

November 4, 2011

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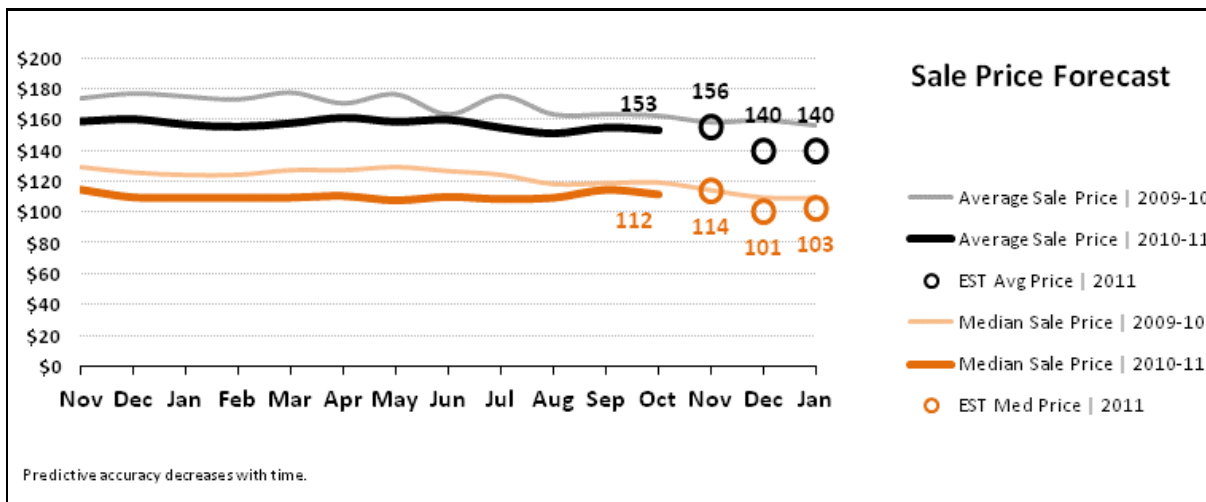
THE ARMLS PENDING PRICE INDEX™

The ARMLS Pending Price Index (PPI) is a forecasting tool unique to ARMLS, which uses the pending sales in the MLS system to predict the behavior of median and average sales pricing 30, 60 and 90 days into the future. While the properties in the pending pool are dynamic, moving within and out of the pool through delays in the contract to close process or cancelations, its value lies in its overall trending which foreshadows pricing recovery or languor. Naturally its predictive accuracy diminishes with time.

In September, the predicted median sales price for October was right on with the actual figure at \$112,000. The actual average sales price for October was \$153,400, .85% above the predicted average of \$152,100.

The PPI predicts the median sales price to rise in November to \$114,000, only to fall in December to \$101,000 and rise again in January to \$103,000. The forecast for the average sales price is a rise to \$156,000 in November, followed by a fall to \$140,000 for both December and January.

Since PPI had been predicting median and average sales prices, expectations for both these metrics have never reached the levels predicted 90 days into the future. It is obvious, however, that pricing trends will remain depressed and that recovery will be in small incremental gains, at least for the near future.



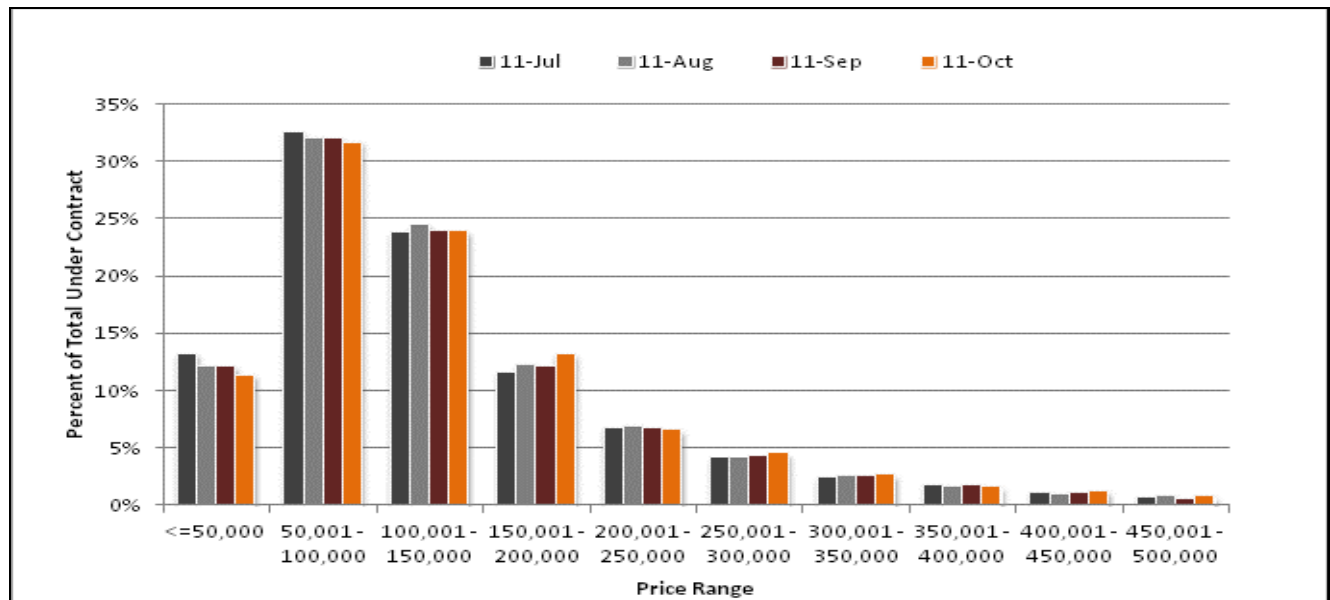
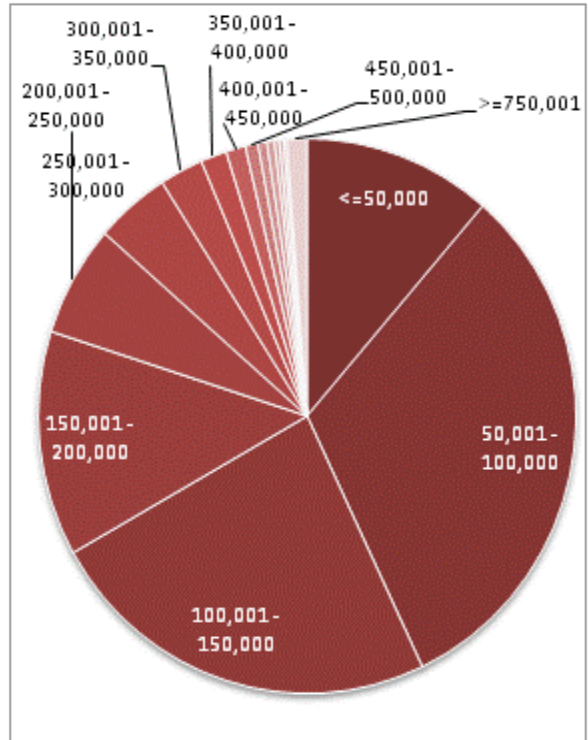
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PPI SUPPLEMENT

