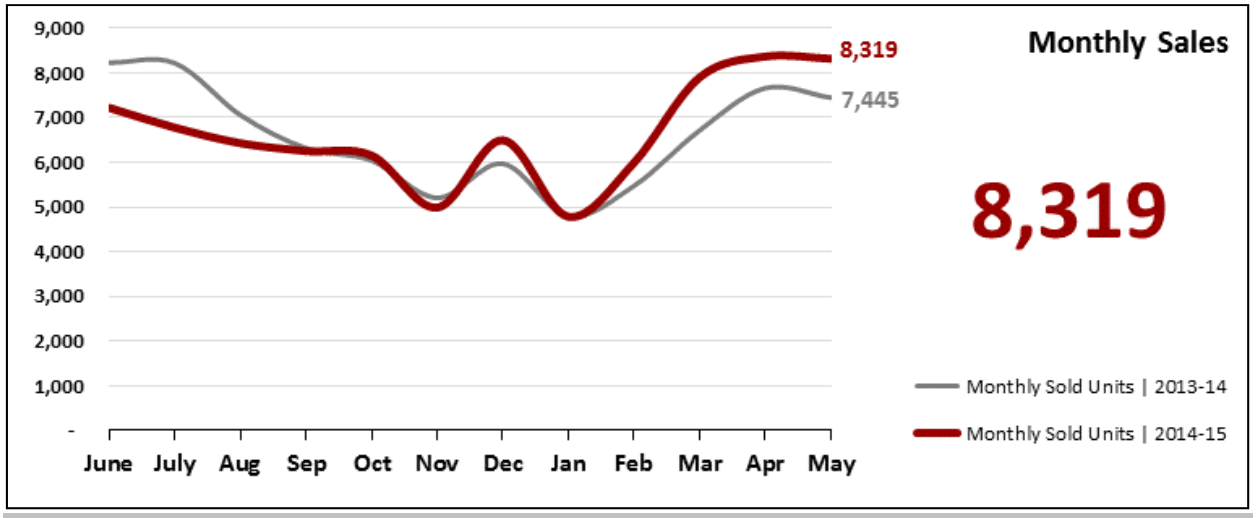
ARMLS® STAT

your monthly statistics for the Phoenix Metro area

ARMLS® STAT - June 15, 2015

MONTHLY SALES



+11.7% year-over-year

