

JANUARY 2019

Real Estate Update



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

Hello Everyone,

Happy New Year! Sorry, I'm a bit late in getting this month's Newsletter written. I find myself caught up in Holiday things every year and it takes me a few days into a new year to get back on schedule. Don't know about you, but I thought 2018 rocketed by. I hope you enjoyed your Holiday Season! I can't find much to complain about on this end. Well, OK, I admit to being unhappy (and frankly confused by) with the end of the year/beginning of 2019 stock market. Hopefully things there will take on a more positive note in the year. I'm sure we are all feeling a bit of pain with our retirement and investment accounts these days.

Our Phoenix real estate market is on-track to set the second largest MLS sales volume in 2018. We'll confirm that as 100% correct when the final results are published later this month. We have seen a noticeable decrease in Buyer demand in Nov and Dec, but at least a good part of that is typical seasonal change. We continue to see investor activity, especially large volume investors, buying homes. Rising rental rates and renter demand, especially as our move in population continues at a significant rate, make that market segment attractive. Despite the 4th of the year Fed interest rate increase in mid-December, mortgage interest rates remain in that 5% neighborhood for well qualified prospective Buyers. Our market is shifting from a 'Sellers Market' to one that is more 'Neutral'. A limited inventory remains a challenge for Buyers. Our market average to sell is still about 64 days. Overall, it's a pretty good market (time) to buy or sell.

As we enter the new year, I want to say thank you to all of my past and future clients. I'm grateful for the opportunity to be at work trying to find the right property for a number of people at the moment. Some will be easy assignments, others will be more long-term searches for that "just right match" property. I could really use your help in growing my business this year. If you know of anyone thinking of buying or selling a home, especially in the Phoenix East Valley, please give them my contact information. I promise they will receive the same personal and professional service you received when I worked for you.

Regards,

JS Gerber 1/4/2019

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Real Estate For Today

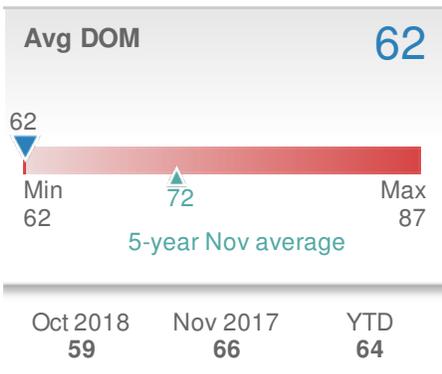
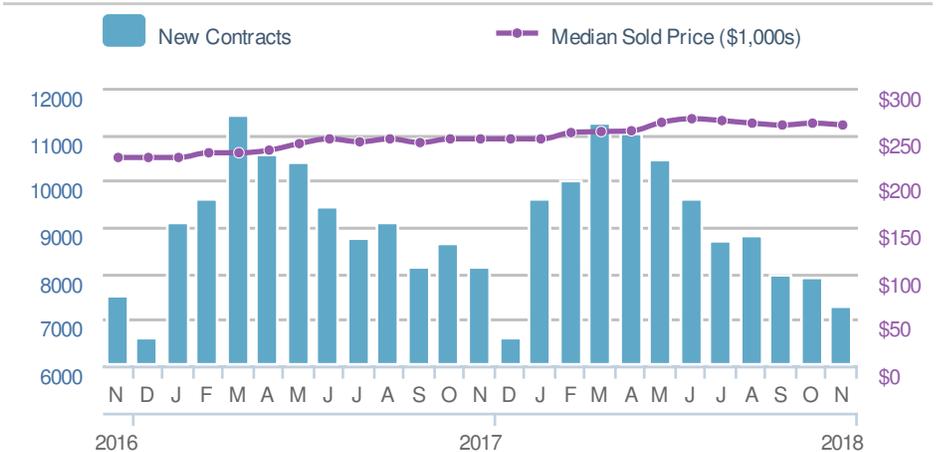
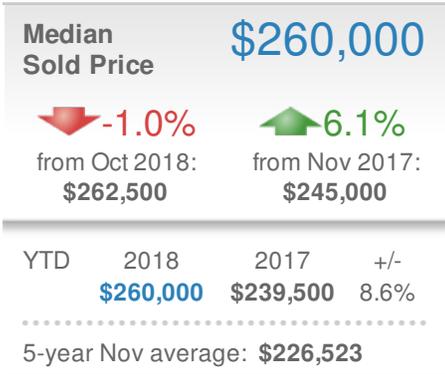


Visit my website at: www.jeffgerberrealtor.com



November 2018

Arizona Regional MLS





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Between FRIENDS

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Happy New Year! If buying a new home is on your resolutions list, I can help you find the home of your dreams!

Do you know the difference between a home warranty and homeowner's insurance?

Home warranties are service contracts that cover the failure of home systems and appliances due to normal wear and use, while **homeowner's insurance** protects the homeowner against damage or liability due to an unknown or contingent event. Both offer valuable budget protection and they can work in conjunction with each other. For example, if a covered water heater leaks under normal use and floods the home, the home warranty will repair or replace the water heater, while homeowner's insurance may cover the water damage.

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.

Buying or selling a home can be stressful. Refer your friends and family to me so they can breathe easy, with a true professional in their corner!



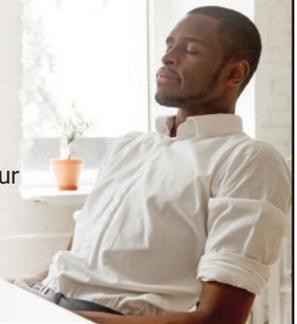
Health & Safety

Take a Brain Break

We all have those moments when we hit the proverbial wall and our brains turn to mush. Sometimes all you need is a few minutes to recharge so you can get back to your day. Here are a few ideas that may help you recharge:

- Take a walk outside. Turn your face to the sun and take deep breaths. It's amazing how fresh air, birdsong, and a mini-dose of vitamin D can help you re-center your focus.
- Watch a humorous opening monologue from your favorite late-night talk show.
- Unplug your electronic devices for a moment and snack on a handful of brain-boosting nuts or blueberries.
- Sit back, close your eyes, and daydream for a few minutes.
- Learn something new. Find a video tutorial on YouTube or just Google a subject you'd like to learn more about.
- Do nothing for two minutes. Really. Just sit quietly and empty your mind of all thoughts. (Note: this is a lot harder than it sounds!)

Our brains aren't meant to focus on the same task for hours at a time. Schedule a few brain breaks throughout your day and increase your productivity!



Helpful Hints

Master the Art of the Selfie

They're not just a trend: researchers found that sharing selfies with others can have a positive effect on well-being. Improve your selfie game and mood with the following tips.



