

DECEMBER 2019 Phoenix Real Estate Update

The Empowered Team, LLC
Real Estate For Today



Jeff Gerber

ABR®, GRI®, SRES® REALTOR®



Hello Everyone,

Here's hoping you had a good Thanksgiving Holiday and the weather didn't hinder your plans. In Phoenix, we complained about the cold (high 50's to low 60's) temperatures with cloudy skies and lots of rain on Thanksgiving night. If you were outside of The Valley for Thanksgiving, I'll bet you're shaking your head in amazement of what's harsh to us desert dwellers. You're also right in thinking I wish I were there 'suffering' with that weather. I know how you can solve that problem!

Our Phoenix Real Estate market continues to hum along. Our inventory of properties for sale continues to be limited. Inventory is down 15% from 2018. Prices continue to inch up. List and Sale prices are up 5 – 6% from last year. 2019 looks like it will have a total \$ sales of just under \$33 billion. That's up about \$1.3B from last year and will surpass 2005's all time high of about \$30.3 billion. Most "Experts" are projecting 2020 to be as good or likely a bit better. The "Experts" seem to think that prices will rise modestly, mortgage interest rates (currently about 3.75% to 4%) to stay about the same or even decline slightly through 2020 and even into 2021. We received word earlier this week that the Freddie Mac & Fannie Mae 'Conforming Loan' limits are now set at \$10,480 (up from \$484,350) for single family homes. That gives more Conventional and VA loan Buyers bigger buying power without needing to enter the 'Jumbo loan' market. FHA loan limits are also expected to rise similarly when they are announced in December. All of the 2020 market predictions are hedging their bet on better global trade relations and tariff agreements being reached as well as no major conflicts erupting. I've read a number of the 'Experts' repeat an axiom that I learned many years ago. They say to expect to see a sales (including real estate) increase in an election year and into the year after the actual election. Our country has followed this pattern in most every election year except 2004 – 2008. Affordability (or, if you will average wages) will also be a deciding factor on the Real Estate market. Phoenix should fare especially well, versus much of the country, due to continued job growth. We've been at or near the top of US job growth for the past couple of years and signs point to that continuing. The cost of housing, jobs and the cost of housing continue to make Phoenix/AZ very attractive to CA residents unhappy with what's happening there. They continue to exit CA and head either East or, to a slightly lesser degree, North. Bottom line...interesting times ahead!

As I reflect on 2019 and think ahead to 2025, I find I have much to be happy and thankful about. I'm especially happy and thankful to have had the opportunity to meet you, in some cases to work for you as you bought or sold a home. I'm also so pleased to others for giving me the opportunity to share my Phoenix Real Estate market knowledge in my nearly 17 years as a Realtor in The Valley when you're thinking of buying or selling a home, be it a snowbird, investment or full-time, here. My biggest joy comes when I get to work for you a second (or more) time and when you think enough of me to refer a potential Buyer or Seller to me! Whatever category you fall into, THANK YOU and please accept my sincere wish for a Happy Holiday Season and a healthy and great 2020!

The Empowered Team LLC
3370 N Hayden Rd – Ste 123-119
Scottsdale, AZ 85251
[AZ License# SA54012200](#)

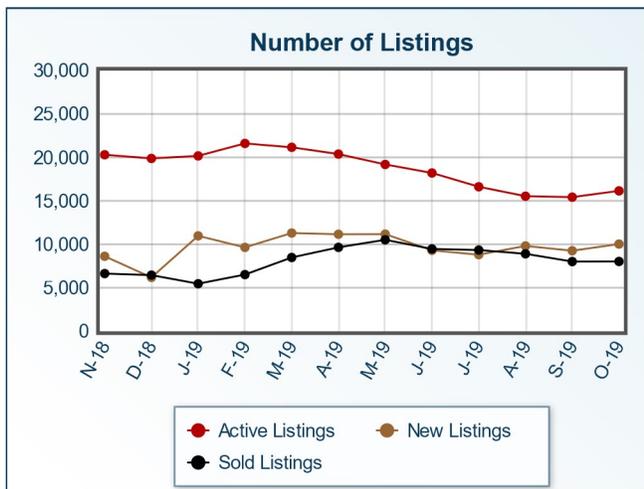
Till next time,

JS Gerber
11/29/2019

Contact me anytime:
602-330-7272 – Cell
877-824-7272 – Fax
jeff@jeffgerberrealtor.com
www.jeffgerberrealtor.com

Market Summary

Residential, October 2019





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

Happy Holidays! As the year comes to a close, take a moment to reflect on your triumphs over the last twelve months and prepare for a promising future.



Looking to buy a new home? Now is the time to make the move! Of course, investing in a new home is more than just a financial decision—the pride that comes with homeownership is truly priceless.

I recommend including an Old Republic Home Warranty Plan to all my clients, whether they're buying or selling. 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—before, during, and after the sale. Optional coverage choices are available for buyers to custom-fit the warranty to the unique needs of their new home.

OLD REPUBLIC HOME PROTECTION

People Helping People

Safeguard your American dream
with a home warranty!



Visit www.orhp.com or talk to your real estate professional to learn more.

A confident referral is one of the best gifts an agent can receive. Send your friends, family, and colleagues my way—I'm happy to answer all their real estate questions.



Health & Safety

Travel Safety Tips

The world contains countless treasures waiting to be discovered, but traveling—particularly out of the country—does come with a few risks. The following tips can make travel a bit safer, so you can relax and enjoy your adventures.

Choose the right floor – When staying at a hotel or a motel, avoid booking rooms on the ground floor—it provides criminals easier access. On the other hand, rooms above the sixth floor may be difficult to reach with fire engine ladders, so avoid rooms that are too high in the sky.

Money matters – Lonely Planet recommends storing cash and credit cards in different places, rather than storing everything in your wallet or purse. If you get pick-pocketed, you don't want to find yourself penniless in a foreign land with no credit card!

Store vital documents – keep copies of passports, travel visas, and travel insurance paperwork online so you can access them from anywhere. Email photos of vital documents to yourself before you leave, and take screenshots of them for easy offline access. Store sensitive documents on a secure, cloud-based server that encrypts your files.



