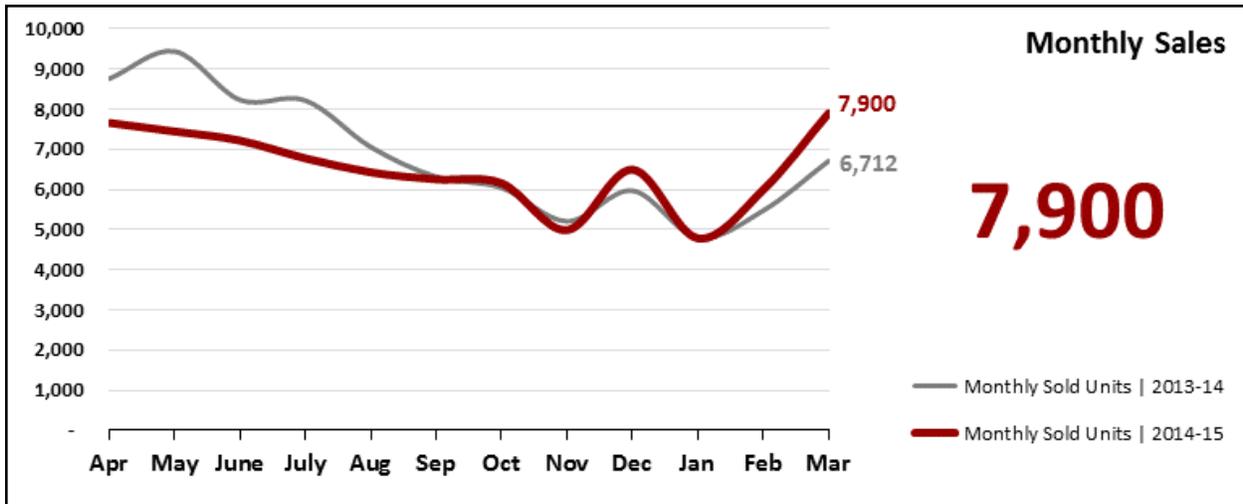




ARMLS® STAT - April 15, 2015

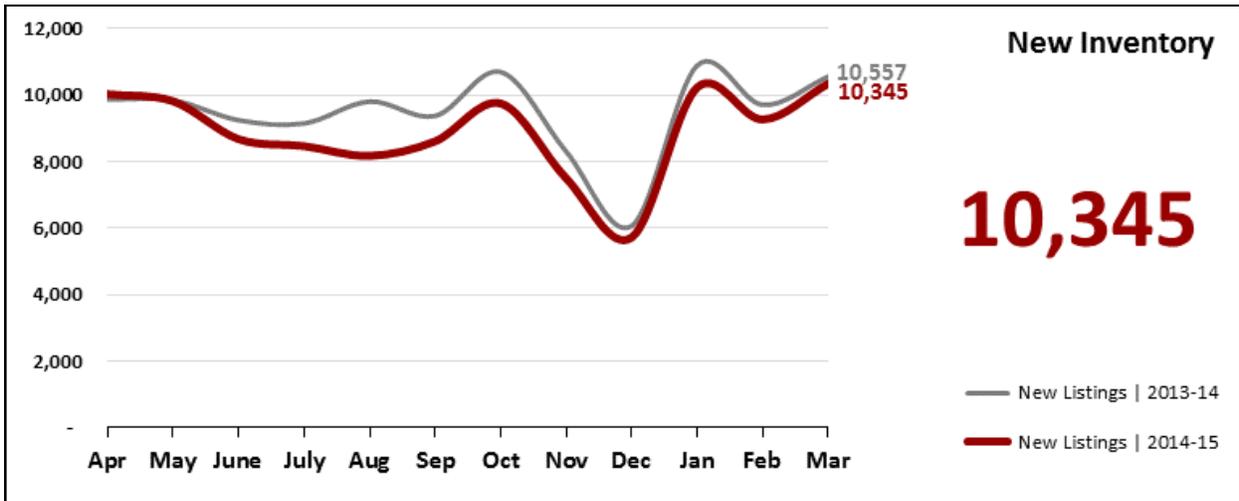
MONTHLY SALES



+17.7% year-over-year
+31.9% month-over-month

