

October 2026



KCM

**Monthly
Market
Report**



Shambreskis and Howard, DeLex Realty





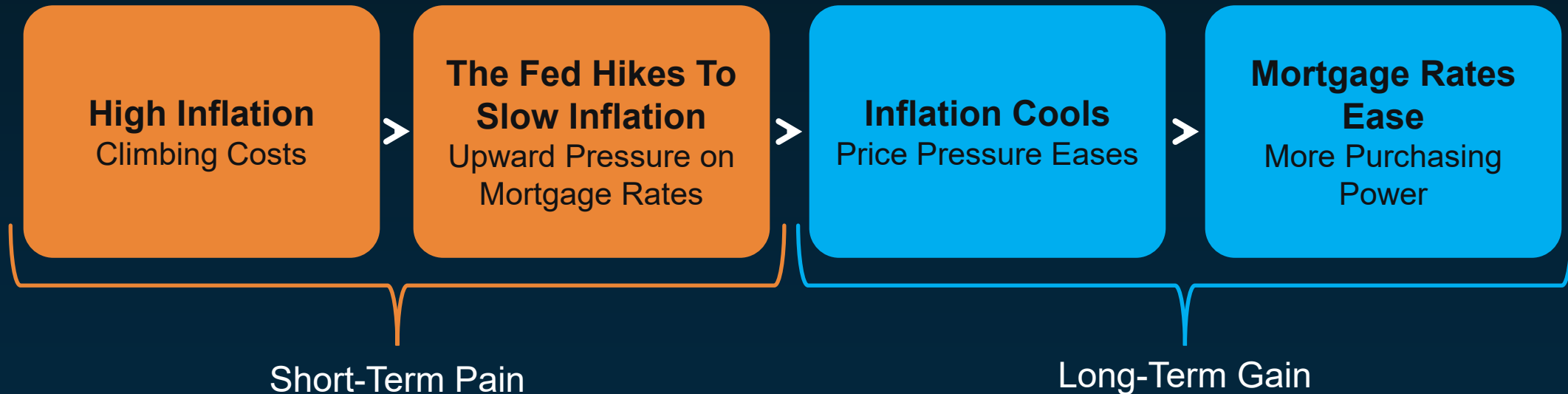
Fed Hikes: Short-Term Pain for Long-Term Gain



When inflation remains high, investors typically demand higher yields on Treasury bonds, which can keep mortgage rates higher, too. High inflation can also leave buyers with less spending power and make homes more expensive to build.

Why the Fed Raises the Federal Funds Rate

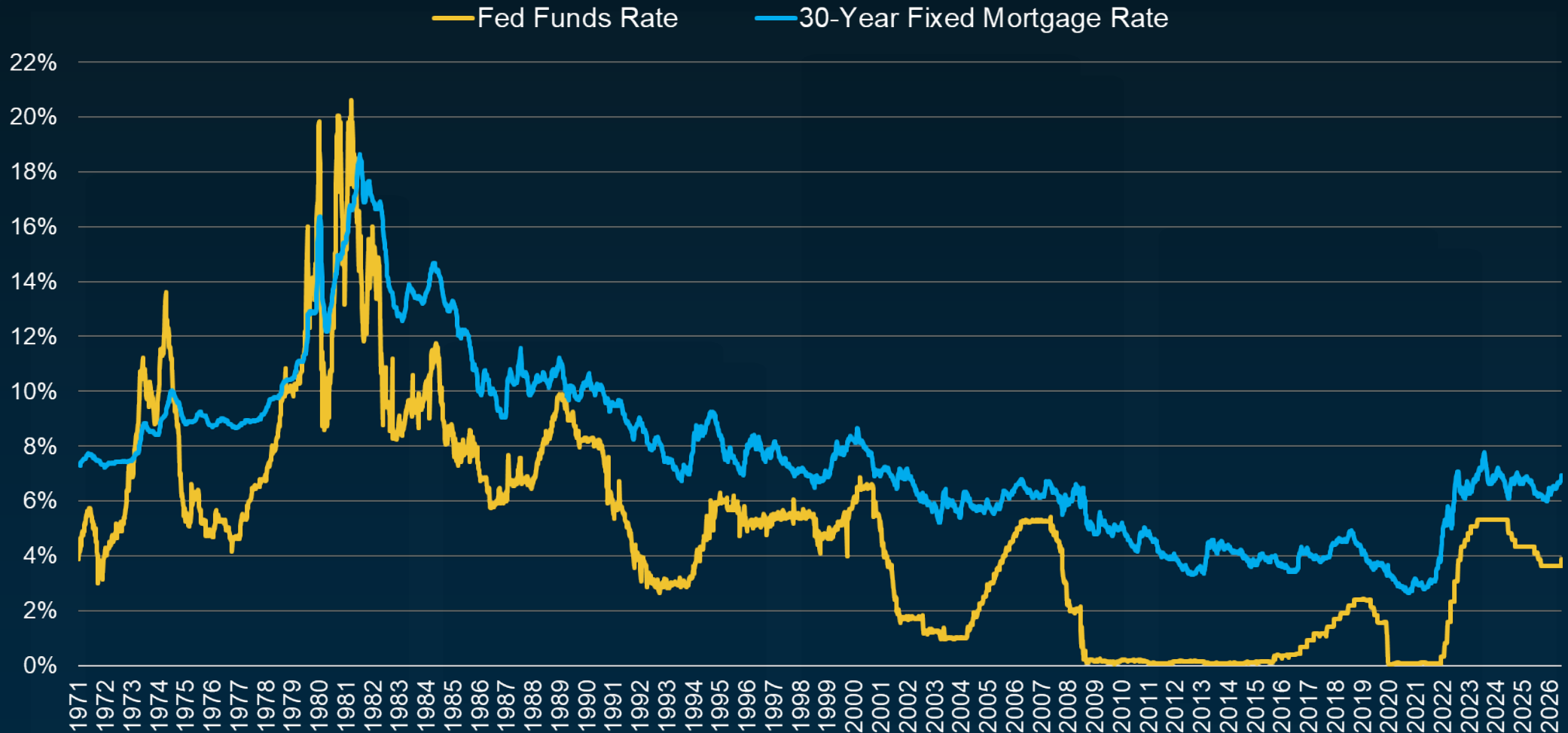
A Little Pain Today To Set Up Relief Down the Road



