ARIZONA REGIONAL MULTIPLE LISTING SERVICE, INC.

STAT

your monthly statistics
for the Phoenix Metro area

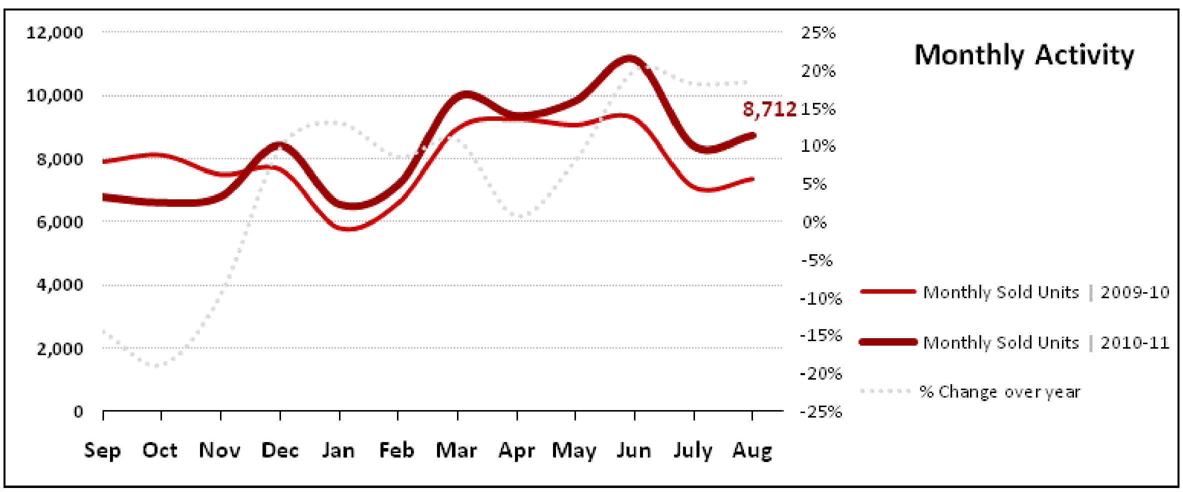
September 6, 2011

SALES Month over Month

Total sales ticked up 3.9% in August to 8,717 units. After July's 24.6% decline, the upward turn in August sales is a small but welcome reprieve, and follows the wave pattern set over the last ten months of 2011.

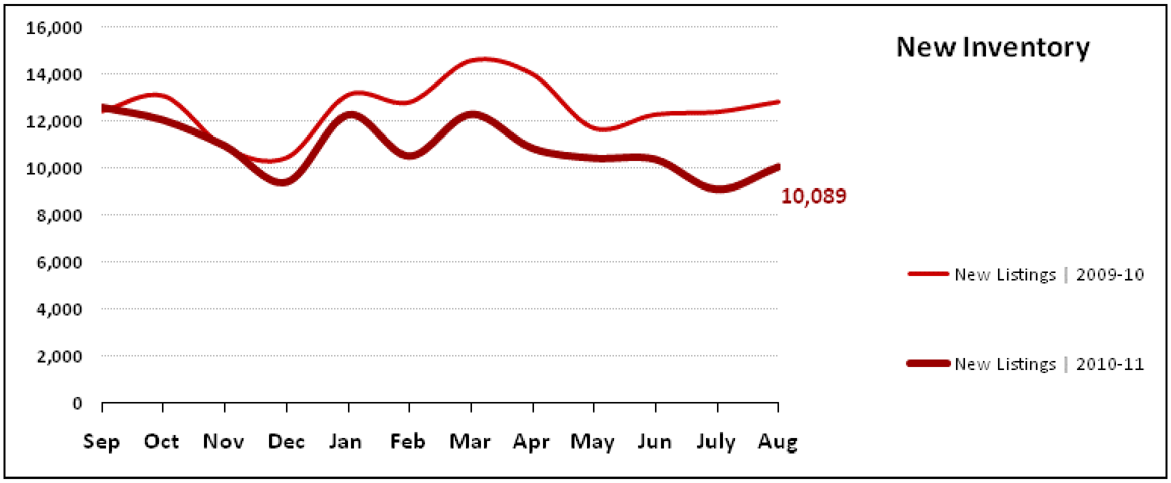
SALES Year over Year

Sales were up 18.4% over the August 2010 figure. The 8,717 sales in August represent the third highest August sales figure of the decade, surpassed only by August 2004 (8,992) and August 2005 (10,031).



