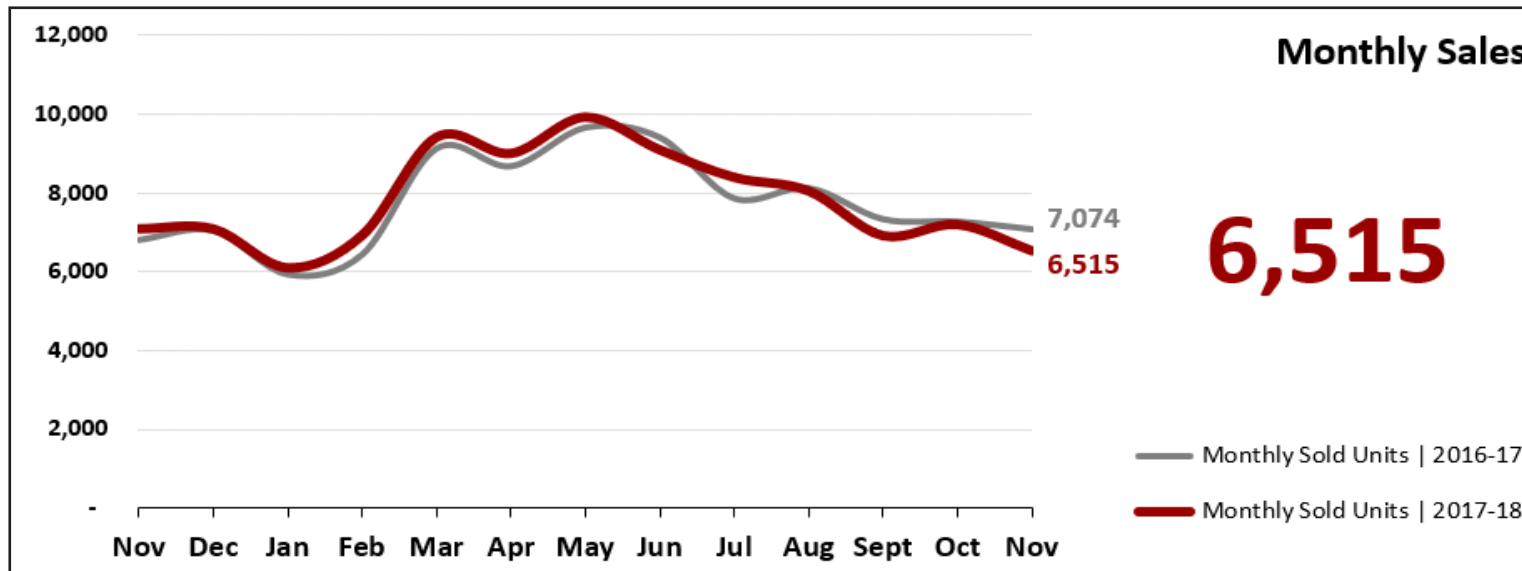




Your Monthly Statistics for the Phoenix Metro Area

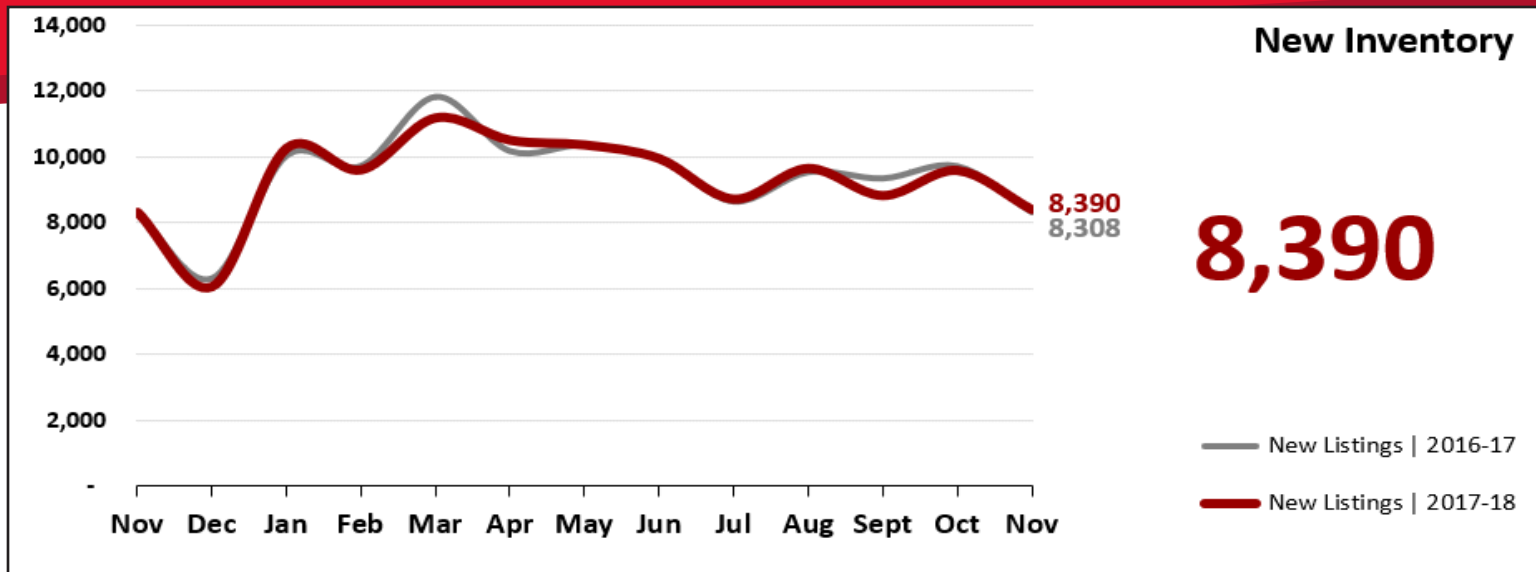
ARMLS®

DATA FOR NOVEMBER 2018 - Published December 20, 2018



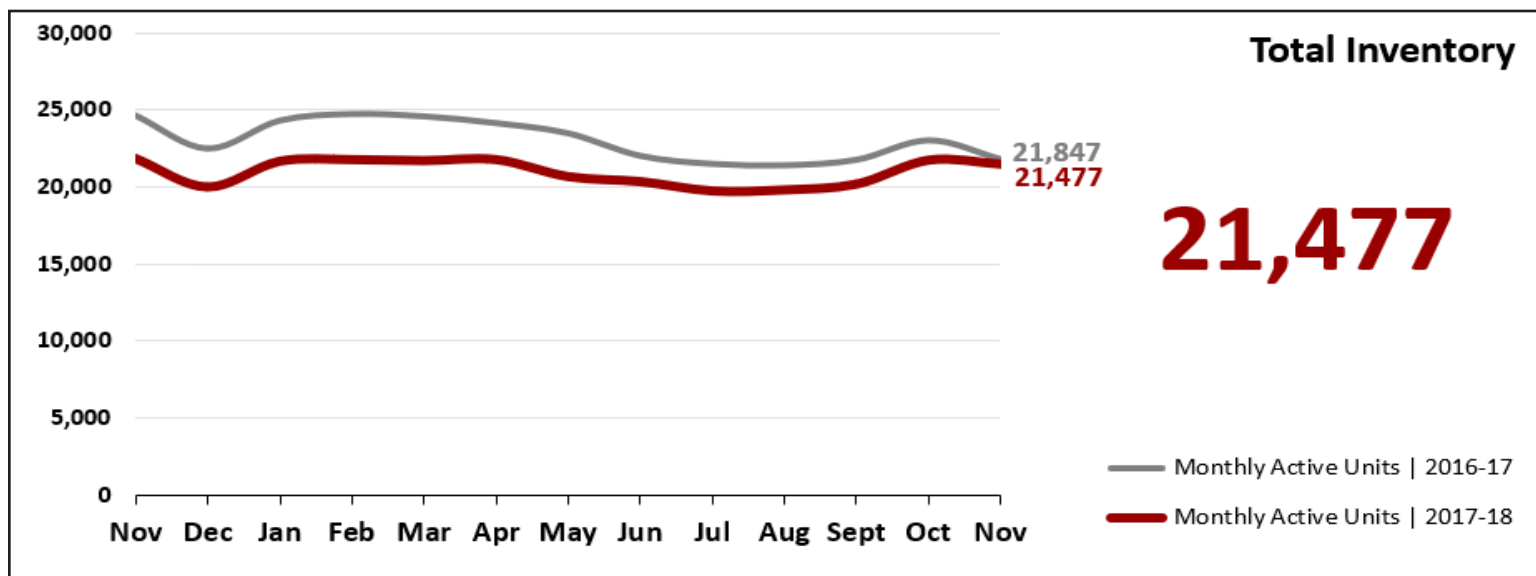
Sales are down -9.3% month-over-month. The year-over-year comparison is down -7.9%.

