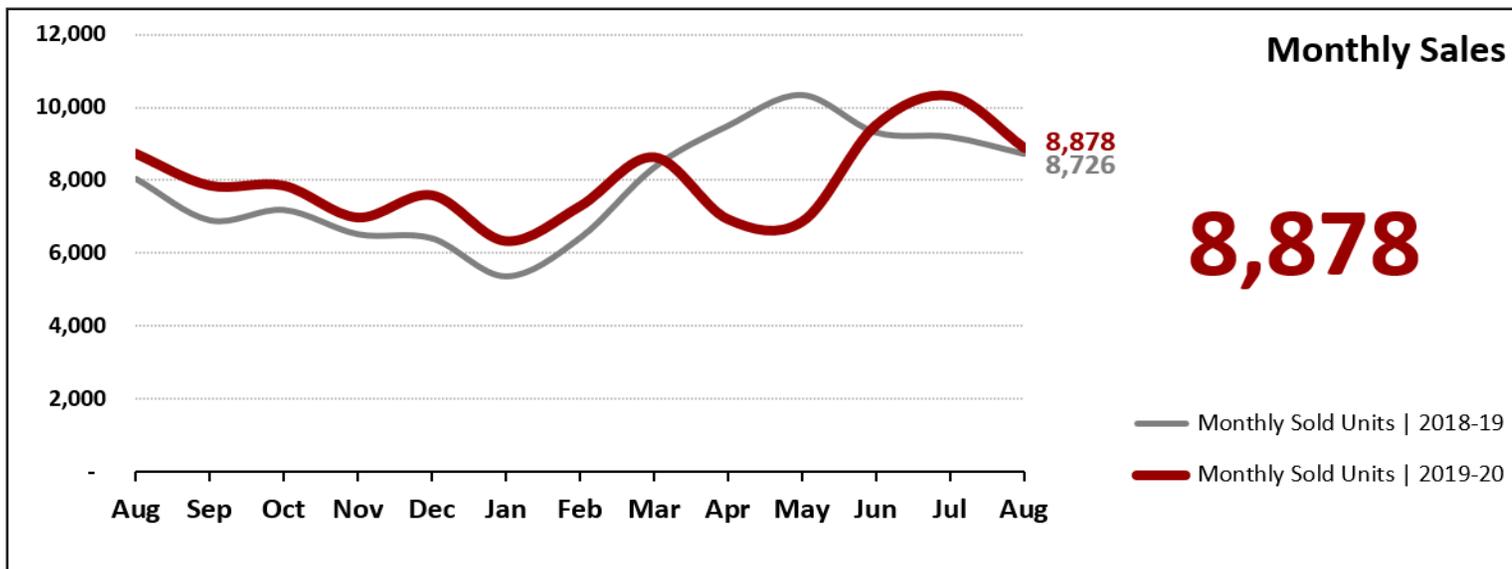


STAT

Your Monthly Statistics for the Phoenix Metro Area



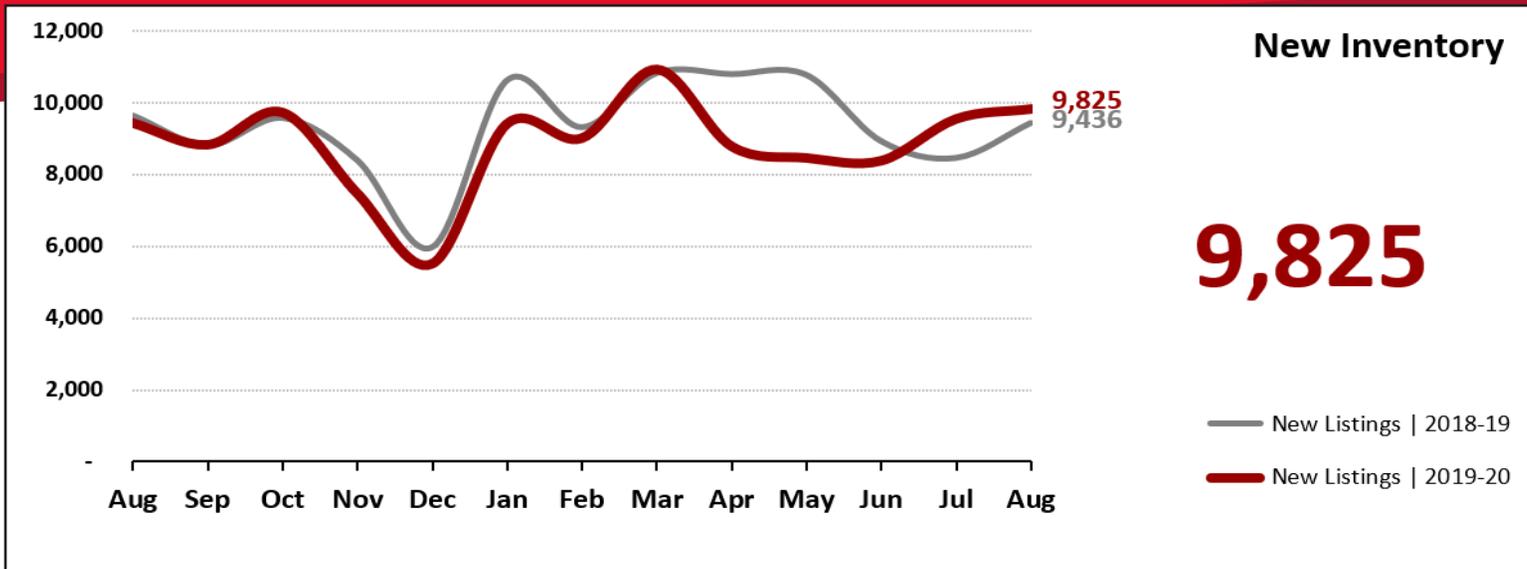
DATA FOR AUGUST 2020 - Published September 16, 2020



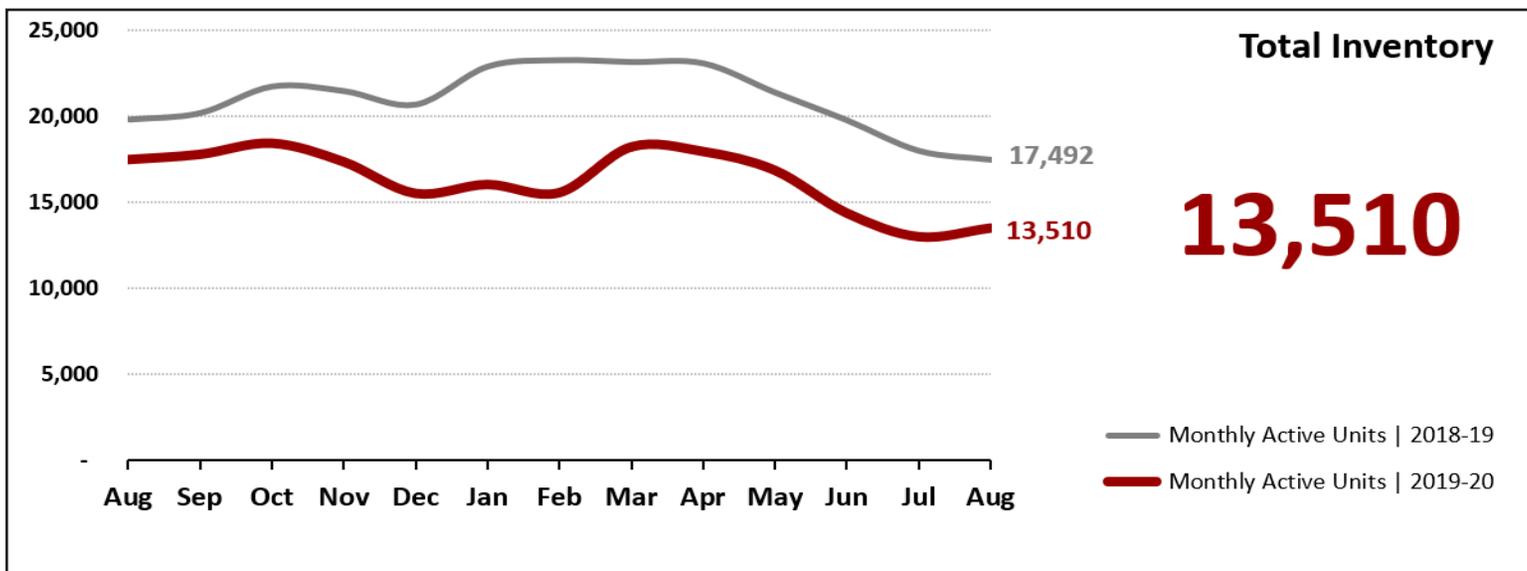
Sales are down -13.8% month-over-month. The year-over-year comparison is up +1.7%.

