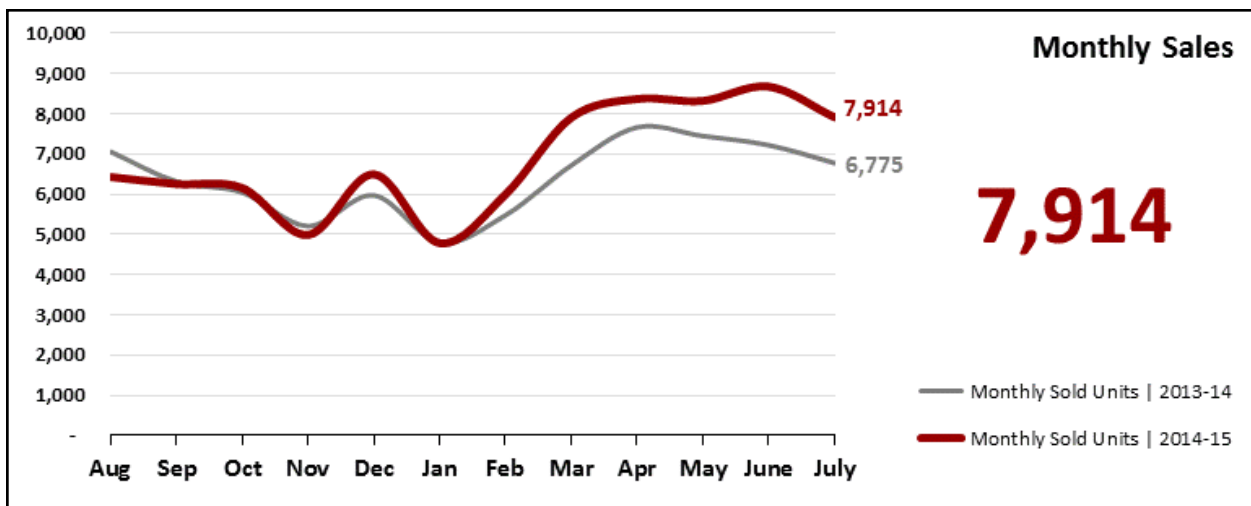




ARMLS® STAT - August 14, 2015

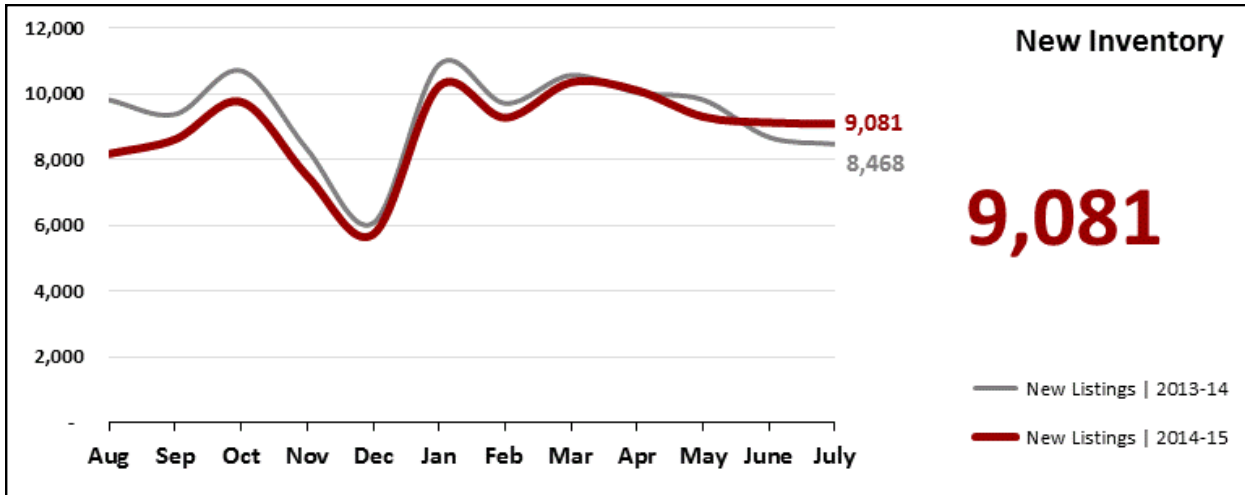
MONTHLY SALES



+16.8% year-over-year
