

MARCH 2012

Real Estate Update



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

Hello Everyone,

I'm so glad to see March appear on the calendar. The year is moving much too quickly, but we're entering my favorite time of the year (March to June) in The Valley. Time to turn off the heat, open the windows, find an excuse to drive my wife's car with the top down, enjoy a baseball game, marvel at the desert coming alive and taking time to visit with friends who are visiting from colder parts of the country.

It seems hard to imagine, but our current real estate market is having a bit of the feel of the crazy times of 2005. Buying a home has become a real challenge. Inventory is very low...about 24,000 properties shown as active in the MLS, but nearly a third of those are actually under contract with a contingency offer. That puts the real number of available properties at around 16,000. Remember that a 'normal' market has us with more like 30,000 to 35,000 properties to choose from. Buyer's looking to purchase a home in the under \$300,000 are seeing multiple offers for most properties within days or just a couple of weeks of the property going on the market. Appraisals become a real issue for Buyer's who will be financing their purchase. The multiple offers, and 50% of the market is still Cash Buyers, are driving prices up faster than appraisal values. It becomes a real challenge for Buyer's these days. That's why you need a seasoned REALTOR to be working for you. The good news is that mortgage interest rates continue to be at near record lows and the Fed's announced in mid-February they intend to keep those rates artificially low till at least 2014. FHA financed Buyer's will see an increase in their mortgage costs by 0.10% starting April 1. The Phoenix market continues to have a brighter outlook than most places. Realtor Magazine's Feb 13 edition ranked us at the #2 biggest turnaround market. Penske Truck Rental ranked Phoenix as it's #2 'moving to' destination. Michael Orr (The Cromford Report/ASU's Director of the Center for Real Estate Theory & Practice) reported in the Feb 23 Arizona Republic that the 'bottom of the market' was Sept 2011. Home prices have risen 3% (based on price per sq. ft.) in the last year. Foreclosures have dropped in half versus 2011. Supply is down 42% from a year ago. He also predicts that the 'shadow inventory' in the Phoenix market is nearly non-existent unlike most other parts of the country. In other words, real estate is moving in a positive direction with expected slow price increases.

It's been a very busy February for me. Congrats to Patty! We are scheduled to close on her Chandler home today and then it's off to Nogales and family for her. We should successfully close on the Short Sale of PJ & Robert's Queen Creek home at the end of the month. Betsy & Roger from Colorado should be the new owners of a second investment condo in Mesa at the end of the month. Thanks to Diane for the referral of Thomas & Martha. We listed their home in February and a sale should happen by the end of March so they can transition to be closer to family in OR. Now, if we can just get an acceptance on a nice home for Nancy & David to make their transfer from Tucson to Mesa a comfortable move they will be much happier. I look forward to seeing Theresa from MN; Arvind from AB, Canada; Mark & Patty from MI and Moghis from MO in town in the next few weeks so that I can work with them on their plans to purchase a property here in The Valley of the Sun. If you know of anyone thinking about buying or selling a home in the East Valley, I would appreciate if you would recommend me to them. I would love to put my professional services to work for them.

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



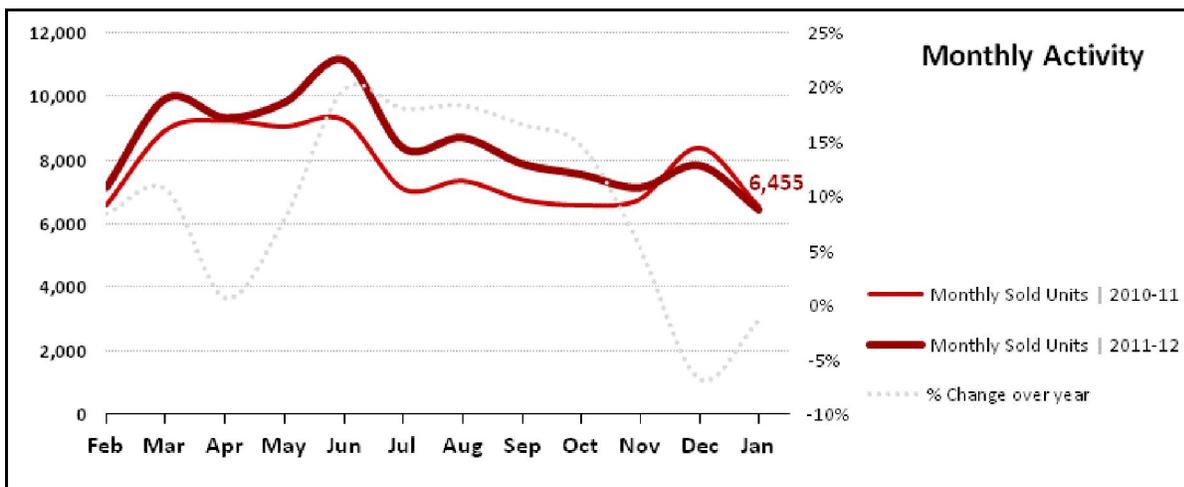


SALES Month over Month

Sales fell 17.7% from December to 6,455 in January, representing the second largest decline in sales in the last twelve months. This figure is eclipsed only by a 24.6% drop in July.

SALES Year over Year

Sales fell 1.3% below last January's sales figure of 6,541. December to January sales historically fell each of the last eleven years, averaging a 17.91% drop over the eleven years. STAT views the decline in this January's sales as a typical seasonal start to a new year after the holidays.





Jeff Gerber, ABR, GRI,
SRES

The Empowered Team, LLC
Real Estate For Today



The Empowered Team LLC



Real Estate for Today

Tel: (602) 330-7272, jeff@jeffgerberrealtor.com, www.jeffgerberrealtor.com

Health & Safety

Drink to Your Health!

In like a lion,
out like a lamb:
No matter how it
comes and goes, spring is
a great time to buy or sell a
home. Call me today for a free,
insightful market analysis!



Thinking of selling your home?
As an experienced Real Estate
Professional, I would like to
point out the benefits of adding an
Old Republic Home Protection
home warranty to your transaction.
While the home is on the market,
Seller's Coverage provides repair
and replacement coverage for your
home's systems and appliances. It
keeps the home showing well
during the listing period, which can
result in a faster sale at a higher
price. At close, the Buyer's Plan
seamlessly takes effect, protecting
the buyer against potential
unknown after-sale problems. Last
but not least, the home warranty
provides budget protection from the
high cost of home repair and peace
of mind for both the home seller and
home buyer.

