

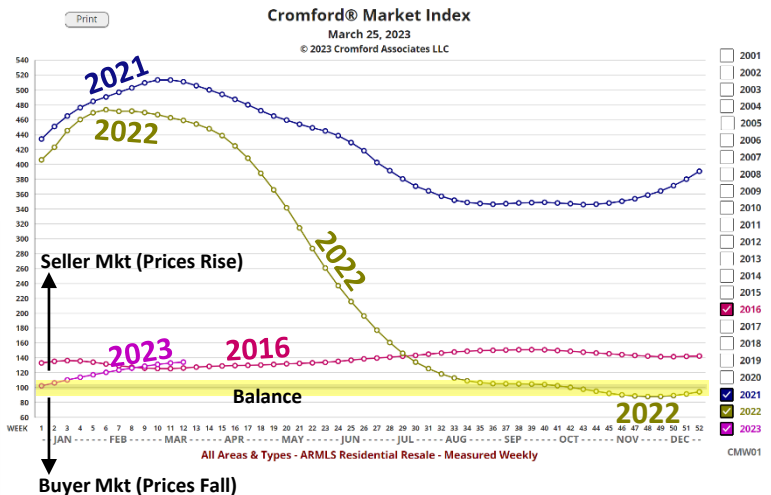
The Real State®

A Snapshot of the Greater Phoenix Residential Real Estate Market



In the past month, the Greater Phoenix residential market had a nice upsurge in activity—further evidence, it appears, that people are getting accustomed to the new normal of low inventory levels. From February to March 2023, the supply-demand index increased from 126.7 to 134.7, with a 3.2-point drop in supply and 0.8-point rise in demand. It’s been an eventful month! Effective March 2023, mortgage insurance premiums are reduced on FHA loans, saving borrowers as much as \$100–\$200 per month on their payments. The recent failures of two large banks pushed more investors towards bonds, which lowered the 10-Year Treasury yield, causing mortgage rates to decline sharply in response. Then, the Consumer Price Index report was released, with more positive reactions than negative. Then, the Federal Reserve met and increased the Fed Funds rate by 0.25% as expected, but with a hint that the beatings may be coming to an end.

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 2023 to 2022: ACTIVE LISTINGS

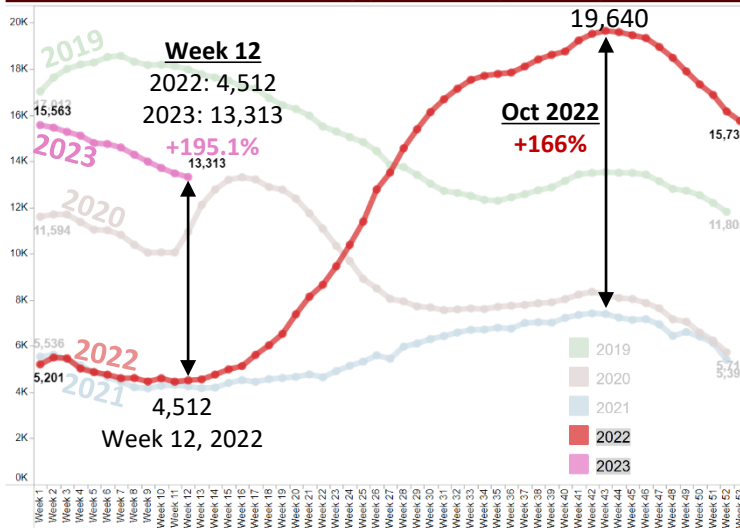
Active supply continues to decline in Greater Phoenix, down 32% since October. If this continues for the next 3 months, we will see the year-over-year change race to zero percent, or possibly negative once again. New homes with build dates between 2022-2024 make up 22% of overall active inventory in the Arizona Regional MLS. iBuyers such as OpenDoor and OfferPad listings compose less than 3% of supply, a significant change from last July and August when they were 12% of active listings. Acquiring short-term holds is still not a popular endeavor in this market as OpenDoor, the largest iBuyer, is selling 300 per month on average while only acquiring 20-30 (per Mike Orr of The Cromford Report).

ALL NEW LISTINGS ADDED YTD As of March 26, 2023 vs. 2022:

- Under \$300K: 2,978 (-14.0%)
- \$300K-\$600K: 11,526 (-25.8%)
- \$600K-\$1M: 3,889 (-20.9%)
- \$1M-\$2M: 1,378 (-6.1%)
- Over \$2M: 767 (+8.5%)

This month, new listings have been added to the MLS at a rate of 1,643 per week. That is not sufficient to increase supply, however, when weekly sales are averaging 1,316 and cancelled/expired listings are reducing supply by 369 per week. This explains why price reduction activity is low and declining—opposite what we would expect for this time of year. There's very little incentive for a seller to reduce their price if there isn't a valid competitor asking less in their vicinity. The median time listed prior to an accepted contract is currently 31 days, which holds true across nearly all price points. This is down 25 days from the January 1 measure of 56 days.

