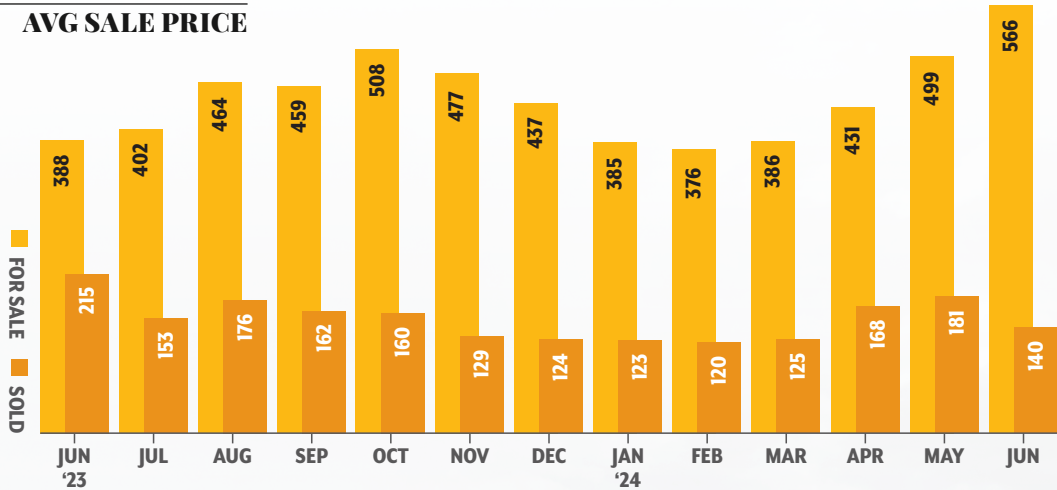
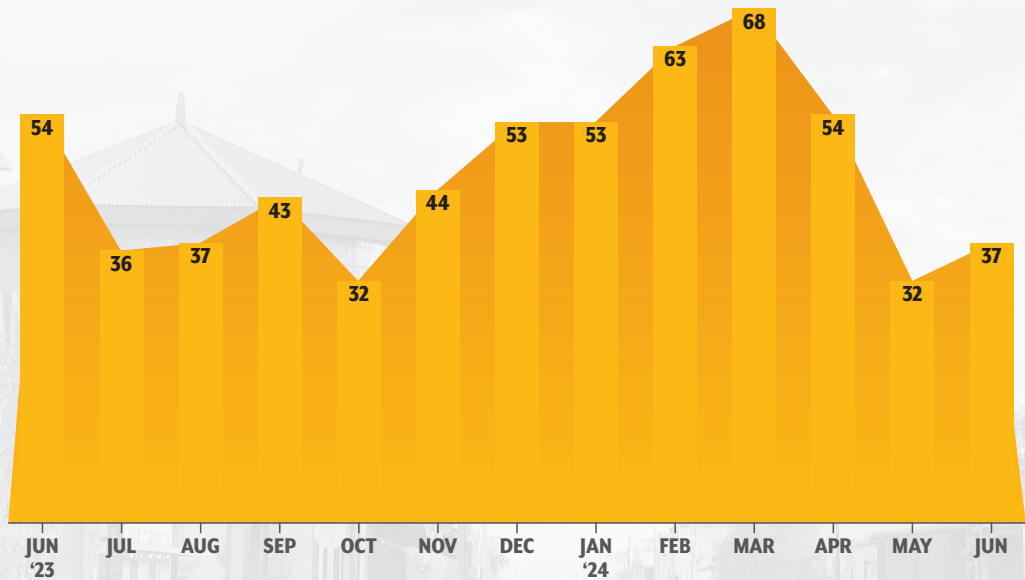


