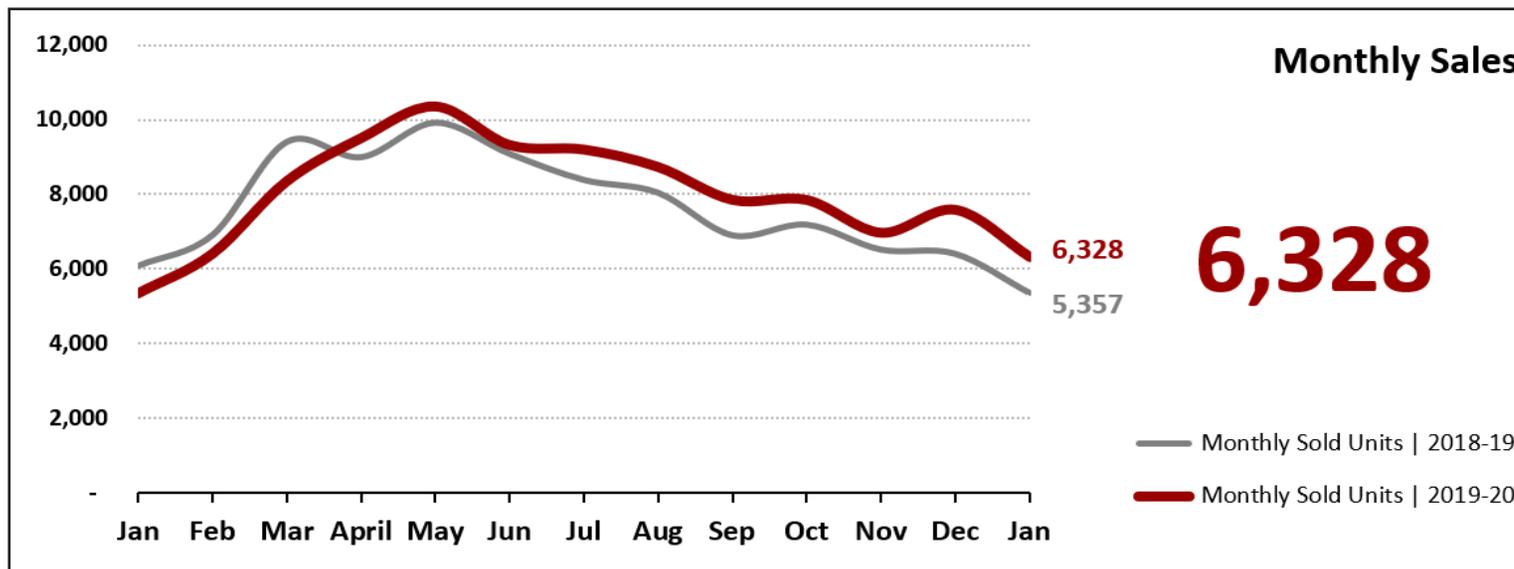




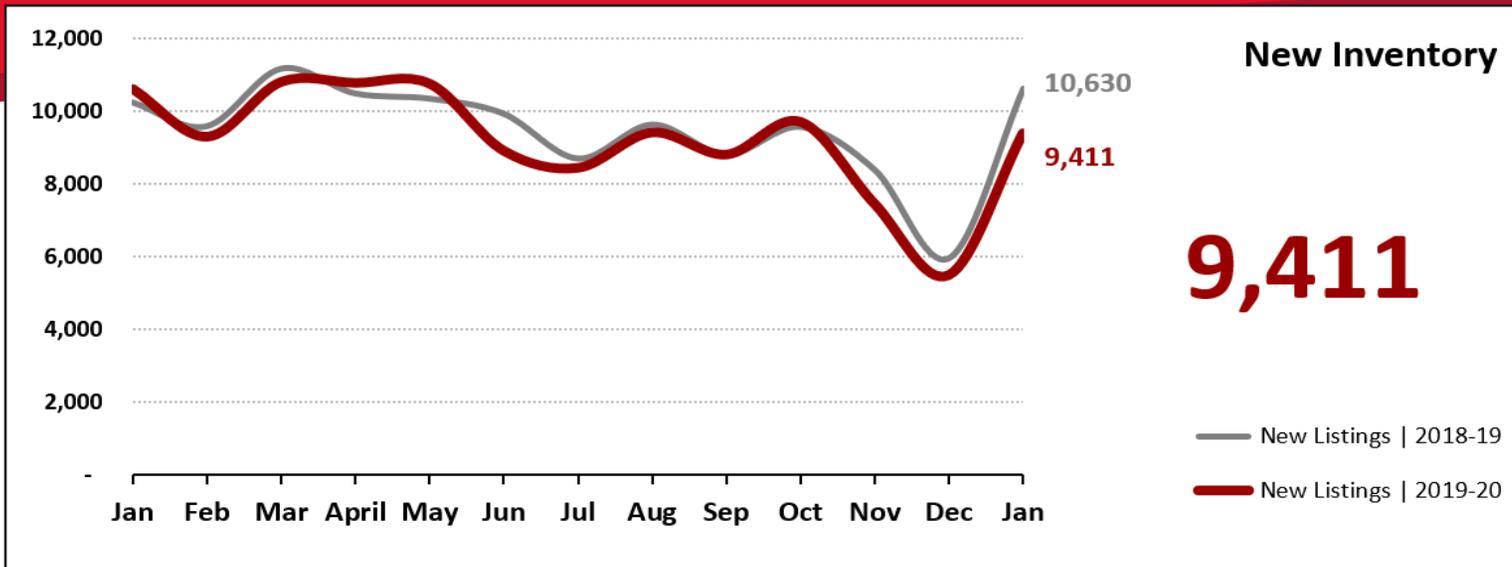
DATA FOR JANUARY 2020 - Published February 19, 2020



Sales are down -16.6% month-over-month. The year-over-year comparison is up +18.1%.