8,878

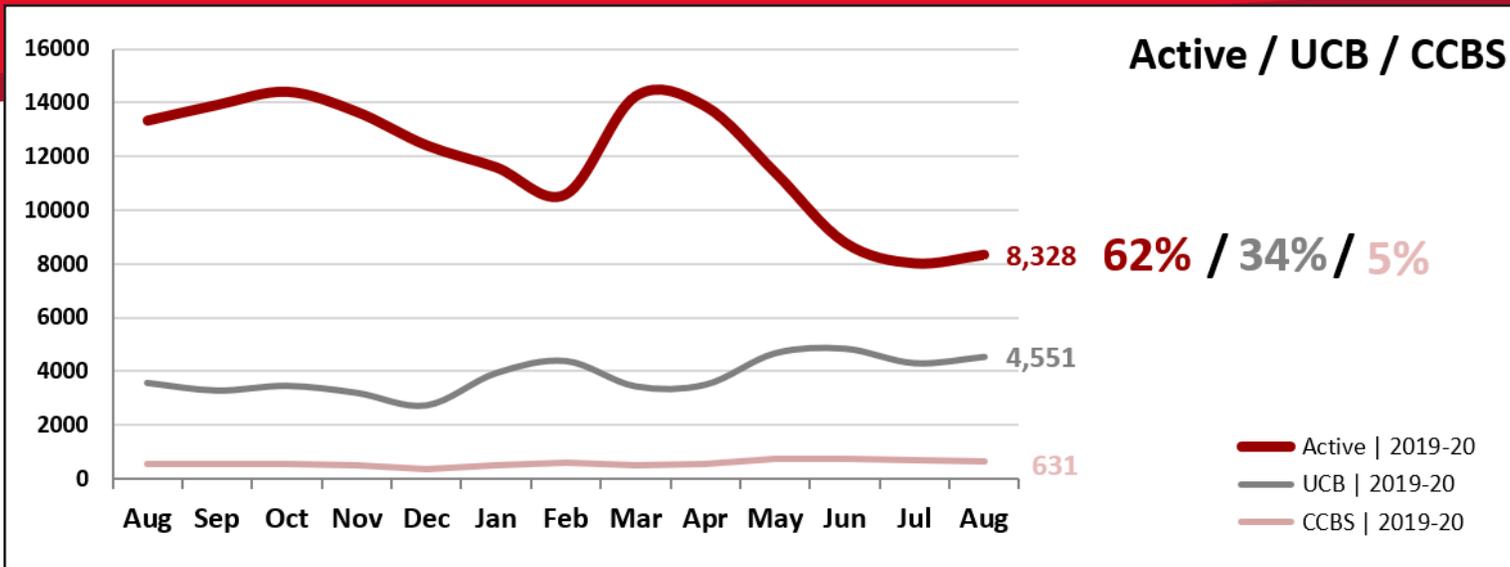
Closed MLS sales with a close of escrow date from 8/1/2020 to 8/31/2020, 0 day DOM sales removed



New MLS listings that were active for at least one day from 8/1/2020 to 8/31/2020, 0 day DOM sales removed

