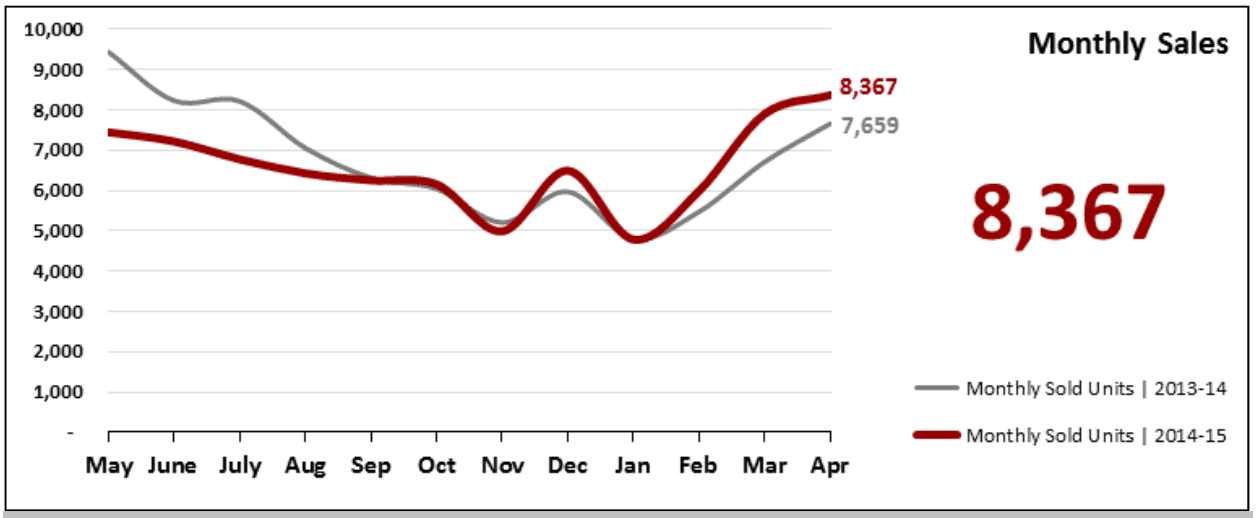
ARMLS® STAT

your monthly statistics for the Phoenix Metro area

ARMLS® STAT - May 14, 2015

MONTHLY SALES



+9.2% year-over-year

