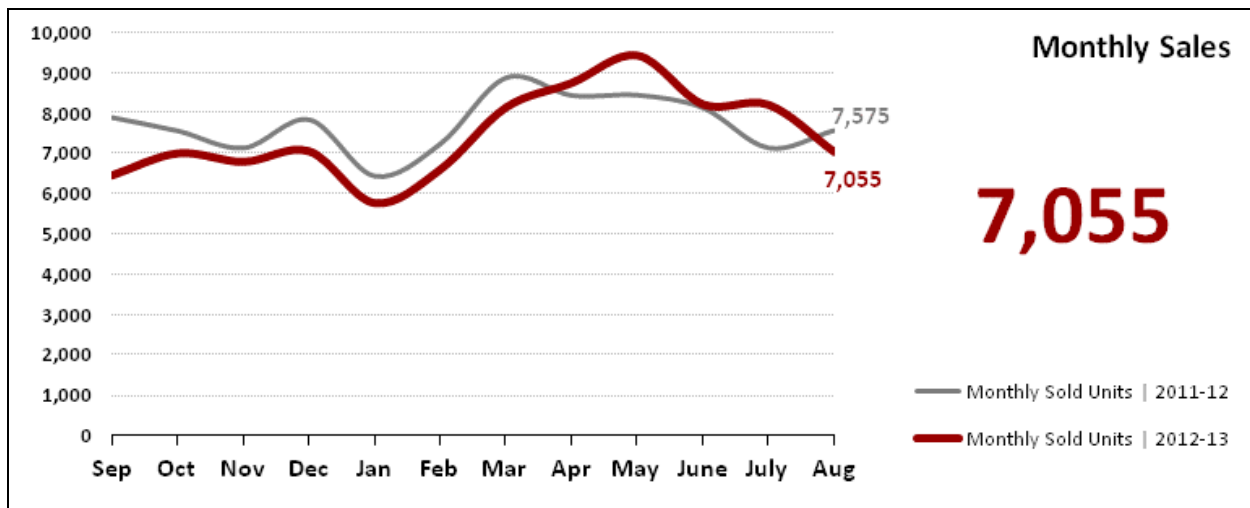




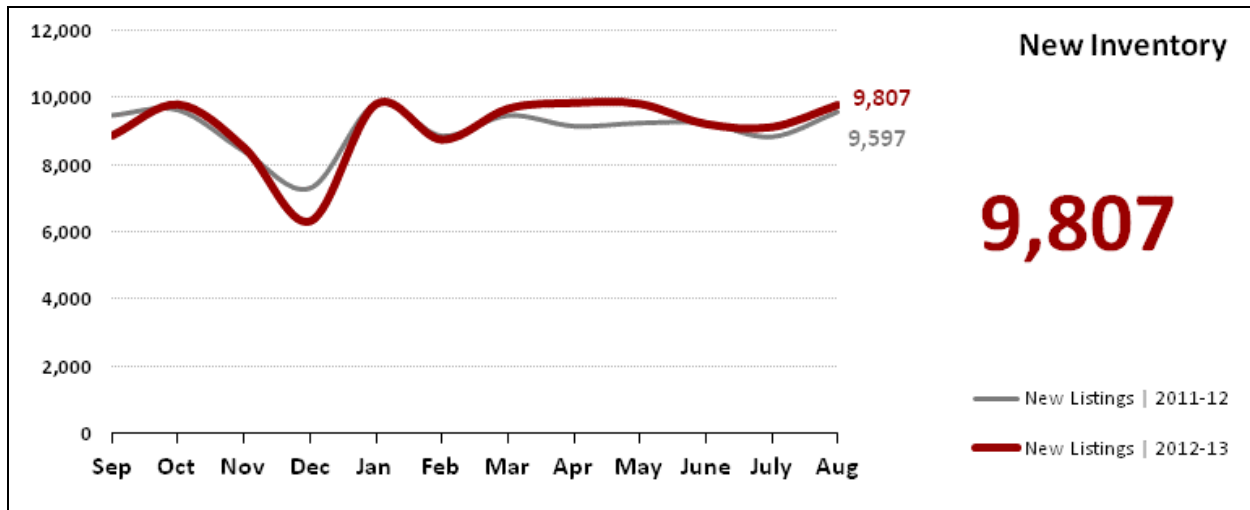
## ARMLS® STAT - September 10, 2013

### MONTHLY SALES



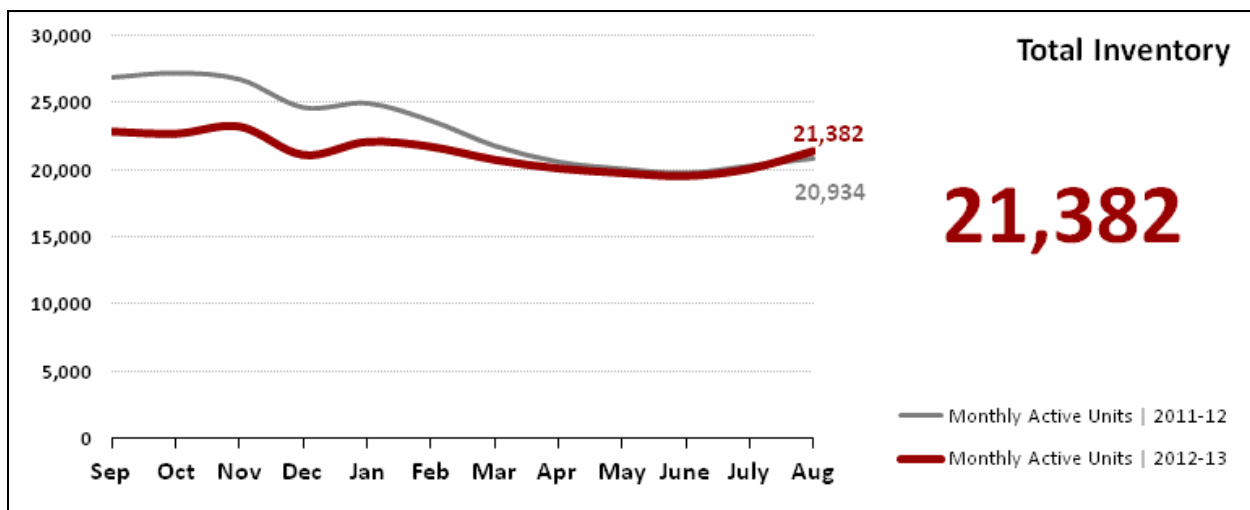
