

NOVEMBER 2013

Real Estate Update



JEFF GERBER

ABR®, GRI®, SRES®, REALTOR®

Hello Everyone,

Clocks set back one hour (where this applies), the sun waits to rise at a more convenient time for me though it sets way too early, Holiday items in the stores, high school football seasons ending, license plates from the Midwest and Canada seem to be on every 3 or 4th car you see in here The Valley...Yep, all sure signs of November and the mad rush to the end of the year. Here's hoping you're prepared!! <e, I'm too busy to worry about it...thanks to each of you helping keep me busy!!

It seems like our biggest concern over the last month has been will The Congress act, and hopefully act decisively, to raise our national debt limit and somehow get the Country's spending under control. We have some minimal action in that direction, but mostly what has really happened is that we've put things off for a few months and we'll argue and re-consider positions in the next year. Let's hope some wiser actions come forth from Washington in 2014. Mortgage interest rates were a big topic of discussion at the beginning of last month when they took a jump up to around 8%. Thanks to the Fed and some cool local heads, we are seeing mortgage interest rates in the 4.25% to 4.5% range for qualified Buyers. That is bringing some Buyers back to the market after an absence of multiple months. The Maricopa County housing supply is slowly expanding while the number of homes sold is quiet a bit lower than had been earlier in the year. Phoenix Real Estate Gurul, Michael Orr at ASU's Fulton School of Business is saying that he has seen an increasing number of market changes:...supply is up by more than 50% with Buyer demand well below that. He is predicting a balanced market around the end of the year unless we see a surge of Buyer activity. He also suggests that available listings will increase. He is projecting a price increase in homes, but much slower than the 28% he reported for the past year. Home Buyers also have retreated to the sidelines, especially since Labor Day. The last bit of good news is that Maricopa County Foreclosure rates are back down to pre "Boom" days!!

I'm super excited that we got to help Jeremy & Kelly close on their home in Phoenix and congratulate (and miss) them on the purchase of their OH home. Congrats to Gayle on the successful Short Sale of her Mesa home and good luck in CA! I'm really pleased that I was able to help Ron, Michelle, Madison & Mackenzie (thanks for the intro George) find a great place in Gilbert's Seville to call home...it will be a big switch from Iowa! I'm working hard to try and put together a deal for George & Arlene in Albuquerque (thanks John) to purchase a Sun Lakes home so they can be close to their new granddaughter. I added a nice listing a few weeks ago for James & Nicole (thanks for the referral Kelly & Jeremy) in San Tan Valley. It's a nice single level 4-bed home listed at only \$154,000. I'm still trying to find a Buyer for Carol's home. It's a roomy 3-bed plus den, 3-car garage on a big corner lot in a nice East Mesa HOA. I will have a new listing on the market in Laveen by the time you read this. (Thanks for the referral Arvind) It's one to see...5-bedrooms, 3 full baths, pebble-tec pool with a rock waterfall, backing to a green space with no neighbors on one side. Oh yes, there's a view of South Mountain from the patio!! You won't believe how affordable this home with new interior paint and carpeting is. I appreciate the conversations with several prospective clients looking to buy or sell a home in the next few months. I do want to remind each of you that I do need your help in getting the word out to friends, family and co-workers that you know a REALTOR ready to work hard for them! THANKS!!

Regards,

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September 2013

Arizona Regional MLS

New Listings **9,072**

↓ -3.9% ↑ 5.6%
 from Aug 2013: **9,439** from Sep 2012: **8,589**

YTD	2013	2012	+/-
	82,319	80,617	2.1%

5-year Sep average: **10,410**

New Contracts **7,002**

↓ -13.2% ↓ -13.7%
 from Aug 2013: **8,070** from Sep 2012: **8,113**

YTD	2013	2012	+/-
	84,451	90,232	-6.4%

5-year Sep average: **7,388**

Closed Sales **6,153**

↓ -10.6% ↓ -3.1%
 from Aug 2013: **6,879** from Sep 2012: **6,353**

YTD	2013	2012	+/-
	67,182	67,953	-1.1%

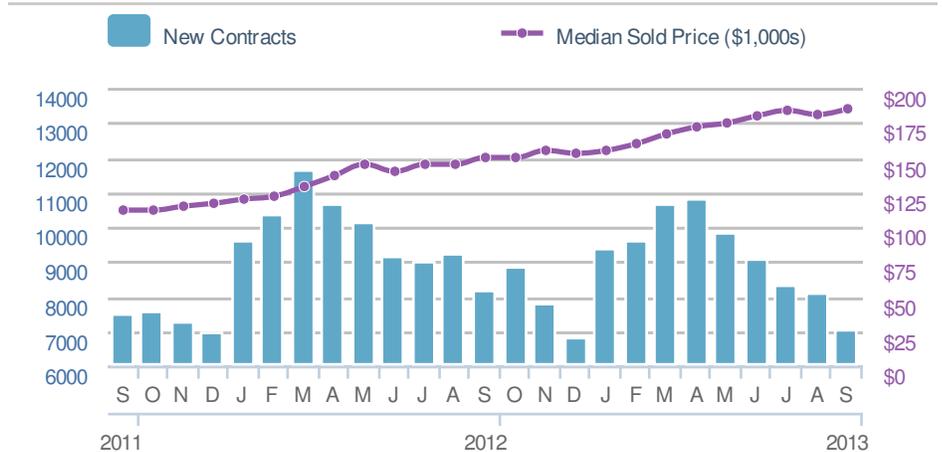
5-year Sep average: **6,938**

Median Sold Price **\$185,000**

↑ 1.9% ↑ 23.3%
 from Aug 2013: **\$181,500** from Sep 2012: **\$150,000**

YTD	2013	2012	+/-
	\$175,000	\$139,000	25.9%

5-year Sep average: **\$139,330**



Active Listings **18,686**

18,686
 Min 14,089 Max 44,476
 5-year Sep average **27,731**

Aug 2013	Sep 2012
16,664	14,089

Avg DOM **60**

60
 Min 60 Max 106
 5-year Sep average **84**

Aug 2013	Sep 2012	YTD
58	67	66

Avg Sold to OLP Ratio **96.9%**

96.9%
 Min 89.8% Max 98.3%
 5-year Sep average **94.8%**

Aug 2013	Sep 2012	YTD
97.6%	98.3%	97.1%



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Between FRIENDS

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Are 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!



