



STAT

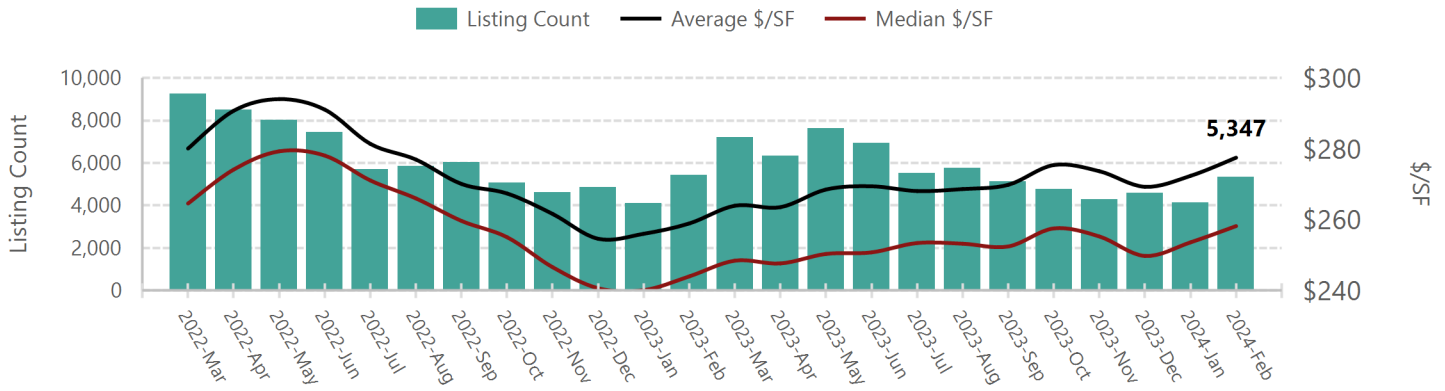
Your Monthly Statistics for the **Phoenix Metro** Area



DATA FOR February 2024

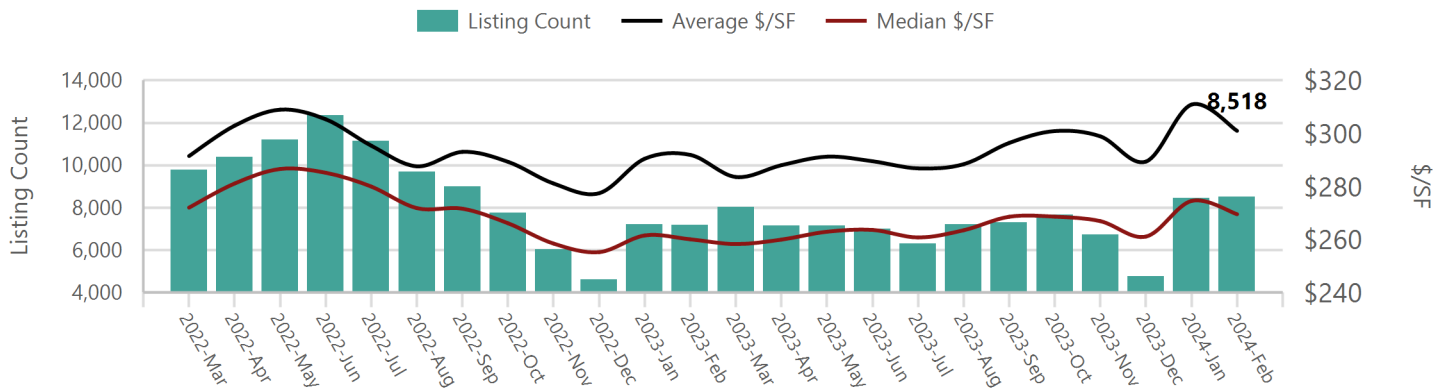
Published March 18, 2024

Sold Listings



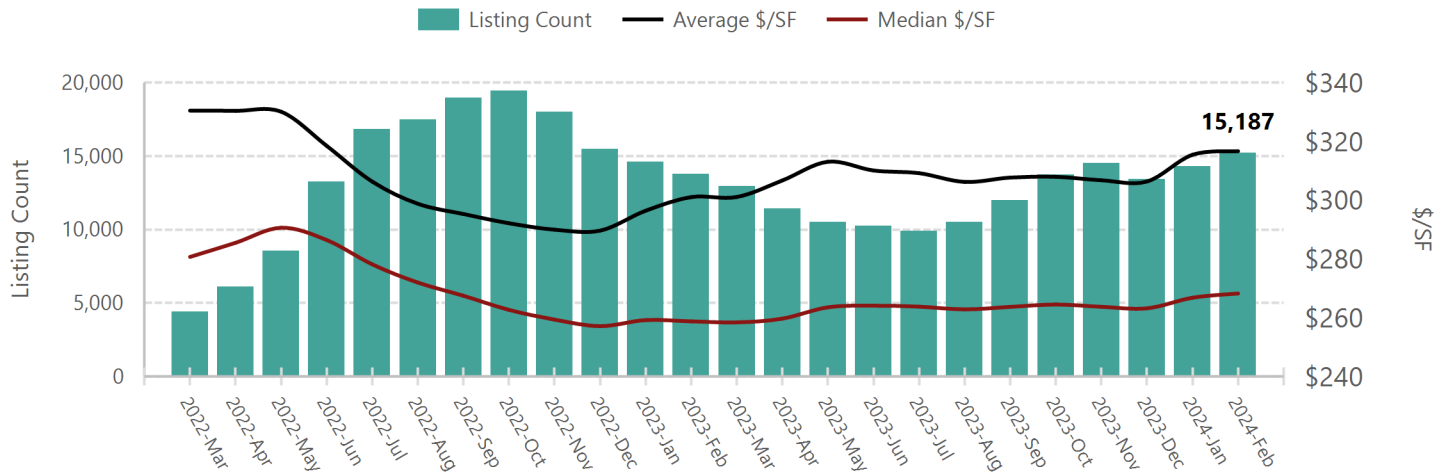
Metric	Monthly Values					Current Month Value vs Prior Monthly Values				
	Current	1M Pr	3M Pr	6M Pr	12M Pr	1M Pr	3M Pr	6M Pr	12M Pr	
Listings	5,347	4,142	4,287	5,751	5,426	29.09% ▲	24.73% ▲	-7.02% ▼	-1.46% ▼	
Average \$/SF	\$277.52	\$272.39	\$273.70	\$268.67	\$258.94	1.88% ▲	1.40% ▲	3.30% ▲	7.17% ▲	
Median \$/SF	\$258.20	\$253.62	\$255.28	\$253.23	\$244.01	1.81% ▲	1.14% ▲	1.96% ▲	5.82% ▲	

