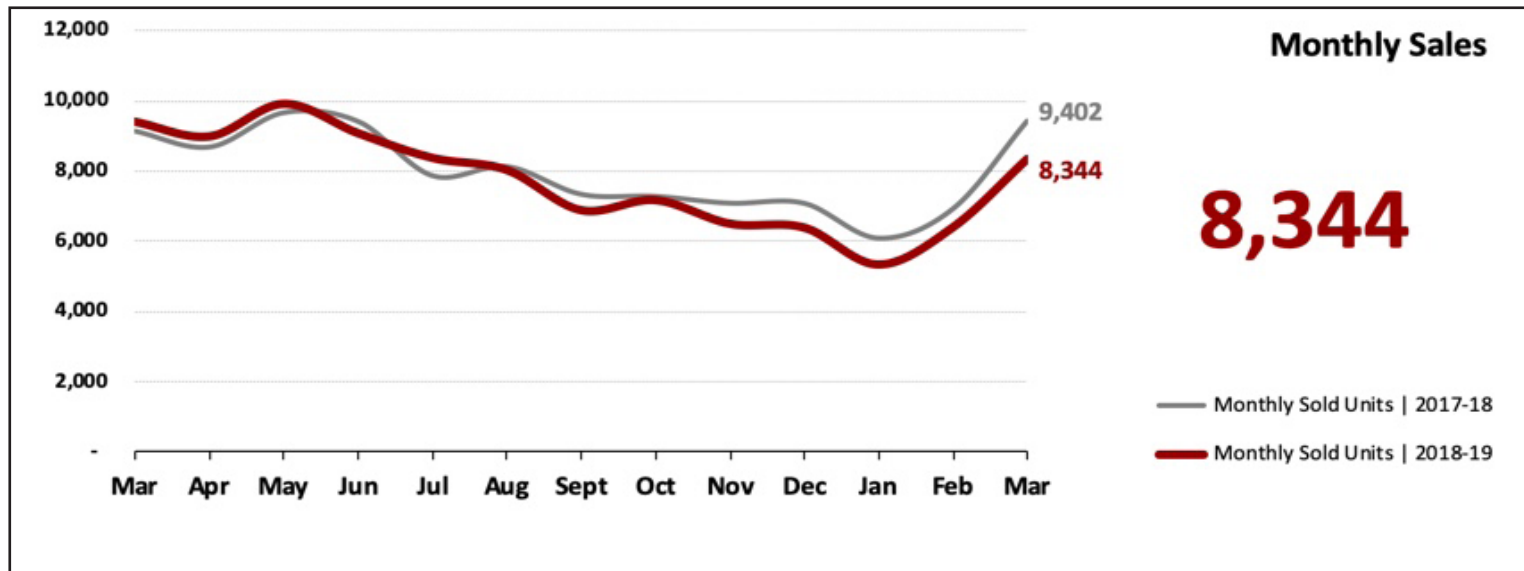


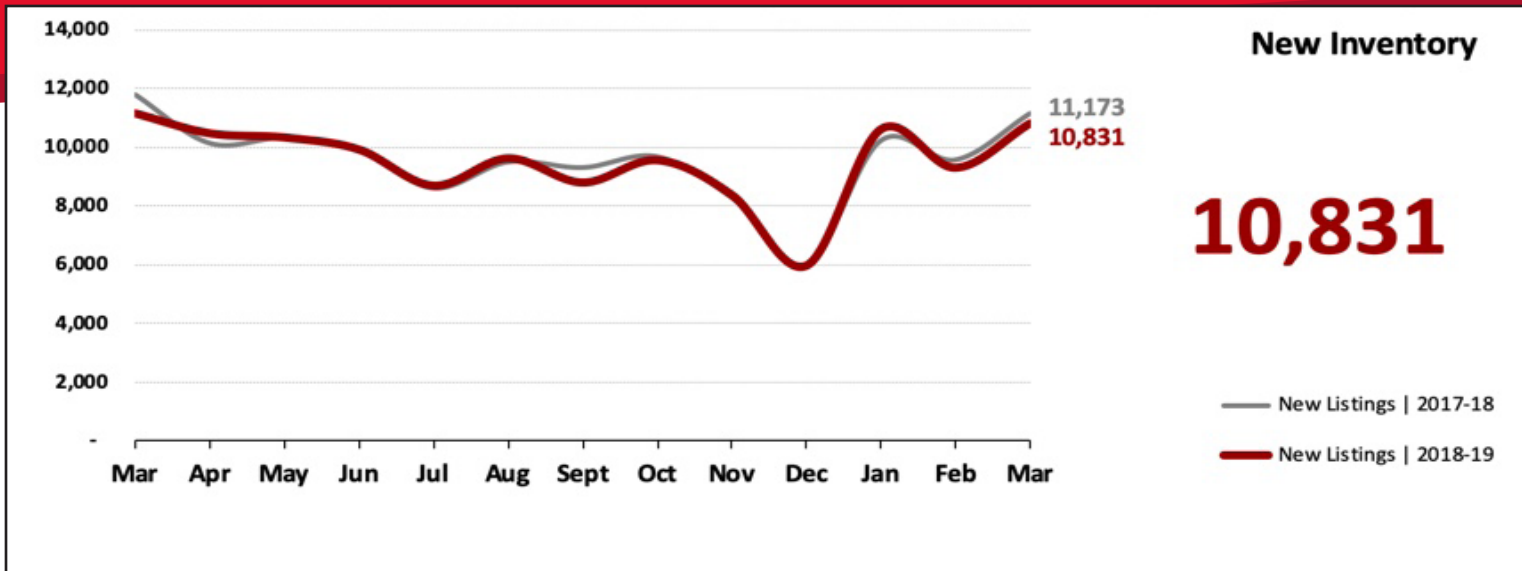


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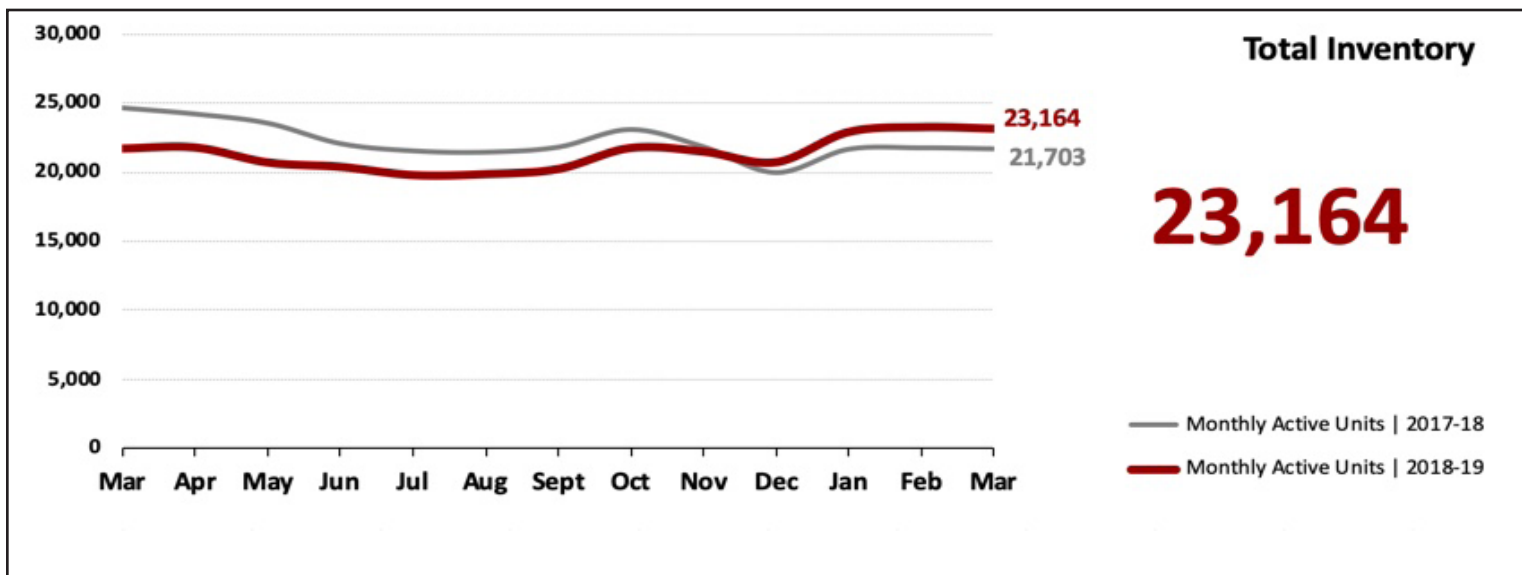
Sales are up +30.2% month-over-month. The year-over-year comparison is down -11.3%.

