.

**Bottom Line:** With inventories starting to shrink up substantially, and the number of properties in escrow to add to the further decline, I think we will see an increase in median sales prices as we move through the fall selling season. This will be in spite of the continued number of foreclosed properties reaching the market; unless we have a down pouring of them hit the market as the year progresses.

## 2012 YTD Verde Valley Residential Sold vs Active.xls

Price Range	Sedona		Cottonwood		Camp Verde		Rimrock Lake Montezuma		Verde Valley	
	Sold	Active	Sold	Active	Sold	Active	Sold	Active	Sold	Active
0 - 199K	24	43	119	203	31	68	20	60	194	374
200K - 299K	32	88	17	53	3	19	2	2	54	162
300K - 399K	26	82	5	19	0	11	1	3	32	115
400K - 499K	17	55	0	10	0	8	1	0	18	73
500K - 749K	17	79	0	13	0	7	0	0	17	99
750K - 999K	3	42	0	3	0	3	0	0	3	48
1 Mil - 1.49 Mil	3	28	0	2	0	4	0	0	3	34
1.5 Mil - 1.99 Mil	1	16	0	0	0	1	0	0	1	17
2 Mil - 2.49 Mil	1	7	0	0	0	0	0	0	1	7
2.5 Mil & Over	0	12	0	1	0	1	0	0	0	14
Sold vs Active 0 - 499,999	99	268	141	285	34	106	24	65	298	724
Sold vs. Active 500K - 999,999	20	121	0	16	0	10	0	0	20	147
Sold vs Active 1 Mil & Over	5	63	0	3	0	6	0	0	5	72
Totals	124	452	141	304	34	122	24	65	323	943

Provided Courtesy of Randy Crewse Prudential Northern Arizona Real Estate

Data Source: SVVAR MLS as of April 4, 2012

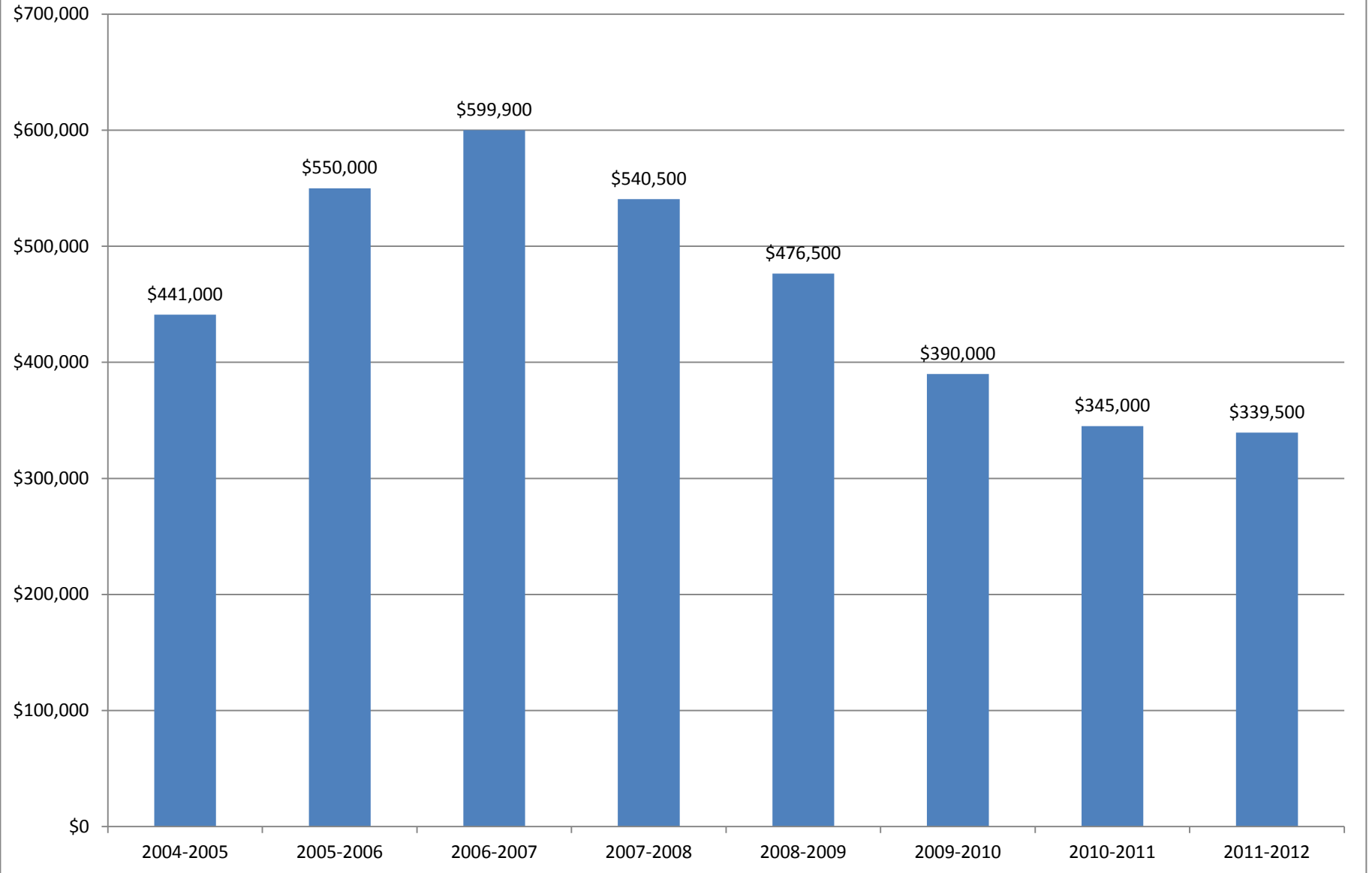
## 2012 YTD Verde Valley Vacant Land Sold vs Active.xls

Price Range	Sedona		Cottonwood		Camp Verde		Rimrock	Lake	Verde Valley	
	Sold	Active	Sold	Active	Sold	Active	Montezuma	Montezuma	Sold	Active
0 - 99K	11	57	9	228	4	84	4	149	28	518
100K - 199K	11	124	0	88	1	27	0	16	12	255
200K - 299K	4	73	0	10	0	6	0	4	4	93
300K - 399K	1	31	0	7	0	0	0	3	1	41
400K - 499K	1	21	0	7	0	1	0	2	1	31
500K - 749K	1	21	0	4	0	1	0	0	1	26
750K - 999K	0	16	0	4	0	1	0	0	0	21
1 Mil - 1.49 Mil	0	5	0	1	0	1	0	0	0	7
1.5 Mil - 1.99 Mil	0	9	0	5	0	0	0	1	0	15
2 Mil - 2.49 Mil	0	1	0	0	0	0	0	0	0	1
2.5 Mil & Over	0	3	0	7	0	0	0	0	0	10
Sold vs Active 0 - 499,999	28	306	9	340	5	118	4	174	46	938
Sold vs. Active 500K - 999,999	1	37	0	8	0	2	0	0	1	47
Sold vs Active 1 Mil & Over	0	18	0	13	0	1	0	1	0	33
Totals	29	361	9	361	5	121	4	175	47	1018

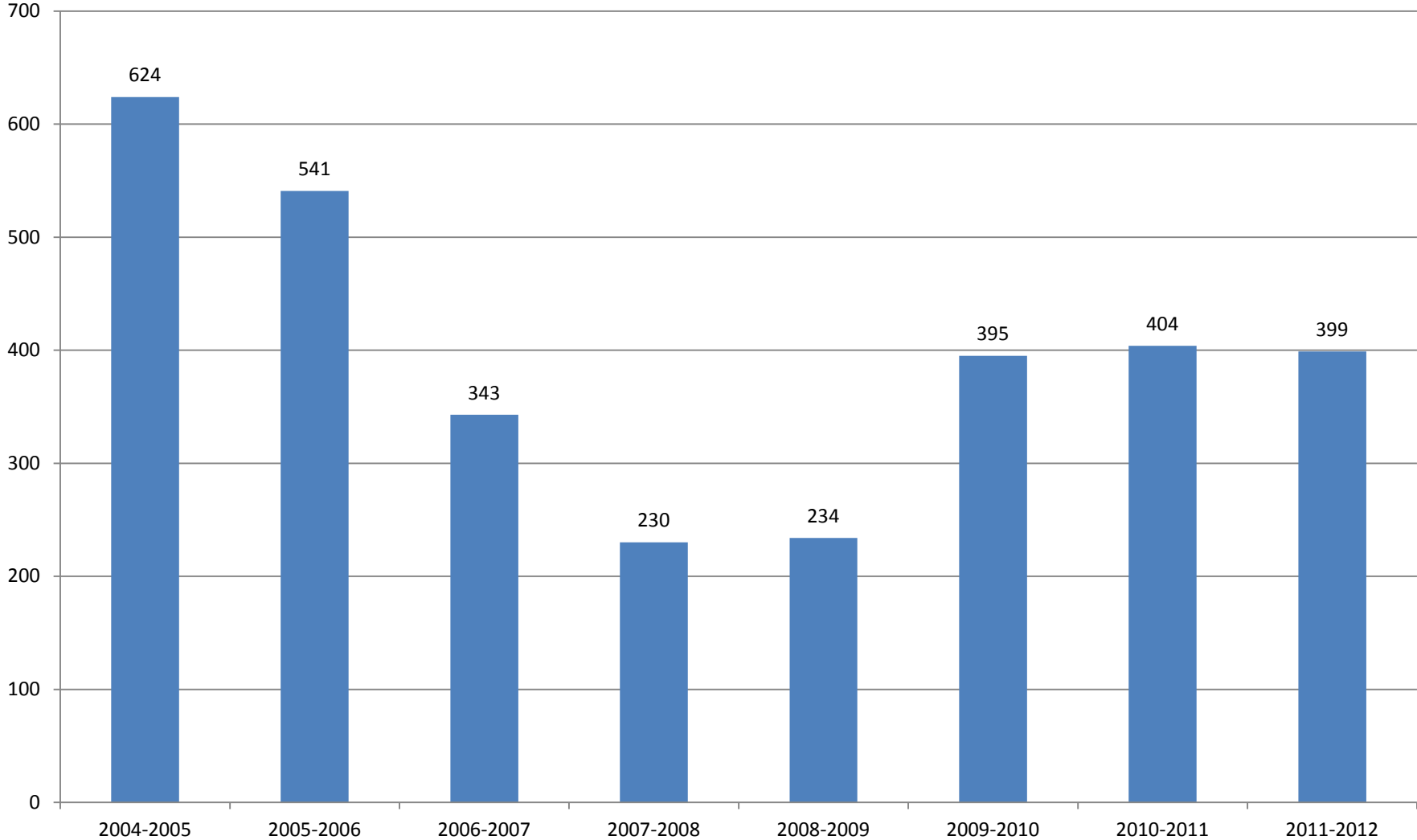
Provided Courtesy of Randy Crewse Prudential Northern Arizona Real Estate