Real Estate Today

Take Better Listing Photos

A picture is worth a thousand words, especially to home buyers researching homes online. Making a good impression with your listing photos is key to selling your home for top dollar! Use the following tips to make your home shine:

Open the blinds – natural light makes a room look bright, spacious, and welcoming. Choose a sunny day to photograph the interior of your home. Overcast skies are better for exterior shots to eliminate sharp contrast and shadows.

Mind your angles – try to showcase as much of each room as possible. Include at least three walls in each photo. Hold the camera at chest height and shoot straight into the room. Avoid weird angles and lenses as they can distort photos.

Be honest – don't use photos to mislead potential buyers. Remember, buyers are going to visit your home at some point. It might disappoint them to see that your wide-angle photos made your home seem much larger than it is in person.



2 sticks salted butter, chilled

1 cup granulated sugar

1 whole vanilla bean or

1 tsp vanilla extract

2 large eggs, used separately

2 cups all-purpose flour

1 tsp water

1 cup sanding sugar

1 3-inch round cookie cutter

1 1.5-inch round cookie cutter

Cut butter into pieces and mix with granulated sugar in a large bowl. Add vanilla. Using an electric mixer, beat on high until mixture is light and fluffy. Beat in 1 egg. Reduce speed to low and add flour.

Form dough into a flat 3/4" thick disk. Cover with plastic wrap and chill until firm, about 2 hours.

Preheat oven to 350°F.

Remove dough from refrigerator and let it sit to soften. Roll dough to about 1/4" thick. Using large cutter, punch out rounds. Cut out centers with smaller cutter and place on a parchment-lined baking sheet about an inch apart.

Beat remaining egg with water to make an egg wash. Brush cookies with wash and sprinkle with sanding sugar. Freeze 10 minutes.

Bake until edges are golden brown, about 10-15 minutes. Cool on wire racks and serve.



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

How to Be a Good Houseguest

You'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 in their home. Put your best foot forward with these tips:

- Stick to the agreed-upon arrival and departure dates.
 - Show your appreciation when you arrive by bringing the host a gift.
 - Help with the cleaning and cooking. While you don't need to "earn your keep," your host will appreciate an offer to help out around the house.
 - Offer to pay for gas and other expenses incurred by the host as a result of your visit.
 - Treat your host to a nice meal, or offer to buy groceries and cook one night during your stay.
 - 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 a little effort on your part, you can ensure that you'll be a welcome houseguest the next time you're visiting your host's neck of the woods.

