

DECEMBER 2013

Real Estate Update



JEFF GERBER

ABR®, GRI®, SRES®, REALTOR®

Hello Everyone,

I just recently heard this analogy. Life's like a roll of toilet paper. As time goes on, things unroll much faster. I don't know that I've ever heard truer words spoken. Are you finding this to be true also? I'm dumbfounded to believe that we're approaching the end of the year. Here's hoping the upcoming Holiday Season is filled with family, friends, good health, things that bring you joy, a bit of good luck and even a touch of prosperity by however you choose to measure that word!

The real estate news from the past month really shows that we've hit a sort of plateau in the Phoenix market. The ASU "Orr" report in October says things have cooled considerably. The median home price did jump 1/3 since 2012 to land at \$199,000 but monthly sales are down about 10.7% from a year ago. The Experts are predicting not much of a change in the coming months due to the uncertain economy. When we add in the new Dodd Frank regulations that come into effect in January, making for even tighter lending standards, we could be looking at a stagnant market. A report issued on Nov 18 at the US Conference of Mayors is predicting the Phoenix area to be one of the fastest growing Metro's in the US in 2014. They predict 3.7% growth in goods and services and a 3.8% employment growth. If those predictions come true, that could very well offset the real estate worries in the market. The research firm Movoto ranked Chandler and Gilbert #9 and #10 in their best spots to sell a home in the US in November. CNBC, meanwhile, ranked Phoenix and Orlando as the Top Turnaround Towns—making the best recovery from the Great Recession. The confirmation of the new Apple plant, taking over what was to be the home of First Solar in Mesa, also presents much positive news for 2014. The new Intel plant in Chandler should also come online in 2014 meaning lots of new good paying positions. The AZ Regional Multiple Listing Service report of November 25 shows our inventory is up by 14+% this year, average prices up 21+%, Foreclosures down 53+%, home sales down 13+% and Average Days on Market up about 5 versus the same time last year. Finally, a US Census report says "Phoenix" is the top destination for those age 55+ who are moving to a new area since 2009. That good news is slightly offset by knowing that 25—34 year olds are choosing Minneapolis, Charlotte, New Orleans & Oklahoma City over Phoenix due to a better job market. Let's hope Apple, Intel, Amazon and others continue to choose Phoenix as a great place to expand their business.

If things go as planned, congratulations are in order for Nirbhy & Lorelei as we're scheduled to close on the sale of their investment property in Laveen on the 6th. Extra Congratulations are due to them on the birth of their new Grandson last week. I'm hopeful that we will start to see more people out looking for homes, especially nice ones like Carol's 3-bed plus den, 3-car garage in Mesa or James & Nicole's 4-bed/2-bath home in San Tan Valley. I would love to help them get these properties sold so they can move on to their next step in life. I'm looking forward to some winter visits, starting just before the Holiday's, from a few folks who I've been talking to about upgrading an existing winter home or purchasing their first. Our current market really is pretty balanced in attractiveness to both Buyers and Sellers. If you're thinking, or meet someone over the Holiday's who is thinking of making a home purchase or selling their home, I would really appreciate if you would recommend me for the job of being their REALTOR. Your referrals are really appreciated! Have a safe and Happy Holiday Season!

Regards,

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

The Empowered Team, LLC
Real Estate For Today



Visit my website at: www.jeffgerberrealtor.com



October 2013

Arizona Regional MLS

New Listings **10,381**

↑ **14.4%** from Sep 2013: **9,072**
 ↑ **9.4%** from Oct 2012: **9,493**

YTD	2013	2012	+/-
	92,716	90,150	2.8%

5-year Oct average: **10,913**

New Contracts **7,093**

↑ **1.3%** from Sep 2013: **7,002**
 ↓ **-19.6%** from Oct 2012: **8,826**

YTD	2013	2012	+/-
	91,766	99,388	-7.7%

5-year Oct average: **7,515**

Closed Sales **5,935**

↓ **-3.5%** from Sep 2013: **6,153**
 ↓ **-13.9%** from Oct 2012: **6,894**

YTD	2013	2012	+/-
	73,125	74,760	-2.2%

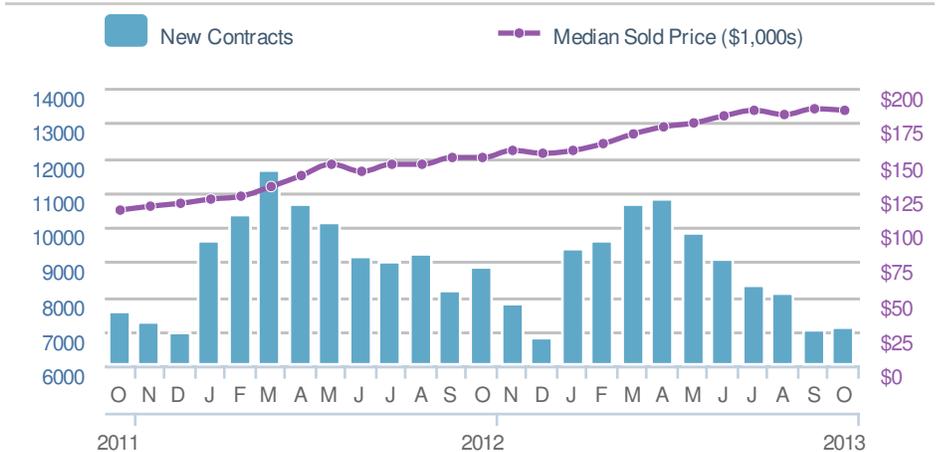
5-year Oct average: **6,908**

Median Sold Price **\$184,352**

↓ **-0.4%** from Sep 2013: **\$185,000**
 ↑ **22.9%** from Oct 2012: **\$150,000**

YTD	2013	2012	+/-
	\$175,000	\$140,000	25.0%

5-year Oct average: **\$138,670**



Active Listings **21,806**

Min 15,570 | Max 44,933 | 5-year Oct average 29,003

Sep 2013	Oct 2012
18,686	15,570

Avg DOM **65**

Min 65 | Max 104 | 5-year Oct average 84

Sep 2013	Oct 2012	YTD
60	69	66

Avg Sold to OLP Ratio **96.5%**

Min 89.3% | Max 98.3% | 5-year Oct average 94.8%

Sep 2013	Oct 2012	YTD
96.9%	98.3%	97.1%



Jeff Gerber, ABR, GRI,
SRES



The Empowered Team LLC

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 winds to a close, take a moment to reflect upon this year's triumphs and prepare for a promising 2014.



