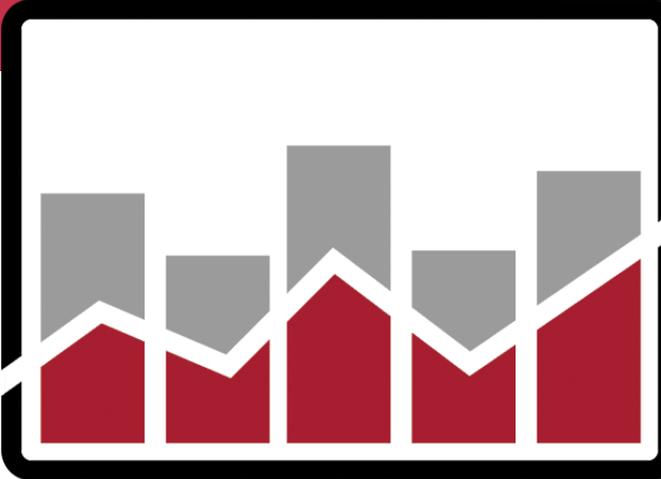


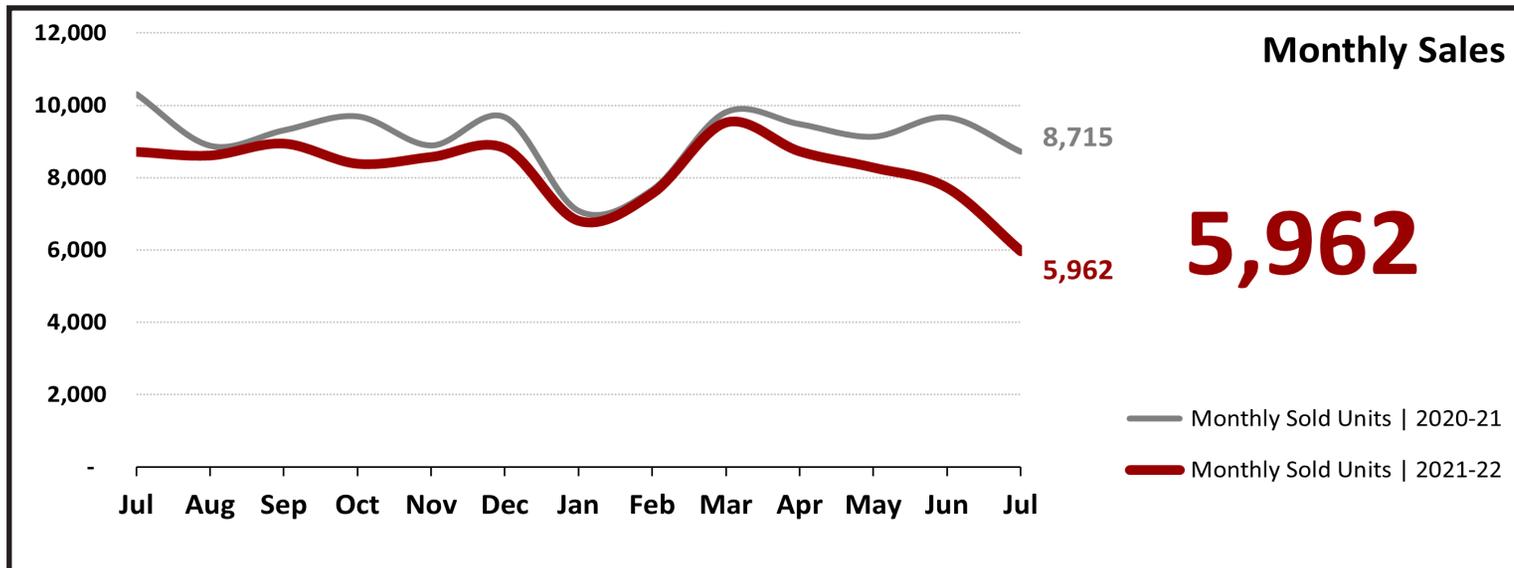
STAT

Your Monthly Statistics for the **Phoenix Metro** Area



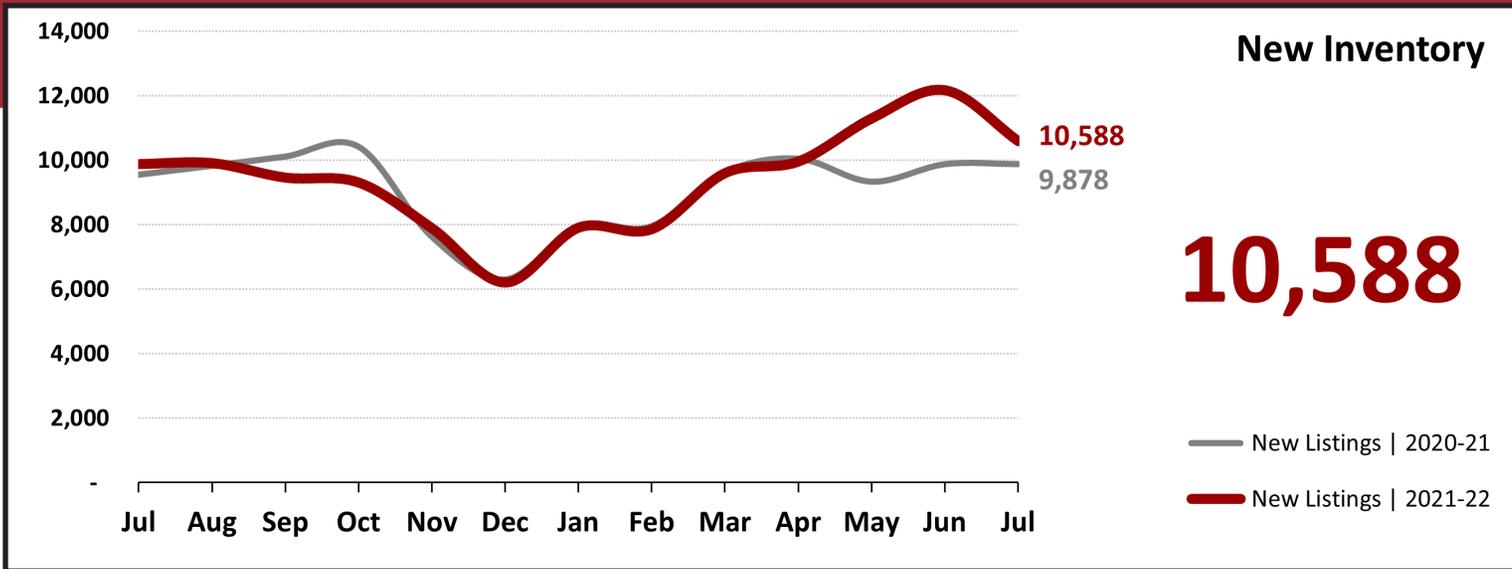
DATA FOR **JULY 2022**

Published August 16, 2022



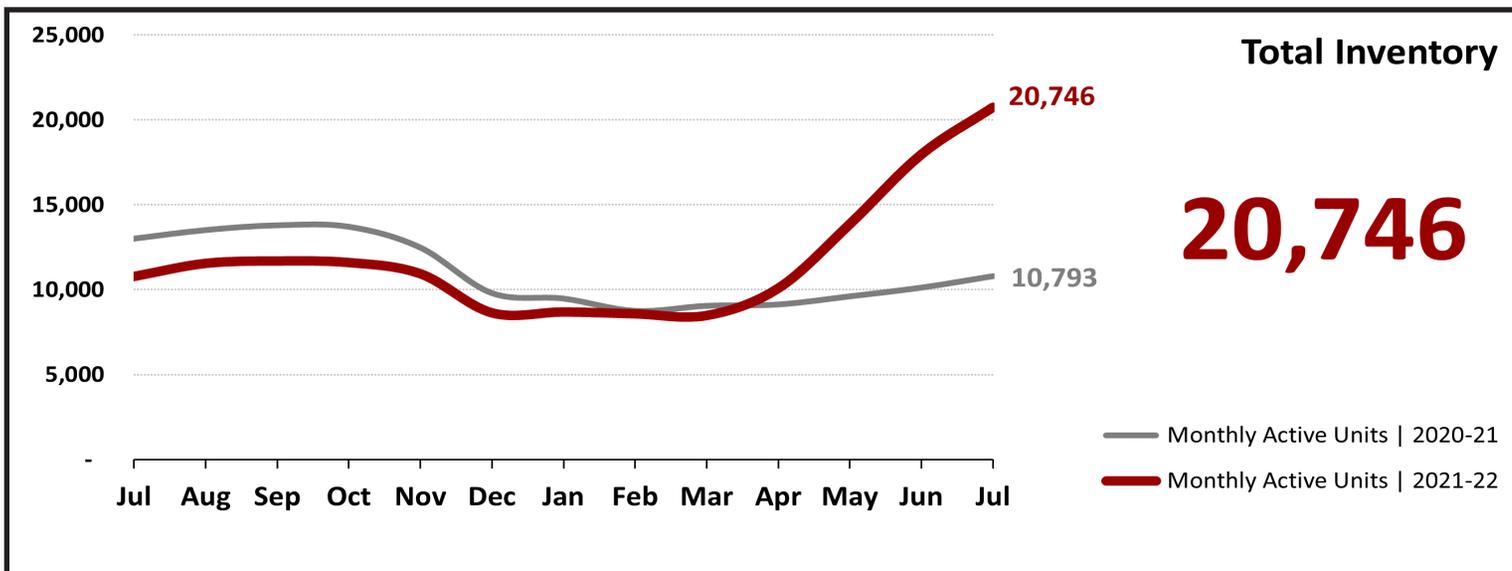
Sales are down **-22.8%** month-over-month. The year-over-year comparison is down **-31.6%**.

