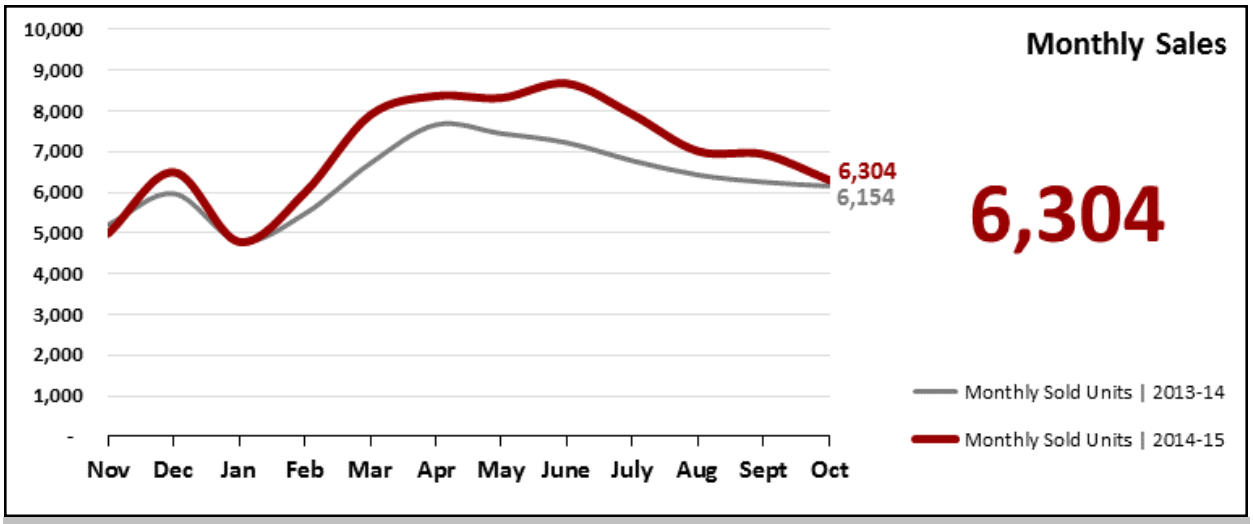
ARMLS® STAT

your monthly statistics for the Phoenix Metro area

ARMLS® STAT - November 17, 2015

MONTHLY SALES



+2.4% year-over-year

