

# NOVEMBER 2016

## Real Estate Update



**JEFF GERBER**

**ABR®, GRI®, SRES®, REALTOR®**

**Hello Everyone,**

Welcome November! Perhaps this will be the month when we really get to feel like Fall in Phoenix. 26 straight days of 90+ for October has proven to be a bit much for me. I'm really looking forward to turning off the A/C and opening windows. I'm sure I'm not alone in that thought. I'm thinking that Fall/Winter must be close at hand as I'm really starting to see the colorful display of other than AZ license plate appearing everywhere. Welcome back snowbirds!

We head into that 'end of the year' transition time. This year it becomes even more complicated by the Elections. (No commentary on candidates or proposals, but a hope that you will do your research and then cast your vote!) We typically see a slow down in real estate activity from now through mid-January. The slow down strangely looks to have started 2 to 3 weeks ago. This can be a good time as a Buyer as there will likely be less competition. If you're a Seller, those potential Buyers who look at your property are likely more motivated than most this time of the year.. Good news for prospective Buyers is that mortgage interest rates still are generally at and below 4% for 30-year loans. That is likely to move up at some point in the not too distant future. Rates can't stay at these near historic lows forever. We're still seeing an undersupply of available inventory and an abundance of prospective Buyers in the under \$200,000 market. The inventory is a bit better with not quite as much Buyer presence in the \$200,000 to \$500,000 resale market. The over \$500,000/luxury market is still quite heavy on inventory and an undersupply of Buyers. New home sales are up, now averaging 20% of market sales. With that said, there is a significant premium in price for new versus resale homes of similar size. Good news for Phoenix. Online Real Estate marketplace ranks Phx as #6 in the Top 10 hottest RE Markets. (FL has the Top 4.) Phoenix also makes #9 in the Bankrate Best markets for getting rich list. They like the healthy job market, surging executive pay and rising property values. San Francisco tops that Top 10 List.

Congratulations are in order for Julie! It got complicated at the end, but we did get her home sold and her new home, both in NE Mesa, closed. Thanks for your patience, Julie. Things got accelerated for Deborah's purchase of a Dreamland Villa home in Mesa. Hopefully, that will close today. Welcome back to AZ, Deborah! Things continue on track for mid-months closings for Monty's listing in Chandler and Chris & Anita's Superstition Springs, Mesa homes. I appreciate the conversations that I'm having with several people regarding the possibility of going to work for them to Sell their home, or to Buy something. As always, I'll ask if you know of anyone looking to Buy or Sell a home, please don't forget to mention that I would love to earn their business.

**Regards,**

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# September 2016

## Arizona Regional MLS

**New Listings** **9,346**

▲ **7.0%** from Aug 2016: **8,738**
▲ **4.3%** from Sep 2015: **8,960**

YTD	2016	2015	+/-
	<b>86,781</b>	<b>82,226</b>	5.5%

5-year Sep average: **8,869**

**New Contracts** **8,132**

▼ **-7.0%** from Aug 2016: **8,743**
▲ **6.7%** from Sep 2015: **7,620**

YTD	2016	2015	+/-
	<b>84,445</b>	<b>81,367</b>	3.8%

5-year Sep average: **7,555**

**Closed Sales** **7,202**

▼ **-7.3%** from Aug 2016: **7,770**
▲ **5.8%** from Sep 2015: **6,809**

YTD	2016	2015	+/-
	<b>67,523</b>	<b>64,575</b>	4.6%

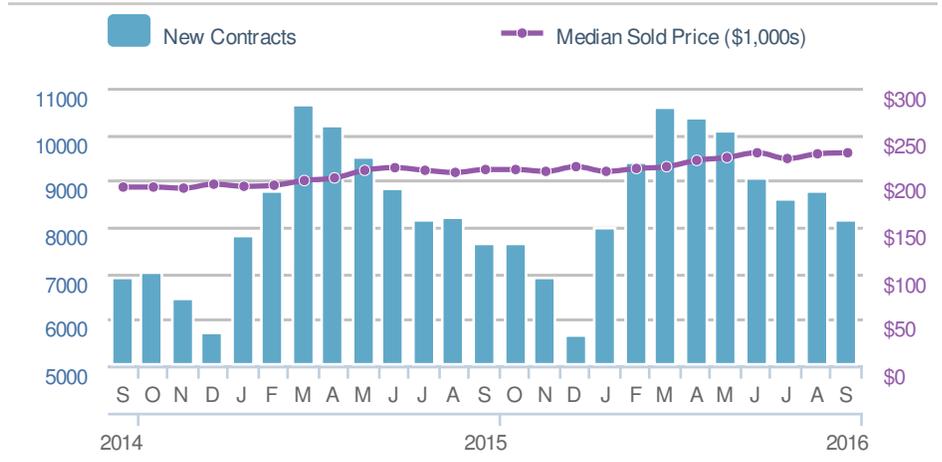
5-year Sep average: **6,528**

**Median Sold Price** **\$230,000**

▲ **0.4%** from Aug 2016: **\$229,000**
▲ **8.5%** from Sep 2015: **\$212,000**

YTD	2016	2015	+/-
	<b>\$224,700</b>	<b>\$207,300</b>	8.4%

5-year Sep average: **\$194,000**



**Active Listings** **18,563**

Min 14,089 | 18,563 | Max 21,821  
 ▲ **18,308** (5-year Sep average)

Aug 2016	Sep 2015
<b>17,492</b>	<b>18,380</b>

**Avg DOM** **71**

Min 60 | 71 | Max 83  
 ▲ **70** (5-year Sep average)

Aug 2016	Sep 2015	YTD
<b>75</b>	<b>69</b>	<b>75</b>

**Avg Sold to OLP Ratio** **96.5%**

Min 94.9% | 96.5% | Max 98.3%  
 ▲ **96.6%** (5-year Sep average)

Aug 2016	Sep 2015	YTD
<b>96.5%</b>	<b>96.4%</b>	<b>96.2%</b>



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Real Estate For Today*



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# Between FRIENDS

Real Estate for Today

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**A**re your holiday gatherings feeling a bit cramped these days as your guest list grows each year? Call me—I'll help you find the perfect new home!



**A**re you in the market for a new home? A Home Warranty Plan can help protect your budget from repair or replacement costs caused by the breakdown of heating, plumbing, electrical systems, and most built-in appliances. Optional coverage choices are available for home buyers to custom fit the Plan to the unique needs of their home. Plus, a home warranty offers access to qualified service providers, helping reduce the stress of homeownership.

**OLD REPUBLIC HOME PROTECTION**



**Protect your budget against the high cost to repair or replace home systems and appliances.**

*People Helping People*

Visit [www.orhp.com](http://www.orhp.com) or talk to your Real Estate Professional to learn more.

**K**now someone who is thinking about buying or selling a home but doesn't know where to begin? I can explain the fundamentals so your friend can move with confidence.



## Health & Safety

### Love What You Do

**W**hat is the secret to a happy work life? Dr. Mihaly Csikszentmihalyi of Claremont Graduate University's Psychology department made it his life's work to figure out what brings us joy and fulfillment, and he repeatedly found that the type of work we perform doesn't matter as much as how we approach it.

