

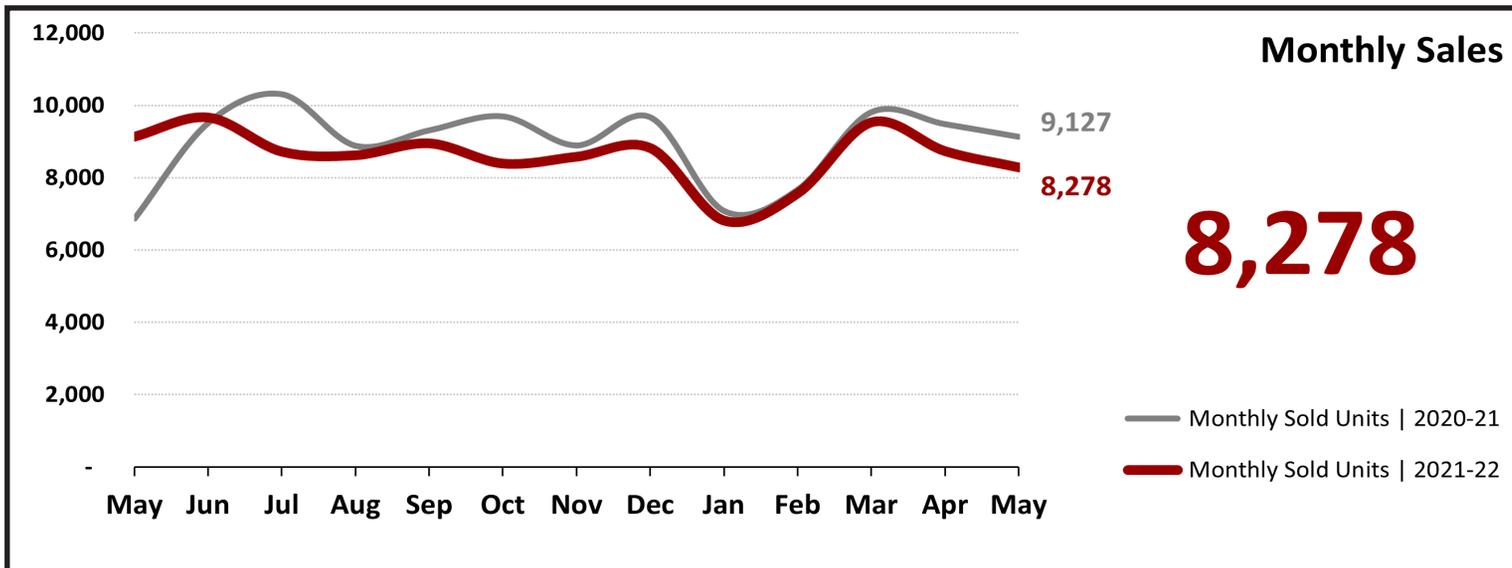
# STAT

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



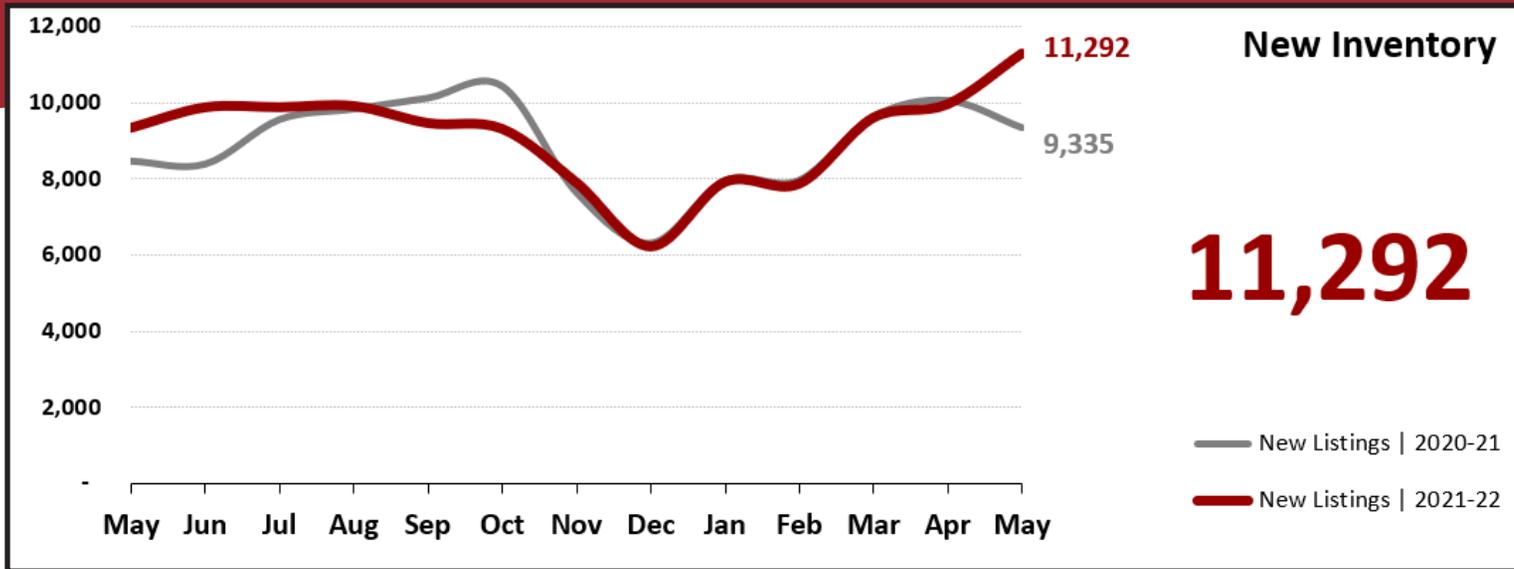
DATA FOR **MAY 2022**

Published June 16, 2022



Sales are down **-5.1%** month-over-month. The year-over-year comparison is down **-9.3%**.

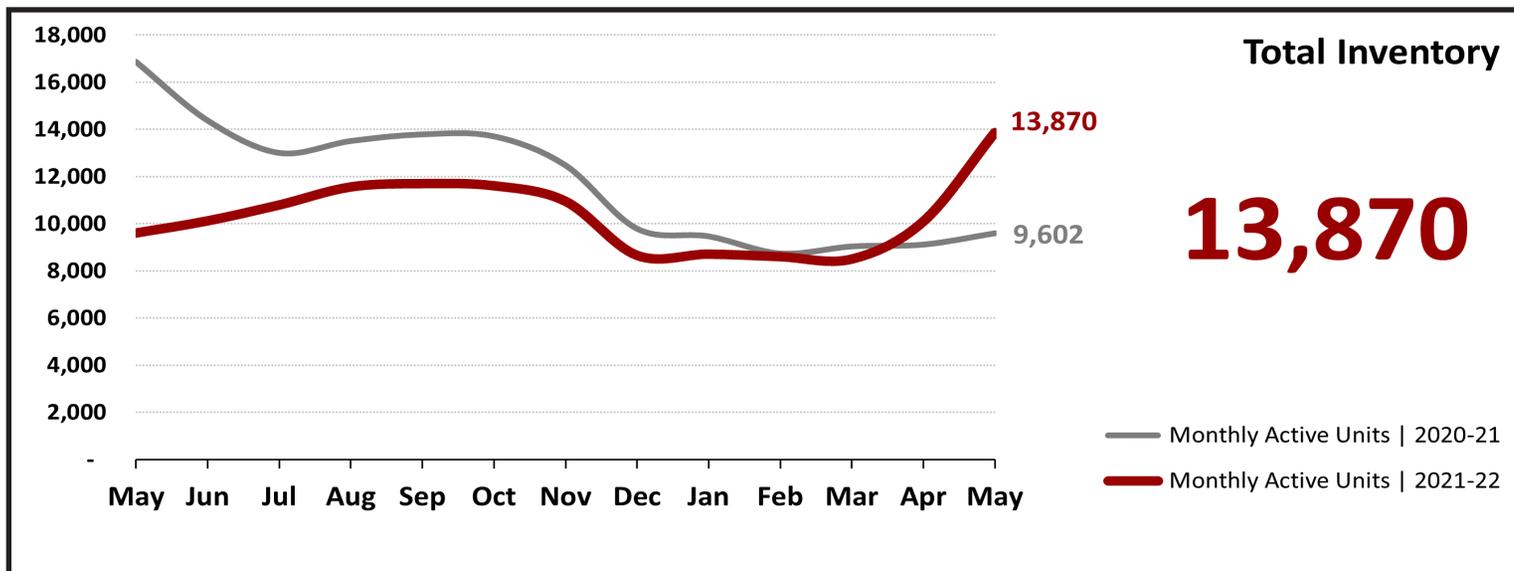
Closed MLS sales with a close of escrow date from 5/1/22 to 5/31/22, 0 day DOM sales removed



New MLS listings that were active for at least one day from 5/1/22 to 5/31/22, 0 day DOM sales removed

New inventory has a month-over-month increase of **+13.4%** while the year-over-year comparison increased by **+21.0%**.

