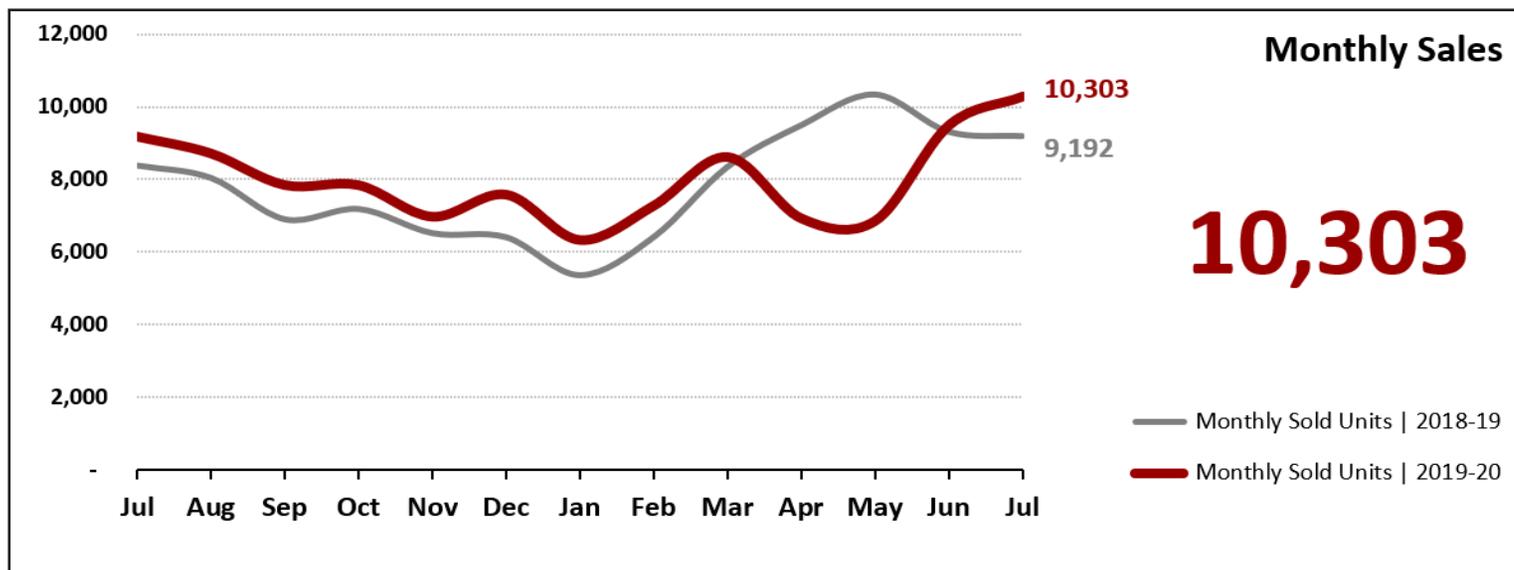




Your Monthly Statistics for the Phoenix Metro Area



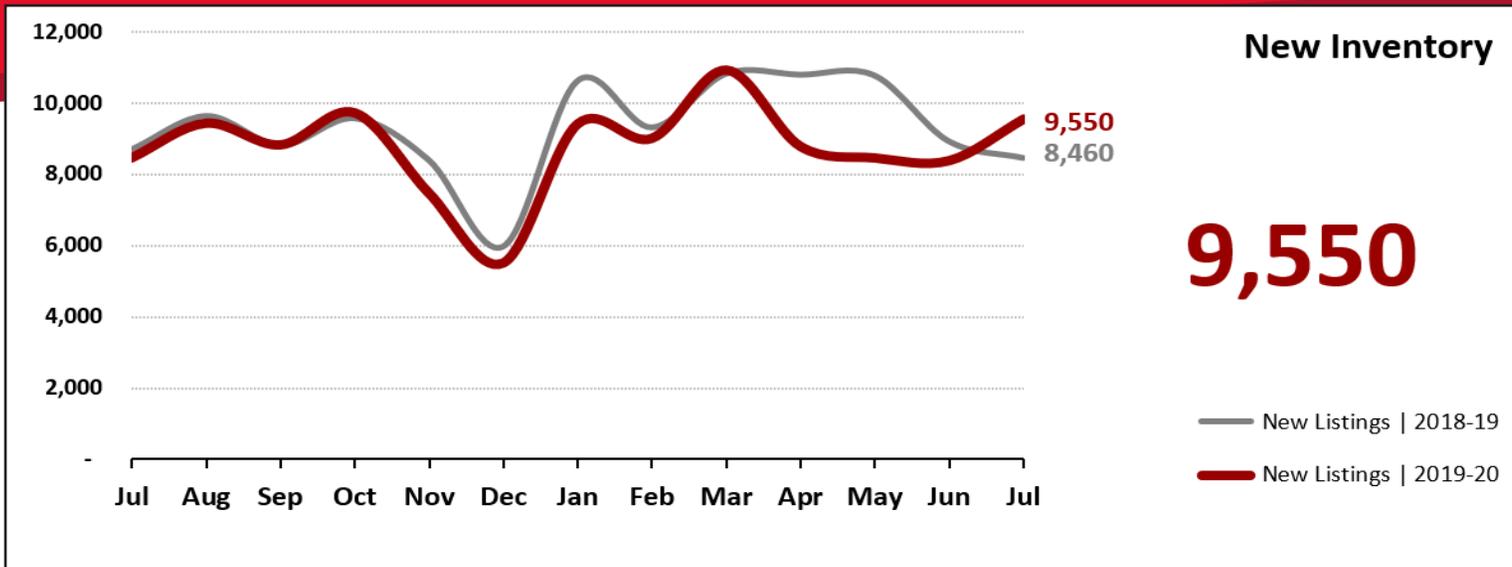
DATA FOR JULY 2020 - Published August 18, 2020



