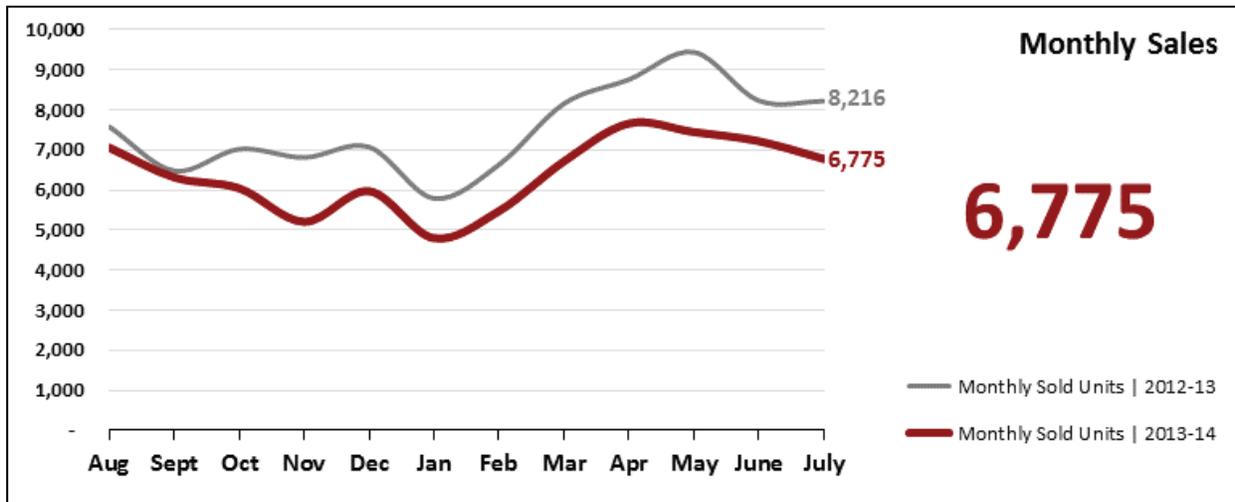




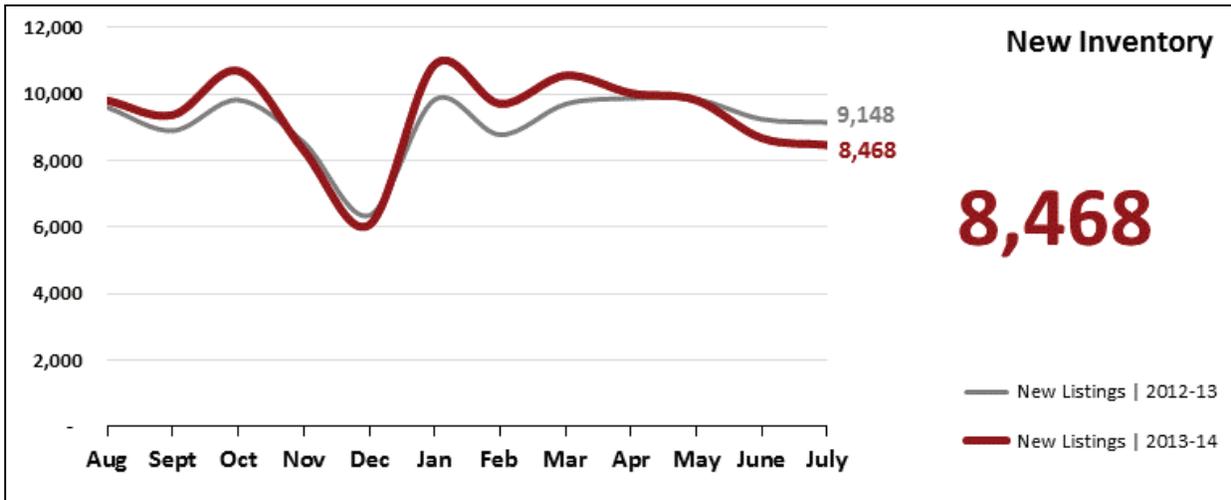
ARMLS® STAT - August 14, 2014

MONTHLY SALES



-17.5%, year-over-year
-6.2%, month-over-month