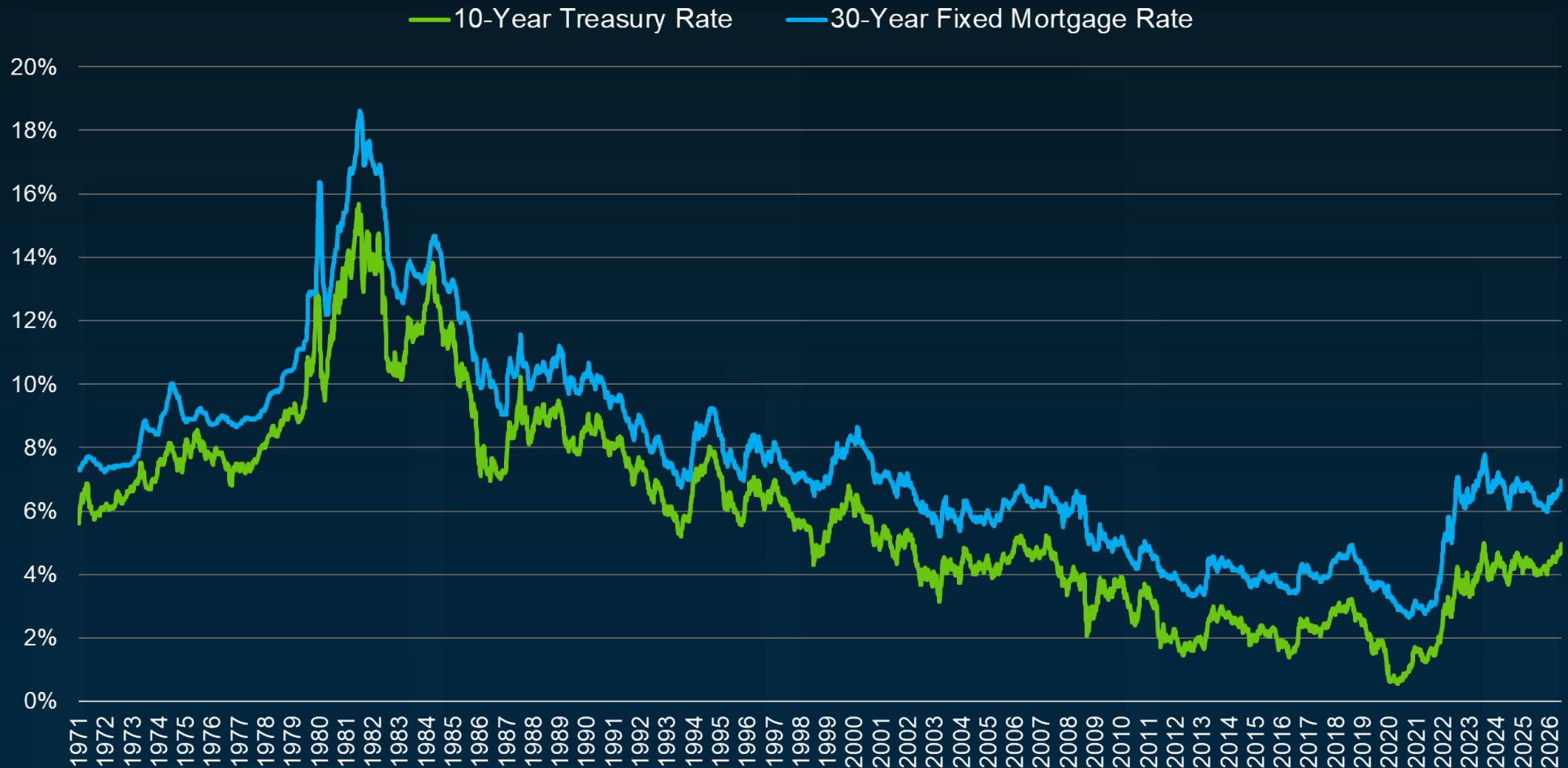


The Federal Reserve influences mortgage rates, but doesn't set them. . . Mortgage rates are influenced by many elements, including the inflation rate, the pace of job creation, and whether the economy is growing or shrinking. The Federal Reserve's monetary policy is a factor, too . . .

The Fed Doesn't Set Mortgage Rates, But It Does Influence Them



Mortgage Rates Follow the 10-Year Treasury





Mortgage rates are tied to the 10-year Treasury yield rather than the shorter-term federal funds rate set by the Fed.

That is because most 30-year mortgages last around 10 years before being refinanced or exited through a sale.

Wall Street Journal

How Fed Rate Hikes Can Impact the Housing Market in the Short Term

Current Homeowners



HELOCs and other variable-rate loans can become **more expensive** when the Fed raises rates.

Smaller Builders



Higher borrowing costs can make it **more expensive to build** new homes.

Buyers



Higher rates can mean **less buying power** and a higher monthly payment.

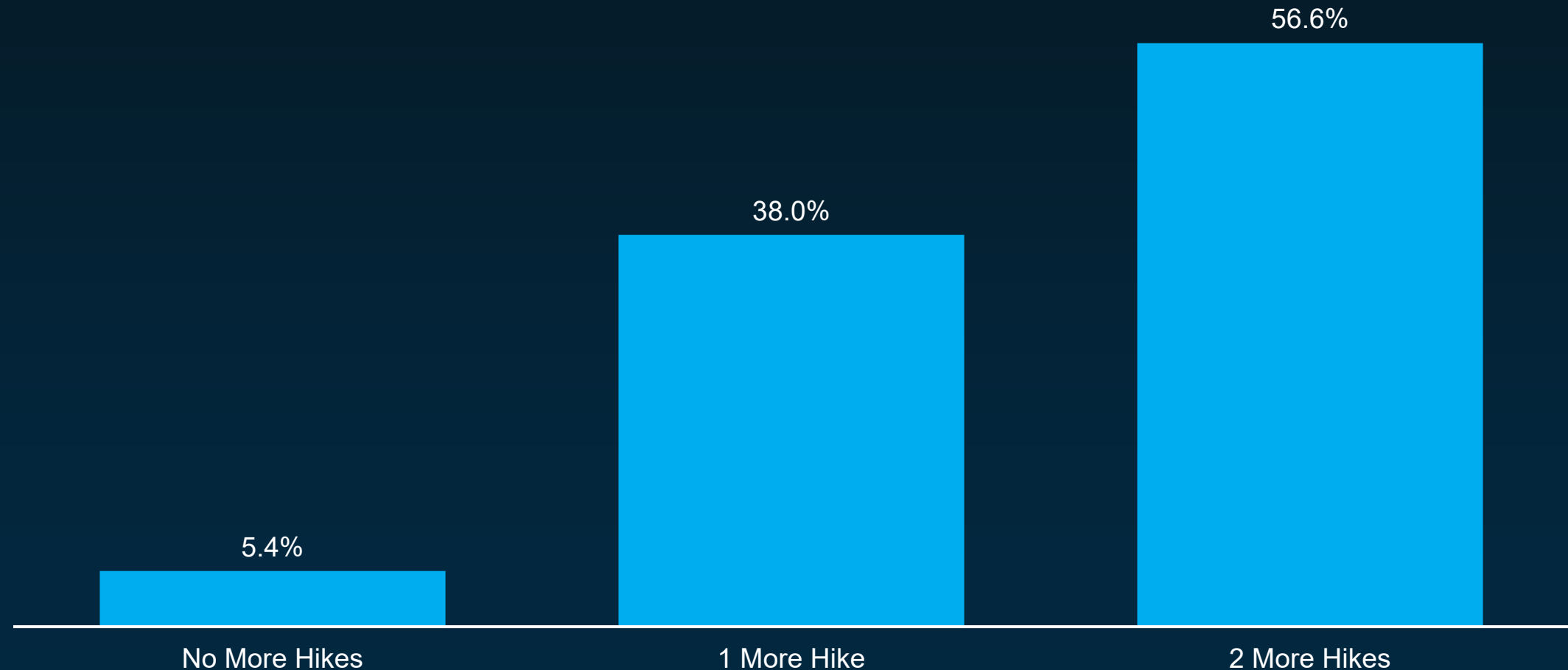
Sellers



Higher rates can make the **next home less affordable**, causing some homeowners to stay put.

