



STAT

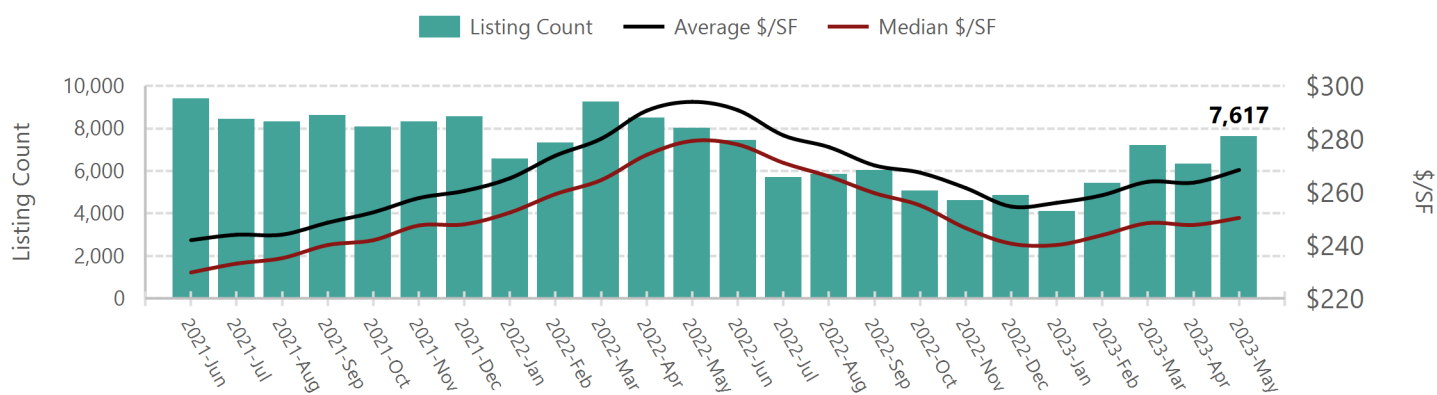
Your Monthly Statistics for the **Phoenix Metro Area**



