ARIZONA REGIONAL MULTIPLE LISTING SERVICE, INC.

STAT

your monthly statistics
for the Phoenix Metro area

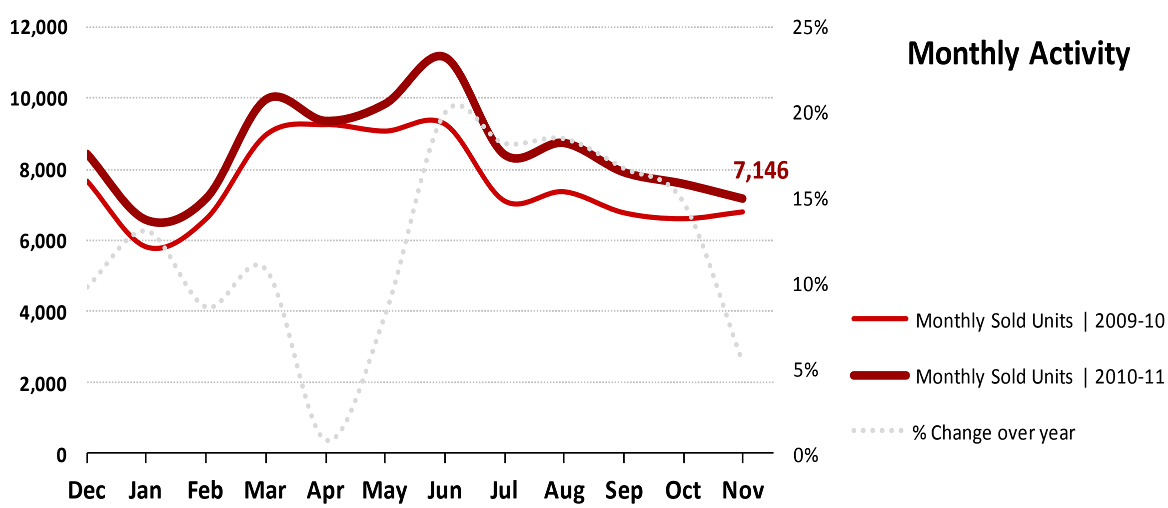
December 7, 2011

SALES Month over Month

November sales of 7,146 followed the downward trajectory begun from the high of 11,125 in June. November sales represent a 1.7% drop below October.

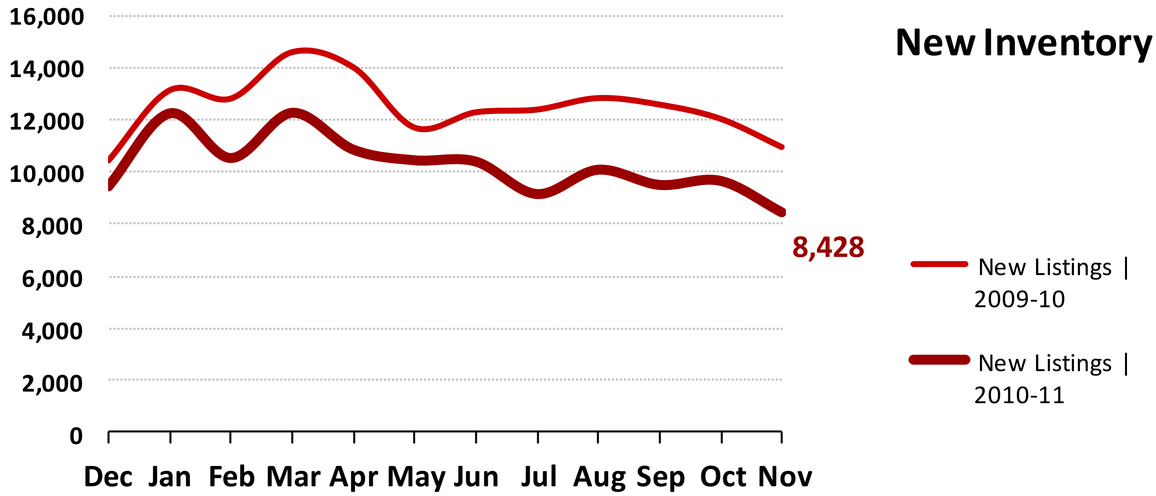
SALES Year over Year

November sales were 5.3% higher than the same figure in 2010. Sales from October to November dropped in nine of the previous ten years with 2011 as no exception to the typical fourth quarter pattern.



