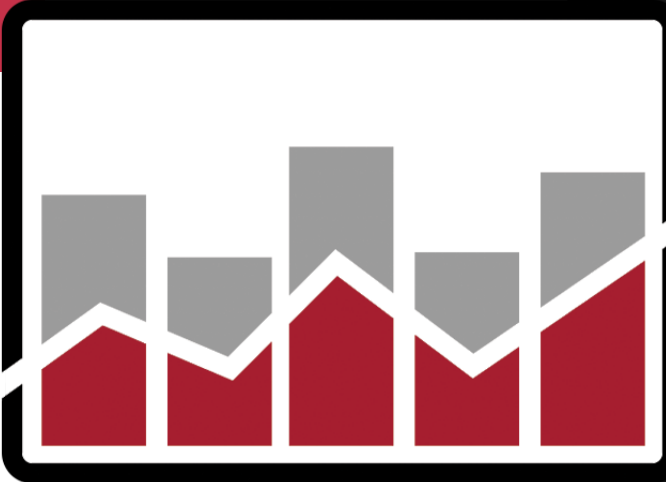


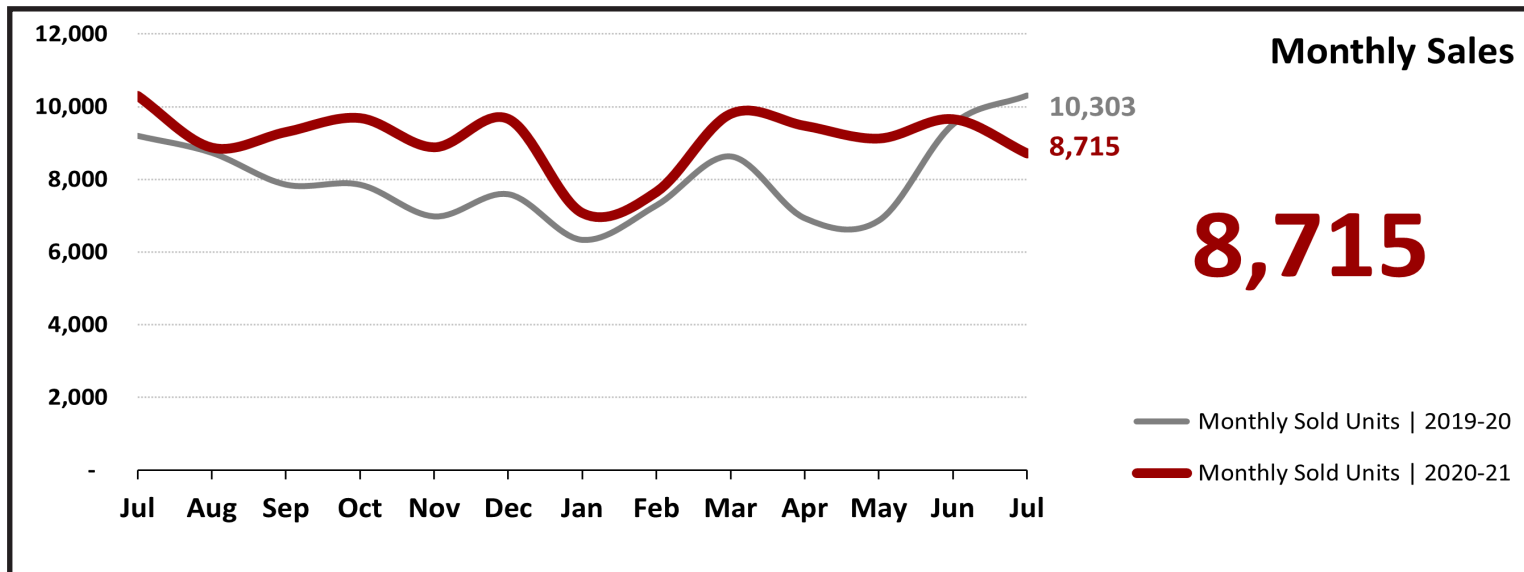
STAT

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



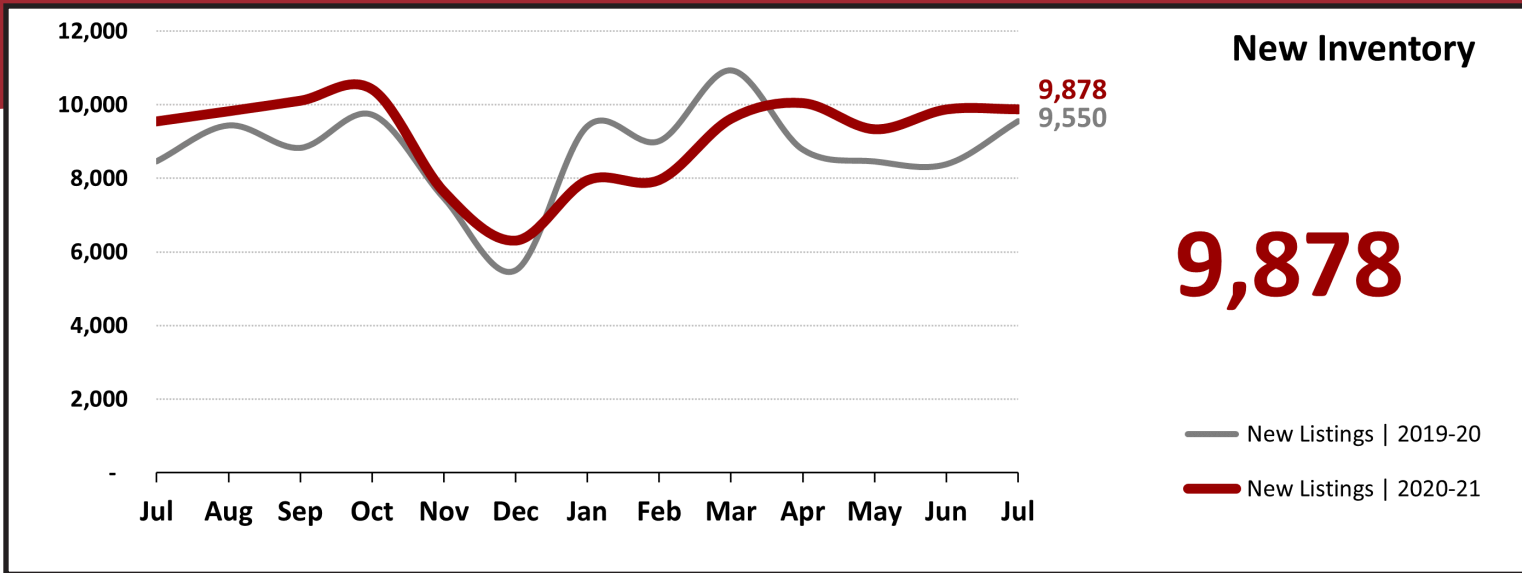
DATA FOR **JULY 2021**

Published August 18, 2021



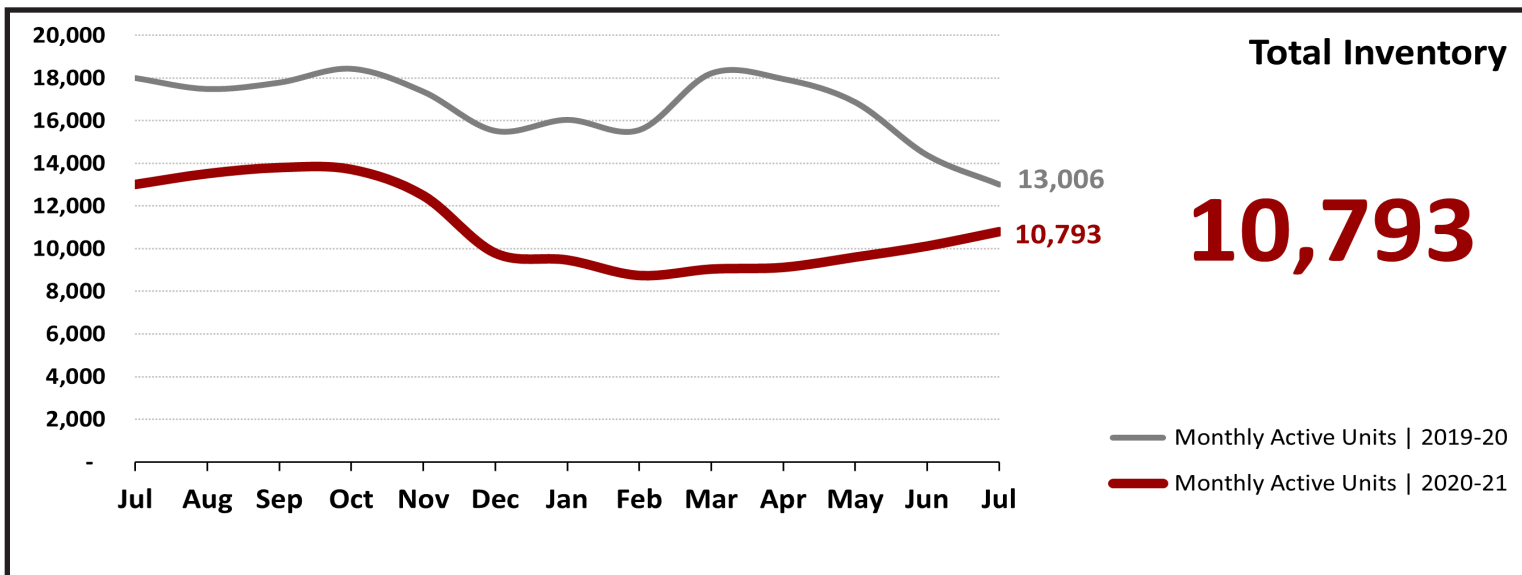
Sales are down **-9.8%** month-over-month. The year-over-year comparison is down **-15.4%**.