6,328

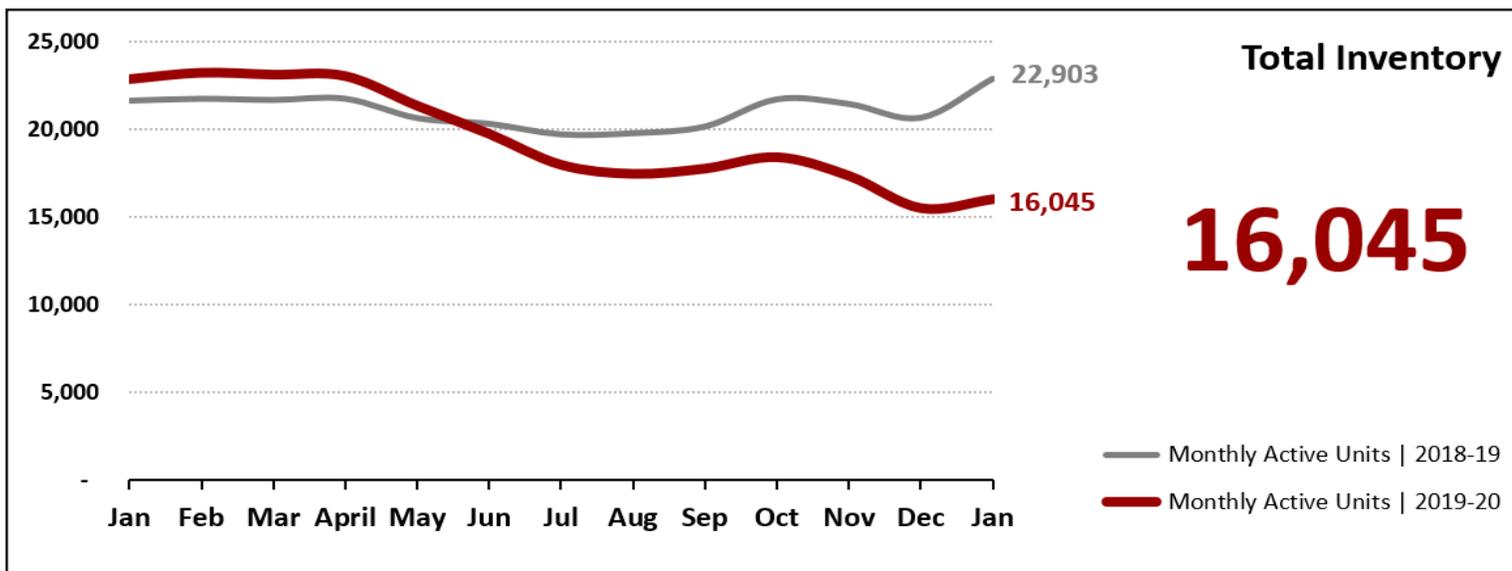
Closed MLS sales with a close of escrow date from 1/1/2020 to 1/31/2020, 0 day DOM sales removed



New inventory is up +71.0% month-over-month while the year-over-year comparison decreased by -11.5%.

9,411

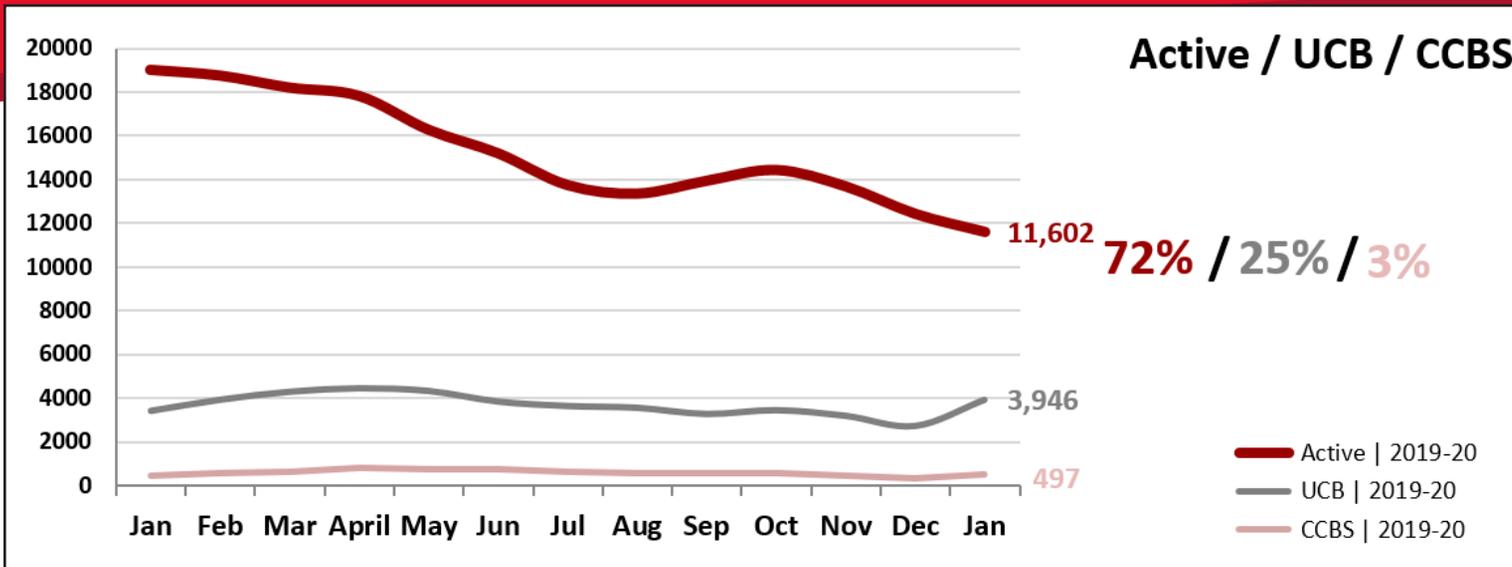
New MLS listings that were active for at least one day from 1/1/2020 to 1/31/2020, 0 day DOM sales removed



Total inventory has a month-over-month increase of +3.3% while year-over-year decreased -29.9%.