Studying a group of factory workers in South Chicago, Csikszentmihalyi found that most of them didn't like their jobs, but one man stood out. Joe was a 60-year-old who had earned the respect of his colleagues by mastering every operation in the plant.

He declined promotions because he didn't want to be the boss, but he constantly found new challenges, he lived to solve problems, and he had an absolute zest for life.

It isn't hard to see why Joe was so happy. Success at play and at work produces the same chemical reaction in our brains, and since you *have* to work for a living, you might as well give it your all. Not only will you impress your boss—you'll probably wind up happier in the end!



## Helpful Hints

### 4 Thanksgiving Tips for Hosts

**A**re you expecting an army of guests this Thanksgiving? The following tips are designed to make your Thanksgiving feast run more smoothly.

**Keep a Running Head Count:** Create a guest list and follow up a week or so before the holiday to make sure nobody's plans have changed.

**Use a Cooler as a Warming Drawer:** The insulation in a cooler can keep warm dishes toasty, leaving room on the stove for other dishes. The Food Network recommends lining a large cooler with a towel and aluminum foil before placing warm dishes inside—but let hot dishes cool first so you don't melt the plastic lining!

**Keep Mash Potatoes Warm and Creamy:** Put your mash potatoes in a slow cooker rather than letting them simmer for hours on the stove. Add butter and a little heavy cream, stir every hour or so, and serve when ready.

**Manage It All Online:** If most of your friends and relatives are on Facebook, you can create an "Event" from your Facebook account to keep track of attendees and discuss the details. Use the "Ask a Question" feature to get feedback on dietary preferences, decide who's bringing what, or hash out other details.



**½ cup (1 stick) butter**  
**3 cups celery, chopped**  
**1 large onion, chopped**  
**8 oz. button or cremini mushrooms, thinly sliced**  
**½ cup fresh Italian parsley, minced**  
**2 tsp. dried thyme leaves, more to taste**  
**1 ½ tsp. poultry seasoning**  
**2 tsp. salt, more to taste**  
**¼-½ tsp. freshly ground black pepper**  
**1 loaf hearty whole grain bread, torn or cut into cubes**  
**Up to 4 cups chicken broth**

Tear or cut bread into cubes 1-2 days before preparing the stuffing, and leave out to dry on cookie sheets; cover with paper towels.

Preheat oven to 375°F.

Melt butter in large skillet over medium heat.

Add celery, mushrooms, and onion; cook 5 minutes or until onions become translucent, stirring occasionally. Stir in thyme, poultry seasoning, parsley, salt, and pepper. Cook 1-2 minutes more.

Place bread cubes in large bowl. Add celery mixture and half the broth; toss gently until well mixed. Add more broth as needed; the bread should be moist but not mushy.

Spoon into well-buttered 13" x 9" glass or ceramic baking dish. Cover with foil or baking dish lid and bake for 25 minutes. Remove cover and bake 10-15 minutes more until heated through and lightly browned.



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## Household Tips 5 Surprising Uses for Baking Soda

**T**he Ancient Greeks believed in a goddess who could cure any ailment, and they called her Panacea—a word used today to describe a solution to any problem. Alas, humanity never discovered a true panacea, but we've got something close... baking soda!

Here are a few things you can do with this magical powder.

**Make Your Own Mouthwash:** Mix 1 teaspoon of baking soda in a cup of water.

**Treat Insect Bites:** Mix baking soda with water until it forms a paste, then apply it to the affected area.

**Freshen the Air:** Mix ½ cup of baking soda in a jar with 15 to 25 drops of your favorite essential oil, then securely cover it with a cloth or a piece of paper. The baking soda will absorb any bad odors, and the scent of the essential oil will seep out through the paper.

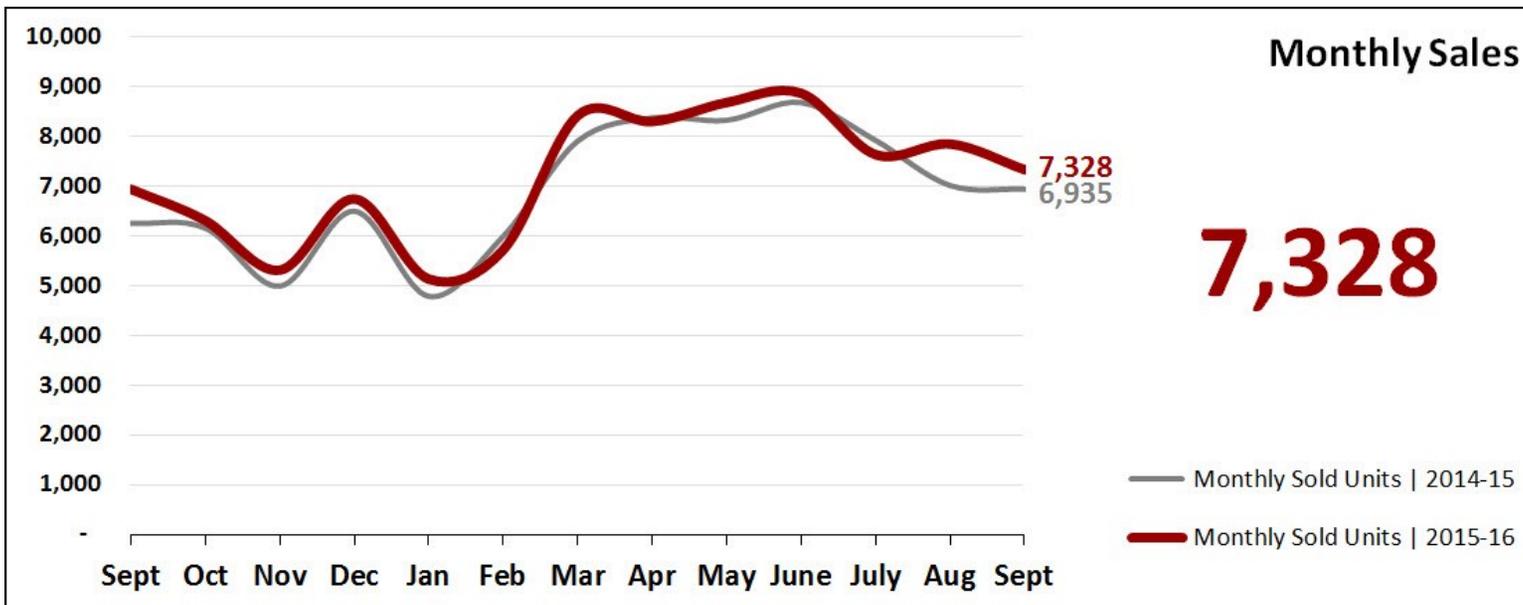
**Soak Retainers:** Mix 1 teaspoon of baking soda with 1 cup of water and soak overnight.

**Make a Fluffier Omelet:** Mix a teaspoon of baking soda with your eggs—it will create tiny pockets of air in the eggs as they cook.



