Cromford Report – Daily Observations – November

November 30 - The usual weekly table showing the Cromford® Market Index for the single-family markets in the 17 largest cities is shown below:

Rank	November 29, 2018	Cromford® Market Index Now		Chg	Cromford® Market Index Last Month
1	**Avondale**	164.3	↓	-17%	197.3
2	**Chandler**	160.7	↓	-7%	172.3
3	**Gilbert**	157.5	↓	-6%	168.5
4	**Mesa**	157.0	↓	-5%	165.8
5	**Glendale**	149.9	↓	-9%	164.8
6	**Surprise**	144.0	↓	-6%	153.6
7	**Cave Creek**	142.6	↓	-6%	152.2
8	**Phoenix**	132.3	↓	-7%	142.8
9	**Fountain Hills**	128.4	↓	-2%	131.5
10	**Scottsdale**	128.3	↓	-8%	139.5
11	**Maricopa**	127.1	↓	-3%	130.7
12	**Queen Creek**	125.1	↓	-15%	147.5
13	**Paradise Valley**	122.5	↑	3%	118.5
14	**Goodyear**	121.2	↓	-2%	124.3
15	**Tempe**	120.9	↓	-7%	129.6
16	**Peoria**	120.4	↓	-1%	121.1
17	**Buckeye**	112.4	↓	-2%	114.6

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At first sight this looks pretty bad for sellers, with 16 out of 17 cities moving in favor of buyers over the past month. However there are in fact several pieces of good news for sellers buried in the details.

First of all the average decline is down to 5.9% from 8% last week.

Secondly, every city is still above 110 and therefore inside the seller's market zone.

Thirdly, we have several cities that saw their CMI rise over the past week. These are:

- Buckeye - up from 111.4 to 112.4
- Cave Creek - up from 142.0 to 142.6
- Chandler - up from 159.8 to 160..7
- Goodyear - up from 120.4 to 121.2
- Maricopa - up from 124.4 to 127.1
- Mesa - up from 156.4 to 157.0
- Paradise Valley - up from 121.8 to 122.5
- Peoria - up from 119.7 to 120.4

That is almost half of the 17 cities that have staged a turnaround, albeit by very small amounts. We can see that supply is dropping again and demand is stabilizing. The present downturn looks like it is shaping up to be both relatively minor compared to 2013 and relatively short-lived too.

Among the smaller cities outside the top 17, we are also seeing improvements for sellers over the last week in the following:

- Anthem

- Arizona City
- Casa Grande
- El Mirage
- Litchfield Park
- Sun City

At the moment I see only a small chance of the current trajectory taking us into a balanced market, and a buyer's market is not a likely outcome at all. This means that in the short term prices will continue to have upward momentum, although somewhat less than they had before September. Any buyers who think by opting out today they will be able to come back and find lower prices next year are very likely to be disappointed. It would take a massive change in the market for this to happen and there is absolutely no evidence of such a change in today's numbers.

November 29 - In the Cromford® Public section of this web-site we provide a chart which compares the annual average price per square foot over time for each transaction type. The current figures look like this:

1. New homes $168.16
2. Normal MLS sales $164.16
3. Investor Flip sales $143.21
4. Normal non-MLS sales $137.86
5. Short sales $131.15
6. Bank owned sales $124.41
7. Pre-foreclosures $124.34
8. GSE REO sales $115.54
9. Trustee sales $111.21
10. HUD sales $101.76

The annual change for these values are as follows:

1. Pre-foreclosures 10.36%
2. Trustee sales 10.21%
3. Normal MLS sales 9.18%
4. Bank owned sales 8.86%
5. Normal non-MLS sales 8.72%
6. Investor flip sales 8.70%
7. Short sales 7.76%
8. GSE REO sales 7.64%
9. New home sales 6.32%
10. HUD sales 4.42%

Although new homes are the most expensive transactions on a price per sq. ft. basis, the average $/SF is growing slowest apart from HUD sales (of which there are now very few). This is partly because many developers are aiming at lower price points where demand is strongest and competition from the supply of existing homes is very weak.

November 28 - It happens every year. As soon as Thanksgiving is over, the number of active listings starts to drop. For example, in the city of Phoenix, single-family listings without a contract are down from the peak of 3,263 reached on November 18 to 3,157 on November 27, a level we last saw on October 31. This is slightly higher than the 3,058 we measured on October 27 last year, but the drop in contract activity is being matched by a drop in new listing activity.

Both buyers and sellers are fewer in number than they were in November 2017. This increases competition among agents.

November 27 - The S&P/Case-Shiller® Home Price Index® numbers have been released for the latest sales period (July through September) and the 20 focus cities fared as follows on a month to month basis:

1. Phoenix +0.75%
2. Las Vegas +0.64%
3. Tampa +0.58%
4. Cleveland +0.29%
5. New York +0.23%
6. Atlanta +0.22%
7. Charlotte +0.20%
8. Miami +0.20%
9. Detroit +0.11%
10. San Francisco +0.02%
11. Boston -0.01%

12. Dallas -0.01%
13. Chicago -0.06%
14. Portland -0.06%
15. Minneapolis -0.07%
16. Denver -0.13%
17. Los Angeles -0.16%
18. Washington -0.23%
19. San Diego -0.35%
20. Seattle -1.34%

Suddenly Phoenix has jumped from the number 5 spot to top of the table

We see half of the focus cities with negative changes, but the national average was +0.08%. Phoenix was almost ten times the national average and is definitely an over-performer again. Seattle took another large hit for a single month while Las Vegas is no longer out in front in a league of its own.

