

APRIL 2020 Phoenix Real Estate Update

The Empowered Team, LLC
Real Estate For Today



Jeff Gerber

ABR®, GRI®, SRES®, REALTOR®



Hello Everyone,

It's certainly a different world since last we visited! I hope you and your family are safe and healthy. Here's hoping the Coronavirus spares everyone within our own personal circles of family and friends. This Newsletter will give you my take on the picture of what is going on in our Phoenix Real Estate Market. It's in such a state of flux, at the moment, that one could draw just about any conclusion they might want. I'm currently watching from the sidelines as I chose to basically shelter in place starting on March 16. I'm expecting to continue that policy for at least the next few weeks, or till we see the spread of this virus contained. I'm available to you via phone and email, should you have any Real Estate related questions.

Here's my short take on market happenings, in no specific order. Properties continue to sell, though we are seeing the sales numbers go down. Prices have seen little change. We are seeing some Appraisal values come in below 'comps' with an explanation that the virus is having an expected negative effect on property values. I'm not convinced, personally, that this is a fully valid assumption, but I'm not an Appraisal expert. Lenders that I've spoken with indicate that refinance and purchase mortgage loans are still being processed. Their 'broad view' take has been that they are seeing rates fluctuate almost daily. Rates have risen for a day or two, but then drop back to around 3.5% for those with good, or better, credit. Some Lenders have indicated that Lending guidelines may now require borrowers to have a minimum credit score that's higher than in recent past times. Those with credit scores in the 500's may find Lenders reluctant to work with them. Those with a score above 620 are likely to see little change...at this moment in time! Our inventory is up a bit (just below 11K last month to just above 13k today), but still very low. We are seeing some Listings cancel in response to the Coronavirus. We are also seeing some prospective Buyers choose to leave the market until the virus danger is lower. We're also seeing some Buyers unable to complete a sale as a result of a change in job/income status. We've seen most of the major iBuyers (Zillow, Opendoor, OfferPad, etc) suspend and/or cancel purchasing homes. They indicate that they'll likely resume 'normal' operations after the Coronavirus danger subsides. These iBuyers have caused hardship and confusion for many people who were under contract to have the company buy their home. The iBuyer cancellation of that purchase has caused people to be unable to fulfil their planned purchase of another home or left them with 2 mortgage payments. I feel bad for those folks who were forced to this position. The Escrow time period looks to be changing from the 'normal' 30 days to more like 45 days, primarily due to the limited availability of Appraisers and to a lesser extent of Home Inspectors. Many in those professions are self employed and have chosen to shelter in place, thus limiting the available pool of those taking the risk of working during this pandemic. My personal take (based upon the predictions of trusted market statisticians, other real estate professionals and my own 17+ years of experience in this market) is that once the Coronavirus has been held in check and we all get back to going to re-opened offices/factories/offices/stores/restaurants/hotels/resorts & spas, etc, our real estate market will rebound to look much like it did before this pandemic started. We'll have missed the traditional peak activity months for 2020, but the job growth and population influx to AZ and The Valley will likely return to levels like before. We may see some increase in inventory as some owners/investors of rental, especially short-term rental, properties may rethink their position in that marketplace.

I hope you, your family and friends weather this Coronavirus spell well. Good luck and good health! I hope to see and interact directly with you when this dark cloud passes!

The Empowered Team LLC
3370 N Hayden Rd – Ste 123-119
Scottsdale, AZ 85251
[AZ License# SA54012200](#)

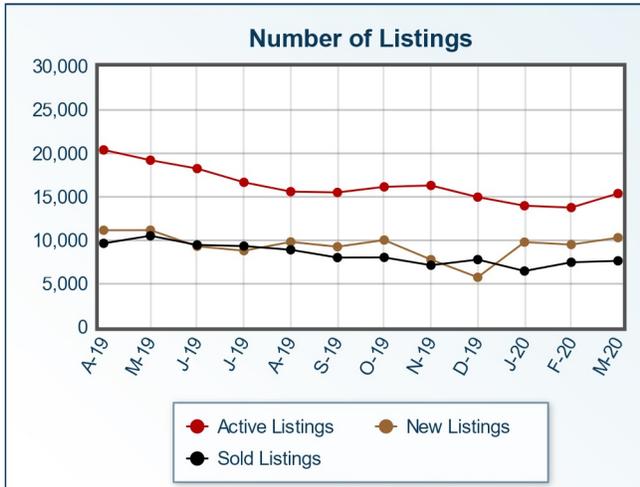
Till next time,

Jeff Gerber
3/30/2020

Contact me anytime:
602-330-7272 – Cell
877-824-7272 – Fax
jeff@jeffgerberrealtor.com
www.jeffgerberrealtor.com