Expect the Fed To Raise the Fed Funds Rate Again This Year

Odds of Additional Hikes During the Last 2 Fed Meetings of 2026 (as of 9/28)





If we get the conflict over and oil and bond trading positive, we can reassess where we are in the economy and the Fed. However, **until then, don't think about rates going under 6.50% anytime soon . . .**

For Buyers

- Get pre-approved so you know your real budget at today's rates.
- Compare offers from more than one lender. Quotes can vary a lot.
- Lock your rate once you're under contract so a jump before closing doesn't raise your payment.
- Ask about seller concessions or builder buydowns to bring your rate down.
- Look at homes that have been listed for a few weeks. Those sellers are often more open to negotiating.

For Sellers

- Start with your goal and timeline. A fast sale and top dollar might call for different strategies.
- Price for today's buyers. Higher rates mean smaller budgets.
- Think about offering a rate buydown. It can help a buyer's monthly payment more than a price cut.
- Make sure your home is move-in ready. Buyers stretching to afford a payment don't have much left for repairs.
- If you're buying another house, use your equity to soften the higher rate on your next home.



Over time, firmer Fed action could help steady the bond market and open the door to lower mortgage rates, but only if investors become more confident that inflation is coming under control.

Until then, higher incomes and slower house price appreciation may restore some buying power, though elevated mortgage rates will limit how much potential demand translates into sales.

Sam Williamson
Senior Economist, First American



**There Isn't 1 Housing Market
Right Now. There Are 4.**



There is no longer a housing market in United States . . . There are four Americas. There are **cash buyers** who live in a completely different world . . . **Buyers who need financing** who are paying 6.5%, putting 20% down. There's **owners who are locked into 3% rates** who are imprisoned in their own homes and there's **builders**. **Those are four very, very different kind of cast players** and they look at the world in a different place.

Ryan Serhant
CEO, SERHANT

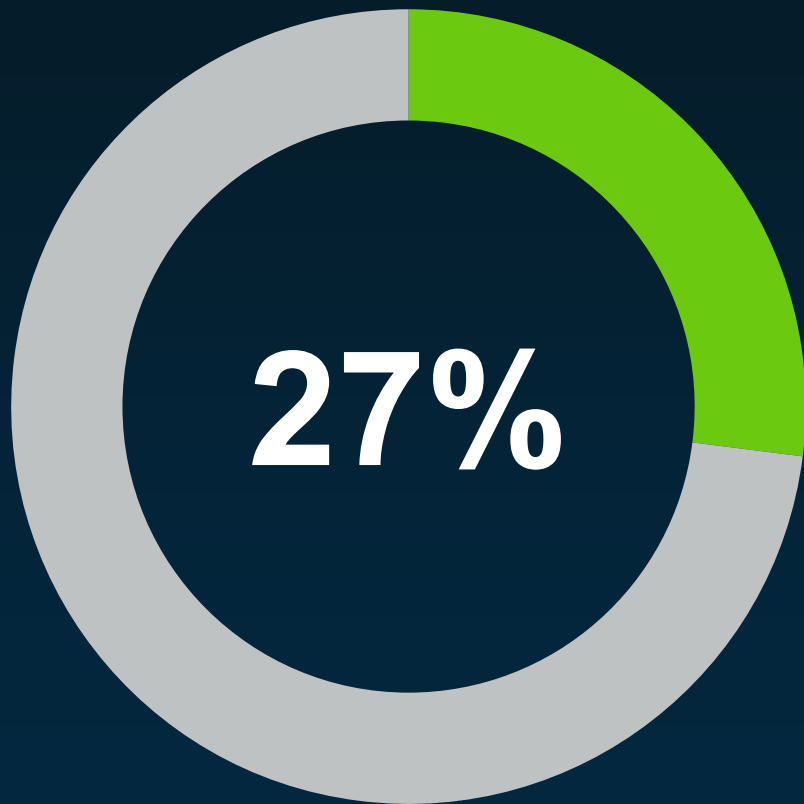
There Is No “1” Housing Market Anymore

“There is no longer a housing market in United States . . . There are four Americas.”