For the year over year numbers we see:

1. Las Vegas +13.5%
2. San Francisco +9.9%
3. Seattle +8.4%
4. Denver +7.3%
5. Phoenix +7.2%
6. Tampa +6.7%
7. Detroit +6.3%
8. Minneapolis +6.0%
9. Atlanta +5.7%
10. Los Angeles +5.5%
11. Cleveland +5.2%
12. Portland +5.2%
13. Charlotte +5.2%
14. Boston +5.0%
15. Miami +4.6%
16. Dallas +4.3%
17. San Diego +4.0%
18. Chicago +3.0%
19. Washington +2.9%
20. New York +2.6%

The national average was +5.5% so Phoenix was well ahead of that, and it moved back to 5th place from 6th place last month. None of the focus cities is showing a negative move year over year.

November 26 - Comparing the annual non-distressed single-family sales in Greater Phoenix between November 1, 2017 and October 31, 2018 with the previous year we find that the annual sales rate increase was 2.0% and the annual average $/SF rose by 7.3%.

The top performing areas for appreciation were as follows:

1. Florence & Coolidge (85128 & 851320 - up 15.6%
2. Sky Harbor South (85040) - up 13.9%
3. Far West Phoenix (85037) - up 12.1%
4. I-10 and I-17 (85009, 85015, 85017, 85019, 85031, 85033, 85035) - up 11.8%
5. Maricopa (85138 & 85139) - up 10.7%
6. Southwest Phoenix (85043) - up 10.3%
7. Tolleson (85353) - up 10.2%
8. Sky Harbor North (85006, 85008, 85014, 85034) - up 10.1%
9. El Mirage (85335) - up 10.0%
10. South Buckeye (85326) - up 9.8%

The bottom performing areas for appreciation were as follows:

1. Gold Canyon (85118) - up 3.1%
2. South Tempe (85284) - up 3.5%
3. North Goodyear (85395) - up 3.8%
4. Downtown Phoenix (85003, 85004, 85007) - up 4.1%
5. Northeast Phoenix (85050, 85054) - up 4.1%

6. North Surprise (85387) - up 4.5%
7. North Phoenix (85083, 85085, 85310) - up 5.0%
8. North Scottsdale (85255, 85259, 85262, 85266) - up 5.1%
9. South Scottsdale (85250, 85251, 85257) - up 5.3%
10. Anthem (85086) - up 5.4%

November 24 - For the first time in many years, the monthly dollar volume today is lower than it was this time last year. This confirms the market slowdown and indicates that the drop in monthly sales volume is now having a greater impact than the annual rise in average sales price.

The last time this crossover occurred was in December 2013. On that occasion dollar volume remained lower than the prior year for 9 months but re-crossed in September 2014 and has remained above the prior year from then until today.

If history is any guide, the dollar volume is likely to remain lower for the rest of 2018 and part of 2019. However it is unlikely to remain lower for the whole of 2019. In fact we can gauge the severity of the current downturn by how long it takes to cross back over the prior year's dollar volume. We are unable to make any specific prediction for this date, but we can see that the current downturn has so far proven to be less dramatic than the one that occurred in 2013.

November 23 - Looking at the third week of November and comparing with the same period in 2017 we see the following:

- New listings total 1,764, down 13.0% from 2017 and the lowest number we have ever recorded since 2000 for the third week of November.
- Closed listings total 1,832, down 12.3% from 2017
- Accepted offers total 1,875, down 9.5% from 2017

The figures above are for all dwelling types across Greater Phoenix.

Clearly the market is far less active than it was this time last year, but it is not just buyers who are down. The steepest fall was in the number of new listings, showing that sellers are also losing enthusiasm. If this trend continues we will probably find we have too much capacity in the support functions for residential real estate transactions. It appears that many potential move-up buyers are deciding to stick with the mortgage they already have. This reduces the number of sellers as well as the number of buyers but it is good news for the businesses that support home improvement.

The changes are not uniform across all price ranges:

- Closed listings were down 25.7% for homes under $250,000
- Closed listings were down 4.6% for homes between $250,000 and $300,000
- Closed listings were up 17.9% for homes between $300,000 and $400,000
- Closed listings were down 7.6% for homes between $400,000 and $800,000
- Closed listings were up 14.5% for homes between $800,000 and $1.5 million
- Closed listings were down 14.3% for homes over $1.5 million

November 22 - Once again we take a look at the Cromford Market Index numbers for the single-family markets in the largest 17 cities:

Rank	November 22, 2018	Cromford® Market Index Now		Chg	Cromford® Market Index Last Month
1	**Avondale**	169.2		-17%	204.2
2	**Chandler**	159.5		-11%	178.5
3	**Gilbert**	158.1		-9%	174.5
4	**Mesa**	156.3		-9%	171.0
5	**Glendale**	155.3		-6%	164.9
6	**Surprise**	147.0		-5%	155.0
7	**Cave Creek**	142.0		-8%	154.4
8	**Phoenix**	134.0		-8%	145.5
9	**Fountain Hills**	129.8		-6%	137.6
10	**Scottsdale**	129.3		-10%	143.2
11	**Queen Creek**	129.2		-15%	151.7
12	**Maricopa**	124.2		-9%	136.4
13	**Paradise Valley**	121.8		0%	121.2
14	**Tempe**	121.3		-10%	134.9
15	**Goodyear**	120.2		-7%	129.0
16	**Peoria**	119.2		-3%	123.0
17	**Buckeye**	111.4		-6%	119.0

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The market is starting to show signs of pulling out of its dive. The above table looks pretty negative for sellers but it has a few more positive elements than last week.