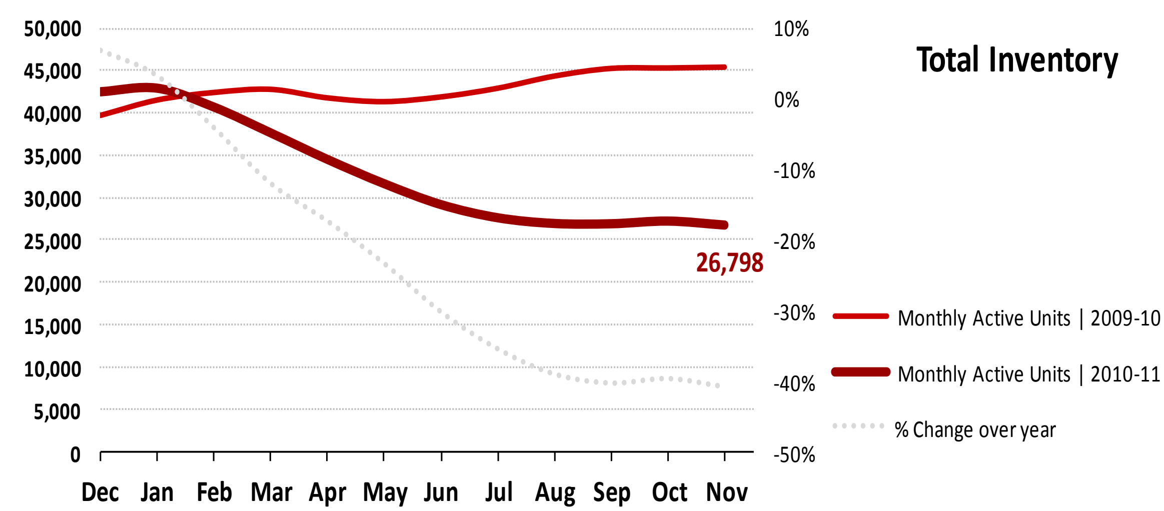
NEW INVENTORY

New listings added to the market have been following a downward trend line since April. November's new listing figure of 8,428 is the lowest since December of 2004 (7,117). At its peak in March 2006, new listings hit the 16,686 mark. November's figure falls 50.5% below that high. Declines in new listings added to the market in the Valley's current climate is seen as a positive metric.



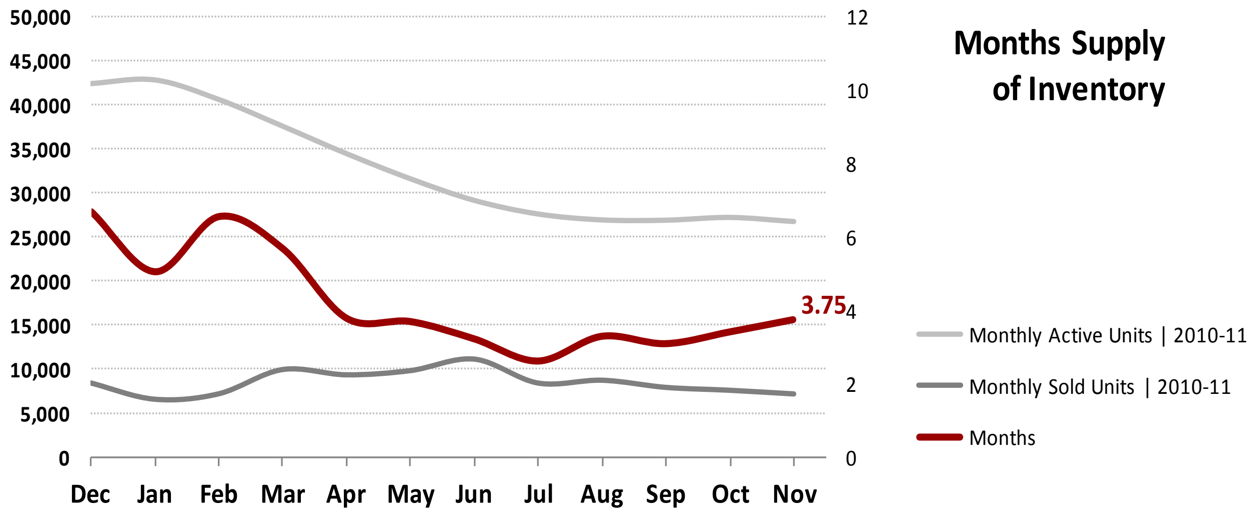
TOTAL INVENTORY

Total listings declined a mere 1.7% in November to 26,798. The overall trend line for total inventory in 2011 has been downward characterized by a steep decline from January's high of 42,881 to July's 27,655, followed by a more gentle fall between August and November. Most striking is the 41% decline of November's new inventory total from the same figure in 2010.