Market Summary

Residential, March 2020





Jeff Gerber, ABR, GRI,
SRES

The Empowered Team, LLC
Real Estate for Today



The Empowered Team LLC
Lic. #: SA540122000

Between FRIENDS

Real Estate for Today

Tel: (602) 330-7272, jeff@jeffgerberrealtor.com, www.jeffgerberrealtor.com, Lic. #: SA540122000

As the weather heats up, so does the real estate market! Are you curious about current market trends? Call me today for a free, insightful analysis.



Looking to buy a new home? Now is the time to make the move! Of course, investing in a new home is more than just a financial decision—the pride that comes with homeownership is truly priceless.

I recommend including an Old Republic Home Warranty Plan to all my clients, whether they're buying or selling. 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—before, during, and after the sale. Optional coverage choices are available for buyers to custom-fit the warranty to the unique needs of their home.

OLD REPUBLIC HOME PROTECTION

You deserve the best home warranty coverage!



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

People Helping People

Know anyone in the market for a new home? Send them my way! I have the experience and expertise to guide your family and friends through their next real estate transaction.



Health & Safety

Post-Tax Day Stress Relief: Organizing Finances

Filing taxes can be stressful and time consuming. Use the following tips to make things easier on yourself next year by organizing your finances after you've filed. You'll be thanking yourself when the next tax season rolls around!

Scan, Save, Store – Scan important documents including property records, insurance policies, vehicle titles, and wills. Back them up on a secure, cloud-based software. Store hard copies in a fireproof safe or safe-deposit box.

Shred It – Once you've filed your taxes and they've been accepted by the IRS, shred any pay stubs and bank statements, since this information is available online.

Make Time to Save Time – It's easy to toss receipts and bills in a pile or box to sort out later. Invest some time creating a filing structure that works for you and file those loose receipts and bills as they come in.

There's a Finance App for That – Don't be afraid to take a step into the finance app unknown. Not only will it reduce clutter, it'll help you stay on top of bill payments. And you'll have easy access to records by going paperless.



Real Estate Today

Boost Curb Appeal and Attract Buyers on a Budget

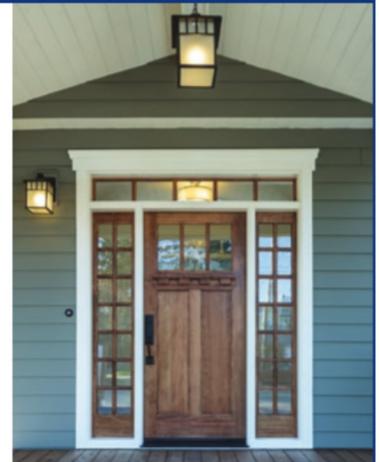
You only get one shot at a first impression, but you don't have to break the bank to catch a buyer's eye. Put your worries to rest with these budget-friendly, DIY tips to boost your curb appeal and attract buyers.

Clear the entryway – The path to a home should be free of clutter and clearly identifiable as the correct route to enter the property. A few plants and a nice doormat create an inviting entrance.

Make the door a focal point – The front door is the gateway to your home and can greatly influence buyers' overall perception. Stain or paint the door and upgrade the hardware to give it a bold look.

Update the mailbox – A nice-looking mailbox can make a big difference in curb appeal. If you don't want to replace it, a fresh coat of paint will spruce it up.

Illuminate the exterior – Outdoor lighting creates a safer space and can make a big difference in the aesthetic of a home. Installation is easy, with many DIY options available at your local hardware store.



Savor the Flavor

Cilantro Lime Salmon

2 Tbsp. extra virgin olive oil
2 Tbsp. lime juice
Zest from one lime
2 cloves garlic, chopped
3 Tbsp. cilantro, chopped
2 pound salmon fillet
Salt and pepper, to taste

Preheat oven to 400°F.

In a blender or food processor, blend olive oil, lime juice and zest, garlic, and cilantro until smooth.

