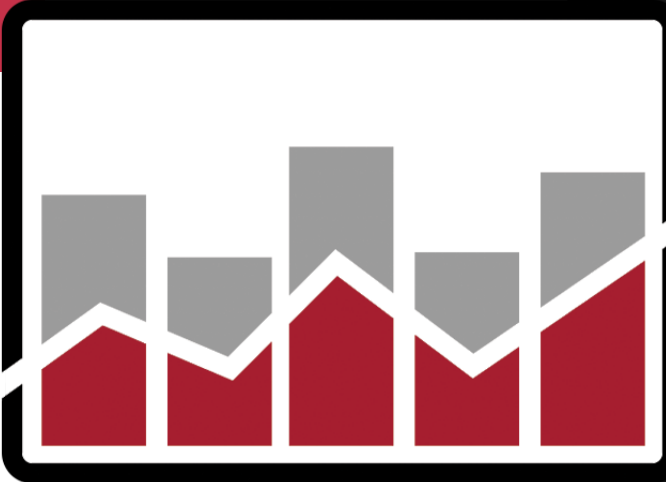


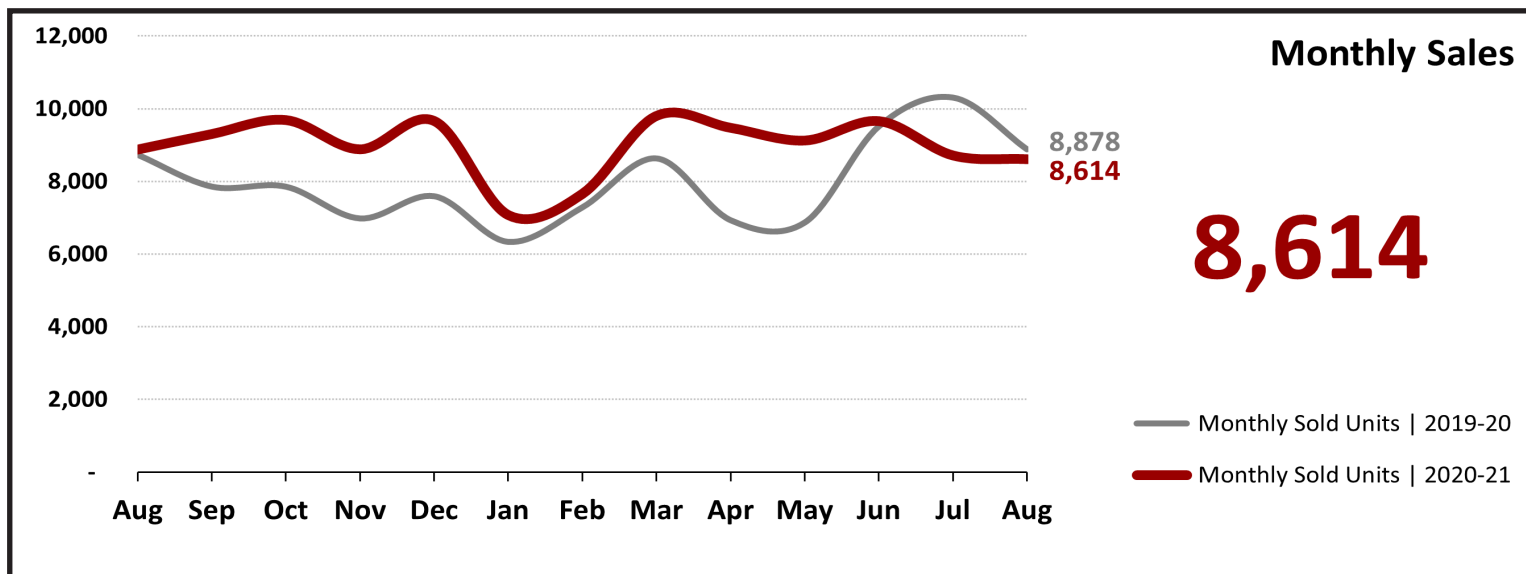
STAT

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



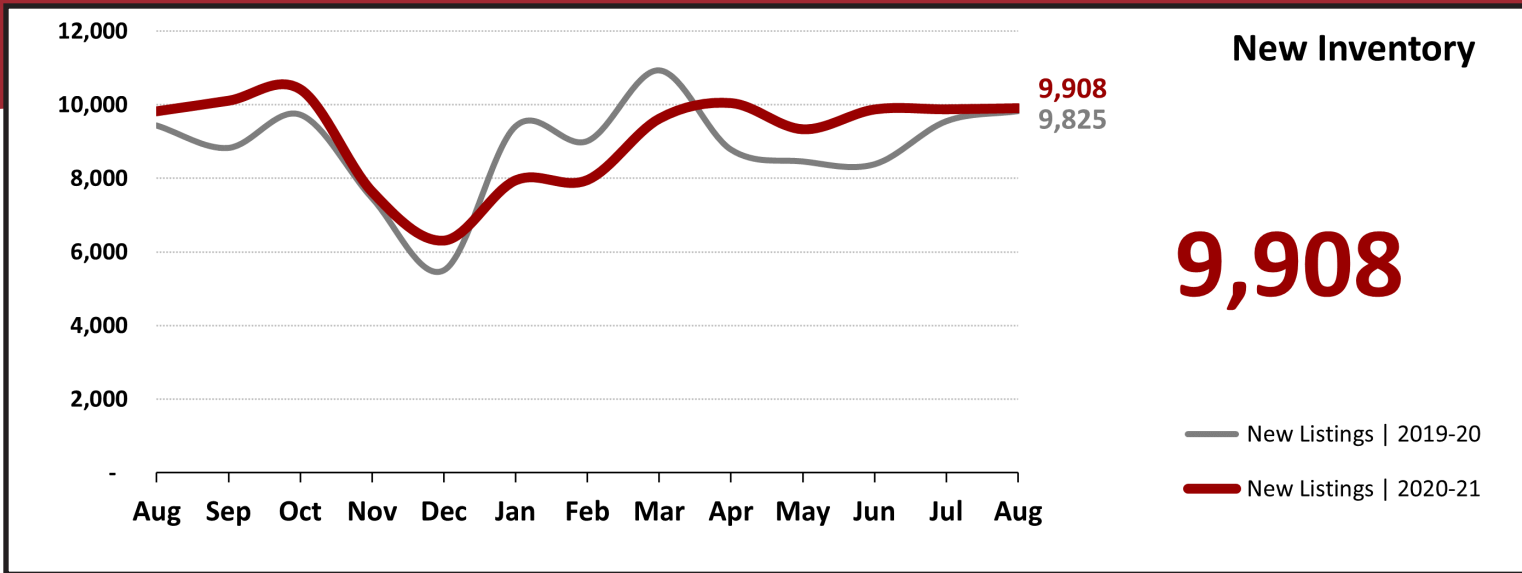
DATA FOR **AUGUST 2021**

Published September 16, 2021



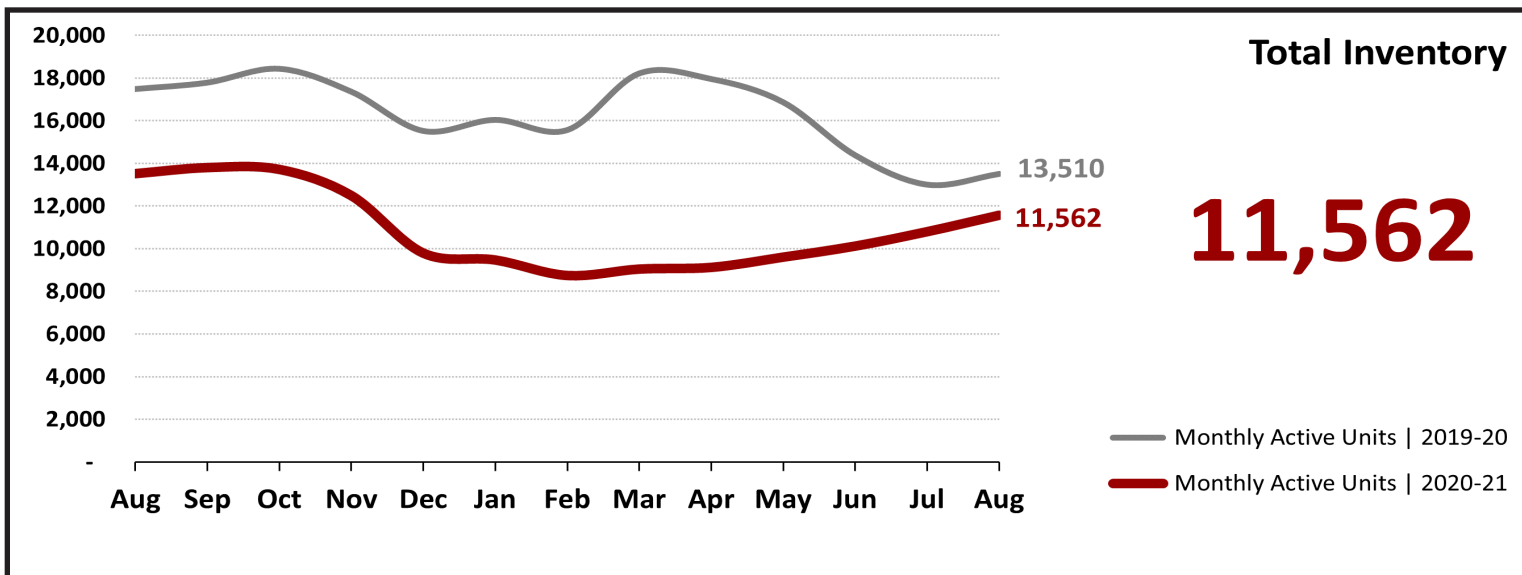