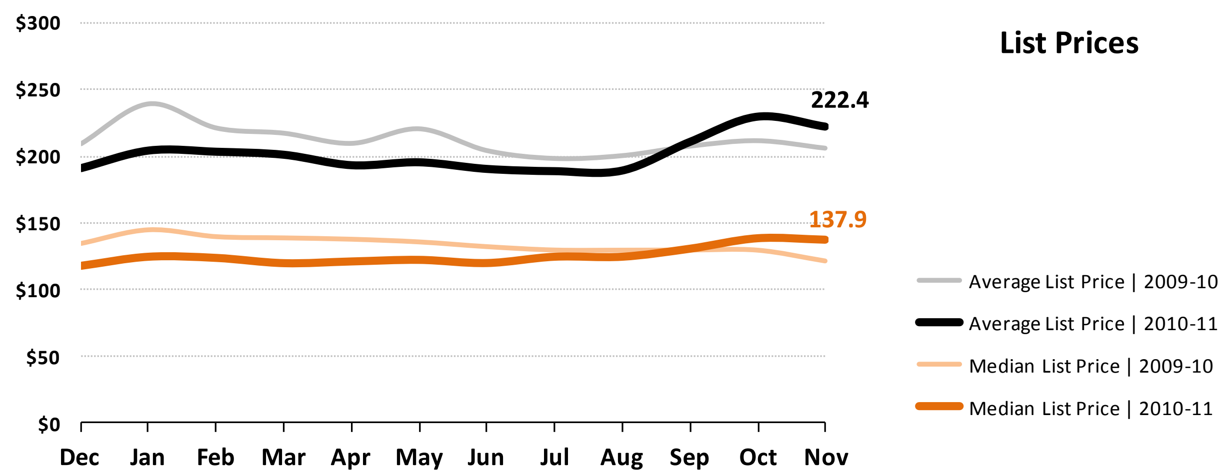
MONTHS SUPPLY OF INVENTORY (MSI)

Total market wide month supply of inventory increased again in November to 3.75. While this is still under 4 months, often seen as the benchmark for a seller's market, it continues the upward trend started from a low of 2.62 months in July. Market wide MSI is seen as a barometer of market health and should not be used in predicting MSI in smaller market niches.



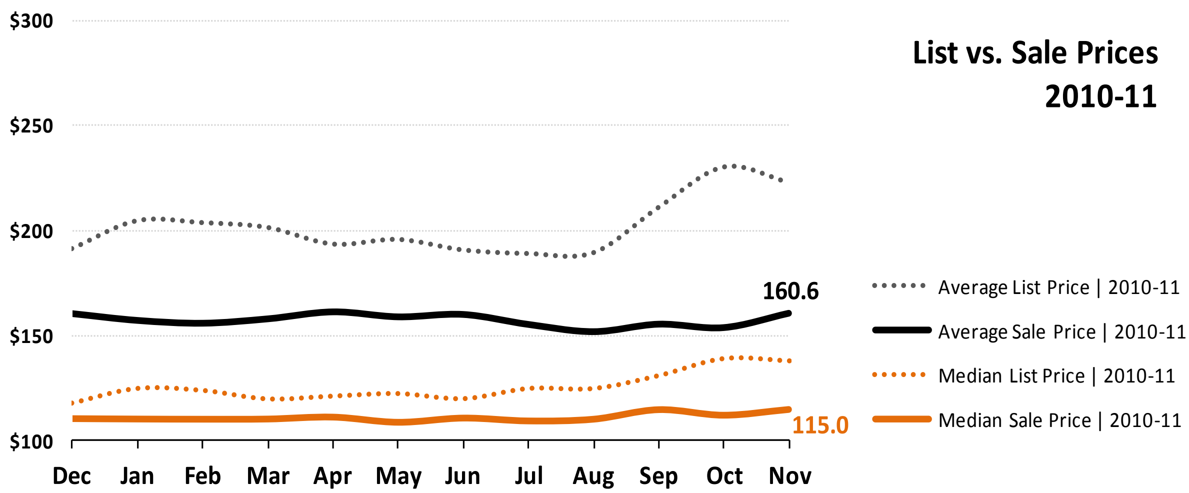
NEW LIST PRICES

Average new list prices, which fueled optimism in September and October with an upward tilt, turned downward by 3.3% in November to $222,400. The median list price declined only .8% to $137,900 in November. The decline, while slight, is disappointing to those hopeful of a restoration of the Valley's pricing.