Call me today for more information
on the value of adding home
warranty coverage to your real
estate transaction.

May I assist you by helping a
trusted friend or close family
member who is in need of
professional real estate services? I am
ready to make you and your
referral my number one priority.



We all know that drinking water is vital to good health—after all, water is
the primary component of the human body, including muscle, brain,
bone and blood. Here are a few of the tremendous benefits we gain from
keeping our bodies well hydrated:

Weight loss: water has zero calories, is an effective appetite suppressant, and flushes
out the by-products of fat breakdown, which naturally helps you lose weight.

Healthier, younger looking skin: water replenishes skin tissues, moisturizes skin
and increases skin elasticity.

Fewer pains, cramps and sprains: proper hydration helps keep joints and
muscles lubricated, so you're less likely to get pains, cramps and sprains.

Reduced risk of cancer: Drinking a healthy amount of water may reduce
the risk of bladder and colon cancer. Water dilutes the concentration of cancer-
causing agents in the bladder and colon, and it shortens the amount of time
they are in contact with the sensitive linings of these organs.

Remember, if you are thirsty, then you're already dehydrated. Drink
eight 8-oz glasses of water each day. Spread the water out evenly
throughout the day, and drink more before, during and after exercise.



Helpful Hints

Keep Your Car Clean and Green

Each time you wash your own car, you use an average of 80—140 gallons of water,
carrying auto contaminants and harsh detergents into the nearest storm drain
where it travels, untreated, into our lakes and streams, wreaking havoc on the
environment. If you must wash your car yourself, move it onto the lawn if possible, where
the runoff can be absorbed into the ground.

If you want to minimize the environmental impact and save time, go to a car wash. A
professional car wash uses half as much water and is federally mandated to route the
wastewater into the sewer system to be treated. The use of computer-controlled systems
also minimizes the amount of soap and water needed. Plus, some car wash facilities
recycle most if not all of the water used in the car washing process.



Driving a clean car makes you feel good, and it's good for your car.
Do your part to keep contaminants out of our water supply by
washing your car the right way or by patronizing one of the many
commercial car wash facilities that reduce, reuse and recycle.

Reprinted with permission of RisMedia, publisher of Real Estate Magazine.



Jeff Gerber, ABR, GRI, SRES

The Empowered Team LLC

3370 N Hayden Road - Suite 123-119

Scottsdale, AZ 85251

Tel: (602) 330-7272

www.jeffgerberrealtor.com

The Empowered Team, LLC
Real Estate For Today



Savor the Flavor

Cabbage and Pasta Slaw

- | | |
|-------------------------------|---------------------------------|
| 8 oz bowtie pasta (uncooked) | 1 cup chopped green bell pepper |
| 2 cup shredded purple cabbage | 1/2 cup chopped green onions |
| 1 cup chopped tomato | |

Cook pasta according to instructions; drain and set aside. In a large bowl, mix together the pasta, cabbage, tomato, bell pepper and green onions.

- | | |
|-----------------------------|-------------------------|
| Creamy Dressing: | 1 Tbsp lemon juice |
| 1/3 cup nonfat plain yogurt | 1/2 tsp minced garlic |
| 1/4 cup light mayonnaise | 1/2 tsp tarragon leaves |

Mix all ingredients. Toss with pasta salad to coat. Refrigerate until ready to serve.

Household Tips

Get Best Results from Your Dishwasher

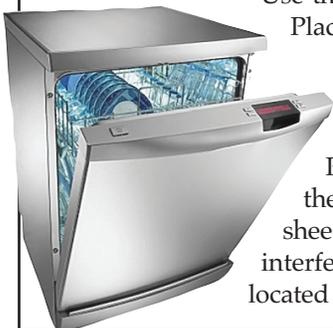
The dishwasher is everyone's favorite kitchen appliance! But are you aware that careful placement of dishes and cooking utensils increase the performance of this work saving appliance? Here are some tips on loading the dishwasher for best results:

Load dishes with all soiled surfaces facing in toward the center of the dishwasher, and don't let dishes nest. Before starting the dishwasher, spin the spray arms with your finger to make sure they're moving freely.

Use the top rack for glasses, plastic items, and smaller dishes.

Place glasses upside down between the tines, never over them. Load silverware with handles alternately facing up and down to prevent nesting; knives should always be placed with sharp ends pointing down for safety.

Place items with baked-on food face down and toward the sprayer in the bottom rack. Position platters and cookie sheets on the sides of the bottom rack so that they do not interfere with the opening of the detergent compartment located on the door.



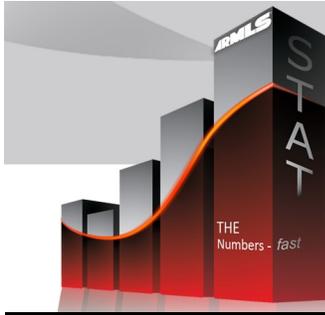
Brain Teasers

Decade Quiz:



- The first prime-time soap opera premiered on ABC in 1964. It was called:
 - Peyton Place
 - Dark Shadows
 - Family Affair
- John F. Kennedy's assassination plunged the nation into despair in 1963. In what year did the assassinations of Martin Luther King, Jr. and Robert F. Kennedy take place?
 - 1961
 - 1964
 - 1968
- Neil Armstrong became the first person to walk on the Moon in 1969. Who was the second person to walk on the Moon?
 - Buzz Aldrin
 - Yuri A. Gagarin
 - Alan B. Shepard, Jr.
- "Strangers in the Night" earned the 1966 Record of the Year for:
 - The Doors
 - Frank Sinatra
 - Frank Zappa

