

APRIL 2011

Real Estate Update



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

Hello Everyone,

Spring is starting to reveal itself in many parts of the country, we've had the second earliest 100 degree day in Phoenix history on 4/1, though other parts of the country (sorry NE) are still trying to shake the last snow of the year out of the sky. Here's hoping you get to enjoy some of our Valley of The Sun great spring weather. Don't forget you actually get a break this year if you're a tax procrastinator. Your Federal Taxes are not due until Monday, April 18! Good luck.

The real estate news over the last month has been the usual mixed bag of good and not so much. Phoenix inventory is down and sales are up, though foreclosure related sales still represent a major part of the market. Investors and cash buyers are the predominate active players in the market. Some first time home buyers are trying to compete, especially in the \$150,000 and under priced market, but their completion is stiff and new FHA fees that start on April 1 will not be a help. A typical FHA financed buyer will see their 'fees' doubled in the last 7 months. Interest rates continue to hold around the 5% rate. We've seen some job growth in the Phoenix market. The Brookings Institute ranks the area #7 for growth. First Solar announced a new plant at Mesa Gateway that will employ 600 in early 2012. New home sales and building permits have seen significant declines in 2011, though new home prices are up 20% over last year! Shea homes announced the first new East Valley active adult community in years. It's Trilogi @ Encanterra in San Tan Valley. This is a beautiful community with homes starting in the mid-\$140's. Investors with rental properties may see an up to \$600 per year increase in property taxes in the fall of 2012 or spring of 2013 based upon legislation contained in a new 'jobs' bill signed into law last month. This is a complicated issue that's bound to go through some changes before it's actually implemented, but it's something every landlord needs to be aware of.

I'm waiting for news any day of acceptance of offers for my Seller Stacy (from Scottsdale) on her condo in Mesa and acceptance of an offer for my Buyer Chris (from St Louis) on a condo in Scottsdale. I'm seeing reasonable traffic and even the occasional nibble on my Listing (Mark & Cathy from MI) in Sun Lakes, but not so much on (Patty's) my Chandler listing. I'm anticipating adding a Short Sale (co-listed with my Broker Brenda) Listing in Chandler (thanks, Craig & Shannon in UT). I spent an enjoyable day this week introducing someday snowbirds Mark & Patti from Gladstone, MI to East Valley communities. I'm excited to be working with past clients Betsy & Roger from Loveland, CO as they explore additional investment and snowbird properties in Mesa. I consider it a real compliment to be asked to work for a second or third time by a client, or for them to recommend a friend to me. In that vein, I'm looking forward to seeing Charn & Devinder and associates from Alberta in the next week and to talk about working with them to investigate investment properties. Thanks to fellow RAIN member Nicole for the referral lead in Mesa. I promise to do my best for Roxanne and Lorraine. If you know of anyone thinking of buying or selling a property, I will thank you in advance for being kind enough to give my name and contact info to that person. Your referrals are key to my business!

Regards,

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ALL AREAS & TYPES	TODAY 3/30/11	ST	LAST MTH 3/1/11	LAST QTR 12/30/10	LT	LAST YR 3/30/10	2 YRS AGO 3/30/09
Active Listings	37,790	↓	40,240	43,890	↓	42,322	49,590
Pending Listings	13,739	↑	11,997	9,515	↓	13,915	11,459
Sales per Month	8,057	↑	7,206	7,859	↑	7,314	6,432
Sales per Year	92,568	↑	91,823	90,137	↓	94,640	65,710
Days on Market - Monthly Sales	114	↓	116	113	↑	100	128
Days on Market - Active Listings	154	↑	151	156	↑	146	165
Days Inventory	149	↓	160	178	↓	164	276
Months Supply	4.6	↓	5.2	5.9	↓	5.8	7.5
Active Listings \$/SF	\$132.32	↑	\$129.80	\$127.65	↓	\$149.49	\$174.98
Monthly Sales \$/SF	\$82.17	↑	\$81.45	\$83.32	↓	\$91.90	\$83.54
Appreciation - Monthly \$/SF	-10.6%	↓	-10.3%	-8.6%	↓	10.0%	-43.7%
Average Sale Price % List	95.25%	↑	95.23%	94.32%	↓	95.73%	94.42%
Listing Success Rate	66.8%	↑	63.8%	64.0%	↑	62.7%	51.4%
Dollar Volume - Monthly Sales	\$1,274M	↑	\$1,118M	\$1,261M	↓	\$1,294M	\$1,026M
Average Price - Monthly Sales	\$158,135	↑	\$155,153	\$160,505	↓	\$176,912	\$159,512
Median Price - Monthly Sales	\$110,000	→	\$110,000	\$112,000	↓	\$128,000	\$119,900
Average Sq. Ft. - Monthly Sales	1,924	↑	1,905	1,926	↓	1,925	1,909
Cromford Market Index™	113.7	↑	110.0	99.8	↑	105.1	73.5

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SSA1

The table above provides a concise statistical summary of today's residential resale market in the Phoenix metropolitan area.