-8.8% month-over-month

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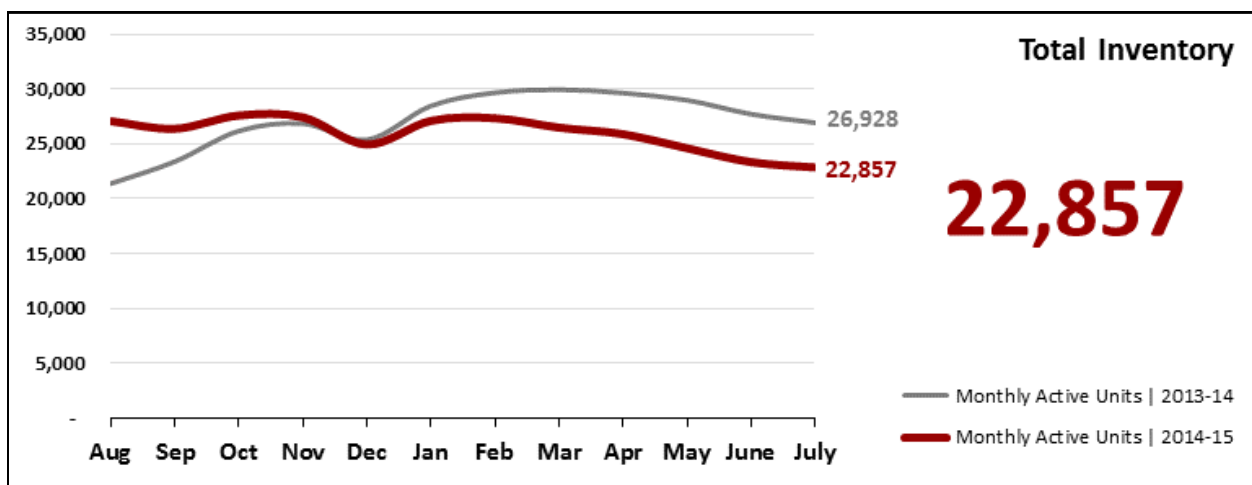
NEW INVENTORY



