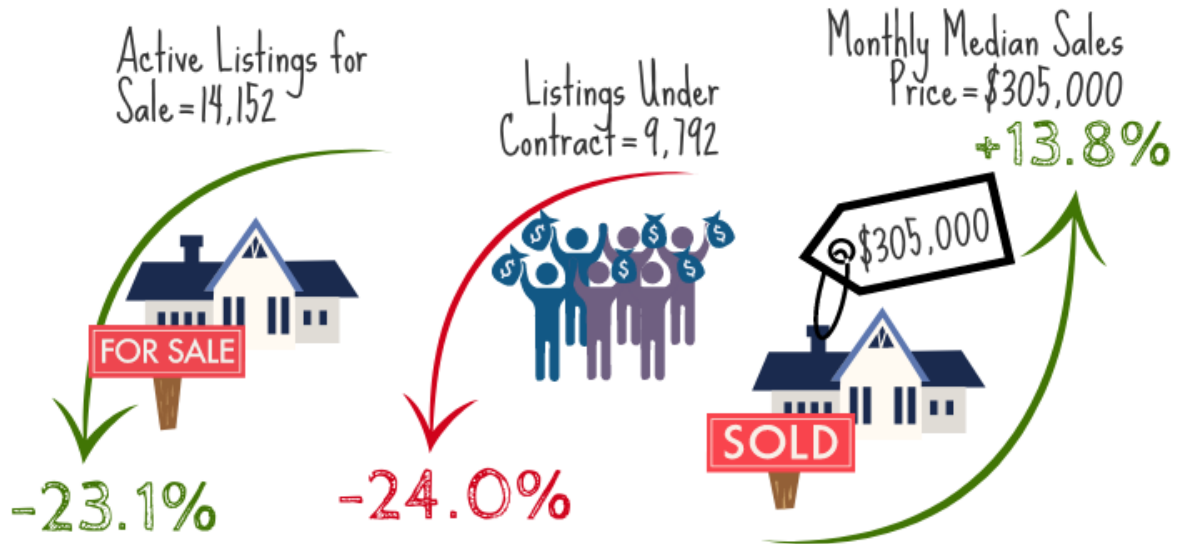


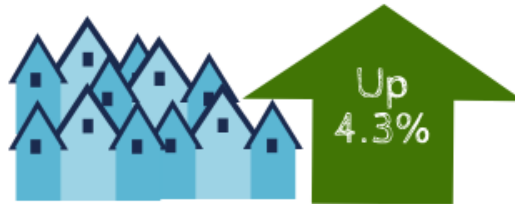
PHOENIX METRO

RESIDENTIAL REAL ESTATE

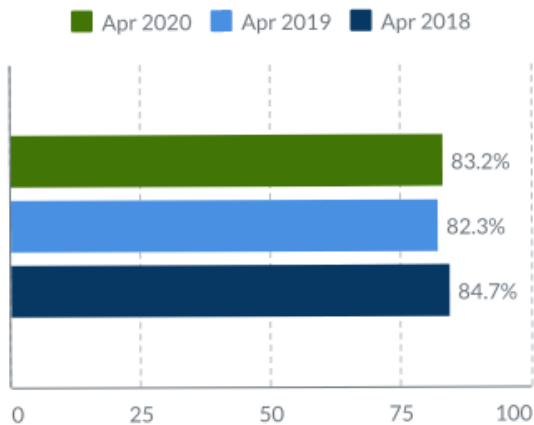
Annual Changes from April 9th, 2019 to April 9th, 2020



CLOSED SALES
 Total Monthly Sales = 8,768

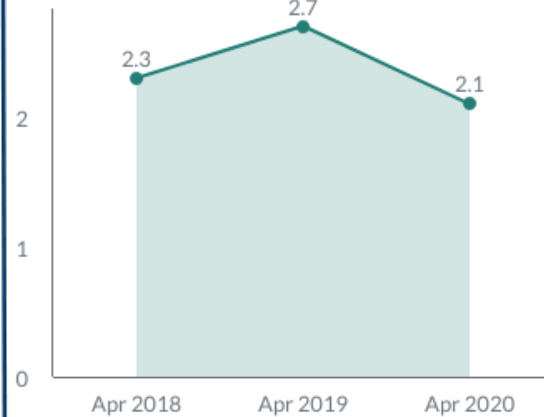


LISTING SUCCESS RATE



Of the Listings that came off of Active or Pending Status, 83.2% successfully closed escrow while 16.8% 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 2.1 months.

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

Pandemic Puts Housing in a “Pinch”

COVID-19 Aftermath: Good News for Normal Buyers

For Buyers:

The kickoff of 2020 was developing into a nightmare for normal buyers who just wanted to find a place to live. Extreme competition for homes between wholesalers, cash buyers, vacation rental investors and traditional buyers depleted supply and created an environment consisting of multiple offers, appraisal waivers and an increasing number of sales over asking price. The Greater Phoenix housing market was on the precipice of seeing price appreciation accelerate at an alarming rate and had analysts wondering what could possibly slow it down. Well, they have their answer; an act of nature.

The COVID-19 pandemic came in like a wrecking ball in March shutting down tourism and crashing the stock market single-handedly over the course of a few weeks. Hedge funds and iBuyers (funded by Wall Street) bowed out of purchases and vacation rental buyers put their plans on hold. This is providing much needed relief to normal homebuyers, if only they could leave their house.

Stay-at-home orders to stem the impact of the pandemic has “pinched the hose” on what is arguably one of the hottest housing markets in the country. This is causing a build-up of pent up demand that will undoubtedly return with some gusto when travel restrictions are lifted and a level of stability returns.

Don't expect prices in Greater Phoenix to drop like they did in 2008, however. Back then when investors pulled out of the market, prices were so high that families making the median income could only afford 27% of what was selling. This time around as investors once again pull out of the marketplace, families making the median income can afford 68% of what's selling with today's incomes and interest rates. This is well within normal range and puts regular homebuyers in a better position to pick up the pieces left by Wall Street and vacation rental investors.

For Sellers:

Lock downs and travel restrictions across the country are causing buyers who need to relocate to Arizona, either for a job or to retire, to put those plans on hold for now. The effects of COVID-19 span the job market, stock market, corporate profits, and exchange rates. This has had the highest impact on high-end luxury market buyers. Not only are these buyers restricted from leaving their home cities at the moment, they have instability in their portfolios as well. Under these circumstances it should not come as a surprise to see that weekly contract activity over \$500K has slowed down by 64% since their peak on February 24th while price points under \$500K have only seen a 30-40% slow down.

Sale prices are not declining at the moment, but seller expectations are adjusting. Upticks in weekly price reductions tell us that sellers are beginning to ease up on pushing market value. Sellers are also beginning to realize that it will take longer to sell their home under these conditions. Weeks ago, some listings were receiving multiple offers within a matter of hours, but that's not a reasonable expectation now. Active listings that would've flown off the market 4 weeks ago could be on the market for weeks, maybe even months at this rate.

Information, communication and strategy will be important during the course of the pandemic response. It's situations like these where professional Realtors get to show the value of their experience and service.

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