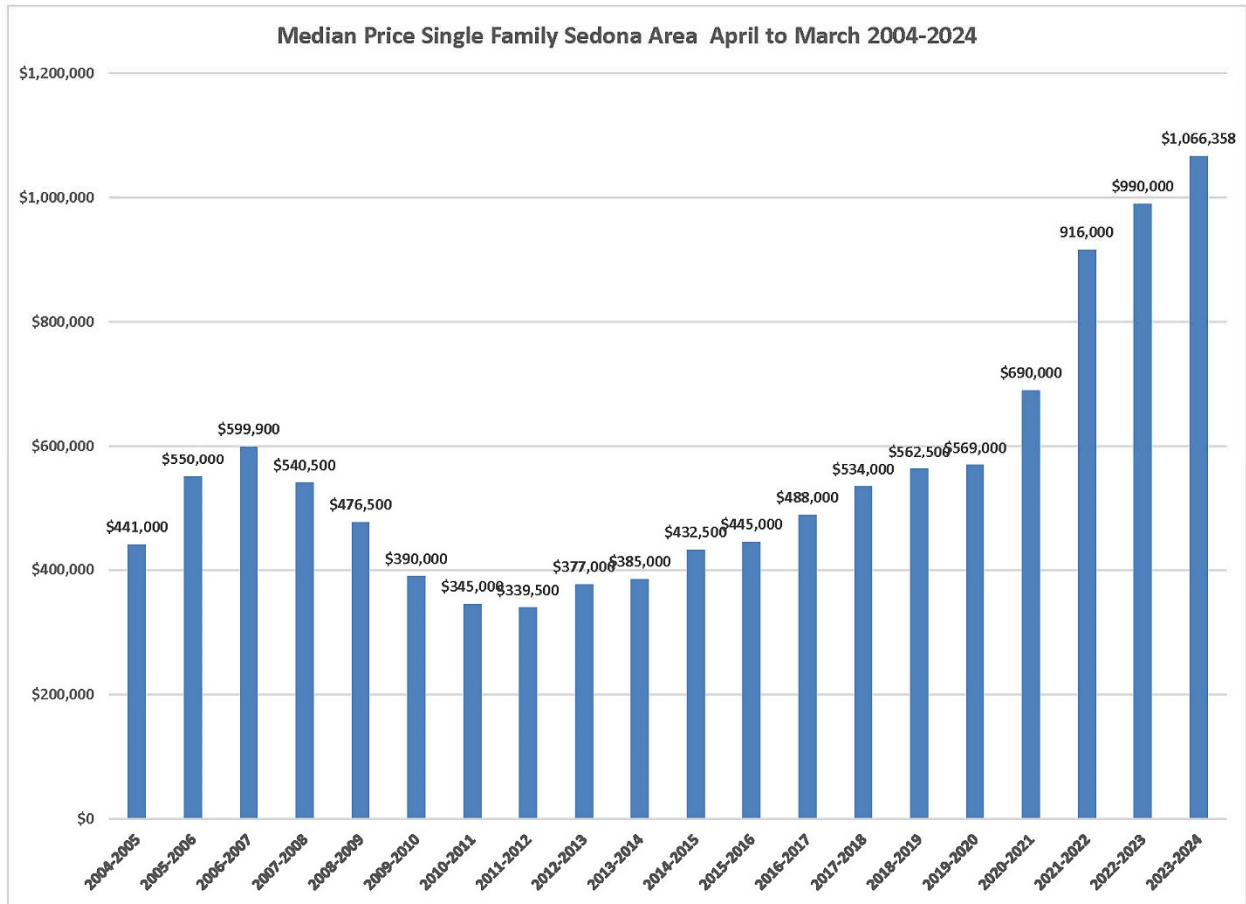


Verde Valley Real Estate First Quarter 2024 in Review

The first quarter of 2024, despite the challenges we've faced since the Federal Reserve began increasing interest rates in March 2022, has shown the resilience of the Sedona real estate market. Despite a 40% drop in sales and higher interest rates, home prices have not decreased. This is a testament to the strength of the market, as the decreasing residential inventory over the past decade has supported ongoing price increases. As a result, the median price of a single-family home in the Sedona area over the past twelve months reached an impressive \$1,066,358.



The real estate market nationwide is grappling with a significant factor-interest rates. The Federal Reserve's goal of reducing the inflation rate from 3% to 2% is proving to be a challenge, which could result in the 30-year mortgage rate staying above 7% for most of the year. Understanding these market dynamics is crucial for all real estate professionals, investors, and potential home buyers in the Verde Valley area.

The impact of higher 30-year mortgage rates on the real estate market is two-fold. Firstly, it leads to higher payments, which, when combined with record-high sales prices, poses significant challenges for home affordability. This is especially true for first-time home buyers, a crucial segment of the market. Secondly, retirees, who drive

the Sedona and Verde Valley markets, often need to sell their homes in markets where first-time home buyers are significant. This situation underscores the need for a balanced market to ensure accessibility for all.

The second factor, and one that is looming larger and larger over the market, is the gap between the interest rate on homeowners' existing mortgages and the rate for new homes. By the end of 2023, about 70% of all mortgages had rates more than 3% below the current market rate, and that has increased even more in the last several weeks.

This is such a good news-bad news scenario. The good news is that a homeowner's existing mortgage is at a low rate; the bad news is that if they want to sell, getting a new loan will be at today's 7% plus rate, effectively locking them into their existing loan. This has had the impact of, by many estimates, keeping upwards of 1.5 million homes off the market at a time when the existing inventory is already low and helping drive prices even higher.

To Change things up a bit, I want to give you an update on what is going to be a major change in the way that real estate commissions are going to be handled in the United States. Thanks to the settlement of a major federal lawsuit, with the National Association of Realtors, the way real estate commissions work in the U.S. is set to change in July, pending court approval. The longstanding convention has been for home sellers to pay both their own agent's commission and their buyer's, often with that cost as part of the home's asking price. But going forward, buyers may have to cover their own agent's commission fee.

How real estate commissions work: Traditionally, when a home seller hires a real estate agent to represent their listing, the seller agrees to pay a commission. One-half of the fee has traditionally gone to the listing agent, and one-half of the fee has gone to the buyer's agent.

Who pays them: Agent fees are deducted from the seller's proceeds at closing, so the real estate fee is included in the home's sale price. The buyer ultimately pays the fee, but not directly to their agent.

What's changing: The National Association of Realtors (NAR) settlement does not mention the amount of commissions, which have always been negotiable. The biggest change is that starting in July, pending court approval, listing agents will no longer make offers of compensation to buyer agents through the Multiple Listing Service (MLS).

In addition, a buyer's agent must now have a written contract with the buyer specifying the fee. Until now, NAR encouraged but didn't require written agreements between

buyer's agents and buyers. Home buyers will now be fully aware of how much they are paying for an agent's services.

What's more, the buyer's agent commission was determined by the seller, not by the buyer. The new rules shift that responsibility to buyers, who now will discuss compensation directly with the agents representing them.

Sellers can elect not to pay buyer agent compensation, but that may limit the buyer pool available for their home. Buyers may also easily write into any offer a contingency requiring that the seller cover loan fees, buyers' agent commissions, and closing costs. This may be especially true for first-time home buyers, who often do not have funds in excess of those needed to buy the home.

How this might affect home prices and affordability remains to be seen. The new rules mean buyers will have a say in how much they pay buyers' agents. Aside from that, it's hard to know exactly how the changes will affect the housing market or the purchase process. Stay tuned!

Just the Facts: Sedona: Despite the nationwide trend, which seems counterintuitive in a market with sales numbers that are some of the slowest in 14 years, the Sedona real estate market has shown remarkable resilience. The median sales price of a single-family home rose year over year by 7.7% to \$1,066,358, setting a new record. The number of sales for the last 12-month period came in at 389, a modest 6% increase over the previous 12-month period. While these numbers are still among the lowest in 14 years and off 40% from the peak in the COVID-19 frenzied years, they demonstrate the market's ability to adapt and grow.

Single-family sales for the first quarter of 2024 were 86, 17% higher than the first quarter of 2023. The median sales price for the first quarter of 2024 was \$1,162,500, a significant 25% increase over the first quarter of 2023. However, with the recent rise in interest rates, it will be intriguing to observe how this might affect future sales, adding a layer of anticipation to the market dynamics.

Year over year, sales of homes over \$1,000,000 remain strong, especially considering the median sales price is over \$1,000,000. There were 199 sales over \$1,000,000, a 10% increase year over year.

The cumulative days on the market were 75 days compared to 59 days for the previous 12 months, a 24% increase. This is to be expected with the slowdown in sales.

The median sales price for townhomes and condos in the last 12-month period was \$536,500, down 5% from 2023. The number of sales for the last 12 months was 92, compared to 98 for all of 2023.

Vacant land transactions have continued to be slow over the last 12 months. There were 114 sales in the last 12 months, down 8% from the previous 12 months' 125 sales. The median sales price for vacant land sales backed off during the last 12 months, coming in at \$262,500, down 17% from the previous 12 months' \$315,000.

Camp Verde: The median sales price for single-family homes in the Camp Verde area for the last 12 months was \$412,000, down 13% from the previous 12 months' \$470,000. This is the first drop in the median sales price of a single-family home in the Camp Verde area in the last 11 years. The number of sales for the last 12 months came in at 75 sales, down 16 % from the previous 12 months' 89 sales. This was the lowest number of sales in the last 14 years. Low inventory and high-interest rates are taking their toll on sales and sales prices in the outlying areas of the Verde Valley. This is further witnessed by the 14 sales in the first quarter of 2024 down from 22 in the first quarter of 2023. The median sales price for the first quarter came in at an even lower \$378,522, down 20% from the first quarter of 2023

Lake Montezuma and Rimrock: The median sales price for single-family homes in the Rimrock and Lake Montezuma area for the last 12 months was \$371,000, up 3% from the previous 12 months' \$361,295. This increase in median sales price was in spite of weak sales, coming in at 51 sales over the last 12 months, down 31% from the previous 12 months' 74 sales. Single-family sales for the first quarter of 2024 came in at 12 sales, the same as the first quarter of 2023. However, the median sales price took a significant drop, down to \$303,000 from the \$371,500 of the first quarter of 2023.

Cottonwood and Cornville: The median sales price for single-family homes in the Cottonwood and Cornville area for the last 12 months came in at \$460,000 up 4.4% from the previous 12 months \$440,500. The number of sales took a slide down to 429 sales for the last 12 months, down 14% from the previous 12 months' 496 sales. Single-family sales for the first quarter of 2024 came in at 97 sales, up 3% from the first quarter of 2023. Following in line with the Sedona area, the median sales price of a single-family home took a significant jump up 7.7% to \$458,000 from \$425,000 in the first quarter of 2023.

The Bottom Line: Interest rates are really making a dent in the real estate market all over the country and right here in Verde Valley too. They're affecting how affordable homes are and how many are up for sale, which are the big things that keep the real estate market moving. Since inflation isn't calming down and is staying above the Fed's ideal 2% target, we're probably looking at interest rates hanging around 7% or maybe even higher. This is likely to stick until at least the Fall, or until the Fed decides to cut the rates. This will result in continued low inventory and slower sales, more of the same we have been experiencing for the last two years.

2024 Verde Valley Residential Sold vs Active

Price Range	Sedona		Cottonwood/Cornville		Camp Verde		Rimrock Lake Montezuma		Verde Valley	
	Sold	Active	Sold	Active	Sold	Active	Sold	Active	Sold	Active
0 - 199K	1	4	20	23	9	9	1	1	31	37
200K - 299K	5	2	16	20	10	15	6	4	37	41
300K - 399K	3	1	32	37	8	8	4	6	47	52
400K - 499K	3	11	24	44	1	6	1	9	29	70
500K - 749K	20	32	33	71	2	12	1	8	56	123
750K - 999K	27	70	7	18	1	5	0	1	35	94
1 Mil - 1.49 Mil	29	52	0	9	0	0	0	0	29	61
1.5 Mil - 1.99 Mil	10	24	1	0	0	0	0	0	11	24
2 Mil - 2.49 Mil	7	14	0	0	0	0	0	0	7	14
2.5 Mil & Over	5	45	0	0	0	1	0	0	5	46
Sold vs Active 0 - 499,999	12	18	92	124	28	38	12	20	144	200
Sold vs. Active 500K - 999,999	47	102	40	89	3	17	1	9	91	217
Sold vs Active 1 Mil & Over	51	135	1	9	0	1	0	0	52	145
Totals	110	255	133	222	31	56	13	29	287	562

* Active listings are those that are active and under contract

Data Source:SVVAR MLS as of April 4, 2024

Provided Courtesy of Randy Crewse Realty One Group Mountain Desert

2024 Verde Valley Vacant Land Sold vs Active

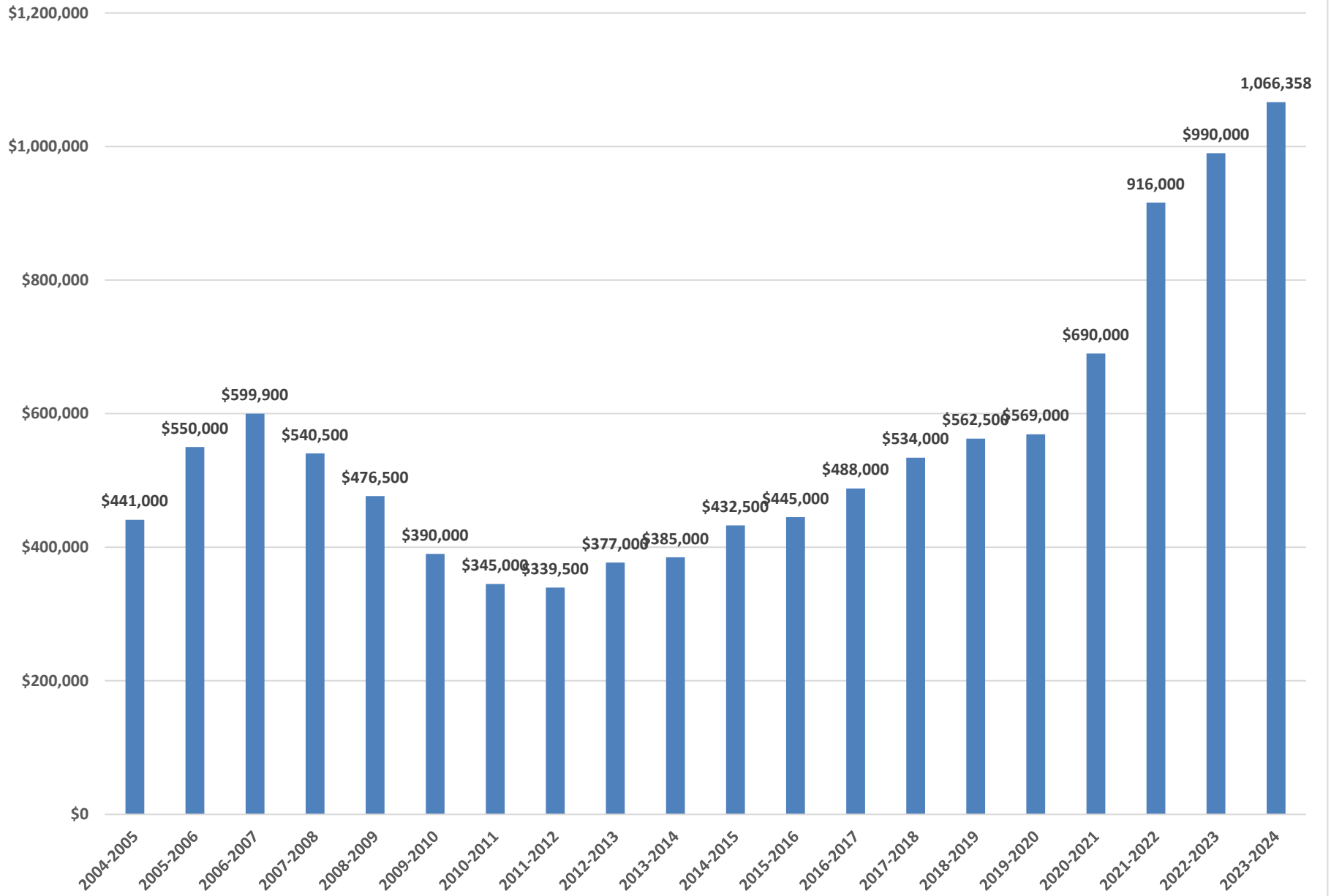
Price Range	Sedona		Cottonwood/Cornville		Camp Verde		Rimrock Montezuma Lake		Verde Valley	
	Sold	Active	Sold	Active	Sold	Active	Sold	Active	Sold	Active
0 - 99K	0	0	5	56	4	15	14	44	23	115
100K - 199K	5	10	3	60	3	25	1	5	12	100
200K - 299K	4	40	3	17	0	2	0	0	7	59
300K - 399K	0	17	1	15	0	1	0	3	1	36
400K - 499K	4	28	0	6	0	2	0	0	4	36
500K - 749K	3	10	0	5	0	1	0	0	3	16
750K - 999K	0	7	0	6	0	0	0	0	0	13
1 Mil - 1.49 Mil	0	7	0	3	0	1	0	0	0	11
1.5 Mil - 1.99 Mil	0	2	0	0	0	2	0	0	0	4
2 Mil - 2.49 Mil	0	0	0	1	0	0	0	0	0	1
2.5 Mil & Over	0	5	0	9	0	1	0	1	0	16
Sold vs Active 0 - 499,999	13	95	12	154	7	45	15	52	47	346
Sold vs. Active 500K - 999,999	3	17	0	11	0	1	0	0	3	29
Sold vs Active 1 Mil & Over	0	14	0	13	0	4	0	1	0	32
Totals	16	126	12	178	7	50	15	53	50	407

