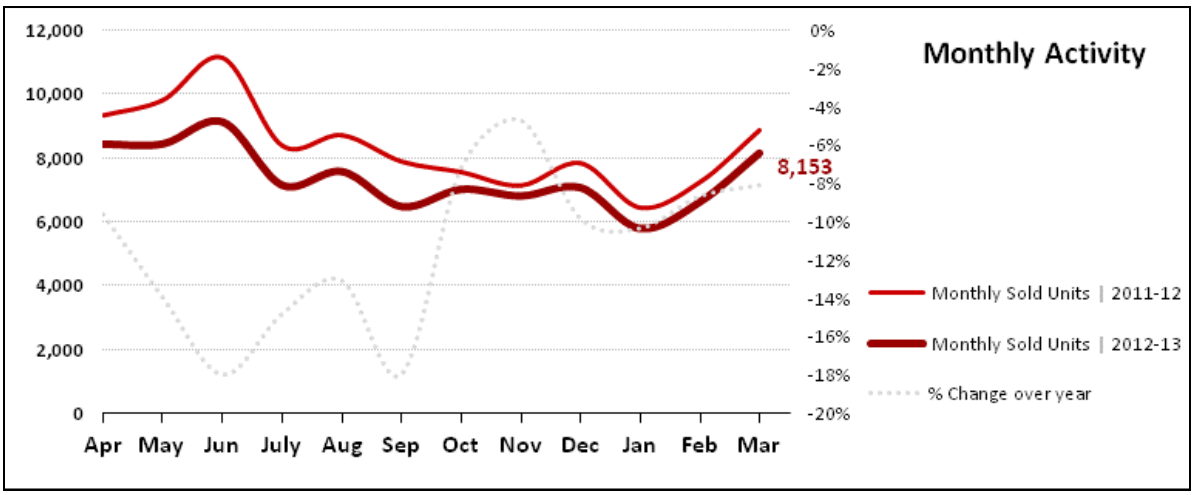
ARMLS® STAT - April 5, 2013

SALES Month over Month

March sales jumped by 1,531 sales, or 23.1%, to 8,153. A month over month gain of 23% was last seen in December 2010, when the November to December gain was 23.8%. The next highest monthly gain, 22.3%, was seen in March 2012.

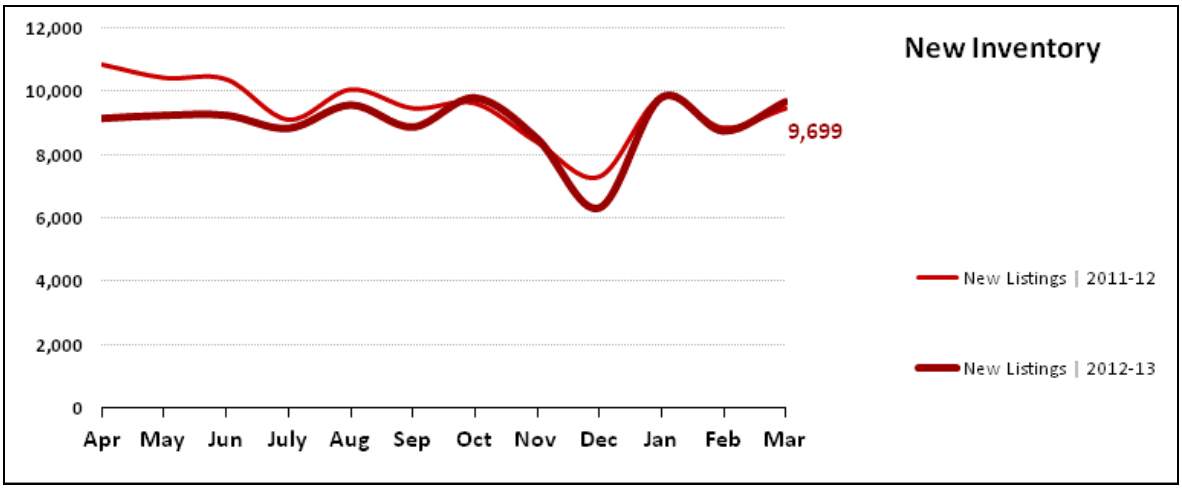
SALES Year over Year

The year over year sales comparison showed a decline of 8.1% (716 units) below March 2012. The current March sales total (8,153) is 10.34% above the 12 month average of 7,387 sales.