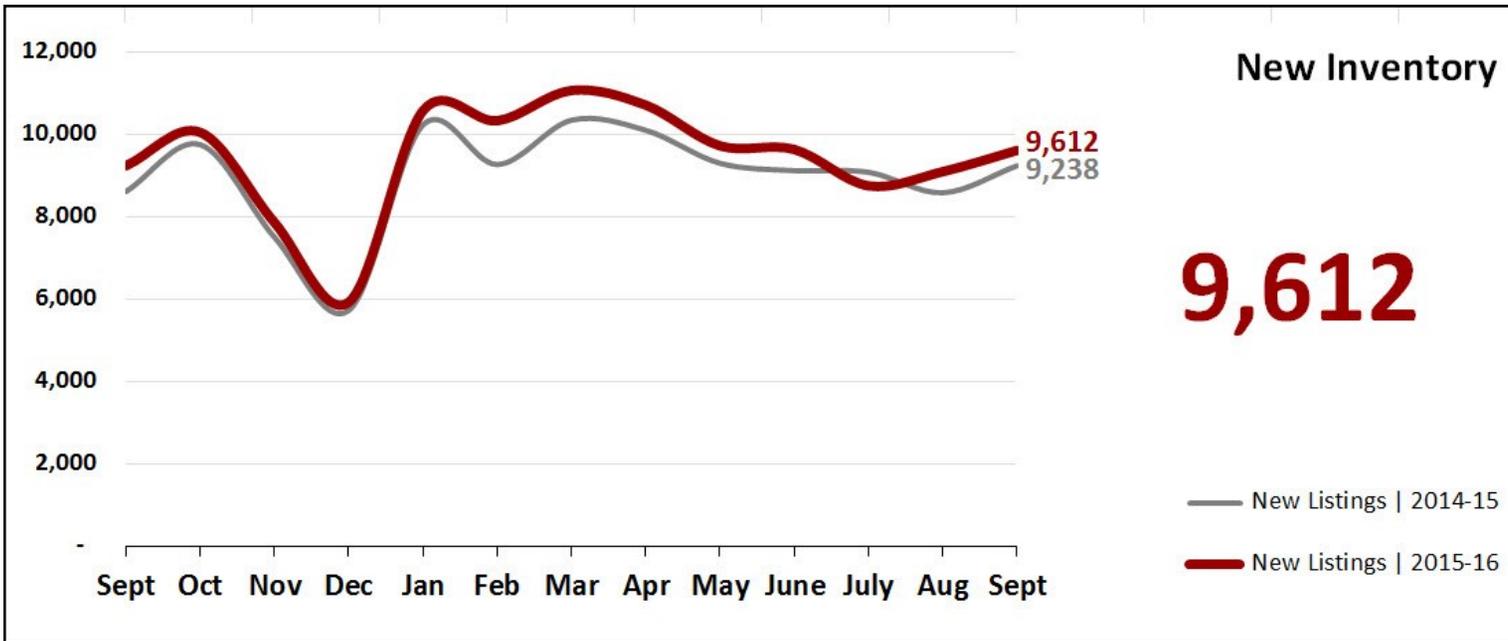


**DATA SEPTEMBER 2016** - Published October 18, 2016



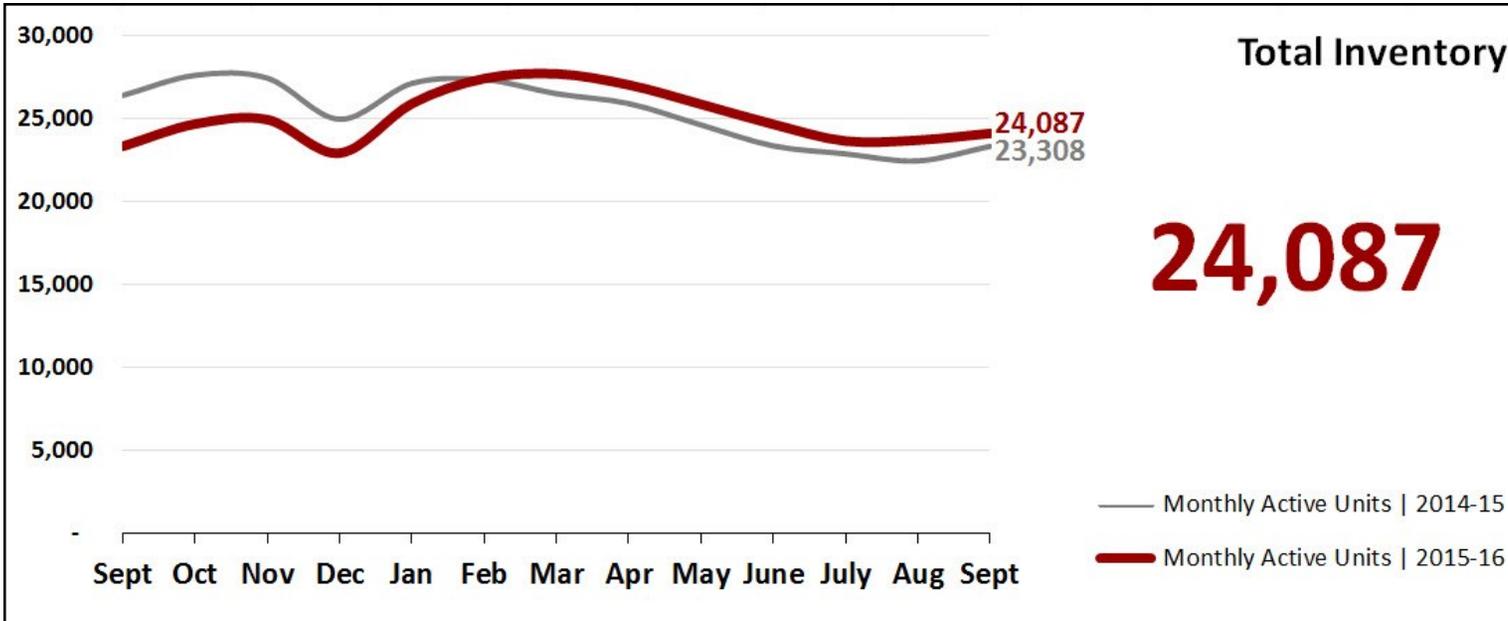
Sales are down -6.6% month-over-month. The year-over-year comparison shows an increase of +5.7%.

