

# APRIL 2019

## Real Estate Update



**JEFF GERBER**

**ABR®, GRI®, SRES®, REALTOR®**

**Hello Everyone,**

My mind is reeling! I realize that a quarter of this year is over. Spring baseball is over...and I didn't catch 1 game this year! I'm feeling good when I realize that we should have exceptionally clear skies and sunny weather here in The Valley for the next 60 days, or so. That also means that summer heat isn't too far away. If you're in places outside of The Valley, here's hoping Spring pays a visit to you very soon!

Our Phoenix real estate market continues to be a national bright spot. We're blessed with nearly 10,000 new people moving into the area each month. Obviously, that buoy's our real estate market. The continually rising rental rates are making more people look at home ownership as a more cost effective way to spend their housing dollars. The Fed certainly did all potential home Buyers a good turn this month by announcing that they didn't predict any base interest rate increases in 2019. The home mortgage market reacted very favorably to this news. Interest rates dropped! Today we're seeing rates back in the low 4%'s (I've even heard of high 3's). That's a very nice market change! Other parts of our real estate market here in Phoenix have not changed too much in 2019. We continue to see our inventory of properties for sale to be quite low, though up 1% for 2019 in February, and up around 6% from last year. Total home sales in the first 2 months of 2019 are down 9.4% from 2018. March seems like there was a slight improvement (numbers not out yet) and that would follow the historic pattern.. We usually see March to June as the busiest buy/sell activity months. Home median and average prices are up over 5% from 2018, though typically we see some of those gains recede in Q3 & Q4. As always, it is an interesting real estate market now and that's likely to be the case through the year. Our market still slightly favors Sellers over Buyers, but it is actually a pretty good time to buy or sell.

March was a very busy month for me. Congratulations and Thanks go to Mel for having me work to secure the purchase of his 'new' home in NE Mesa. A Thank You and Congratulations to Arvind for entrusting me with the sale of an investment condo in N Phoenix. Both transactions happened at the end of March. Additional Thanks going to Julie for employing me again to list her NE Mesa home for sale and also to help find her next home. I'm grateful to David, Nate & Jane, Betsy, Matthew and others for including me in their thoughts and/or plans for future home purchases and sales. If you know anyone having similar thoughts, I would appreciate you mentioning my name to that person. I would love to provide the same kind of personal and professional real estate service that I provided to you.

**Regards,**

*JS Gerber 3/30/2019*

Contact me anytime:  
Call direct: 602-330-7272  
Email: [Jeff@jeffgerberrealtor.com](mailto:Jeff@jeffgerberrealtor.com)  
Fax: 877-824-7272  
[www.jeffgerberrealtor.com](http://www.jeffgerberrealtor.com)

The Empowered Team LLC  
3370 N Hayden Road - Suite 123-119  
Scottsdale, AZ 85251  
AZ License # SA540122000

**The Empowered Team, LLC**  
*Real Estate For Today*

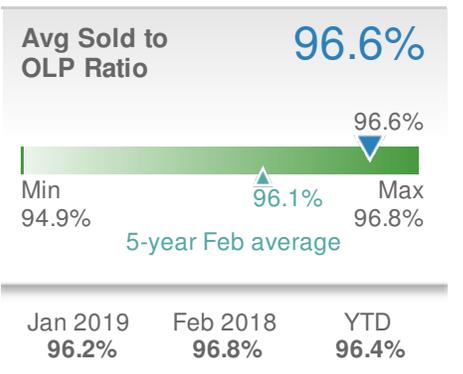
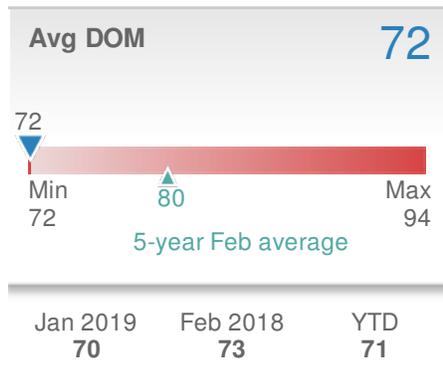
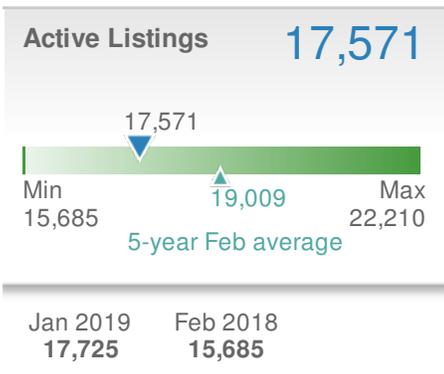
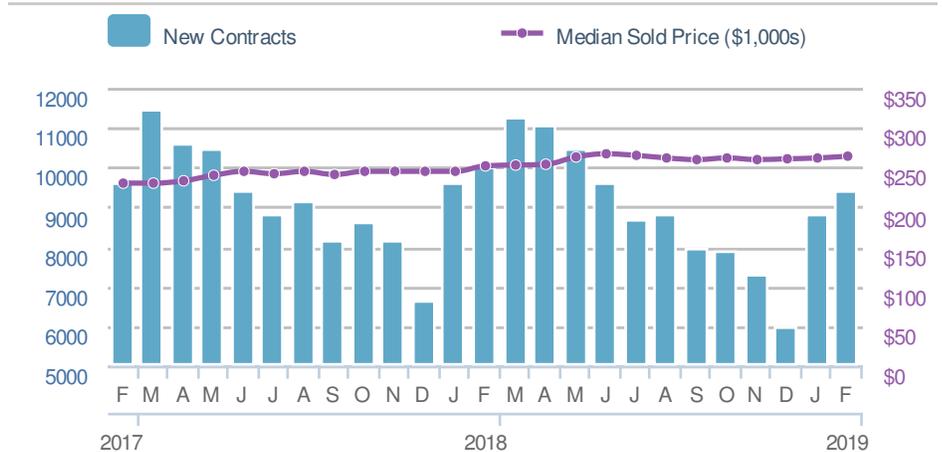
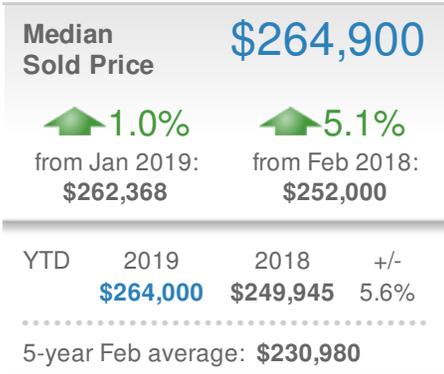
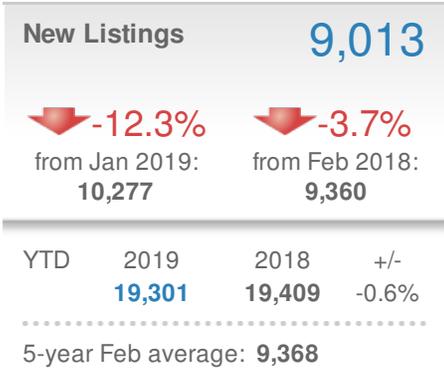


Visit my website at: [www.jeffgerberrealtor.com](http://www.jeffgerberrealtor.com)



# February 2019

## Arizona Regional MLS





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

**A**s 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.



**L**ooking 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**

*People Helping People*

**Safeguard your American dream with a home warranty!**



Visit [www.orhp.com](http://www.orhp.com) or talk to your real estate professional to learn more.

**K**now 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

### Achieving Work-Life Balance

**F**eeling like your days are a little heavy on the work side of the work-life balance scale? The following tips may help.

**Set boundaries** for your time. Staying on top of work is important, but you have to make time for yourself and your loved ones, too. Communicate your "office" hours and stick to them, even if you work from home! Regularly set aside a day to spend with your favorite people. On that day, drop everything, give loved ones your undivided attention, and just enjoy your time away from work.

**Make plans in advance** to avoid the frustration of cancelling last minute. Ask your friends for advance notice for events so you can plan your schedule. Use a calendar app to organize your social and business schedule to avoid double-booking.