+7.2% year-over-year

-0.4% month-over-month

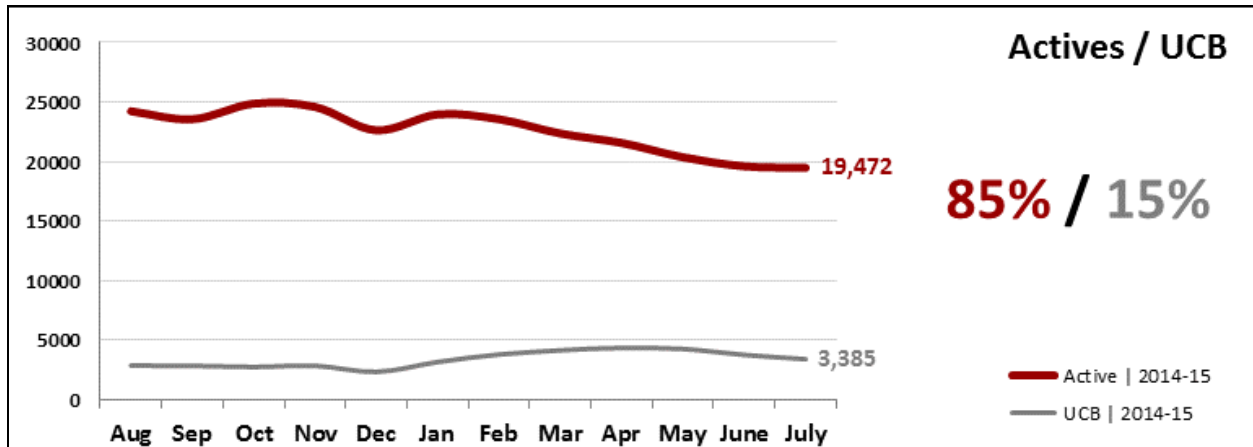
TOTAL INVENTORY



-15.1% year-over-year

-2.1% month-over-month

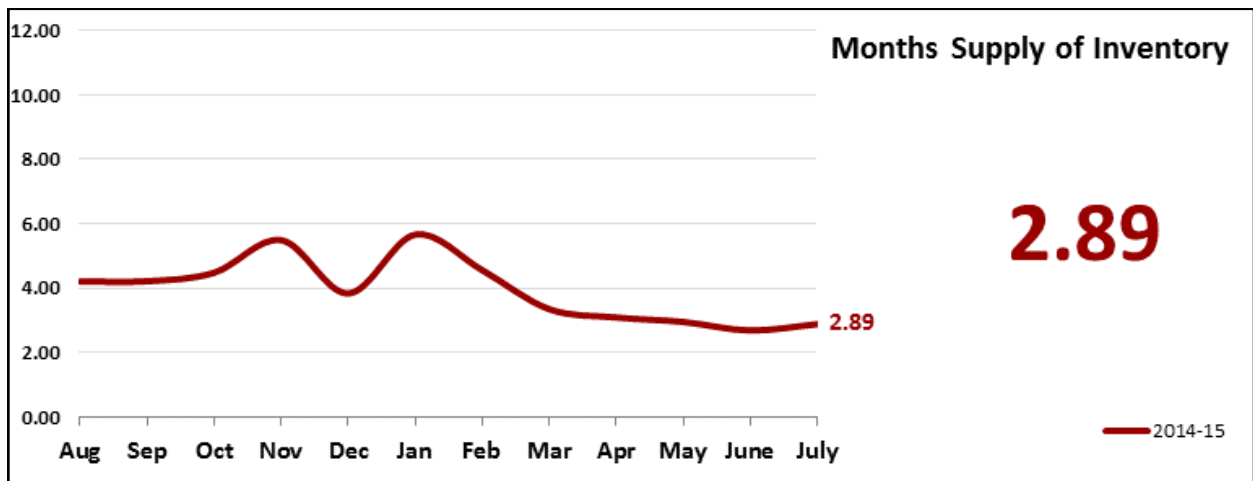
ACTIVES / UCB



