The Real State®

A Snapshot of the Greater Phoenix Residential Real Estate Market

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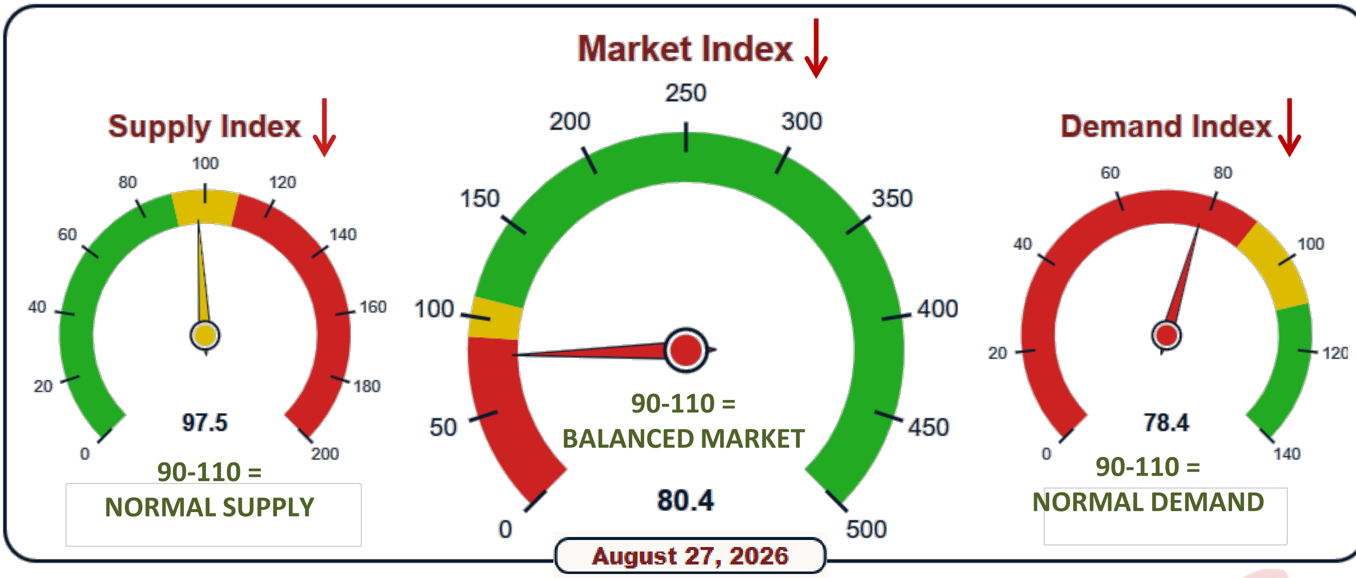
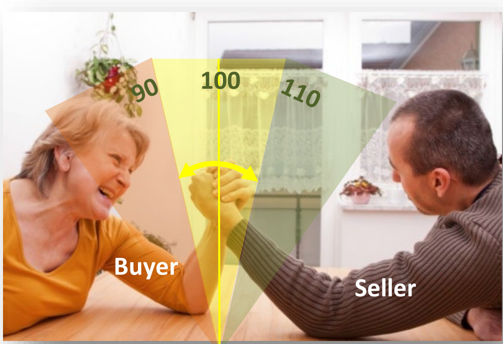
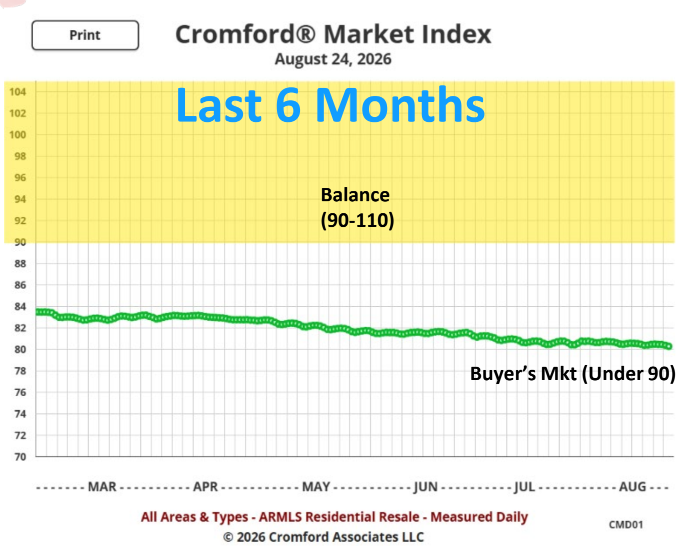


