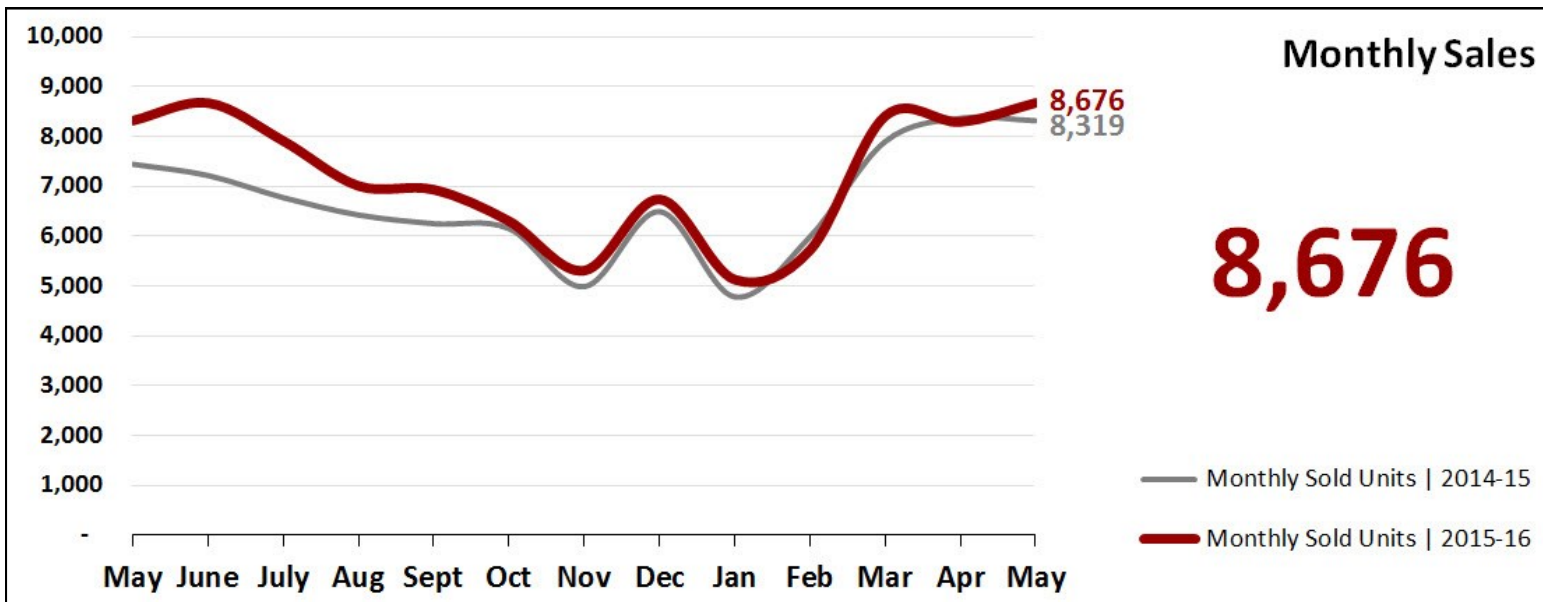




YOUR MONTHLY STATISTICS FOR THE PHOENIX METRO AREA STAT

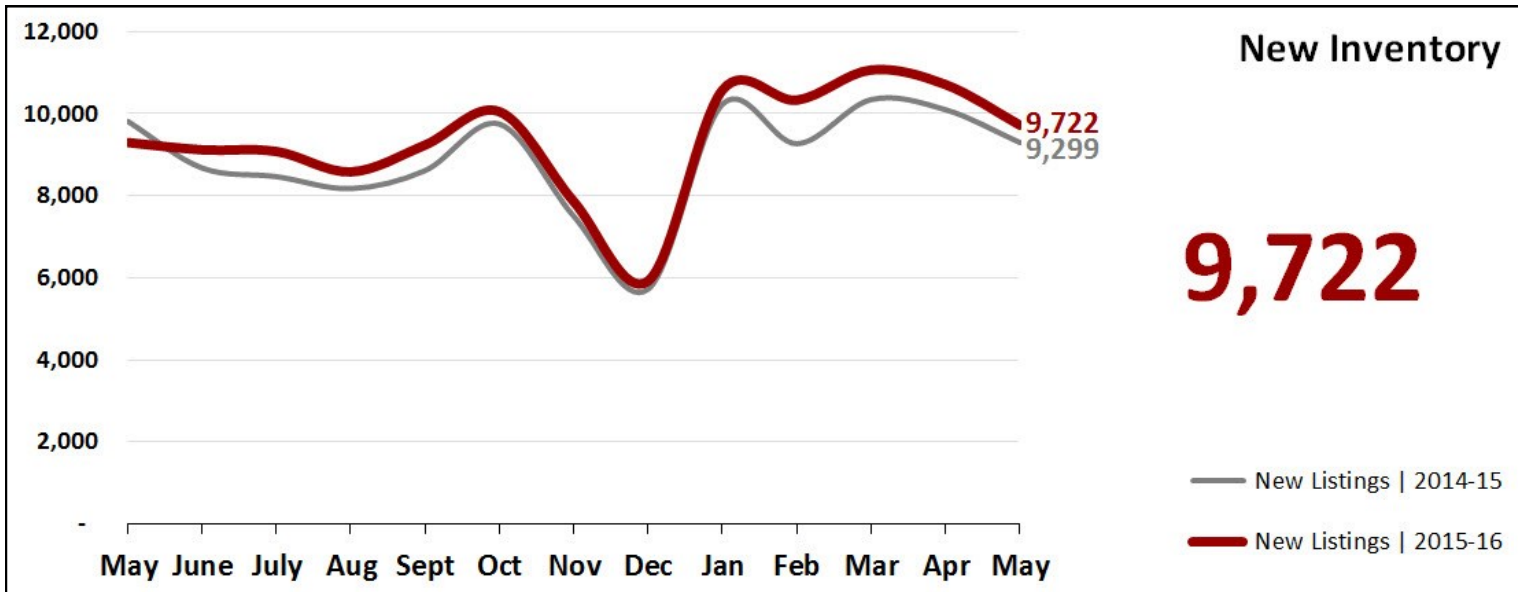


