

MARCH 2017

Real Estate Update



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

Hello Everyone,

I know that I shouldn't be surprised. It happens most every year, but what the heck happened to February? The good news is that we enter my favorite 3 months of the year in Phoenix. I'm really looking forward to our sunny and clear days with highs in the 80's and low 90's. Baseball, patio time for dinner or just relaxing, the smell of blooming citrus trees, the beauty of the blooming desert and the time of the year when I get to see many old and new friends escaping the cold from where they call home and enjoying Spring in The Valley. Here's hoping our paths cross in person over the next few months. It will be my pleasure to see you again!

I seem to be asked 2 questions now, more than ever. What's the market like and what's going on with (mortgage) interest rates. Interest rates have definitely risen from the multi-year historic low rates we got used to seeing. Last year's just over 3.5% rates are now in the 4.25% to 4.5% range. That means a monthly payment increase of about \$50 on a \$100,000 30-year fixed mortgage. The Fed has indicated that they are likely to raise the overnight rate by 0.25% in March. (add \$25/month if mortgage interest rates also rise 0.25%) The Fed has hinted that there will likely be at least 2 more increases in 2017. The longer you wait, as a Buyer, the more it will cost you. The decreased inventory means the market favors Sellers. The December Michael Orr Report (Thank you Clear Title) shows demand up 5% and pricing up about 5% Dec 2016 vs Dec 2015. That pattern is predicted to repeat for the short-term future. An Adobo.com study shows more home owners vs renters (approx. 59/41%) in Phoenix. A good sign compared to LA, NYC and San Francisco where over 50% are renters. If Buying is in your future, start ASAP and be patient to find the right property. Waiting till next year will probably be more expensive. Where are Phoenix home prices today vs the 2006 peak? Probably at least 2-years below that peak, unlike much of the country which has equaled or surpassed their 2006 (pre-bust) peak.

I'm excited for Desarae & David. They should be closing on their Gilbert home next week and saying goodbye to apartment living. I'm really pleased to be working for the 'T'-family and coordinating the sale of their family home in Tempe. Things look positive for that sale to close next month. I'm excited to be asked to help Lynne & Alan with a similar 'family' sale in Phoenix. Hopefully we're still on-target to get to that project next month. I must send a good luck wish to Karen in CO. Hopefully she, with a new hip, and Lee will be able to make the move to our warmer winter climate later this year. I'm still hoping to be able to find the right property for Cindy & David in the near future. Hopefully the right property will come to market soon. The same for Cabot. Our reduced size inventory makes the house hunting project more challenging for Buyers with specific needs and tastes. Patience is the key. If you happen to know anyone thinking of Selling or Buying a home, I would really appreciate the referral. Thanks to you, my business grows each year.

Regards,

JSGerber 03/01/2017

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Real Estate For Today

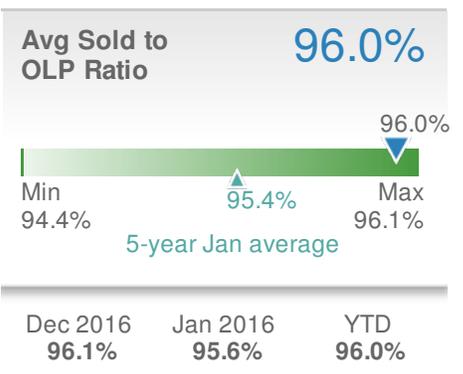
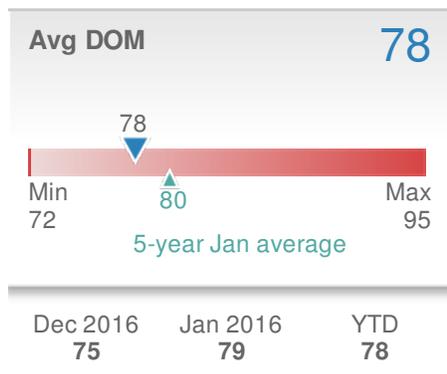
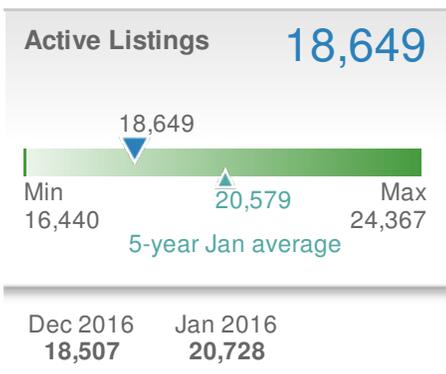
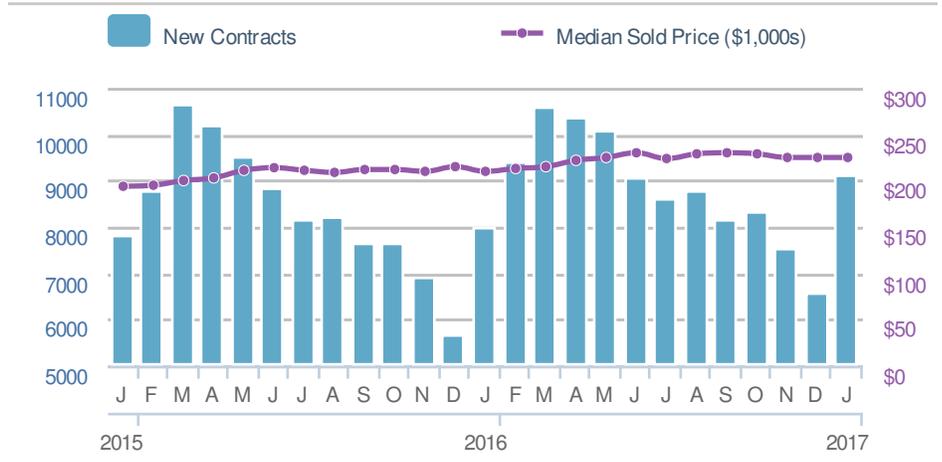


Visit my website at: www.jeffgerberrealtor.com



January 2017

Arizona Regional MLS





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Between FRIENDS

Real Estate for Today

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Winter has come to an end and spring is in the air. Call me today and find out why NOW is a perfect time to buy or sell a home!



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 Warranty to your transaction. While your home is on the market, Seller's Coverage provides repair and replacement of your home's major systems and appliances. It keeps the home showing well during the listing period, which may result in a faster sale at a higher price. At close, the Buyer's Plan seamlessly takes effect, protecting the home buyer against potential, unknown after-sale problems. Last but not least, the home warranty offers budget protection from the high cost of home repairs and peace of mind for both the home seller and buyer.

