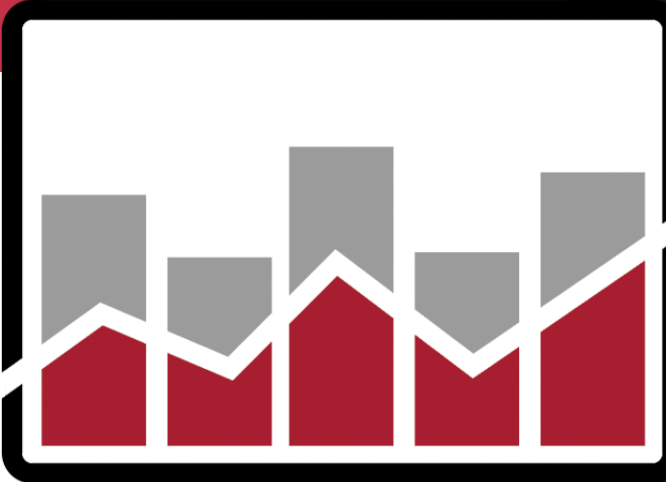


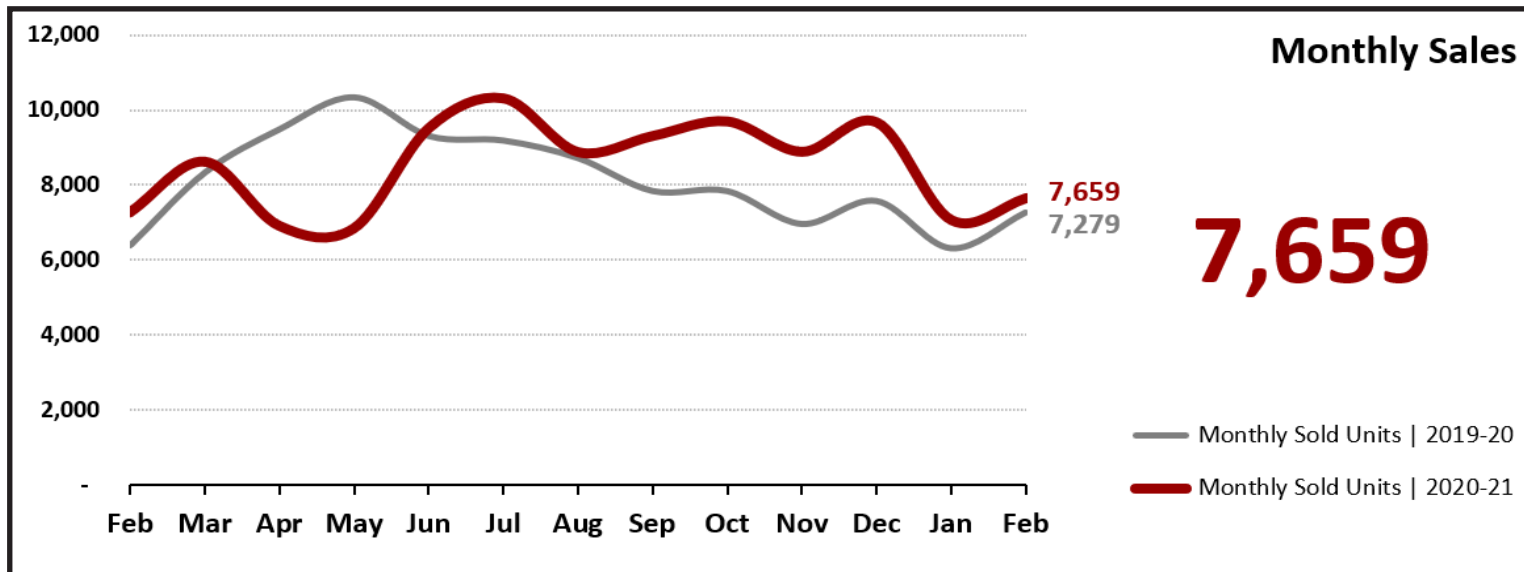
STAT

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



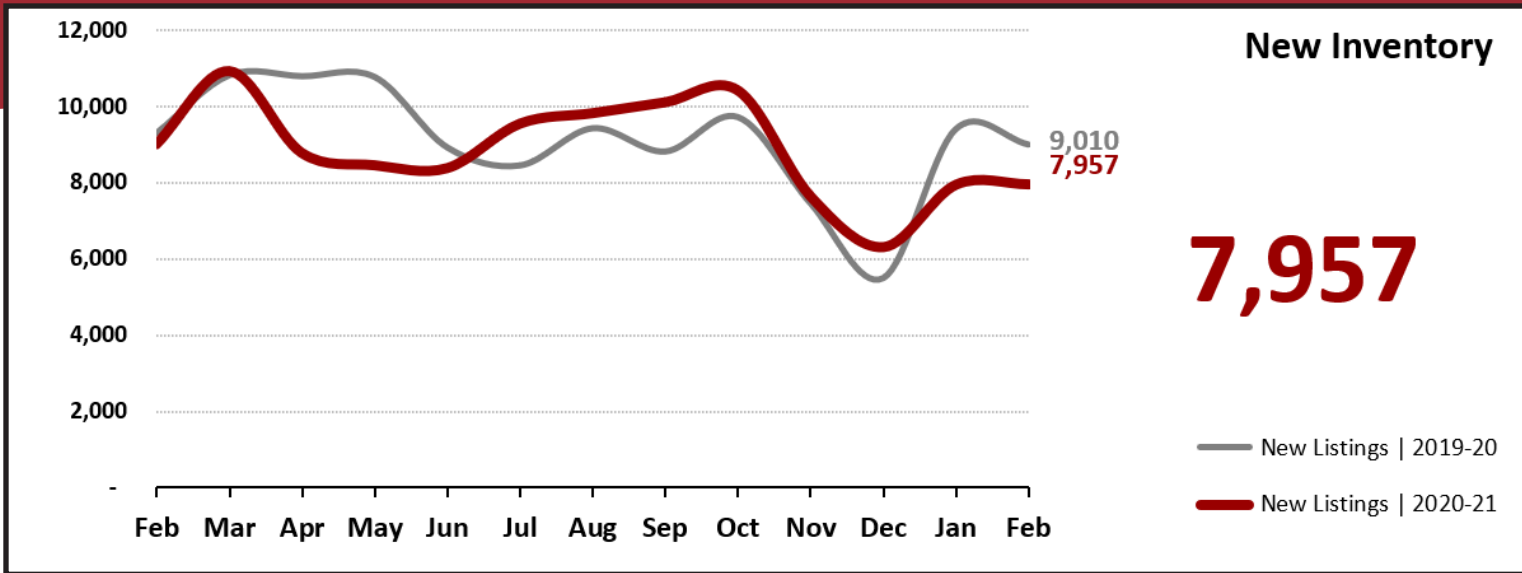
DATA FOR **FEBRUARY 2021**

Published March 16, 2021



