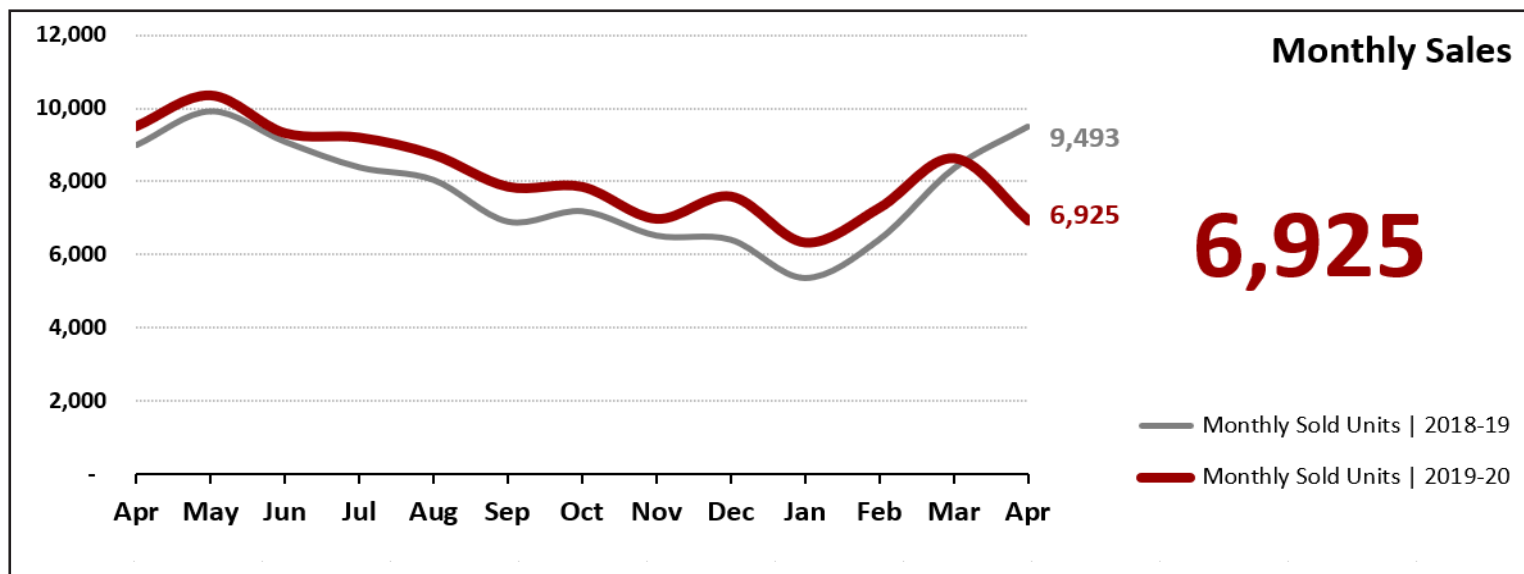


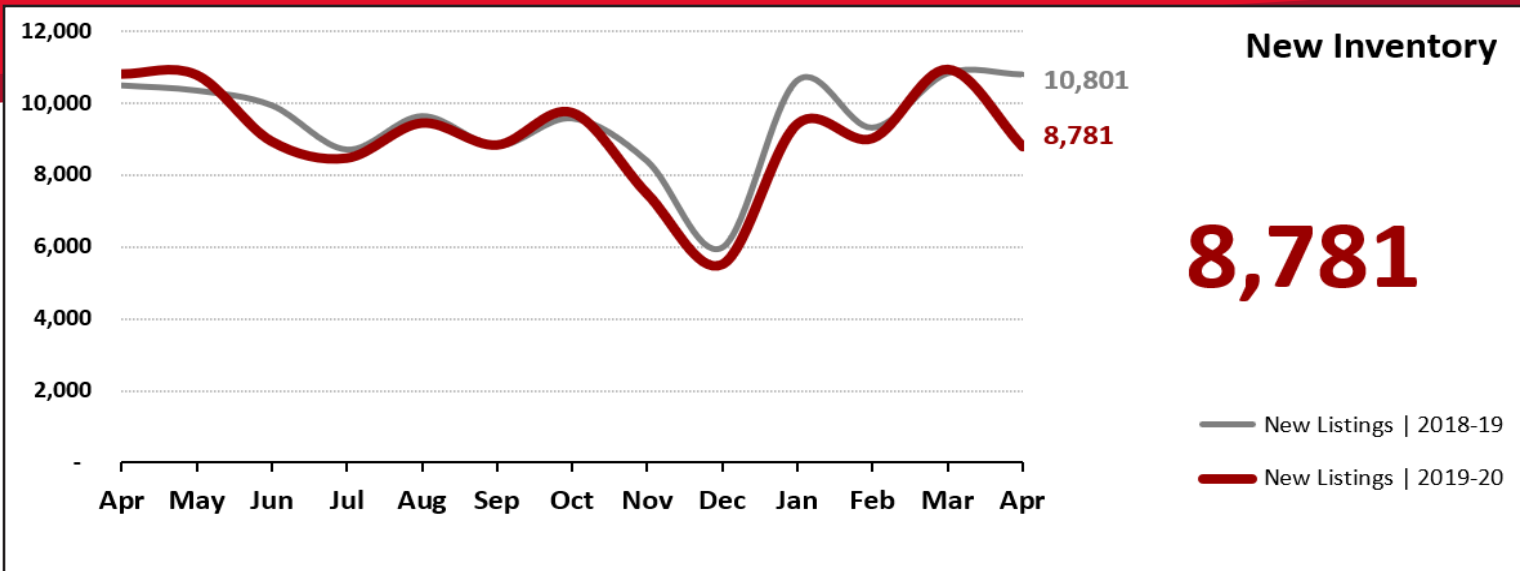


**DATA FOR APRIL 2020** - Published May 19, 2020



Sales are down -19.7% month-over-month. The year-over-year comparison is down -27.1%.

