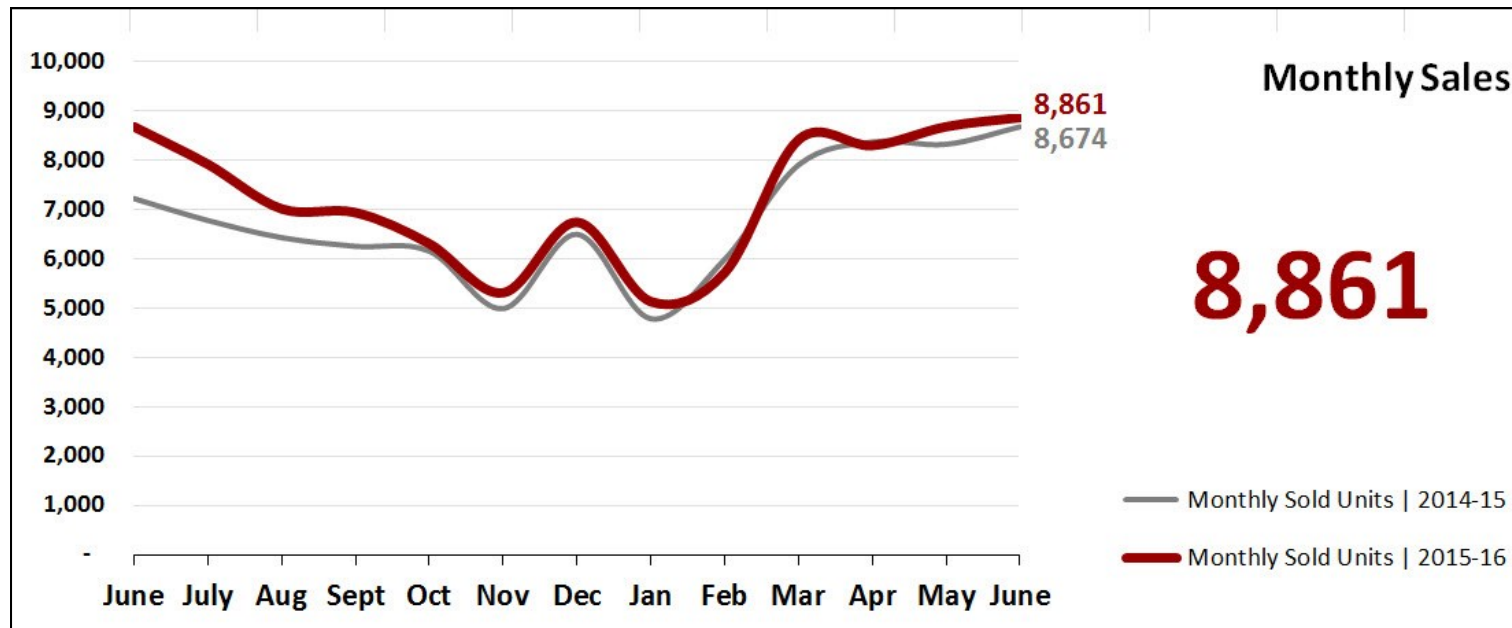




# YOUR MONTHLY STATISTICS FOR THE PHOENIX METRO AREA STAT

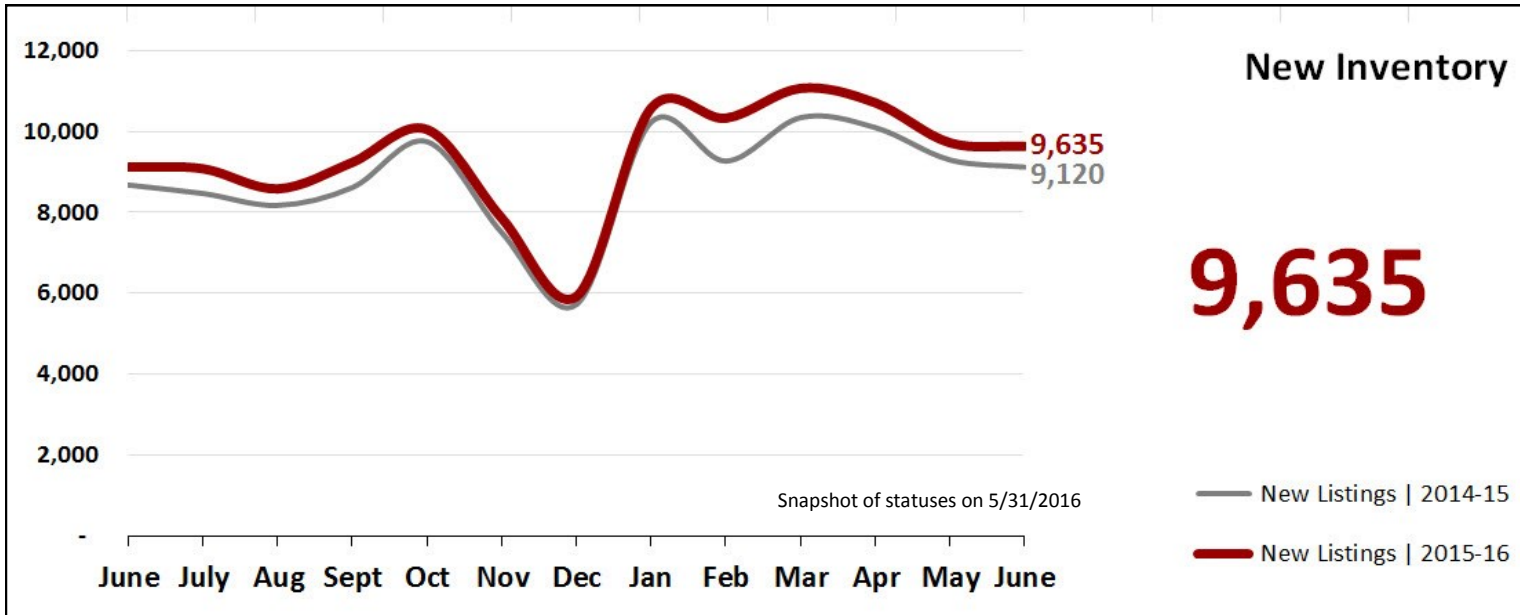


**JUNE 2016** - Published July 15, 2016



Sales are up +2.1% month-over-month. The year-over-year comparison shows an increase of +2.2%.