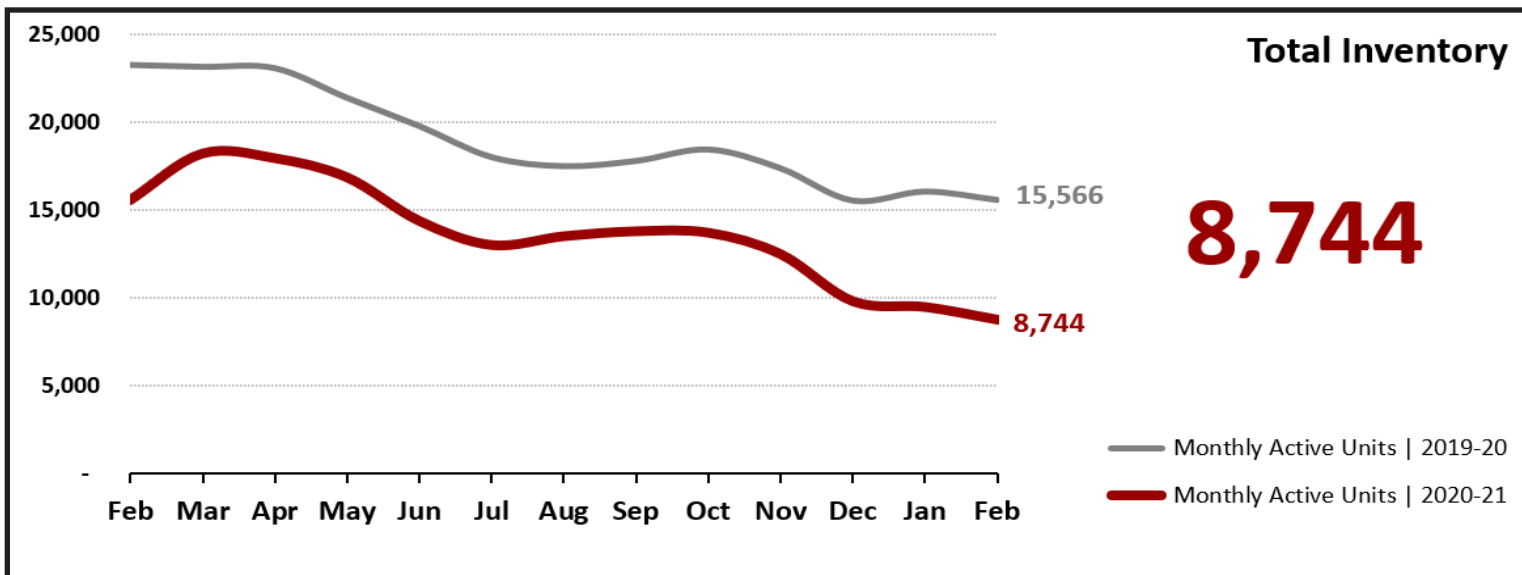
Sales are up **+8.2%** month-over-month. The year-over-year comparison is up **+5.2%**.

Closed MLS sales with a close of escrow date from 2/1/21 to 2/28/21, 0 day DOM sales removed



