



A BERKSHIRE HATHAWAY AFFILIATE

EVERYTHING REAL ESTATE  
*for you*

TRUSTED SINCE 1926

# STATE OF THE MARKET REPORT

## 2021 MID-YEAR

PHOENIX, CENTRAL & NORTHERN ARIZONA



**Katie Smirnov**

(520) 918-5427

[KatieSmirnov@LongRealty.com](mailto:KatieSmirnov@LongRealty.com)

## Arizona Housing — Market Pulse

### Fast Start to Real Estate in 2021

The housing market was fast and furious in the first half of 2021. The pandemic, which started in early 2020, sparked an increased demand for housing which was further fueled by historically low interest rates. This created a “run” situation on available listings that were in limited supply. Multiple offers and homes selling almost “real time” became the norm, with large gains in home values as a result. Those fast market conditions created challenges for buyers trying to find a home to purchase and tilted the market to a strong seller’s market. Increases in home equity, strong market fundamentals, government stimulus, and recovering employment so far staved off the risk of increases in foreclosures or a market crash.

### Phoenix-Area Residential Market Conditions — Months of Inventory



### Early Signals of Normalization? Not a Burst

We do not see indications of a real estate bubble or any market burst. Rather, we have been experiencing robust buyer demand fueled by demographics, pandemic lifestyle shifts — such as untethering geographic constraints with remote work and re-evaluating needs in a home — and very attractive mortgage rates, coupled with a shortage of available inventory to purchase. The excess demand to supply resulted in home sale prices increasing. We are seeing some possible early signals of the start of a market normalization, with buyer demand leveling and supply increasing slightly.

- Buyer Demand Remains Strong; Leveling Off **+7.5% YTD New Pended Sales; -8.6% May-Jun 2021 vs 2020**
- Mortgage Rates Remain Favorable **30 Yr Fixed Rate 2.98%**
- Active Inventory Starting to Rise **+41.9% June 2021 vs March 2021**
- New Listings Strong in Q2 **+18.5% Q2 2021 vs Q2 2020**



**Katie Smirnov**

(520) 918-5427 | [KatieSmirnov@LongRealty.com](mailto:KatieSmirnov@LongRealty.com)

**Long Realty Company**

Statistics based on information obtained from ARMLS on 07/07/2021 using TrendGraphix software. Information is believed to be reliable, but not guaranteed.

## Phoenix-Area Residential — Closed Sales

### Strong Housing Sales

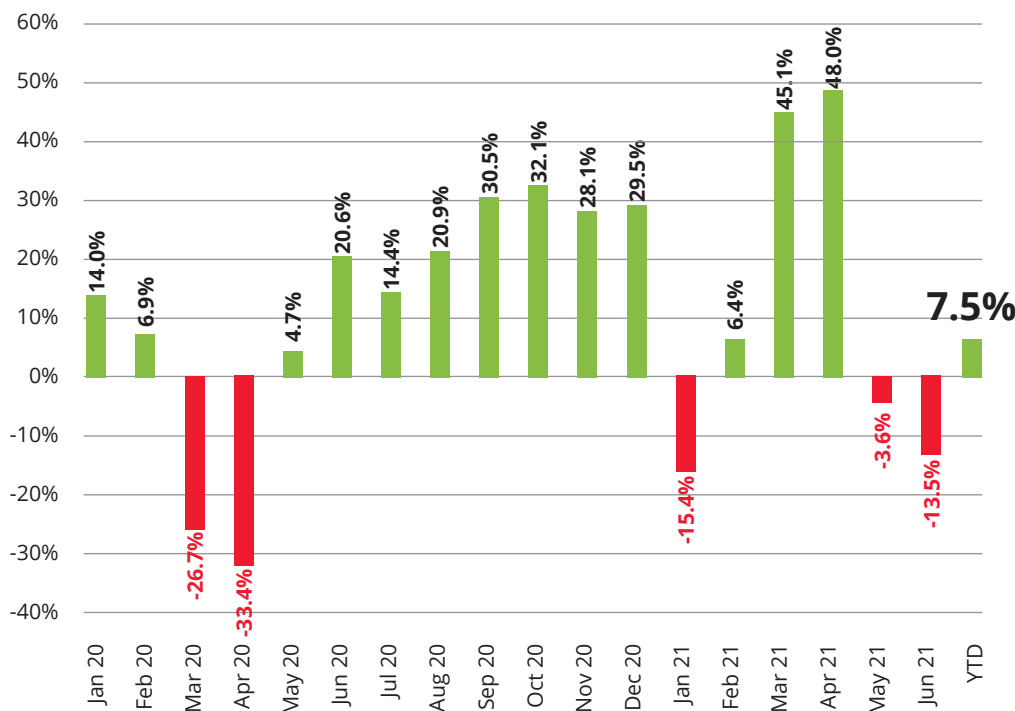
Very strong buyer demand translated into a robust first half of 2021 for closed home sales, outpacing 2020 and 2019. Closed home sales dipped slightly in May and rebounded in June.