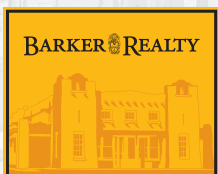
**AVG SALE PRICE**



**INVENTORY**



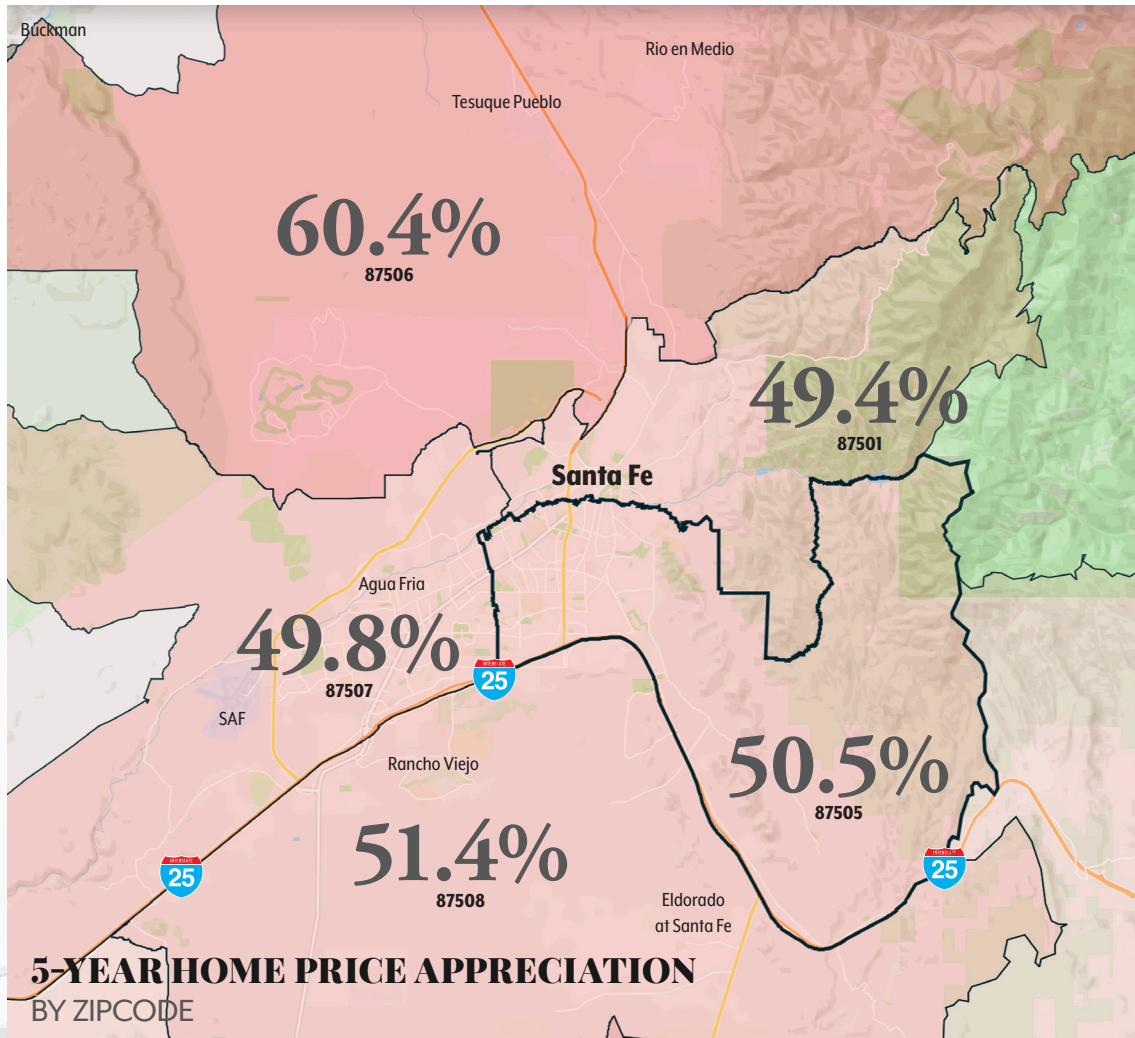
**DAYS ON MARKET**



# market digest

Santa Fe County Residential Market Report Second Quarter 2024

# the big picture



Re:venture App, Sold MLS data

## THE LONG, LONG RUN

While some sellers may be disappointed that prices are no longer rapidly appreciating, it's important to take a longer look at where we started. Nearly all of Santa Fe saw home values appreciate by 50% or more over five years – an astounding increase. Some areas, such as Las Campanas, experienced a remarkable turnaround from a decline of around 40% post-Great Recession to an appreciation of 60% in the past five years. Additionally, other areas on the outskirts of Santa Fe experienced historically large value increases, as pricing and inventory in downtown areas pushed home buyers farther out into the county.

Only recently, in the past two months, have we seen these forces soften. Inventory is up to nearly pre-pandemic levels, and aspirational pricing results in few showings and longer days on the market. Just this past week, we saw *more* price reductions than new listings as buyers begin to have more options and have become more price-conscious.

## NEED TO KNOW

**Starting this July, the Santa Fe Association of Realtors has removed buyer-broker compensation from their listings.** This means that if a buyer wants to be represented by a professional broker, that buyer's broker will be well-advised to communicate with the listing broker to determine if the seller is offering compensation. If not, the buyer may have to cover the cost of their representation themselves.

## ADJUSTMENTS

We are halfway through 2024, and what started as a hot market in Q1 has settled into a new rhythm characterized by high prices, challenging interest rates, rising insurance costs, and new methods of conducting real estate transactions. These factors, along with an increase in inventory, have led to our first market cooldown in the past four years. Towards the end of June, the number of price adjustments was equal to the number of new listings.

Transaction terminations have also risen, typically due to discoveries during inspections, challenges of getting approved funds, or simply buyers and sellers disagreeing during negotiations. This is typical for a market finding a new 'normal' and buyers are beginning to explore other options with new inventory arriving daily.