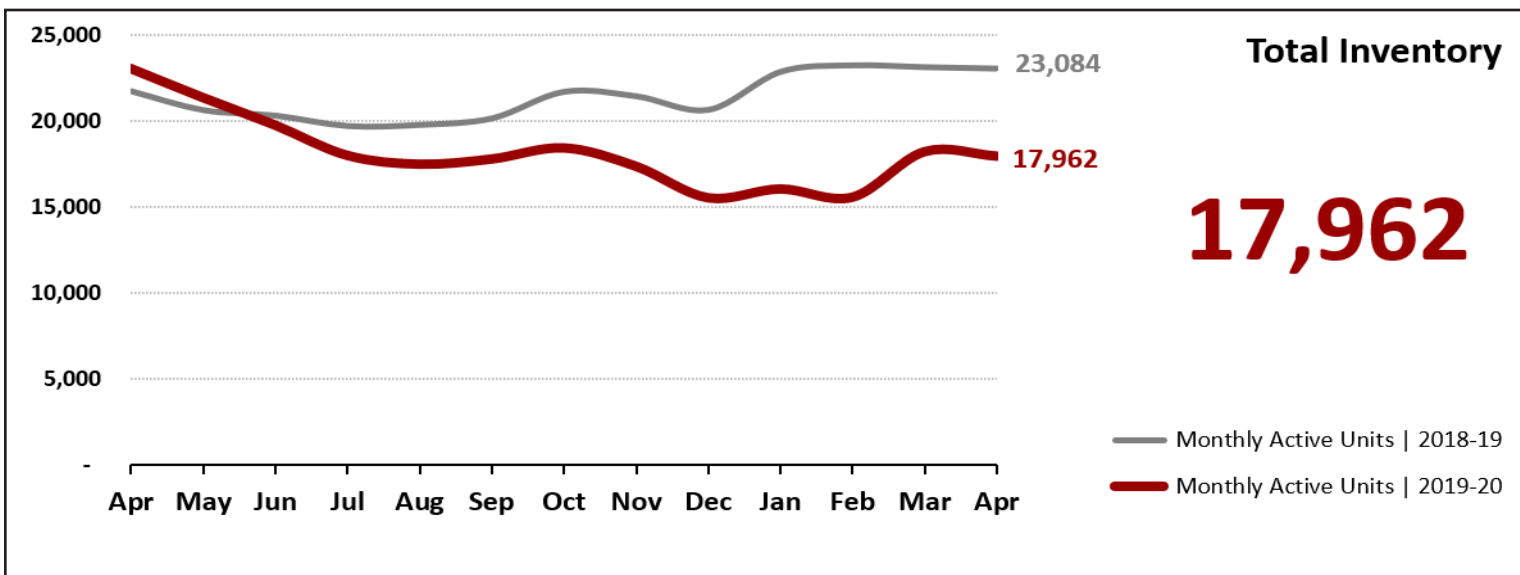
Closed MLS sales with a close of escrow date from 4/1/2020 to 4/30/2020, 0 day DOM sales removed



New inventory is down -19.7% month-over-month while the year-over-year comparison decreased by -18.7%.

**8,781**

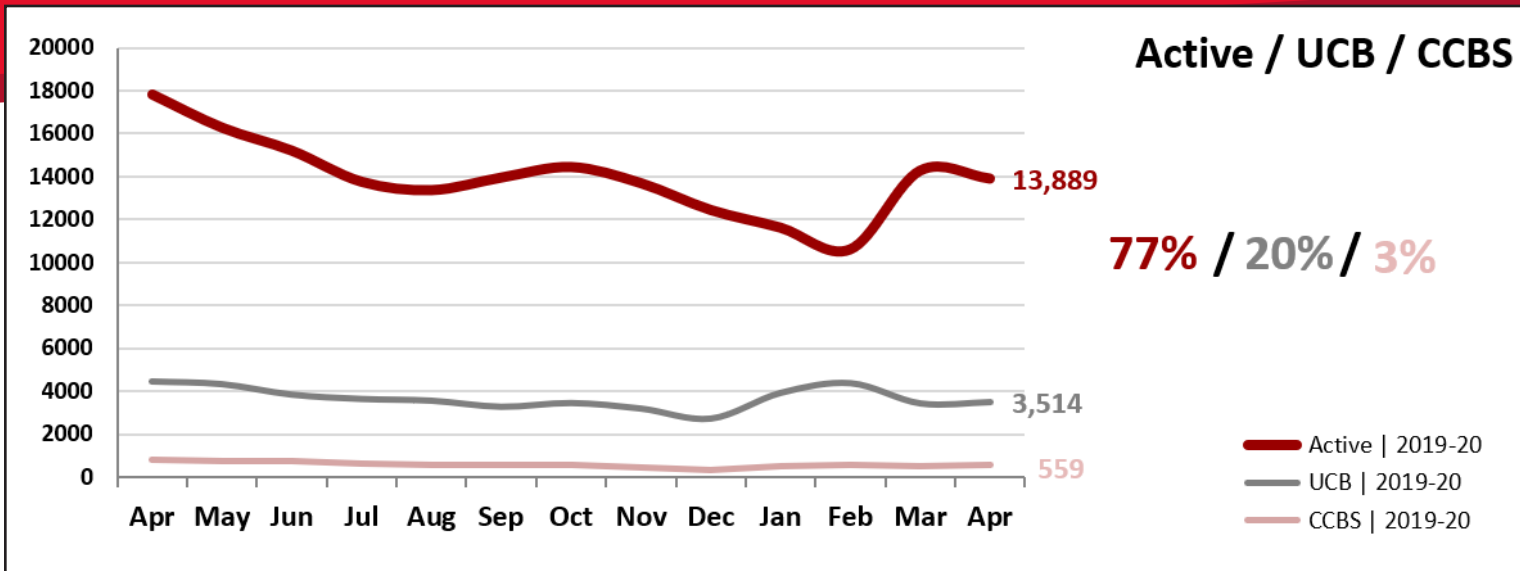
New MLS listings that were active for at least one day from 4/1/2020 to 4/30/2020, 0 day DOM sales removed



Total inventory has a month-over-month decrease of -1.4% while year-over-year reflects a decrease of -22.2%.

