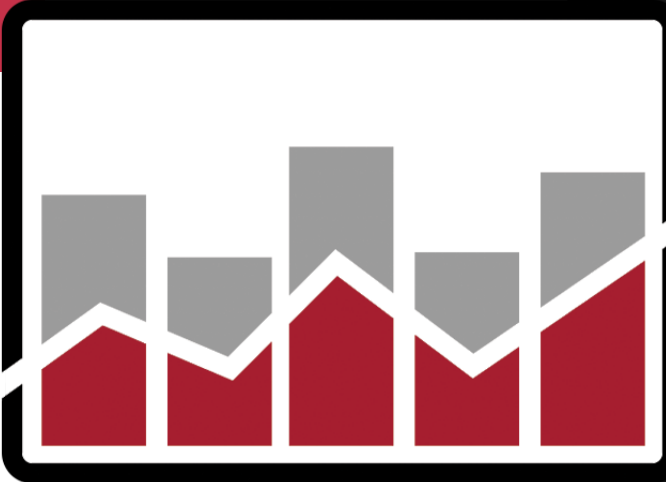


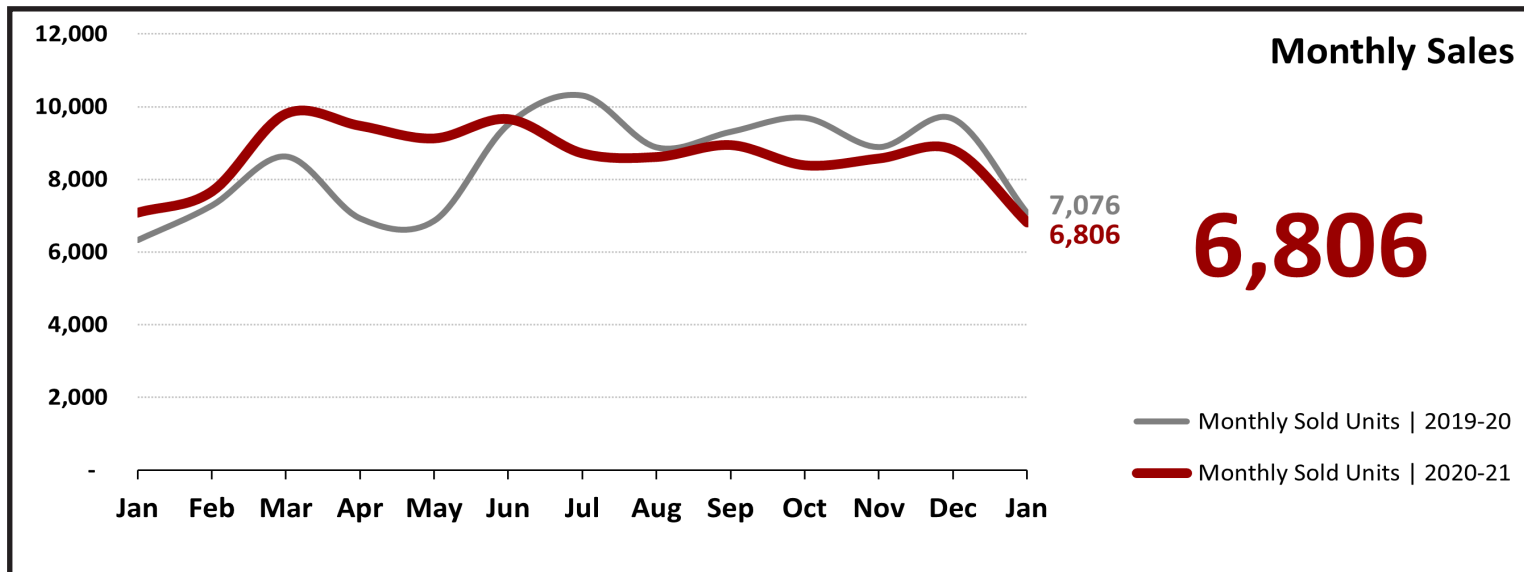
STAT

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



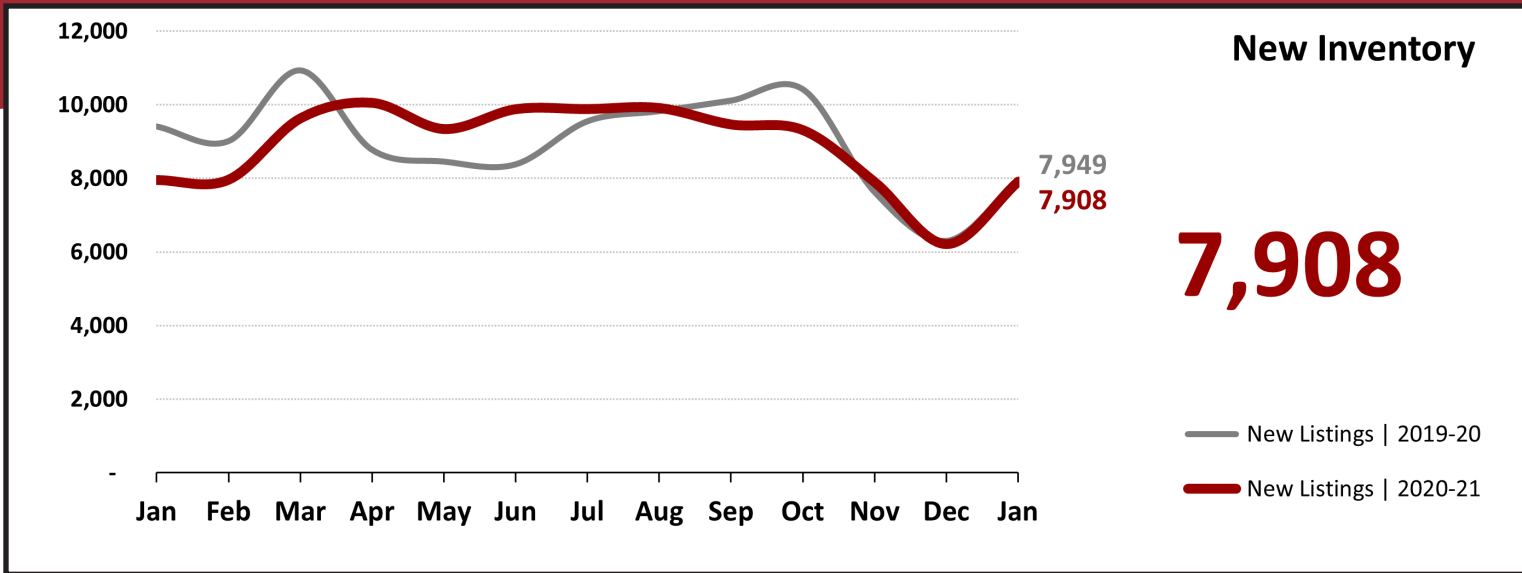