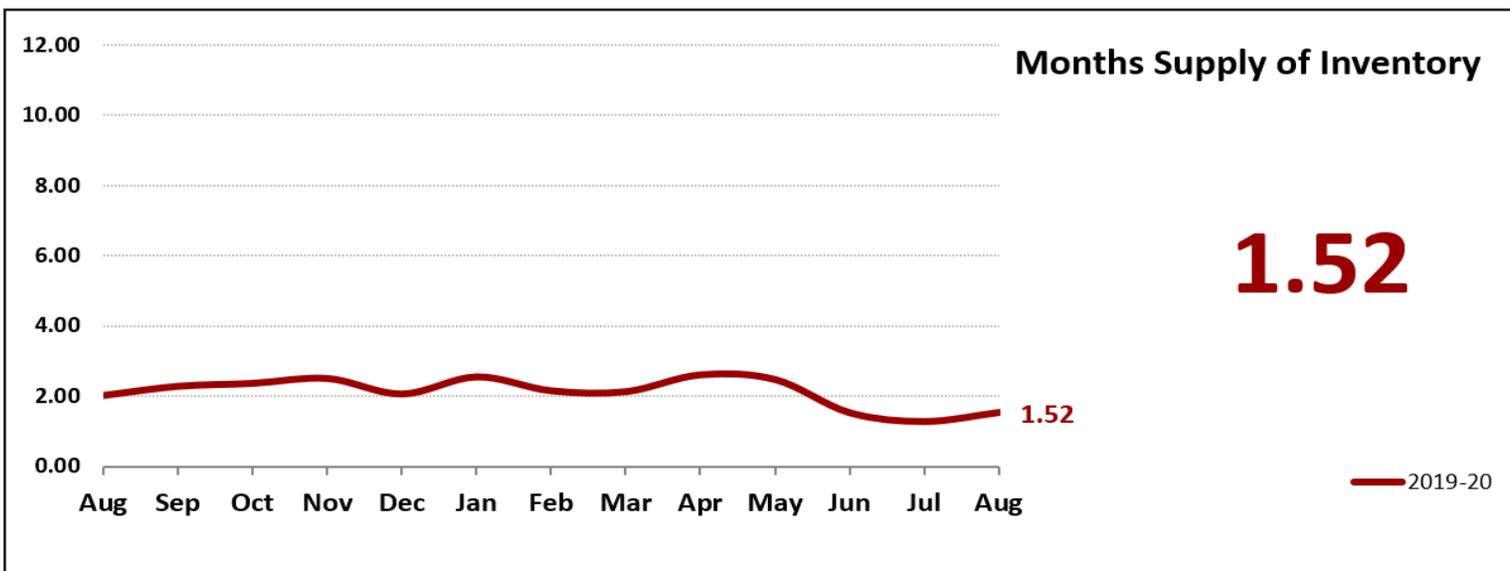


Snapshot of statuses on 8/31/2020



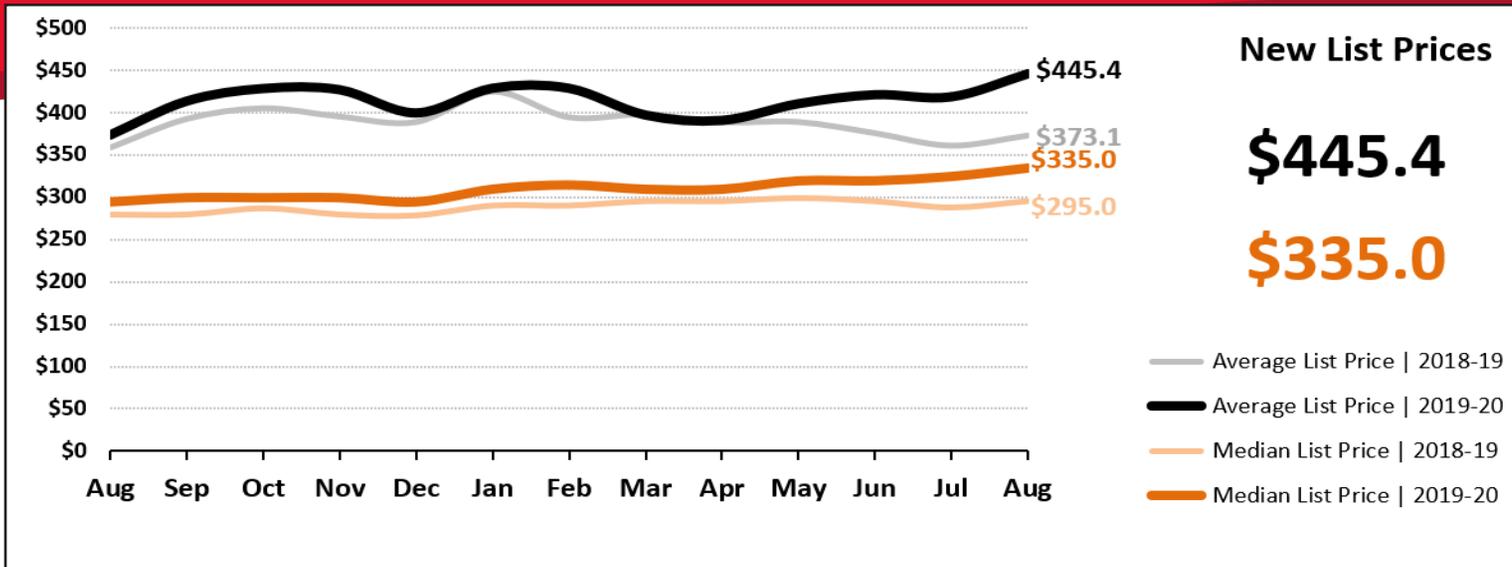
August UCB listings percent of total inventory was 33.7% with August CCBS listings at 4.7% of total inventory.

Snapshot of statuses on 8/31/2020



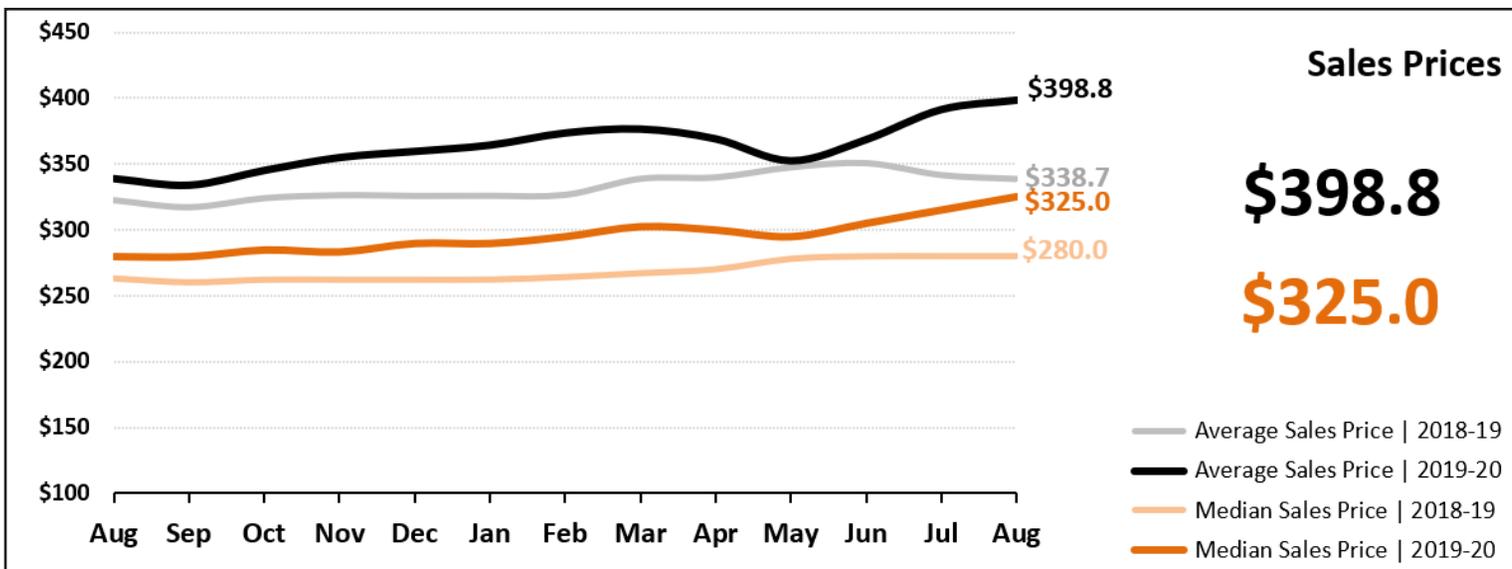
Months supply of inventory for July was 1.26 with August at 1.52.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of AUGUST 2020, 0 day DOM sales removed



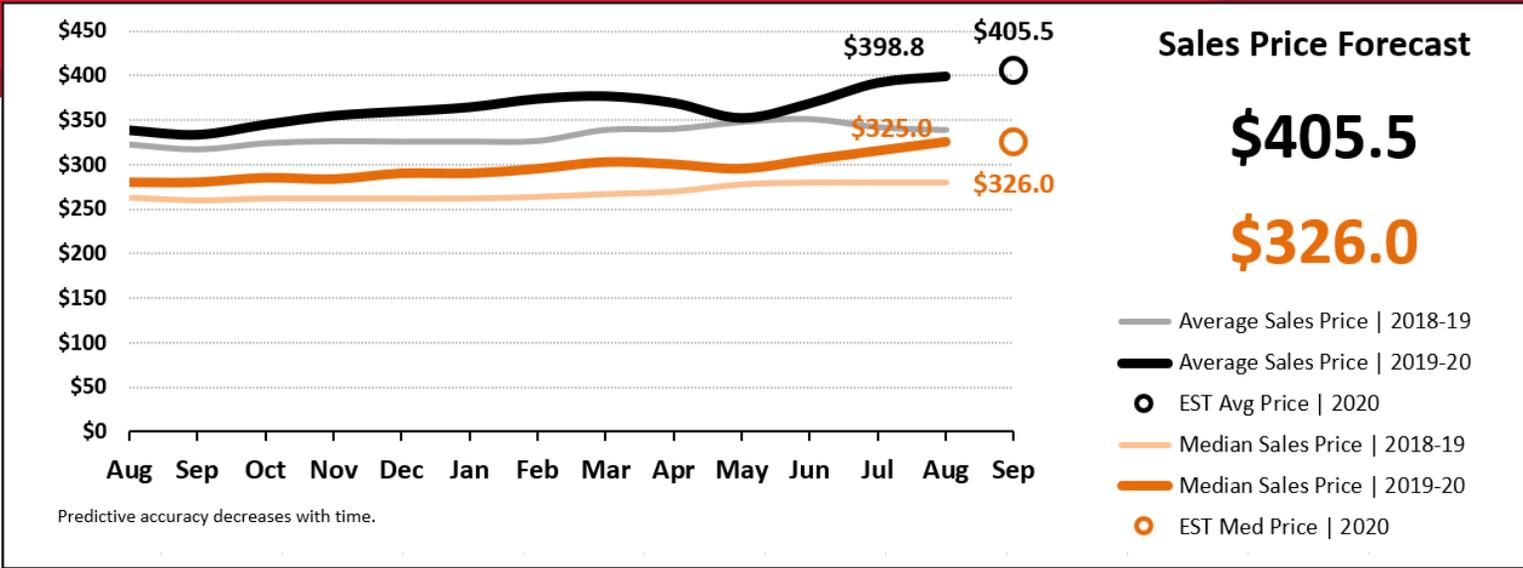
Average new list prices are up +19.4% year-over-year. The year-over-year median is up +13.6%.

