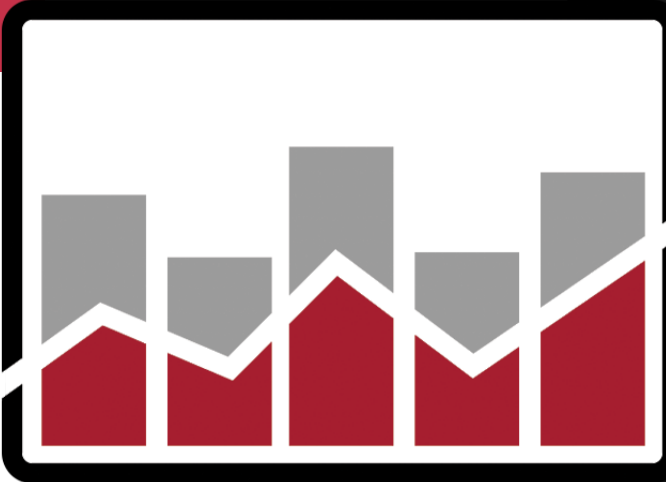


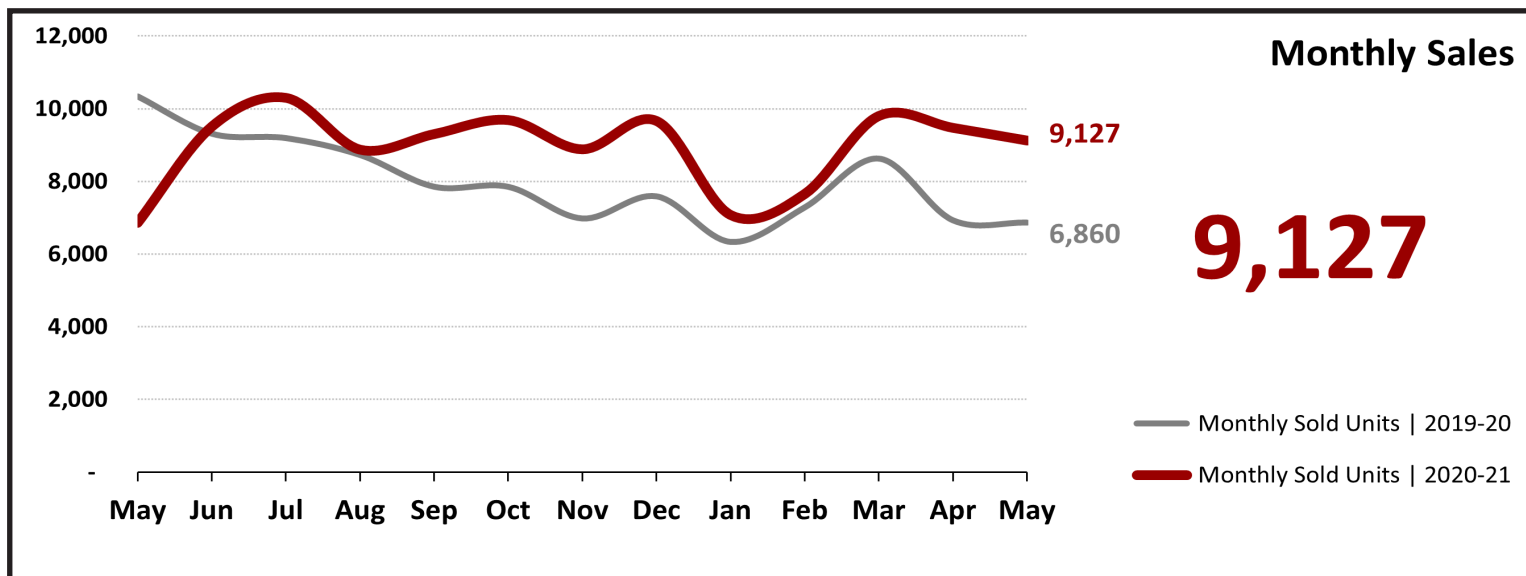
STAT

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



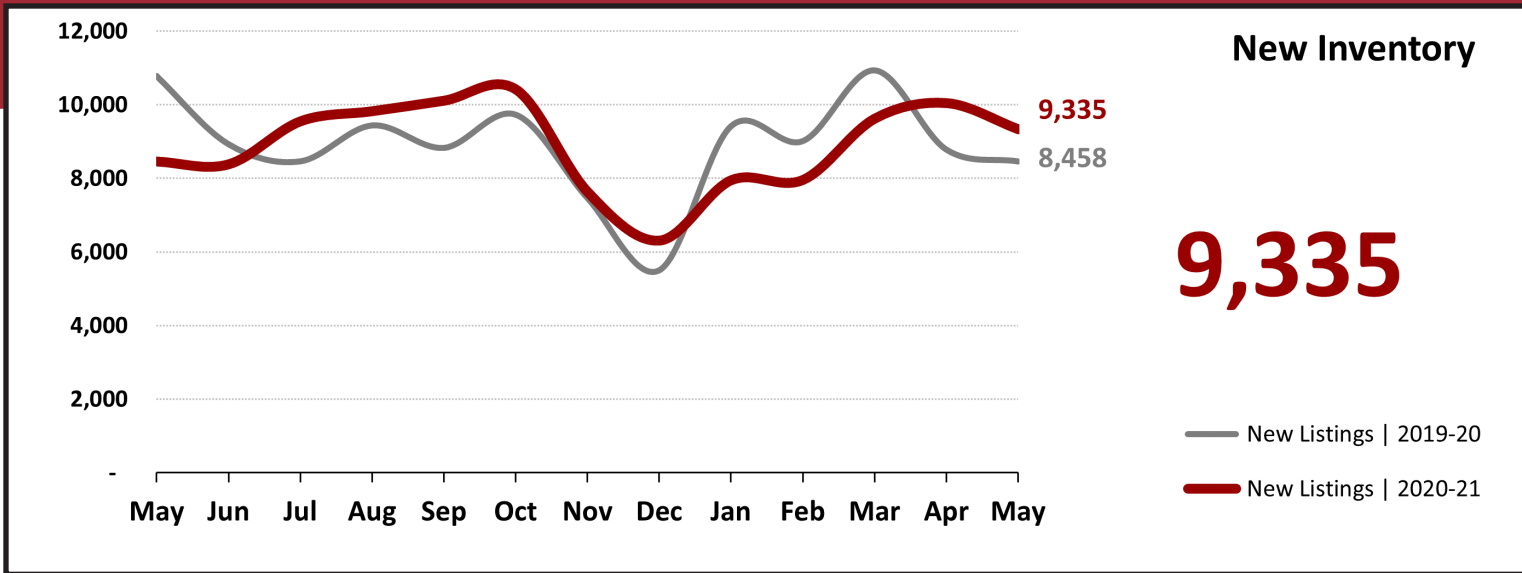
DATA FOR **MAY 2021**

Published June 16, 2021



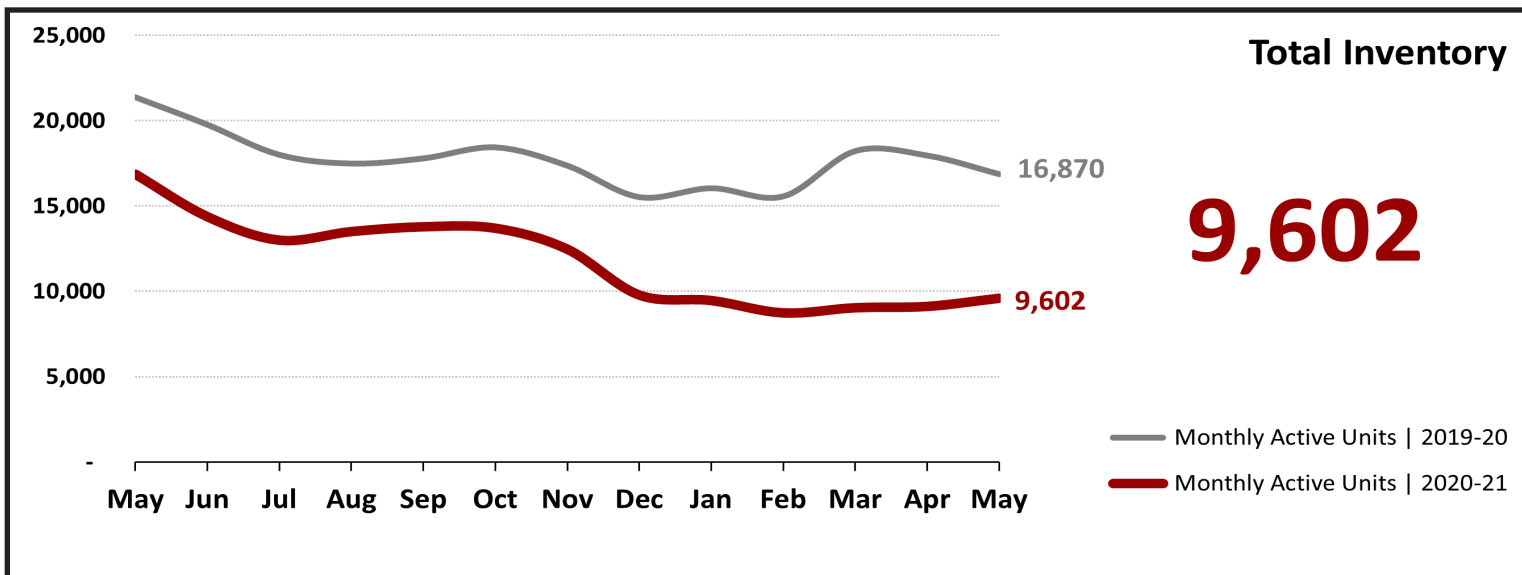
Sales are down **-3.7%** month-over-month. The year-over-year comparison is up **+33.0%**.

