ARIZONA REGIONAL MULTIPLE LISTING SERVICE, INC.

STAT

your monthly statistics
for the Phoenix Metro area

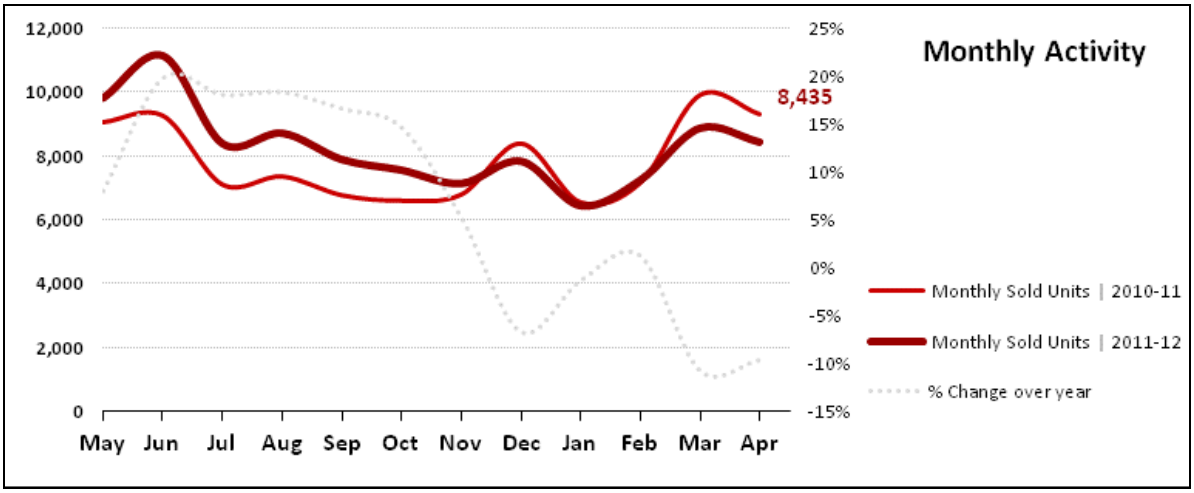
May 3, 2012

SALES Month over Month

Sales in April declined from March to land at 8,435. The March to April 4.9% decline is minor compared to the 22.3% increase in sales from February to March, and continues the overall upward sales trend line between January and April.

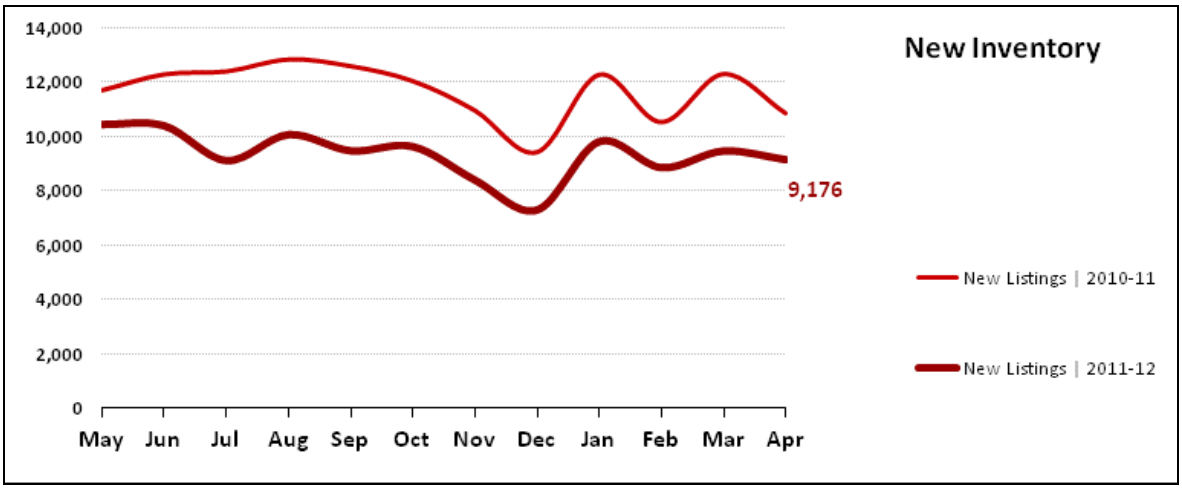
SALES Year over Year

April sales of 8,435 represents a 9.6% decline from April 2011's figure. Sales remain in line with the 12 month average of 8,365.



