ARIZONA REGIONAL MULTIPLE LISTING SERVICE, INC.

STAT

your monthly statistics
for the Phoenix Metro area

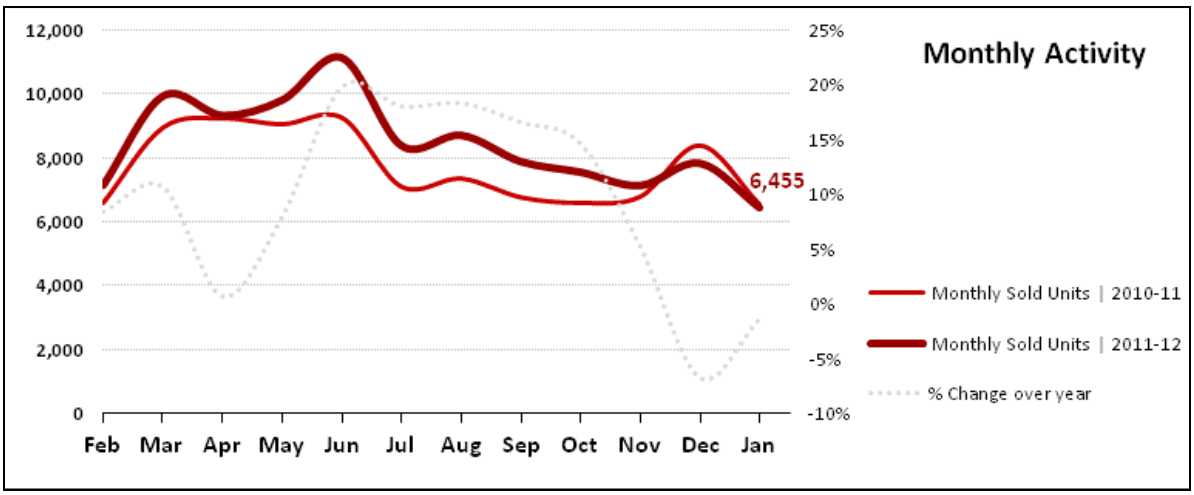
February 3, 2012

SALES Month over Month

Sales fell 17.7% from December to 6,455 in January, representing the second largest decline in sales in the last twelve months. This figure is eclipsed only by a 24.6% drop in July .

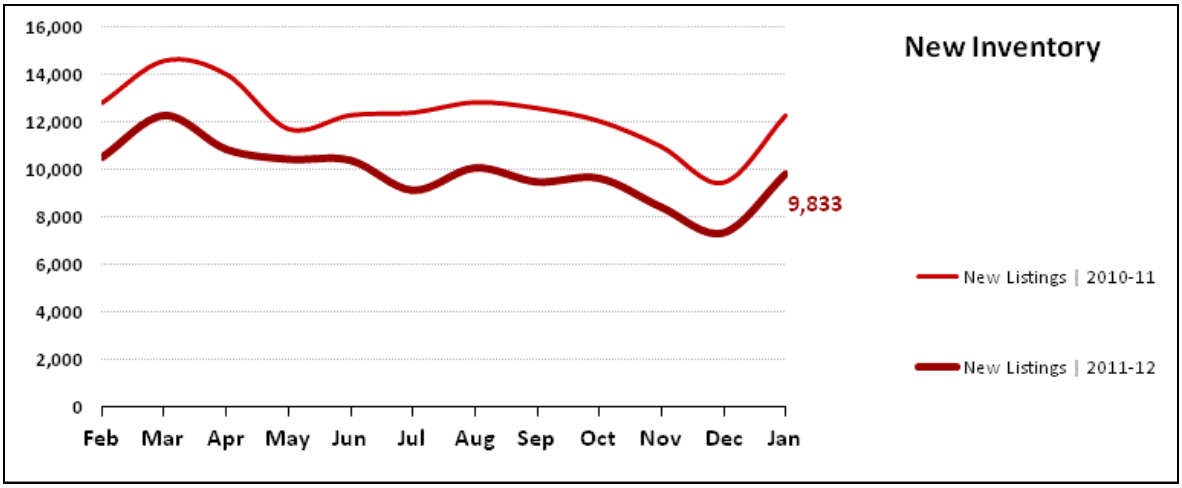
SALES Year over Year

Sales fell 1.3% below last January's sales figure of 6,541. December to January sales historically fell each of the last eleven years, averaging a 17.91% drop over the eleven years. STAT views the decline in this January's sales as a typical seasonal start to a new year after the holidays.