Closed MLS sales with a close of escrow date from 7/1/22 to 7/31/22, 0 day DOM sales removed



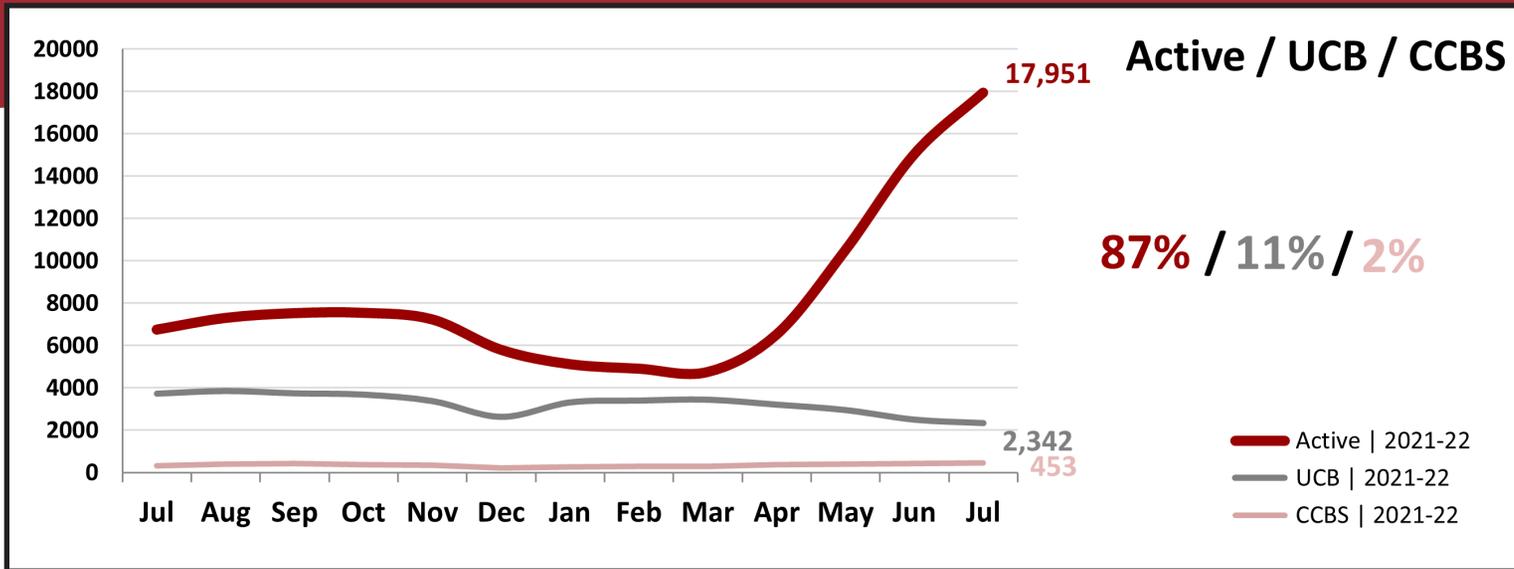
New MLS listings that were active for at least one day from 7/1/22 to 7/31/22, 0 day DOM sales removed

New inventory has a month-over-month decrease of **-13.0%** while the year-over-year comparison increased by **+7.2%**.



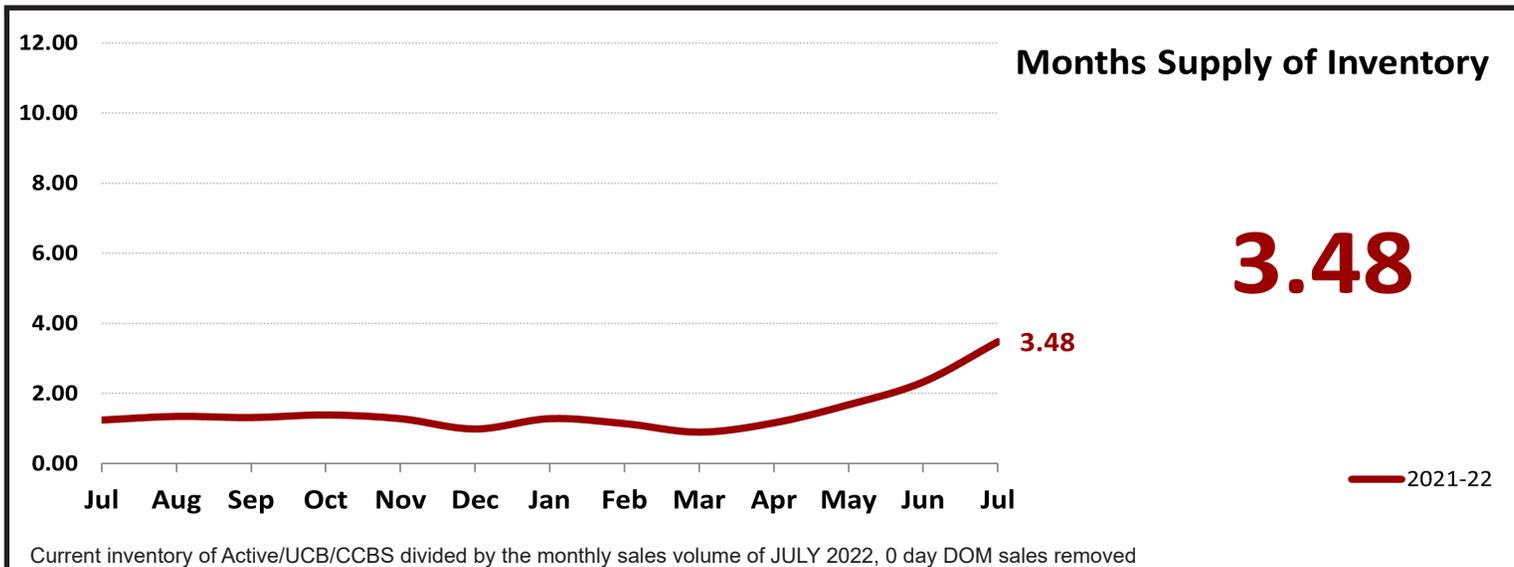
Snapshot of statuses on 7/31/22

Total inventory has a month-over-month increase of **+15.4%** while year-over-year reflects an increase of **+92.2%**.



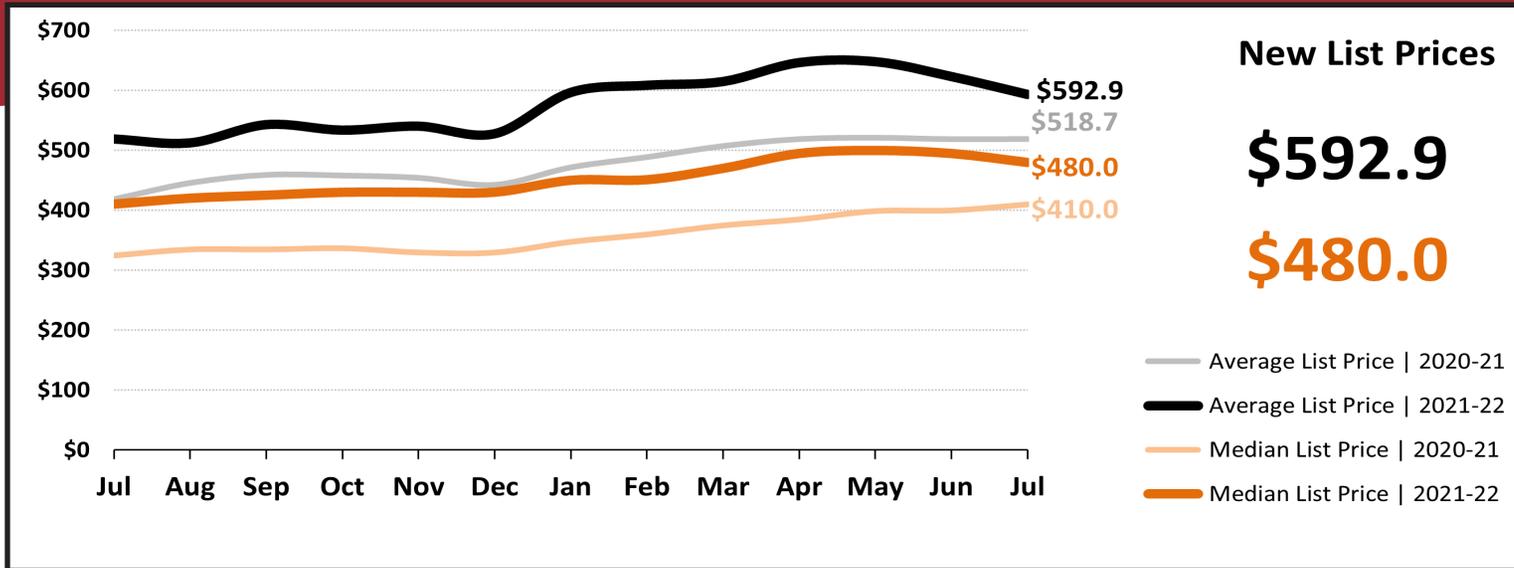
July UCB listings percent of total inventory was **11.3%** with July CCBS listings at **2.2%** of total inventory.

