

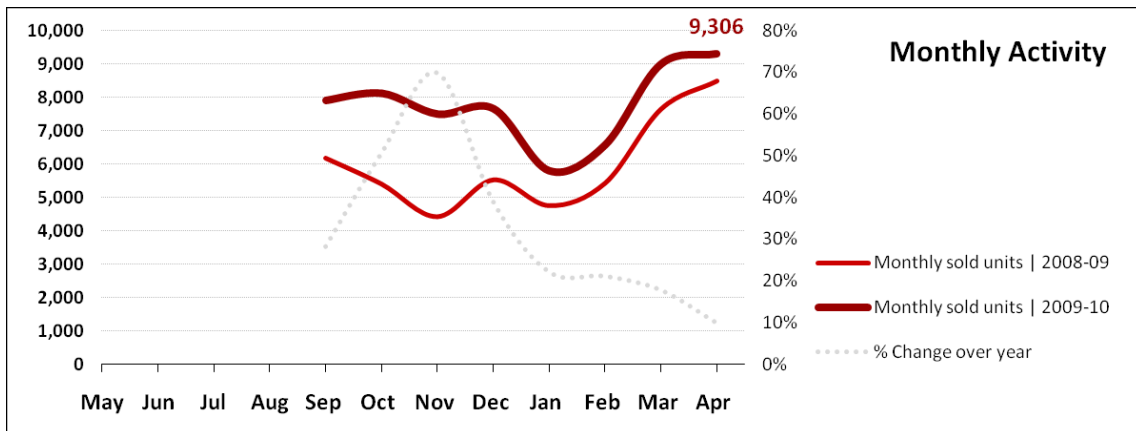


SALES Month over Month

Housing sales continued strong in April with the closing of 9,306 residential transactions, up over 3% from the 8,990 units sold in March. Nationally, housing sales fell fractionally for the same period.

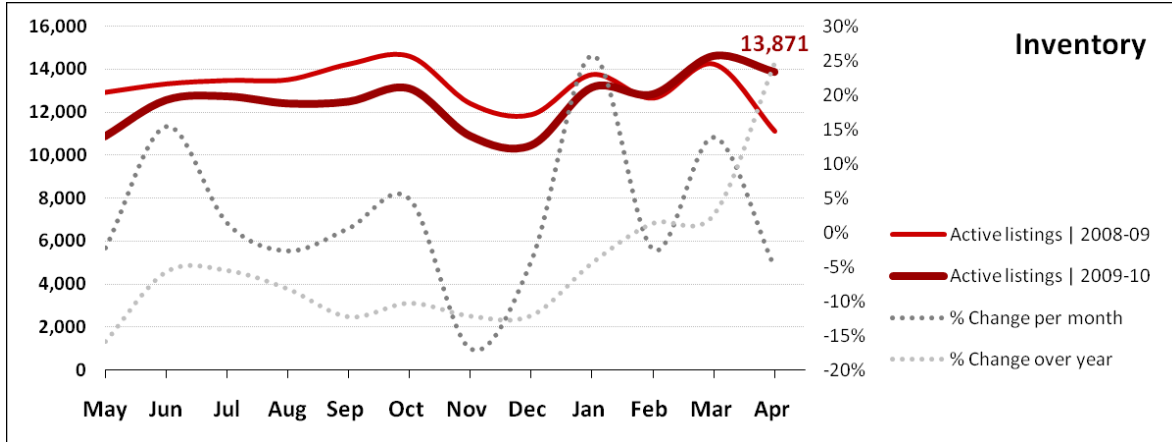
SALES Year over Year

The April numbers were 3.5% higher than April-09 when 8,475 houses sold. This pace far exceeds the national picture which showed only a 2% gain, according to the latest numbers published by the National Association of REALTORS®.