DATA FOR May 2023

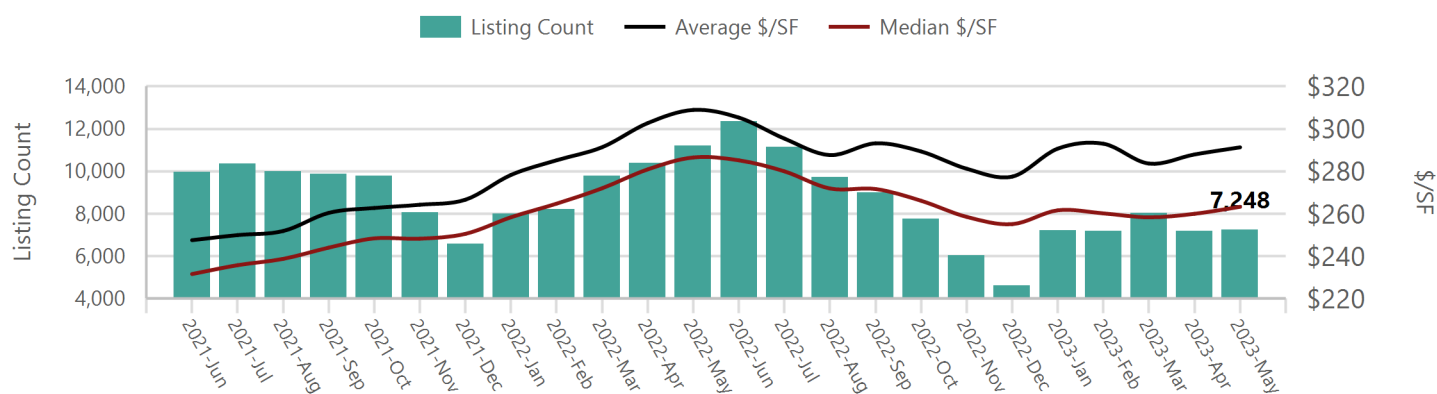
Published June 16, 2023

Sold Listings



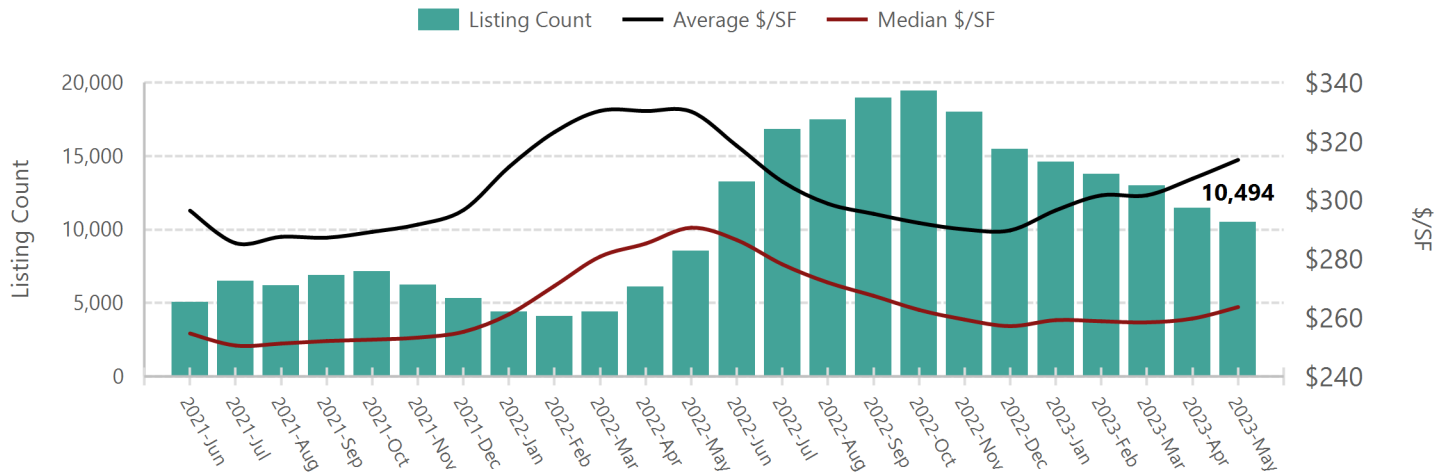
Metric	Monthly Values					Current Month Value vs Prior Monthly Values			
	Current	1M Pr	3M Pr	6M Pr	12M Pr	1M Pr	3M Pr	6M Pr	12M Pr
Listings	7,617	6,337	5,426	4,612	8,010	20.20% ▲	40.38% ▲	65.16% ▲	-4.91% ▼
Average \$/SF	\$268.42	\$263.64	\$258.93	\$261.63	\$294.06	1.81% ▲	3.66% ▲	2.59% ▲	-8.72% ▼
Median \$/SF	\$250.37	\$247.71	\$243.91	\$246.54	\$279.36	1.07% ▲	2.65% ▲	1.55% ▲	-10.38% ▼

New Listings



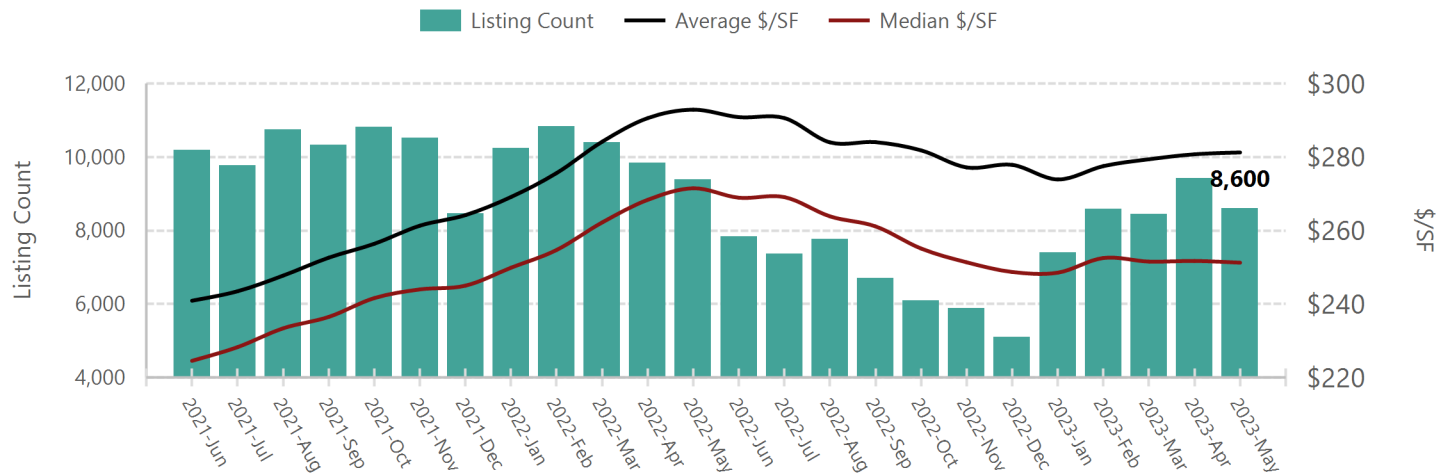
Metric	Monthly Values					Current Month Value vs Prior Monthly Values			
	Current	1M Pr	3M Pr	6M Pr	12M Pr	1M Pr	3M Pr	6M Pr	12M Pr
Listings	7,248	7,182	7,189	6,044	11,194	0.92% ▲	0.82% ▲	19.92% ▲	-35.25% ▼
Average \$/SF	\$291.31	\$287.95	\$293.00	\$281.23	\$308.92	1.16% ▲	-0.58% ▼	3.58% ▲	-5.70% ▼
Median \$/SF	\$263.29	\$260.01	\$260.20	\$258.56	\$286.54	1.26% ▲	1.19% ▲	1.83% ▲	-8.11% ▼

Active Listings (excluding UCB/CCBS)