**Create a time management system** and delegate tasks. Hard workers are notoriously bad at delegating. But trying to take everything on by yourself can be a huge time waster, not to mention the effect it has on your wellbeing!

As the saying goes, you can always make more money, but you can't make more time. Learning to prioritize your career aspirations with your personal life can set you on the path to being a happier employee and a happier person.



## Real Estate Today

### How to Be a Better Neighbor

**T**he Greek poet Hesiod believed, "A bad neighbor is a misfortune as much as a good one is a great blessing." Use these tips to become a better neighbor.

- 1. Introduce yourself!** Getting to know those around you makes the neighborhood safer—and knowing someone personally can ease tension if any disputes arise. Issues are resolved much quicker if you have a conversation instead of airing your grievances on Nextdoor or Facebook.
- 2. Be courteous.** When it comes to noise ordinances and property line rules, be conscious of your actions. Remember, yours is not the only house on the block, so be mindful of other's preferences. Let your neighbors know if you plan to host a party and ask permission before installing any landscaping that might encroach on their space.
- 3. Pick up after your pets.** You can't always control where Fido does his business, but you can clean up the mess! But don't presume your neighbors are fine with your pet's poop bag in their trash can—toss it in a public bin or hold onto it until you get home.



**2-3 cups fresh baby spinach**

**1 cup basil leaves**

**6 Tbsp pine nuts**

**2 tsp lemon juice**

**1/2 tsp salt**

**1/2 tsp black pepper**

**1/4 cup grated parmesan cheese**

**2 garlic cloves, chopped**

**2-3 Tbsp olive oil**

**8 ounces uncooked penne pasta**

Fill a large saucepan with water and bring to a boil. Cook spinach and basil until wilted, about 20 seconds.

Remove spinach and basil mixture and place in a bowl of ice water for 30 seconds. Do not drain water from saucepan.

Place pine nuts, lemon juice, salt, pepper, parmesan cheese, and garlic in a food processor. Process until finely chopped. Add spinach mixture and olive oil and process to combine.

Bring water reserved in original saucepan back to a boil and cook penne pasta until al dente. Drain, reserving 1/2 cup of water.

Return pasta and 1/2 cup water to saucepan and add pesto sauce. Stir until pasta is fully coated.

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.jeffgerberrealtor.com](http://www.jeffgerberrealtor.com)

**The Empowered Team, LLC**  
*Real Estate For Today*

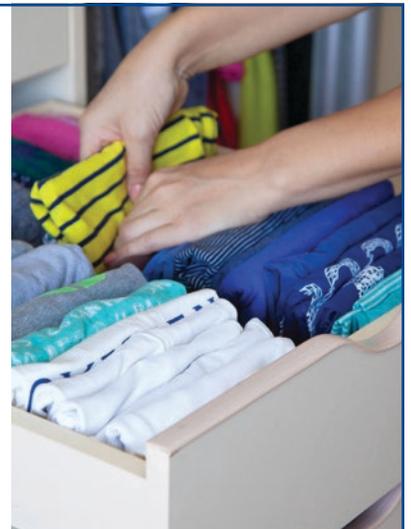


## Household Tips

### Tips for Clutter-free Living

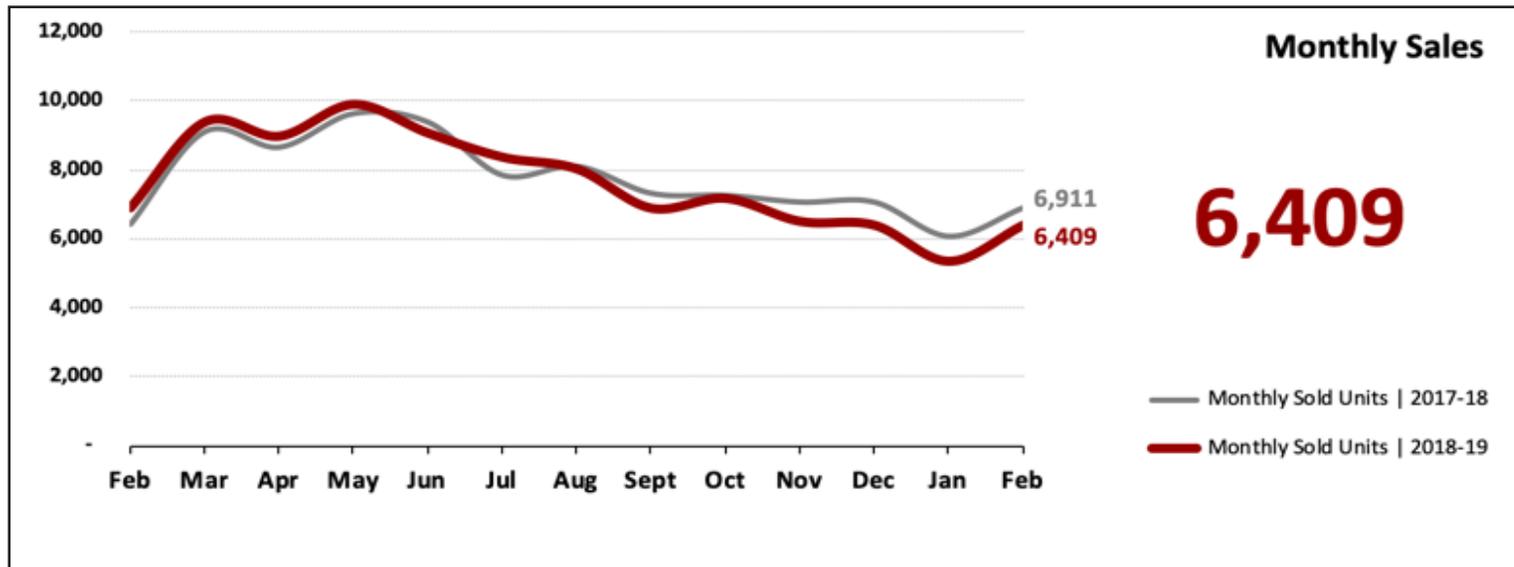
**D**oes it feel like you never have enough space for things in your home? Are you driving yourself crazy watching the clutter pile up? The following tips may help preserve your sanity and live a more clutter-free life.

- Make it a habit to designate a place for any new items and put them away immediately. Otherwise, they might sit in a box or bag for months!
- Try to enforce a one in, one out policy for any new items. Don't bring in something new unless you're willing to take something else out to make room.
- Sort recyclables, such as discarded paper, shipping boxes, food cartons, etc. Set them aside to take to a recycling center, or put them in your household recycle bin.
- Carve out a good chunk of time each month to go through your most cluttered spaces—entryways, junk drawers, closets, etc.—to organize and remove any excess stuff. As you're organizing, ask yourself if the items you find are worth keeping. If an item is old, broken, or you haven't seen or used it in months, get rid of it.