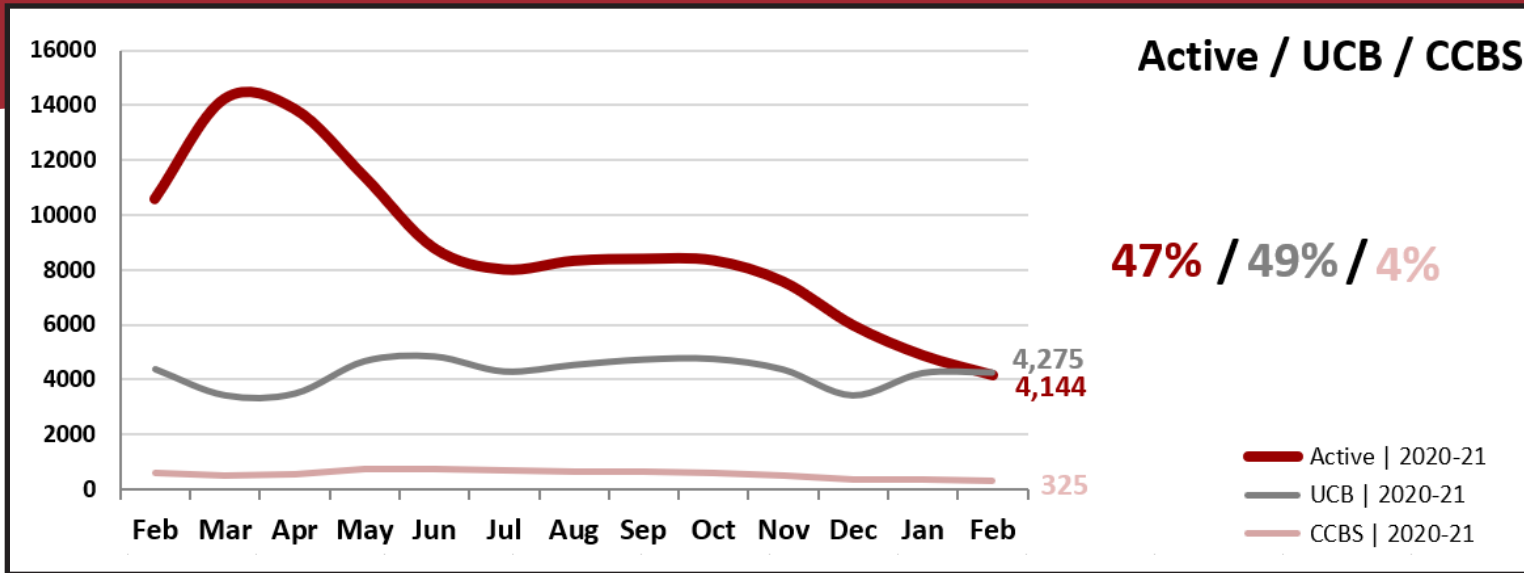
New MLS listings that were active for at least one day from 2/1/21 to 2/28/21, 0 day DOM sales removed

New inventory is up **+0.1%** month-over-month while the year-over-year comparison decreased by **-11.7%**.



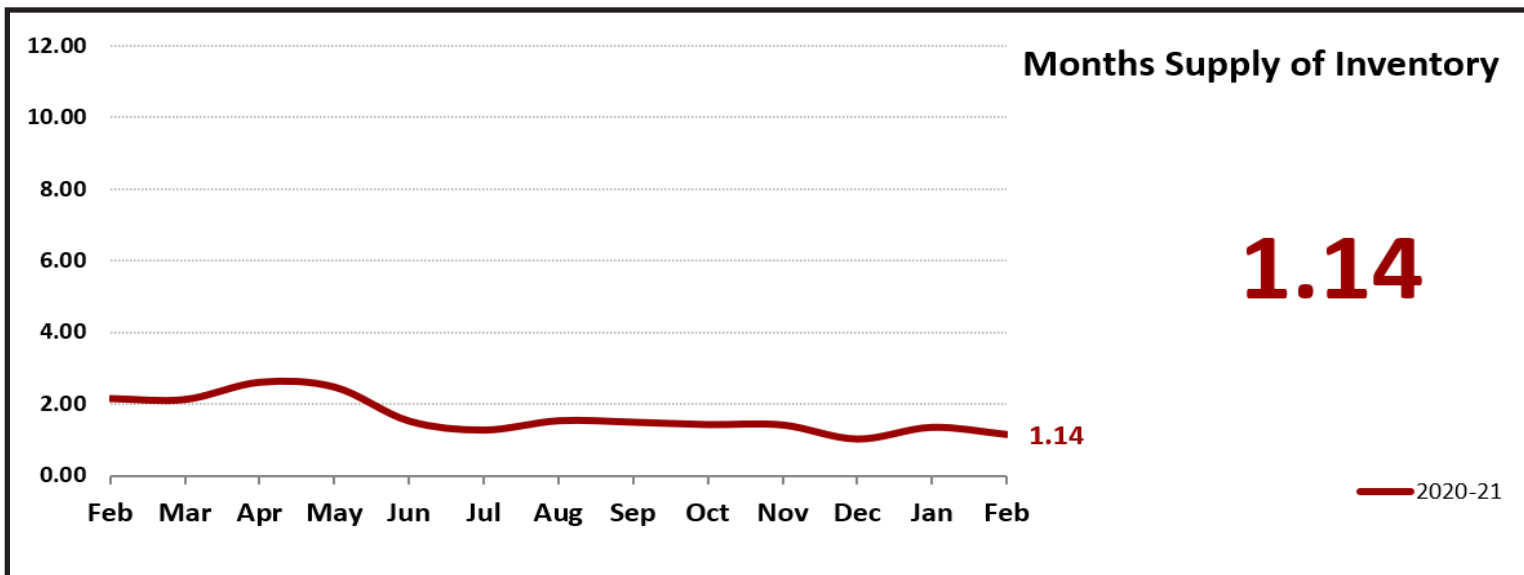
Snapshot of statuses on 2/28/21

Total inventory has a month-over-month decrease of **-7.7%** while year-over-year reflects a decrease of **-43.8%**.



