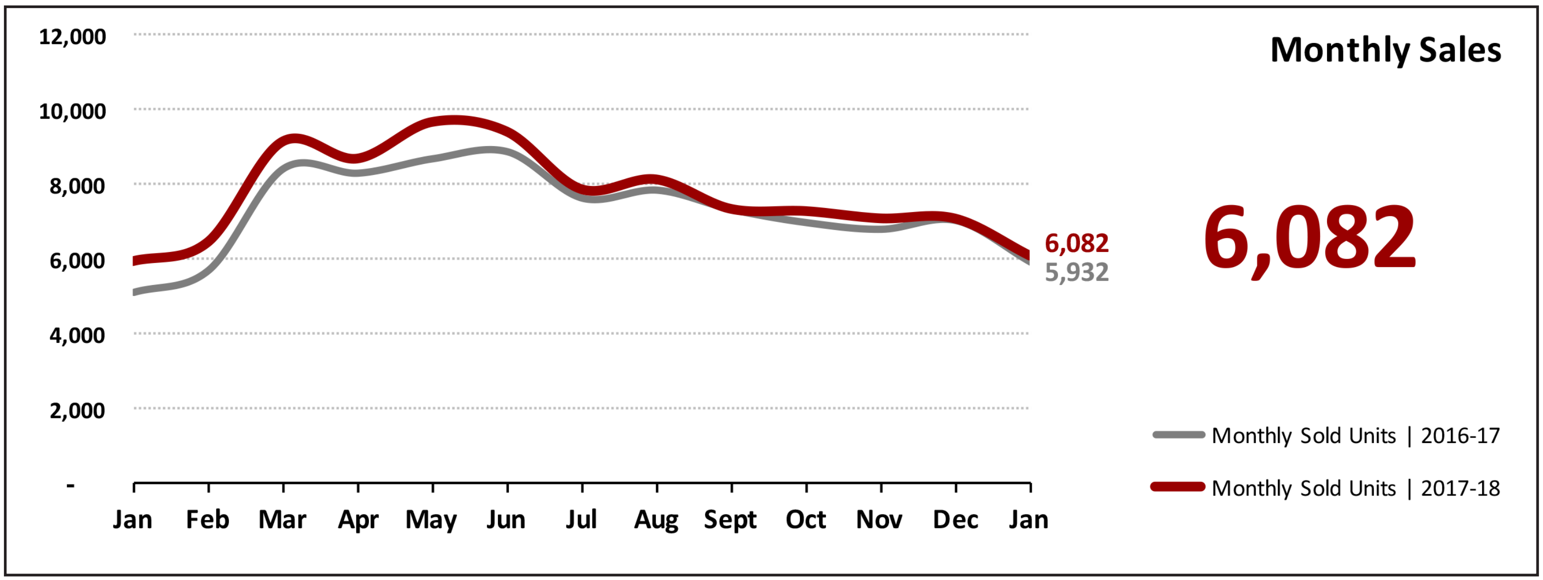
STAT
Your Monthly Statistics for the Phoenix Metro Area