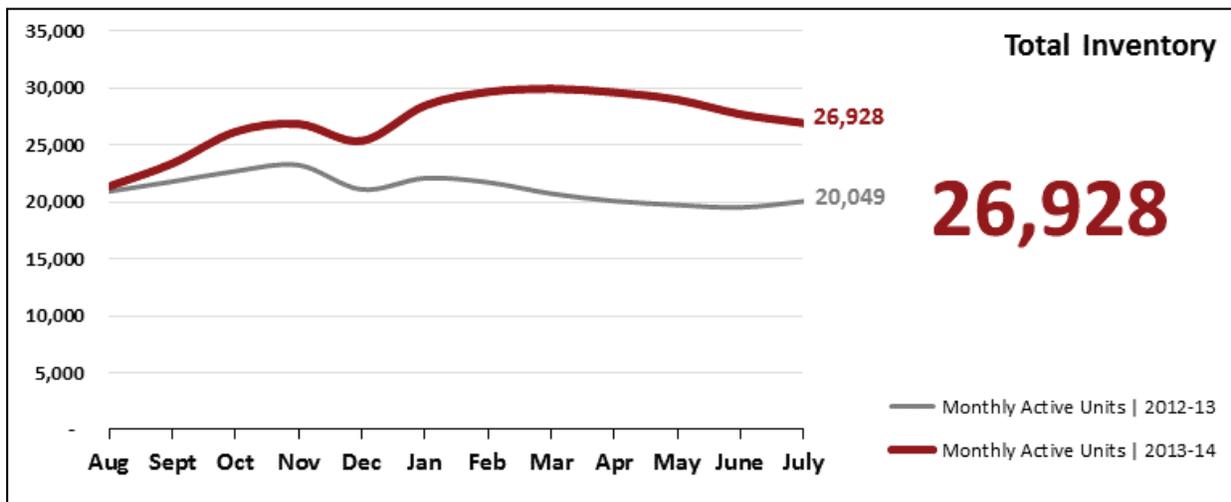
NEW INVENTORY



-7.4%, year-over-year

-2.4%, month-over-month

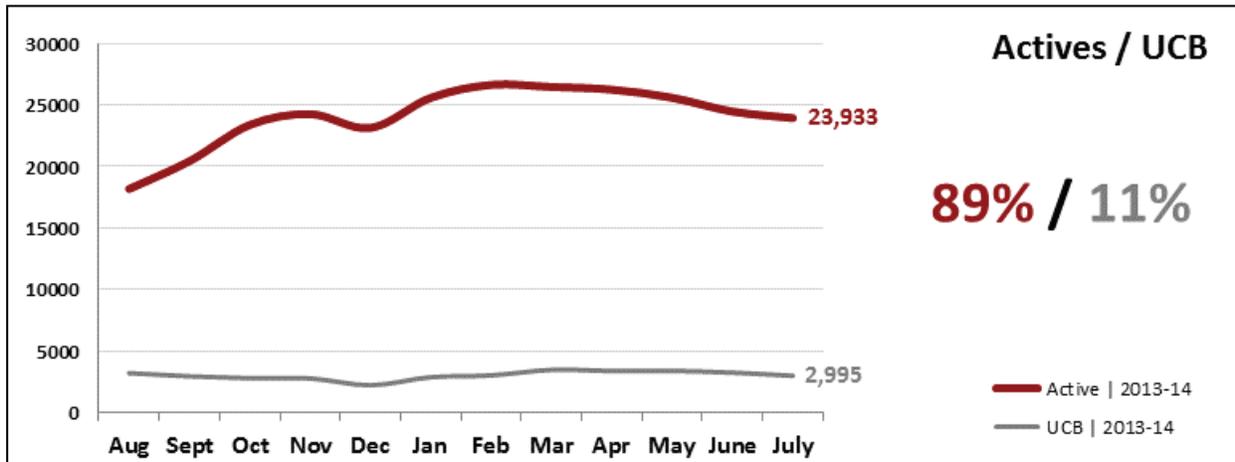
TOTAL INVENTORY



+34.3%, year-over-year

