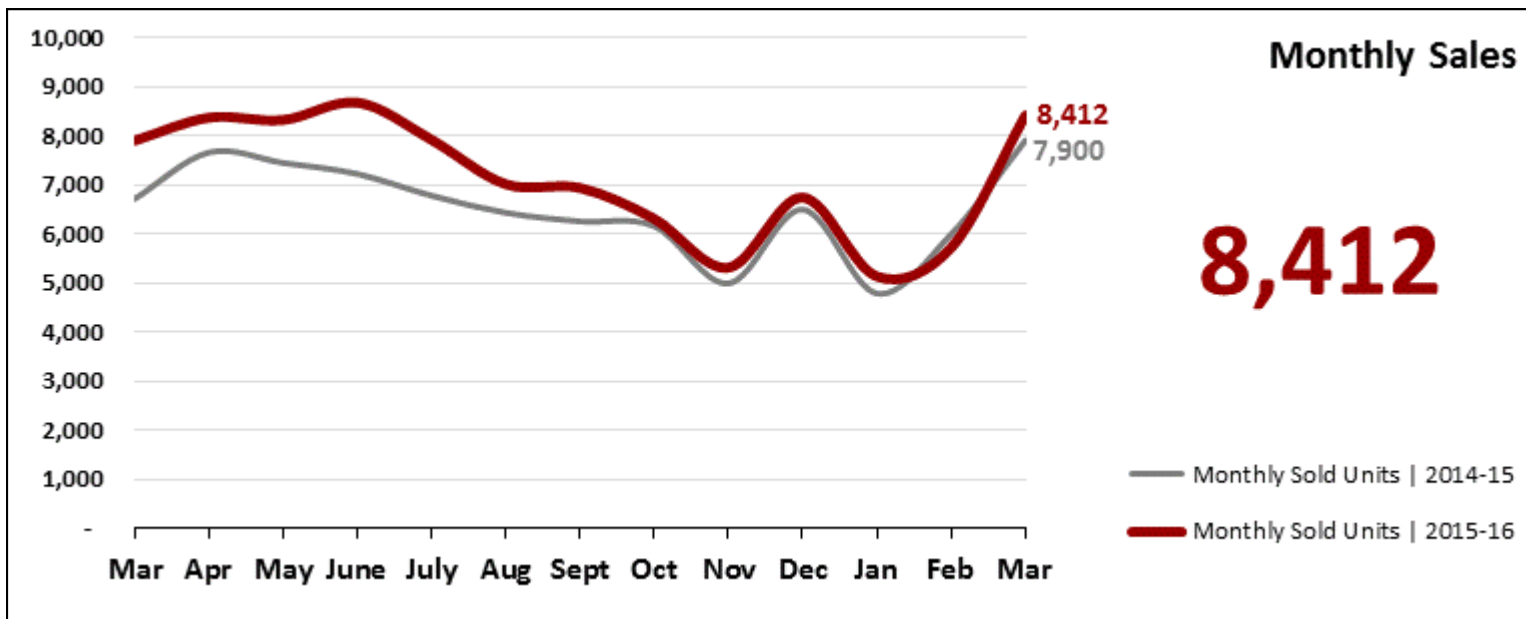




YOUR MONTHLY STATISTICS FOR THE PHOENIX METRO AREA STAT

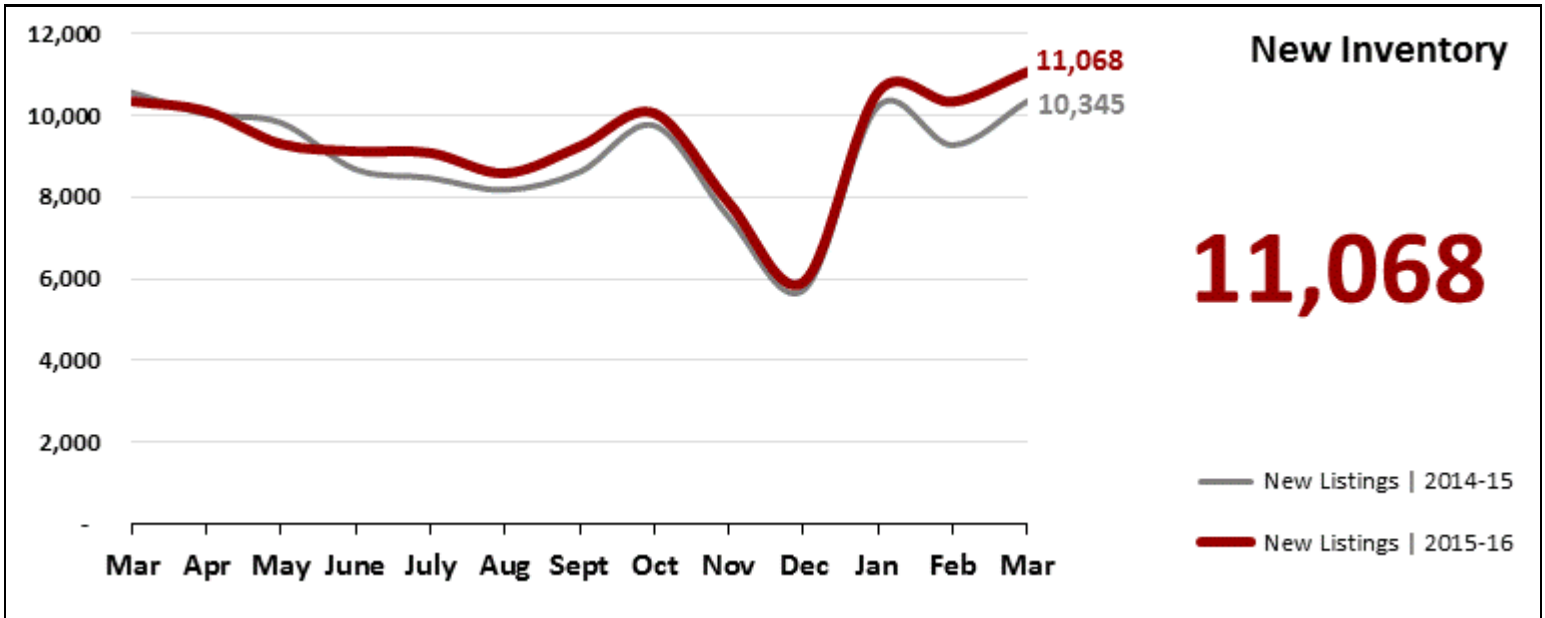


MARCH 2016 - Published April 25, 2016



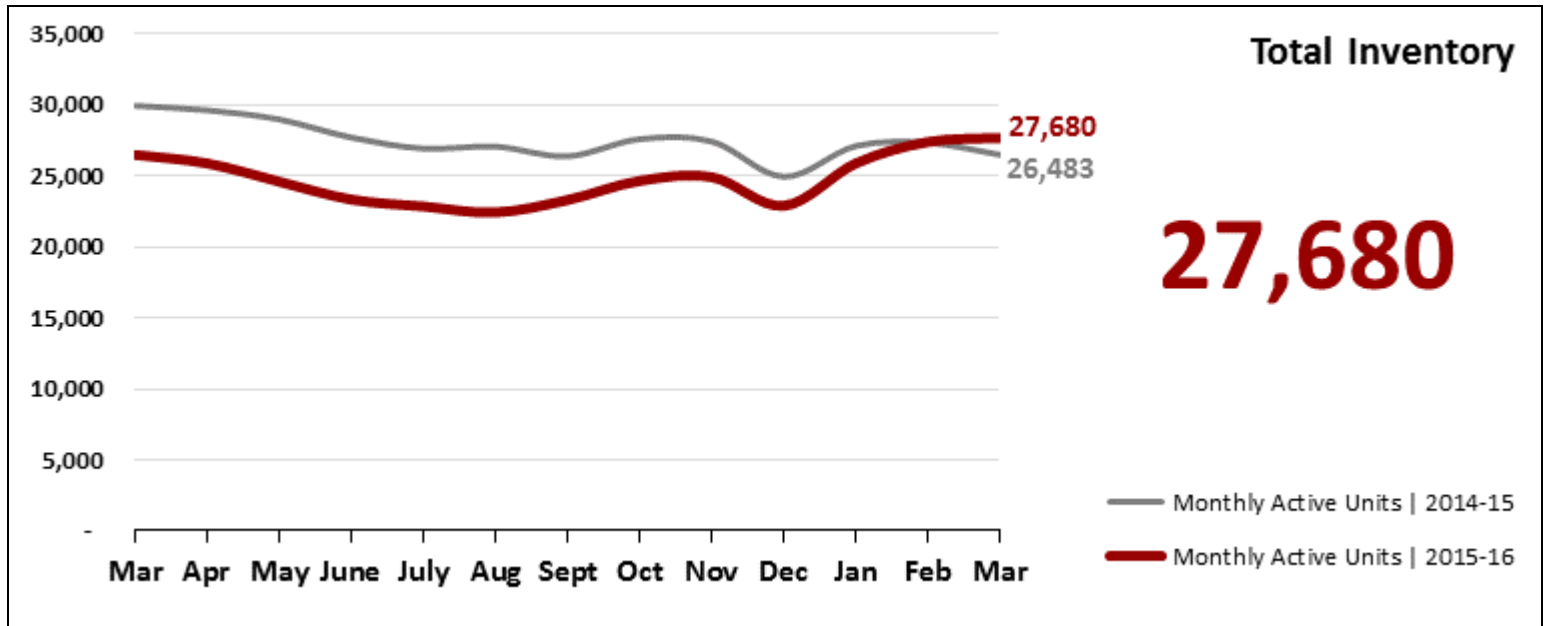
Monthly sales are up +47.1% month-over-month. The year-over-year comparison shows an increase of +6.5%.

Closed MLS sales with a close of escrow date from 3/1/2016 to 3/31/2016, 0 day DOM sales removed