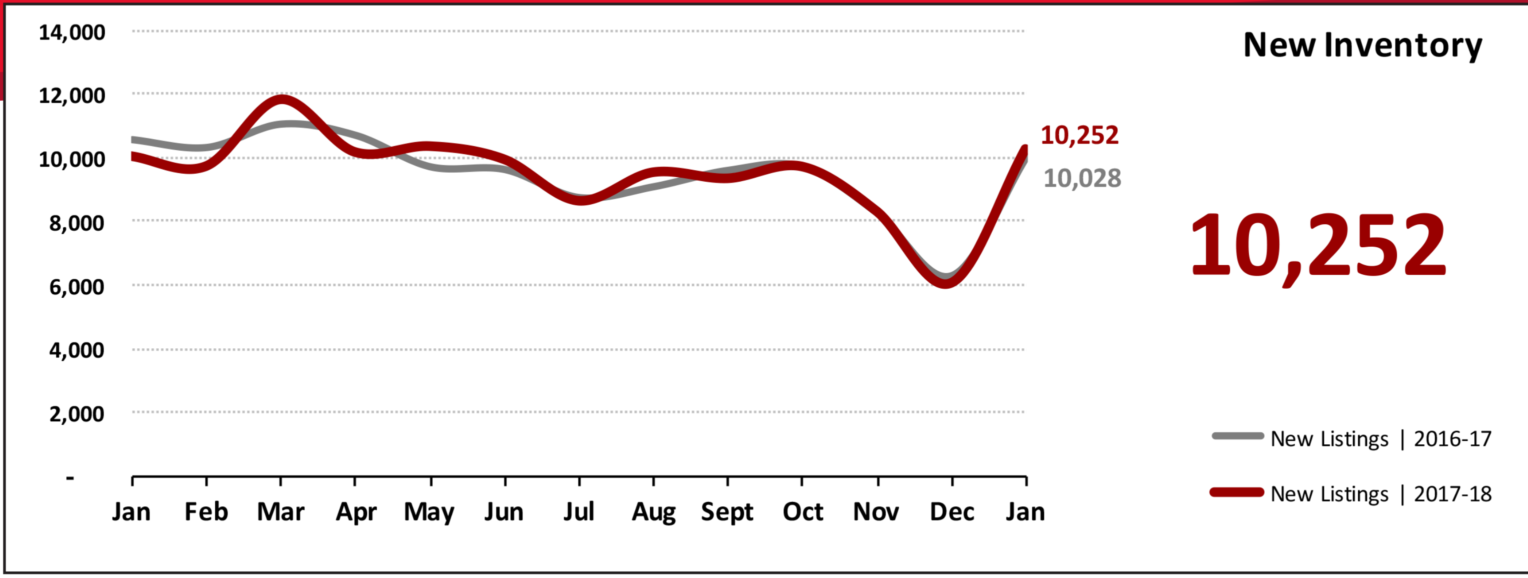
ARMLS®

DATA FOR JANUARY 2018 - Published Feburary 16, 2018



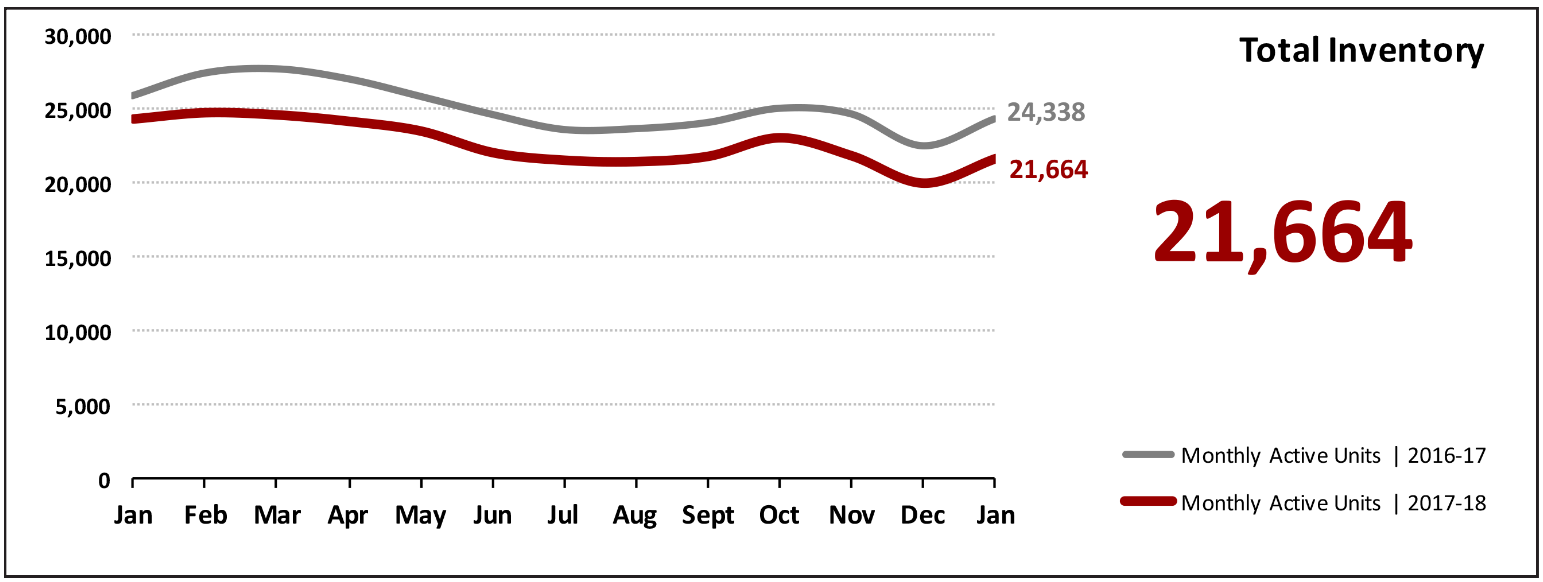
Closed MLS sales with a close of escrow date from 1/1/2018 to 1/31/2018, 0 day DOM sales removed

Sales are down -14.0% month-over-month. The year-over-year comparison is up +2.5%.



