

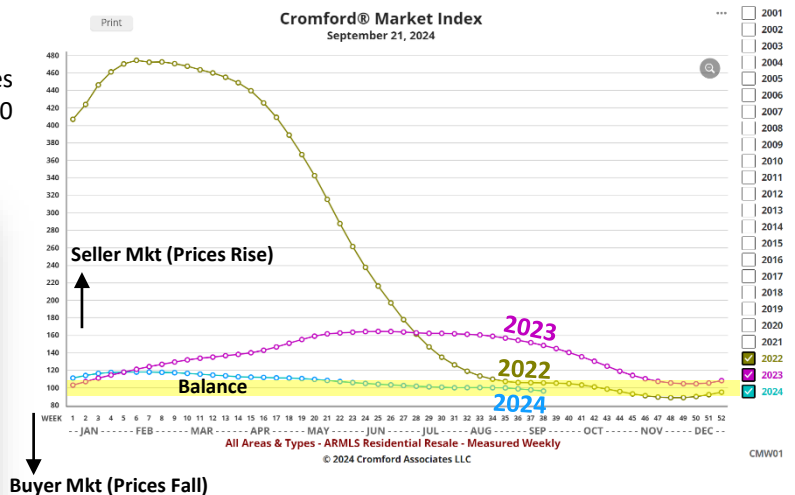
# The Real State®

A Snapshot of the Greater Phoenix Residential Real Estate Market



August to September 2024, the supply-demand index dropped from 100.7 to 99.7. The supply index rose 2.7 points, from 73.6 to 76.3, while the demand index dropped a mere 0.1 point, from 73.4 to 73.3. September is proving to be another significant month as mortgage rates continued to decline to 6.1% and the Federal Reserve reduced the Federal Funds Rate by 0.5%. While the Federal Reserve doesn't have a direct impact on mortgage rates, the move has given the housing market some optimism that relief is on the way. But there's more: Also in September, the bond market uninverted: the 2-year bond yield fell below the 10-year Treasury for the first time in nearly 2.5 years. This is a correction that has long been expected and is often the precursor to a recession. Ironically, periods of recession have proven to be good for homebuyers, since mortgage rates typically decline and home appreciation stagnates. Subtle evidence shows demand is already improving.

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.



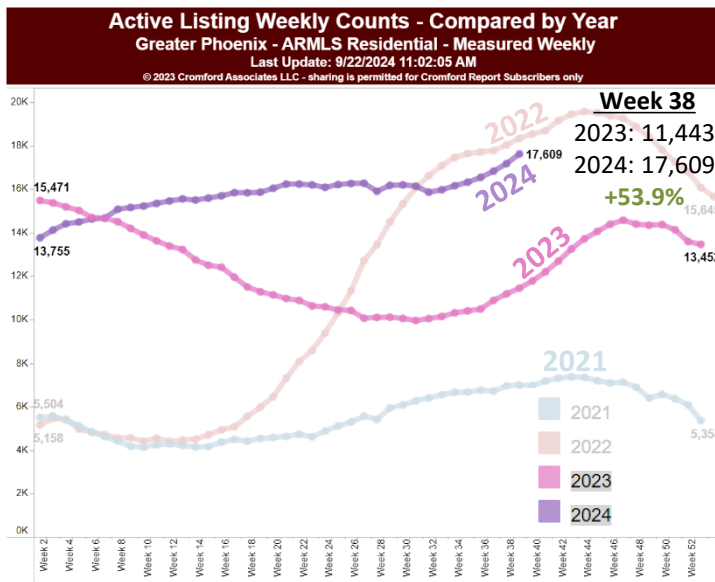
# Comparing 2024 to 2023: ACTIVE LISTINGS

Mortgage rates have been falling since April, but the most significant change happened in August when they dropped below 6.5%. Some industry outlets expected demand to show an improvement right away, and possibly even revert to the insanity appreciation rates of 2020-2022. This did not happen. In fact, instead of turning into a stronger seller's market, the overall market index declined below 100, indicating more advantage for buyers. This is because the first players to move were not buyers, but sellers. Over the past 2 months, the number of new listings added weekly has improved 29% and overall supply has increased 11%. Some of the increase can be attributed to seasonality, since luxury listings increase when temperatures drop below 100 degrees. This time around, however, the increase is notable across most price ranges.

## ALL NEW LISTINGS ADDED in Q3 As of September 20, 2024 vs. 2023:

- Under \$300K: 2,384 (+4.0%)
- \$300K-\$600K: 12,187 (+14.0%)
- \$600K-\$1M: 4,151 (+12.2%)
- \$1M-\$2M: 1,433 (+20.4%)
- Over \$2M: 649 (+9.4%)

While rising supply in response to declining rates wasn't on the radar for most industry outlets, it makes sense after the past 2 years of rate volatility. Many sellers become buyers after the sale, and they need certainty that rates will not increase significantly before they're able to secure a contract and close escrow. Recent events are giving them that optimism, thus giving active buyers a boost in supply and an extra advantage for now. This is the incentive for buyers to find and negotiate something now before the new year begins and the tide of seller optimism rises.