Prep – Clean your lens and adjust exposure and focus. Use the rear-facing lens on your phone for better photos—it takes practice, but it's worth it!

Light – If taking selfies outdoors, note that the mid-day sun can cast unnatural shadows. Position yourself so the sun is directly in front of you, a bit above eye level. The best light is just after sunrise and right before sunset, aka the golden hours.

Compose – Look at the lens, not the screen. Hold the phone up and angle it down. Align yourself on either side of the screen and turn your shoulders left or right. Relax your face into a natural expression and snap a pic.

Have fun – Take A LOT of selfies. Play with filters to fix exposure and contrast, but don't over-edit the final photo. Post your faves to social media or text them to your friends and family for an instant mood boost!

Savor the Flavor

Slow Cooker Minestrone

4 cups chicken or vegetable stock

2 cups water

20-30 oz. diced tomatoes

2 Tbsp. tomato paste

1 cup white onion, diced

1 cup carrots, diced

1/2 cup celery, diced

5 cloves garlic, minced

1 tsp. each dried oregano, basil, thyme, and rosemary

2 bay leaves

15 oz. kidney beans, drained

15 oz. white beans, drained

1 cup zucchini, diced

1 cup ditalini pasta, dry

3 cups spinach, chopped

Salt and pepper, to taste

Shredded parmesan cheese

In a slow cooker, combine stock, water, tomatoes, tomato paste, onion, carrots, celery, garlic, and spices.

Season with salt and pepper and cook for 6-8 hours on low heat or 3-4 hours on high heat.

Add beans, zucchini, and pasta to slow cooker. Continue cooking for about 20 minutes, or until pasta is tender.

Add spinach and stir until the leaves wilt. Season with more salt and pepper.

Serve and garnish with shredded parmesan cheese.



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Household Tips

Make the Most of Your Kitchen Space

No matter your home size, there just never seems to be enough kitchen space. Maximize the space you have by making the most of every inch!

Take advantage of unused walls. Hang pots and utensils on hooks mounted to walls, but make sure you use the proper mounting hardware if you're planning to hang anything heavy! Consider installing ceiling-height cabinets if you don't already have them, and stash a step stool in a nearby pantry or base cabinet for easy access. Standalone or wall-mounted shelving units found at most hardware stores make great homes for all those small kitchen appliances and tools that don't quite fit on your counters.

Prioritize space in your cabinets and pantry. Rollout drawers, pulldown shelves, lazy susans, risers, storage racks, drawer trays, and other space-saving add-ons are great ways to organize a kitchen. Add-ons are also a budget-friendly alternative to a complete remodel.

Have extra unused floor space? Add a portable island, cart, or utility table for more functional cabinet and countertop area! These come in many sizes and styles, so you can get exactly what your kitchen needs.