Ryan Serhant
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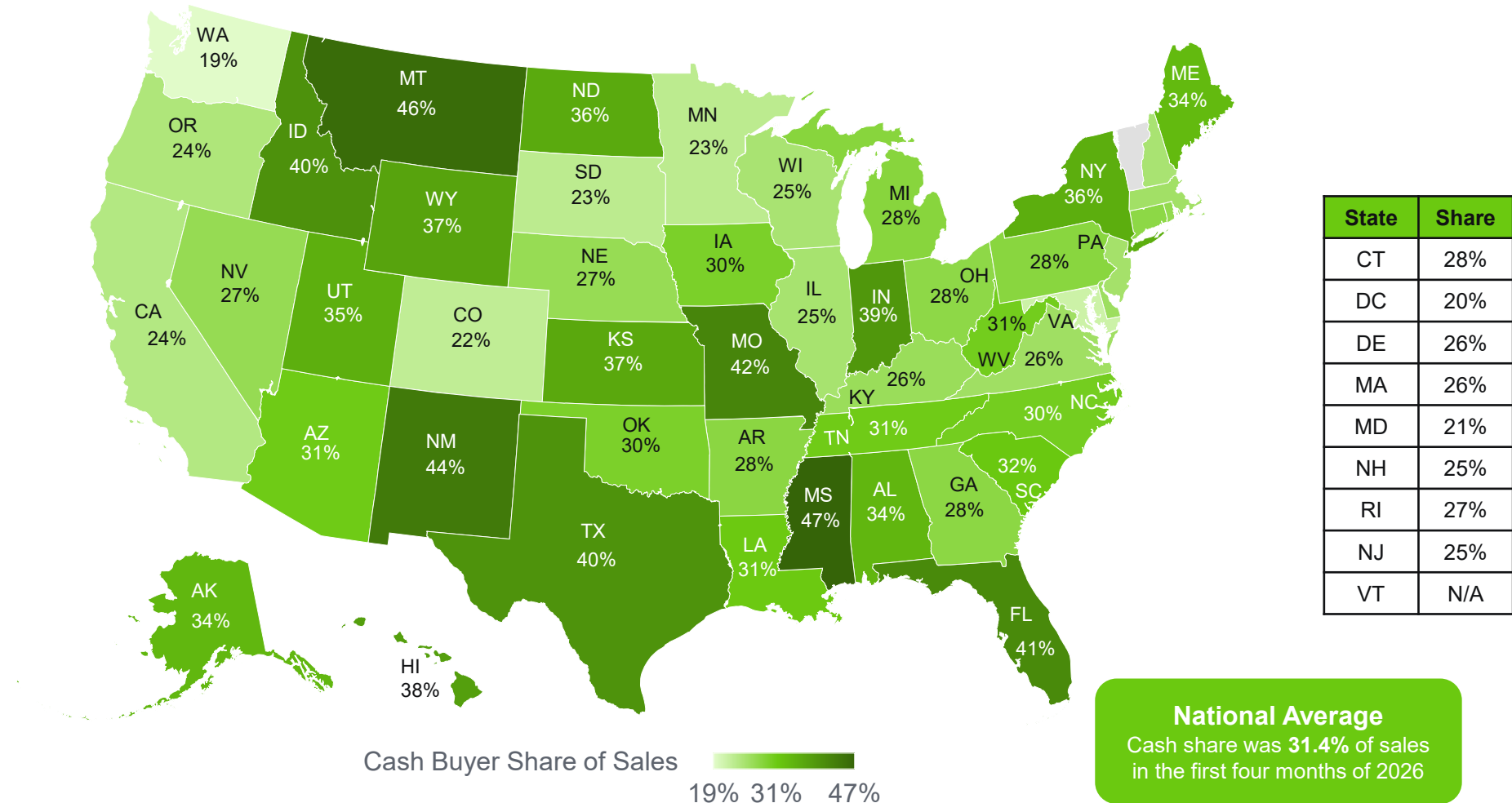
1 in 4 Buyers Are Paying Cash



Investors, second-home buyers and repeat buyers who can leverage cash from a previous sale are using it: **Home buyers paying all cash** for a home remain about a quarter of the home buying market, comprising 27% of existing-home sales in August.

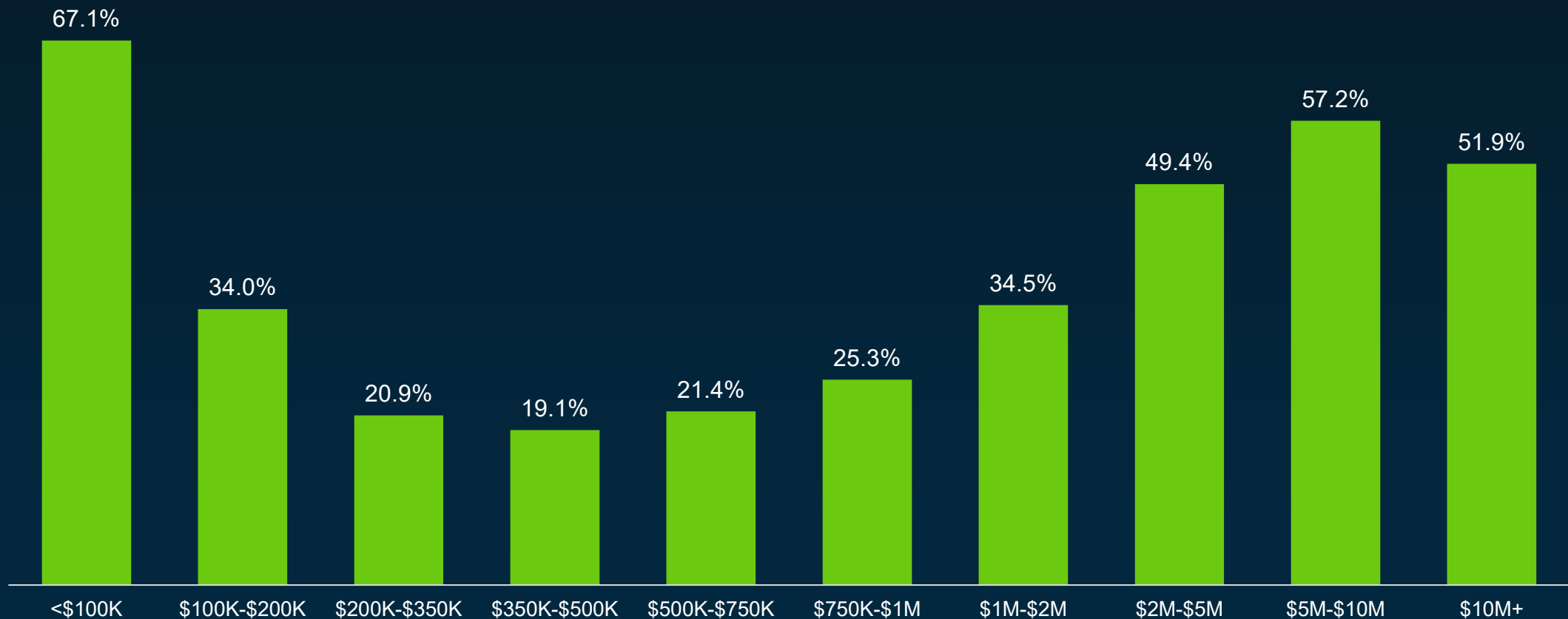
Where Cash Buyers Rule the Market

Share of Home Purchases Made with Cash by State, January – April 2026



Cash Purchases Remain Common at the High and Low Ends of the Market

Share of Cash Sales by Price Tier (January – April 2026)