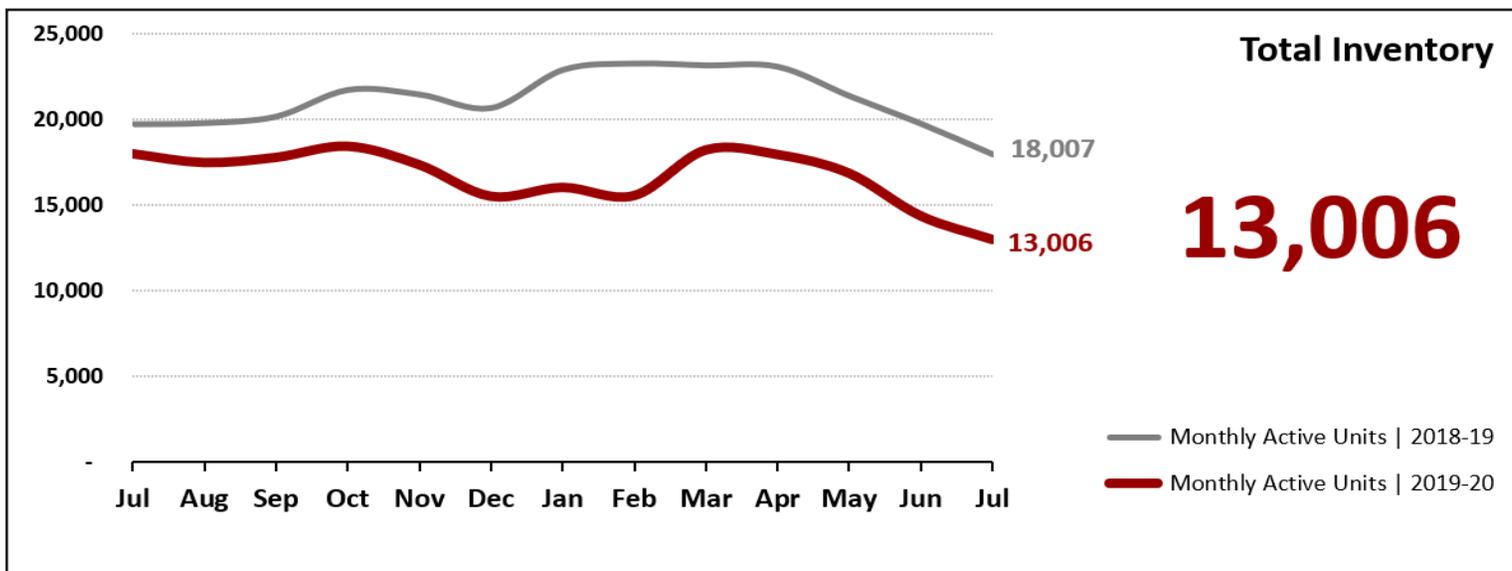
Sales are up +8.4% month-over-month. The year-over-year comparison is up +12.1%.

10,303

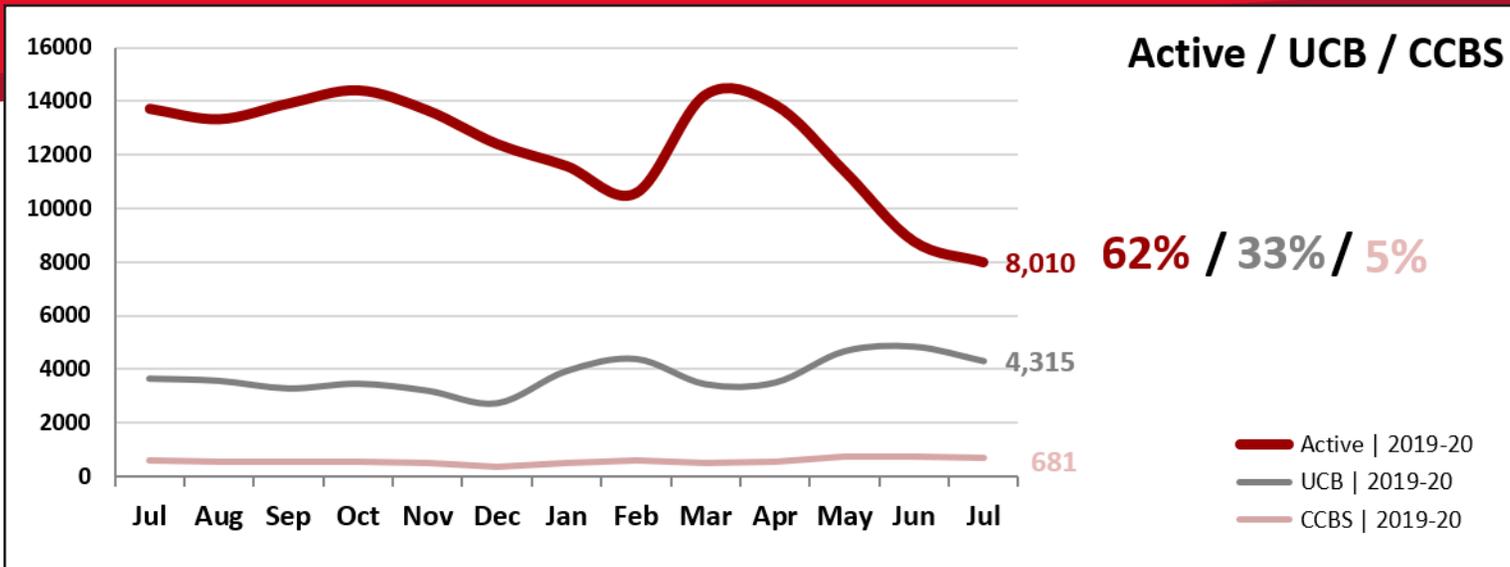
Closed MLS sales with a close of escrow date from 7/1/2020 to 7/31/2020, 0 day DOM sales removed



New MLS listings that were active for at least one day from 7/1/2020 to 7/31/2020, 0 day DOM sales removed