-0.6% month-over-month

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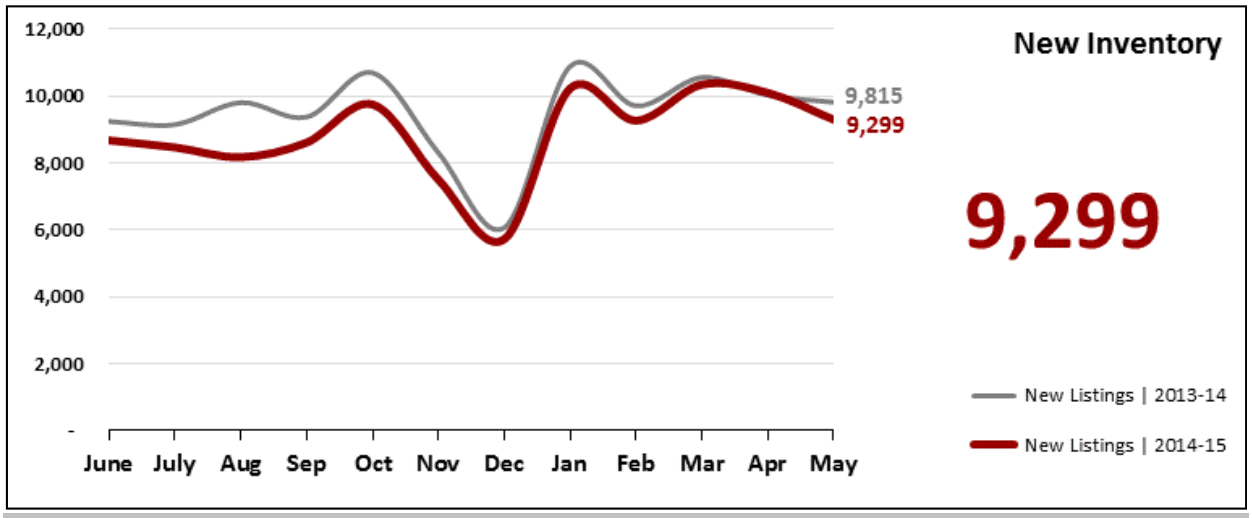
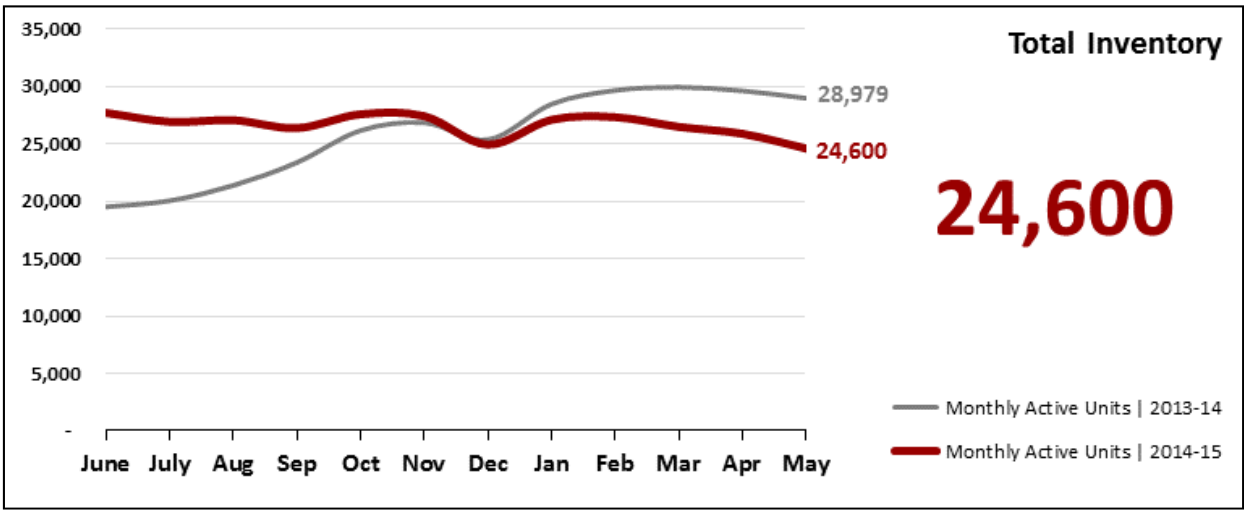
NEW INVENTORY