All-Cash Transactions

How To Make This Actionable

Opportunities

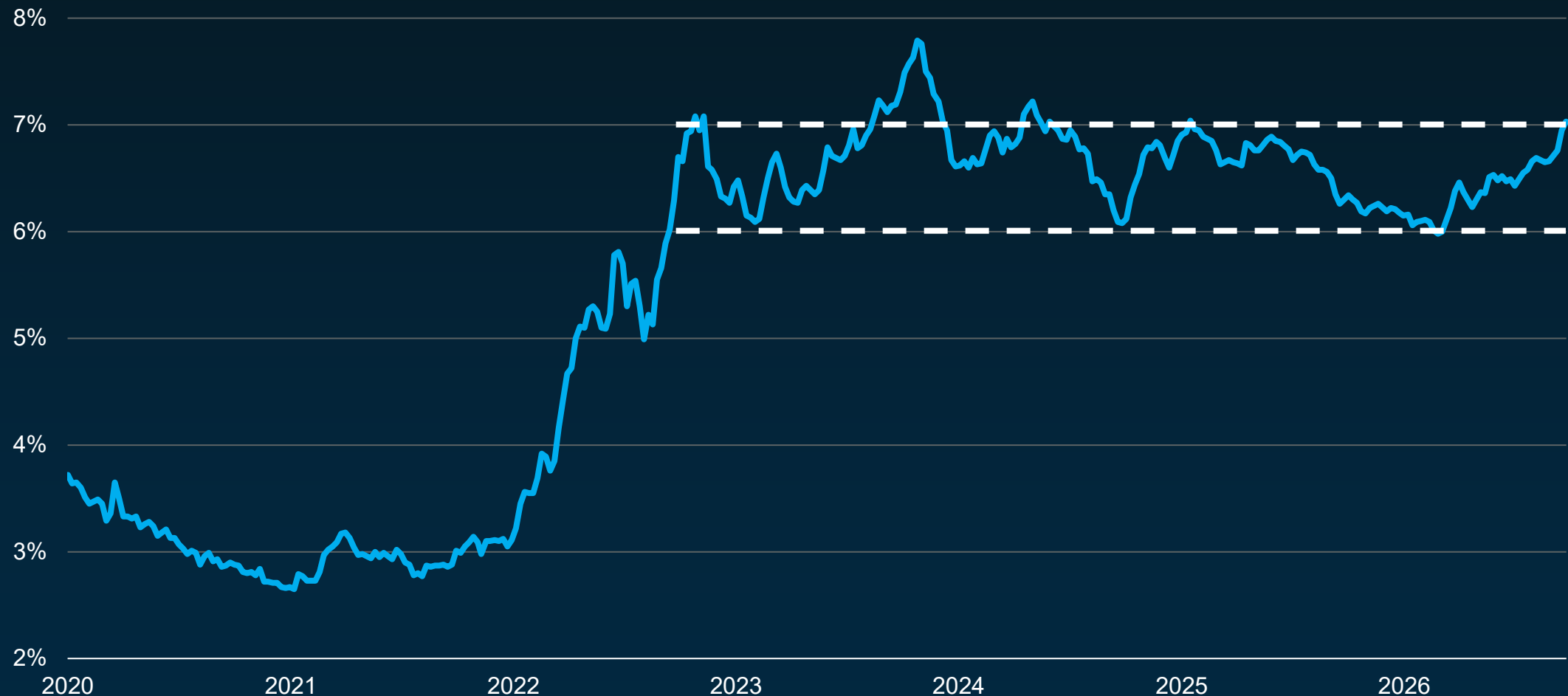
- **Buyers:** no financing contingency means you can move fast and stand out, sometimes enough to negotiate a lower price in return.
- **Sellers:** a cash offer carries less risk of falling through and often means a faster close.

Tips

- **Buyers:** a fast close doesn't have to mean a blind one. Don't skip the inspection.
- **Sellers:** don't assume cash is automatically the best offer. Weigh speed and certainty against the actual number.

Mortgage Rates Are Back at the High End of Their Range

30-Year Weekly Fixed-Rate Mortgage



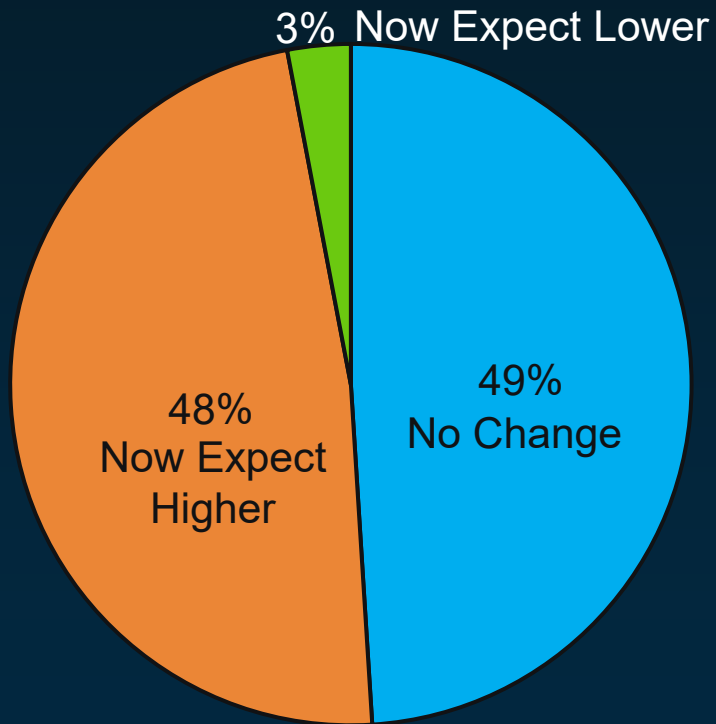


The back-and-forth in monthly home sales activity, driven by mild fluctuations in mortgage rates, **shows how sensitive home buyers are to affordability conditions.**