Closed MLS sales with a close of escrow date from 11/1/2018 to 11/30/2018, 0 day DOM sales removed



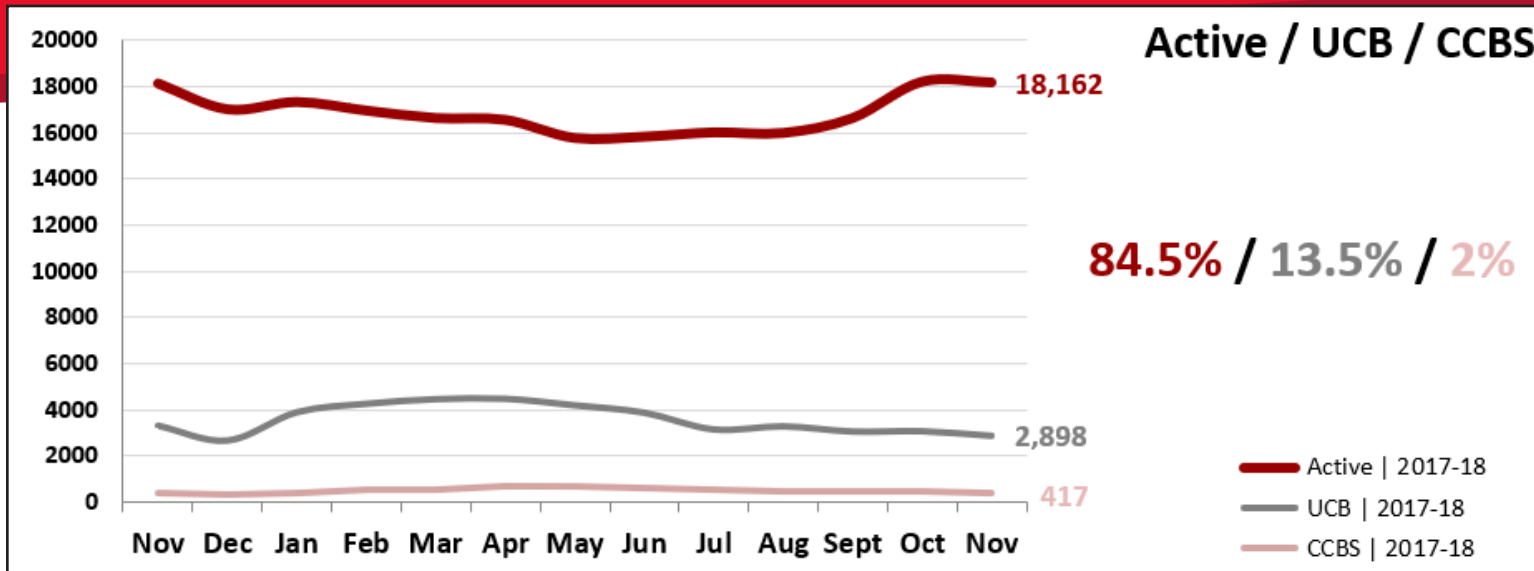
New MLS listings that were active for at least one day from 11/1/2018 to 11/30/2018, 0 day DOM sales removed

