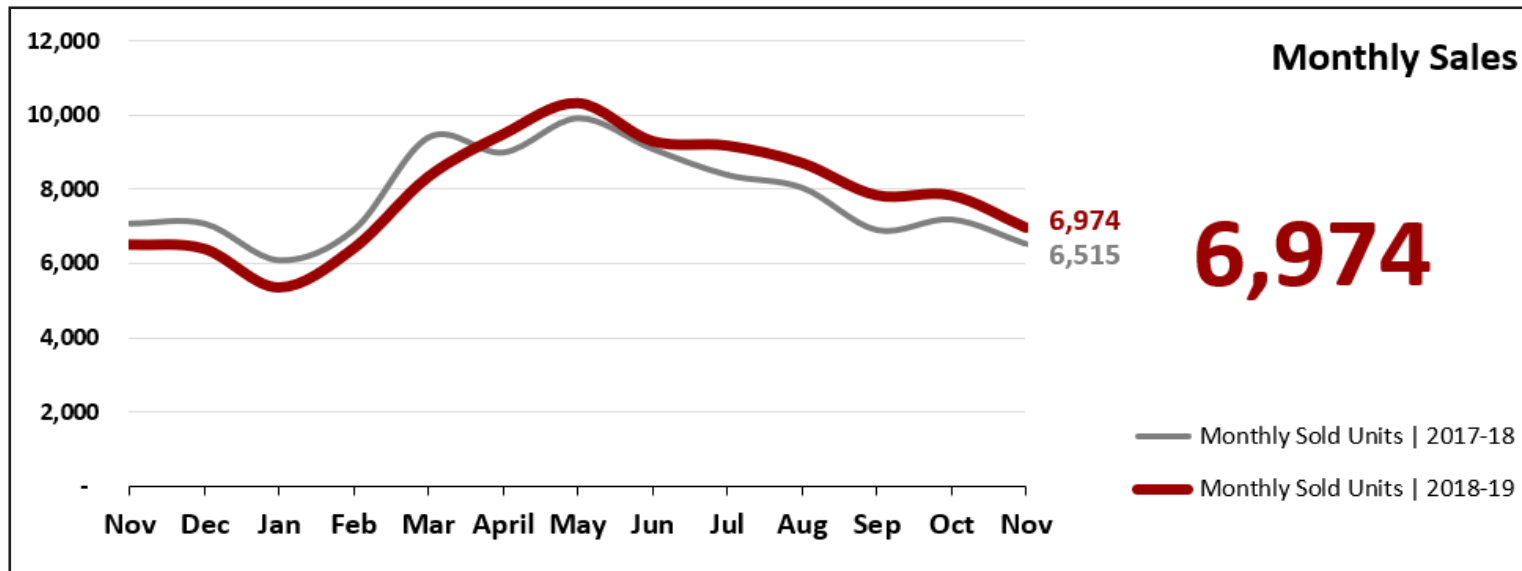




Your Monthly Statistics for the Phoenix Metro Area

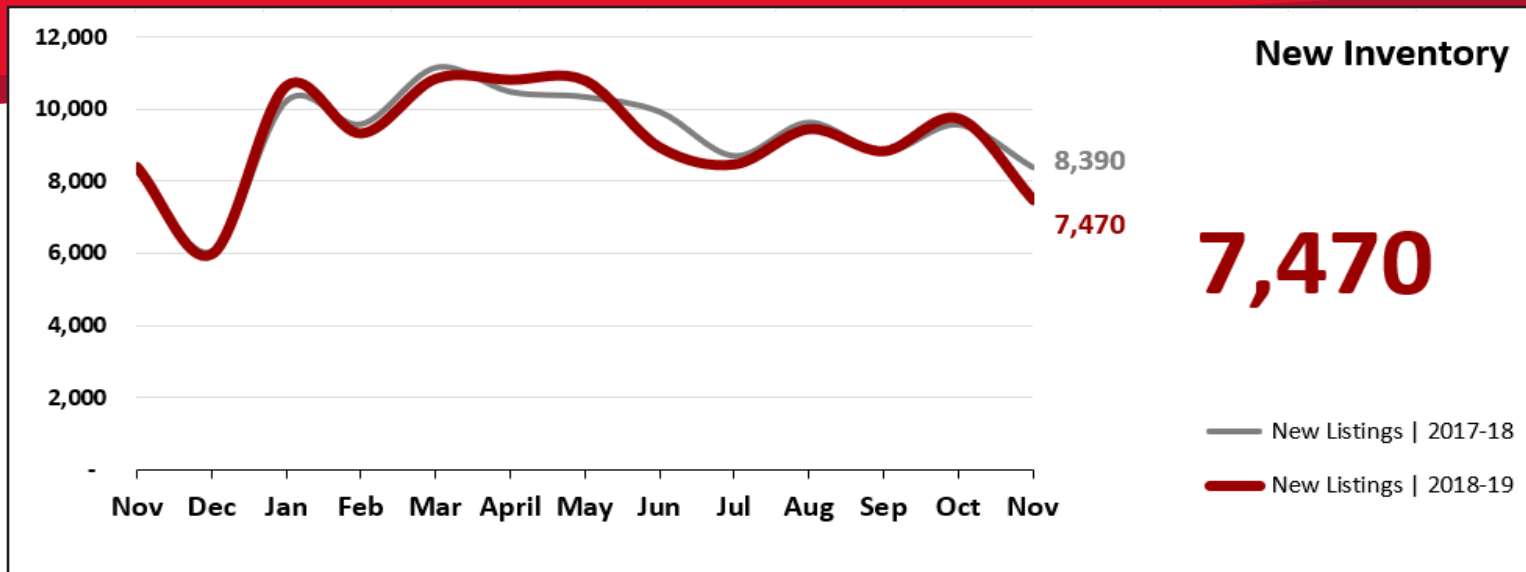
ARMLS®

DATA FOR NOVEMBER 2019 - Published December 17, 2019



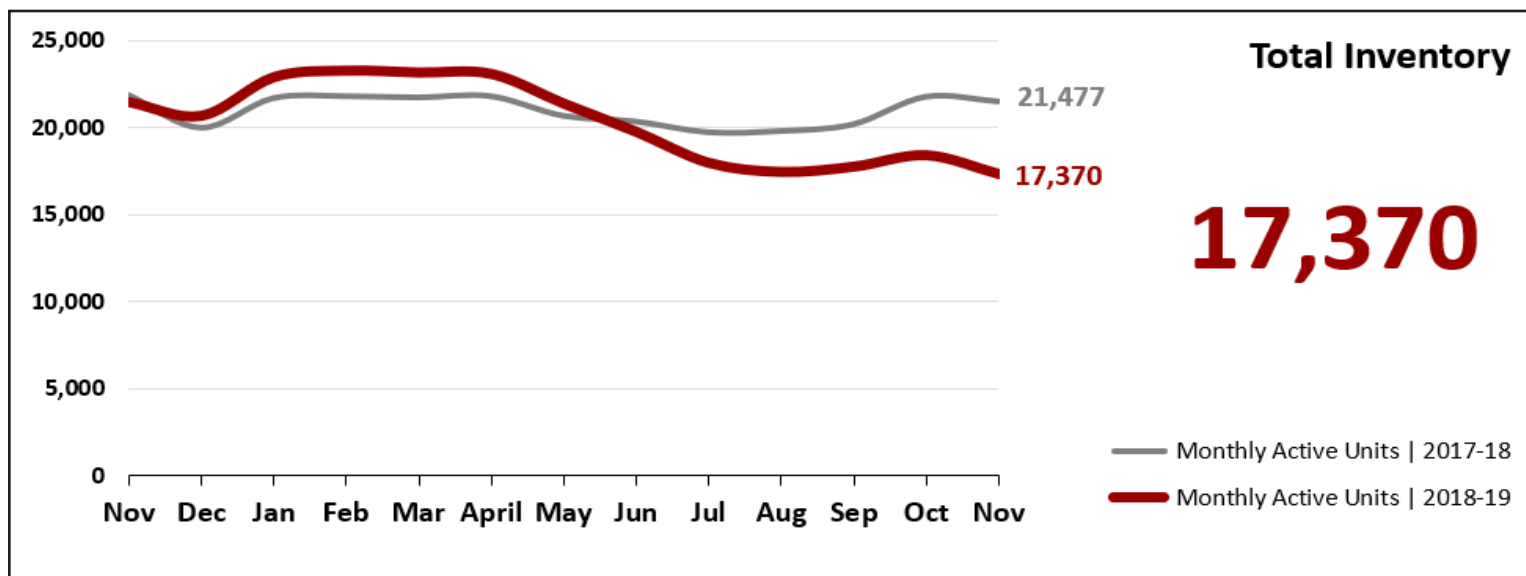
Sales are down -11.1% month-over-month. The year-over-year comparison is up +7.0%.