Are you in the market for a new home? The time is right to make the move, as prices and interest rates are attractive. 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 a warranty to the unique needs of their home.

Call me today to learn how you can gain added peace of mind with an Old Republic Home Warranty Plan, or visit www.orhp.com for more information.

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

Health Benefits of Massage

Massage may seem like a luxury item in a recovering economy, but therapeutic massage offers some significant health benefits. In fact, those benefits are so substantial that some health insurance companies will cover at least part of the costs. That said, even if heavily discounted massages aren't in your near future, it may be worth it to receive a monthly massage. According to WebMD.com, massage can reduce muscular pain, restoring healthy blood flow to the muscles. Some studies suggest that massage can ease anxiety and even have a positive impact on the immune system.



Massage styles are many and varied. MayoClinic.com reports that Swedish massage is the most common massage therapy in the U.S., and it involves soft strokes and gentle kneading to relieve muscle tension. If you've never had a massage, you may want to start with a Swedish massage before moving up to deep tissue work, which can involve intense pressure but works well to address knots and painfully stiff muscles. Research the many different styles to decide which is best for you.

Be sure to talk to your doctor before beginning any new form of healthcare regimen, as some medical conditions might be exacerbated through massage. Otherwise, relax and enjoy!

Household Tips

The Psychology of Color

Color plays an integral role in interior design, and it's worth considering how different colors affect our moods. While HGTV.com notes that there are no hard and fast rules when it comes to color psychology, there are definitely larger patterns in the way our minds interpret nature's many hues.

According to *Traditional Wisdom Rediscovered*, by Readers Digest Books, icy blues and light greens tend to produce calm mental states, perfect for a bedroom or a den. By contrast, the more vibrant versions of these colors can create high spirits and an expansive state of mind—often perfect for a dining room. Consider using dark shades of green, purple, and red sparingly, as accent elements; in excess, these colors constrict moods, inducing a more somber frame of mind.

Strangely enough, colors can alter our perception of a room's physical temperature. Warm colors, such as orange and yellow, can brighten a room and make it feel warmer, so these colors may work well in areas that don't receive much natural light. Bear in mind that they inspire activity as well, and should be avoided in rooms intended for relaxation.



1 ½ cups all-purpose flour
2 Tbsp. cocoa powder
1 tsp. baking powder
¼ tsp. baking soda
½ tsp. salt
¼ cup butter, room temperature
1 cup sugar
2 eggs
2 Tbsp. buttermilk
2 tsp. apple cider vinegar
1 tsp. vanilla extract
1 tsp. red food coloring
Finely chopped pecans

Mix flour, cocoa powder, baking powder, baking soda, and salt in bowl. Cream together butter and sugar until light and fluffy, about 3 mins. Add eggs one at a time. Beat in buttermilk, vinegar, vanilla, and food coloring. Once combined, add dry ingredients to wet. Mix well.

Onto a parchment lined sheet tray, drop batter forming 2-inch round circles. Bake at 375° F for 10 minutes. Cookies should be "cake-like" and light. Allow cookies to cool on the baking sheet, then remove to a wire rack to cool completely.

For Frosting: Beat cream cheese, butter, and vanilla together until smooth. Add sugar and beat on low speed until incorporated. Increase speed to high and mix until light and fluffy. Spread frosting between two cooled cookies and roll edges in finely chopped pecans.



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



Real Estate Today Resolutions for Home Buyers

Thinking about buying a home in 2014? Add the following tips to your list of resolutions.

Check Your Credit: You are entitled to a free annual credit report from the three national credit reporting agencies. Challenge any errors to make sure your credit is in good shape before you apply for loans.

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

Learn How to Shop for the Best Loan: The US Department of Housing and Urban Development (HUD) has a 12 minute video that covers loan shopping fundamentals. Visit www.HUD.gov/buying and click on the "Shopping for Your Loan" video.

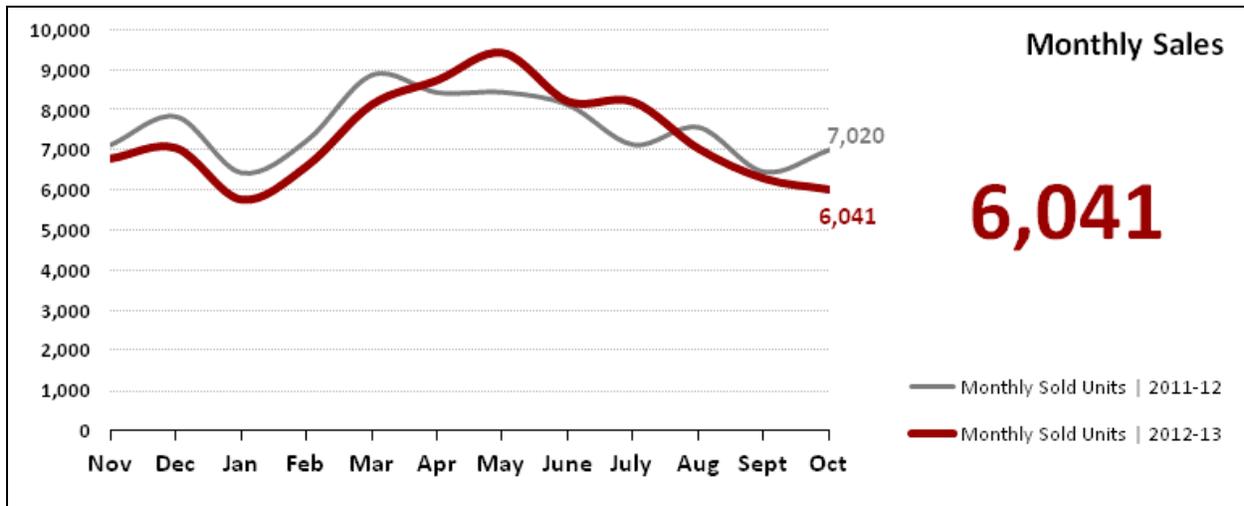
Call Me: Real estate professionals do so much more than sell homes—the best are strategic business consultants. Even if you plan to move 2,000 miles away, give me a call! There is an excellent chance I can refer you to a qualified agent wherever you roam.





