

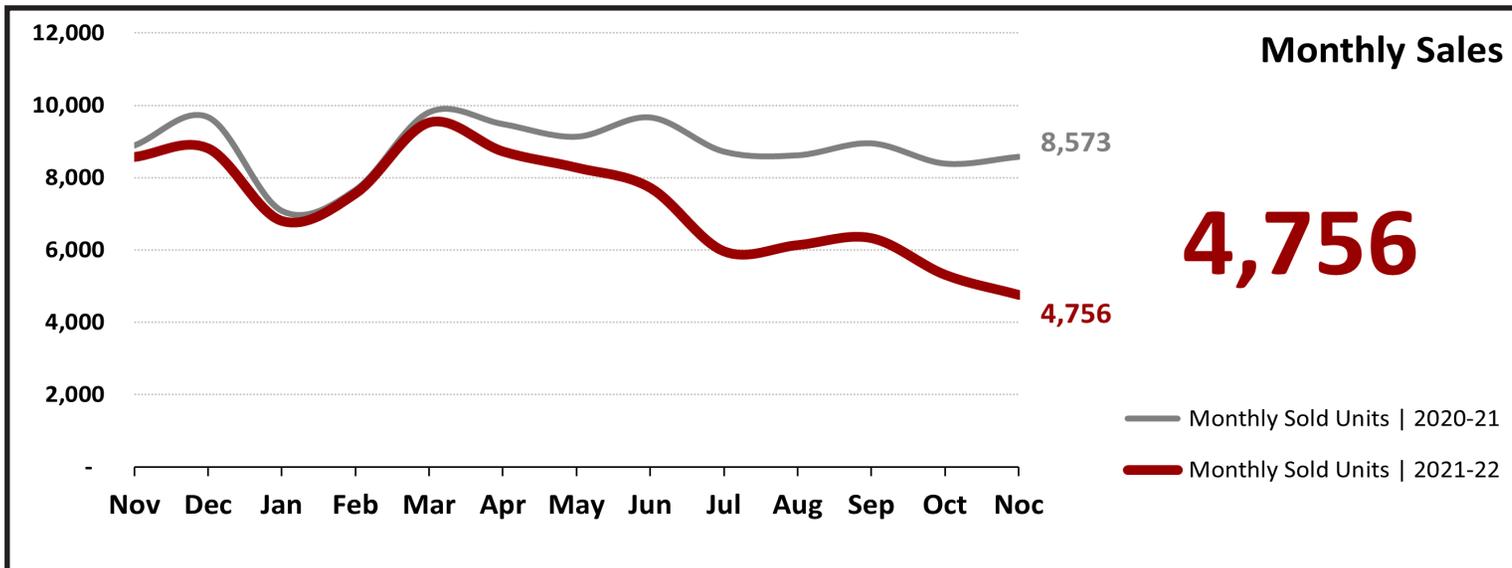
STAT

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



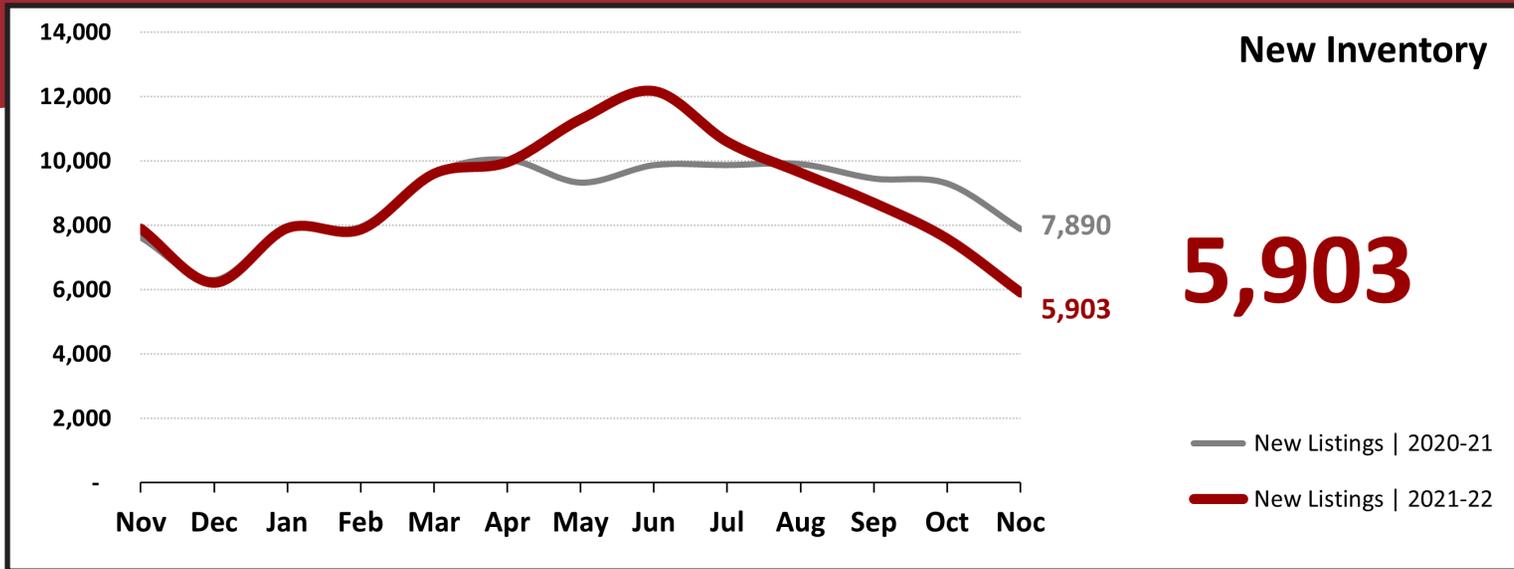
DATA FOR **NOVEMBER 2022**

Published December 16, 2022



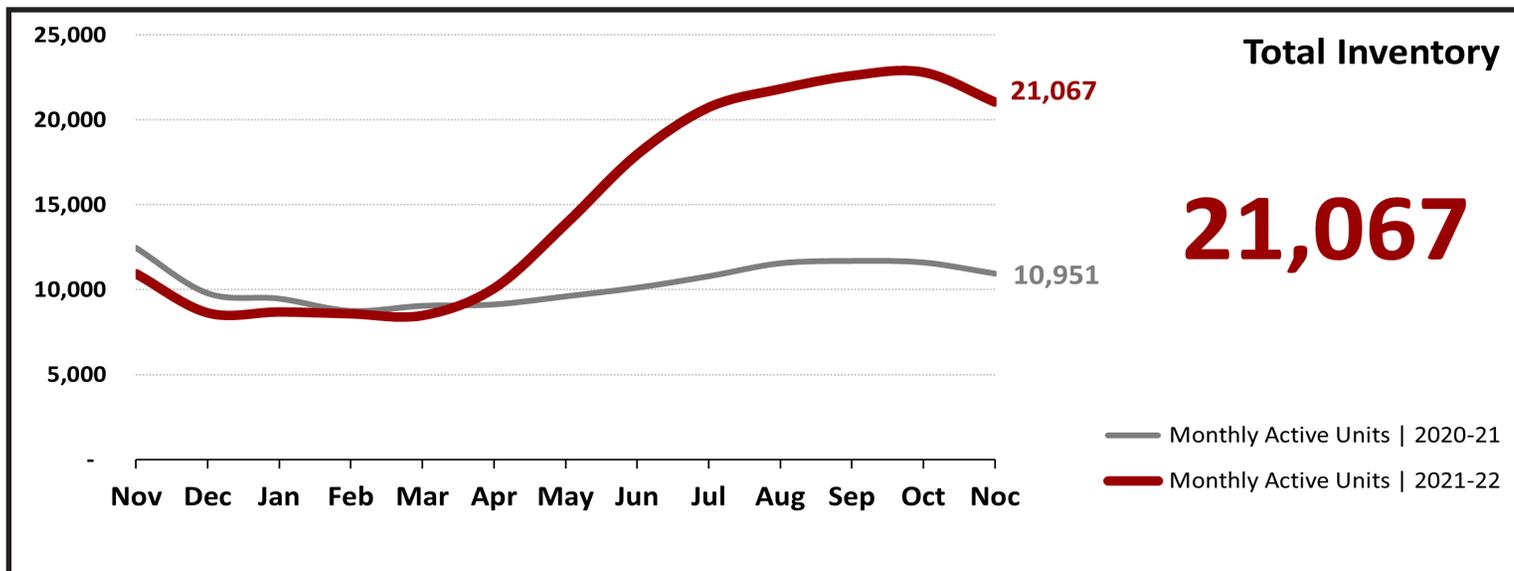
Sales are down **-10.5%** month-over-month. The year-over-year comparison is down **-44.5%**.

