

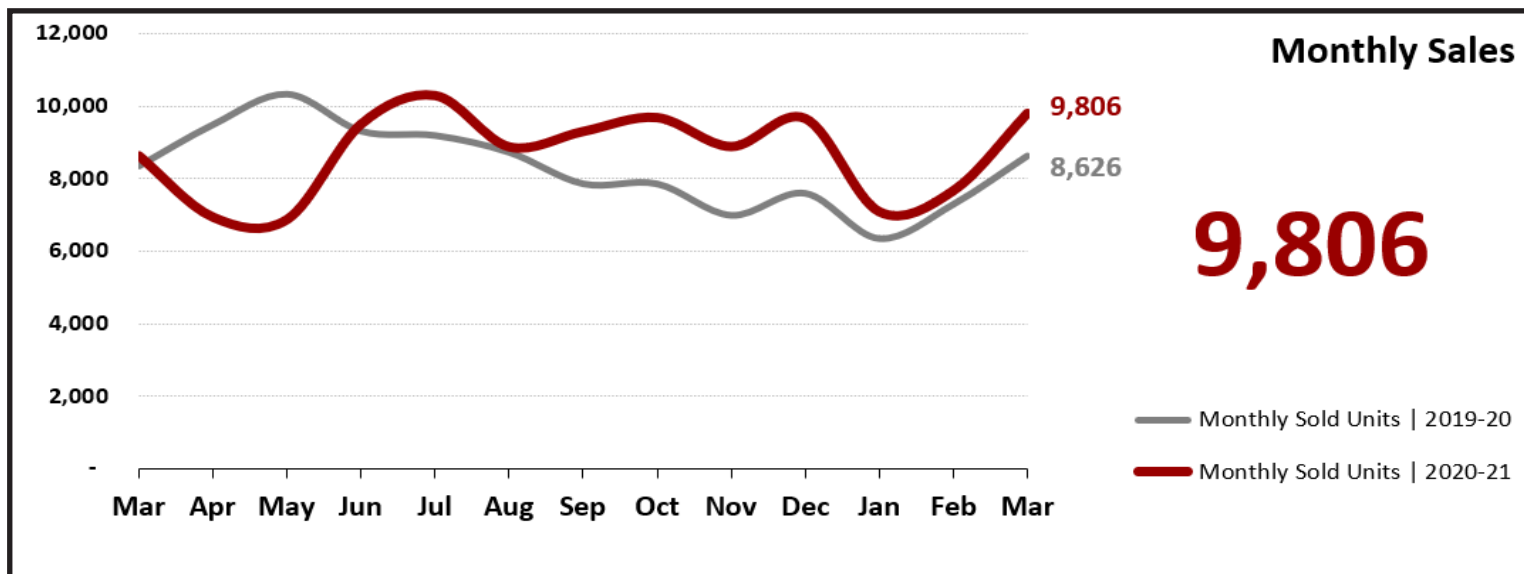
STAT

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



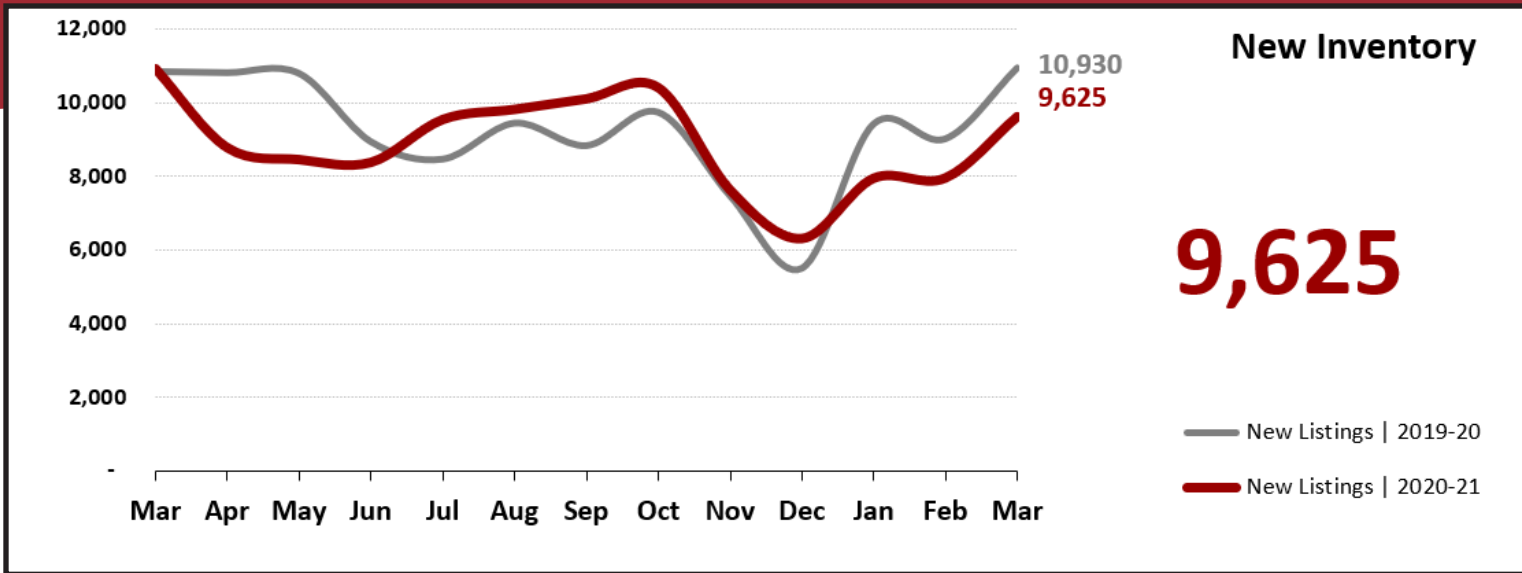
DATA FOR **MARCH 2021**

Published April 15, 2021



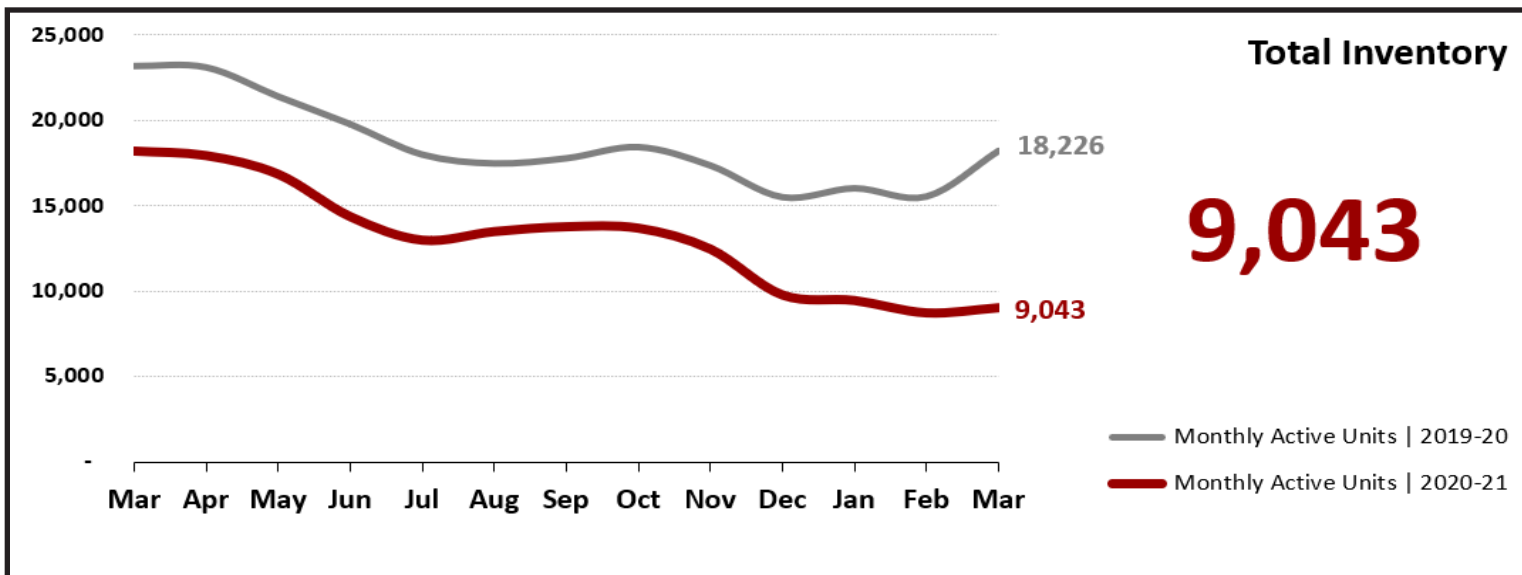
Sales are up **+28.0%** month-over-month. The year-over-year comparison is up **+13.7%**.