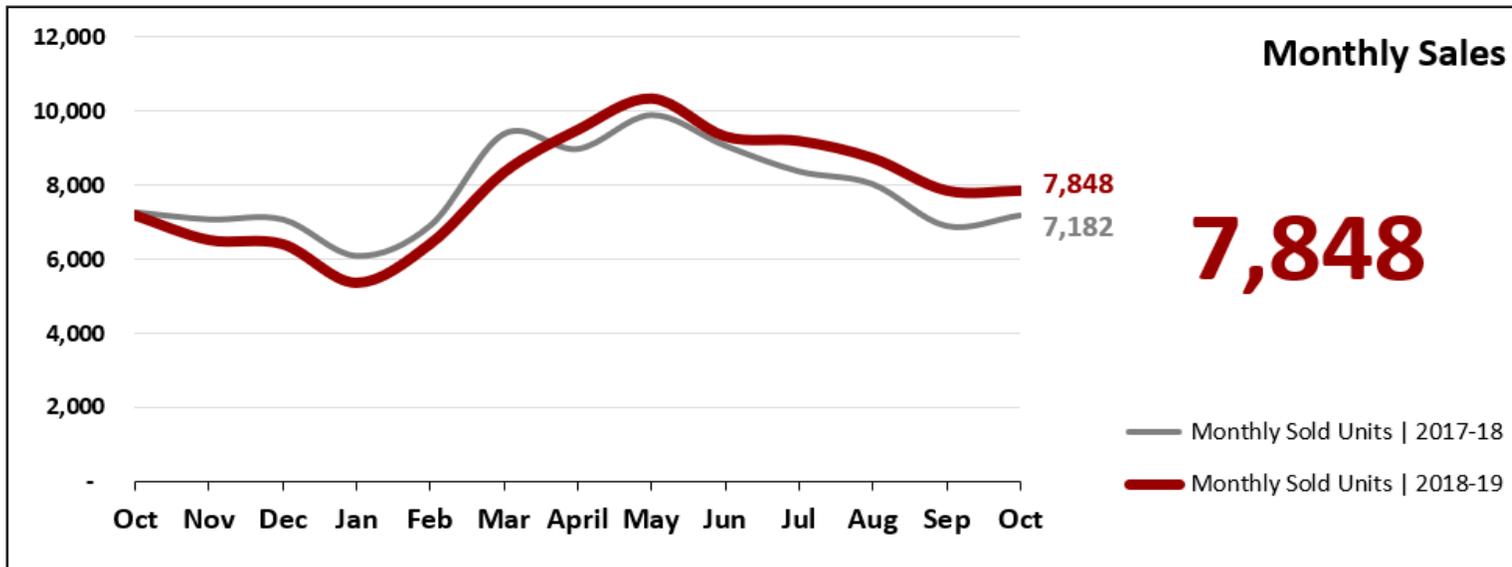


STAT

Your Monthly Statistics for the Phoenix Metro Area

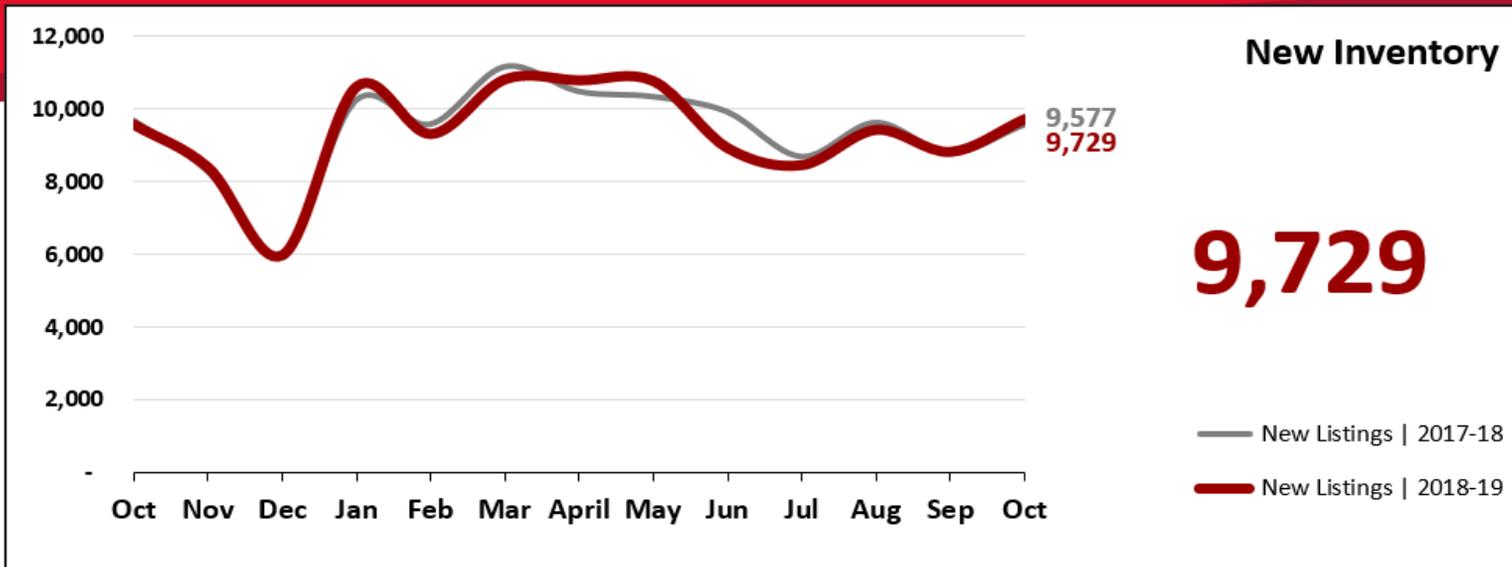


DATA FOR OCTOBER 2019 - Published November 19, 2019



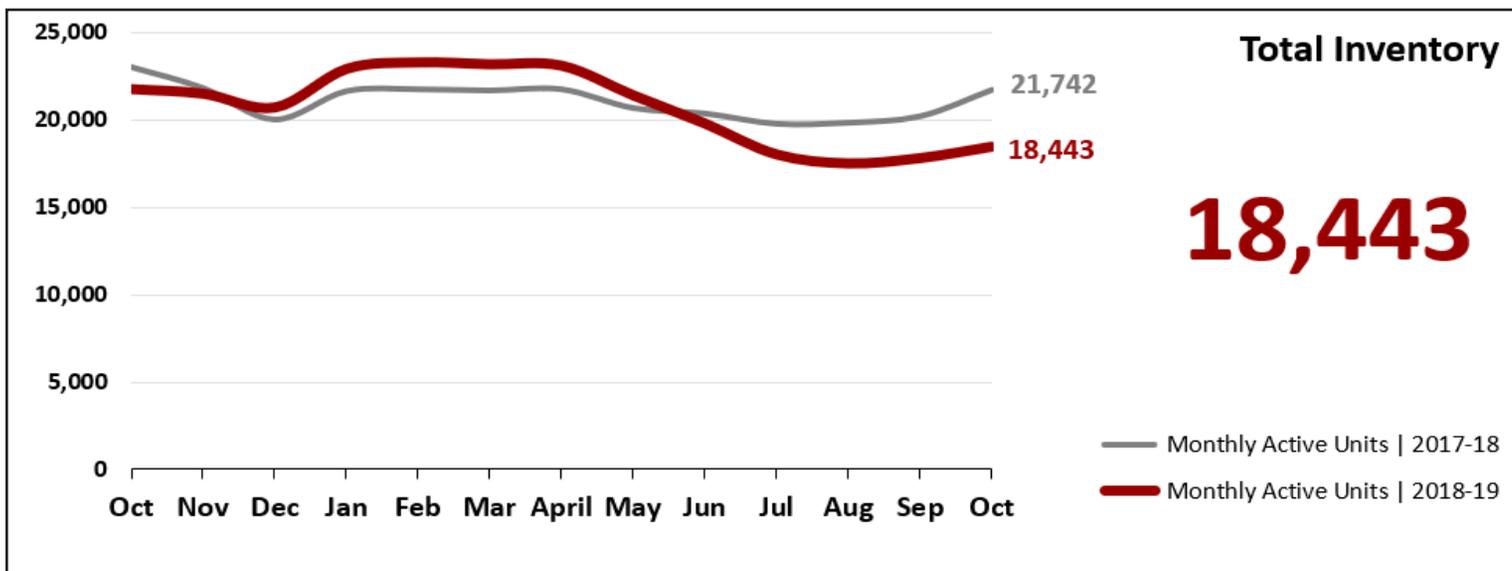
Sales have 0% change month-over-month. The year-over-year comparison is up +9.3%.

Closed MLS sales with a close of escrow date from 10/1/2019 to 10/31/2019, 0 day DOM sales removed



