



NOVEMBER 2022

Sellers

FOR SELLERS:

WHILE THE ENVIRONMENT HAS TURNED QUICKLY AWAY FROM A SELLER'S MARKET TO AN IMPENDING BUYER'S MARKET, AND THE COST TO SELL HAS INCREASED SIGNIFICANTLY FOR SELLERS, MOST ARE STILL WALKING AWAY FROM THE CLOSING TABLE WITH A PROFIT.

WHILE MOST REPORTS ARE FOCUSED ON SHORT-TERM PRICE DROPS SINCE MAY, OR SMALLER YEAR-OVER-YEAR APPRECIATION RATES, APPRECIATION RATES FOR HOMEOWNERS WHO HAVE OWNED THEIR HOME FOR AT LEAST 2 YEARS ARE STILL IMPRESSIVE.

APPROXIMATELY 65% OF MLS LISTINGS, EXCLUDING NEW CONSTRUCTION, HAVE BEEN OWNED FOR 2 YEARS OR MORE. APPRECIATION RATES BASED ON SALES PRICE PER SQUARE FOOT THROUGH THE MLS ARE: 2 YEARS: +33.6%, 3 YEARS: +59.9%, 4 YEARS: +68.1%, 5 YEARS: +84.8%.

FEWER SELLERS ARE OPTING TO SELL IN THIS MARKET. SINCE THE TIPPING POINT IN JUNE, WEEKLY ACCEPTED CONTRACTS HAVE FALLEN 36%, COUNTERBALANCED WITH A 34% DECLINE IN WEEKLY NEW LISTINGS. HISTORICALLY, OCTOBER TYPICALLY ADDS ABOUT 10,000 NEW LISTINGS TO SUPPLY, BUT THIS OCTOBER WAS THE LOWEST RECORDED AT JUST 7,334 NEW ACTIVES PLUS 188 IN COMING SOON STATUS, A RECORD LOW FOR THE MONTH. THIS HAS CAUSED SUPPLY TO STAGNATE OVER THE PAST 4 WEEKS AND IS A SMALL RELIEF FOR EXISTING SELLERS. WHEN SUPPLY SELF-REGULATES IN RESPONSE TO LOWER DEMAND, IT PUTS LESS DOWNWARD PRESSURE ON PRICE. NOT TO SAY PRICES WILL NOT DECLINE, THEY WILL, BUT IT WOULD BE WORSE IF SUPPLY WERE ALSO RISING. CONTRACTS WRITTEN IN NOVEMBER AND DECEMBER WILL CLOSE IN JANUARY AND FEBRUARY NEXT YEAR. AS GREATER PHOENIX GLIDES INTO A BUYER'S MARKET THIS MONTH, YEAR-OVER-YEAR APPRECIATION RATES ARE LIKELY TO TURN NEGATIVE IN 2023.

GENERALLY SPEAKING, NEITHER SELLERS NOR BUYERS PREFER TO ENGAGE IN REAL ESTATE DURING TIMES OF UNCERTAINTY. DRAMATIC FLUCTUATIONS IN MORTGAGE RATES COMBINED WITH INSECURITIES SURROUNDING INFLATION AND UNEMPLOYMENT HAVE PRESSED PAUSE ON HOUSING DECISIONS FOR MANY SELLERS AND BUYERS ALIKE, FOR NOW. IF MORTGAGE RATES DROP, THEY'LL GET OFF THE FENCE.

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