OLD REPUBLIC HOME PROTECTION



Protect your budget against the high cost to repair or replace home systems and appliances.

People Helping People



Visit www.orhp.com or talk to your real estate professional to learn more.

Are you curious about current real estate trends? I've got my finger on the pulse of the local market. Call me today for a free, insightful analysis!



Health & Safety

Get the Most from Your Fitness Tracker

Spring has sprung, and that means it's time to get outside and put that fitness tracker to good use! Wearables that track your activity can be effective motivators to get up and move, but simply putting one on doesn't guarantee you'll become a triathlete overnight. And that's okay! Fitness trackers are a great way to monitor your habits, gradually make adjustments, and stay accountable.



Most activity trackers come preset with goals for steps taken or calories burned per day. Depending on your current activity level and routine, these goals may be too high or too low. Wear your tracker for a week to determine your habits, and then tweak your goals to fit your lifestyle. After a month or so, slowly start to increase your daily average steps walked or calories burned.

Fitness trackers work best when they're calibrated to you. Don't forget to program your personal information, such as height, weight, gender, and stride length.

Syncing your activity tracker with a food diary app can provide a clearer picture of your habits. According to dietician Beth Reardon, keeping a food log can improve your nutrition. Your daily logs, together with the stats from your tracker, may encourage you to stay committed to a healthy lifestyle.

Helpful Hints

Maximize Your Closet Space

No matter the size of your home, there just never seems to be enough closet space. Make the most out of the space you have with these tips.

Downsize your inventory: Get rid of items you don't need. Haven't worn it recently? Not sure why you bought it in the first place? Damaged? Out of style? Toss it. Store out-of-season clothing in boxes under the bed or in a guest room closet.

Match your hangers: Slim, matching hangers take up a lot less space. Plus, they look nice! Remove empty hangers, or rehang them on either end of the closet rod.

Go vertical: Make use of awkward spaces by attaching hooks to walls and adding extra shelves or rods to corners. Hanging and stacking your clothes, shoes, and accessories will open up floor space and make things easier to find.

One in, one out: Before you buy a new item, consider where it will go. If your closet is at capacity after decluttering, consider letting something go when you buy a new item.



Savor the Flavor

Cauliflower Tabbouleh

- 1 lb. raw cauliflower florets, riced or grated**
- 1 cup flat leaf parsley, finely chopped**
- 5 green onions, finely chopped**
- 2 cups grape tomatoes, diced**
- 1 cucumber, peeled and seeded, sliced**
- 1 clove garlic, minced**
- 1/3 cup extra virgin olive oil**
- 3 Tbsp. lemon juice**
- 1/2 tsp. sea salt**
- 1/4 tsp. freshly ground pepper**

Place cauliflower in a microwave safe bowl, cover with plastic wrap, and microwave for three minutes.

Spread cauliflower on a flat baking sheet to cool for five minutes.

Combine all ingredients in a large mixing bowl.

Add extra olive oil, lemon juice, salt, and pepper to taste.



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Household Tips

Time to De-grime! Cleaning Your Overlooked Appliances

When spring cleaning, it's hard to forget most household appliances like refrigerators and stoves. But how do you clean the machines that do the cleaning? Here's how to...

Sanitize the washing machine. Add a small amount of baking soda and water to the detergent holder and pour two cups of white vinegar into the empty drum. Run a hot wash cycle. Use a sponge to clean around the door.

Freshen up the garbage disposal. Pour two cups of ice and one cup of rock salt into the disposal. Turn the disposal on and run some cold water. Add a little white vinegar to remove unwanted odors.

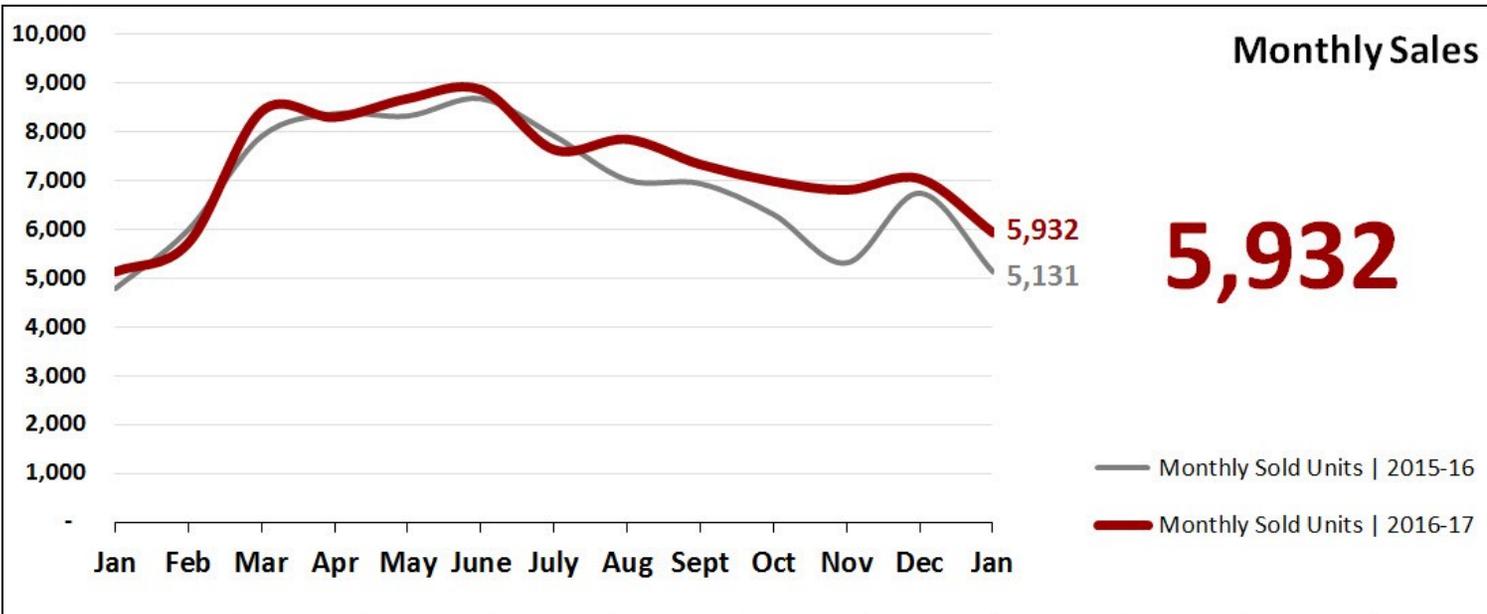
Scrub the dishwasher. Locate and remove the filter. Soak it in soapy water until clean and replace. Pour a cup of white vinegar into the bottom of the dishwasher and run a clean cycle. Sprinkle a cup of baking soda inside and leave overnight. Run another empty cycle the next morning. Scrub rack wheels with a toothbrush.

