

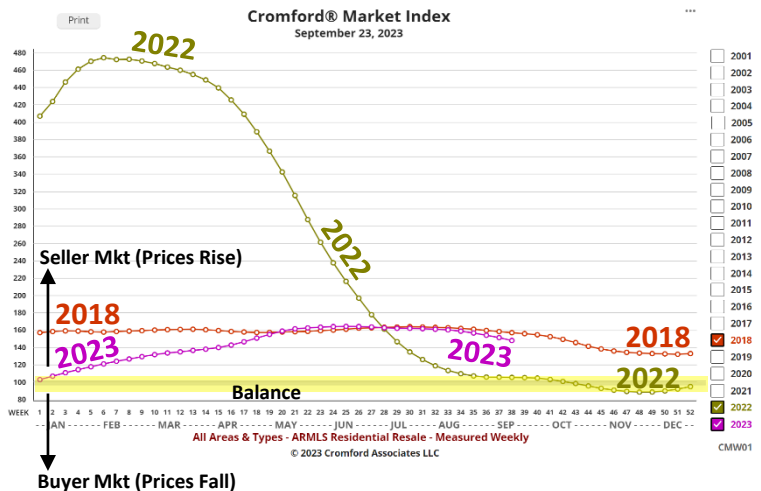
The Real State®

A Snapshot of the Greater Phoenix Residential Real Estate Market



The story in the residential market continues to be a slow-moving slog of low inventory and increased interest rates, which recently rose to the highest they've been since 2000. Low rates in recent years worked to increase pricing, and those higher interest rates are now backfiring on the ability of owners to sell. A decrease in interest rates does not appear to be likely in the near future, and even then, it's unknown what it will take for buyers to start jumping back in. From August to September 2023, the supply-demand index declined from 158.5 to 146.0. The supply index rose from 48.6 to 51.5 and the demand index dropped from 77.0 to 75.2. The Greater Phoenix housing market has been in a holding pattern with little change for now.

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

Supply continued to rise at a more accelerated rate over the past month. New listings every week are still at historic lows, but August had the highest number added to ARMLS since March. Combined with declining demand and extended marketing time expected for this time of year, the impact is a rising supply line that is both seasonally expected but a little steeper than usual. New listings for August, at 7,304, were 14% higher than July, but 25% lower than last year and 31% lower than August 2021. Listings under contract are down 11% from last month, which is the main contributing factor to our rise in supply. In a bit of good news for buyers, price reductions are on the rise and 43% of sellers paid for their buyers' closing costs last week. New construction and builder incentives are a heavier influence in seller incentives, as 23% of active MLS supply were built within the last year compared to just 12% last year.

ALL NEW LISTINGS ADDED in Q3 As of September 26, 2023 vs. 2022:

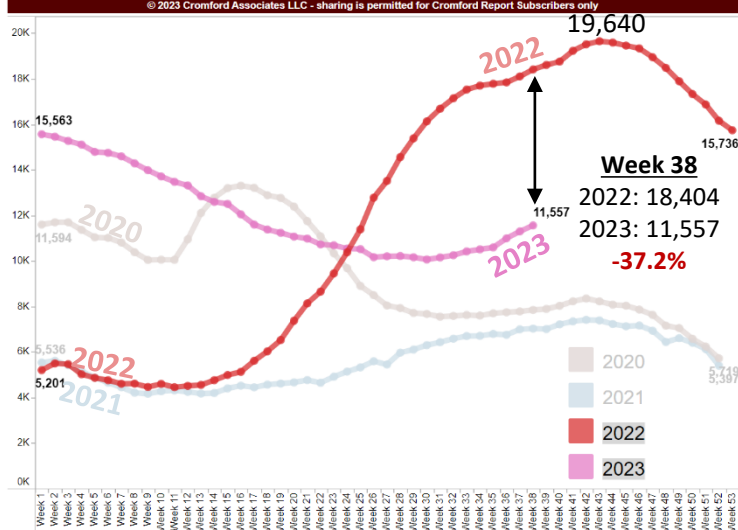
- Under \$300K: 2,380 (-16.5%)
- \$300K-\$600K: 10,990 (-35.4%)
- \$600K-\$1M: 3,755 (-35.7%)
- \$1M-\$2M: 1,189 (-32.0%)
- Over \$2M: 594 (+11.0%)

Rental inventory in the MLS continues to rise, up 44% from this time last year and up 3% from last month. While the median closed lease is still \$2,200 per month and has been stable now for about 2-4 months, asking rents are on the decline: down 7% since April per square foot. According to AirDNA, a short-term rental analytics firm, occupancy rates for vacation rentals are down just 2% in Scottsdale but down 24% in Paradise Valley. New regulations and enforcement may be causing some vacation rentals to switch from short term to long term, and possibly to properties for sale.

