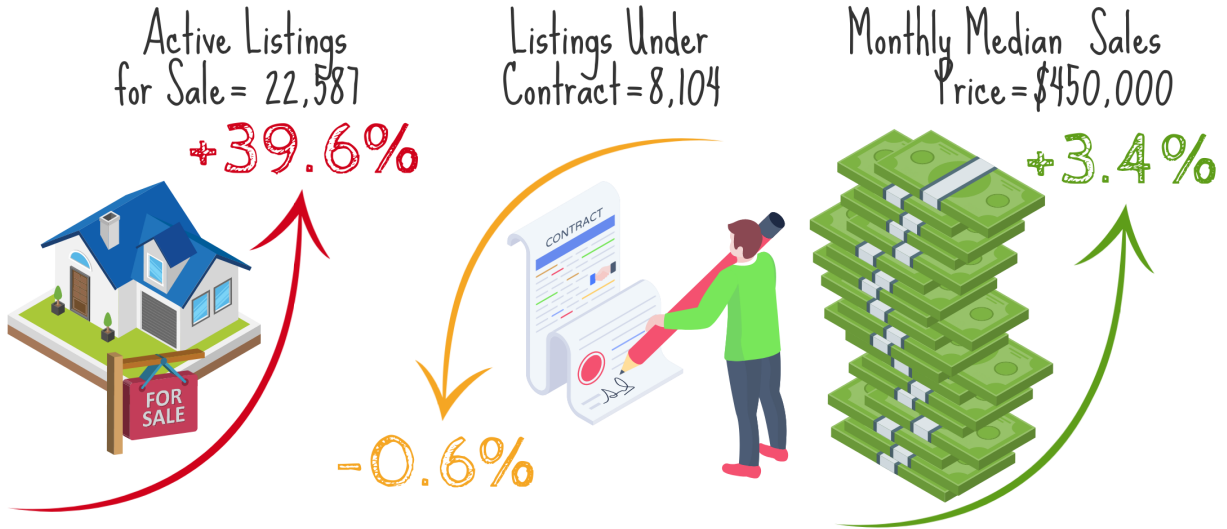


# PHOENIX METRO

## RESIDENTIAL REAL ESTATE

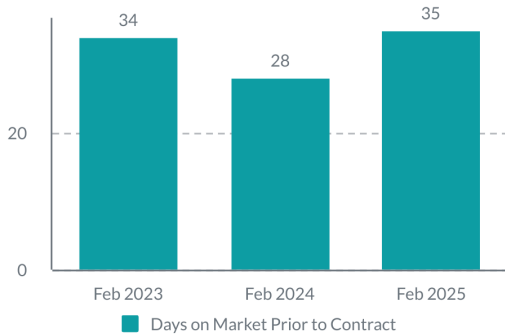
Annual Changes from February 11, 2024 to February 11, 2025



CLOSED SALES  
 Total Monthly Sales = 4,446

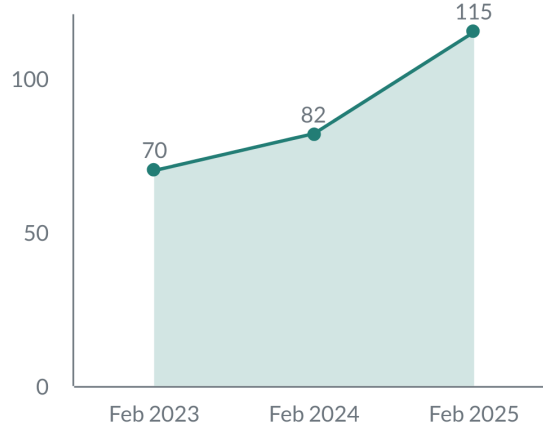


### MEDIAN DAYS BEFORE ACCEPTED CONTRACT



50% of listings placed under contract so far this month had been active for 35 days or more and 50% had been active for 35 days or less.