SALES PRICES

Sales prices offered more encouragement than list pricing in November. The average sales price rose 4.7% to $161,600, while the median sales price rose 2.7% to $115,000. Even with these positive upward tilts, the sales pricing trend lines for the entire year remain flat and lackluster.



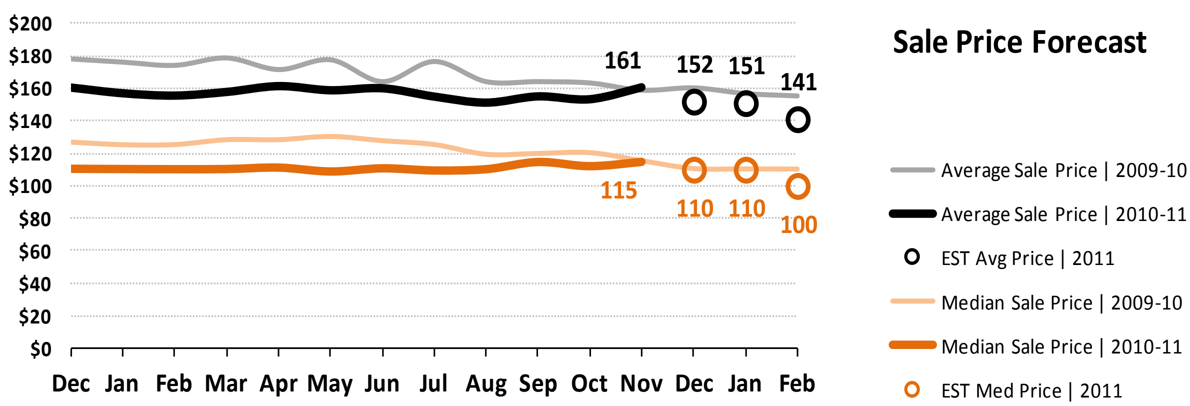
THE ARMLS PENDING PRICE INDEX™

The ARMLS Pending Price Index (PPI) is a forecasting tool unique to ARMLS which uses pending sales data in MLS to predict the average and median sales price 30, 60 and 90 days into the future. Last month PPI predicted the average sales price to be $155,900, missing the actual average of $160,600 by 3.01%. The median sales price predicted last month was $114,000, missing the actual of $115,000 by .88%.

In the December / January issue of *WAVE*, ARMLS examined the behavior of individual properties in the pending property pool inside MLS. Predictive accuracy of the PPI declines the further into the future it goes as the makeup of the pool grows heavily weighted with unclosed short sales. Learn more.

PPI predicts that the December average sales price will fall to $152,000 followed by $151,000 and $141,000 in January and February respectively. The median sales price is expected to fall to $110,000 in December, remain steady at $110,000 in January and drop to $100,000 in February.

Unfortunately predictions for the next 90 days show little improvement in the Valley's lackluster pricing.



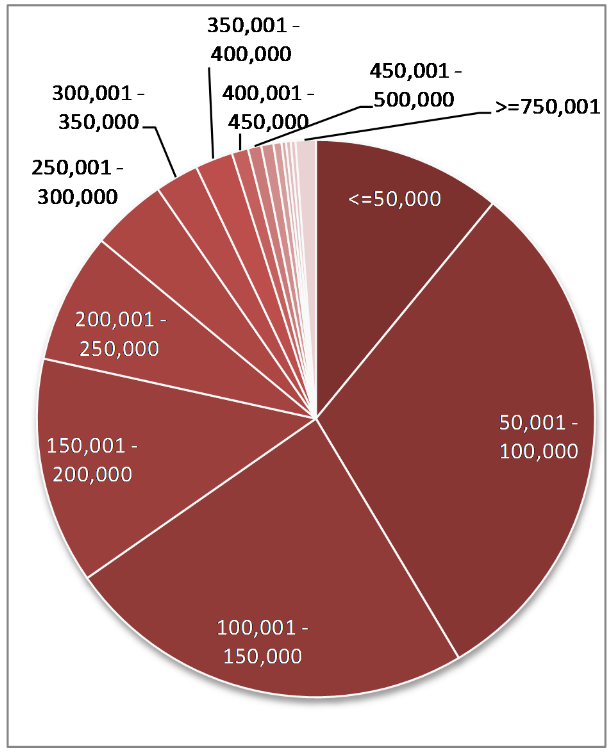
Predictive accuracy decreases with time.