List prices of new listings with list dates from 8/1/2020 to 8/31/2020, 0 day DOM sales removed



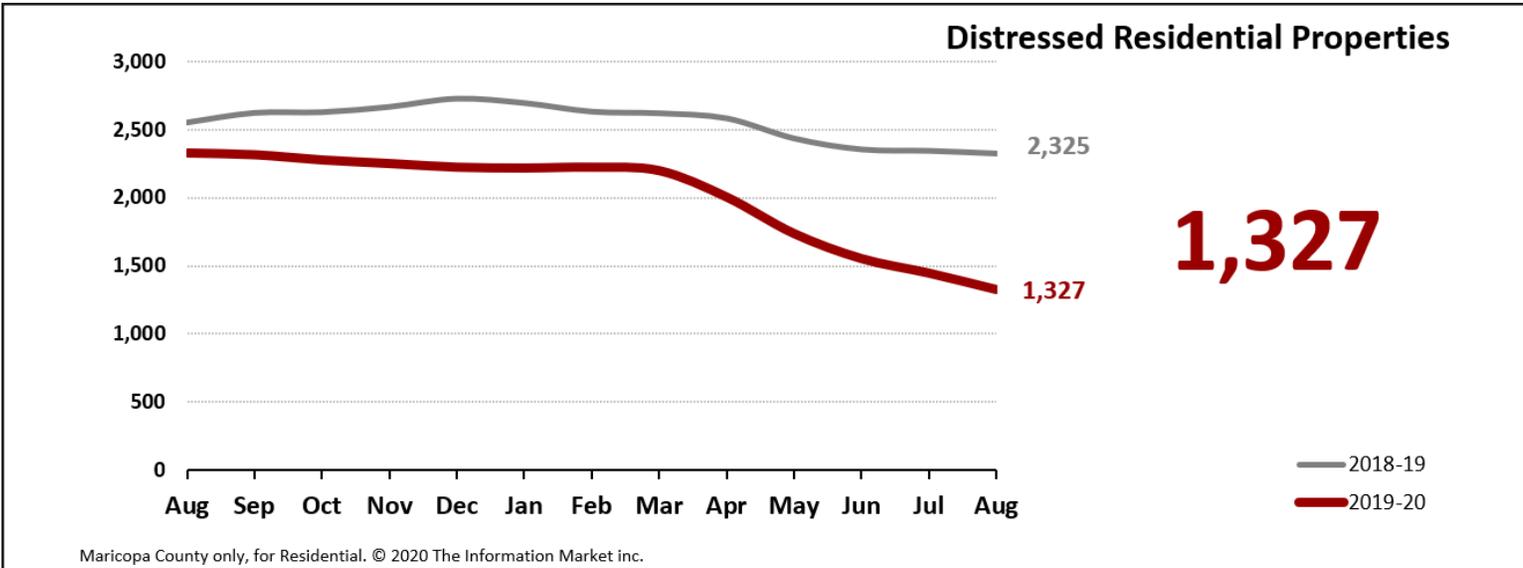
The average sales price is up +17.7% year-over-year while the year-over-year median sales price is also up +16.1%.

MLS sales prices for closed listings with a close of escrow date from 8/1/2020 to 8/31/2020, 0 day DOM sales removed



A slight increase is forecasted in September for both average sales prices and median sales prices.

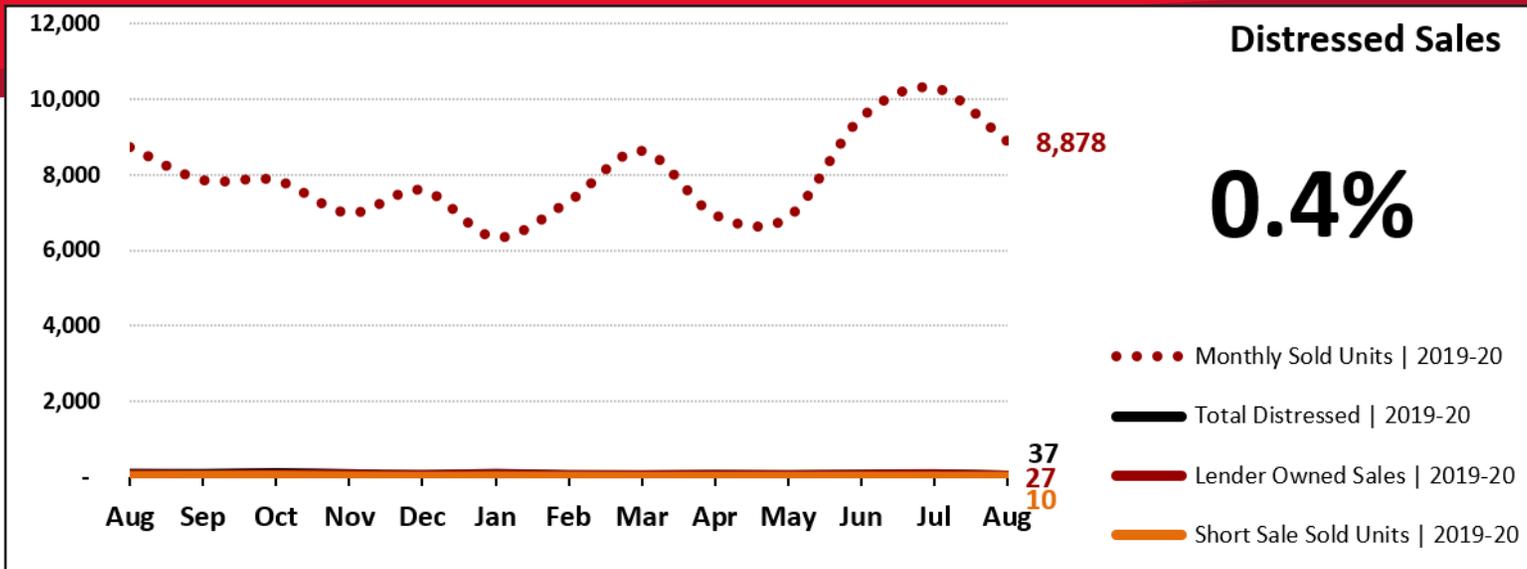
ARMLS proprietary predictive model forecast, 0 day DOM sales removed



Foreclosures pending month-over-month showed a decrease of -8.3% while the year-over-year figure was down -42.9%.

