

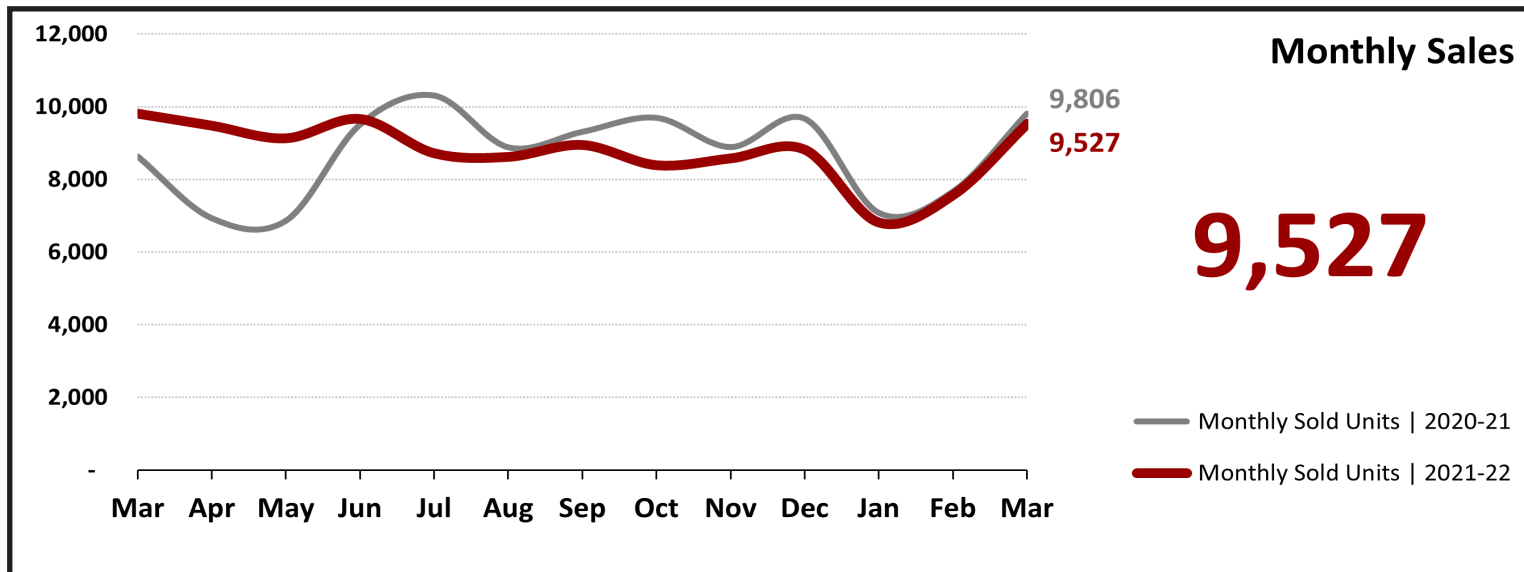
STAT

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



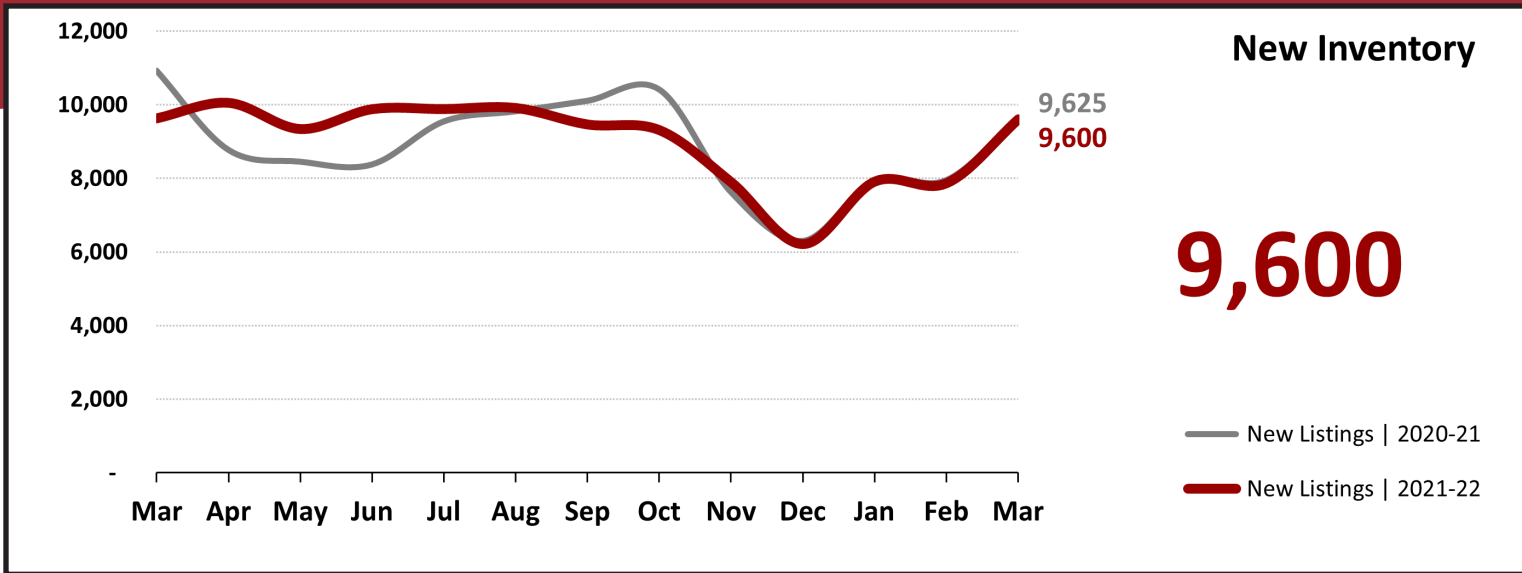
DATA FOR **MARCH 2022**

Published April 18, 2022



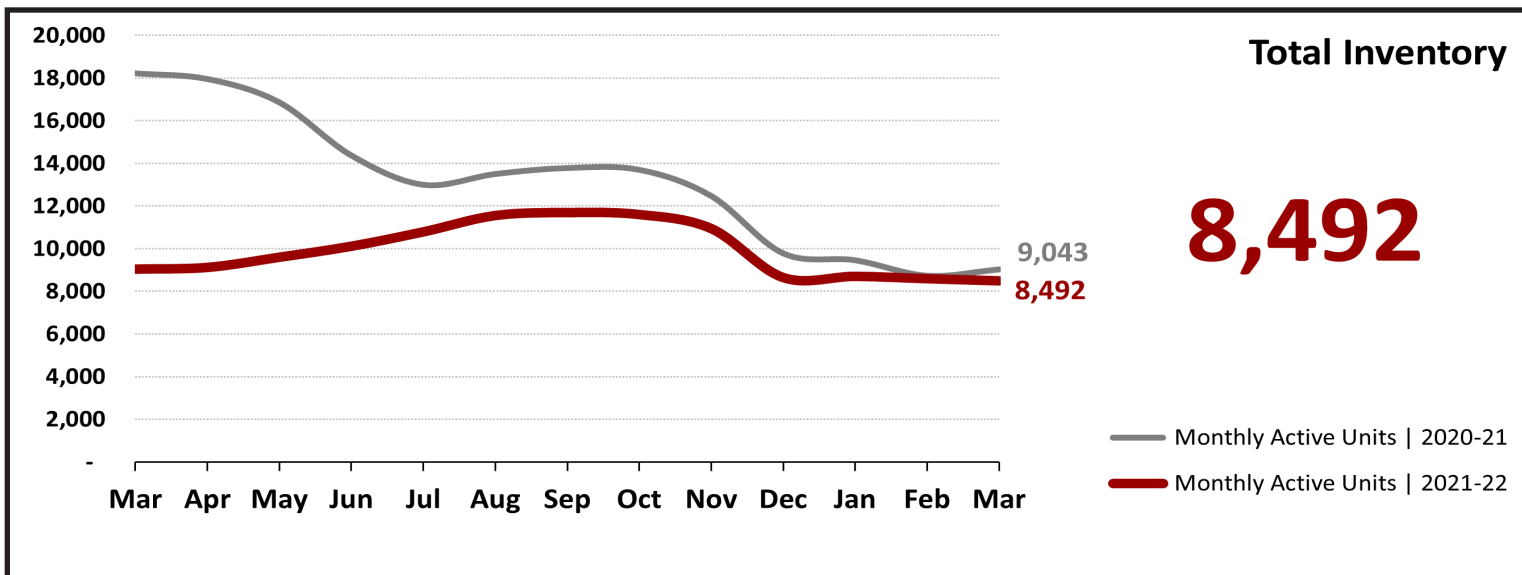
Sales are up **+26.0%** month-over-month. The year-over-year comparison is down **-2.8%**.

