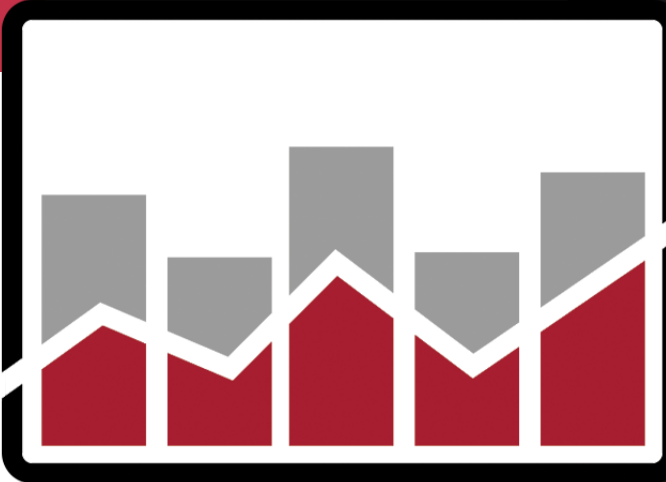


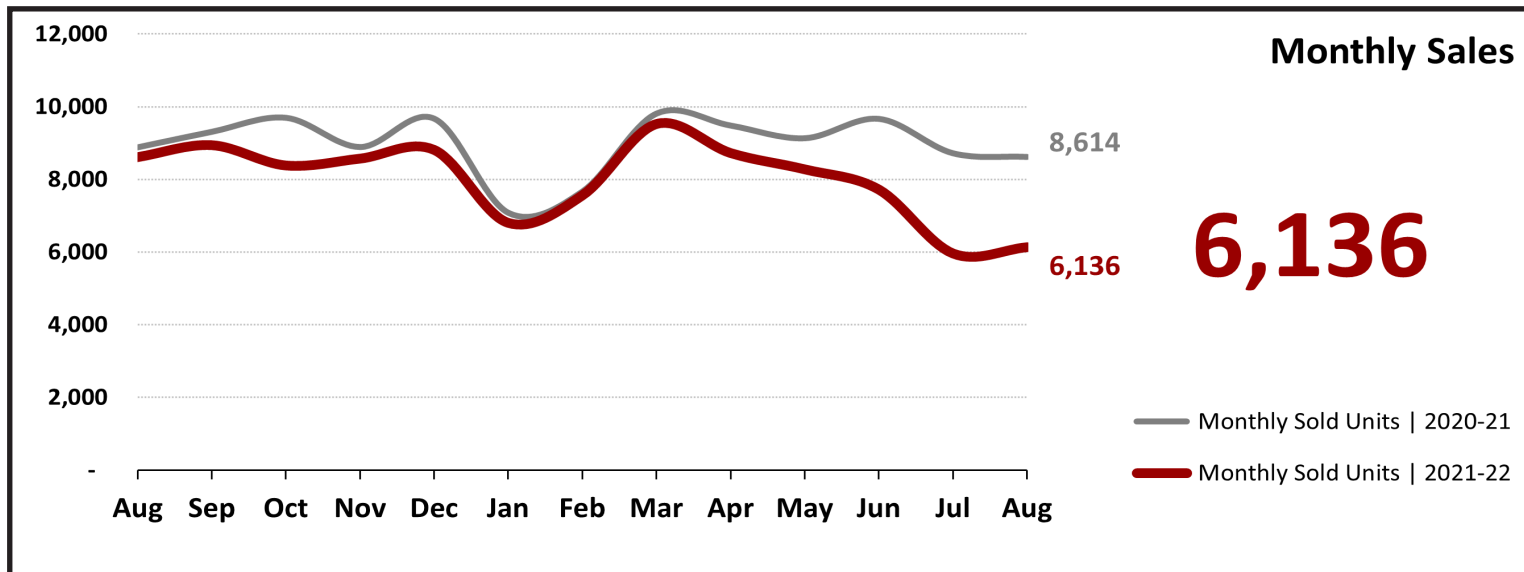
STAT

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



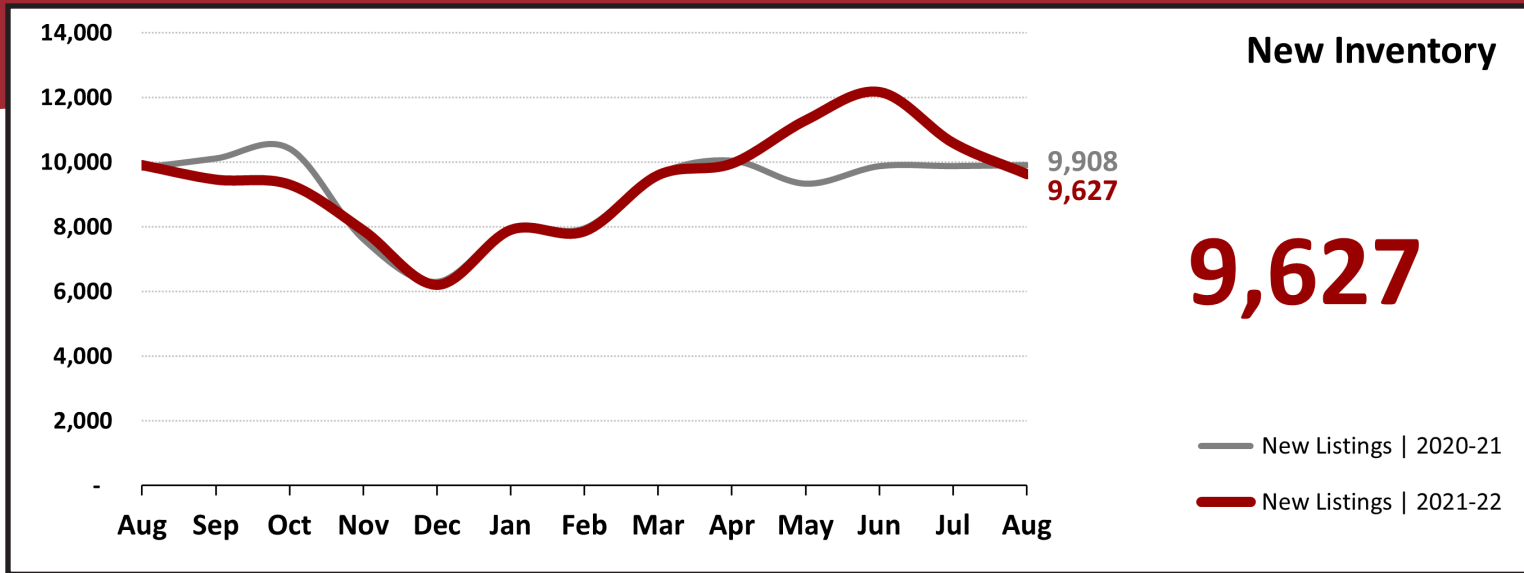
DATA FOR **AUGUST 2022**

Published September 16, 2022



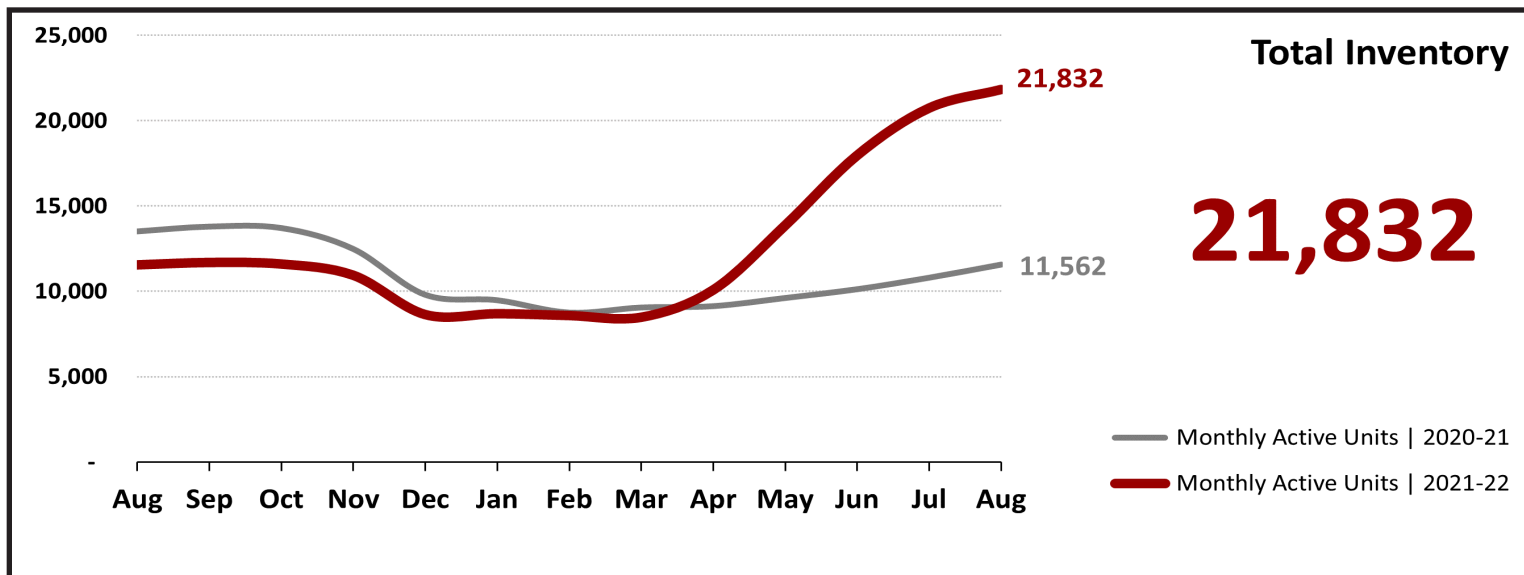
Sales are up **+2.9%** month-over-month. The year-over-year comparison is down **-28.8%**.