* Active listings are those that are active and under contract

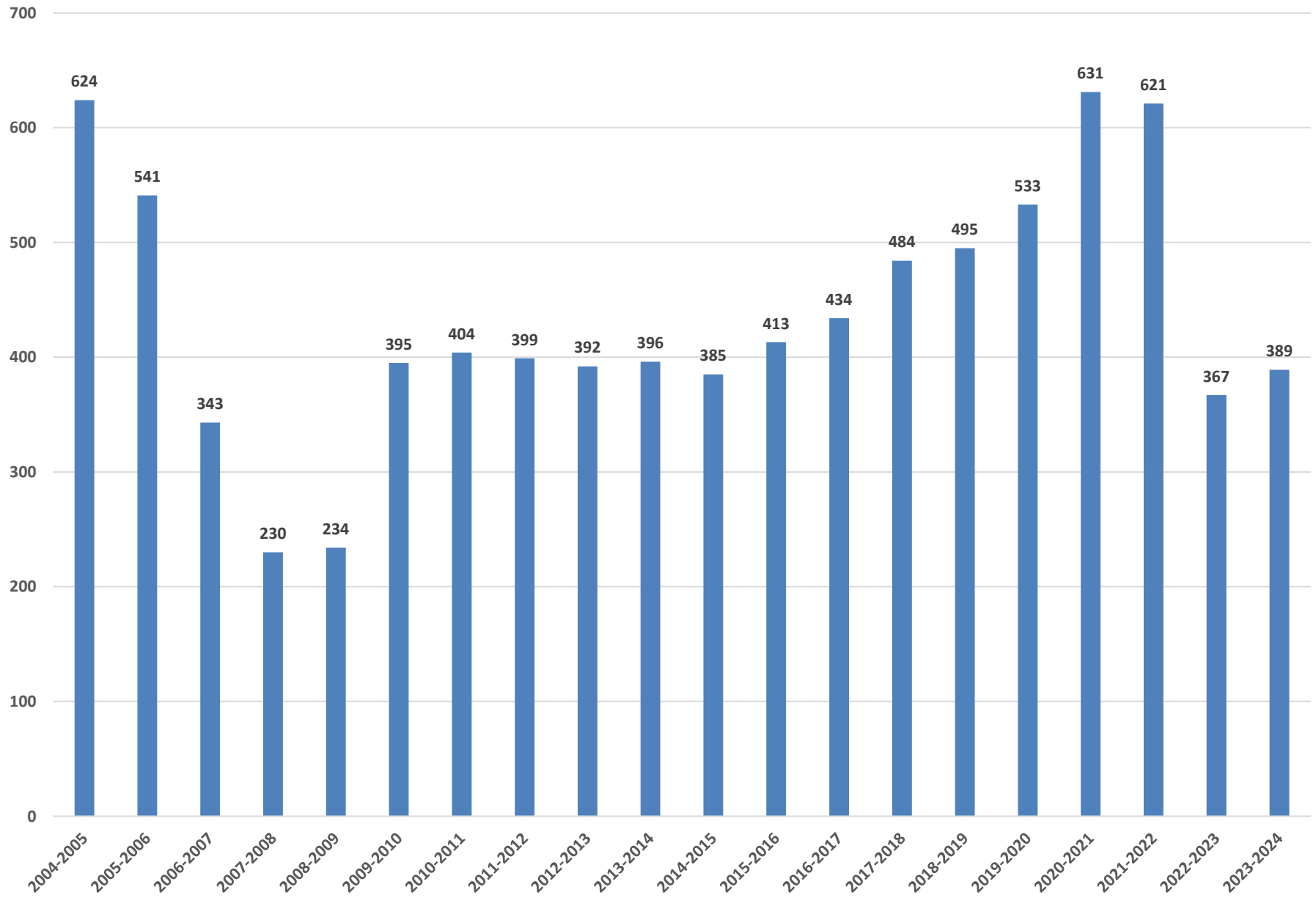
Provided Courtesy of Randy Crewse Realty One Group Mountain Desert

Data Source: SVVAR MLS as of April 5, 2024

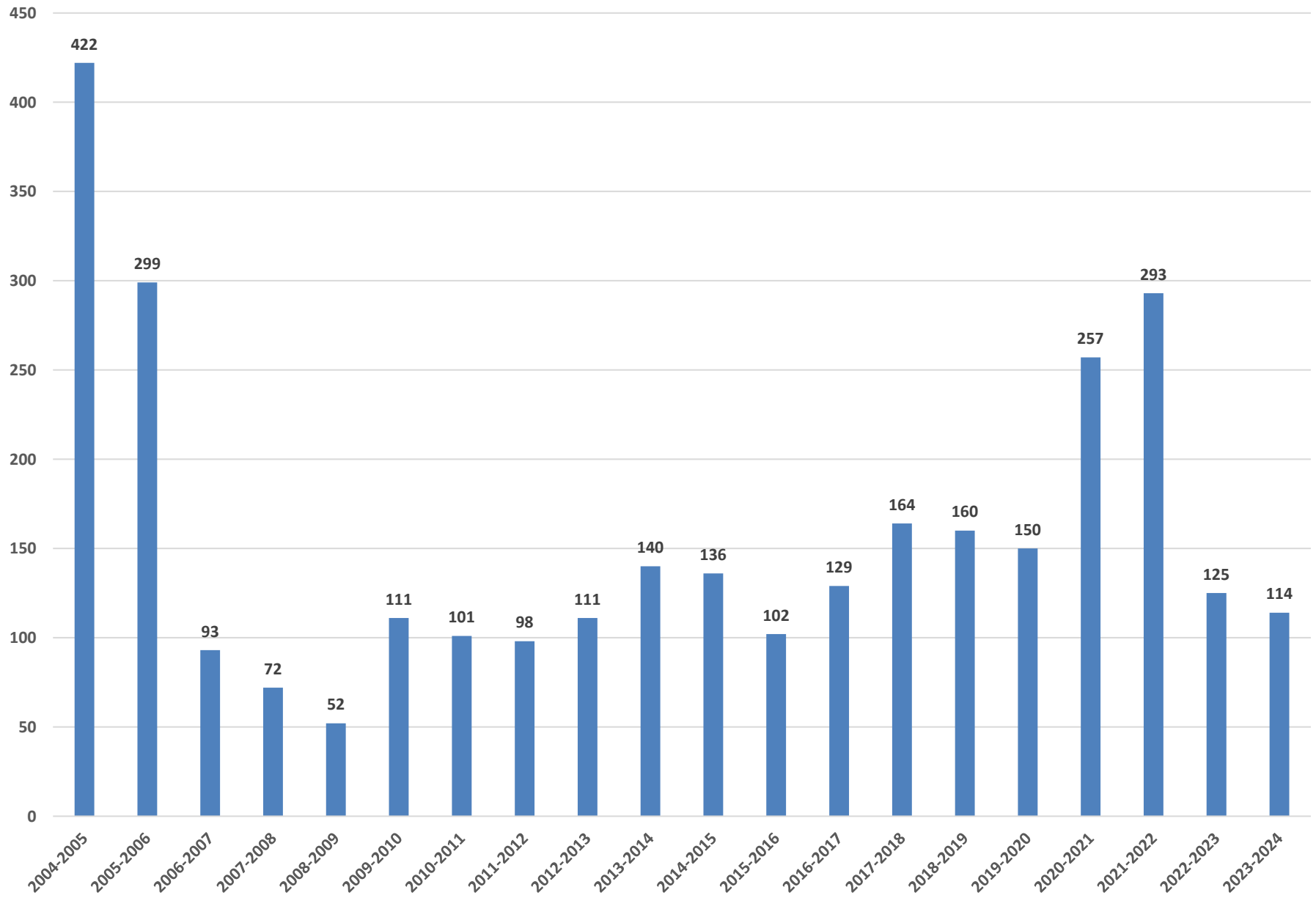
Median Price Single Family Sedona Area April to March 2004-2024



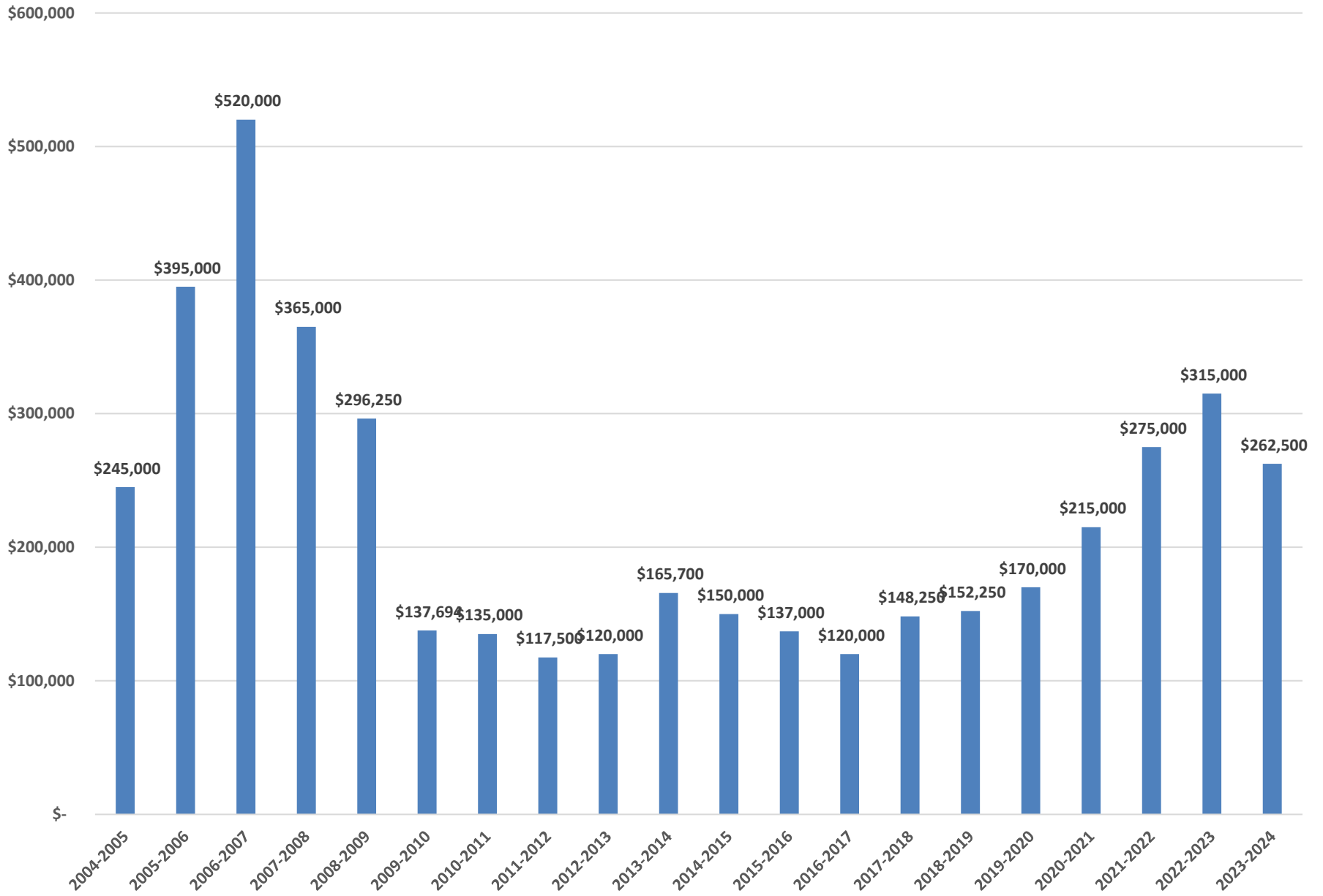
Single Family Transactions Sedona Area April to March 2004-2024



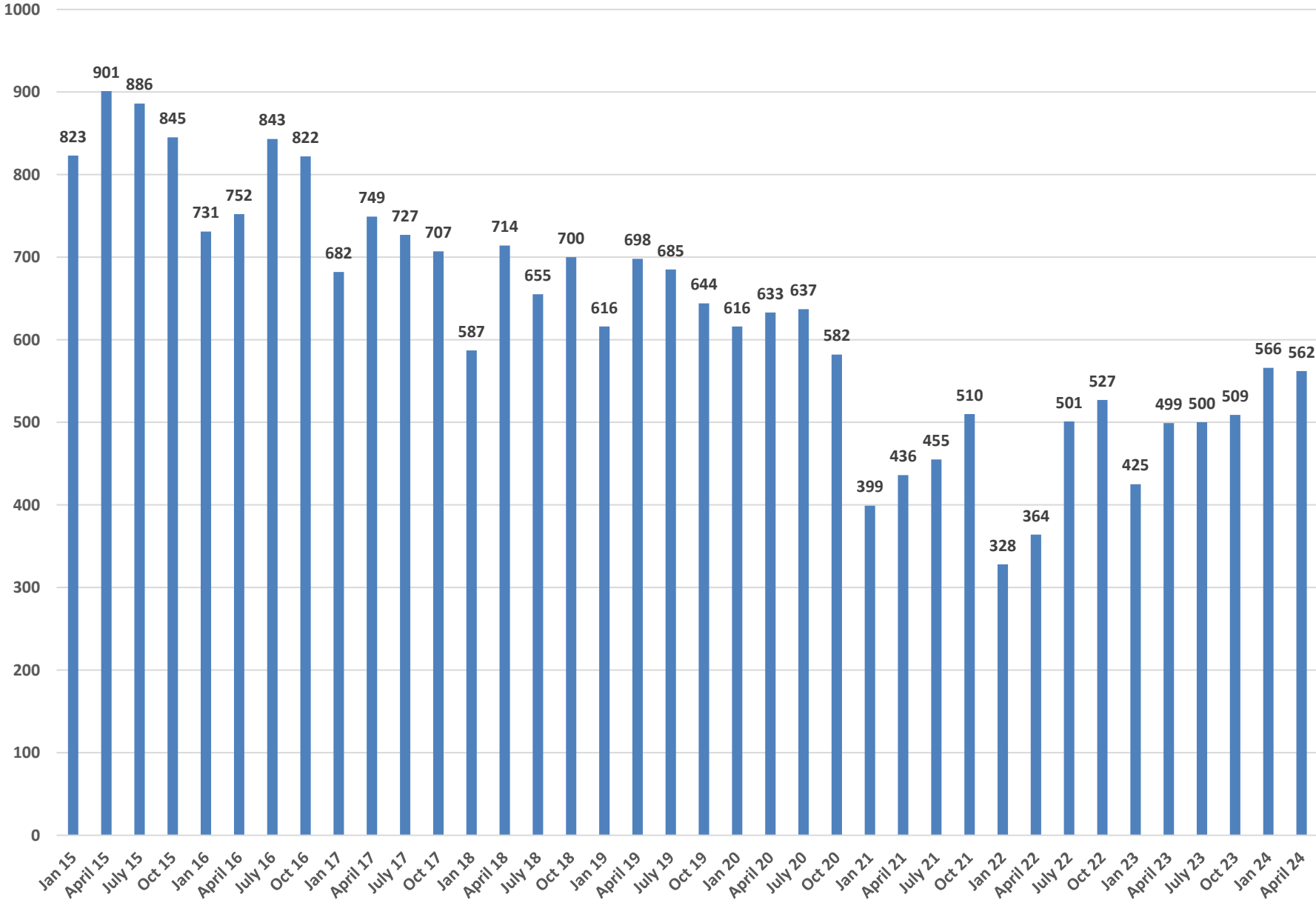
Vacant Land Transactions Sedona Area April to March 2004-2024



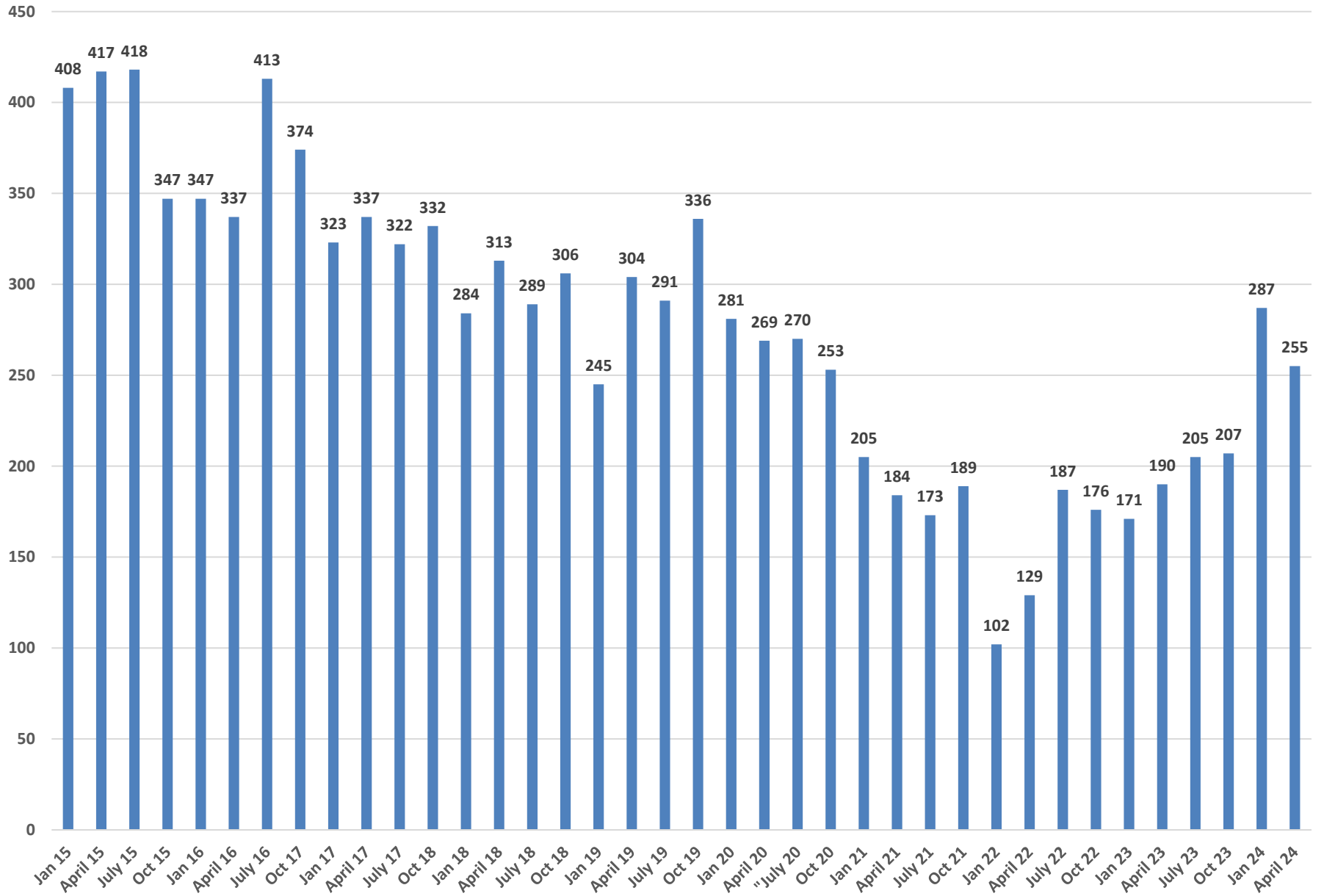
Median Sales Price Vacant Land Sedona Area April to March 2004-2024



