

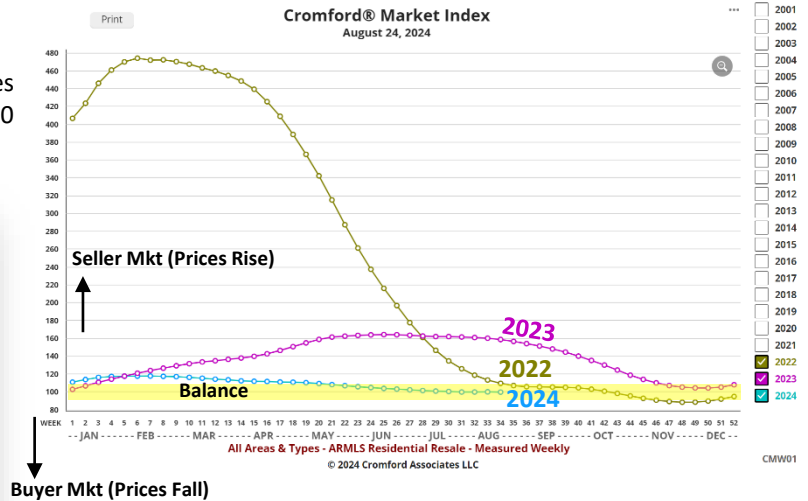
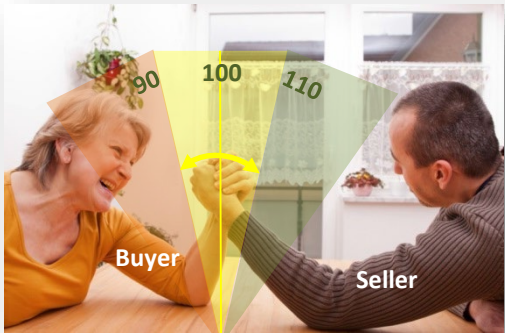
# The Real State®

A Snapshot of the Greater Phoenix Residential Real Estate Market



July to August 2024, supply-demand index dropped from 100.7 to 99.7, with supply falling from 74.4 to 73.6 and demand decreasing from 75.0 to 73.4. August was a month of significant change. As expected, the Federal Reserve opted not to reduce the Federal Funds Rate. The next day, however, reports revealed the unemployment rate increased from 4.1% to 4.3%. This caused investors to seek safety in bonds, resulting in mortgage rates falling from a high of 6.9% in July to a low of 6.3% by August 5—though the housing market doesn't move as fast as Wall Street. Buyers didn't exactly flood the streets with purchase contracts right away, but the demand index slowed its downward roll on August 1, which stabilized the overall market in a balanced state. Price measures are expected to see minimal volatility for the next 3-6 months with annual appreciation near the rate of inflation.

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

While a recent headline stated that national supply is “surging”<sup>1</sup>, it is not doing so in Greater Phoenix. Yes, supply is 57% higher than this time last year, but it has barely changed over the past 4 months. The same article claimed a “record number of buyers backed out of purchase deals in July due to high costs and economic worries.” This is also not ringing true in Greater Phoenix. Typically, when a buyer backs out of a transaction, the property reverts to active status in the MLS with a “Back on Market” tag. The long-term norm for fallouts is 16-17% of listings under contract. July was slightly elevated at 17.5%, with 1,326 going back on market; the record was set in March 2020 when 3,042 (24%) immediately fell out due to COVID-19 fears. June 2022 had 2,047 fallouts (21%) due to steep mortgage rate increases.

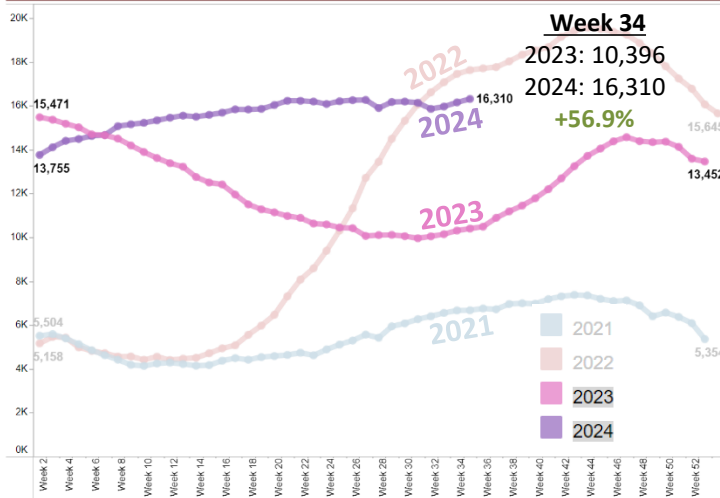
## ALL NEW LISTINGS ADDED in Q3

### As of August 23, 2024 vs. 2023:

- Under \$300K: 1,456 (-1.7%)
- \$300K-\$600K: 7,763 (+12.4%)
- \$600K-\$1M: 2,543 (+8.7%)
- \$1M-\$2M: 847 (+20.3%)
- Over \$2M: 329 (-3.2%)

While fallouts are not an issue in our current market, fewer new listings are entering the market. Last year was the lowest count of new listings added to supply going back to 2001. This year is the second lowest, but with zero improvement in demand, the slight increase in new listings was enough to lift the supply line from January through May. When mortgage rates rose to 7.5% in April, new listings began to slide closer to 2023 levels, as more sellers decided to wait for better circumstances to list their homes. Sellers become buyers, so if rates continue to trend down this year, both new listings and new contracts will improve.