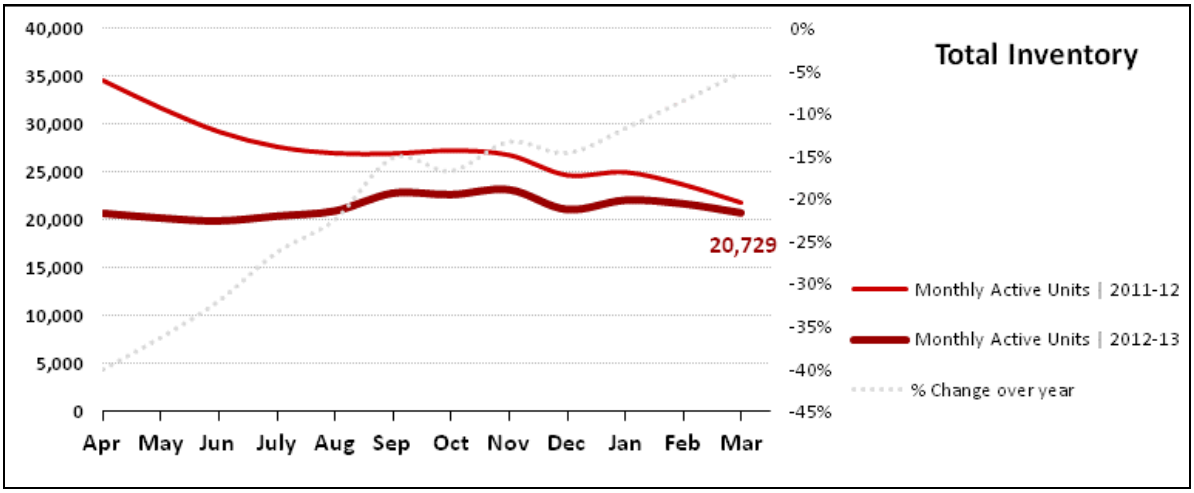
NEW INVENTORY

New inventory in March rose 921 units, or 10.5%, to 9,699. This figure is 7.87% above the 12 month average of new listings per month of 8,991.



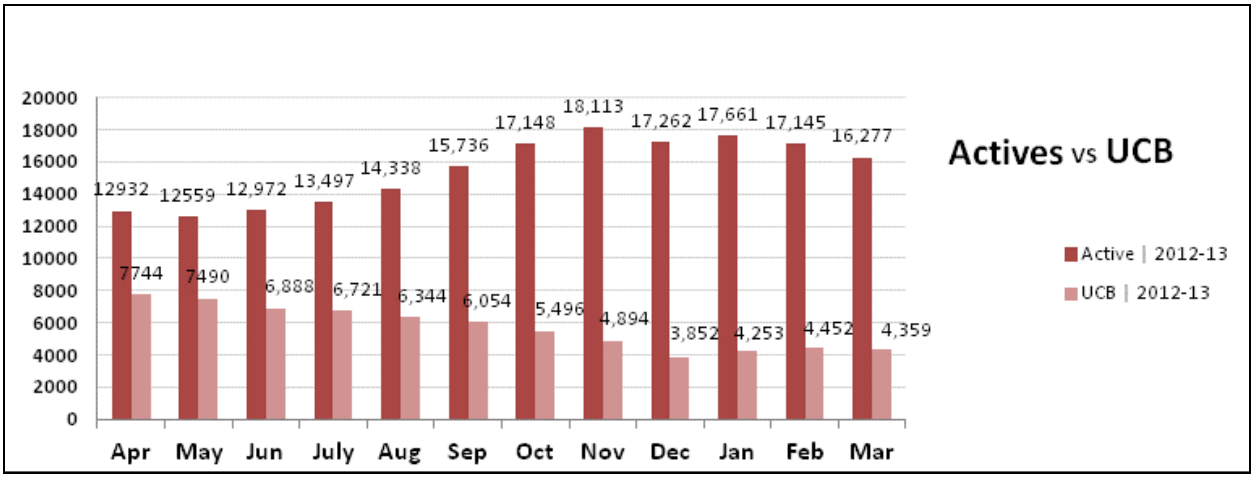
TOTAL INVENTORY

Even with the rise in new listings, total inventory declined 4.6% to 20,729 in March. Low inventory has been problematic for some time in the Valley. Over the most recent 12 months, total inventory has fluctuated within a very narrow range, with 19,857 the low in June 2012, and 23,232 as the high in November 2012, with an average of 21,465.



