

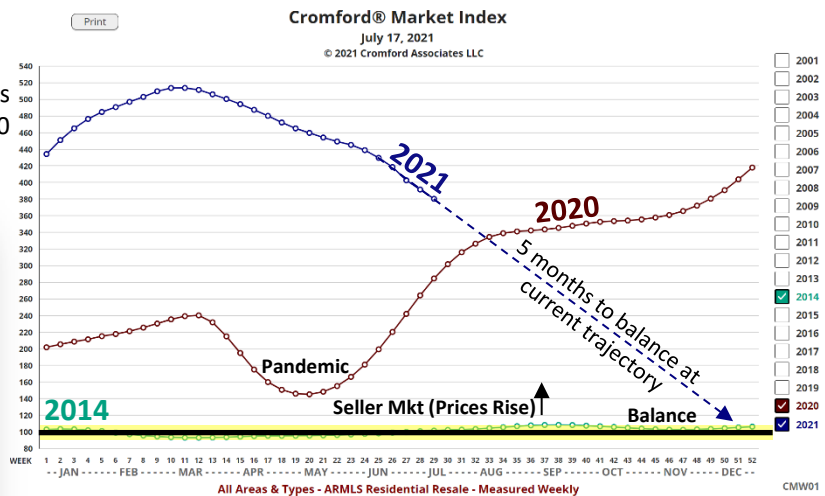
The Real State®

A Snapshot of the Greater Phoenix Residential Real Estate Market



From June to July 2021, the supply-demand index dropped 53.9 points, from 428.3 to 374.4. The supply index rose 3.1 points, from 25.0 to 28.1, while the demand index dropped 1.7 points, from 106.9 to 105.2. Last month, we reported that the index decrease projected a balanced market by October 2022. As anticipated, however, supply has risen at an even faster rate over the past 4 weeks, causing the overall index to drop more rapidly, too. If the current rate of decline were to continue at 53.9 points per month, the Greater Phoenix housing market could see a balanced market by the end of 2021. The cities with the largest 4-week drops this month are Anthem, Avondale, and Fountain Hills; down 191 points, 193 points, and 144 points, respectively. At their current rates, these cities could see a balanced market by the end of September.

The adjacent graph illustrates the relationship between supply and demand over time and indicates shifts between seller's and buyer's markets. A measurement between 90-110 indicates equal advantage for both buyer and seller, over 110 indicates distinct seller advantage, and below 90 indicates distinct buyer advantage.



Comparing 2021 to 2020: ACTIVE LISTINGS

SUPPLY

Supply continues to rise, but at a faster rate over the past 7 weeks: up 11% over the course of April and May, and another 32% in June and July to date. The trend was consistent in price ranges between \$300K and \$800K, and enough to push the \$400K–\$500K range nearly 25% higher than last year’s week 29 supply count.

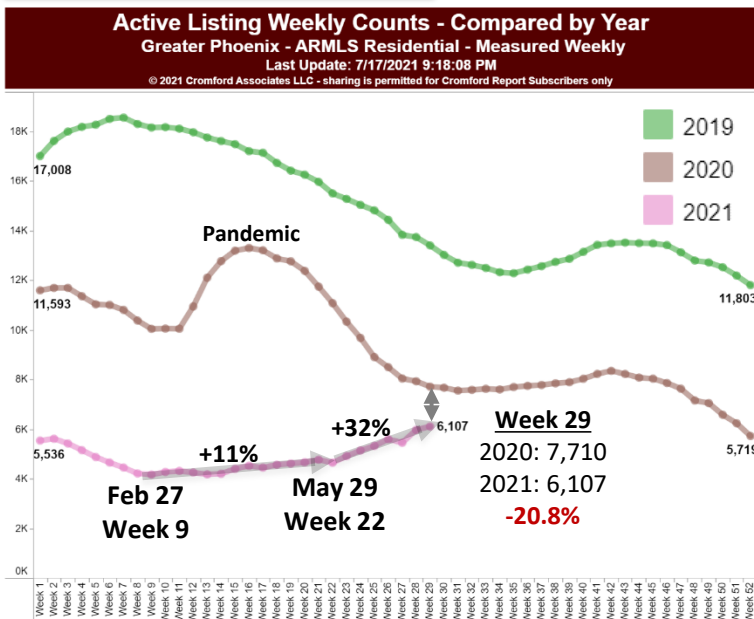
Q3 2021 NEW LISTINGS ADDED AS OF 7/20/2021 vs. LAST YEAR:

- Under \$250K: 604 (-55.8%)
- \$250K–\$500K: 3,111 (-10.5%)
- \$500K–\$800K: 1,136 (+53.5%)
- \$800K–\$1M: 193 (+21.4%)
- Over \$1M: 269 (+10.7%)

Price reductions continue to respond to the increase in supply, especially between \$400K–\$800K, where price reductions are up from 100 per week to 422 per week. A normal weekly range is between 500–600. It’s possible some of the supply increase is a result of some homeowners coming out of forbearances, since a large portion of them expired at the end of June. However, because forbearances are not publicly recorded, it’s circumstantial. In extreme seller markets, more sellers tend to throw their hats in the ring when prices accelerate to a point where they can’t refuse.