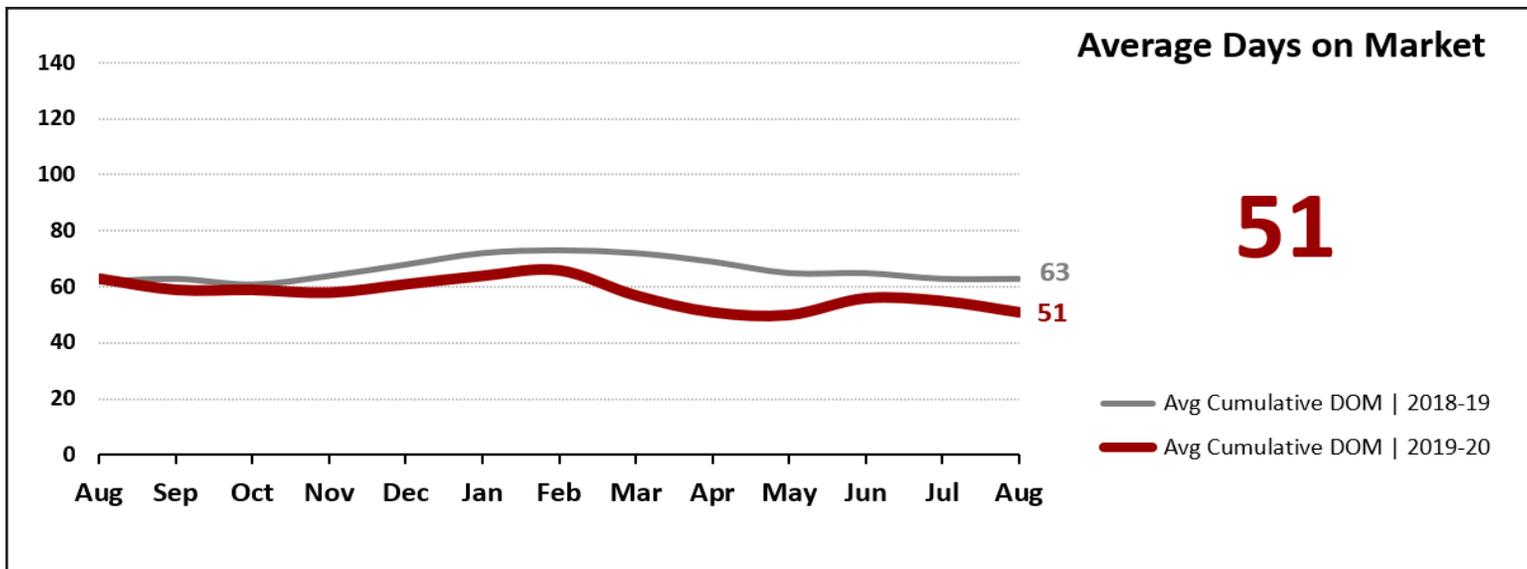
Maricopa County only, for Residential. © 2020 The Information Market inc.

Snapshot of public records data on 8/31/2020 active residential notices and residential REO properties.



Distressed sales accounted for 0.4% of total sales, down from the previous month. Short sales dropped -50.0% year-over-year. Lender-owned sales decreased -44.9% year-over-year.

New MLS listings that were active for at least one day from 8/1/2020 to 8/31/2020, 0 day DOM sales removed



Days on market were down -12 days year-over-year while month-over-month went down -4 days.

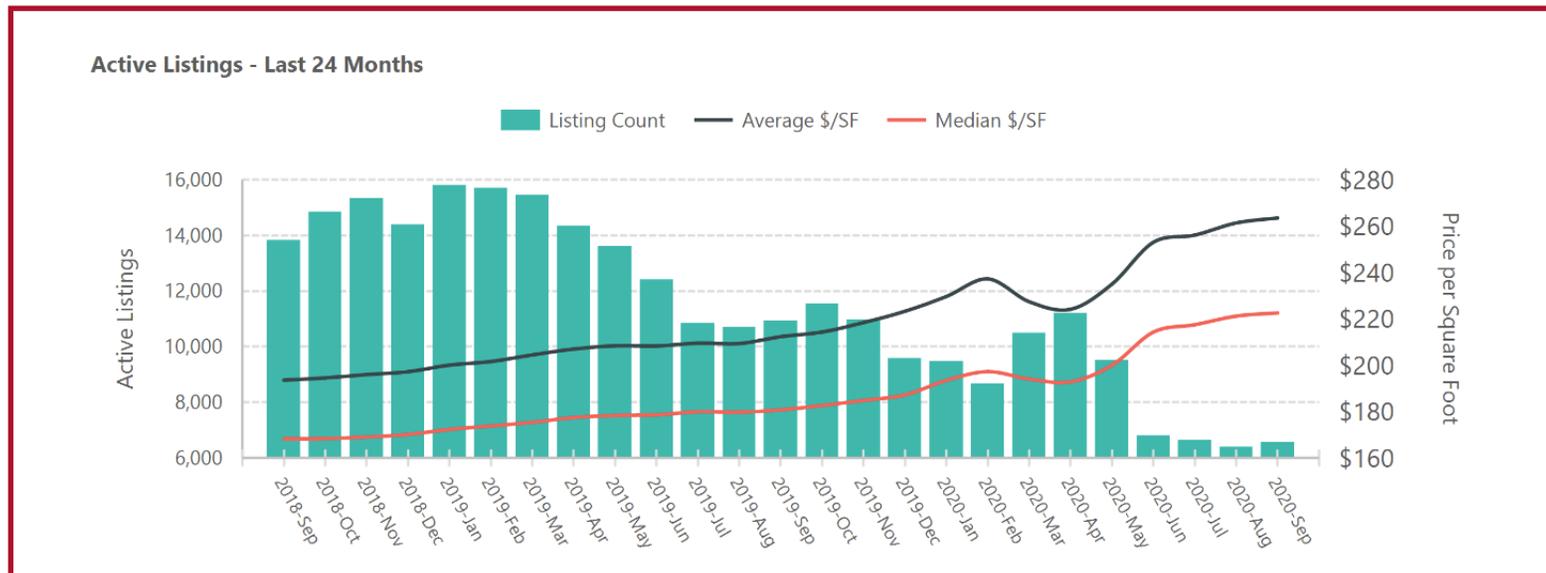
MLS sales prices for closed listings with a close of escrow date from 8/1/2020 to 8/31/2020, 0 day DOM sales removed

RAPID REPORT

A GLIMPSE AT THE CURRENT MARKET

POWERED BY  **RapidStats**

Current Listings Summary in Maricopa County



The following graph is a snapshot of Maricopa data as of 12:00am on 09/15/2020

RapidStats is a data-driven reporting and analytics tool created by ARMLS that helps agents and brokers understand their markets, pricing and opportunities to make decisions. **RapidStats reports can be filtered by City, County or ZIP Code!**