Banish leftover lint from the vacuum. Empty the canister or replace the bag. Clean or replace the filter. Use a wire hanger to unclog any hoses and attachments. Clean the brush roll and lubricate the bearings.



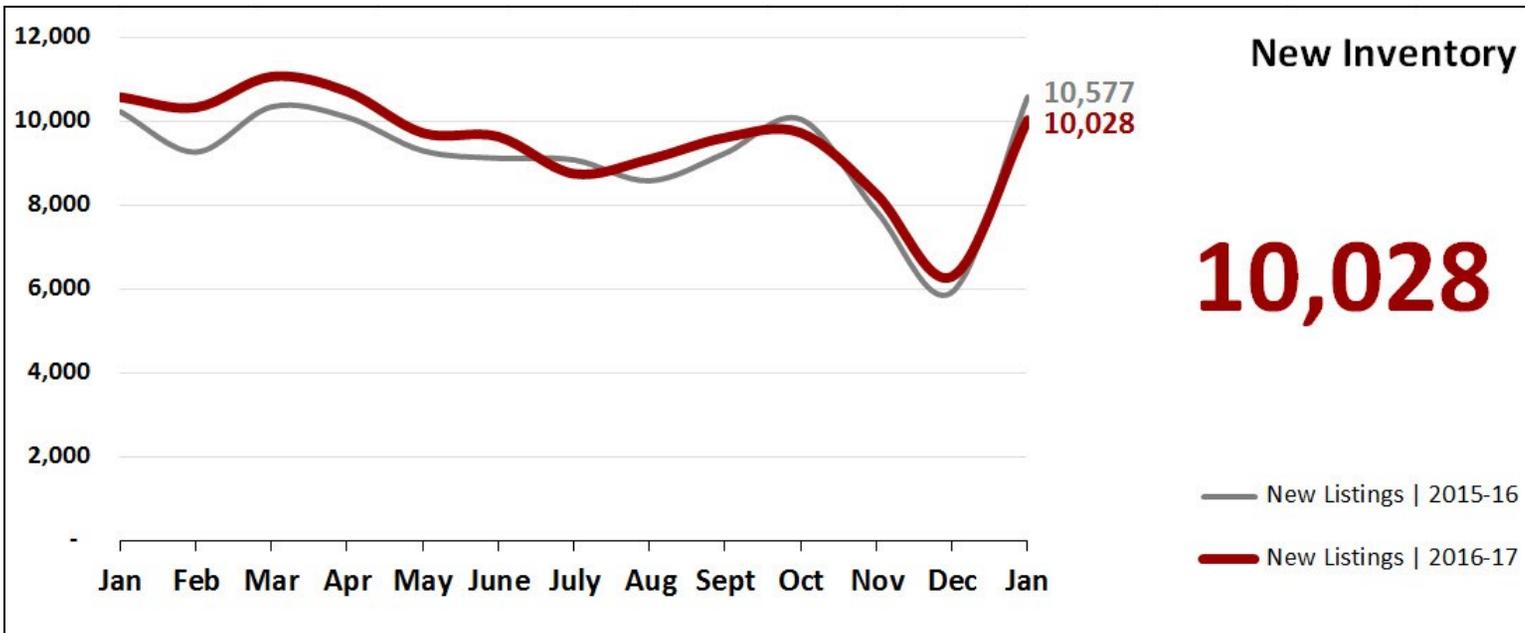


DATA for JANUARY 2017 - Published February 28, 2017



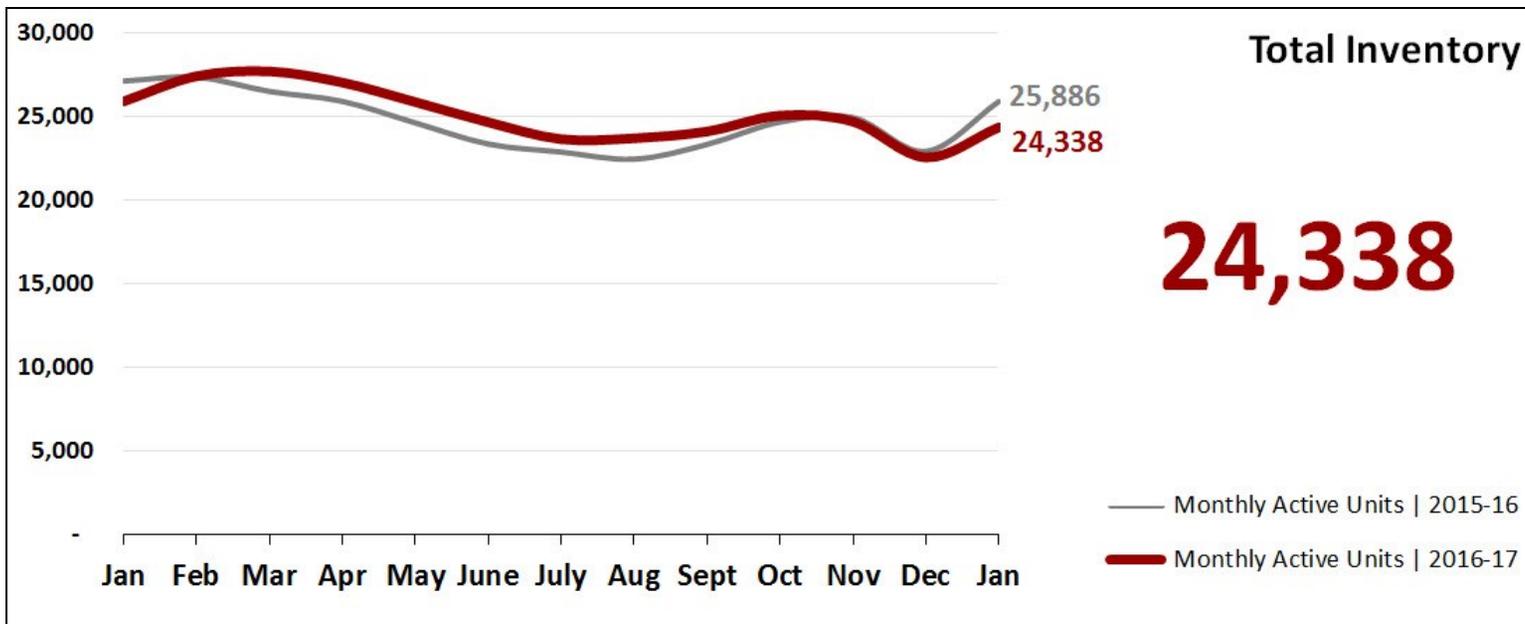
Sales are down -15.7% month-over-month. The year-over-year comparison shows an increase of +15.6%.