MAY 2016 - Published June 16, 2016



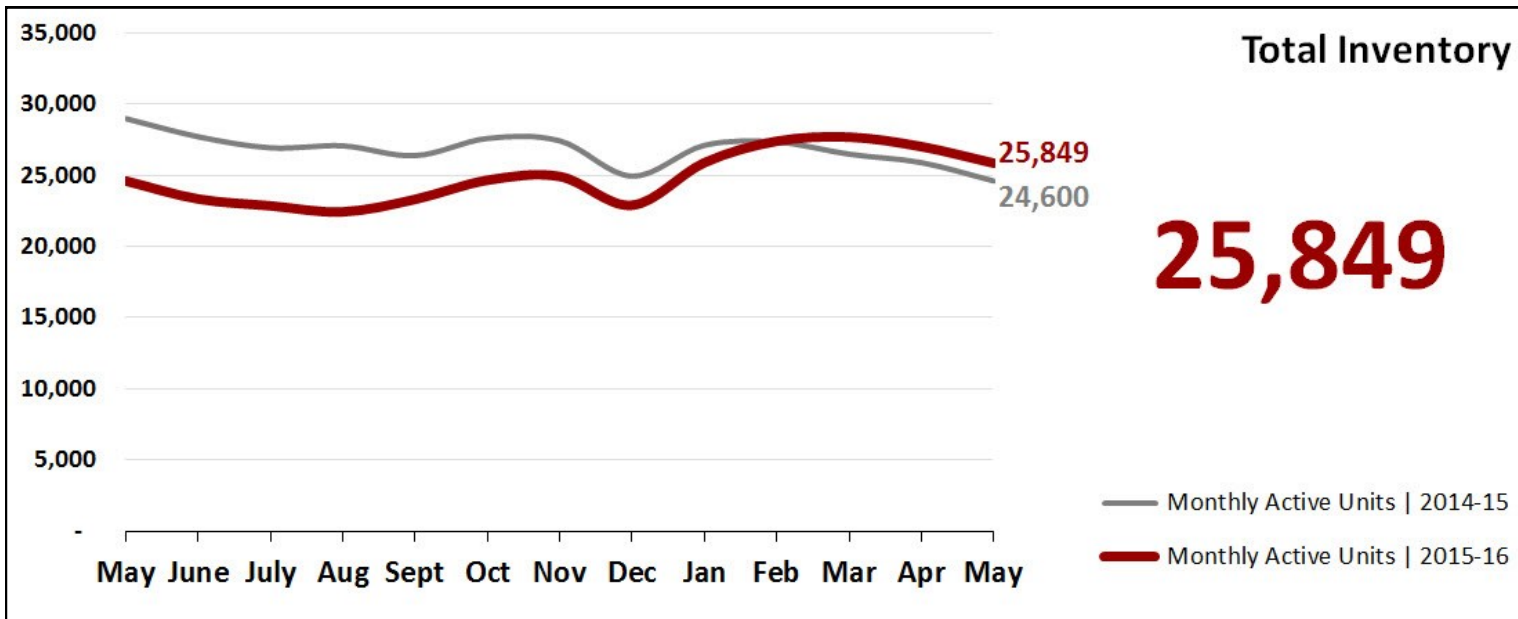
Monthly sales are up +4.6% month-over-month. The year-over-year comparison shows an increase of +4.3%.

