

NOV/DEC 2015

Real Estate Update



JEFF GERBER
ABR®, GRI®, SRES®, REALTOR®

Hello Everyone,

It seems incredible to me to realize that it has been more than 8 months since my motorcycle accident. The good news is that my recovery continues. I'm actually back to work on a daily basis, thanks in large part to the encouragement and support of my exceptional Broker, Brenda Breit. My right arm and hand are still a relatively useless appendage, but there is still hope for improvement. I had some nerve surgery done in late October that will hopefully yield some positive results. I'm back to Physical Therapy and that's likely to help regain some muscle control and movement. We will evaluate progress in January and decide if additional surgery will be required. I need to thank my wife, Wanda, for the strength and encouragement she supplies to me through this ordeal. I'm grateful for the excellent care I've received from the Dr's, hospitals, rehab center and Physical Therapy. Without the efforts from those people, I would not be where I am today. I cannot express my thanks enough to each of you who reached out in one way or another to offer get well wishes and encouragement. Those are debts I don't know how I will be able to repay. I hope you'll accept this "Thank You" as a down payment!

Thank you to Charn & Devinder (Edmonton, AB) for allowing me to list and sell their Phoenix investment property. I appreciate the opportunity to work for Bob & Vivian in listing their Gilbert home for sale. I'm pleased to have listed Marty's (thanks for the referral Linda) Gilbert home and to help him find his next place to call home. We should complete those deals at the beginning of Dec. Thank you to Diane and Nathan for the referrals. Thanks to Cabot for involving me in your future home plans. I'm looking forward to helping Glenn & JoAnne from MI explore the idea of a snowbird residence this winter. If you know of anyone thinking of buying or selling a home, I will truly appreciate your referral.

I'll end this newsletter with a quick market summary. Many of these facts come from a Cromford Report presentation (thanks Chicago Title) I attended a couple of weeks ago. The Phoenix housing supply is slowly rising, but is still 27% below normal. Buyer demand had been normal, but started slowing about Labor Day. The market continues near neutral position for both Buyers and Sellers. We're seeing more Seller price reductions recently. I think this is mostly a result of over-ambitious initial pricing by Sellers. Average sale prices appear to be not more than about 5% over 2014 (pretty normal appreciation). New Lending rules require prospective Buyers to work very closely with their Lender or face a much longer purchase process. Homes can still sell in 30 days, but a Buyer who 'drags their heels even a little' can quickly see weeks added to the process. Buyers need to be ready to fully commit to the process for good results. Canadian Buyers remain, for the most part, on the sidelines. The currency exchange rate makes it easily 25% more expensive to buy in the US than it did just over a year ago. I'm curious to see if US snowbirds make a bigger splash in our market this winter. Last year was not a great year for snowbird sales.

Please accept my wish for a safe and Happy Holiday Season to you and your family. Watch for my monthly newsletters to resume in 2016. Remember that I really do appreciate your referral of friends, co-workers and family members who are looking to buy or sell a home in The Valley. I'm always available to you by phone and/or email if you have Phoenix area real estate related questions.

Regards,

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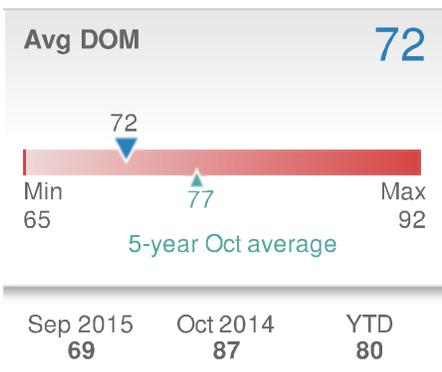
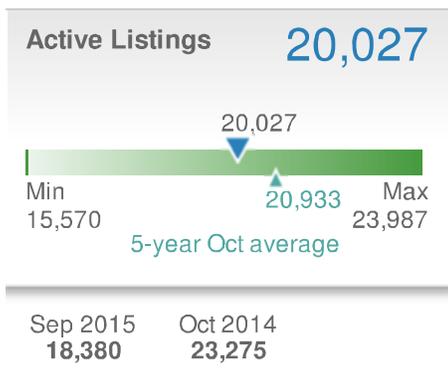
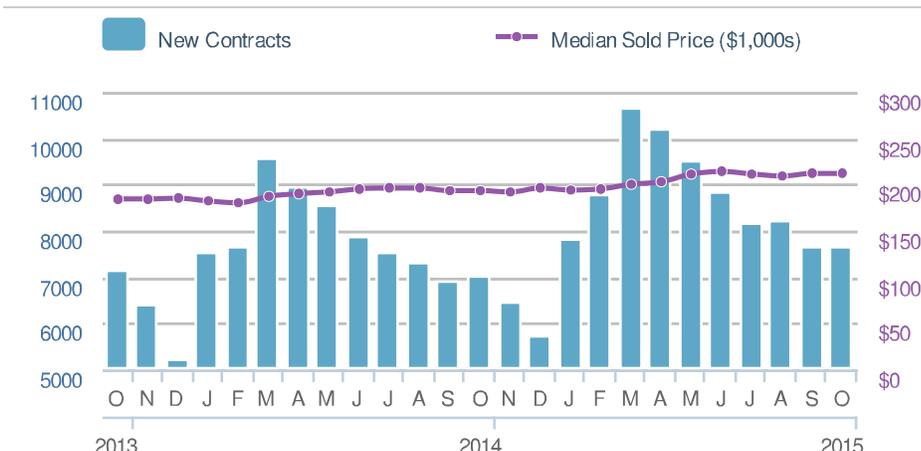


Visit my website at: www.jeffgerberrealtor.com



October 2015

Arizona Regional MLS





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Happy Holidays to you and yours! As the year winds to a close, take a moment to reflect upon this year's triumphs and prepare for a promising 2016.