-9.1% month-over-month

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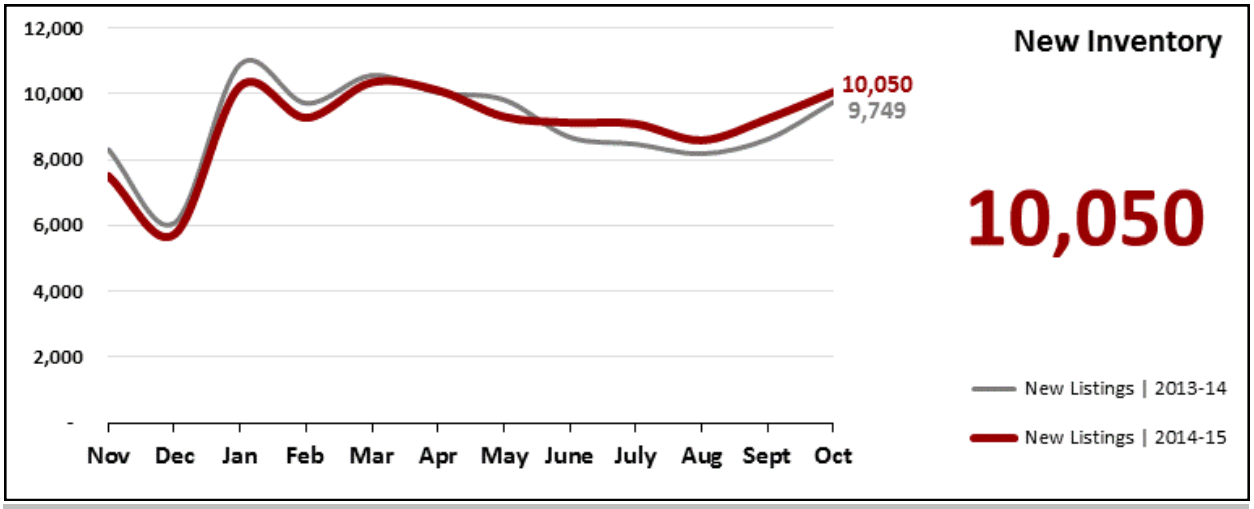
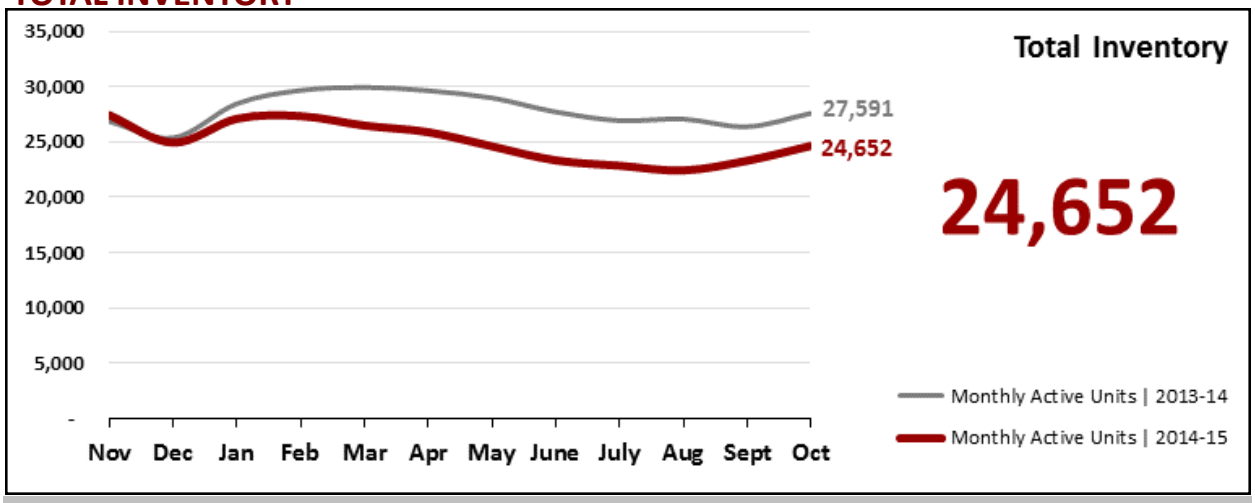
NEW INVENTORY



