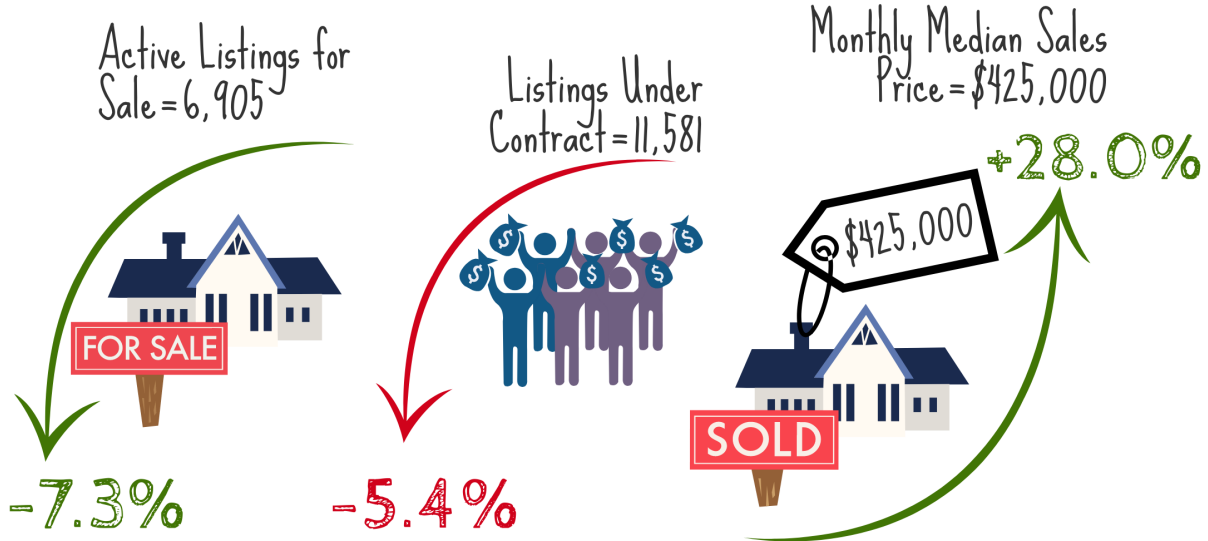


PHOENIX METRO

RESIDENTIAL REAL ESTATE

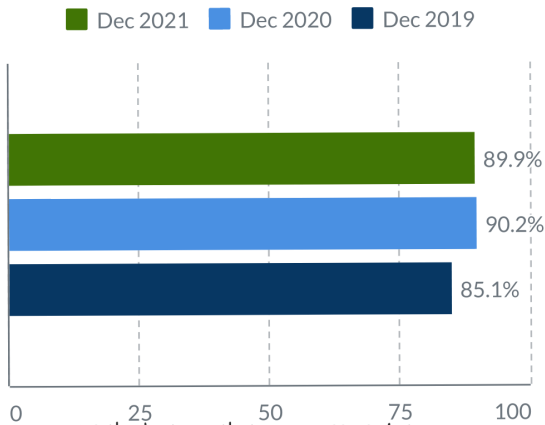
Annual Changes from December 7th, 2020 to December 7th, 2021



CLOSED SALES
 Total Monthly Sales = 8,538

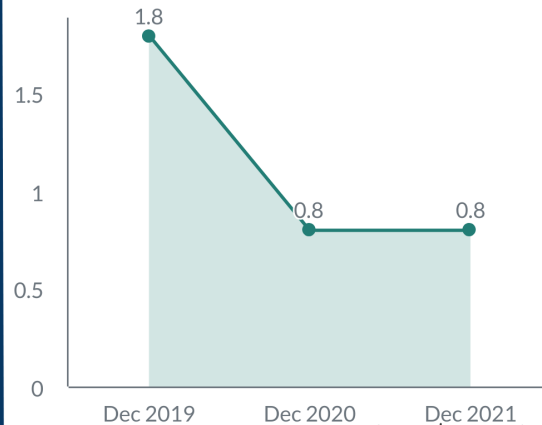


LISTING SUCCESS RATE



Of the Listings that came off of Active or Pending Status, 89.9% successfully closed escrow while 10.1% cancelled or expired.

MONTHS OF SUPPLY



If no new listings were to come on the market, at the current monthly rate of sales, inventory would run out in 0.8 months.

Encompassing the Arizona Regional MLS area, which includes Maricopa County, Pinal County and a small part of Yavapai County

What Does a “Normal” Market Even Look Like Anymore?

Sellers: Look for these Measures to Shift in 2022

For Buyers:

Does anyone know what a normal, or balanced, housing market looks like anymore? In Greater Phoenix, the supply and demand indices have only come together twice in the past 21 years to form a balanced market. First from 2000-2003, then again from 2014-2015. There have only been two buyer markets recorded during that same time frame, from 2006-2009 (extreme) and a brief 3 months in 2010 (mild). Seller markets were recorded from 2003-2005, 2011-2013, and 2015-2021. The last 18 months have been extreme to say the least.

Over the past 21 years, Greater Phoenix has been in a buyer market for a combined total of 43 months (3.6 years), a balanced market for 55 months (4.6 years) and a seller market for 155 months (12.9 years). This is important to discuss because the longer seller markets last, the more human beings change their definition of what “normal” looks and feels like.

“Normal” for Greater Phoenix is not a balanced market, it’s a seller market. The years from 2015-2019 got us used to 2-3 months to sell a home, 15-19% of sales closing over list price, \$2,500 over list considered an amazing offer, 25-28% of sales with closing cost assistance and 5-9% annual appreciation.

The last 18 months have shifted our expectations to 1 month to sell a home start-to-finish, 40-60% of sales closing over list price, \$10,000 over asking price to start the bid, only 2-3% of sales with closing cost assistance and 27-39% annual appreciation.

So when national analysts suggest the housing market will cool off in 2022, many (if not most) local housing analysts believe it will remain a seller market, but a weaker one. Prices don’t decline in seller markets, but listings may stay active for a few more days before accepting a contract. A full price offer may be enough to win a home. Buyers may have less pressure to waive appraisal and repairs.

However, after the last 18 months of extreme seller market conditions, anything less than sheer lunacy could feel like the sky is falling.

For Sellers:

With all the talk of 2022 predictions and uncertainty, it’s important for sellers to stay in the moment and lean into what is known. The reality of the Greater Phoenix housing market is that supply is 67% below normal and dropping. Demand is 23% above normal and stable for now. Until these two indicators start moving towards each other, the housing market will not see prices stabilize. If anything were to negatively affect Wall-Street-financed corporate iBuyers and institutional landlords, then that would cause a shift downward in demand. That could happen someday, but it isn’t happening today.

Even if demand were to decline tomorrow, sale price measures are the last to change in a shifting market. The first thing to go up would be the cost of the sale for the seller. For example, days on market will increase, list price reductions will increase and then eventually seller concessions will increase before anything is reflected in the final sales price. The pattern goes like this; homes are on the market longer than expected as sellers push the boundaries on price. If the market resists in the form of zero offers, a price reduction is recorded in response. If demand dwindles to where only one offer is received instead of multiple offers, more pressure is placed on sellers to offer home warranties, do repairs, or consent to closing cost assistance in order to secure closing at their desired price. None of these indicators appear to be shifting at the moment, but that could change. The key for sellers in 2022 is to stay on top of current market trends, listen to your Realtor, and be the first to shift expectations if buyer demand drops. A wise Realtor once said, “If you can’t be with the buyer you love, love the one you’re with.”