

## Market Summary - Beginning of February 2012



Clear Title of Arizona is pleased to provide its clients with the Clear Connections Monthly Market Update. This report will provide you with the latest real estate trends.

Our business is built around the concept of educating and providing the personal service that Real Estate Agents and Lenders have come to depend upon. It is with this philosophy that we offer the Cromford Report to our clients, associates and friends. It is intended to keep you informed on critical market trends that affect our businesses.

Because January is always such a slow month for housing sales, it makes most sense to compare January 2012 to January 2011 rather than the relatively hectic December 2011. So for all areas & types we record the following:

- Active Listings (excluding AWC): 17,602 versus 36,494 last year - down 52%
- Active Listings (including AWC): 24,762 versus 42,522 last year - down 42%
- Pending Listings: 10,611 versus 10565, up 0.4%
- Monthly Sales: 6,451 versus 6,522 down 1.1%
- Monthly Average Sales Price per Sq. Ft.: \$85.04 versus \$81.65 - up 4.2%
- Monthly Median Sales Price: \$119,900 versus \$110,000 - up 9.0%

So we conclude: supply is down dramatically year over year while demand is roughly the same. Pricing is clearly up over last year at this time.

As we have noted for several months, we have a confirmed market price bottom during the third quarter of 2011 and we are now a comfortable 8% above that low point when measured by average \$/SF, and 12% above when measured by monthly median sales price. Where will pricing go from here? The average \$/SF for pending listings on Feb 1 is \$83.82. We have to go back to December 2010 to find a figure higher than this, so we conclude that the upward trend that started in the second half of September will stay in place at least for the next month. Although we cannot say for certain what will happen to pricing from March onwards, the unusually low supply for homes below \$500,000 suggests the upward trend is more likely to accelerate than slow down. They are no factors suggesting a price decline that we can currently see. Above \$500,000 the outlook is not so clear, as demand remains relatively weak while supply has increased markedly over the last month, especially over \$3,000,000. Much will depend on seller sentiment and patience.

With annual appreciation now in positive territory it is useful to examine which cities are looking strongest from that perspective. Here's a ranking table which shows the change in monthly average sales \$/SF between January 2011 and January 2012 for single family detached homes:

- Apache Junction - up 17.5%
- Casa Grande - up 13.8%
- Arizona City - up 12.8%
- Queen Creek / San Tan Valley - up 12.4%
- Phoenix - up 11.8%
- El Mirage - up 12.4%
- Gold Canyon - up 10.3%
- Glendale - up 10.0%
- Maricopa - up 8.3%
- Litchfield Park - up 6.5%
- Goodyear - up 6.2%
- Fountain Hills - up 6.0%
- Tolleson - up 4.9%
- Surprise - up 4.4%
- Laveen - up 4.3%
- Gilbert - up 4.0%
- Buckeye - up 3.4%
- Paradise Valley - up 3.3%
- Avondale - up 2.6%
- Mesa - up 2.2%
- Peoria - up 2.0%
- Chandler - up 1.3%
- Tempe - up 0.9%
- Cave Creek - up 0.1%
- Scottsdale - down 0.3%
- Sun Lakes - down 3.9%
- Sun City - down 3.9%
- Anthem - down 6.6%
- Sun City West - down 7.8%

A clear pattern emerges. Most of those areas hardest hit by prices collapsing between 2005 and 2010 are the ones that have moved upwards significantly over the last 12 months. Pinal County is strongly represented in this group, along with

the West Valley. The Active Adult 55+ areas lost much less value between 2005 and 2010 but were still declining over the last 12 months and in fact are the only areas showing significant price declines throughout 2011. The luxury sector, represented by Scottsdale, Paradise Valley and Cave Creek have not moved very much in price over the last 12 months.

Foreclosures continue to decline, but the comparison between December 2011 and January 2012 shows only a modest change:

New Notices of Trustee Sale: 3,483 versus 3,539 in December- down 1.6%

Trustee Sales: 2,677 versus 2,848 in December - down 6.0%

To put the current levels of foreclosure in context we need to compare January 2012 to January 2011:

New Notices of Trustee Sale: 3,483 versus 6,784 - down 48.7%

Trustee Sales: 2,677 versus 4,523 - down 40.8%

Anyone attempting to buy a residential property in Greater Phoenix for less than \$500,000 is currently finding relatively little choice and very strong competition from other buyers. This is particularly true for those buyers who need financing, who are often losing out to the large number of cash purchasers unless they are willing to bid significantly higher. Selling however, is relatively easy, in a market where pricing is moving up and supply is very tight. The primary requirement to ensure a quick sale is that the property is priced correctly to the market.

