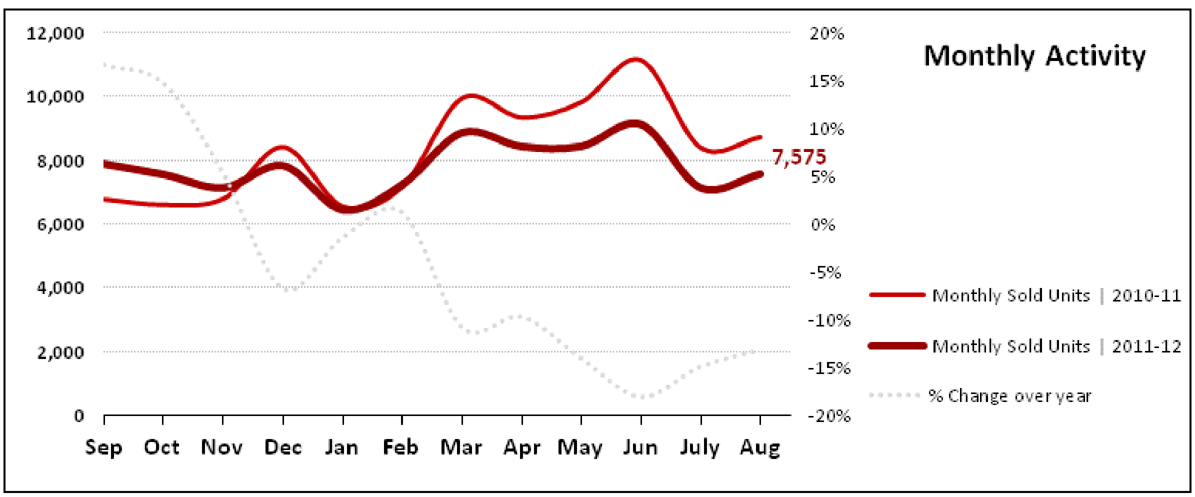
# ARMLS® STAT - September 6, 2012

## SALES Month over Month

Sales rose 6% in August to 7,575. This figure falls 3.29% below the twelve month average sales per month of 7,833.

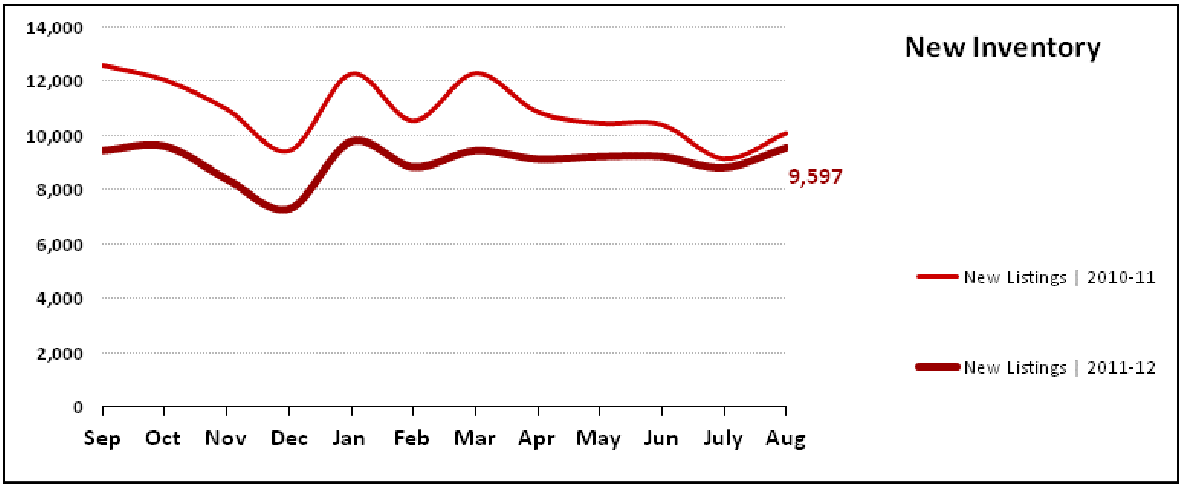
## SALES Year over Year

Sales in August (7,575) fell 13.1% below the same figure in August 2011. Lack of inventory, especially at lower price points, influenced the drop from the prior year figure of 8,712.