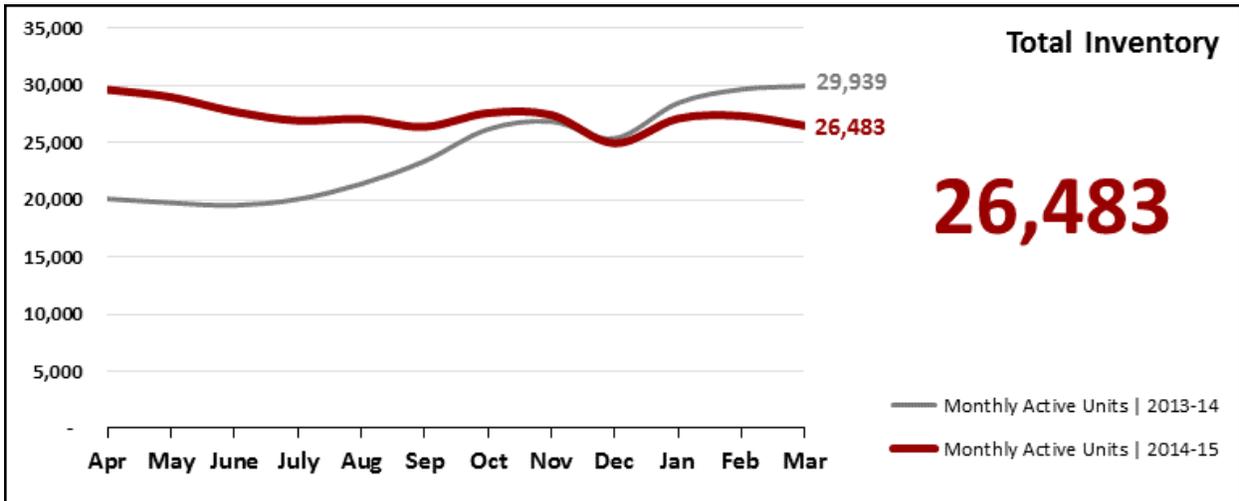
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NEW INVENTORY



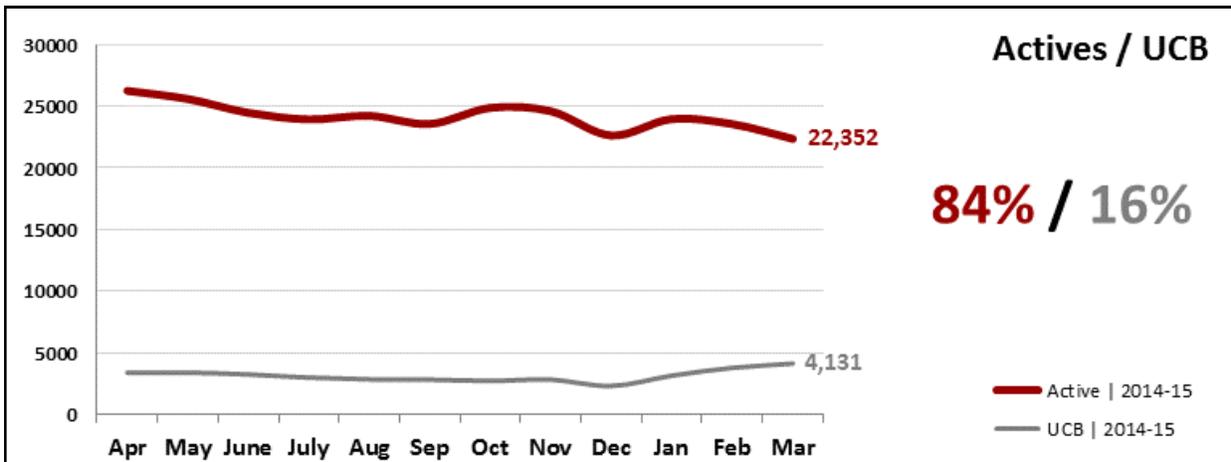
-2.0% year-over-year
+11.6% month-over-month

