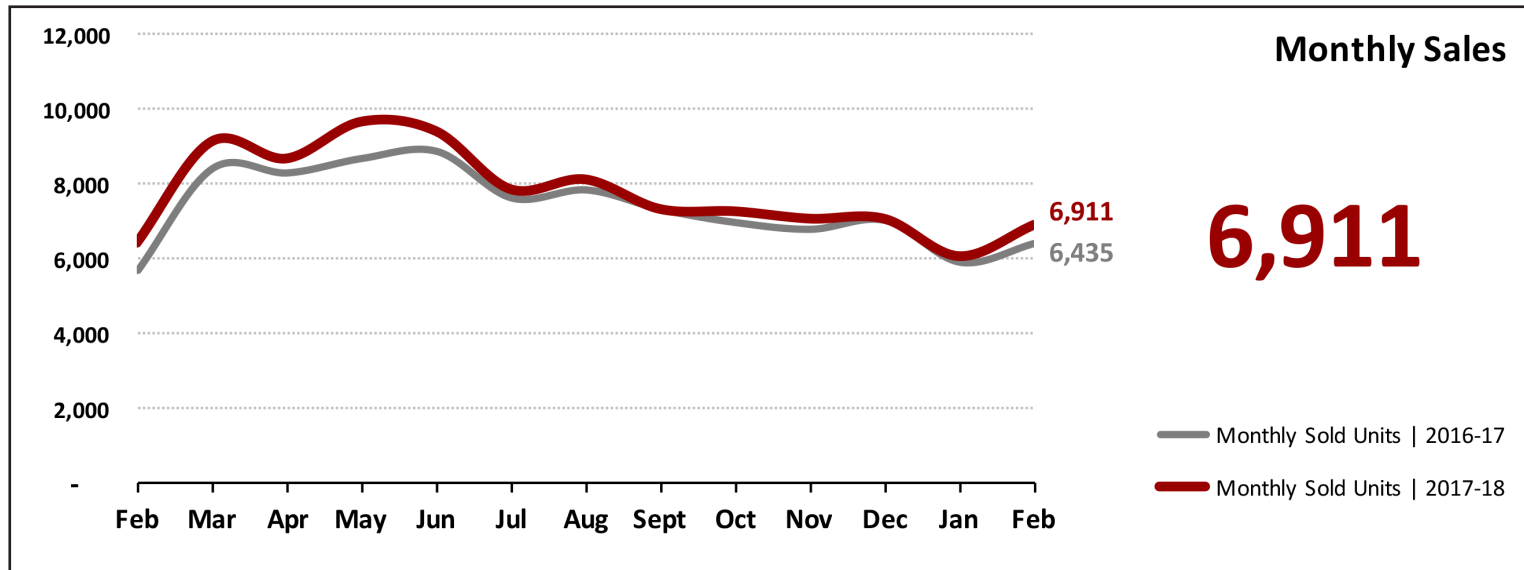




Your Monthly Statistics for the Phoenix Metro Area



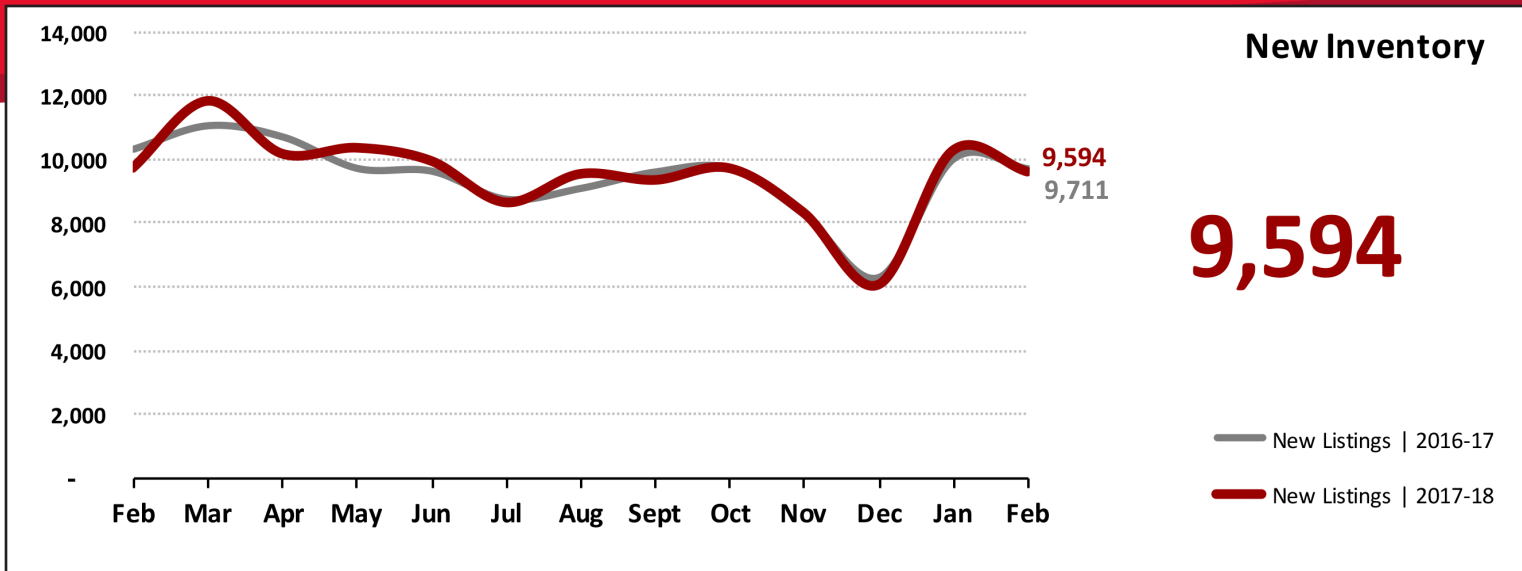
DATA FOR FEBRUARY 2018 - Published March 22, 2018



Sales are up +13.6% month-over-month. The year-over-year comparison is up +7.4%.