Closed MLS sales with a close of escrow date from 7/1/21 to 7/31/21, 0 day DOM sales removed



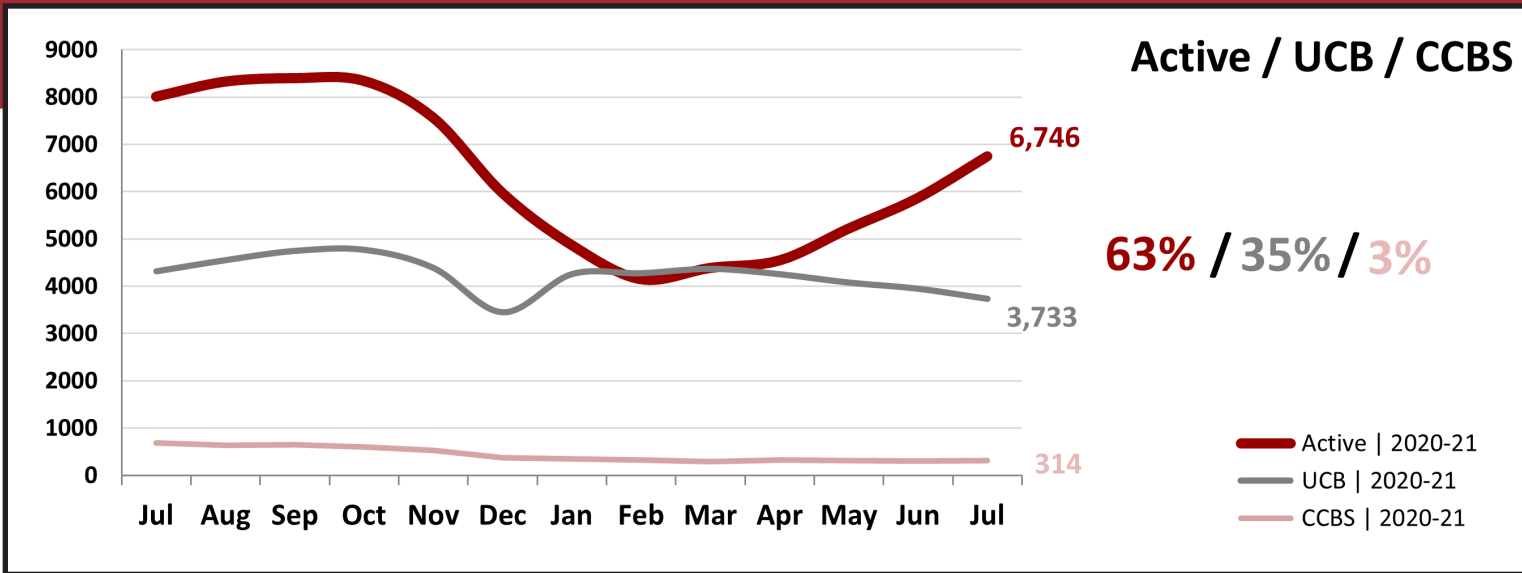
New MLS listings that were active for at least one day from 7/1/21 to 7/31/21, 0 day DOM sales removed

New inventory has a month-over-month increase of **+0.03%** while the year-over-year comparison increased by **+3.4%**.



