# The Real State®

A Snapshot of the Greater Phoenix Residential Real Estate Market

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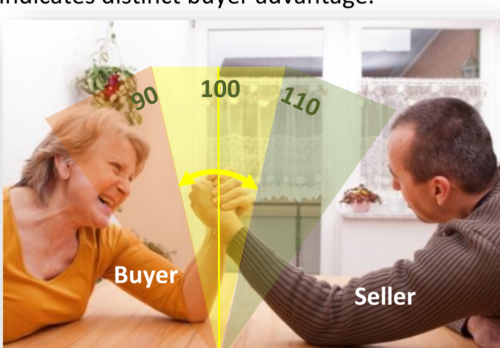
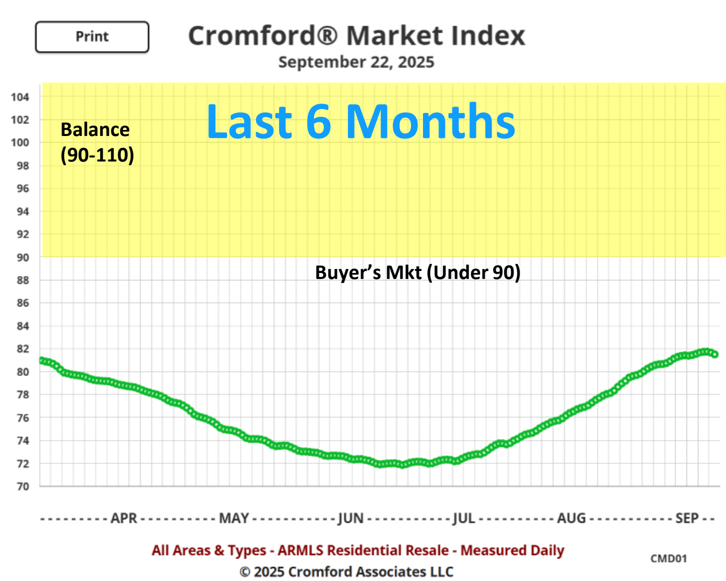
From August to September 2025, the supply-demand index increased 4.2 points from 77.5 to 81.7. The supply index decreased from 98.9 to 97.4, while the demand index rose from 76.6 to 79.5. It's been a month of weak jobs reports and an uptick in the unemployment rate to 4.3%. The weakening job reports caused mortgage rates to drop to 6.1% as investors anticipated the Federal Reserve would loosen up on monetary policy. On September 17 the Fed announced that they were reducing the Fed Funds Rate by just 0.25 and would continue to reduce their securities holdings—the equivalent of putting one foot on the gas and the other foot on the brake. The result was a small bounce in mortgage rates up to 6.35%. Demand had already started to improve when rates dropped to 6.5% in August. If mortgage rates remain stable below 6.5%, then purchase demand is expected to continue 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.

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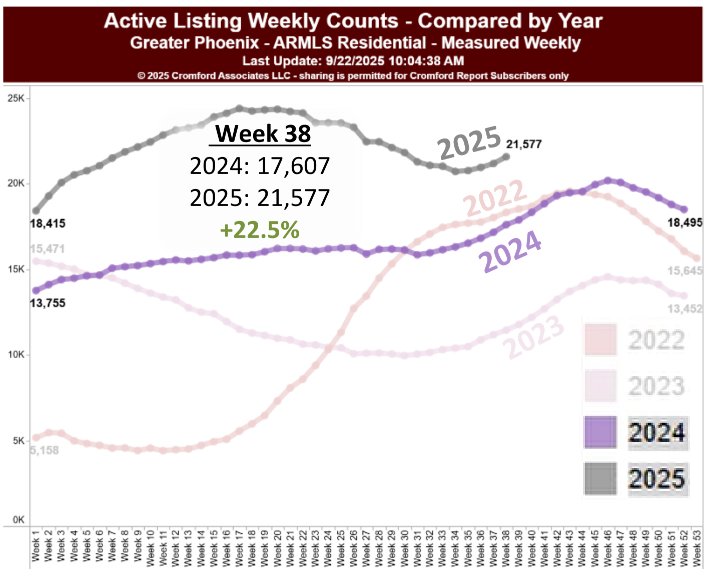
# Comparing 2025 to 2024: ACTIVE LISTINGS