New Listings



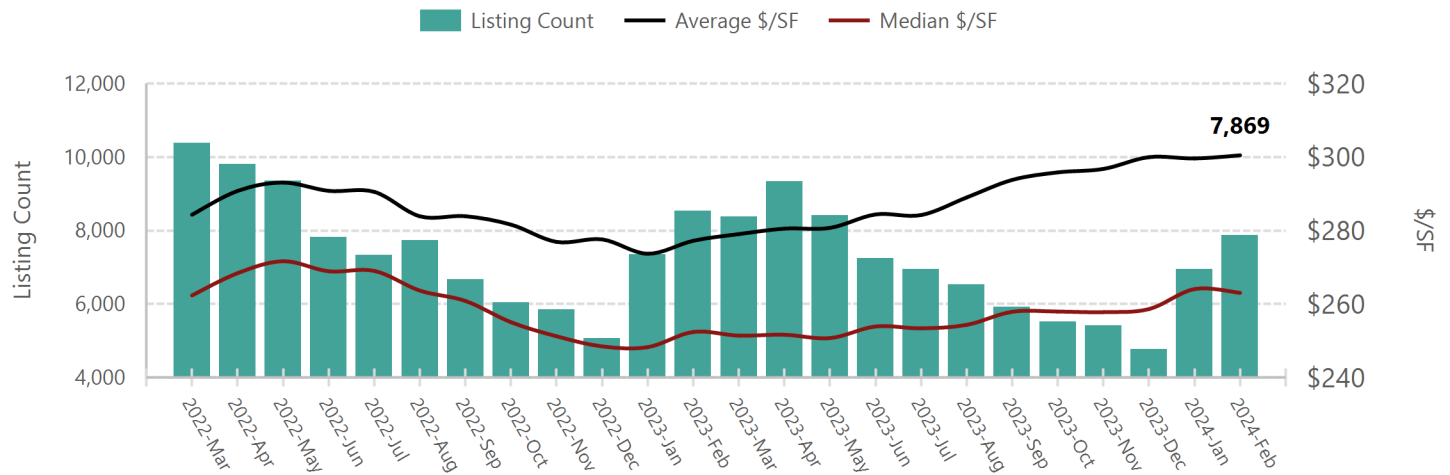
Metric	Monthly Values					Current Month Value vs Prior Monthly Values				
	Current	1M Pr	3M Pr	6M Pr	12M Pr	1M Pr	3M Pr	6M Pr	12M Pr	
Listings	8,518	8,450	6,731	7,215	7,180	0.80% ▲	26.55% ▲	18.06% ▲	18.64% ▲	
Average \$/SF	\$301.01	\$310.90	\$298.92	\$288.43	\$291.94	-3.18% ▼	0.70% ▲	4.36% ▲	3.11% ▲	
Median \$/SF	\$269.59	\$274.59	\$266.98	\$263.55	\$260.15	-1.82% ▼	0.98% ▲	2.29% ▲	3.63% ▲	

Active Listings (excluding UCB/CCBS)



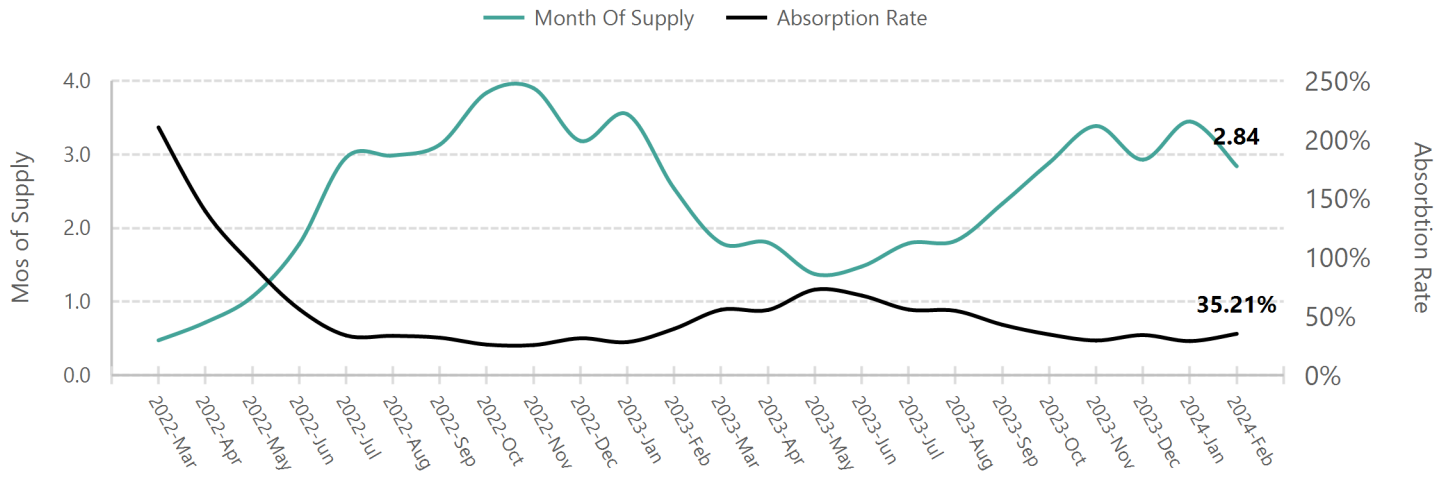
Metric	Monthly Values					Current Month Value vs Prior Monthly Values							
	Current	1M Pr	3M Pr	6M Pr	12M Pr	1M Pr	3M Pr	6M Pr	12M Pr				
Listings	15,187	14,282	14,518	10,502	13,756	6.34%	▲	4.61%	▲	44.61%	▲	10.40%	▲
Average \$/SF	\$316.67	\$315.44	\$306.78	\$306.21	\$301.03	0.39%	▲	3.23%	▲	3.42%	▲	5.20%	▲
Median \$/SF	\$268.25	\$266.81	\$263.72	\$262.84	\$258.76	0.54%	▲	1.72%	▲	2.06%	▲	3.67%	▲

Under Contract Listings (Pending/UCB/CCBS)



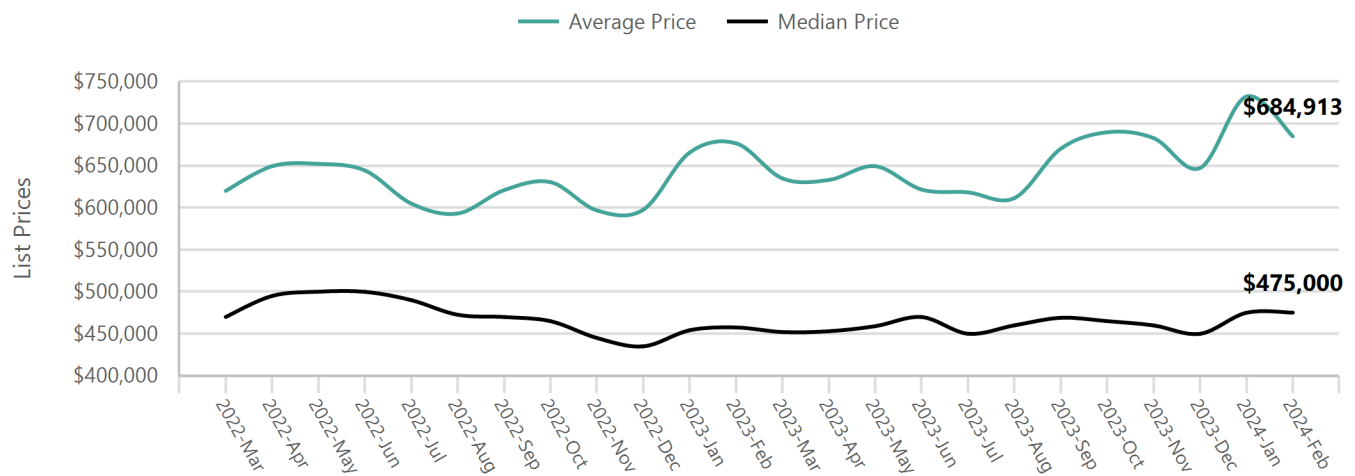
Metric	Monthly Values					Current Month Value vs Prior Monthly Values							
	Current	1M Pr	3M Pr	6M Pr	12M Pr	1M Pr	3M Pr	6M Pr	12M Pr				
Listings	7,869	6,946	5,415	6,526	8,529	13.29%	▲	45.32%	▲	20.58%	▲	-7.74%	▼
Average \$/SF	\$300.48	\$299.62	\$296.77	\$289.01	\$277.21	0.28%	▲	1.25%	▲	3.97%	▲	8.39%	▲
Median \$/SF	\$263.04	\$264.07	\$257.78	\$254.33	\$252.40	-0.39%	▼	2.04%	▲	3.42%	▲	4.22%	▲