Thinking of selling your home? As an experienced real estate professional, I would like to point out the benefits of adding an **Old Republic Home Warranty** to your transaction. While your home is on the market, Seller's Coverage provides repair and replacement of your home's major systems and appliances. It keeps the home showing well during the listing period, which may result in a faster sale at a higher price. At close, the Buyer's Plan seamlessly takes effect, protecting the buyer against potential, unknown after-sale problems. Last but not least, the home warranty provides budget protection from the high cost of home repairs and peace of mind for both the home seller and buyer.

Call me today to learn more about the value that an Old Republic Home Warranty provides.

Know someone who is thinking about buying or selling a home but doesn't know where to begin? Call me today, and I'll happily explain the fundamentals, so he/she can act with confidence.



Health & Safety

Heart Health



Gallup recently conducted a poll to discover what Americans fear most. Snakes came in a solid number one, followed by public speaking and heights. Heart disease—American's number one killer—didn't even make the list... once again proving how irrational human beings can be.

Of course, fear is never the answer! Rather than worrying (which is bad for your health), follow these tips from the Center for Disease Control (CDC) to help prevent heart disease.

Eat Healthy: Eat a diet low in saturated fat, trans fat, and cholesterol; seek out fresh fruits and vegetables.

your blood pressure checked on a regular basis.

Exercise Regularly: The Surgeon General suggests moderate-intensity exercise for at least 30 minutes most days of the week. Also, do your best to maintain a healthy body weight.

Check Cholesterol: Be sure to have a full cholesterol screening at least once every five years.

Monitor Blood Pressure: High blood pressure can be asymptomatic, so have

Limit Alcohol Use: Alcohol can increase blood pressure. The CDC recommends no more than two drinks per day for men and no more than one drink per day for women.

For additional tips, visit: <http://www.cdc.gov/features/heartmonth/> to keep your heart healthy and strong!

Helpful Hints

Creating a Harmonious and Productive Workplace

The world is full of different personalities. If we were all the same, there would be an enormous deficit of talent and diversity. Of course, it sometimes takes effort for different personality types to understand each other. The following tips may help you and your team find a greater degree of harmony in the workplace.

Communicate: Harmonious relationships begin with healthy communication. Address conflict openly, using a non-confrontational tone.



Look Within: When someone comes to you with a complaint, listen with an open mind and resist the temptation to redirect the accusation.

Choose Your Battles: Simply put, don't sweat the small stuff. Before taking a colleague to task on a disagreement, ask yourself, "How important is it?" If it's truly insignificant, consider letting it slide.

Handling Harassment: If you are being harassed in any way, talk to your manager or your Human Resources Department immediately. You should never be afraid to go to work.



- 2 Tbsp. butter
- 1 onion, diced
- 2 carrots, peeled and diced
- 1 apple, peeled and diced
- 2 cups pumpkin, roasted and diced (instructions to follow)
- 1 Tbsp. sage leaves
- 3 cups chicken stock
- 1 cup cream
- Salt and freshly ground pepper

In a stockpot over medium heat, melt butter and sauté onion, carrot, apple, roasted pumpkin, and sage until all are tender, about 8 to 10 minutes. Puree in a food processor or blender. Return puree to stockpot, add chicken stock, and simmer for 15 minutes. Add cream and simmer for 5 more minutes, lowering heat if necessary, so it does not boil. Season to taste with salt and pepper.

Pumpkin Roasting Tip: If you choose to roast a pumpkin instead of using canned pumpkin, preheat oven to 400 degrees F. Cut whole pumpkin in half and cut each half into several pieces. Discard seeds or reserve for another use. Place pumpkin on a baking sheet, drizzle with olive oil, and season with salt and pepper. Roast in oven until tender but not falling apart, about 30 to 40 minutes. Let cool, peel away skin, and dice.



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Household Tips **Choosing the Right Trees for Your Yard**

"One generation plants a tree in whose shade another generation rests," says an old proverb. In addition to shade, a lush, healthy tree may add character to your yard and boost your property value. You have plenty of options when choosing a tree, and the following tips can help you make a wise decision that will shade the generations to come.

Before heading to the nursery, do your research and find a species that will thrive in the conditions you provide. Is your yard bathed in sunlight? Many trees benefit from full sunlight, while others thrive in partial sunlight or shade. Also, fast-growing trees mature quicker, but they may be more likely to lose limbs in storms and are more susceptible to disease than their slower growing cousins.

