

APRIL 2012

Real Estate Update



JEFF GERBER

ABR®, GRI®, SRES®, REALTOR®

Hello Everyone,

It's no April Fool, the year is really moving along that fast. The mild winter in many parts of the Midwest and Canada are starting to lure some of our Snowbirds home early this year. Whether you're spending your Easter Holiday at 'home' or here in AZ, here's a wish for family, friends and sunshine!

We saw a slight rise and then a slight fall in mortgage interest rates over the last month, but luckily for Buyer's (and refiner's) those rates still hover near 4%. February home sales in The Valley totaled 7249, up 1.3% over 2011. The median price rose to \$122,000 from \$108,300. (See page 2 for market details and predictions.) Financing for new FHA Buyer's will be trickier and more expensive beginning this month. Credit disputes of \$1000 or more will now need to be resolved or on a payment plan before you will be approved for an FHA mortgage. When you are improved, your loan will cost more. The monthly mortgage insurance premium rate will go up .1% and the upfront MIP will increase by .75%. Good news about the Phoenix market came forward in the past month. East Valley new home construction starts rebounded and permits were up 85% over last year. Realtor.com reports that Phoenix is the #6 most searched market. A survey released this month found that home buying costs less than renting in 98 of the top 100 US Cities. The exceptions being Honolulu and San Francisco. Investors paying cash are making times difficult for many financed Buyer's in today's market. The limited inventory (<24,000 Active properties, down 43% from last year) and lower foreclosure rates (down 52% from last year) indicate that inventory will remain tight in the future. Scottsdale, according to AZcentral on 3/13, holds the distinction of having the highest median age (45.4) of all US Cities with a population of 100,000 or more people according to 2010 Census data. Finally, don't forget to ask your tax preparer if you have a Mortgage Insurance Premium as part of your mortgage payment that can be deducted from your 2011 taxes.

March was a crazy busy month for me. The month started with the sale of Patty's listing in Chandler (good luck in Nogales). My Broker Brenda and I successfully got Short Sale approved for PJ & Robert's (thanks for your patience) Queen Creek home. I was then able to help them find a nice rental townhouse in Mesa. I was happy to work for Betsy & Roger from CO as they acquired another Mesa condo. Finally congrats to Thomas & Martha. We met your goal of getting your Mesa home on the market and sold in 'about a month'. Good health and good luck in your move to be closer to family in OR. It's unfortunate that we did not get purchase deals worked out for David & Nancy from Tucson, Chris from St Louis or Mr Bhullar from Edmonton. Perhaps we will have better fortunes for you in the next month. Thanks to Diane for the referral of Phyllis in Sun Lakes. I hope I will be able to earn her business as she looks to downsize. I'm always very appreciative of any leads for people looking to buy or sell their home that you are able to provide to me. I promise to deliver great service to anyone you send my way. Have a happy and safe Easter and Spring Break. Till next month...

Regards,

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A surge in buyers and a drop in foreclosures have left a shortage of houses for sale in metro Phoenix, according to a newly released report on the state of the housing market. The shrinking inventory has prompted bidding wars and pushed up home prices in many communities. At the end of February, the supply of homes for sale was just under 24,000, down 42 percent from a year earlier, mostly because of a 52 percent drop in foreclosures during the past year, according to the latest monthly real-estate report from Arizona State University's W.P. Carey School of Business. As banks take back fewer homes through foreclosure, fewer homes go to auction or back on the market.

Tuesday's report, which said that home prices could keep climbing if the inventory of homes for sale remains low, was the most optimistic from ASU since the beginning of the region's housing crash in 2007. "Supply is tight, in a pretty extreme way, and it looks like it will stay that way for months," said Mike Orr, director of the Center for Real Estate Theory and Practice at ASU. Orr said that as long as supply is tight and there are more buyers than sellers, Phoenix-area home prices will continue to climb.

Metro Phoenix's median home price has steadily been increasing since last August, when it fell to a 12-year low of \$113,000. The region's median for February was \$124,500, up 8 percent from a year earlier. Climbing home prices could entice more homeowners who bought before the boom to try to sell their homes. More sellers would increase supply, balancing the market and aiding many frustrated buyers who are currently being outbid on foreclosures and short-sale homes. There is a potential problem lurking in the recent trend: Some appraisals aren't keeping pace with the increases in home prices.

Orr said appraisers are still looking at prices from three months ago.

In some parts of metro Phoenix, though, home prices have climbed 5 percent or more since the beginning of the year.

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The flowers are blooming, the birds are singing, and spring is in the air! It's a great time to put a home on the market — call me today for a free consultation.

Are you in the market to purchase a home? The time is right to make the move and interest rates are attractive. And the pride that comes with home ownership ... well, that's priceless!

Get peace of mind with your home purchase by including an **Old Republic Home Warranty Plan**. A home warranty will help protect your budget from unexpected repair or replacement costs caused by breakdowns of your home's heating, plumbing, electrical systems, and most built-in appliances. Optional coverage choices are available to custom-fit your warranty to the unique needs of your new home.

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

Do you know anyone looking to buy or sell a home? Send them my way! I'll put my expertise to work to guide your family and friends through their next real estate transaction.



Health & Safety

Simple Tips to Secure Your Home

You may be surprised to learn that property crime has steadily declined over the past four years despite a volatile economy, but you can never be too careful when it comes to protecting your family. Here are some simple, free, and effective tips to protect what is truly priceless.