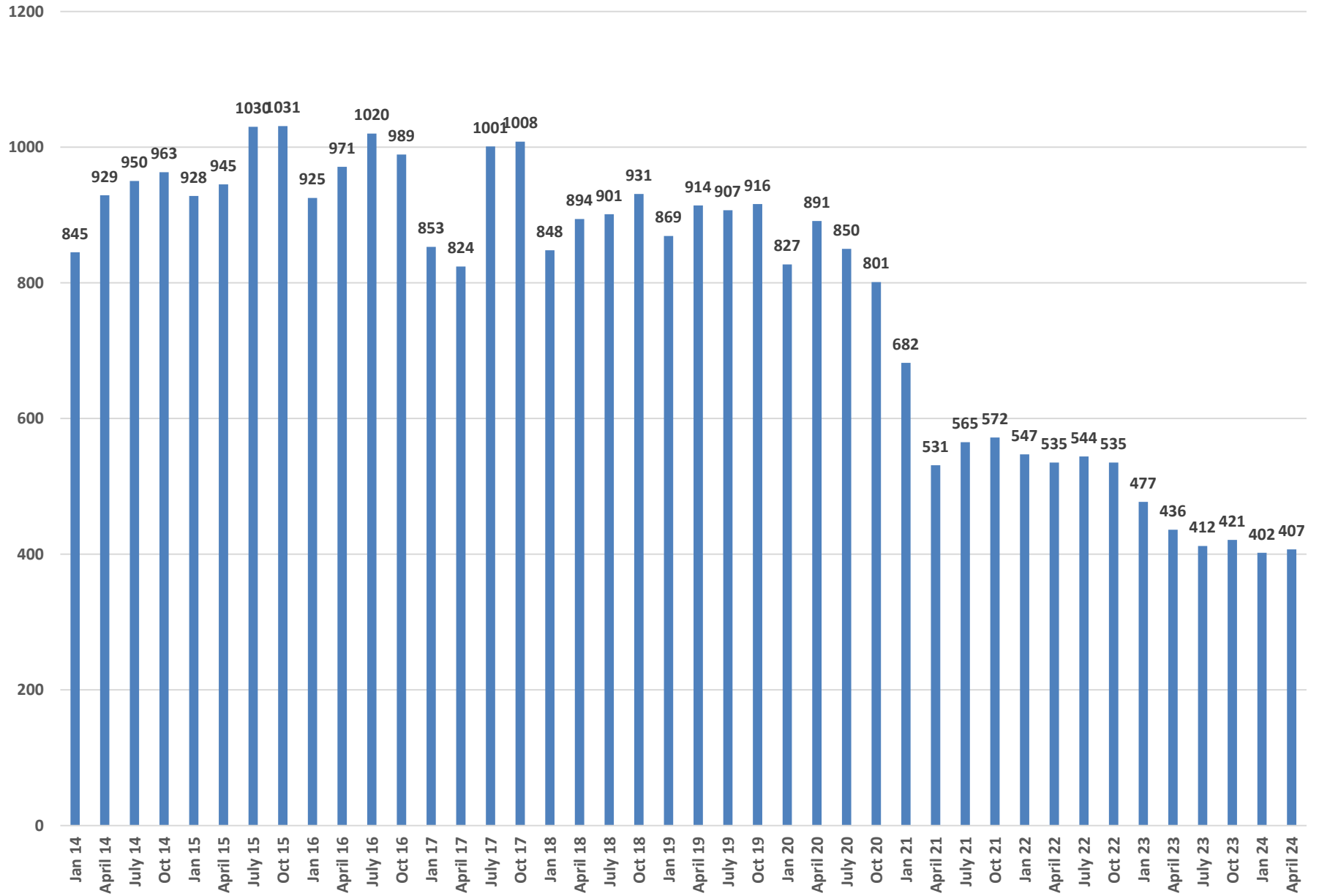
Verde Valley Residential Inventory



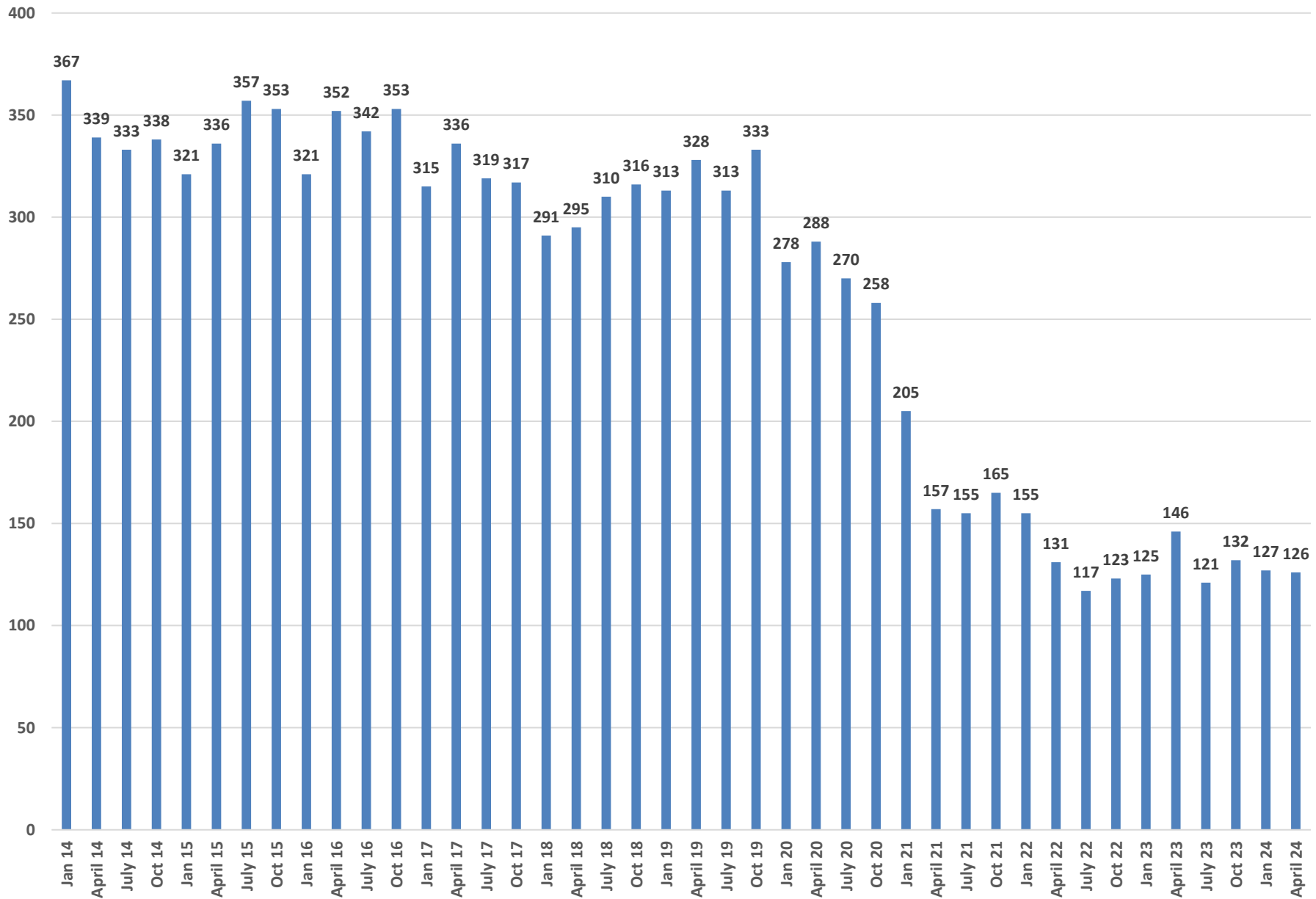
Sedona Residential Inventory



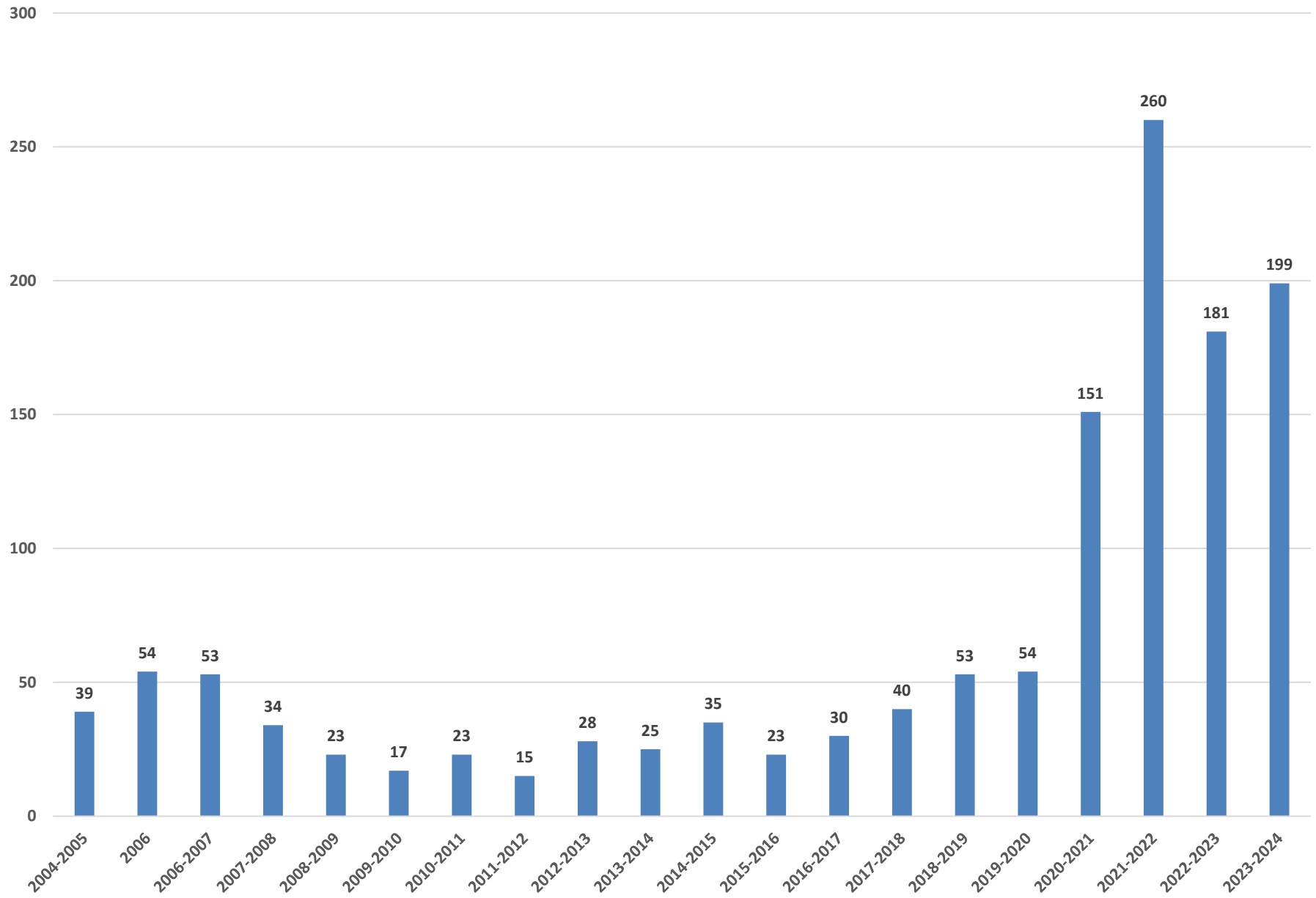
Verde Valley Vacant Land Inventory



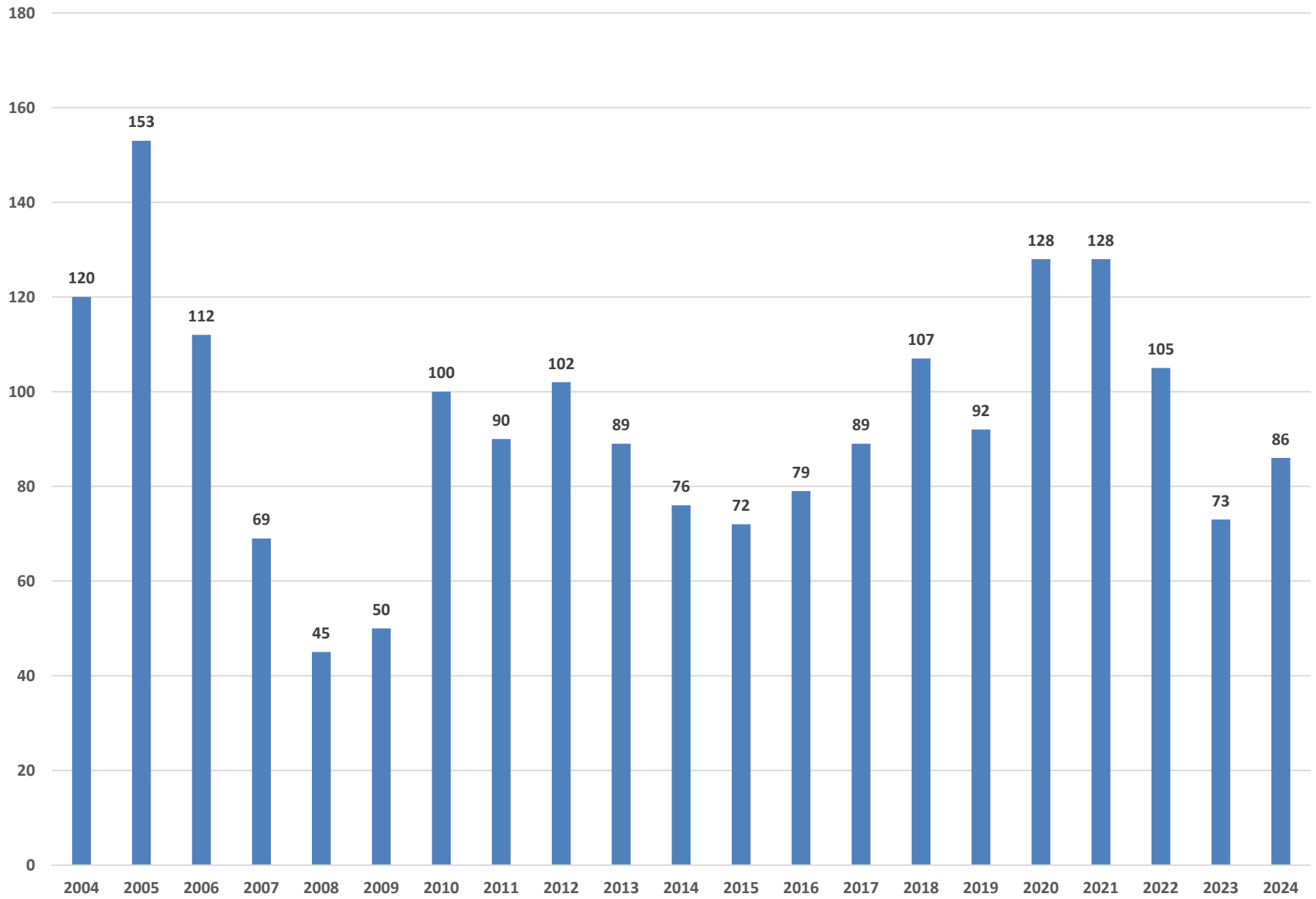
Sedona Vacant Land Inventory



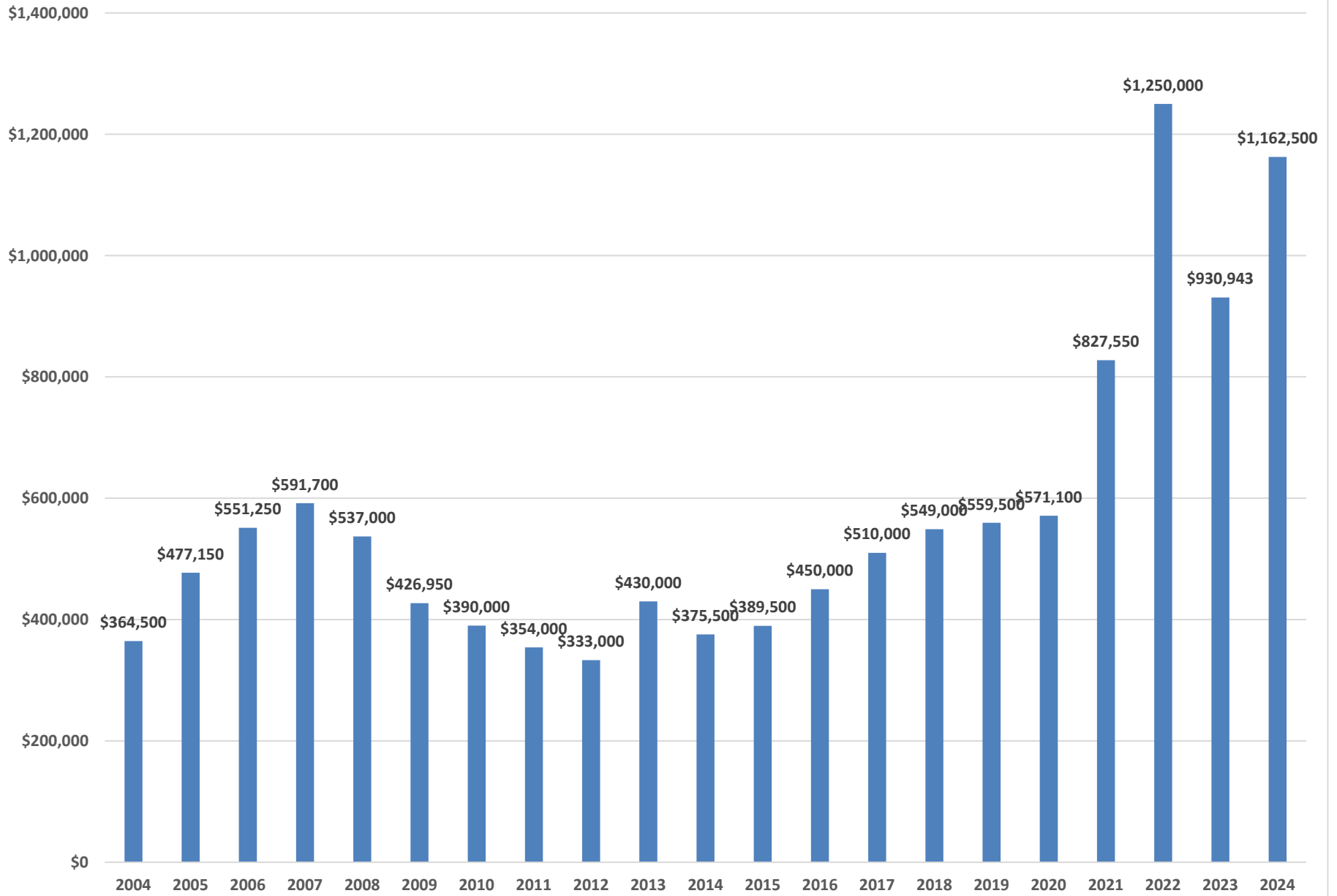
Single Family Transactions Above \$1,000,000 Sedona Area April to March 2004-2024



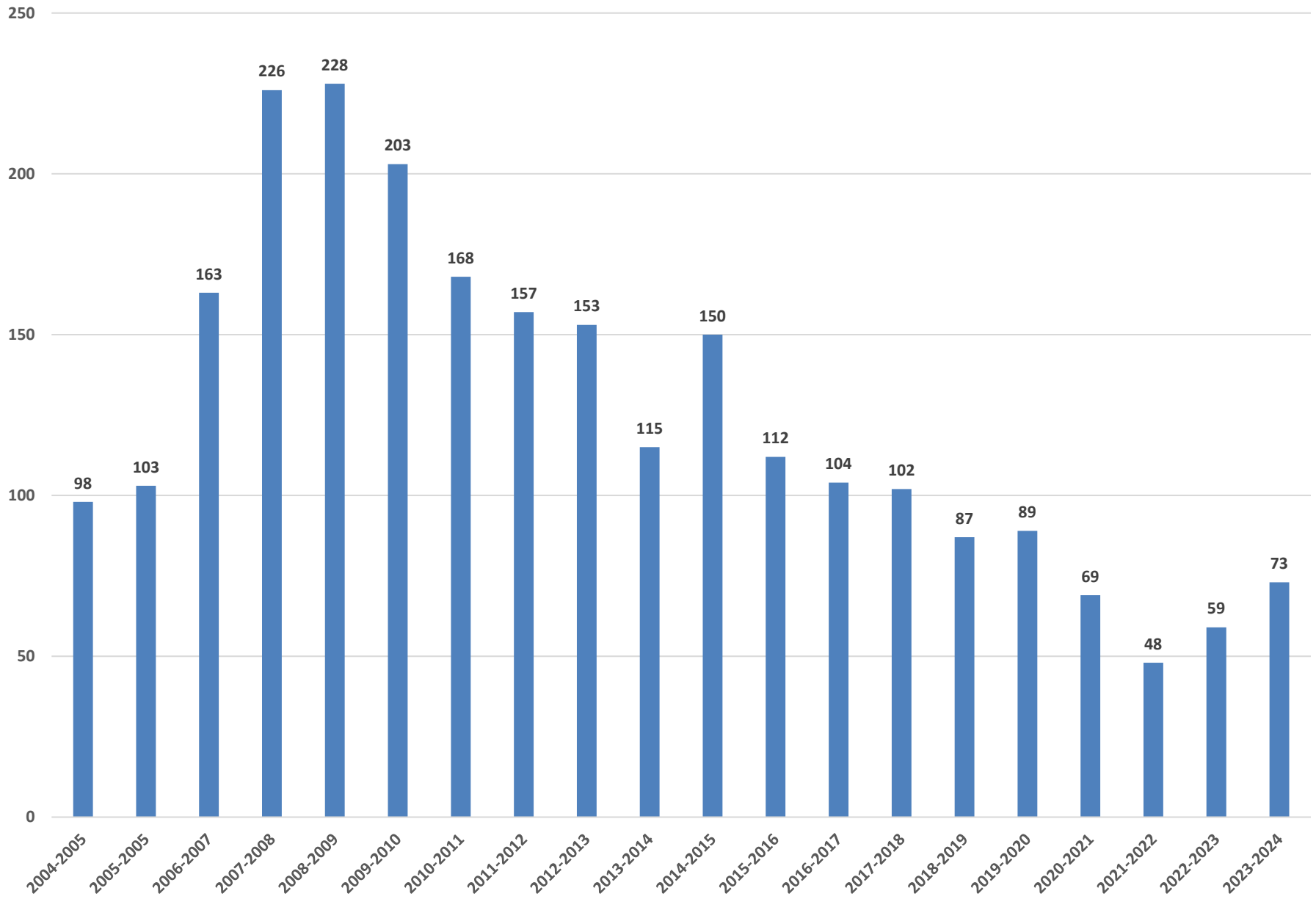
Single Family Transactions Sedona Area First Three Months of Year



