

JANUARY 2014

Real Estate Update



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

Hello Everyone,

Happy New Year! The race of 2014 is on. I say that since each year seems to go by faster than the previous one. I hope you had a good Holiday Season. (We did, thanks.) To my friends and clients in the Midwest and NorthEast US, I hope you will fare well through the Polar Vortex that has had a grip on your area for the New Year. Perhaps it REALLY is time to consider a (most of the time) sunny and warm Phoenix area get away/snowbird home. I'm ready to go to work for you!

The majority of the real estate news in this area continues to be talk about the slow market that started in September. Even Guru Michael Orr (ASU) is saying Buyers are just not very interested right now. He predicts that to change with the "Spring Season" that typically starts by the end of January. Our inventory of resale properties is up to around 10,000 properties, lower than normal but up 14% from October. Orr goes on to say that he expects to see the market tilting slightly to the favor of Buyers. He says he reserves the right to modify his prediction in mid to late February after 2014 trends start to unfold. The AZ foreclosure rate in Oct (last data avail) was down to 0.8% of the market. That puts us 9th lowest and well ahead of the 2.2% national average. The 50th Annual AZ Economic Forecast Lunch in December predicted 2014 to be a slight improvement over 2013 with a similar slight improvement year to year for 2015. Slow but steady seems to be the key phrase these days. Our lagging economy is largely due to a very slow job growth in AZ. Even though our 2% growth of jobs in 2013 ranked us seventh best in the nation, more (quality) job growth is needed to truly make a difference. There are lots of changes taking place in the Lending marketplace. New HUD Qualified Mortgage rules (part of Dodd Frank) go into effect on Jan 10. That will generally mean lots more paperwork and somewhat more restrictive lending practices for those looking for the 'best' mortgage interest rate. We may see many of the large Mortgage Brokers make big inroads in the market because they will be able to offer a wider array of mortgage products. Fannie Mae and Freddie Mac have decided to hold their max loan amount at \$417,000. At the same time FHA is dropping their max loan amount to \$271,050 (from \$346,250). 2014 will be a year where you go for a mortgage will play a very large part in the Home Buying process. Experienced Loan Officers working for Lenders who have a very broad range of offerings will benefit most prospective Buyers. Yes, I'm happy to make recommendations to you based upon my experience with Lenders and clients.

Congratulations to Nhirby & Lorelei (from Edmonton) on getting the sale of their Laveen rental property accomplished in December. Hopefully the next one will bring better tenants. Thanks to Michael & Holli from St Louis and George and Arlene from Albuquerque along with Julie from Mesa and James & Nicole from San Tan Valley for allowing me to spend some time exploring properties over the Holiday Season. Hopefully the new year will lead us to finding the right property for each of you. I'm still searching for a qualified Buyer for Carol's (east) Mesa home and also for James & Nicole's San Tan Valley home. If you know anyone in the market for a property in those areas, please have them contact me. If you know anyone looking to buy or sell anywhere in the East Valley, please don't forget to pass along my name. Your referrals are appreciated! Here's hoping 2014 brings much health, happiness, good fortune and maybe even a little bit of plain luck for each of us!!

Regards,

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Real Estate For Today

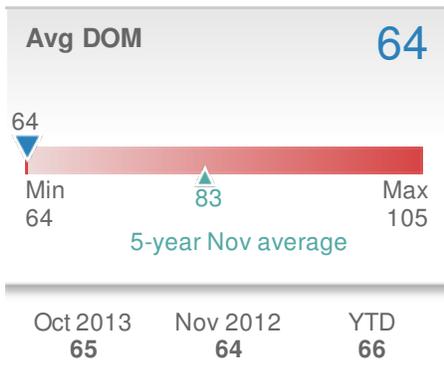
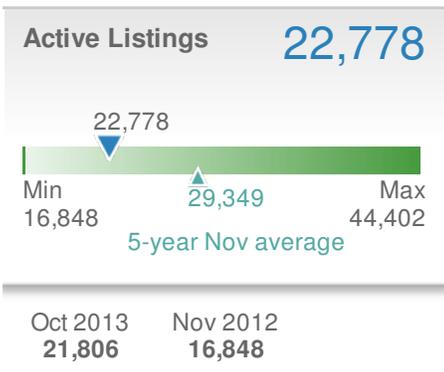
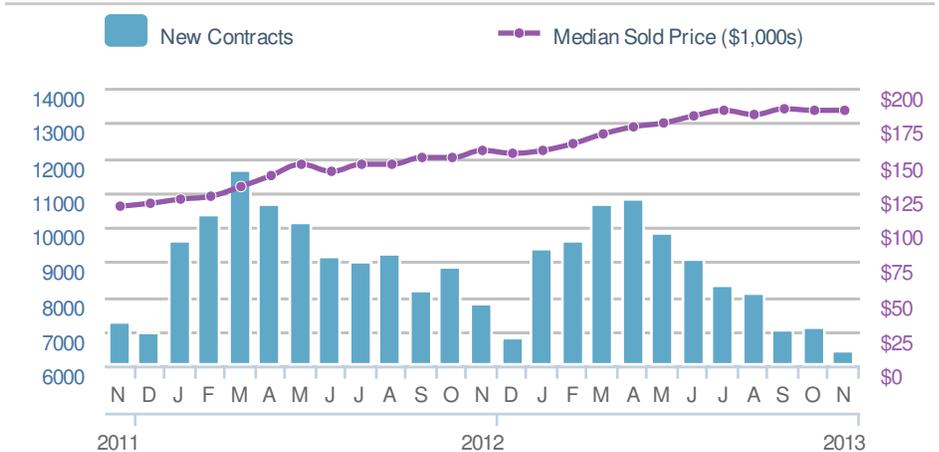


Visit my website at: www.jeffgerberrealtor.com



November 2013

Arizona Regional MLS





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SRES



The Empowered Team LLC

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!



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. **Homeowner's insurance** *indemnifies* the homeowner against *damage or liability* arising from some unknown or contingent event. Both offer valuable budget protection, and they can work in conjunction with one another. 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.

