

# NOVEMBER 2018

## Real Estate Update



**JEFF GERBER**

**ABR®, GRI®, SRES®, REALTOR®**

**Hello Everyone,**

We successfully slogged our way through the rainyist October ever in Phoenix. The end of the month finally is looking and feeling like fall. I can't tell you how much I enjoy our sunny fall days with highs in the 80's. I'm also looking forward to another seasonal change coming in early November. The end of the mid-term election season! I look forward to not having to hear and see the constant barrage of negative political ads. Wouldn't it be wonderful to return to the days when candidates ads focused on why we should vote for a candidate and not why we shouldn't vote for their opponent? Thanks for putting up with this rant.

Hardly a day or two go by without me being asked 'how's the market?' The best one word to answer that question today is: "Interesting!" The market is more complicated than in the past few years. We're now about 10 years past the 'recession' (some say Bust) that happened in 2008. Today's market is affected by a mix of things. Lower than average inventory of homes for sale. That should be good news for Sellers, but it truly is a double edged sword. You would expect low inventory to cause prices to rise, but by and large that hasn't happened to the extent one would expect. The low inventory helps feed upon itself as many potential Buyers take a look at the current inventory and find they don't see anything out there that checks the boxes on their wish list...a product of low inventory. There are many who have issues with current home prices and mortgage interest rates. Understandably, but home prices generally are at or just below the 2008 prices before the recession. If you will, prices like we saw 10 years ago. It doesn't sound as scary that way, does it? Yes, mortgage interest rates have risen from their historic lows that we experienced for most of the 2010's, but they are still well below 'historic' average rates. Again, not a bad thing. National unemployment is getting to near historic lows. That also should be good news. My take on that point is that average wages have not reacted in the same way as general prices in the past decade, however. Planning, budgeting, being a wise Buyer or Seller and patience seem to be the keys in today's market.

Congratulations to David, Lyn and Naomi! It was a process and pleasure to help them find and buy their first family home in Mesa. My appreciation to a good number of people with who I have been in conversation with regarding buying or selling a home. As I mentioned earlier, it is a process. That process is a bit more challenging these days versus just a few years ago. That's why I appreciate when someone chooses to allow me to put my years of experience and education to work for them. If you, or someone you know, have thoughts of buying or selling a home, I would love to be employed to help reach that housing goal.

**Regards,**

*JSGerber 10/29/2018*

Contact me anytime:  
Call direct: 602-330-7272  
Email: [Jeff@jeffgerberrealtor.com](mailto:Jeff@jeffgerberrealtor.com)  
Fax: 877-824-7272  
[www.jeffgerberrealtor.com](http://www.jeffgerberrealtor.com)

The Empowered Team LLC  
3370 N Hayden Road - Suite 123-119  
Scottsdale, AZ 85251  
AZ License # SA540122000

**The Empowered Team, LLC**  
*Real Estate For Today*



Visit my website at: [www.jeffgerberrealtor.com](http://www.jeffgerberrealtor.com)



## September 2018

Arizona Regional MLS

**New Listings** **8,587**

**-7.4%** **-6.1%**  
 from Aug 2018: **9,278** from Sep 2017: **9,142**

YTD	2018	2017	+/-
	<b>86,445</b>	<b>86,945</b>	-0.6%

5-year Sep average: **8,882**

**New Contracts** **7,946**

**-9.8%** **-2.2%**  
 from Aug 2018: **8,813** from Sep 2017: **8,123**

YTD	2018	2017	+/-
	<b>88,759</b>	<b>88,072</b>	0.8%

5-year Sep average: **7,745**

**Closed Sales** **6,803**

**-15.0%** **-5.8%**  
 from Aug 2018: **8,004** from Sep 2017: **7,223**

YTD	2018	2017	+/-
	<b>73,596</b>	<b>72,291</b>	1.8%

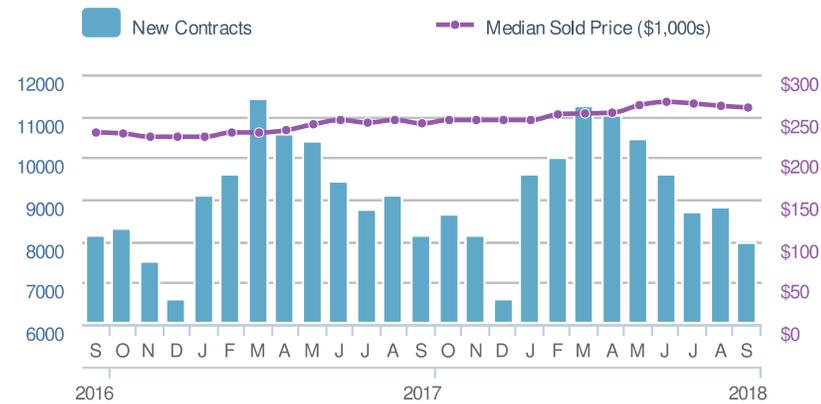
5-year Sep average: **6,832**

**Median Sold Price** **\$260,000**

**-1.0%** **7.9%**  
 from Aug 2018: **\$262,500** from Sep 2017: **\$241,000**

YTD	2018	2017	+/-
	<b>\$259,900</b>	<b>\$238,000</b>	9.2%

5-year Sep average: **\$227,200**



**Active Listings** **15,280**



Aug 2018	Sep 2017
<b>14,636</b>	<b>16,750</b>

**Avg DOM** **61**



Aug 2018	Sep 2017	YTD
<b>60</b>	<b>65</b>	<b>64</b>

**Avg Sold to OLP Ratio** **97.1%**



Aug 2018	Sep 2017	YTD
<b>97.1%</b>	<b>96.7%</b>	<b>97.1%</b>



Jeff Gerber, ABR, GRI,  
SRES

The Empowered Team, LLC  
Real Estate For Today



The Empowered Team LLC  
Lic. #: SA540122000

# Between FRIENDS

Real Estate for Today

Tel: (602) 330-7272, jeff@jeffgerberrealtor.com, www.jeffgerberrealtor.com, Lic. #: SA540122000

**S**hort on space for guests this holiday season? Call me—I'll help you find a new home with plenty of room for all your family and friends!



**T**hinking of selling your home? You should consider adding an Old Republic Home Warranty to your transaction. Seller's coverage keeps your home showing well because it provides repair or replacement should covered systems or appliances malfunction while it's on the market. At close, the warranty seamlessly rolls over to the Buyer's Plan, protecting the home buyer against potential issues after the sale. A home warranty offers budget protection from the high cost of home repairs and peace of mind for both the home seller and buyer!

**OLD REPUBLIC HOME PROTECTION**

*People Helping People*

Safeguard *your* American dream  
with a home warranty!



