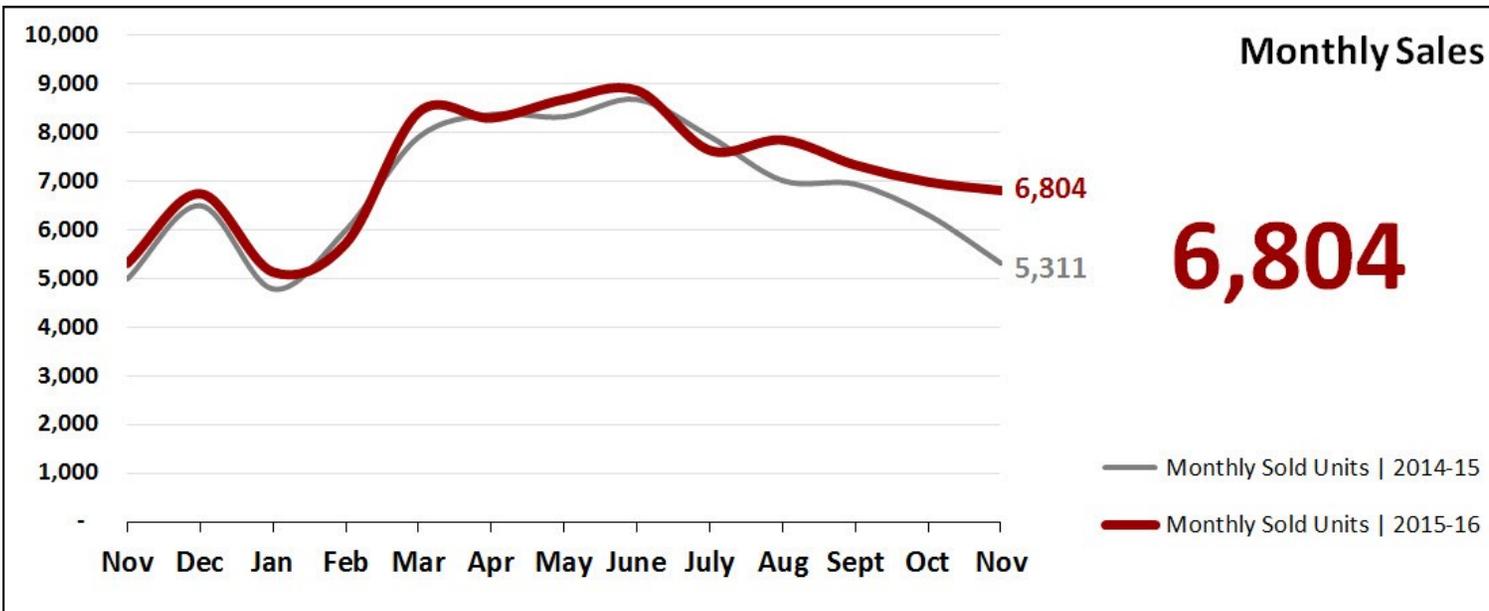


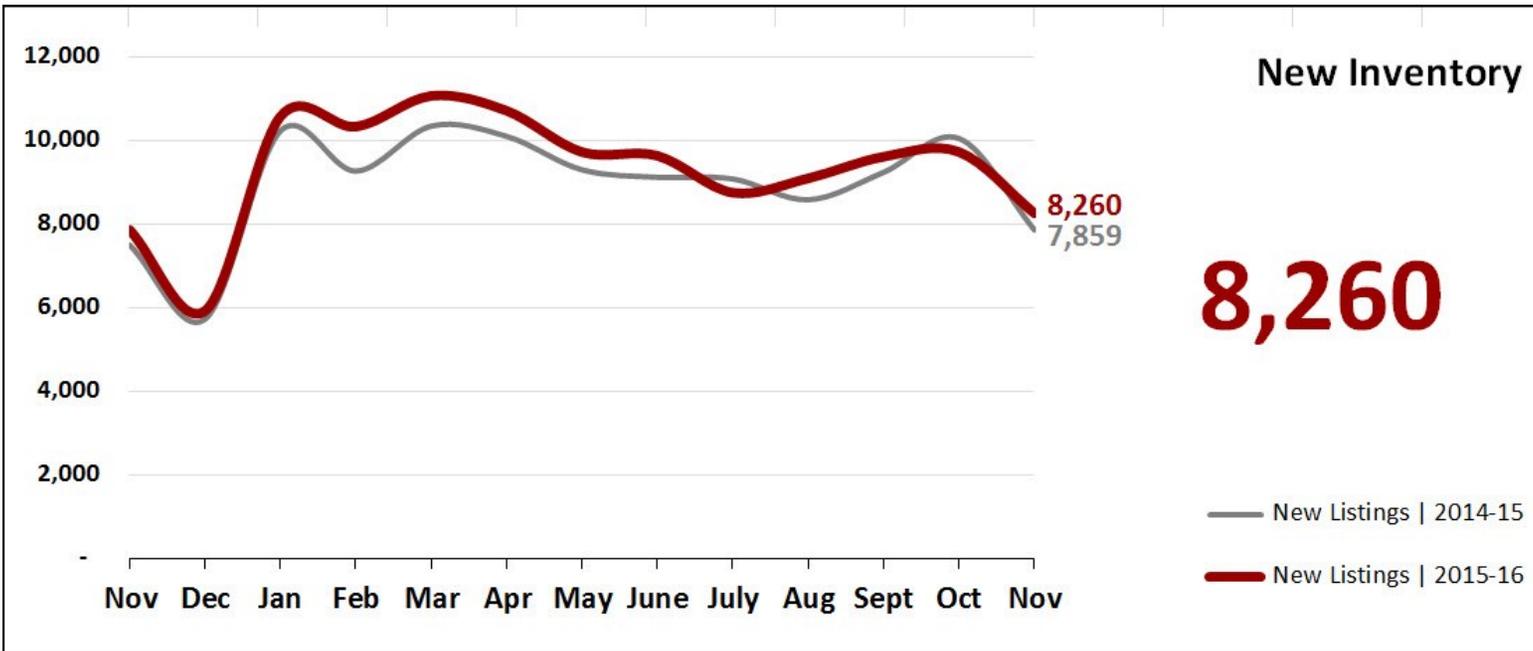


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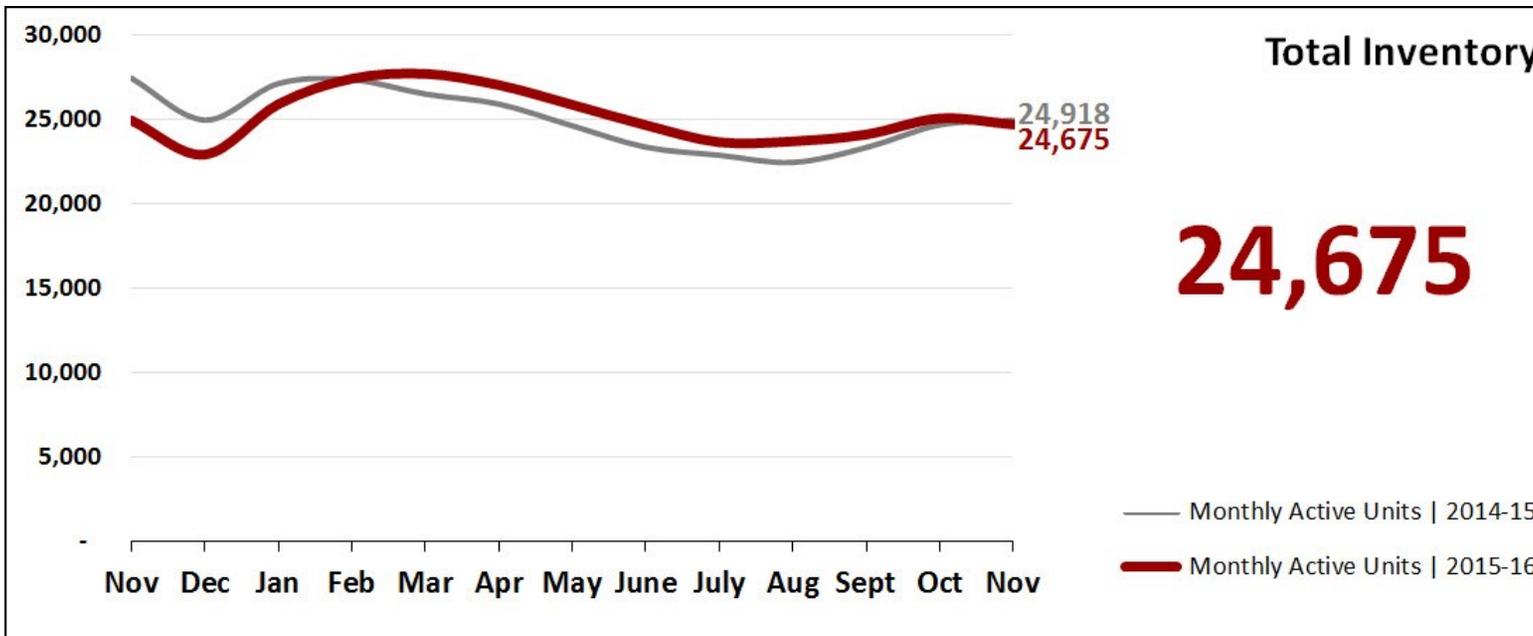
Sales are down -2.5% month-over-month. The year-over-year comparison shows an increase of +28.1%.

Closed MLS sales with a close of escrow date from 11/1/2016 to 11/30/2016, 0 day DOM sales removed