ANSWERS: 1-a; 2-c; 3-a; 4-b

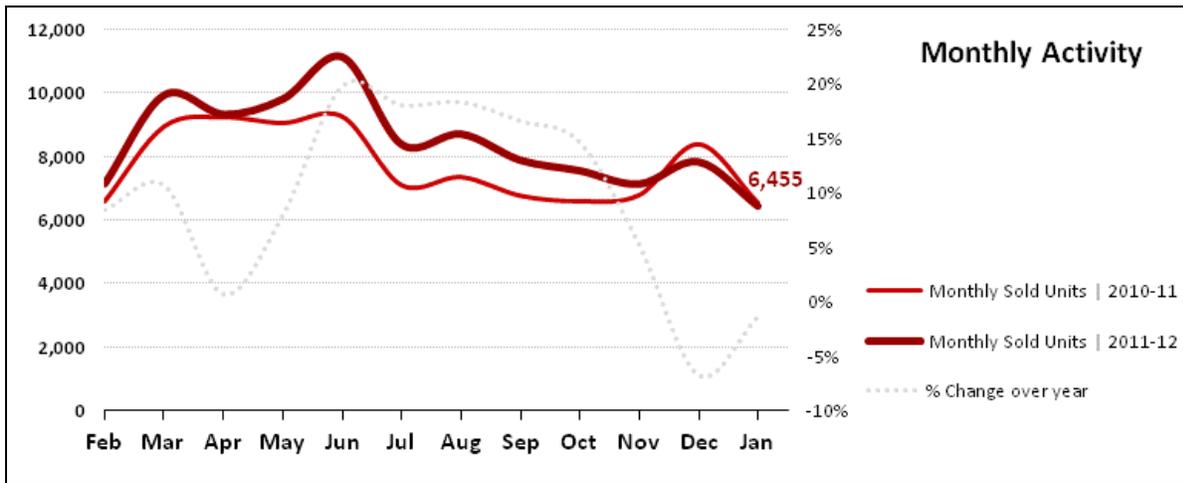


SALES Month over Month

Sales fell 17.7% from December to 6,455 in January, representing the second largest decline in sales in the last twelve months. This figure is eclipsed only by a 24.6% drop in July.

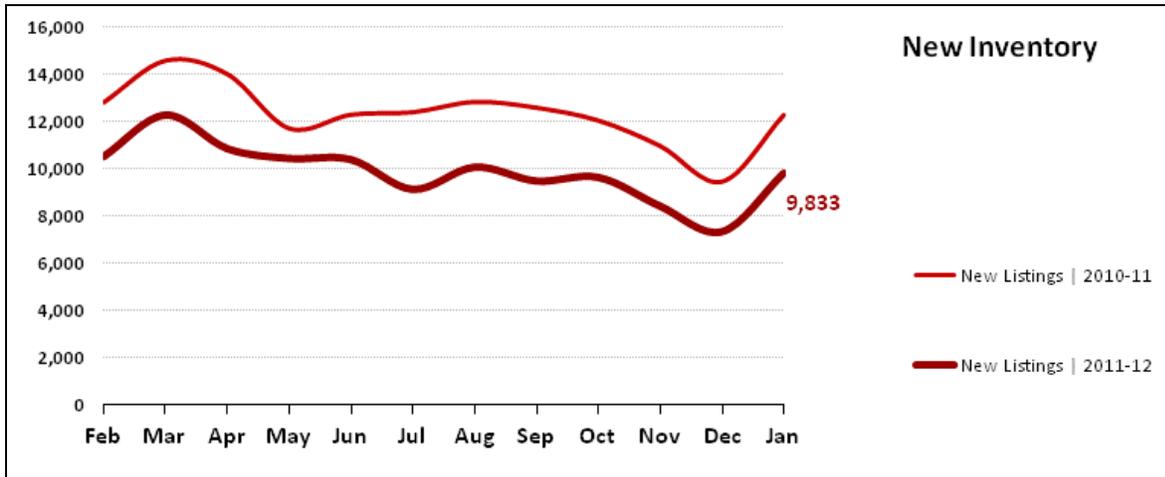
SALES Year over Year

Sales fell 1.3% below last January's sales figure of 6,541. December to January sales historically fell each of the last eleven years, averaging a 17.91% drop over the eleven years. STAT views the decline in this January's sales as a typical seasonal start to a new year after the holidays.



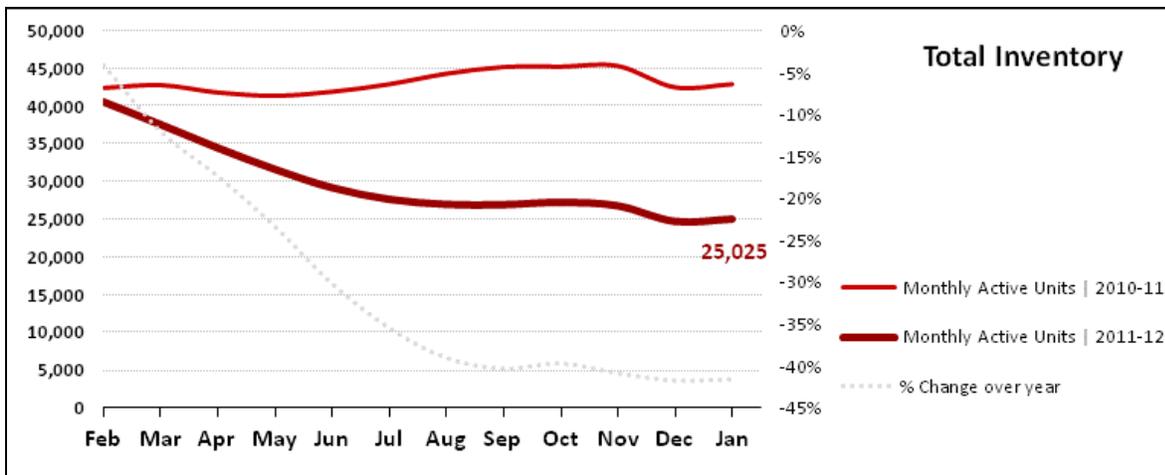
NEW INVENTORY

New inventory increased 34% in January to land at 9,833 listings added to the market. Every year since 2001 new inventory jumped, on average, 61% from December to January. The increase in new inventory in January is seen as typical.