Month Of Supply/Absorption Rate



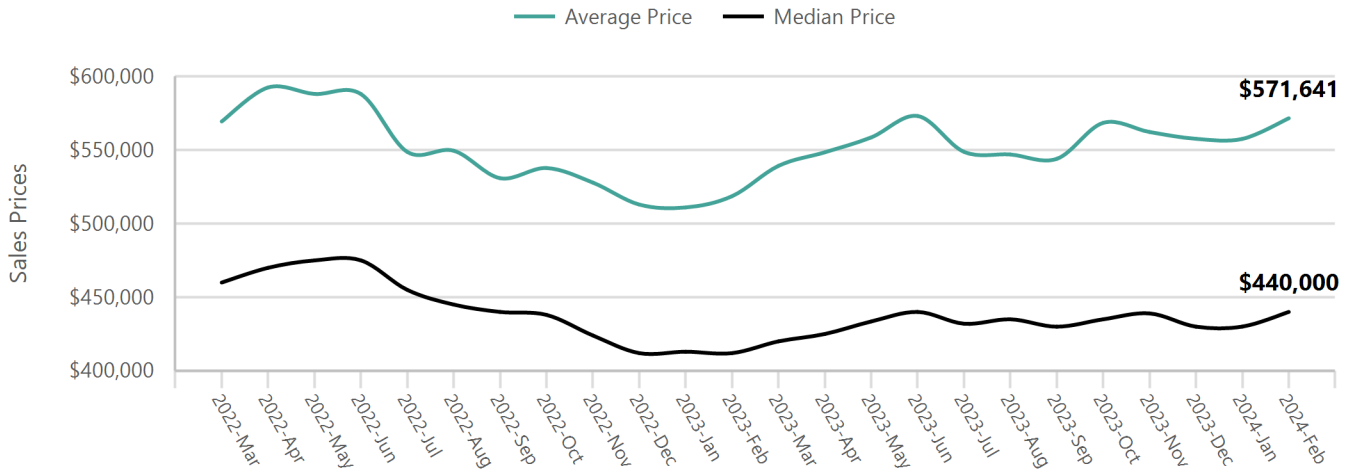
Metric	Monthly Values					Current Month Value vs Prior Monthly Values			
	Current	1M Pr	3M Pr	6M Pr	12M Pr	1M Pr	3M Pr	6M Pr	12M Pr
Supply	2.84	3.45	3.39	1.83	2.54	-17.63% ▼	-16.13% ▼	55.54% ▲	12.03% ▲
Absorption Rate	35.21%	29.00%	29.53%	54.76%	39.44%	21.40% ▲	19.23% ▲	-35.71% ▼	-10.74% ▼

New List Prices



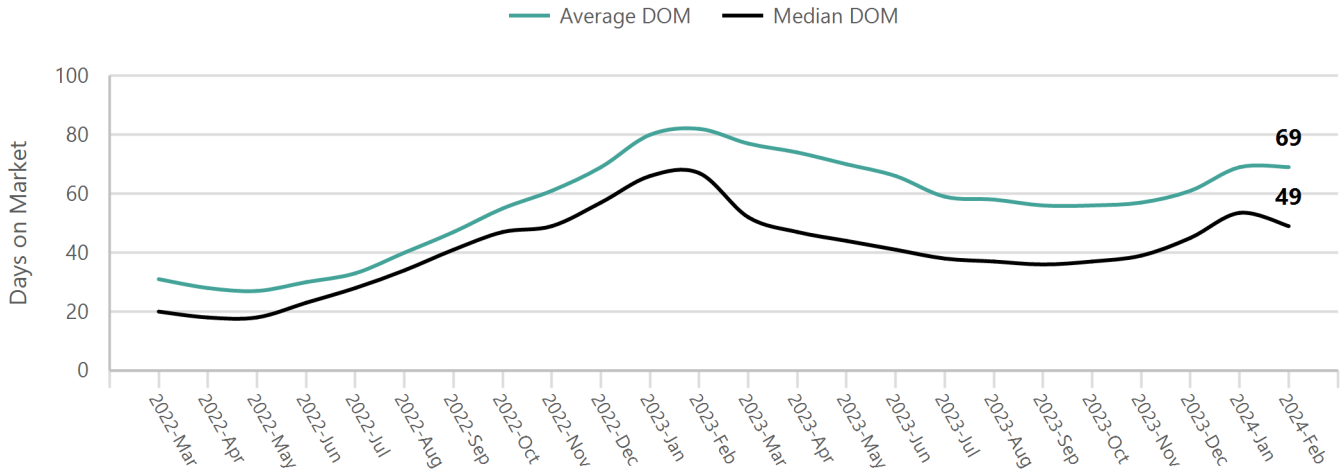
Metric	Monthly Values					Current Month Value vs Prior Monthly Values			
	Current	1M Pr	3M Pr	6M Pr	12M Pr	1M Pr	3M Pr	6M Pr	12M Pr
Average List Price	\$684,913	\$732,155	\$682,743	\$611,403	\$676,509	-6.45% ▼	0.32% ▲	12.02% ▲	1.24% ▲
Median List Price	\$475,000	\$475,000	\$459,900	\$459,990	\$457,500	0.00% ▬	3.28% ▲	3.26% ▲	3.83% ▲

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	\$571,641	\$557,678	\$562,300	\$547,013	\$518,685	2.50% ▲	1.66% ▲	4.50% ▲	10.21% ▲
Median Sales Price	\$440,000	\$430,000	\$439,000	\$435,000	\$412,000	2.33% ▲	0.23% ▲	1.15% ▲	6.80% ▲

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	69	69	57	58	82	0.00% ▬	21.05% ▲	18.97% ▲	-15.85% ▼
Median DOM	49	54	39	37	67	-8.41% ▼	25.64% ▲	32.43% ▲	-26.87% ▼

Intro

I can remember road trips with my mom and dad back in the day traveling down two-lane highways, long before smartphones, iPads and tablets. We'd play games like the license plate game or I Spy. We'd count cows, we'd count train cars, we'd look for Volkswagens and, eventually, we'd become bored, restless and irritable. Are we there yet? Today, it feels like I'm on that same old two-lane highway, stuck behind a combine and a tractor, only this time, instead of counting cows or train cars, I closely monitor key government reports and economic indicators in hopes of anticipating the Federal Reserve's next move.

