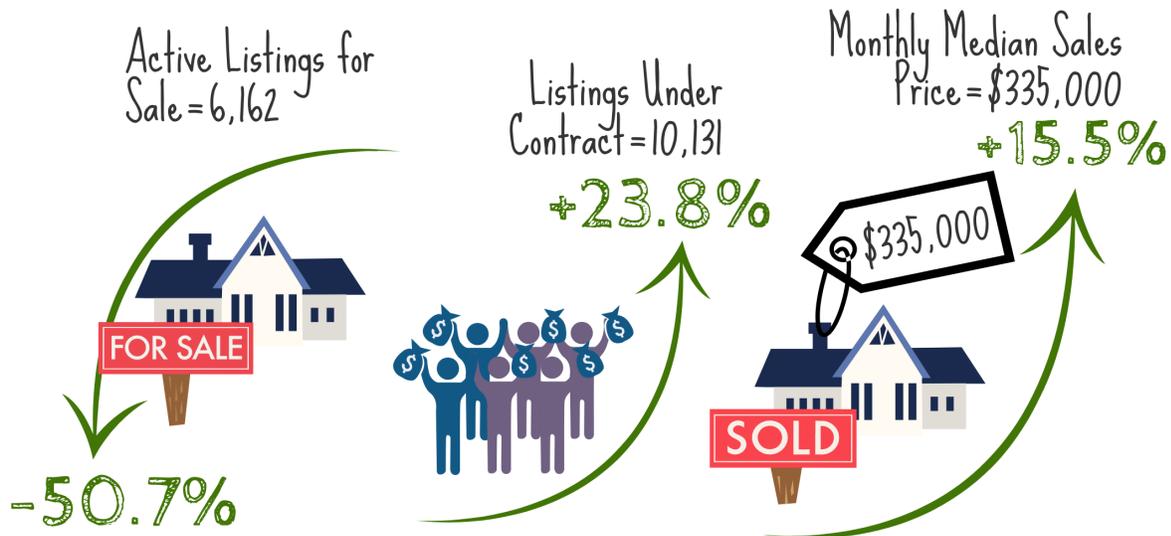


PHOENIX METRO

RESIDENTIAL REAL ESTATE

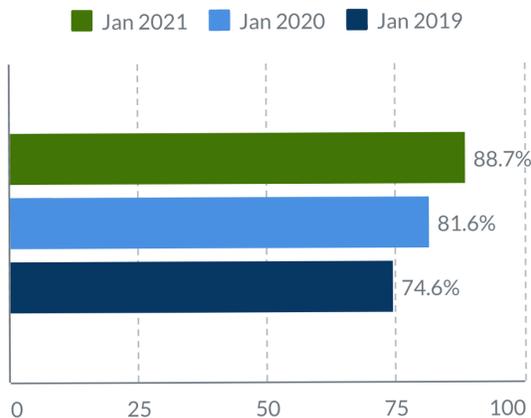
Annual Changes from January 10th, 2020 to January 10th, 2021



CLOSED SALES
 Total Monthly Sales = 8,912

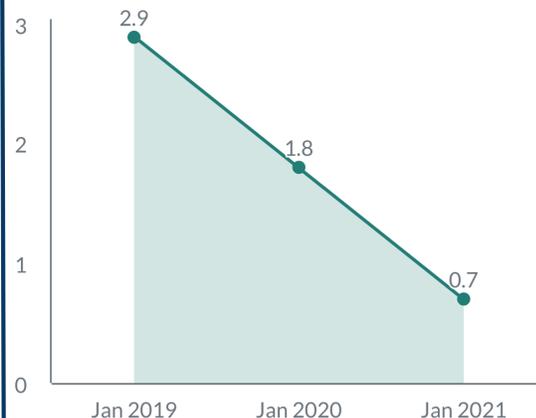


LISTING SUCCESS RATE



Of the Listings that came off of Active or Pending Status, 88.7% successfully closed escrow while 11.3% 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 0.7 months.

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

2020 Broke the Record for Luxury Sales

Supply Down 51%, Slim Pickings in 2021

For Buyers:

There were 111,036 new listings added to the Arizona Regional MLS (ARMLS) in 2020, only 38 more than 2019, while 100,650 sold. As of January 10th, 2021 there were only 6,162 listings still active in the MLS, which is the lowest supply count recorded in at least 20 years. To make matters worse, 10% of those properties are outside of the Greater Phoenix boundary.

While the number of new listings barely changed last year, demand for homes accelerated between June and December to 35% above normal. Luxury sales over \$1M soared after the pandemic restrictions were lifted. While they were already up 7.7% over 2019 at the end of June, by the end of December annual luxury sales were up 48.7%, securing an enormous record for 2020 at 2,575 sales over \$1M.

Outside of the MLS, new home developers have been struggling to meet demand as well. Despite the road blocks in production due the pandemic, forest fires and supply line disruptions, as of November builders still managed to sell 14% more homes and obtain 28,204 more single family permits for future supply, up 24% over 2019. The median price of a new single family home only rose 6% from \$333K to \$353K and considering the median price of a resale home is \$335K, that's extremely competitive.

As supply began to drop last month, December saw 33% of sales closed over asking price and only 10% involved seller-paid closing costs in the 4th Quarter.

Bottom line for buyers starting their search in 2021, be on top of your loan and be ready to pounce on every new listing that fits your needs. Many new listings will be on the market for less than a week prior to accepting a contract.

For Sellers:

The state of Arizona ranked 3rd in the nation for population growth behind Texas and Florida in the latest 2020 Census release. When the full report comes out later this year, we expect to see California as the #1 source of inbound migration for Greater Phoenix. Moving companies such as Atlas, United Van Lines and North American have released their annual migration reports and 2 out of the 3 list Arizona in their Top 5 states for inbound moves. United Van Lines specifically cites "retirement" as the primary reason for 37% of inbound moves, 70% were over 55 years old and 63% made incomes over \$100,000 per year.

While median home prices have risen 15.5% year-over-year, the median rental rates through ARMLS have also risen 12.9% from \$1,550 to \$1,750/month. This increase, combined with historically low mortgage rates, has fueled more demand to purchase.

As the population continues to grow, the housing gap is becoming harder to close. After a decade of underbuilding, this will take more than a few months or a year to correct. However as prices rise and affordability quickly drops, it's reasonable to expect some demand to drop with it. With that expectation, home prices are still projected to rise throughout 2021 but possibly at a slower rate in the latter half of the year. It will be another great year for sellers.



480-621-6828
info@nexthomevalleywide.com