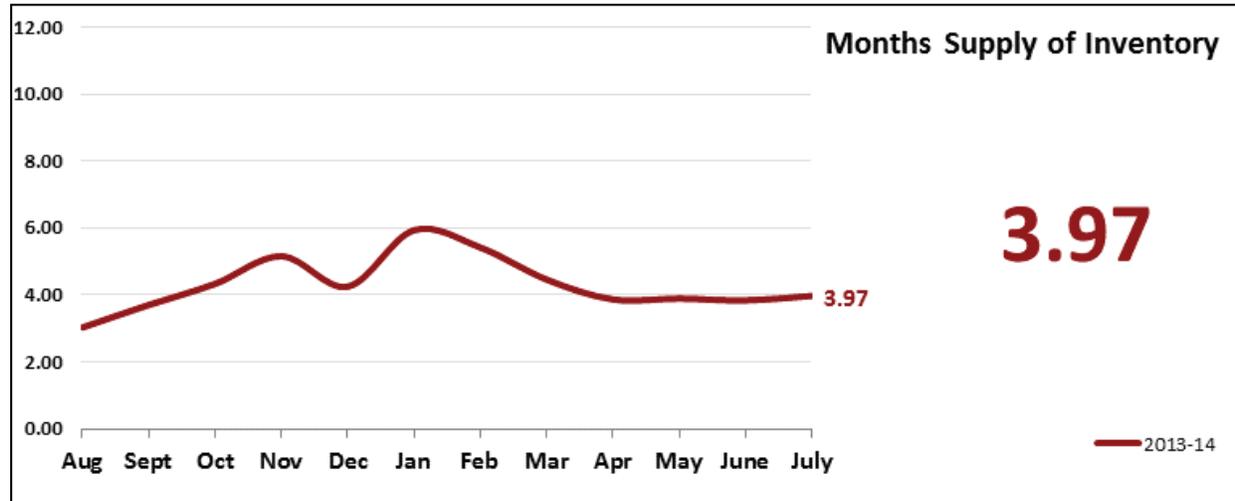
-2.8%, month-over-month

ACTIVES / UCB



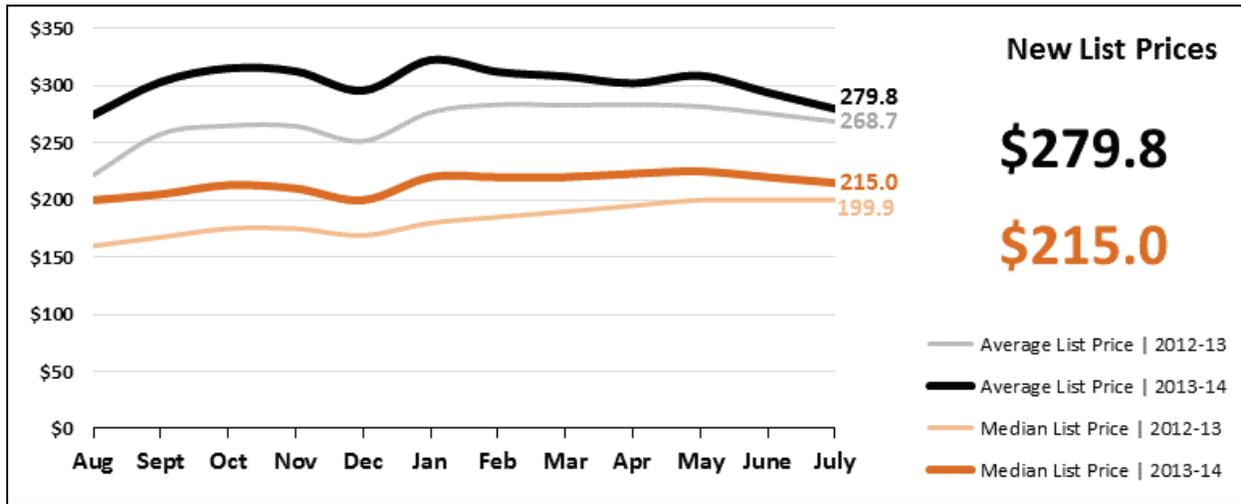
11.7%, June 2014 UCB percent of total Active
11.1%, July 2014 UCB percent of total Active