Closed MLS sales with a close of escrow date from 3/1/22 to 3/31/22, 0 day DOM sales removed



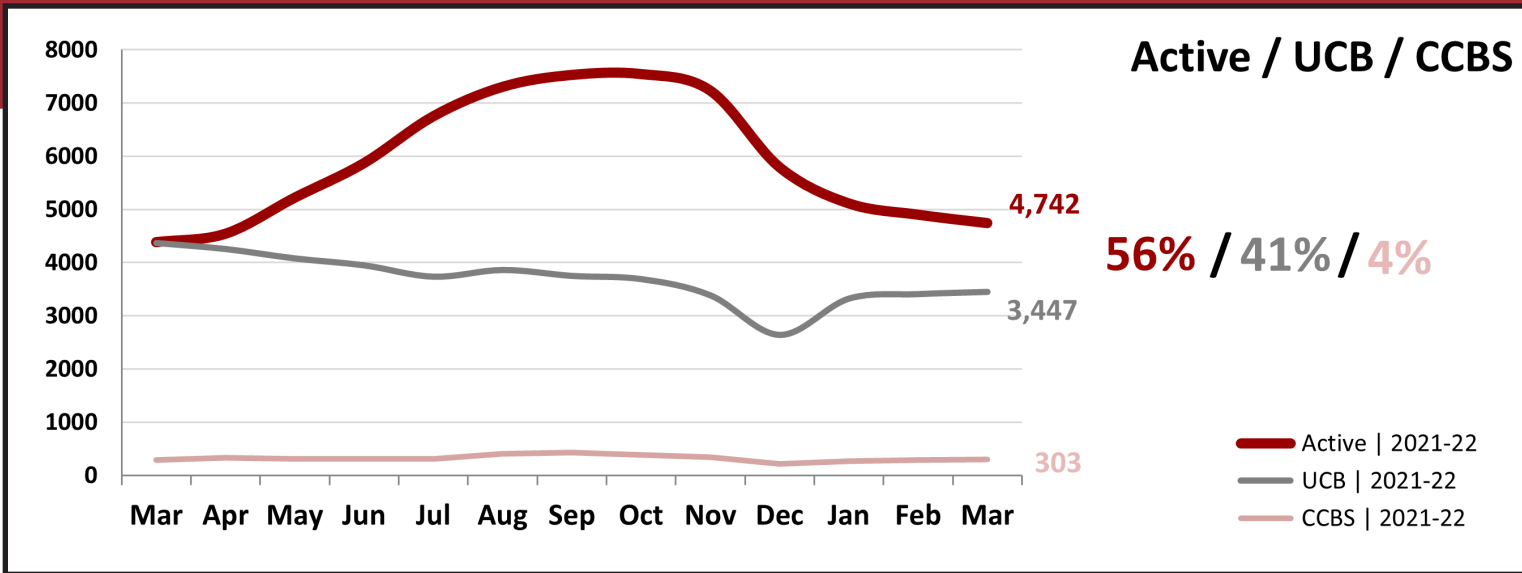
New inventory has a month-over-month increase of **22.1%** while the year-over-year comparison decreased by **-0.3%**.

New MLS listings that were active for at least one day from 3/1/22 to 3/31/22, 0 day DOM sales removed