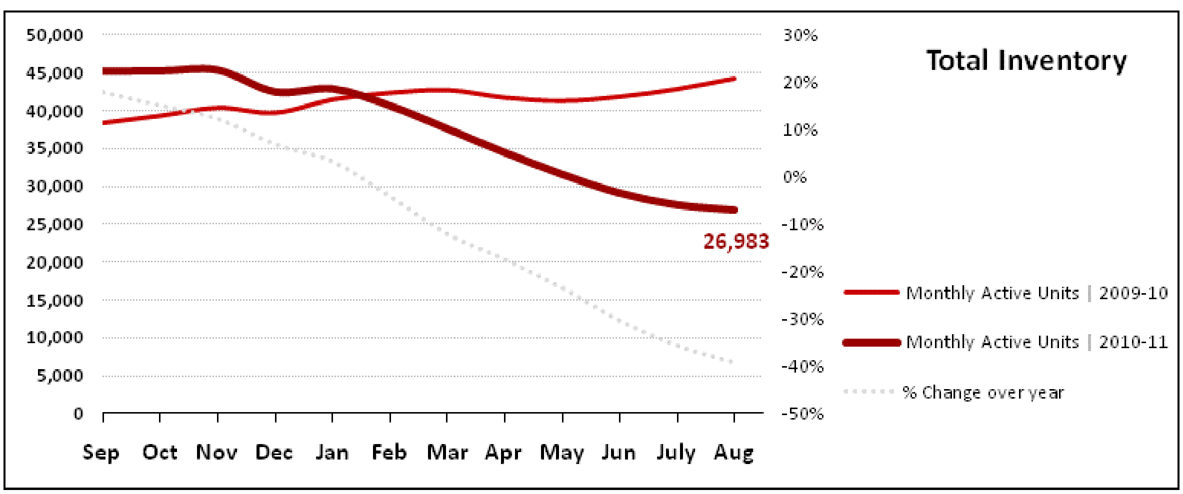
NEW INVENTORY

A total of 10,089 new listings were added to the market in August, a 10.4% increase over July. This figure is in line with the 2011 new listings average of 10,862 added to the market each month. Even with the 10.4% uptick in August, the trend line for new listings has been downward for the previous twelve months.



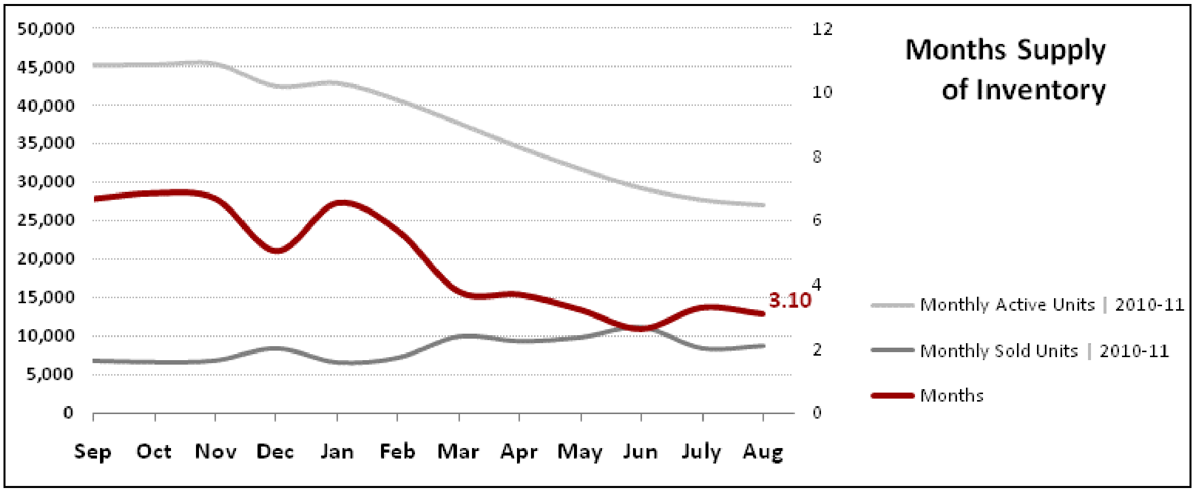
TOTAL INVENTORY

Total inventory dropped again in August for the seventh month in a row to 26,983, 2.4% below July's figure. The overall downward inventory trend begun in November 2010 represents a continuing reduction in overall market supply, and is seen as good news.