August 2025 ended with 7,808 new listings added to the AZMLS, down 3.7% over last year and up 7.1% over July. Seasonally, new listings begin to rise in September and peak in October as temperatures ease; this is especially prominent in luxury and retirement communities. New listings under $300K are up 18% in Q3 compared to last year so far, with condos (and townhomes) making up 40% and single family 28%. As a result, total condo inventory in this price range is up a whopping 71% over last year, specifically impacting Scottsdale, Phoenix, and the Sun Cities. While overall list prices per square foot are up slightly over last year for this price point, when drilled down to just condos, asking prices are down 5.2%. One thing the Sun Cities and Scottsdale have in common is an influx of seasonal occupancy in the winter and spring months. After a lackluster tourist season, more short-term rentals are on the market and prices often include a fully furnished, move-in ready unit.

**ALL NEW LISTINGS ADDED in Q3:**
**As of Sept. 20, 2025 vs. 2024: 20,890 (-0.8%)**

- Under $300K: 2,854 (+17.9%)
- $300K–$600K: 11,832 (-3.9%)
- $600K–$1M: 4,002 (-4.9%)
- $1M–$2M: 1,471 (+1.0%)
- Over $2M: 731 (+10.6%)

The supply index is seasonally adjusted and only measures single-family inventory. A measure of 97.4 indicates total supply is just 2.6% below normal for this time of year, but most cities in Greater Phoenix are well below normal for inventory. The greatest single-family supply shortages are in Paradise Valley (63% below normal), Fountain Hills (53%), Scottsdale (42%), Chandler (41%), Cave Creek (38%), and Phoenix (35%). Conversely, growing cities are well above normal single-family supply for their area: Buckeye (81% above normal), Maricopa (57%), Queen Creek (44%) and Surprise (35%).

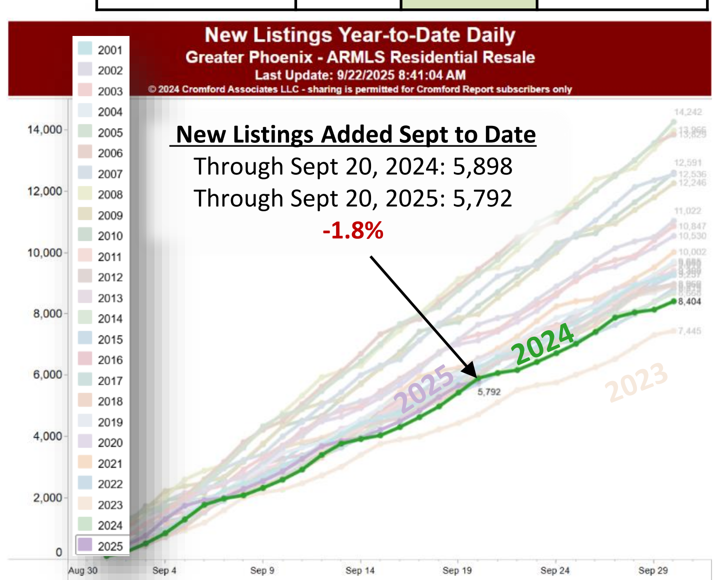



## % Change in Active Supply: Week 38, 2025 vs. 2024

| Price Range | # Active | Δ From Last Year | Listing Success Rate |
|---|---|---|---|
| Under $300K | 3,494 | **+54.7%** | **60%** |
| $300K–$400K | 4,336 | **+29.9%** | **73%** |
| $400K–$500K | 4,221 | **+17.9%** | **71%** |
| $500K–$600K | 2,744 | **+16.6%** | **67%** |
| $600K–$800K | 2,890 | **+14.3%** | **65%** |
| $800K–$1M | 1,260 | **+1.1%** | **65%** |
| $1M–$2M | 1,588 | **+12.2%** | **60%** |
| Over $2M | 1,044 | **+17.6%** | **45%** |