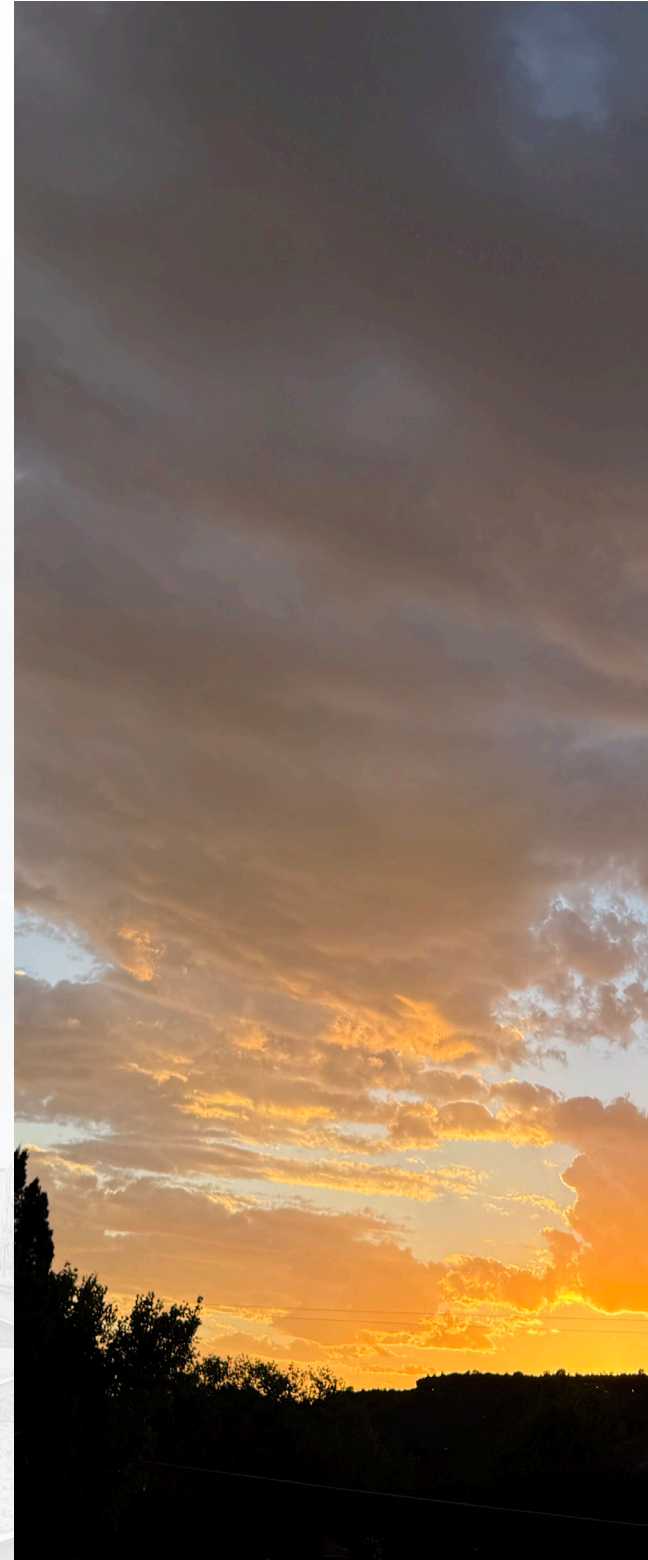
# the big picture

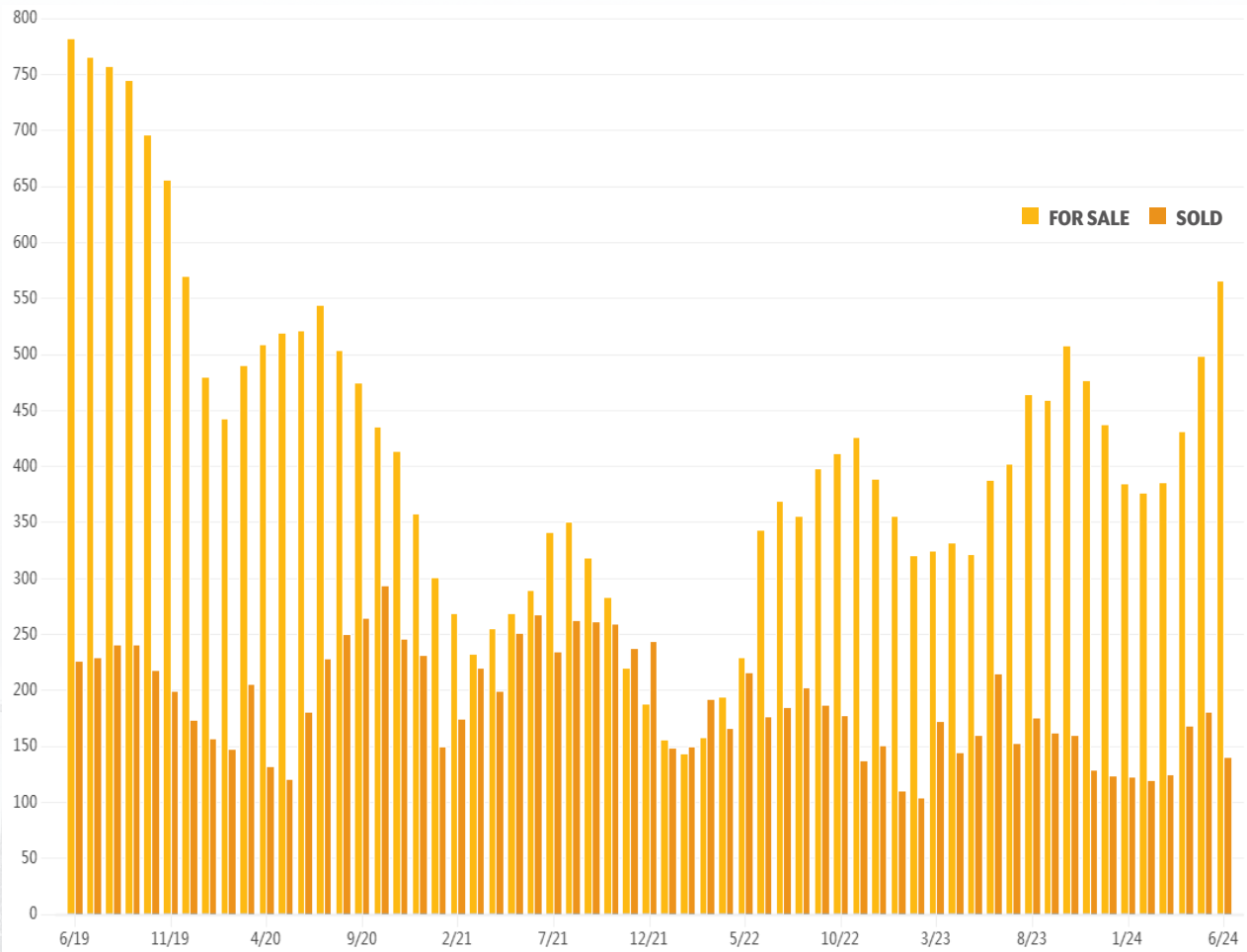
## **AFFORDABLE HOUSING CHALLENGES**

Voters in Santa Fe resoundingly passed a bill, locally known as the Mansion Tax, in 2023 by a landslide, correctly identifying affordable housing as a major issue facing Santa Feans. The bill was struck down, however, by the courts for being unconstitutional, leaving questions about the next steps in addressing these concerns. Here are a few recommendations our brokers, builders, and other real estate professionals have identified for the public and government officials to consider.

- Ensure a fully staffed permitting department and streamlined process that is consistent and transparent.
- Give the Land Use Department a stronger voice in determining projects and solutions, and similarly, fully staff the department.
- Use Lodgers Tax funds from short-term rentals to help support affordable housing developments.
- Revisit zoning and land use codes.
- Consider incentives for developers/builders to focus on density and lower-cost construction methods.
- Reduce fees and provide direct permitting assistance from city staff on affordable or desirable market-rate developments.

**Most importantly, the public and private industry players should all be engaged with the city and county governments to find suitable solutions and continue to ensure that Santa Fe is an incredible city to live in.**