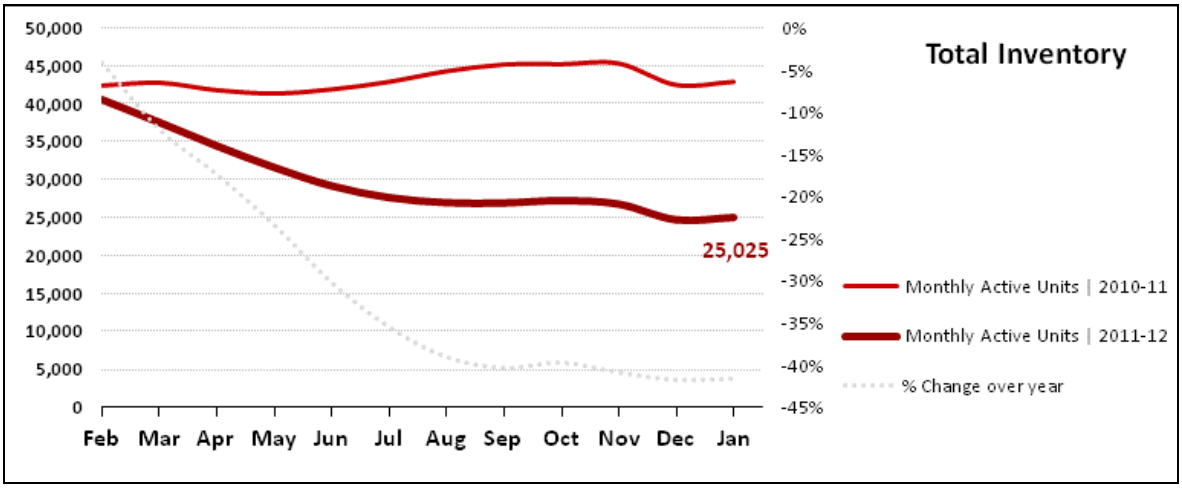
NEW INVENTORY

New inventory increased 34% in January to land at 9,833 listings added to the market. Every year since 2001 new inventory jumped, on average, 61% from December to January. The increase in new inventory in January is seen as typical.



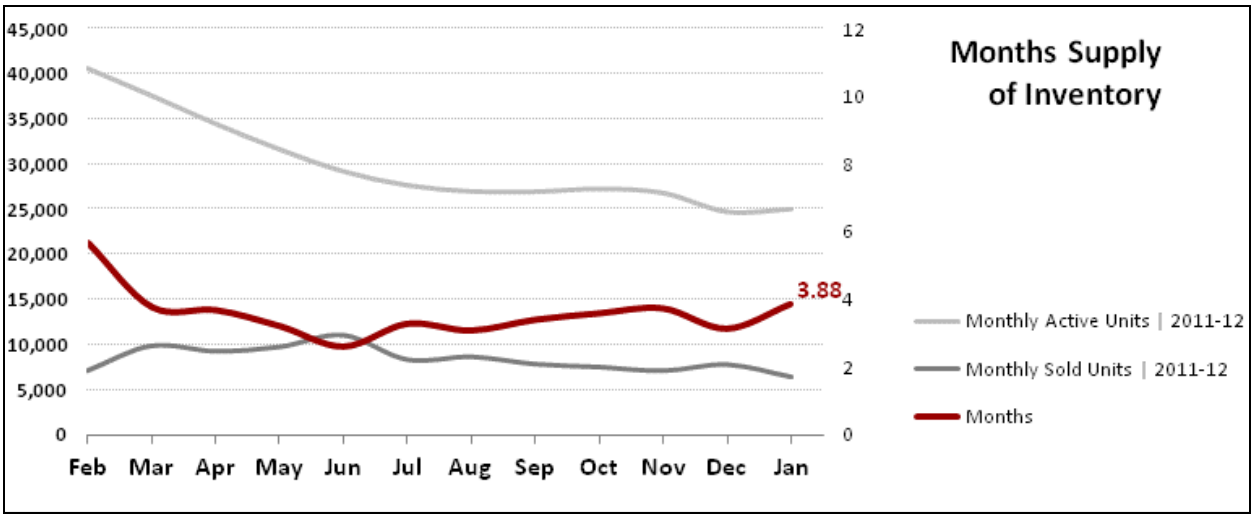
TOTAL INVENTORY

Despite the rise in new listings, total inventory rose only 1.3% in January. The total inventory trend line leveled between July and January in the 24,000-28,000 range. This mirrors inventory figures for Q2, Q3, Q4 2003 and Q1 2004, the Valleys last normal market before the bubble created in 2005-2006.



