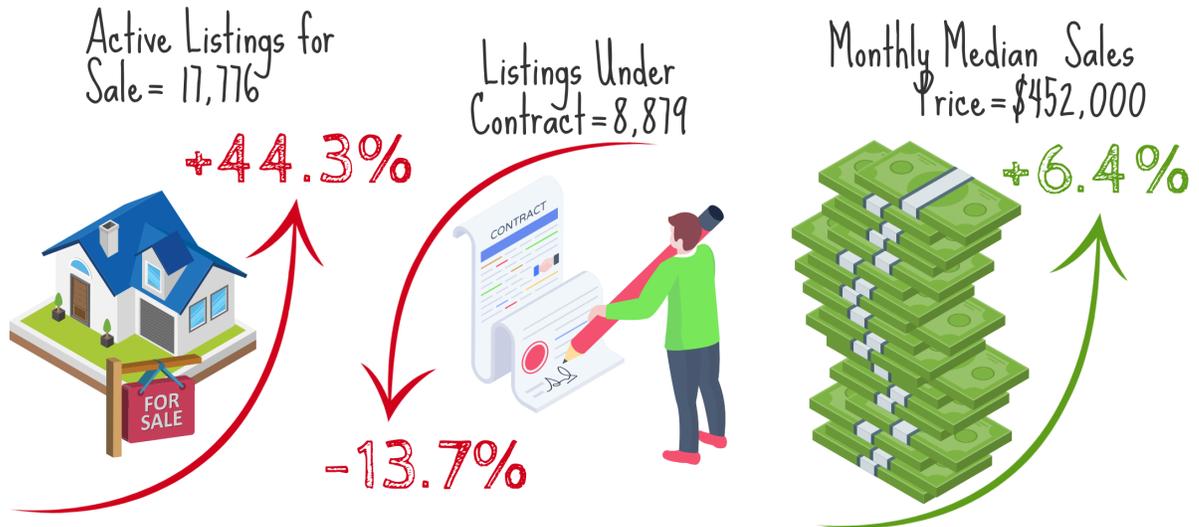


PHOENIX METRO

RESIDENTIAL REAL ESTATE

Annual Changes from May 12, 2023 to May 12, 2024



CLOSED SALES
 Total Monthly Sales = 7,059

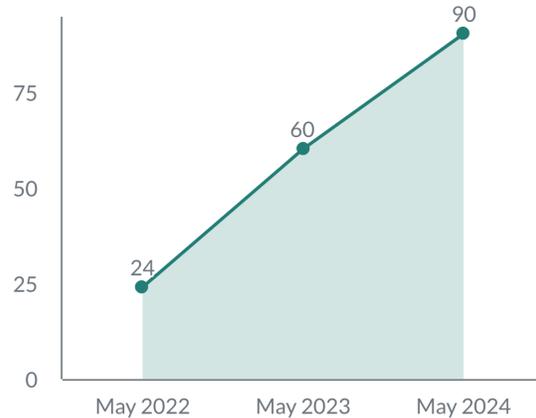


MEDIAN DAYS BEFORE ACCEPTED CONTRACT



50% of listings that went under contract last week had been active for 27 days or more and 50% had been active for 27 days or less.

DAYS OF SUPPLY



If no new listings were to come on the market, at the current annual rate of sales, inventory would run out in 90 days.

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

Spring Season was a Snoozer. Will Summer be the New Spring?

Greater Phoenix is in a Balanced Market - What Sellers Need to Do

For Buyers:

“So we keep waiting, waiting on the world to change.” ~ John Mayer

Mortgage rates have remained stubbornly high in 2024, continuing to suppress demand. As a result, the spring buying season was a dud this year for sellers. For active buyers, higher mortgage rates have led to less competition, fewer properties with multiple offers, accommodating sellers, more homes to shop in good condition, and a relaxed buying process.

As supply gradually rises, new listings have lingered on the market 5 days longer than last year and weekly price reductions are up 63%. How long this condition will last is as predictable as mortgage rates, which have been volatile and unpredictable for 2 years. If they do in fact decline this year as expected, then buyer demand will return in kind. After peaking in April at 7.5%, average rates have already declined to 7.1% in response to a stabilizing job market. However, they're still too high for the housing market to see a measurable shift in buyer demand. Recent history has shown a sustained increase in activity when rates have fallen below 6.5%.

Industry leaders and the Federal Reserve have expressed their expectation that rates will decline this year, with both Fannie Mae and the Mortgage Bankers Association predicting 6.4% by the end of 2024. If they are correct this time, then summer could be the new spring for home buying this year.

For Sellers:

The Greater Phoenix market is officially in a balanced state, which means the days of “dump your junk” are over for now. When there was little competition for sellers in 2021 and 2022, it was common for buyers to purchase homes in “as is” condition. These homes needed roof repairs, new A/C units, carpet replacement, paint, updating, and other renovations to bring them up to par, but they sold anyway with little effort due to the extreme market conditions.

By 2023, the seller's market had weakened. Low supply meant properties in sub-par condition would still sell but with allowances for carpet, paint, negotiated repairs, and lower prices.

Now in 2024, most cities are either in a much weaker seller's market, balance, or a full-blown buyer's market. Supply is up 44% over last year and has reached a level similar to pre-pandemic 2017-2019. Supply is still 27% below normal, but it's balanced out by demand that is also 20% below normal, suppressed by high mortgage rates.

Under these conditions the market has seen higher marketing times and an abnormal spike in cancelled listings. In a balanced market, it's important to prepare homes for sale prior to listing and dismiss the idea that a buyer will accept a carpet allowance and credit for repairs over competing homes that are move-in ready. Buyers don't want to choose their own carpet and paint. They don't want to do repairs. It pays to take care of these items in advance prior to the first showing to reduce the time on market. As supply rises, the effort is not about increasing the sale price, it's about ensuring it will sell at all.

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