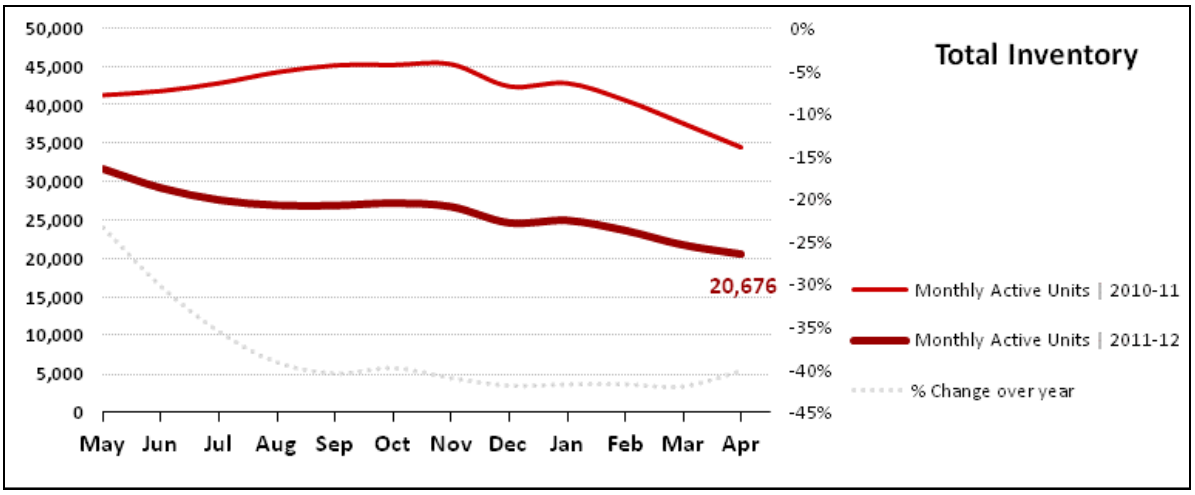
NEW INVENTORY

New inventory declined 3.3% to 9,176 new listings in April. This is the eighth month out of the last twelve recording declines. While declines in new inventory at the market wide level have reduced the supply side of the market balance equation, continuing reductions, notably at lower price points, is contributing to an undersupply of inventory and exerting upward pressure on pricing.



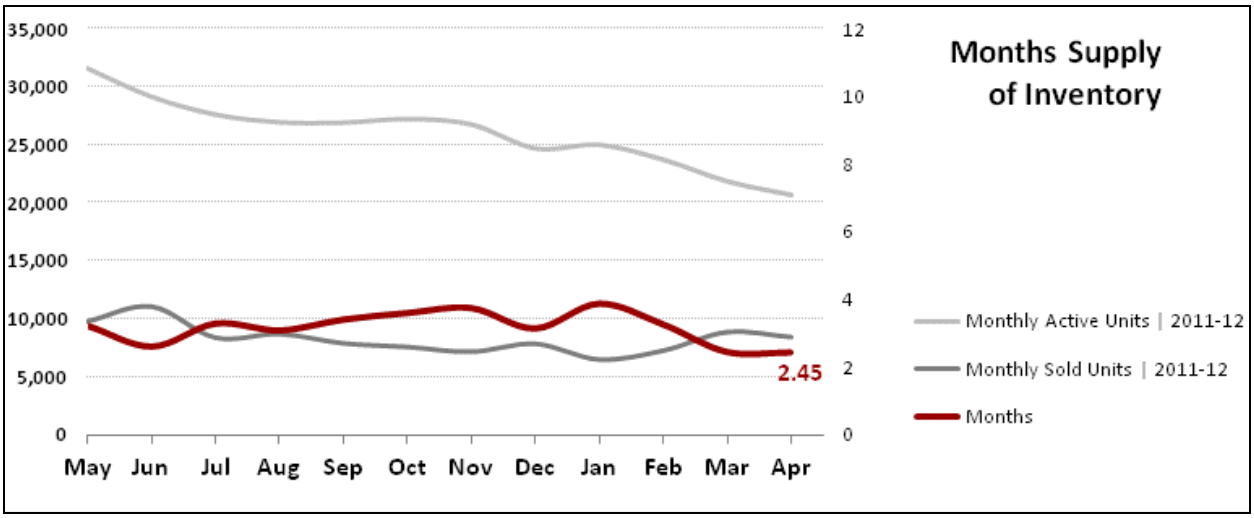
TOTAL INVENTORY

Total inventory continued its downward trend in April to land at 20,676. Particularly problematic are the Active With Contingency listings (AWC) which are counted with Actives in the MLS. Of the 20,676 active listings, only 12,932 are active, and 7,747 are active with contingency. AWCs are listings that are under contract where the Seller has requested that the listing remain active and marketed for back-up contracts. While they remain active, they are not readily available for sale, since they cannot be sold to another Buyer. While this is problematic for potential homebuyers, decreases in active listings available for sale does exert sorely needed upward pressure on pricing.