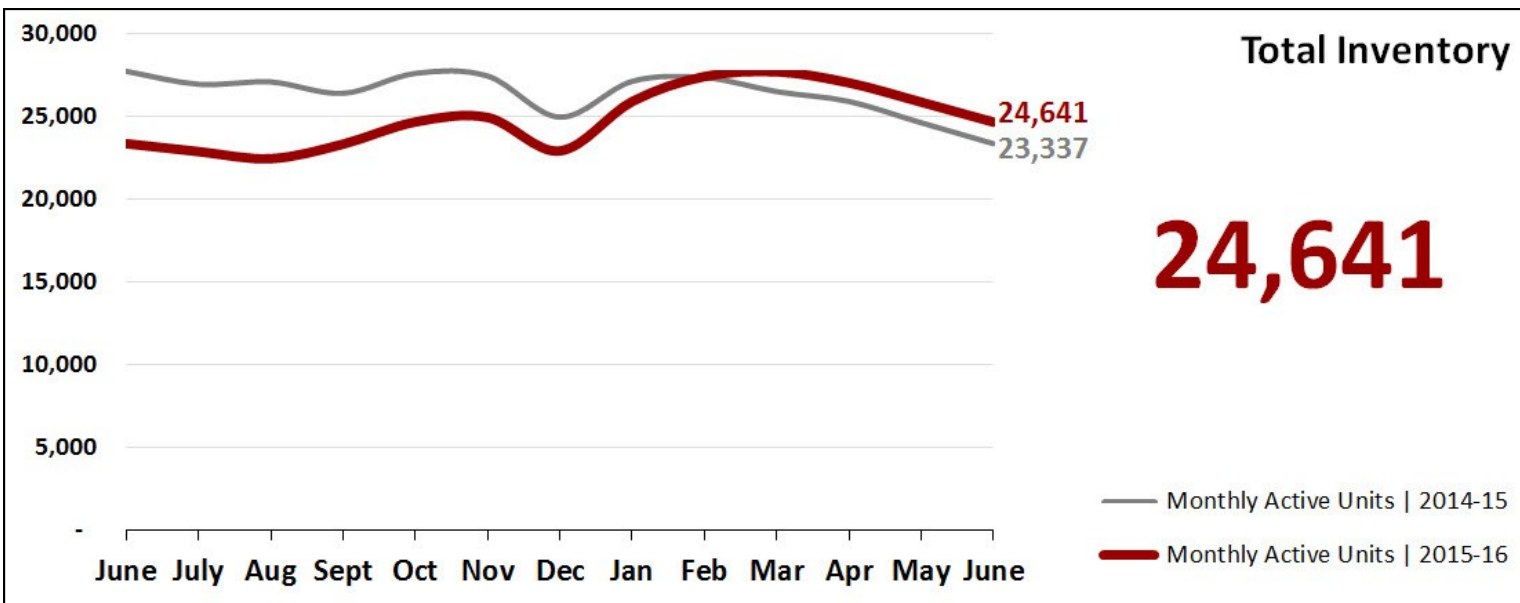
Closed MLS sales with a close of escrow date from 6/1/2016 to 6/30/2016, 0 day DOM sales removed



New inventory is down -0.9% month-over-month while the year-over-year comparison shows an increase of +5.6%.

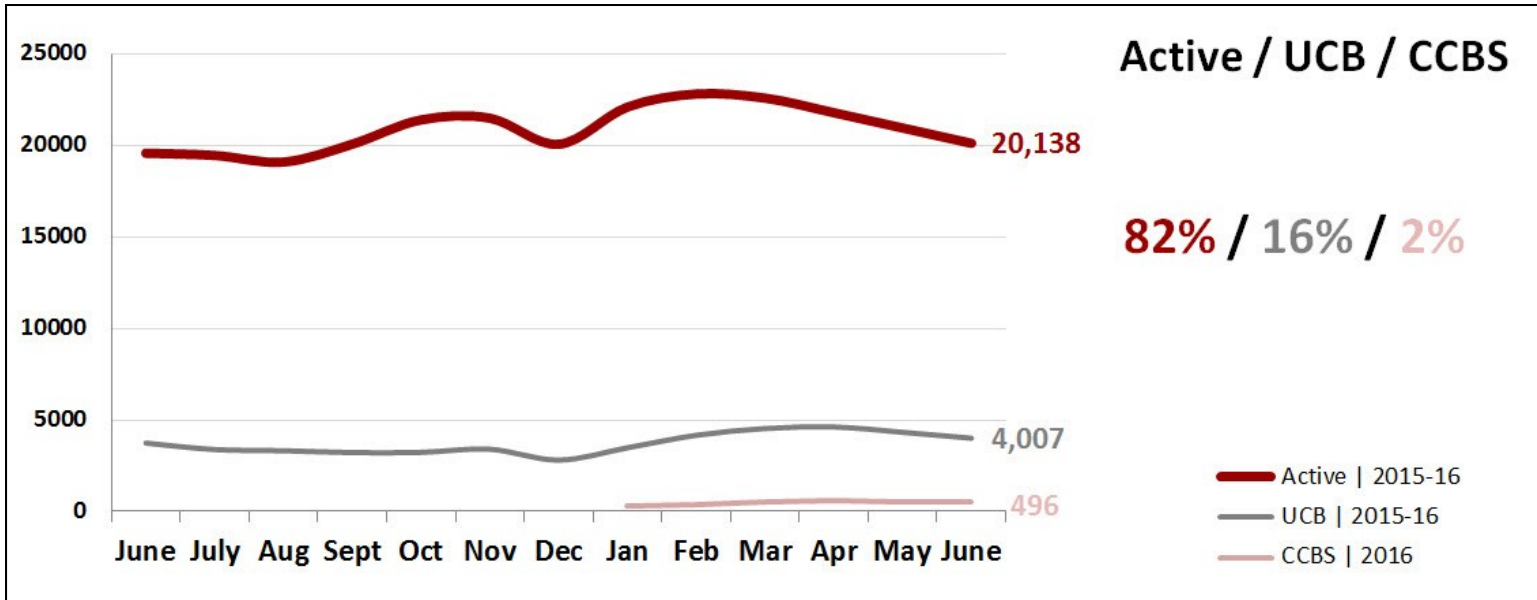
New MLS listings that were active for at least one day from 6/1/2016 to 6/30/2016, 0