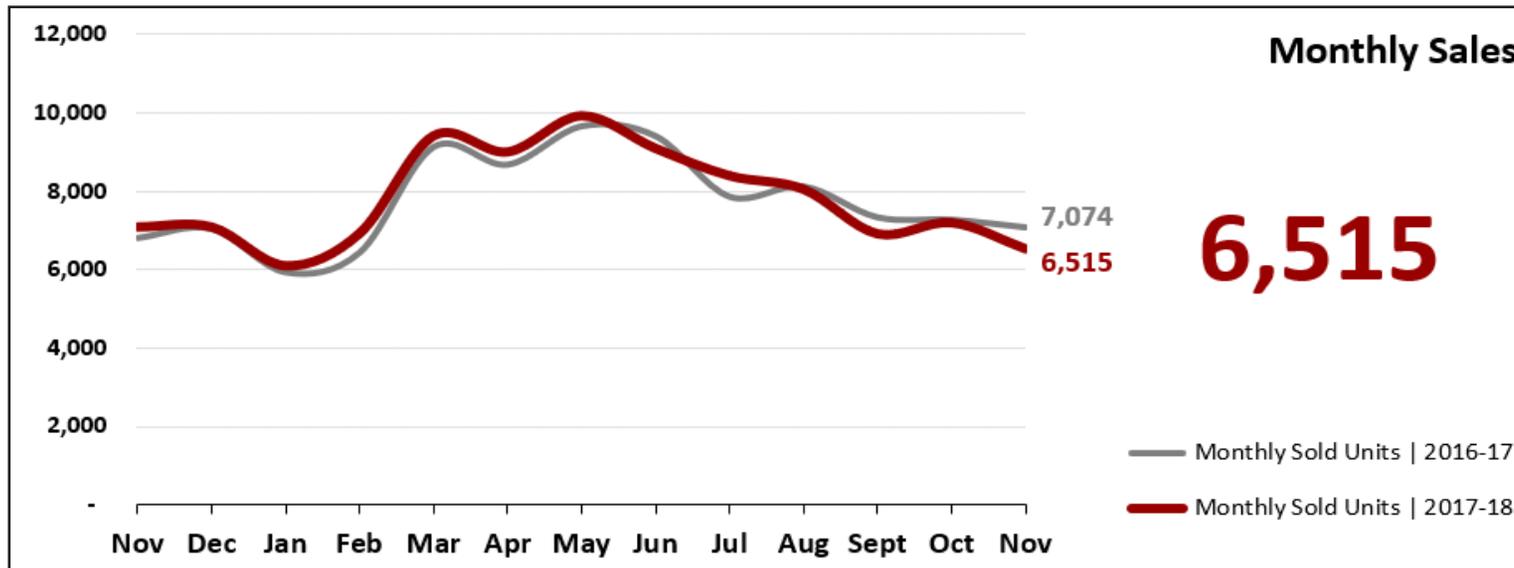


STAT

Your Monthly Statistics for the Phoenix Metro Area

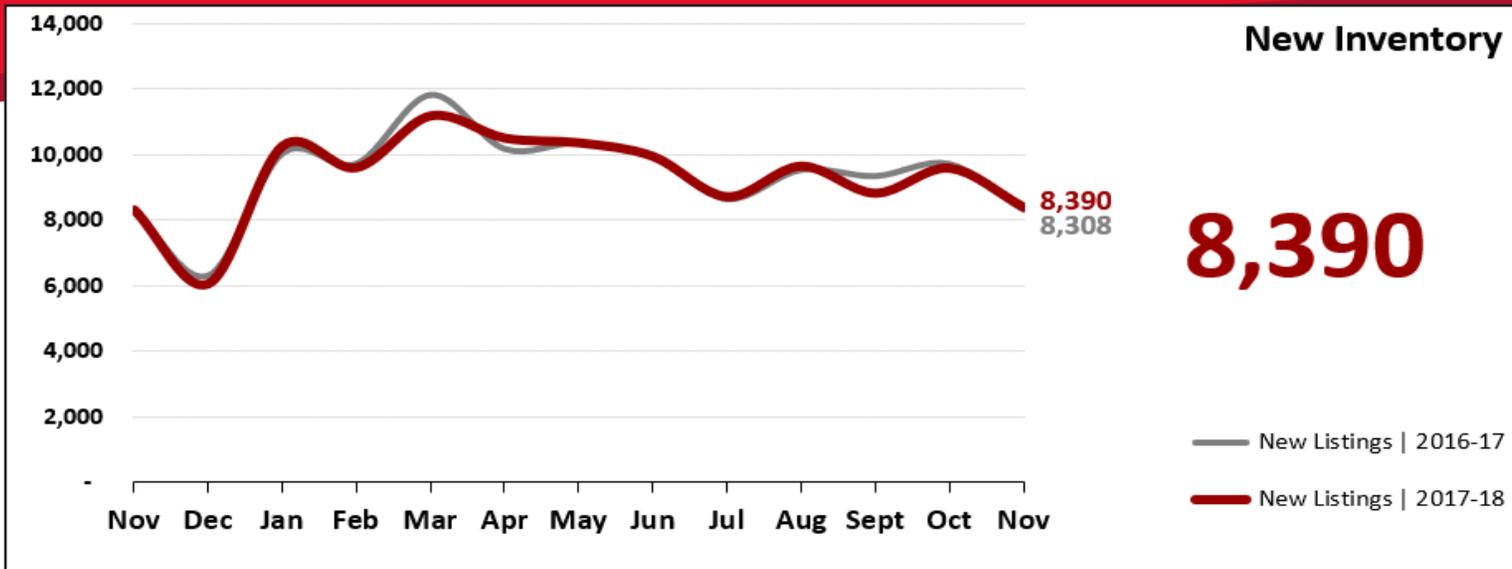


DATA FOR NOVEMBER 2018 - Published December 20, 2018



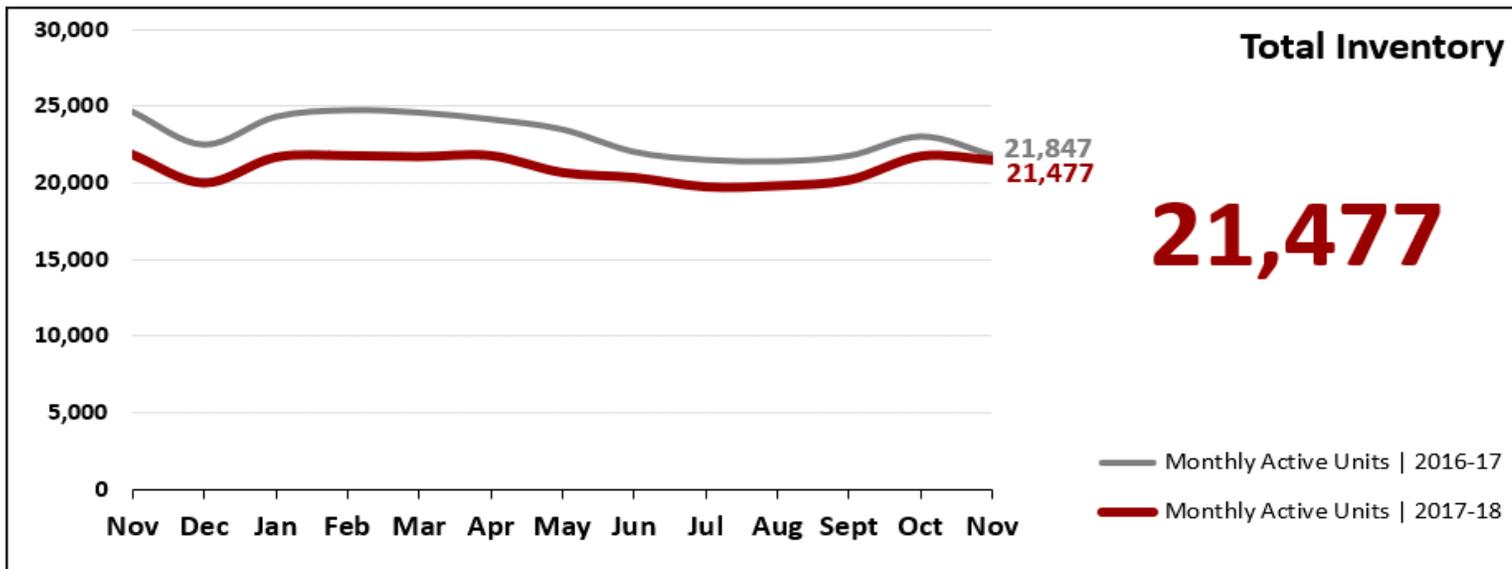
Sales are down -9.3% month-over-month. The year-over-year comparison is down -7.9%.

Closed MLS sales with a close of escrow date from 11/1/2018 to 11/30/2018, 0 day DOM sales removed



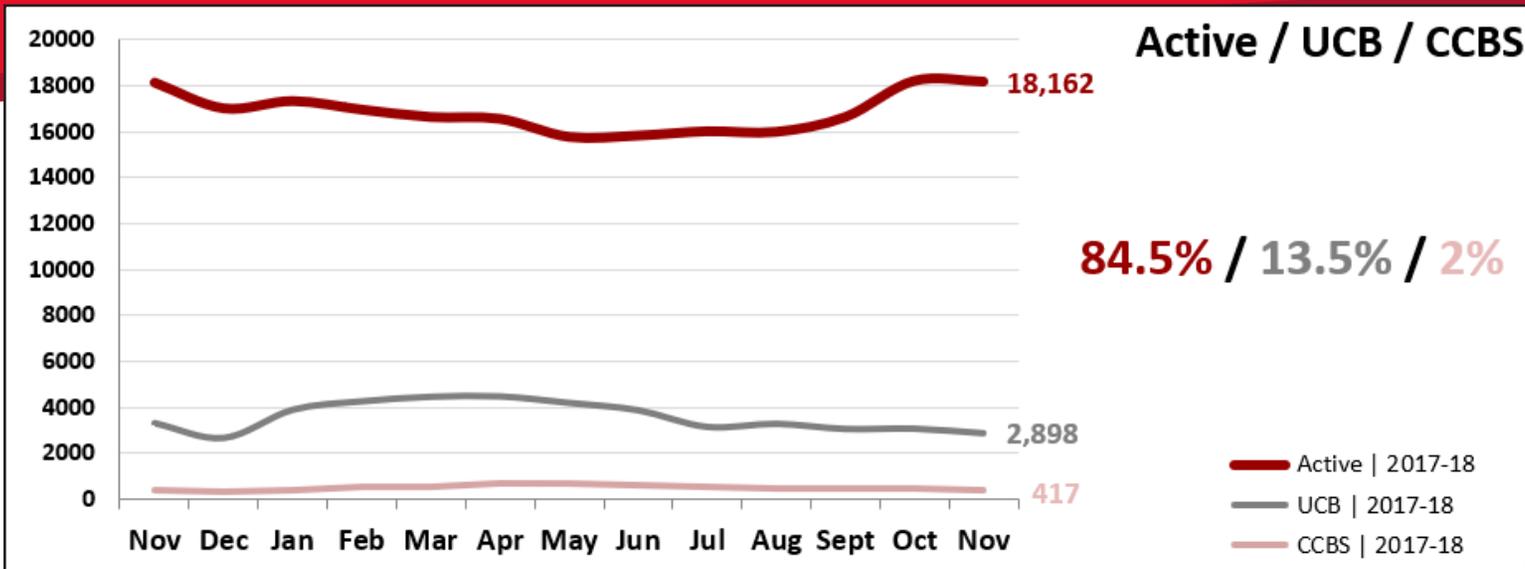
New inventory is down -12.4% month-over-month while the year-over-year comparison increased by 1.0%.