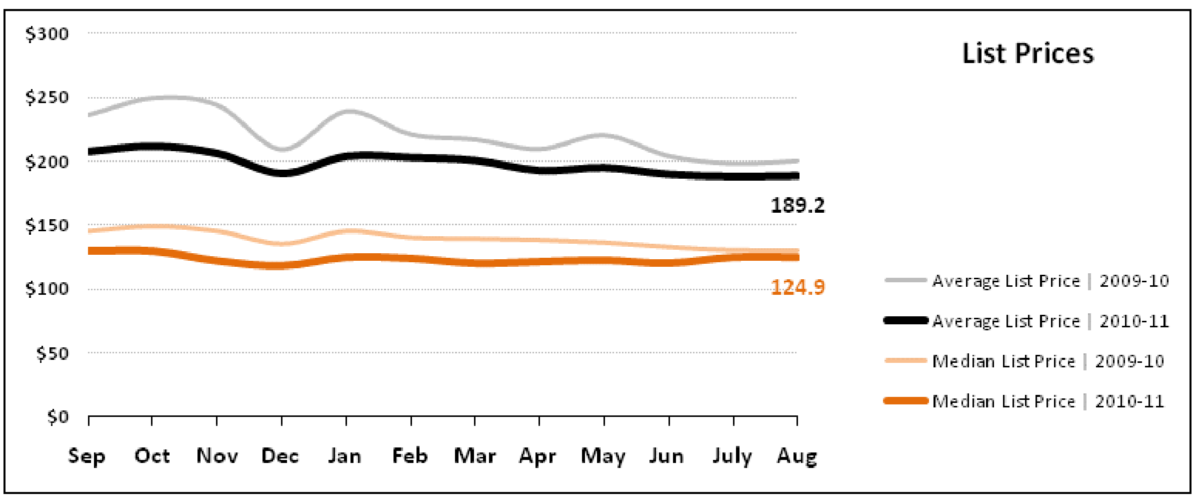
MONTHS SUPPLY OF INVENTORY (MSI)

Despite an uptick in July, August's MSI of 3.1 continues on the downward trend begun in January. An overall market MSI is only a barometer of market health and not indicative of MSIs in smaller market niches. An MSI above 6 months is regarded as a Buyer's market and below 4 months is regarded as a Seller's market.