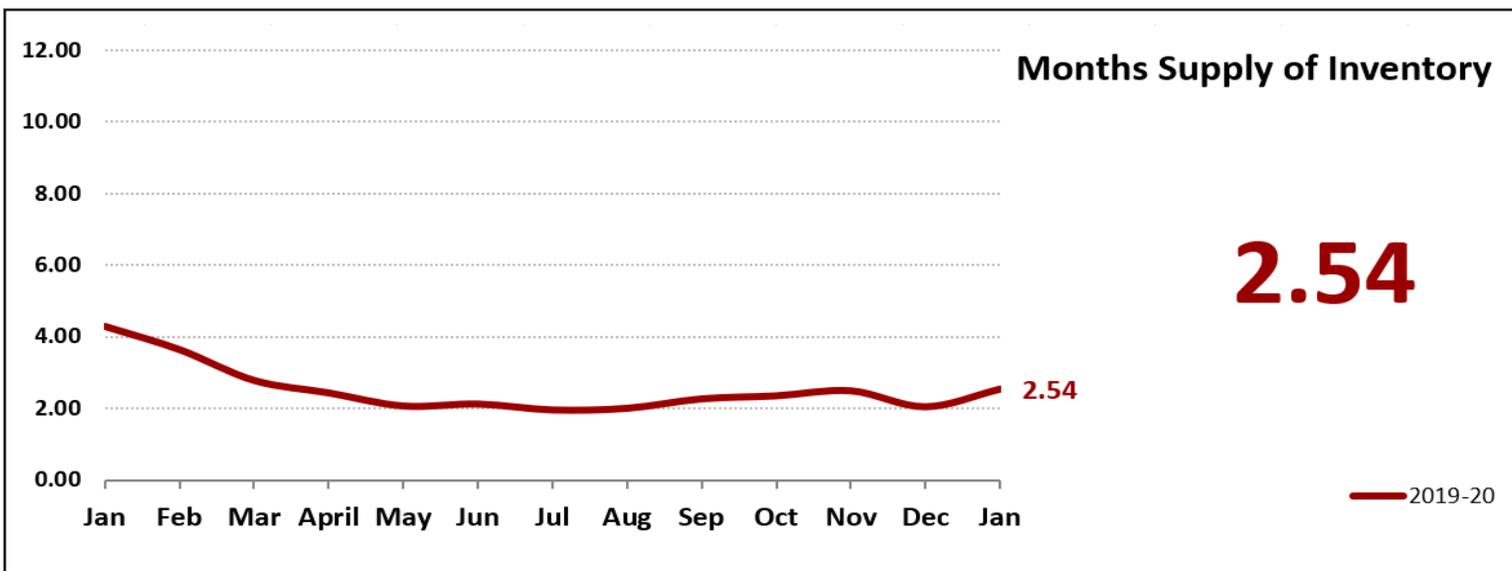
16,045

Snapshot of statuses on 1/31/2020



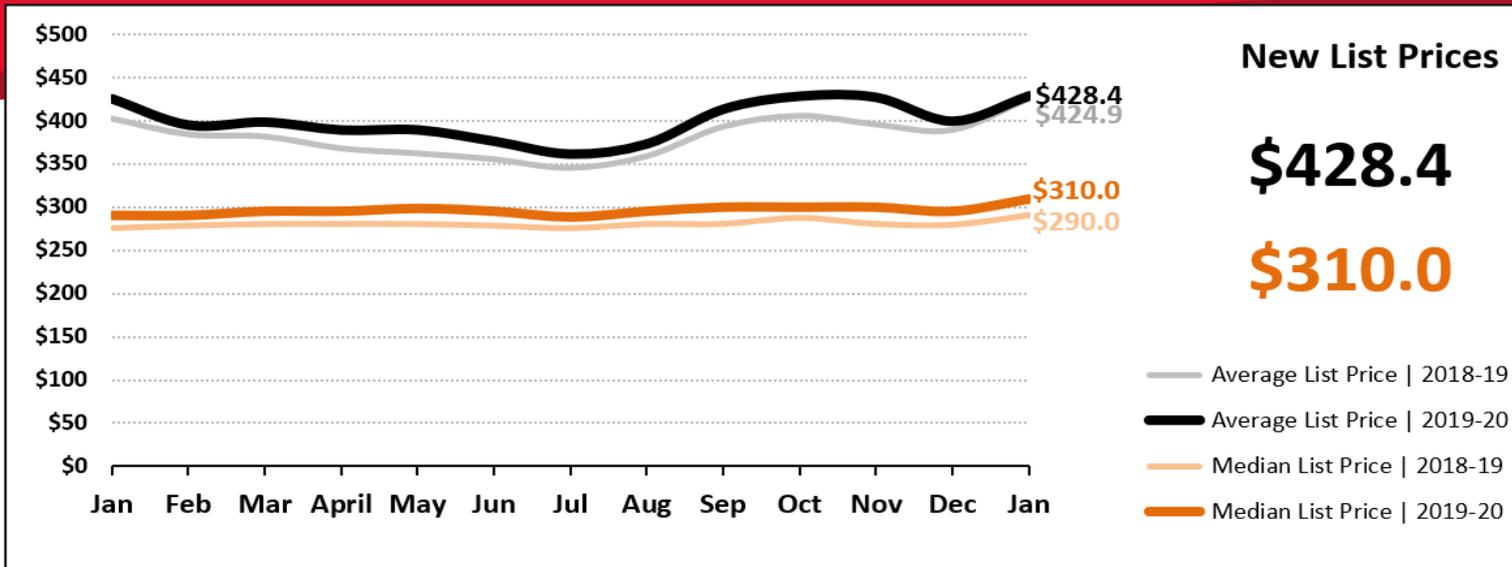
January UCB listings percent of total inventory was 24.6% with January CCBS listings at 3.1% of total inventory.