Active Inventory

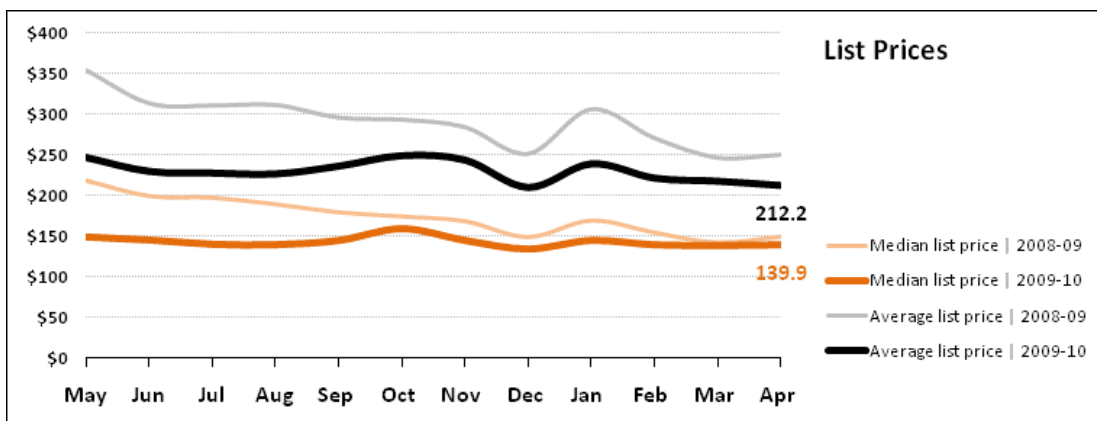
13,871 new residential listings were added to the ARMLS system in April, a 25% increase over the same month last year when 11,118 were listed.



However Active inventory added to the system was down 5% from the previous month, continuing a seesaw pattern of ups and downs evident over the past six months. On an annualized basis, inventory in the most recent twelve months is down 5% from 158,000 to 149,000 homes for sale, slightly ahead of calendar year 2009 when 147,000 homes were listed.

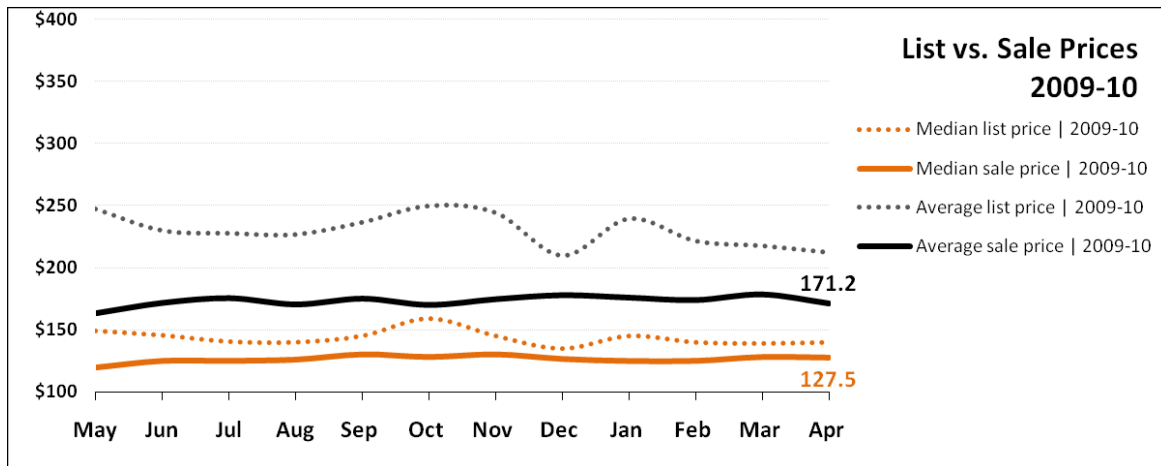
List Prices

Asking prices on new listings continued steady at \$212,250 as the average and \$139,900 as the median price. (The median price is the range midpoint where there are as many listed houses above as below it.) The divergence between monthly average and monthly median continues to narrow. This indicates optimism from sellers who have been waiting on the side lines to put their more expensive houses on the market to test the waters. In January, the average list price was nearly 65% higher than the median. In April, that difference was down to 51% continuing a downward slide trend that we have seen for the past four months.



Sale Prices

Closed sales continued to show signs of recovery, with the Average sale price of a single-family home in the Valley falling by about \$7,000 to \$171,200, down from \$178,200 in March. However, the good news is that April's average was over 7% higher than the previous year average price of \$159,700. This continues the three month trend of year over year price increases substantiating that the market is starting to stabilize and improve.

