

DECEMBER 2017

Real Estate Update



JEFF GERBER

ABR®, GRI®, SRES®, REALTOR®

Hello Everyone,

Thank you to everyone for the support and encouragement you have provided me in the past year! Please accept my sincere wish that you and your family have a joyous Holiday Season ahead and a Happy and Healthy New Year! I hope you will find the enclosed 2018 calendar a useful little gift.

We're entering the holiday season, which means over the next few months our monthly sales volume will drop to the lowest numbers of the year. Historically, the lowest sales volume occurs in November, January and February. We will likely see a small uptick in December as year-end tax strategies come into play, but overall, we're in the slow season. The supply of active listings increased in October. The overall listings are 7.9% lower than a year ago. There are simply too few homes for sale at the low range and too many for sale at the top. That causes prices continue to rise quickly at the bottom of our market while dropping slightly at the high end. Watch for mortgage interest rates to tick higher as a result of an anticipated increase in the Fed rate in Dec or Jan. I expect we will still see rates mostly in the 4's. Conforming loan maximum limits will rise in 2018 from \$424,100 to \$453,100. That means more buying power for you. Yes, 3% down programs mean a sale price as high as \$467,100 for 1st time Buyers using a Fannie mortgage. Bankrate.com now lists the Phoenix market as the #8 best market for retirees. Pittsburgh, Boston and LA are the Top 3 places. Part of the reason Phoenix ranked lower is because it doesn't have a robust public transit system. They also felt there should be 'more things to do'. I find that reason hard to comprehend, unless you really like shoveling snow and fighting crowds and air pollution plus traffic. Alas, I know I'm a bit biased!

Thanks to David K for allowing me to be part of the team to find a new home for his family! I'm looking forward to getting officially hired by John & Mary, Linda, David M and Lyle & Betty to put their real estate sale and purchase plans in place right after the First of the New Year. If you know someone thinking about selling or buying in the Phoenix/East Valley area, please mention my name to them as someone who has the professional education and experience necessary to help them with a good buying or selling experience. I'm happy to help folks develop a plan for buying and/or selling a home in the (near) future. Having a plan in hand can help eliminate surprises and confusion when the actual project starts.

Regards,

JS Gerber 11/29/2017

HAPPY HANUKKAH, MERRY CHRISTMAS, HAPPY KWANZAA & HAPPY NEY YEAR!

Contact me anytime:
Call direct: 602-330-7272
Email: Jeff@jeffgerberrealtor.com
Fax: 877-824-7272
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

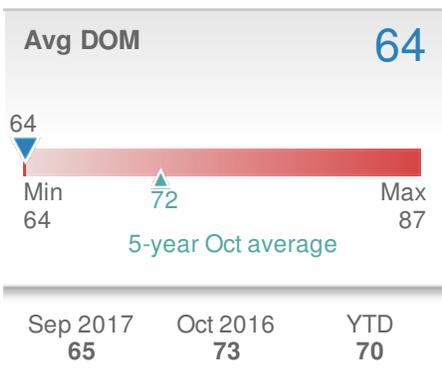
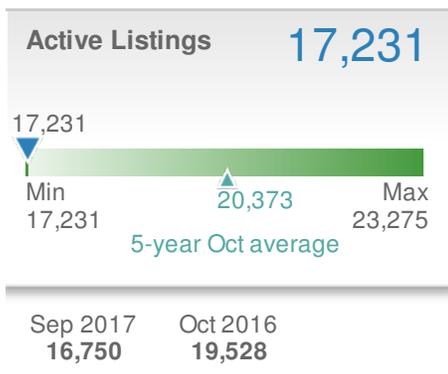
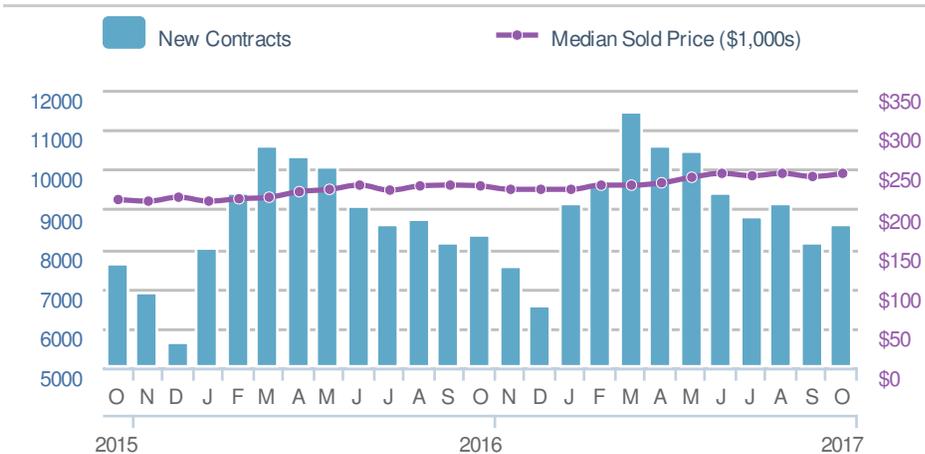
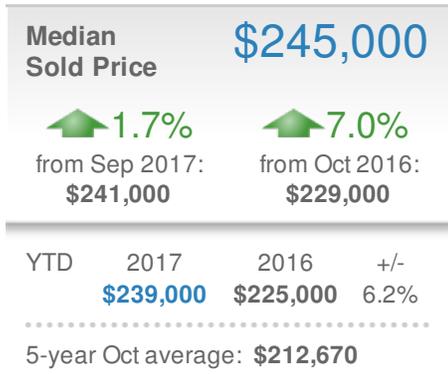


Visit my website at: www.jeffgerberrealtor.com



October 2017

Arizona Regional MLS





Jeff Gerber, ABR, GRI,
SRES



The Empowered Team LLC
Lic. #: SA540122000

Between FRIENDS

Real Estate for Today

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

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



Are you in the market for a new home? The time is right to make the move. Of course, investing in a home is more than a financial decision—the pride that comes with homeownership is truly invaluable.

I recommend that my clients include an Old Republic Home Warranty Plan with their home purchase or sale. A home warranty helps protect your budget from unexpected repair or replacement costs caused by the breakdown of your home's heating, plumbing, electrical systems, and most built-in appliances. Optional coverage choices are available for buyers to custom-fit the warranty to the unique needs of their home.