Snapshot of statuses on 7/31/22



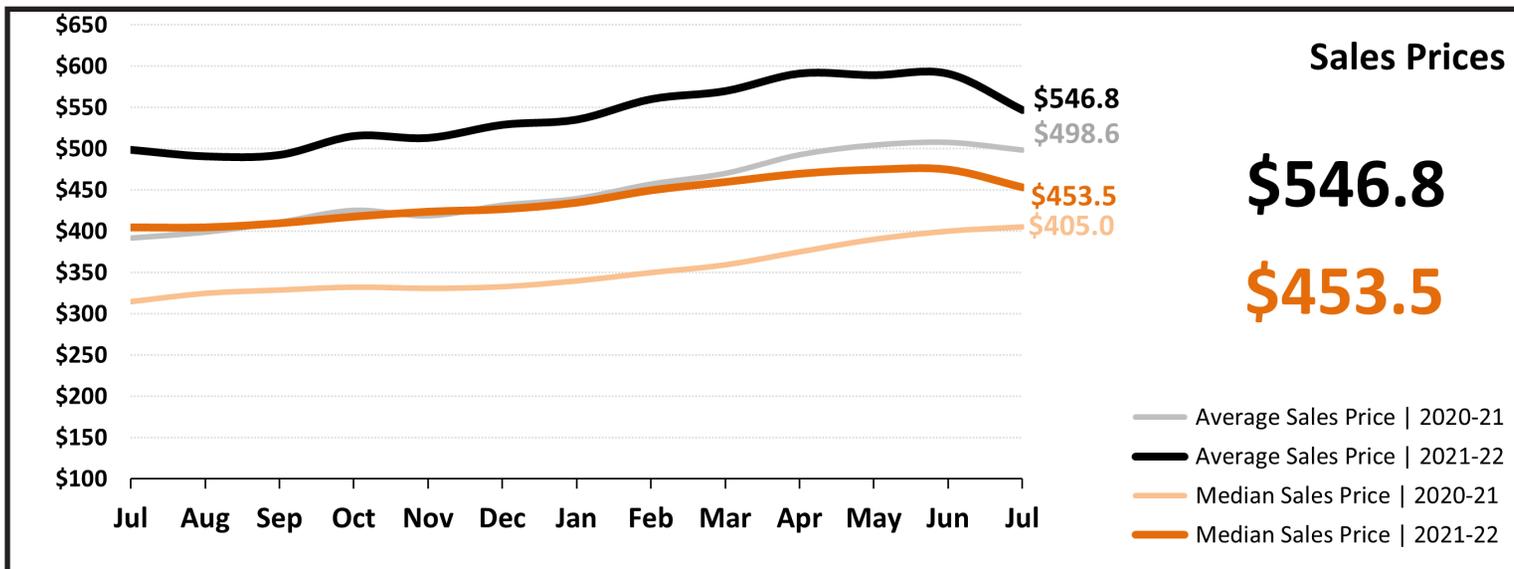
Months supply of inventory for June was **2.33** with July at **3.48**.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of JULY 2022, 0 day DOM sales removed



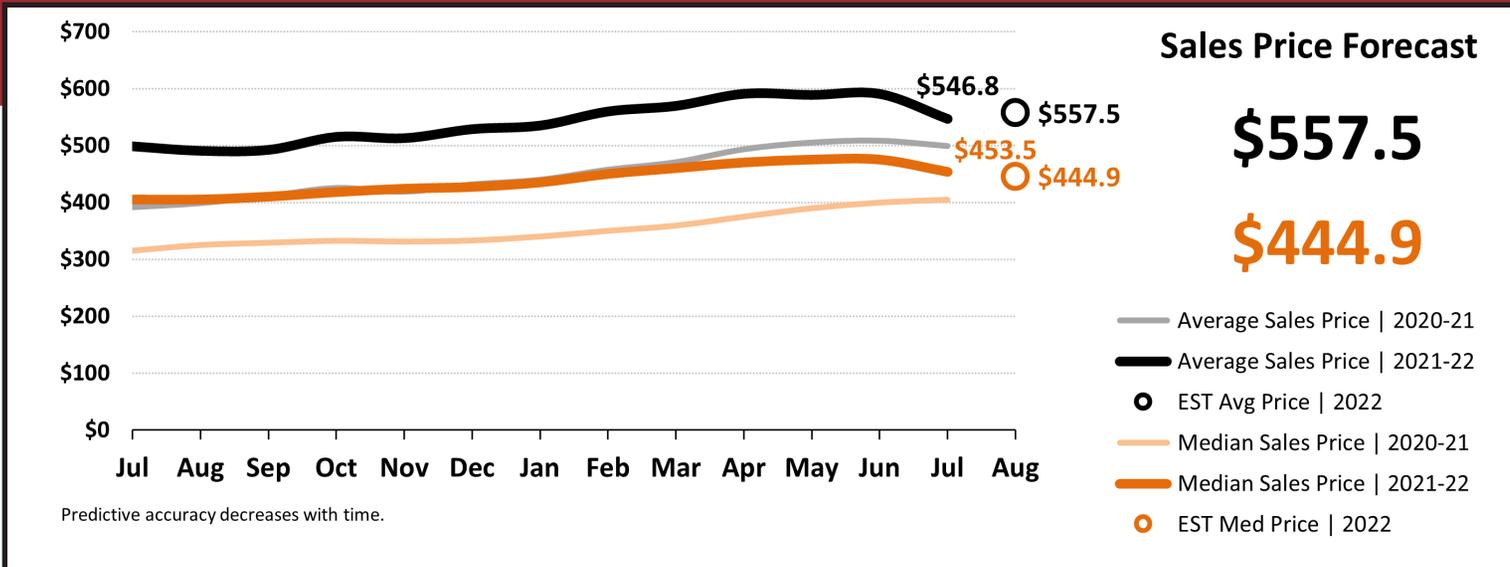
List prices of new listings with list dates from 7/1/22 to 7/31/22, 0 day DOM sales removed

Average new list prices are up **+14.3%** year-over-year. The year-over-year median is up **+17.1%**.



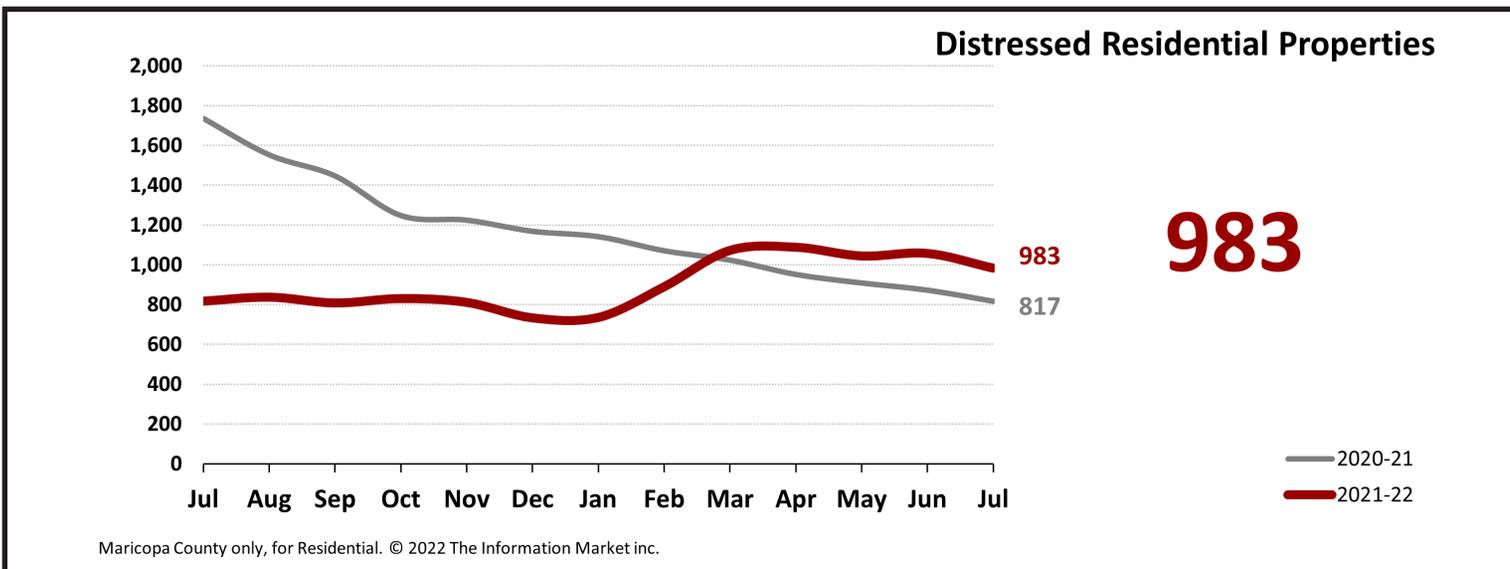
MLS sales prices for closed listings with a close of escrow date from 7/1/22 to 7/31/22, 0 day DOM sales removed

The average sales price is up **+9.7%** year-over-year while the year-over-year median sales price is also up **+12.0%**.



ARMLS proprietary predictive model forecast, 0 day DOM sales removed

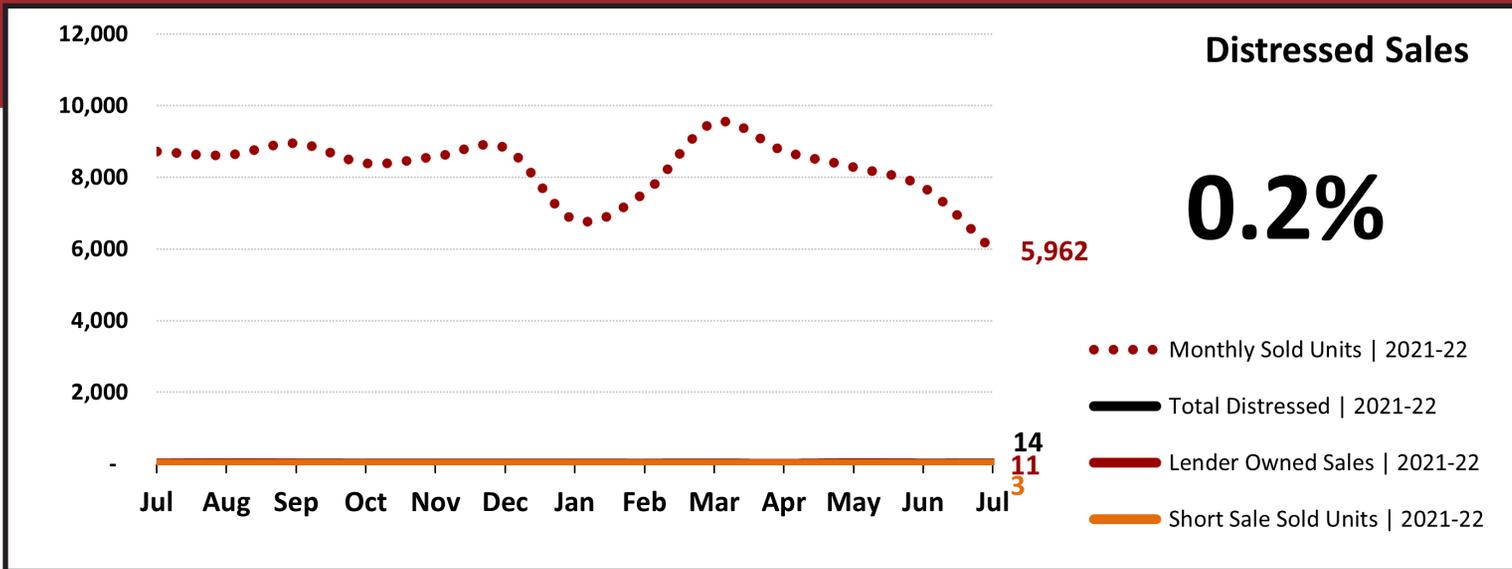
An **increase** is forecasted in August for average sale prices while a **decrease** is forecasted for median sale prices.



