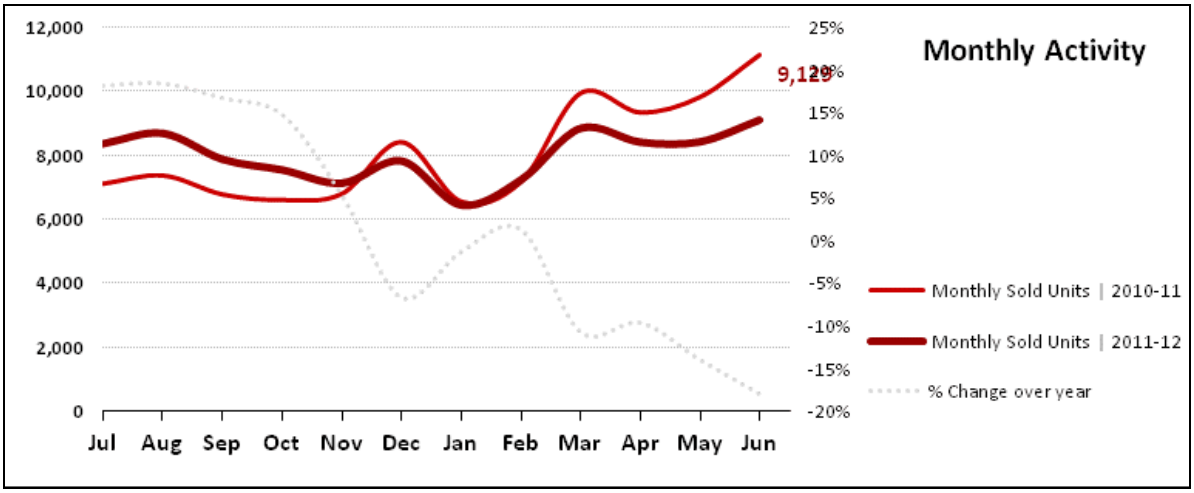
ARMLS® STAT - July 3, 2012

SALES Month over Month

June sales jumped up 8.1% to a total of 9,129, representing the fourth highest month over month gain out of the last twelve months. Robust sales over 7,000 occurred in eleven out of the last twelve months, with June being the highest.

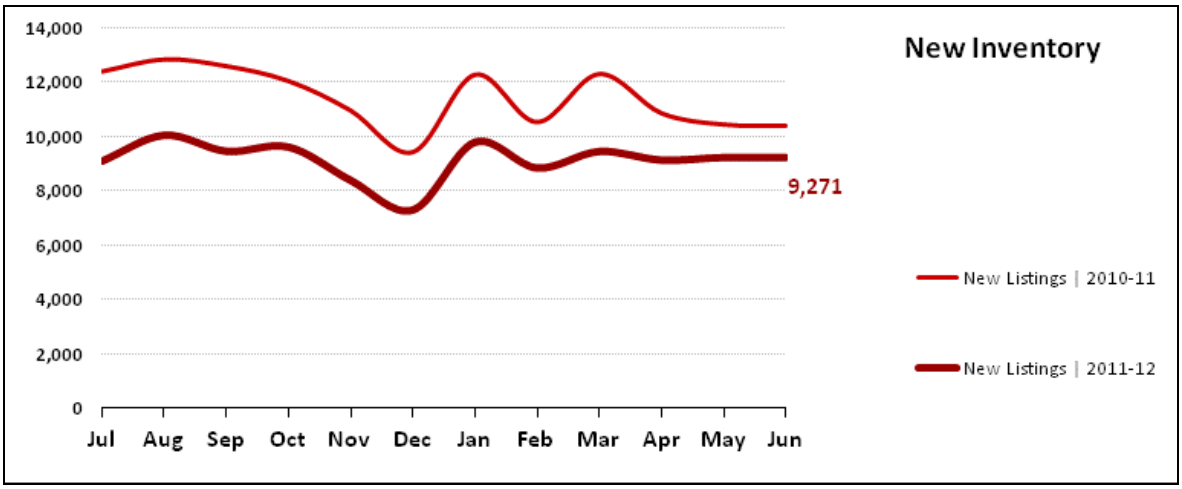
SALES Year over Year

June sales of 9,129 fell 17.9% short of the same 2011 sales figure. However, June's figure is well above (11.66%) the 12 month average of 8,176. It also reflects a typical seasonal uptick between May and June enjoyed for seven out of the last ten years (2002, 2006 and 2007 excepted).