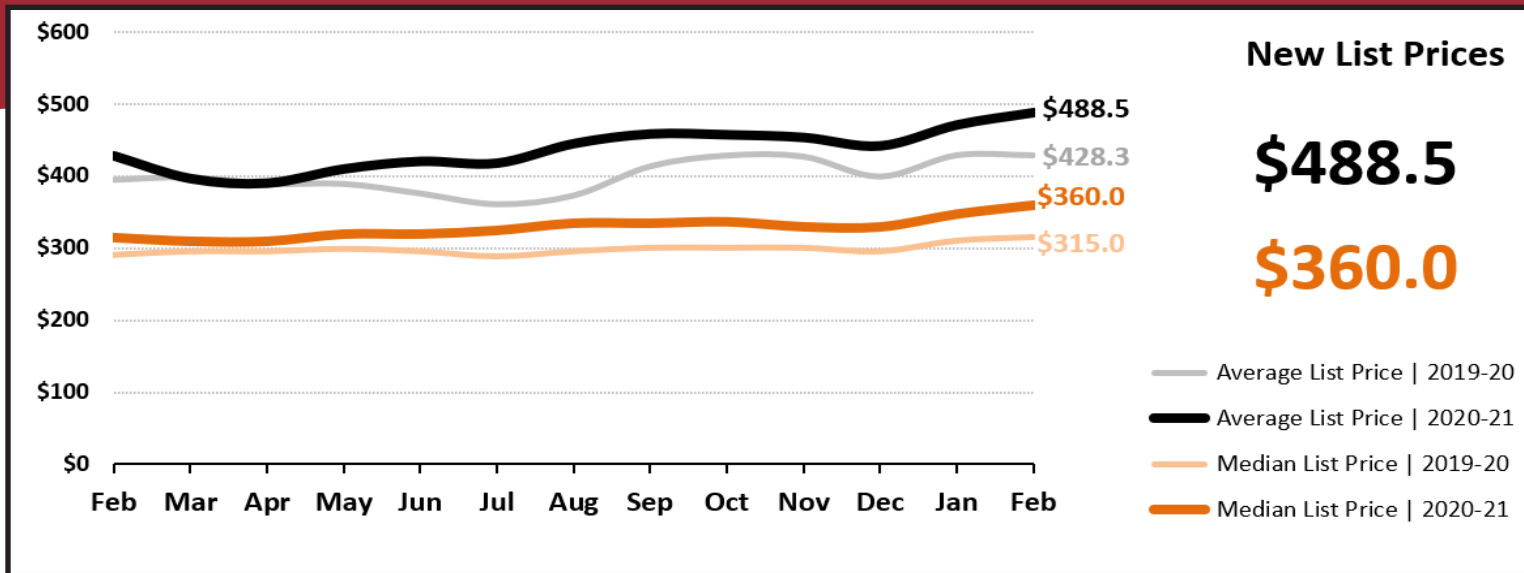
February UCB listings percent of total inventory was **48.9%** with February CCBS listings at **3.7%** of total inventory.

Snapshot of statuses on 2/28/21



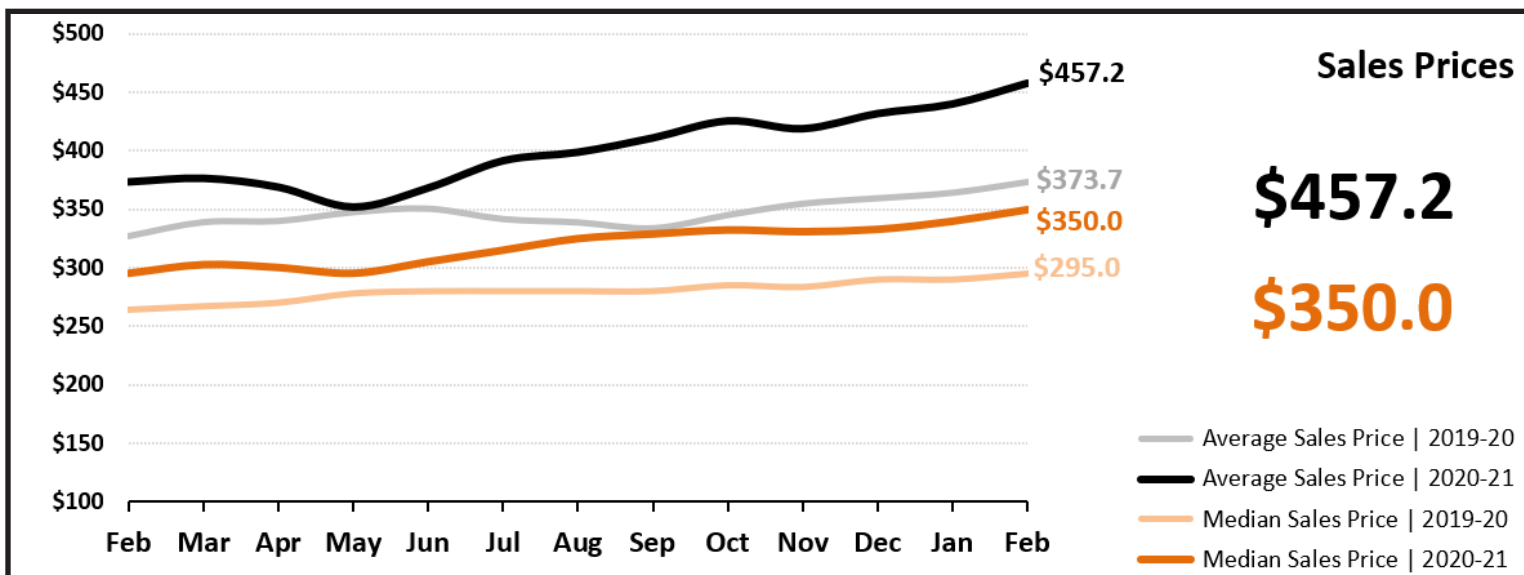
Months supply of inventory for January was **1.34** with February at **1.14**.

