

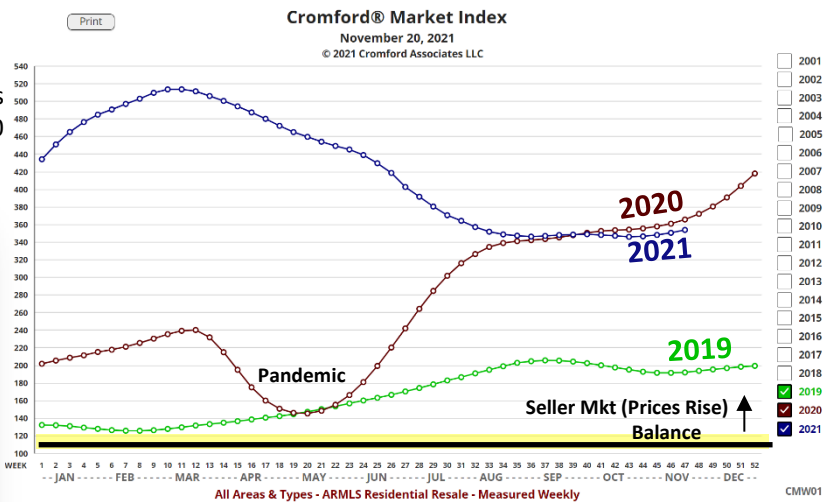
The Real State®

A Snapshot of the Greater Phoenix Residential Real Estate Market



Predictions for 2022 couldn't be more diverse across national analysts. Some are forecasting another year of mild appreciation, some double-digit appreciation, and others see a decline. The most accurate indicator for price movement in Greater Phoenix is the supply-demand index. When it's over 110, prices typically rise. The farther over 110 the indicator is, the more prices appreciate above the rate of inflation. The current overall index of 354.9 tells us that prices should continue to rise for at least 3 to 6 more months, **but keep a close eye on inventory**. Any moderate increase in inventory will impact pricing, and hence negotiability; we are starting to see an increase in inventory for homes over \$420K. Over the past 5 months, market-wide appreciation (based on average sale price/SF) averaged 1.1% per month. That is slower than the previous 6-month average of 3.3% per month, but significantly higher than October's inflation rate of 6% (0.5% per month).

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 appears to have started its seasonal decline, which is normal as fewer sellers wish to list during the holiday season. While the median sale price has been hovering around \$420K for the past 6 weeks, listings below that are diminishing while more expensive listings (\$420K-\$1M) have risen over 60% in supply. It's not getting any easier for first-time homebuyers.

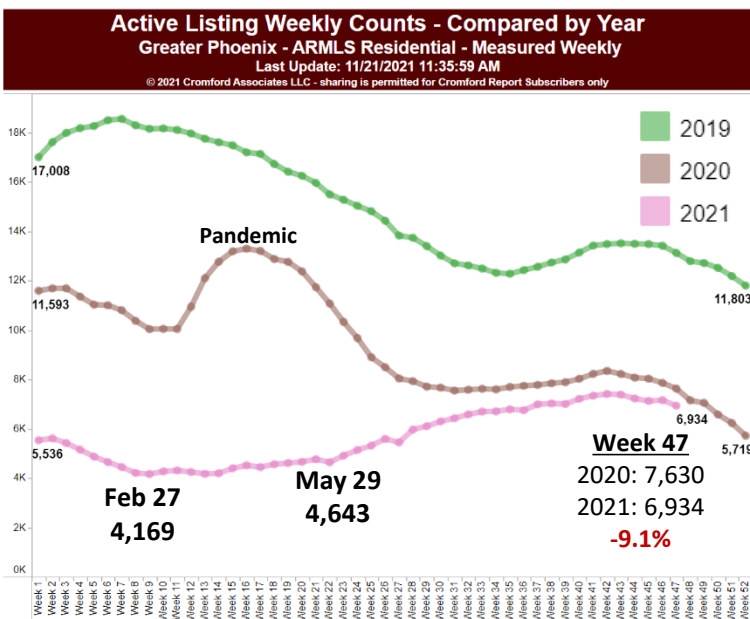
Q4 2021 NEW LISTINGS ADDED AS OF 11/17/2021 vs. LAST YEAR:

- Under \$250K: 1,277 (-62.5%)
- \$250K-\$500K: 7,907 (-11.0%)
- \$500K-\$800K: 3,446 (+56.9%)
- \$800K-\$1M: 563 (+44.7%)
- Over \$1M: 838 (+6.2%)

The average list price per square foot has been gradually rising over the past 4 weeks, following a similar pattern to the index on page 1. This is attributable to Greater Phoenix's strong luxury market, which is pushing up the average per-square-foot listing price. Because lower-priced homes don't tend to stay on the market for long, active-listing datasets tend to be luxury-heavy. This is reflected in the average list price at \$337/SF, but the average under contract is significantly less at \$274/SF.