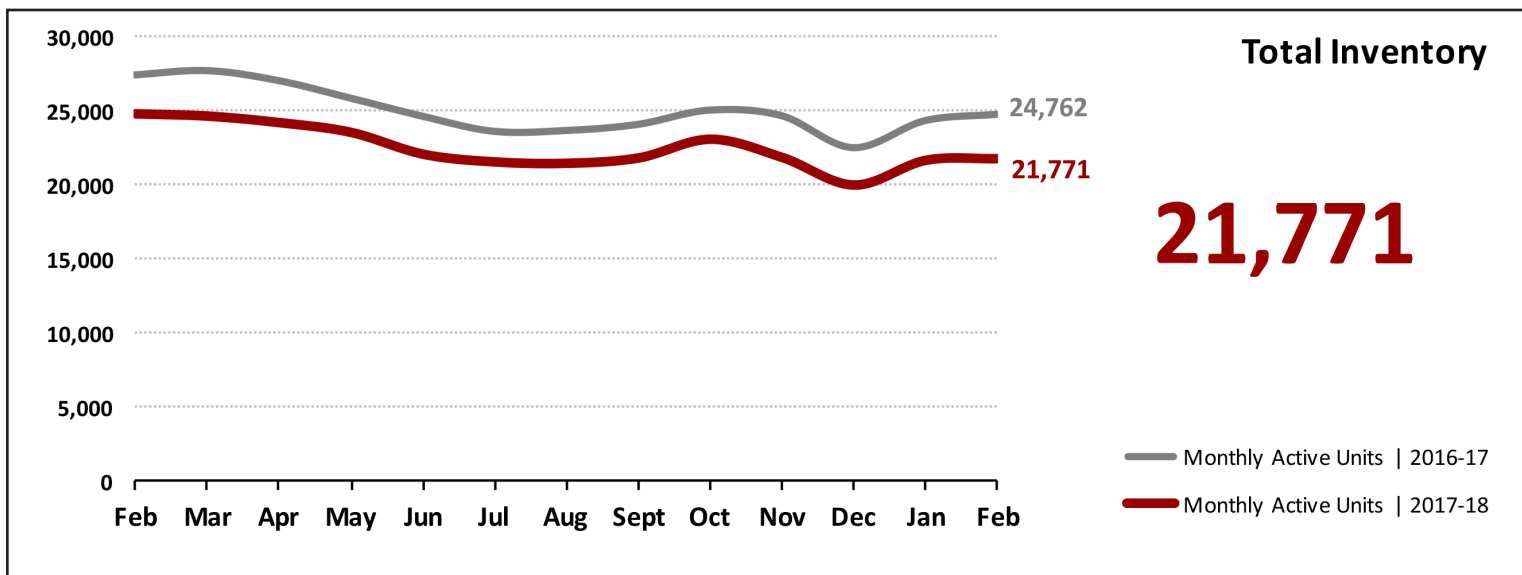
6,911

Closed MLS sales with a close of escrow date from 2/1/2018 to 2/28/2018, 0 day DOM sales removed



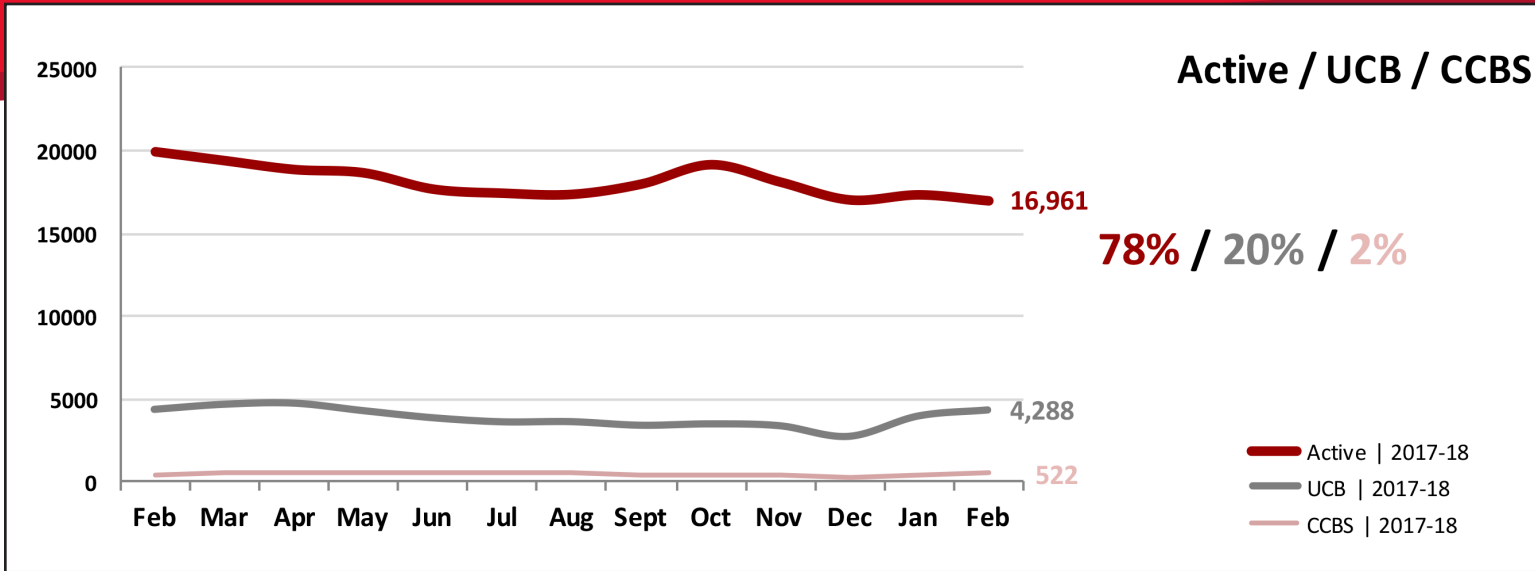
New inventory is down -6.4% month-over-month while the year-over-year comparison shows a decrease of -1.2%.

