

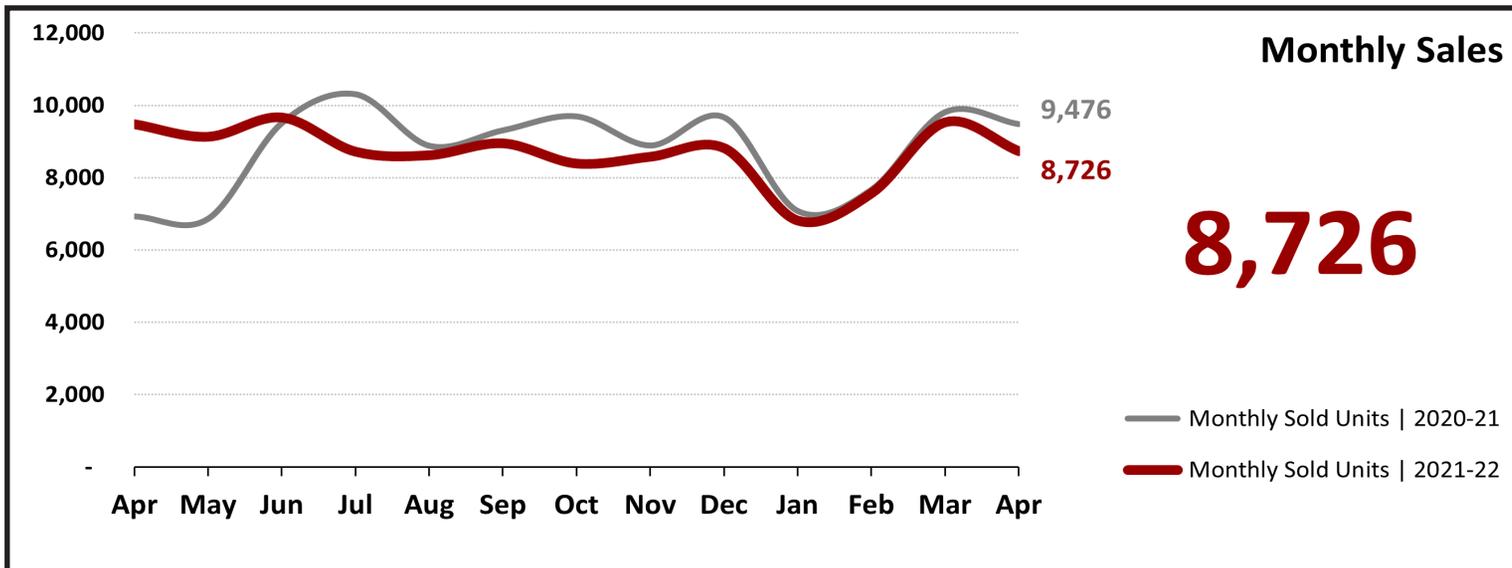
STAT

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



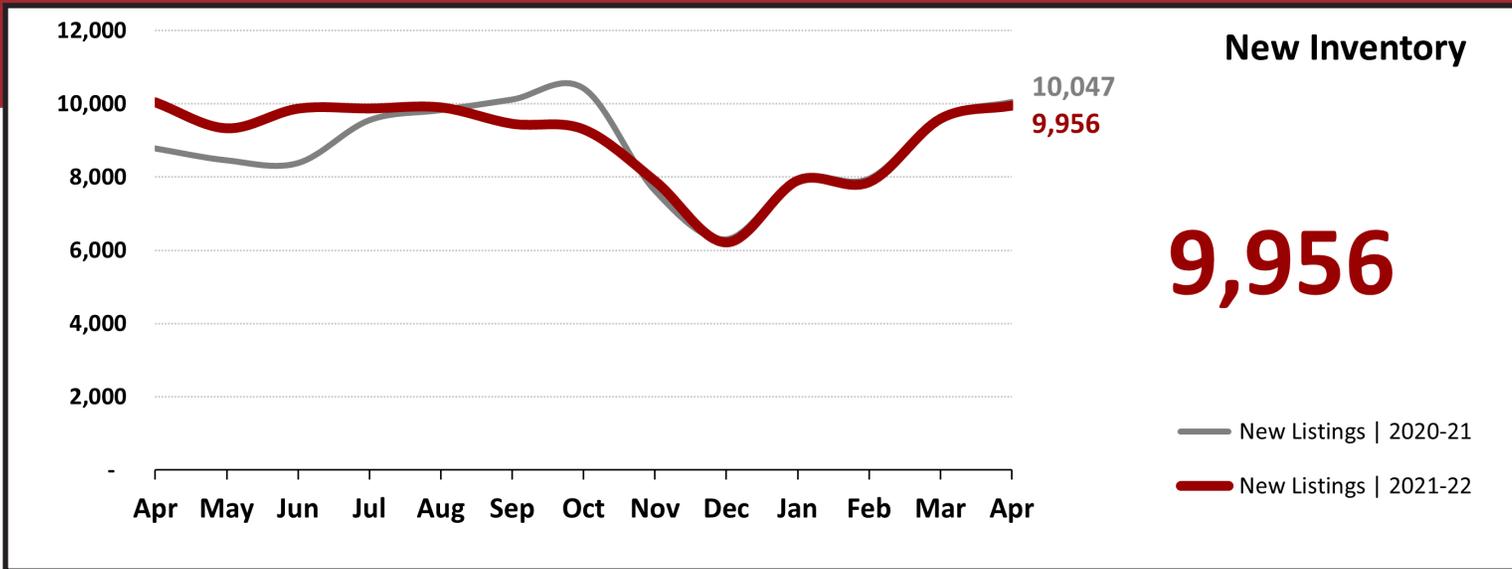
DATA FOR **APRIL 2022**

Published May 19, 2022



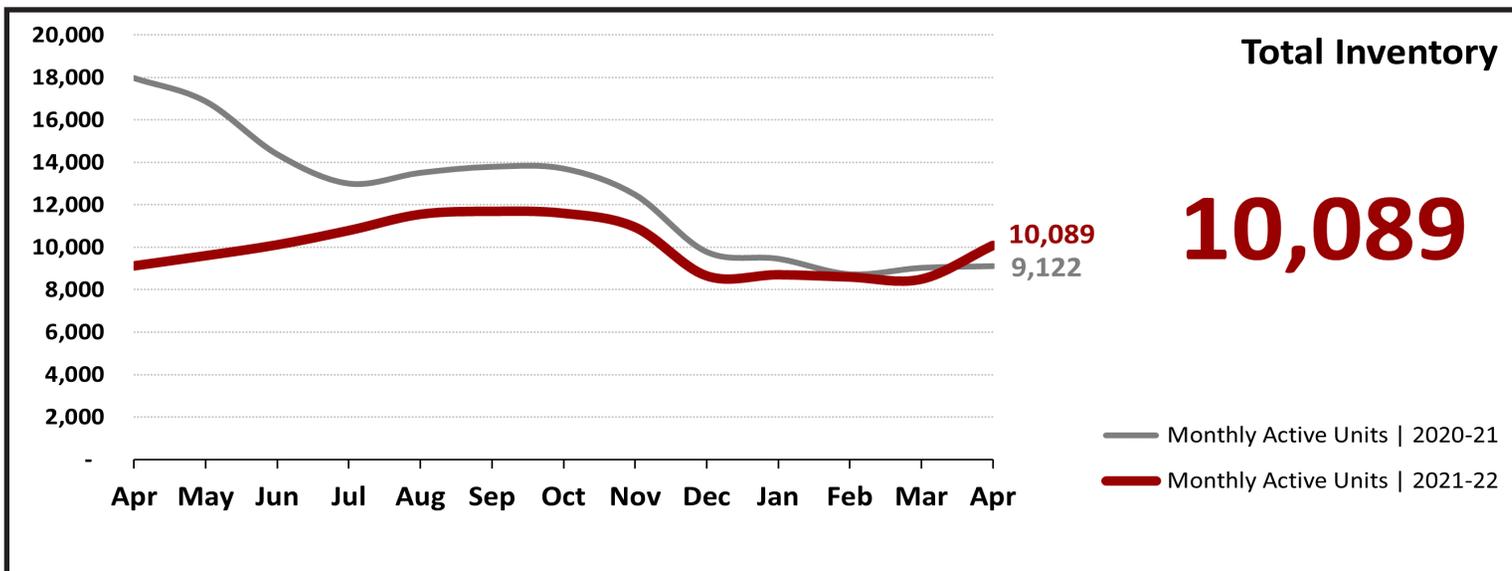
Sales are down **-8.4%** month-over-month. The