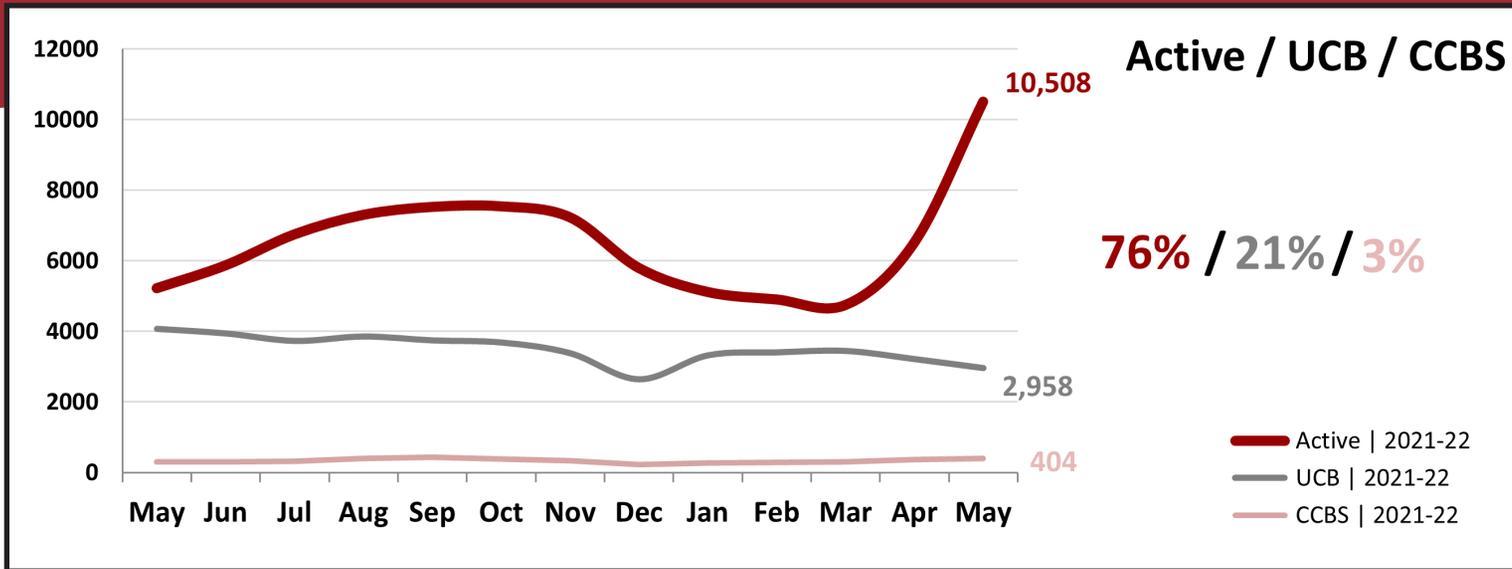
**11,292**



Snapshot of statuses on 5/31/22

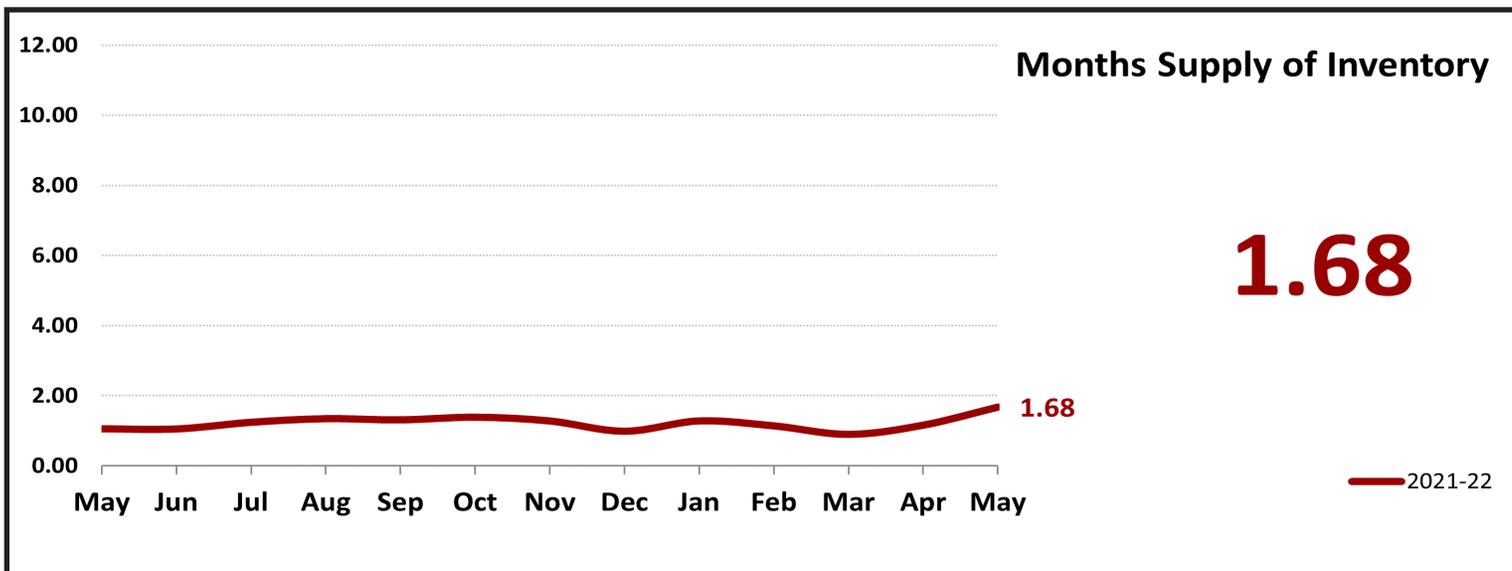
Total inventory has a month-over-month increase of **+37.5%** while year-over-year reflects an increase of **+44.4%**.

**13,870**



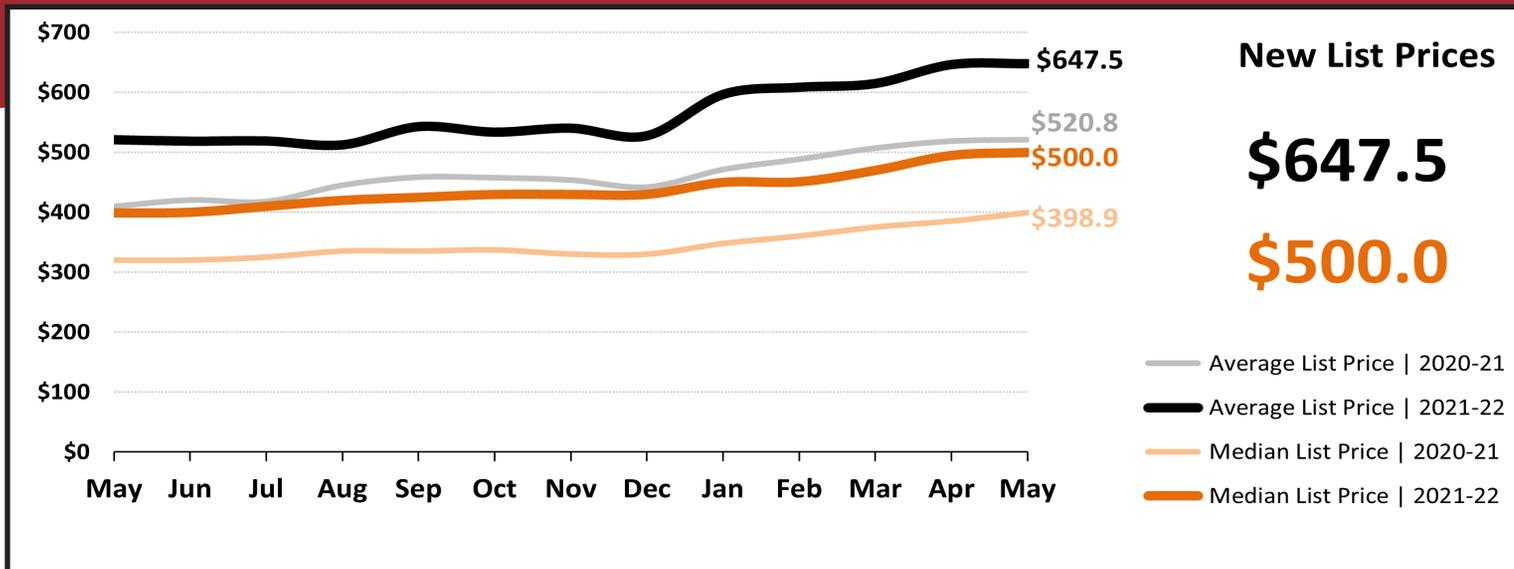
May UCB listings percent of total inventory was **21.3%** with May CCBS listings at **2.9%** of total inventory.