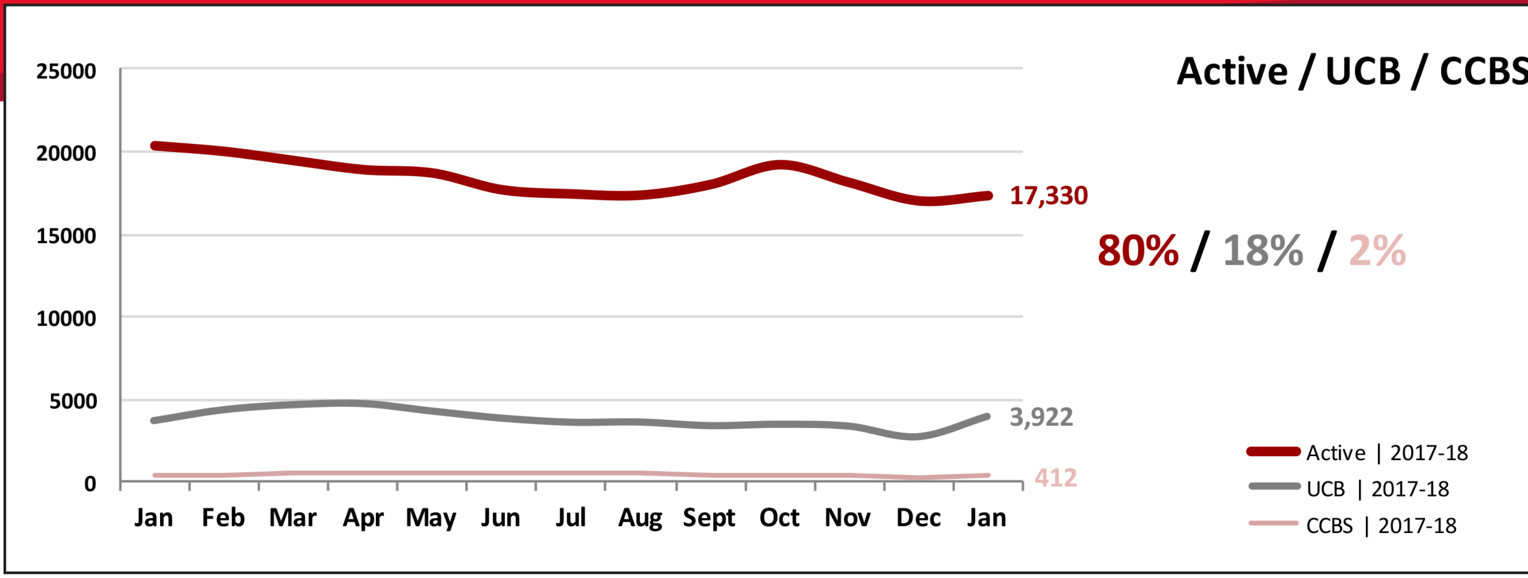
New MLS listings that were active for at least one day from 1/1/2018 to 1/31/2018, 0 day DOM sales removed

New inventory is up +69.5% month-over-month while the year-over-year comparison shows an increase of +2.2%.



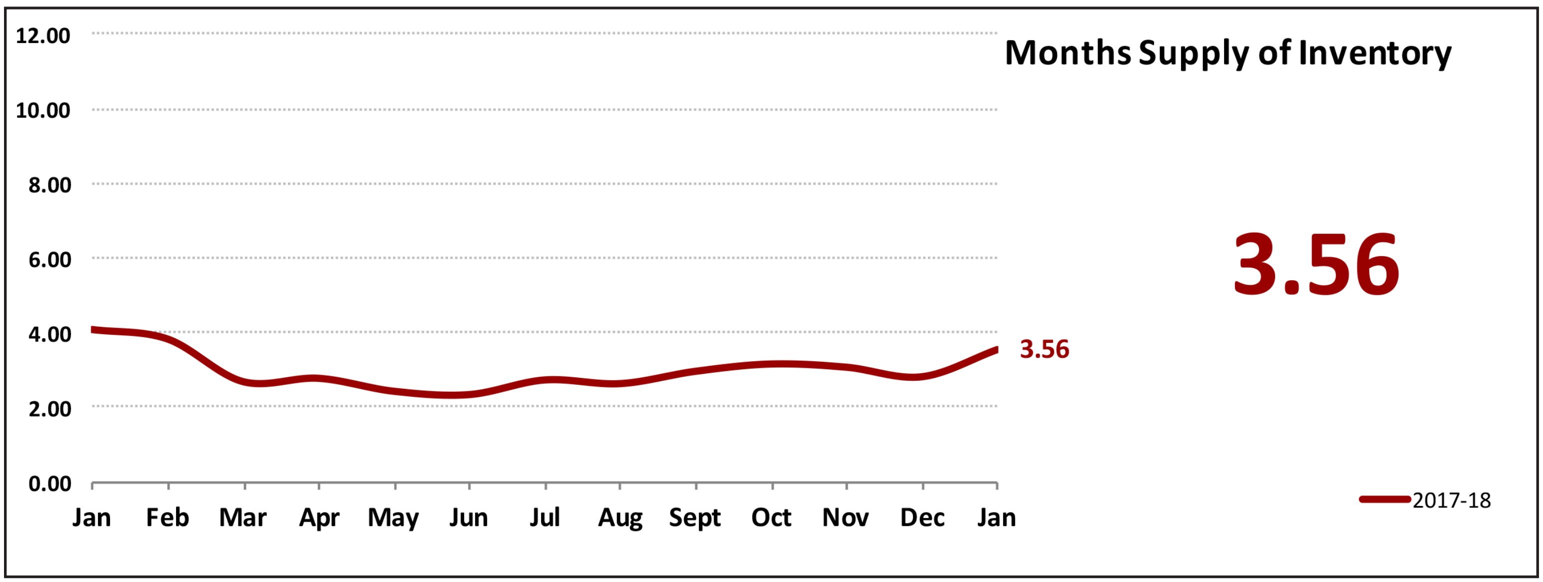
Snapshot of statuses on 1/31/2018

Total inventory has a month-over-month increase of +8.3% while year-over-year reflects a decrease of -11.0%.