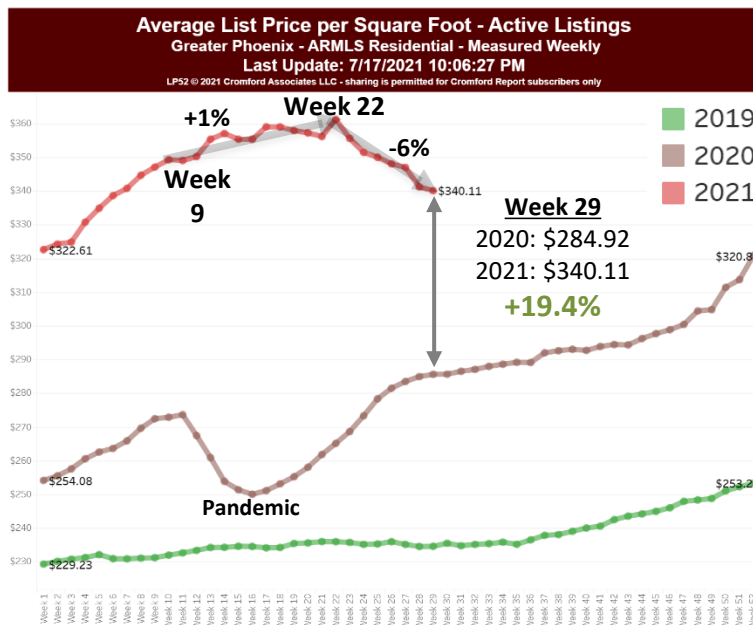
% Change in Active Supply: Week 29, 2020 vs 2021

| Price Range | # Listed | Δ From Last Year | New in 30 Days |
|---------------|----------|------------------|----------------|
| Under \$250K | 573 | -58.2% | 993 |
| \$250K–\$300K | 357 | -52.2% | 800 |
| \$300K–\$400K | 1,185 | -20.9% | 2,485 |
| \$400K–\$500K | 1,165 | +24.5% | 1,752 |
| \$500K–\$600K | 668 | +0.9% | 924 |
| \$600K–\$1M | 1,232 | 0% | 1,314 |
| \$1M–\$2M | 491 | -30.0% | 302 |
| Over \$2M | 436 | -22.6% | 123 |



% Change in Average Asking Prices: Week 29, 2020 vs 2021

| Price Range | \$/SF | Since Last Year |
|---------------|----------|-----------------|
| Under \$250K | \$166.85 | +15.4% |
| \$250K–\$300K | \$219.91 | +33.1% |
| \$300K–\$400K | \$221.75 | +22.2% |
| \$400K–\$500K | \$231.63 | +16.4% |
| \$500K–\$600K | \$248.04 | +16.0% |
| \$600K–\$1M | \$274.49 | +12.0% |
| \$1M–\$2M | \$386.34 | +16.5% |
| Over \$2M | \$667.94 | +22.5% |



Comparing 2021 to 2020: SALES VOLUME & PRICE

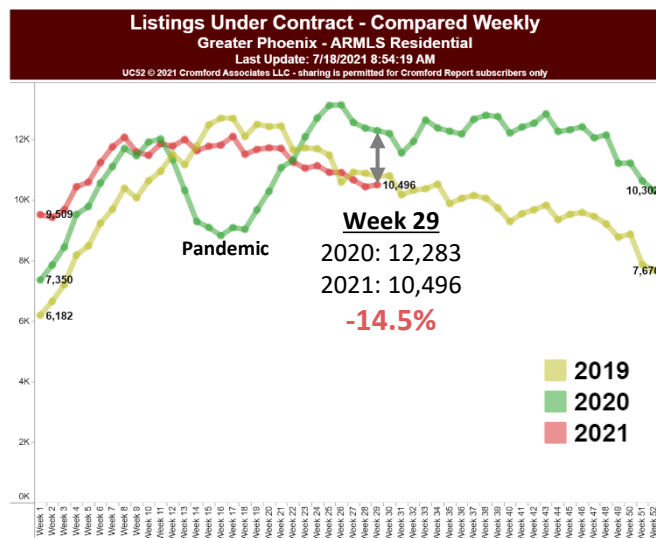
Sales through the Arizona Regional MLS so far are up 18% over 2020 in the first half of 2021 and up 25% from Q2 2020. As a point of reference, the country was in the throes of a pandemic during the Q2 2020, which makes comparison less useful. The second half of last year saw a massive surge in buyer activity after pandemic restrictions lifted and it remained unseasonably high until December, so comparing any sales measures to most of 2020 skews the numbers. Since 2021 has returned to some normalcy in seasonality, 2019 serves as a better historical comparison for how the market is performing and will most likely perform over the next few months.