First we have 1 city - Paradise Valley - that showed a small improvement from last month. Second, we have an average change of -8.1%, better than the -9.2% we saw last week.

We still have every city in the seller's market zone above 110. In fact Buckeye, the closest we have to a balanced market, moved up from 110.8 last week. Fountain Hills is also higher than last week

Avondale, Queen Creek, Chandler, Tempe & Scottsdale are down by 10% or more since last month, but we still see no signs of any of these 17 cities breaching the 110 mark. Until they do, the long-term average sales price per sq. ft. is very unlikely to fall below current levels. In fact we would not expect this to become a real possibility until CMI values have dipped well below 100.

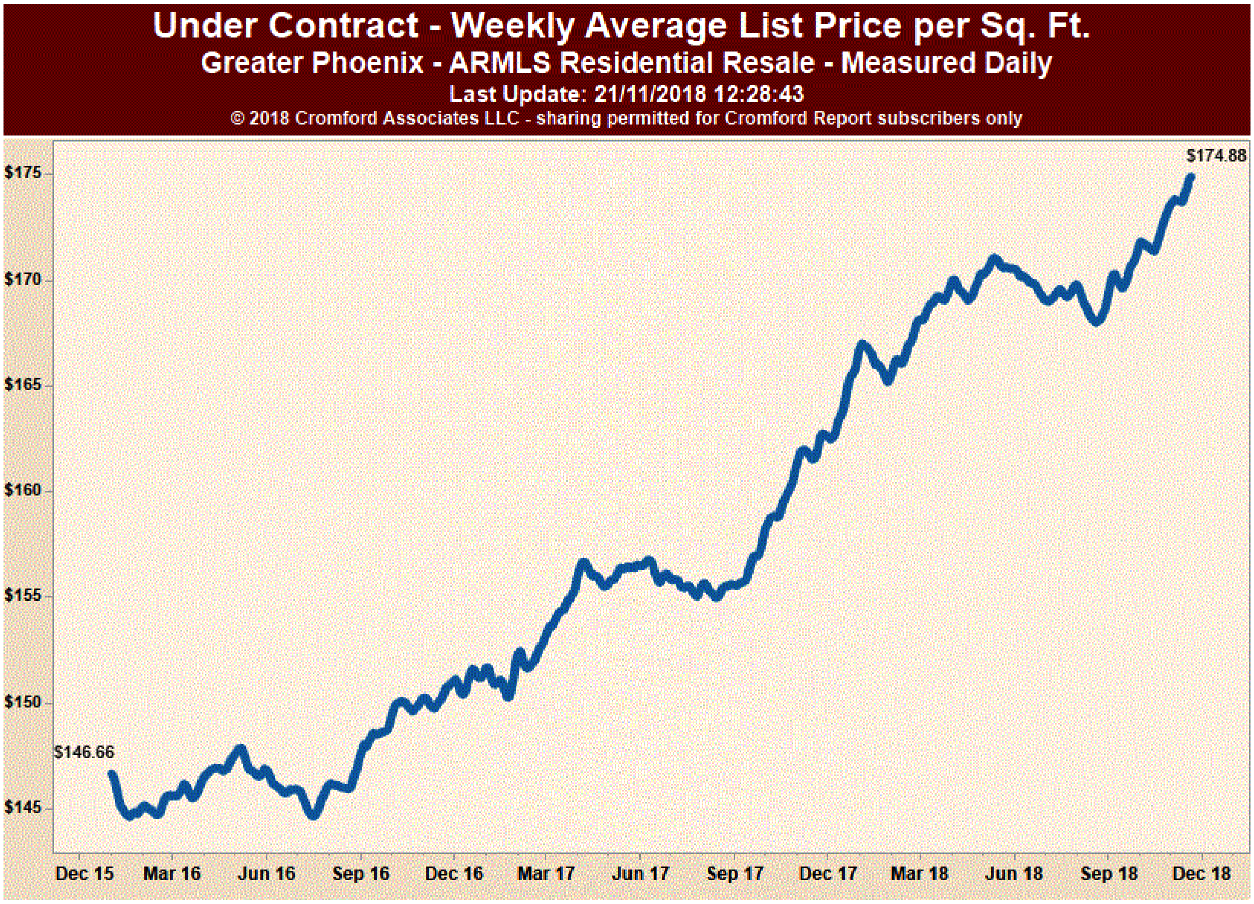
November 21 - To read the news you would that the housing market was having a really hard time. A phrase like "the worst slowdown in years" (Bloomberg) sound ominous, but we need to remember that the housing market had been growing at an accelerating pace between 2015 and 2018 and a slowdown is inevitable at some point when prices rise for many years.

