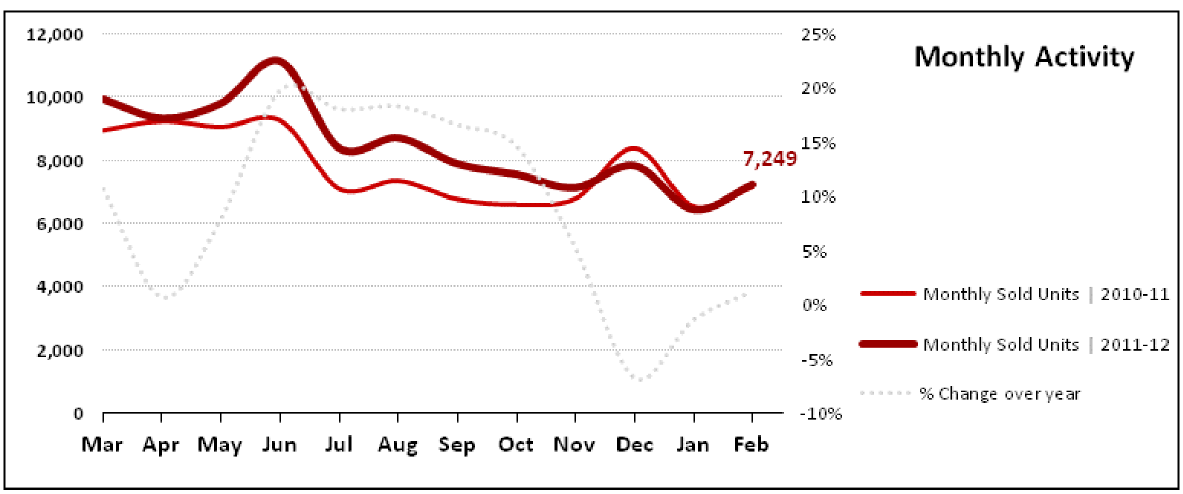
ARIZONA REGIONAL MULTIPLE LISTING SERVICE, INC.
STAT
your monthly statistics
for the Phoenix Metro area
**March 6, 2012**

## SALES Month over Month

Sales in February increased 12.3% over the previous month to land at 7,249, making up for some of the lost ground in January's sales figure. Sales have been trending downward since June 2011, so this upward bump in February is welcome. February's sale figure is 975 (11.86%) below the 14 month average of 8,224 sales per month.

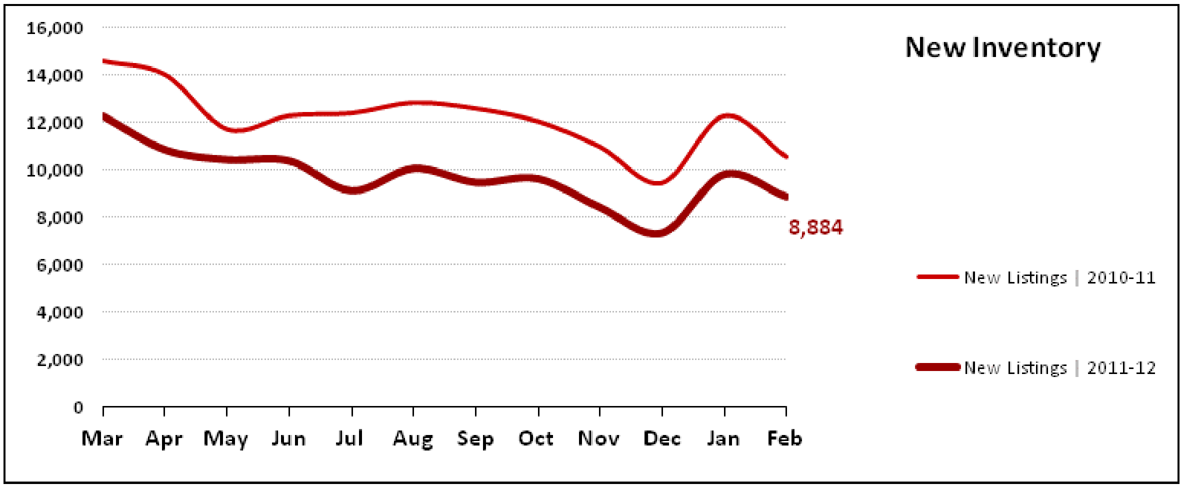
## SALES Year over Year

February's sales figure of 7,249 is up 1.3% over the same figure in 2011. The increase from January to February represents the typical Jan/Feb pattern, since ARMLS began tracking in 2001. Sales above 7,000 units are seen as robust for the Valley's market.