Closed MLS sales with a close of escrow date from 11/1/22 to 11/30/22, 0 day DOM sales removed



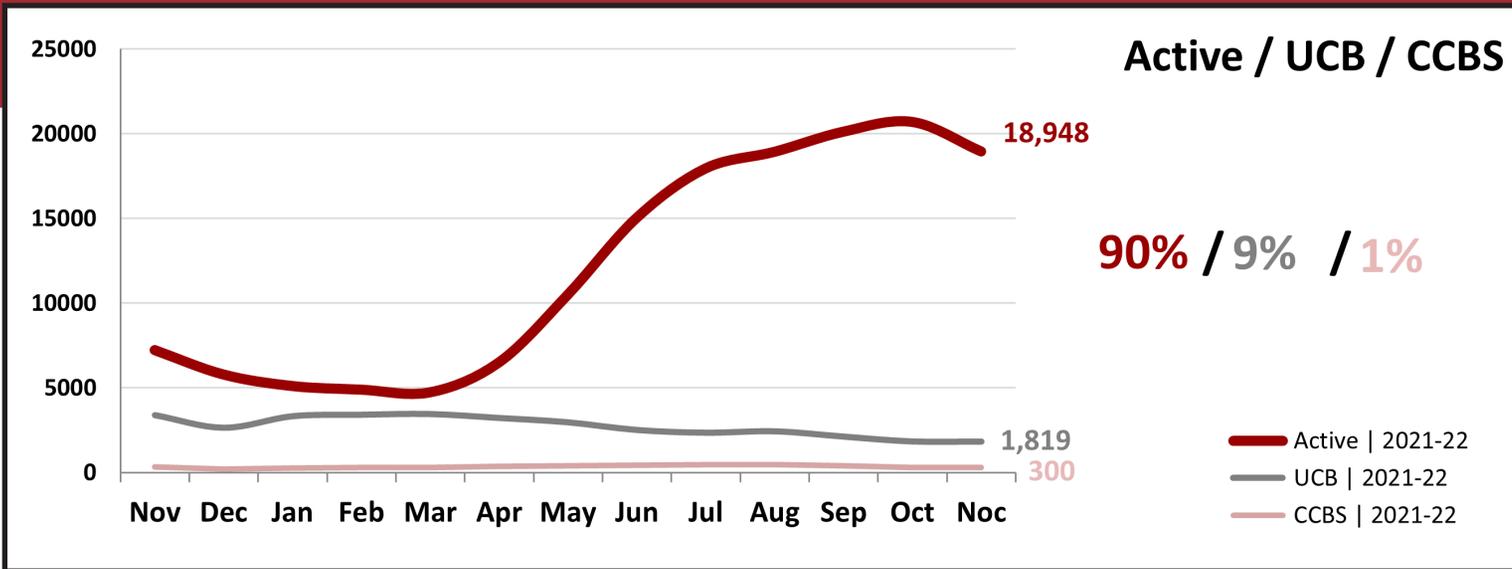
New MLS listings that were active for at least one day from 11/1/22 to 11/30/22, 0 day DOM sales removed

New inventory has a month-over-month decrease of **-22.1%** while the year-over-year comparison decreased by **-25.2%**.