Closed MLS sales with a close of escrow date from 11/1/2019 to 11/30/2019, 0 day DOM sales removed



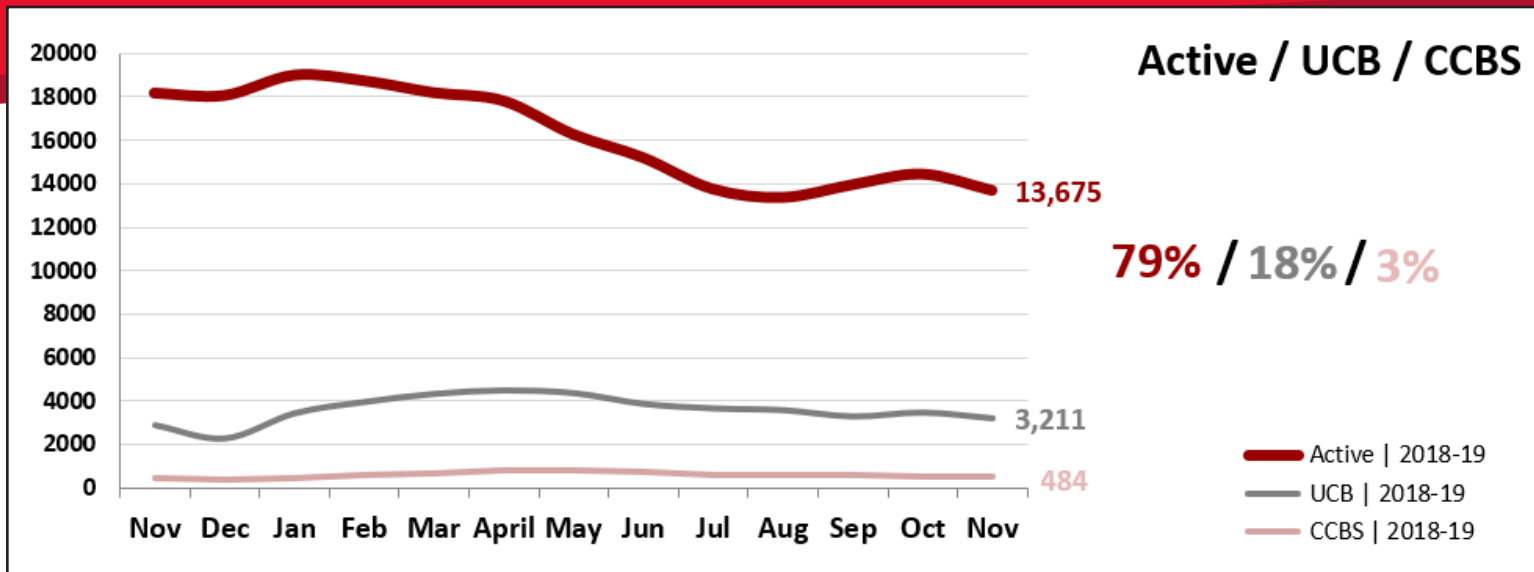
New MLS listings that were active for at least one day from 11/1/2019 to 11/30/2019, 0 day DOM sales removed