+5.9% month-over-month

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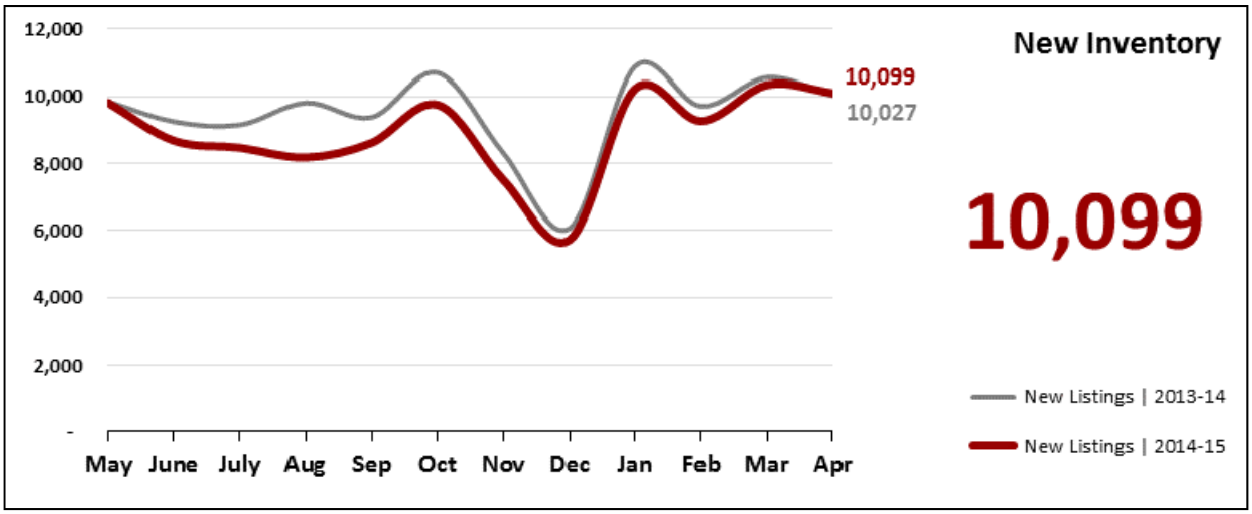
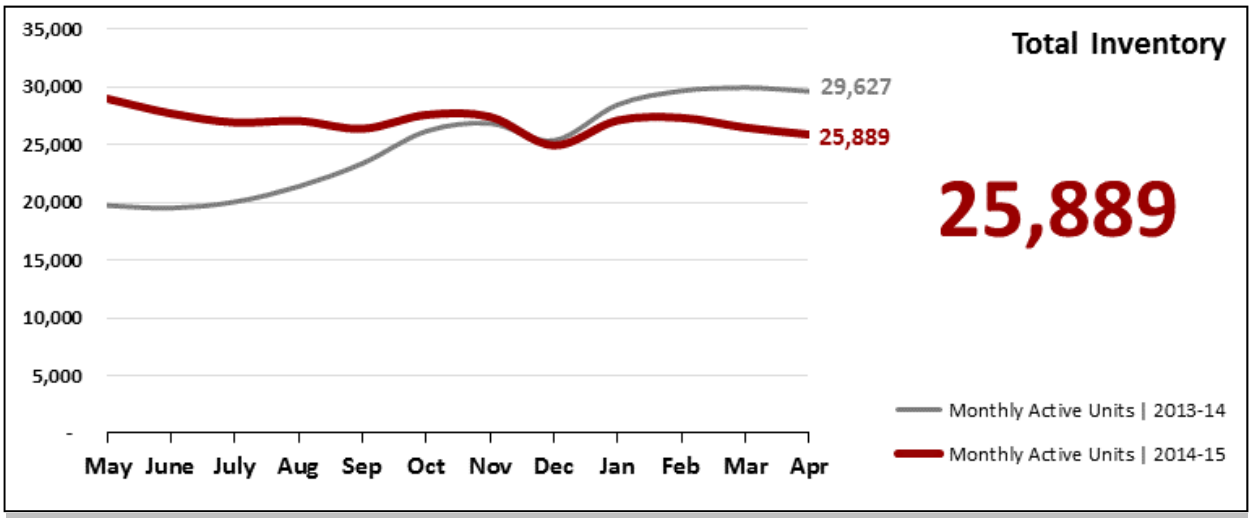
NEW INVENTORY