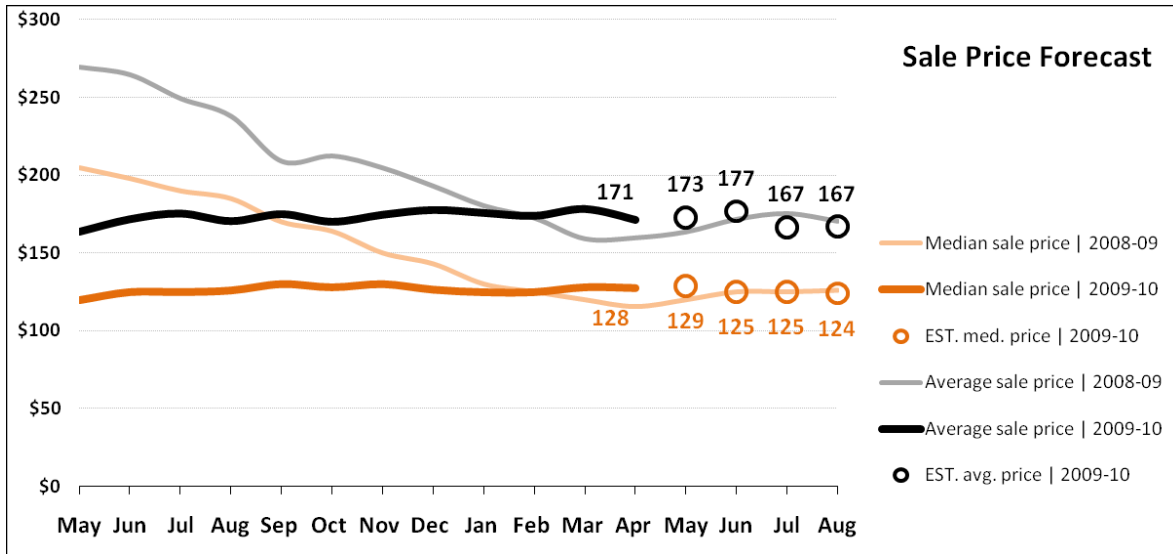


The ARMLS Pending Price Index™

The ARMLS PPI™ predicts future average and median prices based on reports of contracts executed but not yet closed. The ARMLS Pending Price Index is available only through the ARMLS system and has shown to be a strong indicator of future pricing trends.

The average price is predicted to rise in May and June, then settle back in July only to start upward again in August. Year over year, this is a continuing indicator that the short term market remains fairly steady but still uncertain. The market, driven by first time and move-up home buyer tax credits that expired in April, will no longer be bolstered by those incentives. For the summer, all bets are off as the spring market ends, the snow birds leave for cooler climates, and the summer doldrums set in.

The ARMLS PPI for Median prices likewise shows erratic behavior, ticking upward fractionally in May, then falling back in each of the next three months. This would indicate continued activity in the lower price ranges of the market as bank foreclosures continue to dominate the sale picture.



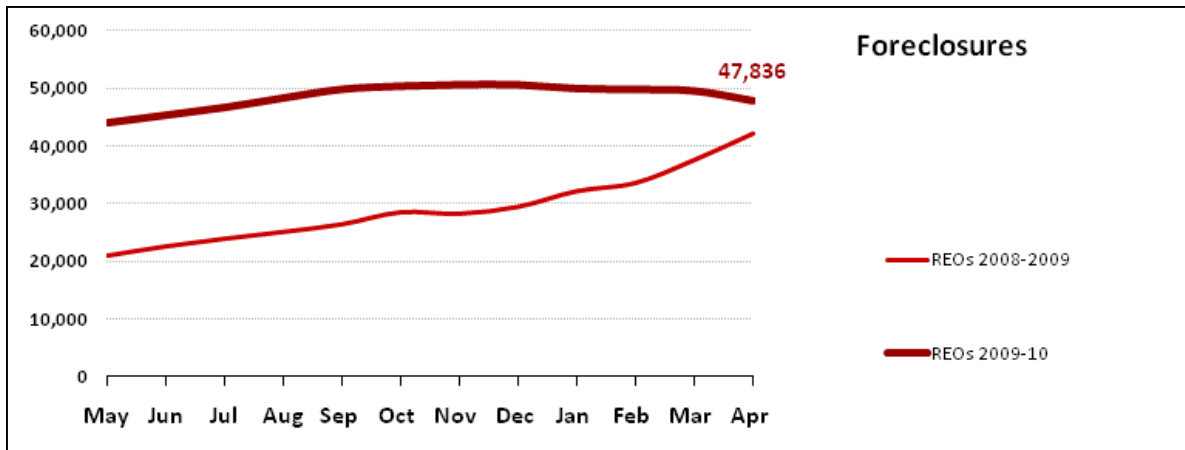
“ARMLS PPI” is a trademark of Arizona Regional MLS.

