

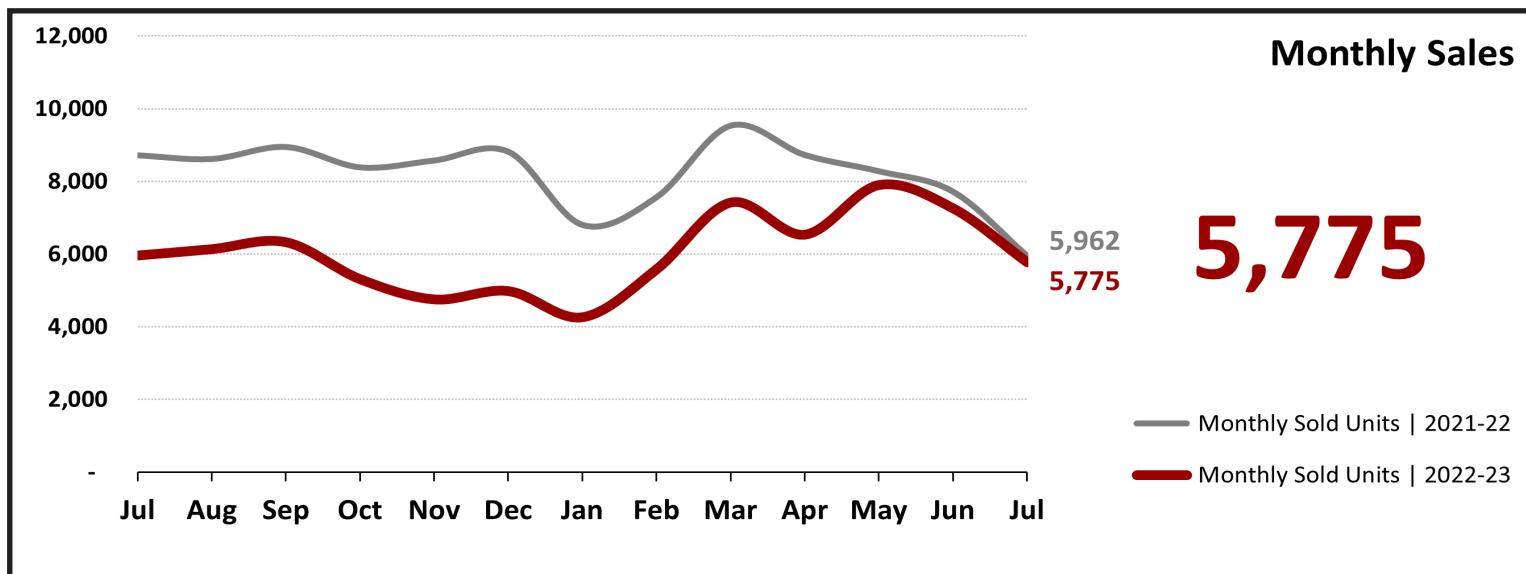
STAT

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

ARMLS®

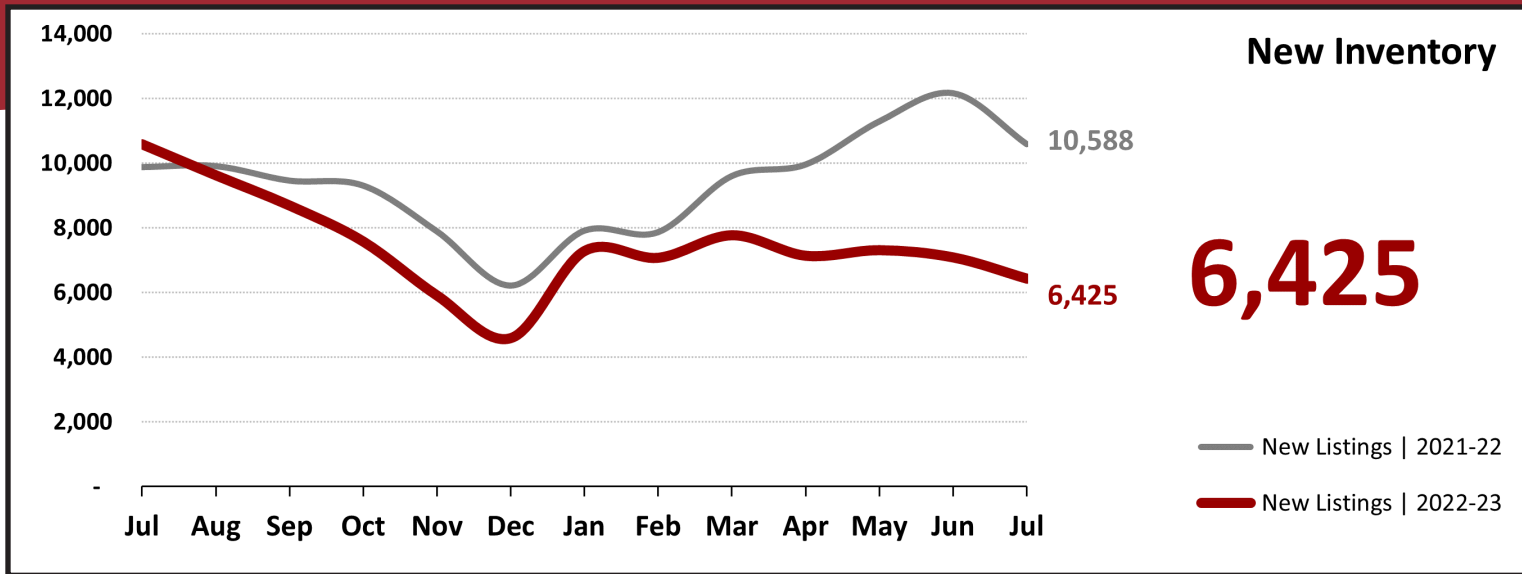
DATA FOR **JULY 2023**

Published August 16, 2023



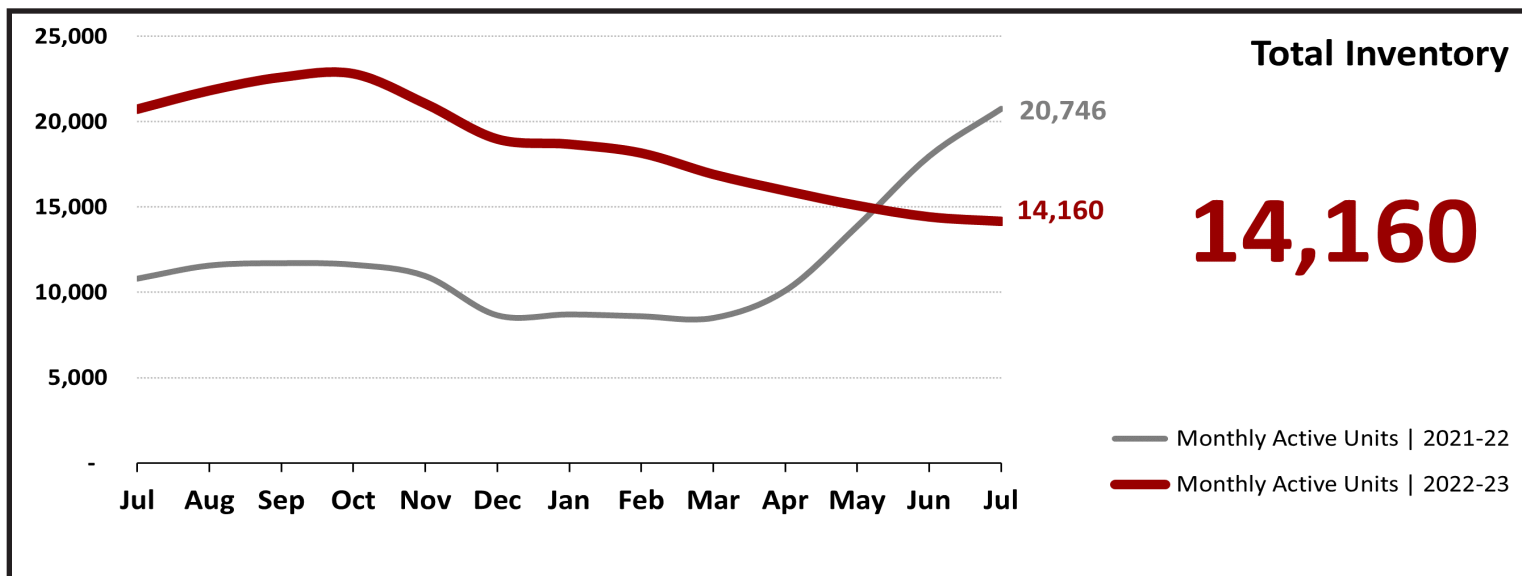
Sales are down
-20.4% month-over-month. The year-over-year comparison is down **-3.1%**.