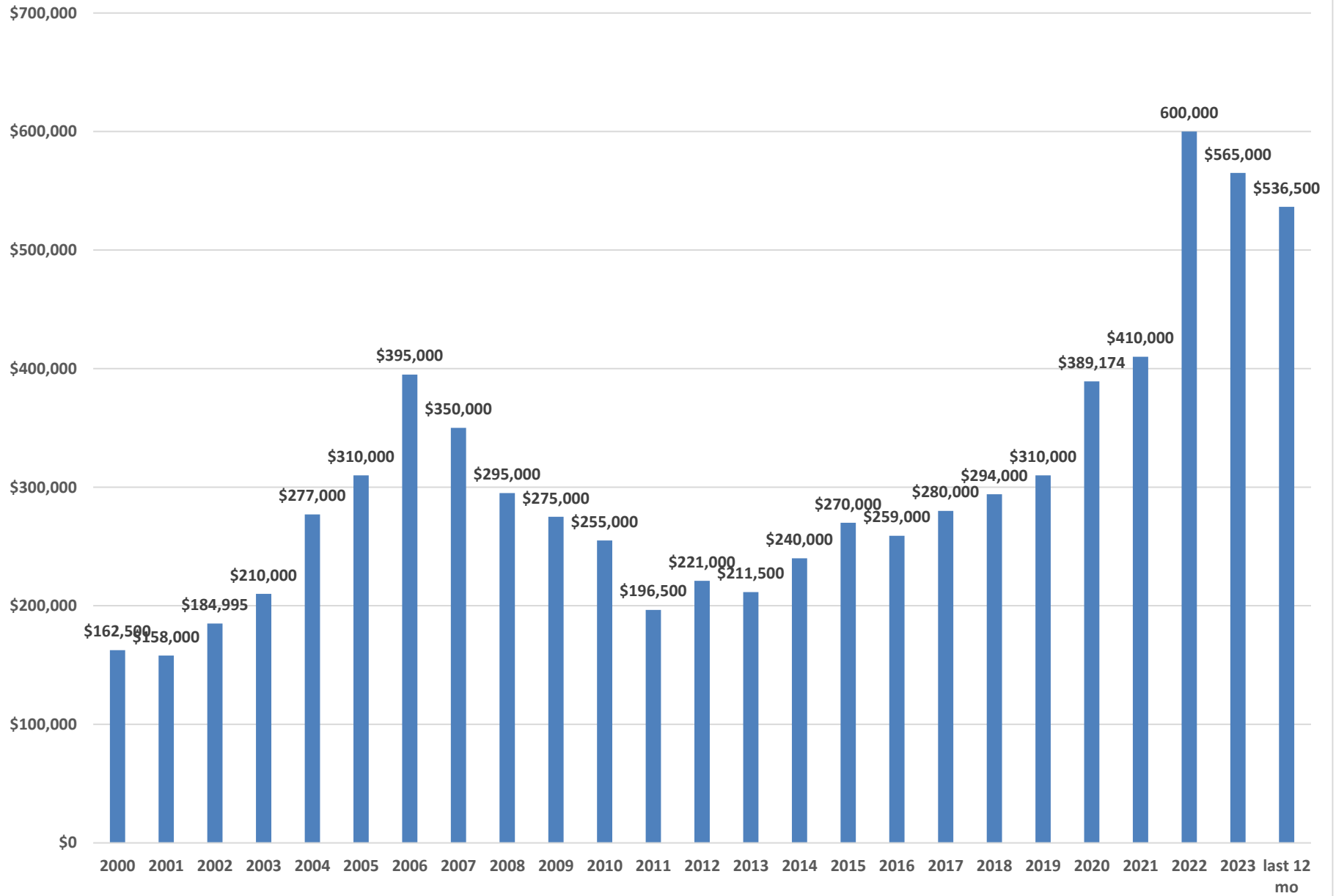
Median Sales Price Single Family Sedona Area First Three Months of Year



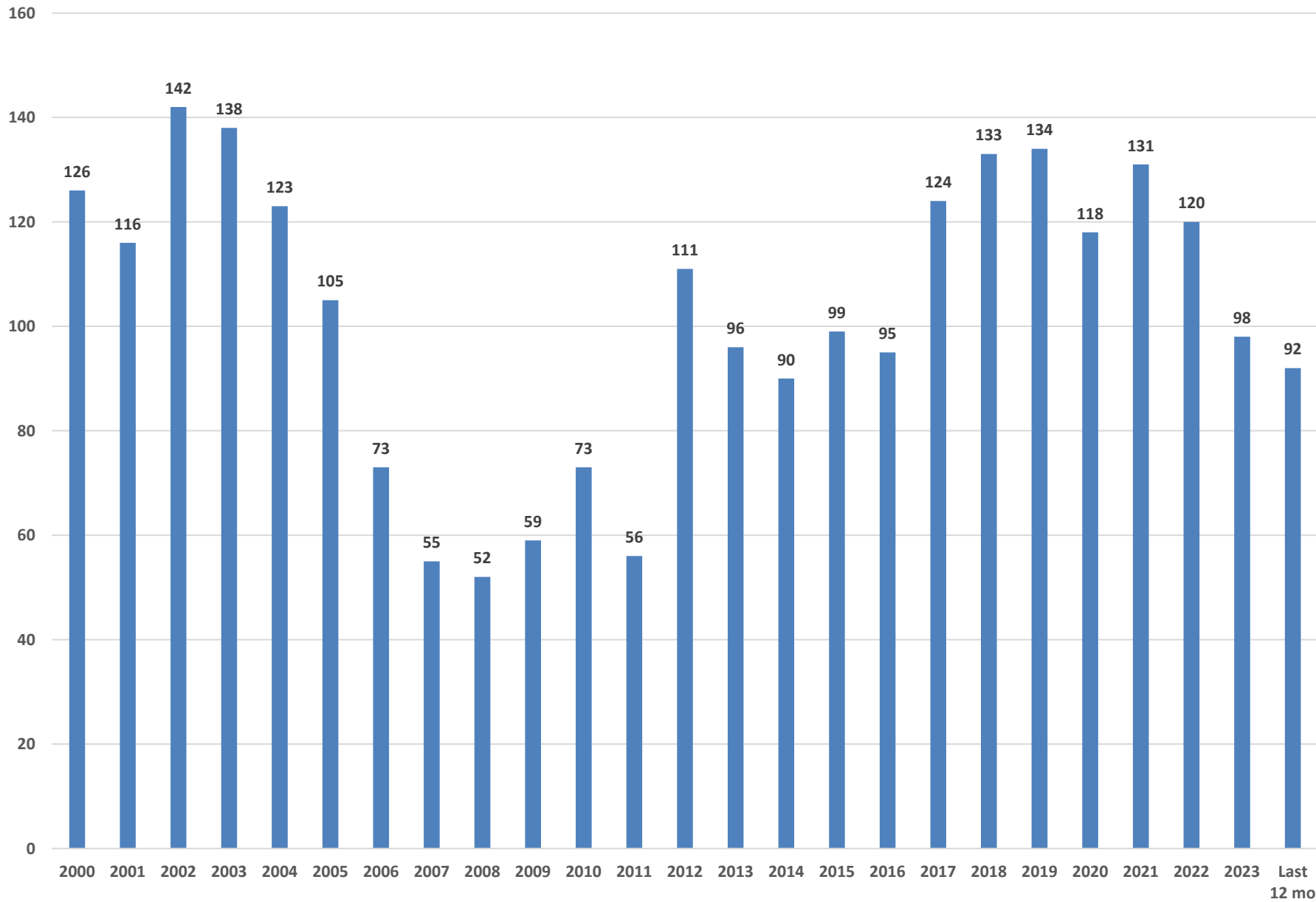
Cumulative Median Days on Market for Single Family Sedona Area April to March 2004-2024



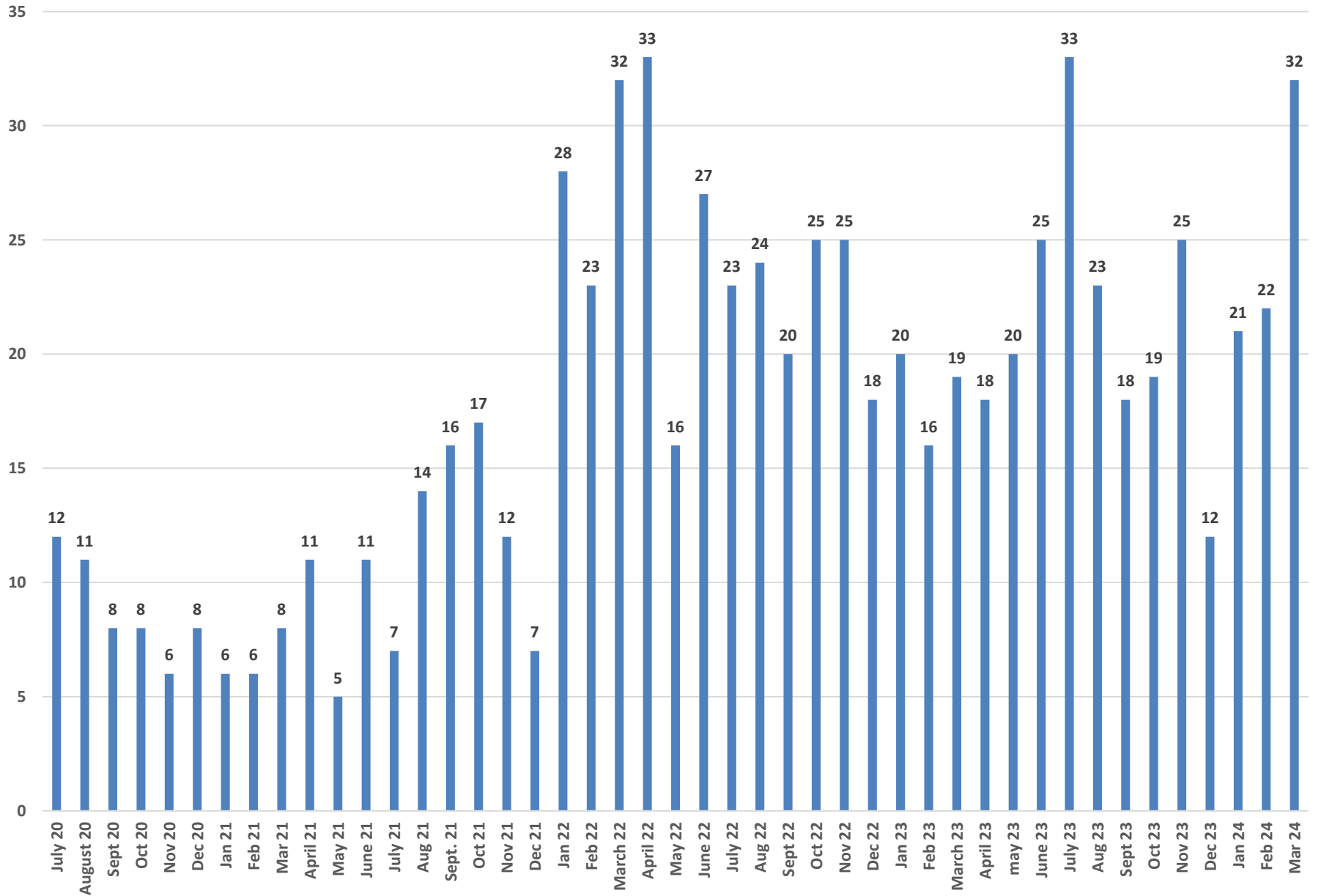
Median Sales Price Condominiums and Townhomes Sedona Area



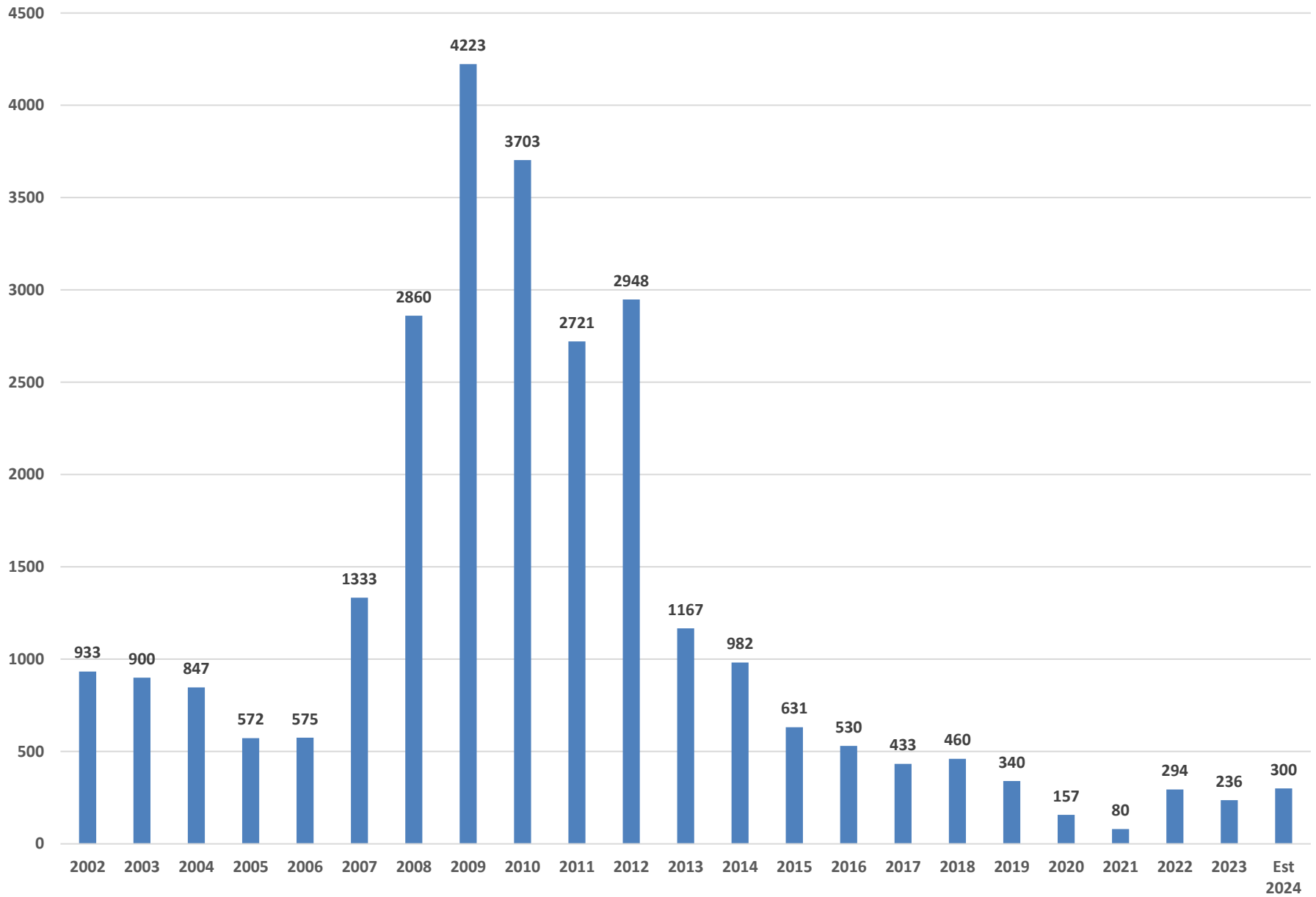
Number of Condominuims and Townhomes Sold Sedona Area



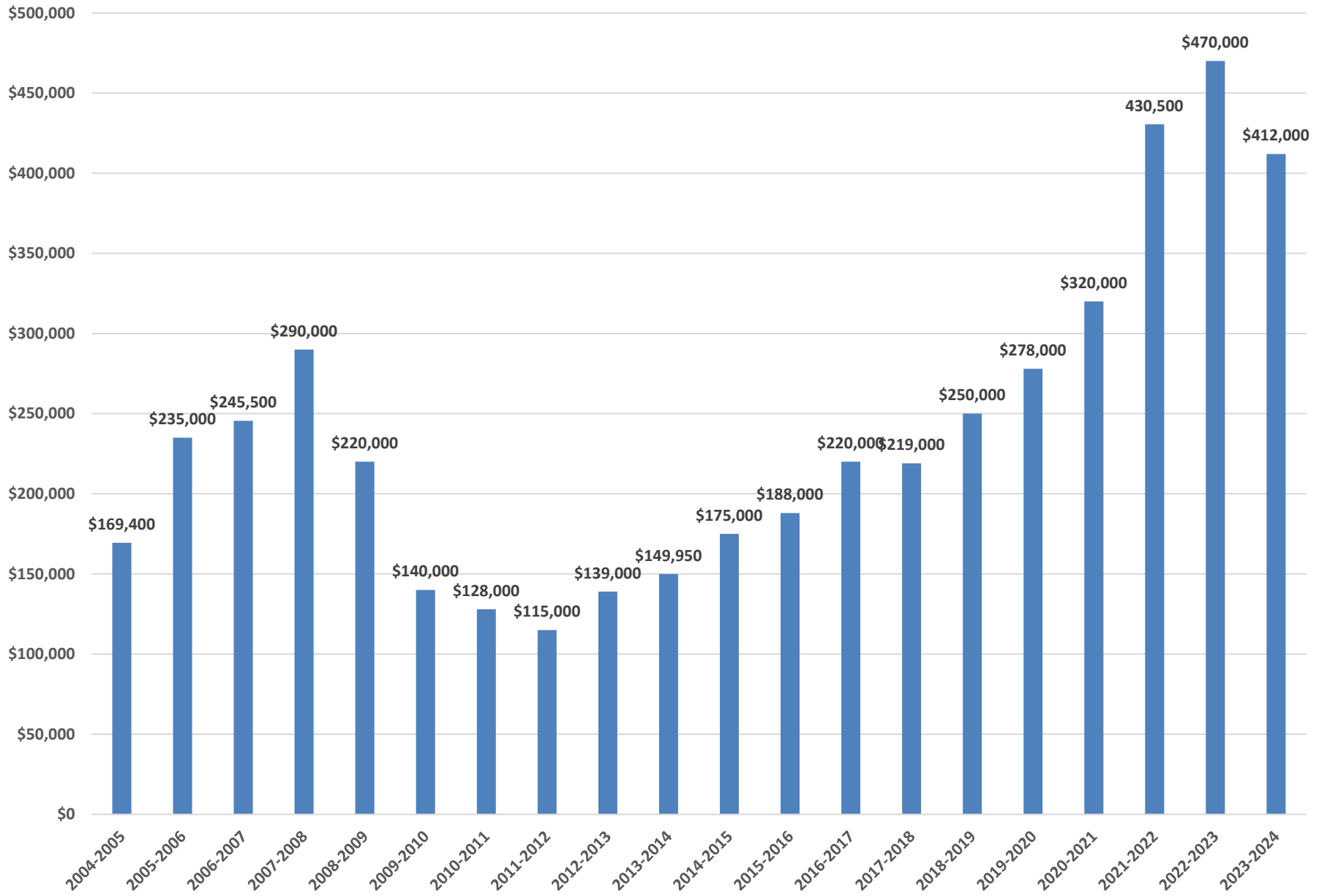
Yavapai County Notice of Trustees Sales (Foreclosures Initiated)