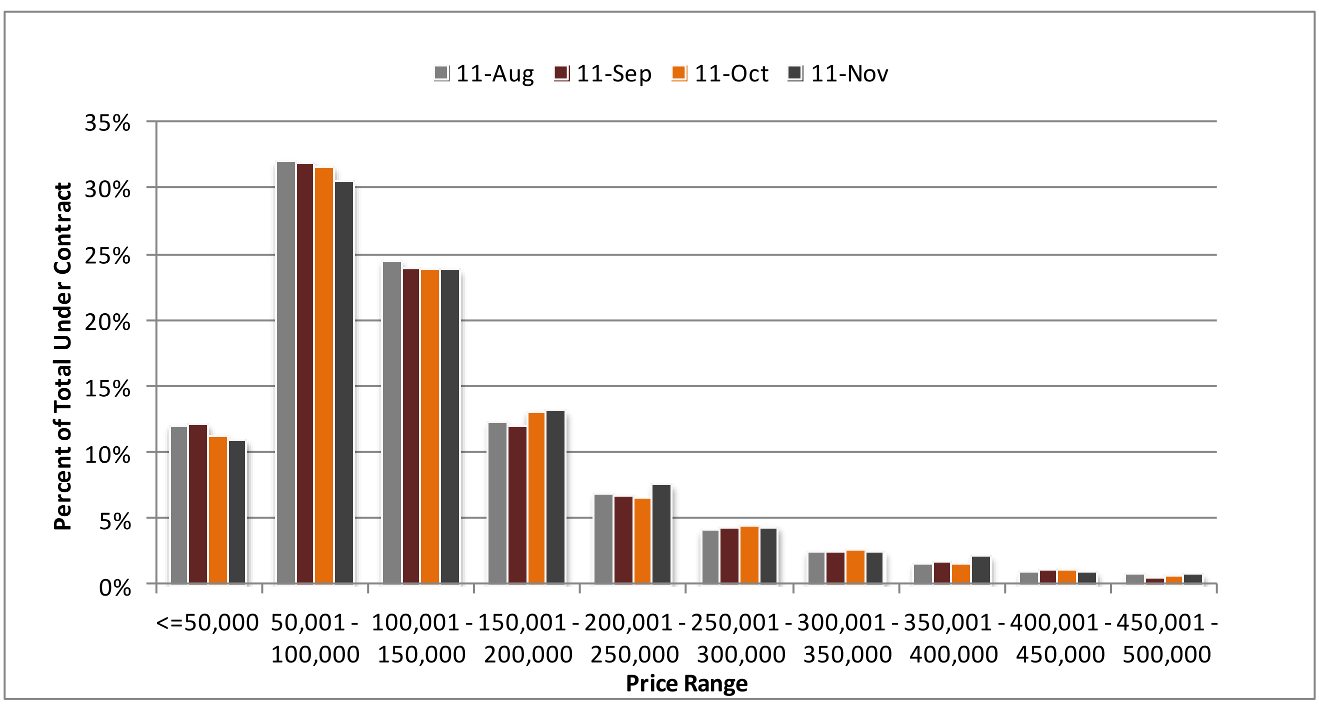
PPI SUPPLEMENT

The PPI Supplement focuses on the number and percentage of newly pended properties added to the total pending pool each month. By focusing on the newly pending properties on a rolling four month basis we can perceive subtle changes in pricing which are precursors to recovery.

Over the past four months the Supplement has reported declines in the number of newly pending properties in the below $50,000 and $50,001-100,000 ranges, while the $100,001-$150,000 range appears to have leveled out. Other ranges showing increases in the number of newly pended properties are $150,001-200,000 and $350,001-400,000. On such incremental changes a recovery is built.

Pending Contracts Signed In November				
Price Range	PPI Avg	PPI Med	PPI Units	Units % of Total
<=50,000	35,250	36,000	842	10.94%
50,001 - 100,000	77,475	78,050	2,348	30.51%
100,001 - 150,000	125,193	125,000	1,836	23.85%
150,001 - 200,000	173,568	172,000	1,013	13.16%
200,001 - 250,000	226,453	225,000	583	7.57%
250,001 - 300,000	275,797	275,000	337	4.38%
300,001 - 350,000	326,649	325,500	195	2.53%
350,001 - 400,000	376,735	375,000	168	2.18%
400,001 - 450,000	426,097	425,000	73	0.95%
450,001 - 500,000	476,761	475,500	60	0.78%
500,001 - 550,000	526,209	525,000	54	0.70%
550,001 - 600,000	580,908	579,500	36	0.47%
600,001 - 650,000	627,475	625,000	20	0.26%
650,001 - 700,000	678,119	675,000	21	0.27%
700,001 - 750,000	728,905	730,000	21	0.27%
>=750,001	1,299,930	1,050,000	90	1.17%