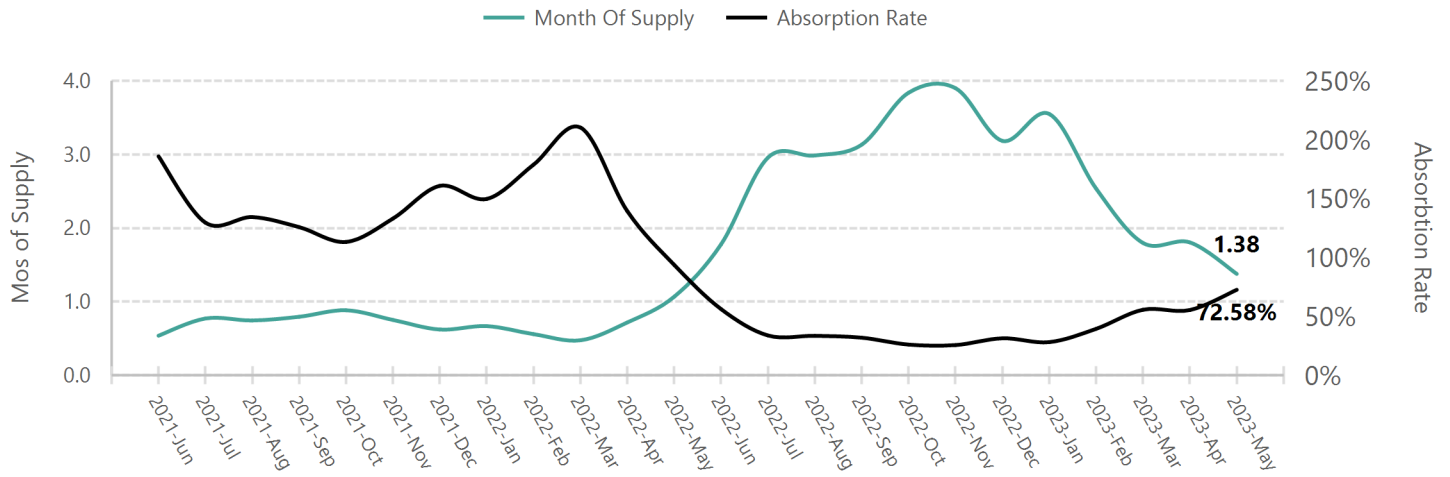
Metric	Monthly Values					Current Month Value vs Prior Monthly Values							
	Current	1M Pr	3M Pr	6M Pr	12M Pr	1M Pr	3M Pr	6M Pr	12M Pr				
Listings	10,494	11,441	13,763	17,991	8,546	-8.28%	▼	-23.75%	▼	-41.67%	▼	22.79%	▲
Average \$/SF	\$313.71	\$307.31	\$301.63	\$290.05	\$330.11	2.08%	▲	4.00%	▲	8.16%	▲	-4.97%	▼
Median \$/SF	\$263.61	\$259.70	\$258.79	\$259.35	\$290.63	1.51%	▲	1.86%	▲	1.64%	▲	-9.30%	▼

Under Contract Listings (Pending/UCB/CCBS)



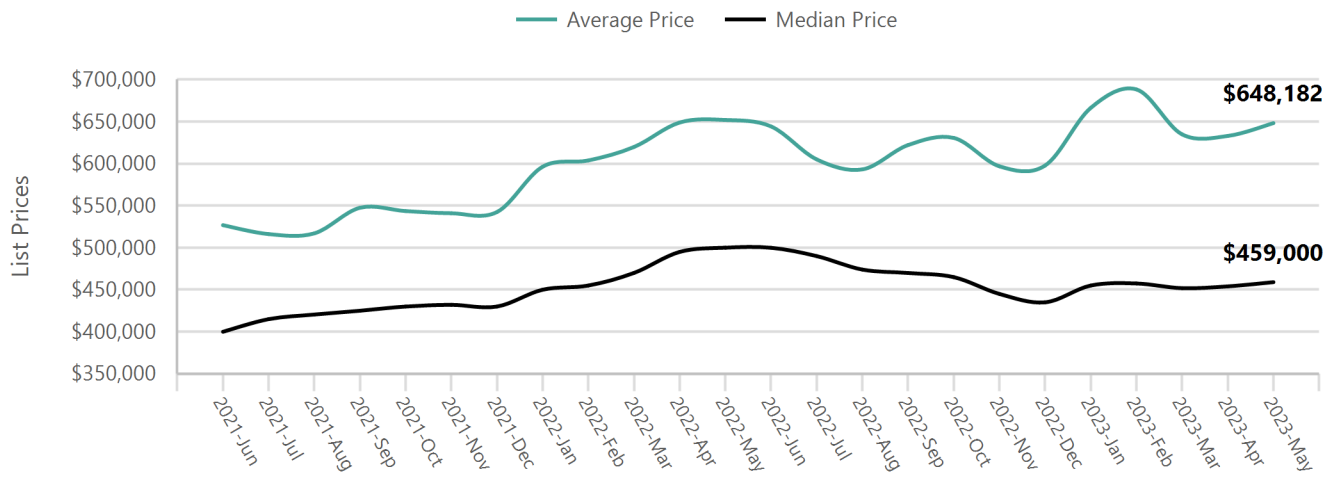
Metric	Monthly Values					Current Month Value vs Prior Monthly Values							
	Current	1M Pr	3M Pr	6M Pr	12M Pr	1M Pr	3M Pr	6M Pr	12M Pr				
Listings	8,600	9,416	8,581	5,885	9,384	-8.67%	▼	0.22%	▲	46.13%	▲	-8.35%	▼
Average \$/SF	\$281.26	\$280.76	\$277.54	\$277.18	\$292.91	0.18%	▲	1.34%	▲	1.47%	▲	-3.98%	▼
Median \$/SF	\$251.26	\$251.73	\$252.53	\$251.36	\$271.52	-0.18%	▼	-0.50%	▼	-0.04%	▼	-7.46%	▼