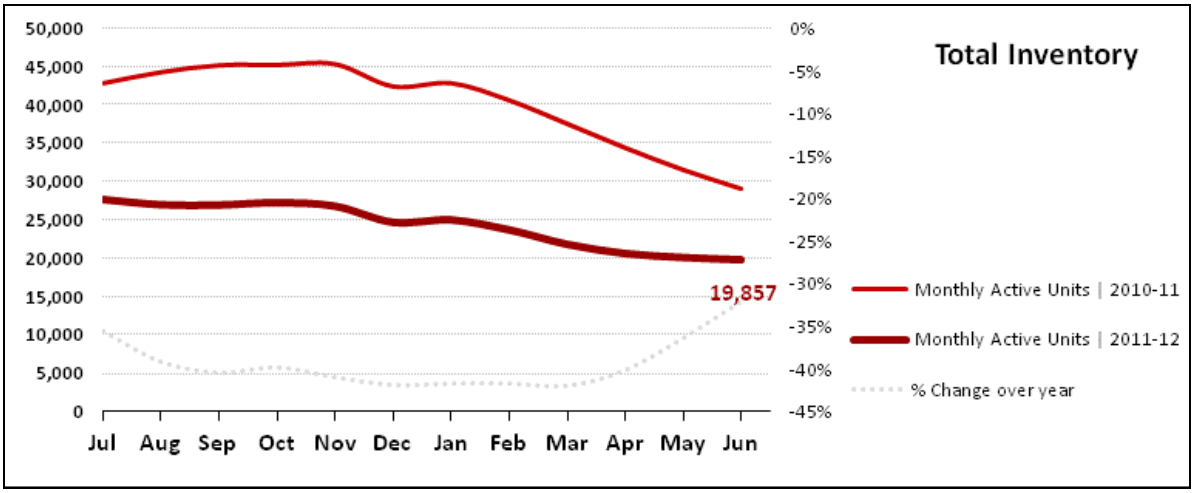
NEW INVENTORY

New inventory, (9,271) remained relatively flat for the fourth month in a row, showing no monthly gain over May. June's new inventory figure is 10.9% below the June 2011 new inventory figure.



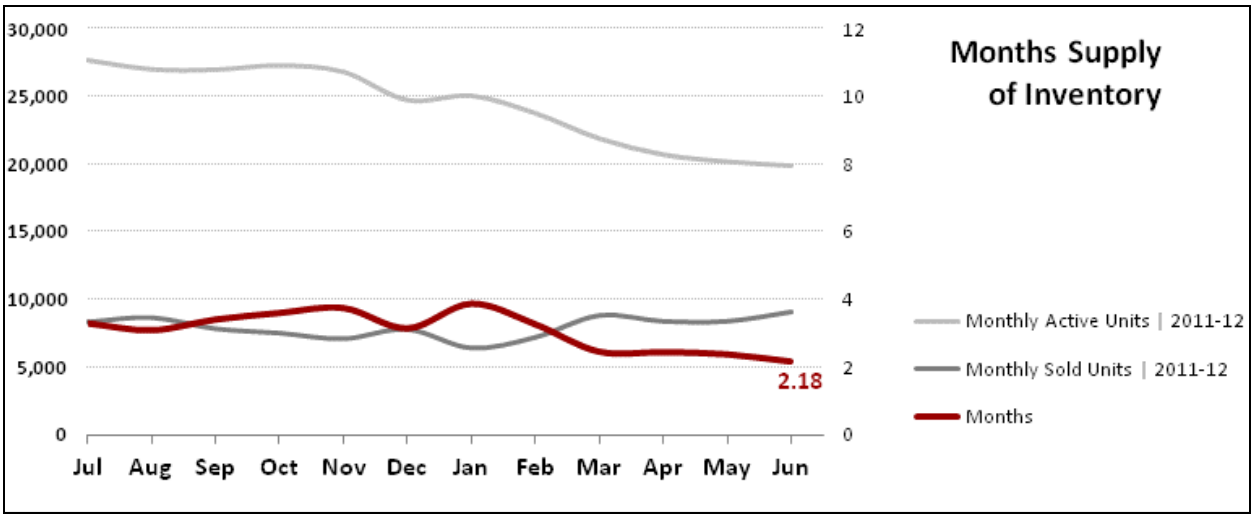
TOTAL INVENTORY

Total inventory fell 1.5% in June to 19,857, representing the fifth month in a row that total inventory declined. Since the decade high of 58,178, total inventory has fallen 65.87%. In addition, 53.69% of that occurred between January 2011 and June 2012.