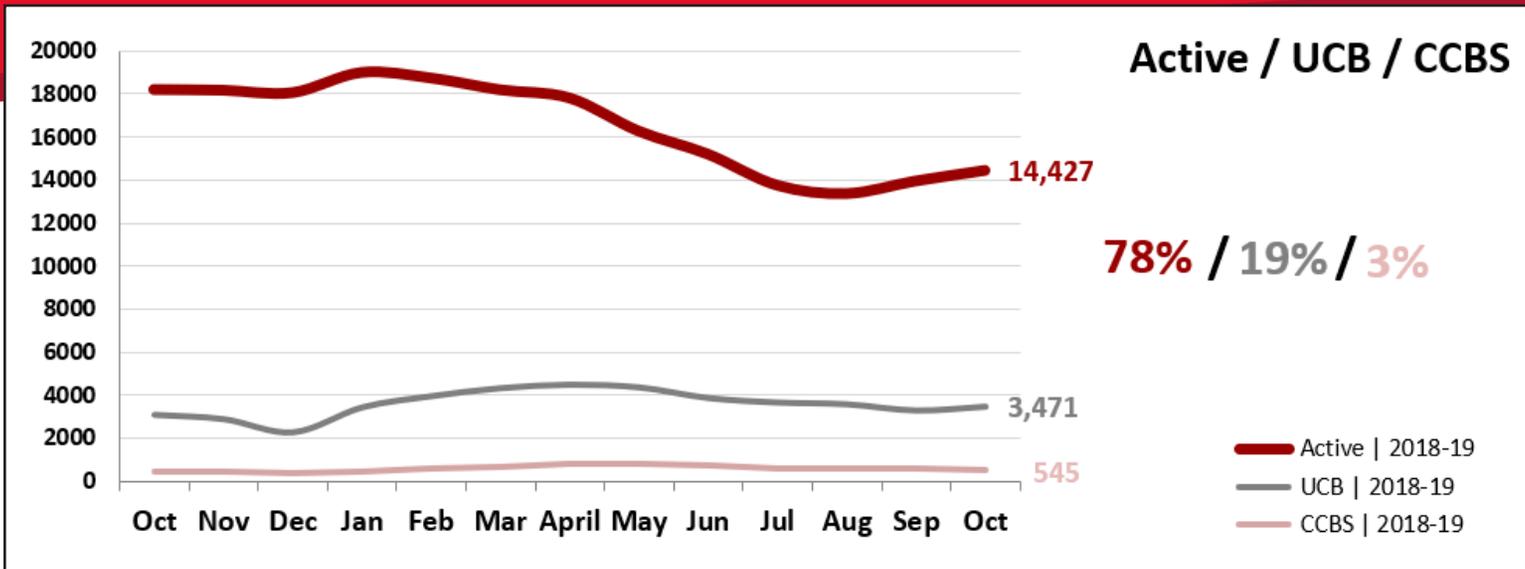
New inventory is up +10.2% month-over-month while the year-over-year comparison increased by +1.6%.

New MLS listings that were active for at least one day from 10/1/2019 to 10/31/2019, 0 day DOM sales removed



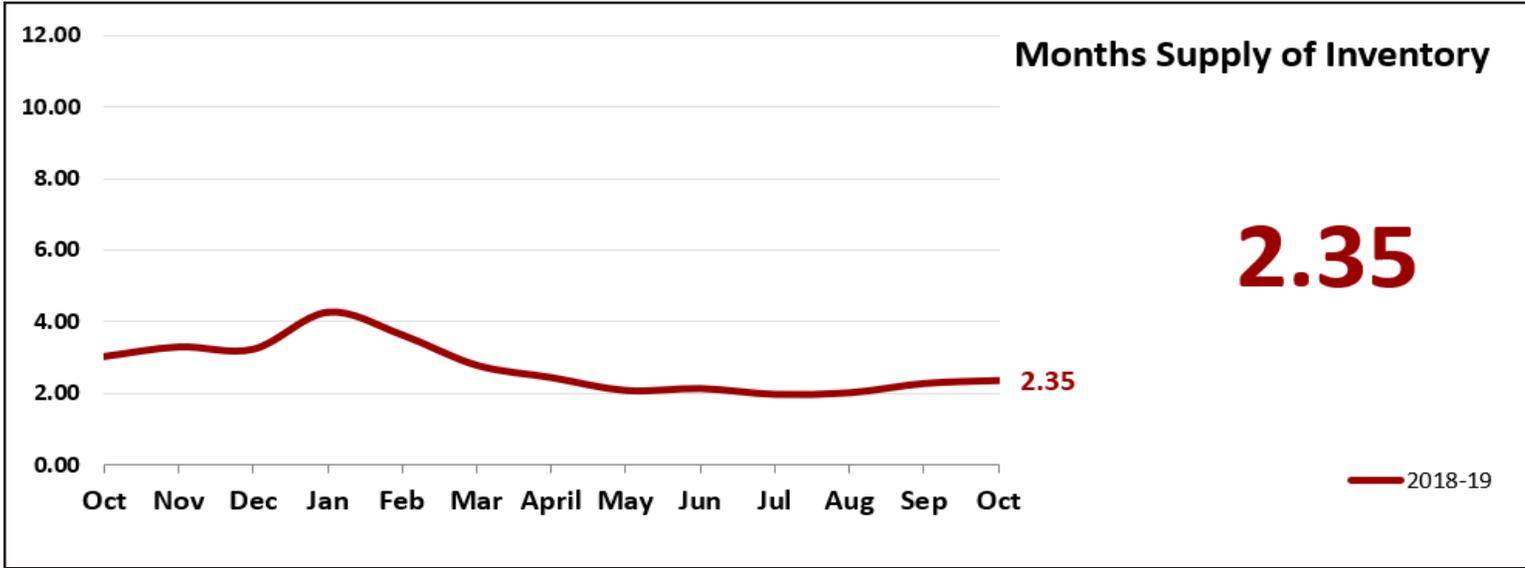
Total inventory has a month-over-month increase of +3.7% while year-over-year reflects a decrease of -15.2%.

