

Cromford Report – Daily Observations – March 2019

March 15 - The [ranking table of annual average price per square foot](#) has been published for March and it is striking how much the outlying areas have out-performed the inner parts of the valley.

Rank	March 15, 2019	Annual Average \$/SF Now	Annual Average \$/SF Last Year	% Change
1	Paradise Valley	\$385.38	\$356.77	8.0%
2	Carefree	\$266.98	\$234.01	14.1%
3	Scottsdale	\$257.65	\$244.96	5.2%
4	Fountain Hills	\$216.56	\$206.14	5.1%
5	Cave Creek	\$202.24	\$190.29	6.3%
6	Rio Verde	\$200.53	\$186.61	7.5%
7	Desert Hills	\$181.41	\$183.88	-1.3%
8	Tempe	\$178.38	\$165.55	7.8%
9	Wickenburg	\$177.52	\$153.54	15.6%
10	Phoenix	\$170.92	\$158.28	8.0%
11	Gold Canyon	\$168.03	\$157.30	6.8%
12	Chandler	\$167.05	\$155.86	7.2%
13	Sun Lakes	\$162.45	\$150.94	7.6%
14	Gilbert	\$157.63	\$146.23	7.8%
15	Mesa	\$154.33	\$142.12	8.6%
16	Anthem	\$151.26	\$142.99	5.8%
17	New River	\$150.80	\$141.88	6.3%
18	Peoria	\$150.68	\$141.33	6.6%
19	Sun City West	\$146.86	\$134.09	9.5%
20	Apache Junction	\$146.11	\$134.73	8.5%
21	Wittmann	\$144.62	\$132.72	9.0%
22	Glendale	\$144.10	\$133.14	8.2%
23	Litchfield Park	\$139.15	\$127.87	8.8%
24	Goodyear	\$136.26	\$128.45	6.1%
25	Surprise	\$132.30	\$123.29	7.3%
26	Tonopah	\$130.18	\$90.60	43.7%
27	Sun City	\$129.09	\$117.15	10.2%
28	Queen Creek	\$128.10	\$116.49	10.0%
29	Waddell	\$128.08	\$117.61	8.9%
30	El Mirage	\$126.34	\$113.50	11.3%
31	Youngtown	\$125.62	\$108.48	15.8%
32	Eloy	\$124.05	\$114.16	8.7%
33	Avondale	\$123.96	\$114.19	8.6%
34	Buckeye	\$122.12	\$112.15	8.9%
35	Laveen	\$118.24	\$107.28	10.2%
36	Tolleson	\$115.35	\$103.91	11.0%
37	Florence	\$105.65	\$95.01	11.2%
38	Casa Grande	\$104.91	\$93.86	11.8%
39	Arizona City	\$101.59	\$85.76	18.5%
40	Maricopa	\$101.04	\$91.36	10.6%
41	Coolidge	\$88.41	\$76.24	16.0%

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Top locations for appreciation between March 2018 and March 2019 are:

1. Tonopah - up 43.7%
2. Arizona City - up 18.5%
3. Coolidge - up 16.0%
4. Youngtown - up 15.8%
5. Wickenburg - up 15.6%
6. Carefree - up 14.1%

7. Casa Grande - up 11.8%
8. El Mirage - up 11.3%
9. Florence - up 11.2%
10. Tolleson - up 11.0%

Of the top 6, only Youngtown could be considered part of the central area, and it is certainly one of the least expensive of those areas, even after an almost 16% rise in average \$/SF.

In the top 10, 7 are locations on the outer edge of the valley. The remaining 3 are in the inner West Valley.

March 14 - The Cromford® Market Index values for the single-family markets in the 17 largest cities are shown below:

Rank	March 14, 2019	Cromford® Market Index Now		Chg	Cromford® Market Index Last Month
1	Avondale	221.6	↑	16%	190.9
2	Glendale	172.5	↑	8%	159.3
3	Chandler	159.0	↑	1%	157.7
4	Gilbert	157.9	↑	3%	153.4
5	Mesa	157.7	↑	5%	150.0
6	Fountain Hills	153.1	↑	6%	144.4
7	Tempe	139.6	↑	5%	133.0
8	Surprise	135.5	↓	-2%	138.2
9	Phoenix	128.3	↑	1%	127.0
10	Cave Creek	128.0	↑	13%	113.7
11	Paradise Valley	126.2	↑	13%	111.2
12	Queen Creek	121.4	↑	5%	115.4
13	Goodyear	120.3	↑	7%	112.3
14	Peoria	119.2	↓	-4%	123.8
15	Maricopa	119.0	↓	-6%	126.2
16	Scottsdale	117.4	↓	-6%	125.4
17	Buckeye	115.3	↓	-1%	116.0

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This shows that the recent strength in the market is intensifying with 12 out of the 17 cities showing improving conditions for sellers. No sign here of us getting close to a buyer's market (below 90).