day DOM sales removed



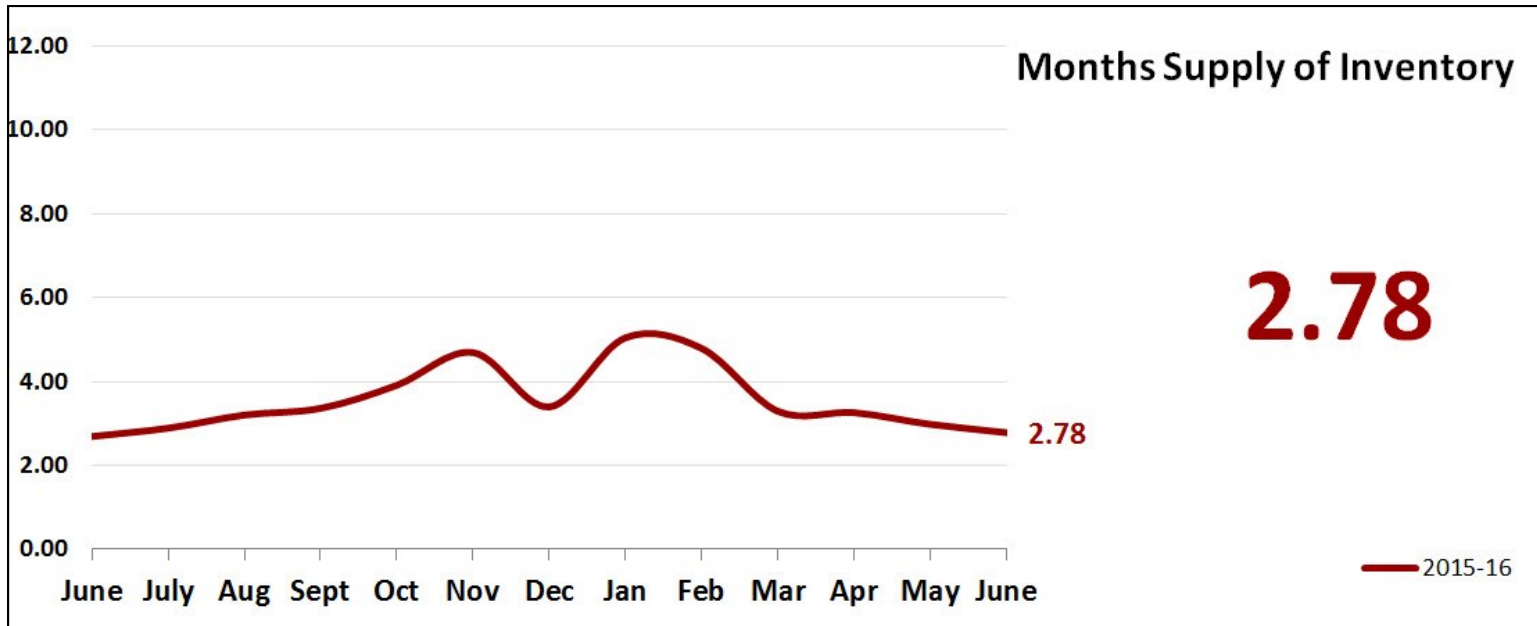
Total inventory has a month-over-month loss of -4.7% while year-over-year reflects an increase of +5.6%.

Snapshot of statuses on 6/30/2016



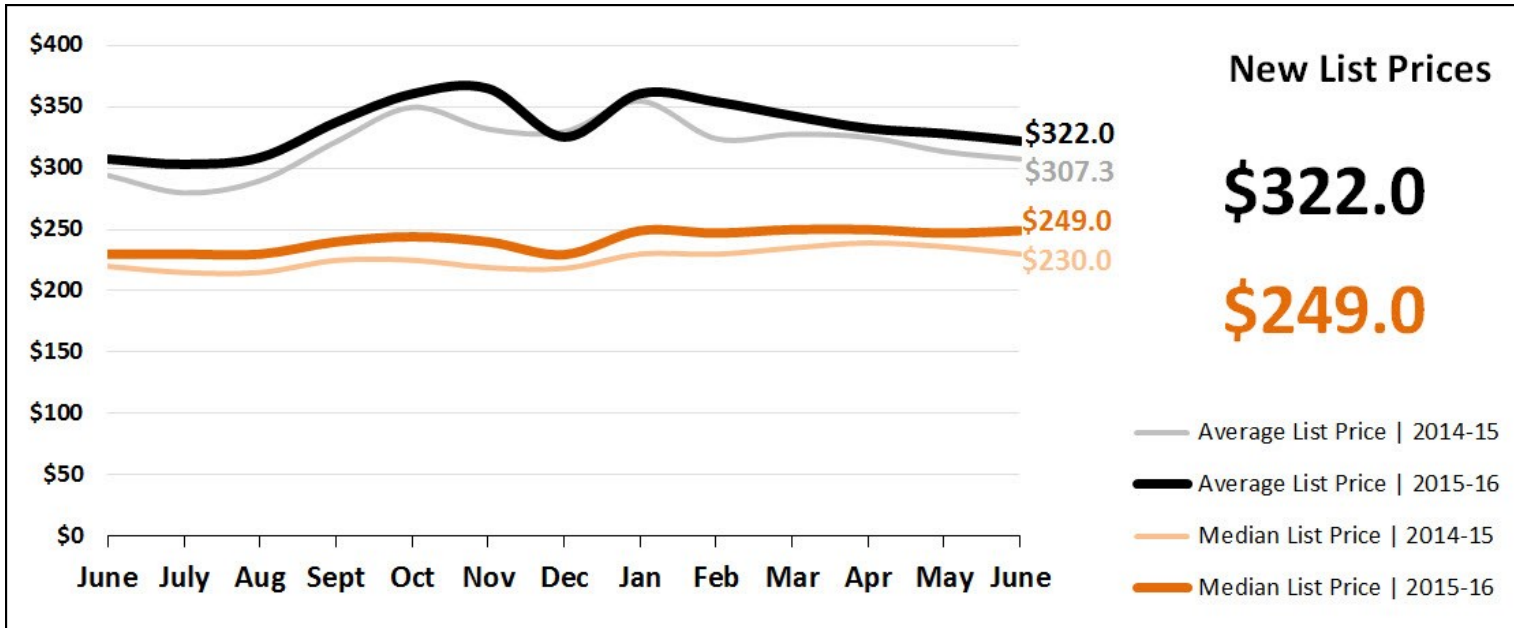
June UCB listings percent of total actives was 16.3% with CCBS listings at 2.0% of total actives.