Snapshot of statuses on 10/31/2019



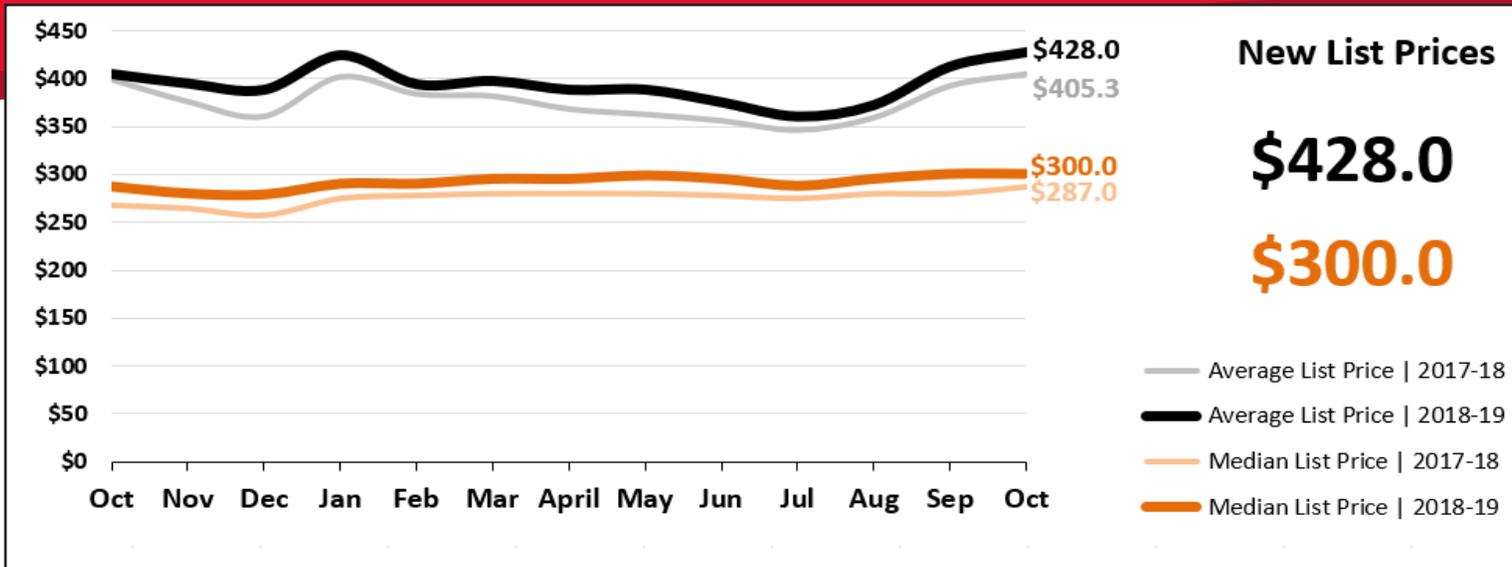
October UCB listings percent of total inventory was 18.8% with October CCBS listings at 3.0% of total inventory.

Snapshot of statuses on 10/31/2019



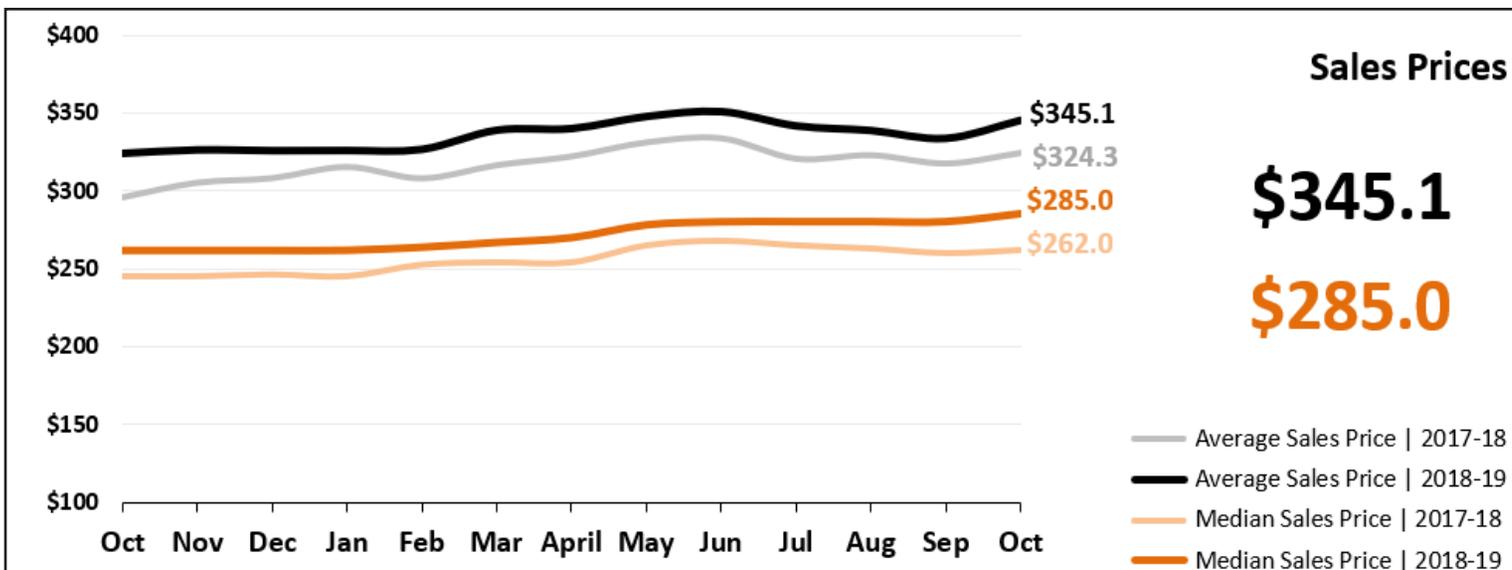
Months supply of inventory for September was 2.27 with October at 2.35.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of OCTOBER 2019, 0 day DOM sales removed