Closed MLS sales with a close of escrow date from 1/1/2017 to 1/31/2017, 0 day DOM sales removed



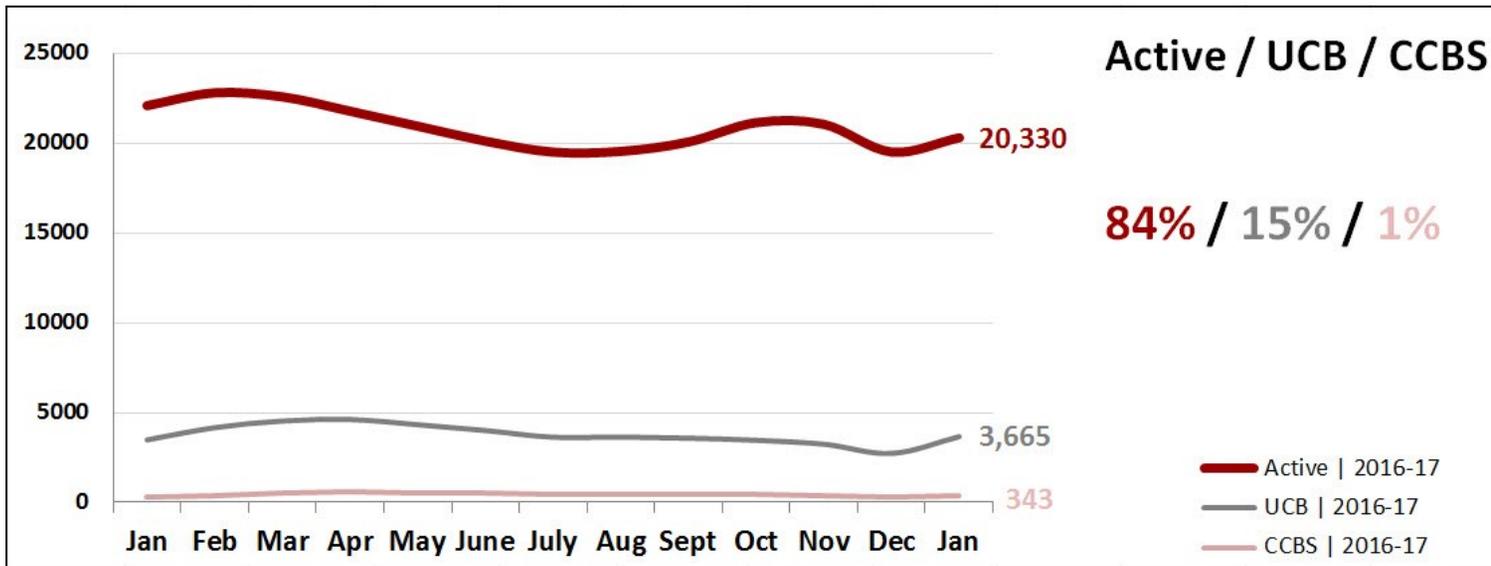
New inventory is up +59.3% month-over-month while the year-over-year comparison shows a decrease of -5.2%.

New MLS listings that were active for at least one day from 1/1/2017 to 1/31/2017, 0 day DOM sales removed



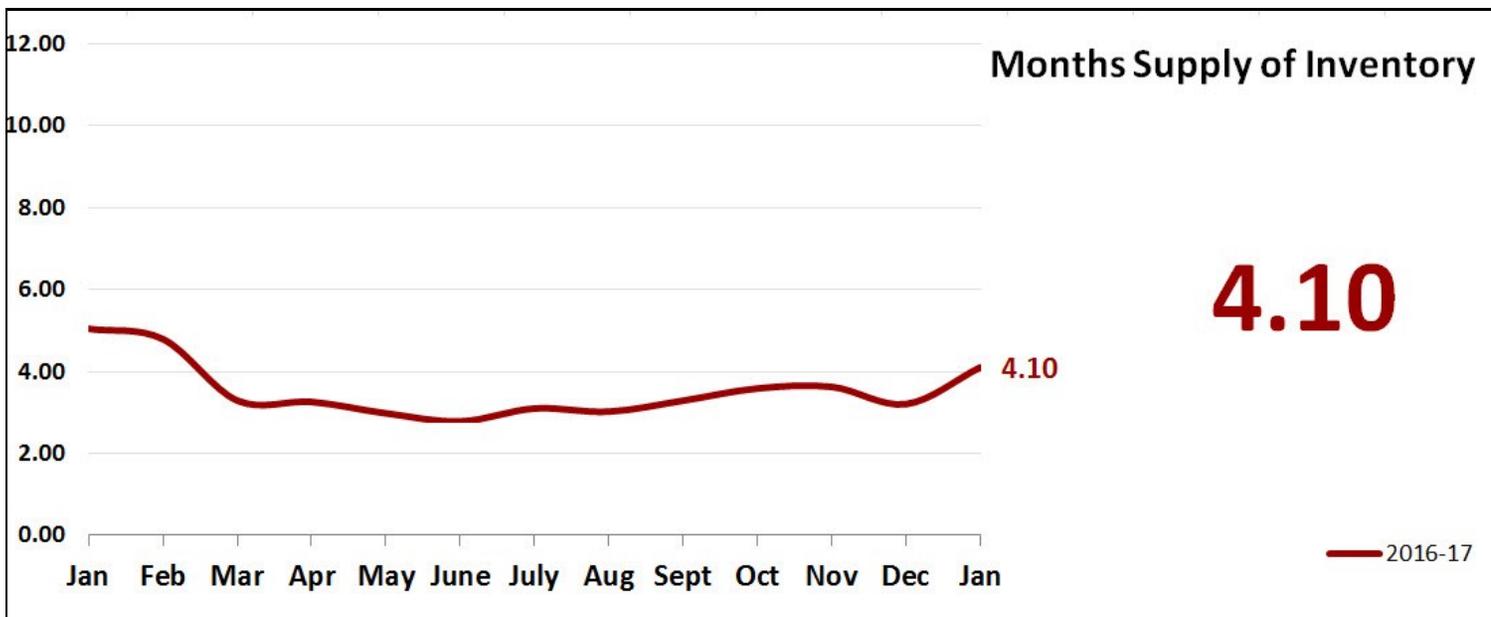
Total inventory has a month-over-month increase of +8.0% while year-over-year reflects a decrease of -6.0%.