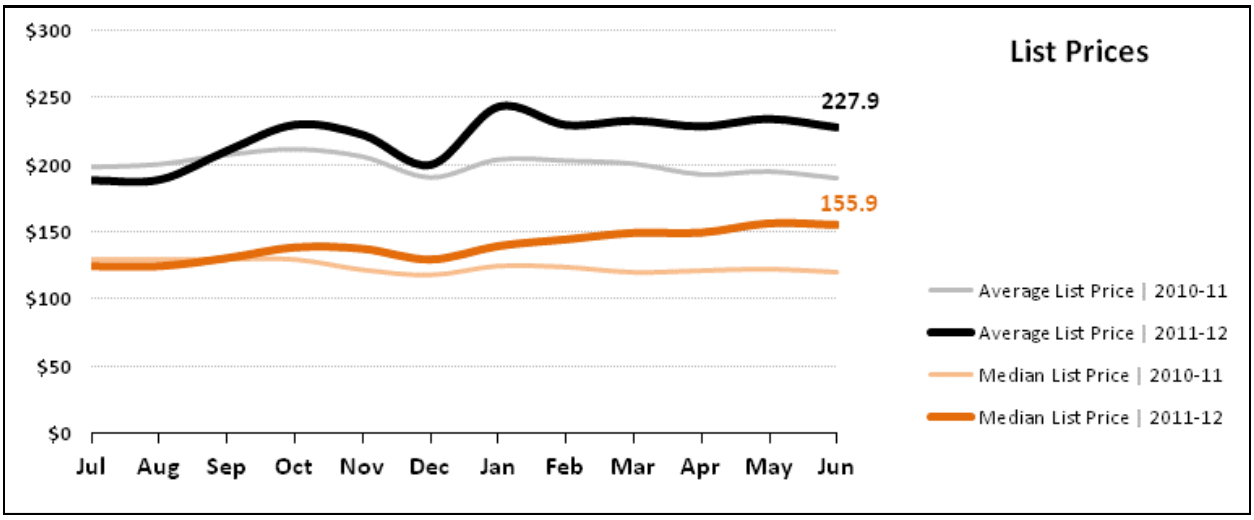
MONTHS SUPPLY OF INVENTORY (MSI)

Total months supply of inventory declined for the fifth month in a row to a Valley wide MSI of 2.18. MSIs at the very low two month level have not been seen since September 2005 (2.14 MSI) at the height of Valley's real estate buying frenzy.



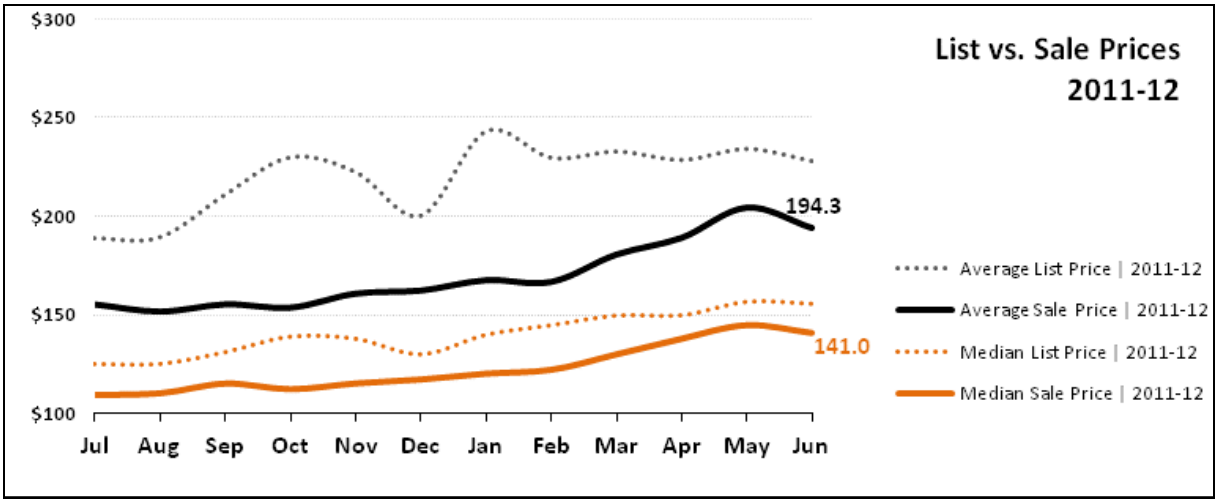
NEW LIST PRICES

New list prices fell slightly (.7% for the median and 2.7% for the average) to land at $155,900 for the median new list price and $227,900 for the average new list price. The trend lines for both the median and average show only a modest incline over the past twelve months.