+3.1% year-over-year

+8.8% month-over-month

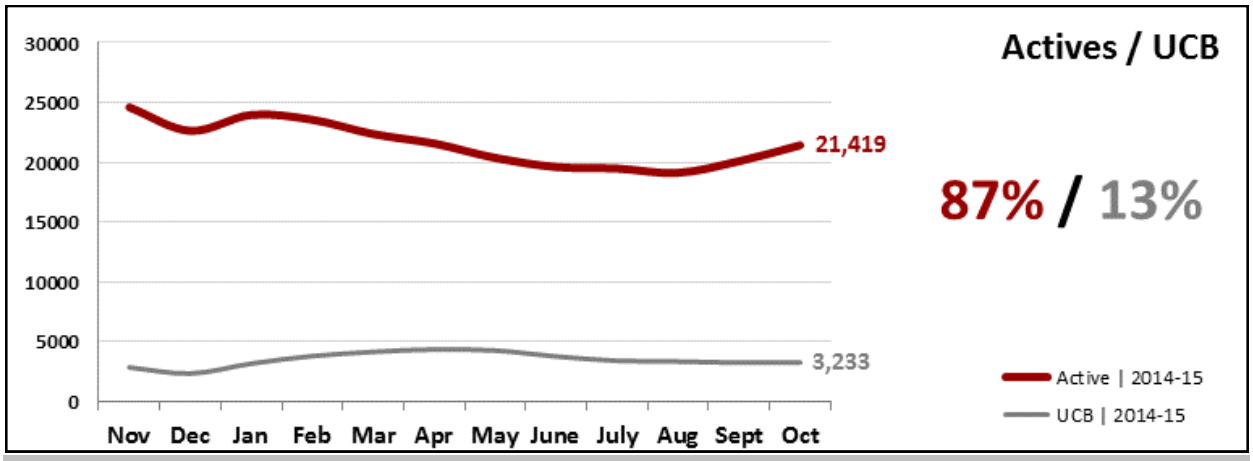
TOTAL INVENTORY



-10.7% year-over-year

+5.8% month-over-month

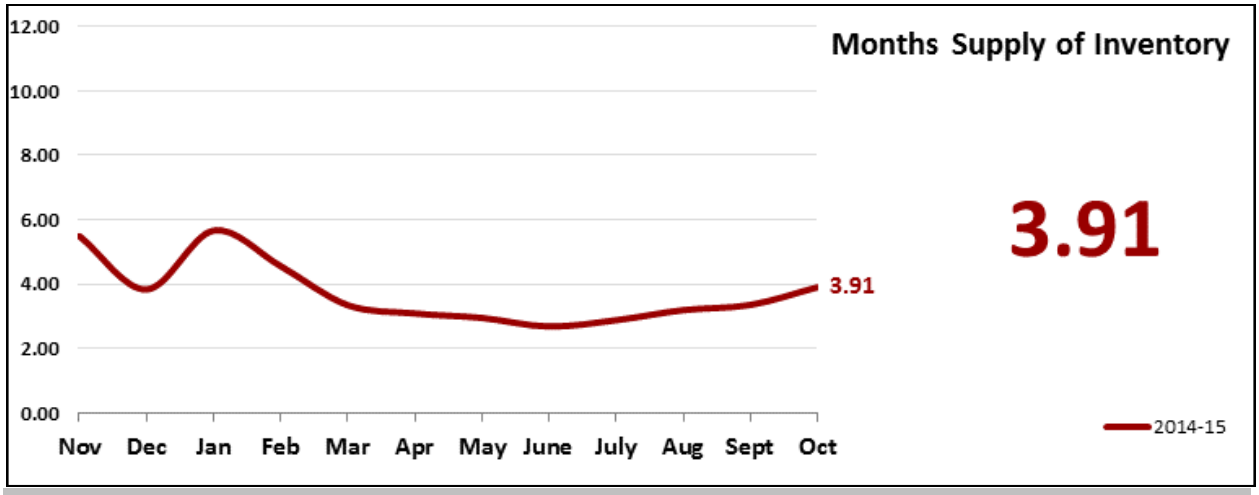
ACTIVES / UCB



13.8% SEPT 2015 UCB percent of total Active

13.1% OCT 2015 UCB percent of total Active

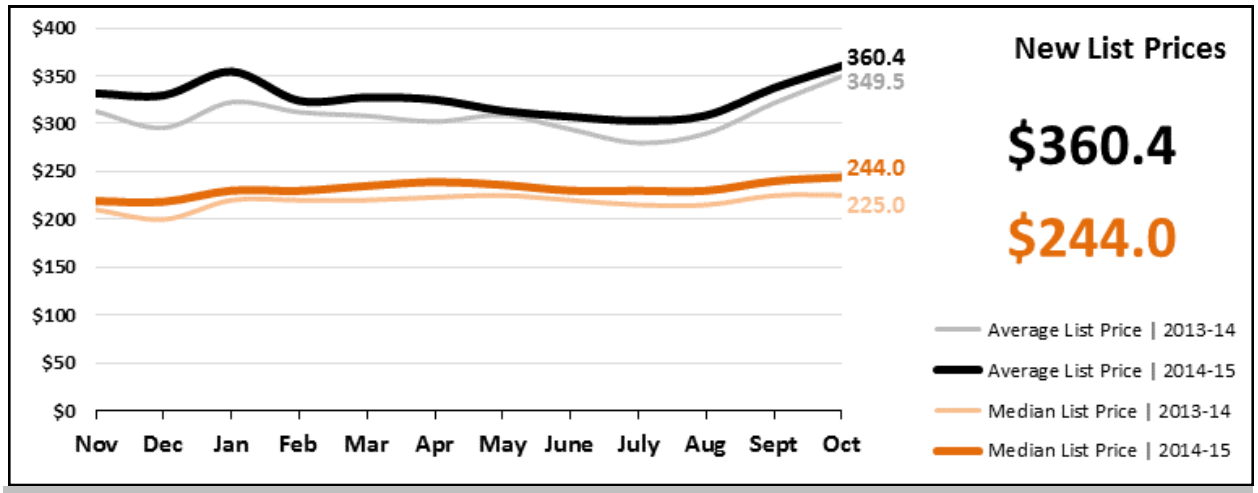
MONTHS SUPPLY OF INVENTORY



3.36 MSI SEPT 2015

3.91 MSI OCT 2015

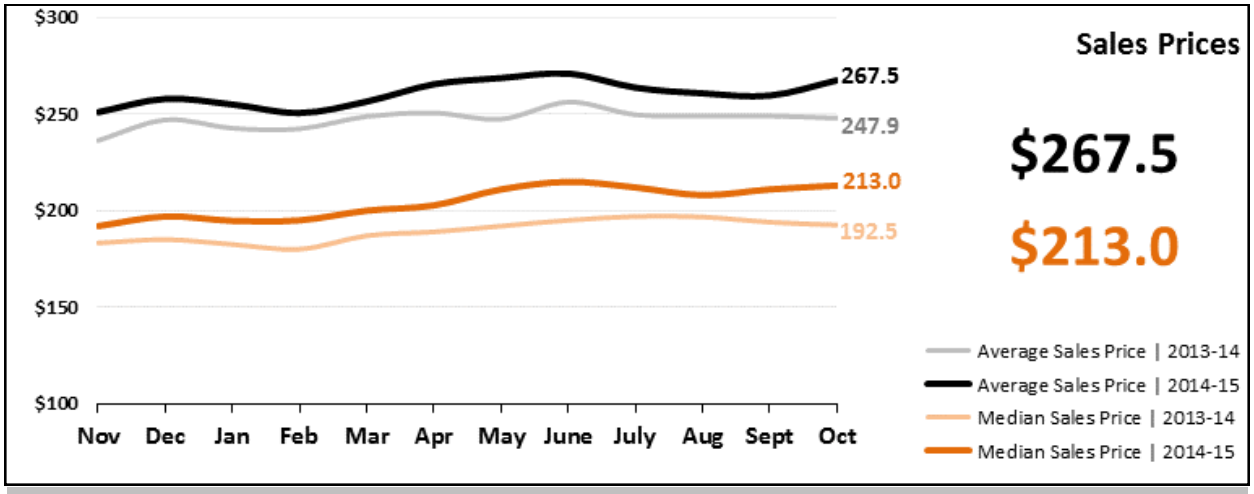
NEW LIST PRICES



+3.1% year-over-year average

+8.4% year-over-year median

SALES PRICES

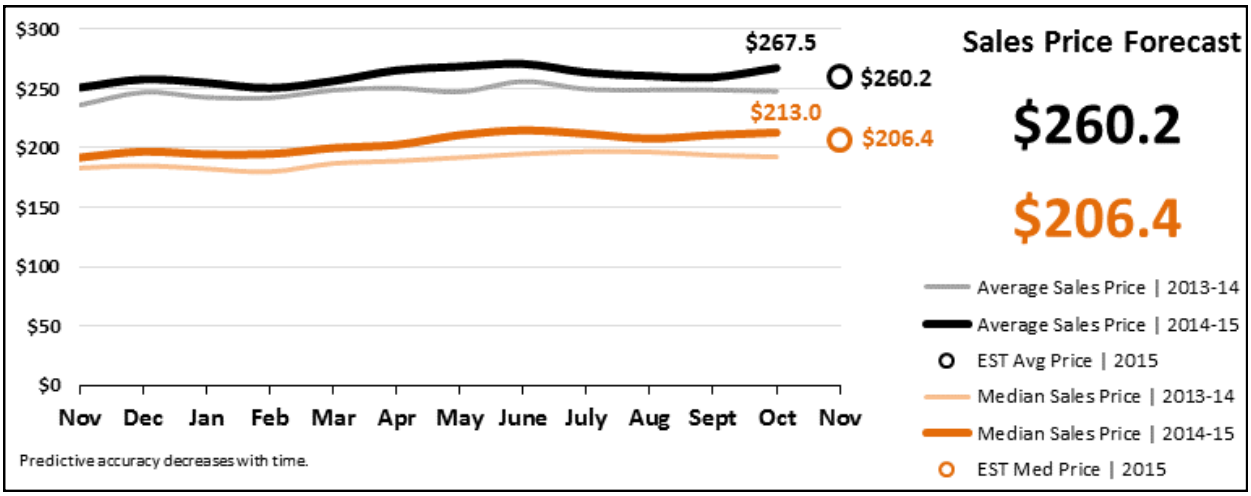