Closed MLS sales with a close of escrow date from 5/1/21 to 5/31/21, 0 day DOM sales removed



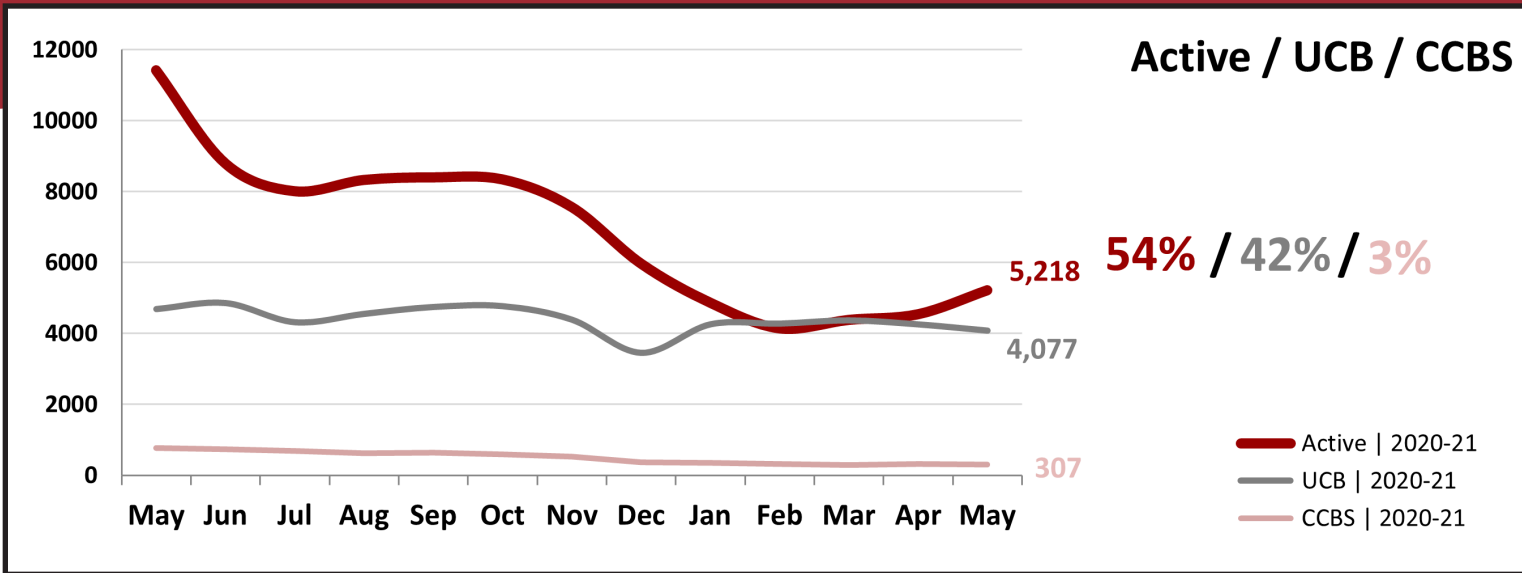
New MLS listings that were active for at least one day from 5/1/21 to 5/31/21, 0 day DOM sales removed

New inventory is down **-7.1%** month-over-month while the year-over-year comparison increased by **+10.4%**.



