

**MAY 2018**

## Real Estate Update



**JEFF GERBER**

**ABR®, GRI®, SRES®, REALTOR®**

**Hello Everyone,**

Happy early May, here's hoping spring has finally arrived at your house, or if you're a Valley dweller here's hoping summer waits till June to settle on us. Congratulations to all the new Graduate's and 'have a good summer' to all of our departing Snowbirds. By the way, how about those AZ Diamondbacks!!

My most frequently asked question is: "how's the market?" It seems appropriate, then, for me to share some info I've gleaned about the first Quarter 2018 via experience, seminars and published reports from market experts. A one sentence that kind of sums it up comes paraphrased from Tom Ruff. Buyers are challenged to find under \$300,000 properties in areas other than the market edges. Even there, supplies are quite limited and extremely competitive. It is a Seller's market. Q1 2018 vs. 2017 show sales up 4.25%, inventory down 11.8%, median sale prices +10.4%, foreclosure actions -12.2%. Bargain hunters are disappointed as distressed sales are now only 1.8% of the market. The average time to sell is holding around 2 months. Pricing predictions are that the median sales price will rise above the record (set June 2006) of \$264,800 very soon. Somewhat helpful to Buyers are the facts that mortgage interest rates are holding in the "very high 4's to the lower 5's". Institutional Buyer Cerberus seems to have dramatically slowed it's early 2018 purchase pace (200+ in Feb & Mar) in April. We'll know more on that as the end of month numbers are calculated. More positive signs for The Valley include job growth. A US News & World Report article ranking 125 US cities for 'best places to live' ranked Phoenix at #19. (#44 ranking in 2017), right ahead of San Francisco. Austin, TX ranked first. Phoenix's higher showing were due to 'ample sunshine (we see more sunshine than any other Metro in the Top 125 list), a thriving job market and an affordable cost of living. Yes, home prices are rising and the specter of 'cheap houses' really no longer applies, but when you look at home prices, taxes and general cost of goods, we're still very desirable.

My thanks to Mark & Twyla as well as Russ, all from ND for allowing me to help them take a first 'snowbird' look'. I appreciate past clients Diane and David for trusting to turn to me to help answer real estate questions. That is a service I'm always happy to provide. I'm looking forward to a successful sale next month for Amanda & Mark as their family moves from Gilbert east to S Carolina. I'm hoping we'll find, and actually be the successful offer on a property next month for David K. Ask him, he'll tell you "it's a jungle out there!" Thanks to Nate for the intro to Russ. I'm excited to discuss a new living lifestyle with him. Know anyone looking to Buy or Sell a home? I will appreciate your referral. Thanks, in advance, for telling a friend about me.