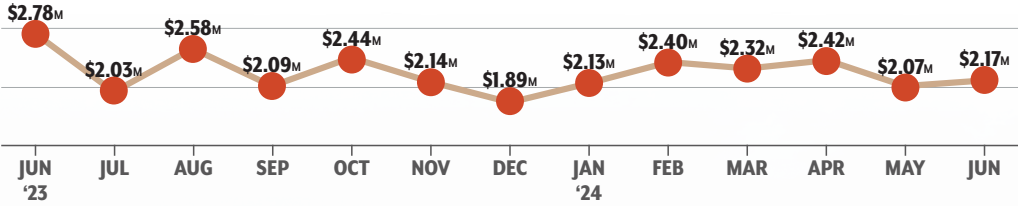


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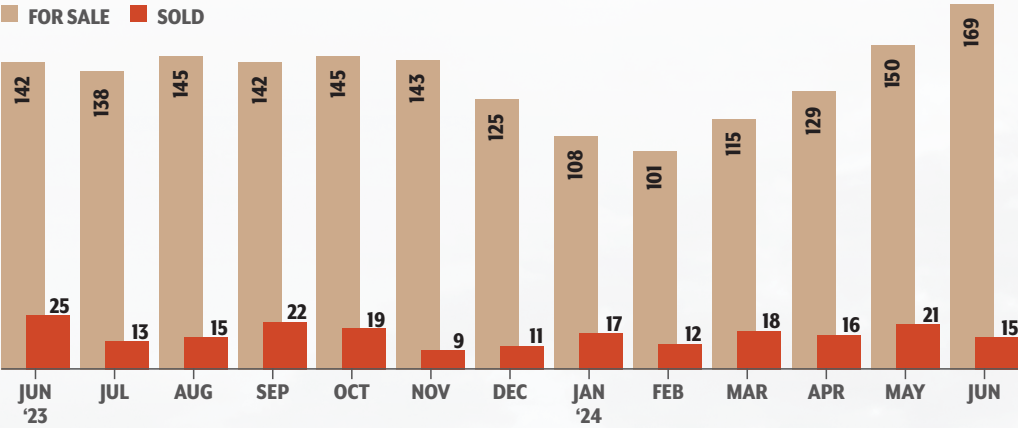
## THE UPS AND DOWNS

Again, looking back 5 years we can see the trend lines returning to pre-Covid levels of inventory and sold listings. The remaining question on all our minds: will the increased inventory and adjusting demand bring down prices? If interest rates drop soon, that might not be the case as buyers reenter the market, however, we have been told that before. Time will tell.