- **Stash the spare key underground:** The welcome mat has become an all too common hiding place for the hide-a-key. Instead, wrap your key in aluminum foil and bury it a few inches below the ground.
- **Lock your mailbox:** A great deal of personal information passes through your mailbox on a regular basis. Don't become another victim of identify fraud.
- **Silence your phone when you're out of town:** A loud, unanswered landline lets the world know when you're on vacation.
- **Never leave notes on the door for service people:** Notes on the front door are yet another sign that your house is empty.
- **Think Like a Thief:** Take a walk around the perimeter of your house. If you were an intruder, what weaknesses would you exploit to break into your own home? Most burglars aren't the brilliant criminal masterminds of *Ocean's Eleven*, so you don't need to dream up an intricate plot. Keep it simple and look for anything that jumps out.



Helpful Hints

Tax Technology to Simplify Your Life

T.S. Eliot began *The Wasteland* with the famous words, "April is the cruelest month," which means he probably didn't expect a hefty refund in 1922. Whether you owe the IRS or they owe you, e-filing makes April a little less cruel. The Better Business Bureau recommends e-filing over paper filing because studies suggest you'll make fewer errors and any refunds will come faster!

The IRS website features a list of reputable companies that offer free federal e-filing for those who meet certain criteria, but even if you aren't eligible to "free file," you can use it to find a trustworthy provider. See the complete list at <http://apps.irs.gov/app/freeFile/>.



Most companies offer an array of options at prices ranging from \$10 to \$130. More robust packages come with legal representation in case you're ever audited, along with tax advice from professionals for those with more complicated situations.



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Savor the Flavor

Homemade Energy Bars

3-1/2 cups	rolled oats	1/4 cup	fruit juice (e.g., orange or pineapple)
3/4 cup	light corn syrup	1/2 tsp.	vanilla extract
8 tbsp.	protein powder	1 cup	chopped dates or raisins
1-1/2 cups	nonfat dry milk	1-1/2	bananas, mashed
1 tbsp.	cinnamon		
2	egg whites		

1. Mix dry and wet ingredients separately
2. Mix all ingredients together thoroughly
3. Cluster spoonfuls of the mixture on a cookie sheet in the shape of energy bars and bake at 325°F for 15 minutes or until the bottoms are golden brown

Household Tips

Speed Cleaning

A century ago, when coal and wood furnaces warmed our homes in the dead of winter, they left behind a filthy residue of soot and grime. Thus began the time honored tradition of annual spring cleaning, which survives more out of habit than necessity.

While it doesn't really matter when you do it, cleaning remains a necessary evil. The following tips, popularized in *Speed Cleaning* by Jeff Campbell, will give you more time to step outside and enjoy life.

Tools of the trade: Invest in quality supplies — gloves, brushes, spray bottles, and an apron to carry it all as you move from room to room. Quality tools work better and last longer, saving time, money, and effort.

Keep moving: Simply put, never backtrack!

Clean top to bottom: Newton's law of gravity applies to everything, from apples to dirt. Clean higher surfaces first and let the mess roll downhill.

Use both hands: Ever watch a chimpanzee at work? He uses all his limbs to simplify life, yet despite your superior brain, you insist on scrubbing with your dominant hand. Use both hands to set yourself free!



Real Estate Today



Increasing Curb Appeal

Your mother was right. When it comes to people, "what's on the inside" is all that truly matters. On the other hand, when it comes to real estate, first impressions are vital!

Here are a few clever ideas that will impress the neighbors today and attract more discerning buyers when you're ready to sell.

Think symmetry: Renaissance artists were enamored with it and the human brain craves it. Arrange everything with balance in mind.

Install window boxes: Add a burst of color and life by installing window boxes filled with flowers and plants. *Better Homes & Gardens* suggests painted wood for a "cottage feel," and iron or copper for a more traditional look.

Let there be light: Illuminating a pathway with decorative, low-voltage exterior lighting adds a healthy dose of charm and makes your walkway a little safer at night.

A splash of color: Painting the front door a different (but complementary) color can add a little flavor to spice things up.

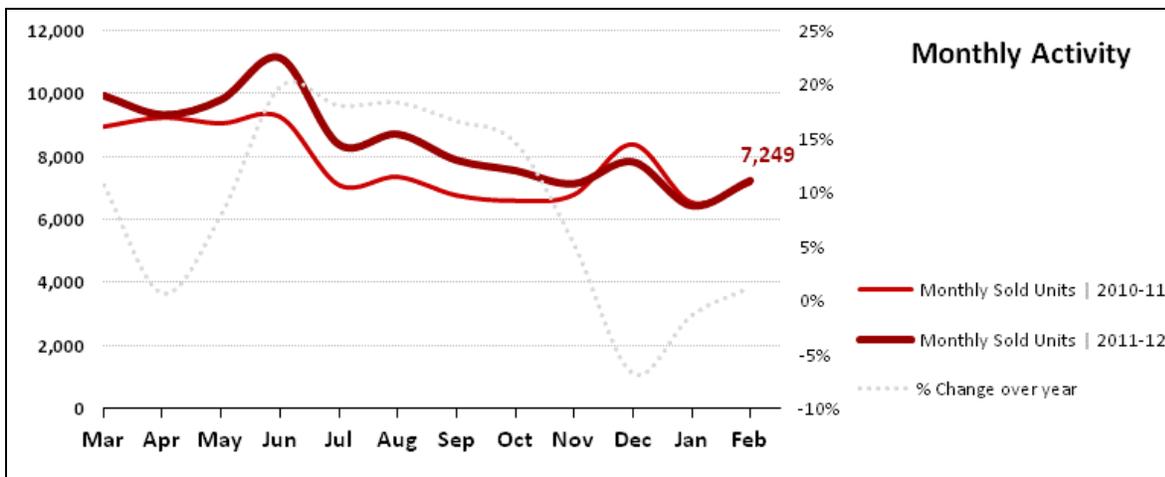


SALES Month over Month

Sales in February increased 12.3% over the previous month to land at 7,249, making up for some of the lost ground in January's sales figure. Sales have been trending downward since June 2011, so this upward bump in February is welcome. February's sale figure is 975 (11.86%) below the 14 month average of 8,224 sales per month.