Maricopa County only, for Residential. © 2022 The Information Market inc.

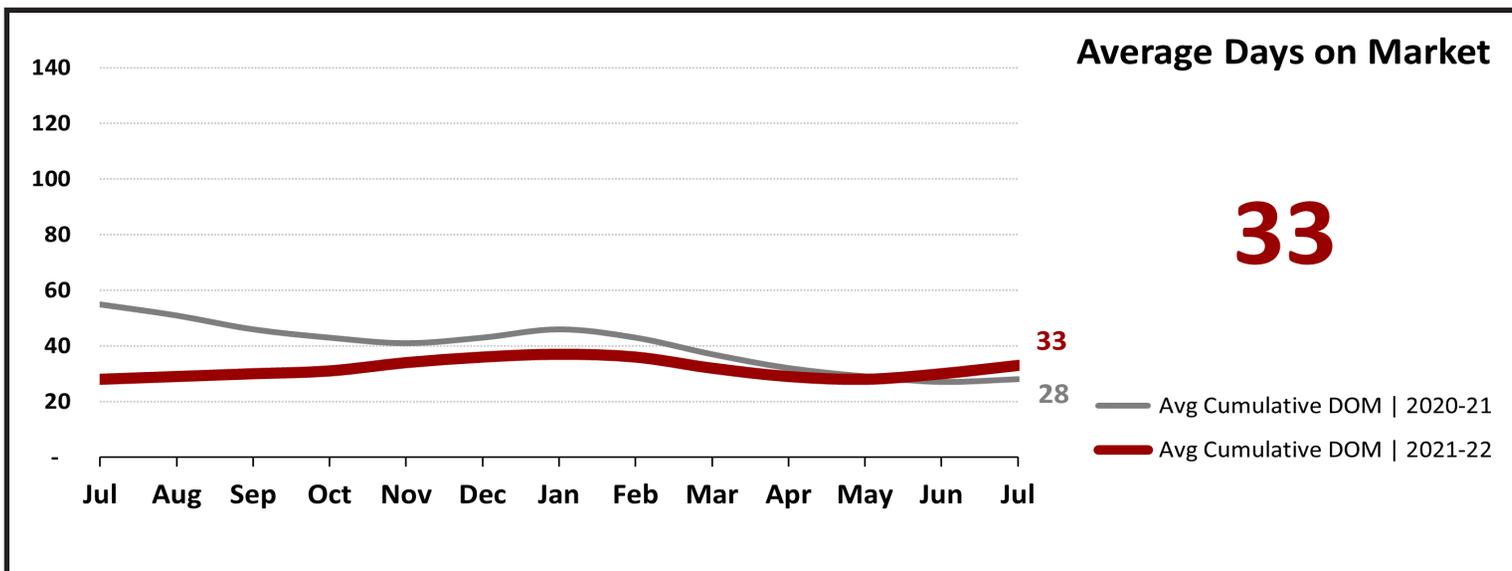
Snapshot of public records data on 7/31/22 active residential notices and residential REO properties.

Foreclosures pending month-over-month showed an decrease of **-7.0%** while the year-over-year figure was up **+20.3%**.



New MLS listings that were active for at least one day from 7/1/22 to 7/31/22, 0 day DOM sales removed

Distressed sales accounted for **0.2%** of total sales, up from the previous month of 0.1%. Short sales went down **-25.0%** year-over-year. Lender-owned sales **had no change** year-over-year.



MLS sales prices for closed listings with a close of escrow date from 7/1/22 to 7/31/22, 0 day DOM sales removed

Days on market were up **+5 days** year-over-year while month-over-month was also up **+3 days**.

This month in STAT, I'd like to walk you down that imaginary path through the nostalgically remembered past, also known as memory lane. We'll be traveling back through another dimension, using charts and graphs to enlighten your mind. We'll journey through a wondrous land where home price boundaries were limited only by the seller's imagination. A land where you didn't even need to place a signpost in the ground. Using snippets from prior STATs, our travels will take us from Jan. 1, 2022, through today, where we find ourselves knocking on the door of a balanced market. A market where strange words like incentives, concessions, price drops and buydowns are now a part of our daily vocabulary. To some, this new dimension has come to be known as the Twilight Zone!

January

ARMLS began 2022 with the lowest number of active listings beginning any year in its history. Pair historically low supply and normal demand, and you get sky-rocketing prices. In January, STAT reported a 28% year-over-gain in the median sales price. The January STAT repeated the words unsustainable and affordability. We were aware change was in the air but could not say when it would arrive. New conversations began to emerge around inflation and the potential impact of rising interest rates.

February

In February, we highlighted the absorption rate, the rate at which available homes are sold in a specific market during a given time. It is calculated by dividing the number of homes sold in the allotted time by the number of available homes. Historically, an absorption rate of 20 would be considered a balanced market. At that time, our absorption rate stood at 191.71. On March 1, we reported an absorption rate of 212.71. In the words of Tina Tamboer, our market had moved from frenzied to insane. We knew a market correction was inevitable, but still, we had no empirical evidence. The first reported empirical evidence of a market shift came in our February issue of STAT (published March 15). It was based on a study done by Tina Tamboer, who studied the rental market. She found a discernible change in rental inventories and pricing. Our conclusion, the strong buying activity from the institutional investors over the past year was beginning to saturate our rental market. Tina's findings were articulated by Michael Orr in his daily observations, which we republished in STAT. Just as we were publishing their findings, the federal government stepped in and raised interest rates.

March

When March's issue of STAT was published, (April 15), STAT reported, *"Sellers' markets don't last forever, the market will eventually shift, but until now, we didn't know when. We've routinely referenced interest rates as the wildcard. The when is most likely now. As always, we have more questions than answers, what we do know, prices will continue to rise, at least through June as supply remains scarce. Over the next few months, we'll be closely monitoring demand, both in its strength and makeup, as well as the impact of the recent rise in mortgage rates."*

April

“When the housing market moves from a seller’s market to a balanced market, demand softens first, and a drop in demand is what we’re seeing. As reported by ARMLS on May 1, demand was down 7.9% year over year, with supply up 10.6% year over year. Today, supply is 21% higher than last year and 26% higher than last month, suggesting our market is cooling.”

May

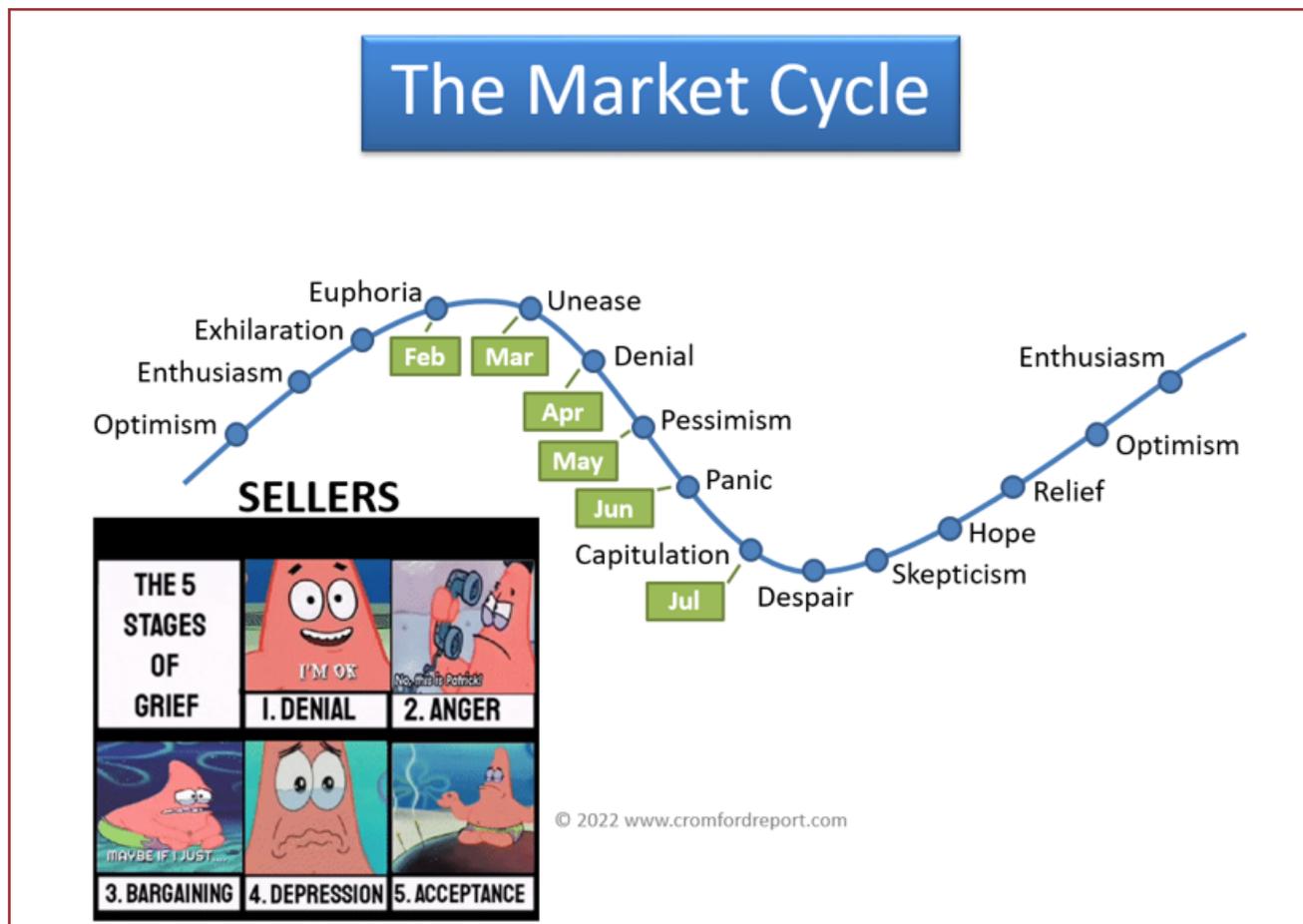
“The times are changing. While we are still in a seller’s market, prospective buyers and their budgets have taken a big hit in just the last few weeks, lowering their confidence. It also appears the prime objective of the government is to bring down inflation. We could reach market balance as soon as mid-August.”