Maricopa, Scottsdale and Peoria are the main holds outs for the pessimists.

The average change over the past month is 3.8%, up from 1.7% last week.

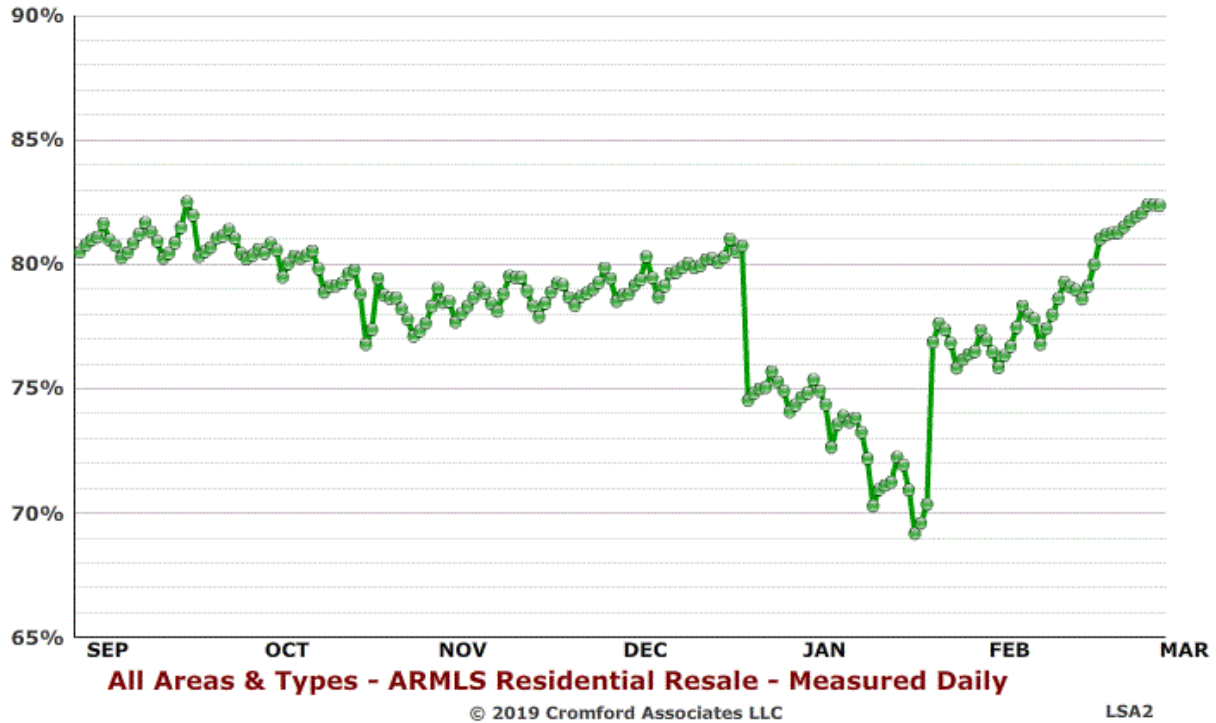
Avondale is not only on top of the table, it has the highest percentage improvement over the past month. Cave Creek, Paradise Valley, Glendale, Goodyear and Fountain Hills are all up 6% or more.

March 12 - The general perception out there seems to be that the housing market is in trouble. I am simply NOT seeing evidence of that in Phoenix. Yes, the market is cooler than last year, but the first half of last year was unusually strong and makes a difficult comparison. If we are to be fair to 2019 we should compare it with long term averages and not try to create alarming headlines to attract readers' eyeballs.

So let us look at a series of measurements over the next several days and see how 2019 is doing. First off is the listing success rate:

Listing Success Rate

March 11, 2019



We are currently running at an 82.4% success rate. This means that in the last month 82.4% of listings that terminated were closed and 17.6% were either cancelled or expired. This is a very high success rate by long term standards. The average over the last 18 years is 64.1%. You will notice there was a big dip in January but this happens every year because a large number of listings expire on December 31.