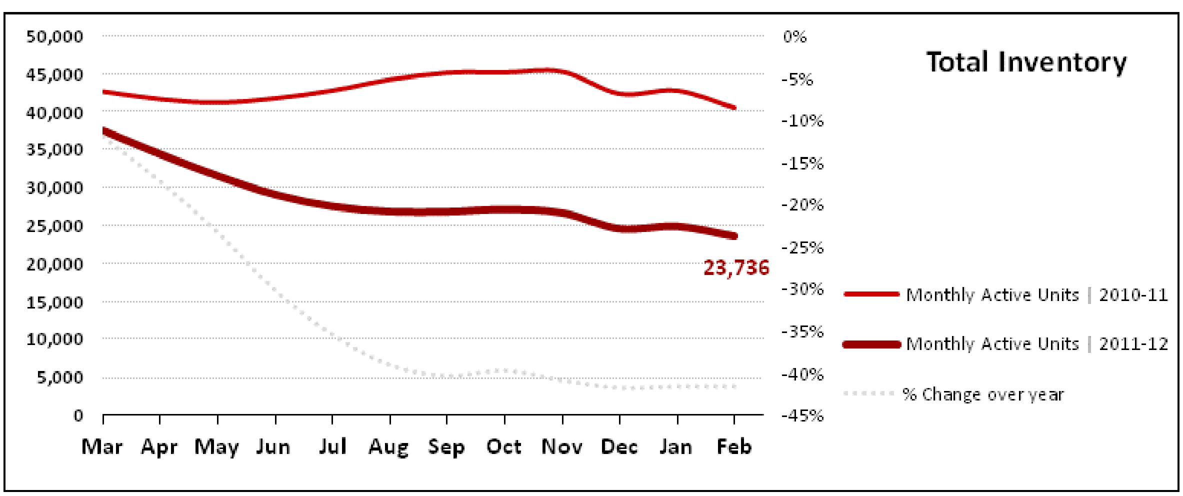
## NEW INVENTORY

New listings added to the market fell in February by 9.7% to 8,884. This figure is 15.8% below the new inventory figure for February 2011. Declines in new inventory affect total inventory, and in this market such declines are seen as healthy.



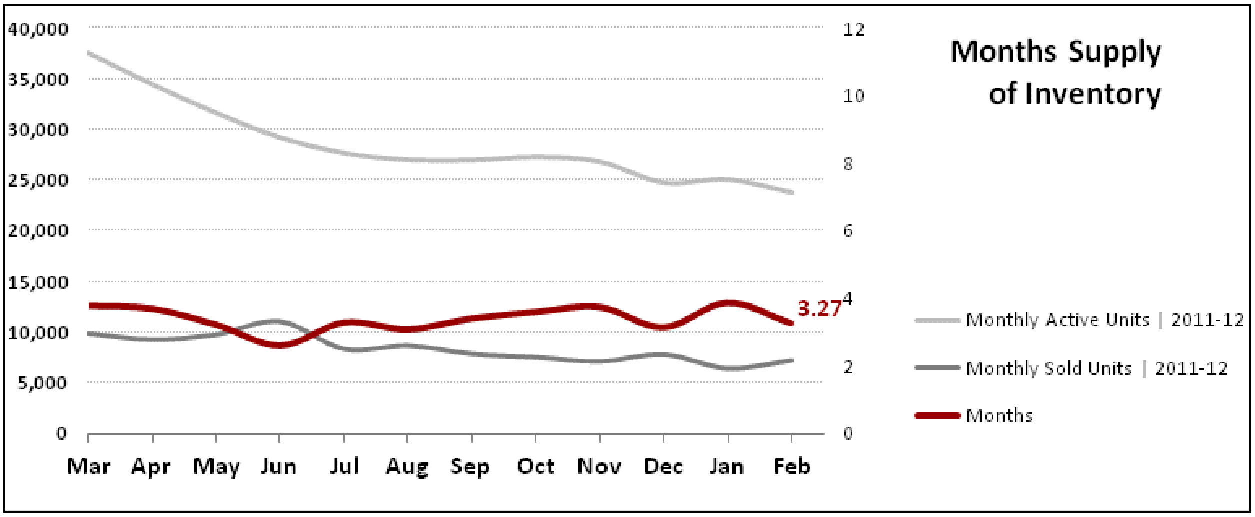

## TOTAL INVENTORY

Total inventory for February was 23,736, down 5.2% from January, and 41.6% from February 2011. Total inventory has been on a steady downward path since February of 2011. Total inventory represents the supply side of market balance. Declines represent a healthy correction of the supply and demand balance, and a key metric in righting Valley pricing.