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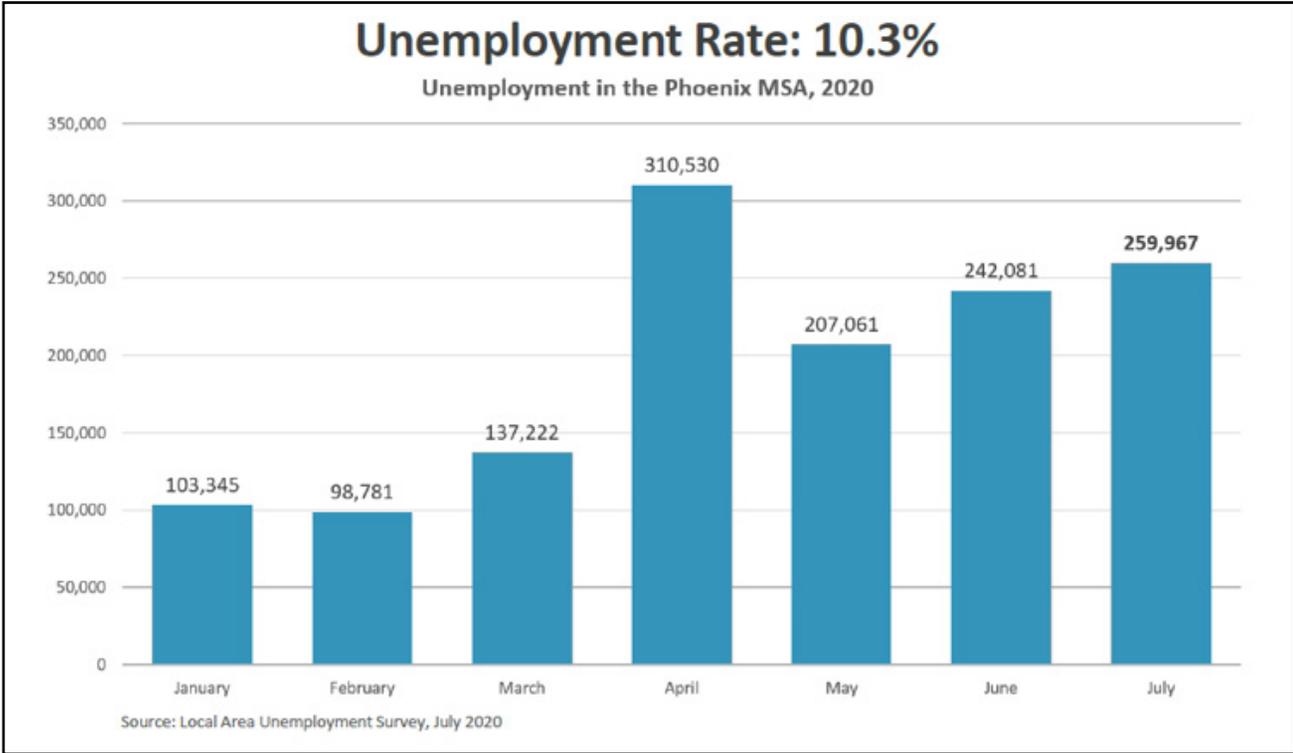
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Market Overview

Remarkable. This is the word most used to describe the current state of our housing market. Even after our unemployment numbers rose above 12% in April and the U.S. economy contracted nearly 33% in the second quarter, in June buyers returned to our market. We are living in a time like nothing we have ever seen before. While many economists predicted a shutdown in our housing market, the exact opposite has happened. In June, July and now August, we have seen strong gains in both year-over-year prices and sales volume. I expect sales volume to continue this trend over the next two months. Prices appear to be moderating in the short term, which is in line with seasonal patterns. The housing market is being fueled by astronomically low interest rates. Freddie Mac just reported another all-time low with the 30-year fixed rate having dropped to 2.86%. Market performance has been nothing short of amazing considering rising unemployment typically means a fall in housing activity.

The three charts below display this phenomenon (next page).

Arizona Unemployment Rate via Maricopa Association of Governments



Average and Median Sale Price via ARMLS

Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
\$322.8	\$317.5	\$324.3	\$326.5	\$326.0	\$326.1	\$326.8	\$338.9	\$339.9	\$347.5	\$350.6	\$341.6	\$338.7
\$338.7	\$333.7	\$345.1	\$354.9	\$359.6	\$364.4	\$373.7	\$376.7	\$369.2	\$352.4	\$368.6	\$391.6	\$398.8
4.9%	5.1%	6.4%	8.7%	10.3%	11.7%	14.4%	11.2%	8.6%	1.4%	5.1%	14.6%	17.7%
-0.8%	-1.5%	3.4%	2.8%	1.3%	1.3%	2.6%	0.8%	-2.0%	-4.6%	4.6%	6.2%	1.8%
\$263.0	\$260.0	\$262.0	\$262.0	\$262.0	\$262.1	\$264.0	\$267.0	\$270.0	\$278.0	\$279.9	\$280.0	\$280.0
\$280.0	\$280.0	\$285.0	\$283.5	\$289.9	\$289.9	\$295.0	\$302.5	\$300.0	\$295.0	\$305.0	\$315.0	\$325.0
6.5%	7.7%	8.8%	8.2%	10.6%	10.6%	11.7%	13.3%	11.1%	6.1%	9.0%	12.5%	16.1%
0.0%	0.0%	1.8%	-0.5%	2.3%	0.0%	1.8%	2.5%	-0.8%	-1.7%	3.4%	3.3%	3.2%

We have seen a 16.1% increase in the year-over-year median price and a 17.7% increase in the average price. Our current median sales price is \$325,000.

Historical Sales Volume via ARMLS

Year	January	February	March	April	May	June	July	August	September	October
2001	3,700	4,609	5,704	5,833	6,244	6,164	5,638	5,728	4,801	4,766
2002	4,016	4,403	5,732	6,131	6,783	6,404	6,114	5,797	5,542	5,723
2003	4,760	5,493	6,545	7,464	7,468	7,495	7,680	7,688	6,868	6,541
2004	5,118	6,196	8,744	8,971	9,019	10,019	9,040	8,992	8,677	8,173
2005	6,632	7,781	9,987	9,600	9,890	10,252	9,394	10,031	9,213	8,046
2006	5,266	5,918	7,497	6,798	7,573	7,214	6,102	6,163	5,608	5,599
2007	4,389	4,958	5,990	5,535	5,795	5,438	4,730	4,358	3,435	3,457
2008	2,912	3,448	4,293	4,879	5,656	5,748	5,966	5,725	6,166	5,389
2009	4,742	5,477	7,636	8,564	9,284	9,327	9,095	8,007	7,906	8,119
2010	5,789	6,594	8,969	9,261	9,077	9,280	7,100	7,358	6,764	6,593
2011	6,541	7,157	9,933	9,331	9,809	10,345	8,387	8,712	7,892	7,563
2012	6,455	7,249	8,867	8,435	8,442	9,129	7,180	7,562	6,460	7,044
2013	5,828	6,630	8,136	8,754	9,436	8,228	8,216	7,055	6,314	6,041
2014	4,797	5,474	6,710	7,659	7,445	7,219	6,775	6,428	6,252	6,154
2015	4,784	5,990	7,900	8,367	8,319	8,674	7,914	7,010	6,935	6,304
2016	5,131	5,718	8,412	8,293	8,676	8,861	7,630	7,843	7,328	6,981
2017	5,932	6,435	9,116	8,666	9,641	9,391	7,853	8,113	7,328	7,268
2018	6,082	6,911	9,402	8,990	9,913	9,079	8,380	8,036	6,897	7,182
2019	5,357	6,409	8,344	9,493	10,341	9,313	9,192	8,726	7,850	7,848
2020	6,328	7,279	8,626	6,925	6,860	9,508	10,303	8,878		

July was the highest July on record. August was only surpassed by 2004 and 2005. The September numbers are expected to be in the 2004 and 2005 ranges.