Why? Policy affects mortgage rates, and our current market is mortgage rate sensitive. I can't wait for the monthly reports to arrive, the Employment Situation Report (Nonfarm Payrolls) and the alphabet soup of the CPI, PPI, GDP, CCI, and the FOMC meeting minutes. Reports which are major contributors to monetary policy and a major topic of our lunchtime conversations.

Are we there yet? I read one HousingWire report after another with the following headlines: The Fed Is In No Rush To Cut Rates Amid Inflation Battle, Mortgage Applications Slump As Rates Return Above 7%, Mortgage Rates Keep Surging, Higher Rates Dampen Demand, Mortgage Rates Reach Yearly Highs, Will Mortgage Rates Keep Heading Lower?, Fed Beige Book Show Recent Moderation In Mortgage Rates Propped Up Demand For Homes, and the one that capsulizes it all, The Awesome Power Of High Mortgage Rates. All of which published within the last 10 days.

I'm bored, I'm restless, I'm irritable. Are we there yet? And just like mom and dad, the answers the grown-ups always give, "Not yet, but we're getting closer." "We're making good progress. It won't be much longer." "We'll be there before you know it." "I know it feels like a long drive, but we're all in this together." "If you keep asking, it will take even longer." Are we there yet? "Let's take a break at the next rest stop and stretch our legs." In this month's STAT, we'll look inside the data to discuss the power of interest rates, a tale of two cities and the winds of March. But first, as we enter March, these are the year-over-year RapidStats worth noting.

- Sales volume was flat.
- The average price per square foot rose 7.17%.
- The median price per square foot rose 5.82%.
- The median sales price rose \$10,000, from \$430,000 to \$440,000.
- The median sales price increased 6.8%.
- The average sales price reported in at \$571,641, an increase of 10.21%.
- New listings declined 7.74% but total inventory rose 10.40%.
- Under contract listings were down 7.74%.
- The Cromford index currently stands at 115.5, slightly favoring sellers.

The Power of Interest Rates?

Let me step back in time for a moment and share two snippets from last month's STAT.

1. "On Feb. 2, Punxsutawney Phil was pulled from a stump and didn't see his shadow, which means he's predicting an early spring. On Feb. 13, the Federal Reserve pulled their CPI data from a stump and saw its shadow, predicting mortgage rates would rise in the next hour."
2. "Viewing today's listings on Feb. 14 (yes, this is what I do on Valentine's Day, don't judge), the median sales price for new contracts is reported at \$445,000. Translation: The median home price as reported by ARMLS is expected to rise from today's median of \$430,000 to \$445,000 by mid-March."

Just as I was completing STAT last month, the Consumer Price Index (CPI), which is a commonly used measure of inflation, was released. The CPI tracks the average change over time in prices paid by urban consumers for a basket of goods and services. The basket includes items such as food, clothing, transportation, medical care, entertainment and housing. The report on Feb. 13 came in hotter than expected. On the following Friday, three days after the report, mortgage rates jumped to a two-month high, dimming prospects of the Federal Reserve cutting interest rates in the near future. The average 30-year fixed mortgage rate rose to 7.14% the Friday following its release. At

the same time, STAT, via the daily reporting of ARMLS proprietary pending sales data, was projecting the median sales price to rise from its then current price of \$430,000 to \$445,000 by early to mid-March. Viewing actual closing data, the median sales price reached \$445,000 on March 7, and it remained there for three days.

On Feb. 13, the CPI was reported, and mortgage rates rose. On Feb. 14, the median sales price for new contracts (future sales) reported in at \$445,000. On Feb. 15, rates jumped to a two-month high of 7.14% and the median sales price for new contracts fell to \$440,000. The next day, it dropped again to \$439,900. Now I know this is a mirage and that the market cannot respond that quickly, and I know the median sales price tends to congregate on round numbers. Nonetheless, it seems you can sense immediate changes in both sales volume and home prices as rates move up and down. Over the last two years, we've seen the impact of mortgage rates on both supply and demand, and we know the dramatic impact of rates on affordability. Could the changes in the median sales price mean our current market rests on, or is over the cusp of affordability? Whether or not that's the case, it certainly feels that way.

Below is a small snippet of a spreadsheet I monitor on a daily basis. I'm color blind, so I find color coded charts beyond challenging, but I'm quite adept at viewing numbers, which I prefer. So, if numbers aren't your thing and they make you nauseous, I suggest you skip the chart below or take an antiemetic before proceeding. If you view the numbers closely, you will see the predictive powers of the proprietary pending contract pricing numbers, the fluctuations in the volume of pending contracts depending on the day of the week and the day of the month. The "median_pending_last_30" is the metric we follow to project the soon-to-be-closed prices, the pending prices will project approximately 30 days into the future.

COMMENTARY

BY TOM RUFF

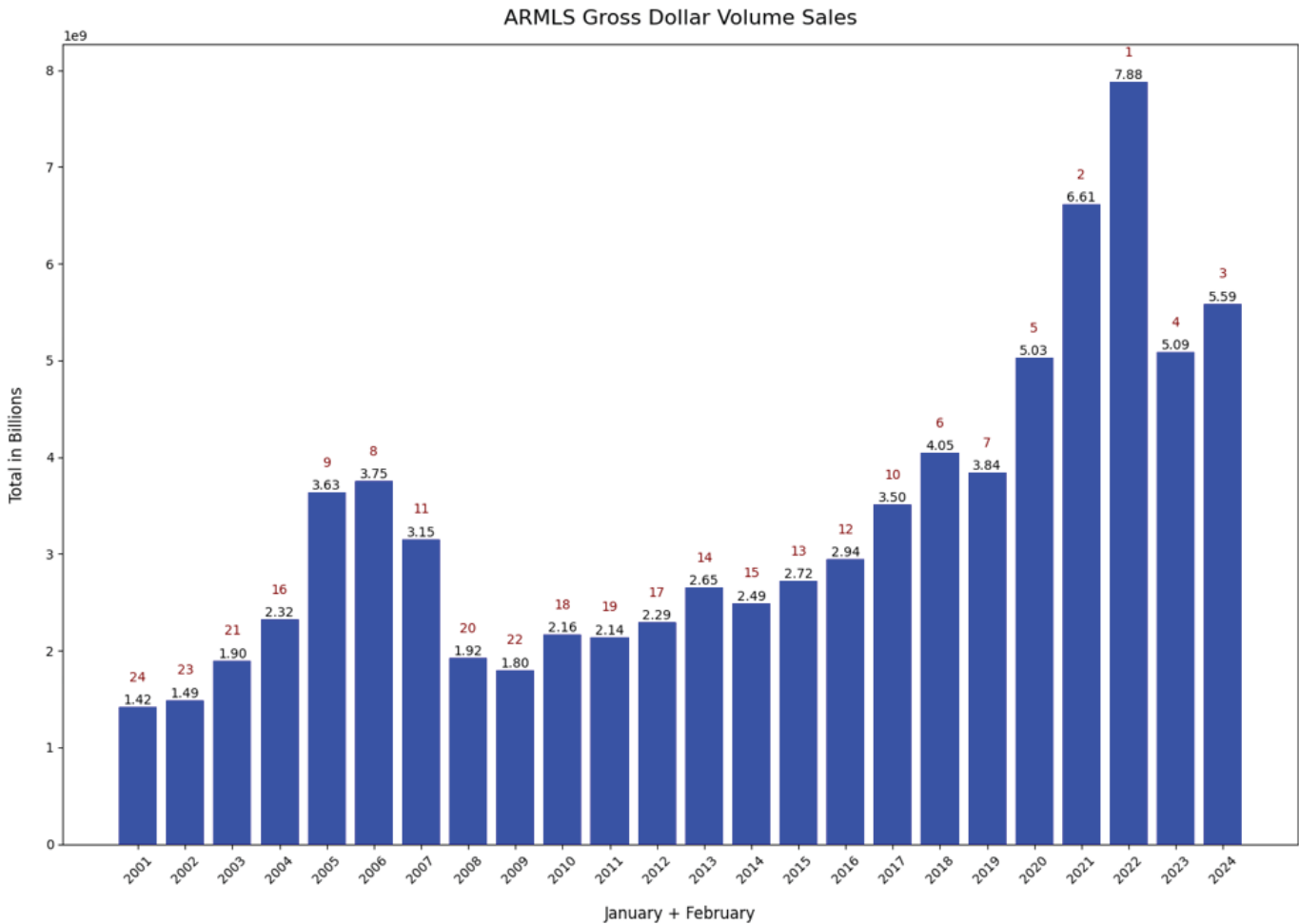
Pending Contracts - Median Pending vs Actual Closed Pending via ARMLS