SALES PRICES

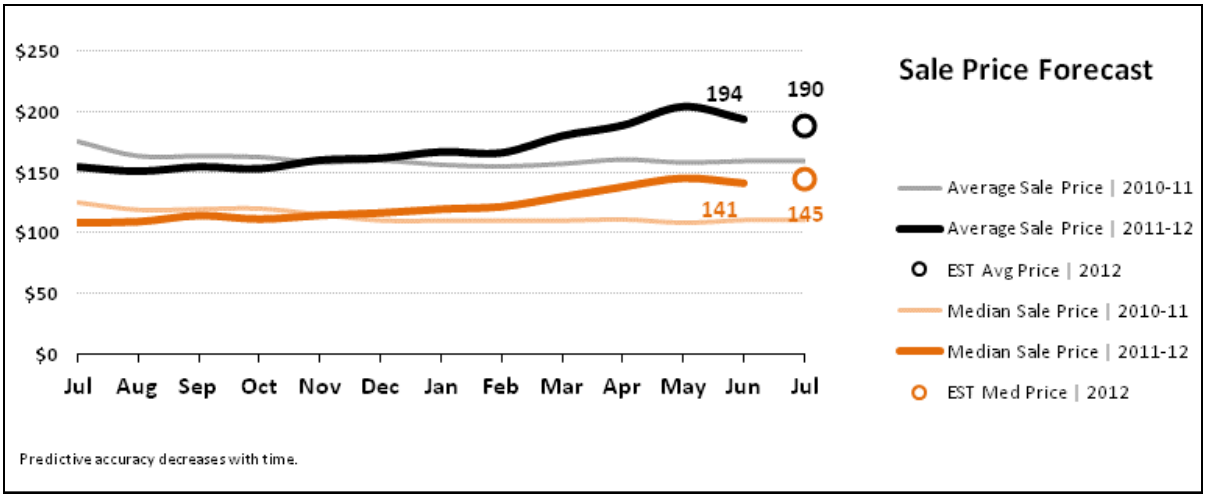
Disappointingly, sales prices dipped for the first time since February by 2.8% for the median sales price ($141,000) and 5.1% for the average ($194,300). Long haul consideration gives the June sales price metrics some perspective. From a low of $109,000 twelve months ago, the median sales price gained 29.36%, even with June's 2.8% decline. The average sales price over a similar period gained 25.25%, despite June's 5.1% decline. For a market that has had a steady diet of one step forward, two steps back for the last two years, June's sales price figures are not a cause for alarm.



THE ARMLS PENDING PRICE INDEX™

The ARMLS Pending Price Index (PPI) is a forecasting tool unique to ARMLS which uses pending data in the MLS system to predict sales prices 30 days into the future. Last month the PPI predicted the June median sales price to land at $140,000, missing the mark by .71%, with the actual median of $141,000. May's prediction of the June average sales price missed its target by only .47% to land at $193,400, with the actual average sales price coming in at $194,300.

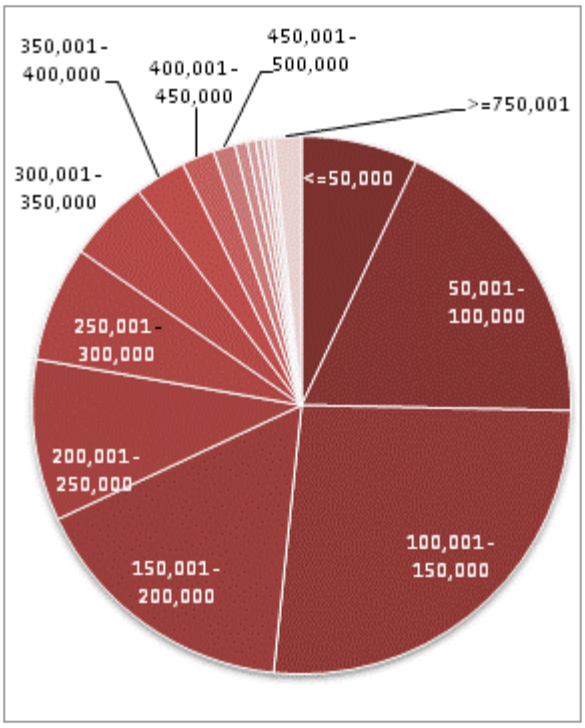
The PPI prediction for July is mixed with the median predicted to buoy up at $145,000 and the average to decline again to $190,100.