**Regards,**

*JS Gerber 4/28/2018*

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*Real Estate For Today*

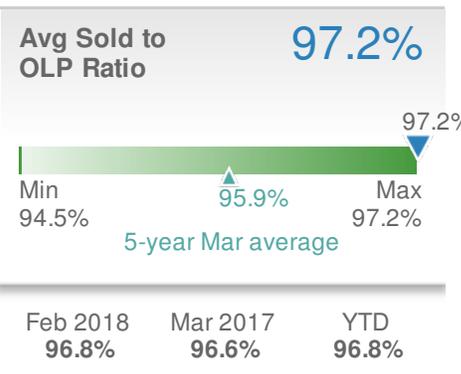
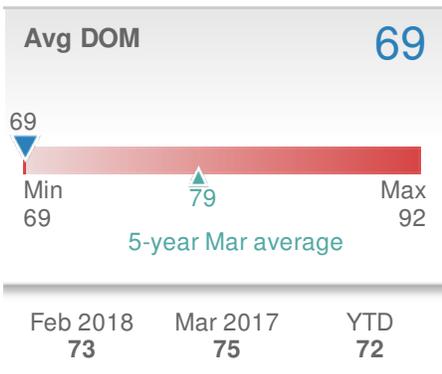
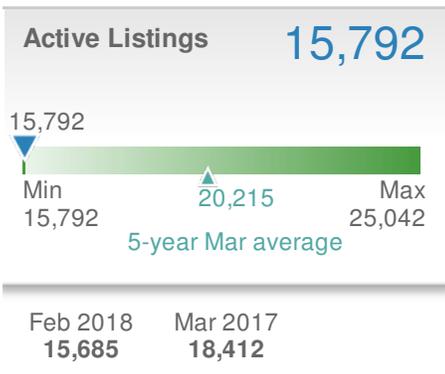
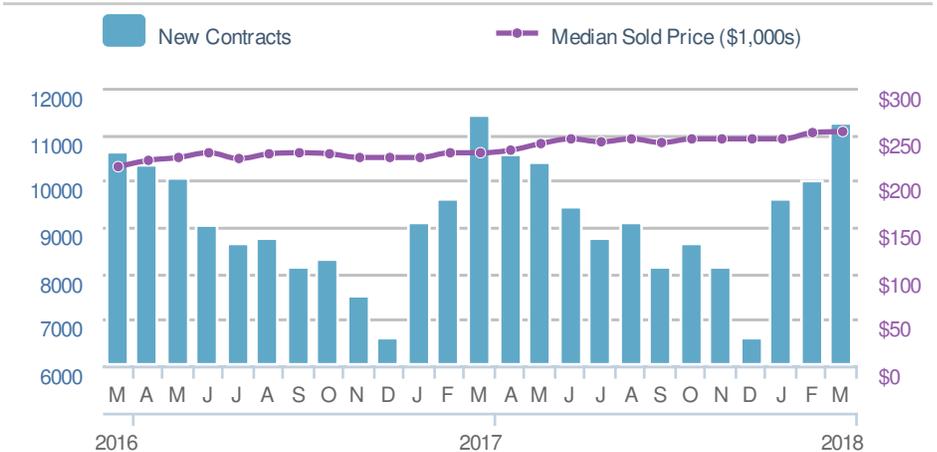
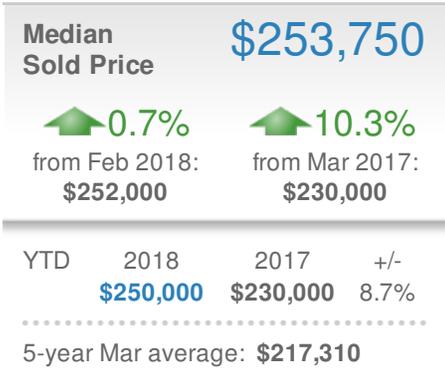


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# March 2018

## Arizona Regional MLS





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# Between FRIENDS

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**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.

## Health & Safety

### Keep Your Cool

**H**eating and cooling accounts for about 50% of the utility costs in a typical American home, and having a clean heating and air conditioning unit ensures its efficiency. Keep your cool this summer! Perform pre-season HVAC maintenance *before* the heat arrives to ensure optimal performance on the hottest days.



- Inspect the area around the unit and clear two feet of space for ideal air flow. Dust off leaves, grass, and pollen. Cut back vegetation and pull weeds.
- Replace air filters monthly during the summer.
- Set the thermostat to "cool" and wait to see if the air kicks on. If it doesn't, you may need to have your HVAC unit repaired or replaced.
- Inspect the condensation lines for clogs. Use a pipe snake or vacuum to flush the lines yourself, or call a specialist to do this for you.
- When in doubt, call a technician for a professional check-up. They can unclog the lines and clean the fan blades and other components inside the unit.
- Check your home for poorly insulated areas around windows, doors, and in the attic or basement. Seal these areas for more efficient cooling.
- Avoid placing heat-producing appliances/electronics near thermostats for an accurate temperature reading.

## Real Estate Today

### Organizational Apps for Taxes

**G**etting your taxes done can be a hassle, but manual data entry is a thing of the past! Organize your receipts, documents, and business expenses for tax season with the following apps.

