

Those of you who love numbers always love this issue of our monthly newsletter. This is our annual report of statistics for 2007. **WARNING:** These numbers reflect all Flagstaff mailing addresses. If you are about to make a buy or sell decision, contact us to “drill-down” the numbers to particular neighborhoods. In the current market, there are significant differences neighborhood-to-neighborhood. **Here is a broad look at the 2007 market:**

Sold Units (as reported in Northern Arizona Multiple Listing Service – does not reflect all sales in the market)	Single-Family “Stick-Built”	Townhomes	Condos	Manufactured Mobile Modules	All types
# of Units 2005 (Avg. Days to Sell)	995 (104)	191 (90)	86 (128)	171 (94)	1443 (103)
# of Units 2006 (Avg. Days to Sell)	787 (114)	191 (114)	81 (138)	151 (104)	1210 (115)
# of Units 2007 (Avg. Days to Sell)	690 (125)	153 (112)	253 (153)	113 (117)	1209 (127)
2005 Avg. Price/Median Price	<u>\$395,823</u> \$345,000	<u>\$256,401</u> \$257,900	<u>\$202,755</u> \$183,600	<u>\$174,066</u> \$176,000	<u>\$339,583</u> \$296,000
2006 Avg. Price/Median Price	<u>\$462,359</u> 384,000	<u>\$294,651</u> \$294,900	<u>\$212,629</u> \$214,286	<u>\$209,973</u> \$215,000	<u>\$387,672</u> \$334,250
2007 Avg. Price/Median Price	<u>\$446,490</u> \$371,000	<u>\$295,937</u> \$290,000	<u>\$194,428</u> \$177,563	<u>\$203,032</u> \$210,000	<u>\$351,935</u> \$300,000
Change in Units Sold: From ‘05 to ‘06/From ‘06 to ‘07	+20.9% -12.3%	0 -19.9%	-5.8% +212%	-11.7% -33.6%	-16.1% ≤ 1%
Change in Average Price: From ‘05 to ‘06/From ‘06 to ‘07	+16.8% -3.4%	14.9% ≤ 1%	4.8% -8.5%	+20.6% -3.3%	+14.2% -9.2%
Change in Median Price: From ‘05 to ‘06/From ‘06 to ‘07	+11.3% -3.4%	+14.3% -1.6%	+16.7% -17.1%	+22.2% -2.3%	+11.2% -10.3%

A quarter-by-quarter analysis for Flagstaff sales is below:

<i>MLS Statistics</i>	Median Price ~ All	Median Price ~ SFR	Homes Sold (SFR/All)
4th Quarter 2007	\$300,000	\$365,000	198/317 (62%)
3d Quarter 2007	\$290,000	\$373,500	202/360 (56%)
2d Quarter 2007	\$300,500	\$387,500	182/340 (53%)
1st Quarter 2007	\$310,000	\$369,000	106/281 (37%)

MLS data for single family, townhomes, condos and manufactured homes with Flagstaff mailing addresses. See footer.

While the past does not predict the future, it’s important to understand where we have been as we try to analyze where we might go in 2008. Remembering that each neighborhood is different, we also know that each type of housing – single family residences, townhomes, condominiums and manufactured/mobile/module – is different.

Condos: In 2007, a new type of condo was introduced in Flagstaff: the apartment conversion. You can see the result in the number of units of condo sales – up 212% -- in 2007. The price of these conversions was also lower

“MLS” data is based upon information from the Northern Arizona Association of Realtors® and is deemed reliable for sales reported to the association, but is not guaranteed and does not include all sales in the market area.

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Annual Market Report *(continued from back page)*

than pre-existing condo units in Flagstaff. In the Spring of 2007, when the *Villages at University Heights* and *Timberline Village* hit the market together, in much better marketing condition than earlier-available *Arbors*, sales went through the roof due to pent up demand for affordable housing. The pace of sales fell in the fall as this pent up demand was satisfied, but sales continued and are expected to improve yet again in the spring. Meanwhile, older condos, though generally somewhat larger than the apartment conversions, suffered a price drop compared to price years.

Townhomes: Townhome owners generally stuck to their guns on price in 2007. As a result, the number of sales fell. Several builders ran successful “year-end specials” to clear their inventories and when those sales start hitting the comparables lists with closings later this month, we will see an average and median price drop in townhomes in the first half of 2008.

Manufactured Homes: “Manufactured home” means those fabricated after 1976 (anything before that is a “mobile” in HUD standards). Two factors are affecting this market in Flagstaff: (1) there is virtually no more land right now that permits such homes (Railroad Springs is full) and (2) financing standards have truly tightened in response to the home loan credit crisis.

Single Family Residences: Median and average prices had not dropped to the level at which they finished the year in 2005, when the pace of the market first began to stall in the last quarter of the year after a red-hot pace in 2004. Volume of sales is down in response. There are no major developments of single family homes scheduled for 2008 and the foreclosure rate in Flagstaff is lower than elsewhere. As a result, we expect, at most, a small additional price drop in 2008. No matter what you see in the papers or hear on the radio, homes in all categories are selling. If you need to sell, contact us for advice on how to get it done.

2007 was another good year for *Team Heitland at RE/MAX Peak Properties*. We helped many individuals and families find or move on to their new homes, or make or dispose of their investments in Flagstaff real estate. Many of our clients came from internet contacts; however, most of our business has come from past clients and referrals by friends and associates. **We are extremely thankful for your help and support, and for the compliment that referrals and returning clients imply.** Also in 2007, we sent our first Client Care Manager, Celeste Chavez, on to bigger things in Colorado, where, she reports, she is about to become a homeowner and is working for a land development company. We welcomed Kody Taylor as our new Client Care Manager. Our company, RE/MAX Peak Properties, was chosen as *Best of Flagstaff* real estate office by readers of the *Arizona Daily Sun* for the third year in a row.

In August 2007, Ann started a blog entitled *Flagstaff Real Estate and Community News*. You can follow Flagstaff’s real estate statistics, read Ann’s commentary on the market news, and get our recommendations for fun things to do in Flagstaff. If your community group is having an event, send a note to Ann and she’ll include a notice in the blog. Find the blog by linking from our website, or just search for “Flagstaff Real Estate and Community News.”

We look forward to another wonderful year in 2008, and wish the best to all of you!

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