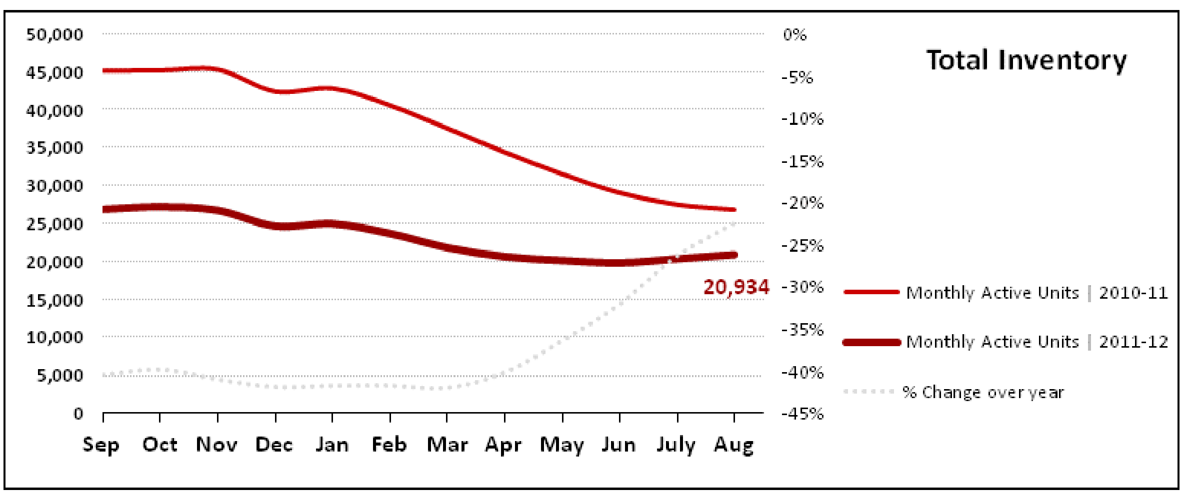
## NEW INVENTORY

New listings rose by 735 units (8.3%) to 9,597 in August, representing 4.89% above the twelve month new listing average of 9,150.



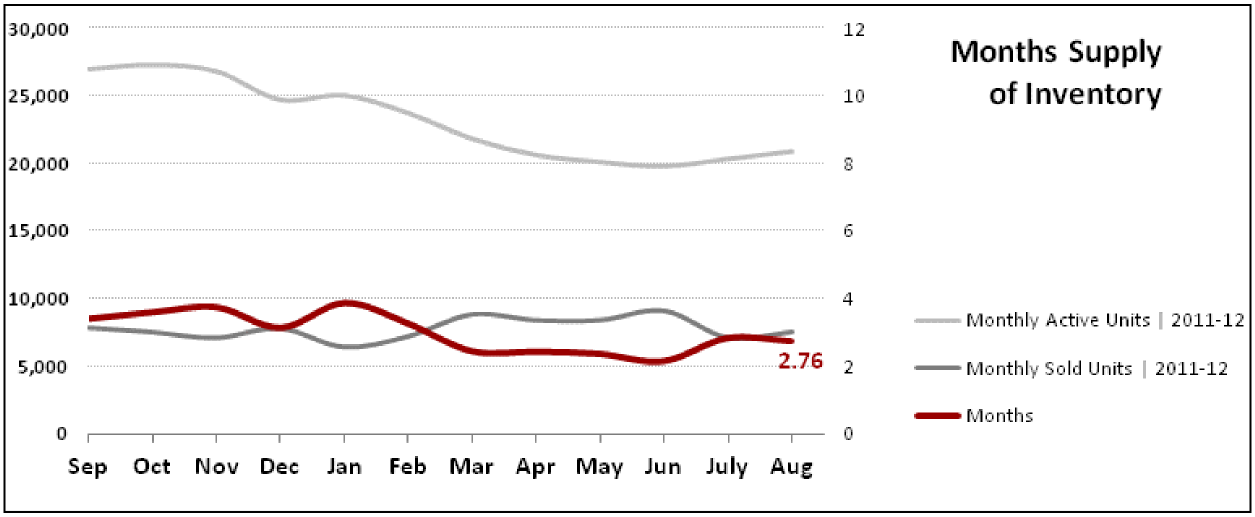

## TOTAL INVENTORY

Total inventory rose slightly by 550 units, or 2.7%. The August figure is 22.4% below the August 2011 inventory of 26,983. August's 2,934 units were 11.67% below the twelve month total listing average of 23,701.