New MLS listings that were active for at least one day from 2/1/2018 to 2/28/2018, 0 day DOM sales removed



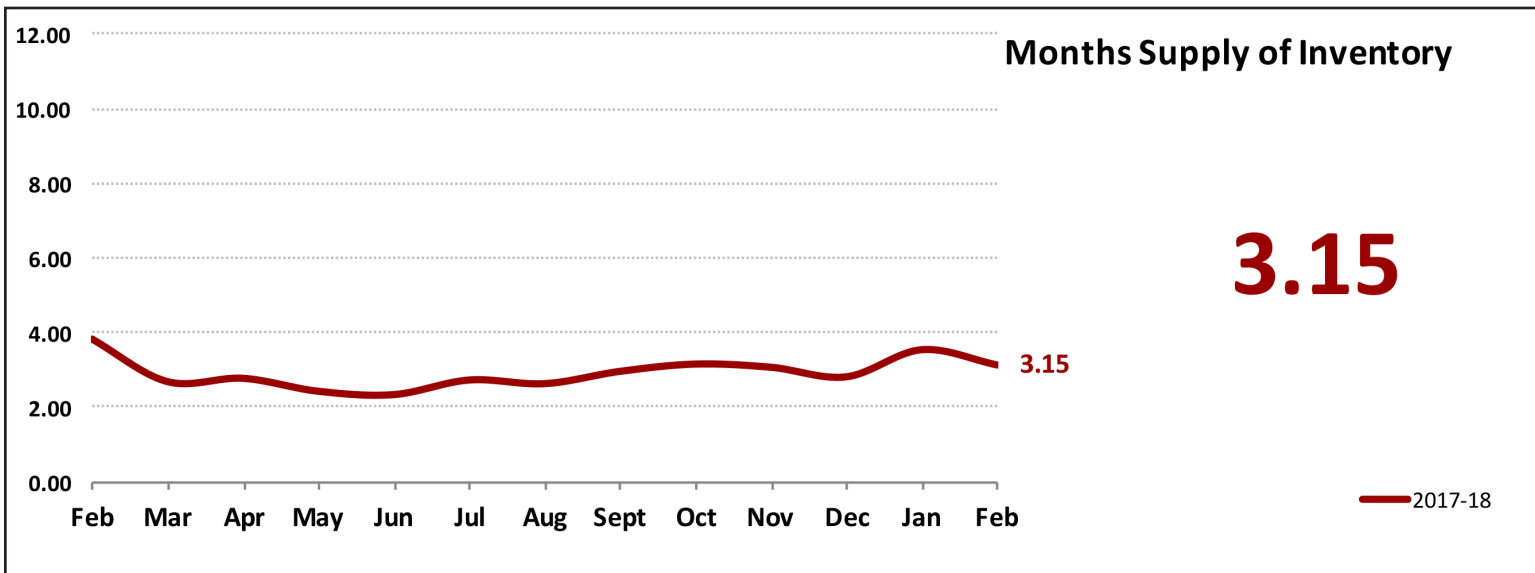
Total inventory has a month-over-month increase of +0.5% while year-over-year reflects a decrease of -12.1%.

Snapshot of statuses on 2/28/2018



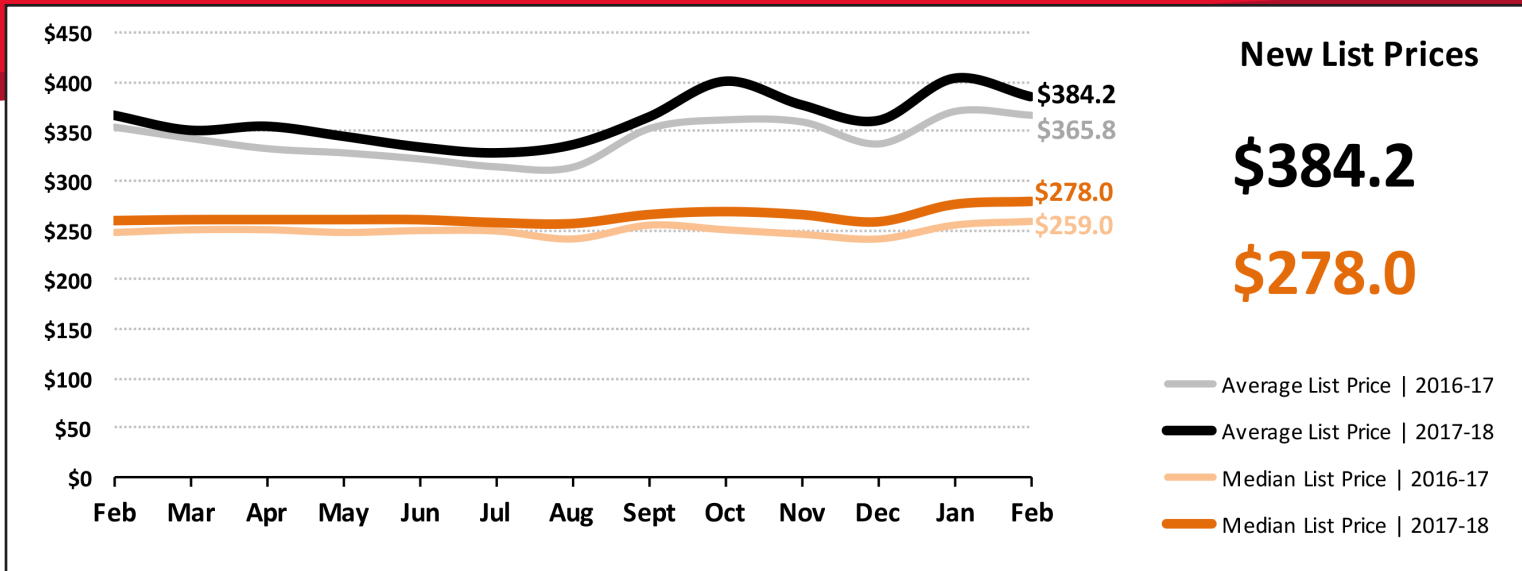
February UCB listings percent of total inventory was +19.7% with February CCBS listings at +2.4% of total inventory.