**-6.9%**, year over year  
**-14.1%**, month over month

## NEW INVENTORY



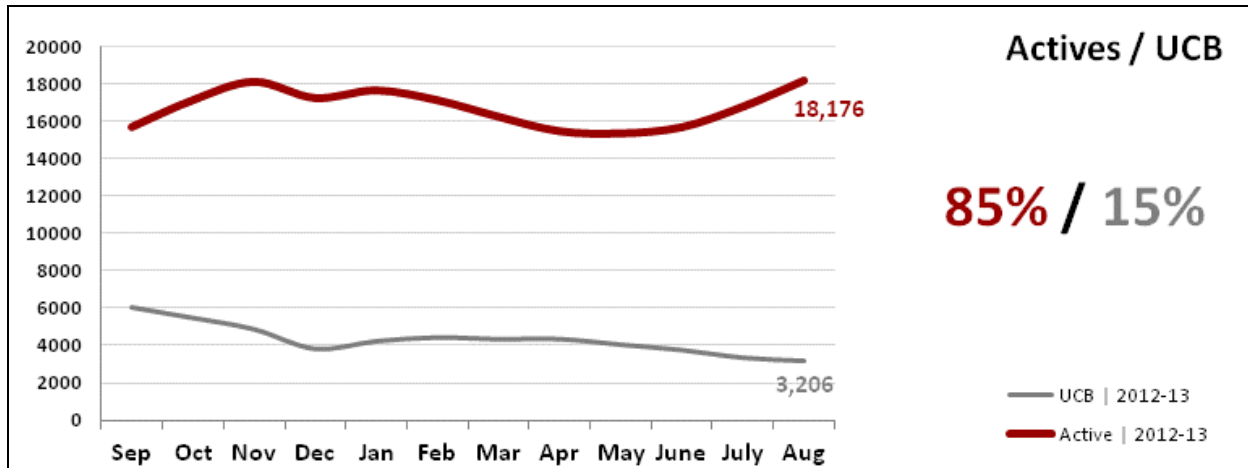
**+2.2%**, year over year  
**+7.2%**, month over month