**Evernote**—Create structured notebooks filled with digital documents, receipts, bills, and statements. You can also easily share your notebooks with your tax preparer without having to send files via email or snail mail.

**Receipt Bank**—Cut paper clutter with quick uploads that automatically sync your data with QuickBooks Online. Receipts can be submitted using the app, email, drag and drop upload, Dropbox, and more!



**Shoboxed**—Take organization a step further by categorizing your expenses based on your digital receipts, which you can download as an expense report. Each upload is reviewed by an actual human being to reduce the risk of error. You can even mail in piles of receipts, business cards, and other paper to be categorized and converted into digital data.

### OLD REPUBLIC HOME PROTECTION



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

*People Helping People™*



Visit [www.orhp.com](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.



**1 pound peas—thaw if frozen, cook until tender if fresh**

**1/2 cup tahini**

**2 Tbsp olive oil**

**1-2 garlic cloves, pressed**

**2 Tbsp lemon juice**

**1 tsp salt**

**Water, as needed to thin mixture**

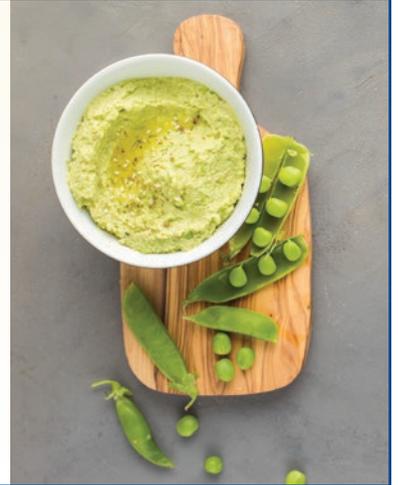
**Mint leaves for garnish**

Place peas, tahini, olive oil, garlic, lemon juice, and salt in a food processor. Blend until smooth.

Add water if hummus is too thick. Blend water 1 Tbsp at a time until desired texture is reached.

Transfer to a bowl and garnish with mint leaves.

Serve with pita chips or raw vegetables. It also makes a great spread for sandwiches!



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Real Estate For Today

## Household Tips **Regrowing Food from Scraps**

**M**any vegetables and herbs that are considered staples in lots of dishes can be regrown from scraps. Here is a list of common ingredients that you can use once and grow on your kitchen counter forever!

**Basil** leaves will continue to grow in a glass of water. Place stems in the glass and set in a sunny spot. When the stems start to grow roots, transfer to pots of soil.

**Romaine lettuce** and **bok choy** are easy to regrow from cut stumps. Place the stumps in about half an inch of water, refilling as the water level recedes. When you see new leaves, transfer to pots of soil.

**Scallions** will regrow to full size in a little less than a week. When cutting scallions, leave about an inch above the bulb. Place the bulb in a glass with just enough water to cover them. Change the water every few days.

**Garlic** is too bitter to cook with once it starts to sprout, but you can continue to grow the sprouts in a glass with a little water. The bright green sprouts make a lovely garnish for salads, pastas, and more!