Active Listing Weekly Counts - Compared by Year Greater Phoenix - ARMLS Residential - Measured Weekly

Last Update: 9/24/2023 11:14:26 AM

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% Change in Active Supply: Week 38, 2023 vs. 2022

Price Range	# Active	Δ From Last Year	Week 38 Price Drops
Under \$300K	1,317	-10.8%	170
\$300K-\$400K	2,070	-42.7%	329
\$400K-\$500K	2,241	-53.9%	348
\$500K-\$600K	1,534	-44.0%	221
\$600K-\$800K	1,836	-30.8%	268
\$800K-\$1M	840	-25.9%	107
\$1M-\$2M	1,012	-21.6%	115
Over \$2M	707	+10.5%	41

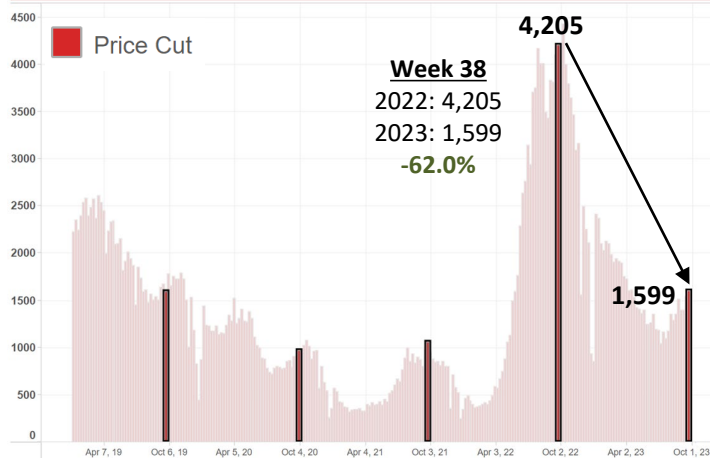
% Change in Average Asking Prices per SF: Week 38, 2023 vs. 2022

Price Range	Active \$/SF	YOY % Chg	Median Reduction
Under \$300K	\$169.13	-16.9%	-\$5,901
\$300K-\$400K	\$230.07	-6.4%	-\$7,000
\$400K-\$500K	\$238.52	-3.2%	-\$8,951
\$500K-\$600K	\$256.31	-0.9%	-\$10,000
\$600K-\$800K	\$284.49	+0.0%	-\$10,000
\$800K-\$1M	\$322.18	+2.2%	-\$20,000
\$1M-\$2M	\$433.19	+5.1%	-\$49,000
Over \$2M	\$831.51	+6.7%	-\$95,000

Number of Price Changes per Week Greater Phoenix - ARMLS Residential Resale - Measured Daily

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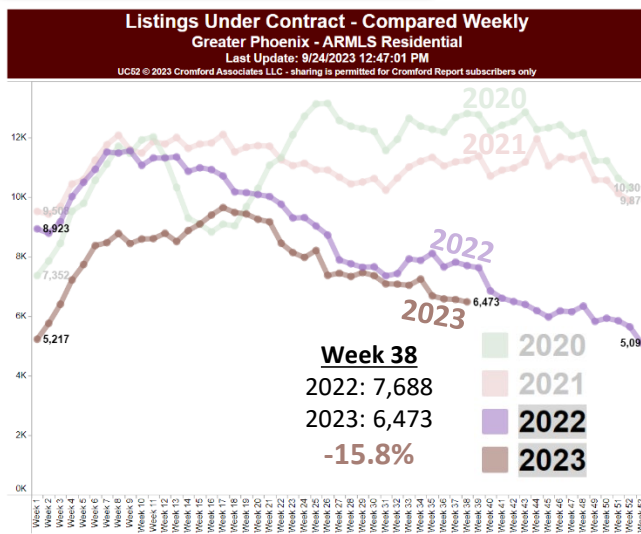
Comparing 2023 to 2022: SALES VOLUME & PRICE

Housing demand continues to be starved by high mortgage rates. The annual sales rate of 69,549 over the past 12 months is a level the Greater Phoenix area hasn't seen since 2009. It's 36% lower than the peak number of sales achieved from June 2021 to June 2022 but still 41% higher than the rock-bottom level of sales measured between 2007-2008 after 3 years of decline. While the number of sales is low, this time around sellers and buyers are not suffering from a decline in their home values due to the vastly different ratio between supply and demand. As a result, it's not homeowners suffering but the supporting industries that cannot be sustained at the current level of sales, enduring a massive adjustment over the past year in staffing and active professionals in both real estate and lending. Lower profits affect stock values and lead to multiple acquisitions and consolidations that hit national headlines. However, stock values for real estate-related investments on Wall Street are not a leading indicator for where local home values are headed. They are a trailing result of past performance.