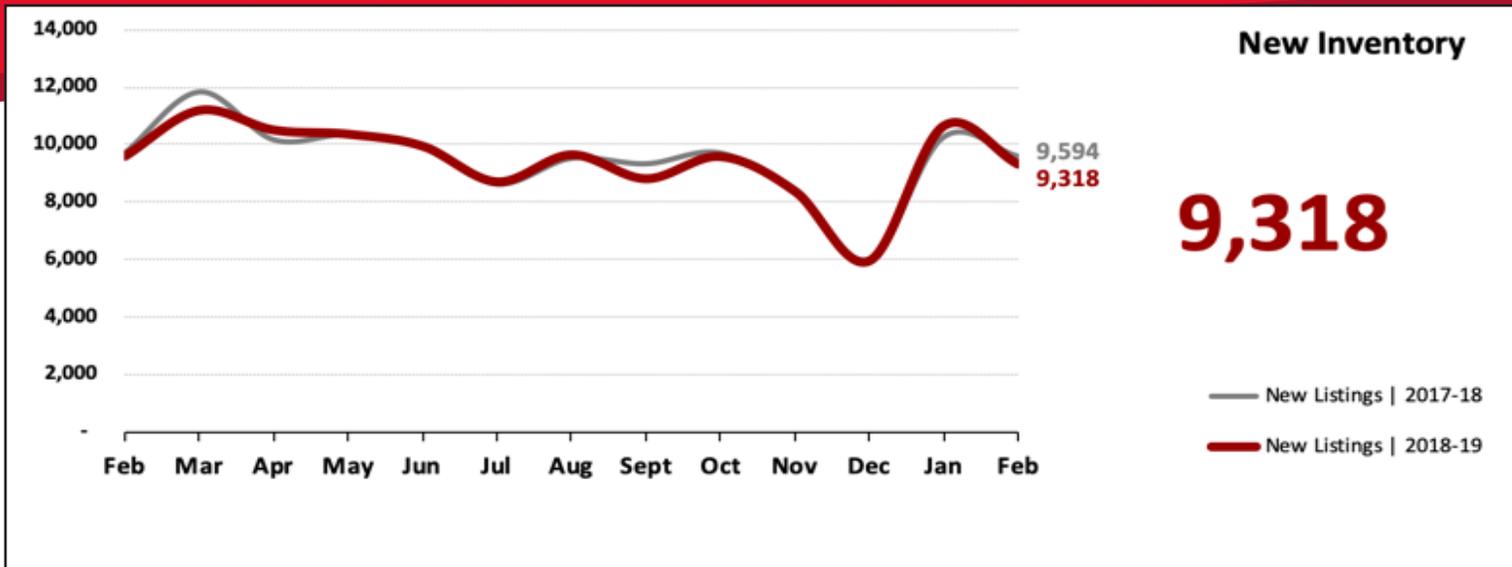


**DATA FOR FEBRUARY 2019** - Published March 20, 2019



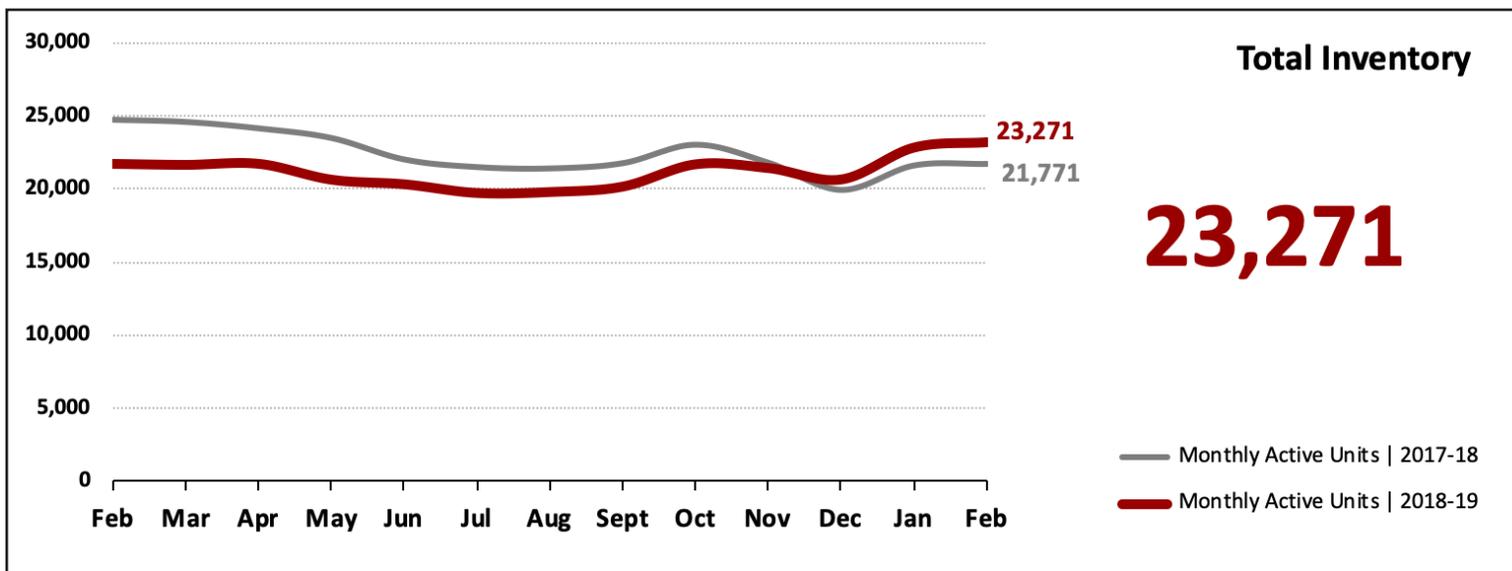
Sales are up +19.6% month-over-month. The year-over-year comparison is down -7.3%.

Closed MLS sales with a close of escrow date from 2/1/2019 to 2/28/2019, 0 day DOM sales removed



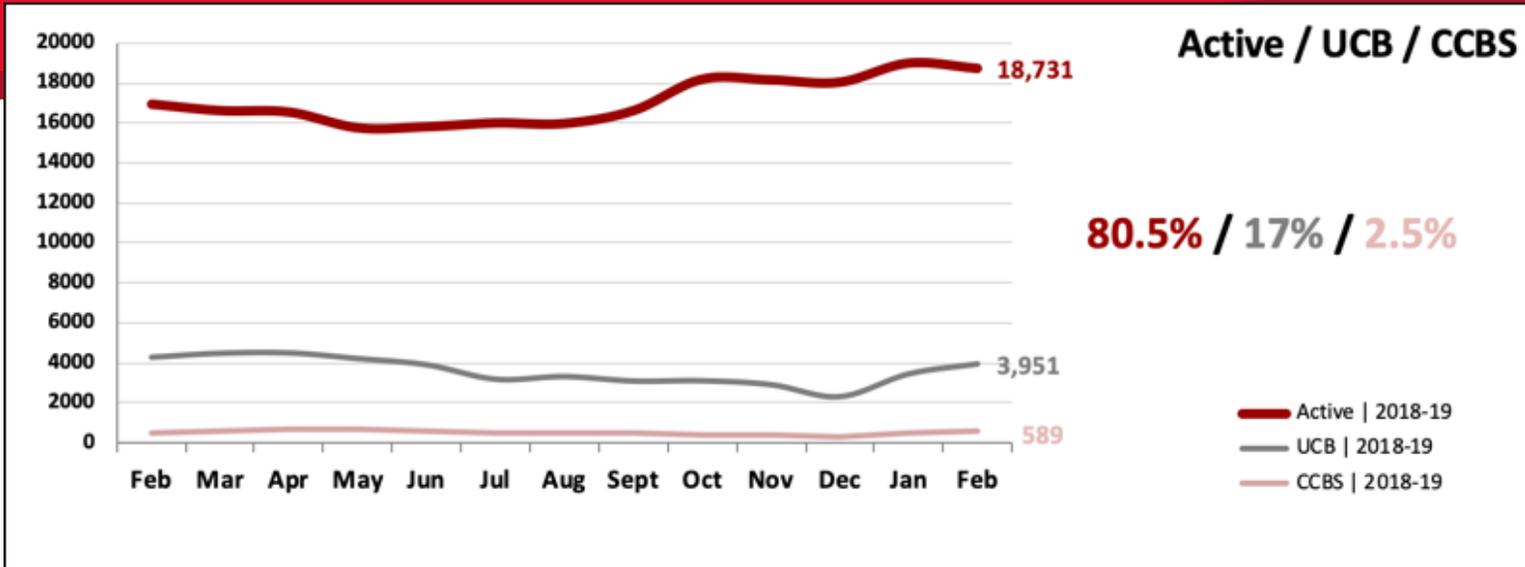
New inventory is down -12.3% month-over-month while the year-over-year comparison decreased by -2.9%.

