

This is the time of year when housing reports tend to take on a negative tenor, and agents reading these reports might feel just a bit down. When we look at the numbers on the surface, it's easy to see why. Our monthly home sales volume has fallen for three consecutive months while the median sales price has declined for the last two. Both metrics are expected to be lower again this month, which plays into the slew of negative articles dominating national headlines, including: "[Existing Home Sales Crawl at Slowest Pace in Two Years](#)", "[U.S. Existing Home Sales Fall for Fourth Straight Month](#)" and "[Existing-Home Sales Unexpectedly Slump to Two-Year Low](#)". There is a reason all these news agencies are reporting the same thing; they're all basing their reports on the latest existing home sales report from NAR.

According to the [National Association of Realtors®](#), *"Existing-home sales subsided for the fourth straight month in July to their slowest pace in over two years. Total existing-home sales [decreased 0.7 percent](#) to a seasonally adjust-ed annual rate of 5.34 million in July from 5.38 million in June. With last month's decline, sales are now 1.5 percent below a year ago."*

Let me digress for a moment. In this age of big, fast data coupled with an abundance of real estate portals, is it possible that the only body reporting national sales volume in a timely manner is NAR? When I stop and think about the daily challenges we face tracking real estate data in just Arizona, I can only imagine how difficult it would be to account for sales in all 50 states and over 3,000 counties. The biggest challenges involve verification and standardization of the data, as well as the timeliness of the data. To counter these challenges, the NAR report is based on a representative sample of 160 Boards/MLSs. And yes, I believe NAR is the only entity reporting national sales volume each month.

What I'm seeing in our marketplace is quite a bit different from what NAR is reporting, which leads us to one of the following conclusions: our marketplace is fairing better than the rest of the nation, the NAR data is misleading or our data is wrong. One of the three must be true. Let's tackle the last point. I don't believe our data is wrong.

ARMLS has the unique ability to account for all sales that occur both through the MLS listings as well as public records data compiled by The Information Market. When we look at ARMLS data, we see sales in 2018 are 2.53% ahead of last year. And our public records data paints an even more favorable picture. Through the first 8 months of 2017 there were 77,892 homes sold in Maricopa County compared to 81,336 this year. Public records show a 4.42% increase year-over-year. When comparing the relationship between MLS sales and public records, we've recognized the ratio of properties sold on the MLS to properties reported sold at the recorder's office increases during buyer's markets and decreases during seller's markets. If this maxim holds true nationally, and NAR is relying only on a sample of MLS data, it could account for the declines they are reporting.

Giving further credence to my argument is a statement within the NAR press release.

"Properties typically stayed on the market for 27 days in July, up from 26 days in June but down from 30 days a year ago. Fifty-five percent of homes sold in July were on the market for less than a month."

When taking this statement into consideration, I can't conceive how fewer homes could be selling this year when the rate at which they are selling has accelerated by three days.

