

# The Real State®

A Snapshot of the Greater Phoenix Residential Real Estate Market

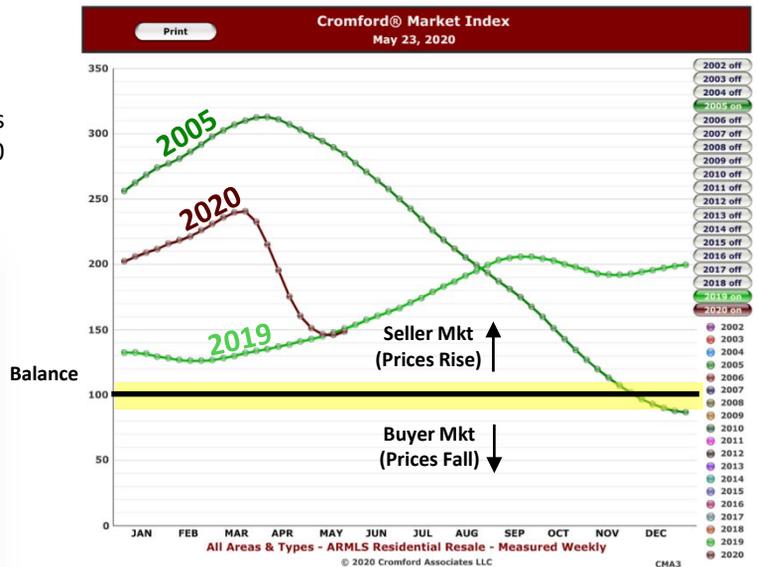


May 24, 2020

You know that feeling after you reach the bottom of a roller coaster? From April to May 2020, the supply-demand index continued to decline, 14.7 points from 164.0 to 149.3. The supply index rose 0.8 points, from 53.4 to 54.2, and the demand index dropped 6.7 points, from 87.6 to 80.9. After falling nearly 95 points in 8 weeks, the overall index has stabilized over the past week, and even rose a little bit. The Greater Phoenix residential housing market took a strong hit over the past 3 months, although it technically remains a seller's market for the time being, albeit a much weakened one.

Behind that relatively good news about market activity, some looming questions remain...continued on page 4

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 2020 to 2019: ACTIVE LISTINGS

## SUPPLY

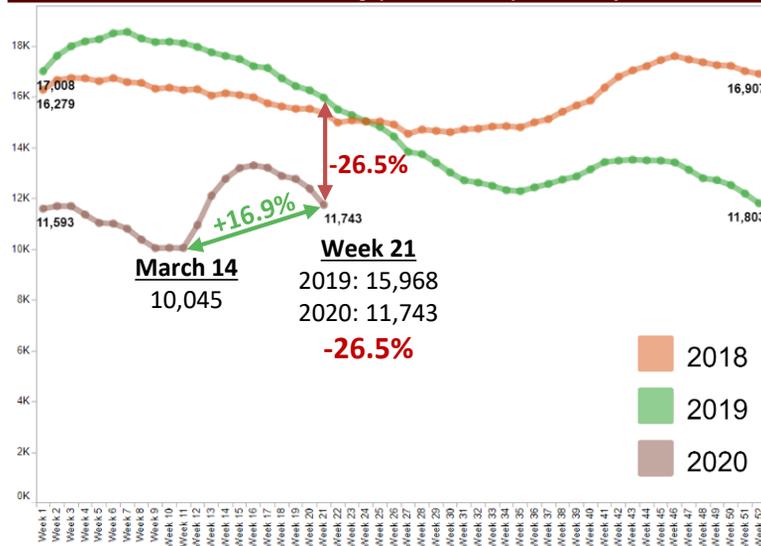
New listings in April ended down 18.5% compared to last year and new listings in May are down 27.5% so far. Inventory between \$250K–\$400K is up 36% from March 14, but it's steadily declining. At this pace, inventory in lower price levels could be back down to pre-pandemic levels within a couple of weeks.

### Q2 2020 NEW LISTINGS ADDED AS OF 5/23/20 vs. LAST YEAR:

- Under \$200K: 1,666 (-43.0%)
- \$200K–\$400K: 8,947 (-18.1%)
- \$400K–\$600K: 2,517 (-13.8%)
- \$600K–\$1M: 1,074 (-15.2%),
- Over \$1M: 500 (-25.1%)

The highest weekly inventory was the week of April 18, at 13,302 listings, comparable to last October's levels. While that's a relief to buyers, it's not exactly a flood of oversupply. This month, 3 major iBuyers announced their return to the Phoenix housing market after a several month hiatus: OpenDoor, OfferPad and Zillow. The Southeast Valley, South Phoenix, Laveen, Tolleson, the West Valley and North Phoenix are heating up again.