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



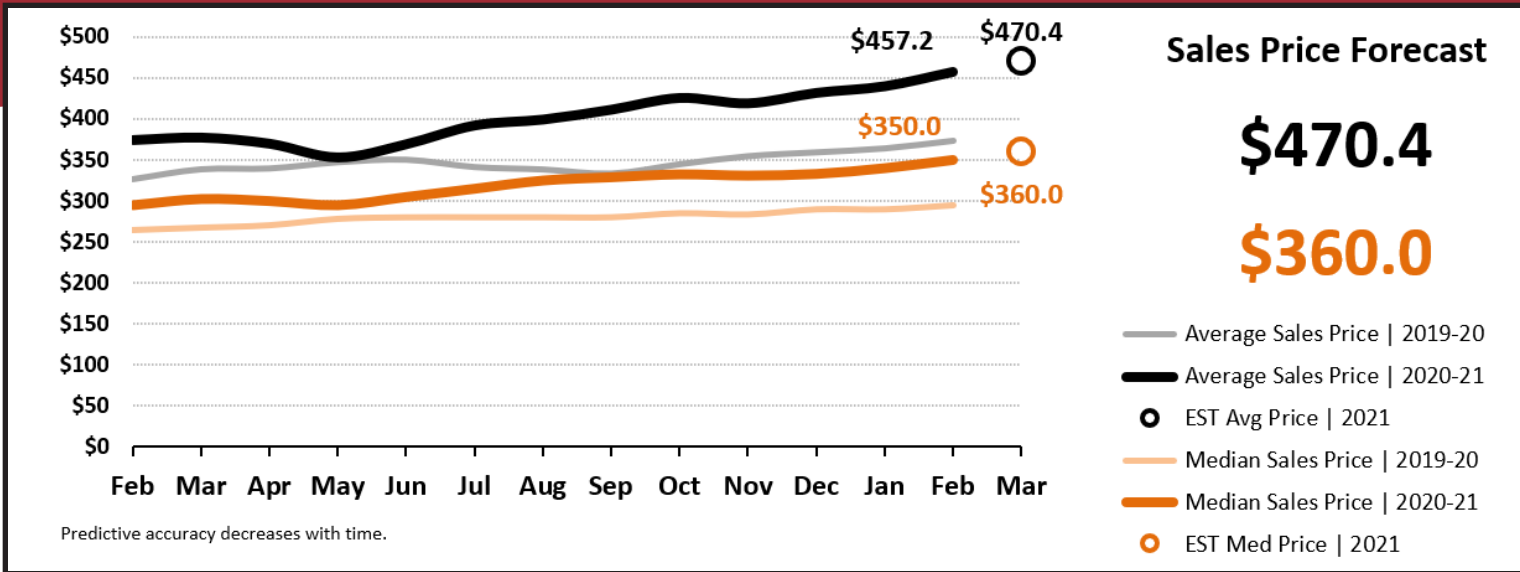
Average new list prices are up **+14.1%** year-over-year. The year-over-year median is up **+14.3%**.

List prices of new listings with list dates from 2/1/21 to 2/28/21, 0 day DOM sales removed



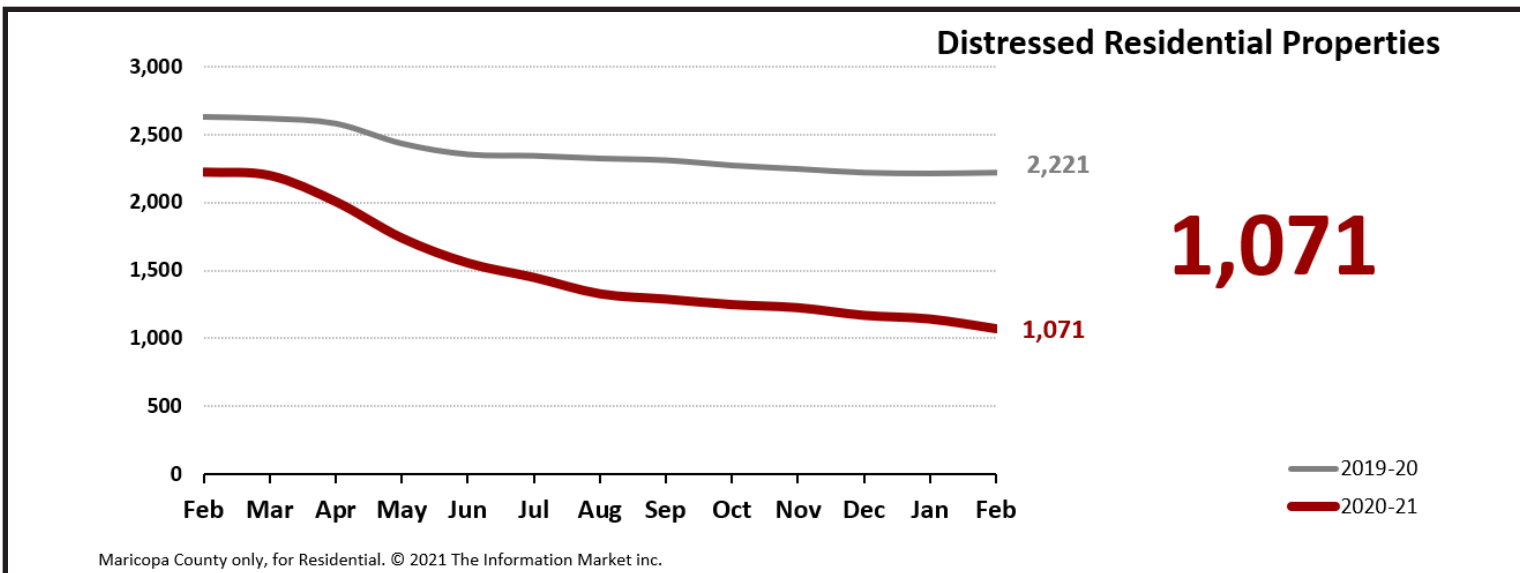
The average sales price is up **+22.3%** year-over-year while the year-over-year median sales price is also up **+18.6%**.