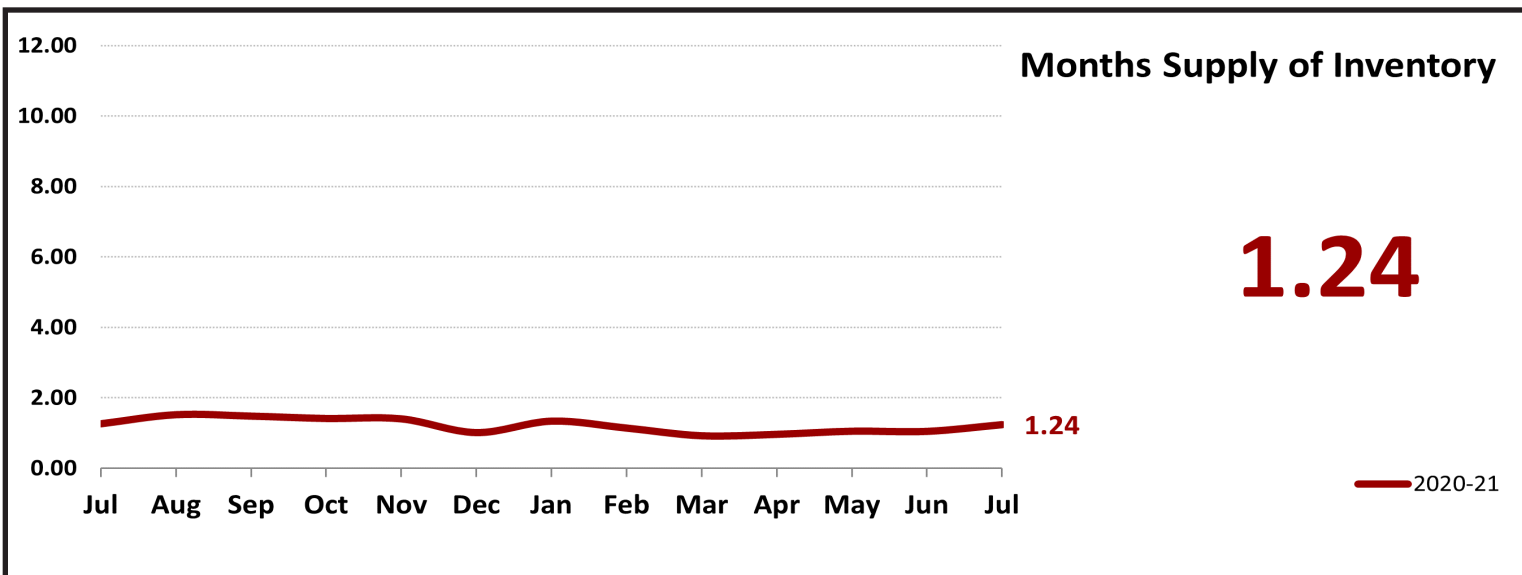
Snapshot of statuses on 7/31/21

Total inventory has a month-over-month increase of **+6.7%** while year-over-year reflects a decrease of **-17.0%**.



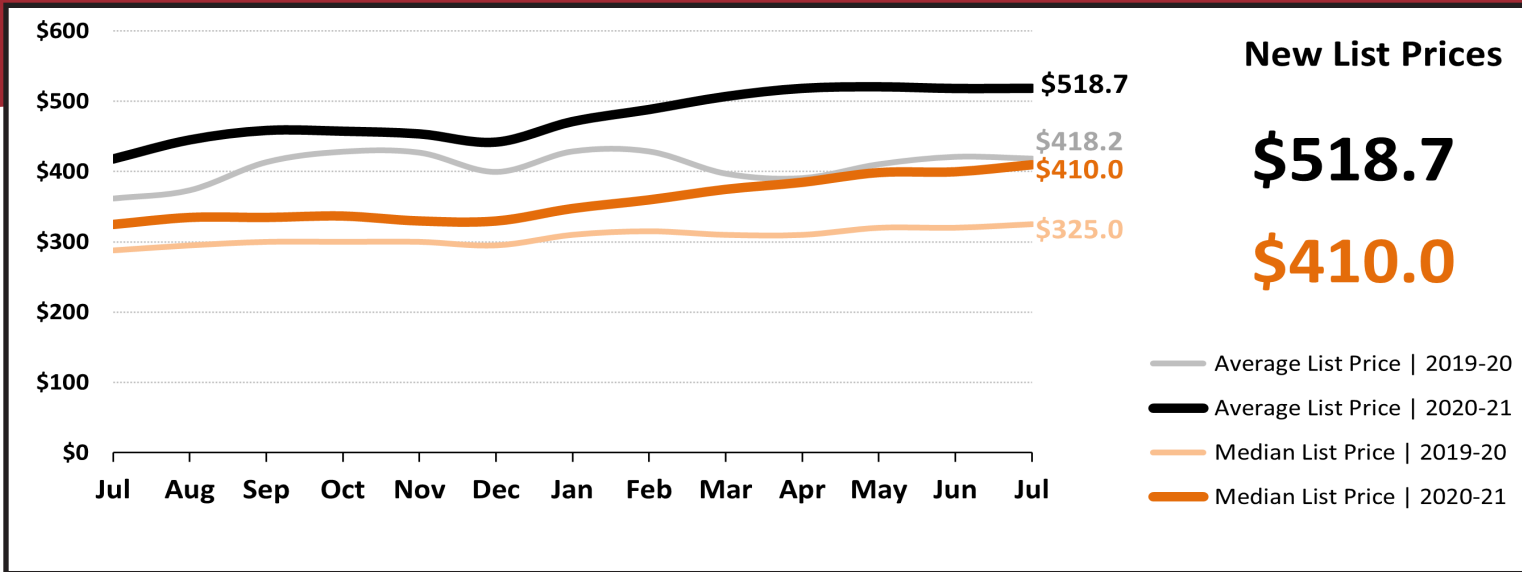
July UCB listings percent of total inventory was **34.6%** with July CCBS listings at **2.9%** of total inventory.

Snapshot of statuses on 7/31/21



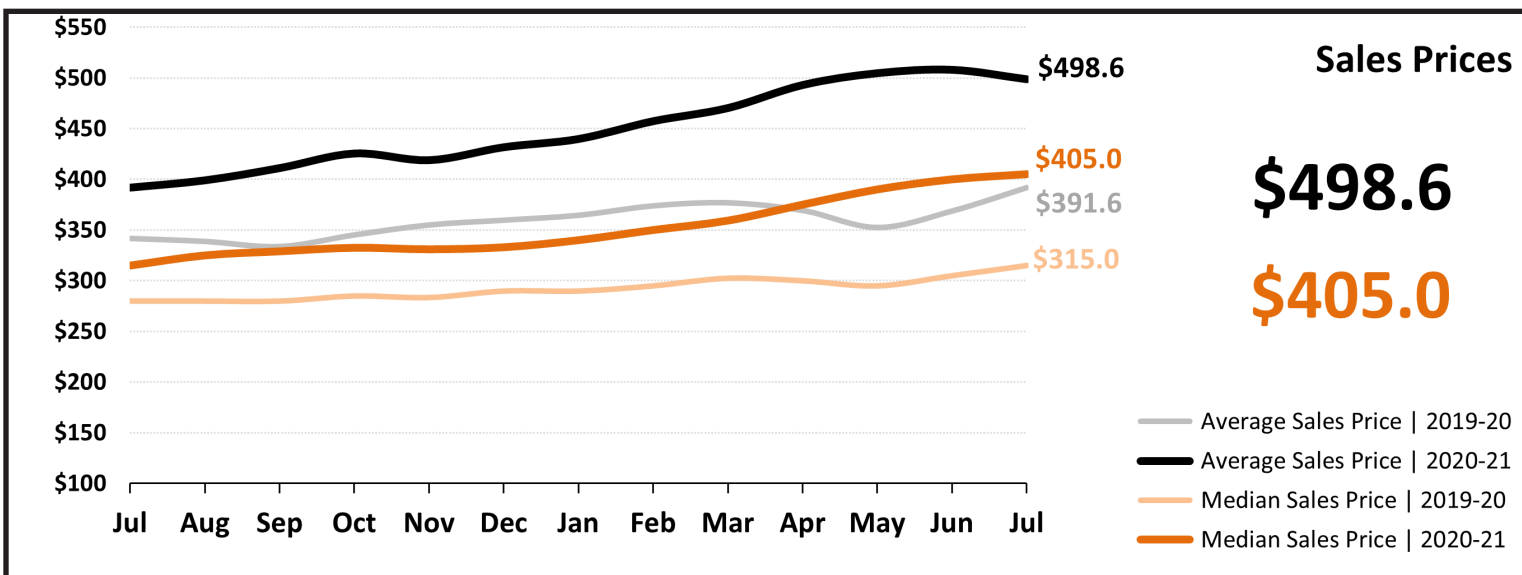
Months supply of inventory for June was **1.05** with July at **1.24**.