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# MARKET UPDATE

The following stacked area chart allows you to investigate the number of actual and potential lender owned homes in Maricopa County from November 2010 onwards.

This includes what is sometimes referred to as "Shadow Inventory".

The data is for the county of Maricopa and includes only single family property types (assessor land use codes 01 and 86).

There are five categories of homes and the number of homes in each category can be individually displayed or hidden depending on which part of the inventory you wish to analyze.

**Pending Foreclosures** - these are homes with an active Notice of Trustee Sale. Some of these will avoid foreclosure through loan modification, successful short sale or other means. If the trustee sale goes ahead then the property may be purchased by a third party and so avoid entering the REO inventory. Thus only a proportion of this inventory will end up in the hands of the lender or government equivalent (e.g. Fannie Mae, Freddie Mac, VA or HUD).

**Unlisted REOs** - these are properties which failed to sell at the trustee's auction and reverted to the beneficiary. These "REO" properties have not yet been listed for sale on ARMLS but are likely to be going through the lender's preparations for sale. Some may pass from one lender to another before being marketed.

**Active REOs** - these are owned by lenders and are actively being marketed for sale through the ARMLS system. They may or may not have a contingent contract.

**Pending REO Sales** - these are listed on ARMLS but already have a completed firm contract for sale and are awaiting their close of escrow.

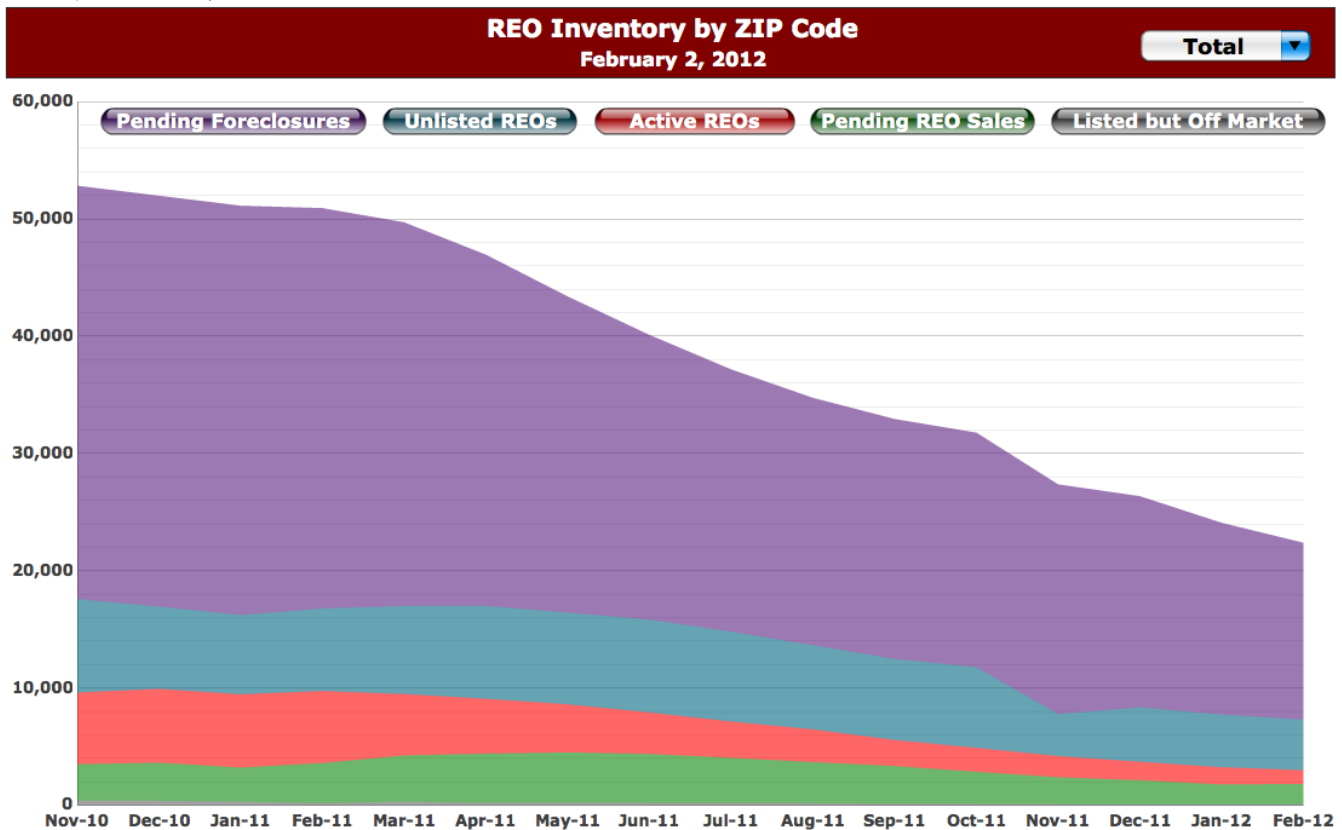
**Listed but Off Market** - these are listed on ARMLS but are temporarily suspended from marketing for some reason.