Foreclosures

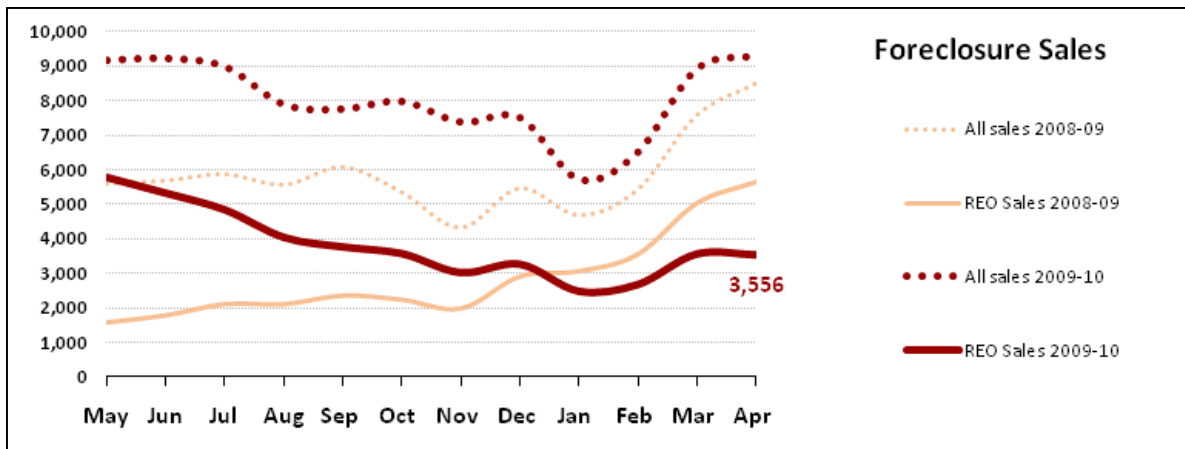
The foreclosure inventory continues to plague the resale market by saturating the MLS with bank owned properties offered at below market rates. The average asking prices for new listings dropped in April to \$212,200, down \$5,000 from the previous month.

Currently 5,029 or 12.3% of the 47,836 active listings in the ARMLS system are bank owned/foreclosures. However, in the previous month of April, 3,538 of the 9,306 closed sales were foreclosures. With 38% of the closings being bank owned foreclosures, the downward pressure on prices is formidable. ARMLS expects this trend to continue until the economy begins to recover and unemployment abates.

In the Pending Listing class, 4,760 of the 14,855 of pending listings, or 32%, are bank owned properties.



For the eighth straight month, the number of pending foreclosures has hovered within 1% either side of 50,000, according to the Cromford Associates LLC, the market research affiliate of ARMLS. As they have since August, 2009, banks continue to file foreclosure notices of trustees sales at a rate of 200-250 per day, a trend that is not expected to change for quite some time.



Market Time

All of this activity has its effect on market time. The average days on market of a sold property in April was 97 days, down four days from the previous month. But this is down from a high of 135 days the market experienced just two years ago in May 2008. Homes now are selling on average 25% faster than they were just twenty-four months ago.

Commentary

The most recent 12 months show record sales, with March and April leading the charge. Active inventory added to the market continues downward, putting positive pressure on supply and demand, a necessity if prices are going to rise.

The housing market continues to try to make a meaningful recovery, but is hampered by continuing unemployment and economic uncertainty on the national level. ARMLS is seeing mixed signals from month to month since last October, but positive gains are mixed with losses. This is a classic pattern that markets make in gaining traction toward recovery.

ARMLS continues to see glimmers of hope, but no long term, reliable indicators that the market recovery is imminent. We continue to be hopeful, but must at the same time remain objective and realistic. This recovery is going to take a long time to develop and probably won't mean a normal housing market will return for at least two or three more years.

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