year-over-year comparison is down **-7.9%**.

Closed MLS sales with a close of escrow date from 4/1/22 to 4/30/22, 0 day DOM sales removed



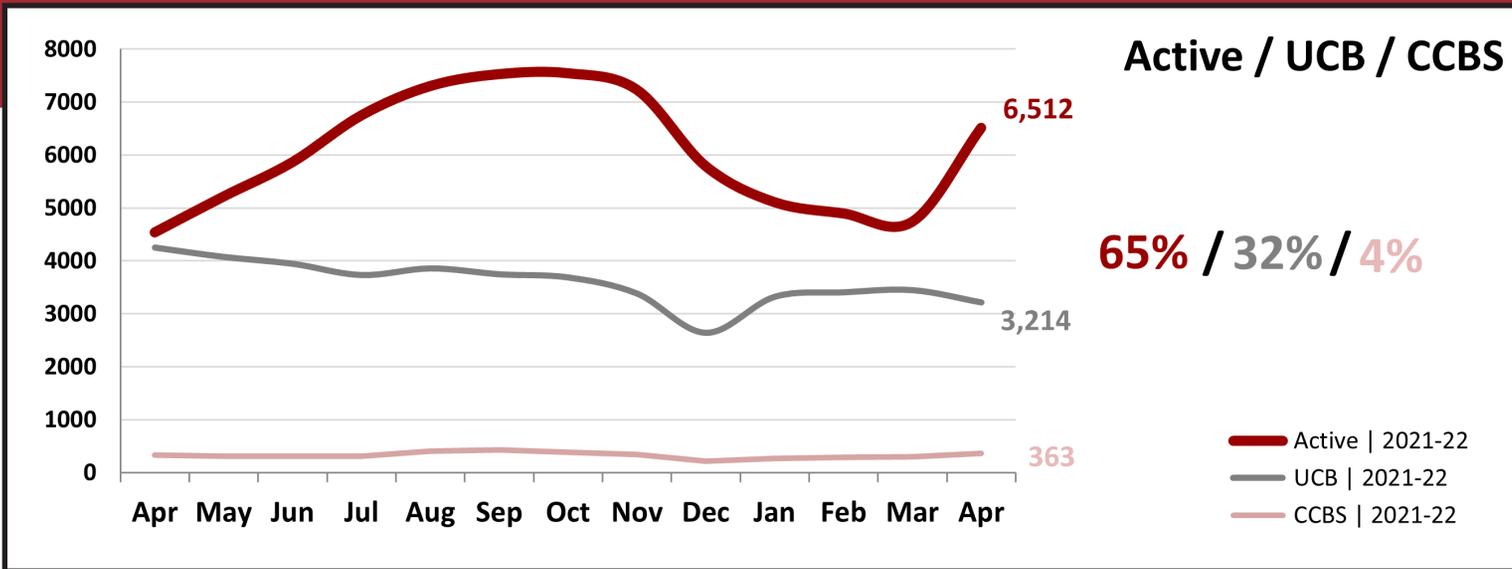
New MLS listings that were active for at least one day from 4/1/22 to 4/30/22, 0 day DOM sales removed