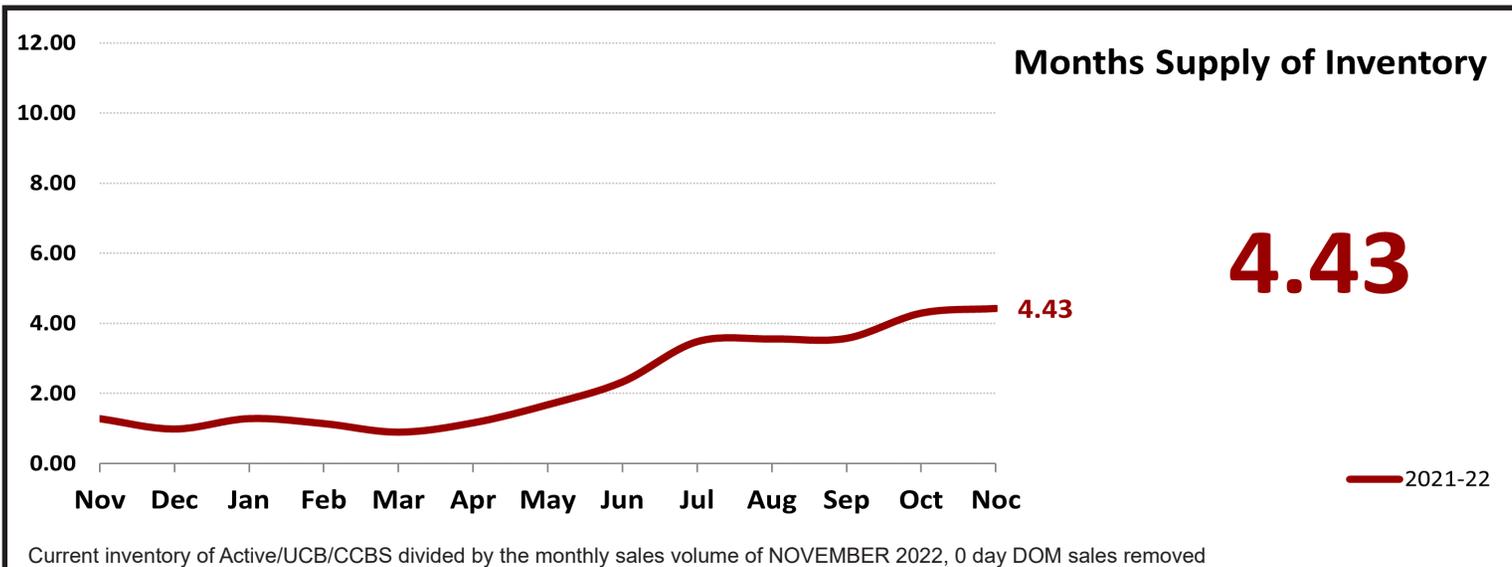
Snapshot of statuses on 11/30/22

Total inventory has a month-over-month decrease of **-7.7%** while year-over-year reflects an increase of **+92.4%**.



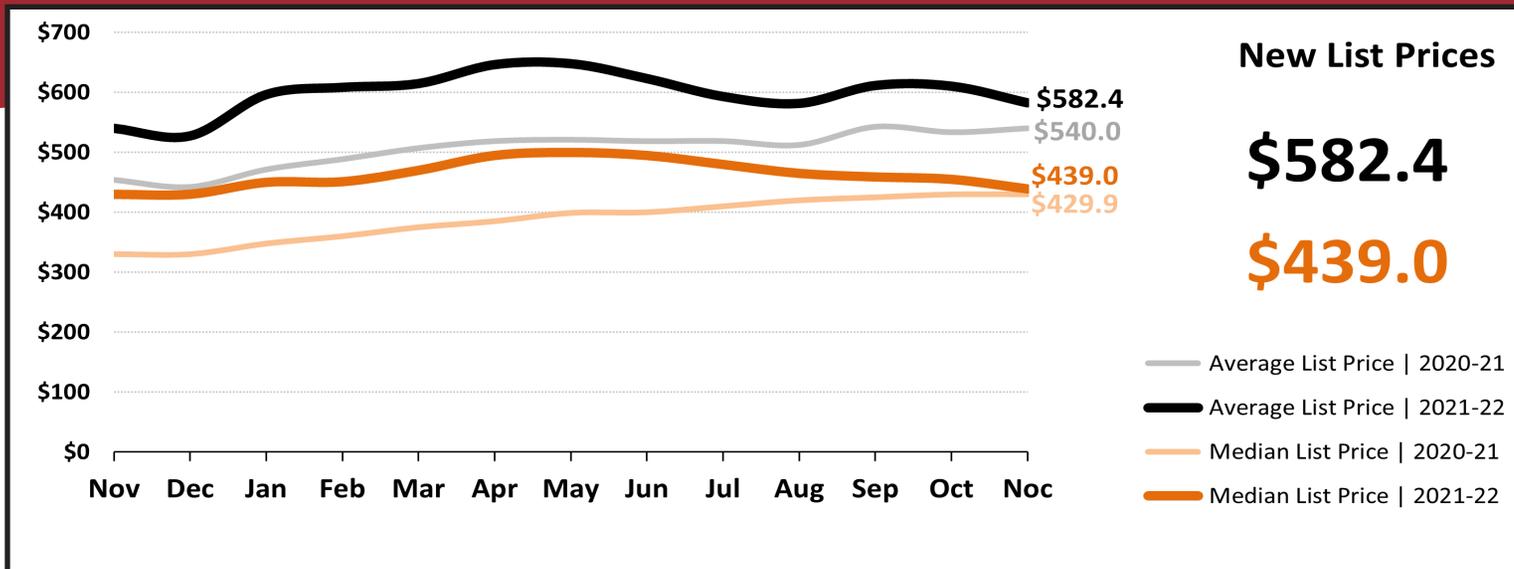
November UCB listings percent of total inventory was **8.6%** with November CCBS listings at **1.4%** of total inventory.