## TOTAL INVENTORY



**+2.1%**, year over year  
**+6.6%**, month over month

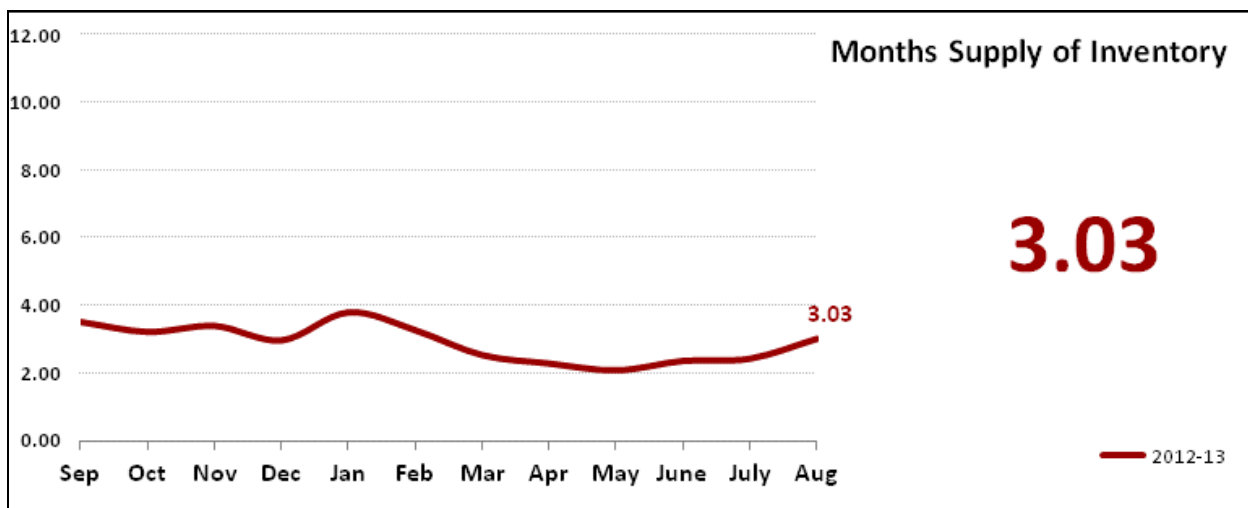
## ACTIVES / UCB



**30.3%**, August 2012 UCB percent of total Active

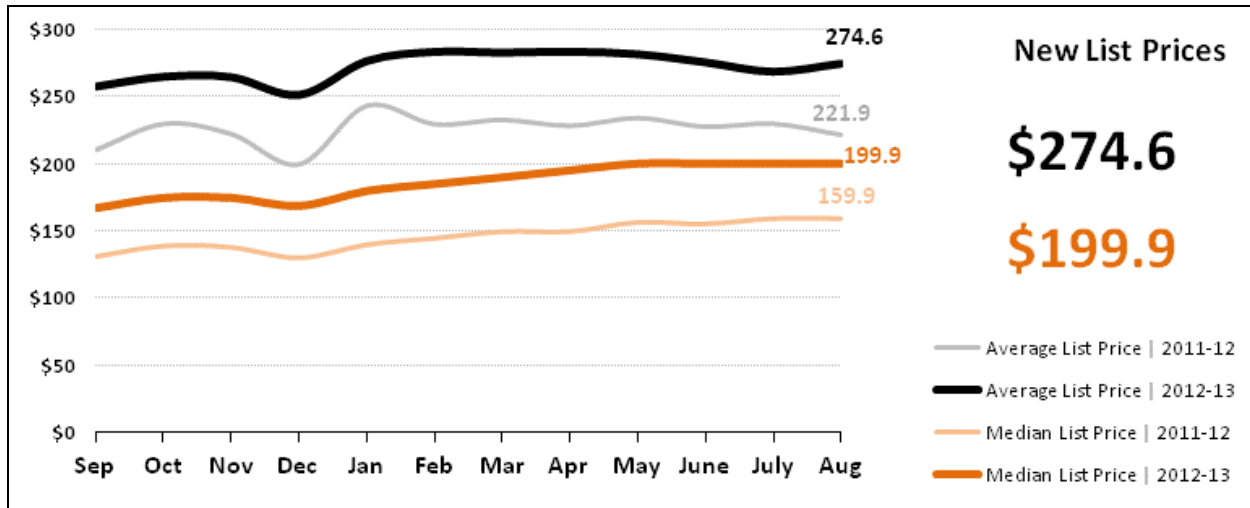
**16.8%**, July 2013 UCB percent of total Active