Closed MLS sales with a close of escrow date from 3/1/2019 to 3/31/2019, 0 day DOM sales removed



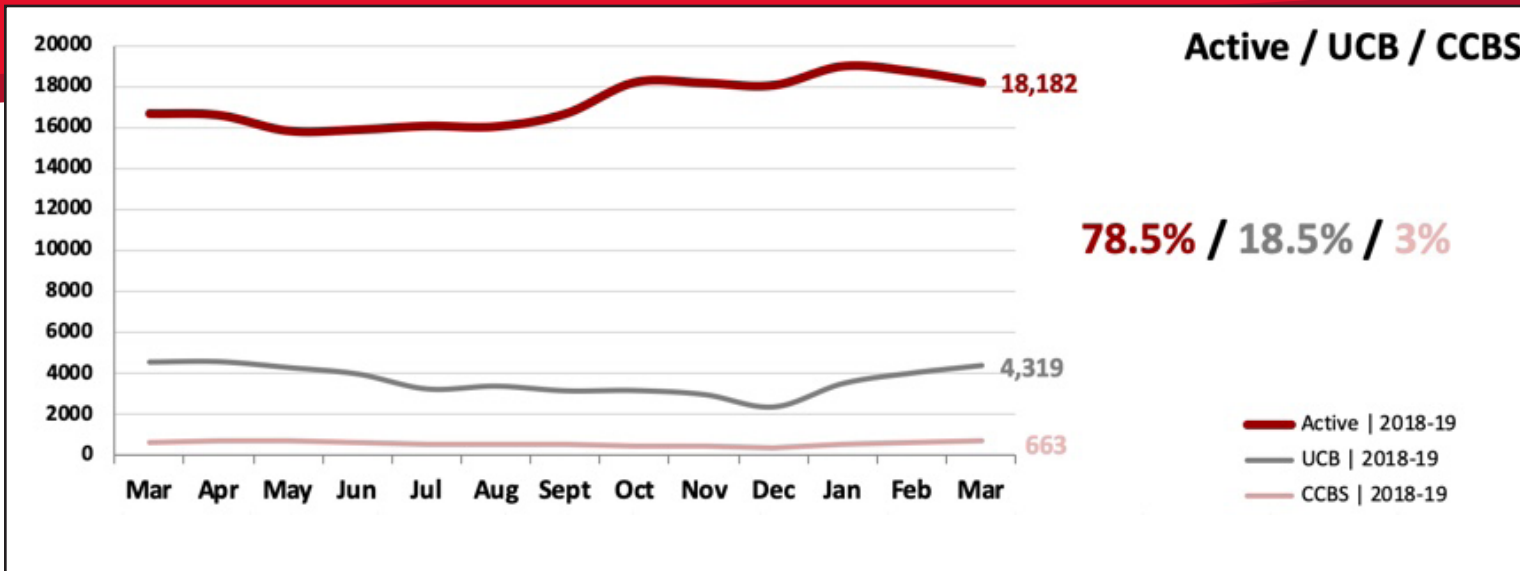
New inventory is up +16.2% month-over-month while the year-over-year comparison decreased by -3.1%.