Data Source: SVVAR MLS as of March 4, 2012

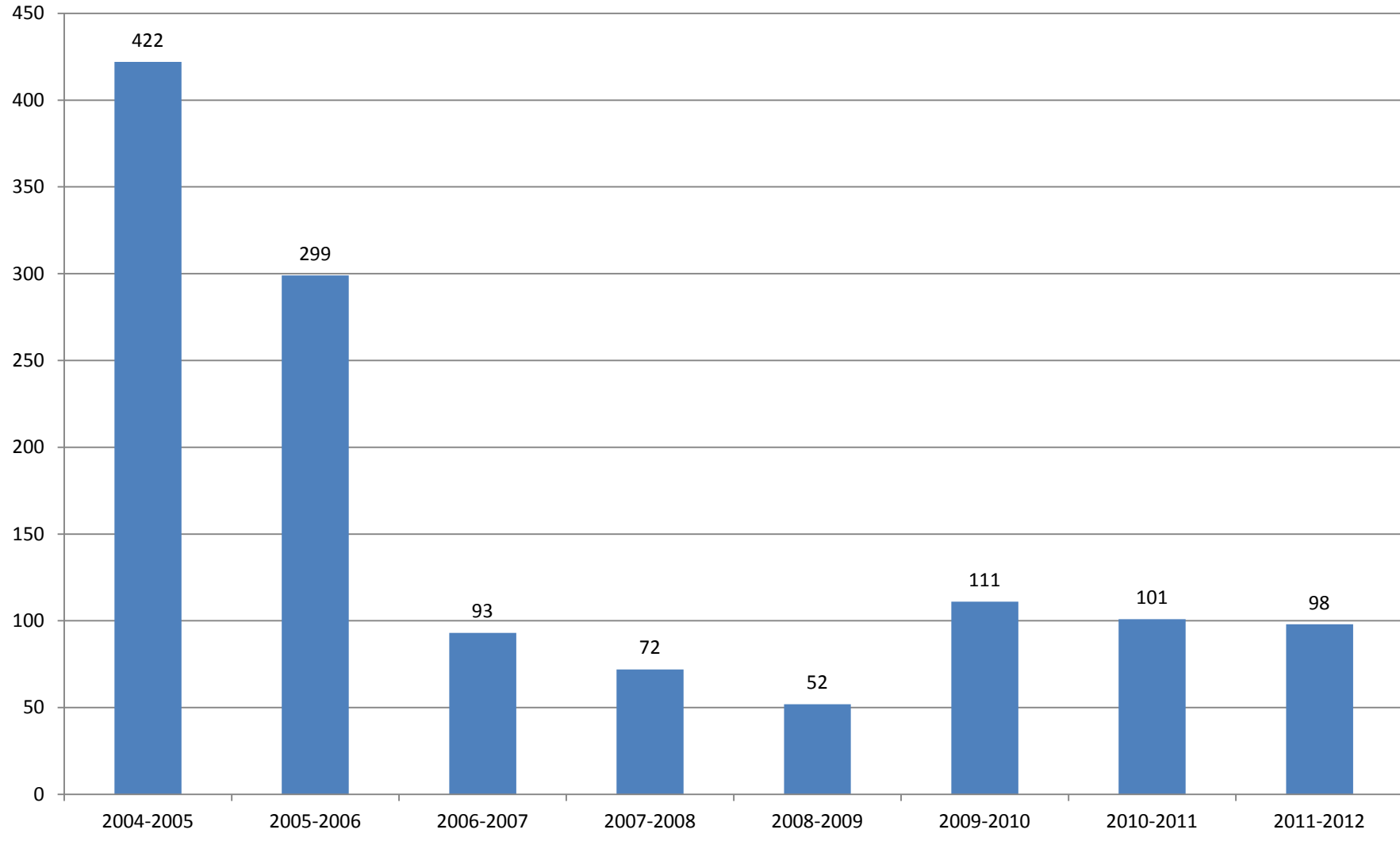
## Median Price Single Family Sedona Area April to March 2004-2012



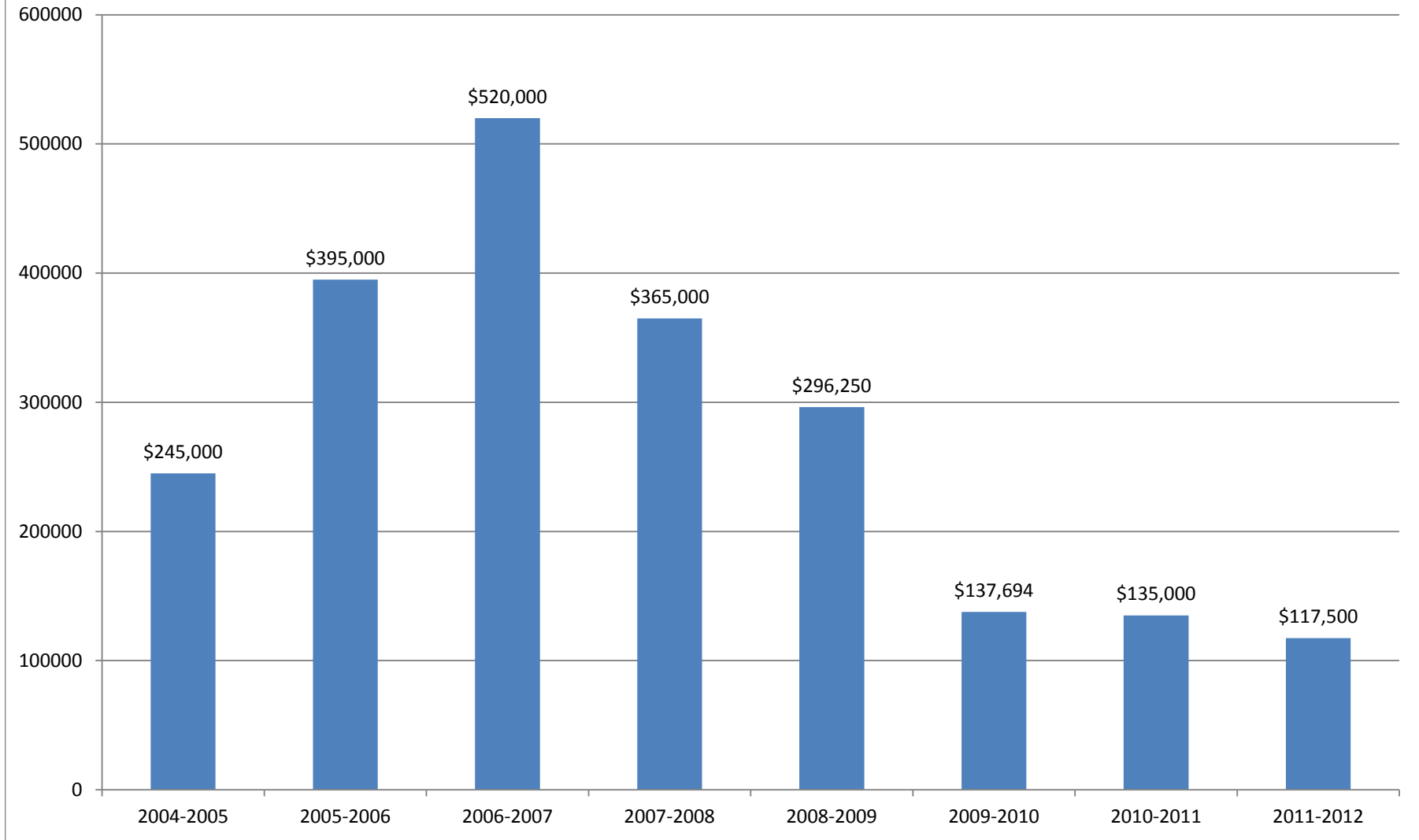
### Single Family Transactions Sedona Area April to March 2004-2011



