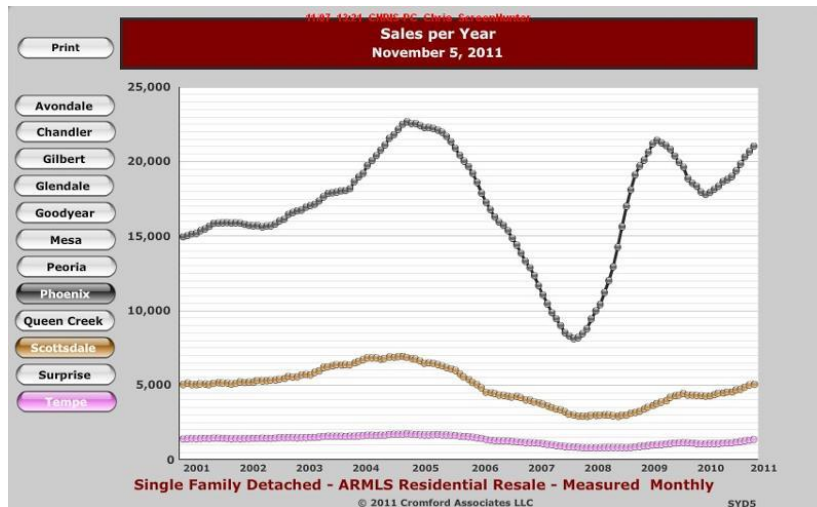


November 2011

Dear Friends,

This is a special addition to my regular news letter. Cromford Associates does statistical analyses of the Arizona Real Estate market and has some interesting facts.

I know it's hard to follow the real estate market and has been for a few years. So here's a chart from Cromford Associates that shows what's been happening. From 2001 to today you can see the ups and downs of the market. The interesting thing is that when you draw a straight line from 2001 to today, the market is right where it probably would have been had we not had the bubble and bust. The chart below shows Phoenix, Scottsdale and Tempe. Scottsdale and Tempe are relatively flat because they are really different markets than Phoenix. Phoenix is where the real boom and bust happened.



What is harder to show in a chart is the rate of foreclosures in the Metro Phoenix area. Cromford Associates gave this explanation of August and July foreclosures. Here is their explanation, it's very interesting and differs from what the media tells us.

**There were 2,914 trustee sales for single family homes in Maricopa County in the calendar month of August 2011.**

**There were 2,701 similar sales in July 2011.**

**You might think that this indicates trustee sales were increasing. However you would be wrong.**

**There were only 20 working days on which trustee sales could be held in July, while there were 23 in August. This means that we should have expected the August number to be 15% higher if the daily foreclosure rate was flat. In fact the daily rate of foreclosure fell by 6% from 135 per working day in July to 127 per working day in August, continuing the strong downward trend we have seen since March.**

**This indicates how overly-simplistic mathematical logic can send entirely the wrong message that foreclosures are increasing when they are not.**

**As of September 12, 2011 we have seen only 912 trustee sales recorded for all property types since September 1. This is an exceptionally low number. If trustee sales continue at this rate throughout September (with its 21 working days), then the total for September will be close to the total last November (with only 19 working days) when we had several institutions including Bank of America doing no trustee sales at all while they addressed the national robo-signing controversy. September looks very likely to be a very weak month for foreclosures, measured on both a calendar month and daily rate basis. In fact the 90-day average for the daily rate of foreclosure is today at the lowest level since July 2008, over 3 years ago.**

**When correctly measured, the rate of foreclosures is currently falling fast. Do not let the stories in the media mislead you!**

I hope you find this as interesting as I did. It certainly reminds us not to believe the twist the media can put on things, especially real estate.

Please think of me if you or anyone you know has any questions about real estate, I'm always happy to help in any way I can.

Best Regards,

A handwritten signature in black ink, appearing to be 'CL' with a dot above the 'i'.

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