Line baking sheet or pan with aluminum foil.

Place salmon on sheet, adding salt and pepper to taste. Coat the salmon with the cilantro/lime mixture.

Bake in oven approximately 20 minutes, or until salmon is cooked through. Serve immediately.



Jeff Gerber, ABR, GRI, SRES

The Empowered Team LLC

3370 N Hayden Road - Suite 123-119

Scottsdale, AZ 85251

Tel: (602) 330-7272

www.jeffgerberealtor.com

The Empowered Team, LLC
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Household Tips

Keep Your Appliances Sparkling Clean

Don't wait until spring to clean your household appliances! Check out these tips for keeping your appliances sparkling clean all year.

Refrigerator – Keep a small spray bottle filled with a mixture of equal parts water and vinegar in your refrigerator. This way you can address spills as they occur. Give your refrigerator a deeper cleaning every four to six months.

Dishwasher – In an empty dishwasher, place a cup full of vinegar on the top rack. Run a full cycle on high heat to disinfect.

Microwave – Fill a bowl with water and place in microwave. Heat until water boils to break up any food build-up on the inside. Allow steam to dissipate inside microwave before wiping the interior clean.

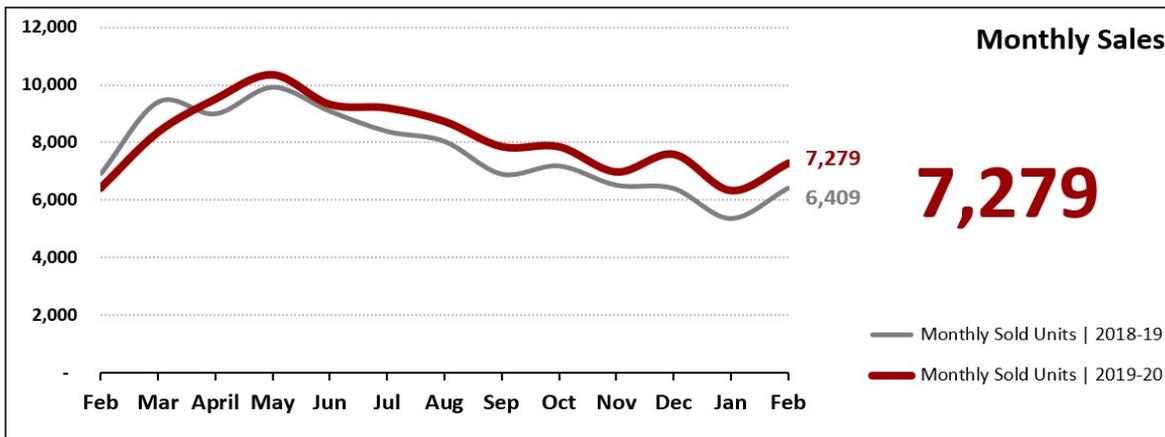
Washer – Run a cycle with two cups of vinegar on high heat. Once completed, use a toothbrush and sponge to scrub the inner drum and soap dispenser with a mixture of one quart warm water and ¼ cup vinegar. Run another high heat cycle without detergent or vinegar.

Dryer – Clean your lint screen after each load. Occasionally clean the lint-trap-housing cavity with a long, flexible lint brush. Clean the dryer's vent hose yearly.