I recommend an **Old Republic Home Protection Plan** with every transaction for complete budget protection. Call me today to learn more about how a home warranty can benefit you.

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

Triumphing Over Depression

It's difficult to diagnose the health condition of anyone from the past, but records left by Abraham Lincoln, Sigmund Freud, and Georgia O'Keefe suggest that each of these great historical figures suffered from depression at times throughout their lives. Luckily, we live in an era where depression is discussed openly—making it easier for anyone to get the help they deserve.



As you may already know, depression is more than a simple case of the blues. According to the National Institute of Mental Health (NIMH), depression "interferes with daily life and causes pain for both you and those who care about you." Unlike sadness or melancholy, depression is characterized by emptiness, loss of interest in activities that once made you happy, and feelings of hopelessness.

Talk to your doctor if you're feeling depressed. There are a wide range of treatment options available, from psychotherapy to medication. In addition, focus on diet, exercise, and meditation. A balanced diet can help steady the mind, exercise offers a natural endorphin high and stimulates other neurotransmitters, and there is strong scientific data that a regular meditation practice can bring about a sense of peace and joy.

Household Tips

"Babysitting" Buster

Ten years ago, New York police responded to an anonymous tip that a local resident was harboring a 500 pound Bengal Tiger and a three foot alligator in his tiny apartment. In all likelihood, the Harlem man struggled to find a decent pet sitter... but if *your* furry friends are a tad less exotic, you shouldn't have much trouble!



Angie's List recommends doing your research when choosing a professional pet sitter for your next vacation. Check references, make sure the company is insured and bonded against theft, and find out how their employees are trained.

Fees can vary considerably from one agency to the next, but innovative websites such as *HouseCarers.com* offer free house sitting (including pet care, lawn mowing, pool maintenance, etc.) in exchange for a place to stay—allowing thrifty travelers to see the world for less. Homeowners rate house sitters, and you can interview anyone before hiring them. You can also request a deposit for extra security. Do your homework first and weigh all your options, as there are always risks associated with letting anyone, including a friend or neighbor, into your home.



- 1 lb. zucchini, grated
- 1 tsp. kosher salt
(may substitute $\frac{3}{4}$ tsp. table salt)
- $\frac{3}{4}$ cup crumbled feta cheese
- 1 large egg, lightly beaten
- 3 green onions, thinly sliced
- 3 Tbsp. all-purpose flour
- $\frac{1}{4}$ cup chopped pine nuts
- 1 Tbsp. chopped fresh dill
(may substitute 1 tsp. dried)
- $1\frac{1}{2}$ tsp. chopped fresh oregano leaves
(may substitute $\frac{1}{2}$ tsp. dried)
- 1 garlic clove, finely chopped
- $\frac{1}{4}$ tsp. freshly milled black pepper
- Olive oil

Combine grated zucchini and kosher salt. Set aside for 5 minutes (no more, or it will be mush). Rinse in cold water and squeeze dry in a kitchen towel or press in a strainer or colander until dry.

Combine cheese, egg, green onions, flour, pine nuts, dill, oregano, garlic, and pepper in a large bowl; fold in zucchini. Form into 24 small cakes (about 2 Tbsp. of mixture for each) and sauté in olive oil, turning once, until browned, about 3 minutes on each side. Serve immediately.



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Helpful Hints **Résumé Smarts**

Is it possible to reduce your life's work to a couple pages? Of course not! But before you can show anyone how much you have to offer, you'll need a stellar résumé to land that interview. The following tips may help!

Use a Template: Access free résumé templates online or through MS Word. Quality résumés appear more professional at a glance, enticing recruiters to read on.

Customize It: Hiring Managers are a bit like super models looking for a date—they've got options! Stand out by tailoring your objectives to each job description.

Key Words: These days, many résumés are processed by recruiting management software, which scans resumes for relevant key words. Each time you apply for a job, identify key words from the job listing and sprinkle them throughout your résumé and cover letter.

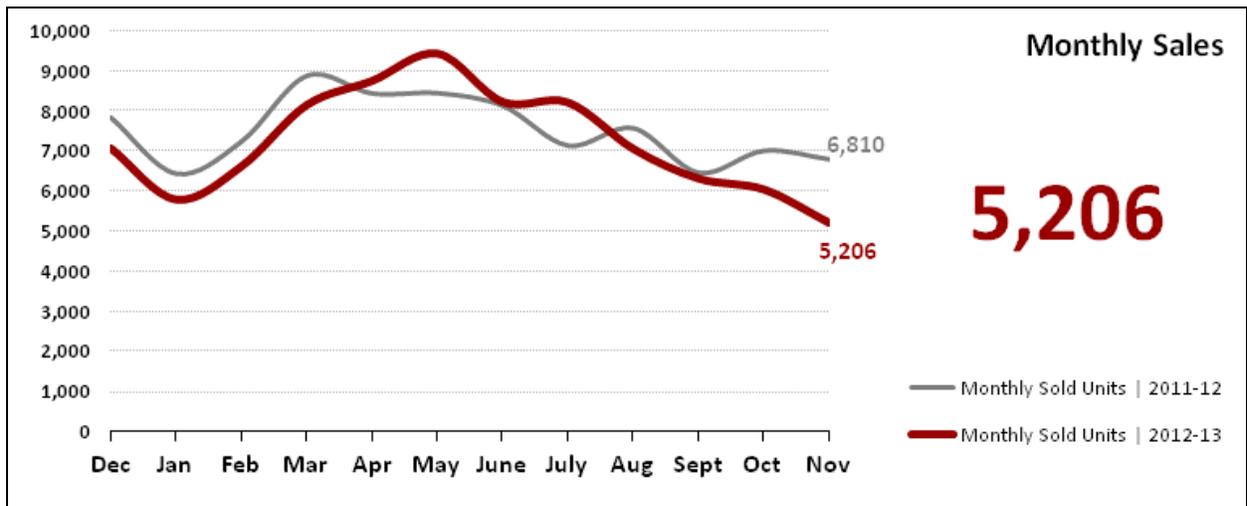
Go Professional: If you're stuck, there are plenty of career counselors and résumé writing services that can help you craft the perfect résumé for a fee.