Active Listing Weekly Counts - Compared by Year Greater Phoenix - ARMLS Residential - Measured Weekly Last Update: 3/26/2023 11:39:21 AM © 2023 Cromford Associates LLC - sharing is permitted for Cromford Report Subscribers only



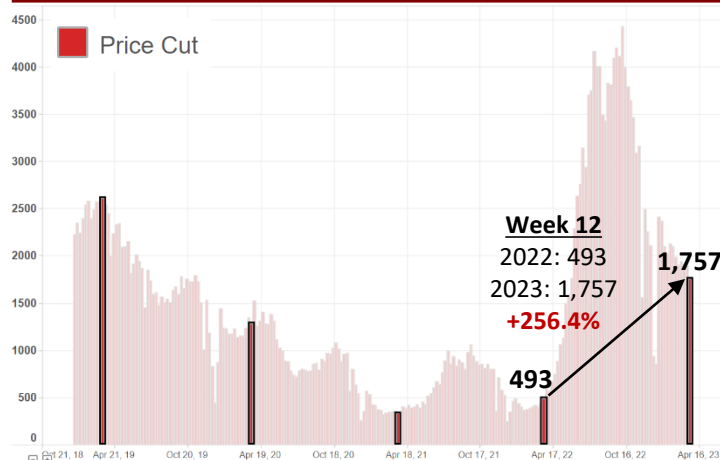
% Change in Active Supply: Week 12, 2023 vs. 2022

Price Range	# Active	Δ From Last Year	Week 12 Price Drops
Under \$300K	1,583	+188.3%	230
\$300K-\$400K	2,754	+317.3%	374
\$400K-\$500K	2,724	+169.2%	368
\$500K-\$600K	1,589	+171.2%	240
\$600K-\$800K	1,860	+180.1%	263
\$800K-\$1M	914	+199.7%	105
\$1M-\$2M	1,063	+191.2%	112
Over \$2M	826	+122.6%	65

% Change in Average Asking Prices per SF: Week 12, 2023 vs. 2022

Price Range	Active \$/SF	YOY % Chg	Median Reduction
Under \$300K	\$176.10	-0.1%	-\$6,900
\$300K-\$400K	\$225.54	-9.6%	-\$9,926
\$400K-\$500K	\$237.35	-4.2%	-\$10,000
\$500K-\$600K	\$253.01	-3.2%	-\$10,000
\$600K-\$800K	\$280.32	-2.0%	-\$14,000
\$800K-\$1M	\$321.57	+1.5%	-\$21,000
\$1M-\$2M	\$421.41	+1.1%	-\$44,500
Over \$2M	\$837.42	+2.2%	-\$125,000

Number of Price Changes per Week Greater Phoenix - ARMLS Residential Resale - Measured Daily Last Update - 3/26/2023 12:48:21 PM PC51 © 2023 Cromford Associates LLC



Comparing 2023 to 2022: SALES VOLUME & PRICE

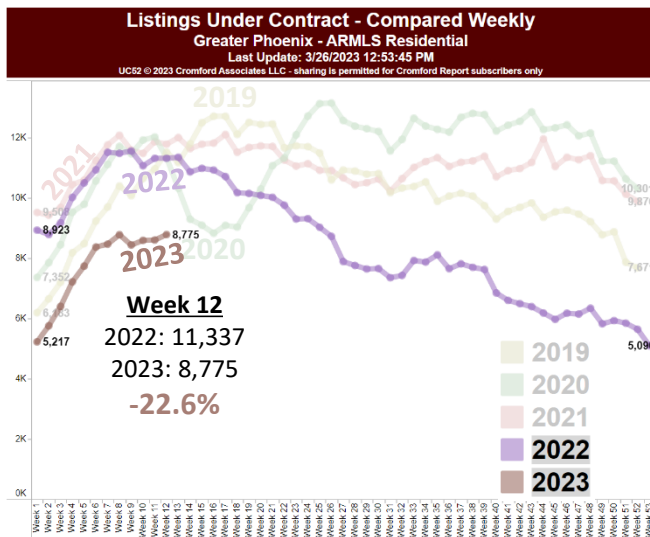
The monthly median sales price looks like it will stick to \$420,000 this month, up \$5,000 (+1.2%) from the \$415,000 recorded in December, January, and February. Sales price per square foot, however, has continued to improve for 3 months straight now, with a cumulative improvement of +4.7% since December. It can be confusing with all the percentages flying around the media these days. There's the drop from May to December of -12.3%, and the year-over-year drop from March last year of -4.3%, and the most recent improvement of +4.7% from December to now. Frankly, only people who have owned their homes for the past year, and want to sell, care about the first two numbers. History tells us that a good time to buy is at the beginning of a seller's market.