New inventory is down -23.2% month-over-month while the year-over-year comparison decreased by -11.0%.



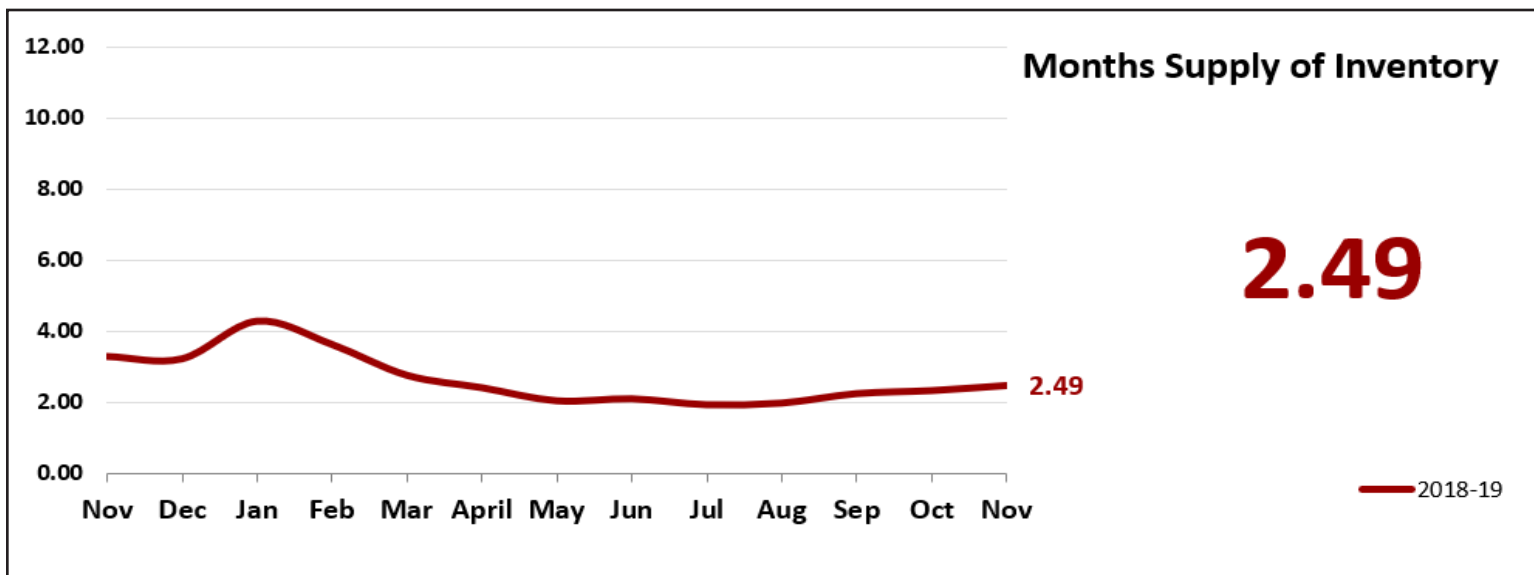
Snapshot of statuses on 11/30/2019

Total inventory has a month-over-month decrease of -5.8% while year-over-year reflects a decrease of -19.1%.