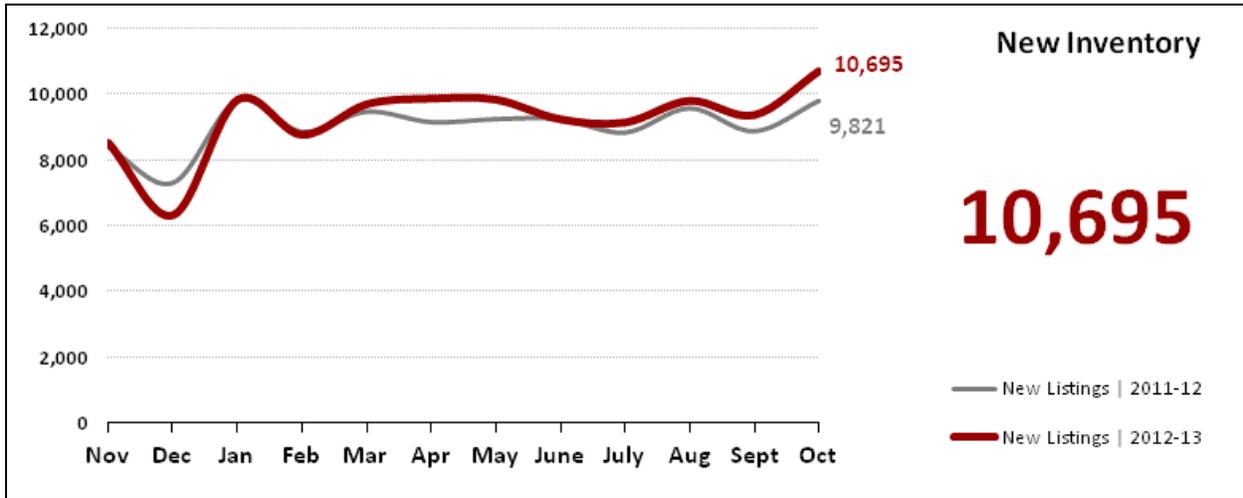
ARMLS® STAT - November 8, 2013

MONTHLY SALES



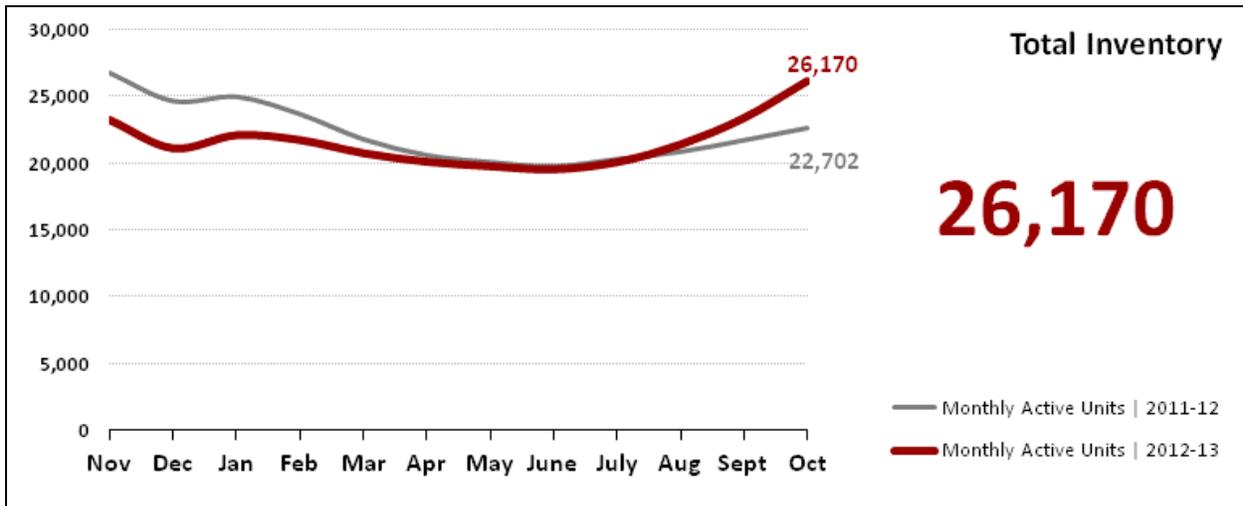
-13.9%, year-over-year
-4.3%, month-over-month

NEW INVENTORY



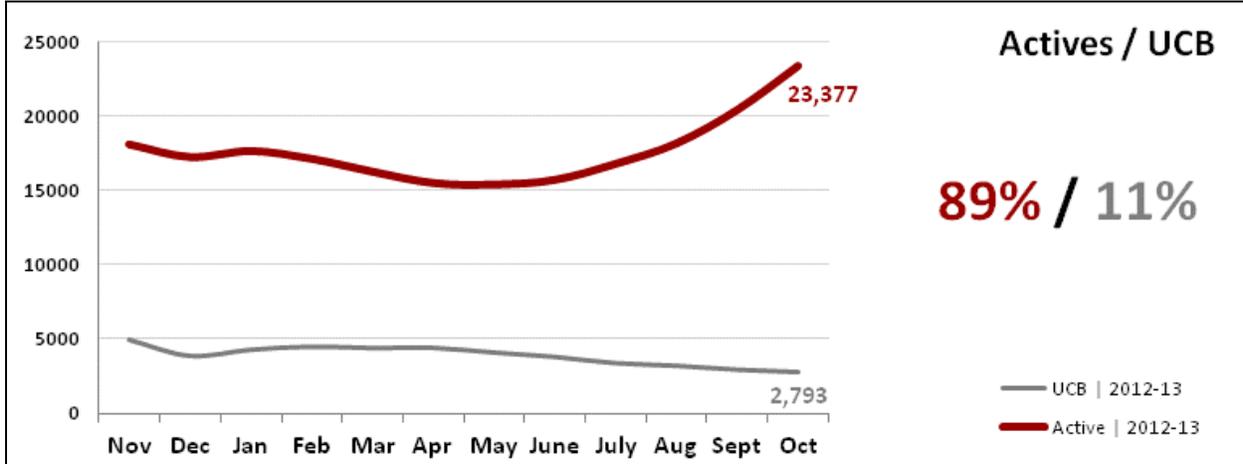
+8.9%, year-over-year
+14.1%, month-over-month