### Vacant Land Transactions Sedona Area April to March 2004-2012

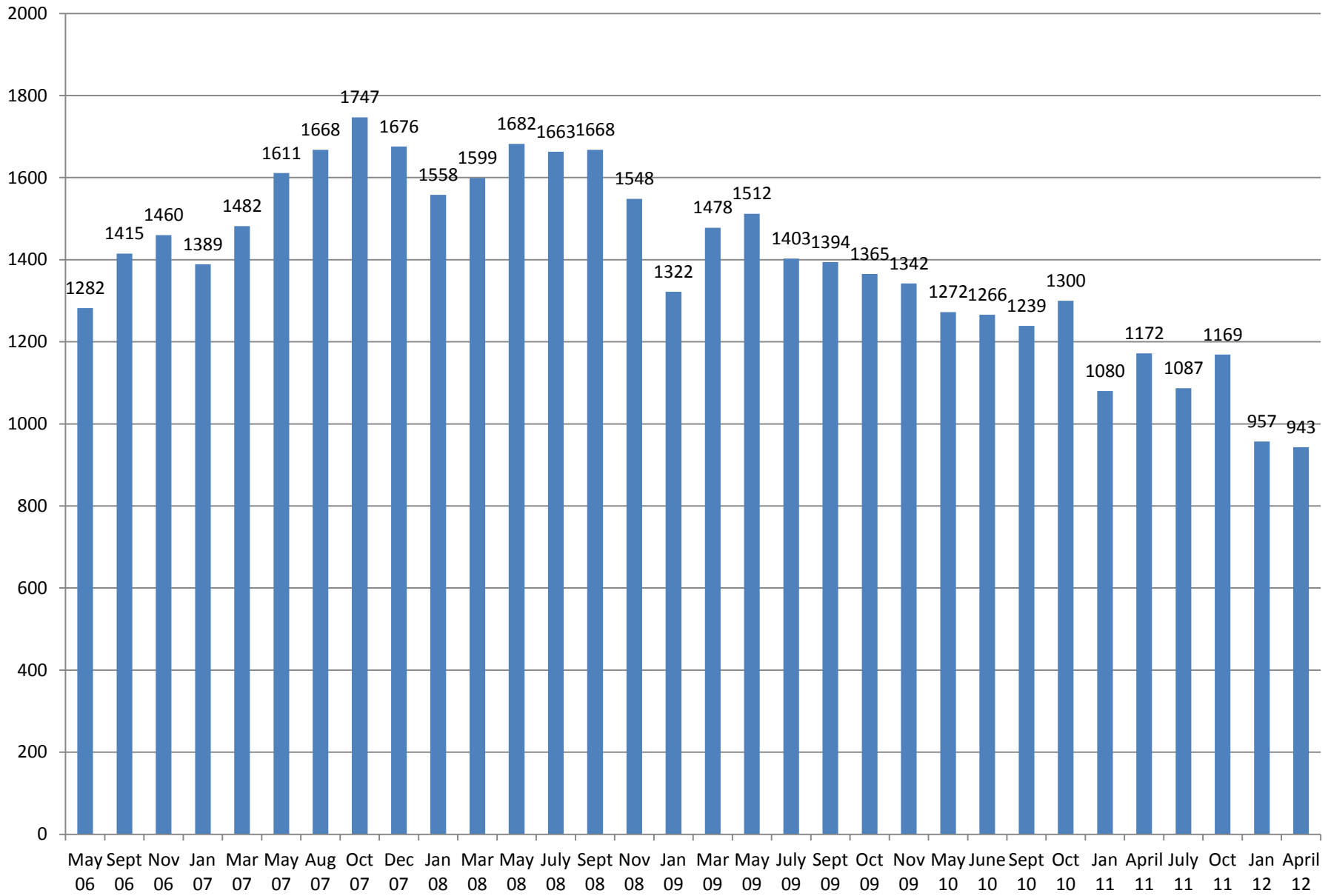


## Median Sales Price Vacant land Sedona Area April to March 2004-2012

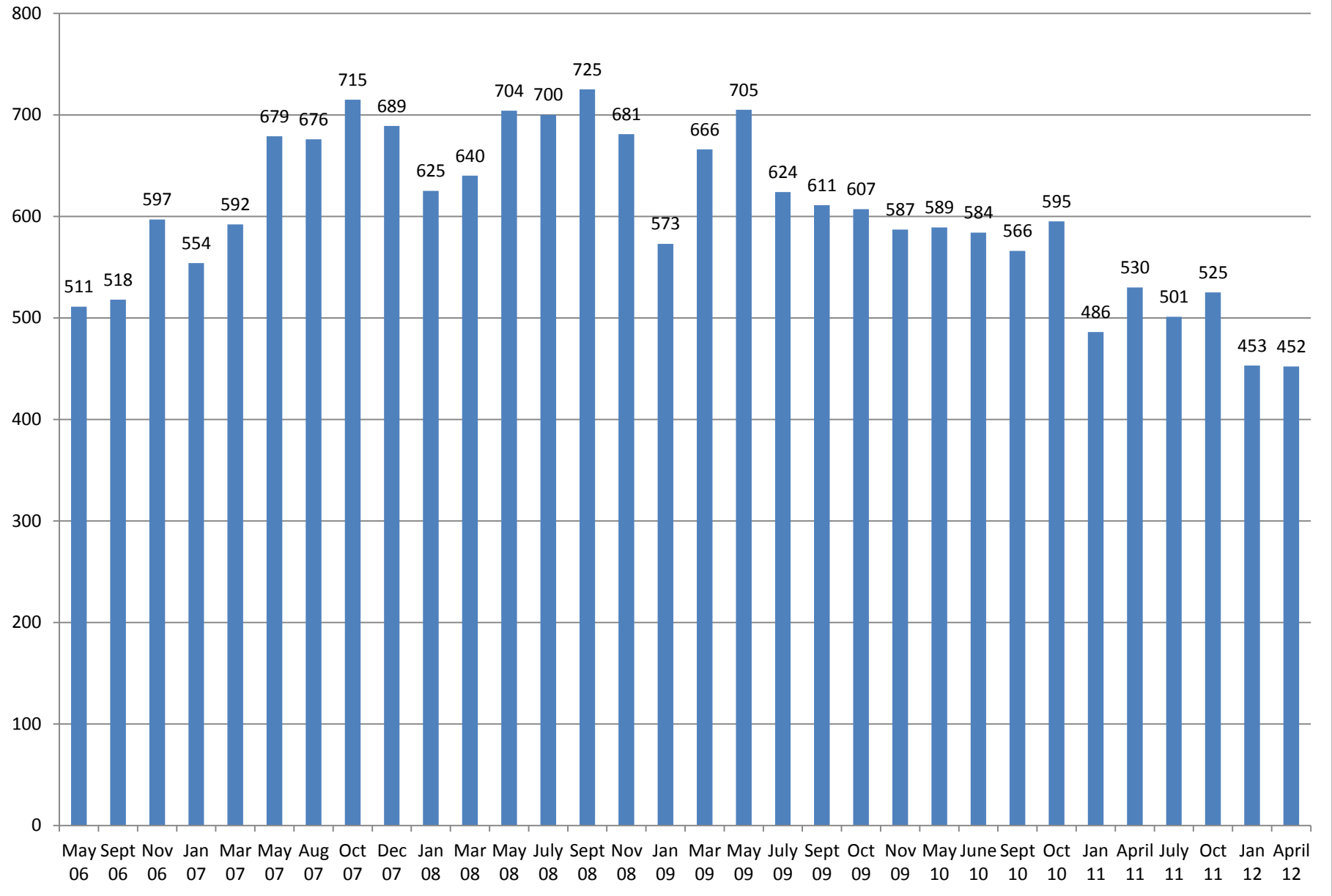




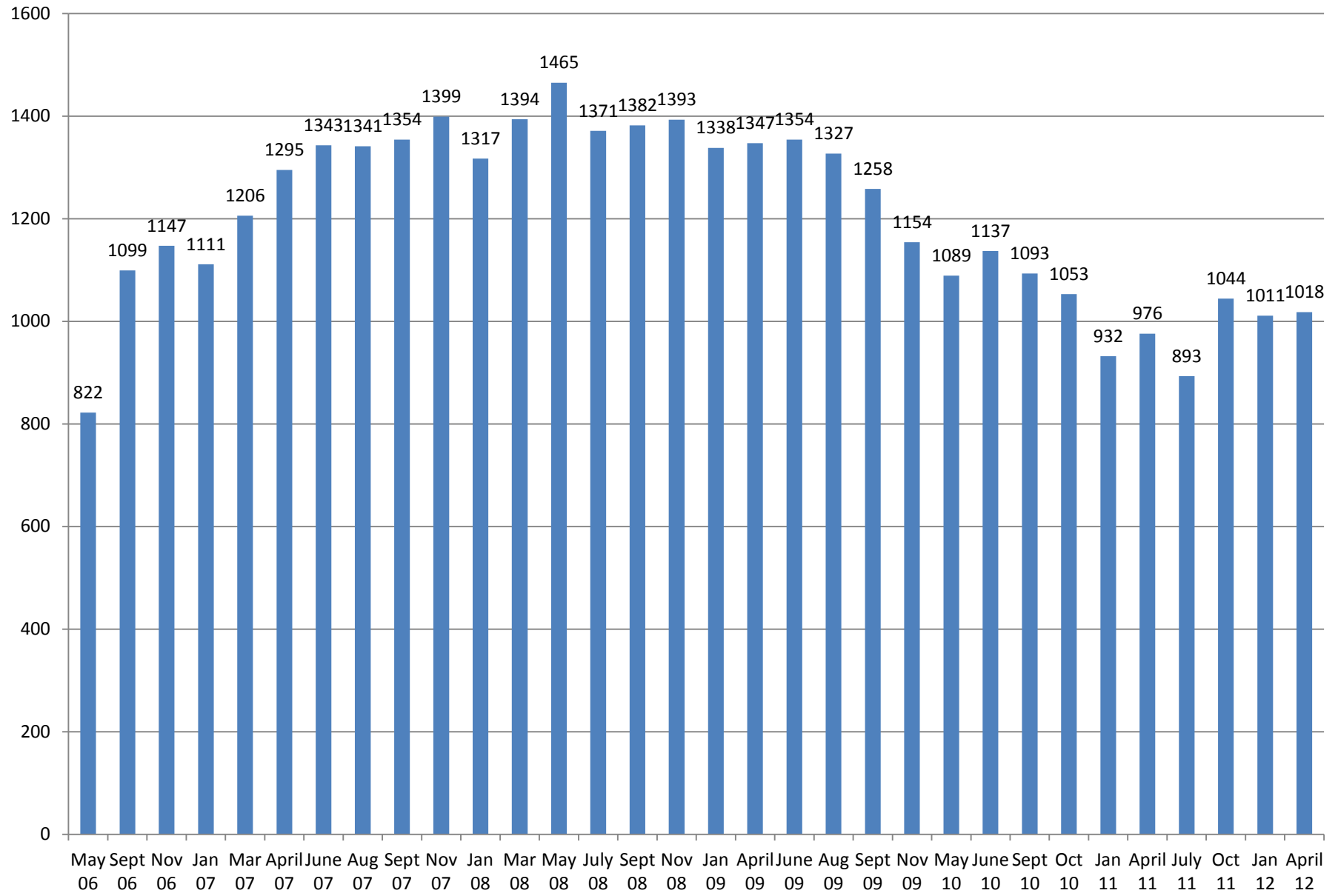
# Verde Valley Residential Inventory



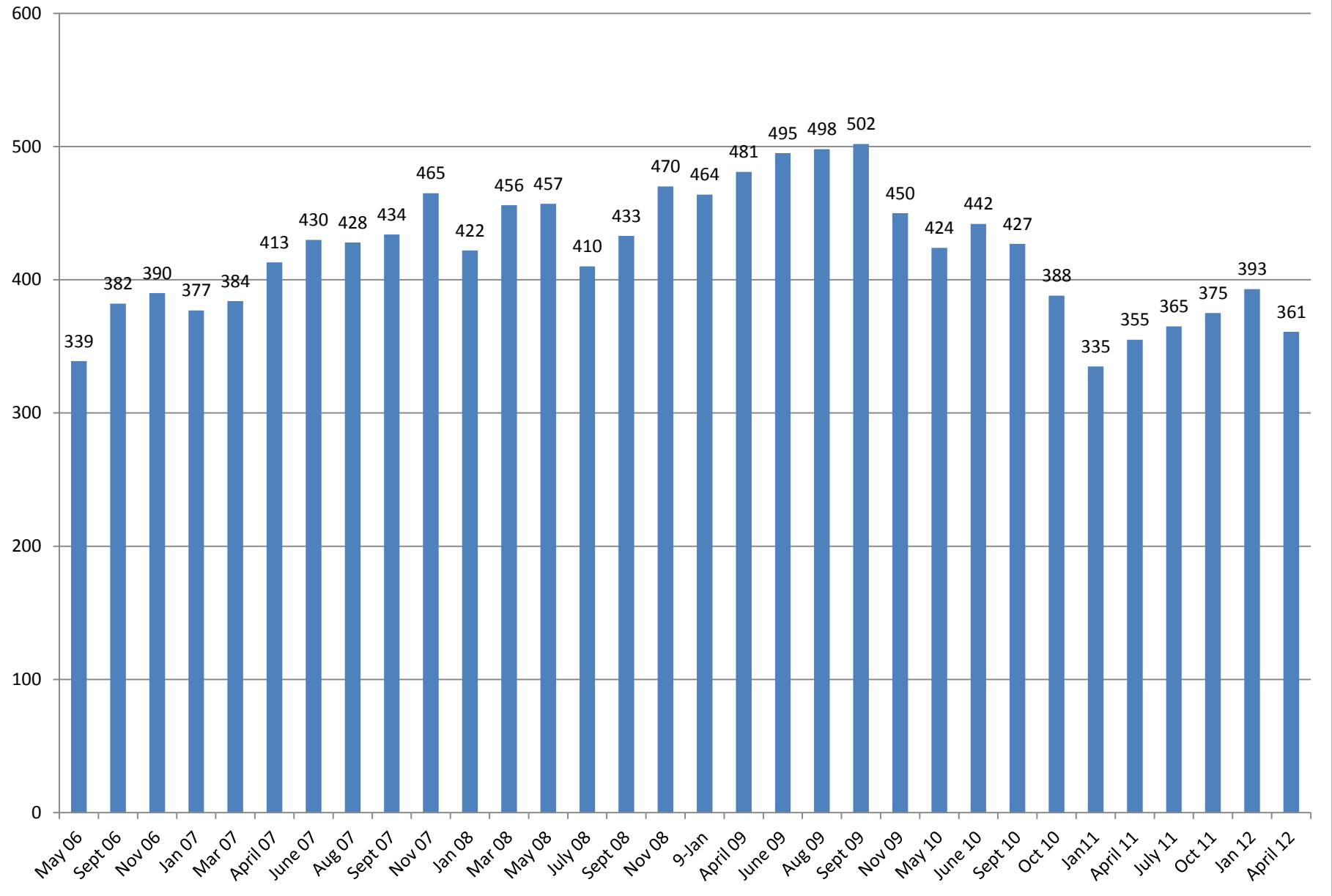
## Sedona Residential Inventory



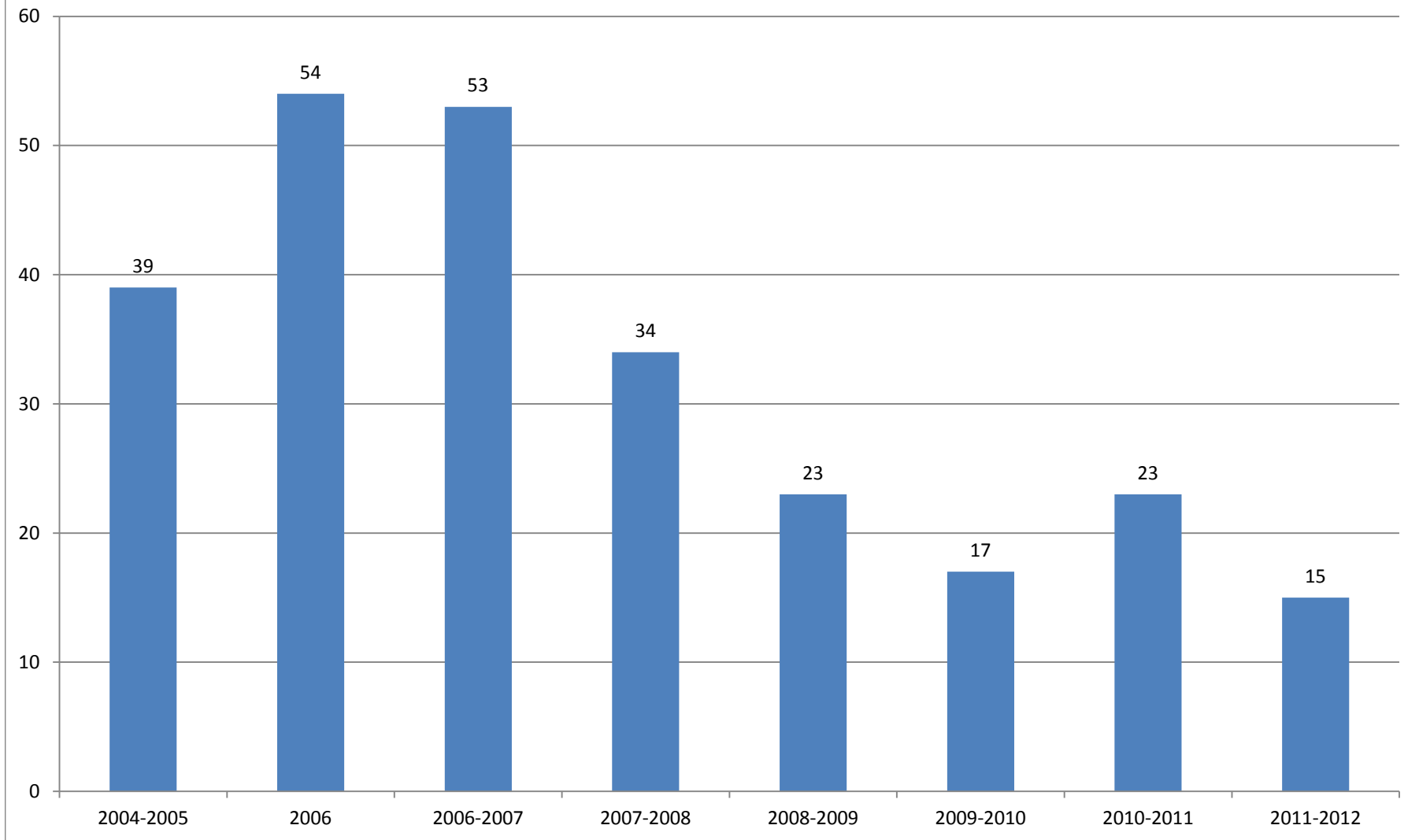
