

# Housing

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that time nearly a billion in volume sales was recorded in 2018 with the final number resting at \$928,423,123.

Furthermore, there were 398 single-family home sales in 2014 and in 2018 that number rose to 471, data shows.

But a trend emerging in luxury real estate: Enormous Mediterranean-style mansions hovering between 8,000- and 12,000-square-feet have lost their luster.

The luxury buyer of today is looking for sleek, trendy and technologically advanced dwellings oftentimes with movable walls and tricked-out amenities.

"The reality of the situation is that when you do these smaller, niche homes you have fixed costs. You have land costs, you have cabinet costs, technology costs and plumbing costs, but the number of the rooms doesn't really change," Mr. Cullum said. "The market hasn't quite adjusted to that yet."

Mr. Cullum explains amenity costs — things like kitchen appliances, specialized water delivery and smart home installations — are relative despite the total square footage.

"The fixed amenities you have on the same 4,000-square-foot home are almost identical to an 8,000-square-foot home," he explained. "There is some growing angst on that regarding price per square foot, especially from the agents. But that is just a math issue and over time the market will educate itself."

Scottsdale-based home-builder Cullum Homes was named the 2019 "Custom Home Builder of the Year" by the National Association of Home Builders Custom



Luxury real estate experts say the next five years will continue to be strong for all levels of real estate, but in particular, the 4,000-square-foot luxury home with all the trimmings. (Independent Newsmedia/Josh Martinez)

Home Builders Committee.

When asked if spring 2019 will be viewed in years to come as the "good times," Mr. Cullum replied, "Absolutely not. 100 percent not. We did 22,000 homes last year in Maricopa County and any expert you talk to says that is 8,000 to 10,000 homes too few to meet the demand." Mr. Cullum contends the good times are just beginning in the Phoenix metropolitan area housing market.

"Until we start hitting 30,000 homes a year we are not going to see a slow down," he said. "Right now, I think we are at the bottom of the market."

## Top line sales

Two representatives of established luxury real estate brands — Mr. Karas of The Karas Group and Dub Dellis of the Walt Danley Christie's



Chris Karas

International Real Estate firm — say new sales records are being set nearly every fiscal quarter. "I think over the last five years people have really started to use that term, 'price per square foot,'" Mr. Karas said of the

evolution of consumer education. "There are so many factors that go into it — no home is created equal."

For Mr. Karas, he is realizing a new normal.

"We are doing excellent right now," he pointed out. "We are seeing a nice influx of out-of-state buyers and buyers who are either upgrading or downsizing. And, the amount of new home permits are at an all-time high."

Mr. Karas points out sales are booming in the Town of Paradise Valley.

"A lot of our homeowners are reinvesting in the community and it's tremendous for us," he said. "Our price per square foot has gone up tremendously over the last few years. We have had more of the high-end, the ultra-high end — \$10 million plus — sales in the last three months than in the last year." But Mr. Karas confirms new home builds are all the rage while homes just 10 years old in the luxury housing market are viewed as outdated.

"Our style has changed tremendously over the last 10-plus years or so," he said. "We are seeing those early 2000 homes not performing well, which is just due to the demand. A lot of those homes built then are 8,000

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