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



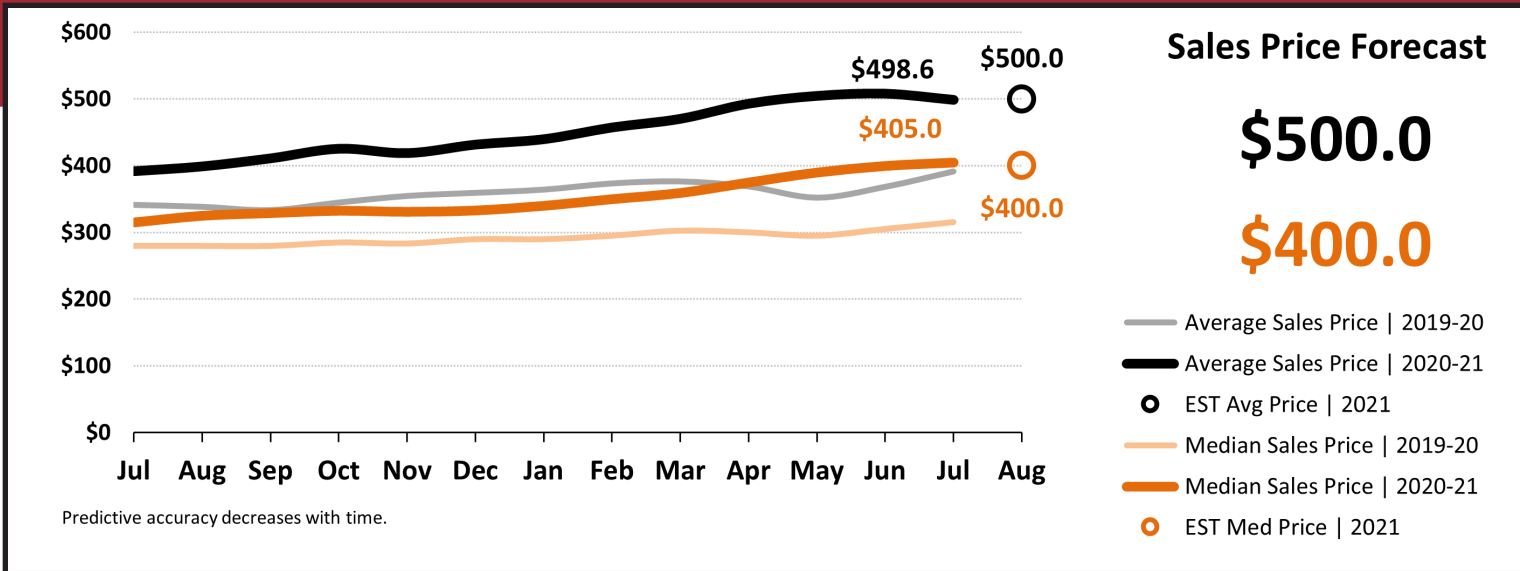
List prices of new listings with list dates from 7/1/21 to 7/31/21, 0 day DOM sales removed

Average new list prices are up **+24.0%** year-over-year. The year-over-year median is up **+26.2%**.



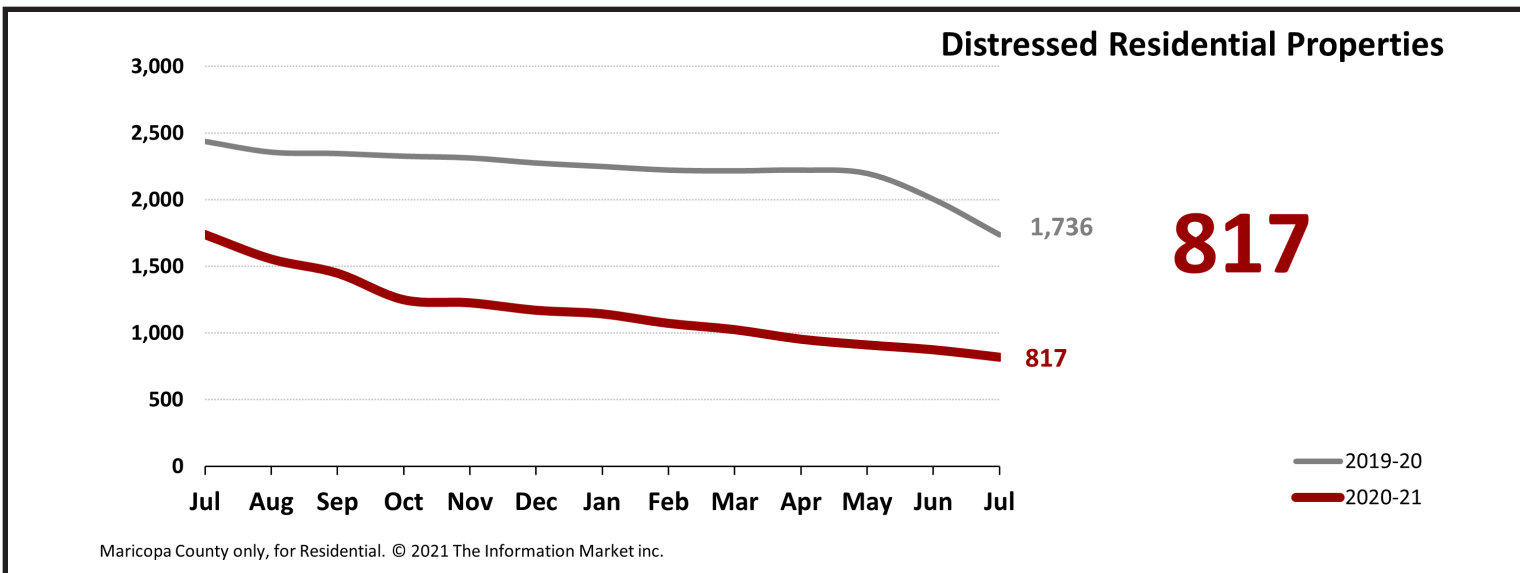
MLS sales prices for closed listings with a close of escrow date from 7/1/21 to 7/31/21, 0 day DOM sales removed

The average sales price is up **+27.3%** year-over-year while the year-over-year median sales price is also up **+28.6%**.