Closed MLS sales with a close of escrow date from 3/1/21 to 3/31/21, 0 day DOM sales removed



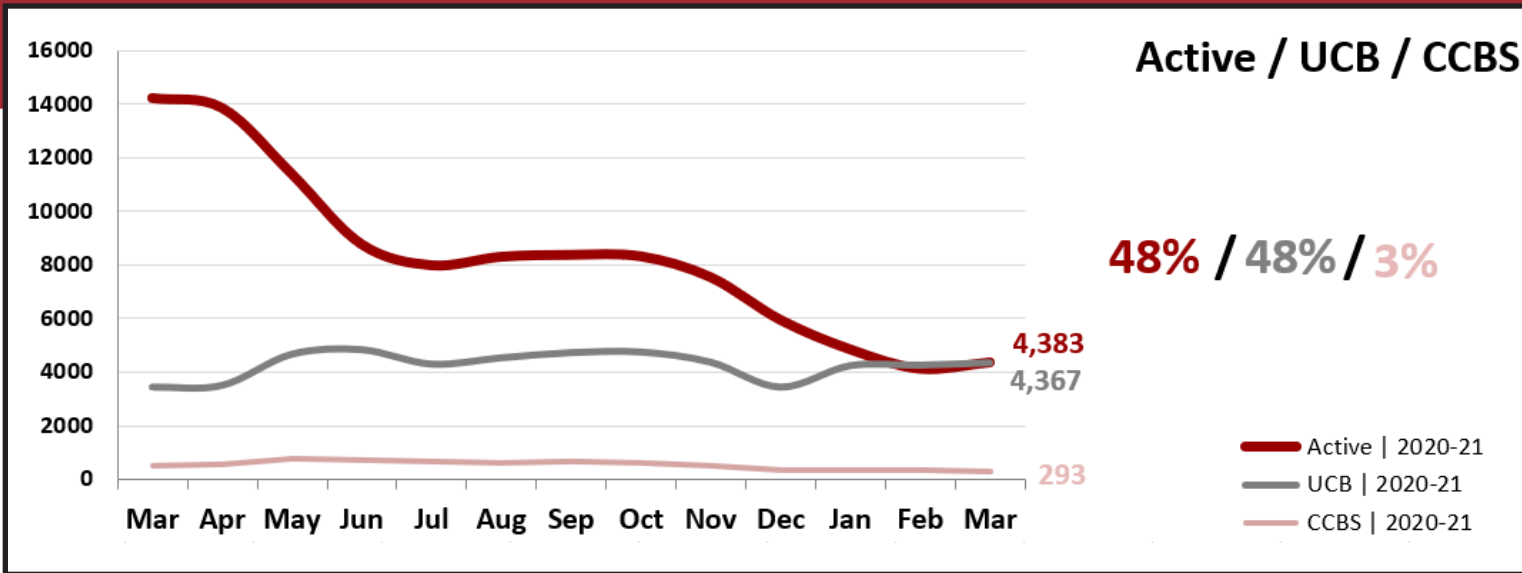
New inventory is up **+21.0%** month-over-month while the year-over-year comparison decreased by **-11.9%**.

