

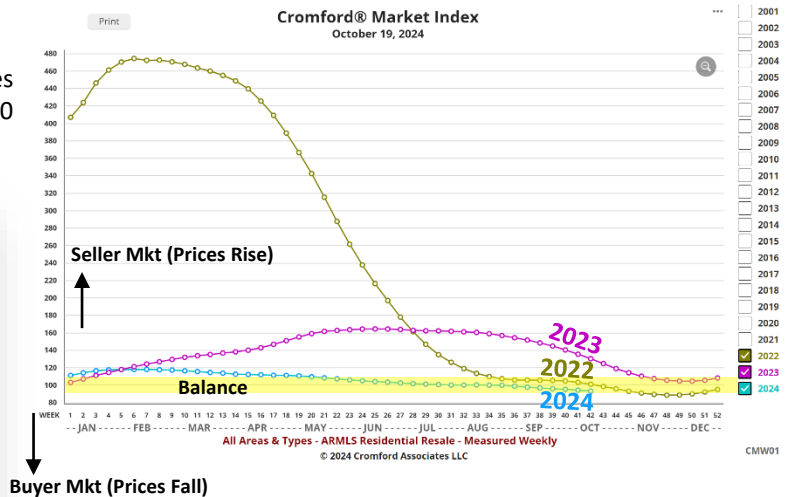
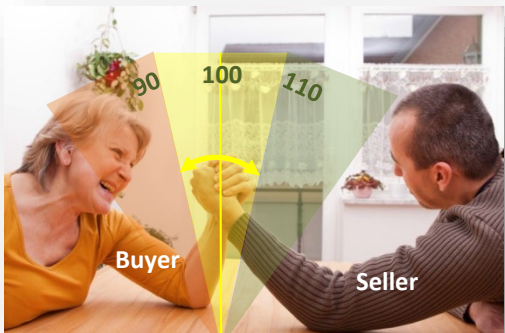
# The Real State®

A Snapshot of the Greater Phoenix Residential Real Estate Market



September to October 2024, the supply-demand index dropped 4.0 points from 96.0 to 92.0. The supply index rose 6.7 points from 76.3 to 83.0 and the demand index rose a mere 3.0 points from 73.3 to 76.3. Greater Phoenix is gliding towards a buyer's market once again as the overall index continues to drop. This is only the third time in a decade that we've drifted below 100; most recently was Q4 2022, and before that it was Q1 2014. Both times proved quite beneficial for buyers who took advantage. The median price measure in December 2022 was \$415K, 14% lower than the peak of \$480K in May 2022 and 7% lower than June 2023 after the market shifted back towards a seller's market. In both 2014 and 2022, the buyer's advantage was short lived, lasting about 4-5 months in 2014 and only 2-3 months in 2022. Demand has been on the rise over the past 4 weeks; however, rising supply has outpaced it, giving buyers a plethora of choices.

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.



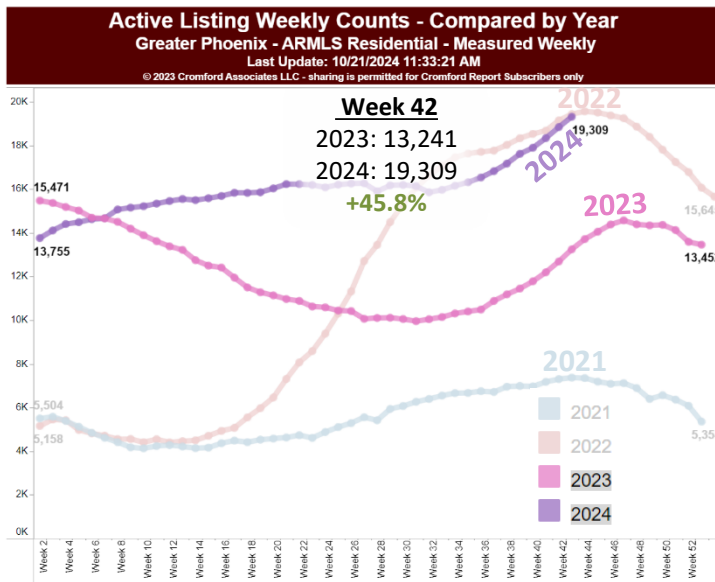
# Comparing 2024 to 2023: ACTIVE LISTINGS

Listings are back on the rise, but is it seasonal or is it a shift? In our view, it's a little bit of both. Seasonally, it's typical for supply to rise at this time of year and peak before declining over the holidays. This year, however, the rise in supply started earlier and more aggressively than normal across most price ranges, which indicates it's also a shift that needs attention. Sellers caught in this wave will most likely experience a longer list time prior to contract, fewer showings, and increased uncertainty. Weekly price reductions typically see a big hurrah as Thanksgiving approaches, then they drop as consumers redirect their attention towards the holidays. So far asking prices per square foot are only 1-2% higher than last year for properties under \$800K, and just about even with last year for the rest.