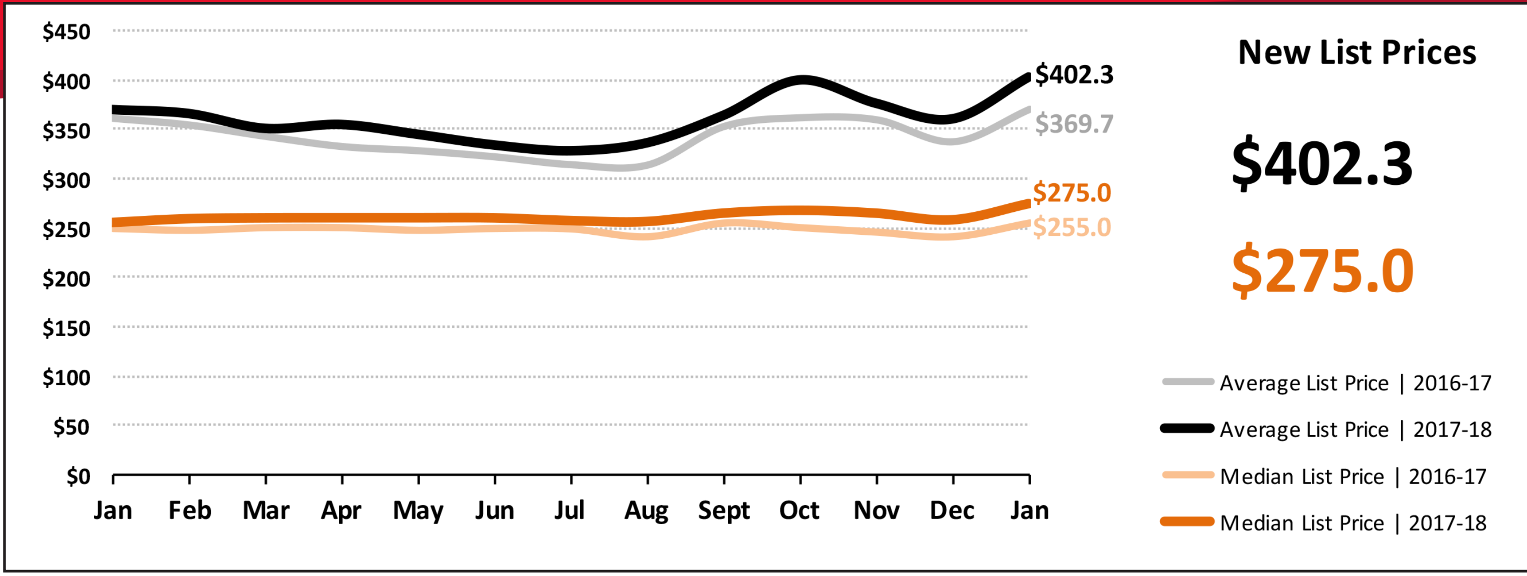
January UCB listings percent of total inventory was +18.1% with January CCBS listings at +1.9% of total inventory.

Snapshot of statuses on 1/31/2018



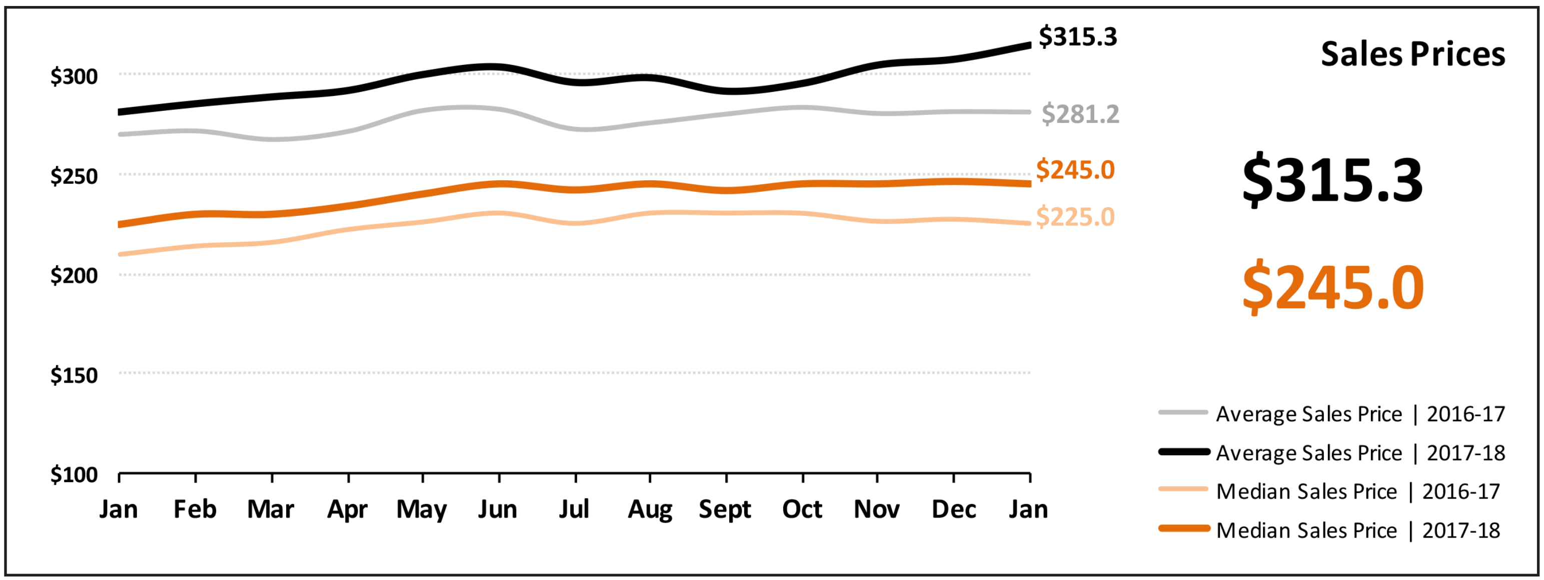
Months supply of inventory for December was up +2.83 with January at 3.56.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of JANUARY 2018, 0 day DOM sales removed