-5.3% year-over-year

-7.9% month-over-month

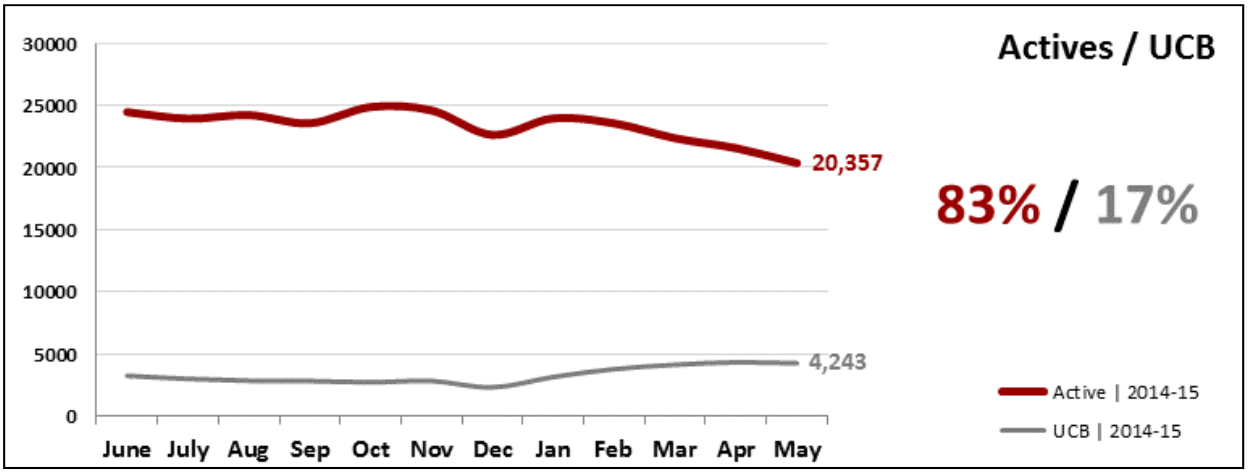
TOTAL INVENTORY



-15.1% year-over-year

-5.0% month-over-month

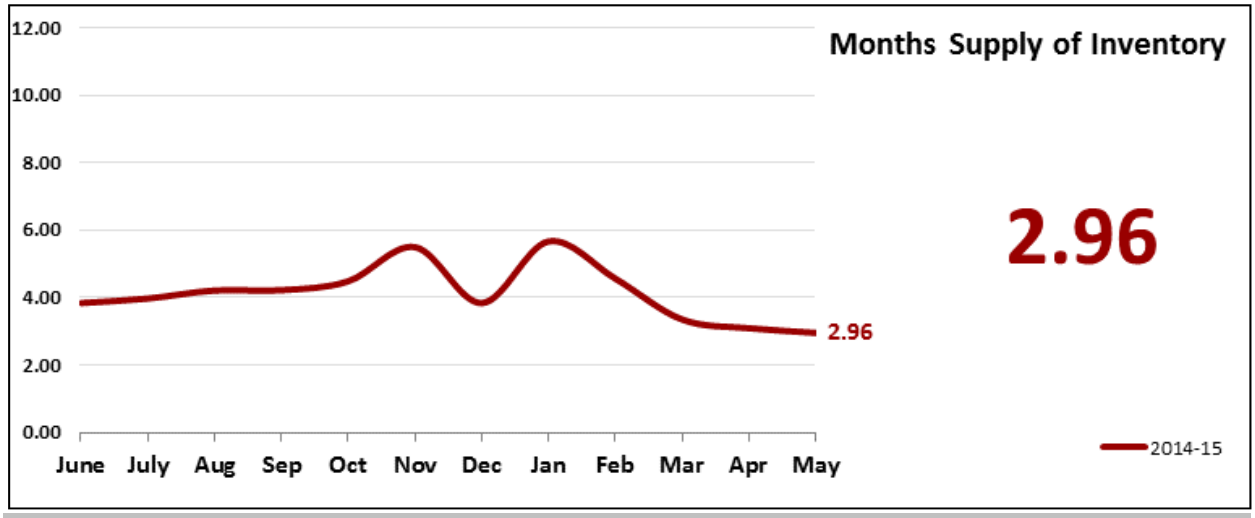
ACTIVES / UCB



16.7% APR 2015 UCB percent of total Active

17.2% MAY 2015 UCB percent of total Active

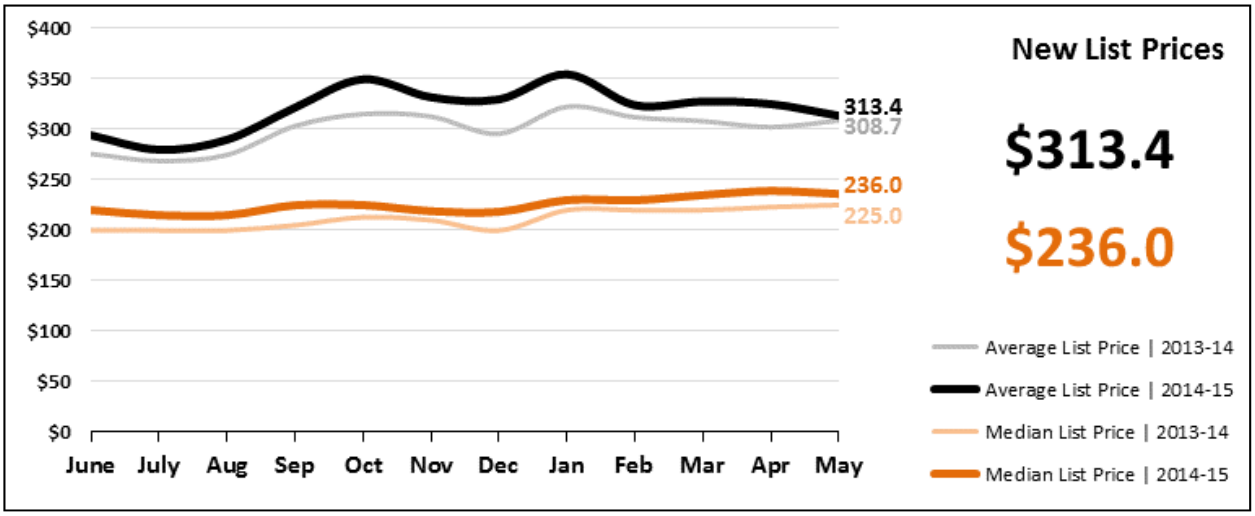
MONTHS SUPPLY OF INVENTORY



3.09 MSI APR 2015

2.96 MSI MAY 2015

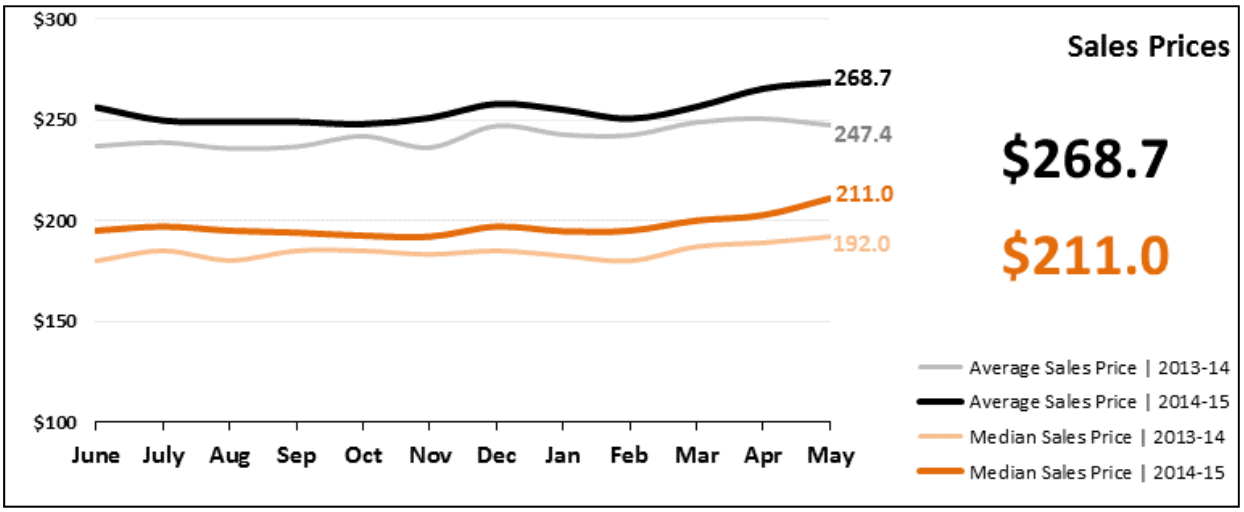