New MLS listings that were active for at least one day from 3/1/21 to 3/31/21, 0 day DOM sales removed



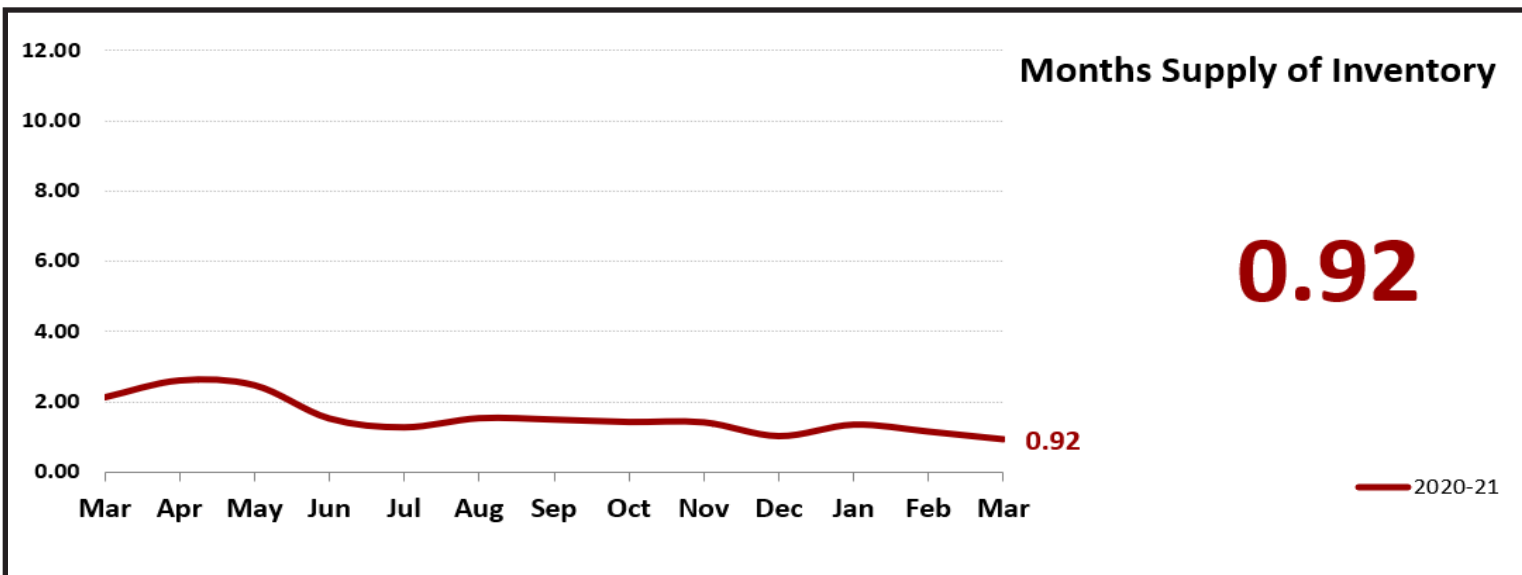
Total inventory has a month-over-month increase of **+3.4%** while year-over-year reflects a decrease of **-50.4%**.

Snapshot of statuses on 3/31/21



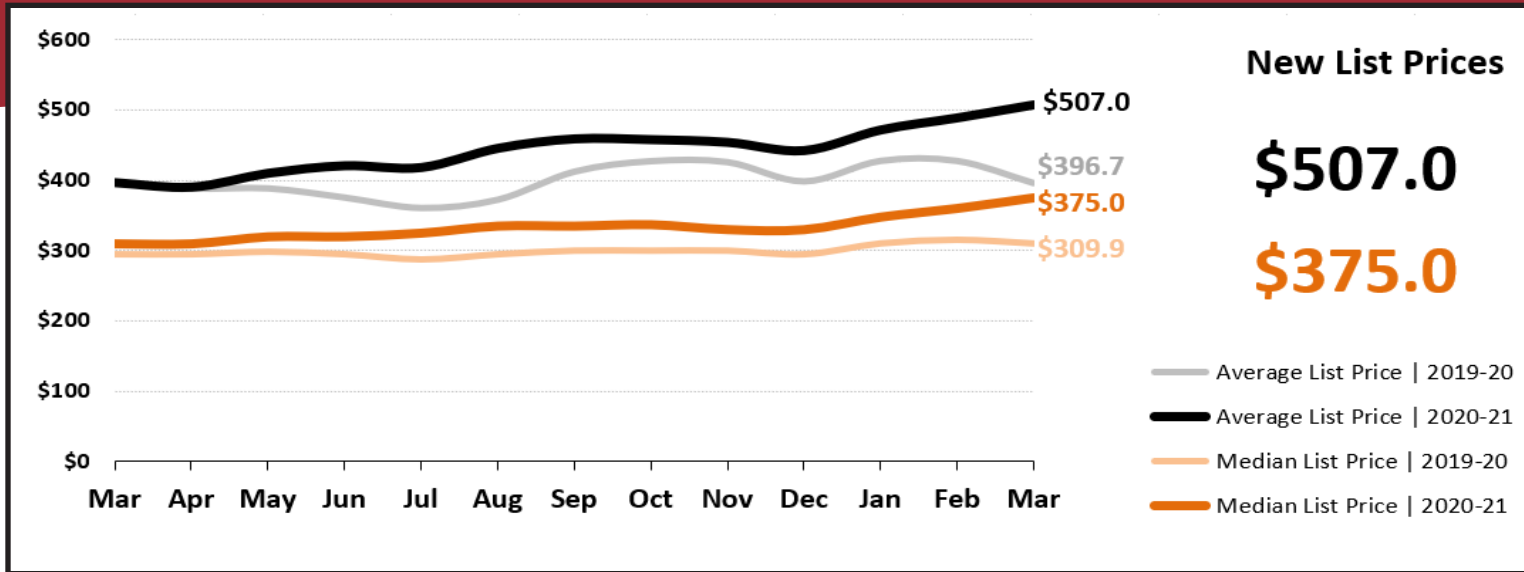
March UCB listings percent of total inventory was **48.3%** with March CCBS listings at **3.2%** of total inventory.