16.0% JUNE 2015 UCB percent of total Active

14.8% JULY 2015 UCB percent of total Active

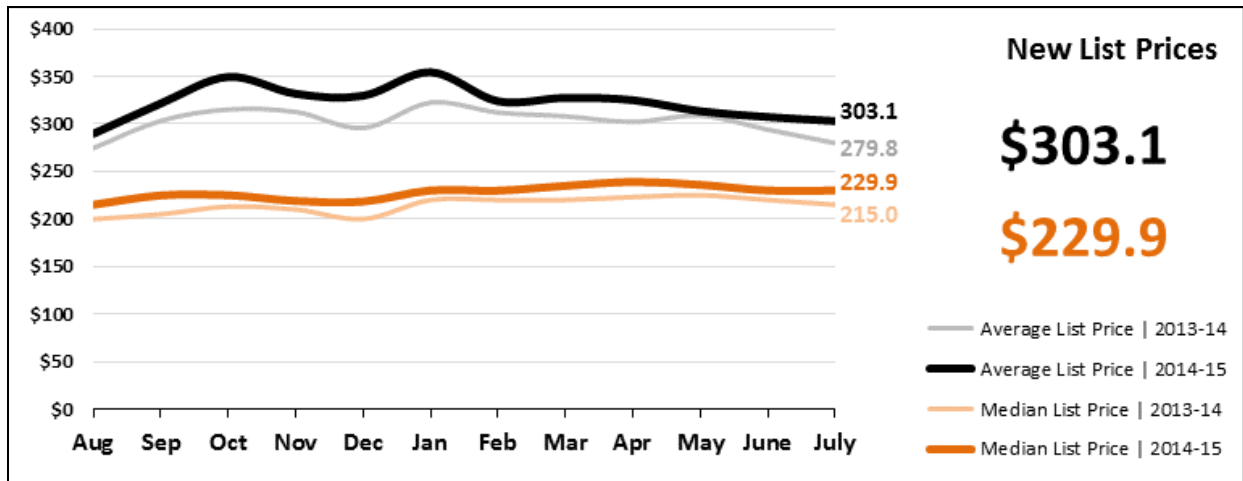
MONTHS SUPPLY OF INVENTORY



2.69 MSI JUNE 2015

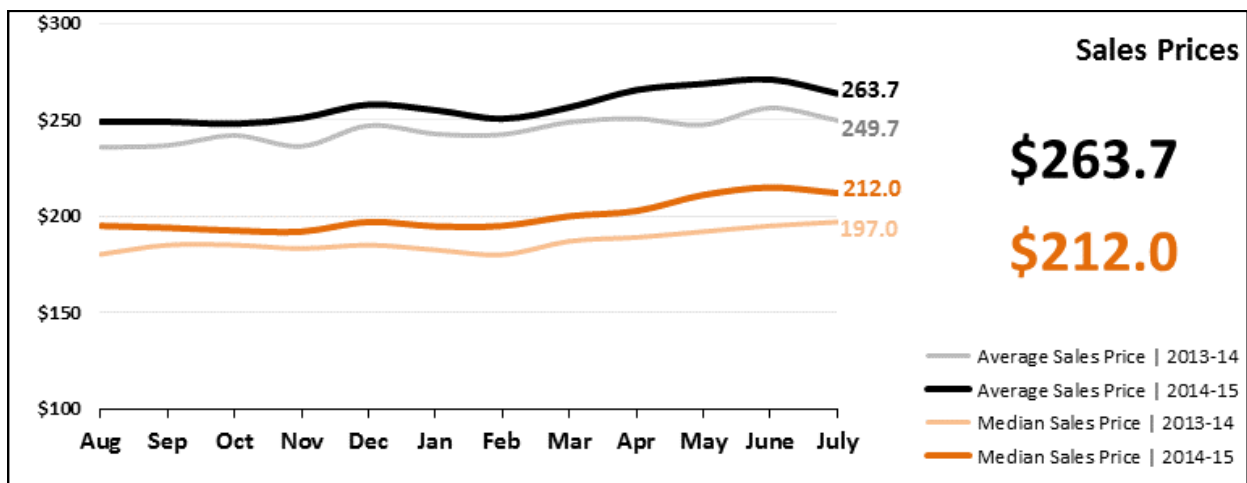
2.89 MSI JULY 2015