New inventory is down -12.4% month-over-month while the year-over-year comparison increased by 1.0%.



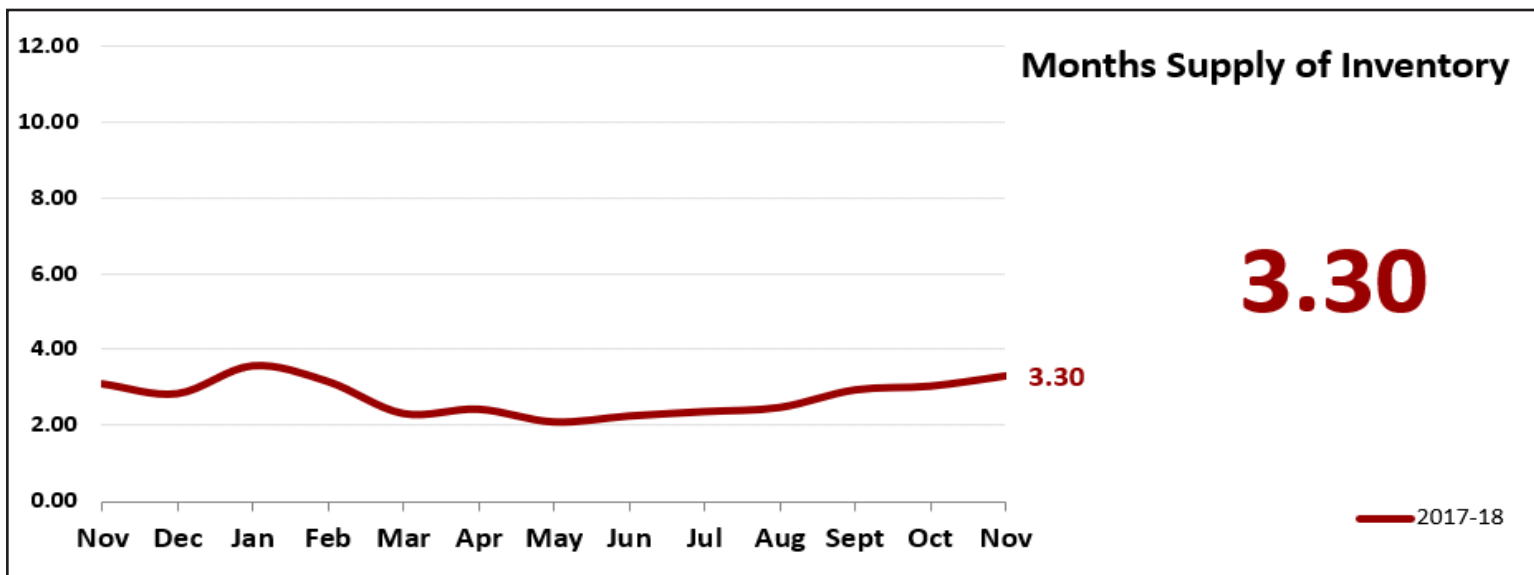
Snapshot of statuses on 11/30/2018

Total inventory has a month-over-month decrease of -1.2% while year-over-year reflects a decrease of -1.7%.