Month Of Supply/Absorption Rate



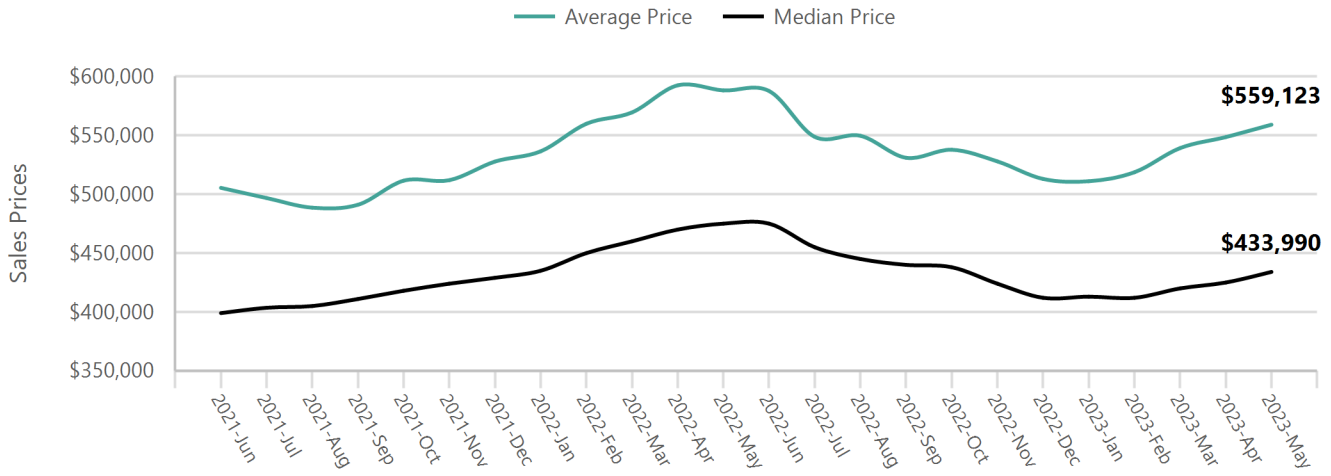
Metric	Monthly Values					Current Month Value vs Prior Monthly Values							
	Current	1M Pr	3M Pr	6M Pr	12M Pr	1M Pr	3M Pr	6M Pr	12M Pr				
Supply	1.38	1.81	2.54	3.90	1.07	-23.69%	▼	-45.68%	▼	-64.68%	▼	29.13%	▲
Absorption Rate	72.58%	55.39%	39.42%	25.64%	93.73%	31.05%	▲	84.11%	▲	183.15%	▲	-22.56%	▼

New List Prices



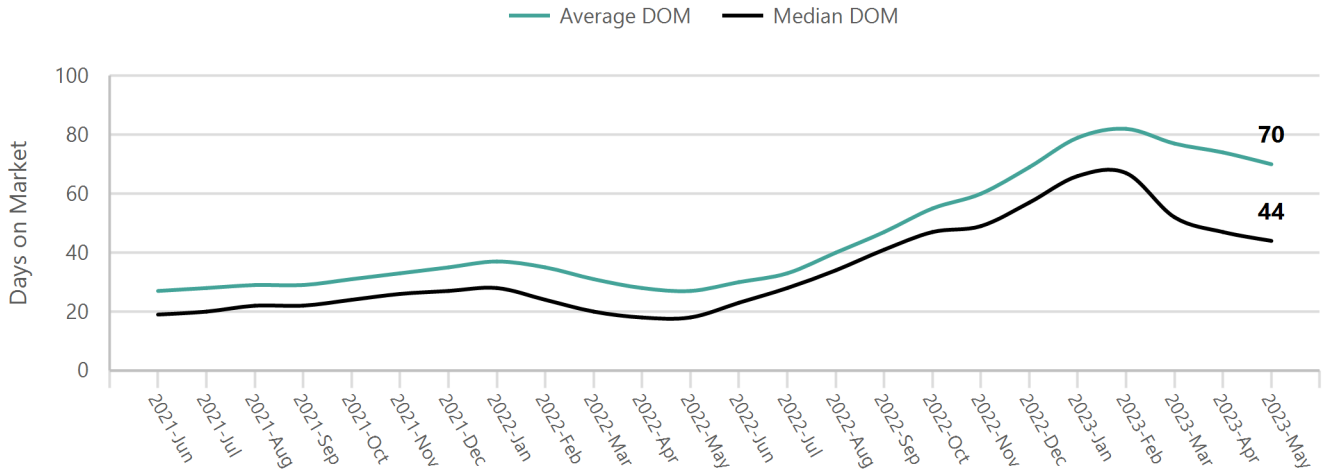
Metric	Monthly Values					Current Month Value vs Prior Monthly Values							
	Current	1M Pr	3M Pr	6M Pr	12M Pr	1M Pr	3M Pr	6M Pr	12M Pr				
Average List Price	\$648,182	\$632,945	\$688,285	\$596,836	\$651,914	2.41%	▲	-5.83%	▼	8.60%	▲	-0.57%	▼
Median List Price	\$459,000	\$454,000	\$457,413	\$445,000	\$500,000	1.10%	▲	0.35%	▲	3.15%	▲	-8.20%	▼