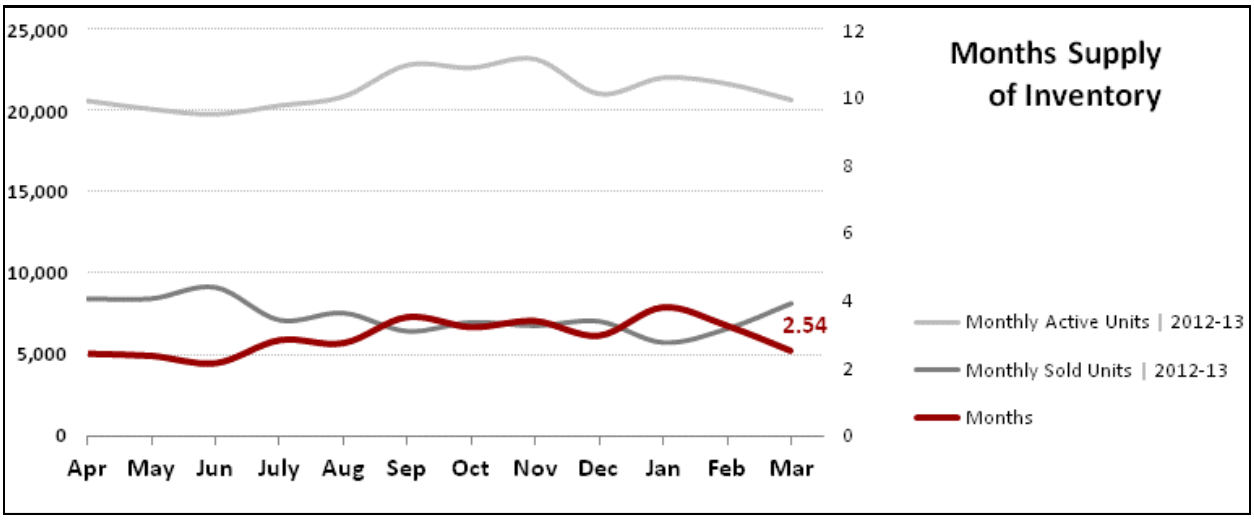
ACTIVES and UCBs

STAT began tracking the Under Contract-Backup (UCBs) make-up of the total Active listings in April 2012. The labeling change to UCB, from what was formerly called Active with Contingencies, was executed simultaneously with clarification of the conditions necessary for a property with a contract pending to remain Active. The percentage of UCBs, already naturally declining, continued on that same trend. In March, of the 20,729 listings, 16,277 were in Active status, and 21%, or 4,358, were UCB.



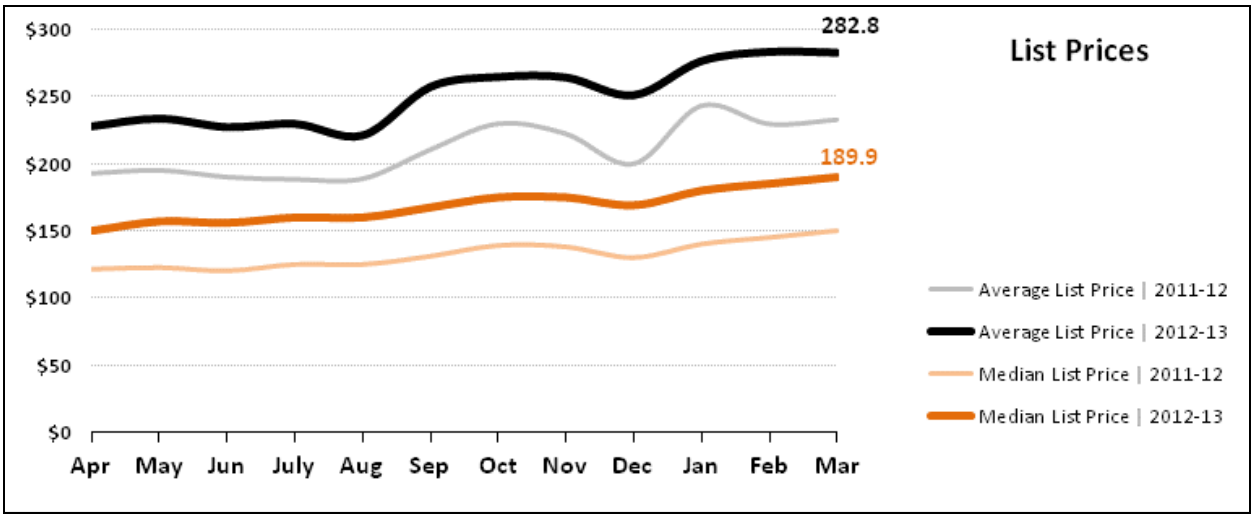
MONTHS SUPPLY OF INVENTORY (MSI)

MSI dropped to 2.54 months in March from February's 3.28. The recent 12 month average MSI is 2.98 months. STAT tracks MSI as a barometer of overall market health. Valleywide MSI should not be used to estimate inventory supply in smaller market niches, which have their own MSI based on supply and demand.