Date▼	Total_pending_contracts	Day	Median_pending_last_30	Actual_closed_median
03/14/2024	5631	THURSDAY	445000	440000
03/13/2024	5558	WEDNESDAY	445000	440000
03/12/2024	5518	TUESDAY	444990	441000
03/11/2024	5468	MONDAY	444945	441000
03/10/2024	5368	SUNDAY	443000	440000
03/09/2024	5272	SATURDAY	441450	445000
03/08/2024	5367	FRIDAY	440000	445000
03/07/2024	5364	THURSDAY	440000	445000
03/06/2024	5351	WEDNESDAY	440000	440000
03/05/2024	5349	TUESDAY	440000	440000
03/04/2024	5242	MONDAY	444700	440000
03/03/2024	5116	SUNDAY	445000	440000
03/02/2024	4999	SATURDAY	444900	440000
03/01/2024	5059	FRIDAY	440245	440000
02/29/2024	5399	THURSDAY	441000	439900
02/28/2024	5502	WEDNESDAY	444000	435650
02/27/2024	5541	TUESDAY	444000	438000
02/26/2024	5509	MONDAY	440000	435000
02/25/2024	5434	SUNDAY	440000	435000
02/24/2024	5347	SATURDAY	440000	435000
02/23/2024	5474	FRIDAY	440000	435000
02/22/2024	5490	THURSDAY	440000	435000
02/21/2024	5464	WEDNESDAY	439900	437500
02/20/2024	5447	TUESDAY	439995	437500
02/19/2024	5323	MONDAY	439690	435000
02/18/2024	5226	SUNDAY	439900	435000
02/17/2024	5132	SATURDAY	440000	435000
02/16/2024	5194	FRIDAY	440000	435000
02/15/2024	5262	THURSDAY	440190	435000
02/14/2024	5238	WEDNESDAY	445000	435000
02/13/2024	5180	TUESDAY	445000	435000
02/12/2024	5084	MONDAY	443615	435000
02/11/2024	4996	SUNDAY	444000	435000
02/10/2024	4914	SATURDAY	441504	435000
02/09/2024	4975	FRIDAY	445000	432500
02/08/2024	4970	THURSDAY	445000	430000
02/07/2024	4962	WEDNESDAY	446040	430000
02/06/2024	4891	TUESDAY	445000	430000
02/05/2024	4794	MONDAY	445000	430000
02/04/2024	4687	SUNDAY	445000	430000
02/03/2024	4595	SATURDAY	445000	430000
02/02/2024	4557	FRIDAY	445000	430000
02/01/2024	4569	THURSDAY	445000	430000

Tale of Two Cities

A vast disparity emerged in 2023 and has continued on into 2024 in the real estate industry between those whose livelihoods are based on a percentage of gross dollar volume sales and those in the real estate industry whose income is based on transactional volume. As you can see in the two charts below, although there was a severe drop-off between the first two months of 2022 and the first two months of 2023 and 2024, this year and last were still the third and fourth best years ranked on a historic basis. Commission-based agents felt a drop from the rabid highs at the onset of 2022 (remember, the Fed started raising rates on March 16, 2022), but due to rising home prices, would still find their income levels manageable.

