

PHOENIX METRO

RESIDENTIAL REAL ESTATE

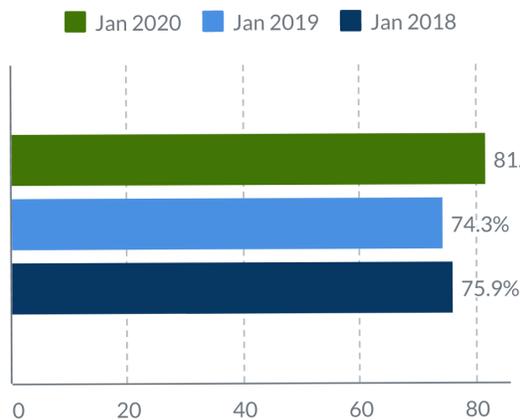
Annual Changes from January 9th, 2019 to January 9th, 2020



CLOSED SALES
 Total Monthly Sales = 7,077

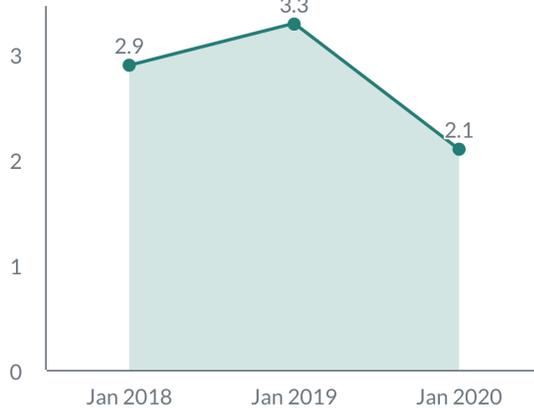


LISTING SUCCESS RATE



Of the Listings that came off of Active or Pending Status, 81.6% successfully closed escrow while 18.4% cancelled or expired.

MONTHS OF SUPPLY



If no new listings were to come on the market, at the current monthly rate of sales, inventory would run out in 2.1 months.

Encompassing the Arizona Regional MLS area, which includes Maricopa County, Pinal County and a small part of Yavapai County

Active Supply is Down 32%

Median Sale Price up 11% and Expected to Rise

For Buyers:

The urgency for buyers cannot be stressed enough; real estate prices are not projected to decline in the Greater Phoenix area in 2020. There isn't one measure from any angle that supports that theory. Not only will they not decline, they will not stop rising this year at the current levels of supply and demand.

On January 9th, active supply was counted at just over 12,000 listings for all of Greater Phoenix. This is down 32% from this time last year and excruciatingly low. To put it in perspective, a "normal" level of inventory should be at least 28,000 - 30,000 active listings in the MLS for a metropolis the size of Maricopa and Pinal County. The last time inventory was recorded this low was in 2005 at 9,000 listings with a population of 3.8M. Now Greater Phoenix has 4.8M people with less than 1% of existing housing available for sale. With monthly sales up 17% over last year, fueled by population growth, job growth, income growth and low interest rates in the area, sellers have few reasons to sell below market value. It's not logical to expect prices to soften in this environment.

Buyers who have been waiting for sales prices to decline before they purchase have nearly missed the boat. This is because while they were watching prices rise, the payments for those same homes declined for a year with declining mortgage rates. However, when mortgage rates stabilized 6 months ago, hovering around an average of 3.75%, payments started to creep up again.

In short, if someone wants to purchase a home and they have the means, then they should lock into one. They should expect competing offers, expect to lose some opportunities, and expect to do some upgrades. They should also expect to live in their new home for at least 5 years to build up enough equity to mitigate the risk of ups and downs in the future.

For Sellers:

This is an exciting time for those who need to sell. Anyone who owns property has probably been contacted multiple times by multiple means throughout the year by people wanting to buy their home. While sellers are under much less pressure to perform repairs and upgrades in order to sell their home, it doesn't mean that they will sell it as quickly or for as much as those that are move-in ready. But, it will sell in this market. Those who are considering selling to an internet investor buyer (aka iBuyers who offer some up-front certainty and convenience in the selling process), should know that they still have negotiating power in the transaction and have the option to be represented by a Realtor if they choose.

*Commentary written by Tina Tamboer, Senior Housing Analyst with The Cromford Report
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