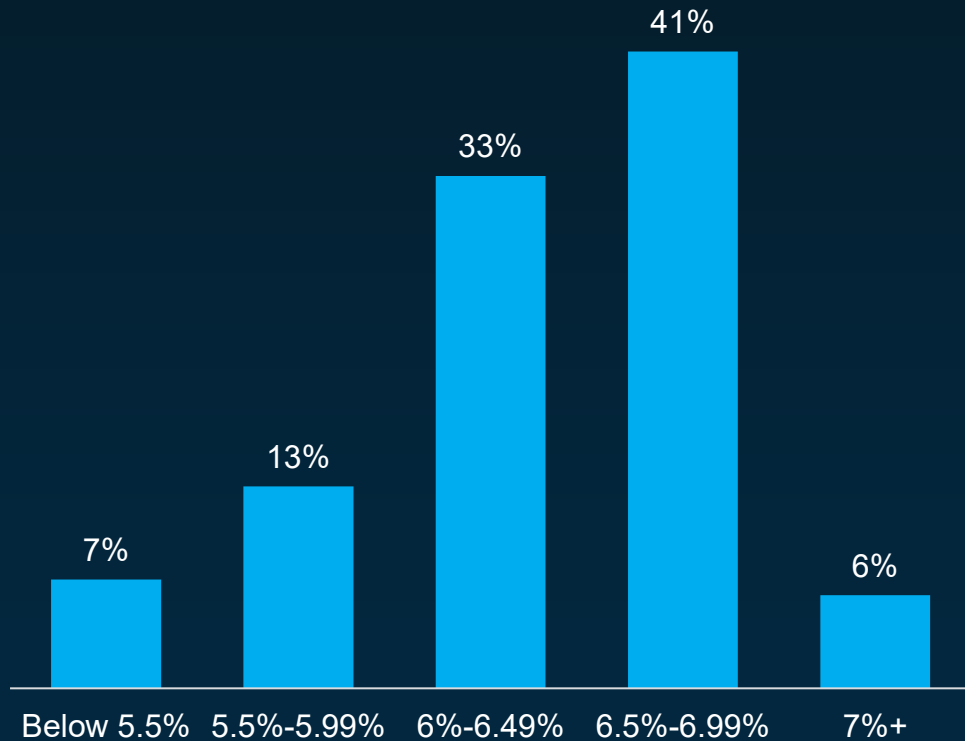
Lawrence Yun
Chief Economist, NAR

Mortgage Rate Expectations Are Creeping Up

**Have 2026 Developments
Changed Your Long-Run Rate Outlook?**



**Where Panelist Expect the 30-Year Rate
at the Year-End 2027**



Heavily Financed Transactions

How To Make This Actionable

Opportunities

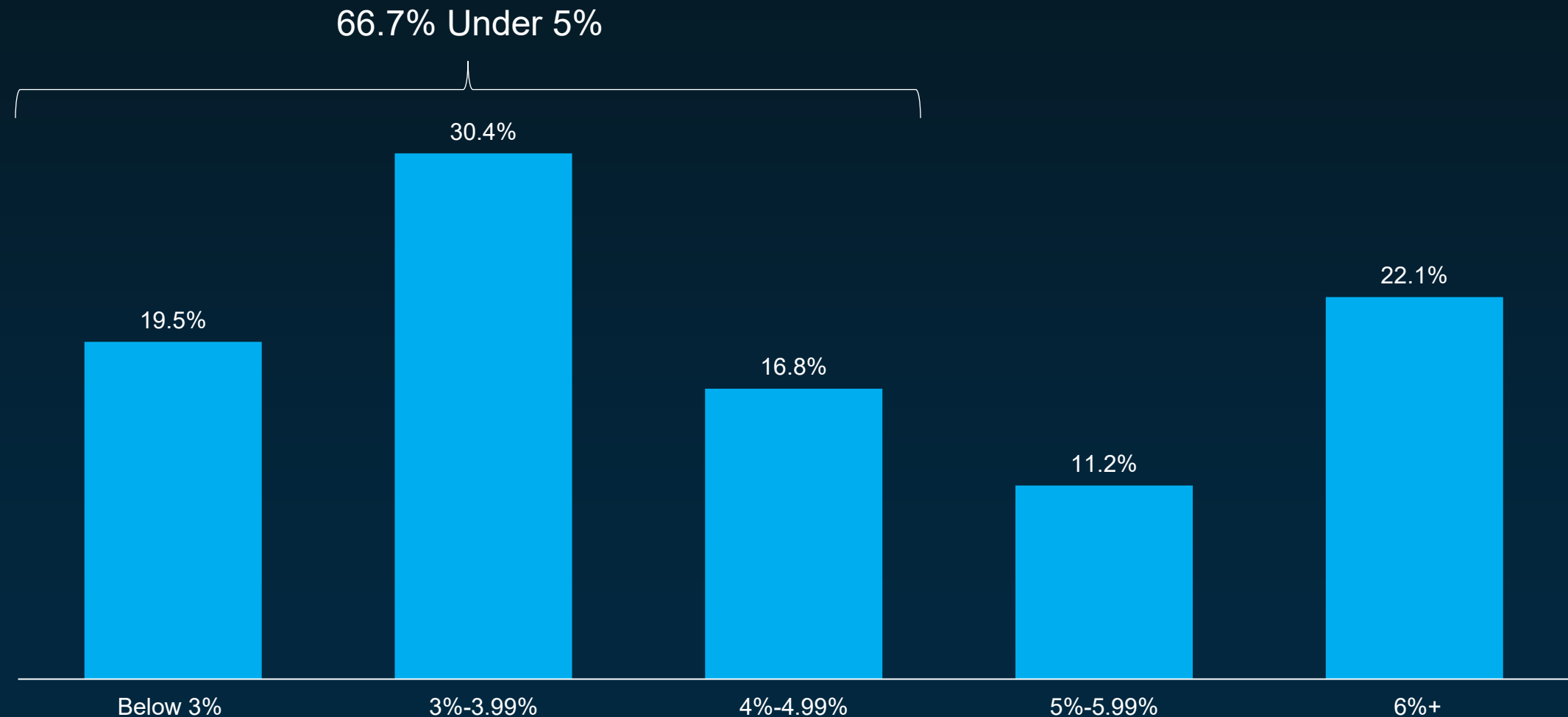
- **Buyers:** rates aren't dropping, but concessions are at a record high. Nearly half of sellers are giving a concession. Negotiate a buydown or credit instead of waiting on rates.
- **Sellers:** a proactive concession can convert a hesitant, rate-sensitive buyer without touching your price.

Tips

- **Buyers:** stop trying to time the market. If the payment fits your budget today, that's the signal, not the rate.
- **Sellers:** expect to negotiate. Build a concession into your pricing strategy from the start.

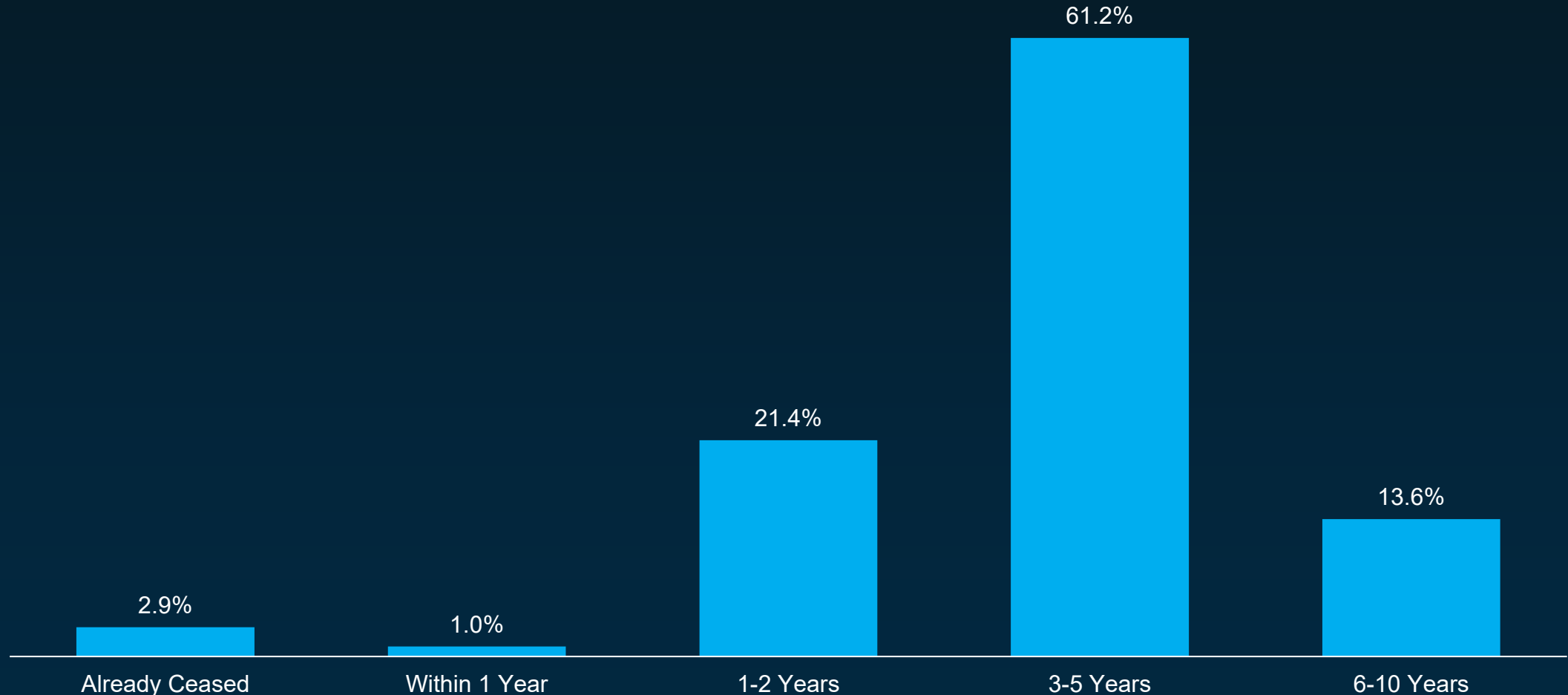
2 in 3 Homeowners Have a Mortgage Rate Below 5%