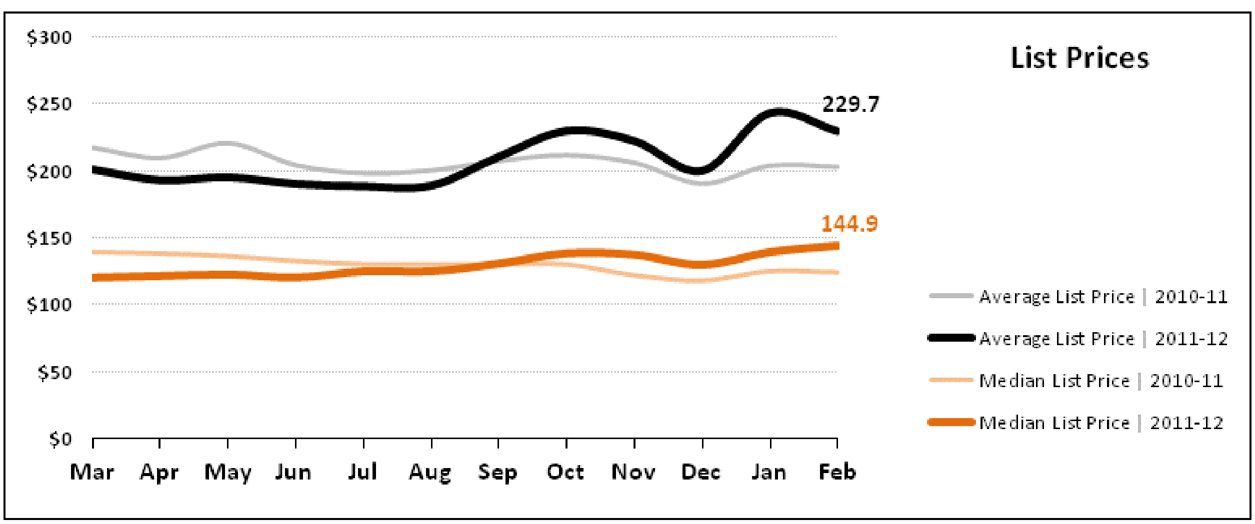
## MONTHS SUPPLY OF INVENTORY (MSI)

Valley wide months supply of inventory declined slightly in February to 3.27, from 3.88 in January. MSIs below 4 months are typically seen as Sellers' markets. The Valley's MSI dropped below 4 months for the first time in March 2011, and has remained a Seller's market since. The twelve month MSI average is 3.35 months. MSI for the entire Valley is seen as a barometer of market health and should not be used to predict MSI in smaller market niches.



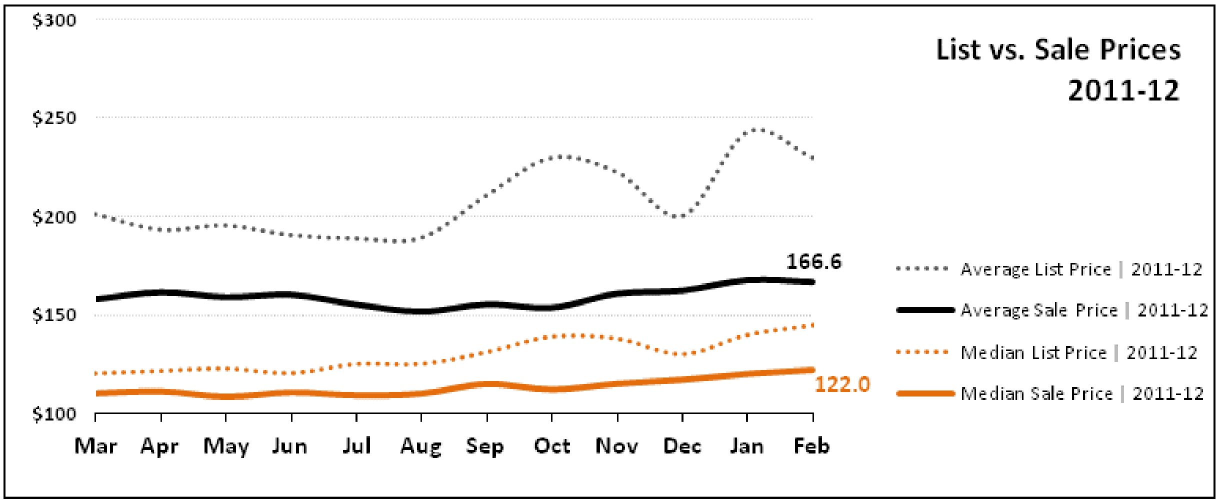

## NEW LIST PRICES

Trend lines for new list prices continued on an upward tilt for both average and median list prices. February's average list price of $229,700, while down 5.5% from January, represents a gain of $41,000 over July 2011, when average list prices started to rise. Median list price, which began to rise in August 2011, gained $20,000 over the August to February period, to land at $144,900. This represents a 3.5% increase over January.