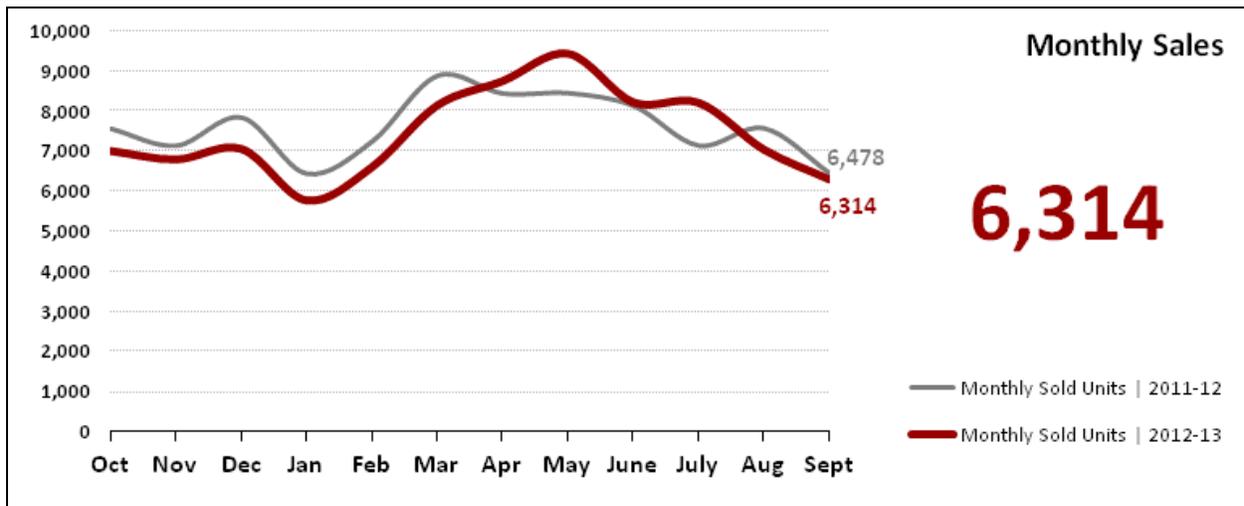
When shopping for trees, evaluate leaves for signs of disease. Avoid those with black, brown, yellow, pale, or spotted leaves, and steer clear of trees with wounds or deep scars in the bark. Finally, make sure you can see the root flare at the base of the tree. When nurseries plant young trees too far beneath the soil, this can impact their chances for survival.





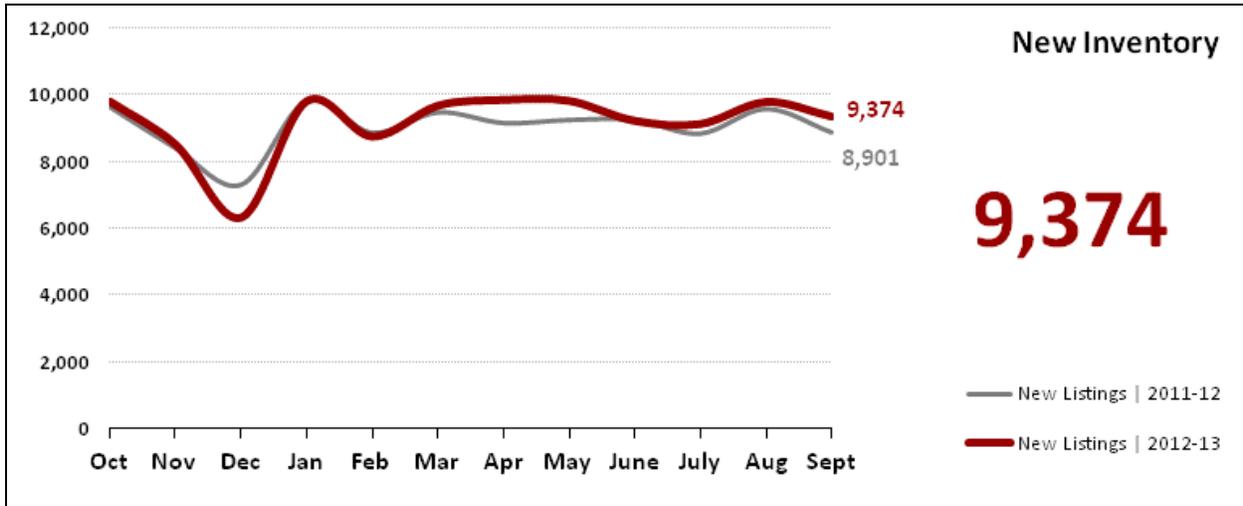
ARMLS® STAT - October 9, 2013

MONTHLY SALES



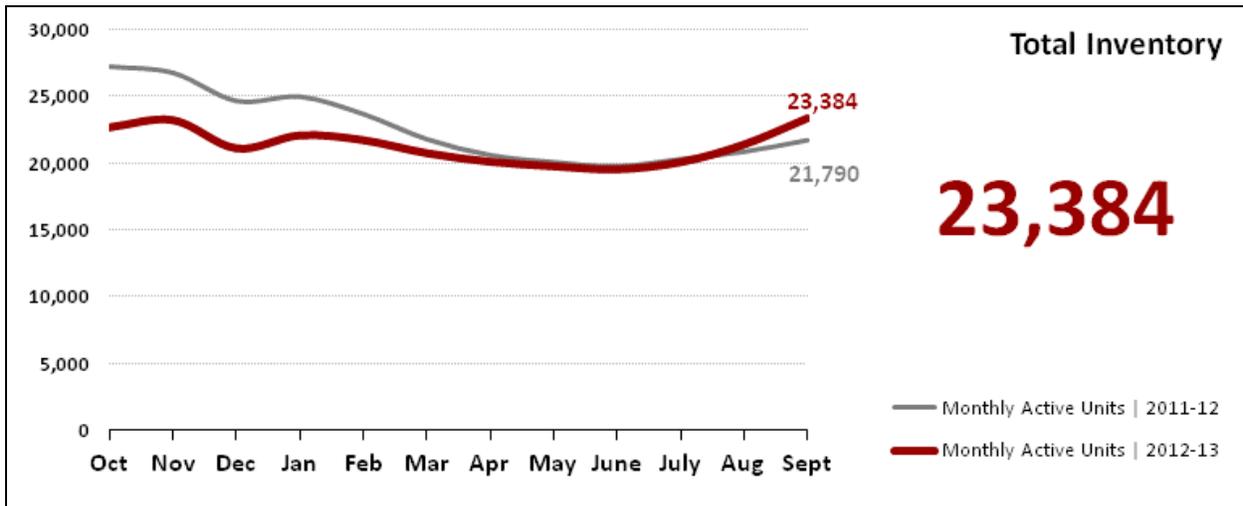
-2.5%, year-over-year
-10.5%, month-over-month