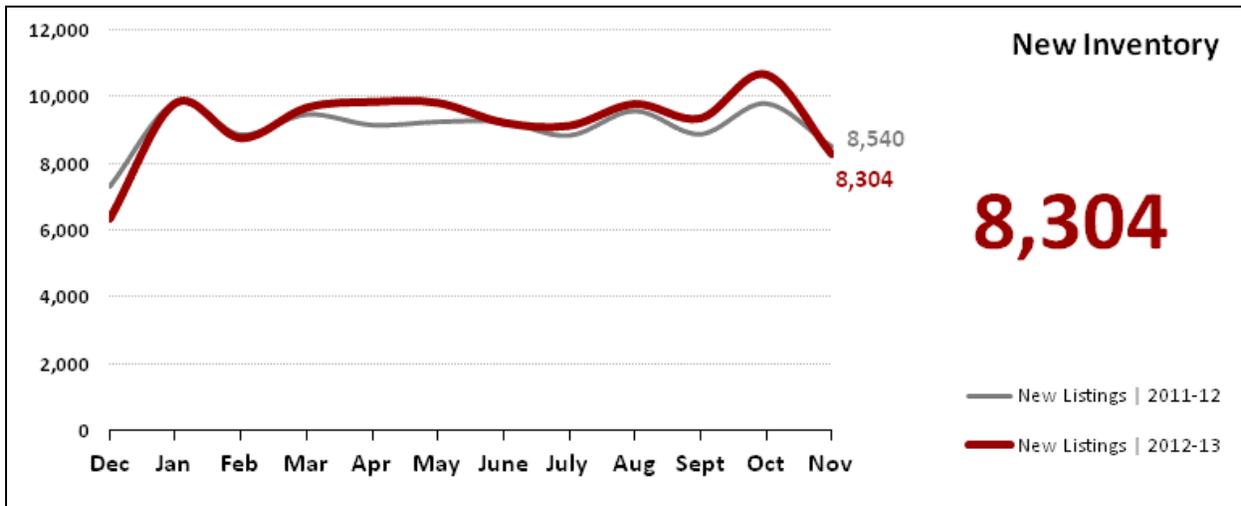
ARMLS® STAT - December 10, 2013

MONTHLY SALES



-23.6%, year-over-year
-13.8%, month-over-month

NEW INVENTORY

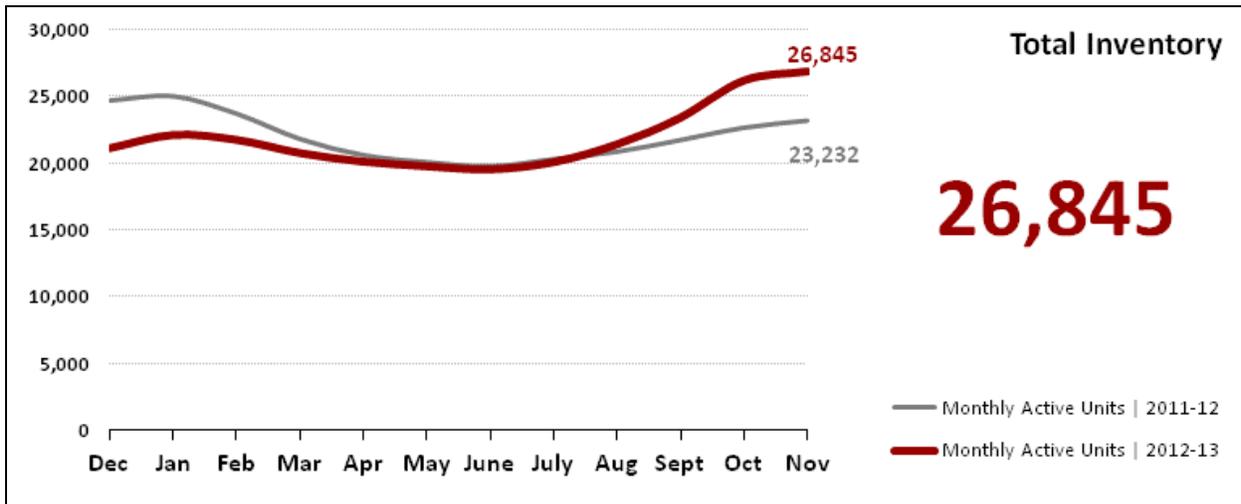


8,304

-2.8%, year-over-year

-22.4%, month-over-month

TOTAL INVENTORY

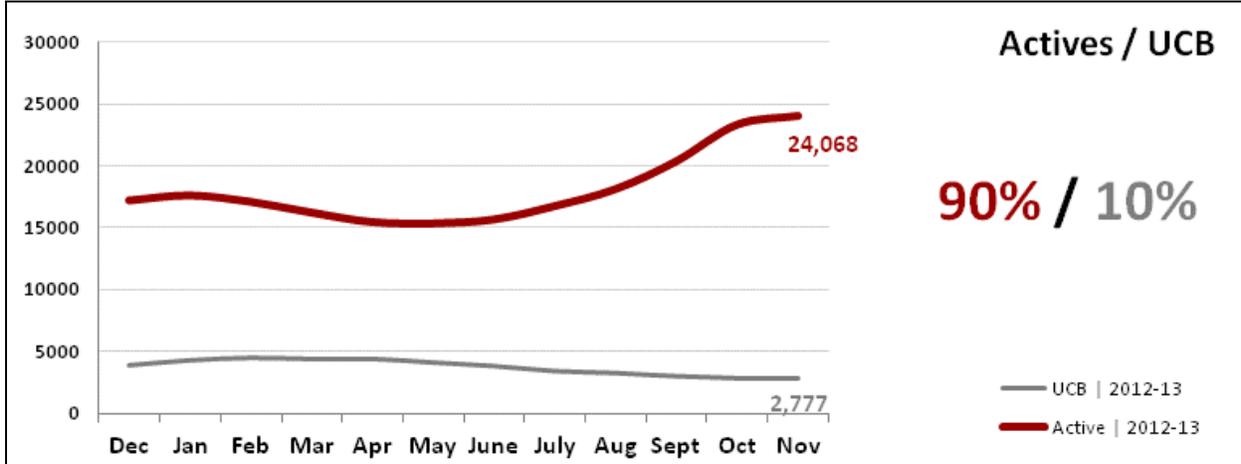


26,845

+15.6%, year-over-year

+2.6%, month-over-month

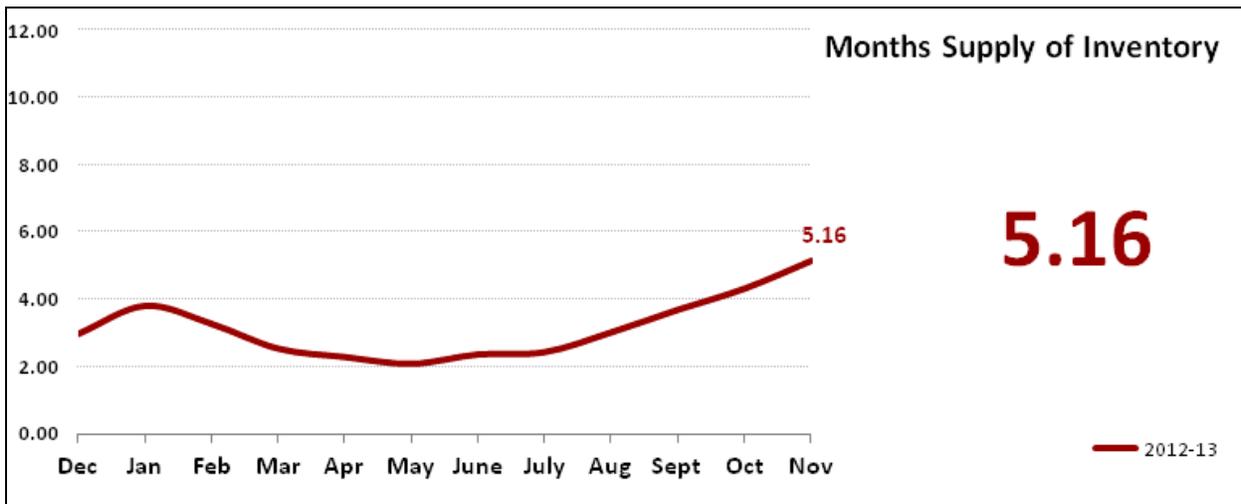
ACTIVES / UCB



21.1%, November 2012 UCB percent of total Active

10.3%, October 2013 UCB percent of total Active

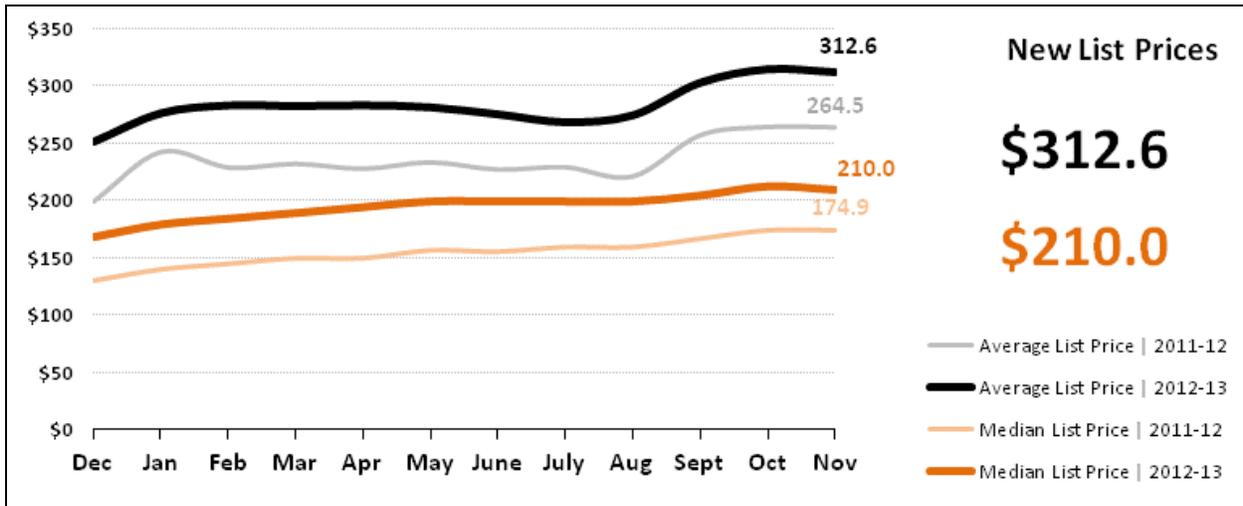
MONTHS SUPPLY OF INVENTORY



3.41, MSI November 2012

4.33, MSI October 2013

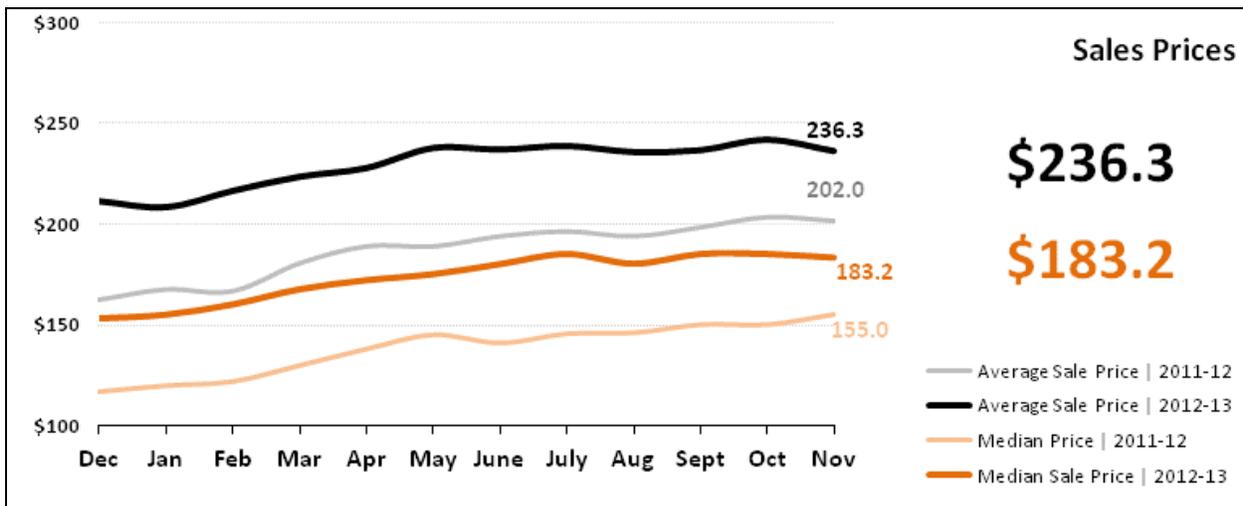
NEW LIST PRICES



+18.2%, year-over-year average

+20.1%, year-over-year median

SALES PRICES

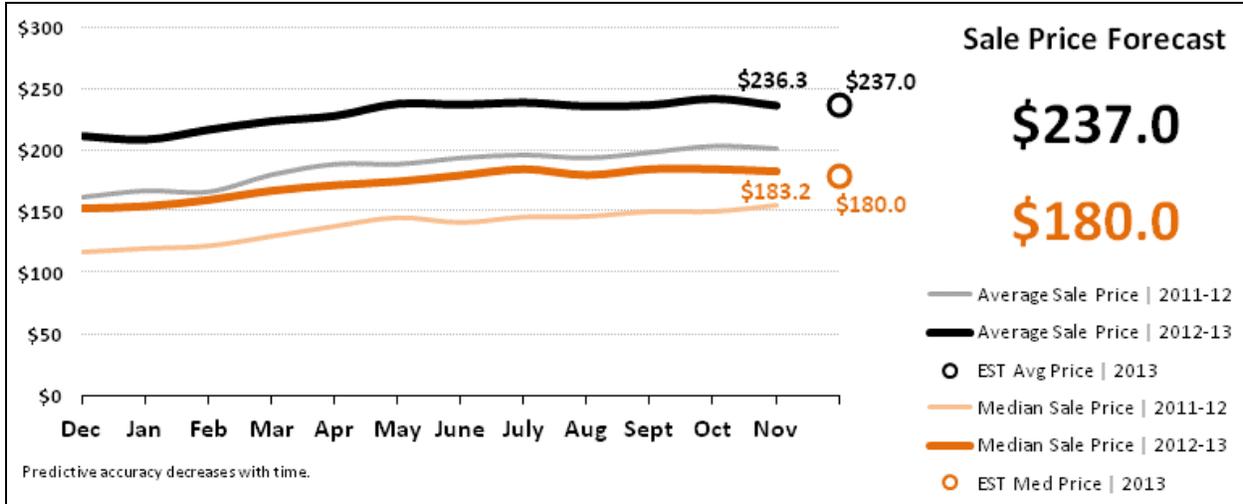


+17.0%, year-over-year average

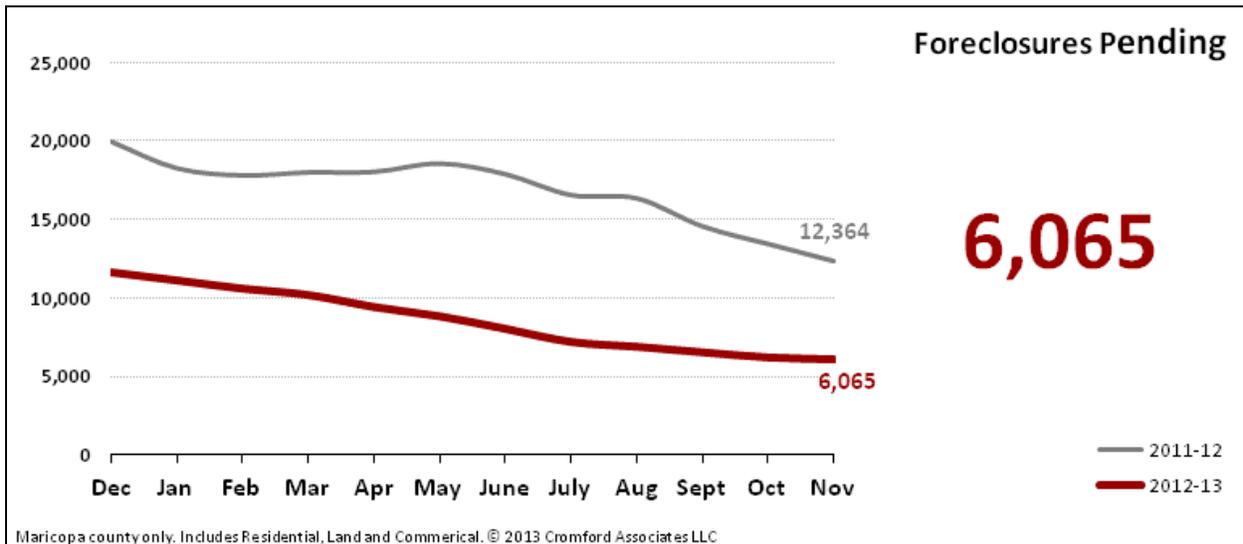
+18.2%, year-over-year median

THE ARMLS PENDING PRICE INDEX™

SALE PRICE FORECAST

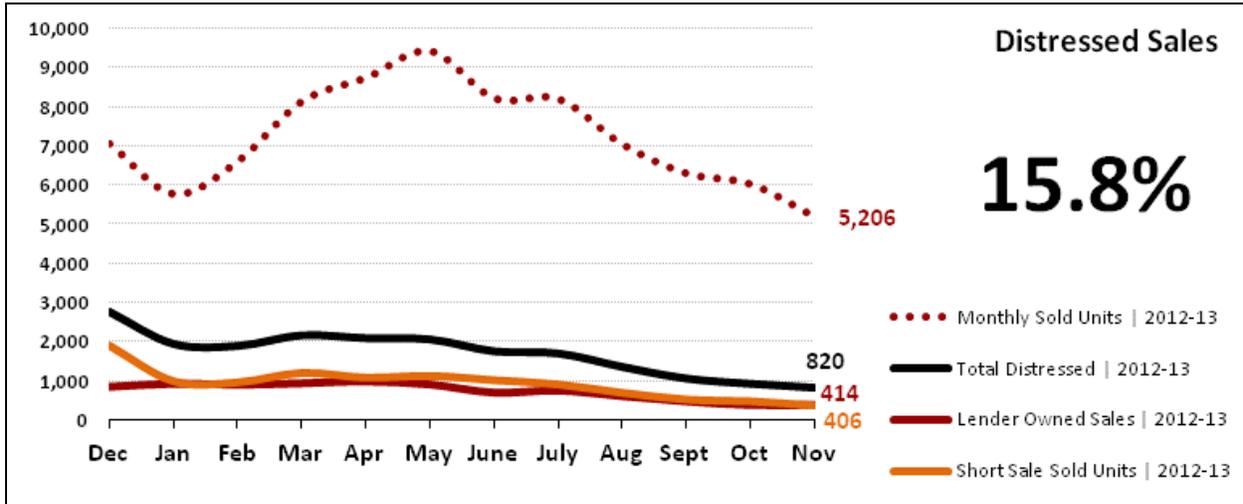