Snapshot of statuses on 1/31/2017



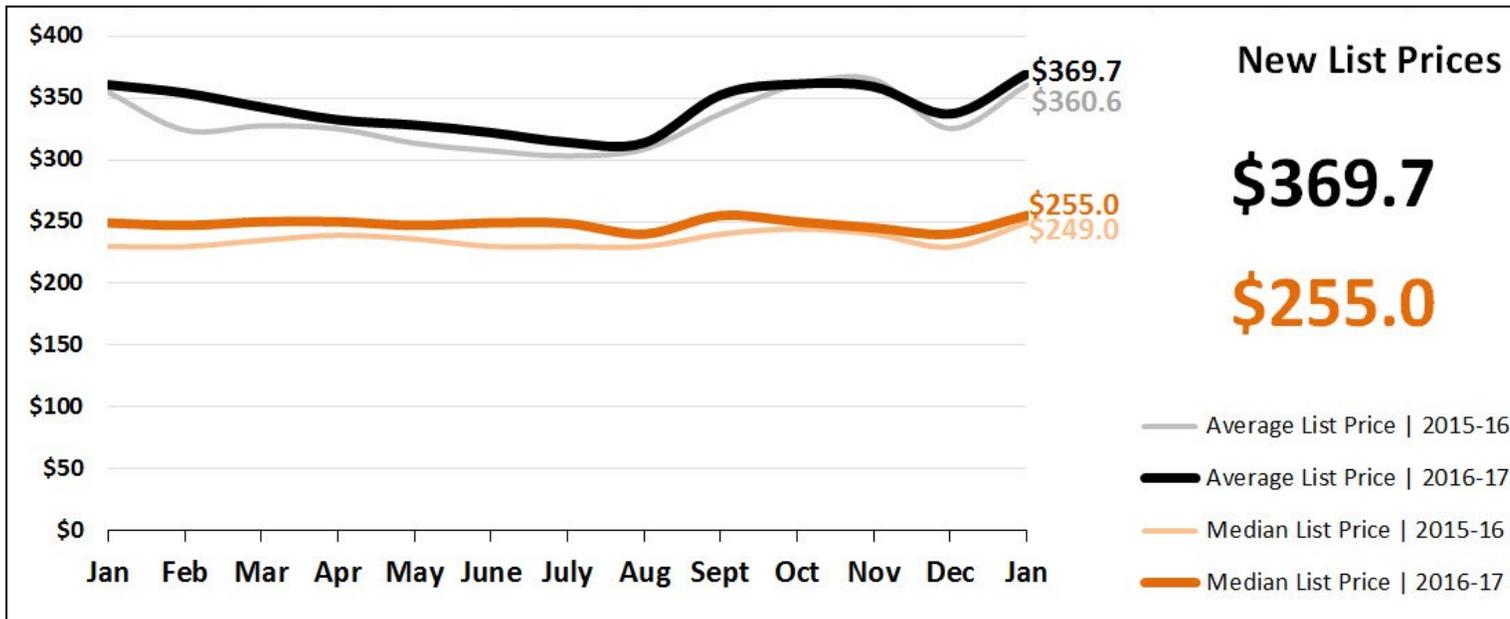
January UCB listings percent of total inventory was 15.1% with January CCBS listings at 1.4% of total inventory.

Snapshot of statuses on 1/31/2017



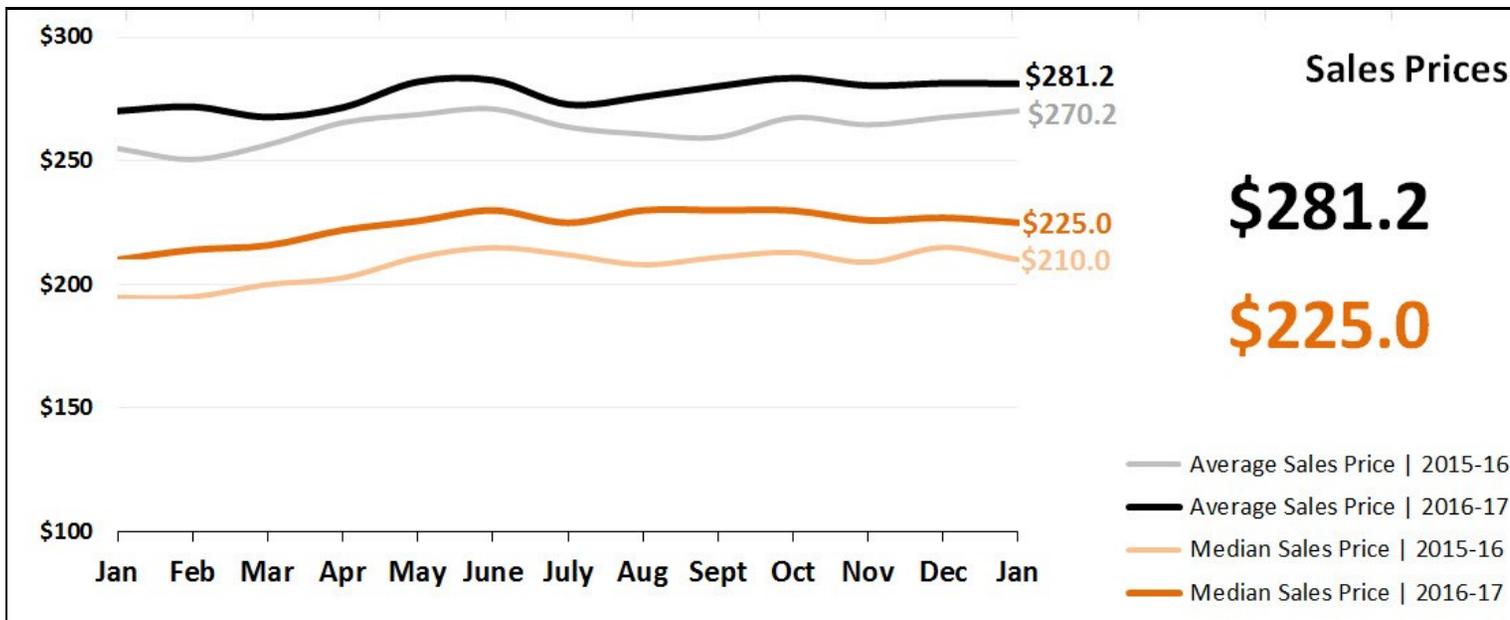
Months supply of inventory for December was 3.20 with January at 4.10.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of January 2017, 0 day DOM sales removed