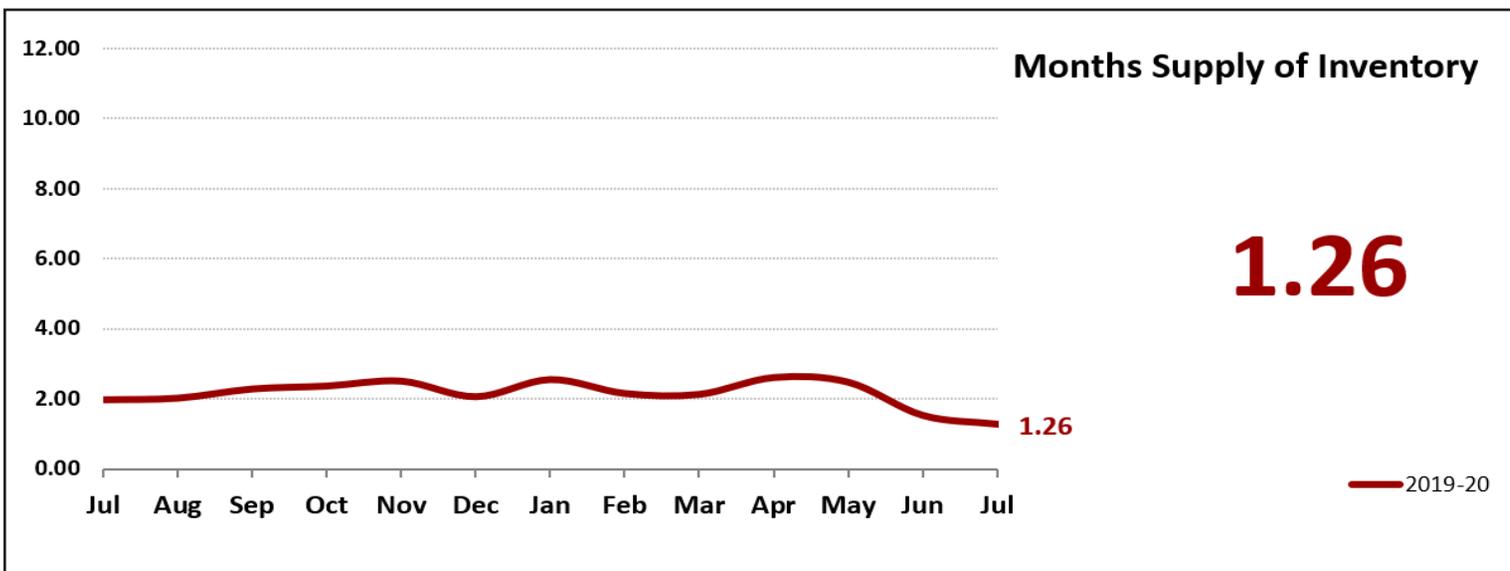


Snapshot of statuses on 7/31/2020



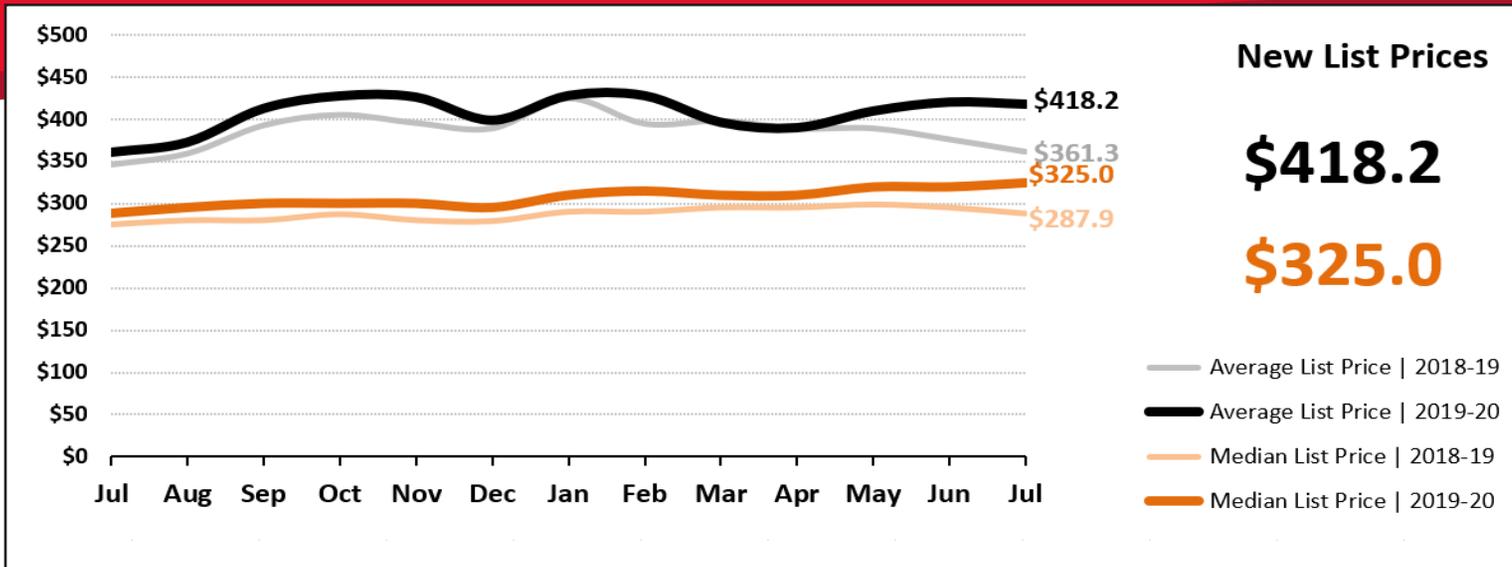
July UCB listings percent of total inventory was 33.2% with July CCBS listings at 5.2% of total inventory.