Closed MLS sales with a close of escrow date from 5/1/2016 to 5/31/2016, 0 day DOM sales removed



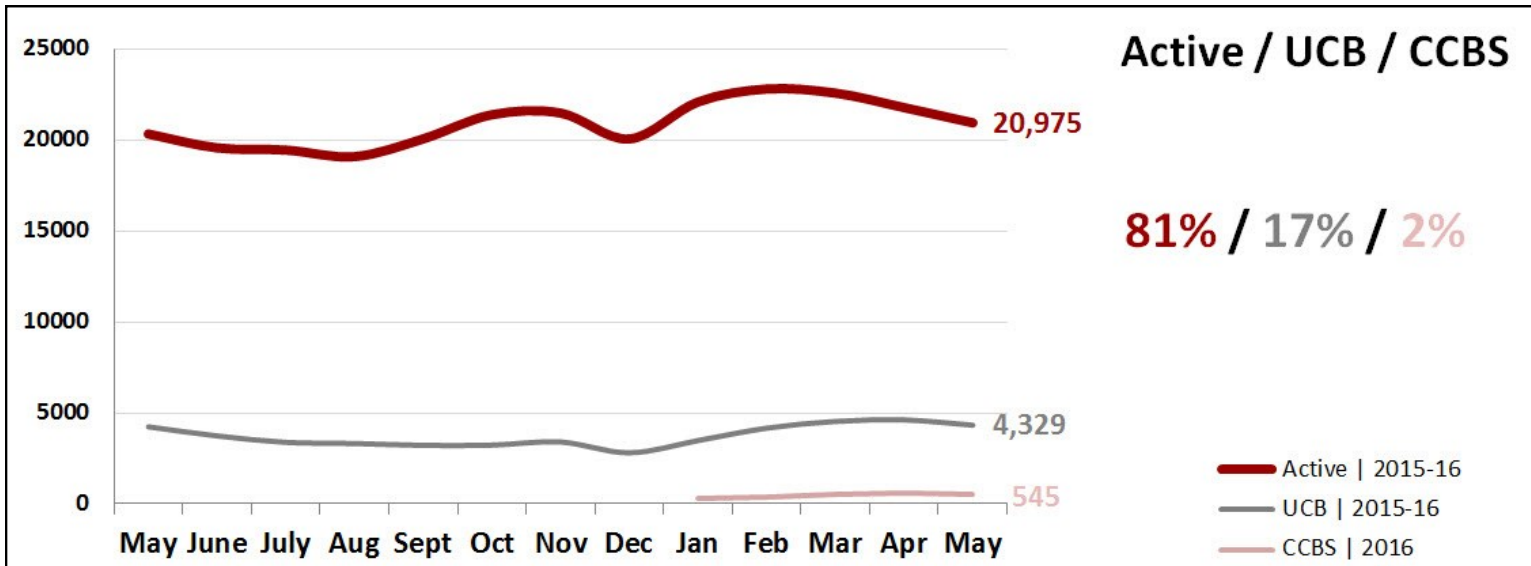
New inventory is down -9.2% month-over-month while the year-over-year comparison shows an increase of +4.5%.

New MLS listings that were active for at least one day from 5/1/2016 to 5/31/2016, 0 day DOM sales removed



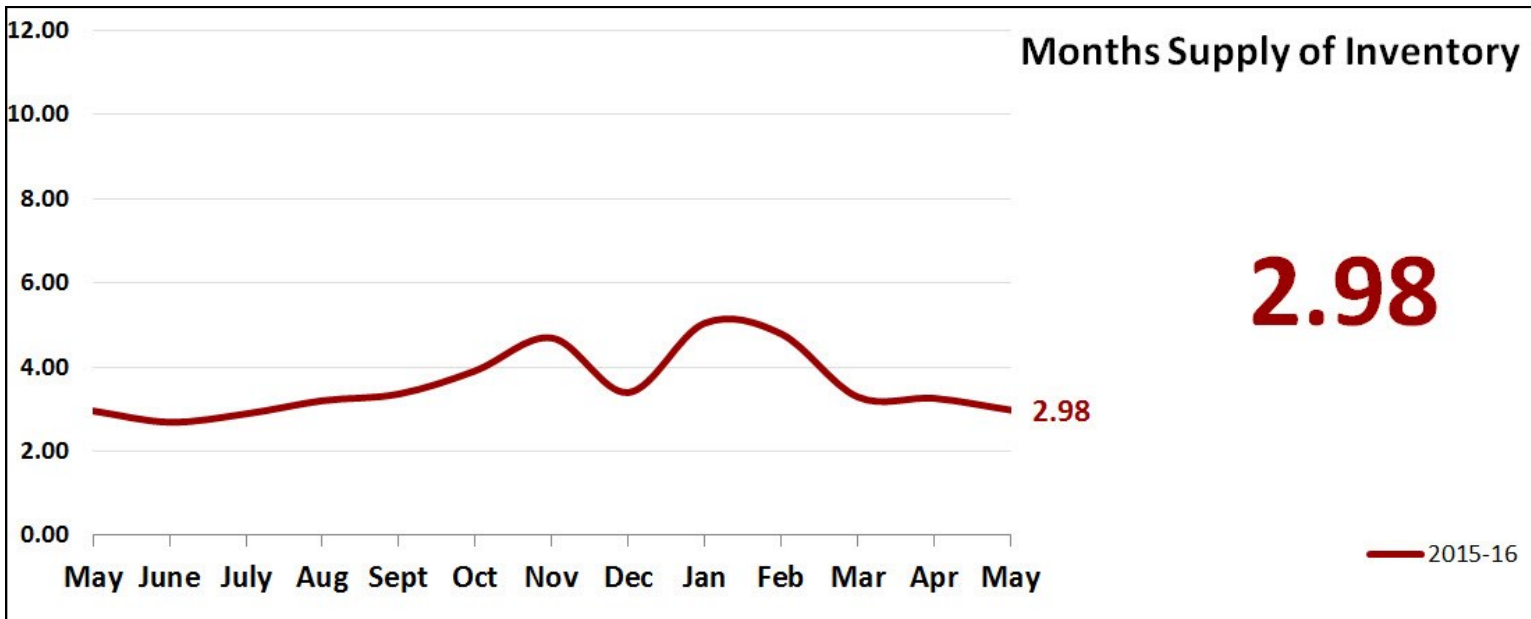
Total inventory has a month-over-month loss of -4.3% while year-over-year reflects an increase of +5.1%.