## Verde Valley Vacant Land Inventory



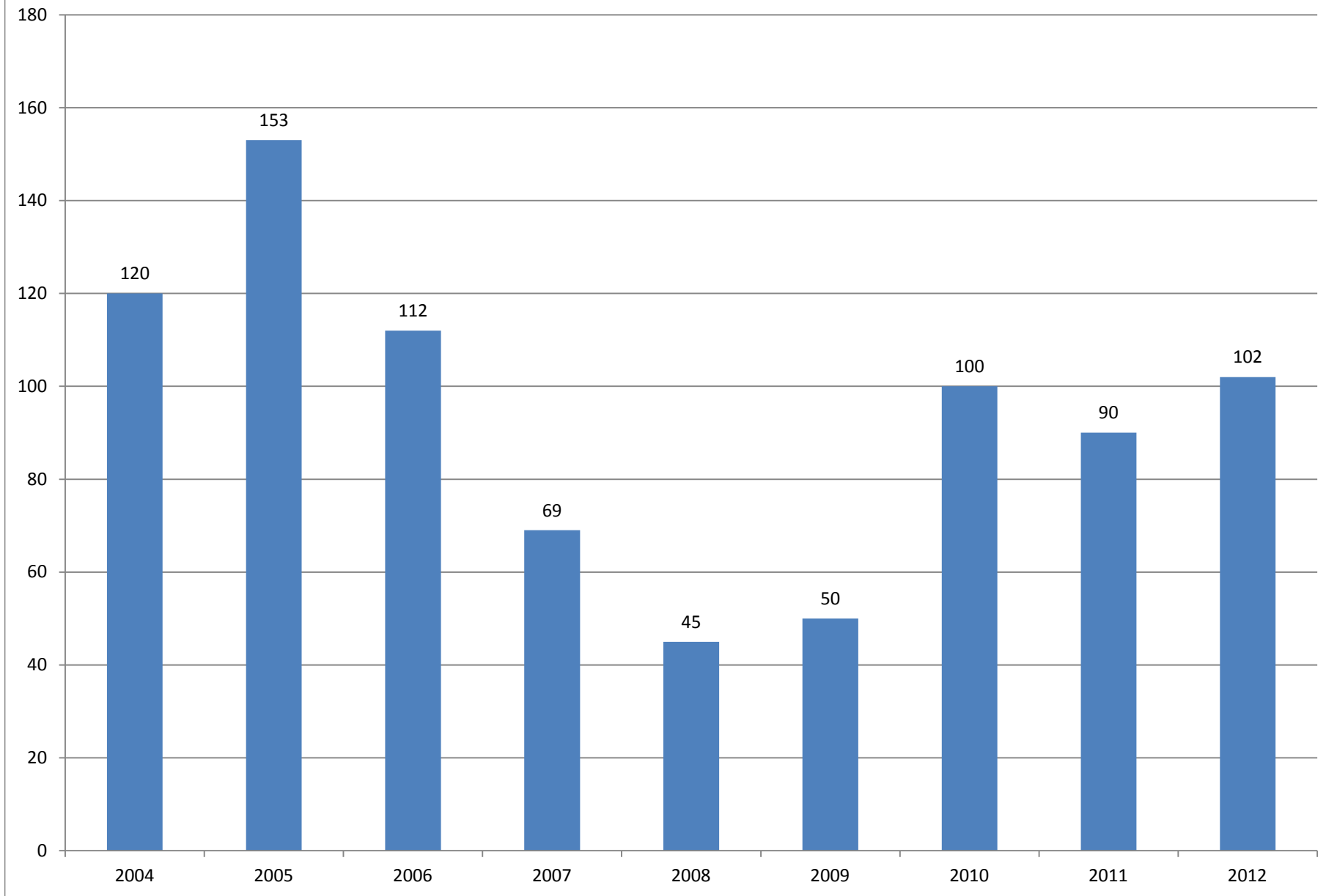
## Sedona Vacant Land Inventory



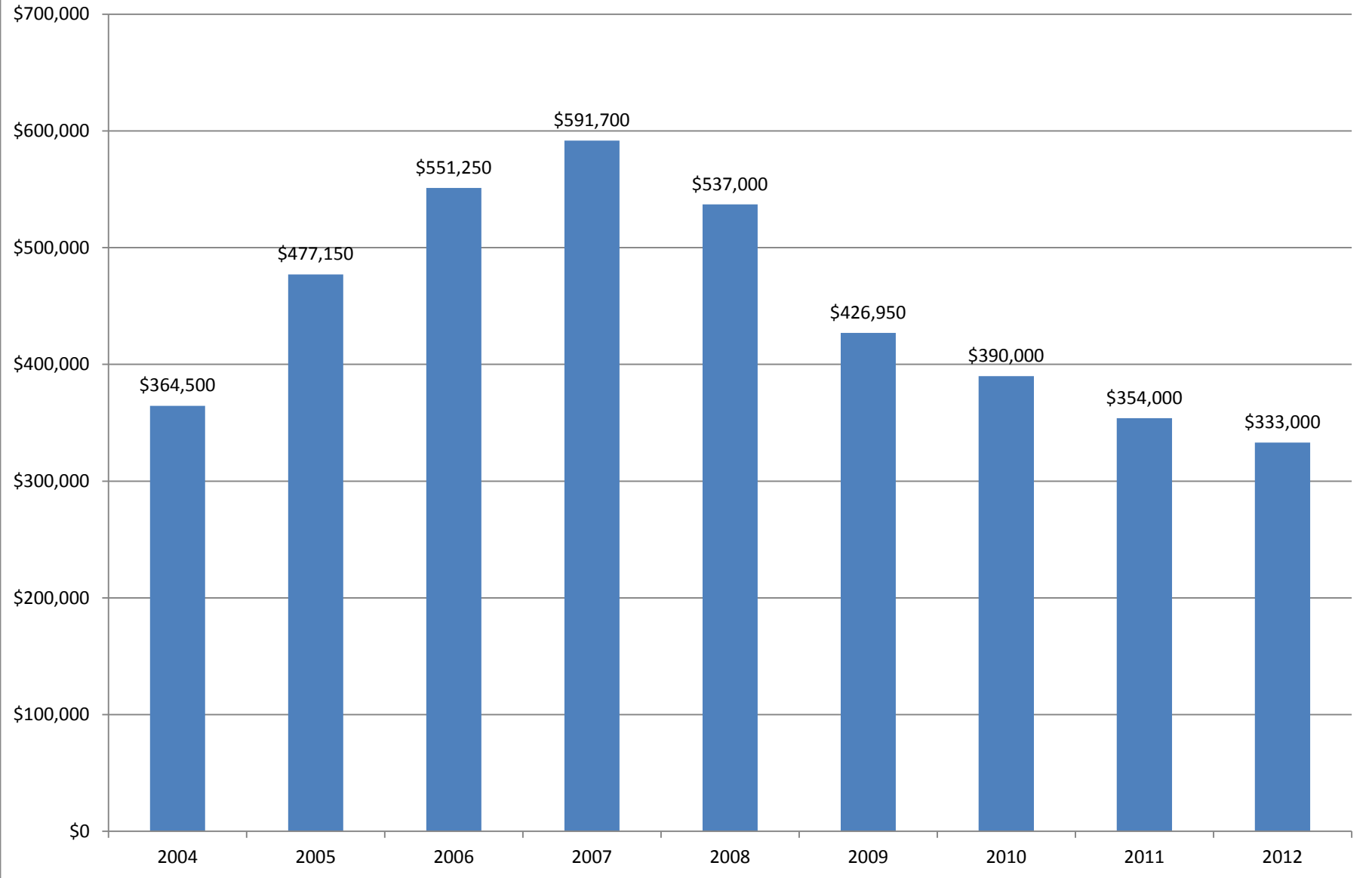
## Single Family Transactions Above \$1,000,000 Sedona Area April to March 2004-2012



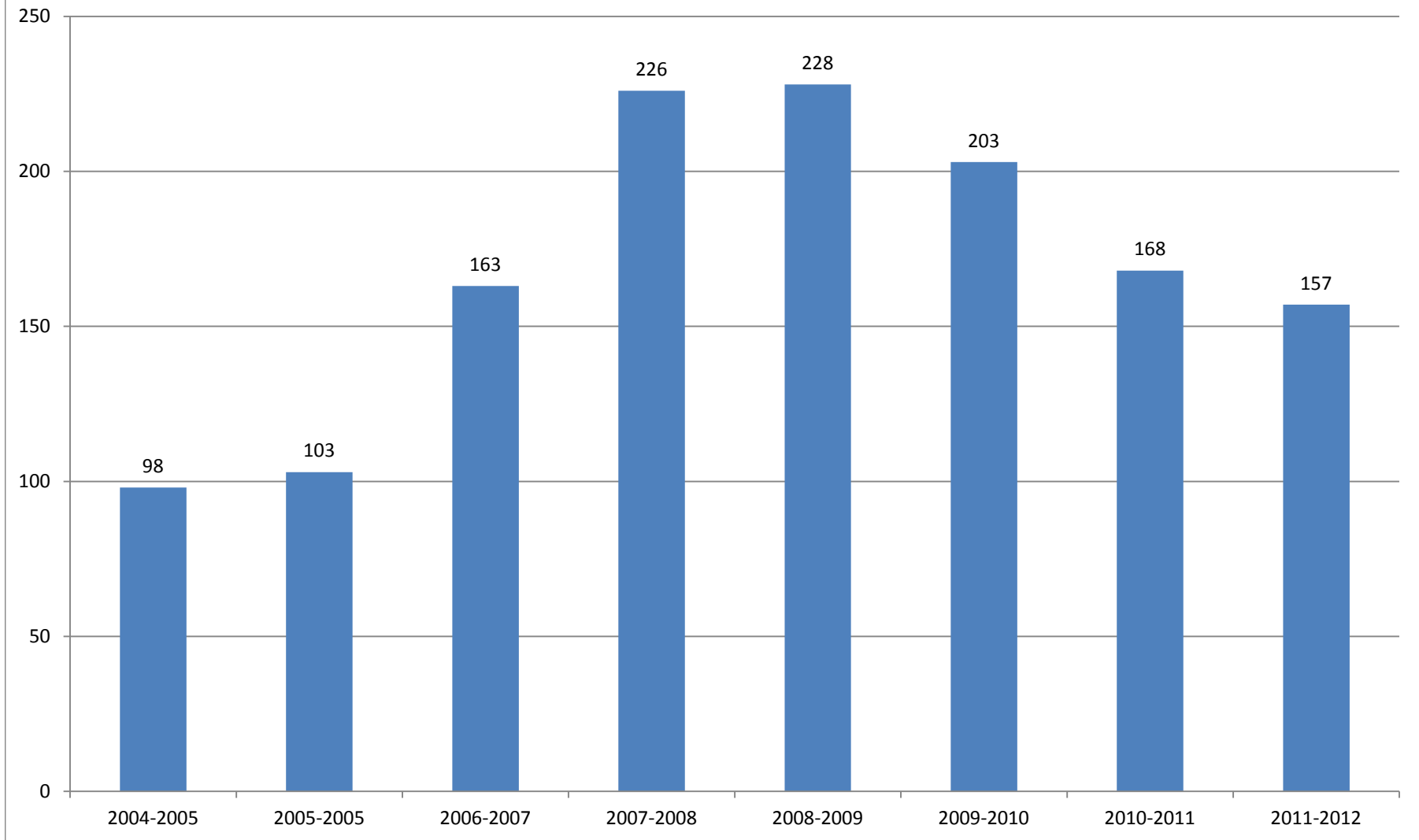
## Single Family Transactions Sedona Area First Three Months of Year