Sales Prices



Metric	Monthly Values					Current Month Value vs Prior Monthly Values			
	Current	1M Pr	3M Pr	6M Pr	12M Pr	1M Pr	3M Pr	6M Pr	12M Pr
Average Sales Price	\$559,123	\$548,573	\$518,683	\$527,907	\$588,228	1.92% ▲	7.80% ▲	5.91% ▲	-4.95% ▼
Median Sales Price	\$433,990	\$425,000	\$412,000	\$424,000	\$475,000	2.12% ▲	5.34% ▲	2.36% ▲	-8.63% ▼

Days on Market



Metric	Monthly Values					Current Month Value vs Prior Monthly Values			
	Current	1M Pr	3M Pr	6M Pr	12M Pr	1M Pr	3M Pr	6M Pr	12M Pr
Average DOM	70	74	82	60	27	-5.41% ▼	-14.63% ▼	16.67% ▲	159.26% ▲
Median DOM	44	47	67	49	18	-6.38% ▼	-34.33% ▼	-10.20% ▼	144.44% ▲

My favorite national housing analyst is Ivy Zelman of Zelman & Associates, whose thought leadership is founded on proprietary research, rigorous analysis, and unparalleled expertise. These words from their website ring true, I would add, she has an innate quality many housing analyst lack, an abundance of common sense. Ivy recently did an [interview](#) with Bigger Pockets, the link of which I just provided. I would suggest, as time permits, you listen to it in its entirety. Though she speaks on a national basis, much of what she says is relevant to our market today. In this month's STAT I'll be interspersing comments from this interview with our content.

May's Market Recap

STAT: Elevated interest rates continue to weigh on both affordability and demand causing affordability issues for prospective buyers while simultaneously constricting supply as would-be sellers locked into very low interest rates are choosing to sit on the sidelines. The combination of lower supply and demand in May led to both low sales volume and rising prices. Home sales volume dipped 4.6% year over year while home prices rose for the fourth consecutive month, up 2.4% month over month.

Ivy: The challenges that existing homeowners have today is that many of them are disincentivized to sell because they're locked in at rates substantially lower than today's prevailing rate. A remarkable number of people over 50% are below 3.5%. And roughly, 90% below 5% with rates now roughly back almost at 7%. Freddie Mac came out today, the 30-year fixed was at 6.91, which is the benchmark that we use. I think that the disincentive is real and what we've seen is a plummeting of new listings.

Mobility rates in the United States have been under pressure well before any impact from rate changes disincentivized consumers to move. So, for example, your cohort from 18 to 24 in a given year, 50% move. But if you get to old dogs like me, we're in the single digits when we move within a given year, the percent of us that move when they get into my father's cohort 82, very few. My point being mobility is slowing within an aging population, which is further pressuring transactions and availability.

STAT: There were 31,698 home sales through the first five months of 2023 ranking this year sales 19th out of the 21 years ARMLS has been reporting sales data. Sales volumes for the first five months of 2023 are 22.5% lower than last year. Only in the years 2007 and 2008 did we see lower sales volume. It should be noted that it was last year at this time when interest rates began to climb rapidly. One year ago, STAT reported the following on interest rates: up .54% in the last week, up .65% in the last month, and up 2.91% in the last year.

Ivy: Even in markets where there's a limited level of availability, you still have transactions, you always have, as the realtor's joke, the three Ds, death, divorce, and default. And then, you also have, there's no D for relocations, but we could just call it discretionary, as the other D. And we do have discretionary movers who are moving for lifestyle reasons. Those people that are trying to buy, whether they're relocating or just choosing to move up, find they are very limited in terms of choices. So, you see in those cases, it's always real estate, location, location, location. These homes are seeing multiple bids. It's bidding wars again.

STAT: New construction still continues to shine, accounting for 21.4% of all home purchases in Maricopa County in May. Newly built homes were up 10.77% year over year.

Ivy: I'd say there's a bit of a divergence between the existing market and the new home market. We're talking from a transaction perspective. We are also seeing stabilization in price sequentially starting to accelerate, and builders are feeling more confident about pushing price even with the affordability stretched. I think that the existing home market is very challenged by a lack of supply.

It's that time of Year, Pending Prices, Seasonal Changes

Pending sales data, which is proprietary to ARMLS, allows us to track the number of new pending contracts daily, as well as the total number of pending contracts. From this data, we can then calculate the median sales price for all pending contracts, pending contracts in the last 60 days, and for the last 30 days. We can then observe the relationship between pending sale contracts and the reported median sales price for all closed listings over the last thirty days. Current pending sales data suggests the median sales price for closed sales will peak at \$445,000, most likely sometime in early July before starting our seasonal “wobble.” The ARMLS Pending Price Index is projecting the median sales price for June’s closings to be \$440,000. As the chart shows below, our current actual median sales price first appeared in the ALL column on May 5th and the ACTUAL column on June 9th. The median sales price for 30, 60 and all pending contracts appear to have peaked in the last week of May. This is a common occurrence this time of year. The data just discussed is displayed in the tables below.