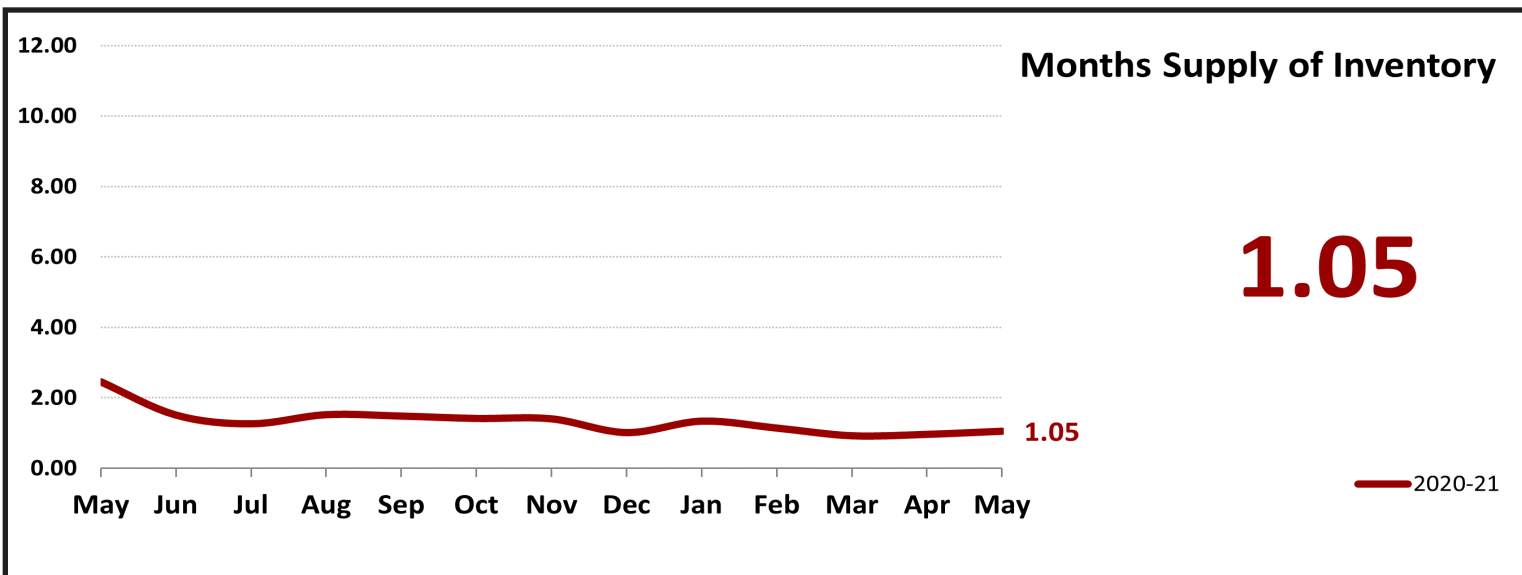
Snapshot of statuses on 5/31/21

Total inventory has a month-over-month increase of **+5.3%** while year-over-year reflects a decrease of **-43.1%**.



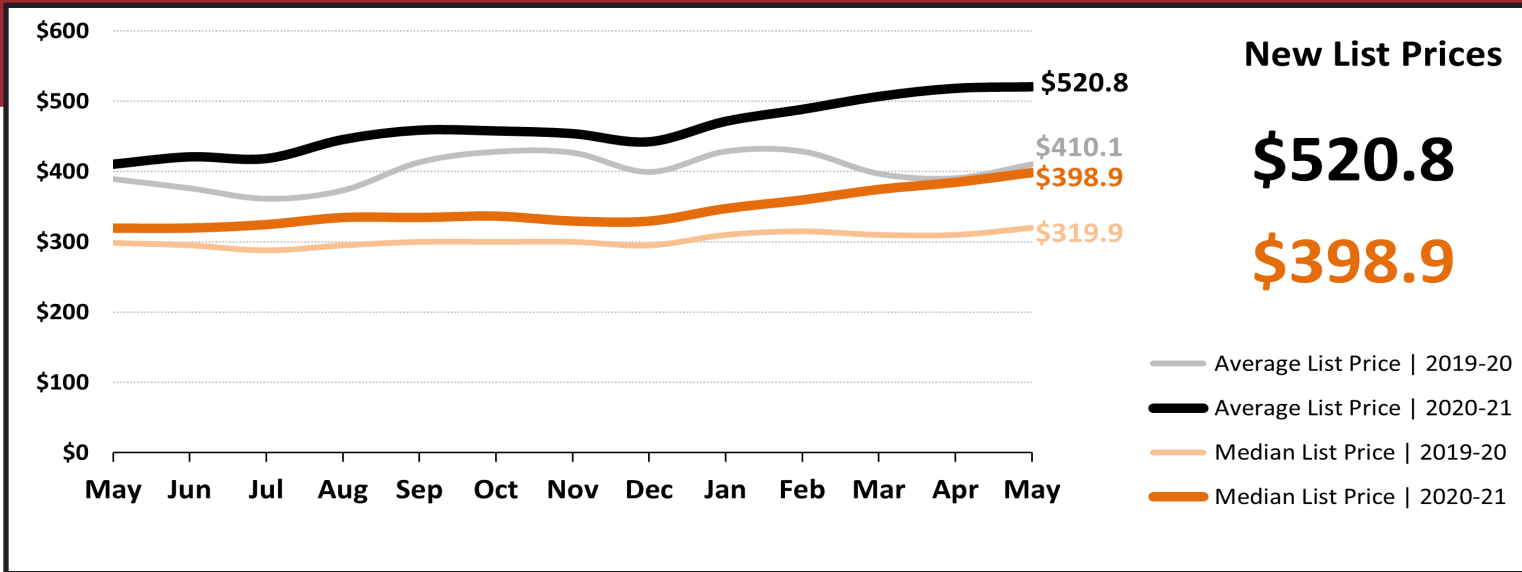
Snapshot of statuses on 5/31/21

May UCB listings percent of total inventory was **42.5%** with May CCBS listings at **3.2%** of total inventory.



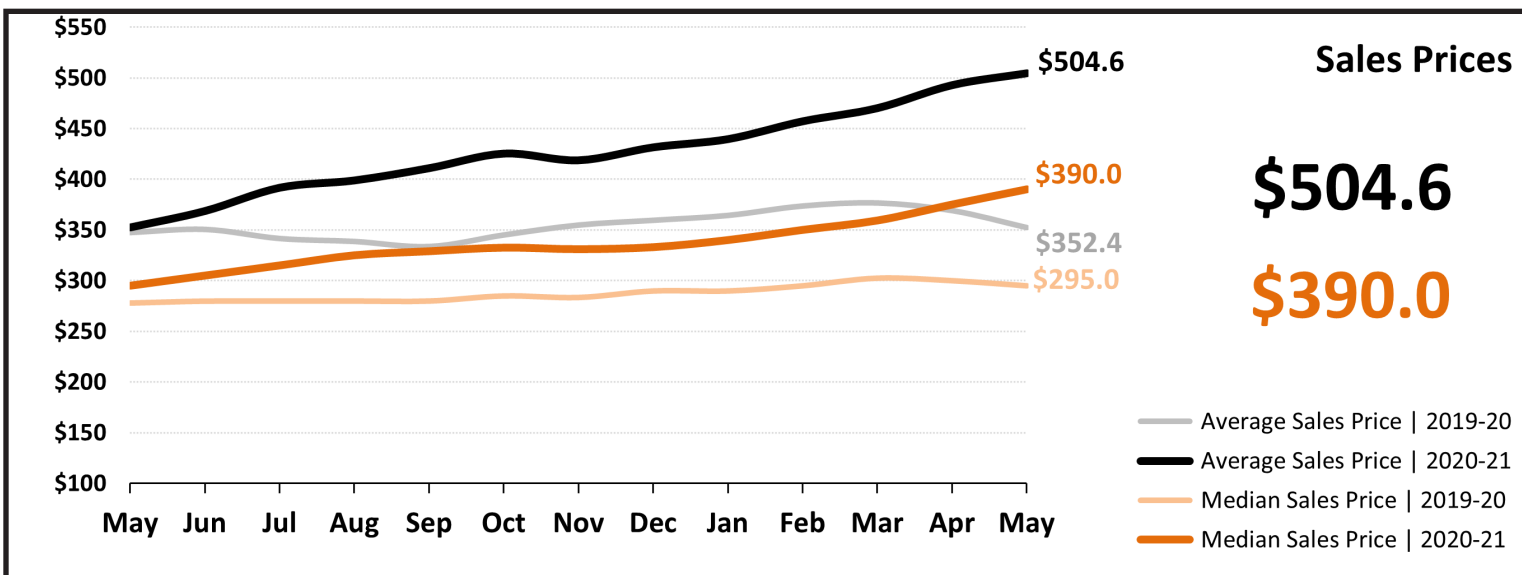
Current inventory of Active/UCB/CCBS divided by the monthly sales volume of MAY 2021, 0 day DOM sales removed

Months supply of inventory for April was **0.96** with May at **1.05**.