Snapshot of statuses on 5/31/22



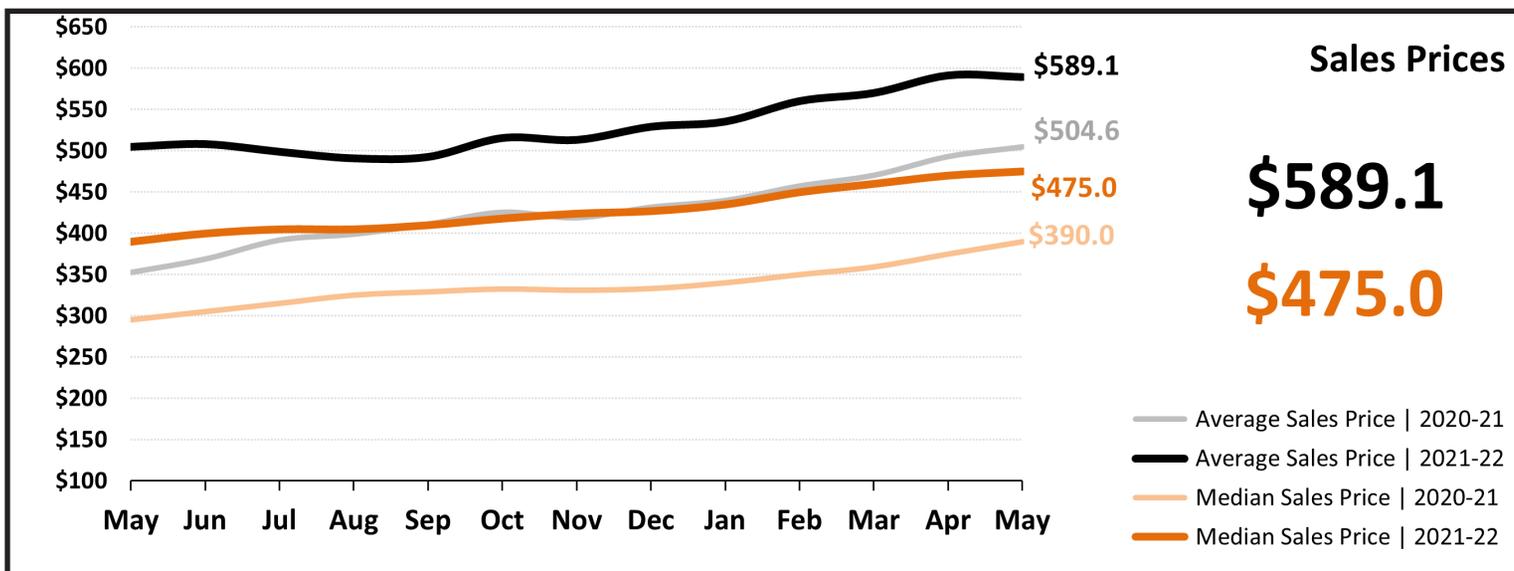
Months supply of inventory for April was **1.16** with May at **1.68**.

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



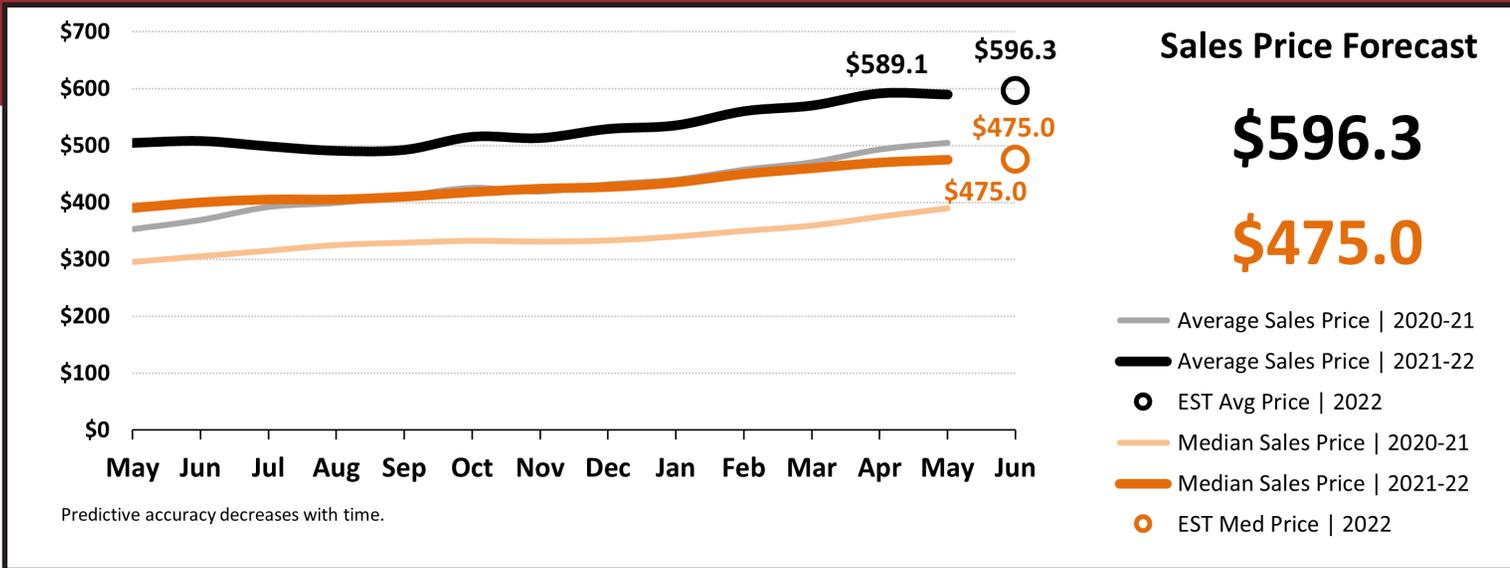
List prices of new listings with list dates from 5/1/22 to 5/31/22, 0 day DOM sales removed

Average new list prices are up **+24.3%** year-over-year. The year-over-year median is up **+25.3%**.



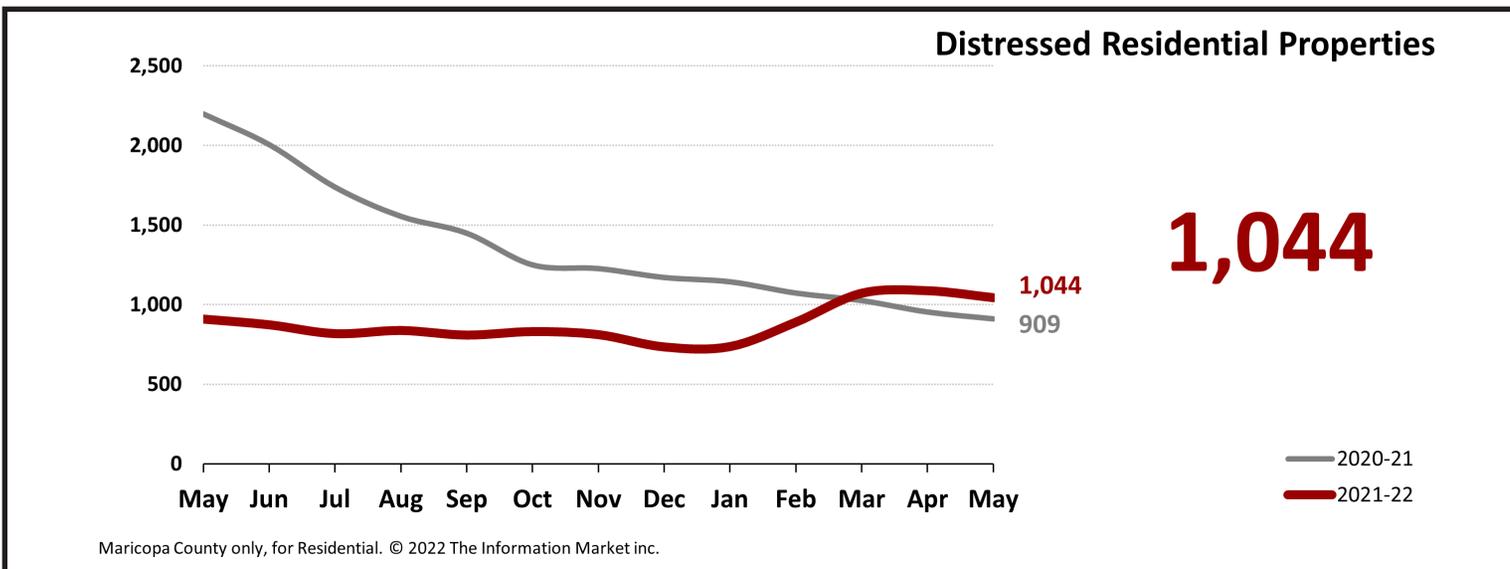
MLS sales prices for closed listings with a close of escrow date from 5/1/22 to 5/31/22, 0 day DOM sales removed

The average sales price is up **+16.7%** year-over-year while the year-over-year median sales price is also up **+21.8%**.