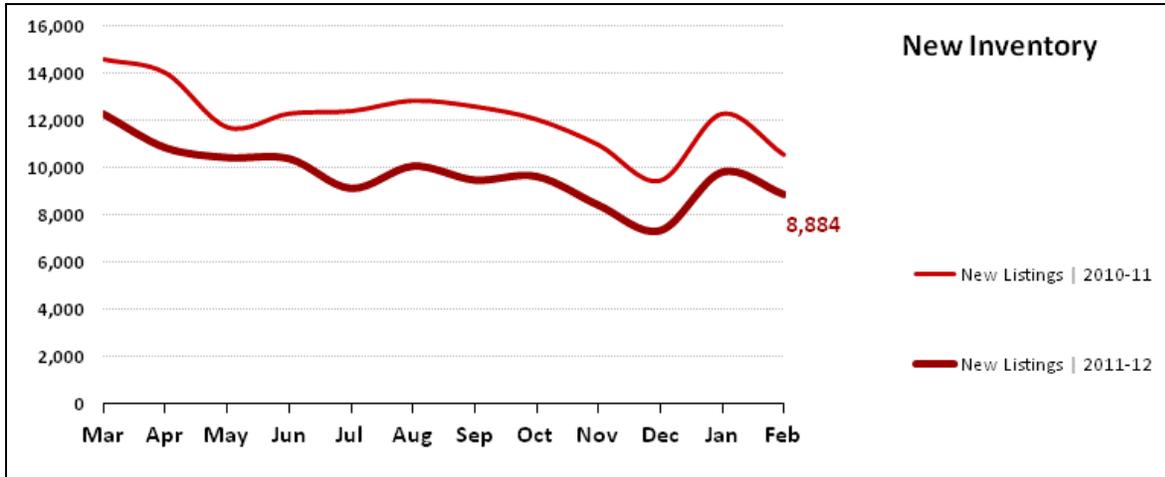
SALES Year over Year

February's sales figure of 7,249 is up 1.3% over the same figure in 2011. The increase from January to February represents the typical Jan/Feb pattern, since ARMLS began tracking in 2001. Sales above 7,000 units are seen as robust for the Valley's market.



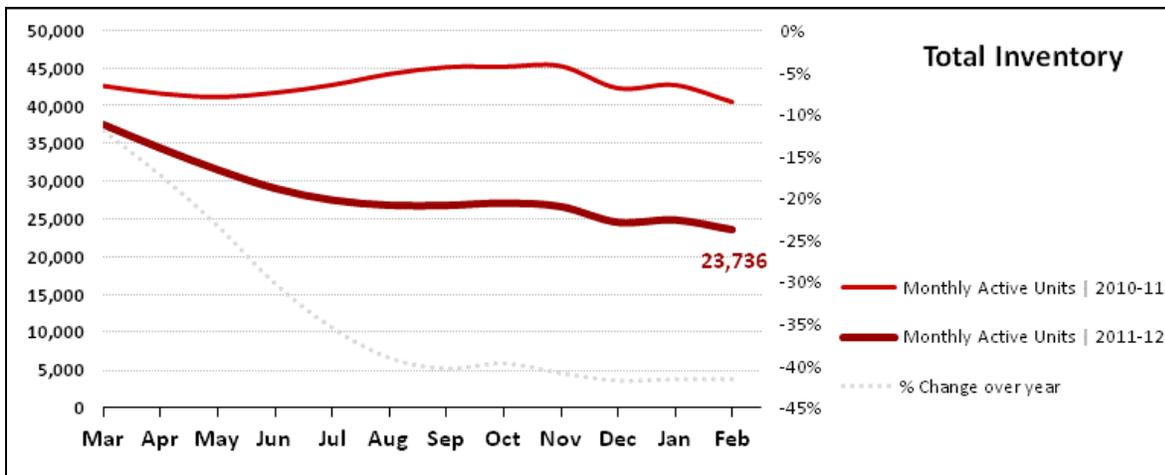
NEW INVENTORY

New listings added to the market fell in February by 9.7% to 8,884. This figure is 15.8% below the new inventory figure for February 2011. Declines in new inventory affect total inventory, and in this market such declines are seen as healthy.