PPI SUPPLEMENT - $/SQ FT

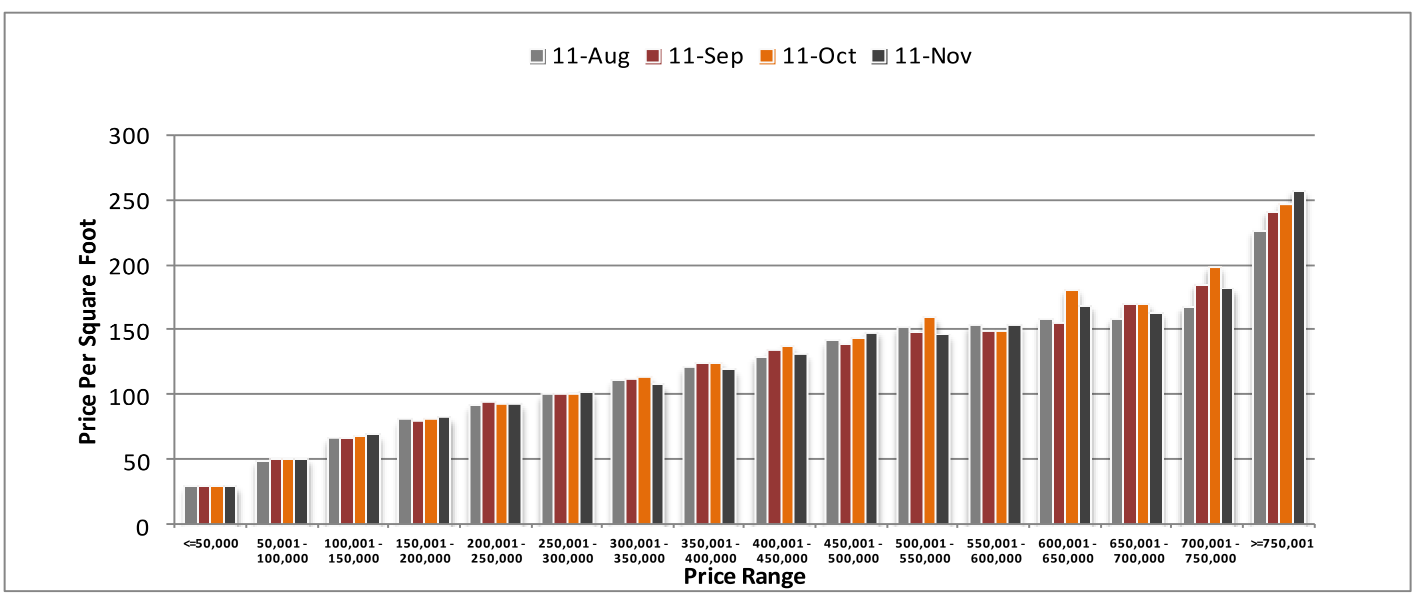
The PPI $/SQ FT Supplement examines incremental gains and losses in the price per square foot of new pendings added to the pending property pool each month. Price per sq ft in the under $50,000 and $50,001 -$100,000 ranges appear to have stabilized showing very little movement over the past four months. In the prices ranges above $100,000, six of the ranges showed gains in price per sq ft and eight showed losses, with no clear pattern emerging yet.

Pending Contracts Signed In October

Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt
<=50,000	34,788	1,197	941	29
50,001 - 100,000	77,030	1,554	2,628	50
100,001 - 150,000	124,771	1,858	1,981	67
150,001 - 200,000	173,988	2,135	1,091	81
200,001 - 250,000	226,212	2,435	541	93
250,001 - 300,000	275,454	2,768	373	100
300,001 - 350,000	327,801	2,892	218	113
350,001 - 400,000	375,412	3,026	130	124
400,001 - 450,000	427,335	3,124	98	137
450,001 - 500,000	476,318	3,346	63	142
500,001 - 550,000	527,658	3,328	45	159
550,001 - 600,000	576,686	3,863	37	149
600,001 - 650,000	631,357	3,506	24	180
650,001 - 700,000	678,720	4,013	22	169
700,001 - 750,000	728,687	3,689	15	198
>=750,001	1,265,537	5,134	101	246