NEW LIST PRICES



+1.5% year-over-year average

+4.9% year-over-year median

SALES PRICES

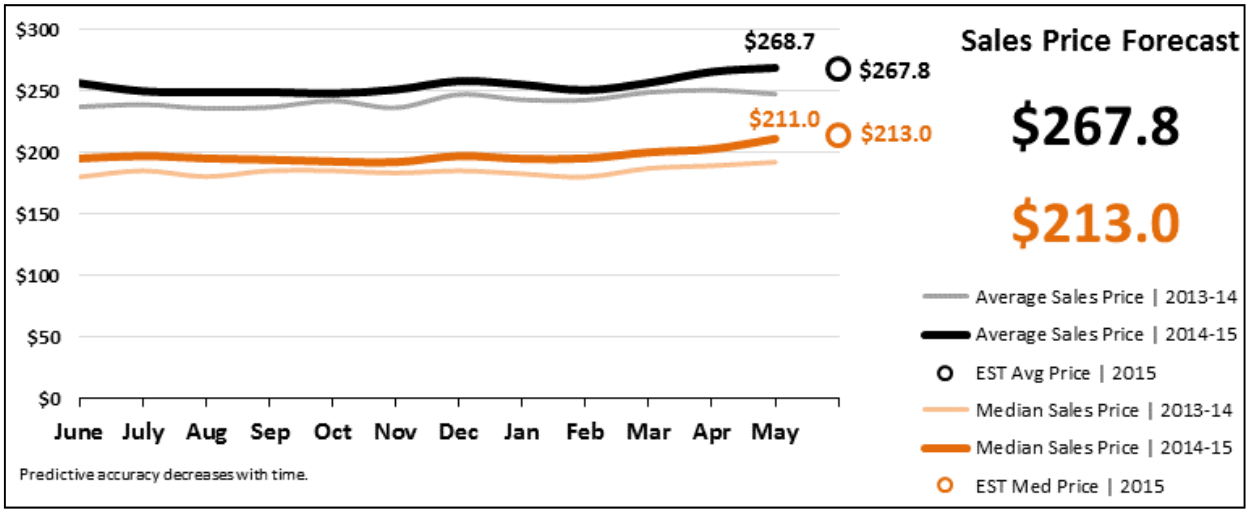


+8.6% year-over-year average

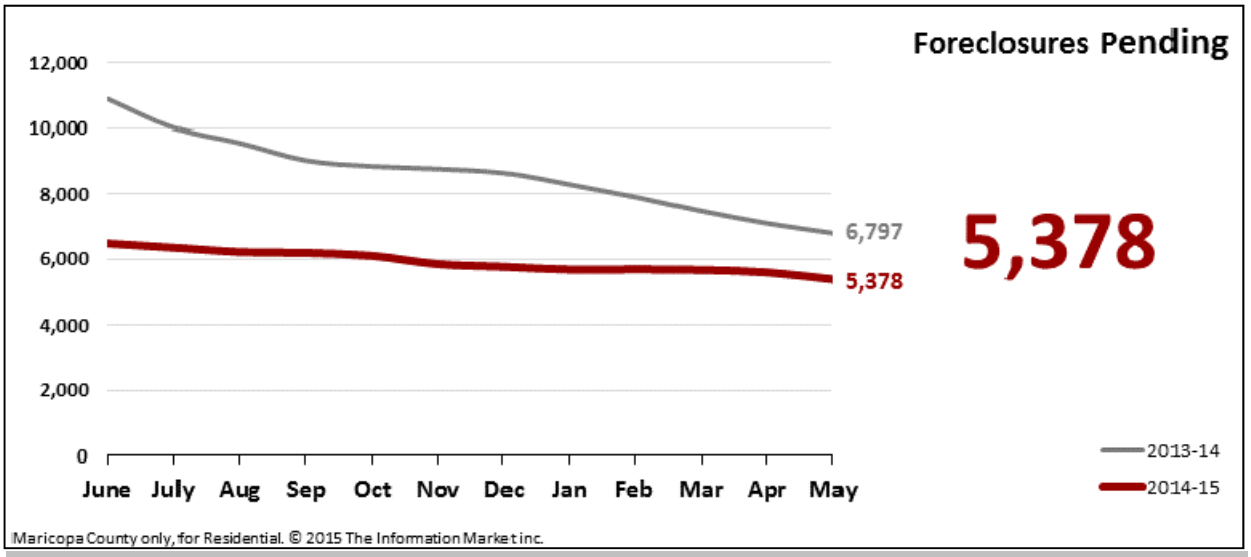
+9.9% year-over-year median

THE ARMLS® PENDING PRICE INDEX™

SALES PRICE FORECAST



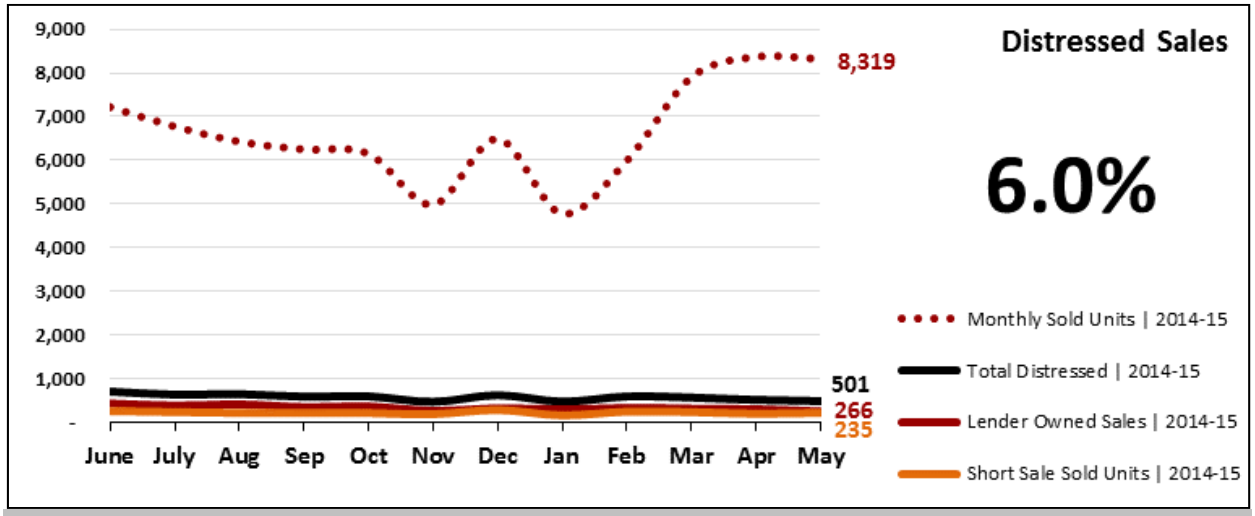
FORECLOSURES PENDING



-20.9% year-over-year

-3.8% month-over-month

DISTRESSED SALES