Snapshot of statuses on 3/31/21



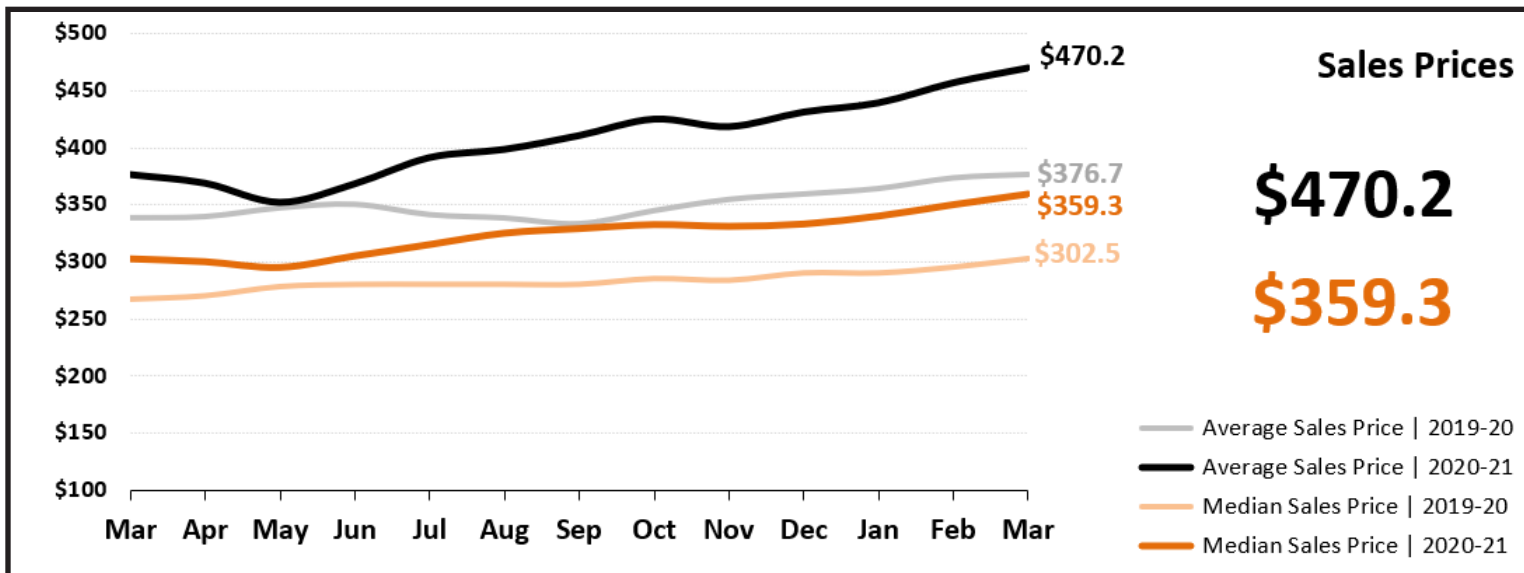
Months supply of inventory for February was **1.14** with March at **0.92**.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of MARCH 2021, 0 day DOM sales removed



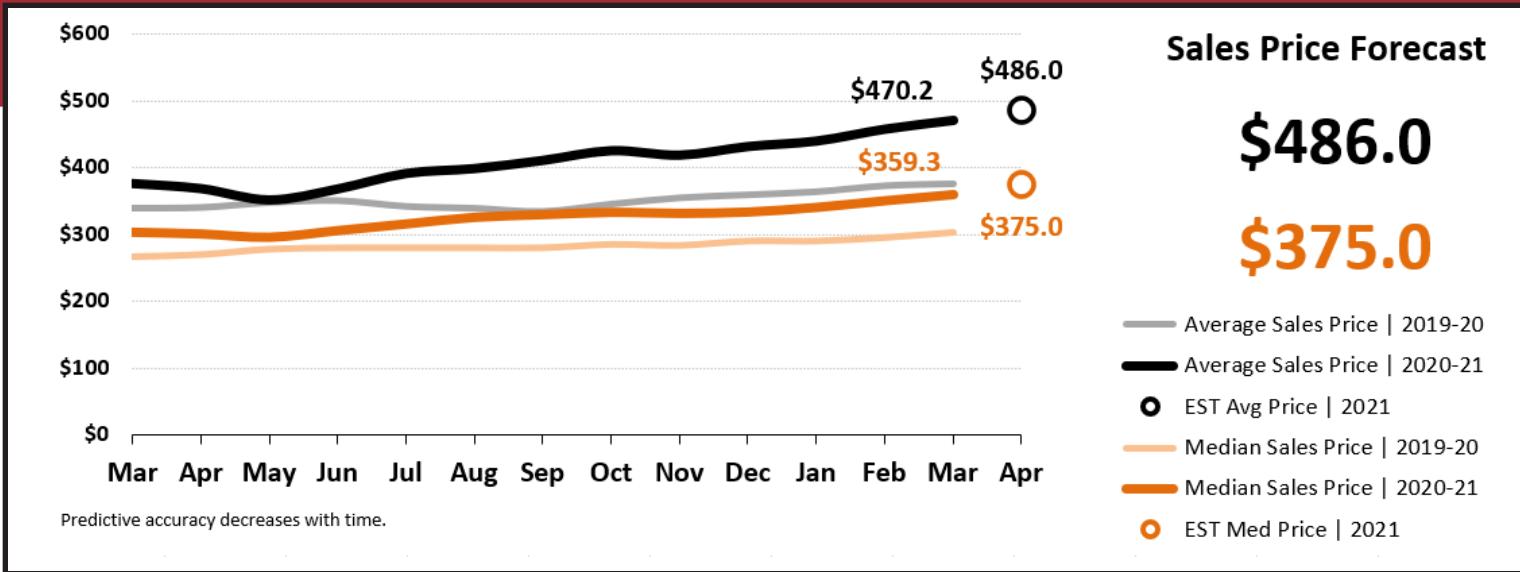
Average new list prices are up **+27.8%** year-over-year. The year-over-year median is up **+21.0%**.