New MLS listings that were active for at least one day from 2/1/2019 to 2/28/2019, 0 day DOM sales removed



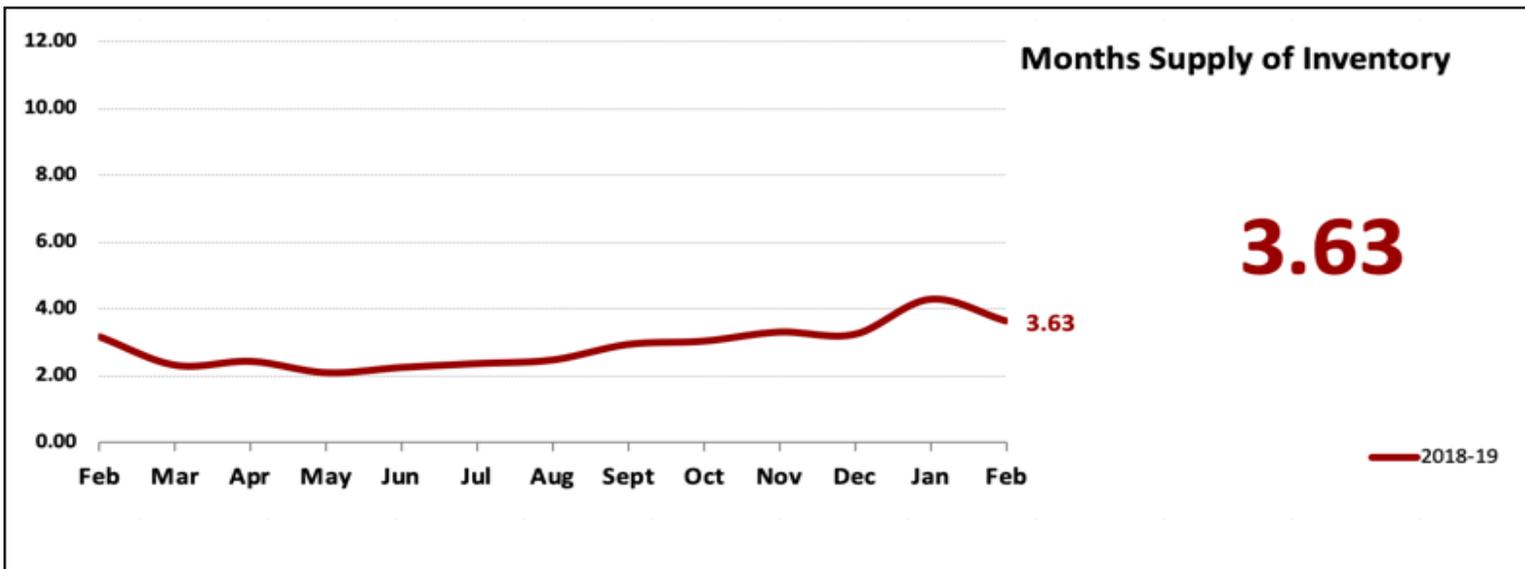
Total inventory has a month-over-month increase of +1.6% while year-over-year reflects an increase of +6.9%.

Snapshot of statuses on 2/28/2019



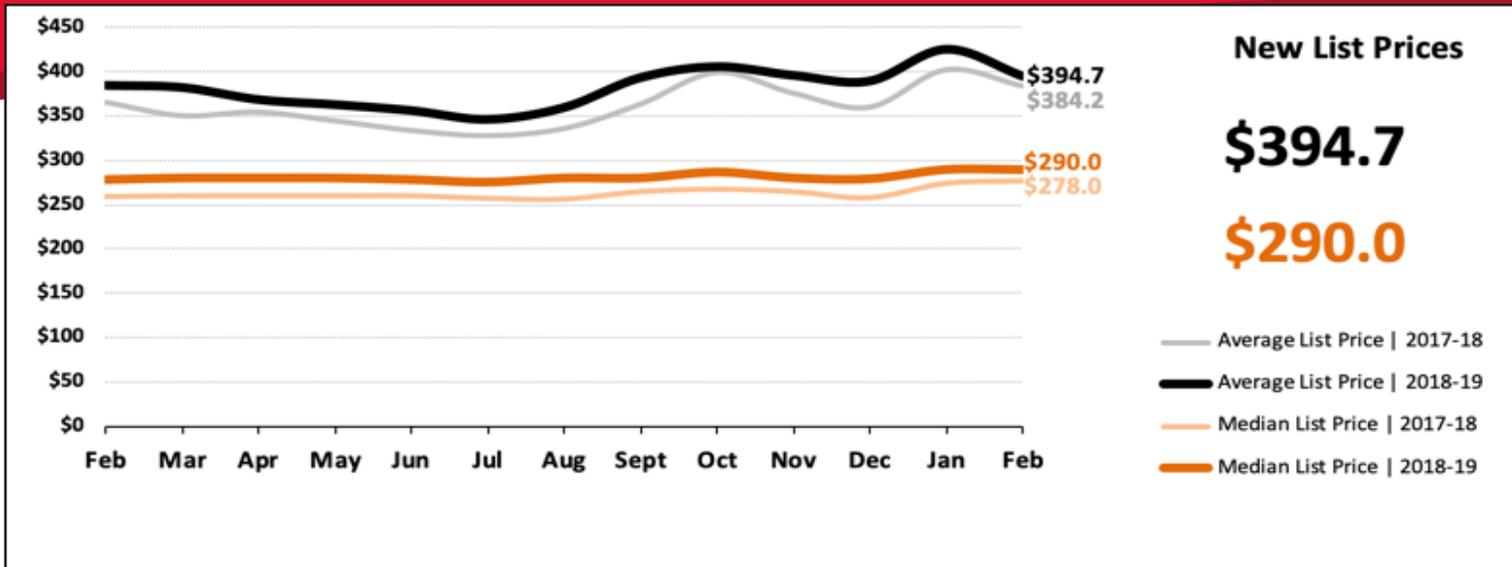
February UCB listings percent of total inventory was 17.0% with February CCBS listings at 2.5% of total inventory.

Snapshot of statuses on 2/28/2019



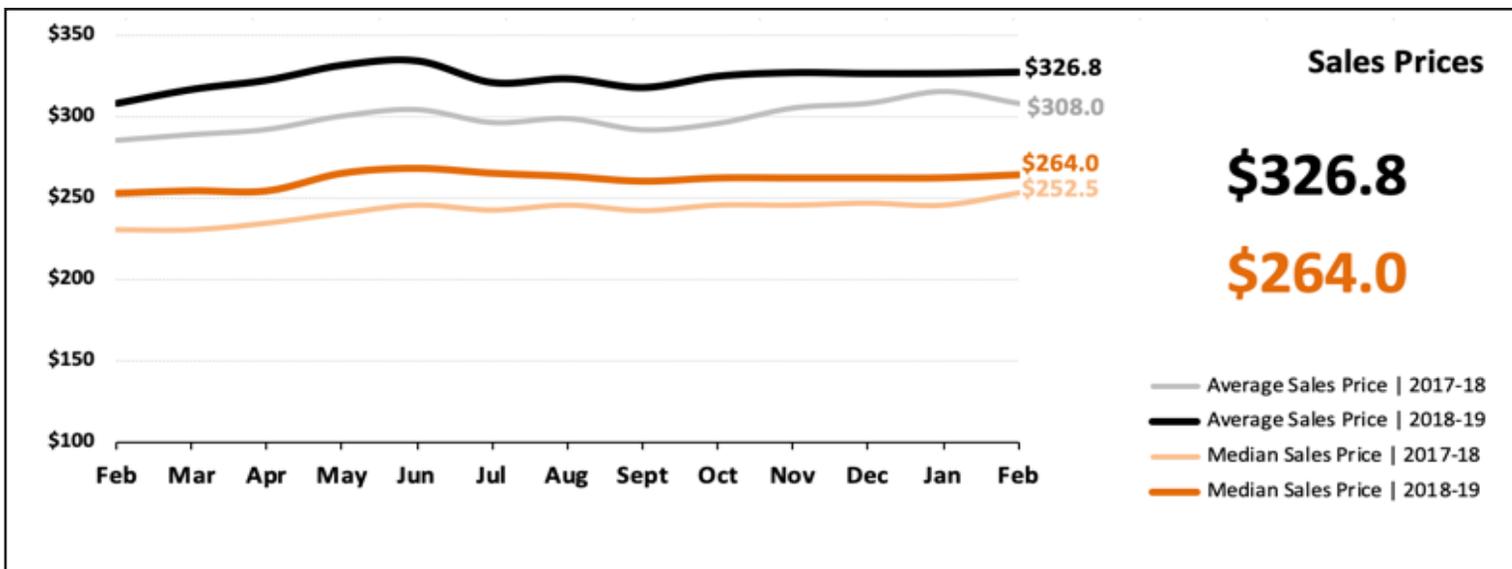
Months supply of inventory for January was 4.28 with February at 3.63.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of FEBRUARY 2019, 0 day DOM sales removed