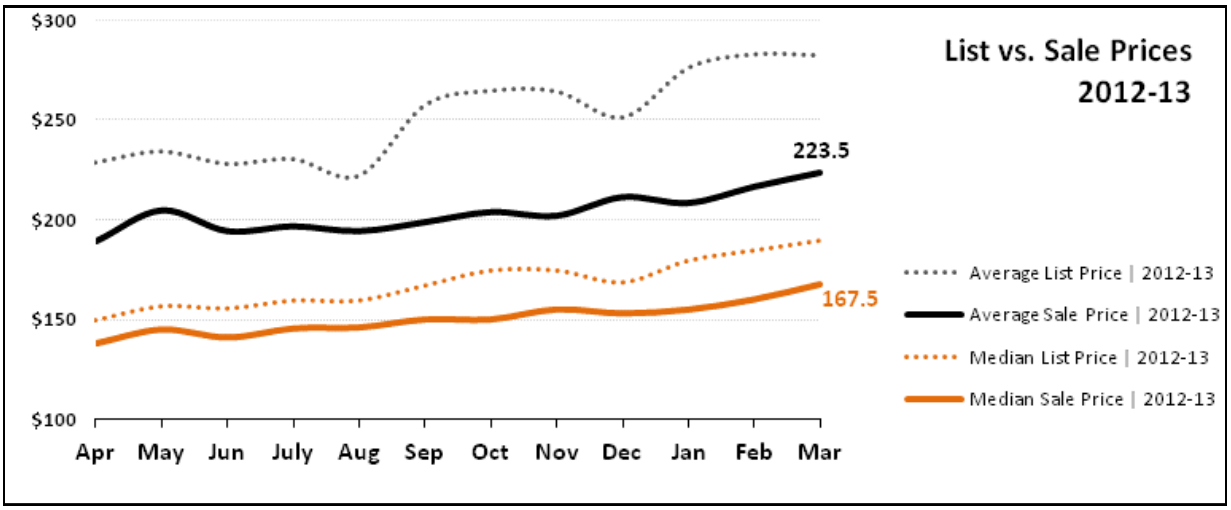
NEW LIST PRICES

Median list price continued on its upward trend line, increasing 2.6% to $189,900, representing a 26.7% increase over the last 12 months. Average sales price showed a slight (0.2%) decline to land at $282,800, but the overall average list price trend remained upward. March's average list price was 21.4% over the same metric from 2012.



SALES PRICES

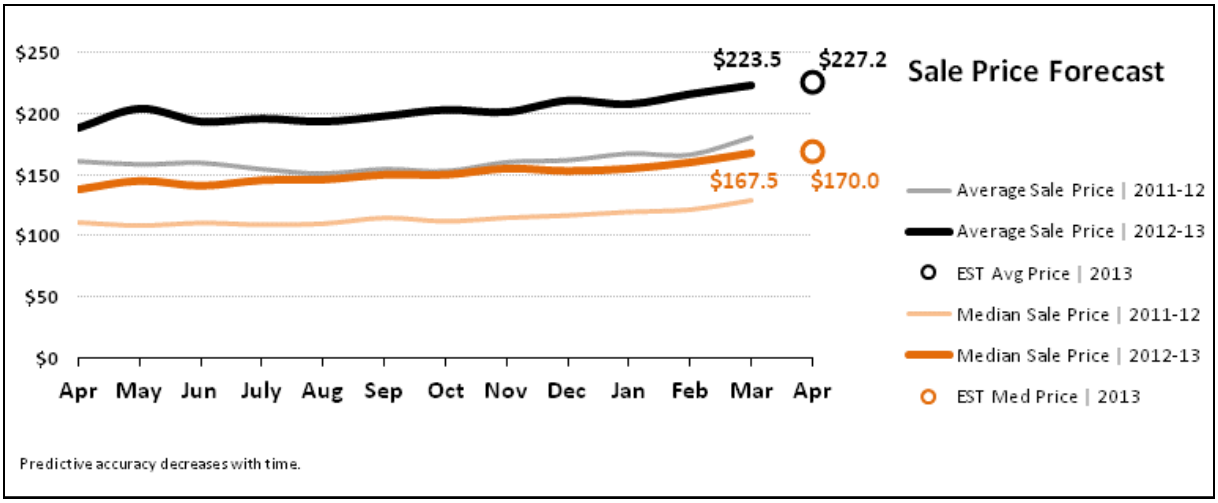
Both sales price metrics showed positive gains in March. Median sales price increased 4.7% to $167,500, representing a 28.9% gain over the past 12 months. Average sales price showed a 3.3% gain to land at $223,500, indicating a 23.8% increase since March 2012. Both sales price metrics have been on a steady upward trend line since they bottomed out in May 2011 at $108,300 for the median, and $151,368 for the average in August 2011. Since sales pricing metrics reached their low points in 2011, median sales price has risen $59,200, or 54.66%. The average sales price has increased $72,179, or 47.68%.



THE ARMLS PENDING PRICE INDEX™

The ARMLS Pending Price Index is a metric unique to ARMLS, which forecasts sales pricing 30 days into the future, based on pricing of pending sales inside the MLS system. Last month, PPI predicted the median sales price at $163,000, missing the actual median of $167,500 by 2.76%. The average sales price predicted for March was $214,600, falling 4.15% below the actual metric of $223,500.

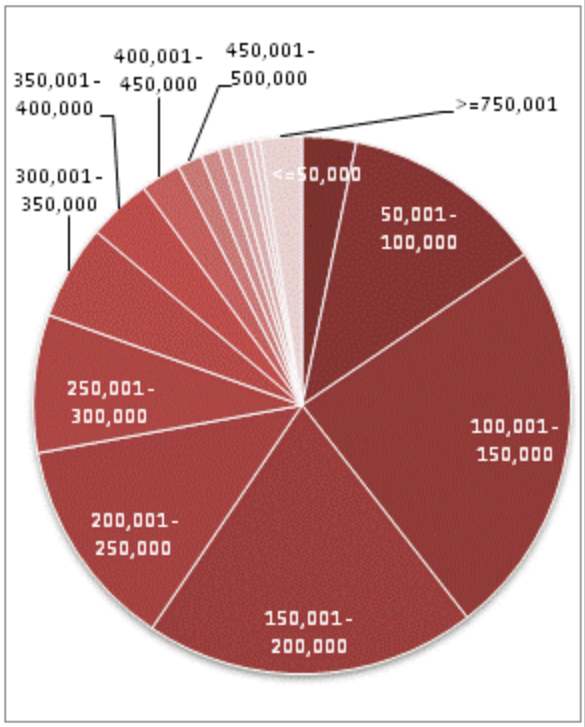
STAT predicts the median sales price in April to be $170,000, and the average sales price to land at $227,200.