Gross Dollar Volume Sales via ARMLS



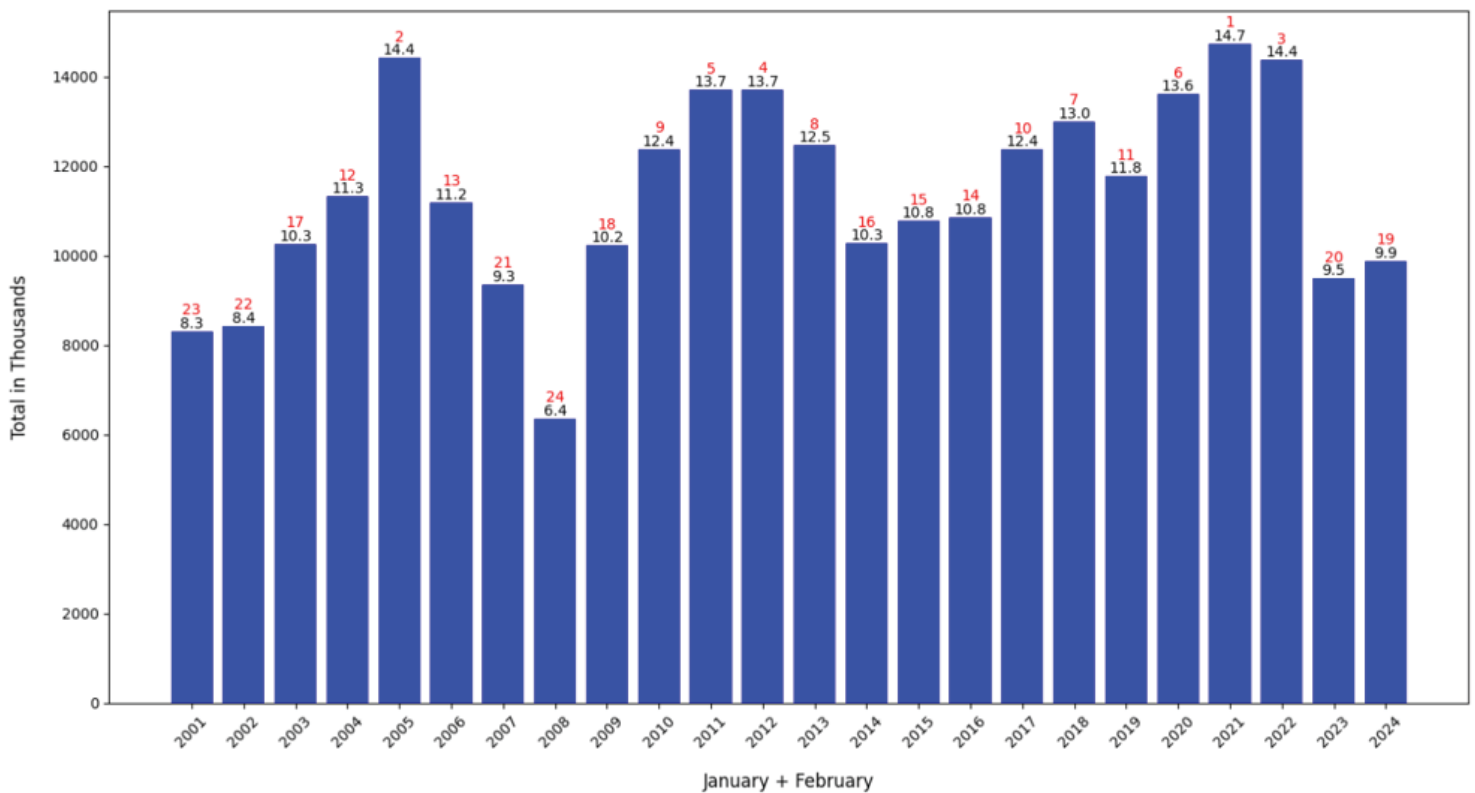
COMMENTARY

BY TOM RUFF

Conversely, sectors within the real estate industry such as title, mortgage, appraisers and home inspectors—ones heavily reliant on transactional volume—have faced notable challenges. Transactional sales volume, as reported by ARMLS, peaked in 2021 when Wall Street invaded our market and went mad. A similar surge occurred in 2005, when sanity gave way to exuberance and greed. In terms of historical ranking, the last two Januarys and Februarys rank near the bottom, reporting in as 19th and 20th out of 24 years of ARMLS sales history.

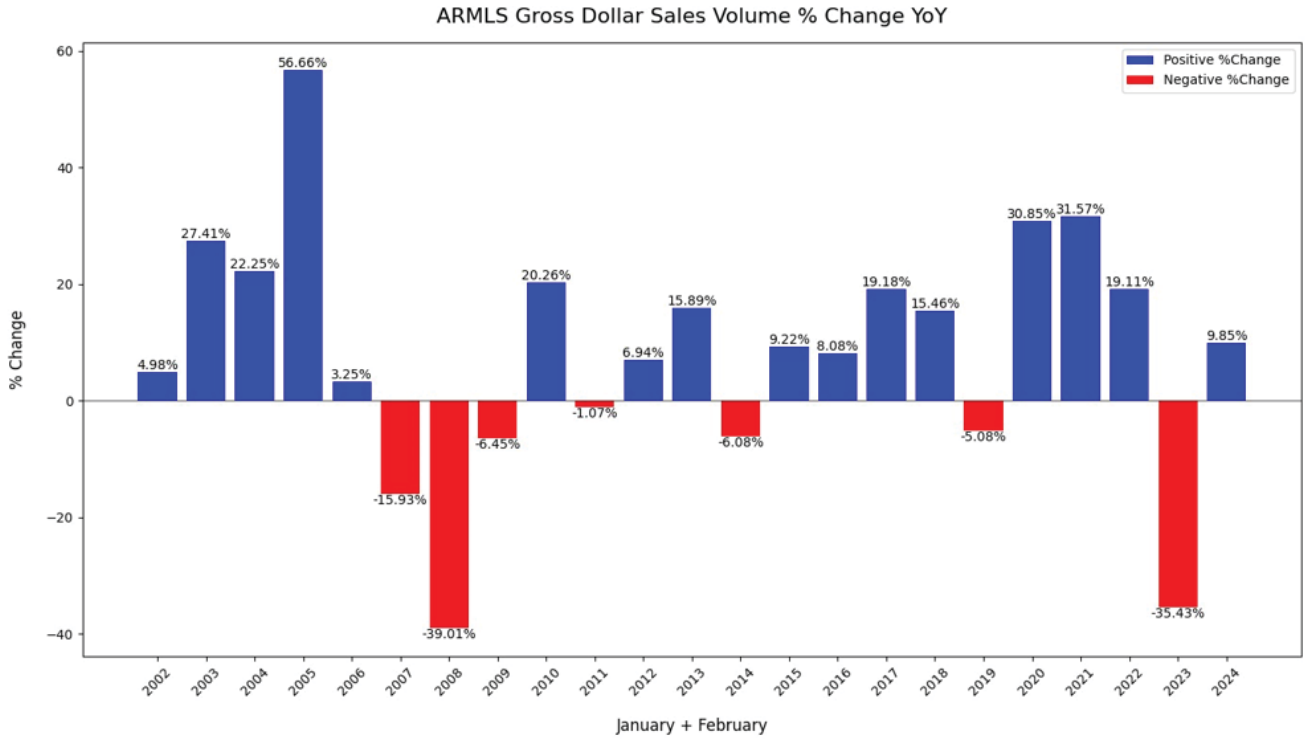
Total Sales Volume via ARMLS

ARMLS Total Sales Volume

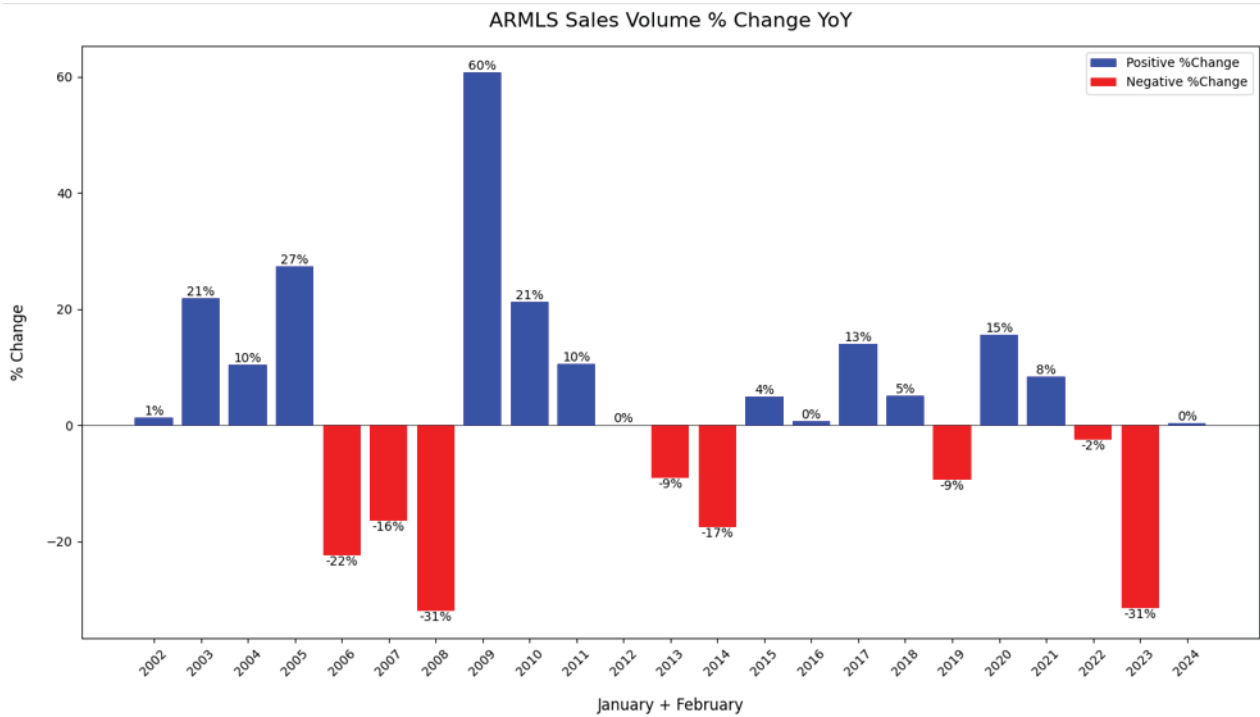


The next two charts show the year-over-year percentage changes, one showcasing the changes in gross dollar volume, and the other showcasing the year-over-year change in sales volume. If you think of these charts as a yearly raise or a yearly pay cut, then you'll understand why there were many departures from the industry in 2023. The real estate industry's losses became Uber's gains. Real estate is a cyclical business, that's why, when in a strong market, I caution readers to manage their monies as conservatively as they do in tougher times. Man, I'm getting old. When did I become the cautious, responsible one?