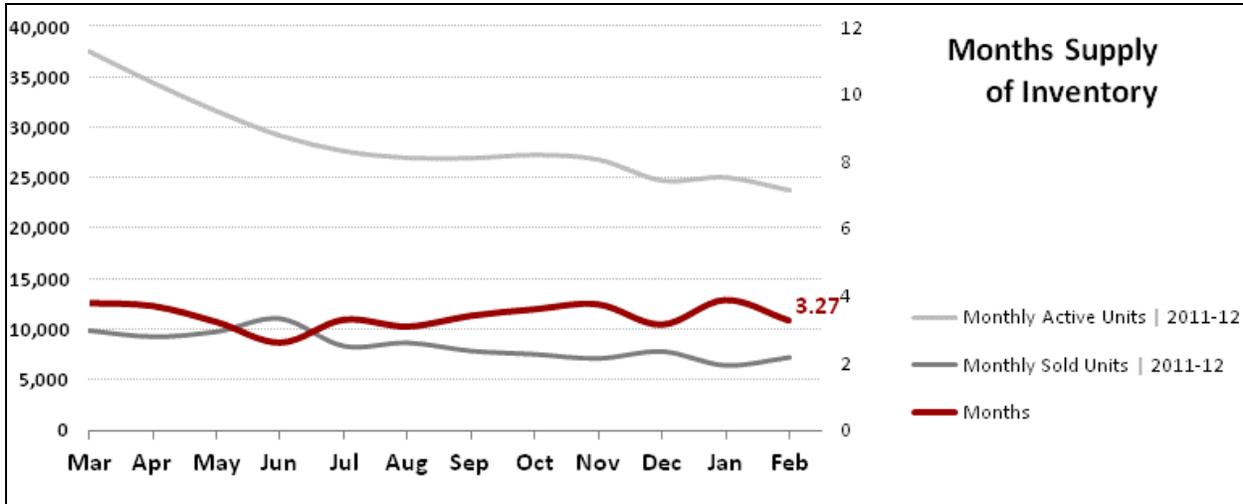
TOTAL INVENTORY

Total inventory for February was 23,736, down 5.2% from January, and 41.6% from February 2011. Total inventory has been on a steady downward path since February of 2011. Total inventory represents the supply side of market balance. Declines represent a healthy correction of the supply and demand balance, and a key metric in righting Valley pricing.



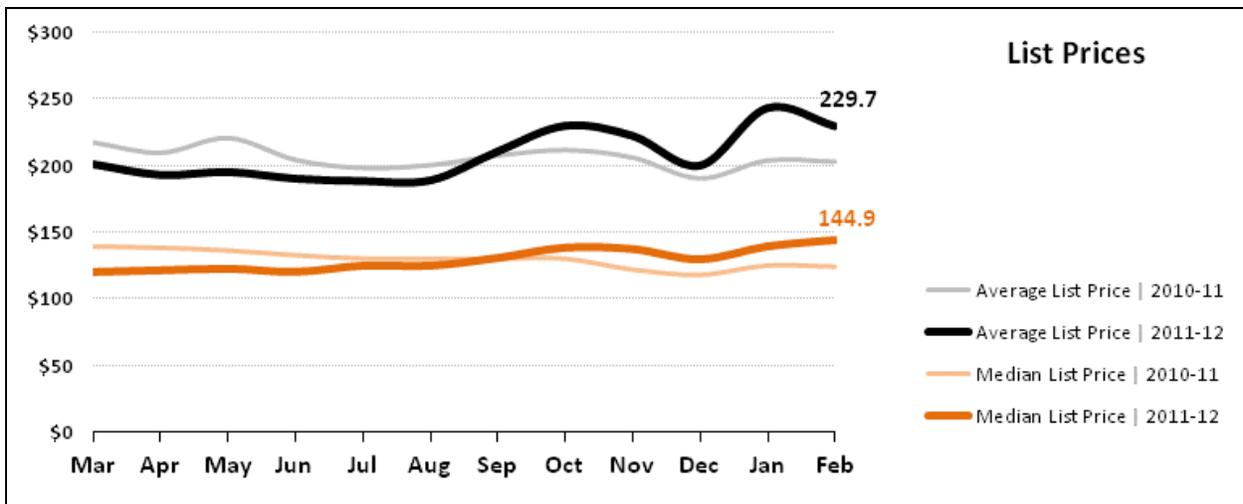
MONTHS SUPPLY OF INVENTORY (MSI)

Valley wide months supply of inventory declined slightly in February to 3.27, from 3.88 in January. MSIs below 4 months are typically seen as Sellers' markets. The Valley's MSI dropped below 4 months for the first time in March 2011, and has remained a Seller's market since. The twelve month MSI average is 3.35 months. MSI for the entire Valley is seen as a barometer of market health and should not be used to predict MSI in smaller market niches.



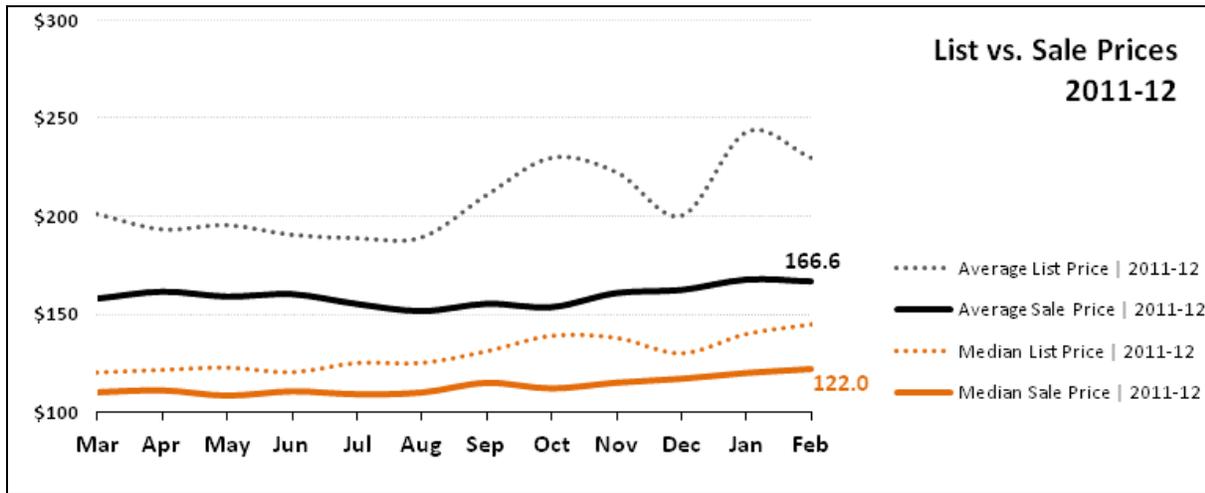
NEW LIST PRICES

Trend lines for new list prices continued on an upward tilt for both average and median list prices. February's average list price of \$229,700, while down 5.5% from January, represents a gain of \$41,000 over July 2011, when average list prices started to rise. Median list price, which began to rise in August 2011, gained \$20,000 over the August to February period, to land at \$144,900. This represents a 3.5% increase over January.