Snapshot of statuses on 1/31/2020



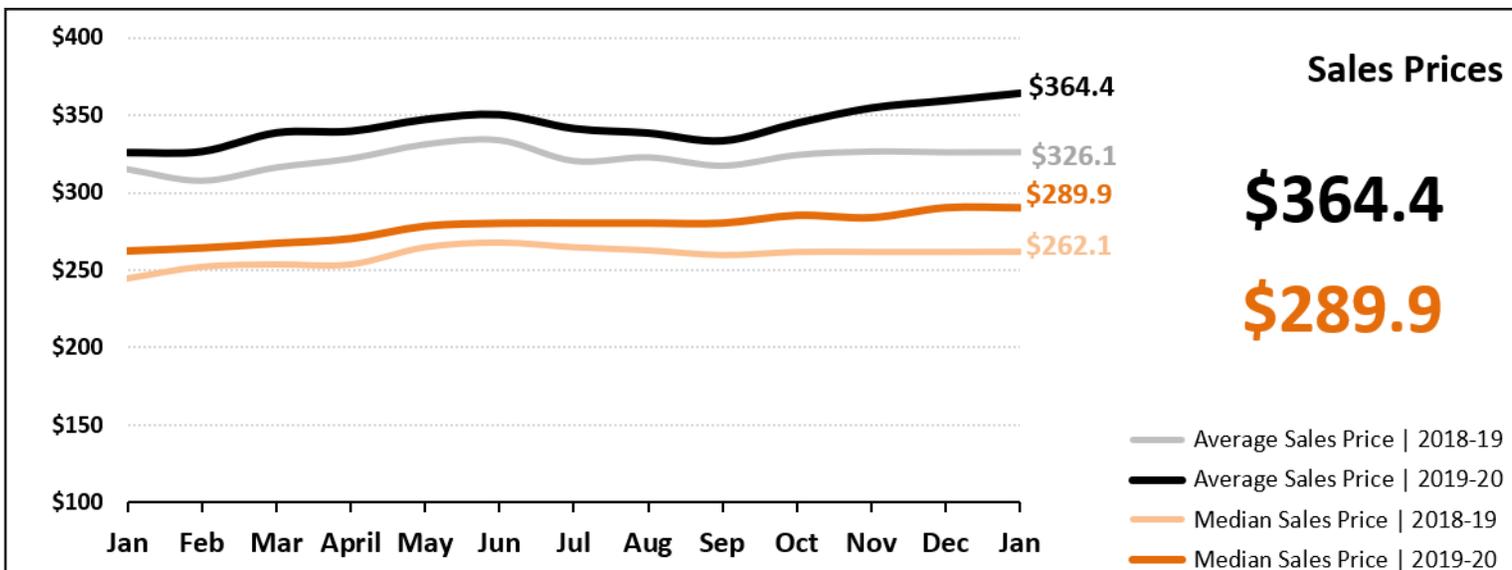
Months supply of inventory for December was 2.05 with January at 2.54.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of JANUARY 2020, 0 day DOM sales removed



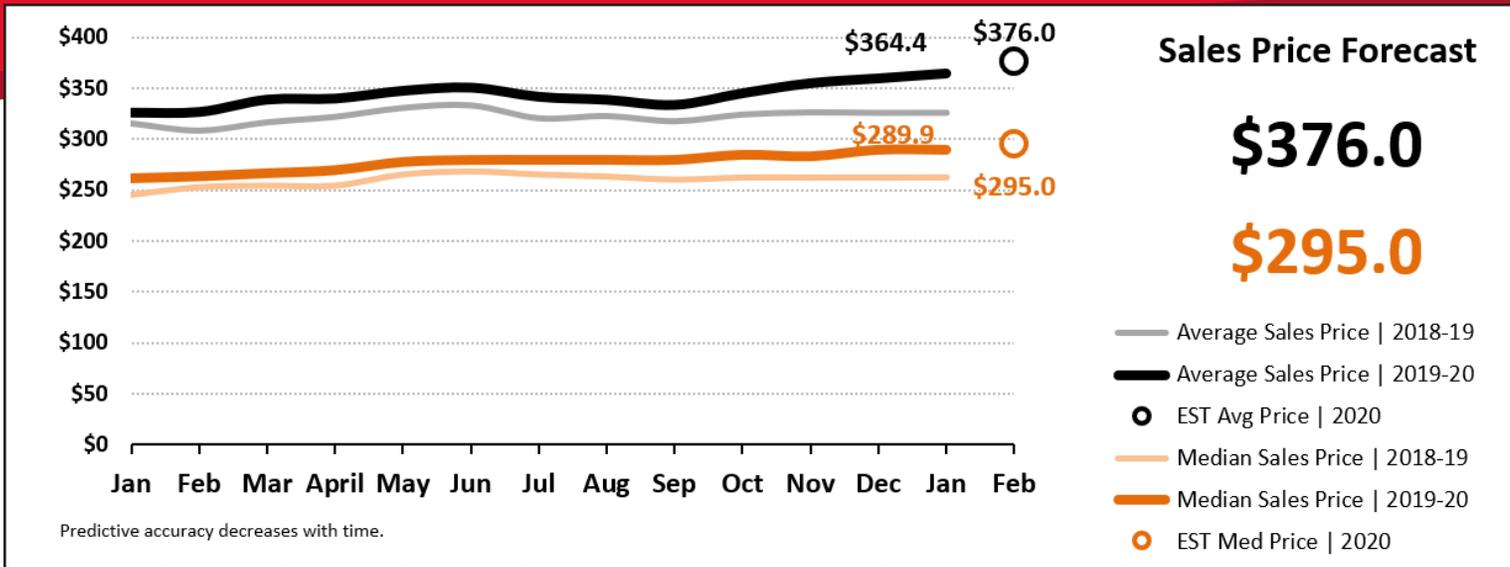
Average new list prices are up +0.8% year-over-year. The year-over-year median is up +6.9%.