New MLS listings that were active for at least one day from 11/1/2018 to 11/30/2018, 0 day DOM sales removed



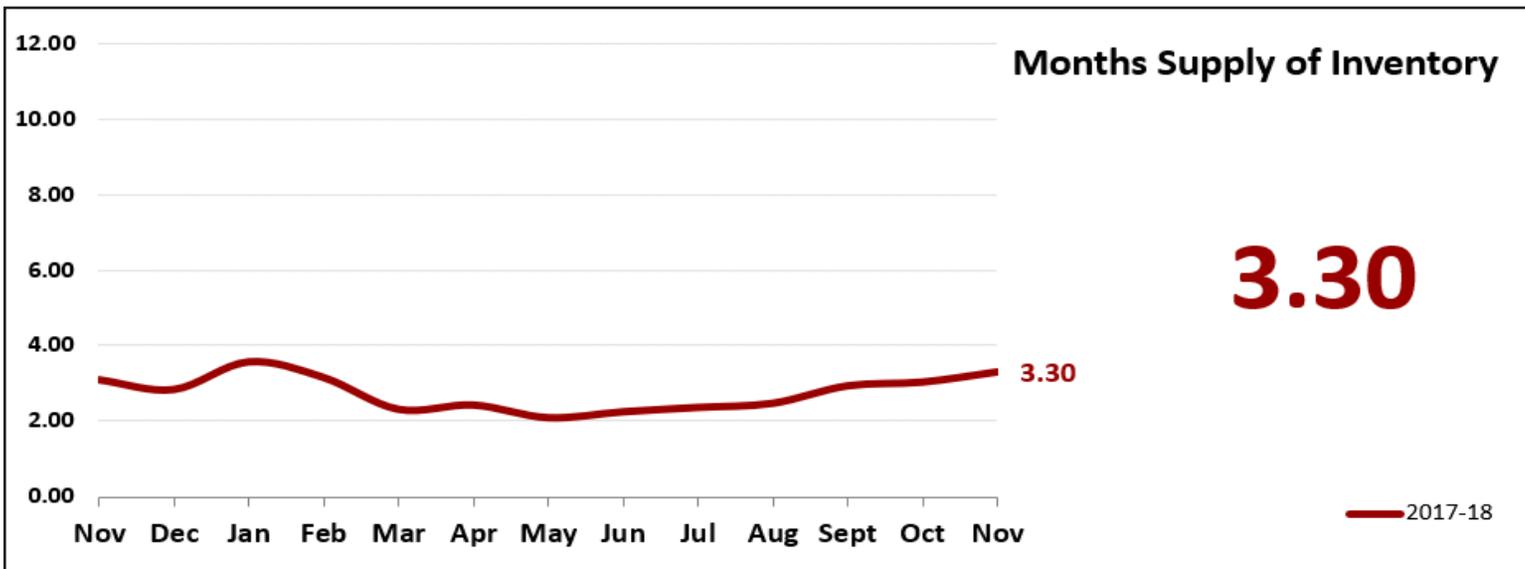
Total inventory has a month-over-month decrease of -1.2% while year-over-year reflects a decrease of -1.7%.

Snapshot of statuses on 11/30/2018



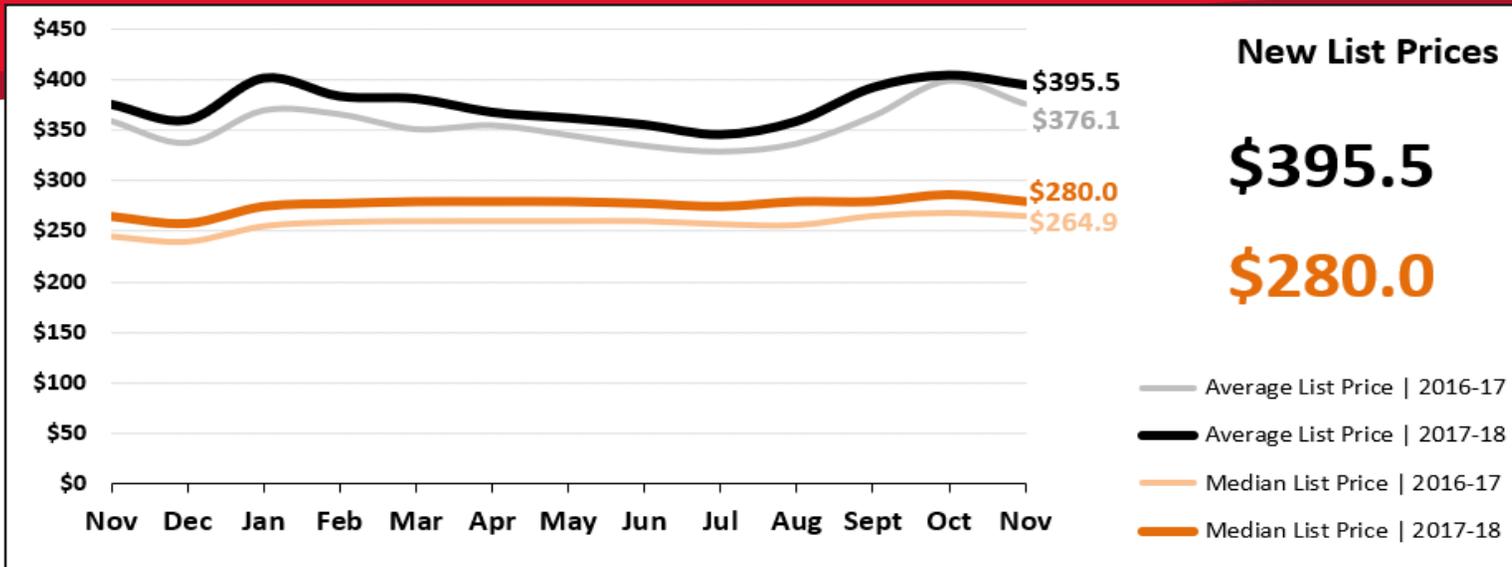
November UCB listings percent of total inventory was 13.5% with November CCBS listings at 1.9% of total inventory.