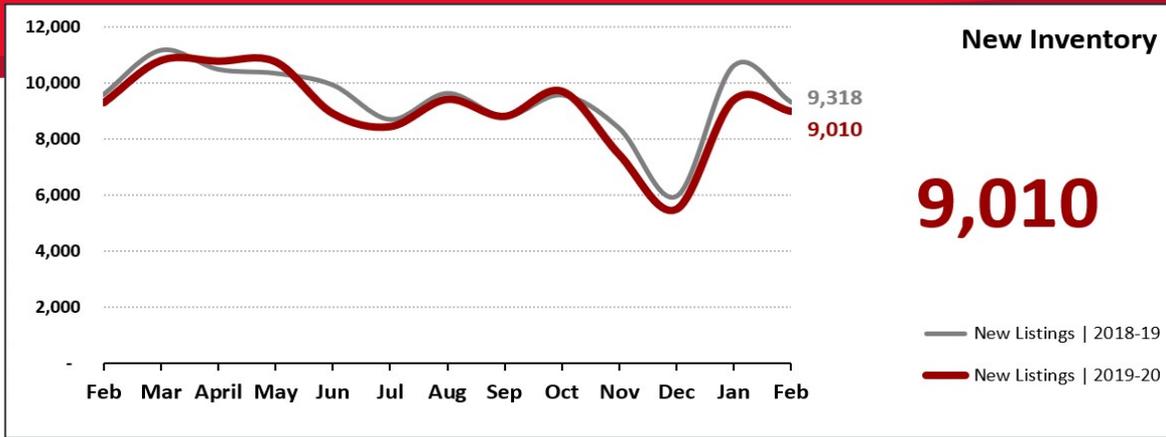


DATA FOR FEBRUARY 2020 - Published March 18, 2020



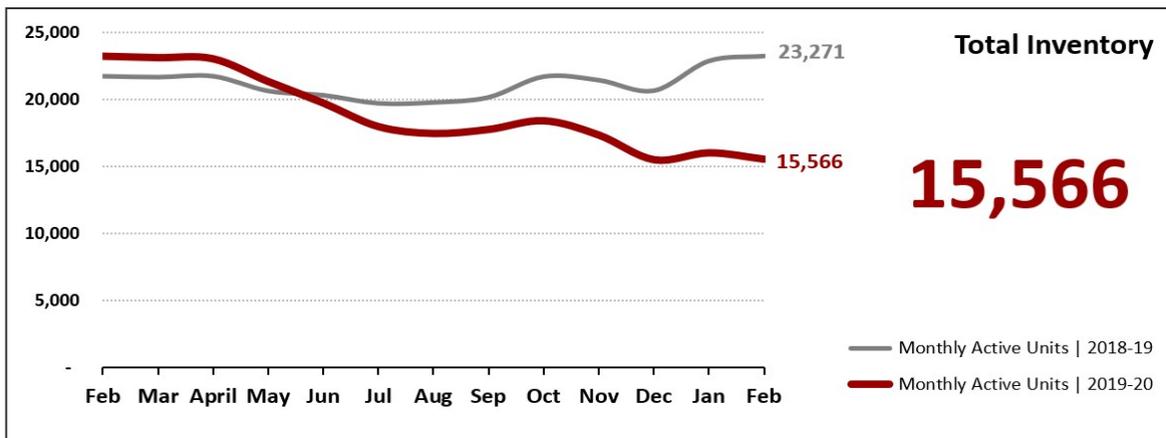
Sales are up +15.0% month-over-month. The year-over-year comparison is up +13.6%.

Closed MLS sales with a close of escrow date from 2/1/2020 to 2/29/2020, 0 day DOM sales removed



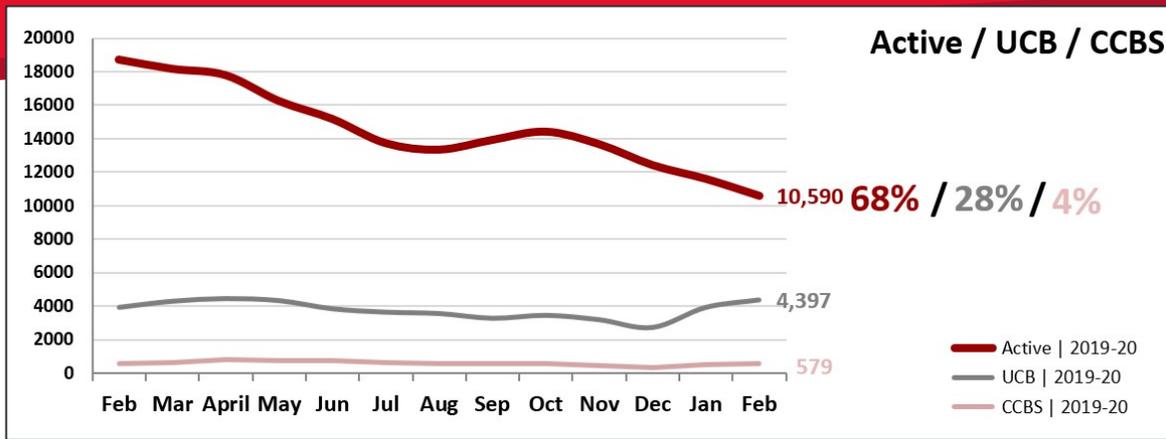
New inventory is down -4.3% month-over-month while the year-over-year comparison decreased by -3.3%.