## MONTHS SUPPLY OF INVENTORY



**2.76**, MSI Aug 2012

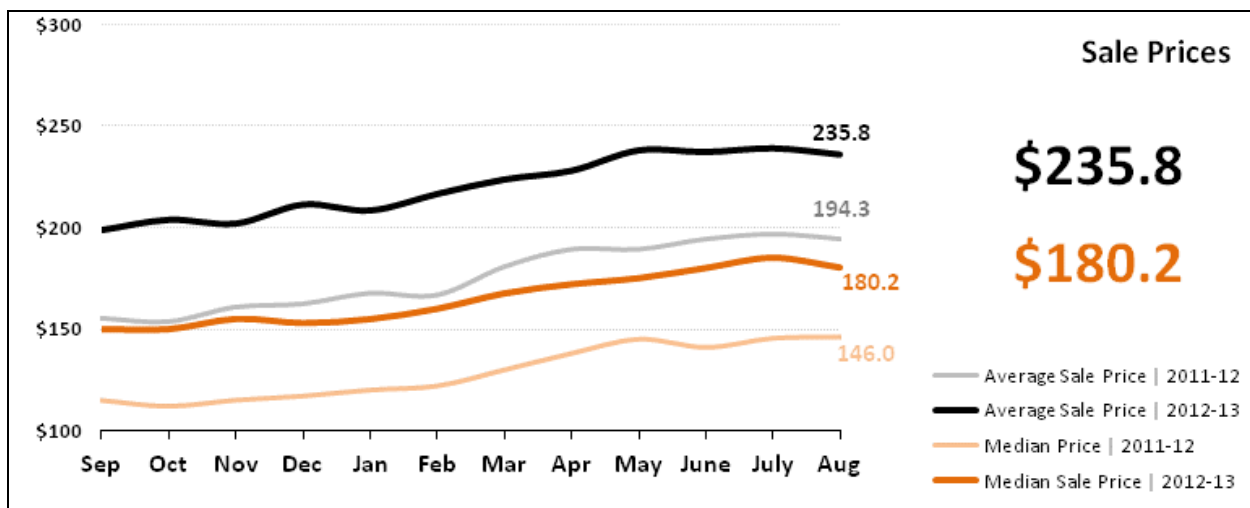
## NEW LIST PRICES



**+23.7%**, year over year average

**+25.0%**, year over year median

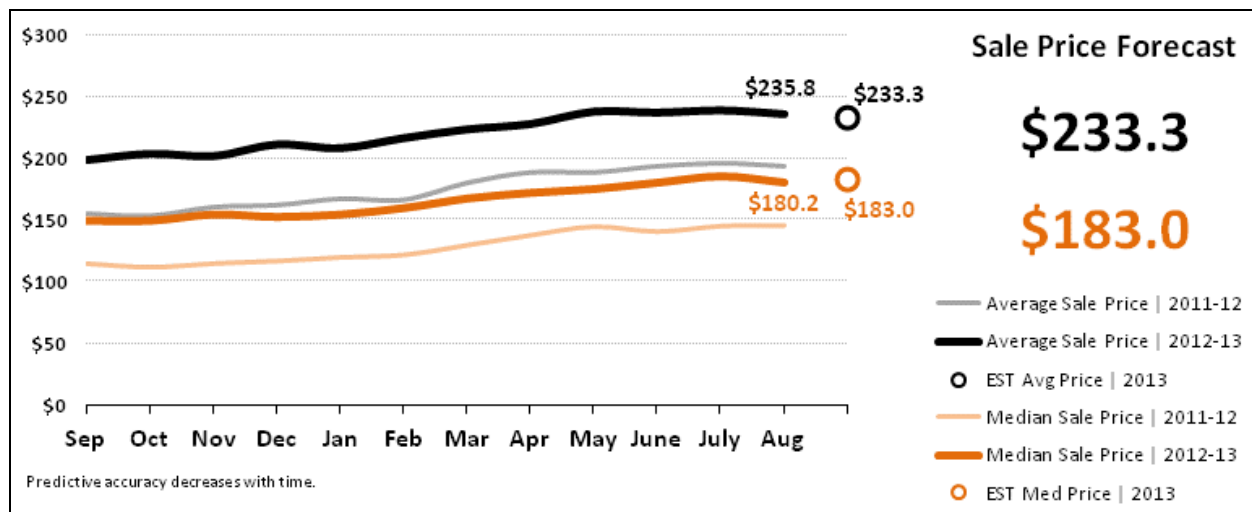
## SALES PRICES



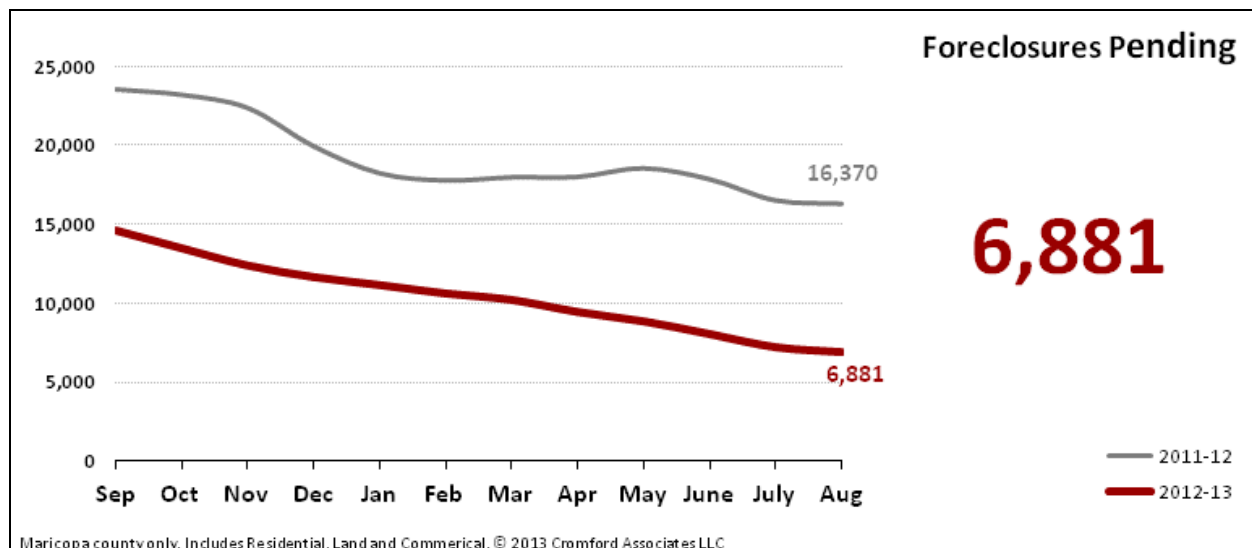
**+21.4%**, year over year average

**+23.4%**, year over year median

## THE ARMLS PENDING PRICE INDEX™



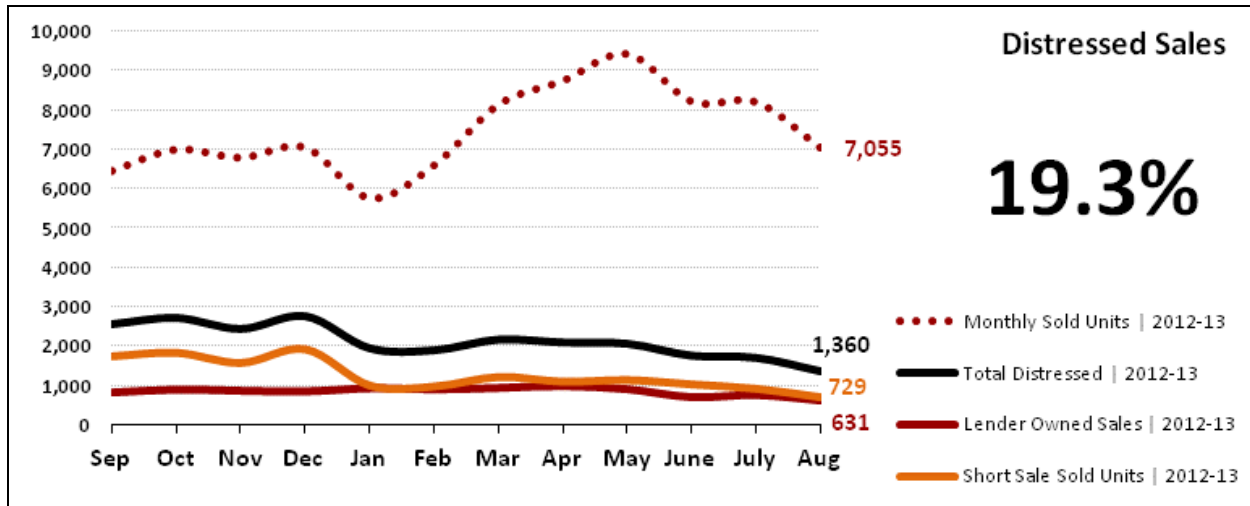
## FORECLOSURES PENDING



**-58.0%**, year over year

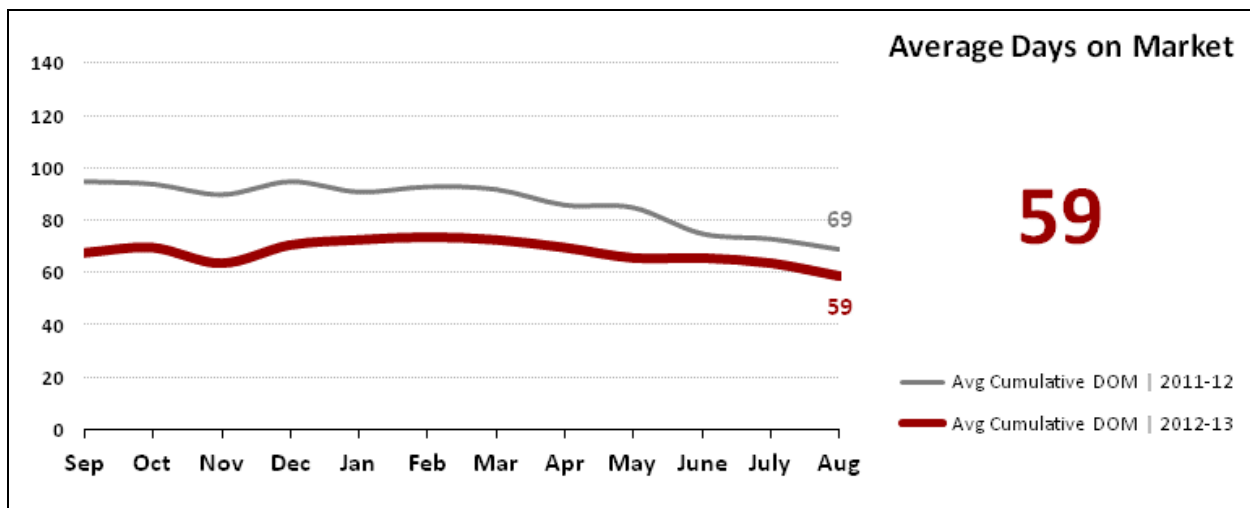
**-4.3%**, month over month

## DISTRESSED SALES



**-67.2%**, short sale units year over year  
**-40.4%**, lender owned units year over year

## AVERAGE DAYS ON MARKET



**-10**, year over year  
**-5**, month over month

## COMMENTARY

by Tom Ruff of The Information Market

**Sales volume and prices were down in August** due to what will undoubtedly be referred to by some national media reports as the bursting of the “housing bubble 2.0.” By now we should be accustomed to the smallest perceived negative change in our market being exaggerated into bold print headlines accompanied by dire predictions. It’s just the world we live in, [#housingdrama](#), where pageviews supersede quality content.