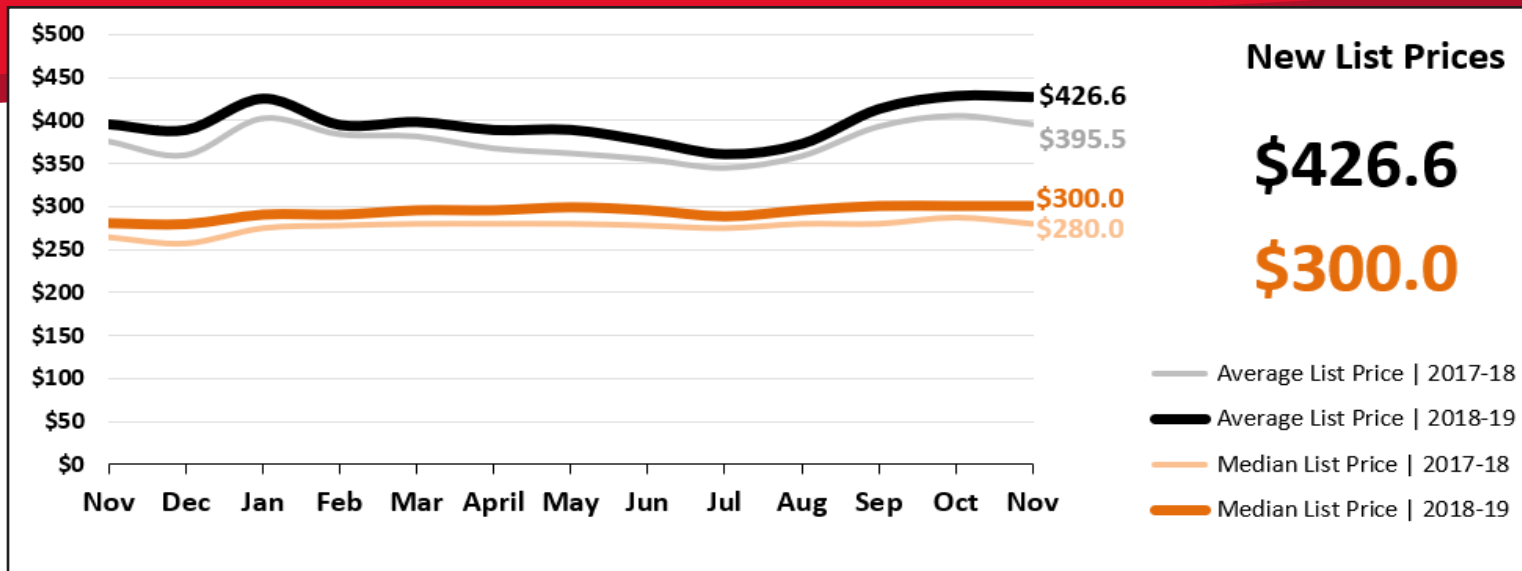
November UCB listings percent of total inventory was 18.5% with November CCBS listings at 2.8% of total inventory.

Snapshot of statuses on 11/30/2019



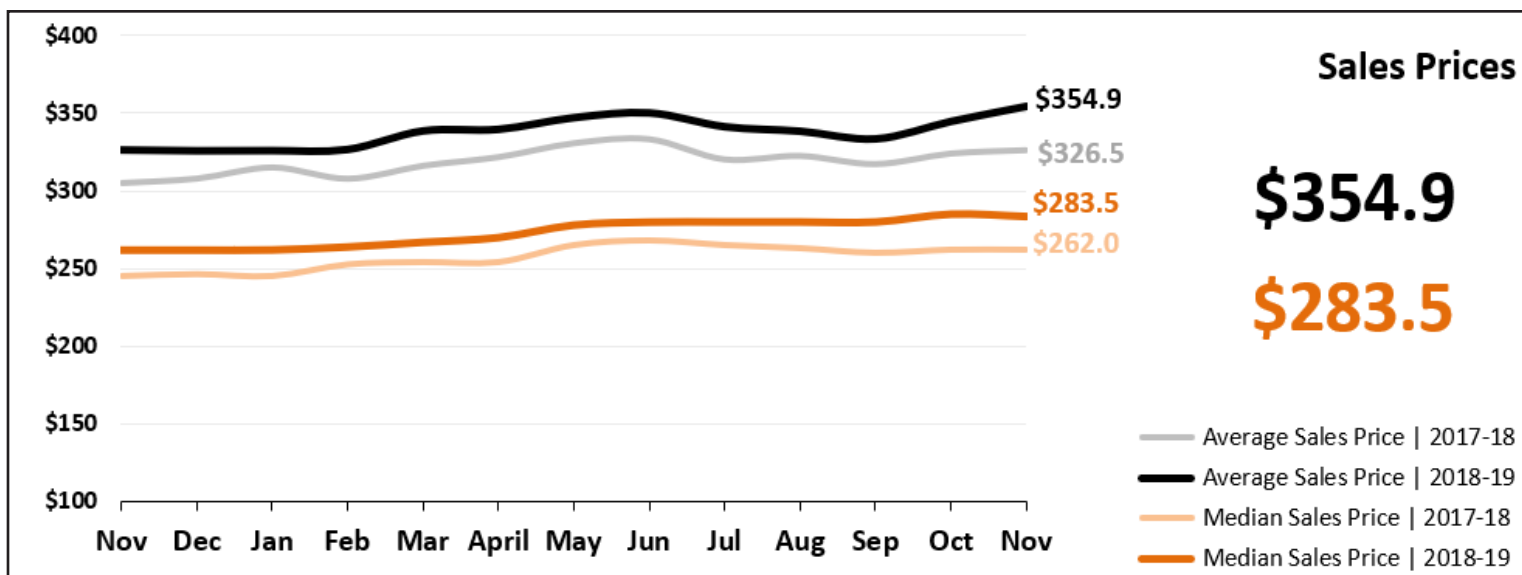
Months supply of inventory for October was 2.35 with November at 2.49.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of NOVEMBER 2019, 0 day DOM sales removed