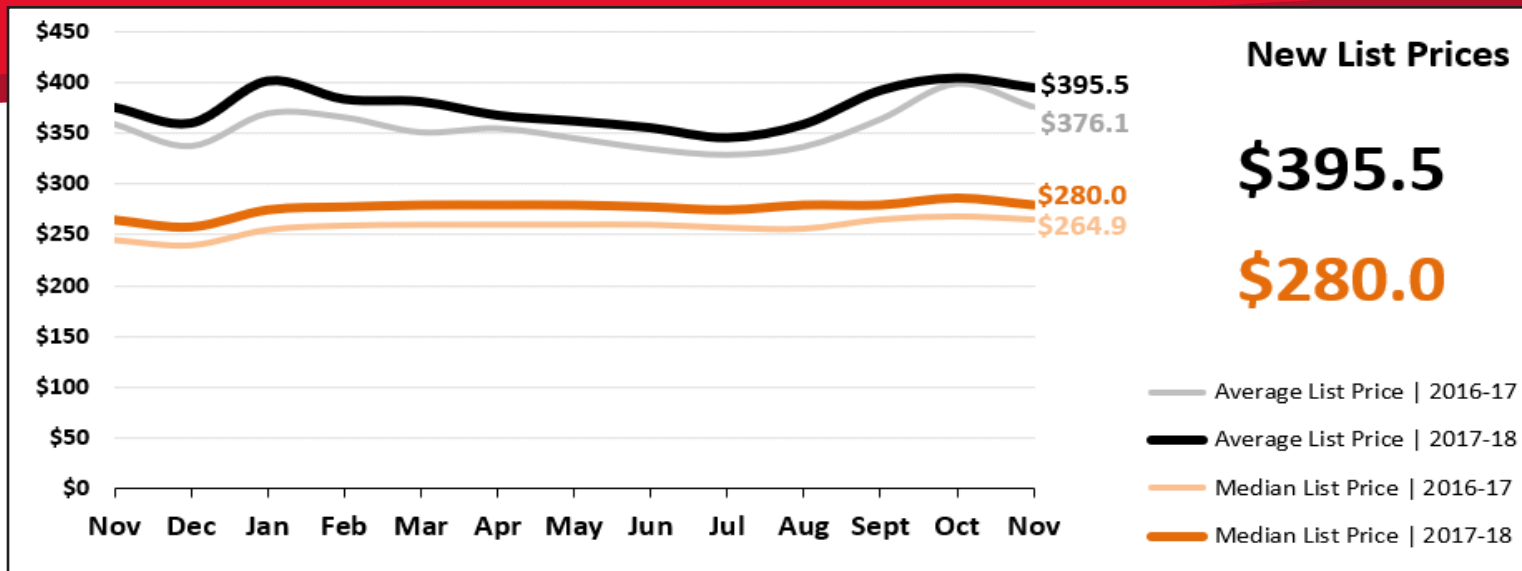
Snapshot of statuses on 11/30/2018

November UCB listings percent of total inventory was 13.5% with November CCBS listings at 1.9% of total inventory.

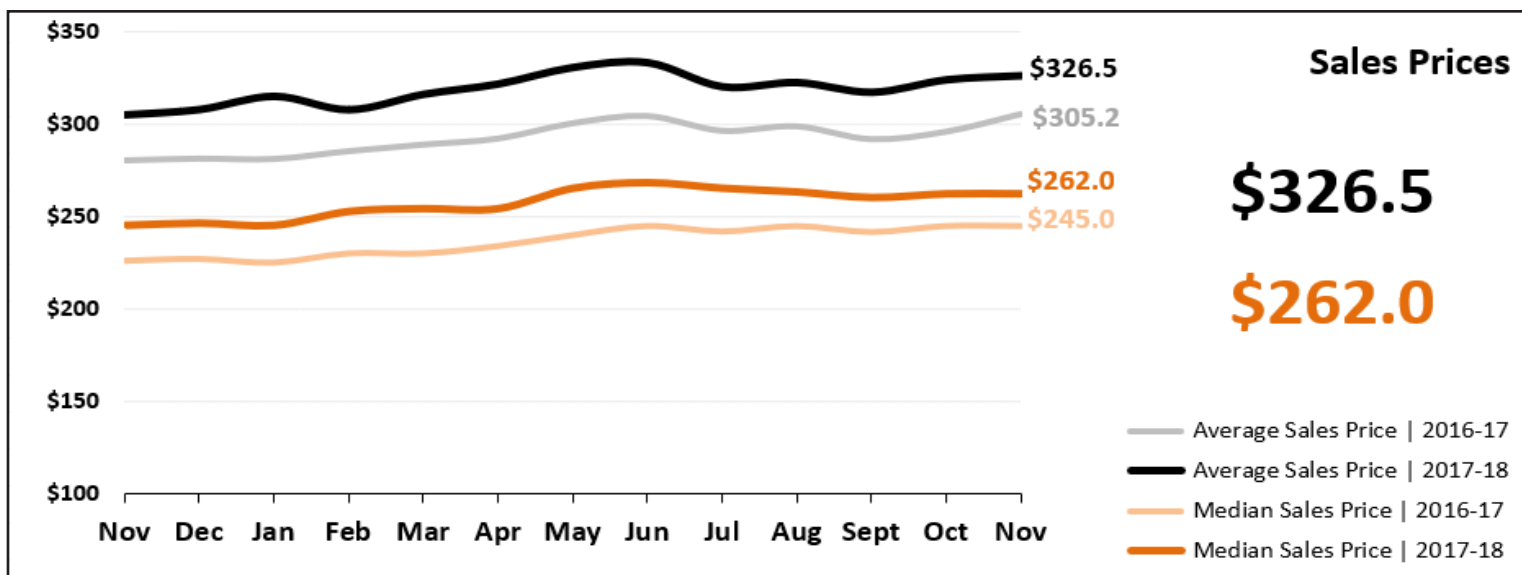


Months supply of inventory for October was 3.03 with November at 3.30.