The figures shown are for the entire Arizona Regional area as defined by ARMLS. All residential resale transactions recorded by ARMLS are included. Geographically, this includes Maricopa county, the majority of Pinal county and a small part of Yavapai county. In addition, "out of area" listings recorded in ARMLS are included, although these constitute a very small percentage (typically less than 1%) of total sales and have very little effect on the statistics.

All dwelling types are included. For-sale-by-owner, auctions and other non-MLS transactions are not included. Land, commercial units, and multiple dwelling units are also excluded.

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Between FRIENDS



Real Estate for Today

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Spring has sprung!
If you are planning
on selling or
buying a home, I
promise to “spring” into
action to make this your
most successful real estate
transaction ever!



Are you in the market to
purchase a home? The
time is right to make the
move – home prices are beginning
to stabilize 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
and electrical systems, and most
built-in appliances. Optional
coverage choices are available to
custom-fit the 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 have colleagues or
friends in your network who
need help with a real estate
transaction? Please refer them to me,
and I’ll put all of my skills and
experience to work on their behalf.



Health & Safety

Tiny Batteries are a Threat to Tots

It’s a given that curious babies put everything they touch in their mouths. And today, there’s a growing threat to your little ones from small, round button-cell (lithium) batteries found in common household items. These batteries power remote controls and musical greeting cards, and are also found in children’s products such as vibrating teethers and books with sound effects.



Although these small batteries are a choking hazard, they present a much greater danger if ingested. The batteries produce a chemical reaction with the moist lining of the child’s gastrointestinal tract, and can result in serious burns and injuries, or even death.

Child safety groups are working to make parents and caregivers aware of this threat, emphasizing the importance of keeping batteries out of the reach of children. Consumer protection groups are petitioning manufacturers to make battery compartments more secure, and to put warning labels on product packaging.

At home, store these batteries in a secure place and do not to dispose of them in a trash can where a curious child could retrieve them. Seek immediate medical treatment for a child if you know (or even suspect) that a battery has been swallowed – lasting damage can occur within a few short hours.

Helpful Hints

Need a Job? Network!

There are three easy steps to getting noticed in today’s digitally dominated job market—network, network, network. Here’s how:

Use Social Networks. If you aren’t already on business-focused social media sites like LinkedIn, set up a profile.

Make an impact by using video. Capture a potential employer’s attention by recording a short, introductory video of yourself, upload it to YouTube, and include the link on your resume.



Be prepared to pitch yourself in 15 seconds.

When you are networking, resist the urge to give a ten-minute introduction about yourself. Instead, prepare a fifteen-second “elevator pitch” that focuses on your career high points and important skills.

Be a mover and a shaker. Force yourself to get outside your comfort zone. Introduce yourself to new people and find out as much as you can about them. The more you move around from group to group, the more connections you will be able to make.

Courtesy of RISMedia, publisher of Real Estate Magazine.



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Savor the Flavor

Vegan Black Soybean Tabbouleh

Ingredients:

- 1 15-oz. can black soybeans, rinsed and drained
- 2 large plum tomatoes, seeded and chopped
- 1 medium-size green bell pepper, seeded and chopped
- 1 packed cup chopped Italian parsley leaves
- Juice of 1 lemon
- 1 tsp. salt
- 1/8 tsp. cayenne pepper, or to taste
- 1 Tbs. extra virgin olive oil
- 1 packed cup mint leaves, cut into thin strips

Directions:

Combine soybeans, tomatoes, bell pepper and parsley in mixing bowl. In small bowl, whisk lemon juice with salt and cayenne. Mix in oil. Pour over bean mixture; toss well. Mix in mint. Let sit 20 minutes so flavors meld. Will keep (tightly covered) in refrigerator for 24 hours.

Household Tips

Turn Clutter into Cash

Do you have too much stuff? If your closets are stuffed to the gills, and you haven't been able to park your car in the garage for three years now, it's safe to say you do. If you're tired of the constant clutter, why not sell your junk and fatten your wallet! Here's how:

Yard sale. Community yard sales pull in more shoppers than an individual sale. Clean everything before the sale, and set prices reasonably low. Engage in a conversation with shoppers to increase the possibility that they'll buy something.

Sell it online. Try listing an item on eBay.com if it's a collectible or a brand name and easy to ship. eBay charges a transaction fee, but it's an easy way to unload items you no longer need. Another online option is Craigslist.org, which doesn't charge a fee.

Consign it. A consignment shop will sell your stuff for a portion of the profits, usually 50 percent or so. However, they will only accept items they deem saleable.

Give it away. Donating your stuff to a charity creates cash in the form of a tax write-off, and you can feel good about helping your fellow man in the process.



Real Estate Today

Tips for First-Time Home Buyers



Buyers who are planning the purchase of their first home continue to have a wealth of opportunities in today's marketplace. Here are a few smart steps to save you time and money:

- **Start by shoring up your credit** – make sure your credit history is as clean as possible. A few months before you start house hunting, get copies of your credit report and fix any problems you discover.
- **Get professional help** – look for an experienced real estate professional who will have your interests at heart and can help you with strategies during the search and throughout the transaction process.
- **Hire a home inspector** – armed with a home inspection report, you'll be able to move into your new home with confidence – or back out of the deal if the house has major, unexpected problems.
- **Bonus Tip: Be patient** – buying a home is one of the largest purchases most people will make in their lifetime. The key to avoiding buyer's remorse is to be completely comfortable before signing on the dotted line.