FORECLOSURES PENDING



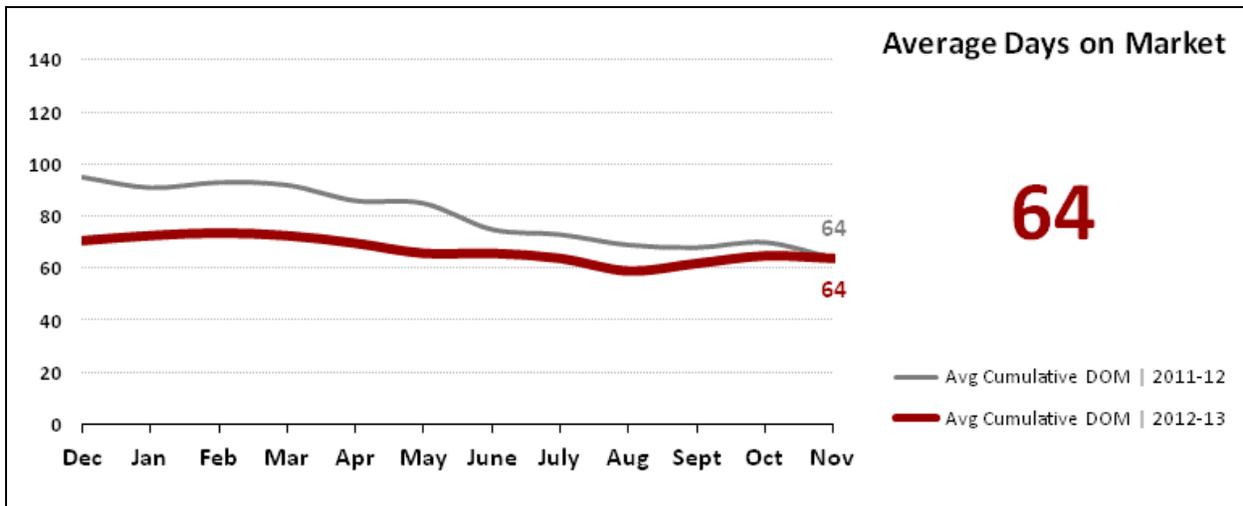
-50.9%, year-over-year
-2.2%, month-over-month

DISTRESSED SALES



-74.4%, short sale units year-over-year
-52.7%, lender owned units year-over-year
-66.7%, total year-over-year

AVERAGE DAYS ON MARKET



0, year-over-year
-1, month-over-month

COMMENTARY

by Tom Ruff of The Information Market

Supply and demand in November left us with a relatively calm month. There were 5,206 closed sales this month compared to 6,810 last year at this time. The decline in sales activity was expected with sales volume down 23.6% year-over-year and 13.8% month-over-month. New listing activity also saw a decline, down 22.4% month-over-month and 2.8% lower than last year as our market remains in a balanced state. There were 8,304 new listings in November. Total inventory numbers are up 15.6% year-over-year and increased 2.6% month-over-month.