Visit [www.orhp.com](http://www.orhp.com) or talk to  
your real estate professional to learn more.

**K**now someone looking to buy or sell a home, but they don't know where to begin? Send them my way—we can discuss the fundamentals so they can move forward with confidence.



## Health & Safety

### A Quick Guide to Fire Extinguishers

**F**ire extinguishers are vital household safety tools. They should be quickly and easily accessible, so you can suppress or put out small home fires if needed. Fire extinguishers are only meant to handle small fires. In the event of a large fire, evacuate to safety.

Household extinguishers all have a label showing what kinds of fires they're effective against. A is for wood, cloth, or paper; B is for flammable liquids like grease or gas; and C is for live electricity. Many extinguishers sold for home use are multipurpose with A-B-C labels. Keep a 10-pound extinguisher in the garage or workshop, a 5-pound extinguisher in the kitchen, and a 2-pound extinguisher in your car.

Learn how to use an extinguisher *before* a fire emergency. Familiarize yourself with your home extinguishers, and check with your local fire department to see if they offer training.

The easiest way to operate a fire extinguisher is to remember the word **PASS**: **P**ull the safety pin, **A**im the nozzle low, **S**queeze the lever and hold it, and **S**weep the nozzle from side to side at the source of the flames until the extinguisher is empty.

Used extinguishers are not reusable and should be replaced. Replace any old, unused extinguishers with pressure gauges in the red zone.



## Helpful Hints

### Houseguest Etiquette

**Y**ou're planning a trip, and a kind friend or family member offers to put you up for a few days during your travels. Regardless of how close you may be to your host, you are still a guest. These hints will help you put your best foot forward as a houseguest:

- Stick to the agreed-upon arrival and departure dates.
- Demonstrate your appreciation up front by bringing the host a gift.
- Help with the cleaning and cooking. Offer to pay for gas and other expenses incurred by the host as a result of your visit.
- Inform your host of your schedule each day and don't expect the host to be your personal travel guide.
- As soon as you get home, write your host a note recounting your enjoyable stay and expressing thanks for their hospitality.

With just a little effort on your part, following these tips is the best way to ensure that you'll be a welcome houseguest the next time you're visiting your host's neck of the woods.



**1 pound dry black beans**  
**6 cups chicken broth**  
**1 large onion, diced**  
**1 can diced tomatoes and green chilies**  
**1 tsp garlic powder**  
**1 tsp chili powder**  
**1 tsp ground cumin**  
**1/2 tsp cayenne pepper**  
**1/2 tsp freshly ground black pepper**  
**Salt, to taste**  
**Chopped cilantro or green onions for garnish**

Soak black beans in a bowl of water overnight and drain.

Combine beans, chicken broth, onion, and tomatoes and green chilies in a slow cooker.

Add dry seasonings.

Cook on high temperature for four hours.

Reduce heat and continue cooking on low for two more hours, or until you're ready to serve.

Garnish with cilantro or green onions and serve.

Optional: Top with sour cream and avocado slices for a richer soup.



Jeff Gerber, ABR, GRI, SRES

The Empowered Team LLC

3370 N Hayden Road - Suite 123-119

Scottsdale, AZ 85251

Tel: (602) 330-7272

[www.jeffgerberrealtor.com](http://www.jeffgerberrealtor.com)

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## Household Tips

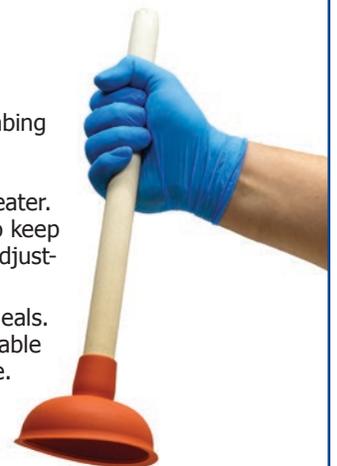
### Don't Let a Plumbing Emergency Ruin the Holidays

**A**n unexpected plumbing problem could really ruin your holiday season. Reduce your risk of a plumbing emergency with the following tips.

**Get your water heater ready for guests:** Having extra guests in your home may overwork your water heater. Plus, cold water entering the water heater from outside the home causes it to use more energy than usual to keep the water hot. Ensure your guests always enjoy warm showers—and keep your water heater happy, too—by adjusting the temperature to 120 degrees.

**Keep your drains clog-free:** Be careful what you put down your kitchen sink drain when preparing holiday meals. Grease and coffee grounds are two of the most common culprits of a clogged drain. Pour grease into a disposable container and throw it in the trash. Throw coffee grounds in the garbage, or add them to your compost pile.

**Assemble an emergency repair kit:** Buy a plunger, an adjustable wrench, some heavy-duty gloves, and a plastic bucket. Keep these items together in a place that's easy to access, along with a card noting the location of your emergency water shutoff.