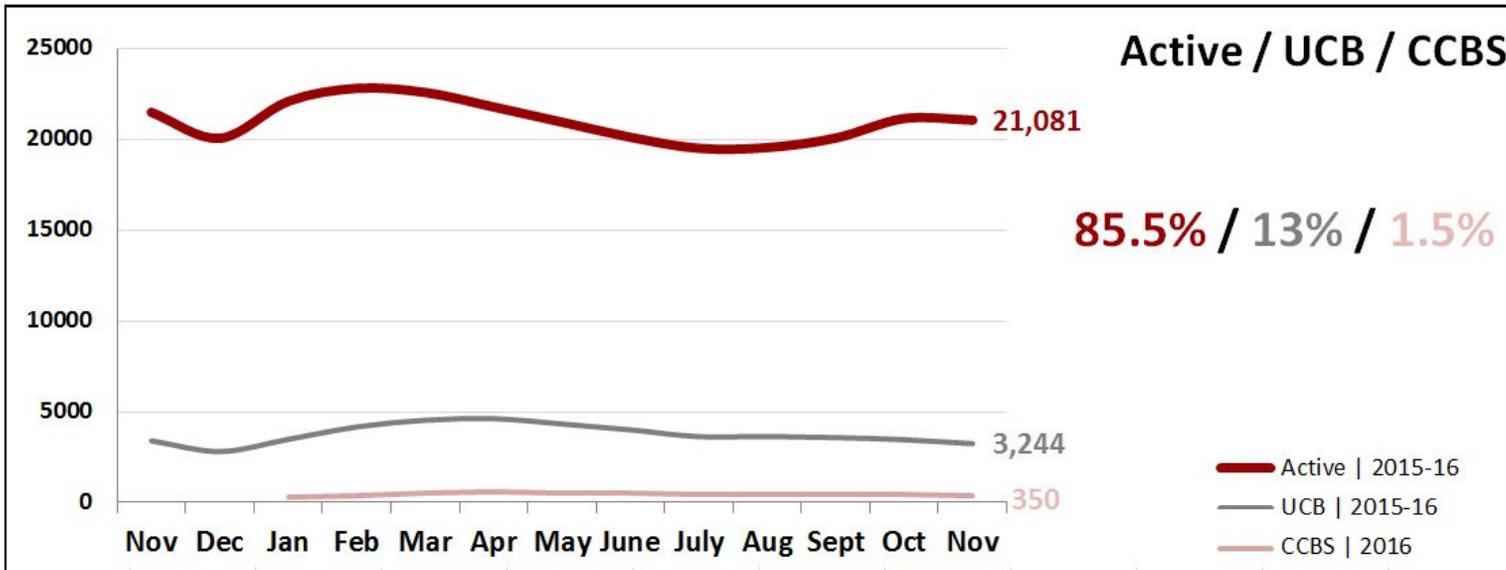
New inventory is down -15.1% month-over-month while the year-over-year comparison shows an increase of +5.1%.

New MLS listings that were active for at least one day from 11/1/2016 to 11/30/2016, 0 day DOM sales removed



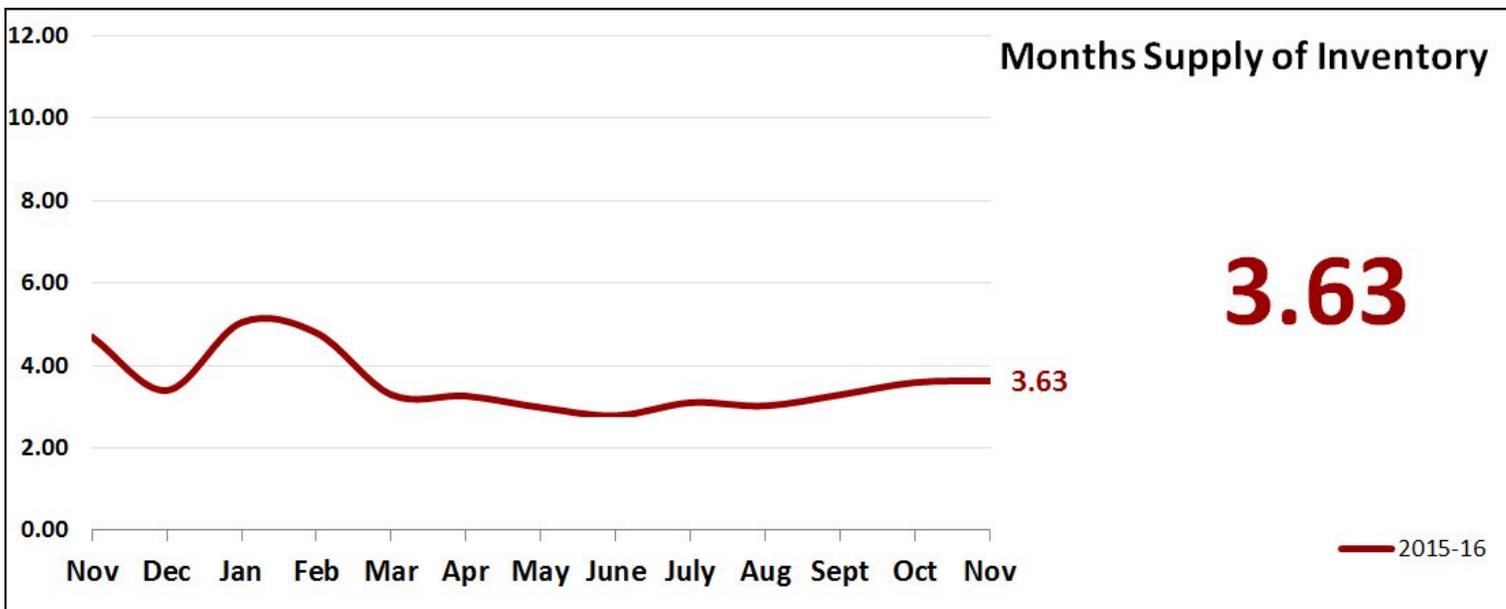
Total inventory has a month-over-month loss of -1.5% while year-over-year reflects a decrease of -1.0%.

