

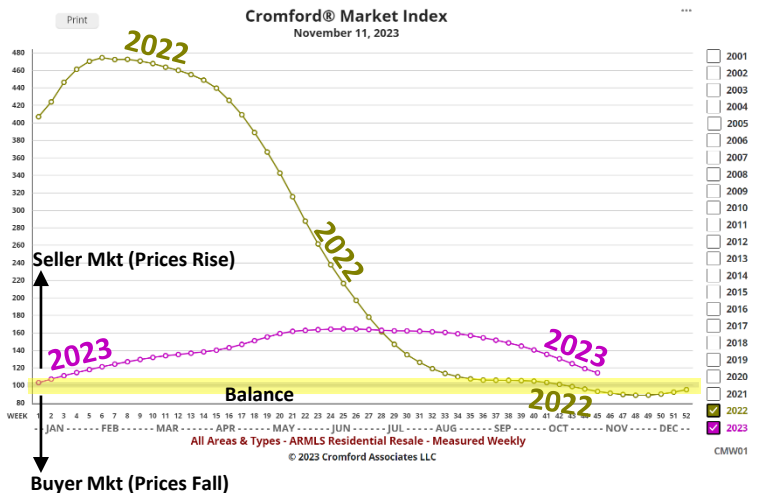
# The Real State®

A Snapshot of the Greater Phoenix Residential Real Estate Market



October to November 2023, the supply-demand index declined from 127.1 to 109.4, with the supply index rising from 56.9 to 63.5 and the demand index dropping from 72.3 to 69.4. As predicted last month, Greater Phoenix is officially in a balanced market again and declining at a rate that would put it in a buyer's market by December. It remains unclear how long this opportunity for buyers will last, as conventional mortgage rates have dropped from a high of 8.0% last month to 7.36% today (6.71% for FHA). The rate situation is similar to last year, when October 2022 peaked at 7.37% and dropped to 6.62% by November (6.2% FHA), stabilizing there for 3 weeks. Last year, demand began to pick up after rates dropped into the low 6% range from mid-December to mid-February. This December, if the Federal Reserve decides not to raise the Federal Funds Rate again, mortgage rates could drop and buyer demand could increase.

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 2023 to 2022: ACTIVE LISTINGS

Active MLS supply continues to rise but appears to be slowing. This is typical for the last few weeks of the year as new listings drop significantly during the weeks of Thanksgiving and Christmas, with an anemic bounce in between. Because of this, it's common to see inventory become stale. This season is the ideal time to be a buyer: Supply is elevated, sellers have been on the market longer, and price negotiations at contract replace price reductions in the MLS. The most recent years where the market has been in balance or a buyer's market in Q4 were 2014 and 2022. The lowest sales price to list price ratios were recorded in January 2015 at 96.4% of list and January 2023 at 96.5%, which reflects contracts negotiated and put in escrow during November and December.

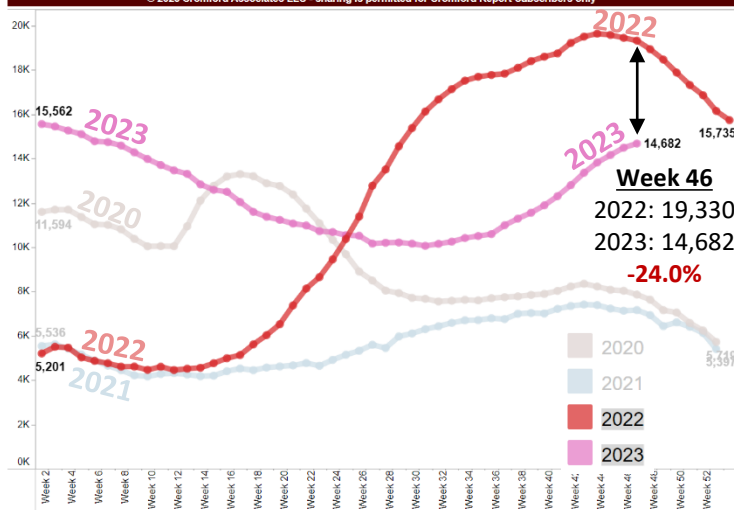
## ALL NEW LISTINGS ADDED in Q4

### As of November 18, 2023 vs. 2022:

- Under \$300K: 1,479 (-1.6%)
- \$300K-\$600K: 6,411 (-9.2%)
- \$600K-\$1M: 2,319 (+6.7%)
- \$1M-\$2M: 826 (+14.6%)
- Over \$2M: 447 (+43.3%)

When a market moves out of a seller's market into a balanced or buyer's market, the first price to move isn't a sales price as one might expect. It's the list price, which declines as seller expectations shift down with each added day on the market. The average list price per square foot is 11% higher than this time last year. While weekly price reductions are up 97% since July (with a median reduction of \$10,000), they haven't yet been successful in bringing down the overall average list price per square foot. Instead, price reductions in response to longer marketing times are simply keeping list price measures and sellers' expectations from rising too much.

