

February 25, 2015

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2014 Review of Existing Single Family Sales Trends in Greater Phoenix

Existing Single Family Sales Go Up at End of Year. Mortgage Purchases Increasing.

- December 2014 existing single family sales ten percent higher than December 2013
- Overall sales were less in 2014 than 2013, but trending upward
- Watch listings: 2014 new monthly listings less than 2013
- Median sale price in December highest month in 2014
- Sale Volume \$160,000,000 higher in December 2014 than December 2013
- 2014 Distressed Property Index lowest since 2006
- 2014 cash purchases lowest since 2008
- More purchases with a mortgage in 2014 than 2013
- **Grand Canyon Title acquired by Fortune 500 Company. See page two.**
- **Big changes coming to residential real estate closing process starting on August 1, 2015. See page seven.**

By

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2014 Review of Existing Single Family Sales in Greater Phoenix

This report covers existing single family property sales in Greater Phoenix. Greater Phoenix is defined as Maricopa County. The data in this report, unless otherwise mentioned, is from the Arizona Regional Multiple Listing Services, Inc., also known as ARMLS.

In this report we compare performance for sales, sales volume, cash purchases, mortgage purchases, and new monthly listings. The report includes the Distressed Property Index covering foreclosure starts, auctioned properties, lender owned sales and short sales for the last twelve years. Most of the comparisons are year-over-year, comparing a time period in 2014 to the same time period in 2013. Year-over-year comparisons are an effective way to measure performance, highlight differences, and negates the effect of seasonality.



On January 1, 2015 Grand Canyon Title Agency was acquired by a Fortune 500 company. Grand Canyon Title became a division of Fidelity National Title Agency (FNTA). FNTA is a subsidiary of Fidelity National Financial (FNF). FNF is ranked 316 on the Fortune 500.

<http://fortune.com/fortune500/fidelity-national-financial-inc-316/>

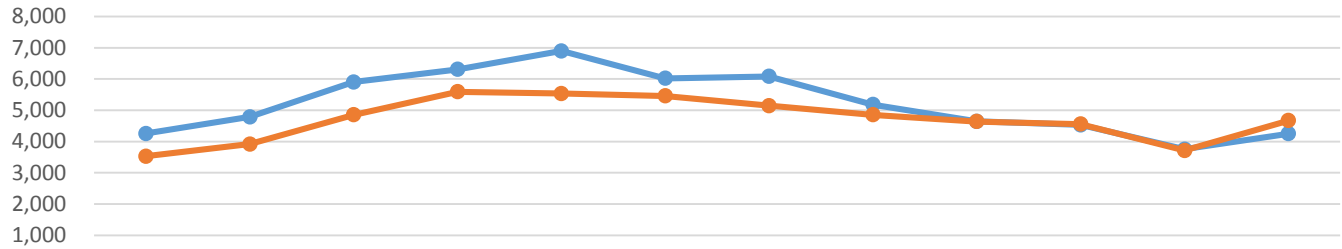
FNF has more claim reserves than any other company in the industry. With more than a billion dollars in claim reserves to protect you, contact me to open your next commercial real estate transaction.

<http://fidelitydfw.com/page/Financial-Strength.aspx>

Existing Single Family Sales and Sale Volume

Sales were dismal for much of 2014. There were 6,563 less existing single family sales in the first three quarters of 2014 compared to 2013. Then the course reversed. In December 2014, there were 420 or ten percent more sales and \$160,000,000 more in sale volume than in December 2013. These numbers made December 2014, on a year-to-year basis, the best month of 2014. Sale volume in the first eight months of 2014 was less than for the same months in 2013.

**Existing Single Family Sales
Greater Phoenix
ARMLS / TheWilcoxReport.com**



	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec
2013	4,255	4,788	5,903	6,307	6,898	6,022	6,085	5,184	4,643	4,532	3,752	4,250
2014	3,528	3,918	4,854	5,591	5,533	5,456	5,144	4,856	4,642	4,558	3,715	4,670