TOTAL INVENTORY



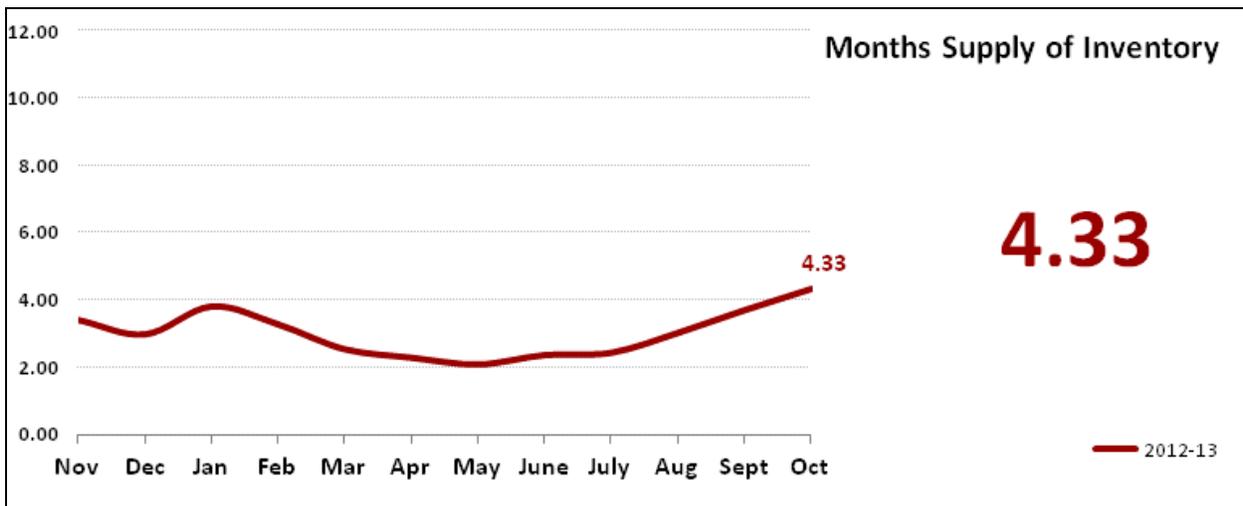
+15.3%, year-over-year
+11.9%, month-over-month

ACTIVES / UCB



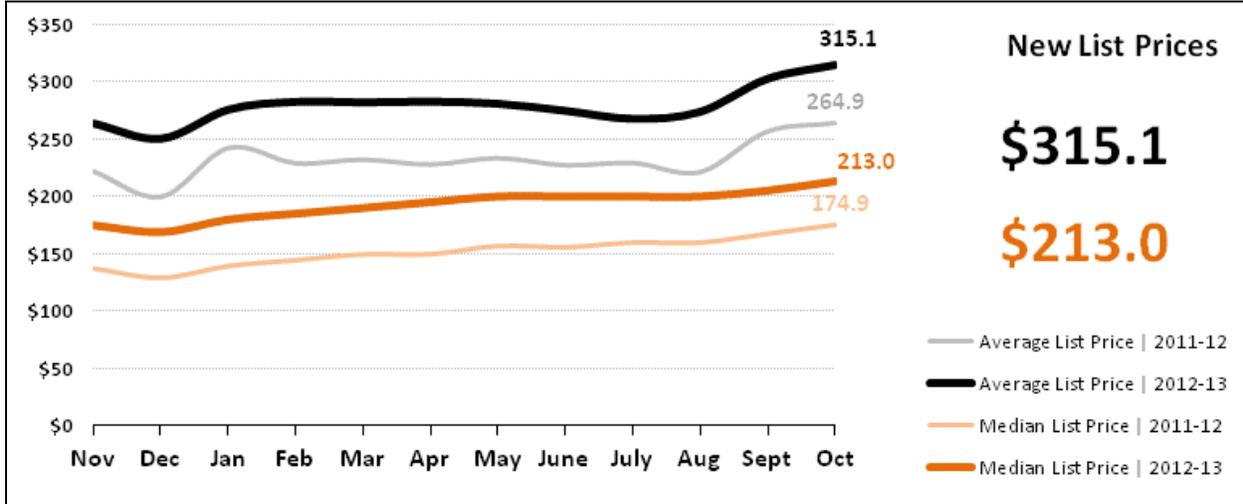
24.2%, October 2012 UCB percent of total Active
12.6%, September 2013 UCB percent of total Active

MONTHS SUPPLY OF INVENTORY



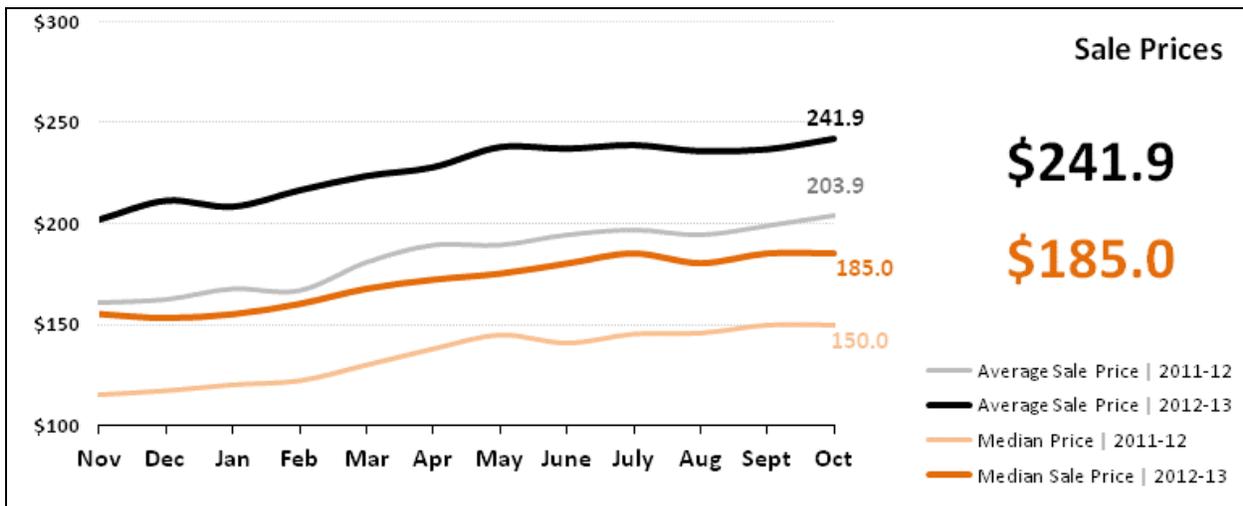
3.23, MSI October 2012
3.70, MSI September 2013