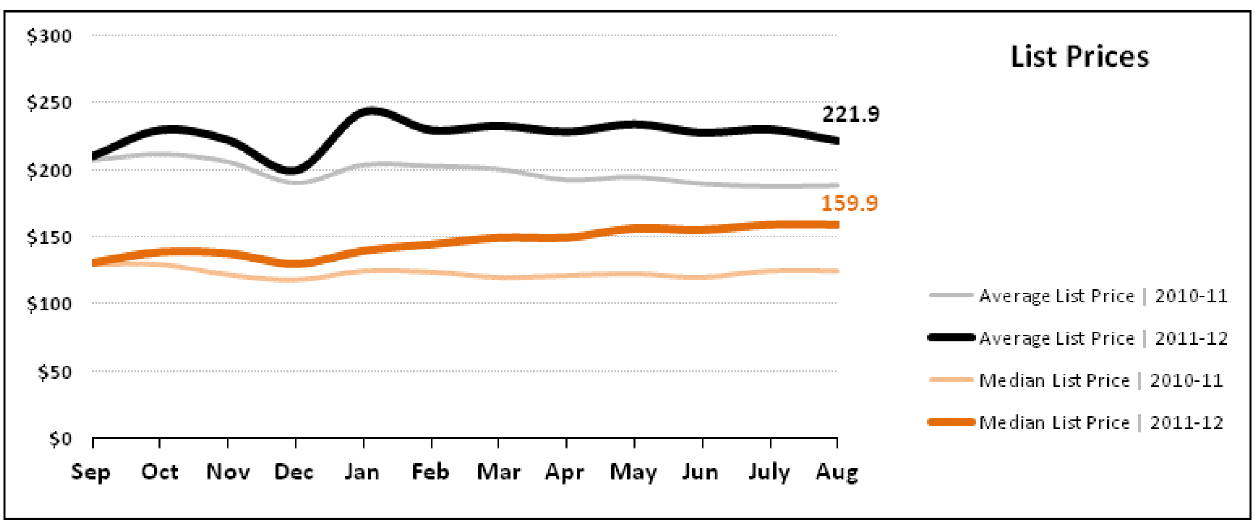
## MONTHS SUPPLY OF INVENTORY (MSI)

MSI declined slightly from 2.85 months to 2.76 months in August, reflecting the market pressure caused by the lack of inventory. MSI four months and below is widely viewed as a sellers market. It is not indicative though of MSI in specific market niches, which have their own unique MSI based on the supply and demand in that niche.



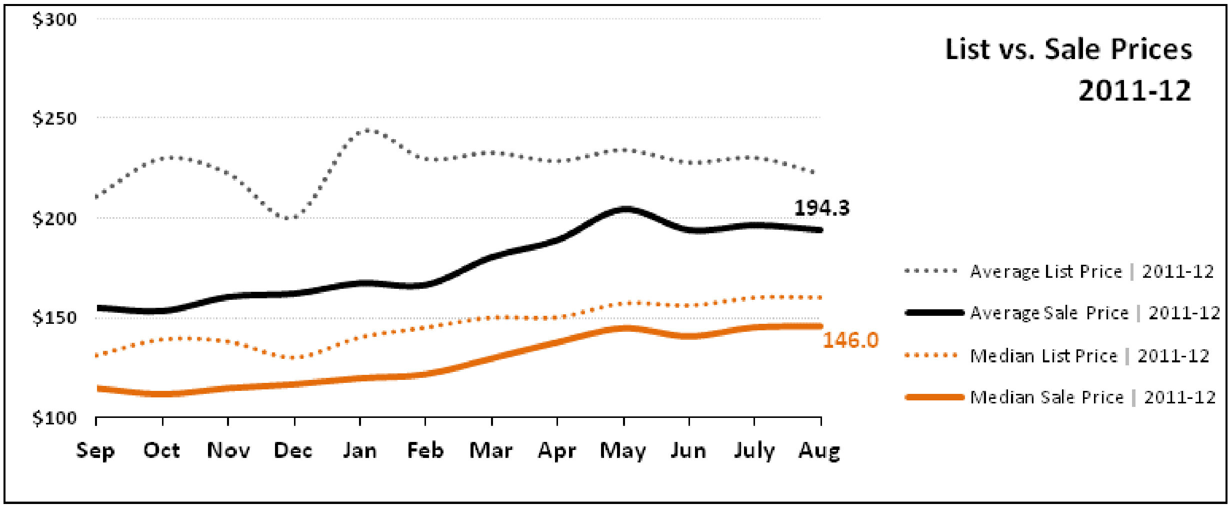

## NEW LIST PRICES

Median new list prices remained static at $159,900 with no change from July. This figure though is 28% above the median new list price in August 2011. Average new list price declined 3.6% in August to $221,900. This metric is 17.3% above the same figure in August 2011.



## SALES PRICES

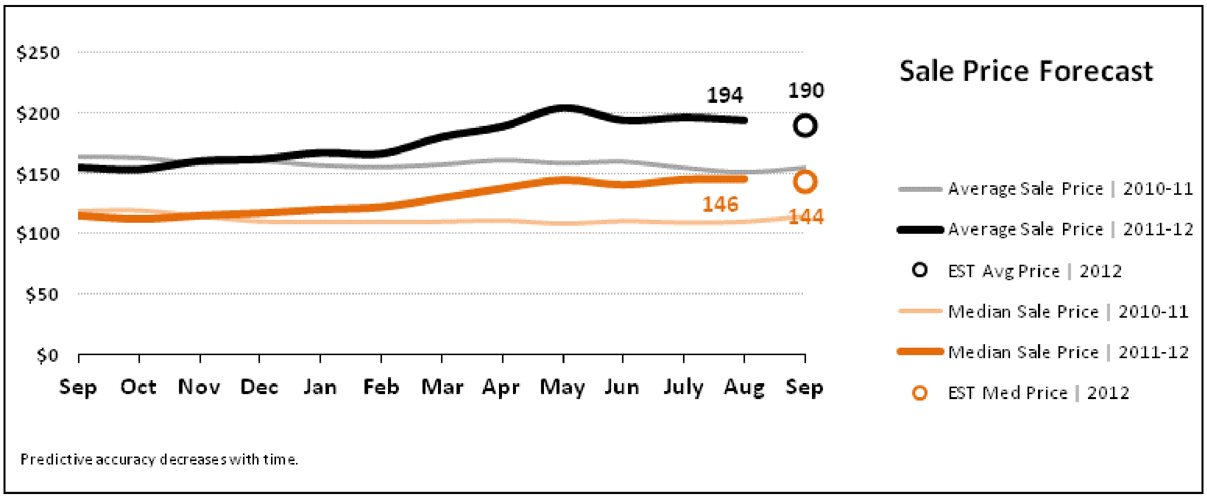
Median sale price rose .3% in August to land at $146,000, while the average sales price declined 1.2% to $194,000. The overall pricing trend lines have continued upward since September/October 2011.