MLS sales prices for closed listings with a close of escrow date from 2/1/21 to 2/28/21, 0 day DOM sales removed



ARMLS proprietary predictive model forecast, 0 day DOM sales removed

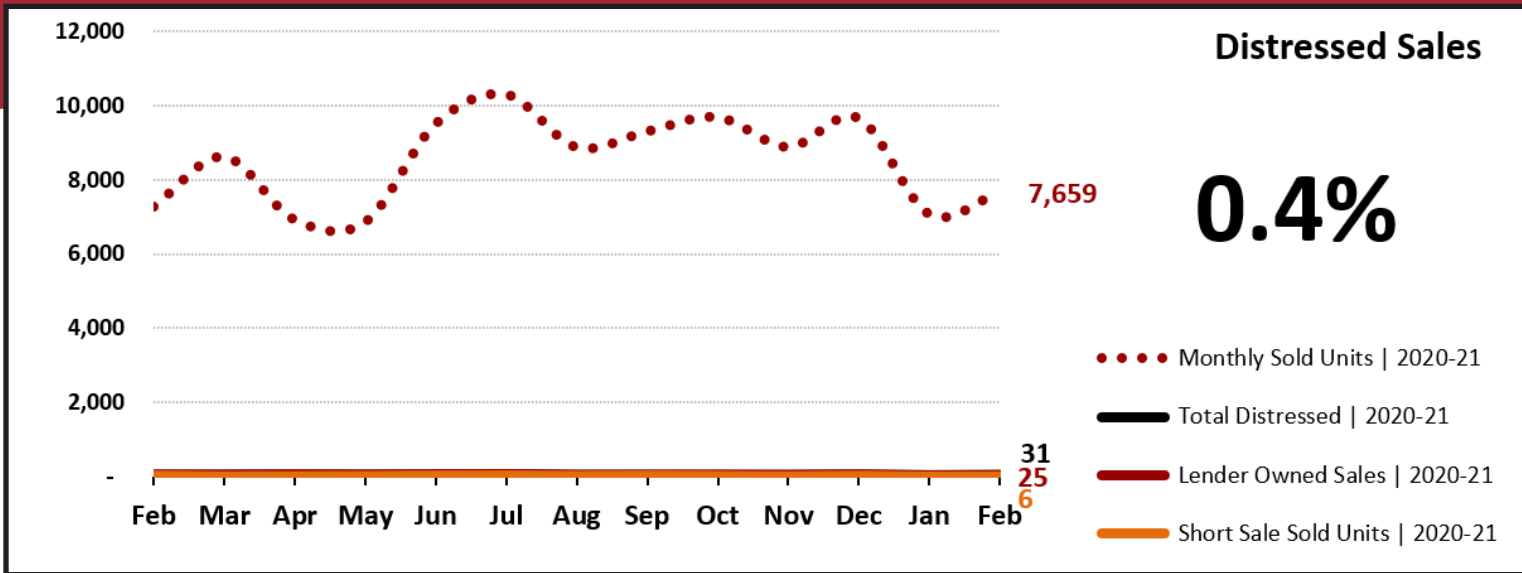
An **increase** is forecasted in March for both average and median sales prices.



Maricopa County only, for Residential. © 2021 The Information Market inc.

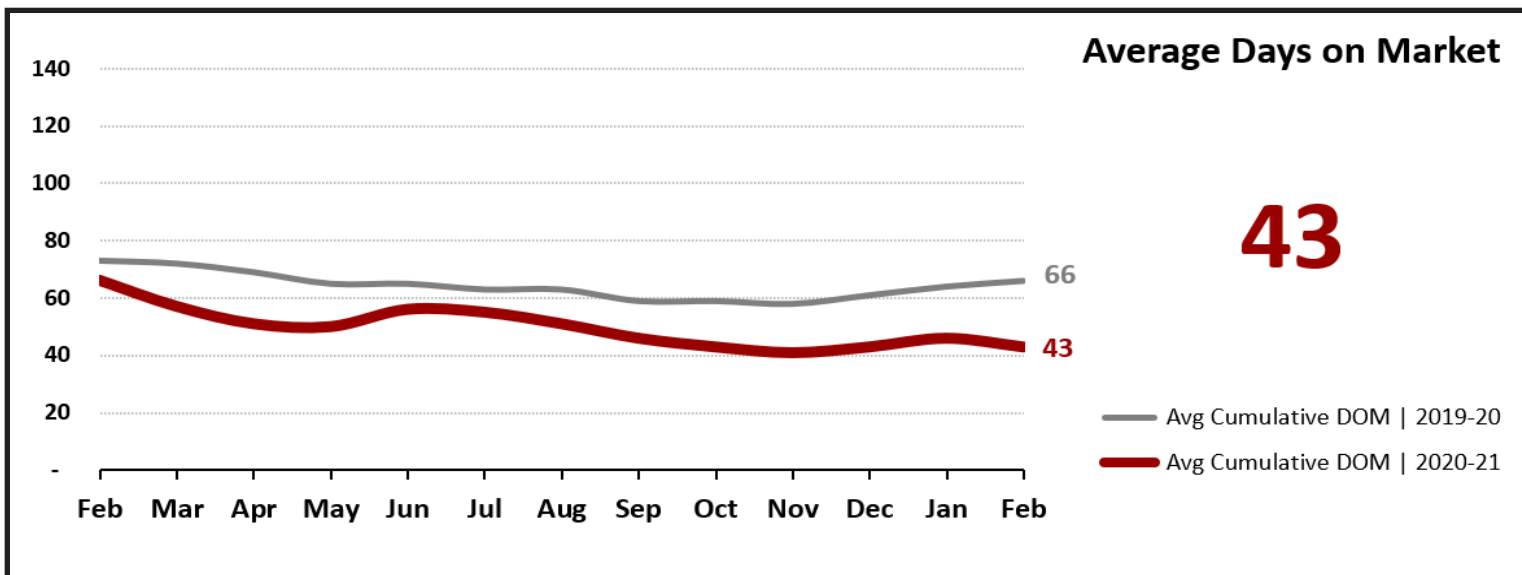
Snapshot of public records data on 2/28/21 active residential notices and residential REO properties.