New inventory has a month-over-month increase of **+3.7%** while the year-over-year comparison decreased by **-0.9%**.



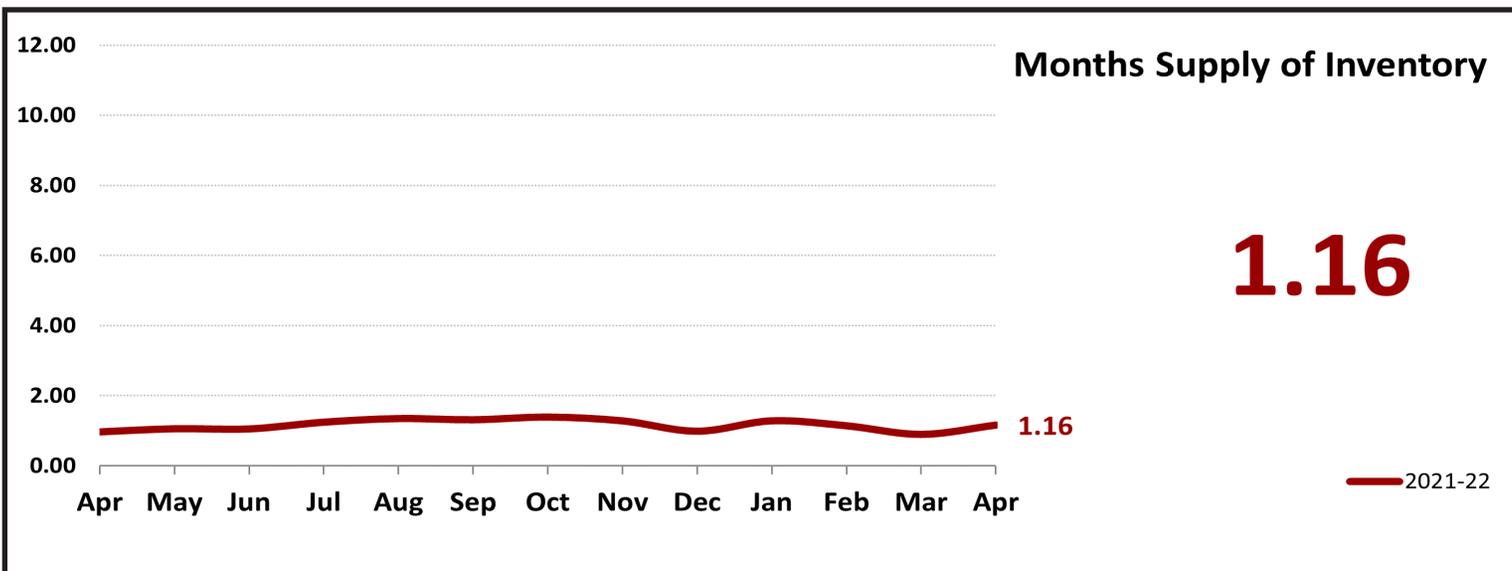
Snapshot of statuses on 4/30/22

Total inventory has a month-over-month increase of **+18.8%** while year-over-year reflects an increase of **+10.6%**.