Last year at this time we had 23,232 homes listed for sale, this year there are 26,845. The holiday slowdown was fully evidenced in November with only 18 business days clearly contributing to the lower numbers. Average and median sales prices are up 17% and 18.2% respectively year-over-year, although over the last six months home prices have remained relatively flat. The average priced home in November sold for \$236,300, in May the average priced home sold for \$237,800. Median home prices have followed a similar trend, fluctuating between \$180,000 and \$185,000 over the past six months. The median priced home in November sold for \$183,200.

Looking ahead, pending listings have stabilized suggesting sales volume in December will be higher. With three more business days in December than October, a higher sales volume in December is likely. Prices in December are expected to remain consistent with what we've seen over the past six months. The ARMLS Pending Price Index predicts an average sales price of \$237,000 and a median sales price of \$180,000.

Shifting to public records data, there were 551 homes sold by courthouse auction in November in Maricopa County. Of interest, only 195 or 35% went to third-party buyers. Over the past two years we have seen third-party courthouse purchases in the 50% to 55% range. The decline in third-party courthouse purchases could be an indication the banks are taking a more aggressive pricing strategy.

Over the past few months we've focused our attention on the demand side of the housing equation focusing our attention on the buyers. I still believe the best leading indicator of where our market is heading is within the pending listing inventory. For this month, I thought it would be interesting to take a closer look at the active listings by mingling ARMLS listing data with public records data. There are currently 21,954 active listing within Maricopa County. Normal listings, listings without distress, now account for 87% of our entire inventory, while 13% of listings have some level of distress. One year ago, 68% of our listing inventory would have been defined as normal.