Courtesy of RISMedia, publisher of Real Estate Magazine

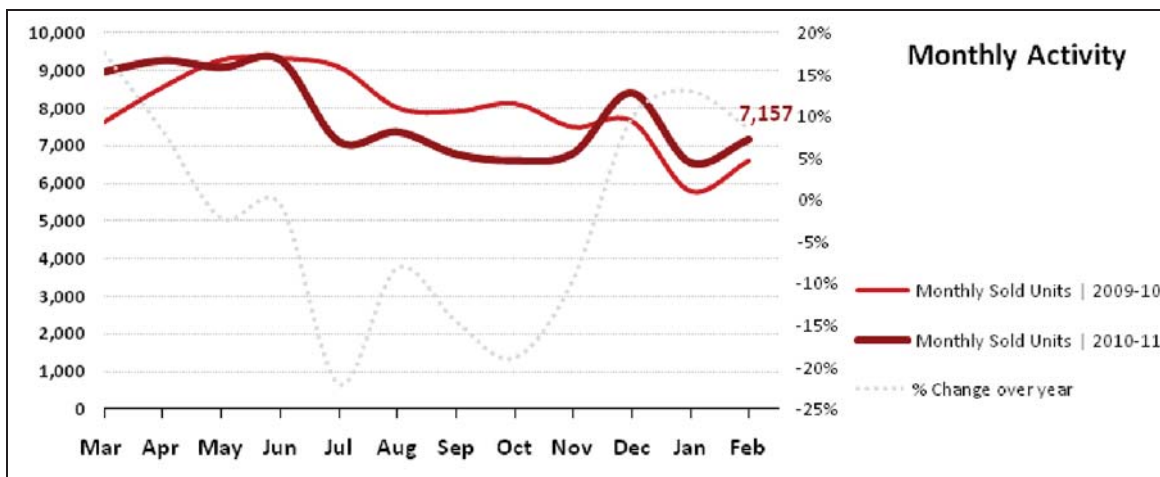


SALES Month over Month

After a disappointing 22.1% drop in January from the preceding month, February sales made up some lost ground with a 9.4% rise to 7,157 sales. This figure represents the second highest sales figure in the last six months, 14.8% below December's euphoric yet aberrational 8,401.

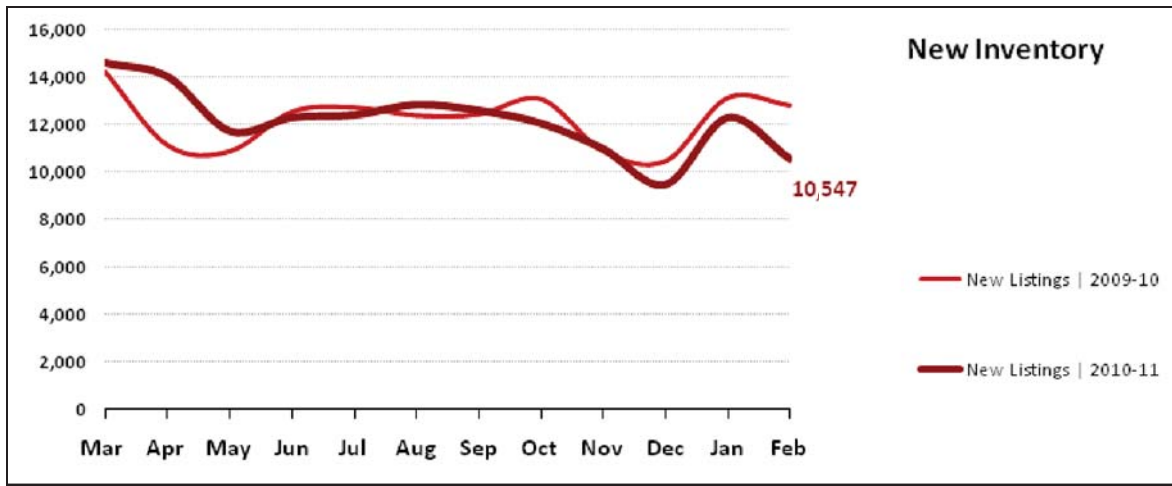
SALES Year over Year

Sales in February represents an 8.5% gain over the same period in 2010. This is good news, but follows a typical seasonal pattern of a rise in total sales from January to February every year since 2001.



