

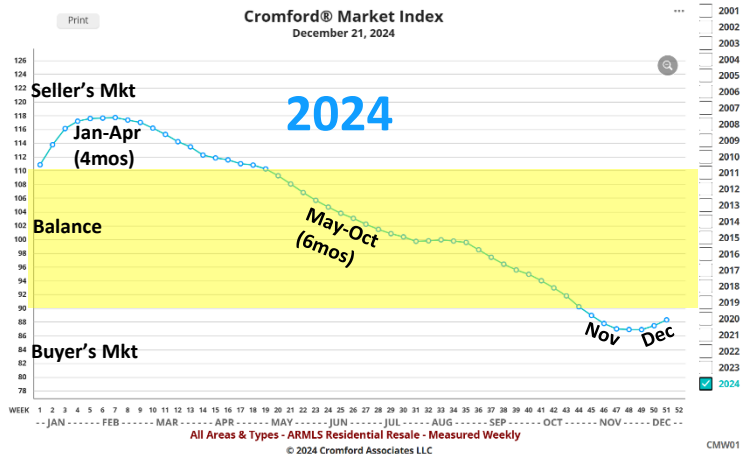
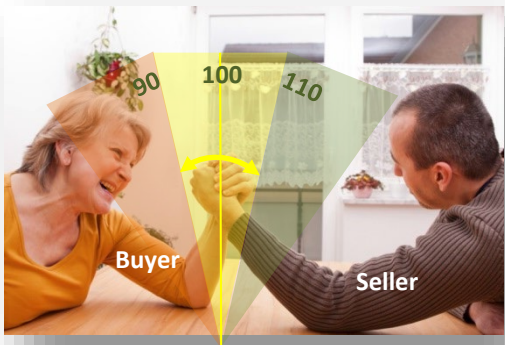
The Real State®

A Snapshot of the Greater Phoenix Residential Real Estate Market



November to December 2024, the supply-demand index increased 2.3 points from 86.6 to 88.9. The supply index rose 3.8 points from 83.0 to 86.8 and the demand index rose 0.3 point from 76.8 to 77.1. The Federal Reserve announced another 0.25-point Fed Funds Rate cut on December 18, which was expected. Unexpectedly, mortgage rates took an immediate turn upward to 7.1%. The reaction was a specific response to the Fed's intention to continue reducing their security holdings, 92% of which are held in treasury notes and mortgage-backed securities. When the Fed releases these debt assets to the open market for sale, the increase in supply pushes bond prices down and the interest rates up, thus overriding any benefit to be had in mortgage rates by reducing the Federal Funds Rate. While the Fed acknowledged stress in the housing market in their opening statement, it's behind inflation, unemployment rates, and GDP on their list of priorities.

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

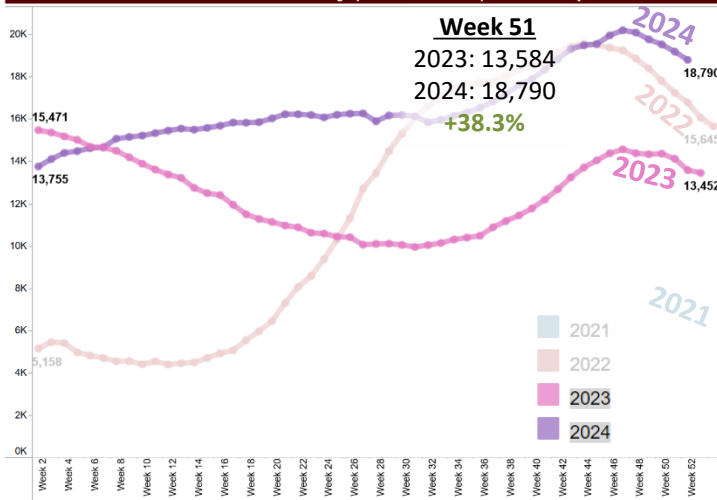
Active listing counts this month are the highest Greater Phoenix has seen since 2015 and 2016, giving buyers a level of choice they haven't seen in 9-10 years. (2015 and 2016 were both mild seller's markets, because year-to-date sales were 19-23% higher than they are now.) All price ranges and property types increased in supply, to the tune of 5,206 more active listings this week compared to last year. Condo/townhouse listings composed 1,111, or 21%, of them. Single family homes between \$400K-\$500K increased by 1,007 listings, representing 19% of the total; and \$300K-\$400K increased by 748 listings, or 14%. \$500K-\$600K increased by 588, at 11%, and mobile/pre-fabricated homes increased by 532 listings, explaining another 10% share. To summarize: 75% of the supply increase is in condos/townhomes, mobile homes, and single family homes under \$600K. This is good news for buyers in these markets.