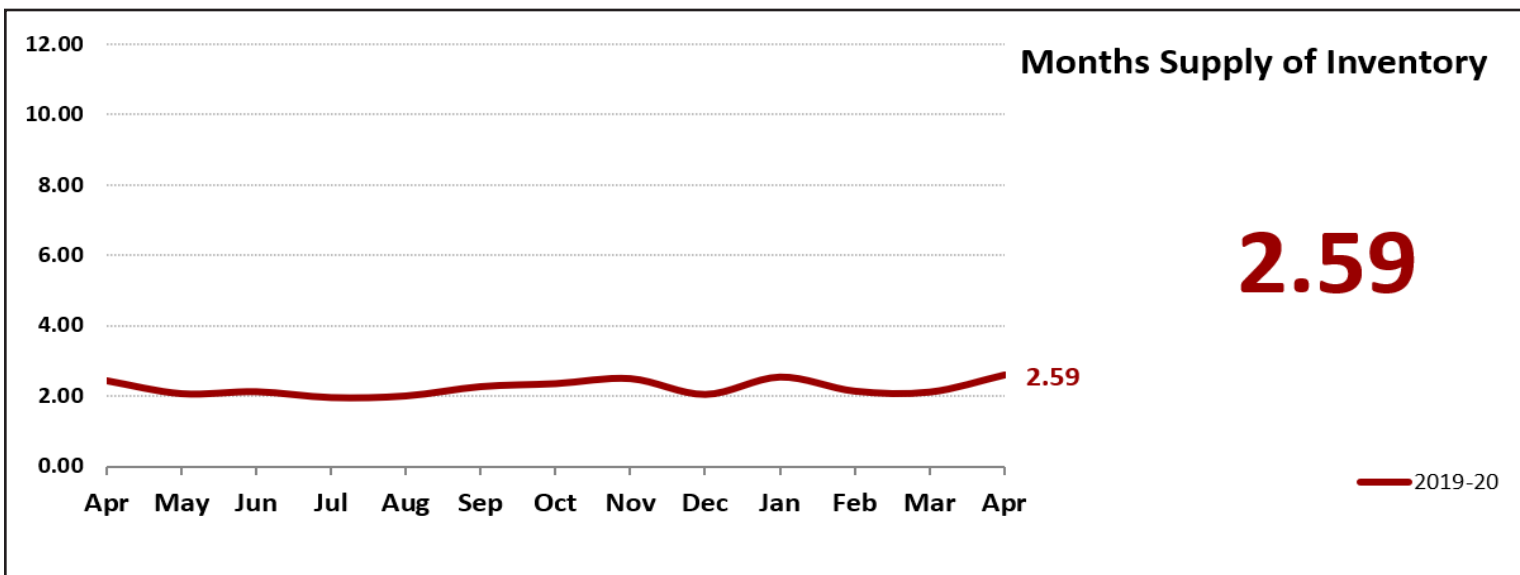
**17,962**

Snapshot of statuses on 4/30/2020



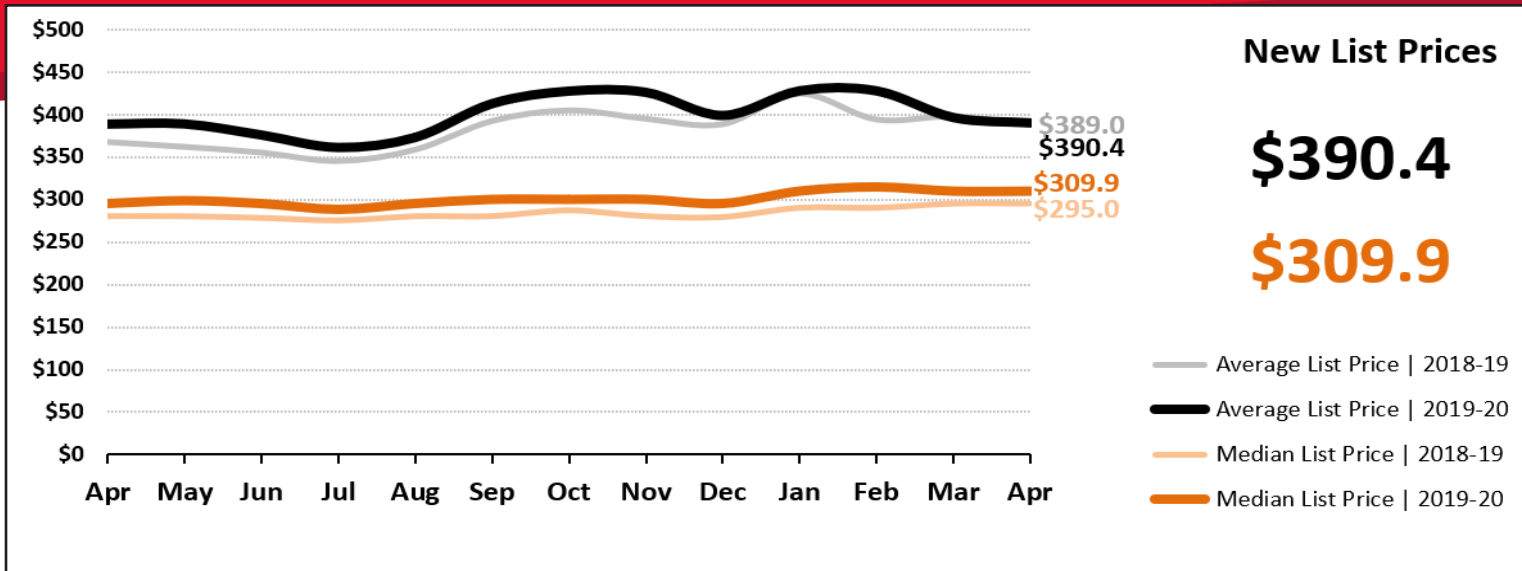
April UCB listings percent of total inventory was 19.6% with April CCBS listings at 3.1% of total inventory.