Closed MLS sales with a close of escrow date from 8/1/22 to 8/31/22, 0 day DOM sales removed



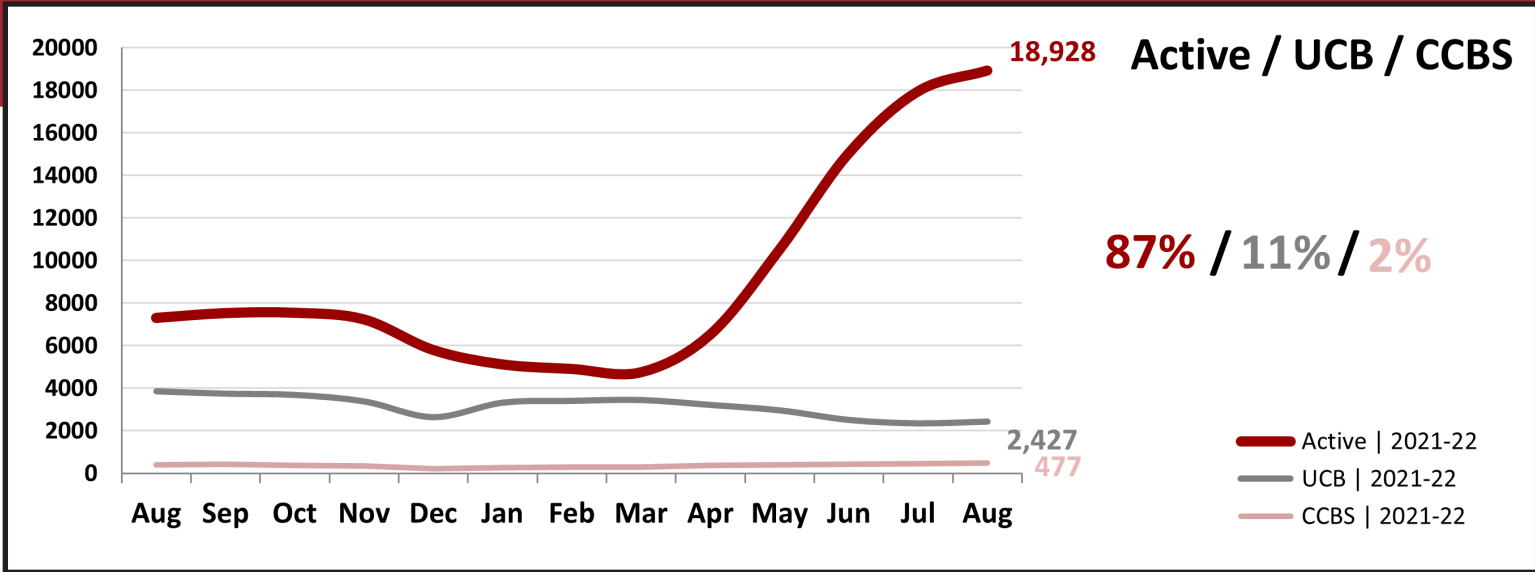
New MLS listings that were active for at least one day from 8/1/22 to 8/31/22, 0 day DOM sales removed

New inventory has a month-over-month decrease of **-9.1%** while the year-over-year comparison decreased by **-2.8%**.