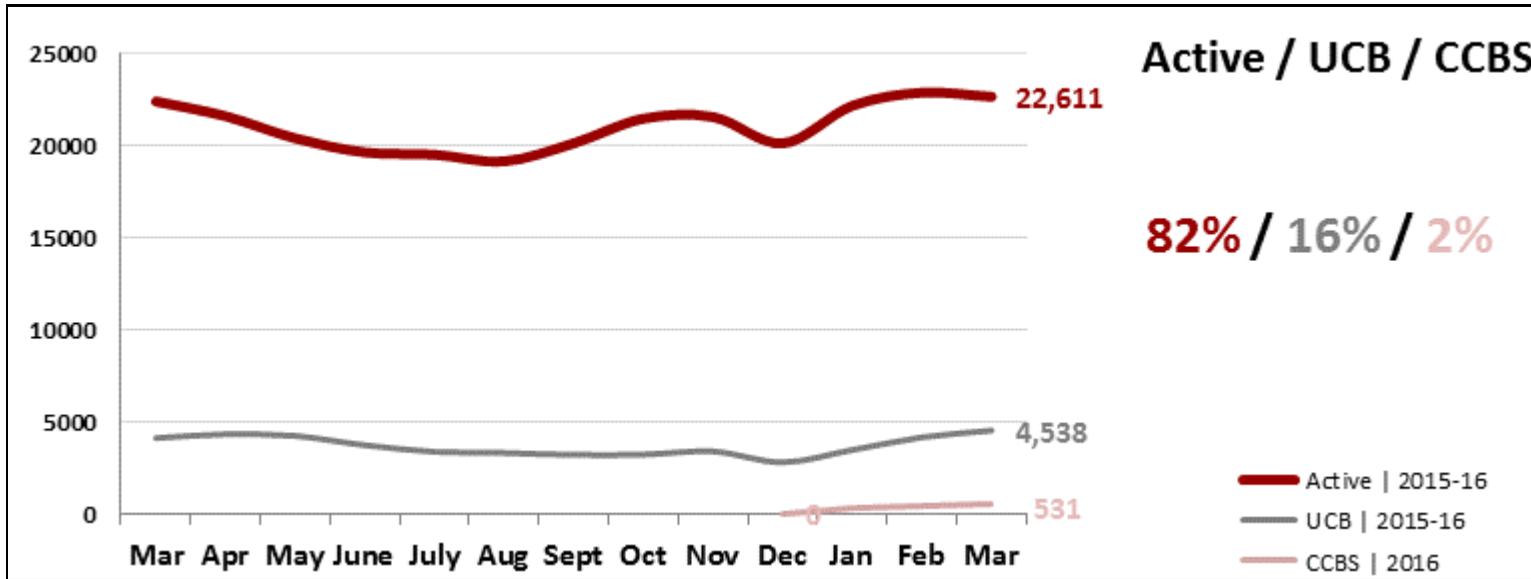
New inventory is up +7.1% month-over-month while the year-over-year comparison shows an increase of +7%.

New MLS listings that were active for at least one day from 3/1/2016 to 3/31/2016, 0 day DOM sales removed



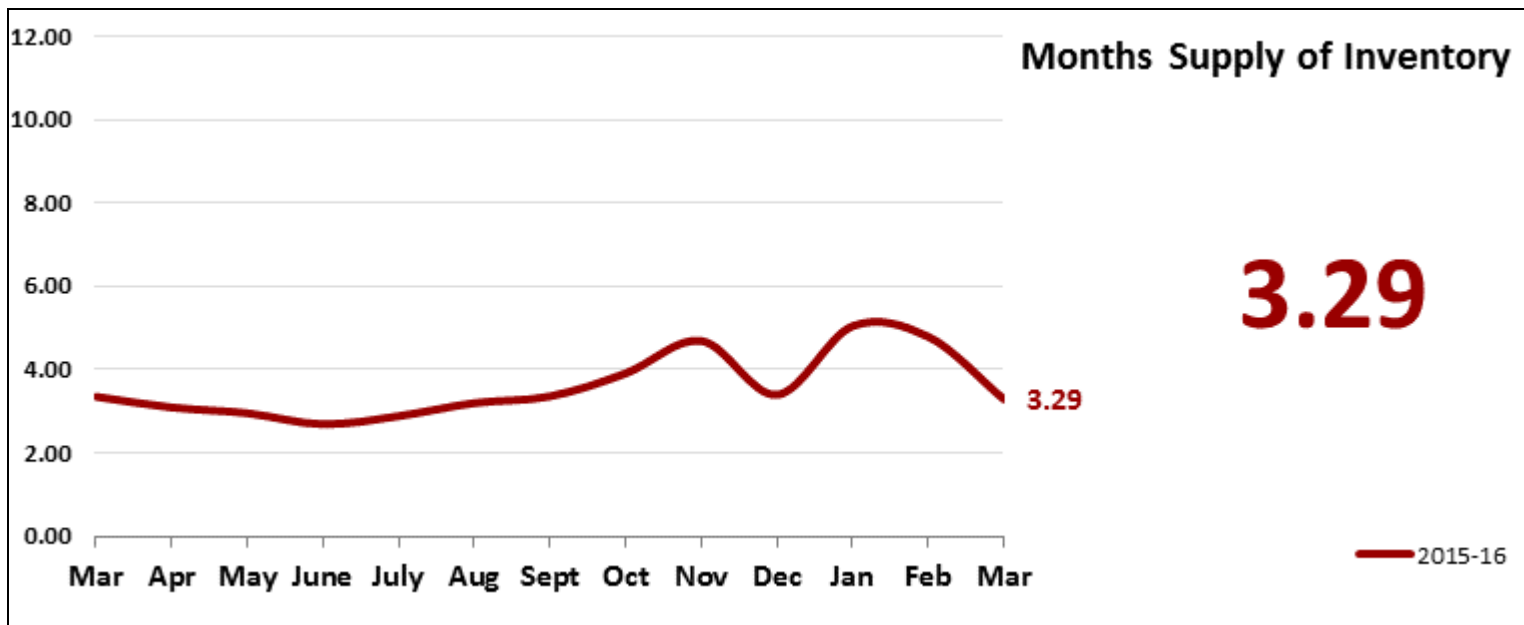
Total inventory has a month-over-month gain of +1% while year-over-year reflects an increase of +4.5%.