Normal Listings – The 87%

As we move forward in our analysis, we'll break the listing data down into various groups. Normal listings will be broken down into four categories: traditional, non owner occupied, flips and newly constructed.

Traditional Listings - For the purposes of our discussion we will define traditional listings as normal sales where public records indicate the property is owner-occupied. Maricopa County currently has 10,845 traditional listings accounting for 49% of our total listings. The median list price for these properties is \$264,500 with the owner having resided in home on average 8.9 years. Half of these sales were purchased prior to 8/1/2005.

Non-owner-occupied Listings - Are normal sales where the County Assessor or the Affidavit of Value recorded at the time of purchase declares the property as a rental, 5,753 active listings meet this criteria or 26% of all active listings. The median list price for non-owner-occupied listings is \$199,000 with the seller having owned the property on average 6.2 years. Half of these listing were purchased after 1/20/2009. The vast majority of these listings are *mom and pop* local buyers. There has been much national and local attention given to the institutional investors in our marketplace. We have defined 10 large institutional investors, they currently own a combined estimated total of 13,500 properties in Maricopa County. Of the 5,573 active listings only 36 are institutionally owned. The median list price for these 36 properties is \$149,000. The 36 properties listed are most likely mistakes that do not fit into their portfolios.

Flip Listings - We have defined flips as properties that were purchased in the last 180 days and are now listed for sale. There are 1,412 or 6.4% of all properties currently listed falling into this category. The vast majority of flippers report Arizona mailing addresses, 5% from California, and 1% each from Canada and Nevada. The median list price for a flip is \$204,900. If we define investor listings as non-owner-occupied plus flips, 32% of all active listings can be attributed to investors.

Newly Constructed Listings - There are 988 newly constructed homes listed for sale or 4.5% of the listing inventory. The median asking price for a newly constructed home is \$317,995. Richmond American is the most active home builder in terms of listing homes on the MLS accounting for nearly 10% of all newly constructed home listings.

Distressed Listings – The 13%

Short Sale Listings - Distressed homes account for the remaining 13% of the active listings, homes either listed as a short sale or listed homes with an active notice of trustee sale account for 9.7% of our listing total. There are currently 2,064 listings in this category with 778 of the listings with an active notice. The median list price is \$160,000. On average these sellers have been in their home 9 years.

The common characteristic among these sellers are that they either purchased or refinanced their home inside the bubble with 80% of all loans having originated between 2004 and 2008. Half of the loan originations took place prior to 1/2/2006. Over 1 in 3 of every short listing is in foreclosure. In reviewing the mailing addresses of short sale listings, we see 95% have an Arizona mailing address, 2% are showing California mailing addresses, and only 2 show a Canadian mailing address. Public records indicate 84% of all short listings are owner-occupied.

Foreclosure Listings - Our final category of active listings are defined as REOs. An REO property is defined as any property having been foreclosed upon with ownership reverting back to the bank. A very small percentage of these properties will have been conveyed to the bank using a deed in lieu of foreclosure. We further define our REO inventory as any home either owned by a bank, Fannie Mae, Freddie Mac, HUD or VA.

The number of REO properties currently listed for sale in the MLS total 892, or 4.1 %. The highest percentage of the REO listing inventory are currently owned by Fannie and Freddie. Fannie and Freddie account for 601 of the REO listings. The median list price for these 601 homes is \$169,900. On average it takes 89 days from the time the properties are deeded to the GSE's (government-sponsored enterprise such as Freddie, Fannie and the VA) before they are listed for sale, half of the properties they list occur within two months of receiving title. There are currently 244 bank owned homes listed for sale in Maricopa County with a median list price of 159,900. On average it takes the banks 92 days to list a property, although this number is inflated due to the relatively small number of bank owned properties and a handful of properties that were owned years before listing. Half of the properties owned by the banks are listed within a month of acquiring title, some in a matter of days. The US Bank National Association has the most properties of any bank listed for sale with 46 properties.

There are currently 45 HUD properties listed for sale with a median list price of \$145,000. HUD sales are listed very quickly for sale once the property is deeded to HUD with half of the properties being listed within the first two weeks of acquiring title.

Some final observations regarding our total active inventory:

Single female sellers account for 4,130 listings with a median list price of \$208,000

Single male sellers account for 4,964 listings with a median list price of \$220,000