## % Change in Active Supply: Week 38, 2024 vs. 2023

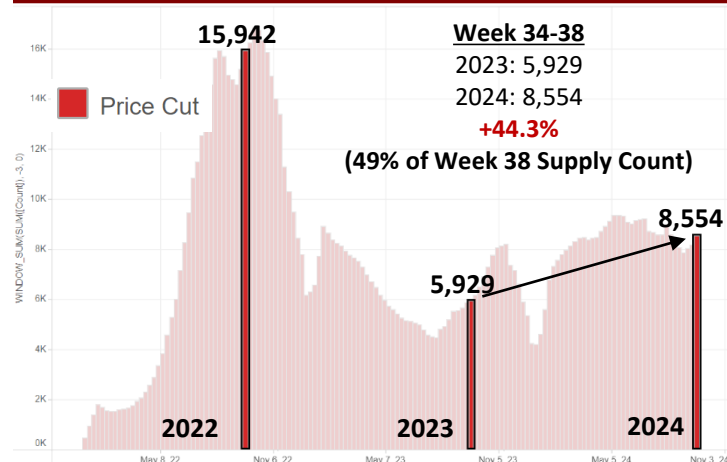
Price Range	# Active	Δ From Last Year	4-Week Sum Price Drops
Under \$300K	2,258	+74.1%	853 (38%)
\$300K-\$400K	3,337	+62.5%	1,871 (56%)
\$400K-\$500K	3,582	+61.2%	1,891 (53%)
\$500K-\$600K	2,353	+54.4%	1,277 (54%)
\$600K-\$800K	2,529	+39.2%	1,287 (51%)
\$800K-\$1M	1,246	+49.4%	579 (46%)
\$1M-\$2M	1,415	+41.1%	613 (43%)
Over \$2M	889	+28.3%	183 (21%)

## % Change in Average Asking Prices per SF: Week 38, 2024 vs. 2023

Price Range	Active \$/SF	YOY % Chg	Median Reduction
Under \$300K	\$175.70	+1.5%	-\$5,000
\$300K-\$400K	\$237.42	+3.0%	-\$6,000
\$400K-\$500K	\$243.50	+2.2%	-\$8,000
\$500K-\$600K	\$258.81	+1.3%	-\$10,000
\$600K-\$800K	\$285.59	+1.2%	-\$10,000
\$800K-\$1M	\$324.20	+0.2%	-\$15,000
\$1M-\$2M	\$425.35	-1.5%	-\$32,500
Over \$2M	\$840.41	+0.5%	-\$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

The housing market is not like the stock market in its responses to change. This is especially true today, as consumers have trust issues after 2 years of extreme volatility in rates. To see significant movement, there must be a sustained and stable shift. Even when rates are declining, buyers will wait to see if they decline further and stabilize before taking a leap. Mortgage rates stagnated around 6.1% on September 11, and listings under contract have started an uncharacteristic slow rise over the past two weeks—uncharacteristic because this measure typically declines in the fourth quarter. Only 3 out of the past 20 years experienced a bounce in the last half of the year. First was 2009, thanks to the temporary first-time homebuyer credit approved by Congress. Then 2020, thanks to the COVID-19 stimulus, freezes for payments on student loans, and mortgage forbearance. Then 2021, thanks to a competition between the titans of flips, OpenDoor and Zillow, to see who could purchase the most homes (and subsequently lose the most money) as affordability plummeted for Main Street consumers. This significant drop in mortgage rates qualifies as a disruptor that could provide a decent bounce in demand in Q4.

## ALL CLOSED SALES IN Q3 to Date As of Sept. 20, 2024 vs. 2023:

- Under \$300K: 1,746 (-9.1%)
- \$300K-\$600K: 8,441 (-4.3%)
- \$600K-\$1M: 2,498 (-2.7%)
- \$1M-\$2M: 814 (+7.7%)
- Over \$2M: 285 (+3.6%)