+7.9% year-over-year average

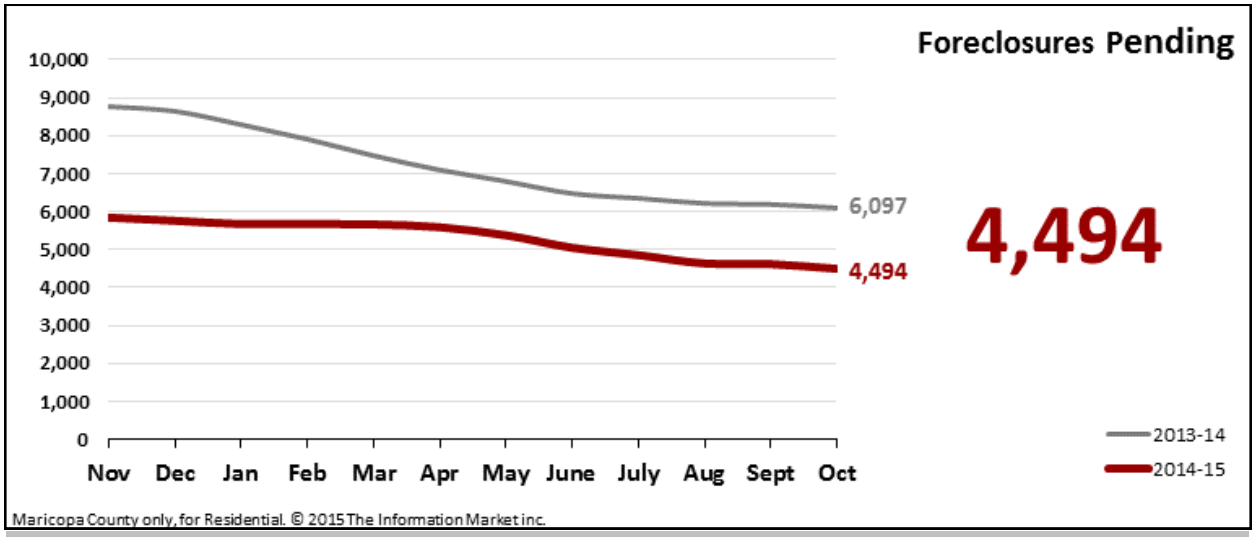
+10.6% year-over-year median

THE ARMLS® PENDING PRICE INDEX™

SALES PRICE FORECAST



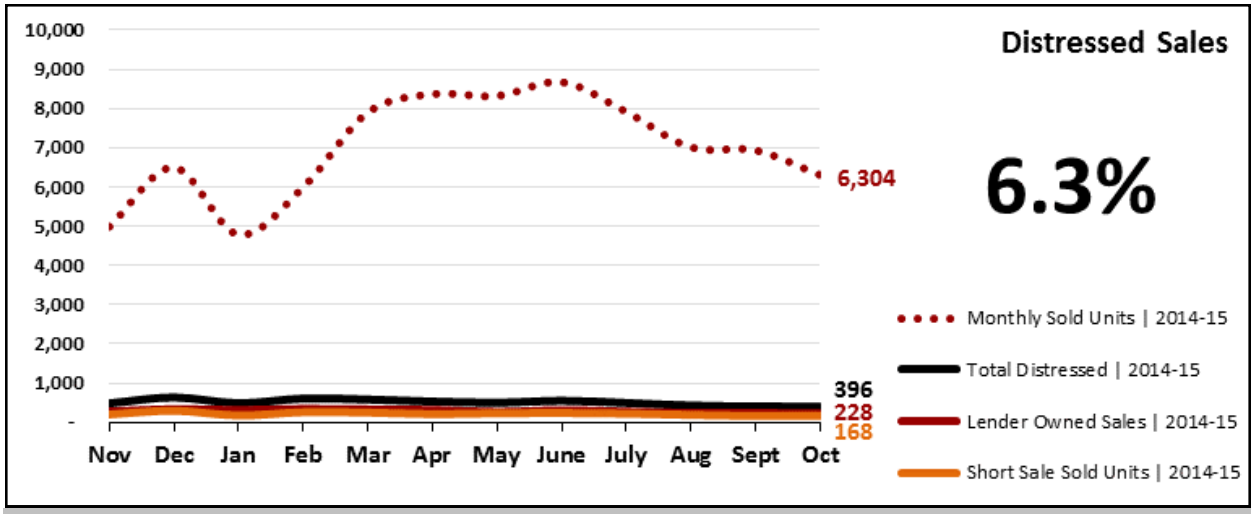
FORECLOSURES PENDING



-26.3% year-over-year

-2.6% month-over-month

DISTRESSED SALES

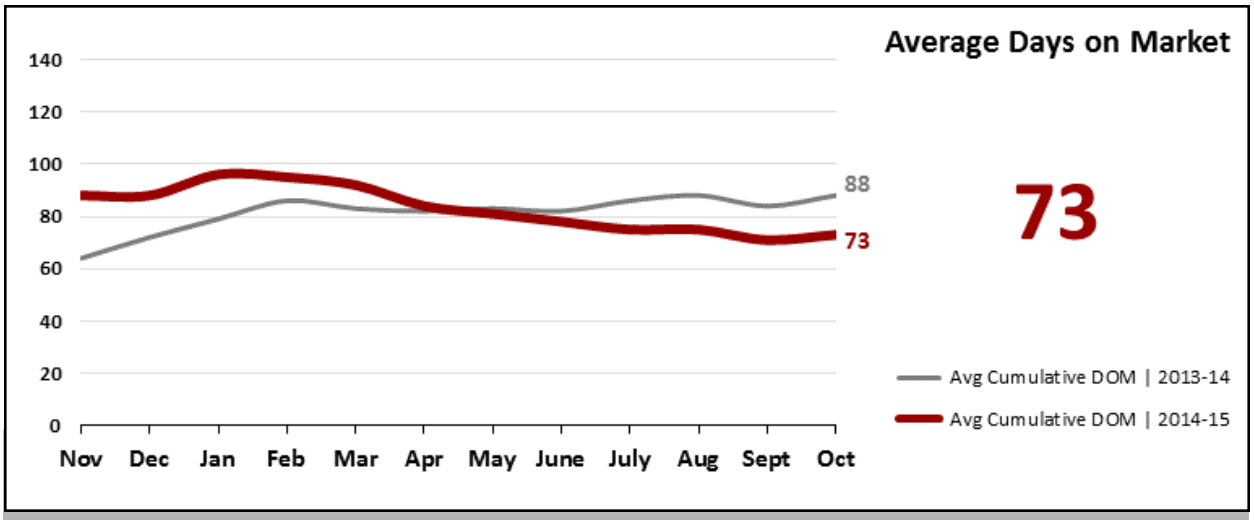


-27.0% short sale units year-over-year

-39.8% lender owned units year-over-year

-35.0% total year-over-year

AVERAGE DAYS ON MARKET



-15 year-over-year

+2 month-over-month

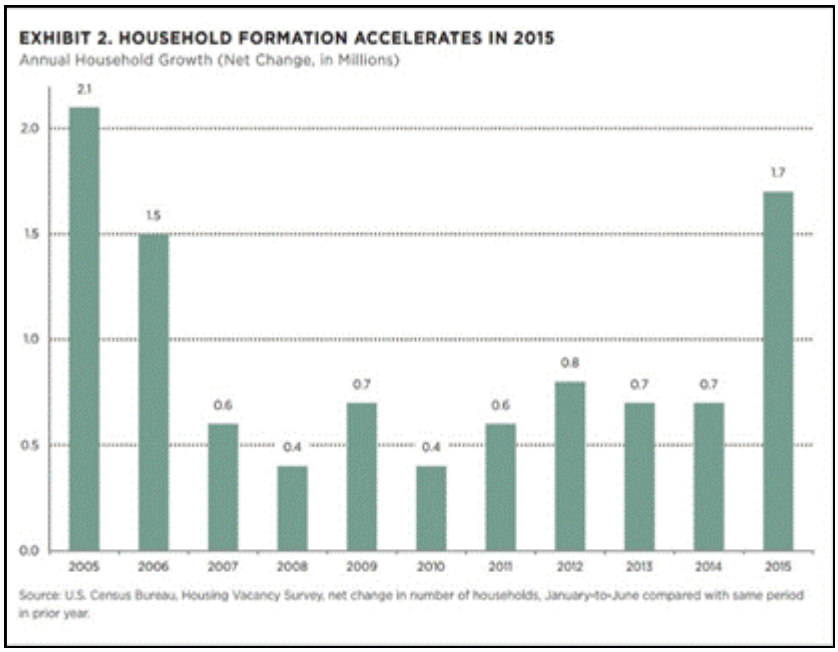