ARMLS proprietary predictive model forecast, 0 day DOM sales removed

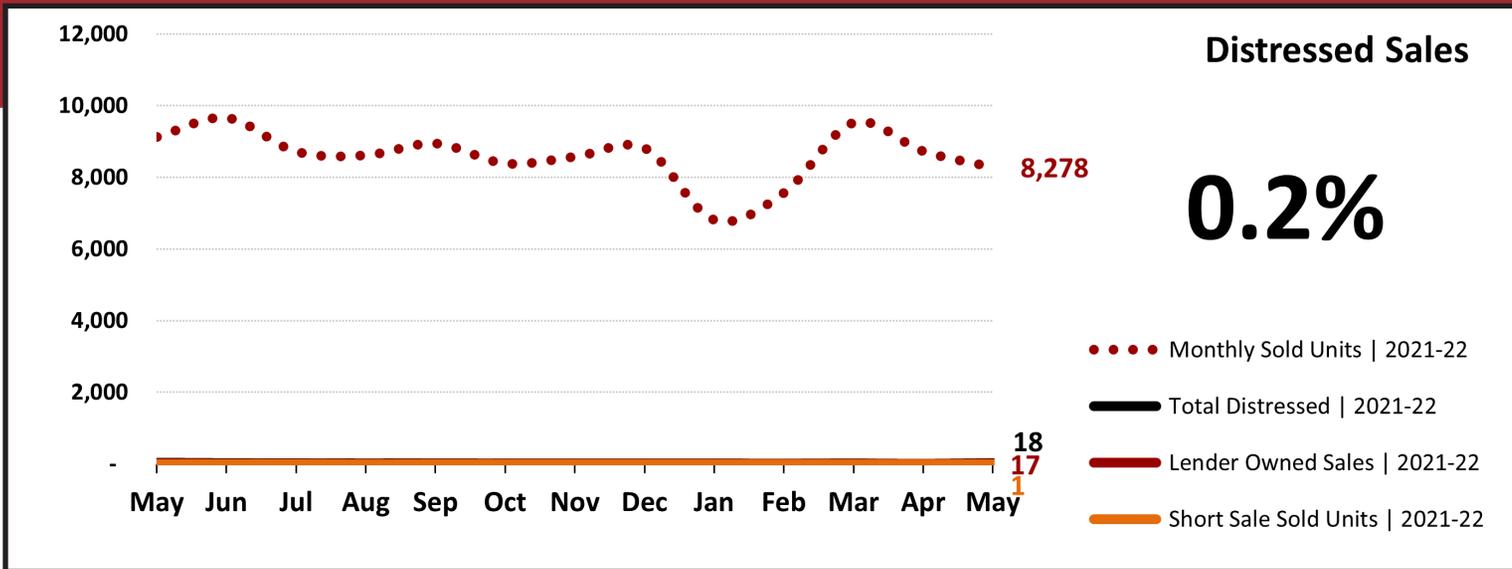
An **increase** is forecasted in May for average sale prices while the median sales price is forecasted to **stay the same**.



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

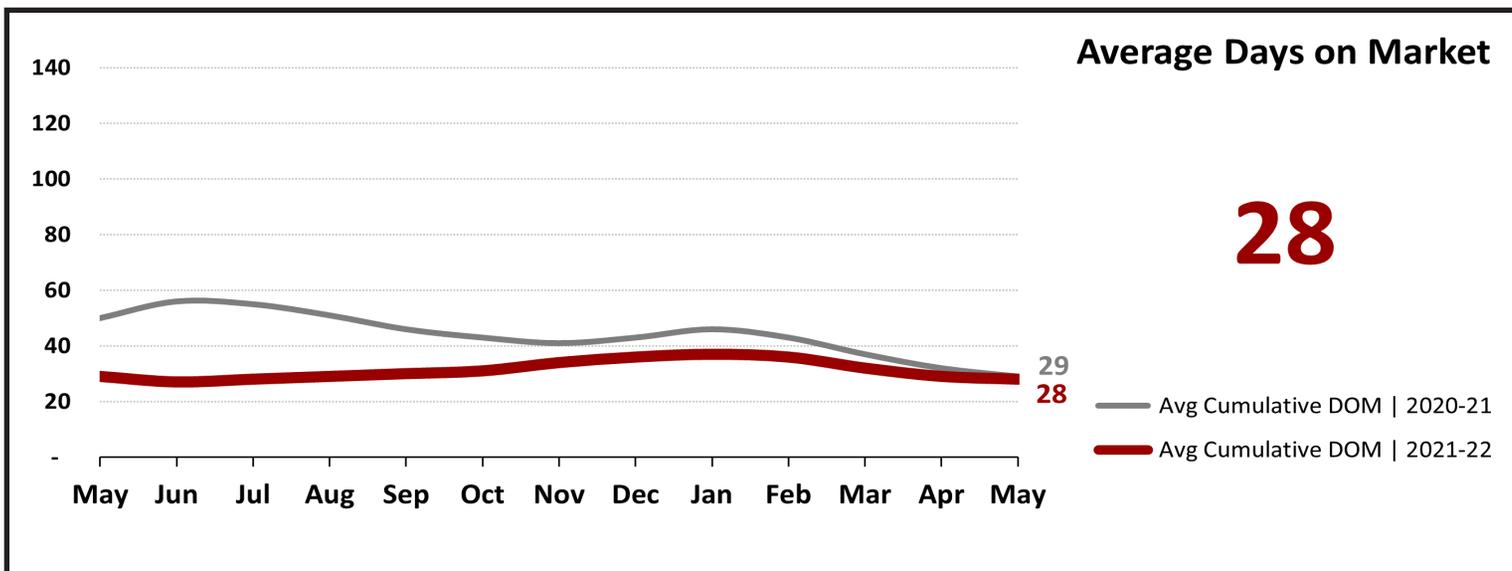
Foreclosures pending month-over-month showed a decrease of **-4.0%** while the year-over-year figure was up **+14.9%**.

Snapshot of public records data on 5/31/22 active residential notices and residential REO properties.



New MLS listings that were active for at least one day from 5/1/22 to 5/31/22, 0 day DOM sales removed

Distressed sales accounted for **0.2%** of total sales, up from the previous month of 0.1%. Short sales went down **-50.0%** year-over-year. Lender-owned sales dropped **-22.7%** year-over-year.



MLS sales prices for closed listings with a close of escrow date from 5/1/22 to 5/31/22, 0 day DOM sales removed

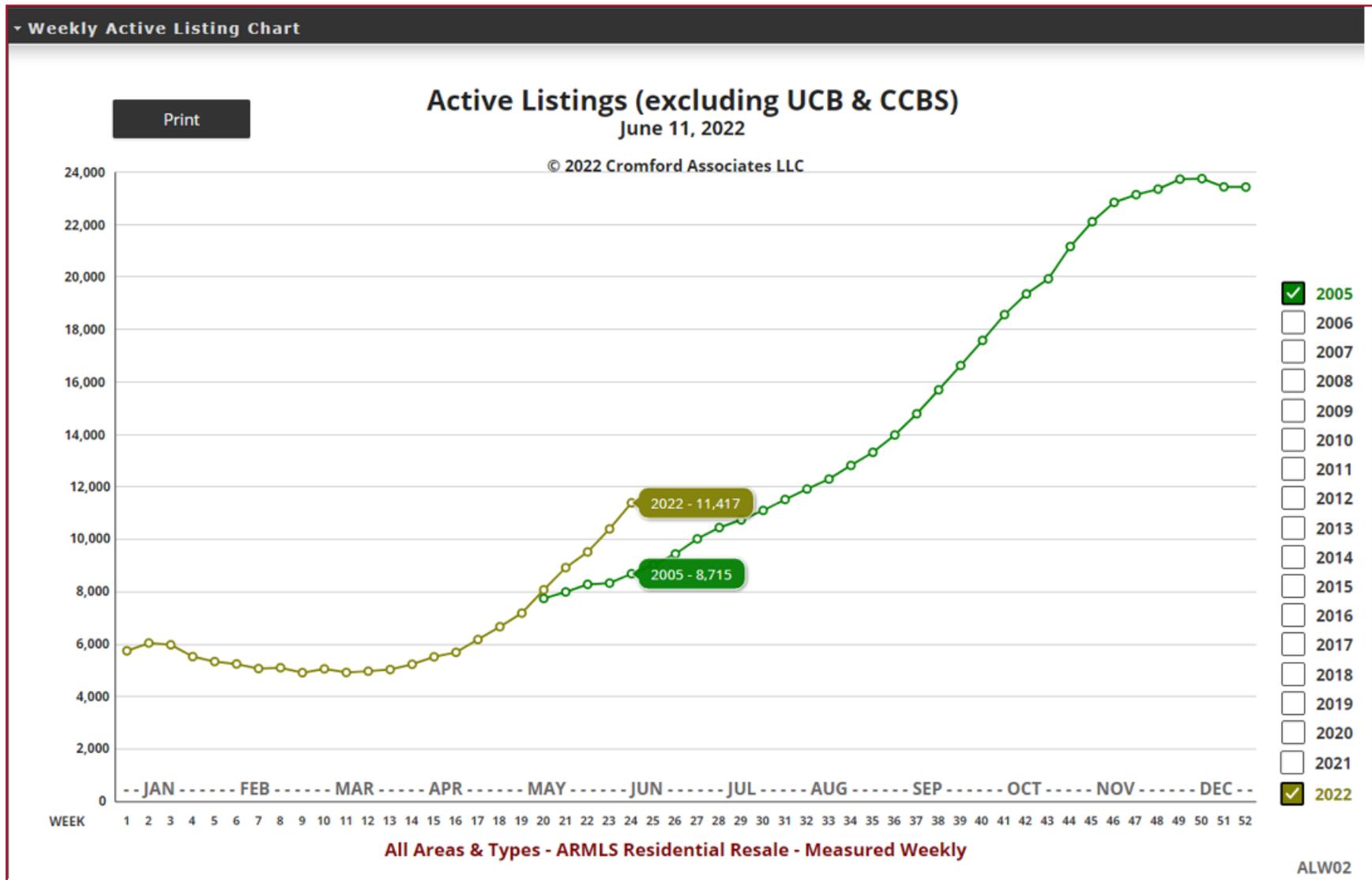
Days on market were down **-1 days** year-over-year while month-over-month was also down **-1 days**.