Snapshot of statuses on 7/31/2020



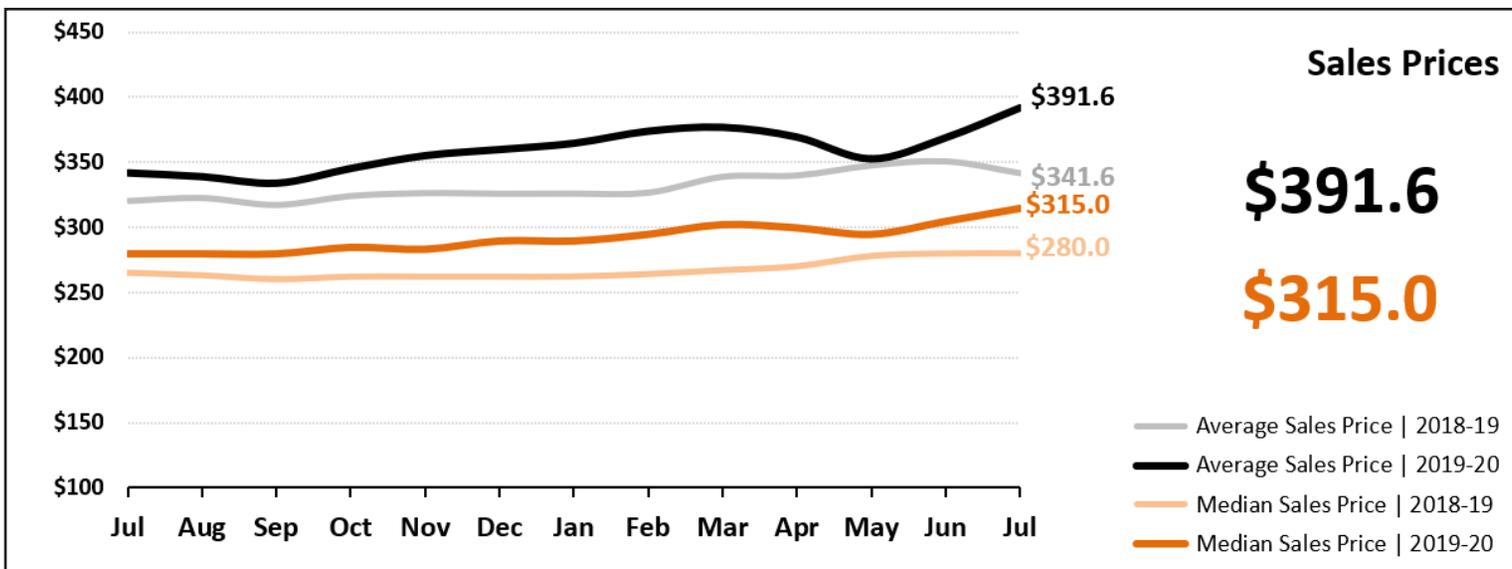
Months supply of inventory for June was 1.51 with July at 1.26.

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



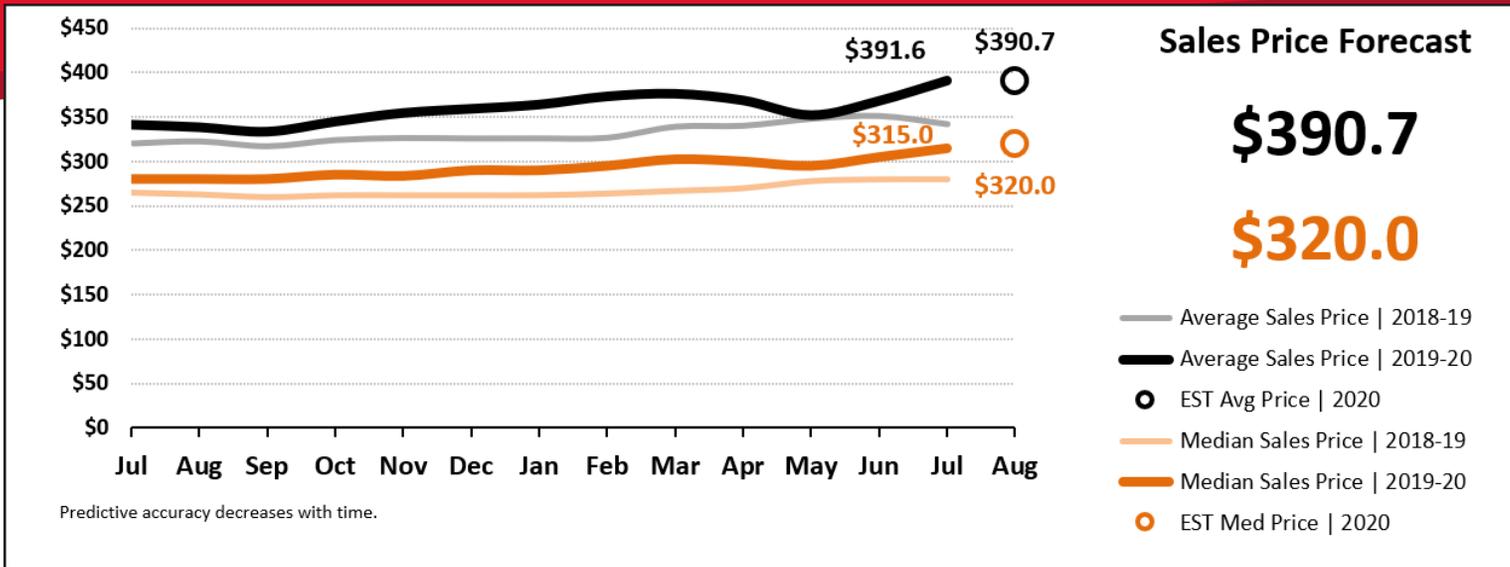
Average new list prices are up +15.7% year-over-year. The year-over-year median is up +12.9%.

List prices of new listings with list dates from 7/1/2020 to 7/31/2020, 0 day DOM sales removed