Total MLS listings that were active for at least one day from 5/1/2016 to 5/31/2016, 0 day DOM sales removed



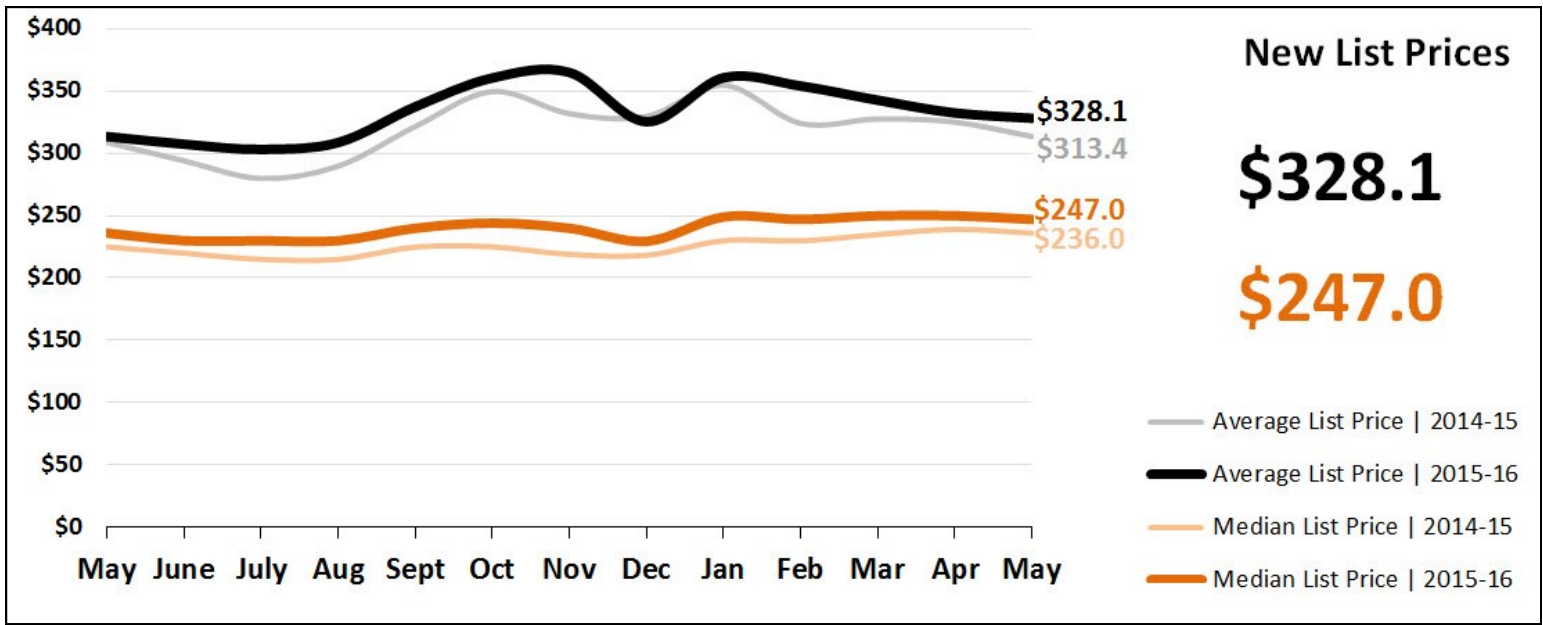
May UCB listings percent of total actives was 16.7% with CCBS listings at 2.1% of total actives.