## SALES PRICES

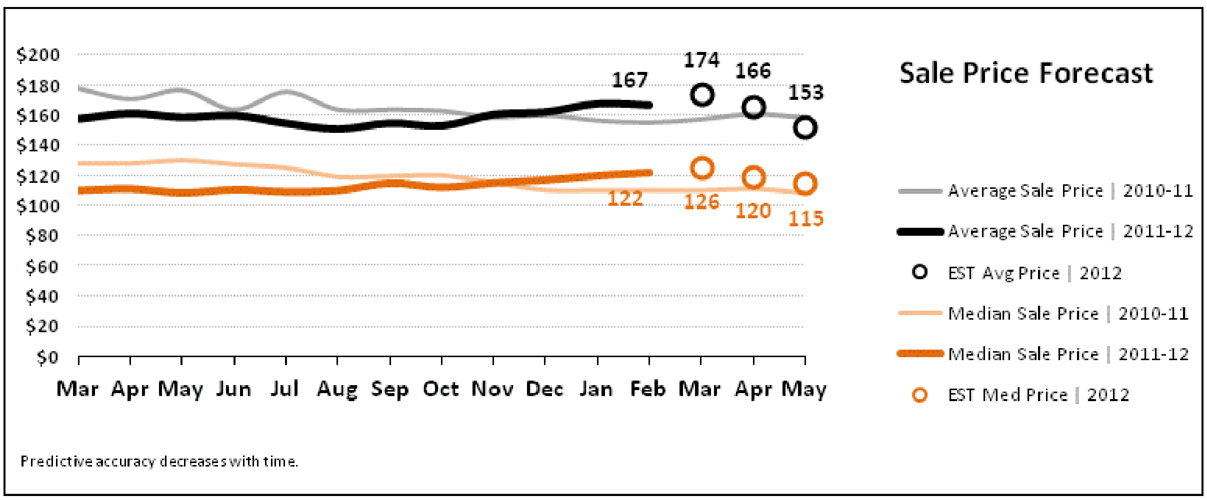
While the upward thrusts of sales price trend lines are not as robust as new list prices,  they do show that sales prices are gaining.  As Buyers naturally look to purchase at lower than list price, sales price trends will not usually show the optimism that list prices reflect. Currently, sales pricing is particularly subject to the disproportionate influence of distressed properties.  Average sales price began to rise incrementally in August 2011, from a low of $151,400 to February's $166,600, a gain of $15,258. Likewise, median sales price climbed from a low of $108,300 in May 2011 to $122,000 in February, a gain of $13,700.  While the pricing movement is slow, it is definitely upward.



## THE ARMLS PENDING PRICE INDEX™

The Pending Price Index is a forecasting tool unique to ARMLS which uses the pending properties inside the MLS to predict median and average pricing 90 days into the future. Pricing predictions allow the real estate practitioner to better plan their business strategies over the next ninety days. In January, the PPI prediction of February's median sale price ($119,900) missed the actual median ($122,000) by 1.75%. January's PPI prediction for the average sales price ($161,500) missed the actual ($167,000) by 3.16%.

PPI predicts the average sales price to rise to $174,000 in March, and drop back down to $166,000 in April and $153,000 in May. The median sales price is expected to rise in March to $126,000 and drop to $120,000 and $115,000 in April and May respectively. The accuracy of the PPI diminishes the further into the future it goes. While traditional and lender owned sales close more in line with the closing date specified in the contract, short sales, which make up a disproportionate amount of the sixty and ninety day pending pool, are characterized by prolonged contract to closing periods. This tends to make the 60 and 90 day prediction less accurate and often lower than actual figures.



