

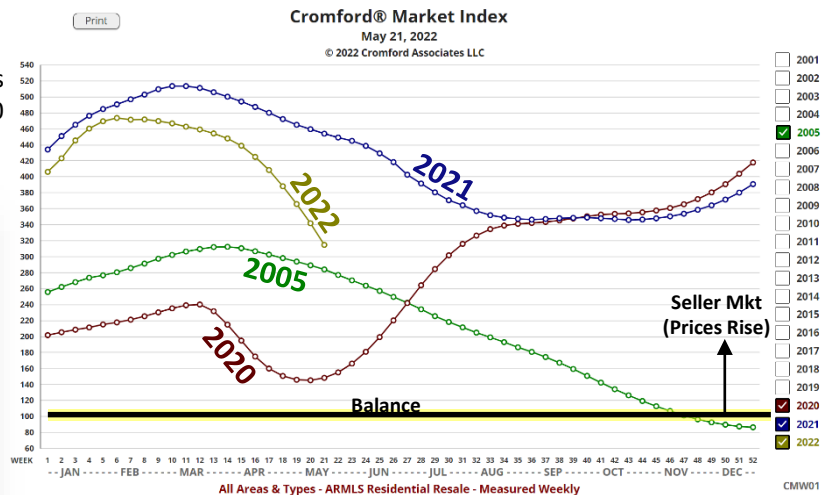
# The Real State®

A Snapshot of the Greater Phoenix Residential Real Estate Market



We likely saw a market peak in mid-April, when rates hit 5%. The double whammy for the consumer/homebuyers (rate increases and increased pricing) meant that buyers were really priced out of the market and Phoenix was no longer affordable. From April to May 2022, the supply-demand index dropped from 406.1 to 315.0, with the supply index up 5.7 points and the demand index down 5.1 points. The years in which major shifts occurred in the overall index were 2005, 2020, 2021 and now 2022. (See chart below.) Each year is unique in their circumstances, rendering long-term predictions difficult. The only similarity between 2005 and 2022 is that interest rates increased, causing affordability measures to drop sharply. While we are still in a seller's market, increasing inventory, longer marketing times, and reductions mean that sellers need to be strategic if they want to sell—and carefully examine inventory levels in their submarkets to price appropriately.

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 2022 to 2021: ACTIVE LISTINGS

Supply continues to rise sharply and is currently 71% higher than this time last year and up 79% in just 8 weeks. When supply rises dramatically, the first measure to respond is not sales prices, it's list prices in the form of price reductions. If the market continues to weaken, then price reductions may not be enough for the seller to land an acceptable offer. Then, marketing times get longer, typically affecting those properties in less-than-perfect condition first. If things continue progressing in this direction, then sellers may eventually find themselves negotiating repairs and closing cost assistance.

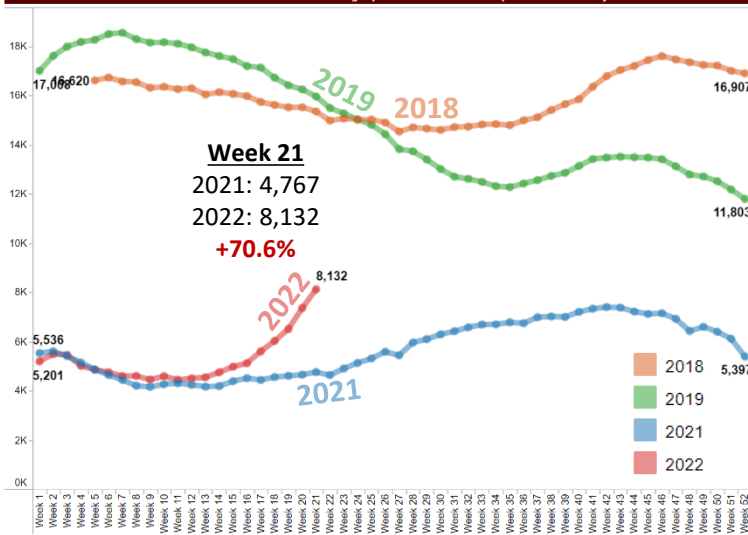
## ALL NEW LISTINGS ADDED YTD

As of May 20, 2022 vs. 2021:

- Under \$300K: 5,394 (-60.1%)
- \$300K-\$600K: 26,432 (+12.6%)
- \$600K-\$1M: 9,308 (+64.9%)
- \$1M-\$2M: 2,859 (+42.1%)
- Over \$2M: 1,248 (+28.9%)

So far, only 2 of the 3 measures are in motion. The volume of weekly price reductions has increased 203%, from 493 to 1,496, over the past 8 weeks. In relation to supply, that's going from 10% of active listings experiencing a reduction to 18%. Listings between \$500K-\$1M have seen the most dramatic increase. Regarding marketing time, it's been steady at a median of 7 days prior to an accepted contract—until last week when it popped up to 9 days. This tells us that we are still in the beginning stages of this market shift. Sellers still have a strong advantage, but they must adjust their expectations in order to compete.