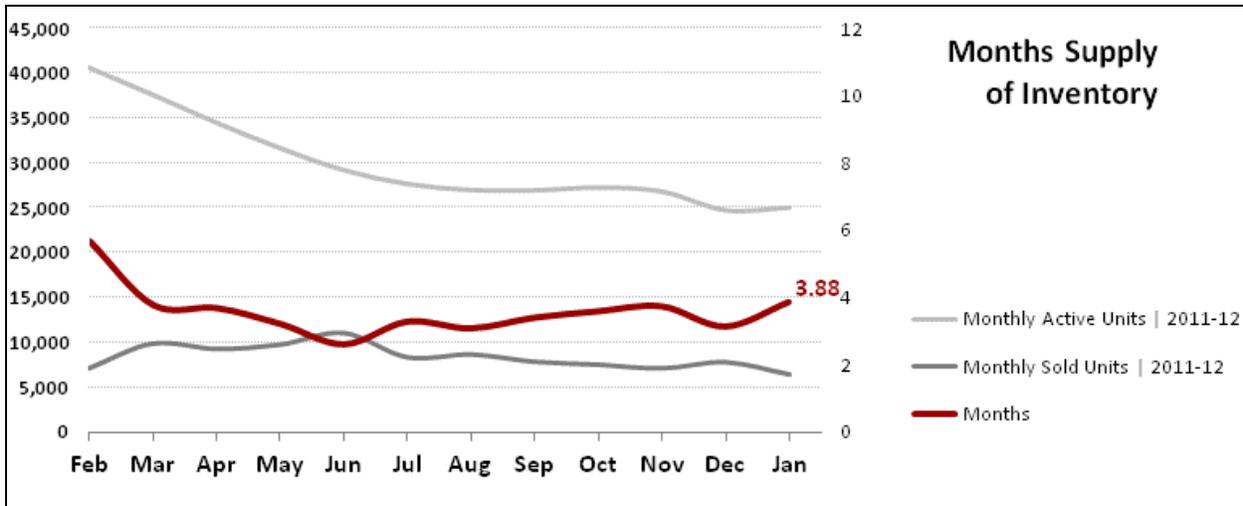
TOTAL INVENTORY

Despite the rise in new listings, total inventory rose only 1.3% in January. The total inventory trend line leveled between July and January in the 24,000-28,000 range. This mirrors inventory figures for Q2, Q3, Q4 2003 and Q1 2004, the Valleys last normal market before the bubble created in 2005-2006.



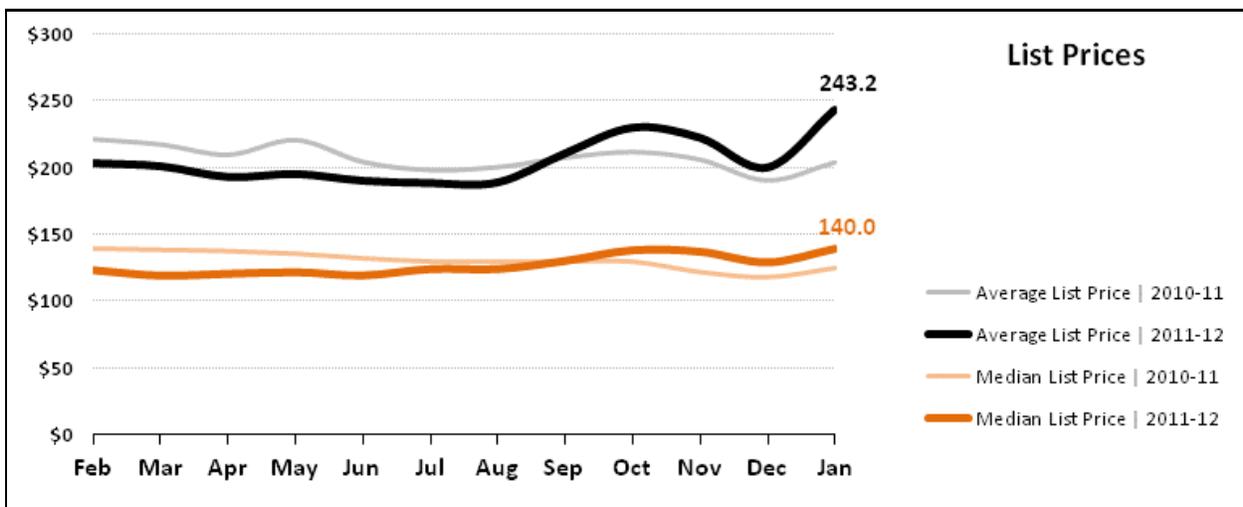
MONTHS SUPPLY OF INVENTORY (MSI)

Months supply of inventory (MSI) edged up to 3.88 in January over December's 3.15. Total market MSI still remains under 4, considered to be a seller's market. MSI calculated over a vast market such as the Valley's should be seen only as a barometer of overall market health and not indicative of MSIs in small market niches.