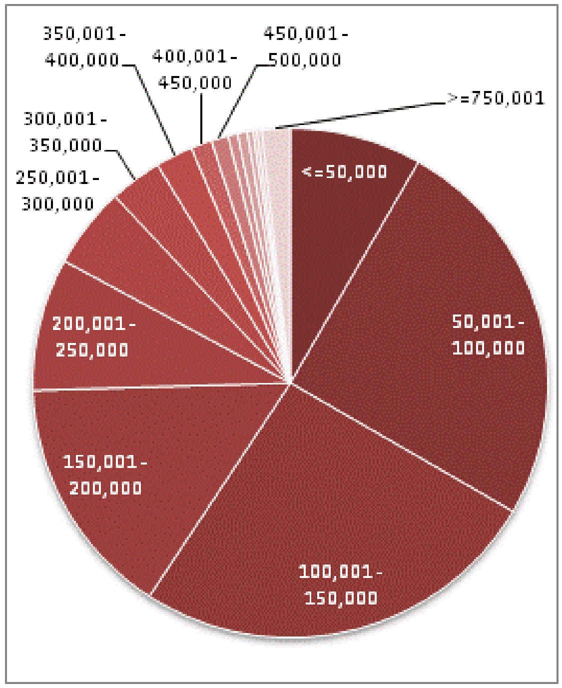
## PPI SUPPLEMENT

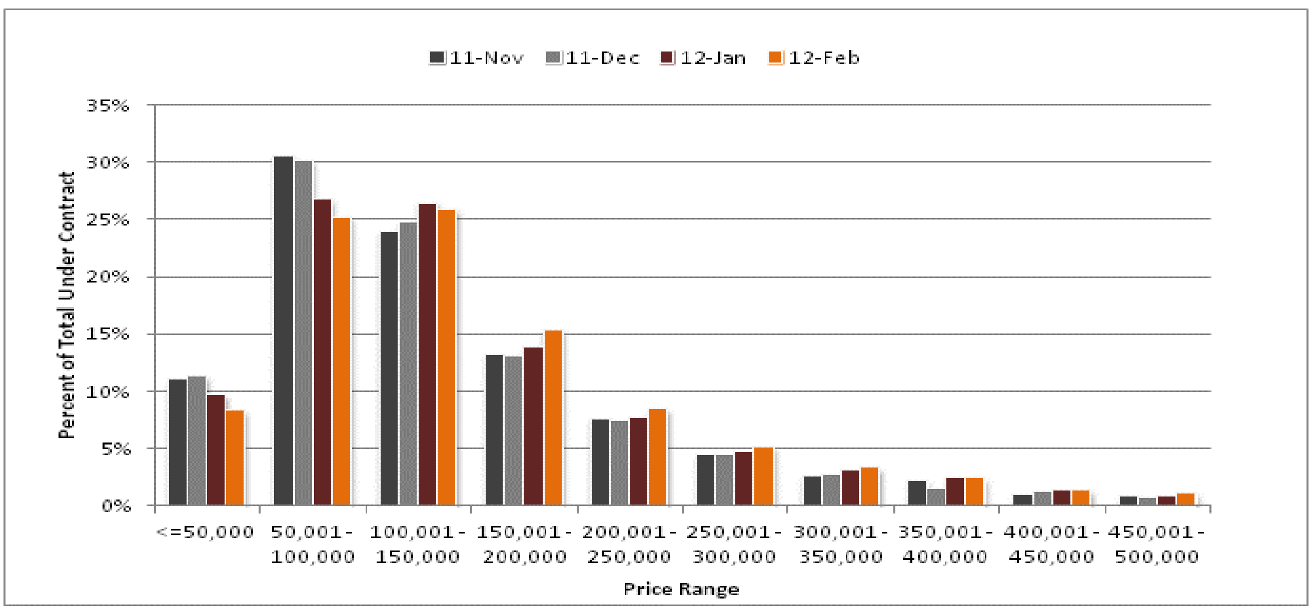
The PPI Supplement focuses on newly pended properties added each month to the pending property pool. By focusing on the new crop of pendings, PPI is able to detect subtle changes in pricing which are precursors to the Valley's real estate recovery. The PPI Supplement looks at pending data at various price ranges on a rolling four month basis.

Notable in February are the continued declines in the number of properties in the $50,000 and below and $50,001-100,000 price points. At the same time, gains are seen in the $150,001-$200,000, $250,001-$300,000 and $300,001-$350,000. Other price ranges offered no significant gains.

**Pending Contracts Signed In February**

| Price Range | PPI Avg | PPI Med | PPI Units | Units % of Total |
|---|---|---|---|---|
| <=50,000 | 34,898 | 36,000 | 769 | 8.28% |
| 50,001 - 100,000 | 78,183 | 79,900 | 2,334 | 25.13% |
| 100,001 - 150,000 | 125,661 | 125,000 | 2,397 | 25.81% |
| 150,001 - 200,000 | 173,788 | 172,000 | 1,422 | 15.31% |
| 200,001 - 250,000 | 226,283 | 225,000 | 781 | 8.41% |
| 250,001 - 300,000 | 275,802 | 275,000 | 476 | 5.13% |
| 300,001 - 350,000 | 326,449 | 325,000 | 306 | 3.30% |
| 350,001 - 400,000 | 374,685 | 375,000 | 217 | 2.34% |
| 400,001 - 450,000 | 427,532 | 425,000 | 122 | 1.31% |
| 450,001 - 500,000 | 477,282 | 480,000 | 100 | 1.08% |
| 500,001 - 550,000 | 530,024 | 530,000 | 55 | 0.59% |
| 550,001 - 600,000 | 577,562 | 575,000 | 56 | 0.60% |
| 600,001 - 650,000 | 629,825 | 629,500 | 36 | 0.39% |
| 650,001 - 700,000 | 669,182 | 672,500 | 22 | 0.24% |
| 700,001 - 750,000 | 730,287 | 731,709 | 27 | 0.29% |
| >=750,001 | 1,394,592 | 1,100,000 | 166 | 1.79% |