DATA FOR **JANUARY 2022**

Published February 18, 2022



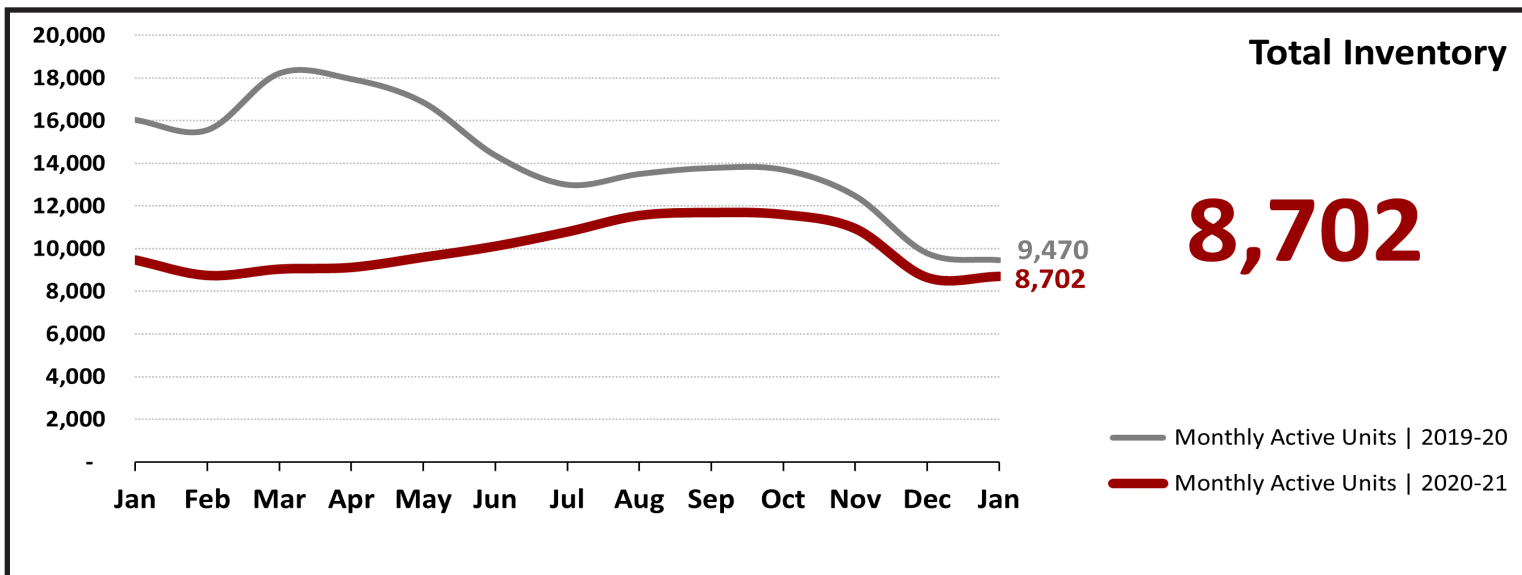
Sales are down **-22.8%** month-over-month. The year-over-year comparison is down **-3.8%**.

