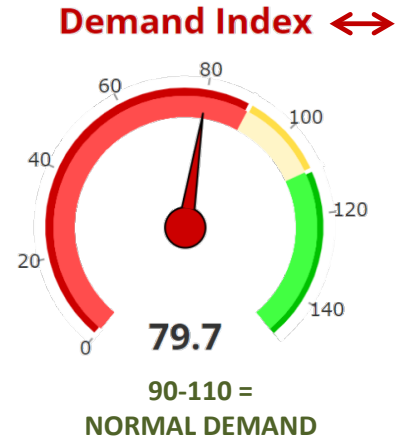
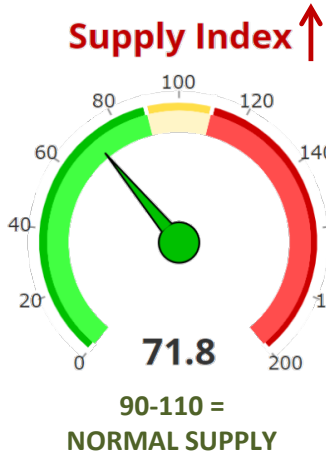


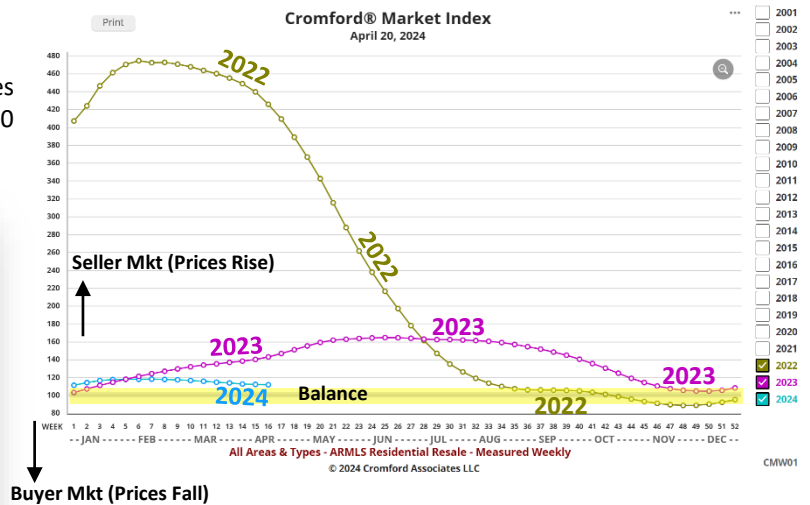
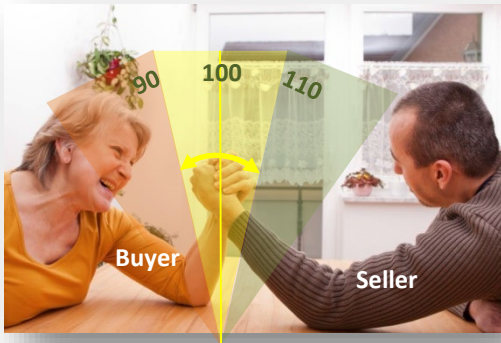
The Real State®

A Snapshot of the Greater Phoenix Residential Real Estate Market



March to April 2024, the supply-demand index dropped from 113.6 to 111.1, with the supply index up from 70.3 to 71.8 and the demand index remaining stable from 79.9 to 79.7. The Bureau of Labor Statistics has been under increased professional scrutiny in 2024 as the Consumer Price Index (CPI) continues to increase “unexpectedly,” resulting in soaring mortgage rates and stunted purchase demand for homes. The primary issue is Owners’ Equivalent Rent (OER), which represents a 27% weight in the CPI and measures what homeowners estimate their home would rent for on the open market. The measure isn’t new, but the formula is. Recently, BLS decided to re-weight single-family homes more heavily in the OER calculation than in previous measures, which has caused the CPI to rise dramatically. Regardless, investors have responded as if there was no change, wreaking havoc on mortgage rates.