Snapshot of statuses on 2/28/2018



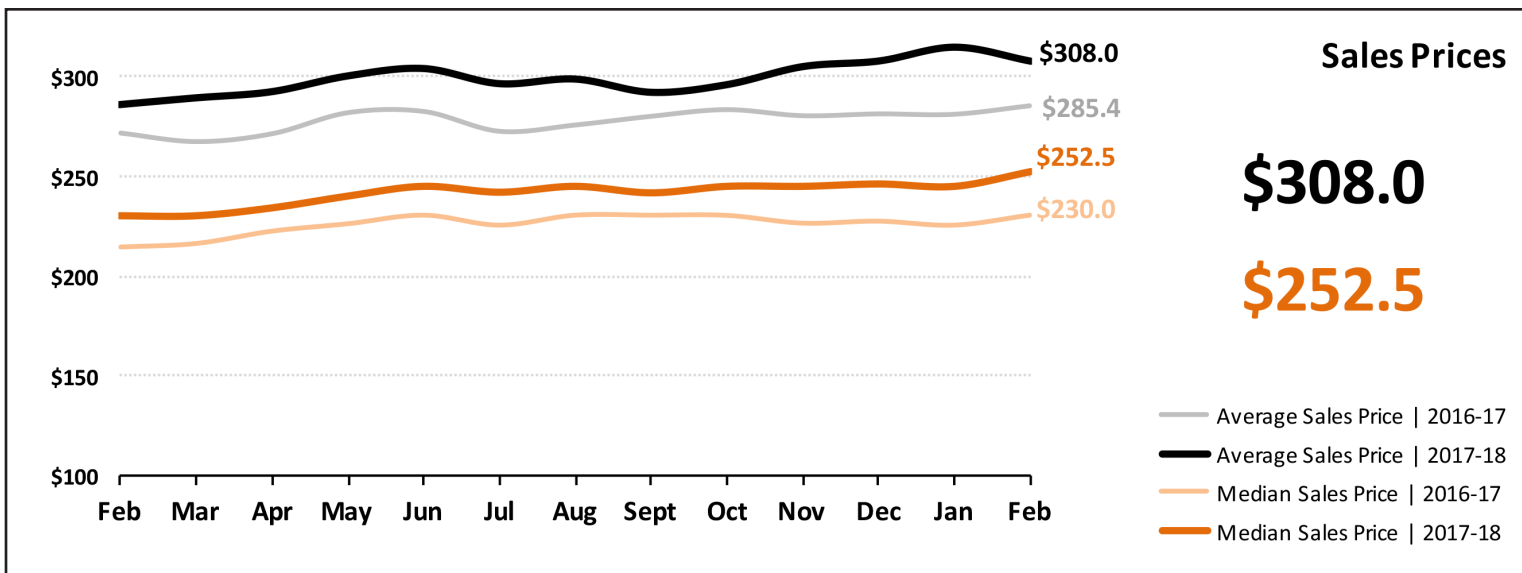
Months supply of inventory for January was 3.56 with February at 3.15.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of FEBRUARY 2018, 0 day DOM sales removed



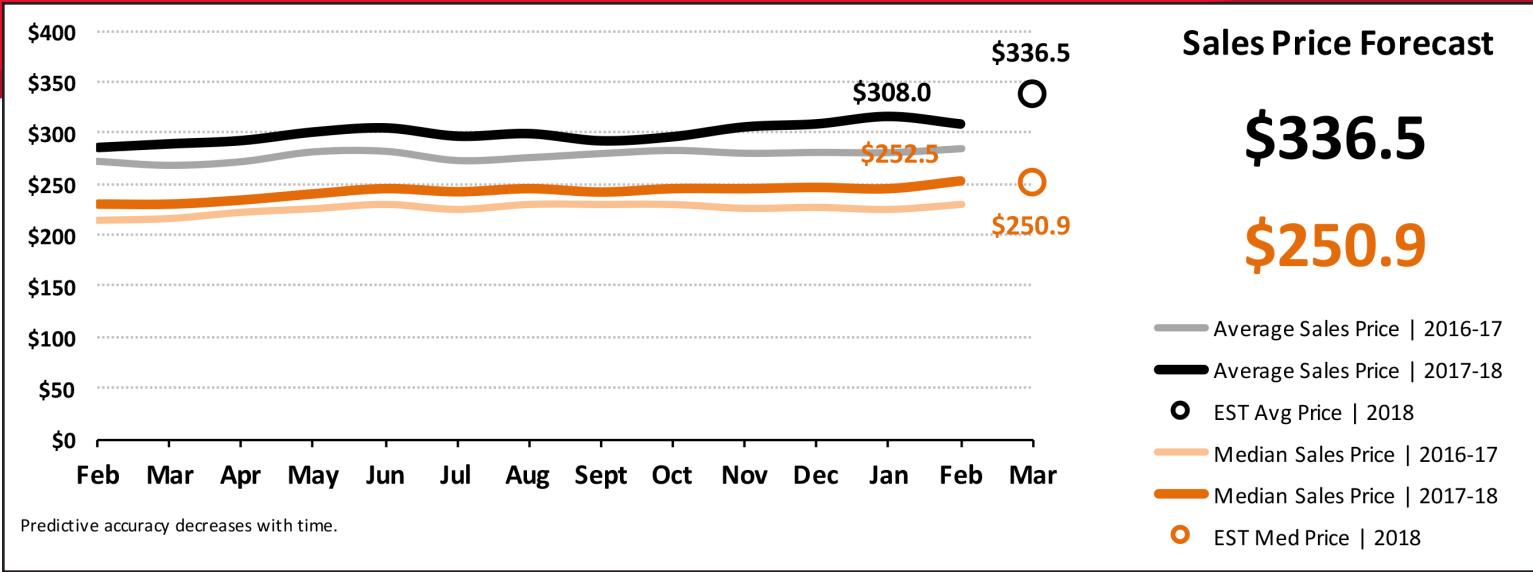
Average new list prices are up +5.0% year-over-year. The year-over-year median is up +7.3%.