In total, closed home sales increased 18.5% year-to-date (YTD), compared to the same period in 2020.

**+18.5%**



## Phoenix-Area Residential — New Pending Sales



### Buyer Activity Remains Strong

Pending home sales increased in the first half of 2021, with very strong March and April new pending activity, which translates to strong closed home sales in subsequent months.

There was a slight dip in new pending sales in May 2021 as compared to May 2020 and a 13.5% decrease in June.

YTD 2021 new pending home sales were up 7.5% vs YTD 2020.

**+7.5%**



**Katie Smirnov**

(520) 918-5427 | [KatieSmirnov@LongRealty.com](mailto:KatieSmirnov@LongRealty.com)

**Long Realty Company**

Statistics based on information obtained from ARMLS on 07/07/2021 using TrendGraphix software. Information is believed to be reliable, but not guaranteed.

## Phoenix-Area Residential — Closed Sales Below \$800,000

### Strong Sales, Limited Inventory

Despite highly competitive conditions, including multiple offer situations, buyers vying for the same home, and listings selling as they hit the market, closed sales for homes under \$800k increased 12.4% YTD 2021 compared to YTD 2020.

**+12.4%**



## Phoenix-Area Residential — Closed Luxury Sales (\$800,000+)



### Luxury Sales Take Off

In arguably the most robust segment of the housing market, luxury home sales increased an astonishing 148.2% YTD 2021 as compared to YTD 2020.

Remote working, early retirement, vacation homes, the Arizona lifestyle, lower property taxes, and value compared to other markets are some of the many reasons for the uptick.

**+148.2%**



**Katie Smirnov**

(520) 918-5427 | [KatieSmirnov@LongRealty.com](mailto:KatieSmirnov@LongRealty.com)

**Long Realty Company**

Statistics based on information obtained from ARMLS on 07/07/2021 using TrendGraphix software. Information is believed to be reliable, but not guaranteed.

## Phoenix-Area Residential — Homes for Sale

### Active Inventory Scarcity

The number of available homes for sale is still historically low in 2021, with only 4,892 active listings as of June, up slightly from previous months. This represents a 41.1% decrease from June 2020.

The myth is there are no listings.  
Fact: the number of new listings this year is similar to YTD 2020; however, listings have been selling as fast as they hit the market.

**-41.1%**



## Phoenix-Area Residential — New Pending Sales vs New Listings



### Listings Selling "Real Time"

The pent-up demand from buyers and low available inventory meant that listings went under contract as soon as they hit the market.

### YTD 2021

58,347 new listings  
55,230 new pending sales only  
**5% less pending sales than new listings**

New listings YTD 2021 are 6% higher than YTD 2020.



**Katie Smirnov**

(520) 918-5427 | [KatieSmirnov@LongRealty.com](mailto:KatieSmirnov@LongRealty.com)

**Long Realty Company**

Statistics based on information obtained from ARMLS on 07/07/2021 using TrendGraphix software. Information is believed to be reliable, but not guaranteed.

## Phoenix-Area — New Home Permits

### New Construction Can't Keep Up With Demand

June new home permits in Phoenix increased to 4,539 and YTD is outpacing the last three years. The increased rate of new home permits and construction is not enough to keep up with current demand and fill the gaps in listing shortages.



## Phoenix-Area Residential — Median Sales Price



### Home Prices Rise

When you have high demand and low supply, you can expect prices to increase.

In June 2021, the median residential sales price increased 28.7% to \$401,769 from June 2020 levels.

Increasing values have bolstered the equity homeowners have in their properties.

**+28.7%**



**Katie Smirnov**

(520) 918-5427 | [KatieSmirnov@LongRealty.com](mailto:KatieSmirnov@LongRealty.com)

**Long Realty Company**

New Home Permit source: University of Arizona Eller College of Management, Economic and Business Research Center as of 07/26/2021. Statistics based on information obtained from ARMLS on 07/07/2021 using TrendGraphix software. Information is believed to be reliable, but not guaranteed.



## Mortgage Rates

### Mortgage Rates Steady around 3%

After falling to record lows in late 2020, mortgage rates rose to slightly over 3% early in 2021 and have since fallen back to around 3% for the last few months.

Attractive mortgage rates helped to keep buyer demand high in the first half of 2021.