New MLS listings that were active for at least one day from 3/1/2019 to 3/31/2019, 0 day DOM sales removed



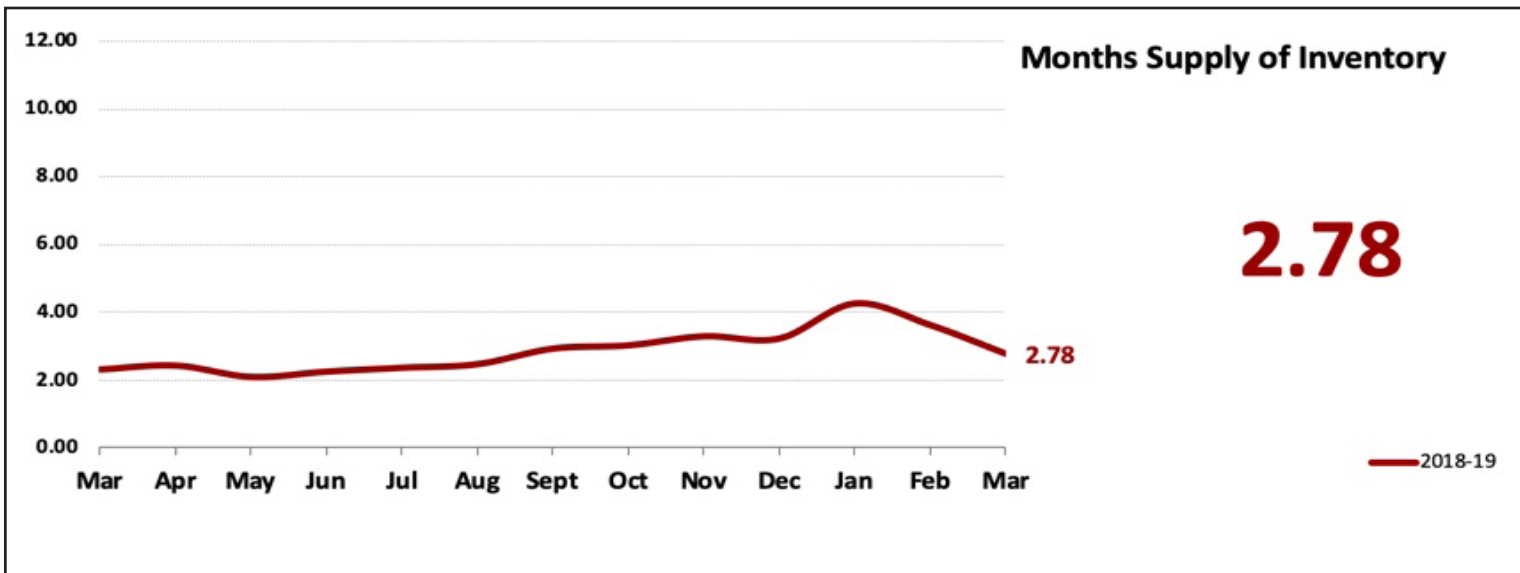
Total inventory has a month-over-month decrease of -0.5% while year-over-year reflects an increase of +6.7%.

Snapshot of statuses on 3/31/2019



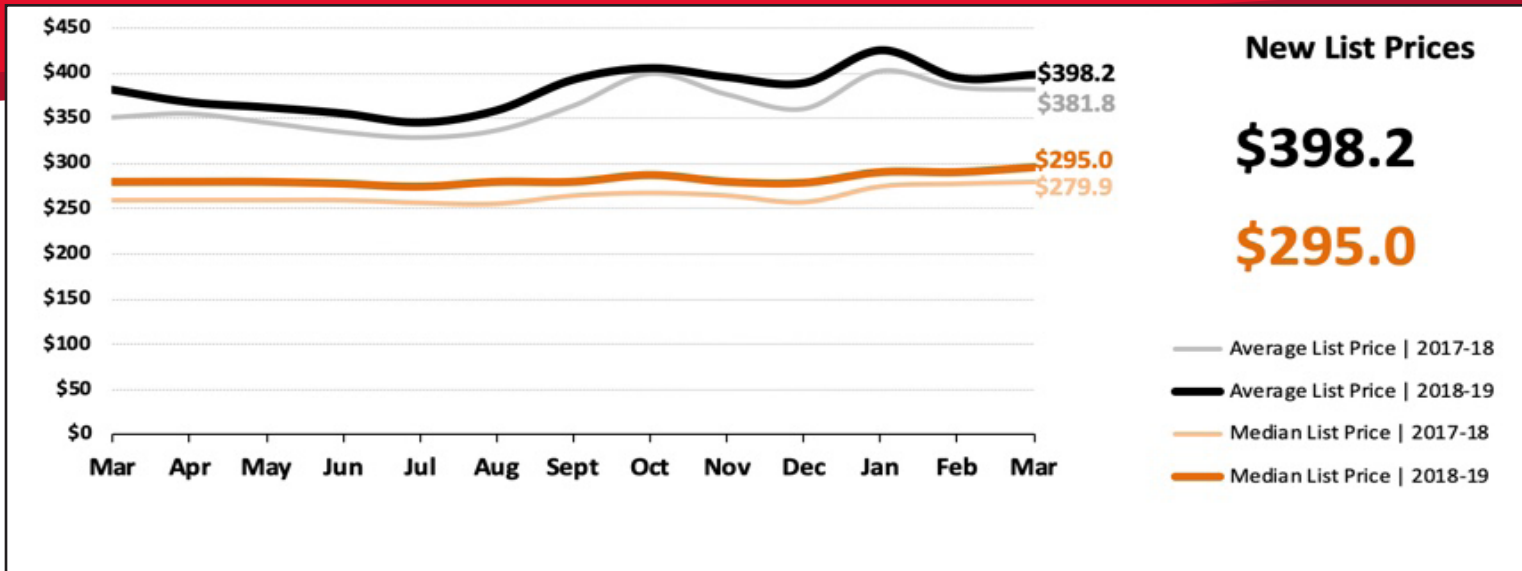
March UCB listings percent of total inventory was 18.6% with March CCBS listings at 2.9% of total inventory.

