

JANUARY 2017

Real Estate Update



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

Hello Everyone,

Welcome to the brave new world that will be 2017! The start of this year reminds me a lot of 2000. Most of us around then saw the year as one that would bring huge changes (Remember Y2K?) that would likely affect us for the rest of time. The anticipation surrounding our new President, race relations, climate change and the general world tension has that familiar feeling about it. If you're old enough to remember, then you're likely wise enough to survive (and hopefully thrive) with the changes ahead. I'm hoping we'll all have an improved New Year!

I'm a bit skeptical of the late last year reports suggesting will be the hottest US Real Estate city in 2017. I'm thinking it will be another good year, but other markets will be hotter. The Phoenix Business Journal reported on the October S&P CoreLogic Case-Shiller report late in December. That report showed Phoenix average home prices up 5.2% in 2016. Behind the National Average of 5.6%. We ranked in the mid to low end of the Top 20 Cities. (I'm happy with that!) Seattle & Portland led the list with just over 10% growth. The Fed, as predicted, raised the Fed Target Rate by 0.25% in Dec. Banks reacted by generally raising Prime rate from 3.5% to 3.75%. Mortgage interest rates jumped to 4.25% to 4.5% for Conventional and slightly less for VA and FHA loans. The Fed is targeting 3 increases of likely the same size in 2017. That would likely translate to Mortgage interest rates of 5% (maybe higher) by year end. Don't freak out. Remember we have enjoyed at or near record low interest rates for a number of years. If you take a "big picture" look at interest rates, 8% is close to average. If Mortgage rates stay below 6%, real estate continues to be a bargain buy for consumers. What do mortgage interest rates mean to you? An average priced home in the Phoenix market would require a monthly payment increase of approximately \$100 per month with a 1% mortgage interest rate. Buyers now have somewhat more potential buying power. The maximum loan limits for Conventional and VA financing was upped to \$427,100. A loan for a higher amount would require a JUMBO loan. FHA loan limits were bumped up to \$279,450 for Maricopa and Pinal Counties in 2017.

Last month brought me to a situation I've never faced before with a client. I really appreciate David & Desarae's understanding that just about anything can happen as part of a Real Estate transaction. We ran into a situation where the Seller response to our solid offer was 'I realize that selling now isn't my best financial decision. I'm removing my property from the market.' Shocking! I hope we'll have better luck in the future. I'm looking forward to seeing Karen & Glenn from CO this month and helping them find a new sunny and warm place to call home. I'm appreciative of Kerina for allowing me to make remodel recommendations as she prepares her Mom's Phoenix townhome for sale. I'm looking forward to the opportunity to help Cabot find a new place to call home later this winter. Thanks to Tom for the introduction to Lynne & Alan from PA and the opportunity to work with them to settle the real estate of Lynne's father's Trust. Can I be of service to you or someone you know? Please remember to pass along my name to anyone you know who is considering the purchase or sale of a property in the Phoenix area. 2017 was my best year ever. With your continued support, I hope 2017 will be even better!

Regards, **JSGerber 01/02/2017**

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Real Estate For Today

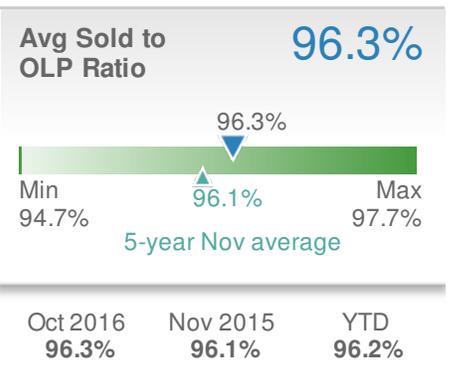
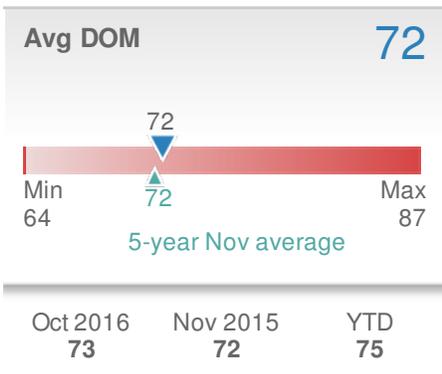
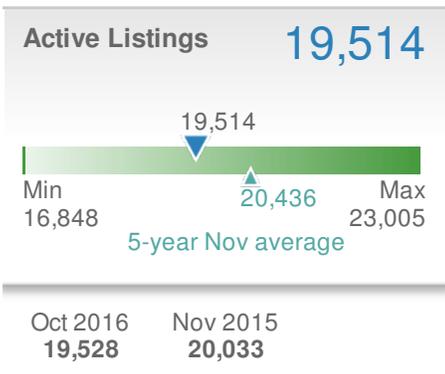
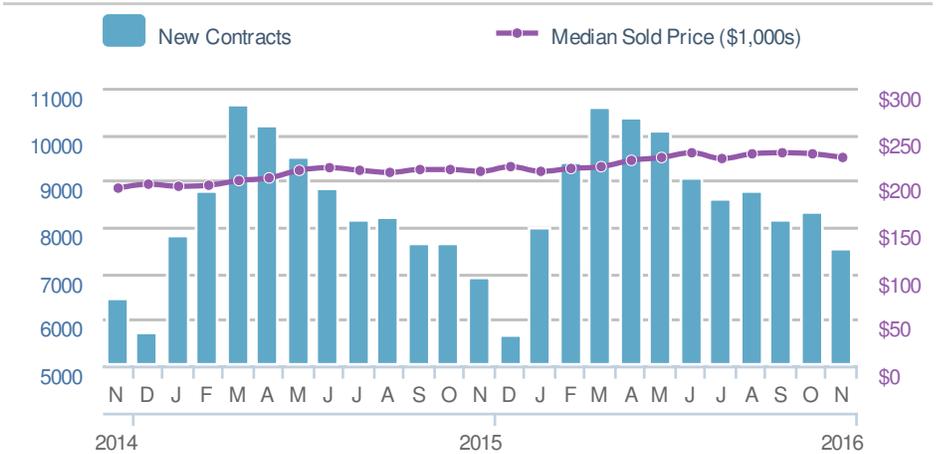
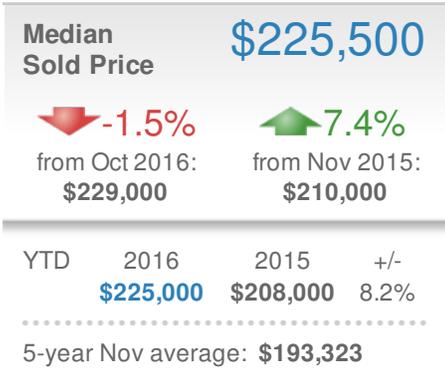


Visit my website at: www.jeffgerberrealtor.com



November 2016

Arizona Regional MLS





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Between FRIENDS

Real Estate for Today

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Happy New Year! If purchasing a new home is one of your resolutions, I'm ready to help you find the home of your dreams.