NEW LIST PRICES



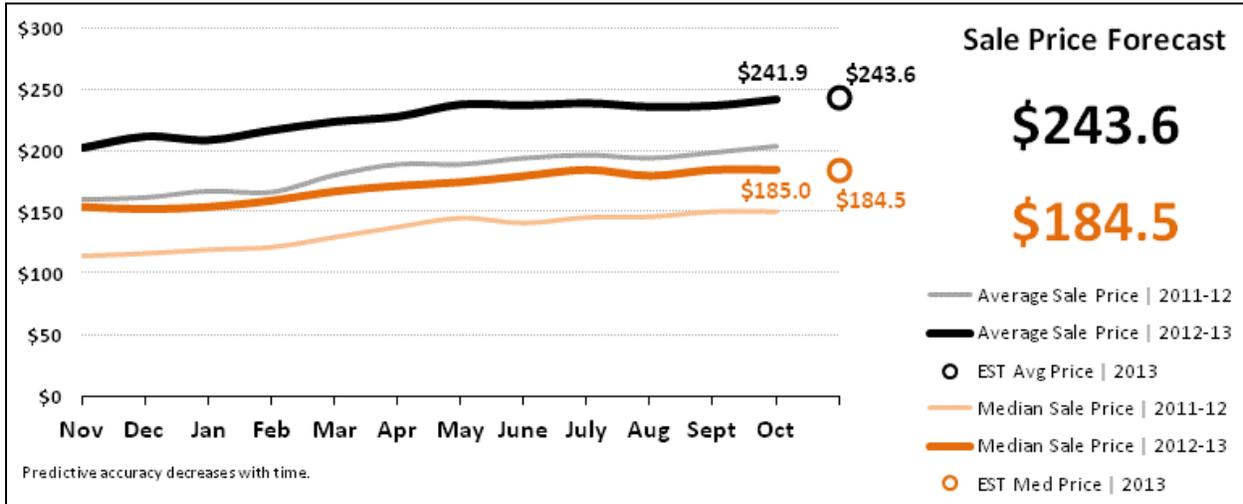
+19.0%, year-over-year average
+21.8%, year-over-year median