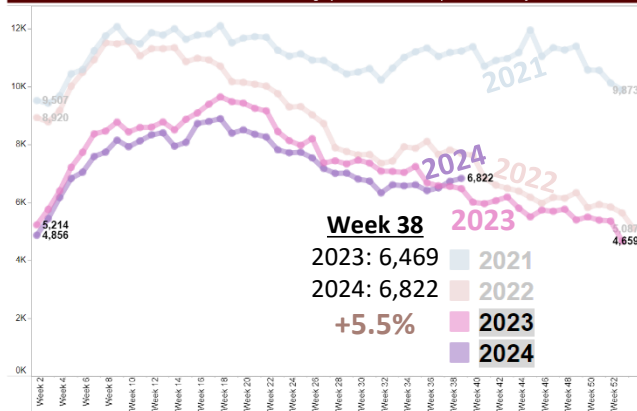
For every 1% decline in rates, principle and interest payments across the board drop 10%, equating to \$100s in savings for borrowers. For the first time this year, listings under contract between \$400K-\$500K (median size 1,794 SF) surpassed last year, and the \$300K-\$400K (median size 1,495 SF) isn't far behind. This trend could indicate that first-time homebuyers are getting their groove back. Contracts in escrow between \$500K-\$1.5M had a high spring season in line with 2023, but instead of declining in Q3 like last year they're stable, giving Q4 a strong finish.

## Listings Under Contract - Compared Weekly

Greater Phoenix - ARMLS Residential

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## Contract and Sales Activity: Week 38, 2024 vs. 2023

Price Range	Week 38 In Escrow	Δ From Last Year	Sales \$/SF	Annual Price Chg.
Under \$300K	658	-5.3%	\$185.80	-3.9%
\$300K-\$400K	1,667	-0.7%	\$232.60	+1.2%
\$400K-\$500K	1,590	+7.9%	\$241.24	+0.4%
\$500K-\$600K	883	+12.8%	\$261.38	+1.9%
\$600K-\$800K	905	+11.5%	\$280.62	-0.4%
\$800K-\$1M	380	+2.4%	\$314.85	+1.4%
\$1M-\$2M	463	+16.0%	\$399.13	-3.4%
Over \$2M	273	+7.5%	\$683.98	-5.5%

## Concessions and DOM: Sept. 2024 to Date

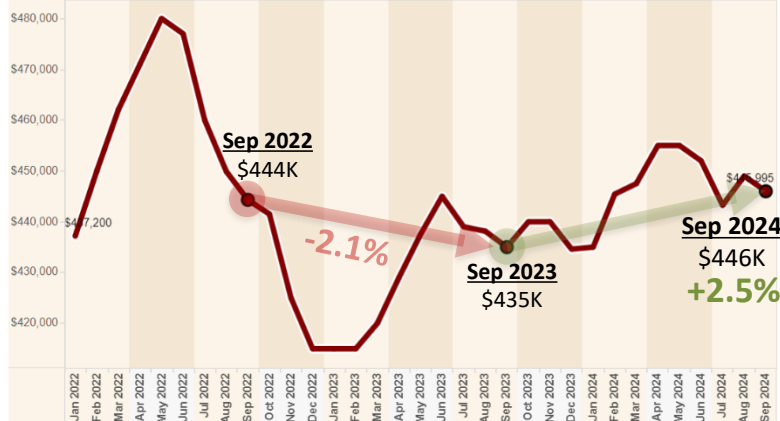
Price Range	% Incl. Concessions	Median \$ Concession	Days On Mkt
Under \$300K	43.9%	\$6,795	35
\$300K-\$400K	65.2%	\$10,025	33
\$400K-\$500K	60.7%	\$10,000	33
\$500K-\$600K	53.5%	\$10,545	30
\$600K-\$800K	46.6%	\$11,750	36
\$800K-\$1M	34.4%	\$10,000	25
\$1M-\$2M	23.0%	\$13,000	36
Over \$2M	9.5%	\$10,773	60

## Monthly Median Sales Price

Greater Phoenix - ARMLS Residential Resale - Measured by Calendar Month

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## ARTICLES OF INTEREST:

Sept. 19, 2024 – Arizona Republic | AZCentral.com

[Metro Phoenix home sales fall and prices flat in August. Forecast for September?](#)

Sept. 20, 2024 – ABC Channel 3/5 | AZFamily.com

[Phoenix home sellers offer more incentives to stay competitive amid drop in sales](#)

Sept. 25, 2024 – Arizona Republic | AZCentral.com

[An 'inviting place': How Arizona emerged as a leader in the US semiconductor revival](#)

Sept. 25, 2024 – Benzinga

[Mortgage Demand Soars As Fed Interest Rate Cut Fuels Housing Market Revival: 'Next Spring Could See A Real Rebound'](#)

Sept. 25, 2024 – Phoenix Business Journal

[Pinal County's economic growth gets spotlight at Business Journal event](#)

Sept. 26, 2024 – AZ Big Media

[GPEC helps 49 companies expand or relocate into region in 2024](#)

Sept. 26, 2024 – Redfin

[Buyers Are Coming Back: Mortgage Demand Shoots Up, Home Tours Hit Highest Level Since May](#)