Talking specifically about Greater Phoenix

- We are having a slowdown
- It has been expected for at least a year
- It is quite a modest slowdown, the least dramatic in the last 20 years
- It is still the worst slowdown in years, because it is the only slowdown since 2013/2014.
- The 2013/2014 slowdown was much more severe that the current slowdown
- Sales prices did not decline during the 2013/2014 slowdown, they merely stabilized for a while before resuming an upward trajectory
- So far there is no sign that sales prices will decline due to the current slowdown
- There are more cuts in list prices than we have seen for a good while, but these are not likely to lead to cuts in the average sales price per sq. ft. which is based on closed contract prices
- There is no sign yet of sales prices even moderating, although that would be likely if the drop in demand continues for a long period

- It would take a large increase in supply to start putting downward pressure on pricing, and the supply of new listings is currently getting weaker, not stronger.

To give you some idea of how benign the current slowdown is let us have a look at the average price per sq. ft. for listings under contract:



This is for all types of dwellings within Greater Phoenix.

The chart is a leading indicator of future sales pricing and shows a strong rise in prices for homes in escrow over the past 2 months.

If buyers are going on strike, waiting for prices to come down or interest rates to drop (or both), then they are likely to be disappointed. It is more likely that prices will rise (and who knows what interest rates will do?).

November 16 - During the second full week of November we made the following observations compared with the same period in 2017:

- New listings: 2,039 in 2018 versus 2,095 in 2017, a decline of 3.3%
    - new listings under $250K fell 19% from 1,001 to 809
    - new listings between $250K and $500K rose 16% from 794 to 924
    - new listings over $500K rose 2% from 300 to 306
- Closed listings: 1,272 in 2018 versus 1,392 in 2017,a decline of 8.6%
    - closed listings under $250K fell 20% from 720 to 574
    - closed listings between $250K and $500K rose 4.4 % from 542 to 566
    - closed listings over $500K rose 1.5% from 130 to 132
- Accepted offers: 1,828 in 2018 versus 2,083 in 2017, a decline of 12%
    - accepted offers on listings under $250K fell 24% from 1,080 to 821
    - accepted offer on listings between $250K and $500K rose 4% from 802 to 831
    - accepted offers on listings over $500K fell 12% from 201 to 176

All the above numbers are for all property types across Greater Phoenix.

The conclusions we can make are as follows:

1. The market is contracting with new listings, closed listings and accepted offers all down from last year
2. Accepted offers showed the largest decline, showing that weaker demand is the primary change compared to last year.
3. Although sales and offers have fallen in the segment below £250K, so has the supply of new listings. All have declined by a similar amount, around 20%. The market remains favorable for sellers, though much smaller than last year.
4. New supply between $250K and $500K is arriving 4 times as fast as listings are going under offer or closing, leading to an increase in choice for buyers and weakening sellers' negotiation power.
5. The market over $500K, which remained stronger than 2017 during October is starting to show signs of demand weakness with the 12% drop in accepted offers. New listings and closings were in balance.

November 15 - Looking at the Cromford® Market Index table for the single-family markets in the 17 largest cities we see another big downward change over the past month:

Rank	November 15, 2018	Cromford® Market Index Now		Chg	Cromford® Market Index Last Month
1	Avondale	176.7	↓	-16%	209.9
2	Chandler	161.8	↓	-11%	181.8
3	Gilbert	159.7	↓	-11%	180.2
4	Glendale	159.4	↓	-3%	164.5
5	Mesa	157.1	↓	-11%	176.6
6	Surprise	148.7	↓	-4%	155.3
7	Cave Creek	144.3	↓	-7%	155.0
8	Phoenix	136.1	↓	-8%	147.6
9	Queen Creek	134.9	↓	-12%	152.8
10	Scottsdale	131.4	↓	-10%	146.7
11	Fountain Hills	128.6	↓	-9%	141.4
12	Maricopa	125.0	↓	-10%	139.2
13	Tempe	121.7	↓	-13%	139.9
14	Paradise Valley	120.6	↓	-6%	128.3
15	Goodyear	119.7	↓	-10%	132.5
16	Peoria	119.0	↓	-4%	124.6
17	Buckeye	110.8	↓	-11%	124.4

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Now we have 100% of the cities showing a decline as even Glendale has surrendered. Glendale does have the lowest monthly fall at -3%. The average change is -9.2%, just 0.1% higher than last week, the tiniest of silver linings.

There are more silver linings if we look very closely.

The first positive is that every city is still over 110 and so is officially classified as a seller's market despite the big decline in buyer interest. Buckeye has stabilized in the last week and only fell 0.1 over the last 7 days. Other cities that have stabilized over the last week are Peoria and Goodyear, while Paradise Valley has managed a very slight increase over the past 2 weeks. So we would then have all 5 cities at the bottom of the table refusing to drop further. Those higher up the table are still rushing to join them in the 110 to 130 zone. It looks like Tempe, Maricopa & Fountain Hills are preparing to join the stabilized group soon, now they have dropped below 130.

Top of the table Avondale declined by the largest percentage (-16%).

The overall impression is that cities are unlikely to fall much below 110 on the current trends. This is much cooler than the market in the first half of 2018, but it certainly is not a market crash, just a return to a healthy more-balanced situation. Many potential buyers are taking a break, but it would not be surprising if they came back again once they have got used to the current interest rate environment. They are probably hoping that closed sales prices will fall, which is unlikely given the continued shortage of homes for sale. It is likely that asking prices will have to get more attractive however, which will cause sales price increases to moderate.