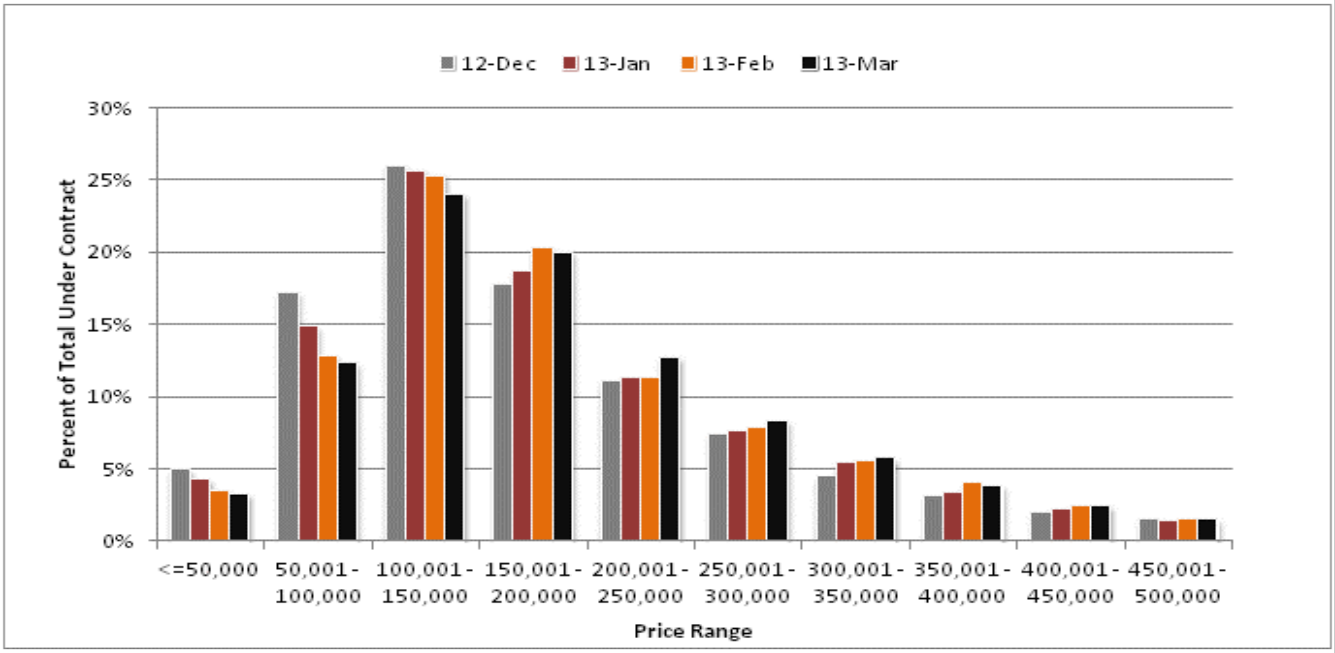


PPI SUPPLEMENT

The PPI Supplement focuses on the makeup of newly pended properties added to the pending pool each month over a rolling four months. Marked declines in the percentage of new Pendings from $150,000 and below, and upward trending of percentages in the ranges from $150,001 through $350,000 continue. As inventory at the lower ranges is depleted, Buyer demand for the next affordable price range moves more purchasers into the next higher ranges ($150,001 through $350,000).

Pending Contracts Signed In March				
Price Range	PPI Avg	PPI Med	PPI Units	Units % of Total
<=50,000	37,546	39,250	281	3.24%
50,001 - 100,000	80,079	81,897	1,067	12.29%
100,001 - 150,000	128,698	129,900	2,081	23.96%
150,001 - 200,000	173,974	172,500	1,733	19.95%
200,001 - 250,000	226,336	225,000	1,104	12.71%
250,001 - 300,000	275,732	275,000	721	8.30%
300,001 - 350,000	326,666	325,000	495	5.70%
350,001 - 400,000	377,248	377,600	332	3.82%
400,001 - 450,000	428,336	428,000	209	2.41%
450,001 - 500,000	477,880	478,000	130	1.50%
500,001 - 550,000	529,263	530,000	98	1.13%
550,001 - 600,000	574,483	572,500	64	0.74%
600,001 - 650,000	625,764	625,000	75	0.86%
650,001 - 700,000	679,046	679,000	39	0.45%
700,001 - 750,000	735,533	740,000	37	0.43%
>=750,001	1,265,897	1,050,000	219	2.52%