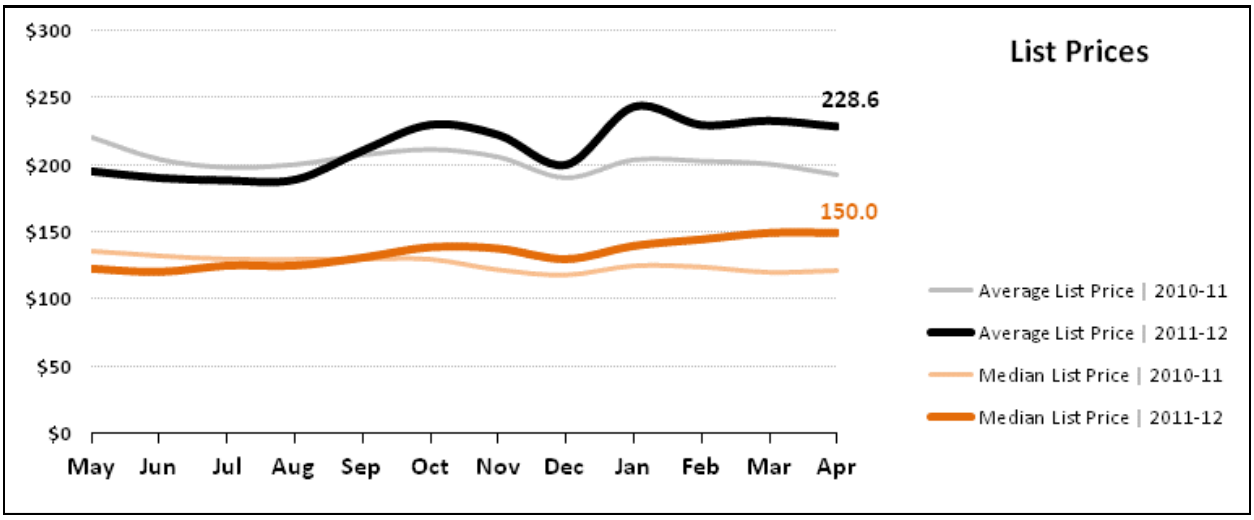
MONTHS SUPPLY OF INVENTORY (MSI)

MSI remained relatively stable in April at 2.5 months. Market wide MSI is tracked only as a barometer of overall market health. It is not, however, indicative of MSI in smaller market niches, which can vary widely depending on the supply and demand balance in a particular niche. In the first quarter as reported in **STAT Plus**, MSI ranged from 1.93 months, for properties between $30,000 and $100,000, to 52.50 months for properties over $3,000,000.



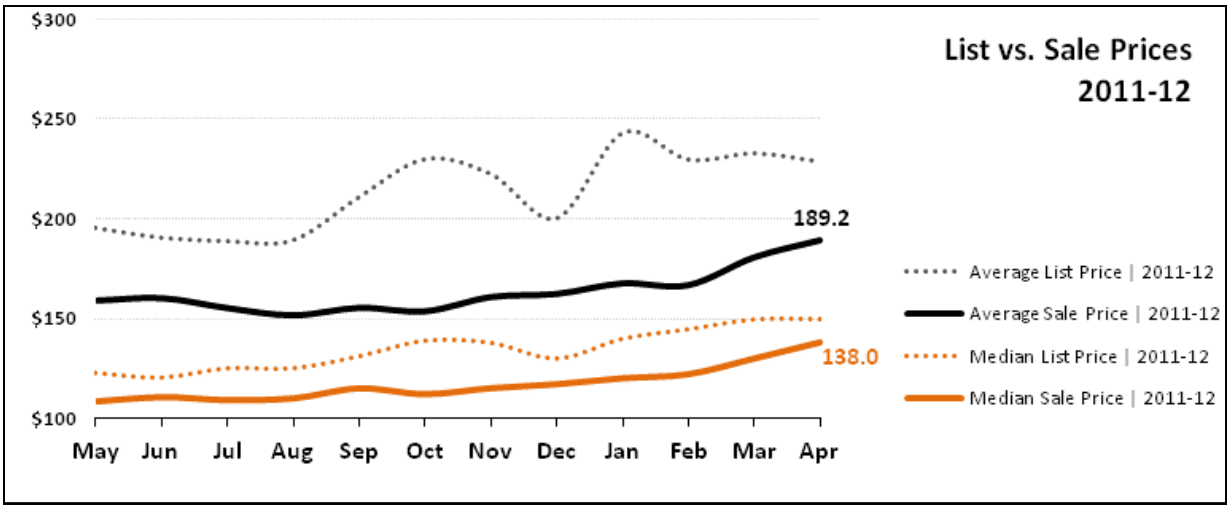
NEW LIST PRICES

New list prices remained relatively flat in April, with the median list price at $150,000 and the average list price slightly declining by 1.8% to and at $228,600.