List prices of new listings with list dates from 2/1/2018 to 2/28/2018, 0 day DOM sales removed



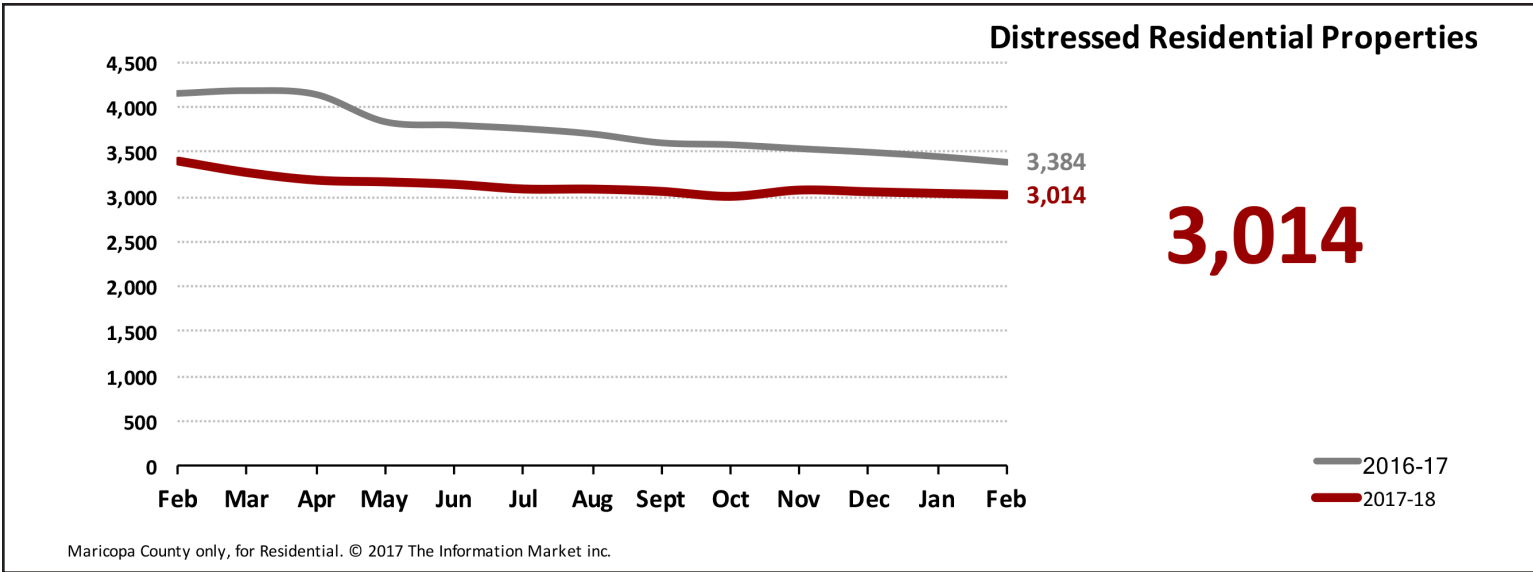
The average sales price is up +7.9% year-over-year while the year-over-year median sales price is also up +9.8%.

MLS sales prices for closed listings with a close of escrow date from 2/1/2018 to 2/28/2018, 0 day DOM sales removed



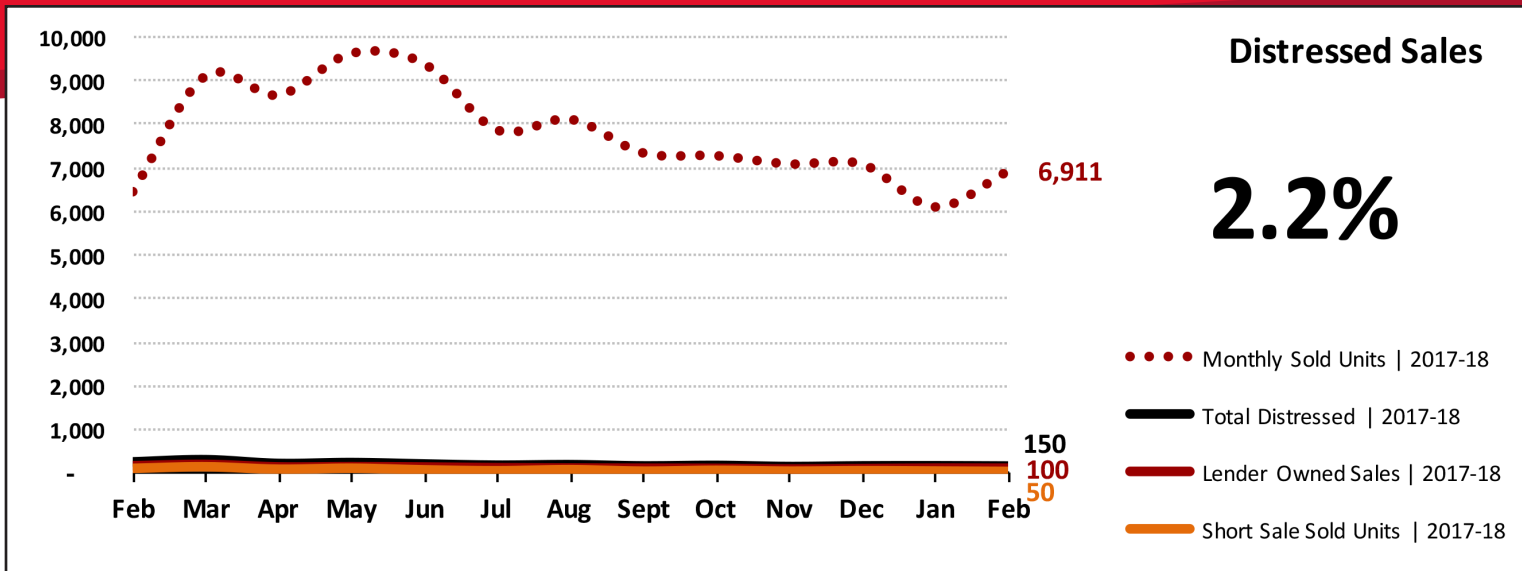
An increase is forecasted for average sales price while February is predicted to have a decrease in median sales price.