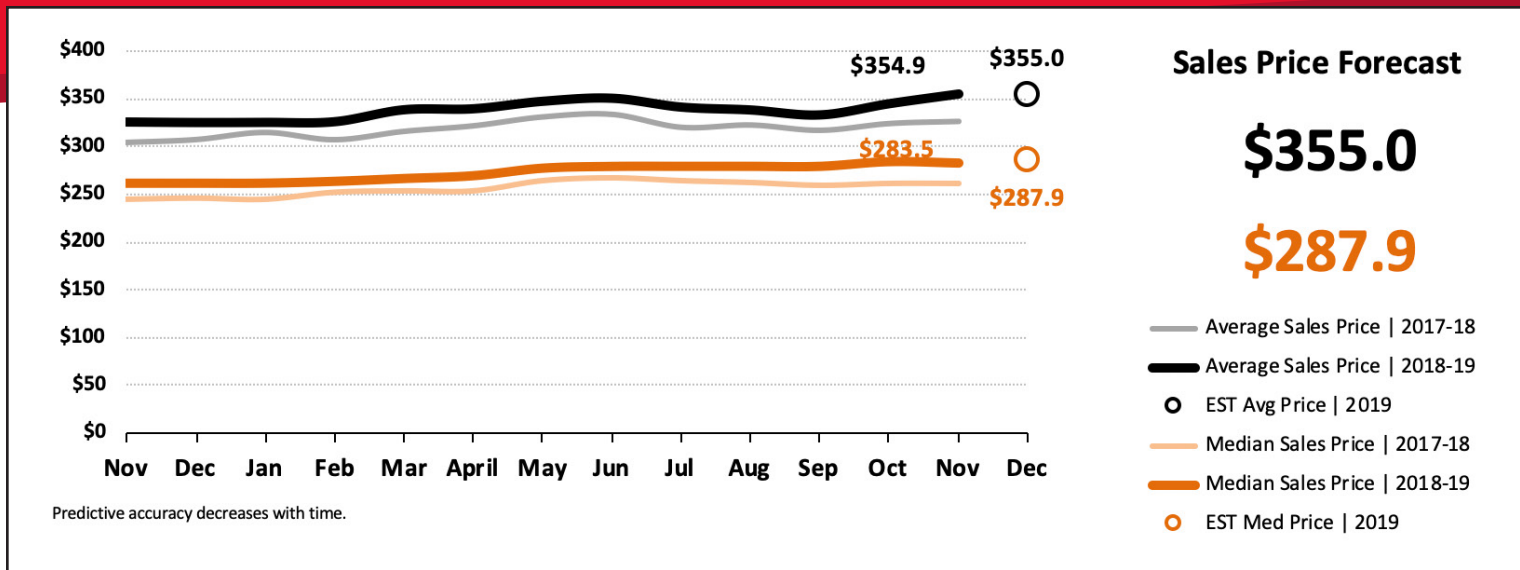
Average new list prices are up +7.9% year-over-year. The year-over-year median is up +7.1%.

List prices of new listings with list dates from 11/1/2019 to 11/30/2019, 0 day DOM sales removed



The average sales price is up +8.7% year-over-year while the year-over-year median sales price is also up +8.2%.

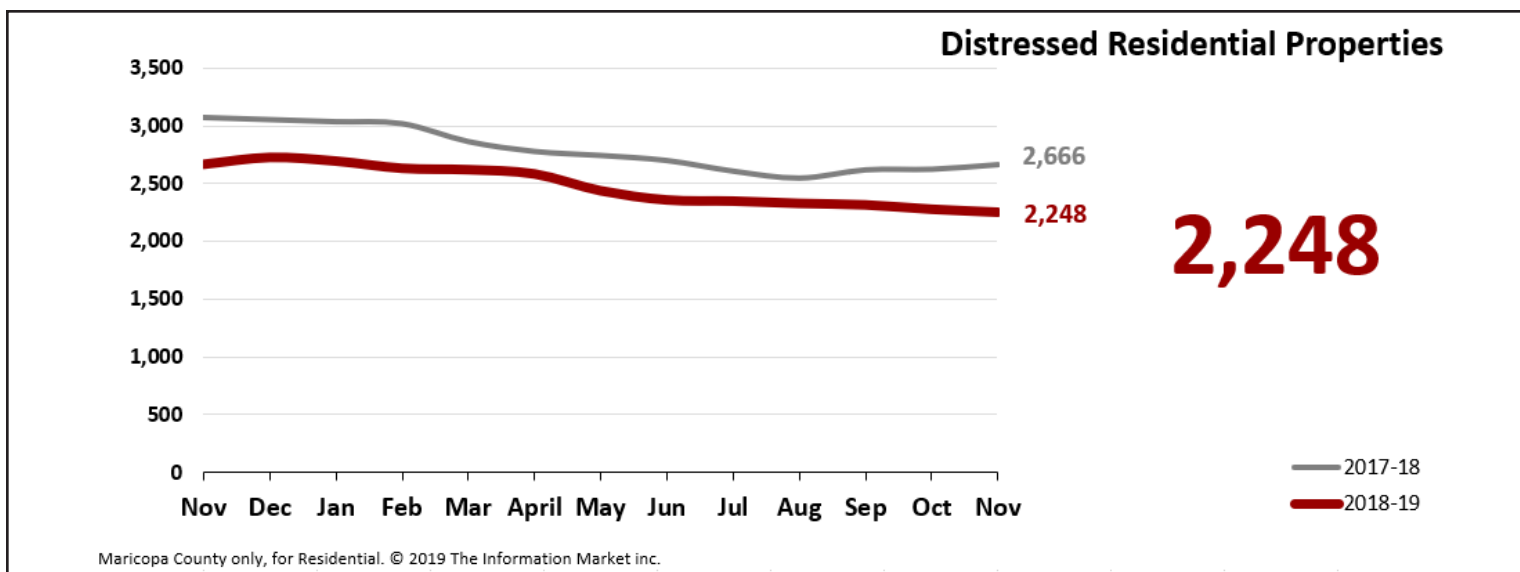
MLS sales prices for closed listings with a close of escrow date from 11/1/2019 to 11/30/2019, 0 day DOM sales removed



A slight increase is forecasted in December for both average and median sales prices.