Items 1 and 2 above are often referred to as "Shadow Inventory", although definitions vary considerably. Unlisted REOs will almost certainly become Active REOs within a short period and this is the most basic form of "Shadow Inventory". Pending Foreclosures may become Unlisted REOs but many will not. Many are already active listings on ARMLS where they are being marketed as short sales.

Some analysts include in their "Shadow Inventory" definition any home which is delinquent by more than a certain number of days (e.g. 30, 60, 90 etc.), even if no Notice of Trustee Sale has been issued. We do not include these in the chart below.

You can select the counts for an individual ZIP code or the total for the entire county of Maricopa. Note that ZIP codes 85120 and 85142 lie partially within Pinal County so the counts shown for these ZIP codes are only for that portion that lies within Maricopa County.

This chart is updated monthly.



**Single Family Detached - Maricopa County - Measured Monthly**

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## Daily Market Snapshot - Concise

The table below provides a concise statistical summary of today's residential resale market in the Phoenix metropolitan area.

The figures shown are for the entire Arizona Regional area as defined by ARMLS. All residential resale transactions recorded by ARMLS are included. Geographically, this includes Maricopa county, the majority of Pinal county and a small part of Yavapai county. In addition, "out of area" listings recorded in ARMLS are included, although these constitute a very small percentage (typically less than 1%) of total sales and have very little effect on the statistics.

All dwelling types are included. For-sale-by-owner, auctions and other non-MLS transactions are not included. Land, commercial units, and multiple dwelling units are also excluded.

For a more detailed version with many additional statistics please see the Expanded Market Snapshot (subscribers only).

Snapshots for individual cities, ZIP codes and price ranges are also available to subscribers.

This table is usually updated every day.

ALL AREAS & TYPES	TODAY 2/6/12	ST	LAST MTH 1/6/12	LAST QTR 11/6/11	LT	LAST YR 2/6/11	2 YRS AGO 2/6/10
Active Listings	24,874	↓	25,093	27,353	↓	42,390	41,692
Pending Listings	11,121	↑	9,451	10,575	↑	10,959	11,254
Sales per Month	6,517	↓	7,495	7,844	↓	6,982	6,394
Sales per Year	100,238	↓	100,703	100,467	↑	90,792	93,315
Days on Market - Monthly Sales	91	↓	92	93	↓	112	92
Days on Market - Active Listings	144	↓	146	143	↓	151	147
Days Inventory	91	→	91	100	↓	171	164
Months Supply	3.8	↑	3.3	3.6	↓	6.3	6.9
Active Listings \$/SF	\$148.94	↑	\$143.31	\$139.87	↑	\$127.86	\$152.79
Monthly Sales \$/SF	\$85.79	↑	\$83.81	\$81.34	↑	\$81.55	\$91.13
Appreciation - Monthly \$/SF	5.2%	↑	1.0%	-2.7%	↑	-10.5%	-2.9%
Average Sale Price % List	96.42%	↑	96.19%	96.63%	↑	94.95%	95.40%
Listing Success Rate	74.9%	↑	71.5%	76.1%	↑	59.0%	58.8%
Dollar Volume - Monthly Sales	\$1,081M	↓	\$1,213M	\$1,209M	↓	\$1,096M	\$1,125M
Average Price - Monthly Sales	\$165,809	↑	\$161,855	\$154,146	↑	\$156,919	\$175,951
Median Price - Monthly Sales	\$120,000	↑	\$117,000	\$112,000	↑	\$109,900	\$123,750
Average Sq. Ft. - Monthly Sales	1,933	↑	1,931	1,895	↑	1,924	1,931
Cromford Market Index™	178.3	↑	167.6	155.5	↑	110.4	118.7