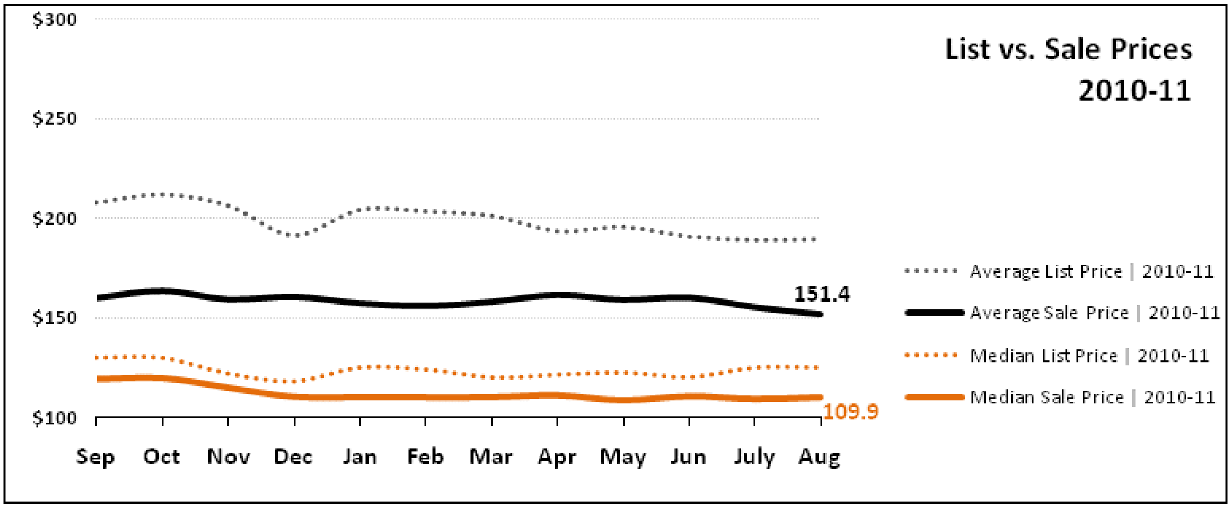
NEW LIST PRICES

Median new list price remains unchanged from July's figure of $124,900. The average new list price rose .2% to $189,200. Both the median and averages figures are best described as flat lined, showing no inclination toward recovery in the immediate future. New list pricing appears to have bottomed out fueling speculation on how soon they increase, rather than will they go lower.



SALES PRICES

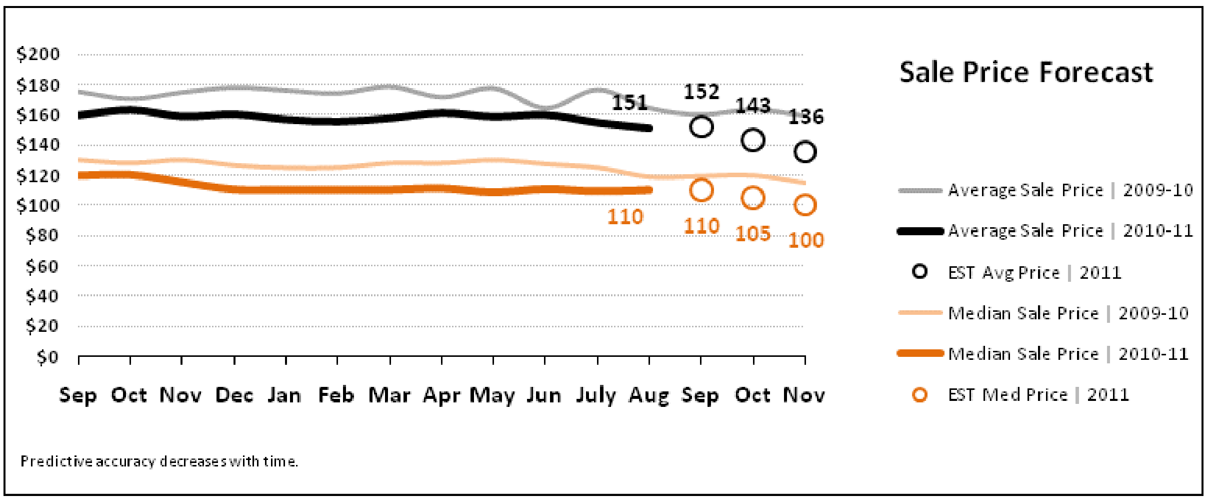
Sales prices are following the same lackluster performance of list pricing. The median sales price for August was $109,900, showing little change from July's $109,000. Average sales price declined in August from July's $155,000 to $151,400, representing a 2.3% decline. All in all sales prices for the previous 12 months remain relatively flat on an anemic downward trend line. Even though sales activity is robust, since most of the activity is at the low end, median and average pricing remain depressed.



The ARMLS Pending Price Index is a predictive tool unique to ARMLS which uses pending sales data in the MLS system to forecast the median and average pricing trends ninety days into the future. Its predictive accuracy diminishes with time as new pending properties are added to the system. As a harbinger of future pricing, it is a useful tool for future strategic decision making by Brokers, Agents, Buyers and Sellers.

In looking at the PPI's predictive accuracy in August, it shows July's prediction of August's median sales price was $110,000, right on for the actual $109,900. Last month's prediction of August's average sales price was $152,000, .92% off from the actual of $151,000.

This month PPI predicts the median sales prices to be $110,300 in September, drop to $105,000 in October and fall again to $100,000 in November. Average sales prices are expected to be $152,000 in September, and follow the double drop pattern of the median pricing with a decline in October to $143,000 and a further fall in November to $136,000.