SALES PRICES

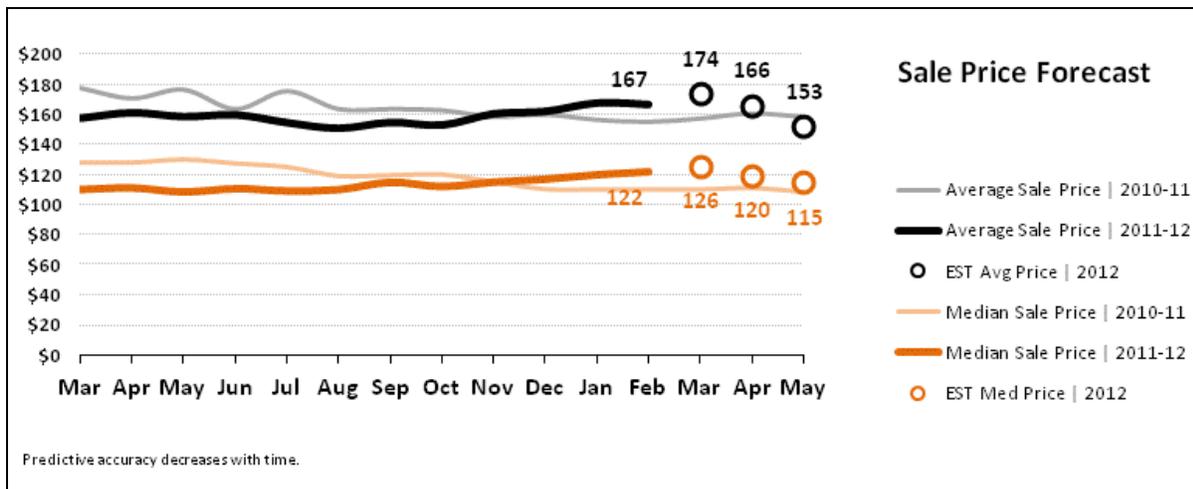
While the upward thrusts of sales price trend lines are not as robust as new list prices, they do show that sales prices are gaining. As Buyers naturally look to purchase at lower than list price, sales price trends will not usually show the optimism that list prices reflect. Currently, sales pricing is particularly subject to the disproportionate influence of distressed properties. Average sales price began to rise incrementally in August 2011, from a low of \$151,400 to February's \$166,600, a gain of \$15,258. Likewise, median sales price climbed from a low of \$108,300 in May 2011 to \$122,000 in February, a gain of \$13,700. While the pricing movement is slow, it is definitely upward.



THE ARMLS PENDING PRICE INDEX™

The Pending Price Index is a forecasting tool unique to ARMLS which uses the pending properties inside the MLS to predict median and average pricing 90 days into the future. Pricing predictions allow the real estate practitioner to better plan their business strategies over the next ninety days. In January, the PPI prediction of February's median sale price (\$119,900) missed the actual median (\$122,000) by 1.75%. January's PPI prediction for the average sales price (\$161,500) missed the actual (\$167,000) by 3.16%.

PPI predicts the average sales price to rise to \$174,000 in March, and drop back down to \$166,000 in April and \$153,000 in May. The median sales price is expected to rise in March to \$126,000 and drop to \$120,000 and \$115,000 in April and May respectively. The accuracy of the PPI diminishes the further into the future it goes. While traditional and lender owned sales close more in line with the closing date specified in the contract, short sales, which make up a disproportionate amount of the sixty and ninety day pending pool, are characterized by prolonged contract to closing periods. This tends to make the 60 and 90 day prediction less accurate and often lower than actual figures.

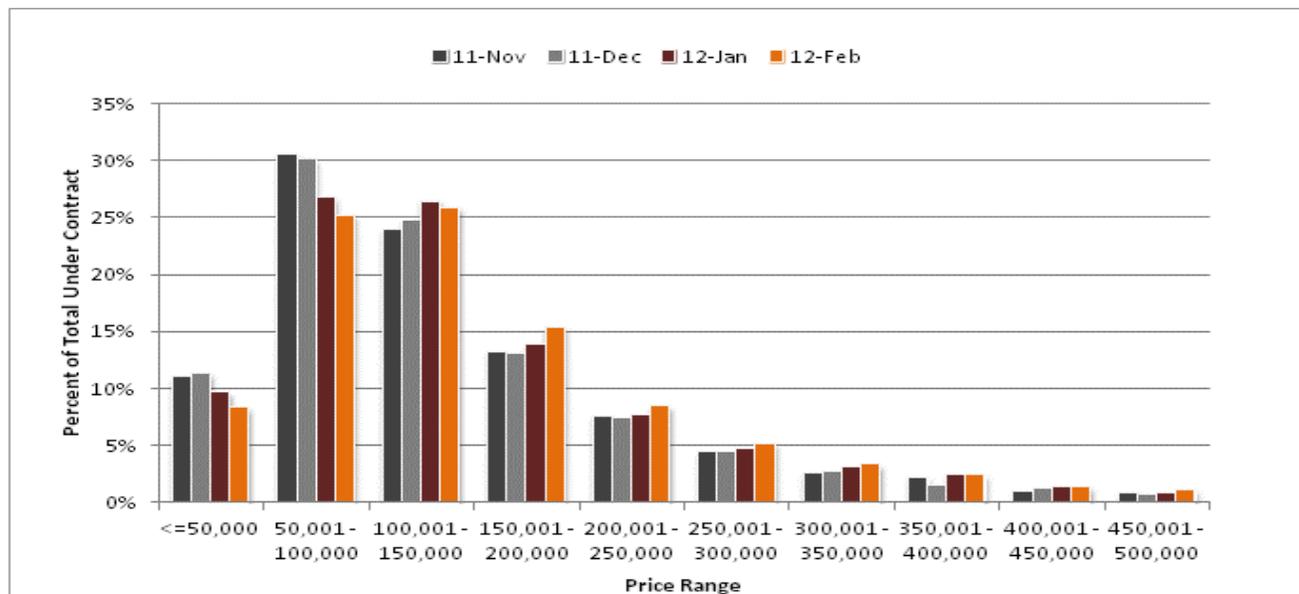
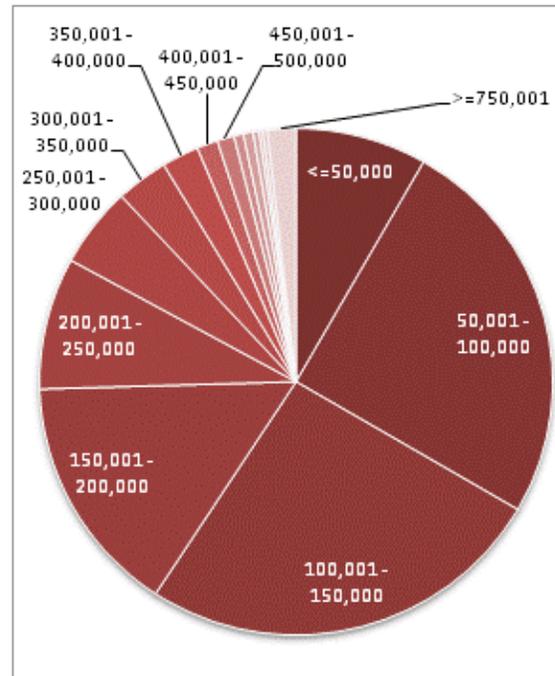