Closed MLS sales with a close of escrow date from 7/1/23 to 7/31/23, 0 day DOM sales removed



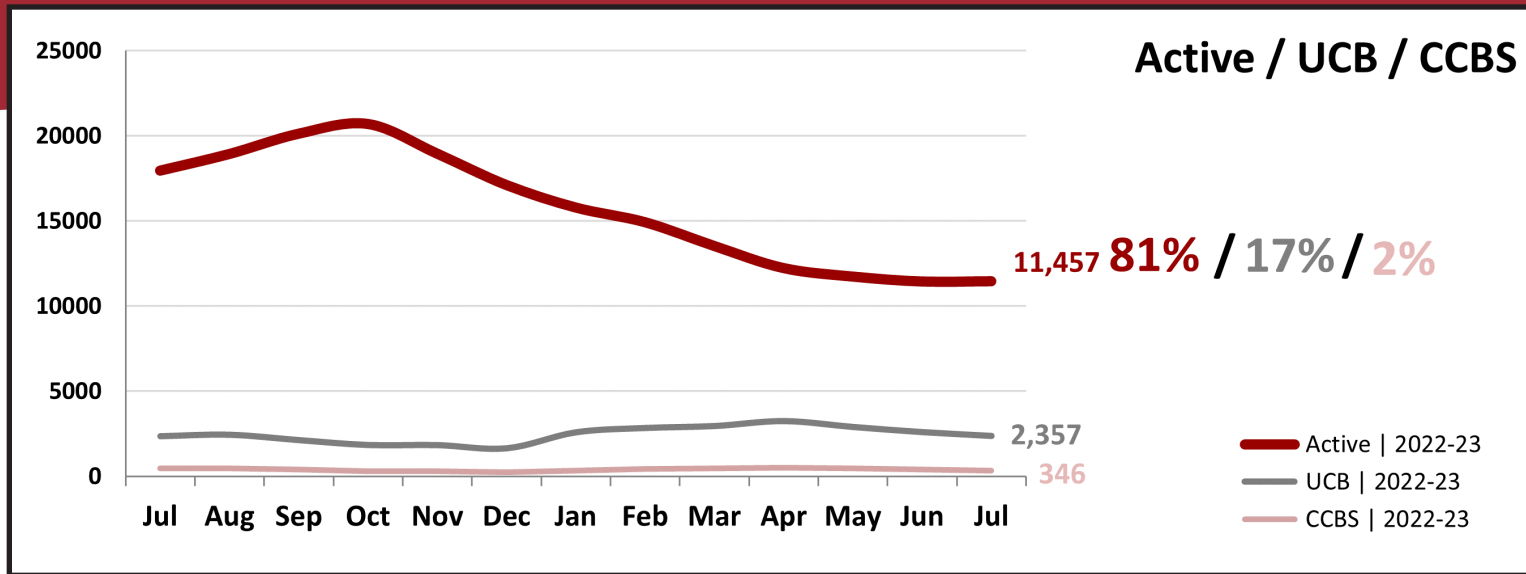
New MLS listings that were active for at least one day from 7/1/23 to 7/31/23, 0 day DOM sales removed

New inventory has a month-over-month decrease of **-9.3%** while the year-over-year comparison decreased by **-39.3%**.