Snapshot of statuses on 11/30/2018



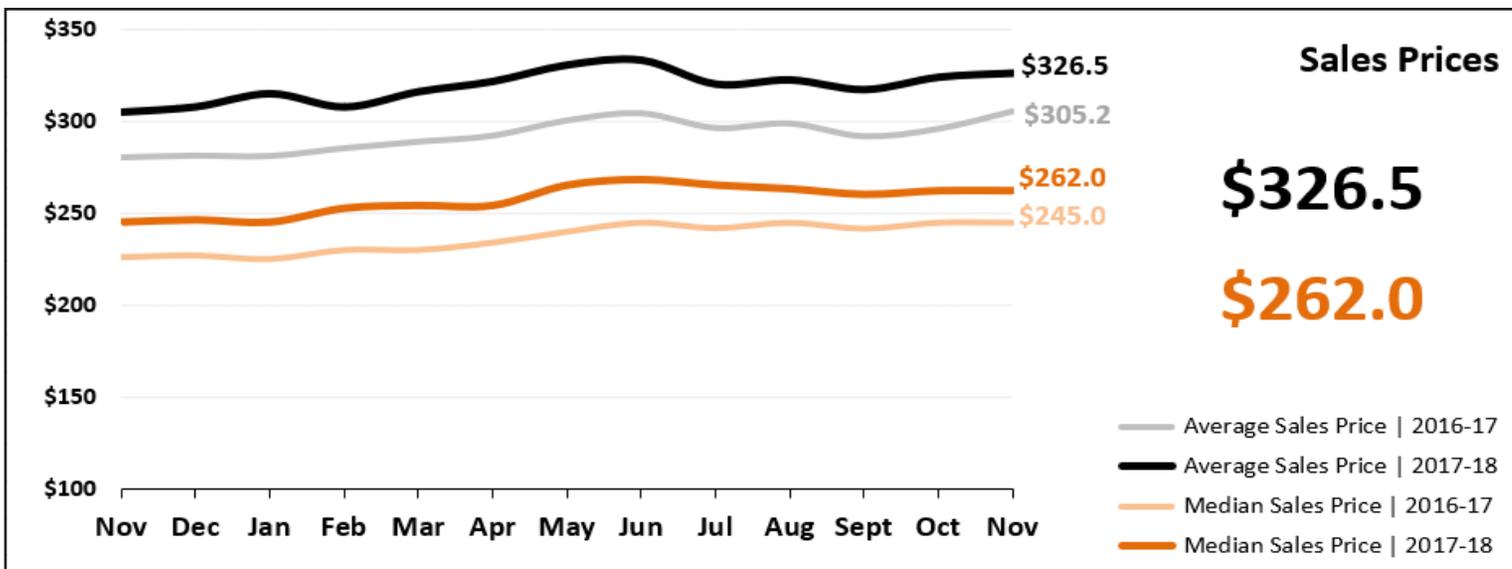
Months supply of inventory for October was 3.03 with November at 3.30.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of November 2018, 0 day DOM sales removed



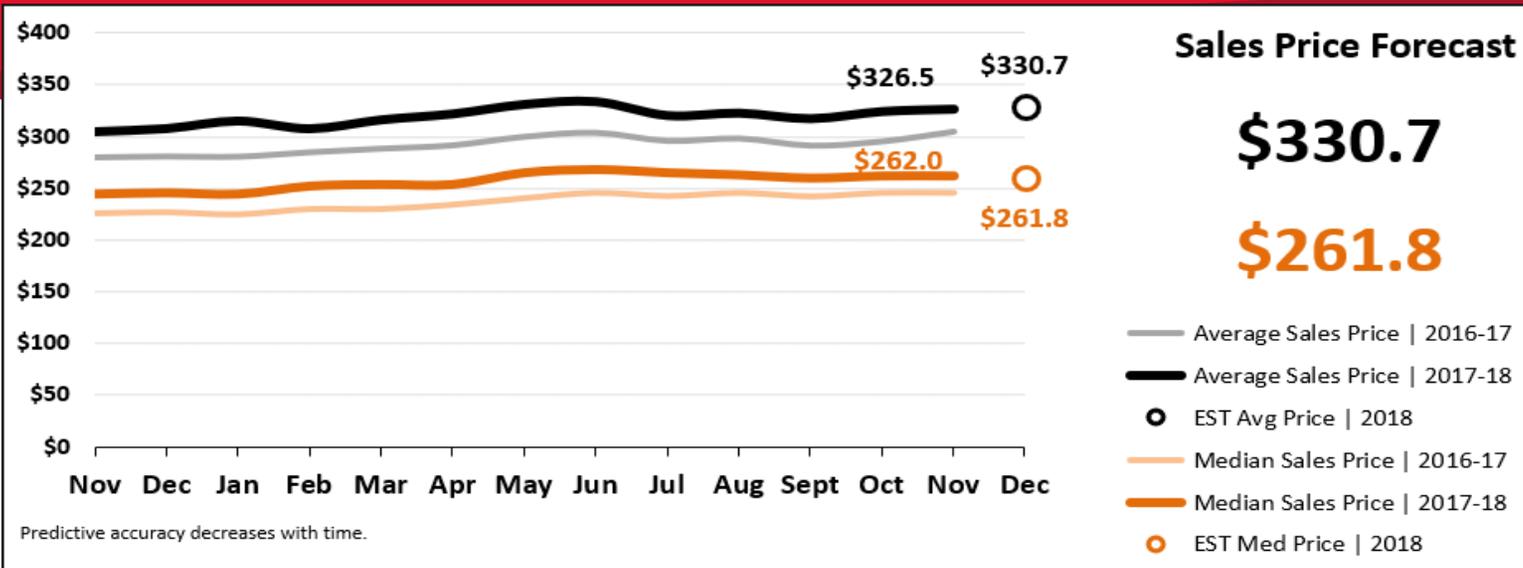
Average new list prices are up +5.2% year-over-year. The year-over-year median is up +5.7%.