NEW INVENTORY



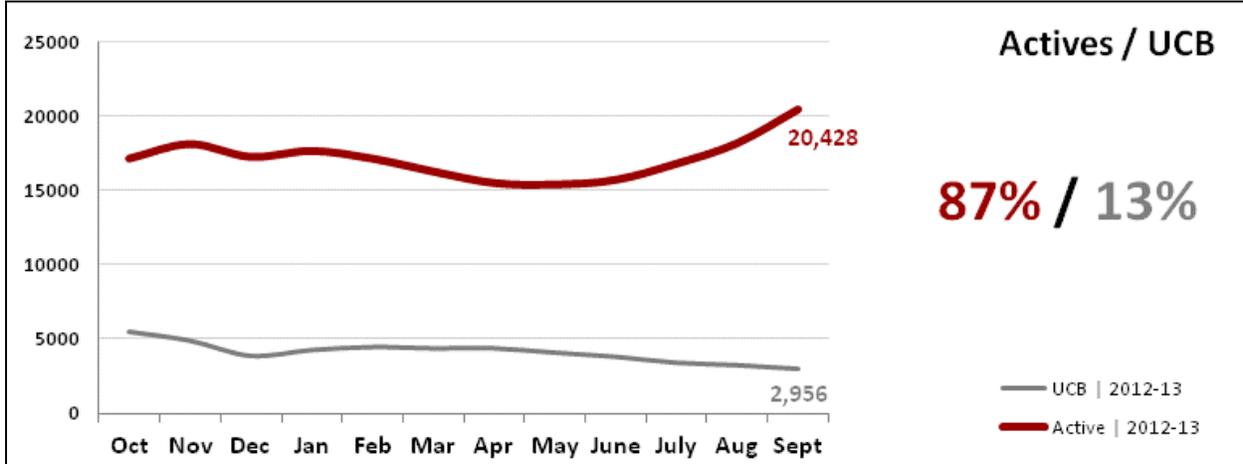
+5.3%, year-over-year
-4.4%, month-over-month