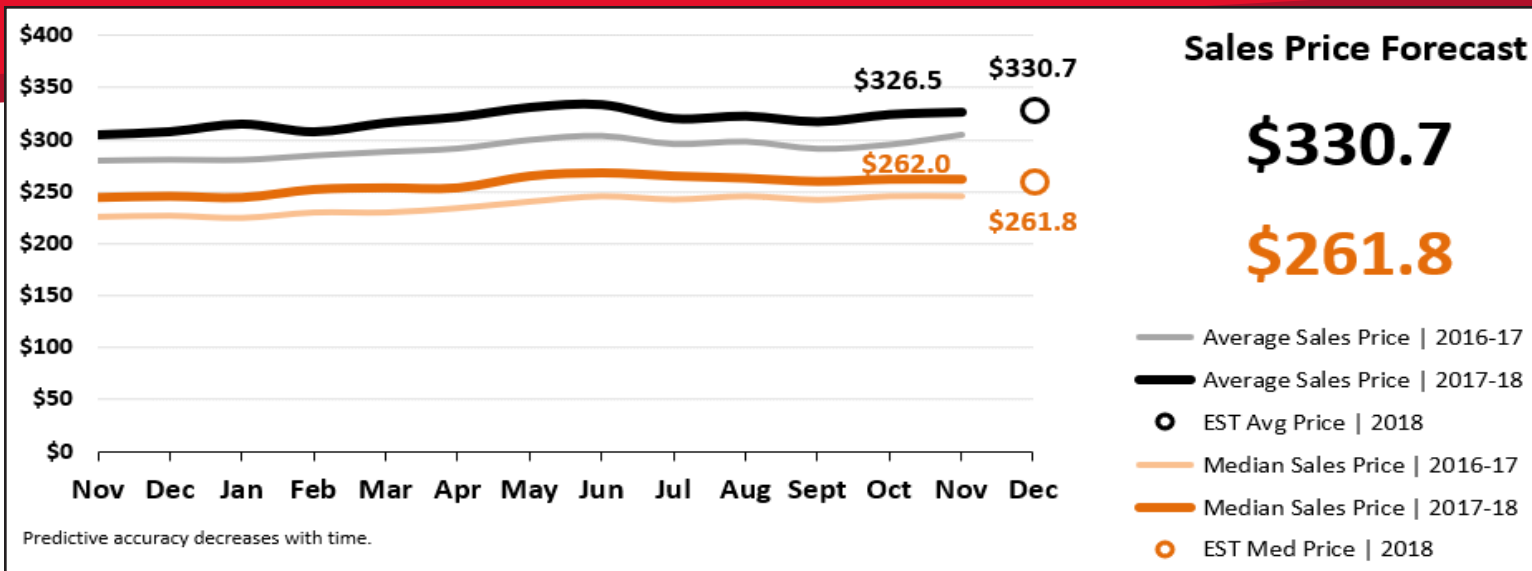
Current inventory of Active/UCB/CCBS divided by the monthly sales volume of November 2018, 0 day DOM sales removed



List prices of new listings with list dates from 11/1/2018 to 11/30/2018, 0 day DOM sales removed

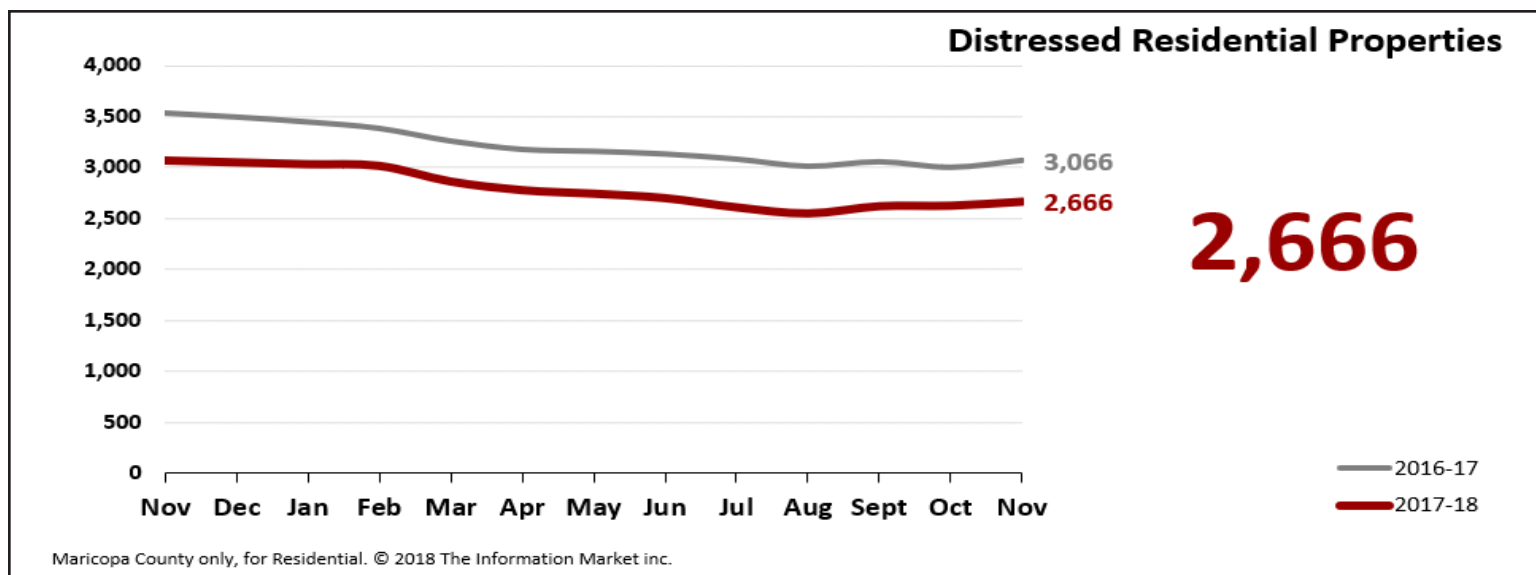


MLS sales prices for closed listings with a close of escrow date from 11/1/2018 to 11/30/2018, 0 day DOM sales removed