List prices of new listings with list dates from 3/1/21 to 3/31/21, 0 day DOM sales removed



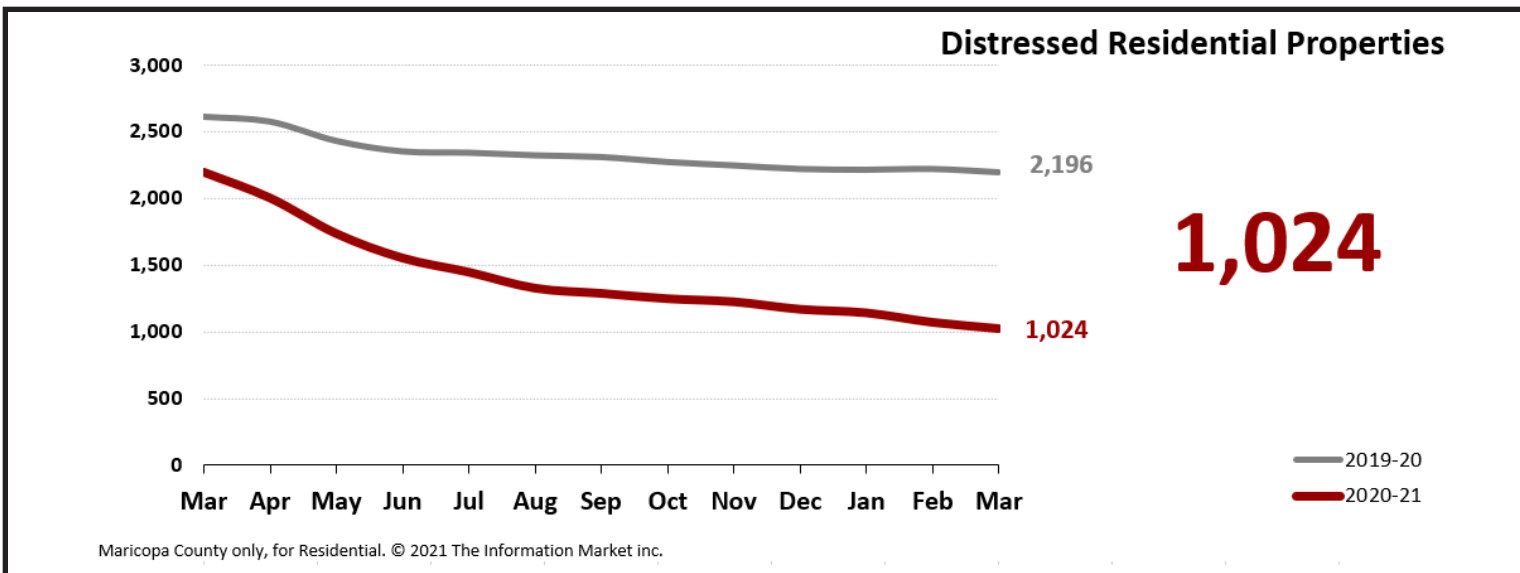
The average sales price is up **+24.8%** year-over-year while the year-over-year median sales price is also up **+18.8%**.

MLS sales prices for closed listings with a close of escrow date from 3/1/21 to 3/31/21, 0 day DOM sales removed



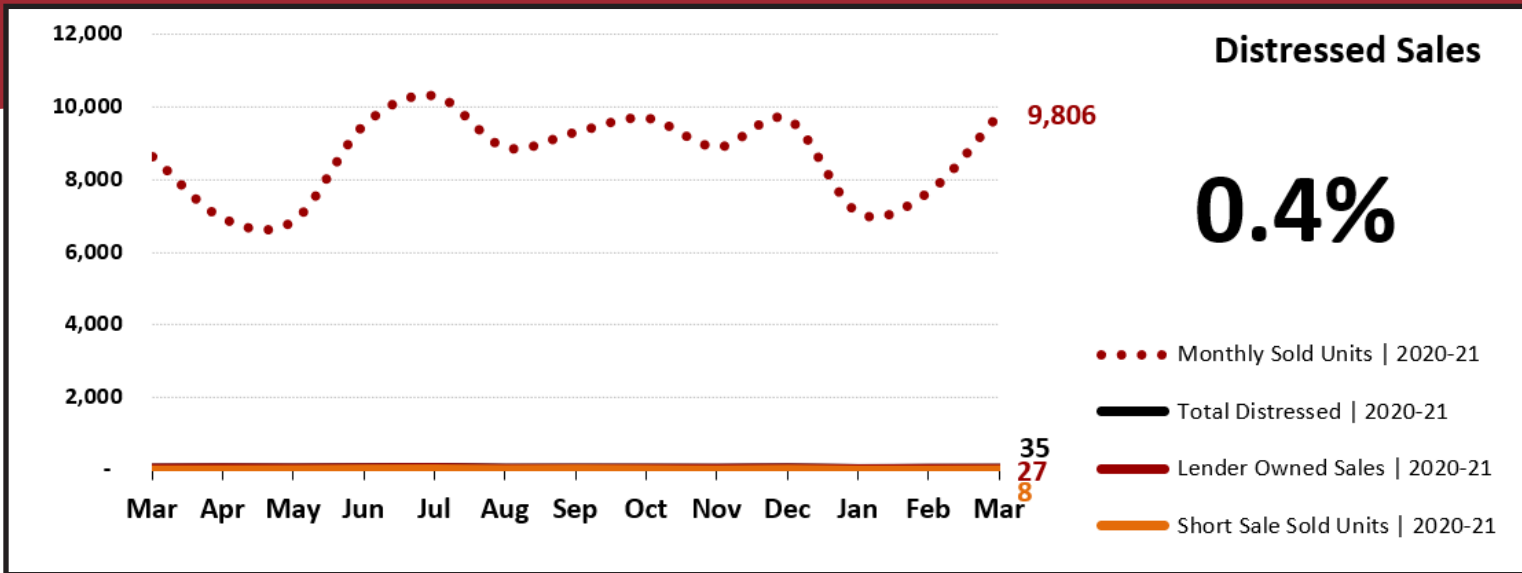
An **increase** is forecasted in April for both average and median sales prices.

