

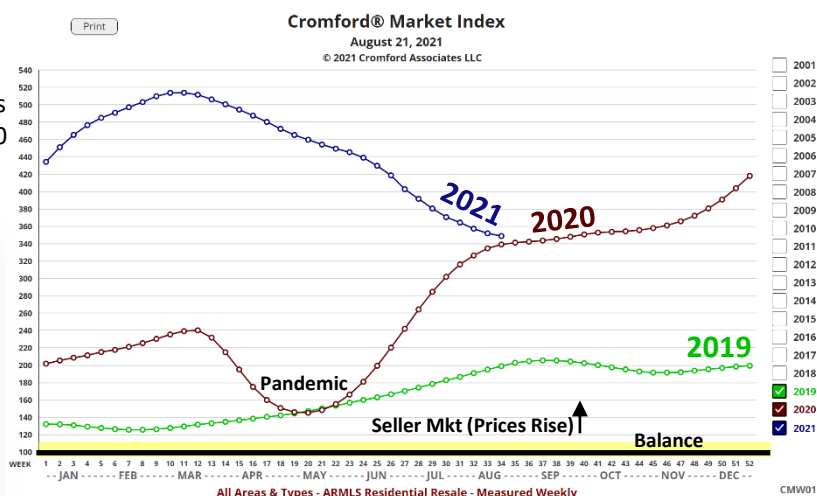
The Real State®

A Snapshot of the Greater Phoenix Residential Real Estate Market



From July to August 2021, the Cromford® Market Index (CMI) dropped 25.7 points from 374.4 to 348.7. The Supply Index rose 3.2 points from 28.1 to 31.3 and the Demand Index rose 4.0 points from 105.2 to 109.2. This rise in the Demand Index was unexpected given the current state of housing affordability. The Home Opportunity Index (HOI) was released this month by the National Association of Home Builders, and it measured 56 for Q2 2021. That places Greater Phoenix officially below the normal range of 60-75 for affordability. Logically, one would expect demand to drop under these circumstances as it did in Q4 2018 when the affordability index dropped to 57. However, this time demand grew stronger which leads us to believe the housing market is being driven a little less by normal owner occupants and a little more by investors at this stage of the game.

The adjacent graph illustrates the relationship between supply and demand over time and indicates shifts between seller's and buyer's markets. A measurement between 90-110 indicates equal advantage for both buyer and seller, over 110 indicates distinct seller advantage, and below 90 indicates distinct buyer advantage.



Comparing 2021 to 2020 – ACTIVE LISTINGS

SUPPLY

Supply has seen two turning points this year, the first at the end February when supply stopped dropping and the second at the end of May when it began rising at a faster rate. Over the past 13 weeks, supply has risen another 45% but it's still not even a third of what would be considered normal for the month of August.

Q3 2021 NEW LISTINGS ADDED AS OF 8/21/2021 vs. LAST YEAR:

- Under \$250K: 1,668 (-56.4%)
- \$250K - \$500K: 9,848 (+5.1%)
- \$500K - \$800K: 3,758 (+68.2%)
- \$800K - \$1M: 639 (+49.6%)
- Over \$1M: 895 (+18.2%)

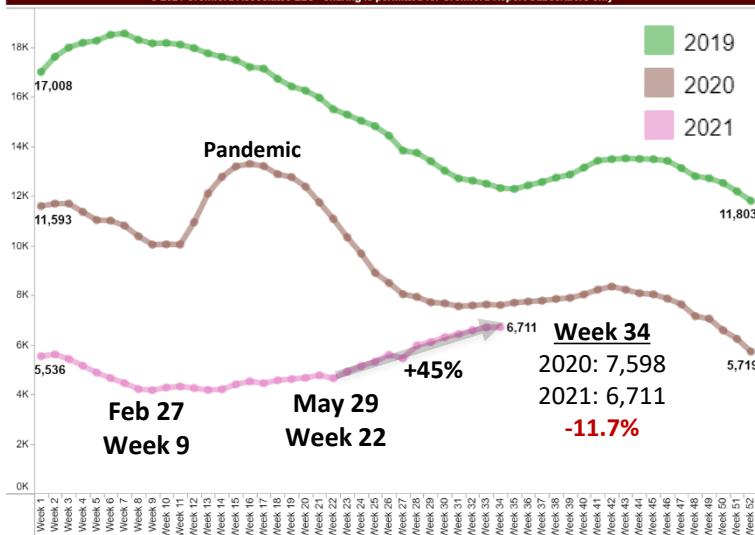
The fastest growing price point continues to be between \$400K-\$500K, which has doubled since the end of May from 693 active listings to 1,388. This is followed by the \$500K-\$600K price point, up 87% from 450 to 840 in the same time frame. While price reductions are elevated, individual price ranges have not seen their list prices decline by 9% as depicted in the chart below. The dramatic-looking drop is directly related to the luxury market experiencing a seasonal increase in cancelled and expired listings combined with a steep drop in weekly new listings, thus reducing their inventory levels and their overall impact on average list price.