COMMENTARY

by Tom Ruff of The Information Market

In the first 9 months of 2015, sales volume averaged 12% ahead of 2014. Sales volume in October slipped to 2.4% on a year-over-year basis. The slip in year-over-year sales volume can be attributed to two factors: TRID and a cooling market. Supply is growing faster than last year while demand is slightly weaker. It is our suspicion that a few hundred sales got pushed back due to TRID as sales were lower than expected while pending & UCB numbers increased. If you view the Pending Price Index (PPI) as a razor sharp forecast, we had projected 6,600 sales in October while the actual number was 6,304. Therefore, the impact of TRID in October accounted for 296 fewer sales. That's our story and we're sticking to it.

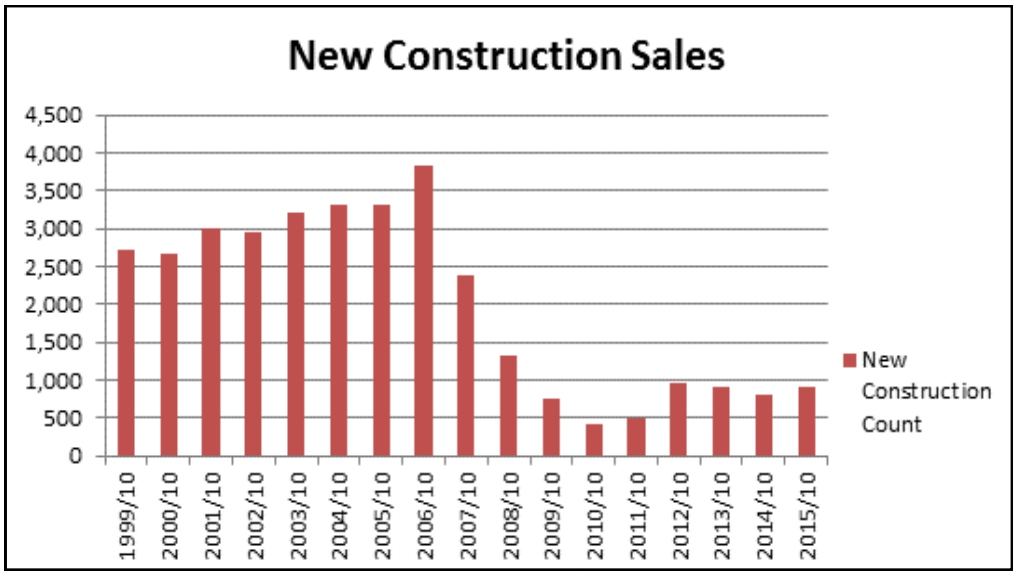
The median sales price is showing a 10.6% increase year-over-year, giving an inaccurate portrayal of overall market appreciation. The median needle is being moved by low supply and strong demand in the more affordable areas with little to no new construction. I've always been an advocate of median price comparison, primarily as an indicator of affordability. However, when measuring appreciation, it is always prudent to view all metrics available. The average price per square foot, the average sales price and the median sales price offer different perspectives. Each of these metrics has their own strengths and weaknesses, at anytime anyone of these might offer the best perspective of our market. It is my opinion that the price per square foot at present gives the best reflection of price appreciation over the past year, which is hovering around 5% annual appreciation.