Sales are down **-1.2%** month-over-month. The year-over-year comparison is down **-3.0%**.

Closed MLS sales with a close of escrow date from 8/1/21 to 8/31/21, 0 day DOM sales removed



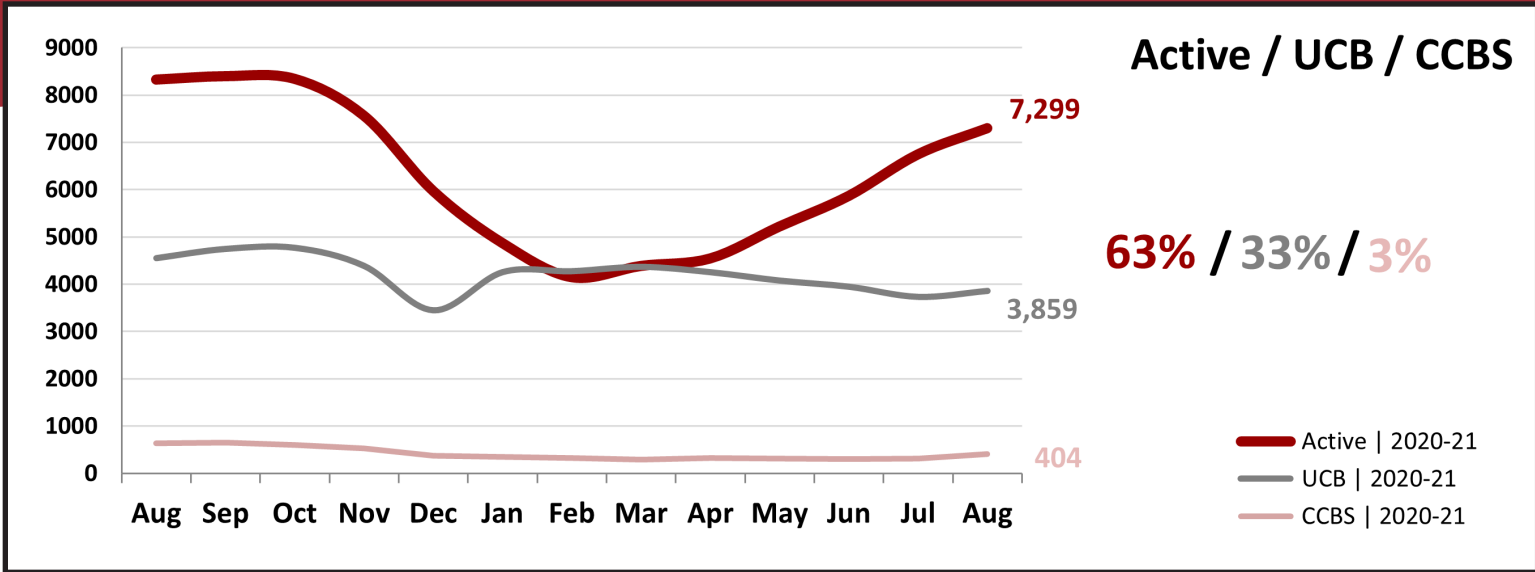
New MLS listings that were active for at least one day from 8/1/21 to 8/31/21, 0 day DOM sales removed