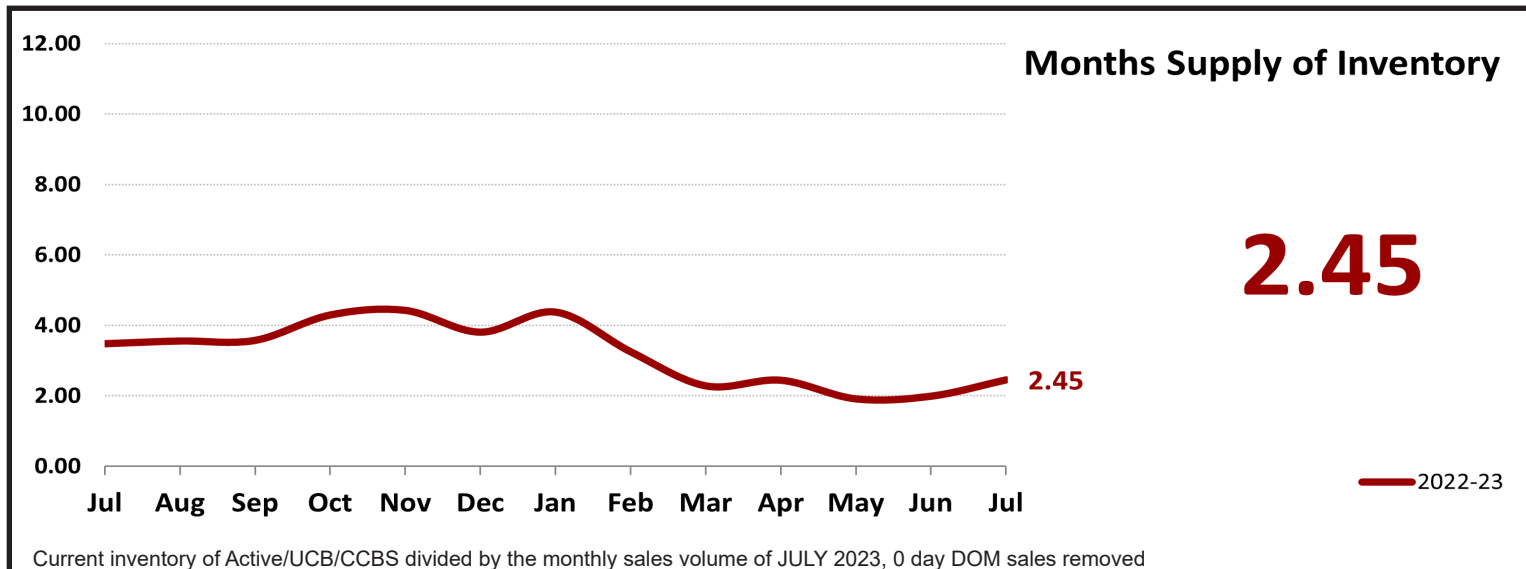
Snapshot of statuses on 7/31/23

Total inventory has a month-over-month decrease of **-1.8%** while year-over-year reflects a decrease of **-31.7%**.



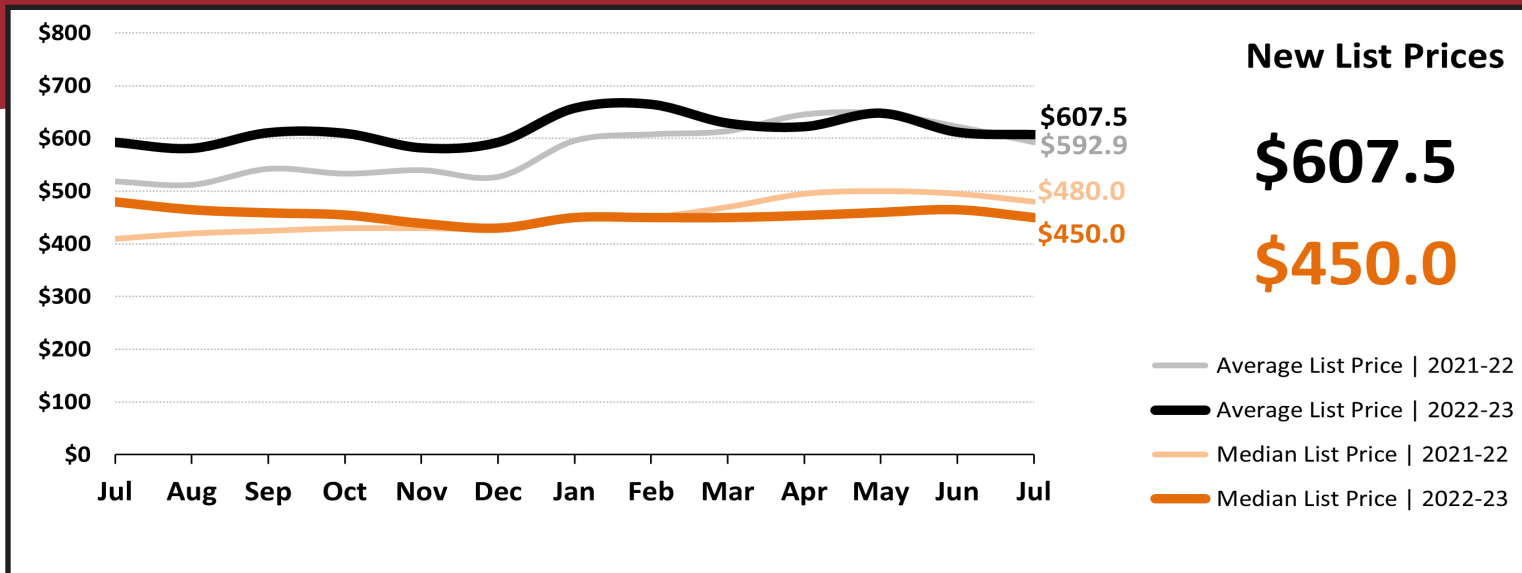
Snapshot of statuses on 7/31/23

July UCB listings percent of total inventory was **16.6%** with July CCBS listings at **2.4%** of total inventory.