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### Explanation of Terminology

ST = SHORT TERM TREND - The arrows in this column indicate the direction of the change between TODAY and LAST MTH

LT = LONG TERM TREND - The arrows in this column indicate the direction of the change between TODAY and LAST YR

Color code: The background to the trend arrow is colored green if the direction is favorable for sellers and is colored red if the direction is favorable for buyers. It is colored yellow if the change was zero. If the circle is white then then the statistic is neutral for both buyers and sellers.

Columns: Each data column shows measurements taken on a single day with the date shown at the top of the column.

TODAY means the date given at the top of the page.

LAST MTH means the same date last month.

LAST QTR means the same date three months ago.

LAST YR means the same date one year ago.

2 YRS AGO means the same date two years ago.

## City Rankings - Annual Average Sales Price per Square Foot

This table ranks the cities by their annual average sales price per square foot. Only single family detached homes are included in these numbers. Information for the 12 major and 17 secondary cities is current as of the date shown. Data for the 14 small cities is updated on a monthly basis, and is measured on the 13th of each month.

The primary function of this table is to show the least and most affordable areas in the Phoenix metropolitan area together with longer term pricing trends.

Annual averages are based on a relatively large number of sales. Therefore they are not as subject to rapid change as monthly averages. The downside is that they do not necessarily represent the current market very accurately, since they include sales from up to a year ago. Pricing may have moved a great deal since then.

Note that Higley has been included in Gilbert and Ahwatukee included in Phoenix. Desert Hills is still counted separately though it is increasingly being incorporated into Phoenix.

Rank	January 13, 2012	Annual Average \$/SF Now	Annual Average \$/SF Last Year	% Change
1	Paradise Valley	\$267.19	\$276.64	-3.4%
2	Carefree	\$185.23	\$196.27	-5.6%
3	Scottsdale	\$168.80	\$180.23	-6.3%
4	Fountain Hills	\$153.22	\$157.84	-2.9%
5	Rio Verde	\$144.62	\$131.88	9.7%
6	Cave Creek	\$127.63	\$134.12	-4.8%
7	Gold Canyon	\$110.39	\$114.94	-4.0%
8	Sun Lakes	\$109.71	\$118.77	-7.6%
9	Wickenburg	\$108.24	\$118.75	-8.9%
10	Desert Hills	\$106.00	\$105.08	0.9%
11	Sun City West	\$95.64	\$105.27	-9.1%
12	Anthem	\$95.62	\$95.45	0.2%
13	Chandler	\$92.98	\$100.50	-7.5%
14	Tempe	\$92.28	\$106.96	-13.7%
15	Gilbert	\$85.91	\$92.28	-6.9%
16	New River	\$83.46	\$83.91	-0.5%
17	Peoria	\$78.29	\$83.51	-6.2%
18	Mesa	\$75.36	\$84.45	-10.8%
19	Litchfield Park	\$74.95	\$78.10	-4.0%
20	Phoenix	\$73.14	\$80.02	-8.6%
21	Goodyear	\$70.54	\$74.71	-5.6%
22	Wittmann	\$68.23	\$68.76	-0.8%
23	Surprise	\$67.10	\$70.50	-4.8%
24	Sun City	\$66.17	\$71.86	-7.9%
25	Waddell	\$63.86	\$70.31	-9.2%
26	Glendale	\$63.36	\$70.81	-10.5%
27	Apache Junction	\$63.10	\$69.16	-8.8%
28	Eloy	\$58.59	\$54.75	7.0%
29	Queen Creek	\$55.04	\$59.57	-7.6%
30	Avondale	\$51.31	\$56.88	-9.8%
31	Laveen	\$50.94	\$57.32	-11.1%
32	Buckeye	\$50.78	\$55.26	-8.1%
33	Casa Grande	\$47.97	\$51.67	-7.2%
34	Florence	\$45.56	\$46.81	-2.7%
35	Tolleson	\$43.98	\$50.21	-12.4%
36	El Mirage	\$43.45	\$47.71	-8.9%
37	Maricopa	\$42.97	\$47.72	-10.0%
38	Youngtown	\$39.82	\$45.29	-12.1%
39	Arizona City	\$38.10	\$41.67	-8.6%
40	Tonopah	\$37.98	\$40.35	-5.9%
41	Coolidge	\$30.50	\$33.81	-9.8%