Snapshot of statuses on 3/31/2019



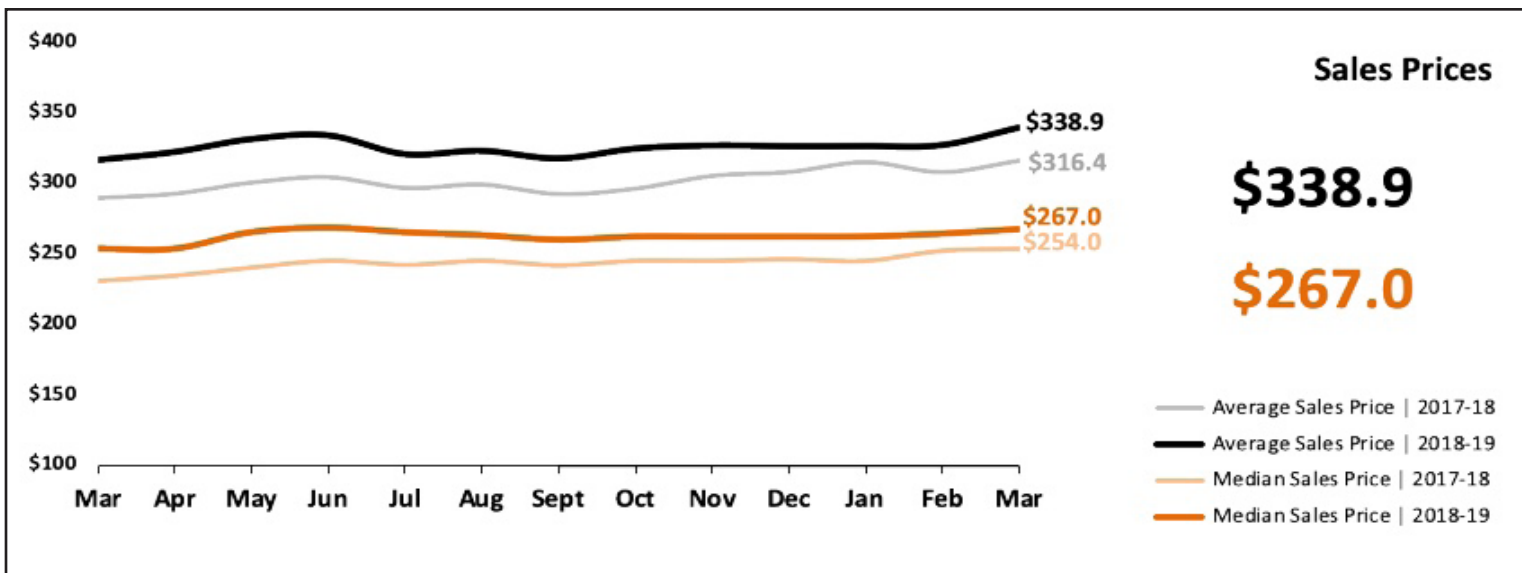
Months supply of inventory for February was 3.63 with March at 2.78.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of MARCH 2019, 0 day DOM sales removed



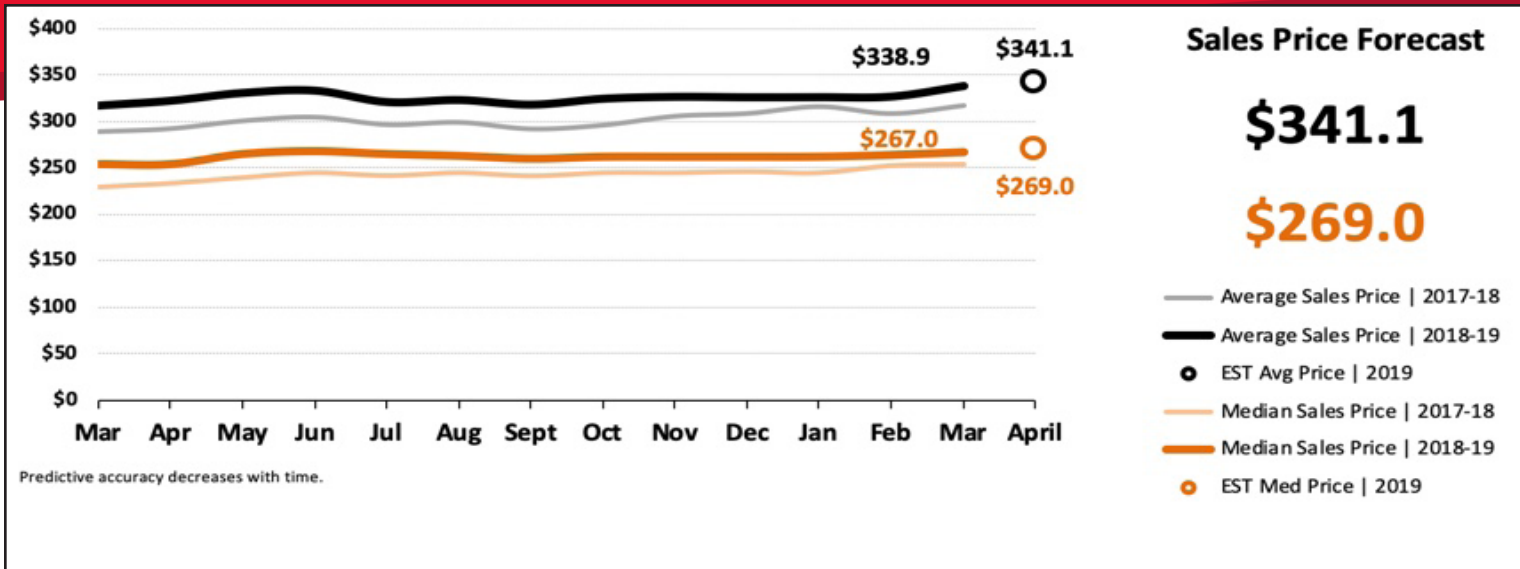
Average new list prices are up +4.3% year-over-year. The year-over-year median is up +5.4%.