New inventory has a month-over-month increase of **+0.03%** while the year-over-year comparison increased by **+0.8%**.



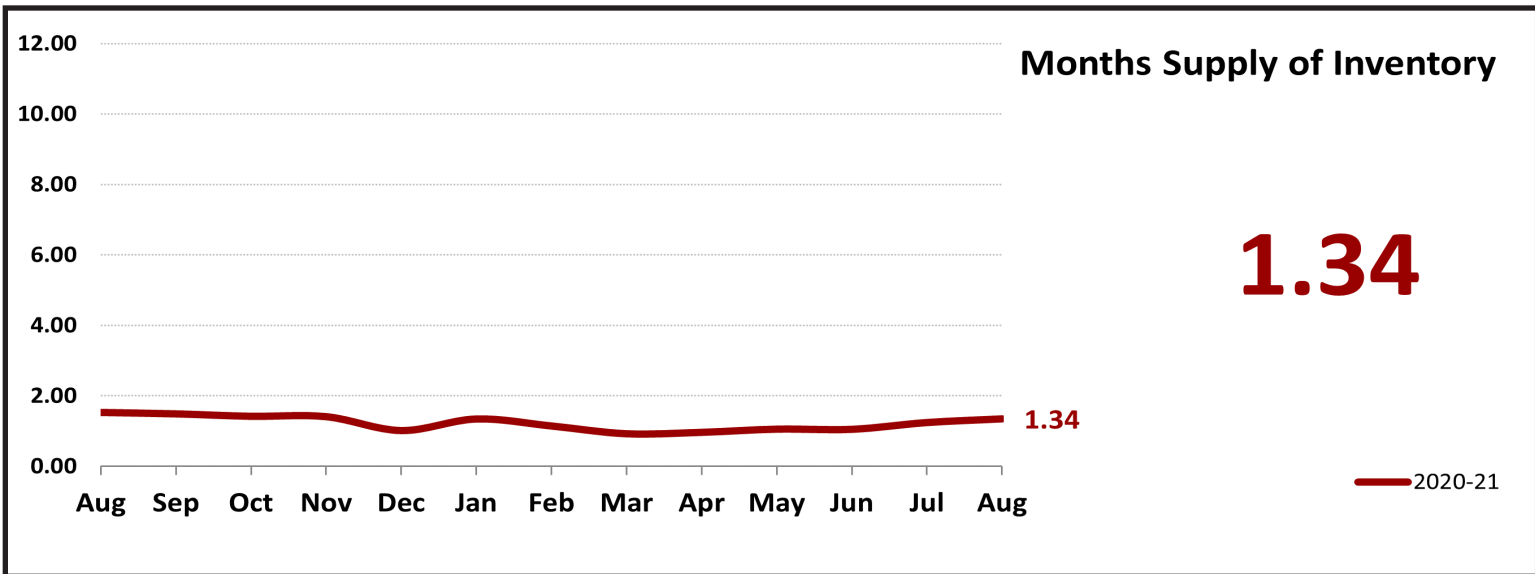
Snapshot of statuses on 8/31/21

Total inventory has a month-over-month increase of **+7.1%** while year-over-year reflects a decrease of **-14.4%**.