### DAYS OF SUPPLY



If no new listings were to come on the market, at the current annual rate of sales, inventory would run out in 115 days.

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

## Fact Check February - Don't Fall In Love With These 7 Narratives on Housing

There is no online shortage of armchair quarterbacks when it comes to prognostications on the future of home values and affordability. However, there are narratives that some people, and journalists, stubbornly hold to that are simply outdated or incorrect. Many of them were true a few years ago but are no longer true today. Here are just a few:

### **Myth #1 - Buyer demand is declining.**

This was true in 2022 and 2023, but is no longer true today. While mortgage rates have knocked many buyers out of the game, buyer demand is now stable and following last year's trend with little reaction to rate fluctuations.

### **Myth #2 - There is very little to buy under \$300K.**

This was definitely true a few years ago, but not today. In February 2022, there were only 90 single family listings active for sale under \$300,000 in Maricopa and Pinal County. Today there are 534, mostly in Pinal County. Condo and townhome inventory is even more abundant by comparison. In March 2022, there were only 156 active condo/th listings while today there are more than 1,200, all of which are in Maricopa County.

### **Myth #3 - My income is too high to qualify for any homebuyer assistance programs.**

Some grant and downpayment assistance programs correlate to an area, not income. Many have income limits as high as \$150,000/year and some don't have income limits at all. Putting in the research and finding a qualified loan officer to explain these programs could save thousands of dollars.

### **Myth #4 - I need to be a first-time homebuyer or renter to qualify for homebuyer assistance programs.**

In most cases, this is not true. They may \*say\* first-time home buyer, but if you haven't owned a home in 3 years or more, you're a first-time home buyer once again according to HUD's definition. Also, if you've only ever owned a home with a spouse, have a child, and are now divorced, you are also a first-time home buyer. Or, if you've only ever owned a mobile home. These are just 3 of the 5 HUD definitions for first-time homebuyer.

### **Myth #5 - Mortgage rates are too high, there's nothing to be done about it.**

57% of January sales between \$200,000-\$600,000 involved seller-paid incentives, most went towards a temporary buydown of the mortgage rate, and many home builders are providing permanent rate buydowns. Other sellers have FHA or VA loans that are assumable with rates below 5%. In fact, about 10% of all active listings fit this criteria. Some buyer assistance programs even allow grant money to buy down mortgage rates. Again, a little research goes a long way in hacking the affordability issues caused by mortgage rates.

### **Myth #6 - Housing is in a bubble and home prices are on the precipice of a crash.**

One could argue that Greater Phoenix already had a bubble and price crash in 2022 when prices rose to their peak by May and declined a whopping 12.3% from May to December that year, with short-term flip investors taking the brunt of the pain. Since then, prices bounced and stabilized with most price ranges seeing less than 2% appreciation year over year today. That is less than the current rate of inflation, and what is expected after nearly a year in a buyer-leaning market. While Greater Phoenix is officially in a buyer's market, it's very mild. Under these conditions, sale price measures are showing most non-luxury buyer negotiations at approximately 1.9% below the last list price. That's a huge improvement over 2022 where sales prices were averaging 2.4% OVER list price. Prices are declining in some areas, but not all, and not by leaps and bounds. Current supply and demand indexes do not support massive declines in sales prices, but shaving 1-2% off lower list prices during negotiations is not out of the question. Sellers are not pushing the market with outrageous list prices. In fact, most are in line or even below last year in some price ranges.

### **Myth #7 - I'll sell my home "as-is" and price it aggressively with buyer incentives.**

This worked in the mild seller's market of 2023 and first part of 2024, but not now. In a buyer's market, it's okay to sell your home "as-is" so long as it "is" in excellent condition. The hierarchy of importance isn't price first, then buyer incentives, then condition. It's condition AND price, the importance of additional incentives depends on your area and price range. When everyone is offering low prices and buyer incentives, properties in good condition rise to the top.