Snapshot of statuses on 4/30/2020



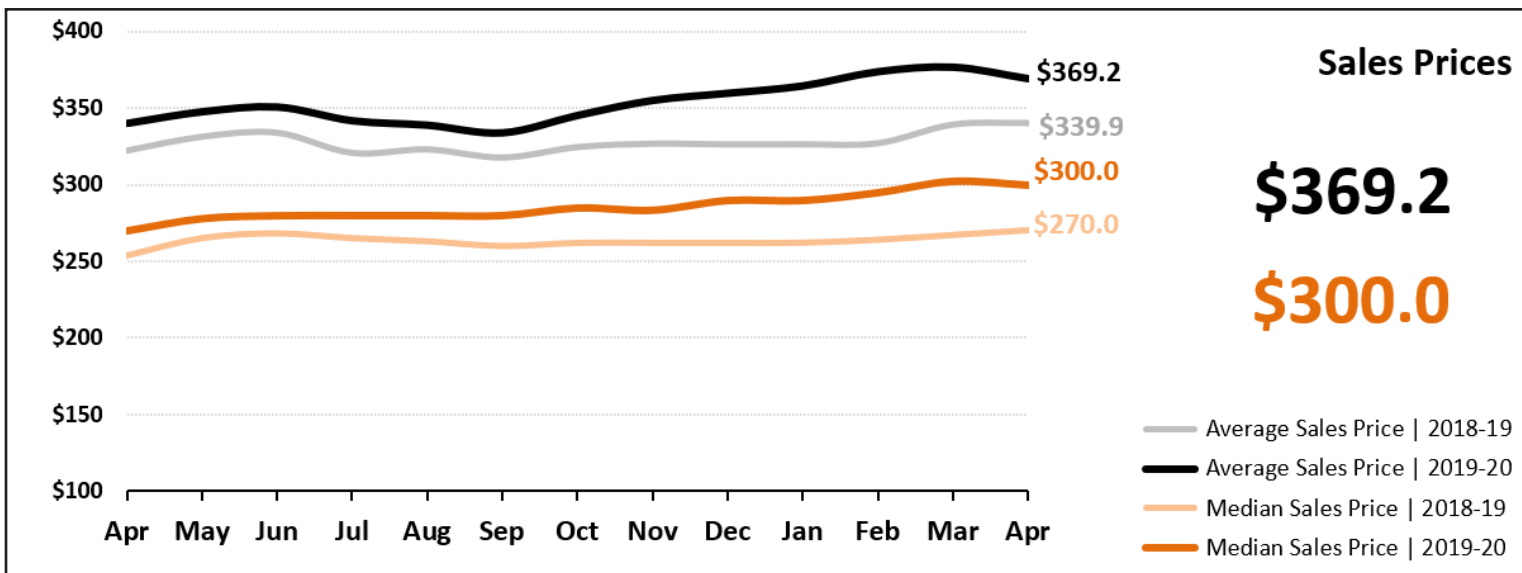
Months supply of inventory for March was 2.11 with April at 2.59.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of APRIL 2020, 0 day DOM sales removed



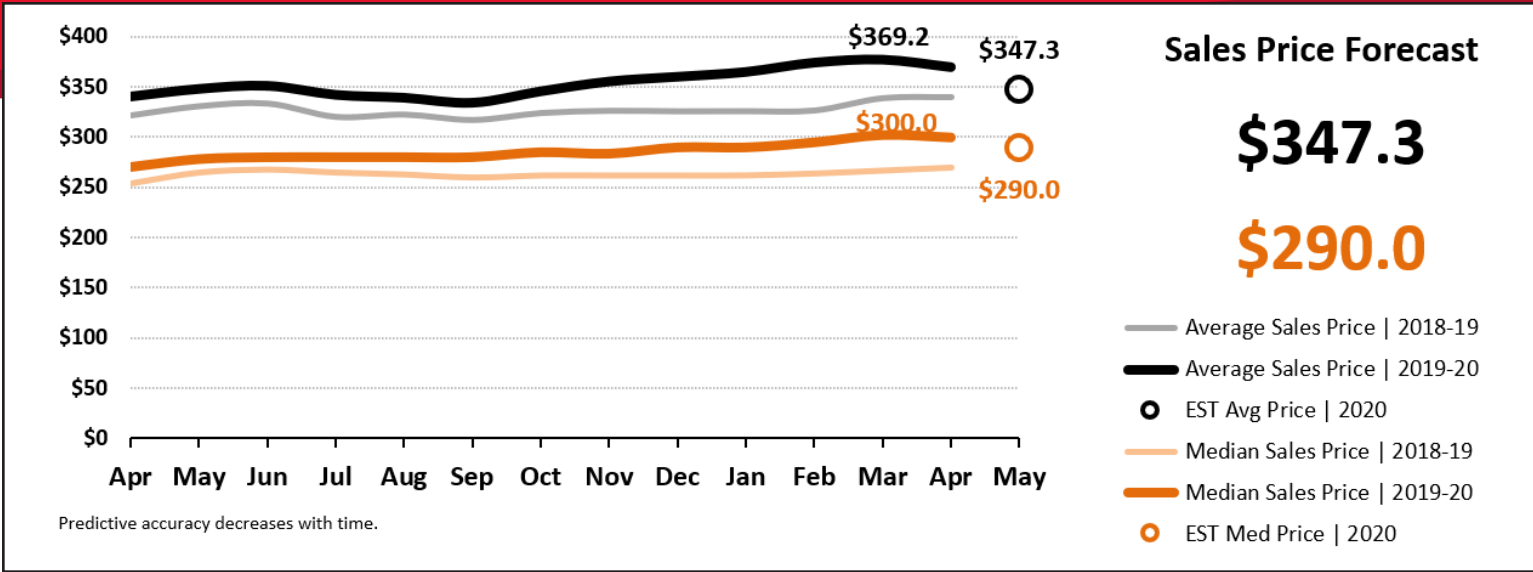
Average new list prices are up +0.4% year-over-year. The year-over-year median is up +5.1%.

List prices of new listings with list dates from 4/1/2020 to 4/30/2020, 0 day DOM sales removed