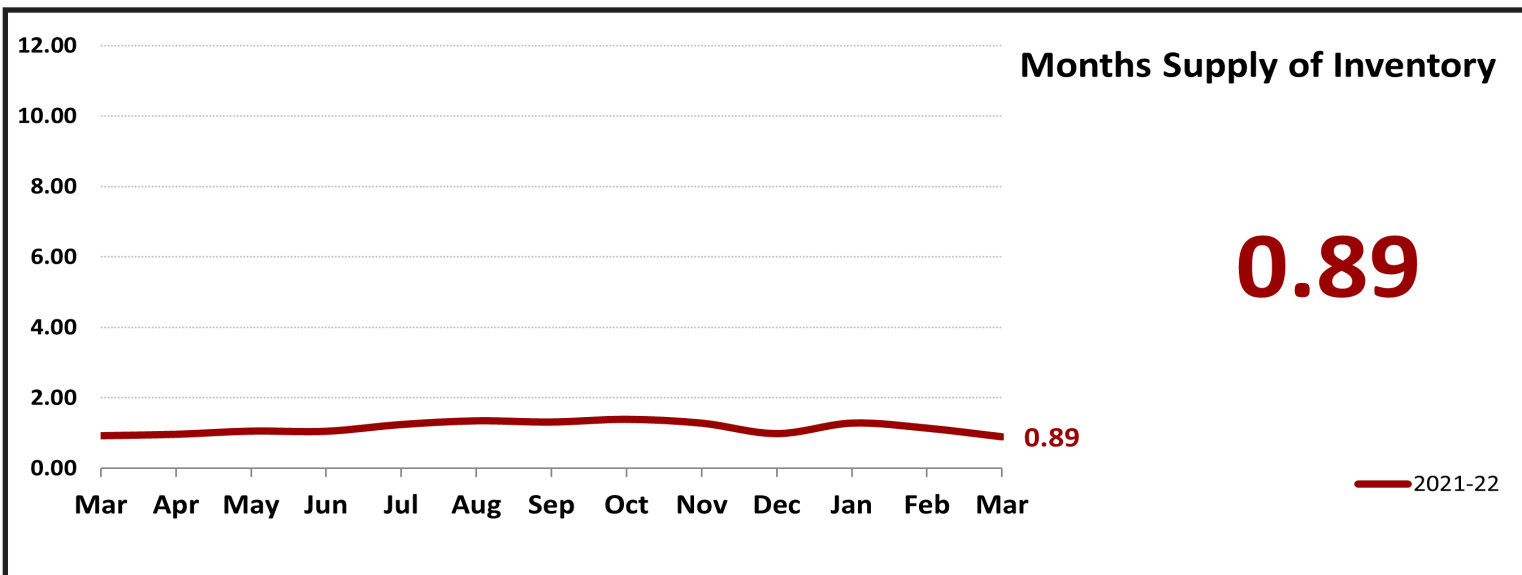
Total inventory has a month-over-month decrease of **-1.2%** while year-over-year reflects a decrease of **-6.1%**.

Snapshot of statuses on 3/31/22



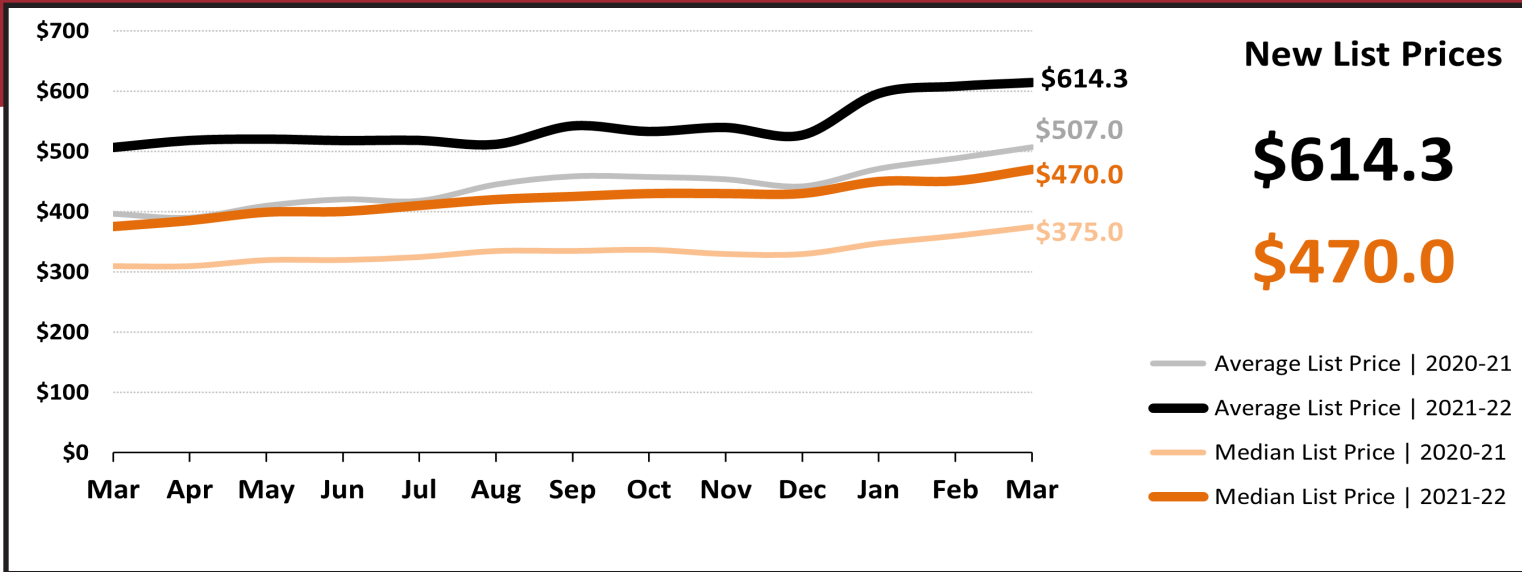
March UCB listings percent of total inventory was **40.6%** with March CCBS listings at **3.6%** of total inventory.