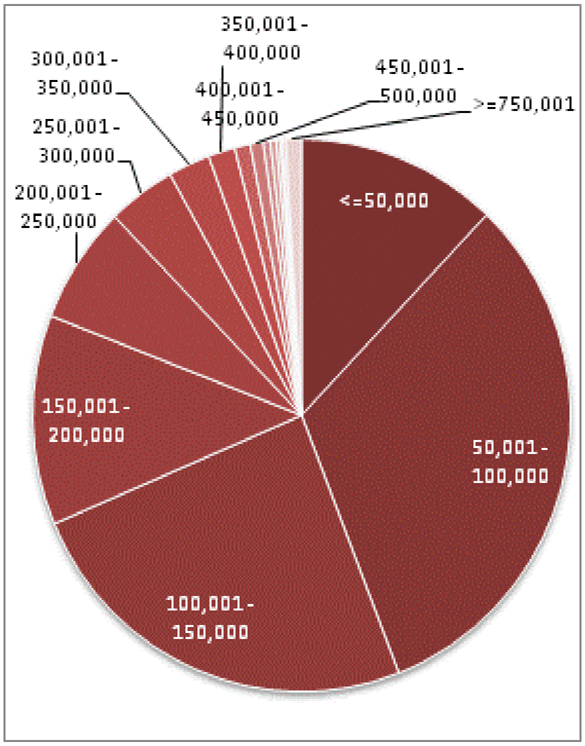
PPI SUPPLEMENT

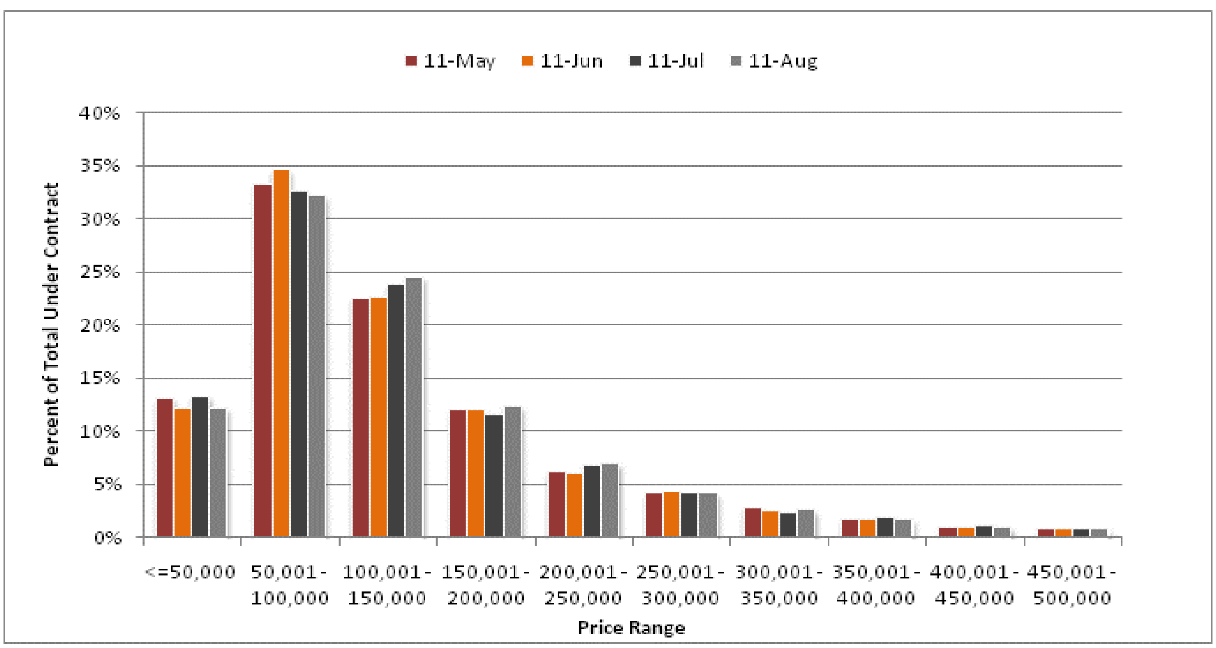
The PPI Supplement focuses on newly pending properties added each month to the total pending pool in the MLS system. The preponderance of sales in the lower ranges has been characteristic of the market since 2009. By comparing the new pending figures in rolling four month increments, we are able to detect the more subtle changes in the market's buying preferences.

A shift in the range below 50,000 and 50,001-100,000 shows a slight decline in the number of new pendings in those ranges. In fact, the number of pendings in the 50,001 - 100,000 range declined for three months in a row. During the same period, however, the new pendings in the $100,001-$150,000 increased three months in a row. Month over month small percentage gains were also seen in the pendings in the ranges of $150,001 - $200,000, $200,001 - $250,000 and $300,001 - $350,000.