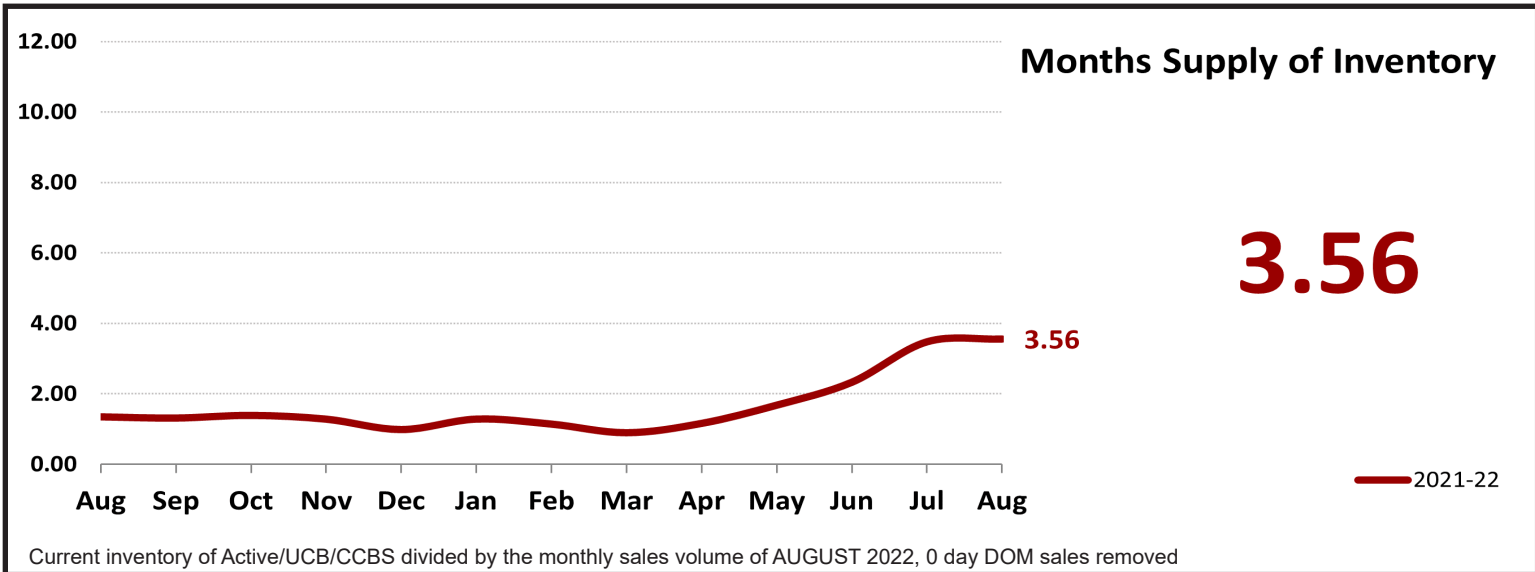
Snapshot of statuses on 8/31/22

Total inventory has a month-over-month increase of **+5.2%** while year-over-year reflects an increase of **+88.8%**.



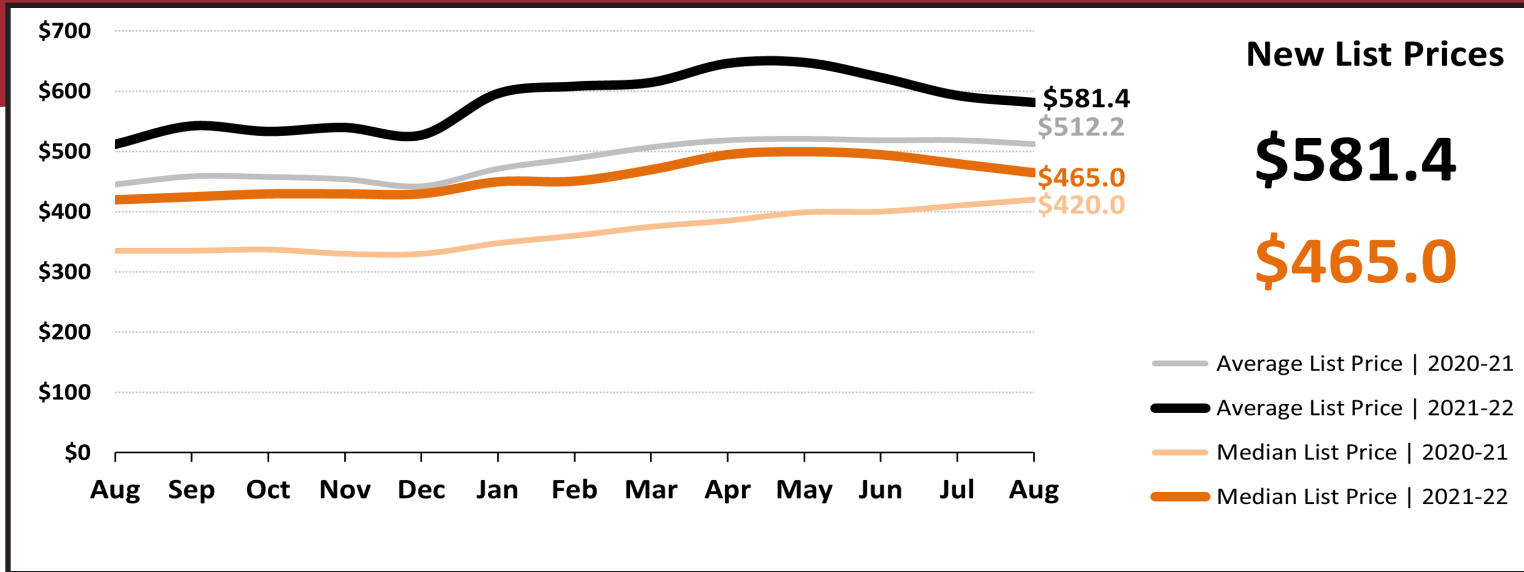
Snapshot of statuses on 8/31/22

August UCB listings percent of total inventory was **11.1%** with August CCBS listings at **2.2%** of total inventory.



