

Cromford Report – Daily Observations – December

December 4 - Monthly sales totals have tended to look more robust in public records than they have in ARMLS data over the past few months. This is because volumes of new home sales and normal non-MLS sales have held up better than normal MLS sales. The strength of non-MLS sales is largely because iBuyer purchases are now some 4% to 5% of the market and about 90% of them do not involve an MLS listing until after they have been purchased by the iBuyer. It is also true that iBuyer transactions tend to create higher sales overall. What would have been a single sale prior to iBuyers entering the market becomes 2 sales - one from seller to the iBuyer and one from iBuyer to the eventual purchaser.

We now have preliminary counts for Maricopa County affidavits in November and after adjusting for the number of working days in each month we see the following year-over-year changes in sales volume for single-family homes, condos and townhomes:

- Nov 2018 - down 5.9%
- Oct 2018 - down 2.7%
- Sep 2018 - up 1.5%
- Aug 2018 - up 1.4%
- Jul 2018 - up 5.2%
- Jun 2018 - up 3.0%
- May 2018 - up 3.5%
- Apr 2018 - up 2.2%
- Mar 2018 - up 9.0%
- Feb 2018 - up 10.8%
- Jan 2018 - up 0.4%

The November % change is the most negative since September 2014 (down 6.8%). However the year-over-year sales declines that we saw in 2013 and 2014 were far more severe. The worst case was December 2013 when it dropped 15.5% from December 2012.

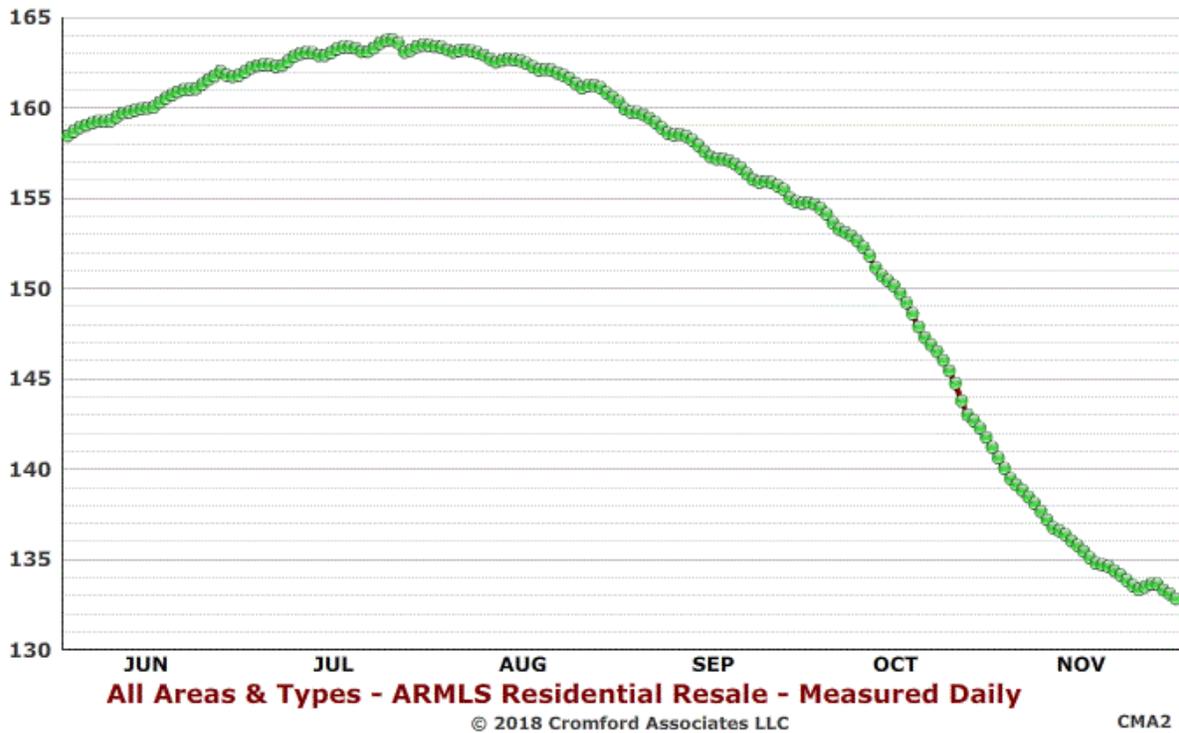
In summary, the November affidavit counts confirm a significant downturn in demand but also imply the downturn is not as severe as we experienced in 2013 and 2014.

The affidavit counts exclude transactions that are exempt from filing an affidavit. These include HUD sales and trustee sales. They also include some REO sales filed by a few out-of-state title companies who erroneously think REO sales are exempt. They are clearly wrong, but for some reason the Arizona authorities have not sought to correct the title company misinterpretation of Arizona statutes. Servicelink, Quality Escrow and NexTitle are the primary offenders.

December 3 - The daily Cromford® Market Index chart looks like this:

Cromford® Market Index

December 3, 2018



The rate of decline reached maximum during late October and subsided during November. We are now seeing a moderate rate of decline which looks as though it might not drop much below 130.

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