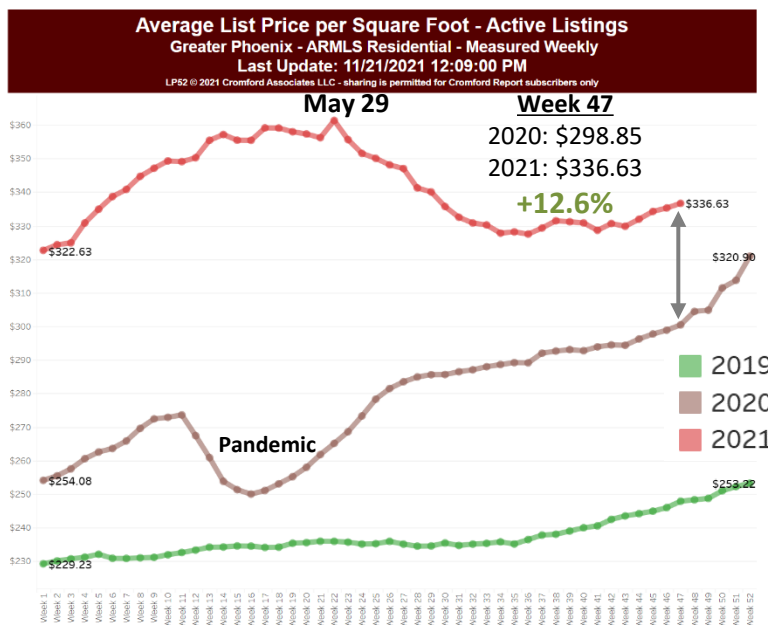
% Change in Active Supply: Week 47, 2020 vs. 2021

Price Range	# Active	Δ From Last Year	New in 30 Days
Under \$250K	524	-62.3%	799
\$250K-\$300K	296	-64.2%	587
\$300K-\$400K	1,310	-11.3%	2,270
\$400K-\$500K	1,556	+61.6%	2,077
\$500K-\$600K	956	+45.1%	1,118
\$600K-\$1M	1,427	+29.3%	1,418
\$1M-\$2M	440	-31.6%	358
Over \$2M	425	-25.2%	156



% Change in Average Asking Prices: Week 47, 2020 vs. 2021

Price Range	\$/SF	Since Last Year
Under \$250K	\$159	+4.2%
\$250K-\$300K	\$219	+22.6%
\$300K-\$400K	\$230	+20.5%
\$400K-\$500K	\$231	+11.9%
\$500K-\$600K	\$246	+8.8%
\$600K-\$1M	\$278	+9.5%
\$1M-\$2M	\$405	+17.2%
Over \$2M	\$718	+25.6%



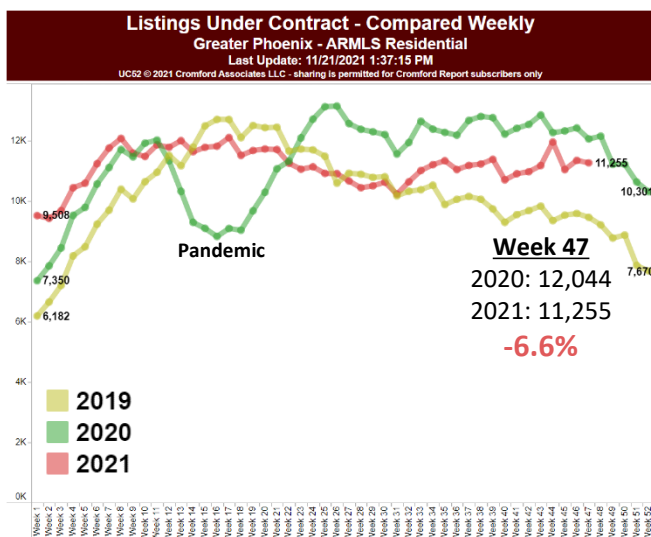
Comparing 2021 to 2020: SALES VOLUME & PRICE

Zillow announced hundreds of millions of dollars in losses this week stemming from Zillow Offers and their decision to exit the iBuyer market completely. While this was not surprising to most professionals in the industry, it was a surprise to many consumers who valued the Zestimate and saw Zillow as too big to fail. When Zillow Offers did fail, some thought it was just the beginning of the end for the housing market. Some thought there would be a surge of inventory; there was not. Some thought there would be a decrease in demand; there was not. In fact, supply was barely affected, and contracts have continued to rise, defying seasonality. Some thought Zillow controlled the market, but it does not.