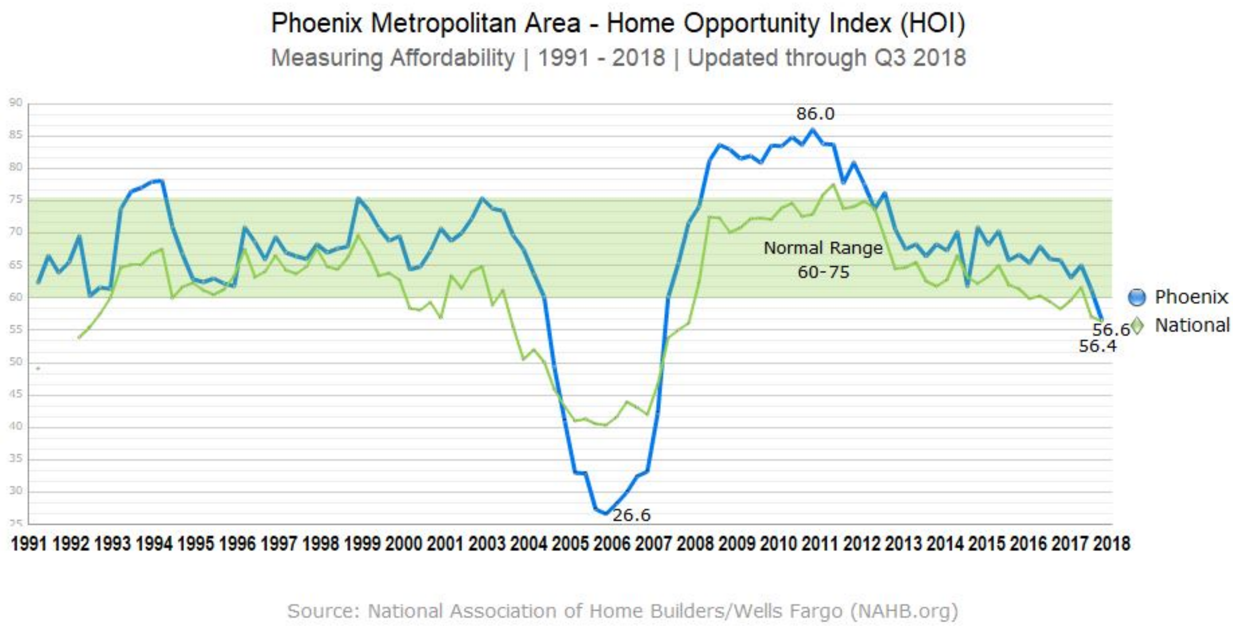
We clearly have a rapidly cooling market but there is absolutely no sign of serious cause for alarm in the data we are studying. Sellers will need a little more patience and flexibility on their terms and asking prices. Buyers may feel less outnumbered by other competing buyers and as a result can do their house-hunting in a less frenetic and stressful way.

Both of these seem like good news to me.

November 14 - The Home Opportunity Index (HOI) is published by the National Association of Home Builders in conjunction with Wells Fargo Bank. It calculates the percentage of homes listed for sale that could be afforded by a family earning the median income.

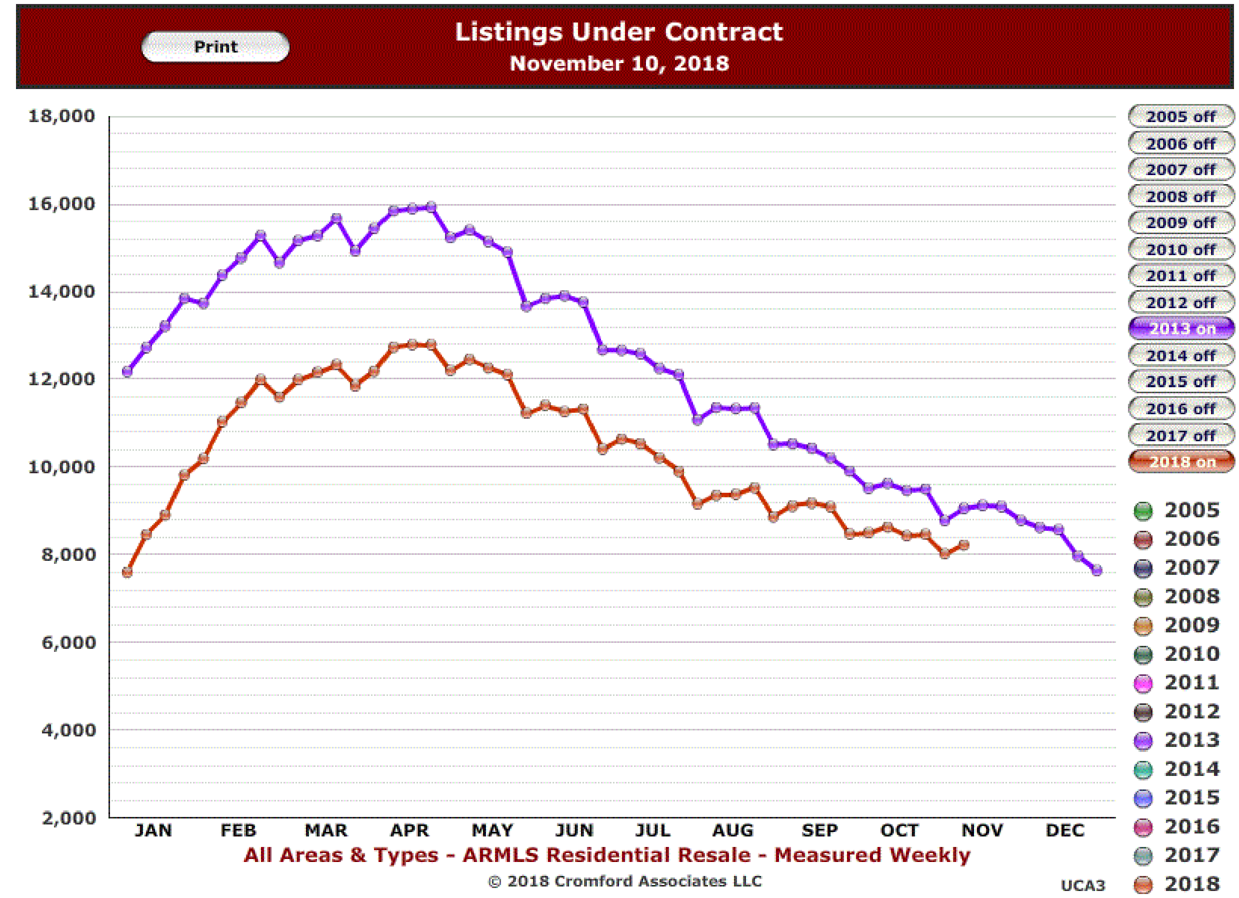
The chart below shows the HOI for the USA in green and for Phoenix in blue.