Total MLS listings that were active for at least one day from 3/1/2016 to 3/31/2016, 0 day DOM sales removed



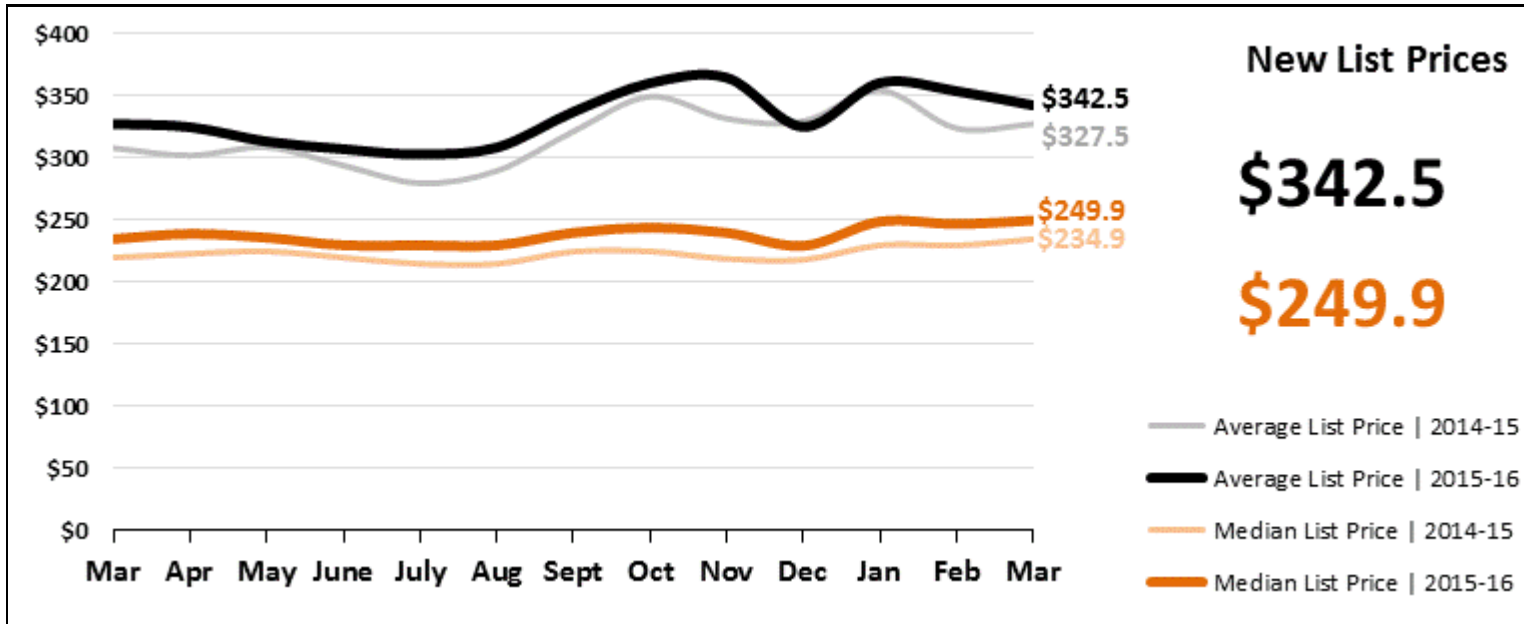
March UCB listings percent of total actives was 16.4% with CCBS listings at 1.9% of total actives.

Snapshot of statuses on 3/31/2016



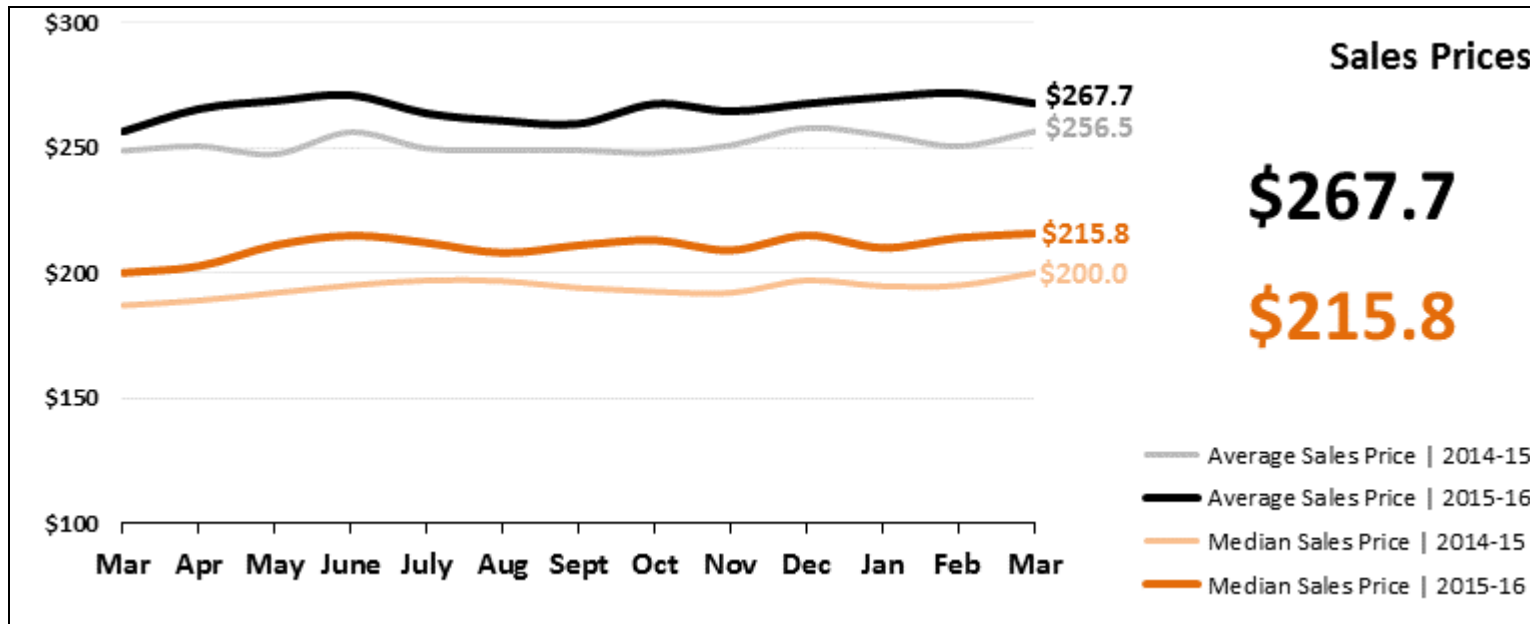
Months supply of inventory for February was 4.79 with March currently at 3.29.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of March 2016, 0 day DOM sales removed