Snapshot of statuses on 3/31/22



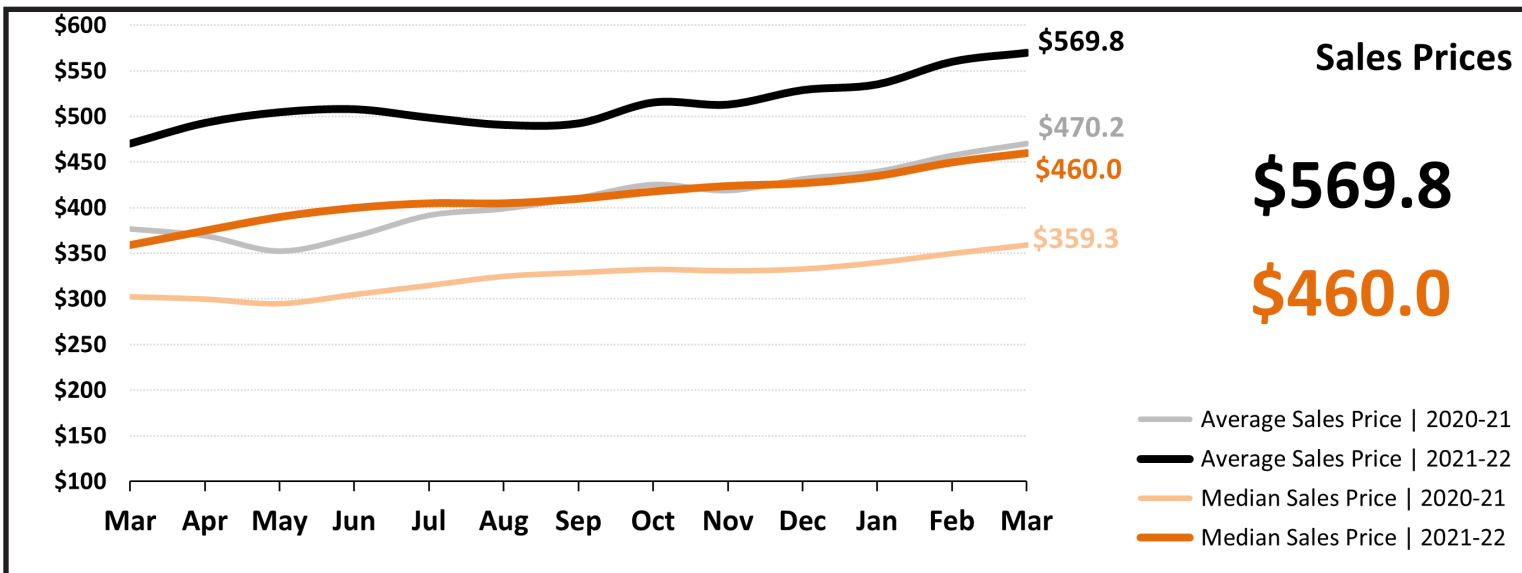
Months supply of inventory for February was **1.14** with March at **0.89**.

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



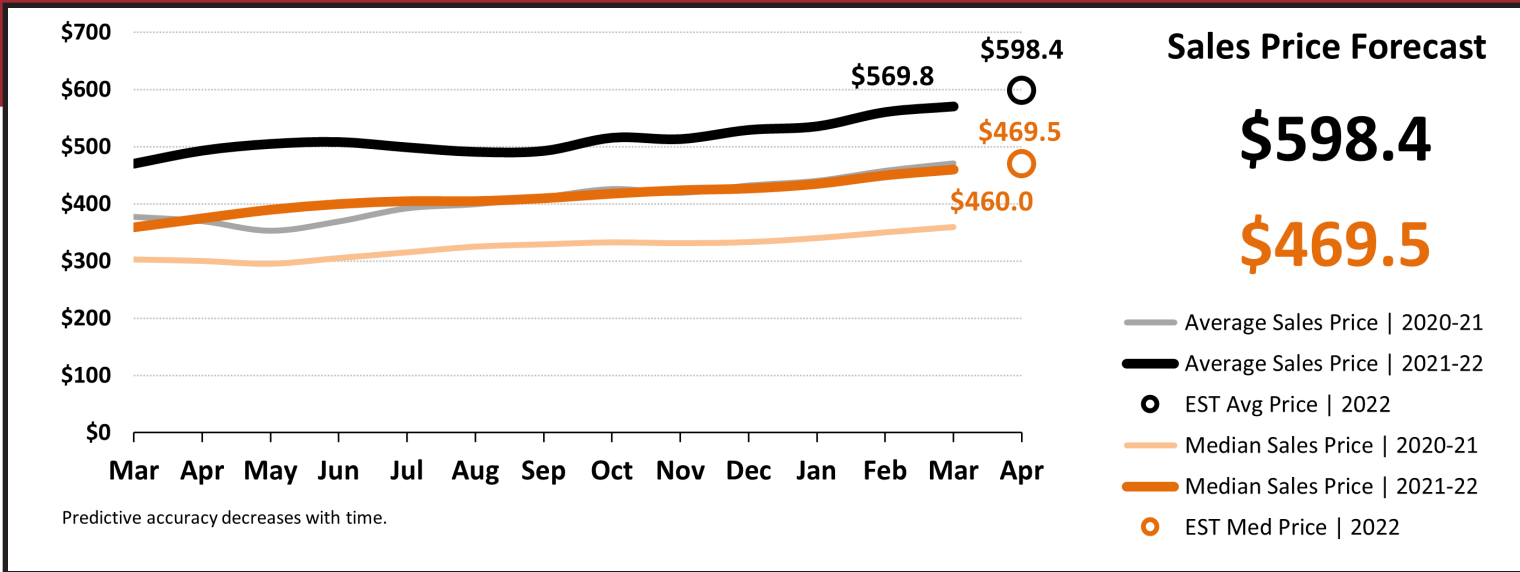
List prices of new listings with list dates from 3/1/22 to 3/31/22, 0 day DOM sales removed

Average new list prices are up **+21.2%** year-over-year. The year-over-year median is up **+25.3%**.



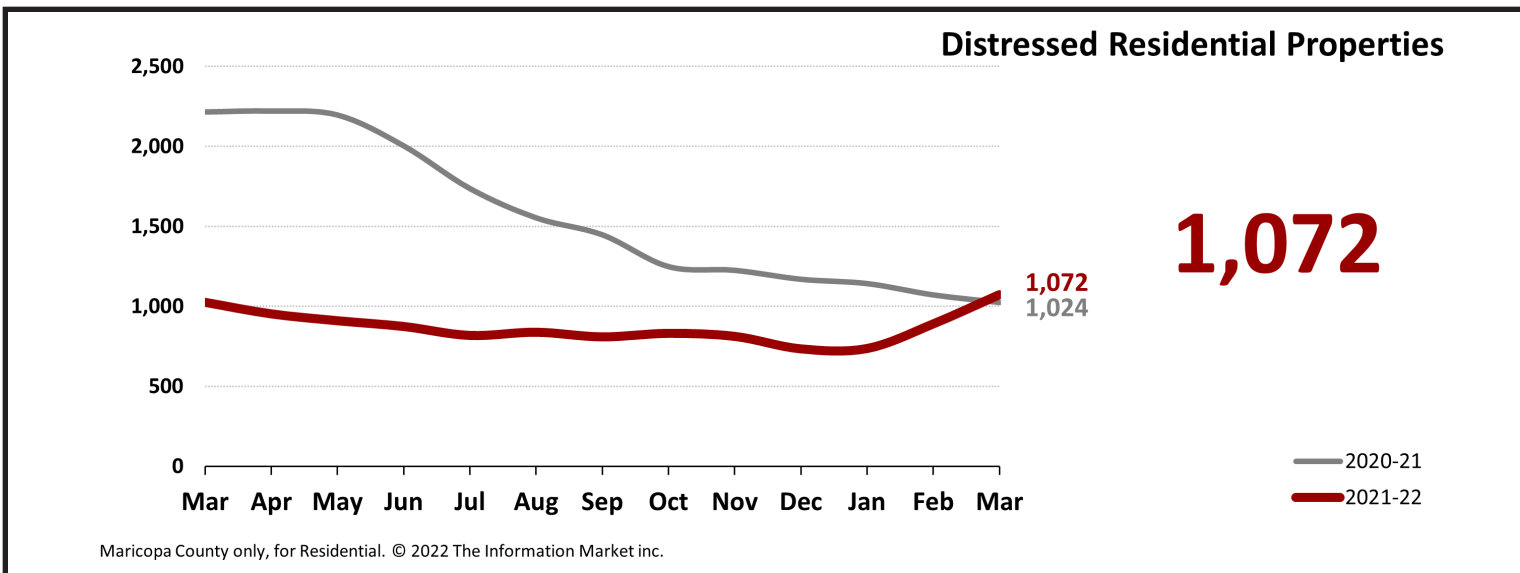
MLS sales prices for closed listings with a close of escrow date from 3/1/22 to 3/31/22, 0 day DOM sales removed