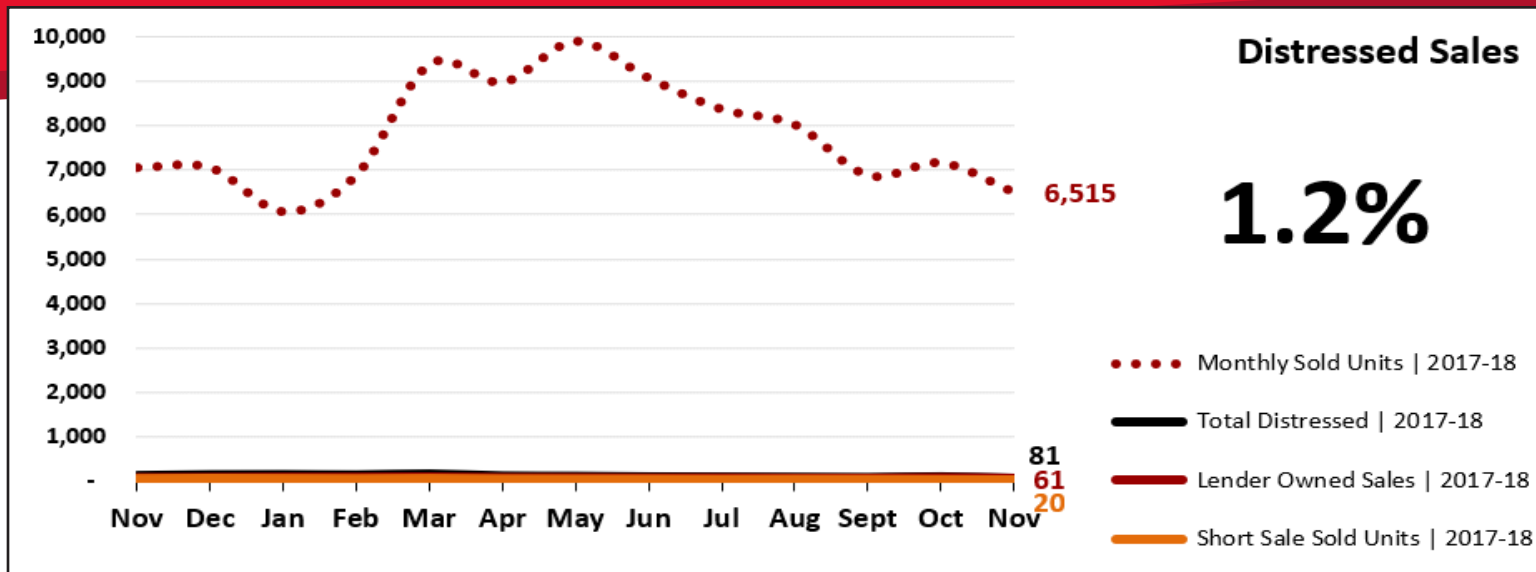
An increase is forecasted in December for average sales price while a slight decrease is expected in the median sales price.

ARMLS proprietary predictive model forecast, 0 day DOM sales removed



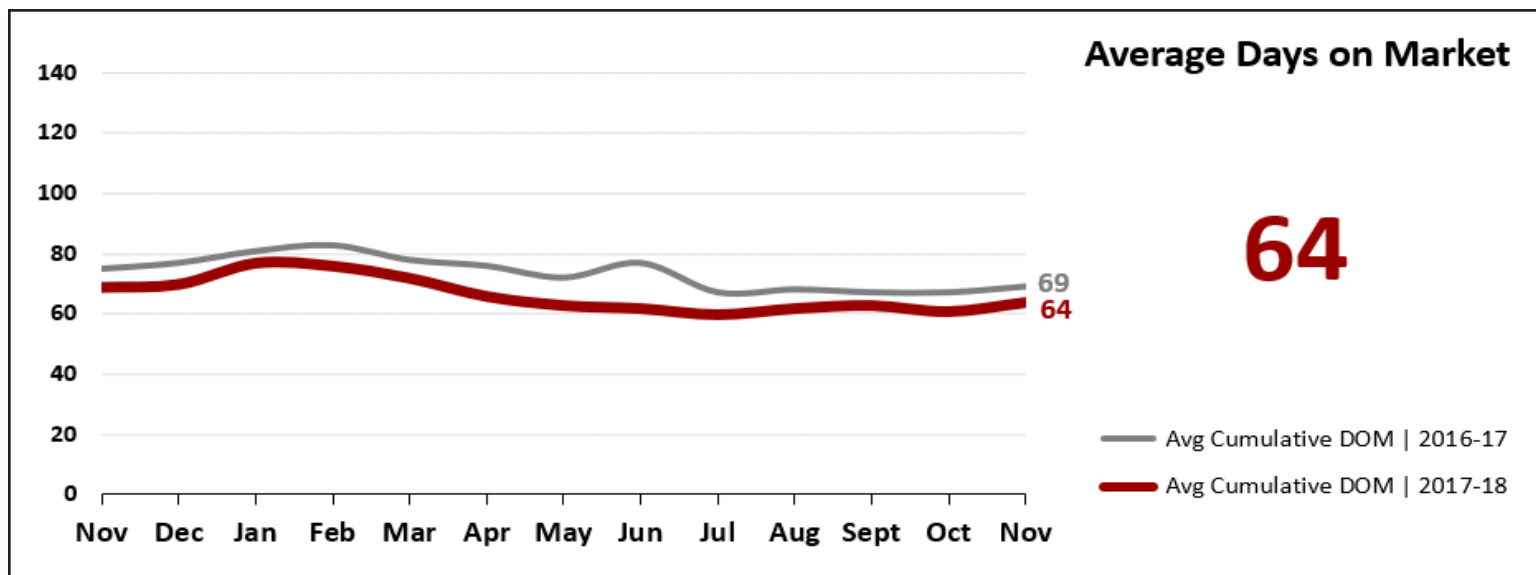
Foreclosures pending month-over-month showed an increase of +1.5% while the year-over-year figure was down -13.0%.