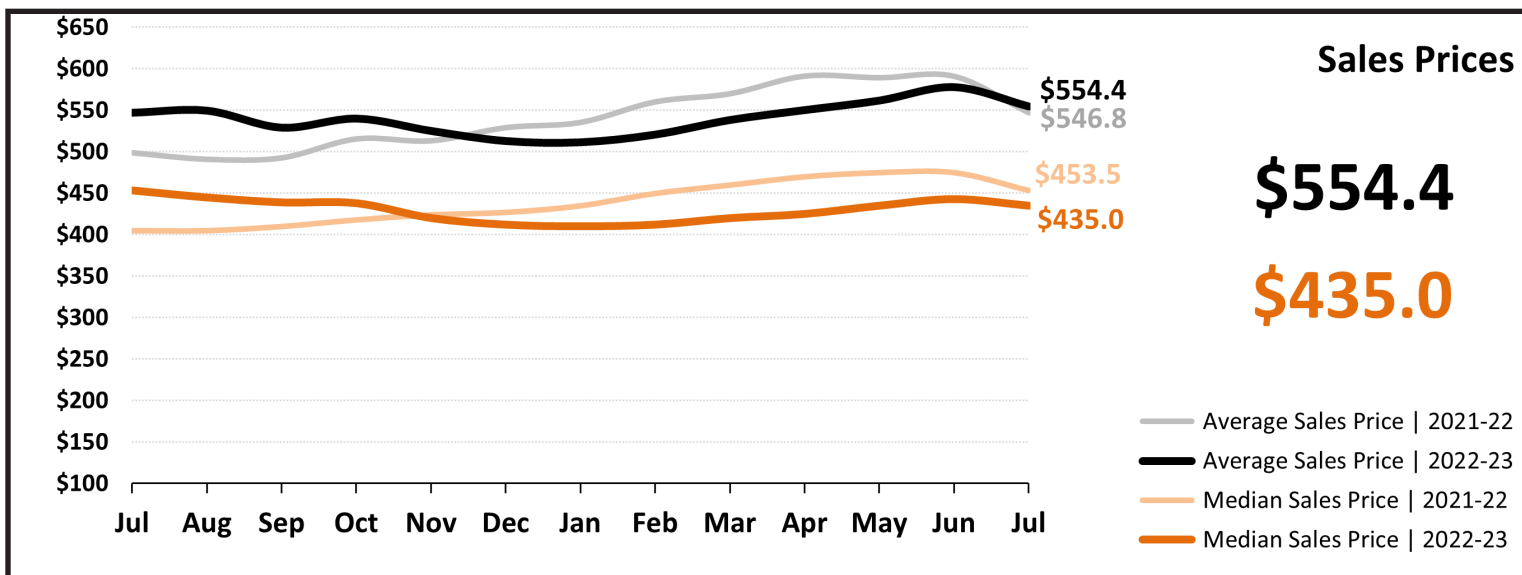
Current inventory of Active/UCB/CCBS divided by the monthly sales volume of JULY 2023, 0 day DOM sales removed

Months supply of inventory for June was **1.99** with July at **2.45**.



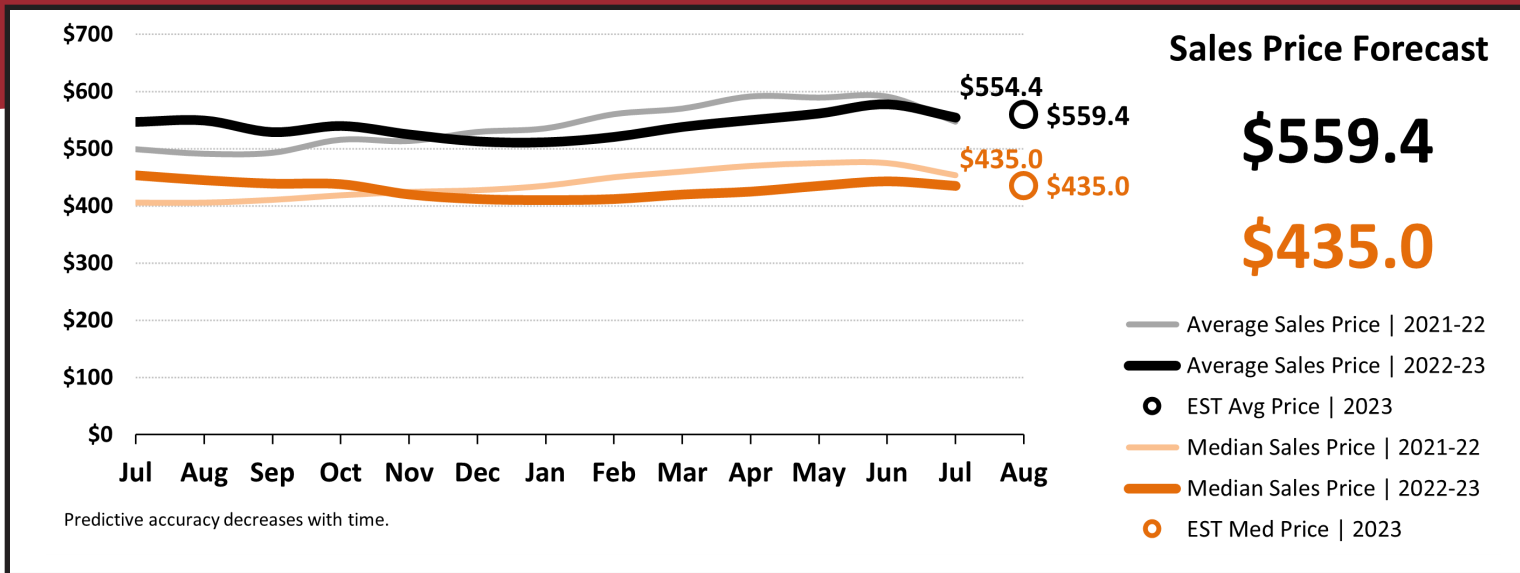
List prices of new listings with list dates from 7/1/23 to 7/31/23, 0 day DOM sales removed

Average new list prices are up **+2.5%** year-over-year. The year-over-year median list prices went down **-6.3%**.



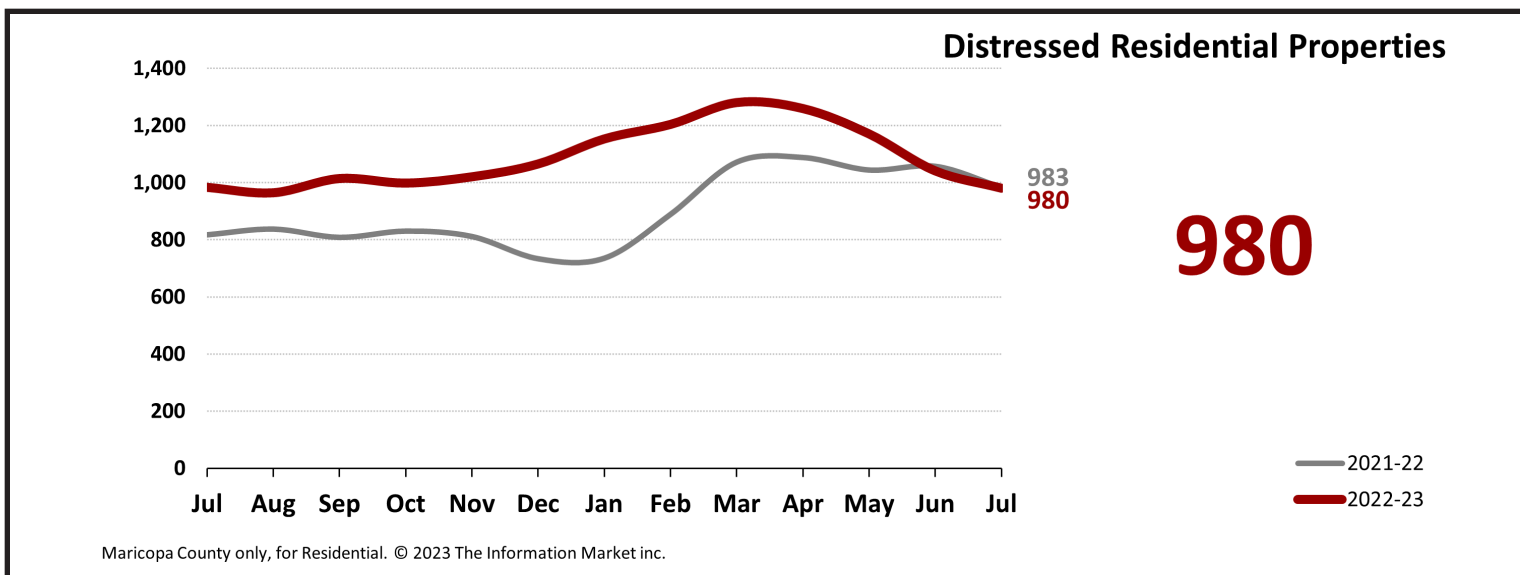
MLS sales prices for closed listings with a close of escrow date from 7/1/23 to 7/31/23, 0 day DOM sales removed