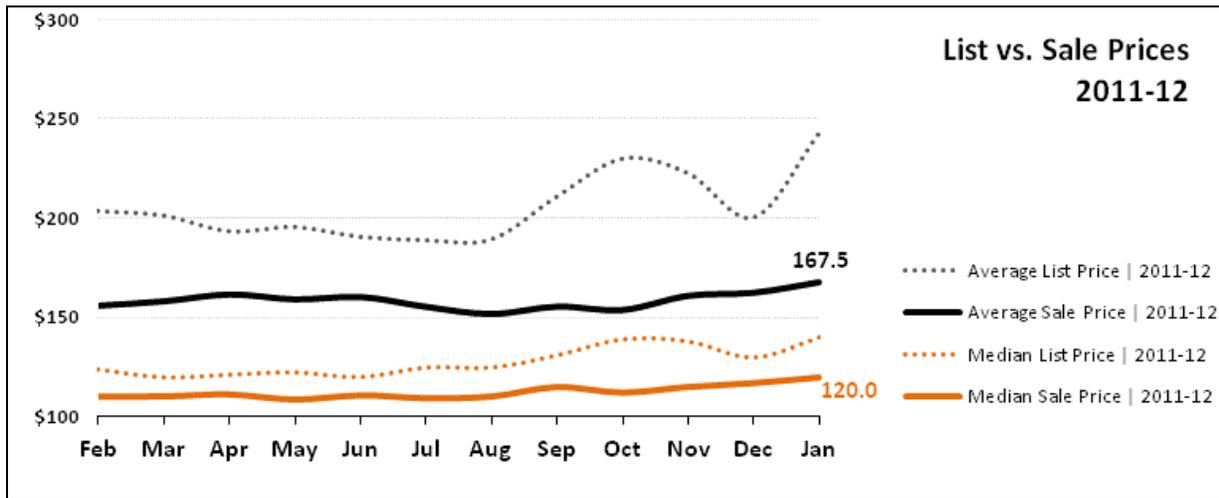
NEW LIST PRICES

Both new list price metrics, median and average, rose in January. New median list price jumped 7.8% to \$140,000, and the average new list price increased by 21.5% to \$243,200. While these prices do not approach the highs from which they plummeted, they do represent significant increases from the flat line trends seen all of 2010 and 2011. The last time the Valley saw an average list price in the \$243-244,000 range was November 2009. Similarly, the last time the median list price was in the \$140,000's was January of 2010. Naturally, optimistic list pricing does not always translate into higher sales prices. One month does not make a trend, but this is a significant enough rise to sprinkle some optimism on both the Sellers and Valley's pricing metrics.



SALES PRICES

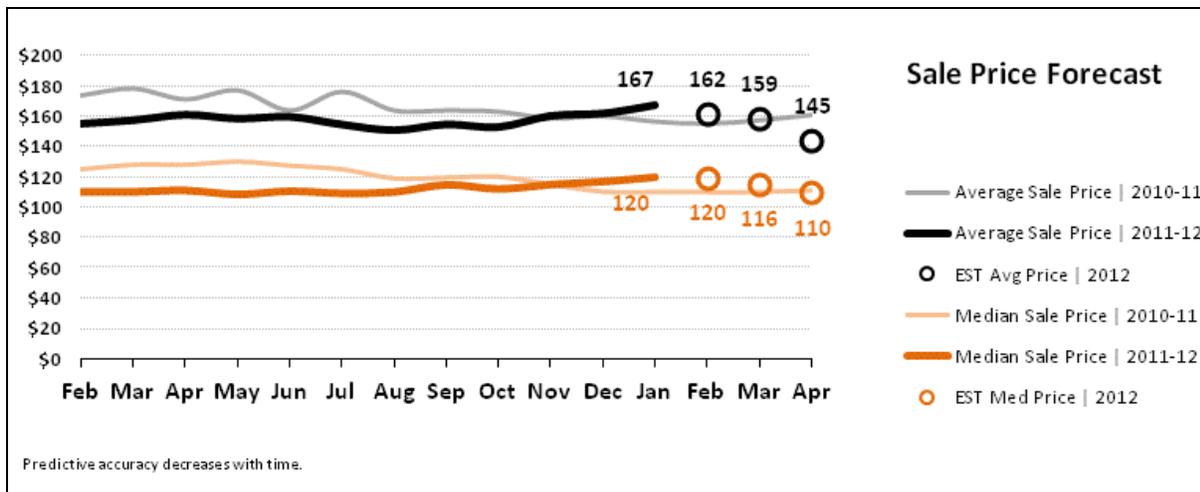
Sales pricing followed the new list price leads, showing gains, albeit not as dramatic, in both the median and average sales prices. The average sales price rose 3.3% to \$167,500, while the median sales price rose 2.6% to \$120,000. The median sales price has not seen the \$120,000's since October 2010. Likewise the average sales price has not been above \$165,000 since July of 2010. STAT reiterates that this one month jump does not constitute an upward trend, but it is the right direction.



THE ARMLS PENDING PRICE INDEX™

The ARMLS Pending Price Index (PPI) is a metric unique to ARMLS which uses prices of pending sales inside MLS to predict future pricing over the next 90 days. Median and average sales price forecasting allows real estate practitioners to better plan their business strategies for the next ninety days. January's STAT (based on December's figures) predicted the average sales price to be \$160,900 in January, missing the mark by 4.1% (\$167,500). Its prediction of \$117,000 for the median sales price missed the mark by 2.56% at \$120,000. The accuracy of the PPI diminishes the further out into the future it forecasts. Also affecting accuracy is the percentage of short sales, characterized by prolonged and often unpredictable closing dates, in the pending property pool.

This month PPI predicts the median sales price to remain relatively steady in February at \$120,000, and drop in March to \$116,000, and to \$110,000 in April. The average sales price is predicted to drop to \$162,000 in February, and continue downward in March and April to \$159,000 and \$145,000, respectively.