Snapshot of public records data on 11/30/2018 active residential notices and residential REO properties.
Note: this graph was adjusted as total foreclosure counts were under reported for the last 6 months.



Distressed sales accounted for 1.2% of total sales, down from the previous month of 1.6%. Short sales dropped -63.0% year-over-year. Lender owned sales dropped -27.4% year-over-year.

New MLS listings that were active for at least one day from 11/1/2018 to 11/30/2018, 0 day DOM sales removed



Days on market were down -5 days year-over-year while month-over-month increased by +3 days.

MLS sales prices for closed listings with a close of escrow date from 11/1/2018 to 11/30/2018, 0 day DOM sales removed

COMMENTARY by Tom Ruff

This STAT is going to be slightly abbreviated. Like the market, I slow down a little bit through the holidays. This month, you're going to get a little less STAT than you deserve. But next month, in the year-end review, there will be so much STAT you'll still be snacking on it at your Super Bowl party. November began like every other month, on the first. On November 6, the mid-term elections were held, our national day for unity and harmony. And on November 8, the Dow Jones industrial average was over 26,000. As I write, the Dow is 24,000, an [almost 8% decline](#).

By early December financial headlines were focused on the inverted yield curve and the "R" word was everywhere. Envious of the negative financial reporting, national housing reporters felt the need to crank their negativity up a notch with headlines such as "[Homebuilder confidence plummets to the lowest level in more than 2 years as 'demand stalls'](#)."

Even when there was news that could be construed as positive, it was given a negative spin: "[Housing demand drops despite falling mortgage rates](#)."

The Phoenix market was not immune. An article from the [Wall Street Journal](#) stated, "*The national housing slowdown is spreading to markets like Las Vegas and Phoenix.*" Additionally, the WSJ claimed, "*In Phoenix, another prominent victim of the housing bust, a similar malaise has recently overtaken the market.*"

I was particularly fond of the word *malaise*: an indefinite feeling of debility or lack of health often indicative of or accompanying the onset of an illness. The economic and housing headlines got so bad, the Diamondbacks traded Paul Goldschmidt to the Cardinals. Let's take an alternative look for each of the negative propositions listed above.

Regarding equity markets forecasting recessions, we'll turn to Paul Anthony Samuelson, an American economist and the first American to win the Nobel Memorial Prize in Economic Sciences. Samuelson quipped 50 years ago, *"the stock market has predicted nine of the last five recessions."* And he was correct.

As for homebuilder confidence plummeting, it should be noted that sentiment dropped to 60 in November, but the headline fails to mention anything above 50 is positive. When it comes to homebuilder confidence, the [home-builders speak for themselves](#).

"In our fourth quarter, despite a healthy economy, we saw a moderation in demand. Fourth quarter contracts declined 15% in dollars and 13% in units compared to a difficult comp from one year ago. Fourth quarter demand slowed to a per community pace more consistent with FY 2016's fourth quarter, which was still strong."


"In November, we saw the market soften further, which we attribute to the cumulative impact of rising interest rates and the effect on buyer sentiment of well-publicized reports of a housing slowdown. We saw similar consumer behavior beginning in late 2013, when a rapid rise in interest rates temporarily tempered buyer demand before the market regained momentum."

If you're a fan of Jim Cramer's stock tips, I would highly recommend Diana Olick's housing reports. They're quite similar in nature. Her recent report *"Housing Demand Drops Despite Falling Mortgage Rates"* doesn't pass the litmus test. Interest rates peaked on October 11th at 4.90%. Again, let's turn to author of the original report, Freddie Mac, for their explanation.

Mortgage Rates Drop to Lowest Point in Three Months

December 13, 2018

The 30-year fixed fell to 4.63 percent this week – the lowest it has been since mid-September. Mortgage rates have either fallen or remained flat for five consecutive weeks and purchase applicants are responding with an uptick in demand given these lower rates. While the housing market softened in response to higher rates through most of this year, the combination of a low unemployment and recent downdraft in rates should support home sales heading into the early winter months.

<div>  <div> 2018 PRIMARY MORTGAGE MARKET SURVEY® Summary page with all rate types - U.S. averages </div> </div>								
Week	U.S. 30 yr FRM	30 yr fees & points	U.S. 15 yr FRM	15 yr fees & points	U.S. 5/1 ARM	5/1 ARM fees & points	U.S. 30 yr FRM/ 5/1 ARM margin	5/1 ARM spread
10/4	4.71	0.4	4.15	0.4	4.01	0.3	2.76	0.70
10/11	4.90	0.5	4.29	0.5	4.07	0.3	2.77	0.83
10/18	4.85	0.5	4.26	0.4	4.10	0.3	2.77	0.75
10/25	4.86	0.5	4.29	0.4	4.14	0.3	2.77	0.72
11/1	4.83	0.5	4.23	0.5	4.04	0.3	2.77	0.79
11/8	4.94	0.5	4.33	0.5	4.14	0.3	2.77	0.80
11/15	4.94	0.5	4.36	0.4	4.14	0.3	2.77	0.80
11/21	4.81	0.4	4.24	0.5	4.09	0.3	2.76	0.72
11/29	4.81	0.5	4.25	0.4	4.12	0.3	2.77	0.69
12/6	4.75	0.5	4.21	0.4	4.07	0.3	2.78	0.68
12/13	4.63	0.5	4.07	0.5	4.04	0.3	2.77	0.59

And finally, the Phoenix malaise. We'll take an in-depth look at the overall health of our market next month in our year-end review edition of STAT. For now, a quick look at the gross sales volume as reported by ARMLS shows 2018 has been a very good year. We expect 2018 will finish the year as the second-best year in ARMLS history.