## THE ARMLS PENDING PRICE INDEX™

The ARMLS Pending Price Index is a forecasting tool unique to ARMLS which uses pending properties in the MLS system to predict median and average prices thirty days into the future. In July the PPI predicted the August median sale price to be $144,000, missing the actual figure of $146,000 by 1.39%. PPI's predicted the August average sales price to be $187,300, which underestimated the actual figure of $194,000 by 3.74%.

This month PPI predicts the median sales price in September to land at $144,000. The prediction for the September average sales price is $190,000.



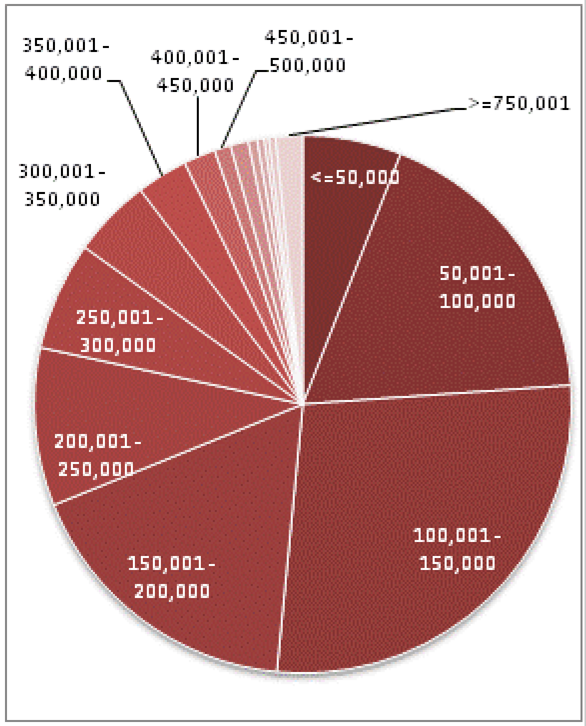
# PPI SUPPLEMENT

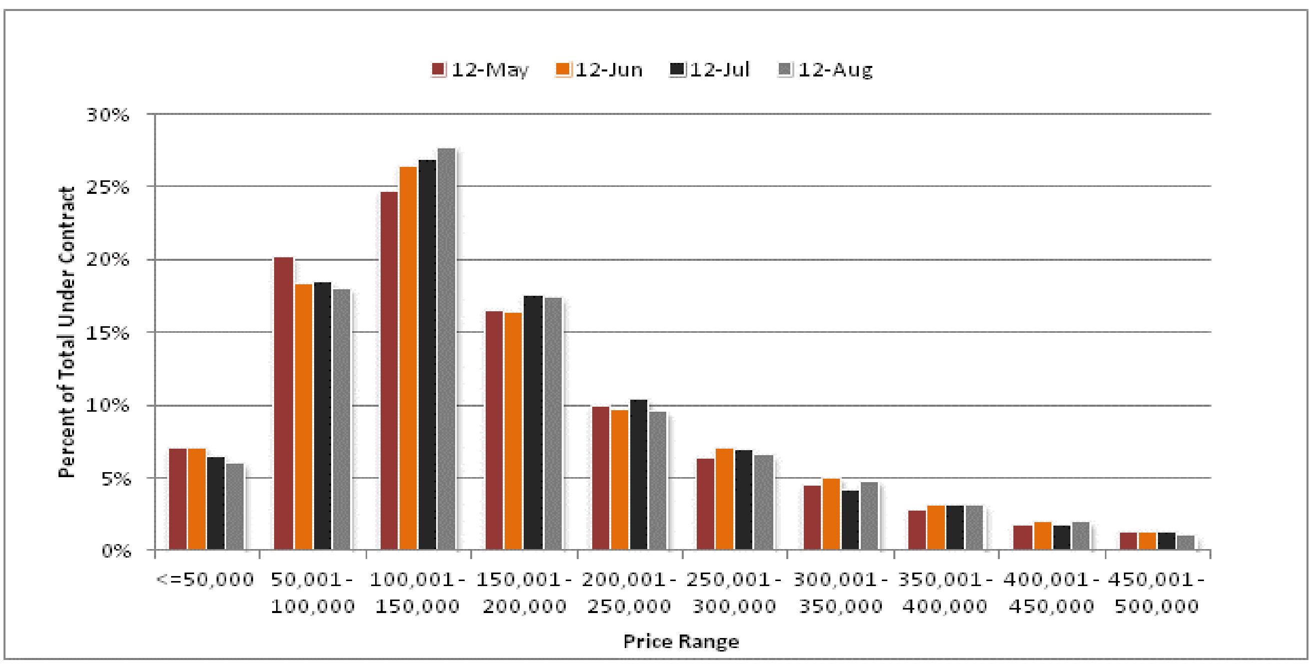
The PPI Supplement focuses on newly pended properties added to the total pending pool each month on a rolling four month view. Pendings ≤ $50,000 and up to $100,000 continued a downward trend, reflecting lack of inventory at the low end. In January 2012, pending units ≤$50,000 and between $50,001 and $100,000 represented 11.7% and 30.09%, respectively, of total pendings for the month. In contrast, pendings for August were 5.93% of total new pendings for ≤$50,000, and 17.94% for units $50,001 and $100,000.