Snapshot of statuses on 11/30/2016



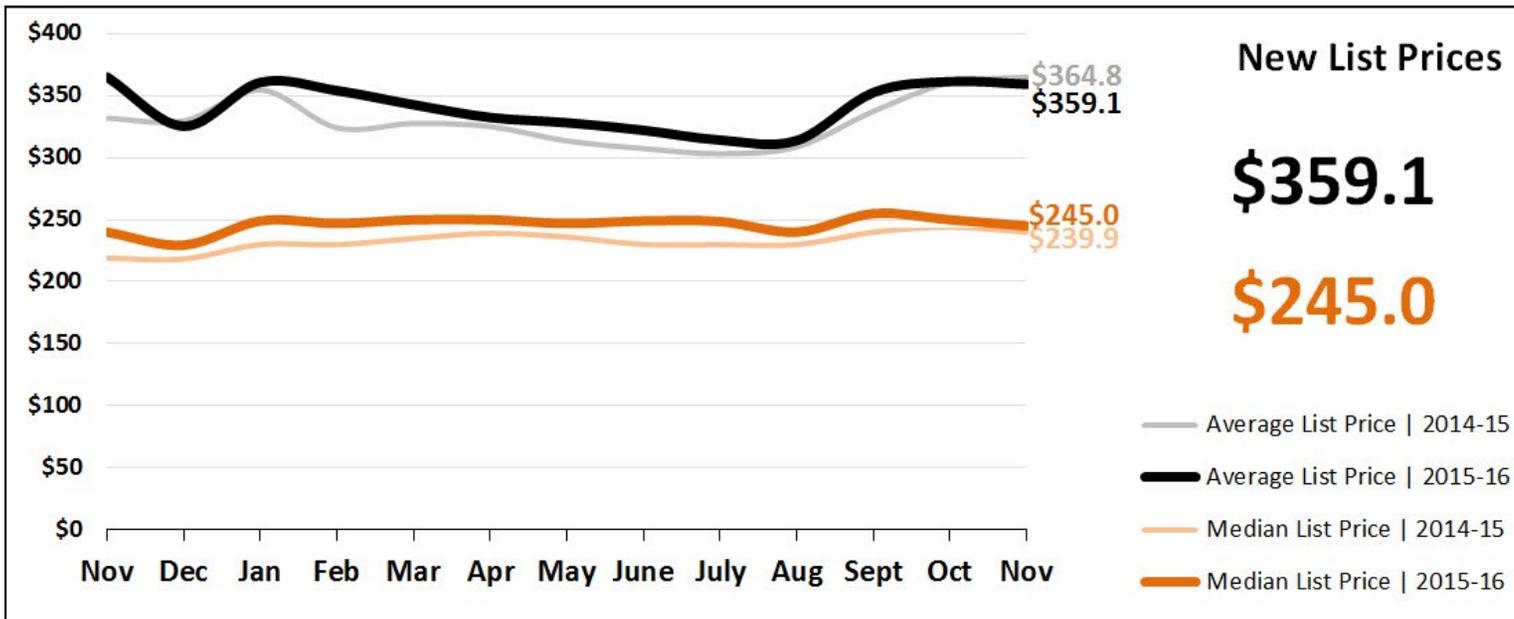
November UCB listings percent of total inventory was 13.1% with November CCBS listings at 1.4% of total inventory.

Snapshot of statuses on 11/30/2016



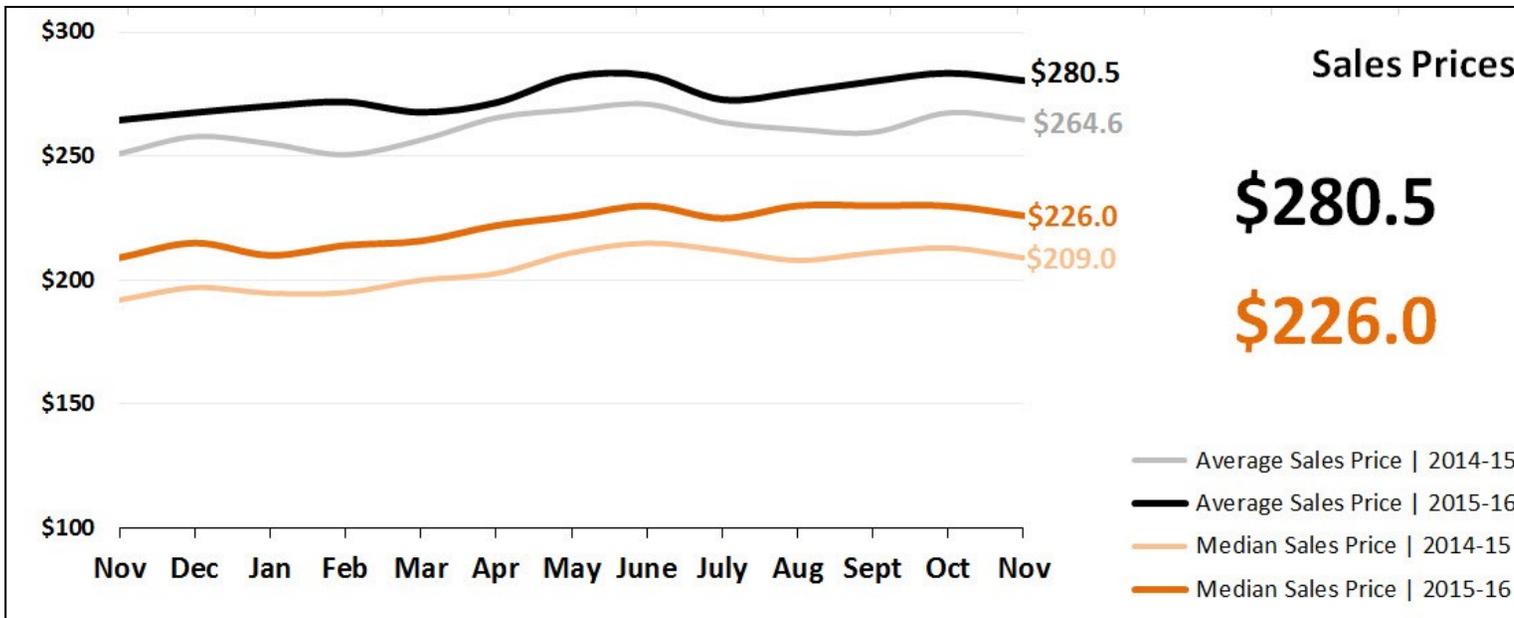
Months supply of inventory for October was 3.59 with November currently at 3.63.