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



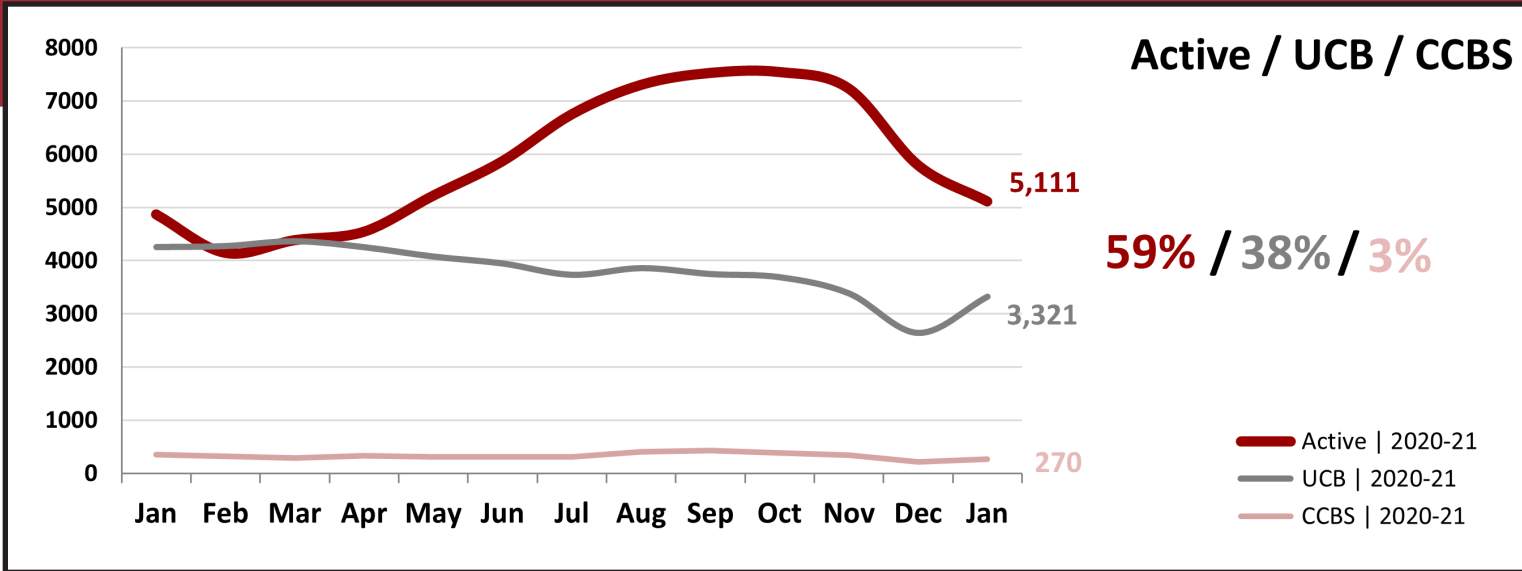
New MLS listings that were active for at least one day from 1/1/22 to 1/31/22, 0 day DOM sales removed

New inventory has a month-over-month increase of **+27.4%** while the year-over-year comparison decreased by **-0.5%**.



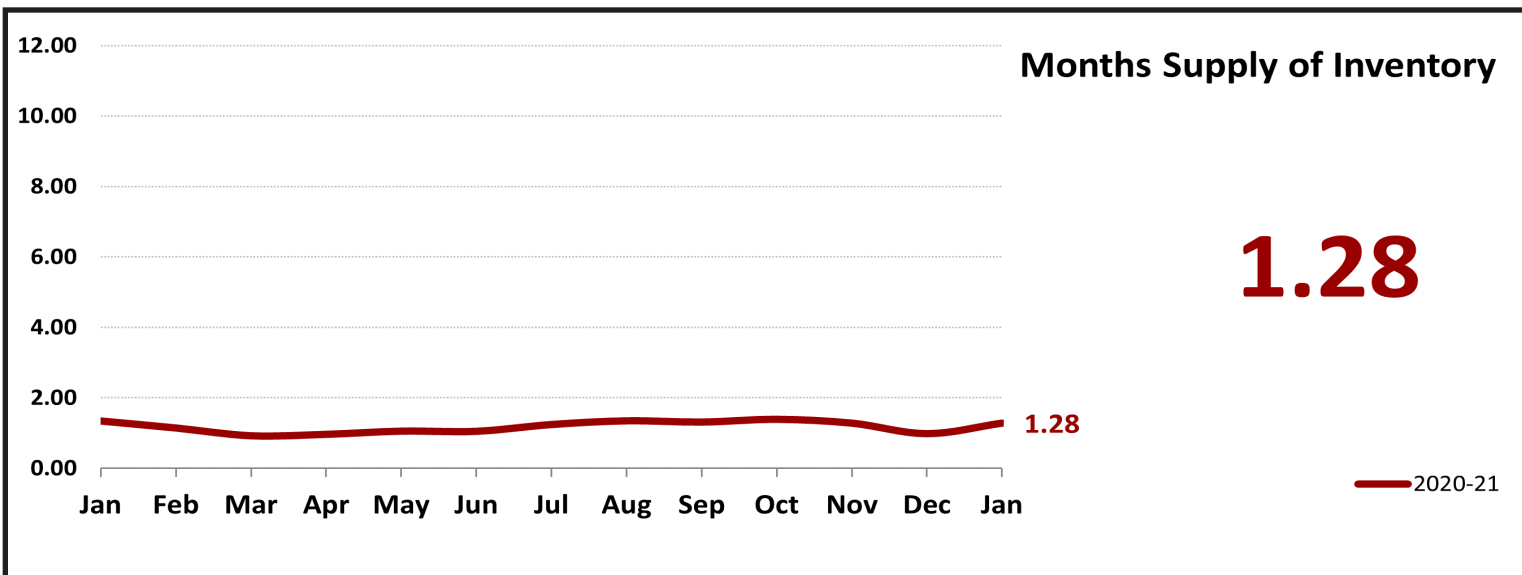
Snapshot of statuses on 1/31/22

Total inventory has a month-over-month increase of **+0.6%** while year-over-year reflects a decrease of **-8.1%**.