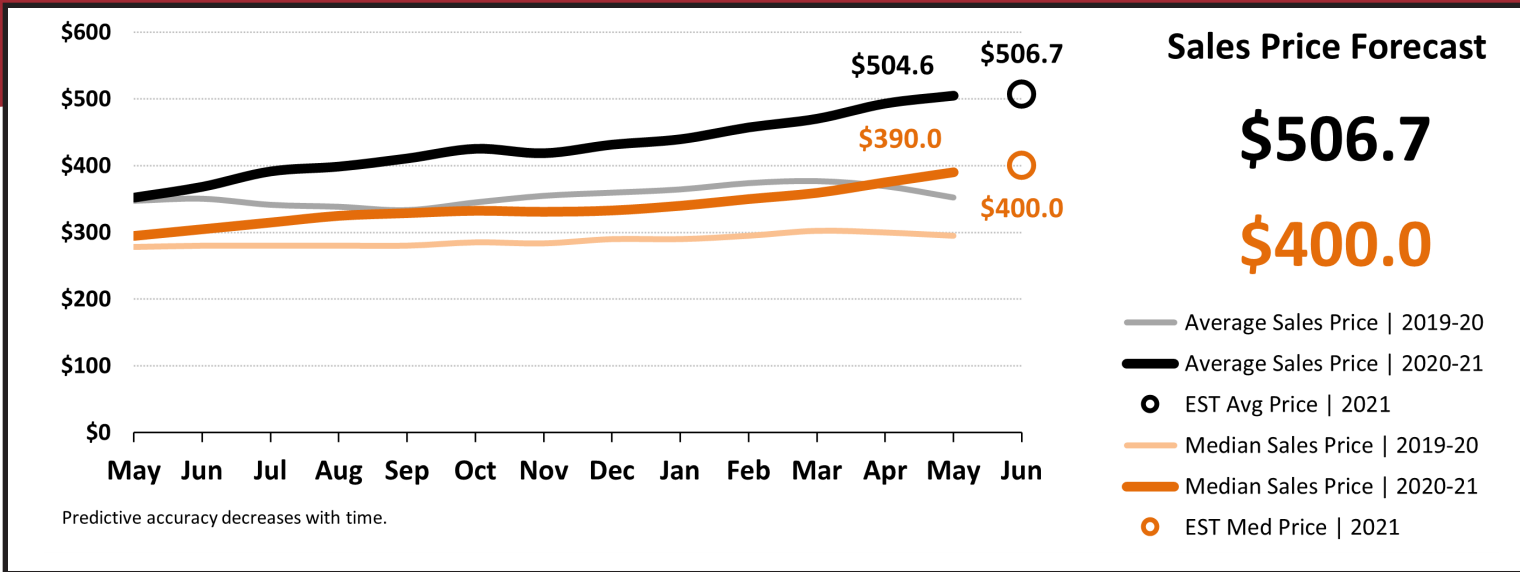
List prices of new listings with list dates from 5/1/21 to 5/31/21, 0 day DOM sales removed

Average new list prices are up **+27.0%** year-over-year. The year-over-year median is up **+24.7%**.



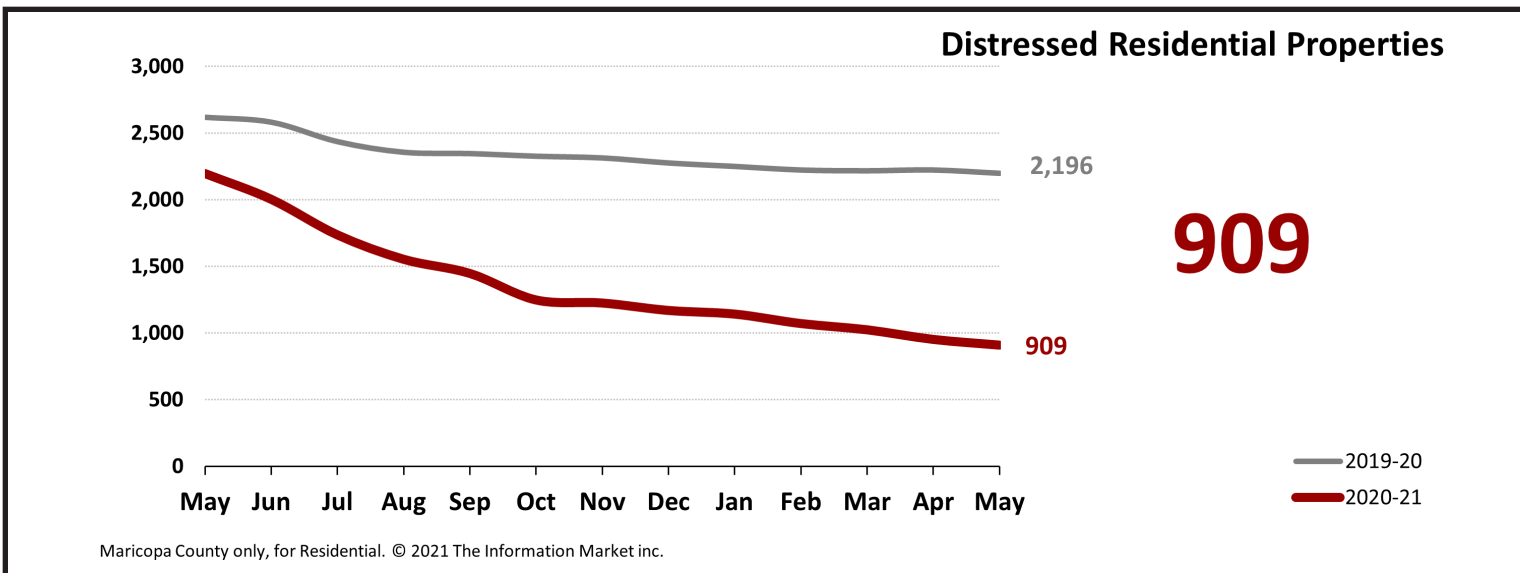
MLS sales prices for closed listings with a close of escrow date from 5/1/21 to 5/31/21, 0 day DOM sales removed

The average sales price is up **+43.2%** year-over-year while the year-over-year median sales price is also up **+32.2%**.