List prices of new listings with list dates from 1/1/2020 to 1/31/2020, 0 day DOM sales removed



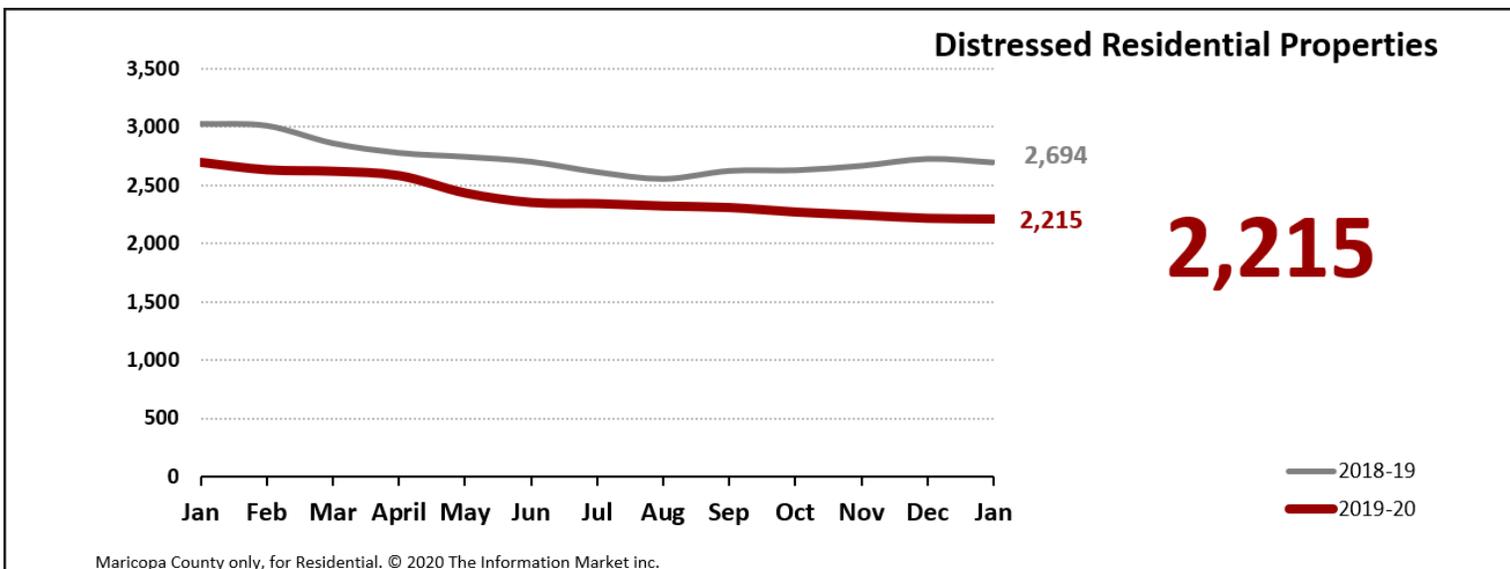
The average sales price is up +11.7% year-over-year while the year-over-year median sales price is also up +10.6%.

MLS sales prices for closed listings with a close of escrow date from 1/1/2020 to 1/31/2020, 0 day DOM sales removed



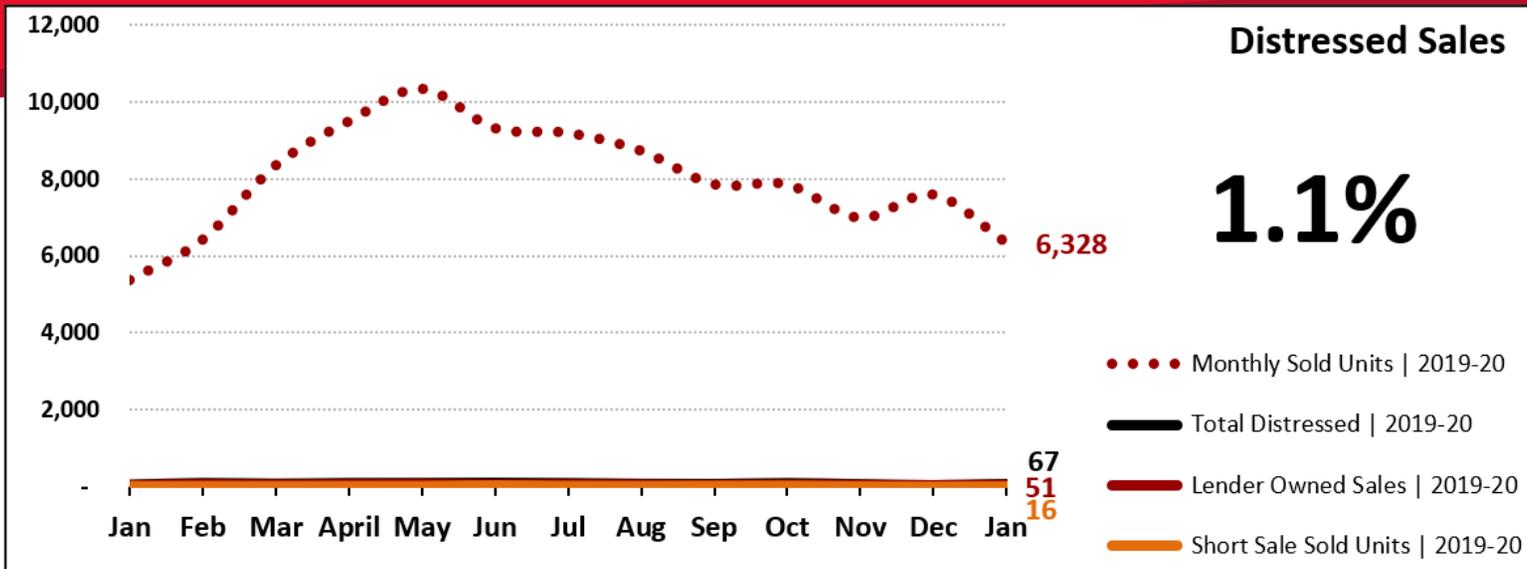
An increase is forecasted in February for both average and median sales prices.