SALES PRICES

Both April's sales price metrics continued on the upward pricing trend line begun in November of last year. Median and average sales prices reacted to the upward pricing pressure exerted by lower inventories. In April, the median sales price climbed 6.2% to $138,000. The average sales price also rose by 4.8% to land at $189,000. With six months of upward sales price momentum, the Valley appears poised for pricing recovery, albeit moderate and slow.

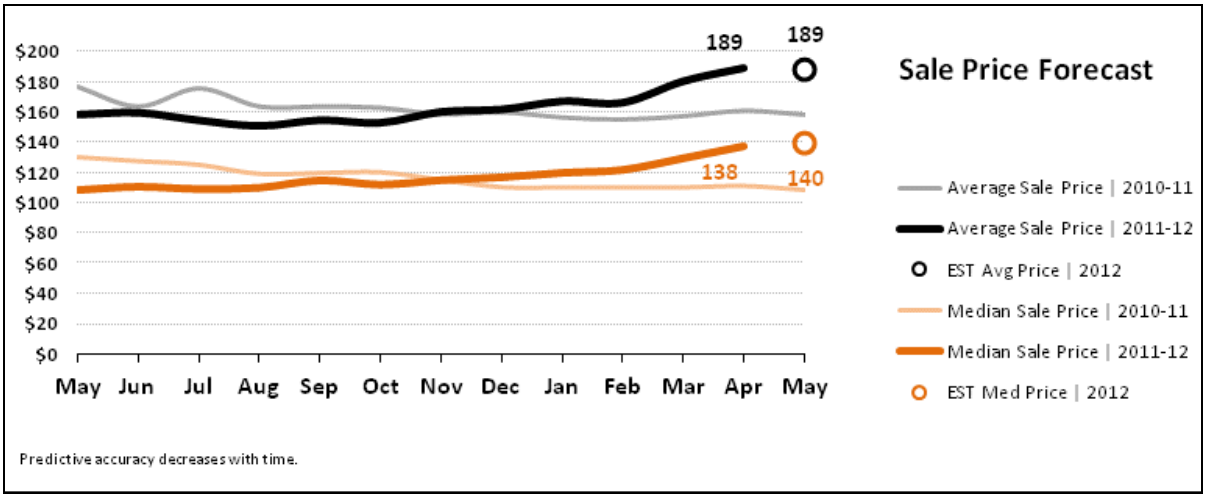


THE ARMLS PENDING PRICE INDEX™

The Pending Price Index is a metric unique to ARMLS which uses pending data in the MLS system to forecast future pricing. In the past ARMLS tracked this metric sixty and ninety days into the future. However, the volatility of short sales, characterized by prolonged and unpredictable changes in terms and closing dates, and their disproportionate percentage in the sixty to ninety day pending pool, diminished the reliability as PPI moved into further out into the future. STAT may or may not resume forecasting out sixty or ninety days, once the predictions become more reliable.

Last month the thirty day average price prediction of $180,000 was 5.11% below the actual average of $189,200. April's prediction of the median sales price of $133,000 missed the mark by 3.76%, compared to the actual median sales price of $138,000.

The current PPI predicts that the May median sales price will rise to $139,900 and the average to remain steady at $189,000.