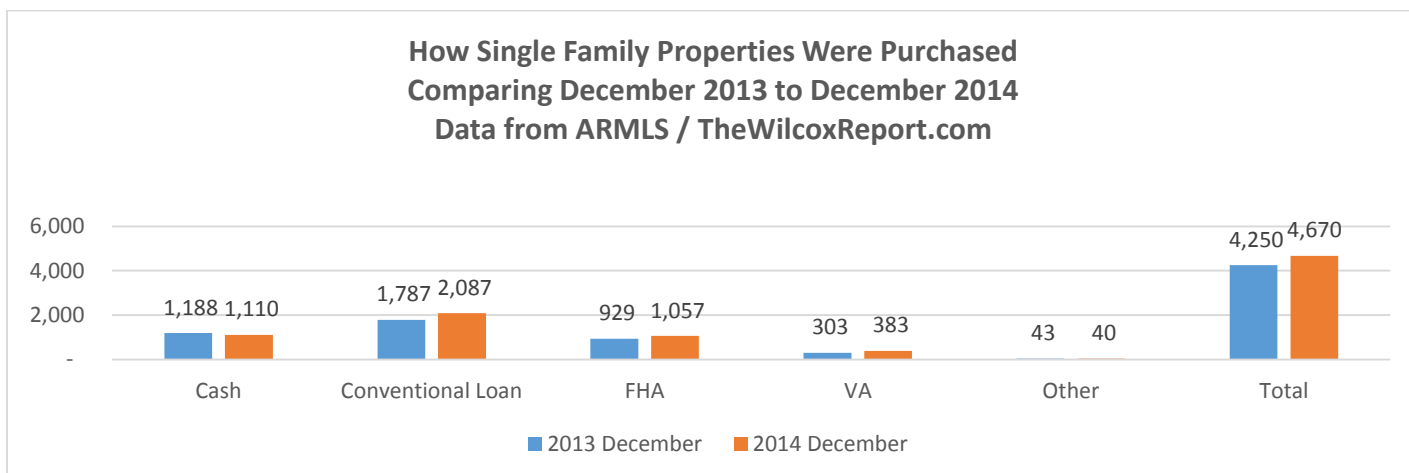
● 2013 ● 2014

Sale Volume up September through December 2014

	Sales				Sale Volume		
	2013	2014	Change	% Change	Dollar Volume of Sold Listings		
Number of Sold Listings	2013	2014	Change	% Change	2013	2014	Change
January	4,255	3,528	-727	-17.1%	\$ 985,072,069	\$ 965,949,564	\$ 19,122,505.00
February	4,788	3,918	-870	-18.2%	\$ 1,175,394,141	\$ 1,091,707,259	\$ 83,686,882.00
March	5,903	4,854	-1,049	-17.8%	\$ 1,476,664,677	\$ 1,371,758,756	\$ 104,905,921.00
April	6,307	5,591	-716	-11.4%	\$ 1,628,282,963	\$ 1,598,543,718	\$ 29,739,245.00
May	6,898	5,533	-1,365	-19.8%	\$ 1,853,760,635	\$ 1,542,901,409	\$ 310,859,226.00
June	6,022	5,456	-566	-9.4%	\$ 1,601,101,706	\$ 1,551,866,887	\$ 49,234,819.00
July	6,085	5,144	-941	-15.5%	\$ 1,630,754,715	\$ 1,435,088,493	\$ 195,666,222.00
August	5,184	4,856	-328	-6.3%	\$ 1,386,165,689	\$ 1,341,831,165	\$ 44,334,524.00
September	4,643	4,642	-1	0.0%	\$ 1,229,016,854	\$ 1,275,631,403	\$ 46,614,549.00
October	4,532	4,558	26	0.6%	\$ 1,230,684,999	\$ 1,272,162,492	\$ 41,477,493.00
November	3,752	3,715	-37	-1.0%	\$ 995,855,531	\$ 1,036,727,173	\$ 40,871,642.00
December	4,250	4,670	420	9.9%	\$ 1,195,820,742	\$ 1,357,405,302	\$ 161,584,560.00
Total	62,619	56,465	-6,154	-9.8%	\$ 16,388,574,721	\$ 15,841,573,621	\$ 547,001,100.00