As the number of available properties in the lower ranges declines, Buyers will shift their buying preferences to the next closest range which will eventually drive pricing higher. On such subtle changes over time is a market recovery formed.

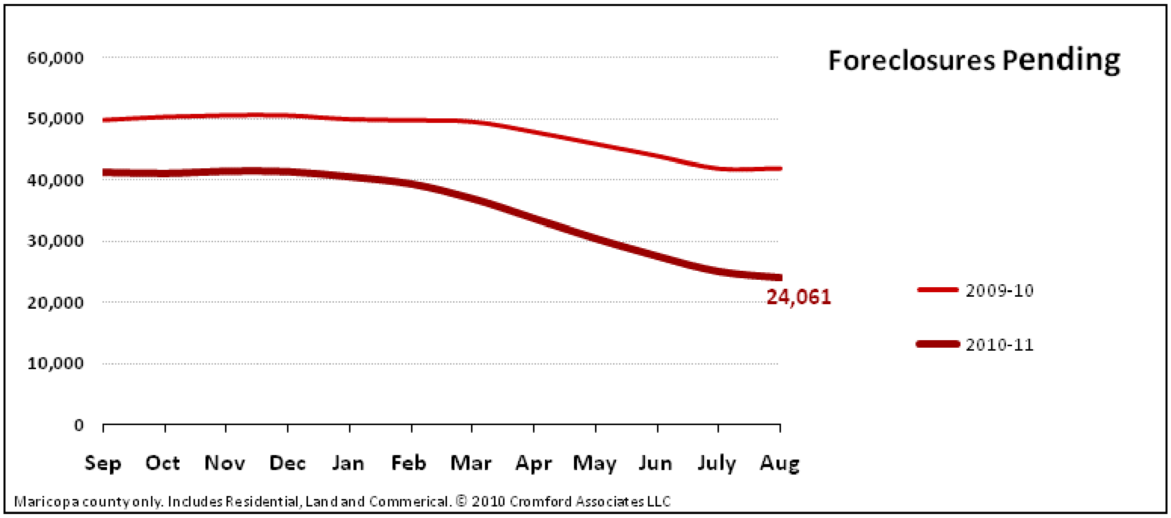
Pending Contracts Signed In August				
Price Range	PPI Avg	PPI Med	PPI Units	Units % of Total
<=50,000	35,097	36,000	1,165	12.08%
50,001 - 100,000	76,686	77,000	3,091	32.04%
100,001 - 150,000	124,798	124,900	2,361	24.47%
150,001 - 200,000	173,583	172,000	1,184	12.27%
200,001 - 250,000	226,508	225,000	666	6.90%
250,001 - 300,000	276,227	275,000	395	4.09%
300,001 - 350,000	326,867	325,000	243	2.52%
350,001 - 400,000	375,151	375,000	155	1.61%
400,001 - 450,000	427,395	425,000	91	0.94%
450,001 - 500,000	479,553	475,000	75	0.78%
500,001 - 550,000	527,308	525,000	41	0.43%
550,001 - 600,000	580,021	582,600	34	0.35%
600,001 - 650,000	629,586	630,000	22	0.23%
650,001 - 700,000	678,229	680,000	14	0.15%
700,001 - 750,000	732,889	732,500	18	0.19%
>=750,001	1,174,813	1,000,320	92	0.95%