ARMLS proprietary predictive model forecast, 0 day DOM sales removed



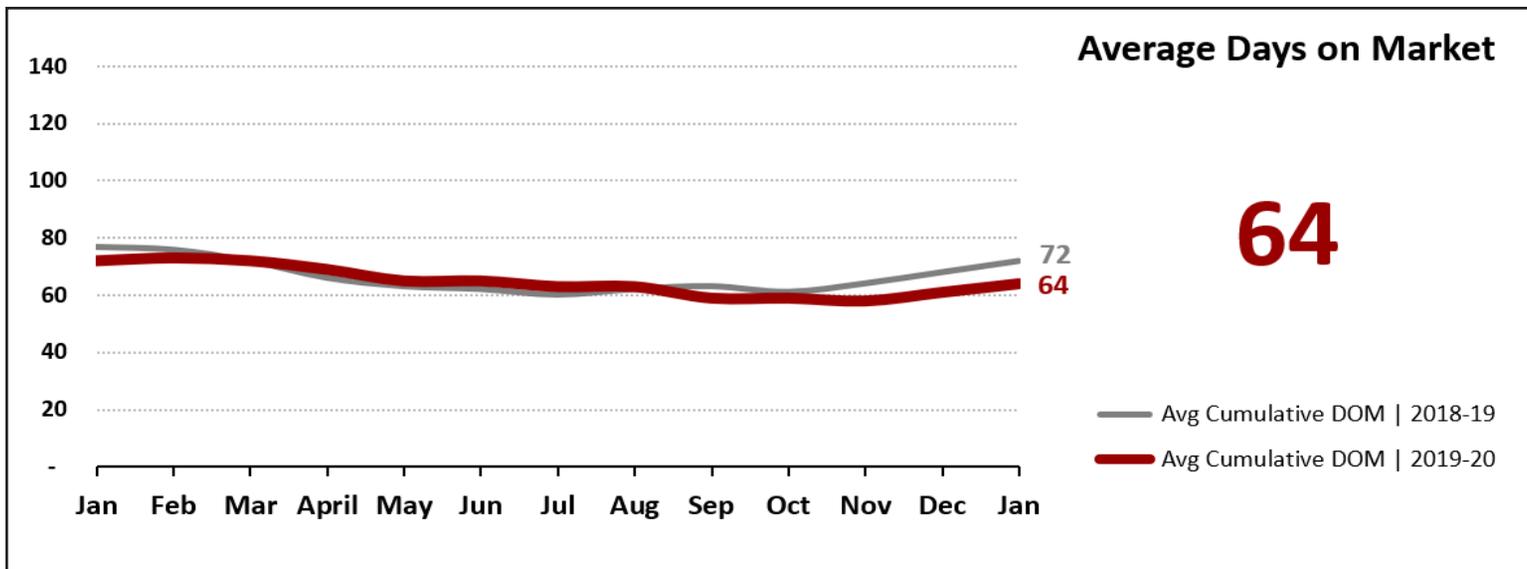
Foreclosures pending month-over-month showed a decrease of -0.3% while year-over-year is down -17.8%.

Snapshot of public records data on 1/31/2020 active residential notices and residential REO properties.



Distressed sales accounted for 1.1% of total sales, up from the previous month of 0.6%. Short sales dropped -15.8% year-over-year. Lender-owned sales increased 41.7% year-over-year.

New MLS listings that were active for at least one day from 1/1/2020 to 1/31/2020, 0 day DOM sales removed



Days on market were down -8 days year-over-year while month-over-month were up +3 days.

MLS sales prices for closed listings with a close of escrow date from 1/1/2020 to 1/31/2020, 0 day DOM sales removed

COMMENTARY by Tom Ruff

This month in STAT we're going to offer a potpourri of charts and data. We'll view interest rates and their impact on our current market conditions, discuss homes under contract, and finally a brief year-end view of new construction and foreclosure numbers. But first, let's do a quick market recap of the January numbers in Maricopa County. The reported numbers speak for themselves. Inventories are down. Sales volume is up. Prices are up. Half of the homes sold in January went to pending within 42 days of the listing date. Our current market can best be described as a full-blown seller's market. Anyone waiting for prices to fall will be waiting for a while.

Interest Rates

Let's put the interest rates from this January and last January in perspective. When we view public record data in Maricopa County, the median mortgage for a home purchased with a mortgage in January 2019 was \$239,700. In January 2020, the median mortgage rose to \$264,567. In percentage terms, the median mortgage rose 10.4% year-over-year, which is in line with the median price increase of 10.6%. However, using sophomoric math, when we apply the yearly mortgage rates as published above by Freddie Mac, a homebuyer in 2019 would have paid \$10,474 in yearly interest whereas the 2020 buyer would have only paid \$9,180, a 14% decline. This year-over-year decline was clearly appreciated and understood by real estate professionals and consumers in January.

"With mortgage rates hovering near a five-decade low, refinance application activity is once again surging, rising to the highest level in seven years." said Sam Khater, Freddie Mac's Chief Economist. "This surge coupled with strong purchase activity means that total mortgage demand remains robust, reflective of a solid economic backdrop and a very low mortgage rate environment."