**Active Listing Weekly Counts - Compared by Year**  
Greater Phoenix - ARMLS Residential - Measured Weekly  
Last Update: 11/19/2023 12:16:10 PM  
© 2023 Cromford Associates LLC - sharing is permitted for Cromford Report Subscribers only



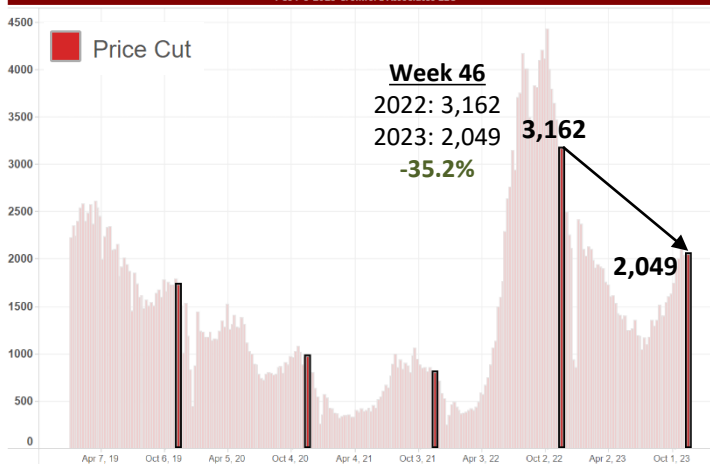
## % Change in Active Supply: Week 46, 2023 vs. 2022

Price Range	# Active	Δ From Last Year	Week 46 Price Drops
Under \$300K	1,798	-5.2%	248
\$300K-\$400K	2,811	-37.4%	473
\$400K-\$500K	2,978	-35.6%	465
\$500K-\$600K	1,812	-29.3%	254
\$600K-\$800K	2,167	-14.8%	321
\$800K-\$1M	999	-15.8%	108
\$1M-\$2M	1,244	-3.3%	129
Over \$2M	873	+18.0%	51

## % Change in Average Asking Prices per SF: Week 46, 2023 vs. 2022

Price Range	Active \$/SF	YOY % Chg	Median Reduction
Under \$300K	\$177.58	-9.8%	-\$5,100
\$300K-\$400K	\$231.76	-0.4%	-\$7,000
\$400K-\$500K	\$241.28	-0.6%	-\$10,000
\$500K-\$600K	\$258.56	0.0%	-\$10,000
\$600K-\$800K	\$283.90	+0.6%	-\$10,000
\$800K-\$1M	\$323.90	+3.9%	-\$24,500
\$1M-\$2M	\$434.00	+4.3%	-\$45,000
Over \$2M	\$838.06	+4.9%	-\$100,000

**Number of Price Changes per Week**  
Greater Phoenix - ARMLS Residential Resale - Measured Daily  
Last Update - 11/19/2023 1:25:42 PM  
PC51 © 2023 Cromford Associates LLC



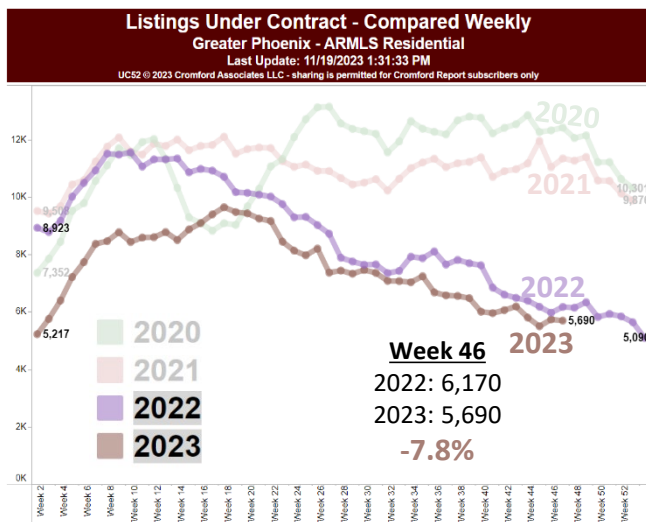
# Comparing 2023 to 2022: SALES VOLUME & PRICE

The second measure to move as Greater Phoenix adjusts to a balanced market is still not the sales price measure, but increased costs to the seller as they contribute to buyers' closing costs and rate buydowns. The percentage of sales closing with some type of concession has remained consistent between 42-45% since May. However, as the seller's market began to weaken noticeably after August, the median seller contribution to the buyer increased from \$8,000 to just over \$9,200. This is the price that isn't publicly recorded and is thus rarely reported on in national price trends. Sales price measures are the last to decline when the market downshifts. When list price reductions and increased seller concessions aren't enough to secure an accepted offer, then the negotiation gap between the last list price and final sales price begins to widen. Finally, after 30-45 days in escrow, the sales price measures start to show the result. Because of this process, it's many months before sellers know if they've sold at the peak of price or buyers know if they've bought at the bottom.