TOTAL INVENTORY



+7.3%, year-over-year
+9.4%, month-over-month

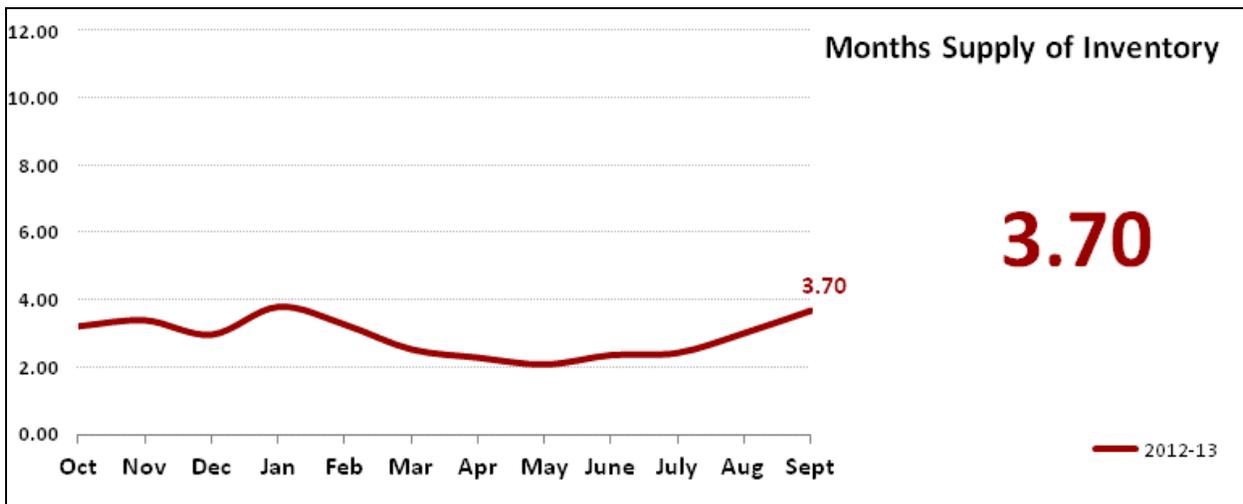
ACTIVES / UCB



26.5%, September 2012 UCB percent of total Active

15.0%, August 2013 UCB percent of total Active

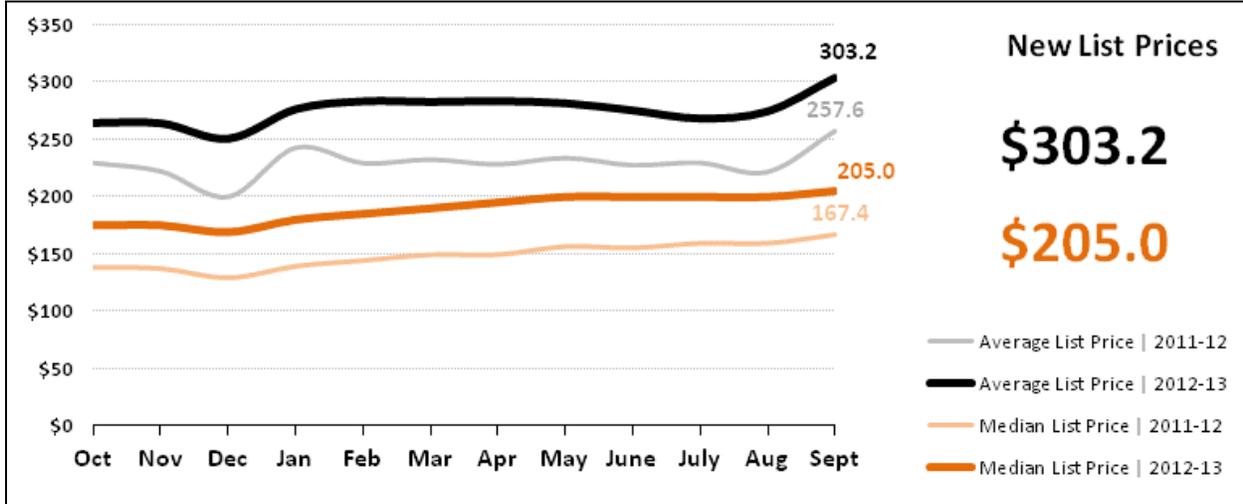
MONTHS SUPPLY OF INVENTORY



3.53, MSI September 2012

3.03, MSI August 2013

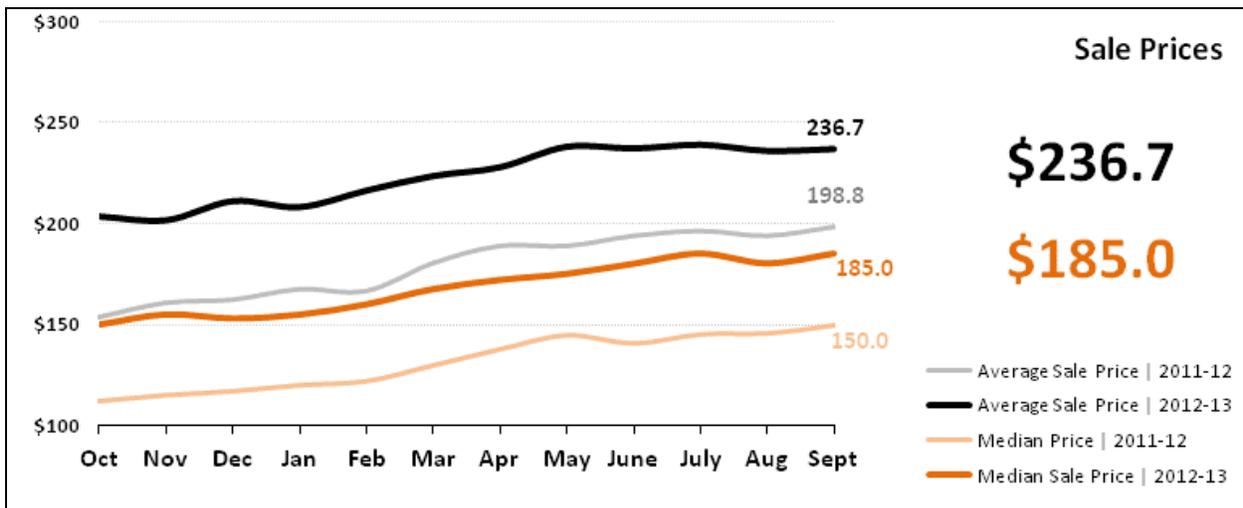
NEW LIST PRICES



New List Prices
\$303.2
\$205.0

+17.7%, year-over-year average
+10.4%, year-over-year median

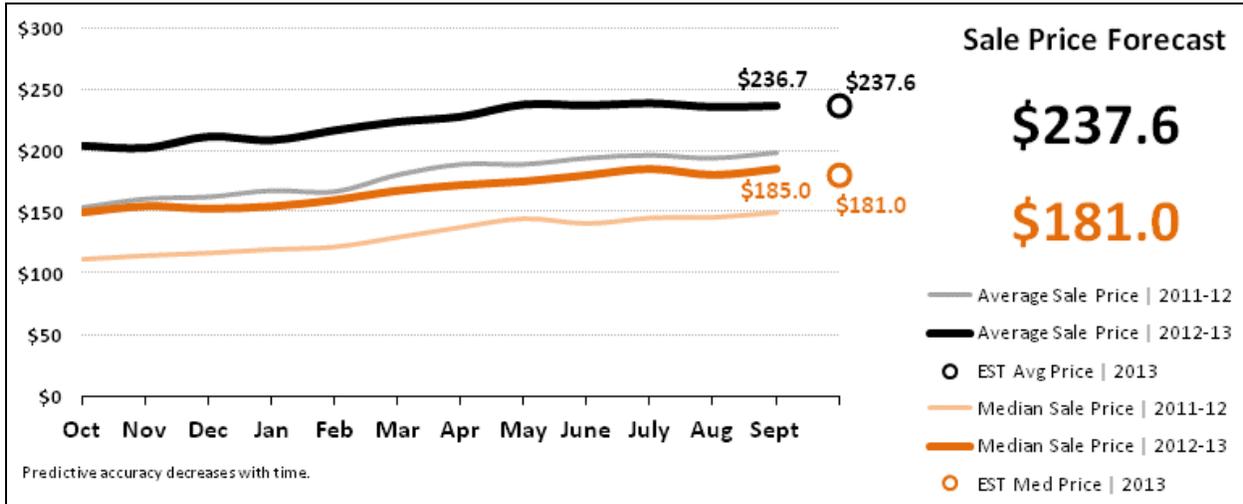
SALE PRICES



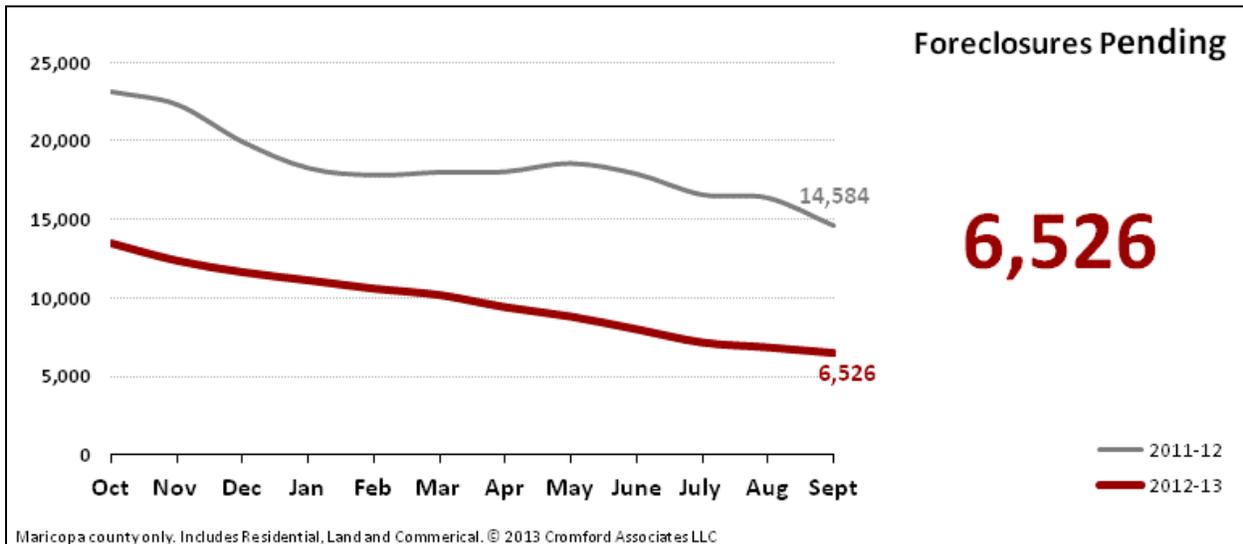
Sale Prices
\$236.7
\$185.0

+19.1%, year-over-year average
+23.3%, year-over-year median

THE ARMLS PENDING PRICE INDEX™

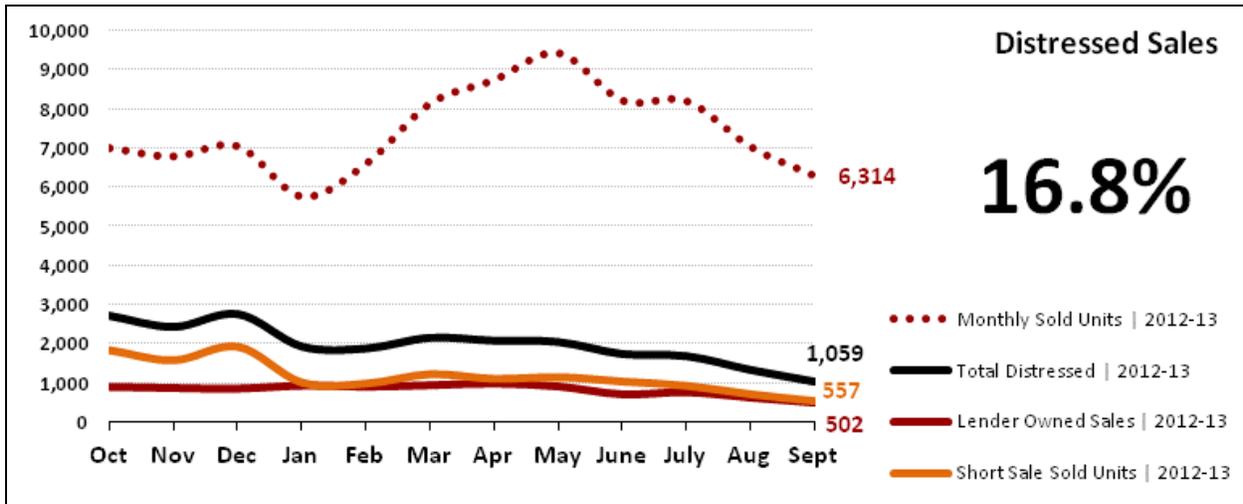


FORECLOSURES PENDING



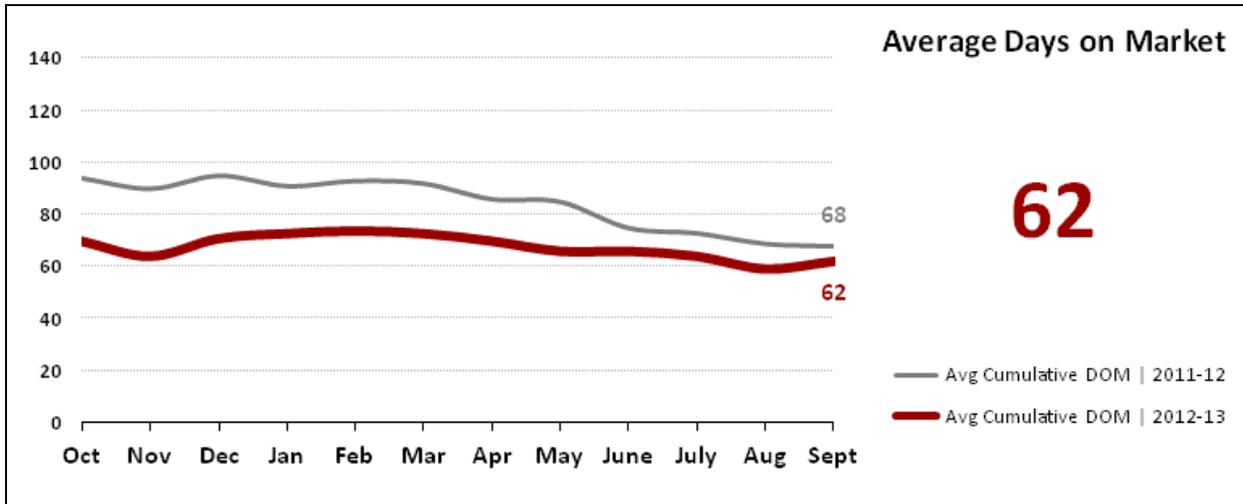
-55.2%, year-over-year
-5.2%, month-over-month

DISTRESSED SALES



-68.2%, short sale units year-over-year
-39.9%, lender owned units year-over-year
-59.0%, total distressed year-over-year

AVERAGE DAYS ON MARKET



-6, year-over-year
+3, month-over-month

COMMENTARY

by Tom Ruff of The Information Market

September STAT data provides some interesting numbers as it suggests a shift in current market conditions. Total inventory numbers are increasing, up 9.4% for the month and 7.3% year-over-year. With total inventory numbers increasing and pending sales contracts declining, the trend is pointing toward a balanced market.

On October 1, 2012, there were 9,700 pending sales contracts, there were 6,580 in September. Sales volume fell from the previous month, this drop was seasonable and expected, while year-over-year sales volumes were comparable. Yearly sales volumes over the last two years are nearly identical with the median sales price (\$185,000) and average sales price (\$236,700) up 23% and 19% respectively.

As the supply and demand move toward a balanced state, expect price increases to moderate. As predicted by the PPI both the median and average sales price rose in September. In October, The Pending Price index calls for an increase in average sales price, but sees a decline in the median sales price.