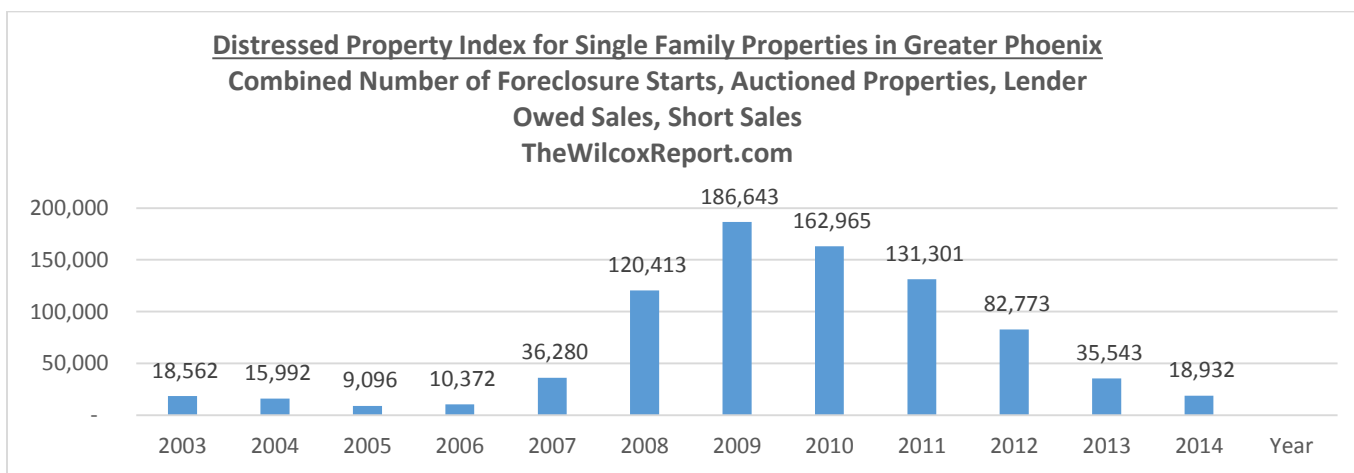


Not only were December 2014 existing sales higher than December 2013, but so were purchases with conventional, FHA and VA loans!



Distressed Property Index

Disappearing cheap distressed property for sale was a reason for less sales in 2014. According to the Arizona Regional Multiple Listing Services, Inc. (ARMLS), there were 2,149 less lender owned sales and 4,934 less short sales in 2014 compared to 2013. The Distressed Property Index in 2009 was 186,643 compared to 18,932 in 2014 for a decrease of 90%. However, the disappearance of cheap sales diminished cash sales. Cash sales were less every month in 2014 compared to 2013, resulting in 7,370 less cash purchases in 2014. Cash sales in 2014 were the lowest since 2008.



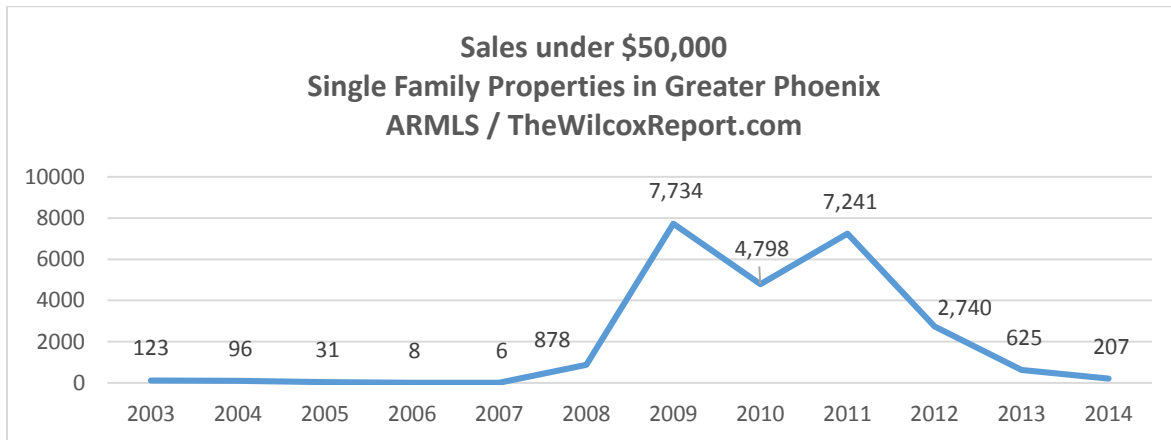
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Foreclosure Starts	13,280	11,787	8,059	9,497	26,113	68,296	86,113	68,825	47,098	34,641	14,856	8,847
Auctioned Properties	4,171	3,162	869	814	8,784	35,093	51,114	53,170	35,559	19,076	8,068	4,549
Lender Owned Sales	1,111	1,043	168	61	1,383	16,205	39,670	26,864	31,148	11,137	5,674	3,525
Short Sales	-	-	-	-	-	819	9,746	14,106	17,496	17,919	6,945	2,011
	18,562	15,992	9,096	10,372	36,280	120,413	186,643	162,965	131,301	82,773	35,543	18,932

Data from NetValueCentral.com and ARMLS.
The category Lender Owned Sales includes HUD sales.