List prices of new listings with list dates from 3/1/2019 to 3/31/2019, 0 day DOM sales removed



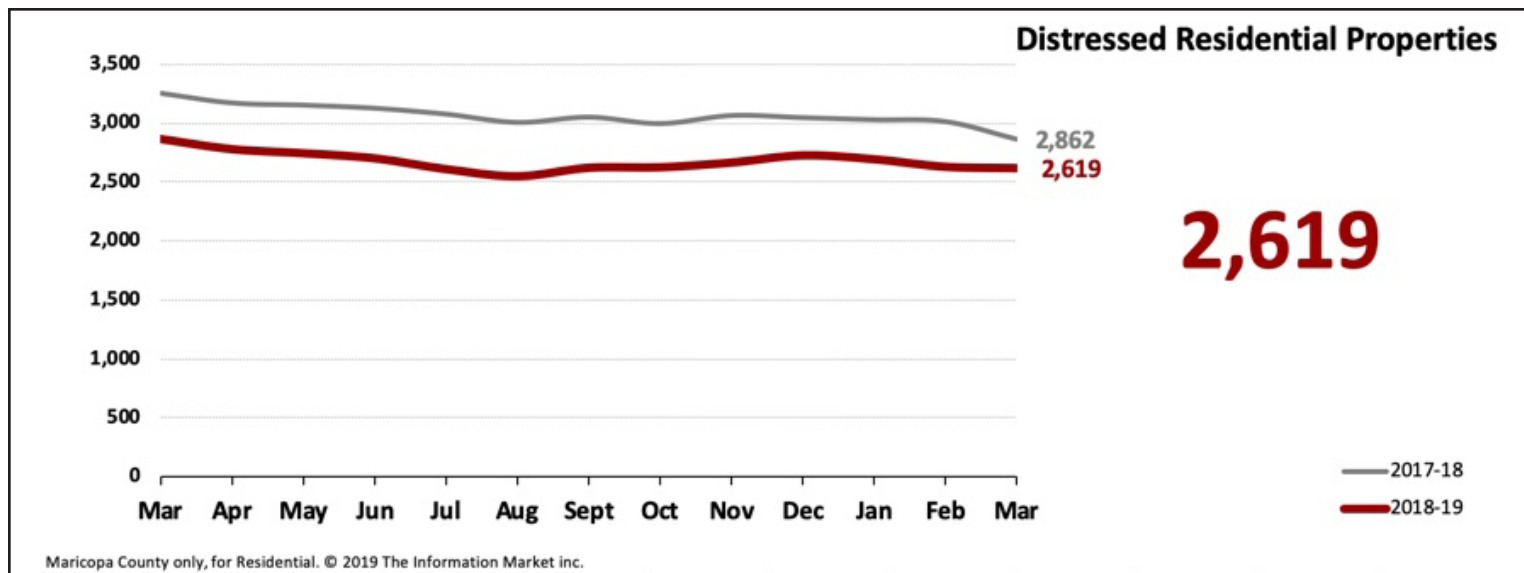
The average sales price is up +7.1% year-over-year while the year-over-year median sales price is also up +5.1%.

MLS sales prices for closed listings with a close of escrow date from 3/1/2019 to 3/31/2019, 0 day DOM sales removed



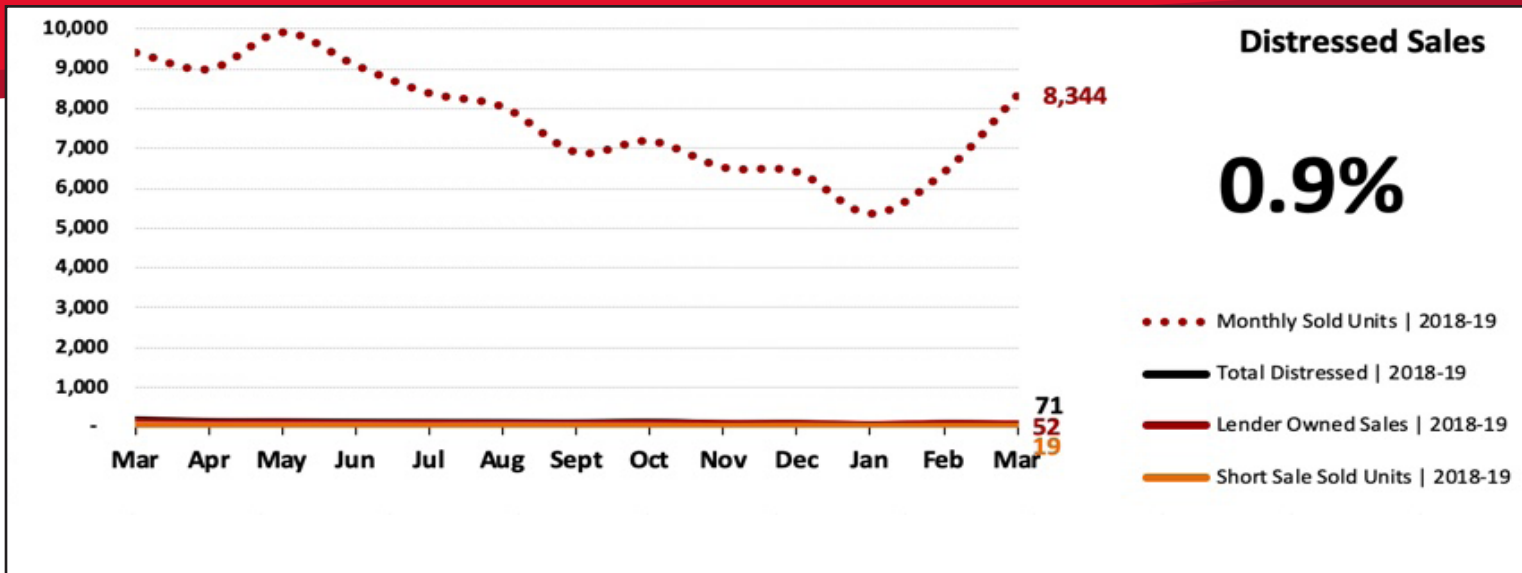
A slight increase is forecasted in April for both average and median sales prices.