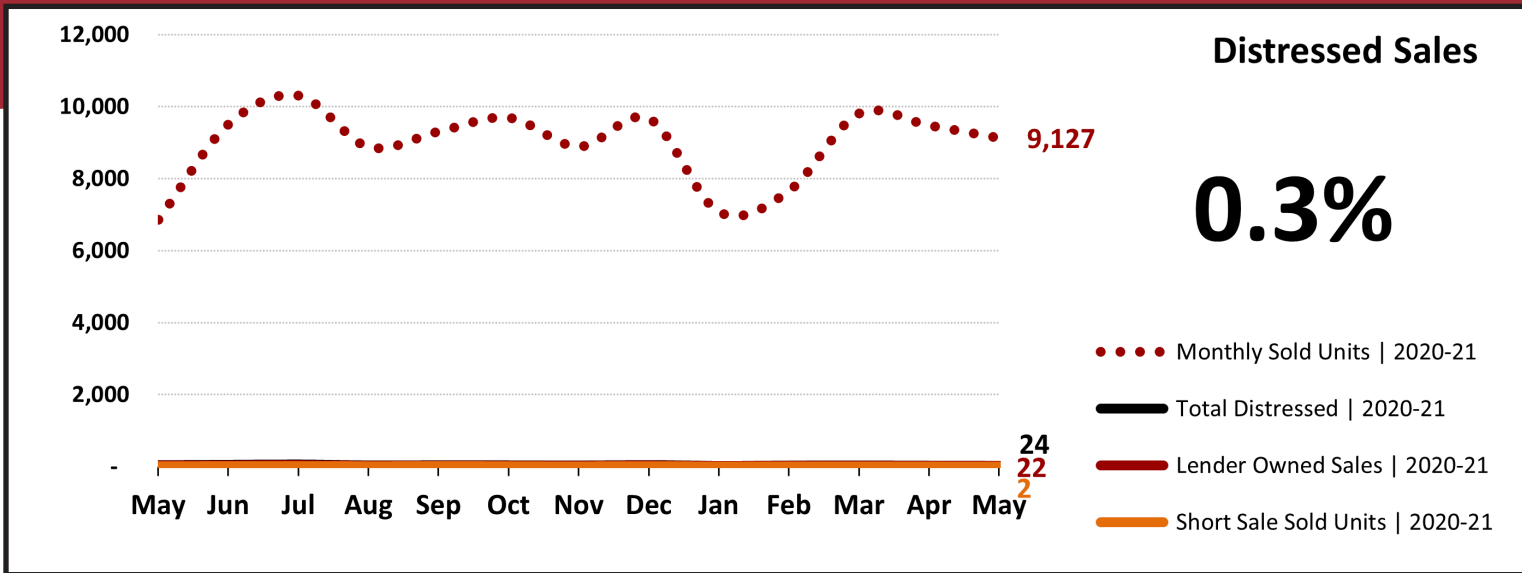
ARMLS proprietary predictive model forecast, 0 day DOM sales removed

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



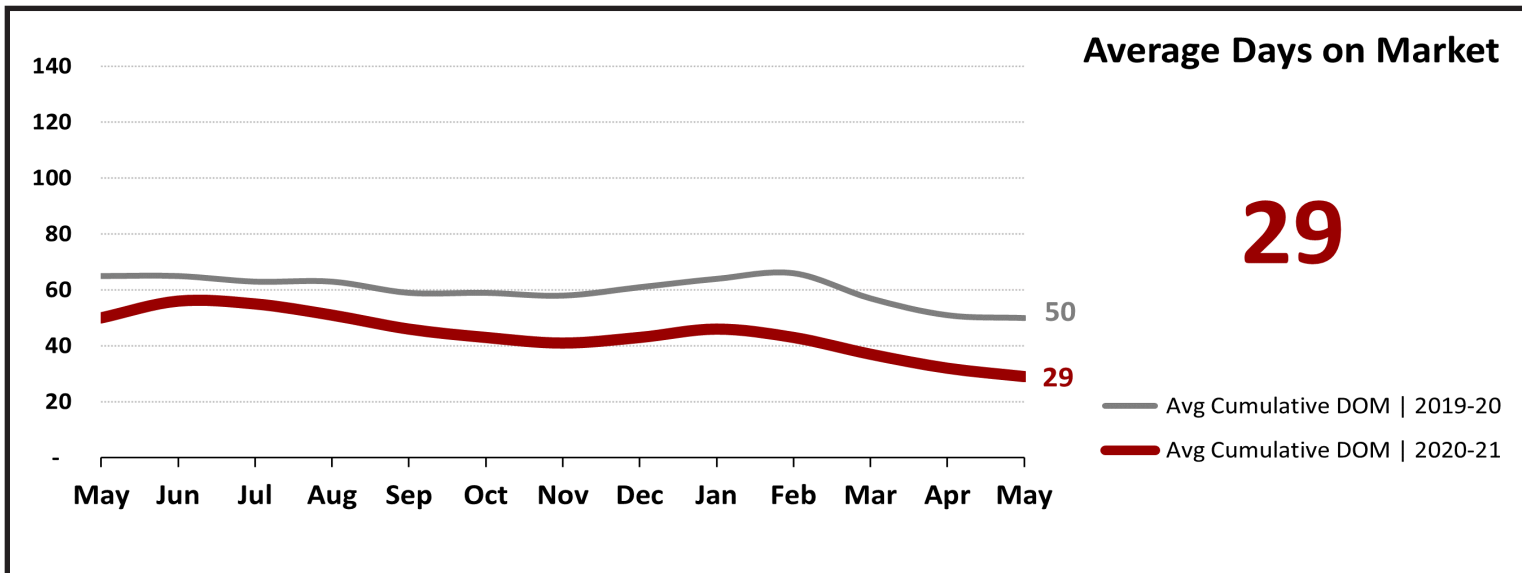
Snapshot of public records data on 5/31/21 active residential notices and residential REO properties.

Foreclosures pending month-over-month showed a decrease of **-4.5%** while the year-over-year figure was down **-58.6%**.



Distressed sales accounted for **0.3%** of total sales, the same as the previous month. Short sales went down **-77.8%** year-over-year. Lender-owned sales dropped **-35.3%** year-over-year.

New MLS listings that were active for at least one day from 5/1/21 to 5/31/21, 0 day DOM sales removed



Days on market were down **-21** days year-over-year while month-over-month went down **-3** days.

MLS sales prices for closed listings with a close of escrow date from 5/1/21 to 5/31/21, 0 day DOM sales removed

Our market is what it is. The May numbers showed little relief for home buyers and their agents. If I were a clinical psychologist, I might consider expanding my practice to exclusively buyer agents. I know as a housing analyst our current conditions have me talking to myself as I search for answers. Our public records data give us insights as to who is buying and their market shares. There are a lot of metrics we can track (like interest rates, supply vs demand, new construction and foreclosure activity) that help us identify who is buying and who is selling. But the question I think we need to ask is who is not selling? I have ideas on how we might answer this question, but at present, I have no supportive data, only conjecture. In September we will receive updated census data which should offer additional insights, but in the meantime, our market is what it is.

Market Update

Key metrics for May show more of the same: restricted supply, homes selling quickly and rapidly rising prices. It should be noted the year-over-year sales volume was impacted by the market's initial reaction to COVID in 2020. These numbers are pulled from RapidStats and may differ slightly from STAT.

- Months of supply - 0.49
- Median days on market - 18
- Sales volume - up 33%
- Average price - up 43.2%
- Median price - up 32.2%
- Gross dollar sales - 20.5 billion