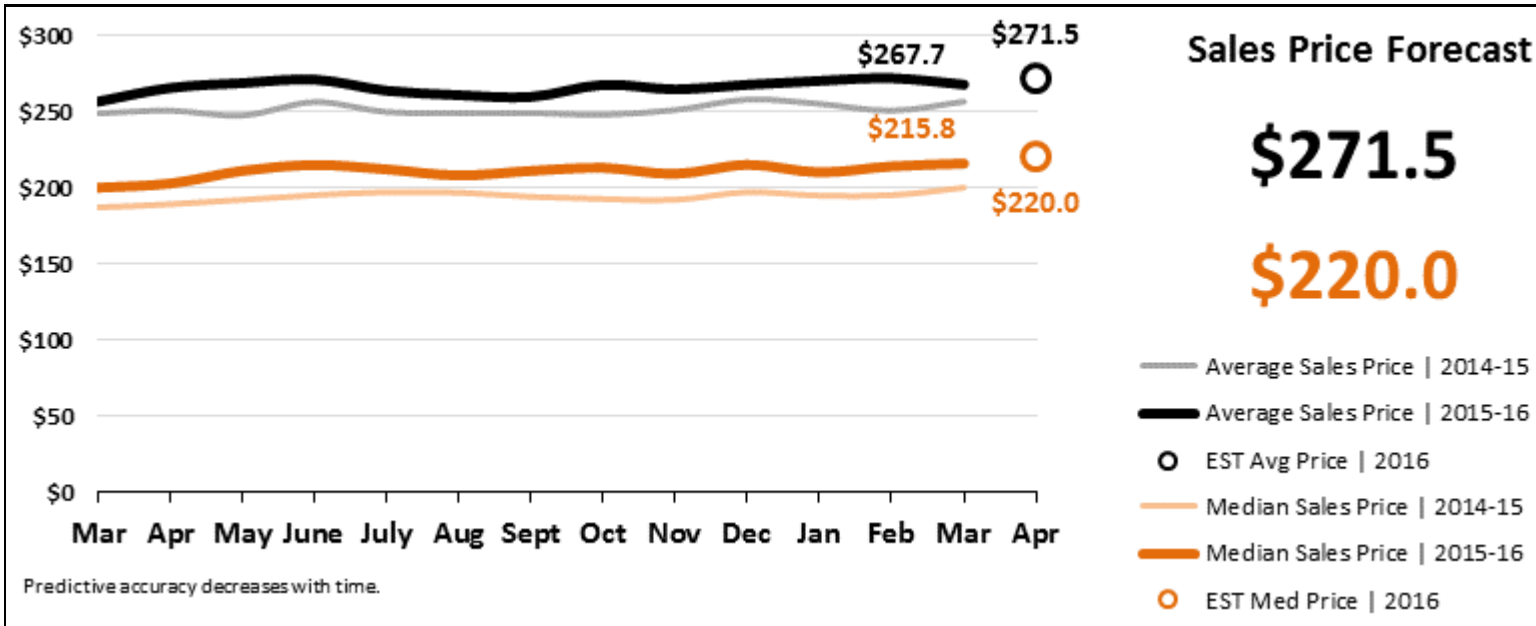
New average list prices are up +4.6% year-over-year average. The year-over-year median is up +6.4%.

List prices of new listings with list dates from 3/1/2016 to 3/31/2016, 0 day DOM sales removed



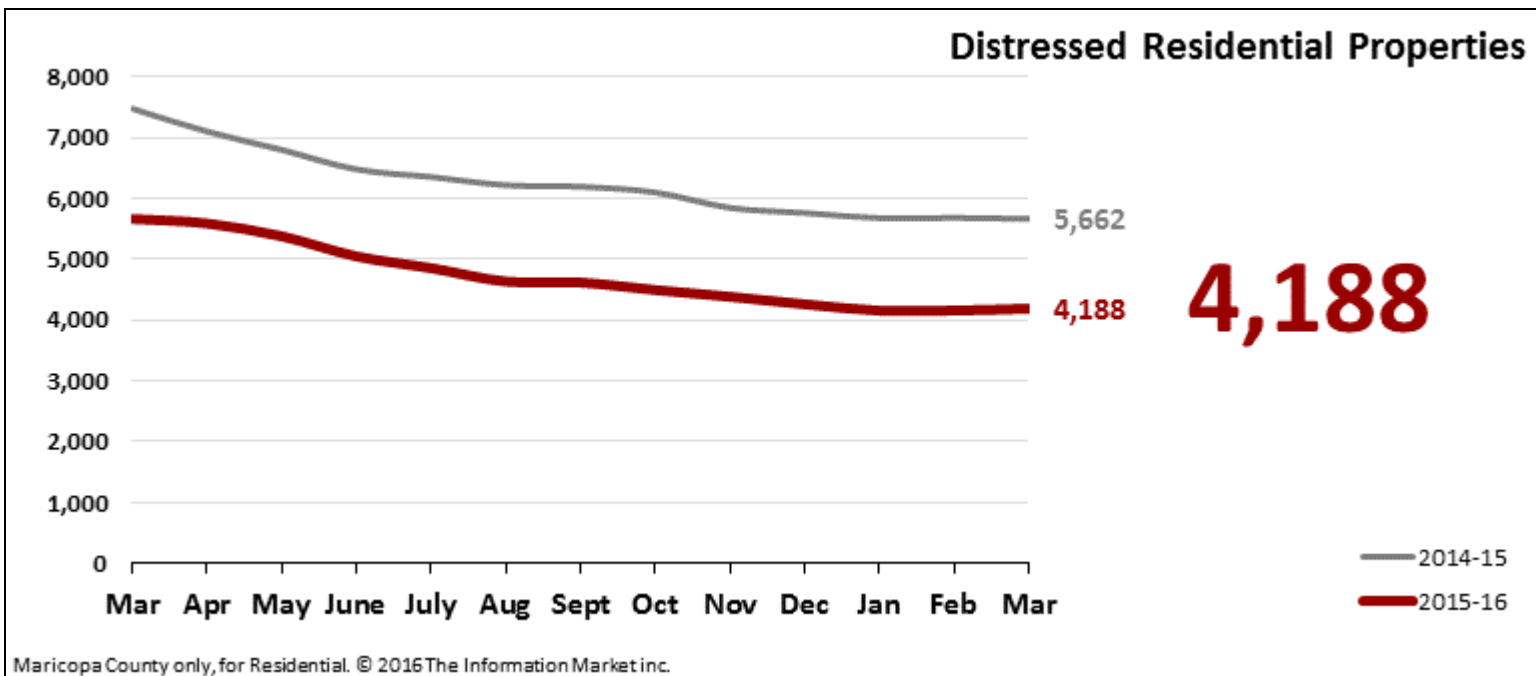
Sales prices are up +4.4% year-over-year on average while the year-over-year median is also up +7.9%.

