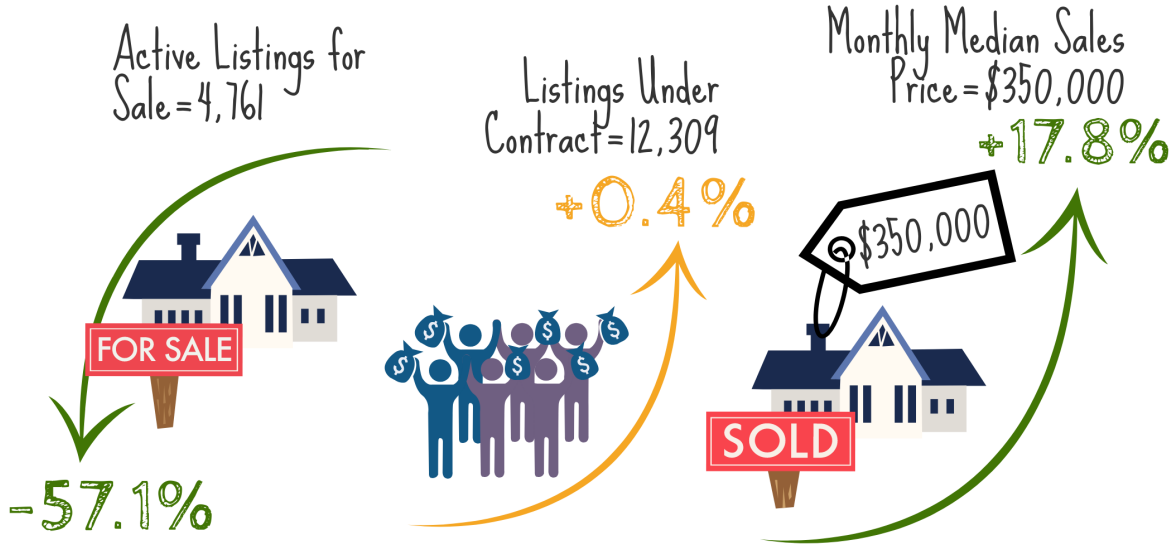


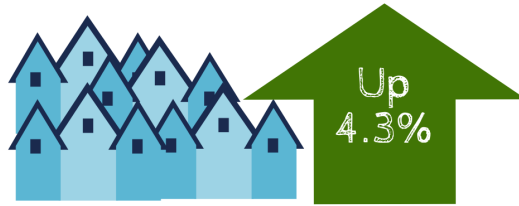
PHOENIX METRO

RESIDENTIAL REAL ESTATE

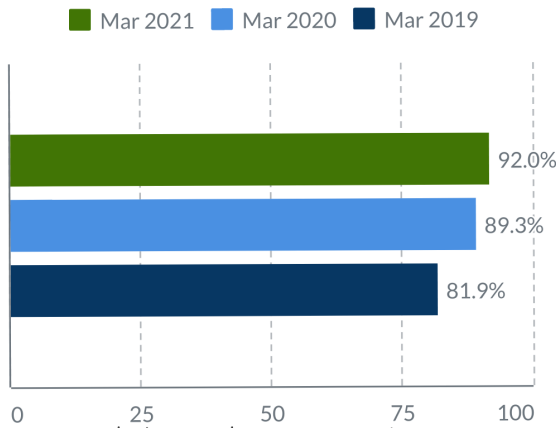
Annual Changes from March 7th, 2020 to March 7th, 2021



CLOSED SALES
Total Monthly Sales = 8,713

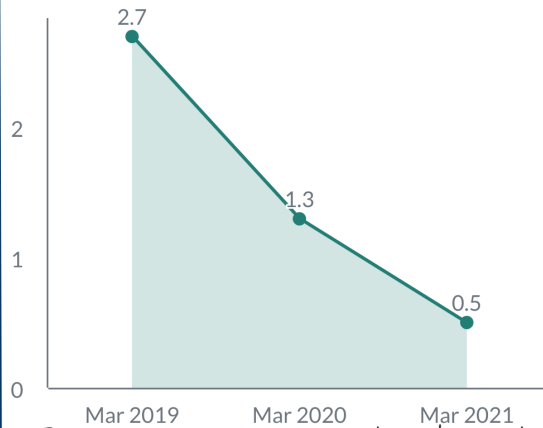


LISTING SUCCESS RATE



Of the Listings that came off of Active or Pending Status, 92% successfully closed escrow while 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 0.5 months.

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

44% of Sales Closed Over Asking Price

New Listing Counts Lowest in Over 20 Years

For Buyers:

44% of sales through the Arizona Regional MLS have closed over asking price in the last 30 days. The median amount over asking price for all price ranges combined is \$10,000 with a range between \$1 to \$310,000. (I know what you're thinking, "\$1 over? What is this, 'The Price is Right'?" In some cases, yes.)

While 56% of all homes still sell for at or below list price, if you have a budget between \$250K-\$400K, the percentage selling over list is highest at 52% with the median amount over asking at \$10,000. However even if your budget is over \$400K, a significant percentage is closing over asking price. Up to \$800K, 42% have sold over list with a median escalation of \$12,000-\$15,000. From \$800K-\$1M, 30% sold over list with a median escalation of \$17,000-\$20,000. From \$1M-\$2.5M, 20% sold over list with a median escalation of \$30,000-\$50,000. Over \$2.5M, only 2 sold over asking price with a median escalation of \$150,000.

Over the past 6 weeks, Realtors have added an average of 2,059 new listings per week to the Arizona Regional MLS. During the same time period, an average of 2,312 contracts were accepted per week. This is what has caused the overall supply of homes to consistently drop and competition between buyers to escalate.

While just over 2,000 new listings per week may seem like a lot, it's actually the lowest rate for this time of year in at least 20 years. A normal level would be considered around 2,500 new listings.

For Sellers:

While supply is still 77% below normal for this time of year and demand is 17% above normal, demand has been dropping faster than supply over the last 30 days. It's not noticeable when one is in the midst of a contract negotiation today because sellers rarely notice when they're getting, for example, only 15 offers instead of 25. But consider last December demand was 35% above normal; at this rate, demand could be at a normal level in a couple months and below normal by June. This will not cause prices to decline because there are still a miniscule number of competing listings in the MLS, but it could mean that the second half of 2021 could look different from the first, especially if there's a temporary boost in new listings after the forbearance period ends and the foreclosure moratorium is lifted.

The average mortgage rate rose to 3.02% this month according to Freddie Mac. Even though this is still considered an excellent rate, it understandably weakens the purchasing power for some buyers and reduces the affordability measure for Greater Phoenix overall. When a family making the median income can afford less than 60% of what's selling, demand is typically expected to suffer. However, buyers with median incomes coming from Los Angeles and San Francisco are used to only affording 9-11% of what's selling in their home towns, so Greater Phoenix prices look amazing by comparison. In fact, for some the idea of being able to own a home at all is amazing.

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