Thinking of selling your home? Adding a Home Warranty Plan to your transaction may result in a faster sale at a more advantageous price. A home warranty provides budget protection from the high cost to repair or replace covered home systems and appliances—helping to reduce your risk of after-sale disputes and offering optimal peace of mind to buyers and sellers alike.

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When buying or selling a home, there are countless factors to consider. Refer your friends and family to me so they can breathe easy—with a true professional in their corner!



Health & Safety

Health Tips for Dogs and Cats

Cuddling a dog or a cat can soothe your mind after a long day, and healthy pets usually make for happy owners. Below are some general tips to help ensure a long life for your pet, but be sure to consult a veterinarian for guidance when it comes to your favorite furball.

Vaccinations: According to WebMD, most vaccinations take place early in life—every 3 to 4 weeks until your pet is 16 weeks old. Rabies and Distemper-parvo vaccines require booster shots throughout a dog's life. Beyond the common vaccinations for dogs and cats, ask if your vet recommends heartworm and flea/tick prevention medications.

Regular Checkups: When dogs and cats are in their prime, veterinarians usually recommend annual checkups, and they often prefer to see older dogs and cats (age 7-10 and older) every six months.

Nutrition: Tailor your pets' diets to their age, weight, and activity level. Rather than trusting random sources on the internet, consult your vet for nutritional guidance.

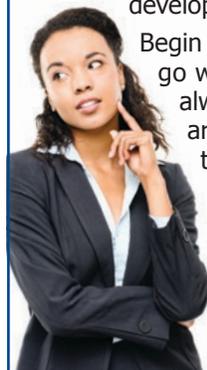
Consider Pet Insurance: Emergency vet bills are often pricey, and pet insurance can soften the blow. Visit the American Society for the Prevention of Cruelty to Animals (ASPCA) to receive a quote from a reputable company: www.ASPCAPetInsurance.com.



Helpful Hints

Positive Thinking for Better Health

Optimism provides distinct health benefits. According to the Mayo Clinic, positive thinkers tend to live longer, cope better in times of stress, and have a lower risk for heart disease. And with a little practice, you can develop a healthier mindset.



Begin by noticing the thoughts that pop into your head when things go wrong. Your first thought is usually an irrational one, such as "I always mess up," or "this is the worst thing ever." These thoughts are common, but they're fundamentally illogical, and it's important to challenge them. Ask yourself, "Do I really *always* mess up?" "Is this really the *worst* thing ever?"

Challenging our negative self-talk can interrupt the stress response and allow us to see solutions we'd otherwise overlook in an agitated state. Over time you can train your brain to react in a calm and rational way most of time, but don't be too hard on yourself if you slip up. After all, that would defeat the purpose!

Prepared Italian Dressing

4 boneless, skinless chicken breast halves, cut into cubes

1/2 cup dried cranberries

10 oz. salad greens

1/2 cup chopped toasted walnuts

1/2 cup blue cheese crumbles (optional)

In a large skillet over medium-high heat, cook chicken in 2 tablespoons of the Italian dressing until cooked through.

Stir in cranberries until heated.

Remove from heat and toss in a large bowl with remaining ingredients.

Add more dressing to your taste.

Serve immediately.



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Household Tips **Solar-Powered Outdoor Lighting**

Solar-powered outdoor lights come in many different styles, and they can be used to light a walkway, brighten a deck, or beautifully illuminate a garden at night. Here's a brief overview of today's technology.

Why go solar? Solar-powered lights can save money on your electrical bill, they're easy to maintain, their carbon footprint is minimal, and they'll stay bright during a power outage.

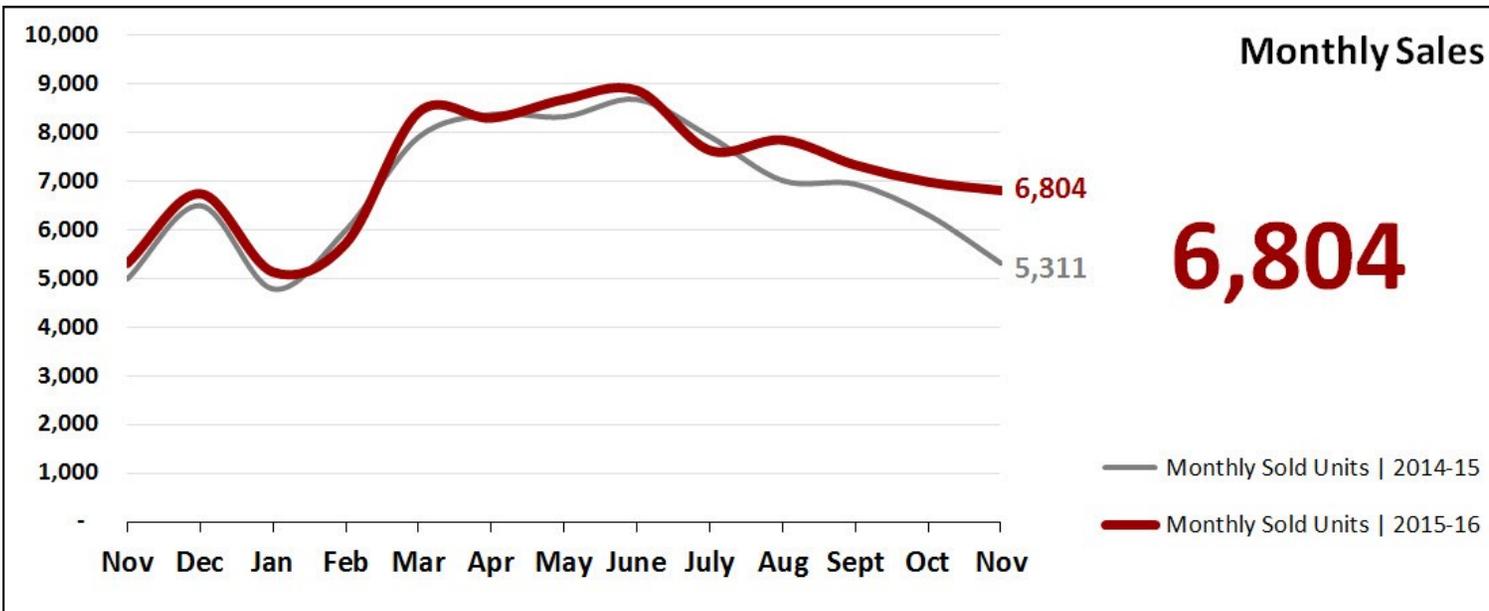
How bright are they? Solar power has come a long way due to recent advances in technology, and today's solar lights shine 6 to 12 times brighter than the original models. In other words, you won't have any trouble finding something perfect to fit your lighting needs.