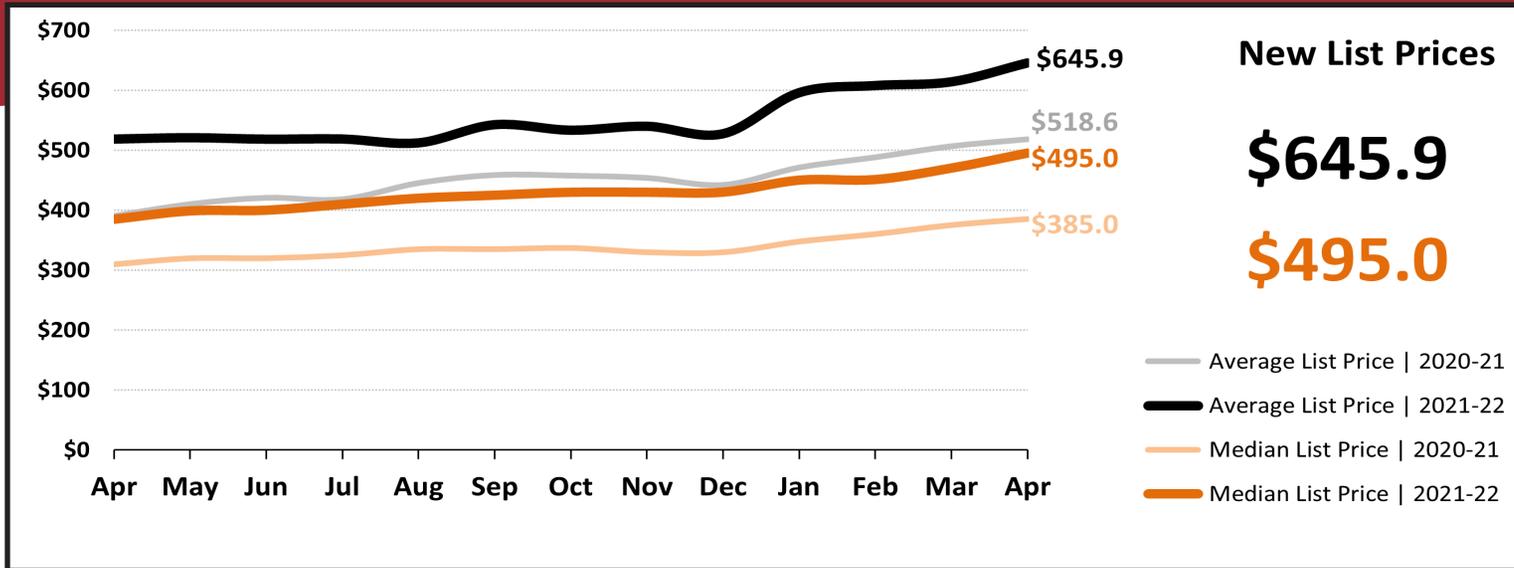
Snapshot of statuses on 4/30/22

April UCB listings percent of total inventory was **31.9%** with April CCBS listings at **3.6%** of total inventory.



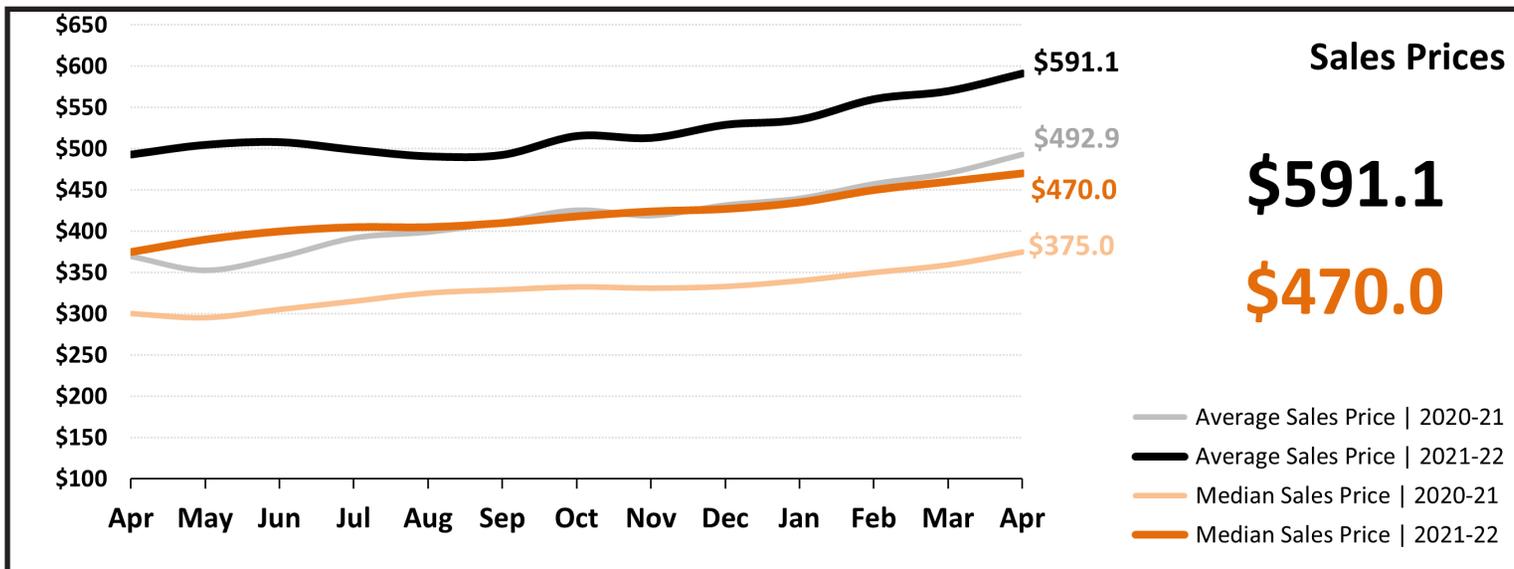
Current inventory of Active/UCB/CCBS divided by the monthly sales volume of APRIL 2022, 0 day DOM sales removed

Months supply of inventory for March was **0.89** with April at **1.16**.