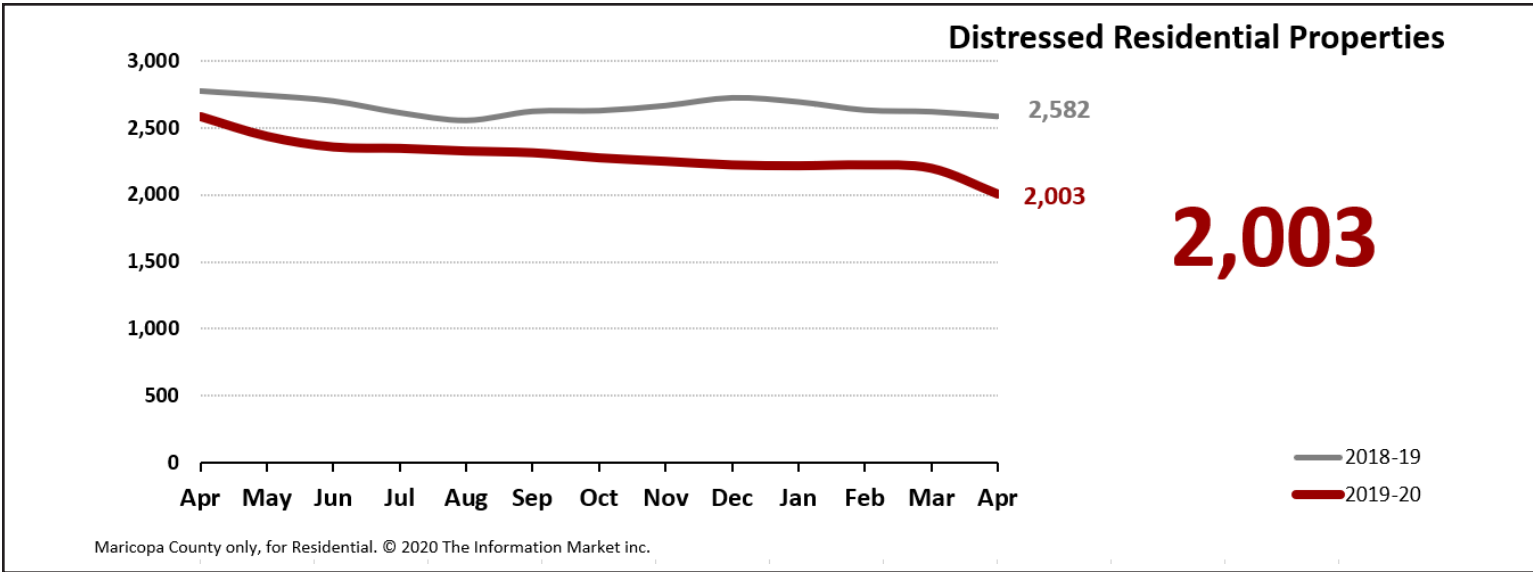
The average sales price is up +8.6% year-over-year while the year-over-year median sales price is also up +11.1%.

MLS sales prices for closed listings with a close of escrow date from 4/1/2020 to 4/30/2020, 0 day DOM sales removed



A decrease is forecasted in May for both average and median sales prices.

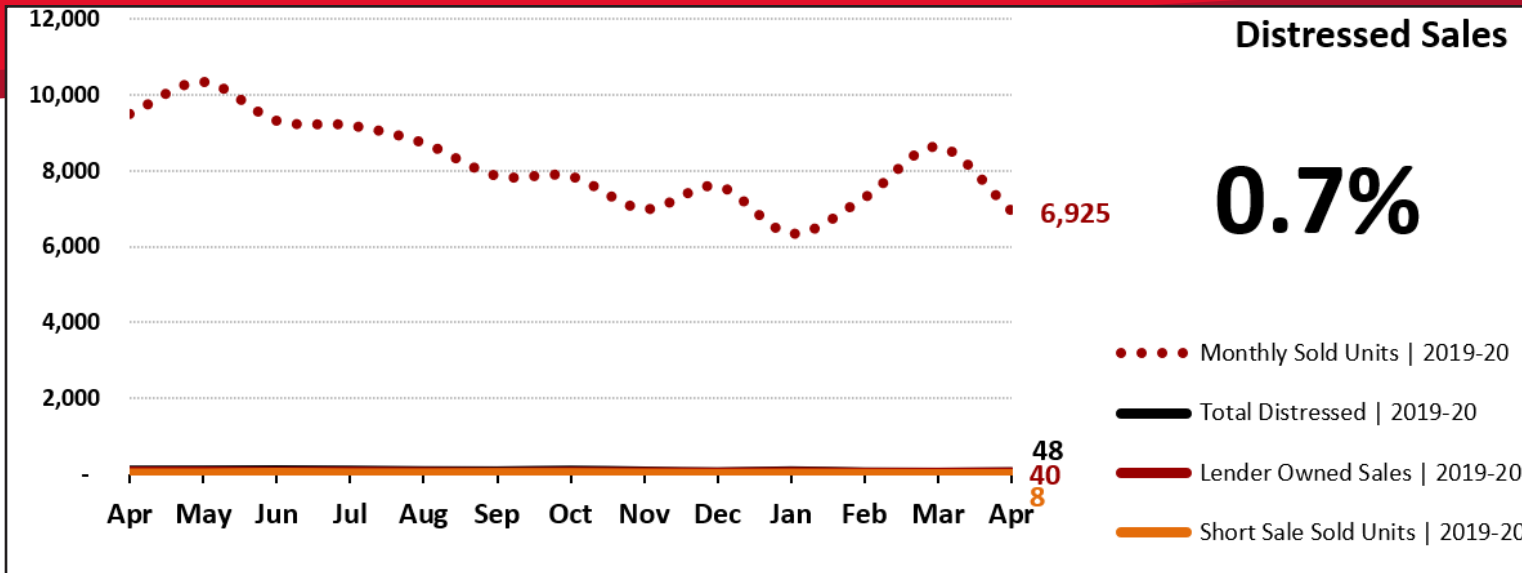
ARMLS proprietary predictive model forecast, 0 day DOM sales removed



Foreclosures pending month-over-month showed a decrease of -8.8% while the year-over-year figure was down -22.4%.