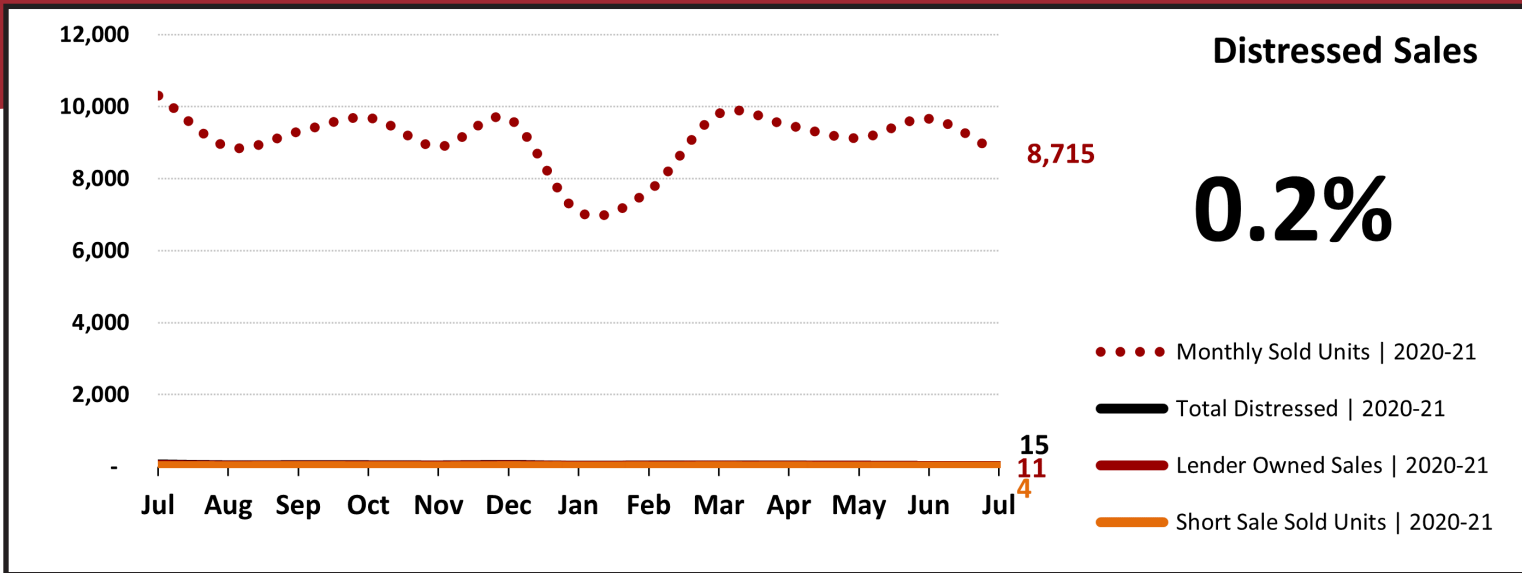
A slight **increase** is forecasted in August for average sale prices while a slight **decrease** is forecasted for median sales prices.

ARMLS proprietary predictive model forecast, 0 day DOM sales removed



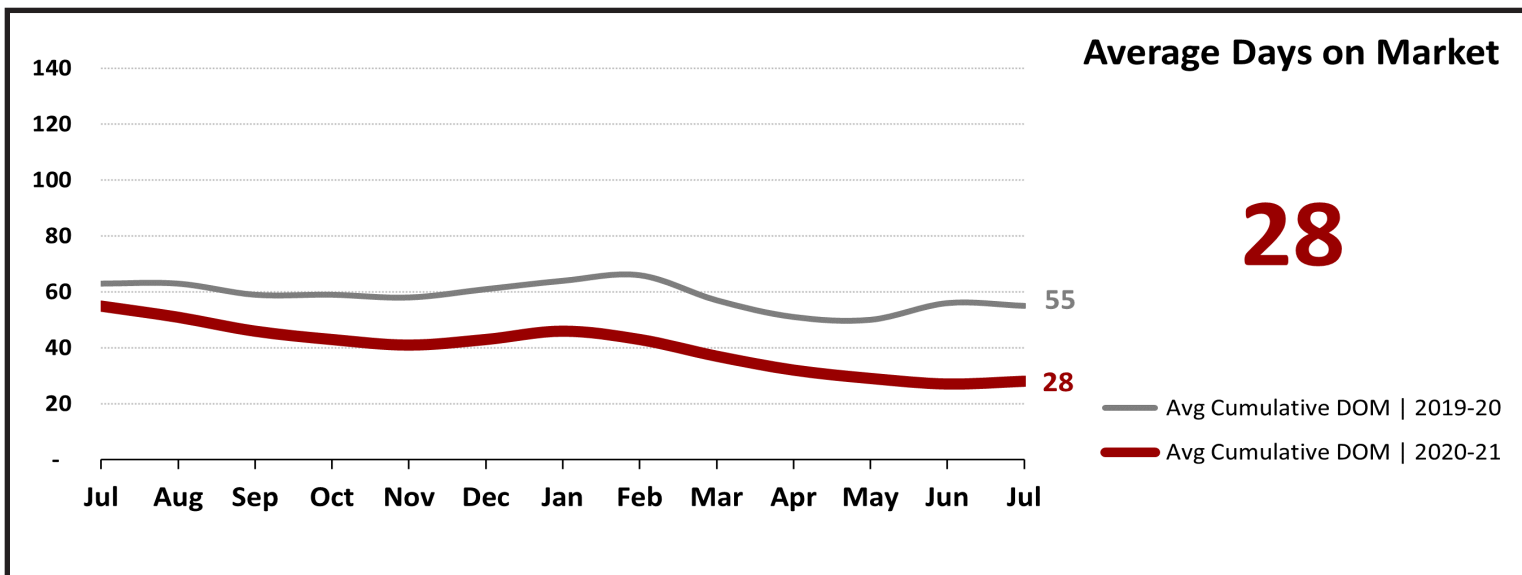
Foreclosures pending month-over-month showed a decrease of **-6.4%** while the year-over-year figure was down **-52.9%**.

Snapshot of public records data on 7/31/21 active residential notices and residential REO properties.



New MLS listings that were active for at least one day from 7/1/21 to 7/31/21, 0 day DOM sales removed

Distressed sales accounted for **0.2%** of total sales, the same as the previous month. Short sales went down **-69.2%** year-over-year. Lender-owned sales dropped **-77.6%** year-over-year.