TOTAL INVENTORY



-11.5% year-over-year
-3.1% month-over-month

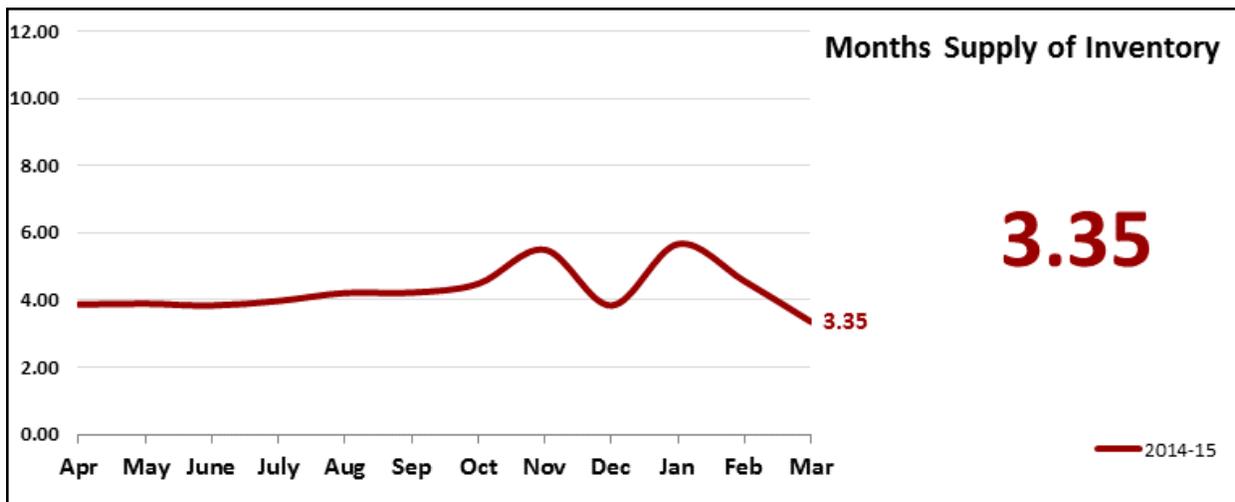
ACTIVES / UCB



13.8% FEB 2015 UCB percent of total Active

15.6% MAR 2015 UCB percent of total Active

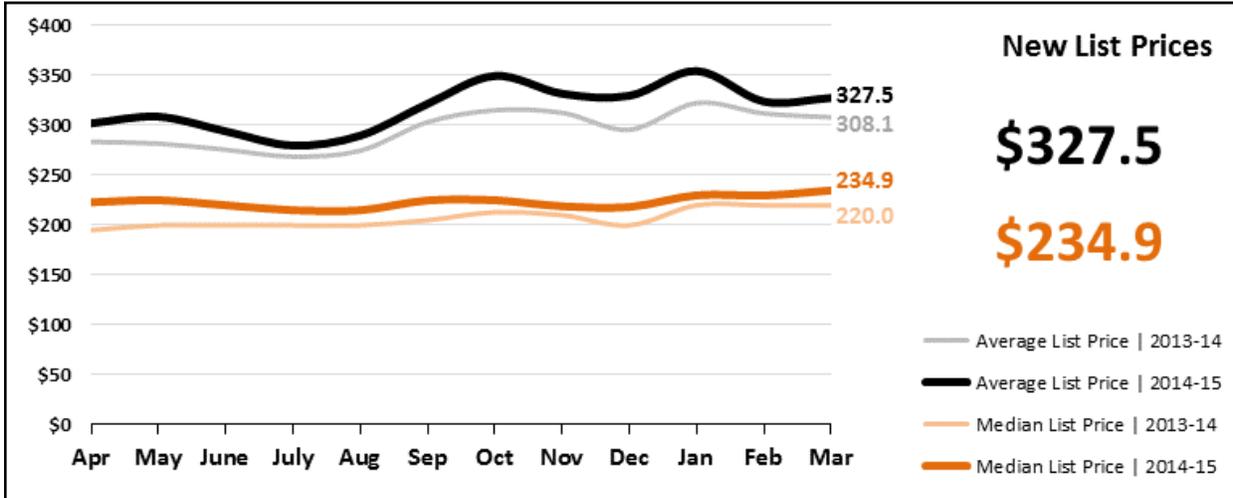
MONTHS SUPPLY OF INVENTORY



4.56 MSI FEB 2015

3.35 MSI MAR 2015

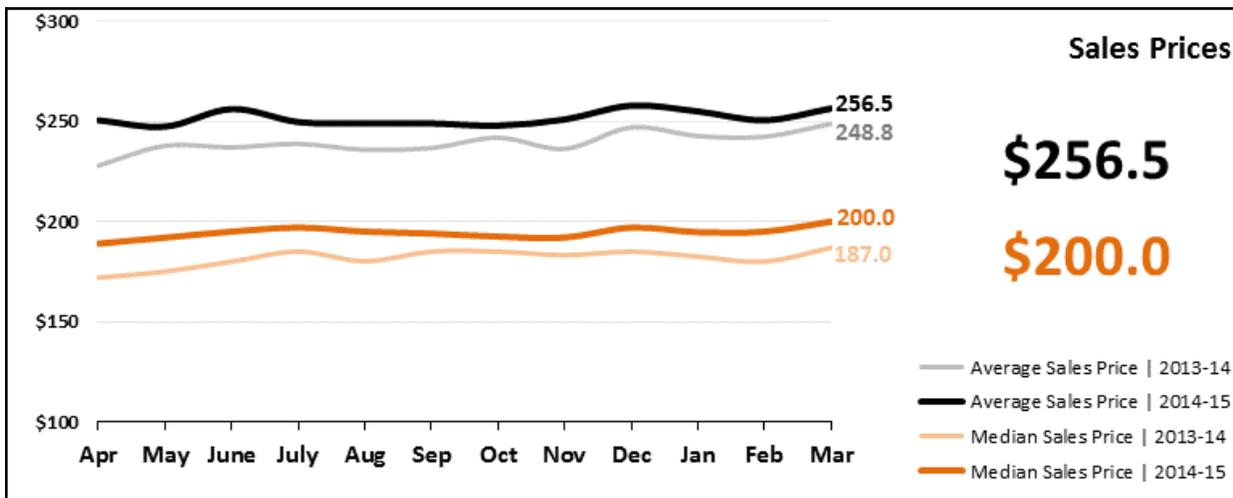
NEW LIST PRICES