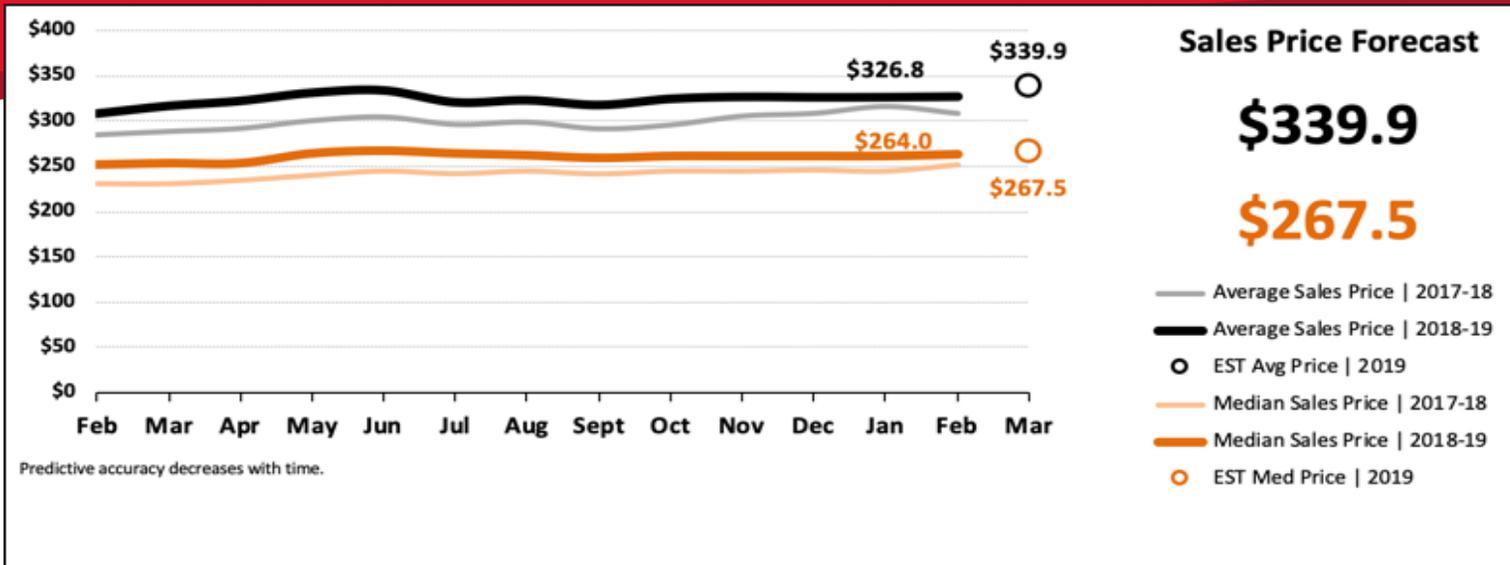
Average new list prices are up +2.7% year-over-year. The year-over-year median is up +4.3%.

List prices of new listings with list dates from 2/1/2019 to 2/28/2019, 0 day DOM sales removed



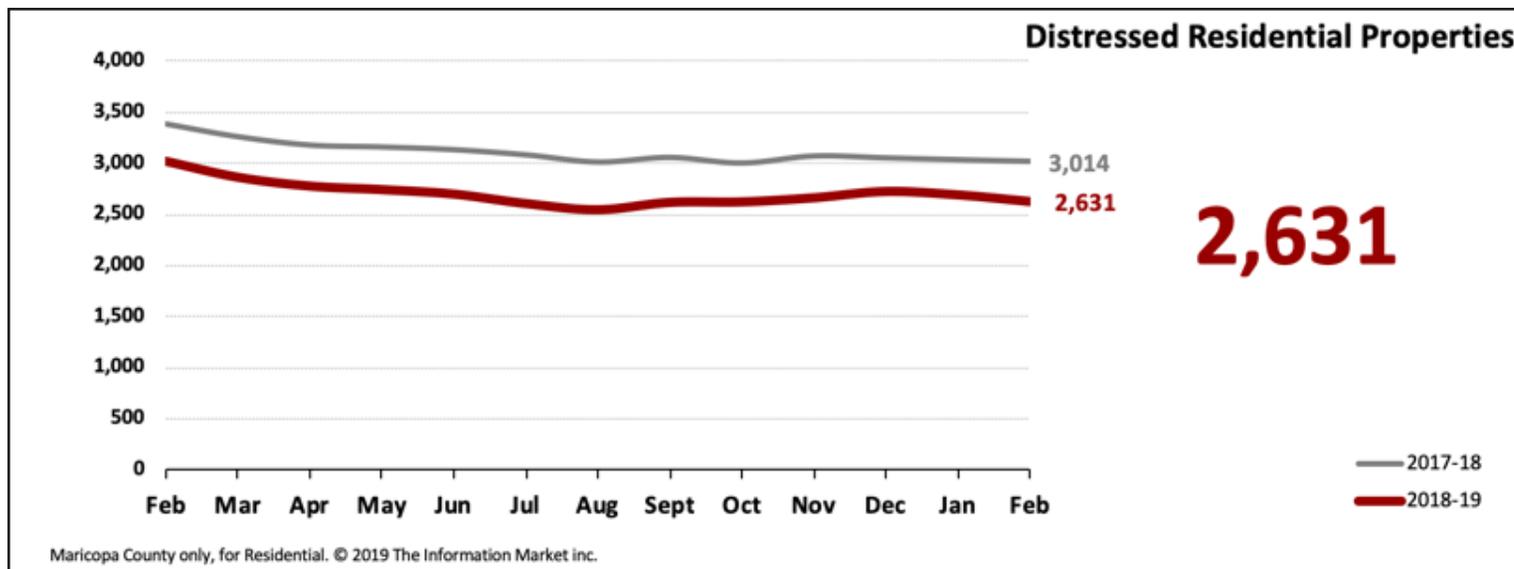
The average sales price is up +6.1% year-over-year while the year-over-year median sales price is also up +4.6%.

MLS sales prices for closed listings with a close of escrow date from 2/1/2019 to 2/28/2019, 0 day DOM sales removed



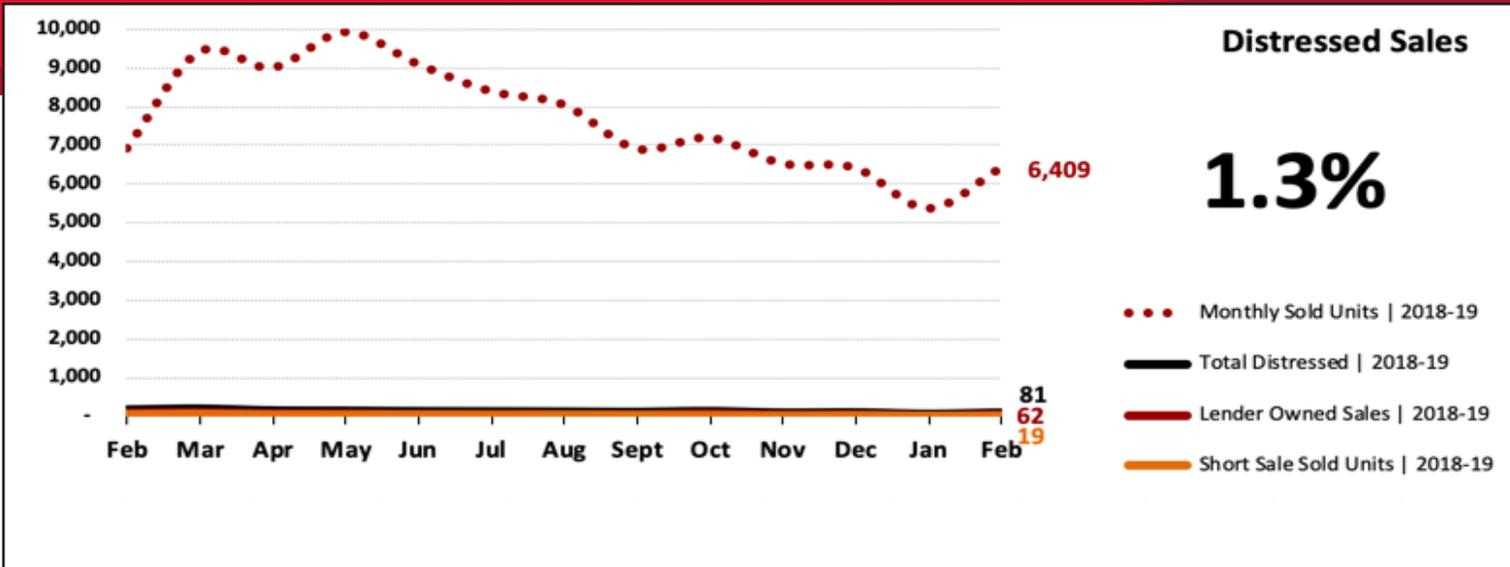
An increase is forecasted in March for both average and median sales prices.