MLS sales prices for closed listings with a close of escrow date from 3/1/2016 to 3/31/2016, 0 day DOM sales removed



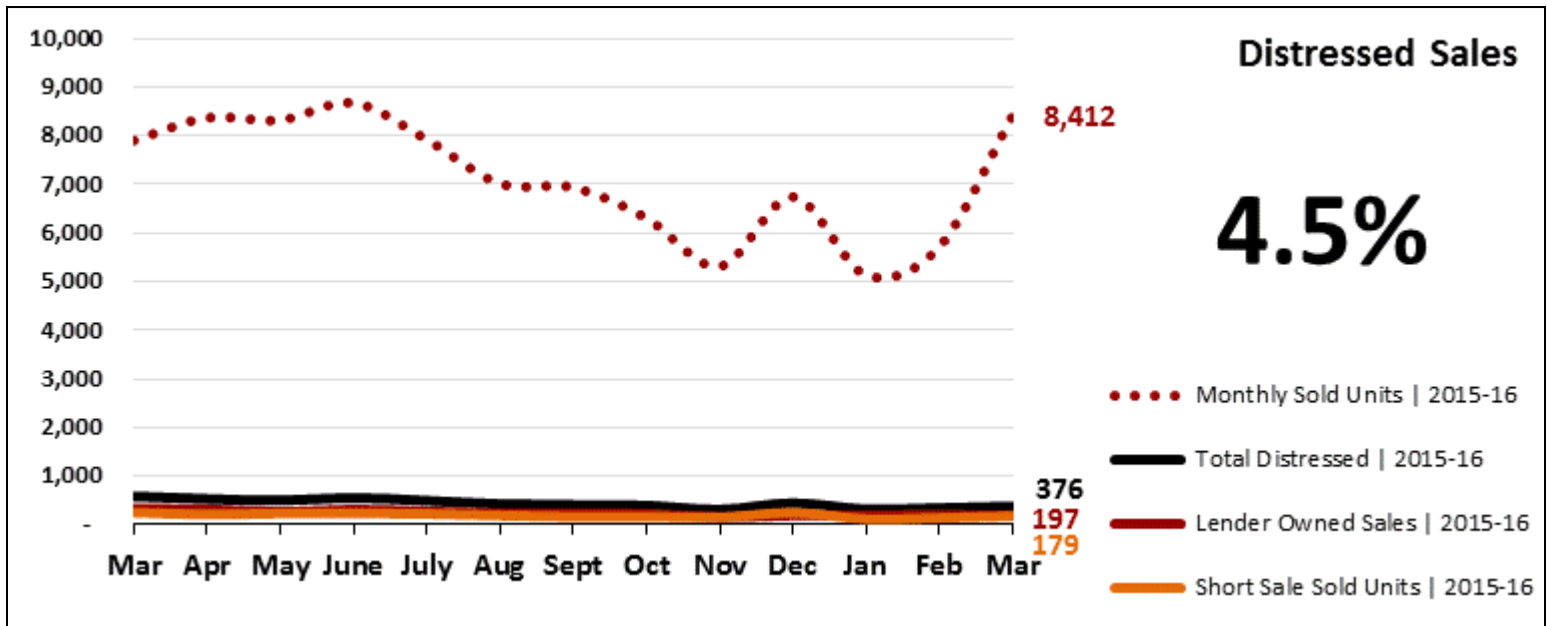
A slight increase is forecast for April.