ALL CLOSED SALES YTD

As of March 25, 2023 vs. 2022:

- Under \$300K: 2,358 (-23.2%)
- \$300K-\$400K: 4,237 (-21.6%)
- \$400K-\$600K: 4,985 (-39.6%)
- \$600K-\$1M: 2,238 (-41.1%)
- \$1M-\$2M: 714 (-28.3%)
- Over \$2M: 273 (-29.5%)

Why? Because most buyers like to know their home will appreciate after they buy it. While buying at the beginning of a seller's market is sound advice, sometimes mitigating circumstances can get in the way. Specifically speaking, volatile mortgage rates. It's not the rate, it's the volatility. When rates were stable for 4-6 weeks at the beginning of the year, buyer activity increased. But when rates fluctuate on an extreme level, buyer activity tends to pause until the boat stops rocking. That is why recent drops in mortgage rates didn't result in an immediate boost in contract activity. If rates stabilize for another week or two, we may see accepted contracts pop up again—especially if prices continue to rise.

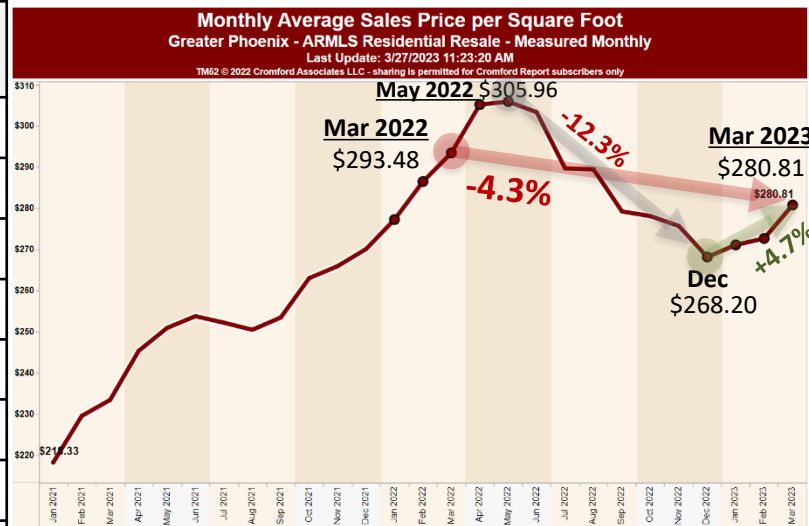


Contract and Sales Activity: Week 12, 2023 vs. 2022

Price Range	Week 12 In Escrow	Δ From 2021	Annual Price Chg.	% Incl. Concessions
Under \$300K	1,158	-17.3%	-6.0%	46.9%
\$300K-\$400K	2,258	-7.5%	-8.3%	58.6%
\$400K-\$500K	1,931	-29.0%	-4.4%	54.0%
\$500K-\$600K	1,059	-32.8%	-4.4%	42.4%
\$600K-\$800K	1,093	-31.2%	-4.4%	40.5%
\$800K-\$1M	459	-26.8%	-2.2%	28.0%
\$1M-\$2M	547	-12.5%	-3.6%	17.4%
Over \$2M	270	-24.6%	+0.9%	11.6%

Price and Concessions: May thru March to Date

Price Range	Sales \$/SF	% Decline Since May 2022	Median \$ Concession
Under \$300K	\$194	-9.1%	\$6,860
\$300K-\$400K	\$223	-14.3%	\$9,000
\$400K-\$500K	\$236	-9.8%	\$9,590
\$500K-\$600K	\$249	-9.3%	\$10,000
\$600K-\$800K	\$275	-8.0%	\$11,150
\$800K-\$1M	\$307	-7.6%	\$8,750
\$1M-\$2M	\$399	-2.2%	\$10,000
Over \$2M	\$643	+1.1%	\$5,000



ARTICLES OF INTEREST:

Feb. 22, 2023 – Mortgage News Daily
[FHA Announces Lower Mortgage Insurance Premiums](#)



March 22, 2023 – Reuters
[US mortgage rates tumble by the most in 4 months in SVB's wake, MBA says](#)

March 22, 2023 – U.S. Federal Reserve
[Transcript of Chair Powell's Press Conference](#)

March 24, 2023 – Arizona Commerce Authority
[ARIZONA #1 IN THE NATION FOR INTERNATIONAL INVESTMENT](#)

March 24, 2023 – News Channel 3/5 | AZFamily.com
[LG doubles down commitment to Queen Creek battery plant, set to invest \\$5.5 billion](#)

March 24, 2023 – Phoenix Business Journal
[Already booming, Pinal County cities are primed for more industrial, retail and housing development](#)

March 26, 2023 – Arizona Republic | AZCentral.com
[Metro Phoenix's median home price poised to climb \\$12,000 in March](#)