+0.7% year-over-year

-2.4% month-over-month

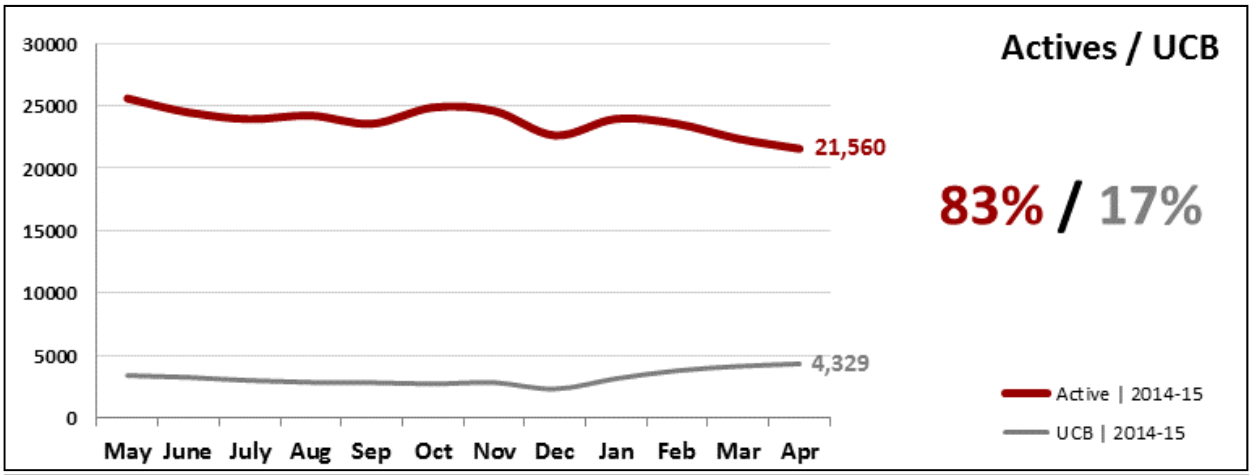
TOTAL INVENTORY



-12.6% year-over-year

-2.2% month-over-month

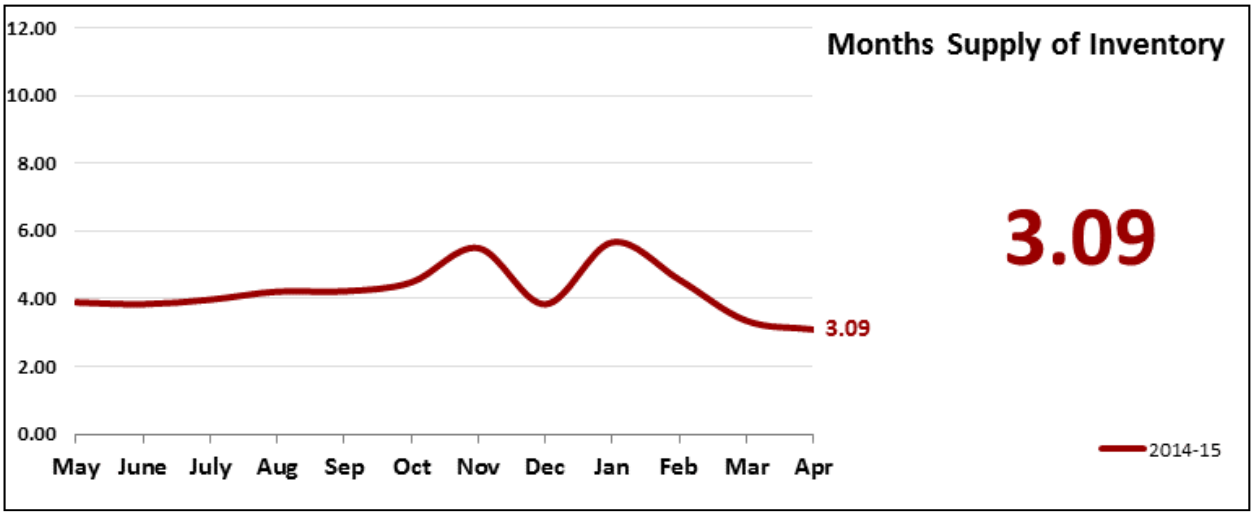
ACTIVES / UCB



15.6% MAR 2015 UCB percent of total Active

16.7% APR 2015 UCB percent of total Active

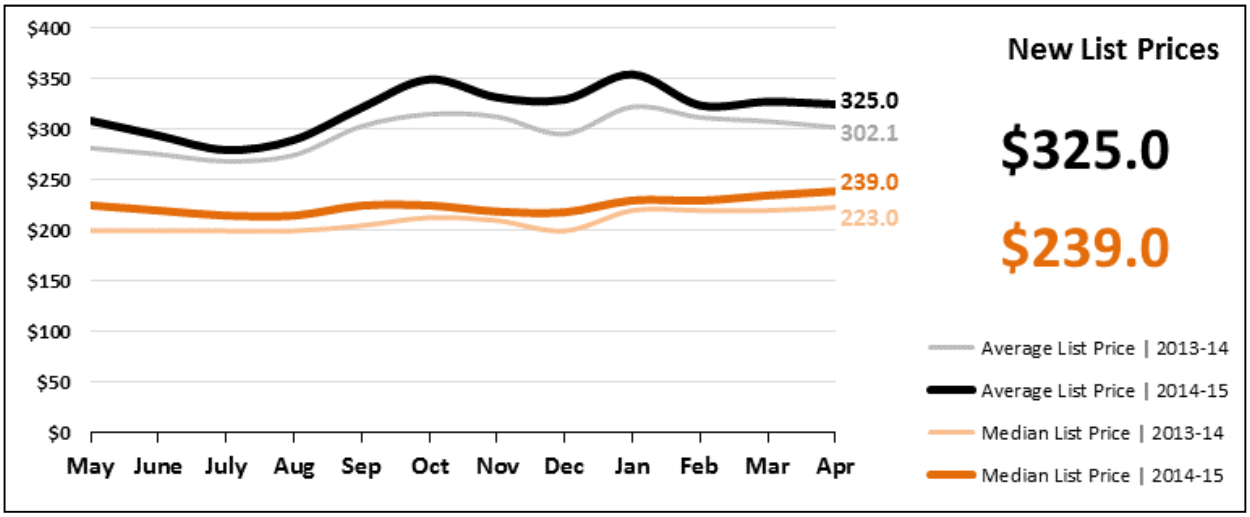
MONTHS SUPPLY OF INVENTORY



3.35 MSI MAR 2015

3.09 MSI APR 2015

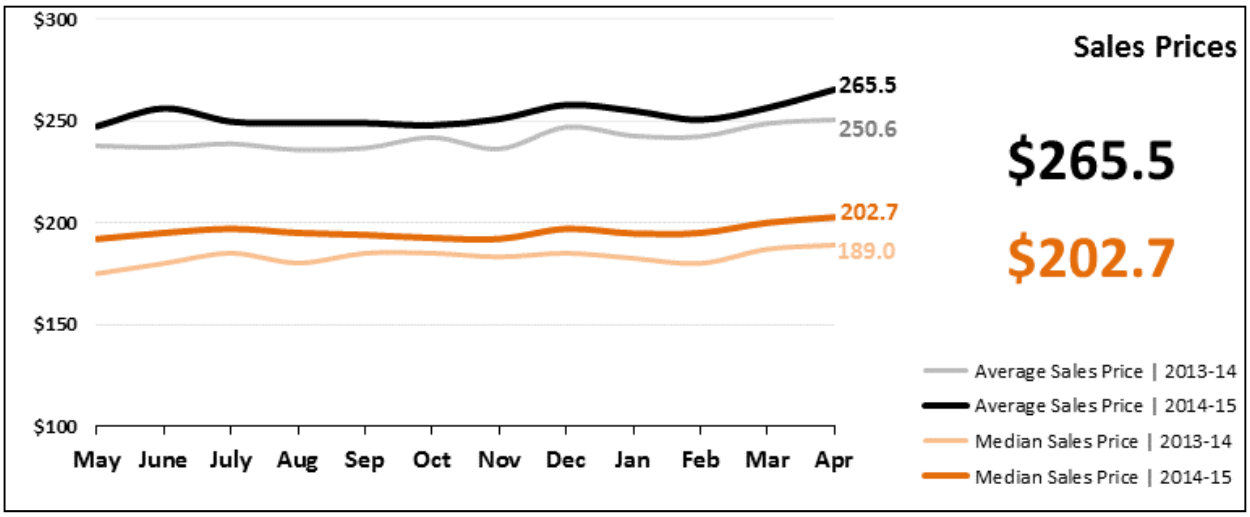
NEW LIST PRICES



+7.6% year-over-year average

+7.2% year-over-year median

SALES PRICES

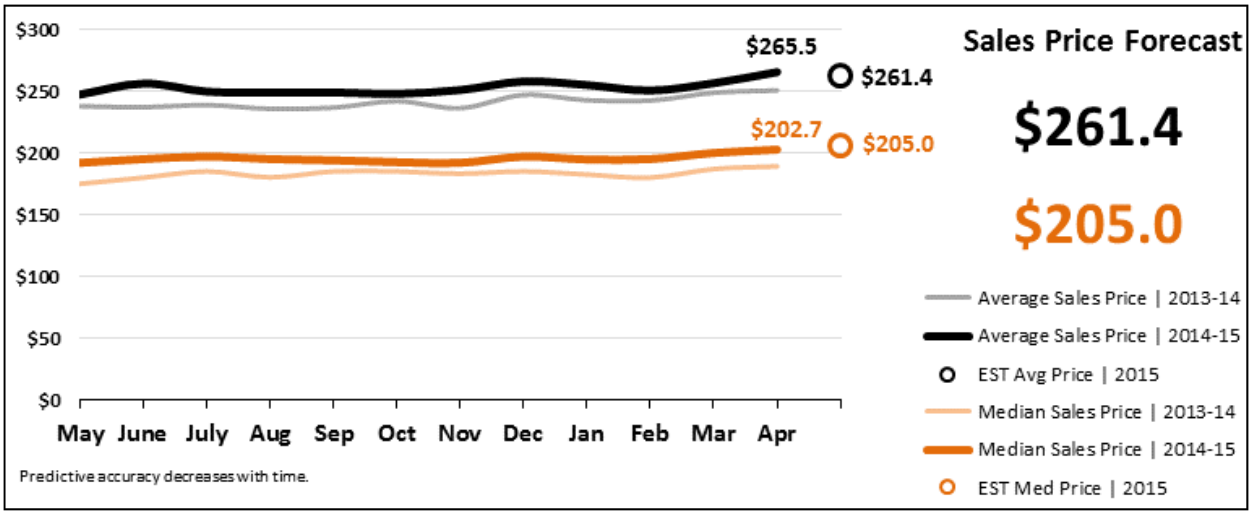


+5.9% year-over-year average

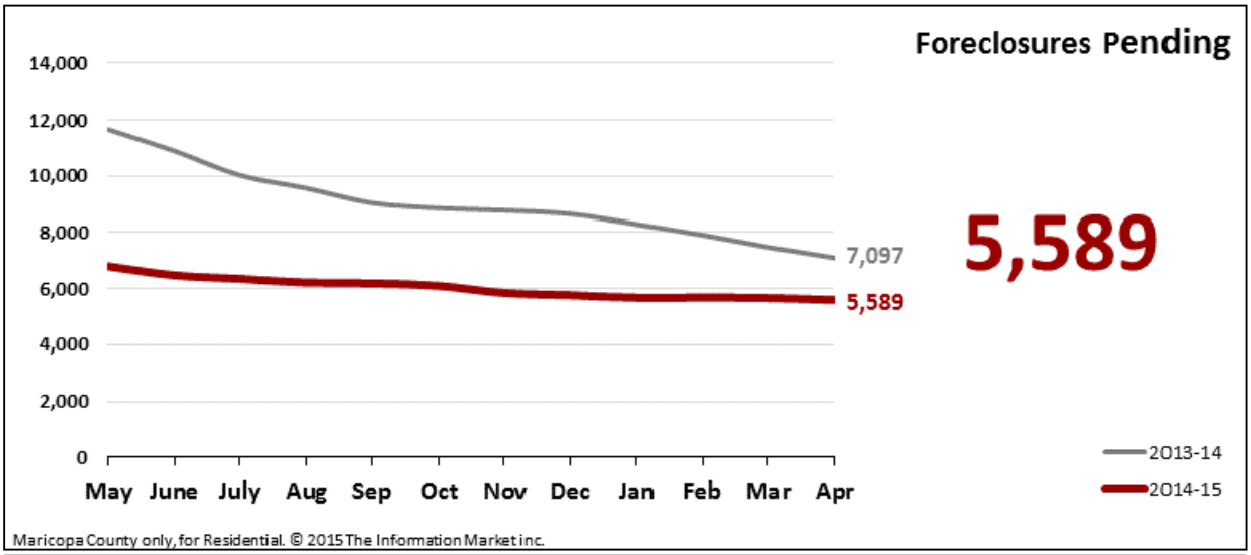