% Change in Active Supply Week 34, 2020 vs 2021

Price Range	# Listed	Δ From Last Year	New in 30 Days
Under \$250K	584	-57.7%	953
\$250K - \$300K	356	-53.6%	852
\$300K - \$400K	1,286	-10.0%	2,911
\$400K - \$500K	1,388	+42.8%	2,255
\$500K - \$600K	840	+27.3%	1,211
\$600K - \$1M	1,354	+18.4%	1,463
\$1M - \$2M	509	-27.5%	378
Over \$2M	394	-27.6%	142

Active Listing Weekly Counts - Compared by Year Greater Phoenix - ARMLS Residential - Measured Weekly

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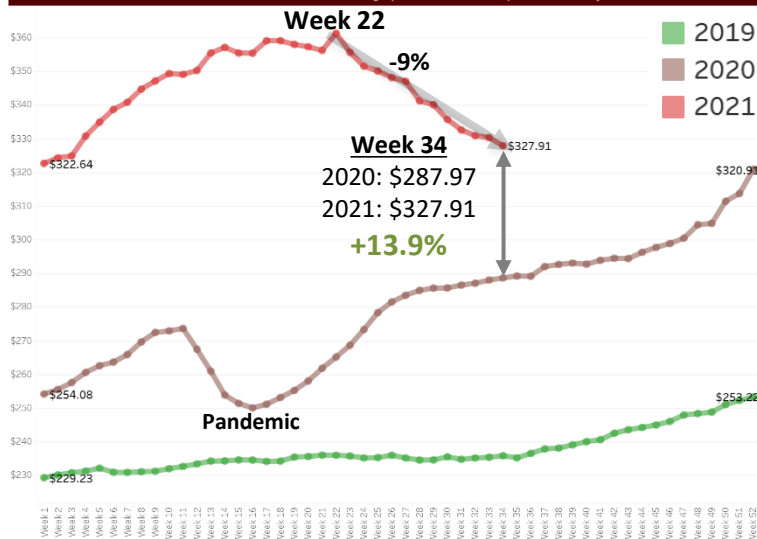


% Change in Average Asking Prices Week 34, 2020 vs 2021

Price Range	\$/SF	Since Last Year
Under \$250K	\$164.15	+10.7%
\$250K - \$300K	\$219.96	+28.7%
\$300K - \$400K	\$223.32	+20.3%
\$400K - \$500K	\$229.40	+12.7%
\$500K - \$600K	\$244.88	+13.0%
\$600K - \$1M	\$269.62	+8.8%
\$1M - \$2M	\$387.67	+14.1%
Over \$2M	\$694.43	+25.5%

Average List Price per Square Foot - Active Listings Greater Phoenix - ARMLS Residential - Measured Weekly

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Comparing 2021 to 2020 – SALES VOLUME & PRICE

Listings under contract took an unforeseen jump over the past two weeks. This is exclusively attributed to a sharp, unseasonal increase in contracts accepted between \$400K-\$800K. Since affordability is at its lowest point since 2018, it's not reasonable to assume this demand is driven by traditional owner-occupant buyers. The public record data is finally catching up with recent rumors reinforcing a strong influx of iBuyer and investor purchase activity in the Greater Phoenix marketplace. July acquisitions by corporate iBuyers (known as "internet buyers" because they make offers online) increased 573% over last year, accounting for 962 sales. About 11-23% of iBuyer re-sales were to corporate investors, large and small.