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

3 Stretches for Stress Relief

The holiday season brings joy and cheer, but it can also increase stress. Add these stretches to your day to help reduce tension in your muscles and your mind.

- 1. Cat-Cow:** Begin in neutral spine on your hands and knees. Tilt your hips forward and stick your tailbone up. Engage your abdominal muscles as you drop your belly into cow pose. Then, tuck your tailbone and round your spine. Drop your chin to look at your navel as you move into cat pose. Repeat for five to ten breaths, exhaling on the movement. This stretch can also be done in a chair with your hands on your knees and feet on the floor.
- 2. Body Hug:** In a chair with feet flat on the floor, take a deep breath and spread your arms in a T. Exhale and bend your elbows to give yourself a hug. Grasp your shoulder blades with the opposite hands and drop your chin to your chest. Hold for 15-20 seconds, breathing normally. Repeat five to ten times.
- 3. Doorway Stretch:** Stand in a doorway with your feet slightly apart. Spread your arms in a T with your elbows bent so that your hands and forearms are touching the doorframe. Inhale. Exhale and lean forward. Hold for 15-20 seconds, breathing normally. Repeat five to ten times.



NOTE: Talk to your doctor before beginning any new form of exercise.

Helpful Hints

Resolutions for First-Time Homebuyers

If your list of New Year's resolutions includes buying a new home, check out the following tips to ensure you're prepared!

Know Your Score: Obtain your free annual credit report from the three national credit reporting agencies (Equifax, Experian, and TransUnion). Challenge any errors to make sure your credit is in good shape before you apply for loans.

Start Saving Your Down Payment: It's possible to get a home for very little down, but a down payment of 20% or more may help you get a better interest rate.

Learn about Mortgages: There are two types of mortgages: conventional and government-insured. Financing also falls into two categories: fixed- and adjustable-rate. Do your research to decide what type of mortgage you want and what kind of financing works for you.

Call Me: Even if you plan to move 2,000 miles away, contact me! There is an excellent chance I can refer you to a qualified agent wherever you roam.



1 cup dal (yellow lentils)
4 cups water or chicken stock
2 Tbsp ginger, minced
1/2 tsp turmeric
Kosher salt
2 Tbsp unsalted butter or ghee
1 tsp cumin seeds
1 medium onion, minced
2 garlic cloves, minced
1 whole red chili, fresh or dried
1 tomato, seeded and chopped
1 Tbsp lime juice
Cilantro leaves
Lime wedges

In a large saucepan, combine dal with 3 cups of water or stock, ginger, and turmeric and bring to a boil. Cover and simmer for 20 minutes, stirring occasionally, until dal is tender.

Transfer 1 cup of dal to a blender; puree until smooth.

Return puree to pan, add remaining water or stock. Add salt and simmer for 10 minutes.

Meanwhile, heat butter or ghee in medium skillet. Add cumin seeds and cook until fragrant, about 30 seconds. Add onion and cook for 5 minutes or until softened. Add garlic and chili and cook for 1 minute. Add tomato and cook for 5 minutes.

Combine tomato mixture with dal in the large saucepan and simmer for a final 5 minutes. Stir in lime juice and season with salt to taste. Garnish with cilantro and lime wedges.

Serve over rice.



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

The Empowered Team, LLC
Real Estate For Today

Household Tips **Safe Seasonal Decorating Tips**

It's time to decorate the house with festive spirit! The following tips and suggestions from the U.S. Consumer Product Safety Commission can help ensure you stay safe as you deck your winter halls.

- Decorate only with lights that have been safety-tested by an independent laboratory. Check wires, plugs and sockets for signs of wear or defects. Remember: when in doubt, throw them out.
- Do not overload outlets and extension cords. Never connect more than three sets of lights per extension cord.
- Be sure decorative lights used outside are approved for outdoor use.
- When decorating outdoors, be aware of all power lines. Don't work near overhead power lines or anywhere there is a possibility of contacting an overhead power line, either directly or indirectly, with a ladder or other piece of equipment.
- Keep candles away from decorations, wrapping paper, and other flammable objects.
- Use only flame-resistant or non-combustible materials, especially when making paper decorations.