Lack of inventory at the low end of the pricing spectrum fuels pendings in higher ranges, as buyers move to next closest range. Continuing the comparison with PPI Supplement metrics from January 2012, pendings in the $100,000-$150,000 range accounted for 24.75% of January's pendings, and rose to 27.68% in August.

**Pending Contracts Signed In August**

| Price Range | PPI Avg | PPI Med | PPI Units | Units % of Total |
|---|---|---|---|---|
| <=50,000 | 36,264 | 37,000 | 445 | 5.93% |
| 50,001 - 100,000 | 78,984 | 80,000 | 1,346 | 17.94% |
| 100,001 - 150,000 | 126,799 | 126,500 | 2,076 | 27.68% |
| 150,001 - 200,000 | 173,613 | 172,000 | 1,300 | 17.33% |
| 200,001 - 250,000 | 225,593 | 225,000 | 713 | 9.51% |
| 250,001 - 300,000 | 275,120 | 275,000 | 490 | 6.53% |
| 300,001 - 350,000 | 327,017 | 325,750 | 356 | 4.75% |
| 350,001 - 400,000 | 375,321 | 375,000 | 231 | 3.08% |
| 400,001 - 450,000 | 427,565 | 425,450 | 144 | 1.92% |
| 450,001 - 500,000 | 476,117 | 475,000 | 74 | 0.99% |
| 500,001 - 550,000 | 523,226 | 520,000 | 81 | 1.08% |
| 550,001 - 600,000 | 573,336 | 573,500 | 40 | 0.53% |
| 600,001 - 650,000 | 631,033 | 635,000 | 32 | 0.43% |
| 650,001 - 700,000 | 679,350 | 675,000 | 21 | 0.28% |
| 700,001 - 750,000 | 724,233 | 725,000 | 30 | 0.40% |
| >=750,001 | 1,279,016 | 1,007,250 | 122 | 1.63% |