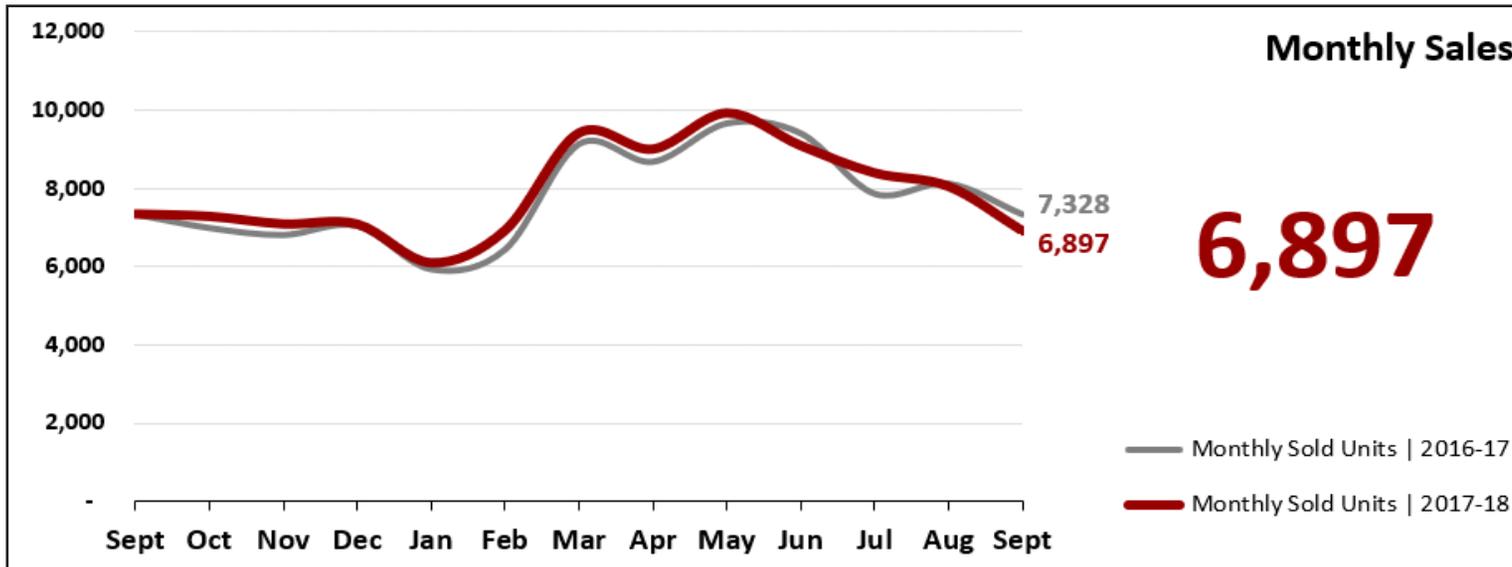




## Your Monthly Statistics for the Phoenix Metro Area

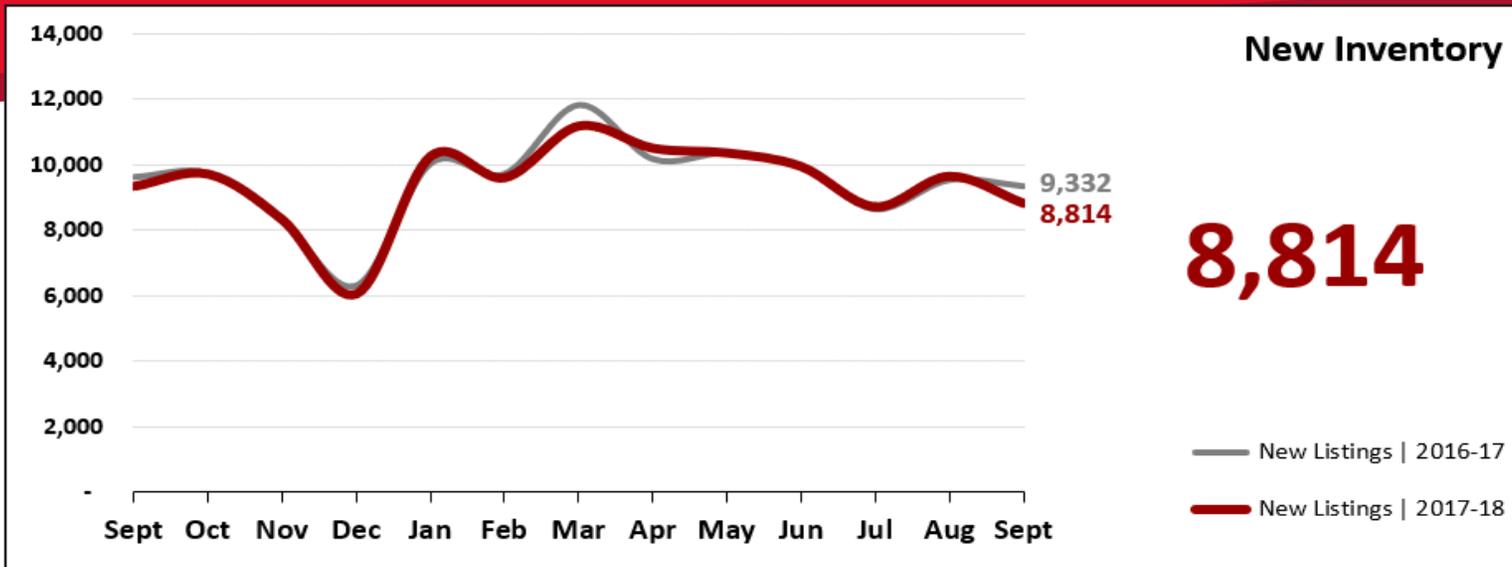


**DATA FOR SEPTEMBER 2018** - Published October 18, 2018



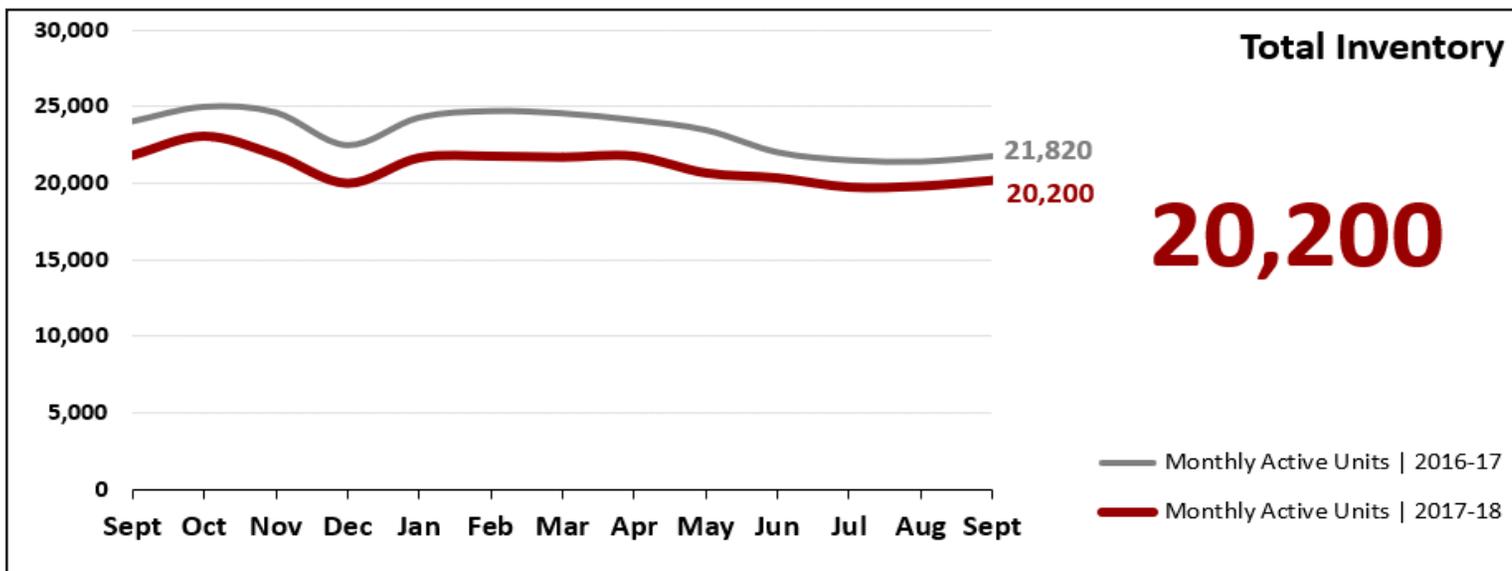
Sales are down -14.2% month-over-month. The year-over-year comparison is also down -5.9%.