Snapshot of statuses on 6/30/2016



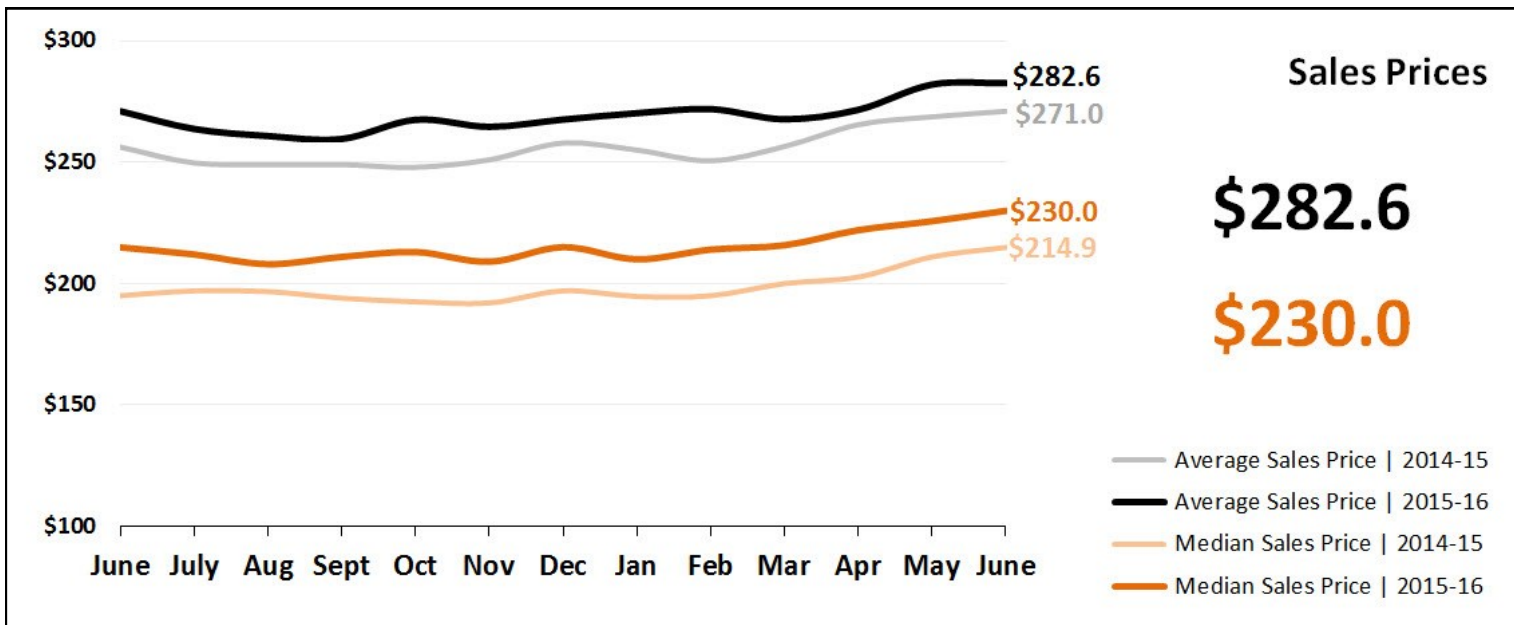
Months supply of inventory for May was 2.98 with June currently at 2.78.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of June 2016, 0 day DOM sales removed



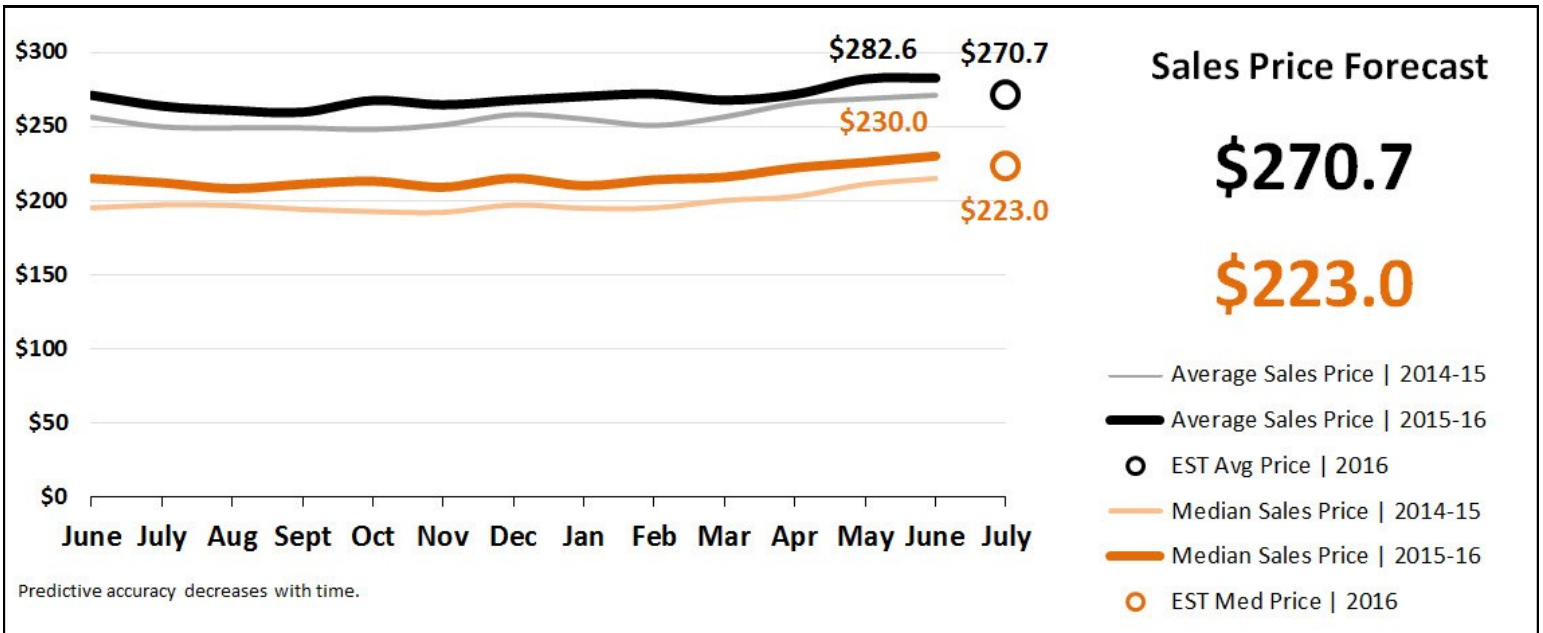
New average list prices are up +4.8% year-over-year. The year-over-year median is up +8.3%.