Home warranties vs. homeowner's insurance—what's the difference?

Home warranties are *service contracts* covering systems and appliances that fail due to normal wear and use. **Insurance** *indemnifies* against *damage* or *liability* arising from some unknown or contingent event. For example, if a covered water heater leaks under normal use and floods the home, the warranty will repair or replace the water heater; insurance may cover the damage.

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 or talk to your Real Estate Professional to learn more.

A confident referral is, without a doubt, the highest form of flattery. Friends, family, and colleagues—send them my way! I'll answer all their real estate questions.



Health & Safety

'Tis the (Cold & Flu) Season

The season of sickness is upon us! Nobody likes a stuffy nose or a sore throat, but if we all heed the following advice, we may have a better shot at getting through the cold and flu season unscathed.



Talk to Your Doctor about the Flu Vaccine: For most people, the flu vaccine is the best way to avoid this year's flu bug—so if you haven't done so already, talk to your doctor about getting vaccinated.

Wash Your Hands Regularly: Most germs are spread through physical contact, so regular hand washing is a great way to protect yourself.

Stay Home when You're Feeling Ill: Even if you continue to work while sick, you can expect your productivity to drop, so why risk spreading those germs? When you stay home, you're more likely to recover faster, so do everyone a favor and don't become patient zero in your workplace.

Zinc for Colds: Does zinc really cut a cold's duration and reduce its severity? The evidence is mixed according to the Mayo Clinic, but some studies have found that Zinc lozenges and sprays may prevent the rhinovirus from multiplying in your throat and nose. Be sure to talk to your doctor before experimenting with zinc or other remedies.

Real Estate Today

Selling Your Home During Winter

Home sales blossom in the spring and summer time, but selling a home in the off-season is entirely possible... you just need the right strategy! The following tips may help you sell your home in the dead of winter.



Keep It Cozy: A warm, inviting environment transforms a house into a home. *U.S. News & World Report* recommends serving apple cider, playing soft music, and maybe even baking some fresh chocolate chip cookies—the smell is inviting and taps into sense memories that take us back to childhood! Also, a few candles can add a nice touch.

Keep Holiday Decorations to a Minimum: People like to picture themselves in your home, and prospective buyers may not celebrate the same holidays that you enjoy. Plus, they need to picture themselves living in the home year round, so keep those decorations to a minimum.

Invite the Light: Open the drapes and turn on a few lights to brighten your place up, especially if the sky above is gloomy and gray.

Savor the Flavor

Caramel Fruit Fondue

1 bag (9 oz.) baking caramels, unwrapped

1/2 cup half and half

1/2 tsp. sea salt

1 tsp. vanilla

For dipping: Assortment of fresh, cut fruit, such as apples, pears, and strawberries.

Melt caramels with half and half, salt, and vanilla in a medium saucepan over medium heat until smooth, stirring occasionally.

Transfer fondue to a bowl or fondue pot and serve immediately with assorted dippers.



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The Empowered Team, LLC
Real Estate and More



Household Tips Upholstery Fabric Cleaning

Newer isn't always better! A high quality sofa lasts for decades, and a comfortable recliner can take you back to another era. Of course, fabric upholstery can collect dust and stains from years of use and eventually lose its charm. The following tips may keep furniture looking and smelling fresh.

Vacuum Upholstery Regularly: Use those fancy attachments on your vacuum—especially before a deep cleaning.

Check the Tags: Just like clothing, furniture comes with cleaning instructions printed on the label. Some fabrics should only be cleaned with water-based cleaner, while others require water-free solvent (similar to dry cleaning).

Steam Cleaning: If you plan to steam clean furniture, rent or buy a cleaner with wheels. Choose a model light enough to maneuver around furniture.