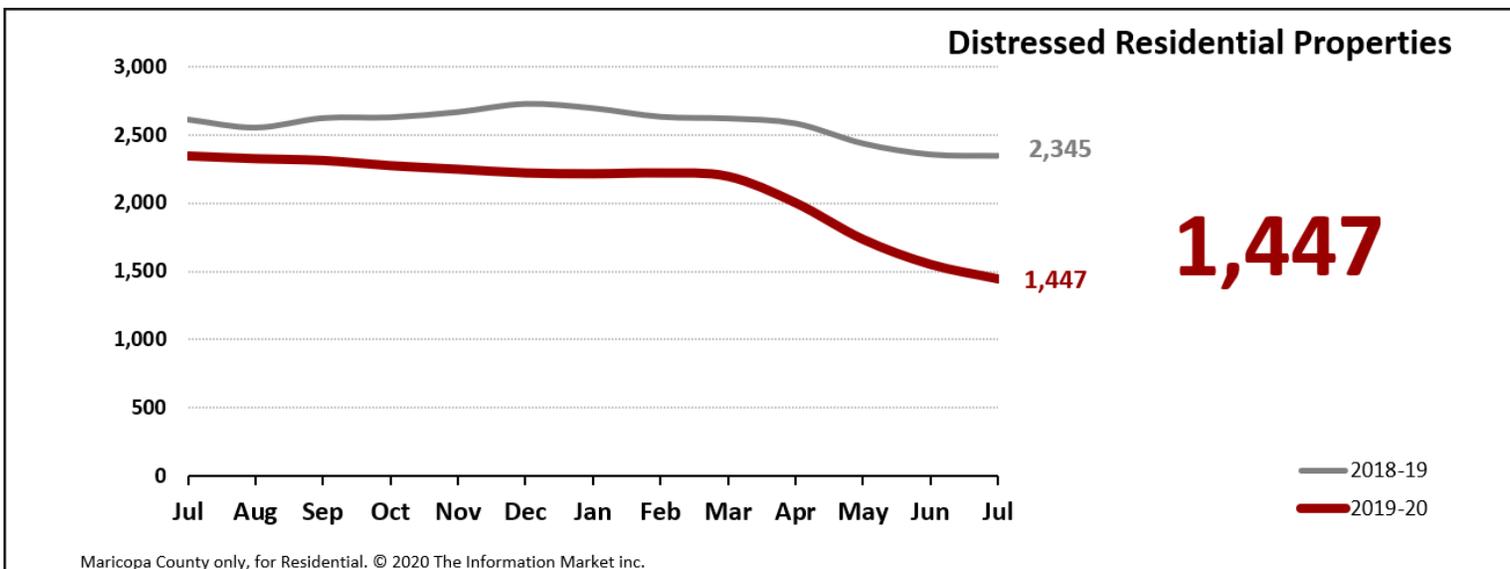
The average sales price is up +14.6% year-over-year while the year-over-year median sales price is also up +12.5%.

MLS sales prices for closed listings with a close of escrow date from 7/1/2020 to 7/31/2020, 0 day DOM sales removed



A slight decrease is forecasted in August for average sales prices while an increase is forecasted for median sales prices.

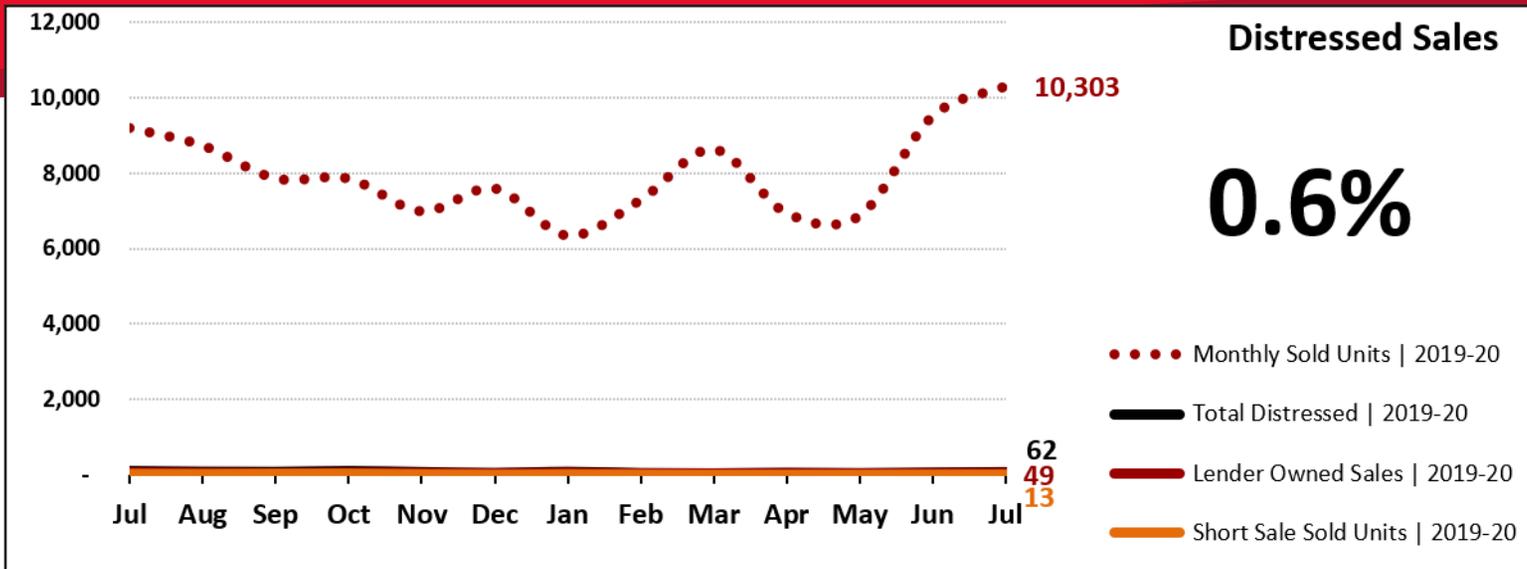
ARMLS proprietary predictive model forecast, 0 day DOM sales removed



Foreclosures pending month-over-month showed a decrease of -6.8% while the year-over-year figure was down -38.3%.