List prices of new listings with list dates from 6/1/2016 to 6/30/2016, 0 day DOM sales removed



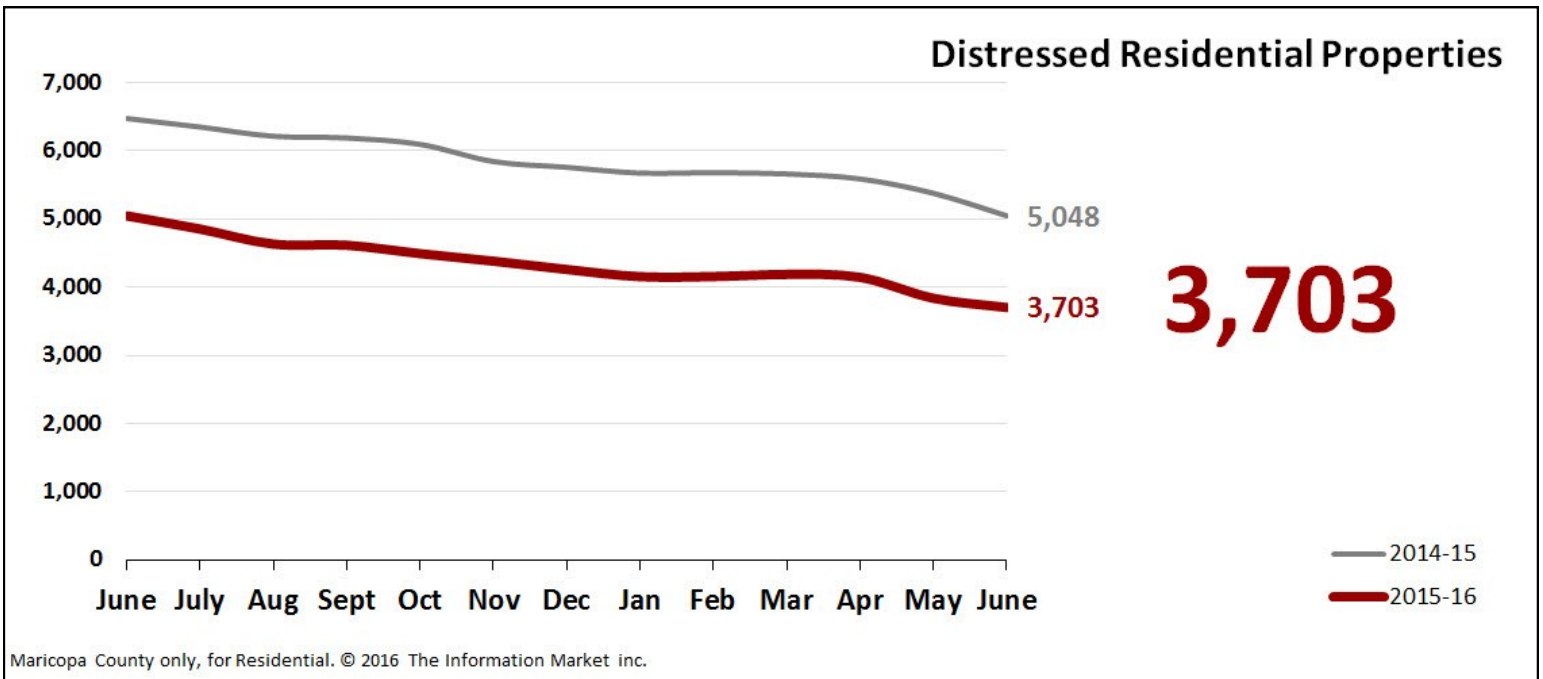
Sales prices are up +4.3% year-over-year on average while the year-over-year median is also up +7.0%.

MLS sales prices for closed listings with a close of escrow date from 6/1/2016 to 6/30/2016, 0 day DOM sales removed



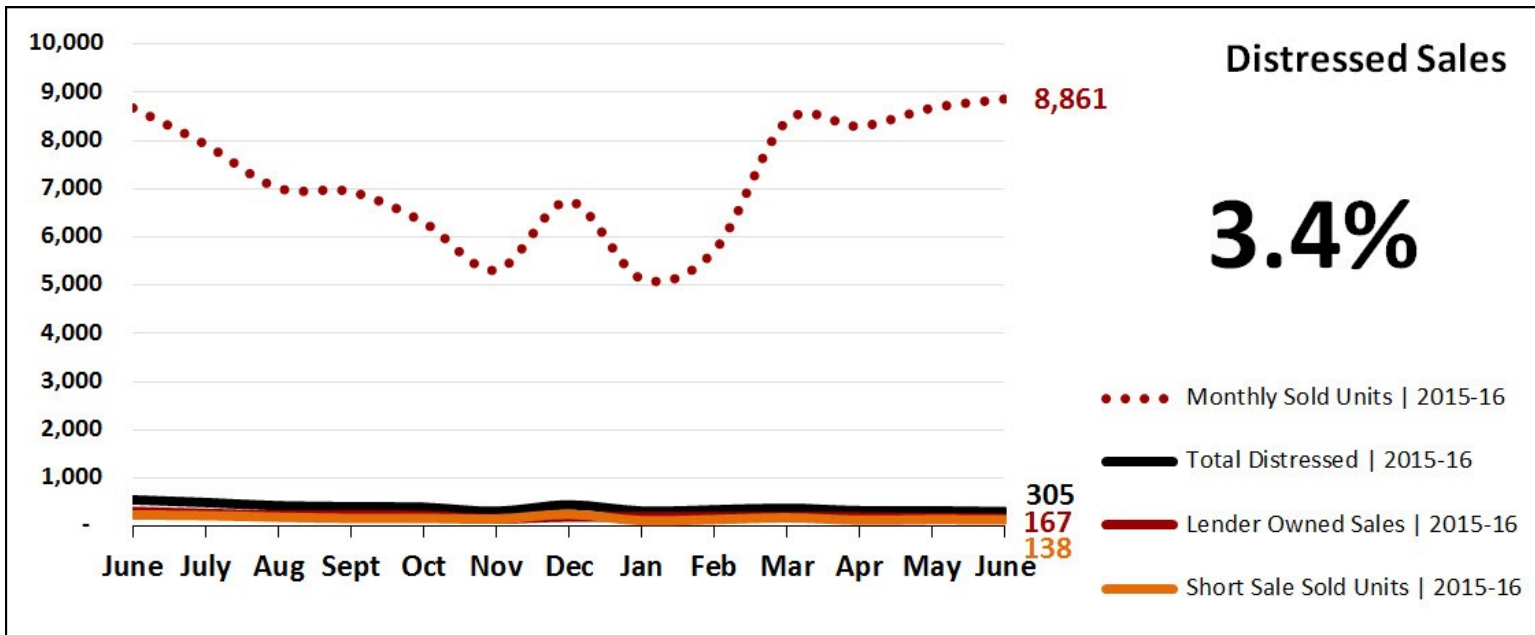
A slight decrease is forecasted for median and average sales prices in July.

