



Phoenix Metropolitan Area - Recent News and Commentary

Market Summary for the Beginning of 2014 – January 2, 2014

The market remains in the doldrums with weak demand and low supply. In the last couple of weeks both have been falling but that is only temporary. Both are likely to grow during the rest of January and it will be important to watch which of them shows the greater acceleration.

December was uneventful. Sales were much weaker than a year ago, but at least they exceeded November's tiny number. However this was largely thanks to December having 21 working days, 17% more than the 18 working days in November. In fact sales were up only 12% between November and December, so this is not an impressive feat.

Here are the basic ARMLS numbers for January 1, 2014 relative to January 1, 2013 for all areas & types:

- Active Listings (excluding UCB): 23,091 versus 17,121 last year - up 34.9% - but down 4.0% from 24,043 last month
- Active Listings (including UCB): 25,319 versus 20,942 last year - up 20.9% - but down 5.6% compared with 26,817 last month
- Pending Listings: 4,667 versus 8,026 last year - down 41.9% - and down 21.8% from 5,965 last month
- Under Contract Listings (including Pending & UCB): 6,895 versus 11,847 last year - down 41.8% - and down 21.1% from 8,739 last month
- Monthly Sales: 5,892 versus 6,650 last year - down 11.4% - but up 12.4% from 5,243 last month
- Monthly Average Sales Price per Sq. Ft.: \$126.47 versus \$109.61 last year - up 15.4% - and up 2.8% from \$123.04 last month
- Monthly Median Sales Price: \$184,900 versus \$155,000 last year - up 19.3% - and up 0.8% from \$183,500 last month

Pending listing counts dropped again in the last week of December. This has driven the contract ratio down to 29.9, its lowest level since April 2009. We regard anything below 30 as a cold market, but as a seasonal measure that habitually hits bottom in the first week of January, this could be the lowest it gets for a while.

The average price per square foot is up again and now sits squarely in the area between \$125 and \$130 per square foot. We expect this to become normal pricing for quite some time.

As is usual for January we saw a big spike in expired listings and they are currently running some 19% higher than last year. Cancellations are about 15% higher than a year ago and the overall success rate is down to about 65%, close to the long term average.

Supply of new listings has been very low since November, so it is just the lack of demand that is keeping the market in check.

We are still watching the Cromford® Market Index to see if it shows any sign of a turn round. Nothing so far. We are also watching for an increase in pending listing counts. This will certainly happen in January, but the relative strength of the increase will be the telling sign.

So far the cooling phase has not finished. The current data gives us no reason to be optimistic about the 2014 spring season. However Phoenix is a volatile market and we will continue to scour the data for the first signs of change.