PPI SUPPLEMENT - $/SQ FT

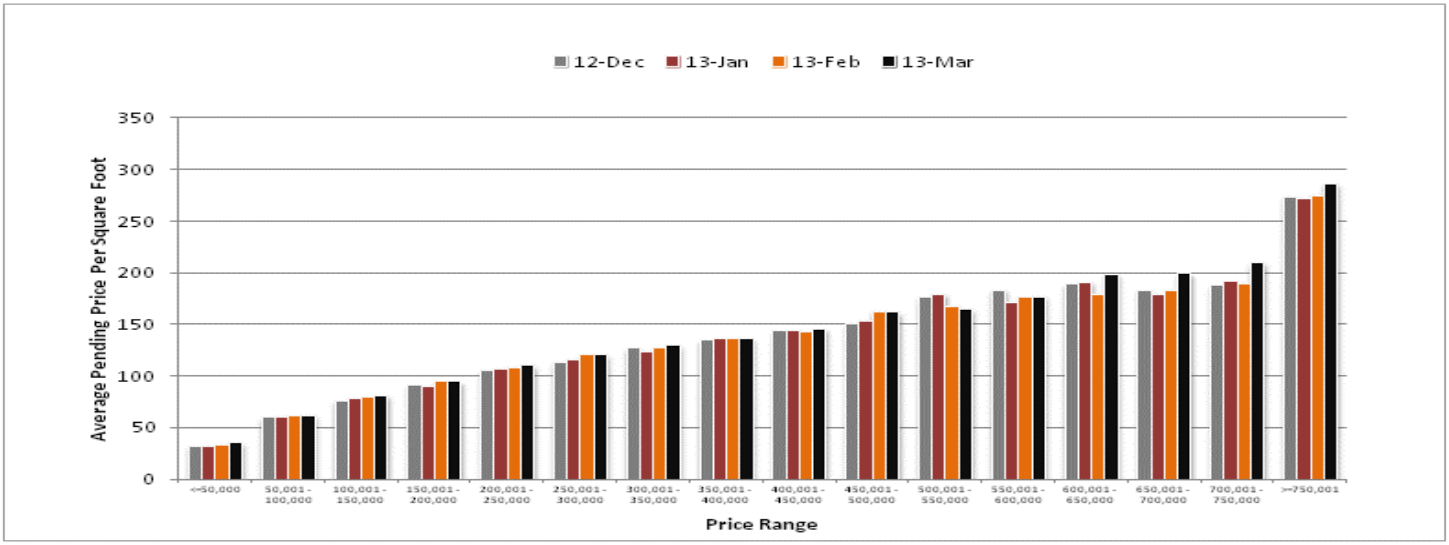
The PPI - $/SQ FT report examines incremental gains and losses in the price per square foot of newly pended properties, added to the pending pool each month on a rolling four month basis. This month, the Supplement shows no significant change in $/Sq FT trending in any price range.

Pending Contracts Signed In February

Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt
<=50,000	36,427	1,085	272	34
50,001 - 100,000	79,796	1,311	996	61
100,001 - 150,000	127,095	1,609	1,969	79
150,001 - 200,000	173,768	1,834	1,577	95
200,001 - 250,000	227,289	2,097	879	108
250,001 - 300,000	276,473	2,298	606	120
300,001 - 350,000	324,931	2,544	431	128
350,001 - 400,000	376,144	2,753	316	137
400,001 - 450,000	425,758	2,970	188	143
450,001 - 500,000	477,623	2,934	118	163
500,001 - 550,000	527,823	3,156	88	167
550,001 - 600,000	572,813	3,248	55	176
600,001 - 650,000	628,555	3,511	51	179
650,001 - 700,000	676,514	3,701	30	183
700,001 - 750,000	729,490	3,848	31	190
>=750,001	1,325,417	4,824	183	275