2019 was also an above-normal year for buyer activity. While 2021 came out with a huge bang, momentum fell sharply in March and lack of supply kept new contracts below peak season expectations in May; now 2021 is following closely in line with 2019 seasonally. It's reasonable to expect listings under contract to gradually decline between now and December. This is happening as supply is unseasonably rising when it should be declining, thus providing buyers a smidgeon of much-needed relief. While the sales price per square foot between \$250K-\$400K has been rising at an average of 3.5% per month over the past 5 months, so far between June and July it's risen 1.2%; the overall median sales price is up just 0.1%, from \$400,000 to \$400,500.

YEAR-OVER-YEAR CHANGE IN JUNE SALE PRICE/SF:

- Under \$250K: **+20.3%**
- \$250K-\$500K: **+28.9%**
- \$500K-\$800K: **+23.1%**
- \$800K-\$1M: **+17.3%**
- Over \$1M: **+26.7%**

Contract and Sales Activity: Week 29, 2021 vs. 2020



| Price Range | Week 29 In Escrow | Δ From 2020 | Sale \$/SF | SP/LP Ratio |
|---------------|-------------------|-------------|------------|-------------|
| Under \$250K | 1,176 | -61.4% | \$181 | 102.0% |
| \$250K-\$300K | 1,149 | -48.9% | \$211 | 104.4% |
| \$300K-\$400K | 3,054 | -3.0% | \$218 | 103.5% |
| \$400K-\$500K | 1,879 | +34.4% | \$227 | 102.3% |
| \$500K-\$600K | 1,023 | +16.8% | \$237 | 102.1% |
| \$600K-\$1M | 1,542 | +45.6% | \$270 | 101.3% |
| \$1M-\$2M | 461 | +18.8% | \$361 | 99.4% |
| Over \$2M | 212 | +81.2% | \$550 | 97.9% |

Sales Over Asking Price - July 2021 to Date

| Price Range | # Total Sales | % Closed Over List | Median \$ Over List | Max \$ Over List |
|-----------------|---------------|--------------------|---------------------|------------------|
| Under \$250K | 620 | 51.9% | \$10,000 | \$60,000 |
| \$250K - \$300K | 569 | 71.2% | \$16,543 | \$89,500 |
| \$300K - \$400K | 1,548 | 68.5% | \$19,000 | \$120,000 |
| \$400K - \$500K | 878 | 58.3% | \$17,300 | \$115,000 |
| \$500K - \$600K | 469 | 54.2% | \$23,000 | \$100,000 |
| \$600K - \$1M | 609 | 49.4% | \$25,000 | \$201,000 |
| \$1M - \$2M | 192 | 33.3% | \$50,106 | \$230,563 |
| Over \$2M | 71 | 19.7% | \$110,000 | \$305,000 |

Median Amount Over List - Sales Over List Price

Arizona Regional MLS | Updated 7/21/2021 1:22:08 PM
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ARTICLES OF INTEREST:

July 14, 2021 – Phoenix Business Journal

[Tempe homebuilder going big in West Valley with 3,500 new homes planned](#)

July 15, 2021 – East Valley Tribune

[Sellers' market may be souring, but buyers won't celebrate](#)

July 16, 2021 – Eye On Housing Blog | NAHB.org

[Led by OSB, Lumber Products are Now Adding \\$30K to House Price, \\$92 to Rent](#)

July 18, 2021 – Arizona Republic | AZCentral.com

[Finally, some good news for homebuyers: Shift in metro Phoenix's housing market is coming](#)

July 21, 2021 – Phoenix Business Journal

[Homebuilders gobbling up even more West Valley land](#)

July 22, 2021 – AZ Big Media

[Here's why the West Valley is exploding with economic growth](#)

July 22, 2021 – AZ Big Media

[Lumber prices are falling, but when will consumers see savings?](#)