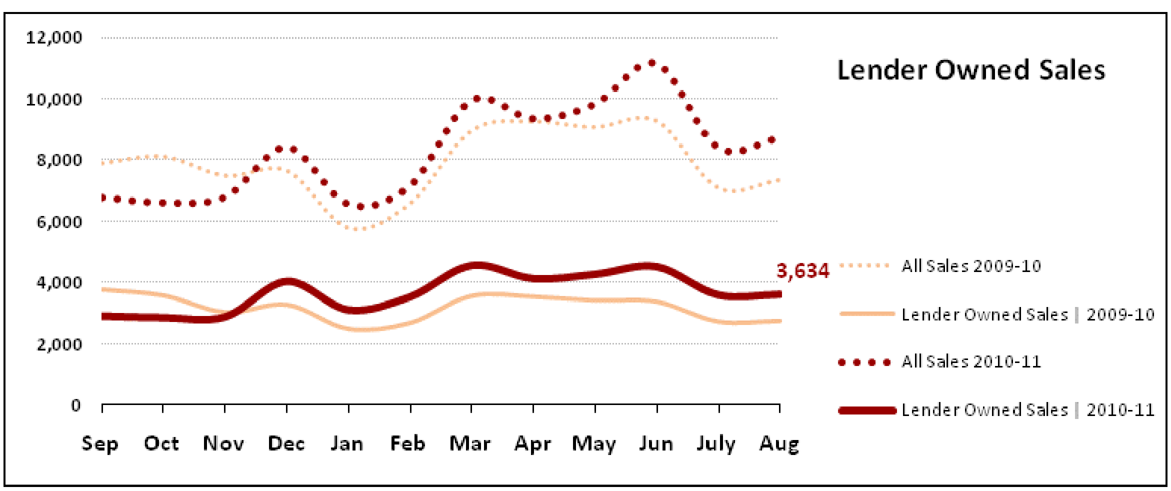
FORECLOSURES PENDING

Continuing on the same downward trajectory begun from a high in November 2009 of 50,568, August's foreclosures pending were 24,061, a small decrease of 4% from July. Even with the slowing rate of decline since July, the foreclosures pending are still on target to cross the 20,000 mark by the end of 2011. Foreclosure pendings feed the total foreclosure pool which negatively impacts pricing. Decreased flow from the foreclosure pending spigot is seen as a necessary precursor to mitigating the sizable influence of lender owned sales on the market.



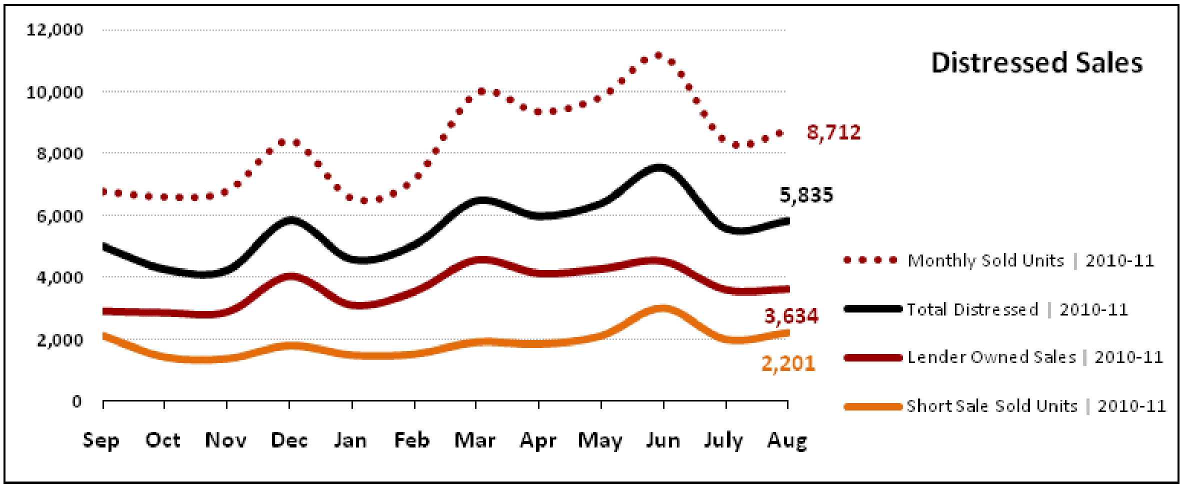
LENDER OWNED SALES

Total lender owned sales remained almost unchanged from July's 3,614, with 3,634 in August. Lender owned sales as a percentage of total sales decreased slightly to 41.7%, from July's 43.1%. This is in line though with the 12 month average of 44.5%. Lender owned sales doggedly continue their negative pricing pressure on Valley pricing.