In the third quarter of 2018 homes were the least affordable they had been since 2008 and the HOI is no longer inside the normal range of 60-75. This helps to explain why we are seeing a weakening trend in demand.



We also see that Phoenix no longer has a significant affordability advantage over the USA as a whole, something we have had for most of the past 30 years. Houses in Phoenix are cheaper than average, but incomes are also lower than average.

November 13 - Today we make another comparison between 2013 and 2018, this time looking at listings under contract.

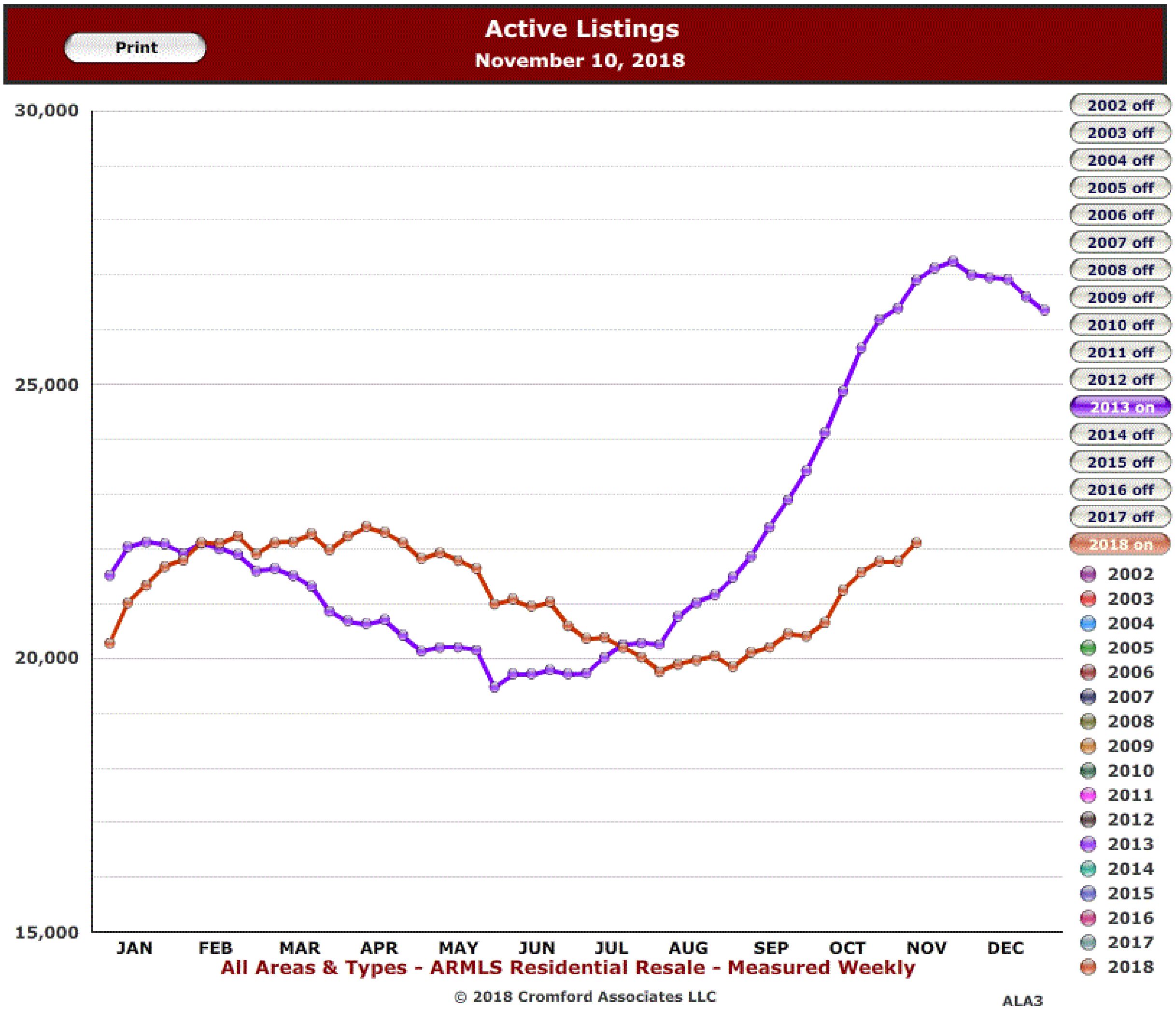


We can see that 2013 had much higher numbers of listings under contract, but this was primarily caused by the large number of short sales in escrow.

We can also see that although 2018 has seen a sharp fall-off in listings under contract between April and November, the decline in 2013 was steeper. Again, this shows that the cooling of the market in 2018 is not as severe as in 2013.

We note that the cooling of the market in 2013 did not cause prices to stop rising. We can deduce that the cooling in 2018 is unlikely to stop prices from rising. However it may stop them from rising quite so fast.

November 12 - Although we have entered a market down-cycle, it is much less severe than the last down-cycle which commenced in 3Q 2014. To illustrate this let us take a look at a series of charts that compare 2018 with 2013.



Here we can see that active listings have risen in 2018 from the end of July, but they have not yet exceeded the level of early April. The count for November 10 (week 45) was 22,112 (all areas and types). Our current down-cycle features a relatively small build-up of inventory.

In 2013, active listings started rising in late May and surged between July and November by roughly 7,000 listings. The count for week 45 was 26,900. This illustrates how much more severe the market slowdown was in 2013 compared with 2018. We also have far fewer active listings in 2018 than we did in late 2013.

November 9 - We like to study weeks much better than months. Weeks are more consistent in length and therefore comparing (say) week 45 of 2018 with week 45 of earlier years usually gives us an accurate understanding of how the current market compares with the past. Even if there was a holiday during a week, reducing its working-day count from 5 to 4 or even 3, the corresponding week almost always has the same working-day count. Months have the annoying habit of being inconsistent in length. Even a month like November which always has 30 days, has a variable number of working days, between 17 and 20, so comparing November 2018 with earlier Novembers is fraught with problems. Most analysts ignore this problem and compare months anyway, sometimes leading to spurious conclusions.