List prices of new listings with list dates from 11/1/2018 to 11/30/2018, 0 day DOM sales removed

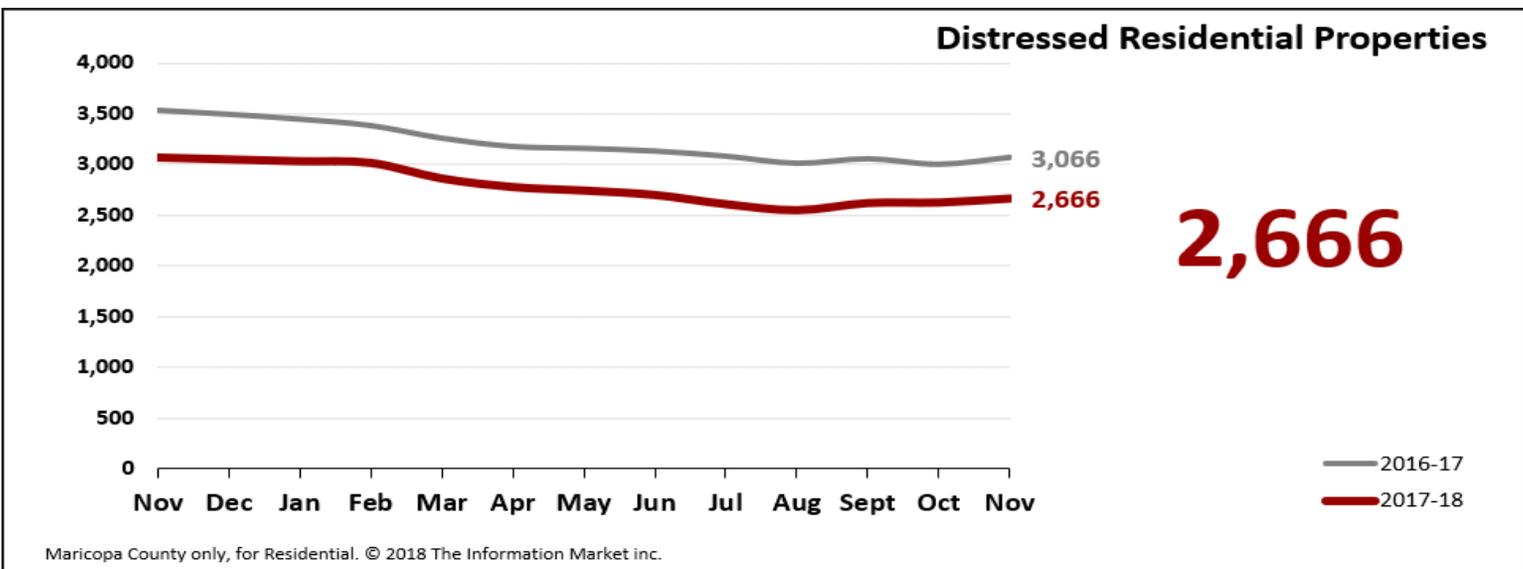


The average sales price is up +7.0% year-over-year while the year-over-year median sales price is also up +6.9%.

MLS sales prices for closed listings with a close of escrow date from 11/1/2018 to 11/30/2018, 0 day DOM sales removed

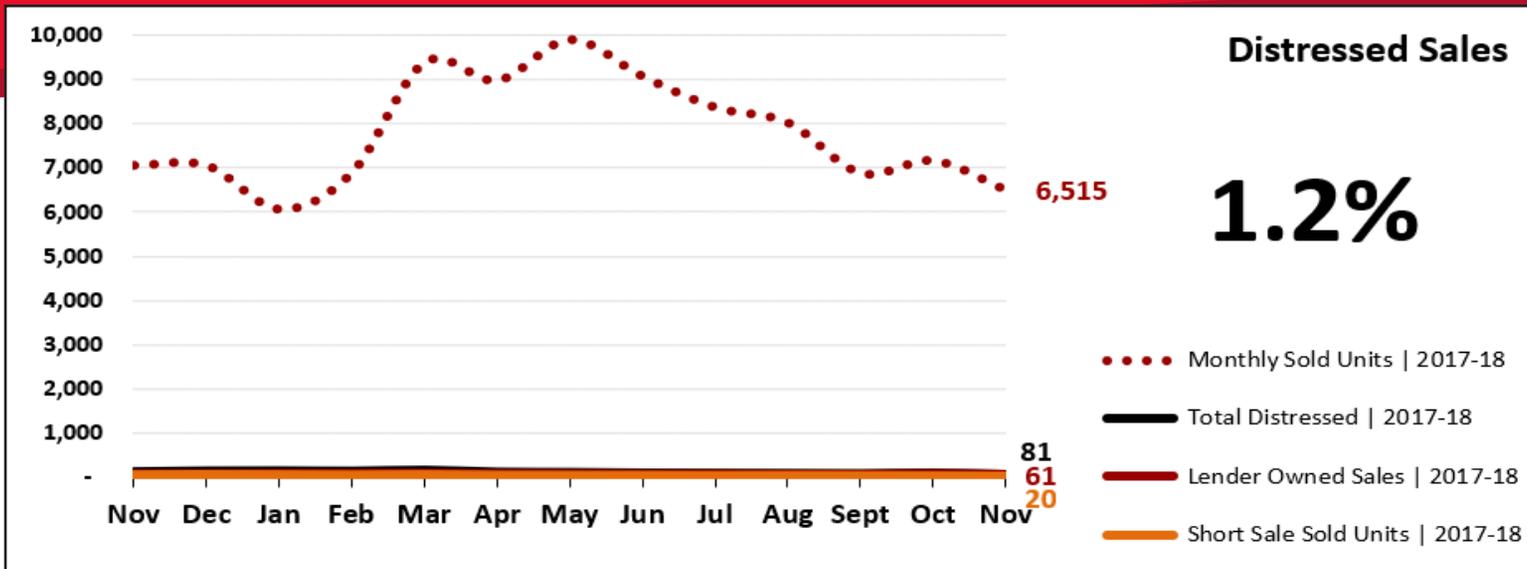


An increase is forecasted in December for average sales price while a slight decrease is expected in the median sales price.