Closed MLS sales with a close of escrow date from 9/1/2016 to 9/30/2016, 0 day DOM sales removed



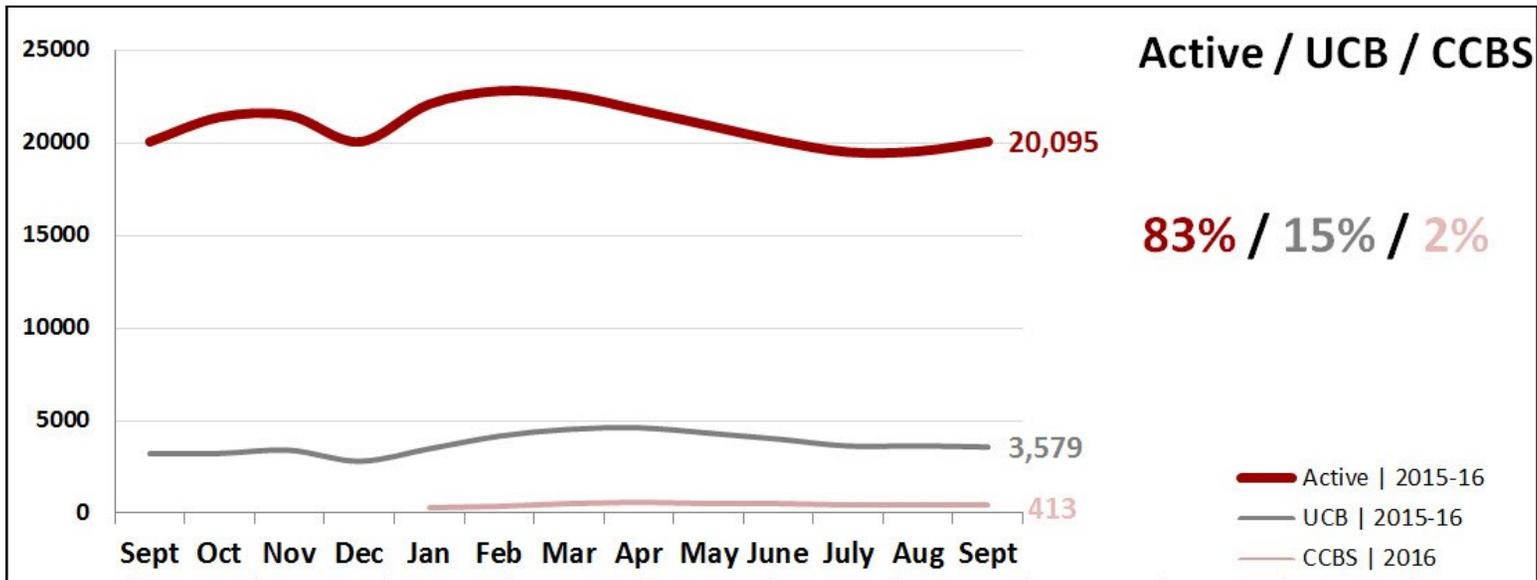
New inventory is up +5.7% month-over-month while the year-over-year comparison shows an increase of +4.0%.

New MLS listings that were active for at least one day from 9/1/2016 to 9/30/2016, 0 day DOM sales removed



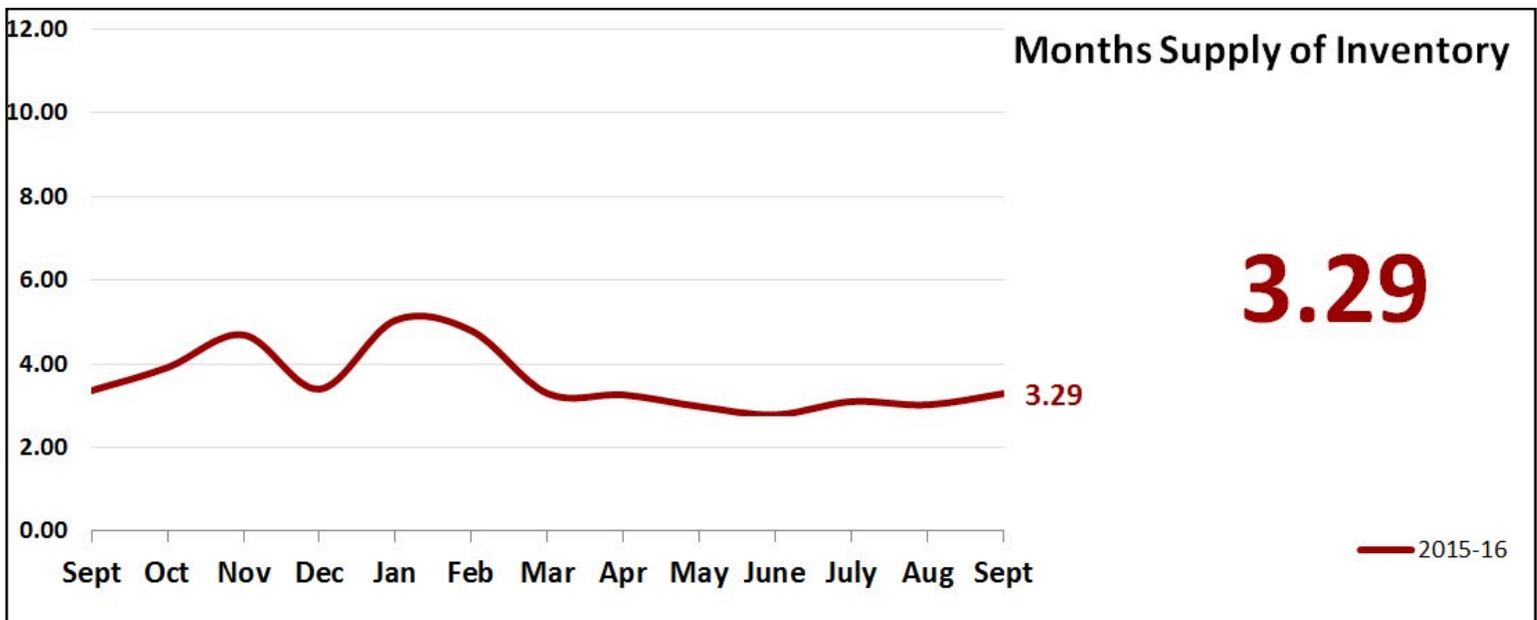
Total inventory has a month-over-month gain of +1.7% while year-over-year reflects an increase of +3.3%.