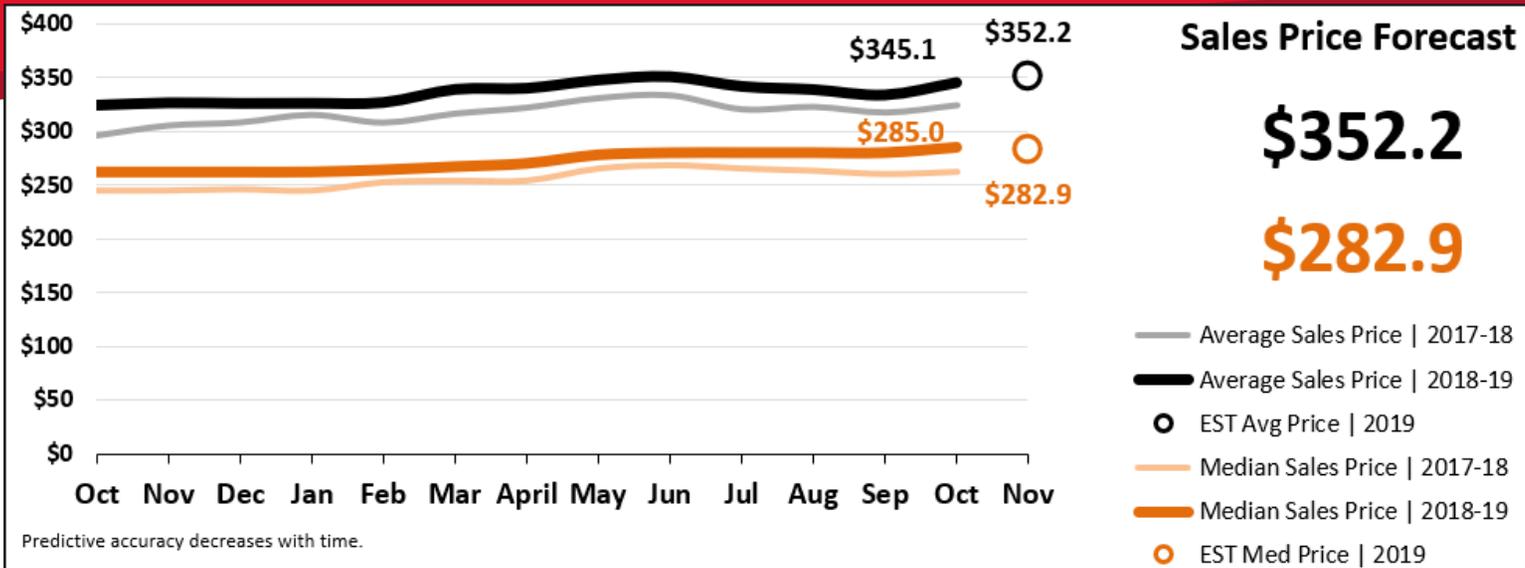
Average new list prices are up +5.6% year-over-year. The year-over-year median is up +4.5%.

List prices of new listings with list dates from 10/1/2019 to 10/31/2019, 0 day DOM sales removed



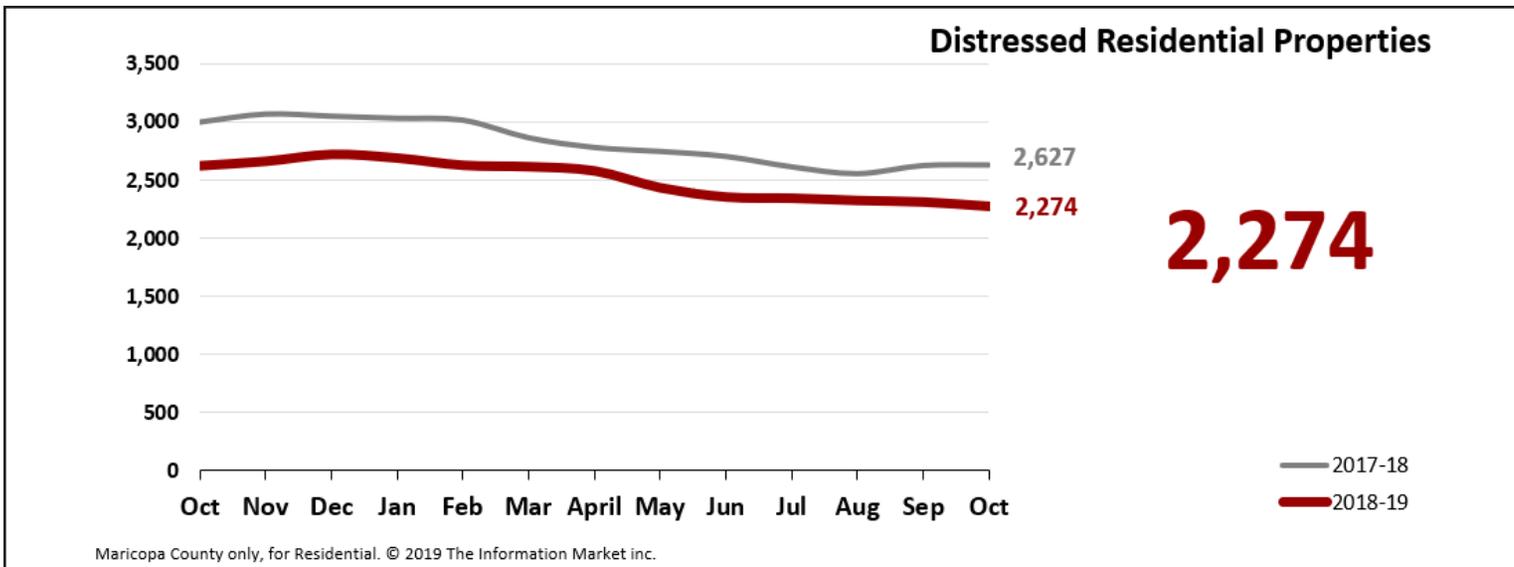
The average sales price is up +6.4% year-over-year while the year-over-year median sales price is also up +8.8%.

MLS sales prices for closed listings with a close of escrow date from 10/1/2019 to 10/31/2019, 0 day DOM sales removed