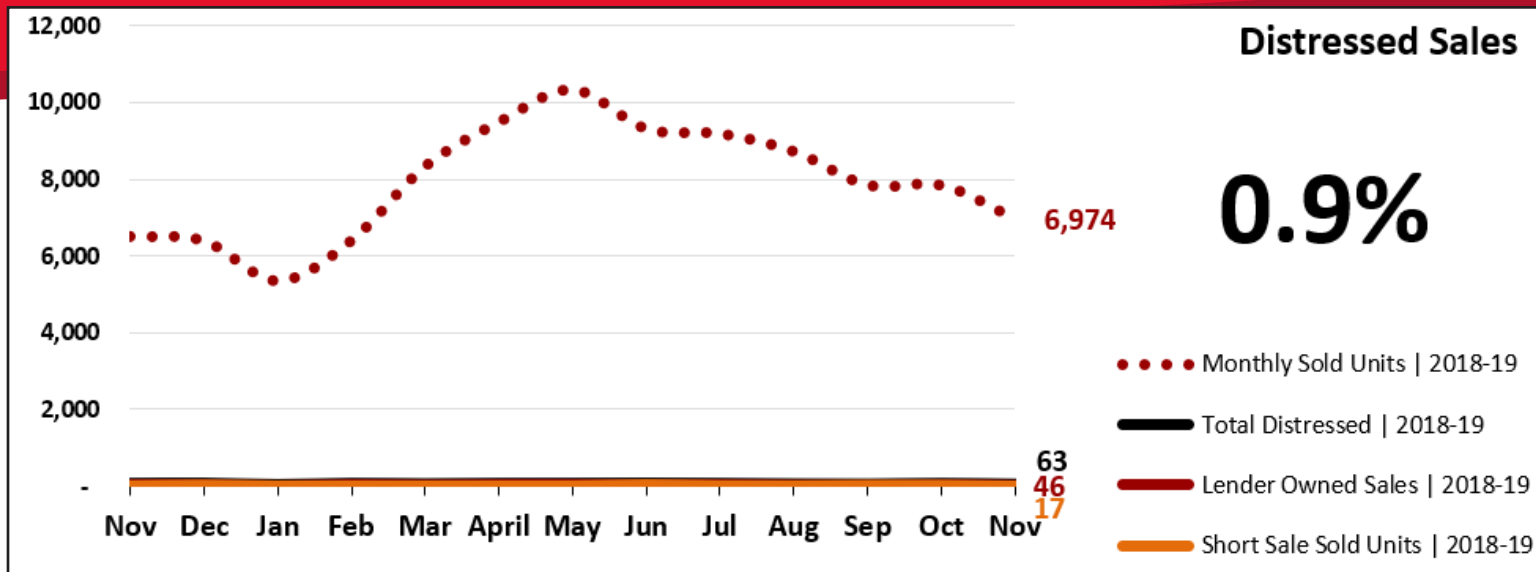
Please note that a correction was made to this graph. The original reported a forecast of 425.3, we've manually corrected the model for this month.

ARMLS proprietary predictive model forecast, 0 day DOM sales removed



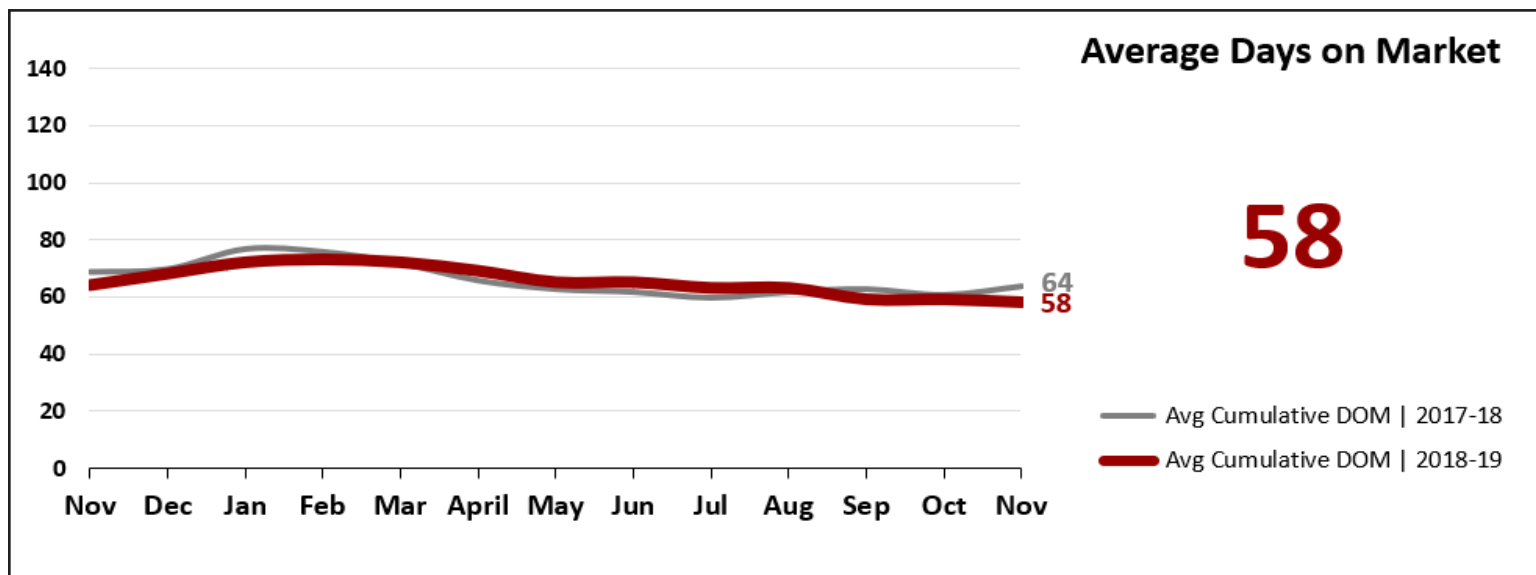
Foreclosures pending month-over-month showed a decrease of -1.1% while the year-over-year figure was down -15.7%.