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



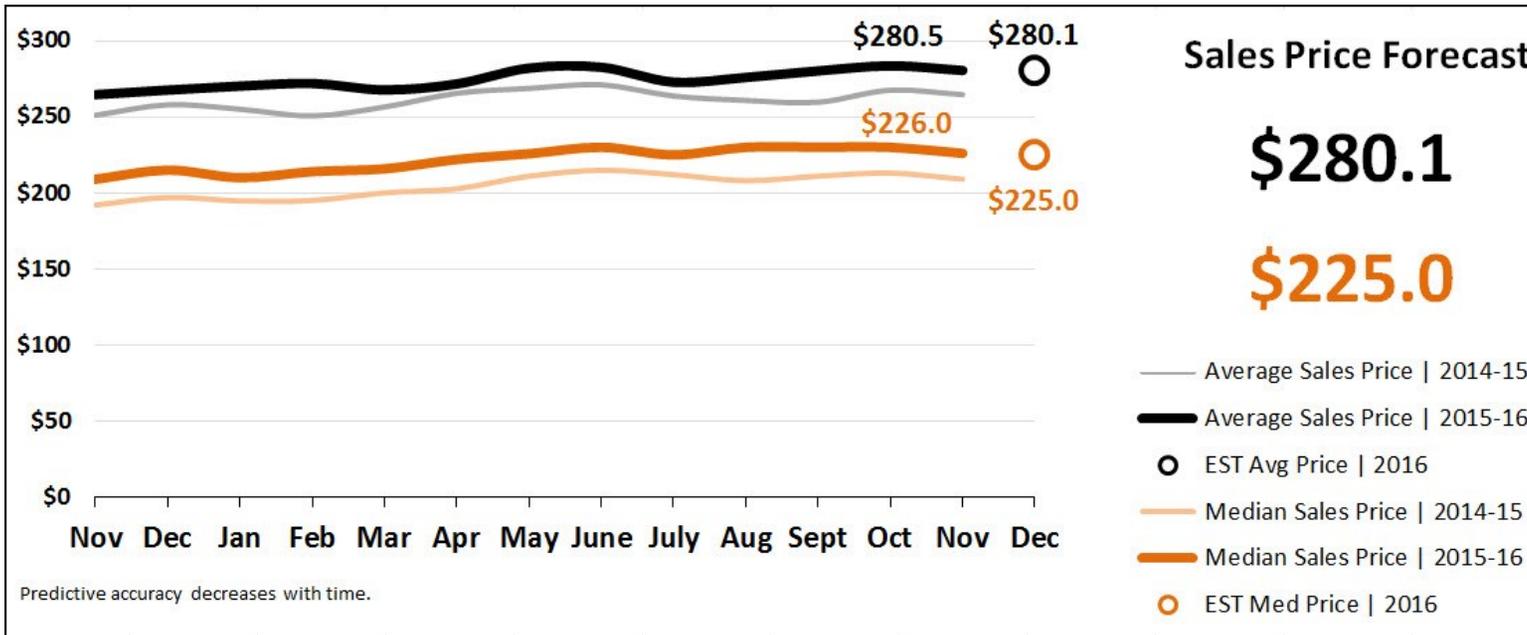
New average list prices are down -1.6% year-over-year. The year-over-year median is up +2.1%.

List prices of new listings with list dates from 11/1/2016 to 11/30/2016, 0 day DOM sales removed