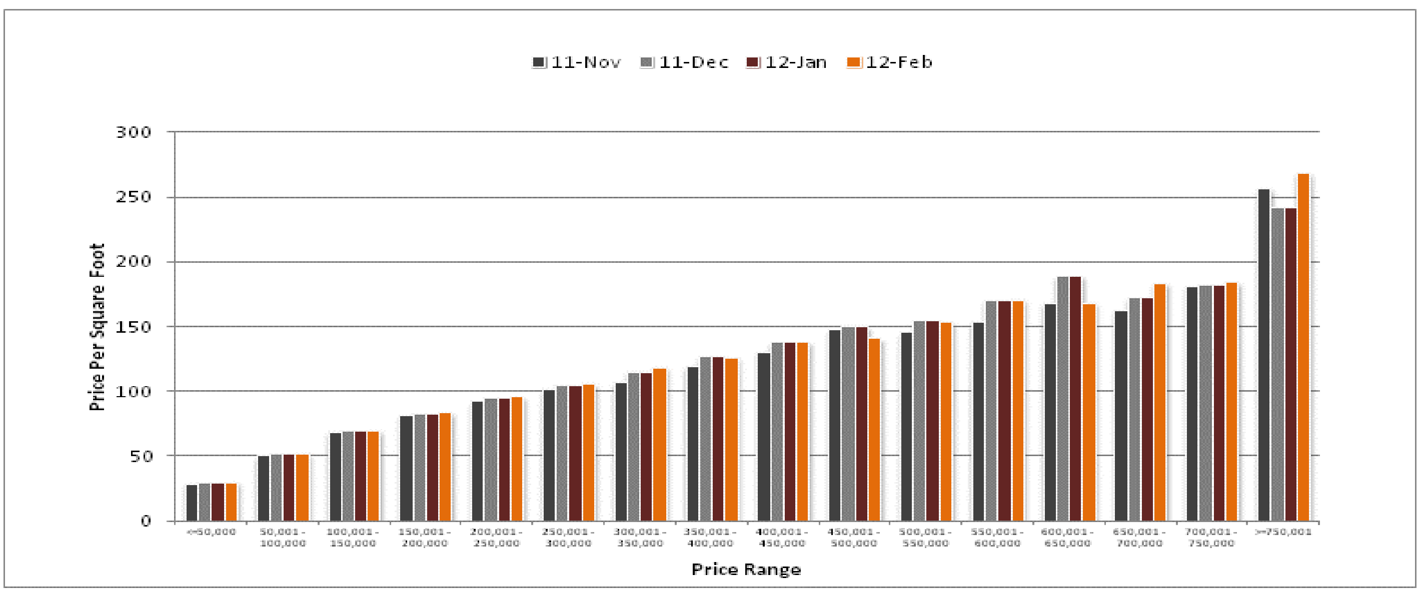



# PPI SUPPLEMENT - $/SQ FT

The PPI $/Sq FT report examines incremental gains and losses in the price per square foot of newly pended properties added to the pending pool each month, and compares them on a rolling four month basis. This month PPI notes steady four month gains in the $300,001-$350,000 and the $650,001-$700,000 ranges.

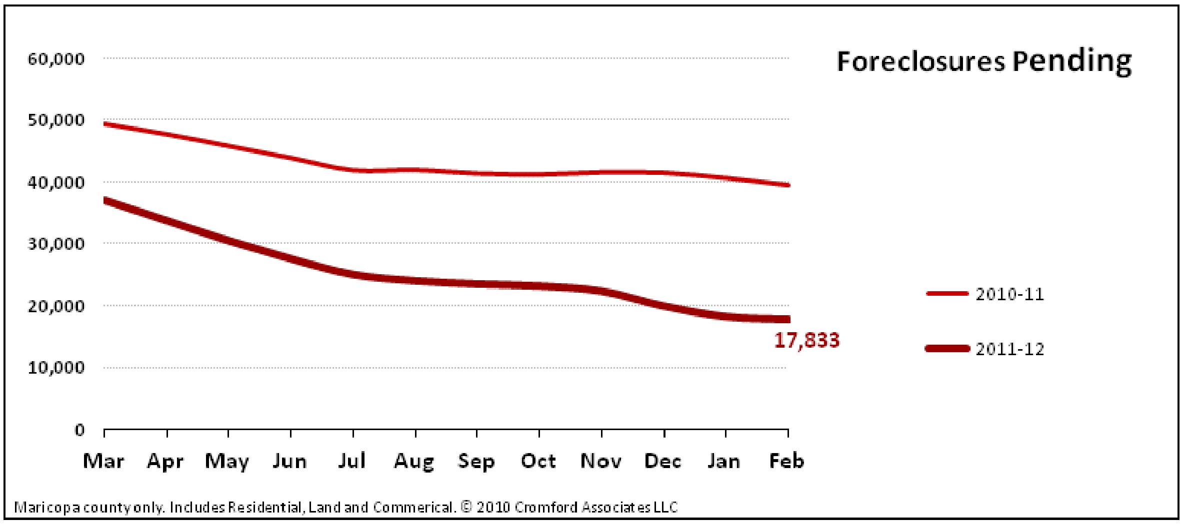
| Pending Contracts Signed In January | | | | |
|---|---|---|---|---|
| Price Range | PPI Avg | PPI Sq Ft | PPI Units | Avg Pending Price SqFt |
| <=50,000 | 35,090 | 1,192 | 875 | 29 |
| 50,001 - 100,000 | 77,687 | 1,519 | 2,424 | 51 |
| 100,001 - 150,000 | 125,389 | 1,818 | 2,397 | 69 |
| 150,001 - 200,000 | 173,850 | 2,102 | 1,254 | 83 |
| 200,001 - 250,000 | 225,942 | 2,395 | 695 | 94 |
| 250,001 - 300,000 | 274,496 | 2,632 | 429 | 104 |
| 300,001 - 350,000 | 325,768 | 2,829 | 274 | 115 |
| 350,001 - 400,000 | 377,030 | 2,983 | 217 | 126 |
| 400,001 - 450,000 | 425,448 | 3,096 | 120 | 137 |
| 450,001 - 500,000 | 477,375 | 3,173 | 71 | 150 |
| 500,001 - 550,000 | 528,931 | 3,432 | 63 | 154 |
| 550,001 - 600,000 | 577,643 | 3,408 | 57 | 169 |
| 600,001 - 650,000 | 629,924 | 3,332 | 34 | 189 |
| 650,001 - 700,000 | 676,680 | 3,941 | 30 | 172 |
| 700,001 - 750,000 | 733,372 | 4,033 | 23 | 182 |
| >=750,001 | 1,174,945 | 4,862 | 122 | 242 |