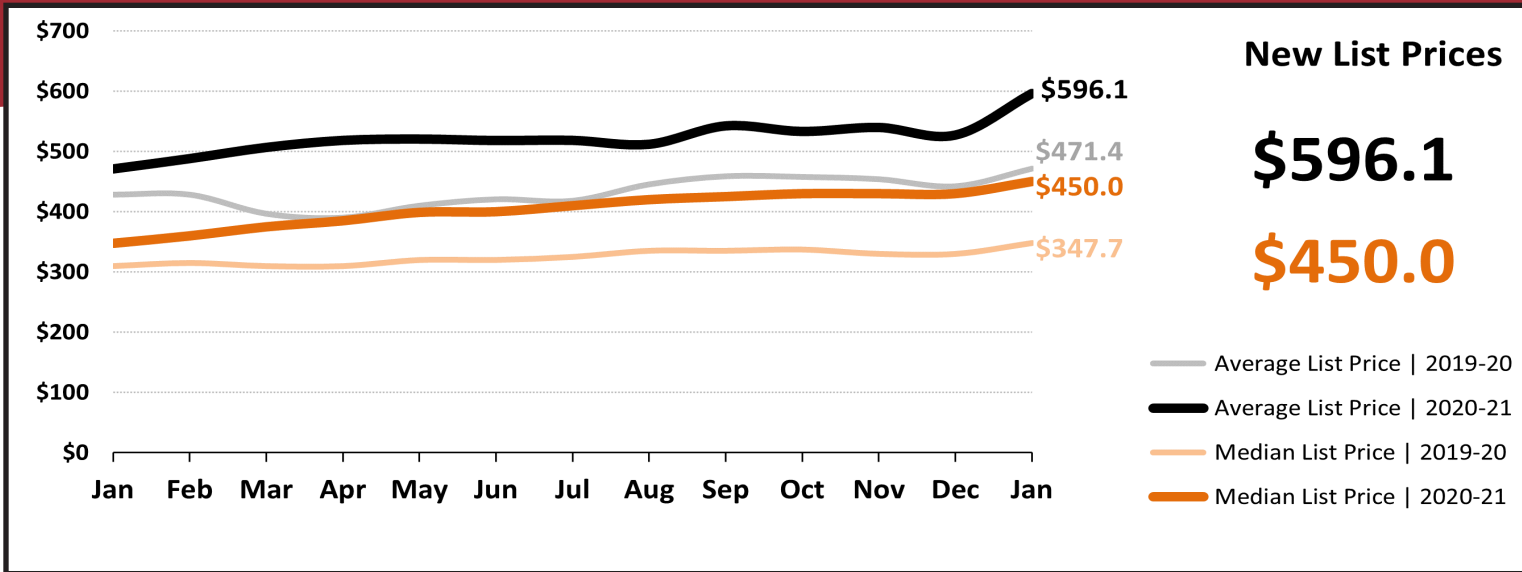
January UCB listings percent of total inventory was **38.2%** with January CCBS listings at **3.1%** of total inventory.

Snapshot of statuses on 1/31/22



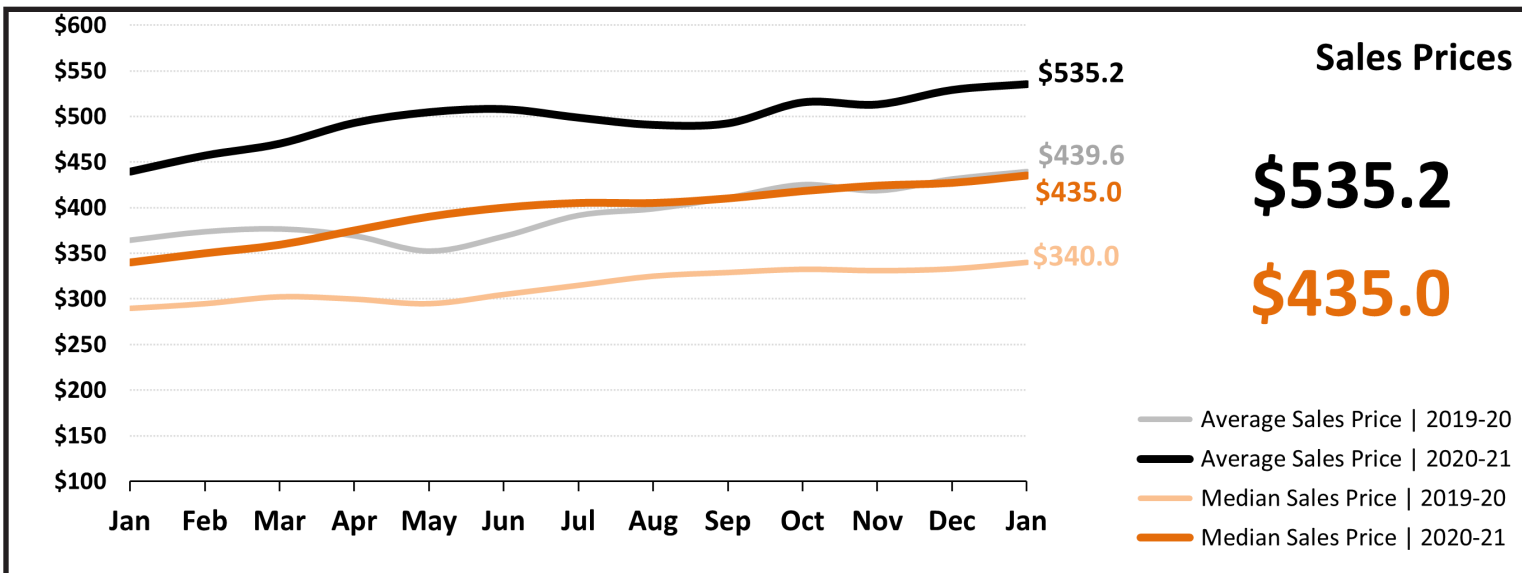
Months supply of inventory for December was **0.98** with January at **1.28**.