June

“In June we saw a 20% year-over-year decline in the number of homes sold, as reported by ARMLS. The recent changes in monetary policy are beginning to accomplish the desired goal of slowing housing demand, which will slow inflation. When July’s closing numbers are reported, the impact of these changes will be clearly visible and undeniable.”

The purpose of this exercise was to show you just how quickly our market has transitioned from what was described as insanity (an absorption rate of 212.71 on March 1) to what might very well be a balanced market (an absorption rate of 20.0) by Sept. 1. The following graphic by Tina shows just how fast our market cycle has transitioned.

The Market Cycle via The Cromford Report



July's Market Report:

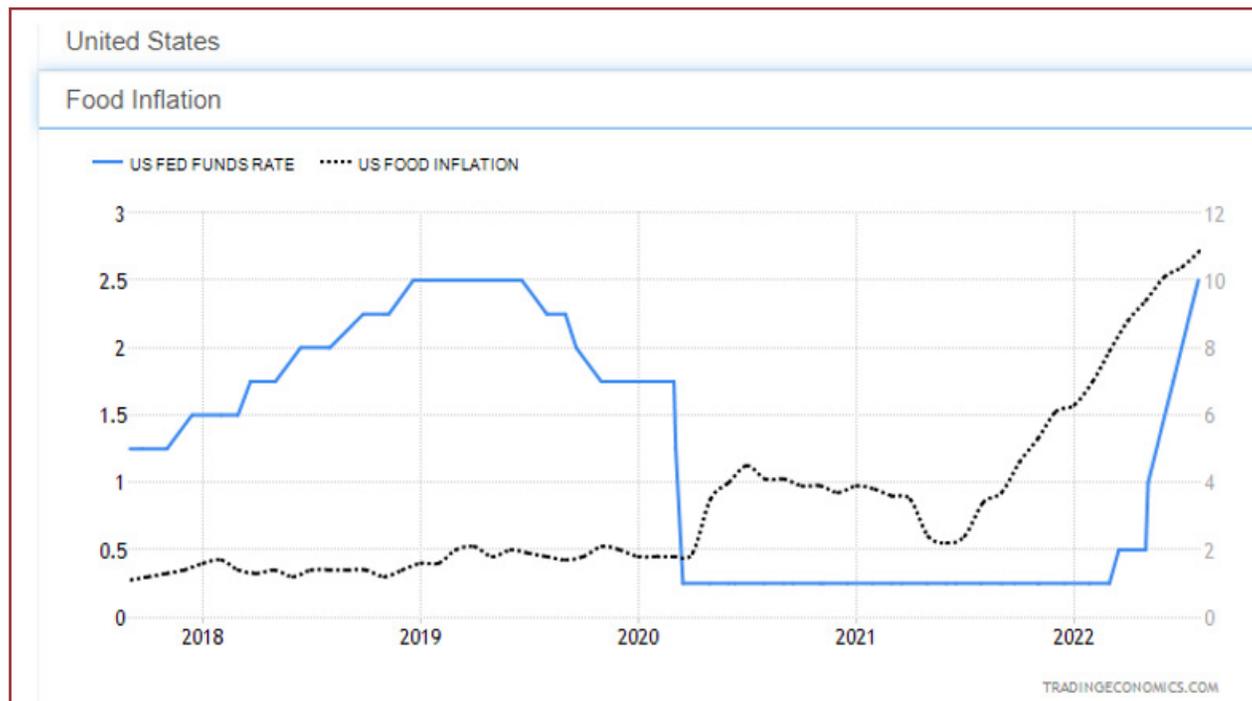
- ARMLS reported 5,962 home closings in July of this year.
- This is the second lowest total ever reported in July.
- In July 2007, there were only 4,730 sales reported.
- The average sales price fell 7.4% month over month, from \$590,800 to \$546,800
- The median sales price fell 4.5% month over month, from \$475,000 to \$453,500

It is amazing how quickly our market transitioned in the first seven months of this year. Let's travel back in time to another dimension. When the Cromford Index peaked in April 2005, it was another 14 months before home prices reached their apex. Today, we saw the reversal materialize in just four months. The Cromford Report was in its early childhood in 2005 and was known to just a handful of people. The ARMLS's PPI Index was conceived in 2011 when ARMLS began sharing a snapshot of pending contract data. Over time, these two innovations in "forecasting" completely altered our marketplace's market analysis. LinkedIn was launched in 2003 and Facebook followed in 2006. At the same time, for the people that couldn't be bothered to spend a lot of time reading "in-depth" LinkedIn and Facebook posts, Twitter came along and created microblogging, allowing people to share their thoughts and information in 140 characters (now 280 characters) or less. Social media increased the speed, scope and aim by which market data was delivered. LinkedIn allowed real estate professionals to deliver market insights directly to their professional groups, who could easily share these same insights with their followers. Also, over the past 10 years on Facebook, The Arizona Real Estate Agent group members have routinely shared market intelligence. This Facebook group currently has 14,300 members. Real estate market intelligence now travels and is digested at a rapid pace.

Now, back to Memory Lane and the promised journey through the last seven months using charts and graphs.

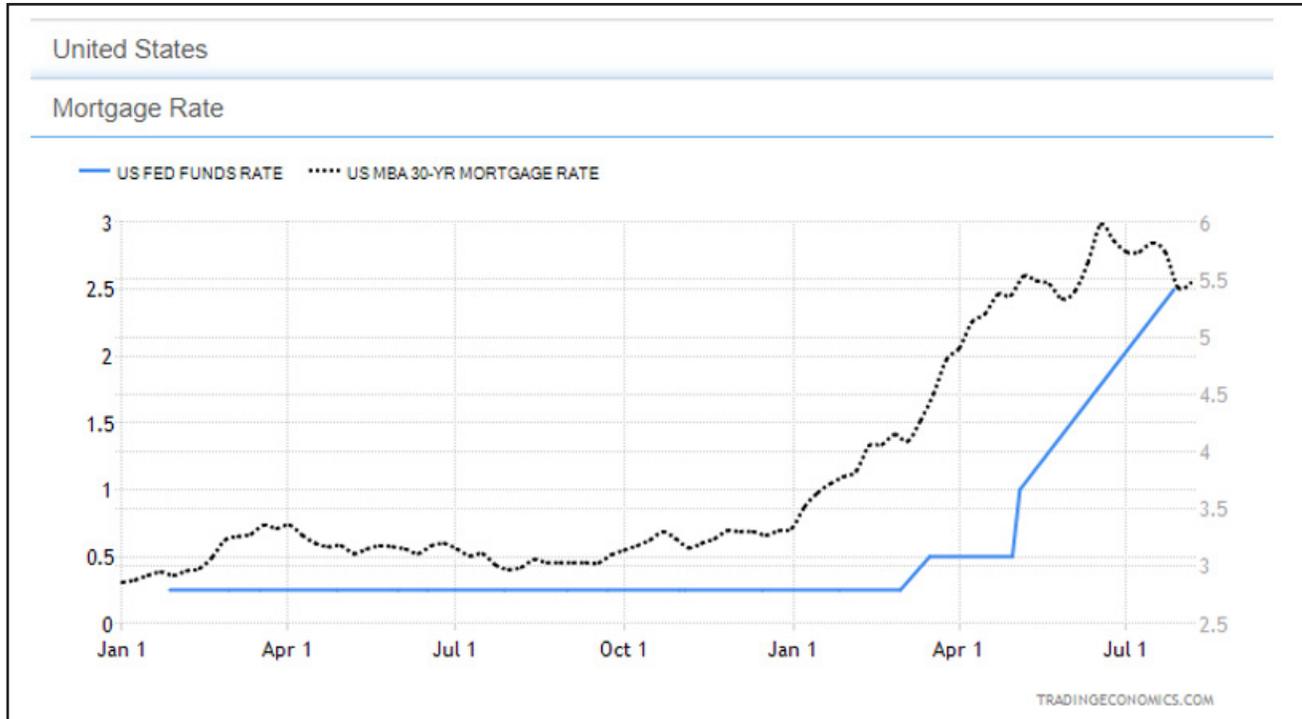
In January, conversations began to emerge around inflation.