How much sun do they need? Solar cells absorb the sun's energy, storing it in rechargeable batteries for nighttime use. Eight hours of sunlight allows most solar lights to last throughout the night, but the charge will vary depending on cloud cover. If your lights are located in a shaded area with no direct sunlight, you can purchase remote solar panels, place them in a sunny area, and run a wire to the lights to power up the batteries.



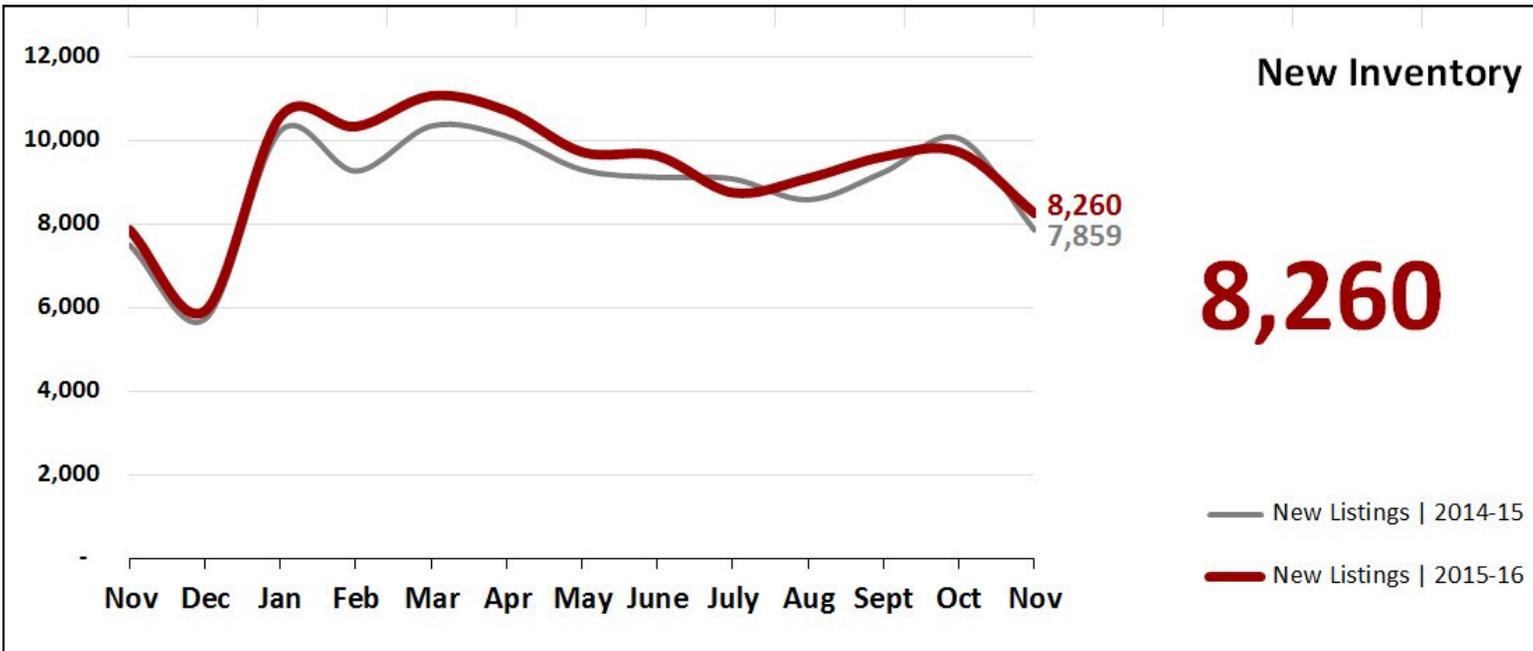


DATA NOVEMBER 2016 - Published December 23, 2016



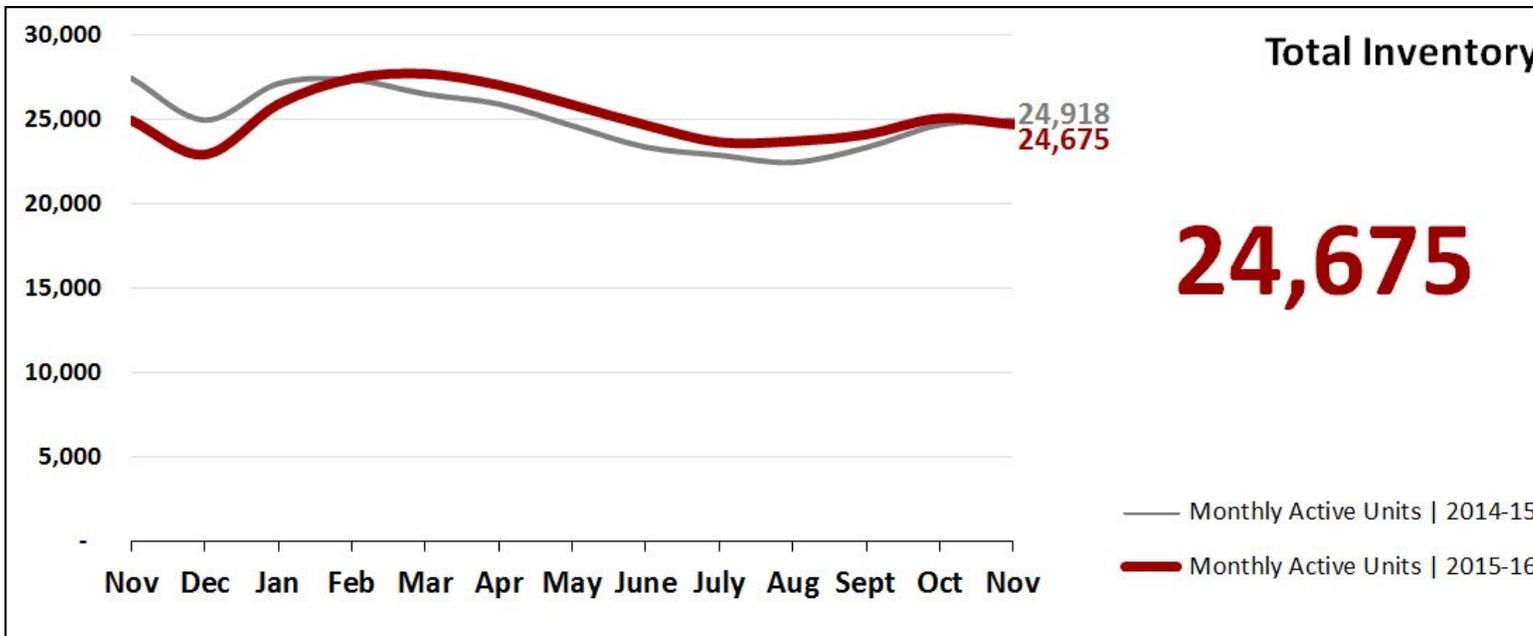
Sales are down -2.5% month-over-month. The year-over-year comparison shows an increase of +28.1%.