MONTHS SUPPLY OF INVENTORY



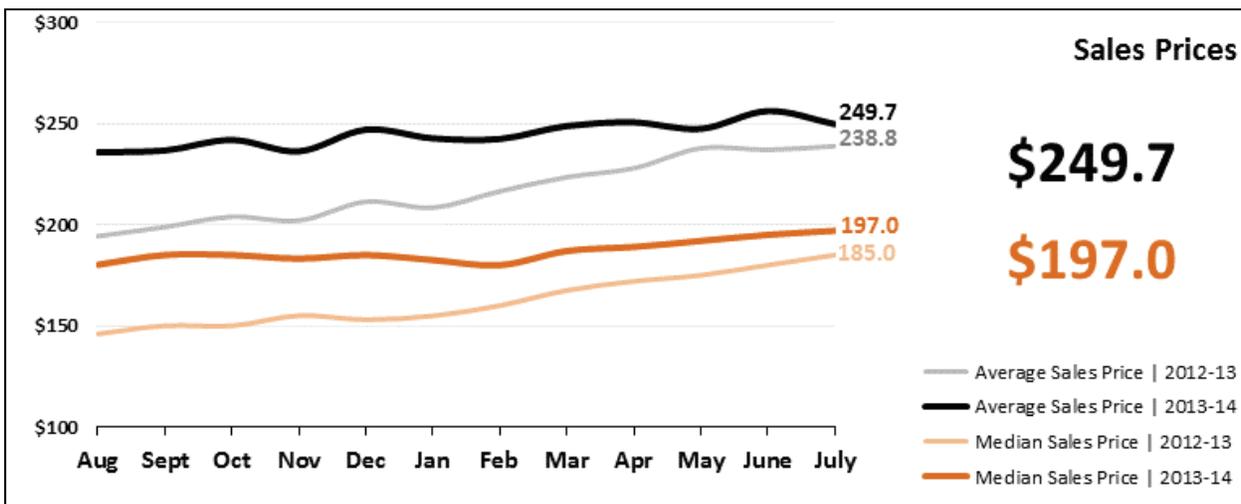
3.84, MSI June 2014
3.97, MSI July 2014

NEW LIST PRICES



+4.1%, year-over-year average