Anyway, we would now like to look at the week at the start of November, one which has just completed. Comparing with the same week last year we find:

- new listings are down from 2,353 to 2,178, a drop of 7%
- closed listings are down from 1,245 to 1,133, a drop of 9%
- accepted offers are down from to 2,281 to 1,904, a drop of 17%

The market is clearly less busy than last year at this time. New supply is coming onto the market more slowly while existing listings are closing at an even slower rate. The biggest decline is in contract signings. This latter change is the one with the most significance and implies that higher interest rates and higher prices are finally cooling the market down, as economic theory tells us they should.

Buyers are much less active than they were last year, so despite the fact that we have more demand than supply, sellers will not be in as strong a position as they were this time last year. A corollary is that the remaining buyers are going to enjoy better negotiating power and are more likely to win concessions from sellers. This is reflected in the charts which show seller paid closing costs and price changes.

Everything is orderly and the market is operating as we would expect. This is not unusual greed or fear at work (as we would see in a bubble), just the normal operation of a cyclical market. The only slightly surprising thing is how long it took for the higher interest rates and higher prices to have an impact. In 2017 we were expecting to see this effect become clearly observable by mid-2018, but the signs were only very small at this point. Now the effects are very clear and this makes for a different market sentiment.

November 8 - Once again we are showing the table of Cromford® Market Index values for the single-family markets in the 17 largest cities:

Rank	November 8, 2018	Cromford® Market Index Now		Chg	Cromford® Market Index Last Month
1	Avondale	184.9	↓	-13%	213.3
2	Chandler	165.9	↓	-10%	185.2
3	Glendale	162.5	↑	0%	161.8
4	Gilbert	162.0	↓	-12%	184.5
5	Mesa	159.6	↓	-12%	180.3
6	Surprise	150.4	↓	-4%	156.2
7	Cave Creek	147.1	↓	-7%	158.6
8	Queen Creek	140.3	↓	-9%	153.5
9	Phoenix	138.6	↓	-7%	148.7
10	Scottsdale	134.4	↓	-10%	149.7
11	Fountain Hills	130.4	↓	-7%	140.0
12	Maricopa	126.5	↓	-10%	141.2
13	Tempe	124.4	↓	-13%	142.5
14	Goodyear	120.4	↓	-11%	135.3
15	Peoria	119.6	↓	-4%	124.6
16	Paradise Valley	119.2	↓	-15%	140.2
17	Buckeye	110.9	↓	-14%	129.4

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If you thought last week's average 8.4% decline was impressive, then you will be even more impressed with the 9.3% fall we have this week.

Glendale managed a very small increase but the other 16 cities saw declines, most of them over 10%.