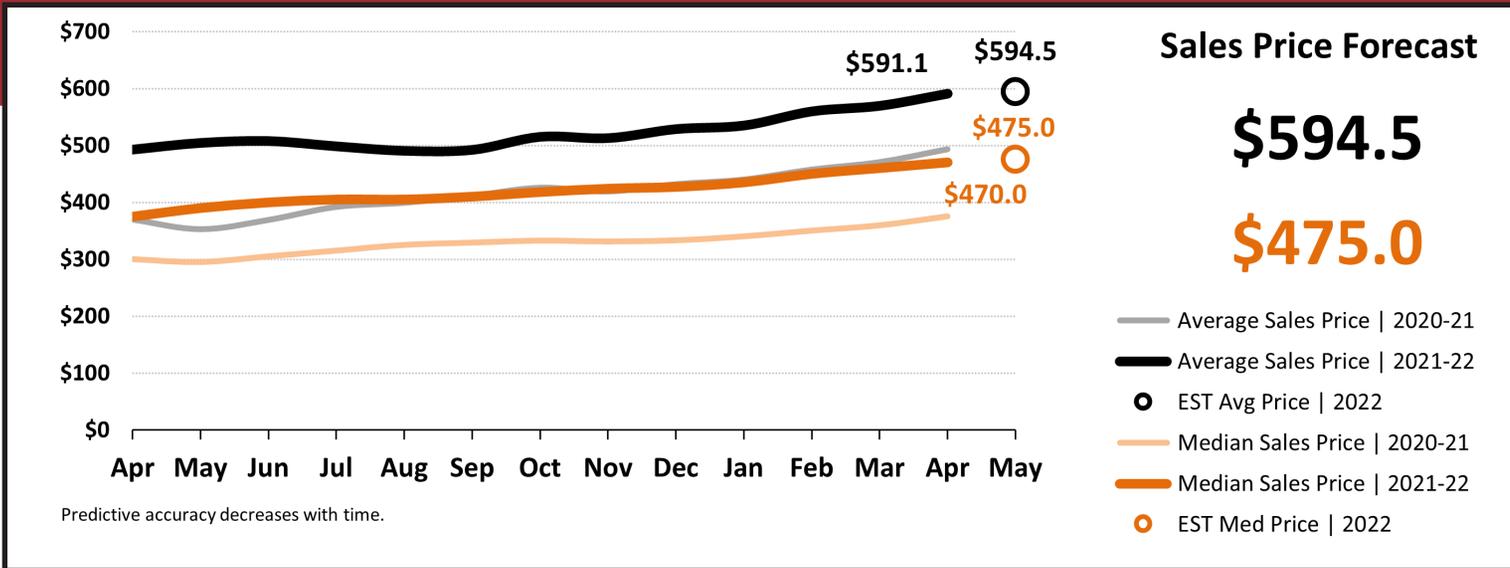
List prices of new listings with list dates from 4/1/22 to 4/30/22, 0 day DOM sales removed

Average new list prices are up **+24.5%** year-over-year. The year-over-year median is up **+28.6%**.



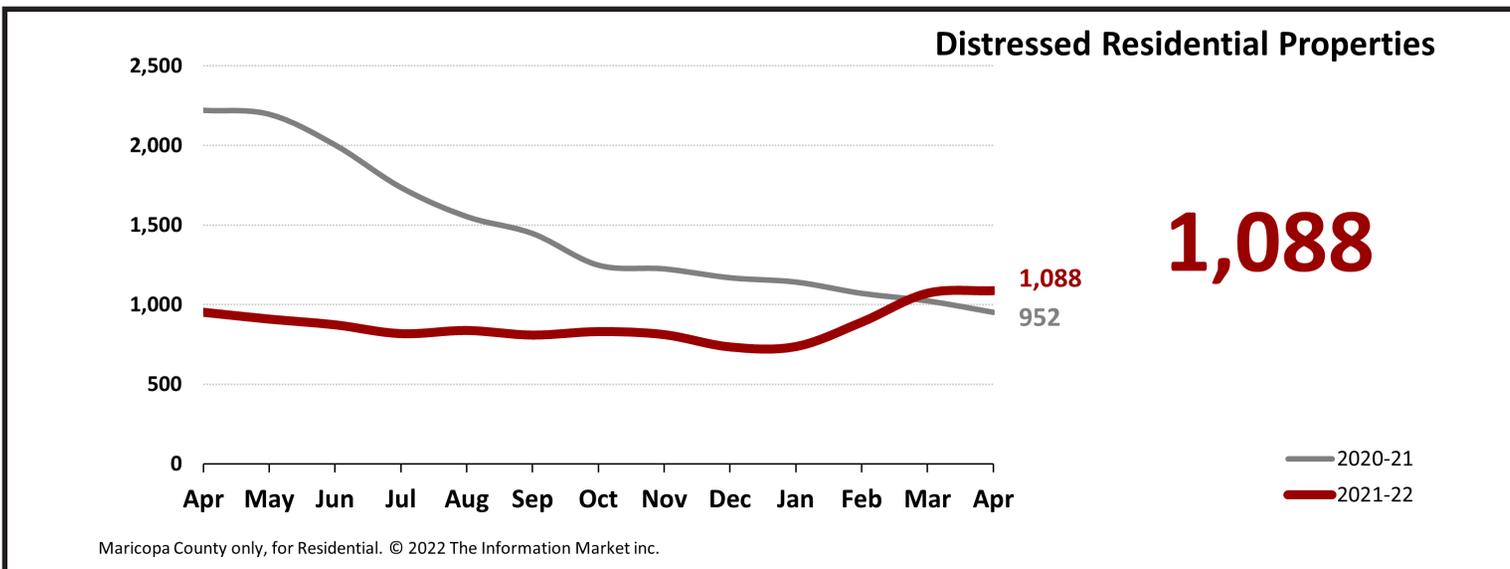
MLS sales prices for closed listings with a close of escrow date from 4/1/22 to 4/30/22, 0 day DOM sales removed

The average sales price is up **+19.9%** year-over-year while the year-over-year median sales price is also up **+25.3%**.