Snapshot of statuses on 9/30/2016



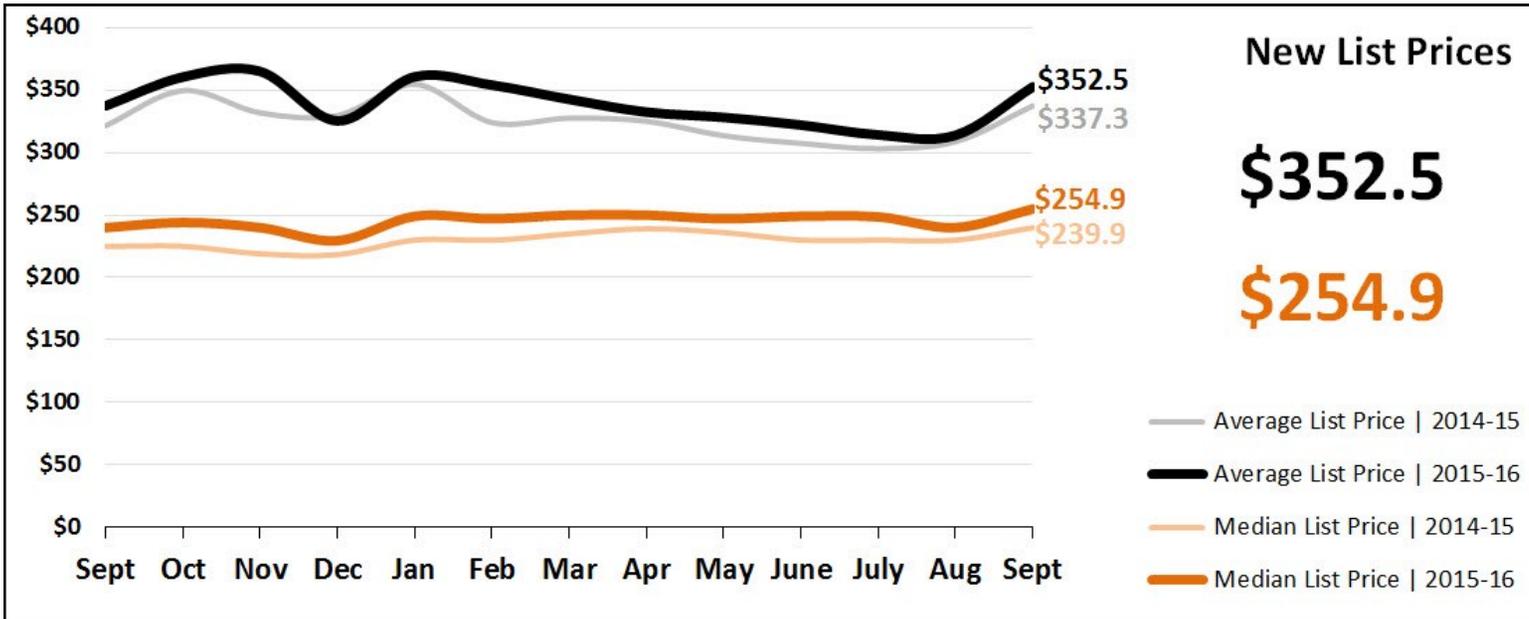
September UCB listings percent of total actives was 14.9% with September CCBS listings at 1.7% of total inventory.

Snapshot of statuses on 9/30/2016



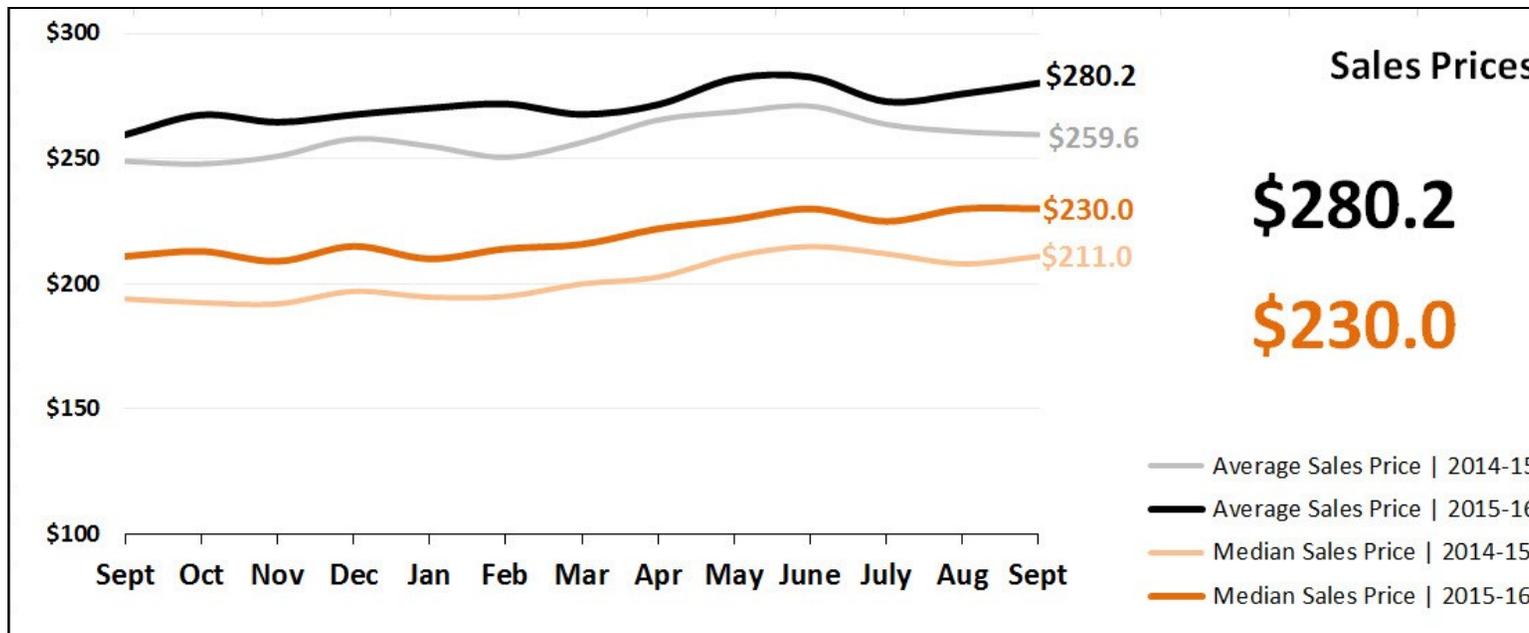
Months supply of inventory for August was 3.02 with September currently at 3.29.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of September 2016, 0 day DOM sales removed



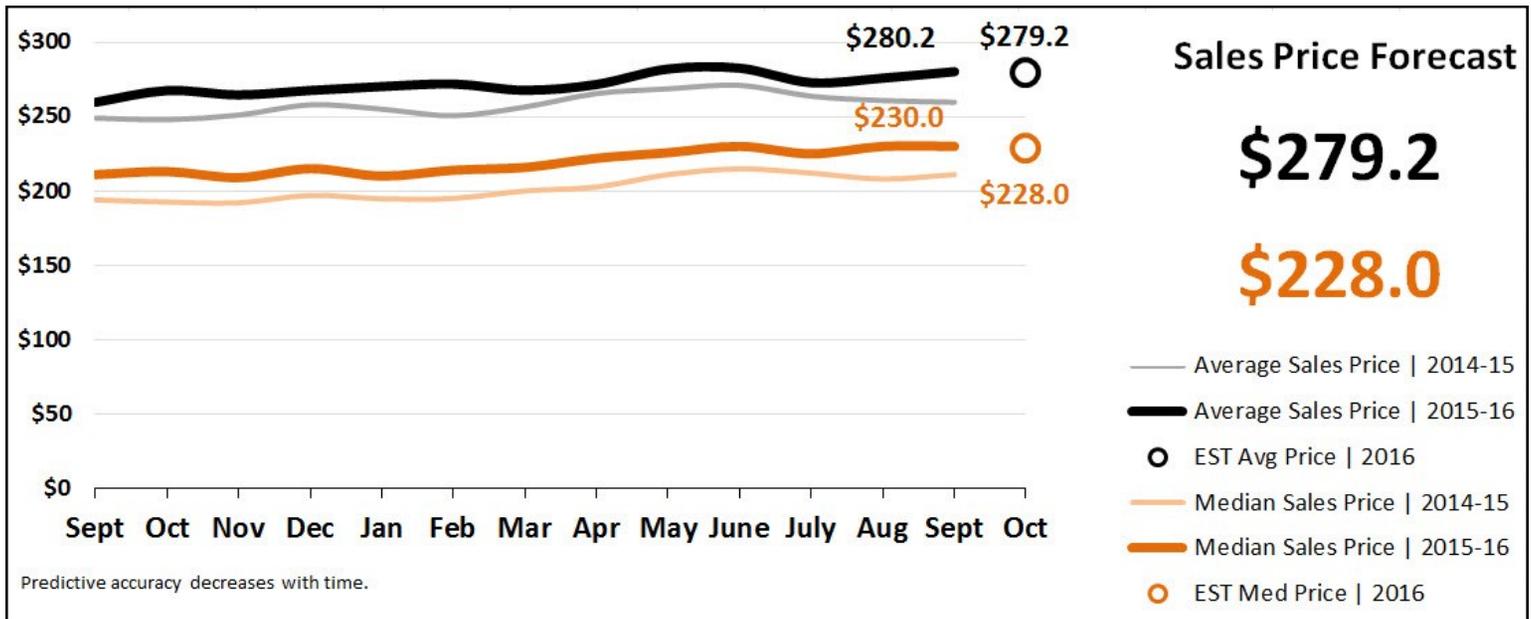
New average list prices are up +4.5% year-over-year. The year-over-year median is up +6.3%.