Closed MLS sales with a close of escrow date from 9/1/2018 to 9/30/2018, 0 day DOM sales removed



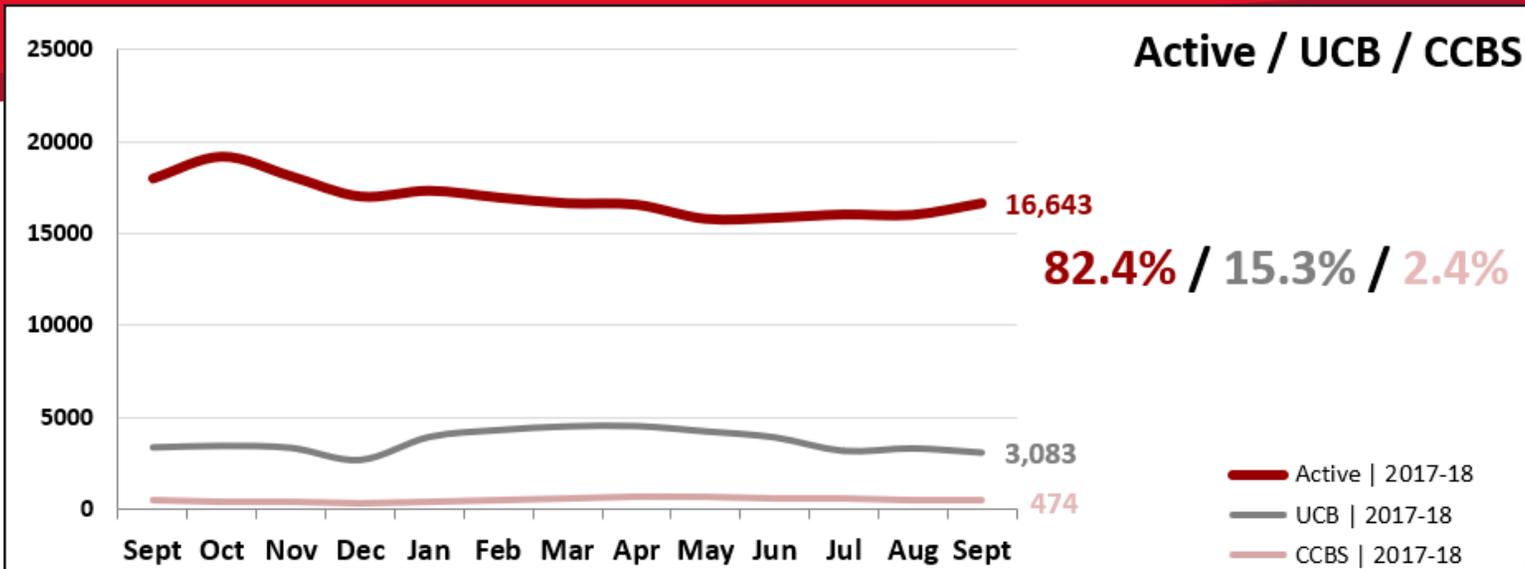
New inventory is down -8.6% month-over-month while the year-over-year comparison decreased by -5.6%.

New MLS listings that were active for at least one day from 9/1/2018 to 9/30/2018, 0 day DOM sales removed



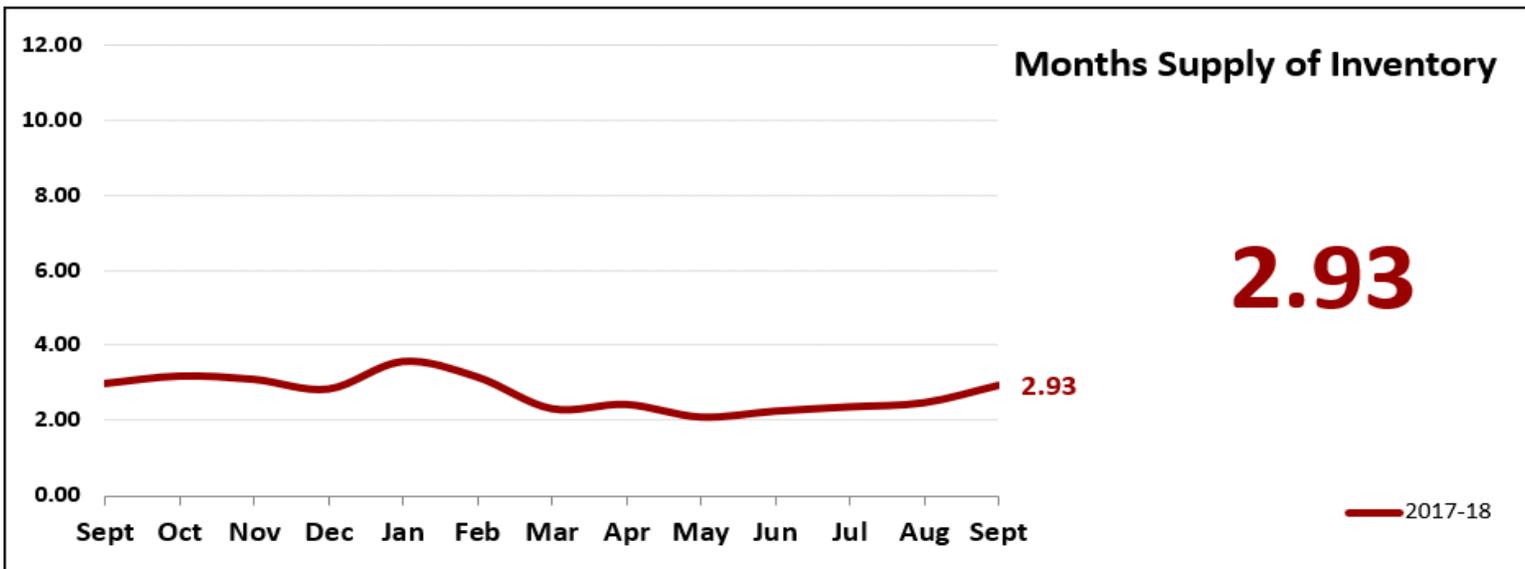
Total inventory has a month-over-month increase of +1.9% while year-over-year reflects a decrease of -7.4%.

