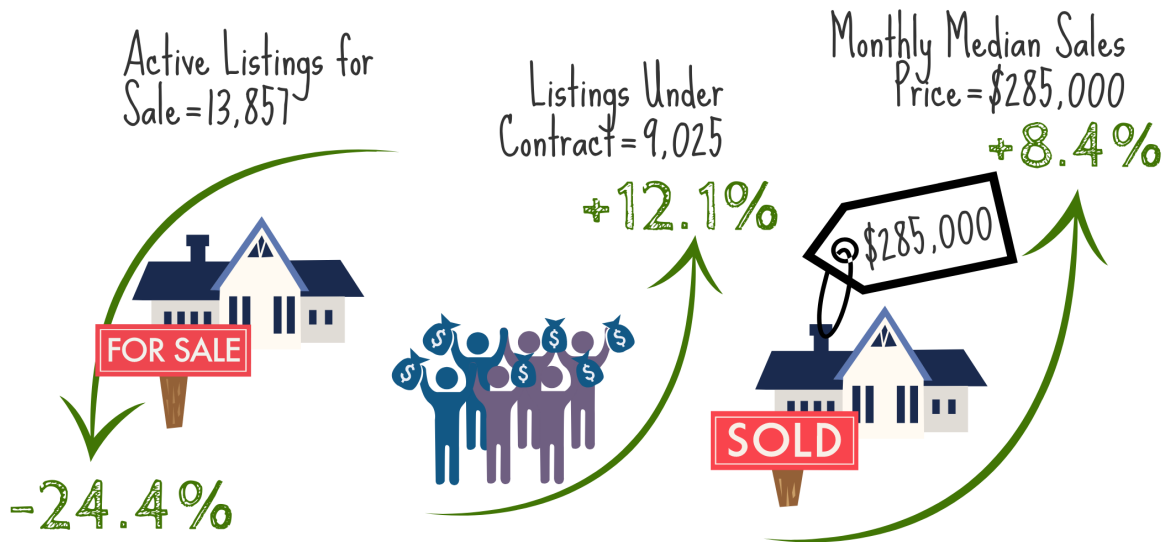


PHOENIX METRO

RESIDENTIAL REAL ESTATE

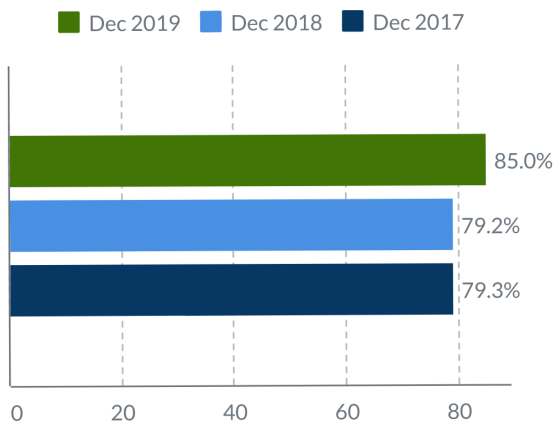
Annual Changes from December 7th, 2018 to December 7th, 2019



CLOSED SALES
 Total Monthly Sales = 7,763

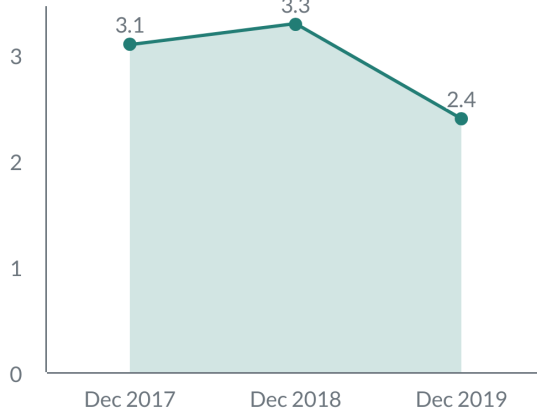


LISTING SUCCESS RATE



Of the Listings that came off of Active or Pending Status, 85.0% successfully closed escrow while 15.0% 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 2.4 months.

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

19% of Homes Sold Over Asking Price

24% of Sellers Agreed to Closing Cost Assistance

For Buyers:

Supply shortages created an environment of multiple offers and listings sold over asking price last month. This is especially evident among listings between \$125K-\$250K where 26% sold over asking price in November compared to the overall percentage of 19% in Greater Phoenix. In a normal market, we would expect 10-15% of listings to be sold over asking price.

That statistic may sound hopeless to a buyer who may not have the means or stomach to pay over asking price. However, 24% of sellers agreed to pay some form of closing cost assistance to buyers in November as well. This measure increases to 32.5% on sales between \$125K-\$250K, the primary price point for first-time home buyers.

The West Valley has the largest share of homes listed between \$125K-\$250K at 46%. Pinal County has 31%, the Northeast Valley has 12% and the Southeast Valley has just 10%. Given this information, it's not surprising that the West Valley has both a large share of transactions involving seller-paid closing costs combined with a higher-than-average percentage of homes sold over asking price. Pinal County, on the other hand, has a large percentage of seller-paid closing costs, but a lower-than-average percentage of homes sold over list price.

For Sellers:

More expensive areas with average sale prices over \$500K have significantly fewer sales involving seller-paid closing costs (as would be expected) and a much lower-than-average percentage of homes sold over asking price, but things have been exciting for this market so far this year. Sales over \$500K are up over 16.5% year-to-date over last year, but most impressive is the 21% increase in sales over \$2M! Typically the second half of the year is flat for luxury sales in this range, but this year contracts in escrow have soared 42% over 2018's level in the last 3 months.

Also impressive is a 24% gain in sales between \$500K-\$600K, which was helped by an increase in the FHFA loan limit to \$484,350 last year. In 2020, that limit is set to rise again to \$510,400. This means it may get a little easier for buyers to qualify for more expensive homes and that's good news for sellers.

Sellers in the mid \$300K price range are getting a boost too. FHA is raising their loan limit in 2020 from \$314,827 to \$331,760. FHA financing is an option for buyers who may have less-than-favorable credit and lower down payments. This is good news for both buyers who can't move up in price due to the existing limit and sellers who are just out of reach for these buyers.

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