+7.6%, year-over-year median

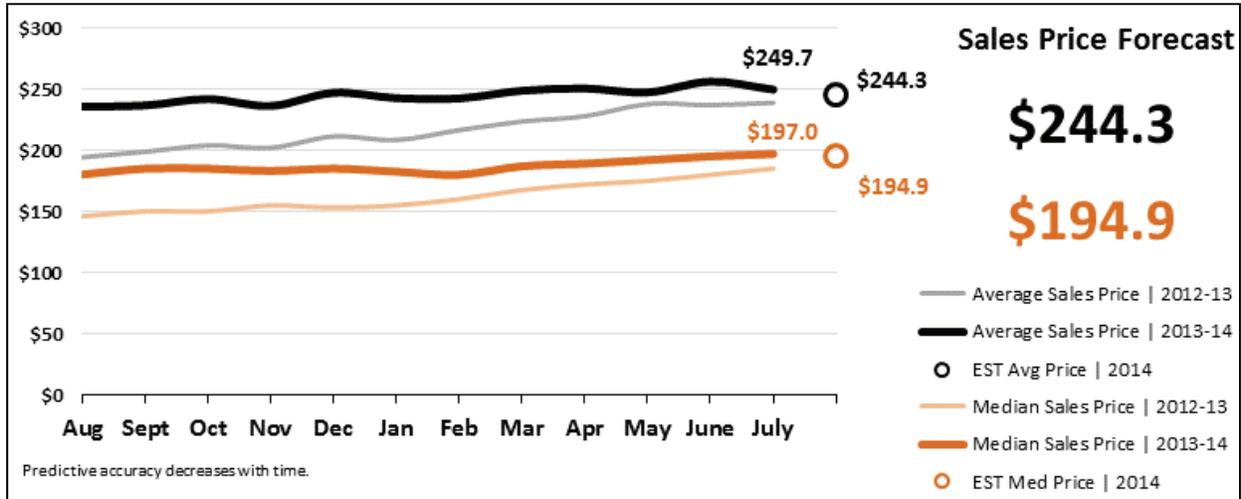
SALES PRICES



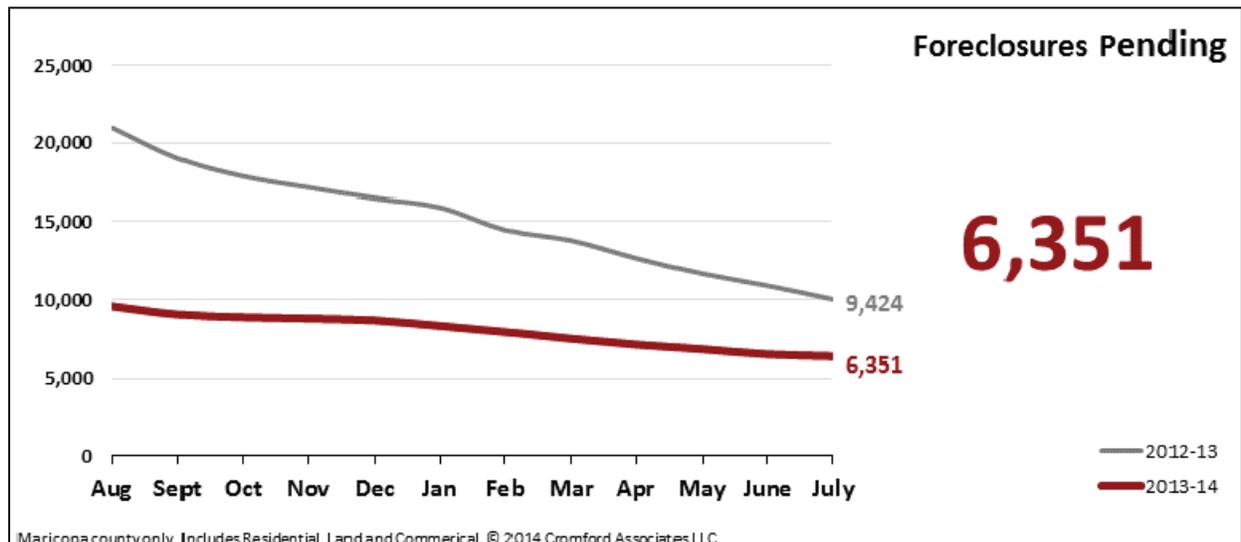
+4.6%, year-over-year average
+6.5%, year-over-year median