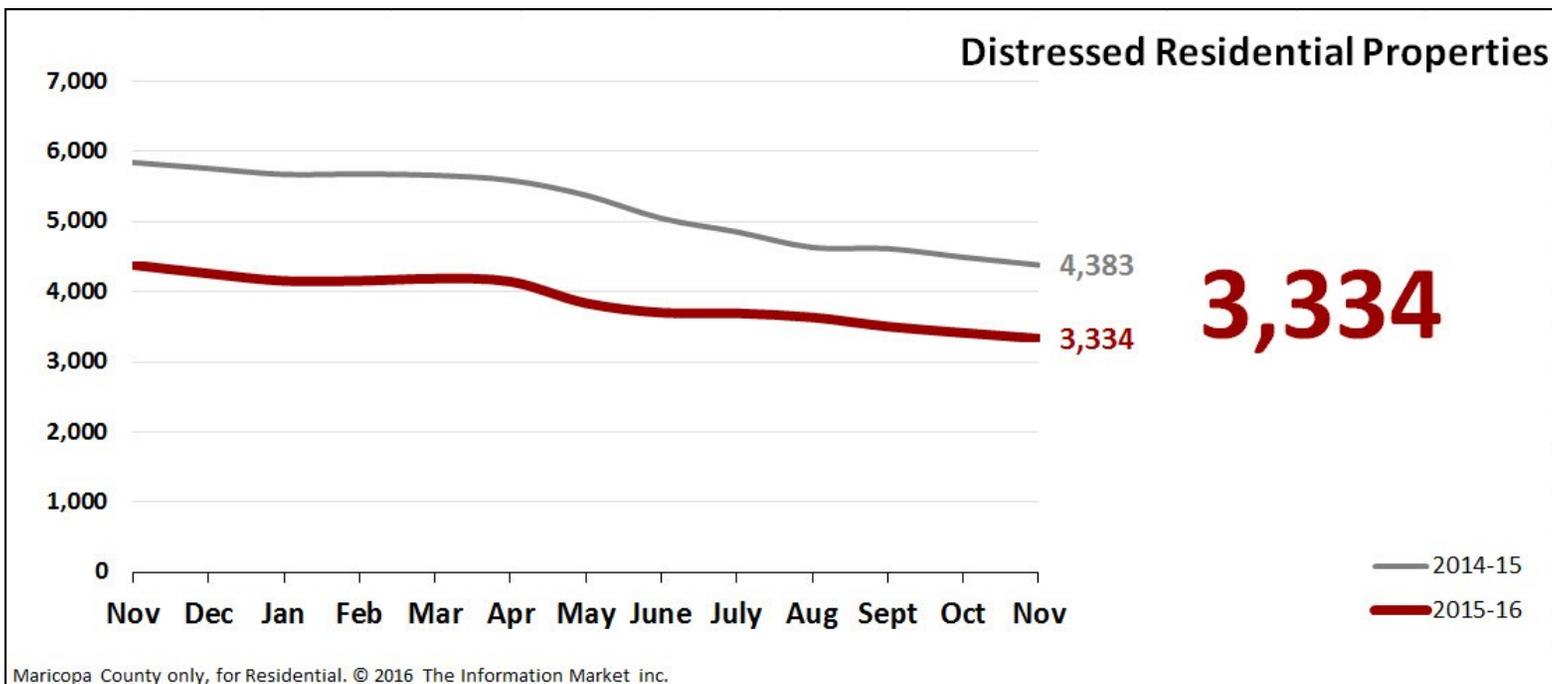
The average sales price is up +6.0% year-over-year while the year-over-year median sales price is also up +8.1%.

MLS sales prices for closed listings with a close of escrow date from 11/1/2016 to 11/30/2016, 0 day DOM sales removed



A slight decrease is forecasted for average sales price with median sales price dropping in December as well.

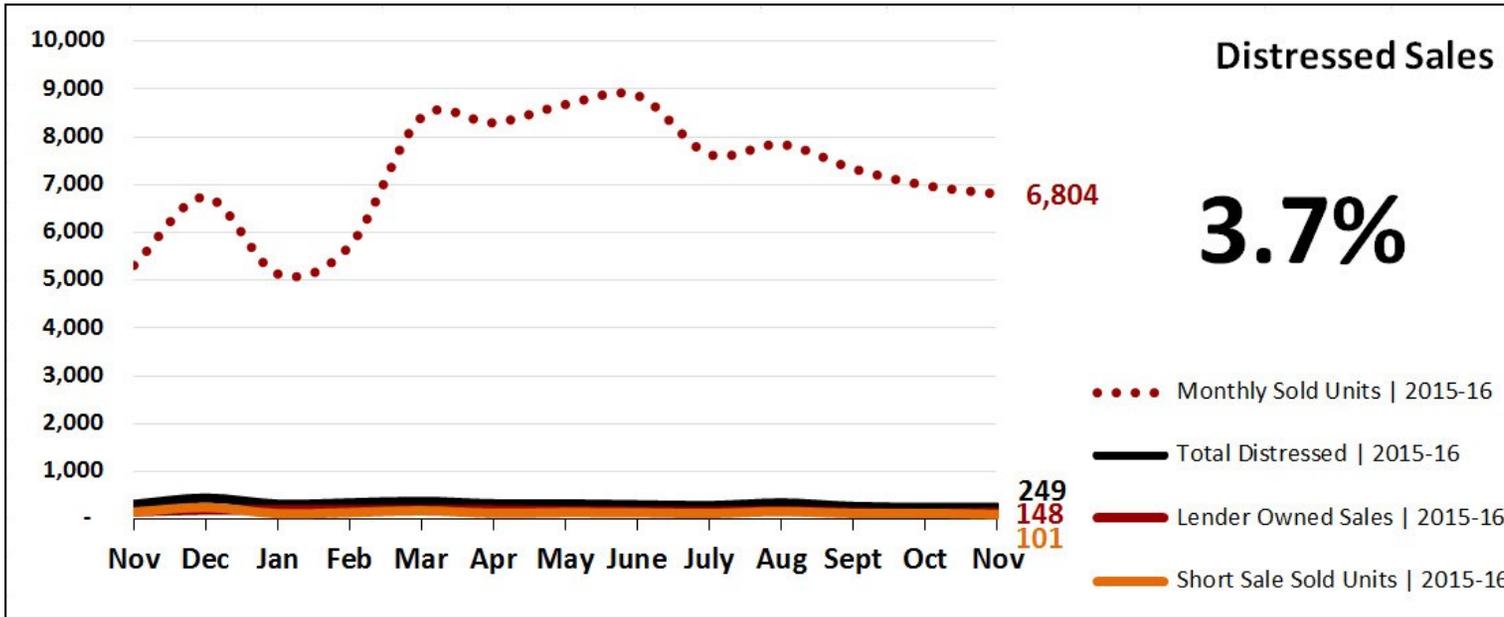
ARMLS proprietary predictive model forecast, 0 day DOM sales removed



Foreclosures pending month-over-month showed a decrease of -2.4% while the year-over-year figure was down -23.9%.