ARMLS proprietary predictive model forecast, 0 day DOM sales removed



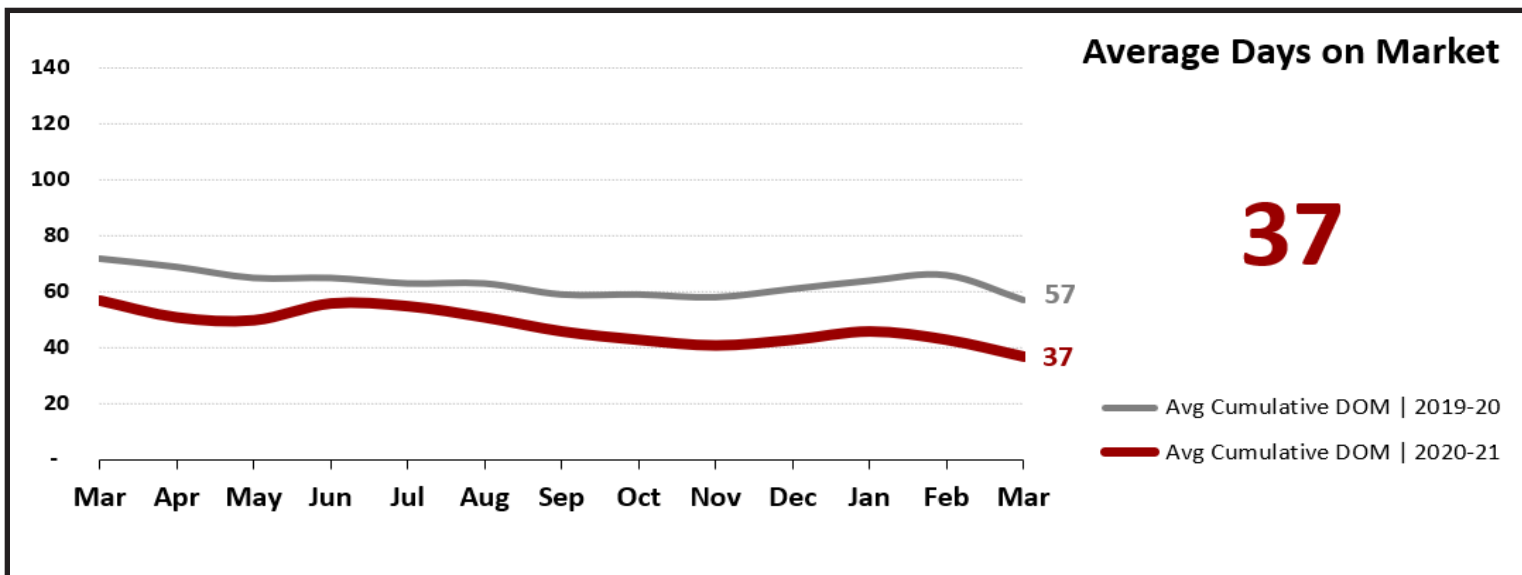
Foreclosures pending month-over-month showed a decrease of **-4.4%** while the year-over-year figure was down **-53.4%**.

Snapshot of public records data on 3/31/21 active residential notices and residential REO properties.



Distressed sales accounted for **0.4%** of total sales, the same as the previous month. Short sales went up **+14.3%** year-over-year. Lender-owned sales dropped **-18.2%** year-over-year.

New MLS listings that were active for at least one day from 3/1/21 to 3/31/21, 0 day DOM sales removed



Days on market were down **-20** days year-over-year while month-over-month went down **-6** days.

MLS sales prices for closed listings with a close of escrow date from 3/1/21 to 3/31/21, 0 day DOM sales removed

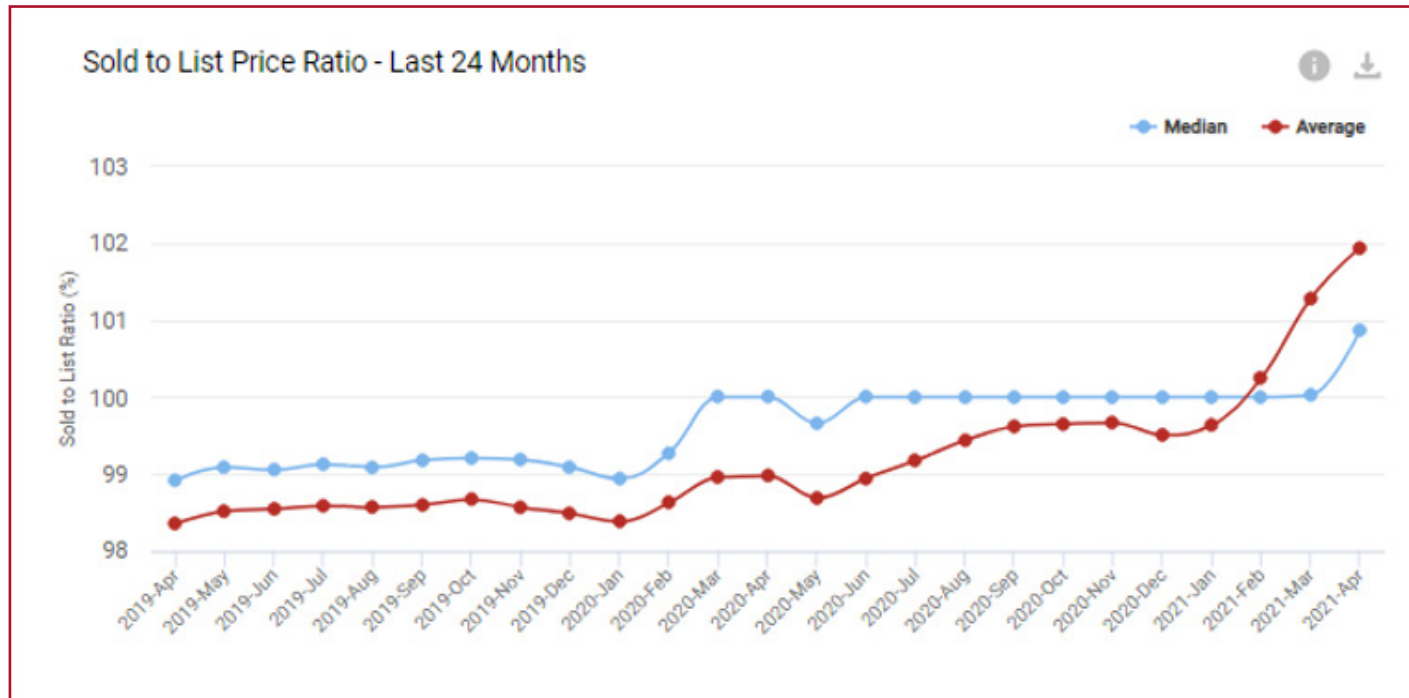
In describing our housing market over the past year, we have simply run out of cliches to illustrate the extraordinary state of our current market. In this issue of STAT we will use malapropisms. I apologize in advance.