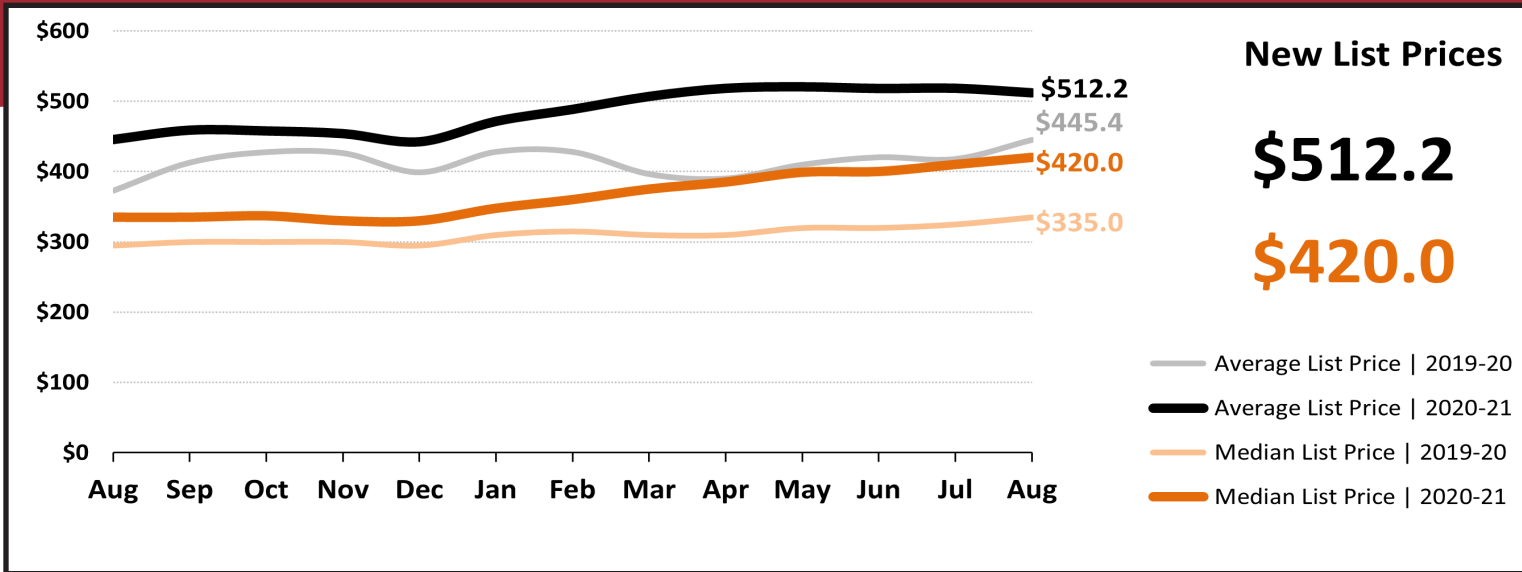
Snapshot of statuses on 8/31/21

August UCB listings percent of total inventory was **33.4%** with August CCBS listings at **3.5%** of total inventory.



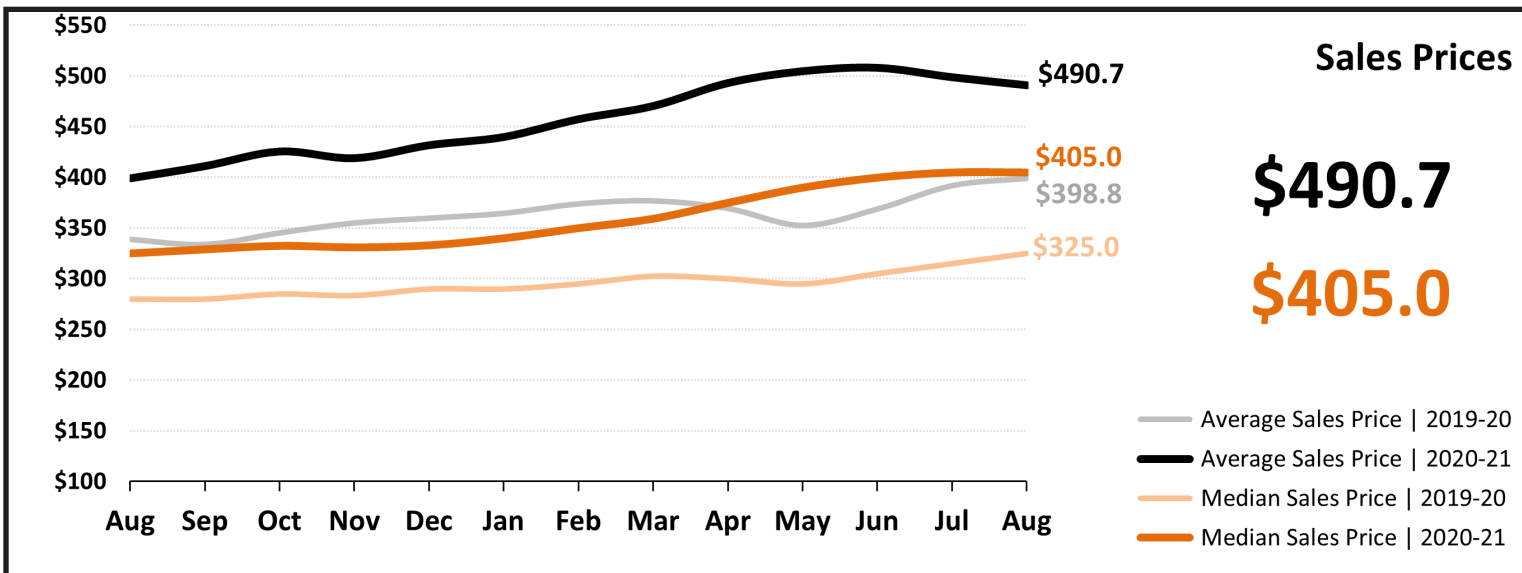
Months supply of inventory for July was **1.24** with August at **1.34**.

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



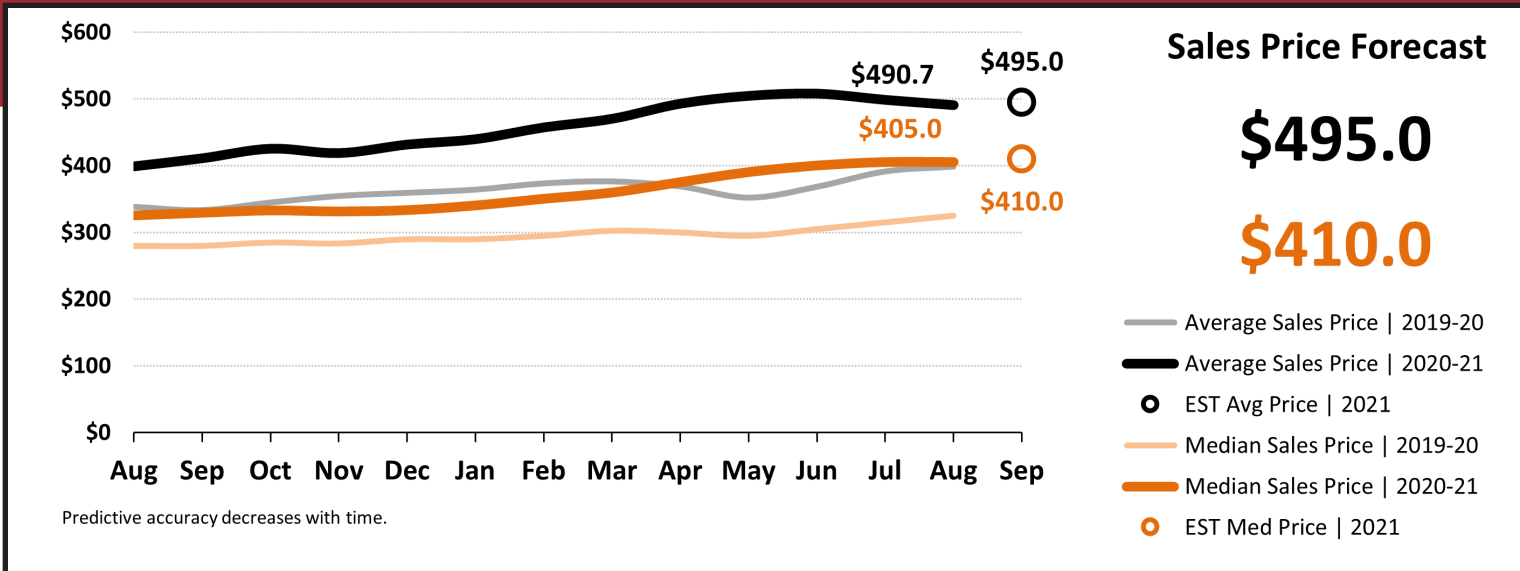
List prices of new listings with list dates from 8/1/21 to 8/31/21, 0 day DOM sales removed