Snapshot of statuses on 9/30/2018



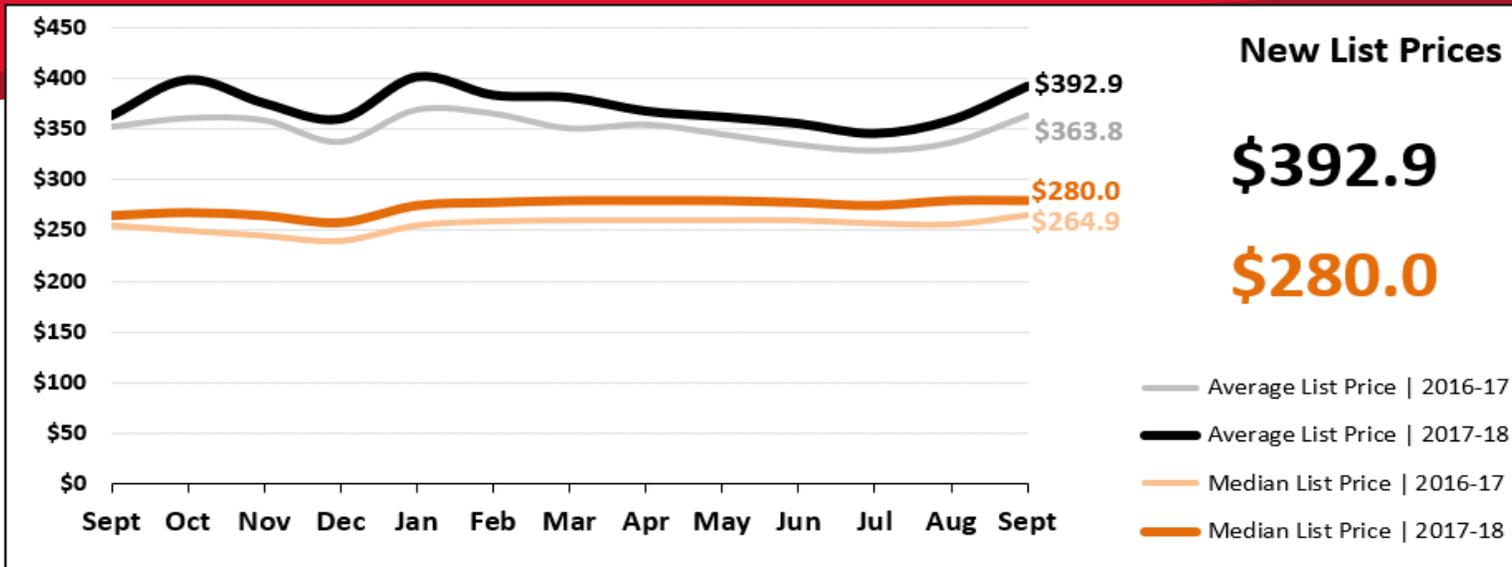
September UCB listings percent of total inventory was 15.3% with September CCBS listings at 2.3% of total inventory.

Snapshot of statuses on 9/30/2018



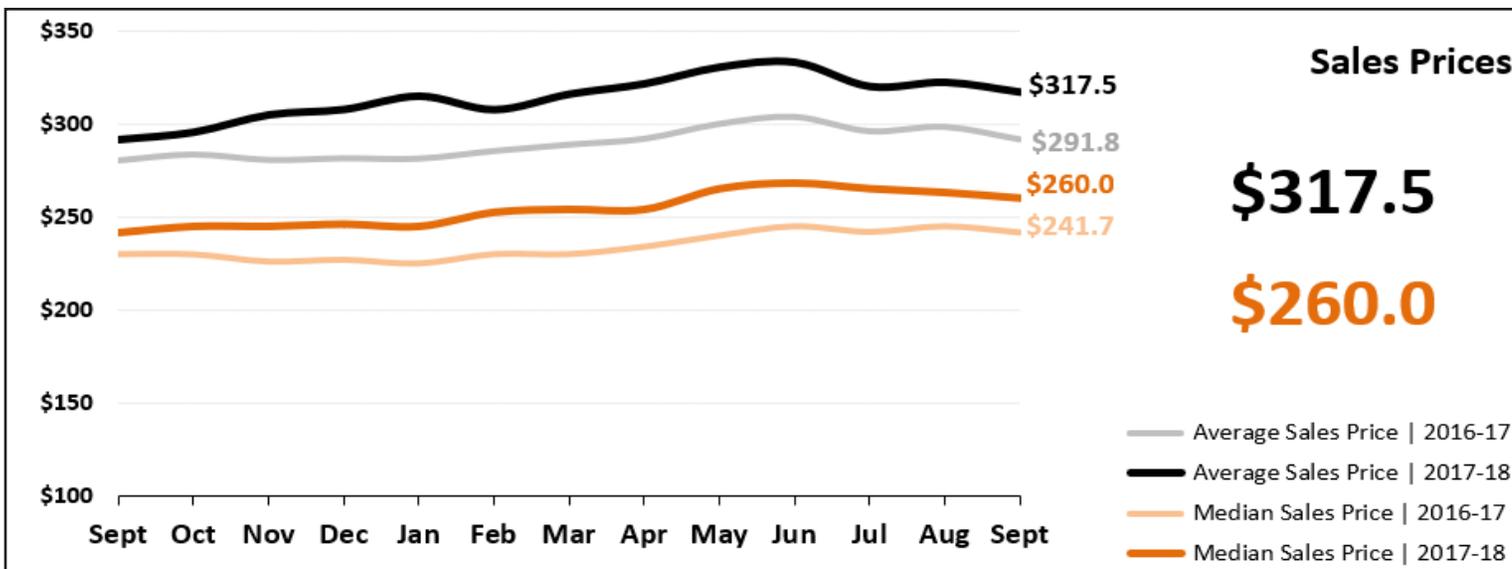
Months supply of inventory for August was 2.47 with September at 2.93.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of SEPTEMBER 2018, 0 day DOM sales removed