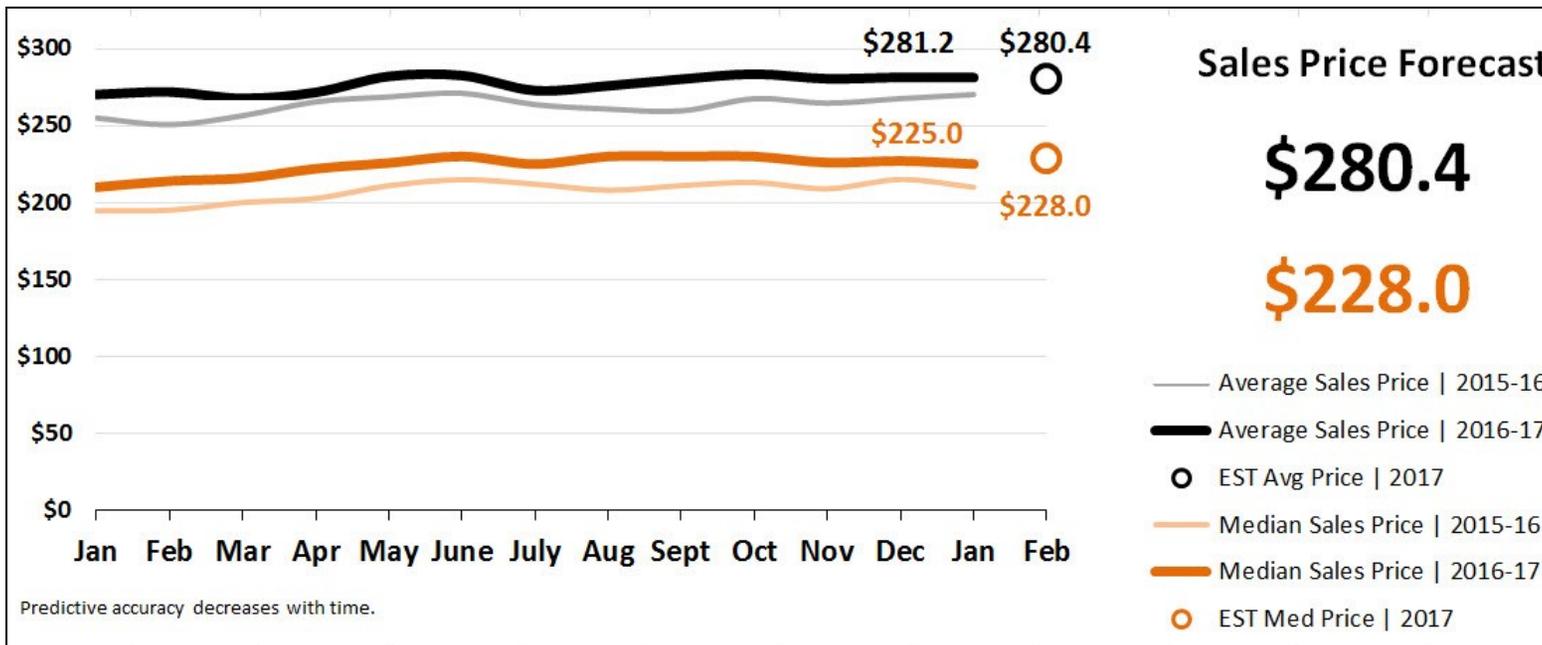
Average new list prices are up +2.5% year-over-year. The year-over-year median is up +2.4%.

List prices of new listings with list dates from 1/1/2017 to 1/31/2017, 0 day DOM sales removed

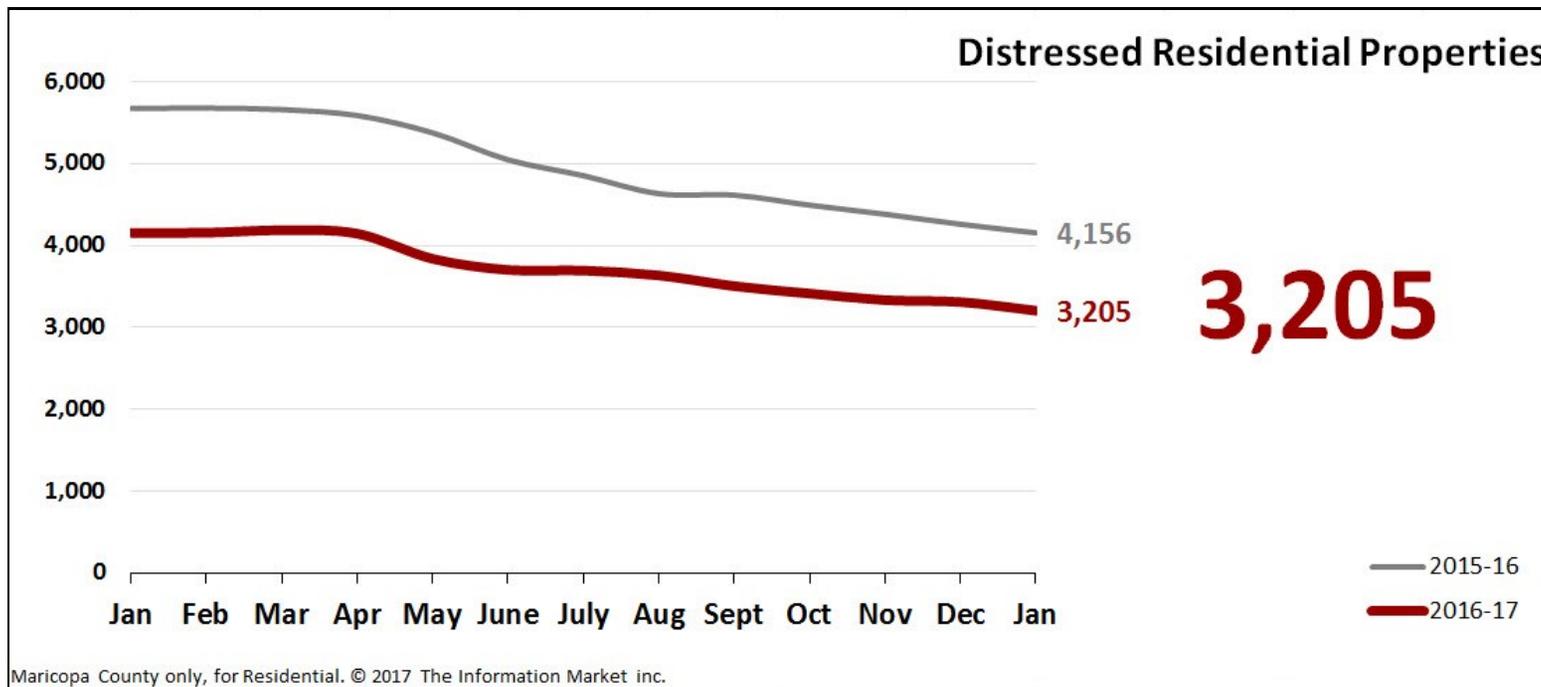


The average sales price is up +4.1% year-over-year while the year-over-year median sales price is also up +7.1%.