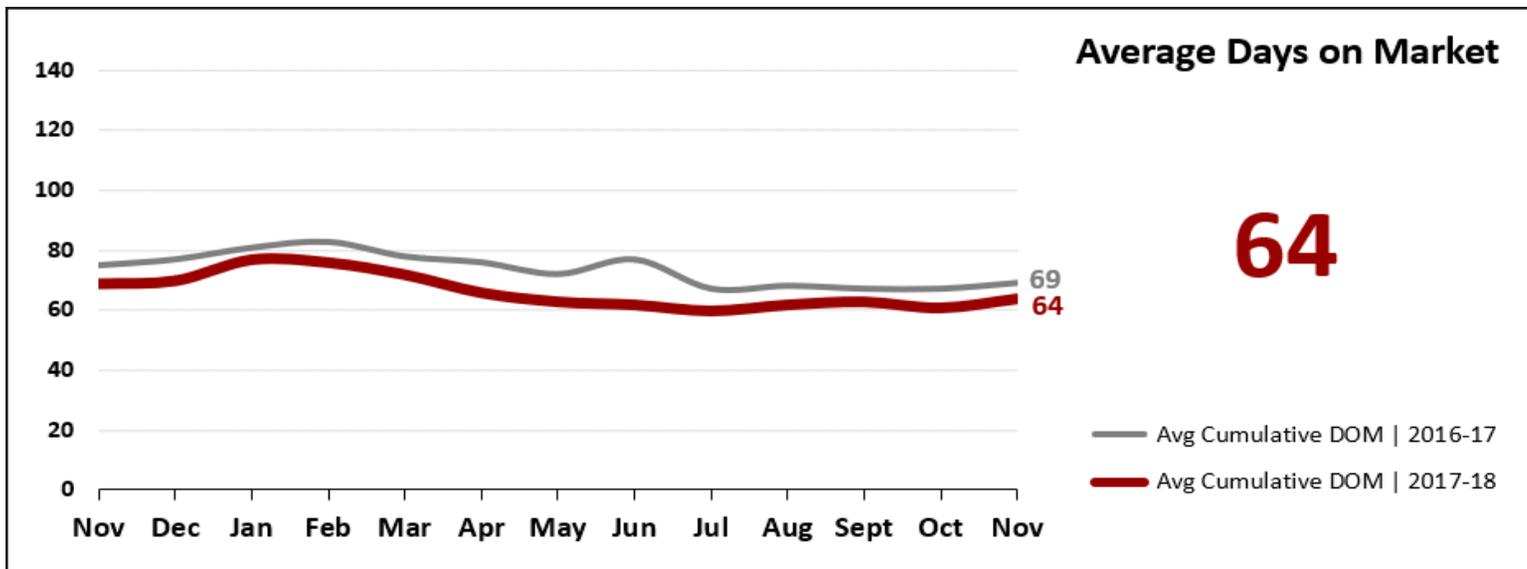
Foreclosures pending month-over-month showed an increase of +1.5% while the year-over-year figure was down -13.0%.

Snapshot of public records data on 11/30/2018 active residential notices and residential REO properties. Note: this graph was adjusted as total foreclosure counts were under reported for the last 6 months.



Distressed sales accounted for 1.2% of total sales, down from the previous month of 1.6%. Short sales dropped -63.0% year-over-year. Lender owned sales dropped -27.4% year-over-year.

New MLS listings that were active for at least one day from 11/1/2018 to 11/30/2018, 0 day DOM sales removed



Days on market were down -5 days year-over-year while month-over-month increased by +3 days.

MLS sales prices for closed listings with a close of escrow date from 11/1/2018 to 11/30/2018, 0 day DOM sales removed

This STAT is going to be slightly abbreviated. Like the market, I slow down a little bit through the holidays. This month, you're going to get a little less STAT than you deserve. But next month, in the year-end review, there will be so much STAT you'll still be snacking on it at your Super Bowl party. November began like every other month, on the first. On November 6, the mid-term elections were held, our national day for unity and harmony. And on November 8, the Dow Jones industrial average was over 26,000. As I write, the Dow is 24,000, an [almost 8% decline](#).

By early December financial headlines were focused on the inverted yield curve and the "R" word was everywhere. Envious of the negative financial reporting, national housing reporters felt the need to crank their negativity up a notch with headlines such as "[Homebuilder confidence plummets to the lowest level in more than 2 years as 'demand stalls'](#)."

Even when there was news that could be construed as positive, it was given a negative spin: "[Housing demand drops despite falling mortgage rates](#)."

The Phoenix market was not immune. An article from the [Wall Street Journal](#) stated, "*The national housing slowdown is spreading to markets like Las Vegas and Phoenix.*" Additionally, the WSJ claimed, "*In Phoenix, another prominent victim of the housing bust, a similar malaise has recently overtaken the market.*"

I was particularly fond of the word *malaise*: an indefinite feeling of debility or lack of health often indicative of or accompanying the onset of an illness. The economic and housing headlines got so bad, the Diamondbacks traded Paul Goldschmidt to the Cardinals. Let's take an alternative look for each of the negative propositions listed above.

Regarding equity markets forecasting recessions, we'll turn to Paul Anthony Samuelson, an American economist and the first American to win the Nobel Memorial Prize in Economic Sciences. Samuelson quipped 50 years ago, *"the stock market has predicted nine of the last five recessions."* And he was correct.

As for homebuilder confidence plummeting, it should be noted that sentiment dropped to 60 in November, but the headline fails to mention anything above 50 is positive. When it comes to homebuilder confidence, the [home-builders speak for themselves](#).

"In our fourth quarter, despite a healthy economy, we saw a moderation in demand. Fourth quarter contracts declined 15% in dollars and 13% in units compared to a difficult comp from one year ago. Fourth quarter demand slowed to a per community pace more consistent with FY 2016's fourth quarter, which was still strong."

"In November, we saw the market soften further, which we attribute to the cumulative impact of rising interest rates and the effect on buyer sentiment of well-publicized reports of a housing slowdown. We saw similar consumer behavior beginning in late 2013, when a rapid rise in interest rates temporarily tempered buyer demand before the market regained momentum."

If you're a fan of Jim Cramer's stock tips, I would highly recommend Diana Olick's housing reports. They're quite similar in nature. Her recent report *"Housing Demand Drops Despite Falling Mortgage Rates"* doesn't pass the litmus test. Interest rates peaked on October 11th at 4.90%. Again, let's turn to author of the original report, Freddie Mac, for their explanation.

Mortgage Rates Drop to Lowest Point in Three Months

December 13, 2018

The 30-year fixed fell to 4.63 percent this week – the lowest it has been since mid-September. Mortgage rates have either fallen or remained flat for five consecutive weeks and purchase applicants are responding with an uptick in demand given these lower rates. While the housing market softened in response to higher rates through most of this year, the combination of a low unemployment and recent downdraft in rates should support home sales heading into the early winter months.