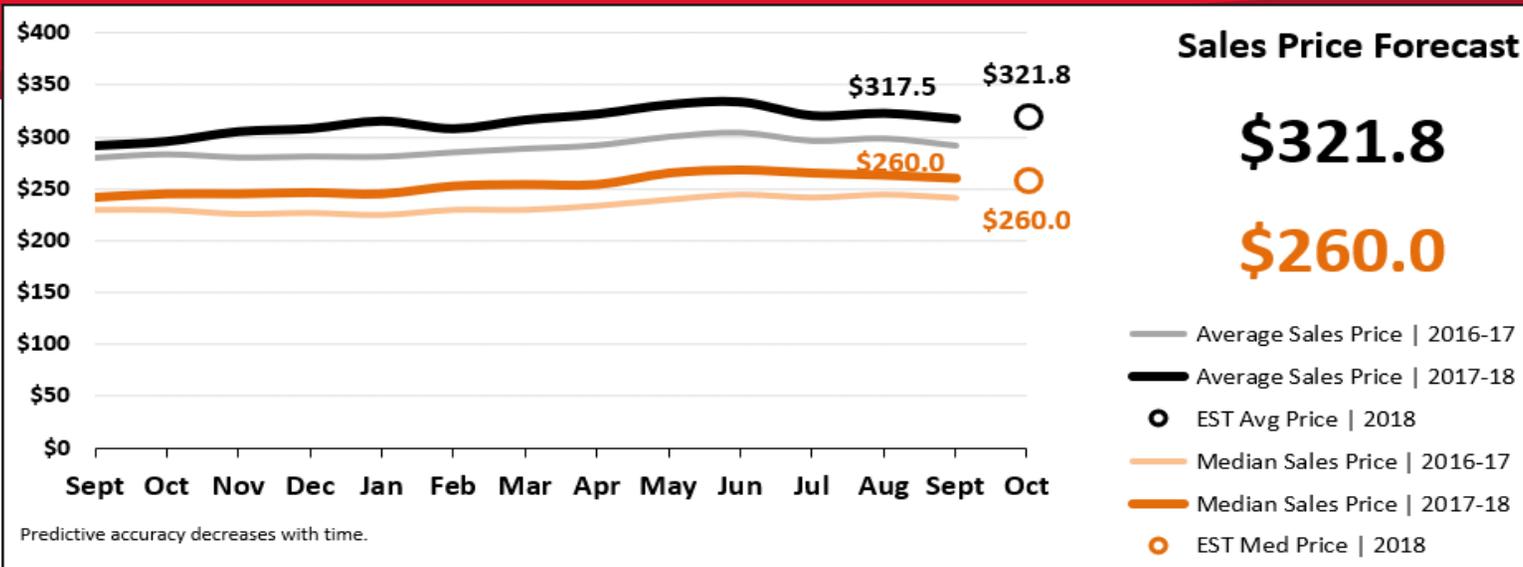
Average new list prices are up +8.0% year-over-year. The year-over-year median is up +5.7%.

List prices of new listings with list dates from 9/1/2018 to 9/30/2018, 0 day DOM sales removed



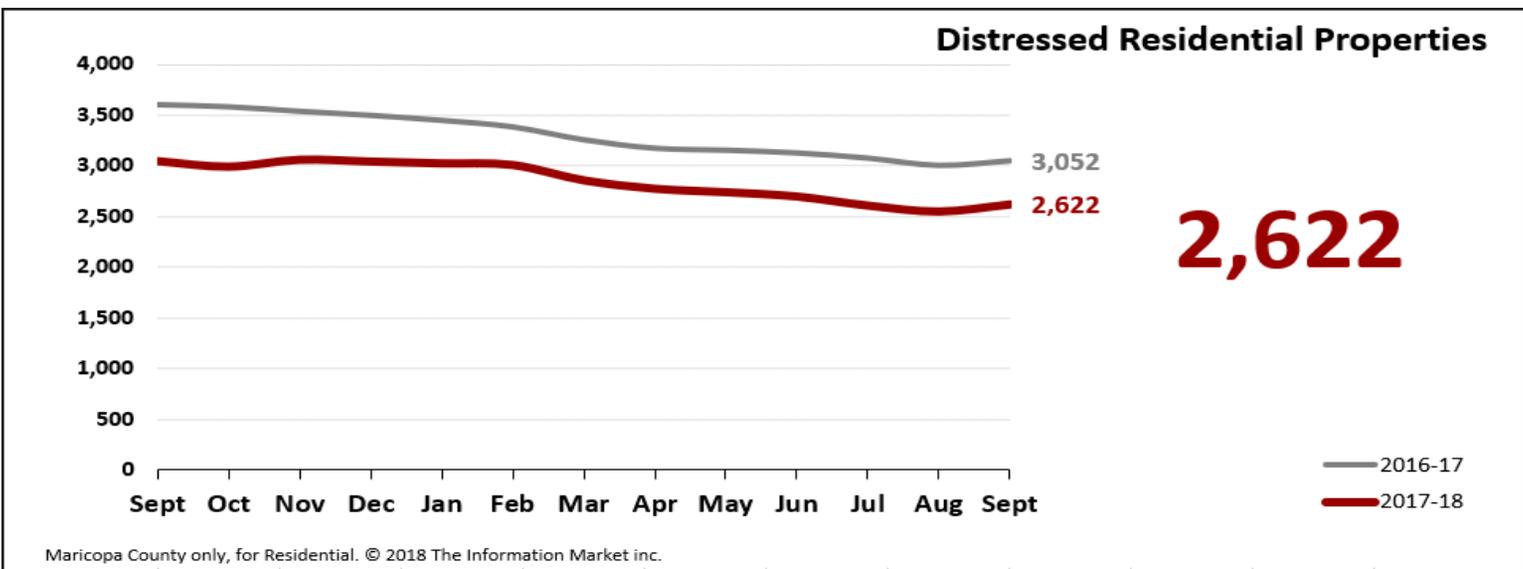
The average sales price is up +8.8% year-over-year while the year-over-year median sales price is also up +7.6%.

MLS sales prices for closed listings with a close of escrow date from 9/1/2018 to 9/30/2018, 0 day DOM sales removed



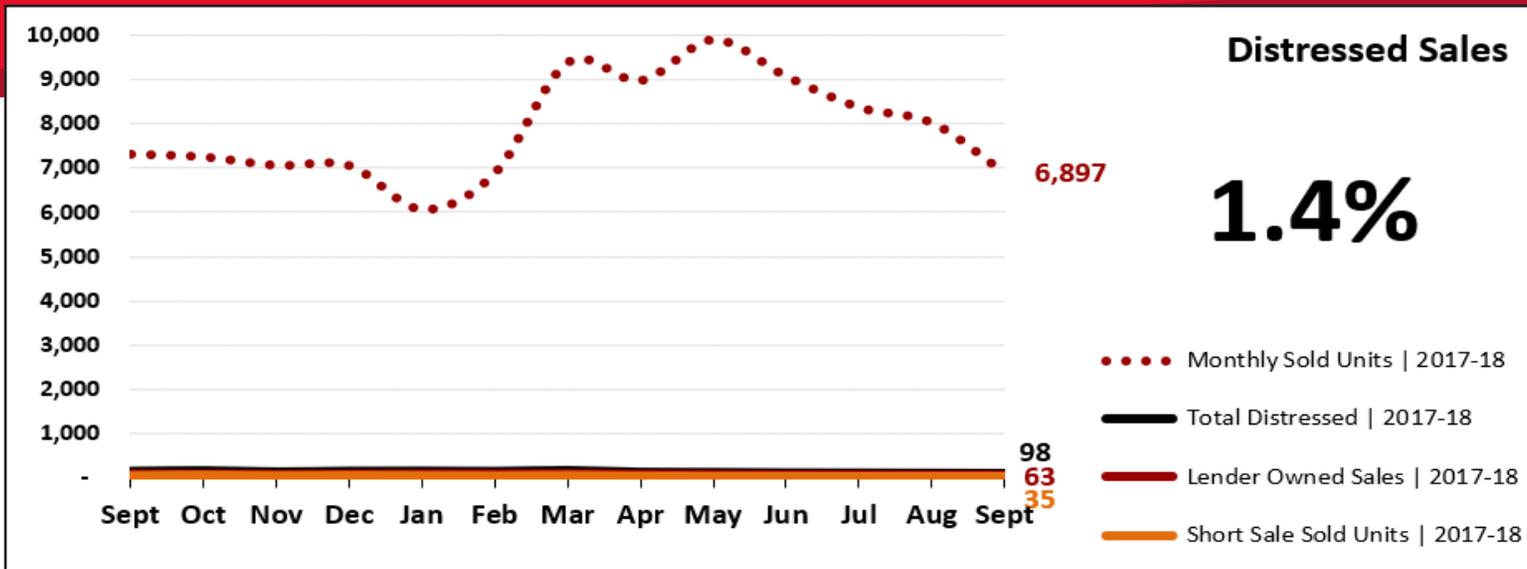
ARMLS proprietary predictive model forecast, 0 day DOM sales removed