We begin this STAT by reporting on the March numbers, a market which can best be described as blustering hot. Our year-over-year numbers as reported by ARMLS:

- Monthly sales volume up 13.7% year-over-year
- Median sales prices up 18.8%
- Average sales price up 24.8%
- Price per square foot up 24.1%
- Average new list price is \$507,000 up 27.8%
- Median new list price is \$375,000 up 21.0%

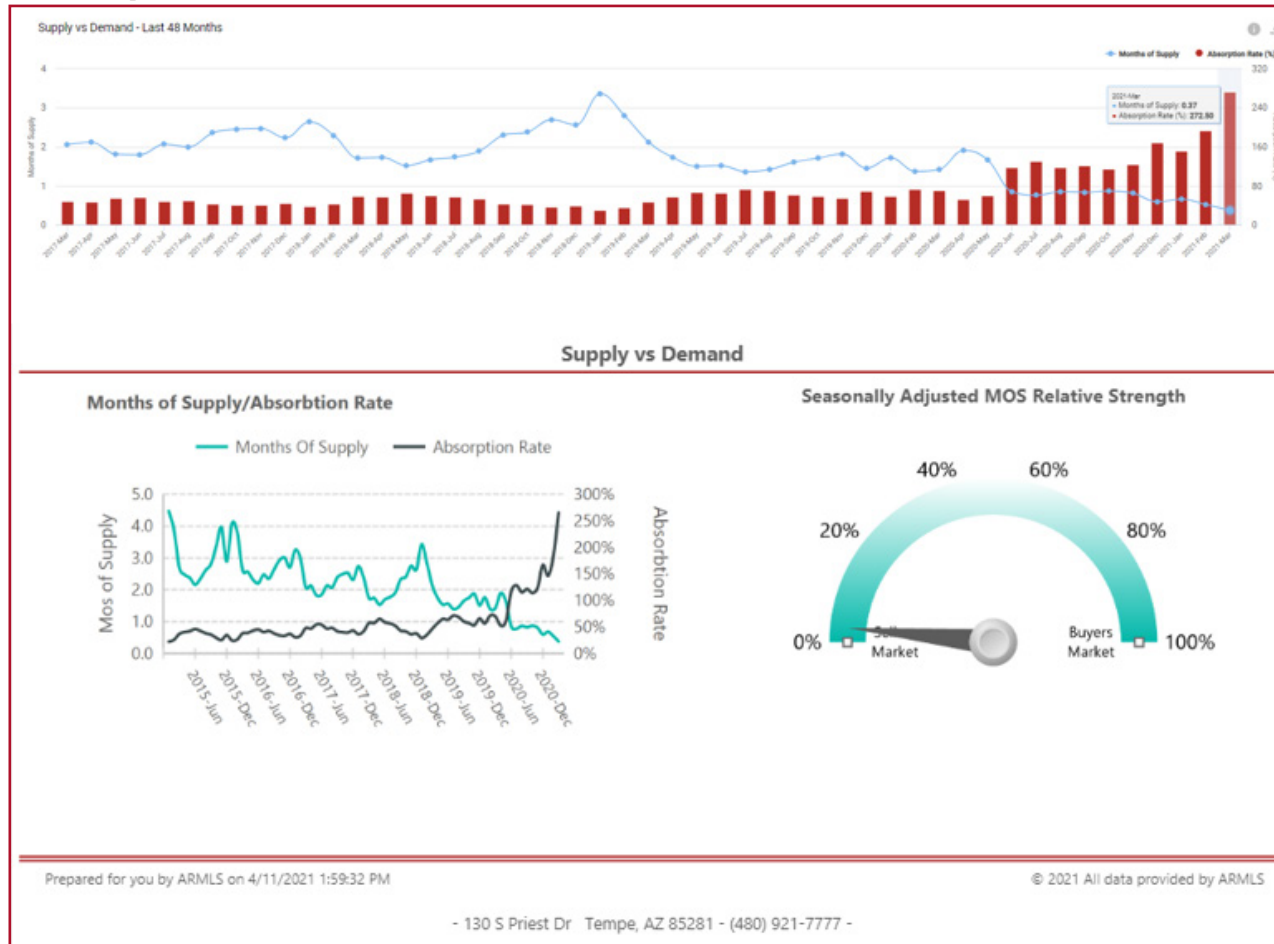
The RapidStats chart below shows the decree by which home prices are increasing in relationship to list prices. The current trend is oblivious.

Sold to List Ratio via RapidStats



What is causing this blistering feat? We need to look no further than hysterically low inventories, where active listings (excluding UCB and CCBS) are 69.26% lower this year compared to 2020. The chart below, courtesy of RapidStats, best illustrates this dynamic. The term absorption rate is a metric used in the real estate market to evaluate 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 total number of available homes. By historical real estate standards, an absorption rate greater than 20% is associated with a seller's market while an absorption rate below 15% is associated with a buyer's market. A six-month supply is considered a balanced market. We currently have a supply of .37 months with an absorption rate of 272.50%. The two charts below reek for themselves.

Absorption Rate via RapidStats



When we look at the ARMLS gross dollar sales volume for the first quarter the numbers are almost in reprehensible. In the first quarter of 2021 ARMLS reported a gross dollar sales volume of \$11,223,212,029. The gross dollar sales volume surpassed the record-setting pace of last year by a staggering 36% and exceeded 2005 by 77%. The chart below shows gross dollar volume by year and how each year ranks in the reporting history of ARMLS.