The average sales price is up **+21.2%** year-over-year while the year-over-year median sales price is also up **+28.0%**.



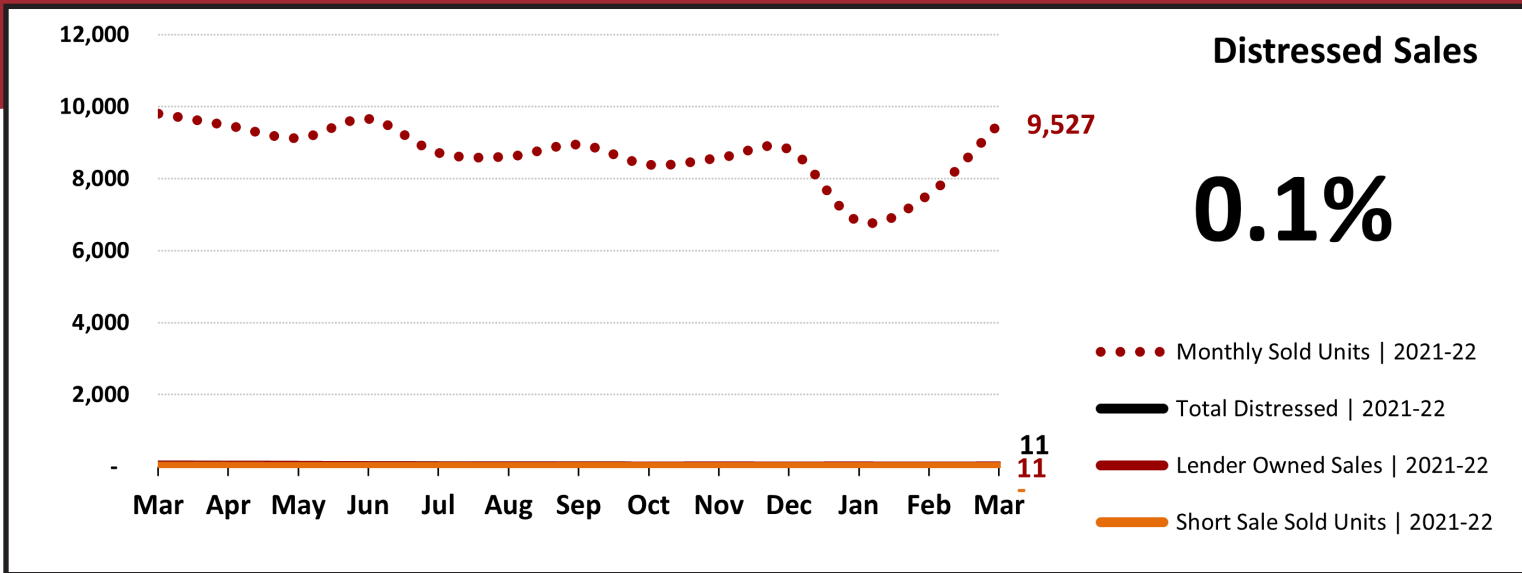
An **increase** is forecasted in April for both average sale prices and median sale prices.

ARMLS proprietary predictive model forecast, 0 day DOM sales removed



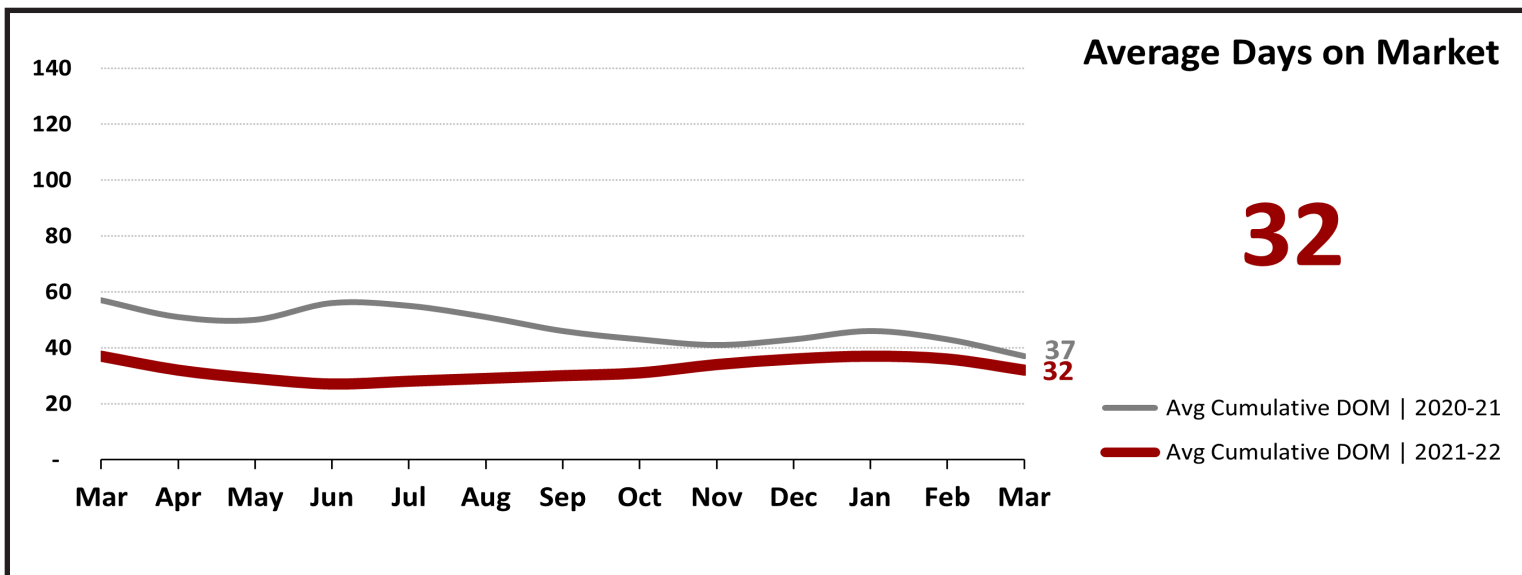
Foreclosures pending month-over-month showed an increase of **+20.6%** while the year-over-year figure was up **+4.7%**.