## ALL CLOSED SALES IN Q4 to Date As of Nov. 17, 2023 vs. 2022:

- Under \$300K: 1,010 (-6.3%)
- \$300K-\$600K: 4,270 (-5.5%)
- \$600K-\$1M: 1,347 (-1.6%)
- \$1M-\$2M: 424 (-0.0%)
- Over \$2M: 191 (+57.9%)

This is why the supply-demand index is an important tool in identifying potential price shifts with at least 3 months advanced notice. Currently the following cities are already in buyer's markets: Buckeye, Casa Grande, Gold Canyon, Goodyear, Litchfield Park, Maricopa, Queen Creek, and Surprise. Balanced markets are Cave Creek, Peoria, and Sun City. All other cities are still in seller's markets but weakening daily. So far, sales price measures in these cities are still showing upward motion—but expect further price negotiations with concessions in December.

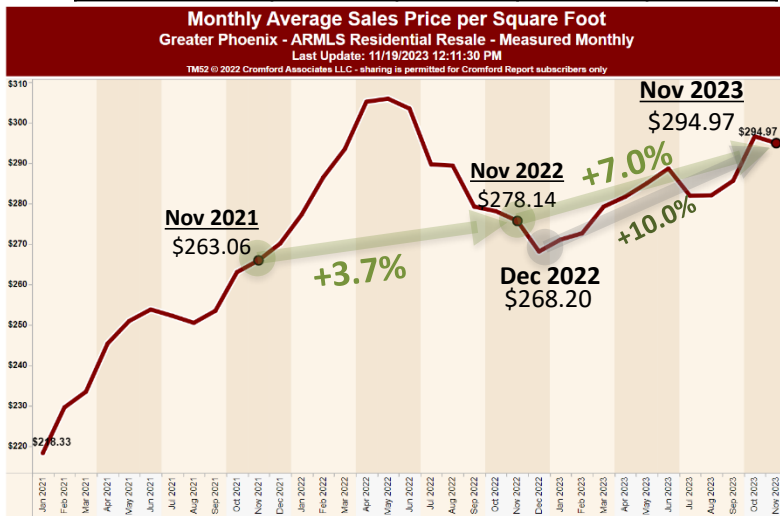


## Contract and Sales Activity: Week 46, 2023 vs. 2022

Price Range	Week 46 In Escrow	Δ From 2022	Sales \$/SF	Annual Price Chg.
Under \$300K	611	-24.2%	\$185.75	-3.7%
\$300K-\$400K	1,427	-7.2%	\$235.80	+3.3%
\$400K-\$500K	1,216	-9.6%	\$244.95	+5.1%
\$500K-\$600K	721	-0.3%	\$259.03	+3.9%
\$600K-\$800K	753	-13.0%	\$278.45	+1.1%
\$800K-\$1M	327	+4.1%	\$315.98	-0.5%
\$1M-\$2M	403	+5.8%	\$413.06	+2.6%
Over \$2M	232	+17.8%	\$691.04	+2.4%

## Concessions and DOM: Nov. 2023 to Date

Price Range	% Incl. Concessions	Median \$ Concession	Days On Mkt
Under \$300K	36.9%	\$5,740	27
\$300K-\$400K	55.4%	\$9,000	26
\$400K-\$500K	50.4%	\$9,999	27
\$500K-\$600K	40.7%	\$10,000	30
\$600K-\$800K	35.4%	\$11,925	30
\$800K-\$1M	22.8%	\$10,000	25
\$1M-\$2M	21.1%	\$10,000	29
Over \$2M	7.7%	\$22,500	32



## ARTICLES OF INTEREST:

Fall Issue 2023 – AZ Tech Council | AZ Commerce Authority  
[Investments from global advanced manufacturing and technology companies have contributed to the state's record-breaking economic growth.](#)

Nov. 16, 2023 – 12News  
[Sky Harbor is America's best airport, according to the Wall Street Journal](#)



Nov. 18, 2023 – Yahoo! Finance  
[These 10 States Are Expected To See the Fastest Job Growth in 2024: Is It Worth Moving?](#)

Nov. 20, 2023 – Phoenix Business Journal  
[Several factors combined to help the West Valley explode as an industrial hot spot](#)

Nov. 20, 2023 – Mesa Tribune  
[Are Mesa's water stories too scary?](#)

Nov. 21, 2023 – MarketWatch  
[Central banks are cutting interest rates at fastest clip in years. When will the Fed join them?](#)

Nov. 22, 2023 – Phoenix Business Journal  
[Phoenix ranks among major US cities where residents are most 'house rich'](#)