ARMLS proprietary predictive model forecast, 0 day DOM sales removed



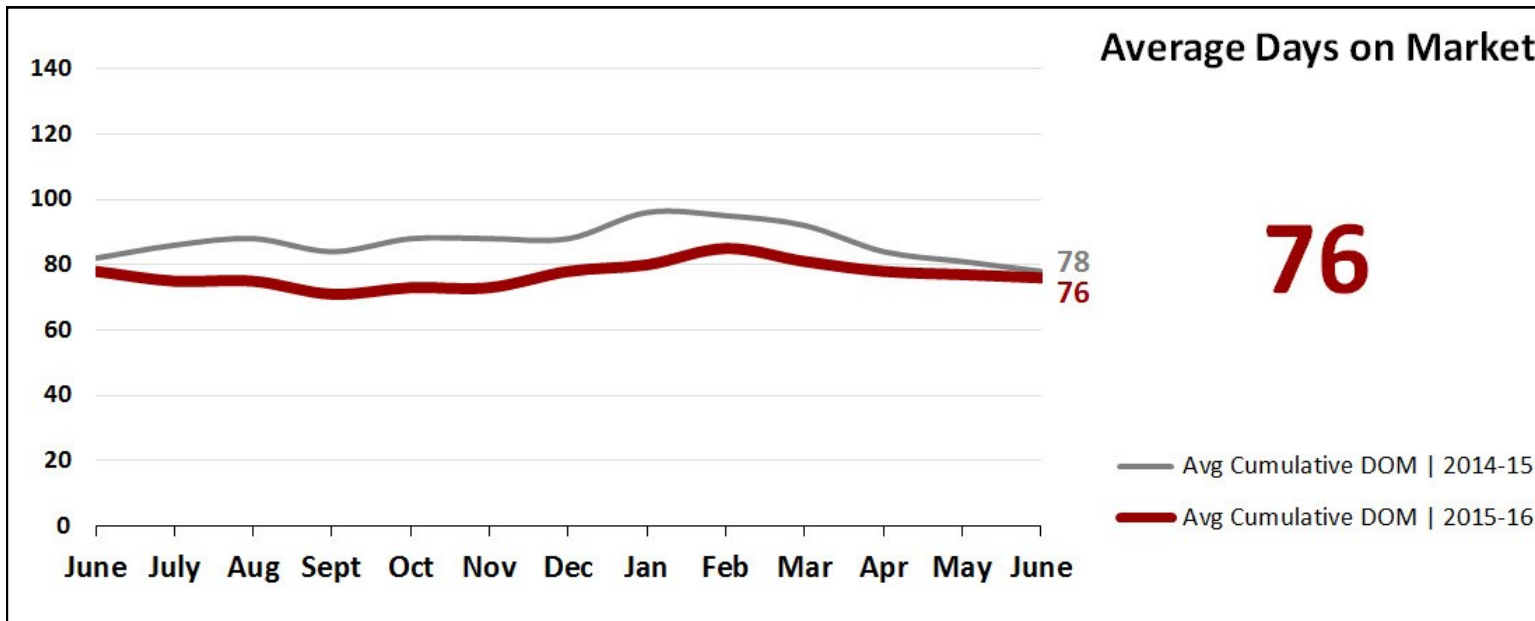
Foreclosures pending month-over-month showed -3.5% while the year-over-year figure was down -26.6%.

Snapshot of public records data on 6/30/2016 active residential notices and residential REO properties



Short sales dropped -42.5% year-over-year. Lender owned sales dropped -46.3% year-over-year. The total distressed year-over-year changed to -44.6%.

Lender owned sales are MLS sales 6/1/2016 to 6/30/2016 where *Lender Owned/REO, HUD Owned Property* special listing conditions were selected  
 Short sales are MLS sales 6/1/2016 to 6/30/2016 where *Short Sale Aprvl Req, Previously Aprved SS or Lender Approved SS* special listing conditions were selected  
 0 day DOM sales removed



Days on market fell -2 days year-over-year while month-over-month saw a drop of -1 day.

Average of all closed listings 6/1/2016 to 6/30/2016 where DOM was greater than 0

## COMMENTARY

by Tom Ruff of The Information Market

One of the things I love about using real estate data is the ability to identify emerging and actionable trends. The economic factors of prior years can and will have a cause and effect on our current market. Five years ago the housing market in Maricopa County saw an influx of Canadian and institutional buyers. This month, we'll take a quick look at how this impacts our market today and how using this knowledge might improve your marketing efforts.

### **First - the Canadians**

Canadian buyers accounted for 5.95% of the homes purchased in Maricopa County at their peak in April of 2011. The Canadian dollar (CAD) was worth more than the US dollar and Canadians were purchasing at the bottom of our market. Today, the stronger US dollar buys 1.29 Canadian dollars turning our Canadian friends into mostly sellers rather than buyers.

In reviewing buyer/seller addresses on recorded affidavits of value in Maricopa County for the first six months of 2016, we see that for every one Canadian purchasing a home there are nine selling. The fear of some is now confirmed - our collective hockey IQ is falling.