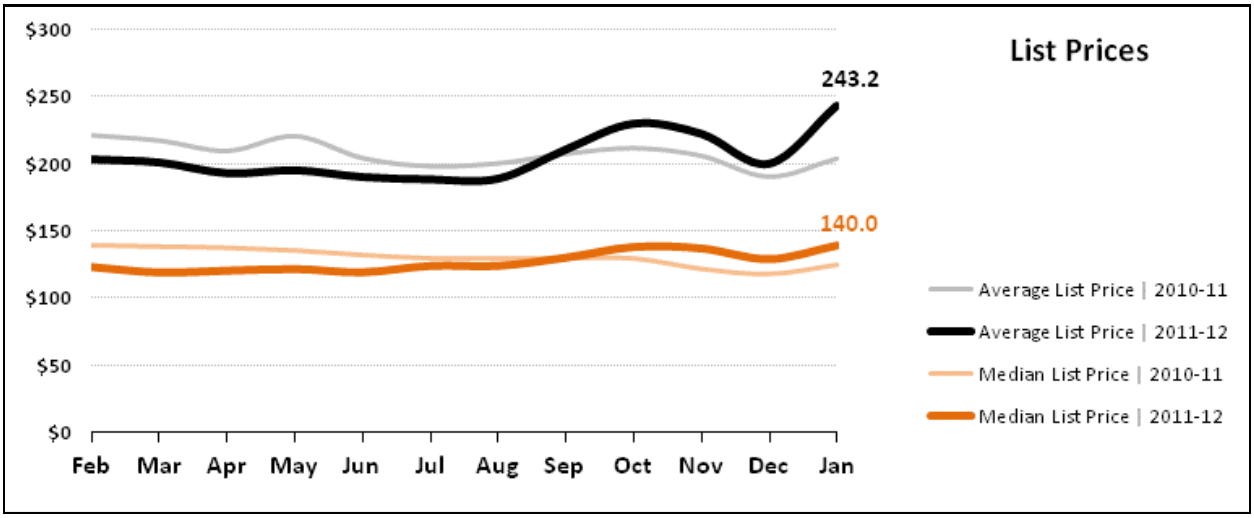
MONTHS SUPPLY OF INVENTORY (MSI)

Months supply of inventory (MSI) edged up to 3.88 in January over December's 3.15. Total market MSI still remains under 4, considered to be a seller's market. MSI calculated over a vast market such as the Valley's should be seen only as a barometer of overall market health and not indicative of MSIs in small market niches.



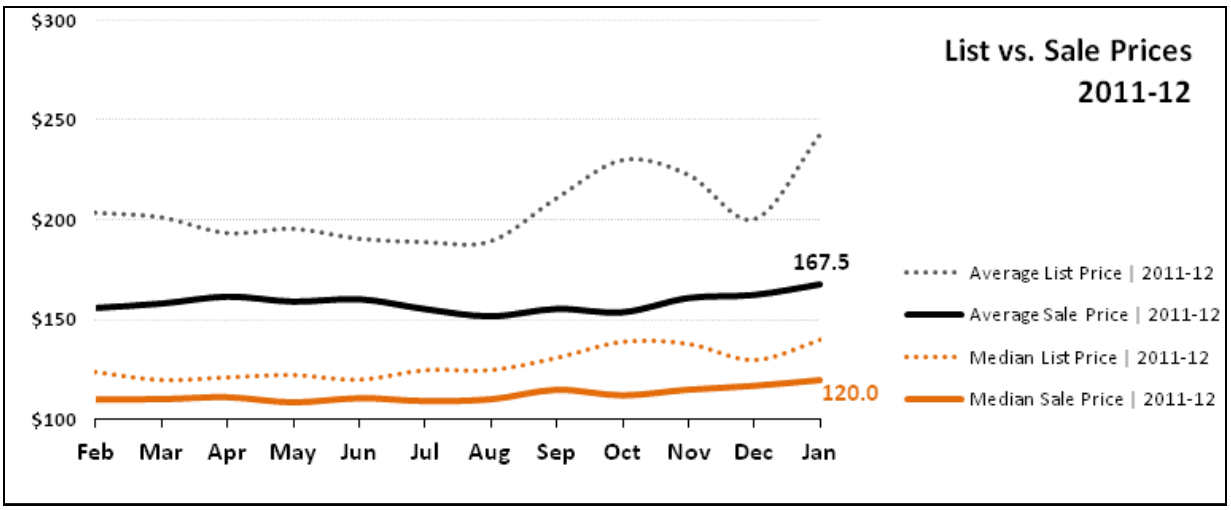
NEW LIST PRICES

Both new list price metrics, median and average, rose in January. New median list price jumped 7.8% to $140,000, and the average new list price increased by 21.5% to $243,200. While these prices do not approach the highs from which they plummeted, they do represent significant increases from the flat line trends seen all of 2010 and 2011. The last time the Valley saw an average list price in the $243-244,000 range was November 2009. Similarly, the last time the median list price was in the $140,000's was January of 2010. Naturally, optimistic list pricing does not always translate into higher sales prices. One month does not make a trend, but this is a significant enough rise to sprinkle some optimism on both the Sellers and Valley's pricing metrics.