**Active Listing Weekly Counts - Compared by Year**  
Greater Phoenix - ARMLS Residential - Measured Weekly  
Last Update: 8/25/2024 6:53:03 AM  
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## % Change in Active Supply:

### Week 34, 2024 vs. 2023

Price Range	# Active	Δ From Last Year	4-Week Sum Price Drops
Under \$300K	2,029	+73.6%	930 (46%)
\$300K-\$400K	3,211	+73.6%	1,769 (55%)
\$400K-\$500K	3,312	+65.1%	1,787 (54%)
\$500K-\$600K	2,192	+59.7%	1,172 (53%)
\$600K-\$800K	2,356	+38.0%	1,195 (51%)
\$800K-\$1M	1,115	+41.9%	553 (50%)
\$1M-\$2M	1,322	+49.7%	518 (39%)
Over \$2M	773	+24.3%	157 (20%)

## % Change in Average Asking Prices per SF:

### Week 34, 2024 vs. 2023

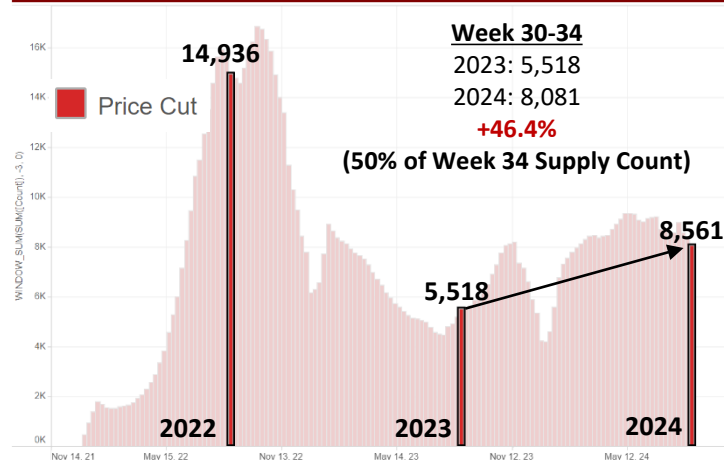
Price Range	Active \$/SF	YOY % Chg	Median Reduction
Under \$300K	\$177.69	+4.9%	-\$5,000
\$300K-\$400K	\$236.43	+3.7%	-\$5,950
\$400K-\$500K	\$242.65	+2.0%	-\$9,300
\$500K-\$600K	\$257.05	0%	-\$10,000
\$600K-\$800K	\$284.74	+1.2%	-\$10,000
\$800K-\$1M	\$320.98	-0.9%	-\$20,000
\$1M-\$2M	\$422.55	-2.0%	-\$44,001
Over \$2M	\$833.88	-0.9%	-\$100,000

## Number of Price Changes - 4 Week Running Total

### Greater Phoenix - ARMLS Residential Resale - Measured Daily

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# Comparing 2024 to 2023: SALES VOLUME & PRICE

Despite rates dropping significantly this month, contract activity under \$1M failed to improve. That's to be expected as it takes a while for buyers to get going again after a long break—plus many will wait to see if rates continue to decline before they act. Meanwhile, negative headlines reporting flawed rent vs. buy “studies” are not helping. This month, Realtor.com listed Phoenix as the #5 metro where it's cheaper to rent<sup>2</sup>. Of course it is; apartment rentals are not comparable to single-family homes. The average monthly rent of \$1,524 is comprised of small studios, 1BR, and 2BR multi-family units with an average size of 832 SF; 3BR units are a minority. The national median sale price of \$440K, and the estimated payment of \$2,920 for Phoenix, includes mostly single-family homes, roughly 1,900 SF, 3-4 bedrooms, private driveways, carports, garages, and yards. It doesn't take a mathematician to prove that a renter residing in an 800 SF 2BR apartment will save nearly \$1,400 per month if their needs never change. A better comparison is a 1,200 SF 3BR apartment costing \$2,100 in Maricopa County vs. upgrading to a similar-sized single-family home between 1,200-1,500 SF selling at a median of \$375K, and incorporating multiple rate scenarios.

The recent rate drops mean new loan payments have declined 10-11% since April.