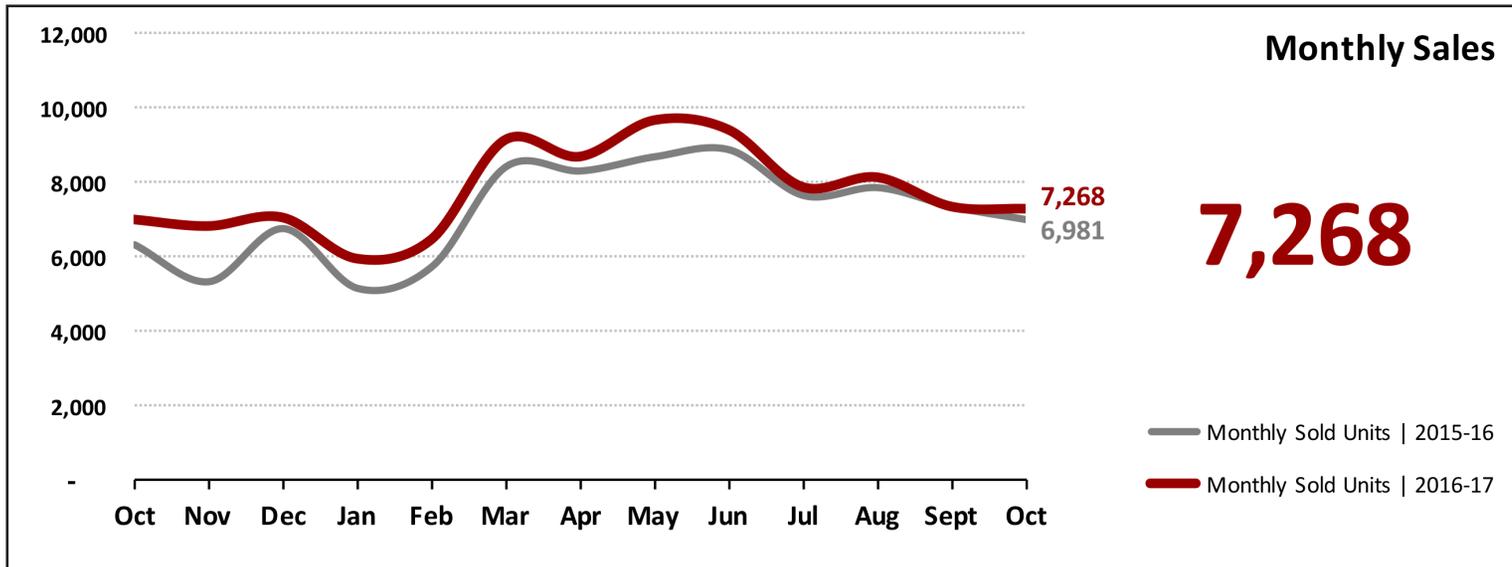


STAT

Your Monthly Statistics for the Phoenix Metro Area



DATA FOR OCTOBER 2017 - Published November 14, 2017

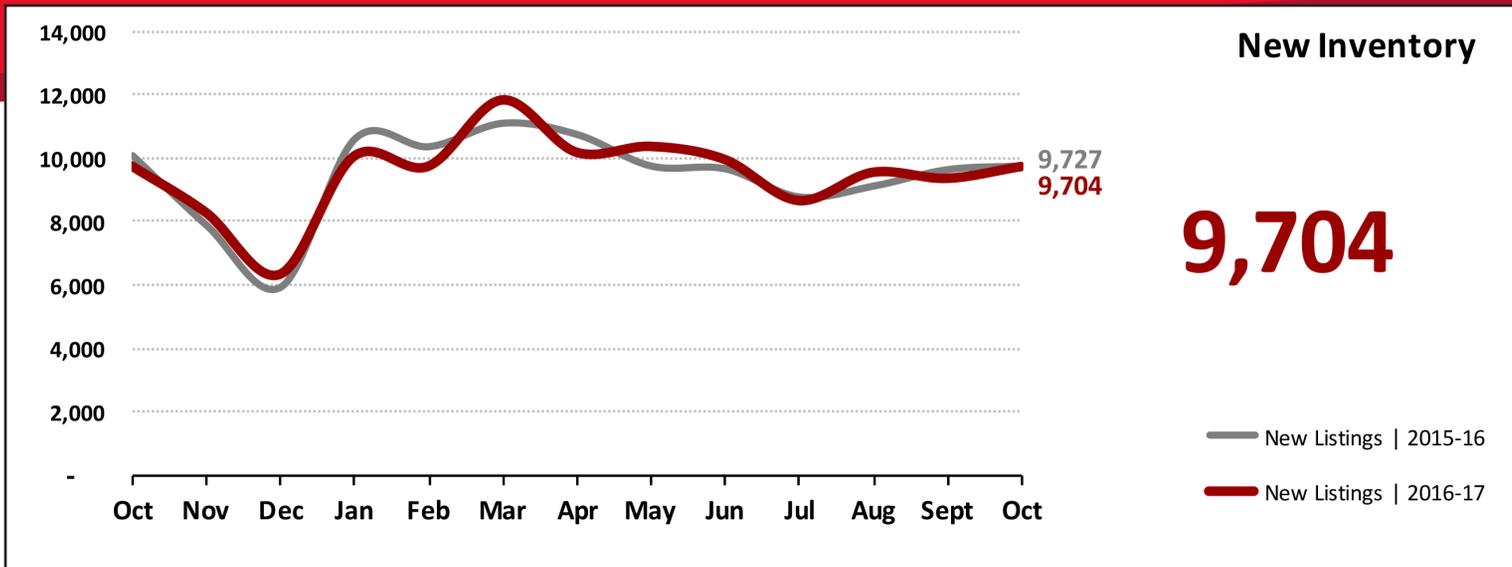


Sales are down -0.8% month-over-month. The year-over-year comparison is at 4.1%.

7,268

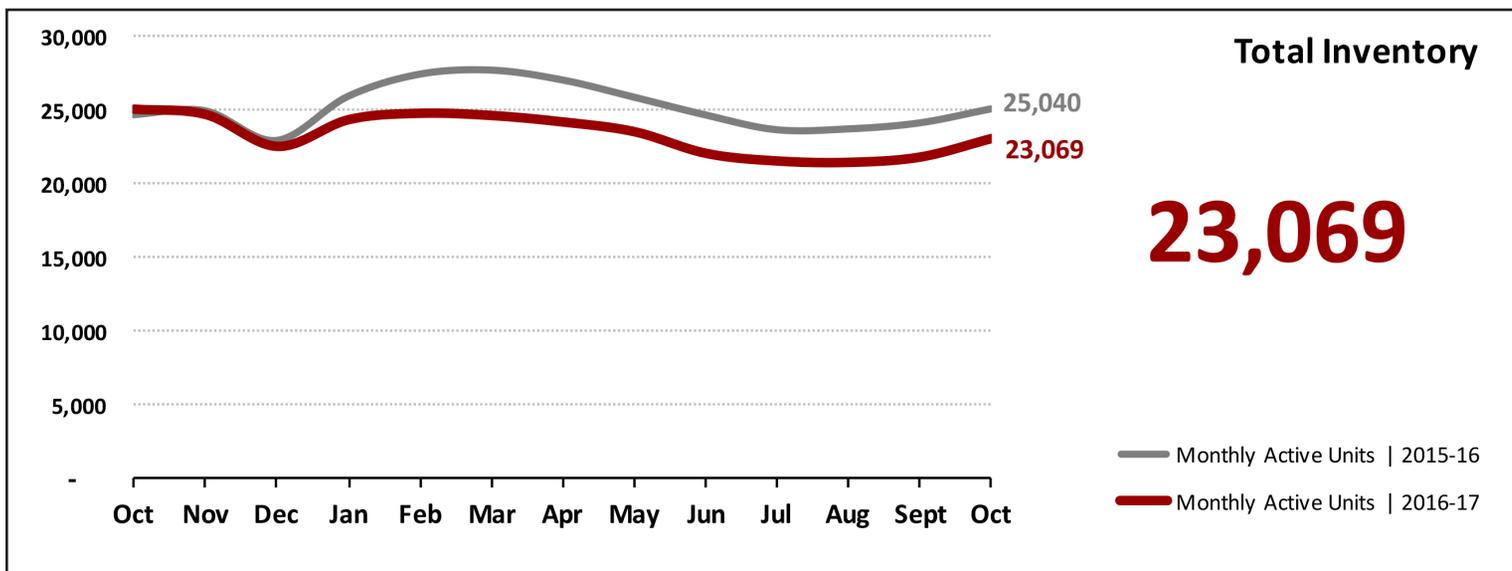
— Monthly Sold Units | 2015-16
 — Monthly Sold Units | 2016-17