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 2024 to 2023: ACTIVE LISTINGS

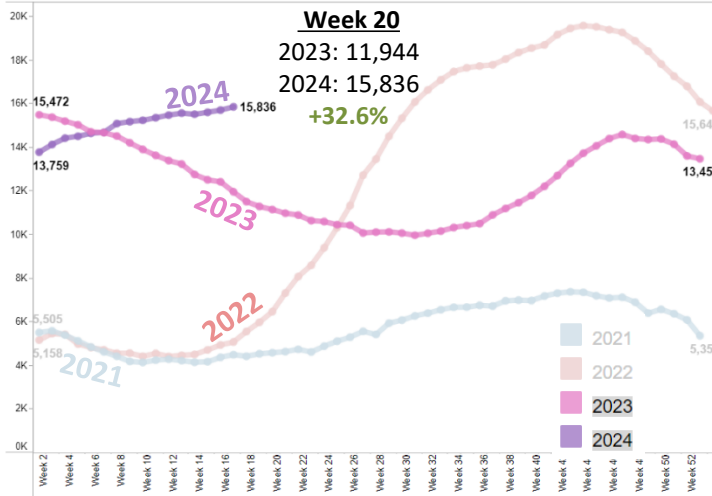
Active listings continue to rise as new listings are up 16% over last year to date. New construction makes up 17% of active listings and February single family permits issued were more than double last February's count, reflecting some optimism builders have for the housing market this year. Considering the increased competition from new construction and the market as a whole sliding out of a seller's market into balance, condition is key for resale sellers in this environment. It's advisable to clear up any potential inspection items prior to listing, replace worn out carpet, and freshen up paint, if necessary. In the past, a credit to the buyer for these items would suffice, but most buyers today opt not to do the work when there's a comparable home for sale elsewhere that doesn't need it. Offers from cash flip investors are atrocious in these markets, as they are seeing their profit margins shrink with increased repair costs and longer hold times.

ALL NEW LISTINGS ADDED in Q2 As of April 22, 2024 vs. 2023:

- Under \$300K: 770 (+0.9%)
- \$300K-\$600K: 3,542 (+10.7%)
- \$600K-\$1M: 1,409 (+32.9%)
- \$1M-\$2M: 465 (+37.2%)
- Over \$2M: 245 (+33.19%)

Overall supply is 33% higher than last year, with listings over \$1M at record highs. The longer a seller is on the market, the more likely they'll issue a price reduction as competition increases. The current trend shows price reductions increasing each week, indicating a weaker upward pressure on price. The average asking price per square foot is still 7.3% higher than last year, but price reductions have been keeping the measure from rising for nearly 3 months.

Active Listing Weekly Counts - Compared by Year
Greater Phoenix - ARMLS Residential - Measured Weekly
Last Update: 4/21/2024 9:49:07 AM
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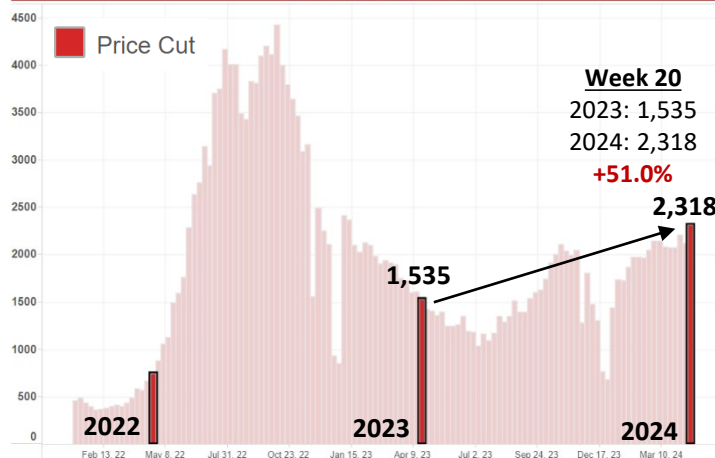
% Change in Active Supply: Week 20, 2024 vs. 2023