SALE PRICES

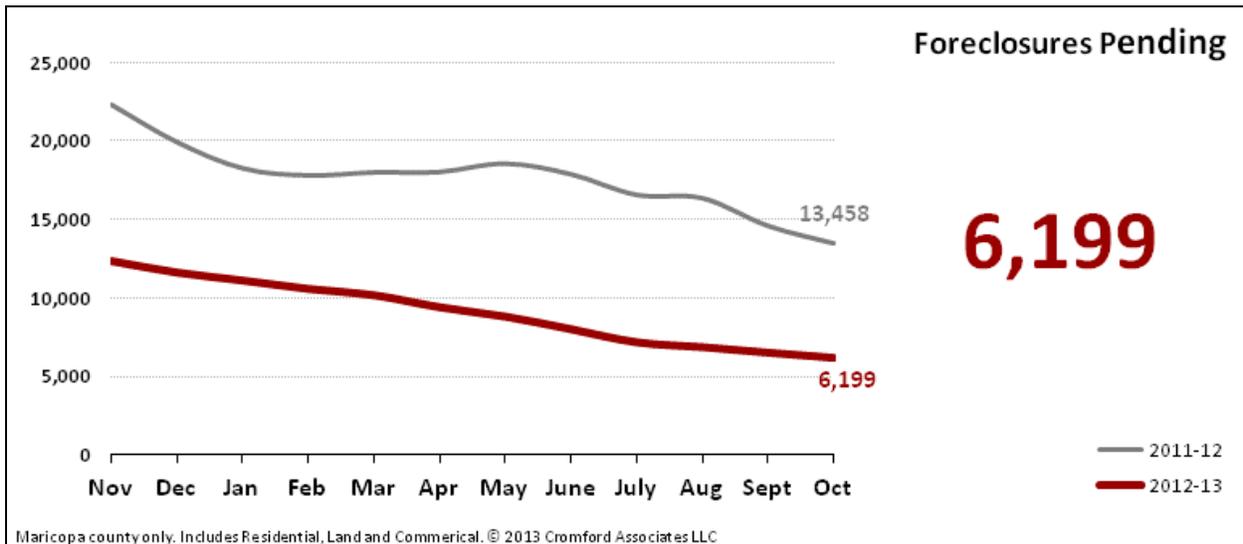


+18.6%, year-over-year average
+23.3%, year-over-year median

THE ARMLS PENDING PRICE INDEX™



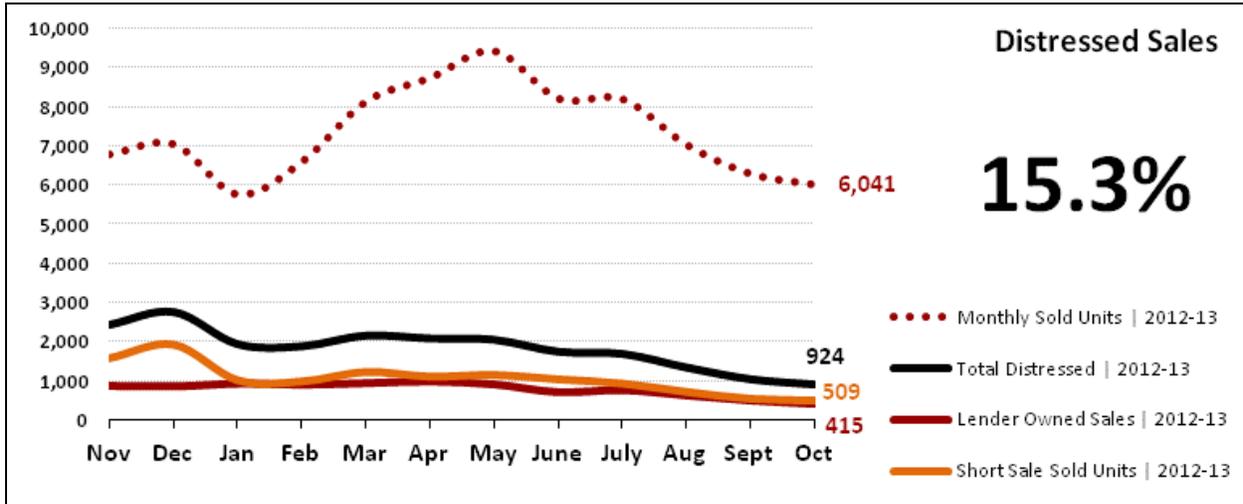
FORECLOSURES PENDING



-53.9%, year-over-year

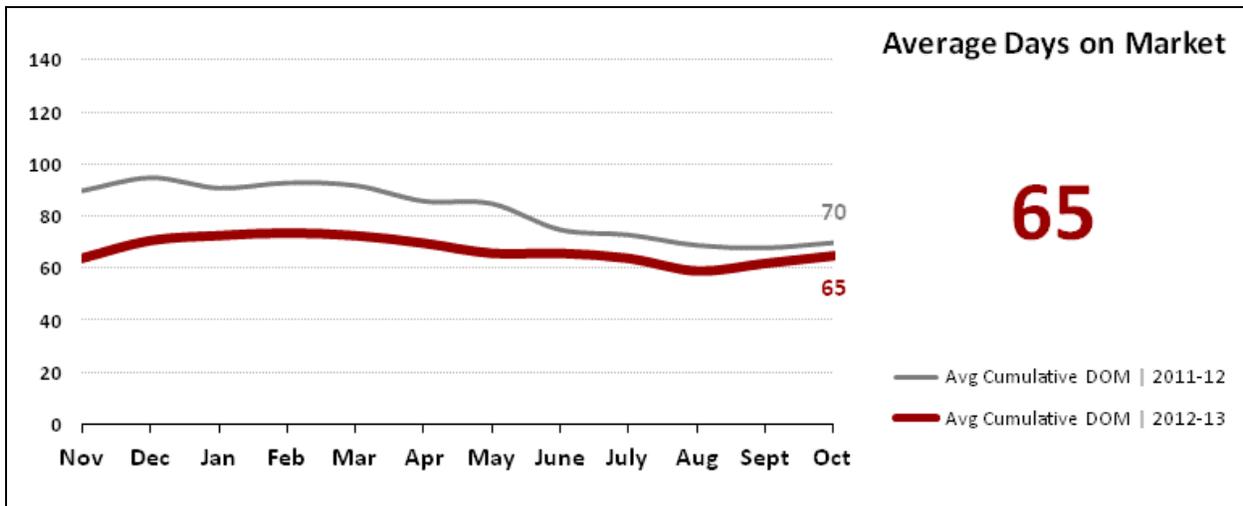
-5.0%, month-over-month

DISTRESSED SALES



-72.3%, short sale units year-over-year
-54.2%, lender owned units year-over-year
-66.3%, total year-over-year

AVERAGE DAYS ON MARKET



-5, year-over-year
+3, month-over-month

COMMENTARY

by Tom Ruff of The Information Market

There are two numbers from October indicating the direction our current housing market is trending, yearly sales volume and month-over-month-inventory levels. Sales in October declined 13.9% year-over-year and total inventory increased 11.9% month-over-month - a striking shift between supply and demand.

We are presently in what can best be defined as a balanced market, but with supply increasing and demand rapidly falling, we are quickly moving into a buyer's market. This will most likely come as a surprise to most sellers, when as early as last July sellers enjoyed multiple offers as demand outpaced supply. In July we had 2.44 months of inventory, in October this number rose to 4.33. Since July we've seen a 31% increase in listing inventory. This is good news for buyers and their agents putting them in a much stronger bargaining position with more choices and less competition.

The current shift in the market has not dampened seller's expectations at the moment as both the average and median list prices increased 3.9% month-over-month. The median priced home has remained virtually flat the last four months, median sales prices in July and October were identical, \$185,000. The average price per square-foot paid is still moving up as the average priced home in October increased 2.2% over the previous month. The decline in month-over-month sales volume was expected, as sales nearly always decline in October. Sales volume this year fell 13.9% with 6,041 sales compared to 7,020 in October 2012. Slotting the sales volume in October within the last 10 years of October sales data, volume this year was higher than 2006, 2007 and 2008. Simply translated, on a scale of 1 to 10 this puts October 2013 at a 4 for sales volume.

Looking ahead to November, the Pending Price Index predicts both the median sales price to remain flat with the average price increasing modestly. On October 1, there were 6,581 pending sales contracts and on November 1 pending contracts declined 8% to 6,057. As the holiday season begins, the combination of fewer properties under contract and fewer business days in November means sales volume will fall again next month.

I'd like to reiterate what I said last month - as we move to a buyer's market with fewer investors, the traditional owner-occupant needs to play a more vital role. The challenge going forward will be transitioning our large pool of renters into homeowners.

There was an interesting blog post last week which sparked a discussion among Arizona real estate agents on Facebook, leading me to cry *personal foul!*

<http://www.washingtonpost.com/blogs/wonkblog/wp/2013/10/29/heres-zillows-strategy-for-dominating-online-real-estate/>

As a data analyst and data compiler, I was humored by several claims within the blog and the bravado with which Zillow executives and economists attacked other industry professionals.

Let's look into their archive of press releases and our archives to see if these claims can past the test of time.

From the Washington Post blog: "Zillow also prides itself on telling people when the market looks bad, like it did before the real estate bubble popped and as it kept sliding."

On November 8, 2006 headlines read: *Home Values in Top U.S. Metropolitan Areas Continue to Rise* <http://zillow.mediaroom.com/index.php?s=159&item=17>, The median price home for a resale home in Phoenix peaked in May of 2006. The first predictive report I can locate in the Zillow archive appeared on November 12, 2008, well after the bubble had burst.