Closed MLS sales with a close of escrow date from 10/1/2017 to 10/31/2017, 0 day DOM sales removed



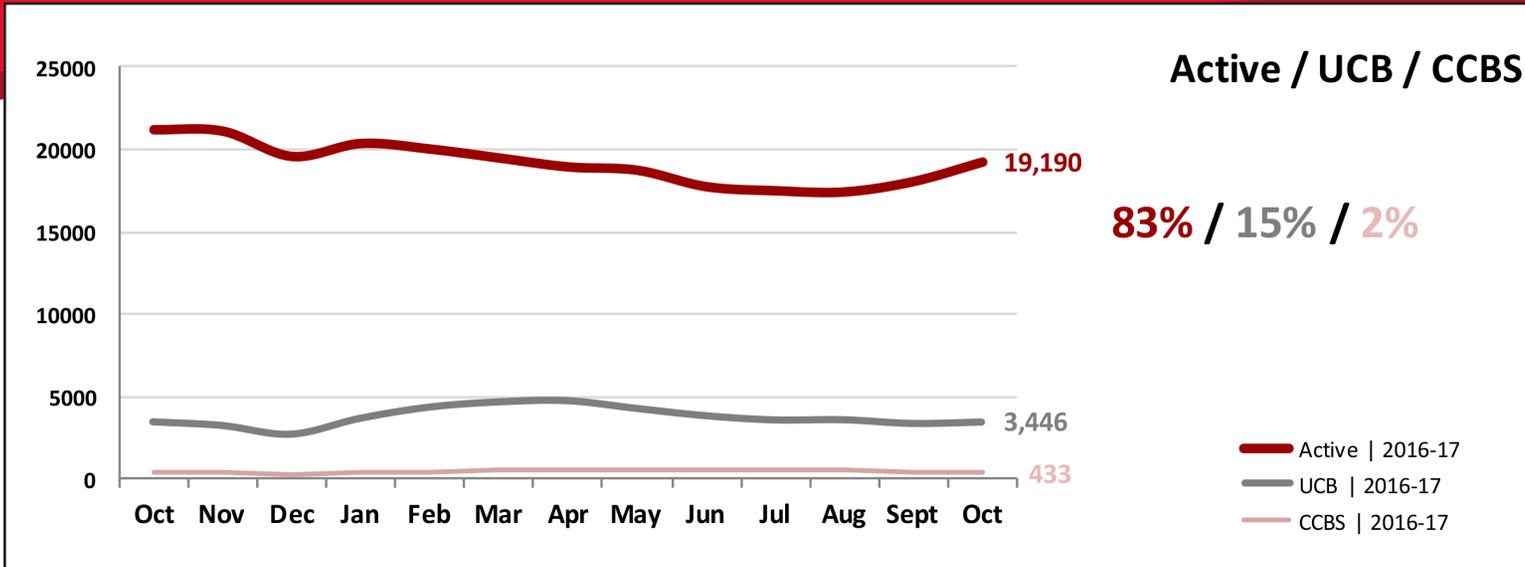
New inventory is up 4.0% month-over-month while the year-over-year comparison shows a decrease of -0.2%.

New MLS listings that were active for at least one day from 10/1/2017 to 10/31/2017, 0 day DOM sales removed



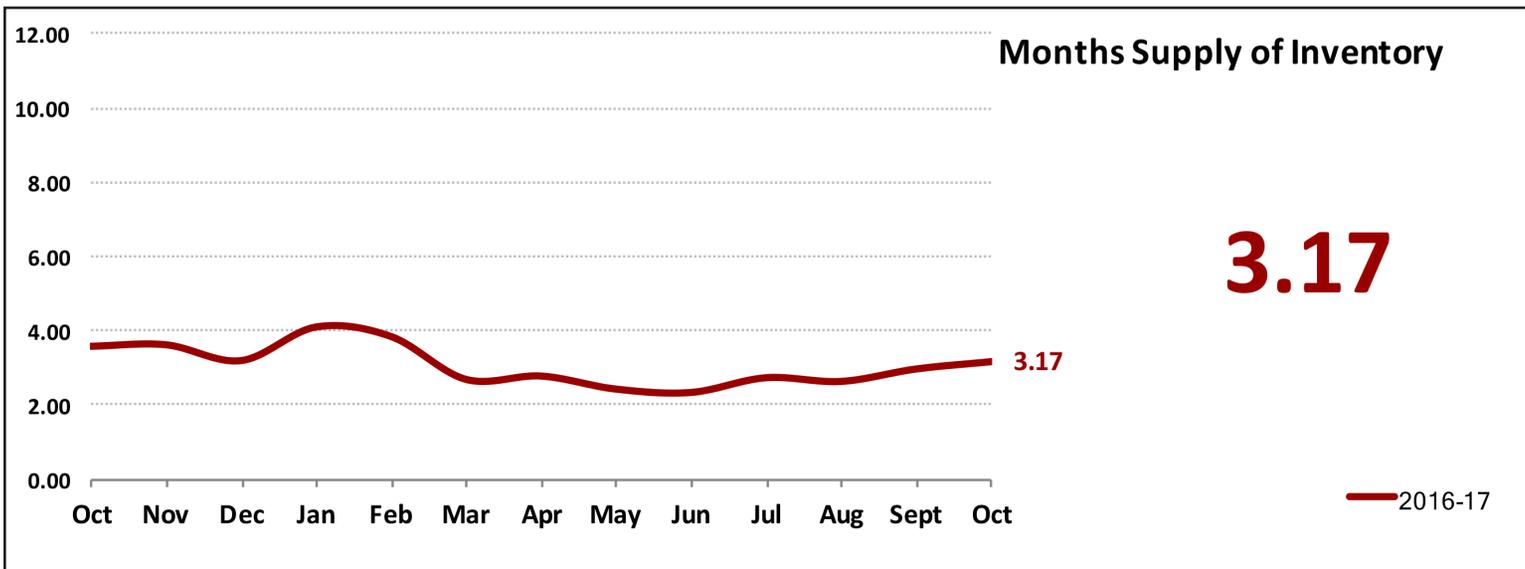
Total inventory has a month-over-month increase of +5.7% while year-over-year reflects a decrease of -7.9%.