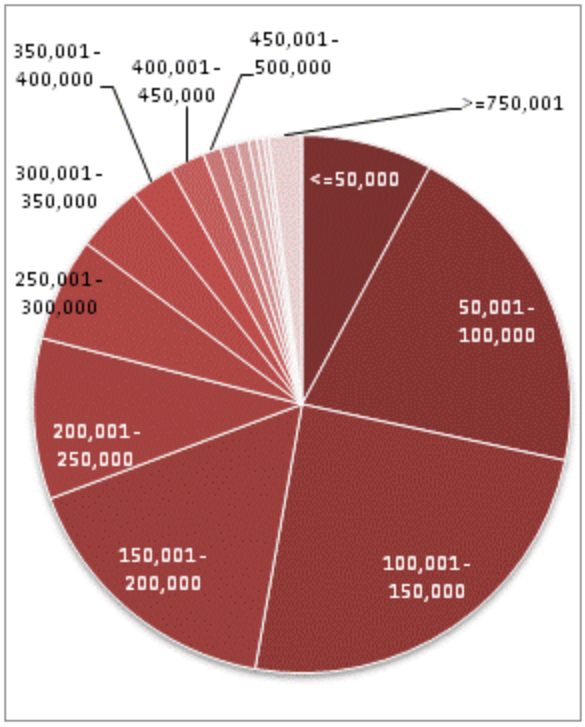


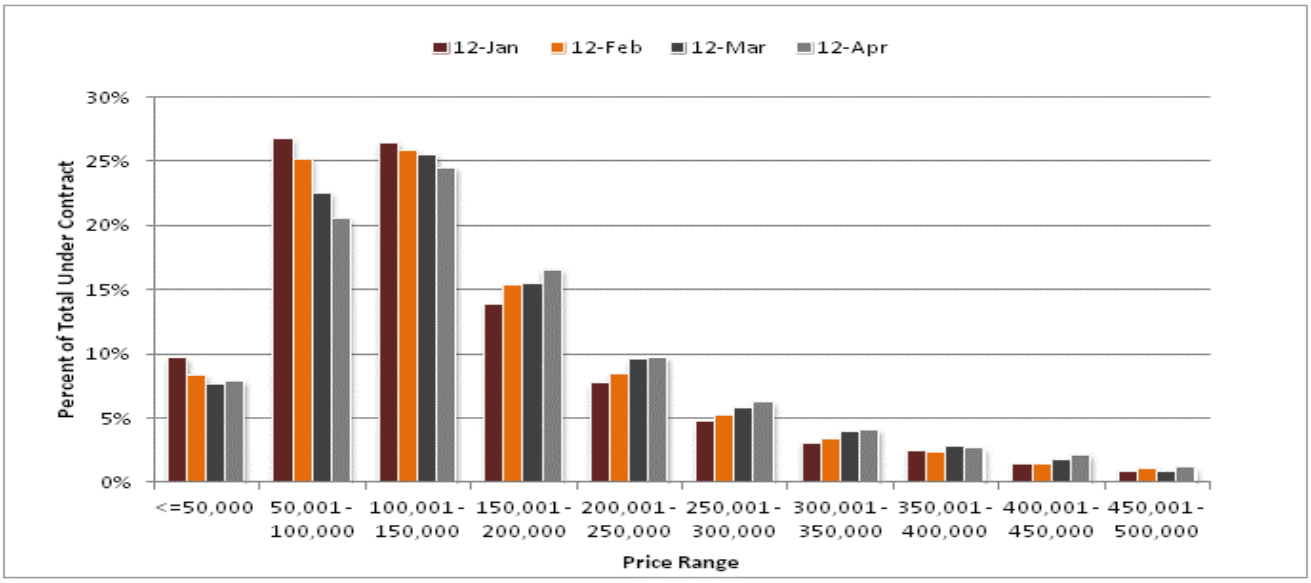
PPI SUPPLEMENT

The PPI Supplement focuses on newly pended properties added to the total pending pool each month. Noteworthy this month is the continued steady decline in pending units in the $50,001 to $100,000 and the $100,001 to $150,000 price ranges. STAT first published the PPI Supplement in June 2011. Since that time the makeup of properties in the $50,001-$100,000 range fell from 33% of total pendings to 20%, or 3,595 units to 1,849. The percentage of actives in the $100,001 to $150,000 range rose from 22% in June 2011 to 24.5%. As the availability of lower priced properties declines, activity tends to shift to the next higher range.

April's Supplement data also reports continuation of the upward trend begun in February for pending units in the price ranges of $150,001 through $350,000. Diminishing inventory in the lower ranges exerts market pressure to the next higher ranges, a typical phenomenon of market recovery.

Pending Contracts Signed In April				
Price Range	PPI Avg	PPI Med	PPI Units	Units % of Total
<=50,000	35,063	36,199	709	7.86%
50,001 - 100,000	78,721	80,000	1,849	20.49%
100,001 - 150,000	126,266	126,000	2,207	24.46%
150,001 - 200,000	173,759	172,700	1,488	16.49%
200,001 - 250,000	226,137	225,000	873	9.67%
250,001 - 300,000	274,385	273,000	562	6.23%
300,001 - 350,000	326,245	325,000	367	4.07%
350,001 - 400,000	376,320	375,000	237	2.63%
400,001 - 450,000	426,327	425,000	191	2.12%
450,001 - 500,000	475,663	475,000	99	1.10%
500,001 - 550,000	531,604	530,000	87	0.96%
550,001 - 600,000	578,706	579,500	66	0.73%
600,001 - 650,000	628,542	630,000	45	0.50%
650,001 - 700,000	679,386	675,000	36	0.40%
700,001 - 750,000	732,491	730,500	28	0.31%
>=750,001	1,232,837	1,050,000	180	1.99%





