

WALT DANLEY REALTY

NORTHEAST VALLEY – LUXURY MARKET SUMMARY – NOVEMBER 2017

This summary analyzes single family homes over \$500,000 in all areas of the Northeast Valley, including Scottsdale, Paradise Valley, Arcadia, Biltmore, Carefree, Cave Creek, Fountain Hills and Rio Verde.

SUPPLY

Active Listings	
This Year	2,990
Last Year	3,007

On November 1st, 2017 we have 2,990 active listings over \$500,000. This is 12% more than the 2,667 we saw last month. This latest total represents 0.6% fewer listings than we saw in November 2016, so there is a very small drop from this time

last year. Luxury listings are still in good supply compared with the rest of market. We expect listing counts to stay roughly flat between now and the end of December but grow quickly in number between January and April. The increase in active listings was highest for the price ranges over \$1,500,000, up more than 15% from last month and 4% above last year. Between \$500,000 and \$1,500,000 active listings were up only 9% and down 3% from a year ago. 98% of active listings are normal with 37 short sales and 13 lender-owned properties.

Sales	
This Year	324
Last Year	320

DEMAND - SALES

There were 324 closed transactions through ARMLS during October 2017. This is a 1% rise from October 2016, when we saw 320. However, there were 22 working days in October

2017 and only 20 in October 2016, so the rate per working day fell by 8%. Despite this, it is the second highest October total in history, beaten only by 2005 (with 409), at the height of the housing bubble. Most price ranges saw lower sales than in October 2016, with the ranges between \$500,000 and \$600,000 (up 26%) and between \$2 million and \$3 million (up from nine in 2016 to seventeen in 2017) doing all the heavy lifting.

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# Homes Under Contract	
This Year	518
Last Year	414

DEMAND – UNDER CONTRACT

We can anticipate future sales by looking at homes under contract. The number of listings under contract was 518 as of November 1st, which is up 25% from the 414 of November 1st,

2016. This is a much higher percentage than last month and suggests strong sales during November. All price ranges saw good increases, with an increase from 8 to 14 for homes over \$3 million being the highest percentage increase. Normal sales comprise 97% of luxury homes in escrow, up from 94% last year.

SALES PRICING

Due to relatively low volumes and a wide range of price points, the Northeast Valley luxury market can display a lot of volatility if measured on a monthly basis. We therefore prefer to measure over a longer period in order to identify trends more accurately. Since the market low of \$219 in 1Q 2012 we have seen the 12 month average move upwards to around \$270 per sq. ft. which is an increase of 23%. Luxury home pricing first peaked in August 2015 when the twelve-month average price per sq. ft. hit \$269 and finally exceeded that level two months ago. The twelve-month average currently stands at \$270, up from \$267 in October 2016. The six-month average slipped back to \$265, but up from \$263 in October 2016 and the three-month average edged up to \$263, up \$4 from \$259 in October 2016.

UNDER CONTRACT PRICING

The pricing for homes under contract was at a low point of \$165 per sq. ft. in September 2011. Up to the end of March 2014 it was advancing quickly and reached a peak of \$257. Until this month it has made no consistent moves in either direction. However, as of November 1st, 2017, the average stands at \$267, \$13 more than this time last year and finally exceeding the \$264 high set in January 2016. This suggests that sales prices might make positive progress in the next couple of months. The average under contract price for normal listings is \$268 per sq. ft. The average for (the very few) lender owned homes is \$251 per sq. ft and short sales average \$202 per sq. ft.