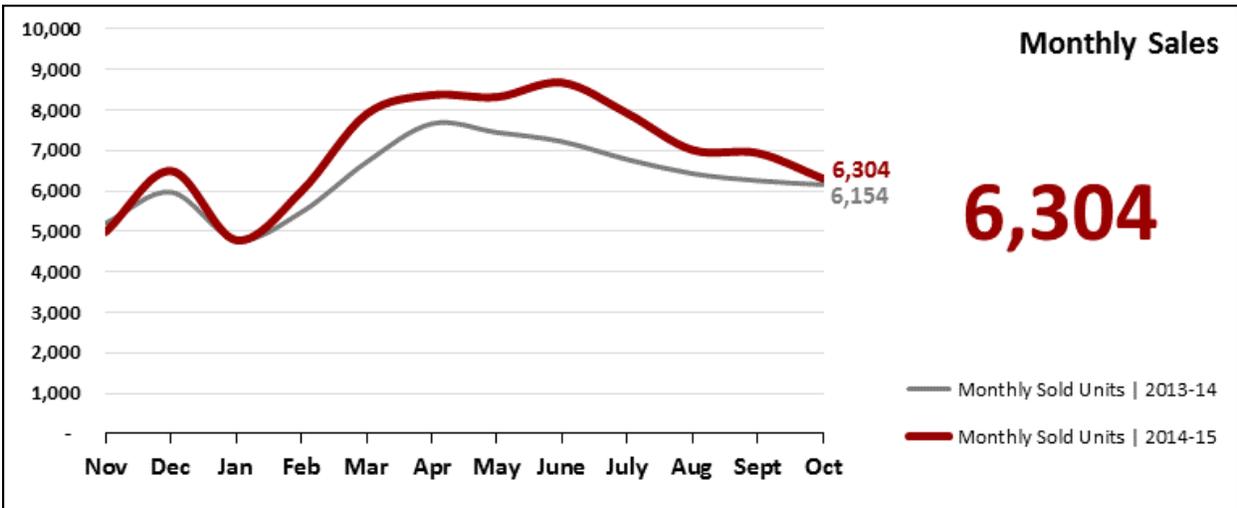
Stain Removal: For fresh stains, mix a mild detergent with tap water and blot from the outside in. For tougher stains, you may want to purchase a more powerful stain remover. However, if your attempt to remove the stain fails after two tries, it may be time to call a professional so you don't risk damaging the fabric.





ARMLS® STAT - November 17, 2015

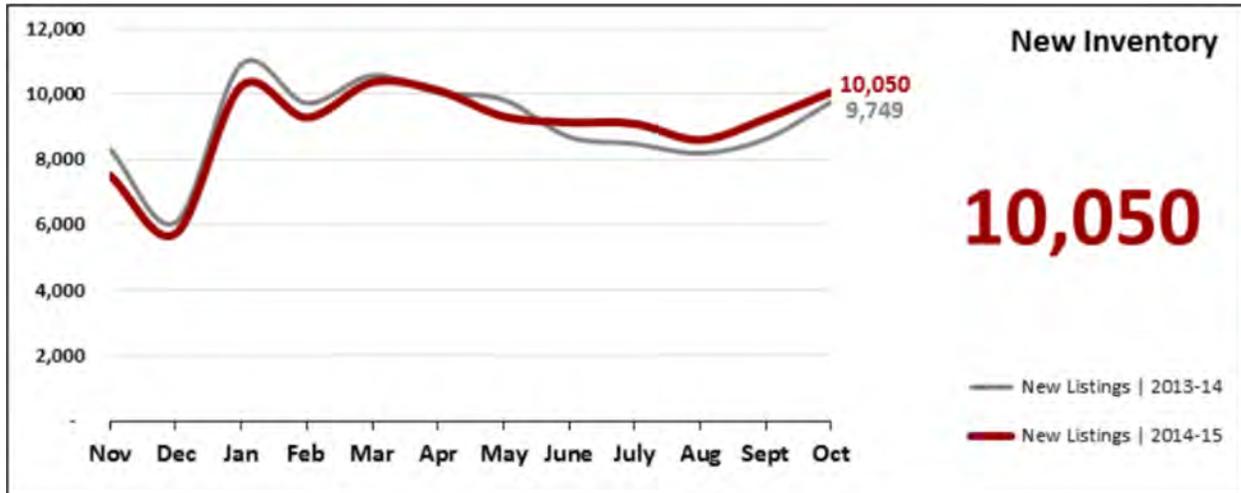
MONTHLY SALES



+2.4% year-over-year
-9.1% month-over-month

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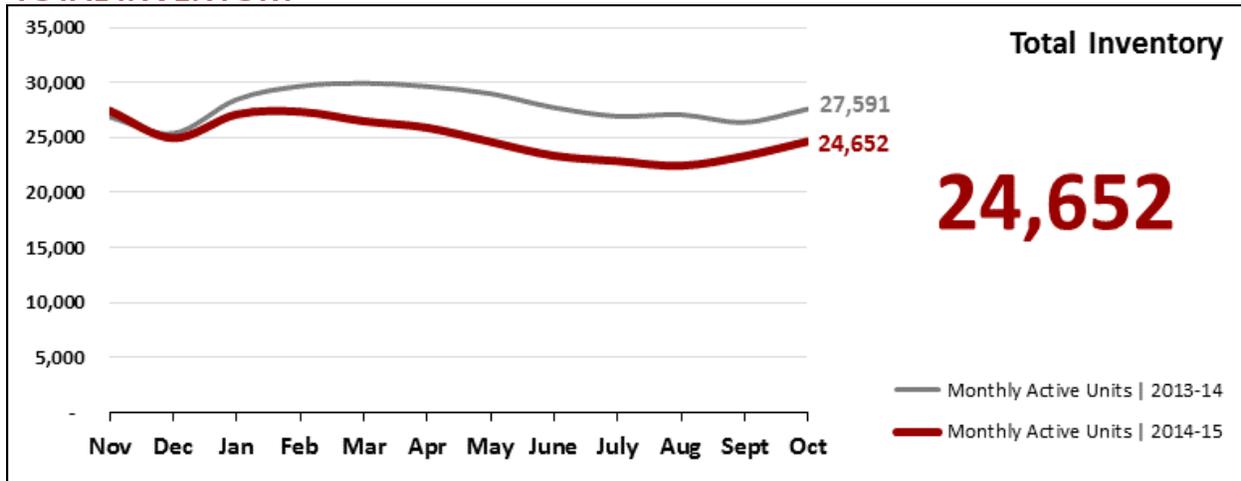
NEW INVENTORY