ALL NEW LISTINGS ADDED in Q4 As of December 24, 2024 vs. 2023:

- Under \$300K: 2,775 (+13.1%)
- \$300K-\$600K: 11,385 (+9.5%)
- \$600K-\$1M: 3,841 (+6.0%)
- \$1M-\$2M: 1,514 (+13.6%)
- Over \$2M: 795 (+8.8%)

Despite these increases, supply levels are still considered 13% below normal by roughly 3,000 listings. As articles proliferate online about a looming housing crash similar to 2008¹ due to oversupply, let's remember that supply in Greater Phoenix prior to the 2008 crash in November 2007 was measured at 57,888 listings, over 3 times higher than today's count. Meanwhile, the November 2007 sales count was 36% lower than today at a mere 3,314. That month in 2007, the overall supply-demand index hit its lowest measure of 26.5, far below today's measure of 88.9. This is a buyer's advantage, but it is not a precursor to a crash.

Active Listing Weekly Counts - Compared by Year
Greater Phoenix - ARMLS Residential - Measured Weekly
Last Update: 12/22/2024 1:11:33 PM
© 2023 Cromford Associates LLC - sharing is permitted for Cromford Report Subscribers only



% Change in Active Supply: Week 51, 2024 vs. 2023

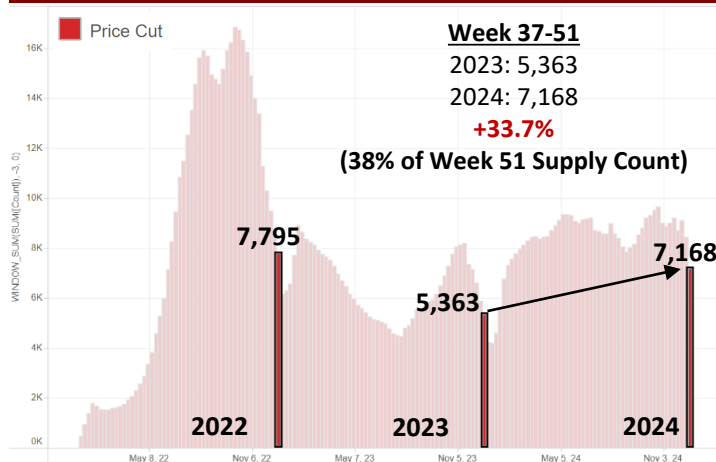
Price Range	# Active	Δ From Last Year	4-Week Sum Price Drops
Under \$300K	2,828	+57.5%	1,009 (36%)
\$300K-\$400K	3,756	+42.3%	1,634 (44%)
\$400K-\$500K	3,822	+44.0%	1,590 (42%)
\$500K-\$600K	2,372	+36.6%	978 (41%)
\$600K-\$800K	2,464	+25.7%	949 (39%)
\$800K-\$1M	1,160	+31.5%	400 (35%)
\$1M-\$2M	1,388	+23.6%	422 (30%)
Over \$2M	1,000	+25.9%	186 (19%)

% Change in Average Asking Prices per SF: Week 51, 2024 vs. 2023

Price Range	Active \$/SF	YOY % Chg	Median Reduction
Under \$300K	\$174.43	-1.7%	-\$5,100
\$300K-\$400K	\$236.03	+2.2%	-\$6,000
\$400K-\$500K	\$243.40	+1.2%	-\$5,600
\$500K-\$600K	\$259.30	+0.8%	-\$10,000
\$600K-\$800K	\$288.18	+1.3%	-\$10,000
\$800K-\$1M	\$320.00	-2.2%	-\$15,100
\$1M-\$2M	\$434.58	+0.3%	-\$41,500
Over \$2M	\$840.81	-1.6%	-\$60,550

Number of Price Changes - 4 Week Running Total Greater Phoenix - ARMLS Residential Resale - Measured Daily

Last Update - 12/22/2024 2:28:40 PM
PC51 © 2023 Cromford Associates LLC



Comparing 2024 to 2023: SALES VOLUME & PRICE

As of December 24, there have been 66,007 closed sales through the MLS this year, down 1.4% from last year through the same date. The worst year for sales in the MLS in the past 25 years was 2007 at 53,130 by year end. While 2024 has been a rough year for sales volume, closings to date are 26% higher than 2007 and 16% higher than 2008 when prices crashed. Back to the present, while 2024 sales were trailing 2023 by 4.8% by the end of September, Q4 saw a notable rebound in response to lower mortgage rates and has so far outperformed last year by 12.9%. However, the market is still in a buyer's market and the longer it stays here the more likely prices could glide lower. Despite these expectations, price measures have been rising instead and causing some confusion as to why. The annual appreciation rate so far is 6.9% using average sales price per square foot and 5.2% using the median sales price. On the surface, these measures seem more reflective of a seller's market rather than a balanced or a buyer's market. However, the table below shows that annual appreciation rates by price range are much lower, ranging between 1-3%, closer to the rate of inflation and more in line with market expectations.