+7.2% year-over-year median

THE ARMLS® PENDING PRICE INDEX™

SALES PRICE FORECAST



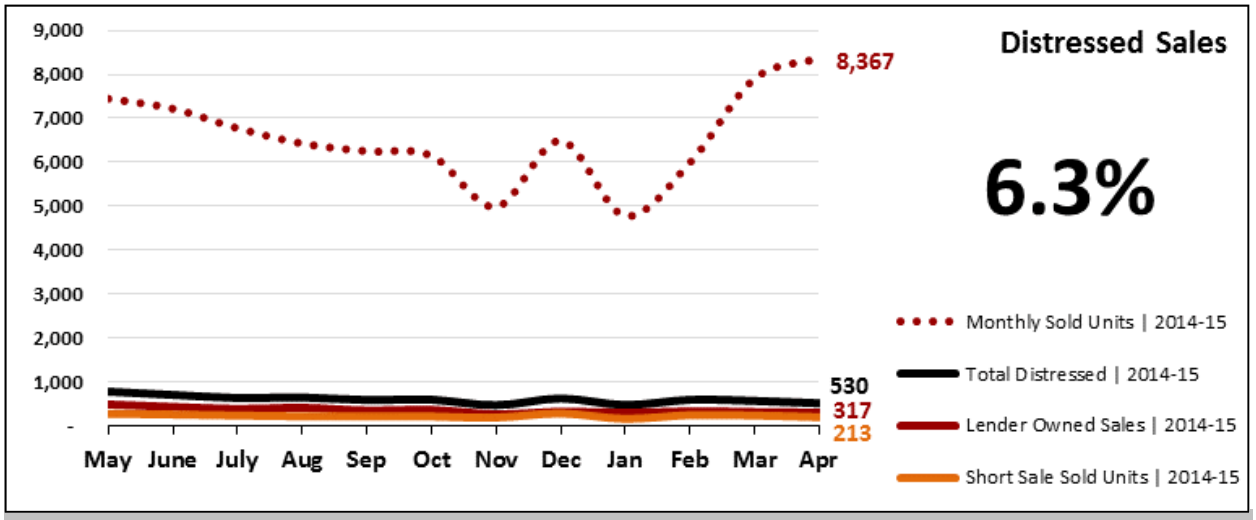
FORECLOSURES PENDING



-21.2% year-over-year

-1.3% month-over-month

DISTRESSED SALES

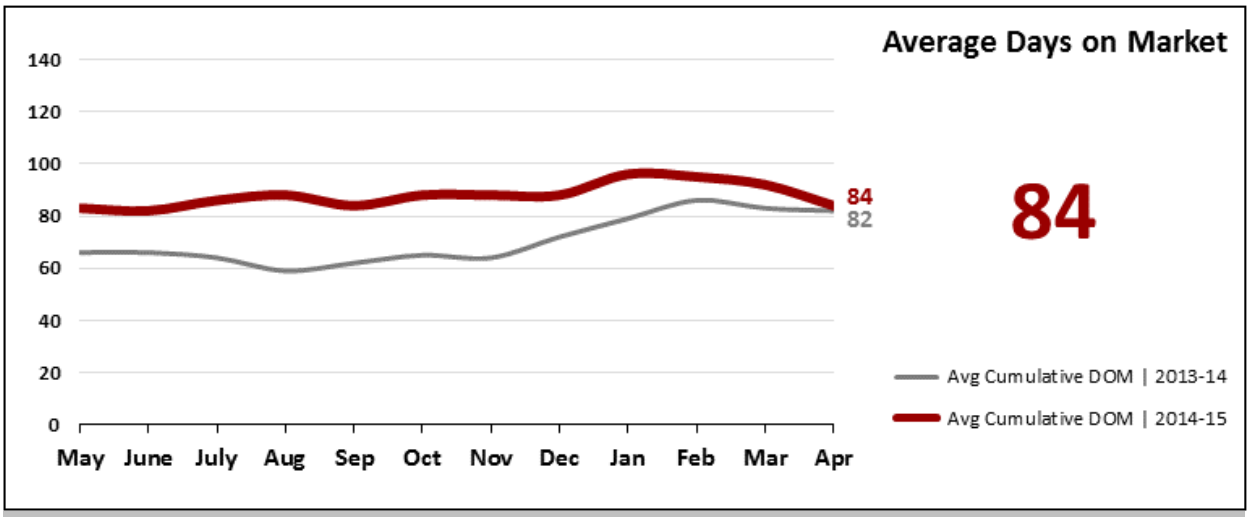


-30.6% short sale units year-over-year

-36.1% lender owned units year-over-year

-34.0% total year-over-year

AVERAGE DAYS ON MARKET



+2 year-over-year

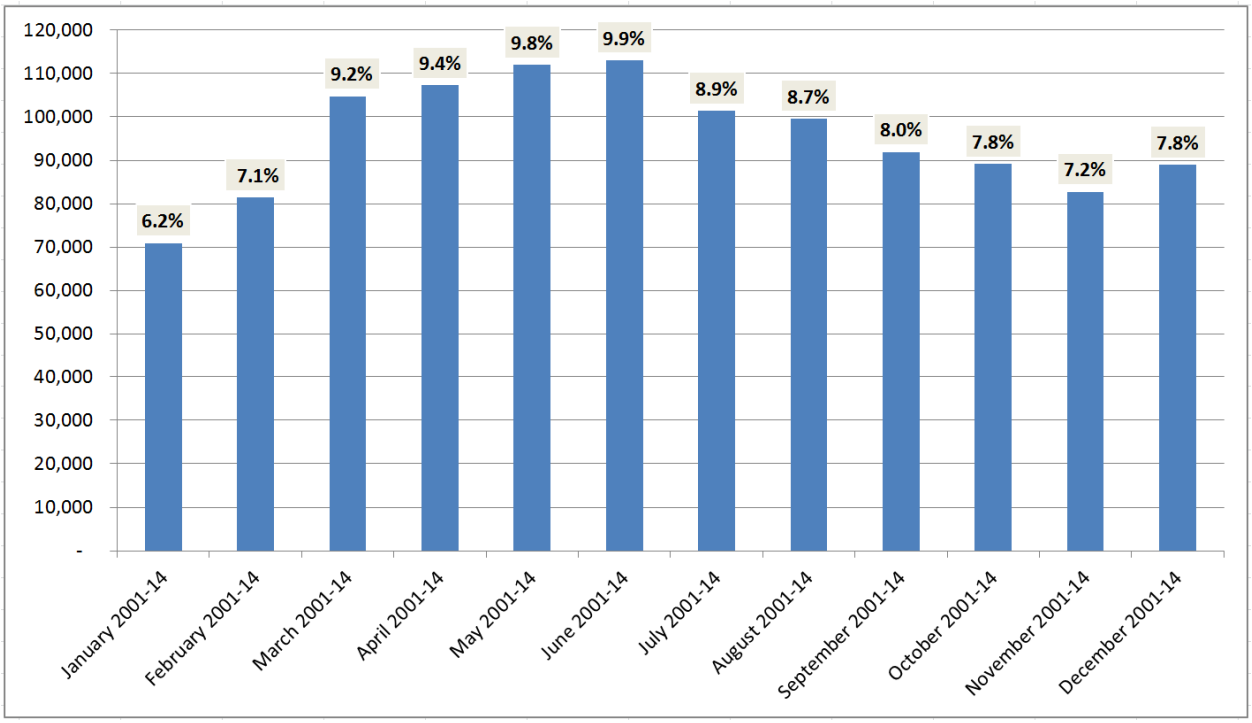
-8 month-over-month

COMMENTARY

by Tom Ruff of The Information Market

This month's issue of STAT leaves us in the middle of our buying season, the time of year when our monthly sales volume peaks. The