Last month in STAT we promised to take a look at the demand side of our housing equation, profiling buyers and how the composition of buyers is changing. Shifting our attention away from MLS data to focus on public records data, A.R.S. 11-1137 requires all buyers and sellers of real property or their agents to complete an affidavit of value. Of course the government exempts itself from this requirement and as a result, HUD and VA sales are not included in this analysis.

The affidavit of value provides a wealth of information. Simply by summarizing the data points available, it's possible to gain valuable market insights. By comparing September 2012 affidavits of value recorded in Maricopa County to September 2013, if and how the dynamics of our market have shifted over the past year is able to be ascertained. In September of 2012, 7,070 affidavits of value were recorded where the sale was reported as either a single-family residence or condo. In September of this year, the number was roughly equal with 7,081 transactions reported. The market is off to a good start.

One of the data points required on the affidavit of value is defined as the residential buyer's intended use. There are 3 classifications: the buyer either intends to live in the home as their primary residence, they intend to rent the home to someone other than a family member or it will be owner-occupied but not as their primary residence. The last choice is a recent addition first appearing in our data set in April of 2012 and is to identify second-home buyers. Buyers who intend to rent the home out are a strong indicator of investor activity in our market, and for the purposes of our discussion, are defined as investors.

In September 2012, 2,048 purchasers, or roughly 29% of all buyers, were investors. In September of this year, the number of investors accounted for 1,415 or 20% of the purchases made. If these numbers are restricted to the hot topic of the day, institutional investors, 398 institutional purchases were made in 2012 as reported by the recorded affidavit. Nine significant institutional buyers have been identified in Maricopa County and in September of 2012 eight of the nine were buying. Moving ahead to September of this year, there were only 110 institutional buys with recorded affidavits and only four of the nine buying institutions were active with a greatly reduced appetite.

Overall investor interest in Maricopa County declined 31% and institutional investment activity declined 72% from September 2012 to September 2013. It makes sense that a decline in investor activity would also mean a decline in cash sales. The number of homes purchased with a mortgage increased 18% year-over-year. There were 4,267 homes purchased with a mortgage in September 2012 and 5,052 this September. The decline in institutional activity should be a point of solace for smaller local investors.

Just as the number of investors purchasing homes in Maricopa County declined over the past year, so has the number of second-home buyers. In 2012, 916 home buyers indicated they were purchasing a second home while in 2013 this number fell to 707, a decline of 23%. With a significant 31% decline in investor activity and a 23% decline in second-home buyers, this can mean only one thing - an increase in owner-occupied homes. In September 2012, 4,106 homes were purchased where the buyer declared their intention to live in the home. In September 2013 owner-occupied purchases rose 21% to 4,959. The year-over-year difference was an increase of 853 homes.

In STAT last month we suggested first-time buyers, boomerang buyers and an increase in new home construction would embody the final phase of the housing recovery. September 2012 produced 739 newly constructed home sales, while this September there was 890. Couple a 20% increase in newly constructed home sales year-over-year with the 21% increase in owner-occupied purchases year-over-year and it appears the Valley is in the very early stages of the fourth and final phase of the housing recovery.

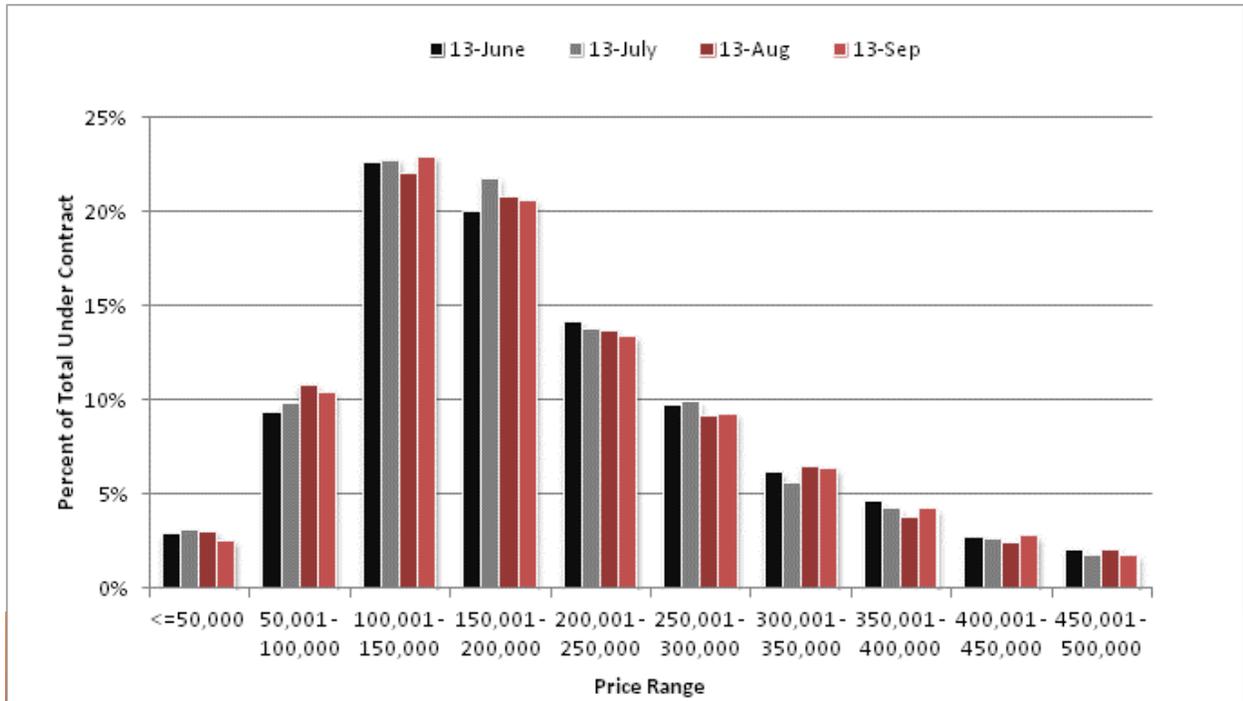
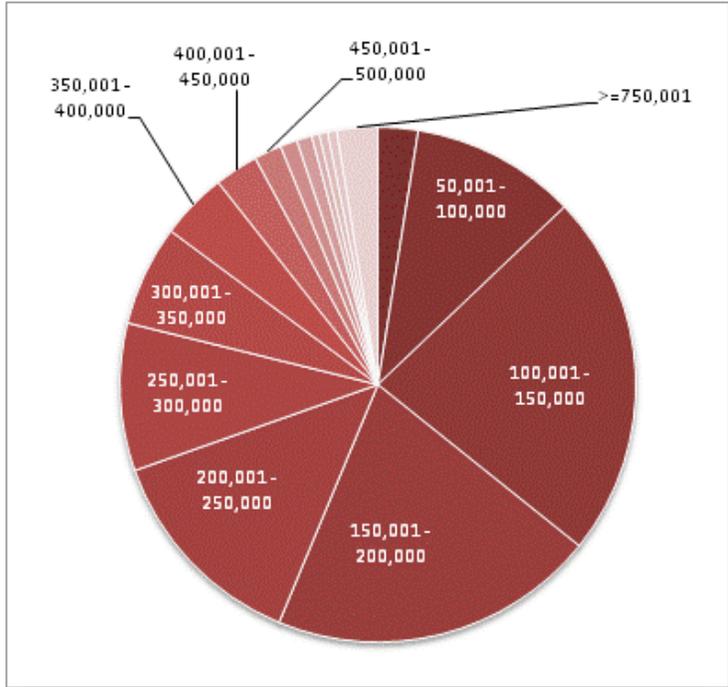
One final indicator of movement into the final phase of recovery can be seen by comparing the number of newly constructed home sales to the number of foreclosures. In January of 2008 the number of home foreclosures each month overtook the number of newly constructed homes sold each month. This trend has finally reversed itself and this summer for the first time in five and a half years more new homes were built and sold than the number of homes sold on the courthouse steps.