Average new list prices are up **+15.0%** year-over-year. The year-over-year median is up **+25.4%**.



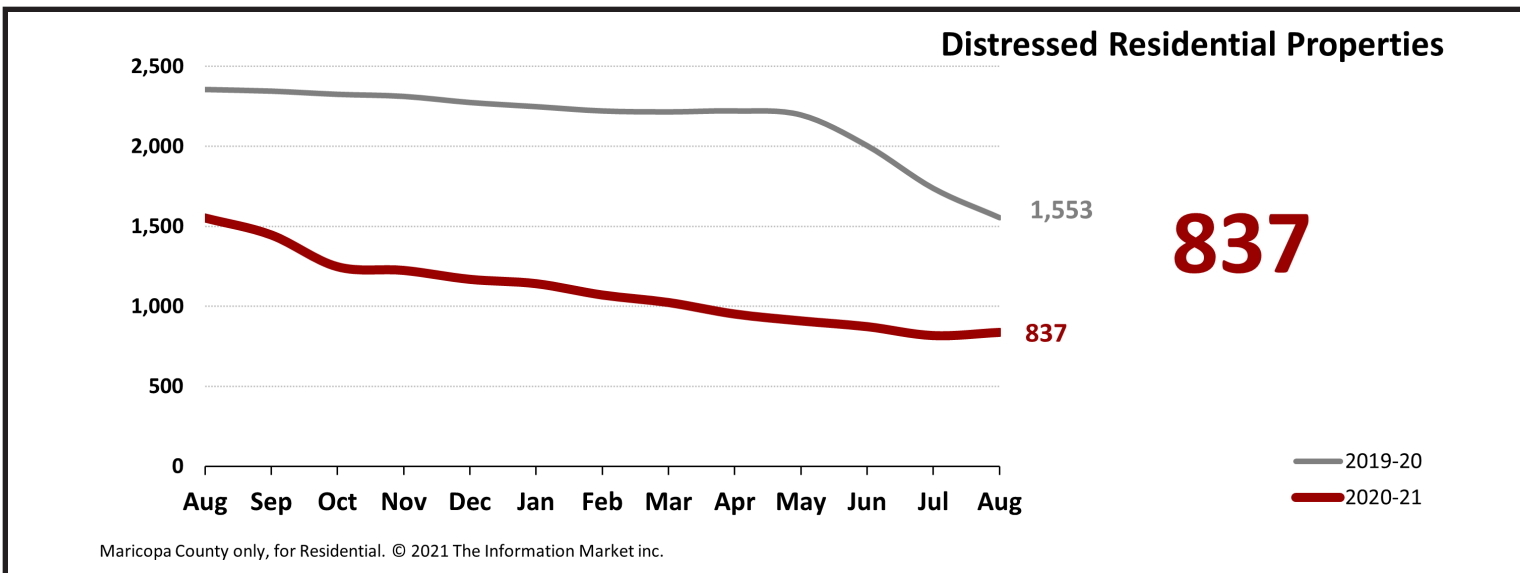
MLS sales prices for closed listings with a close of escrow date from 8/1/21 to 8/31/21, 0 day DOM sales removed

The average sales price is up **+23.0%** year-over-year while the year-over-year median sales price is also up **+24.6%**.



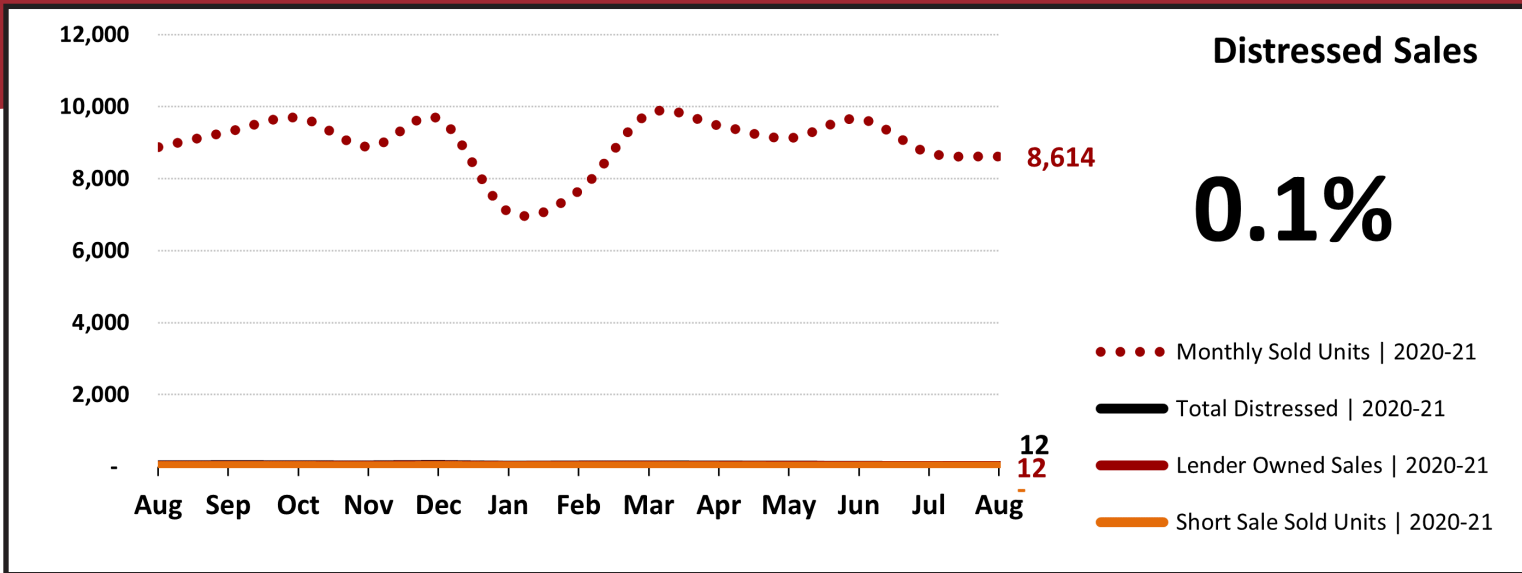
A slight **increase** is forecasted in September for both average and median sale prices.