The average sales price is up **+1.4%** year-over-year while the year-over-year median sales price is down **-4.1%**.



An **Increase** is forecasted in August for average sale prices while the median sale prices will see no change.

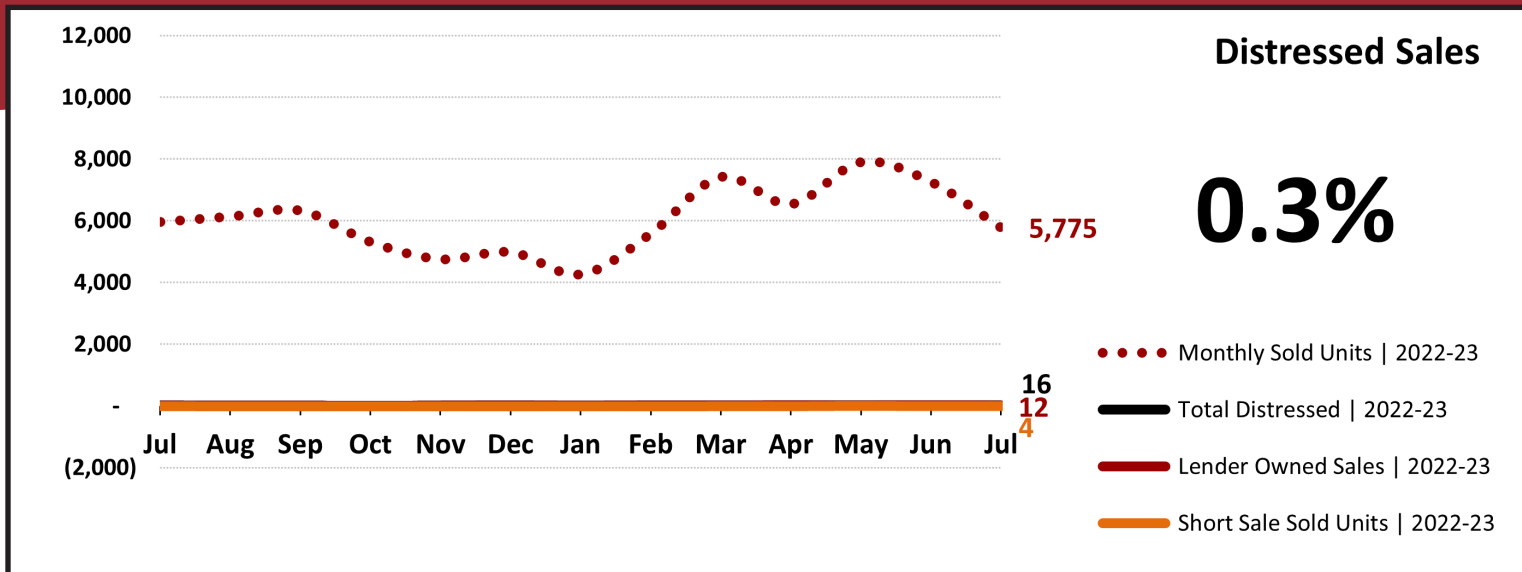
ARMLS proprietary predictive model forecast, 0 day DOM sales removed



Foreclosures pending month-over-month showed a decrease of **-5.9%** while the year-over-year figure was down **-0.3%**.

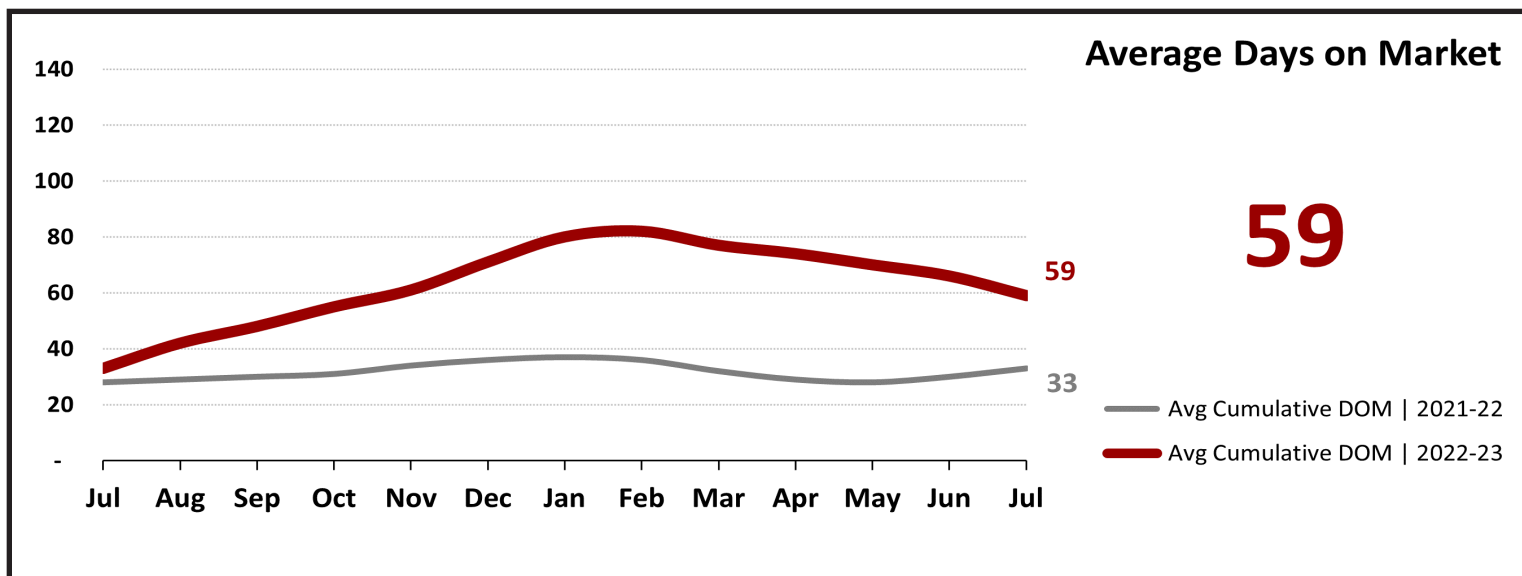
Maricopa County only, for Residential. © 2023 The Information Market inc.