List prices of new listings with list dates from 9/1/2016 to 9/30/2016, 0 day DOM sales removed



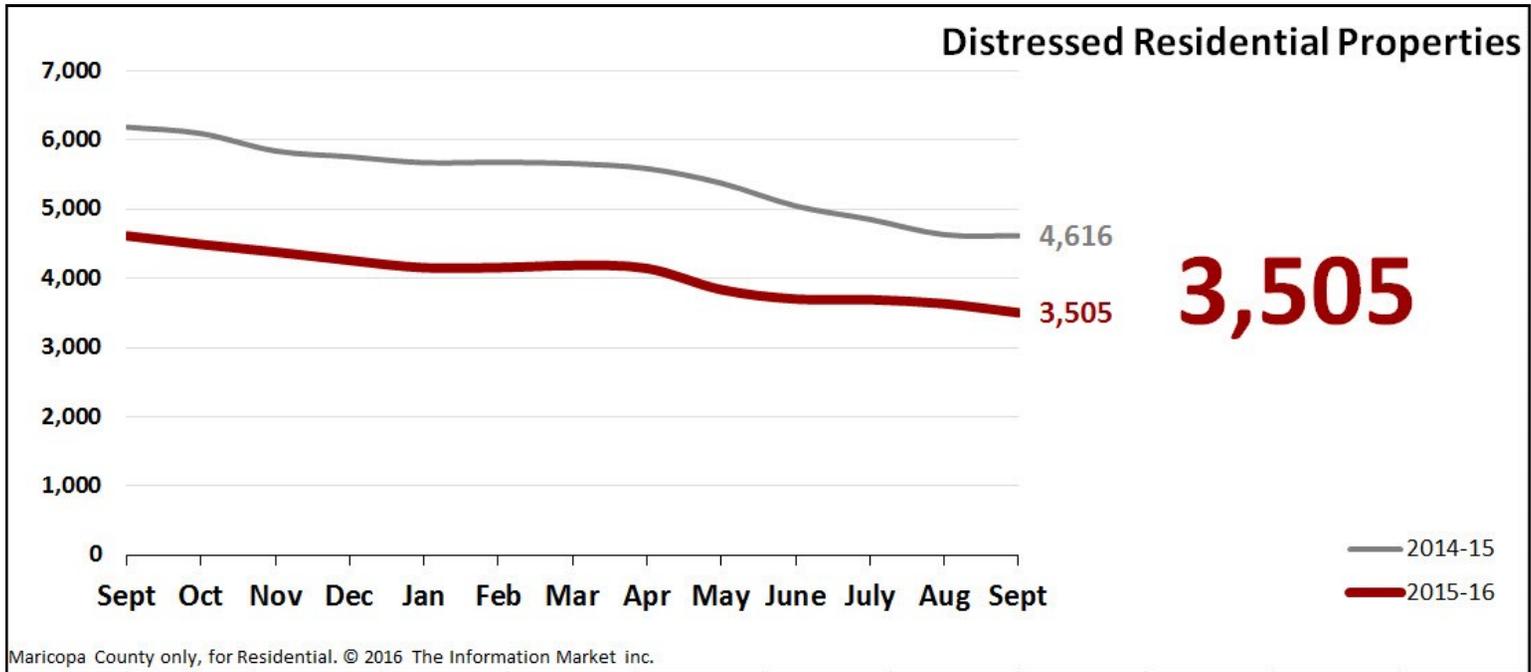
The average sales price is up +7.9% year-over-year while the year-over-year median sales price is also up +9.0%.

MLS sales prices for closed listings with a close of escrow date from 9/1/2016 to 9/30/2016, 0 day DOM sales removed



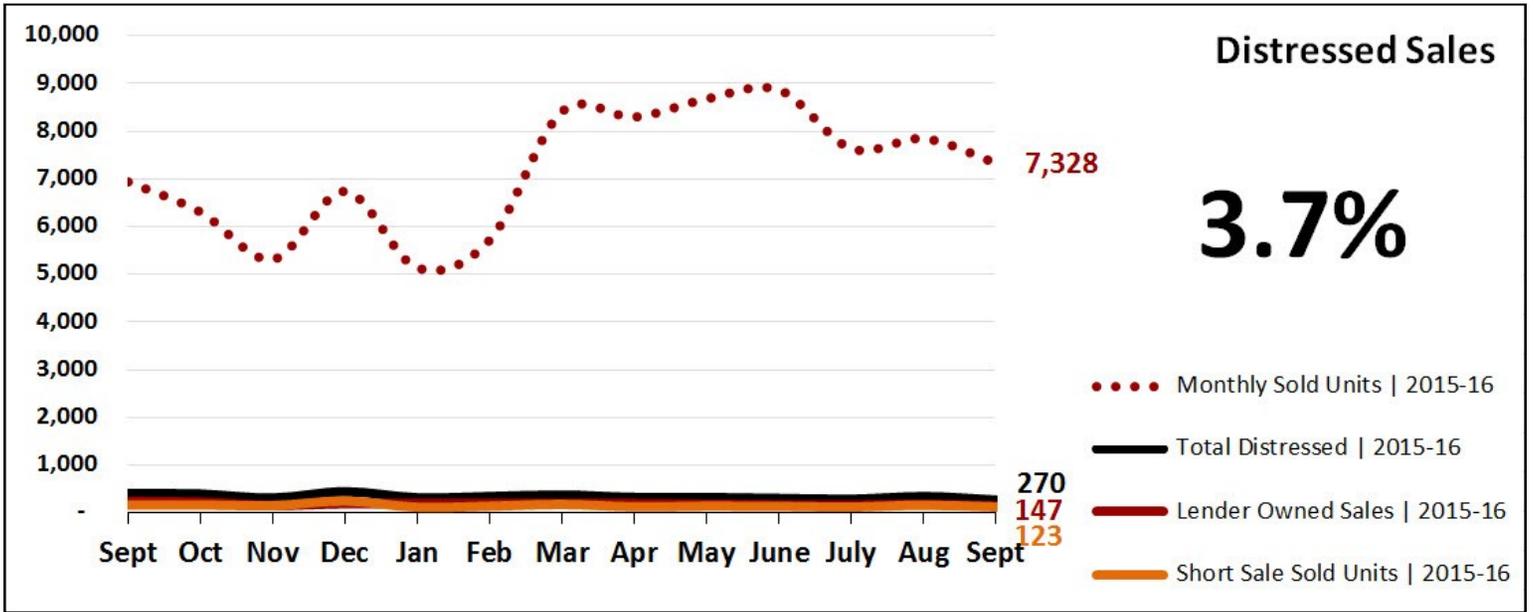
A very slight dip is forecast for average sales price with median sales price in October also dropping.

