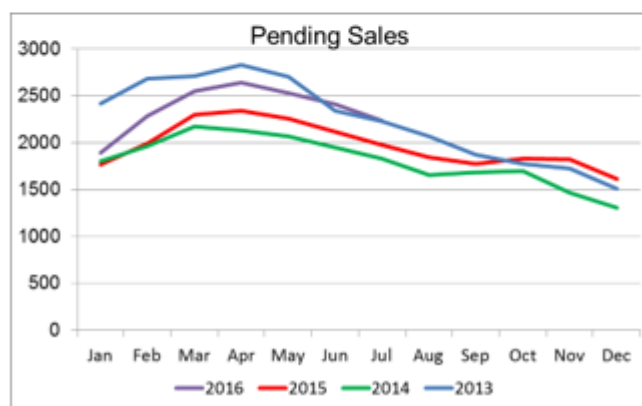
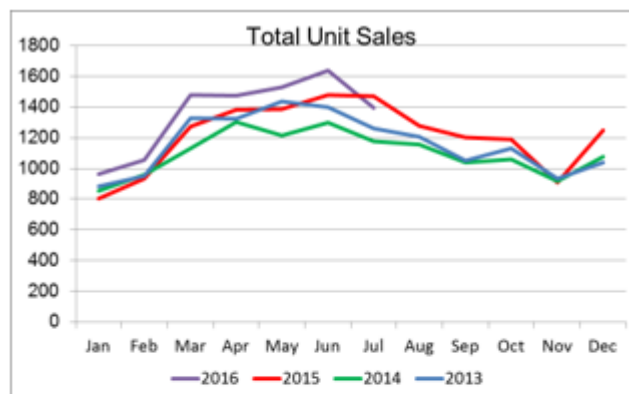


Tucson Residential Real Estate Market Update July 2016: Bump in the Road

TUCSON, AZ – Sales of single family homes fell 15% in July compared to June and fell below 2015 levels for the first time this year.

Sales totaled 1,395, 5% fewer than in July 2015. Year-to-date sales of 9,535 homes are an increase of 9% over the first 7 months of 2015.

Total sales volume for July was \$305,485,314. That's 2% less than June 2015.



Our most popular sales price point in July was \$100,000 to \$159,000, accounting for 26% of total sales. This is the typical purchase price of a home for a “first time buyer” and demonstrates that market segment is performing strongly.

The price range of \$200,000 to \$299,000 accounted for 23% of

total sales, followed by \$160,000 to \$199,000 with 21%.

In March we sold 6 homes for more than \$1million, with 5 more pending.

National sales data for July will be released in two weeks. Tucson has outperformed the national averages for the first six months.

Pending sales, our only forward looking indicator, were 2,231 at the end of July. This is an increase of 12% from 2015 and down 7% from June. Pending sales are those transactions that did not close in the previous month but will likely close in the next.

The average home took 50 days to sell in July, a full week less than in June.

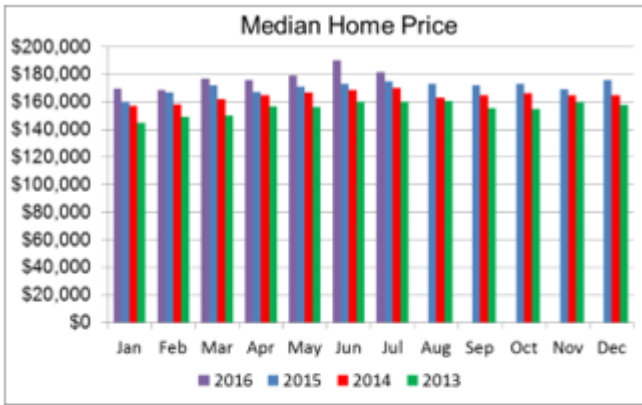
In July the average listing price for existing inventory was \$224,771, down 7% from July 2015.

However, this strong pricing is still closely tied to the home's estimated value. In July the average listing price represented 100% of the average home's estimated value. In July of 2015 the average listing price represented 102% of the estimated value.

In annual Buyer/Seller surveys conducted by the National Association of REALTORS®, "assistance in pricing my home for sale" was listed a key benefit of working with a REALTOR®.

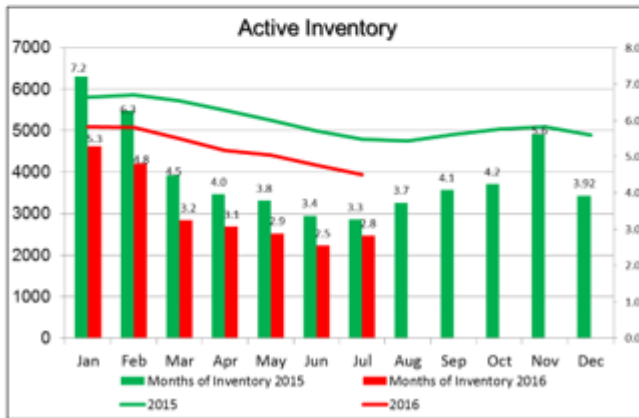
In July the average sales price was 97% of the average listing price, exactly the same as in July 2015.

Eric Gibbs, 2016 President of the Tucson Association of REALTORS® stated, "It appears the Tucson market has hit the summer slowdown. Although sales have slowed, there are still buyers in the market submitting offers. Some properties are receiving upwards of 4-6 offers in a matter of days of the property going active."



The median sales price in July was \$181,900, an increase of 4% over July 2015 and down 5% from June 2016. Historically, median price increases between January and July an average of 9%. In 2016 the increase is 7%.

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The Tucson market has seen healthy, sustainable price appreciation over the last three years without interruption. The forecast for 2016 is continued price appreciation averaging 3-6%.

The number of actively listed homes continues its downward decline.

At the end of July we had 3,936 actively listed single-family homes. This is down 18% from July 2015 and down 6% from June 2016.

We continue to add new listings at a rate slower than in 2015. In July we added 1,677 new listings. That is down 12% from June 2016. Combining that with our increased sales level forecasts continued shortages

This represents less than three months of inventory. We define a market "in equilibrium" (not unfairly favoring buyers or sellers) as six months of inventory.

There was a decrease in the number of actively listed homes across the entire price spectrum with the exception of homes priced between \$400,000 and \$499,000, which added four homes.

Gibbs added: "Are we in a Sellers' Market? For sub \$300K – Yes. \$300-600K is balanced, and above \$600K it is a Buyer's Market. Declining inventory will become an issue. It will drive prices up, but appraisals will not match those inflated over asking prices."

"Days on Market" continues to fall steadily this year from 66 days in January to 50 days in July.