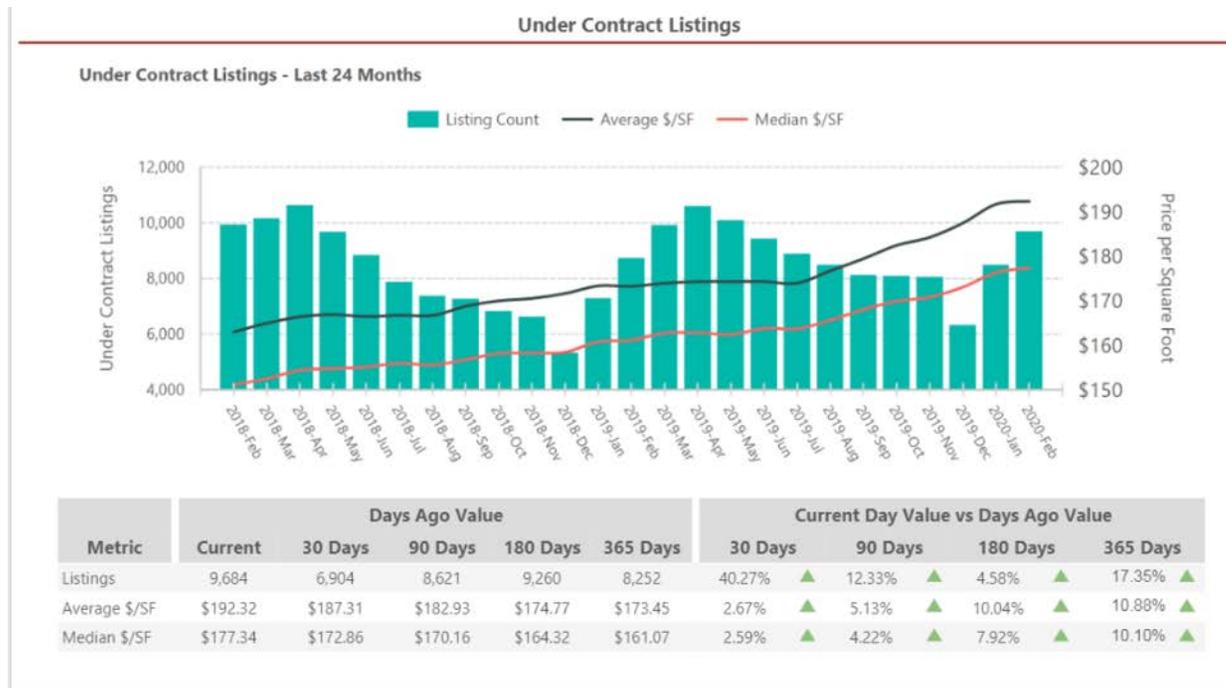
Interest Rate Data via Freddie Mac

- [30-year fixed-rate mortgage](#) averaged 3.47 percent with an average 0.7 point for the week ending February 13, 2020, slightly up from last week when it averaged 3.45 percent. A year ago at this time, the 30-year FRM averaged 4.37 percent.
- [15-year fixed-rate mortgage](#) averaged 2.97 percent with an average 0.8 point, unchanged from last week. A year ago at this time, the 15-year FRM averaged 3.81 percent.

Homes Under Contract

We are now in our home buying/home selling season. This is the time of year when the number of homes under contract rise from their holiday season lows. It's also the time of year when prices begin their seasonal ascent. The RapidStats chart below shows, based on ARMLS listing data in Maricopa County, the seasonal pattern of pending listings in Maricopa County. As you can see, we are 17.36% ahead of 2019 totals. It should be noted, last year got off to a modest start, and the year-over-year percentage changes can partially be attributed to the slow start of 2019. As the chart further shows, the number of properties under contract will continue to rise through April. The number of contracts accepted traditionally hit their high-water mark for the year in late April. In a nutshell, it's go time.