Snapshot of public records data on 3/31/22 active residential notices and residential REO properties.



Distressed sales accounted for **0.1%** of total sales, the same as the previous month. Short sales went down **-100.0%** year-over-year. Lender-owned sales dropped **-59.3%** year-over-year.

New MLS listings that were active for at least one day from 3/1/22 to 3/31/22, 0 day DOM sales removed



Days on market were down **-5 days** year-over-year while month-over-month went down **-4 days**.

MLS sales prices for closed listings with a close of escrow date from 3/1/22 to 3/31/22, 0 day DOM sales removed

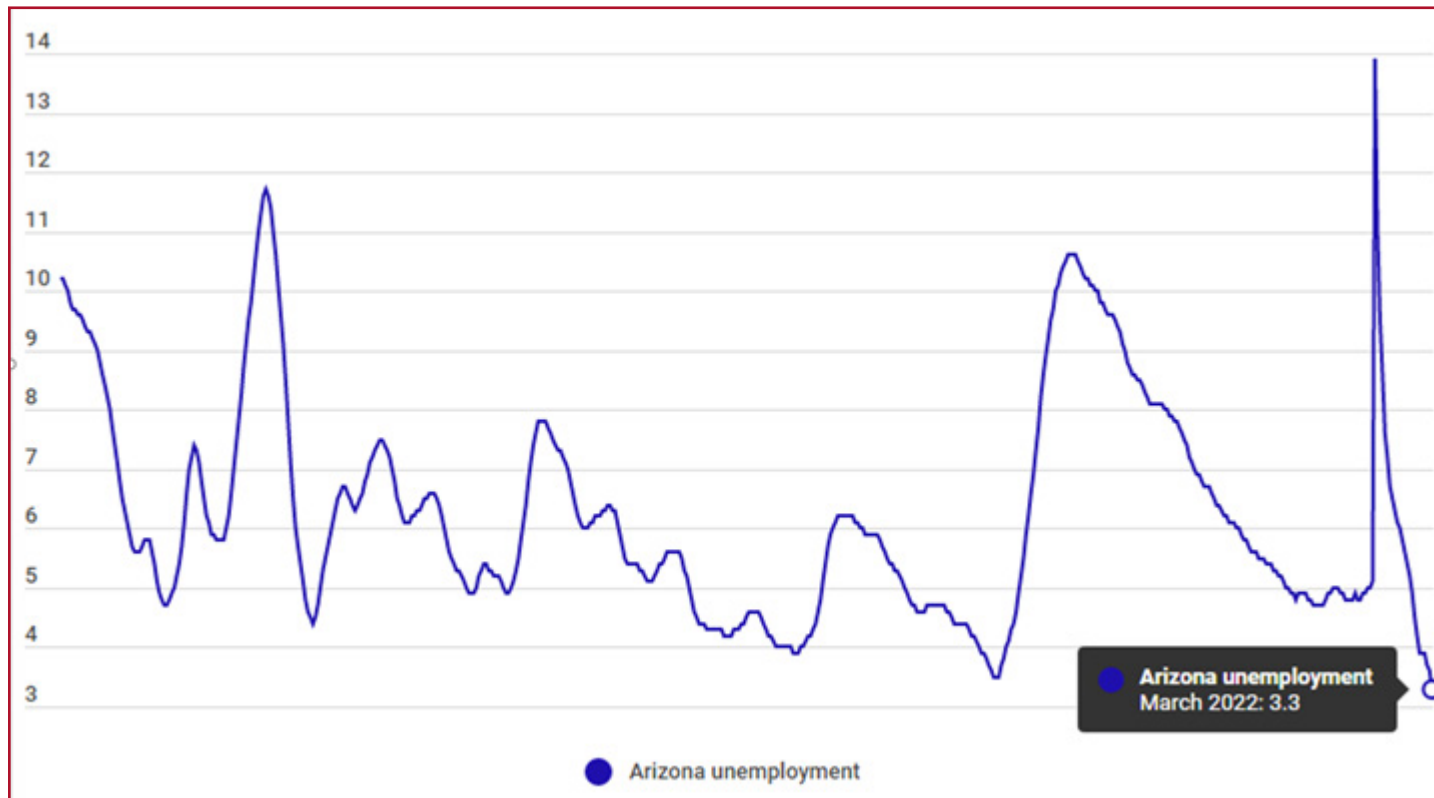
When presenting STAT each month, we make it a point not to make predictions. It may appear we're forecasting when we say the median sales price will hit \$475,000 by mid-May and the reported median sales price for homes closed in March was \$460,000, but we're not. We're simply cumulating the newly reported pending contract prices and their anticipated closing dates, and voila. We count, observe and report. We don't predict until now. It's time to get out over my skis, swing for the fences and call my shot. By no later than June 19, I predict that we will see an event that has never occurred but has been anticipated for over 50 years. My call, the Phoenix Suns will win the NBA championship. It's time to, Rally the Valley, and deliver the Larry O'Brien Championship Trophy to Phoenix. Now, let's put Nostradamus back in the bottle for a moment and report our current housing and economic data.

In this month's STAT, we're going to present a series of bullet points, any one of which, standing on their own merit, could make for an entire STAT report. Some of the metrics suggest tailwinds to the housing market, others suggest headwinds, all together, they tell us it is windy, very windy. As you read each individual metric, consider for yourself, what the aggregate effect will be both in the short term as well as the long-term on our housing market. Let's get started.

- US consumer prices in March rose 8.5% from the same month last year, marking a 40-year high—and up 1.2% from February.
- S&P 500 stock index down 8.42% since January 1st.

- Arizona's unemployment rate fell to 3.3% in March, the lowest rate in almost a half-century, according to just released numbers by the Bureau of Labor Statistics.