Snapshot of statuses on 11/30/22



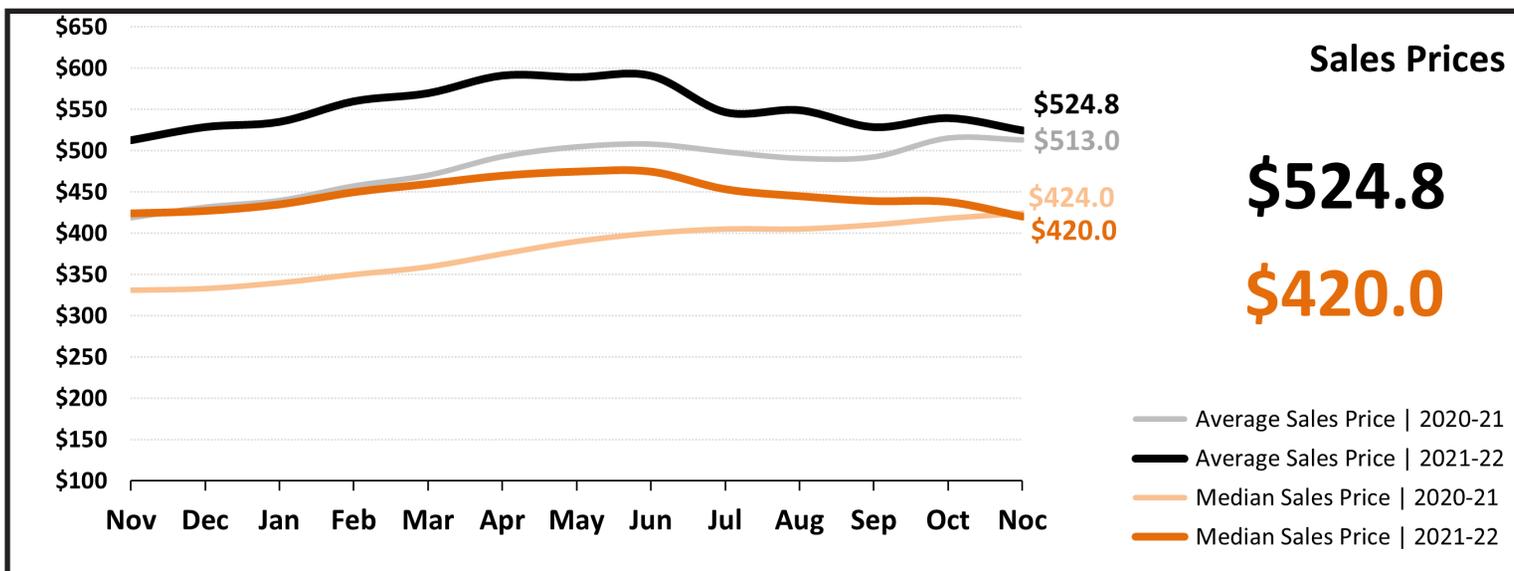
Months supply of inventory for October was **4.30** with November at **4.43**.

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



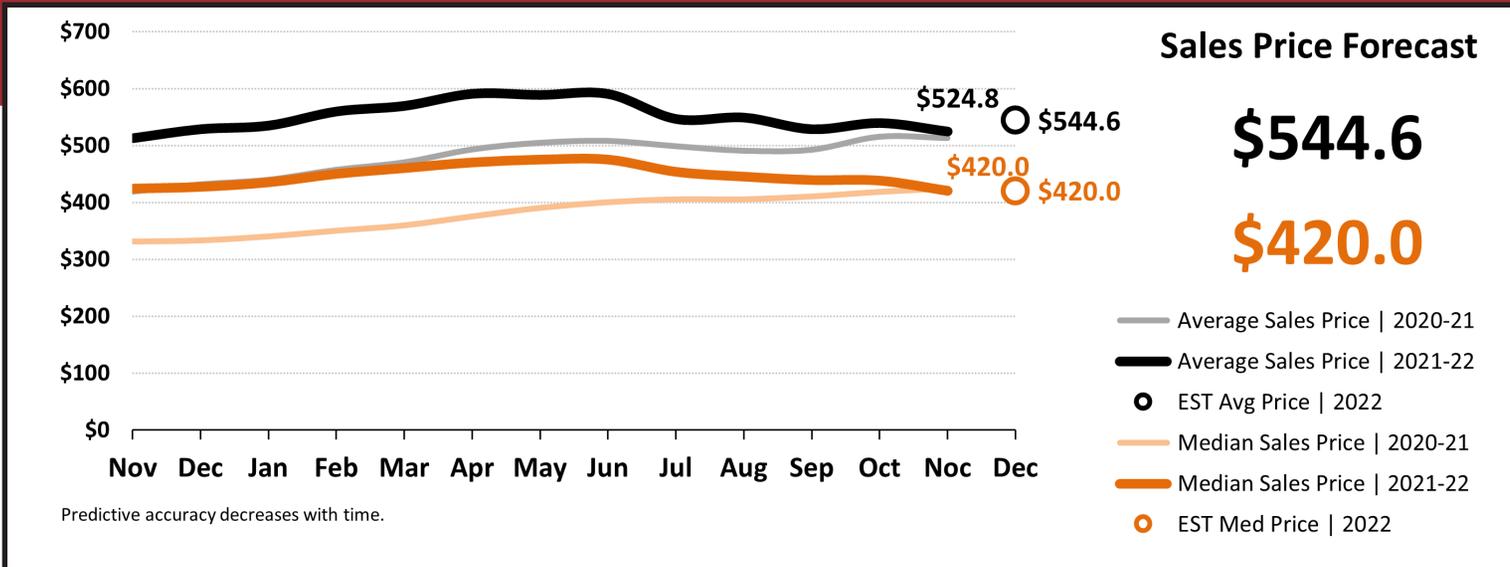
List prices of new listings with list dates from 11/1/22 to 11/30/22, 0 day DOM sales removed

Average new list prices are up **+7.9%** year-over-year. The year-over-year median is up **+2.1%**.



