

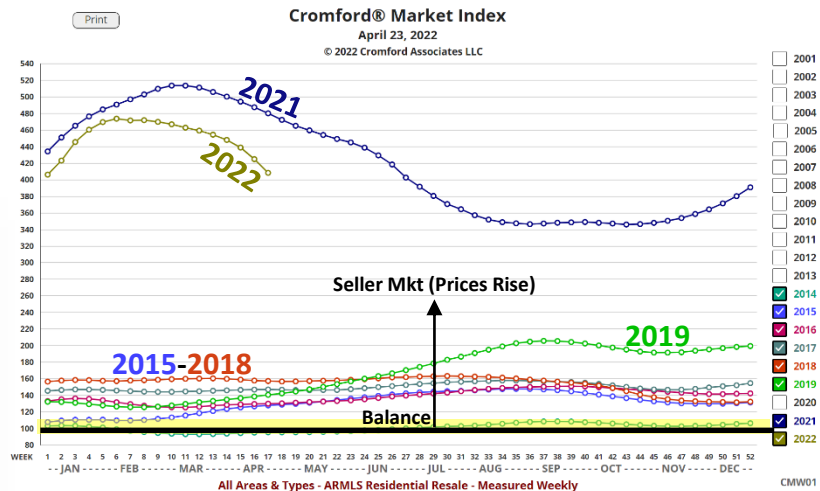
The Real State®

A Snapshot of the Greater Phoenix Residential Real Estate Market



From March to April 2022, the supply-demand index dropped a significant 52.8 points, from 458.9 to 406.1. The supply index rose 1.4 points, from 24.1 to 25.5, while the demand index dropped 7.1 points, from 110.5 to 103.4. At this rate of decline, the demand index could slip below normal in a matter of weeks. At the beginning of the year, the average mortgage rate was 3.11%, by March it was 3.89%, and by April 21 it was 5.11%. The rapid increase in mortgage rates combined with rising home prices equates to a \$500+ increase in the typical mortgage payment for the same home in less than 4 months. This is akin to pulling the emergency brake on demand. This rate of increase is too fast for jobs, incomes, and lending practices to keep up; therefore, it's no surprise demand is decreasing sharply and causing the seller's market to weaken. When the overall index is above 110, prices appreciate—but as it declines, the rate of that appreciation is expected to slow in the coming weeks.

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 took a sharp turn in the past week as the impact of dwindling demand began to come to the surface. Despite being up 26.2% compared to last year, there is still a long way to go before returning to the pre-pandemic level of 16,000-17,000 active listings in the Arizona Regional MLS. The \$500K-\$600K price range has seen the highest year-over-year increase in supply at 126%; however, supply has risen dramatically over the past few weeks in all price points from \$400K-\$2M. The higher price points, especially over \$1M, are not seeing an increase in supply because of a decrease in demand related to interest rates.

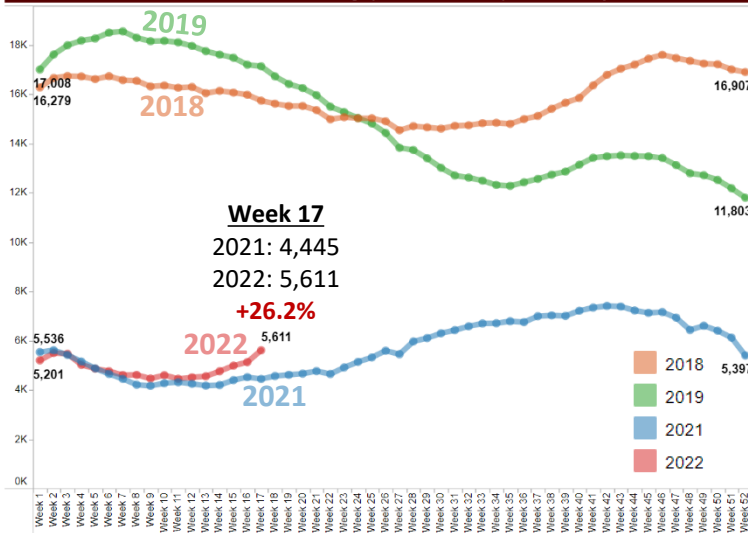
ALL NEW LISTINGS ADDED YTD

As of April 23, 2022 vs. 2021:

- Under \$300K: 4,417 (-60.6%)
- \$300K-\$600K: 20,286 (+10.5%)
- \$600K-\$1M: 6,762 (+59.6%)
- \$1M-\$2M: 2,019 (+28.4%)
- Over \$2M: 935 (+20.8%)

The higher price points still have a significant level of demand. Along with record levels of sales, weekly accepted contracts over \$1M are up 17% in week 17 and escrows due to close over the next 4-6 weeks are up 7%. All measures are at record highs for volume; so, the increase in supply between \$1M-\$2M is a result of a record number of new listings that went active over the past 8 weeks at a pace that outperformed contract activity. While it's good news for buyers to have more choice in the \$1M-\$2M price range, the median time frame before these listings go under contract has only increased from 7 days to 11 days.