SALES PRICES

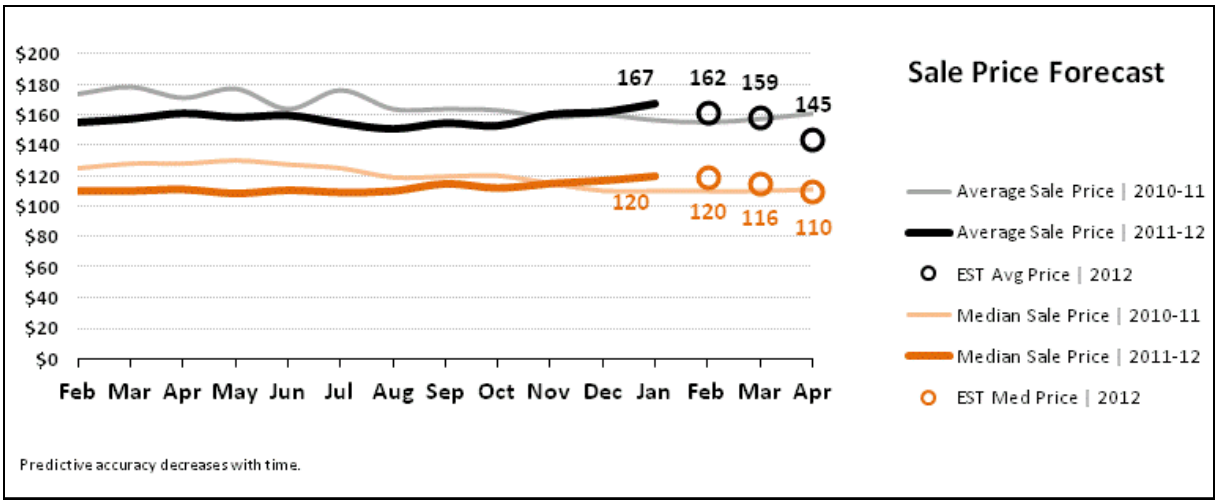
Sales pricing followed the new list price leads, showing gains, albeit not as dramatic, in both the median and average sales prices. The average sales price rose 3.3% to $167,500, while the median sales price rose 2.6% to $120,000. The median sales price has not seen the $120,000's since October 2010. Likewise the average sales price has not been above $165,000 since July of 2010. STAT reiterates that this one month jump does not constitute an upward trend, but it is the right direction.



THE ARMLS PENDING PRICE INDEX™

The ARMLS Pending Price Index (PPI) is a metric unique to ARMLS which uses prices of pending sales inside MLS to predict future pricing over the next 90 days. Median and average sales price forecasting allows real estate practitioners to better plan their business strategies for the next ninety days. January's STAT (based on December's figures) predicted the average sales price to be $160,900 in January, missing the mark by 4.1% ($167,500). Its prediction of $117,000 for the median sales price missed the mark by 2.56% at $120,000. The accuracy of the PPI diminishes the further out into the future it forecasts. Also affecting accuracy is the percentage of short sales, characterized by prolonged and often unpredictable closing dates, in the pending property pool.

This month PPI predicts the median sales price to remain relatively steady in February at $120,000, and drop in March to $116,000, and to $110,000 in April. The average sales price is predicted to drop to $162,000 in February, and continue downward in March and April to $159,000 and $145,000, respectively.