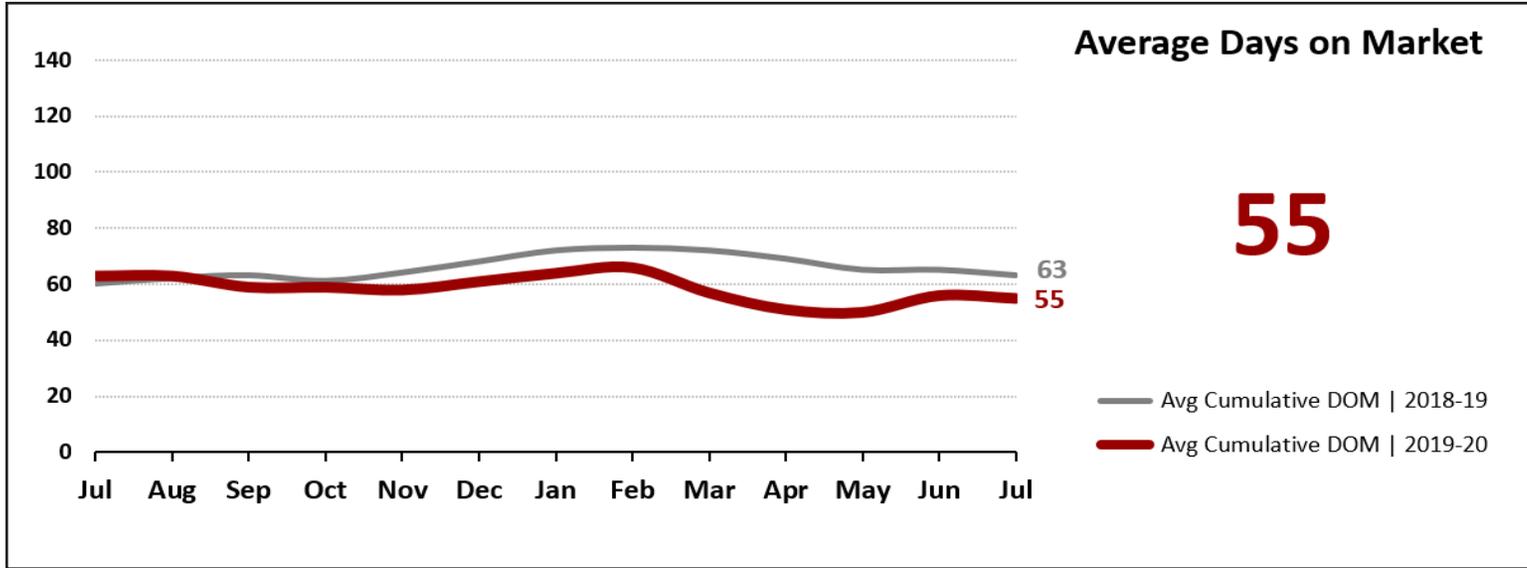
Maricopa County only, for Residential. © 2020 The Information Market inc.

Snapshot of public records data on 7/31/2020 active residential notices and residential REO properties.



Distressed sales accounted for 0.6% of total sales, the same as the previous month. Short sales dropped -38.1% year-over-year. Lender-owned sales decreased -16.9% year-over-year.

New MLS listings that were active for at least one day from 7/1/2020 to 7/31/2020, 0 day DOM sales removed



Days on market were down -8 days year-over-year while month-over-month went down -1 day.

MLS sales prices for closed listings with a close of escrow date from 7/1/2020 to 7/31/2020, 0 day DOM sales removed

RAPID REPORT

A GLIMPSE AT THE CURRENT MARKET

POWERED BY  **RapidStats**

Sales Volume & Price per Square Foot in Maricopa County



The following graph is a snapshot of Maricopa data as of 12:00am on 08/17/2020

RapidStats is a data-driven reporting and analytics tool created by ARMLS that helps agents and brokers understand their markets, pricing and opportunities to make decisions. **RapidStats reports can be filtered by City, County or Zip Code!**

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COMMENTARY by Tom Ruff**Market Overview**

When we think of July in Phoenix the one word that comes to mind is hot. When we think of the housing market in Phoenix for July 2020 two words come to mind, extremely hot. Real estate agents make most of their revenue from commissions based on the closing sales price, making gross dollar volume the best indicator of how agents are doing. After all the hand wringing, finger tapping and pacing; even as many feel anxious, upset, irritable and restless; when Auld Lang Syne is sung on December 31, I believe 2020 will go down as the best year ever in terms of gross dollar volume as reported by ARMLS. At the close of business on July 31, ARMLS reported home sales in terms of gross dollar volume for the year as the highest on record. Even after suffering the COVID-dip, 2020 still comes out on top.

Day after day the news plays like a broken record, but when we look at the July sales data (as reported by ARMLS), it's all about smashing records. The 10,303 home sales were not only the highest number of sales ever in July, but one of the highest monthly totals ever. Sales normally don't peak in Phoenix in July; they almost always subside. The high-water mark for sales usually occurs in March, April, May or June. It is now clear that COVID-19 only paused sales, which in turn created pent up demand. Our market has shown remarkable resiliency. The lost sales of late March, April and May began to surface in June and then with greater frequency in July.

The record sales didn't travel alone, they were accompanied by record home prices. The price per square foot for July was \$190.87, surpassing the previous record set in May of 2006. The average sale price as well as the median sales price also reached all-time highs of \$391,600 and \$315,000 respectively, leading to the highest monthly dollar volume in history. The gross dollar volume for home sales in July surpassed 4 billion dollars. Our incredibly strong market is further fueled by the lowest interest rates in the 50 years Freddie Mac has been reporting mortgage data. The average interest rate on a 30-year fixed-rate mortgage fell to a record low of 2.88% the first week of August. The 15-year fixed-rate mortgage dropped to 2.44%.