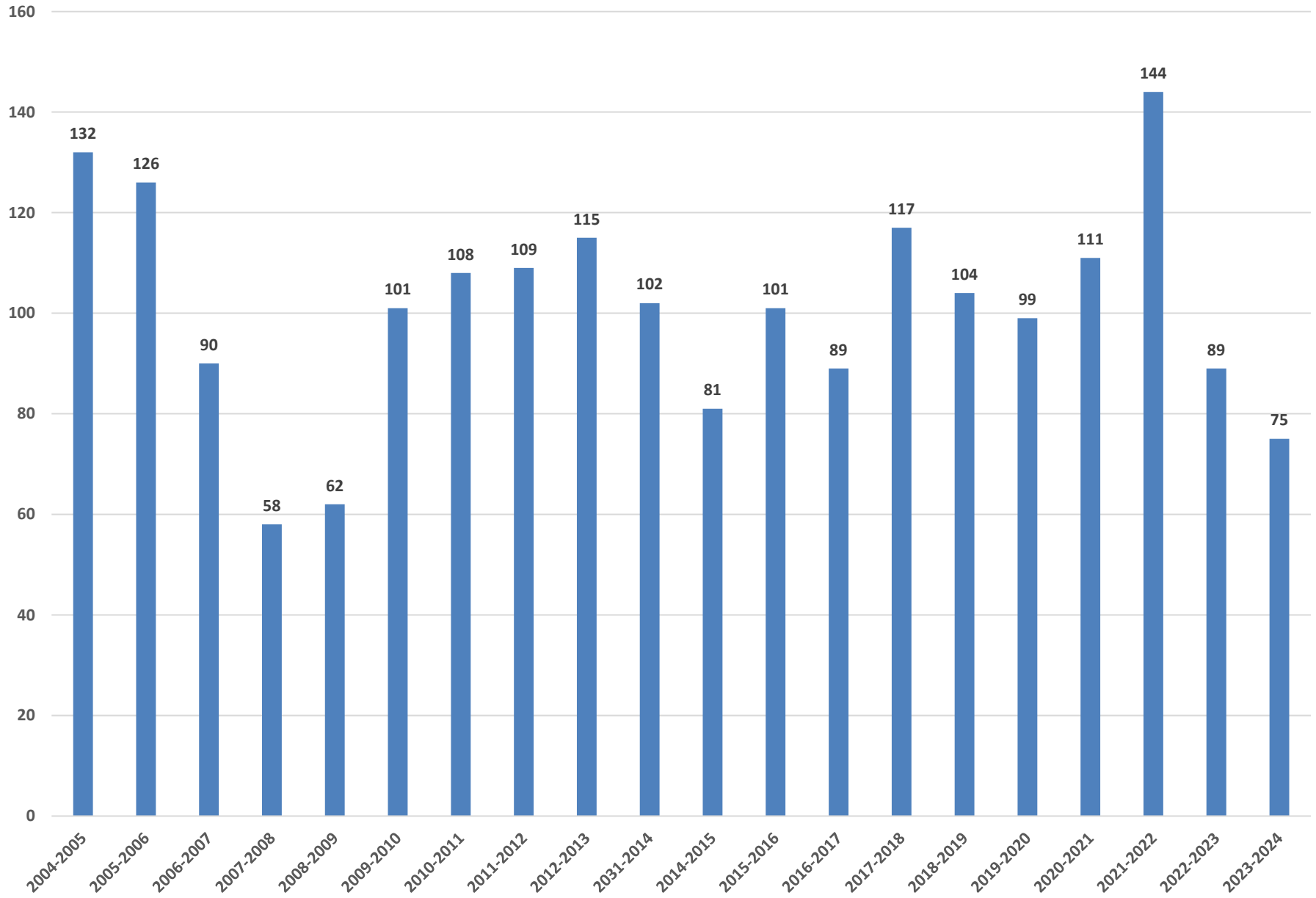
Annual Notice of Trustees Sales in Yavapai County (Foreclosures)



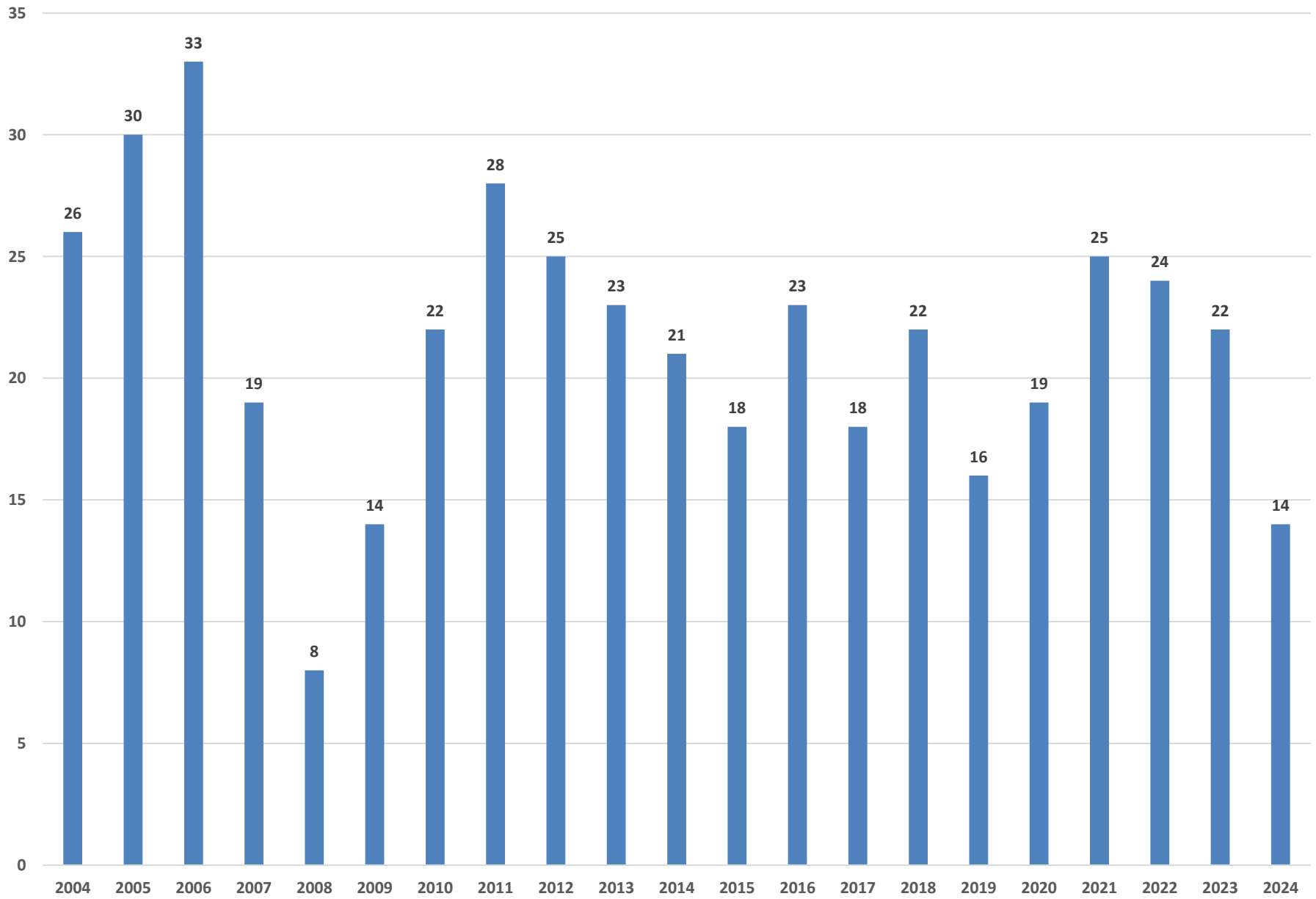
Median Price Single Family Camp Verde Area April to March 2004-2024



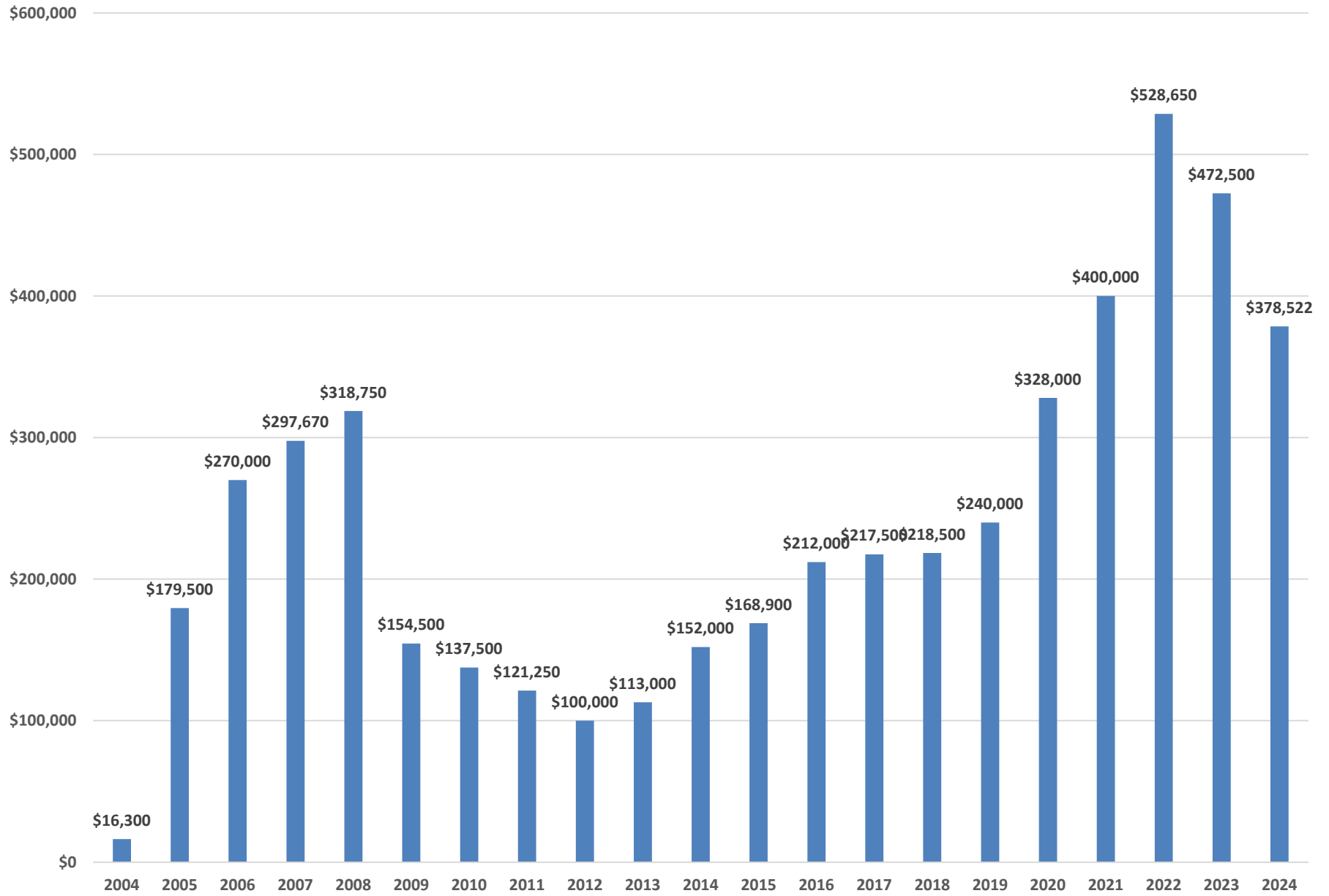
Single Family Transactions Camp Verde Area April to March 2004-2024



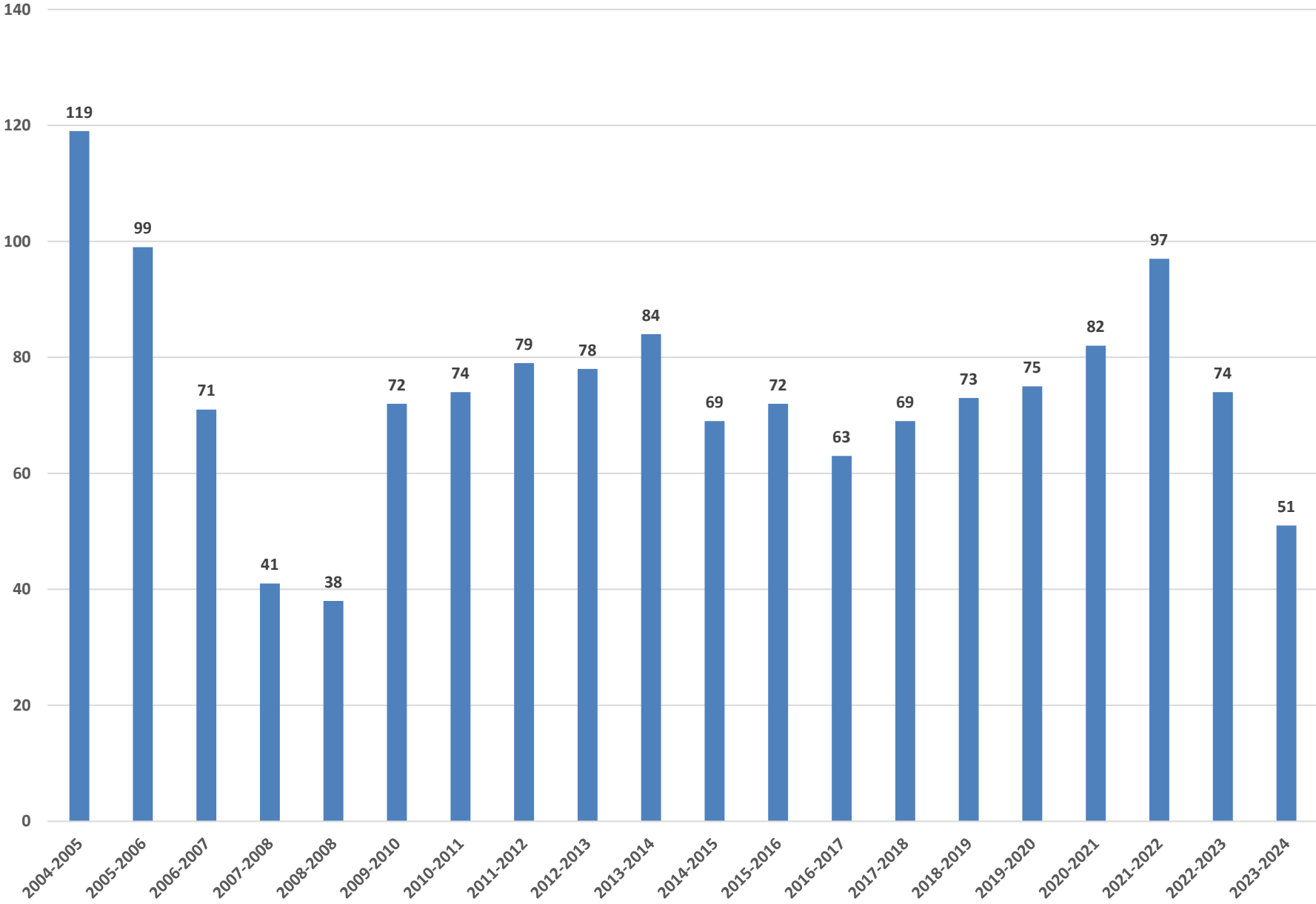
Single Family Transactions Camp Verde Area First Three Months of Year



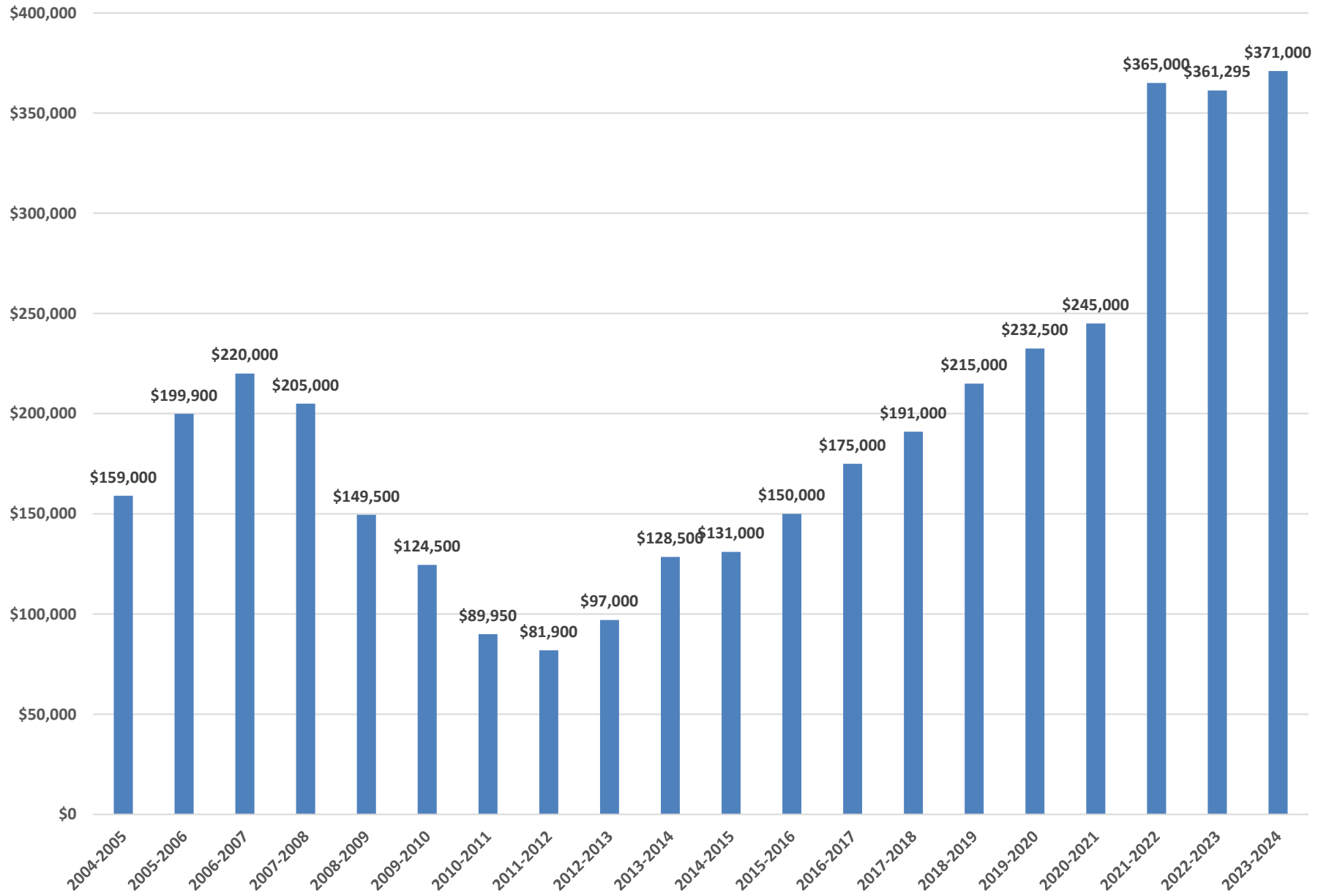
Median Sales Price Single Family Camp Verde Area For The First three Months of Year