+6.3% year-over-year average

+6.8% year-over-year median

SALES PRICES

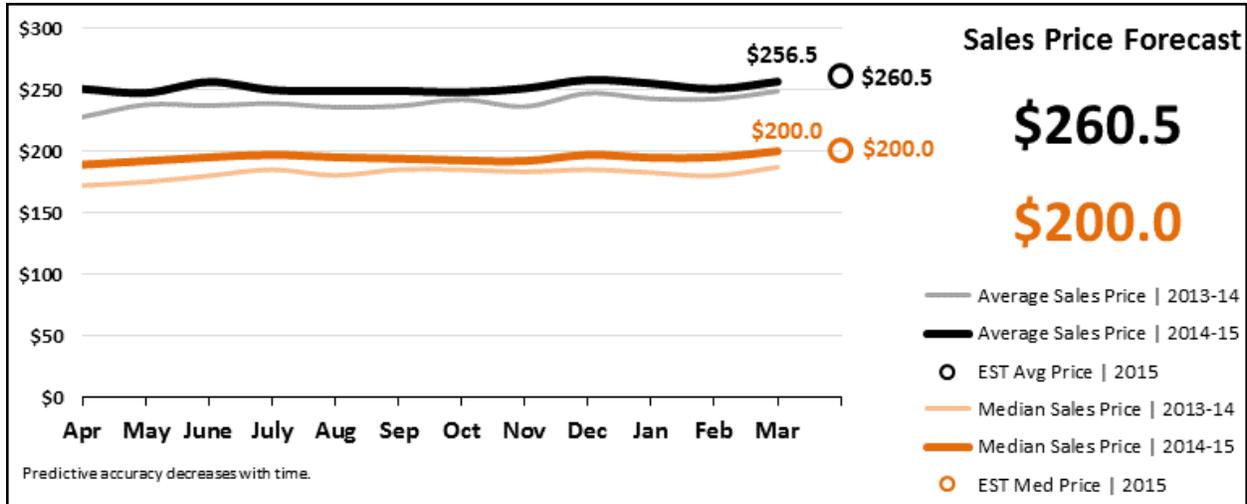


+3.1% year-over-year average

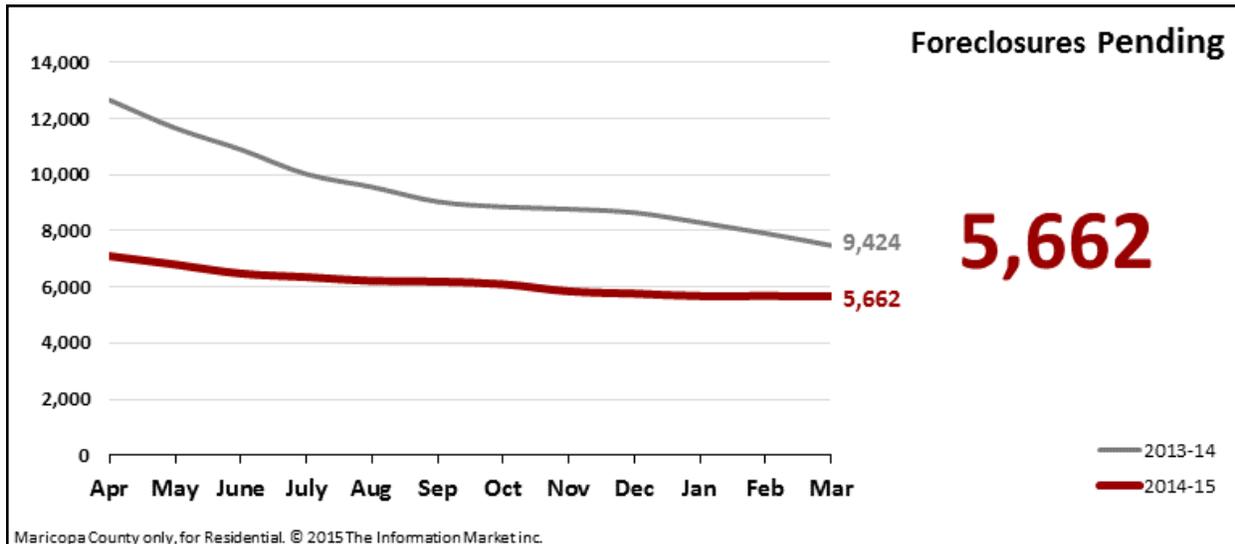
+7.0% year-over-year median

THE ARMLS® PENDING PRICE INDEX™

SALES PRICE FORECAST

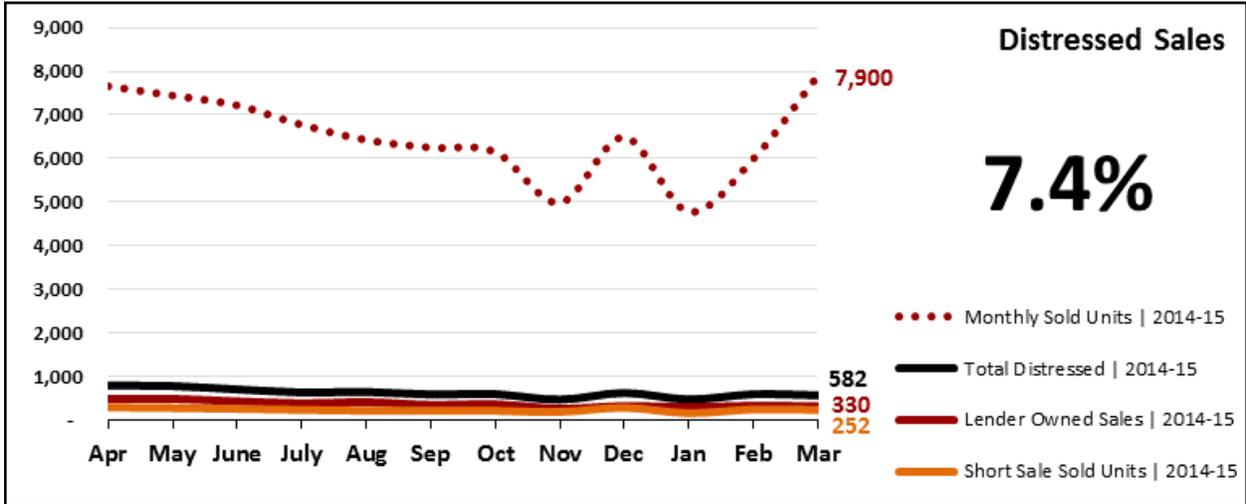


FORECLOSURES PENDING



-24.2% year-over-year