Closed MLS sales with a close of escrow date from 11/1/2016 to 11/30/2016, 0 day DOM sales removed



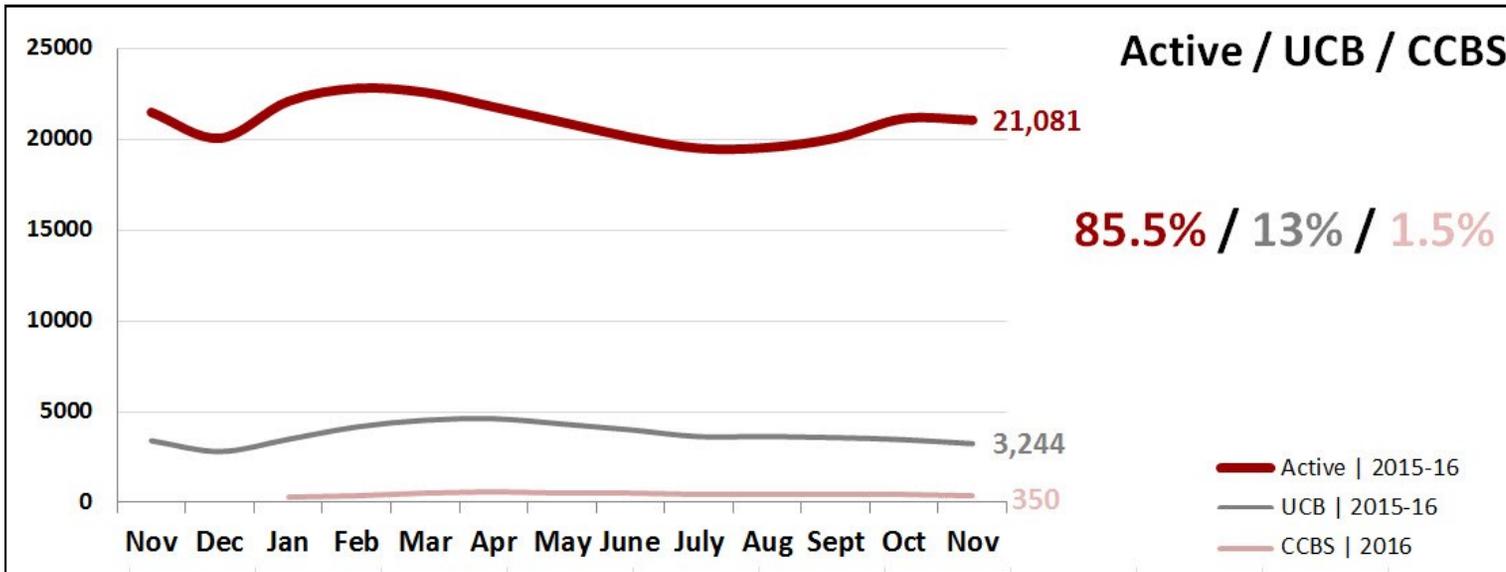
New inventory is down -15.1% month-over-month while the year-over-year comparison shows an increase of +5.1%.

New MLS listings that were active for at least one day from 11/1/2016 to 11/30/2016, 0 day DOM sales removed



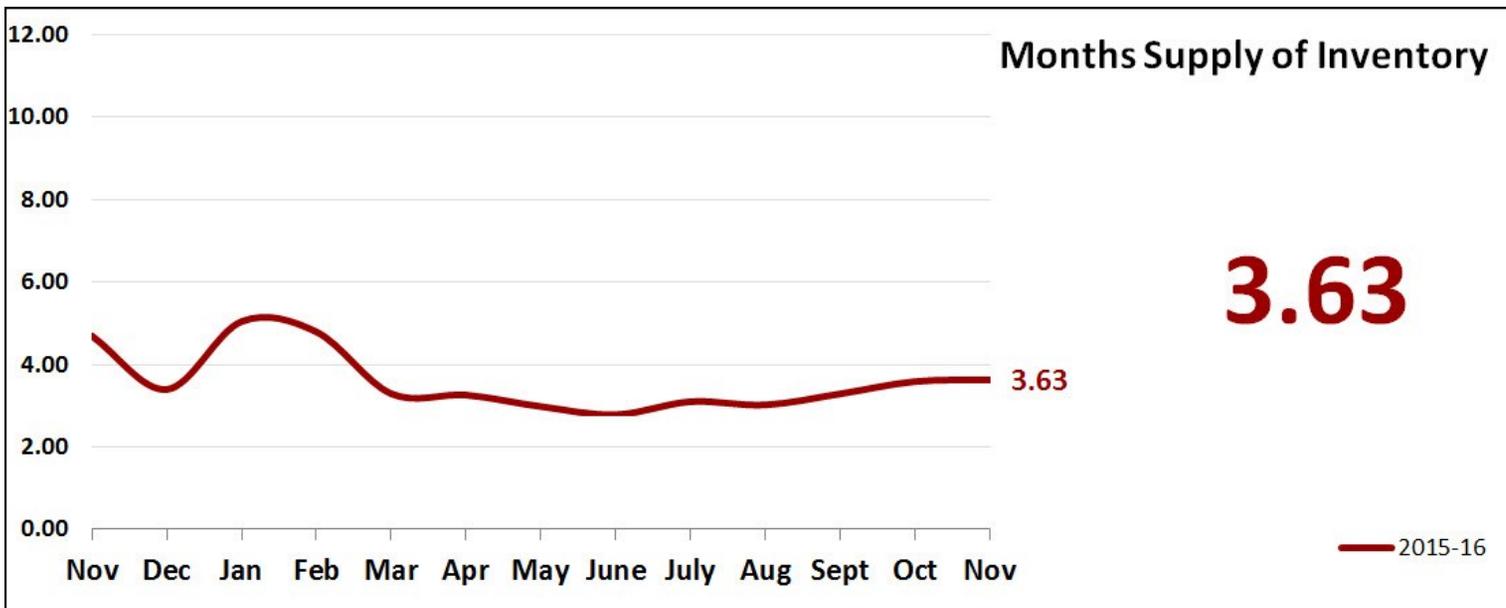
Total inventory has a month-over-month loss of -1.5% while year-over-year reflects a decrease of -1.0%.