Price Range	# Active	Δ From Last Year	4-Week Sum Price Drops
Under \$300K	2,171	+48.9%	1,146
\$300K-\$400K	2,682	+13.1%	1,644
\$400K-\$500K	2,957	+27.7%	1,787
\$500K-\$600K	1,970	+32.9%	1,104
\$600K-\$800K	2,295	+37.9%	1,277
\$800K-\$1M	1,161	+36.1%	643
\$1M-\$2M	1,472	+45.7%	745
Over \$2M	1,128	+42.8%	373

% Change in Average Asking Prices per SF: Week 20, 2024 vs. 2023

Price Range	Active \$/SF	YOY % Chg	Median Reduction
Under \$300K	\$170.72	+0.9%	-\$5,000
\$300K-\$400K	\$235.61	+3.8%	-\$8,250
\$400K-\$500K	\$241.57	+2.2%	-\$9,000
\$500K-\$600K	\$260.48	+3.6%	-\$10,000
\$600K-\$800K	\$287.30	+2.3%	-\$11,000
\$800K-\$1M	\$324.82	+2.0%	-\$20,000
\$1M-\$2M	\$426.35	+0.7%	-\$50,000
Over \$2M	\$886.95	+6.6%	-\$105,000

Number of Price Changes per Week
Greater Phoenix - ARMLS Residential Resale - Measured Daily
Last Update - 4/21/2024 11:36:57 AM
PC51 © 2023 Cromford Associates LLC



Comparing 2024 to 2023: SALES VOLUME & PRICE

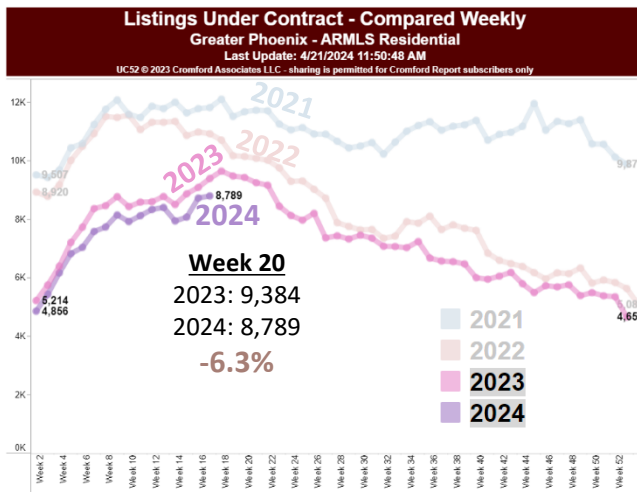
There were 6,413 closings in March, down 12% from 7,263 closed last year. However, this picture is not as bad as it looks. There were 21 working days this March compared to 23 working days last year, which means this March saw 305 closings per day, while last year it was 316 per day, resulting in just a 3% decline in sales volume, not 12%. So far in April, price ranges below \$500K are seeing a decline in contract activity over last year due to mortgage rate increases, while the mid-range between \$500K-\$800K is stable, and over \$800K is up by double-digits. The luxury market is having the best April ever so far with sales over \$3M up 53% as we head into the last week of the month. When the high end is booming in demand while over half of the market is suppressed, the average sales price will be affected more than the median. That's why the average sales price per square foot is up 10.6% year-over-year, but the median is up 6.1%. The median is a better reflection of the annual appreciation rate under these circumstances.

ALL CLOSED SALES IN Q1 to Date As of April 22, 2024 vs. 2023:

- Under \$300K: 557 (-16.5%)
- \$300K-\$600K: 2,360 (-11.1%)
- \$600K-\$1M: 786 (+10.2%)
- \$1M-\$2M: 288 (+21.0%)
- Over \$2M: 119 (+41.7%)

HUD released the median family income estimate for Greater Phoenix this month and it's \$101,300, up just 2.3% from last year's estimate of \$99,000. Concurrently, the labor force in Maricopa County rose by 2.4%. By definition, the median conveys that 50% of families make more, and 50% make less than the measure. When you also have a growing workforce, then the market will see more families who make more, and more families who make less. This partially explains the dramatic difference in contract activity between the lower price ranges and higher price ranges, as those who make more are driving appreciation higher than expected.