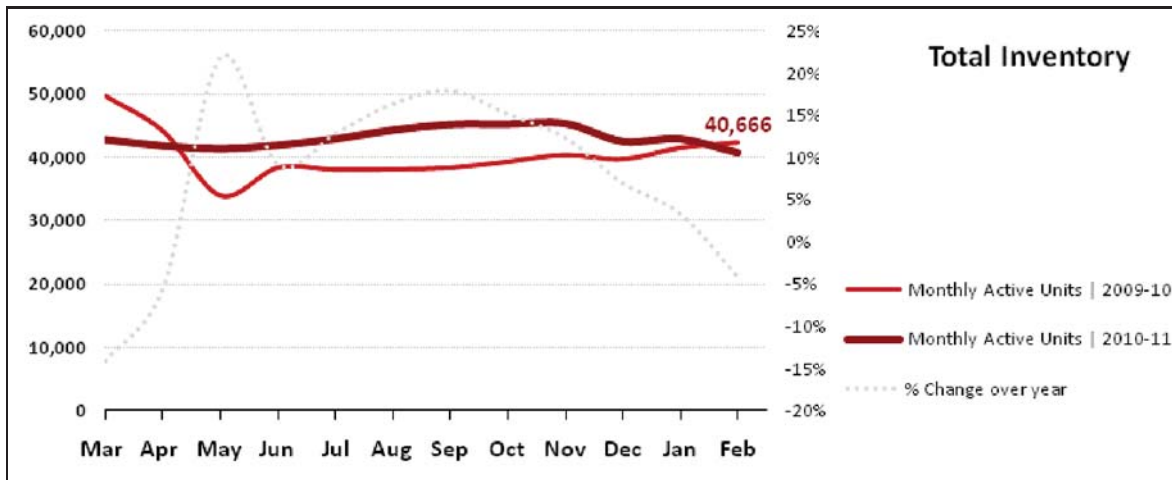
NEW INVENTORY

New listings fell in February to 10,547, a 14.2% decline over the January's new listings figure. February's new listing figure is the second lowest out of the last twelve months. However, like Sales, a decline from January to February is a seasonal phenomenon. As the market tries to right itself, a decline in new listings helps lower the supply that is unduly influencing pricing.



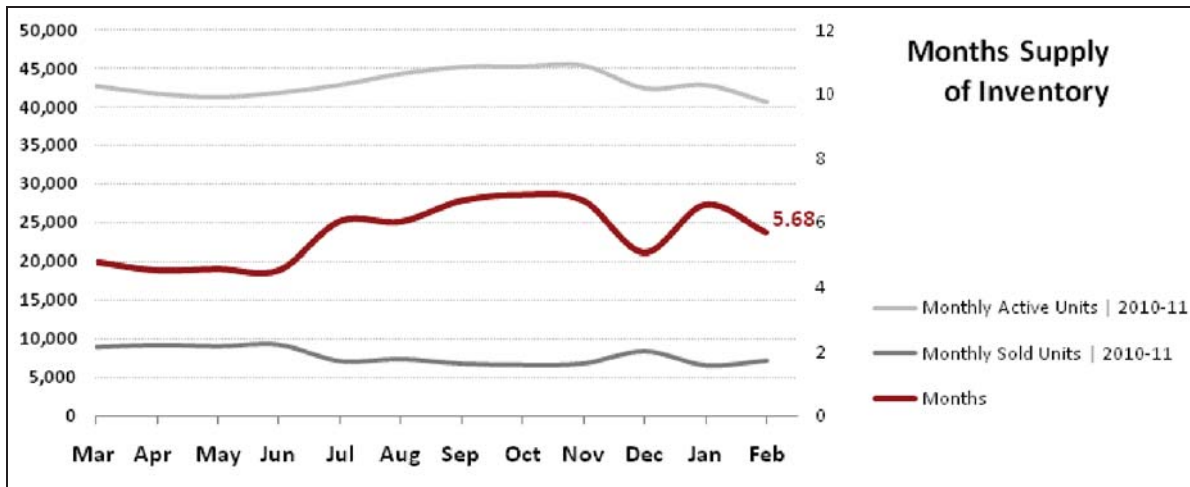
TOTAL INVENTORY

Total listings fell again in February by 2,215 listings (5.2% drop) to 40,666. This is the lowest total inventory figure over the last twelve months, representing another metric going in the right direction. A large supply of listings impedes the Valley's attempt to correct its supply and demand imbalance. The downward trend line in the total inventory since November is more good news.



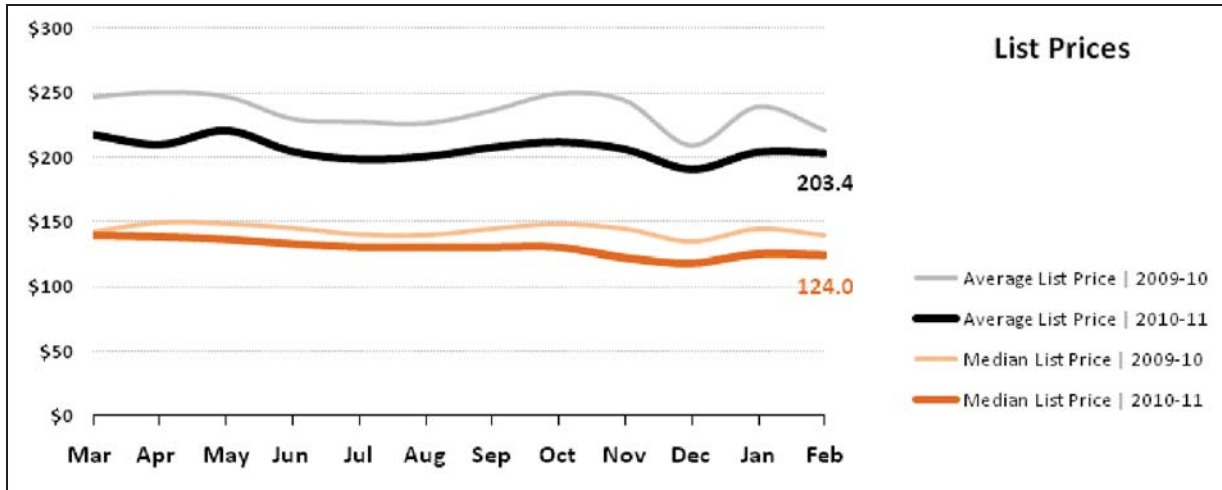
MONTHS SUPPLY OF INVENTORY (MSI)