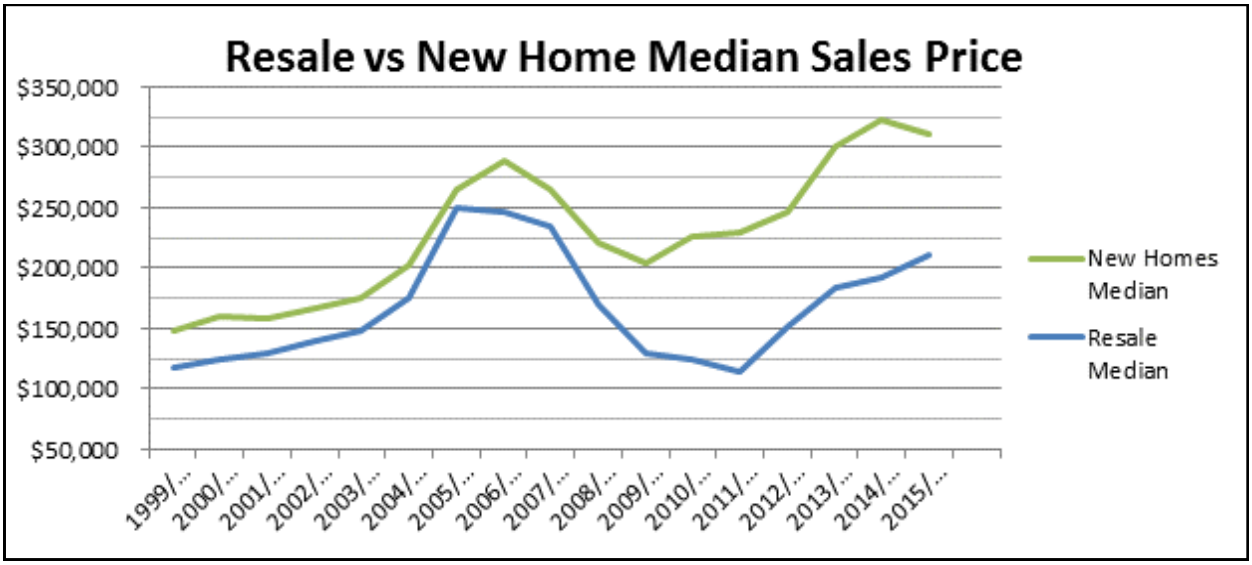
That's the state of the resale market, it's slow, but things are happening. There are some very interesting numbers coming out of the economy that may indicate what's to come. For example - in the first half of 2015, the number of new households grew by 1.7 million nationally from the same period in 2014. This is the largest growth experienced in a decade according to DSNews using data from the U.S. Census Bureau. A household is formed in a few ways, (1) when an adult leaves the home of another adult and finds his/her own place or (2) when a group of people (not necessarily related) start living at the same address. The property could be owned or rented. (This is not to be confused with home sales.)



The stock market regained in October with the DIJA, S&P 500 and NASDAQ showing around 9% increases. US auto sales surged past expectations once again, and remained at the highest levels in a decade. I am a firm believer that auto sales are a forward indicator. According to AutoData, auto sales rose at an annualized pace of 18.24 million in October 2015 while the consensus forecast was an annualized pace of 17.7 million sales.

While car sales are up, new home production remains low. New home sales are a leading indicator of economic activity, which means they are the first to turn up before a rebound and the first to decline before a recession. New home sales are important to measure, as significant changes in consumer spending often appear in autos and homes first.





Bill McBride of Calculated Risk using data from housing economist, Tom Lawler, gives insight into new home construction from the builder's perspective:

"*One of the more striking aspects of the most recent 'recovery' in single-family housing production has been the incredible low production levels of new single-family homes that are 'affordable' to what used to be considered the 'typical' first-time buyer*."

The insights continued to say that builders are focused on affluent buyers and that many builders were watching and waiting to respond to the market.

ARMLS Pending Price Index

Our math on the PPI is projecting lower numbers than logically acceptable, leaning more on the model than the logical prediction. The ARMLS Pending Price Index projects a median sales price of $206,400 for November. Using more ARMLS secret sauce and my own logic, I predict a median of $210,000. We'll see if our model holds up. Our last Pending Price Index projected an October median price of $212,500 with the actual median reporting at $213,000.

In the last fourteen years the median sales price has risen 7 times, fallen 5 times and had no change twice between November and December. We begin November with 5,916 pending listings and 3,233 UCB listings giving us a total of 9,149 residential listings under contract. This compares to 9,020 listings under contract at the beginning of October.

Our sales volume projection was 6,600 with actual sales of 6,304. The November 2015 sales volume will exceed November 2014 (4,989), but should be lower than the total of 6,304 in October 2015. STAT is projecting 5,600 home sales in November. There were only seventeen business days last year and eighteen business days this year. The sales volume in November has been higher than the sales volume in October only once in the fourteen years of reported data and based on these historical averages, the sale volume in November is on average 7.29% lower than October.