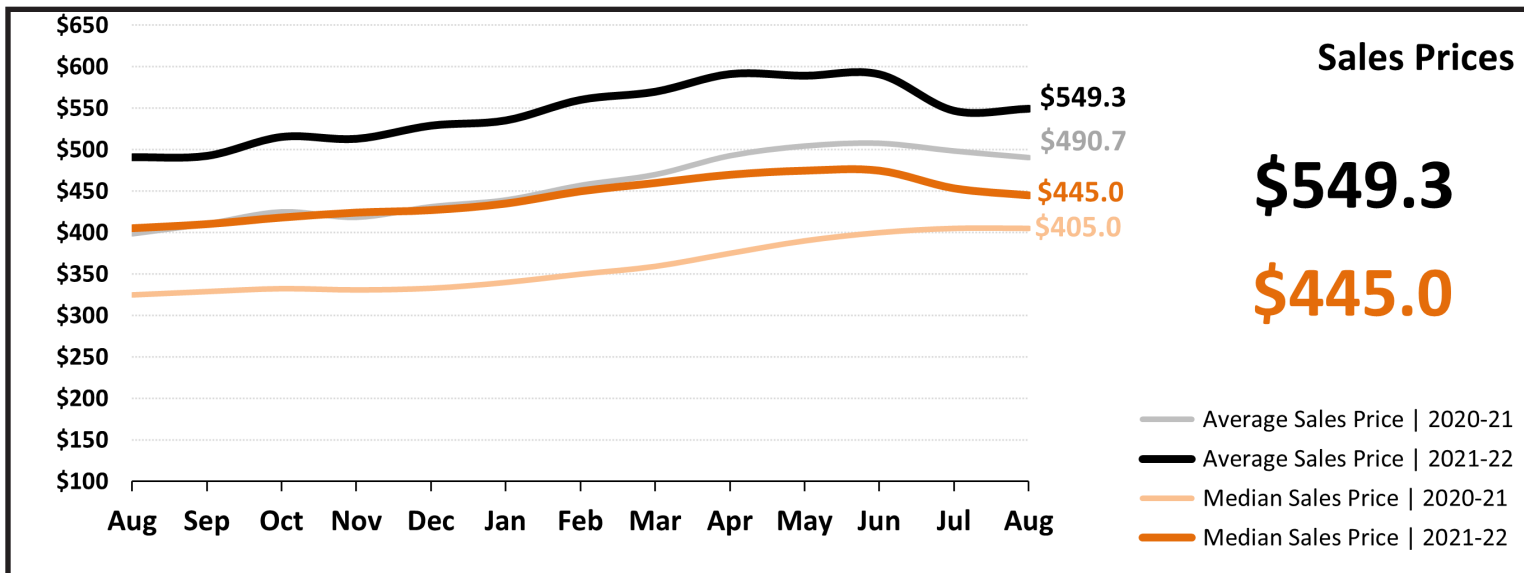
Current inventory of Active/UCB/CCBS divided by the monthly sales volume of AUGUST 2022, 0 day DOM sales removed

Months supply of inventory for July was **3.48** with August at **3.56**.



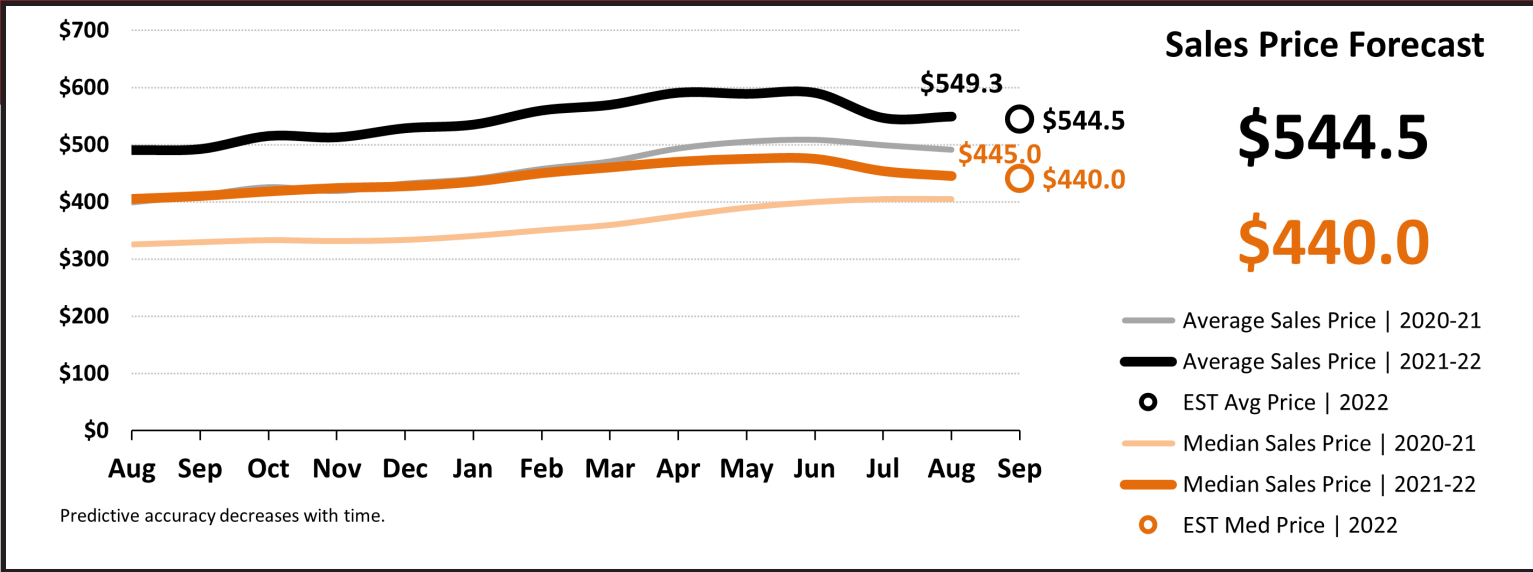
List prices of new listings with list dates from 8/1/22 to 8/31/22, 0 day DOM sales removed

Average new list prices are up **+13.5%** year-over-year. The year-over-year median is up **+10.7%**.