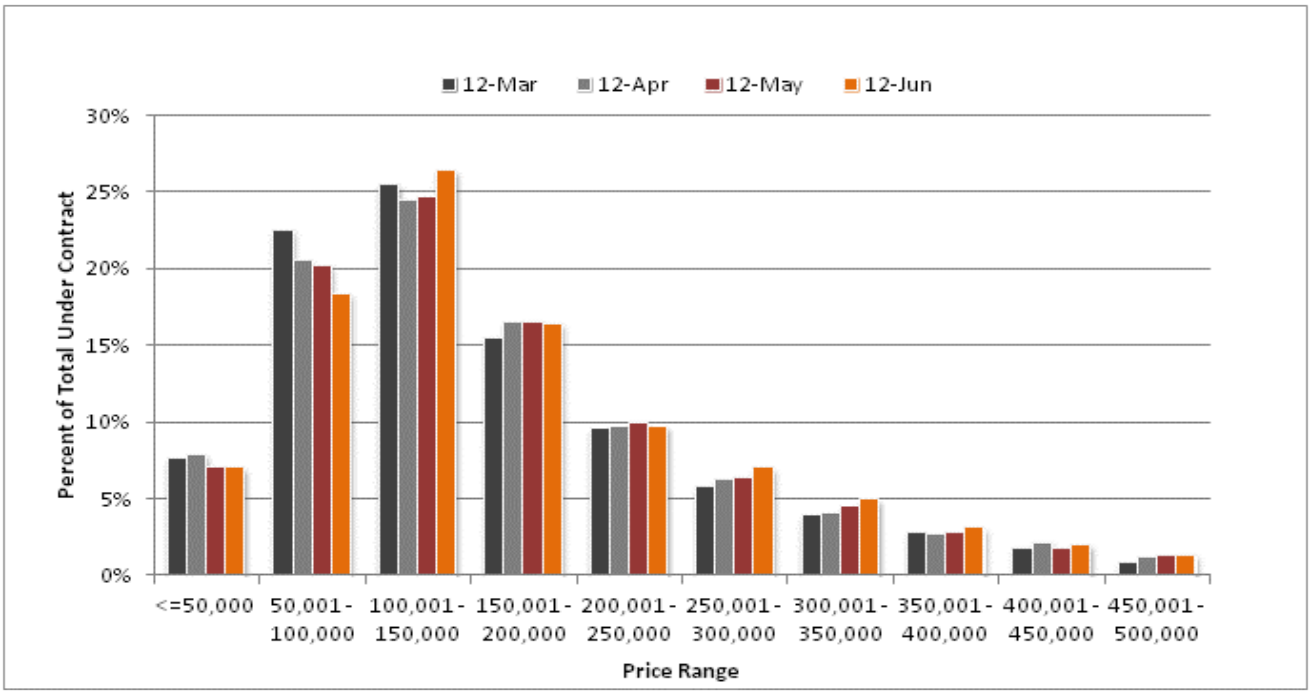


PPI SUPPLEMENT

The PPI Supplement focuses on newly pended properties added to the total pending pool each month. This month's supplement continues the pattern of April and May with the downward trend of properties in the $50,001 to $100,000 range, and the upward trend in the $100,001-150,000 and $250,001 to $350,000 ranges. Declining inventory in the lower ranges exerts upward pricing pressure on the next higher range.

Pending Contracts Signed In June				
Price Range	PPI Avg	PPI Med	PPI Units	Units % of Total
<=50,000	35,991	38,000	528	6.99%
50,001 - 100,000	78,319	79,900	1,385	18.33%
100,001 - 150,000	126,824	126,224	1,991	26.35%
150,001 - 200,000	173,548	172,000	1,237	16.37%
200,001 - 250,000	226,263	225,000	734	9.71%
250,001 - 300,000	276,239	275,000	526	6.96%
300,001 - 350,000	326,550	325,000	373	4.94%
350,001 - 400,000	375,362	375,000	233	3.08%
400,001 - 450,000	423,985	422,000	149	1.97%
450,001 - 500,000	476,881	475,000	99	1.31%
500,001 - 550,000	528,827	530,000	56	0.74%
550,001 - 600,000	580,052	579,500	39	0.52%
600,001 - 650,000	635,339	640,000	32	0.42%
650,001 - 700,000	682,607	685,000	27	0.36%
700,001 - 750,000	729,913	725,000	22	0.29%
>=750,001	1,273,798	1,007,500	126	1.67%