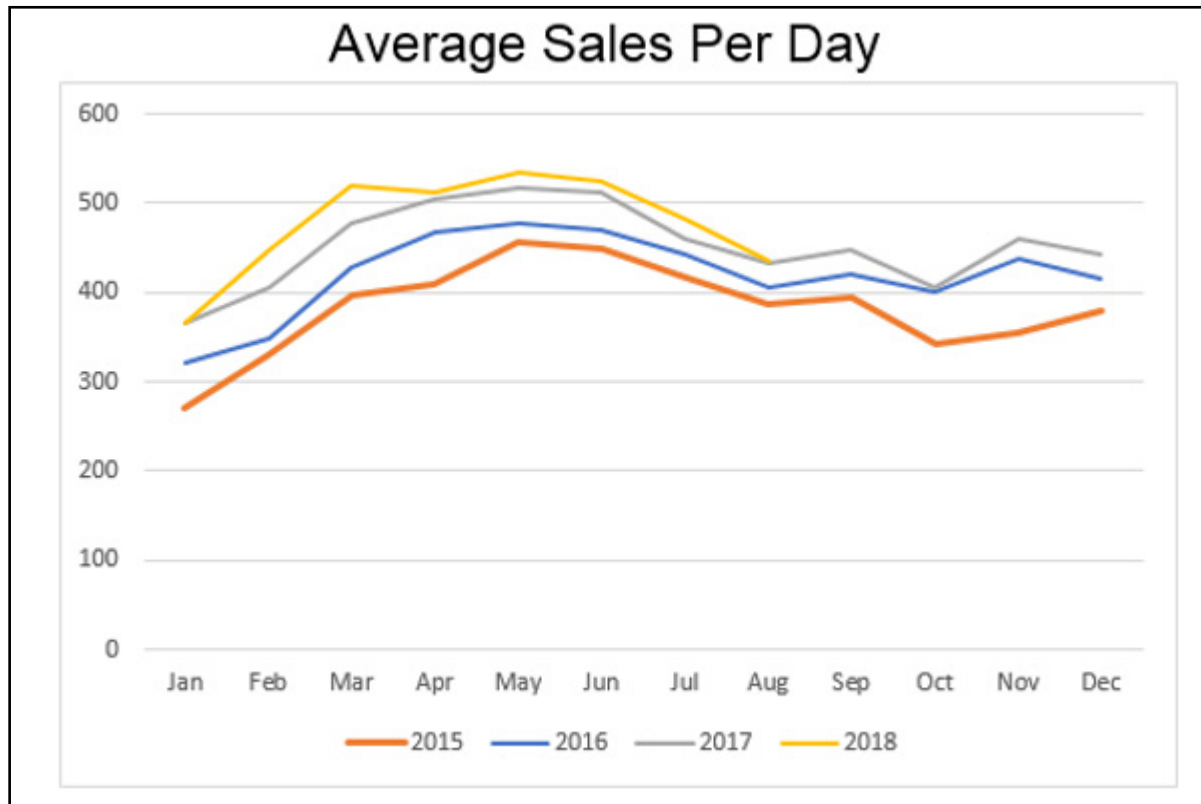
Finally, to their credit, NAR concludes their report with the following note.

“For local information, please contact the local association of Realtors® for data from local multiple listing services. Local MLS data is the most accurate source of sales and price information in specific areas, although there may be differences in reporting methodology.¹ Existing-home sales, which include single-family, townhomes, condominiums and co-ops, are based on transaction closings from Multiple Listing Services. Changes in sales trends outside of MLSs are not captured in the monthly series. NAR rebenchmarks home sales periodically using other sources to assess overall home sales trends, including sales not reported by MLSs.”

I think the word rebenchmarks says it all.

Which brings me back to Maricopa County. This is the 18th year ARMLS has reported sales data. The longest period of sustained growth in sales volume has been four years occurring three different times: 2001 thru 2005, 2007 thru 2011, and our current run of 2014 thru 2018. As mentioned at the outset, our sales volume has declined the last three months and is expected to decline again this month. THESE ARE SEASONAL OCCURANCES! It happens this way almost every year. As the graph below shows, our sales volume has increased year-over-year each month since January 2015. This chart was created from public records sales data and calculates the average sales per business day each month.

Public Records Average Sales Per Day



A commonly shared theory amongst analysts is that worsening affordability (as a result of rising prices coupled with rising mortgage rates) will cause buyers to pause. As the chart shows, the rate of annual growth is beginning to moderate, and eventually we will see a decline in sales, but it is not currently showing up in our reported sales numbers.

And finally, this is where I tell you that when we look at the total dollar sales volume for the first eight months of 2018, cumulatively agents are experiencing their best year ever. Eventually 2005 yearly numbers will surpass this year (as the end of 2005 was freakishly strong) and 2018 will finish 2nd. But for now...