MLS sales prices for closed listings with a close of escrow date from 7/1/21 to 7/31/21, 0 day DOM sales removed

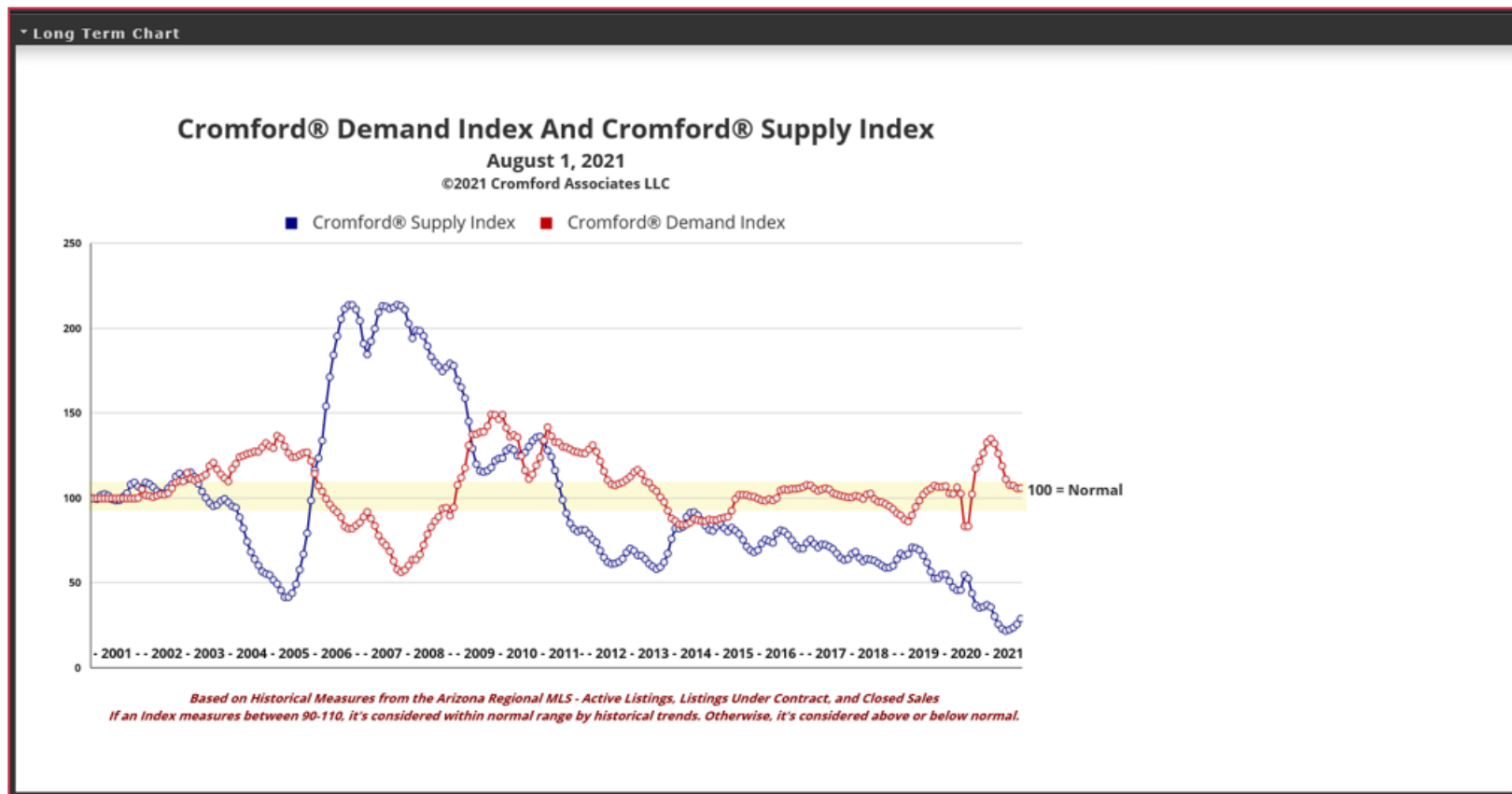
Days on market were down **-27** days year-over-year while month-over-month went down **-1 days**.

I remember years back driving up to the White Mountains for the Labor Day weekend and hearing a weather forecast for every city and town in Arizona, the forecast for each one, sunny and hot. Writing STAT each month, I feel like that reporter. We have been in a sellers' market since 2015. This market has not been about demand, it's been about supply. Supply, supply, supply. While we talk about rising pricing and low interest rates, the one topic that continues to impact our market the most is supply. History tells us our market will return to balanced at some point, I just can't see where the additional supply will come, or when. At present, my best guess is simple economics will cause the shift, rising prices will encourage sellers while having the opposite effect on buyers.

The COVID-19 pandemic has impacted the housing market and economy in ways that it may take years to understand. Several stimulus checks were sent out, entertainment venues were closed, travel came to a standstill, restaurants were closed to in-house guests. Commuting costs were reduced as many began working from home. For potential homebuyers still employed, receiving stimulus checks, and reduced spending afforded the perfect route to home ownership. They were able to reduce their debt and accumulate money for down payments. For perspective homebuyers who had already been planning to purchase, their dream of homeownership was accelerated, as reflected in the number of homes purchased as reported by ARMLS in the second half of 2020. In July of this year home sales as reported by ARMLS were down 15.4% year-over-year. In the second half of 2020, ARMLS reported record sales in five of the six months. The only month which didn't report a new record was August 2020. I suspect we'll see year-over-year declines in monthly sales volume throughout the remainder of 2021.

When you view the chart below you can see that demand has remained relatively consistent from when our sellers' market began in 2015. We saw an abrupt drop in demand at the outset of COVID-19 and then a significant rise the second half of 2020. Our current demand is slightly above normal. The chart also clearly displays the supply challenges we have and are facing.

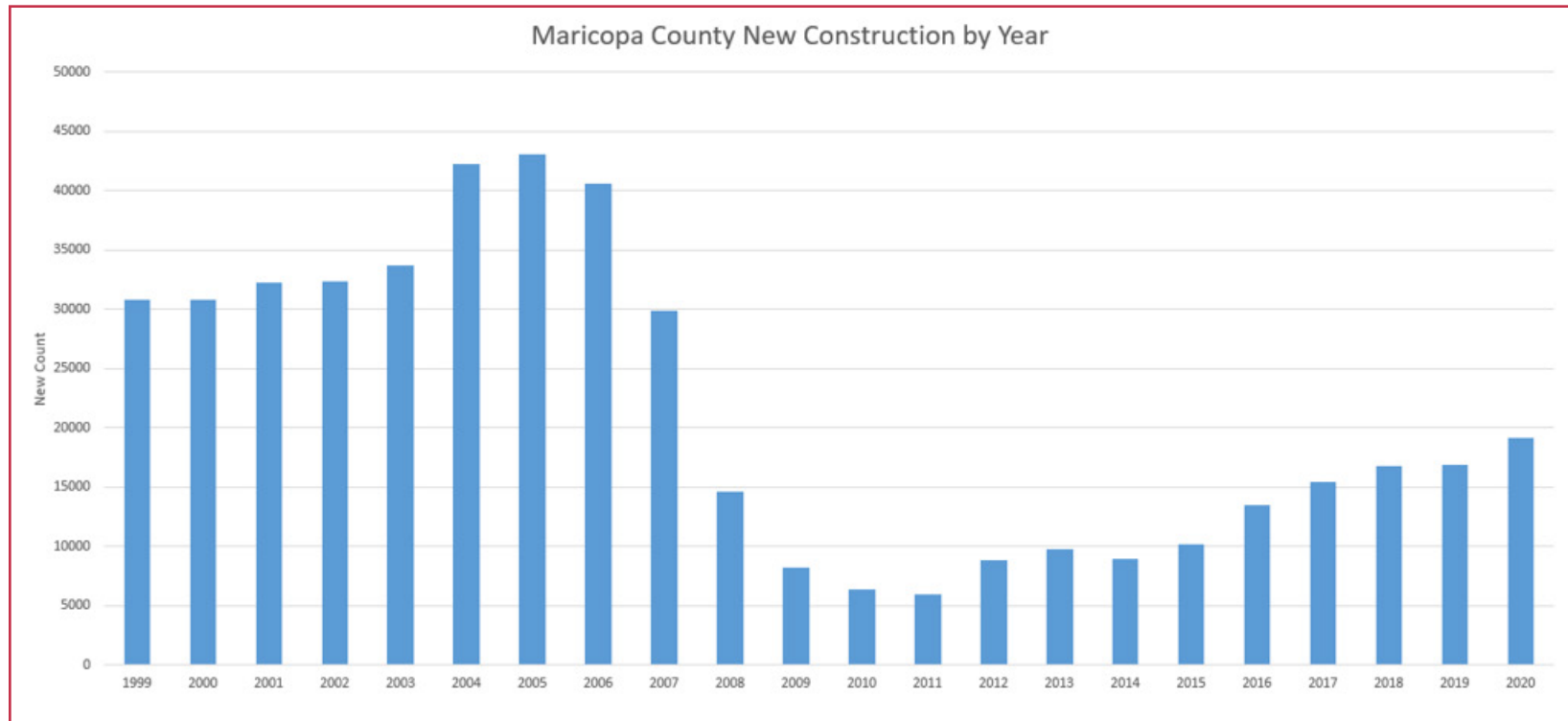
Supply and Demand Index via Cromford Report