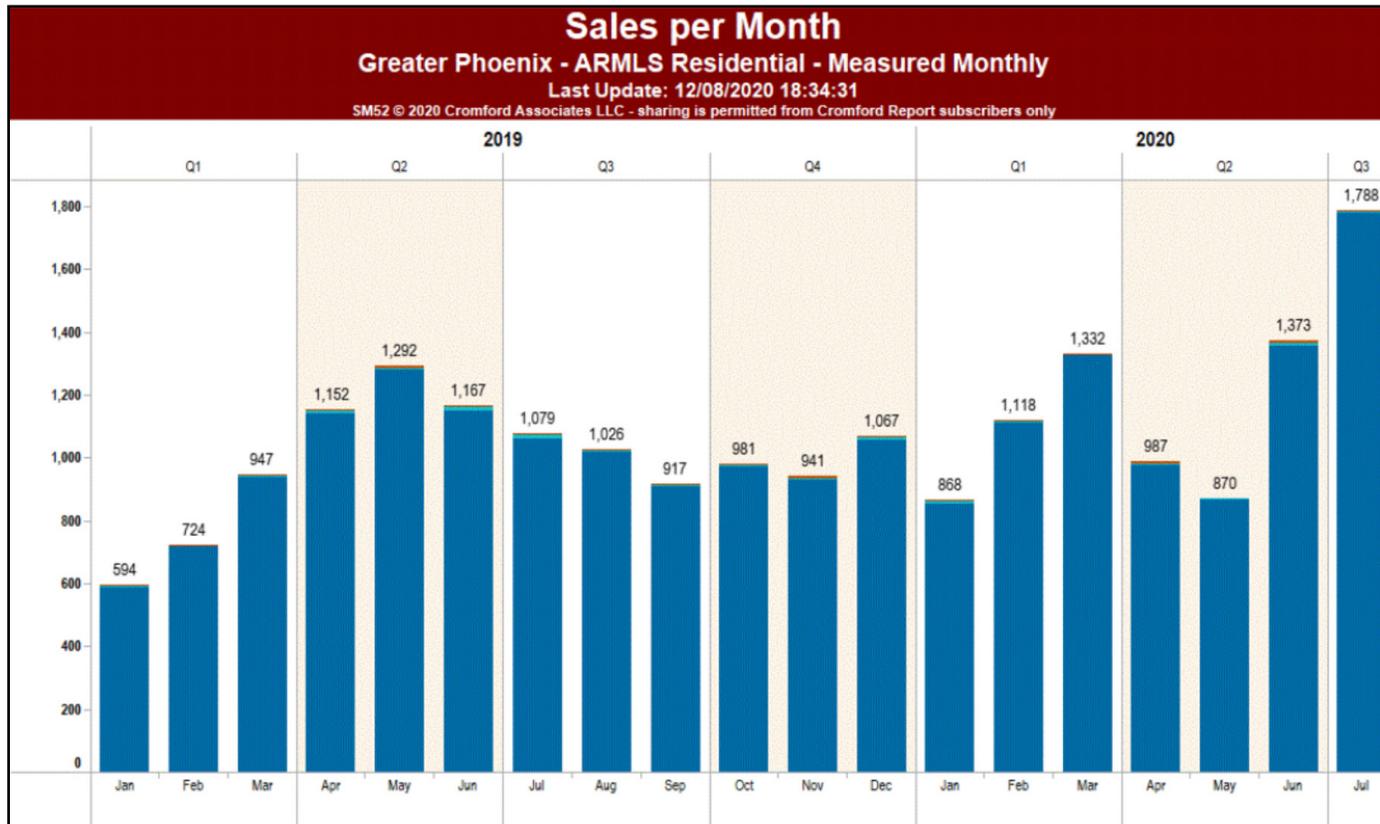
Gross Dollar Volume via ARMLS

Year	January	February	March	April	May	June	July	Total:	Rank:
2001	636,030,000	782,147,300	1,003,333,600	1,005,025,900	1,081,460,800	1,110,752,800	999,053,600	6,617,804,000	20
2002	739,345,600	749,390,600	1,015,710,400	1,103,580,000	1,242,645,600	1,205,232,800	1,145,152,200	7,201,057,200	19
2003	876,792,000	1,020,050,100	1,235,041,500	1,397,260,800	1,485,385,200	1,513,990,000	1,520,640,000	9,049,159,600	18
2004	1,054,819,800	1,263,984,000	1,858,100,000	1,873,144,800	1,939,085,000	2,323,406,100	1,992,416,000	12,304,955,700	11
2005	1,694,476,000	1,938,247,100	2,709,473,100	2,692,800,000	2,967,989,000	3,244,758,000	2,925,291,600	18,173,034,800	4
2006	1,774,115,400	1,976,612,000	2,478,508,200	2,237,221,800	2,614,199,600	2,511,193,400	2,027,694,600	15,619,545,000	6
2007	1,502,793,600	1,650,518,200	2,071,941,000	1,847,583,000	2,030,568,000	1,900,037,200	1,622,390,000	12,625,831,000	9
2008	912,620,800	1,010,608,800	1,259,136,900	1,354,410,400	1,523,726,400	1,520,346,000	1,486,894,248	9,067,743,548	17
2009	855,115,376	944,032,151	1,214,734,880	1,367,508,084	1,517,804,024	1,600,326,660	1,594,762,775	9,094,283,950	16
2010	1,017,185,190	1,146,498,780	1,598,150,234	1,586,418,561	1,607,827,164	1,670,000,960	1,250,601,100	9,876,681,989	14
2011	1,026,793,098	1,113,664,985	1,567,407,534	1,505,062,307	1,557,473,020	1,654,558,610	1,299,976,613	9,724,936,167	15
2012	1,081,057,580	1,207,871,874	1,674,524,083	1,596,003,220	1,728,195,588	1,774,020,312	1,440,408,520	10,502,081,177	13
2013	1,214,217,176	1,438,378,500	1,819,022,472	1,994,450,082	2,243,909,108	1,949,657,512	1,962,375,168	12,622,010,018	10
2014	1,164,366,216	1,326,881,178	1,691,980,180	1,919,077,335	1,842,019,565	1,849,681,056	1,691,886,875	11,485,892,405	12
2015	1,219,848,240	1,501,082,020	2,026,318,400	2,221,187,490	2,235,257,067	2,350,480,520	2,086,913,886	13,641,087,623	8
2016	1,386,160,174	1,554,632,712	2,252,287,764	2,252,727,106	2,447,013,744	2,504,331,264	2,081,151,170	14,478,303,934	7
2017	1,668,131,788	1,836,735,615	2,633,156,600	2,531,633,244	2,895,066,967	2,857,014,539	2,326,859,606	16,748,598,359	5
2018	1,917,861,388	2,128,816,063	2,974,463,730	2,894,348,480	3,281,341,782	3,029,099,402	2,686,116,820	18,912,047,665	3
2019	1,746,890,915	2,094,275,339	2,827,447,840	3,226,528,305	3,593,145,906	3,265,463,755	3,139,656,288	19,893,408,348	2
2020	2,306,144,680	2,719,900,256	3,248,991,526	2,556,446,850	2,417,731,540	3,504,211,432	4,034,706,315	20,788,132,599	1

We're currently in the middle of another record that would normally be a deterrent to home sales, and that's record temperatures. 2020 has now had the highest number of days over 110 degrees respectively. High sales volume, increasing prices and record temperatures all occurring at the same time will go down as another 2020 anomaly.