PPI SUPPLEMENT - $/SQ FT

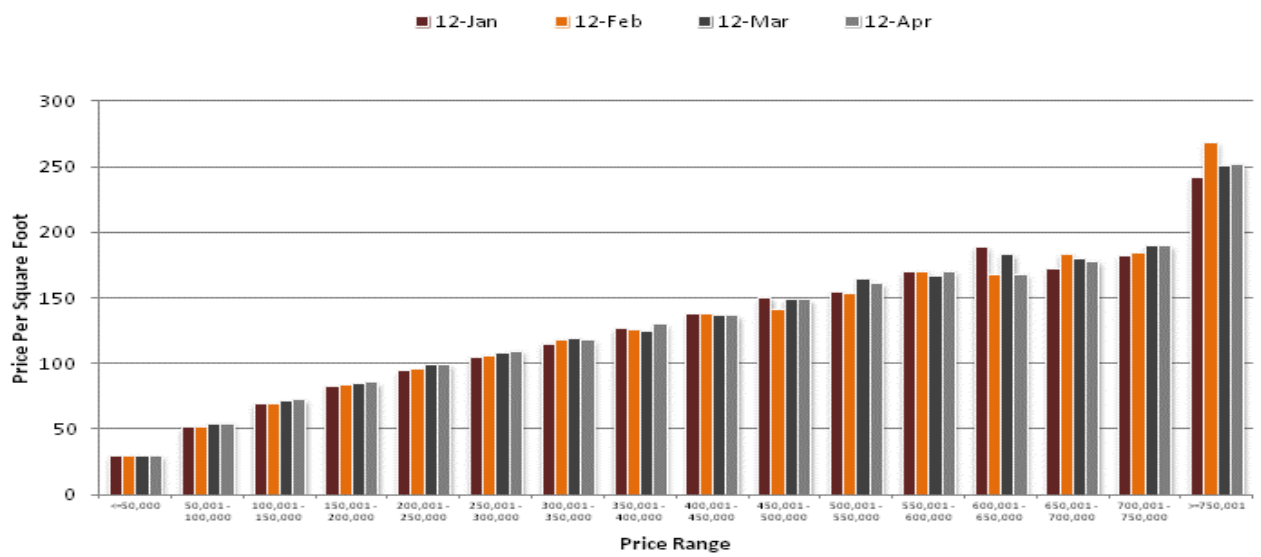
The PPI/SQ FT report examines on a rolling four month basis incremental gains or losses in the price per square foot of newly pended properties added to the pending pool each month. Since ranges above $350,000 have relatively small numbers of pendings each month, they are more vulnerable to influence by one or several atypical sales, and thus can be rendered statistically insignificant. Most notable this month is the consecutive gain in $/SQ FT in the $250,001 to $300,000 ranges, $2/SQ FT from March to April, and $11/SQ FT since January.

Pending Contracts Signed In March

Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt
<=50,000	35,088	1,178	737	30
50,001 - 100,000	78,338	1,458	2,186	54
100,001 - 150,000	125,893	1,773	2,478	71
150,001 - 200,000	173,230	2,045	1,507	85
200,001 - 250,000	226,105	2,281	933	99
250,001 - 300,000	275,100	2,550	554	108
300,001 - 350,000	326,331	2,751	377	119
350,001 - 400,000	375,754	3,021	266	124
400,001 - 450,000	427,168	3,128	172	137
450,001 - 500,000	478,457	3,208	76	149
500,001 - 550,000	528,305	3,220	86	164
550,001 - 600,000	577,791	3,471	71	166
600,001 - 650,000	635,347	3,473	47	183
650,001 - 700,000	679,768	3,789	37	179
700,001 - 750,000	733,255	3,862	29	190
>=750,001	1,279,186	5,093	178	251