What do Buffalo Springfield and Bob Dylan have to do with STAT? Dreaded earworms! Two melodies keep spiraling through my head. First, “there’s something happening here, what it is ain’t exactly clear.” And secondly, “the times they are a changin.” Prepping for STAT each month, I review and analyze a sequence of reports as I begin to pen my thoughts to paper, looking specifically for emerging trends. Stuff is happening, and it’s happening quickly. I literally had to rewrite certain segments of this report written just last week. Let’s look at the various metrics individually.

### **Inventory levels:**

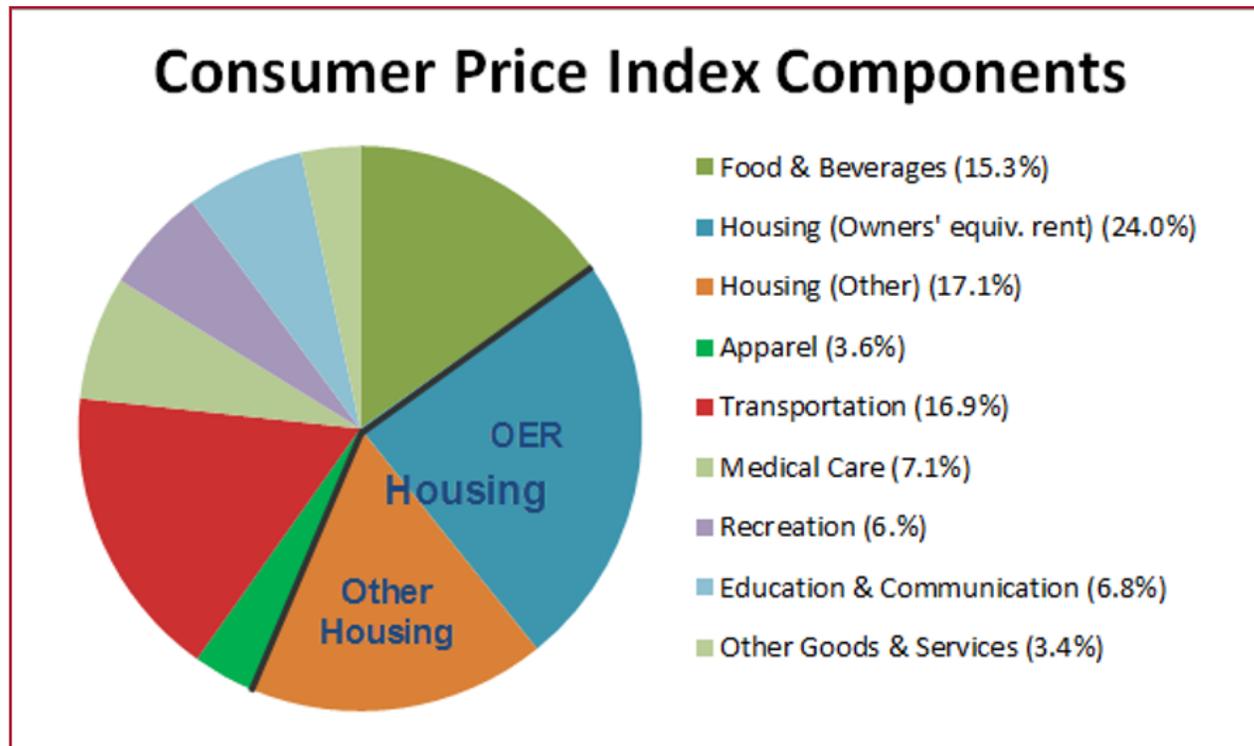
Overall, active supply is up 99% year over year and 40% is just over the past 30 days. A drop in demand is fueling the increase in supply. Listings under contract are down 15.6% year over year. One of the Cromford charts I find interesting compares the pace at which inventories are increasing this year compared to 2005, The chart below illustrates this phenomenon.

## Active Listings Compared from 2005 via The Cromford Report



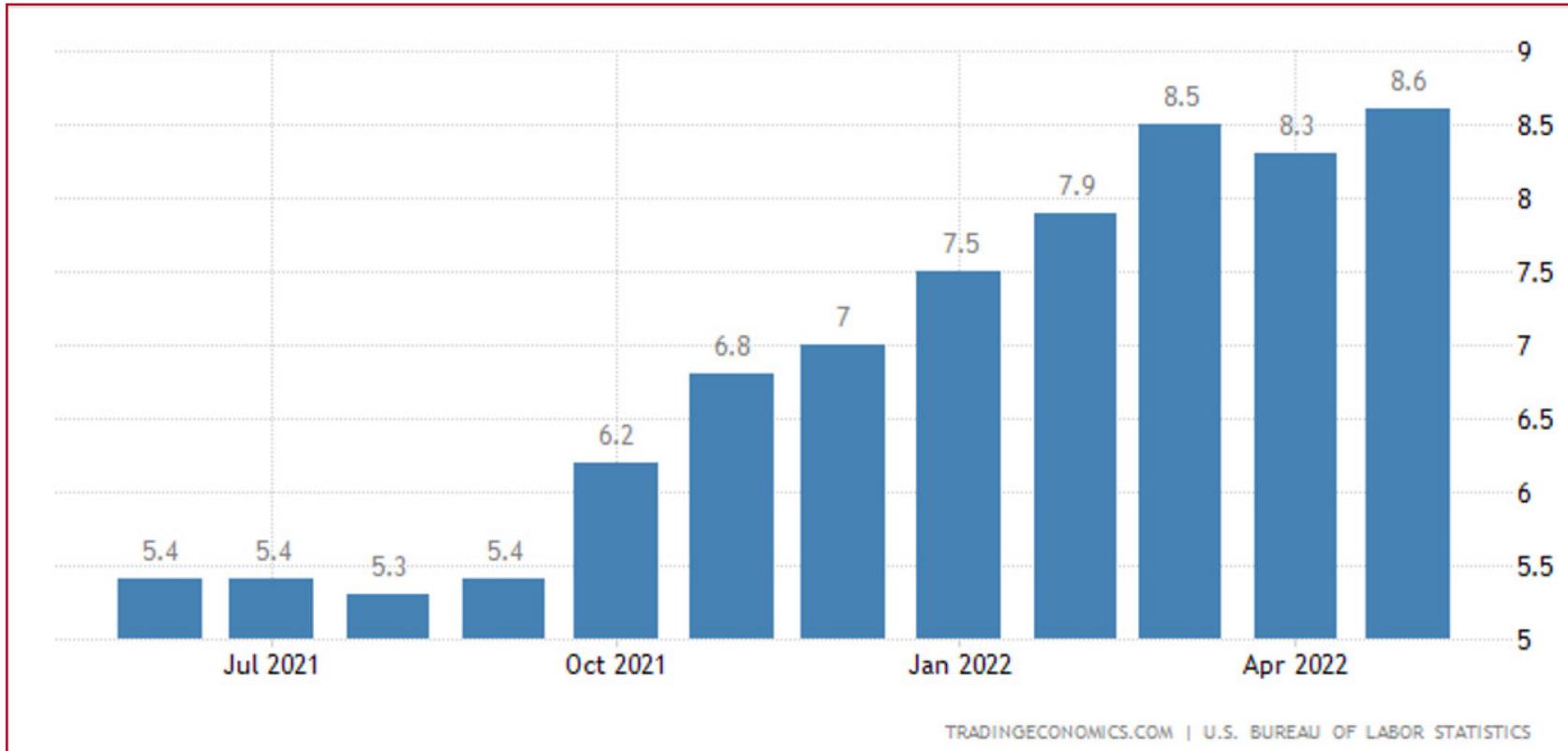
According to Michael Orr of the Cromford report, buyers are now seeing between 800 and 900 more active listings to choose from every week. If this pace continues, we could reach market balance as soon as mid-August. Orr does not pretend to know the future, but as he states, when a trend is this strong, it tends to have pretty good staying power. In his words: *“We admit to being surprised at how quickly the market is cooling. We expected a downward trend but did not anticipate it would be so dramatic. The last time we saw a similar frenzied market cool down very quickly was in April to November 2005. This is a more striking reversal than we experienced that year.”*

Inflation: I would guess the number one trending topic today is inflation. No matter where you turn, it's inflation, inflation, inflation. The infographic below displays the components used in calculating the inflation rate. It should be noted that housing costs make up roughly 40% of costs in the CPI.