ARMLS proprietary predictive model forecast, 0 day DOM sales removed



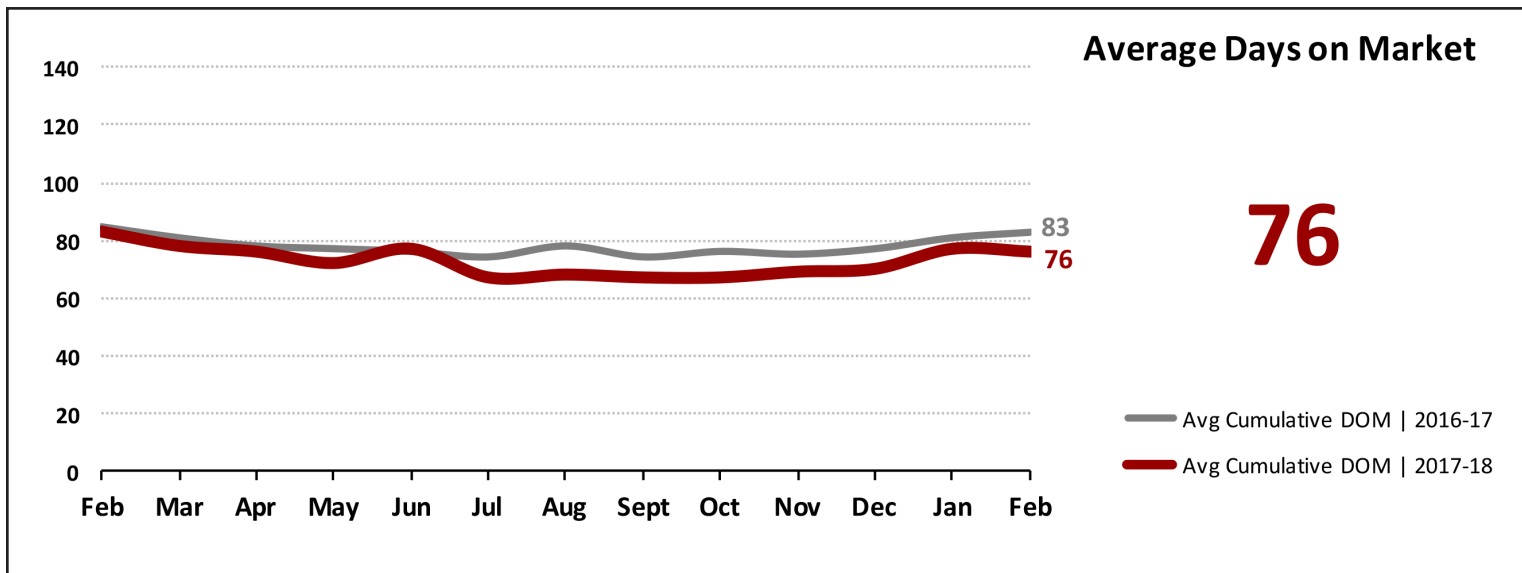
Foreclosures pending month-over-month showed a decrease of -0.5% while the year-over-year figure was down -10.9%.

Snapshot of public records data on 2/28/2018 active residential notices and residential REO properties. Note: this graph was adjusted as total foreclosure counts were under reported for the last 16 months.



Distressed sales accounted for 2.2% of total sales, down from the previous month of 2.6%. Short sales dropped -51.5% year-over-year. Lender owned sales dropped -33.3% year-over-year.

New MLS listings that were active for at least one day from 2/1/2018 to 2/28/2018, 0 day DOM sales removed



Days on market were down -7 days year-over-year while month-over-month decreased by -1.

MLS sales prices for closed listings with a close of escrow date from 2/1/2018 to 2/28/2018, 0 day DOM sales removed

COMMENTARY by Tom Ruff

ARMLS has been reporting median and average sales price and sales volume for 18 years. For the first two months of 2018, all three metrics ranked at the top or near the top of our charts. The ARMLS median sales price for February was \$252,500, slightly exceeding our previous high of \$252,000 in February of 2006. This should not be confused with our peak median price of \$264,800 that occurred in June of 2006. We'll hear a lot of chatter about peak prices over the next few months as 2018 median numbers approximate those in 2006. In terms of sales volume, February came in fourth trailing only 2005, 2011 and 2012. Average sale prices were third behind only 2006 and 2007. The three charts below show where 2018 ranks in terms of ARMLS all-time numbers. Note when the average sales price is multiplied by total sales volume, the first two months of 2018 rank number one with total sales of \$4,046,677,451.

Total Sales Volume

Total Sales					
Year	January	February	Total	RANK	
2001	3,700	4,609	8,309	17	
2002	4,016	4,403	8,419	16	
2003	4,760	5,493	10,253	13	
2004	5,118	6,196	11,314	8	
2005	6,632	7,781	14,413	1	
2006	5,266	5,918	11,184	9	
2007	4,389	4,958	9,347	15	
2008	2,912	3,448	6,360	18	
2009	4,742	5,477	10,219	14	
2010	5,789	6,594	12,383	6	
2011	6,541	7,157	13,698	3	
2012	6,455	7,249	13,704	2	
2013	5,828	6,630	12,458	5	
2014	4,797	5,474	10,271	12	
2015	4,784	5,990	10,774	11	
2016	5,131	5,718	10,849	10	
2017	5,932	6,435	12,367	7	
2018	6,082	6,911	12,993	4	

Average Sales Price

Average Sales Price				
Year	January	February	RANK	
2001	171,900	169,700	16	
2002	184,100	170,200	15	
2003	184,200	185,700	12	
2004	206,100	204,000	11	
2005	255,500	249,100	8	
2006	336,900	334,000	1	
2007	342,400	332,900	2	
2008	313,400	293,100	4	
2009	180,328	172,363	14	
2010	175,710	173,870	13	
2011	156,978	155,605	18	
2012	167,476	166,626	17	
2013	208,401	216,950	10	
2014	242,728	242,397	9	
2015	254,985	250,598	7	
2016	270,154	271,884	6	
2017	281,209	285,429	5	
2018	315,334	308,033	3	

Total Sales Dollars

Year	January	February	Total:	Rank:
2001	636,030,000	782,147,300	1,418,177,300	18
2002	739,345,600	749,390,600	1,488,736,200	17
2003	876,792,000	1,020,050,100	1,896,842,100	15
2004	1,054,819,800	1,263,984,000	2,318,803,800	10
2005	1,694,476,000	1,938,247,100	3,632,723,100	3
2006	1,774,115,400	1,976,612,000	3,750,727,400	2
2007	1,502,793,600	1,650,518,200	3,153,311,800	5
2008	912,620,800	1,010,608,800	1,923,229,600	14
2009	855,115,376	944,032,151	1,799,147,527	16
2010	1,017,185,190	1,146,498,780	2,163,683,970	12
2011	1,026,793,098	1,113,664,985	2,140,458,083	13
2012	1,081,057,580	1,207,871,874	2,288,929,454	11
2013	1,214,561,028	1,438,378,500	2,652,939,528	8
2014	1,164,366,216	1,326,881,178	2,491,247,394	9
2015	1,219,848,240	1,501,082,020	2,720,930,260	7
2016	1,386,160,174	1,554,632,712	2,940,792,886	6
2017	1,668,131,788	1,836,735,615	3,504,867,403	4
2018	1,917,861,388	2,128,816,063	4,046,677,451	1