Snapshot of statuses on 5/31/2016



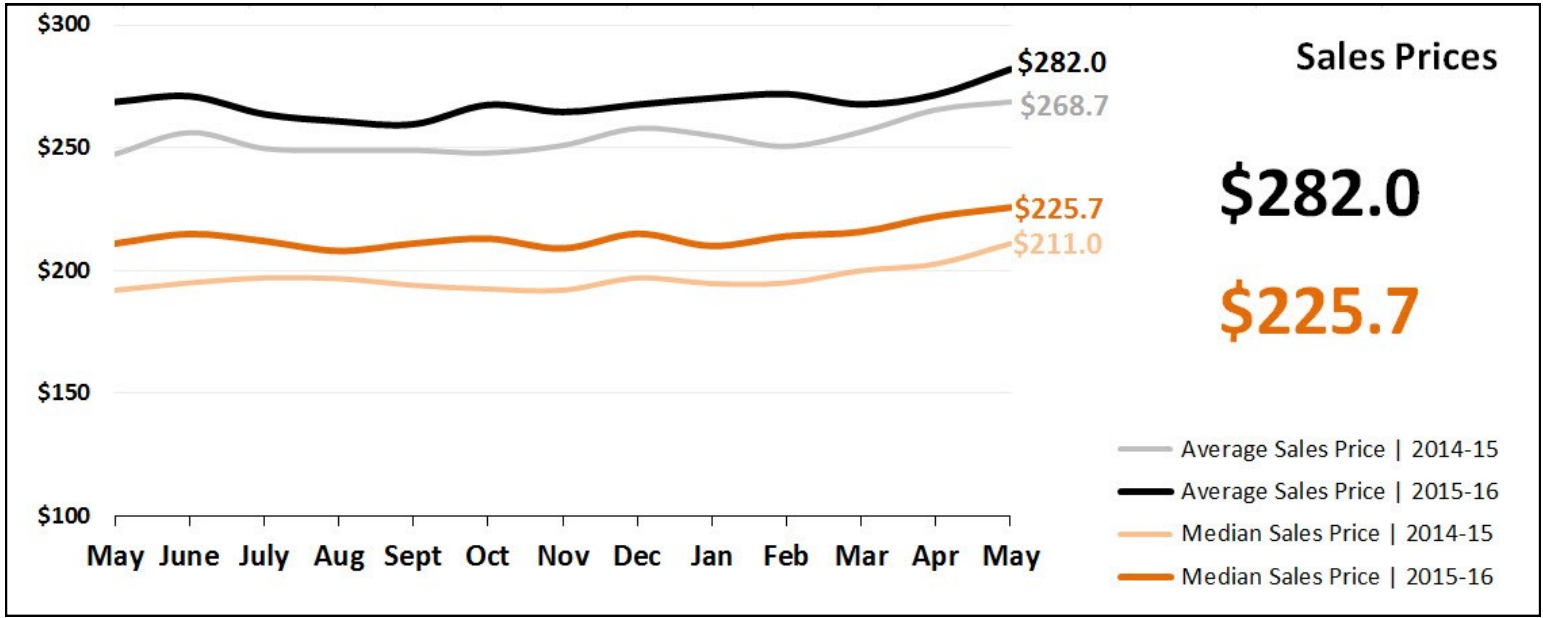
Months supply of inventory for April was 3.26 with May currently at 2.98.

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



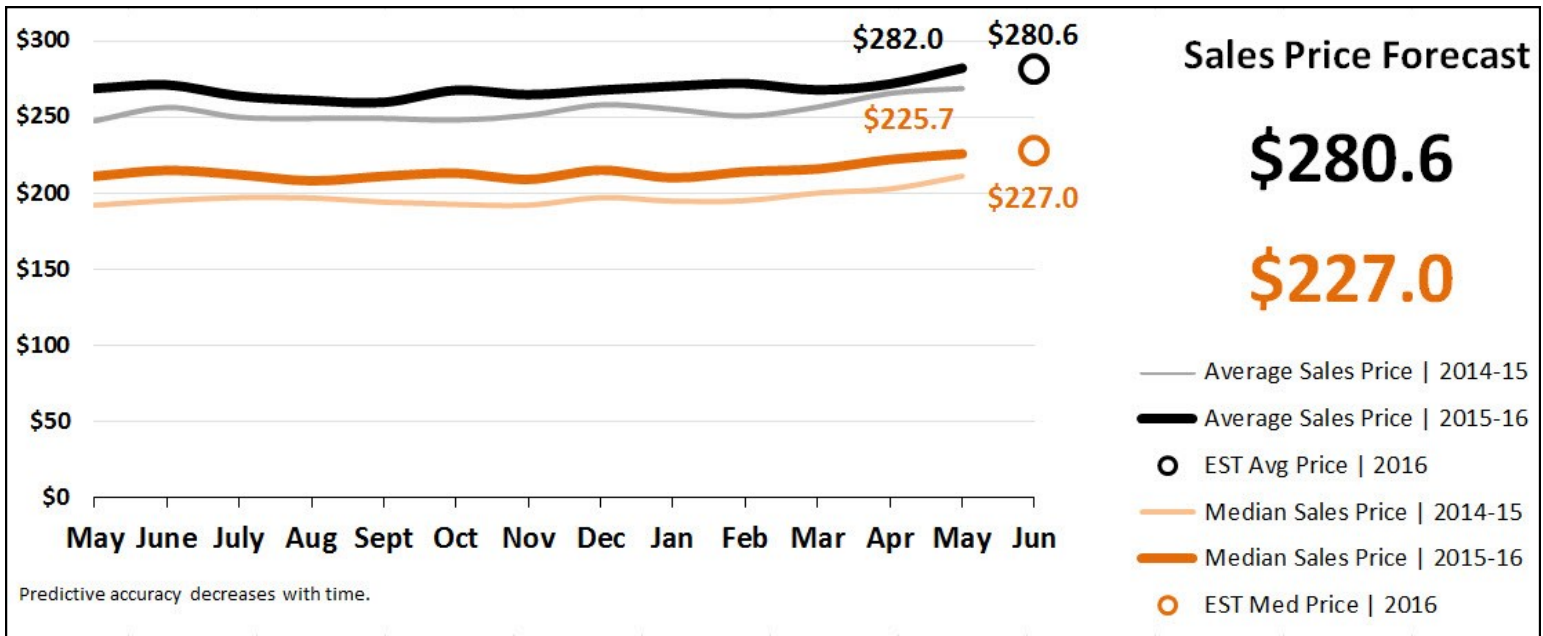
New average list prices are up +4.7% year-over-year. The year-over-year median is up +4.7%.