ALL CLOSED SALES IN Q3 to Date As of Sept. 25, 2023 vs. 2022:

- Under \$300K: 2,017 (-1.0%)
- \$300K-\$600K: 9,249 (-5.1%)
- \$600K-\$1M: 2,683 (-9.1%)
- \$1M-\$2M: 799 (-1.0%)
- Over \$2M: 285 (+18.2%)

As negative as it all sounds, a ray of hope is emerging in the annual sales line as the rate of decline has slowed to a crawl, which could signal a bottom approaching for demand. Some professionals believe that a significant drop in mortgage rates may be on the horizon, which could spur another wave of demand and possibly another round of unsustainable price growth. While we agree that demand would certainly increase in that scenario, the resulting appreciation rate depends on how many sellers are also waiting for rates to decline prior to listing their home. The return of homeowners upsizing and downsizing would be a welcome trend back to normal.

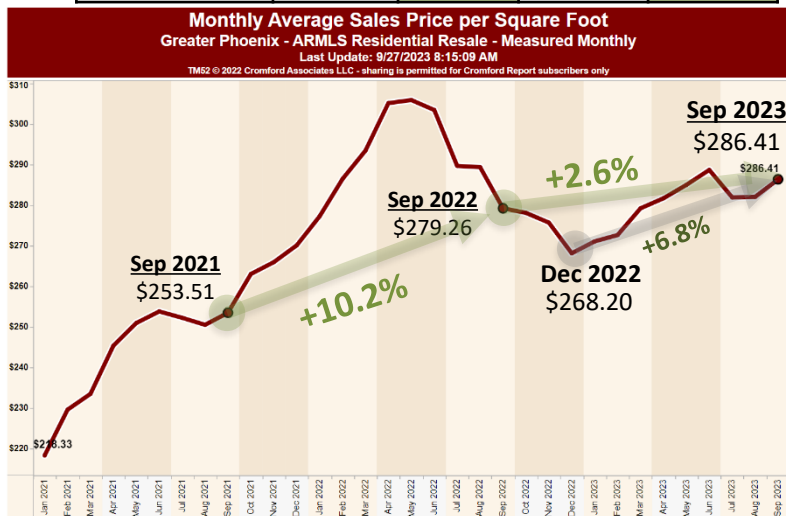


Contract and Sales Activity: Week 38, 2023 vs. 2022

Price Range	Week 38 In Escrow	Δ From 2022	Sales \$/SF	Annual Price Chg.
Under \$300K	697	-18.4%	\$192.63	-3.7%
\$300K-\$400K	1,681	+1.2%	\$230.62	-4.3%
\$400K-\$500K	1,474	-18.7%	\$241.36	-1.7%
\$500K-\$600K	783	-25.6%	\$257.58	+0.1%
\$600K-\$800K	814	-31.2%	\$283.35	+2.0%
\$800K-\$1M	371	-16.1%	\$318.18	+2.5%
\$1M-\$2M	399	-15.6%	\$414.46	+5.1%
Over \$2M	254	+21.0%	\$705.22	+14.0%

Concessions and DOM: Sept. 2023 to Date

Price Range	% Incl. Concessions	Median \$ Concession	Days On Mkt
Under \$300K	37.5%	\$5,825	18
\$300K-\$400K	56.2%	\$8,000	19
\$400K-\$500K	46.4%	\$8,719	20
\$500K-\$600K	42.8%	\$10,000	21
\$600K-\$800K	37.1%	\$10,000	25
\$800K-\$1M	30.7%	\$10,000	28
\$1M-\$2M	20.1%	\$10,450	31
Over \$2M	9.2%	\$6,551	28



ARTICLES OF INTEREST:

Sept. 14, 2023 – Arizona Office of Economic Opportunity
[Nonfarm Employment Increased by 56,700 Jobs Over the Year](#)

Sept. 18, 2023 – CNBC
[Homebuilder sentiment goes negative for the first time in 7 months, thanks to higher mortgage rates](#)



Sept. 18, 2023 – Phoenix Business Journal
[Arizona added 2,374 clean-energy jobs in 2022, near pre-pandemic levels](#)

Sept. 19, 2023 – Arizona Republic | AZCentral.com
[Phoenix City Council will vote on new short-term rental regulations](#)

Sept. 21, 2023 – Arizona's Family | Channel 3/5
[What the fed's pause on interest rates means for Arizona's housing market](#)

Sept. 27, 2023 – Phoenix Business Journal
[Metro Phoenix home prices back on the rise as builders make the most of strange market conditions](#)

Sept. 27, 2023 – AZ Big Media
[Here's how new ordinance impacts Phoenix short-term rentals](#)