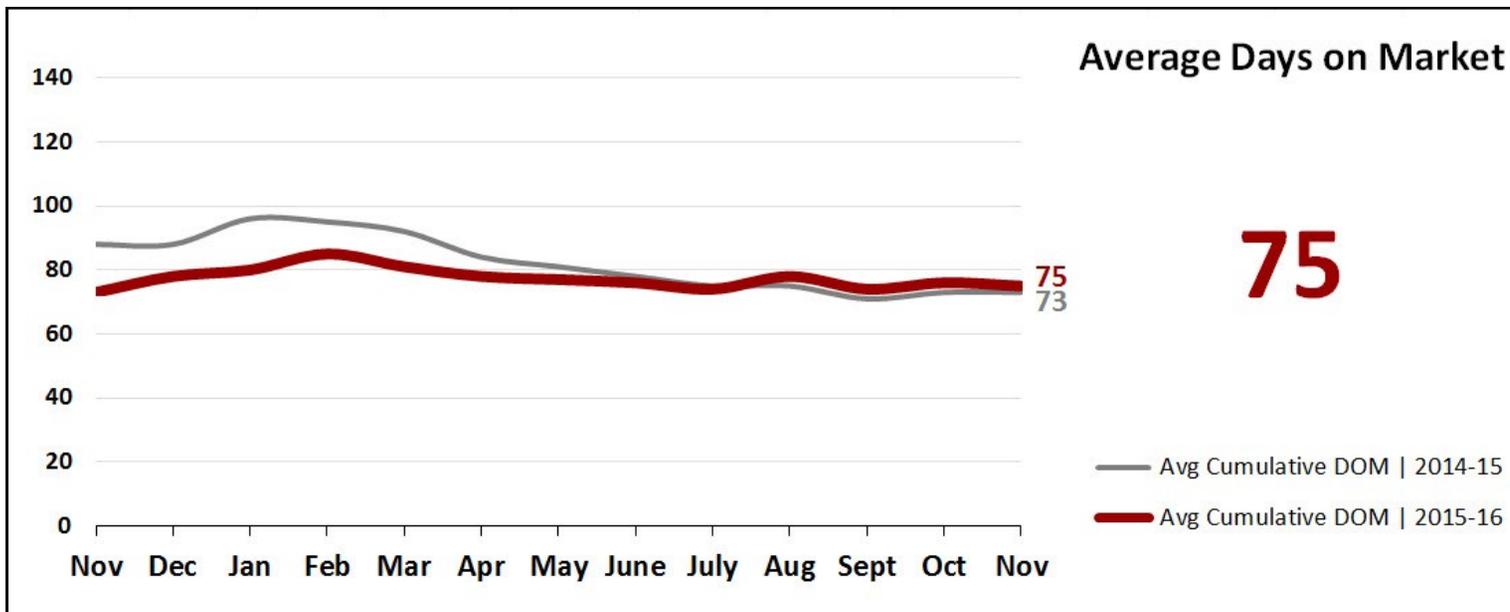
Maricopa County only, for Residential. © 2016 The Information Market inc.

Snapshot of public records data on 11/30/2016 active residential notices and residential REO properties



Distressed sales accounted for 3.7% of total sales, up from the previous month of 3.6%. Short sales dropped -34.4% year-over-year. Lender owned sales dropped -6.9% year-over-year.

Lender owned sales are MLS sales 11/1/2016 to 11/30/2016 where *Lender Owned/REO, HUD Owned Property* special listing conditions were selected
 Short sales are MLS sales 11/1/2016 to 11/30/2016 where *Short Sale Aprvl Req, Previously Aprvrd SS or Lender Approved SS* special listing conditions were selected
 0 day DOM sales removed



Days on market rose +2 days year-over-year while month-over-month decreased -1 day.

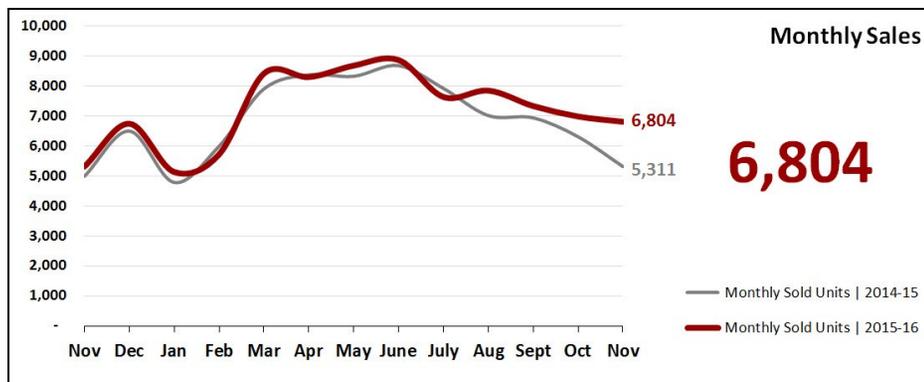
Average of all closed listings 11/1/2016 to 11/30/2016 where DOM was greater than 0

COMMENTARY

by Tom Ruff of The Information Market

Home sales are up, interest rates are up, the stock market is up, fake news is up and speculation as to what it all means is up. Oh, and by the way, a presidential election took place but let's pump the brakes for a moment on tying it all together. For the last month, regardless of what I read, everything seemed to be filtered through post-election goggles designed and engineered by pre-election beliefs. In STAT this month, we are going to ignore the clatter and focus on two metrics which we think are related: a 28.1% increase in year-over-year sales volume and a 19% increase in mortgage rates.