COMMENTARY

BY TOM RUFF

Monthly Average Lease Price per Square Foot via ARMLS

119	5,563	SUNDAY	11	JUNE	440,000	436,900	434,995
191	5,481	SATURDAY	10	JUNE	440,000	436,130	435,000
194	5,632	FRIDAY	9	JUNE	440,000	435,000	434,000
180	5,663	THURSDAY	8	JUNE	440,000	437,000	435,000
209	5,711	WEDNESDAY	7	JUNE	440,000	437,000	435,000
264	5,720	TUESDAY	6	JUNE	441,895	439,024	435,992
110	5,684	MONDAY	5	JUNE	442,368	439,335	436,085
115	5,604	SUNDAY	4	JUNE	440,122	437,000	435,000
214	5,534	SATURDAY	3	JUNE	440,000	435,550	435,000
228	5,596	FRIDAY	2	JUNE	440,122	435,394	435,000
193	5,694	THURSDAY	1	JUNE	440,758	436,900	437,000
281	6,106	WEDNESDAY	31	MAY	443,794	439,000	437,010
148	6,183	TUESDAY	30	MAY	445,000	439,945	439,000
127	6,122	MONDAY	29	MAY	443,125	438,550	436,795
110	6,040	SUNDAY	28	MAY	443,000	438,530	437,000
188	5,967	SATURDAY	27	MAY	442,000	437,000	435,500
209	6,204	FRIDAY	26	MAY	440,000	435,000	435,000
237	6,311	THURSDAY	25	MAY	444,500	438,995	439,900
259	6,354	WEDNESDAY	24	MAY	443,752	438,550	439,900
280	6,357	TUESDAY	23	MAY	441,000	435,162	439,000
140	6,344	MONDAY	22	MAY	440,000	434,999	435,000
117	6,240	SUNDAY	21	MAY	440,000	434,990	435,000
212	6,169	SATURDAY	20	MAY	440,000	435,000	436,130
220	6,335	FRIDAY	19	MAY	440,000	435,000	437,241
232	6,374	THURSDAY	18	MAY	440,000	435,000	435,000
239	6,416	WEDNESDAY	17	MAY	440,000	434,500	435,000
299	6,415	TUESDAY	16	MAY	440,000	434,945	435,000
97	6,453	MONDAY	15	MAY	443,331	435,000	436,000
120	6,378	SUNDAY	14	MAY	441,102	435,000	435,000
173	6,299	SATURDAY	13	MAY	441,790	435,000	435,000
210	6,430	FRIDAY	12	MAY	440,508	435,000	435,000
227	6,440	THURSDAY	11	MAY	441,640	435,000	435,000
249	6,457	WEDNESDAY	10	MAY	440,315	435,000	434,870
313	6,404	TUESDAY	9	MAY	440,000	435,000	435,000
153	6,335	MONDAY	8	MAY	440,000	434,995	434,253
140	6,210	SUNDAY	7	MAY	440,000	434,000	433,000
213	6,100	SATURDAY	6	MAY	440,000	434,000	432,000
215	6,227	FRIDAY	5	MAY	440,000	432,000	430,000
222	6,274	THURSDAY	4	MAY	439,945	431,045	430,000

Foreclosure Activity

U.S Foreclosure Activity Sees Spike in May 2023 was the headline in a recent report from ATTOM. In the report, Rob Barber, CEO at ATTOM, states: *“The recent increase in foreclosure filings nationwide indicates a trend that has been observed throughout the year, and what we have expected to occur. This upward trajectory suggests the possibility of continued heightened activity, and with foreclosure completions seeing the largest monthly increase this year, we will continue to monitor the potential impacts this may have on the housing market.”* The report goes on to state, *“Foreclosure completion numbers increased 38 percent from last month.”* The thirty-eight percent increase was based on national data, our Maricopa County data tells us residential foreclosures increased 100% over the same period. I’ll let that sink in for a second, residential foreclosures increased 100% from April to May in Maricopa County.

Nothing shocks me about their numbers; however, I am shocked by their message. This is not an informative headline, it’s for marketing purposes, and unfortunately stretching the truth is quite common in real estate marketing. The most common way to mislead is to add a percentage sign to a number. Let’s take a closer look at how market facts were used to misrepresent the market itself. In April Maricopa County recorded 25 residential trustee’s deeds, in May we reported 50, twice as many. There were 21 business days in April leaving an average of 1.19 foreclosures per day. In May there were 22 business days. There were on average 2.27 residential foreclosures per business day in May, an increase of 1.12 per day over April, hardly a spike.

Let me share with you my daily foreclosure spreadsheet as well as our monthly foreclosure spreadsheet. The daily table shows just how modest current foreclosure activity is, with most notice of trustee sales ending in cancellation, not foreclosure.