New MLS listings that were active for at least one day from 2/1/2020 to 2/29/2020, 0 day DOM sales removed



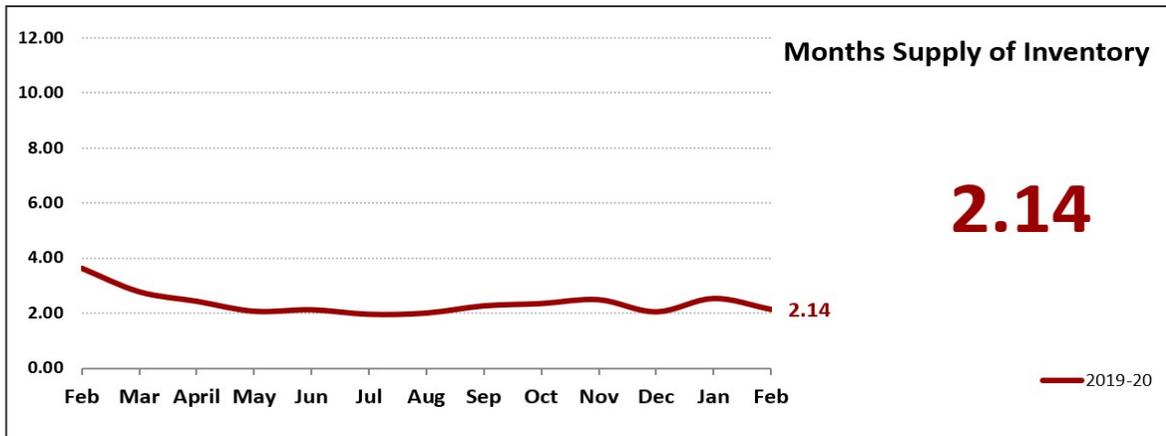
Total inventory has a month-over-month decrease of -3.0% while year-over-year reflects a decrease of -33.1%.

Snapshot of statuses on 2/29/2020



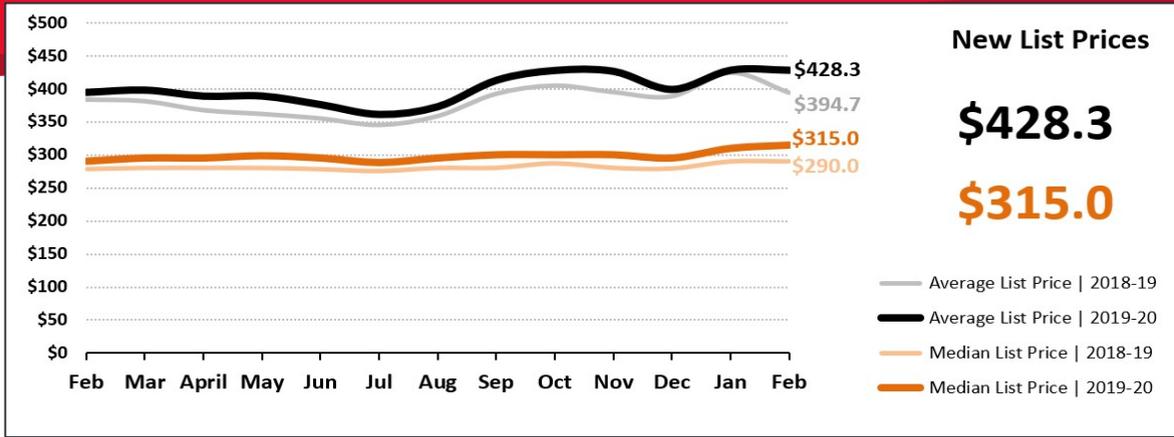
February UCB listings percent of total inventory was 28.2% with February CCBS listings at 3.7% of total inventory.