PPI SUPPLEMENT

The PPI Supplement focuses on newly pending properties added each month to the pending property pool. By focusing on the new crop of pendings, PPI is able to detect subtle changes in pricing which are precursors to the Valley's real estate recovery. The PPI Supplement looks at pending data at various price ranges on a rolling four month basis.

Notable in February are the continued declines in the number of properties in the \$50,000 and below and \$50,001-100,000 price points. At the same time, gains are seen in the \$150,001-\$200,000, \$250,001-\$300,000 and \$300,001-\$350,000. Other price ranges offered no significant gains.

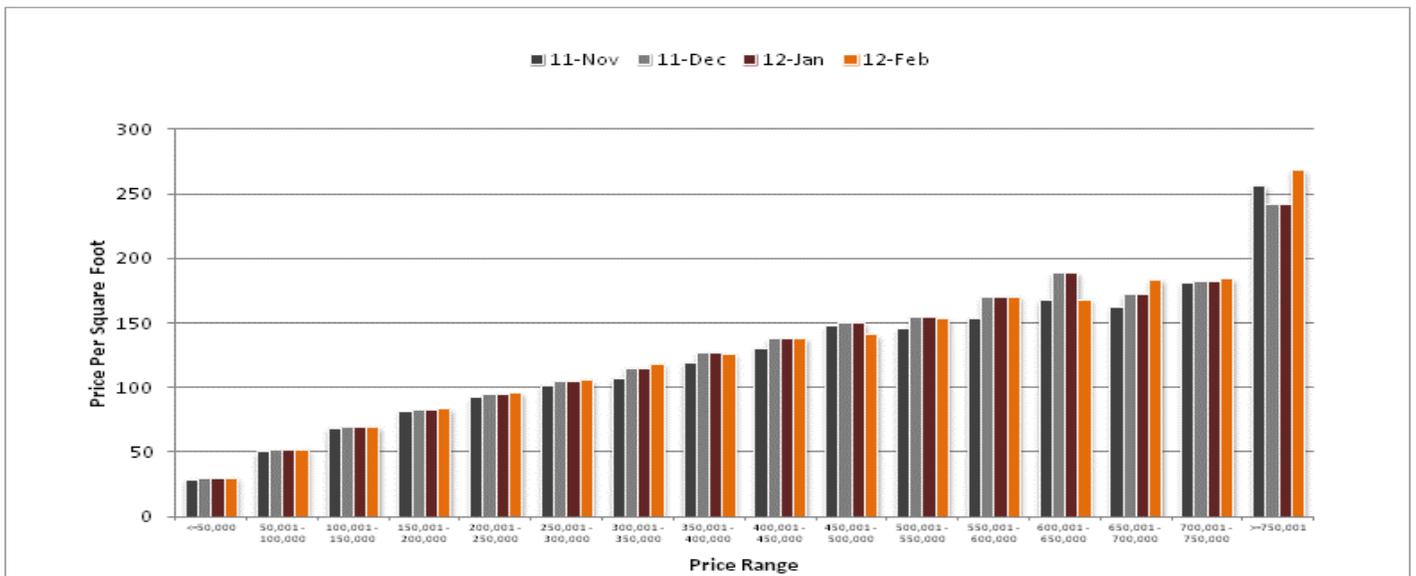
Pending Contracts Signed In February				
Price Range	PPI Avg	PPI Med	PPI Units	Units % of Total
<=50,000	34,898	36,000	769	8.28%
50,001 - 100,000	78,183	79,900	2,334	25.13%
100,001 - 150,000	125,661	125,000	2,397	25.81%
150,001 - 200,000	173,788	172,000	1,422	15.31%
200,001 - 250,000	226,283	225,000	781	8.41%
250,001 - 300,000	275,802	275,000	476	5.13%
300,001 - 350,000	326,449	325,000	306	3.30%
350,001 - 400,000	374,685	375,000	217	2.34%
400,001 - 450,000	427,532	425,000	122	1.31%
450,001 - 500,000	477,282	480,000	100	1.08%
500,001 - 550,000	530,024	530,000	55	0.59%
550,001 - 600,000	577,562	575,000	56	0.60%
600,001 - 650,000	629,825	629,500	36	0.39%
650,001 - 700,000	669,182	672,500	22	0.24%
700,001 - 750,000	730,287	731,709	27	0.29%
>=750,001	1,394,592	1,100,000	166	1.79%