From July to August 2026, the supply-demand index barely decreased, from 80.5 to 80.4. The supply index fell from 101.1 to 97.5, while the demand index fell from 81.4 to 78.4. Because both indexes declined at similar rates, the status quo remains for the housing market as it continues to drift in a buyer's market. Mortgage rates remain elevated, hovering around 6.75% for most of August, which is restrictive for demand. All eyes are on new Federal Reserve Chairman Kevin Warsh and the implications of his hawkish comments at the Jackson Hole summit at the end of August. With unemployment showing improvement in the last report, despite weak job growth, there is little incentive for the Federal Reserve to cut rates. This puts attention on the elevated inflation rate, which has some Fed board members pushing for a rate hike in mid-September.

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.





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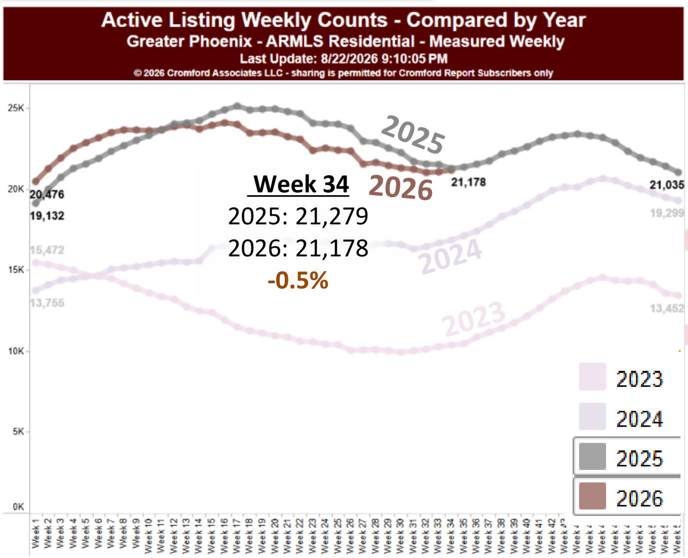
Comparing 2026 to 2025: ACTIVE LISTINGS

New listings in July totaled 7,425 in the Arizona Regional MLS, up 1.9% over last July's count of 7,290. However, August listings have been weak as of this writing with 6,015 new listings added as of August 25, down 3.6% from last year. That puts Q3 down just 0.6%, similar to week 34's overall listing count, which is also down 0.5% from last year. Builder confidence remains low as higher mortgage rates show little sign of easing. New single-family home permits issued in Greater Phoenix from January through July are down 12.2% from last year and down 37.2% from the 2021 peak. However, they are up 16% in Buckeye, 24% in Apache Junction, and 28% in Florence. Multifamily permits, which are more rental communities than condominiums and townhomes these days, are also down 29% from last year and down 48% from their 2022 peak. However, it may not seem like it, since permits approved over the past few years are either in the process of being built or newly open for business.

ALL NEW LISTINGS ADDED in Q3:
As of Aug. 25, 2026 vs. 2025: 13,440 (-0.6%)

- Under $300K: 1,869 (+0.3%)
- $300K–$600K: 7,645 (-2.1%)
- $600K–$1M: 2,564 (-0.6%)
- $1M–$2M: 929 (+5.3%)
- Over $2M: 433 (+9.3%)

This is the low point of the year for active listings, especially for luxury and retirement communities. Supply often drops sharply in these submarkets due to an increase in cancelled/expired listings after the spring season concludes and low counts of new listings in the summer. For the past two years, supply has dropped more sharply than demand at this juncture, lifting both luxury and retirement markets into temporary seller's markets. In fact, Paradise Valley is the #1 seller's market currently. However, this will turn in October when new listings increase.