ARMLS proprietary predictive model forecast, 0 day DOM sales removed



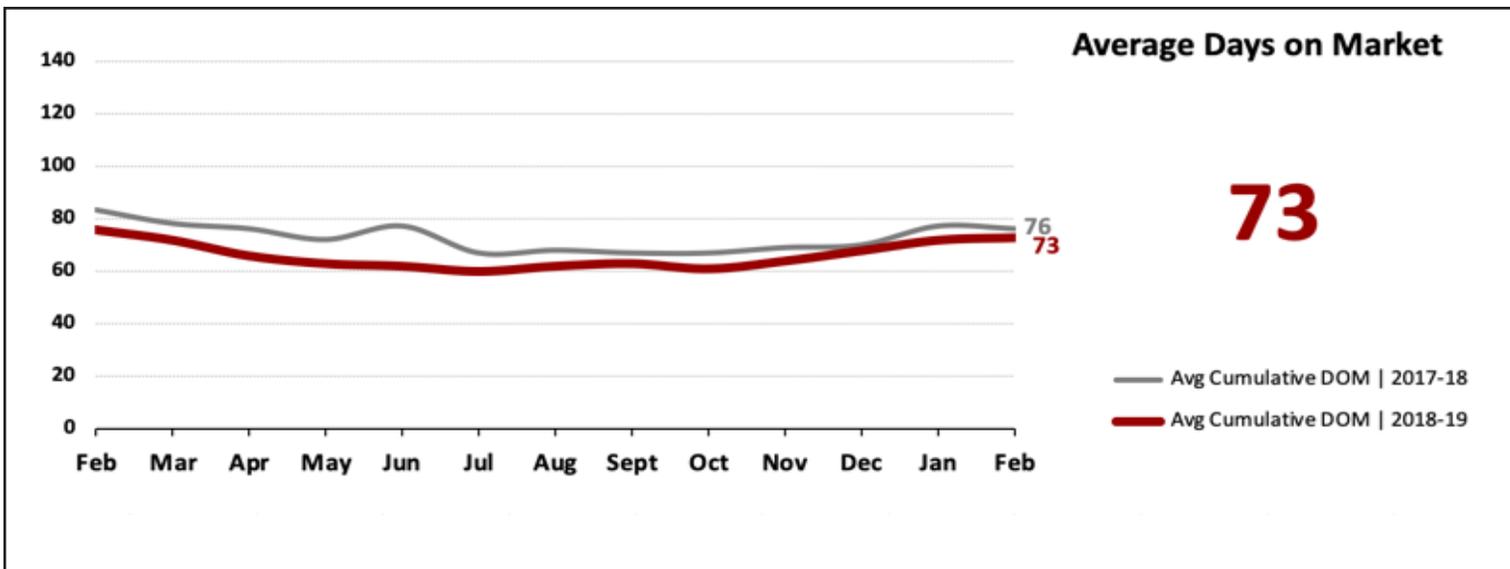
Foreclosures pending month-over-month showed a decrease of -2.3% while the year-over-year figure was down -12.7%.

Snapshot of public records data on 2/28/2019 active residential notices and residential REO properties. Note: this graph was adjusted as total foreclosure counts were under reported for the last 4 months.



Distressed sales accounted for 1.3% of total sales, up from the previous month of 1.0%. Short sales dropped -62.0% year-over-year. Lender owned sales dropped -38.0% year-over-year.

New MLS listings that were active for at least one day from 2/1/2019 to 2/28/2019, 0 day DOM sales removed



Days on market were down -3 days year-over-year while month-over-month increased by +1 day.

MLS sales prices for closed listings with a close of escrow date from 2/1/2019 to 2/28/2019, 0 day DOM sales removed

## Our Current Market as an Elevator Pitch

Total home sales for the first two months of 2019 were 9.4% below the pace of 2018. With March, our home-closing season takes off and in just a few weeks we'll see our first significant numbers for 2019. The median sales price will continue to rise, most likely through June. Peak prices will once again become conversational as our previous peak is matched then surpassed. With fewer properties under contract and one less business day, there will be fewer homes sold this March compared to last.

## Lack of Supply

Last month in STAT we discussed rising prices and affordability in our market place. This week I'd like to briefly chat about the main reason home prices continue their ascent: persistent under-supply. The 14th-century Franciscan friar and logician William of Occam wrote, "Pluralitas non est ponenda sine necessitate." Known as Occam's Razor, this phrase translates to "entities should not be multiplied unnecessarily." Today we know it as "the simplest explanation is often the best." Freddie Mac [reported its own Occom's Razor](#) on the housing shortage.

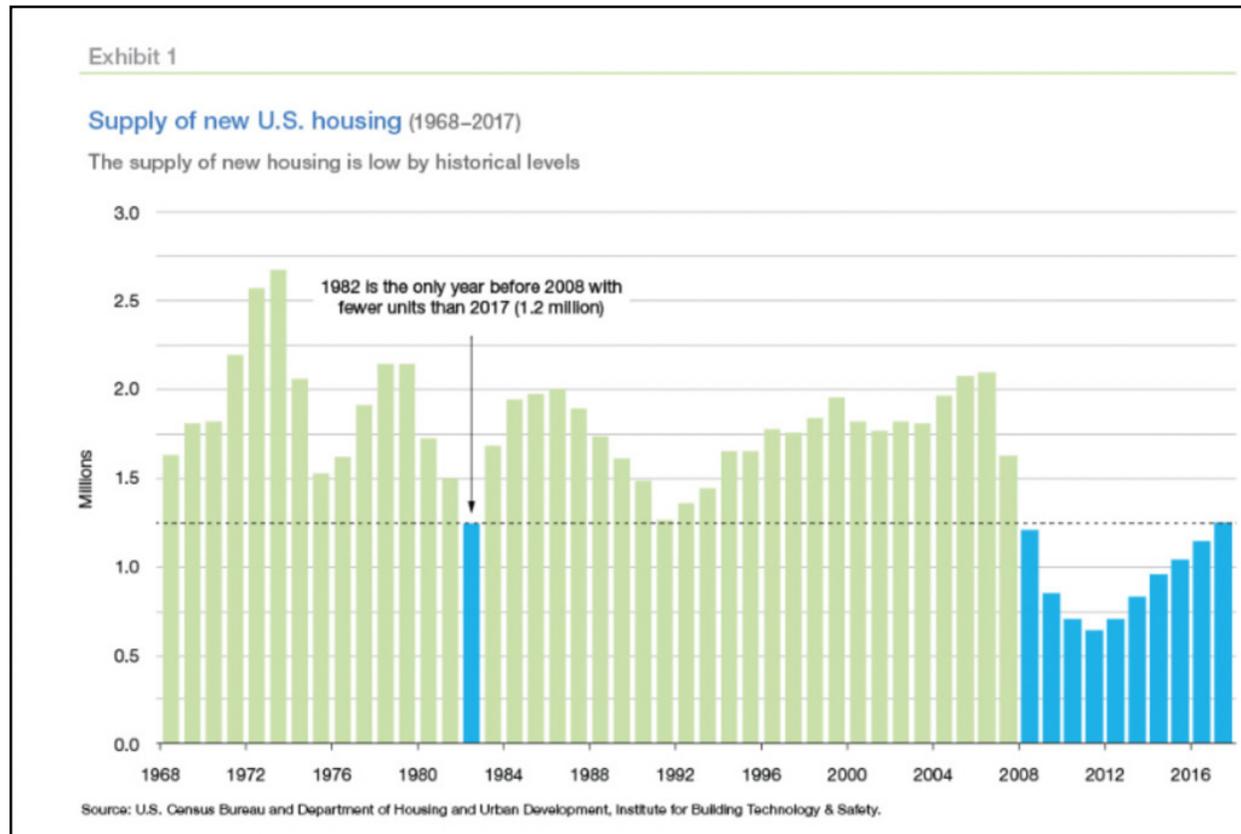
*"The United States is not building enough housing to meet demand. The current annual rate of construction is about 370,000 units below the level required by long-term housing demand. And after years of low levels of building, a significant shortfall has developed, with between 0.9 and 4.0 million too few housing units to accommodate long-term housing demand.*