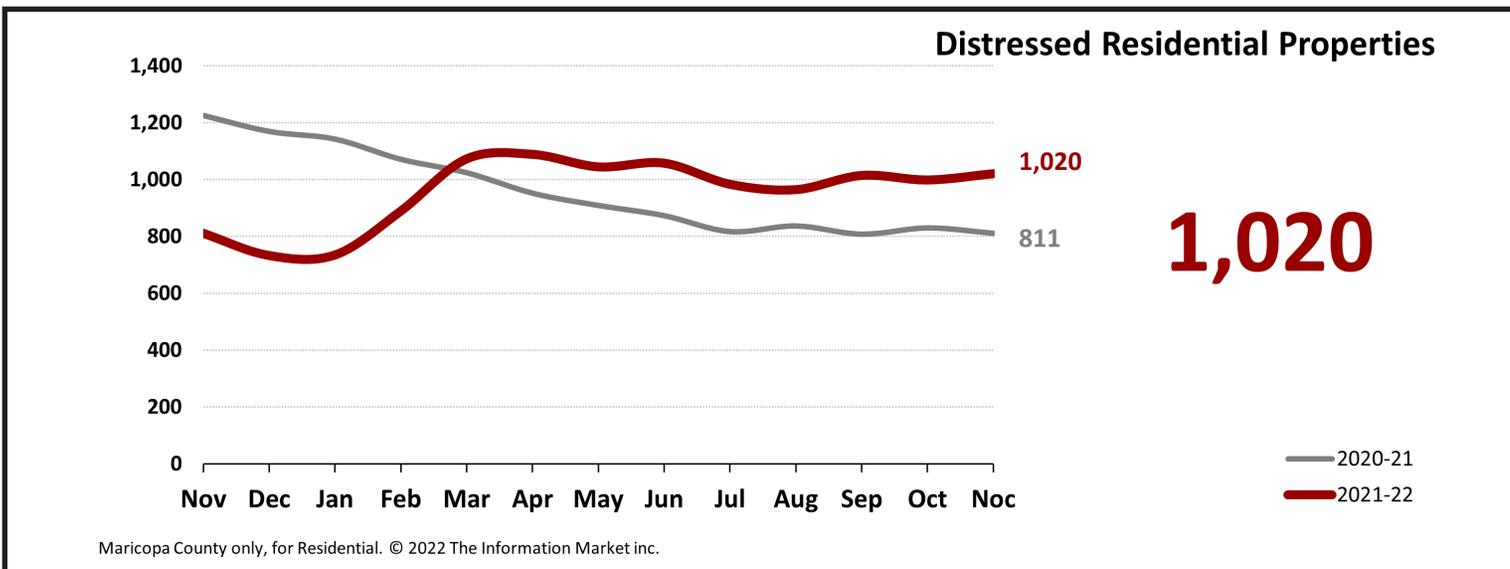
MLS sales prices for closed listings with a close of escrow date from 11/1/22 to 11/30/22, 0 day DOM sales removed

The average sales price is up **+2.3%** year-over-year while the year-over-year median sales price is down **-0.9%**.



An **increase** is forecasted in December for average sale prices while **no change** is forecasted for Median sale prices.

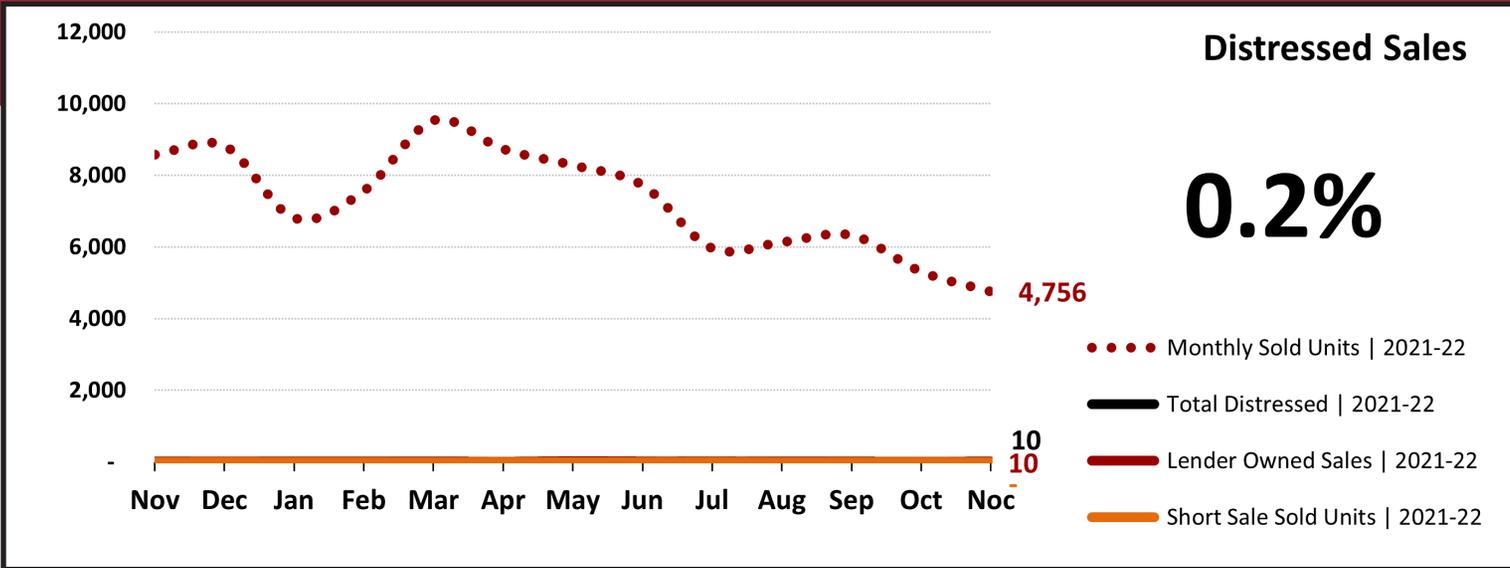
ARMLS proprietary predictive model forecast, 0 day DOM sales removed



Foreclosures pending month-over-month showed an increase of **+2.2%** while the year-over-year figure was up **+25.8%**.