**Active Listing Weekly Counts - Compared by Year**  
Greater Phoenix - ARMLS Residential - Measured Weekly  
Last Update: 5/21/2022 9:54:12 PM  
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## % Change in Active Supply:

Week 21, 2022 vs. 2021

\*8-week Δ

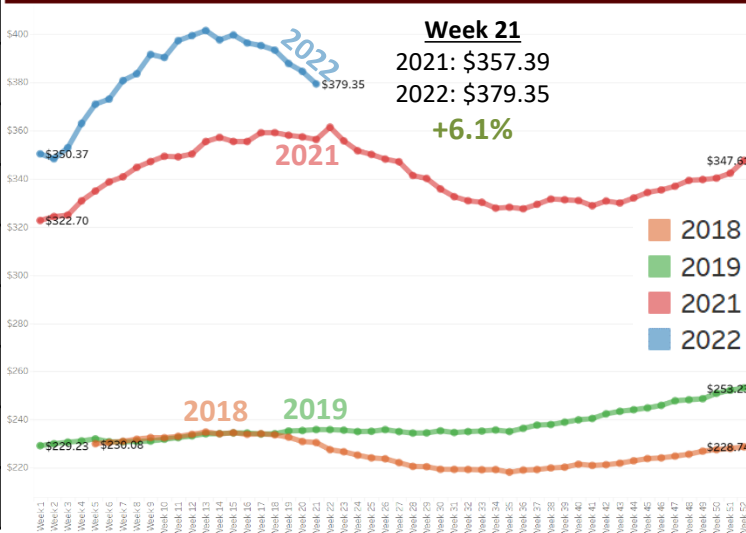
Price Range	# Active	Δ From Last Year	Wkly Price Reductions
Under \$300K	672	-24.4%	+37%
\$300K-\$400K	1,024	+8.4%	+139%
\$400K-\$500K	1,693	+147.9%	+176%
\$500K-\$600K	1,316	+196.4%	+321%
\$600K-\$800K	1,483	+145.9%	+312%
\$800K-\$1M	655	+117.6%	+267%
\$1M-\$2M	767	+69.7%	+211%
Over \$2M	522	+16.0%	+129%

## % Change in Average Asking Prices:

Week 21, 2022 vs. 2021

Price Range	\$/SF	4 Week Δ
Under \$300K	\$190.57	+3.4%
\$300K-\$400K	\$261.79	+4.0%
\$400K-\$500K	\$256.49	+1.4%
\$500K-\$600K	\$268.49	+2.3%
\$600K-\$800K	\$292.27	-0.2%
\$800K-\$1M	\$327.20	+1.0%
\$1M-\$2M	\$416.14	-1.4%
Over \$2M	\$817.22	-1.2%

**Average List Price per Square Foot - Active Listings**  
Greater Phoenix - ARMLS Residential - Measured Weekly  
Last Update: 5/21/2022 10:11:40 PM  
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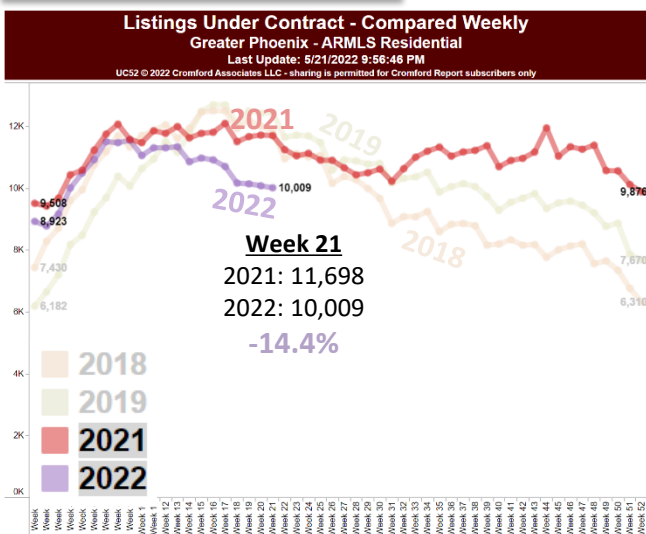
# Comparing 2022 to 2021: SALES VOLUME & PRICE

As supply takes a dramatic turn up, listings under contract continued their downward trajectory. At 10,009, this measure is the lowest seen for week 21 since 2008 (8,859) and just barely below 2014 (11,006). For perspective, the active supply counts in 2008 and 2014 were 56,000 and 30,000 (rounded) respectively. Since 2022 supply is currently at 8,132 listings, there are still more homes under contract than available for sale, and that classifies Greater Phoenix as still a frenzy, albeit less insane. The lowest weekly count of listings in escrow was 3,680, recorded in the first week of January 2008; at the time there were over 53,000 active listings in the Arizona Regional MLS. Despite worries of a price bubble “pop” in various media headlines, the market of today is not remotely comparable to the scenarios of 2007-2009.