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

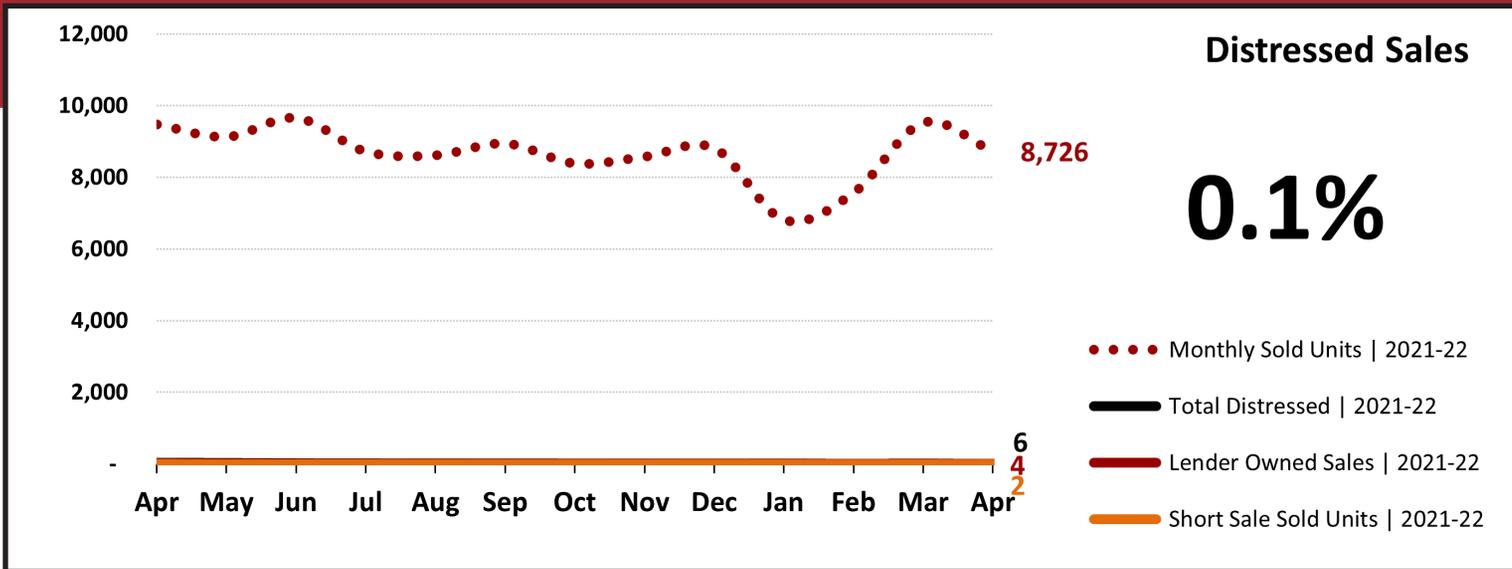
ARMLS proprietary predictive model forecast, 0 day DOM sales removed



Foreclosures pending month-over-month showed an increase of **+1.5%** while the year-over-year figure was up **+14.3%**.

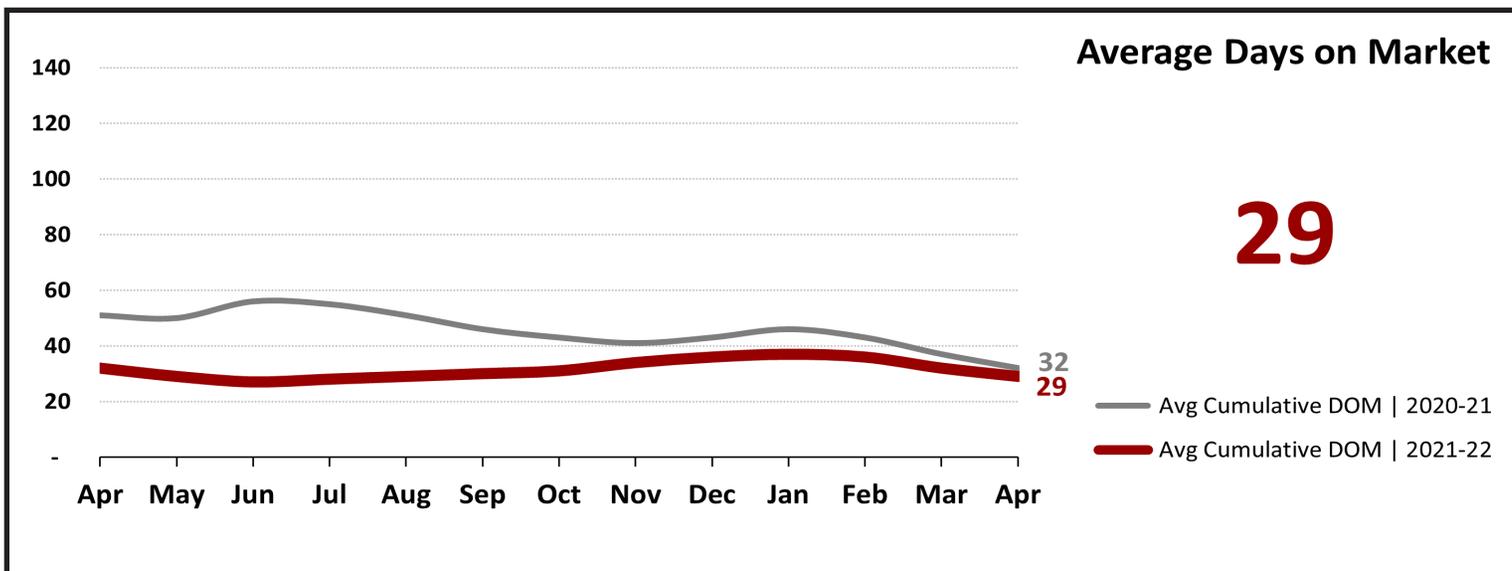
Maricopa County only, for Residential. © 2022 The Information Market inc.