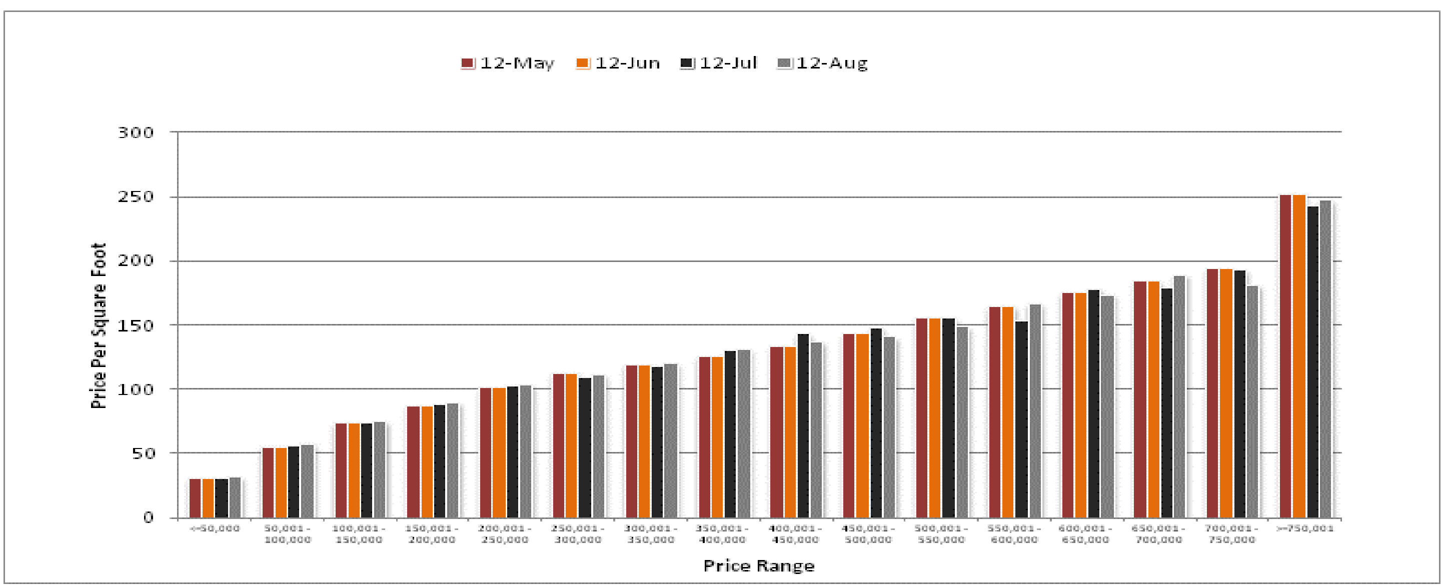



# PPI SUPPLEMENT - $/SQ FT

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. In all price ranges $400,000 and below (with the exception of $200,001-250,000 which remained unchanged), pending prices rose $1-2 per square foot. Total pending units in the ranges above $400,000 showed wide fluctuation, both up by $4-13/sq ft and down by $4-12/sq ft. The small number of pendings in higher ranges makes them vulnerable to undue influence by individual properties.

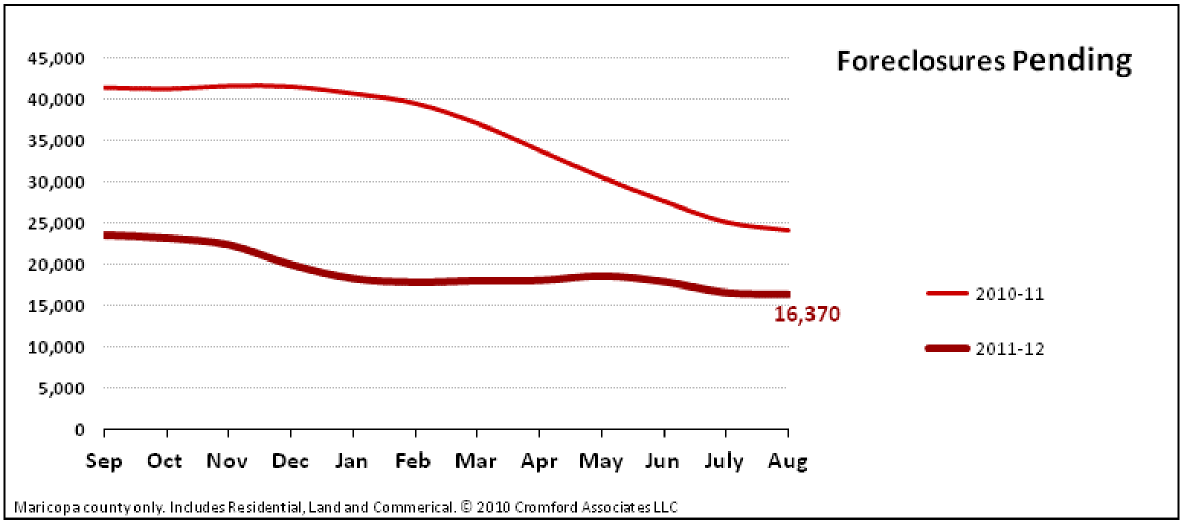
| Pending Contracts Signed In July | | | | |
|---|---|---|---|---|
| Price Range | PPI Avg | PPI Sq Ft | PPI Units | Avg Pending Price SqFt |
| <=50,000 | 36,414 | 1,179 | 478 | 31 |
| 50,001 - 100,000 | 78,497 | 1,408 | 1,369 | 56 |
| 100,001 - 150,000 | 126,113 | 1,712 | 1,998 | 74 |
| 150,001 - 200,000 | 173,841 | 1,980 | 1,298 | 88 |
| 200,001 - 250,000 | 226,369 | 2,201 | 766 | 103 |
| 250,001 - 300,000 | 275,555 | 2,517 | 510 | 109 |
| 300,001 - 350,000 | 326,199 | 2,776 | 310 | 117 |
| 350,001 - 400,000 | 376,507 | 2,904 | 234 | 130 |
| 400,001 - 450,000 | 426,151 | 2,981 | 125 | 143 |
| 450,001 - 500,000 | 477,320 | 3,221 | 90 | 148 |
| 500,001 - 550,000 | 527,340 | 3,387 | 50 | 156 |
| 550,001 - 600,000 | 577,320 | 3,751 | 43 | 154 |
| 600,001 - 650,000 | 626,100 | 3,517 | 33 | 178 |
| 650,001 - 700,000 | 678,525 | 3,801 | 19 | 179 |
| 700,001 - 750,000 | 729,736 | 3,783 | 20 | 193 |
| >=750,001 | 1,217,108 | 5,005 | 88 | 243 |

