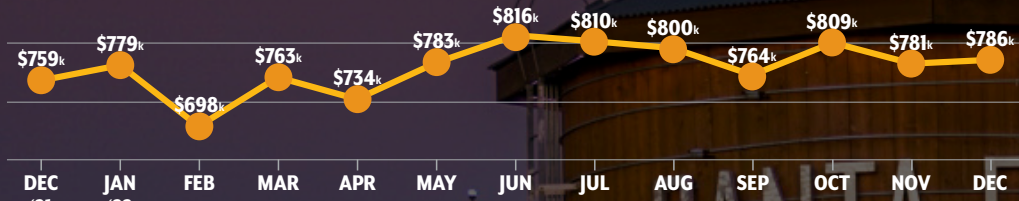
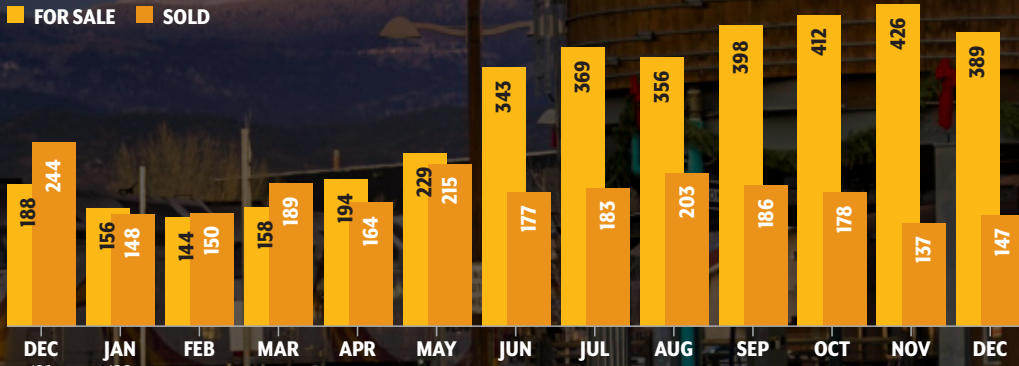


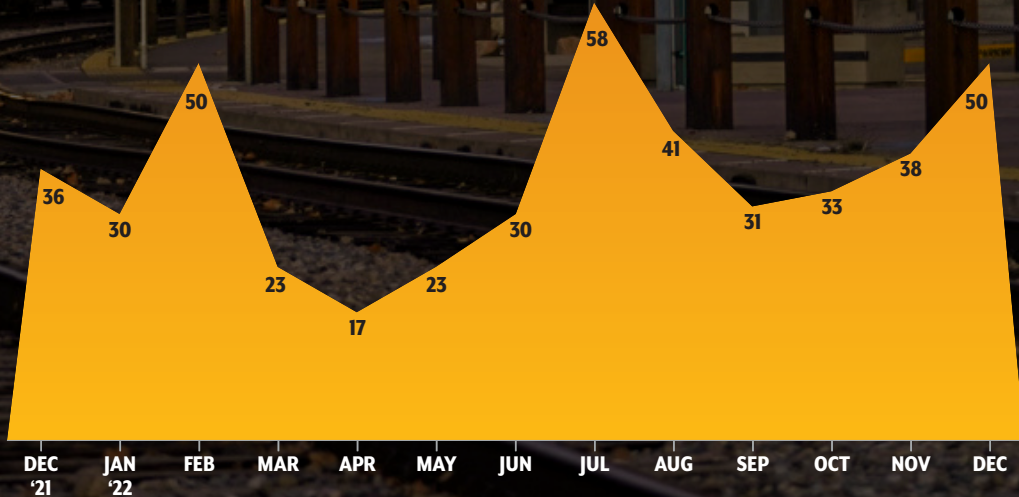
AVERAGE SALE PRICE



INVENTORY



DAYS ON MARKET



# market digest

Santa Fe County Residential Market Report Fourth Quarter 2022

Based on Information from Santa Fe Association of Realtors MLS for the period (DEC 2021) through (DEC 2022). This representation is based in whole or in part on data supplied by SFAR MLS. SFAR MLS does not guarantee nor is in any way responsible for its accuracy. Data maintained by SFAR MLS may not reflect all real estate activity in the market.