ARMLS proprietary predictive model forecast, 0 day DOM sales removed



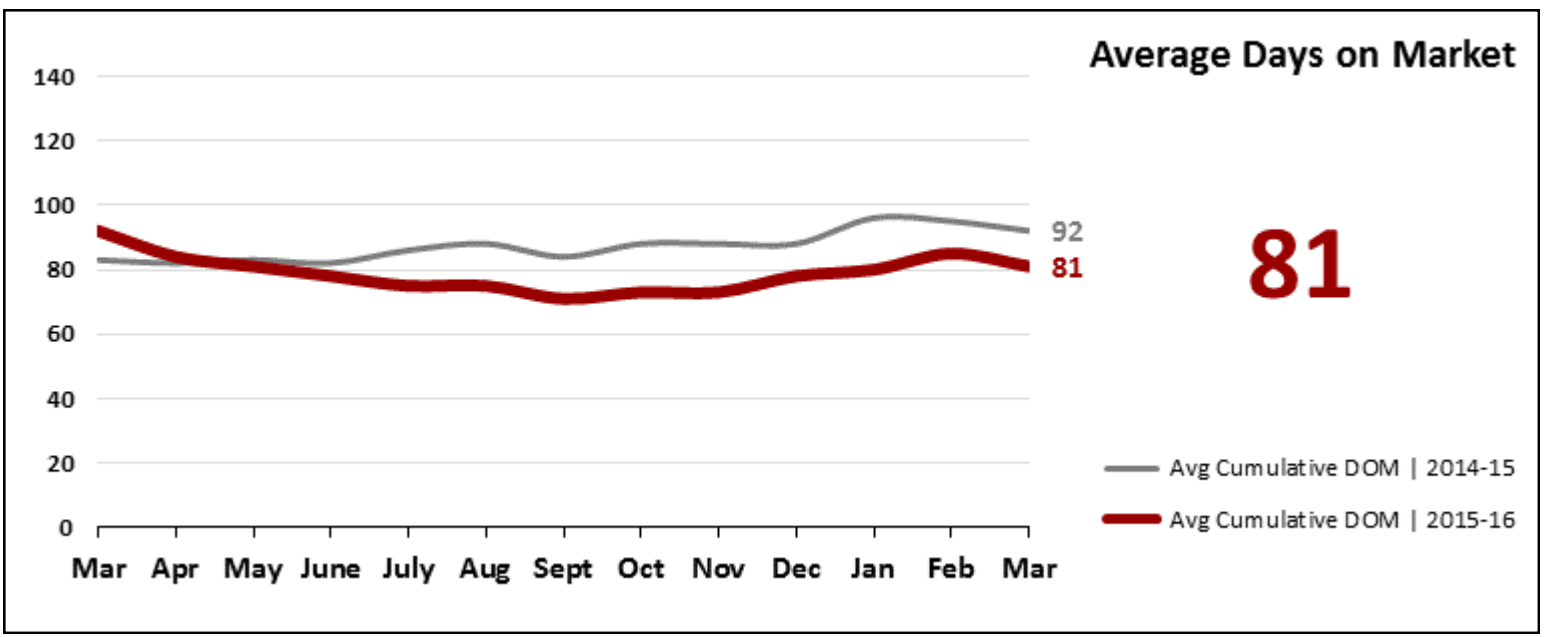
Foreclosures pending month-over-month showed +0.7% while the year-over-year figure was down -26.0%.

Snapshot of public records data on 3/31/2016 active residential notices and residential REO properties



Short sales dropped –9% year-over-year. Lender owned sales dropped –40.3% year-over-year. The total year-over-year changed to –35.4%.

Lender owned sales are MLS sales 3/1/2016 to 3/31/2016 where *Lender Owned/REO, HUD Owned Property* special listing conditions were selected
 Short sales are MLS sales 3/1/2016 to 3/31/2016 where *Short Sale Aprvl Req, Previously Aprved SS or Lender Approved SS* special listing conditions were selected



Days on market fell –11 days year-over-year while month-over-month saw a drop of –4 days.

Average of all closed listings 3/1/2016 to 3/31/2016 where DOM was greater than 0

COMMENTARY

by Tom Ruff of The Information Market

The first quarter officially ended with a sales volume increase of 3.14% over last year. We have averaged nearly 311 sales per day compared to 306 last year so far in 2016, taking into consideration that there were 62 business days in the first quarter of 2016 compared to 61 in 2015. The increase in sales volume was accompanied by annual increases in both the median sales price as well as total inventory. The median sales price saw a 7.87% increase with total inventory numbers up 4.5%. The increase in total inventory broke the pattern of steady declines seen since last year. Even with the increase, total inventory is below normal levels with serious shortages at the lower end of the market.

Our rising but lower than normal inventory levels are best explained by the handsome and articulate Mike Orr of the Cromford Report:

This is deceptive for much of the market because almost all of the missing homes for sale are at the affordable end of the market below \$175,000, where they are missing in huge numbers. The absence of the normal low end supply is not just in homes for sale. Affordable homes for rent are also extremely scarce. Entry level buyers and potential tenants are facing strong rises in price with no sign of relief.

I thought it might be interesting to look at quarterly Maricopa County real estate activity as an average business day. Think of it as a day in the life of the real estate market via public records. I've attempted to group the data by areas of focus. When reviewing the numbers you'll see just how consistent and stable our market has been year-over-year with just a few exceptions. The data is a compilation of Maricopa County public records data enhanced with MLS data. *Side note - all of the data is accessible in Monsoon.*

Foreclosures

Year	Third_party_auction	Reverted_to_bene	Sheriff_s_deeds	Deed_in_lieu
2015	7.8361	9.1148	1.0492	0.0328
2016	7.9516	6.2903	1.0806	0.0968

Avg. per day

Anyone hoping to buy a property on the court house steps has limited opportunity and can expect professional competition as only 8 properties per day are successfully purchased, just over 6 properties per day are returning to the banks.

Bank Sales

Year	Bank_sales	Gse	Hud	Va
2015	7.8852	4.8033	1.5410	0.2295
2016	5.0323	2.6774	0.9677	0.2581

Avg. per day

If no one bids on a property after going to auction it reverts to the beneficiary, in most cases a bank. The bank will then sell the property or deed it to a guaranteeing government entity such as HUD, VA, Freddie Mac or Fannie Mae. GSE stands for a Government Sponsored Enterprise and consists of Fannie/Freddie sales. Simply put, 6 properties per day are returning to the banks via foreclosures and 8 bank sales are occurring for a net reduction in REO inventory of 2 each business day.