The PPI Supplement focuses on newly pending properties added to the pending property pool each month. By comparing the number of new pendings on a rolling four month basis, we are able to perceive subtle changes which precede true recovery.

The bulk of Valley sales have always been in the lower ranges. Activity in higher ranges simply stagnated with the burst of the Valley’s housing bubble. The PPI Supplement this month compared to last month shows unit gains in 5 of the 10 price ranges from \$300,000 up. While these gains are only in the month’s new pendings, their influence on the pricing in total pending pool is minimal.

Pending Contracts Signed In October				
Price Range	PPI Avg	PPI Med	PPI Units	Units % of Total
<=50,000	34,788	36,000	941	11.33%
50,001 - 100,000	77,030	78,000	2,628	31.63%
100,001 - 150,000	124,771	125,000	1,981	23.84%
150,001 - 200,000	173,988	172,500	1,091	13.13%
200,001 - 250,000	226,212	225,000	541	6.51%
250,001 - 300,000	275,454	275,000	373	4.49%
300,001 - 350,000	327,801	325,000	218	2.62%
350,001 - 400,000	375,412	375,000	130	1.56%
400,001 - 450,000	427,335	425,000	98	1.18%
450,001 - 500,000	476,318	475,000	63	0.76%
500,001 - 550,000	527,658	525,000	45	0.54%
550,001 - 600,000	576,686	580,000	37	0.45%
600,001 - 650,000	631,357	636,500	24	0.29%
650,001 - 700,000	678,720	675,000	22	0.26%
700,001 - 750,000	728,687	734,000	15	0.18%
>=750,001	1,265,537	1,000,000	101	1.22%



PPI SUPPLEMENT - \$/SQ FT

The newest addition to the PPI Supplement, \$/SQ FT, examines the incremental gains or losses in the square footage prices of new pending properties at various price ranges over a rolling four month period. In October, the \$/SQ FT in the price ranges from under \$50,000 through \$300,000 appears to have leveled off. However, in most of the higher ranges, \$350,000 through \$750,000 and above (\$550,000-600,000 and \$650,000-700,000 excepted), there appear to be varying increases. Due to lower unit counts at the higher ranges, the weight of individual properties influences the \$/SQ more than at lower ranges. By following \$/SQ of new pendings, we are able to glimpse the earliest stirrings of recovery in various price ranges throughout the Valley.

Pending Contracts Signed In September					Pending Contracts Signed In October				
Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt	Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt
<=50,000	34,534	1,194	1,005	29	<=50,000	34,788	1,197	941	29
50,001 - 100,000	76,830	1,556	2,653	49	50,001 - 100,000	77,030	1,554	2,628	50
100,001 - 150,000	124,843	1,882	1,984	66	100,001 - 150,000	124,771	1,858	1,981	67
150,001 - 200,000	173,378	2,171	1,001	80	150,001 - 200,000	173,988	2,135	1,091	81
200,001 - 250,000	226,020	2,396	559	94	200,001 - 250,000	226,212	2,435	541	93
250,001 - 300,000	275,657	2,752	356	100	250,001 - 300,000	275,454	2,768	373	100
300,001 - 350,000	325,465	2,912	210	112	300,001 - 350,000	327,801	2,892	218	113
350,001 - 400,000	378,591	3,078	142	123	350,001 - 400,000	375,412	3,026	130	124
400,001 - 450,000	427,350	3,182	91	134	400,001 - 450,000	427,335	3,124	98	137
450,001 - 500,000	478,982	3,481	48	138	450,001 - 500,000	476,318	3,346	63	142
500,001 - 550,000	528,857	3,594	53	147	500,001 - 550,000	527,658	3,328	45	159
550,001 - 600,000	582,591	3,933	38	148	550,001 - 600,000	576,686	3,863	37	149
600,001 - 650,000	631,955	4,079	25	155	600,001 - 650,000	631,357	3,506	24	180
650,001 - 700,000	679,887	4,004	22	170	650,001 - 700,000	678,720	4,013	22	169
700,001 - 750,000	735,875	3,987	12	185	700,001 - 750,000	728,687	3,689	15	198
>=750,001	1,244,877	5,184	97	240	>=750,001	1,265,537	5,134	101	246