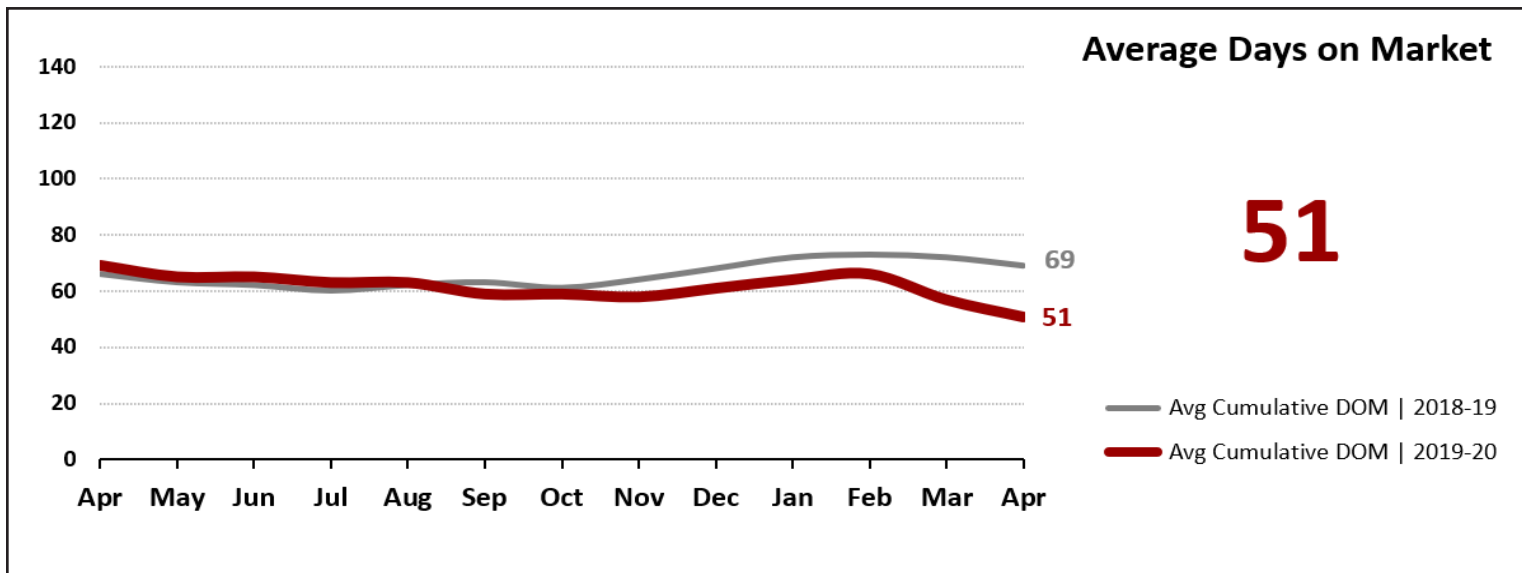
Maricopa County only, for Residential. © 2020 The Information Market inc.

Snapshot of public records data on 4/30/2020 active residential notices and residential REO properties.



Distressed sales accounted for 0.7% of total sales, up from the previous month of 0.5%. Short sales dropped -57.9% year-over-year. Lender-owned sales decreased -35.5% year-over-year.

New MLS listings that were active for at least one day from 4/1/2020 to 4/30/2020, 0 day DOM sales removed



Days on market were down -18 days year-over-year while month-over-month were down -6 days.

MLS sales prices for closed listings with a close of escrow date from 4/1/2020 to 4/30/2020, 0 day DOM sales removed

**COMMENTARY by Tom Ruff**

I'd like to start STAT with a quotation from Warren Buffet. At the annual Berkshire Hathaway shareholders meeting, the 89-year old chairman and CEO took a moment to discuss the current state-of-affairs.

*“We faced great problems in the past, we haven’t faced this exact problem; we haven’t faced anything that quite resembles this problem. But we faced tougher problems, and the American miracle, the American magic has always prevailed, and it will do so again.*

*“In 2008 and 2009, our economic train went off the tracks. And there were some reasons why the roadbed was weak, in terms of the banks and all that. This time we just pulled the train off the tracks and put it on a siding. And I don’t know of any parallel in terms of a very, very important, well the most important, country in the world – most productive, huge population – in effect, sidelining its economy and its workforce and obviously and unavoidably creating a huge amount of anxiety and changing people’s psyche.*

*“This is quite an experiment and we may know the answer to most of the questions reasonably soon, but we may not know the answers to some very important questions for many years.”*

**Housing Market Sentiment**

One thing that caught my attention in recent weeks was the Fannie Mae Home Purchase Sentiment Index (HPSI), which captures consumers’ current views of housing market conditions and topics that are related to their home purchase decisions.

*“The HPSI experienced an unprecedented decline in April, falling to its lowest level since November 2011,” said Doug Duncan, Senior Vice President and Chief Economist of Fannie Mae. “The 17.8-point decrease reflected consumers’ deepening concerns about both their incomes and the housing market. Attitudes about whether it’s a good time to sell a home fell most sharply, dropping an additional 23 points this month. Individuals’ heightened uncertainty about job security, as registered in the survey over the last two months, is likely weighing on prospective homebuyers, who may be more wary of the substantial, long-term financial commitment of a mortgage.”*

The reason I mention the HSPI is that it aptly describes what we’re seeing in unemployment data as well as ARMLS housing data. In the last seven weeks, the near shuttering of the U.S. economy has led to 36 million Americans filing unemployment claims. In Arizona, we’ve seen 546,900 filings since the start of the shutdown, or 15.1% of Arizona’s labor force. New listings as reported by ARMLS in April were down 18.7% year-over-year and 19.7% month-over-month. Sales volume was down 27.1% year-over-year and 19.7% month-over-month at the time of year when demand usually surges.