chart below is based on a 14-year running average of monthly sales volume in Maricopa County. It depicts the seasonal nature of our housing market. There have been 1,143,088 homes sold between January 1, 2001 and December 31, 2014 by ARMLS Subscribers.

14-Year Average Monthly Sales Volume Distribution (2001 – 2014)



Pending sales contracts hit their highest point in 2014 on April 23 with 8,103 pending listings. Pending sales are a leading indicator of future sales. There were 7,659 total home sales in April of 2014, which was the largest single month in sales volume in 2014. The current high mark for pending sales this year occurred on April 23 the same day as 2014 when 8,766 homes had pending sales contracts. Sales for the first four months of 2015 are 9% higher than sales for the first four months of 2014 and this trend is expected to continue.

When we look at individual monthly sale numbers over the past 14 years, we see that March, April, July and August each accounted for the highest monthly sales total only one year each. May and June, in contrast, accounted for the highest monthly sales volume 5 times.

…..there was only one conclusion to draw, the Millennials are to blame.

In STAT last month I talked about the year-over-year improvement we'd seen over the prior two months in the number of newly constructed homes and I used current building permit data as an indicator this trend would continue.

In April, The Information Market reported 674 new builds sold in Maricopa County compared to 680 last year at this time. It looks like I backed the wrong horse. I'm a baby boomer and what does any good analyst from my generation do when his conjectures are wrong? I do what we do best, I blame someone else.

After evaluating every newly constructed home transaction over the last three months and coupling my observations with analysis done from fivethirtyeight, there was only one conclusion to draw, the Millennials are to blame.