PPI SUPPLEMENT - $/SQ FT

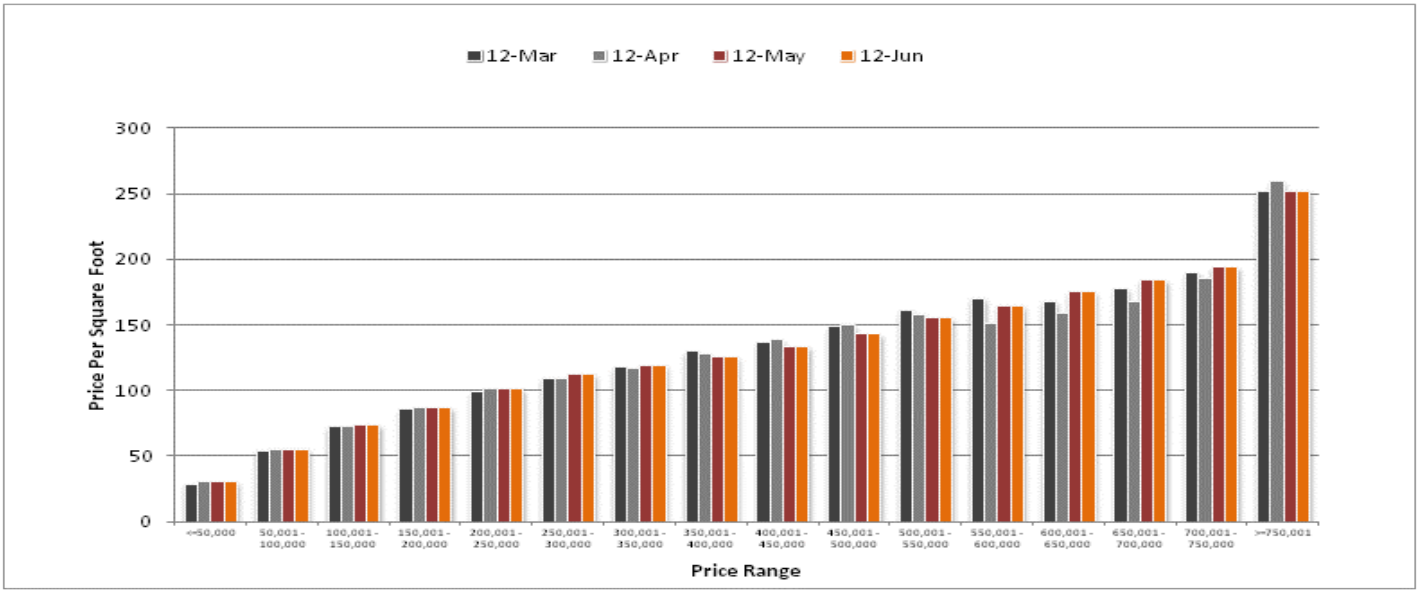
The PPI Supplement - $/SQ FT report examines incremental gains or losses over a rolling four months in the price per square foot of newly pended properties added to the pending pool each month. This month's PPI reports price per square foot gains in the following ranges: $100,001-150,000 ($2/sq ft), $250,001-300,000 ($4/sq ft) and $300,001-350,000 ($3/sq ft) ranges. Gains or losses in the ranges above $350,000 are less reliable since the total number of properties is low and can easily be distorted by one or a few large sales.

Pending Contracts Signed In May

Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt
<=50,000	35,482	1,171	592	30
50,001 - 100,000	78,705	1,429	1,705	55
100,001 - 150,000	126,054	1,740	2,091	72
150,001 - 200,000	173,604	1,993	1,398	87
200,001 - 250,000	225,913	2,227	842	101
250,001 - 300,000	275,669	2,519	540	109
300,001 - 350,000	327,080	2,808	378	116
350,001 - 400,000	375,337	2,942	233	128
400,001 - 450,000	425,696	3,074	149	138
450,001 - 500,000	480,033	3,190	110	150
500,001 - 550,000	530,310	3,360	86	158
550,001 - 600,000	580,371	3,826	58	152
600,001 - 650,000	631,644	3,972	50	159
650,001 - 700,000	681,530	4,064	40	168
700,001 - 750,000	730,191	3,944	39	185
>=750,001	1,222,139	4,711	158	259