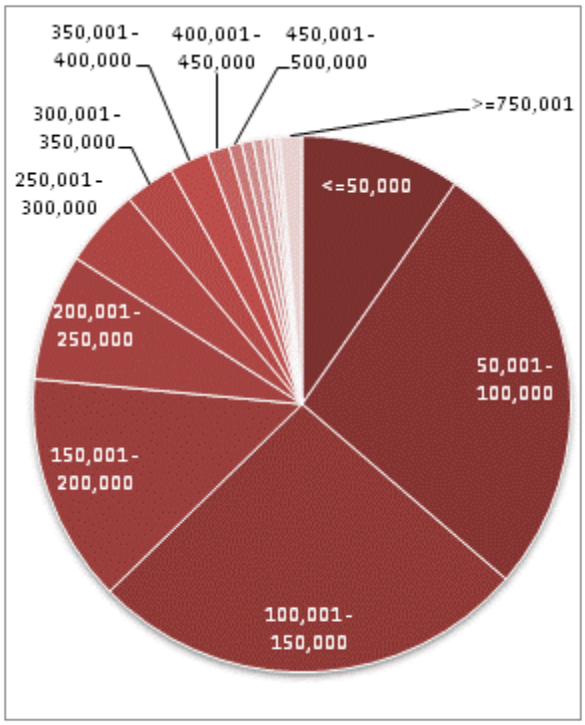


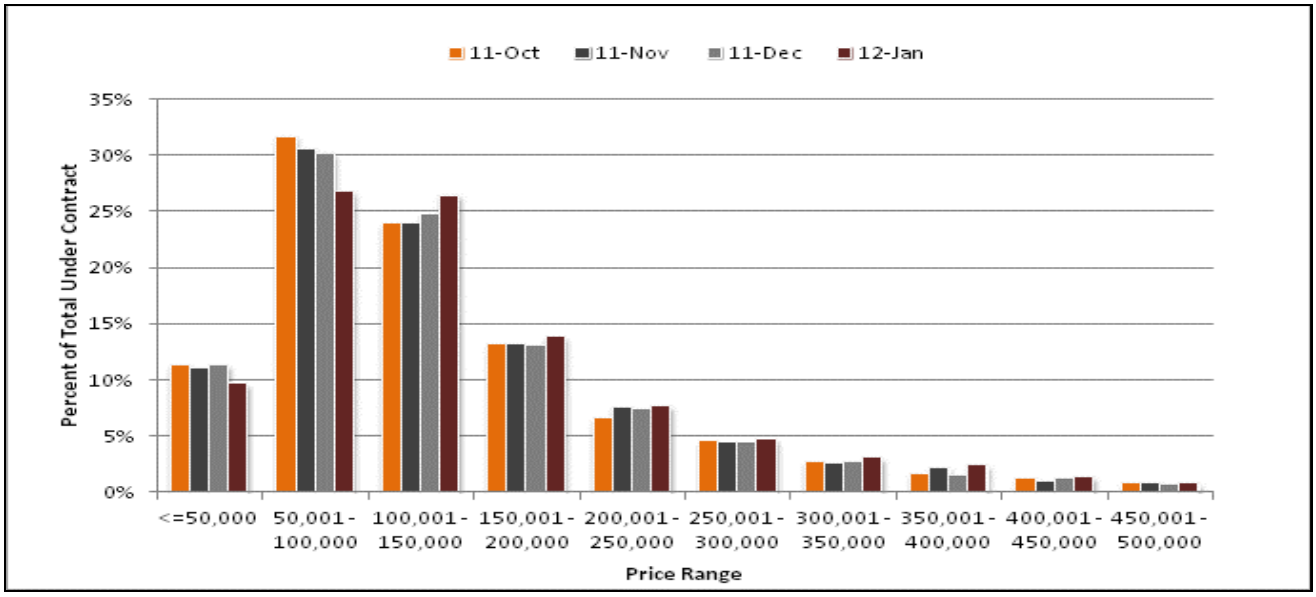
PPI SUPPLEMENT

The PPI Supplement focuses on new pending properties added each month to the total pending pool in MLS. By focusing on newly pended properties on a rolling four month basis, we can perceive subtle changes in pricing which are precursors to pricing recovery.

This month's Supplement shows a 1.64% decline in the percentage of homes in the under $50,000 range and a 3.41% decrease in the pending properties in the $50,000-100,000 range, continuing a downward trend seen over the last four months. Pending properties in the $100,000-$150,000 increased 1.63%. Other price ranges offer no significant changes month over month.

Pending Contracts Signed In January				
Price Range	PPI Avg	PPI Med	PPI Units	Units % of Total
<=50,000	35,090	36,400	875	9.63%
50,001 - 100,000	77,687	78,500	2,424	26.68%
100,001 - 150,000	125,389	125,000	2,397	26.38%
150,001 - 200,000	173,850	172,000	1,254	13.80%
200,001 - 250,000	225,942	225,000	695	7.65%
250,001 - 300,000	274,496	273,500	429	4.72%
300,001 - 350,000	325,768	325,000	274	3.02%
350,001 - 400,000	377,030	377,000	217	2.39%
400,001 - 450,000	425,448	425,000	120	1.32%
450,001 - 500,000	477,375	475,000	71	0.78%
500,001 - 550,000	528,931	527,000	63	0.69%
550,001 - 600,000	577,643	575,000	57	0.63%
600,001 - 650,000	629,924	632,500	34	0.37%
650,001 - 700,000	676,680	675,000	30	0.33%
700,001 - 750,000	733,372	731,000	23	0.25%
>=750,001	1,174,945	1,012,500	122	1.34%