**While the sales volume in July was higher** than expected, numbers in August could best be summarized by former Arizona Cardinal’s football coach Dennis Green, [“They are what we thought they were.”](#) The August sales volume was 6.9% lower than last year, at 7,055 compared to 7,575. Month-over-month numbers were down 14.1%. The total number of sales closed this month within the MLS was 7,055 compared to 8,216 month-over-month. The median sales price fell in August by 2.6% to \$180,200, down from the median in July of \$185,000. The year-over-year median sales price is 23.4% higher than this time last year.

**The speed at which homes are selling continued to increase** with the average days on market at only 59, compared to 64 days last month and 69 days a year ago. Last month we commented that summer lulls are not uncommon where prices often move sideways or slightly downward. If we look at the summer months (June, July and August) collectively, prices were flat, with a median sales price in June of \$180,000 and an August median of \$180,200. The average sales price in June was \$237,000, while August finished at \$235,800. Sales volume for the three summer months in 2012 totaled 22,853, summer 2013 was 2.8% higher with 23,499 total sales. To capsule, sales volume this summer was modestly ahead of last year’s pace with significantly higher prices.

**The total number of listings for sale was 6.6% higher** in August than July. July reported 20,049 total Active listings and we begin September with 21,382. We consider 30,000 listings normal. In August 9,807 new listings were added compared to 9,597 last year at this time, a 2.2% increase. If trends this year follow the same pattern as the two previous years, inventory will continue to increase through October. Total inventory is calculated by adding the total number of Active listings with the total number of listings under contract but accepting backup offers (UCB). UCB listings continue their descent as short sales play a lesser role in our market. UCB listings account for only 15% of our total inventory, one year ago they accounted for nearly 30% of our total inventory.

**Looking forward, next month’s sales volume will be lower.** Historically, sales volume between August and September has declined 11 out of the last 12 years. Volume declines between August and September can clearly be attributed to seasonal factors. The ARMLS Pending Price

Index forecasts a slight rise in the median sales price with the average priced home moving slightly down. The projected median sales price for September is expected to rise 1.6% to \$183,000 with the average sales price projected 1.0% lower to \$233,300.