*In our latest Forecast, we forecast housing construction to pick up gradually. However, it will still be a year or more before the level of building matches incremental annual long-term housing demand. To bridge the shortfall of total units, the U.S. housing market may need to supply more than 1.6 million units per year.*

*Until construction ramps up, housing costs will likely continue rising above income, constricting household formation and preventing homeownership for millions of potential households."*

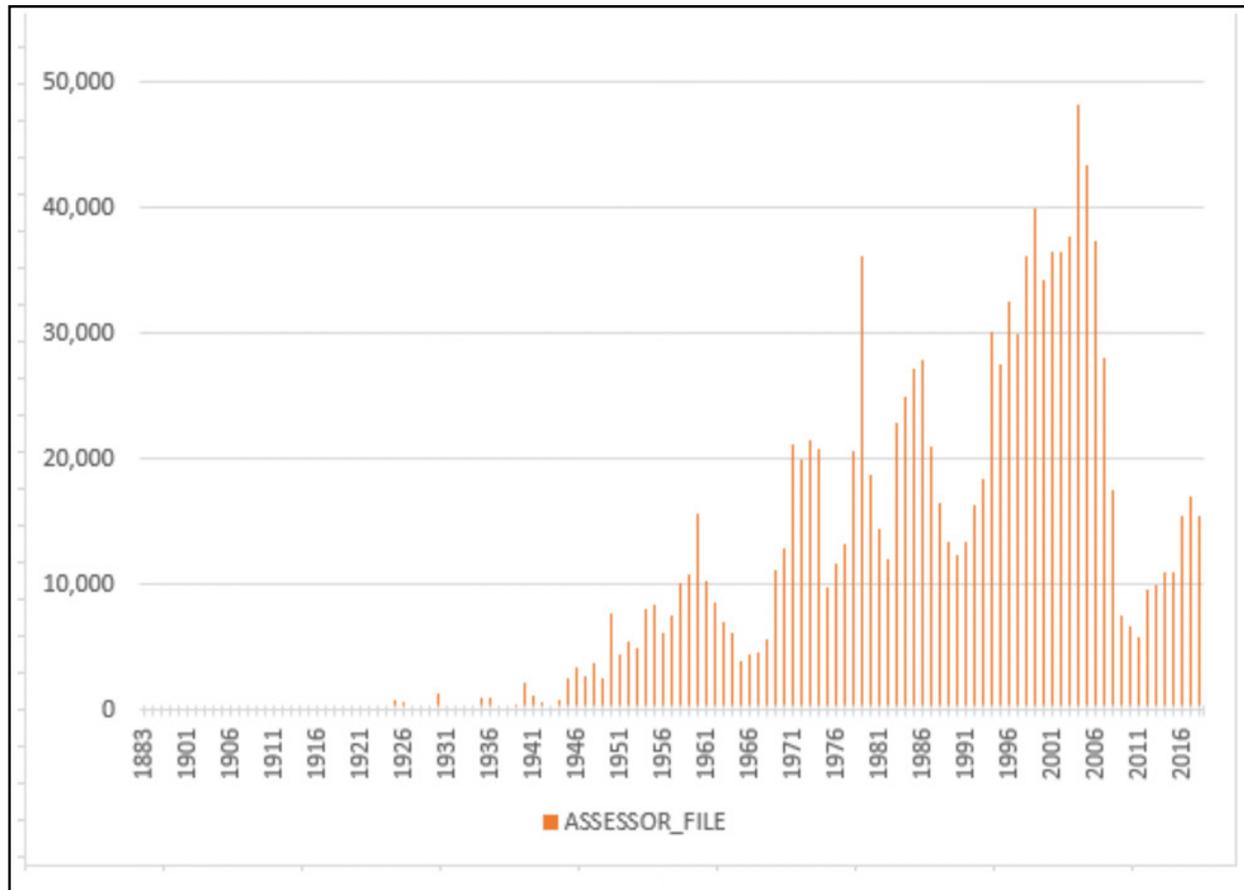
The largest percentage of income for our subscribers centers around the resale of homes. The sale of newly built homes accounted for roughly 15% of all home sales in Maricopa county in 2018, with 1 in 4 of these sales having been listed on the MLS. While new construction may not have a lot to do with your current income, it will influence your future income. The chart below shows the supply of new housing in the U.S. As the chart shows, for the last decade we have been building fewer new homes than at anytime in our history, going back to 1968.

### New Home Supply Via U.S. Census Bureau and Department of Housing and Urban Development



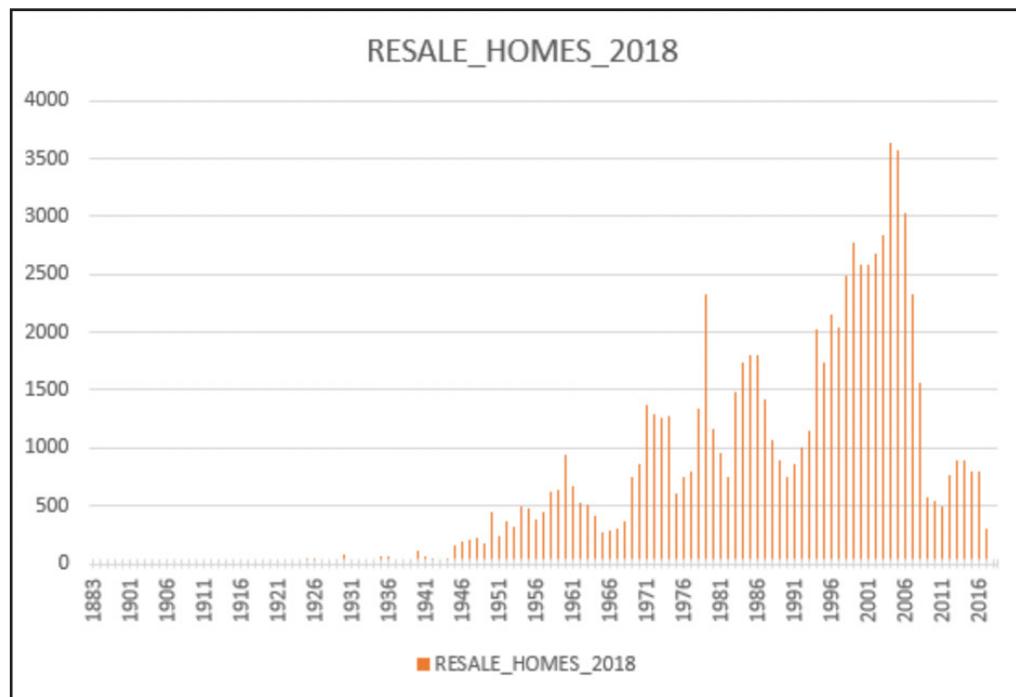
About this time each year we purchase an annual file from the Maricopa County Assessor's office. This file is the basis of the property characteristics you see in Monsoon. One of these characteristics is year built. The graphic below summarizes this characteristic for all single-family residences and condos. Simply put, this is the total inventory of all homes in Maricopa County displayed by the year they were built.