An increase is forecasted in October for average sales price while no change is expected in the median sales price.



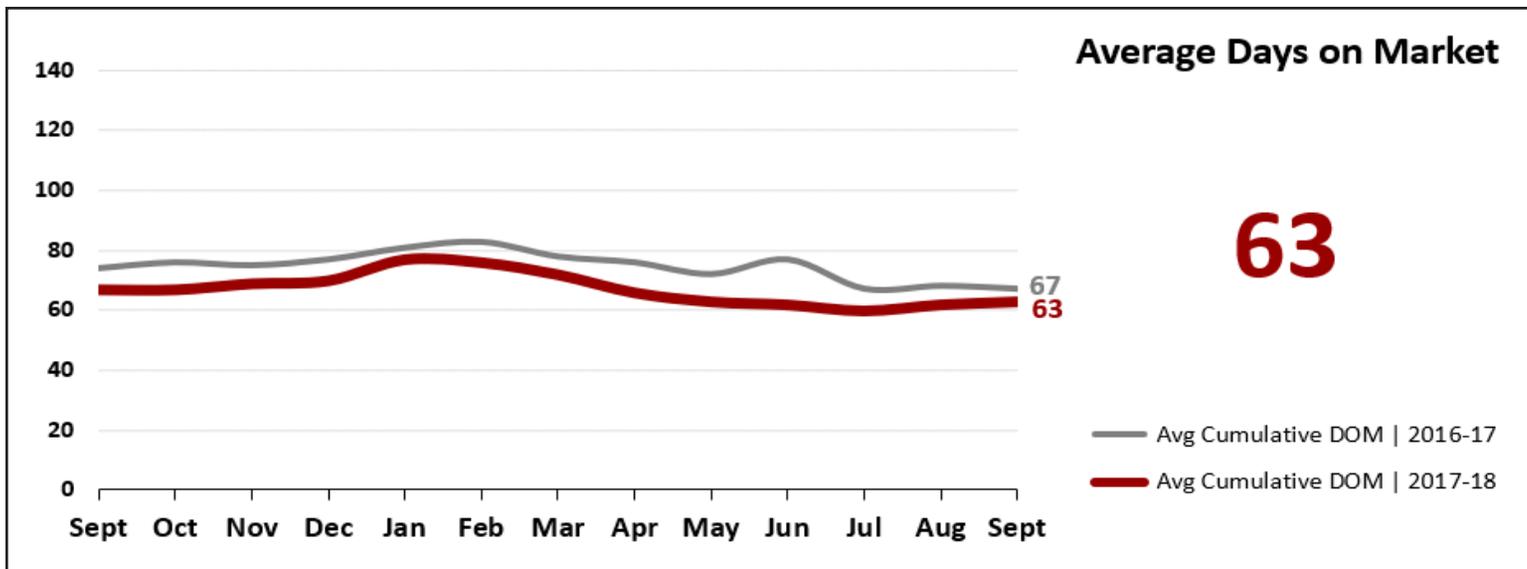
Foreclosures pending month-over-month showed an increase of +2.7% while the year-over-year figure was down -14.1%.

Snapshot of public records data on 9/30/2018 active residential notices and residential REO properties. Note: this graph was adjusted as total foreclosure counts were under reported for the last 8 months.



Distressed sales accounted for 1.4% of total sales, up from the previous month of 1.3%. Short sales dropped -35.2% year-over-year. Lender owned sales dropped -36.4% year-over-year.

New MLS listings that were active for at least one day from 9/1/2018 to 9/30/2018, 0 day DOM sales removed



Days on market were down -4 days year-over-year while month-over-month increased by +1 days.

MLS sales prices for closed listings with a close of escrow date from 9/1/2018 to 9/30/2018, 0 day DOM sales removed

This month in STAT let's look back at two prior STAT editions, [January 2018](#) and [May 2018](#). In January we discussed two divergent theories as to how 2018 might unfold. First, low inventory numbers will lead to higher prices and the higher prices, coupled with rising interest rates, will restrict demand and 2018 will see fewer sales than 2017. Second, millennials, the driving force behind our market, are one year older and their appetites and ability to purchase will increase. That, coupled with an improving economy, will lead to increased sales in 2018.

I leaned toward the second theory but concurred the first proposition would eventually play out. The question was not if, but when. Fast forward nine months to the third quarter of 2018. In their third quarter earnings report last week Stuart Miller, Executive Chairman of Lennar, said, "While national economic data has pointed to higher prices and rising interest rates causing slower overall sales, the basic underlying fundamentals of the housing industry of low unemployment, higher wages and low inventory levels remain favorable and are likely to support longer-term strength in the housing market." This leaves our market in the unique position of facing headwinds while benefiting from tailwinds. Go figure.

When we view the September sales volume, we see a 5.9% decline with 7,328 reported closings in 2017 and 6,897 this year. On the surface this looks like a significant drop, but when we place the volume in the perspective of business days, 20 in 2017 and 19 in 2018, there were 366 sales per business day in 2017 to 368 in 2018. This year slightly outperformed last year. When we turn to public records data and view total sales volume for the year, we see a 3.54% increase with 86,857 home sales in 2017 compared to 89,933 sales in 2018. So, what does this mean for the final quarter of 2018? There are hints that the first proposition above may be playing out. Don't be surprised if the numbers for the final quarter are slightly below what they were one year ago.