| Pending Contracts Signed In February | | | | |
|---|---|---|---|---|
| Price Range | PPI Avg | PPI Sq Ft | PPI Units | Avg Pending Price SqFt |
| <=50,000 | 34,898 | 1,166 | 769 | 30 |
| 50,001 - 100,000 | 78,183 | 1,501 | 2,334 | 52 |
| 100,001 - 150,000 | 125,661 | 1,805 | 2,397 | 70 |
| 150,001 - 200,000 | 173,788 | 2,079 | 1,422 | 84 |
| 200,001 - 250,000 | 226,283 | 2,353 | 781 | 96 |
| 250,001 - 300,000 | 275,802 | 2,604 | 476 | 106 |
| 300,001 - 350,000 | 326,449 | 2,762 | 306 | 118 |
| 350,001 - 400,000 | 374,685 | 2,976 | 217 | 126 |
| 400,001 - 450,000 | 427,532 | 3,095 | 122 | 138 |
| 450,001 - 500,000 | 477,282 | 3,388 | 100 | 141 |
| 500,001 - 550,000 | 530,024 | 3,460 | 55 | 153 |
| 550,001 - 600,000 | 577,562 | 3,388 | 56 | 170 |
| 600,001 - 650,000 | 629,825 | 3,748 | 36 | 168 |
| 650,001 - 700,000 | 669,182 | 3,646 | 22 | 184 |
| 700,001 - 750,000 | 730,287 | 3,959 | 27 | 184 |
| >=750,001 | 1,394,592 | 5,195 | 166 | 268 |



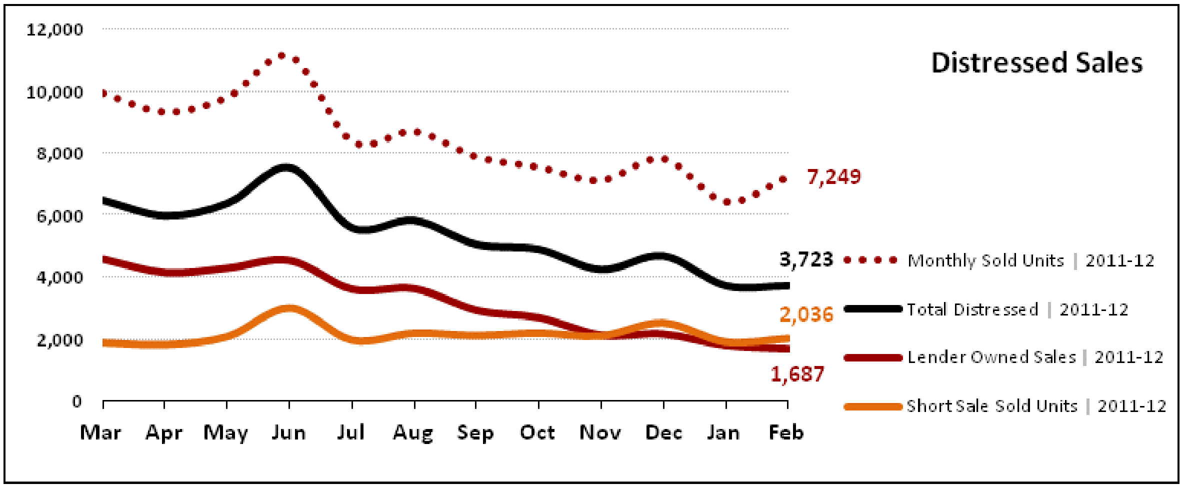
## FORECLOSURES PENDING

Foreclosures pending, which fuel foreclosure sales, continued on the downward trajectory begun from a high of 50,568 in November of 2009 to February's figure of 17,833. The decline in foreclosures pending, representing a 64.73% decline from its 2009 high, is seen as good news. Recent settlements with some major lenders caught in the robo signing irregularities, could signal a rise in the foreclosures pending in coming months, as foreclosed properties frozen with the lender are freed to enter the market.