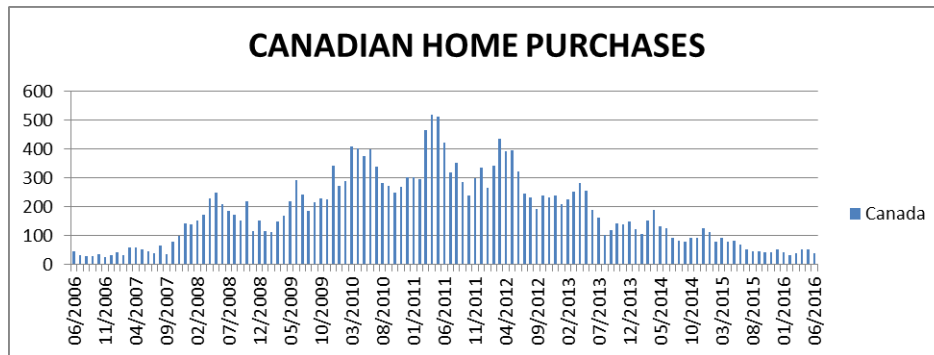
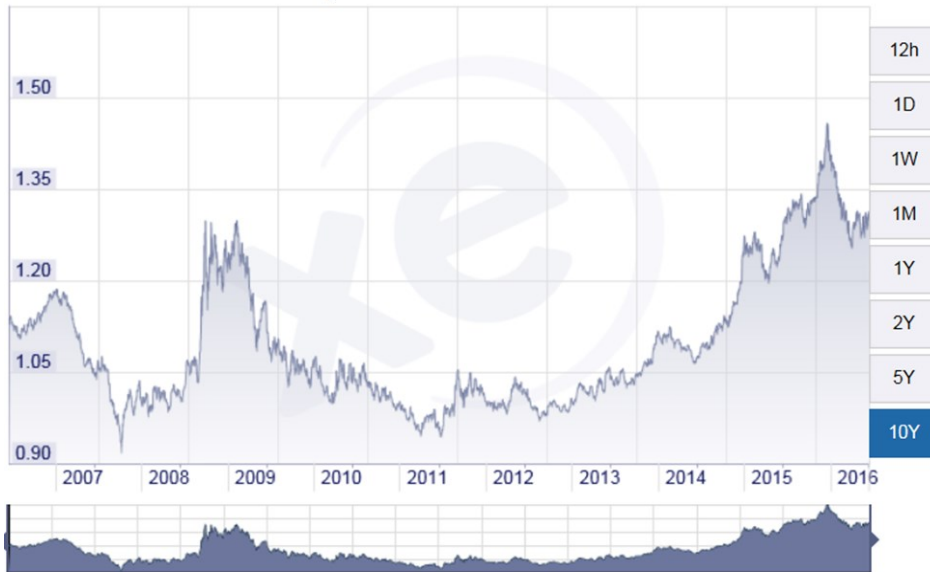
Currently in the MLS there are 388 active listings and 109 pending listings with Canadian owners according to mailing address on file with Maricopa County. Of these listings, 65% were purchased be-

tween 2009 and 2013 with 20% of the current listings having been purchased in 2011. Buying at the bottom of the market with a strong CAD, seeing significant appreciation gains since and now selling through a stronger USD has to be better than winning Sir Stanley's "eh." In short, Canadian sellers who purchased at the bottom are cleaning up and out.

The two charts on the next page will give insight into this phenomenon.