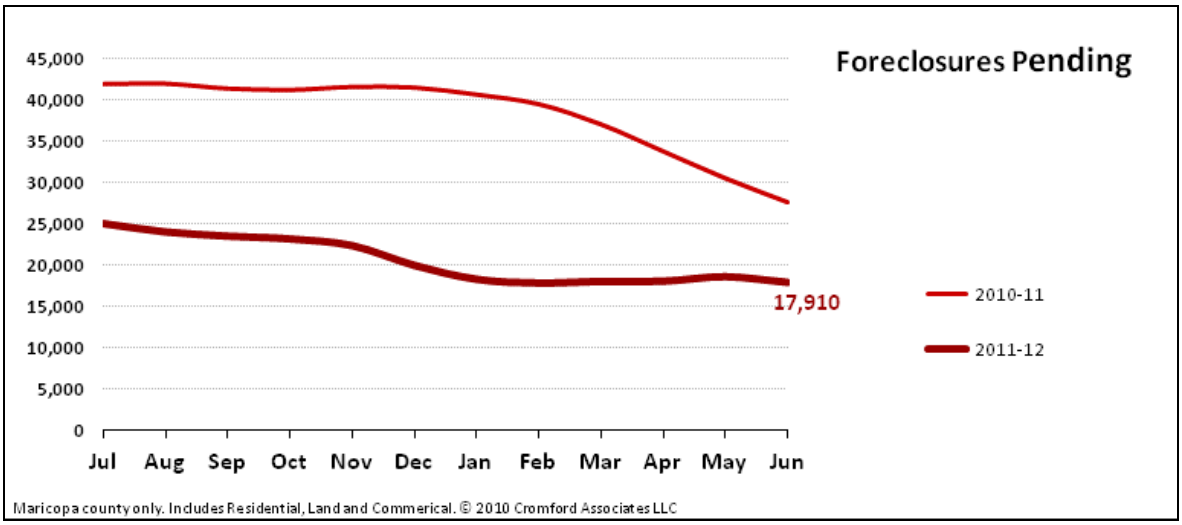
Pending Contracts Signed In June

Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt
<=50,000	35,991	1,184	528	30
50,001 - 100,000	78,319	1,416	1,385	55
100,001 - 150,000	126,824	1,724	1,991	74
150,001 - 200,000	173,548	1,994	1,237	87
200,001 - 250,000	226,263	2,238	734	101
250,001 - 300,000	276,239	2,455	526	113
300,001 - 350,000	326,550	2,746	373	119
350,001 - 400,000	375,362	2,992	233	125
400,001 - 450,000	423,985	3,176	149	134
450,001 - 500,000	476,881	3,330	99	143
500,001 - 550,000	528,827	3,403	56	155
550,001 - 600,000	580,052	3,526	39	164
600,001 - 650,000	635,339	3,631	32	175
650,001 - 700,000	682,607	3,704	27	184
700,001 - 750,000	729,913	3,755	22	194
>=750,001	1,273,798	5,054	126	252



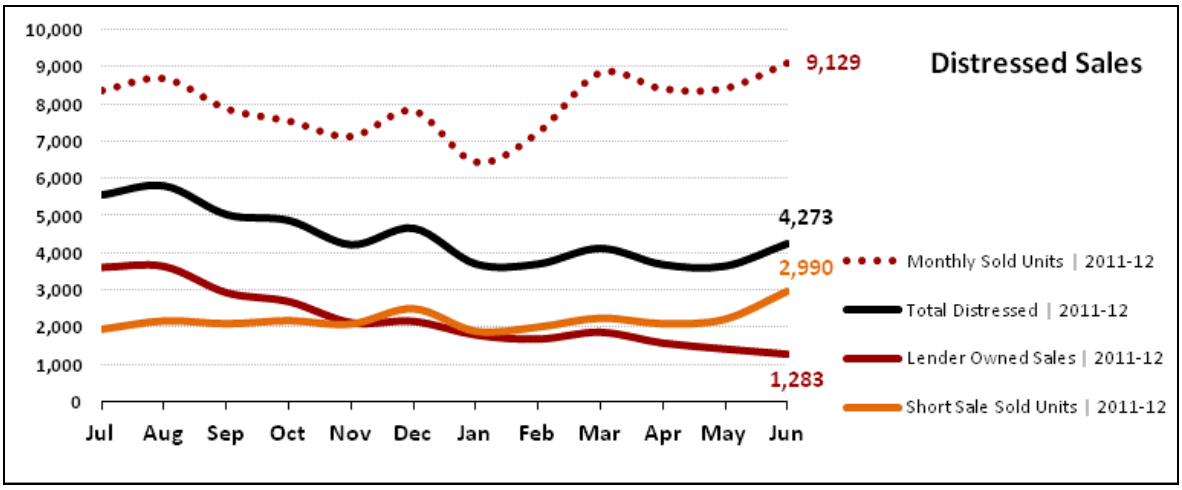
FORECLOSURES PENDING

Foreclosures pending fell by 3.69% in June to 17,910. Foreclosures pending began to drop in earnest in November 2009, when the monthly foreclosures pending high point was 50,568. However, the trend line for foreclosures pending has remained relative flat since January, indicating that lenders continue to foreclose, and that the return to foreclosures in the 5,000-6,000 range, widely considered the market normal, remains elusive for the present. What began in 2007 as a "light at the end of the tunnel," is still a bright spot, but in a tunnel much longer than anticipated.