November 2016 MLS sales volume was 6,804, up 28.1% over last year (5,311).



On the surface these numbers are quite impressive and I'm certain in coming days will be hyped. We might even hear the phrase breakout month bandied about. There is reason to be impressed as November sales this year had the third highest resale home volume in the past 19 years according to tax records. The month was third only to 2004 and 2005 when our market was red hot. Accompanying the strong resale numbers, new home sales were up 43% year-over-year. The 1,298 new builds as reported by The Information Market accounted for their highest monthly total this year.

Now for the part you're not going to like as much

There are three reasons why you shouldn't get overexcited about the reported 28% November year-over-year increase. Mostly because it's not 100% real but more so how we count:

1. TRID

While the November year-over-year numbers are impressive, home sales in November 2015 were deflated by the implementation of TRID, making our year-over-year comparison between 2015 and 2016 inflated. We can only speculate how many sales which

normally would have occurred in November 2015 got pushed forward unnaturally into December 2015 but our estimates have ranged from 300 to 500 sales.

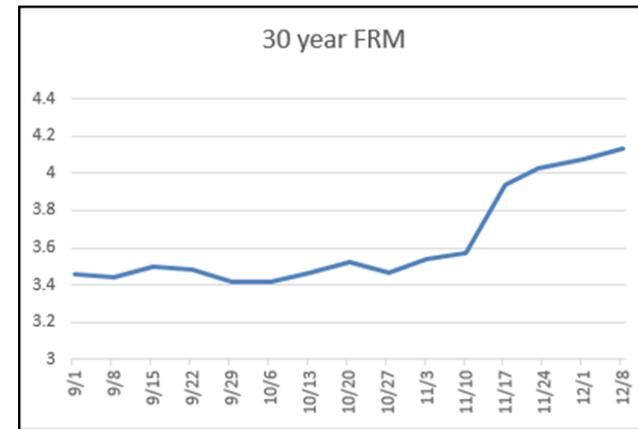
2. Business Days

Further compounding the comparison, last year in November there were 19 business days, this year there were 20. From our past analysis we know the number of business days will impact year-over-year comparisons each month. Our guess is the extra day contributed around 5% to the total this year.

2. Interest Rates

In our introduction, we mentioned a probable relationship between a sudden rise in mortgage rates and November sales volume. I believe this was a third mitigating factor. The market and industry were long expecting an interest rate increase. Buyers that contracted their purchase in October and locked their interest rates would have done everything in their power to ensure their loan closed within the 30-day window, thereby saving themselves thousands of dollars over the life of their loans.

The average sales price of a home in October as reported by ARMLS was \$283,500. The increase in monthly interest payments for an average priced home with an 80% loan to value closing on 12/8/2016 compared to a home that closed on 10/27/2016 was \$123.42 per month higher or \$1,481.04 more per year.



November sales numbers were strong, but not as strong as they appear on the surface. In my opinion, we didn't have a breakout month. We made a lot of assumptions this month but we are confident that December sales will fall back to earth based on the following logic:

- November 2015 sales volume was deflated by TRID
- December 2015 sales were inflated as closings were pushed forward due to TRID
- November 2016 had one more business day than 2015
- November 2016 sales were inflated by October contracts rushing to close to beat interest rates
- December 2016 has one less business day than December 2015
- December 2016 will be deflated by October contracts that rushed to close in November

Next month we break our normal programming for our annual year in review.

ARMLS Pending Price Index (PPI)

Last month STAT projected a median sales price for October of \$225,000, with the actual median coming in at \$226,000. The actual median was 0.4% higher than the \$225,000 projected by our model. Looking ahead to December 2016, our model projects a drop in the median sales price as the ARMLS Pending Price Index projects a median sales price of \$225,000. Our mathematical model projections have been trending slightly lower than the actual results. I expect little to no change in the median sales price this month and would not be surprised to see the median price slightly increase.

Sales volume in November as reported by ARMLS was 6,804 which was 28.1% higher than the total last year of 5,311. November sales came in much higher than our projection of 5,950, missing the mark by 854 sales. We begin November with 5,802 pending, 3,245 UCB listings and 351 CCBS giving us a total of 9,398 residential listings practically under contract. This compares to 9,562 of the same type of listings at this time last year. There are 21 business days in December 2016 compared to 22 business days in December 2015. One less business day this year and fewer residential listings practically under contract would suggest lower sales numbers this December compared to last year. There were 6,741 sales in December of 2015. Sales volume for the first 11 months of 2016 is 5.1% higher than 2015.

ARMLS has reported 81,677 sales this year compared to 77,508 sales last year.