Gross Dollar Sales Volume % Change Year-Over-Year via ARMLS



Sales Volume % Change Year-Over-Year via ARMLS



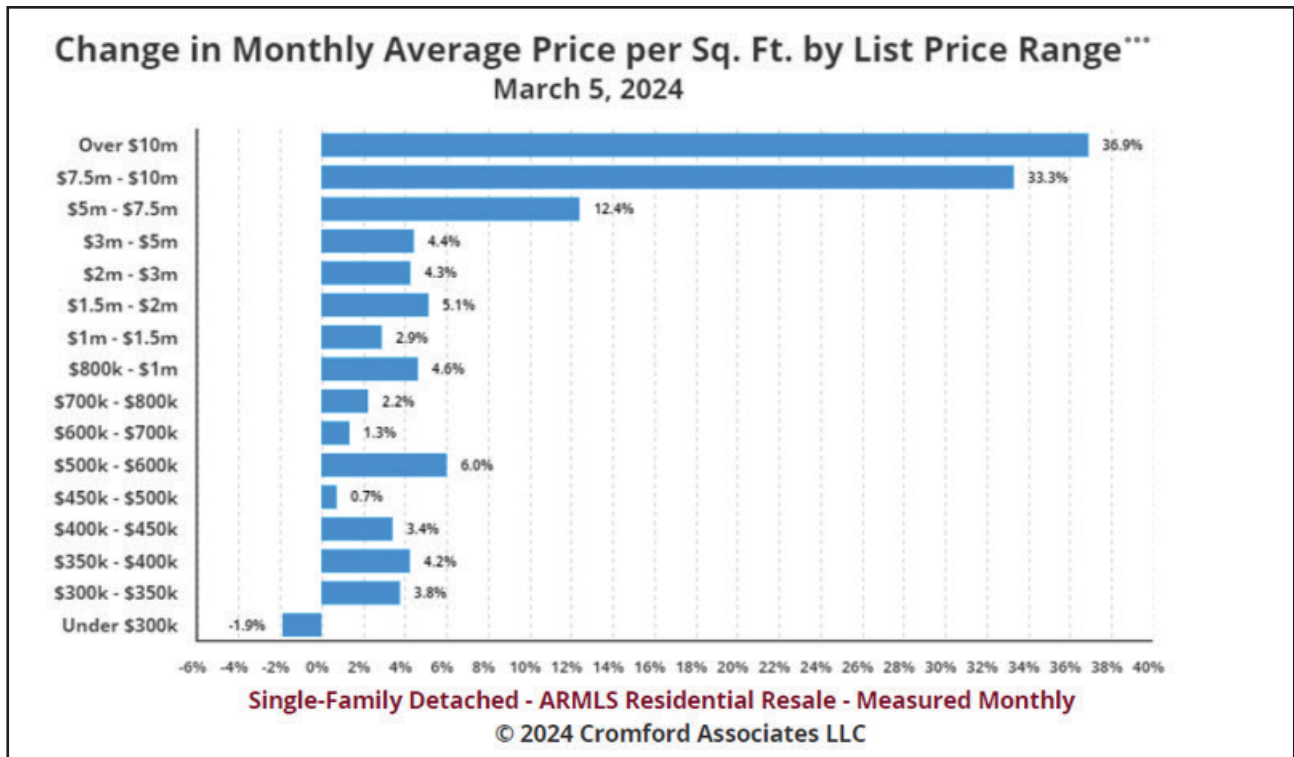
COMMENTARY

BY TOM RUFF

Speaking of a Tale of Two Cities, the following is from Michael Orr of The Cromford Report, taken from his daily observation on May 10:

“We have been producing a chart similar to the one below for 15 years, but it has never quite looked like this before.”

