

January 3 - Market Summary for the Beginning on 2019

Starting with the basic ARMLS numbers for January 1, 2019 and comparing them with January 1, 2018 for **all areas & types**:

- Active Listings (excluding UCB): 17,339 versus 16,697 last year - up 3.8% - but down 6.6% from 18,563 last month
- Active Listings (including UCB): 19,900 versus 19,606 last year - up 1.5% - but down 8.4% compared with 21,736 last month
- Pending Listings: 3,740 versus 4,674 last year - down 20.0% - and down 18.0% from 4,562 last month
- Under Contract Listings (including Pending, CCBS & UCB): 6,301 versus 7,583 last year - down 16.9% - and down 18.5% from 7,735 last month
- Monthly Sales: 6,498 versus 7,197 last year - down 9.7% - and down 2.1% from 6,638 last month
- Monthly Average Sales Price per Sq. Ft.: \$164.74 versus \$156.50 last year - up 5.3% - but down 1.2% from \$166.71 last month
- Monthly Median Sales Price: \$260,500 versus \$246,000 last year - up 5.9% - and unchanged from \$260,500 last month

December was unusual in many ways. The most obvious was the low number of listings going under contract. We can see this from the 18.5% drop in listings under contract compared with the start of the month. Closings were strong for the first 2 weeks of December, slightly higher than in December 2017, but then slumped badly in the second half, ending the month almost 10% down on December 2017. December contained 20 working days in both 2017 and 2018 so we do not need to adjust for the calendar. In every respect, December was a weak month for demand, the weakest December we have seen since 2014 for sales (6,422 in Dec 2014). We have not seen listings under contract this low on January 1 since 2008. Clearly buyers are unenthusiastic about buying homes compared with just a few months ago.

Sellers are not showing much enthusiasm either, coming up with fewer new listings than last year. However the number of active listings is on an upward trend due to fewer of them going under contract than usual.

We have the Cromford® Supply Index at 66.3 at the start of 2019 telling us that we are missing about a third of the supply of active listings we would normally expect in a balanced market. The Cromford® Demand Index stands at 87.7, the lowest level since 2014 and implying we have about 12% less demand than we would expect in a balanced market. The combination of very low supply and low demand gives us a Cromford®

Market Index of 132.3 with sellers having the edge. However the Contract Ratio of only 36.3 (45.4 last year at this time) tells us that we have a cooler market than usual.

Prices are still moving upwards but the annual appreciation rate has stopped rising and is now heading downward. It remains well above the general inflation rate, however. The monthly average price per sq. ft. is up 5.3% from a year ago while monthly median sales price is up 5.9%.

The market will be watching closely to see how many new contracts are signed in January. This will give us a reasonable idea of whether buyer enthusiasm is still waning or is starting to recover. Market distress is extremely low and most home owners have plenty of equity. The only real problem is a shortage of committed home buyers.

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