COMMENTARY

BY TOM RUFF

Foreclosure daily Spreadsheet for May - June via ARMLS

Date	Pending	Ntrecorded	Tdrecorded	Ctrecorded
05/01/2023	1149	10	0	17
05/02/2023	1130	16	5	18
05/03/2023	1112	7	2	16
05/04/2023	1077	12	2	16
05/05/2023	1068	8	5	13
05/08/2023	1106	13	0	12
05/09/2023	1093	8	0	8
05/10/2023	1079	8	5	12
05/11/2023	1081	22	2	12
05/12/2023	1079	11	1	17
05/15/2023	1079	21	1	21
05/16/2023	1051	21	4	19
05/17/2023	1037	12	7	22
05/18/2023	993	8	2	16
05/19/2023	991	19	2	19
05/22/2023	1045	7	4	18
05/23/2023	1037	16	2	12
05/24/2023	1026	8	2	10
05/25/2023	1019	10	3	7
05/26/2023	1028	15	0	20
05/30/2023	1011	10	5	18
05/31/2023	1022	19	1	19
06/01/2023	1009	9	1	21
06/02/2023	1004	11	2	10
06/05/2023	993	10	2	15
06/06/2023	977	25	1	28
06/07/2023	981	19	3	10
06/08/2023	982	18	1	6
06/09/2023	1005	11	0	13
06/12/2023	1005	16	1	19

STAT: Our monthly table below displays totals for the past year, as well as our historical extremes, yellow highlighting the lowest totals ever reported with red being the highest. The lowest totals occurred during the Covid moratorium while the highest numbers occurred during the aftermath of the great housing crash in 2009 and 2010. The only conclusion one can draw from this data is that foreclosure activity remains at historical lows and is expected to remain low through the remainder of the year. In the future, there will be properties that were purchased with minimal down payments and when both prices and interest rates were at their peaks.

COMMENTARY

BY TOM RUFF

Ivy: I think fortunately, there is a very strong mortgage framework here in this country today. We're going to have rising delinquencies in FHA. We do unfortunately have very high-end backend ratios for that FHA VA product. There will be challenges if we have a recession. And you will see defaults and foreclosures, but not to the magnitude we saw during the Great Financial Collapse.

Foreclosure Activity via The Information Market

Foreclosure Activity		InformationMarket Our knowledge, your success			
MONTH	RESIDENTIAL NOTICES	RESIDENTIAL FORECLOSED	ACTIVE RESIDENTIAL NOTICES	RESIDENTIAL REO PROPERTIES	
202305	255	50	996	175	
202304	318	25	1091	169	
202303	377	28	1108	173	
202302	306	27	1035	169	
202301	384	37	939	172	
202212	285	28	895	170	
202211	254	28	852	168	
202210	232	26	830	168	
202209	293	24	847	167	
202208	259	31	798	166	
202207	229	24	817	167	
202206	281	31	891	166	
202205	269	27	877	166	
202112	73	25	448	285	
202107	54	13	518	299	
202106	67	10	566	307	
202003	361	60	1,713	502	
201012	5,473	3,257	39,735	20,821	
201003	7,619	5,090	46,163	14,856	
201002	7,174	3,869	47,606	13,716	
200903	10,114	3,047			


Rental Activity/Affordability

Rental activity isn't something I have spent a lot of time studying, other than the entities actively building rental portfolios. Over the course of the last year and a half I've come to realize the importance of understanding rental inventories as well as rental rates. Housing is a choice, buy or rent, and the basis for that decision is affordability. If it's cheaper to rent you rent, if you can afford to buy, you buy. [This RapidStats Infographic](#) shows a 69.4% increase in active listings with rental rates remaining flat. The Apartment List Rent Estimates table below has Phoenix rents declining 2% in the last six months and 4% year over year.

Apartment List Rent Estimates for May via Apartment List

Slowest Metro-Level Rent Growth Among 52 CBSAs with Population >1 Million			
Rank	Over Past 6 Months	Over Past 12 Months	Over Past 3 Years
#1	New Orleans (-2%)	New Orleans (-5%)	San Francisco (-2%)
#2	Phoenix (-2%)	Las Vegas (-4%)	San Jose (+4%)
#3	Portland (-2%)	Phoenix (-4%)	Minneapolis (+6%)
#4	Salt Lake City (-1%)	Sacramento (-4%)	Seattle (+12%)
#5	Sacramento (-1%)	Riverside (-2%)	Washington (+12%)
#6	Austin (-1%)	Salt Lake City (-2%)	New Orleans (+14%)
#7	San Francisco (-1%)	Austin (-2%)	Houston (+16%)
#8	Las Vegas (-1%)	San Francisco (-2%)	Pittsburgh (+17%)
#9	Atlanta (-1%)	Seattle (-2%)	Portland (+17%)
#10	Jacksonville (-1%)	Tampa (-2%)	Los Angeles (+18%)

Source: Apartment List Rent Estimates; data as of May 2023.
Data Available: <https://www.apartmentlist.com/research/category/data-rent-estimates>