Snapshot of statuses on 10/31/2017



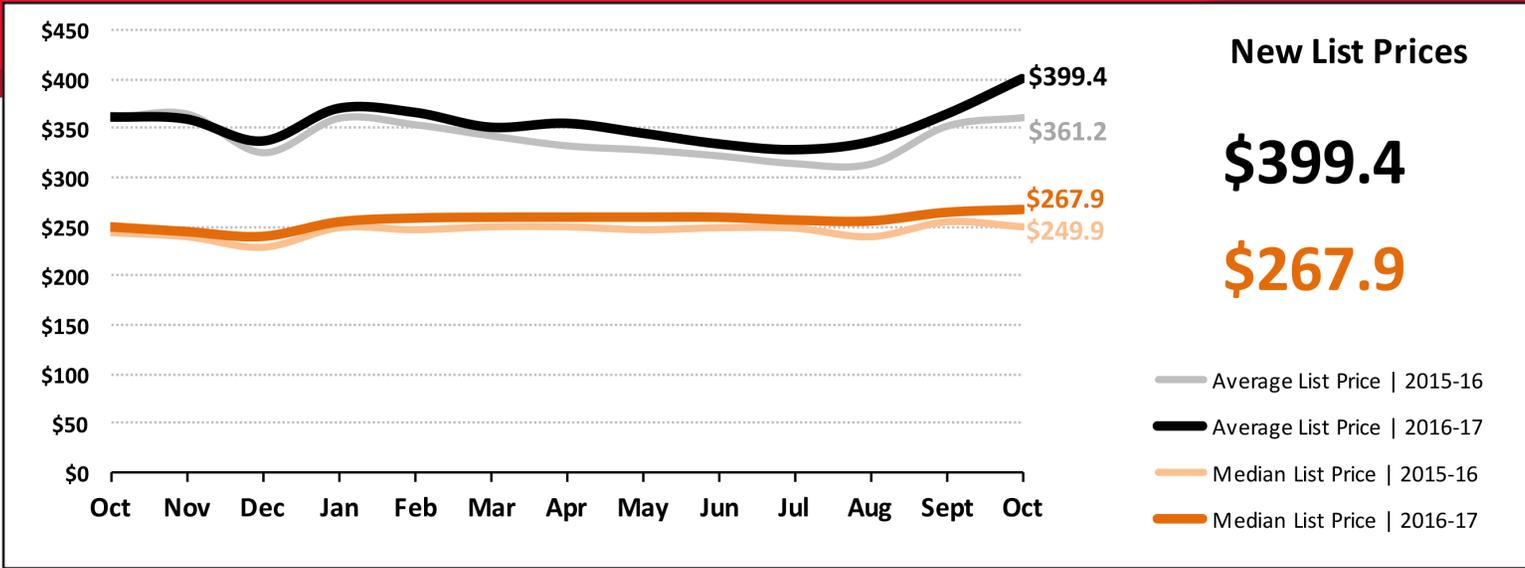
September UCB listings percent of total inventory was +14.9% with September CCBS listings at +1.9% of total inventory.

Snapshot of statuses on 10/31/2017



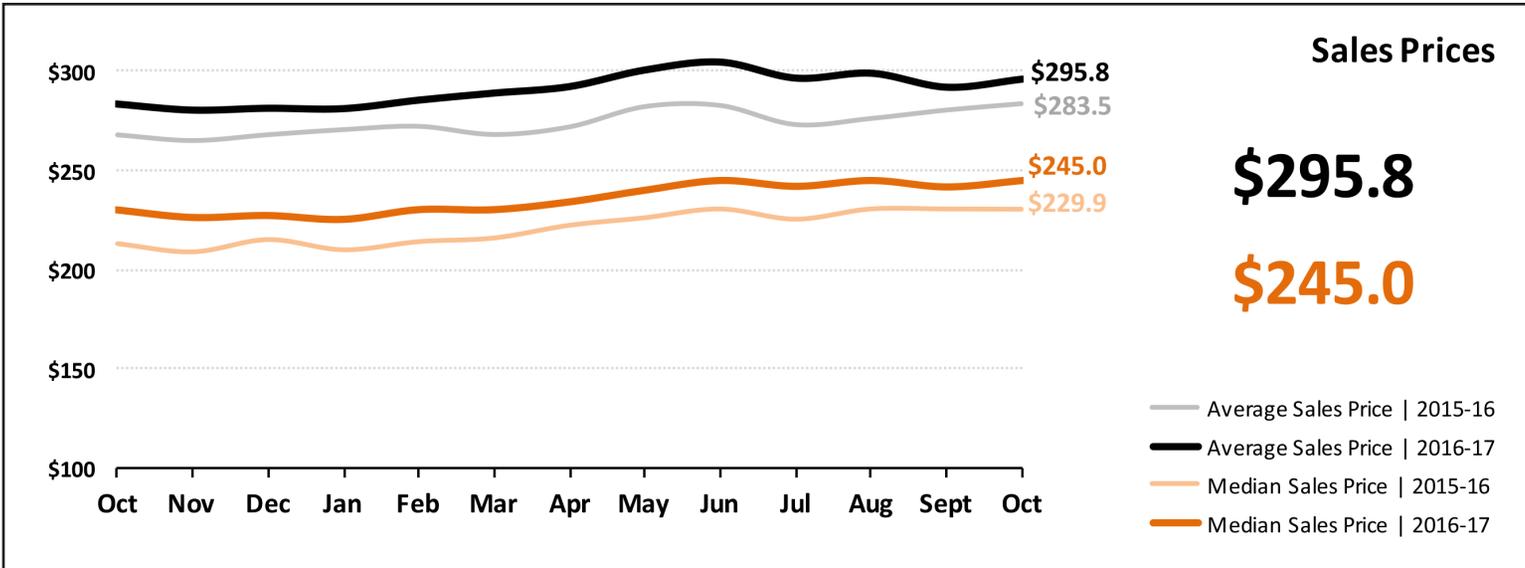
Months supply of inventory for September was 2.98 with October at 3.17.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of OCTOBER 2017, 0 day DOM sales removed