Arizona Unemployment via Bureau of Labor Statistics



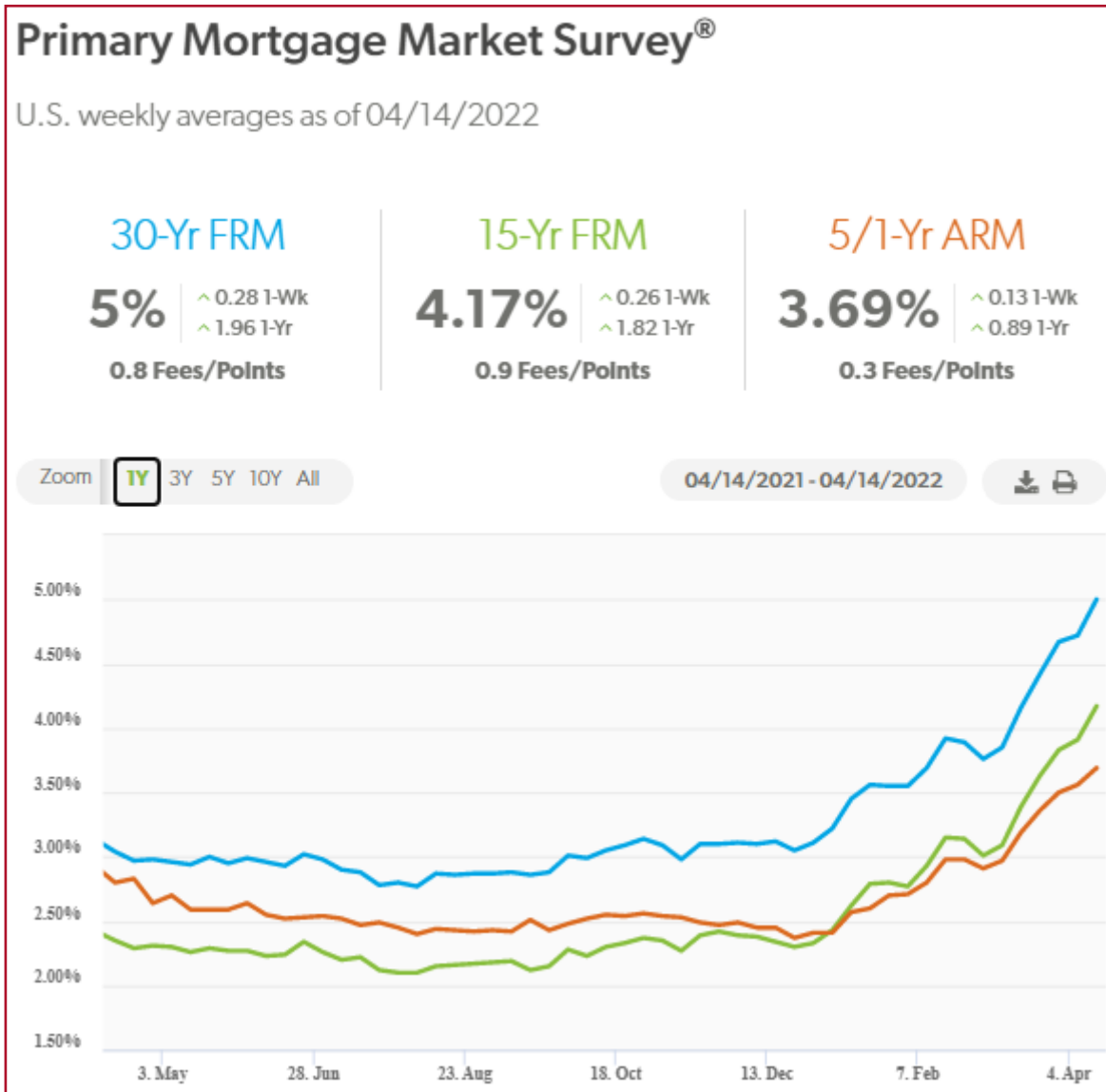
The chart above shows data from January 1976 forward. [For the interactive link click here.](#)

- Intel is building new chip factories in Chandler, with the new project costing \$20 billion.
- Taiwan Semiconductor Manufacturing Company \$12 billion 5-nanometer chip fabrication plant is being built in northern Phoenix.
- There were 3,918 newly built homes sold in the first quarter compared to 4,444 in the same time frame last year. Newly built home sales in Maricopa County are down 11.87% year over year.
- In the first quarter of this year, Institutional Buyers purchased 1,854 homes in Maricopa County compared to 833 for the same time in 2021, a 123% increase.
- According to the Equity Action Plan just released, HUD's Strategic Plan for fiscal year 2022-2026 identifies additional undertakings to promote equity, such as improving rental assistance to address the need for affordable housing.
- The average priced home in March, as reported by ARMLS, was \$569,752. The gross dollar sales volume in the first quarter, as reported by ARMLS, was \$13.3 billion, the highest first quarter total in ARMLS history.
- According to public records data for the first quarter of the year for the past 3 years, cash purchases by traditional buyers (Single Male, Single Female, Husband/Wife) have remained flat, accounting for 18.5% of all purchases.
- According to public records data for the first quarter of the year for the past 3 years, cash purchases for all home sold has risen from 25% in 2020 and 2021 to 30% in 2022.

- In the first quarter of 2022 I-buyers purchased 1,160 homes and sold 2,549 in Maricopa County. Approximately 20% of the homes sold by I-buyers were transferred to institutional buyers.
- The median mortgage as reported in public records in Maricopa County for the first quarter of 2021 was \$310,266. The 30-year fixed rate mortgage during this period as reported by Freddie Mac centered around 3.04%. Interest payments for a median priced mortgage during this time was \$786.01 per month.
- The median mortgage as reported in public records in Maricopa County for the first quarter of 2022 was \$388,266, the 30-year fixed rate mortgage during this time as reported by Freddie Mac centered around 3.50%. Interest payments for a median priced mortgage during this time was \$1,131.67 per month.
- The median mortgage as reported by public records in Maricopa County for the March of 2022 was \$396,537, the 30-year fixed rate mortgage as reported by Freddie Mac today is 5.00%. The monthly interest cost for a \$396,537 with a 5% mortgage rate would be \$1,652.23, a 110% increase over the first quarter of 2021. This would apply for owners locking in rates today.