Apartment  List

Ivy: *We are starting to see some softening and occupancy in the single-family rental market. And there is a lot of build for rent product that is now in certain parts of the country, we refer to as the smile states, the sand states, where a lot of capital chased the opportunity where people were migrating to. There's a tremendous amount of competition coming in the rental market from completions that we expect are going to be up 20 plus percent and accelerating, because we're at the largest level of backlog for multifamily that we have seen since 1973. So, that could put pressure on rent. And therefore, keeping people more likely to stay multifamily, because it's more attractive as an alternative.*

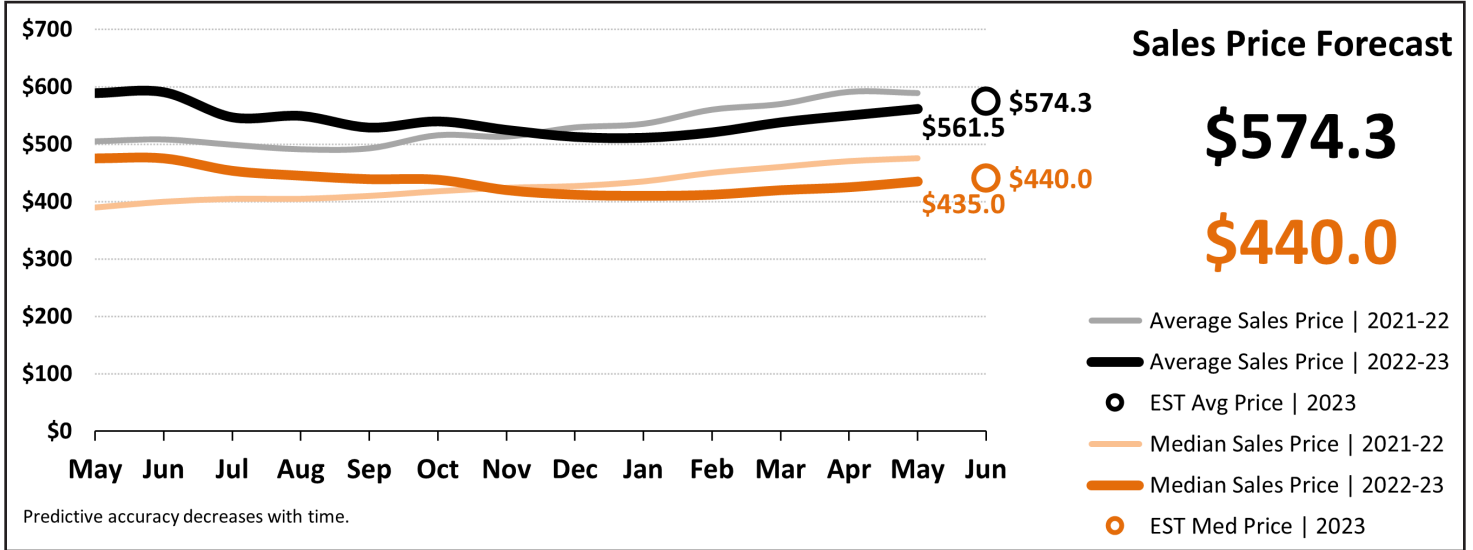
Ivy: *There are a little under 40 million single family rentals in this country. And less than 2% are owned by institutional investors. So, it's really a mom-and-pop business. The institutions have pulled back, but retail investors have not. They're still in the market looking.*

In Conclusion:

For months I've been searching for the words to describe our market, when it quite possibly could have been defined by a single word, let's turn to Ivy to put it all in perspective.

Ivy: *I think what I would say is the market's stuck. We're stuck in a transaction market that will probably not grow this year; I think will be under pressure. To get any growth at all, you really have to have either interest rates come down substantially to improve affordability and get people more likely to list their home, and therefore have a catalyst to buy the next home or move up. Again, people in rentals are unfortunately in multifamily are seeing significant rent inflation that's now decelerating. And I'm sure many of them would like to buy. But affordability, the way we measure it, we're probably about 20 plus percent above historic trend lines in terms of how stretched we are. So, I think that you have to have a pretty dynamic shift in affordability, and alternatively an offering of affordable housing, which we don't have today.*

Sales Price Forecast



An **increase** is forecasted in June for both average sale prices and median sale prices.

ARMLS PENDING PRICE INDEX (PPI)

Last month STAT’s mathematical model projected the median sales price for May at \$434,000; the actual number was \$435,000. Looking ahead to June, the ARMLS Pending Price Index is projecting the median sales price will rise to \$440,000. Last June we recorded the highest monthly median sales price ever reported, \$475,000. If our projections are correct, the median sales price will be 7.37% lower year over year.

We began June with 5,416 pending contracts, 2,884 UCB listings and 474 CCBS giving us a total of 8,774 residential listings practically under contract. This compares to 9,518 of the same type of listings one year ago. At the beginning of June, the “pending” contracts are 7.82% lower than last year. There were 22 business days in June of both 2022, and 2023. ARMLS reported 7,720 sales in June of 2022. The highest sales volume ever in June occurred in 2011 with 10,345. When June’s numbers are reported, we expect to see a drop in year-over-year sales volume with month-over-month home prices increasing 1.15%. If our models are correct, year-over-year sales volume will be in the 7,000 range.