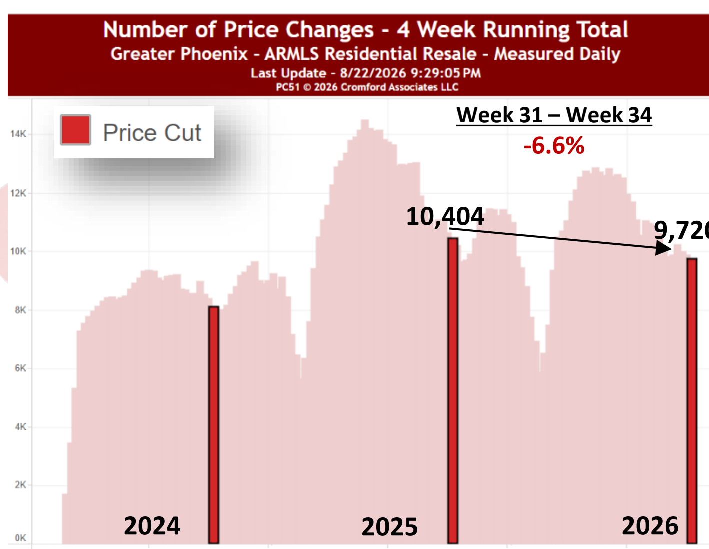


% Change in Active Supply: Week 34, 2026 vs. 2025

Price Range	# Active	Δ From Last Year	Listing Success Rate
Under $300K	3,582	+6.9%	63%
$300K–$400K	4,283	+1.3%	70%
$400K–$500K	4,310	+1.6%	69%
$500K–$600K	2,488	-8.2%	67%
$600K–$800K	2,755	-6.3%	65%
$800K–$1M	1,253	-2.2%	63%
$1M–$2M	1,539	-0.6%	59%
Over $2M	962	-0.7%	48%

% Change in Average Asking Prices per SF: Week 34, 2026 vs. 2025

Price Range	Active $/SF	YOY % Chg	Median Reduction
Under $300K	$175.10	-2.8%	-$5,000
$300K–$400K	$226.46	-1.8%	-$6,000
$400K–$500K	$237.29	-1.0%	-$9,997
$500K–$600K	$251.84	-1.4%	-$10,000
$600K–$800K	$282.88	+0.9%	-$10,000
$800K–$1M	$318.21	+0.1%	-$20,000
$1M–$2M	$422.27	+0.1%	-$45,000
Over $2M	$853.87	+2.3%	-$100,000



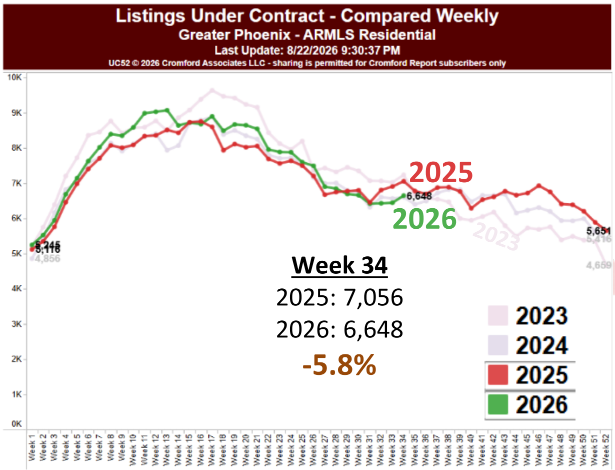
Comparing 2026 to 2025: SALES VOLUME & PRICE

July sales closed at 5,846, up 1.9% over last July. Current listings under contract, however, remain nearly 6% below last year. This indicates that August and September closings will most likely come up short in year-over-year comparisons. Closings started to weaken in mid-August in response to low new-contract activity after the 4th of July. As of August 25, closings are down 7% with just four more closing days left in the month and down 3.2% for Q3 so far. A decline in contract activity is a recurring trend when mortgage rates rise above 6.5%; however, it's mortgage rate volatility that is often more detrimental to buyer demand than the rate itself. When rates are actively rising, or even actively falling, buyers tend to wait on the sidelines to see where it settles before acting. Seller incentives for buyers are at an all-time high so far this month, with over 58% of sales involving some form of seller concession to the buyer, often in the form of a temporary rate buydown that can last 2-3 years. This percentage is highest in the $350-400K price range, where 72% of sales involve seller incentives with a median of nearly $11,000 going towards the buyers' closing costs.