### Available Homes by Year built via Assessor's Office Data



Since the housing crisis, people have been living in their homes longer. I've seen reports of 10 to 12 years today compared to 6 to 7 prior to the collapse. We hope to research this specific question for Maricopa County soon, but for today, we'll have to rely on others. With people living in their homes for longer periods of time and with lower new construction numbers, the number of homes for sale remains low. Before we leave this topic, let's view one more chart. The chart below shows the total number of resale homes sold in Maricopa County in 2018 by the year the assessor tells us they were built. We removed all new builds to provide the apple to apples comparison. I'll let you draw your own conclusions. My conclusion is the obvious, the number of homes sold in any given year is directly proportional to the total number of homes in existence.

### Homes for Sale by Year Built



## Renter Nation

It wouldn't be STAT if I didn't have a series of national reports which drew my ire, so here we go.

According to the U.S. Bureau of Census, the homeownership rate in the United States peaked in the fourth quarter of 2004 at 69.2%. The homeownership rate hovered above 69% through 2006, when it dropped dramatically for the next decade. Somewhere along this path the term "*Renter Nation*" emerged. At its origin, trend lines supported this term, and the idea gain momentum as prognosticators jumped on board. The problem is that real estate is cyclical, and prognosticators often can't see the inflection points, especially when they're just around the corner. Now the idea of a "*renter nation*" has a purpose, it's become a brand and it sells a product. Even though the trend lines have changed, the cliché lives on. "*The rise of renter nation and why it's here to stay*", "*Another sign we've become a renter nation*", and "*Phoenix sees 2nd-largest growth in renters over 60 in the nation.*" These aren't old headlines, they're recent, and I suspect we'll see more as 2019 progresses.

We discussed this topic in the October 2016 version of STAT when we quoted Ivy Zelman, "*Government data suggests housing is not good, government data is wrong (it's slow) and data that suggests homeownership rates will continue to decline is absolutely wrong.*" We added our own observation in February of 2017, "*In the second quarter of 2016 the Census Bureau reported a national ownership rate of 62.9%, a 51-year low. The Census Bureau also reported that the fourth quarter rate inched up two basis points to 63.7. I believe as rents continue to rise people are beginning to realize that home ownership is a better choice and the national homeownership rate will quite possibly rise in 2017.*"

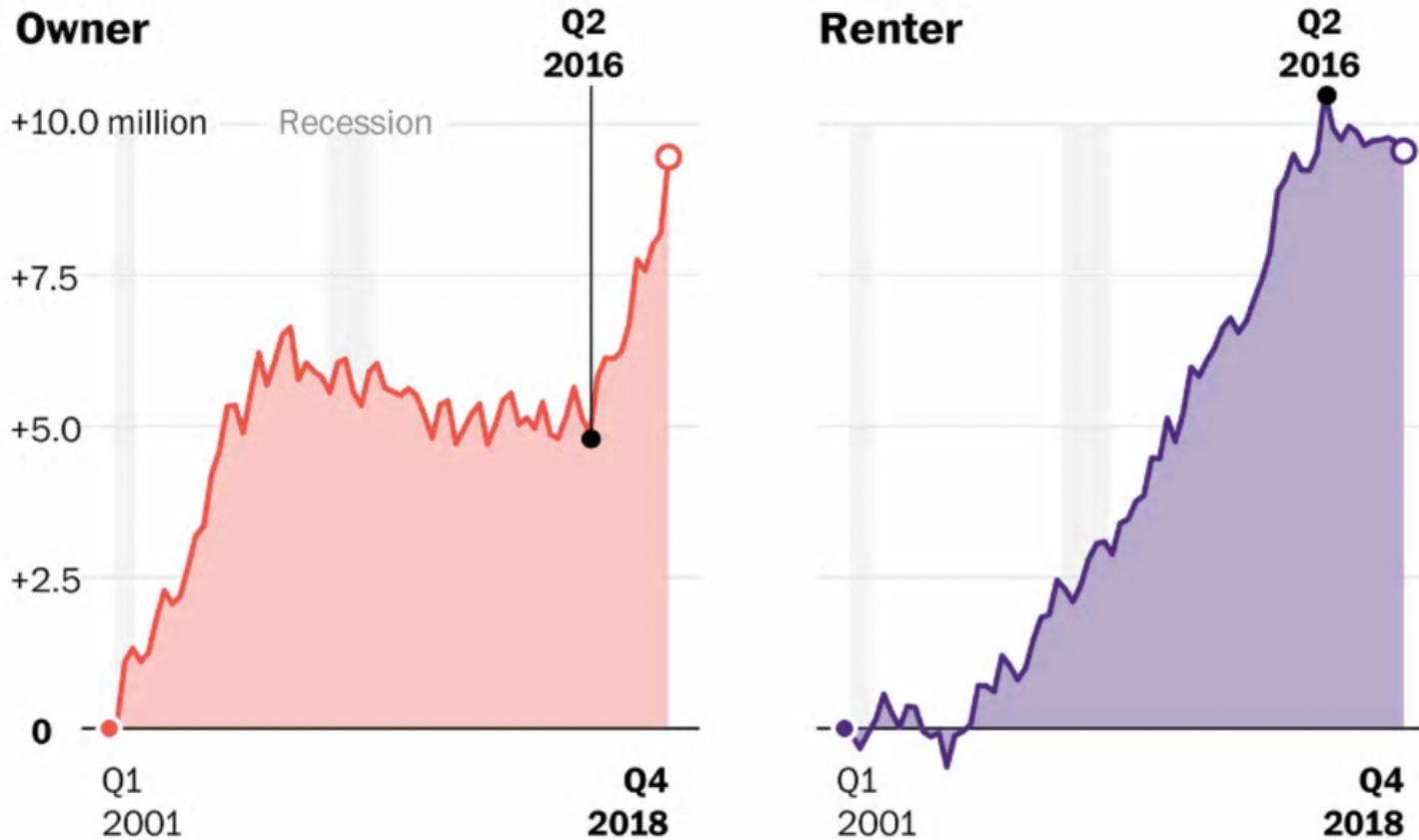
Just last week, nearly 28 months after STAT quoted Zelman, the Washington Post [published an article](#) that said, "*A funny thing happened on the way to the United States becoming a nation of renters: people started buying homes again. It turns out Americans weren't ready to become a nation of renters. Homeownership is back in.*"

[New data indicates](#) that in 2016, in defiance of myriad [prognostications](#), the decade-long decline in the homeownership rate abruptly reversed. Once-rapid growth in renter households stalled, and the long-stagnant number of owner-led households began rising.

## Homeownership Rate via FREDs Economic Data



## Cumulative change in owner and renter households



Source: Census Bureau's Housing Vacancies and Homeownership survey THE WASHINGTON POST

*“When there’s very low unemployment, when there’s been slow but steady wage growth, that tends to make households confident in their ability to make what will probably be their largest investment of their life,”* said Ralph McLaughlin on his [CoreLogic insights blog post](#).

The term Renter Nation is catchy and will live on, you need look no further than the comment section of the Post’s article. I spoke earlier of this term becoming a market brand, I am in no way disparaging people in the rental market or renters, as homeownership is not for everyone. I’m simply a strong advocate for homeownership.

### **The Pending Price Index**

The January 2019 edition of STAT projected a median sales price of \$264,000 for February. The February median was \$264,000. Looking ahead to March, the ARMLS Pending Price Index anticipates the median sales price will increase slightly to a median sales price of \$267,500.

We begin March with 6,303 pending contracts; 3,951 UCB listings and 589 CCBS giving us a total of 10,843 residential listings practically under contract. This compares to 12,161 of the same type of listings one year ago. The “pending” contracts in 2019 are 10.8% lower than this time last year. There were 22 business days in March of 2018 and only 21 this year. ARMLS reported 9,402 sales in March of 2018. Sales volume will be lower this year, I’m guessing 8,179.