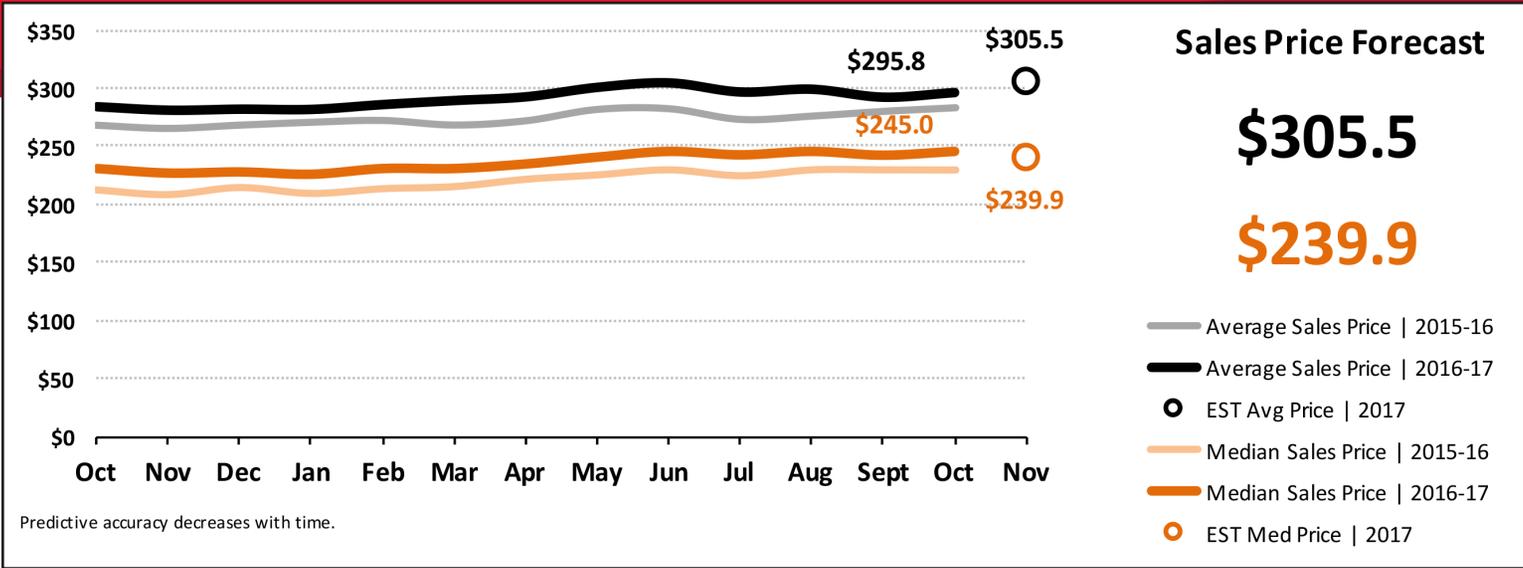
Average new list prices are up +10.6% year-over-year. The year-over-year median is up +7.2%.

List prices of new listings with list dates from 10/1/2017 to 10/31/2017, 0 day DOM sales removed



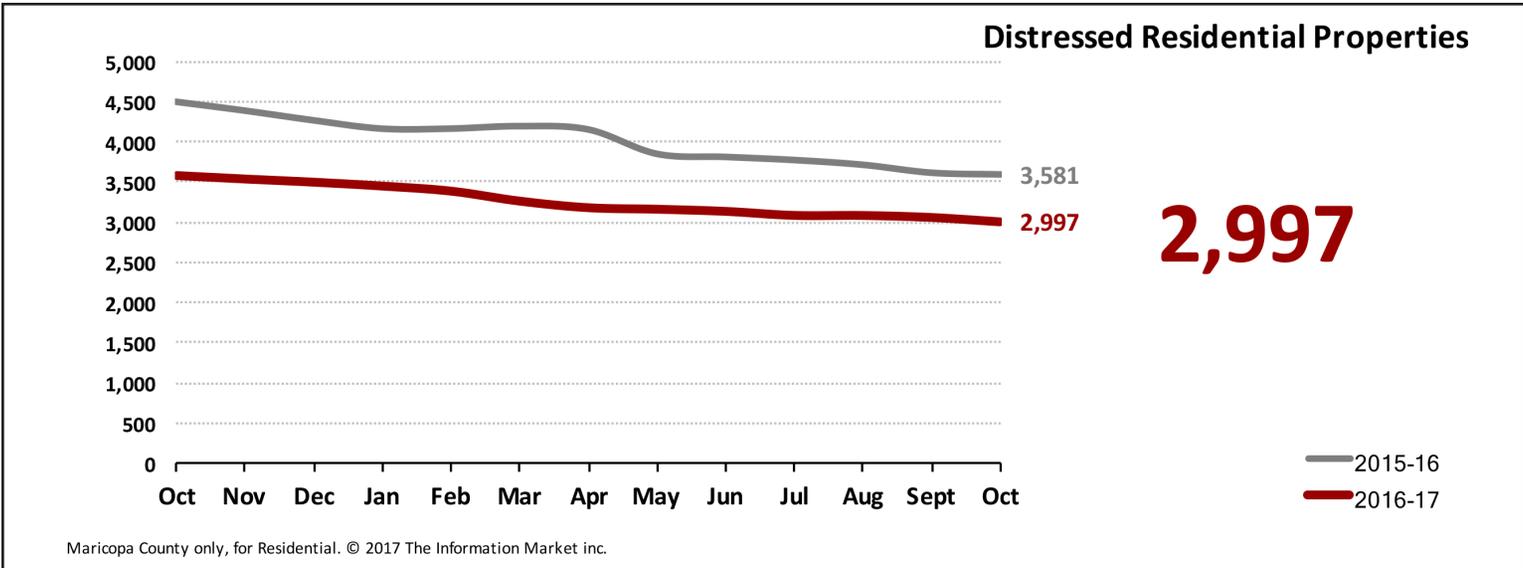
The average sales price is up +4.3% year-over-year while the year-over-year median sales price is also up +6.6%.