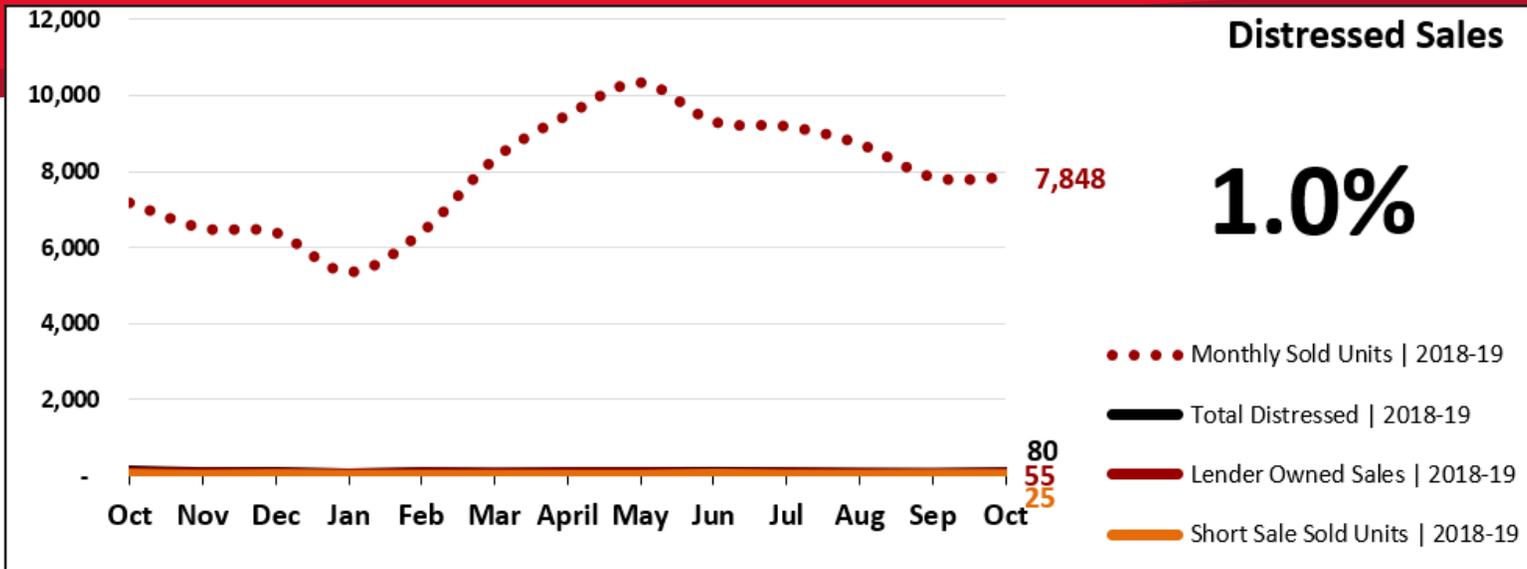
ARMLS proprietary predictive model forecast, 0 day DOM sales removed

An increase is forecasted in November for average sale prices while a slight decrease is forecasted for median sales prices.



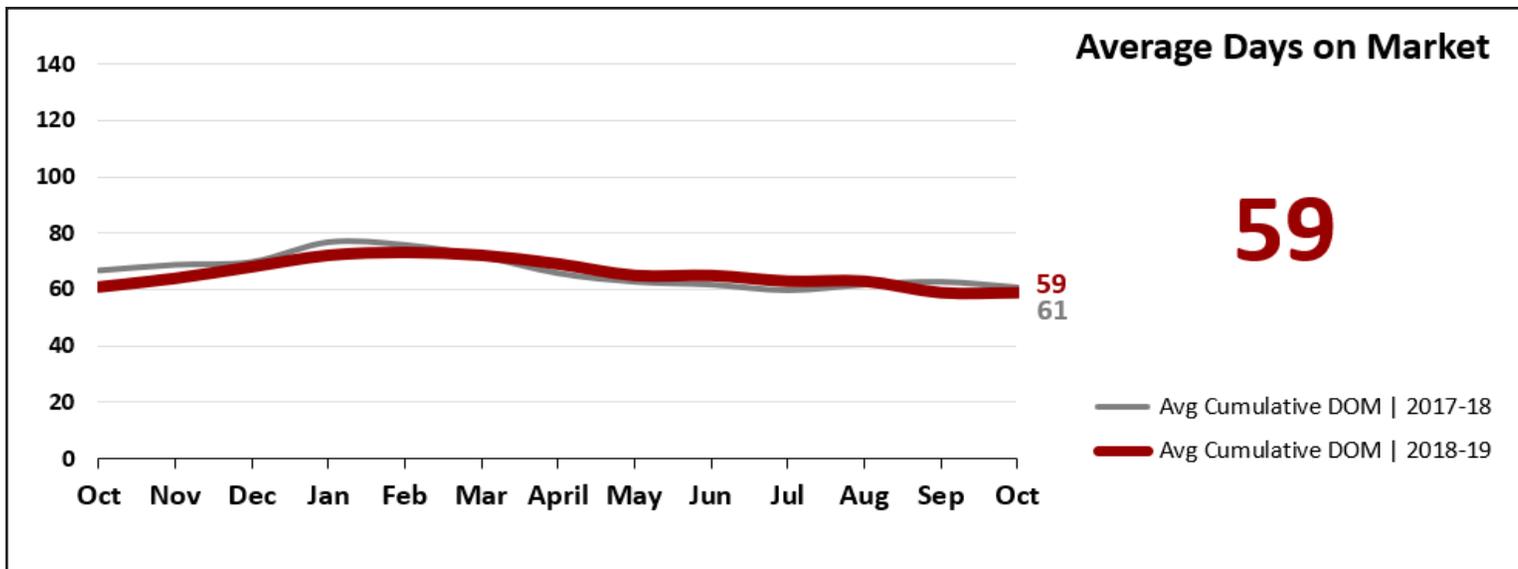
Snapshot of public records data on 10/31/2019 active residential notices and residential REO properties.

Foreclosures pending month-over-month showed a decrease of -1.6% while the year-over-year figure was down -13.4%.



Distressed sales accounted for 1.0% of total sales, up from the previous month of 0.8%. Short sales dropped -13.8% year-over-year. Lender owned sales dropped -35.3% year-over-year.

New MLS listings that were active for at least one day from 10/1/2019 to 10/31/2019, 0 day DOM sales removed



Days on market were down -2 days year-over-year while month-over-month stayed the same.

MLS sales prices for closed listings with a close of escrow date from 10/1/2019 to 10/31/2019, 0 day DOM sales removed

COMMENTARY by Tom Ruff

Just back from the NAR convention in San Francisco, and my oh my how the city has changed. The once bohemian/hippie mecca now lays claim to the most expensive housing in the West with a median home price of \$1.4 million. At the gas pump, prices are \$5 a gallon. Even the language has changed. The Berkeley City Council has voted unanimously to revise the city municipal code with gender-neutral language. A manhole is now known as a maintenance hole and manpower is now human effort. Just an observation, but officials there need to summon all the human effort they can to resolve their very visible housing inequities.