Change in Monthly Average Price Per Sq Ft by List Price Range via Cromford

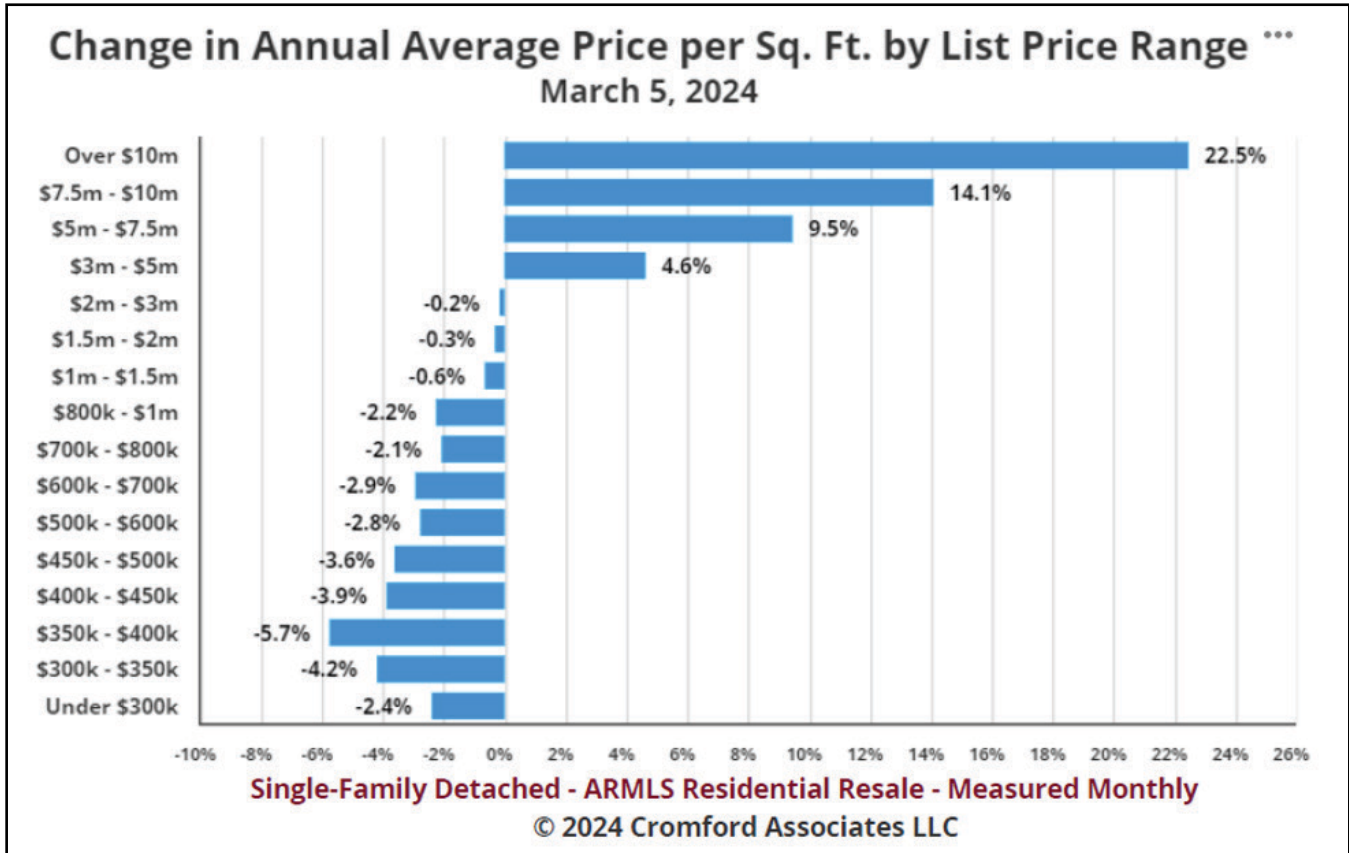


“Something very unusual is happening in the ultra-luxury home market. The average price per square foot for homes priced at \$7.5 million or more has increased by over 33% over the last 12 months. This is based on the recorded selling prices, not the asking prices. It compares February 2023 with February 2024. Admittedly the sample size is not huge. Only a handful of homes over \$7.5 million are closed each month. But if we look at a similar chart based on a whole year of sales, we get the following:”

COMMENTARY

BY TOM RUFF

Change in Annual Average Price Per Sq Ft by List Price via Cromford



“This is pretty convincing evidence that buyers of ultra-luxury homes have been willing to follow the market much higher, while homes under \$2 million have not seen the same exuberance. I am not sure how to explain this, but clearly buyers of these homes are not constrained by affordability issues that affect the rest of the market.”

The Winds of March

March’s closing numbers are facing a couple of unfavorable headwinds. Mortgage rates are hovering around 7%, which is the definitive line perspective homeowners prefer not to cross—It’s like the border from Arizona to California. We also began March with fewer homes under contract, and the kicker, there are two fewer business days this year over last. If you found February’s sales volume numbers disappointing, you’re really not going to like March. All reporting services are reporting an uptick in demand for the year, hoping for and projecting a stronger year in sales volume. But what if these modest increases are an illusion, and we’re experiencing fewer sales this year? When we turn to public records and we view sales daily, we see there were three fewer sales per day in January and 15 fewer sales per day in February. 2024’s trajectory is nearly identical to 2023’s.

COMMENTARY

BY TOM RUFF

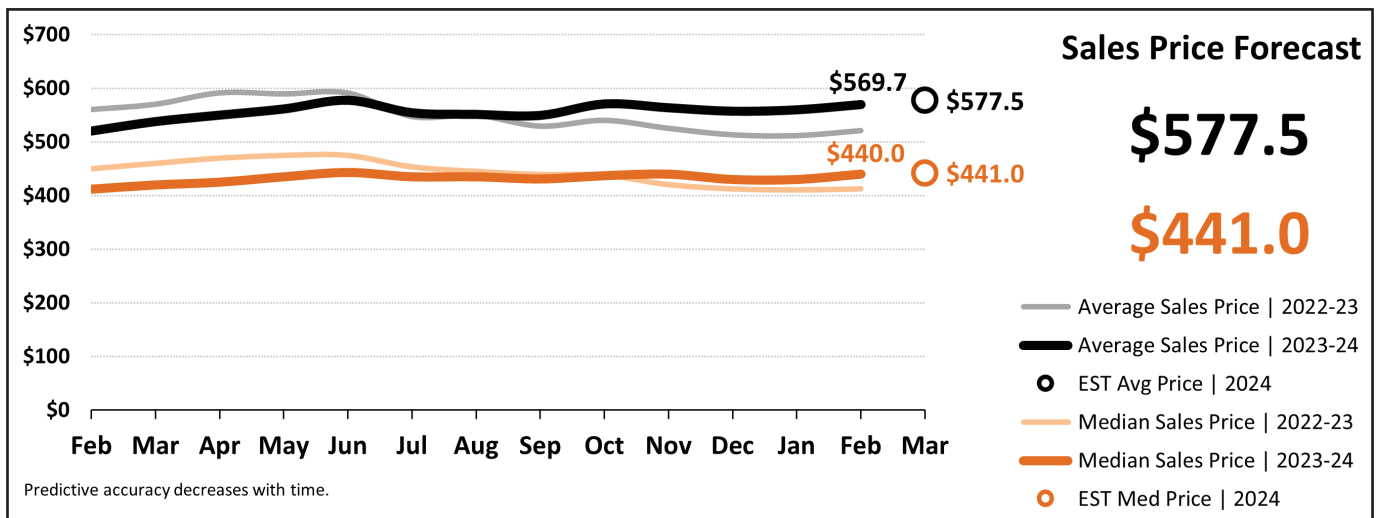
In Conclusion

I may be in a very unhealthy relationship with mortgage rates. If this were a romantic relationship, I'd know exactly what to do. I'd simply become indifferent and make myself emotionally unavailable, but with mortgage rates, I feel involved. I don't just see numbers, I see their impact on affordability, and, in turn, I see their impact on the American dream of homeownership. My mood improves when I see rates drop, and I become restless and irritable when rates rise. It is a non-debatable—our current market is rate sensitive.

Michael Orr calls February's numbers disappointing, but by no means disastrous, and simply states the market is struggling to gain traction. He reaffirms the balance between sellers and buyers only slightly favors sellers, and that, in many sectors of the market, buyers have more negotiating room but don't seem to realize it judging by recent price movements. Finally, he describes our market as quite stable.

So, are we there yet? In a recent CNBC article, Fed Chair Jerome Powell stated last week that the Federal Government may not be far off from throttling back. "I think we're in the right place," Powell said. Sounds just like mom and dad back in the day, doesn't it? This looks like a great place to stop and stretch our legs.

Sales Price Forecast



An **Increase** is forecasted in February for both Average sales prices and Median sales price.

ARMLS PENDING PRICE INDEX (PPI)

Last month, STAT's mathematical model accurately projected the median sales price for February at \$440,000. Looking ahead to March, the ARMLS Pending Price Index is projecting the median sales price to rise slightly, projecting it to be \$441,000. In June 2022, we reported the highest monthly median sales price ever recorded, \$475,000. If our mathematical model is correct, March's median sales price will be 5.03% higher year over year and down 7.16% from our record high.

We began March with 5,080 pending contracts, 2,865 UCB listings and 430 CCBS, giving us a total of 8,375 residential listings practically under contract. This compares to 8,864 of the same type of listings one year ago. At the beginning of March, ARMLS is reporting 489 fewer "pending" contracts compared to last year at this time. There were 23 business days in March 2023 and 21 this year. ARMLS reported 7,417 sales in March of 2023. The highest sales volume ever in March occurred in 2005 with 9,987. With two fewer business days this year and with "pending contracts" 5.52% lower year over year, this March's sales volume will be lower. We are anticipating March's home closings as reported by ARMLS to be in the 6,500 range.