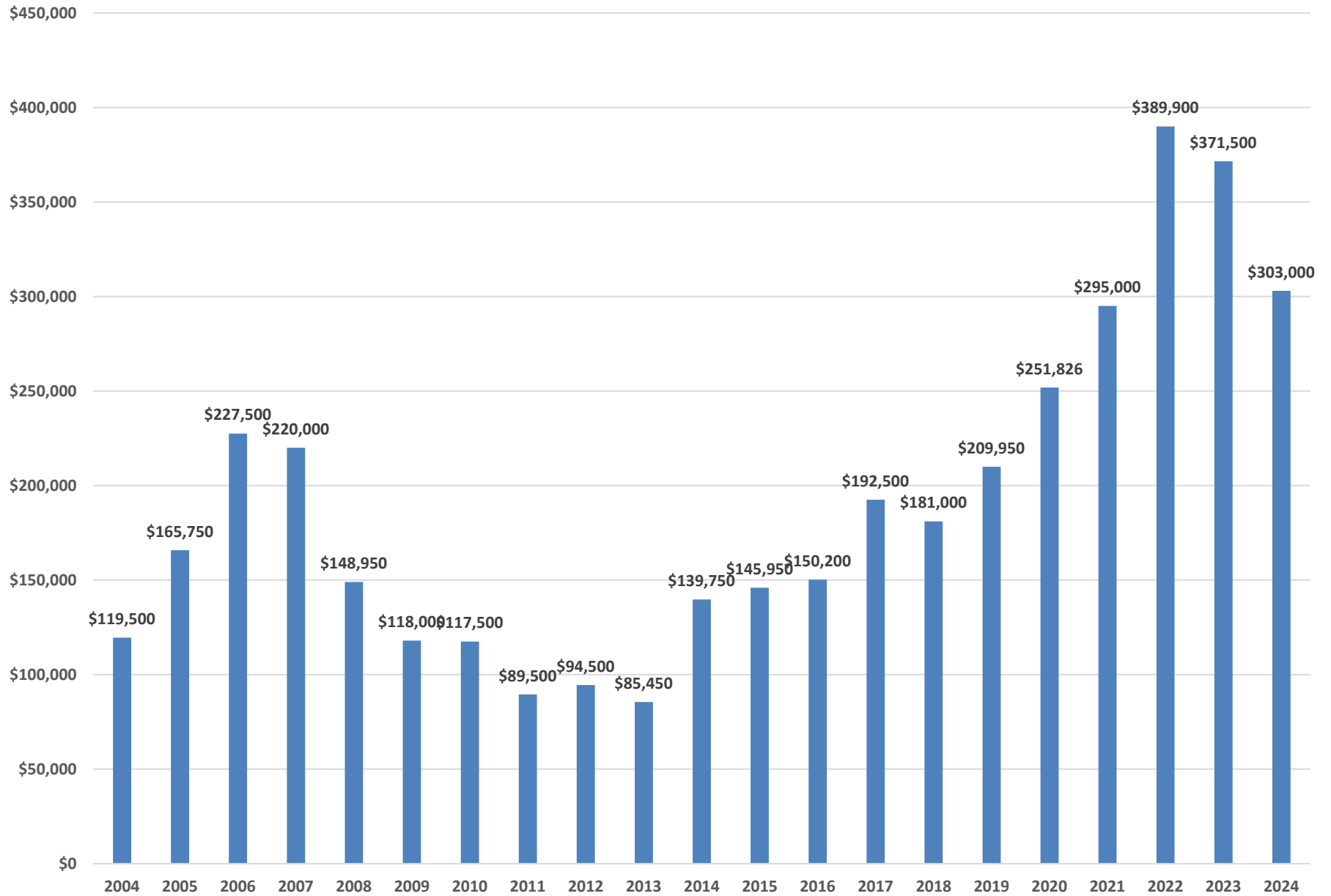
Single Family Transactions Lake Montezuma and Rimrock April to March 2004-2024



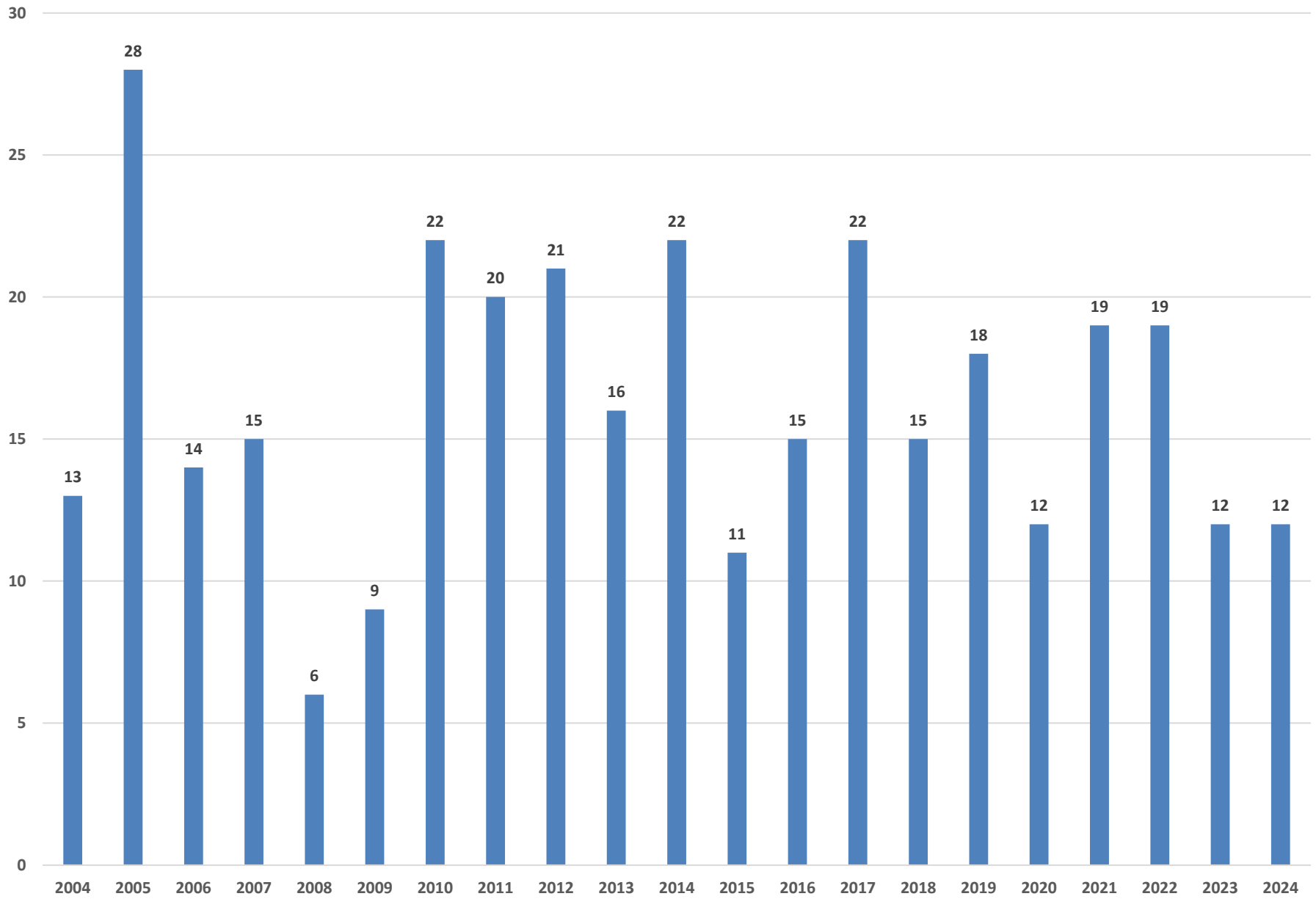
Median Sales Price Single Family Lake Montezuma and Rimrock April to March 2004-2024



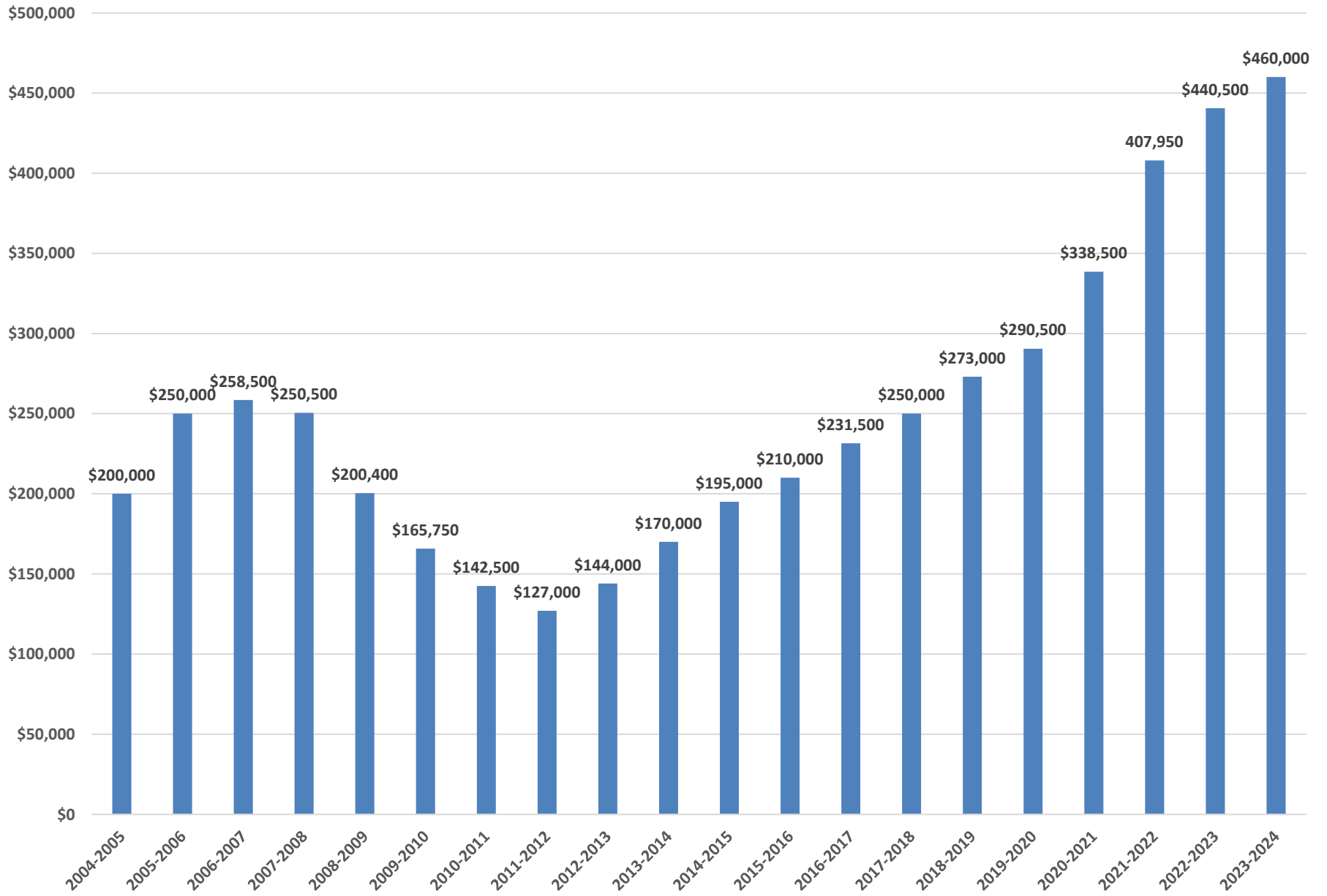
Median Sales Price Single Family Lake Montezuma and Rimrock First Three Months of Year



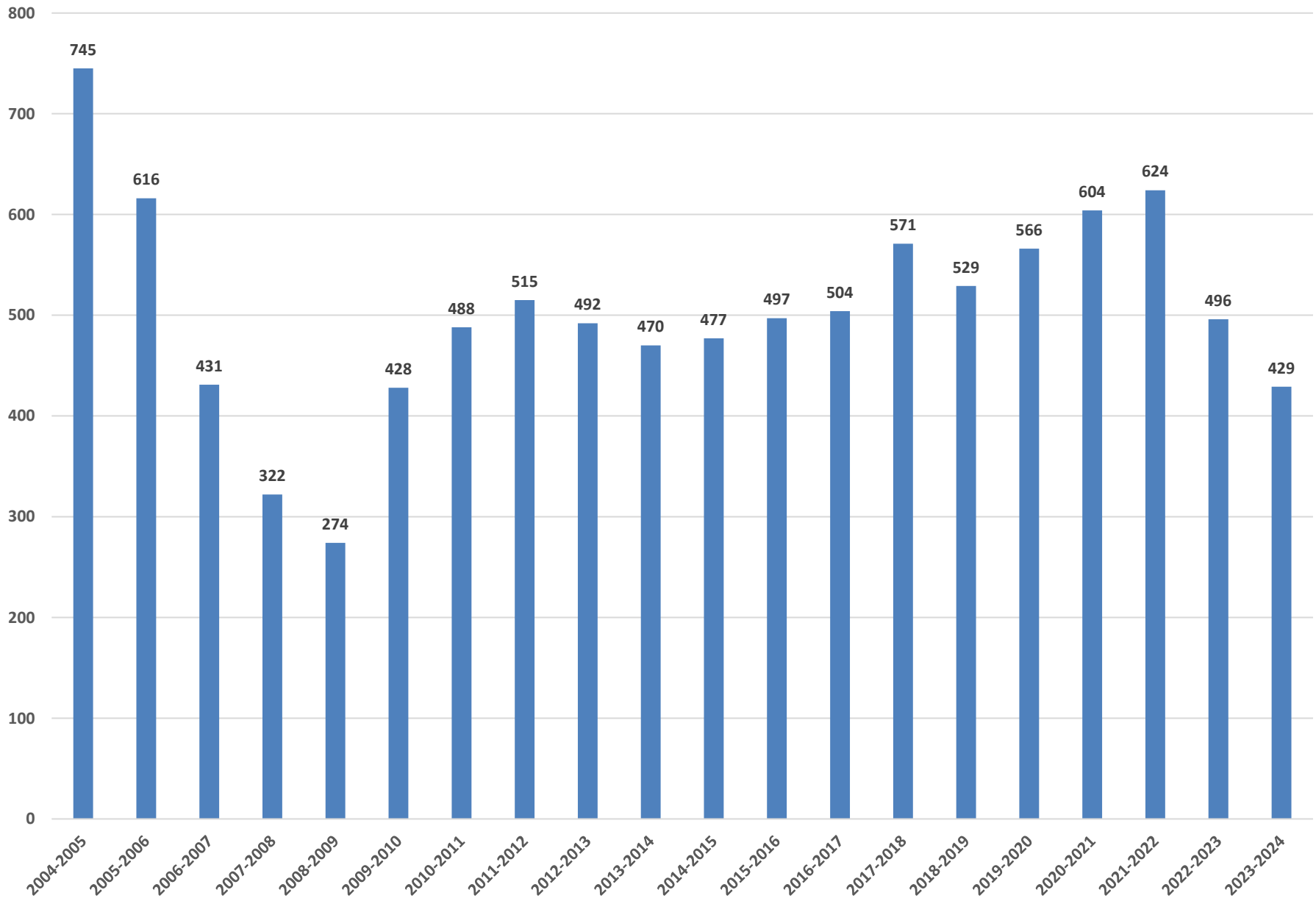
Single Family Transactions Lake Montezuma and Rimrock first three Months Of The Year



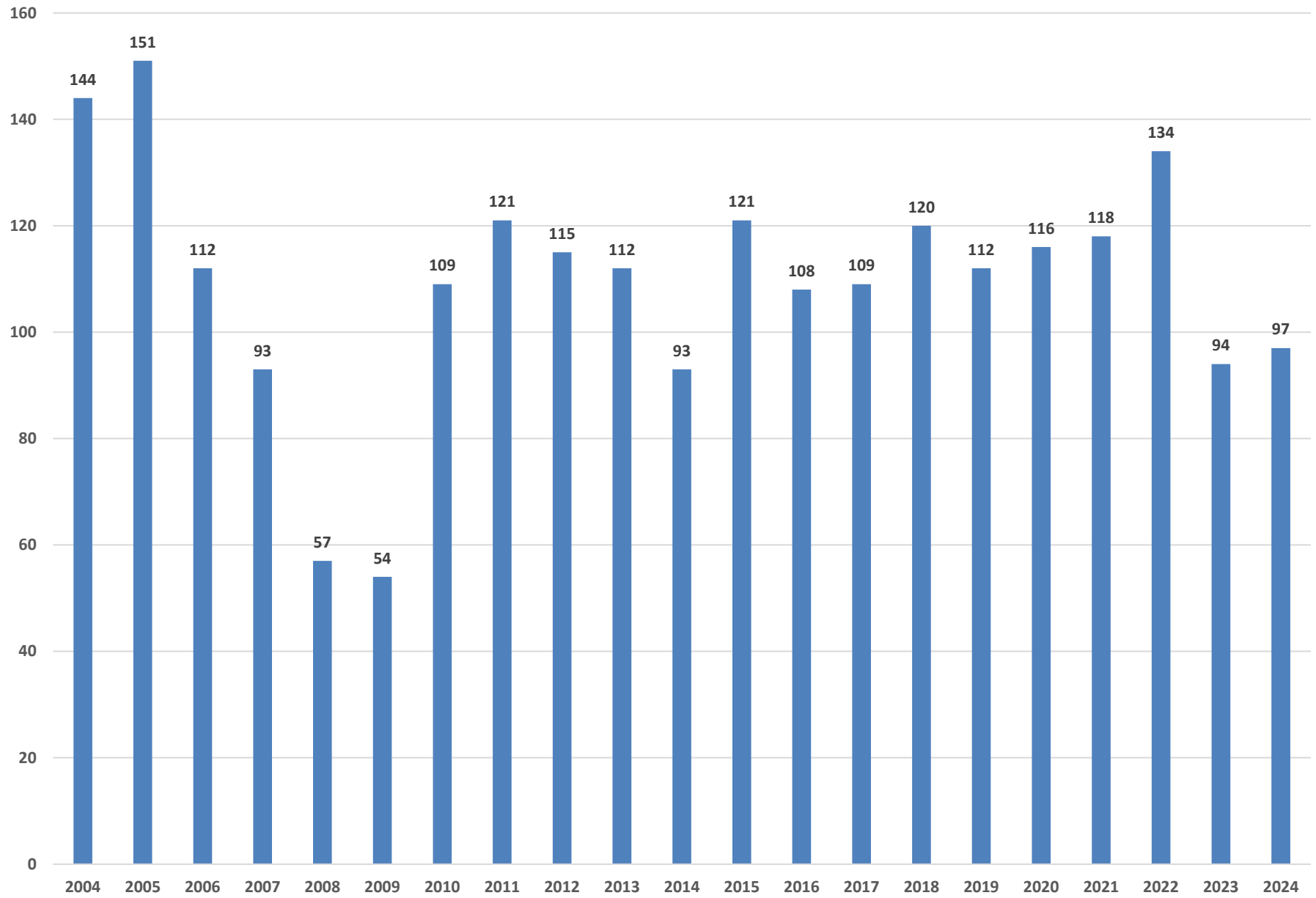
Median Price Single Family Cottonwood - Cornville Areas April to March 2004-2024