Foreclosures pending month-over-month showed a decrease of **-6.2%** while the year-over-year figure was down **-51.8%**.



New MLS listings that were active for at least one day from 2/1/21 to 2/28/21, 0 day DOM sales removed

Distressed sales accounted for **0.4%** of total sales, up from the previous month of **0.3%**. Short sales dropped **-50.0%** year-over-year. Lender-owned sales dropped **-24.2%** year-over-year.



MLS sales prices for closed listings with a close of escrow date from 2/1/21 to 2/28/21, 0 day DOM sales removed

Days on market were down **-23** days year-over-year while month-over-month went down **-3** days.

The state of our housing market is the talk of the town, with stories of multiple offers and bidding wars driving up home prices well above the listing price. February reported the highest median price, average price and price per square foot on record, which is up year-over-year 18.6%, 22.3% and 21.0% respectively. ARMLS reported a staggering \$6,612,744,621 in gross dollar volume, currently 32% ahead of the record pace of last year. When March numbers are reported these records will be broken again, and by the time June sales figures report, the current chatter will reach a roar.

Not only are home ownership prices rising, but rental prices are increasing as well. According to the Cromford report,

“Rents in Greater Phoenix have risen from an average of \$1.01 per square foot to \$1.22 per square foot per month over last year. That is a 21% rise, the highest we have ever recorded. Cromford projects we would need about 7 times the current supply to get back somewhere close to normality. As a result, Cromford thinks we will see a large increase in the number of people sharing housing with friends and relatives. In a recent webcast from Willy Walker of Walker & Dunlap, Ivy Zelman a national housing analyst, echoed Cromford’s sentiments, stating, “We estimate right now, even with households that have been consolidating, as young adults have been moving back with their families, we still think we are at a deficit of roughly 900,000 units in the U.S. in terms of what we need just to get back to normal in terms of single family.”

Pending Price Index

Normally in STAT we close with our Pending Price Index, but this month PPI moves up in the batting order. Last month the STAT mathematical model projected a median sales price for February of \$345,000. The February reported median was \$350,000. For the tenth straight month our mathematical model slightly underestimated our reported median sales price. Throughout 2020 and now through the first two months of 2021 our optimistic monthly projections have repeatedly underestimated our current market strength. Looking ahead to March, the ARMLS Pending Price Index is projecting a median sales price of \$360,000.

We began March with 7,222 pending contracts, 4,275 UCB listings and 325 CCBS giving us a total of 11,822 residential listings practically under contract. This compares to 12,198 of the same type of listings one year ago. At the beginning of March, the pending contracts were 3.01% lower than last year. There were 22 business days in March of 2020 and 23 this year. ARMLS reported 8,626 sales in March of 2020. The highest sales volume ever in March occurred in 2005 when ARMLS reported 9,987 home sales. The March sales volume is expected to exceed 9,000 sales.

We moved the PPI up to discuss everyone's favorite subject, math. When a contract is entered into between the buyer and seller, and the status of the individual listing is changed to pending in Flexmls, the pending contract price is also reported to ARMLS. This data is proprietary to ARMLS and is only shared publicly via the PPI. We also track the total number of pending contracts each morning. Anyone running a query in Flexmls for the number of pending contracts, if ran at 8 o'clock each morning, would arrive at the exact same number as our morning metric. While the morning calculation counts all pending contracts, the number of pending contracts reported in the PPI subtracts all pending contracts that had zero days on market.

The belief being that STAT should only report those sales which were openly marketed on the MLS, believing a property with zero days on market was listed after the property had sold. This same logic is applied to the monthly sales volume. If you have ever compared the STAT closing sales numbers to the Cromford closing numbers, you will see STAT reports fewer sales. There are two reasons for this discrepancy. One, Cromford is run on the first day of the month, while STAT runs its numbers on the fourth business day of the month. The difference can also be attributed to the time at which the report is run, as well as the additional subtraction made by STAT. Why would an agent report a listing on the MLS after it has already sold? The reason is simple. In the age of improved agent metrics, they want credit for the sale.

In the spreadsheet below we compare the numbers using the two distinct formulas. The total pending column shows the total number of pending contracts as calculated by Flexmls while the STAT column shows the calculation removing zero days on market. We also show the number of pending listings with zero days on market as well as their percentage of total pending contracts. The highlighted numbers show the [advent](#) of coming soon listings as well as the implementation of the [NAR Clear Cooperation Policy](#). On March 12th, as this report was being written, there were 8,315 total pending sales reported by Flexmls, 901 of which showed zero days on market (10.84% of all pending contracts). It can be surmised that the increase in the number of pending contracts showing a cumulative zero days on market is a result of both the implementation of coming soon listings as well as current market conditions.