Distressed Sales

Year	Active_notices	Short_sale
2015	4.5082	4.9508
2016	4.8065	4.0806

Avg. per day

Active notices refer to homes that were sold while in foreclosure. By definition, a notice of trustee sale had been filed against the homeowner and the property has a scheduled auction date. An active notice gives a home owner additional motivation to sell. Active notices are being used as a lead source by agents for perspective sellers. Most of the properties that have an active notice sell as short sales. The active notice tag just stresses an added urgency to sell. Agents specializing in this arena are selling about 9 homes combined per business day.

Flips

Year	Flips
2015	18.1803
2016	23.2419

Avg. per day

Flips are defined as any home that was purchased and then resold in a 6 month period. There are two basic types of flips, wholesale and retail. The wholesale market takes place primarily between investors and these flips can be identified by a very short period of time between the purchase and sale with smaller mark ups. Most flips are retail and this is where it gets interesting as they tell us quite a bit about our market. Flips are normally purchased at below market prices, renovated and then sold for prices that fall into the upper range of what the market will bear. Flips account for 23 home sales per business day.

Traditional Sales & New Construction

Year	New_constuction	Normal_sales
2015	32.7541	218.5500
2016	44.2581	229.9355

Avg. per day

Our market is now dominated by traditional sales. New construction is up approximately 36% year-over-year and is one of the exceptions I mentioned earlier. This is good news for our economy as it means not only an increase in construction jobs but also an increase in business for the trades that market to the buyers of newly built homes.

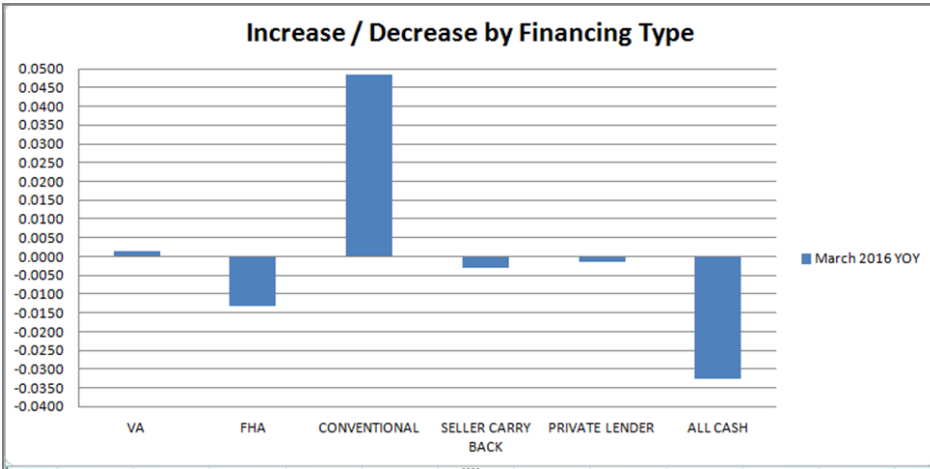
Financing Activity

Year	Va	Fha	Conventional	Seller_carry_back	Private_lender	All_cash
2015	25.5909	87.2273	166.3182	5.1364	5.2273	106.6364
2016	28.1304	88.0870	199.2174	4.3043	4.9565	100.5652

Year	Fhvac^	Loantovalue	Median
2015	CONVENTIONAL	0.8074	0.8000
2016	CONVENTIONAL	0.8139	0.8000
2015	FHA	0.9653	0.9819
2016	FHA	0.9641	0.9819
2015	PRIVATE LENDER	0.7843	
2016	PRIVATE LENDER	0.8089	
2015	SELLER CARRY BACK	0.7870	
2016	SELLER CARRY BACK	0.7843	
2015	VA	0.9945	1.0000
2016	VA	0.9867	1.0000

The two tables above compare year-over-year financing activity by daily averages and the ratio between the mortgage amount displayed on the deed of trust and the sales price reported on the affidavit of value. These tables compare March 2015 data and March 2016 compiled from Maricopa County public records. When we look at the year-over-year percentage change of these we see the second notable change in our housing market, an increase in conventional financing. The tables above and chart on the next page clearly reflect this change. What's the significance of this change? I don't believe it's an

indication of buyers having more cash for down payments, but rather an indication of buyers either trading up or trading down and using the equity in the home they are selling to make their new purchase. This is an emerging trend and definitely good news.



ARMLS Pending Price Index (PPI)

Our last Pending Price Index projected a March median price of \$215,000 with the actual median coming in at \$215,800, off by 0.37%. Sales volume in March as reported by ARMLS was 8,412 which was 412 sales more than our projected volume of 8,000. Looking ahead to April, the ARMLS Pending Price Index projects a median sales price of \$220,000. We begin March with 7,476 pending and 4,538 UCB listings giving us a total of 12,014 residential listings practically under contract. This compares to 11,997 of the same type of listings at this time last year. We expect sales volume in April to be very similar to the numbers last year with an increase in the median sales price. Our projected sales volume for April is 8,400. March was a great month over all as it increased in year-over-year sales volume by 6.5% and the median sales price increased by 7.9% over last year's numbers.

In closing I'd like to share a quotation from Sean Beckett, Chief Economist at Freddie Mac, referring to his outlook for the national housing market in 2016:

Housing markets are poised for their best year in a decade. In our latest forecast, total home sales, housing starts, and house prices will reach their highest levels since 2006. Low mortgage rates, robust job growth and a gradual increase in housing supply will help drive housing markets forward. Low levels of inventory for-sale and for-rent and declining housing affordability will be major challenges, but on balance the nation's housing markets should sustain their momentum from 2015 into 2016 and 2017.