At the convention, Lawrence Yun, the NAR chief economist, described San Francisco as a city of haves and have nots using the example of two schoolteachers, one who purchased a median price home in 2000 for \$400,000 and the other who chose to rent. The homeowner is now a millionaire and the renter is paying \$3,700 per month in rent and has nothing. All because one chose to buy and the other chose to rent. This level of inequity is not conducive to a community, which explains the flood of recent articles about people fleeing not only San Francisco, but California in general. The San Francisco Bay area is second only to New York when it comes to people leaving. Why is this important to us? Arizona, specifically Phoenix metro, is one of the California migrants' top 5 destinations of choice.



What Our Data Tells Us

When we look at public records data by The Information Market for this year, we see approximately 1 in 20 homebuyers and 1 in 10 “million-dollar plus” homebuyers came from California. The median purchase price for California buyers in our market was \$325,000, well above our annual median. For the purposes of this study we viewed only homes purchased where the buyer was defined as either a single male, single female or married

couple. This was done to eliminate institutional and investor purchases.

The one metric that defines the overall success of our industry is total dollar sales volume. It's quite remarkable when we reconcile the market expectations from last October with the reality of today. Just one year ago interest rates were rising, the stock market was on the verge of a 20% drop, housing was in the doldrums and national news reports were loud and negative. With all the negative momentum, who would have believed that 2019 would account for the highest gross dollar sales volume in ARMLS history? I'm here today to say when the final numbers are counted, 2019 will beat out 2005 and rank number 1.

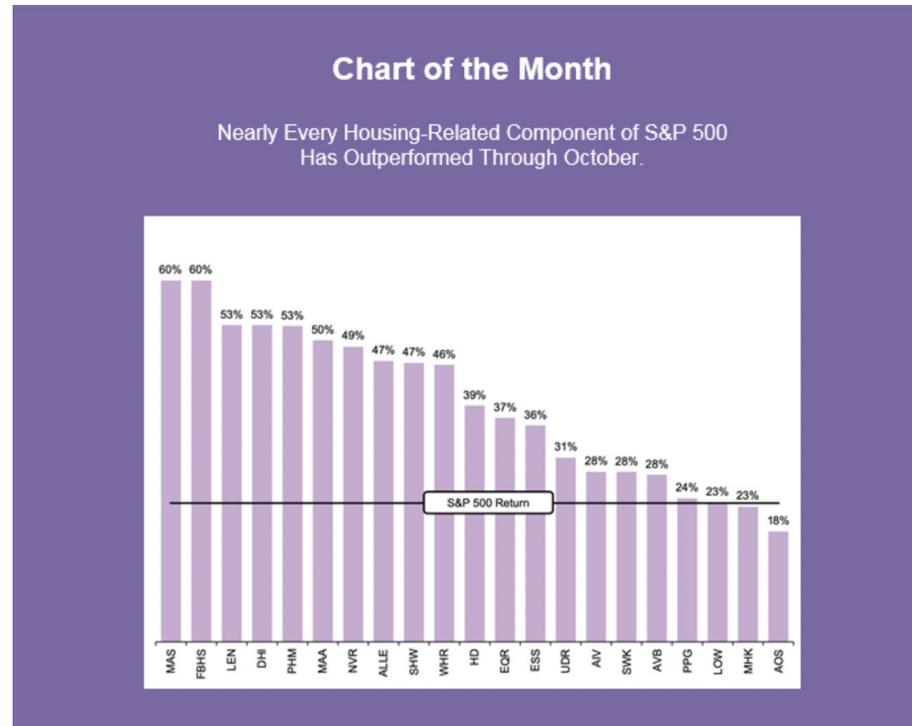
ARMLS Total Dollar Sales Volume

Year	Total:	Rank:
2001	10,834,371,300	19
2002	12,367,637,100	18
2003	15,680,897,200	15
2004	21,889,770,500	8
2005	31,372,302,800	2
2006	24,944,344,500	5
2007	18,421,325,400	11
2008	14,890,185,659	17
2009	15,890,137,513	13
2010	15,668,494,823	16
2011	15,847,141,568	14
2012	17,541,524,111	12
2013	19,948,674,781	9
2014	19,095,955,749	10
2015	22,164,926,687	7
2016	24,562,482,979	6
2017	27,797,477,106	4
2018	30,239,487,449	3
2019	32,920,087,954	1

Predictions for 2020

In almost every election year (exceptions include the anomaly that was the rise and fall of 2004-2008), we see total dollar sales volume increase significantly from the previous year. I anticipate this trend to continue in 2020. Why this happens, I'm not sure. Part of my reasoning comes from our own data. The other crystal ball I look to is Ivy Zelman. Zelman published a snapshot of housing-related components on the S&P, which shows them out-performing the standard S&P return.

Zelman and Associates Housing Stock Chart



Zelman also shares her concerns with affordability in the market.

“On the forefront of my mind recently is the extreme deficit in affordable housing. One example that our industry needs to address is the severe cost burden put on renters as they face annual rent increases ranging from 2-5%. There are housing alternatives out there and we as an industry need to do a better job educating people about the very real fact that mortgage credit is available and very reasonable. With only a 3.5% down payment, and as low as a 580 FICO score with a debt-to-income ration as high as 50% you can buy a home using a FHAVA mortgage. In many cases, renters aren’t aware of how much mortgage credit is open to help them pursue the American Dream, and instead are absorbing higher annual housing costs, which can be a difficult cycle to break out of for many young consumers.” – Ivy Zelman

The Pending Price Index

Last month the STAT mathematical model projected a median sales price for October of \$285,000. The October reported median was \$285,000. Looking ahead to November, the ARMLS Pending Price Index anticipates the median sales price will decrease, projecting a median sales price of \$282,868. It’s a common seasonal occurrence for the median sales price to wobble through the last half of the year.

We begin November with 5,934 pending contracts; 3,471 UCB listings and 545 CCBS giving us a total of 9,950 residential listings practically under contract. This compares to 8,307 of the same type of listings one year ago. At the beginning of November, the “pending” contracts are 19.8% higher than last year. There were 19 business days in November of 2018 and 18 this year. ARMLS reported 6,515 sales in November of 2018. We expect sales volume will be higher this year in the 7,100 range.