Turning to our May edition of STAT, we discussed how Zillow entered into the iBuying arena. Quoting the STAT commentary from Captain Obvious, “The most intriguing aspect of the iBuyer’s model to me is not how many homes they buy, but rather the offers they make that are not accepted. My guess is the number of offers rejected by homeowners looking to sell is exponentially higher than the number accepted. If this is the case, will the iBuyers eventually try to “monetize” the prospective sellers that inquire but don’t accept their offer?” We’ve all heard the ads, “If I can’t sell your home, I’ll buy it.” Are the iBuyers taking us to “If we can’t buy your home, we’ll sell it?”

On September 25th, Home Partners of America announced that its subsidiary, cataLIST, and Realogy Holdings Corp will offer a [Cash Sale program](#) through NRT’s Coldwell Banker branded operations, available in select markets. Through the cataLIST Program, an owner of a qualifying property who lists with Coldwell Banker will have the option of receiving a Cash Offer from cataLIST to purchase their home, generally within one business day of providing the property information. Within five days after receiving the cataLIST Cash Offer, the homeowner has the choice of accepting the offer or marketing the home for sale through the traditional listing process.

Two days later, on September 27th, Keller Williams announced it has been [building and testing a cash offer program for the last year](#). The program allows homeowners to flip a property for cash using a computer-generated offer based on information about the property. The Keller Williams program is still in its infancy and would proceed through its KW Labs development process before hitting the consumer market. Spokesperson Darryl Frost said the company has spent the year “learning what consumers really want.” Frost suggested agents would be involved in transactions. “Through our test market, we have confirmed that consumers want an agent to help walk them through all their available options.”

We currently have three iBuyers in our market. Last month they accounted for 3.8% of all homes purchased in Maricopa County. Open Door accounted for 52.4% of the ibuys, Offerpad 28.8% and Zillow 18.8%. Data from Maricopa County public records is presented below.

## iBuyer Sales in Maricopa County from Public Records

Year_month	Offerpadbuys	Opendoorbuys	Zillowbuys	Ibuyerbuys	Offerpercent	Odpercent	Zpercent	Ibuybuypersent	Totalsales
201501		3			0.000	0.001	0.000	0.000	5432
201502		7		7	0.000	0.001	0.000	0.001	6265
201503		22		22	0.000	0.003	0.000	0.003	8758
201504		22		22	0.000	0.002	0.000	0.002	9034
201505		14		14	0.000	0.002	0.000	0.002	9151
201506		34		34	0.000	0.003	0.000	0.003	9858
201507		56		56	0.000	0.006	0.000	0.006	9168
201508		68		68	0.000	0.008	0.000	0.008	8123
201509		69		69	0.000	0.008	0.000	0.008	8300
201510		63		63	0.000	0.008	0.000	0.008	7547
201511	4	53		57	0.001	0.008	0.000	0.009	6390
201512	6	39		45	0.001	0.005	0.000	0.005	8363
201601	18	28		46	0.003	0.005	0.000	0.008	6094
201602	15	28		43	0.002	0.004	0.000	0.006	6976
201603	19	77		96	0.002	0.008	0.000	0.010	9824
201604	9	87		96	0.001	0.009	0.000	0.010	9808
201605	14	121		135	0.001	0.012	0.000	0.013	10028
201606	24	130		154	0.002	0.013	0.000	0.015	10366
201607	22	133		155	0.002	0.015	0.000	0.017	8861
201608	19	136		155	0.002	0.015	0.000	0.017	9359
201609	27	126		153	0.003	0.014	0.000	0.017	8830
201610	34	139		173	0.004	0.017	0.000	0.021	8416
201611	41	167		208	0.005	0.020	0.000	0.025	8299
201612	29	100		129	0.003	0.011	0.000	0.015	8726
201701	20	53		73	0.003	0.007	0.000	0.010	7319
201702	53	50		103	0.007	0.006	0.000	0.013	7716
201703	44	51		95	0.004	0.005	0.000	0.009	10978
201704	48	76		124	0.005	0.008	0.000	0.012	10103
201705	49	118		167	0.004	0.010	0.000	0.015	11357
201706	80	164		244	0.007	0.015	0.000	0.022	11290
201707	65	136		201	0.007	0.015	0.000	0.022	9198
201708	99	137		236	0.010	0.014	0.000	0.024	9931
201709	93	141		234	0.010	0.016	0.000	0.026	8965
201710	86	165		251	0.010	0.019	0.000	0.028	8913
201711	78	218		296	0.009	0.025	0.000	0.034	8749
201712	63	200		263	0.007	0.023	0.000	0.030	8852
201801	54	214		268	0.007	0.028	0.000	0.035	7665
201802	59	219		278	0.007	0.026	0.000	0.033	8487
201803	61	237		298	0.005	0.021	0.000	0.026	11411
201804	64	258		322	0.006	0.024	0.000	0.030	10772
201805	98	253	3	354	0.008	0.021	0.000	0.030	11775
201806	86	281	16	383	0.008	0.025	0.001	0.035	11035
201807	75	275	27	377	0.007	0.027	0.003	0.037	10158
201808	94	260	43	397	0.009	0.026	0.004	0.040	10020
201809	95	173	62	330	0.011	0.020	0.007	0.038	8610

The two latest entries into the iBuyer arena are not immediately headed to Phoenix. Disruption in our industry has been an everyday topic for decades. I find it interesting that the most “talked about innovation” is an extension of the fix and flip model, and that rather than charging the consumer lower fees, the focus is on providing more convenience with higher fees.

## **Pending Price Index**

Last month in STAT, the mathematical model projected a median sales price for August of \$257,500 while our “gut feeling” model projected \$260,000. Our gut considered the first 8 months of 2018 where our mathematical model had been underestimating the actual median sales price. The September median sales price followed our yearly pattern, confirming our instincts at \$260,000. With one less business day this year compared to last, we expected 2018 sales volume to be lower than 2017, and it was. ARMLS saw 6,897 sales this year compared to 7,328 last year. We had 5% fewer business days this year with September 2018 sales volume about 5.9% lower than last year.

Looking ahead to October, the ARMLS Pending Price Index anticipates the median sales price will hold steady, with a projected median sales price of \$260,000. It’s quite common for the median sales price to peak in June and then “wobble” through the end of the year. With a \$268,000 median reported in June, don’t be surprised if the median drifts between \$260,000 and \$265,000 through the end of 2018 with December approximating or falling just below the high-water mark in June.

Sales volume for the first nine months of 2018 was 1.68% higher than 2017, with 73,690 sales in 2018 compared to 72,475 in 2017. We begin October with 5,034 pending contracts, 3,083 UCB listings and 474 CCBS giving us a total of 8,591 residential listings practically under contract. This compares to 9,683 of the same type of listings one year ago. There were 22 business days in October of 2017 compared to 23 this year. ARMLS reported 7,268 sales in October of 2017. I expect sales volume to be slightly higher this year, I’m guessing 7,400.