Snapshot of public records data on 11/30/2019 active residential notices and residential REO properties.



New MLS listings that were active for at least one day from 11/1/2019 to 11/30/2019, 0 day DOM sales removed

Distressed sales accounted for 0.9% of total sales, down from the previous month of 1.0%. Short sales dropped -15.0% year-over-year. Lender-owned sales dropped -24.6% year-over-year.



MLS sales prices for closed listings with a close of escrow date from 11/1/2019 to 11/30/2019, 0 day DOM sales removed

Days on market were down -6 days year-over-year while month-over-month were down -1 days.

The Pending Price Index

In STAT, we typically end with our projections for the next month, but this month we begin where we usually end. The PPI index is our look ahead, but it also puts 2019 into perspective. For December, the Pending Price Index anticipates that median sales will not only increase but will also set a new high-water mark for 2019. This is the 5th time in 18 years of data reporting that a December has claimed the highest median sales price for the year. STAT is projecting a median sales price of \$287,900 which will surpass the June high of \$285,000. Why is this important? In the past, strong pricing gains in December create strong price momentum as we move into our “*home buying season*” which takes off in March.

We begin December with 5,664 pending contracts; 3,211 UCB listings and 484 CCBS, giving us a total of 9,359 residential listings practically under contract. This compares to 8,030 of the same type of listings one year ago. At the beginning of December, the “pending” contracts are 16.6% higher than last year. There were 20 business days in December of 2018 and 21 this year. ARMLS reported 6,403 sales in December of 2018. We expect sales volume will be higher this year in the 7,200 range. As a footnote, unlike 2018, “pending contracts” this year have offered an accurate forecast model for the upcoming month, telling us the means by which agents have been reporting their data in the MLS has been remarkably consistent. There is nothing an analyst loves more than consistent data. And finally, with the projected 7,200 sales in December, 2019 will go down as the highest gross sales volume in ARMLS history. Each of you should be commended on a job well done. Our crystal ball tells us to expect the first half of 2020 to be even better.

The Silver Tsunami

I have little confidence in forecasting beyond six months, but Zillow's not afraid to project 20 years out. These are the same people that told us buying a home near a Starbucks offers the best appreciation value and an "8" in your address means *"make a fortune"* to Chinese buyers. This brings us to the *soup de jour* of housing stories, the Silver Tsunami.

Zillow [research contends](#), *"The massive Baby Boomer generation has already begun aging into retirement, and will begin passing away in large numbers in coming decades – releasing a flood of currently owner-occupied homes that could hit the market,"* concluding the U.S. is at the beginning of a tidal wave of homes hitting the market on the scale of the housing bubble in the mid-2000's.

But an article published in [NAHB NOW](#) counters the Zillow research.

"While it is difficult to accurately predict two years into the future – much less 20 years – here are the facts:

- Just because homes will turnover more in the future, does not mean home prices will fall. Turnover is fine, provided there is sufficient demand, and demand is generated by population growth.*
- The U.S. Census projects that the U.S. population will grow by 25 million over the next decade.*
- Of note, the 18 to 44-year-old population, which includes a significant share of the new construction buyer demographic, will increase by seven million from 2020 to 2030.*
- Millennials – at 80 million strong – are the largest population group in American history and their median age is turning 30. This is significant because the median age of first-time buyers in the United States is in the low 30s, so demand for single-family housing is rising.*
- As the baby boomer generation shrinks and their homes hit the market, millennials and Gen Xers will be able to absorb this stock, plus provide enough demand for ongoing new home construction."*

Housing requirements are always going to be related to population. For those who like data, here's a link to the [population projections for Arizona](#).

My Take

I want to talk about a [story](#) that begins by discussing Sun City, yes, our Sun City. Sun City was used as an example for the coming Silver Tsunami. First, as a baby boomer born in the middle of the pack, I found this hysterical. Baby boomers are currently 55 to 73 years old. When Sun City came to fruition in 1960, I was dressed like a cowboy, wearing Gene Autry guns and riding a stick pony, and could barely spell “*retirement*”. During the years when the largest number of homes were built in Sun City, I was more concerned about the prom. And when the final phase was built in 1978, my car broke down in Arizona and since I had no way to get back, Arizona became home.

Public Records Data of Single Family Residences in Sun City by Year Built

Year_built	Homes_built
1960	1579
1961	787
1962	400
1963	600
1964	521
1965	261
1966	480
1967	818
1968	743
1969	1651
1970	1672
1971	3008
1972	3274
1973	1599
1974	2387
1975	616
1976	1114
1977	1034
1978	2471

The Zillow article also touched on Sun City.

“The same demographics that propelled Sun City’s rise now pose an existential challenge to this suburb as baby boomers age. More than a third of Sun City’s homes are expected to turn over by 2027 as seniors die, move in with their children or migrate to assisted living facilities, according to Zillow. [Nearly two thirds of the homes will turn over by 2037.](#)”

This conclusion left me equally amused. When we view home sales in Sun City over the past 12 months, there were 1,477 single family residences sold. Public records tell us there are 19,605 single family residences in Sun City. At the current rate, 53% of the residences will sell, far greater than the alarming 33% mentioned in the article. As for 2037, based on current rates, 128% of the homes would sell. Sun City was a bad example to choose.