10,050

+3.1% year-over-year
+8.8% month-over-month

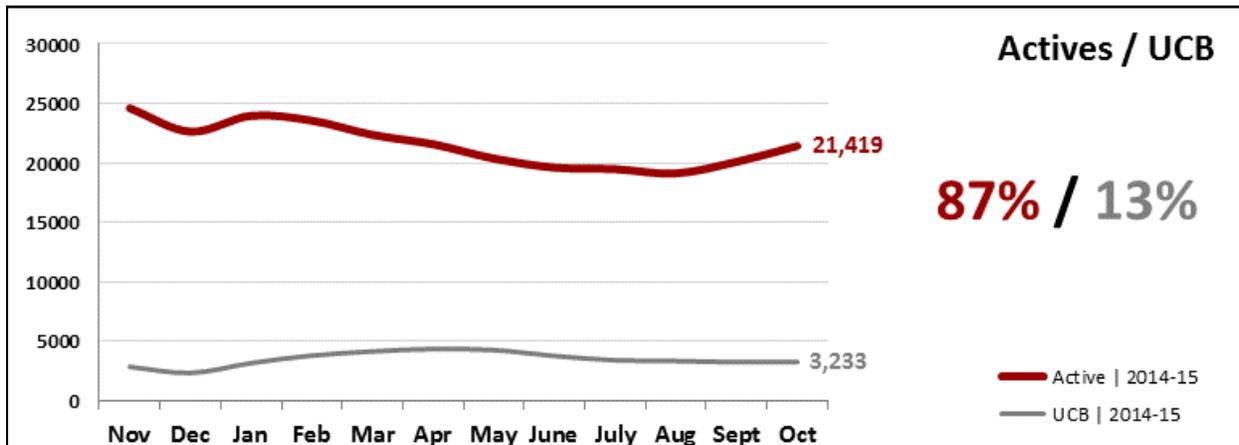
TOTAL INVENTORY



24,652

-10.7% year-over-year
+5.8% month-over-month

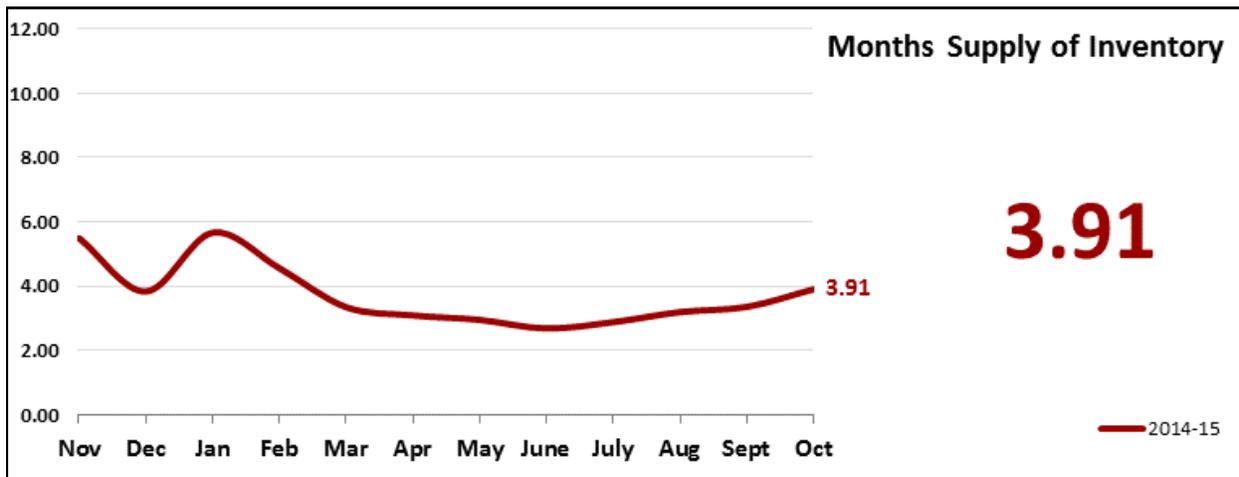
ACTIVES / UCB



13.8% SEPT 2015 UCB percent of total Active

13.1% OCT 2015 UCB percent of total Active

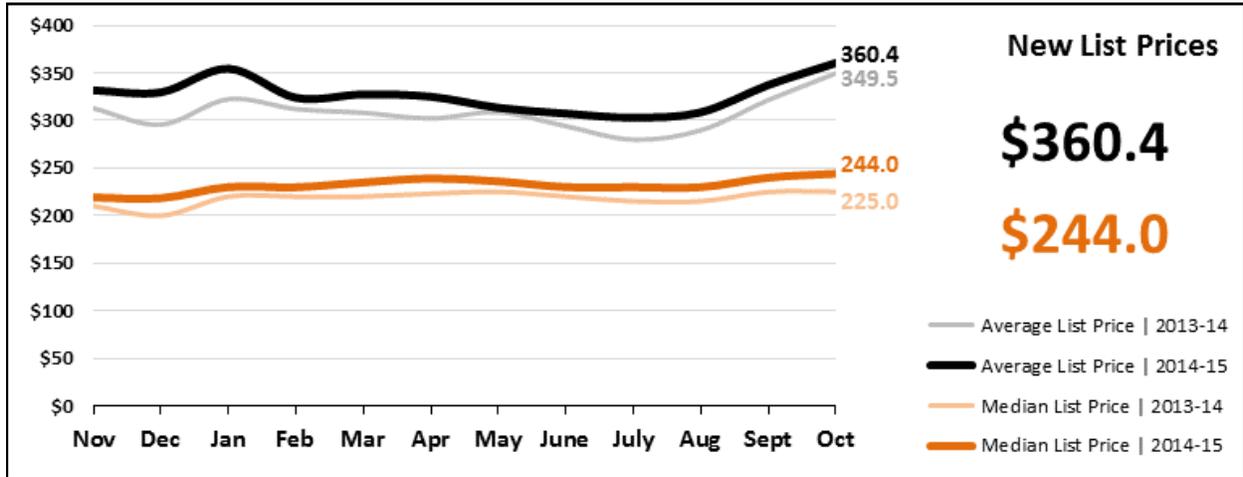
MONTHS SUPPLY OF INVENTORY



3.36 MSI SEPT 2015

3.91 MSI OCT 2015

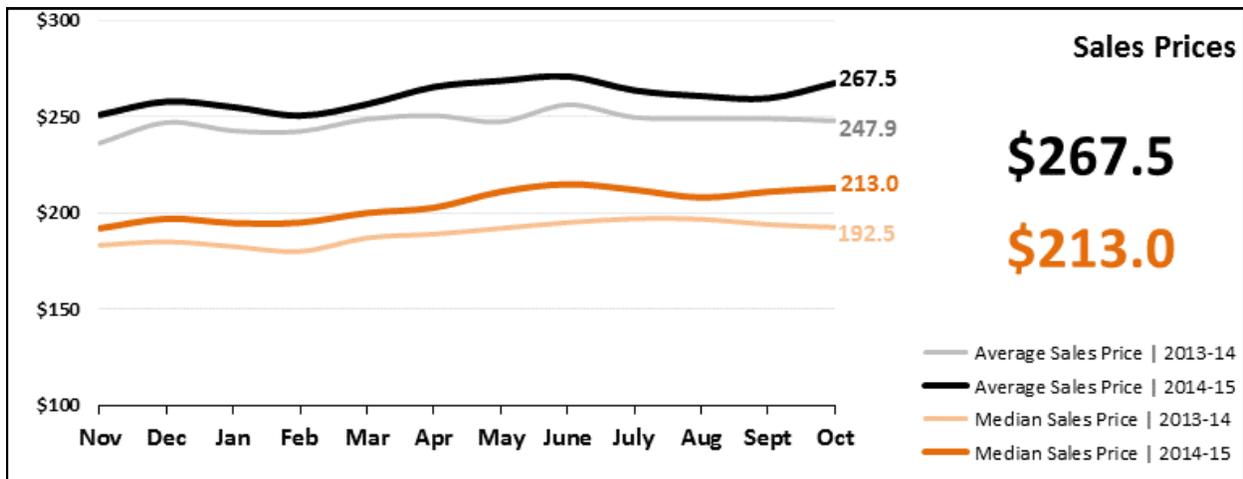
NEW LIST PRICES



+3.1% year-over-year average

+8.4% year-over-year median

SALES PRICES

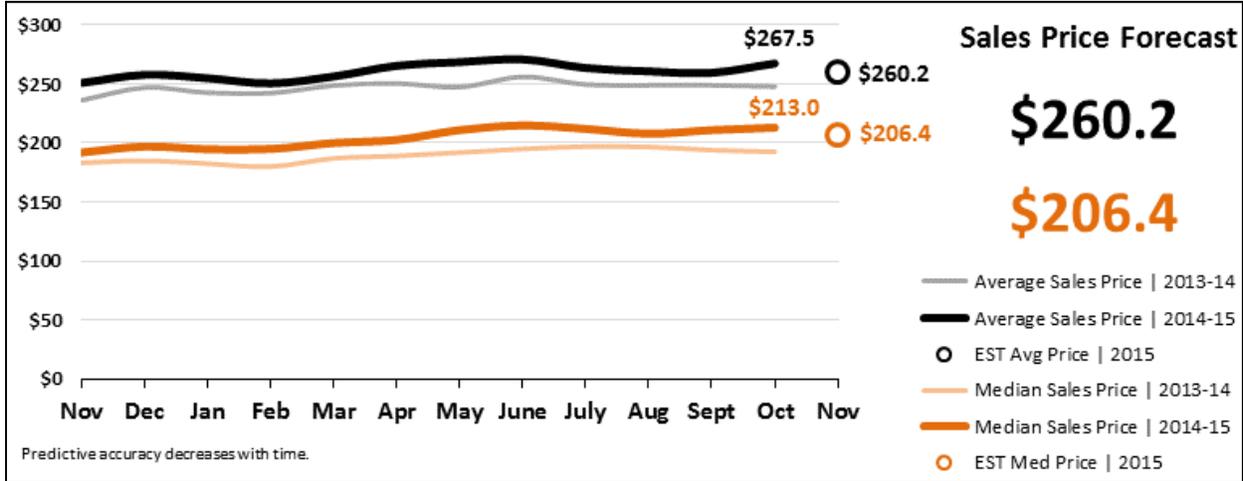


+7.9% year-over-year average

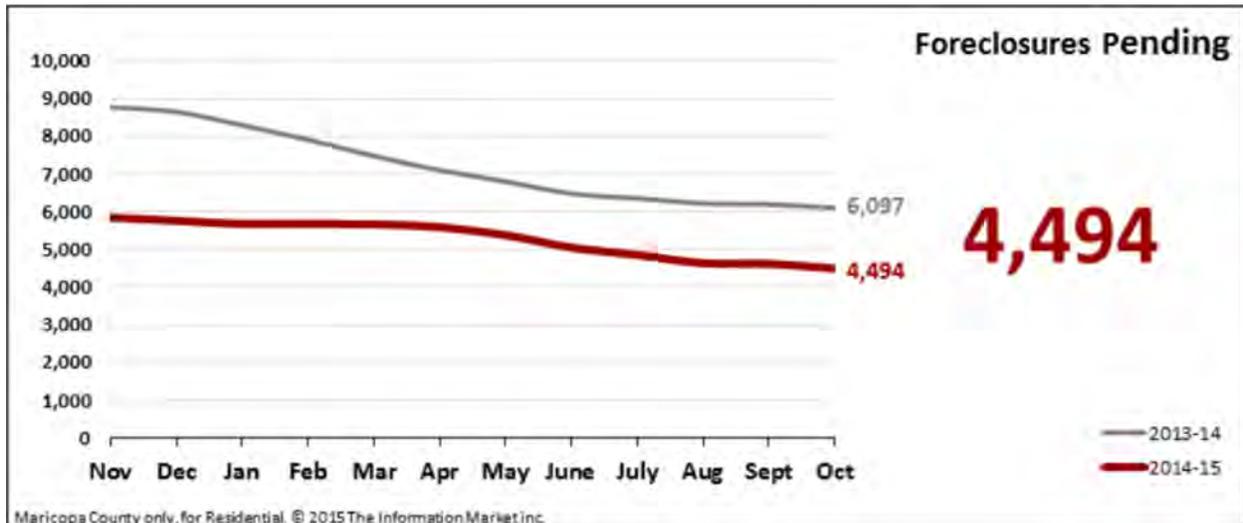
+10.6% year-over-year median