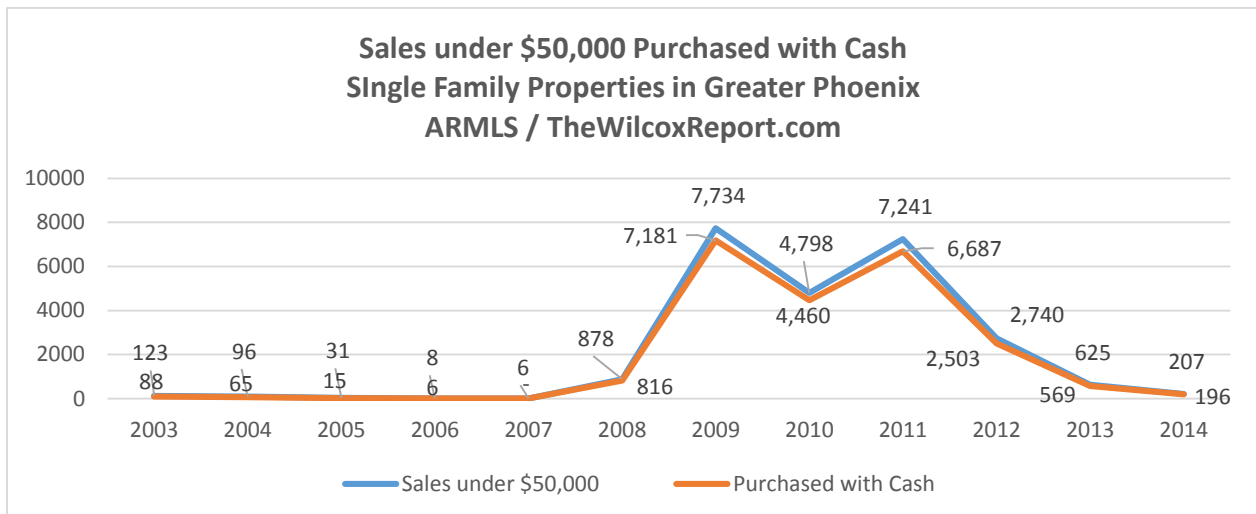
- 2,149 less lender owned sales in 2014 than 2013
- 4,934 less short sales in 2014 than 2013