What's Changed Inside the Numbers

When we move away from ARMLS numbers and turn our attention to public records data and our transactional coding, we see a couple of subtle shifts inside the data. When viewing public records, I like to look at transactional coding both in terms of the year-over-year changes but also the yearly composition of each transactional type. For instance, when we view new construction, we see a 4.21% year-over-year increase in new home sales. However, when we view the composition of home sales, the percentage of new home sales for the year declined by .74% from 14.17% in 2017 to 13.43% in 2018. The chart below also shows the continued decline in all distressed sales: properties with an active notice, bank sales and short sales. I've added a category to this chart- iBuyers. iBuyers are counted only when selling properties, not when buying. These purchases would be reflected in the NONMLS category while the sales take place on the MLS. In February, iBuyers accounted for 3.71% of all properties sold.

Typeoftransaction	Febr2017totalsales	Febr2018totalsales	Febr2017percentoftotal	Febr2018percentoftotal	Yooychange
ACTIVE NOTICE	85	69	0.011016	0.008136	-0.188235
BANK SALE	127	88	0.016459	0.010376	-0.307087
FLIP	401	480	0.051970	0.056597	0.197007
IBUYERS	185	315	0.023976	0.037142	0.702703
NEW CONSTRUCTION	1093	1139	0.141654	0.134300	0.042086
NORMAL SALE	4723	5053	0.612105	0.595802	0.069871
NONMLS	1042	1307	0.135044	0.154109	0.254319
SHORT SALE	60	30	0.007776	0.003537	-0.500000

If you look closely at an Affidavit of Property Value, you'll notice section 7. Residential Buyer's Use. The Information Market tracks this data daily. This data element gives us insight into the relationship between properties purchased by owner occupants, rental properties and non-primary residences.

7. RESIDENTIAL BUYER'S USE: If you checked **b, c, d** or **h** in Item 6 above, please check one of the following:

a. To be used as a primary residence.

b. To be rented to someone other than a "qualified family member."

c. To be used as a non-primary or secondary residence.

See reverse side for definition of a "primary residence, secondary residence" and "family member."

When we view a summation of this data, we see a modest 2.8% increase in owner occupied homes and a significant change in the number and year-over-year composition of rental and non-primary properties. Rental and non-primary purchases have increased 28.67% and 35.04% year-over-year respectively. Owner occupied sales account for 69.14% of all sales this year compared to 74.17% last February.

Intendeduse	Febr2017	Febr2018	Percent2017	Percent2018	Yooychange
NONE GIVEN	43	47	0.005573	0.005542	0.093023
OWNER OCCUPIED	5723	5864	0.741706	0.691428	0.024637
RENTAL	994	1279	0.128823	0.150808	0.286720
NON PRIMARY	956	1291	0.123898	0.152223	0.350418

From late 2011 to the spring of 2012, Maricopa County got a taste of the impact large institutional investors could have on our market as companies like Invitation Homes, Colony and American Homes for Rent began gobbling up distressed properties across the Valley. Although we continue to see these companies acquire properties in Maricopa County, their appetite is very select and modest. For instance, Invitation Homes, the largest holder of rental properties in Maricopa County, purchased an average of six homes per month in the past year. Their focus over the past few years had more to do with the consolidation of companies as opposed to the acquisition of individual properties. They were neither acquiring nor selling many properties, except by consolidation through mergers.

In late November 2017 this all changed as the institutional buyer Cerberus SFR Holdings LP, named after Hades' multi-headed dog that guards the gates of the Underworld to prevent the dead from leaving, entered our market. I'm pretty sure they regret their name selection. Nonetheless, they are aggressively purchasing rental properties in Maricopa County and are the primary reason for the shift in our rental property metrics. Our records indicate they purchased 220 homes in February and their rate of purchase appears to be increasing. The median sales price of their purchases is \$230,000, with the lowest point at \$125,000 and the highest above \$300,000. Over 90% of their purchases were listed on the MLS. This is not a group of poorly funded amateur investors. It's reported that Cerberus has \$30 to \$40 billion dollars under management. There's something about our market they like, and they are aggressively purchasing where our inventory levels are the lowest. This one will be interesting to watch.

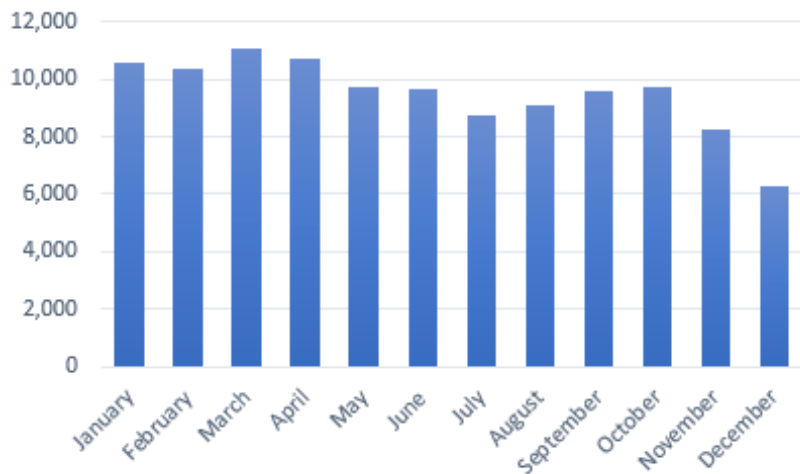
As for the increase in the number of non-primary purchases, the change in this metric can be attributed to the iBuyers mentioned above. Opendoor and Offerpad check the box C on all their purchases.