## Daily Market Snapshot - Pre-foreclosure/Short Sales

The table below provides a statistical analysis of today's residential resale market for short sales and pre-foreclosures in the Phoenix metropolitan area.

To be included in this analysis the property must not be lender owned, and must either be in pre-foreclosure or classified as a short sale.

The figures shown are for the Greater Phoenix area. Geographically, this includes Maricopa county, a large part of Pinal county and a small part of Yavapai county. "Out of area" listings recorded on ARMLS are not included.

All residential single-family dwelling types recognized by ARMLS are included. For-sale-by-owner, auctions and other non-MLS transactions are not included. Land, commercial units and multiple dwelling units are also excluded.

This table is usually updated every day.

<b>Pre-foreclosure / Short Sales Greater Phoenix - All Types</b>	<b>TODAY 2/6/12</b>	<b>ST</b>	<b>LAST MTH 1/6/12</b>	<b>LAST QTR 11/6/11</b>	<b>LT</b>	<b>LAST YR 2/6/11</b>	<b>2 YRS AGO 2/6/10</b>
Active Listings	8,817	↓	8,916	10,233	↓	15,988	15,388
AWC Listings	6,597	↑	6,096	6,914	↑	5,553	6,065
Active Listings Excluding AWC	2,220	↓	2,820	3,319	↓	10,435	9,323
Pending Listings	4,627	↑	4,262	4,352	↑	3,181	3,750
Sales per Month	1,916	↓	2,275	2,167	↑	1,456	1,276
Sales per Year	23,632	↑	23,172	21,615	↑	19,252	13,485
Days on Market - Monthly Sales	126	↓	135	139	↓	150	147
Days on Market - Active Listings	113	↓	115	119	↓	141	130
Days Inventory	137	↓	141	173	↓	304	418
Months Supply	4.6	↑	3.9	4.8	↓	11.3	12.4
Active Listings \$/SF	\$82.84	↑	\$82.17	\$80.95	↑	\$79.04	\$94.61
Pending Listings \$/SF	\$68.15	→	\$68.15	\$67.15	↓	\$76.82	\$85.55
Monthly Sales \$/SF	\$70.88	↑	\$70.37	\$73.23	↓	\$79.44	\$85.40
Annual Sales \$/SF	\$73.28	↓	\$73.87	\$75.40	↓	\$82.94	\$87.68
Average Sale Price % List	97.96%	↑	97.79%	97.55%	↑	97.09%	96.19%
Listing Success Rate	57.3%	↓	67.3%	67.3%	↑	37.9%	40.7%
Dollar Volume - Monthly Sales	\$262M	↓	\$306M	\$304M	↑	\$233M	\$220M
Dollar Volume - Annual Sales	\$3,386M	↑	\$3,358M	\$3,223M	↑	\$3,232M	\$2,456M
Average Price - Monthly Sales	\$136,767	↑	\$134,342	\$140,361	↓	\$160,137	\$172,158
Average Price - Annual Sales	\$143,301	↓	\$144,899	\$149,109	↓	\$167,878	\$182,136
Median Price - Monthly Sales	\$103,000	↑	\$99,000	\$100,000	↓	\$118,000	\$124,625
Median Price - Annual Sales	\$105,000	↓	\$105,995	\$110,000	↓	\$125,000	\$137,500
Average Sq. Ft. - Monthly Sales	1,929	↑	1,909	1,917	↓	2,016	2,016
Average Sq. Ft. - Annual Sales	1,956	↓	1,961	1,978	↓	2,024	2,077
Active List Price \$/SF Premium	16.9%	↑	16.8%	10.5%	↑	-0.5%	10.8%
Contract Ratio	505.6	↑	367.3	339.4	↑	83.7	105.3