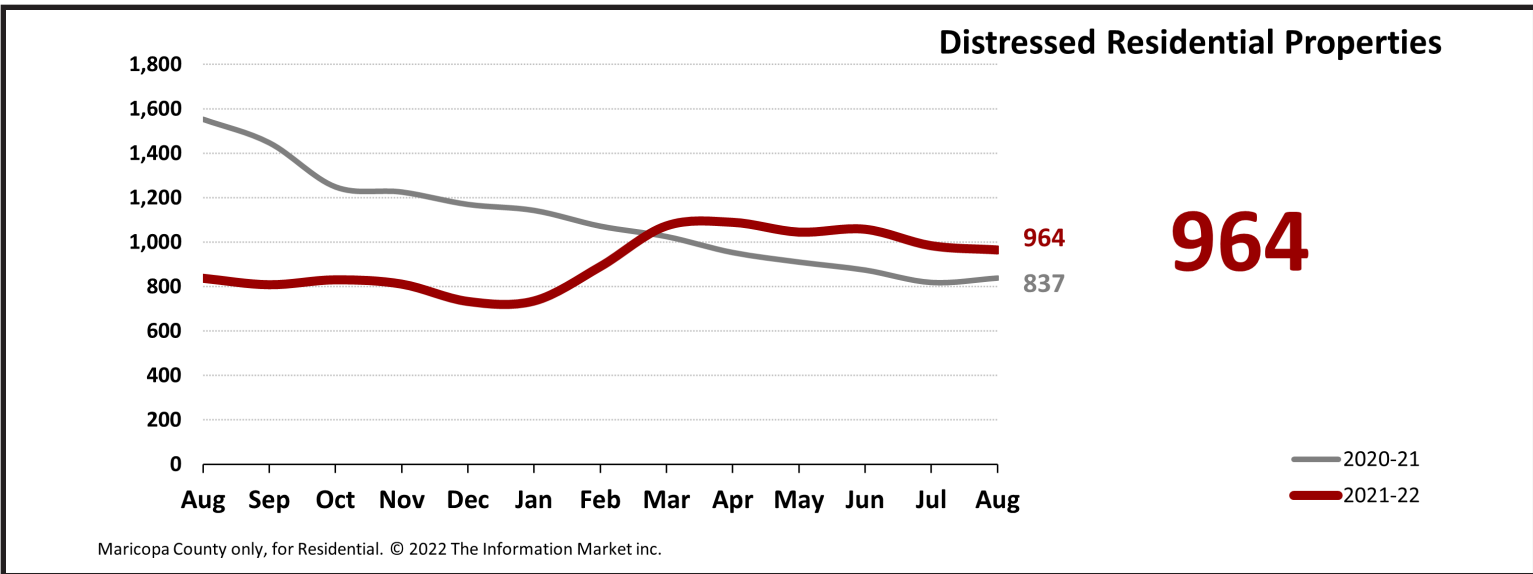
MLS sales prices for closed listings with a close of escrow date from 8/1/22 to 8/31/22, 0 day DOM sales removed

The average sales price is up **+11.9%** year-over-year while the year-over-year median sales price is also up **+9.9%**.



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

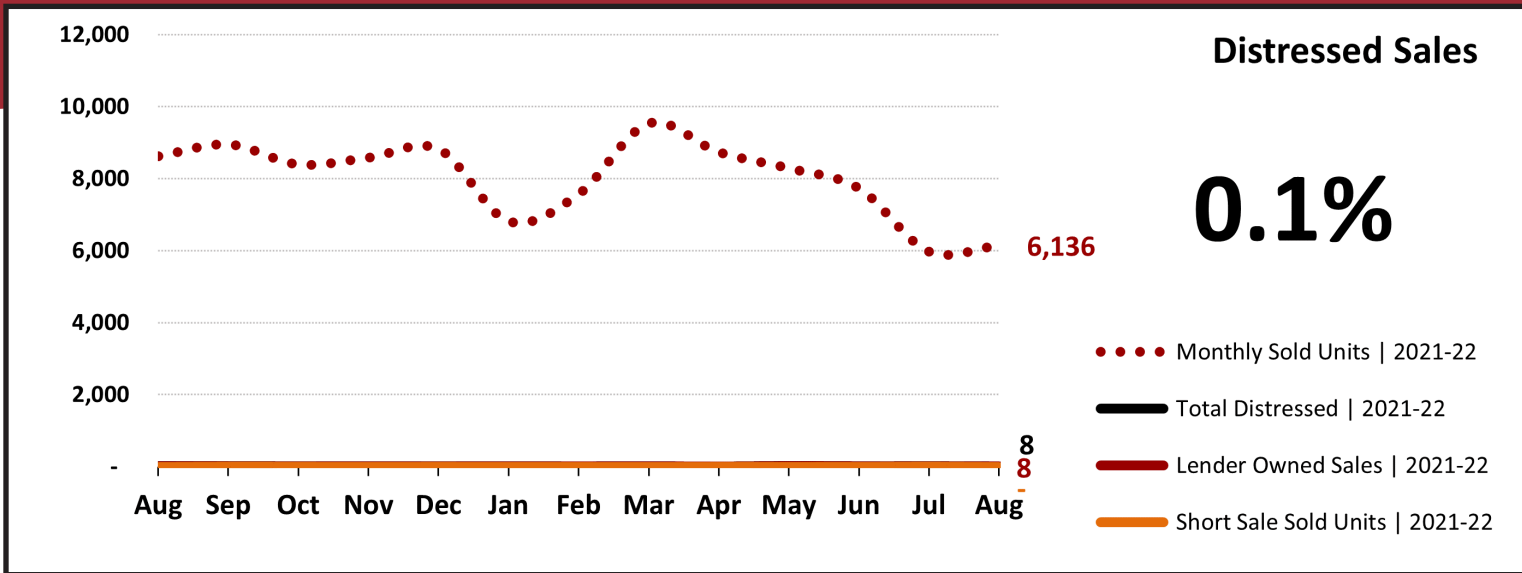
ARMLS proprietary predictive model forecast, 0 day DOM sales removed



Foreclosures pending month-over-month showed an decrease of **-1.9%** while the year-over-year figure was up **+15.2%**.