From the Washington Post blog:

“‘ You looked at other industry professionals, and they would tell you the bottom's right around the corner, things are going to get better. And month after month after month, we were the only ones saying home values are bad and they're going to get worse,’ Humphries [Chief Zillow Economist] says. ‘Our business only works if people trust us to be telling them the unbiased truth. We don't want to tell them now's a good time to buy and sell, because we believe that now can't be a good time to be doing both.’”

The misalignment between national data forecasters, Zillow in this case, has been going on for a long while as seen in these two examples:

1.

Their take

From Zillow Press Release May 20' 2010

“Looking forward, homeowners are fairly positive about their own home's value over the next six months, but like Misperception Index, the degree of optimism varies wildly among regions. In the Northeast, more than half (51 percent) of homeowners believe their home's value will increase over the next six months while in the Midwest less than one-third (29 percent) of homeowners believe their home's value will increase. Nationally, 39 percent of homeowners believe their own home's value will increase during the next six months.”

<http://zillow.mediaroom.com/index.php?s=159&item=203>

Our take

From ARMLS STAT May 2010

“The most recent 12 months show record sales, with March and April leading the charge. Active inventory added to the market continues downward, putting positive pressure on supply and demand, a necessity if prices are going to rise.

The housing market continues to try to make a meaningful recovery, but is hampered by continuing unemployment and economic uncertainty on the national level. ARMLS is seeing mixed signals from month to month since last October, but positive gains are mixed with losses. This is a classic pattern that markets make in gaining traction toward recovery.

ARMLS continues to see glimmers of hope, but no long term, reliable indicators that the market recovery is imminent. We continue to be hopeful, but must at the same time remain objective and realistic. This recovery is going to take a long time to develop and probably won't mean a normal housing market will return for at least two or three more years.”

2.

Their take

From Zillow Press Release December 20, 2011

“The December Zillow Home Price Expectations Survey shows that U.S. home prices are expected to decline 1.57 percent in the fourth quarter of 2011 after falling 0.4 percent through September. **Prices are forecasted to decline until the market's bottom is reached in late 2012 or early 2013. After 2013, the panelists expect a relatively steady annual appreciation rate of roughly 3 percent through 2016, which is slightly below appreciation rates experienced during the pre-bubble years.**

‘There is a consensus among the nation's top housing experts that we have not yet reached a bottom and are instead working through a prolonged bottoming process. Negative equity, unemployment and low consumer confidence remain the key factors delaying a true recovery,’ said Dr. Stan Humphries, Zillow chief economist.”

Our take

From Tom Ruff Housing Opinion January 22, 2011

“Anyone who has followed my writings will know that in late 2008 I encouraged people ‘to get out and shop,’ and in early 2009 I asked, ‘What are you waiting for?’ followed by 2010’s ‘blood in the streets.’ For the past two years I’ve written time and time again about the opportunity that currently exists in the Phoenix real-estate market, and I still feel that way today. The people who had the courage to act in early 2009 are amassing empires by buying, holding, and collecting rental income, wishing they had more properties to meet the demand. While on the other side of the street, investors living by the same mantra, ‘you make your money when you buy,’ are buying and flipping and boasting to their barbers and hairdressers about the deals they are involved in. Two of my friends visiting from Nebraska last week called and told me about the incredibly low prices they were seeing, and they wanted to know what I thought; so instead of golfing or climbing Camelback, they were headed to look at houses. Through history we’ve heard of the shoe-shine boy giving stock tips before the great stock market crash in ‘29 and the retired investor talking about the steal he made during the RTC days in Phoenix after the Savings & Loans crashed. We are living in the time after the crash, not the time before; Phoenix is now offering the same opportunities we saw in the early 90s. I haven’t heard anyone say, ‘Boy, I wish I’d have bought that home down the street in 2006 when I had the chance,’ but I’ll bet you, ten years from now when they look back at this unique time in history.....”

The median price in April of 2009 for resale homes in Maricopa County was \$119,900, when this piece was published on January 22, 2011 the median price home was \$115,000. Today, the median priced home is \$185,000.