## Median Sales Price Single Family Sedona Area First Three Months of Year

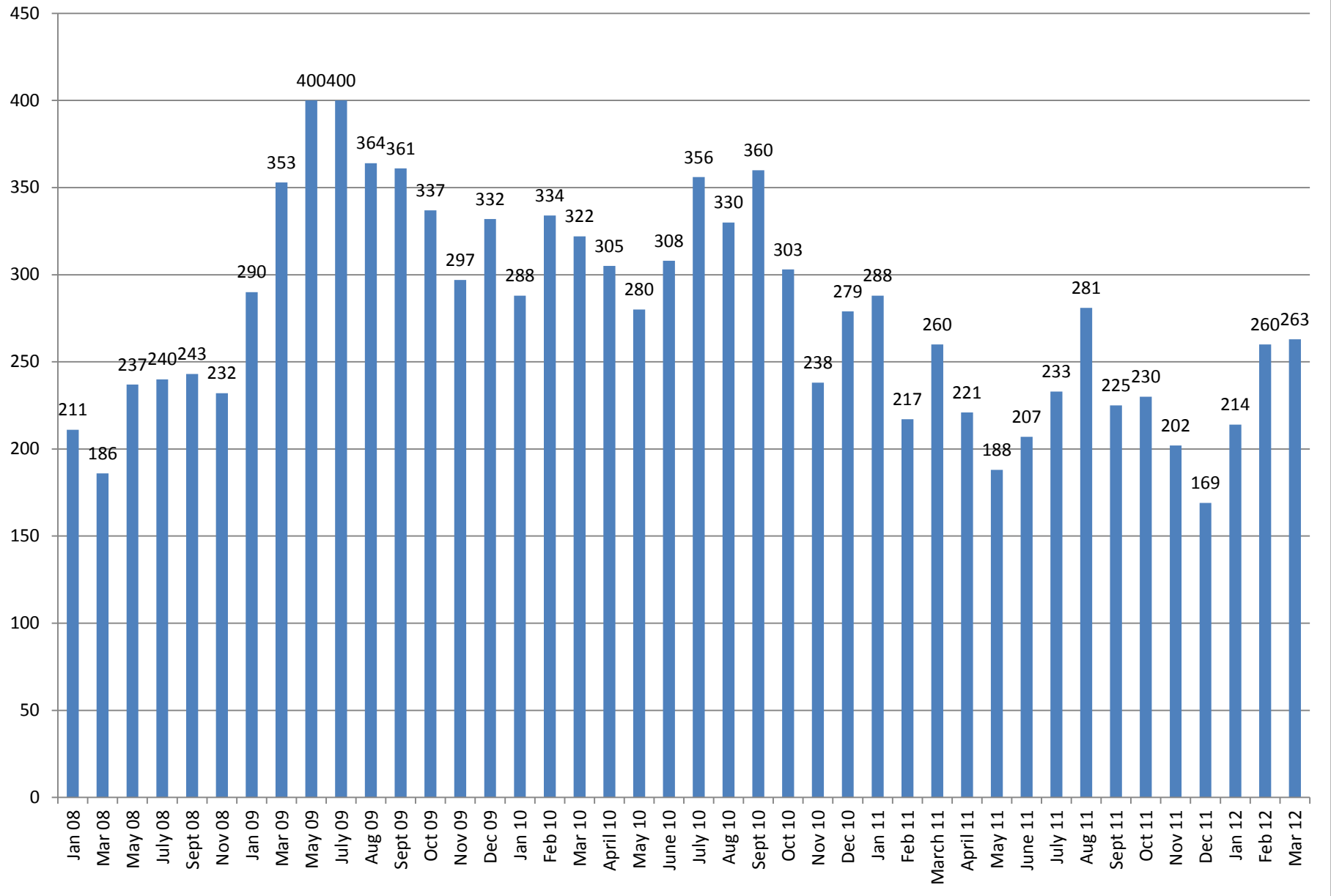


## Cumulative Median Days on Market for Single Family Sedona Area April to March 2004-2012

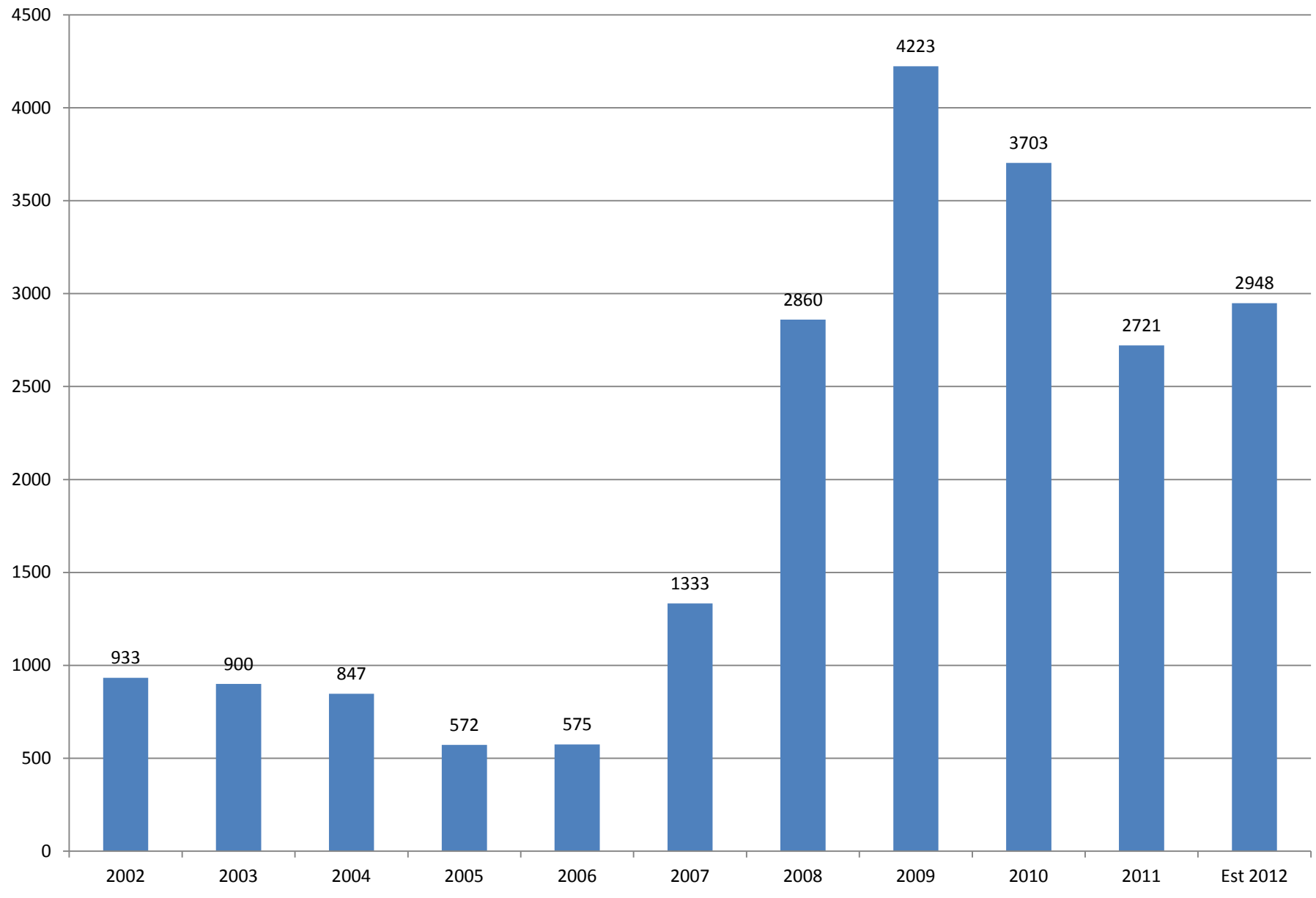




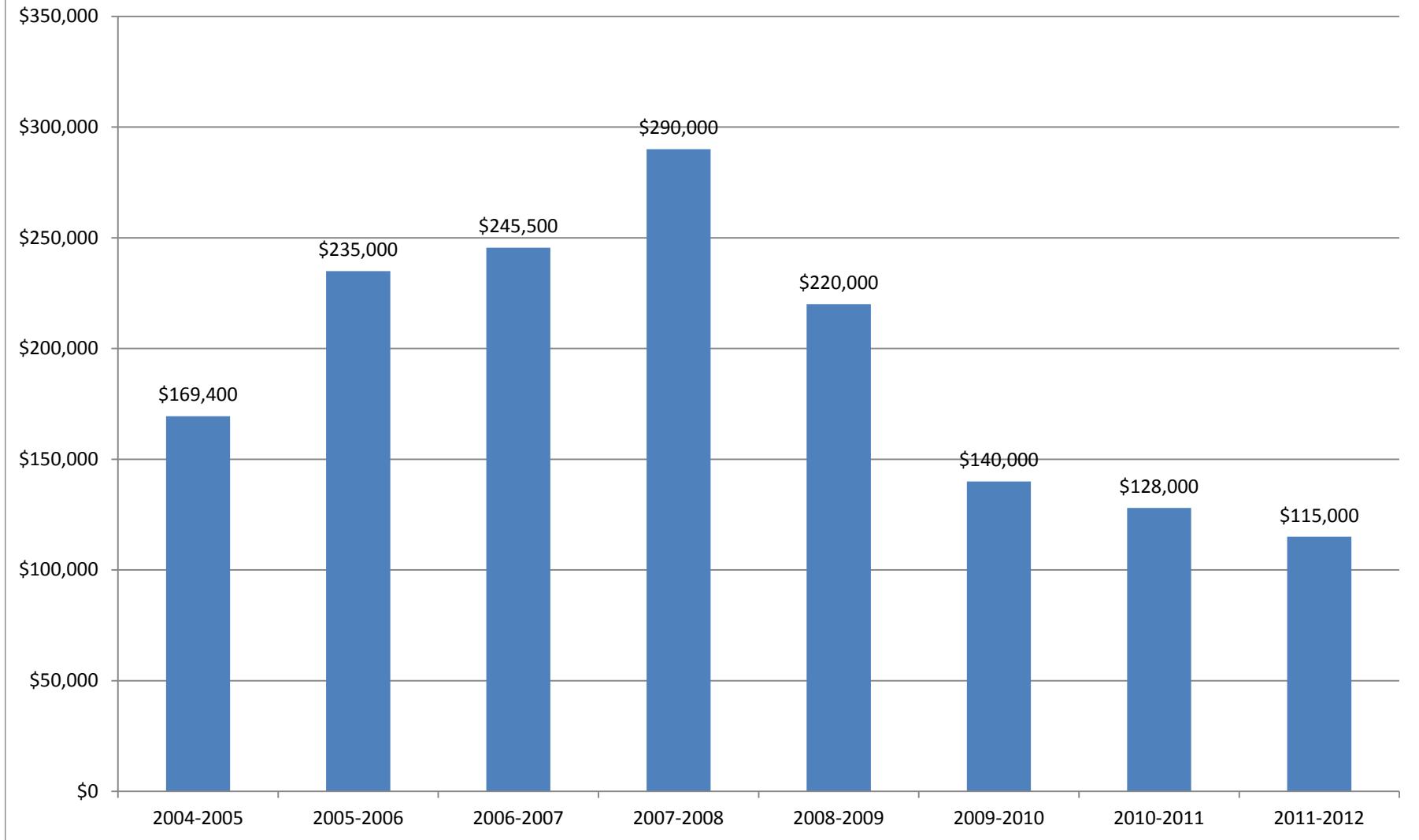
## Yavapai County Notice of Trustees Sales (Foreclosures Initiated)