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



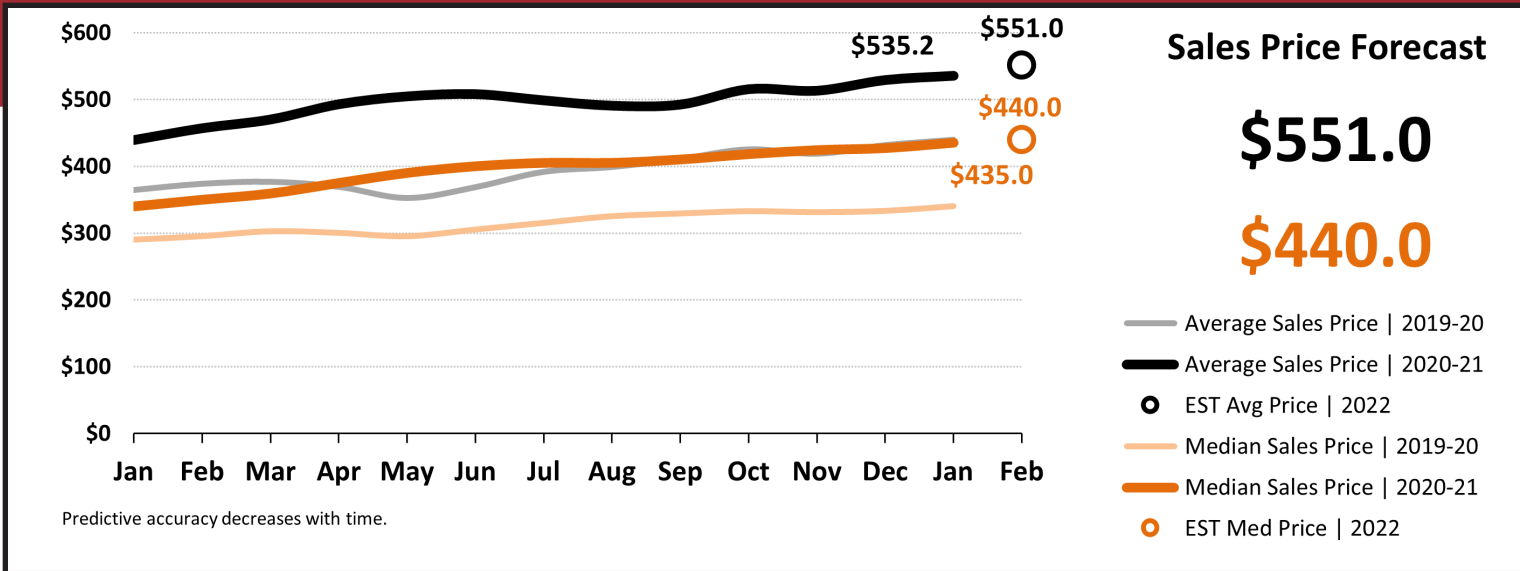
Average new list prices are up **+26.5%** year-over-year. The year-over-year median is up **+29.4%**.