THE ARMLS® PENDING PRICE INDEX™

SALES PRICE FORECAST



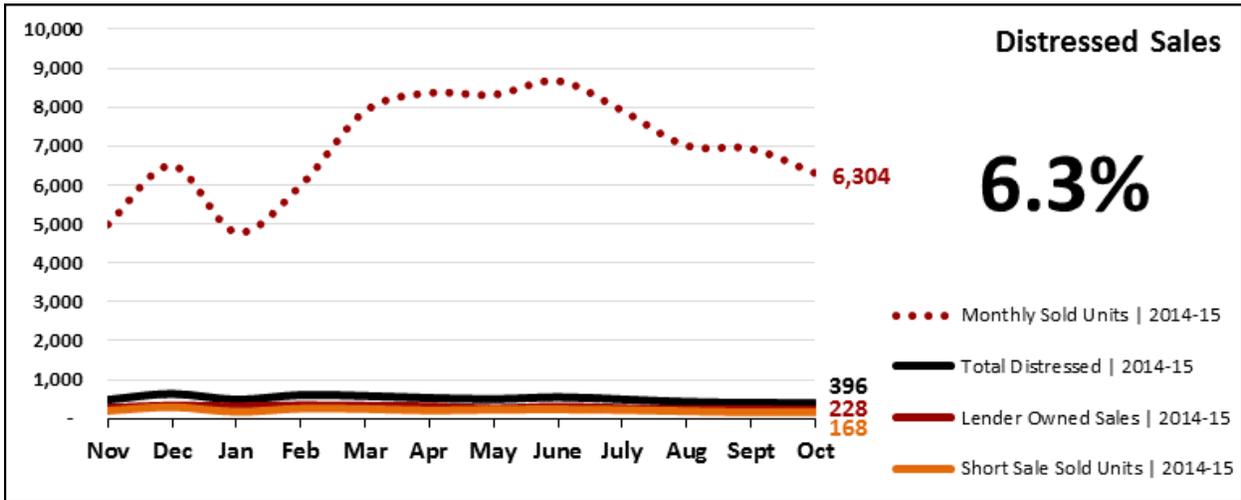
FORECLOSURES PENDING



-26.3% year-over-year

-2.6% month-over-month

DISTRESSED SALES

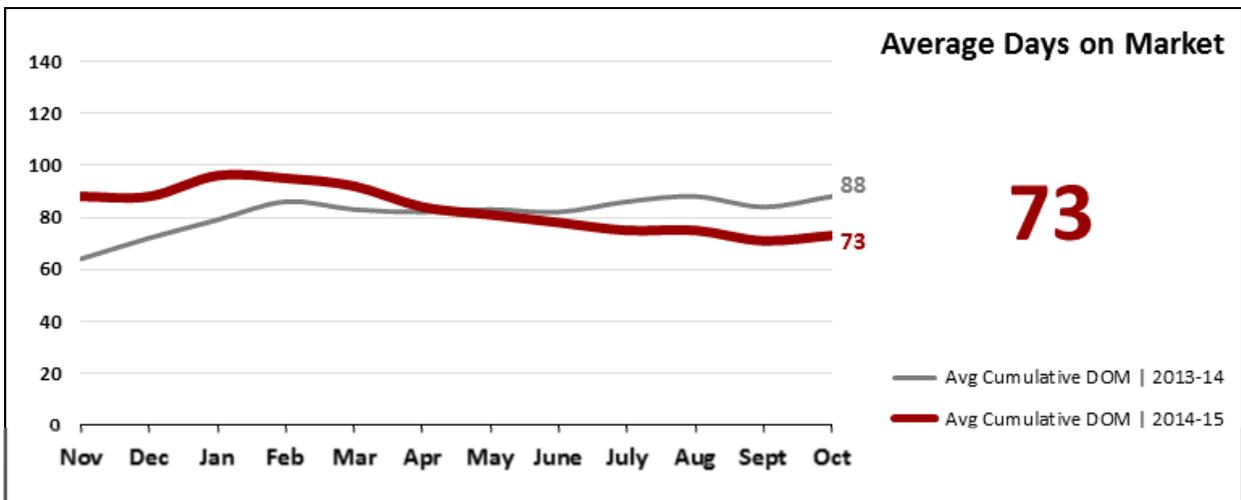


-27.0% short sale units year-over-year

-39.8% lender owned units year-over-year

-35.0% total year-over-year

AVERAGE DAYS ON MARKET



-15 year-over-year

+2 month-over-month

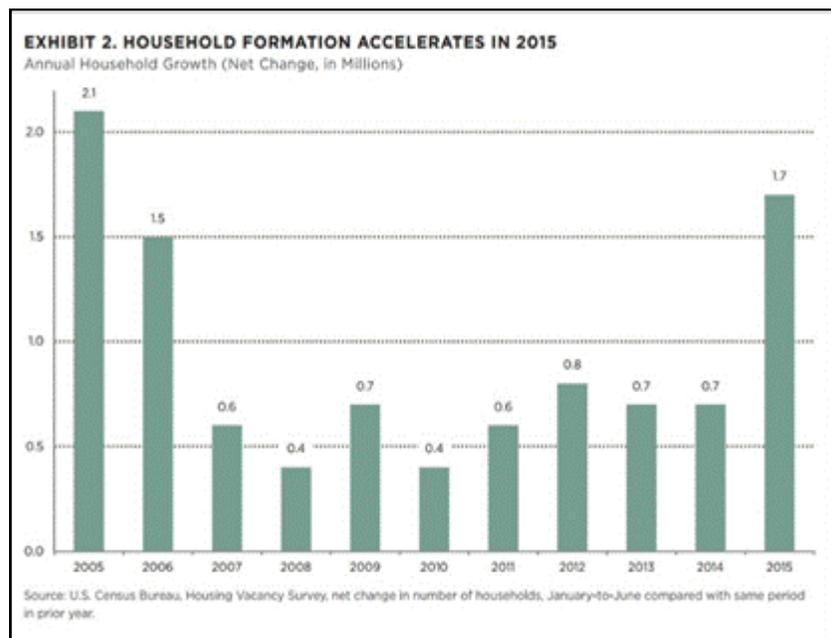
COMMENTARY

by Tom Ruff of The Information Market

In the first 9 months of 2015, sales volume averaged 12% ahead of 2014. Sales volume in October slipped to 2.4% on a year-over-year basis. The slip in year-over-year sales volume can be attributed to two factors: TRID and a cooling market. Supply is growing faster than last year while demand is slightly weaker. It is our suspicion that a few hundred sales got pushed back due to TRID as sales were lower than expected while pending & UCB numbers increased. If you view the Pending Price Index (PPI) as a razor sharp forecast, we had projected 6,600 sales in October while the actual number was 6,304. Therefore, the impact of TRID in October accounted for 296 fewer sales. That's our story and we're sticking to it.

The median sales price is showing a 10.6% increase year-over-year, giving an inaccurate portrayal of overall market appreciation. The median needle is being moved by low supply and strong demand in the more affordable areas with little to no new construction. I've always been an advocate of median price comparison, primarily as an indicator of affordability. However, when measuring appreciation, it is always prudent to view all metrics available. The average price per square foot, the average sales price and the median sales price offer different perspectives. Each of these metrics has their own strengths and weaknesses, at anytime any one of these might offer the best perspective of our market. It is my opinion that the price per square foot at present gives the best reflection of price appreciation over the past year, which is hovering around 5% annual appreciation.