“This week, mortgage rates averaged five percent for the first time in over a decade,” said Sam Khater, Freddie Mac’s Chief Economist. *“As American contend with the historically high inflation, the combination of rising mortgage rates, elevated home prices and tight inventory are making the pursuit of homeownership the most expensive in a generation.”*

Primary Mortgage Market Summary

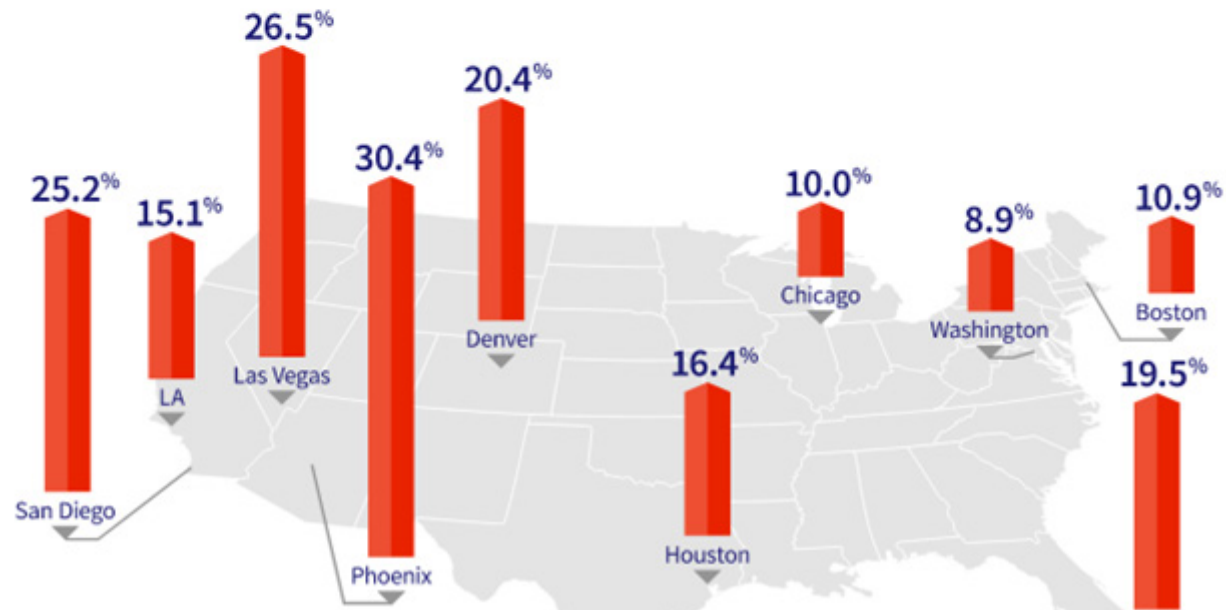


HPI Top 10 Metros Change

HPI Top 10 Metros Change

The CoreLogic HPI provides measures for multiple market segments, referred to as tiers, based on property type, price, time between sales, loan type (conforming vs. non-conforming) and distressed sales. Broad national coverage is available from the national level down to ZIP Code, including non-disclosure states.

These large cities continued to experience price increases in February, with Phoenix on top at 30.4% year over year.



In STAT over the last year, we've discussed institutional buyers and how they've impacted affordability as they compete with the traditional buyers. Rising mortgage rates will most likely lead to a pullback in demand by traditional buyers. The question then becomes, if traditional buyers do pull back, will this open a running lane for institutional buyers to increase their footprint? In September, it was reported Pretium, one of the larger players in our market, the owner of about 70,000 single-family rental homes nationwide had just launched a joint venture to invest \$1 billion in the construction of new homes to rent nationwide, and every time a new project is launched, Phoenix has been one of the main markets mentioned. Just last week this headline appeared in the WSJ, *"Home Builders Bypassing Individual Home Buyers for Deep-Pocketed Investors."* A story again which prominently focused on Phoenix. I wanted to share with you Pretium's strategy, this comes from data garnered from their website. In their own words, *"As a leading alternative investment manager, Pretium looks for disruptions in markets, demographics, technology, or public policy that create real estate and credit market opportunities with long-term tailwinds. Then develop adjacent businesses to capitalize."*

In a [white paper](#) Pretium published last September they stated their strategy on single-family rentals and build-to-rent, *"As the shortage of single-family homes and rising home prices both help to put ownership further out of reach, suburban demand will increasingly shift to single-family rentals. However, this demand has fewer places to go. Construction activity, too, has been running below trend for single-family homes whereas multi-family starts have been running near multi-decade highs. The robust demand for homeownership has been taking such rentals off the market, decreasing the single-family rental stock by nearly 700,000 units in the years leading up to the pandemic. Affordable housing is in particularly short supply. Cumulative underinvestment in US housing has created the most acute supply-demand imbalance in affordable housing. Prior to the pandemic, nearly one-third of US households were financially burdened by housing costs and this proportion has likely risen because of the pandemic. As a result of supply constraints, new housing construction no longer serves affordable housing needs – therefore, the burden of meeting affordable housing needs largely falls on existing housing stock."*

In February Pretium announced the appointment of Jocelyn Moore as a Senior Managing Director to lead corporate affairs. Her initial public statement gives further insights as to how the institutional buyers think and how they might well market themselves, *“Access to quality, affordable housing is a key pillar of economic opportunity and income equality, I am excited to join Pretium during this incredibly dynamic time as we lead the effort to deploy private capital for public good. Together, we will work to help solve one of society’s greatest challenges and drive positive community impact for individuals and families.”*

In Conclusion

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 its strength and makeup, as well as the impact of the recent rise in mortgage rates if any. As Nostradamus once said, *“Nothing in the world can one imagine beforehand, not the least thing, everything is made up of so many unique particulars that cannot be foreseen.”* While Nostradamus’s words might apply well to our housing market, I can without equivocation tell you, he never ever saw this Sun’s team play.

The ARMLS Pending Price Index (PPI)

Last month STAT's mathematical model projected the median sales price for March at \$455,000, the actual number was \$460,000. Looking ahead to April, the ARMLS Pending Price Index is projecting median sales price of \$469,500. If April's median sales price projection is correct, we will see a year over year gain of 25.2%. The last few months our estimates have been slightly lower than the actual median. I suspect this might very well be the case again when April's data is reported.

We began April with 7,419 pending contracts, 3,447 UCB listings and 303 CCBS giving us a total of 11,169 residential listings practically under contract. This compares to 11,839 of the same type of listings one year ago. At the beginning of April, the "pending" contracts are 5.66% lower than last year. There were 22 business days in April 2021 and 21 this year. ARMLS reported 9,476 sales in April 2021. The highest sales volume ever in April occurred in 2005 with 9,600. STAT is projecting similar sales volume this April in comparison to last April.