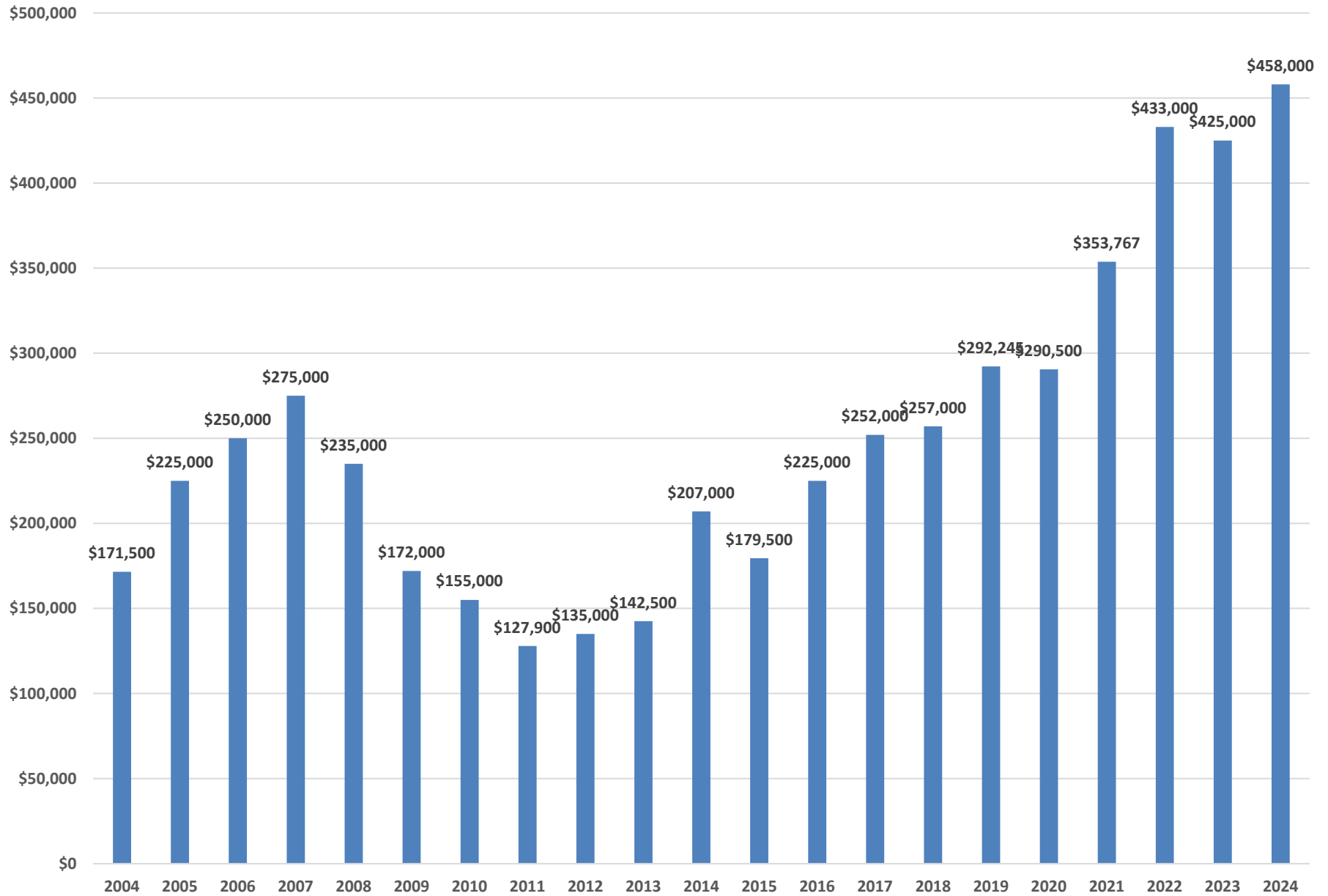
Single Family Transactions Cottonwood - Cornville Areas April to March 2004-2024



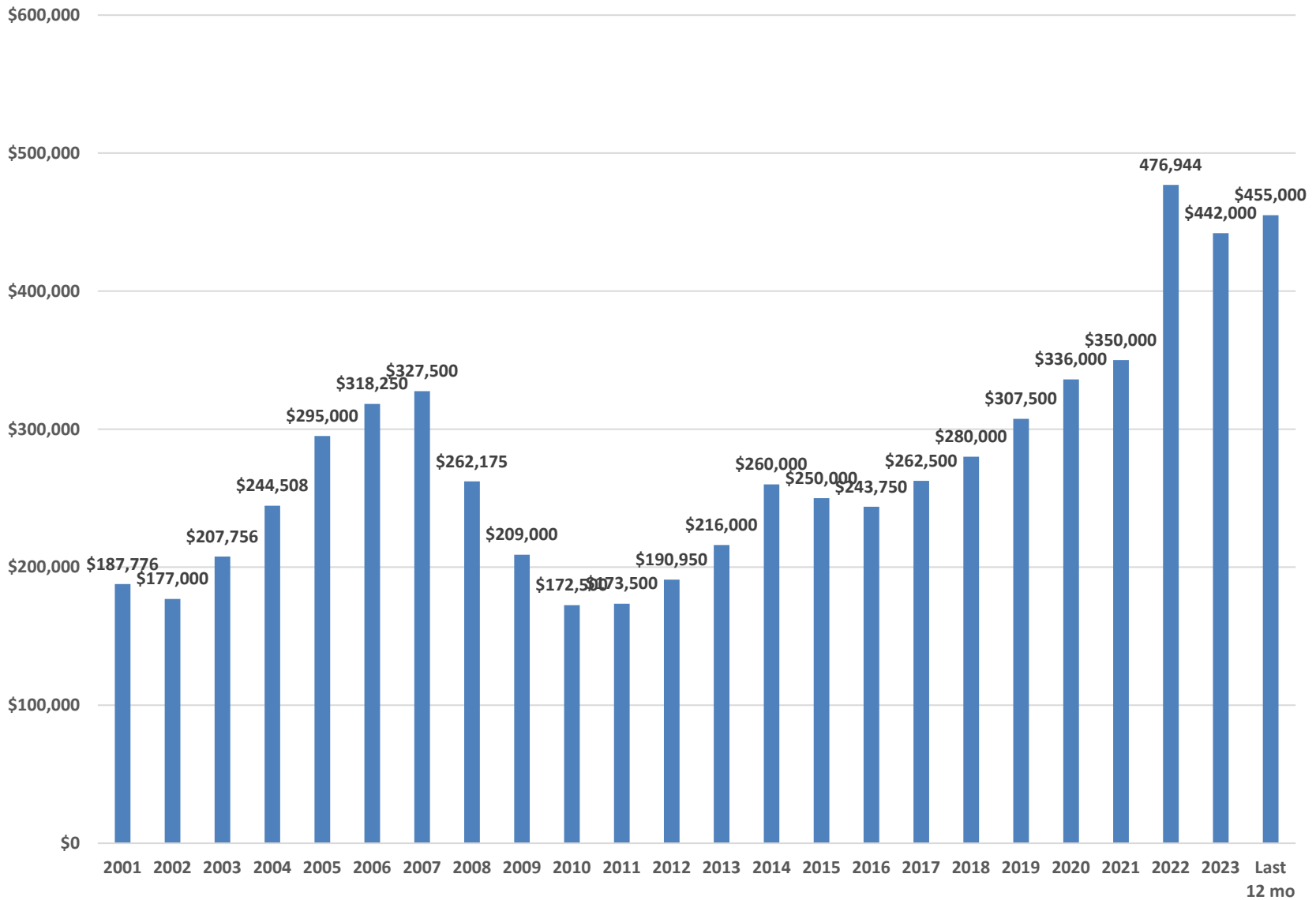
Single Family Transactions Cottonwood - Cornville Areas First Three Months of Year



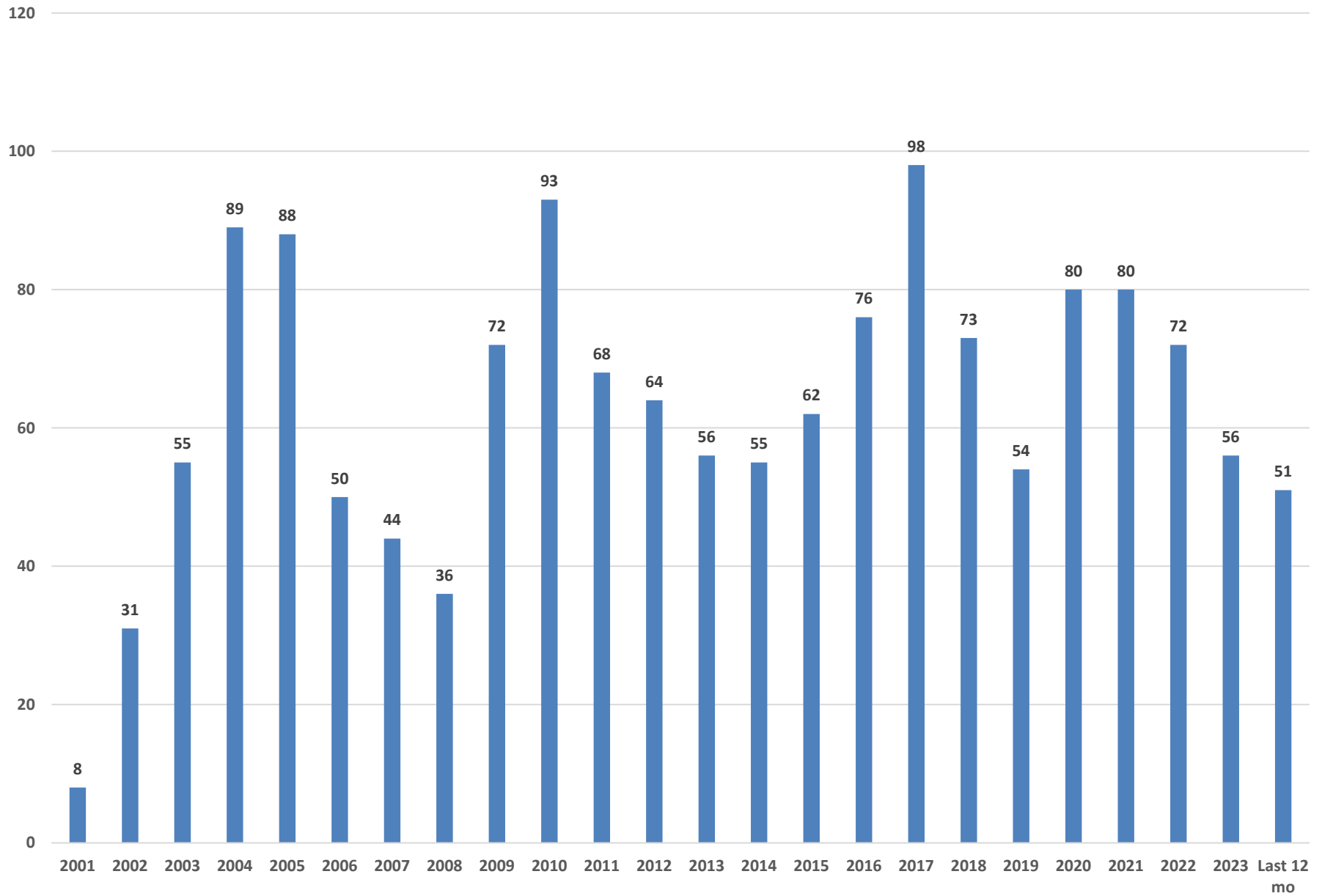
Median Sales Price Single Family Cottonwood - Cornville Areas First Three Months of Year



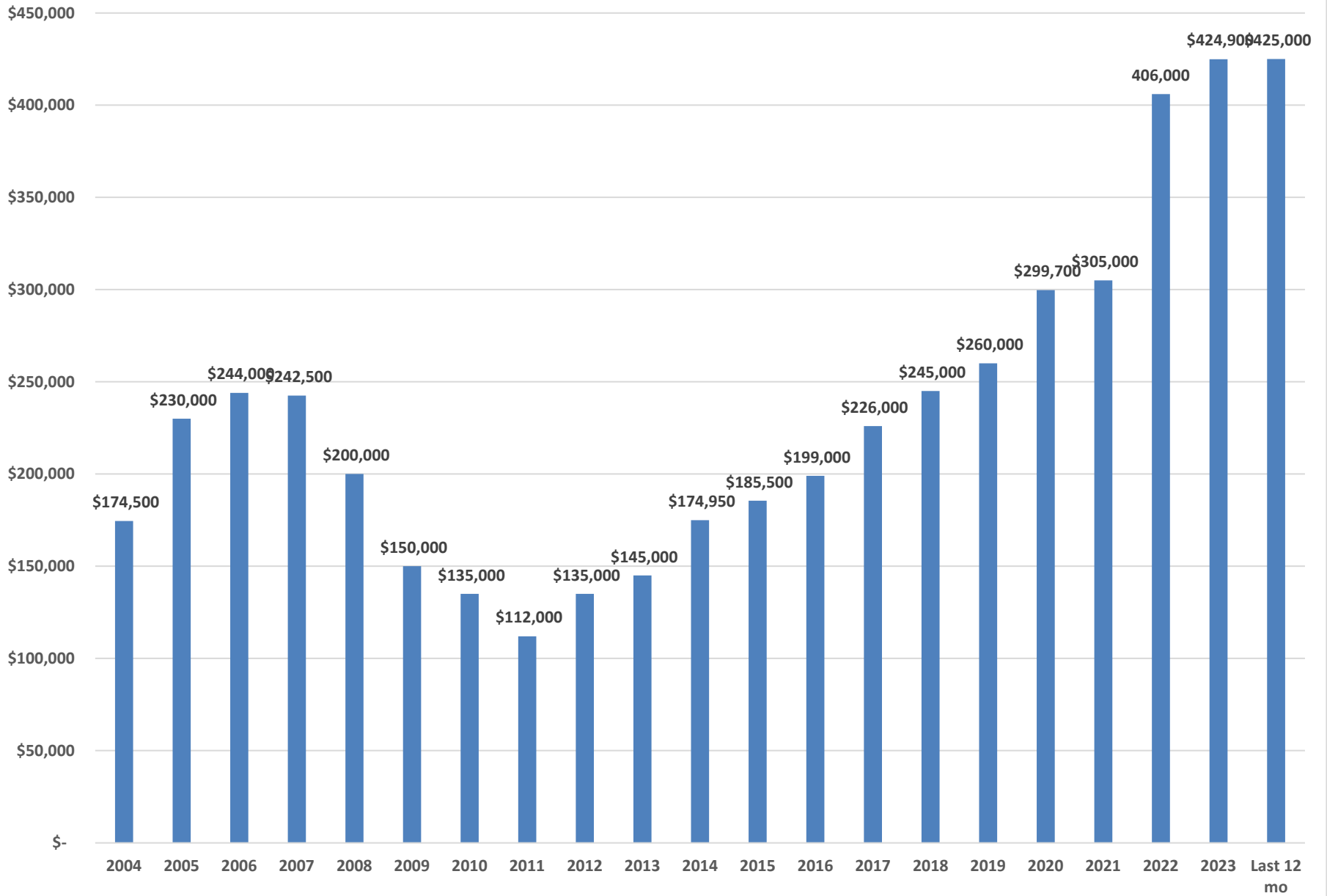
Verde Santa Fe Median Sales Price 2000 - 2024



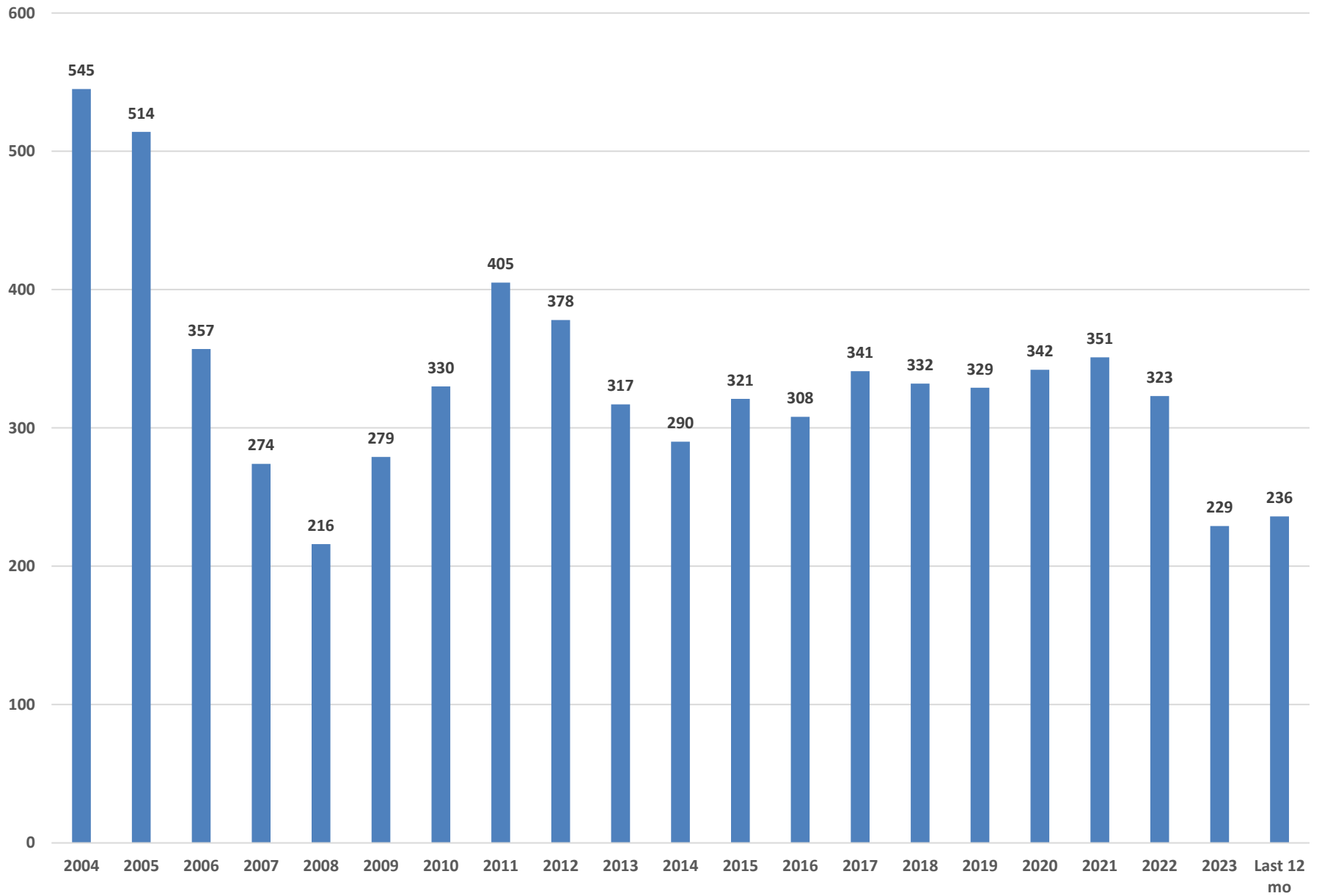
Verde Santa Fe Number of Sales 2000 - 2024