Snapshot of public records data on 4/30/22 active residential notices and residential REO properties.



Distressed sales accounted for **0.1%** of total sales, the same as the previous month. Short sales went down **-66.7%** year-over-year. Lender-owned sales dropped **-81.8%** year-over-year.

New MLS listings that were active for at least one day from 4/1/22 to 4/30/22, 0 day DOM sales removed



Days on market were down **-3 days** year-over-year while month-over-month was also down **-3 days**.

MLS sales prices for closed listings with a close of escrow date from 4/1/22 to 4/30/22, 0 day DOM sales removed

Before we move into this month's housing market report, there is a little housecleaning from last month's STAT that needs to be tended to. As difficult as it is for me to admit, my forecast of a Suns championship was ill-advised. The deciding game seven with the Mavericks was basically over at halftime, at which time I received two texts from Nostradamus. The first simply read, "I told you so." The second text read, "Stay in your lane." I don't know which is more embarrassing, Dallas humiliating our Suns, or Nostradamus throwing shade at me. My first reaction was to head straight to the town square (Twitter) and throw a few haymakers back, but that would be even more childish than this writing itself. We can all learn from our mistakes, and I will certainly learn from mine. I should have done my research and realized he was an acclaimed astrologer with the obvious knowledge game seven was being played in the specter of a blood moon, circumstances hostile to the Suns reaching their goal of shooting for the moon. Well played Nostradamus, I tip my hat.

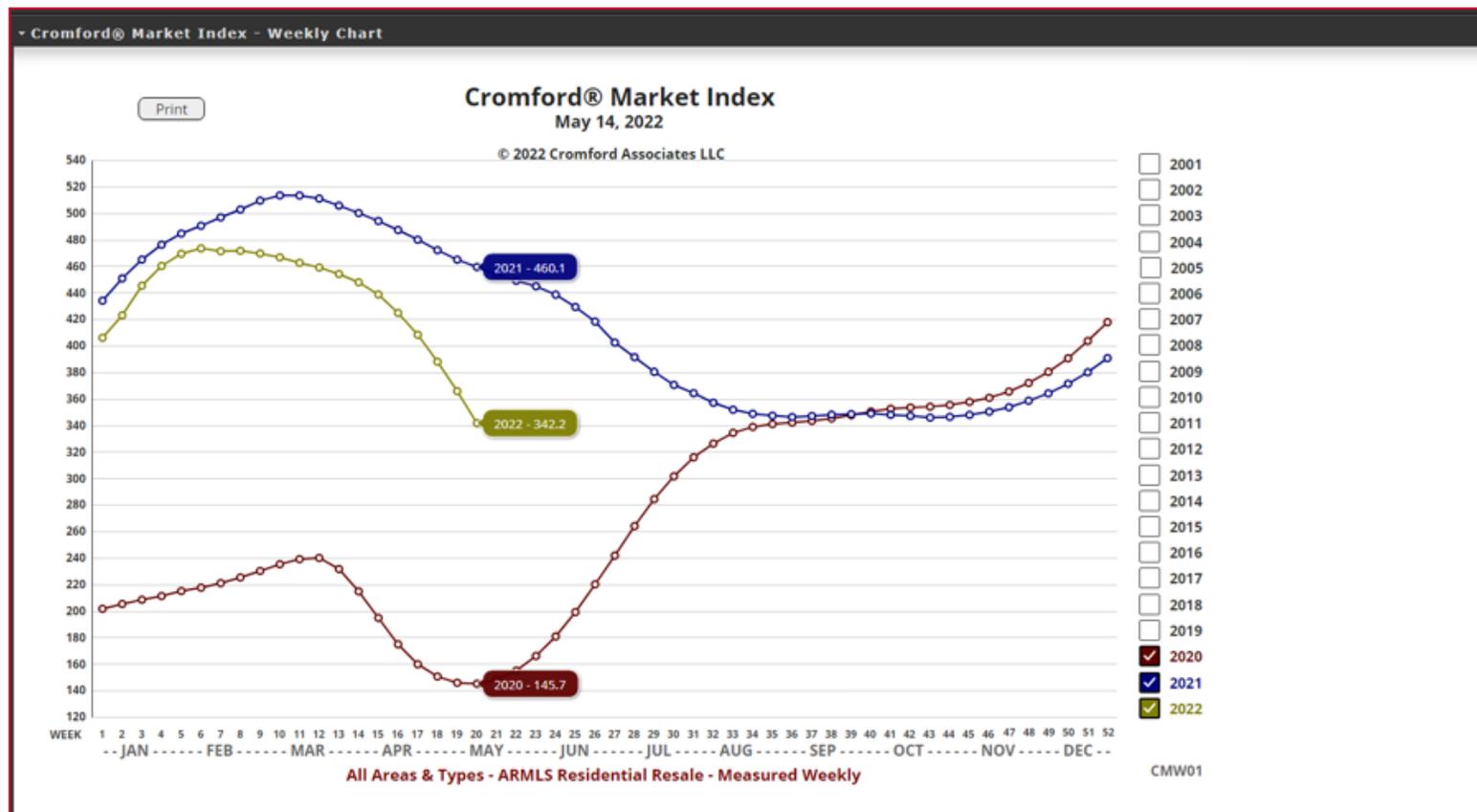
Over the past few years, like a broken record, STAT has described a local housing market on fire. The seller's market became so extreme we ran out of superlatives. In one issue, we went as far as using malaprops just to humor ourselves and break the monotony. We concluded each issue with a familiar refrain. Sellers' markets don't last forever, the market will eventually shift, but we don't know when. We routinely referenced interest rates as the wildcard. The when is probably now.