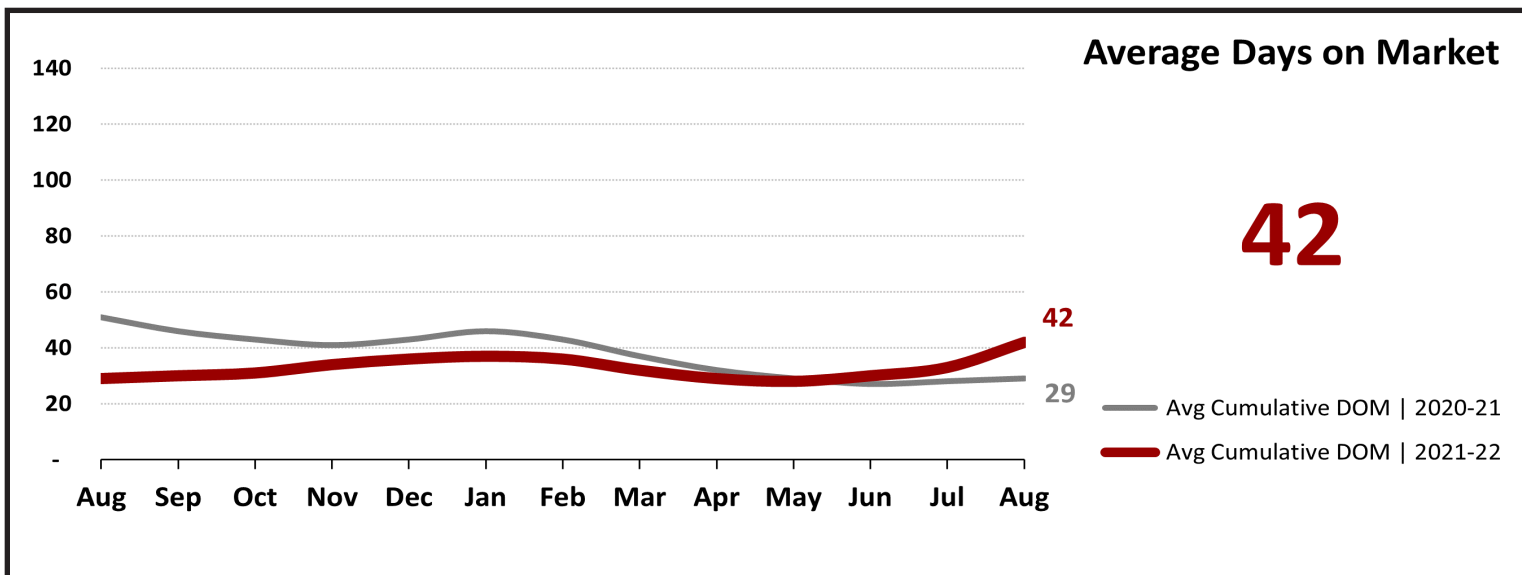
Maricopa County only, for Residential. © 2022 The Information Market inc.

Snapshot of public records data on 8/31/22 active residential notices and residential REO properties.



New MLS listings that were active for at least one day from 8/1/22 to 8/31/22, 0 day DOM sales removed

Distressed sales accounted for **0.1%** of total sales, down from the previous month of 0.2%. Short sales **had no change** year-over-year. Lender-owned sales **decreased -33.3%** year-over-year.

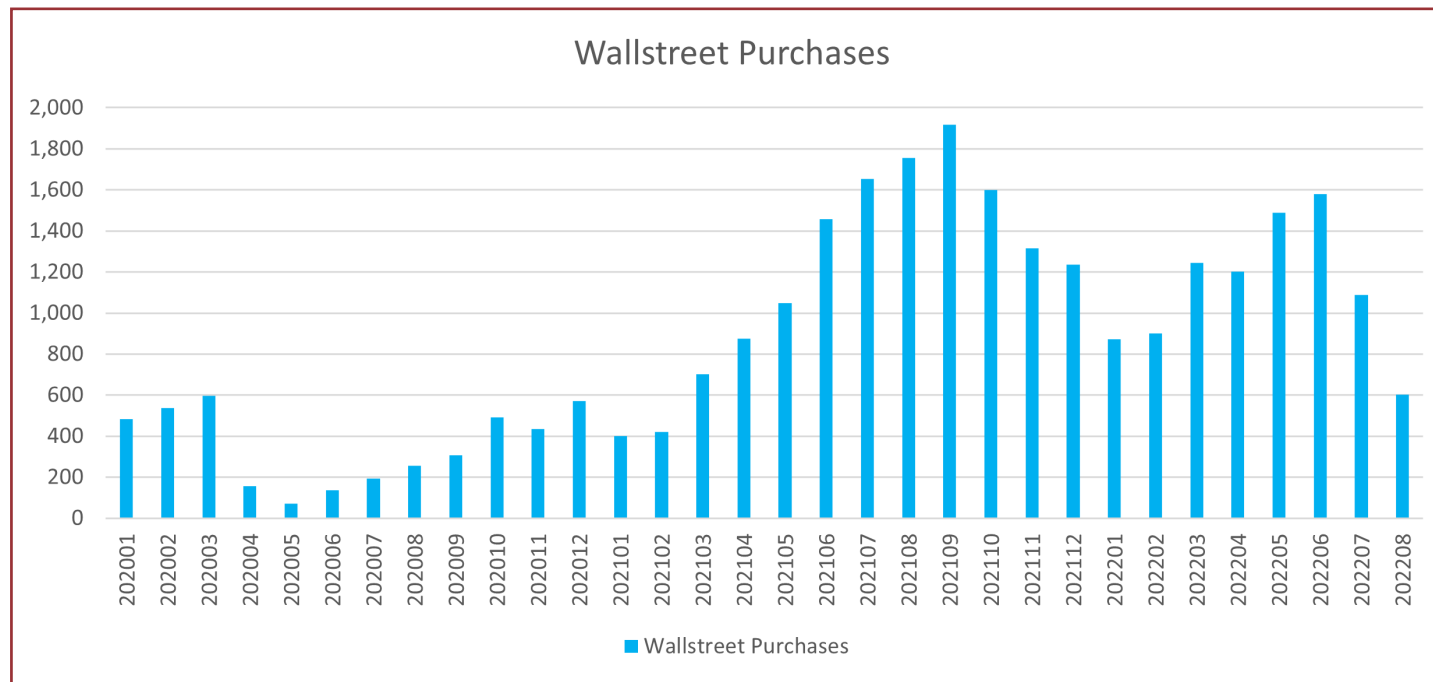


MLS sales prices for closed listings with a close of escrow date from 8/1/22 to 8/31/22, 0 day DOM sales removed

Days on market were up **+13 days** year-over-year while month-over-month was also up **+9 days**.