NEW LIST PRICES



+8.3% year-over-year average
+6.9% year-over-year median

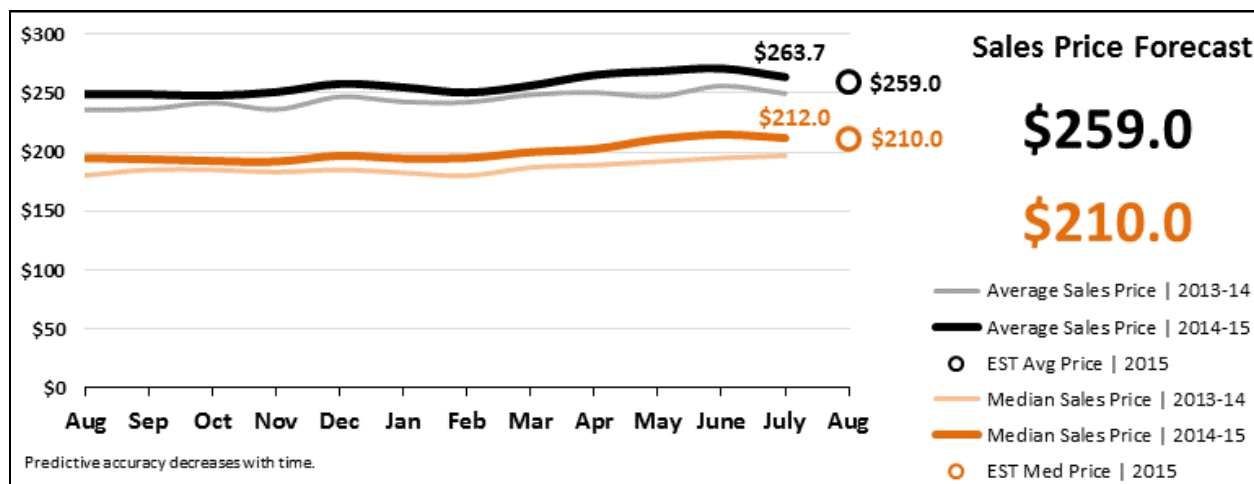
SALES PRICES



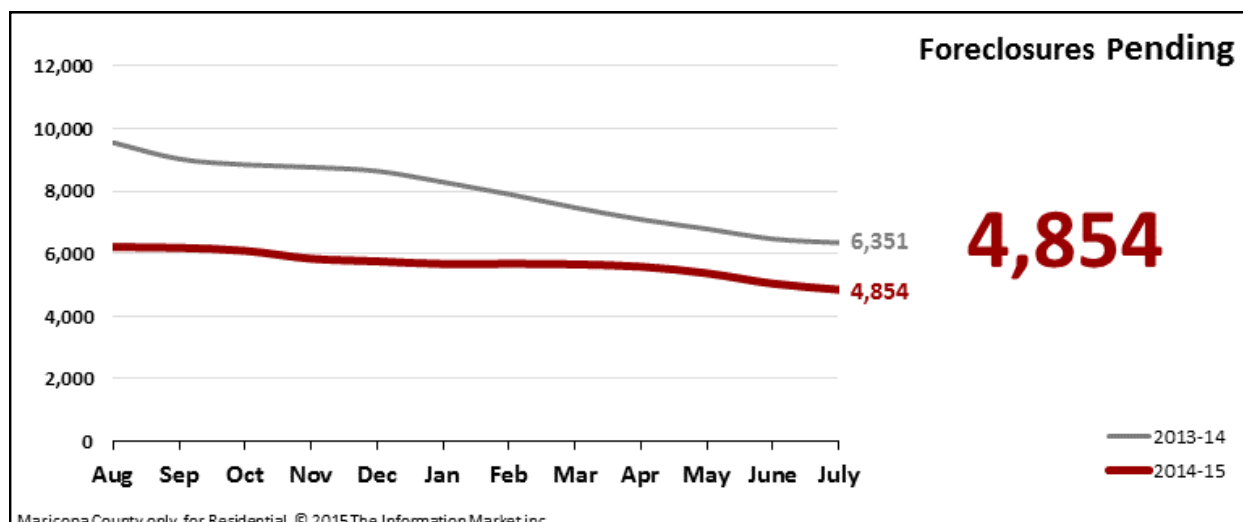
+5.6% year-over-year average
+7.6% year-over-year median