## % Change in Average Asking Prices per SF: Week 38, 2025 vs. 2024

| Price Range | Active $/SF | YOY % Chg | Median Reduction |
|---|---|---|---|
| Under $300K | $178.63 | **+0.4%** | **-$5,000** |
| $300K–$400K | $230.13 | **-2.5%** | **-$5,001** |
| $400K–$500K | $240.10 | **-1.2%** | **-$8,000** |
| $500K–$600K | $256.56 | **-0.6%** | **-$9,050** |
| $600K–$800K | $281.88 | **-0.8%** | **-$10,000** |
| $800K–$1M | $323.12 | **-0.2%** | **-$16,850** |
| $1M–$2M | $427.40 | **+0.6%** | **-$30,000** |
| Over $2M | $854.36 | **+2.8%** | **-$100,000** |



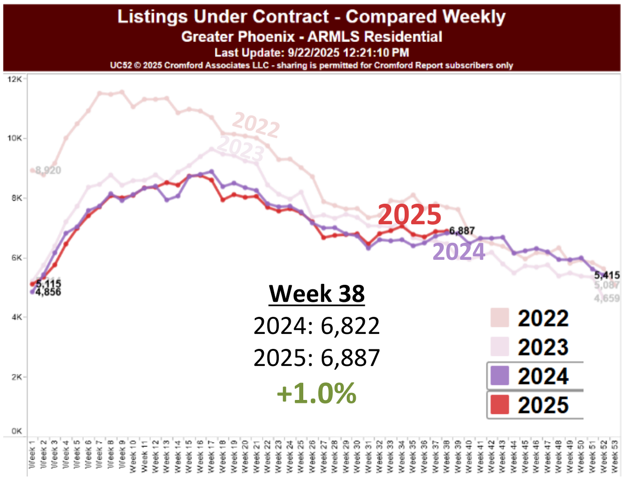
# Comparing 2025 to 2024: SALES VOLUME & PRICE

Closed sales in August totaled 5,401, up 3.3% over last August and 5.8% lower than July. However, so far September closings are outpacing last September by 7.1%, the equivalent to 15 extra closings per day. Listings in escrow under $300K are up 20% over 2024, but condos in the same price point are only up 6%. Single-family contracts are up 49% over last year and make up 40% of all contracts under $300K, compared to condos at 38%. Also impressive is the $1M–$1.5M price point, up 22% over last year in contract activity, up 19% in August sales, and up 20% so far in September sales. The median sales price month-to-date is up 3.4% over last year, but all price ranges below $2M are showing a year-over-year decline. This is because September so far is seeing a drop in market share for sales between $300K–$500K and a significant boost in sales from $600K–$1M. This shift in market share towards sales over the median, while sales at or under the median are sluggish, is what has pushed the median up—even while prices are down in nearly all price ranges. Buyers are simply getting more for their money.

**ALL CLOSED SALES IN Q3**
**As of Sept. 20, 2025 vs. 2024: 14,419 (+2.6%)**

- Under $300K: 1,860 (+6.4%)
- $300K–$600K: 8,664 (+3.0%)
- $600K–$1M: 2,693 (+5.6%)
- $1M–$2M: 915 (+13.1%)
- Over $2M: 287 (+2.1%)

Surprisingly, mortgage rates dropping to 6.1% did little to help the more affordable price ranges this month. It's a head scratcher, especially considering rates were 7.3% just last January. The rule of thumb is the principal and interest payment drops 10% for every 1% drop in the mortgage rate. For a loan amount between $300K–$450K, that's a monthly savings of $233–$300. On a $600K loan, the savings is nearly $400. Unfortunately, when mortgage rates are declining daily, buyers will often wait for a better rate. Many buyers have gotten burned doing this over the past 3 years, as rates have frequently bounced in the opposite direction.