With the exception of the drop in December, MSI has remained above six for the last seven months. An MSI greater than six months normally indicates a buyer's market. In February, the MSI dropped to 5.68 months signaling a move toward a more balanced market. STAT's market MSI should only be viewed as a barometer of overall market health and not be extrapolated to assess supply in smaller market niches. Watch for ARMLS's new quarterly publication STAT+ which examines MSI at various price points starting at \$30,000 and going to \$3,000,000 and above. The Q1-11 STAT+ issue will be available in early April. The Q4-10 issue can be found on ARMLS.com under the Statistics tab, then STAT.



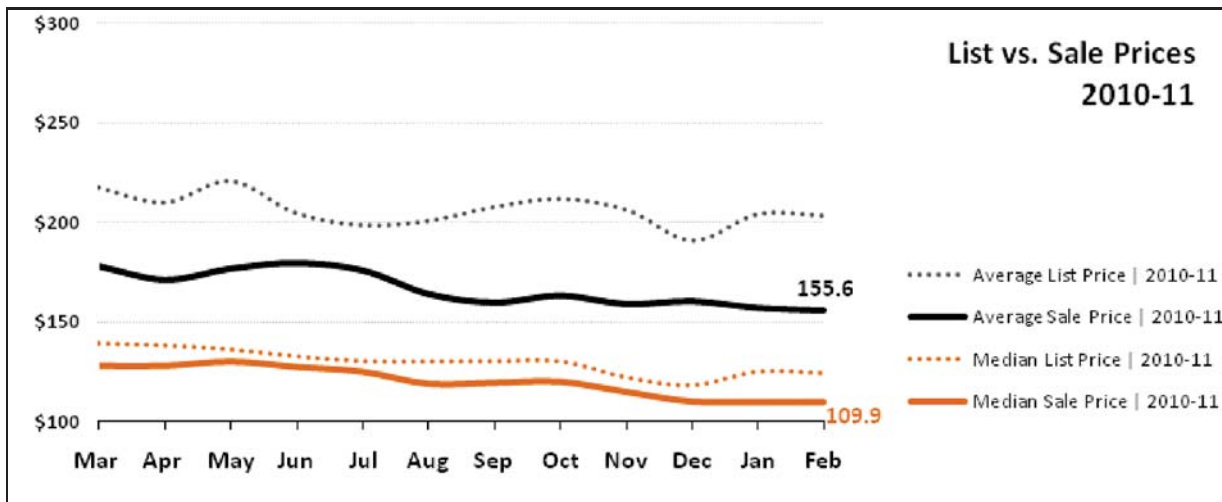
NEW LIST PRICES

New List pricing remained relatively level from January to February with less than a 1% decrease for both the median new list price at \$124,000 and the average new list price at \$203,400. The median had been on a gradual downward trend from March to December only to increase 5.8% in January to \$124,900, and fall minutely in February to \$124,000. The lowest average new list price in the last twelve months was recorded in December at \$191,000 and the highest recorded in May at \$220,900. The average new list price trend since March 2010 can best be described as anemic with fluctuating but weak ups and downs.



SALES PRICES

The median sales price remained relatively stable in February at \$109,900, only .1% below January, but well below the twelve month high of \$130,000 last May. The median sales price still remains singularly lackluster. The average sales price dropped .9% to \$156,000 in February, on course with the overall downward trend over the last twelve months. This is particularly disappointing when compared to the twelve month high of \$179,900 (June '10) which was 13.5% higher than February's figure. Median and average sales prices continue to suffer from too much supply-side pressure. Currently, we have the lowest median and average sales prices since January of 2001.