ALL CLOSED SALES IN Q3
As of Aug. 25, 2026 vs. 2025: 9,328 (-3.2%)

- Under $300K: 1,259 (+0.2%)
- $300K–$600K: 5,478 (-6.0%)
- $600K–$1M: 1,730 (-1.3%)
- $1M–$2M: 616 (-0.7%)
- Over $2M: 245 (+26.9%)

Economically, Arizona's unemployment rate has increased to 4.9%, higher than the 4.1% national rate. While that is high compared to the most recent low of 3.4% in 2024, it is a return to 2020 before the Covid-19 shutdown. The difference is that back then, the unemployment rate had been stable between 4.8-4.9% since 2017; this time it is actively rising. On the bright side, the future of advanced manufacturing in Phoenix is strong according to a recent Hines report. Out of 1,500 U.S. submarkets analyzed, Phoenix was in the top 4 for growth that will "more likely translate into demand and rent growth potential."

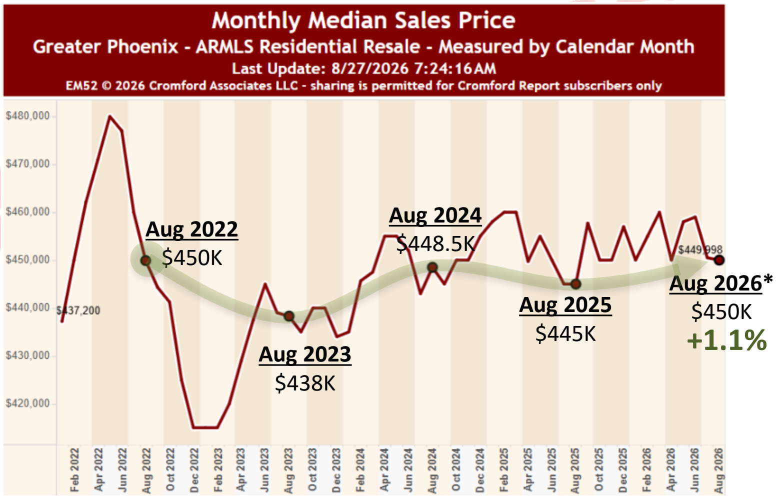


Contract and Sales Activity: Week 34, 2026 vs. 2025

Price Range	Week 34 In Escrow	Δ From Last Year	Sales $/SF	Annual Price Chg.
Under $300K	850	+1.6%	$180.35	-0.9%
$300K–$400K	1,534	-7.6%	$225.76	-0.1%
$400K–$500K	1,463	-3.2%	$235.10	-1.2%
$500K–$600K	838	-10.6%	$251.78	-1.4%
$600K–$800K	830	-13.2%	$274.56	+0.7%
$800K–$1M	392	-3.2%	$312.64	+1.5%
$1M–$2M	514	+1.8%	$412.07	+4.4%
Over $2M	227	-7.4%	$731.03	+12.8%

Concessions and DOM: Aug. 2026 to Date

Price Range	% Incl. Concessions	Median $ Concession	Days On Mkt
Under $300K	50.5%	$6,870	53
$300K–$400K	70.5%	$10,198	44
$400K–$500K	66.4%	$11,738	40
$500K–$600K	60.7%	$10,240	47
$600K–$800K	54.0%	$13,000	46
$800K–$1M	38.6%	$11,500	56
$1M–$2M	36.5%	$11,450	51
Over $2M	16.5%	$15,000	75



*July is measuring 17 of 22 closing days to date

ARTICLES OF INTEREST:

Aug. 17, 2026 – National Assoc. of Home Builders | NAHB.org
Affordability Pressures Keep Builder Confidence Low

Aug. 18, 2026 – CBS News MoneyWatch
Will mortgage rates drop below 6% in 2026?

Aug. 19, 2026 – Realtor.com
Mortgage Applications Decline as Higher Interest Rates Strain Affordability

Aug. 20, 2026
Arizona Employment Report

Aug. 25, 2026 – Hines Research
Mapping the U.S. Manufacturing Buildout

Aug. 27, 2026 – Phoenix Business Journal
Phoenix cracks top 10 in national boomtown ranking as workforce, GDP surge

Aug. 28, 2026 – Yahoo! Finance
Kevin Warsh's keynote speech comes at a pivotal moment for the Federal Reserve