Share of Outstanding Mortgages by Interest Rate, Q1 2026



The Lock-In Effect Isn't Going Away Anytime Soon

When Lock-In Stops Being a Major Constraint on Sales



Lock-In Effect

How To Make This Actionable

Opportunities

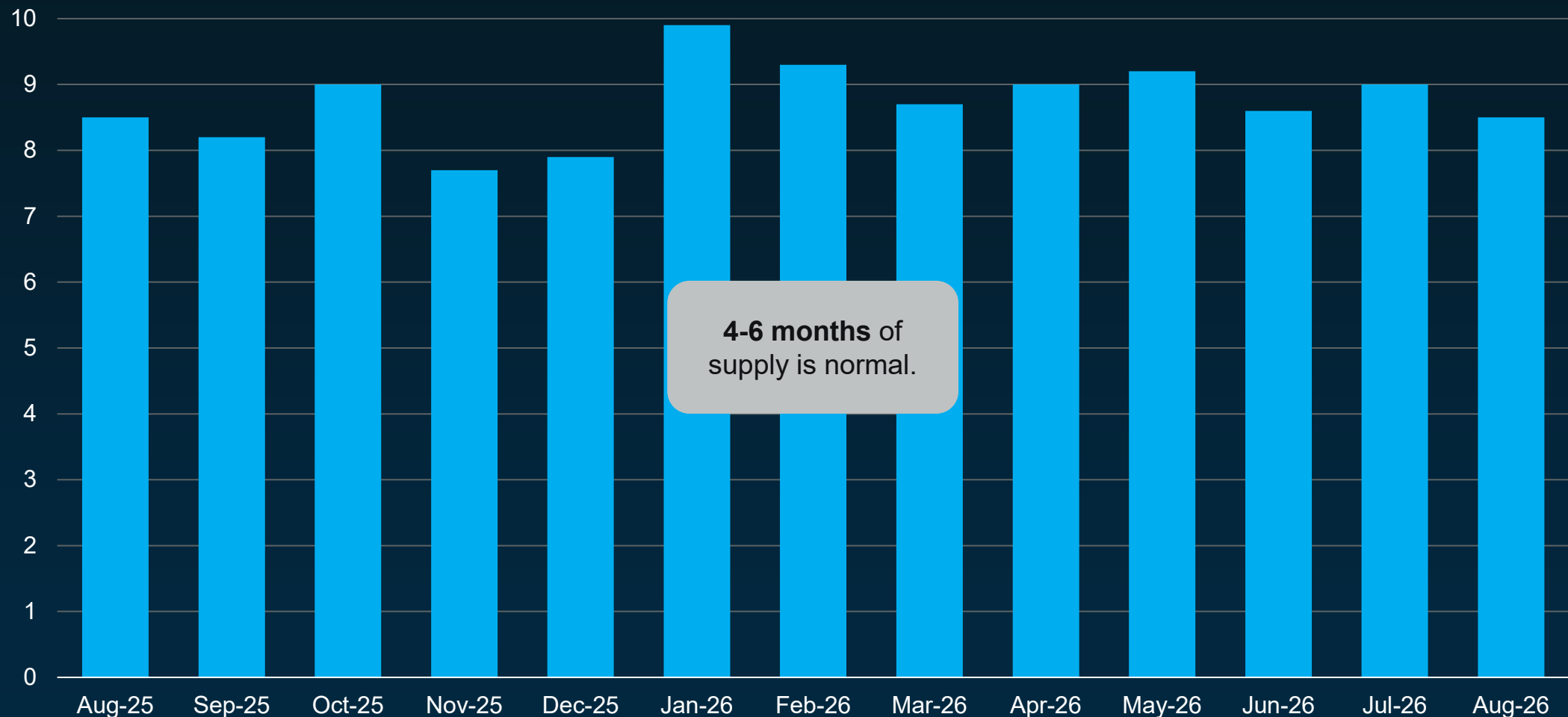
- **Sellers:** real equity has quietly built up while you waited. Selling might make more sense than the new payment makes it feel.
- **Buyers:** fewer locked-in owners are listing, but the ones who do usually have a real reason to move. They're often more flexible, motivated sellers.

Tips

- **Sellers:** run the real math (new payment with what your equity actually buys you) before ruling out a move.
- **Buyers:** ask if a listing has an assumable mortgage. Rare, but it's one of the only ways to inherit someone else's low rate.

New Home Inventory Is Building Up

New Home Supply Remains Elevated





Homebuilders have become increasingly aggressive in using price cuts, mortgage rate buydowns and other incentives to attract buyers, **effectively shifting homes from ‘for sale’ to ‘on sale.’**

Areas with a Lot of New Construction

How To Make This Actionable

Opportunities

- **Buyers:** new-home supply just hit 9.6 months, and builders are leaning hard on price cuts, buydowns, and incentives. This is where the deals are right now.
- **Sellers:** know you're not just competing with other resale listings, you're competing with builder incentives, too.

Tips

- **Buyers:** compare the whole incentive package, not just the price. A buydown can be worth more than a discount.
- **Sellers:** lead with what a builder can't offer – mature landscaping, an established neighborhood, and a house that's ready today, not in 8 months.