FreddieMac We make home possible®		2018 PRIMARY MORTGAGE MARKET SURVEY® Summary page with all rate types - U.S. averages						
Week	U.S. 30 yr FRM	30 yr fees & points	U.S. 15 yr FRM	15 yr fees & points	U.S. 5/1 ARM	5/1 ARM fees & points	U.S. 30 yr FRM/ 5/1 ARM margin	5/1 ARM spread
10/4	4.71	0.4	4.15	0.4	4.01	0.3	2.76	0.70
10/11	4.90	0.5	4.29	0.5	4.07	0.3	2.77	0.83
10/18	4.85	0.5	4.26	0.4	4.10	0.3	2.77	0.75
10/25	4.86	0.5	4.29	0.4	4.14	0.3	2.77	0.72
11/1	4.83	0.5	4.23	0.5	4.04	0.3	2.77	0.79
11/8	4.94	0.5	4.33	0.5	4.14	0.3	2.77	0.80
11/15	4.94	0.5	4.36	0.4	4.14	0.3	2.77	0.80
11/21	4.81	0.4	4.24	0.5	4.09	0.3	2.76	0.72
11/29	4.81	0.5	4.25	0.4	4.12	0.3	2.77	0.69
12/6	4.75	0.5	4.21	0.4	4.07	0.3	2.78	0.68
12/13	4.63	0.5	4.07	0.5	4.04	0.3	2.77	0.59

And finally, the Phoenix malaise. We'll take an in-depth look at the overall health of our market next month in our year-end review edition of STAT. For now, a quick look at the gross sales volume as reported by ARMLS shows 2018 has been a very good year. We expect 2018 will finish the year as the second-best year in ARMLS history.

Average Monthly Sales Price Multiplied by Monthly Sales Volume by ARMLS

April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total:	Rank:
1,005,025,900	1,081,460,800	1,110,752,800	999,053,600	984,643,200	819,530,700	814,032,800	814,131,000	-	10,050,141,700	18
1,103,580,000	1,242,645,600	1,205,232,800	1,145,152,200	1,053,314,900	978,717,200	1,045,019,800	993,598,000	-	11,271,707,100	17
1,397,260,800	1,485,385,200	1,513,990,000	1,520,640,000	1,539,137,600	1,341,320,400	1,292,501,600	1,134,614,900	-	14,356,734,100	14
1,873,144,800	1,939,085,000	2,323,406,100	1,992,416,000	1,996,224,000	1,949,721,900	1,888,780,300	1,877,314,600	-	20,016,996,500	7
2,692,800,000	2,967,989,000	3,244,758,000	2,925,291,600	3,192,867,300	2,909,465,400	2,585,984,400	2,355,675,000	-	29,217,026,900	1
2,237,221,800	2,614,199,600	2,511,193,400	2,027,694,600	2,041,801,900	1,819,796,000	1,848,789,800	1,804,973,400	-	23,134,906,100	4
1,847,583,000	2,030,568,000	1,900,037,200	1,622,390,000	1,496,101,400	1,050,423,000	1,120,068,000	1,058,442,000	-	17,350,865,400	10
1,354,410,400	1,523,726,400	1,520,346,000	1,486,894,248	1,361,656,900	1,350,286,174	1,144,219,425	902,584,900	-	13,826,490,947	16
1,367,508,084	1,517,804,024	1,600,326,660	1,594,762,775	1,364,400,807	1,382,972,862	1,380,928,234	1,307,882,856	-	14,530,468,709	13
1,586,418,561	1,607,827,164	1,670,000,960	1,250,601,100	1,207,131,406	1,081,049,536	1,076,656,679	1,079,177,580	-	14,320,697,190	15
1,505,062,307	1,557,473,020	1,779,310,250	1,299,976,613	1,318,718,016	1,224,230,716	1,160,353,275	1,147,568,994	-	14,700,558,808	12
1,596,003,220	1,728,195,588	1,774,020,312	1,440,408,520	1,443,820,222	1,282,439,200	1,434,750,096	1,393,146,216	-	16,056,236,911	11
1,994,450,082	2,243,909,108	1,949,657,512	1,962,375,168	1,663,886,475	1,494,586,940	1,461,384,351	1,232,458,028	-	18,474,669,664	8
1,919,077,335	1,842,019,565	1,849,681,056	1,691,886,875	1,600,456,296	1,556,710,488	1,525,484,290	1,252,338,780	-	17,420,882,259	9
2,221,187,490	2,235,257,067	2,350,480,520	2,086,913,886	1,827,990,690	1,800,332,935	1,686,011,104	1,405,471,174	-	20,360,893,526	6
2,252,727,106	2,447,013,744	2,504,331,264	2,081,151,170	2,163,813,113	2,053,144,384	1,979,169,348	1,908,290,664	-	22,582,721,443	5
2,531,633,244	2,895,066,967	2,857,014,539	2,326,853,606	2,423,263,857	2,138,530,240	2,149,910,740	2,158,772,580	-	25,619,075,776	3
2,894,348,480	3,281,341,782	3,029,099,402	2,686,116,820	2,593,763,648	2,189,521,620	2,329,201,602	2,127,427,645	-	28,151,962,180	2

As for Goldschmidt, oy vey!

The Pending Price Index

In STAT last month, the mathematical model projected a median sales price for November of \$260,000. Our mathematical model for the first 10 months of 2018 had been underestimating the actual median sales price. The November median sales price followed our yearly pattern, reporting a median sales price of \$262,000. ARMLS saw 6,515 sales this year compared to 7,074 last year. Our estimate of 6,800 sales overshoot the actual sales volume by 285. Looking ahead to December, the ARMLS Pending Price Index anticipates the median sales price will hold steady, projecting a median sales price of \$261,800. I expect our mathematical projection will be low again this month. I'm fearlessly forecasting \$265,000.

Sales volume for the first eleven months of 2018 was .66% higher than 2017, with 87,387 sales in 2018 compared to 86,817 in 2017. We begin December with 4,715 pending contracts; 2,898 UCB listings and 417 CCBS giving us a total of 8,030 residential listings practically under contract. This compares to 9,374 of the same type of listings one year ago. The 2018 pending contracts are 16.47% lower than 2017. There were 20 business days in December of 2017 as well as 20 this year. ARMLS reported 7,070 sales in December of 2017. Sales volume will be lower this year, I'm guessing 6,500, and if my projections are spot on, ARMLS will report the exact same yearly sales volume in 2017 as in 2018.