ARMLS proprietary predictive model forecast, 0 day DOM sales removed



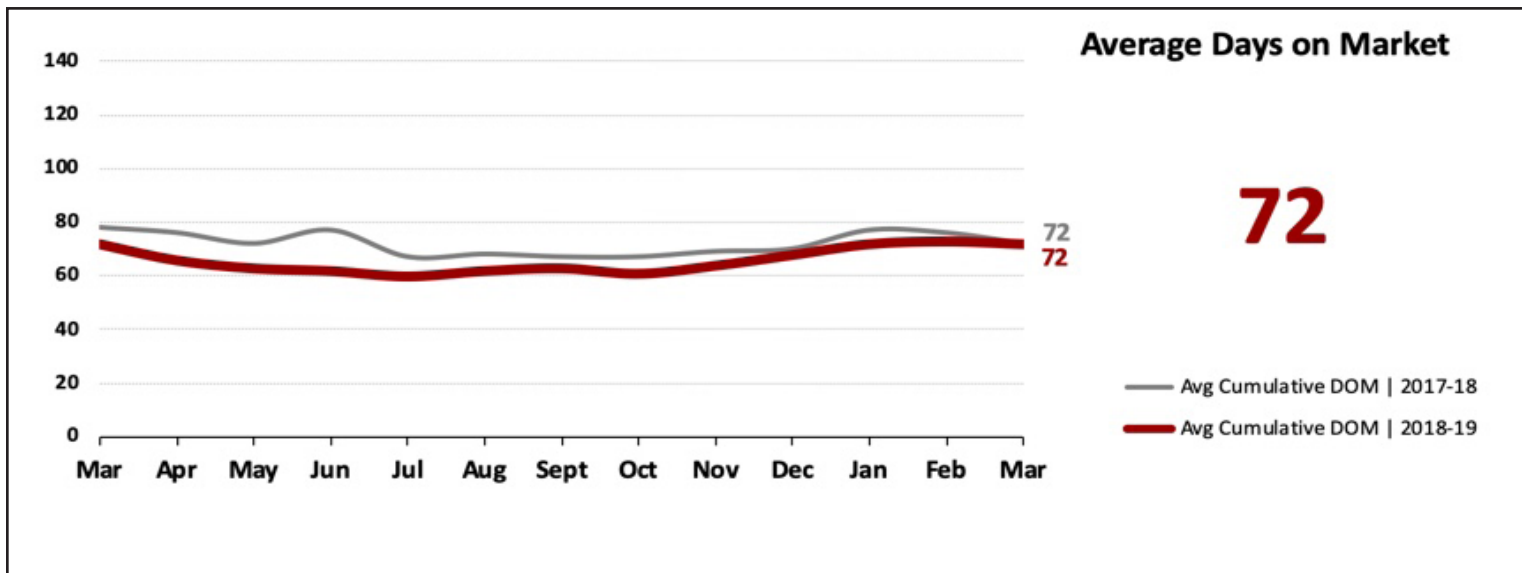
Foreclosures pending month-over-month showed a decrease of -0.5% while the year-over-year figure was down -8.5%.

Snapshot of public records data on 3/31/2019 active residential notices and residential REO properties. Note: this graph was adjusted as total foreclosure counts were under reported for the last 3 months.



Distressed sales accounted for 0.9% of total sales, down from the previous month of 1.3%. Short sales dropped -67.8% year-over-year. Lender owned sales dropped -53.2% year-over-year.

New MLS listings that were active for at least one day from 3/1/2019 to 3/31/2019, 0 day DOM sales removed



Days on market did not fluctuate year over year while month-over-month decreased by -1 day.

MLS sales prices for closed listings with a close of escrow date from 3/1/2019 to 3/31/2019, 0 day DOM sales removed

First Quarter Market Update

What tends to happen, tends to happen, until it doesn't. The last quarter of 2018 saw home sales decline as interest rates rose, the stock market buckled and Washington shut down. The momentum from late 2018 carried into the first quarter of 2019. Sales numbers for the first three months of 2019 as reported by ARMLS are 11.4% lower year-over-year.

Sold Listings by Year via ARMLS

Total Sales				
Year	January	February	March	Total:
2001	3,700	4,609	5,704	14,013
2002	4,016	4,403	5,732	14,151
2003	4,760	5,493	6,545	16,798
2004	5,118	6,196	8,744	20,058
2005	6,632	7,781	9,987	24,400
2006	5,266	5,918	7,497	18,681
2007	4,389	4,958	5,990	15,337
2008	2,912	3,448	4,293	10,653
2009	4,742	5,477	7,636	17,855
2010	5,789	6,594	8,969	21,352
2011	6,541	7,157	9,933	23,631
2012	6,455	7,249	8,867	22,571
2013	5,828	6,630	8,136	20,594
2014	4,797	5,474	6,710	16,981
2015	4,784	5,990	7,900	18,674
2016	5,131	5,718	8,412	19,261
2017	5,932	6,435	9,116	21,483
2018	6,082	6,911	9,402	22,395
2019	5,357	6,409	8,344	20,110