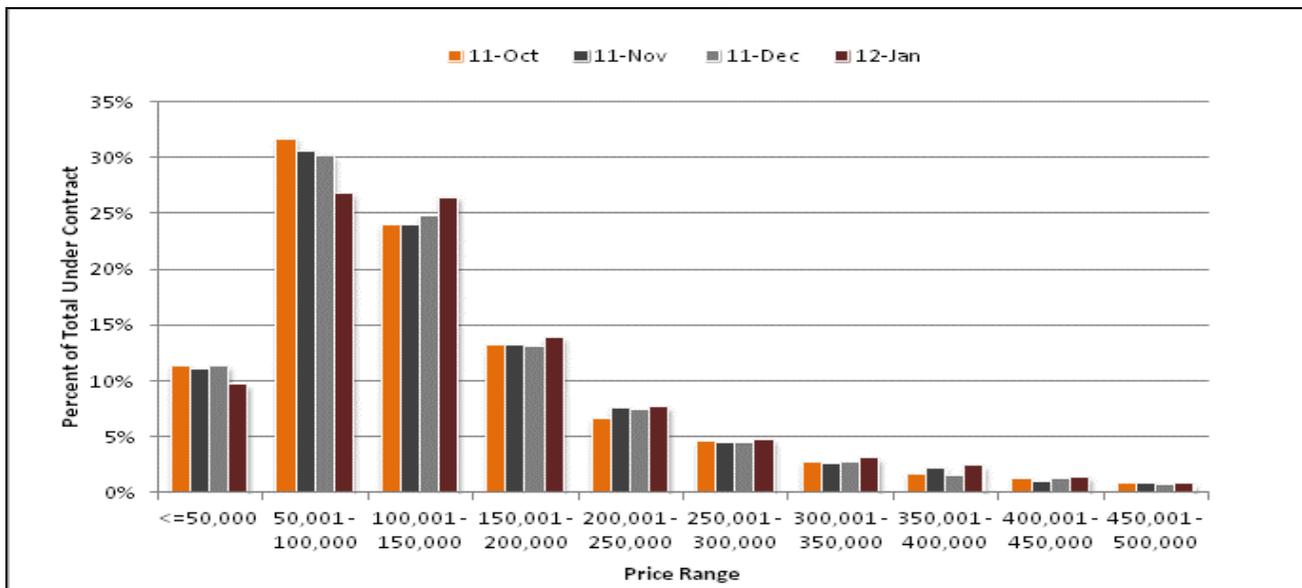
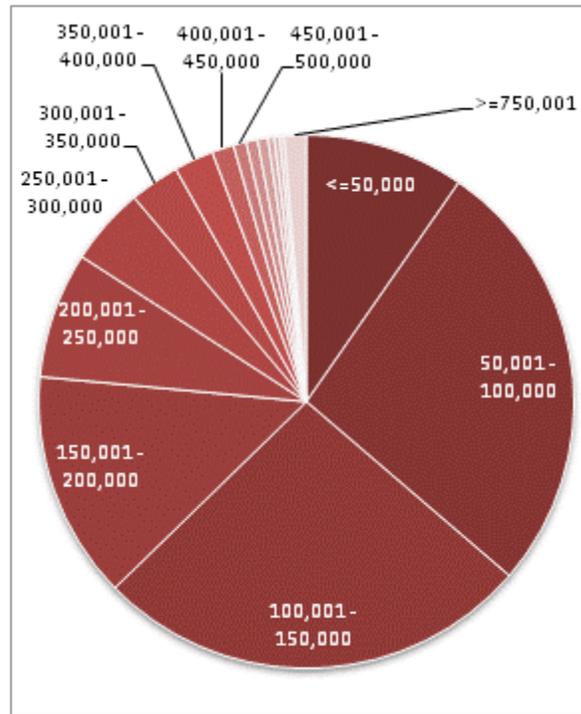


PPI SUPPLEMENT

The PPI Supplement focuses on new pending properties added each month to the total pending pool in MLS. By focusing on newly pended properties on a rolling four month basis, we can perceive subtle changes in pricing which are precursors to pricing recovery.

This month's Supplement shows a 1.64% decline in the percentage of homes in the under \$50,000 range and a 3.41% decrease in the pending properties in the \$50,000-100,000 range, continuing a downward trend seen over the last four months. Pending properties in the \$100,000-\$150,000 increased 1.63%. Other price ranges offer no significant changes month over month.

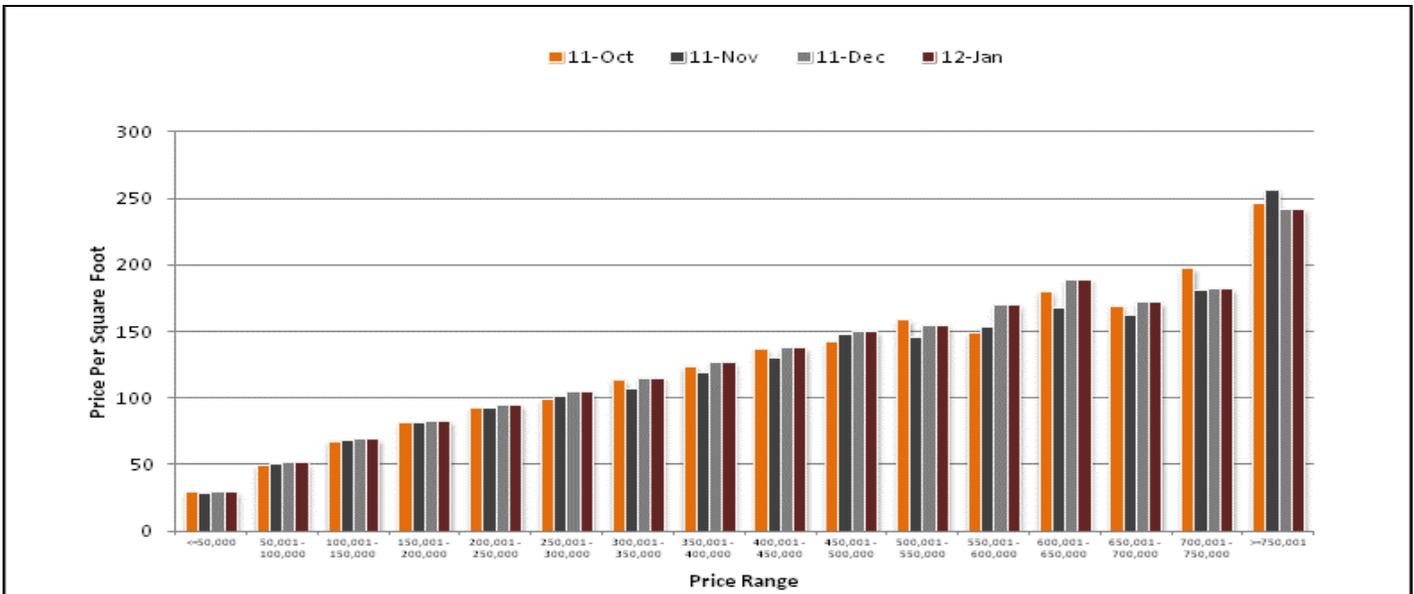
Pending Contracts Signed In January				
Price Range	PPI Avg	PPI Med	PPI Units	Units % of Total
<=50,000	35,090	36,400	875	9.63%
50,001 - 100,000	77,687	78,500	2,424	26.68%
100,001 - 150,000	125,389	125,000	2,397	26.38%
150,001 - 200,000	173,850	172,000	1,254	13.80%
200,001 - 250,000	225,942	225,000	695	7.65%
250,001 - 300,000	274,496	273,500	429	4.72%
300,001 - 350,000	325,768	325,000	274	3.02%
350,001 - 400,000	377,030	377,000	217	2.39%
400,001 - 450,000	425,448	425,000	120	1.32%
450,001 - 500,000	477,375	475,000	71	0.78%
500,001 - 550,000	528,931	527,000	63	0.69%
550,001 - 600,000	577,643	575,000	57	0.63%
600,001 - 650,000	629,924	632,500	34	0.37%
650,001 - 700,000	676,680	675,000	30	0.33%
700,001 - 750,000	733,372	731,000	23	0.25%
>=750,001	1,174,945	1,012,500	122	1.34%