On March 11, 2018 the success rate was higher - 83.8% - but not a lot higher. 2019's success rate is better than 2017 (80.9%), 2016 (76.4%), 2015 (73.0%), 2014 (70.1%), 2013 (79.2%), 2012 (79.0%), 2011 (65.2%), 2010 (63.2%), 2009 (47.2%), 2008 (32.7%), 2007 (44.0%), 2006 (57.5%). All of these were measured on March 11.

We have to go all the way back to the bubble year of 2005 (84.3%) to find another year with a higher success rate as of March 11.

If anyone thinks 2019 is bad, then I have to conclude they have no idea what bad looks like.

March 11 - With the unverified affidavits counted from Maricopa and Pinal counties we can give you a reasonable estimate of the iBuyer transaction counts in February and how they compare with last year. These are not the final numbers, based on verified data. Those will be published, in a couple of weeks or so, on the Tableau charts within the Cromford Public section of our site, but the numbers below should not be too far from the truth.

	Opendoor	OfferPad	Zillow	All iBuyers Combined
Homes Purchased in February 2019	246	70	133	450
Homes Purchased in February 2018	245	76	0	321
Annual Change in purchases	0%	-8%	N/A	+40%
Homes Sold in February 2019	228	76	77	381
Homes Sold in February 2018	226	131	0	357
Annual Change in Sales	+1%	-42%	N/A	+7%
Median Purchase Price in February 2019	\$232,950	\$220,443	\$326,900	\$250,079
Median Purchase Price in February 2018	\$236,300	\$207,250	N/A	\$230,000
Median Sale Price in February 2019	\$254,363	\$250,608	\$320,675	\$267,547
Median Sale Price in February 2018	\$233,500	\$234,900	N/A	\$234,000
Homes in Inventory at the End of February	1,129	411	406	1,946

Although iBuyer purchases are up 40% overall from February 2018, all this growth is accounted for by the new entrant Zillow. There has been a slight decline in purchase volumes for the original 2 players.

On the sales side, growth is more modest at 7%, with OfferPad's February sales far below their total in February last year.

The median prices for both purchases and sales have increased for iBuyers as a whole, because Zillow is operating over a broader price range than the original 2 players. While Opendoor and OfferPad still concentrate most of their attentions on the low end of the market, Zillow frequently buys homes in the mid range. As a result they often take a bit longer to sell them.

Gross margins are highest for OfferPad, with Opendoor in the middle and Zillow operating on the smallest gross margins.

March 8 - As a follow up to the post on March 6, here are the areas which have seen the greatest increase in their annual sales rate over the past year:

ZIP Code	2018 Sales Rate	2019 Sales Rate	Change
Arlington 85322	0	6	infinite
Aguila 85320	4	8	+100%
Phoenix 85034	7	14	+100%
Stanfield 85172	3	5	67%
New River 85087	177	236	+33%
Superior 85173	35	46	+31%
Rio Verde 85263	110	141	+28%
Morristown 85142	20	25	+25%
Black Canyon City 85324	24	29	+21%
Phoenix 85004	20	24	+20%
Casa Grande 85193	11	13	+18%
Phoenix 85085	462	544	+18%
Eloy 85131	103	119	+16%
Wickenburg 85390	157	181	15%
Arizona City 85123	263	300	+14%
Congress 85332	17	19	+12%
Buckeye 85396	879	977	+11%
Surprise 85387	369	409	+11%
Scottsdale 85266	385	422	+10%
Scottsdale 85255	1,038	1,135	+9%
Surprise 85378	1,465	1,594	+9%

This includes many of the most obscure and little-known parts of the valley. If your friend thinks they really know Phoenix real estate well, ask them to point out Stanfield and Arlington on the map.