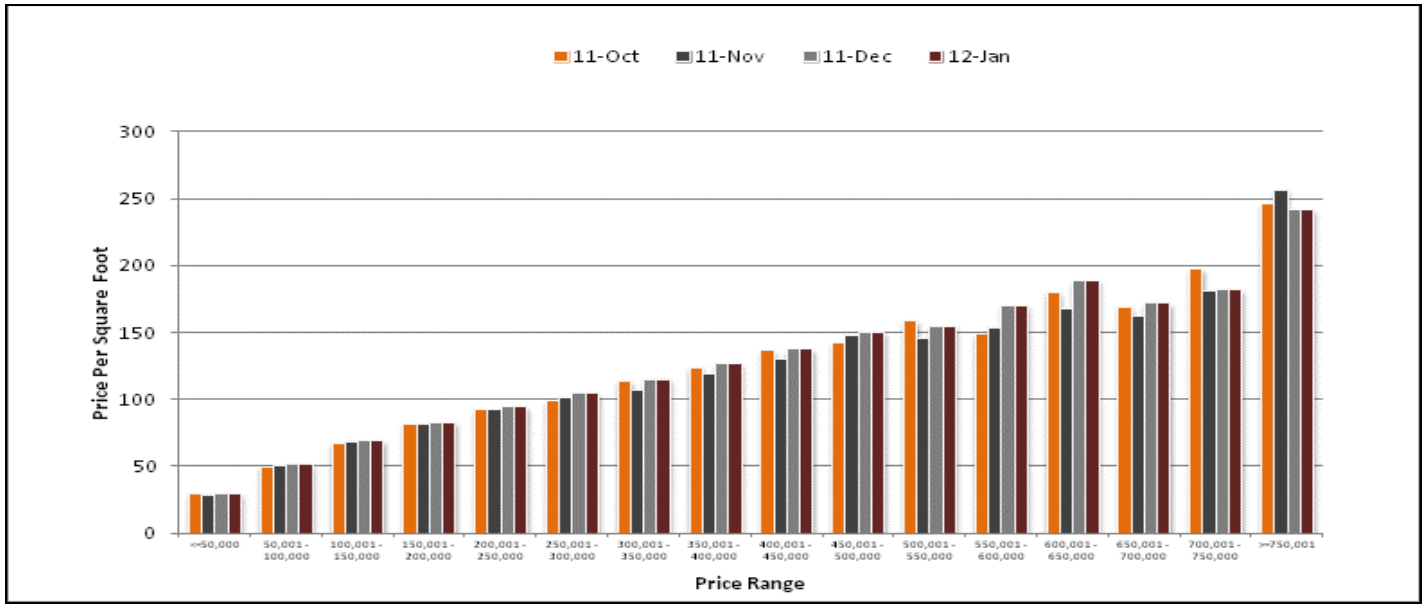


PPI SUPPLEMENT - $/SQ FT

The PPI $/SQ FT Supplement examines incremental gains and losses in the price per square foot of newly pended properties added to the pending pool each month. While the $/SQ in the lower end ranges appears to have stabilized, this month STAT saw gains (from $5/ft to $20/ft) in the $250,001-300,000, $300,001-350,000, $400,001-450,000, $450,001-500,000, $550,001-$600,000, $600,001-650,000 and $650,001-700,000. Price ranges from $700,001-750,000 and above $750,000 saw losses in their $/SQ FT of $21/sq ft and $10/sq ft respectively.

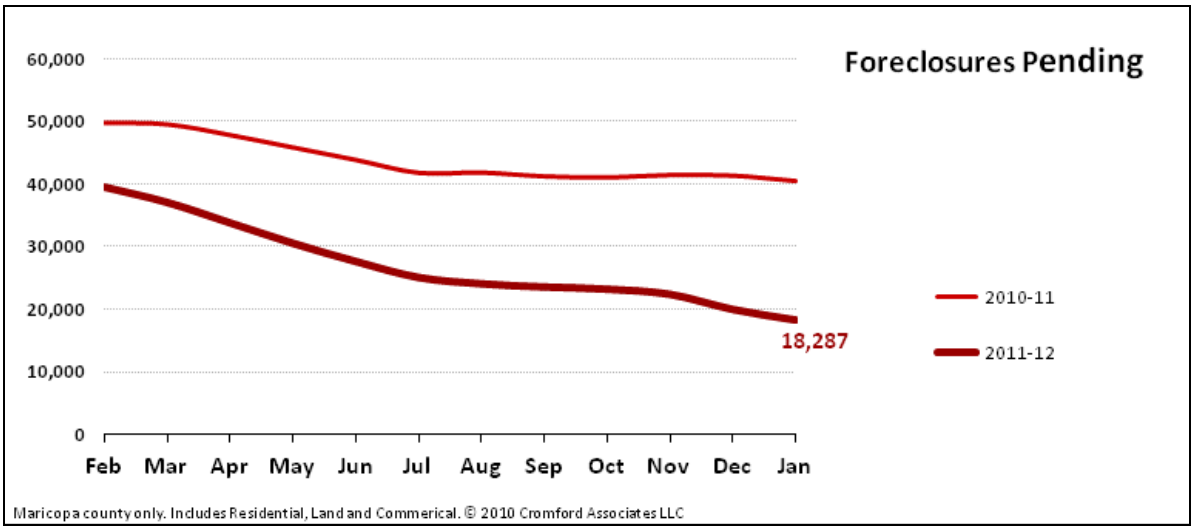
Pending Contracts Signed In December				
Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt
<=50,000	35,050	1,180	764	30
50,001 - 100,000	77,607	1,556	2,040	50
100,001 - 150,000	124,820	1,856	1,678	67
150,001 - 200,000	172,982	2,128	883	81
200,001 - 250,000	226,436	2,425	497	93
250,001 - 300,000	274,543	2,762	302	99
300,001 - 350,000	325,446	2,950	185	110
350,001 - 400,000	377,305	2,966	103	127
400,001 - 450,000	427,325	3,317	79	129
450,001 - 500,000	477,665	3,420	45	140
500,001 - 550,000	527,407	3,457	28	153
550,001 - 600,000	577,602	3,828	30	151
600,001 - 650,000	636,185	3,766	19	169
650,001 - 700,000	683,909	4,226	22	162
700,001 - 750,000	736,633	3,632	15	203
>=750,001	1,292,730	5,131	89	252