Gross Dollar Volume by Year via ARMLS

Year	January	February	March	Total:	Rank:
2001	636,030,000	782,147,300	1,003,333,600	2,241,510,900	21
2002	739,345,600	749,390,600	1,015,710,400	2,504,446,600	20
2003	876,792,000	1,020,050,100	1,235,041,500	3,131,883,600	18
2004	1,054,819,800	1,263,984,000	1,858,100,000	4,176,903,800	13
2005	1,694,476,000	1,938,247,100	2,709,473,100	6,342,196,200	5
2006	1,774,115,400	1,976,612,000	2,478,08,200	6,229,235,600	6
2007	1,502,793,600	1,650,518,200	2,071,941,000	5,225,252,800	8
2008	912,620,800	1,010,608,800	1,259,136,900	3,182,366,500	17
2009	855,115,376	944,032,151	1,214,734,880	3,013,882,407	19
2010	1,017,185,190	1,146,498,780	1,598,150,234	3,761,834,204	15
2011	1,026,793,098	1,113,664,985	1,567,407,534	3,707,865,617	16
2012	1,081,057,580	1,207,871,874	1,674,524,083	3,963,453,537	14
2013	1,214,217,176	1,438,378,500	1,819,022,472	4,471,618,148	11
2014	1,164,366,216	1,326,881,178	1,691,980,180	4,183,227,574	12
2015	1,219,848,240	1,501,082,020	2,026,318,400	4,747,248,660	10
2016	1,386,160,174	1,554,632,712	2,252,287,764	5,193,080,650	9
2017	1,668,131,788	1,836,735,615	2,633,156,600	6,138,024,003	7
2018	1,917,861,388	2,128,816,063	2,974,463,730	7,021,141,181	3
2019	1,746,890,915	2,094,275,339	2,827,447,840	6,668,614,094	4
2020	2,306,144,680	2,719,900,256	2,248,991,526	8,275,036,462	2
2021	3,110,751,120	3,501,993,501	4,610,467,408	11,223,212,029	1

2005 vs 2021

For agents new to the market, the reason we reference 2005 is because it was a year characterized by extremely low inventories, high sales volume and rapid price appreciation. 2005 still reports the highest yearly sales volume in ARMLS history and ended with a 39% gain in the median sales price, hence the reasons many analysts today delude to 2005 in their analysis. However, while low inventory levels and rapid appreciation are similar, the market today has many differences.

Here are a few of the major differences:

- In 2005 we were adding many more homes to our housing supply through new construction. According to Maricopa County Assessor records 91,871 SFR and condos were built between 2004 and 2005.

2005	43,426
2004	48,445

- Over the last two years the assessor reported 31,829 new homes built. There were nearly three times as many new homes added to the housing inventory in 2005 compared to today.

2020	15,401
2019	16,428

- There is a lot of conversation today in our market about an influx of California buyers relocating to Maricopa County. According to the recorded affidavit of value, 6.23% of all buyers in March had a California address. I believe these buyers are truly moving to Arizona. You might be surprised to learn that in March of 2005, this percentage was more than double at 13.46%. There is a huge difference between a real estate investor and a real estate speculator. An investor buys the value, while a speculator buys on the bet prices will rise. In 2005 California speculators were flying to Phoenix and grabbing as many new builds as they possibly could, never planning on living here. Their strategy was to contract on a new build with a minimal down payment, wait the 8 to 10 months for the home to be built and then sell on completion. Their purchase was simply a short-term bet. The early speculators in late 2004 and early 2005 won big on their bets, leaving the buyers living in their homes holding the bag.
- In 2005 there were very loose loan underwriting standards. NINJA was a slang term for a loan extended to a borrower with little or no attempt by the lender to verify the applicant's ability to repay. It stood for no income, no job, no assets. Today the underwriting process includes verifying the applicant's identity, checking their stability and amount of their income, verifying their employment, reviewing their tax returns, examining their financial statements, checking their credit score and perusing their credit reports to make sure they can afford the loan, as well as adhering to strict underlying guidelines.
- Interest rates today are 3.13% according to Freddie Mac. In March of 2005 rates were 5.93%.
- Real estate markets are cyclical, and this cycle will end too, but I do not see our current market following the disastrous path of 2005. 2021 is a byproduct of market dynamics while 2005 was a result of speculation without restraint.

In Conclusion

As I see first-time buyers struggle to procure a home, the most frequently asked question is, “When will the market shift?” My only response is “no time soon”. In the short term, I just do not see where the additional supply needed to balance our market will come from. There is a common belief that once the COVID-19 Mortgage Forbearance is lifted the housing market will see a tsunami of homes become available. With Mortgage Forbearance just extended (again), millions of homeowners with federally guaranteed mortgages have the option to extend their forbearance an additional six months, and the federal foreclosure moratorium deadline has been pushed back to June 30, 2021. This means for Maricopa County, 2021 will see its lowest foreclosure activity ever.

The first signs of a market shift will be subtle and the agents in field will be the first to notice. Listing agents will begin seeing fewer offers. They will still sell the home quickly, but they will see the number of offers decline. The real indication of a market shift will show in the supply vs demand charts represented above, but the current extremes can not and will not change dramatically overnight. So, we will keep monitoring the data searching for those subtle changes. In the meantime, if you were shocked by our quarterly numbers, all I can say is wait until you see our semi-annual numbers. In writing STAT over the past year, I have this ongoing conversation in my head as though I am talking to a fireman attempting to cool the housing flames. The fireman says to me, “Your reports are like pouring gas on a raging fire.” My response, “I am not a fireman, I am an analyst.”

Pending Price Index

Last month the STAT mathematical model projected a median sales price for March of \$360,000, nearly placing the nail directly on the hammer. The reported median sales as reported by ARMLS was \$359,300 in March. Looking ahead to April, the ARMLS Pending Price Index is projecting a median sales price of \$375,000. When the April median sales price is reported we will see a year-over-year gain of 25%.

We began April with 7,179 pending contracts, 4,367 UCB listings and 293 CCBS giving us a total of 11,839 residential listings practically under contract. This compares to 9,561 of the same type of listings one year ago. At the beginning of April, the pending contracts were 24% higher than last year. Please note, the 2020 numbers were greatly reduced due to the market's initial response to COVID-19. At the outset of April 2019, residential listings practically under contract stood at 11,995, very much in line with the total this year. There were 22 business days in April of 2020 and 22 this year. ARMLS reported 6,925 sales in April of 2020. The highest sales volume ever in April occurred in 2005 when ARMLS reported 9,600 home sales. Approaching or exceeding prior record sales volumes under current market conditions has become blasé. We will see near record or record numbers again in April.