## ALL NEW LISTINGS ADDED in Q4 As of October 21, 2024 vs. 2023:

- Under \$300K: 762 (+10.4%)
- \$300K-\$600K: 3,318 (+11.6%)
- \$600K-\$1M: 1,151 (+1.1%)
- \$1M-\$2M: 467 (+10.7%)
- Over \$2M: 216 (-11.1%)

In short, this is a market for serious sellers only. The Q4 is seasonally the best time to be a buyer anyway, and with a buyer's market looming on the horizon, sellers' expectations could be crushed. October is already seeing a faster daily rate of listings cancel compared to last year, which indicates more sellers bowing out for now with the intention of re-listing after the new year. The largest percentage of supply growth is under \$300K, which is 44% mobile homes, 39% condos/townhomes, and only 17% single family homes. Overall, condo and townhome active supply is up 63% from last year. This could be a result of increasing insurance costs that lead to higher HOA fees.

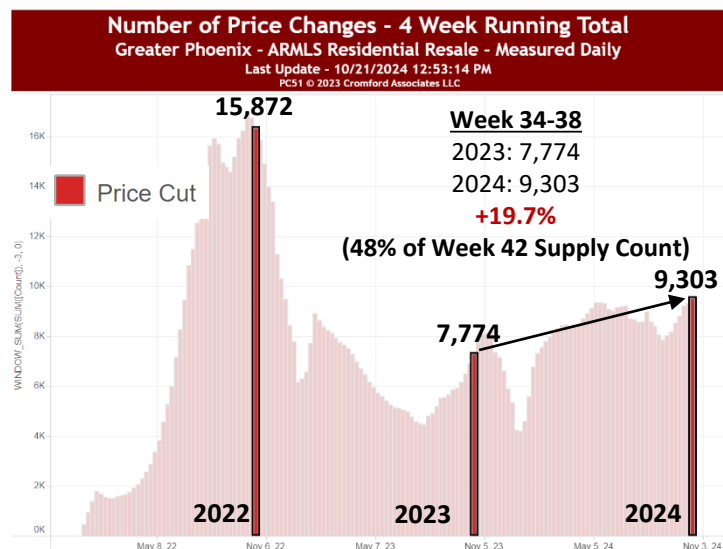


## % Change in Active Supply: Week 42, 2024 vs. 2023

Price Range	# Active	Δ From Last Year	4-Week Sum Price Drops
Under \$300K	2,568	+69.8%	1,099 (43%)
\$300K-\$400K	3,625	+49.4%	1,904 (53%)
\$400K-\$500K	3,898	+50.4%	2,110 (54%)
\$500K-\$600K	2,565	+46.5%	1,354 (53%)
\$600K-\$800K	2,777	+32.8%	1,521 (55%)
\$800K-\$1M	1,308	+45.0%	662 (51%)
\$1M-\$2M	1,560	+31.5%	649 (42%)
Over \$2M	1,008	+29.2%	218 (22%)

## % Change in Average Asking Prices per SF: Week 42, 2024 vs. 2023

Price Range	Active \$/SF	YOY % Chg	Median Reduction
Under \$300K	\$176.97	+1.5%	-\$5,000
\$300K-\$400K	\$237.53	+2.1%	-\$9,000
\$400K-\$500K	\$242.66	+1.4%	-\$9,000
\$500K-\$600K	\$261.54	+1.7%	-\$10,000
\$600K-\$800K	\$288.48	+1.4%	-\$10,000
\$800K-\$1M	\$324.11	+0.5%	-\$15,000
\$1M-\$2M	\$434.92	+0.3%	-\$33,500
Over \$2M	\$842.11	+0.2%	-\$99,500



# Comparing 2024 to 2023: SALES VOLUME & PRICE

Mortgage rates continue to betray any thread of hope the housing industry has for a swift turnaround in demand. After seeing a 12% increase in accepted contracts when rates hovered in the low-6% range for 4 weeks, they popped back up to 6.6%, then 6.9% by late October. While demand can hang on in the mid-6% range, it's reduced to a trickle once rates move too close to 7%. This increase could affect both supply and demand, as many sellers also need rates to stay low to afford their next home. Predicting mortgage rates remains a struggle for industry experts. General expectations are that rates will glide down over time, but they rarely move in straight line. How long rates stay elevated depends on how the economy is doing. Rates become volatile when there is a fear of recession. At first, it was the increase in the rate of inflation that spurred these fears, especially after the Federal Reserve began an aggressive hike of the Federal Funds Rate. However, the rate of inflation is declining today, and mortgage rates are not responding to it like before. Instead, the fear of recession is focused on unemployment reports, which are at a tipping point. If they worsen, then mortgage rates will decline. If not, we could be here for a while.