THE ARMLS® PENDING PRICE INDEX™

SALES PRICE FORECAST



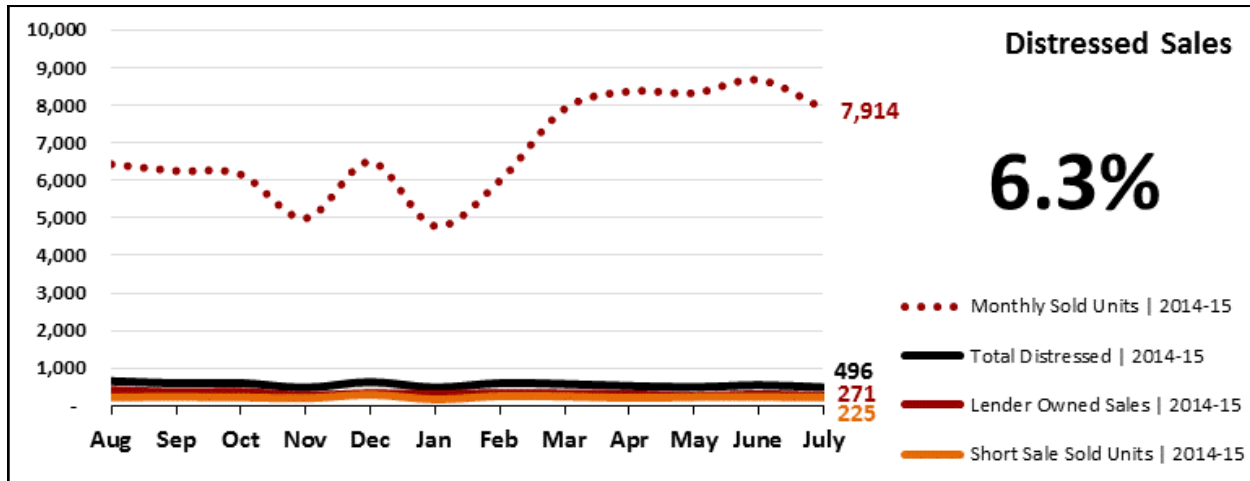
FORECLOSURES PENDING



-23.6% year-over-year

-3.8% month-over-month

DISTRESSED SALES

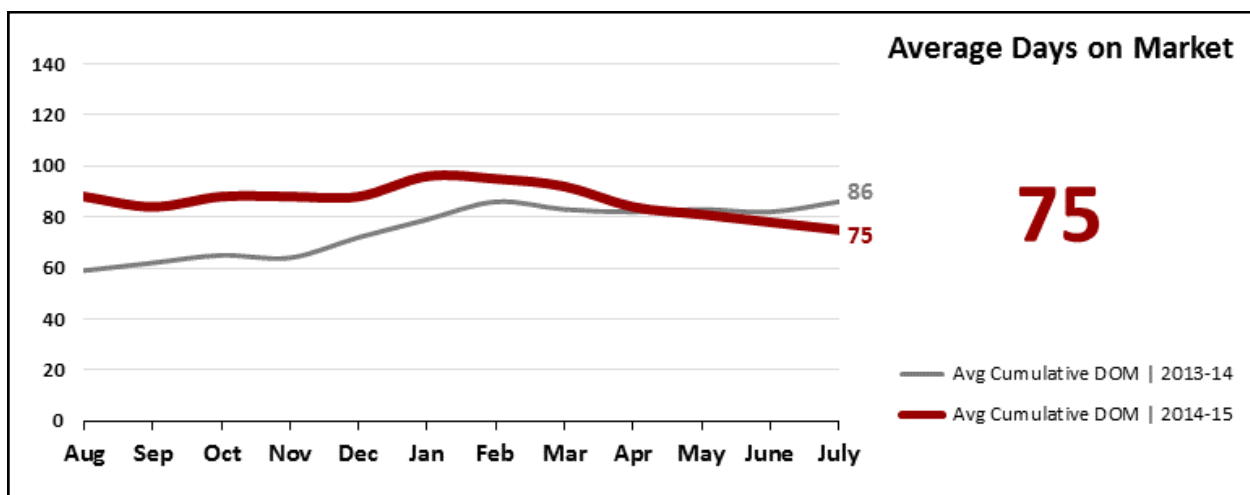


-10.0% short sale units year-over-year

-32.1% lender owned units year-over-year

-23.6% total year-over-year

AVERAGE DAYS ON MARKET



-11 year-over-year

-3 month-over-month

COMMENTARY

by Tom Ruff of The Information Market

Our housing market continues to show slow and steady improvement. On a year-over-year basis distressed inventories are down, foreclosures are down, traditional buyers are up, purchase money mortgages are up and new construction is up. Each and every one of these metrics continues to improve. Sales were up 16.8% year-over-year for example.