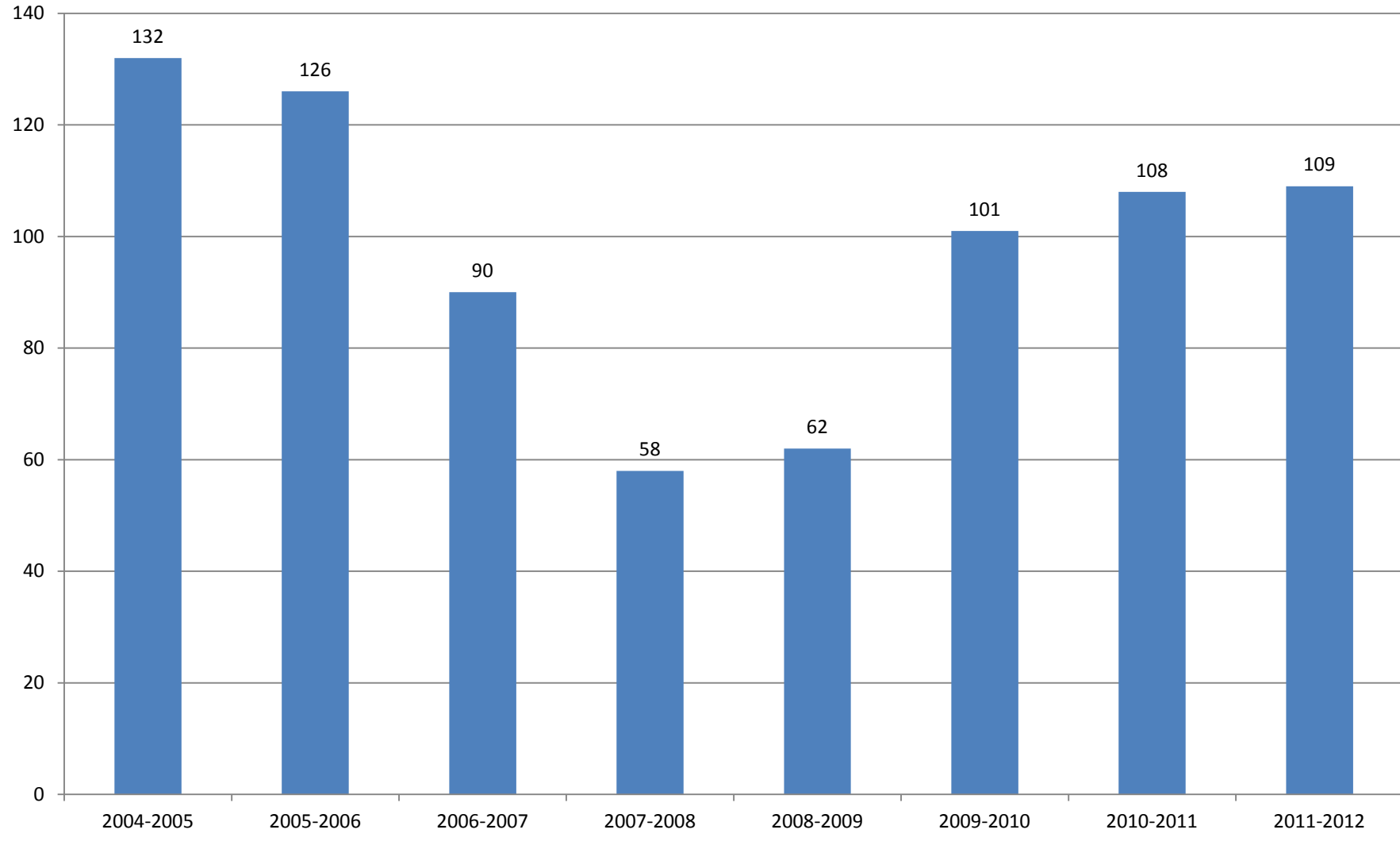
### Annual Notice of Trustees Sales in Yavapai County (Foreclosures)



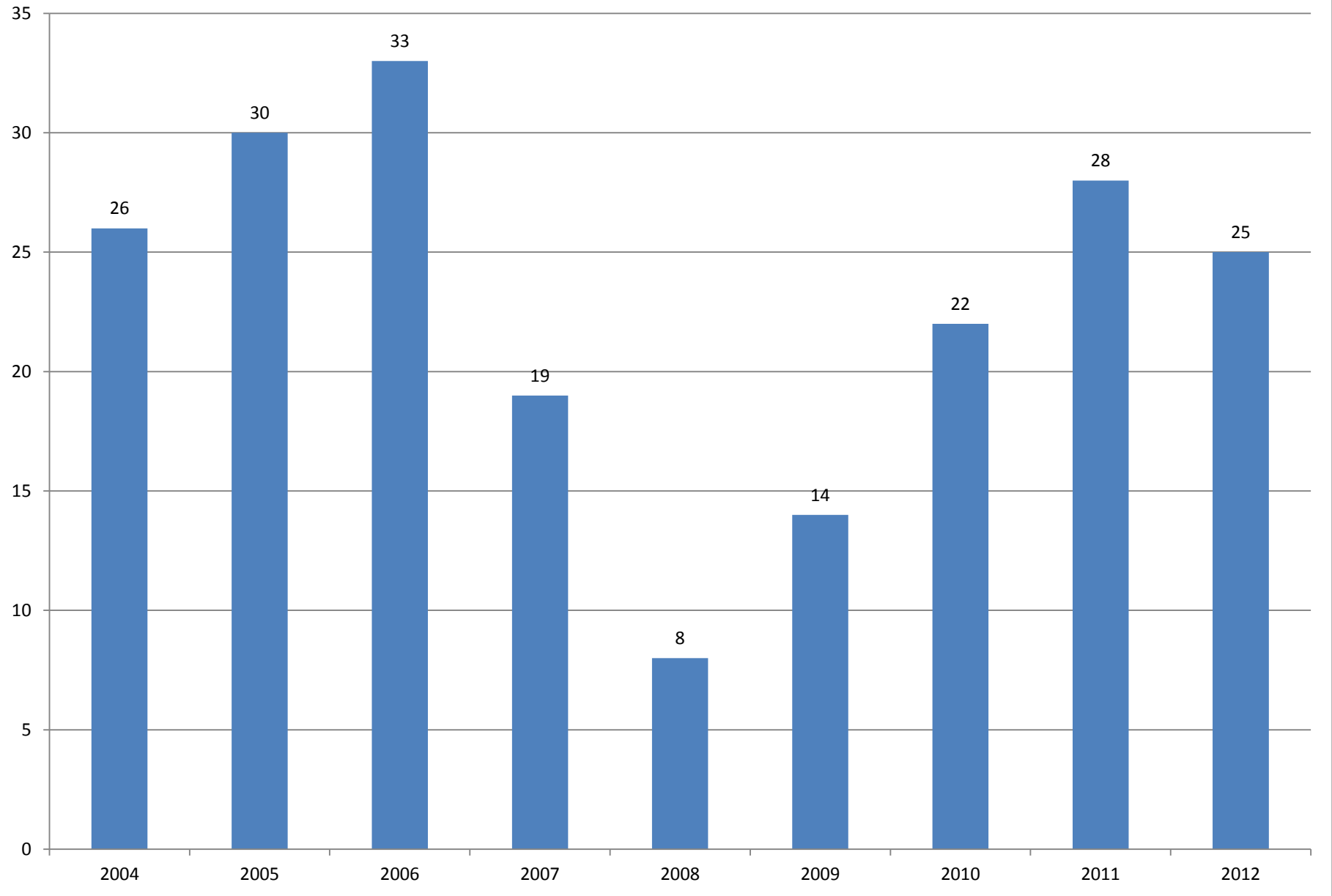
## Median Price Single Family Camp Verde Area April to March 2004-2012



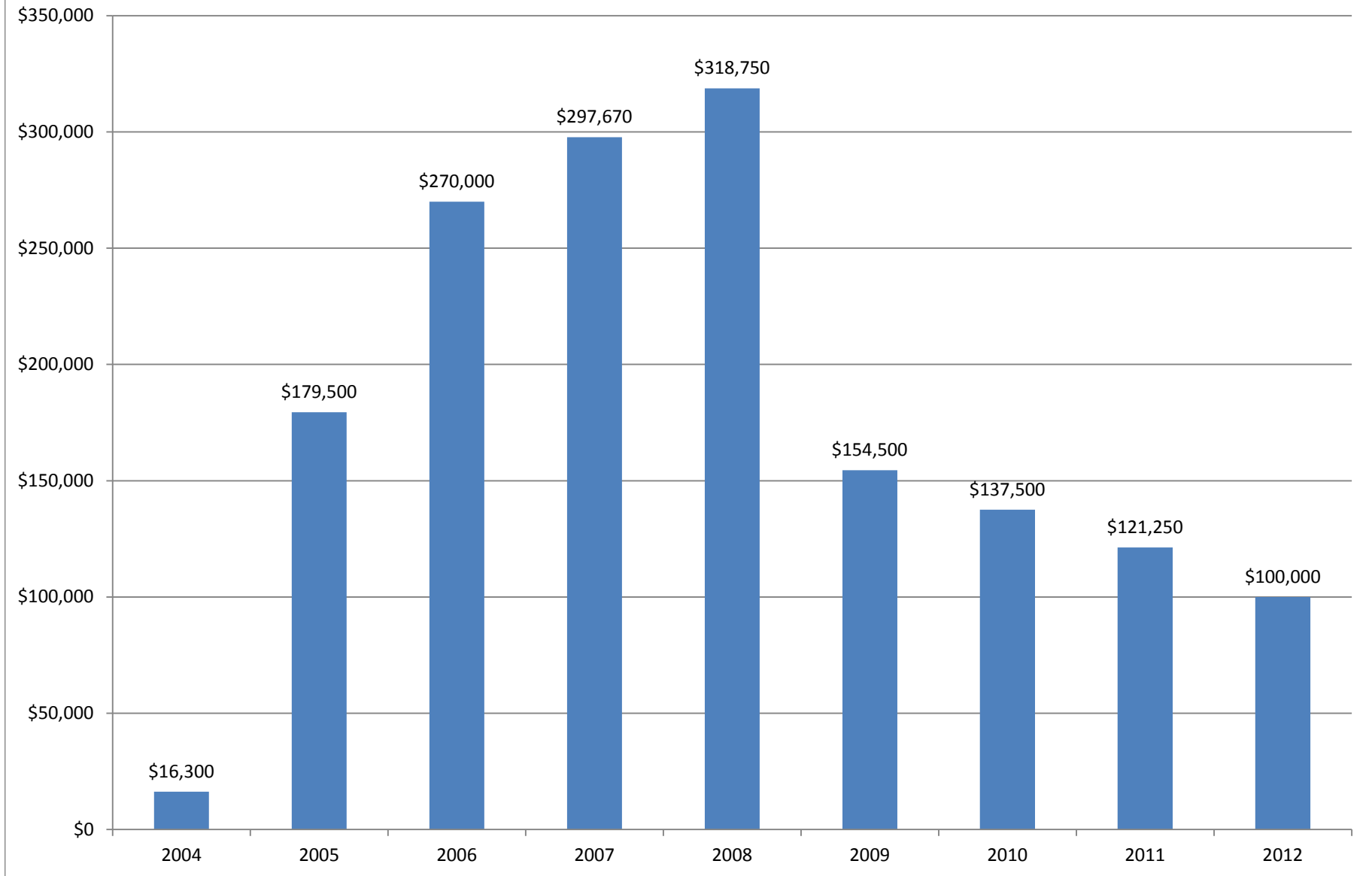
### Single Family Transactions Camp Verde Area April to March 2004-2012



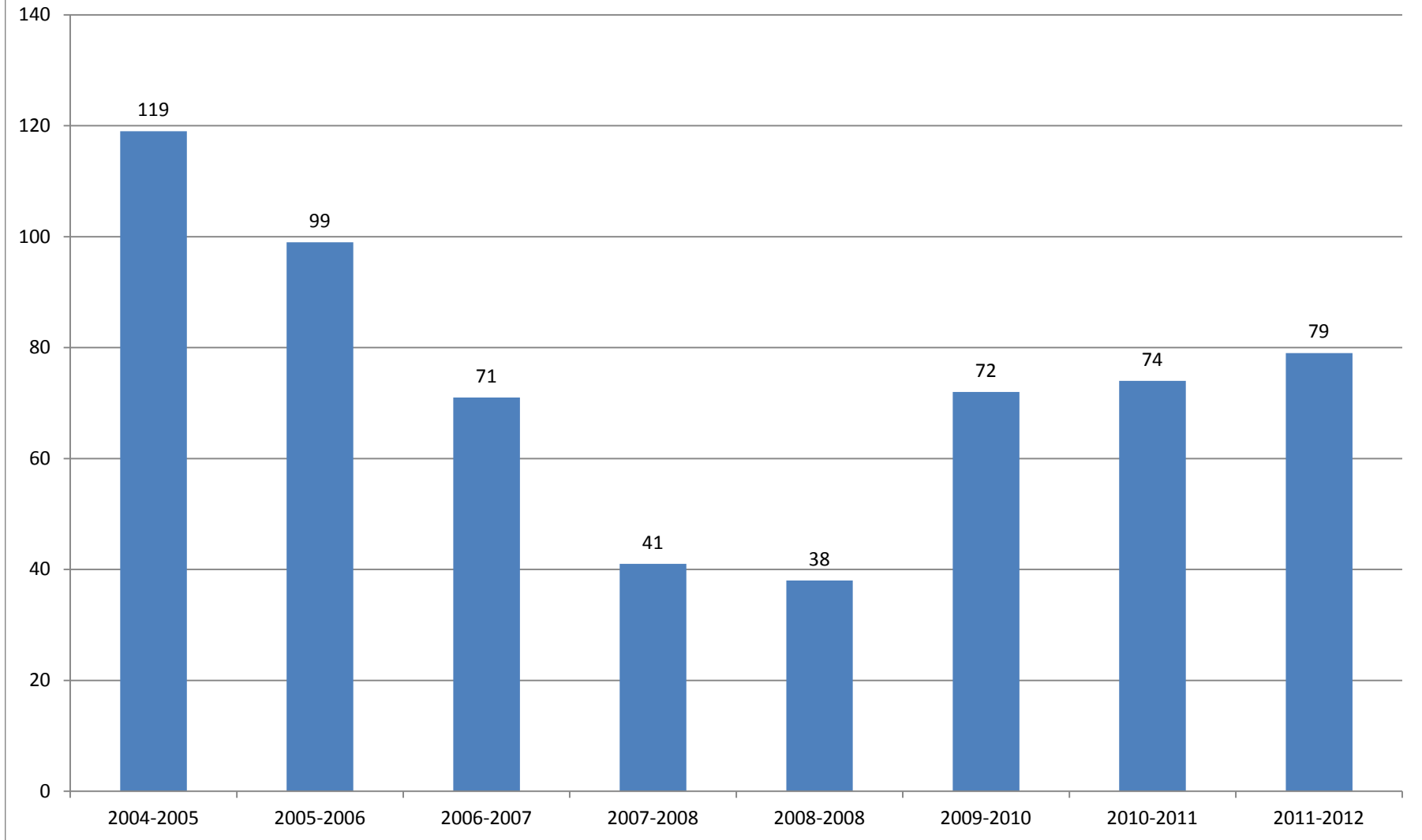
### Single Family Transactions Camp Verde Area First Three Months of Year