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



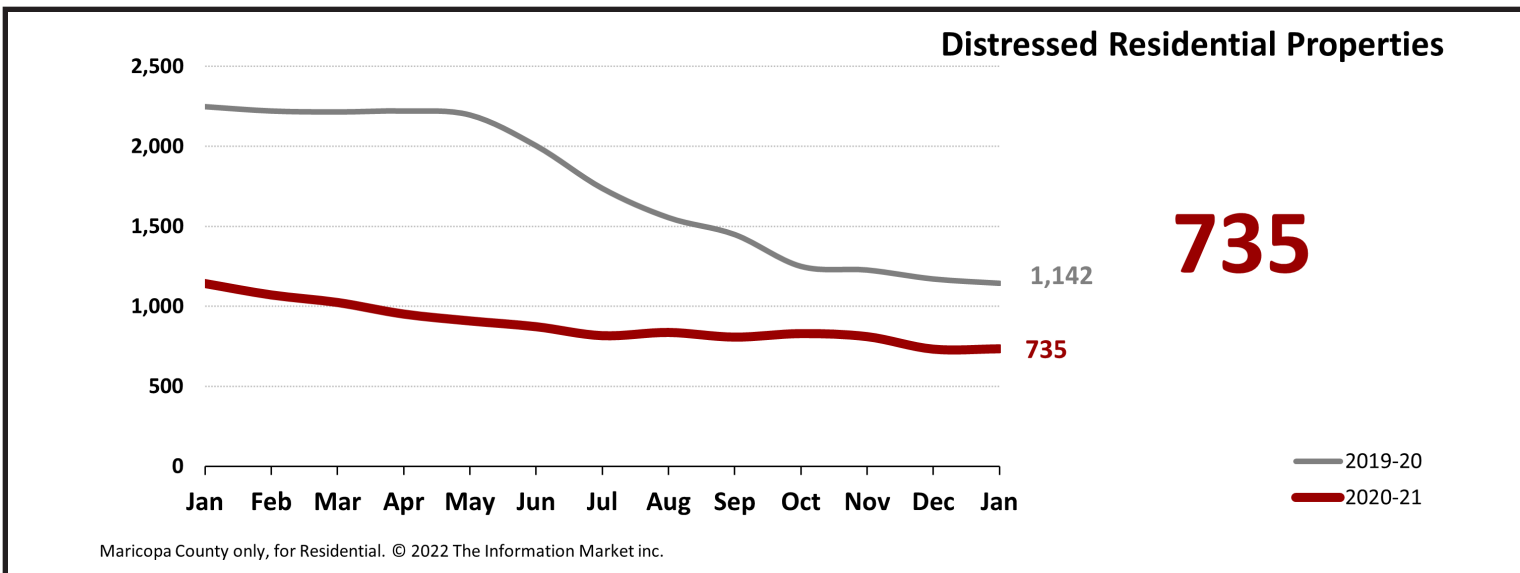
The average sales price is up **+21.7%** year-over-year while the year-over-year median sales price is also up **+27.9%**.

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



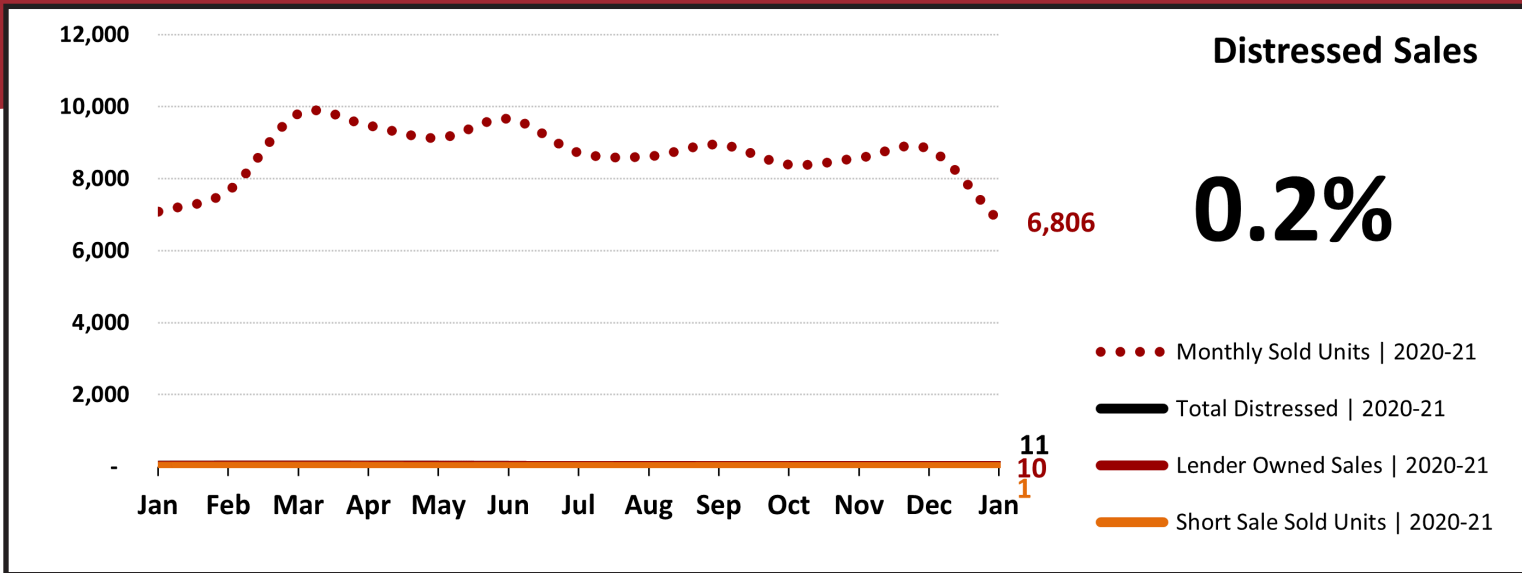
An **increase** is forecasted in January for both average sale prices and median sale prices.