In Case You Didn't Know

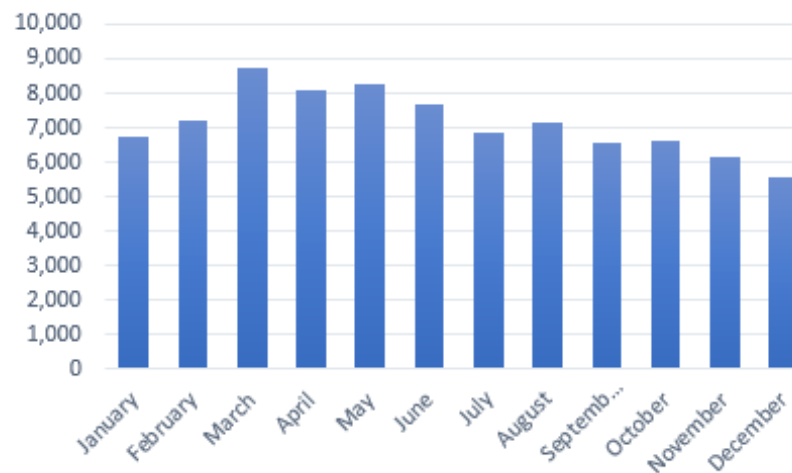
According to my recent neurotic study, March is the busiest month of your year. I broke down the real estate transaction into three phases from an agent's perspective: getting a listing, getting a property under contract and getting the sale through escrow to closing or what's known in the business as Miller Time! I took the total number of transactions for 2017 in each of these categories and created an index. Anything above 1.0 would cause higher than normal working hours and anything below 1.0 would be below the average number of working hours. March had the highest number of new listings last year, the highest number of properties going pending and the third highest number of properties closing. Combining the three, I came up with the How Busy Am I index. March, April, May and June are your busiest months of the year, which begs the question, why are you wasting your time reading this?

Month	Newinventory2017	Newinventoryindex	Pending2017	Newpendingindex	Sold2017	Soldindex	Howbusyamiindex
January	10577	1.115453	6722	0.942314	5932	0.758188	2.815955
February	10331	1.089509	7228	1.013247	6435	0.822478	2.925234
March	11068	1.167234	8745	1.225906	9116	1.165145	3.558285
April	10712	1.129690	8102	1.135768	8666	1.107629	3.373087
May	9722	1.025284	8248	1.156235	9641	1.232247	3.413766
June	9635	1.016109	7681	1.076751	9391	1.200293	3.293153
July	8752	0.922988	6857	0.961239	7853	1.003717	2.887944
August	9096	0.959266	7125	0.998808	8113	1.036948	2.995022
September	9612	1.013683	6586	0.923249	7328	0.936615	2.873547
October	9727	1.025811	6612	0.926894	7268	0.928946	2.881651
November	8260	0.871101	6130	0.859326	7074	0.904150	2.634577
December	6295	0.663872	5566	0.780262	7070	0.903639	2.347773
Total	113787		85602		93887		

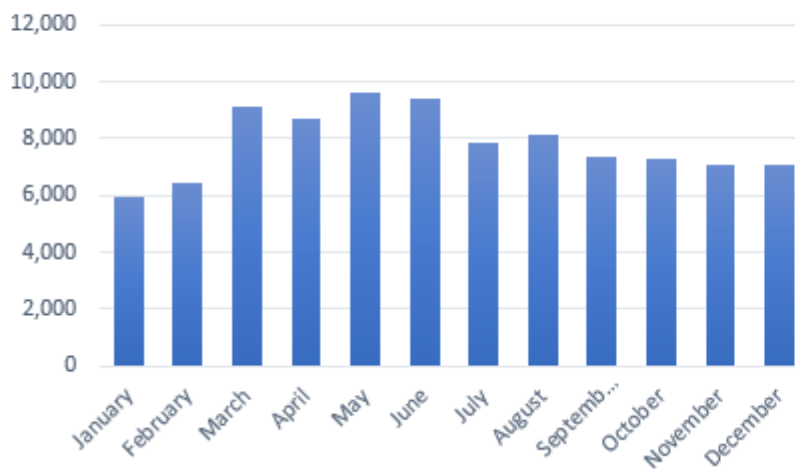
NEWINVENTORY2017



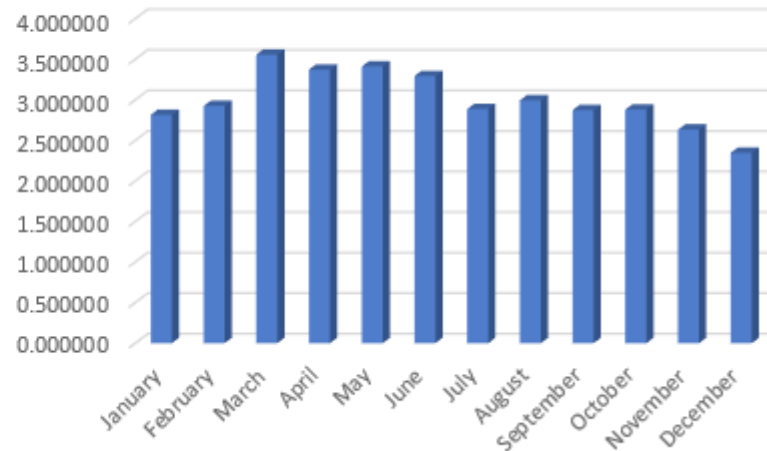
NEW PENDING 2017



SOLD 2017



HOW BUSY AM I INDEX



The ARMLS Pending Price Index (PPI)

Last month STAT projected a median sales price for February of \$250,000. The actual median sales price was \$252,000. Our sales volume projection for February was 6,575. Sales volume in February was 6,911. Looking ahead to March, the ARMLS Pending Price Index anticipates the median sales price will be \$250,900.

Sales volume for the first two months of 2018 was 4.58% higher than 2017, with 12,933 sales in 2018 compared to 12,367 in 2017. We begin March with 7,351 pending contracts, 4,288 UCB listings and 522 CCBS giving us a total of 12,161 residential listings practically under contract. This compares to 11,879 of the same type of listings one year ago. ARMLS reported 9,116 sales in March of 2017. I expect 2018 volume to be higher at 9,130 despite one more business day last year.