Snapshot of statuses on 2/29/2020



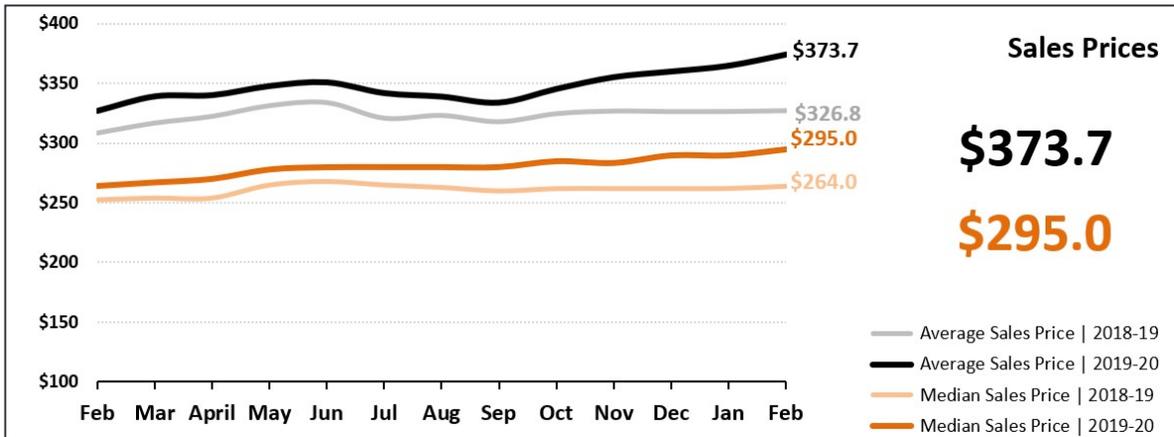
Months supply of inventory for January was 2.54 with February at 2.14.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of FEBRUARY 2020, 0 day DOM sales removed



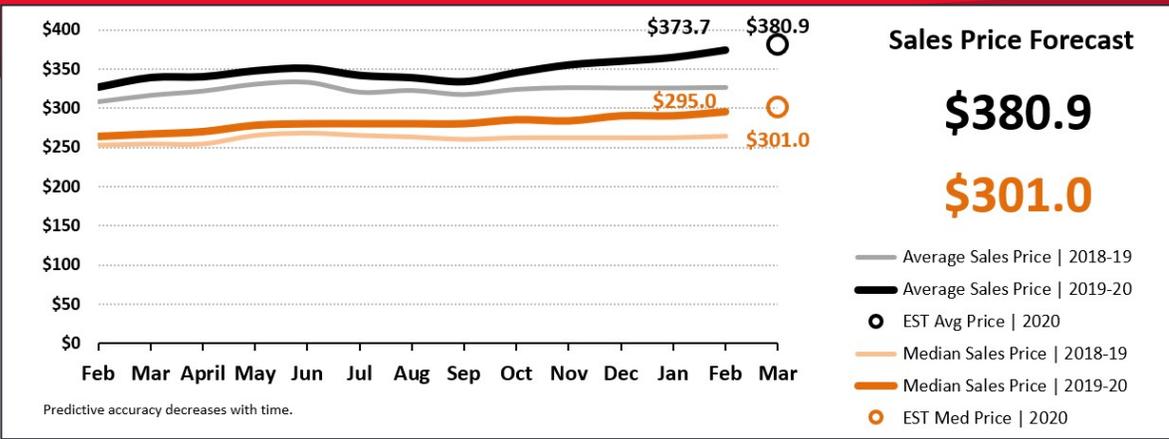
Average new list prices are up +8.5% year-over-year. The year-over-year median is up +8.6%.

List prices of new listings with list dates from 2/1/2020 to 2/29/2020, 0 day DOM sales removed



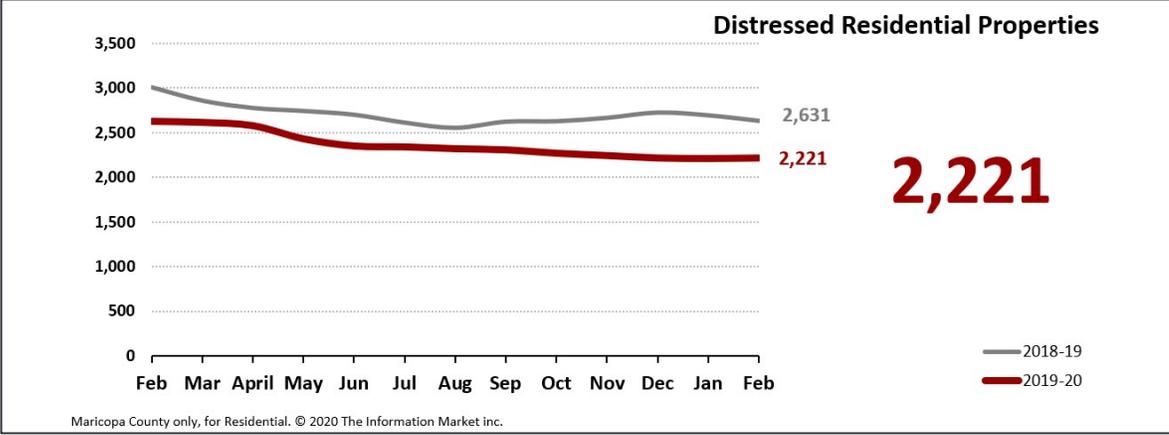
The average sales price is up +14.4% year-over-year while the year-over-year median sales price is also up +11.7%.