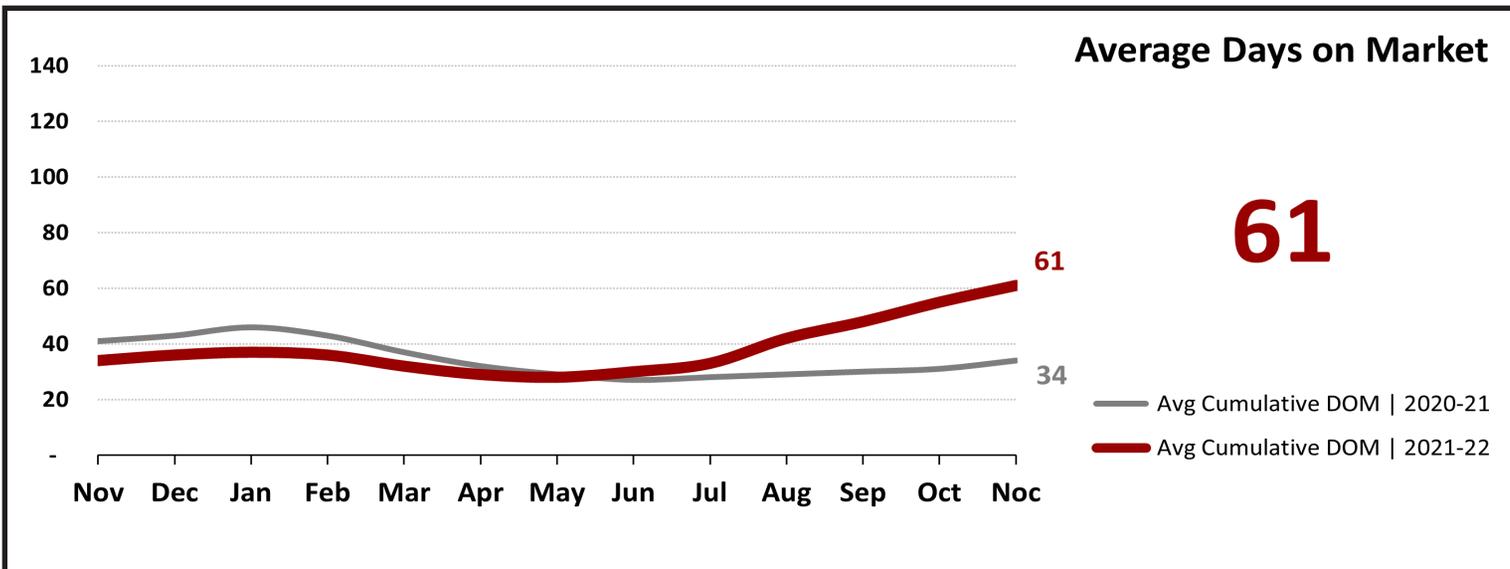
Maricopa County only, for Residential. © 2022 The Information Market inc.

Snapshot of public records data on 11/30/22 active residential notices and residential REO properties.



New MLS listings that were active for at least one day from 11/1/22 to 11/30/22, 0 day DOM sales removed

Distressed sales accounted for **0.2%** of total sales, up from the previous month of 0.1%. Short sales decreased **-100.0%** year-over-year. Lender-owned sales decreased **had no change** year-over-year.



MLS sales prices for closed listings with a close of escrow date from 11/1/22 to 11/30/22, 0 day DOM sales removed

Days on market were up **+27 days** year-over-year while month-over-month was also up **+6 days**.

This is the time of year when thoughts about real estate take a back seat to the holidays. It's a time of reflection, for family and friends to gather, and for giving. My gift to you this year is our Holiday STAT, a STAT that will be short, sweet and to the point. Less time reading allows more time holidaying. But be forewarned, next month, we'll be composing our 2022 Housing Retrospective, at which time we'll look back at 2022 and ahead to 2023. I can predict with 100% accuracy that it will be the most long-winded STAT of the year and I can guarantee it will be more STAT than you could need or want.

November's Market Update

The Central bank's major tool to lower inflation is interest rate hikes. By raising the cost of borrowing money, they can curb the demand for goods and services. The following metrics speak for themselves and confirm their efforts have effectively altered our housing market.

- 30-Year fixed mortgage rate Nov. 10, 2021: 2.98%
- 30-Year fixed mortgage rate Nov. 10, 2022: 7.08%
- Sales Volume is down 44.5% year over year.
- The median sales price is down 4.1% month over month.
- The median sales price reported a 28.1% year-over-year increase in November 2021.
- The median sales price reported a -0.9% year-over-year decrease in November 2022.
- The price gains our market experienced in early 2022 have completely evaporated.

COMMENTARY

BY TOM RUFF

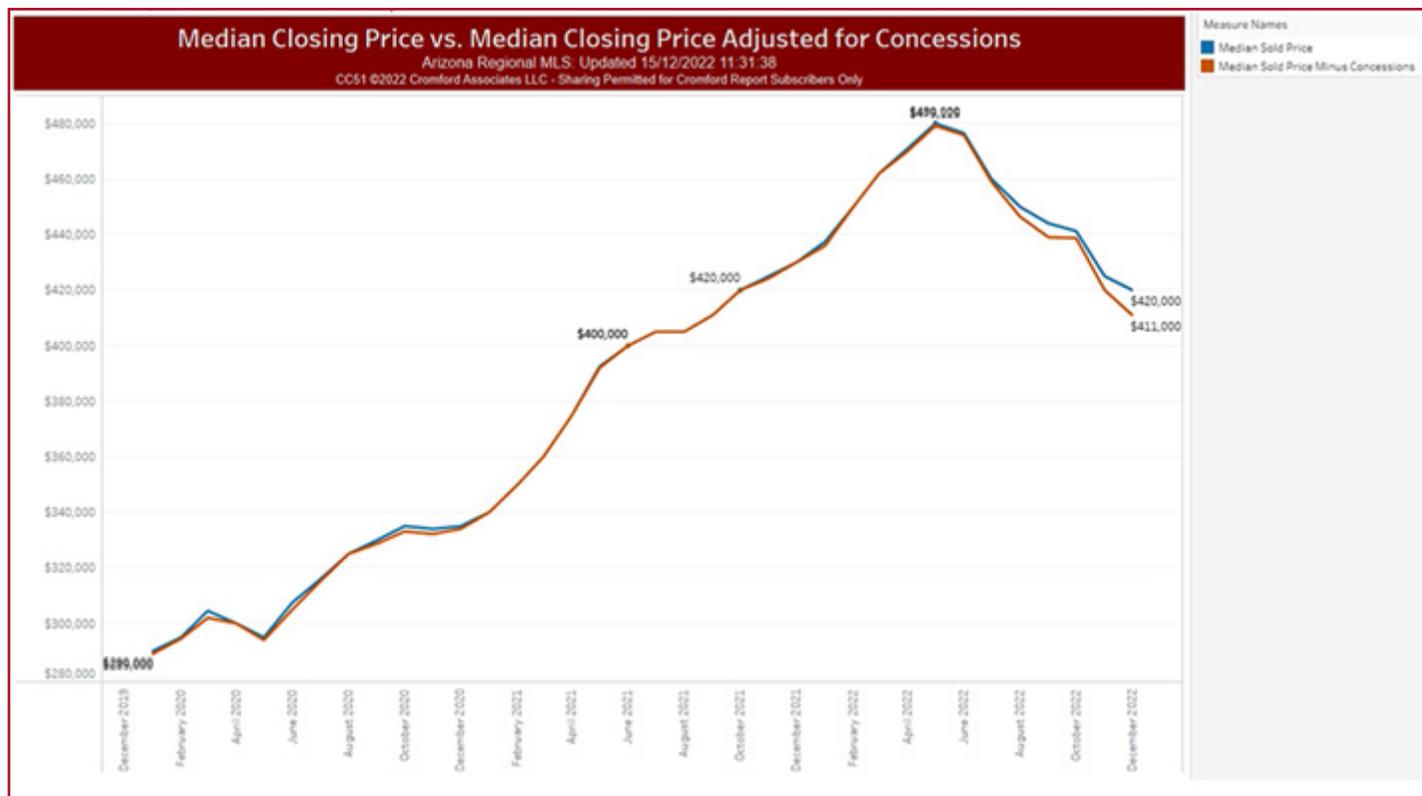
\$331.0	\$333.0	\$340.0	\$350.0	\$359.3	\$375.0	\$390.0	\$399.9	\$405.0	\$405.0	\$410.0	\$418.0	\$424.0
\$424.0	\$427.0	\$435.0	\$449.9	\$460.0	\$470.0	\$475.0	\$475.0	\$453.5	\$445.0	\$439.0	\$438.0	\$420.0
28.1%	28.2%	27.9%	28.5%	28.0%	25.3%	21.8%	18.8%	12.0%	9.9%	7.1%	4.8%	-0.9%
1.4%	0.7%	1.9%	3.4%	2.2%	2.2%	1.1%	0.0%	-4.5%	-1.9%	-1.3%	-0.2%	-4.1%

Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
8,886	9,666	7,076	7,659	9,806	9,476	9,127	9,661	8,715	8,614	8,944	8,385	8,573
8,573	8,814	6,806	7,563	9,527	8,726	8,278	7,720	5,962	6,136	6,328	5,313	4,756
-3.5%	-8.8%	-3.8%	-1.3%	-2.8%	-7.9%	-9.3%	-20.1%	-31.6%	-28.8%	-29.2%	-36.6%	-44.5%
2.2%	2.8%	-22.8%	11.1%	26.0%	-8.4%	-5.1%	-6.7%	-22.8%	2.9%	3.1%	-16.0%	-10.5%

In his Market Summary Report, Michael Orr of the Cromford Report puts these numbers in perspective: *“Demand not only remains weak, but it became even weaker during November with under contract listings down 3% from a month earlier and sales down a massive 45% from a year ago. After so many years with strong demand this feels very unusual and a little unnerving. This lack of demand is far worse for resale homes than it is for brand new homes, which are experiencing relatively brisk closings and a little downward pressure in gross contract prices. However, we have no doubt that seller concessions to buyers are much higher now than they were during the first quarter. For the majority of new home closings, these concessions are not visible. Resale concessions will often appear in the MLS listings, and we know these concessions have increased dramatically.*”

“The big news since last month is that supply has changed direction and is now declining fairly rapidly. Almost 7% fewer active listings than a month ago means sellers have less competition. Mortgage interest rates have stabilized and if they were to fall meaningfully, demand might recover once the new year is well underway. However, no one can really predict the next interest rate move with any confidence. For now, we anticipate one of the quietest Decembers on record with few contract signings, few closings and few new sellers placing their homes on the market.”

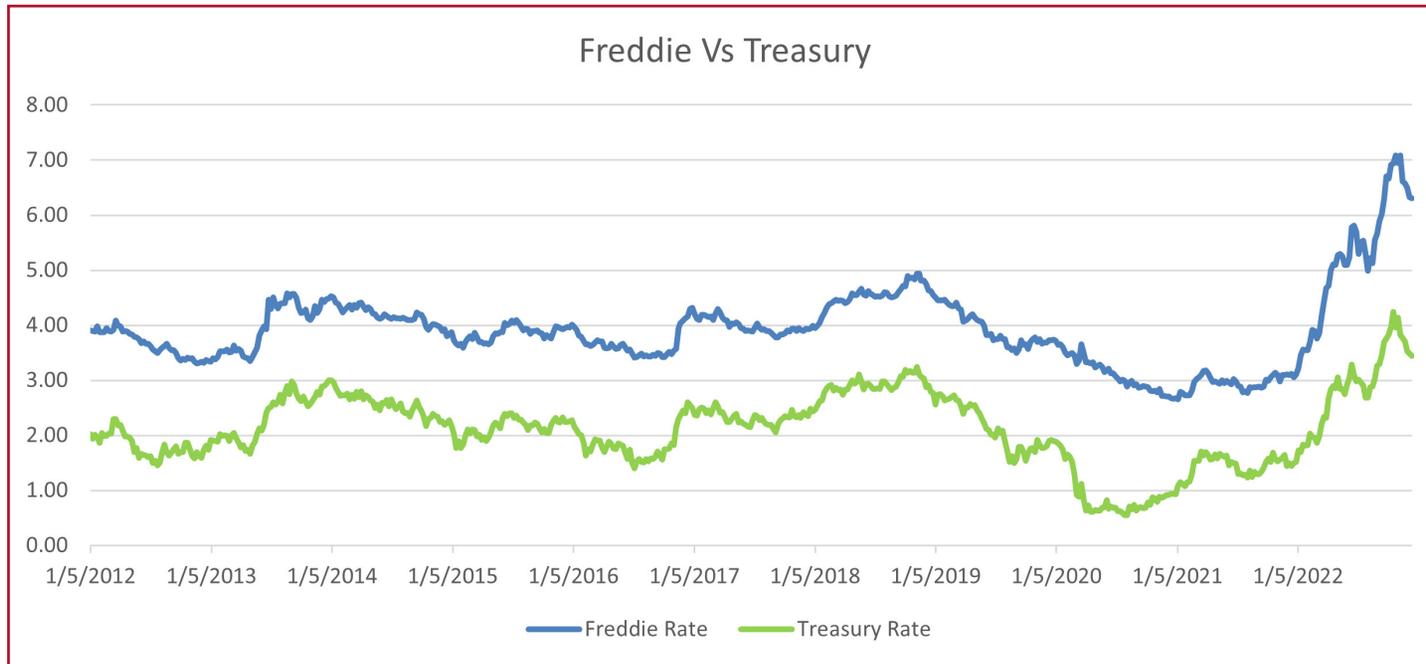
Median Closing Prices vs Median Closing Price adjusted for Concessions via The Cromford Report



About Interest rates:

While we monitor interest rates constantly, we never predict future rate movement, although we have thoughts about where they might be headed. The 30-year fixed rate is closely tied to the 10-year treasury rate. The chart below displays this relationship over the past 10 years.