Quick Commentary

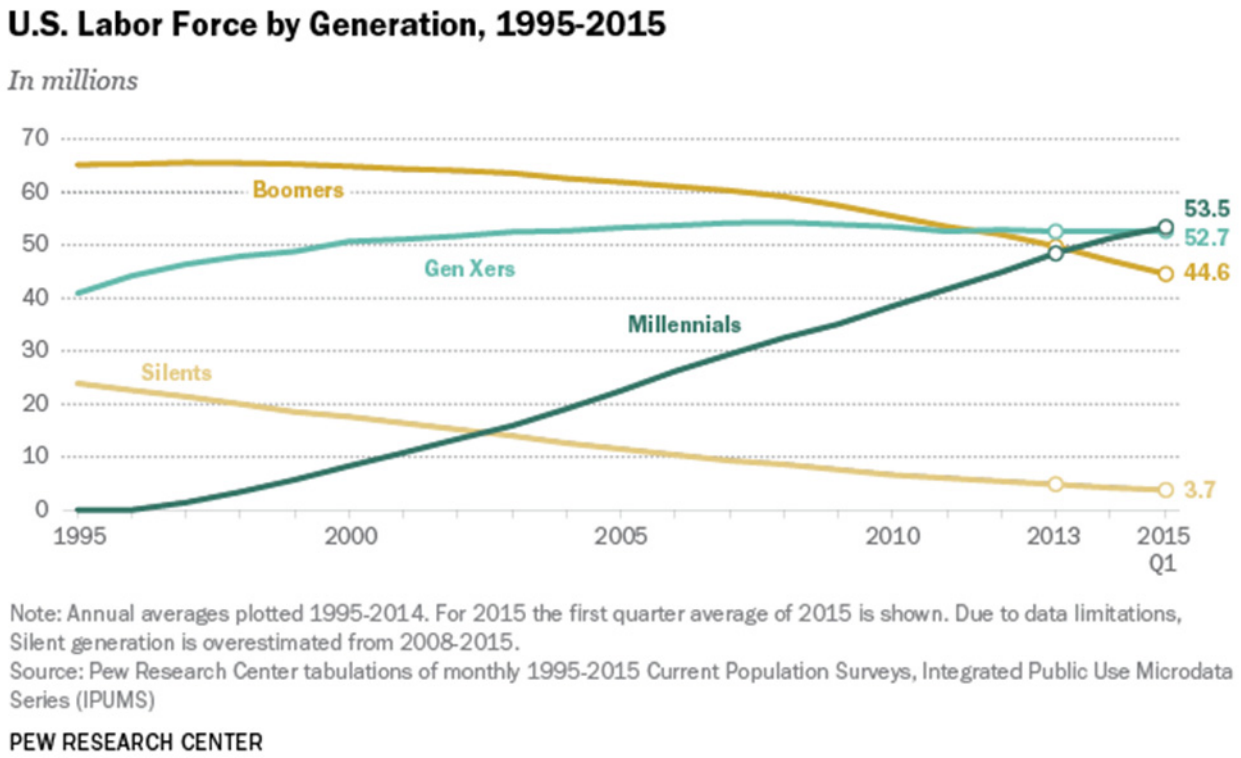
Prices: The national median existing single-family home price in the first quarter of 2015 was $205,200, up 7.4% compared to the first quarter of 2014 at $191,100. Our home sales numbers show a current median home price of $202,700, up 7.2% from $189,000 last year. This leaves us just slightly below the national averages in the NAR report. It is probably time to abandon the 2009 slogan of "We're not Detroit" and replace it with the more current, "We're slightly below average."

Inventory: We begin May 2015 with 21,561 Active listings, which is down 17.8% year-over-year from May 2014 when there were 26,245 Actives. This set us up for an MSI at 3.09. Consider this the lion on the hill: limited supply may be leading to unhealthy levels of price growth.

Sales Volume: April to April sales volume increased 9.2% from 7,659 sales in April of 2014 to 8,367 sales April 2015. With demand getting stronger and inventory levels tightening both the average and median sales prices pushed higher showing gains in both month-over-month and year-over-year prices.

Demand: In his quarterly report published May 11th NAR chief economist Lawrence Yun described a national housing market where "stronger demand amidst lagging inventory levels caused home prices to accelerate." In his report he further stated, "Sales activity to start the year was notably higher than a year ago, as steady hiring and low interest rates encouraged more buyers to enter the market." With these comments, Yun could just as well been speaking directly to ARMLS Subscribers.

When I went back and reviewed the last three months of new home sales transactions it became clear that the first names of the people purchasing new builds were dominated by boomers, the buyer's names read like my sixth grade roll call. There is some fantastic statistical analysis on first names corresponding to age, read it here. Simply put, the Millennials are not doing their part, and quite frankly they are running out of excuses. In the first quarter of 2014 Millennials surpassed Generation X and now comprise the largest share of the American workforce. The name article and the chart below support these conclusions.



Walt Hickey, a writer and Millennial at *fivethirtyeight*, has the best retort to my contempt — "*53.5 million - We did it! Millennials are now a plurality of American workers, with 53.5 million people ages 18 to 34 in the workforce in 2015, compared to 52.7 million Gen Xers and 44.6 million baby boomers. I was born in the '90s and I have a job — get used to it, boomers, my people are here to stay*."

Pending Price Index (PPI)

Our last Pending Price Index projected an April 2015 median price of $200,000 with the actual median coming in at $202,700. Looking ahead to May 2015, the ARMLS Pending Price Index projects a median sales price of $205,000. We began May with 12,287 residential listings under contract compared to 11,957 at the beginning of April. May 2015 sales volume will undoubtedly exceed May 2014 (7,445). We expect sales this month to be in line with April's sales volume figure. Our estimated sales volume last month of 8,500 was 1.6% higher than the actual sales figure of 8,367.