Sales under \$50,000

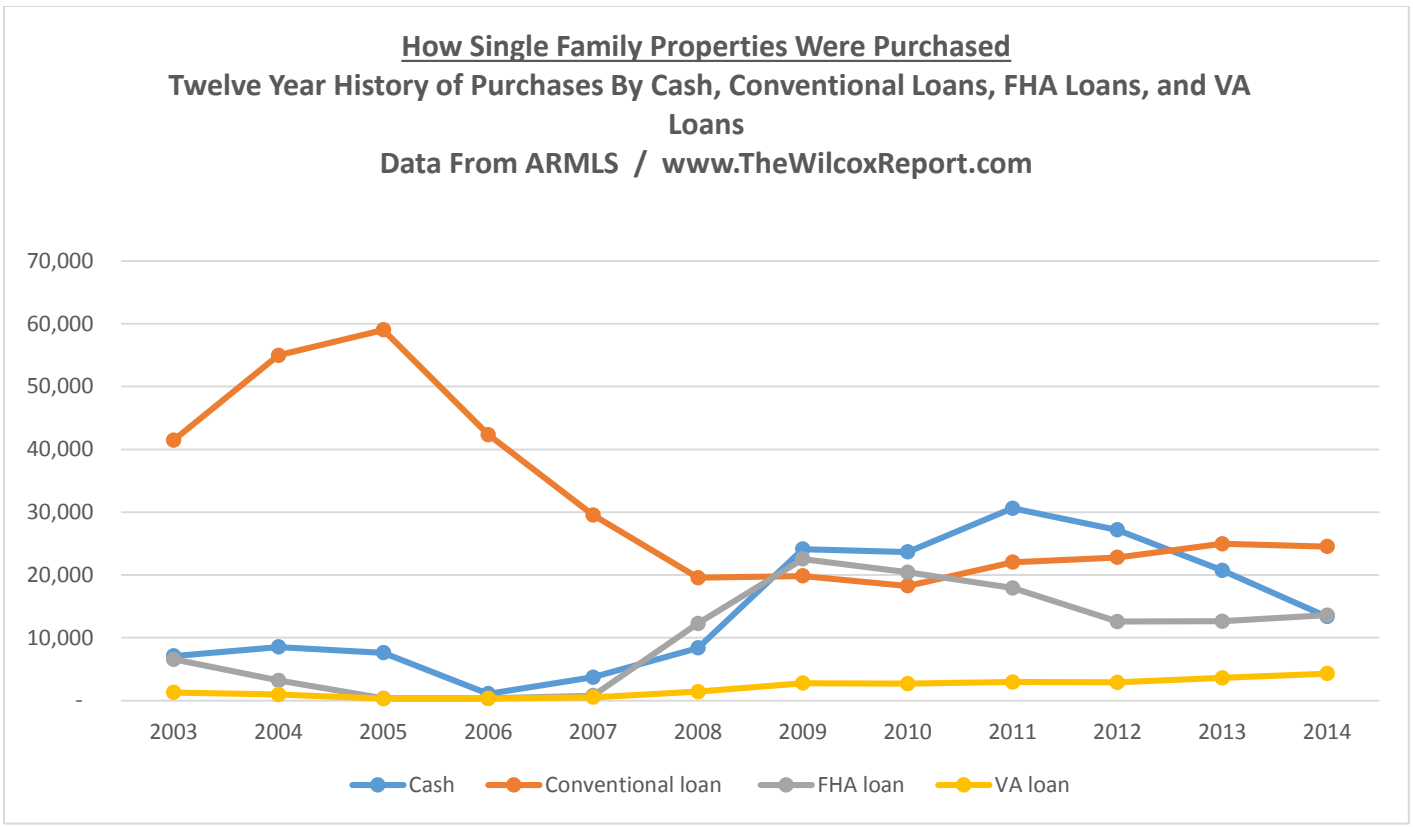
Gone are the days when there were thousands of sales under \$50,000. In 2014, there were 207 existing single family sales under \$50,000 compared to 625 in 2013. From 2009 through 2013 there were 22,513 sales under \$50,000. So the good news is that the glut of cheap distressed properties for sale that previously drove down home values are gone.



Most cheap sales purchased with cash. Disappearing distressed sales diminished cash sales.



Cash sales in 2014 were the lowest since 2008.



How Purchased	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Cash	7,102	8,521	7,623	1,099	3,724	8,382	24,132	23,662	30,618	27,193	20,727	13,359
Conventional loan	41,487	54,970	59,039	42,337	29,538	19,573	19,837	18,273	22,046	22,802	24,963	24,544
FHA loan	6,556	3,211	349	349	775	12,277	22,541	20,418	17,928	12,570	12,624	13,610
VA loan	1,294	965	298	331	523	1,424	2,782	2,701	2,961	2,886	3,602	4,298
Other	6,462	8,908	11,112	10,719	4,499	3,092	620	663	1,012	820	703	654
Total Existing SFR	62,901	76,575	78,421	54,835	39,059	44,748	69,912	65,717	74,565	66,271	62,619	56,465

SFR stands for Single Family Residential.

- ➡ 6,154 more sales in 2013 than 2014
- ➡ 7,368 more cash sales in 2013 than 2014
- ➡ **1,214 more sales with a mortgage in 2014 than 2013**



**On August 1, 2015 new rules apply to residential real estate closings.
Do you know what they are?**



On August 1, 2015 new rules apply to most closed-end consumer mortgages. The rules effect existing and new home purchases, refinances, loans secured by vacant land, construction only loans, and timeshare loans. Excluded are reverse mortgages, home equity lines of credit, mortgages secured by a mobile home or a dwelling that is not attached to real property.

The Consumer Financial Protection Bureau or the CFPB a creation of the Dodd-Frank Act, has integrated mortgage disclosures and created new forms. For loans originated on August 1, 2015 or later, the Good Faith Estimate and the Truth in Lending will be replaced with a new document called the Loan Estimate. And the final Truth in Lending and Settlement Statement are replaced with a new document called the Closing Disclosure.

How will this affect the closing of real estate transactions? The timing of workflow and closings will be impacted by the new rules. The Closing Disclosure has new time tables associated with it. There is a Delivery Period and a Waiting Period before the borrower is allowed to sign loan documents.

Ken Trepeta, Government Affairs for the National Association of REALTORS suggests adding fifteen more days to the normal closing process time in this video.