Food Inflation vs US Fed Funds Rate Last 5 Years via TradingEconomics.com

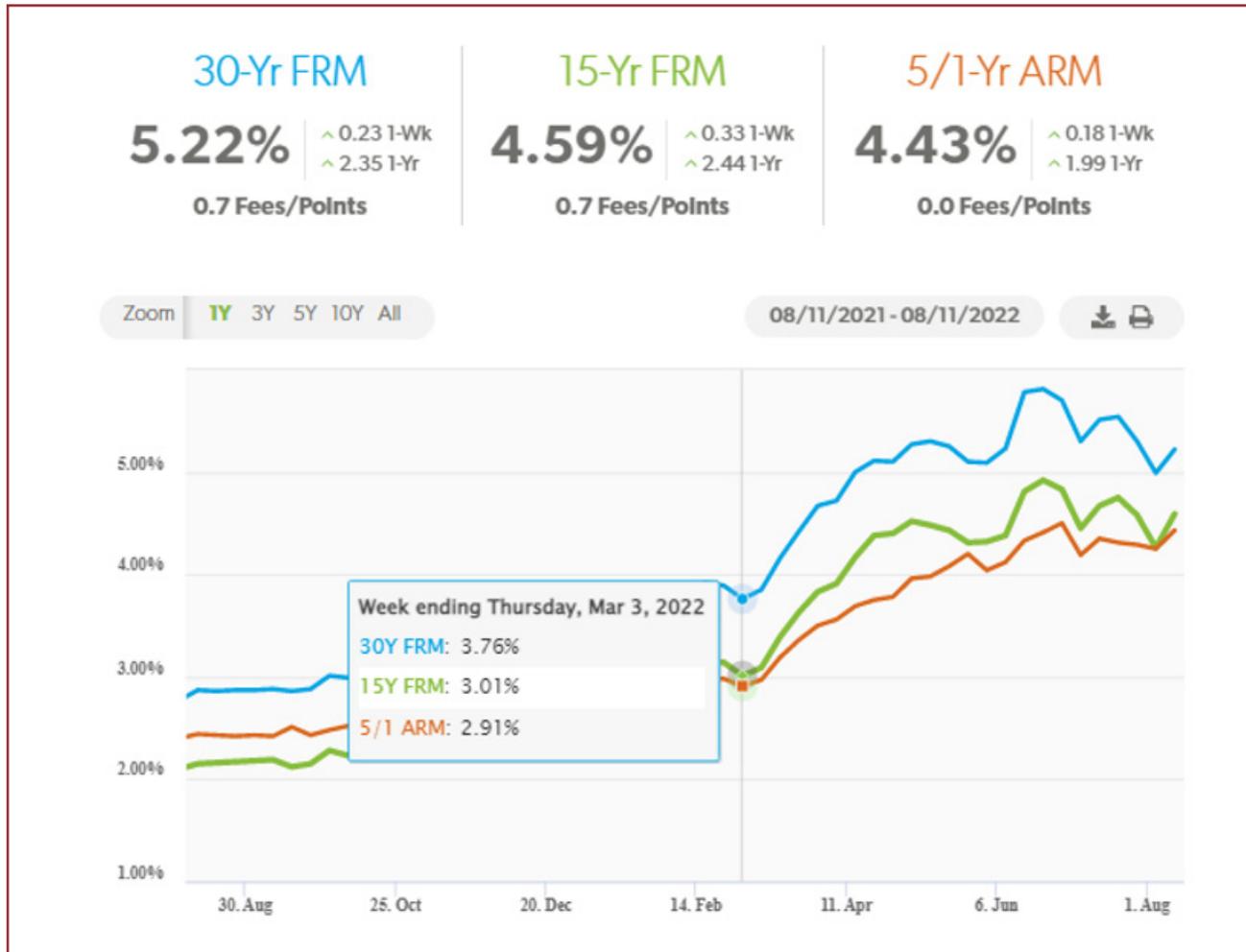


Interest rates began rising in January and then rose quickly in March.

30-Year Mortgage Rate vs US Fed Fund Rate Last 5 Years via TradingEconomics.com

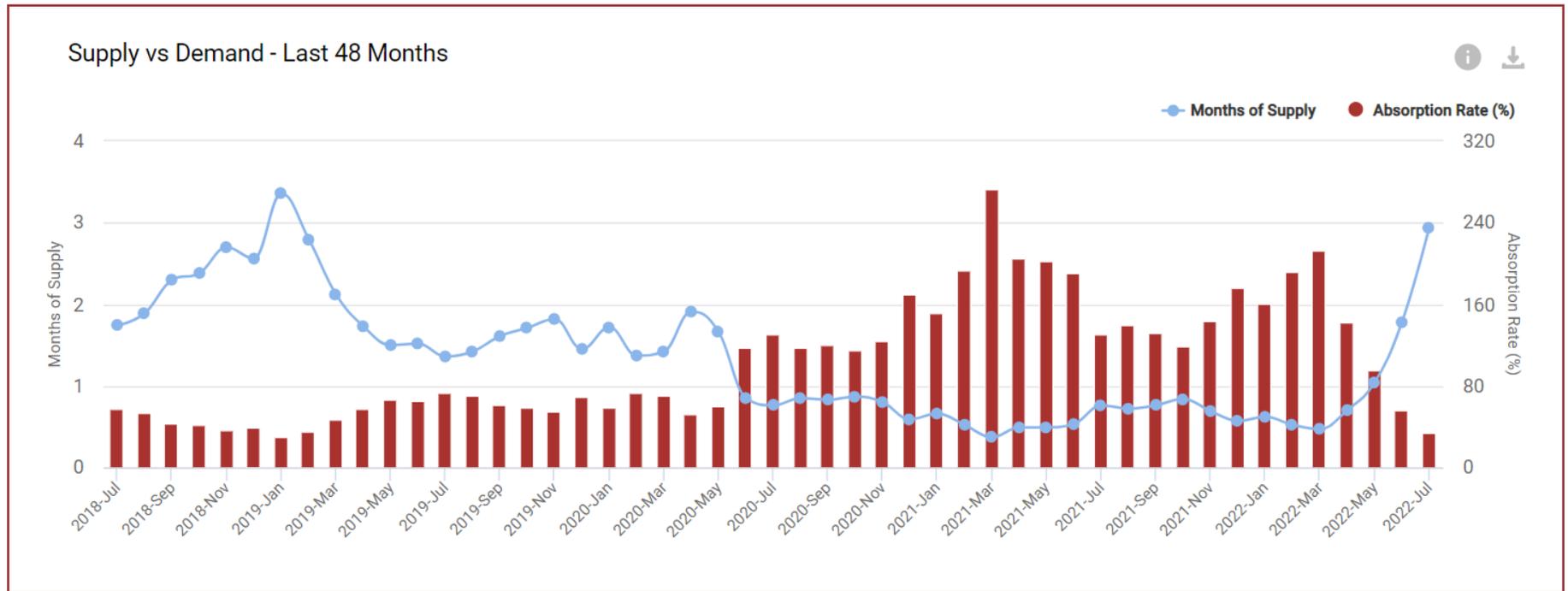


Primary Mortgage Market Survey® U.S. Weekly Averages as of 08/11/2022 via FreddieMac



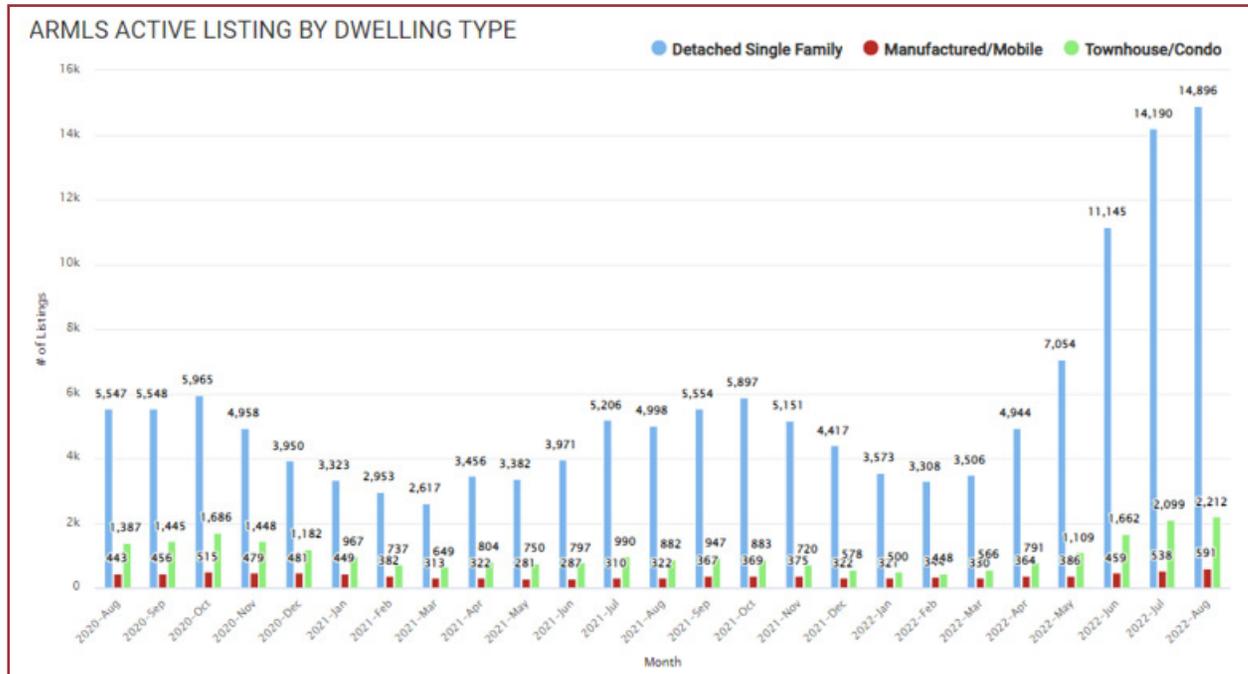
The absorption rate began falling from its pinnacle in March. In April, the absorption rate began to decline and days on market began to increase.