## REBALANCING

For the past few years, sellers undoubtedly had the upper hand. With multiple offers nearly guaranteed and buyers pushing pricing over asking, we saw record growth in pricing, record low inventory, and days on market for residential listings in the single digits. In June of 2022 we saw the market peak and have been slowly rebalancing since.

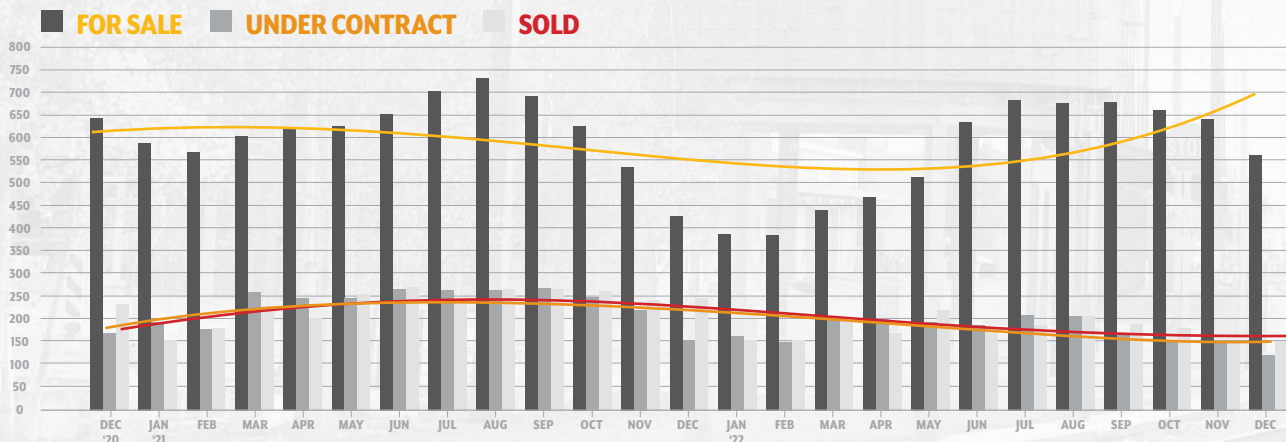
In Santa Fe we closed out 2022 with nearly all those trends reversing, but not as dramatically as in other markets. Other Intermountain West markets, such as Boise and Denver, have seen their sales and pricing drop nearly 50%. Santa Fe is far from those figures, but has seen a correction in the realm of 20%, which while notable, is still rather strong considering the highs we reached this past year.

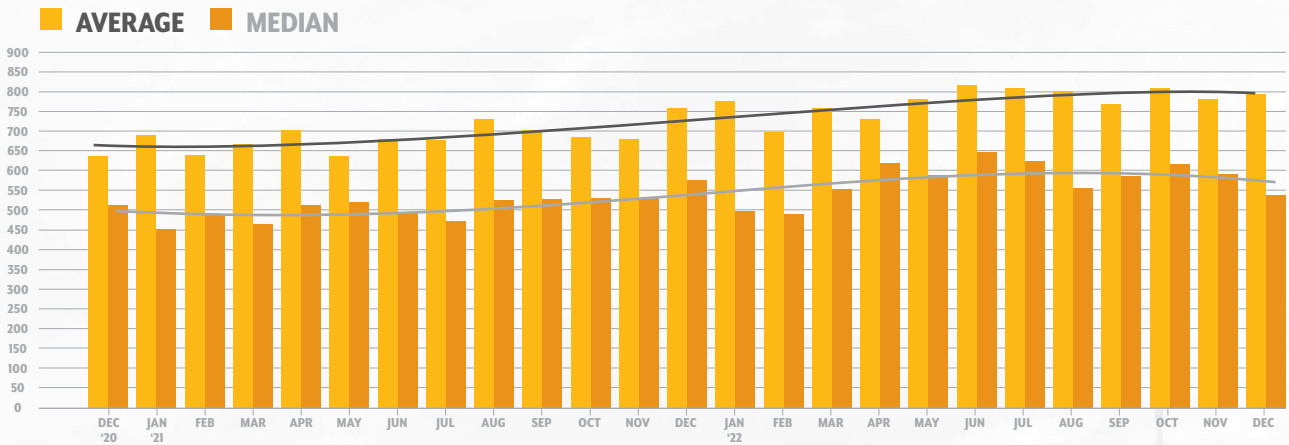
For buyers we are seeing negotiations and opportunity to evaluate options before writing an offer—a big relief from same-day offers of just a few months ago. For sellers we are seeing concessions and the evaporation of over-asking offers. Overall, there's a balance coming back between both sides.