March 7 - Below is a chart showing the Cromford Market Index for the single-family markets in the 17 largest cities by dollar volume:

Rank	March 7, 2019	Cromford® Market Index Now		Chg	Cromford® Market Index Last Month
1	Avondale	212.9	↑	12%	190.8
2	Glendale	168.7	↑	8%	156.9
3	Chandler	158.4	↓	-1%	160.7
4	Gilbert	157.0	↑	1%	154.8
5	Mesa	155.1	↑	3%	150.2
6	Fountain Hills	151.3	↑	7%	141.3
7	Tempe	137.2	↑	4%	131.6
8	Surprise	135.4	↓	-2%	138.0
9	Phoenix	126.5	↓	-2%	128.8
10	Paradise Valley	121.9	↑	9%	111.5
11	Cave Creek	121.1	↑	5%	114.7
12	Peoria	120.1	↓	-6%	127.2
13	Queen Creek	119.3	↑	2%	116.9
14	Scottsdale	118.6	↓	-7%	127.6
15	Maricopa	117.6	↓	-10%	130.9
16	Goodyear	117.5	↑	5%	111.7
17	Buckeye	114.9	↓	0%	115.3

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The market is improving for sellers with 10 cities rising while 7 have been falling over the past month. The average change is +1.7%, a significant improvement from -1.1% last week.

Leading the way upward are Avondale, Paradise Valley, Glendale and Fountain Hills. Notably late to the party are Maricopa and Scottsdale.

The majority of cities are showing rises over the past week, with Scottsdale, Surprise, Peoria and Maricopa the only exceptions.

Among the cities outside the top 17 the following have shown rises in their CMI in the last week:

- Apache Junction
- Arizona City
- Casa Grande
- Gold Canyon
- Litchfield Park
- Sun City
- Tolleson

The following declined over the past week:

- Anthem
- El Mirage
- Laveen
- Sun City West
- Sun Lakes

The overall picture shows rising demand from a fairly weak level and stable but chronically low supply which is starting to decline. Sales prices continue to rise, despite the large number of list price cuts.

March 6 - Thanks to the downshift in demand, the annual sales rate for single-family homes across Greater Phoenix is down 2.7% from 77,467 to 75,366 according to the ARMLS database.

Here are the ZIP codes with the greatest reduction in annual sales:

ZIP Code	2018 Sales Rate	2019 Sales Rate	Change
Fort McDowell 85264	5	2	-60%
Coolidge 85128	246	191	-22%
Glendale 85305	194	154	-21%
Carefree 85377	109	87	-20%
Glendale 85303	457	366	-20%
Gila Bend 85337	10	8	-20%
Phoenix 85045	200	161	-19%
Mesa 85201	314	257	-18%
Tempe 85282	550	456	-17%
Phoenix 85020	458	383	-16%
Gilbert 85297	781	666	-15%
Maricopa 85139	406	348	-14%
Tempe 85283	454	392	-14%
Chandler 85286	805	701	-13%
Glendale 85306	381	332	-13%
Scottsdale 85257	447	390	-13%
Sun City 85351	847	742	-12%
Mesa 85215	314	278	-11%
Phoenix 85022	657	584	-11%
Gold Canyon 85118	510	454	-11%

March 4 - We have the preliminary numbers for Maricopa County recordings in February.

There were 8,015 sales in total, down 6% from last year. This is an improvement on January where sales were down 10% compared with 2018.

New home sales totalled 1,222 and were down only 1%. resales were down 7%.

The overall median sales price was \$273,00, up from \$260,490 in February 2018. The new home median was \$340,308, barely changed from \$338,906 last year because builders are focusing more attention on the entry market by building smaller homes. The re-sale median climbed from \$249,900 to \$260,000.

All the above include single-family and condo / townhouse properties.

March 1 - The market started the year far behind 2018 in terms of demand - the monthly sales rate was down 11% on January 1 from a year earlier while the count of listings under contract was down 17%. At the end of January these numbers had changed to down 17% and 14% respectively. At the end of February they had changed to down 8% and 12% respectively.

What can we conclude from this? First, we know the under contract count is a leading indicator for closed sales. The 17% gap at the start of January suggested that January closings would be weak and they were indeed, down 17%. The slight improvement in under contract counts to 14% down suggested a mild recovery in February. We actually saw an even stronger recovery to just 8% down. This is quite respectable when you consider that because pricing was up year over year, the dollar volume in February was \$2,127 million, not far (2.6%) below 2018s \$2,184 million.

At 12% down compared with last year, under contracts counts are recovering from 17% and 14% down at the beginning of the previous 2 months. We anticipate that March sales will reflect that recovery and it is possible that the sales gap could narrow further, even enough to close the dollar volume gap completely. This assumes that current trends continue, which is not certain, but reasonably likely.

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