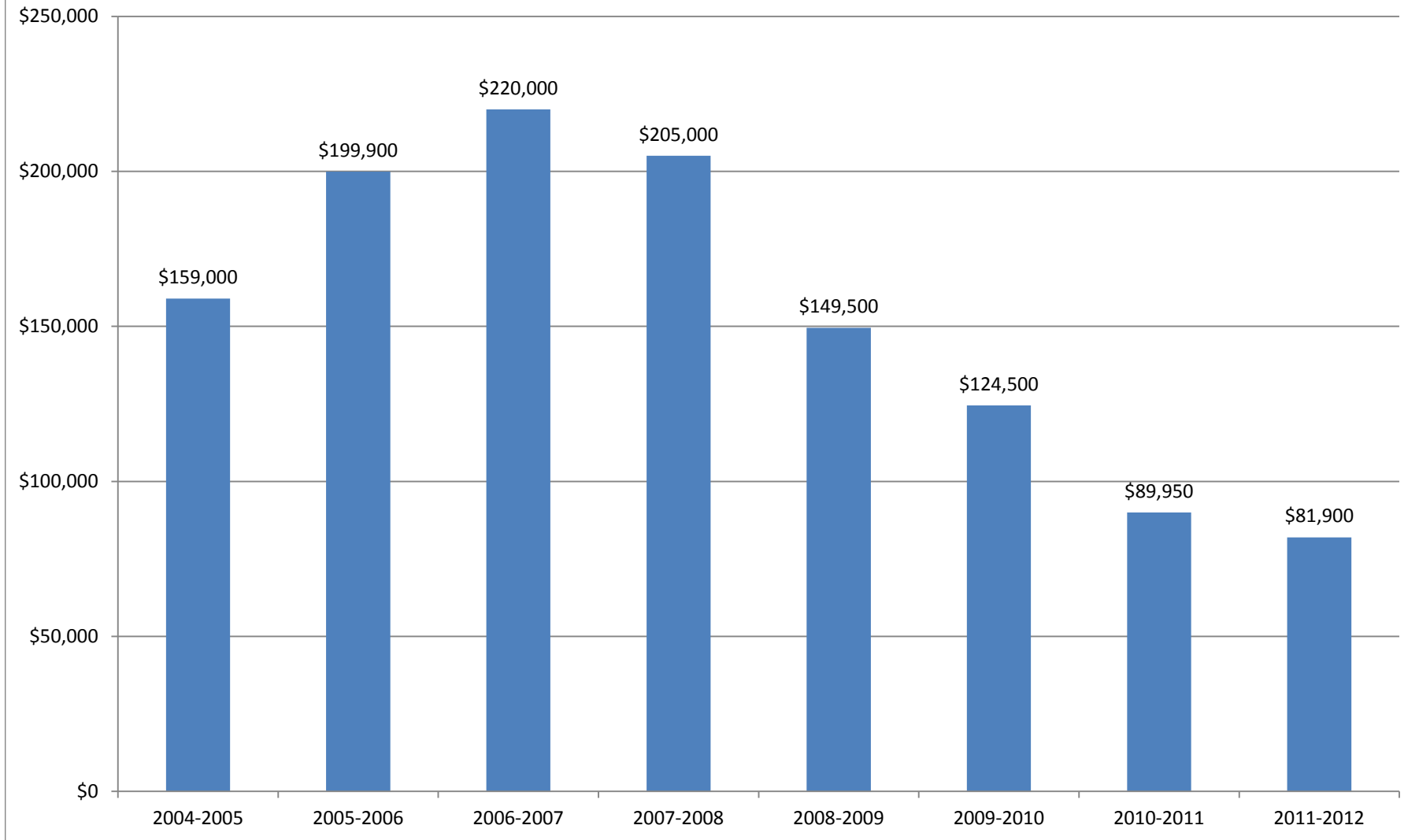
## Median Sales Price Single Family Camp Verde Area For The First three Months of Year