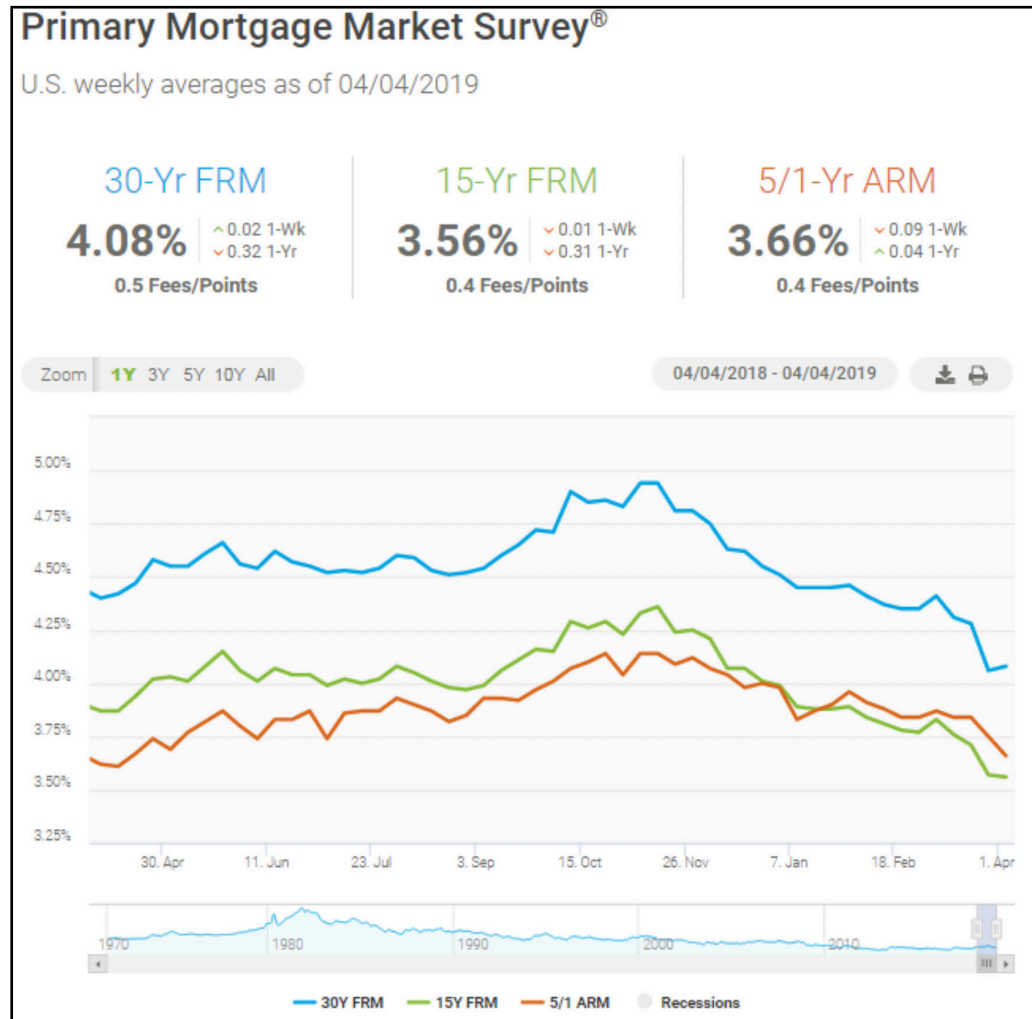
When we view the March sale volume alone we see an 11.3% decline. In 2018 we saw 9,402 sales. This year we had 8,344. On the surface the March decline, which was greater than the overall decline for the first quarter, would appear as though sales are deteriorating further. This is not the case. I was asked once if the number of business days in a given month really matter? The answer is yes they do.

There were 22 business days in March of 2018. When we look at sales on a daily basis, the decline was only 7.0%. When we view total sales dollar volume, we see a 5.02% decline. The smaller decline in dollar volume was due to the increase in average home price.

Yearly Sales Volume via ARMLS

Year	January	February	March	Total:	Rank:
2001	636,030,000	782,147,300	1,003,333,600	2,421,510,900	19
2002	739,345,600	749,390,600	1,015,710,400	2,504,446,600	18
2003	876,792,000	1,020,050,100	1,235,041,500	3,131,883,600	16
2004	1,054,819,800	1,263,984,000	1,858,100,000	4,176,903,800	11
2005	1,694,476,000	1,938,247,100	2,709,473,100	6,342,196,200	3
2006	1,774,115,400	1,976,612,000	2,478,508,200	6,229,235,600	4
2007	1,502,793,600	1,650,518,200	2,071,941,000	5,225,252,800	6
2008	912,620,800	1,010,608,800	1,259,136,900	3,182,366,500	15
2009	855,115,376	944,032,151	1,214,734,880	3,013,882,407	17
2010	1,017,185,190	1,146,498,780	1,598,150,234	3,761,834,204	13
2011	1,026,793,098	1,113,664,985	1,567,407,534	3,707,865,617	14
2012	1,081,057,580	1,207,871,874	1,674,524,083	3,963,453,537	12
2013	1,214,561,028	1,438,378,500	1,819,022,472	4,471,962,000	9
2014	1,164,366,216	1,326,881,178	1,691,980,180	4,183,227,574	10
2015	1,219,848,240	1,501,082,020	2,026,318,400	4,747,248,660	8
2016	1,386,160,174	1,554,632,712	2,252,287,764	5,193,080,650	7
2017	1,668,131,788	1,836,735,615	2,633,156,600	6,138,024,003	5
2018	1,917,861,388	2,128,816,063	2,974,463,730	7,021,141,181	1
2019	1,746,890,915	2,094,275,339	2,827,447,840	6,668,614,094	2

There is reason for optimism as we head into the second quarter. The dramatic turn interest rates made in the fourth quarter of 2018 have taken an even more dramatic turn downward. The 30 year fixed rate as reported by Freddie Mac peaked in November at 4.94%. On April 4 rates were down to 4.08%. Interest rates are now lower than last year at this time when rates were reported at 4.40%.



Another reason to be optimistic is that the stock market has almost fully recovered. The S&P 500 index is now 22.44% above the Christmas Eve low. 401ks are looking much better.



But the real reason for optimism moving forward is the improvement in pending contracts, a leading indicator of future sales. On January 1 of this year we were reporting a 20% decline in year-over-year numbers. On March 1 this metric showed a 14.5% decline. According to the Cromford report, as of today we're now reporting a 0.6% increase. In conclusion, of the three factors negatively affecting us late last year, things are looking good. Interest rates are down, the stock market is up and Washington is still Washington. As Meatloaf would say, 2 out of 3 ain't bad.

How Long are People Living in Their Homes?

One of the primary factors in determining the number of homes sold in any given year is the velocity at which homes turnover. The reason we never talk about this important metric is because we really don't know how to attack it. For as long as I can remember, the given answer to this question was that on average, people move about every 7 years. Then came the bubble and collapse and every metric blew up. According to the Maricopa County Assessor, there are 1.3 million homes in Maricopa County. Based on public record sales data, there were 98,837 resale homes sold last year. Total properties divided by last year's sales tells us homes are selling on average every 13 years. This is a simplistic answer to a much more complex question. Maybe the question should be what are the metrics on the homes being sold and the homes not being sold?