Supply vs Demand - Last 48 Months via [RapidStats](#)



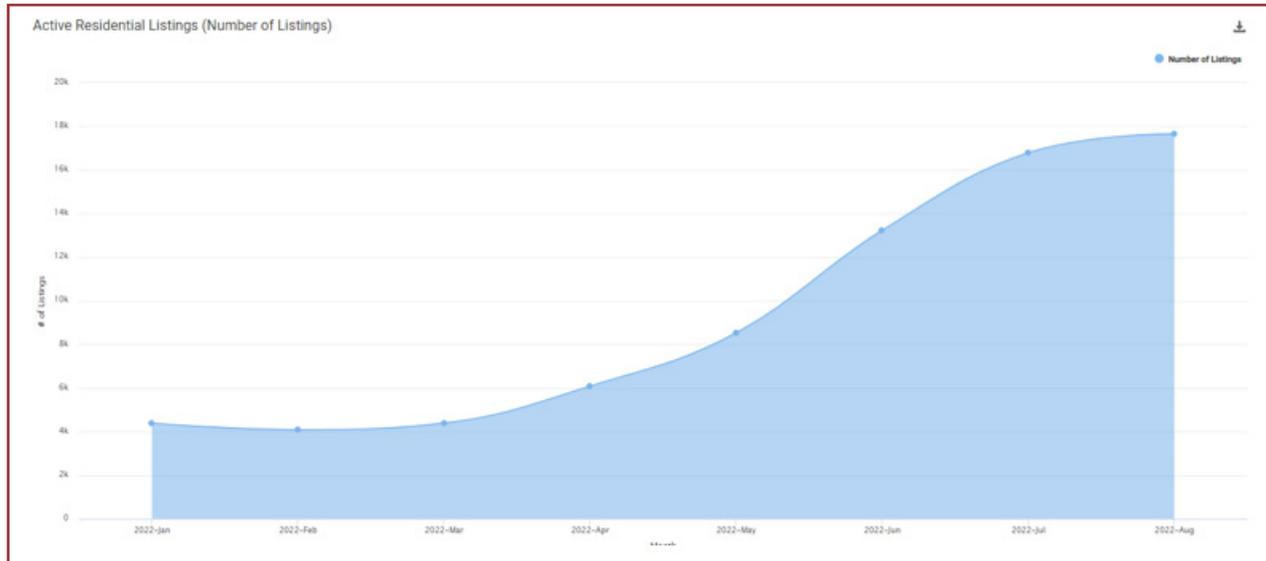
We began to see a rise in active listings:

Active Listings by Dwelling Type via ARMLS



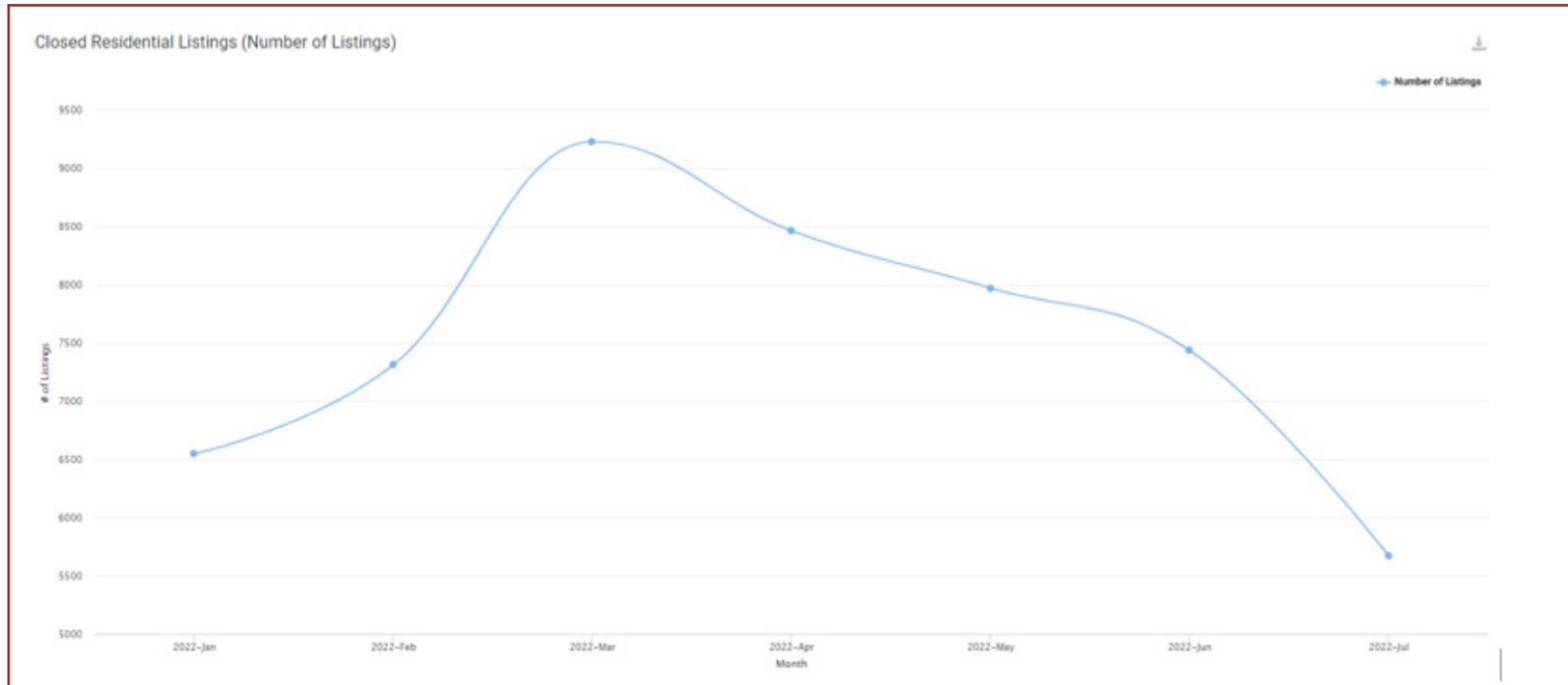
As supply rose,

Active Residential Listings (Number) via ARMLS



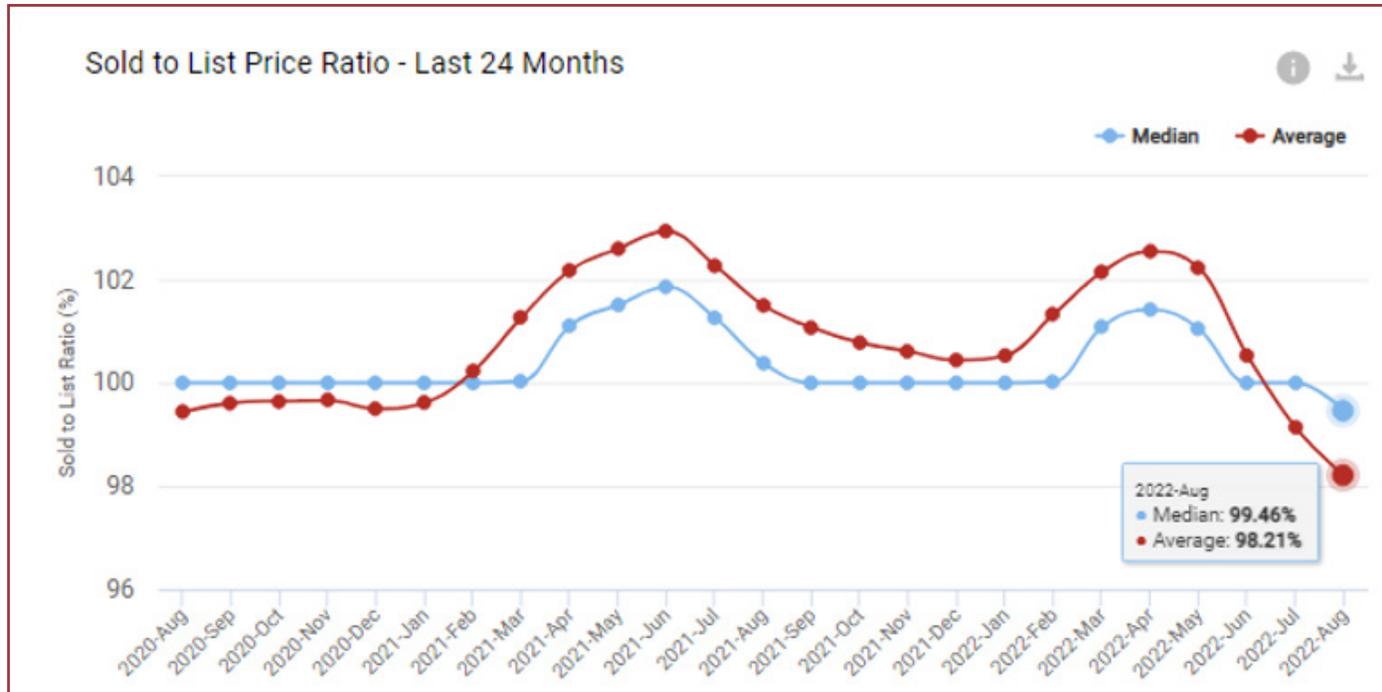
Demand fell.