**-4.7%**  
for sale

**-33.9%**  
under contract

**-27.2%**  
sold





## THE REAL ESTATE PARADOX

Given the higher interest rates and seemingly endless headlines predicting the next recession, most have braced themselves for the inevitable crash. Yet, Santa Fe remains extremely desirable and despite sellers achieving historically high sell prices, the pressure from buyers has not completely dried up.

The bigger story goes back to the market crash back in 2008 which gutted the homebuilding ranks nationwide. Leading into 2020, we had nearly a decade worth of sluggish building despite an increasing population and the invention of the short-term rental investment property. Then the pandemic hit and the great reshuffling began which stripped our market of nearly all inventory.

Despite the headwinds our local market is still challenged by low inventory and intense demand. Those with cash offers are still purchasing while buyers financing their homes are finding creative ways to seal the deal. Until we reach an inventory balance, buyers should not expect a dramatic change in pricing anytime soon.

**+26.2%**  
average

**+27.9%**  
median

the big picture

## IN RETROSPECT

Now that the real estate market has begun to settle, we can take pause and reevaluate the lessons from the past year. New trends have emerged from buyers: move-in ready homes are a premium, outdoor living is a must, and an extra room for an office or gym has become the norm. The same goes for auxiliary dwellings, whether for visiting family or for rental income, and the shift towards a more energy efficient appliances and finishes seem to be at the top of most wishlists.

For many who are happy in their current homes they refinanced at a low interest rate and question the value of making a move and are improving their homes with a renewed eagerness. This, undoubtedly, will continue to starve our market of much needed inventory well into the future.

And the inward migration patterns changed with those priced out of Santa Fe finding residence in Taos or Albuquerque and those coming from expensive metropolitan areas finding Santa Fe still a bargain. California leads the way with neighboring states of Texas, Colorado, and Arizona close behind. The Pacific Northwest still trickles in many buyers as well as the far Northeast.

the big picture

## Consumer confidence index (CCI)

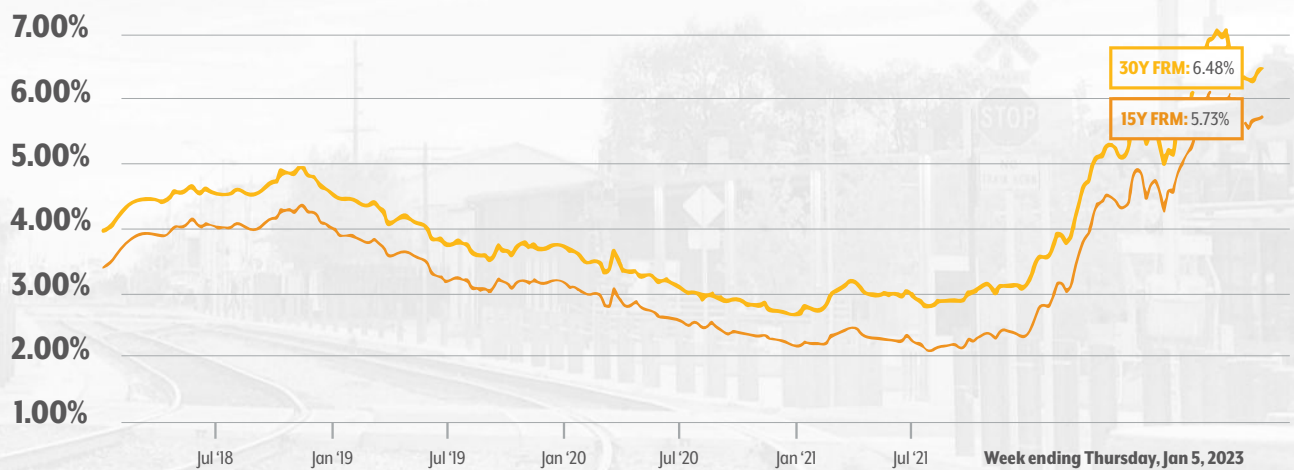
Amplitude adjusted, Long-term average = 100, Jan 2002 - Dec 2022