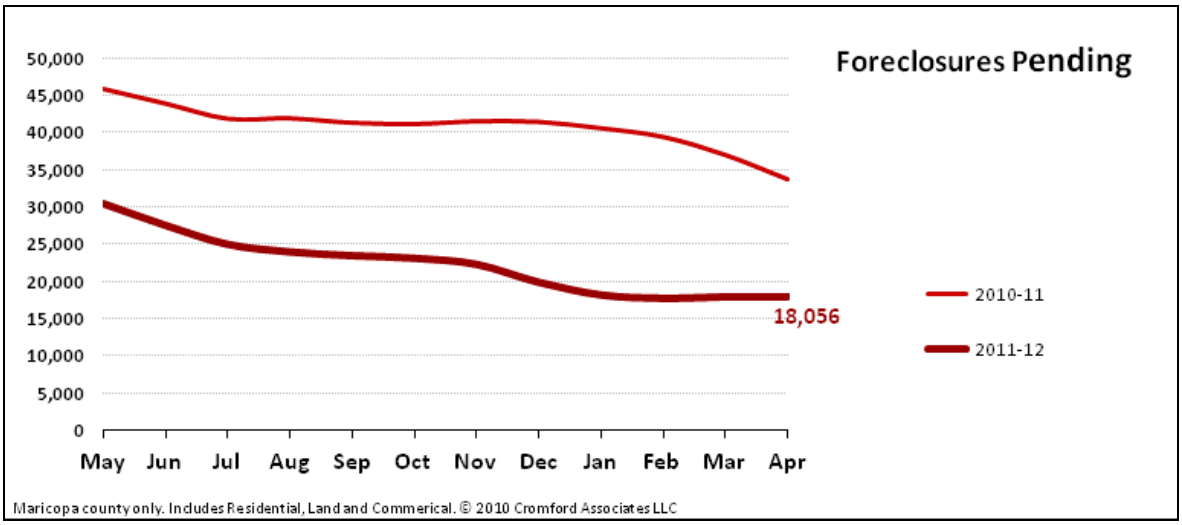
Pending Contracts Signed In April

Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt
<=50,000	35,063	1,188	709	30
50,001 - 100,000	78,721	1,456	1,849	54
100,001 - 150,000	126,266	1,747	2,207	72
150,001 - 200,000	173,759	2,033	1,488	85
200,001 - 250,000	226,137	2,273	873	100
250,001 - 300,000	274,385	2,503	562	110
300,001 - 350,000	326,245	2,773	367	118
350,001 - 400,000	376,320	2,897	237	130
400,001 - 450,000	426,327	3,121	191	137
450,001 - 500,000	475,663	3,198	99	149
500,001 - 550,000	531,604	3,303	87	161
550,001 - 600,000	578,706	3,400	66	170
600,001 - 650,000	628,542	3,741	45	168
650,001 - 700,000	679,386	3,818	36	178
700,001 - 750,000	732,491	3,856	28	190
>=750,001	1,232,837	4,898	180	252



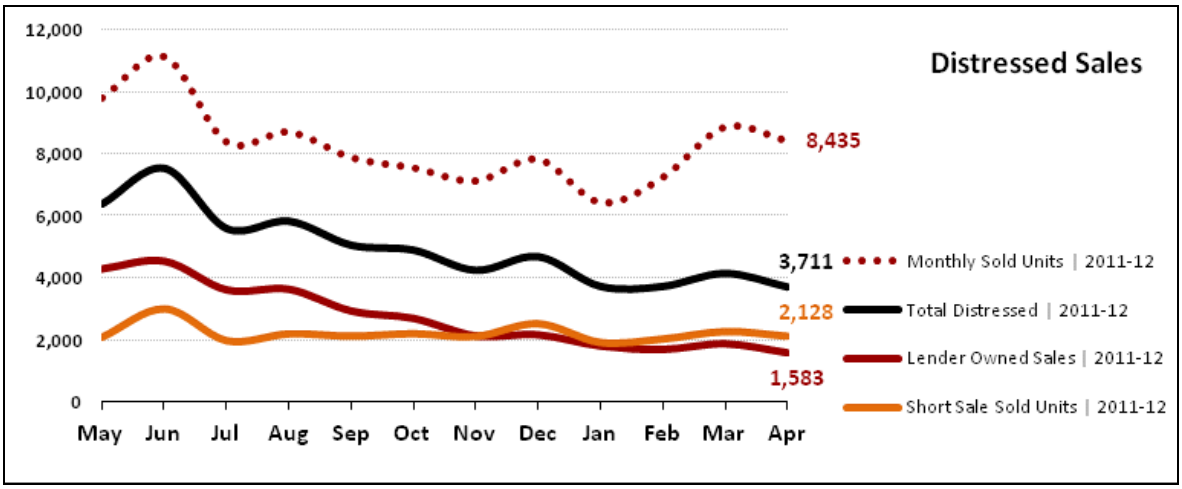
FORECLOSURES PENDING

Foreclosures pending ticked up by 27 units to 18,056 in April, the fourth month in a row of the recently flattened foreclosures pending trend line. Foreclosures pending represent property at some stage in the foreclosure process before the property is acquired by the lender. The Valley's foreclosures pending reached their monthly high of 50,568 in November 2009. Overall, even with the recent flattening, the trend line since that high has been downward with very little deviation. Since distressed sales (foreclosures and short sales) negatively influence pricing, continued declines in foreclosures pending are seen as a prerequisite to the Valley's recovery.