ARMLS proprietary predictive model forecast, 0 day DOM sales removed



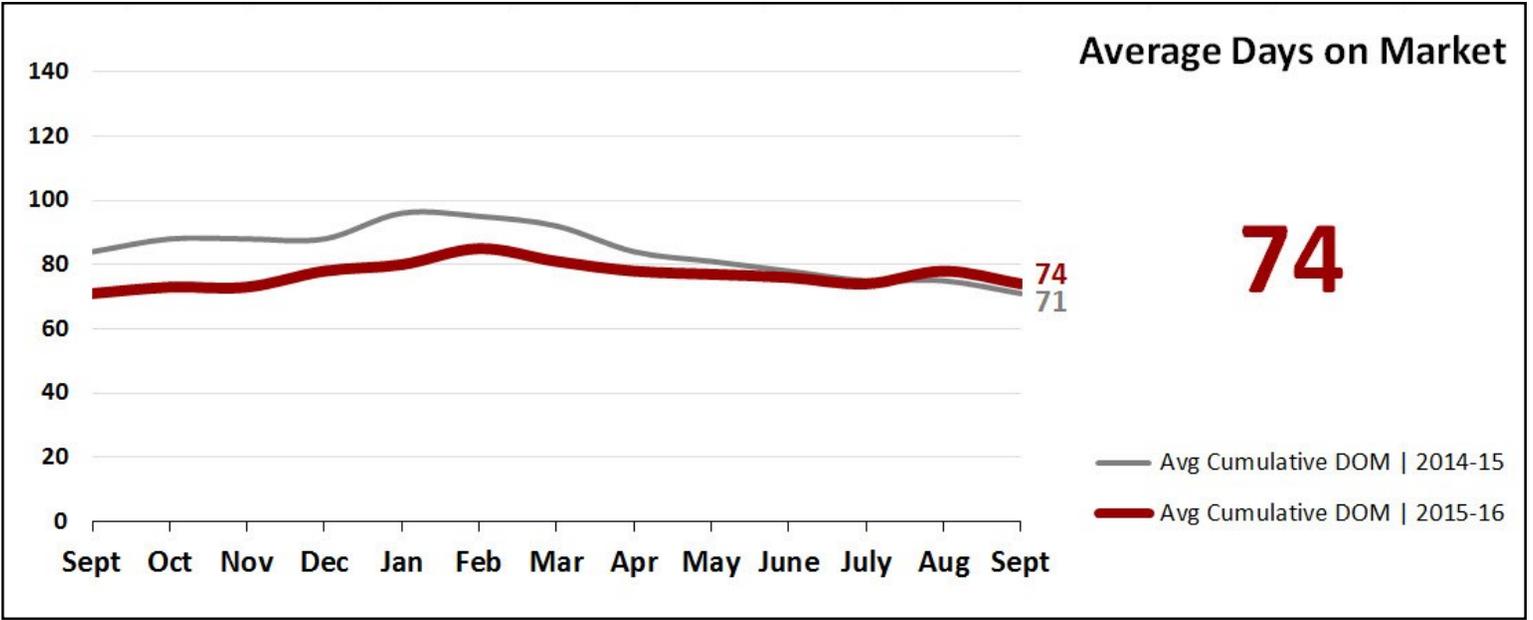
Foreclosures pending month-over-month showed -3.6% while the year-over-year figure was down -24.1%.

Snapshot of public records data on 9/30/2016 active residential notices and residential REO properties



Short sales dropped -25.5% year-over-year. Lender owned sales dropped -39.5% year-over-year. Total distressed year-over-year changed to -33.8%.

Lender owned sales are MLS sales 9/1/2016 to 9/30/2016 where *Lender Owned/REO, HUD Owned Property* special listing conditions were selected  
 Short sales are MLS sales 9/1/2016 to 9/30/2016 where *Short Sale Aprvl Req, Previously Aprved SS or Lender Approved SS* special listing conditions were selected  
 0 day DOM sales removed



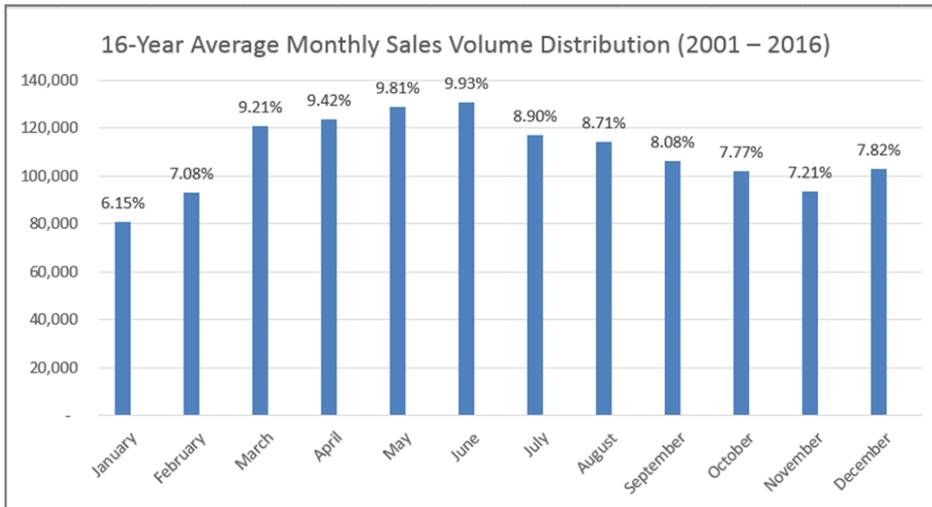
Days on market rose +3 days year-over-year while month-over-month dropped -4 days.