MLS sales prices for closed listings with a close of escrow date from 10/1/2017 to 10/31/2017, 0 day DOM sales removed



A slight increase is forecasted for average sales price while October had a decrease in median sales price.

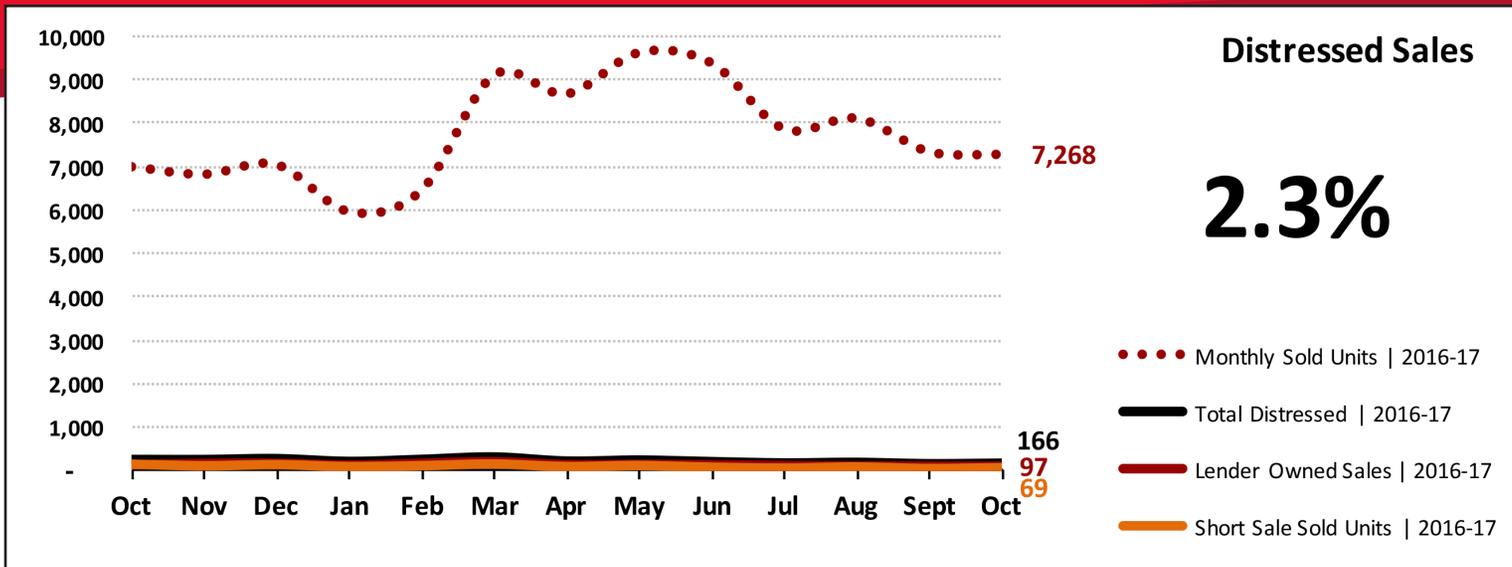
ARMLS proprietary predictive model forecast, 0 day DOM sales removed



Foreclosures pending month-over-month showed a decrease of -1.8% while the year-over-year figure was down -16.3%.

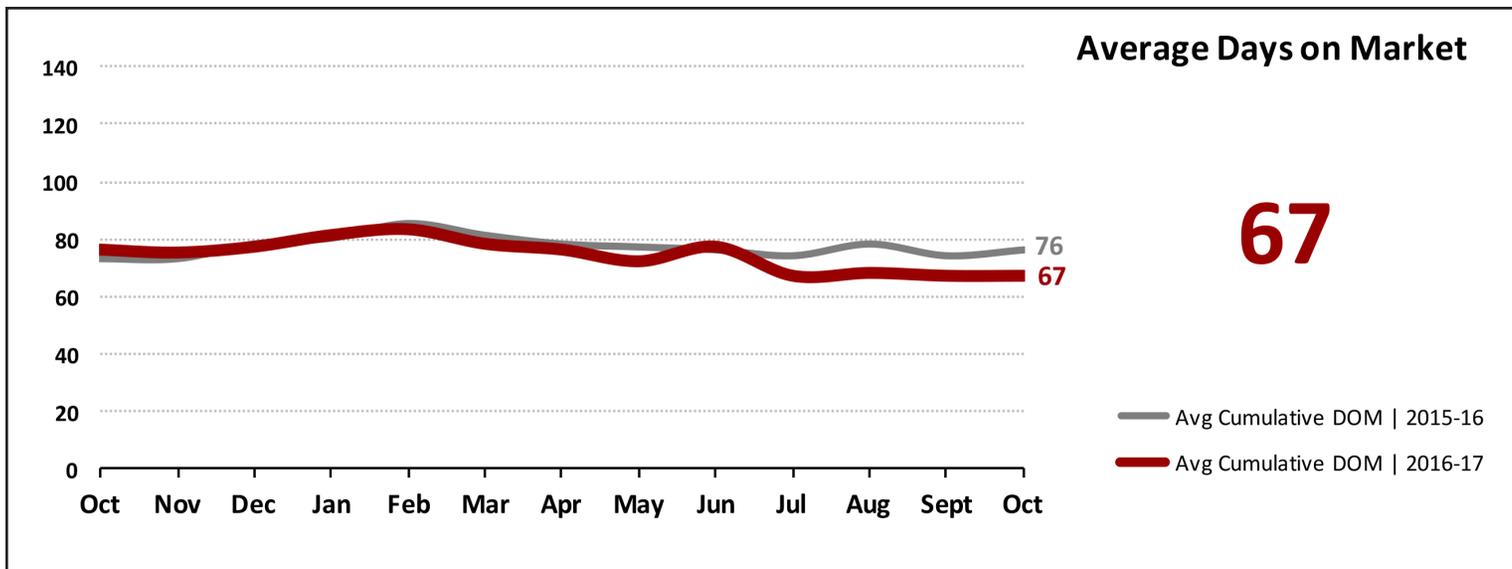
Maricopa County only, for Residential. © 2017 The Information Market inc.