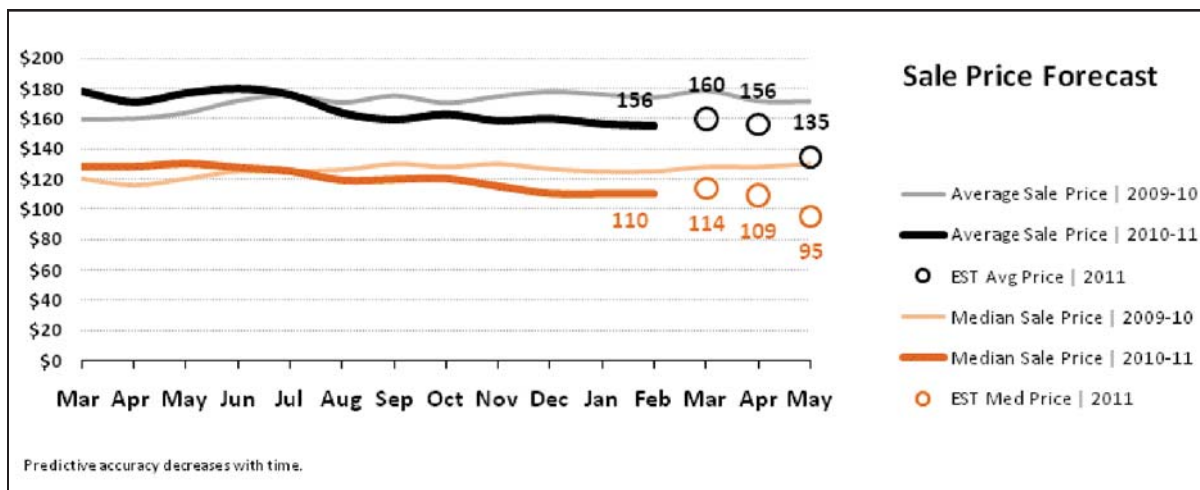


THE ARMLS PENDING PRICE INDEX™

The ARMLS Pending Price Index™ is a forecasting tool unique to ARMLS which predicts the average and median sales prices three months into the future based on pending prices of properties in the MLS system in the contract-to close phase of escrow. Last month's prediction of the median and average sales prices for February were 3.6% and 3.29% respectively above the actual median and average, as supply and demand continue to exert strong negative pressure on pricing.

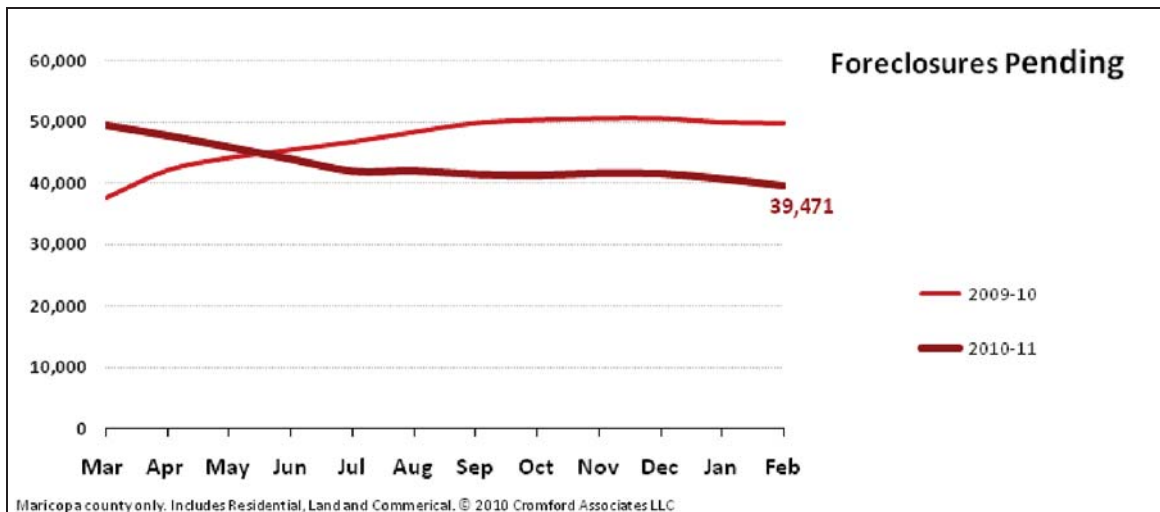
Predictions for the next ninety days for both the median and average sales prices show a modest positive gain in 30 days, followed by increasing declines in 60 and in 90 days. The median sale price is forecasted to rise to \$114,000 in March, and then make an about-face to \$109,000 in April, and fall below \$100,000 to \$95,000 in May. If this 90 day prediction holds true, it will be the first time that the median has slipped below \$100,000 since ARMLS began officially recording median sales price in 2001. (The accuracy of the PPI diminishes the further out to the future it forecasts.) The trend line for both the median and average sales price have been sloping downward over the last twelve months so these predictions bear out a trend that has not reached its end.

The average sales price prediction follows a similar pattern with a rise to \$160,000 predicted for March, followed by a modest fall to \$156,000 in April and a steeper drop to \$135,000 in May. Likewise if this May prediction is realized, it will be the lowest average sales price since January 2001.