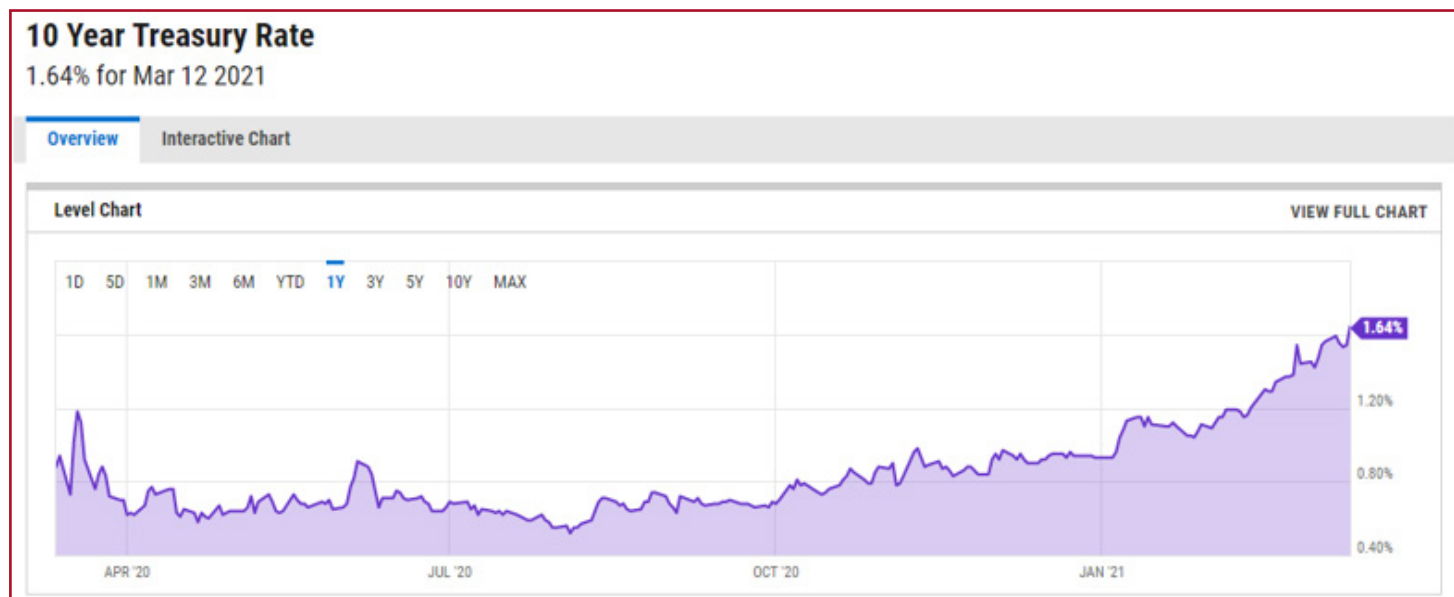
COMMENTARY

BY TOM RUFF

Total Pending Contracts via ARMLS

DATE	TOTAL PENDING	DAY	DAY2	MONTH	STAT PENDING	0 DOM PERCENT	TOTAL 0 DAY
01/07/19	3,983	MONDAY	7	JANUARY	3,796	0.0469	187
02/06/19	5,453	WEDNESDAY	6	FEBRUARY	5,334	0.0218	119
03/07/19	6,469	THURSDAY	7	MARCH	6,303	0.0257	166
04/04/19	7,202	THURSDAY	4	APRIL	7,013	0.0262	189
05/06/19	7,550	MONDAY	6	MAY	7,256	0.0389	294
06/06/19	7,322	THURSDAY	6	JUNE	7,163	0.0217	159
07/05/19	6,631	FRIDAY	5	JULY	6,381	0.0377	250
08/06/19	6,768	TUESDAY	6	AUGUST	6,585	0.0270	183
09/05/19	6,561	THURSDAY	5	SEPTEMBER	6,351	0.0320	210
10/04/19	6,058	FRIDAY	4	OCTOBER	5,838	0.0363	220
11/06/19	6,156	WEDNESDAY	6	NOVEMBER	5,934	0.0361	222
12/04/19	5,909	WEDNESDAY	4	DECEMBER	5,664	0.0415	245
01/07/20	4,987	TUESDAY	7	JANUARY	4,821	0.0333	166
02/06/20	6,495	THURSDAY	6	FEBRUARY	6,250	0.0377	245
03/05/20	7,554	THURSDAY	5	MARCH	7,222	0.0440	332
04/06/20	5,980	MONDAY	6	APRIL	5,591	0.0651	389
05/06/20	6,071	WEDNESDAY	6	MAY	5,747	0.0534	324
06/04/20	7,504	THURSDAY	4	JUNE	7,125	0.0505	379
07/06/20	8,251	MONDAY	6	JULY	7,819	0.0524	432
08/06/20	8,050	THURSDAY	6	AUGUST	7,479	0.0709	571
09/04/20	8,028	FRIDAY	4	SEPTEMBER	7,446	0.0725	582
10/06/20	8,211	TUESDAY	6	OCTOBER	7,670	0.0659	541
11/05/20	8,018	THURSDAY	5	NOVEMBER	7,487	0.0662	531
12/04/20	7,304	FRIDAY	4	DECEMBER	6,762	0.0742	542
01/07/21	6,380	THURSDAY	7	JANUARY	5,908	0.0740	472
02/04/21	7,353	THURSDAY	4	FEBRUARY	6,714	0.0869	639
03/04/21	8,074	THURSDAY	4	MARCH	7,222	0.1055	852

Our current market conditions are a direct result of extremely low supply, steady demand and historically low interest rates. With both ownership and rental costs far outpacing wage growth, the conversation on housing affordability deepens. Fixed mortgage rates dropped to historic lows in December 2020, bottoming at 2.65% for a 30-year fixed mortgage. The 10-year Treasury note is the bellwether for fixed mortgage rates. As yields on the 10-year Treasury note rise, so do the interest rates on fixed-rate mortgages. Yields on the 10-year Treasury hit an all-time low of 0.54% on March 9, 2020 due to the global crisis, and they have been inching back. As we write, they are 1.64%. The 30-year fixed rate today (3.05%) is below last March, which averaged 3.45%. So, where are rates headed? In response to the Bankrate weekly poll the experts shared their opinions; 56% said rates will stay the same, 25% think they will go down and 19% said they will rise.



COMMENTARY

BY TOM RUFF

In conclusion, we all know real estate markets are cyclical and our current market cannot continue forever. Eventually, market dynamics will shift, and we will return to a balanced market. In the meantime, buyers should remember it is not just about submitting the winning offer, but it's about submitting a winning offer that works within their budget.