PPI SUPPLEMENT - \$/SQ FT

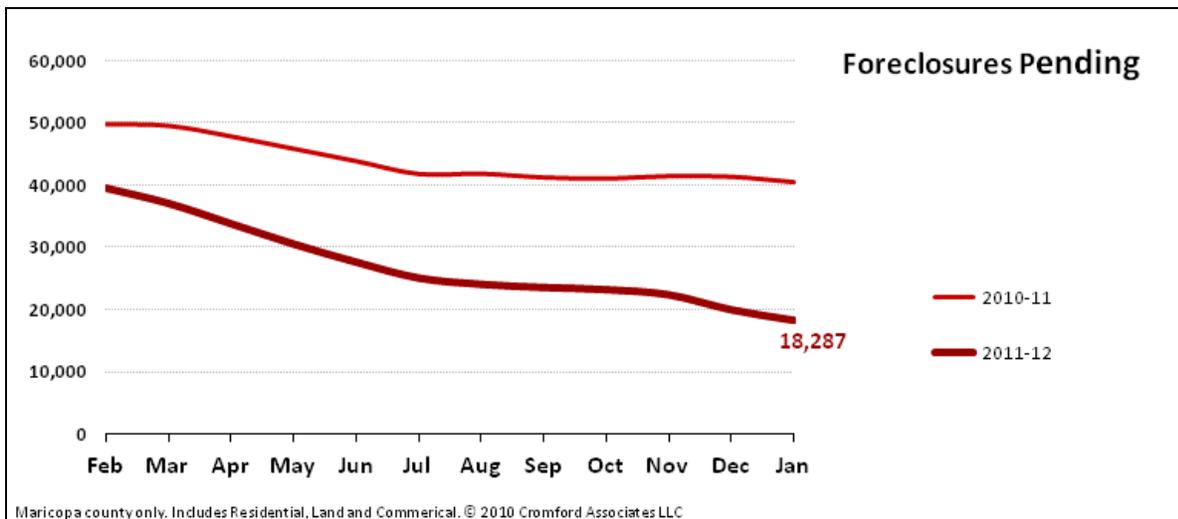
The PPI \$/SQ FT Supplement examines incremental gains and losses in the price per square foot of newly pending properties added to the pending pool each month. While the \$/SQ in the lower end ranges appears to have stabilized, this month STAT saw gains (from \$5/ft to \$20/ft) in the \$250,001-300,000, \$300,001-350,000, \$400,001-450,000, \$450,001-500,000, \$550,001-\$600,000, \$600,001-650,000 and \$650,001-700,000. Price ranges from \$700,001-750,000 and above \$750,000 saw losses in their \$/SQ FT of \$21/sq ft and \$10/sq ft respectively.

Pending Contracts Signed In December					Pending Contracts Signed In January				
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	35,050	1,180	764	30	<=50,000	35,090	1,192	875	29
50,001 - 100,000	77,607	1,556	2,040	50	50,001 - 100,000	77,687	1,519	2,424	51
100,001 - 150,000	124,820	1,856	1,678	67	100,001 - 150,000	125,389	1,818	2,397	69
150,001 - 200,000	172,982	2,128	883	81	150,001 - 200,000	173,850	2,102	1,254	83
200,001 - 250,000	226,436	2,425	497	93	200,001 - 250,000	225,942	2,395	695	94
250,001 - 300,000	274,543	2,762	302	99	250,001 - 300,000	274,496	2,632	429	104
300,001 - 350,000	325,446	2,950	185	110	300,001 - 350,000	325,768	2,829	274	115
350,001 - 400,000	377,305	2,966	103	127	350,001 - 400,000	377,030	2,983	217	126
400,001 - 450,000	427,325	3,317	79	129	400,001 - 450,000	425,448	3,096	120	137
450,001 - 500,000	477,665	3,420	45	140	450,001 - 500,000	477,375	3,173	71	150
500,001 - 550,000	527,407	3,457	28	153	500,001 - 550,000	528,931	3,432	63	154
550,001 - 600,000	577,602	3,828	30	151	550,001 - 600,000	577,643	3,408	57	169
600,001 - 650,000	636,185	3,766	19	169	600,001 - 650,000	629,924	3,332	34	189
650,001 - 700,000	683,909	4,226	22	162	650,001 - 700,000	676,680	3,941	30	172
700,001 - 750,000	736,633	3,632	15	203	700,001 - 750,000	733,372	4,033	23	182
>=750,001	1,292,730	5,131	89	252	>=750,001	1,174,945	4,862	122	242



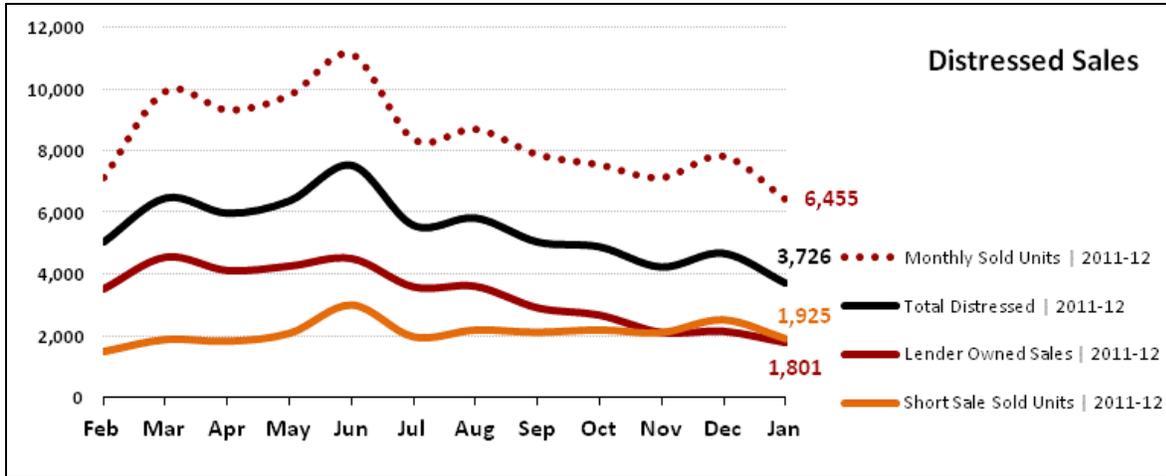
FORECLOSURES PENDING

Foreclosures pending continued on the downward slope after breaking through the 20,000 barrier in December to land at 18,287 in January. The last time the foreclosures pending figure was at this level was in the March-April time frame of 2008. If the trend line continues on its current trajectory, we could expect foreclosures pending to cross the 10,000 barrier sometime in May or June, a level not seen since November 2007. Foreclosures pending fuel the foreclosure sales and are a significant contributor to the Valley's pricing woes. As foreclosures are sold and removed from the market, and fewer foreclosures pending stand in the wings, the glut of distressed properties will dwindle. Steady decline in the foreclosures pending is very positive news in our recovery.