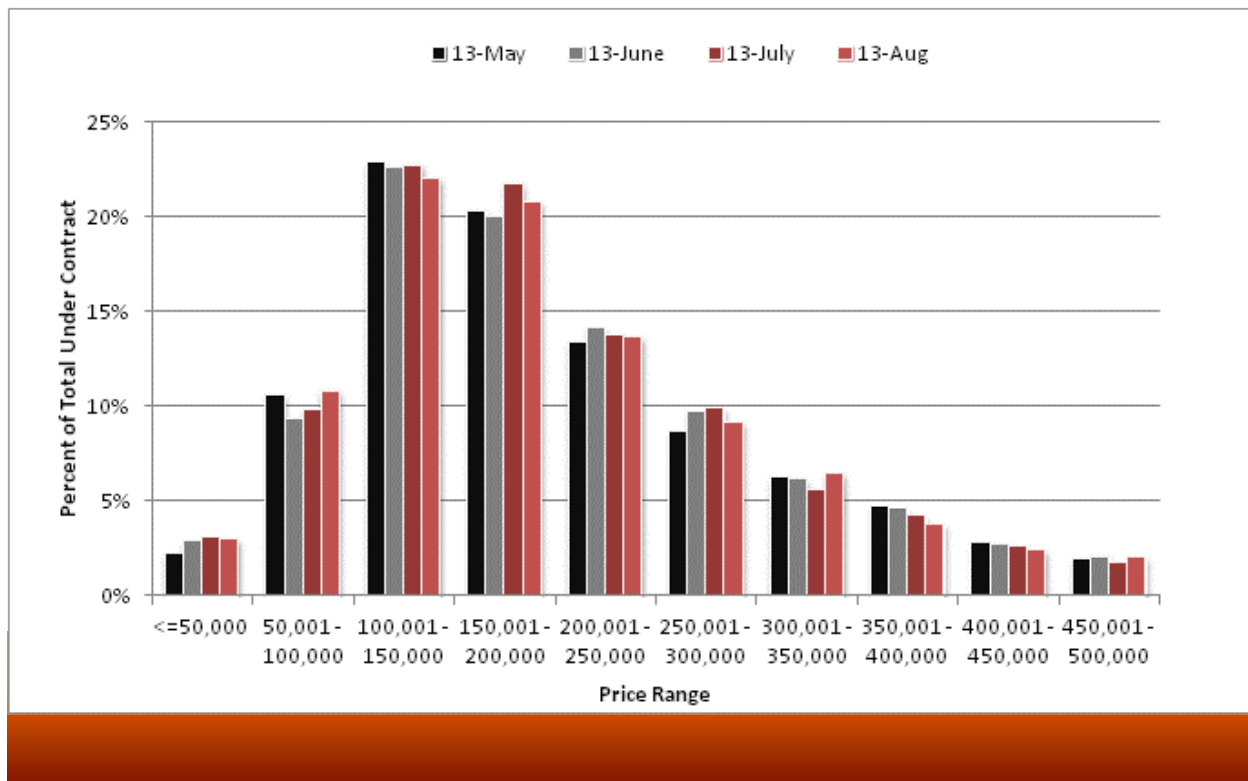
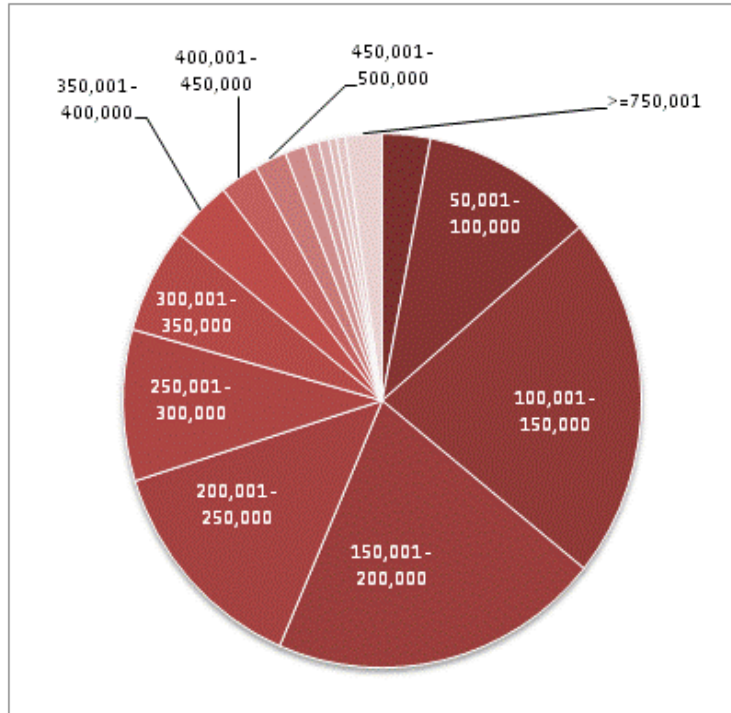
**The ARMLS Pending Price Index** is a forecasting tool unique to ARMLS based on the contracted but not yet closed sales price. What makes PPI unique is it looks forward with calculations based on expected home closings in the upcoming month. By comparison, the Case-Shiller Home Price Index, the most widely respected national housing index, is calculated from data on repeat sales of single family homes. The Case-Shiller Index is a three-month moving average, allowing for the time it takes to receive their closing data and the time it takes to process their calculations. The end result is a very accurate forecast of what occurred in the market 4 months ago. As mentioned, the ARMLS PPI index is looking at contracted sales prices, pending sales that have not yet closed. The PPI index is equivalent to having all the answers to a test before taking the test, but not being quite sure what questions will be asked. At first there were growing pains with the PPI index since its introduction, but if you've followed the PPI index recently it is becoming remarkably accurate. The initial problems centered on the expected close of escrow date. We all know home closings don't always go as expected, and for an agent to accurately anticipate the closing date of a short sale — well, good luck. So, while we know the contracted sales price, projecting which properties will close in the next month is the challenge. As our market returns to normalcy with fewer short sales and as we develop improved methodologies this challenge is becoming manageable. The slight decline in home prices reported by this month's closings was anticipated by last month's PPI.