Gross Dollar Volume via ARMLS

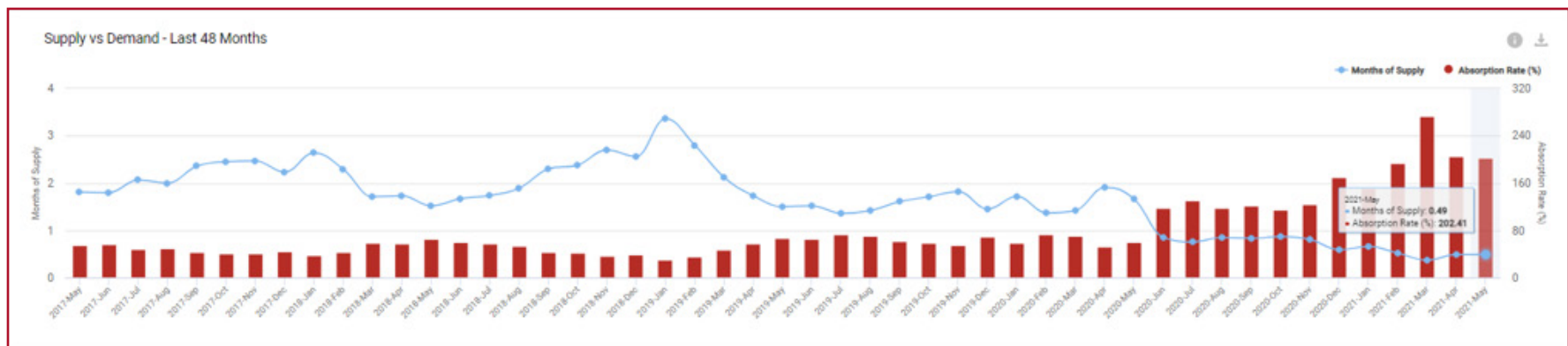
Year	January	February	March	April	May	Total:	Rank:
2001	636,030,000	782,147,300	1,003,333,600	1,005,025,900	1,081,460,800	4,507,997,600	21
2002	739,345,600	749,390,600	1,015,710,400	1,103,580,000	1,242,645,600	4,850,672,200	20
2003	876,792,000	1,020,050,100	1,235,041,500	1,397,260,800	1,485,385,200	6,014,529,600	18
2004	1,054,819,800	1,263,984,000	1,858,100,000	1,873,144,800	1,939,085,000	7,989,133,600	12
2005	1,694,476,000	1,938,247,100	2,709,473,100	2,692,800,000	2,967,989,000	12,002,985,200	5
2006	1,774,115,400	1,976,612,000	2,478,08,200	2,237,221,800	2,614,199,600	11,080,657,000	7
2007	1,502,793,600	1,650,518,200	2,071,941,000	1,847,583,000	2,030,568,000	9,103,403,800	10
2008	912,620,800	1,010,608,800	1,259,136,900	1,354,410,400	1,523,726,400	6,060,503,300	17
2009	855,115,376	944,032,151	1,214,734,880	1,367,508,084	1,517,804,024	5,899,194,515	19
2010	1,017,185,190	1,146,498,780	1,598,150,234	1,586,418,561	1,607,827,164	6,956,079,929	15
2011	1,026,793,098	1,113,664,985	1,567,407,534	1,505,062,307	1,557,473,020	6,770,400,944	16
2012	1,081,057,580	1,207,871,874	1,674,524,083	1,596,003,220	1,728,195,588	7,287,652,345	14
2013	1,214,217,176	1,438,378,500	1,819,022,472	1,994,450,082	2,243,909,108	8,709,977,338	11
2014	1,164,366,216	1,326,881,178	1,691,980,180	1,919,077,335	1,842,019,565	7,944,324,474	13
2015	1,219,848,240	1,501,082,020	2,026,318,400	2,221,187,490	2,235,257,067	9,203,693,217	9
2016	1,386,160,174	1,554,632,712	2,252,287,764	2,252,727,106	2,447,013,744	9,892,821,500	8
2017	1,668,131,788	1,836,735,615	2,633,156,600	2,531,633,244	2,895,066,97	11,564,724,214	6
2018	1,917,861,388	2,128,816,063	2,974,463,730	2,894,348,480	3,281,341,782	13,196,831,443	4
2019	1,746,890,915	2,094,275,339	2,827,447,840	3,226,528,305	3,593,145,906	13,488,288,305	2
2020	2,306,144,680	2,719,900,256	2,248,991,526	2,556,446,850	2,417,731,540	13,249,214,852	3
2021	3,110,751,120	3,501,993,501	4,610,467,408	4,670,985,728	4,605,082,612	20,449,280,369	1

As shown in the chart above, ARMLS reported nearly 20.5 billion in gross dollar volume. The 2021 accumulative total for the first 5 months shattered the previous record for the same period set in 2019, with the 2021 total 52% higher. Listing agents are having a year like none other. Our projections for June suggest that we'll see 25 billion dollars in sales.

Little Relief for Buyers

We mentioned earlier that May provided little relief for homebuyers as shown in the RapidStats graph below. The term absorption rate refers to a metric in real estate to evaluate the rate at which available homes are sold in a specific market during a specific time. For our purposes that's one month. It is calculated by dividing the number of homes sold in the month by the total number of homes available for sale. Our absorption rate in April was 205.03, in May 202.41. By traditional real estate standards, an absorption rate of 20 is considered a sellers' market.

Supply vs Demand via RapidStats



A New Anomaly

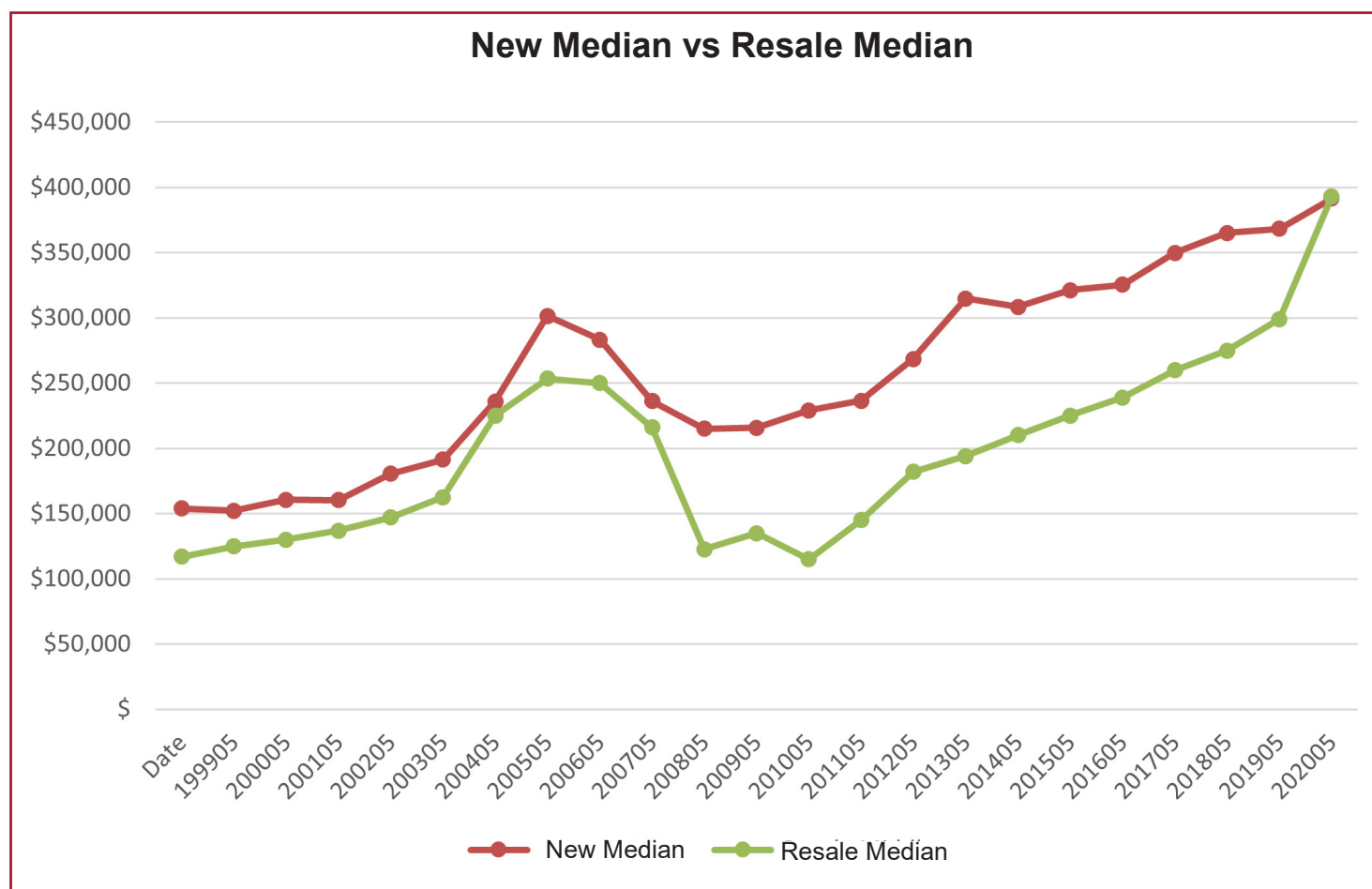
The median sales price reported in STAT is from ARMLS sold data. We also track public records data, which includes all sales sold on the MLS plus sales that were sold off the MLS. In Maricopa County, as reported by public records, the median sale price for a resale home rose above the median sale price for a new build for the first time in May. The chart and graphs below highlight this movement. The first chart shows data for the first five months of 2021. We have seen incredibly strong monthly increases in the median sales price with monthly gains of 2.09%, 2.92%, 2.27%, 4.17% and 4.80%. Approximately 2 years ago the new home builders pivoted to an entry-level option to meet entry-level demand. It takes about 2 to 3 years from the time the decision is made to the homes becoming move-in ready. The entry-level homes are being built on the fringes. Homebuilders traditionally sell the home at the time the building permit is taken out. Currently the lag time from the sales contract to the completion and the recorded sale of the home is 8 to 10 months. Due to current market conditions, it would not be surprising if builders began moving away from their traditional model.