That's the state of the resale market, it's slow, but things are happening. There are some very interesting numbers coming out of the economy that may indicate what's to come. For example - in the first half of 2015, the number of new households grew by 1.7 million nationally from the same period in 2014. This is the largest growth experienced in a decade [according to DSNews](#) using data from the U.S. Census Bureau. A household is formed in a few ways, (1) when an adult leaves the home of another adult and finds his/her own place or (2) when a group of people (not necessarily related) start living at the same address. The property could be owned or rented. (This is not to be confused with home sales.)

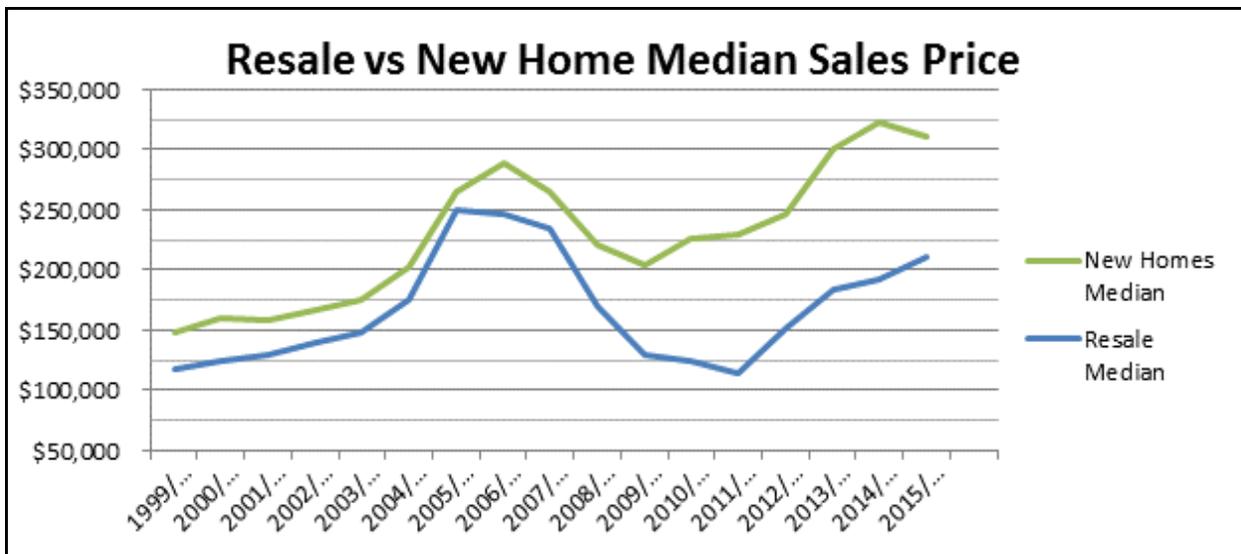


The stock market regained in October with the DIJA, S&P 500 and NASDAQ showing around 9% increases. US auto sales surged past expectations once again, and remained at the highest levels in a decade. I am a firm believer that auto sales are a forward indicator. According to AutoData, auto sales rose at an annualized pace of 18.24 million in October 2015 while the consensus forecast was an annualized pace of 17.7 million sales.

While car sales are up, new home production remains low. New home sales are a leading indicator of economic activity, which means they are the first to turn up before a rebound and



the first to decline before a recession. New home sales are important to measure, as significant changes in consumer spending often appear in autos and homes first.



[Bill McBride of Calculated Risk](#) using data from housing economist, Tom Lawler, gives insight into new home construction from the builder's perspective:

“One of the more striking aspects of the most recent ‘recovery’ in single-family housing production has been the incredible low production levels of new single-family homes that are ‘affordable’ to what used to be considered the ‘typical’ first-time buyer.”

The insights continued to say that builders are focused on affluent buyers and that many builders were watching and waiting to respond to the market.

ARMLS Pending Price Index

Our math on the PPI is projecting lower numbers than logically acceptable, leaning more on the model than the logical prediction. The ARMLS Pending Price Index projects a median sales price of \$206,400 for November. Using more ARMLS secret sauce and my own logic, I predict a median of \$210,000. We'll see if our model holds up. Our last Pending Price Index projected an October median price of \$212,500 with the actual median reporting at \$213,000.

In the last fourteen years the median sales price has risen 7 times, fallen 5 times and had no change twice between November and December. We begin November with 5,916 pending listings and 3,233 UCB listings giving us a total of 9,149 residential listings under contract. This compares to 9,020 listings under contract at the beginning of October.

Our sales volume projection was 6,600 with actual sales of 6,304. The November 2015 sales volume will exceed November 2014 (4,989), but should be lower than the total of 6,304 in October 2015. STAT is projecting 5,600 home sales in November. There were only seventeen business days last year and eighteen business days this year. The sales volume in November has been higher than the sales volume in October only once in the fourteen years of reported data and based on these historical averages, the sale volume in November is on average 7.29% lower than October.