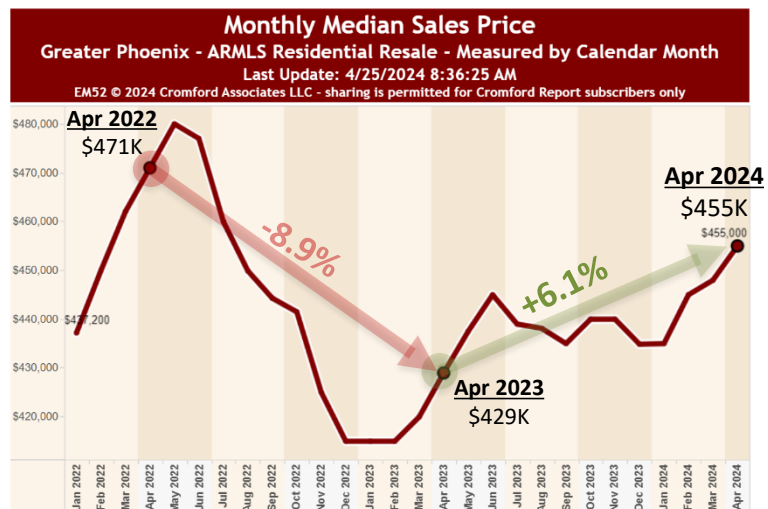
Contract and Sales Activity: Week 20, 2024 vs. 2023



Price Range	Week 20 In Escrow	Δ From 2022	Sales \$/SF	Annual Price Chg.
Under \$300K	897	-19.3%	\$192.38	-1.2%
\$300K-\$400K	2,011	-17.9%	\$237.91	+5.5%
\$400K-\$500K	1,922	-8.3%	\$246.97	+3.8%
\$500K-\$600K	1,133	+0.4%	\$264.27	+4.1%
\$600K-\$800K	1,171	-1.6%	\$287.46	+5.6%
\$800K-\$1M	551	+10.2%	\$322.40	+7.5%
\$1M-\$2M	718	+20.5%	\$422.54	+6.0%
Over \$2M	386	+24.1%	\$726.76	+6.4%

Concessions and DOM: April 2024 to Date

Price Range	% Incl. Concessions	Median \$ Concession	Days On Mkt
Under \$300K	38.2%	\$6,050	30
\$300K-\$400K	55.9%	\$9,600	24
\$400K-\$500K	53.6%	\$9,209	24
\$500K-\$600K	43.8%	\$10,000	23
\$600K-\$800K	36.3%	\$10,000	24
\$800K-\$1M	26.5%	\$10,000	28
\$1M-\$2M	22.4%	\$8,600	36
Over \$2M	19.7%	\$19,750	64



ARTICLES OF INTEREST:

Dec. 2, 2023 – Investopedia

[Why Is the Consumer Price Index Controversial?](#)

Jan. 31, 2024 – Brookings Institute

[How does the Consumer Price Index account for the cost of housing?](#)

Feb. 29, 2024 – U.S. Bureau of Labor Statistics

[Rent and owners' equivalent rent weight information](#)

April 2, 2024 – FOX Business

[Aspiring homeowners in Arizona in despair over 'wild' prices: report](#)

April 11, 2024 – Yahoo! Finance

[Mortgage rates top 7% following hotter-than-expected inflation numbers](#)

April 18, 2024 – ConnectCRE

[Busting the Myth of OER and Inflation](#)

April 22, 2024 – ALM | Globest.com

[Almost Everyone Looks at Inflation Wrong: BGO Economist](#)