New Build vs Resale Value via Public Records

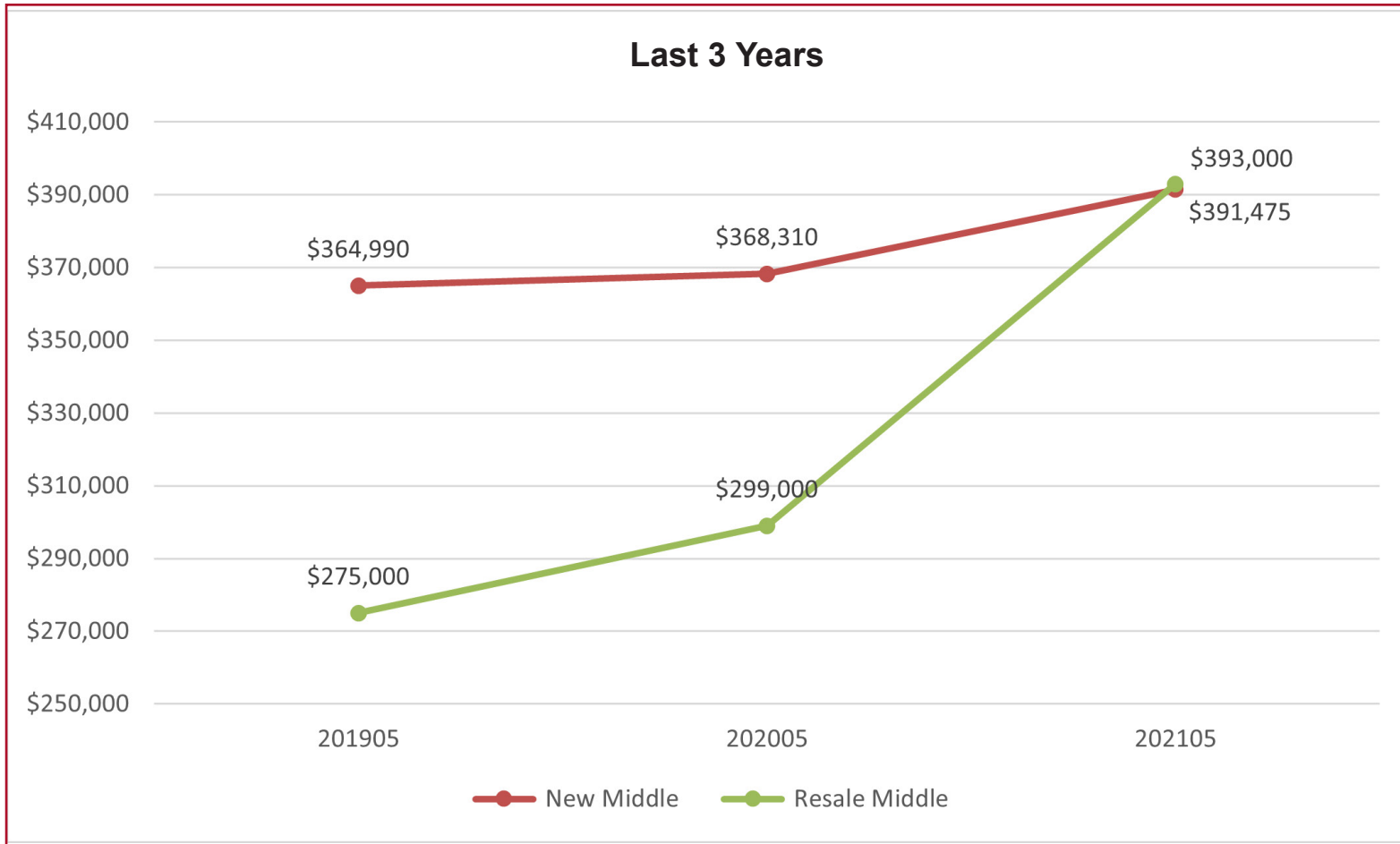
All	New Median							Resale Median						
	Date	New Count	Low Qtr	Low Qtr Prev MonthΔ	Middle	Middle Prev MonthΔ	High Qtr	High Qtr Prev MonthΔ	Resale Count	Low Qtr	Low Qtr Prev MonthΔ	Middle	Middle Prev MonthΔ	High Qtr
202101	1,229	\$ 318,364	-0.30%	\$ 382,170	0.47%	\$ 497,471	-0.50%	7,166	\$ 267,000	1.91%	\$ 342,000	2.09%	\$ 475,000	2.81%
202102	1,479	\$ 316,690	-0.53%	\$ 379,900	-0.59%	\$ 491,537	-1.19%	7,863	\$ 271,119	1.54%	\$ 352,000	2.92%	\$ 495,000	4.21%
202103	1,753	\$ 322,120	1.71%	\$ 391,640	3.09%	\$ 514,869	4.75%	10,279	\$ 280,000	3.28%	\$ 360,000	2.27%	\$ 500,000	1.01%
202104	1,516	\$ 325,271	0.98%	\$ 395,452	0.97%	\$ 525,000	1.97%	10,468	\$ 292,250	4.38%	\$ 375,000	4.17%	\$ 523,750	4.75%
202105	1,832	\$ 328,014	0.84%	\$ 391,475	-1.01%	\$ 500,085	-4.75%	9,703	\$ 306,000	4.70%	\$ 393,000	4.80%	\$ 545,000	4.06%

The first graph below displays the median sale prices, as reported by public record, from May for the last 23 years. Historically there has been a gap between the median priced new build and the median priced resale home. The second chart shows just how quickly that gap closed in the last year.