PPI SUPPLEMENT - \$/SQ FT

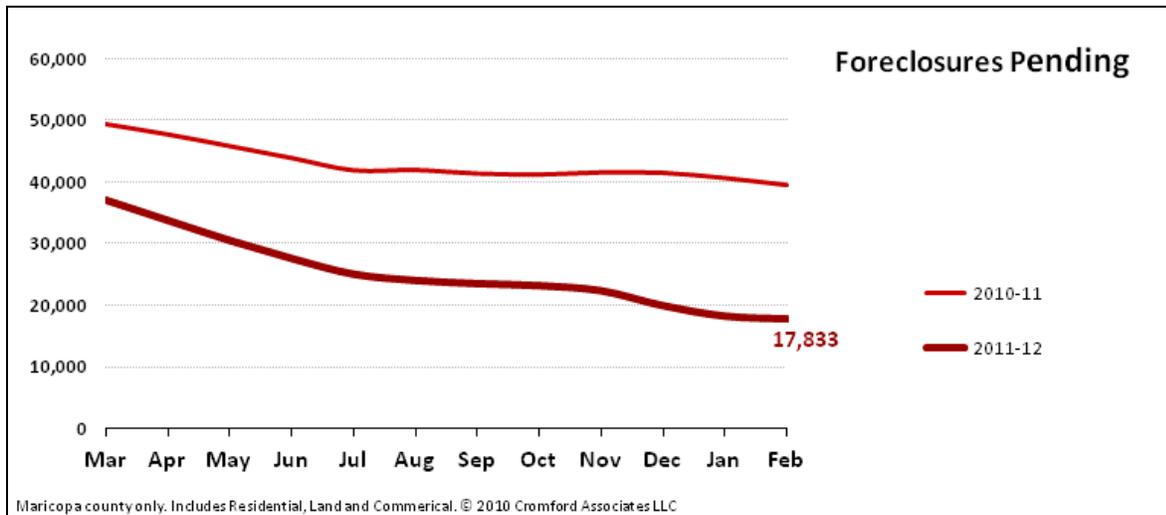
The PPI \$/Sq FT report examines incremental gains and losses in the price per square foot of newly pended properties added to the pending pool each month, and compares them on a rolling four month basis. This month PPI notes steady four month gains in the \$300,001-\$350,000 and the \$650,001-\$700,000 ranges.

Pending Contracts Signed In January					Pending Contracts Signed In February				
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	35,090	1,192	875	29	<=50,000	34,898	1,166	769	30
50,001 - 100,000	77,687	1,519	2,424	51	50,001 - 100,000	78,183	1,501	2,334	52
100,001 - 150,000	125,389	1,818	2,397	69	100,001 - 150,000	125,661	1,805	2,397	70
150,001 - 200,000	173,850	2,102	1,254	83	150,001 - 200,000	173,788	2,079	1,422	84
200,001 - 250,000	225,942	2,395	695	94	200,001 - 250,000	226,283	2,353	781	96
250,001 - 300,000	274,496	2,632	429	104	250,001 - 300,000	275,802	2,604	476	106
300,001 - 350,000	325,768	2,829	274	115	300,001 - 350,000	326,449	2,762	306	118
350,001 - 400,000	377,030	2,983	217	126	350,001 - 400,000	374,685	2,976	217	126
400,001 - 450,000	425,448	3,096	120	137	400,001 - 450,000	427,532	3,095	122	138
450,001 - 500,000	477,375	3,173	71	150	450,001 - 500,000	477,282	3,388	100	141
500,001 - 550,000	528,931	3,432	63	154	500,001 - 550,000	530,024	3,460	55	153
550,001 - 600,000	577,643	3,408	57	169	550,001 - 600,000	577,562	3,388	56	170
600,001 - 650,000	629,924	3,332	34	189	600,001 - 650,000	629,825	3,748	36	168
650,001 - 700,000	676,680	3,941	30	172	650,001 - 700,000	669,182	3,646	22	184
700,001 - 750,000	733,372	4,033	23	182	700,001 - 750,000	730,287	3,959	27	184
>=750,001	1,174,945	4,862	122	242	>=750,001	1,394,592	5,195	166	268