<http://www.realtor.org/videos/hud-1-going-away-understand-new-closing-forms-procedures>

There is much more to the upcoming changes, for more detailed information contact me, Fletcher Wilcox, at FWilcox@gcta.com or 602.648.1230. I will be representing Grand Canyon Title Agency in meeting with real estate designated brokers and their agents, and builders, and banks and lenders and their loan officers. Don't wait to learn about the changes, but find out what you need to know, what you need to do, and how the changes impact your clients.



Number of Buyers Purchasing with a Loan Improves. Fourth Quarter 2014 Best Quarter Year-To-Year

Purchases with a mortgage were 4.7% less in the first quarter of 2014 compared to the first quarter of 2013. As the year went on mortgage purchases gained momentum. In 2014, mortgage purchases up 1.3% in the second quarter, up 5.8% in the third quarter, and up 9.5% in the fourth quarter compared to the same quarters in 2013. However, the increase in mortgage purchases in the second and third quarters of 2014 was not enough to overcome the decrease in cash purchases resulting in less sales.

Segmenting Mortgages into Three Categories: Conventional, FHA and VA Loans

When segmenting mortgage purchases by conventional loans, FHA loans, and VA loans, we find the following results: Year-to-year **conventional loan** purchases were down the first three quarters in 2014 compared to 2013. A likely, partial reason for the decrease in conventional loans was the implementation of the new Dodd-Frank mortgage rules effective on January 10, 2014.

FHA loans were less only in the first quarter of 2014 compared to 2013, and VA loans were a hero all year long in 2014, up ever quarter of 2014 over 2013.

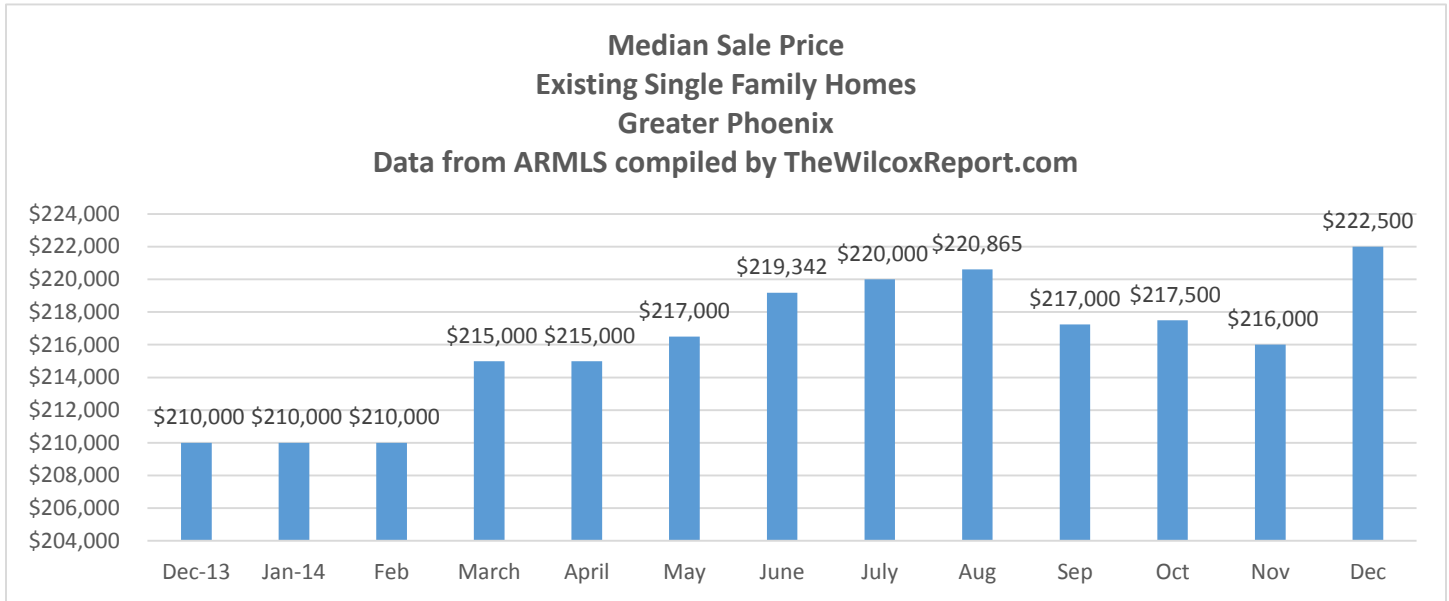
Mortgage Purchases Year-To-Year by Quarter