## **Home Price Expectations**

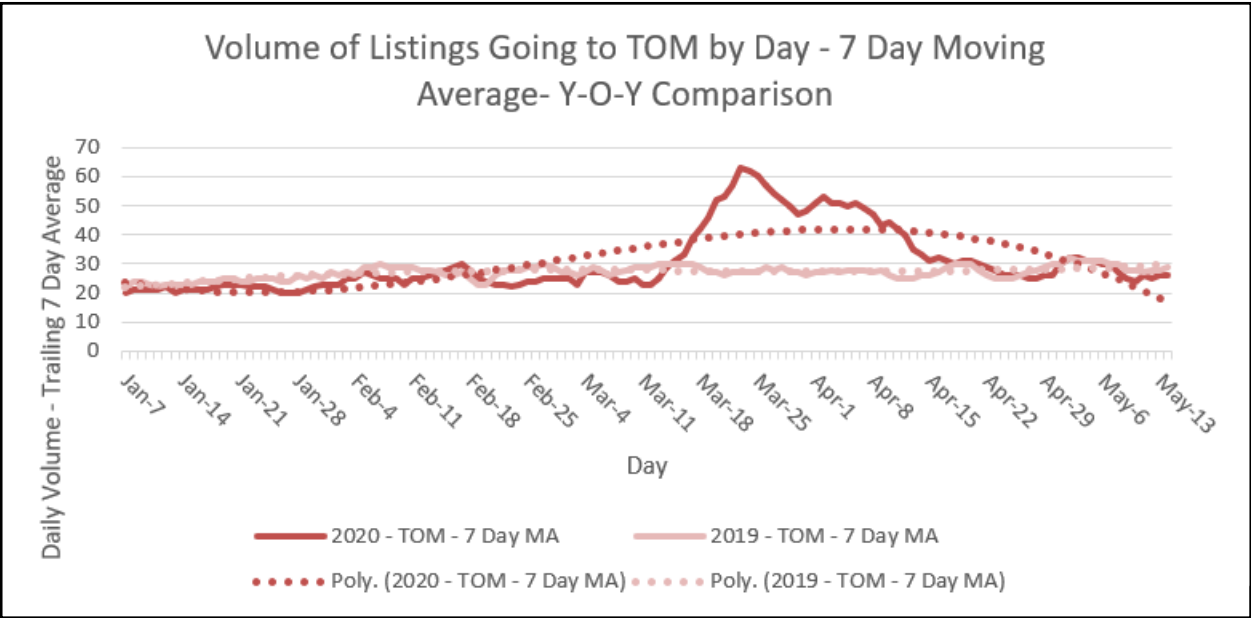
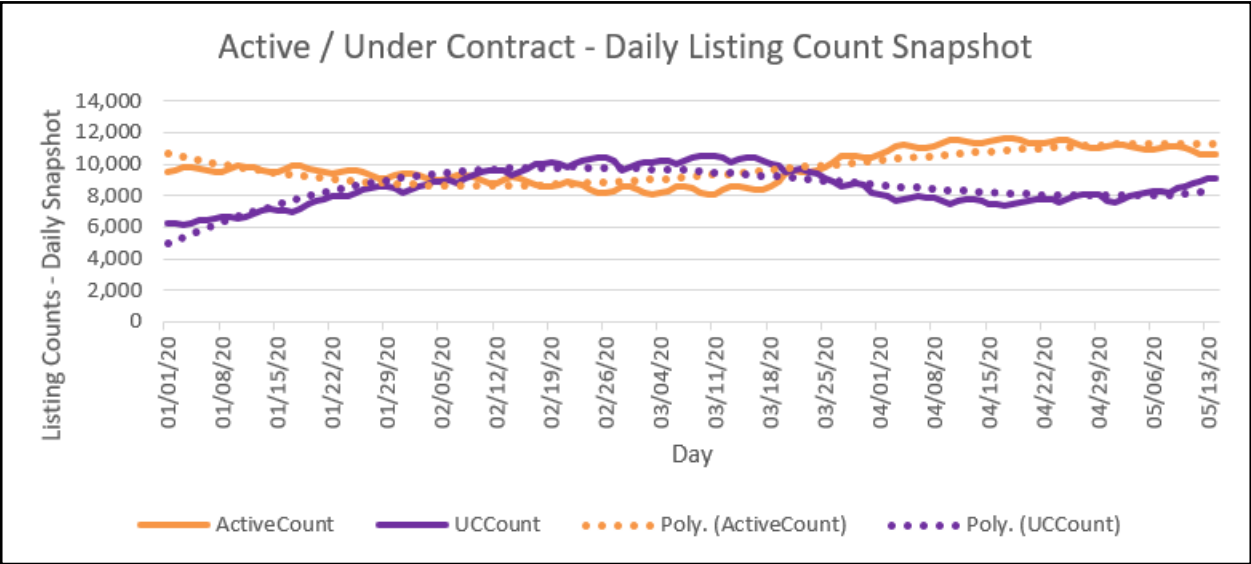
In the same Fannie Mae survey, 23% of Americans polled think prices will go up in the next 12 months, 34% believe prices will go down and 36% believe prices will stay the same. I’m guessing 7% had no opinion. Overall price expectations trended down 28%. ARMLS reported a median sales price of \$302,500 in March, a \$300,000 median for April and is projecting a \$290,000 median in May. I’m extremely confident that the May forecast is accurate. On the surface, the negative sentiment expressed in the survey appears warranted. On June 1, when the May closing numbers are published, there will be a rush to judgement. Therein lies the rub. When we view March and April reported prices, we see a 13.2% and a 11.1% increase in our year-over-year median price.