ALL CLOSED SALES IN Q4 to Date

As of Dec 24, 2024 vs. 2023:

- Under \$300K: 1,652 (-5.0%)
- \$300K-\$600K: 8,718 (+15.1%)
- \$600K-\$1M: 2,646 (+16.0%)
- \$1M-\$2M: 946 (+26.1%)
- Over \$2M: 324 (+5.5%)

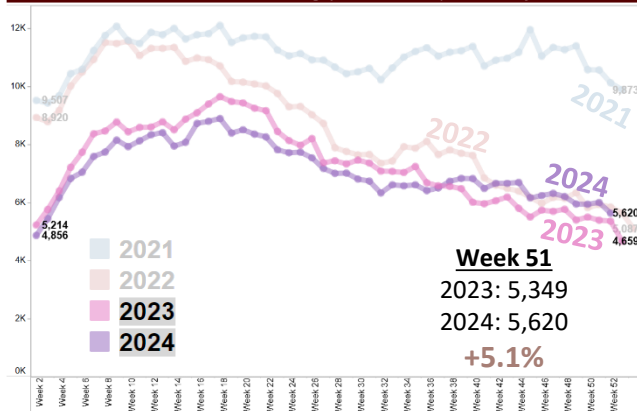
So how can overall sales price measures show a strong increase when measures by price range are flat? In the chart below, notice the luxury market is seeing a significant increase in contract activity compared to last year, comprising 14% of contracts in escrow. This has resulted in the market share of sales over \$1M rising from 8.1% to 9.8%. While that may not seem like much, in 2022 it was only 6.2% and in 2021 it was 5.9%. This increase in luxury market share, combined with the higher cost per square foot, is why overall appreciation measures are skewed high.

Listings Under Contract - Compared Weekly

Greater Phoenix - ARMLS Residential

Last Update: 12/22/2024 2:35:50 PM

EM52 © 2024 Cromford Associates LLC - sharing is permitted for Cromford Report subscribers only



Contract and Sales Activity: Week 51, 2024 vs. 2023

Price Range	Week 51 In Escrow	Δ From Last Year	Sales \$/SF	Annual Price Chg.
Under \$300K	589	+2.4%	\$183.93	+0.3%
\$300K-\$400K	1,287	-5.9%	\$235.19	+3.1%
\$400K-\$500K	1,211	+3.5%	\$241.40	+1.7%
\$500K-\$600K	716	+4.2%	\$262.17	+3.4%
\$600K-\$800K	717	+7.8%	\$285.91	+1.0%
\$800K-\$1M	332	+6.8%	\$320.74	+1.3%
\$1M-\$2M	463	+37.0%	\$409.84	-0.2%
Over \$2M	305	+29.8%	\$715.21	+3.1%

Concessions and DOM: Dec. 2024 to Date

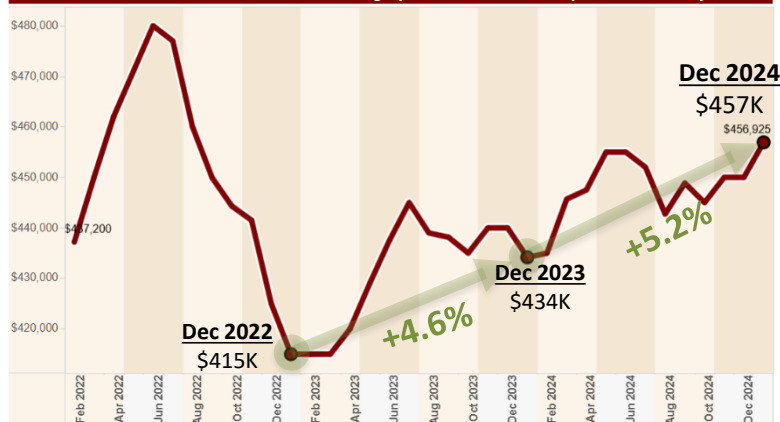
Price Range	% Incl. Concessions	Median \$ Concession	Days On Mkt
Under \$300K	43.7%	\$6,523	45
\$300K-\$400K	59.8%	\$10,000	43
\$400K-\$500K	59.9%	\$10,000	47
\$500K-\$600K	54.1%	\$10,700	45
\$600K-\$800K	43.2%	\$12,000	49
\$800K-\$1M	34.3%	\$11,564	53
\$1M-\$2M	26.1%	\$12,000	52
Over \$2M	10.2%	\$20,000	53

Monthly Median Sales Price

Greater Phoenix - ARMLS Residential Resale - Measured by Calendar Month

Last Update: 12/26/2024 12:29:26 PM

EM52 © 2024 Cromford Associates LLC - sharing is permitted for Cromford Report subscribers only



ARTICLES OF INTEREST:

Dec. 18, 2024 – U.S. Federal Reserve

[Transcript of Chair Powell's Press Conference \(PDF\)](#)

Dec. 18, 2024 – CBS News

[Federal Reserve cuts interest rates by 0.25 percentage points, but projects fewer reductions in 2025](#)

Dec. 19, 2024 – HousingWire

[All those 2025 mortgage rates forecasts are now wrong](#)

Dec. 22, 2024 – KTAR News

[Peoria signs agreement for development on over 6,000 acres of State Trust land](#)

Dec. 22, 2024 – Daily Mail

[Gorgeous city where job market is booming is ranked among top housing hotpots for 2025](#)

Dec. 24, 2024 – Arizona Republic | AZCentral.com

[Is metro Phoenix's housing market poised for a crash?](#)

Dec. 27, 2024 – AZ Big Media

[How Arizona outranks most states in real estate performance](#)