ARMLS proprietary predictive model forecast, 0 day DOM sales removed



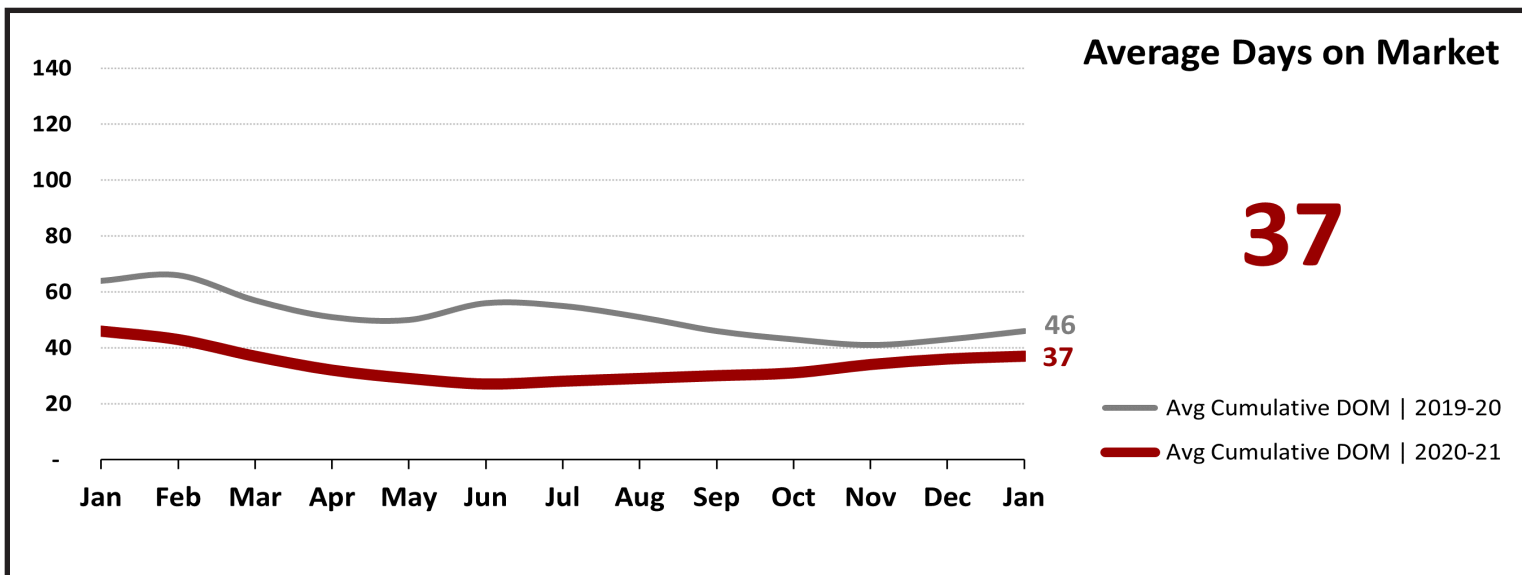
Foreclosures pending month-over-month showed an increase of **+0.3%** while the year-over-year figure was down **-35.6%**.

Snapshot of public records data on 1/31/22 active residential notices and residential REO properties.



Distressed sales accounted for **0.2%** of total sales, up from the previous month of 0.1%. Short sales went down **-83.3%** year-over-year. Lender-owned sales dropped **-41.2%** year-over-year.

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



Days on market were down **-9** days year-over-year while month-over-month went up **+1** days.

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

MARKET UPDATE JANUARY 2022

One of the things I do each month before writing STAT is to go back and review our commentary from the prior year. The primary reason is to check the accuracy of our reports. In our February 2020 commentary, we discussed falling interest rates, falling inventories, higher sales volume, and rising prices. We described our market as a full-blown sellers' market with the added caveat, "Anyone waiting for prices to fall, well, they'll be waiting." In the 12 months that followed, the median sales price rose 17.3%. Move ahead one year to February 2021, when the interest rate for a 30-year fixed-rate mortgage fell to 2.73% compared to 3.47% the prior year. With a 58% decline in active listings and an 11.8% increase in sales volume, our market transcended into what STAT declared a "full-blown seller's market on steroids." The median sales price climbed 27.9% over the ensuing 12 months. So, after the 17.3% yearly gains in January 2020 and 27.9% yearly gains in January 2021, the question is what does 2022 have in store?

The 30-year fixed-rate mortgage has moved higher. It is now 3.69%, 22 basis points higher than February 2020 and 96 basis points higher than last year. Higher prices and higher interest rates impact affordability, and as homes become less affordable, demand will waiver. As a possible precursor, demand was down 3.8% year-over-year in January. I would like to tell you, as a result, home prices will level out soon, but this would merely be a fool's errand, as ARMLS reported the fewest number of active listings for any February 1 in ARMLS history. As conferred by Michael Orr, *"New listing counts have been low over the past few weeks and there is still no sign of the supply situation improving. Dramatic increases in supply is what is needed to correct the imbalance in the market. If demand were to drop to the level that supply started to build again, this would take us towards balance. But this would likely occur at a slow pace that could take a very long time to reach anything close to normality. Demand would need to collapse to get back to balance with supply."*

The two charts below show these changes in the median sales price as well as demand as reported by ARMLS over the last 13 months.