List prices of new listings with list dates from 5/1/2016 to 5/31/2016, 0 day DOM sales removed



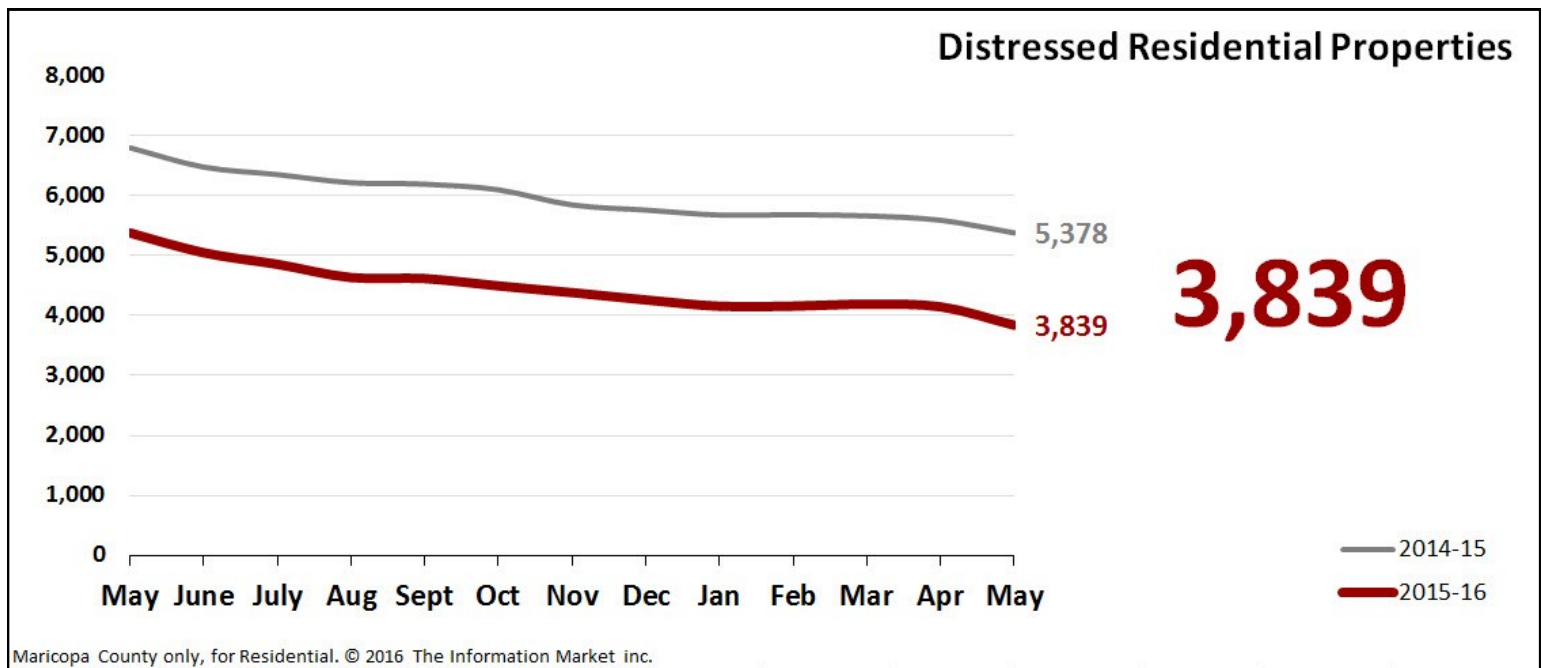
Sales prices are up +4.9% year-over-year on average while the year-over-year median is also up +7.0%.

MLS sales prices for closed listings with a close of escrow date from 5/1/2016 to 5/31/2016, 0 day DOM sales removed



A slight increase is forecast for median and a slight decrease for average sale prices in June.