The story makes one final point. The homes owned by baby boomers are in places where younger people no longer want to live. This is nothing new. Phoenix saw urban flight in the sixties as the boomer’s grandparents aged and their parents moved to the suburbs. We need to look no further than downtown Phoenix, which is now one of the most desirable places to live in the Valley. With a growing population base, real estate always finds a way to transition.

OK Boomer, Who's Going to Buy Your Sun City Home?

This question was turned over to a crack team of ARMLS millennials who redesigned Sun City to be a millennial mecca. Here's what it would take to get them to leave the safety of their parent's basements and venture out on their own.

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Safe City, AZ...
Offering the safest
space in all the West.



Where the air
always smells like
Pumpkin Spice.

Created by 3 Millenials, relax it's satire.

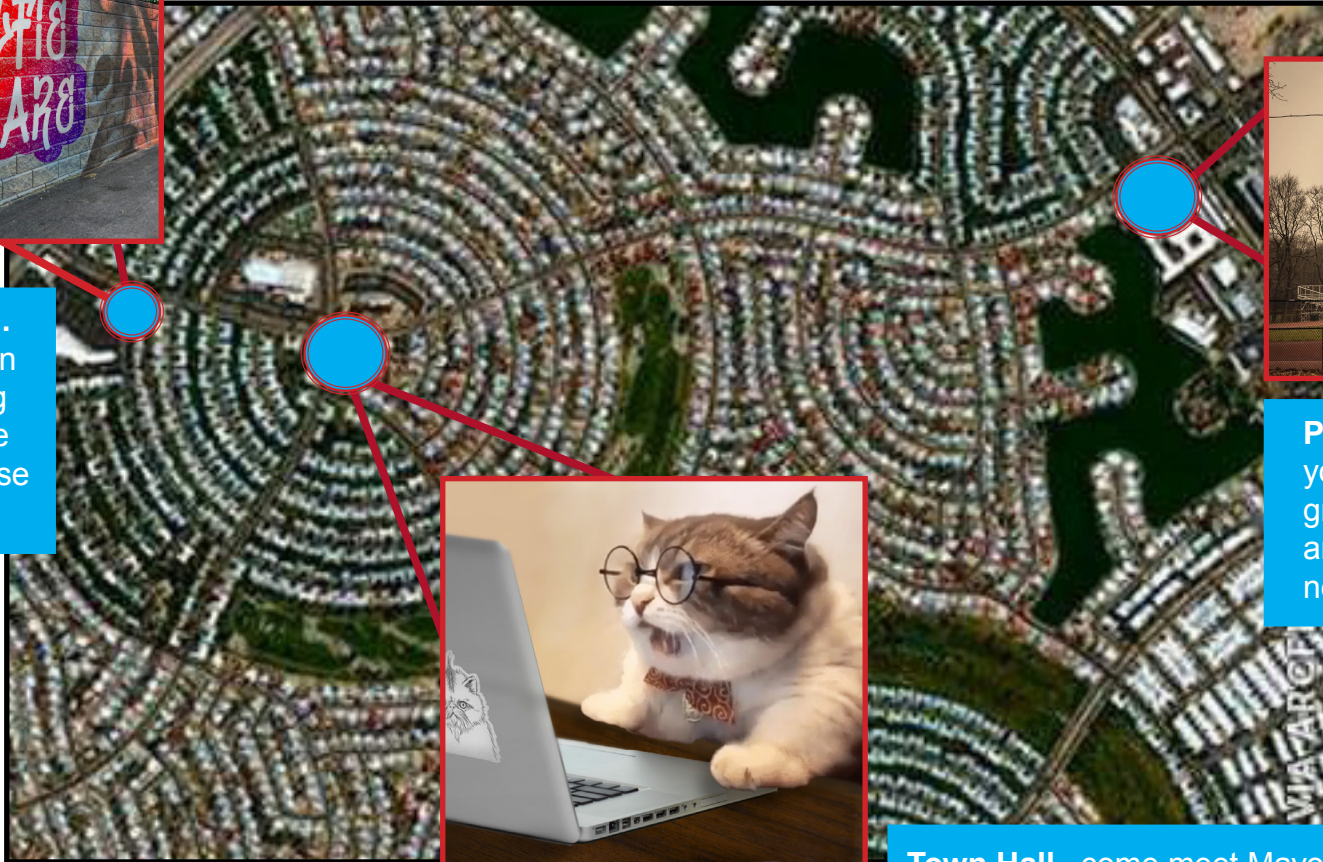


Meme Street and
Bernie Boulevard

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Selfie Square...
Look your best in
the best looking
town! And make
sure everyone else
knows it!



Public schools....for
your dog. Now enrolling
grades K9-12. Who says
an old dog can't learn
new tricks?



Town Hall...come meet Mayor
Meow, the coolest, and most
powerful cat in town.

Created by 3 Millenials, relax it's satire.

MILLENNIAL
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FUTURE**

Just Like Mom's
community restaurant...
because no one ever taught
you how to cook.



Car Free Zone...Streets are
entirely bike/scooter lanes.



Greta Thunberg Statue

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FUTURE**



**Avacado Toast
Orchards...**

The finest homegrown
avacado toast this side of
the San Andreas Fault.



**Gluten Free
Community Housing...**
because you couldn't
afford a house anyway.

Created by 3 Millenials, relax it's satire.