Snapshot of statuses on 11/30/2016



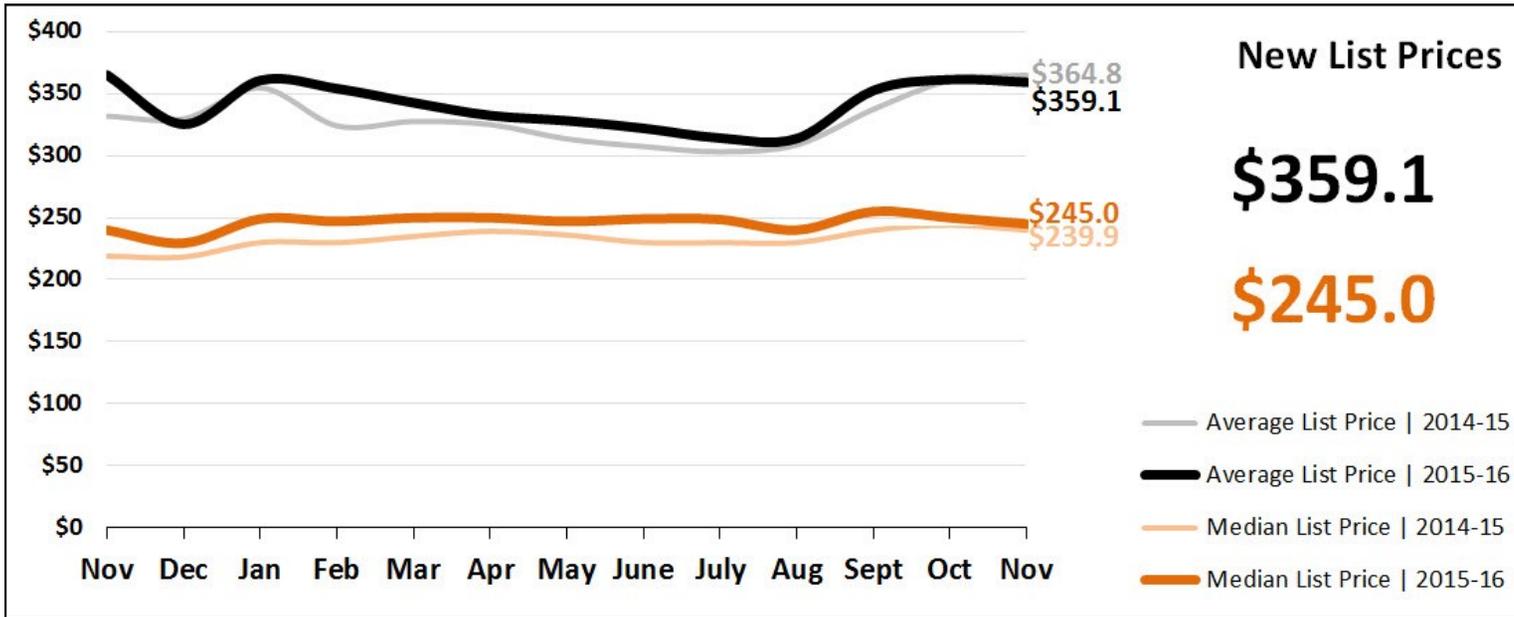
November UCB listings percent of total inventory was 13.1% with November CCBS listings at 1.4% of total inventory.

Snapshot of statuses on 11/30/2016



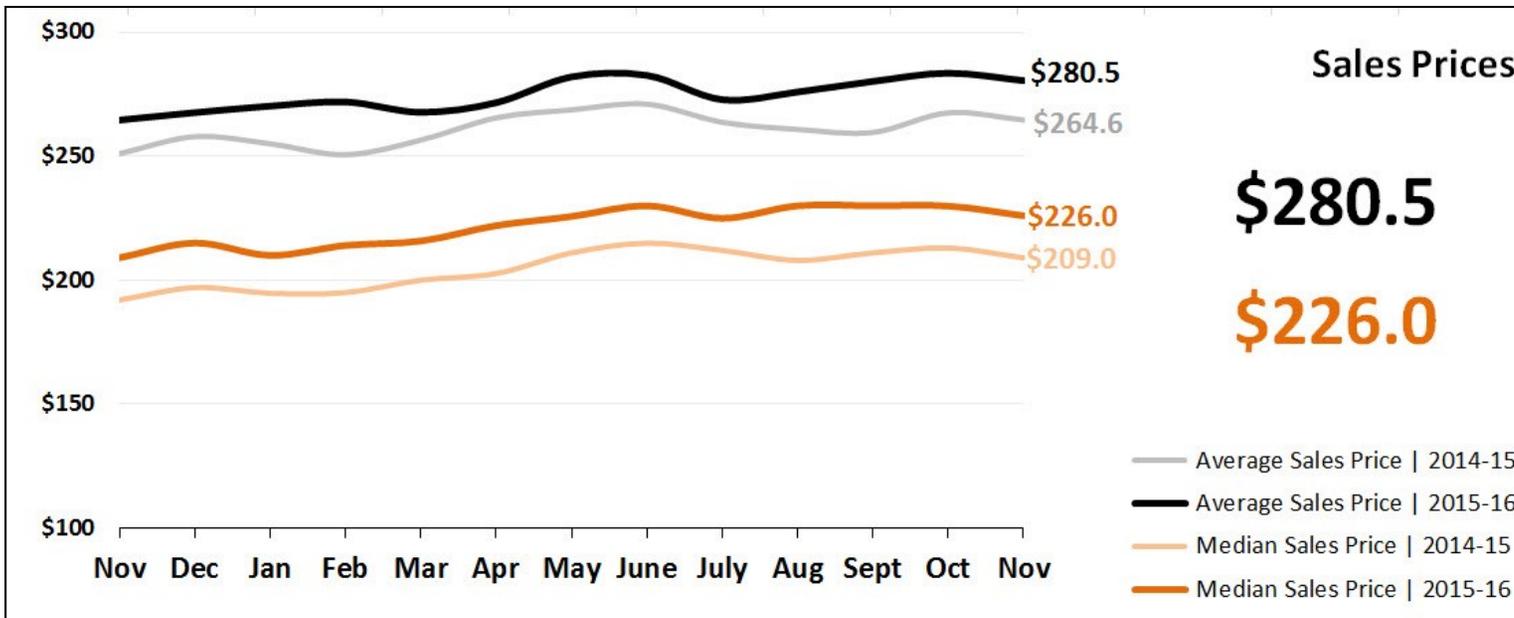
Months supply of inventory for October was 3.59 with November currently at 3.63.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of November 2016, 0 day DOM sales removed