MLS Total Dollar Sales Volume

Year	January	February	March	April	May	June	July	Aug	Total:	Rank:
2001	636,030,000	782,147,300	1,003,333,600	1,005,025,900	1,081,460,800	1,110,752,800	999,053,600	984,643,200	7,602,447,200	18
2002	739,345,600	749,390,600	1,015,710,400	1,103,580,000	1,242,645,600	1,205,232,800	1,145,152,200	1,053,314,900	8,254,372,100	17
2003	876,792,000	1,020,050,100	1,235,041,500	1,397,260,800	1,485,385,200	1,513,990,000	1,520,640,000	1,539,137,600	10,588,297,200	14
2004	1,054,819,800	1,263,984,000	1,858,100,000	1,873,144,800	1,939,085,000	2,323,406,100	1,992,416,000	1,996,224,000	14,301,179,700	7
2005	1,694,476,000	1,938,247,100	2,709,473,100	2,692,800,000	2,967,989,000	3,244,758,000	2,925,291,600	3,192,867,300	21,365,902,100	2
2006	1,774,115,400	1,976,612,000	2,478,508,200	2,237,221,800	2,614,199,600	2,511,193,400	2,027,694,600	2,041,801,900	17,661,346,900	4
2007	1,502,793,600	1,650,518,200	2,071,941,000	1,847,583,000	2,030,568,000	1,900,037,200	1,622,390,000	1,496,101,400	14,121,932,400	9
2008	912,620,800	1,010,608,800	1,259,136,900	1,354,410,400	1,523,726,400	1,520,346,000	1,486,894,248	1,361,656,900	10,429,400,448	16
2009	855,115,376	944,032,151	1,214,734,880	1,367,508,084	1,517,804,024	1,600,326,660	1,594,762,775	1,364,400,807	10,458,684,757	15
2010	1,017,185,190	1,146,498,780	1,598,150,234	1,586,418,561	1,607,827,164	1,670,000,960	1,250,601,100	1,207,131,406	11,083,813,395	13
2011	1,026,793,098	1,113,664,985	1,567,407,534	1,505,062,307	1,557,473,020	1,779,310,250	1,299,976,613	1,318,718,016	11,168,405,823	12
2012	1,081,057,580	1,207,871,874	1,674,524,083	1,596,003,220	1,728,195,588	1,774,020,312	1,440,408,520	1,443,820,222	11,945,901,399	11
2013	1,214,561,028	1,438,378,500	1,819,022,472	1,994,450,082	2,243,909,108	1,949,657,512	1,962,375,168	1,663,886,475	14,286,240,345	8
2014	1,164,366,216	1,326,881,178	1,691,980,180	1,919,077,335	1,842,019,565	1,849,681,056	1,691,886,875	1,600,456,296	13,086,348,701	10
2015	1,219,848,240	1,501,082,020	2,026,318,400	2,221,187,490	2,235,257,067	2,350,480,520	2,086,913,886	1,827,990,690	15,469,078,313	6
2016	1,386,160,174	1,554,632,712	2,252,287,764	2,252,727,106	2,447,013,744	2,504,331,264	2,081,151,170	2,163,813,113	16,642,117,047	5
2017	1,668,131,788	1,836,735,615	2,633,156,600	2,531,633,244	2,895,066,967	2,857,014,539	2,326,859,606	2,423,263,857	19,171,862,216	3
2018	1,917,861,388	2,128,816,063	2,974,463,730	2,894,348,480	3,281,341,782	3,029,099,402	2,686,116,820	2,593,763,648	21,505,811,313	1

The Pending Price Index

In STAT last month, the mathematical model projected a median sales price for August of \$260,000. It was further noted that through the first seven months of 2018 our mathematical model had been underestimating the actual median sales price. The August median sales price followed our yearly pattern, coming in at \$263,000. Our sales volume projection for August was 8,400 with actual sales coming in at 8,036. Looking ahead to September, the ARMLS Pending Price Index anticipates the median sales price will drop again this month, projecting a median sales price of \$257,500. I believe our mathematical model will undershoot the mark again this month. I'm betting on \$260,000. It's quite common for the median sales price to peak in June and then "wobble" through the end of the year. With a \$268,000 median reported in June, don't be surprised if the median drifts between \$260,000 and \$265,000 through the end of 2018, with December approximating or falling just below the high-water mark in June.

Sales volume for the first eight months of 2018 was 2.53% higher than 2017, with 66,793 sales in 2018 compared to 65,147 in 2017. We begin September with 5,381 pending contracts; 3,309 UCB listings and 503 CCBS giving us a total of 9,193 residential listings practically under contract. This compares to 10,305 of the same type of listings one year ago. There were 20 business days in August of 2017 compared to 19 this year. ARMLS reported 7,328 sales in September of 2017, and I expect sales volume to be slightly lower this year.