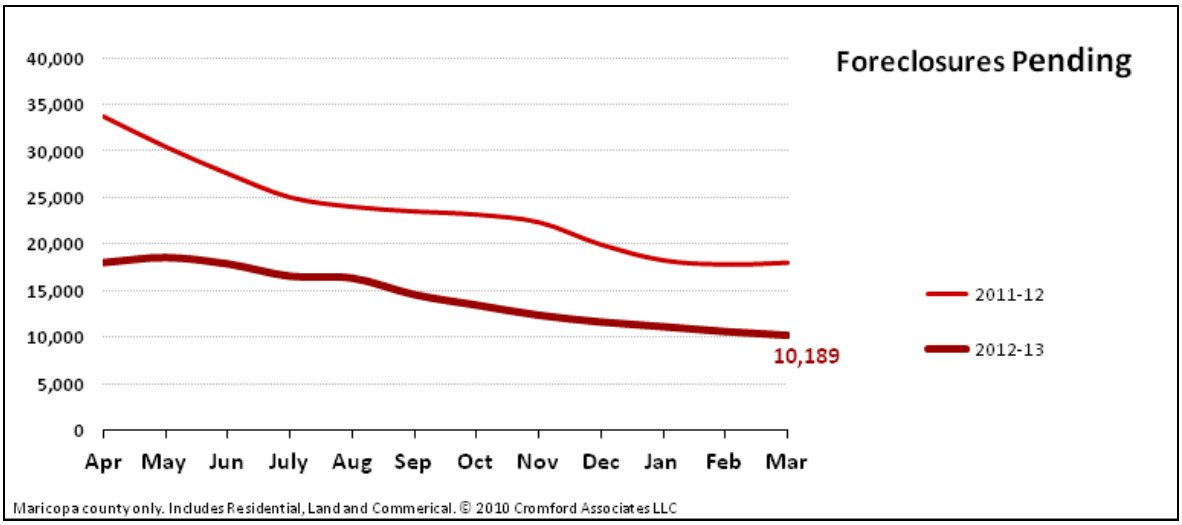
Pending Contracts Signed In March

Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt
<=50,000	37,546	1,066	281	35
50,001 - 100,000	80,079	1,297	1,067	62
100,001 - 150,000	128,698	1,586	2,081	81
150,001 - 200,000	173,974	1,839	1,733	95
200,001 - 250,000	226,336	2,050	1,104	110
250,001 - 300,000	275,732	2,288	721	121
300,001 - 350,000	326,666	2,516	495	130
350,001 - 400,000	377,248	2,765	332	136
400,001 - 450,000	428,336	2,935	209	146
450,001 - 500,000	477,880	2,951	130	162
500,001 - 550,000	529,263	3,212	98	165
550,001 - 600,000	574,483	3,246	64	177
600,001 - 650,000	625,764	3,145	75	199
650,001 - 700,000	679,046	3,410	39	199
700,001 - 750,000	735,533	3,511	37	210
>=750,001	1,265,897	4,421	219	286



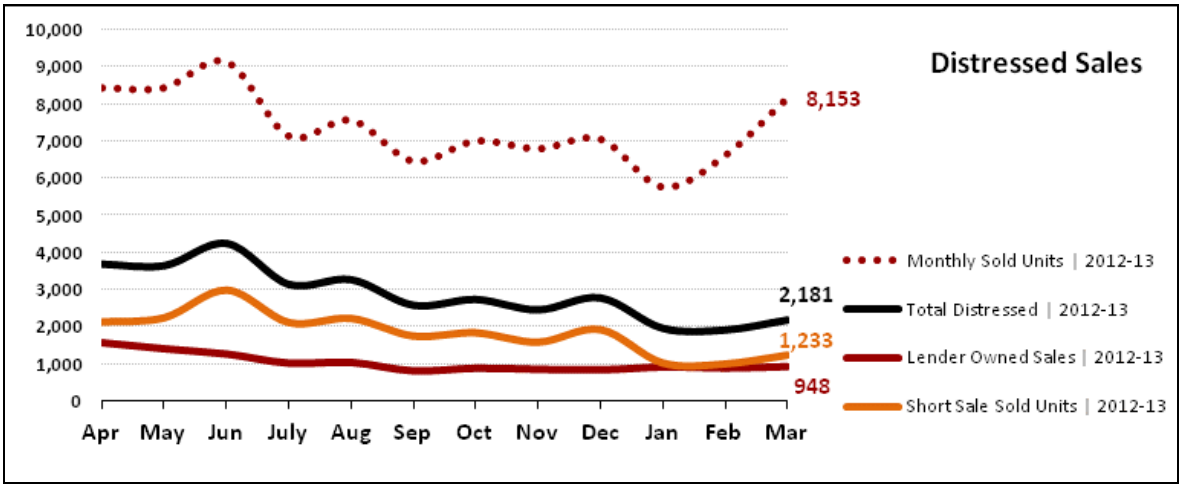
FORECLOSURES PENDING

Foreclosures pending dropped again in March to 10,189, following the downward trend started from their high of 50,568 in November 2009. This represents a 79.85% decline in foreclosures pending per month since the peak. Foreclosures pending in the 4,000-6,000 range are considered normal for the Valley.