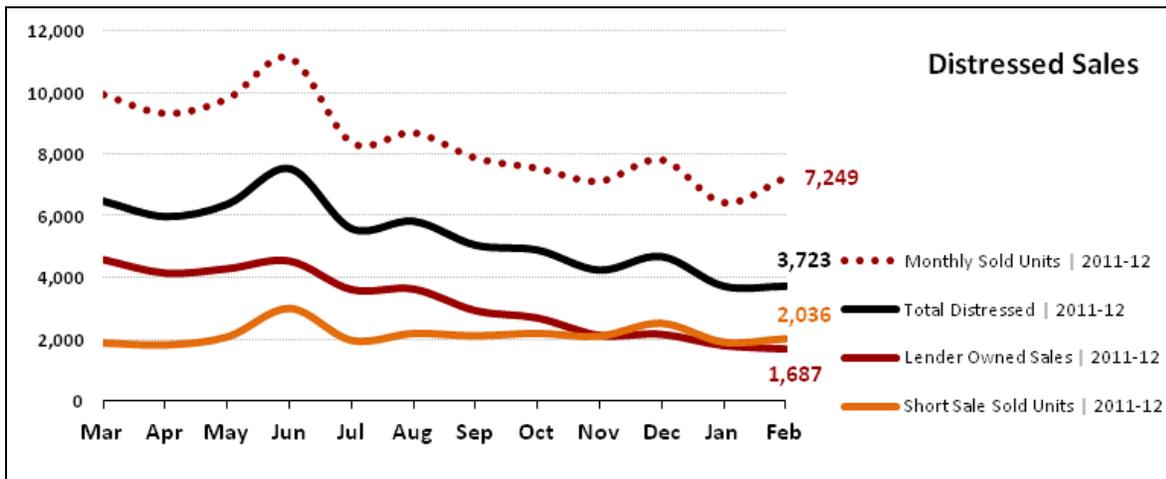
FORECLOSURES PENDING

Foreclosures pending, which fuel foreclosure sales, continued on the downward trajectory begun from a high of 50,568 in November of 2009 to February's figure of 17,833. The decline in foreclosures pending, representing a 64.73% decline from its 2009 high, is seen as good news. Recent settlements with some major lenders caught in the robo signing irregularities, could signal a rise in the foreclosures pending in coming months, as foreclosed properties frozen with the lender are freed to enter the market.



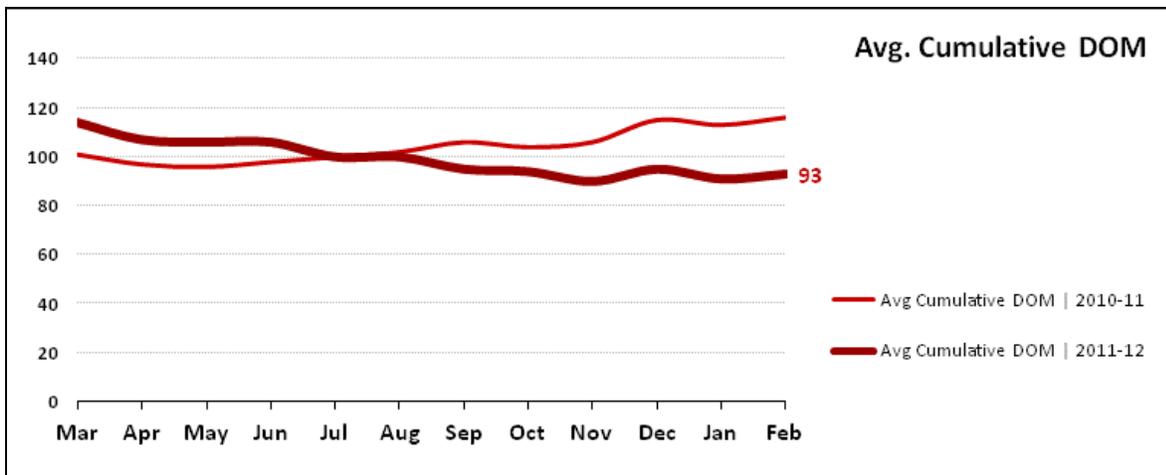
DISTRESSED SALES

February's distressed sales (3,723) as a percentage of total sales continued downward for the fourth month in a row to 51.4%, well below the 60% barrier crossed in November 2011. At their highest level, in September 2010, distressed sales, composed of foreclosures and short sales, represented 74.1% of total sales. In February, there were 1,687 lender owned sales and 2,036 short sales. In November 2011, short sales displaced foreclosures as the dominant component of the distressed property mix. The rise in short sales over lender owned sales, indicates a lender preference for work out over foreclosure. This trend is good news for Sellers whose must sell under distressed conditions.



AVERAGE DAYS ON MARKET (DOM)

Average days on market rose by two days to 93 in February, but still remains under 95, a benchmark set in September 2011. This slight rise could be driven by the larger role short sales are playing in the distressed sales mix, but also could be held in check by the declining percentage of distressed properties to total sales.



COMMENTARY

Good news abounds in this month's STAT in almost every metric reviewed. Sales were up 12.3% over January, new inventory declined 9.7% with total inventory down 5.2%. MSI held steady at 3.27. All four pricing metrics, average and median new list prices and sales prices, although not robust, showed steady upward movement. STAT also reported a continued decline in foreclosures pending. The percentage of distressed properties compared to total sales fell to 51.4%, a 6.3% drop from January. In addition, the ratio of short sales to lender owned in the distressed sales mix increased, indicating a growing lender preference for workout over foreclosure.

The Valley's market recovery is slow but steady, and all metrics moving in the right direction fuel optimism. One event on the horizon is the unfreezing of foreclosures caught in suspended animation as a result of the robo signing paperwork scandal.² Much of the mortgage industry has settled, and we could see a rush of foreclosures pending, and ultimately lender owned properties flood the market as a result. The extent of their influence in the Phoenix Metro area will depend on the numbers of properties affected. A large influx could affect pricing and stall our recovery as a new market glut is absorbed.

As STAT has noted many times, the Valley's recovery, which is rooted in net migration and jobs, is tied to the national economy. Net migration into the Valley will come from other feeder markets in Arizona and around the country. In October, the Washington Post ranked Phoenix #17 nationally for net annual migration for age groups 25 to 34.¹ The unemployment rate for Phoenix metro for December was 7.9% (January is not yet available), and the US Bureau of labor Statistics posts the overall unemployment rate at 8.3%.³ Nationally, employers added over 200,000 jobs for the third month in a row.⁴ So as the entire country recovers so will the Valley. However, the recovery is fragile and still subject to unforeseen events.

¹ <http://www.washingtonpost.com/wp-srv/special/nation/migration-to-metros/>

² http://www.cnn.com/id/46577054/Foreclosure_Sales_Ramp_Up_Post_Robo_Signing

³ www.bls.com

⁴ <http://www.bloomberg.com/news/2012-03-04/employers-in-u-s-probably-add-more-than-200-000-workers-for-a-third-month.html>