The buyer's address on the affidavit of value is the best indication known of where our buyers are coming from. In 2012, 20% of the buyers in Maricopa County reported out-of-state buyers' addresses and this year that number declined to 16%. While the overall number of out-of-state buyers declined 4% year-over-year, the number of out-of-state buyers with the intention of making their home their primary residence increased. In September 2012, there were 395 owner occupants purchasing homes in Maricopa County, this year the number rose to 421. The top five states from which people are relocating to Arizona are California, Washington, Colorado, Illinois and Texas. When looking at purchases declared as second-home purchases, Canadian buyers lead the way followed by California, Washington, Colorado and Illinois.

Buyers are the focus this month because there is presently an increase in active listings and a decline in pending sales, or in simple economic terms, an increase in supply and a decline in demand. The last two years were seen as a seller's market where demand outpaced supply placing the listing agent in the stronger bargaining position. As there is movement into a balanced market with fewer investors and cash buyers, the traditional owner-occupant will play a more vital role. It's time to show the buyers some love. There is a large pool of displaced homeowners as a result of the foreclosure crisis wanting to re-enter the housing market, and there is a large population base of millennials ready to enter the market. It makes sense for a buyer's agent to build a working relationship with a knowledgeable loan officer to develop a strategy which taps into these two large pools.

PPI SUPPLEMENT

Pending Contracts Signed In Sept		
Price Range	PPI Units	Units % of Total
<=50,000	141	2.51%
50,001 - 100,000	583	10.38%
100,001 - 150,000	1,283	22.85%
150,001 - 200,000	1,154	20.55%
200,001 - 250,000	748	13.32%
250,001 - 300,000	519	9.24%
300,001 - 350,000	354	6.30%
350,001 - 400,000	236	4.20%
400,001 - 450,000	154	2.74%
450,001 - 500,000	97	1.73%
500,001 - 550,000	60	1.07%
550,001 - 600,000	54	0.96%
600,001 - 650,000	27	0.48%
650,001 - 700,000	30	0.53%
700,001 - 750,000	32	0.57%
>=750,001	144	2.56%



PPI SUPPLEMENT - \$/SQ FT

Pending Contracts Signed In Aug				
Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt
<=50,000	33,594	1,150	191	29
50,001 - 100,000	79,368	1,250	687	64
100,001 - 150,000	129,690	1,535	1,401	85
150,001 - 200,000	174,629	1,791	1,319	98
200,001 - 250,000	225,667	1,957	869	115
250,001 - 300,000	275,645	2,245	582	123
300,001 - 350,000	325,762	2,486	408	131
350,001 - 400,000	376,387	2,758	240	136
400,001 - 450,000	427,454	2,866	153	149
450,001 - 500,000	477,854	2,998	128	159
500,001 - 550,000	527,142	3,005	83	175
550,001 - 600,000	575,372	3,184	54	181
600,001 - 650,000	629,750	3,354	41	188
650,001 - 700,000	672,574	3,465	31	194
700,001 - 750,000	728,084	3,761	35	194
>=750,001	1,247,324	4,712	146	265

Pending Contracts Signed In September				
Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt
<=50,000	33,755	2,055	141	16
50,001 - 100,000	79,353	1,259	583	63
100,001 - 150,000	128,927	1,490	1,283	87
150,001 - 200,000	174,435	1,778	1,154	98
200,001 - 250,000	225,014	1,985	748	113
250,001 - 300,000	276,254	2,280	519	121
300,001 - 350,000	327,003	2,463	354	133
350,001 - 400,000	375,744	2,746	236	137
400,001 - 450,000	426,654	2,874	154	148
450,001 - 500,000	474,786	2,885	97	165
500,001 - 550,000	527,738	3,086	60	171
550,001 - 600,000	575,131	3,333	54	173
600,001 - 650,000	632,137	3,356	27	188
650,001 - 700,000	679,296	3,453	30	197
700,001 - 750,000	734,641	4,369	32	168
>=750,001	1,177,767	4,443	144	265