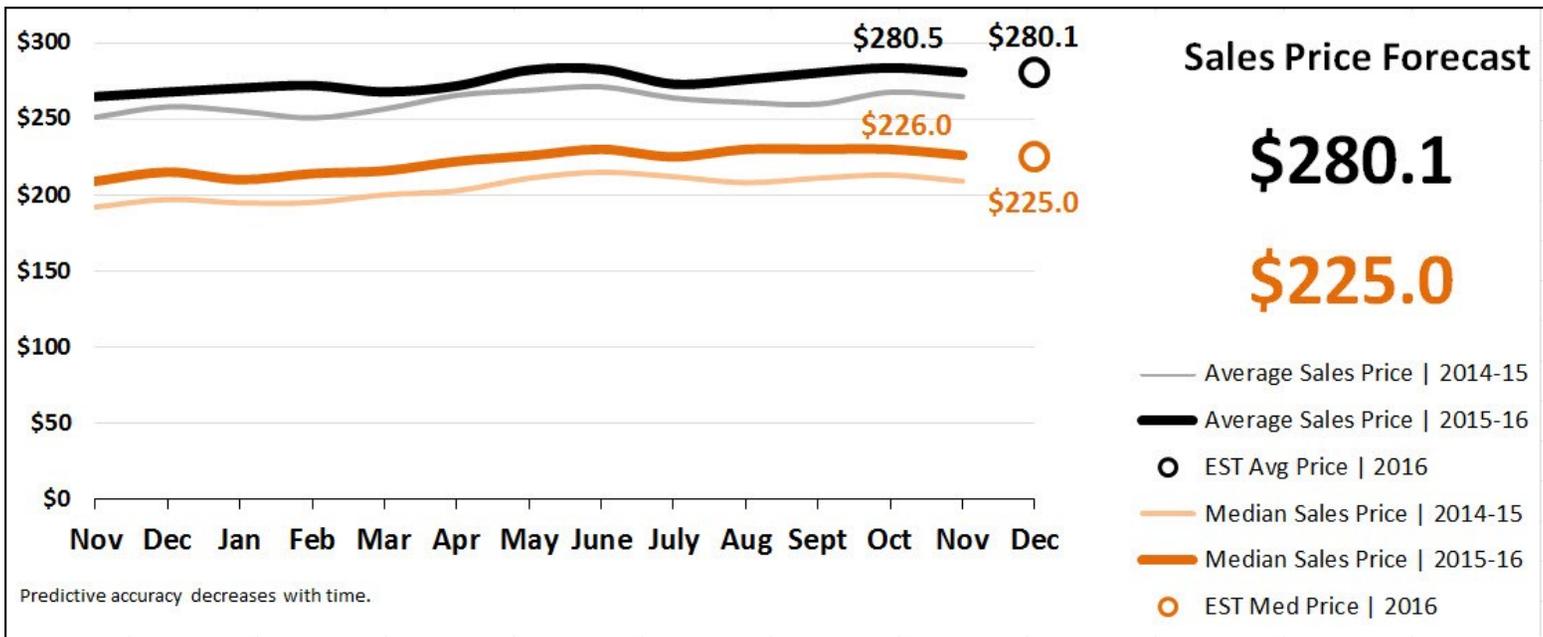
New average list prices are down -1.6% year-over-year. The year-over-year median is up +2.1%.

List prices of new listings with list dates from 11/1/2016 to 11/30/2016, 0 day DOM sales removed



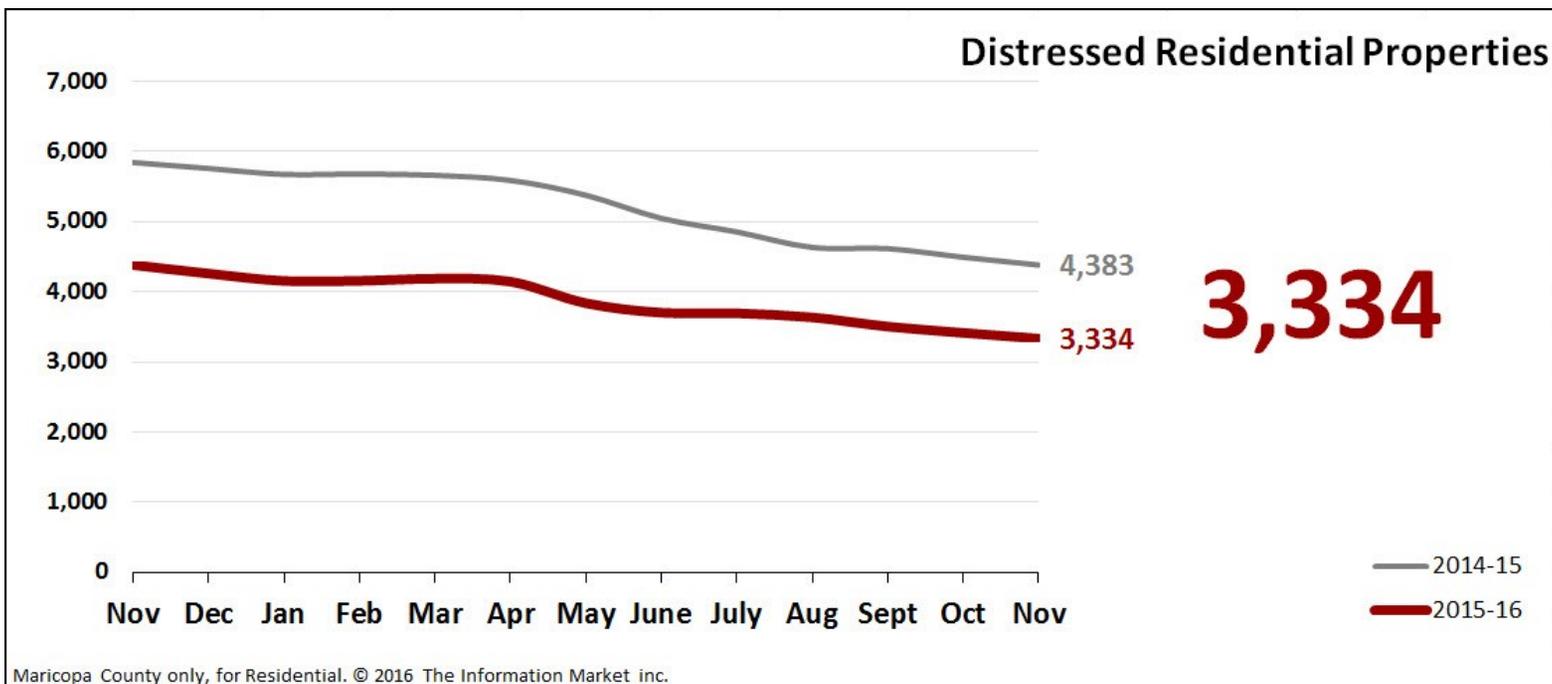
The average sales price is up +6.0% year-over-year while the year-over-year median sales price is also up +8.1%.