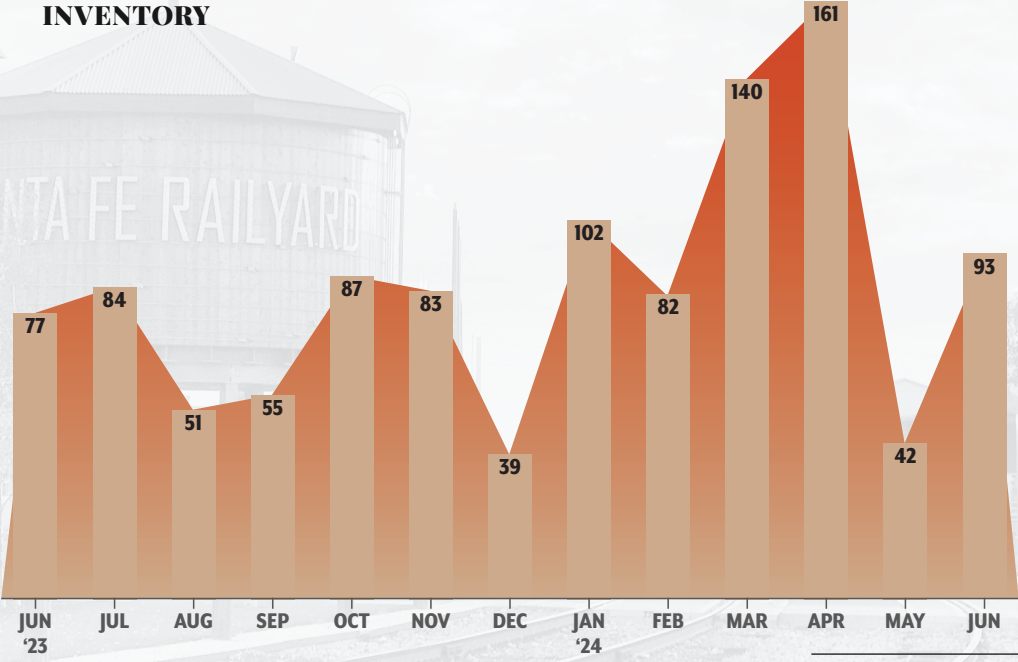
# luxury



AVG SALE PRICE



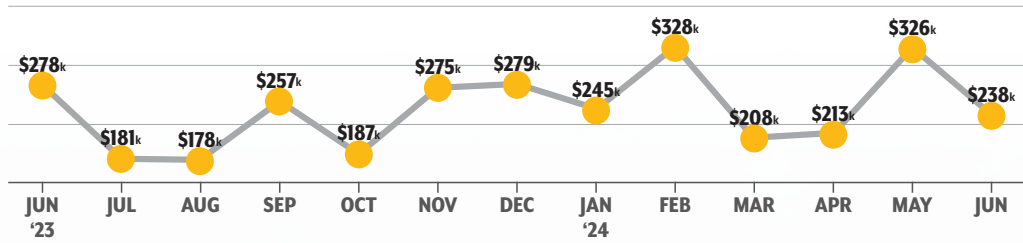
INVENTORY



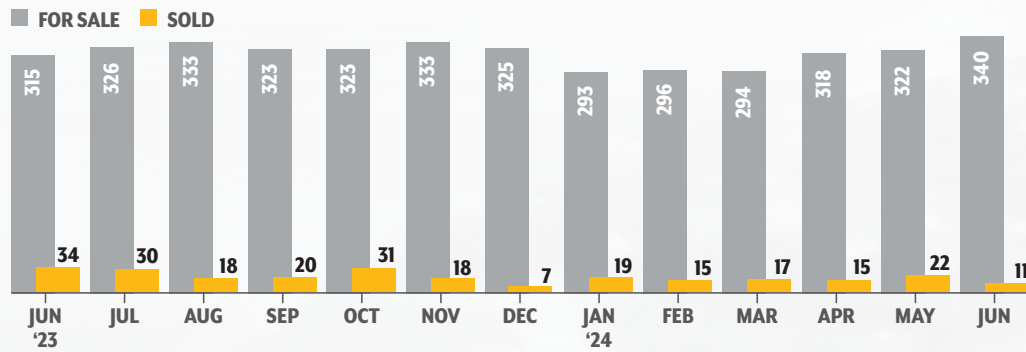
DAYS ON MARKET

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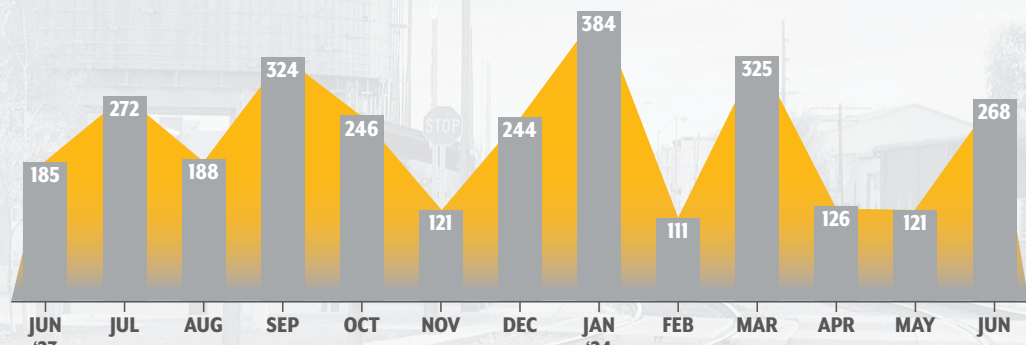
# land



AVG SALE PRICE

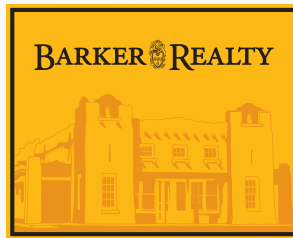


INVENTORY



DAYS ON MARKET

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# the upshot

At the halfway point of 2024, we are seeing the first signs of market stabilization: inventory is up, price reductions are more common, and the buyer pool can negotiate further than before. Looking at other markets like Austin, TX, and Denver, CO, we're seeing a significant rise in inventory and Santa Fe is not lagging far behind. Sellers may not welcome that news as buyers have more options and leverage and the market becomes more balanced, however, the appreciation in home prices over the past few years has provided lots of padding.

There are hints that the Federal Reserve may finally lower interest rates, just as prices begin to plateau. This, coupled with strong inventory, could provide more 'normal' market conditions for buyers and sellers. And honestly, doesn't some normalcy sound alright right now?

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## 1.8 vs 4

2023 vs 2024 Months of Inventory