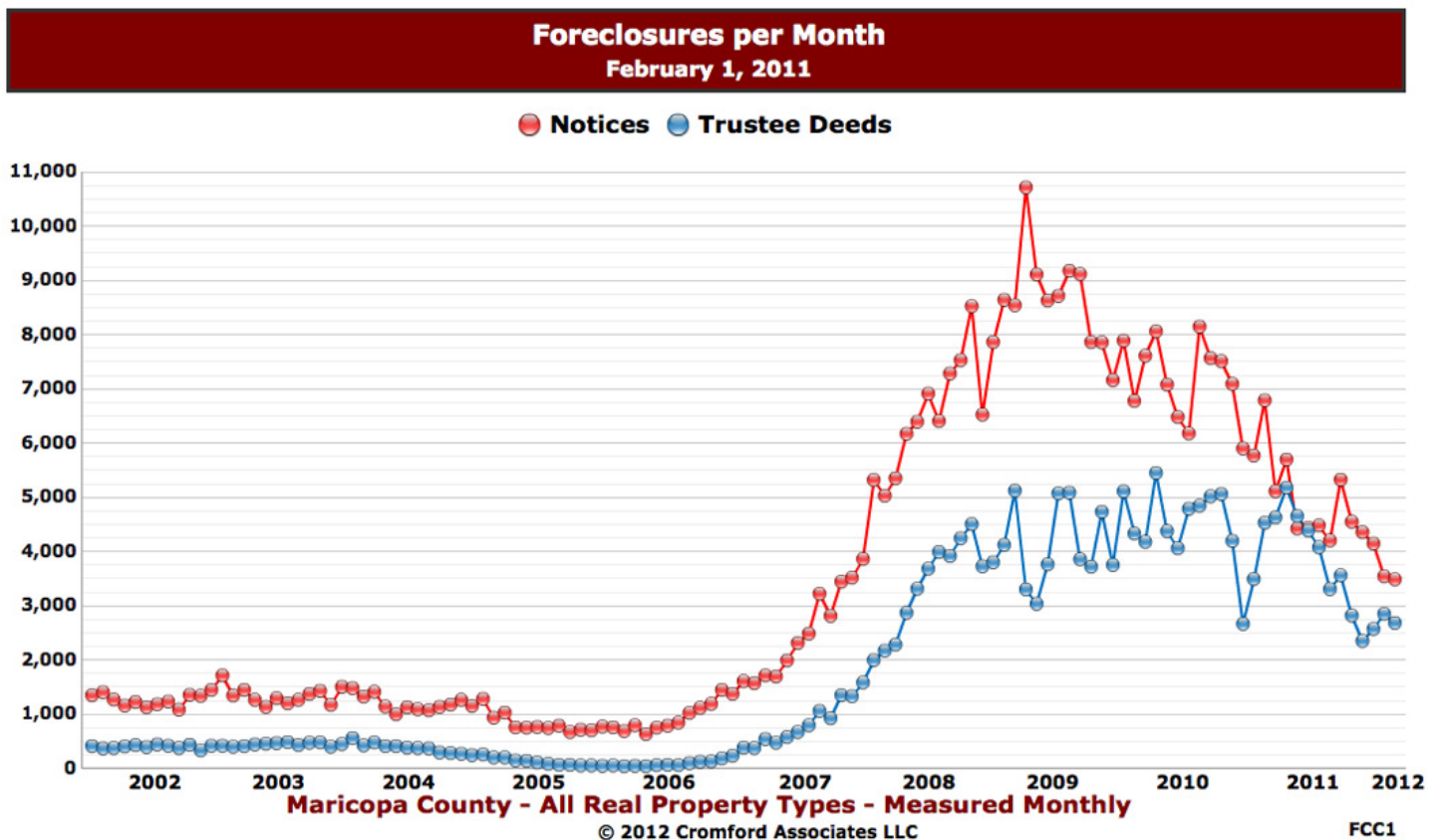
## Foreclosures - Per Month

The following line chart shows the number of notices and trustee deeds on a monthly basis from 2002 onwards.