Median Sales Price via Public Records



Median Sales Price via Public Records (Last 3 Years)



A Look at Buyers

We have all heard conversations about California buyers, cash buyers, iBuyer and institutional buyers and their perceived impact on our market. In Arizona, per ARS 11-1134, an Affidavit of Property Value is required for all nonexempt title transfers. In other words, an affidavit of value is required on all arm's length sales. If completed accurately, the affidavit of value gives us the following insights: the buyer's prior address, their intended use for the property and whether they financed their purchase or paid cash.

<p>3. (a) BUYER'S NAME AND ADDRESS:</p> <hr/> <hr/> <hr/> <hr/> <hr/>	<p>7. RESIDENTIAL BUYER'S USE: If you checked b, c, d or h in item 6 above, please check one of the following:</p> <p>a. <input checked="" type="checkbox"/> To be used as a primary residence.</p> <p>b. <input type="checkbox"/> To be rented to someone other than a "qualified family member."</p> <p>c. <input type="checkbox"/> To be used as a non-primary or secondary residence.</p>										
<p>13. METHOD OF FINANCING:</p> <table border="0"><tr><td>a. <input type="checkbox"/> Cash (100% of Sale Price)</td><td>e. <input type="checkbox"/> New loan(s) from financial Institution:</td></tr><tr><td>b. <input type="checkbox"/> Barter or trade</td><td>(1) <input type="checkbox"/> Conventional</td></tr><tr><td>c. <input type="checkbox"/> Assumption of existing loan(s)</td><td>(2) <input type="checkbox"/> VA</td></tr><tr><td>d. <input type="checkbox"/> Seller Loan (Carryback)</td><td>(3) <input type="checkbox"/> FHA</td></tr><tr><td></td><td>f. <input type="checkbox"/> Other financing; Specify:</td></tr></table>		a. <input type="checkbox"/> Cash (100% of Sale Price)	e. <input type="checkbox"/> New loan(s) from financial Institution:	b. <input type="checkbox"/> Barter or trade	(1) <input type="checkbox"/> Conventional	c. <input type="checkbox"/> Assumption of existing loan(s)	(2) <input type="checkbox"/> VA	d. <input type="checkbox"/> Seller Loan (Carryback)	(3) <input type="checkbox"/> FHA		f. <input type="checkbox"/> Other financing; Specify:
a. <input type="checkbox"/> Cash (100% of Sale Price)	e. <input type="checkbox"/> New loan(s) from financial Institution:										
b. <input type="checkbox"/> Barter or trade	(1) <input type="checkbox"/> Conventional										
c. <input type="checkbox"/> Assumption of existing loan(s)	(2) <input type="checkbox"/> VA										
d. <input type="checkbox"/> Seller Loan (Carryback)	(3) <input type="checkbox"/> FHA										
	f. <input type="checkbox"/> Other financing; Specify:										

I know you will find this hard to believe, but sometimes in filling out nonconsequential real estate documents some people will play games, some will make mistakes and some will not be entirely sure how to fill out the form. For the purposes of this analysis, we will assume that most of the affidavits are reporting correctly. The chart below is a composite of the May affidavits of value as reported in Maricopa County. I have broken out CA, WA, CO and IL data separately (the top four states where buyers are moving from), each having at least a 1% market share.

I should note, the market share column in each category reports the percentage of all home sales in Maricopa County as reported in the public record (11,730). The baseline (10,710) removes iBuyer and Institutional buyers. The chart provides the following highlights:

- Cash buyers account for 20.96% of homes purchased
- Out of state buyers are more likely to buy with cash
- CA buyers accounted for 6.06% of homes purchased in May
- The median sales price for in-state buyers is \$380,000
- The median sales price for out-of-state buyers is \$455,000
- The median sales price for buyers from CA is lower than WA, CO and IL
- 79.33% of in-state buyers report as owner occupied
- 33.90% of out-of-state buyers reported their purchase as a second home
- 15.30% of buyers intend to make their purchase a rental
- 27.00% of CA buyers intend to make their purchase a rental
- Over 45% of IL and WA buyers list their purchase as a second home

Affidavits of Value via Maricopa County

STATE	May_buys	Market_share	Median	All Cash	Intended_use_a	Intended_use_b	Cash	Owner_occ	Rental	2nd_home
CA	711	0.0606	420,000	211	383	192	0.2968	0.5387	0.2700	0.1913
WA	358	0.0305	500,000	110	152	41	0.3073	0.4246	0.1145	0.4609
CO	182	0.0155	487,000	73	83	30	0.4011	0.4560	0.1648	0.3791
IL	159	0.0136	485,000	45	72	15	0.2830	0.4528	0.0943	0.4591
All Out of State	2,510	0.2140	455,000	857	1,250	409	0.3414	0.4980	0.1629	0.3390
In State	8,200	0.6991	380,000	1,388	6,505	1,230	0.1693	0.7933	0.1500	0.0567
Baseline	10,710	0.9130	395,000	2,245	7,754	1,639	0.2096	0.7240	0.1530	0.1229

It is too early to gauge, but a new trend may emerge in relation to out-of-state buyers. With CA and CO being two of the top four states where buyers are moving from, Lakers and Nuggets fans may be looking for a better home.

iBuyers and Institutional Buyers

We currently have four iBuyers active in Maricopa County: Opendoor, Offerpad, Zillow and Redfin. The iBuyers have a buy and sell philosophy while the Institutional buyers have a buy, hold and rent strategy. In May iBuyers accounted for 3.72% of all purchases in Maricopa County while the Institutional buyers had a market share of 4.98%.

iBuyers and Institutional Buyers via Public Records

Buyer	May_buys	Market_share	Median	Lowest Price	Highest Price
iBuyers	436	0.0372	396,900	129,000	1,008,000
Institutional Buyers	548	0.0498	355,000	200,000	478,000

In Conclusion

In May in Maricopa County, newly built homes (1840) accounted for 15.6% of all homes sold, and out-of-state buyers (2510) accounted for 21.40% of all homes purchased. If these numbers are accurate, then home builders are not even able to meet the demand from out-of-state buyers. In May there were only 18 residential foreclosures. We cannot expect any new inventory from foreclosures anytime soon. Institutional investors acquired nearly 5% of homes sold in May, and they are not selling. When they do sell, they tend to sell in bulk but to another institutional buyer. As federal forbearance restrictions are lifted, we might see an increase in listings, however, this potential increase in inventory is still unknown. In my introduction I asked the question “Who is not selling?” My suspicions lie in the baby boomer generation who reportedly own 54% of the nation’s homes. My guess is they are waiting to sell. In Maricopa County baby boomers might well be a double-edge sword. The peak years for baby boomers was 1957 to 1961, making them 60 to 64 years old. The boomers living here are waiting to sell and boomers in other parts of the country might well want to own a second home here or retire here.

Pending Price Index

Last month the STAT mathematical model projected a median sales price for May of \$386,500, which slightly underestimated the May reported median of \$390,000. Looking ahead to June, the ARMLS Pending Price Index is projecting a median sales price of \$400,000. When the June median sales price is reported we are projecting a year-over-year gain of 31.15%.

We began June with 6,766 pending contracts, 4,077 UCB listings and 307 CCBS giving us a total of 11,150 residential listings practically under contract. This compares to 12,577 of the same type of listings one year ago. At the beginning of June, the pending contracts were 11.3% lower than last year. There were 22 business days in June of 2020 and 22 this year. ARMLS reported 9,508 sales in June of 2020. The highest sales volume ever in June occurred in 2011 when ARMLS reported 10,345 home sales. I am expecting sales volume this June to be around 9,500.