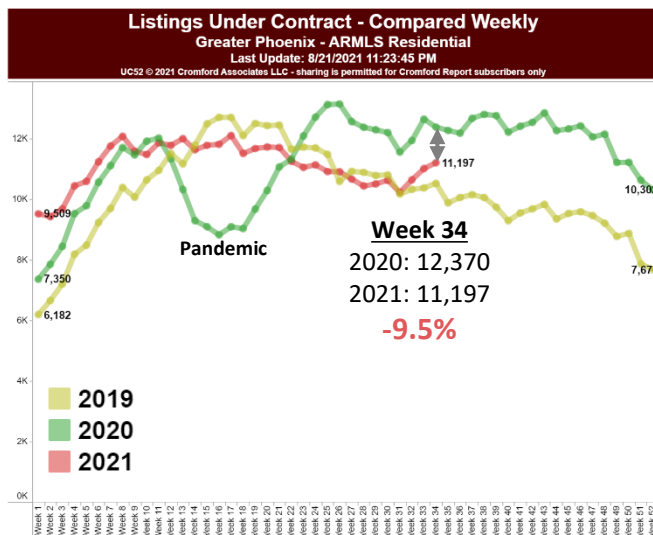
YEAR-OVER-YEAR CHANGE IN JULY SALE PRICE/SF:

- Under \$250K: +19.8%
- \$250K - \$500K: +29.0%
- \$500K - \$800K: +22.3%
- \$800K - \$1M: +15.7%
- Over \$1M: +19.4%

iBuyer demand is not true demand because they neither live in the home nor rent the home to a tenant. iBuyer activity does not affect inventory because as they purchase a home, they immediately list it again. Flip models only affect demand measures as they add one more sale between the original seller and the final buyer. While there is plenty of "true" demand for housing this time around, when affordability for the population drops below normal there is more resistance to rising prices, and traditional buyers back off. Flip activity in this scenario can create an illusion that demand is much larger than it truly is. If iBuyers and investors excessively outbid traditional buyers, pushing price beyond what the market can sustain, they risk future loss or diminished returns.

Contract and Sales Activity - Week 34, 2021 vs. 2020

Price Range	Week 34 In Escrow	Δ From 2020	Sale \$/SF	SP/LP Ratio
Under \$250K	1,075	-61.0%	\$181	101.3%
\$250K - \$300K	1,170	-50.1%	\$214	102.8%
\$300K - \$400K	3,259	-1.3%	\$223	102.6%
\$400K - \$500K	2,264	+55.6%	\$227	101.4%
\$500K - \$600K	1,168	+32.6%	\$241	101.7%
\$600K - \$1M	1,581	+42.4%	\$269	100.4%
\$1M - \$2M	473	+24.8%	\$359	98.4%
Over \$2M	207	+44.8%	\$534	96.9%

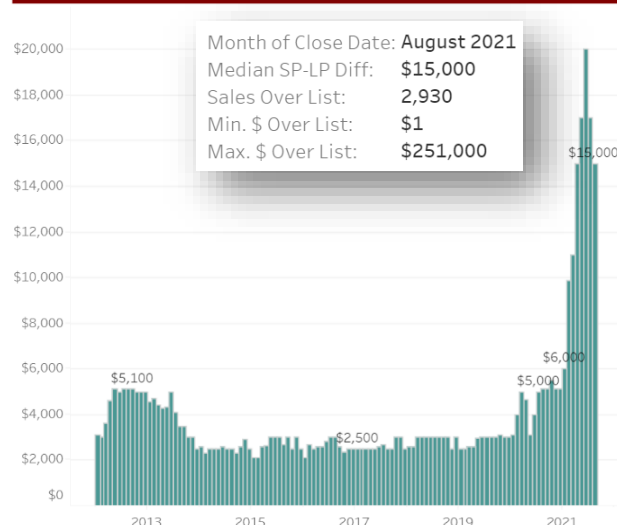


Sales Over Asking Price - August 2021 to Date

Price Range	# Total Sales	% Closed Over List	Median \$ Over List	Max \$ Over List
Under \$250K	654	43.6%	\$10,000	\$64,000
\$250K - \$300K	544	62.3%	\$15,000	\$82,600
\$300K - \$400K	1,743	62.5%	\$15,000	\$89,000
\$400K - \$500K	1,009	53.4%	\$15,000	\$90,000
\$500K - \$600K	519	57.0%	\$15,750	\$100,244
\$600K - \$1M	759	43.6%	\$20,000	\$156,000
\$1M - \$2M	188	22.9%	\$50,000	\$251,000
Over \$2M	64	10.9%	\$10,000	\$150,000

Median Amount Over List - Sales Over List Price

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Aug 12, 2021 – Arizona Republic | AZCentral.com

[2020 census: Phoenix grows more than any other major city; Buckeye, Goodyear among fastest growing](#)

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