Mortgage Purchases*	2013	2014	Change	Percent Change
1st Q	9,264	8,826	438	4.7%
2d Q	12,474	12,640	166	1.3%
3rd Q	11,077	11,716	639	5.8%
4th Q	9,078	9,937	859	9.5%
Total	41,893	43,119	1,226	2.9%
Conventional Loans				
	2013	2014	Change	Percent Change
1st Q	5,386	5,031	355	6.6%
2d Q	7,586	7,181	405	5.3%
3rd Q	6,705	6,667	38	0.6%
4th Q	5,286	5,665	379	7.2%
Total	24,963	24,544	419	1.7%
FHA Loans				
	2013	2014	Change	Percent Change
1st Q	2,917	2,718	199	6.8%
2d Q	3,687	4,070	383	10.4%
3rd Q	3,225	3,752	527	16.3%
4th Q	2,795	3,070	275	9.8%
Total	12,624	13,610	986	7.8%
VA Loans				
	2013	2014	Change	Percent Change
1st Q	787	905	118	15.0%
2d Q	984	1,193	209	21.2%
3rd Q	976	1,141	165	16.9%
4th Q	855	1,059	204	23.9%
Total	3,602	4,298	696	19.3%

Data from ARMLS

*Mortgage purchases contains four categories: conventional loans, FHA loans, VA loans, and other types of mortgage purchases. Other types of mortgage purchases are less than two percent of all mortgage purchases.

2014 existing single family median sale price highest in December.