The second question is impossible to answer without a lengthy analysis, but we do know that investors that have purchased homes to be rented have little to no incentive to sell. And why would they? They've been experiencing rising rents, low vacancy rates and great appreciation. We also know that homeowners that either purchased or refinanced inside the bubble have little to no equity, thereby limiting their options. We can however look at the active listing and gather a little insight.

In the table on the next page we've summarized all active listings in Maricopa County and attached prior purchase data from our public records database. Our public records sales data goes back to 1983, and it should be noted our data compiling skills in the '80s and '90s were not what they are today. That said, I was able to match most active listings to our sales history file. There were a couple hundred active listings I could not match and simply removed them from the summation. It is quite possible there are several active listings where the home was purchased prior to 1983. The metrics below were drawn on April 1. The time frame is self-explanatory, the year purchased field shows the year most homes were purchased for context purchases. As an example, there are currently 1,453 active listings purchased in 2018. The homes purchased in the 2018 column would have been purchased roughly between mid-October 2017 and mid-October 2018. The percent of total column shows the per-centage of the total number of active listings we were able to match. As an example, for 6.8% of active listings the prior sale occurred in the last 6 months. Finally, the price change percentage is the median difference between the current listing price and the prior sales price divided by the prior sales price.

Sold Listing Data vs Public Records

Time_frame	Year_purchased	Total_active	Percent_of_total	Running_total	Price_change_percentage
New Builds		1565	0.085	0.085	0.0000
Less than 6 months	2019	1245	0.068	0.153	0.0815
6 months to < 1.5 years	2018	1453	0.079	0.232	0.2253
1.5 years to < 2.5 years	2017	1352	0.074	0.306	0.2015
2.5 years to < 3.5 years	2016	1310	0.071	0.377	0.2617
3.5 years to < 4.5 years	2015	1129	0.061	0.438	0.3149
4.5 years to < 5.5 years	2014	881	0.048	0.486	0.3782
5.5 years to < 6.5 years	2013	838	0.046	0.532	0.4752
6.5 years to < 7.5 years	2012	722	0.039	0.571	0.7176
7.5 years to < 8.5 years	2011	735	0.040	0.611	0.9690
8.5 years to < 9.5 years	2010	577	0.031	0.642	0.7660
9.5 years to < 10.5 years	2009	576	0.031	0.673	0.6032
10.5 years to < 11.5 years	2008	518	0.028	0.701	0.1741
11.5 years to < 12.5 years	2007	534	0.029	0.730	0.0271
12.5 years to < 13.5 years	2006	654	0.036	0.766	-0.0176
13.5 years to < 14.5 years	2005	809	0.044	0.810	0.1669
14.5 years to < 15.5 years	2004	586	0.032	0.842	0.5619
15.5 years to < 16.5 years	2003	427	0.023	0.865	0.7258
16.5 years to < 17.5 years	2002	338	0.018	0.883	0.8186
17.5 years to < 18.5 years	2001	252	0.014	0.897	0.8971
18.5 years to < 19.5 years	2000	239	0.013	0.910	1.0192
19.5 years to < 20.5 years	1999	259	0.014	0.924	1.1377
20.5 years to < 21.5 years	1998	235	0.013	0.937	1.3619
21.5 years to < 22.5 years	1997	199	0.011	0.948	1.3810
22.5 years to < 23.5 years	1996	157	0.009	0.957	1.6309
23.5 years to < 24.5 years	1995	138	0.008	0.965	1.6814
24.5 years to < 25.5 years	1994	128	0.007	0.972	1.9549
25.5 years to < 26.5 years	1993	114	0.006	0.978	2.3333
26.5 years to < 27.5 years	1992	85	0.005	0.983	2.4177
27.5 years to < 28.5 years	1991	63	0.003	0.986	2.3147
28.5 years to < 29.5 years	1990	43	0.002	0.988	2.1515
29.5 years to < 30.5 years	1989	34	0.002	0.990	2.1650
30.5 years to < 31.5 years	1988	45	0.002	0.992	2.0358
31.5 years to < 32.5 years	1987	51	0.003	0.995	2.1961
32.5 years to < 33.5 years	1986	41	0.002	0.997	2.5962
33.5 years to < 34.5 years	1985	34	0.002	0.999	2.2022
34.5 years to < 35.5 years	1984	25	0.001	1.000	1.9238

Here are a few of the conclusions we were able to draw. As of April 1, there were 1,565 actively listed new builds that accounted for 8.5% of all the listings. These are homes that were newly built, under construction or offered an option to be built. The active listings in the less than 6 months category consists of recently foreclosed REOs, iBuyer purchases and fix and flip investors. Try not to read into the median price change percentage in this row, the iBuyers would be on the lower half of the scale while the fix and flippers would be on the higher end. Of interest, just over half of the 654 homes purchased in 2006 (when prices peaked) are listed for less than the price they paid. Or, if you're a glass half-full kind of person, about half of the buyers who purchased their home in 2006 and are now listing their home for sale are asking more than they paid. Finally, 57.1% of the properties currently active on the MLS are either new construction or were previously purchased in the last 7.5 years.

The Pending Price Index

Last month the STAT mathematical model projected a median sales price for March of \$267,500. The March median was \$267,000. Looking ahead to April, the ARMLS Pending Price Index anticipates the median sales price will increase slightly, projecting a median sales price of \$269,000.

We begin April with 7,013 pending contracts; 4,319 UCB listings and 663 CCBS giving us a total of 11,995 residential listings practically under contract. This compares to 12,319 of the same type of listings one year ago. At the beginning of April, the 2019 pending contracts are 2.63% lower than last year. There were 21 business days in April of 2018 and 22 this year. ARMLS reported 8,990 sales in April of 2018. Will this April surpass last? With one extra day and "pending contracts" trending up, we could very well see our first year-over-year increase in monthly sales volume.