MLS sales prices for closed listings with a close of escrow date from 1/1/2017 to 1/31/2017, 0 day DOM sales removed

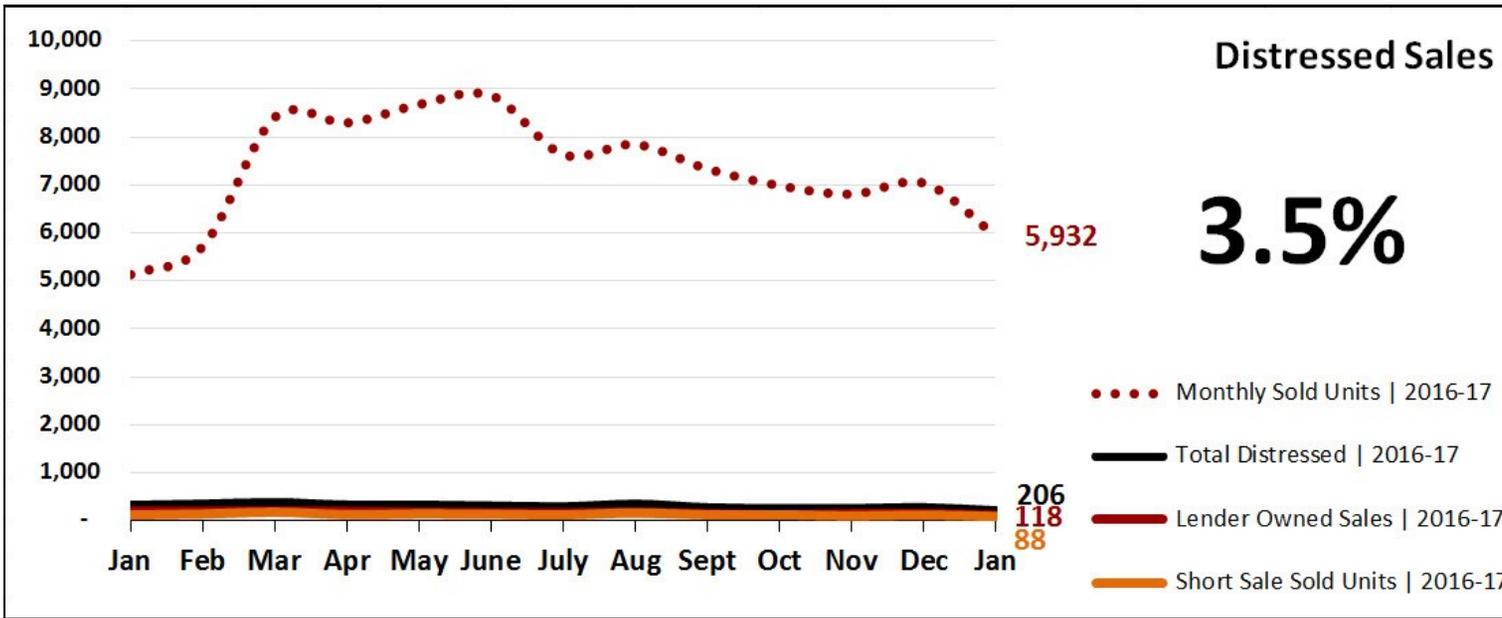


A slight decrease is forecasted for average sales price with median sales price taking a small upturn in February.



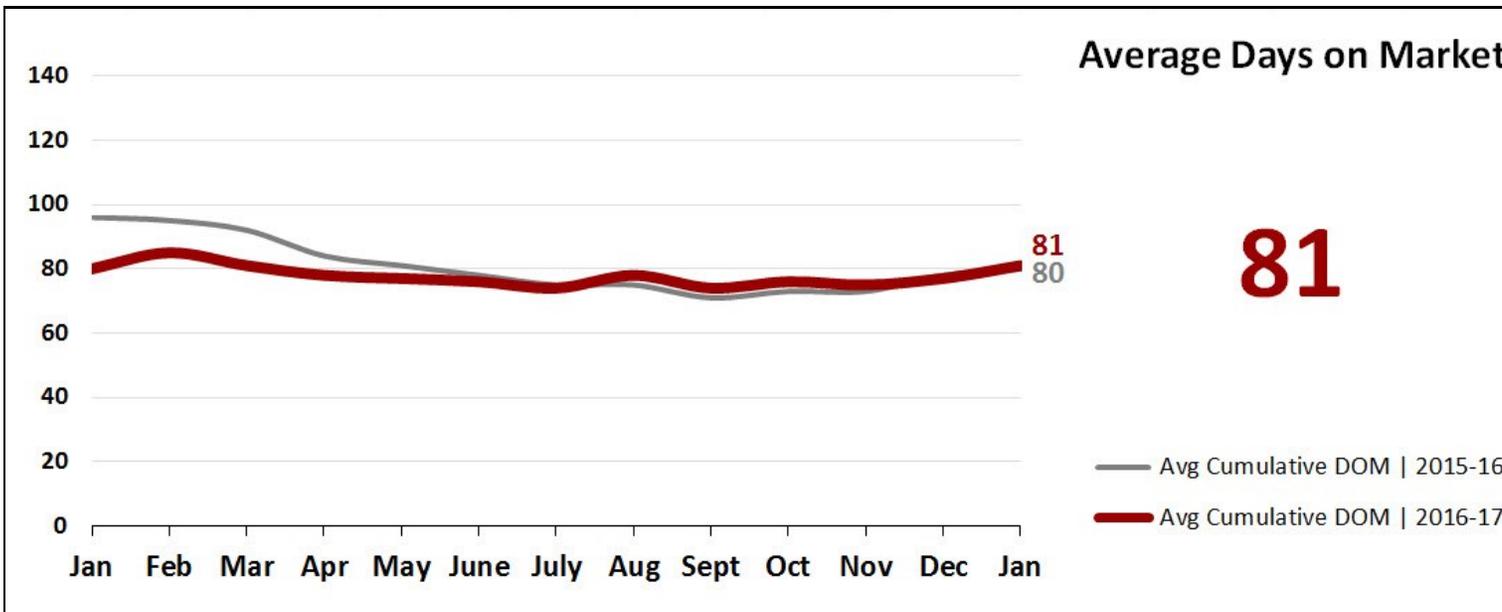
Foreclosures pending month-over-month showed a decrease of -3.2% while the year-over-year figure was down -22.9%.