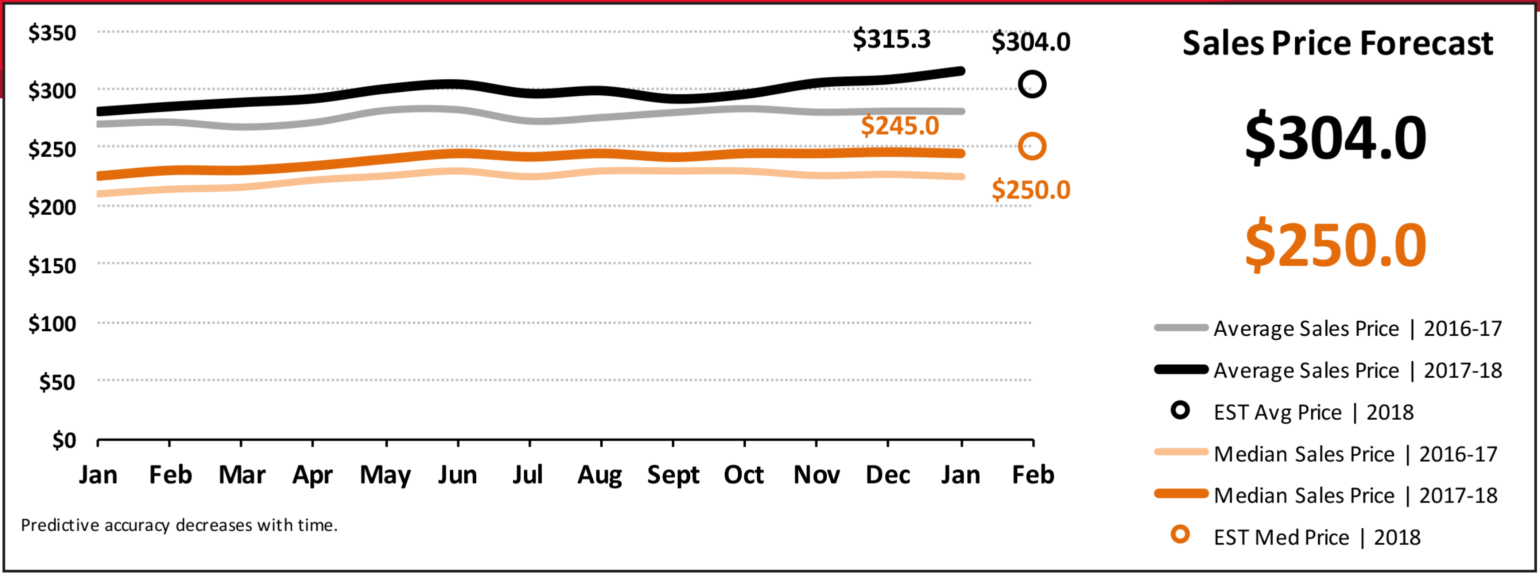
List prices of new listings with list dates from 1/1/2018 to 1/31/2018, 0 day DOM sales removed

Average new list prices are up +8.8% year-over-year. The year-over-year median is up +7.8%.