## CAD per 1 USD

16 Jul 2006 00:00 UTC - 12 Jul 2016 16:23 UTC  
**USD/CAD** close: **1.29968** low: **0.91709** high: **1.45801**



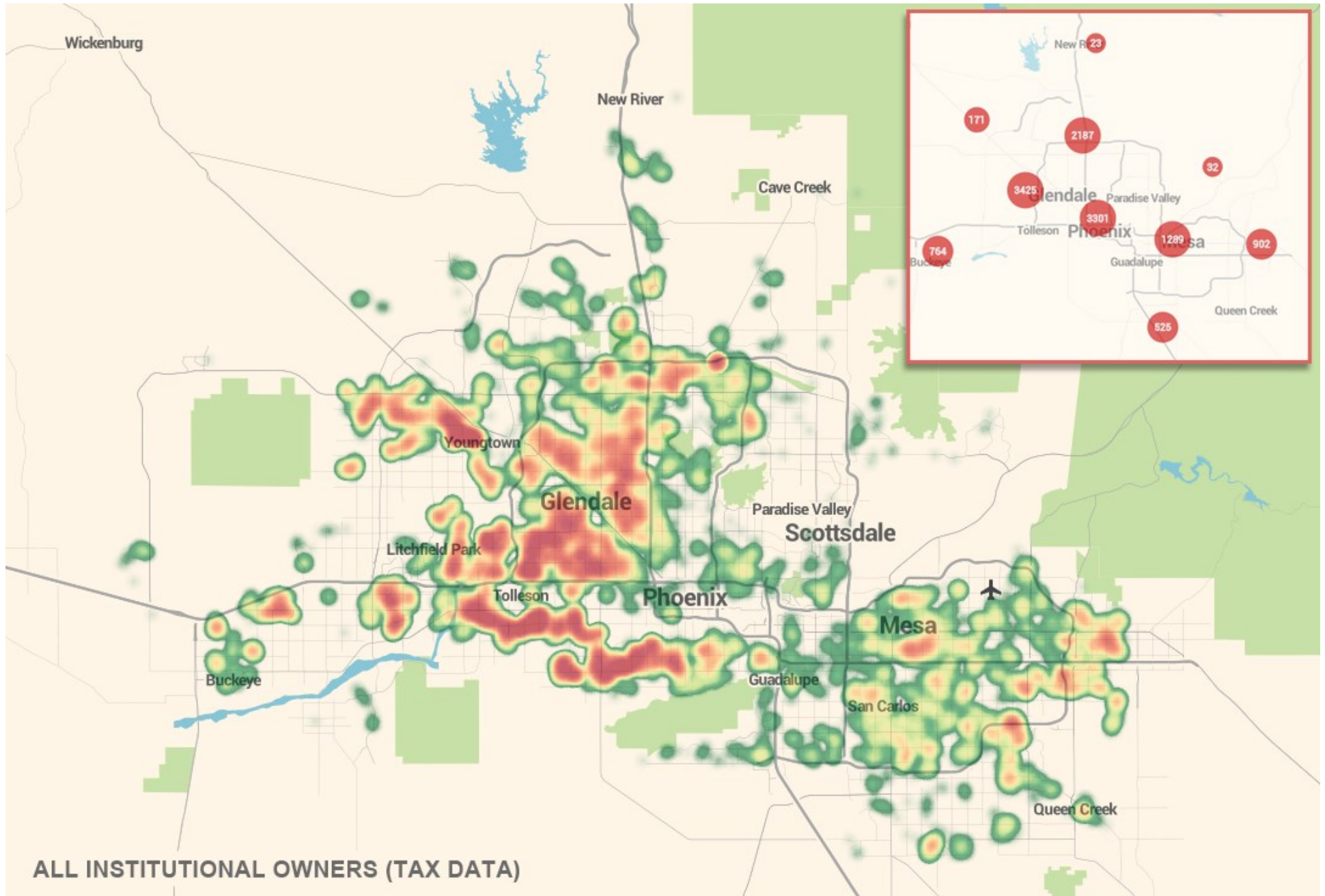
## The Institutional Buyers

Large institutional buyers made their presence felt in our market in a big way starting in 2011 and increasing their purchases significantly in 2012 until they pulled back in August 2013. The purpose of their purchases was to create large rental pools. According to data from The Information Market, large institutional investors currently hold 12,629 homes in Maricopa County. We have only seen a small number of the homes purchased by these institutions sell, but we have heard rumblings.

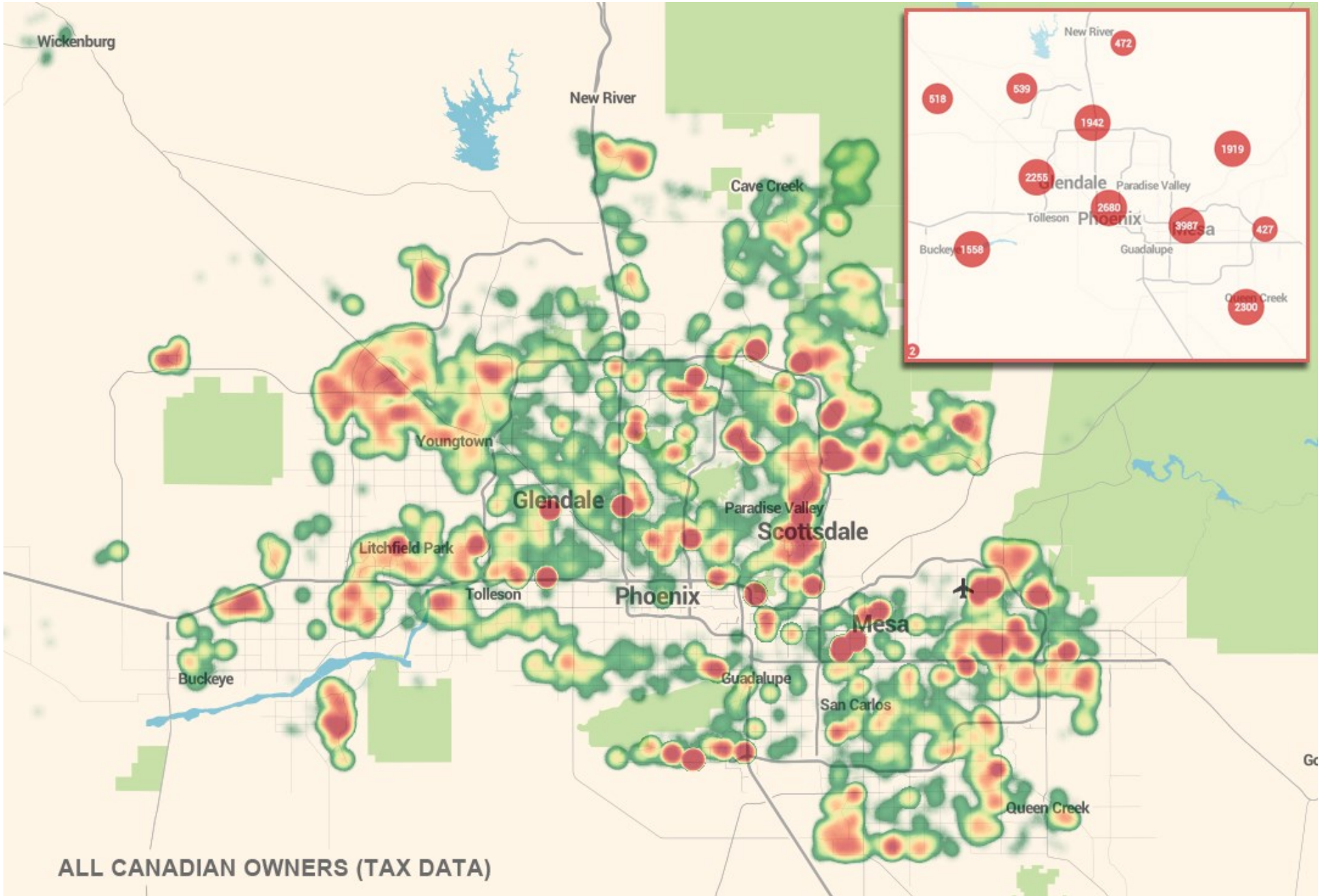
In a recent Bloomberg article, John Bertling, the Chief Executive Officer of Invitation Homes states that “Invitation Homes expects to cull about 5% of its properties annually”. More notably, the article states “about 25% of Invitation Homes’ renters who move out each year are leaving to become buyers,” according to the company. That’s similar to what other large firms are experiencing. Colony Starwood Homes has reported losing about 23% of departing tenants to homeownership and American Homes 4 Rent has said it’s figure is about 30%. All three of these companies have significant holdings in Maricopa County. Using the 25% figure, 3,163 new home buyers are coming from this rental pool each year. Can we say boomerang buyers?



Heat map of 12,629 institutional holdings



Valley heat map of the current 18,674 Canadian holdings



## **The ARMLS Pending Price Index (PPI)**

Our last Pending Price Index projected a May 2016 median sales price of \$227,000 with the actual median coming in at \$230,000 (off by 1.3%). MLS sales volume in June was 8,861 which was 187 more sales than June 2015 of 8,674. Looking ahead to July, the PPI Index projects a median sales price of \$223,000. Last year between June and July we saw the median price dip and our model suggests a similar occurrence this year. I personally expect a modest decline in the median sales price in July, but probably not as low as \$223,000.

We began July with 6,990 pending and 4,007 UCB listings giving us a total of 10,997 residential listings practically under contract. In comparison there were 10,761 of the same type of listings at this time last year. There are two fewer business days in July this year than last, so don't be surprised if sales volume is slightly lower than the total last year of 7,914. Even though we have a higher number of residential listings practically under contract, a slightly smaller percentage will be successful.