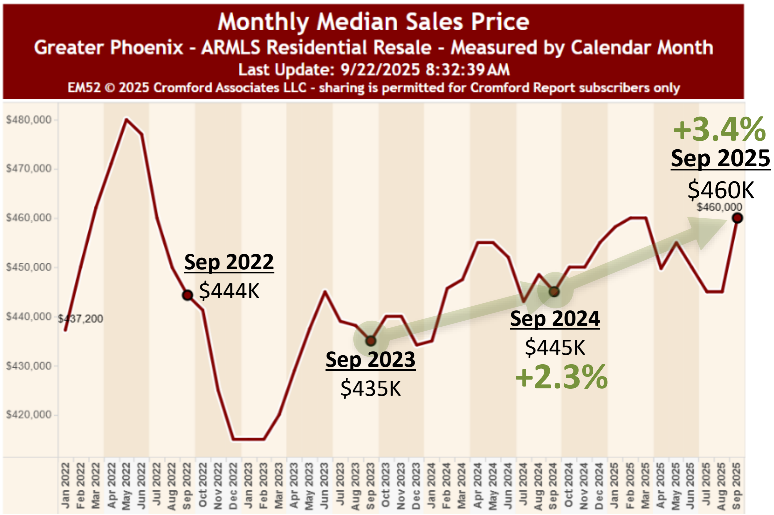



## Contract and Sales Activity: Week 38, 2025 vs. 2024

| Price Range | Week 38 In Escrow | Δ From Last Year | Sales $/SF | Annual Price Chg. |
|---|---|---|---|---|
| Under $300K | 819 | +20.4% | $179.66 | -5.0% |
| $300K–$400K | 1,598 | -5.3% | $224.34 | -3.1% |
| $400K–$500K | 1,473 | -6.9% | $237.00 | -1.4% |
| $500K–$600K | 920 | +6.4% | $253.82 | -1.1% |
| $600K–$800K | 904 | +0.4% | $275.87 | -0.1% |
| $800K–$1M | 386 | +1.3% | $306.04 | -1.5% |
| $1M–$2M | 515 | +13.7% | $396.64 | -1.4% |
| Over $2M | 272 | -0.4% | $730.85 | +6.9% |

## Concessions and DOM: Sept. 2025 to Date

| Price Range | % Incl. Concessions | Median $ Concession | Days On Mkt |
|---|---|---|---|
| Under $300K | 50.4% | $7,298 | 51 |
| $300K–$400K | 64.6% | $10,000 | 41 |
| $400K–$500K | 59.9% | $10,000 | 41 |
| $500K–$600K | 58.0% | $10,950 | 47 |
| $600K–$800K | 46.2% | $10,000 | 52 |
| $800K–$1M | 39.0% | $10,000 | 52 |
| $1M–$2M | 34.5% | $12,000 | 46 |
| Over $2M | 15.3% | $15,000 | 35 |



## ARTICLES OF INTEREST:

Sept. 11, 2025 – Phoenix Business Journal
['Housing market just went on sale' as mortgage rates hit 11-month low]()

Sept. 15, 2025 – Yahoo! Finance
[Major bank issues warning that there’s a 93% chance of a recession in the US this year — how to prepare now]()

Sept. 17, 2025 – AZ Big Media
[How semiconductor boom and ASU are transforming our economy]()

Sept. 18,2025 – AZ Office of Economic Opportunity
[August 2025 Employment Report]()

Sept. 21, 2025 – The Straits Times
[Singapore companies continue to find opportunities in the US: EnterpriseSG]()

Sept. 23, 2025 – Eye on Housing | NAHB. Org
[Beyond the Official Unemployment Rate: A Deep Dive into U.S. Unemployment]()

Sept. 23, 2025 – AZ Big Media
[4 Phoenix suburbs rank among fastest-growing and most affordable in U.S.]()