The only way to help a housing shortage is to build more homes. The chart below shows the number of new builds sold by year. The chart displays the large disparity between homes built in the last ten years compared to the prior ten years. In 2011 there were only 2,886 newly built homes sold in Maricopa County. The lack of new construction in the past decade has led to the limited supply we face today. As Michael Orr stated in his monthly observations, “New home builders currently experience elevated demand because so many buyers have given up on trying to find a re-sale property. But the demand they perceive is due to the low supply of re-sale homes, not some unusual buildup of buyer demand. The new and re-sale markets are not separate because almost every buyer can switch from one to the other based on personal decisions. Buyers are spilling over to the new home market that would normally have chosen a resale home.”

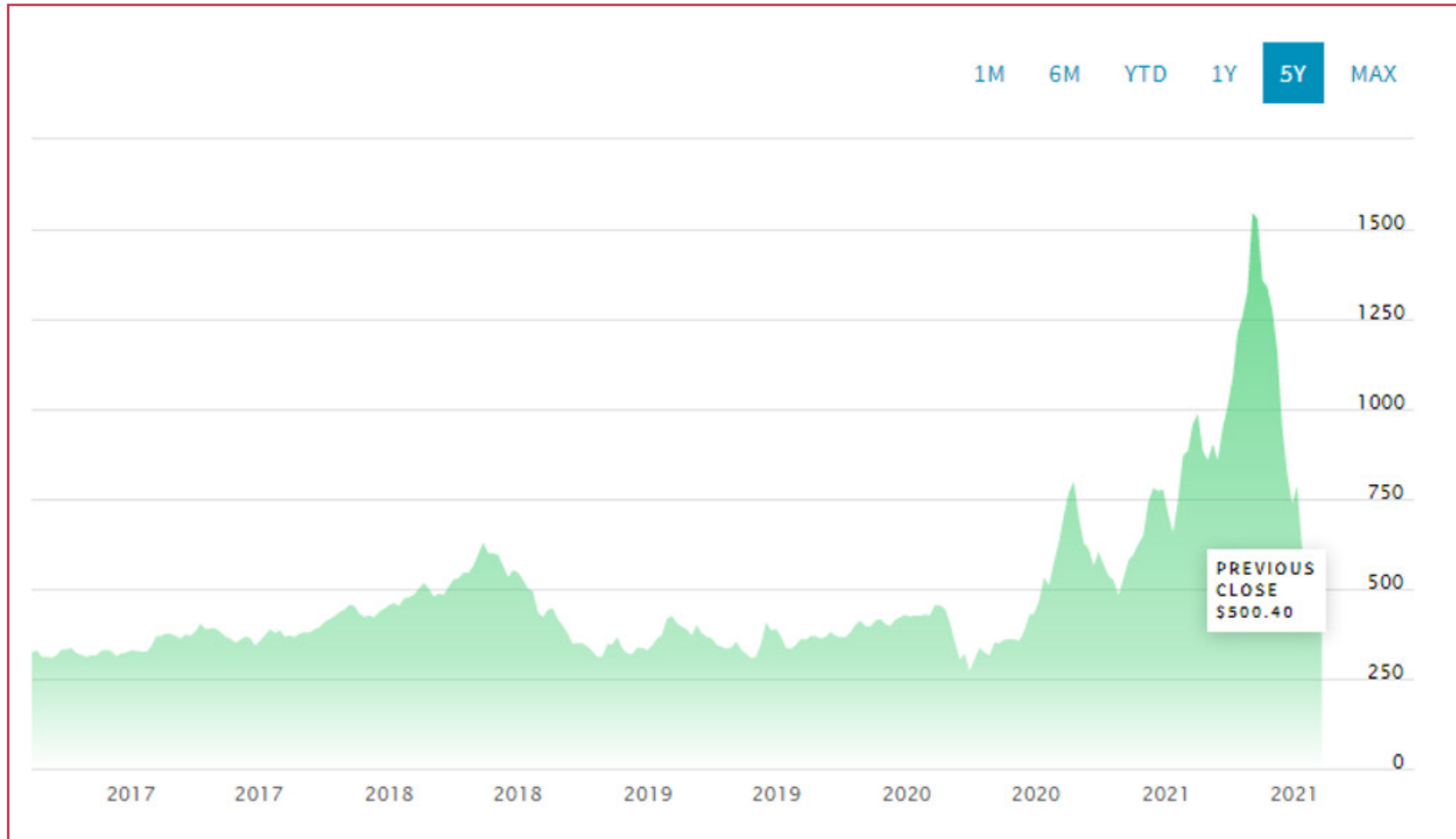
Home builders are currently not able to meet that demand. Anecdotally on social media I’ve read reports of builders having difficulty meeting their closing date projections, and the data might well support these observations. I was advised by Jim Daniels with RL Brown Reports that the time between the issuance of a building permit and the home closing have been increasing. The reported COVID-19 related disruptions in our supply chain and labor force are clearly a challenge to home builders. I would not be surprised if we saw little to no increase in the number of newly built homes sold this year as compared to last.

Maricopa County New Construction by Year



Earlier I mentioned the COVID-19 pandemic and how it has disrupted our market. We live in a global economy, and the pandemic fractured our supply chain. The chart below, the latest future prices for lumber, will display what a major disruption to the supply chain looks like. The good news, it also shows we are recovering.

Lumber Prices via NASDAQ



We've talked about supply and new construction, let's now turn to population numbers. In the past week the Decennial Census data was released. Decennial Census is considered the best benchmark for changes in population and households given its near 100% sample size. Maricopa County saw a 15.8 percent population growth from 2010 to 2020. According to the data, from 2010 to 2020, Maricopa County's population grew by 603,451 to 4,420,568 residents. Maricopa County grew at more than twice the rate of the rest of the nation which saw a 7.4% population growth.