## ALL CLOSED SALES IN Q4 to Date As of October 21, 2024 vs. 2023:

- Under \$300K: 329 (-23.8%)
- \$300K-\$600K: 1,855 (+6.8%)
- \$600K-\$1M: 545 (+1.7%)
- \$1M-\$2M: 193 (+16.3%)
- Over \$2M: 63 (-16.0%)

In the meantime, as the Greater Phoenix market glides towards a buyer's market, sellers need to up their game to compete. Condition in the form of cleanliness, maintenance, and updates is the baseline to meet. Expect even more sellers to cover the buyers' closing costs and rate buydowns; when concessions are no longer a unique selling technique, however, then further price negotiations will follow. For buyers who can shoulder the higher rates with plans to refinance later, and those who are utilizing grant programs and down payment assistance, this is their market.

## Contract and Sales Activity: Week 42, 2024 vs. 2023

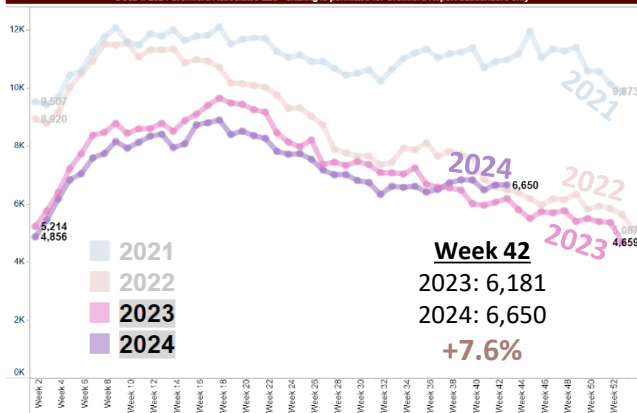
Price Range	Week 42 In Escrow	Δ From Last Year	Sales \$/SF	Annual Price Chg.
Under \$300K	652	-6.3%	\$191.52	-0.5%
\$300K - \$400K	1,621	+5.1%	\$230.12	-1.1%
\$400K - \$500K	1,523	+10.8%	\$246.34	+1.0%
\$500K - \$600K	835	+13.6%	\$257.58	-1.1%
\$600K - \$800K	852	+7.3%	\$282.75	+0.9%
\$800K - \$1M	411	+13.5%	\$328.69	+5.0%
\$1M - \$2M	489	+20.7%	\$406.75	-0.2%
Over \$2M	267	-1.5%	\$656.61	-9.3%

## Listings Under Contract - Compared Weekly

Greater Phoenix - ARMLS Residential

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## Concessions and DOM: Oct. 2024 to Date

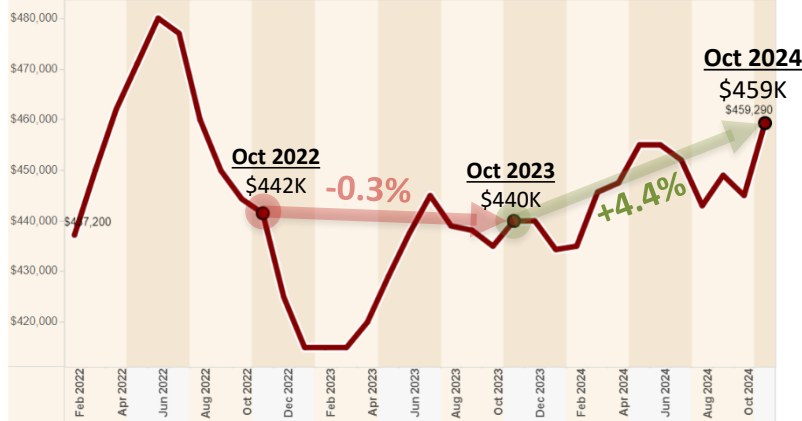
Price Range	% Incl. Concessions	Median \$ Concession	Days On Mkt
Under \$300K	50.3%	\$6,450	32
\$300K-\$400K	64.6%	\$10,000	30
\$400K-\$500K	59.6%	\$10,000	28
\$500K-\$600K	50.3%	\$10,000	39
\$600K-\$800K	45.8%	\$10,700	35
\$800K-\$1M	32.4%	\$9,000	25
\$1M-\$2M	25.0%	\$15,000	27
Over \$2M	17.2%	\$13,000	36

## Monthly Median Sales Price

Greater Phoenix - ARMLS Residential Resale - Measured by Calendar Month

Last Update: 10/23/2024 10:34:26 AM

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