**In next month's STAT report,** we will take a look at the demand side of our housing equation by profiling Buyers and how the composition of Buyers is changing. Early indications from public records data in August show declines in investor activity, out of state buyers, all-cash buyers and new construction homes. In a recent blog Trulia Chief Economist Jed Kolko defined four phases of the housing recovery, he believes the national housing recovery is in Phase 3<sup>2</sup>. Quoting from his blog, "The fourth phase which will begin when young adults finally start moving out of their parents' homes, boosting household formation is yet to come. Until this happens, construction and new home sales will remain well below normal even though prices and existing-home sales are now very close to their normal, sustainable levels." For our local market, I would add boomerang buyers to Kolko's hypothesis, people who lost their homes to foreclosure or short sale now returning to the market. Could Phoenix be showing signs of entering this final phase of recovery? Most likely, yes.



## PPI SUPPLEMENT

Pending Contracts Signed In Aug		
Price Range	PPI Units	Units % of Total
<=50,000	191	3.00%
50,001 - 100,000	687	10.79%
100,001 - 150,000	1,401	22.00%
150,001 - 200,000	1,319	20.71%
200,001 - 250,000	869	13.65%
250,001 - 300,000	582	9.14%
300,001 - 350,000	408	6.41%
350,001 - 400,000	240	3.77%
400,001 - 450,000	153	2.40%
450,001 - 500,000	128	2.01%
500,001 - 550,000	83	1.30%
550,001 - 600,000	54	0.85%
600,001 - 650,000	41	0.64%
650,001 - 700,000	31	0.49%
700,001 - 750,000	35	0.55%
>=750,001	146	2.29%



## PPI SUPPLEMENT - \$/SQ FT

Pending Contracts Signed In July					Pending Contracts Signed In Aug				
Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt	Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt
<=50,000	33,964	1,297	200	26	<=50,000	33,594	1,150	191	29
50,001 - 100,000	80,656	1,228	640	66	50,001 - 100,000	79,368	1,250	687	64
100,001 - 150,000	128,743	1,531	1,489	84	100,001 - 150,000	129,690	1,535	1,401	85
150,001 - 200,000	174,223	1,786	1,425	98	150,001 - 200,000	174,629	1,791	1,319	98
200,001 - 250,000	225,152	1,996	898	113	200,001 - 250,000	225,667	1,957	869	115
250,001 - 300,000	275,391	2,256	648	122	250,001 - 300,000	275,645	2,245	582	123
300,001 - 350,000	327,488	2,543	364	129	300,001 - 350,000	325,762	2,486	408	131
350,001 - 400,000	376,764	2,765	274	136	350,001 - 400,000	376,387	2,758	240	136
400,001 - 450,000	426,392	2,840	169	150	400,001 - 450,000	427,454	2,866	153	149
450,001 - 500,000	477,013	3,024	113	158	450,001 - 500,000	477,854	2,998	128	159
500,001 - 550,000	527,445	3,156	64	167	500,001 - 550,000	527,142	3,005	83	175
550,001 - 600,000	575,293	3,136	42	183	550,001 - 600,000	575,372	3,184	54	181
600,001 - 650,000	628,383	3,384	47	186	600,001 - 650,000	629,750	3,354	41	188
650,001 - 700,000	678,169	3,562	32	190	650,001 - 700,000	672,574	3,465	31	194
700,001 - 750,000	731,425	4,110	26	178	700,001 - 750,000	728,084	3,761	35	194
>=750,001	1,247,119	4,820	130	259	>=750,001	1,247,324	4,712	146	265