-0.3% month-over-month

DISTRESSED SALES

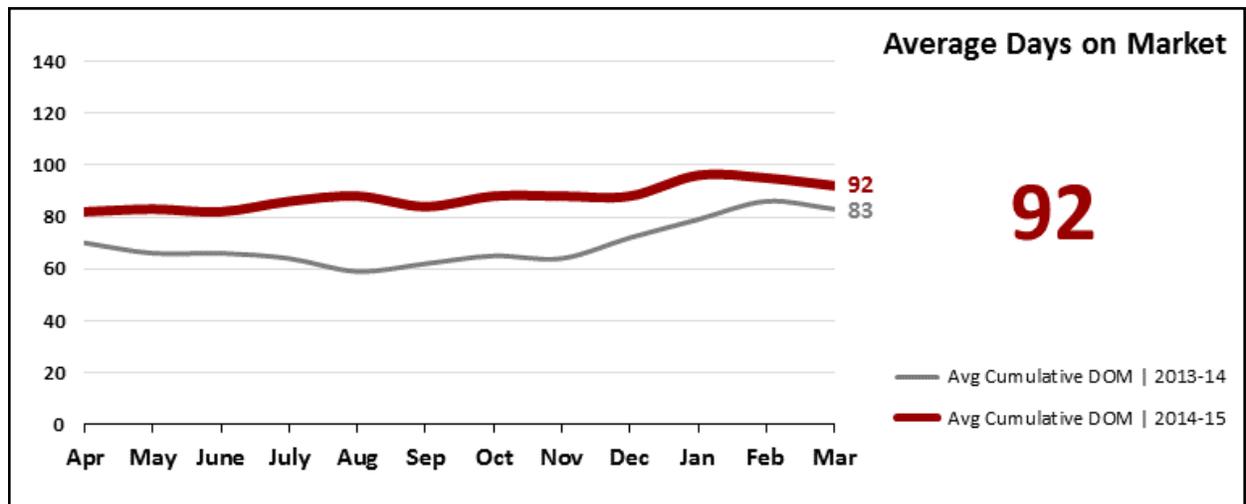


-25.7% short sale units year-over-year

-28.6% lender owned units year-over-year

-27.3% total year-over-year

AVERAGE DAYS ON MARKET



+9 year-over-year

-3 month-over-month

COMMENTARY

by Tom Ruff of The Information Market

Freddie Mac introduced a new publicly-accessible tool last year called the [Multi-Indicator Market Index](#), also known as MiMi. This tool monitors the stability of the nation's housing market using four individual metrics: home purchase applications, affordable housing analysis, mortgage delinquency / payment rates, and employment strength for each market. They said of Phoenix:

“The Phoenix housing market is defined as weak and declining.”