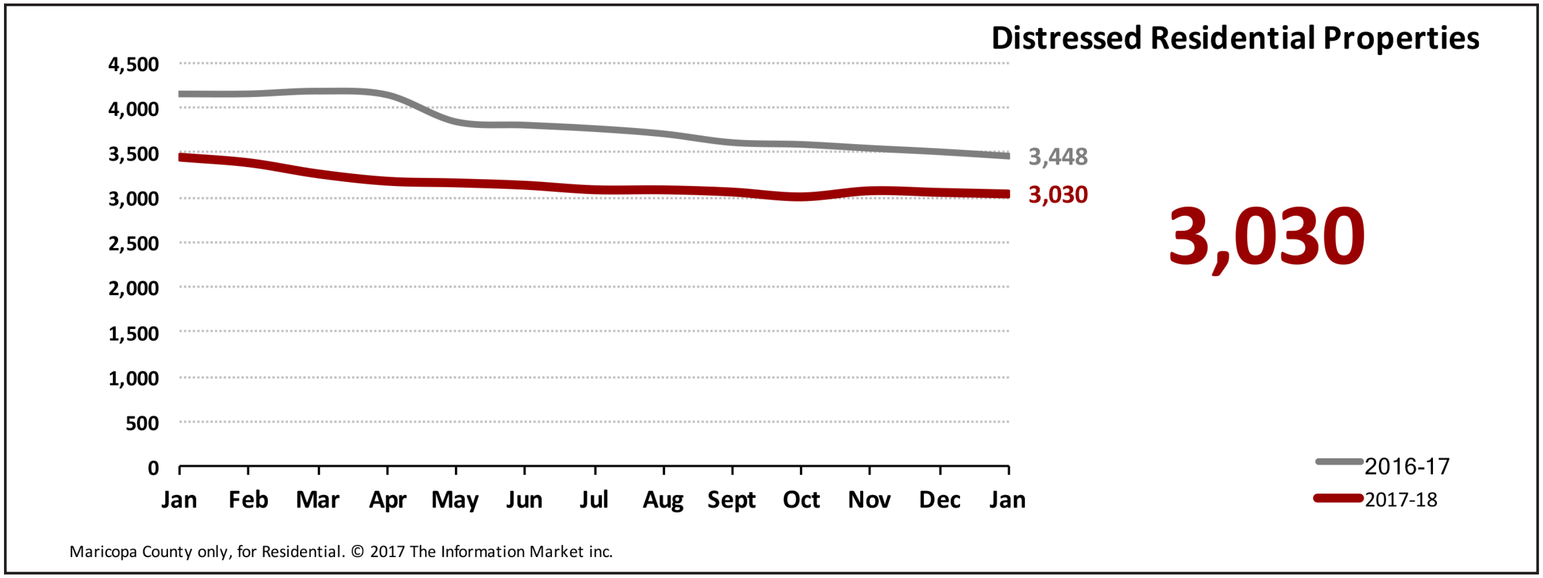
MLS sales prices for closed listings with a close of escrow date from 1/1/2018 to 1/31/2018, 0 day DOM sales removed

The average sales price is up +12.1% year-over-year while the year-over-year median sales price is also up +8.9%.



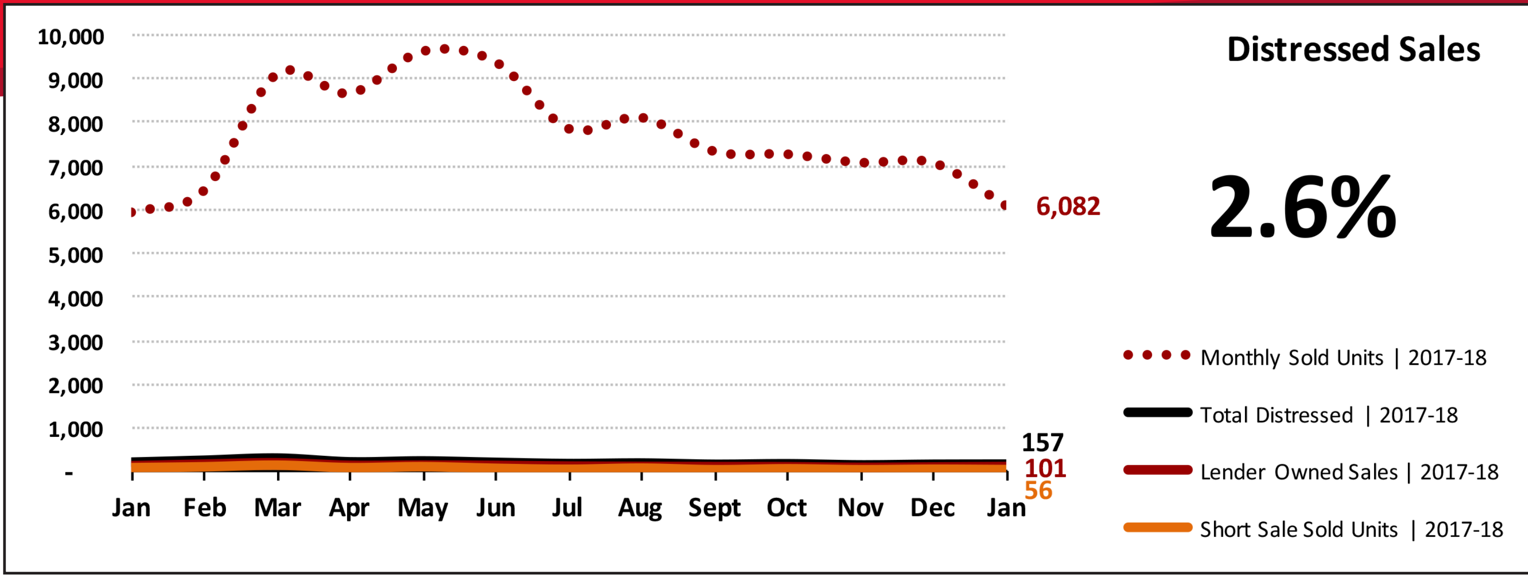
A slight decrease is forecasted for average sales price while January had an increase in median sales price.