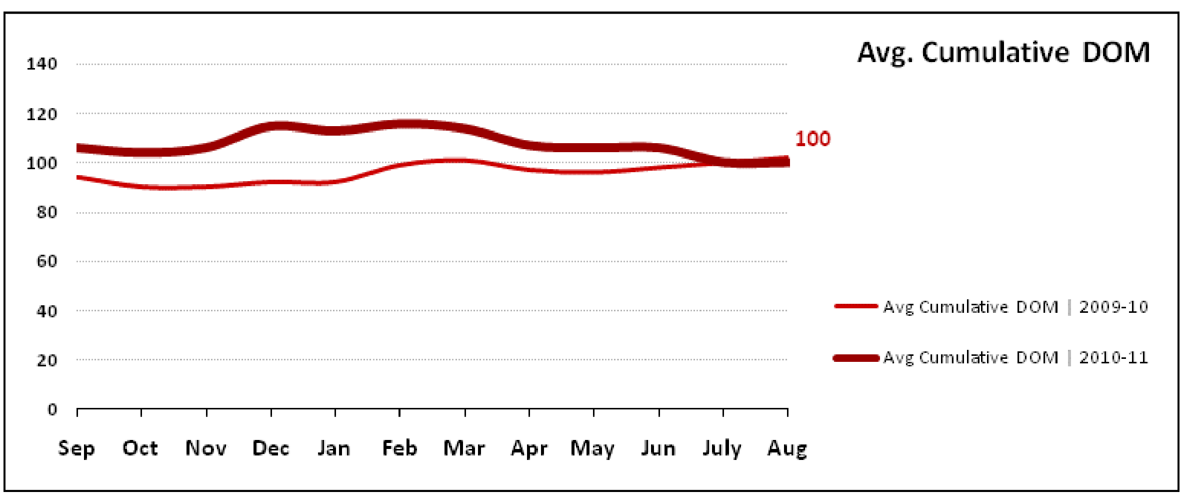
DISTRESSED SALES

Distressed sales are a composite of short sales and lender owned sales, whose original owners were compelled to liquidate their property under duress either through foreclosure or depleted equity plus lender debt abatement. The number of short sales in August rose 11.1% to 2,201, representing 25.3% of total sales. Short sales and foreclosures combined (5,835) represented 67% of total sales. This is consistent with the twelve month average of 67.36% of distressed sales relative to total sales. STAT sees little change in the dominance of distressed properties on the Valley's pricing landscape in the foreseeable future.



AVERAGE DAYS ON MARKET

Average days on market remained unchanged from July at 100 days. A market wide DOM is not indicative of the DOMs in smaller market niches which vary widely. The value of a total market DOM is useful only as a barometer of overall market health. It should never be used to predict the length of time an individual property will stay on the market, which is influenced by the supply and demand balance in its own market niche.



COMMENTARY

This month STAT reports good news on several fronts: total sales are up 3.9%, new inventory is still on a downward trajectory despite an increase (10.4%) in August, total inventory continues to decline, MSI declined slightly, and foreclosures pending dropped for the 20th straight month. Pricing, however, which still bobs in dead water, feels no breeze from the jobless recovery. The trend lines for new list prices and sales prices are basically flat, and the PPI predictions show no reversal in the near future.

Jobs remain the key to the Valley's recovery. The July unemployment rate for Phoenix Metro was 8.71%, up over the 8.01% reported in May, but down over the 9% reported in June. It is, though, slightly more optimistic than Arizona's unemployment rate of 9.72%.[1]

The U.S. Bureau of Labor Statistics reported six consecutive months of Metro Phoenix Area job growth, following three years of job losses (230,000 net jobs lost). From January to June 2011, more than 17,000 jobs were created.[2] While this is good news, the perspective of only a 17,000 new job creation in the first half of 2011 makes it painfully evident that we have a long way to go. In previous 2011 issues, STAT reported that Intel announced the creation of an estimated 14,000 jobs and that Boeing, PayPal, First Solar, and Amazon will also create new jobs.

On September 2, the Bureau of Labor Statistics reported that non-farm jobs in the Valley increased .7% over the past 12 months, with educational and health services representing the largest increase of 5.9%, followed by leisure and hospitality with a 3% increase. Still other important areas showed negative growth, notably construction (-11.9%), and government (-1.9%).[2] While Phoenix Metro job growth is weak, it is moving in a positive direction.

Like the last dog days (dies caniculares[3]) of the Valley's 2011 intensely hot summer, pricing remains doggedly uncomfortable. For both the heat and pricing, we know for sure that their days are numbered and relief is coming. If only the timing for both were is sync.

[1] EBEller Online
[2] Bureau of Labor Statistics
[3] http://en.wikipedia.org/wiki/Dog_Days