THE ARMLS PENDING PRICE INDEX™

SALES PRICE FORECAST

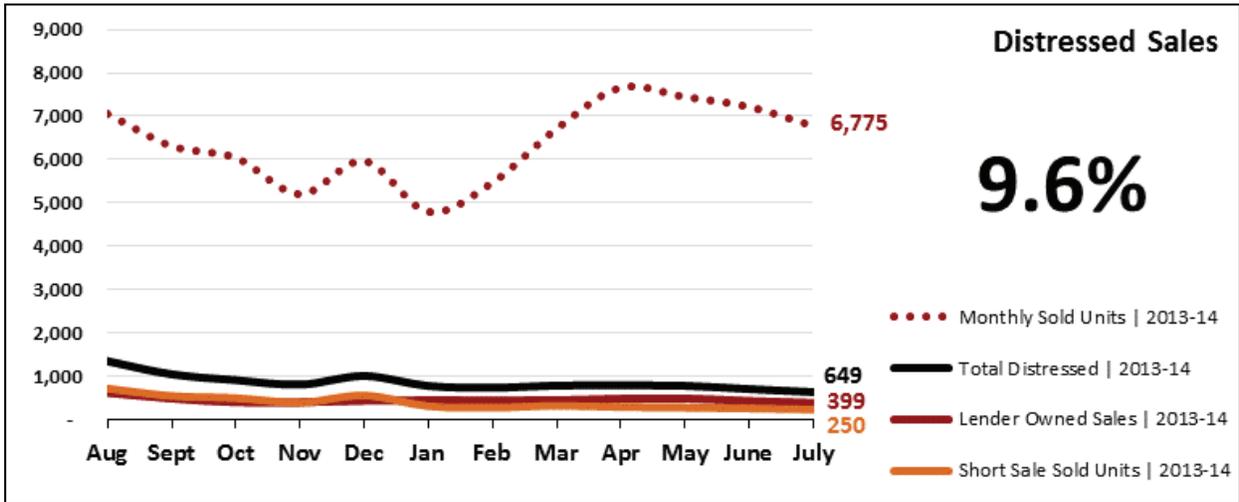


FORECLOSURES PENDING



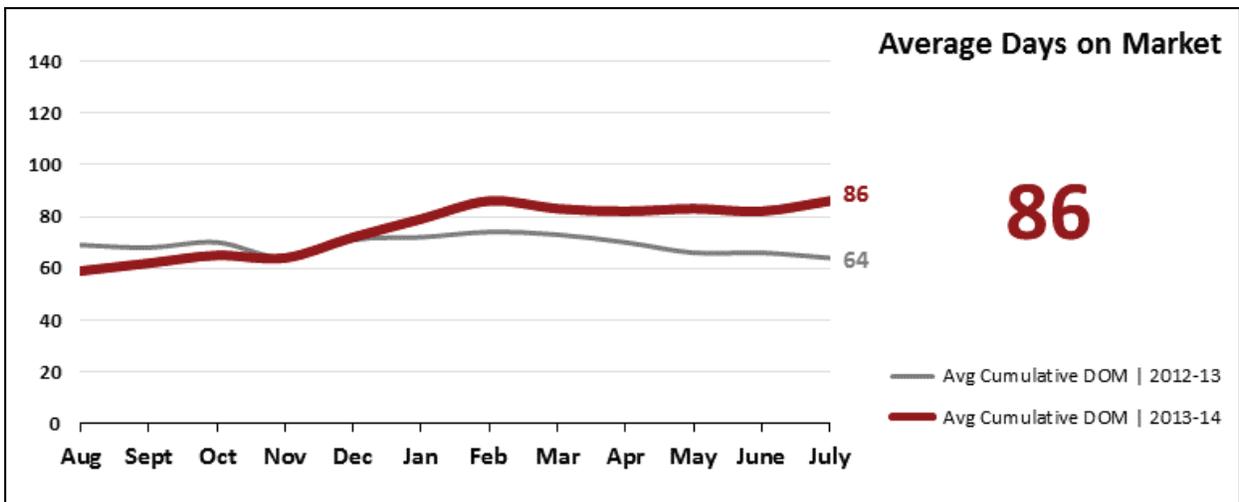
-36.6%, year-over-year
-1.9%, month-over-month

DISTRESSED SALES



-73.4%, short sale units year-over-year
-48.2%, lender owned units year-over-year
-62.1%, total year-over-year

AVERAGE DAYS ON MARKET



+22, year-over-year
+4, month-over-month

COMMENTARY

by Tom Ruff of The Information Market

For the last year I've been faced with the challenge of seeking new ways to describe a real estate market that has been uninspiring but consistent. As we report data for July 2014, I'm faced with the same challenge, how to repackage boring.