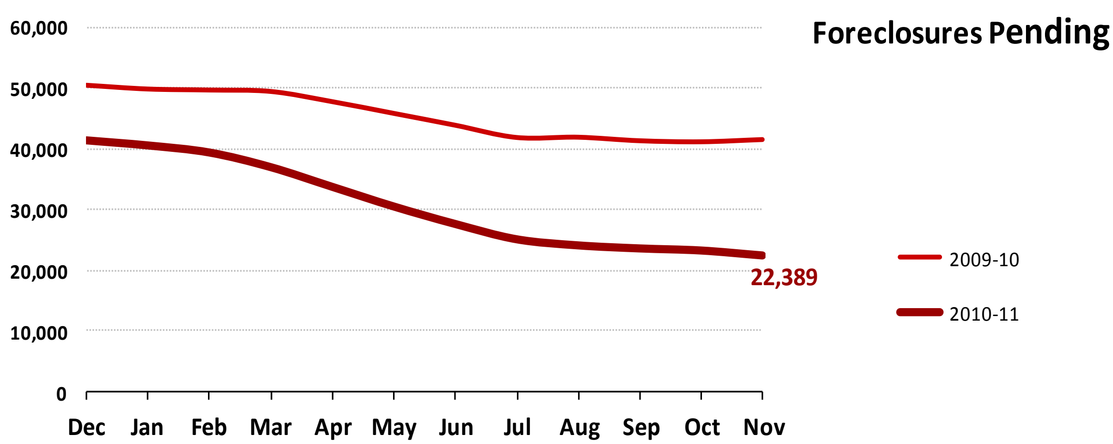
Pending Contracts Signed In November

Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt
<=50,000	35,250	1,222	842	29
50,001 - 100,000	77,475	1,549	2,348	50
100,001 - 150,000	125,193	1,830	1,836	68
150,001 - 200,000	173,568	2,121	1,013	82
200,001 - 250,000	226,453	2,455	583	92
250,001 - 300,000	275,797	2,711	337	102
300,001 - 350,000	326,649	3,059	195	107
350,001 - 400,000	376,735	3,174	168	119
400,001 - 450,000	426,097	3,267	73	130
450,001 - 500,000	476,761	3,223	60	148
500,001 - 550,000	526,209	3,622	54	145
550,001 - 600,000	580,908	3,781	36	154
600,001 - 650,000	627,475	3,740	20	168
650,001 - 700,000	678,119	4,186	21	162
700,001 - 750,000	728,905	4,032	21	181
>=750,001	1,299,930	5,072	90	256



FORECLOSURES PENDING

Foreclosures pending continued on this year's downward trajectory started from the high of 40,641 in January to 22,389 in November. The accelerated rate of reduction experienced from January through July eased from August to November. The Valley's foreclosures pendings hit its all time high of 50,568 in November 2009, which puts this month's figure of 44.2% of the high in a positive light. Declines in foreclosures pending foreshadow declines in actual foreclosures and ultimate market recovery. This metric is moving in the right direction.



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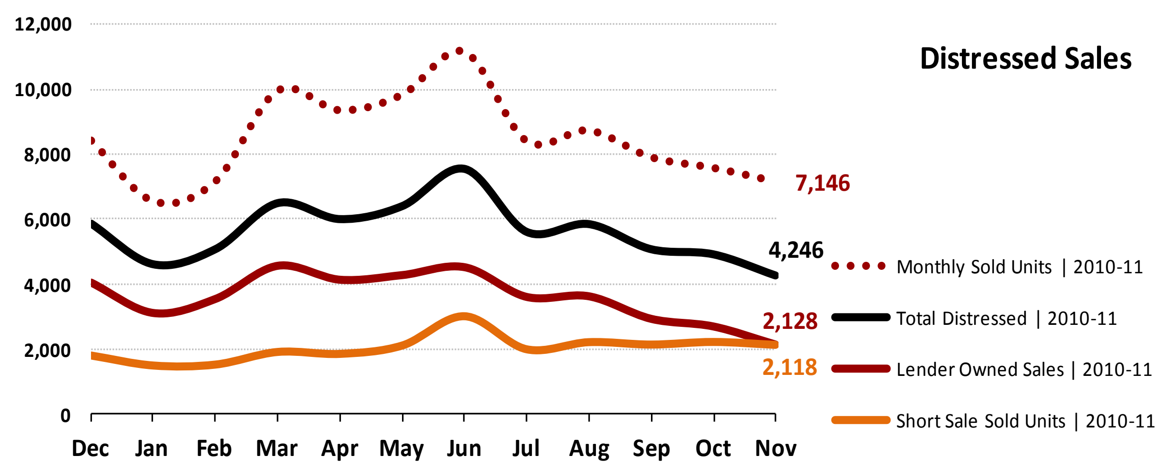
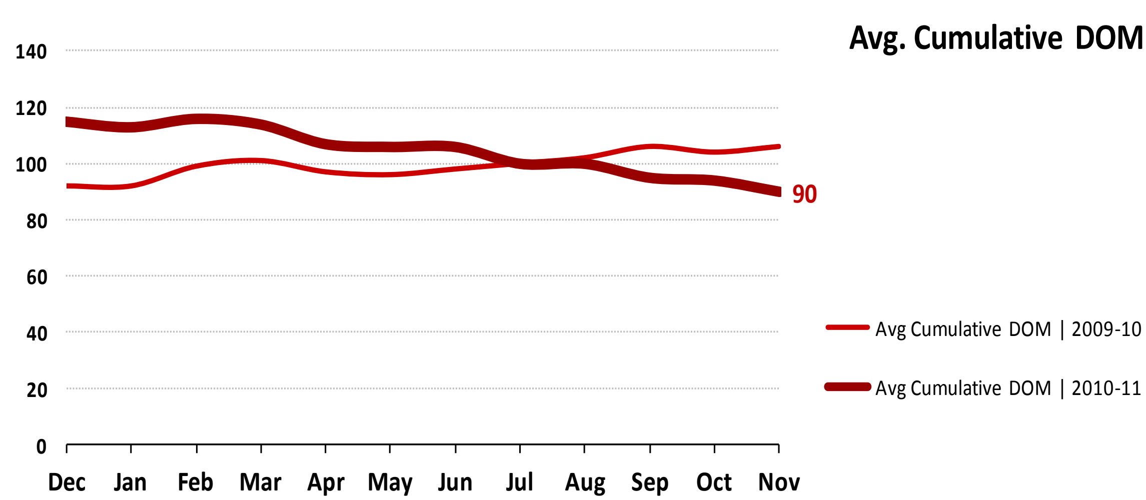
DISTRESSED SALES