**Active Listing Weekly Counts - Compared by Year**  
Greater Phoenix - ARMLS Residential - Measured Weekly  
Last Update: 5/24/2020 4:52:41 AM  
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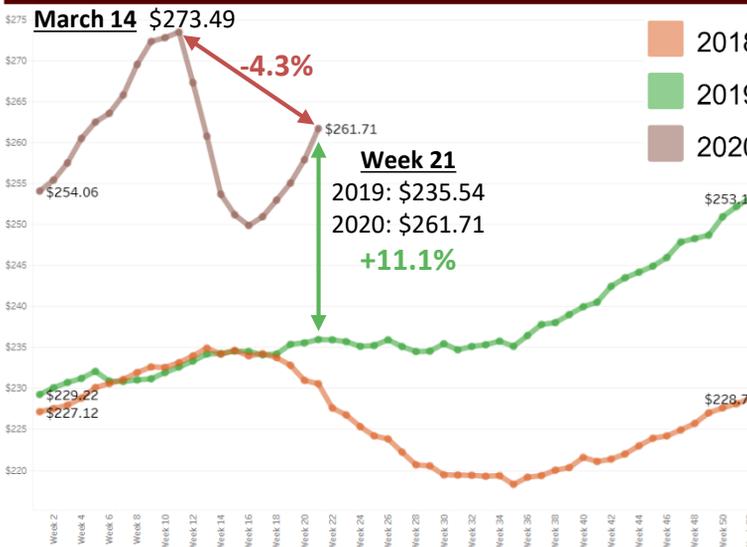
### % Change in Active Supply: Week 21, 2019 vs. 2020

Price Range	# Listed	Since Last Year	Since March 14
Under \$200K	1,216	-26.4%	+18.6%
\$200K–\$250K	1,043	-47.5%	+15.7%
\$250K–\$300K	1,449	-29.4%	+36.3%
\$300K–\$400K	2,409	-25.4%	+35.6%
\$400K–\$500K	1,375	-30.5%	+14.4%
\$500K–\$1M	2,667	-17.2%	+10.5%
\$1M–\$2M	929	-15.9%	-3.5%
Over \$2M	655	-12.3%	-6.6%

### Change in Average Asking Prices: Week 21, 2019 vs. 2020

Price Range	\$/SF	Since Last Year	Since Mar 14
Under \$200K	\$130.31	+2.3%	+3.6%
\$200K–\$250K	\$159.26	+14.0%	+4.6%
\$250K–\$300K	\$159.32	+8.3%	+4.9%
\$300K–\$400K	\$174.53	+6.9%	+1.6%
\$400K–\$500K	\$190.13	+8.4%	+1.3%
\$500K–\$1M	\$230.92	+6.6%	+1.2%
\$1M–\$2M	\$329.83	+3.6%	-0.1%
Over \$2M	\$531.92	+0.7%	-1.4%

**Average List Price per Square Foot - Active Listings**  
Greater Phoenix - ARMLS Residential - Measured Weekly  
Last Update: 5/24/2020 5:27:47 AM  
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# Comparing 2020 to 2019: SALES VOLUME & PRICE

April 2020 ended with an average sale price of \$184.24/SF through the MLS, which is 7.0% higher than last April and 1.3% below March. Our newest chart, which tracks accepted contracts on a weekly basis, shows quite a ride over the past 12 weeks, as the market plunged for 6 weeks and rebounded for 6 weeks in a near perfect V pattern. The chart has been adjusted to show the decline, gain and net recovery by price point. The best recovery story thus far is the \$250K–\$400K price point, which is now 12% higher in accepted weekly contracts than in February, prior to the Wall Street crash.

## YEAR-OVER-YEAR CHANGE IN APRIL SALE PRICE/SF:

- Under \$200K: **+5.3%**
- \$200K–\$400K: **+7.0%**
- \$400K–\$600K: **+5.1%**
- \$600K–\$1M: **+1.9%**
- Over \$1M: **+2.1%**

Contract activity has also increased in “luxury” product, above \$500K. This price range saw the largest drop in contracts within the first 6 weeks of the crisis; their absence is now being felt in the average sales price calculations, reflected in the 1.3% drop from March to April. However, the bump in new luxury contracts will be recorded as sales sometime over the next 4–6 weeks—and as they close escrow, we can expect the average sales price calculations to slowly begin rising again in July.