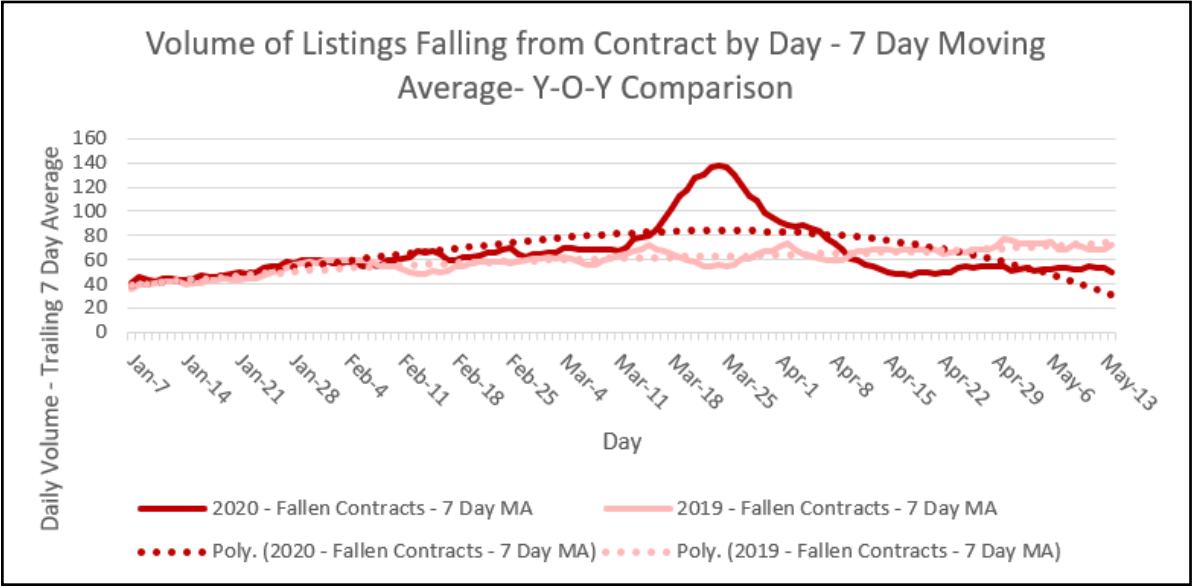
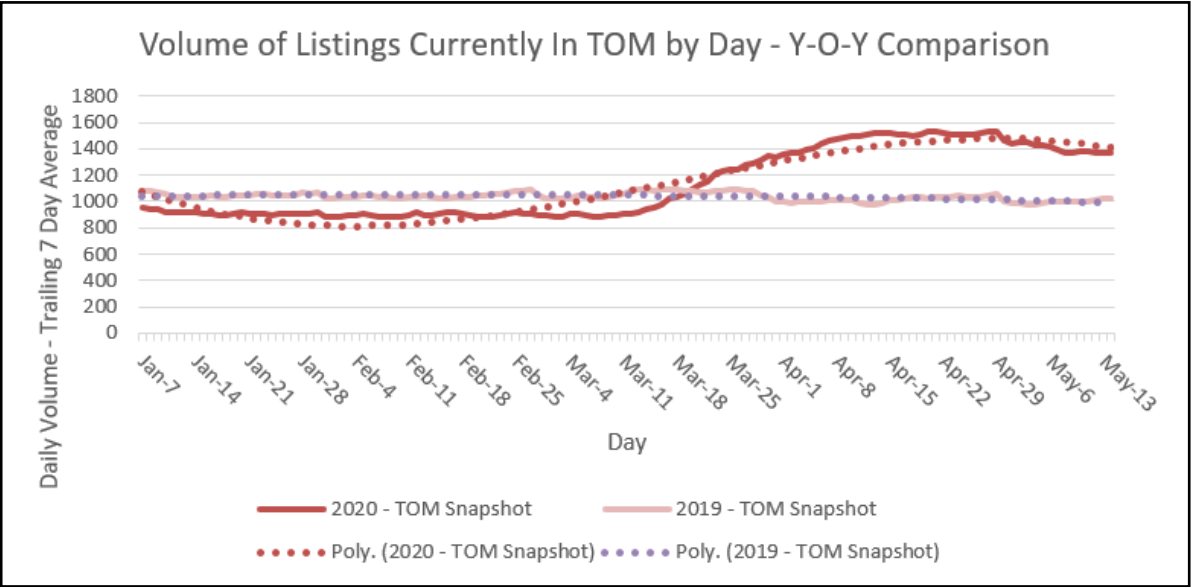


If there's a silver lining to the Covid-19 punch, it's the unsustainable runaway appreciation we'd been seeing has moderated. In the long run, this is a good thing and something I'd been hoping for, just not the way it happened. One of the data elements that is proprietary to ARMLS is the pending price. We view this data daily which gives us a pretty good idea where closed prices will report in 30 days. The median sales price as reported by home closings peaked on April 7 at \$305,000. It remained at \$305,000 through April 20. Pending contracts showed the \$305,000 median price peak on March 10, exactly 30 days prior. By April 20 when the median sales price was still peaking, the pending sales price had already fallen to \$290,000. The \$290,000 median pending price, which held from April 20 through May 3, appears to have found its bottom. Since May 3 we've seen a gradual rise in the pending median price. Today that number stands at \$295,000. The pending median price fell rapidly from March 10 to March 20 as fear gripped our market. It is my belief that the reported drop is mostly due to the market mix as higher priced properties pulled back from the market to a much greater extent than the low and midranges. May will be the first full month of "Covid-19" data. When the May data is complete, we will be able to compare the value of homes sold in May to value of home sold in March. I'm not comfortable comparing April data to March as April was a mix of pre and post Covid-19 data. Consumers looking at the May closing numbers and betting on prices to follow the same trend in June will most likely be greatly disappointed. Housing supply remains at historically low levels, and while price growth has slowed, I can't see how it can go negative.

## **Covid-19 Charts**

Our 7-day running average charts were created to analyze the impact of Covid-19 on our market. The charts display the immediate disruption in mid-March. Following the initial disruption, the charts (using ARMLS data) now project foreseeable patterns.





## **Notable Developments in May**

As expected, there were very few new residential foreclosure notices (77) and even fewer residential foreclosures (18), shattering previous record lows of 361 in March of 2020 and 25 in December 2005. The low numbers can be directly attributed to the CARES Act Mortgage Forbearance. I'm not a fan of this act, as it could have a negative impact on credit, leading to credit tightening.

New home sales in April held their own with The Information Market reporting 1,425 new home sales in Maricopa County, nearly identical to April 2019. New home sales are normally contracted months prior, with the homes sold in April contracted prior to Covid-19.

iBuyers collectively purchased 63 homes in Maricopa County in April, compared to their collective high purchases of 456 in May of 2019. iBuyers accounted for less than 1% of all homes purchased in Maricopa County in April. iBuyers left the market in March; April purchases were prior contracts. All iBuyers in Maricopa County have now resumed operations.

## **Conclusion**

In March businesses were defined as essential and non-essential. Fortunately for us, real estate was deemed essential and we could keep working. Unfortunately for others, they were deemed non-essential. Our Governor, Doug Ducey, has described reopening businesses that had been closed due to Covid-19 as turning on a dimmer as opposed to flipping a light switch. As April ended and May progresses, we're seeing the Arizona economy open back up slowly and cautiously. We know the shutdown resulted in 546,900 unemployment filings. The question now is what happens moving forward.

According to a recent [azcentral article](#), economists at Arizona State University are predicting a recession of three to nine months. If more federal stimulus money is approved, then public spending could be stimulated and recovery could be quicker and stronger.

### **The Pending Price Index**

Last month the STAT mathematical model projected a median sales price for April of \$299,900. The March reported median was \$302,500. Looking ahead to May, the ARMLS Pending Price Index anticipates the median sales price will decline, projecting a median sales price of \$290,000.

We begin May with 5,747 pending contracts: 3,514 UCB listings and 559 CCBS giving us a total of 9,820 residential listings practically under contract. This compares to 12,536 of the same type of listings one year ago. At the beginning of May, the “pending” contracts were 21.67% lower than last year. There were 22 business days in May of 2019 and 20 this year. ARMLS reported 10,341 sales in May of 2019. STAT projects 6,850 sales this May.