

# East Valley luxury home market booming into 2023

## Inflation, inventory not deterrents

By Lindsay Walker


SPECIAL TO INDEPENDENT NEWSMEDIA

It's no secret inflation has hit Phoenix hard, with prices rising across nearly every industry, and interest rates on the rise for potential homebuyers in a tenuous real estate market.

But experts say the market is in the midst of a much-needed course correction for homes in most price points. Projections for the rest of 2022 and into 2023 indicate the Valley's luxury real estate sector is showing no signs of slowing either.

A recent study from Luxury Portfolio International, a global luxury residential real estate network with more than 200 members, reported 63% of its member brokerages expect stable or growing sales throughout the remainder of 2022, approximately 79% expect stable or rising home values in their respective markets during the rest of the year, and 95% reported

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A photograph of a desert landscape with a large rock formation and a sign that reads "TROON NORTH" with a green arrow pointing right. The sign is set against a backdrop of cacti and shrubs under a clear blue sky. The foreground shows a paved road with a crosswalk.

Scottsdale neighborhoods have long been desirable in the luxury real estate market, but other East Valley cities are quickly catching up. (Independent Newsmedia/Arianna Graine)

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moderate to high optimism about their overall market in 2023.

In fact, the study found rising inventories have led to an increase in the number of days a home spends on the market, which has in turn led to price reductions and a slight shift toward a buyers' market for the first time since the pandemic hit.

That was echoed by Sindy Ready with Re/Max Excalibur, who serves as treasurer for the Arizona Association of Realtors. She said home inventory in Phoenix at the market's craziest was just 3,500 total homes. For homes priced above \$1 million, it was below 500 at one point. Now, inventory is back up to 21,000 homes across all price points and closer to around 4,000 for those priced over \$1 million.

"What was happening this last year because of the supply and demand situation, there were very few houses and a whole bunch of buyers wanting to buy, so the supply and



Sindy Ready (Submitted photo)

demand issue was pushing up the prices," she said. "Every time a house sold, the next one would leapfrog another 5% or something like that, depending on location and condition. What's happened recently with the interest rates going up is the sellers haven't been able to leapfrog the pricing so some people who were still trying to stay high on pricing have now had to get a little more realistic on their pricing. What we're in is just a simple market correction. It's more amenable to buyers."

Ready said the luxury market in the Valley has seen a bit of a slowdown because of the stock market volatility and hesitan-

# BOOMING LUXURY MARKET

The East Valley luxury market, in particular, has taken off in the last year as the region has become a center for technology companies such as Intel, Microsoft and more.

According to data from Zillow, each East Valley neighborhood has seen its average home values skyrocket in the last year as of Sept. 30.

COMMUNITY	AVERAGE SALE	MOVEMENT
Scottsdale	\$813,871	Up 14.6%
Tempe	\$464,110	Up 11.2%
Mesa	\$422,240	Up 10.7%
Paradise Valley	\$3,013,273	Up 12.0%
Chandler	\$526,100	Up 12.9%
Gilbert	\$577,144	Up 13.5%
Apache Junction	\$391,836	Up 13.8%
Queen Creek	\$650,848	Up 11.6%

Source: Zillow



cy thanks to upcoming elections, but expects that activity to pick up again once elections have ended.

She added luxury buyers are looking for more than just a big house with a floor plan, which is forcing some to reevaluate

their decision to sell and look for greener pastures.

"A lot of the sellers are realizing, or even just owners of luxury properties are realizing, that it might make more sense for them to remodel right now than it does to sell or buy something new,"

said Ready. "The reason for that is a lot of the new luxury properties are a little bit farther out of town. If they're in town, they're on smaller lots and so if somebody owns a little bit older home, it might be on a larger parcel. By remodeling, they can re-

design the house and still take advantage of having larger lots. Or maybe they have a view of a golf course or something like that, that would be hard to duplicate."

Ready said access to new restaurants and tons of outdoor activities in the East Valley is a huge boon for those looking at buying into a lifestyle. Cities such as Scottsdale and Paradise Valley always have been attractive thanks to their views and proximity to resorts or golf courses, but cities like Mesa and Tempe have come a long way in attracting new luxury residents in recent years, she said.

Overall, Ready said buyers and experts alike should feel good about the Valley's real estate market as it begins to enter the new year.

"I feel very optimistic for our clients," she said. "There's a real opportunity here to get into the market now, so I wouldn't be afraid. You have more choices, you're not having to look at two houses and make a quick decision."