Closed Residential Listings (Number) via ARMLS



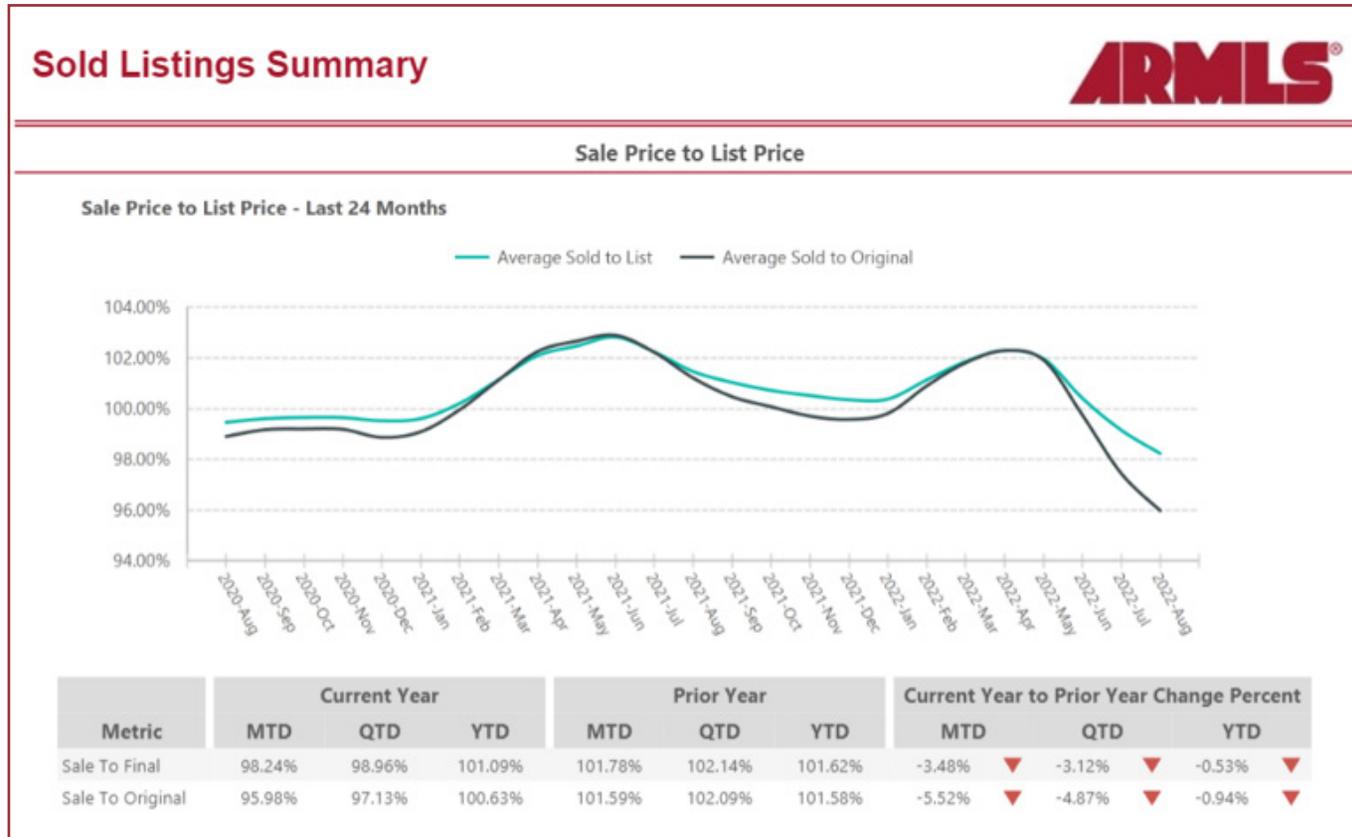
And price drops began to increase:

Sold to List Price Ratio - Last 24 Months via RapidStats



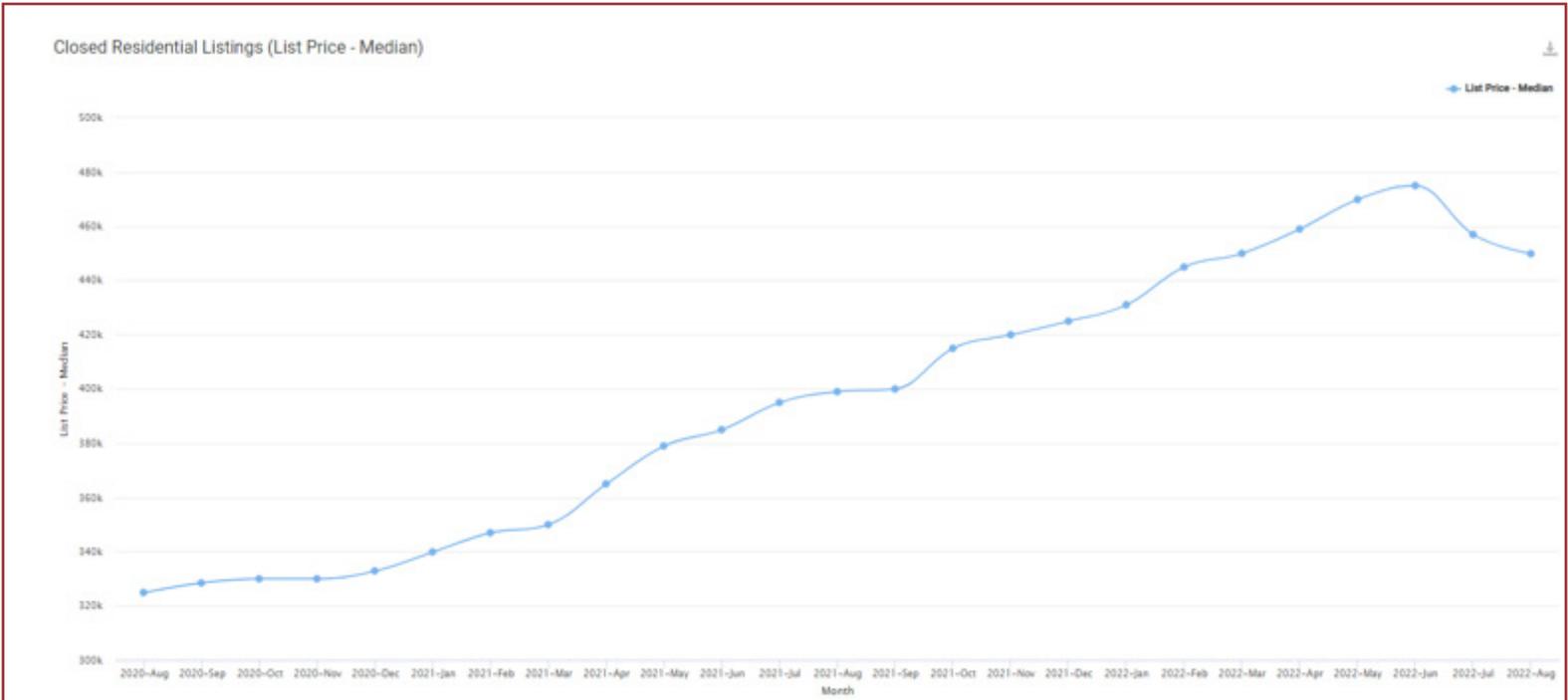
Today, price drops are averaging 5.52% below original list and 3.48% below the final list price.

ARMLS Sold Listings Summary via RapidStats



As a result, the median sales price peaked in June and is currently in decline.

Closed Residential Listings (List Price-Median) via ARMLS



Which brings us full circle and to our next “forecast” for August’s closings.

ARMLS PPI July Monthly Statistics via ARMLS

ARMLS						Jul 2022 Monthly Statistics		
Inventory								
Total	Active	Pending	UCB	CCBS	Supply (Mo)	New Listings	Avg List Price	Med List Price
20,746	17,951	4,894	2,342	453	3.48	10,588	\$592,913.55	\$479,999.00
Month Over Month								
↑ 15.43%	↑ 19.32%	↓ -6.80%	↓ -6.51%	↑ 6.84%	↑ 49.46%	↓ -12.96%	↓ -4.79%	↓ -3.03%
17,973	15,044	5,251	2,505	424	2.33	12,165	\$622,725.52	\$495,000.00
Year Over Year								
↑ 92.22%	↑ 166.10%	↓ -26.13%	↓ -37.26%	↑ 44.27%	↑ 180.97%	↑ 7.19%	↑ 14.32%	↑ 17.07%
10,793	6,746	6,625	3,733	314	1.24	9,878	\$518,652.29	\$410,000.00
Sales								
Sold Listings	Avg Sale Price	Med Sale Price	Avg CDOM	Lender Owned	Short Sales	Forecast Avg	Forecast Med	
5,962	\$546,819.71	\$453,500.00	33	11	3	\$557,497.58	\$444,850.00	
Month Over Month								
↓ -22.77%	↓ -7.45%	↓ -4.53%	↑ 10.00%	↑ 10.00%	↑ 200.00%			
7,720	\$590,810.80	\$475,000.00	30	10	1			
Year Over Year								
↓ -31.59%	↑ 9.68%	↑ 11.98%	↑ 17.86%	→ 0.00%	↓ -25.00%			
8,715	\$498,578.64	\$405,000.00	28	11	4			

ARMLS PENDING PRICE INDEX (PPI)

Last month STAT's mathematical model projected the median sales price for July at \$450,000. The actual number was \$453,500. Looking ahead to August, the ARMLS Pending Price Index is projecting median sales price of \$444,900. If August's median sales price projection is correct, we will see a year-over-year gain of 9.85%. The 28% year-over year-gains in January are evaporating.

We began July with 4,894 "pending" contracts, 2,342 UCB listings and 453 CCBS, giving us a total of 7,689 residential listings practically under contract. This compares to 10,672 of the same type of listings one year ago. At the beginning of August, the "pending" contracts were 27.95% lower than last year. There were 22 business days in August 2021 and 23 this year. ARMLS reported 8,614 sales in August 2021. The highest sales volume ever in August occurred in 2005 with 10,303. When August's numbers are reported, we will see a drop in both sales volume and prices. If our models are correct, year-over-year sales volume will decline approximately 25% year-over-year, while the median sales price is projected to decline 1.9% month-over-month.

In conclusion, our market is rapidly evolving as the data presents new changes daily. It almost feels as though STAT is dated almost as quickly as it hits your inbox. An example of a recent shift in the data, which is now occurring in our cancellations chart.