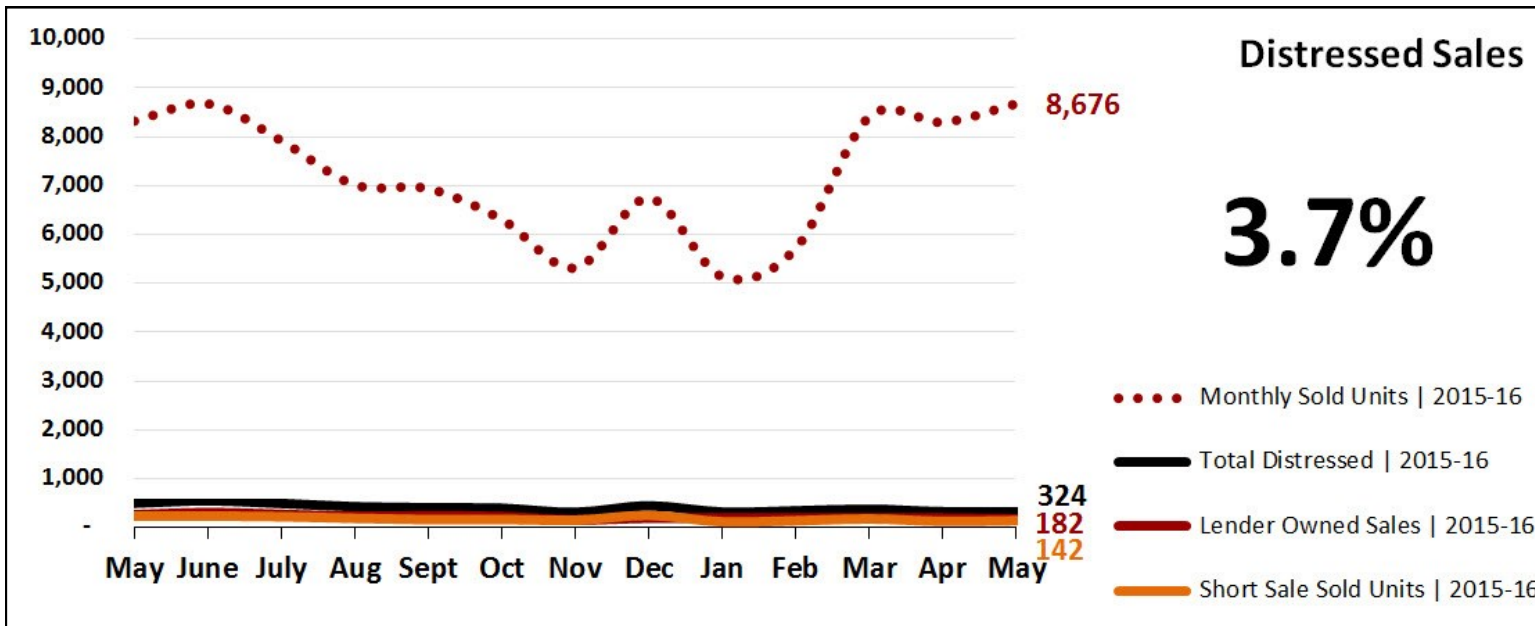
ARMLS proprietary predictive model forecast, 0 day DOM sales removed



Foreclosures pending month-over-month showed -7.4% while the year-over-year figure was down -28.6%.

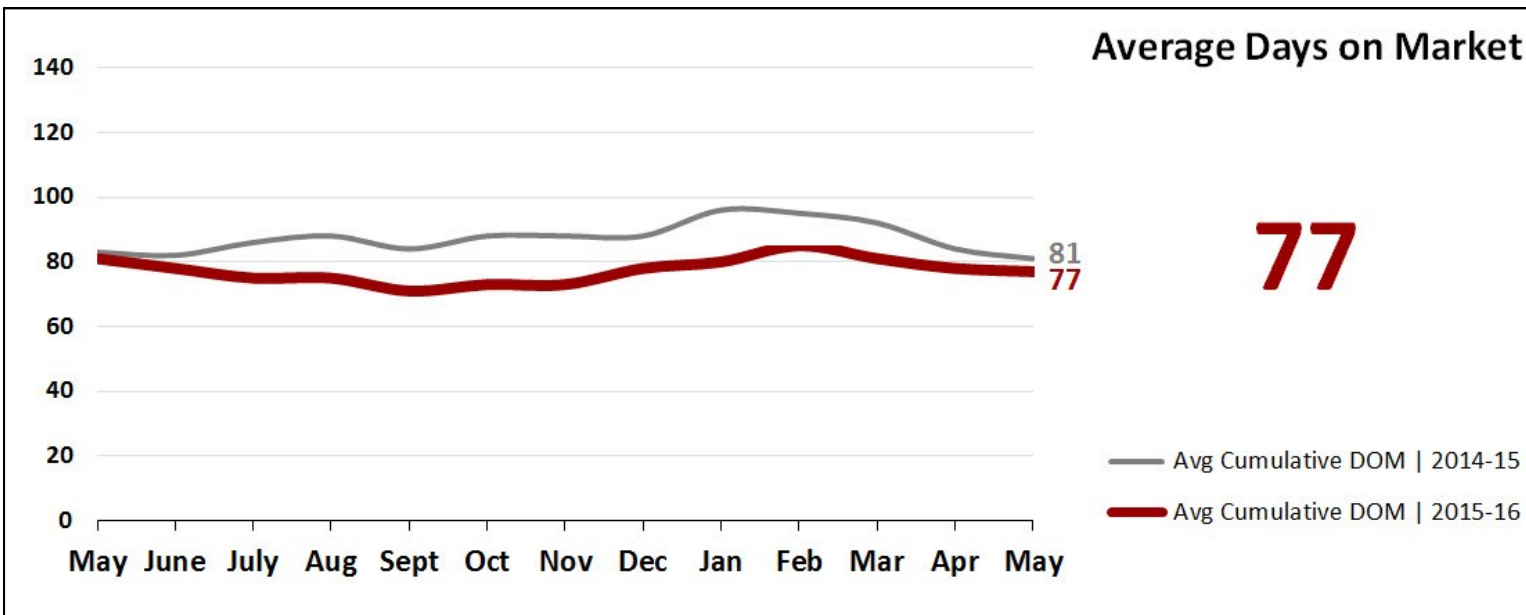
Maricopa County only, for Residential. © 2016 The Information Market inc.