ARMLS proprietary predictive model forecast, 0 day DOM sales removed



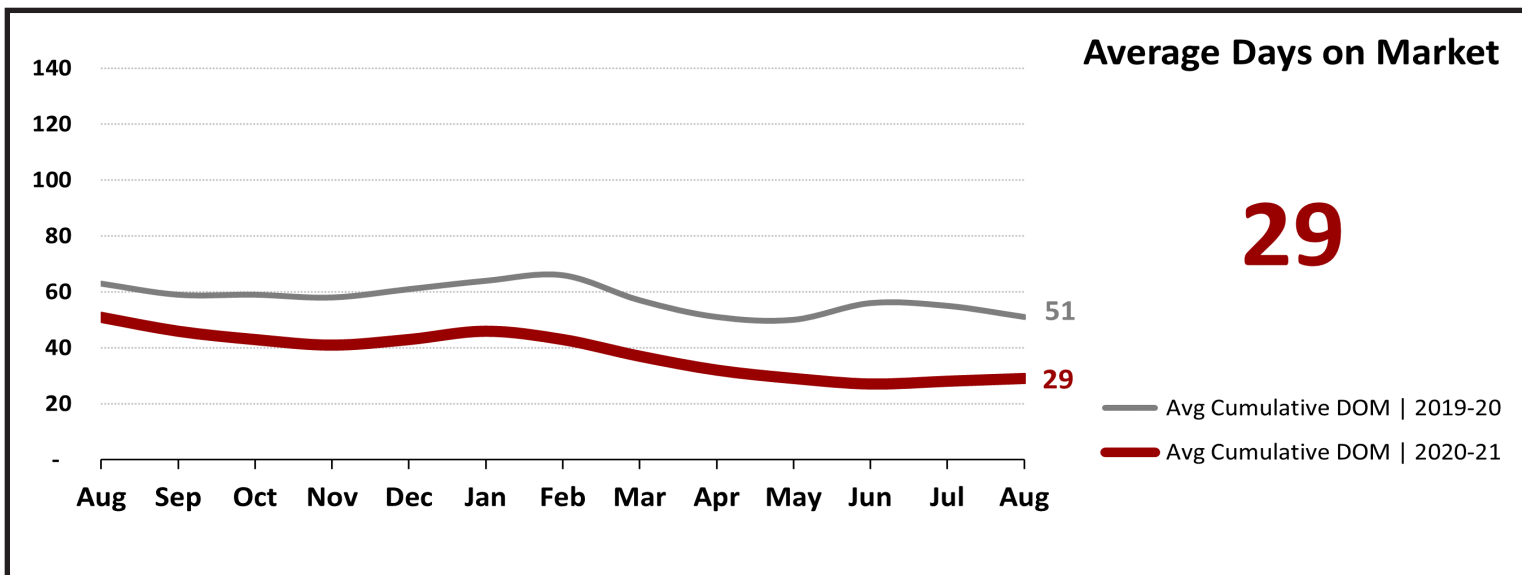
Foreclosures pending month-over-month showed an increase of **+2.4%** while the year-over-year figure was down **-46.1%**.

Snapshot of public records data on 8/31/21 active residential notices and residential REO properties.



New MLS listings that were active for at least one day from 8/1/21 to 8/31/21, 0 day DOM sales removed

Distressed sales accounted for **0.1%** of total sales, down from the previous month of **0.2%**. Short sales went down **-100%** year-over-year. Lender-owned sales dropped **-55.6%** year-over-year.



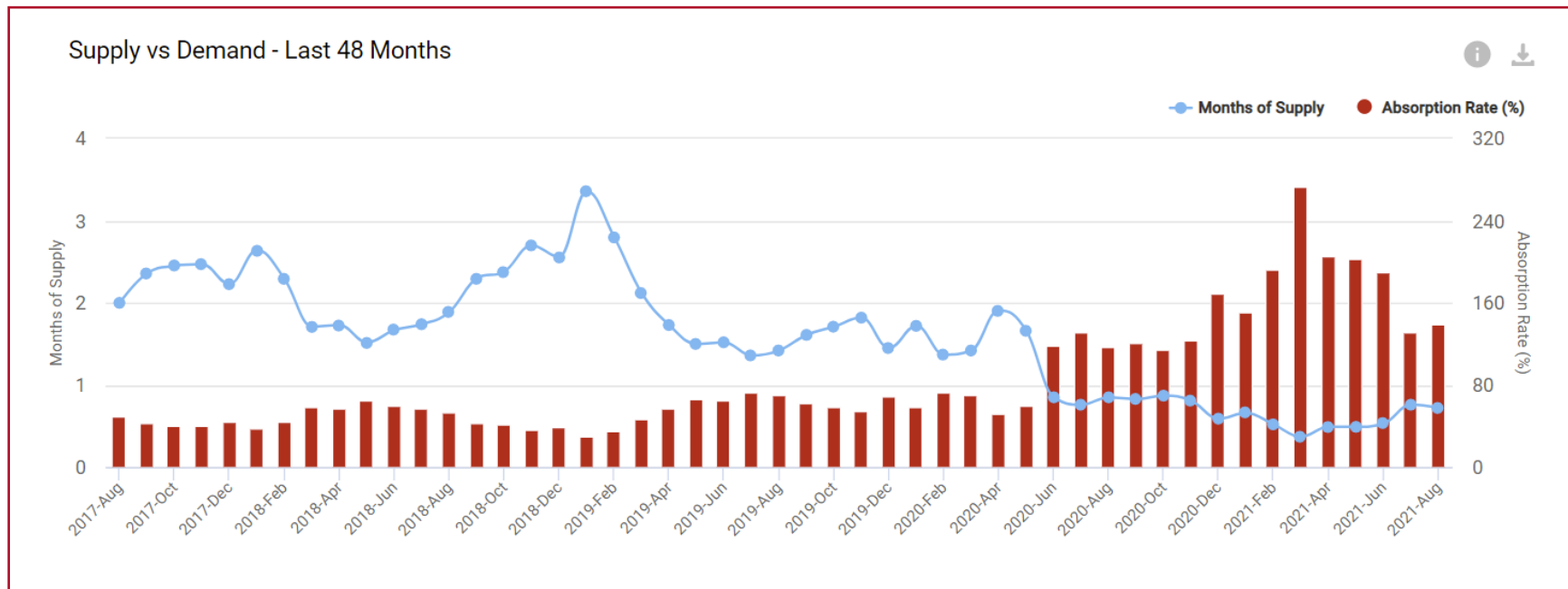
MLS sales prices for closed listings with a close of escrow date from 8/1/21 to 8/31/21, 0 day DOM sales removed