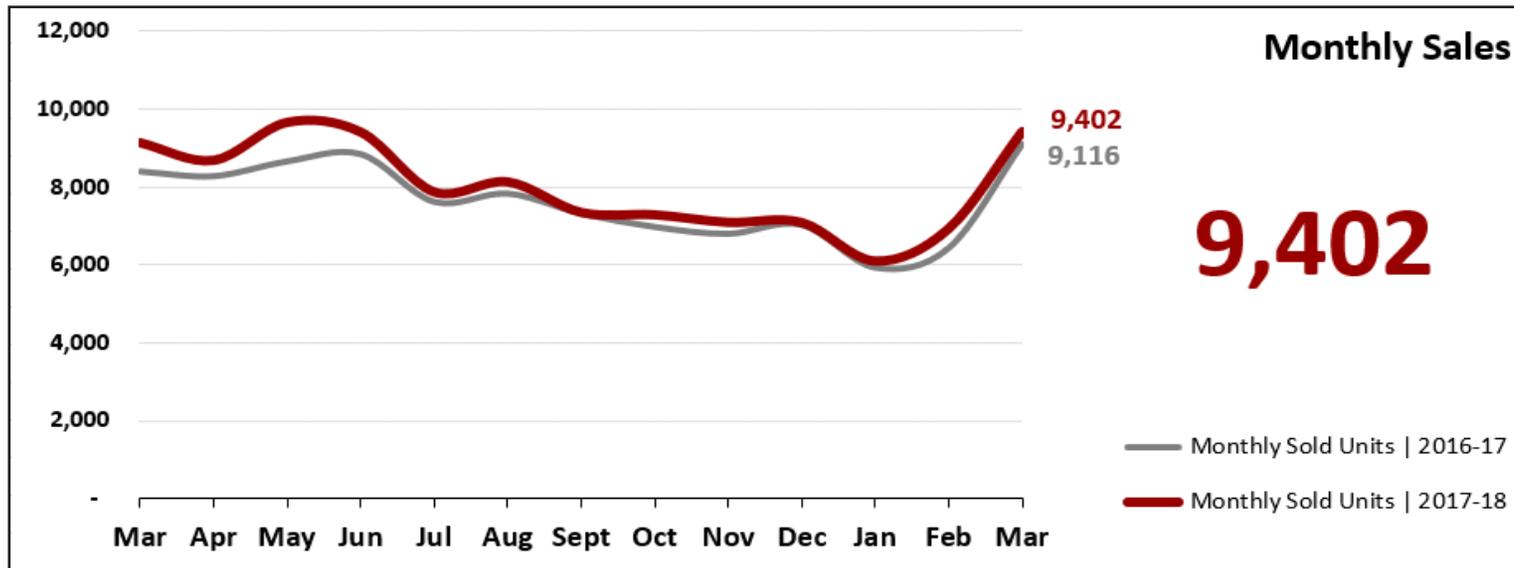


# STAT

## Your Monthly Statistics for the Phoenix Metro Area



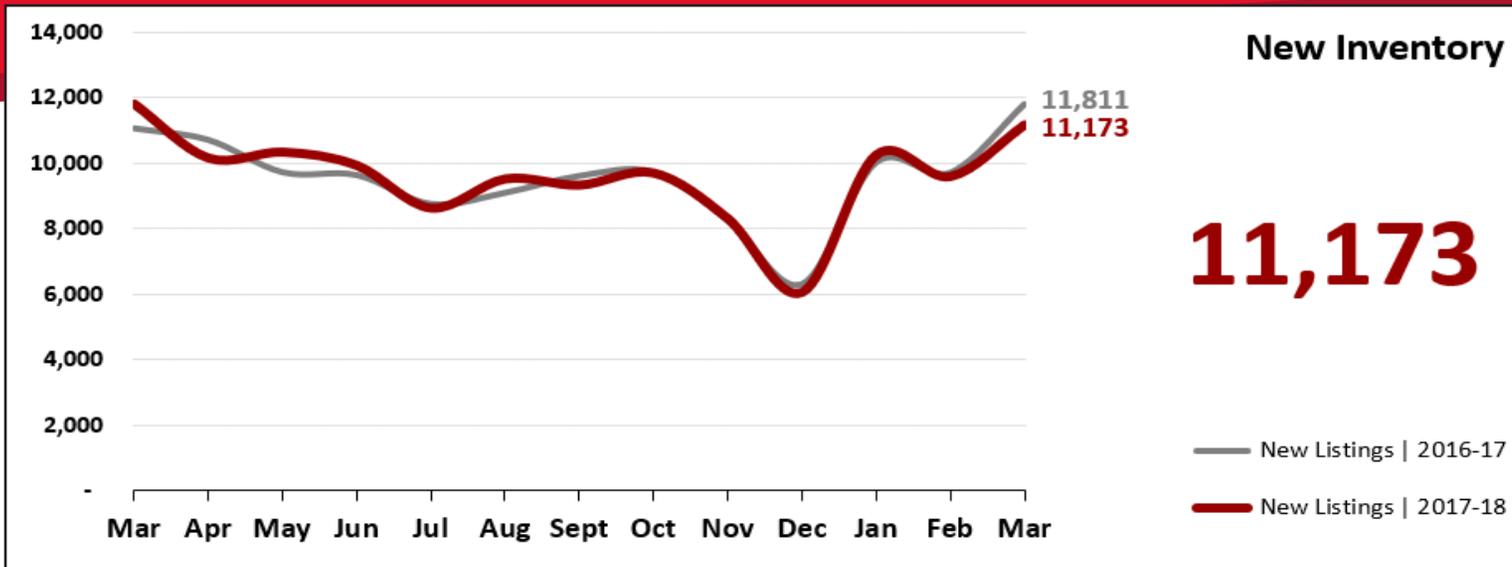
**DATA FOR MARCH 2018** - Published April 23, 2018