In an interview with USA Today, while talking about his movies, Al Pacino admitted, “*There’s no real need [to go back]. I’ve seen it; I know what it is. If it’s good, I feel lucky. If it’s not, it’s something you try to forget.*” Strangely enough, that’s exactly how I feel when writing STAT. But this month is different, because at this time I am compelled to review last year’s [August](#) and [September](#) reports. If you recall, Wall Street was dominating our market this time last year. The iBuyers and Institutional buyers were like a swarm of locusts consuming every home they could acquire while battling each other, with Zillow shouting at the others, “hold my beer.” In August last year, Wall Street accounted for 1,757 home purchases in the \$250,000 to \$500,000 price range. This year, their combined purchases are 601 homes, a decline of 66%. For the graph below, we define “Wall Street” as iBuyers and Institutional buyers. Their combined appetites peaked in August and September of last year. In September 2021, their combined appetite accounted for nearly 2,000 home purchases. The graph also displays the sudden drop of purchases the last two months.

WallStreet (iBuyers) Purchases 2020-22



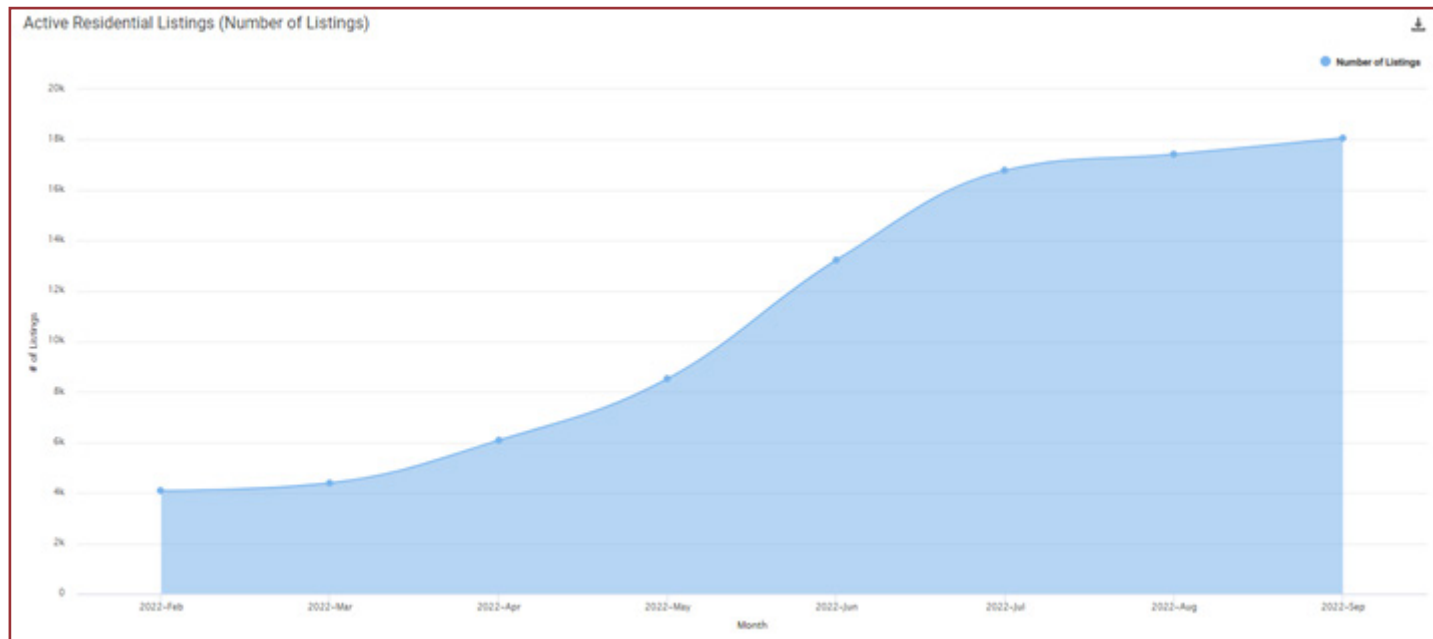
Sales volume was down 28.8% year over year

In August, we saw a year-over-year drop in Wall Street numbers, and sales volume declined across the board. Small rental investors, wholesalers, flippers and the traditional homebuyer saw declines year over year. The one bright spot was the rise in new constructions. Newly built home sales were up 7.7% year over year and accounted for just over one in every five home sales in August in Maricopa County. As reported by ARMLS, sales volume was down 28.8% year over year.

Supply increased 5.2% month over month

As demand fell, the number of homes for sale continued to rise. However, the rate of increase has slowed. The inventory of homes for sale increased 5.2% from last month; in May, this same metric was 37.5%.

Active Residential Listings (number of listings) via RapidStats



Our market is best defined as balanced. We've often heard a balanced market defined by the number of homes for sale, but in essence, a balanced market is determined by the relationship between supply and demand. Supply is low, but demand is equally low. The relationship between supply and demand is perfectly portrayed by the Cromford Report and their three indices.