There were no surprises in July with the median sales price, average sales price or total sales volume. They all came in as expected. The ARMLS Pending Price index for July 2014 projected a 1% rise in the median sales price to \$197,000, an average sales price of \$249,200 with a projected sales volume around 6,600. The final numbers were \$197,000, \$249,700 and 6,775 respectively. The reason I point out the accuracy of our projections is simply to say our market is and has been quite "dependable."

The charts for July speak for themselves shouting more of the same with only a couple minor exceptions. The most interesting change comes under the heading of new inventory. For the second consecutive month, first in June and now July, we've seen the lowest total of new listings for each of these months respectively in the 14 years ARMLS has been reporting this data. This possible trend, if it continues, will have significant implications moving forward. One final point to consider when viewing the numbers this month — we are now through "our season." History tells us sales volume will decline each month through November as was the case in July. Sale volume in July was 6.2% lower than June.

Real estate is a cyclical business, and our current phase just turned one year old this past week. A cycle by its very definition is a repeated sequence of events. The characteristics of our present phase include flat prices, tepid demand, and typical supply. Sales volume figures and sales price data receive the bulk of media attention each month, while very few pundits discuss the dramatic improvement we've seen in the composition of our sales. There has been a measurable shift away from a market once dominated by distressed sales and investor purchases to a much healthier more traditional market.

While I've struggled with new ways to describe this maturing phase where sales volume is less than desirable but where the quality of these sales is improving, our journalistic friends this month had no such problems. In July I saw several reports where the mundane numbers of the past few months were packaged into something truly astonishing.

July 19, 2014 CNBC

"Phoenix is a lesson in housing abuse. From boom to bust, to recovery to relapse, Phoenix housing is forever rising and falling, and now it is falling again. The rest of the nation should take notice."

"The numbers in Phoenix now paint an ugly picture: Regular resales are down 2 percent from a year ago. Sales of newly built homes are down 4 percent. Short sales and preforeclosure sales are down 73 percent and sales of bank-owned homes are down 20 percent, all according to Arizona State University. Meanwhile the number of active listings is up 69 percent from a year ago."

July 23, 2014 Phoenix Business Journal

Headlines: "Phoenix still near top in home foreclosures despite falling delinquency rates"
And
"Stubborn investors and falling comps: Why selling our Phoenix house is a hot mess"

August 4, 2014 Phoenix Business Journal

Headlines: "Why Phoenix is in a housing slump (again)"
".....couldn't have picked a worse time to try to sell."

The amazing aspect of each of these stories is the data referenced is correct and the expert quoted is spot on. The only thing inaccurate about these stories is the message conveyed by the reporters. Whenever I see a story where the data is correct and the expert's analysis is perfect, but somehow the tone and direction are skewed 180 degrees, I can only draw one conclusion. The composer must live in an alternative universe where up is down and down is up.

Our current housing market is not perfect by any means, but I do believe we're continuing faithfully down the long path of recovery, showing subtle and consistent improvement each month. We are definitely not the ugly picture the articles above paint. Time and time again in STAT we've described 2014 as being a transitional year, a year in which we move closer to a normal, robust and sustainable housing market. In a recent report, Doug Duncan, a senior vice-president and chief economist at Fannie Mae stated, "We have always believed that for the housing recovery to be considered robust, we will need strong and sustained full-time job and income growth. Recent data indicating the creation of more than 200,000 jobs over each of the last six months, combined with this month's improvement in the share of consumers reporting significantly higher household income than a year ago, does provide some reason for optimism. If these trends continue, they could lead to some upside in housing in 2015.

Our current housing market is not perfect...

As mentioned earlier, the Pending Price Index (PPI) projected the median sales price in July to be \$197,000, with the actual median price coming in at \$197,000. Our sales volume projections also came in as expected with sales volume in July lower than in June. In August the median sales price is projected to fall to \$194,900. Let's not jump to rash conclusions if the median price falls as expected. When the median sales price rose from February through June we not only cautioned against interpreting these increases as rising home values but we also suggested the median home price would retreat later in the year, most likely in August. Home prices have been stable, remaining flat for the last 12 months. Sales volume will be lower in August than July with expected sales volume to be around 6,350.