Active Listing Weekly Counts - Compared by Year
Greater Phoenix - ARMLS Residential - Measured Weekly
Last Update: 4/23/2022 10:06:07 PM
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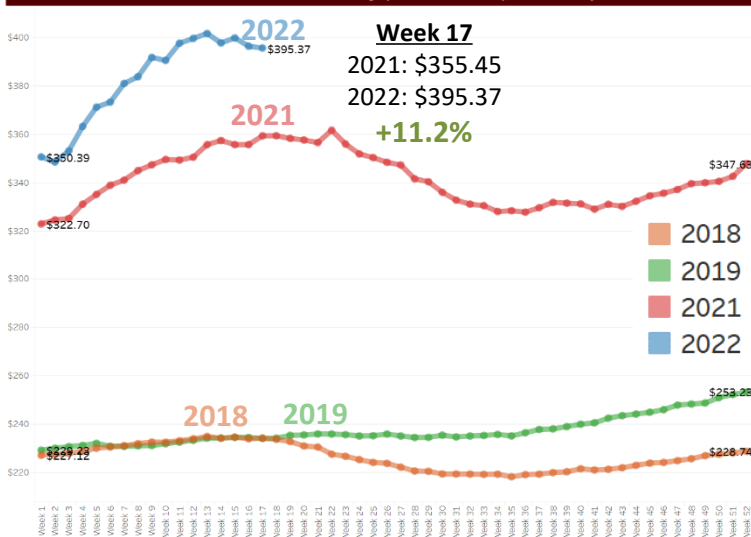
% Change in Active Supply: Week 17, 2020 vs. 2021

Price Range	# Active	Δ From Last Year	New in 30 Days
Under \$300K	594	-38.4%	1,131
\$300K-\$400K	720	-16.6%	1,822
\$400K-\$500K	1,148	+83.4%	2,318
\$500K-\$600K	833	+125.7%	1,537
\$600K-\$800K	922	+78.7%	1,475
\$800K-\$1M	455	+83.5%	652
\$1M-\$2M	513	+21.6%	638
Over \$2M	426	-2.3%	261

% Change in Average Asking Prices: Week 17, 2020 vs. 2021

Price Range	\$/SF	Since Last Year
Under \$300K	\$184.18	+4.1%
\$300K-\$400K	\$251.55	+22.4%
\$400K-\$500K	\$252.75	+13.3%
\$500K-\$600K	\$262.59	+8.0%
\$600K-\$800K	\$292.71	+11.8%
\$800K-\$1M	\$324.22	+12.2%
\$1M-\$2M	\$422.10	+9.5%
Over \$2M	\$828.36	+29.3%

Average List Price per Square Foot - Active Listings
Greater Phoenix - ARMLS Residential - Measured Weekly
Last Update: 4/24/2022 9:51:13 AM
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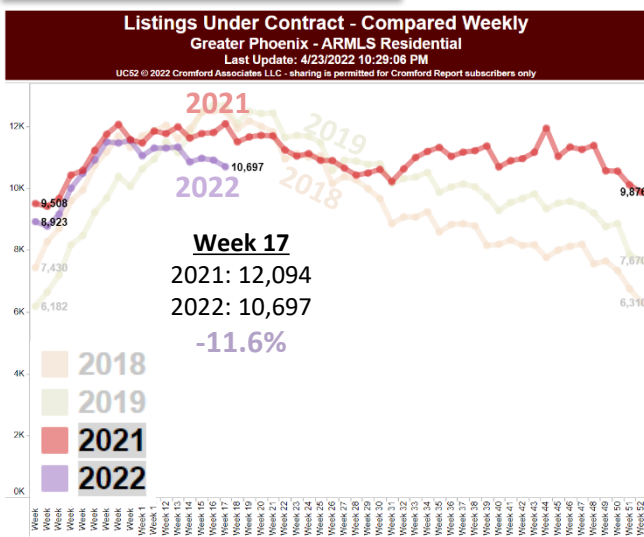
Comparing 2022 to 2021: SALES VOLUME & PRICE

The downward trend for listings under contract became clearer over the past 4 weeks. Only 9 weeks ago, the average mortgage rate hit 3.92%. The upward trajectory for listings in escrow came to a halt and hung around 11,500 as the rate dropped a little to 3.76% before moving up again. Those rates seem like a bargain now as rates took off after that and surpassed 5.0% within a matter of weeks. For historical perspective: Over the course of 15 months, from July 1980 to October 1981, the average mortgage rate rose 6.26%, from 12.19% to 18.45%—an average of +0.4% per month. The current rate of increase from December 2021 through April thus far is an average of +0.5% per month. Unfortunately, this increase is impacting the housing market on two fronts.