ARMLS proprietary predictive model forecast, 0 day DOM sales removed



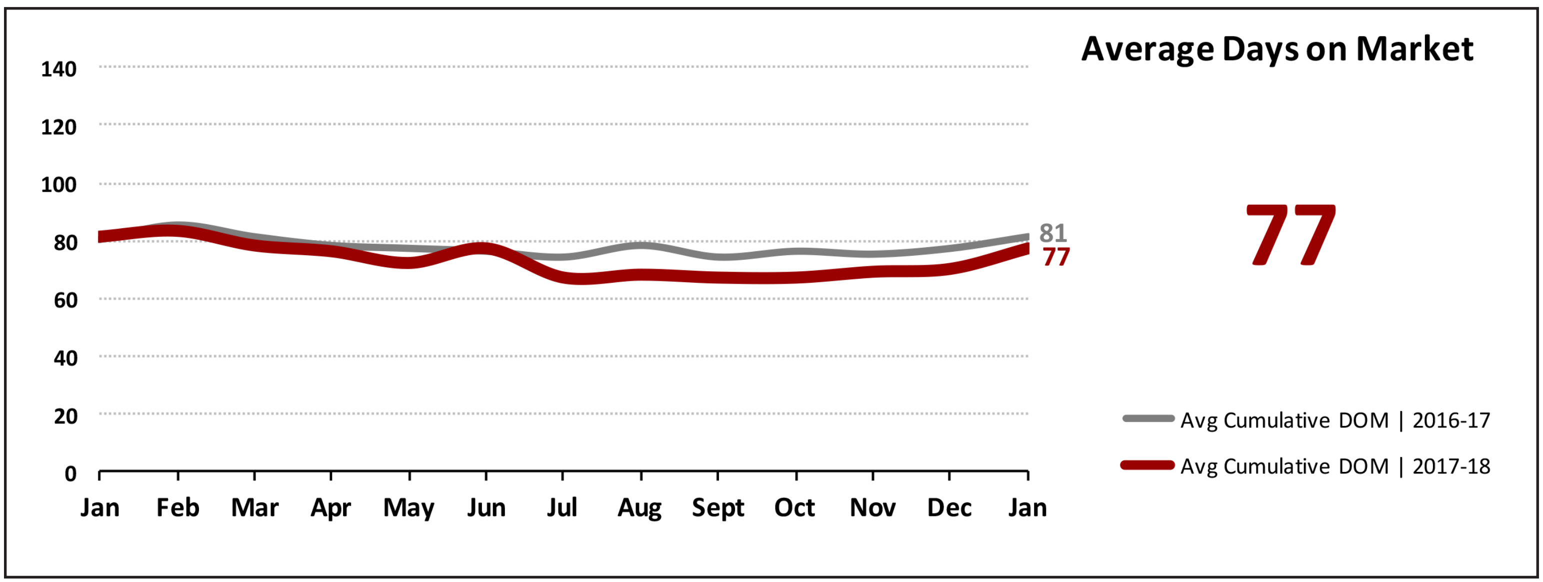
Foreclosures pending month-over-month showed a decrease of -0.6% while the year-over-year figure was down -12.1%.

Snapshot of public records data on 1/31/2018 active residential notices and residential REO properties.
Note: this graph was adjusted as total foreclosure counts were under reported for the last 16 months.



Distressed sales accounted for 2.6% of total sales, up from the previous month of 2.2%. Short sales dropped -36.4% year-over-year. Lender owned sales dropped -14.4% year-over-year.

New MLS listings that were active for at least one day from 1/1/2018 to 1/31/2018, 0 day DOM sales removed



Days on market were down -4 days year-over-year while month-over-month increased by +7.

MLS sales prices for closed listings with a close of escrow date from 1/1/2018 to 1/31/2018, 0 day DOM sales removed

The Patriots were in the Super Bowl, pitchers and catchers are reporting to spring training and the Phoenix Suns are jockeying for the best odds of winning the draft lottery. It must be February and real estate agents across the Valley know what that means. Their selling season has begun. This is the time of year where the number of listings under contract increase daily and set up sales volume for March, April, May and June. Last year, these four months accounted for nearly 40% of all sales. So look in the mirror and repeat after Stuart Smalley, “I’m good enough, I’m smart enough, and doggone it, people like me!” It’s go time folks.

We begin February with 17,330 active listings not under contract, 14.8% fewer than the 20,330 in February of 2017. Low inventory and steady demand means prices will continue to rise. In January we saw a 2.5% increase in year-over-year sales volume and an 8.9% increase in the year-over-year median sales price. But low inventory numbers only tell half the story. To get the full story, we need a break down by price point. Sellers control the lower price ranges while buyers have an abundance of choices at the top of the market. In January of 2017 ARMLS subscribers reported $1,668,131,788 in sales volume. This year saw $1,917,861,388 in sales volume, the highest dollar sales volume for January in the history of ARMLS. We never discuss commission rates, but the total sales number on which those commissions are based was 15% higher this year over 2017.