The data is for the county of Maricopa and includes all real estate property types, including land and commercial. A commercial parcel counts as 1 foreclosure even if there are multiple structures within that parcel.

The red line denotes notices of trustee sales which is the first formal notification that the lender has asked the trustee to start the foreclosure process. The blue line denotes the foreclosure auctions where the property is either sold to a third party or transferred to the beneficiary (lender). Place the cursor over a circular plot symbol to see the date and value.

This chart is updated monthly.



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**MARKET UPDATE**

As an added feature, Clear Title Agency of Arizona will also begin providing to our readers, the Stat Plus Report. This report focuses on the average Days on Market (DOM) and Months Supply of Inventory (MSI) in the first quarter of 2011 (Q1) for single family residential housing at various price points in the flexmls system.

The monthly STAT newsletter addresses DOM and MSI for the entire residential market as a barometer of overall market health. It is a macro look at these two key metrics, and does not, however, give any insight into inherent differences between various price ranges. STAT+ will allow Subscribers to address market supply more in depth with Buyers and Sellers. STAT+ was first published in the fourth quarter (Q4)2010.

DOM from Q4 2010 to Q1 2011 increased or stayed the same for all price ranges \$2,000,000 and below. MSI in Q1 2011 decreased from Q4 2010 in the \$250,000 and below ranges and the ranges between \$500,000 and \$1,500,000, reflecting increases in the average number of sold properties per month. More dramatic changes in the DOM and MSI for properties above \$2,000,000 are less reliable due to the small sample size in the higher ranges.

Q2 2011	Q2 2011 Avg /Mo Solds	Q2 2011 Avg/Mo Actives	Q2 DOM	Q2 MSI
<b>Price Range</b>				
<b>30,000-100,000</b>	3,236	7,587	99	2.34
<b>100,001-250,000</b>	3,748	10,329	105	2.76
<b>250,001-500,000</b>	977	4,481	118	4.59
<b>500,001-750,000</b>	196	1,192	168	6.08
<b>750,001-1,000,000</b>	72	725	197	10.07
<b>1,000,001-1,500,000</b>	49	503	239	10.27
<b>1,500,001-2,000,000</b>	18	324	252	18.00
<b>2,000,001-3,000,000</b>	13	288	258	22.15
<b>3,000,001 and up</b>	8	205	350	25.63

Q1 2011	Q1 2011 Avg /Mo Solds	Q1 2011 Avg/ Mo Actives	Q1 DOM	Q1 MSI
<b>Price Range</b>				
<b>30,000-100,000</b>	2,445	10,325	102	4.22
<b>100,001-250,000</b>	2,894	13,475	112	4.66
<b>250,001-500,000</b>	776	5,202	122	6.70
<b>500,001-750,000</b>	144	1,411	169	9.80
<b>750,001-1,000,000</b>	56	853	231	15.23
<b>1,000,001-1,500,000</b>	35	577	259	16.49
<b>1,500,001-2,000,000</b>	11	369	364	33.55
<b>2,000,001-3,000,000</b>	9	328	227	36.44
<b>3,000,001 and up</b>	5	232	360	46.40

StatPlus provided courtesy of ARMLS®

Q3 2011	Q3 2011 Avg /Mo Solds	Q3 2011 Avg/Mo Actives	Q3 DOM	Q3 MSI
<b>Price Range</b>				
<b>30,000-100,000</b>	3157	5801	88	1.84
<b>100,001-250,000</b>	3573	8997	93	2.52
<b>250,001-500,000</b>	915	4154	106	4.54
<b>500,001-750,000</b>	154	1096	156	7.12
<b>750,001-1,000,000</b>	57	639	220	11.21
<b>1,000,001-1,500,000</b>	31	436	262	14.06
<b>1,500,001-2,000,000</b>	19	278	291	14.63
<b>2,000,001-3,000,000</b>	10	236	365	23.60
<b>3,000,001 and up</b>	2	184	108	92.00

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