Days on market were down **-22** days year-over-year while month-over-month went up **+1** day.

MARKET UPDATE

The median home price in August remained flat at \$405,000 with year-over-year sale volumes as reported by ARMLS down 3%, numbers which came in pretty much as expected. Even though these numbers came in as projected, it doesn't mean there weren't surprises in August's data. Let's start with one of our go-to charts from RapidStats, absorption rate. The term absorption rate refers to 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 period. It is calculated by dividing the number of homes sold in the allotted time by the number of available homes. Our absorption rate peaked in March at the height of our frenzied market last spring. For the next four months our market showed a cooling trend. As the chart below demonstrates, in August we saw a slight reversal with the absorption rate again moving slightly higher indicating our market warmed in August.

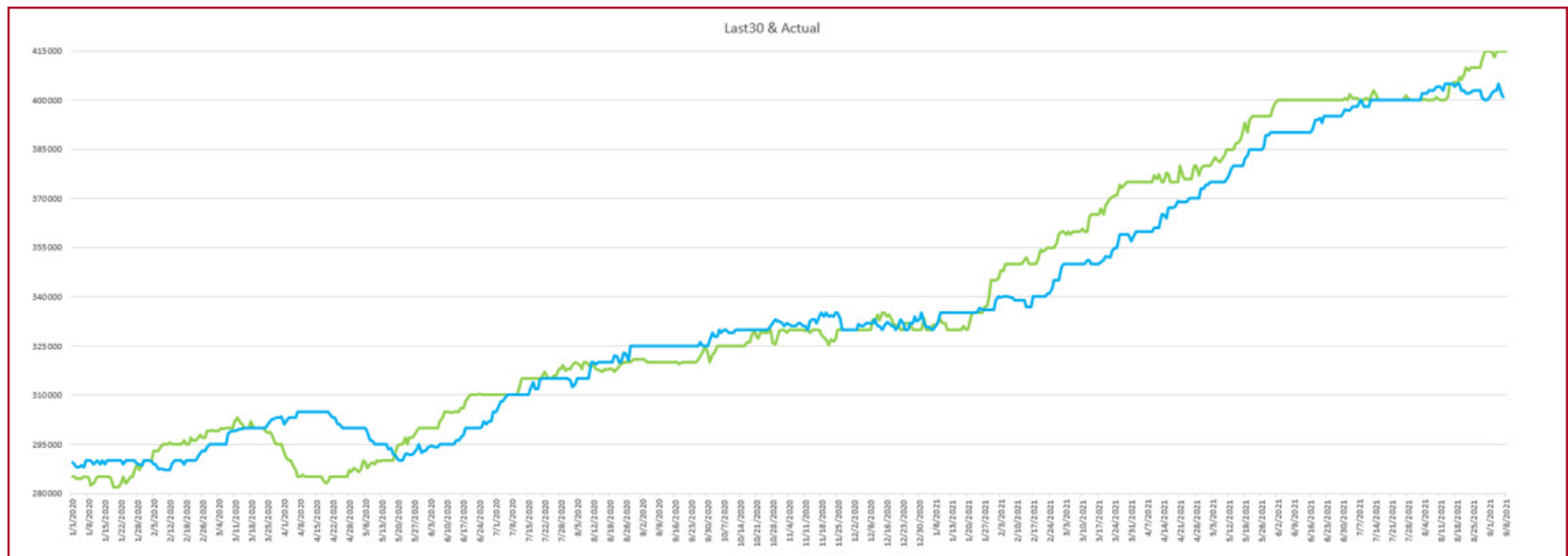
ARMLS Absorption Rate by Month via [RapidStats](#)



As the absorption rate ticked upwards, we also saw upward movement in newly reported pending sale prices. Each morning we track the median sales price for pending sales prices as well as the actual median sales for all ARMLS contracts and closed sales. One of the metrics we track is for pending sale contracts reported in the last 30 days. Pending sale prices are reported to ARMLS at the time the sales contract is signed, this data is proprietary to ARMLS. In the chart below the green line shows the median sales price for pending sales that went under contract over the prior 30 days, and the blue line shows the actual reported median on that date. As you can see in the chart below, pending prices for the prior 30 days are a leading indicator for where the actual median is headed.

On January 29, 2021, pending prices broke away from the actual median of \$336,000 rising to \$400,000 on June 3 and then leveling thru August 13. until August 13. As of today, the newly reported pending median sales price is \$415,000. STAT is projecting the median sales price to rise to \$410,000 in September. If my analysis is correct, we should see the actual median sales price hit \$415,000 sometime in mid-October.