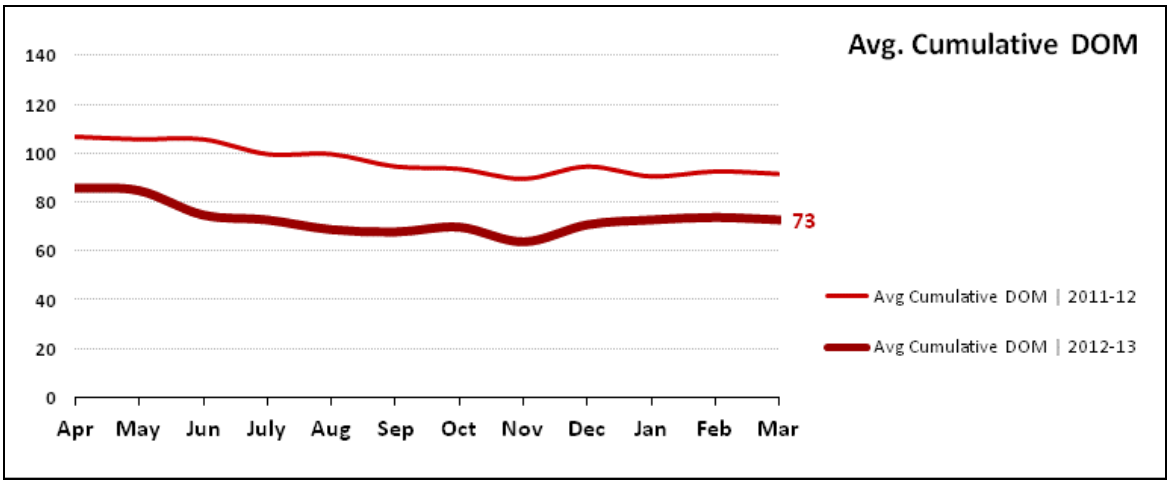
DISTRESSED SALES

Total distressed sales (short sales plus lender owned sales) of 2,181 increased 274 units in March, or 14.37%. However, distressed property's percentage of total sales declined 2% to 26.8%. At their peak in February 2011, distressed properties represented 70.7% of total sales. Their disproportionate influence on pricing is considered a major contributor to plummeting Valley prices from the high of $264,800 to the low of $108,300 for the median sales price , and from a high of $350,400 to a low of $151,368 for the average sales price. In March, lender owned sales accounted for 11.6% of total sales, while short sales were 15.1% of all sales.



AVERAGE DAYS ON MARKET (DOM)

Averages days on market increased by one day in March to 73, hovering between 71 and 74 for the fourth month in a row. STAT tracks DOM as a barometer of overall market health. Market-wide DOM should never be used to estimate DOM for small market niches, which have their own unique influencers on market time.



COMMENTARY

STAT reports more good news this month. Sales were up 23.1%, and new inventory rose 10.5%. All four pricing metrics continued on their upward trend lines, with the median sales price rising 4.7% and the average sales price up 3.3%. These gains become particularly promising when compared with year over year figures, which show gains of 28.9% and 23.8%, for median and average sales prices, respectively.

Distressed property, which has had a stranglehold on pricing throughout the recovery, has eased to 26.8% of total sales, and foreclosures pending dropped close to 10,000, a level not seen since 2007. Even MSI and DOM reflect a supply and demand balance that favors pricing recovery.

Other economic indicators support the gains seen in this month's metrics. Arizona's unemployment rate dipped to 7.9% in February[1], and Tucson and Phoenix both logged in at 6.7%, beating out the rest of the state. This looks particularly encouraging compared to other Arizona cities, notably 8.0% in Flagstaff, 8.4% in Prescott, 9.7 % in Lake Havasu City-Kingman and 25.6 % in Yuma.[2]

According to a report by the Associated General Contractors of America, Arizona has the seventh largest increase in construction jobs.[3] January year over year comparison showed a 5,200 job increase in construction employment.[4] These jobs not only drive the housing recovery, but help boost the lack of inventory currently problematic in the Valley. RL Brown reported new housing permits were up 15.3% over February 2012, with 1,911 new permits, compared to 1,460 in February last year.[5]

Mortgage rates have been historically low for some time, which has helped affordability. Although underwriting guidelines remain restrictive, loan approval rates, by lenders using EllieMae's Encompass 360 software (20% of all new mortgages originated), increased 18.6% over a year ago.[6]

Net migration into the state has been hampered by lack of employment opportunity and homeowners frozen in their homes due to negative equity. This is true not only of the Valley, but also affected feeder markets across the US. In 2012, 2 million homeowners were restored to positive equity, and at least another million are expected to cross the line in 2013.[7]

Changing attitudes toward renting, evidenced in ARMLS's monthly RENT Check publication, were reported in a recent study by the MacArthur Foundation. Among survey respondents, 57% found home ownership less appealing, and 45% believe that they would be renting at some time in the future. The belief that homeownership was not the only path to the American dream was held by 57%, and many (45%) believed that ownership was not a guaranty of stability. How such major attitudinal shifts will affect the housing market remains uncharted. [8]

The changes in perceptions that came out of the Great Depression were transformational. It should come as no surprise that emerging from the Great Recession will affect homeowners in ways not yet revealed. STAT plans to be on the sidelines reporting as it all enfolds. Onward.

1 http://www.myfoxphoenix.com/story/21822217/2013/03/28/arizona-jobless-rate-for-february-nearly-8
2 http://www.insidetucsonbusiness.com/news/above-average-job-gains-drops-tucson-unemployment-rate-to/article_3b7b6c6c-97ea-11e2-a62a-0019bb2963f4.html
3 http://www.bizjournals.com/phoenix/news/2013/03/18/arizona-among-leaders-for-new.html?page=all
4 www.bls.gov
5 Elliott Pollach, Monday Morning Quarterback, April 1, 2013
6 http://elliemae.uberflip.com/i/116334/3
7 http://www.zillowblog.com/2013-02-20/2-million-homeowners-freed-from-negative-equity-in-2012-1-million-more-to-come-in-2013/
8 http://www.realestateeconomywatch.com/2013/04/americans-exit-the-housing-crisis-with-new-appreciation-for-renting/print/