## Single Family Transactions Lake Montezuma and Rimrock April to March 2004-2012

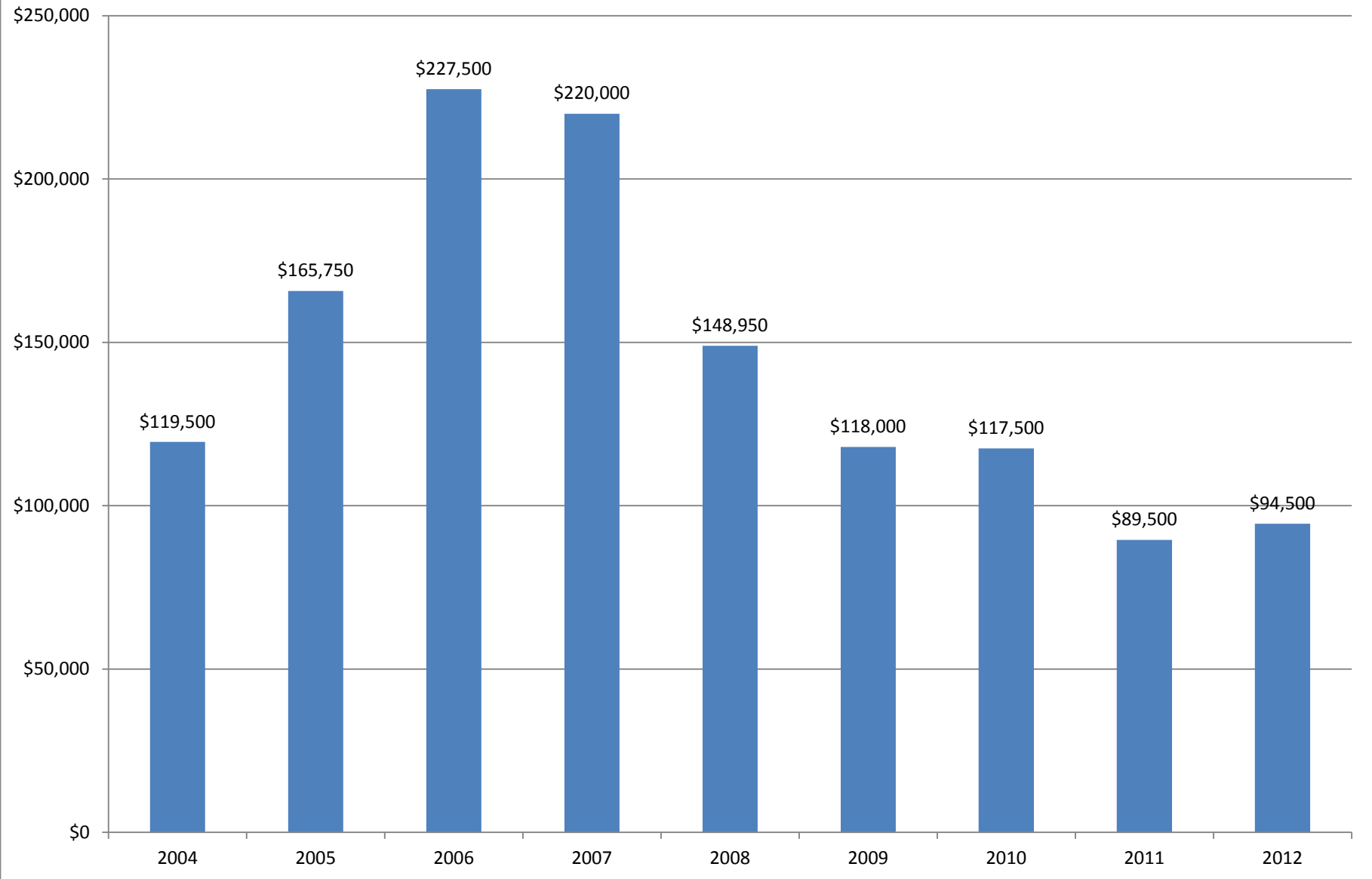


## Median Sales Price Single Family Lake Montezuma and Rimrock April to March 2004-2012

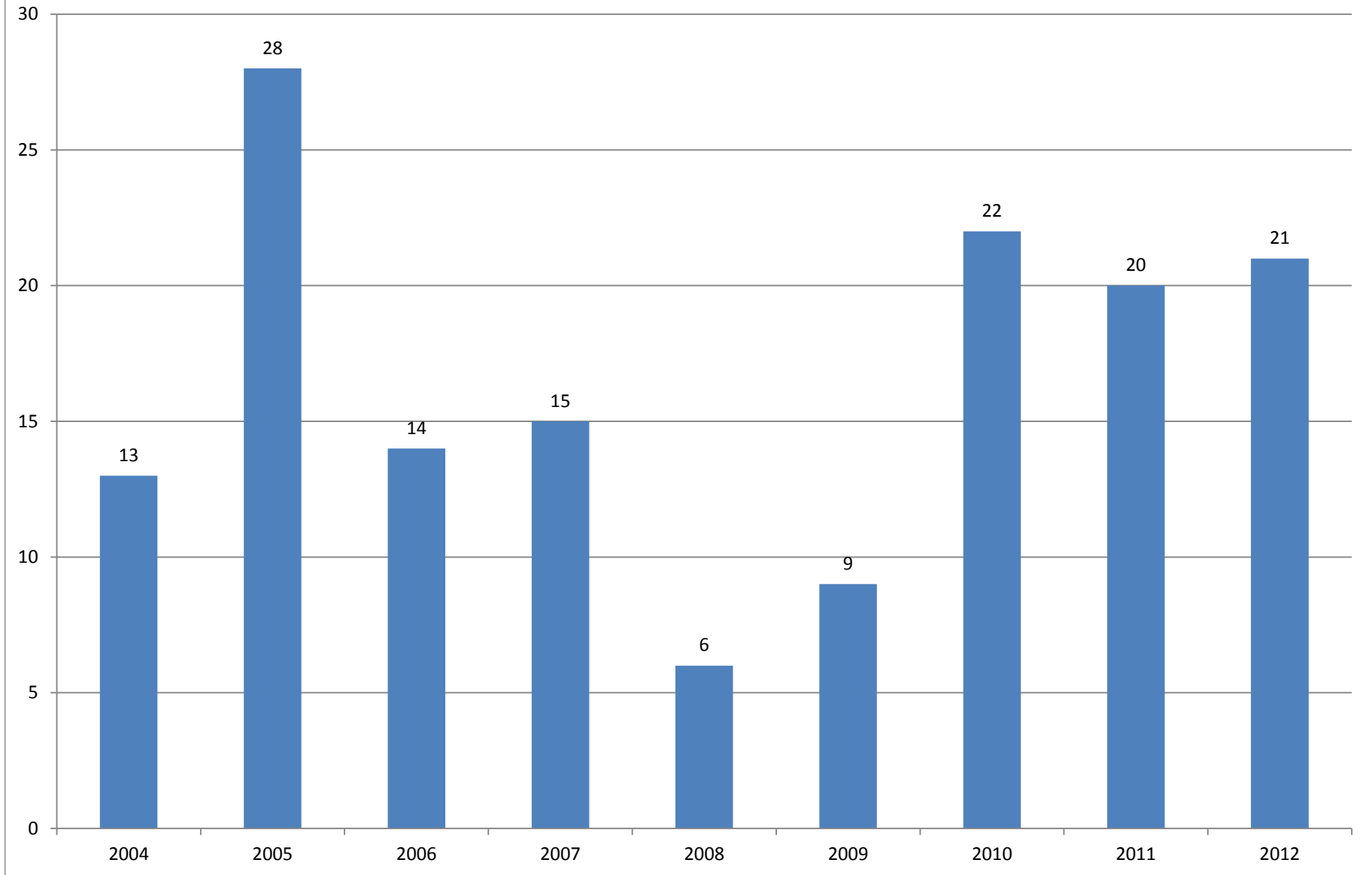




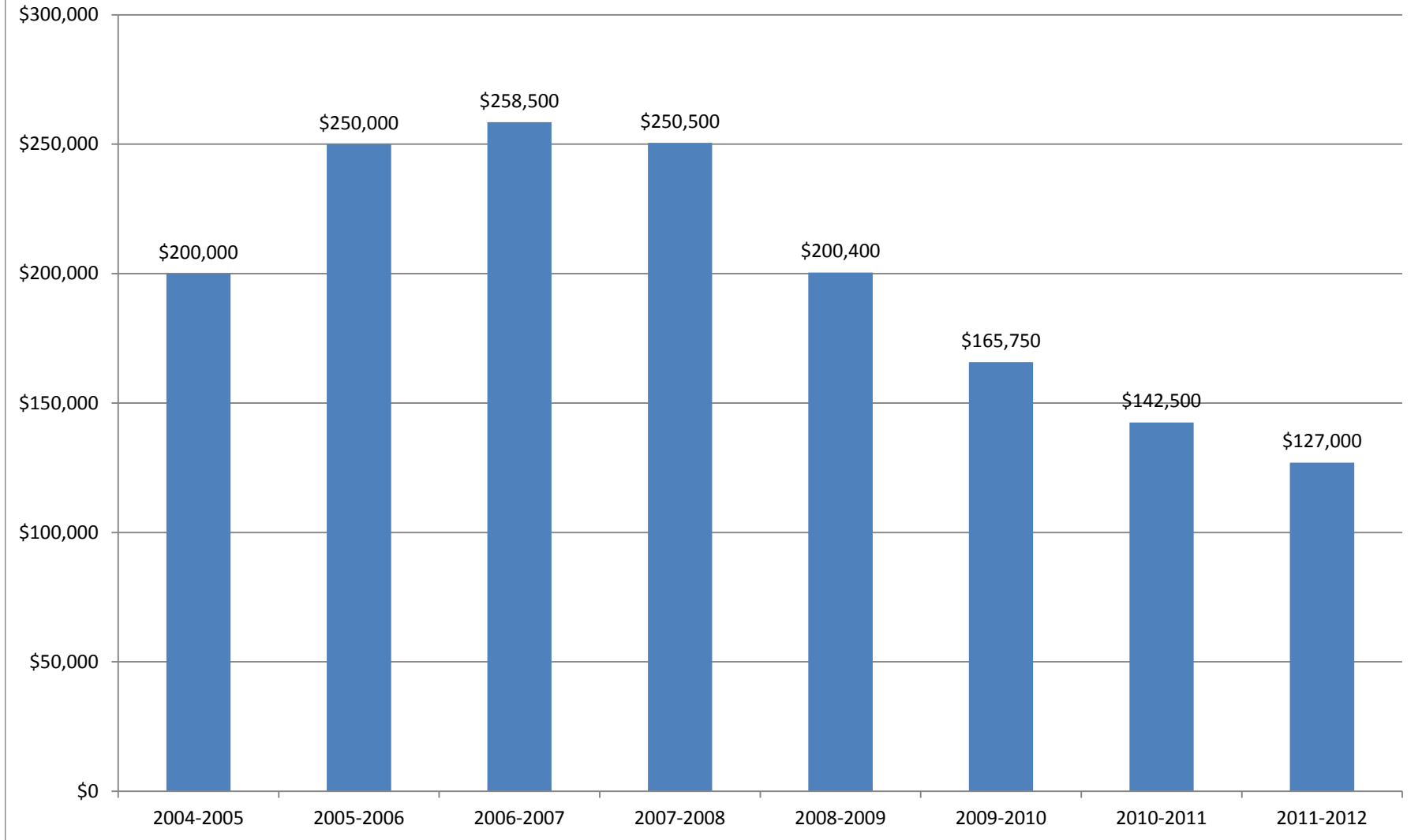
## Median Sales Price Single Family Lake Montezuma and Rimrock First Three Months of Year



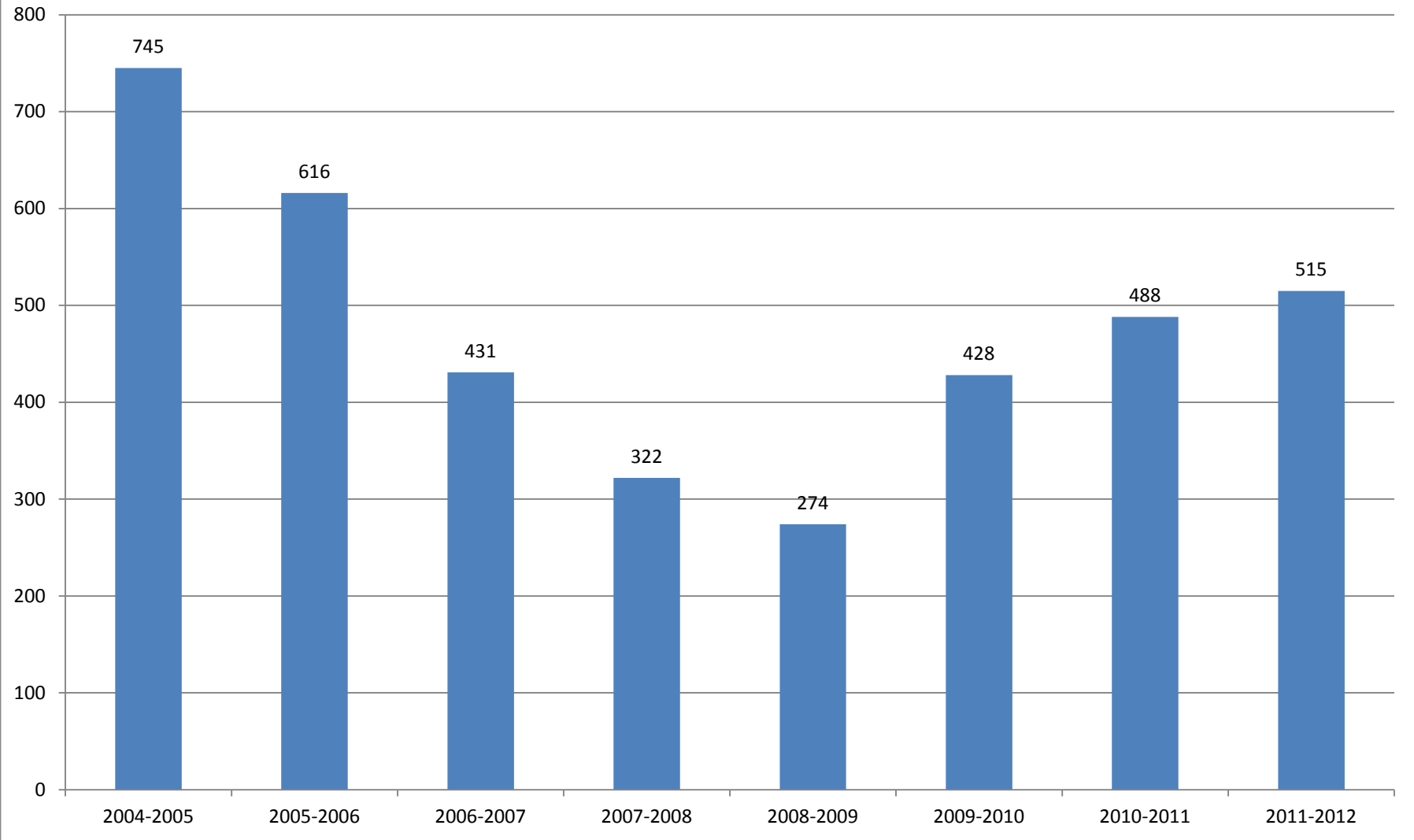
## Single Family Transactions Lake Montezuma and Rimrock First three Months Of The Year



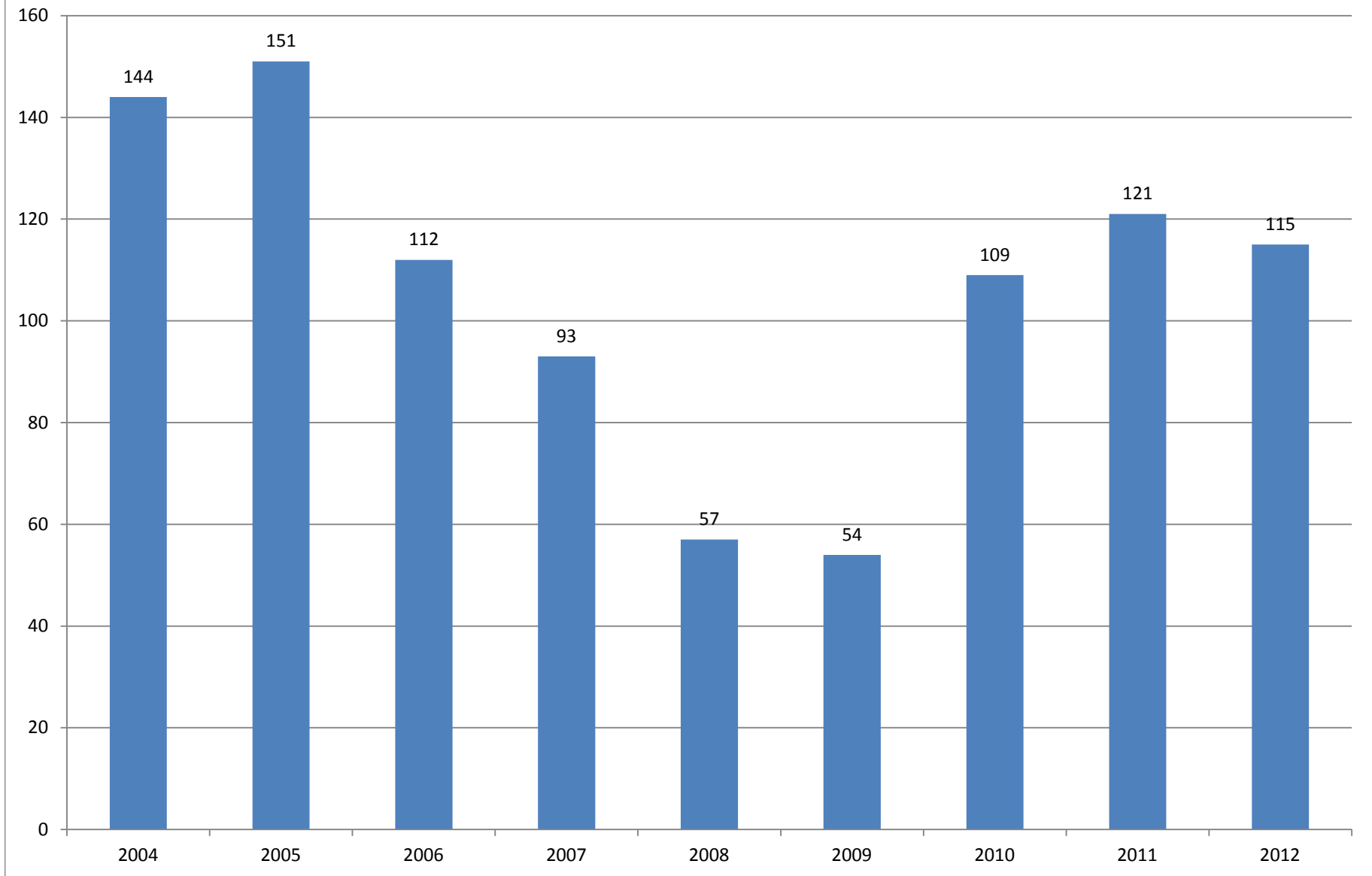
## Median Price Single Family Cottonwood - Cornville Areas April to March 2004-2012



## Single Family Transactions Cottonwood - Cornville Areas April to March 2004-2012



## Single Family Transactions Cottonwood - Cornville Areas First three Months of Year



## Median Sales Price Single Family Cottonwood - Cornville Areas First Three Months of Year