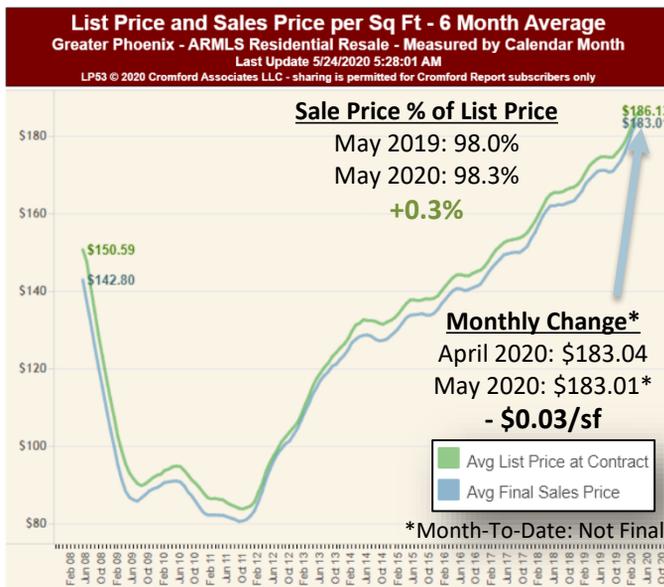


## % Change in Weekly Accepted Contracts: Weeks of Feb 23 to April 5 to May 17, 2020

Price Range	Week of 5/17	% Decline Feb-Apr	% Gain Apr-May	Net Δ Feb-May
Under \$200K	324	-36.3%	+44.0%	-8.2%
\$200K–\$250K	470	-35.3%	+43.3%	-7.3%
\$250K–\$300K	522	-29.6%	+55.4%	+9.4%
\$300K–\$400K	711	-35.4%	+76.9%	+14.3%
\$400K–\$500K	275	-44.4%	+63.7%	-8.9%
\$500K–\$1M	336	-58.1%	+126%	-5.6%
\$1M–\$2M	55	-55.0%	+104%	-8.3%
Over \$2M	16	-68.4%	+167%	-15.8%

## Sale Price Percent of List Price at Contract: May 2020

Price Range	Sale \$/SF	Monthly Change*	% of List \$/SF
Under \$200K	\$134.20	-\$0.15	98.7%
\$200K–\$250K	\$150.99	+\$1.09	99.6%
\$250K–\$300K	\$154.32	+\$0.47	99.2%
\$300K–\$400K	\$167.35	+\$1.14	99.2%
\$400K–\$500K	\$180.88	+\$1.04	99.1%
\$500K–\$1M	\$213.69	+\$0.68	98.0%
\$1M–\$2M	\$302.98	+\$0.78	95.4%
Over \$2M	\$503.09	+\$1.26	94.4%



Sales price per square foot trends do not immediately respond to shifts in supply and demand due to the length of the sales cycle. It takes anywhere from 3-6 months to see a response in price appreciation as the market must first wait for responses in list prices, listings under contract and finally sales to record.

*continued from page 1...*The first question is how the number of current forbearances will impact the market, once the freeze on foreclosures is lifted. Foreclosures are halted until at least June 30, 2020, for government-backed loans including Fannie Mae, Freddie Mac, VA, USDA, HUD, and FHA. Blacknight reports that 8.8% of loans are currently in forbearance nationwide, and that number is likely to rise to 10% by June 1. The second question is how the projected wave of layoffs will impact the market, as PPP funds dry up over the summer.

The answers to those two questions remain significant unknowns, although Greater Phoenix should fare better than many other cities. Nonetheless, R.O.I. Properties expects the market to turn—and believes that there is still a unique opportunity for sellers while inventory levels remain low.

#### **R.O.I. Properties Is Here for You**

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For regular updates about the market, please follow us on Facebook! <https://www.facebook.com/ROIPropertiesRE/>

## **ARTICLES OF INTEREST:**

May 4, 2020 – Arizona Republic

[Arizona's jobless claims surpass 500,000, but number of new applications declines](#)

May 8, 2020 – Phoenix Business Journal

[The Valley's home sale market dropped sharply in April. Here's what's coming next](#)

May 21, 2020 – HousingWire

[Mortgage rate drops to within 1 basis point of all-time low](#)

[The average U.S. rate for a 30-year fixed home loan is 3.24%, Freddie Mac says](#)

May 22, 2020 – HousingWire

[As travel slows down, when will Airbnb owners recover?](#)

May 24, 2020 – Phoenix Business Journal

[Buckeye bumped from top spot; Valley cities still post big population gains](#)

May 24, 2020 – Arizona Republic

[COVID-19 hit metro Phoenix's housing market in April, but fewer home buyers on the sidelines in May](#)