| Pending Contracts Signed In August | | | | |
|---|---|---|---|---|
| Price Range | PPI Avg | PPI Sq Ft | PPI Units | Avg Pending Price SqFt |
| <=50,000 | 36,264 | 1,151 | 445 | 32 |
| 50,001 - 100,000 | 78,984 | 1,370 | 1,346 | 58 |
| 100,001 - 150,000 | 126,799 | 1,696 | 2,076 | 75 |
| 150,001 - 200,000 | 173,613 | 1,936 | 1,300 | 90 |
| 200,001 - 250,000 | 225,593 | 2,182 | 713 | 103 |
| 250,001 - 300,000 | 275,120 | 2,479 | 490 | 111 |
| 300,001 - 350,000 | 327,017 | 2,720 | 356 | 120 |
| 350,001 - 400,000 | 375,321 | 2,868 | 231 | 131 |
| 400,001 - 450,000 | 427,565 | 3,119 | 144 | 137 |
| 450,001 - 500,000 | 476,117 | 3,382 | 74 | 141 |
| 500,001 - 550,000 | 523,226 | 3,522 | 81 | 149 |
| 550,001 - 600,000 | 573,336 | 3,441 | 40 | 167 |
| 600,001 - 650,000 | 631,033 | 3,630 | 32 | 174 |
| 650,001 - 700,000 | 679,350 | 3,589 | 21 | 189 |
| 700,001 - 750,000 | 724,233 | 3,998 | 30 | 181 |
| >=750,001 | 1,279,016 | 5,168 | 122 | 247 |



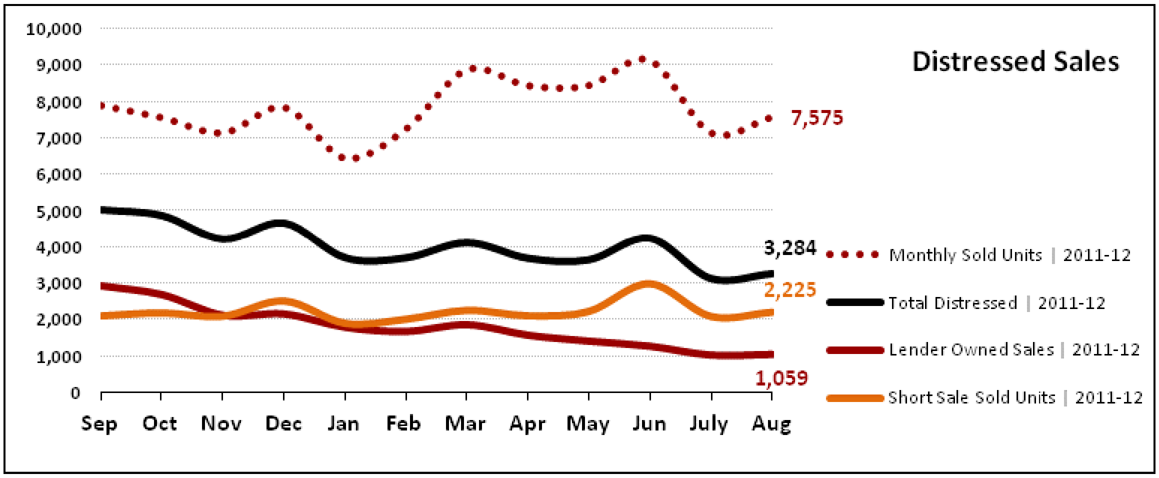
## FORECLOSURES PENDING

Foreclosures pending fell by 208, or 1.25%, to 16,370 in August. This continues the downward trend begun from a high of 50,568 in November 2009. Declining foreclosures pending are necessary to stanch the flow of foreclosures into the market. Foreclosures in the 5,000-6,000 range are regarded as typical for a normal Valley market.