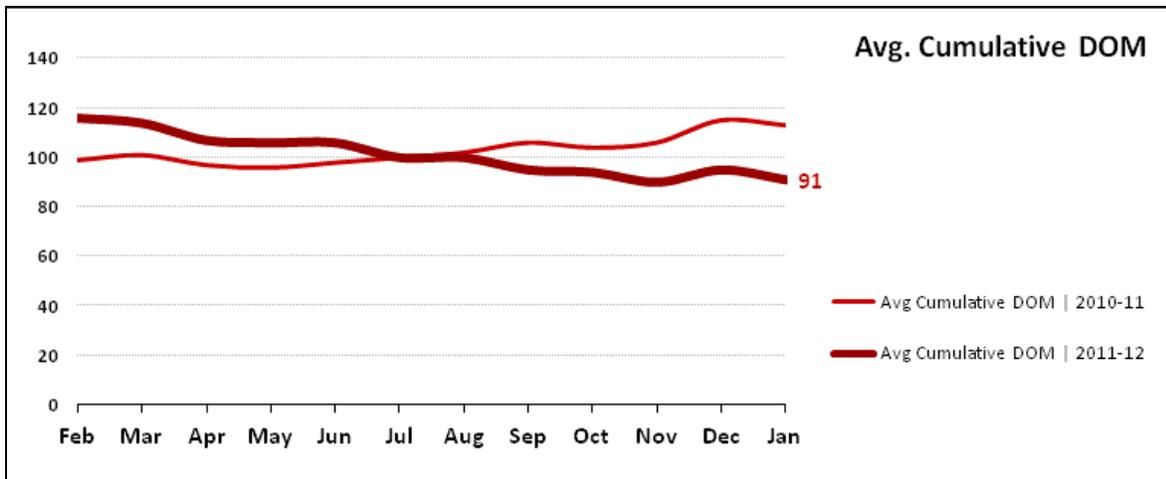
DISTRESSED SALES

In November, distressed sales as a percentage of total sales slipped below 60%. January saw this trend continue, falling 2.1% from December to 57.7% of total sales in January. Distressed properties as a percent of total sales reached a high in September 2010 of 74.1%. Short sales which eclipsed foreclosures for the first time in December repeated this performance in January, with a tally of 1,925 short sales to 1,801 foreclosures. This change in the balance reflects an increased lender appetite for work out over foreclosure, a more humane option for home owners in distress.



AVERAGE DAYS ON MARKET (DOM)

Days on market fell by 4 days in January, ushering in a brisk January selling season. DOM has been on a downward trend all of 2011, with only a slight blip upward in December. As short sales take a more dominant role in absorbing distressed inventory, we might expect the DOM to increase, as short sales are notoriously prolonged in the contract to close process, resulting in a lengthening of the DOM. But we may also see a dip in DOM as banks become more proficient in closing short sales



COMMENTARY

The new year rolled out some positive pricing news. All four pricing metrics showed upward movement, with the largest gain (21.5%) in average new list price. The PPI Supplement also showed gains of \$5-20/SQ FT for new pendings in seven price ranges between \$200,000 and \$700,000 in January.

Other positive news includes the continuing decline of foreclosures pending, hinting that the well fueling foreclosure sales could be capped in the foreseeable future. Although foreclosures have been dominating the sales landscape for over two years, their eventual un-replenished reduction would trigger a further rise in pricing. The distressed sale percentage of total sales declined to 57.7%, besting the 60% barrier for the third month in a row. This figure is significantly lower than 74.1% high in September of 2010. Subscribers indirectly affect the homes that go into foreclosures by diligently working to close short sales, whose next stop, if the short sale fails, is often foreclosure.

In the holding steady category STAT places total inventory, market wide MSI and days on market. Sales fell and new inventory rose. While the opposite (sales up and new inventory down) would have been preferable, both sales and new inventory metrics displayed typical seasonal behavior.

The overall economic outlook is up, according to the University of Arizona's EBeller College of Management in their "Arizona's Outlook 2012-2013: On the Road to Recovery." It reports that all aggregate indicators of economic activity for Arizona are improving: robust spending and declining unemployment, bankruptcies and foreclosures.¹ Further the Census Bureau estimates a positive net migration for Metro Phoenix at 23,000.² This is good news after many months of negligible population growth which is so critical to recovery.

On the jobs scene, sound reports continue to surface, such as the recently released report on bioscience jobs in Arizona, which increased by 7.4% post recession. Bioscience efforts in Arizona (including the Valley) are winning the race for National Institute of Health grants, the "gold standard" for biomedical research funding, and are gaining in the competition for venture capital funding for bioscience.³

The US Bureau of Labor Statistics listed the Phoenix Metro unemployment rate in December at 7.9%⁴ while EBeller College of Management reported 7.85% adjusted.⁵ Thus, as the housing market unthaws, other key economic indicators which support that thaw, are also gaining momentum. As the Valley navigates its recovery, it's slow and steady as she goes.

¹ http://azeconomy.eller.arizona.edu/AZE11q4/Arizona_Economic_Outlook_2012_2013.asp

² US Census Bureau

³ <http://www.marketwatch.com/story/arizona-bioscience-sector-sustains-strong-job-growth-2012-01-31>

⁴ http://www.bls.gov/eag/eag.az_phoenix_msa.htm

⁵ EBeller Online