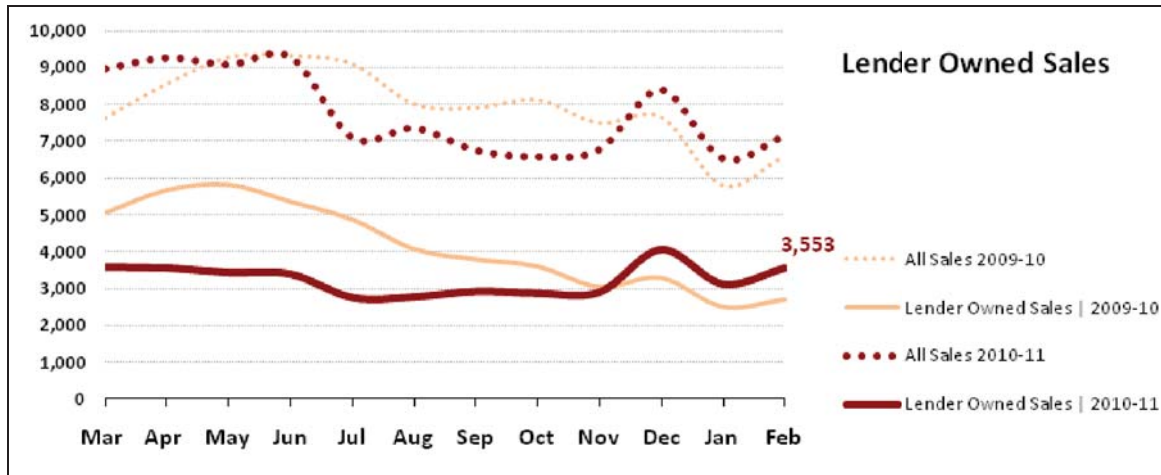
FORECLOSURES PENDING

Foreclosures pending continue the gentle downward trend of the last twelve months. Total foreclosures pending for February are 39,471. This is the first time since March of 2009 that foreclosures pending dropped below 40,000. February's figure is 21.9% below the two year high of 50,568 in November 2009. Since the elimination of foreclosures is essential to price recovery, the continued decline in this metric is a harbinger of good things to come. From the high in November '09 to February (15 months), the total foreclosures pending dropped 11,097, or 840/month. Considering that a small percentage of foreclosures pending will always exist in a normal health market, reducing the current supply to a more manageable 5,000 (arbitrarily selected since zero foreclosures in even a good market is not realistic), at the current pace of absorption could take approximately 41 months.



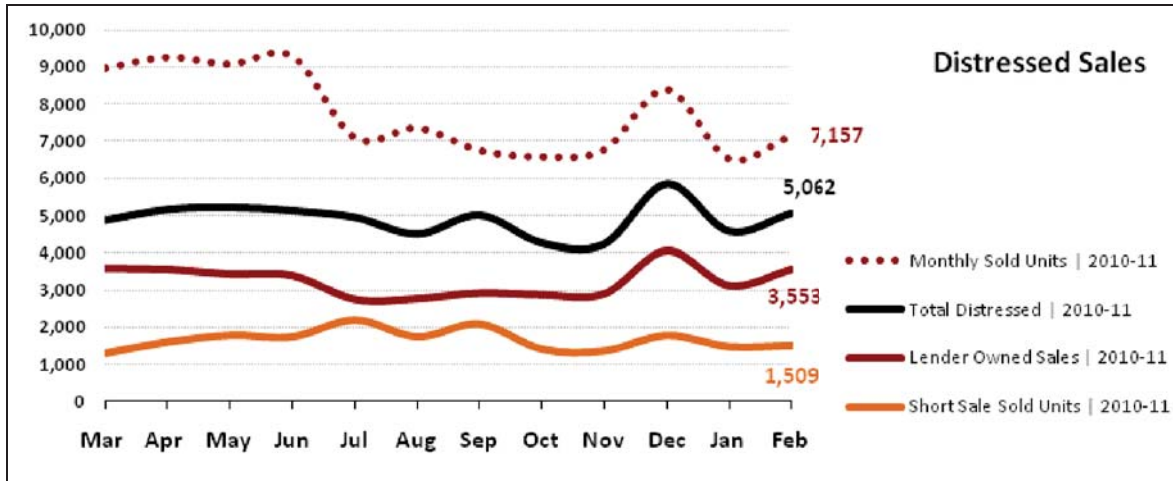
LENDER OWNED SALES

Lender Owned Sales increased in February to 3,553, or 14.2% from January's 3,115. Lender Owned Sales in February accounted for 49.6% of total sales, 2% higher than the 47.6% of total sales in January. Since Lender Owned Sales are directly related to Foreclosures Pending, they will remain a significant part of the total sales makeup for many, many months. Lender Owned properties will continue to be highly attractive to the market segment that finds lower, extremely affordable pricing desirable, i.e., traditional Buyers and investors. Sellers must weather the negative pricing assault brought about by a preponderance of Lender Owned Sales.