Most agents **know**
what's happening.

Good agents **understand**
what's happening.

Only great agents can **explain**
what's happening.



**KEEPING CURRENT
MATTERS**

Housing Market Statistics for Northeast Valley Single Family Homes

in Carefree, Cave Creek, Fort McDowell, Fountain Hills,
Paradise Valley, Rio Verde and Scottsdale, Arizona



Shambreskis and Howard, DeLex Realty

Average Price per Sq Ft for Sold Northeast Valley Single Family Homes

Closed Residential Listings - Average Price Per Square Foot

Northeast Valley Single Family Homes



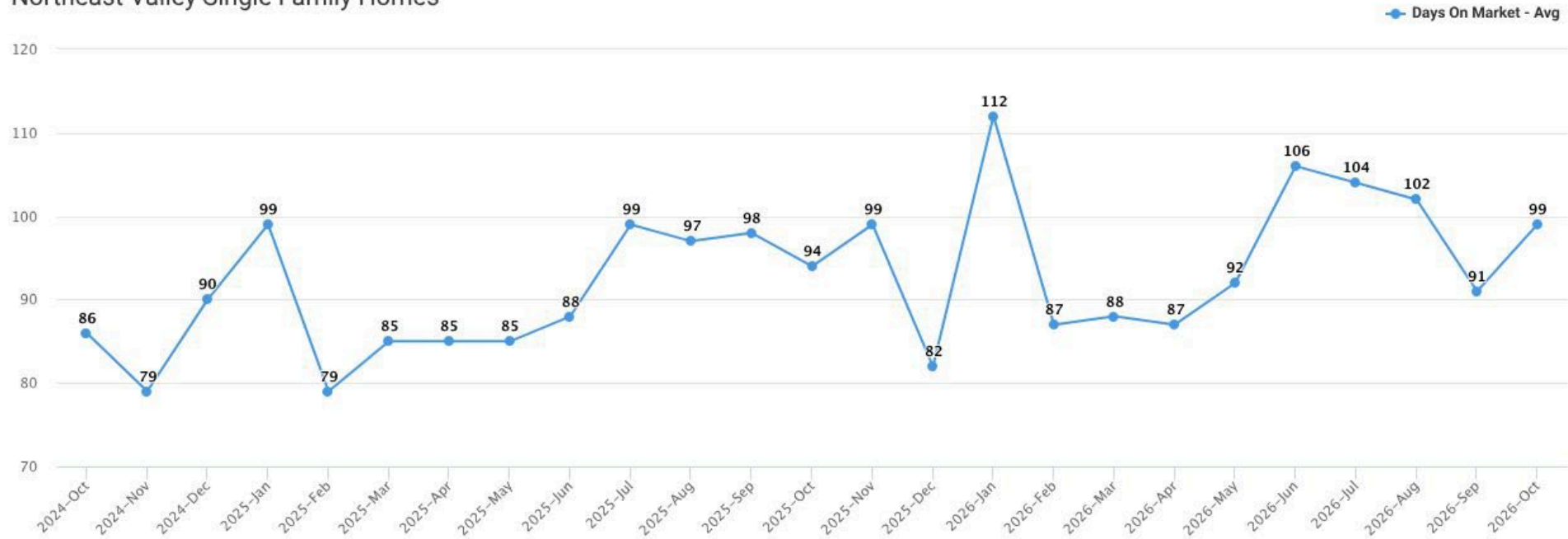
DeLex Realty
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Source: ARMLS

Average Days on Market for Sold Northeast Valley Single Family Homes

Closed Residential Listings - Average Days On Market

Northeast Valley Single Family Homes



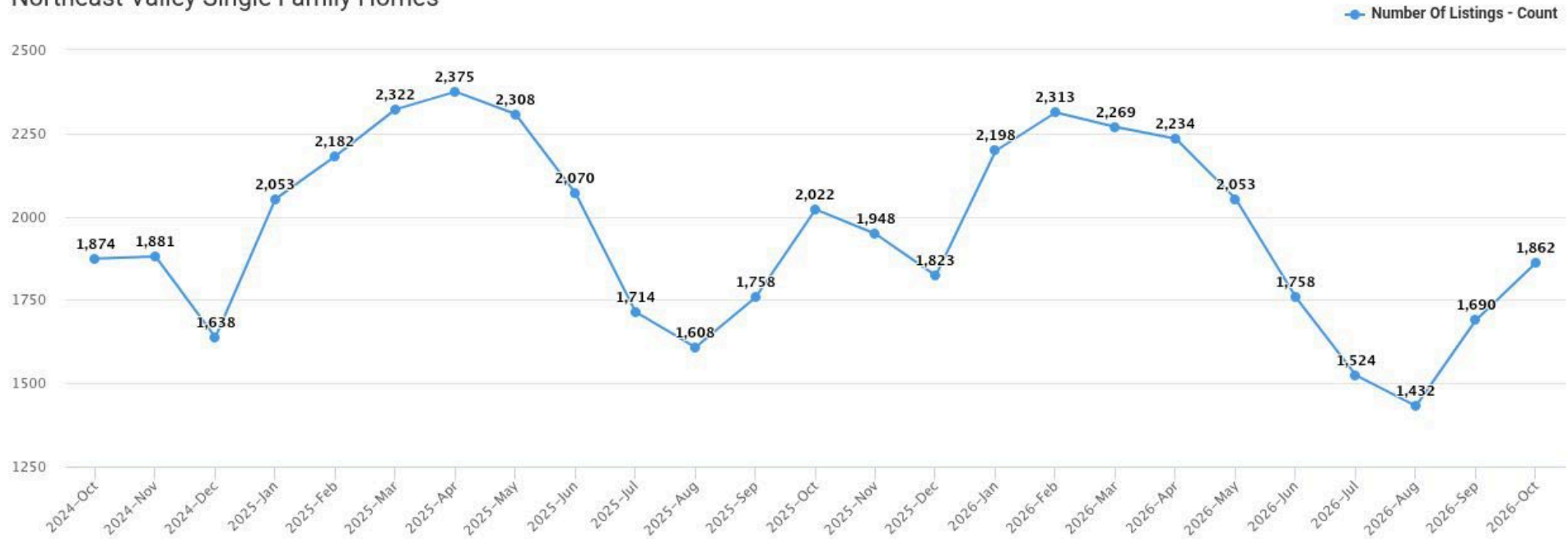
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Source: ARMLS

Number of Active Listings for Northeast Valley Single Family Homes

Active Residential Listings - Number Of Listings

Northeast Valley Single Family Homes



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Source: ARMLS

Average Price per Sq Ft for Active Northeast Valley Single Family Listings



CONTACT US TO DISCUSS YOUR LOCAL ARIZONA REAL ESTATE MARKET



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