MLS sales prices for closed listings with a close of escrow date from 2/1/2020 to 2/29/2020, 0 day DOM sales removed



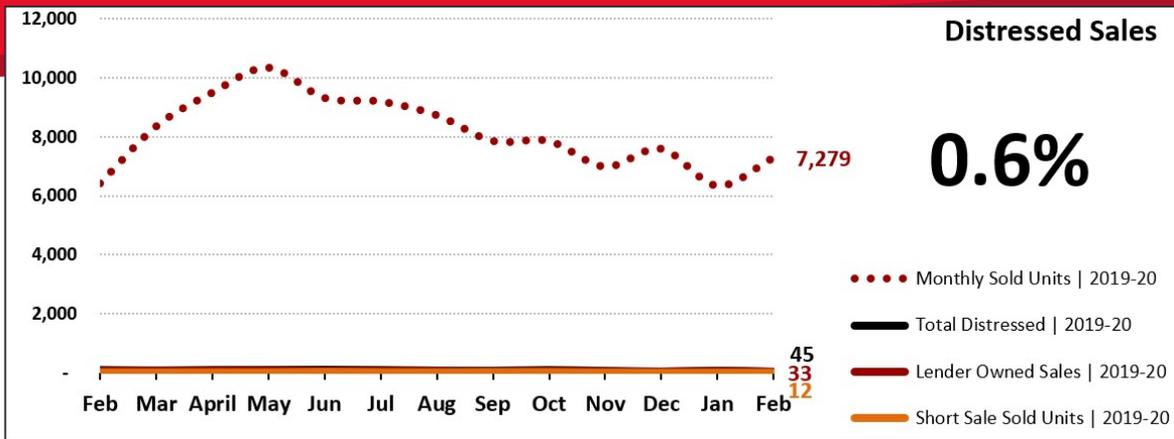
ARMLS proprietary predictive model forecast, 0 day DOM sales removed

An increase is forecasted in February for both average and median sales prices.



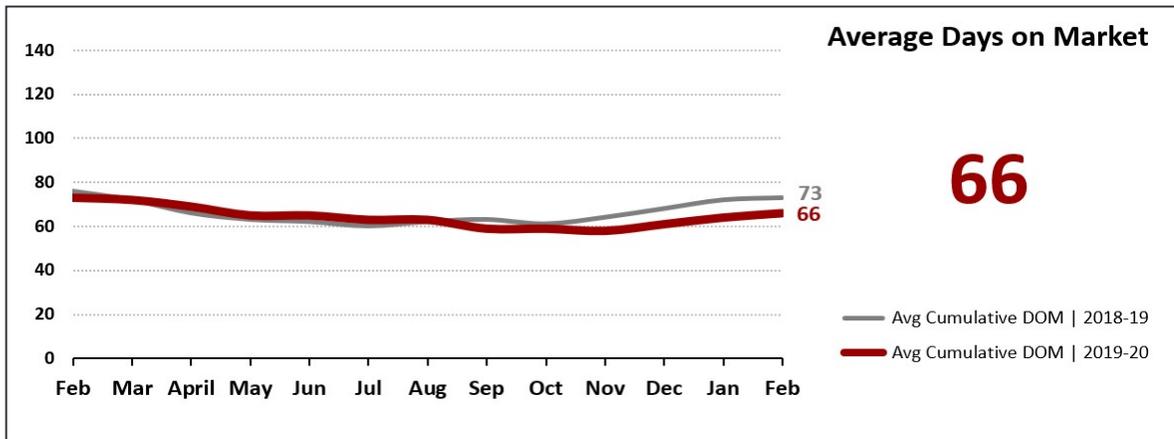
Snapshot of public records data on 2/29/2020 active residential notices and residential REO properties.