The common story is that listings are going under contract slower than usual which makes active listings start to build up. We are NOT seeing an increase in the number of new listings arriving.

Despite the declines, all the cities (even Buckeye) are still in the seller's market zone over 110. Remember that 100 represents normality. We expect Buckeye will drop below 110 by next week, but the overall market is still much stronger than it was for all of 2014, all of 2015 and most of 2016. We are approaching a more balanced market at some speed, but given the continued weak supply, we are very unlikely to overshoot. We would need a large increase in supply to create a buyer's market. It is not at all obvious where this extra supply would come from. The situation is very different from 2005 when tens of thousands of empty homes had been purchased by speculators with ill-advised and reckless loans. Anyone who thinks the current situation is a bubble bursting is very much mistaken. It is merely the normal process of an over-heated market cooling down, something we expect to see several times a decade. True bubbles in housing tend to occur once or twice a century.

November 6 - There was a significant decline in the number of MLS listings going under contract in October. The total of accepted offers was 8,133 which was down 2% from September (a much shorter month with 17% fewer working days) and it was down 8% from October 2017.

However the decline was not universal across all price ranges. Almost all the decline occurred in the price range up to $225,000. This saw just 2,630 accepted contracts, down 28% from 3,651. Between $225,000 and $350,000 accepted contracts rose 5% to 3,226 while between $350,000 and $800,000 they grew 10% to 2,003. Between $800,000 and $2 million there was a slight decline of 1% to 240 while over $2 million we saw a 31% increase to 34.

Seeing the huge drop-off in contracts under $225,000 we expect to see a strong upward trend in average price per sq. ft. over the coming months, since the mix of homes closing will be skewed towards the higher end.

November 5 - Looking at the affidavit counts for October in Maricopa County, we see 9,042 for single-family and condo residences, up 1.7% from October 2017. New homes sales were up 5.9% while re-sales were up only 1.0%. These sales counts do show some modest annual growth, unlike the ARMLS closings which were down year-over-year. The reason the public recordings show more growth are:

- 90% of new home sales do not get recorded in the ARMLS database and these are still showing a healthier trend than re-sales.
- 90% of iBuyer purchases do not get recorded in the ARMLS database and these are well up from 2017 levels.
- October's fall in MLS sales was more severe in Pinal County (-8%) than in Maricopa County (-1%)

November 2 - This is the first month since September 2016 where months of supply (3.1) is higher than 12 months earlier. This transpired for two reasons. First, the monthly sales rate for October was unusually weak compared with the previous 24 months, especially considering it had 23 working days. Second, the active listing count rose sharply during October due to the low rate at which listings went under contract.

Although it is valid to conclude that the market is cooling, 3.1 months is still lower than average and the market is merely heading towards normality. We would consider 4 to 5 months normal for a balanced market in early November. For example November 2014's reading was 4.7 months and the market was reasonably balanced between buyers and sellers at that point.

November 1 - The cooling of the market is accelerating according to the weekly table of Cromford® Market Index values for the single-family markets in the 17 largest cities:

Rank	November 1, 2018	Cromford® Market Index Now		Chg	Cromford® Market Index Last Month
1	**Avondale**	193.5	↓	-10%	214.0
2	**Chandler**	170.2	↓	-10%	188.4
3	**Gilbert**	166.3	↓	-11%	186.2
4	**Glendale**	164.7	↑	4%	158.6
5	**Mesa**	163.2	↓	-11%	182.4
6	**Surprise**	152.4	↓	-2%	155.8
7	**Cave Creek**	151.6	↓	-6%	161.2
8	**Queen Creek**	145.5	↓	-5%	153.5
9	**Phoenix**	141.7	↓	-5%	149.0
10	**Scottsdale**	138.2	↓	-9%	152.2
11	**Fountain Hills**	131.3	↓	-8%	142.8
12	**Maricopa**	129.0	↓	-10%	142.7
13	**Tempe**	128.8	↓	-9%	141.9
14	**Goodyear**	122.5	↓	-10%	135.8
15	**Peoria**	120.4	↓	-3%	123.5
16	**Paradise Valley**	119.3	↓	-23%	154.5
17	**Buckeye**	113.0	↓	-16%	134.9

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Here we have 16 cities deteriorating for sellers and only 1 (Glendale) improving over the past month.

All 17 cities remain in the seller's market and so those hoping for prices to fall have nothing to celebrate yet. We would need CMI values to fall below 90 for that to occur and even the lowest ranked (Buckeye) is above the balanced zone of 90 to 110.

The average change over the past month is -8.4%, the largest decline we have seen since 2013. This means we are experiencing a profound change in market conditions. The decline is not as rapid or severe as 2013, but sellers need to note that their bargaining power is on the wane. Buyers are less numerous and have lowered enthusiasm.

It is unusual to see many cities with double digit percentage declines with Paradise Valley, Buckeye, Gilbert, Mesa, Avondale, Goodyear, Chandler and Maricopa all holding that dubious honor. Among the secondary cities, Casa Grande is the weakest with a CMI of 110.8, just outside of the balanced zone.

At some point we expect this plummeting behavior to slow and bottom out. We are not seeing this yet, but it is quite likely that we see some slowing of the trend during November. Watch this section of the web sites for the earliest news of this.

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