Snapshot of public records data on 5/31/2016 active residential notices and residential REO properties



Short sales dropped -39.6% year-over-year. Lender owned sales dropped -31.6% year-over-year. The total distressed year-over-year changed to -35.3%.

Lender owned sales are MLS sales 5/1/2016 to 5/31/2016 where *Lender Owned/REO, HUD Owned Property* special listing conditions were selected
 Short sales are MLS sales 5/1/2016 to 5/31/2016 where *Short Sale Aprvl Req, Previously Aprved SS or Lender Approved SS* special listing conditions were selected
 0 day DOM sales removed



Days on market fell -4 day year-over-year while month-over-month saw a drop of -1 days.

Average of all closed listings 5/1/2016 to 5/31/2016 where DOM was greater than 0

COMMENTARY

by Tom Ruff of The Information Market

Exactly ten years ago, the median resale home sale price rose to peak prices at \$253,400 in Maricopa County when looking at tax records. In April of 2009, the median resale home price fell to \$119,000 but rose steadily through 2010 propelled by tax incentives. When those ended, the median fell back to \$112,000 in August of 2011 hitting its natural bottom, around 56% below its peak. Today, we refer to 2011 as the bottom of our market. A common topic among housing reports is comparing home prices today with the peak prices of 2006 using this barometer to gauge how far along various housing markets are in their recovery. This month in STAT we will use this common metric as it applies in Maricopa County using tax data.

The median sales price for all resale homes sold in Maricopa County for May 2016 was \$225,000, or 89% of peak prices. There are pockets in Maricopa County where the current resale median is very close to the peak median, places where the peak has been surpassed and parts of the county where the median price is only 50% to 65% of the peak value. Arcadia and north central Phoenix are examples of areas where current median prices compare favorably to peak prices. ZIP codes which report favorably are: 85018, 85014, 85013, 85016 and 85257.

Using ZIP code 85014 as an example of an area fully recovered, the peak annual median resale price was \$268,000 in 2006. The median resale price fell 58% before bottoming at \$112,500. Prices since the

bottom have risen 240%. The median resale price for the first 5 months of 2016 in 85014 is \$270,000 or 101% of peak pricing. There is currently only 2.4 months supply of inventory listed. It's a hot ZIP with sought after neighborhoods — a central location in the Madison Elementary school district with short walking distances to some of the newest and hottest restaurants in Phoenix.

Areas where the current median sales price is still well below peak prices can best be described as west central Phoenix and the far northwest Valley. The median resale prices in these areas fell more dramatically from peak to bottom, ranging from 60% to 85%. Examples of these ZIP codes are: 85009, 85355, 85396, 85342, and 85031.

Using ZIP code 85031 as an example of an area with a way to go, the peak annual median resale price was \$190,950. The median resale price fell 80.6% before bottoming at \$37,000. Prices since the bottom have risen 338%. The median resale price for the first 5 months of 2016 in 85031 was \$125,000 or 65% of peak pricing. There is currently only 2.0 months supply of inventory listed. This was one of the hardest hit areas as evidenced by the 80.6% decline in prices as well as an area attractive to investors as evidenced by the 338% rise from the bottom.

As our resale median home values continue to rise we need to mention one important difference between our peak prices in 2006 and our current prices, mainly the cost of money. In June of 2006, the 30-year fixed rate mortgage averaged 6.68% as reported by Freddie Mac, where for the week ending June 9, 2016 the average rate was 3.66%. Interest rates today are 46% lower than they were in June 2006. When we apply these rates to a \$200,000 mortgage, the interest paid in June of 2006 would have been \$1,113 per month compared to \$610 today.

We hope that this data has helped kill off some broad generalizations about how the market has changed in the last ten years with our reporting. Even if all the experts can't agree about what has happened in the last ten years, we can at least agree that we are all ten years older.

The ARMLS Pending Price Index (PPI)

Our last PPI projected a May 2016 median sales price of \$223,839 with the actual median coming in at \$225,700 - off by 1.3%. MLS sales volume in May 2016 was 8,676 landing at 176 more sales than our projected volume of 8,500. Looking ahead to June, we predict a median sales price of \$227,000. We begin June with 7,551 pending and 4,329 UCB listings giving us a total of 11,880 residential listings practically under contract. This compares to 12,076 of the same type of listings at this time last year. We expect sales volume in June to be very similar to last year with an accompanying increase in the median sales price. Our projected sales volume for May 2016 is 8,400.

Final Thought

In his report, "The New American Home", Stephen Kim of Barclays Capital finds that trends from the US indicate the Baby Boomers are looking to downsize, while Millennials are choosing style over square footage. The net-net? The new American home is shrinking in size for the first time in 40 years. He examines how the US housing market has picked itself up after the global financial crisis of 2008 and is now changing in a very profound way... the nation's two largest demographic groups now desire smaller, but well-appointed houses, termed "jewel boxes".