With rental rates up 15.8% year over year and the median home price up 21.8%, it's easy to understand why inflation, reported at 8.6% in June, is at a forty-year high.

## Inflation, Bureau of Labor Statistics



As stated earlier, housing makes up approximately 40% of costs in the CPI. The central bank views the rapid rise in home prices as the primary cause of inflation. Their primary weapon for fighting inflation is raising interest rates. Today, the Federal Reserve intensified its fight against high inflation by raising its key interest rate by three-quarters of a point, the largest bump since 1994. More rate hikes are likely ahead, as the Federal Reserve tries to cool off the U.S. economy without causing a recession. Lawrence Yun, NAR Chief Economist, commented on today's Federal Reserve decision, "Today's announcement by the Federal Reserve set a big increase in interest rates and means several more rounds of rate hikes are on the way in upcoming months. So far, the short-term fed funds rate that the Fed directly controls has risen by 175 basis points. But the 30-year fixed rate mortgage has risen even more, by nearly 300 basis points. On the same \$300,000 mortgage, the monthly payment has risen from \$1265 in December to \$1800 today. That's painful and, consequently, will shrink the buyer pool."

## **Interest rates:**

Let's take a quick look at the sudden uptick in interest rates, and in turn, how their sudden rise in early March impacted our supply in May and June. With the rapid rise in rates over the last two weeks, it is reasonable to expect less housing demand in the coming months.

Up .54% in the last week

Up .65% in the last month

Up 2.91% in the last year

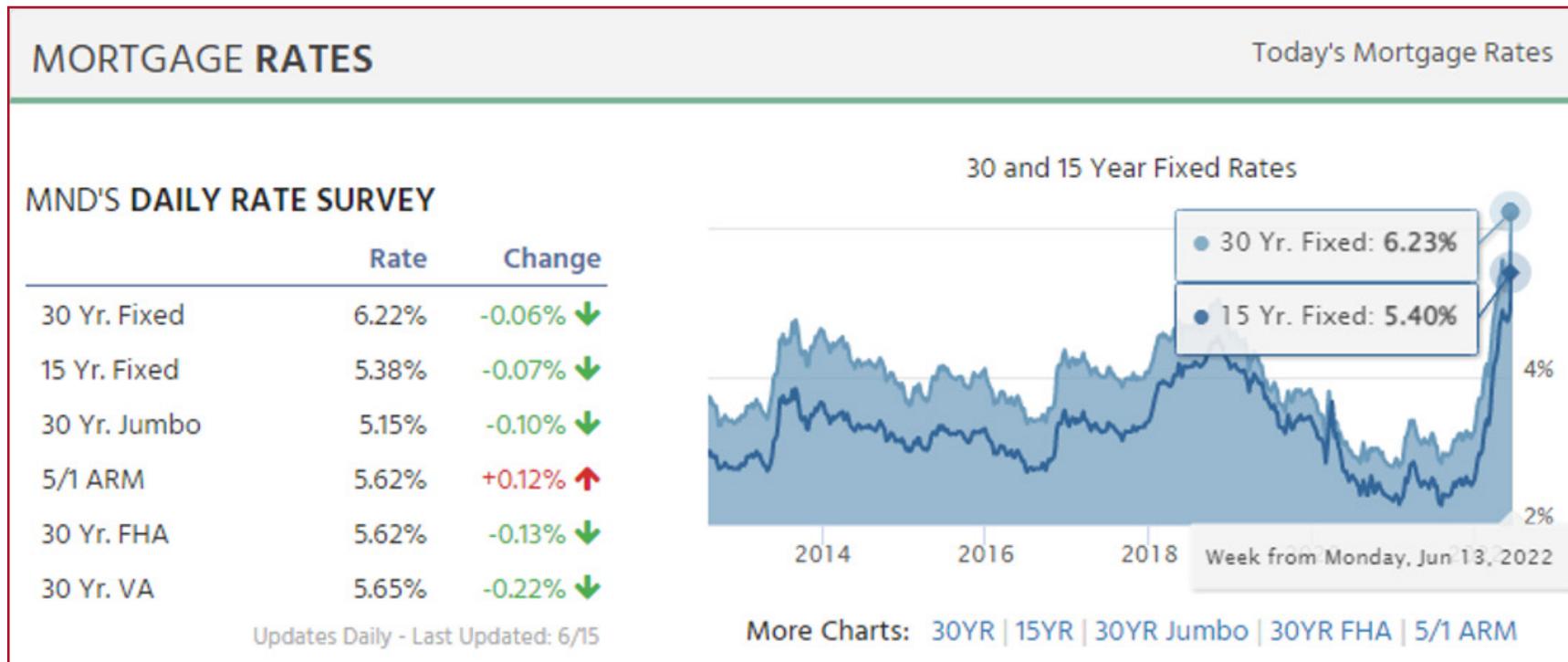
## Mortgage News Daily - Rate Index

Frequency: **Daily** | Data Source: Mortgage News Daily

The MND Rate Index is the best way to follow day-to-day movement in mortgage rates. Our index is driven by real-time changes in actual lender rate sheets. This has two **huge advantages**, timeliness and accuracy. [Read more below](#)

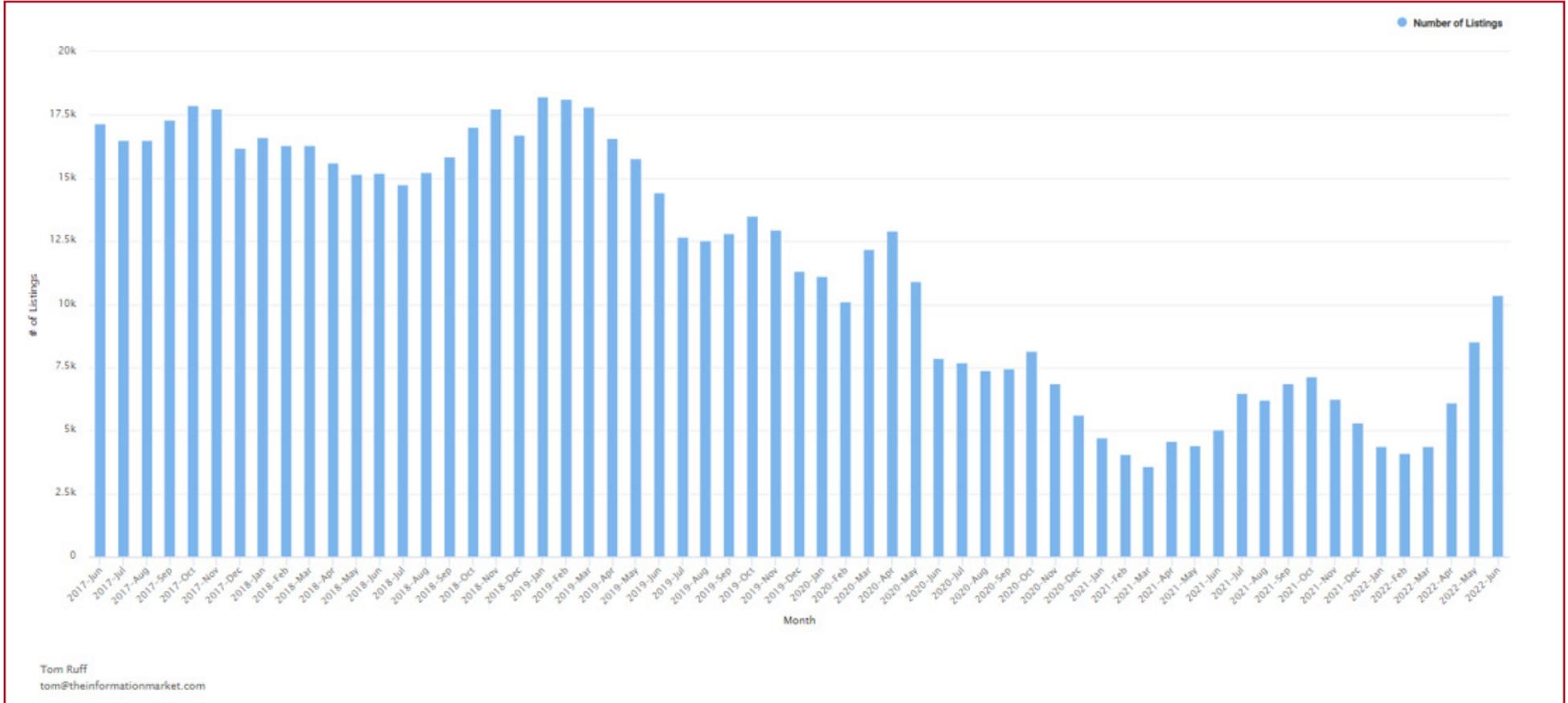
Average Rates	Current	Change				52 Week Range	
		1 day	1 week	1 month	1 year	Low	High
<b>30 Yr. Fixed</b>	6.03%	-0.25% ↓	+0.54% ↑	+0.65% ↑	+2.91% ↑	2.78%	6.28%
<b>15 Yr. Fixed</b>	5.38%	-0.07% ↓	+0.55% ↑	+0.59% ↑	+2.86% ↑	2.22%	5.45%
<b>30 Yr. FHA</b>	5.62%	-0.13% ↓	+0.64% ↑	+0.62% ↑	+2.95% ↑	2.45%	5.75%
<b>30 Yr. Jumbo</b>	5.05%	-0.20% ↓	+0.32% ↑	+0.30% ↑	+1.87% ↑	2.99%	5.25%
<b>5/1 ARM</b>	5.35%	-0.15% ↓	+0.73% ↑	+0.75% ↑	+3.10% ↑	2.25%	5.50%
<b>30 Yr. VA</b>	6.00%	+0.13% ↑	+1.01% ↑	+0.88% ↑	+3.21% ↑	2.58%	6.00%