Snapshot of public records data on 7/31/23 active residential notices and residential REO properties.



New MLS listings that were active for at least one day from 7/1/23 to 7/31/23, 0 day DOM sales removed

Distressed sales accounted for **0.3%** of total sales, the same as the previous month. Short sales had an increase of **+33.0%** year-over-year. Lender-owned sales had a **+9.1%** increase year-over-year.



MLS sales prices for closed listings with a close of escrow date from 7/1/23 to 7/31/23, 0 day DOM sales removed

Days on market were up **+26 days** year-over-year while month-over-month went down **-7 days**.

The sun rose today as it does every morning, casting a pale light through my fractured blinds. Today, just like every other day, began with the lonesome clatter of my alarm clock at 6 a.m., precisely. I feverishly reached for my handy bedside pen and predictions pad, just as I had done for the past 60 days. First, I predict the weather, then I predict our local housing market. My predictions have been on fire, practically flawless. In my best cursive, I write today's forecasts, "*sunny and hot.*" Confidently turning to real estate, I jot, "more of the same, weak demand, falling supply, stable prices, seller's market."

Now it's time for breakfast; oatmeal and a quick search of the housing news on my iPhone. A real estate influencer out of Austin has forecast another 2023 housing collapse for the Phoenix market. He is so enthusiastic and authoritative during his presentations that it's hard to imagine how he always gets it wrong. Today, I lent him a hand and I edited his headline. He has now correctly projected the 2023 Pac 12 Athletic Conference Collapse. From Bear Down to Tear Down and Fork Up to Fork Over, ASU and UofA can now show the agricultural communities in middle America just how much they despise each other.

Finally, it's out the door and off to work. On the drive to the office, my truck thermometer is already reporting over 100. Once in the office, I take a quick glance at our various "what needs to be keyed today" log files reporting the digital images received from the various County Records' offices. I know instantly my projections for the day are spot on again, it's sunny, hot and demand and supply are both showing further weakness. I just realized, I'll be writing the exact same STAT report I wrote in May and June, only difference, it's about July.

July's Housing Numbers:

- Monthly Sales Volume Down 20.4% MOM and Down 3.1% YOY
- 5,775 home sales were the second lowest July ever reported, 2007 was the lowest on record.
- Median Sales Price Down 4.1% YOY and Down 1.8% MOM
- New Inventory Down 39.3% YOY
- Total Inventory Down 31.7% YOY

To best explain these numbers, let's look no further than Michael Orr of the Cromford Report:

"Comparisons with this time last year continue to get easier, as a year ago the market was deteriorating quickly as institutional investors and iBuyers pulled out of the market. Now we have a re-sale market which is plodding along slowly with poor demand and weak supply. There is little to get excited about unless you are in the new home construction business.

"At the time of writing the typical 30-year fixed mortgage rate is up to 7.20%, so affording to buy a home just got a little harder. Selling an existing home with a mortgage looks even less attractive, so new MLS listings are arriving in very low numbers, as they have done all year."

"So far in the third quarter of 2023 we have seen 7,447 new listings. The equivalent number last year was 12,439 and in 2021 it was 11,712. We are down 40% from last year and down 36% from 2021. This annual drop in new supply is unprecedented and is having a far bigger impact on the market than the affordability issues caused by the high interest rates."

"Some badly informed observers still think there is a bubble popping situation ahead, but they completely misunderstand the situation. For prices to fall, we have to have an excess supply compared to demand. Even though demand is very weak, supply actually got 2.6% smaller over the last month. There is very low delinquency in residential real estate lending right now, so it takes a ridiculous leap of great imagination to believe that foreclosures are going to have any significant effect on supply in the foreseeable future."

“Pricing has been weaker since June, but this is just the usual effect of the hot summer months, when the luxury market goes to sleep. With the Cromford® Market Index near 160, we have a seller’s market where overall pressure on prices is up not down, despite the lack of enthusiasm on both sides of the negotiation. Once we get to the end of September and it starts to cool down, the luxury market will be fully contributing to the price numbers again and we will probably be reporting positive annual appreciation once more.”

There’s a bit of divergence between the existing market and the new home market, the New Home Construction business just keeps rolling along.

Data from Maricopa County gives further depth to Mike’s analysis. It should be noted that the 202007 was unrealistically low as both the I-buyers and Institutional buyers pulled completely back from buying due to Covid and were just starting to reconstruct their supply lines. In August 2021, the “Wall Street” buyers accounted for 2,085 purchases or approximately 1 in 5 of every home purchased.