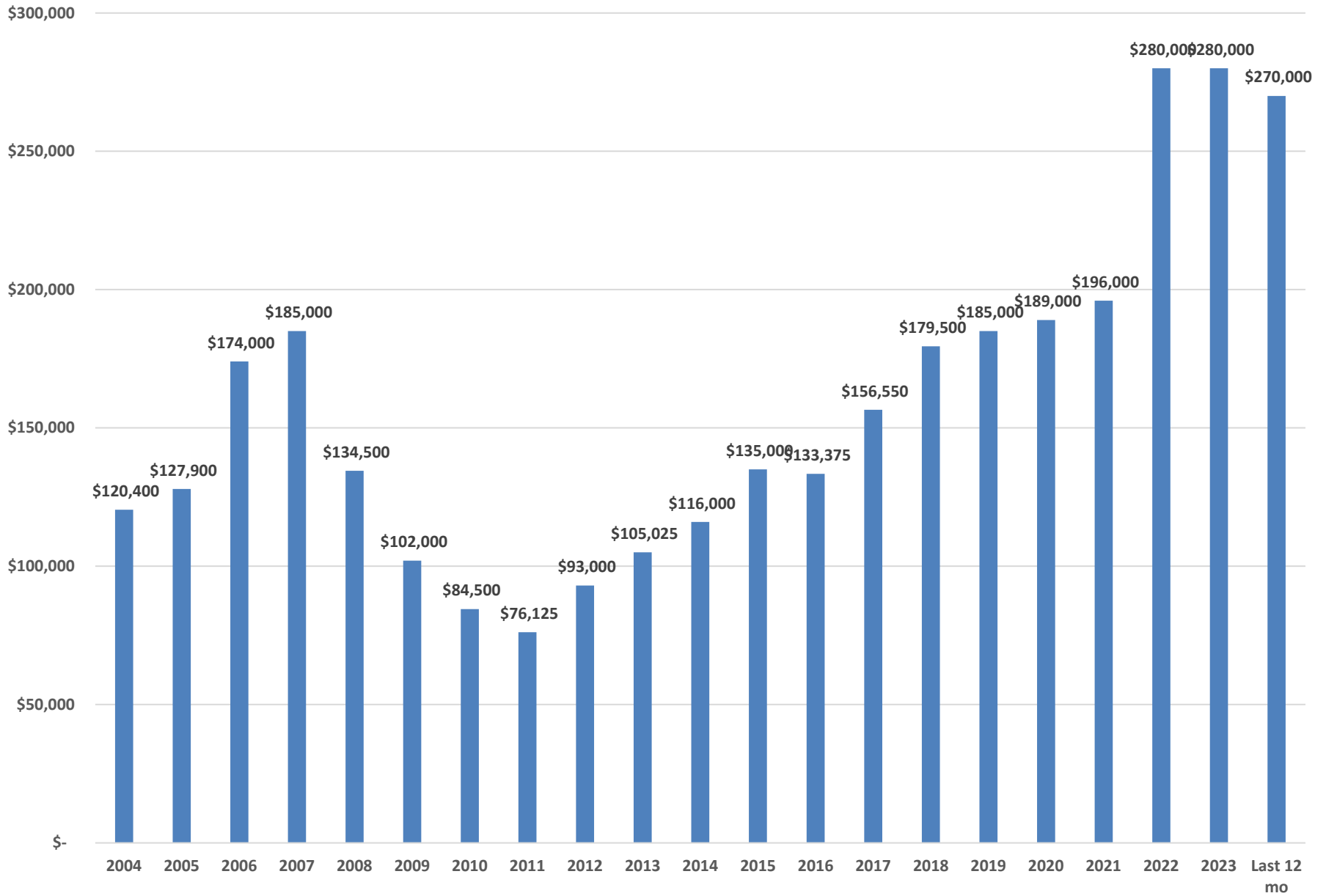
Median Sales Price Cottonwood Single Family Homes 2004-2024



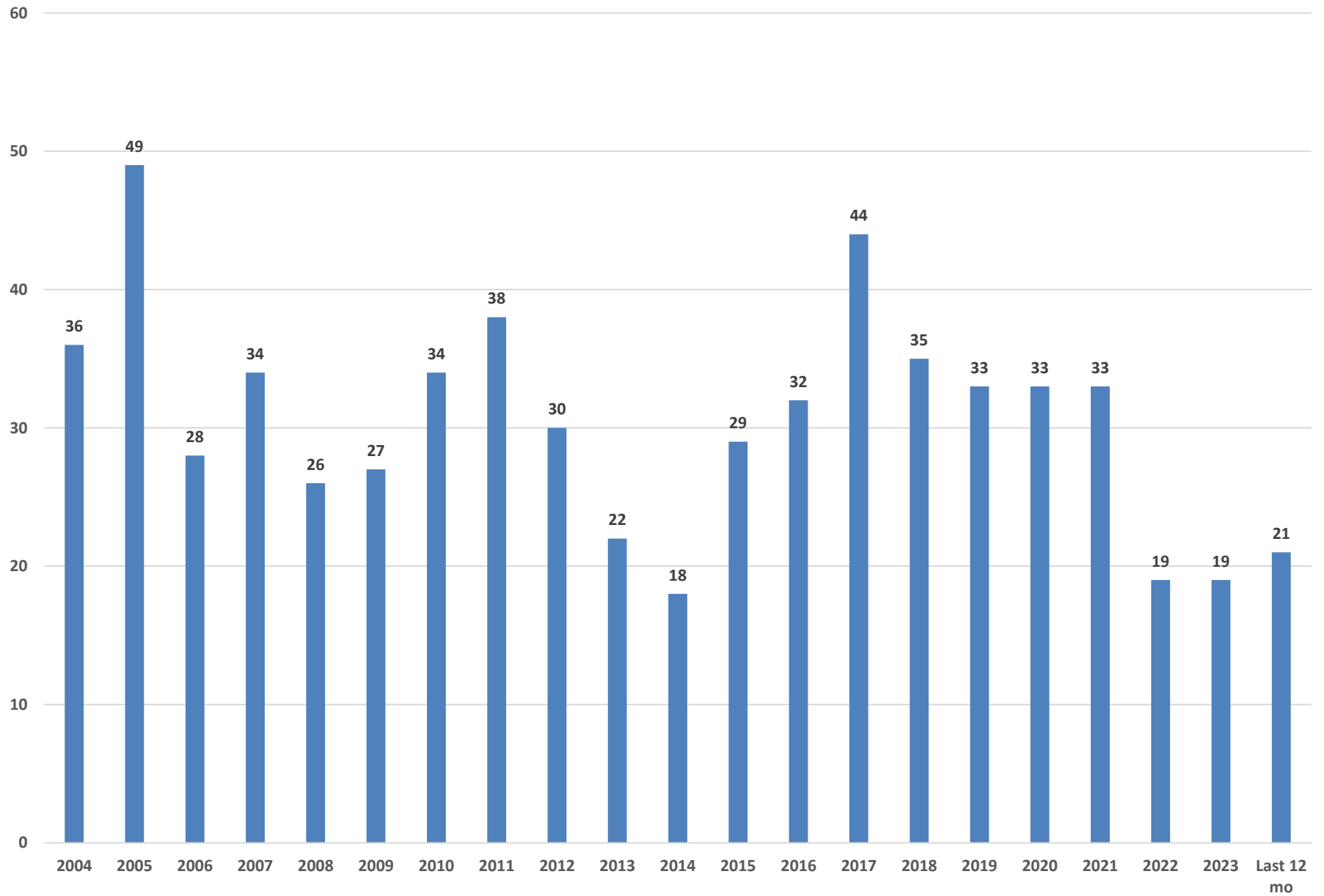
Cottonwood Single Family Homes number of Transactions 2004-2024



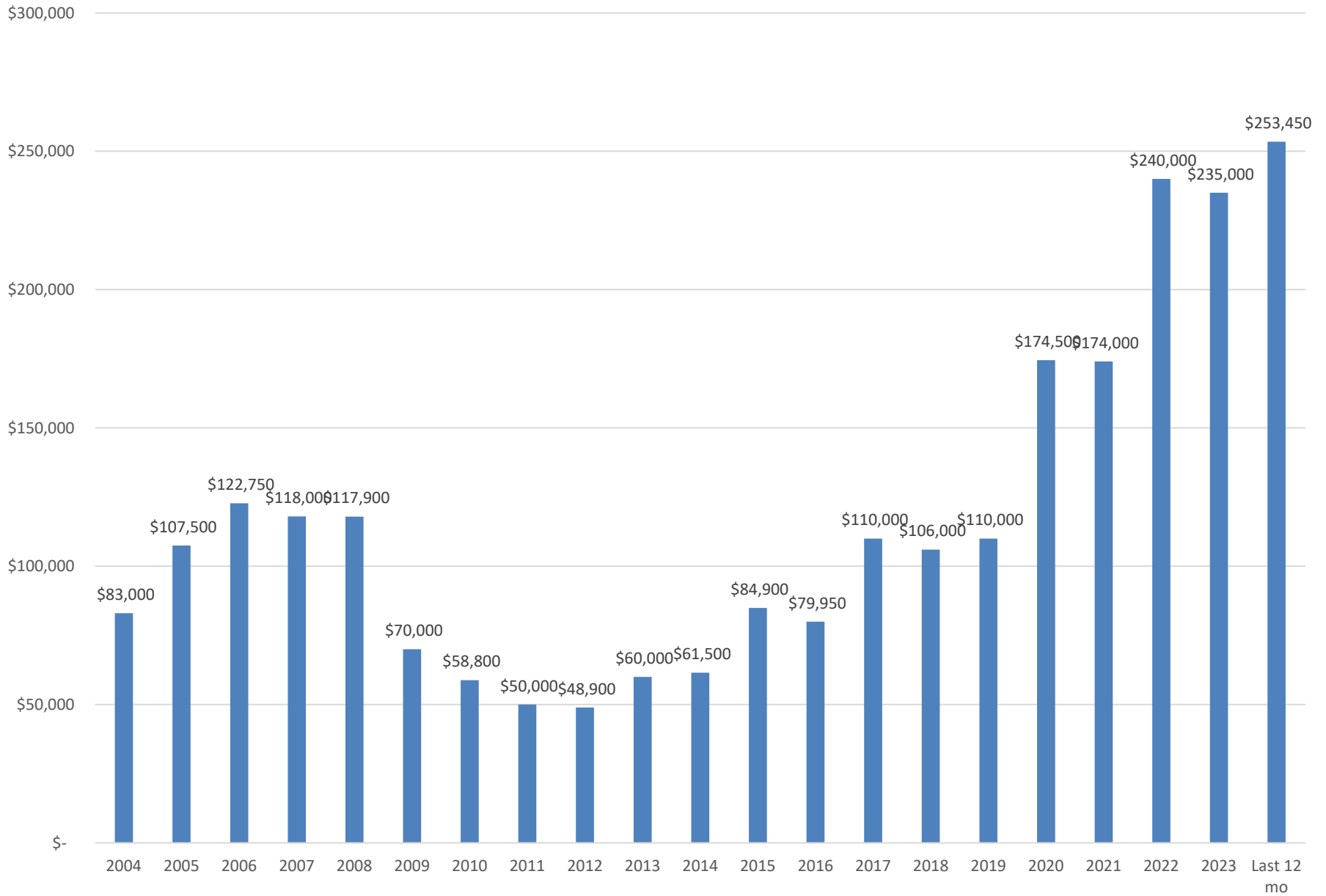
Median Sales Pirce Cottonwood Condos and Townhomes 2004-2024



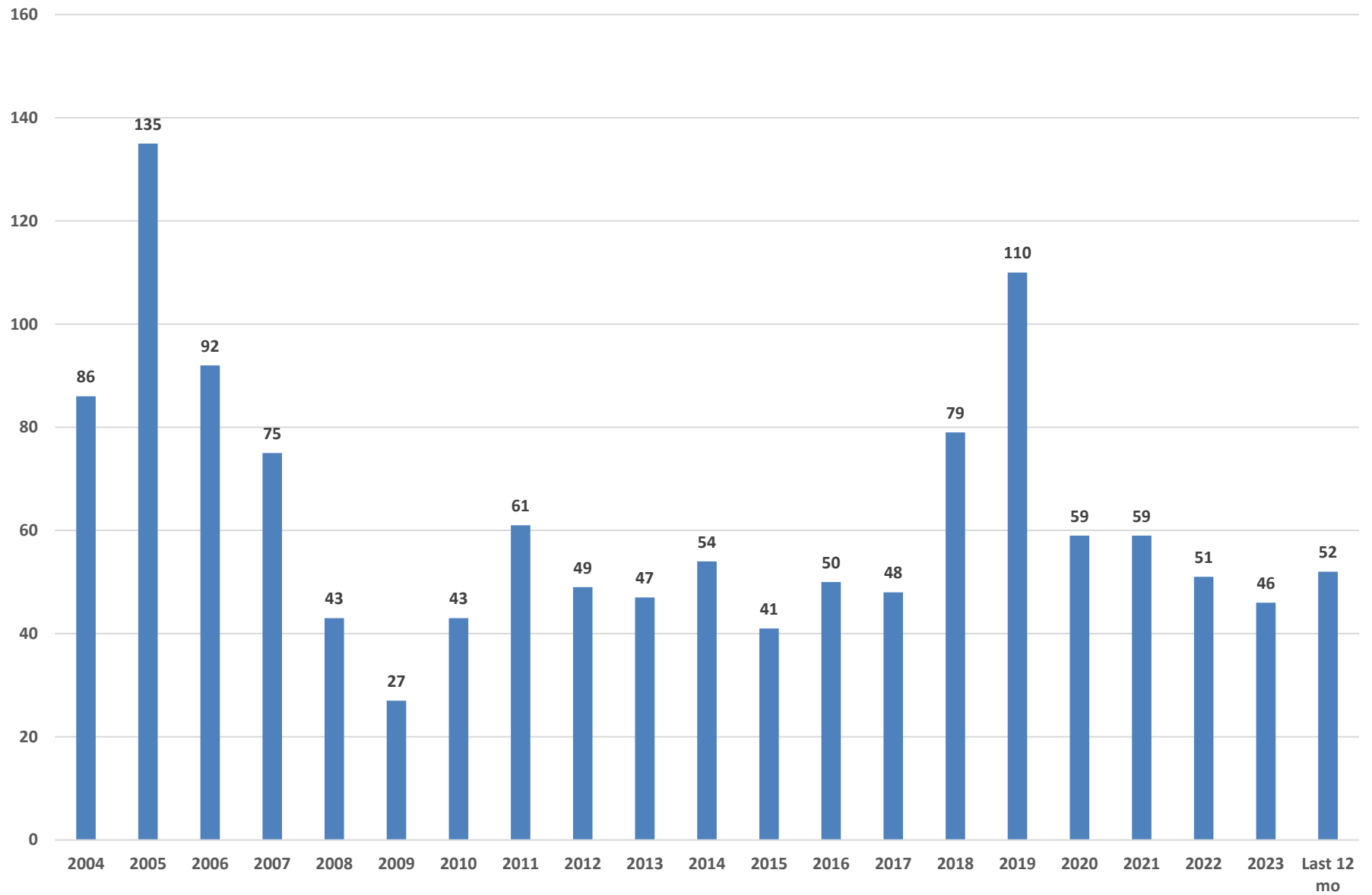
Cottonwood Condos and Townhomes numbers of Transactions 2004-2024



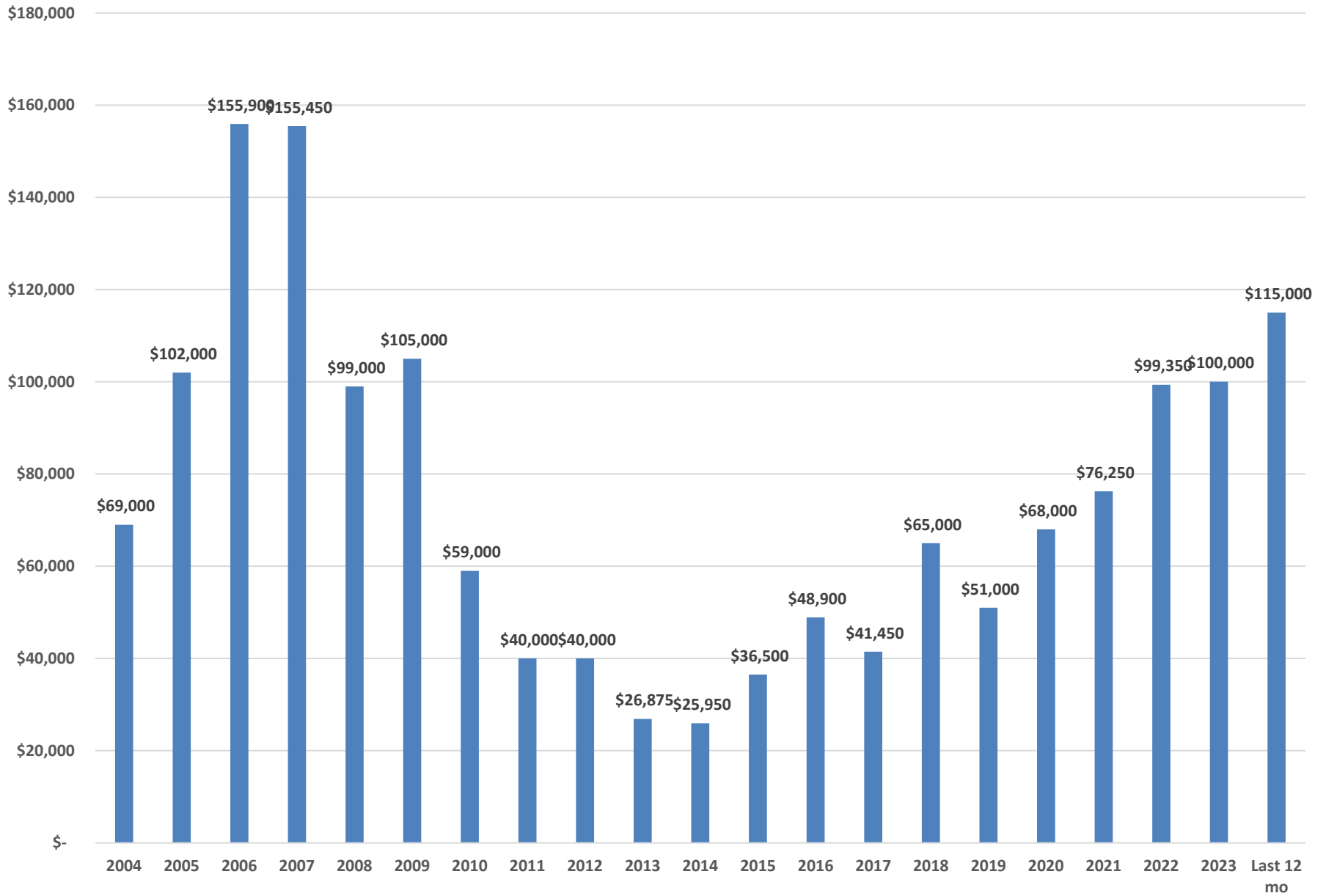
Median Sales Price Cottonwood Mobile and Manufactured Homes with land 2004-2024



Cottonwood Mobile and Manufactured Homes with land numbers of Transactions 2004-2024



Median Sales Price Cottonwood Vacant Land 2004-2024



Cottonwood Vacant Land Numbers of Transaction 2004-2024