Last Updated: 6/15/22



The chart below displays the number of active listings as reported by ARMLS. The rate at which interest rates rose began to accelerate around the beginning of March, leading to a subsequent fall in demand and a rise in supply. There is usually a 30-to-45-day lag between rising interest rates and the reactive drop in demand. Mortgage rates have risen another 2% since early March. Rising rates and record home prices, gas prices and rising inflation have significantly altered the average home buyer's budget. We'll come back in two months and revisit this chart. I expect home demand to continue to drop and worsen in the fall.

## Number of Active Residential Listings via RapidStats



As stated earlier, housing makes up approximately 40% of costs in the CPI. The central bank views the rapid rise in home prices as the primary cause of inflation. Their primary weapon for fighting inflation is raising interest rates. Today, the Federal Reserve intensified its fight against high inflation by raising its key interest rate by three-quarters of a point, the largest bump since 1994. More rate hikes are likely ahead, as the Federal Reserve tries to cool off the U.S. economy without causing a recession. Lawrence Yun, NAR Chief Economist, commented on today's Federal Reserve decision, "Today's announcement by the Federal Reserve set a big increase in interest rates and means several more rounds of rate hikes are on the way in upcoming months. So far, the short-term fed funds rate that the Fed directly controls has risen by 175 basis points. But the 30-year fixed rate mortgage has risen even more, by nearly 300 basis points. On the same \$300,000 mortgage, the monthly payment has risen from \$1265 in December to \$1800 today. That's painful and, consequently, will shrink the buyer pool."

## **Interest rates:**

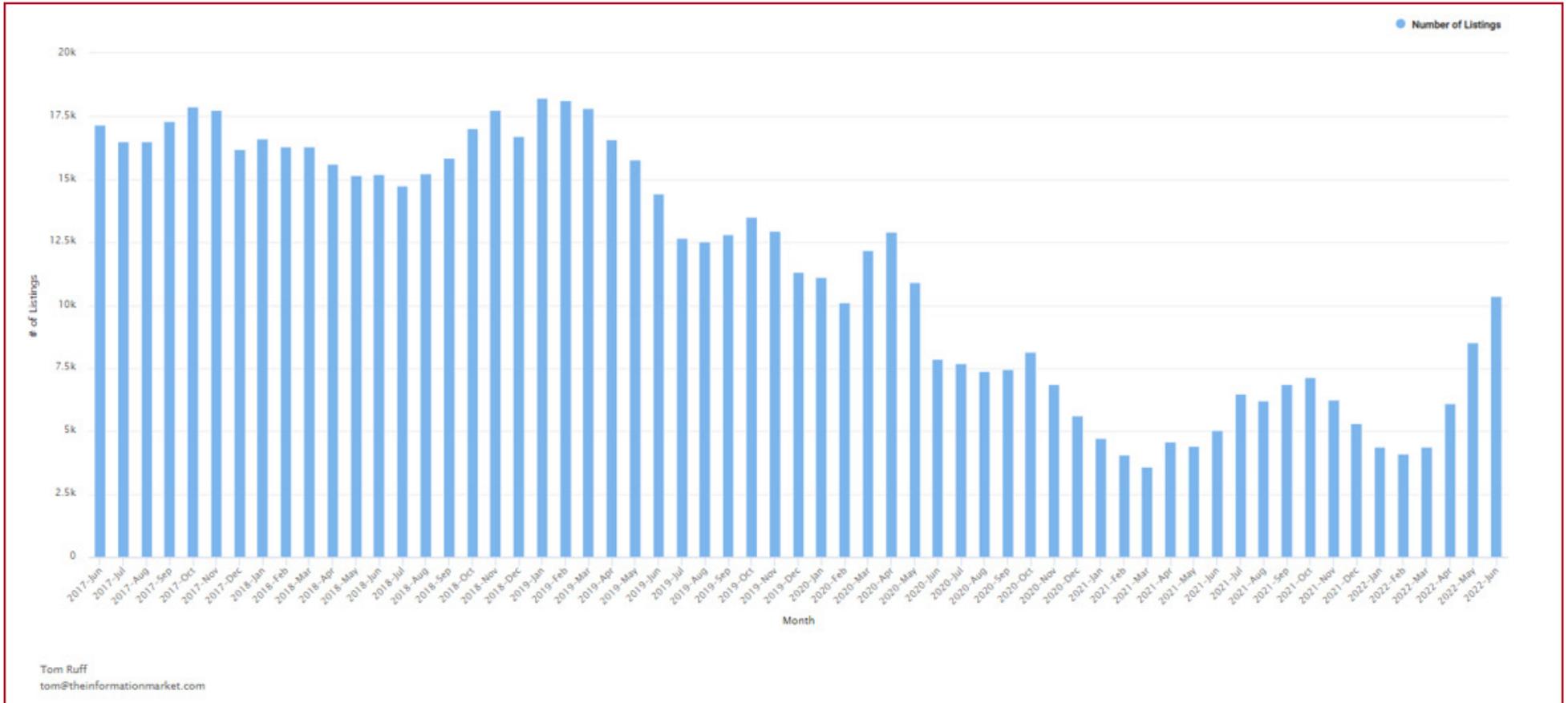
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Up 2.91% in the last year

## Number of Active Residential Listings via RapidStats



## Gas Prices:

Up 3.7% in the last week.

Up 13 % in the last month.

Up 72% in the last year.

If you search gas prices reflected in the CPI, you get the following response: *“Gasoline prices are so much more volatile than other CPI components that, even though gasoline makes up less than 6% of the CPI, it is often the main source of monthly price movements in the all items index.”*

*(chart continues on next page)*

## ARIZONA AVERAGE GAS PRICES <sup>i</sup>

	Regular	Mid-Grade	Premium	Diesel
Current Avg.	\$5.370	\$5.631	\$5.906	\$5.909
Yesterday Avg.	\$5.350	\$5.616	\$5.884	\$5.871
Week Ago Avg.	\$5.181	\$5.440	\$5.709	\$5.723
Month Ago Avg.	\$4.753	\$5.026	\$5.295	\$5.489
Year Ago Avg.	\$3.113	\$3.386	\$3.641	\$3.167

## HIGHEST RECORDED AVERAGE PRICE

	Price	Date
Regular Unleaded	\$5.370	6/15/22
Diesel	\$5.909	6/15/22

## Home Prices:

The median home price has increased every month over the past 13 months except for August 2021, when it remained flat. With demand down and supply growing, the upward pressure on pricing dissipates very quickly. I suspect the median home price of homes sold is peaking or has peaked for the year. The median pending contract price, appears to have peaked in the second week of May.

## Median Sales Price Year-Over-Year via ARMLS

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Median Sales Price   2020-21	\$295.0	\$305.0	\$315.0	\$325.0	\$329.0	\$332.5	\$331.0	\$333.0	\$340.0	\$350.0	\$359.3	\$375.0	\$390.0	\$399.9
Median Sales Price   2021-22	\$390.0	\$399.9	\$405.0	\$405.0	\$410.0	\$418.0	\$424.0	\$427.0	\$435.0	\$449.9	\$460.0	\$470.0	\$475.0	
<b>EST Med Price   2022</b>														<b>\$475.0</b>
% Change over year	32.2%	31.1%	28.6%	24.6%	24.6%	25.7%	28.1%	28.2%	27.9%	28.5%	28.0%	25.3%	21.8%	
% Change per month	4.0%	2.5%	1.3%	0.0%	1.2%	2.0%	1.4%	0.7%	1.9%	3.4%	2.2%	2.2%	1.1%	

## Stock Market:

Consumers, particularly those with a 401k, have seen their perceived wealth decline dramatically in the last six months. A prolonged drop in investment prices defines a bear market. Generally, a bear market happens when a broad market index falls by 20% or more from its most recent high. The S&P 500 index has fallen 21.13% in the last 6 months.