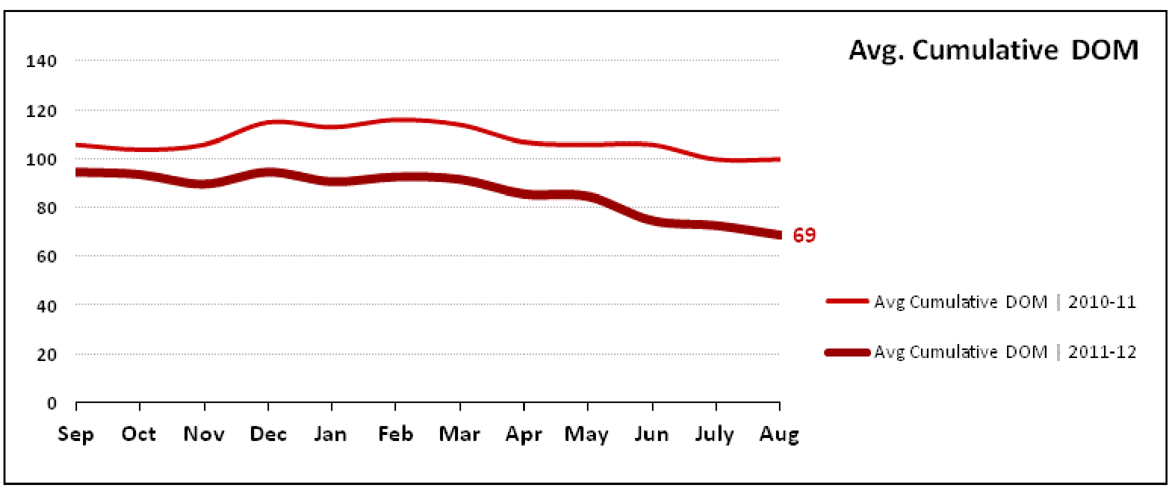
## DISTRESSED SALES

August distressed properties as a percentage of total sales was 43.4%, down .7% from July. This month's figures continue the downward trend begun from a high of 74.1% in September 2010. Short sales (2,225) outnumbered foreclosures (1,059) over 2 to 1, with short sales accounting for 29.4% and foreclosures representing 14% of total sales. This continues the reversal of the short sale to foreclosure ratio which started in November 2011. Lender appetite for short sale negotiation over foreclosures benefits the lender, the homeowner, the neighborhood and the community.




## AVERAGE DAYS ON MARKET (DOM)

Average days on market landed at 69 in August, down 4 days from the previous month. This figure is down 69 days, or 50%, from the decade high in February 2008 of 138.



## COMMENTARY

September STAT contains its fair share of positive news with many metrics continuing along positive trend lines. This month we saw sales rise 6%, new inventory tick up 8.3% and total inventory rise slightly. Foreclosures pending fell 1.25%, and distressed sales as a percentage of total sales fell to 43.4%. MSI and DOM declined, exerting upward pressure on pricing, although sales prices remained relatively flat.

But no single metric behaved as a positive outlier, fueling euphoria typical when one metric leap-frogs ahead of others in the overall recovery. The Valley has come a long way since January 2008, when, in the thick of the recession, total sales were the lowest of the decade at 2,912. Likewise, pricing has rebounded from the decade nadir with the average sales price $151,368 in August 2011, and the median sales price $108,300 in May 2011.

Economic news regarding jobs is mixed, but overall, unemployment stubbornly remains at 8.3%. Private-sector employment increased by 201,000 from July to August, on a seasonally adjusted basis, according to the latest ADP Unemployment Report.[1] Phoenix metro added 5,600 construction jobs in July.[2] RL Brown reported that there were 1,303 new single family permits in July. While this level of construction is half the norm, the jobs and the inventory it brings are essential to recovery.[3] The August job report is due out September 7, and lackluster figures may jump the Fed into action which will help jobs.[4]

In Jackson Hole in August, Chairman Bernanke gave signs that he was ready to take action to jump start the languishing economy.[5] Analysts anticipate that another disappointing jobs report could be the impetus for decisive Fed action, to plunge through the 8.3% unemployment blockade.

Uncertainty is a three pronged sword hanging over our recovery. The first prong is the different realities the presidential election results will hold for small, medium and large business, depending upon the victor. Since these will be very different depending on the election outcome, prudence counsels employers to wait to make hiring decisions. The second prong is the fiscal cliff, which looms on January 1, with simultaneous onset of tax increases and spending cuts, unless Congress acts. In Jackson Hole, Bernanke made it clear to lawmakers doom is impending unless they act.[6] Finally, the European debt crisis, which has plunged Europe into a recession, has direct impact on the U.S economy.[7] All serve to caution employers to wait and see before making hiring decisions, and rely on more production out of current workers.[8]

STAT sees continued positive movement in the Valley's recovery, and voices impatience with the speed. What is needed is a ratcheting up of recovery momentum. The fiscal cliff and the presidential election are rapidly approaching. Their uncertainty, which is mucking up the jobs recovery now, will soon be neutralized. One way or another, employers will know soon what to expect. The European debt crisis, unfortunately, will not be so easily tamed.

1 http://www.adpemploymentreport.com/pdf/FINAL_Release_August_12.pdf

2 http://www.bizjournals.com/phoenix/news/2012/08/28/phoenix-no-2-for-construction-job-gains.html

3 Elliott D. Pollach Monday AM Quarter Back 8.27.2012

4 http://www.reuters.com/article/2012/08/28/usa-economy-idUSL1E8JR7M320120828

5 http://money.cnn.com/2012/09/05/news/economy/august-jobs-report-expectation/index.html

6 http://finance.fortune.cnn.com/2011/08/26/what-bernanke-said-in-jackson-hole/

7 http://money.cnn.com/news/international/europe_debt_crisis/?iid=EL

8 http://money.cnn.com/2012/07/25/news/economy/geithner/index.htm