Some readers may groan that the month-over-month sales volume was 8.8% lower in July 2015 than in June 2015, but this decline is best explained by seasonal factors. First, our sales volume historically peaks in June and then declines each successive month through November. Secondly, June contained an additional business day.

On the national front, the number of households that rent or own has been growing. According to the Housing Vacancy Survey from the Census Bureau, the total number of households in Q2 grew by 1.6 million households compared to the same quarter a year earlier. An increase in household formations is a positive sign for housing.

Contingent Home Sales to Rise

Over the past nine years the real estate industry has seen many different market scenarios. Remember the peak prices in 2006 and then the turn to unimaginable depths in 2011? This drop in home values was accompanied by an unprecedented number of foreclosures, short sales and bank sales leaving several hundreds of thousands of homeowners with no equity and bad credit. In 2012, our market saw bargain driven cash buyers dominate along with local and institutional investors. Median home values rose nearly 29% in 2012 and 18% in 2013.

If you've been practicing real estate for nine years or less, then your definition of normal surely has to have a different meaning than what was normal for the 50 years prior to the boom. The cornerstone of the real estate market was that traditional first-time buyer purchasing a starter home and then moving up using their existing equity to purchase a larger home as their family increased. The next big thing in real estate might very well be that same old cornerstone. We should expect a strong resurgence of contingent home sales. From an MLS perspective, we are preparing for such a rise.

A report by Fannie Mae covered this exact topic, but from a slightly different perspective. We heard of underwater homeowners, now invisible equity? Per Fannie Mae:

“Data from Fannie Mae’s National Housing Survey™ (NHS) suggest an additional factor that may be weighing down housing markets: Homeowners may be underestimating their home equity. In particular, if homeowners believe that large down payments are now required to purchase a home, then widespread, large underestimates of their home equity could be deterring them from applying for mortgages, selling their homes, and buying different homes.”

The national real estate news outlets found more reasons to blame millennials for slow market growth this month. Sean Beckett, Freddie Mac Chief Economist, said in an interview with DS News that a slow job market, student loan debt and a hangover from the recession were slowing their entrance into the housing market. I believe I’ve found an additional reason - millennials are spending their cash on too much craft beer:

“Craft beer consumption is highest among people ages 25 to 34, a majority of whom tell pollsters that the beer they drink is a reflection of their identity.”

As a baby boomer, I fail to see how this generation is so different from mine. At that age, I identified with cheap beer. I remember spending most of my money on beer and girls, and I guess the rest of my money, I just wasted.

The ARMLS Pending Price Index (PPI)

It is not uncommon for the median price to fall from July to August. This has occurred seven times over the 14 years ARMLS has been tracking median home prices. Our last PPI projected a July median price of \$213,000 with the actual median coming in at \$212,000. That’s an error rate of less than 0.5%. Looking ahead to August, the ARMLS Pending Price Index projects a median sales price of \$210,000.

We begin August with 6,341 pending listings and 3,385 UCB listings giving us a total of 9,726 residential listings under contract. This compares to 10,761 listings under contract at the beginning of July. The August 2015 sales volume will undoubtedly exceed August 2014 (6,428), but should be lower than the 7,914 total in July 2015. STAT is projecting 7,200 home sales in August.

We have now come to the end of our home buying season. Here’s a tip to keep in mind when reading various housing reports over the next few months: quite a few real estate reporters do not know how to account for the seasonal aspects of the real estate market. As a result, housing reports will tend to appear overly pessimistic as fall approaches just as they tended to be overly positive in the spring.