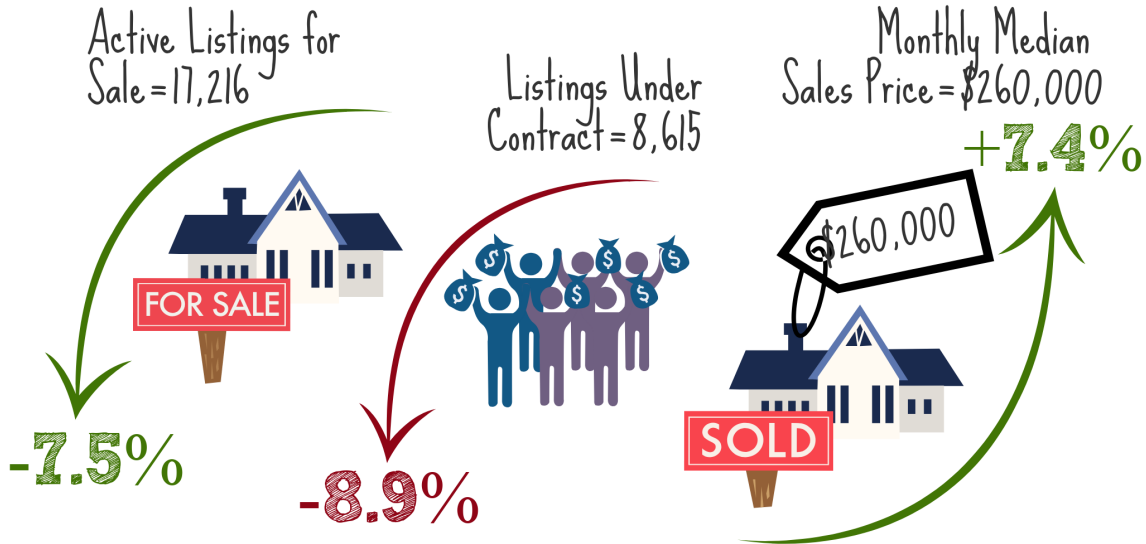


PHOENIX METRO

RESIDENTIAL REAL ESTATE

Annual Changes from October 7th, 2017 to October 7th, 2018

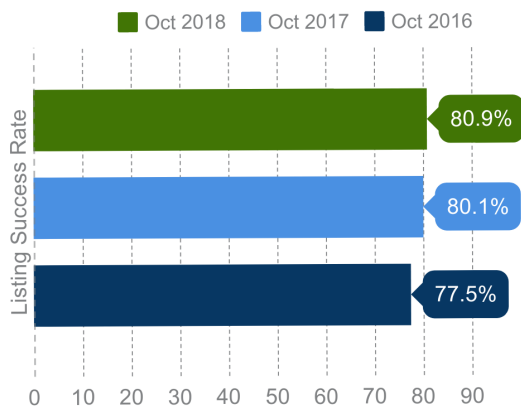


CLOSED SALES

Total Monthly Sales = 7,544

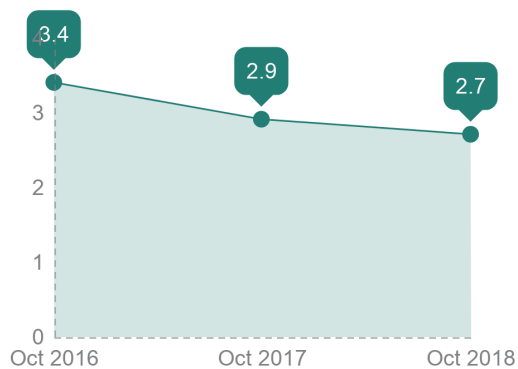


LISTING SUCCESS RATE



Of the Listings that came off of Active or Pending Status, 80.9% successfully closed escrow while 19.1% 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 2.7 months.

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

Seller Concessions Spike on Listings Sold Between \$200K-\$250K Price Reductions up 27% on Active Listings Between \$250K-\$400K

For Buyers:

October marks the 4th month in a row that supply has continued to rise between \$200K - \$400K, which is good news for many buyers as it provides them with more choice and fewer competing offers. However, for those buyers with budgets under \$200K, this trend in supply doesn't apply to them and their choices are still extremely limited. Last January, inventory under \$200K made up 18% of all active listings. Within that price range, single family homes made up 50%, condos and townhomes 30%, and mobile homes 20%. As of this month, inventory under \$200K only makes up 12% of actives and has declined 36% since January. Single family homes make up 45%, condos and townhomes 36%, and mobile homes 19%. This drop in supply equates to 591 fewer single family homes, 198 fewer condos and townhomes, and 229 fewer mobile homes available for sale under \$200K since the beginning of 2018.

For Sellers:

When supply rises, sellers react in a number of ways to compete with one another for the existing buyer pool. One option is a price reduction on their active listing prior to contract. This does not necessarily result in a decline in sale price, only a decline in sellers' expectations for appreciation. Sales price trends may still continue to rise, but perhaps only at 5% instead of 8%, for example. Another option is to agree to a concession, such as paying a portion of closing costs or a home warranty; and finally to agree to a much lower sale price than what they were asking. Typically sellers agree to the first two options before submitting to a "low ball" contract, which is why sales price trends are the last measures to respond to a shift in supply and demand. With that being said, weekly price reductions this month between \$250K-\$400K are up 27% compared to last year, while price reductions between \$200K-\$250K are only up 1.7%. However, seller concessions on sales between \$200K-\$250K reached 41% so far this month compared to last quarter's measure of 36%. Only 21% of sales between \$250K-\$400K recorded a seller concession. Which leads us to conclude that sellers below \$250K are agreeing to more concessions than price reductions; while sellers over \$250K are submitting to more price reductions. Despite this slight weakening in sellers' advantage, Greater Phoenix is not close to a balanced or buyer's market so expect overall prices to continue rising over the next 3-6 months.

Commentary written by Tina Tamboer, Senior Housing Analyst with The Cromford Report

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