MLS sales prices for closed listings with a close of escrow date from 11/1/2016 to 11/30/2016, 0 day DOM sales removed



A slight decrease is forecasted for average sales price with median sales price dropping in December as well.

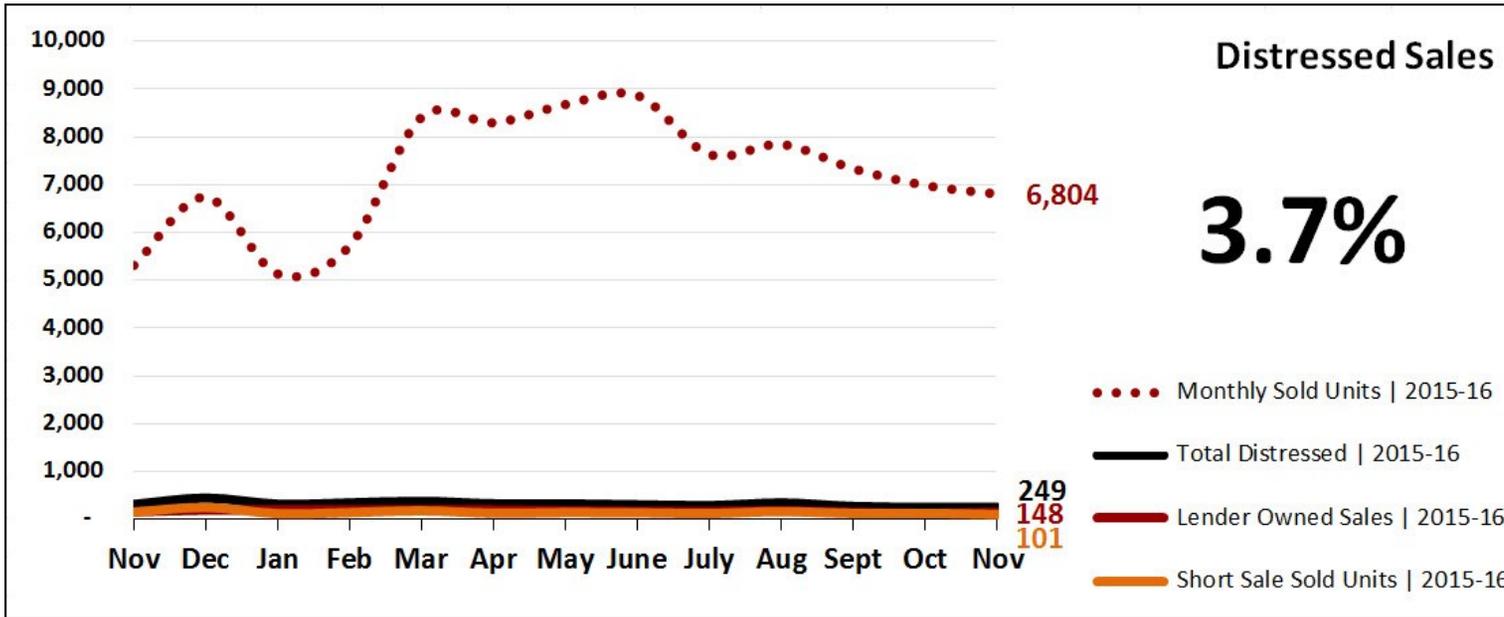
ARMLS proprietary predictive model forecast, 0 day DOM sales removed



Foreclosures pending month-over-month showed a decrease of -2.4% while the year-over-year figure was down -23.9%.

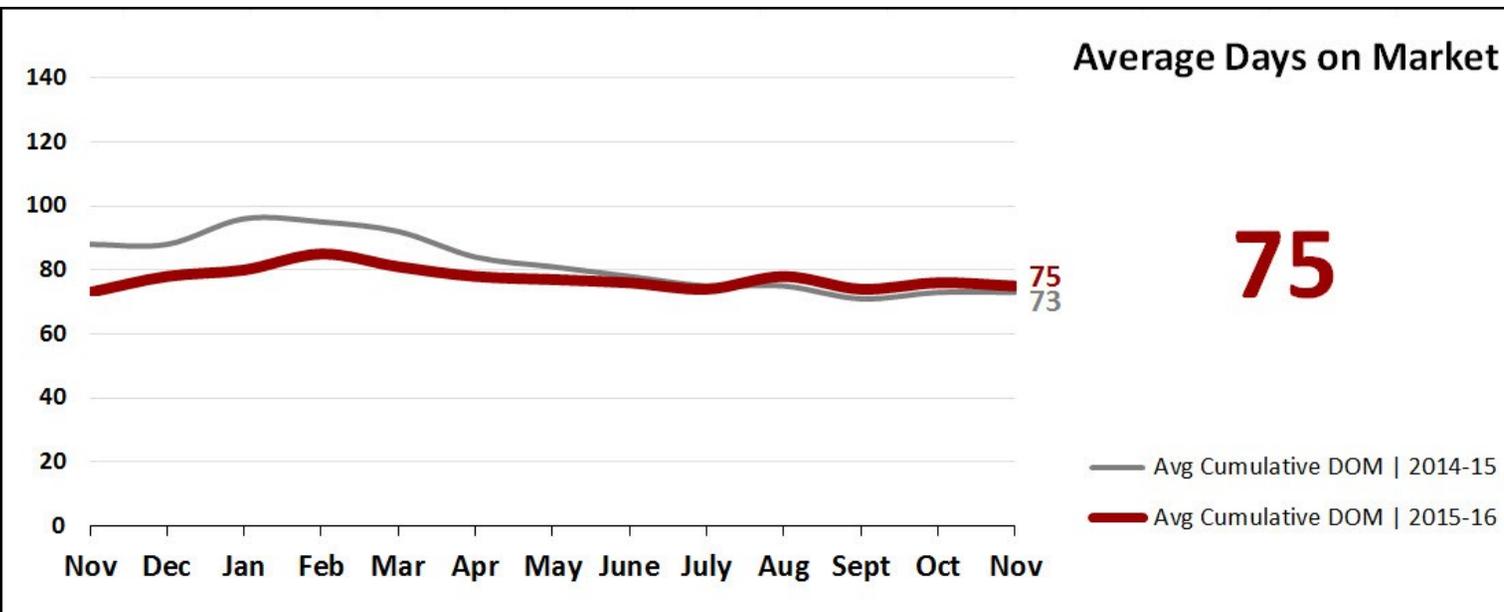
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Snapshot of public records data on 11/30/2016 active residential notices and residential REO properties



Distressed sales accounted for 3.7% of total sales, up from the previous month of 3.6%. Short sales dropped -34.4% year-over-year. Lender owned sales dropped -6.9% year-over-year.