Another Viewpoint

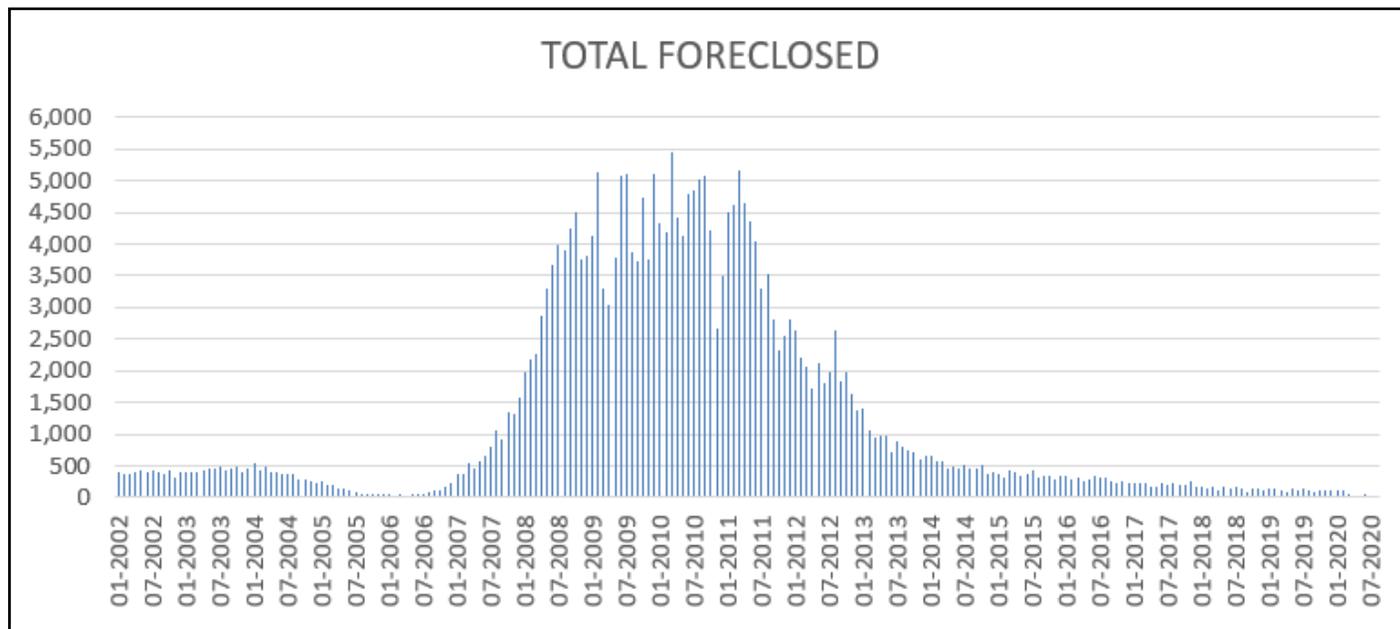
As we have moved through the COVID-19 crisis, one of the criticisms we have received is that we have ignored the storm clouds on the horizon. In a recent [publication](#) released by New America, a United States think tank, similar sentiments were expressed. Quoting the publication, our nation is bracing “*for a tsunami of housing loss as the result of the economic fallout of the COVID-19 pandemic.*” In the report, New America and their partners created a National Housing Loss Index across the United States to visualize the “*scale and breadth*” of this displacement. Their index ranks U.S. counties based on their combined eviction and foreclosure rates. The New America study specifically mentioned Maricopa County, concluding our housing loss occurs at a rate of 4.5 percent, nearly double the U.S. average. The study reports a 2.8% foreclosure rate and a 6.2% eviction rate, based on data between 2014 and 2018.

Before I address their findings, let me first say I believe their mission is to address the issue of affordable housing in the United States, and this is a noble cause. This is not only a topic in Phoenix but in every major city in the country, an issue for which there are no easy solutions. I can tell you this is the number one topic amongst housing analysts and community leaders, and we are working hard to gather meaningful data. It is not an easy task as the data elements necessary to find answers come from a multitude of sources influenced by a multitude of factors. It will take a well-organized team just to gather the data.

As for the report itself, I have some concerns. Why would the study mention bracing for “*a tsunami of housing loss*” due the economic fallout from COVID-19 and use data between 2014 and 2018? The three states mentioned in the report were Arizona, Nevada and Florida, which were the three states hit the hardest during the great recession. It appears the extension of thought is that because these areas had massive housing losses in the past, its logical to assume that losses related to COVID-19 will also be extreme.

Let us compare their data to ours. The study mentioned 17,550 foreclosures in Maricopa County in the five-year period studied. This is very much in line with our numbers for the total number of trustee deeds (properties that have been foreclosed) recorded in that period, of which 16,830 were single family residences, condo/townhomes and mobile homes. Of these 16,830 foreclosures, only one-third were on loans originated outside the bubble. We have had an extremely low foreclosure rate for loans originated after 2007. Our current rate is .1%. Yes, the moratorium on foreclosures has made a difference, but let me put that in perspective. In January (pre-COVID) we had 93 residential foreclosures in Maricopa County. In the last three months there have been 32, 30 and 14, respectively. The chart below shows the total number of trustee deeds in Maricopa County over the last 18 years. As you can see, current foreclosures are at historical lows.

Foreclosure Data via ARMLS



Where the Questions Arise

The actual foreclosure is a lagging indicator. For a foreclosure to take place a mortgage goes through the following cycle: 90 days plus past due, a 90-day notice of trustee sale and then the foreclosure. This simple formula ensures we will have very low foreclosures for at least the next six months. When we look at the past due loans, this is where we see the impact of our current government policies offering forbearance. As you can see on this chart provided by the [Black Knight Mortgage Monitor](#), the current mortgage delinquency rate in Arizona is 5.6%, an increase of 104.7% year-over-year. According to Black Knight, nearly 75% of past-due mortgages were in forbearance plans related to COVID-19 as of the end of July. This increase took place as the government forbearance plan was implemented. Arizona ranks 37 amongst all states.

State Foreclosure Rankings via Black Night

STATE-BY-STATE RANKINGS BY NON-CURRENT LOAN POPULATION														
State	Del %	FC %	NC %	Year/Year Change in NC%	State	Del %	FC %	NC %	Year/Year Change in NC%	State	Del %	FC %	NC %	Year/Year Change in NC%
National	6.9%	0.4%	7.3%	83.9%	National	6.9%	0.4%	7.3%	83.9%	National	6.9%	0.4%	7.3%	83.9%
MS	11.4%	0.4%	11.8%	13.6%	IL*	7.2%	0.5%	7.7%	86.6%	MI	5.8%	0.1%	5.9%	53.2%
LA*	10.2%	0.6%	10.8%	37.7%	IN*	7.1%	0.5%	7.7%	33.5%	DC	5.5%	0.4%	5.9%	123.5%
NY*	8.4%	1.3%	9.7%	95.1%	SC*	7.3%	0.4%	7.6%	50.9%	KY*	5.5%	0.4%	5.9%	42.6%
HI*	8.4%	1.2%	9.6%	153.2%	AR	7.2%	0.4%	7.6%	27.1%	AZ	5.6%	0.1%	5.7%	104.7%
NJ*	8.8%	0.5%	9.3%	112.3%	DE*	6.9%	0.5%	7.4%	43.3%	CA	5.5%	0.1%	5.6%	165.9%
FL*	8.7%	0.6%	9.3%	123.9%	ME*	6.5%	0.9%	7.4%	36.3%	NH	5.4%	0.2%	5.6%	58.4%
NV	8.8%	0.4%	9.2%	203.7%	VT*	6.7%	0.7%	7.4%	67.8%	WI*	5.2%	0.3%	5.5%	47.2%
CT*	8.5%	0.7%	9.2%	85.0%	TN	6.9%	0.2%	7.1%	50.2%	IA*	4.9%	0.4%	5.3%	36.1%
GA	8.9%	0.2%	9.1%	75.9%	OH*	6.4%	0.5%	6.9%	46.2%	MN	5.1%	0.1%	5.2%	105.8%
AK	8.9%	0.2%	9.1%	177.4%	KS*	6.5%	0.3%	6.9%	54.3%	UT	5.0%	0.1%	5.1%	104.9%
TX	8.8%	0.2%	9.0%	88.2%	NC	6.6%	0.2%	6.9%	59.1%	ND*	4.7%	0.3%	5.0%	122.7%
MD*	8.6%	0.4%	9.0%	82.0%	NM*	6.2%	0.6%	6.8%	55.4%	SD*	4.5%	0.3%	4.8%	65.2%
AL	8.2%	0.2%	8.5%	24.7%	NE*	6.2%	0.2%	6.4%	62.8%	CO	4.7%	0.1%	4.7%	161.1%
PA*	7.7%	0.5%	8.2%	53.4%	VA	6.2%	0.1%	6.3%	84.8%	OR	4.5%	0.2%	4.7%	142.6%
WV	7.7%	0.4%	8.1%	27.8%	MA	5.8%	0.3%	6.1%	63.2%	MT	4.3%	0.2%	4.5%	76.7%
OK*	7.5%	0.6%	8.1%	45.8%	WY	5.8%	0.2%	6.0%	86.1%	WA	4.2%	0.2%	4.4%	121.5%
RI	7.4%	0.6%	8.0%	52.7%	MO	5.8%	0.2%	6.0%	49.2%	ID	3.7%	0.1%	3.8%	82.1%