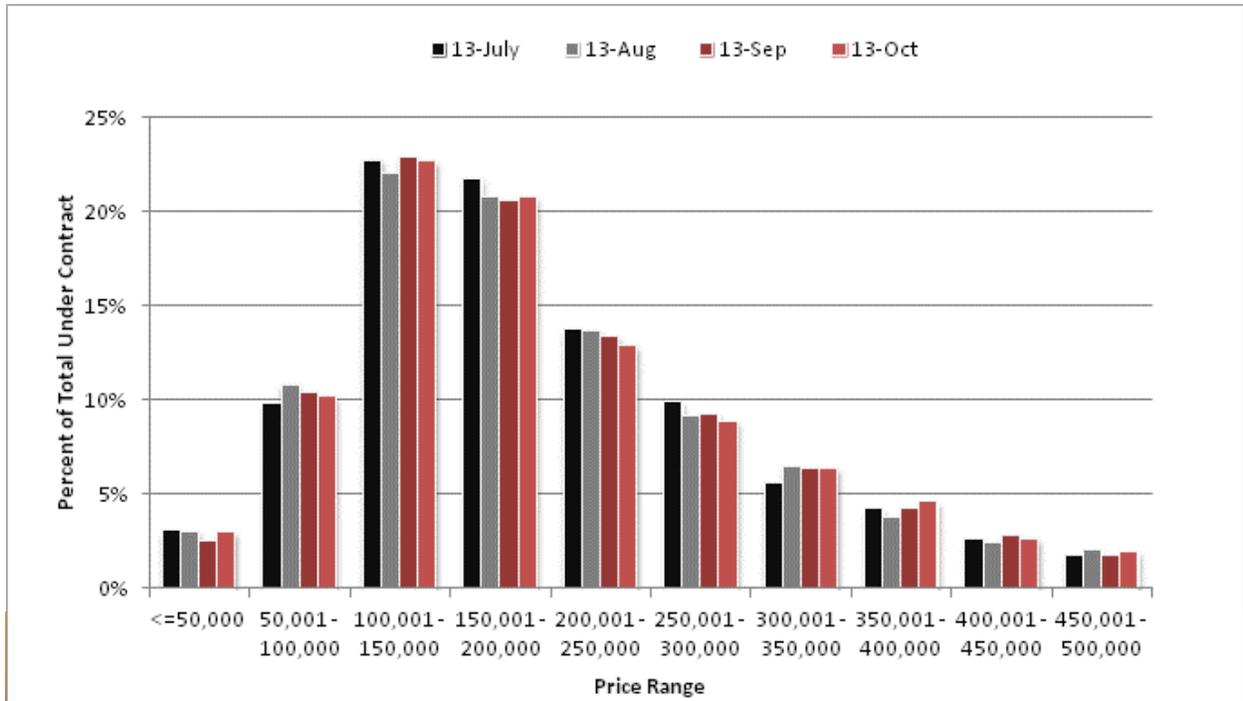
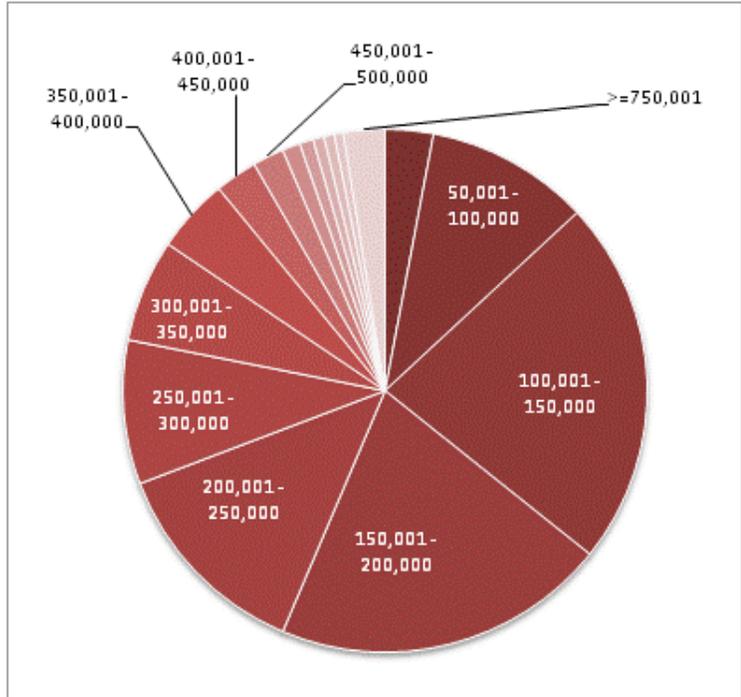
Our housing market officially bottomed in September of 2011, three months prior to the above forecast. The median priced home in Maricopa County sold for \$112,000, today our median is \$185,000, a 65% increase.

The conclusions to be drawn from our walk down memory lane are simple: national experts are just not very good, real estate is and always has been local. When Zillow Chief Economist, Stan Humphries uses phrases like “we’re the only ones” and our model depends on “unbiased truth” I can only chuckle that the interview took place in Washington. I’m an analyst, the real experts are the agents working and breathing in the market every day. The agent that authored the post on Facebook will tell you that by looking at the MLS he determined there are currently 3,686 active single family homes for sale in Phoenix, Zillow shows 8,237. The point he’s making, if you want accurate data, use an ARMLS Subscriber. Bad data and analysis are really perceived as an opportunity and if used properly can be a very effective marketing tool. As a data guy and former real estate agent I can tell you, good data is just the beginning, an agent’s role and value goes far beyond.

Now, a final excerpt from the Washington Post blog: “By the end of the day, attendees would leave knowing not just the proposals on the table for fixing Fannie Mae and Freddie Mac. They’d also know the value of the Zestimate and Zillow Home Value Index for assessing the state of the market.” In my opinion, ARMLS Subscribers already knew their value at the start of the day, now it’s time to pass that knowledge on to the consumer.

PPI SUPPLEMENT

Pending Contracts Signed In October		
Price Range	PPI Units	Units % of Total
<=50,000	161	2.97%
50,001 - 100,000	549	10.14%
100,001 - 150,000	1,224	22.61%
150,001 - 200,000	1,120	20.69%
200,001 - 250,000	695	12.84%
250,001 - 300,000	480	8.87%
300,001 - 350,000	343	6.34%
350,001 - 400,000	248	4.58%
400,001 - 450,000	142	2.62%
450,001 - 500,000	105	1.94%
500,001 - 550,000	60	1.11%
550,001 - 600,000	46	0.85%
600,001 - 650,000	37	0.68%
650,001 - 700,000	35	0.65%
700,001 - 750,000	30	0.55%
>=750,001	139	2.57%



PPI SUPPLEMENT - \$/SQ FT

Pending Contracts Signed In September				
Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt
<=50,000	33,755	2,055	141	16
50,001 - 100,000	79,353	1,259	583	63
100,001 - 150,000	128,927	1,490	1,283	87
150,001 - 200,000	174,435	1,778	1,154	98
200,001 - 250,000	225,014	1,985	748	113
250,001 - 300,000	276,254	2,280	519	121
300,001 - 350,000	327,003	2,463	354	133
350,001 - 400,000	375,744	2,746	236	137
400,001 - 450,000	426,654	2,874	154	148
450,001 - 500,000	474,786	2,885	97	165
500,001 - 550,000	527,738	3,086	60	171
550,001 - 600,000	575,131	3,333	54	173
600,001 - 650,000	632,137	3,356	27	188
650,001 - 700,000	679,296	3,453	30	197
700,001 - 750,000	734,641	4,369	32	168
>=750,001	1,177,767	4,443	144	265

Pending Contracts Signed In October				
Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt
<=50,000	33,787	1,119	161	30
50,001 - 100,000	79,615	1,219	549	65
100,001 - 150,000	129,128	1,506	1,224	86
150,001 - 200,000	175,341	1,764	1,120	99
200,001 - 250,000	225,158	1,962	695	115
250,001 - 300,000	274,714	2,180	480	126
300,001 - 350,000	326,429	2,471	343	132
350,001 - 400,000	374,012	2,698	248	139
400,001 - 450,000	428,006	2,786	142	154
450,001 - 500,000	475,685	2,948	105	161
500,001 - 550,000	526,853	3,122	60	169
550,001 - 600,000	575,759	3,150	46	183
600,001 - 650,000	630,056	3,308	37	190
650,001 - 700,000	680,904	3,288	35	207
700,001 - 750,000	730,303	3,587	30	204
>=750,001	1,293,678	4,658	139	278