Cromford Supply Index: 76.5

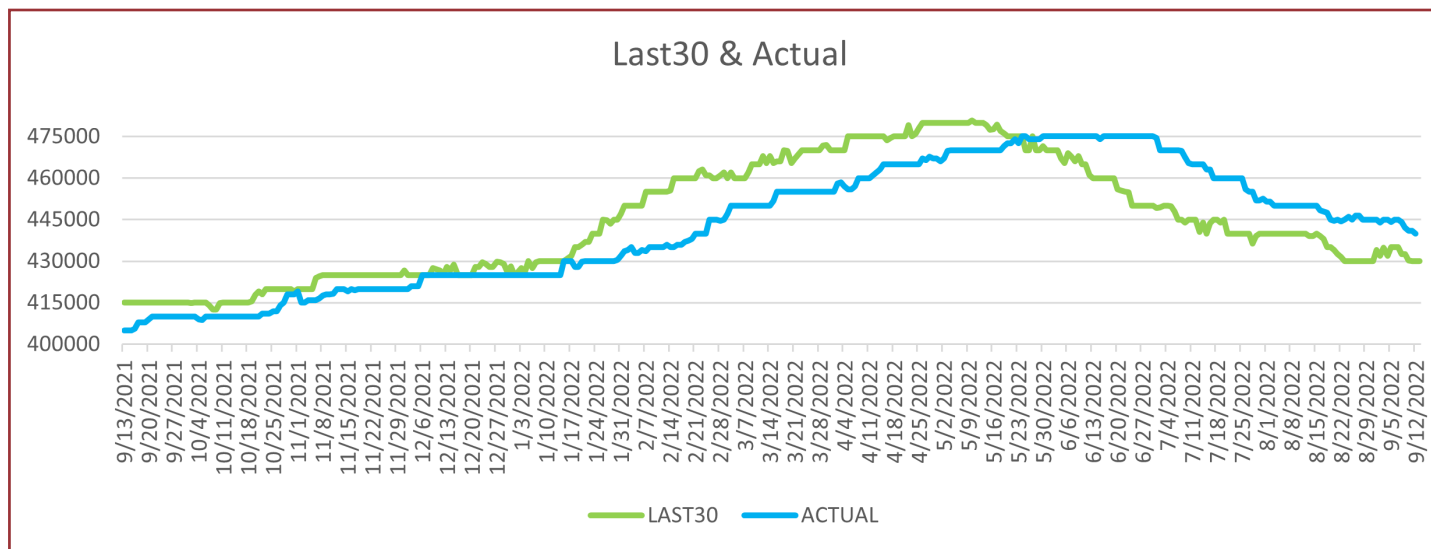
Cromford Demand Index: 80.5

Cromford Index: 105.2

Sales prices down 1.9% month over month

As expected, the median sales price fell 1.9% in August. In September, we're projecting another drop of 1.1%. The chart below uses ARMLS proprietary pending contract data. It compares the median sales prices for new contracts arriving in the last 30 days to the reported median sales price for all sales within the last 30 days. Like new inventories, the rate of decline in pricing is beginning to moderate. The green line is a leading indicator for the blue line.

Median Sales Price Comparison for New Contracts Last 30 Days via ARMLS



Michael Orr of the Cromford Report capsulized these events perfectly in his Market Summary for September. *“The market is still suffering the effects of unusually low affordability. Interest rates are much higher than they were at the start of the year and even if prices drop to the level they had in January, homes will still be less affordable due to these higher rates. The future direction of interest rates is notoriously hard to predict. The last 2 months saw a decline in the average 30-year fixed mortgage rates from 5.52% to 5.22% (as reported by Freddie Mac) and a clear drop in asking prices. You could argue that the slight rise in demand we have witnessed is a weak response to both these factors. However, at least it did respond. The small increase in buyer enthusiasm could dissipate if interest rates rise again. Ominously we have seen a large rise in rates over the past week and if they stay at this level, demand is likely to fade again quite quickly. Another factor in demand is that coming from investors looking to buy and rent or fix and flip. The latest data shows a marked reduction in purchases by these buyers. All in all, August was not too bad, but it might be just a temporary respite due a small up-tick in demand which could easily fade. The lull in new supply may prove to be more long-lasting and therefore more significant. We will have to wait and see.”*

And just as the ink was drying on Orr's early September remarks, the following headline and report appeared on Mortgage News Daily on Sept. 13:

Rates Jump a Quarter Point Instantly After Key Inflation Report; Now Back to 14-Year Highs

[Mortgage rates](#) were already near the highest levels in 14 years. With large day-to-day swings extremely common these days, we were only one bad day away from making it back to those highs. Today was one of those days!

The culprit was at least well known and well understood, both before and after it had its impact on rates. This morning brought the scheduled release of August's Consumer Price Index (CPI). A key inflation report has proven to have more power than any other inflation metric when it comes to creating volatility in rates.

In other words, we already knew that rates would be headed higher if today's inflation data came out higher than expected, and that's exactly what happened. In fact, the actual number beat forecasts by much more than the normal gap between reality and forecasts. It's common to see a deviation of 0.1-0.2%, but today was it 0.3%.

The Fed Funds Rate isn't the same as a mortgage rate, but higher Fed Funds Rate expectations tend to push mortgage rates higher.

And two days after the Mortgage News Daily report, Freddie Mac released its weekly report.

September 15, 2022 10:06 AM EDT

Mortgage Rates Exceed Six Percent for the First Time Since 2008

MCLEAN, Va., Sept. 15, 2022 (GLOBE NEWSWIRE) -- [Freddie Mac](#) (OTCQB: FMCC) today released the results of its [Primary Mortgage Market Survey®](#) (PMMS®), showing that the 30-year fixed-rate mortgage (FRM) averaged 6.02 percent.

News Facts

- [30-year fixed-rate mortgage](#) averaged 6.02 percent with an average 0.8 point as of September 15, 2022, up from last week when it averaged 5.89 percent. A year ago at this time, the 30-year FRM averaged 2.86 percent.
- [15-year fixed-rate mortgage](#) averaged 5.21 percent with an average 0.9 point, up from last week when it averaged 5.16 percent. A year ago at this time, the 15-year FRM averaged 2.12 percent.
- [5-year Treasury-indexed hybrid adjustable-rate mortgage](#) (ARM) averaged 4.93 percent with an average 0.2 point, up from last week when it averaged 4.64 percent. A year ago at this time, the 5-year ARM averaged 2.51 percent.

In Conclusion, we'll turn to Freddie Mac's Chief Economist, Sam Khater. *"Mortgage rates continued to rise this week, exceeding six percent for the first time since late 2008. Although the increase in rates will continue to dampen demand and put downward pressure on home prices, inventory remains inadequate. This indicates that while home price declines will likely continue, they should not be large."*

ARMLS PENDING PRICE INDEX (PPI)

Last month, STAT's mathematical model projected the median sales price for August at \$444,900. The actual number was \$445,000. Looking ahead to September, the ARMLS Pending Price Index is projecting a median sales price of \$440,000. If September's median sales price projection is correct, we will see a month-over-month decline of 1.1%, leaving the median sales price up 7.32% year over year but down 7.37% from May's record high of \$475,000.

We began September with 5,379 pending contracts, 2,247 UCB listings and 477 CCBS, giving us a total of 8,103 residential listings practically under contract. This compares to 11,369 of the same type of listings one year ago. At the beginning of September, the "pending" contracts were 28.73% lower than last year. There were 21 business days in September 2021 and 21 this year as well. ARMLS reported 8,944 sales in September 2021. The highest sales volume ever in September occurred in 2020 with 9,305. When September's numbers are reported, we will see a drop in both sales volume and prices. If our models are correct, year-over-year sales volume will decline approximately 30% year over year.