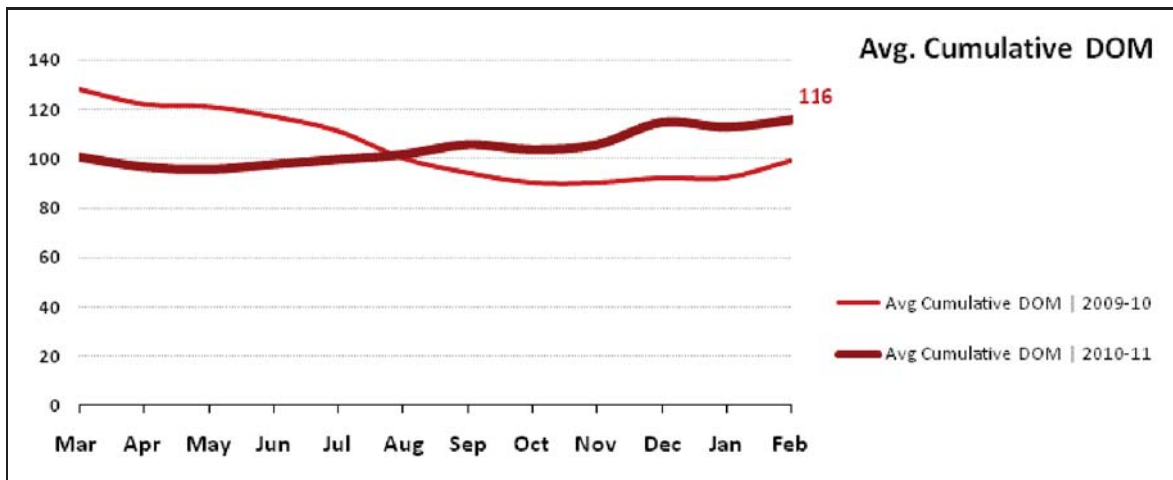
DISTRESSED SALES

Distressed sales are a composite of Lender Owned Sales and closed Short Sales. There were 5,062 distressed sales in February, up 10.2% from January's 4,591. Total distressed properties in February of 5,062 represented 70.7% of total sales. Short sales increased slightly (2%) from January (1,479) to 1,509 in February, and represented 21.1% of total sales, a slight drop from 22.6% in January.



AVERAGE DAYS ON MARKET

Average Days on Market (DOM) increased three days in February to 116. With the exception of October and December, the DOM figure has been going up each month since May of 2010. The twelve month low of 96 in May 2010 rose to a twelve month high of 116 in February. The DOM figure in STAT is a macro number for the entire market and does not represent DOMs in smaller niche markets. Tracking the DOMs for entire market is merely one metric used to compare overall market health from month to month.



COMMENTARY

This month's STAT reports some good news. Sales were up month over month by 9.4%. New listings were down by 14.2%, and total inventory dropped down by 5.2%. In addition, Months Supply of Inventory declined to 5.68. Although the trend lines for foreclosures pending and total inventory display a gradual slope, their steady downward direction has been long enough in duration to give some confidence that the market is starting to correct itself. Yet the pace is slow and tedious.

Total sales numbers look strong indicating that demand, while not at the peak levels of the decade, is holding its own. Only forty-four months (36.4%) over the last 121 months (January 2001 through January 2011), had a higher sales figure than February's 7,157.

Median and average sales prices continue to suffer because of the supply and demand imbalance, and pricing is the strongest indicator of the market recovery. While Buyers benefit from the greatest housing affordability of the decade, Sellers who bought at or near the height of the market helplessly watch as their equity evaporates or moves into negative numbers. February's ten year low average sales price of \$156,000 falls 55.5% below the decade high of \$350,400 in May, 2007. The disparity illustrates how far the market pricing has fallen. If predictions in the PPI™ for median and average sales prices are realized in the next ninety days, prices are headed for lows not seen since ARMLS started keeping records in 2001.

Yet there is room for optimism evidenced by the good news reported above. The recovery is tied to jobs and net migration into the state. Unemployment figures for Maricopa and Pinal counties should be posted for January or February in early March after STAT is published, yet unemployment in the Valley has trended downward the last six months of 2010*. The Valley has remained in sync with recovering national employment trends, and there are expectations that it will continue to do so. Nationally employers hired in February at the fastest pace in almost a year and the unemployment rate fell to 8.9 percent — a nearly two-year low.** Net migration into the area remains flat with unprecedented affordability and record low interest rates insufficient to overcome the lack of jobs.

Recent announcements in February alone fuel optimism about the jobs future in the Valley. Intel released plans that it will build a \$5 billion factory in Chandler that creates some of the world's most sophisticated semiconductor technology and thousands of good jobs.*** 21st Century Insurance and Financial Services, auto insurance issuer and a member of the Farmers Insurance Group of Companies, plans to expand its operations in the area.**** The Home Depot announced with the arrival of their busiest season, it will hire 60,000 people nationwide, and more than 1,000 of those jobs will be in the Phoenix area.***** The recovery has surely begun and not anytime too soon.

*EBR Database Online

** <http://www.npr.org/2011/03/04/134257585/payrolls-up-192-000-jobless-rate-8-9-percent&sc=nl&cc=nh-20110304>

*** <http://www.azcentral.com/business/articles/2011/02/25/20110225chandler-intel-expansion0225.html>

**** <http://www.employmentspectator.com/2011/01/21st-century-insurance-to-create-50-new-jobs-in-phoenix-arizona/>

*****<http://www.kpho.com/news/26870685/detail.html>