## YEAR-OVER-YEAR CHANGE IN APRIL SALE PRICE/SF:

- Under \$300K: **+13.8%**
- \$300K–\$600K: **+23.0%**
- \$600K–\$1M: **+16.6%**
- \$1M–\$2M: **+19.8%**
- Over \$2M: **+23.8%**

Sales measures typically take a few months to respond to a shift. Case in point, sales in May 2022 to date are showing 56% of closings over asking price. The average sale price is 2.3% over the average list price for sales under \$1M, and sales with seller concessions are just under 4% of closings. In a weaker seller market, we expect 15% of sales over asking price and 25% with concessions. Of the closings so far, 46% were in escrow for 4 weeks or less and 48% were in escrow for 4-8 weeks prior to close. This means that 94% of May closings were negotiated and closed in the past 8 weeks. Expect the next few weeks and months to show a change.



## Contract and Sales Activity: Week 21, 2022 vs. 2021

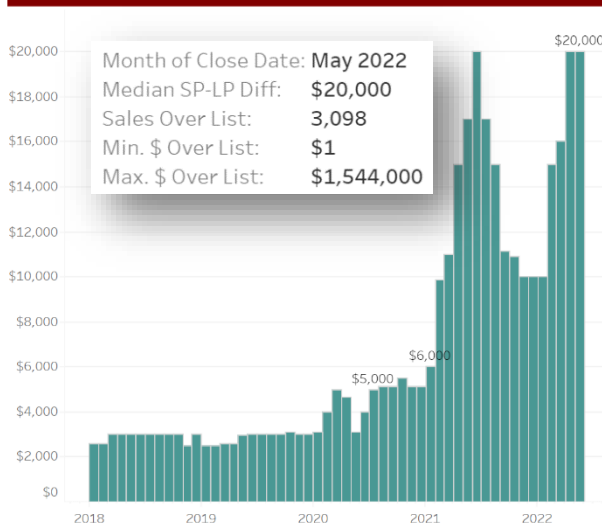
Price Range	Week 21 In Escrow	Δ From 2021	Annual Price Chg.	SP/LP Ratio
Under \$300K	995	-67.0%	+13.8%	102.5%
\$300K–\$400K	1,917	-42.5%	+28.0%	102.8%
\$400K–\$500K	2,502	+33.7%	+18.1%	102.0%
\$500K–\$600K	1,427	+37.9%	+14.8%	102.1%
\$600K–\$800K	1,558	+32.1%	+16.1%	102.4%
\$800K–\$1M	624	+35.7%	+16.8%	102.5%
\$1M–\$2M	658	+21.6%	+19.8%	101.9%
Over \$2M	328	+27.6%	+23.8%	99.4%

## Sales Over Asking Price – May 2022 to Date

Price Range	# Total Sales	% Closed Over List	Median \$ Over List	Max \$ Over List
Under \$300K	654	50.6%	\$10,100	\$88,000
\$300K–\$400K	1,139	59.9%	\$17,300	\$127,000
\$400K–\$500K	1,415	59.3%	\$16,000	\$151,000
\$500K–\$600K	821	55.9%	\$20,000	\$160,000
\$600K–\$800K	769	55.5%	\$26,000	\$200,000
\$800K–\$1M	319	54.9%	\$38,500	\$330,000
\$1M–\$2M	305	48.5%	\$70,000	\$607,700
Over \$2M	110	33.6%	\$88,000	\$1,544,000

## Median Amount Over List - Sales Over List Price

Arizona Regional MLS | Updated 5/22/2022 11:16:17 AM  
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## ARTICLES OF INTEREST:

May 3, 2022 – TIME

[Why Phoenix—of All Places—Has the Fastest Growing Home Prices in the U.S.](#)

May 18, 2022 – KJZZ Fronteras Desk

[Phoenix talks accountability, blight in addressing homelessness](#)

May 17, 2022 – NBC12 News

[How Glendale's new short-term rental rules might affect the 2023 Super Bowl](#)

May 18, 2022 – ABC15 Arizona News

[How Valley pool owners are turning their backyard into a short-term rental](#)

May 19, 2022 – TIME

[Signs Are Pointing to a Slowdown in the Housing Market—At Last](#)

May 20, 2022 – Phoenix Business Journal

[Arizona market slated for ongoing construction challenges in materials, labor](#)

May 22, 2022 – Phoenix Business Journal

[Private landlords have become the key to subsidized housing](#)

May 24, 2020 – AZ Big Media

[Here's what is being done to meet skyrocketing housing demand](#)