This week mortgage rates hit a new 13-year high. [Freddie Mac](#) reported that the 30-year fixed-rate mortgages trended upward this week, averaging 5.27%, up from 5.10%. One year ago, the 30-year fixed-rate mortgage was 2.96%. Joel Berner, Senior Economic Research Analyst, stated, *“With much higher monthly payments, buyers who don’t have savings for a large down payment risk being priced out of the market. Unfortunately, this is occurring just as nationwide rents reach an all-time high, making saving more difficult for those looking to buy their first home.”* As reported by ARMLS, the average sale price was up 19.9% and the median sales price 25.3% year over year. The average sales price as of May 1st stood at \$591,000, with the median sales price coming in at \$470,000. Higher home prices and higher rents have translated into higher inflation. Recently released numbers from the Bureau of Labor Statistics show Phoenix leading the nation with prices 11% higher this April compared to April 2021. When you combine rising interest rates, record prices, and add in [record inflation](#), homebuyer faces a triple-edged sword.

When the housing market moves from a sellers’ market to a balanced market, demand softens first, and a drop in demand is what we’re seeing. As reported by ARMLS on May 1, demand was down 7.9% year over year, with supply up 10.6% year over year. Today, supply is 21% higher than last year and 26% higher than last month, suggesting our market is cooling. We can view the changes in demand by turning to Maricopa County public records. Our database is coded to identify each type of buyer. We define a traditional home buyer as homes purchased by either married couples or single individuals. We also assign codes to I-Buyers, Institutional buyers, and homes purchased by other business entities. In April 2021, there were 11,932 homes purchased in Maricopa County. This April there were 10,492, a decline of 12%. Traditional home buyers accounted for 10,052 purchases in 2021 and only 8,155 purchases in 2022, a decline of 18.8%. I-Buyers, Institutions, and other business entities saw year over year increases.

In his daily observation in the Cromford report on April 24, Michael Orr issued a red flag warning. *“The housing market is changing more rapidly with rising supply and falling demand. While it remains far above normal for now, the Cromford® Market Index is dropping fast. Here is an image extracted from the weekly CMI chart:*

Weekly Cromford® Market Index for All Areas & Types



We can clearly see the CMI is accelerating downwards. Although it remains above 400, representing a very hot market, the downward trend is so powerful it appears possible that it will drop below 300 within a matter of weeks rather than months. It's not possible to predict the CMI, as it is designed to be the very earliest indicator of market changes. We do not know when this decline will bottom out. Last year we saw a similar but less intense fall during June. However, investors and I-Buyers filled the gap left by fading owner-occupier demand and kept inventory at low levels. The CMI bottomed out well above 340 and staged a second rally. April is supposed to be one of the best months for the market, but new contract signings are significantly lower than last year. This means active listings are staying active longer and inventory is starting to build in most (but not all) segments. Currently, the number of homes for sale remains very far below normal, but we have seen before how it can increase sharply if more sellers emerge just as demand is declining. There is a sequence of market indicators that fall like dominoes when a major change occurs in the market. The CMI is specifically designed to be the first of these dominoes. We will be reporting on the state of those confirming indicators over the course of the next few weeks."

Orr advises his subscribers to pay close attention to those indicators over the next few weeks and not pay attention to prices as they will continue to rise. As reported by ARMLS, the average sale price is up 19.9% and the median sales price is up 25.3% year over year. The average sales price as of May 1 stood at \$591,000, with the median sales price coming in at \$470,000. Both the average and median sales prices will increase in May.

Conclusion

Let me conclude with the words of Doug Duncan, Fannie Mae's Senior Vice President, and Chief Economist. *"In April, the HPSI ([Home Purchase Sentiment Index](#)) fell to its lowest level since the first few months of the pandemic, as consumers continue to report difficult homebuying conditions amid the budget-tightening constraints of inflation, higher mortgage rates, and high home price appreciation. The current lack of entry-level supply and the rapid uptick in mortgage rates appear to be adversely impacting potential first-time homebuyers, evidenced by the larger share of younger responses (aged 18-34) reporting that it's a "bad time to buy a home."*

The ARMLS Pending Price Index (PPI)

Last month STAT's mathematical model projected the median sales price for March at \$469,500. The actual number was \$470,000. Looking ahead to May, the ARMLS Pending Price Index is projecting median sales price of \$475,000. If April's median sales price projection is correct, we will see a year-over-year gain of 22%. Our estimates have been slightly lower than the actual median in the last few months. I suspect this might very well be the case again when May's data is reported. There are very early indications the median sales price will reach \$480,000 in early June and then begin to wobble.

We began May with 6,801 "pending" contracts, 3,214 UCB listings and 363 CCBS, giving us a total of 10,278 residential listings practically under contract. This compares to 11,863 of the same type of listings one year ago. At the beginning of May, the "pending" contracts are 13.34% lower than last year. There were 20 business days in May of 2021 and 21 this year. ARMLS reported 9,127 sales in May of 2021. The highest sales volume ever in May occurred in 2019 with 10,341. With "pending" contracts 13.34% lower this May than May last year, May's sales volume will be around 8,000.