## ALL CLOSED SALES IN Q3 to Date As of August 23, 2024 vs. 2023:

- Under \$300K: 1,188 (-4.9%)
- \$300K–\$600K: 5,545 (-2.8%)
- \$600K–\$1M: 1,667 (+0.2%)
- \$1M–\$2M: 547 (+8.1%)
- Over \$2M: 183 (+4.0%)

## PRINCIPAL AND INTEREST PAYMENTS – FHA Avg Mortgage Rates

Loan Amt	Apr 2024 @ 7.0%	Aug 2024 @ 5.9%	\$ Diff	% Diff
\$250,000	\$1,663	\$1,483	-\$180	-11%
\$350,000	\$2,329	\$2,076	-\$253	-11%
\$450,000	\$2,994	\$2,669	-\$325	-11%

## Contract and Sales Activity: Week 34, 2024 vs. 2023

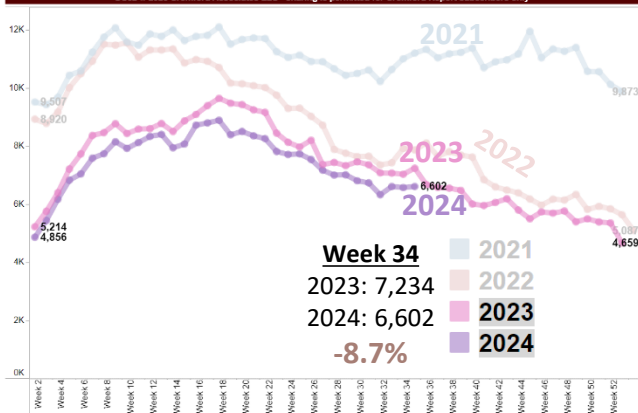
Price Range	Week 34 In Escrow	Δ From 2022	Sales \$/SF	Annual Price Chg.
Under \$300K	696	-11.1%	\$187.32	-3.7%
\$300K–\$400K	1,523	-20.3%	\$232.99	+0.8%
\$400K–\$500K	1,549	-7.5%	\$241.08	+0.4%
\$500K–\$600K	872	-4.0%	\$250.46	-2.7%
\$600K–\$800K	895	+0.2%	\$281.04	+0.2%
\$800K–\$1M	361	-9.1%	\$319.49	+2.6%
\$1M–\$2M	437	+4.3%	\$409.36	+0.6%
Over \$2M	269	+8.5%	\$710.36	+18.5%

## Listings Under Contract - Compared Weekly

Greater Phoenix - ARMLS Residential

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## Concessions and DOM: July 2024 to Date

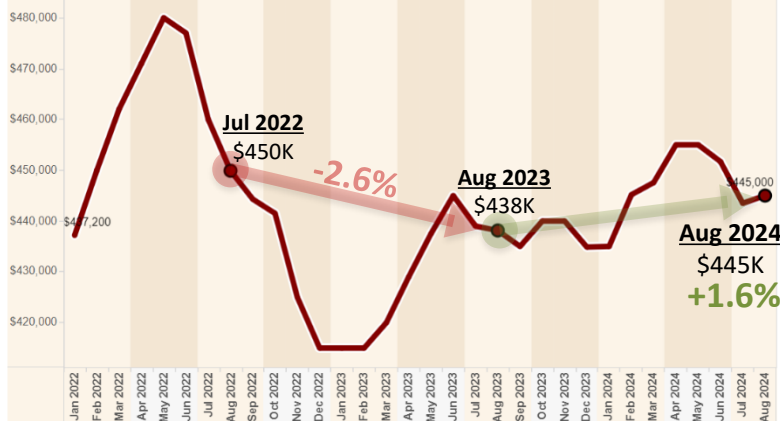
Price Range	% Incl. Concessions	Median \$ Concession	Days On Mkt
Under \$300K	47.3%	\$7,305	40
\$300K–\$400K	64.8%	\$10,000	31
\$400K–\$500K	63.8%	\$10,000	34
\$500K–\$600K	57.9%	\$10,200	34
\$600K–\$800K	46.4%	\$10,000	39
\$800K–\$1M	41.3%	\$10,000	44
\$1M–\$2M	26.0%	\$10,000	48
Over \$2M	13.1%	\$20,000	74

## Monthly Median Sales Price

Greater Phoenix - ARMLS Residential Resale - Measured by Calendar Month

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## ARTICLES OF INTEREST:

Aug. 5, 2024 – Phoenix Business Journal

[Vision for Metrocenter redevelopment shifts as demolition nears](#)

Aug. 15, 2024 – Realtor.com

[Renting Is Now Cheaper Than Buying a First Home by Over \\$1K per Month—See the Top Cities Where It Pays To Lease](#)

Aug. 20, 2024 – Business Insider

[Housing supply is surging as a record number of buyers get cold feet amid sky-high prices, Redfin says](#)

Aug. 20, 2024 – Phoenix Business Journal

[GPEC helps dozens of businesses set up shop in Arizona in past year  
Economic development organization cites more than 200 business prospects in pipeline](#)

Aug. 22, 2024 – Yahoo! Finance

[When will mortgage rates go down? A look at 2024 and 2025.](#)

Aug. 23, 2024 – Axios Phoenix

[Arizona bucks national trend with  
upward revision in new job numbers](#)

Aug. 26, 2024 – AZ Big Media

[The 10 fastest-growing housing markets  
in Arizona](#)