Median Sales Price Pending Last 30 Days via ARMLS



COMMENTARY

BY TOM RUFF

When we leave ARMLS data and turn to public records data for Maricopa County and get down into the weeds we can see where the biggest shift in our market transpired year over year. In August of 2020 nearly 91% of all homes purchased were by traditional buyers, for this analysis, we define a traditional buyer as individuals or married couples. In 2021 this number fell to 75%. We saw a significant increase in the number of properties purchased by iBuyers, large institutional investors as well as small investors. The table below reflects these changes. It should be noted that the appetite of institutional investors as well iBuyers can change quickly for a myriad of reasons. As we've seen in the past they can enter as well as exit our market quickly. Currently, they are on a buying spree, which begs the question, are institutional buyers and iBuyers the driving force behind our recent price gains?

Buyer	August_2020	August_2021	Total_Sales_2020	Total_Sales_2021	Percentage_2020	Percentage_2021
I_Buyers	148	989	9998	10880	0.01480	0.09090
Large_Investors	92	725	9998	10880	0.00920	0.06664
Small_Investors	696	1037	9998	10880	0.06961	0.09531
Traditional	9062	8129	9998	10880	0.90638	0.74715


Institutional buyers last month purchased the vast majority of their properties on the MLS, while iBuyers purchased only a small percentage from MLS listings. Small investors were evenly split between off market purchases and properties listed on the MLS. The iBuyers and the small fix and flip investors will then turn around and list the properties they purchased on the MLS. The institutional model is to buy, hold and rent.

Buyer	Count_Buyertype	MLS	MLS_Percentage
I_Buyers	989	119	0.120324
Institutional	725	601	0.828966
Small_Investors	1037	495	0.477338

FORBEARANCE HAS ENDED

With the July 31 expiration of the federal moratorium on foreclosures, many people are anticipating an increase in foreclosures. I am expecting an increase, but only a modest increase well below historical standards. Borrowers collectively have record levels of home equity, and the sellers' market is hot, property owners in peril have options and can easily place their homes on the market. If we assume that the homes in forbearance were purchased prior to the COVID-19 outbreak in March of 2020 when the median sales price for a resale home in Maricopa County hovered around \$300,000; based on today's median of \$405,000; their properties have appreciated 35% while in forbearance. The table below shows August foreclosure activity in for Maricopa County in each of the last 20 years. As you can see, notice of trustee sales activity did increase over last year, but is still at historical lows. This past month there were only 139 new residential notices of trustee sales filed.

Monthly Foreclosure Activity in Maricopa County via The Information Market

MONTHLY FORECLOSURE ACTIVITY IN MARICOPA COUNTY												
												
<small>Note: "Notice" refers to Notice of Trustees Sale</small>												
MONTH	TOTAL NOTICES	RESIDENTIAL NOTICES	TOTAL FORECLOSED	RESIDENTIAL FORECLOSED	TOTAL CANCELLED	RESIDENTIAL CANCELLED	ALL ACTIVE NOTICES	MONTHLY CHANGE	ACTIVE RESIDENTIAL NOTICES	RESIDENTIAL REO PROPERTIES	DISTRESSED RESIDENTIAL INVENTORY	
202108	151	139	36	32	102	96	598	27	540	297	837	
202008	65	55	23	17	119	107	1,194	-165	1,116	437	1,553	
201908	463	446	110	101	352	335	1,899	-47	1,799	556	2,355	
201808	516	487	152	138	440	426	2,155	-10	2,042	659	2,701	
201708	689	639	242	217	434	422	2,436	-5	2,284	845	3,129	
201608	698	649	305	281	435	408	2,848	-149	2,671	1,130	3,801	
201508	681	641	322	300	465	440	3,629	-276	3,409	1,639	5,048	
201408	916	854	452	402	454	421	4,328	-102	3,995	2,481	6,476	
201308	1,322	1,227	795	725	1,018	977	7,808	-589	7,354	3,533	10,887	
201208	3,344	3,163	2,631	2,480	2,588	2,497	17,243	-1,049	16,450	5,907	22,357	
201108	5,318	5,098	3,538	3,352	3,220	3,118	26,473	-2,197	25,286	17,278	42,564	
201008	7,563	7,186	5,025	4,730	3,802	3,654	42,324	-2,673	40,355	16,861	57,216	
200908	9,113	8,620	3,859	3,562	2,338	2,245	45,675	915	42,934	15,576	58,510	
200808	7,275	6,850	3,910	3,687	1,340	1,267	23,662	1,747				
200708	3,213	3,051	1,059	1,007	774	729	6,538	721				
200608	1,018	955	89	76	672	624	2,311	39				
200508	785	717	59	50	815	753	3,294	-274				
200408	1,070	980	362	319	853	809	5,118	-133				
200308	1,256	1,158	425	389	701	657	5,056	-81				
200208	1,226	1,128	411	366	1,103	1,024	7,207	-363				

In Conclusion, I'll simply leave you with a quote from Frank Martell, the President and CEO of CoreLogic along with a [recent report](#) from the National Association of Realtors drawing similar conclusions:

“Home price appreciation continues to escalate as millennials entering their prime home buying years, renters looking to escape skyrocketing rents and deep pocketed investors drive demand. On the supply side, it is also the result of chronic under building, especially of affordable stock. This lack of supply is unlikely to be resolved over the next 5 to 10 years without more aggressive incentives for builders to add new units.”

-Frank Martell, President and CEO of CoreLogic.

ARMLS Pending Price Index (PPI)

Last month STAT's mathematical model projected a median sales price for August of \$400,000; below August's reported median of \$405,000. Looking ahead to September, the ARMLS Pending Price Index is projecting a median sales price of \$410,000. If September's median sales price projection is correct, we will see a year over year gain of 24.61%.

We began August with 7,106 pending contracts, 3,859 UCB listings and 404 CCBS giving us a total of 11,369 residential listings practically under contract. This compares to 12,628 of the same type of listings one year ago. At the beginning of September, the “pending” contracts are 11.07% lower than last year. There were 21 business days in September of 2020 and 21 this year. ARMLS reported 9,305 sales in September of 2020. The highest sales volume ever in September occurred last year.