Lender owned sales are MLS sales 11/1/2016 to 11/30/2016 where *Lender Owned/REO, HUD Owned Property* special listing conditions were selected
 Short sales are MLS sales 11/1/2016 to 11/30/2016 where *Short Sale Aprvl Req, Previously Aprvrd SS or Lender Approved SS* special listing conditions were selected
 0 day DOM sales removed



Days on market rose +2 days year-over-year while month-over-month decreased -1 day.

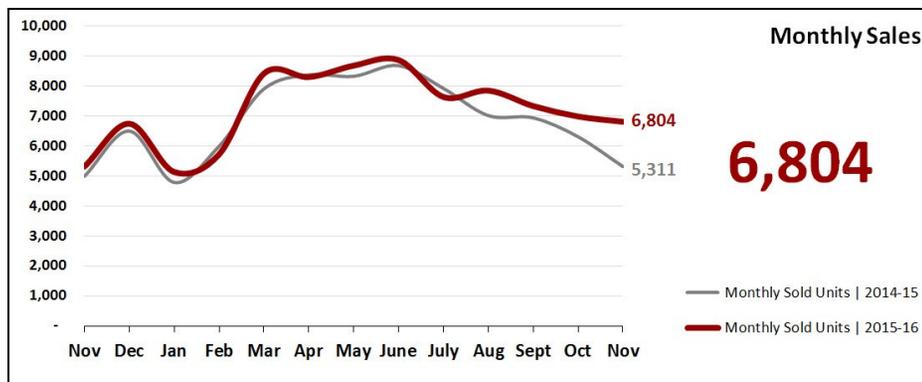
Average of all closed listings 11/1/2016 to 11/30/2016 where DOM was greater than 0

COMMENTARY

by Tom Ruff of The Information Market

Home sales are up, interest rates are up, the stock market is up, fake news is up and speculation as to what it all means is up. Oh, and by the way, a presidential election took place but let's pump the brakes for a moment on tying it all together. For the last month, regardless of what I read, everything seemed to be filtered through post-election goggles designed and engineered by pre-election beliefs. In STAT this month, we are going to ignore the clatter and focus on two metrics which we think are related: a 28.1% increase in year-over-year sales volume and a 19% increase in mortgage rates.

November 2016 MLS sales volume was 6,804, up 28.1% over last year (5,311).



On the surface these numbers are quite impressive and I'm certain in coming days will be hyped. We might even hear the phrase breakout month bandied about. There is reason to be impressed as November sales this year had the third highest resale home volume in the past 19 years according to tax records. The month was third only to 2004 and 2005 when our market was red hot. Accompanying the strong resale numbers, new home sales were up 43% year-over-year. The 1,298 new builds as reported by The Information Market accounted for their highest monthly total this year.

Now for the part you're not going to like as much

There are three reasons why you shouldn't get overexcited about the reported 28% November year-over-year increase. Mostly because it's not 100% real but more so how we count:

1. TRID

While the November year-over-year numbers are impressive, home sales in November 2015 were deflated by the implementation of TRID, making our year-over-year comparison between 2015 and 2016 inflated. We can only speculate how many sales which

normally would have occurred in November 2015 got pushed forward unnaturally into December 2015 but our estimates have ranged from 300 to 500 sales.

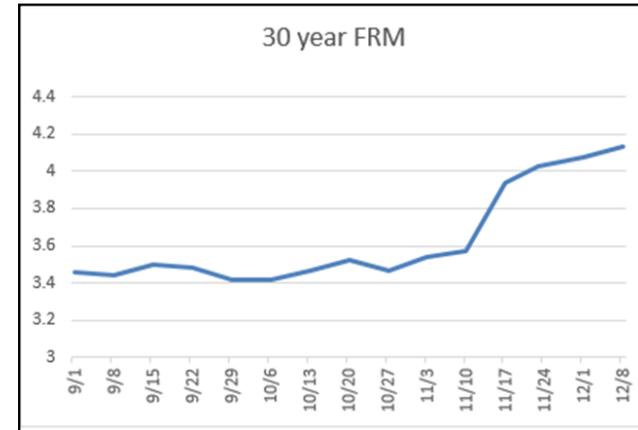
2. Business Days

Further compounding the comparison, last year in November there were 19 business days, this year there were 20. From our past analysis we know the number of business days will impact year-over-year comparisons each month. Our guess is the extra day contributed around 5% to the total this year.

2. Interest Rates

In our introduction, we mentioned a probable relationship between a sudden rise in mortgage rates and November sales volume. I believe this was a third mitigating factor. The market and industry were long expecting an interest rate increase. Buyers that contracted their purchase in October and locked their interest rates would have done everything in their power to ensure their loan closed within the 30-day window, thereby saving themselves thousands of dollars over the life of their loans.

The average sales price of a home in October as reported by ARMLS was \$283,500. The increase in monthly interest payments for an average priced home with an 80% loan to value closing on 12/8/2016 compared to a home that closed on 10/27/2016 was \$123.42 per month higher or \$1,481.04 more per year.



November sales numbers were strong, but not as strong as they appear on the surface. In my opinion, we didn't have a breakout month. We made a lot of assumptions this month but we are confident that December sales will fall back to earth based on the following logic:

- November 2015 sales volume was deflated by TRID
- December 2015 sales were inflated as closings were pushed forward due to TRID
- November 2016 had one more business day than 2015
- November 2016 sales were inflated by October contracts rushing to close to beat interest rates
- December 2016 has one less business day than December 2015
- December 2016 will be deflated by October contracts that rushed to close in November

Next month we break our normal programming for our annual year in review.

ARMLS Pending Price Index (PPI)

Last month STAT projected a median sales price for October of \$225,000, with the actual median coming in at \$226,000. The actual median was 0.4% higher than the \$225,000 projected by our model. Looking ahead to December 2016, our model projects a drop in the median sales price as the ARMLS Pending Price Index projects a median sales price of \$225,000. Our mathematical model projections have been trending slightly lower than the actual results. I expect little to no change in the median sales price this month and would not be surprised to see the median price slightly increase.

Sales volume in November as reported by ARMLS was 6,804 which was 28.1% higher than the total last year of 5,311. November sales came in much higher than our projection of 5,950, missing the mark by 854 sales. We begin November with 5,802 pending, 3,245 UCB listings and 351 CCBS giving us a total of 9,398 residential listings practically under contract. This compares to 9,562 of the same type of listings at this time last year. There are 21 business days in December 2016 compared to 22 business days in December 2015. One less business day this year and fewer residential listings practically under contract would suggest lower sales numbers this December compared to last year. There were 6,741 sales in December of 2015. Sales volume for the first 11 months of 2016 is 5.1% higher than 2015.

ARMLS has reported 81,677 sales this year compared to 77,508 sales last year.