Foreclosures pending month-over-month showed an increase of +0.3% while the year-over-year figure was down -15.6%.



Distressed sales accounted for 0.6% of total sales, down from the previous month of 1.1%. Short sales dropped -36.8% year-over-year. Lender-owned sales decreased -46.8% year-over-year.

New MLS listings that were active for at least one day from 2/1/2020 to 2/29/2020, 0 day DOM sales removed



Days on market were down -7 days year-over-year while month-over-month were up +2 days.

MLS sales prices for closed listings with a close of escrow date from 2/1/2020 to 2/29/2020, 0 day DOM sales removed

And in the blink of an eye, our focus changed. Thirty days ago, we were still talking about the Chief's thrilling Super Bowl victory, with spring baseball and March madness just around the corner. Our chamber of commerce weather was here and our home buying season was beginning. Today, we are occupied with only one headline: COVID-19. The entire world is trying to make sense of a health crisis. There is so much we don't know and so little data on what we do know. That's the most unsettling part- the unknowns. So, let's talk about what we do know.

This is not our first pandemic. The last declared pandemic was the 2009 Swine Flu, otherwise known as H1N1, and lasted from early 2009 to late 2010. I bet if I asked anyone what they remember most about 2009 and 2010, it would be the housing market, not a pandemic. I remember writing about the Swine Flu in 2009, almost as an afterthought, something to momentarily take our minds away from housing. When it comes to the Coronavirus, it's the secondary effects of the virus, fear and panic, that will have the greatest impact on our industry. Infectious disease experts are telling us the vast majority of people will be fine, even if infected. So, let's be careful out there, proceed with caution, do the right things, think of others and remain calm. We're in this together. This too shall pass.

The two top questions housing analysts are asked today are: how is the coronavirus effecting housing and how do you see the coronavirus effecting housing in the future? The answer to the first question is simple- I haven't seen any effect on housing. February sales numbers came in exactly as we projected last month in STAT. Sales volume was up 13.6% year-over-year with the median sales price up 11.7%. Inventory levels on March 1 were 3.3% lower than they were on February 1. Supply is extremely low. Demand is above normal. We're still in a full-blown seller's market. I'm not expecting any surprises when the March closing numbers are reported.

And for the second question- how do I see the Coronavirus effecting housing? I would be naïve to think that we won't see any economic impact from the virus, as it's already abruptly effected the stock market, travel, entertainment, sports, retail and the restaurant industries; but it would also be irresponsible of me to go beyond modest speculation as to what might occur to housing. We just don't have the data yet. The first information we'll receive will be anecdotal. It will be relayed from agents sharing feedback from their clients. This is probably already happening. As for real data, the first indication of something changing will be seen in our new and existing supply numbers. Are people willing to put their home on the market? The second metric we will be watching closely is properties going under contract. Are people still buying? These data elements will give us the first real look into any changes occurring.

Here's my modest speculation- supply could be affected by sellers not wanting prospective buyers touring their home, and how secure buyers feel in their current job could delay their purchasing decision. We may see homes coming on the market that were previously Airbnb/VRBO as the investors might see them as liabilities as a nation stops traveling.

As I mentioned at the outset, there is still so much we don't know, so we'll cut STAT short and start looking for all emerging trends. I suspect we'll have some idea of the virus's effect when the April numbers are reported. It is my sincere hope we "flatten the curve" and this period of uncertainty is short lived. Finally, may the virus behave like all our winter visitors and leave as our temperatures rise.

The Pending Price Index

Last month the STAT mathematical model projected a median sales price for February of \$295,000. The February reported median was \$295,000. Looking ahead to March, the ARMLS Pending Price Index anticipates the median sales price will increase, projecting a median sales price of \$301,000. Our low housing supply and steady demand continue to exert upwards pressure.

We begin March with 7,222 pending contracts: 4,397 UCB listings and 579 CCBS giving us a total of 12,198 residential listings practically under contract. This compares to 10,843 of the same type of listings one year ago. At the beginning of March, the “pending” contracts were 12.5% higher than last year. There were 19 business days in February of 2019 and 19 this year. ARMLS reported 8,344 sales in March of 2019. STAT projects 9,387 sales this March.