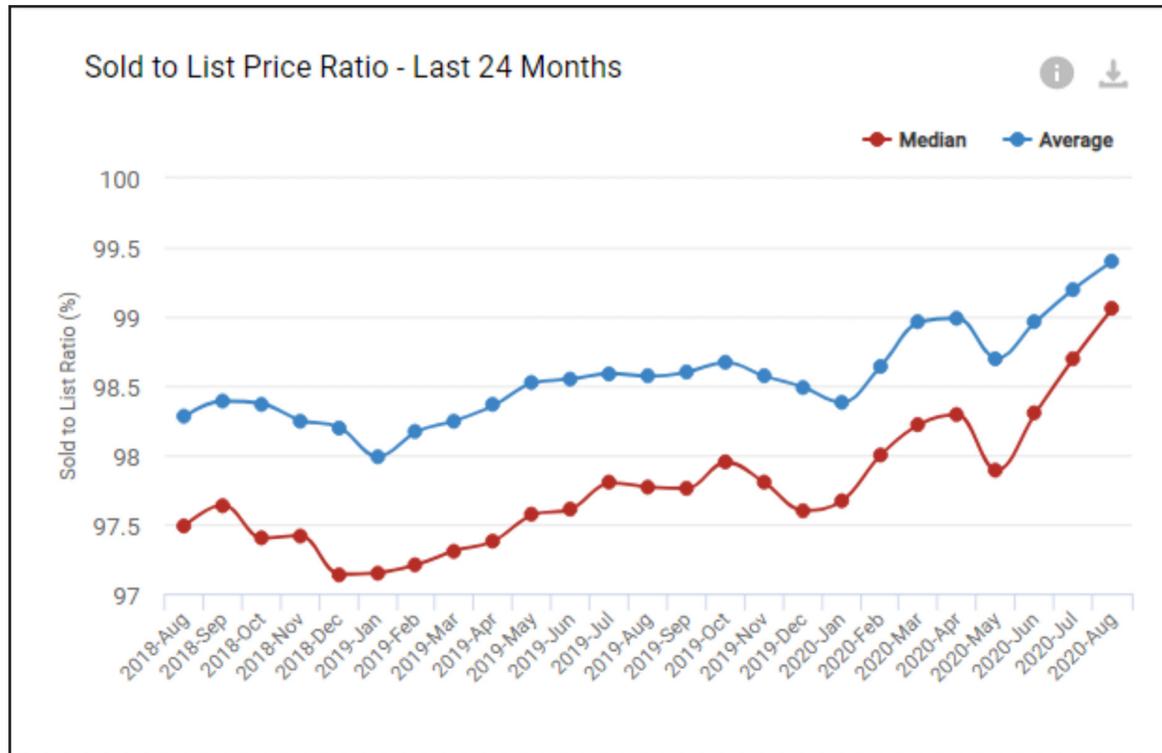
Luxury Market

Records are being smashed everywhere, and the luxury home market is not exempt. In his August 12 daily observation, Michael Orr of The Cromford Report provided the following chart for all home sales (reported by ARMLS) over \$500,000. In his observation Orr stated: *“The recovery of the luxury market in July was nothing short of amazing. In the chart you can see, “An increase of 30% compared with the previous month, and an increase of 66% compared with July 2019. In fact, July 2020 was by far the biggest month for sales over \$500,000 that we have ever witnessed. Its closest rival was June 2020. During the bubble years we saw a high of 1,174 closings in June 2005. This now seems paltry by comparison.”*



It doesn't seem to matter which metric we choose; they all say the same thing. Our market is hotter than hot. The sold to list price ratio chart displayed below comes from RapidStats, based on ARMLS data for Maricopa County. The median ratio in July was 99.06 and the average ratio was 99.40. Simply translated, buyers are getting what they're asking and, in some cases, more. The primary conversation today between listing agents is, "What percentage above your comparable sales price are you using for your list price?"

Sold to List Price for Maricopa via ARMLS



We're running out of superlatives to describe just how hot our market is currently. I'm certain buying agents could offer some new descriptive words as they compete against multiple offers. As for the selling agent, "get ready to move" and "thank you" are phrases commonly used. The chronic shortage of resale inventory is also driving traffic to the home builders. I've heard rumblings the builders are beginning lotteries for new releases and limiting sales per subdivision.

Conclusion

Every single thermometer we use to measure our current market, even the ones using mercury, say the exact same thing, we're on fire. Last month in STAT I pointed out that "although our market is on fire, a hot market does not necessarily mean we have a healthy market". In STAT we report current market conditions. These metrics also offer insights as to what we might expect over the next six to 12 months (although a year gets a little trickier where we're somewhat guessing). Beyond a year we're only guessing. That said, I'm quite confident, barring another unforeseen event like COVID-19, that sales volume will show year-over-year gains in both August and September, and most likely October. I wouldn't even be surprised that when 2020 ends, sales volume will exceed 2019. Through the first seven months, sales volume in 2020 is 4.7% lower than 2019, with 5 positive months and 2 dismal months. I also think the median price gains will moderate through the end of the year as our normal seasonal patterns finally kick in.

As for the longer term, nobody knows how long our "fuego" market will last, but we do know the extreme measurements we're seeing today will eventually change. No market cycle lasts forever. At The Information Market we have the privilege of working with the finest analysts in our marketplace. There are a bunch of bright individuals out there all trying to build better crystal balls. I can share with you the primary questions they're asking. They center around housing affordability, changes in foreclosure activity now that mortgage forbearances are ending, how the unrest in other major cities might affect our housing demand and finally, when do we see the current market cycle ending and how mild/severe will it be. We don't have the answers to any of these questions at this time, but I promise you, we will be closely monitoring the data and will share the answers with you when we find them.

Pending Price Index

Last month the STAT mathematical model projected a median sales price for July of \$310,000. The July reported median was \$315,000. Looking ahead to August, the median sales price is expected to increase. The ARMLS Pending Price index is projecting a median sales price of \$320,000. Our mathematical model has underestimated the actual median sales price the last three months. I do not expect this to be the case in August.

We begin August with 7,479 pending contracts, 4,315 UCB listings and 681 CCBS, giving us a total of 12,475 residential listings practically under contract. This compares to 10,855 of the same type of listings one year ago. At the beginning of August, the “pending” contracts were 15% higher than last year. There were 22 business days in July of 2019 and 22 this year. ARMLS reported 8,726 sales in August of 2019. My guess for this August is 9,300.