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

- Under \$300K: **+17.0%**
- \$300K–\$600K: **+22.8%**
- \$600K–\$1M: **+15.8%**
- \$1M–\$2M: **+23.4%**
- Over \$2M: **+19.0%**

The first impact is in turnover. Under the existing mortgage rates, homeowners with low-interest mortgages are less inclined to move voluntarily if it means a significant increase in payment. Secondly, the estimated payment to purchase a median-sized home in Greater Phoenix is now over \$2,700 per month*, while the same type of rental is about \$2,250 through the MLS. This \$450 monthly difference in the rent vs. buy scenario, plus a 20% increase in available rentals over the past 4 months, is turning would-be home buyers into tenants. Expect sales measures such as closings over list price and appreciation rates to begin weakening over the next couple of months.



Contract and Sales Activity: Week 17, 2022 vs. 2021

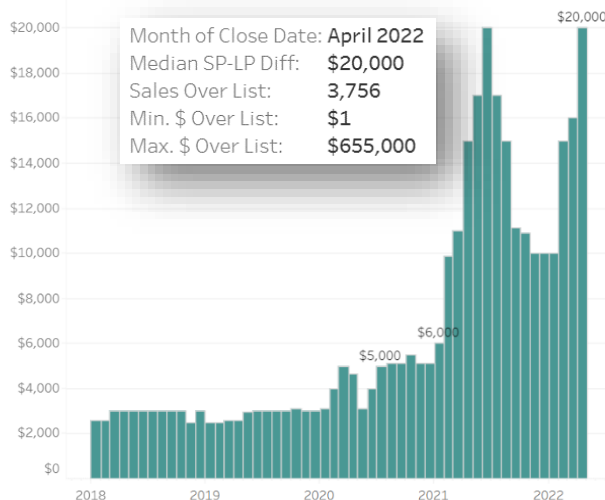
Price Range	Week 17 In Escrow	Δ From 2021	Annual Price Chg.	SP/LP Ratio
Under \$300K	1,173	-65.1%	+17.0%	102.9%
\$300K–\$400K	2,168	-35.3%	+27.7%	102.9%
\$400K–\$500K	2,603	+40.2%	+18.0%	102.5%
\$500K–\$600K	1,532	+60.1%	+16.2%	102.3%
\$600K–\$800K	1,573	+34.6%	+17.0%	102.1%
\$800K–\$1M	649	+37.8%	+14.0%	103.0%
\$1M–\$2M	652	+2.0%	+23.4%	102.3%
Over \$2M	347	+18.8%	+19.0%	99.3%

Sales Over Asking Price: April 2022 to Date

Price Range	# Total Sales	% Closed Over List	Median \$ Over List	Max \$ Over List
Under \$300K	860	53.3%	\$11,000	\$218,000
\$300K–\$400K	1,411	65.8%	\$16,000	\$92,000
\$400K–\$500K	1,630	62.2%	\$18,500	\$111,000
\$500K–\$600K	899	57.5%	\$21,000	\$153,000
\$600K–\$800K	830	54.1%	\$25,000	\$175,000
\$800K–\$1M	359	52.4%	\$50,000	\$380,000
\$1M–\$2M	338	48.8%	\$75,000	\$655,000
Over \$2M	123	30.1%	\$100,000	\$505,000

Median Amount Over List - Sales Over List Price

Arizona Regional MLS | Updated 4/24/2022 10:53:46 AM
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*Estimated payment for \$460K purchase with 10% down includes taxes, insurance and PMI.

ARTICLES OF INTEREST:



Apr. 13, 2022 – Chamber Business News
[As developers struggle to keep pace with Arizona housing demand, advocates seek solutions](#)

Apr. 15, 2022 – KTAR News
[Arizona unemployment rate drops to 3.3%, lowest in 45 years](#)

Apr. 16, 2022 – East Valley Tribune
[Home prices likely to continue upward spiral](#)

Apr. 19, 2022 – Phoenix Business Journal
[Korean battery giant buys 650 acres in Queen Creek for massive plant](#)

Apr. 20, 2022 – AZ Big Media
[Phoenix rental prices soar by 29% in 2 years](#)

Apr. 21, 2022 – Arizona PBS
[The status of Phoenix's water supply](#)

Apr. 21, 2022 – NBC News
[Will rising mortgage rates cool off a hot housing market?](#)

Apr. 21, 2022 – Phoenix Business Journal
[MALLS: THE REBOOT - The Valley has emerged as a leader in redeveloping derelict retail centers](#)