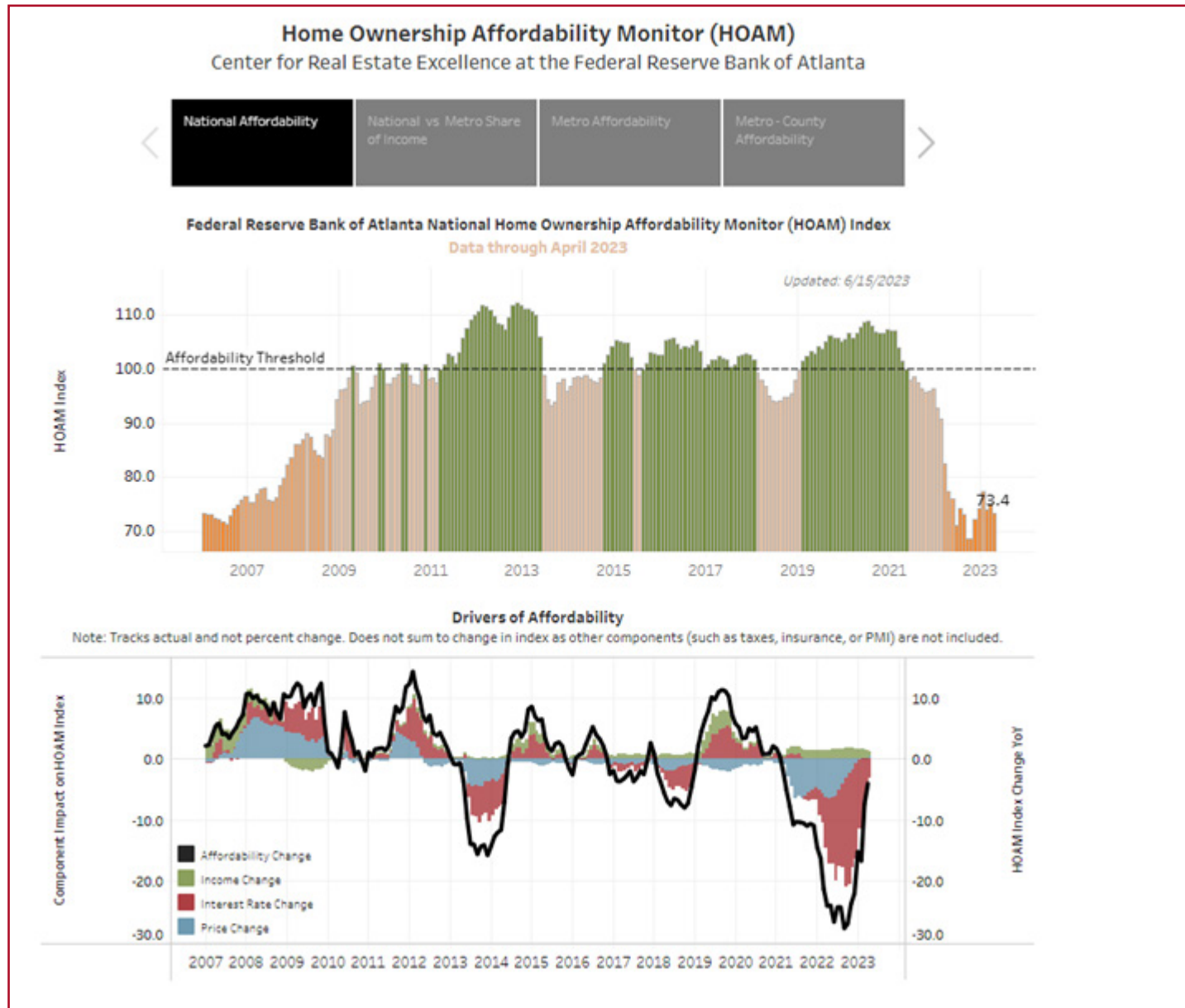
Total New Home Construction Purchased Year-over-Year via The Information Market

| Year_month | New_construction | Ibuyerbuys | Ibuypercent | Institutionalbuys | Institutionalpercent | Institutional_ibuyer_combined | Institution_ibuyer_percent |
|------------|------------------|------------|-------------|-------------------|----------------------|-------------------------------|----------------------------|
| 202007 | 1704 | 122 | 0.011 | 72 | 0.006 | 194 | 0.017 |
| 202107 | 1312 | 810 | 0.074 | 857 | 0.079 | 1667 | 0.153 |
| 202207 | 1249 | 508 | 0.069 | 582 | 0.079 | 1090 | 0.148 |
| 202307 | 1352 | 50 | 0.008 | 58 | 0.009 | 108 | 0.017 |

[ATLANTA FED AFFORDIBILITY:](#)

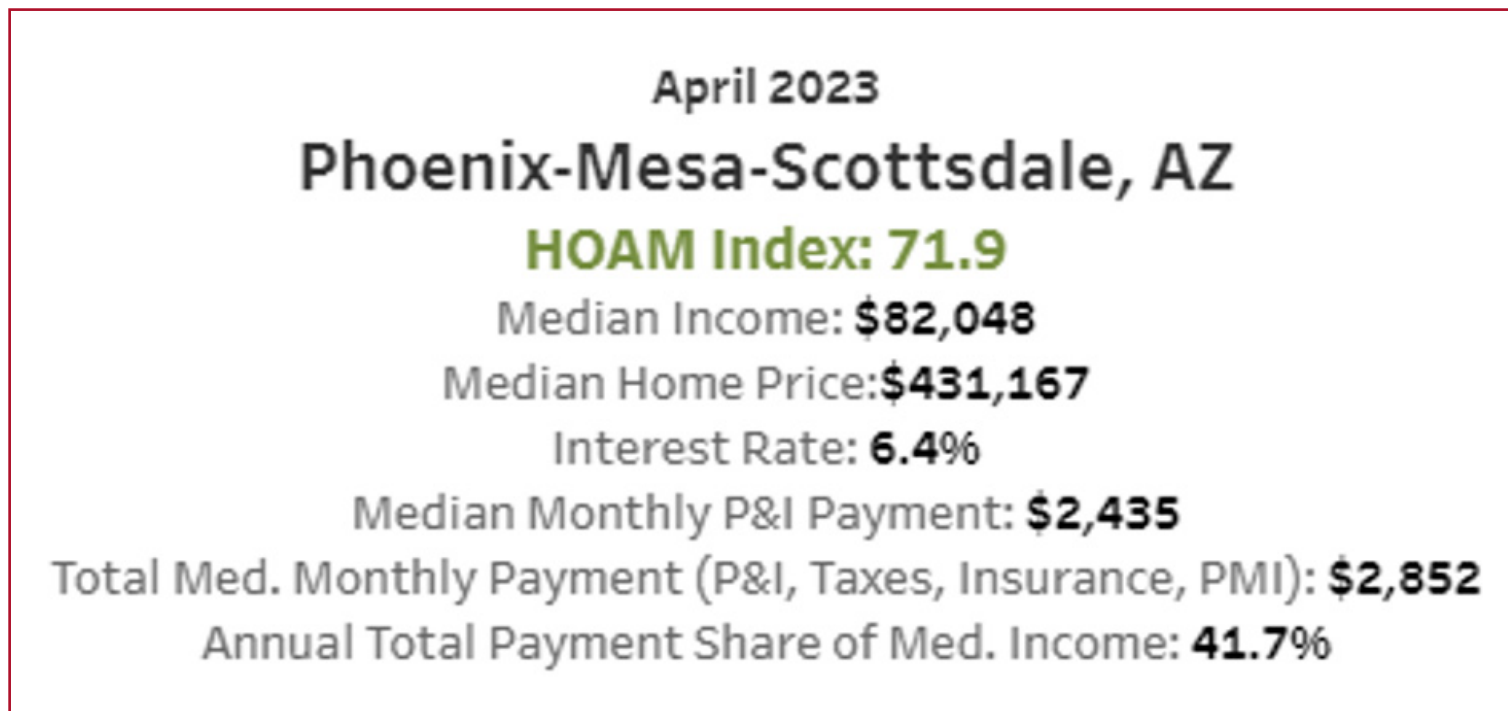
To help business economists and analysts track the relative changes in home ownership affordability at a higher frequency and more granular level of geography, the Atlanta Fed developed an interactive home affordability tool, the HOAM (Home Ownership Affordability Monitor) Index, which measures the ability of a median-income household to absorb the estimated annual costs associated with owning a median-priced home. Using the [HUD standard](#) 30% share of income threshold to measure affordability, this tool presents a national view of affordability for the median home owner from January 2006 through the most current data as well as metro-level and county-level (within metropolitan areas) views of affordability for the median home owner from January 2014 through the most current data. By hitting the **ATLANTA FED AFFORDIBILITY** link above you will be able to interact with the data:

Home Ownership Affordability Monitor via The Atlanta Fed



The Atlanta Federal Reserve presented the above charts. Please note the two factors most restricting affordability, interest rates and price increases. According to this chart, wages have increased. I've also attached a snippet for Phoenix-Mesa-Scottsdale. The data is from April, prices and interest rates have increased since this report, making our market even less affordable.

HOAM Index for Phoenix-Mesa-Scottsdale via The Atlanta Fed



Consumers Report Improving Job Security, Healthy Household Finances-

But Only 18% Believe It's a Good Time to Buy a Home

The Fannie Mae [Home Purchase Sentiment Index® \(HPSI\)](#) increased slightly in July, as consumers' increased confidence regarding their personal financial situations was largely offset by further pessimism toward homebuying conditions. Three of the HPSI's six components increased month over month, including the components measuring job security and home price expectations. However, 82% of consumers reported that it's a "bad time to buy" a home, a new survey high and up from 78% in June. The full index is [up 4.0 points](#) year over year.

"While consumers are reporting confidence in the components related to their personal financial situations, it's unlikely we'll see housing sentiment catch up to other broader economic confidence measures until there is meaningful improvement to home purchase affordability," said Doug Duncan, Fannie Mae Senior Vice President, and Chief Economist. "In July, a significant majority of consumers indicated that their jobs are stable and that their incomes are the same or better than they were twelve months ago. However, homebuying sentiment once again matched its all-time low, with only 18% telling us that it's a good time to buy a home. Unsurprisingly, consumers continue to attribute the challenging conditions to high home prices and unfavorable mortgage rates. Further, the share of consumers expecting home prices to continue to rise has also been on a steady climb since March, which may only add to perceptions of unaffordability. Additionally, we have not seen much movement in the 'good time to sell' component over the last few months, an indication that the current low levels of existing homes for sale will likely continue to persist in the near term, as also reflected in our [latest forecast](#)."

INTEREST RATES:

“Treasury yields rates rose last week and mortgage rates followed suit, due to a combination of the Treasury’s funding announcement and the downgrading of the U.S. government debt rating. Rates increased for all loan types in our survey, with the 30-year fixed mortgage rate increasing to 7.09%, the highest level since November 2022,” said Joel Kan, MBA’s Vice President, and Deputy Chief Economist. “Additionally, the rate for FHA mortgages increased to 7.02%, the highest rate since 2002. Not surprisingly, mortgage applications continued to decline given these higher rates, with overall application counts falling for the third consecutive week, as both purchase and refinance activity declined. The purchase index fell for the fourth consecutive week, as homebuyers continue to struggle with low for sale inventory and elevated mortgage rates.”

Highlights of MBA’s Weekly Mortgage Application Survey

- Loan sizes continued to trend lower. Overall loan sizes were down more than \$5,000 to \$370,600 and purchase loans declined to \$416,400 from \$423,400.
- The FHA share of total applications increased to 13.6% from 13.3% and the VA share grew to 11.8% from 11.6%. The USDA share dropped to 0.4% from 0.7%.
- The 7.09% average rate for conforming 30-year fixed-rate mortgages (FRM) was a 16-basis point increase from the prior week. Points rose to 0.70 from 0.68.
- The jumbo 30-year FRM had an average rate of 7.04%, with 0.66 points compared to 6.89%, with 0.58 points the prior week.
- The average contract rate for FHA-backed 30-year FRM increased to 7.02% from 6.85%. Points rose to 1.14 from 1.05.
- The fifteen-year FRM had an average rate of 6.51%, up from 6.39%, with points increasing to 0.92 from 0.78.
- The initial rate for 5/1 adjustable-rate mortgages (ARMs) jumped to 6.36% from 6.18%. Points moved to 1.2 from 1.0.
- The share of ARM loan applications rose to 6.9% from 6.5%.

In conclusion:

Even in markets where there's a limited number of homes for sale, you still have transactions. When we post the ARMLS active listings database to our public records database, we can see who's selling. We can see the three D's: death, divorce, and default. We can also see the fourth D: discretionary, people that are relocating away from Phoenix. Many of today's homeowners are disincentivized to sell because they're locked in at rates substantially lower than today's prevailing rate causing listings to plummet. At the exact same time, rising prices and record high interest rates have dampened affordability and, in turn, demand. Like a broken record, August's housing transactions and weather will look a lot like July's.

ARMLS PENDING PRICE INDEX (PPI)

Last month, STAT's mathematical model projected the median sales price for July at \$430,000, the actual amount was \$434,990. Looking ahead to August, the ARMLS Pending Price Index is projecting the median sales price will remain flat at \$435,000. In June 2022, we recorded the highest monthly median sales price ever reported: \$475,000. If our projections are correct, the median sales price will be 2.25% lower year over year and down 8.42% from our record high.

We began August with 4,624 pending contracts, 2,357 UCB listings and 346 CCBS, giving us a total of 7,327 residential listings practically under contract. This compares to 7689 of the same type of listings one year ago. At the beginning of August, "pending" contracts are 4.71% lower than last year. There were 23 business days in August 2022 and 23 this year. ARMLS reported 6,136 sales in August 2022. The highest sales volume ever in August occurred in 2005 with 10,031. When August's numbers are reported, we expect to see a drop in both year-over-year sales volume as well as month-over-month. If our models are correct, year-over-year sales volume will be in the 5,600 range.