Average of all closed listings 9/1/2016 to 9/30/2016 where DOM was greater than 0

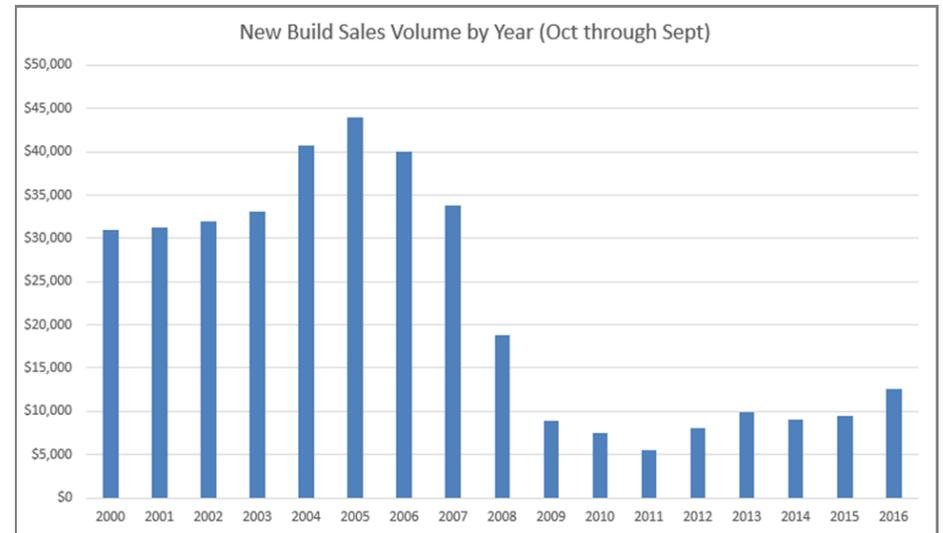
# COMMENTARY

by Tom Ruff of The Information Market

With the premature smell of pumpkin spice in the air, September 2016 sales volume was up 5.7% year-over-year. Our housing supply is best viewed by price range. We see constraint at the lower price points and gains as list prices increase with more than enough supply at the high end of our market. Month-over-month sales volume was down 6.6%. The decline in month-over-month sales volume can be directly attributed to seasonal patterns. As the chart below demonstrates, we will continue to see month-over-month declines in both October and November. 'Tis the season.



While we ride the seasonal wave, the largest percentage increase in sales is taking place in new construction. Newly constructed homes for the first nine months of this year are up 33.3%. As the chart below demonstrates, new construction is improving, but we are still well below historical standards.



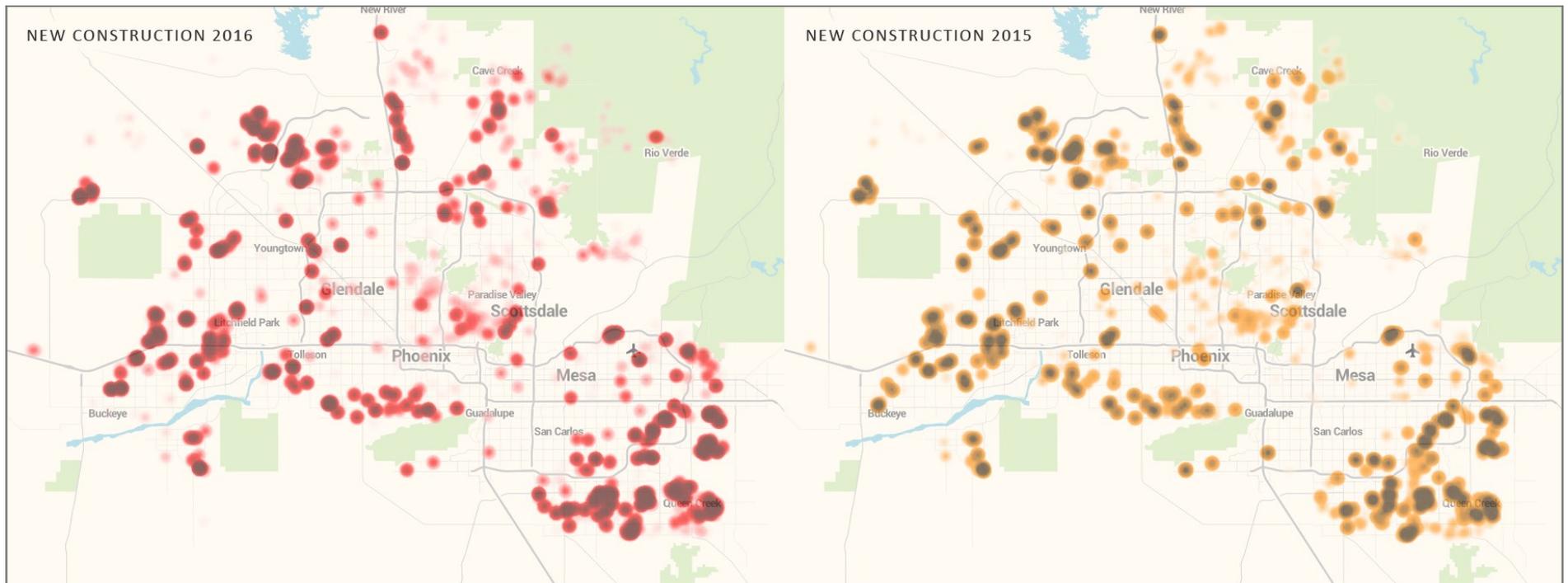
When we view the public records for Maricopa County we see the median price for a newly constructed home is \$321,258, while the STAT median price home is \$230,000. Only 16.8% of the newly constructed homes are selling at or below \$230,000. The primary areas where new homes are being sold in the lower price range are being

built are Buckeye, the western outskirts of Phoenix, Peoria and Good-year. Our shortage of inventory at the lower price points is getting little aid from new construction as only 136 new homes on average are being sold in this price range.

## New Study Finds Most Of Earth's Landmass Will Be Phoenix Suburb By 2050

A satirical article in The Onion picks up on the fact that the Valley continues to sprawl: <http://www.theonion.com/article/new-study-finds-most-earths-landmass-will-be-phoen-54107>

### The sprawl of new construction continues and is easy to see.



We also created this animation for an easy comparison:

<https://goo.gl/Bam1To>

It's a fun read and believe it or not, we actually had news outlets asking for data to support urban sprawl. Our data does not support the entire earth's landmass becoming a Phoenix suburb, however, the majority of new construction, as depicted in the maps above, does lie in the suburbs. The ZIP codes with the largest number of newly constructed homes are as follows:

	<b>Zip_code</b>	<b>New_builds_2015</b>	<b>New_builds_2016</b>
	85383	726	1122
	85142	507	696
	85298	747	688
	85212	420	688
	85396	359	488
	85338	303	423
	85326	262	383
	85286	84	342
	85249	225	340
	85085	199	273

giving us 9,721 residential listings practically under contract, compared to 9,020 of the same type of listings at this time last year.

There were 21 business days in both years. October 2016 sales should exceed 6,304 from last year. STAT is projecting 6,850 sales. Monthly sales volume will continue its annual descent with declines through November. Sales volume for the first nine months of 2016 is 3.03% higher than 2015 at the same time, ARMLS has reported 67,892 total sales running this year compared to 65,893 sales last year.

### **ARMLS Pending Price Index (PPI)**

Last month STAT projected a median sales price for September 2016 of \$227,000 and we suggested that a betting man would wager on \$230,000. The reported median sales price for September was \$230,000. The actual median was 1.3% higher than the \$227,000 projected by our model. Our betting man was spot-on. Looking ahead to October 2016, our model projects little change in the median sales price. The ARMLS Pending Price Index projects a median sales price of \$228,000 with the betting man doubling down on \$230,000 again.

MLS sales volume in September was 7,328, which was 5.7% higher than the 6,935 of September 2016. September sales came in as expected with our projection of 7,175 missing the mark by only 153 sales. We begin September with 6,142 pending and 3,579 UCB listings