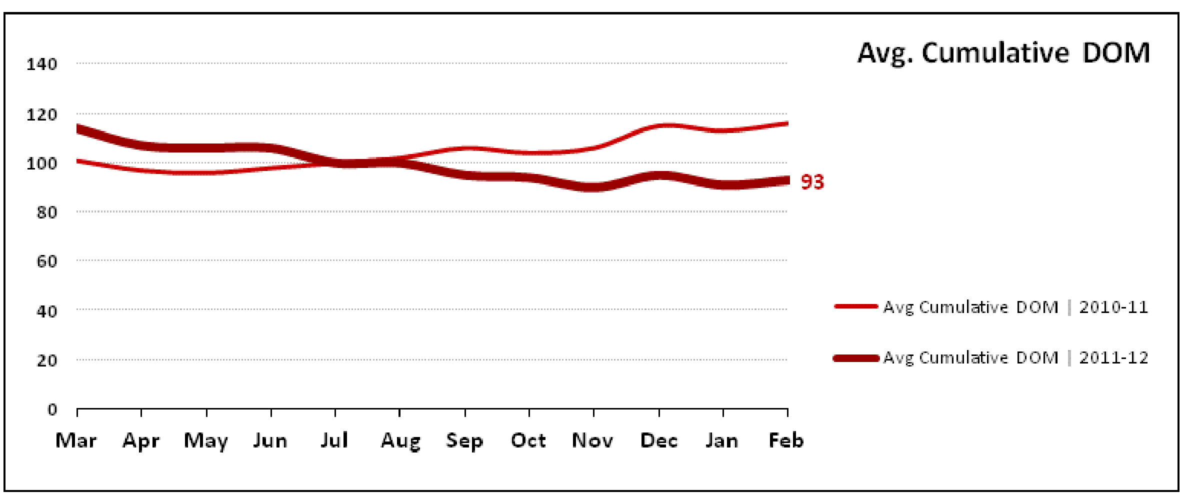
## DISTRESSED SALES

February's distressed sales (3,723) as a percentage of total sales continued downward for the fourth month in a row to 51.4%, well below the 60% barrier crossed in November 2011. At their highest level, in September 2010, distressed sales, composed of foreclosures and short sales, represented 74.1% of total sales. In February, there were 1,687 lender owned sales and 2,036 short sales. In November 2011, short sales displaced foreclosures as the dominant component of the distressed property mix. The rise in short sales over lender owned sales, indicates a lender preference for work out over foreclosure. This trend is good news for Sellers whose must sell under distressed conditions.




## AVERAGE DAYS ON MARKET (DOM)

Average days on market rose by two days to 93 in February, but still remains under 95, a bench-mark set in September 2011. This slight rise could be driven by the larger role short sales are playing in the distressed sales mix, but also could be held in check by the declining percentage of distressed properties to total sales.



## COMMENTARY

Good news abounds in this month's STAT in almost every metric reviewed. Sales were up 12.3% over January, new inventory declined 9.7% with total inventory down 5.2%. MSI held steady at 3.27. All four pricing metrics, average and median new list prices and sales prices, although not robust, showed steady upward movement. STAT also reported a continued decline in foreclosures pending. The percentage of distressed properties compared to total sales fell to 51.4%, a 6.3% drop from January. In addition, the ratio of short sales to lender owned in the distressed sales mix increased, indicating a growing lender preference for workout over foreclosure.

The Valley's market recovery is slow but steady, and all metrics moving in the right direction fuel optimism. One event on the horizon is the unfreezing of foreclosures caught in suspended animation as a result of the robo signing paperwork scandal.[2] Much of the mortgage industry has settled, and we could see a rush of foreclosures pending, and ultimately lender owned properties flood the market as a result. The extent of their influence in the Phoenix Metro area will depend on the numbers of properties affected. A large influx could affect pricing and stall our recovery as a new market glut is absorbed.

As STAT has noted many times, the Valley's recovery, which is rooted in net migration and jobs, is tied to the national economy. Net migration into the Valley will come from other feeder markets in Arizona and around the country. In October, the Washington Post ranked Phoenix #17 nationally for net annual migration for age groups 25 to 34.[1] The unemployment rate for Phoenix metro for December was 7.9% (January is not yet available), and the US Bureau of labor Statistics posts the overall unemployment rate at 8.3%.[3] Nationally, employers added over 200,000 jobs for the third month in a row.[4] So as the entire country recovers so will the Valley. However, the recovery is fragile and still subject to unforeseen events.

[1] http://www.washingtonpost.com/wp-srv/special/nation/migration-to-metros/

[2] http://www.cnbc.com/id/46577054/Foreclosure_Sales_Ramp_Up_Post_Robo_Signing

[3] www.bls.com

[4] http://www.bloomberg.com/news/2012-03-04/employers-in-u-s-probably-add-more-than-200-000-workers-for-a-third-month.html