Under Contract Listings via ARMLS



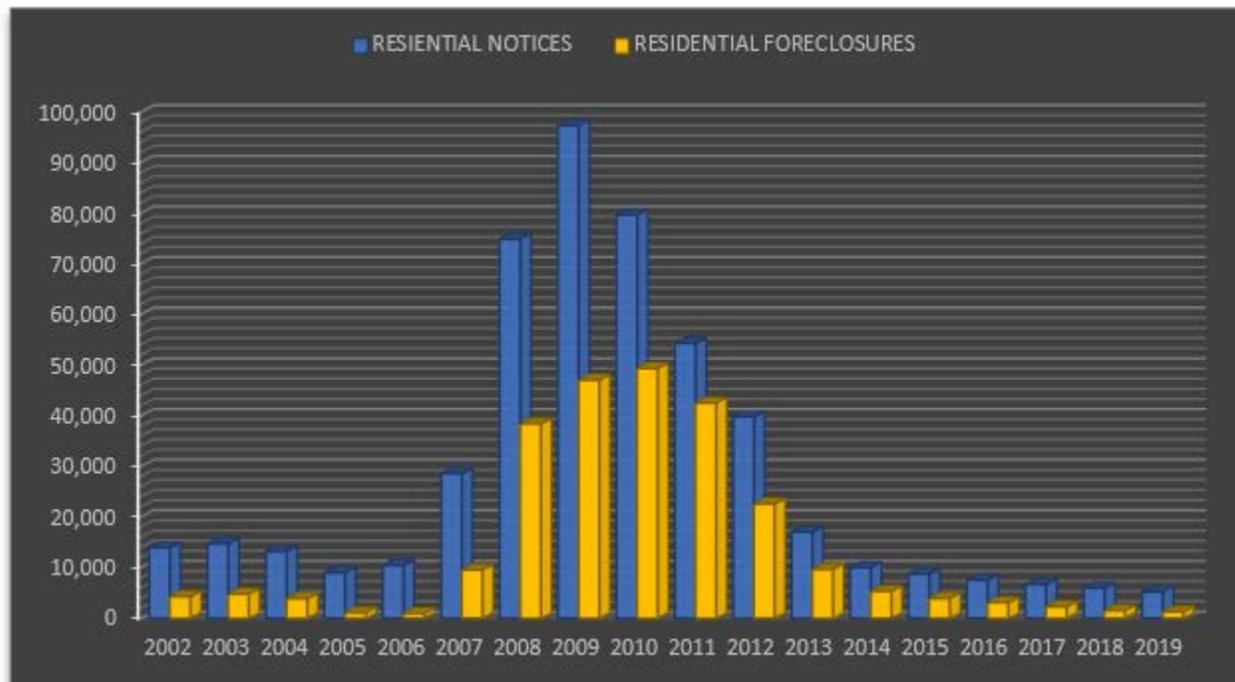
New Construction

Historically, Maricopa County has always been about growth. Decade after decade new home construction dominated our housing landscape. It was not uncommon for newly built homes to account for 25 to 30% of all homes sold during any given year. As the chart shows below, this trend abruptly changed in 2007. Even with the number of new homes sold in Maricopa County increasing each year for the last 10 years, only 14.4% of all homes sold in Maricopa County in 2019 were new builds, approximately half of prior decades. This spells bad news in that we cannot look to the home building industry to provide the additional inventory our current market needs. The good news is that the home building industry is experiencing slow, stable and sustainable growth offering assurances we will not see a repeat of '04, '05 and '06. We expect 2020 to follow recent trends with only a modest increase in newly built homes.



Foreclosures

Lower interest rates and rising home values also have an immediate impact on foreclosure activity. According to public records data, for 10 straight years the number of properties entering the foreclosure process and the number of homes that were foreclosed has declined. The number of residential notices of trustee sales saw their lowest total this century while the number of actual foreclosures (residential trustee's deeds) is approaching historical lows. Of the 1,288 residential foreclosures which took place in Maricopa County in 2019, two-thirds were purchased by third-party investors and one-third reverted to the beneficiary (bank). By the numbers, 859 were purchased by investors and only 429 reverted to the lender.



When it comes to distressed properties, homeowners with equity have options, and with equity increasing, foreclosure activity will see further declines in 2020. The spreadsheet below is for the number geeks out there, and I know I'm not the only one. There is a second and quite possibly primary reason foreclosures will decline again in 2020. In 2019 46% of all residential foreclosures were still coming from 2005-2008 loan originations, down from 55.4% in 2018. As number people can see, the pig (housing bubble) is still moving through the python. Historically, and we're talking nearly twenty years ago, foreclosures would peak two to three years after origination. In 2019 we did see a year-over-year increase in this timeframe, reminding us that foreclosures will not decline forever. Eventually, we will see an uptick in foreclosure activity, but not in 2020.

Maricopa Residential Foreclosures by Origination Date via ARMLS

Maricopa_County_Residential_Foreclousres_By_Loan_Origination: Browse (<Default browse>)											
Year	Res_td_2019	Res_td_2018	Res_td_2017	Res_td_2016	Res_td_2015	Res_td_2014	Res_td_2013	Res_td_2012	Res_td_2011	Res_td_2010	Res_td_2009
1985		1				1		2	1		1
1986					1	2	1	2	7	15	7
1987				2		1	8	8	8	8	6
1988	1		2		2		2	2	3	4	2
1989			2		1			4	4	2	4
1990			1				2	3	1	4	4
1991		1	1			1	2	1		2	7
1992	1				1	1	3	8	3	10	5
1993	2	1	1	1	4	5	9	8	11	22	17
1994			1	3	4	5	8	9	7	12	9
1995		1	1		1	2	6	12	7	16	4
1996		1	3	1	4	3	9	11	16	25	14
1997			1	1	5	8	11	21	21	22	17
1998	1	2	5	11	14	7	29	49	62	70	60
1999	1	1	6	6	10	18	35	69	79	74	52
2000	1	3	5	3	15	11	21	49	57	56	44
2001	4	5	7	16	24	31	62	132	183	215	148
2002	5	10	13	27	47	53	155	275	351	391	256
2003	10	20	31	77	99	197	373	757	1085	1225	663
2004	18	41	65	103	146	206	436	1028	1579	1894	1414
2005	89	146	339	533	617	938	1834	4317	8550	10388	11008
2006	215	326	558	629	903	1308	2404	6093	13470	16147	19715
2007	207	284	420	540	737	1050	2116	5319	12436	14316	11572
2008	84	91	130	261	337	526	996	2455	3344	3647	1647
2009	34	40	81	138	224	341	575	1373	860	613	25
2010	13	26	41	81	117	153	265	453	241	13	
2011	10	18	17	42	56	86	145	130	35		
2012	19	51	99	146	171	192	153	15			
2013	40	66	113	202	225	142	9				
2014	24	48	94	162	134	17					
2015	50	98	132	98	4						
2016	94	126	115	10							
2017	184	112	12								
2018	169	11									
2019	12										
SUM	1288	1530	2296	3093	3905	5305	9670	22617	42511	49342	47064

Conclusion

We're in store for an "interesting" prime buying/selling season. Quoting Mike Orr, "*Economics 101 teaches us that lower supply and higher demand is a recipe for higher prices.*" I'm expecting strong price gains through June. It won't be long before the median price home surpasses \$300,000. We will also see strong year-over-year gains in sales volume through the first quarter. So stop wasting your time reading mundane housing reports and get out there and enjoy a prosperous spring as strong tailwinds work to your advantage.

The Pending Price Index

Last month the STAT mathematical model projected a median sales price for January of \$290,000. The January reported median was \$289,900. Looking ahead to February, the ARMLS Pending Price Index anticipates the median sales price will increase, projecting a median sales price of \$295,000 anticipating upward price pressure as our 2020 selling season gets underway.

We begin February with 6,250 pending contracts; 3,946 UCB listings and 497 CCBS, giving us a total of 10,693 residential listings practically under contract. This compares to 9,247 of the same type of listings one year ago. At the beginning of February, the "pending" contracts are 15.64% higher than last year. There were 19 business days in February of 2019 and 19 this year, even with the additional calendar day there are the same number of business days. ARMLS reported 6,409 sales in February of 2019. STAT projects 7,200 sales this February.