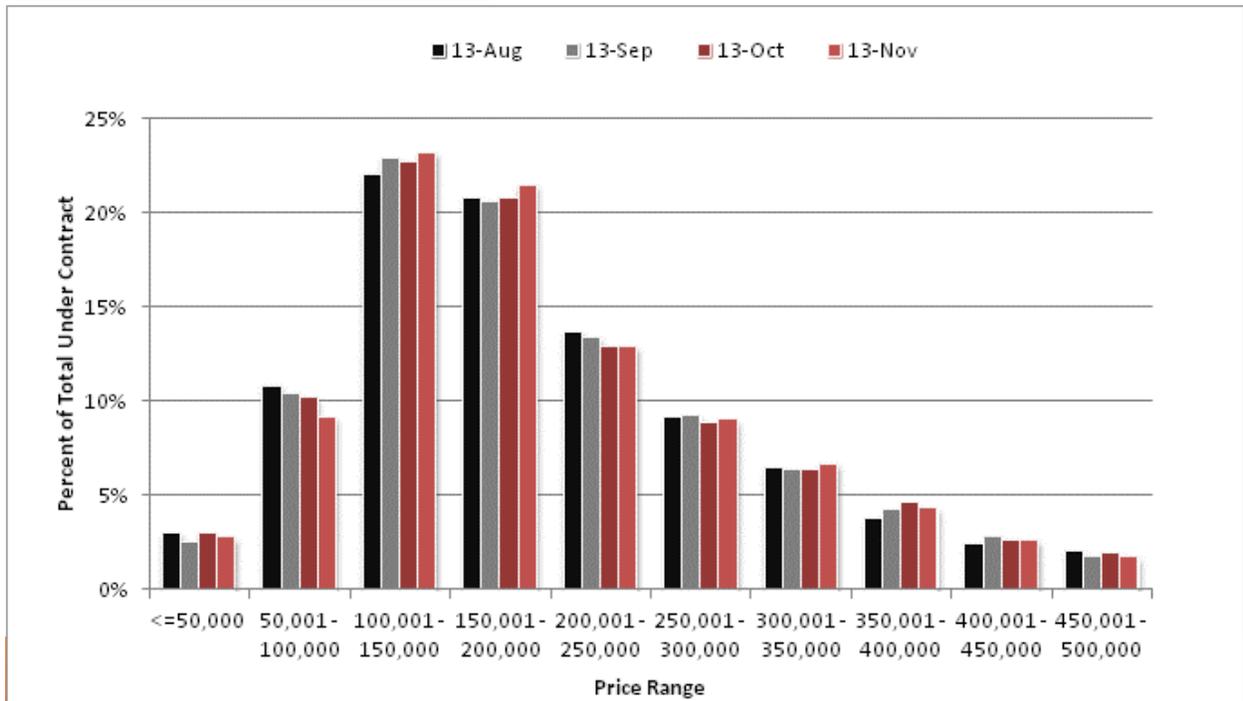
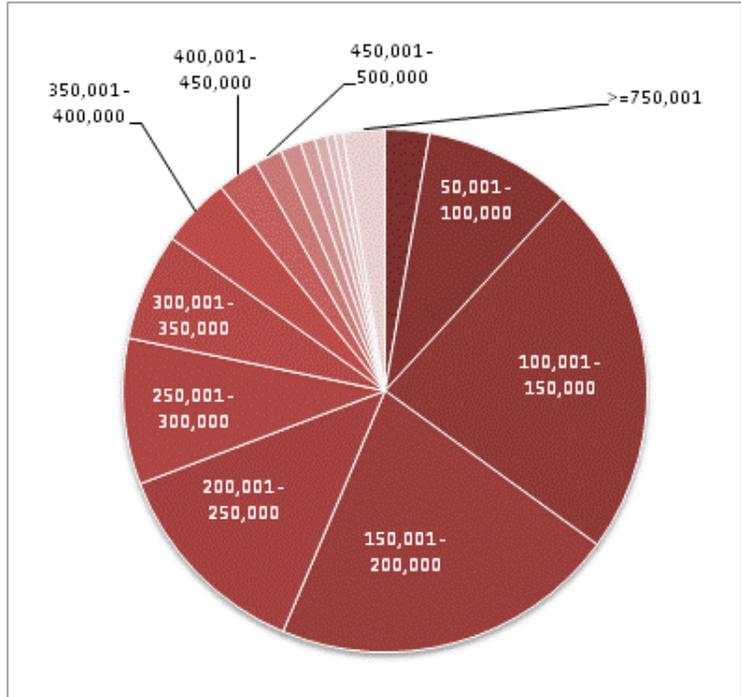
Married couples account for 7,752 listings with a median list price of \$295,900

When comparing the tax records of the homes currently listed for sale to the public records of the homes purchased in November:

	% of active listings at this moment	% of closed sales in November
Non-owner occupied	26%	18%
Arizona tax mailing address	82%	84%
California tax mailing address	3.7%	3.5%
Canadian tax mailing address	1.5%	2.3%
New Construction	4.5	12.8

PPI SUPPLEMENT

Pending Contracts Signed In November		
Price Range	PPI Units	Units % of Total
<=50,000	141	2.73%
50,001 - 100,000	472	9.12%
100,001 - 150,000	1,197	23.13%
150,001 - 200,000	1,108	21.41%
200,001 - 250,000	664	12.83%
250,001 - 300,000	465	8.99%
300,001 - 350,000	344	6.65%
350,001 - 400,000	223	4.31%
400,001 - 450,000	134	2.59%
450,001 - 500,000	88	1.70%
500,001 - 550,000	66	1.28%
550,001 - 600,000	47	0.91%
600,001 - 650,000	37	0.72%
650,001 - 700,000	28	0.54%
700,001 - 750,000	26	0.50%
>=750,001	134	2.59%



PPI SUPPLEMENT - \$/SQ FT

Pending Contracts Signed In October					Pending Contracts Signed In November				
Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt	Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt
<=50,000	33,787	1,119	161	30	<=50,000	31,621	1,161	141	27
50,001 - 100,000	79,615	1,219	549	65	50,001 - 100,000	79,489	1,214	472	65
100,001 - 150,000	129,128	1,506	1,224	86	100,001 - 150,000	128,998	1,510	1,197	85
150,001 - 200,000	175,341	1,764	1,120	99	150,001 - 200,000	316,667	2,246	1,108	141
200,001 - 250,000	225,158	1,962	695	115	200,001 - 250,000	225,747	1,960	664	115
250,001 - 300,000	274,714	2,180	480	126	250,001 - 300,000	275,344	2,190	465	126
300,001 - 350,000	326,429	2,471	343	132	300,001 - 350,000	326,312	2,395	344	136
350,001 - 400,000	374,012	2,698	248	139	350,001 - 400,000	374,883	2,679	223	140
400,001 - 450,000	428,006	2,786	142	154	400,001 - 450,000	426,726	2,736	134	156
450,001 - 500,000	475,685	2,948	105	161	450,001 - 500,000	478,303	2,895	88	165
500,001 - 550,000	526,853	3,122	60	169	500,001 - 550,000	532,024	3,113	66	171
550,001 - 600,000	575,759	3,150	46	183	550,001 - 600,000	578,705	3,286	47	176
600,001 - 650,000	630,056	3,308	37	190	600,001 - 650,000	630,369	3,456	37	182
650,001 - 700,000	680,904	3,288	35	207	650,001 - 700,000	683,059	3,613	28	189
700,001 - 750,000	730,303	3,587	30	204	700,001 - 750,000	724,520	3,460	26	209
>=750,001	1,293,678	4,658	139	278	>=750,001	1,316,821	4,451	134	296