Freddie vs Treasury Interest Rates via Tom Ruff

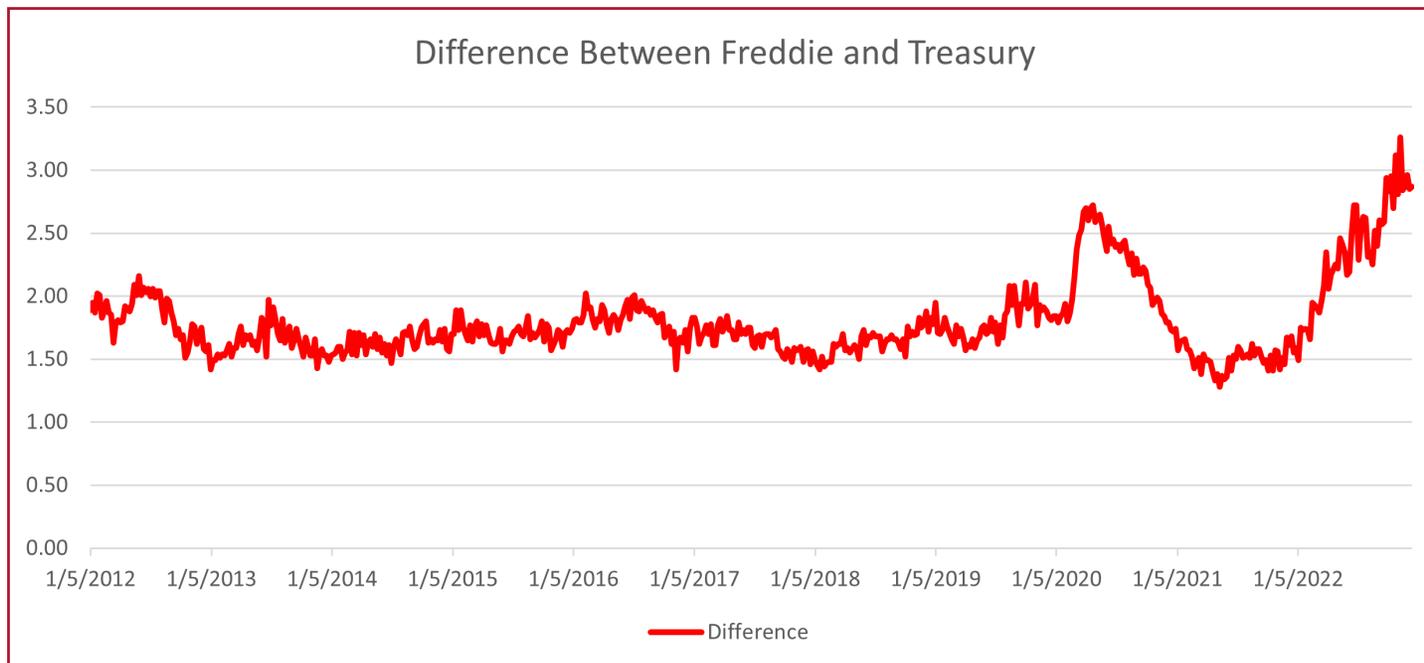


When we view the spread between the two data sets, we receive additional insights. This chart is interactive. As the chart displays, the normal spread would be between 1.5 and 2.0 with the typical spread being 1.72. A large spread would imply times are risky, which is where we are now.

- 04/23/2020 2.72% Onset of Covid
- 11/10/2022 3.26% Largest Spread
- 12/15/2022 2.87% Today

Today's 30-year fixed mortgage stands at 6.31%. It can be assumed that if the spread between the 10-year treasury and the 30-year fixed mortgage were typical, 1.72, today's rate would be 5.16%.

Difference Between Freddie and Treasury Interest Rates via Tom Ruff



In conclusion:

As of Dec. 1, in terms of the median sales price, we are now reporting negative year-over-year price growth. Couple negative price growth with a 45% year-over-year decline in sales volume, at least in terms of our housing market, it appears we are already in a recession. The question now becomes, when will the Federal Open Market Committee conclude? In a recent article published in the MReport, Martin Green, Principal with the mortgage law firm, Polunsky Beitel Green, said, *“Interestingly, mortgage market participants are still optimistic that interest rates will fall in 2023. The question is whether the market is just being overly optimistic or whether the market has a better reading on inflation and the possible effect of a recession than the Federal Reserve does.”* As for our local housing market, in the short term, I see more clouds, but on the horizon, I see a ray of sunshine.

ARMLS Pending Price Index (PPI)

Last month, STAT’s mathematical model projected the median sales price for November at \$419,000. The actual amount was \$420,000. Looking ahead to December, the ARMLS Pending Price Index projects the median sales price to remain unchanged. If December’s median sales price projection is correct, our year-over-year median sales price will decline 1.64% and 11.58% from May’s record high of \$475,000. We began December with 3,777 pending contracts, 1,819 UCB listings and 300 CCBS, giving us a total of 5,896 residential listings practically under contract. This compares to 10,689 of the same type of listings one year ago. At the beginning of December, the “pending” contracts were 44.84% lower than last year. There were 21 business days in December 2021 and 21 this year. ARMLS reported 8,814 sales in December 2021. The highest sales volume ever in December occurred in 2020 with 9,666. When December’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 around 45%.