Zillow's mistake was made back in February, when they announced the Zestimate would double as an offer under Zillow Offers, thus removing one more human element from the real estate transaction and greatly increasing their risk. Extreme seller markets are considered "dump your junk" markets; meaning, if you don't want to do repairs or remodel, this is the time to list an outdated, leaky-roofed, pet-stained home and it will sell. Algorithms cannot smell a home, see a busy street in the back, or hear a high school band practice every morning next door. It only took 8 months for Zillow's experiment to fail after they had been an active iBuyer for 3 years. This is not a reflection of a bad market, only bad decisions.

YEAR-OVER-YEAR CHANGE IN OCT. SALE PRICE/SF:

- Under \$250K: **+15.8%**
- \$250K-\$500K: **+26.6%**
- \$500K-\$800K: **+17.0%**
- \$800K-\$1M: **+14.9%**
- Over \$1M: **+21.1%**



Contract and Sales Activity: Week 47, 2021 vs. 2020

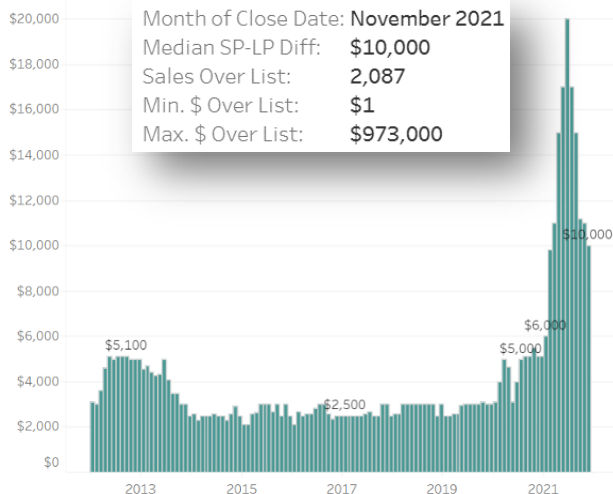
Price Range	Week 47 In Escrow	Δ From 2020	Sale \$/SF	SP/LP Ratio
Under \$250K	915	-63.7%	\$178	100.5%
\$250K-\$300K	871	-61.3%	\$226	101.8%
\$300K-\$400K	3,059	-3.3%	\$233	101.2%
\$400K-\$500K	2,501	+67.6%	\$237	100.7%
\$500K-\$600K	1,269	+53.6%	\$253	100.4%
\$600K-\$1M	1,882	+62.5%	\$274	99.8%
\$1M-\$2M	528	+13.1%	\$374	98.5%
Over \$2M	230	+39.4%	\$584	95.4%

Sales Over Asking Price: Nov. 2021 to Date

Price Range	# Total Sales	% Closed Over List	Median \$ Over List	Max \$ Over List
Under \$250K	456	41.7%	\$5,501	\$125,500
\$250K-\$300K	366	51.4%	\$10,100	\$55,000
\$300K-\$400K	1,345	57.0%	\$10,000	\$60,500
\$400K-\$500K	1,033	47.0%	\$10,000	\$235,093
\$500K-\$600K	469	39.2%	\$10,050	\$105,000
\$600K-\$1M	682	32.1%	\$15,000	\$147,333
\$1M-\$2M	206	19.4%	\$50,000	\$350,000
Over \$2M	60	21.7%	\$50,000	\$973,000

Median Amount Over List - Sales Over List Price

Arizona Regional MLS | Updated 11/18/2021 1:02:48 PM
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ARTICLES OF INTEREST:

Nov. 2, 2021 – NBC 12 News

[After buying hundreds of homes, Zillow taking losses in the Valley](#)

Nov. 9, 2021 – KTAR News 92.3FM

[Arizona expected to add more than 720K jobs by 2030](#)

Nov. 9, 2021 – AZ Big Media

[Arizona ranks No. 2 for job growth in October](#)

Nov. 12, 2021 – Phoenix Business Journal

[Kitchen and bath fixture manufacturer plans \\$300 million Casa Grande plant](#)

Nov. 14, 2021 – Arizona Republic | AZCentral.com

[Backlash against affordable homes intensifies housing shortage](#)

Nov. 15, 2021 – NBC 12 News

[This company bought up most of a Phoenix neighborhood and turned it into rental homes](#)

Nov. 18, 2021 – KJZZ 91.5FM

[Urban Land Institute lists Phoenix top emerging real estate market](#)

Nov. 20, 2021 – AZ Big Media

[321 acres in Casa Grande sell for \\$23 million](#)