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



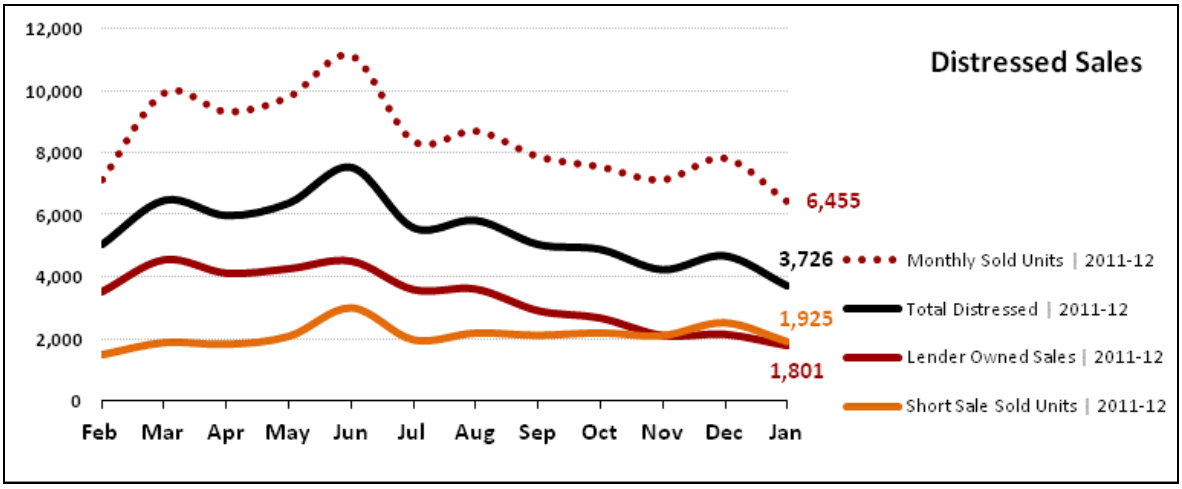
FORECLOSURES PENDING

Foreclosures pending continued on the downward slope after breaking through the 20,000 barrier in December to land at 18,287 in January. The last time the foreclosures pending figure was at this level was in the March-April time frame of 2008. If the trend line continues on its current trajectory, we could expect foreclosures pending to cross the 10,000 barrier sometime in May or June, a level not seen since November 2007. Foreclosures pending fuel the foreclosure sales and are a significant contributor to the Valley's pricing woes. As foreclosures are sold and removed from the market, and fewer foreclosures pending stand in the wings, the glut of distressed properties will dwindle. Steady decline in the foreclosures pending is very positive news in our recovery.