This leads to the question, what happens when the moratorium is lifted? I believe the mortgage lenders in conjunction with the government will offer options for making up the past due balances to borrowers that meet their qualifications with some sort of loan modification. It should be further noted that one of the main factors used when determining whether a property will be foreclosed is the owners' equity. With equity, owners have options. The combination of record levels of homeowner equity, the limited supply of homes for sale and strong homebuyer demand will give many distressed homeowners the opportunity to sell their property rather than lose it to foreclosure.

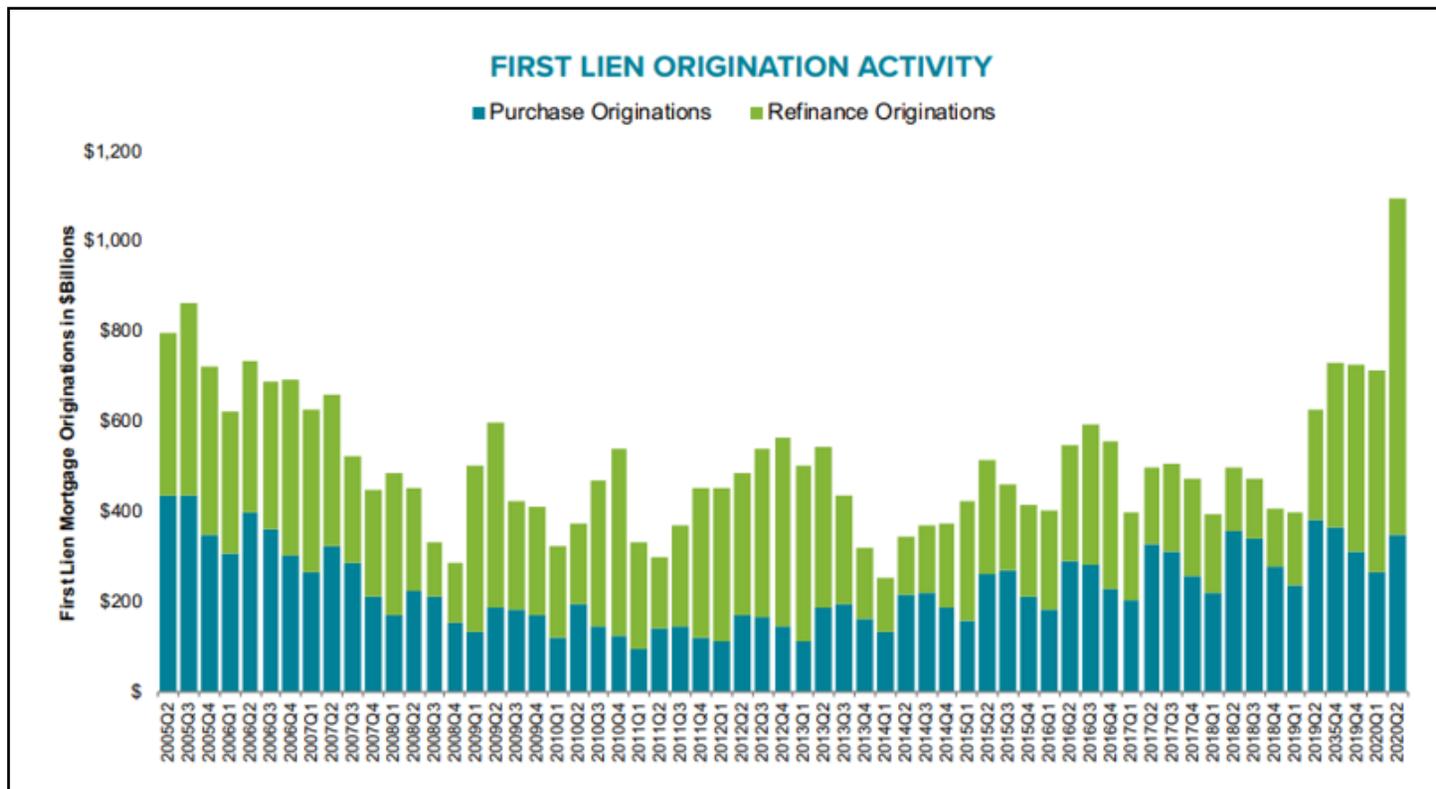
My knowledge base is extremely limited when it comes to the rental market. I can share with you a slide courtesy of the Maricopa Association of Governments. The data presented is from the Maricopa County Justice Courts and is through July 2020. It again clearly displays the effect of the eviction moratorium. Two questions arise when I see this chart: how has the recent stimulus package aiding renters and landlords impacted this chart, and what happens when the moratorium is lifted? If there are any property managers that would like to share their thoughts, I would love to hear from you.



As I stated at the outset, we are living in a time like none other. What happens when the moratoriums end is only speculation. In the meantime, we will continue to keep a close eye on the data and share with you any changes we might see.

One final observation. The chart below, provided by Black Knight, shows first lien origination activity on a national basis. What does this mean to the homebuyer financing their purchase? The mortgage lenders are inundated with refinance requests. This will lead to a longer lead time from contract to closing, in turn inflating the number of ARMLS pending contracts.

First Lien Origination Activity via Black Knight



Pending Price Index

Last month the STAT mathematical model projected a median sales price for August of \$320,000. The August reported median was \$325,000. For the fourth straight month our mathematical model underestimated our reported median sales price. Looking ahead to September, we expect little to no change in the median sales price. The ARMLS Pending Price Index is projecting a median sales price of \$326,000. This is the time of year when prices tend to moderate.

We begin September with 7,446 pending contracts; 4,551 UCB listings and 631 CCBS, giving us a total of 12,628 residential listings practically under contract. This compares to 10,493 of the same type of listings one year ago. At the beginning of September, the pending contracts are 20% higher than last year. There were 20 business days in September of 2019 and 21 this year. ARMLS reported 7,850 sales in September of 2019. We will see year over sales gains in September. My guess, sales volume in September will approach 9,000. The highest sales volume ever in September occurred in 2005 when ARMLS reported 9,213 home sales.