Distressed properties, a composite of short sales and lender owned sales, lie at the heart of the Valley's depressed pricing. Distressed properties as a percentage of actual sales reached a market high of 74.1% in September 2010. In November distressed properties (4,246) represented 59.4% of total sales, the first time since STAT has been tracking that its percentage of total sales has fallen below 60%. Trend lines for short sales and foreclosures has been tracking parallel but in November trend lines for lender owned sales (2,128) and short sales (2,118) intersected. Short sales, which had been consistently eclipsed by lender owned sales, appear to be gaining momentum. The decline in actual foreclosures coupled with a rise in short sales indicates that more homeowners are able to dodge foreclosure in favor of short selling. This is positive news for homeowners having difficulty making payments who are caught in homes where the property value is lower than the mortgage amount.



AVERAGE DAYS ON MARKET (DOM)

Market wide average days in market fell to 90 days in November, a level not seen since October and November of 2009. Market wide days on market is a barometer of overall health and not indicative of average days on market in smaller market niches.



COMMENTARY

As November marches toward the close of the year we are left with the familiar pattern of two steps forward one step back characteristic of 2011. This month's STAT has some positive news in the gain of shorts sales over foreclosures in the distressed property make up, the decline of distressed properties as a percentage of actual sales, reduction in the average days on market, a drop in total inventory and foreclosures pending and a continued reduction of new inventory added to the market. Yet, we saw rise in the MSI, a decline in sales and the continued lackluster performance of the median and averages prices, both listing and sales. Some metrics can be explained by seasonality typical of the fourth quarter. For a readership thirsty for more robust news, this doesn't quench.

ARMLS has watched Subscriber Confidence indices rise for the last three months with active Subscribers gaining confidence in their expectations of the economy, real estate in the Valley and their own future income. While STAT examines recent past history, Agents operating at the market's front line with real buyers and sellers are the first to actually experience positive momentum.

As STAT has often pointed out, the Valley does not operate in a vacuum, and gains in the market are dependent on factors beyond our control. The US Bureau of Labor Statistics reported a fall in the national unemployment rate from 9.0 to 8.6 in November. Figures for Phoenix Metro released December 6th by the US Bureau of Labor Statistics[1] show an 8.1% unemployement rate in the Valley, clearly a metric moving in the right direction albeit slowly. It is the interdependency of markets across the country that poses the biggest challenge. Net migration remains barely birth over deaths for the Phoenix Metro area.[2] What is needed are more jobs and the unfreezing of home equity not only locally, but also in our feeder markets which will free new homeowners to sell their homes and move into the area.

In praise of patience, the phase of unknown origin, "All good things come to he who waits," perhaps is the best strategy for statistic-phile Subscribers anxious for recovery.

[1] www.usbls.com
[2] EBR DatabaseOnline