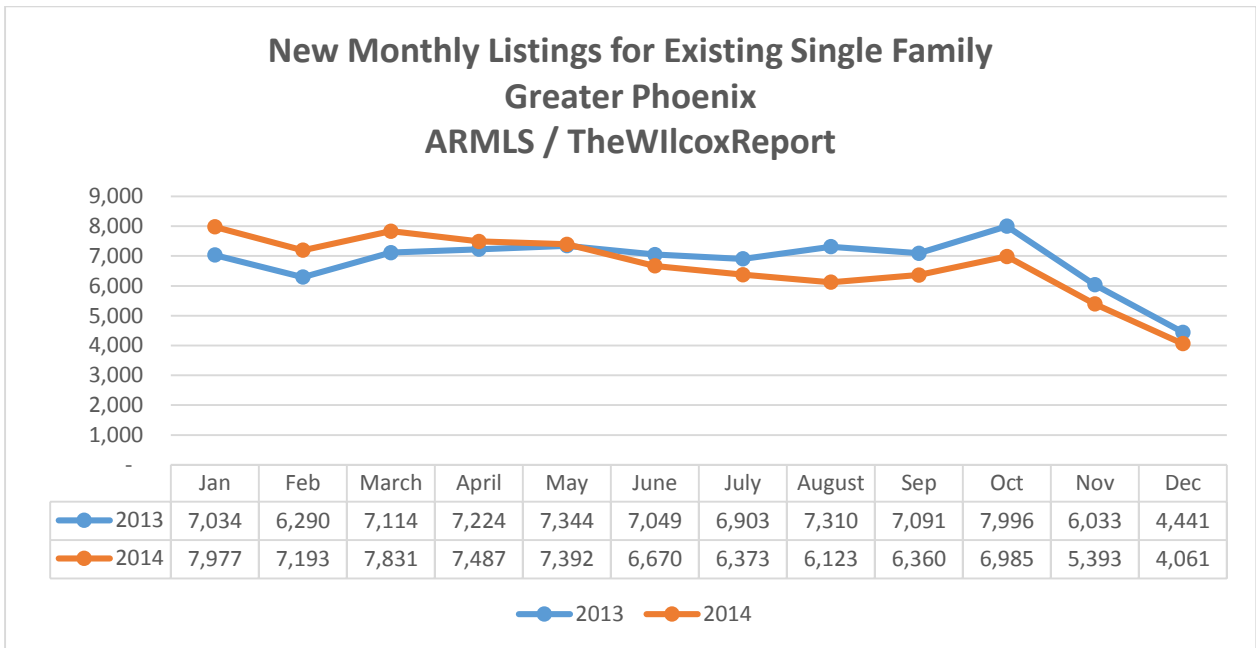


Median Sale Price

Month	2013	2014	Change	% Change
January	\$ 175,000	\$ 210,000	\$ 35,000	20.0%
February	\$ 181,050	\$ 210,000	\$ 28,950	16.0%
March	\$ 189,900	\$ 215,000	\$ 25,100	13.2%
April	\$ 197,000	\$ 215,000	\$ 18,000	9.1%
May	\$ 200,000	\$ 217,000	\$ 17,000	8.5%
June	\$ 207,598	\$ 219,342	\$ 11,744	5.7%
July	\$ 210,000	\$ 220,000	\$ 10,000	4.8%
August	\$ 210,000	\$ 220,865	\$ 10,865	5.2%
September	\$ 211,900	\$ 217,000	\$ 5,100	2.4%
October	\$ 209,700	\$ 217,500	\$ 7,800	3.7%
November	\$ 209,000	\$ 216,000	\$ 7,000	3.3%
December	\$ 210,000	\$ 222,500	\$ 12,500	6.0%
Total	\$ 200,000	\$ 217,000	\$ 17,000	8.5%

Keep Your Eye on Listing Inventory

The chart below is for new monthly listings of existing single properties in Greater Phoenix. The chart does not represent the total number of existing single family listings, but only new monthly listings. New monthly listings in 2014 were less from June through December compared to 2013.



New Monthly Listings	2013	2014	Change	% Change
January	7,034	7,977	943	13.4%
February	6,290	7,193	903	14.4%
March	7,114	7,831	717	10.1%
April	7,224	7,487	263	3.6%
May	7,344	7,392	48	0.7%
June	7,048	6,670	-378	-5.4%
July	6,903	6,373	-530	-7.7%
August	7,310	6,123	-1,187	-16.2%
September	7,091	6,360	-731	-10.3%
October	7,996	6,985	-1,011	-12.6%
November	6,033	5,393	-640	-10.6%
December	4,441	4,060	-381	-8.6%
Total	81,828	79,844	-1,984	-2.4%



Disclaimer

While deemed accurate this report does not guarantee the accuracy of the data. Some numbers will change. Report may not reflect all real estate activity. Information should be verified. This article is of a general nature, and is not intended as investment advice, real estate advice, lending advice or legal advice. Please consult your broker, your lender, your own independent legal counsel, your certified public accountant. The information in this report may not be the opinion of Grand Canyon Title Agency, Inc.

Note: Included in some of the charts of this report may be a small number of new home sales and listings.



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By

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Fletcher is proud to be part of Grand Canyon Title Agency, Inc. The company has been closing escrows in Greater Phoenix for thirty-five years and has sixteen escrow offices. Fletcher was born and raised in Arizona. He received a Bachelor of Science degree and a Master of Arts degree from Arizona State University. He obtained an Arizona Real Estate license in 1985 and co-listed and closed his first property, a \$2.5 million dollar commercial property in 1986.

He is a member or past member of the following associations

Arizona Association of Realtors www.aaronline.com

Arizona State Escrow Association <http://www.azsea.org>

Arizona Mortgage Lenders Association www.azmortgagelenders.com

Scottsdale Area Association of Realtors www.saaronline.com

Statistician for the Heart of Scottsdale Real Estate Tour <http://www.saaronline.com/marketing/scottsdale.php>

Homebuilders Association of Central Arizona www.hbaca.org

Scottsdale Chapter Women's Council of REALTORS www.scottsdalewcr.com

Fletcher is author of **TheWilcoxReport.com**. This report provides statistics and analysis on single family real estate trends in Greater Phoenix. He is a contributing columnist for the *Arizona Journal of Real Estate & Business* and has written for *Arizona Realtor Magazine* a publication by the Arizona Association of Realtors. He has been a guest speaker on KTAR, KJZZ/NPR, KFNN, channel 3, 10, 12, channel 8's Horizon show, Square Off Arizona and the Willis Report on Fox Business News. His residential analysis has been mentioned in the Wall Street Journal, Arizona Republic, AZCentral.com, Phoenix Business Journal, East Valley Tribune, Bloomberg News, Dow Jones MarketWatch, HousingWire.com and National Mortgage News.

He teaches renewal courses on the Residential Resale Real Estate Purchase Contract. Fletcher joined Alice Cooper's Solid Rock organization as a board member. The organization promotes music and the arts and has opened a center for teenagers in Phoenix <http://www.alicecoopersolidrock.com/the-rock/>. Fletcher served eleven years as a citizen board member on the Phoenix Police Department's Disciplinary Review & Use of Force Boards. He attends Living Streams Christian Church. Fletcher started snowboarding in 2008. He is not very good.