Primary Mortgage Market Survey®

U.S. weekly average mortgage rates as of 07/15/2021



## Phoenix-Area Residential — Monthly Payment



### Monthly Payment Rises

Low mortgage rates had partially offset monthly payment increases, but in 2021 the accelerated appreciation of home prices is finally being reflected in the monthly mortgage payment amount.

The monthly mortgage payment on a median priced house is up 25.8% from June 2020.

**+25.8%**



**Katie Smirnov**

(520) 918-5427 | KatieSmirnov@LongRealty.com

**Long Realty Company**

Mortgage Rates source: Freddie Mac as of 07/15/2021. Statistics based on information obtained from ARMLS on 07/07/2021 using TrendGraphix software. Information is believed to be reliable, but not guaranteed.

## Phoenix-Area Residential — Days on Market

### Homes Selling in Days

Buyer activity has been heated, competing for properties in 2021, with multiple offers being the norm and homes selling more quickly.

The days on the market, the average time listings go from being active to under contract, fell to only 16 days in June 2021, compared to 37 in June 2020.



## Phoenix-Area Residential — Sold Price to Original List Price % Difference



### Homes Selling Higher Than List Price

In June, on average, homes sold for 102% of the original list price. This reflects how competitive the market has been, with homes being bid up over list price. This ratio has been steadily climbing in 2021.

This is a ratio to watch for the balance of 2021, as it may be an indicator of the market's pace.



**Katie Smirnov**

(520) 918-5427 | [KatieSmirnov@LongRealty.com](mailto:KatieSmirnov@LongRealty.com)

**Long Realty Company**

Statistics based on information obtained from ARMLS on 07/07/2021 using TrendGraphix software. Information is believed to be reliable, but not guaranteed.



## Northern & Western Arizona — Residential Closed Sales 2021 vs 2020

### Sales Higher Across Arizona

Even with a tight listing inventory environment, home sales increased across Arizona YTD — with Sedona seeing the largest increase of 40%. Low interest rates and the attractive qualities of an Arizona lifestyle drew more buyers in, and we expect to continue to see strong real estate sales across the region in 2021.



## Northern and Western Arizona — Residential Median Sales Price 2021 vs 2020



Median Price June 2021

### Home Sales Prices Rise Across the Region

Across Arizona, the high buyer demand and low supply of available listings resulted in an increase in median sales prices. Sedona saw the highest increase percentage of home sales price.

Real estate is local, so trends and prices may vary for your specific situation.



**Katie Smirnov**

(520) 918-5427 | [KatieSmirnov@LongRealty.com](mailto:KatieSmirnov@LongRealty.com)

**Long Realty Company**

Statistics based on information obtained from ARMLS, White Mountains MLS, Prescott MLS, Sedona Verde Valley MLS, Northern Arizona Association of REALTORS MLS and Yuma MLS on 07/07/21 using TrendGraphix software. Information is believed to be reliable, but not guaranteed.

## 2021 Projections

### Home Prices Expected to Rise

Leading economists forecast that home prices nationally will rise in 2021, given the continued high demand and low inventory housing environment. The average of these six forecasts is 8.9%.

Despite the rapid rise in home prices YTD, we do not see indications that prices will go down; however, the pace of appreciation may normalize and smooth to a healthier level. Market conditions can vary considerably by area, so for your home's current value, please contact me for a complete market analysis.

### Home Price Forecasts 2021



KEEPING CURRENT MATTERS

### Mortgage Rate Projections

Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2021 Q3	3.3	3.3	3.6	3.2	3.35%
2021 Q4	3.4	3.4	3.7	3.4	3.48%
2022 Q1	3.5	3.5	3.9	3.5	3.60%
2022 Q2	3.6	3.5	4.1	3.5	3.68%

KEEPING CURRENT MATTERS

### Mortgage Rates Will Likely Increase, but Remain Low

Economists are in agreement that they expect mortgage interest rates to rise modestly in the second half of 2021 and into 2022. The average forecast has rates at 3.48% at the end of 2021, and 3.68% at the end of 2022.

Since the forecasted interest rate rise is modest, we do not expect this to considerably slow buyer behavior or demand, but it may aid in normalizing the market. The possibility of higher future rates should keep current demand strong.



EVERYTHING  
REAL ESTATE.

*for you*

TRUSTED SINCE 1926

### Your Real Estate Resource

This is a fast-paced, changing real estate market. Navigating through it can be difficult, which is why I am here as a resource for whatever questions or assistance you may need. 2021 presents opportunities for both sellers and buyers, and a knowledgeable professional can help you make well-educated decisions.



**Katie Smirnov**

(520) 918-5427 | [KatieSmirnov@LongRealty.com](mailto:KatieSmirnov@LongRealty.com)

**Long Realty Company**

Forecasts and Projections Source: Keeping Current Matters. Information is believed to be reliable, but not guaranteed.