# COMMENTARY

BY TOM RUFF

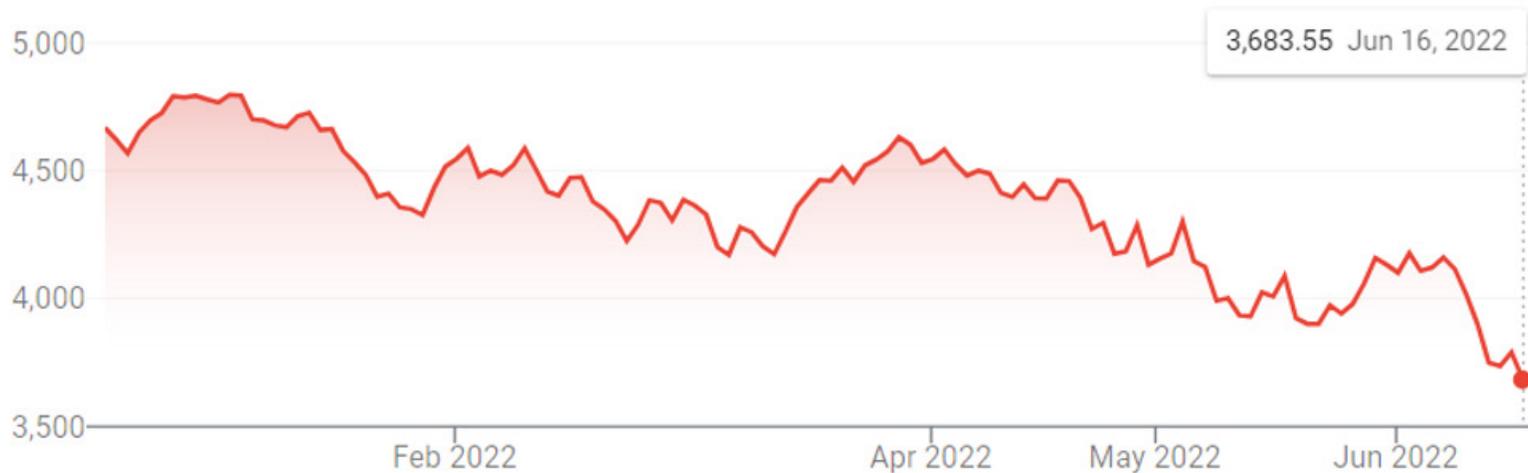
Market Summary > S&P 500

## 3,685.13

-986.40 (-21.13%) ↓ past 6 months

Jun 16, 11:28 AM EDT • Disclaimer

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



Open	3,728.18	Low	3,657.04	52-wk high	4,818.62
High	3,728.18	Prev close	3,789.99	52-wk low	3,657.04

## **Consumer Confidence:**

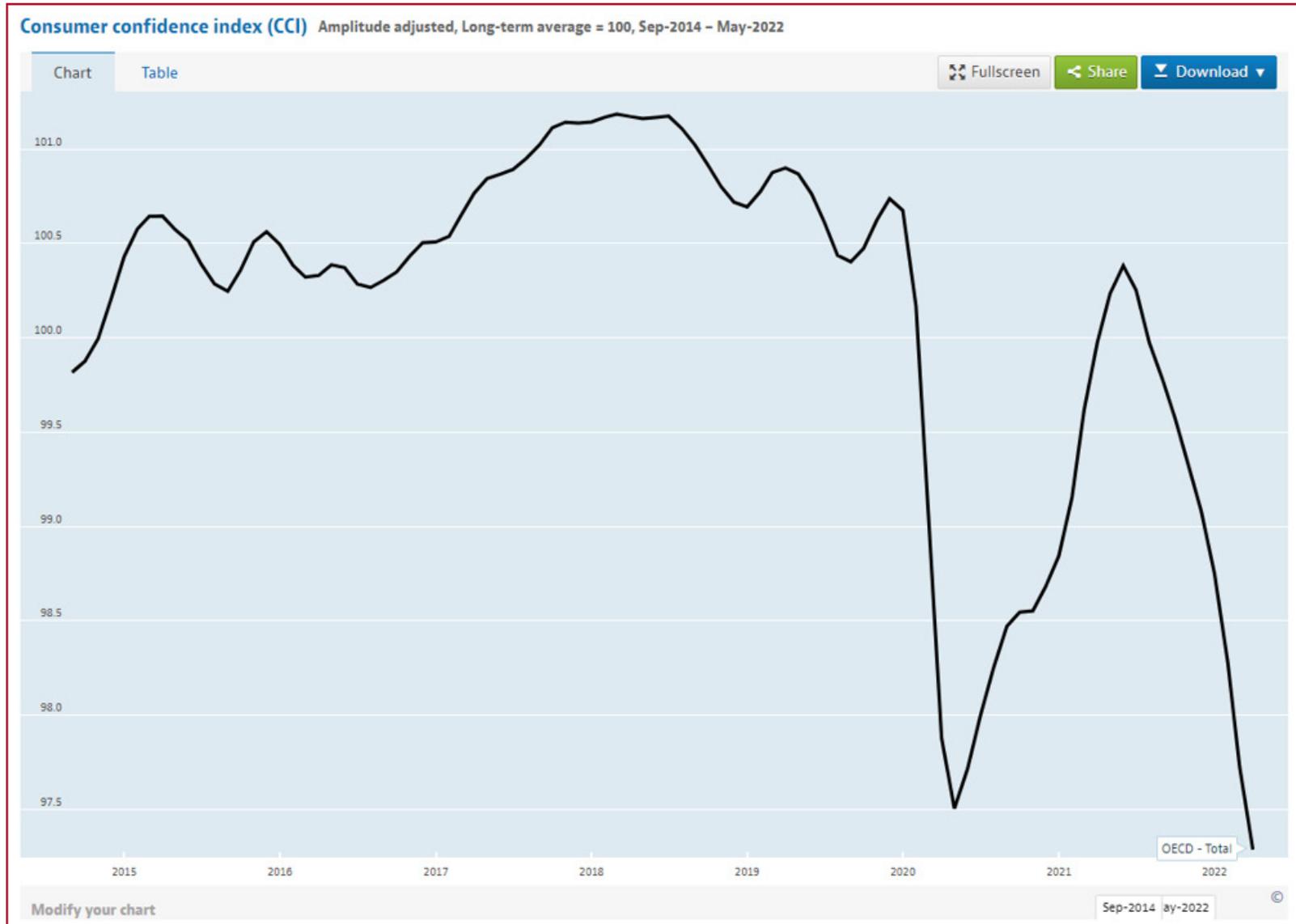
The Consumer Confidence Index (CCI) is a survey, administered by The Conference Board, that measures how optimistic or pessimistic consumers are regarding their expected financial situation.

## **Consumer confidence index (CCI)**

This consumer confidence indicator provides an indication of future developments of households' consumption and saving, based upon answers regarding their expected financial situation, their sentiment about the general economic situation, unemployment, and capability of savings. An indicator above 100 signals a boost in the consumers' confidence towards the future economic situation, as a consequence of which they are less prone to save, and more inclined to spend money on major purchases in the next 12 months. Values below 100 indicate a pessimistic attitude towards future developments in the economy, possibly resulting in a tendency to save more and consume less.

# COMMENTARY

BY TOM RUFF



## In Conclusion:

The times are changing. While we are still in a seller's market, prospective buyers and their budgets have taken a big hit in just the past few weeks, lowering their confidence. It also appears the prime objective of the government is to bring down inflation. Their main target is the cost of housing. Let me close by quoting one of the bright young analysts in our housing market today, Sarah Perkins, the Director of Strategic Accounts for Clear Title Agency of Arizona: *"Buyers are seeing inventory rise after two years of rejection. Today's market is very different from the market of only a few months ago. Prepare your sellers for what is happening right now."*

## PPI

Last month STAT's mathematical model projected the median sales price for May at \$475,000, the actual number was \$475,000. Looking ahead to June, the ARMLS Pending Price Index is projecting median sales price of \$475,000. If June's median sales price projection is correct, we will see a year-over-year gain of 18.78%.

We began June with 6,154 pending contracts, 2,958 UCB listings and 404 CCBS, giving us a total of 9,516 residential listings practically under contract. This compares to 11,150 of the same type of listings one year ago. At the beginning of June, the pending contracts are 14.65% lower than last year. There were 22 business days in June 2021 and 22 this year. ARMLS reported 9,661 sales in June 2021. The highest sales volume ever in June occurred in 2011 with 10,345. We will see a decline in year-over-year sales.