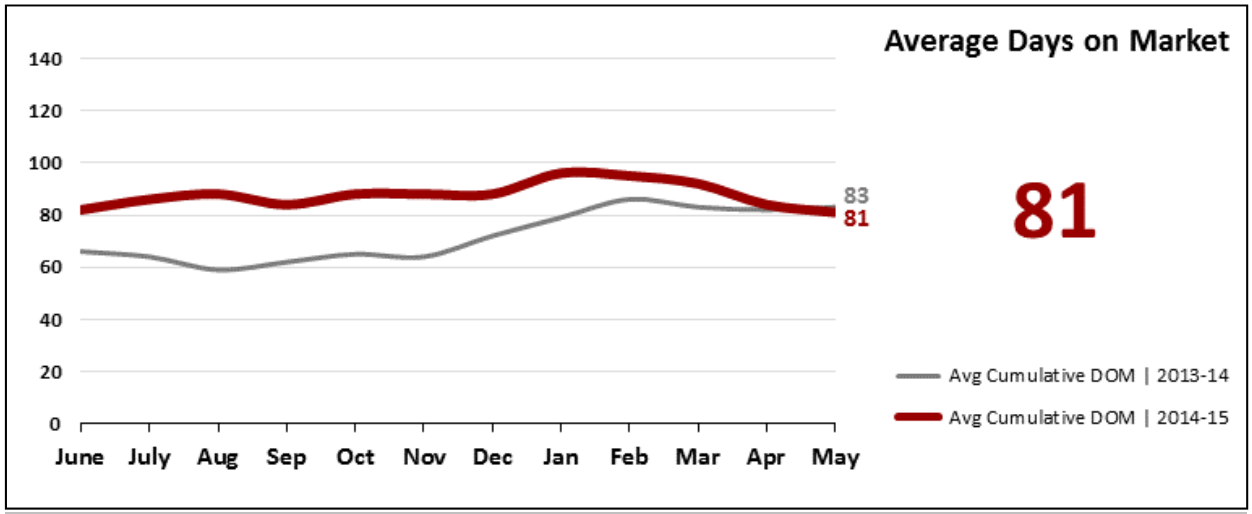


-19.8% short sale units year-over-year

-46.9% lender owned units year-over-year

-36.9% total year-over-year

AVERAGE DAYS ON MARKET



-2 year-over-year

-3 month-over-month

COMMENTARY

by Tom Ruff of The Information Market

Two recently published reports caught our eye this month, the May jobs report from the Bureau of Labor Statistics (BLS) and Fannie Mae's May 2015 National Housing Survey. Both reports show positive changes and should mean good news for the housing market. The BLS reported that employers added 280,000 jobs in May, the 14th time in 15 months that job growth has topped 200,000. I'm always a skeptic when it comes to the monthly BLS jobs report because of the often wild revisions that sometimes take place after it's published, but I'm a strong advocate of a trend reported by fivethirtyeight.com:

"*The recovery in the job market was so slow for so long that it can be easy to miss how significant a turnaround we've experienced in the past year and a half. Since the start of 2014, the economy has added 4.2 million jobs, the unemployment rate has fallen 1.2 percentage points and virtually every other measurement — hiring, layoffs, voluntary quits — has shown significant improvement.* " —fivethirtyeight.com

With regards to the Fannie Mae report, a monthly survey of 1,000 US adults, the public is feeling better about the housing market. The report notes that 49% feel that now it is a good time to sell, up from 43% a year ago. There was also some growth in the number of respondents that reported their income grew significantly in the last 12 months.

Even though the survey doesn't seem to indicate that people believe it's any easier to obtain a mortgage, we are seeing a larger percentage of homes purchased with financing. In April of 2014, Maricopa County public records reported 8,406 home sales, of which 68% (5,696) were purchased with financing whereas in April 2015 that number was 73%. There were 973 more home purchases financed in April 2015 than in April 2014.

The biggest change in homes financed occurred with FHA loans. In 2014 FHA loans accounted for 18.4% of home loan purchases, in April 2015 this percentage grew to 32%. The percentage of home purchases financed continues to trend higher which translates into an improving housing market. Mortgage rates were better in April 2015 at 3.87%, compared to 4.14% April 2014 (average 30-year fixed-rate mortgage).

Looking at the MLS, there were 8,319 residential sales in May 2015 compared to 7,445 sales in May 2014. Over the same period we saw active listings, removing UCB for this calculation, decline from 25,584 in May 2014 to 20,357 this year. An 11.7% increase in demand paired with a 20.4% decrease in supply is exerting upward pricing pressure. This upward pricing pressure is seen in the median sales price this month, which increased 4.1%. Our median sales price is now 83% of the $255,000 peak reached in June of 2006.

This significant monthly increase in median price can be attributed to a major imbalance between supply and demand at the lower price points. There were 4,159 homes sold in May below the median sales price and 5,899 active listings without a contract. Our market has an extremely low inventory of homes available to the entry level buyer. The three main contributing factors to this phenomenon:

1. Homeowners who would be considering selling are still underwater
2. Investors who purchased bargain assets at the bottom of our market are quite happy with their improving rents and increasing equities, and are not selling
3. Builders have been cautious and are not building, for May in Maricopa County, only 90 newly constructed homes sold for $211,000 or less

As a side note, I would caution STAT readers in associating a 4.1% increase in the median sales price with a 4.1% increase in home values. We need to look no further than two other pricing metrics to see this is not the case. The average priced home in May sold for $268,693, which was 1.2% higher than the average of $265,470 in April. The average price per square foot is even more telling at $136.08 in May 2015, only 0.46% higher than $135.46 in April. For you peak watchers, our average sales price in May in now 77% of our 2006 peak of $350,400. Our average price per square foot is 71% of the peak total of $190.61 according to The Cromford Report.

The ARMLS Pending Price Index (PPI)

Our last Pending Price Index projected a May 2015 median price of $205,000 with the actual median coming in at $211,000, an error of 2.9%. Looking ahead to June 2015, the ARMLS Pending Price Index projects a median sales price of $213,000. We began June with 7,833 pending sales contracts and 4,243 UCB listings giving us a total of 12,076 residential listings under contract. In comparison, at the beginning of May we had 12,291 listings under contract.

June 2015 sales volume will undoubtedly exceed June 2014 (7,219), but will be lower than the total of 8,319 in May 2015 as we're now moving into the final phase of our home buying season. We expect sales this month to be slightly lower than in May, thus projecting 8,000 homes sales in June.