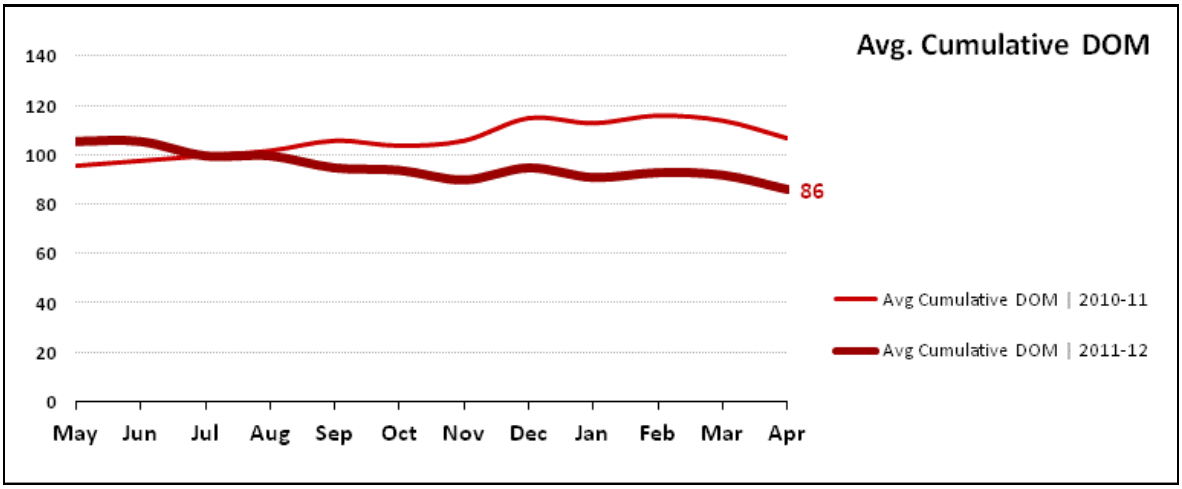
DISTRESSED SALES

Distressed sales, a composite of foreclosures and short sales, continued in April to decline as a percent of overall sales. Once as high as 74% of total sales, distressed sales (3,711) fell 2.8% compared to March to land at 44% of total sales. In addition, April continued the trend begun in December of dominance of short sales over foreclosures. The reversal represents a growing lender preference for work out through short sale over taking a property back through foreclosure.



AVERAGE DAYS ON MARKET (DOM)

Average days on market (DOM) dropped by 6 days to 86 in April. The decline in days on market over the last twelve months from 106 to the current 86 represents a brisk market overall, but is not indicative of DOM in smaller market niches. STAT recorded the highest DOM of 138 in February 2008.



COMMENTARY

Among the positive news this month, STAT reports strong sales activity despite a decline from March, reduction in the average DOM and declining distressed sale percentage of total sales. The more significant news comes from sales price figures. The median sales price increased 6.5% and 6.2%, for March and April respectively, and average sales prices increased 8.4% and 4.8% for the same months. Pricing resurgence is essential to the Valley's recovery. Many Sellers are trapped in their homes, unable to sell because their home values are less than the mortgages owed on their properties. Sellers, who cannot liquidate their present home because of their negative equity, cannot re-nter the market as potential Buyers. Thus historically low sales prices have paralyzed large portions of the market.

The upward pricing pressure exerted by dwindling inventory at the lower end, drives potential Buyers to the next higher price point. Even with decreased inventory at the low end of the pricing spectrum, the Valley's housing affordability is still desirable and fueling high demand, as seen in robust sales figures.

Inventory levels are considered a vital component of the supply and demand balance. On first glance, total active inventory of 20,676 belies the difference between a property that is truly active and available for sale, and property that is active but with contingency (AWC). AWC properties are counted in active inventory to accommodate Sellers who request that their homes remain on the market. These Sellers don't want to risk losing a potential second sale if their primary Buyers can't consummate the transactions. However, Sellers whose properties are AWC, can only accept back up offers, a small consolation to a second Buyer who is not sure if he will ever move into first position.

To illustrate the effect of AWC's on properties available for sale, consider that the active inventory below $350,000 accounts for 76% of the total actives. There are currently 15,661 active properties in MLS $350,000 or below. This breaks out into 54%, or 8,526, that are active and available for sale and 46%, or 7,135, that are active with contingency and not available for sale. Dwindling inventory will move some Buyers up to a higher range, assisting the recovery, but it will also squeeze out Buyers who can neither absorb the increase, nor secure financing for higher mortgages.

The Valley continues to make economic strides that support the recovery. On May 2, the Bureau of Labor Statistics posted their metropolitan seasonally adjusted unemployment rates for March, with Phoenix/Mesa/Glendale at 7.6%, or 153,564 unemployed workers. This contrasts favorably with the March 2011 figures of 8.8%, or 186,556 unemployed.[1] Phoenix economist Elliott Pollach in his April 23 release noted that greater Phoenix added 40,300 jobs over the past year.[2]

Recently released State government tax collections by the US Census Bureau, cited Arizona with the third largest state revenue increase of 18.5%. During the recession employment in both state and local state and local government sectors was hit particularly hard. Increased tax revenue should bode well for that sector's job growth. On May 3, Freddie Mac released the results of their mortgage interest rate survey citing the average 30 year fixed rate of 3.88%, down from 4.71% a year ago.[4] this represents a historical low.

Employment, housing affordability, pricing and interest rates are all moving forward in the right direction. Steady as she goes aptly describes the Valley's recovery in April.

[1] http://www.bls.gov/lau/ssamatab1.txt
[2] Elliott Pollach, April 23, 2012 For Immediate Release
[3] http://www.census.gov/newsroom/releases/archives/governments/cb12-62.html
[4] http://www.marketwatch.com/story/mortgage-rates-hit-record-lows-freddie-mac-2012-05-03?link=MW_latest_news