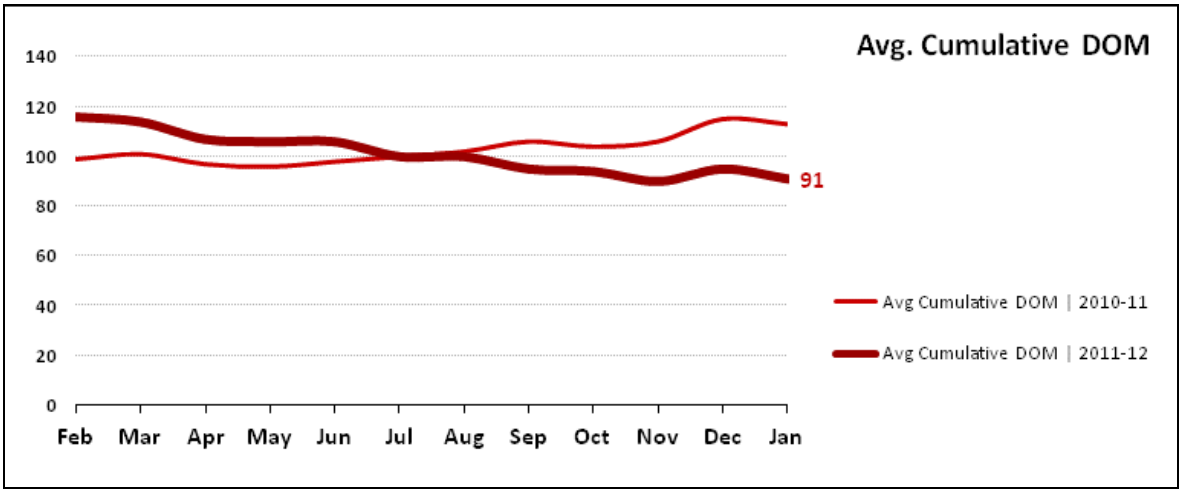
DISTRESSED SALES

In November, distressed sales as a percentage of total sales slipped below 60%. January saw this trend continue, falling 2.1% from December to 57.7% of total sales in January. Distressed properties as a percent of total sales reached a high in September 2010 of 74.1%. Short sales which eclipsed foreclosures for the first time in December repeated this performance in January, with a tally of 1,925 short sales to 1,801 foreclosures. This change in the balance reflects an increased lender appetite for work out over foreclosure, a more humane option for home owners in distress.



AVERAGE DAYS ON MARKET (DOM)

Days on market fell by 4 days in January, ushering in a brisk January selling season. DOM has been on a downward trend all of 2011, with only a slight blip upward in December. As short sales take a more dominant role in absorbing distressed inventory, we might expect the DOM to increase, as short sales are notoriously prolonged in the contract to close process, resulting in a lengthening of the DOM. But we may also see a dip in DOM as banks become more proficient in closing short sales



COMMENTARY

The new year rolled out some positive pricing news. All four pricing metrics showed upward movement, with the largest gain (21.5%) in average new list price. The PPI Supplement also showed gains of $5-20/SQ FT for new pendings in seven price ranges between $200,000 and $700,000 in January.

Other positive news includes the continuing decline of foreclosures pending, hinting that the well fueling foreclosure sales could be capped in the foreseeable future. Although foreclosures have been dominating the sales landscape for over two years, their eventual un-replenished reduction would trigger a further rise in pricing. The distressed sale percentage of total sales declined to 57.7%, besting the 60% barrier for the third month in a row. This figure is significantly lower than 74.1% high in September of 2010. Subscribers indirectly affect the homes that go into foreclosures by diligently working to close short sales, whose next stop, if the short sale fails, is often foreclosure.

In the holding steady category STAT places total inventory, market wide MSI and days on market. Sales fell and new inventory rose. While the opposite (sales up and new inventory down) would have been preferable, both sales and new inventory metrics displayed typical seasonal behavior.

The overall economic outlook is up, according to the University of Arizona's EBEller College of Management in their "Arizona's Outlook 2012-2013: On the Road to Recovery." It reports that all aggregate indicators of economic activity for Arizona are improving: robust spending and declining unemployment, bankruptcies and foreclosures.[1] Further the Census Bureau estimates a positive net migration for Metro Phoenix at 23,000.[2] This is good news after many months of negligible population growth which is so critical to recovery.

On the jobs scene, sound reports continue to surface, such as the recently released report on bioscience jobs in Arizona, which increased by 7.4% post recession. Bioscience efforts in Arizona (including the Valley) are winning the race for National Institute of Health grants, the "gold standard" for biomedical research funding, and are gaining in the competition for venture capital funding for bioscience.[3]

The US Bureau of Labor Statistics listed the Phoenix Metro unemployment rate in December at 7.9%[4] while EBEller College of Management reported 7.85% adjusted.[5] Thus, as the housing market unthaws, other key economic indicators which support that thaw, are also gaining momentum. As the Valley navigates its recovery, it's slow and steady as she goes.

[1] http://azeconomy.eller.arizona.edu/AZE11q4/Arizona_Economic_Outlook_2012_2013.asp
[2] US Census Bureau
[3] http://www.marketwatch.com/story/arizona-bioscience-sector-sustains-strong-job-growth-2012-01-31
[4] http://www.bls.gov/eag/eag.az_phoenix_msa.htm
[5] EBEller Online