Snapshot of public records data on 1/31/2017 active residential notices and residential REO properties



Distressed sales accounted for 3.5% of total sales, down from the previous month of 3.8%. Short sales dropped -26.7% year-over-year. Lender owned sales dropped -40.4% year-over-year.

Lender owned sales are MLS sales 1/1/2017 to 1/31/2017 where *Lender Owned/REO, HUD Owned Property* special listing conditions were selected
 Short sales are MLS sales 1/1/2017 to 1/31/2017 where *Short Sale Aprvl Req, Previously Aprved SS or Lender Approved SS* special listing conditions were selected
 0 day DOM sales removed



Days on market were up +1 day year-over-year while month-over-month increased +4 days.

Average of all closed listings 1/1/2017 to 1/31/2017 where DOM was greater than 0

COMMENTARY

by Tom Ruff of The Information Market

Introduction

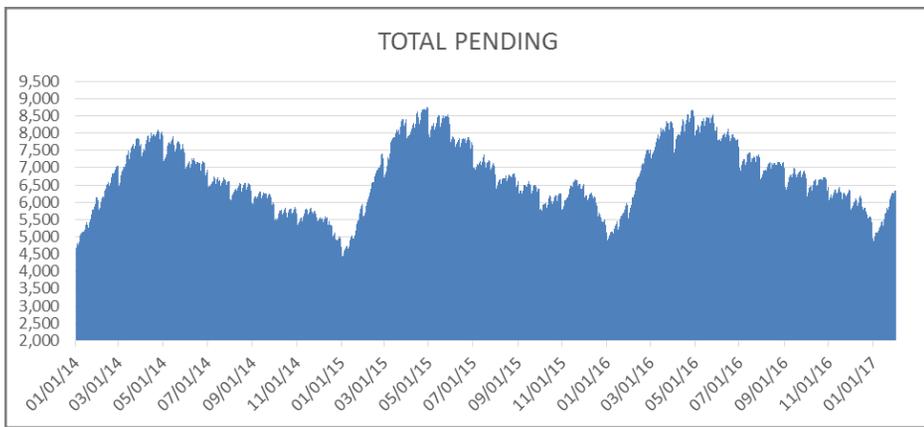
In the blink of an eye our selling season has begun. It's way too early to tell exactly what kind of year it's going to be for home sales. If January is any indication, it's going to be a really good one. Inventory levels began 2017 much like 2016 but demand is much higher. Monthly sale volumes as reported by STAT are up 12% on average over the last 6 months with January 2017 sales volume 15.6% higher than last January. Our current inventory level is now 6% lower than last year at this time. Lower inventory numbers with higher demand means rising home prices are likely to follow.

Where is the impetus for this increased demand? I believe it's two-fold. Millennials are maturing and forming families and it's clear they are now buying houses. We need to look no further than the popular baby names of 1984 to see how these names dye the landscape of 2017 home purchases. With millennials defined as births between 1984 and 2004, this is just the beginning as their time has arrived. The second impetus is that people have been improving their credit scores as prior foreclosures and short sales age and then fall from credit reports. As credit scores improve, more people are qualifying for home loans. The arrival and return of these two buying factions have been anticipated for some time and are now quantifiable. Their impact on our market just took slightly longer than expected.

Oddly, NAR released the following statement in their monthly report that was picked up by the media, "Pending home sales in January dipped to their lowest level in a year." Duh, January almost always has the lowest pending home sales, so don't worry about those headlines.

Our Selling Season Has Begun

There is probably no better chart for showing the seasonal and individual monthly cycles in real estate than a daily chart of the total number of pending sales contracts. The chart below clearly shows the monthly spikes as well as the seasonal spikes. The highest percentage of home closings each month occur at the end of the month leading to the corresponding rapid drop in pending contracts. In January 2017, 26% of all home sales for the month closed in the last 3 days. Less impactable but also noticeable are home closings centered around the 15th of each month. The chart below tracks the last three years of daily pending contracts. The number of pending contracts rises from January 1 to late April, plateauing in late April and May and then beginning an annual descent. The chart also shows year-over-year increases in the number of pending contracts with each successive year greater than the prior. We begin February 2017 with pending contracts 6% ahead of last year.



You will notice the one outlier on the chart in November 2015. This is due to TRID, which caused closings to take longer as escrow officers, loan officers and real estate agents learned the nuances of the newly employed regulations. We know you're busy out there during contract writing season.

Peak Prices

Dr. Frank Nothaft, chief economist for CoreLogic, weighed in on pricing recently stating that "As of the end of 2016, the CoreLogic national index was 3.9 percent below the peak reached in April 2006," and "We expect our national index to rise 4.7 percent during 2017, which would put homes prices at a new nominal peak before the end of this year."

Dr. Nothaft is speaking on a national basis, where some areas of the country have already surpassed the peak prices of 2006. Could 2017 be the year when Maricopa County sets a new a high-water mark for home prices? In reviewing the current average priced home of \$281,209 and the current median priced home of \$225,000 we see that our current home prices are ap-

proximately 80% to 85% of our peak values in 2006. In order for Maricopa County to reach new highs, home prices would have to rise between 15% and 20%. If prices do return to peak this year, we might as well break out the lamp shades from our 2005 New Year's Eve party. Let's hope this doesn't happen as a 2019 return would be much healthier.

PPI

Last month STAT projected a median sales price for January of \$225,000 with the actual median coming in at \$225,000. You can't get any better than that. Looking ahead to February, our model projects a slight increase in the median sales price. The ARMLS Pending Price Index projects a median sales price of \$228,000. Our mathematical model projections this year have been absolutely perfect, albeit that we are only one month in the year.

Sales volume in January as reported by ARMLS was 5,932 which was 15.6% higher than the total last year of 5,131. We begin February with 6,226 pending, 3,665 UCB and 343 CCBS listings giving us a total of 10,234 residential listings practically under contract. This compares to 9,645 of the same type of listings at this time last year. Even though last year was a leap year and there was 1 more working day, I still expect this sales volume this year to eclipse the total from last February of 5,718. We project 6,200 this year.