As our new year starts to unfold, we’re entertaining two divergent theories as to what 2018 holds in its card. There are two lines of thought:

1) Low inventory numbers will lead to higher prices and the higher prices, coupled with rising interest rates, will restrict demand and 2018 will see fewer sales than 2017.

2) Millennials, the driving force behind our market, are one year older and their appetites and ability to purchase is increasing. That, coupled with an improving economy, will lead to increased sales in 2018.

Eventually the first proposition will play out. Tight supply will lead to an increase in prices, these higher prices will cool demand, lower demand will mean more supply and more supply means lower prices. The question is when? Exactly when will likely be determined by the strength of our local economy.

Channeling our inner Stuart Smalley, January STAT is going to be a big glass of Kool Aid for subscribers, while possibly providing marketing material for your clients.

Homebuyer Sentiment

The Fannie Mae Home Purchase Sentiment Index® (HPSI) rose 3.7 points in January to 89.5, reaching a new all-time high of Americans surveyed. These are some key highlights:

- The net share who say it is a good time to buy a home rose 3 percentage points to 27%
- The net share who say it is a good time to sell rose 4 percentage points to 38%
- The net share who say home prices will go up rose 8 percentage points to 52%
- The net share who say they are not concerned about losing their job rose by 5 percentage points to 73%
- The net share who say their household income is significantly higher than it was 12 months ago remained at 16% from last month

Frank Nothaft, the Chief Economist at CoreLogic, added his two cents about homebuyer confidence.

"The number of homes for sale has remained very low. Job growth lowered the unemployment rate to 4.1% by year's end, the lowest level in 17 years. Rising income and consumer confidence has increased the number of prospective buyers. The net result of rising demand and limited for-sale inventory is a continued appreciation in home prices."

Credit Scores: The State of the Union

Experian just released their 2017 State of Credit update. Here's a snapshot of where America is at credit wise.

"The economy seems to have mostly recovered from the 2008 financial crisis. Housing prices and foreclosure rates are back to normal, and the unemployment rate is at a historic low.

Consumer confidence hit a 17-year high in late 2017 and holiday sales jumped nearly 5% vs. 2016, the largest year-over-year increase since 2011, according to Mastercard's SpendingPulse, which tracks retail spending — excluding autos — by all payment types. After a rocky few years, average credit scores began a steady climb in 2013. The average VantageScore was 675 in 2017, compared to 673 the year before and only four points from the 2007 average of 679."

Jobs

The most recent jobs report from the Bureau of Labor Statistics indicates that unemployment is just 4.1 percent. The National Association of Colleges and Employers reports that employers expect to hire 4 percent more members of the Class of 2018 than they did from the Class of 2017.

WalletHub compared over 180 U.S. cities across 26 key indicators to calculate the best places for job seekers. Each city was ranked according to the estimated strength of the job market in that city as well as socioeconomic factors, such as median annual income and housing affordability. In this report, the Valley is king.

The 10 best cities to find a job in 2018:

1: Chandler, AZ
2: Scottsdale, AZ
3: San Francisco, CA
4: Peoria, AZ
5: Gilbert, AZ
6: Plano, TX
7: Portland, OR
8: Irvine, CA
9: Madison, WI
10: Boston, MA

Redfin Prediction

In their annual Housing Market Predictions blog, Redfin wagers that homebuyers will leave high-tax states for more affordable cities.

> "If state and local tax (SALT) deductions are eliminated in high-tax states like California, New York, New Jersey, Maryland, Massachusetts and Illinois, people will leave these states for places where they can get more home for less money. In a survey of 900 homebuyers, a third of respondents said that they would consider moving to another state if they could no longer deduct state and local income and property taxes. The housing markets affected by potential tax changes account for one in four of the homes sold this year in the metros Redfin tracks. Redfin's latest Migration Report showed people looking to leave expensive coastal cities for more affordable mid-tier cities like Sacramento, Phoenix and Atlanta."

The ARMLS Pending Price Index (PPI)

Last month STAT projected a median sales price for January of $245,000. The actual median sales price was $245,000, placing the hammer directly on the nail. Our sales volume projection for January was 6,125. The actual sales volume in January was 6,082, missing the mark by less than 1%. Looking ahead to February, the ARMLS Pending Price Index anticipates the median sales price will be $250,000. February 1st marks the beginning of our buying season. Historically speaking, it's quite common to see the median sales price rise from February through June.

Sales volume for January 2018 was 2.5% higher than 2017, with 6,082 sales in 2018 compared to 5,932 in 2017. We begin January with 6,362 pending contracts, 3,922 UCB listings and 412 CCBS giving us a total of 10,696 residential listings practically under contract. This compares to 10,234 of the same type of listings one year ago. ARMLS reported 6,435 sales in February of 2017. I expect 2018 volume to be higher at approximately 6,575 sales.