MiMi is interesting but like other national reports, the information reported is not as timely as our locally reported data, for example their most recent report uses data from January. They're not wrong they're just slow. Our STAT report showed weak sales volume in January, but as the first quarter progressed our market demonstrated the axiom, **demand can quickly change**.

Sales volume for the first quarter of 2015 was 10.5% higher than last year. There were 18,674 homes sold in Q1 2015 compared to 16,983 last year. It should be noted that the sales volume last year set a very low standard and was often times described as anemic. The gains in sales volume for the first quarter took place in February and March after a modest decline in January.

Sales figures in February 2015 were up 9.4% year-over-year and sales volume in March 2015 was up 17.7% year-over-year. Last year at this time we had theorized demand was 20% to 25% below normal. The increase in volume this past month makes the argument that sales volumes are approaching their customary levels.

When we take a closer look inside the March 2015 numbers we see investor activity fell to 12.1% of sales compared to 16.25% a year ago. Pair that with foreclosure inventories in Maricopa County (REO & Active Notices) being down 24.2% year-over-year, it's now undeniable: the traditional home buyer is the driving force in our housing market.

Declining foreclosure and investor activity have been prevalent for some time. What we've really been waiting for are improvements in traditional financing and new construction:

Traditional Financing

There were 1,249 more recorded home sales in March 2015 compared to March 2014, according to the Affidavits of Value in Maricopa County. The most interesting metric from the Affidavits of Value appears in the method of financing box, where there were 1,134 more homes this March that obtained loans compared to last March.

New Construction

New construction gained 8% higher year-over-year in March. New construction numbers are still paltry but are improving. As an indicator of what might be expected in the coming months on the new construction front, the RL Brown Housing Reports home page stated: "New Home permits for March are up more than 50% from the same month last year and up +40% from last month."

Where is this new demand coming from? My anecdotal evidence says boomerang buyers are finally starting to emerge based on two close friends who are re-entering the market. One purchased a resale home using FHA financing and the other purchased a newly constructed home using conventional financing. Considering the number of friends I have, it's actually a large sampling. I believe the increase we're seeing in home purchases and purchase money financing is a result of improving credit scores and not a lessening of credit requirements as Michael Orr of the Cromford Report succinctly pointed out in his daily observation on March 18. "The Ellie Mae Origination Insight Report for February contains very little sign of lenders easing their underwriting standards."

Average FICO score for successful applications:	February 2015	January 2015
Conventional	754	752
FHA	683	682
VA	702	704

Average FICO score for denied applications:	February 2015	January 2015
Conventional	729	721
FHA	662	657
VA	668	666

If my suspicions are correct and boomerang buyers are returning, it is most likely due to improving credit scores and not a lessening of qualifying standards. It should be further noted this new wave of buyers are just now crossing the starting line.

With demand approaching normal levels, supply is still well below normal. Total supply is 11.5% lower than last year at this time. If we look at active listings and exclude those in UCB, we see inventory has fallen 15.5% year-over-year. This is encouraging news for sellers because if the current pattern of increased demand continues, upward pricing pressure can be expected.

Pending Price Index (PPI)

Our last Pending Price Index projected a March median price of \$199,000 with the actual median coming in at \$200,000. Looking ahead to April, the ARMLS Pending Price Index projects a median sales price of \$200,000. One of the weaknesses in reporting the median sales price is prices tend to stick around common price points, where pricing near 200,000 is attracted to the clean look of \$200,000 instead of \$198,127. It's simply prettier and easier to say out loud.

We began April 2015 with 11,997 residential listings under contract compared to 10,817 for the same period last year. April 2015 sales volume will undoubtedly exceed April 2014 (7,659). We expect sales this month to land in the 8,500 range. Our estimated sales volume last month of 7,500 was 5.3% below the actual sales figure of 7,900.