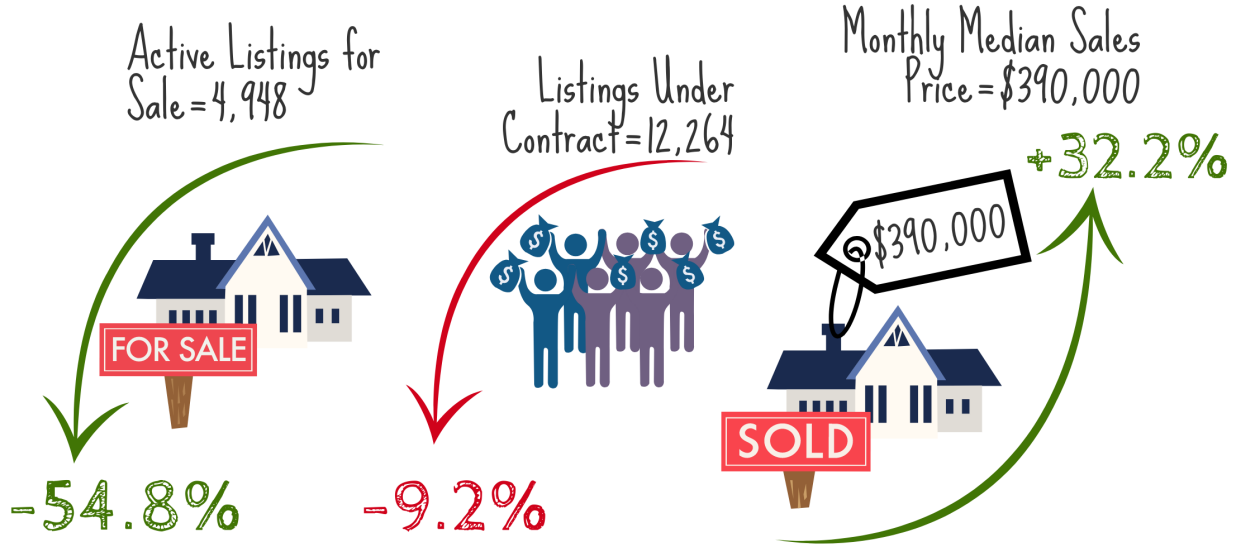


PHOENIX METRO

RESIDENTIAL REAL ESTATE

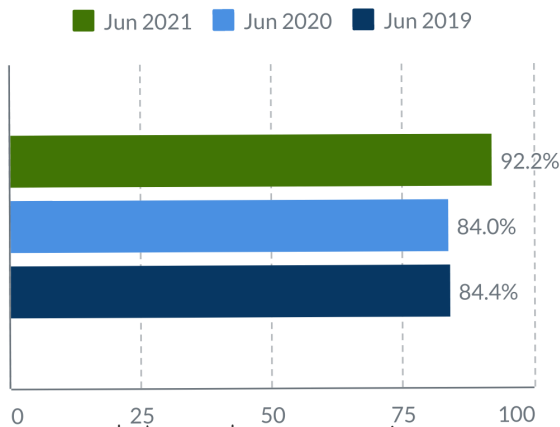
Annual Changes from June 9th, 2020 to June 9th, 2021



CLOSED SALES
 Total Monthly Sales = 10,184

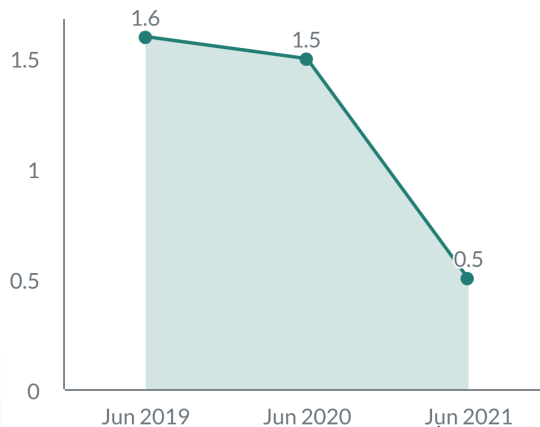


LISTING SUCCESS RATE



Of the Listings that came off of Active or Pending Status, 92.2% successfully closed escrow while 7.8% 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

Should Buyers Wait to Buy?

Median Sales Price \$390K, up 32% from 2020

For Buyers:

There's a lot of conflicting advice for buyers online these days, and there's no shortage of headlines advising them to wait. Many authors cite the unpleasantness of multiple competing offers and rising prices as the reason to wait out the market. This is despite their acknowledgment that home values are not expected to stop rising in the near future and that interest rates are expected to eventually rise.

It's undeniably more pleasant to purchase a home when there's a plethora to choose from and you're the only game in town, however there's a reason you may be the only buyer in that scenario. That's the end of a Seller Market, and signifies the top of price.

The top of price is either the beginning of a Balanced Market or a Buyer Market, which either way means the end of exciting annual appreciation rates. There's a misconception that waiting for a Buyer Market to buy a home is a good idea. This is not true. Home values decline in Buyer Markets because, by definition, there are more homes than buyers to buy them. While that sounds like a magical dream land these days, the reality is that no one likes to purchase a home and watch its value decline or go flat. Ironically, if you want your home to appreciate right after you buy it, then you want to buy in a Seller Market. Perhaps we should re-name Seller Markets "Winner Markets", because both buyers and sellers win in a sense.

Admittedly, the extreme Seller Market Greater Phoenix is experiencing doesn't feel like "winning", but there is some relief on the horizon. The market has been losing strength since mid-March, but it's not plummeting. At it's current rate of decline, the Greater Phoenix market is still projected to remain in a Seller Market for 16 months. That's a target of October 2022 before prices stop rising. As the Seller Market weakens, appreciation rates will still be positive moving forward but there will be a little more supply to accommodate demand. My advice to buyers frustrated with the market, don't wait for the market to balance out. Take a breath, take a vacation, but don't give up. Change is subtle.

For Sellers:

Typically this time of year we start talking about the imminent "Summer Slowdown" in contract activity as kids are out of school and people take vacations to escape the heat. Last year, the Greater Phoenix market didn't experience this typical seasonal trend. As trips were cancelled and people stayed home, there was a large surge in purchase contract activity that continued through the end of the year. This year, as people are getting back to some form of normalcy, it looks like we will see a seasonal slowdown in buyer activity once again. If the trend continues and the market follows previous years, we should expect contract activity to slowly decline through the end of the year.

The seasonal slowdown is typically nothing to be concerned about, mainly because there tends to be a dip in new listings as well. However this year there's an event coming up that could alter that scenario, that is the end of forbearance for many homeowners. While the vast majority of forbearances have ended with homeowners staying in their home, anywhere from 16%-20% have resorted to selling their home one way or another according to the Mortgage Bankers Association. This could result in an increase in supply over the next few months, adding extra days of marketing time to your listing and possibly a few price reductions. Stay tuned.

*Commentary written by Tina Tamboer, Senior Housing Analyst with The Cromford Report
©2021 Cromford Associates LLC and Tamboer Consulting LLC*