Phoenix grew at a faster rate than any major city in the past decade, we are now the fifth largest city in the nation. The Phoenix population grew by 160,000 between 2010 and 2020, an increase of 11.2%. For cities with a population of at least 50,000, Buckeye and Goodyear were among the ten fastest growing with Buckeye grabbing the number one spot. Buckeye grew faster than any other city in the nation, growing nearly 80%. Its current population is now 91,000.

Ten Largest Cities in 2020 via United States Census



While Maricopa County saw a 11.2% gain in population it saw an 8.3% growth in total housing units. The nation saw a 7.4% population growth and a 6.7% growth in housing units.

Growth in Housing Units via United States Census

Housing Units					
	2020		2010		Change
	#	%	#	%	
Total Housing Units	3,082,000		2,844,526		8.3% ↑
Occupied	2,705,878	87.8%	2,380,990	83.7%	13.6% ↑
Vacant	376,122	12.2%	463,536	16.3%	-18.9% ↓

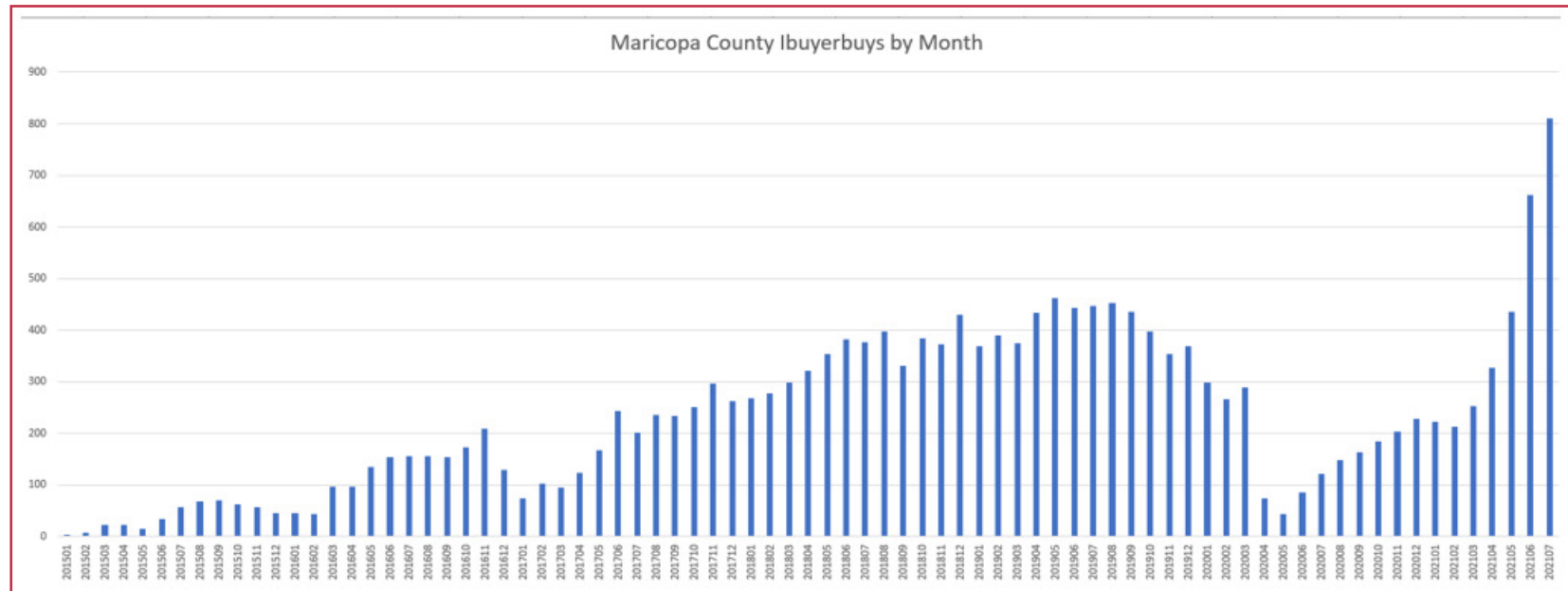
Total Population (2020)	Numeric Change in population (2010-2020)	Percent Change in Population (2010-2020)
331,449,281	22,703,743	7.4%
Housing Units (2020)	Housing Unit Vacancy Rate (2020)	Percent Change in Housing Units (2010-2020)
140,498,736	9.7%	6.7%

The numbers above were taken directly from census tract data. The census tract data mentions 140,498,736 national housing units. According to Ivy Zelman there were 126.8 million households representing an 8.7% increase from 2010. This marked the slowest decade of household formation in the country's history, decelerating from a 10.7% from 2010. Zelman reports household growth outpacing population growth for the 14th consecutive decade. While Zelman population numbers match the census data, she references households not housing units. By definition, a household includes all the persons who occupy a housing unit as their usual place of residence. A housing unit is a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied (or if vacant, is intended for occupancy) as separate living quarters. In conclusion I'd like to mention an emerging trend in Maricopa County as well as a recent announcement from Fannie Mae.

ibuyers

In the past three months we've seen an increased appetite in iBuyer activity. In July iBuyers purchased 810 homes accounting for 8.1% of all home purchases in Maricopa County.

Maricopa County iBuyer Buys by Months



Fannie Mae Opens the Door for Renters to Become Homeowners

[Fannie Mae](#) has announced a new feature in its [automated underwriting system \(AUS\)](#) to incorporate consumers’ rent payments in the mortgage credit evaluation process.

Beginning September 18, 2021, [Fannie Mae’s Desktop Underwriter \(DU\)](#) will enable single-family lenders—with permission from mortgage applicants—to automatically identify recurring rent payments in the applicant’s bank statement data to deliver a more inclusive credit assessment. For qualified renters who may have limited credit history, but a strong rent payment history, Fannie Mae’s DU enhancement creates new opportunities for homeownership, while promoting safe and sound lending.

“For many households, rent is the single largest monthly expense. There is absolutely no reason timely payment of monthly housing expenses shouldn’t be included in underwriting calculations,” said Federal Housing Finance Agency (FHFA) Acting Director Sandra L. Thompson. “With this update, Fannie Mae is taking another step toward understanding how rental payments can more broadly be included in a credit assessment, providing an additional opportunity for renters to achieve the dream of sustainable homeownership.”

ARMLS PENDING PRICE INDEX (PPI)

Last month STAT’s mathematical model projected a median sales price for July of \$400,000, below July’s reported median of \$405,000. Looking ahead to August, the ARMLS Pending Price Index is projecting a median sales price of \$400,000. When August’s median sales price is reported we are projecting a year over year gain of 23.07%.

We began July with 6,625 pending contracts, 3,733 UCB listings and 314 CCBS giving us a total of 10,712 residential listings practically under contract. This compares to 12,475 of the same type of listings one year ago. At the beginning of August, the “pending” contracts are 14.3 % lower than last year. There were 21 business days in August of 2020 and 22 this year. ARMLS reported 8,878 sales in August of 2020. The highest sales volume ever in July occurred in 2005 when ARMLS reported 10,031 home sales. I am expecting sales volume this August to be around 8,350.