Snapshot of public records data on 10/31/2017 active residential notices and residential REO properties. Note: this graph was adjusted as total foreclosure counts were under reported for the last 16 months.



Distressed sales accounted for 2.3% of total sales, down from the previous month of 2.1%. Short sales dropped -45.7% year-over-year. Lender owned sales dropped -21.1% year-over-year.

New MLS listings that were active for at least one day from 10/1/2017 to 10/31/2017, 0 day DOM sales removed



Days on market were down -9 days year-over-year while month-over-month remained the same.

MLS sales prices for closed listings with a close of escrow date from 10/1/2017 to 10/31/2017, 0 day DOM sales removed

We're now entering the holiday season, which means over the next four months our monthly sales volume will drop to the lowest numbers of the year. Historically, our lowest sales volume occurs in November, January and February. We should see an uptick in December as year-end tax strategies come into play, but overall, we're officially entering our slow season. While our supply of active listings increased in October, the overall listings are 7.9% lower than a year ago. This is characterized by too few homes for sale at the low range and too many for sale at the top. As a result, prices continue to rise quickly at the bottom of our market while dropping slightly at the high end.

The agent comments in Credit Suisse's October 2017 Monthly Survey of Real Estate Agents tell the tale of the tape:

"Low inventory of affordable houses."

"Lull before winter visitors arrive."

"Buyers taking a break to see if a better selection arrives on the market."

"Improvement in the Arizona economy."

The Cromford Report

There have been numerous articles written over the past week about the new tax implications. In his daily observations from November 6th, Michael Orr of the Cromford Report shared his take on the tax adjustment.

“The Mortgage Interest Deduction is not as important as many in the housing industry believe. It only comes into play for taxpayers who itemize their deductions and for many people the standard deduction is already larger than the total of their itemized deductions. With the proposed tax changes under review in 2017, the standard deduction will increase while many other deductions will be reduced. This will mean the Mortgage Interest Deduction will become irrelevant except to a very small percentage of home owners in Arizona. Only filers with incomes well over \$200,000 are likely to find it worthwhile to itemize their deductions. Needless to say, this is a lot higher than the typical income level to be found across Greater Phoenix.”

“The limit on the size of the mortgage for which mortgage interest can be deducted is proposed to fall from \$1,000,000 to \$500,000 and property tax deductions will be limited to \$10,000. In California these limits may look rather low, but in Arizona there are few people who will be affected. This is because our property taxes are much lower than California and our average mortgage is much smaller too.”

“The net effect of the proposed tax changes will be to lessen the tax advantages of home ownership versus home rental. This could divert some demand away from homes for sale towards homes for rent. Neither type of home is easy to find in affordable form in the Phoenix area right now, though expensive homes are easy to find for both rent and purchase. It also means the tax proposals will be unpopular with real estate agents, who much prefer people to buy rather than rent. This is confirmed by the strong opposition to the tax reforms voiced by the National Association of REALTORS®”

“Another thing that agents will dislike is the new incentive created for high end homeowners not to sell their home. Existing mortgages will have their interest deductibility preserved but any new mortgage will be under the new rules. The national mobility is rather low at the moment, so this tax change will probably reduce mobility further, especially at the high end. On the other hand, people involved in re-modelling and renovating will be pleased about the changes, as owners decide to stay with their existing mortgage and update their home instead.

“From a builder’s perspective, they too prefer incentives to buy rather than rent, so most are in opposition to the tax proposals. However, it will be high end builders like Toll Brothers and those with a greater exposure to expensive markets on the coast who will be most negatively affected. The Arizona market will feel very minor effects in comparison and the low and mid-range demand for new homes is likely to remain intact.

“Those involved in rentals will love the changes because rental demand will get a boost. Doubling the standard deduction will give most filers the tax benefit of owning a home without the bother of having to a purchase one. The likely increase to their take-home pay will probably make it easier for tenants to pay their rent on time and agree to the rent increases that landlords love to impose. The tax changes are therefore friendly to landlords and real estate investors.”

Numbers from Maricopa County public records in 2017 echo these sentiments:

- 90% of the homes purchased in Maricopa County are less than \$482,000
- 77% of all homes purchased had a mortgage
- Less than 3% of the homes purchased had a mortgage greater than \$500,000

My personal sentiments align with Joseph Callaway in a recent [azcentral article](#), “It has been a long time since we had a buyer say that they were buying a home for the tax deduction on interest,” he said. “If tax reforms bring more prosperity to people, then home ownership and demand will go up.” And I might add, a tax change that negatively impacts California might bring positive economic gains to Arizona.

It should be noted the tax-reform bill hasn’t passed yet, and more changes will come as Congress sifts through the proposal. As is most often the case, it’s difficult to anticipate the true ramifications of changes within the tax code, and at this early stage, we’re only guessing.

The ARMLS Pending Price Index (PPI)

Last month STAT projected a median sales price for August of \$245,000. The actual median sales price was \$245,000, making our projection spot on. We had projected home closings would exceed the 2016 total of 6,981. The final sales volume was 7,268. Remember, there was one more business day in October 2017 than October 2016, making our 4.1% increase a bit more modest. Looking ahead to November, the ARMLS Pending Price Index anticipates the median sales price will be \$239,900. It’s not unusual for the median sales price to wobble in the fall months with seasonal patterns in place. Our median sales price for October matched its high watermark for the year.

Sales volume for the first 10 months of 2017 was 6.5% higher than 2016, with 79,743 sales in 2017 compared to 74,873 in 2016. Like October, we enter November with fewer residential listings practically under contract. We begin November with 5,589 pending contracts, 3,446 UCB listings and 433 CCBS listings, giving us a total of 9,468 residential listings practically under contract. This compares to 9,888 of the same type of listings one year ago. Even with fewer “pending” listings this year compared to last, I expect November sales to be comparable to the 2016 volume. ARMLS reported 6,804 sales in November of 2016.