Source: Business tendency and consumer opinion surveys

## Fixed Rate Mortgages

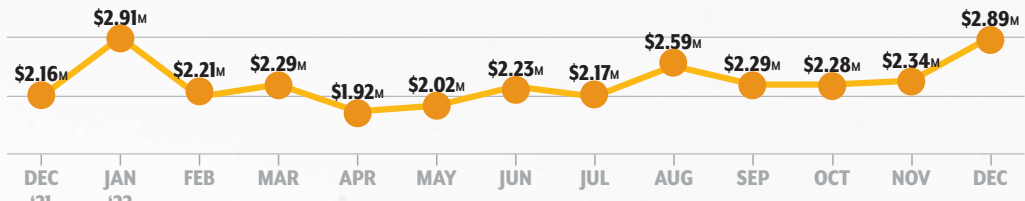
15 Year and 30 Year



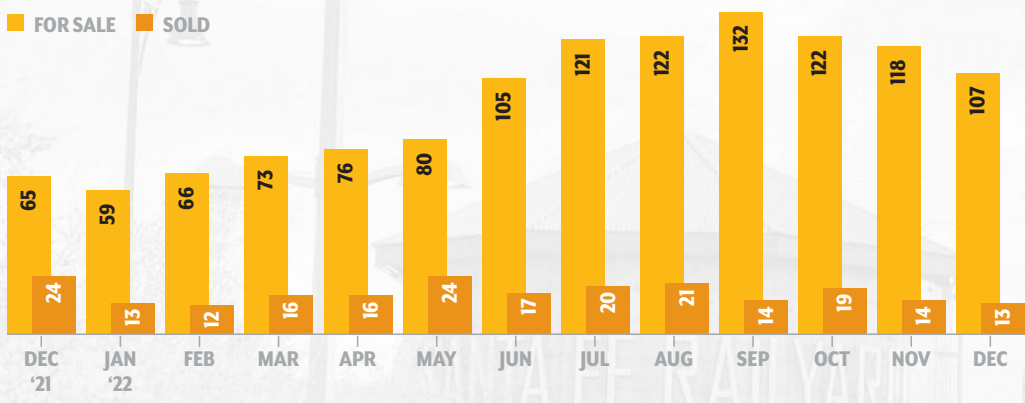
Source: fanniemae.com

# luxury

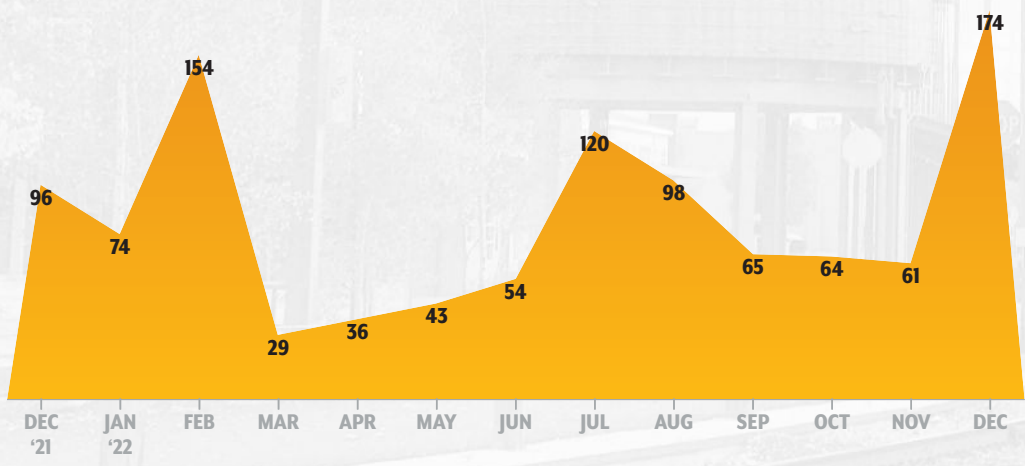
## AVERAGE SALE PRICE



## INVENTORY



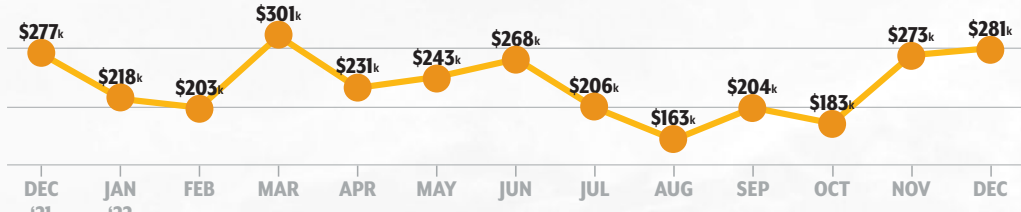
## DAYS ON MARKET



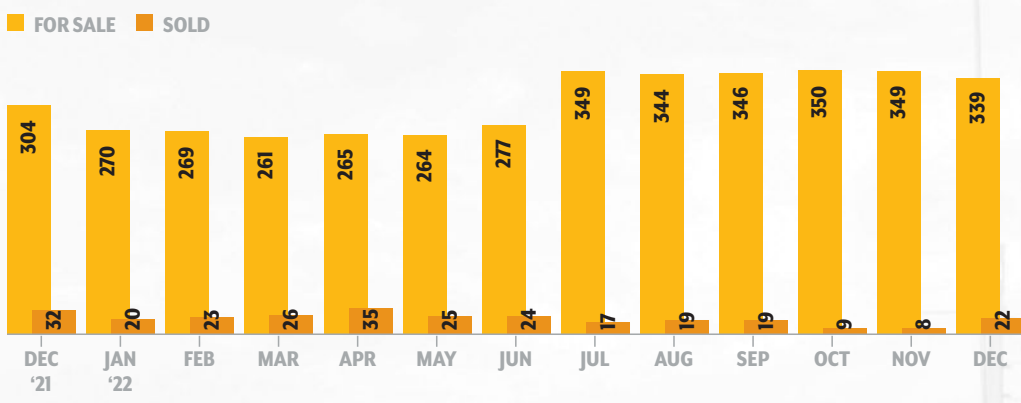
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# land

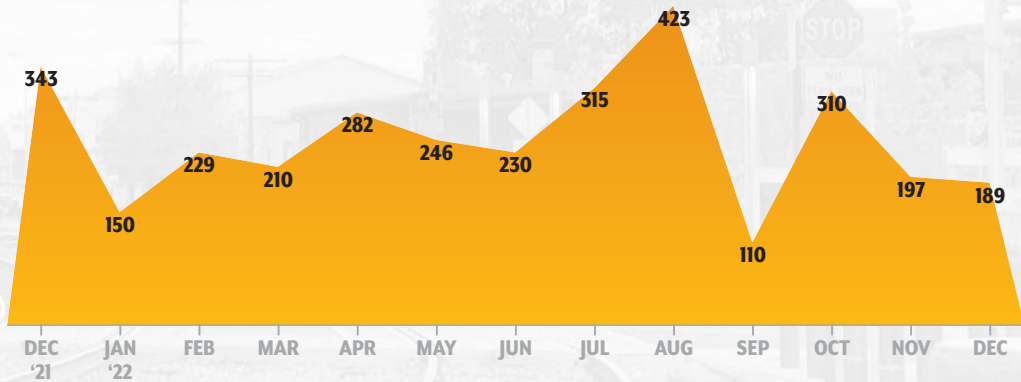
## AVERAGE SALE PRICE



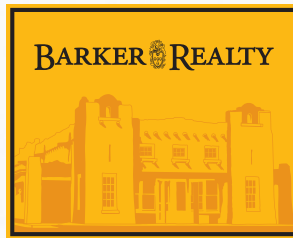
## INVENTORY



## DAYS ON MARKET



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# the upshot

We think it's safe to say the frenzy of the pandemic real estate boom has come to an end, but many things will remain changed long into the future. Buyer expectations have changed as have sellers--cash is king and being creative with offers and negotiations is now standard practice. Santa Fe has an elevated allure on the national psyche and we continue to see strong demand for well-priced homes as new construction begins to provide some much-needed inventory to our depleted market. While sales and prices are down across the board, they have fallen from a peak we all knew was unsustainable and we're returning to a healthier, balanced market for 2023.

Despite the national headlines, we feel that 2023 will start a little slow and pick up pace throughout the remainder of the year. Many homeowners and longtime investors are looking to sell as larger building projects come to fruition, giving buyers a much-needed change of pace and options. This will, of course, affect pricing to some degree, but we anticipate relatively flat changes there as inward migration continues.



A handwritten signature in black ink that reads "David Barker". The signature is fluid and cursive.

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