Average Monthly Sales Price Multiplied by Monthly Sales Volume by ARMLS

April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total:	Rank:
1,005,025,900	1,081,460,800	1,110,752,800	999,053,600	984,643,200	819,530,700	814,032,800	814,131,000	-	10,050,141,700	18
1,103,580,000	1,242,645,600	1,205,232,800	1,145,152,200	1,053,314,900	978,717,200	1,045,019,800	993,598,000	-	11,271,707,100	17
1,397,260,800	1,485,385,200	1,513,990,000	1,520,640,000	1,539,137,600	1,341,320,400	1,292,501,600	1,134,614,900	-	14,356,734,100	14
1,873,144,800	1,939,085,000	2,323,406,100	1,992,416,000	1,996,224,000	1,949,721,900	1,888,780,300	1,877,314,600	-	20,016,996,500	7
2,692,800,000	2,967,989,000	3,244,758,000	2,925,291,600	3,192,867,300	2,909,465,400	2,585,984,400	2,355,675,000	-	29,217,026,900	1
2,237,221,800	2,614,199,600	2,511,193,400	2,027,694,600	2,041,801,900	1,819,796,000	1,848,789,800	1,804,973,400	-	23,134,906,100	4
1,847,583,000	2,030,568,000	1,900,037,200	1,622,390,000	1,496,101,400	1,050,423,000	1,120,068,000	1,058,442,000	-	17,350,865,400	10
1,354,410,400	1,523,726,400	1,520,346,000	1,486,894,248	1,361,656,900	1,350,286,174	1,144,219,425	902,584,900	-	13,826,490,947	16
1,367,508,084	1,517,804,024	1,600,326,660	1,594,762,775	1,364,400,807	1,382,972,862	1,380,928,234	1,307,882,856	-	14,530,468,709	13
1,586,418,561	1,607,827,164	1,670,000,960	1,250,601,100	1,207,131,406	1,081,049,536	1,076,656,679	1,079,177,580	-	14,320,697,190	15
1,505,062,307	1,557,473,020	1,779,310,250	1,299,976,613	1,318,718,016	1,224,230,716	1,160,353,275	1,147,568,994	-	14,700,558,808	12
1,596,003,220	1,728,195,588	1,774,020,312	1,440,408,520	1,443,820,222	1,282,439,200	1,434,750,096	1,393,146,216	-	16,056,236,911	11
1,994,450,082	2,243,909,108	1,949,657,512	1,962,375,168	1,663,886,475	1,494,586,940	1,461,384,351	1,232,458,028	-	18,474,669,664	8
1,919,077,335	1,842,019,565	1,849,681,056	1,691,886,875	1,600,456,296	1,556,710,488	1,525,484,290	1,252,338,780	-	17,420,882,259	9
2,221,187,490	2,235,257,067	2,350,480,520	2,086,913,886	1,827,990,690	1,800,332,935	1,686,011,104	1,405,471,174	-	20,360,893,526	6
2,252,727,106	2,447,013,744	2,504,331,264	2,081,151,170	2,163,813,113	2,053,144,384	1,979,169,348	1,908,290,664	-	22,582,721,443	5
2,531,633,244	2,895,066,967	2,857,014,539	2,326,859,606	2,423,263,857	2,138,530,240	2,149,910,740	2,158,772,580	-	25,619,075,776	3
2,894,348,480	3,281,341,782	3,029,099,402	2,686,116,820	2,593,763,648	2,189,521,620	2,329,201,602	2,127,427,645	-	28,151,962,180	2

As for Goldschmidt, oy vey!

The Pending Price Index

In STAT last month, the mathematical model projected a median sales price for November of \$260,000. Our mathematical model for the first 10 months of 2018 had been underestimating the actual median sales price. The November median sales price followed our yearly pattern, reporting a median sales price of \$262,000. ARMLS saw 6,515 sales this year compared to 7,074 last year. Our estimate of 6,800 sales overshot the actual sales volume by 285. Looking ahead to December, the ARMLS Pending Price Index anticipates the median sales price will hold steady, projecting a median sales price of \$261,800. I expect our mathematical projection will be low again this month. I'm fearlessly forecasting \$265,000.

Sales volume for the first eleven months of 2018 was .66% higher than 2017, with 87,387 sales in 2018 compared to 86,817 in 2017. We begin December with 4,715 pending contracts; 2,898 UCB listings and 417 CCBS giving us a total of 8,030 residential listings practically under contract. This compares to 9,374 of the same type of listings one year ago. The 2018 pending contracts are 16.47% lower than 2017. There were 20 business days in December of 2017 as well as 20 this year. ARMLS reported 7,070 sales in December of 2017. Sales volume will be lower this year, I'm guessing 6,500, and if my projections are spot on, ARMLS will report the exact same yearly sales volume in 2017 as in 2018.