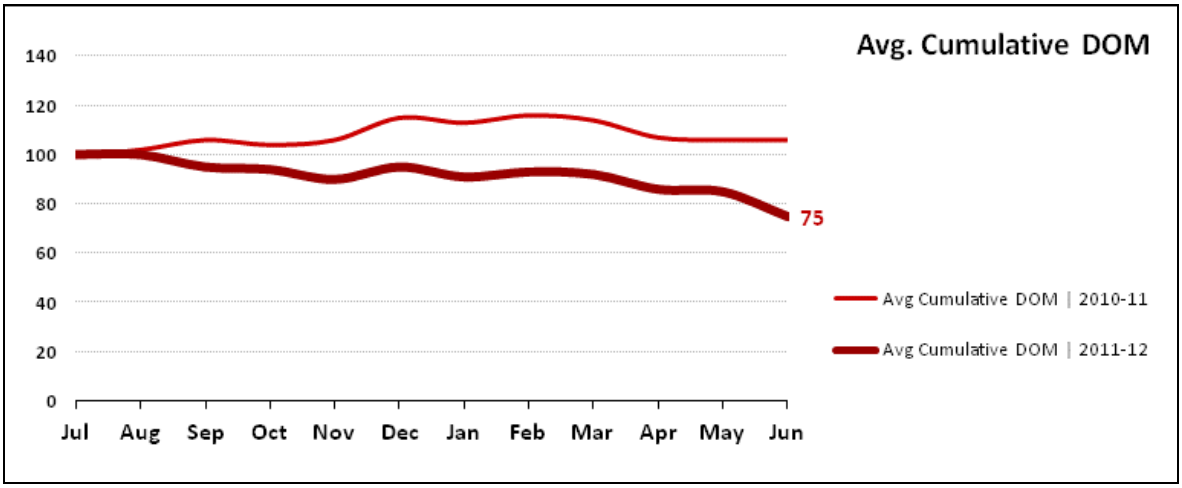
DISTRESSED SALES

Distressed sales as a percentage of all sales hiccupped 3.4% higher to 46.8%. This metric saw its high point of 74.1% of sales in September 2010. Distressed sales are composed of short sales and foreclosures. Since ARMLS began tracking the distress in January 2010, foreclosures dominated the distressed property composition. In November 2011, the foreclosure and short sales trajectories crossed, with short sales assuming dominance. Of the 4,273 distressed sales in June, 2,990 (32.8% of total sales) were short sales, and 1,283 (14.1% of total sales) were foreclosures. That is a 2.33 short sale to foreclosure ratio. Lender appetite for short sale over foreclosures is a healthier solution for the home owner, the lender and the community.



AVERAGE DAYS ON MARKET (DOM)

Days on Market fell ten days in June to 75, a low not seen since July/August 2006. Valley DOM reached its decade high of 138 in February 2008, and since that time has fallen by 63 days or 45.65% to its current level. Market wide DOM is used solely as a barometer of market health and is not intended to be used to gauge DOM in smaller market niches which have their own unique DOM.



COMMENTARY

June's good news showcases an 8.1% increase in total sales, continuing the strong demand seen over the last twelve months. While all four pricing metrics (median and average new list price and sales price) declined slightly, they still continued on the same upward trajectory begun in September/October 2011. Phoenix Metro's rise in home prices, despite the downtick in June, outpaces national and regional gains in other west markets.[1] Foreclosures pending continued their decline. Total distressed property as a percentage of total sales ticked up 3.4%, but the overall trend line is declining.

Lack of inventory continues to frustrate Buyers and their Agents. The tightening noose of low inventory expresses itself in metrics such as DOM, which fell 10 days in June, and MSI, which dropped from 3.88 in January to 2.18 in June.

While total inventory for June is 19,857, the bulk (15,245)of that inventory lies below $350,000. Masking the lack of inventory is the inclusion of AWC listings (active with contingency) into the active/accepting backup offers bucket. Of the 15,245 listings below $350,000, only 8,892 are active, with 6,353 in the AWC status. Confusion about AWC, spawned by the industry rise in short sales, prompted many Agents to place listings, relegated by lenders to "short sale limbo" while waiting for final approval or signatures, into the AWC status. Many of these listings belong more appropriately in pending, since they are no longer accepting backup offers.

Since April, ARMLS has been tracking the percentage of AWCs in the total active pool of $350,000 and below. Over the three month period, the percentage of AWCs in the total active pool has dropped from 49% to 45% to 41% in June. ARMLS encourages Agents to place listings into pending status, even though not all signatures or approvals are in place, if those listings are really not accepting backup offers.

New home building, which came to a near standstill in the Valley in recent years, is showing some signs of life. June saw Arizona building permits reach a three year high, which will eventually add additional housing to available inventory.[2] Efforts such as the Phoenix City Council's new six month pilot program to reduce red tape and permit turnaround times and lower expenses, will encourage much needed new building.[3]

Discouraging news on the job front indicating that the job market is cooling[4], reminds us just how fragile the Valley's recovery is. Affordability though remains the Valley's recovery trump card, and is aided by mortgage interest rates at unprecedented low levels. Freddie Mac reported the 30-year fixed-rate mortgage (FRM) averaged 3.66% for the week ending June 28, 2012. Last year at this time, the 30-year FRM averaged 4.51%.[5] Once again, the Valley's recovery prognosis is steady as she goes.

On July 18, from 7:30to 9:30am at the Camelback Inn Resort, ARMLS and the Phoenix Business Journal will present **Real Estate FORWARD,** a forum with real facts about residential sales and rentals, commercial sales and leasing, land and industrial real estate in the Valley. The event showcases **national, state and local experts** focusing on both short and long term recovery in six Valley real estate niches. To register go to http://www.bizjournals.com/phoenix/event/58851.

1 http://www.nytimes.com/2012/06/21/us/wests-home-prices-rebounding-as-availability-shrinks.html?_r=1&ref=economy

2 http://www.bloomberg.com/quote/STPHAZ:IND

3 http://www.azcentral.com/arizonarepublic/local/articles/2012/05/08/20120508phoenix-eases-process-building-permits.html

4 http://www.inlandnewstoday.com/story.php?s=24563

5 http://www.loansafe.org/freddie-mac-reports-mortgage-interest-rates-at-new-record-lows-again