Changes in Median Sales Price over 13 Months via ARMLS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Median Sales Price 2019-20	\$289.9	\$295.0	\$302.5	\$300.0	\$295.0	\$305.0	\$315.0	\$325.0	\$329.0	\$332.5	\$331.0	\$333.0	\$340.0	\$350.0
Median Sales Price 2020-21	\$340.0	\$350.0	\$359.3	\$375.0	\$390.0	\$399.9	\$405.0	\$405.0	\$410.0	\$418.0	\$424.0	\$427.0	\$435.0	
EST Med Price 2022														\$440.0
% Change over year	17.3%	18.6%	18.8%	25.0%	32.2%	31.1%	28.6%	24.6%	24.6%	25.7%	28.1%	28.2%	27.9%	
% Change per month	2.1%	2.9%	2.7%	4.4%	4.0%	2.5%	1.3%	0.0%	1.2%	2.0%	1.4%	0.7%	1.9%	

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Monthly Sold Units 2019-20	6,328	7,279	8,626	6,925	6,860	9,508	10,303	8,878	9,305	9,690	8,886	9,666	7,076
Monthly Sold Units 2020-21	7,076	7,659	9,806	9,476	9,127	9,661	8,715	8,614	8,944	8,385	8,573	8,814	6,806
% Change over year	11.8%	5.2%	13.7%	36.8%	33.0%	1.6%	-15.4%	-3.0%	-3.9%	-13.5%	-3.5%	-8.8%	-3.8%
% Change per month	-26.8%	8.2%	28.0%	-3.4%	-3.7%	5.9%	-9.8%	-1.2%	3.8%	-6.3%	2.2%	2.8%	-22.8%

Why is supply so low?

Let me share my thoughts as to why our supply is so constricted:

- 1.) I believe baby boomers are aging in place. It is reported boomers (okay, I googled it) own 42% to 44% of all homes in the USA, and with Maricopa County being an attractive retirement destination, these numbers may be higher.
- 2.) Maricopa County is also an attractive winter haven for northerners owning a second non-primary residence in our state. These are homes that are owned by part-time residents, and again, most likely owned by boomers.

- 3.) Another evolving trend is Airbnb properties. Airbnb was founded in 2008, turning shelter into vacation rentals. While we don't know the number of Airbnbs in Maricopa County, a recent Phoenix New Times article "estimates more than 5,000 properties out of Scottsdale's 90,000 households (nearly 6%), are now listed as vacation rentals for some part of the year." If their making money, they aren't selling. We are now seeing reports of [investment firms](#) taking aim at this market.
- 4.) Institutional buyers backed by hedge funds became a thing in early 2011, and their purchases continue today, with a strategy to procure, package and rent. We have seen only a few instances of an institution purchase reverting to a traditional buyer. In the rare instance where this does occur, the institution most likely mistakenly purchased outside their model. Institutional buyers are aggressively making cash offers on all SFRs, minimum three bedrooms, two baths, two-car garage homes built in 1980 or newer without a pool or spa. Their strategy is to buy, hold, and rent. Over the past year, they accounted for 10% of all properties purchased in Maricopa County in the 250,000 to 500,000 price range. By our estimation, institutional buyers currently hold 27,000 to 30,000 properties in Maricopa County and rising monthly. The reason for the disparity in numbers lies in our ability to identify and count SFR's built specifically to rent. Each month, as I review the institutional buyers, I have an uneasy feeling I'm underestimating their footprint.
- 5.) Foreclosures, a huge contributor of supply at the onset of the prior decade, are nearly non-existent today. There were only 256 residential foreclosures in 2021. While we will most likely see higher numbers in 2022, their expected contribution to supply will remain insignificant.
- 6.) New home sales were down 15.7% in January year-over-year in Maricopa County as builders have troubles moving their product from finished to closed. Providing a reliable close date has become a real challenge for builders as they face supply chain and labor issues.

As I conclude my discussion on supply/demand and our expectations for what this means for pricing, let me leave you with one last metric. ARMLS reported the median sales price for homes sold in January as \$430,000. Our daily monitoring of pending sales contracts tells us that the median sales price for closed listings will hit \$460,000 around the April 1. In March 2017, the reported median sales price was \$230,000. If our projection is correct, home prices will have doubled in the last five years. We are just now moving into our buying season when prices historically rise at a faster rate and peak in June

In parting, here are couple of tidbits:

According to a new [report](#) from Redfin, Phoenix was named the most popular U.S. migration destination of 2021—followed by Dallas and Orlando. Redfin estimates the Phoenix metro gained approximately 85,000 residents from other metro areas in 2021, far more than any other metro. Dallas followed, gaining around 56,000, while Orlando gained about 53,000.

The Maricopa Association of Governments (MAG) recently launched their Housing Data Explorer, which provides data tabs on home sales, apartment rents, evictions, cost-burden households, and distressed properties. I'm particularly fond of the eviction tab, as this has been a main topic of conversation during the eviction moratorium. Evictions are broken down to the city level. You can view MAG's Housing Data Explorer by clicking on the link, [here](#). This will be a link I catalog and circle back to on a regular monthly basis.

PENDING PRICE INDEX (PPI)

Last month STAT's mathematical model projected the median sales price for January at \$430,000. The actual number was \$435,000. Looking ahead to February, the ARMLS Pending Price Index projects a median sales price of \$440,000. If February's median sales price projection is correct, we will see a year-over-year gain of 25.71%. The last few months our estimates have been lower than the actual median. I suspect this might very well be the case again in February.

We began February with 7,149 pending contracts, 3,321 UCB listings and 270 CCBS, giving us a total of 10,740 residential listings practically under contract. This compares to 11,317 of the same type of listings one year ago. At the beginning of February, the "pending" contracts are 5.10% lower than last year. There were 18 business days in February 2021 and 19 this year. ARMLS reported 7,659 sales in February 2021. The highest sales volume ever in February occurred in 2005 with 7,781. With the extra business day, February 2022 sales volume will be similar to 2021's total.