Sales are up +36.0% month-over-month. The year-over-year comparison is up +3.1%.

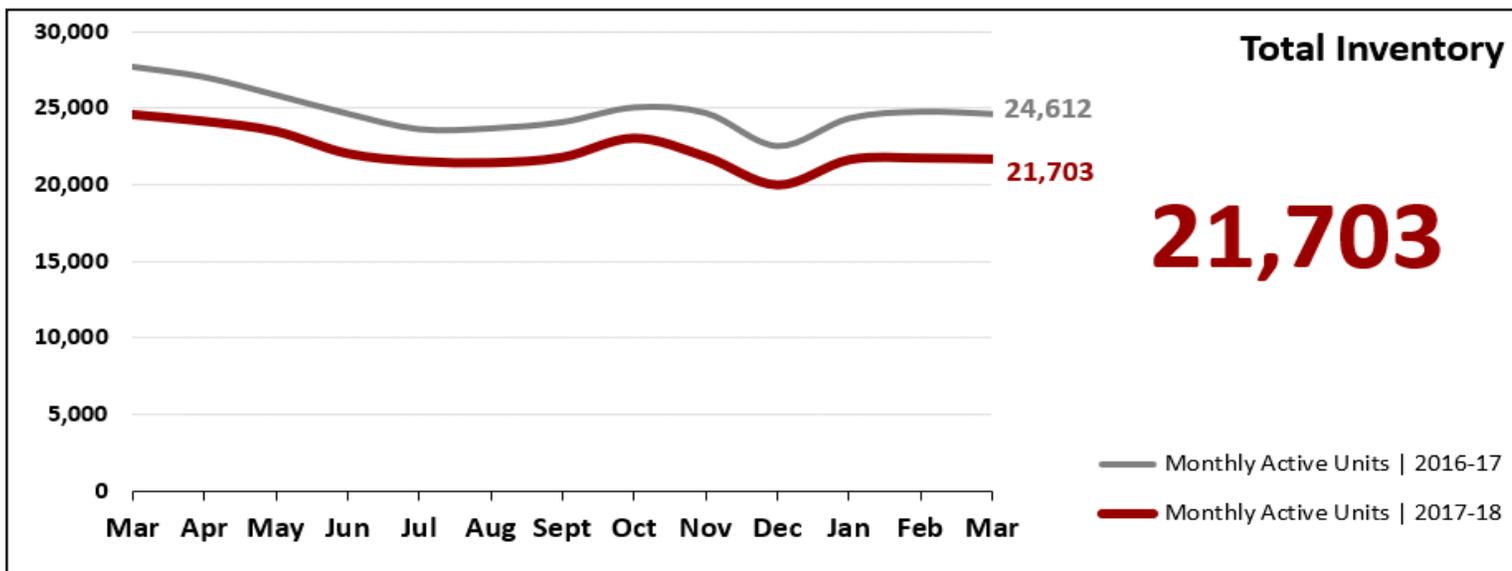
**9,402**

Closed MLS sales with a close of escrow date from 3/1/2018 to 3/31/2018, 0 day DOM sales removed



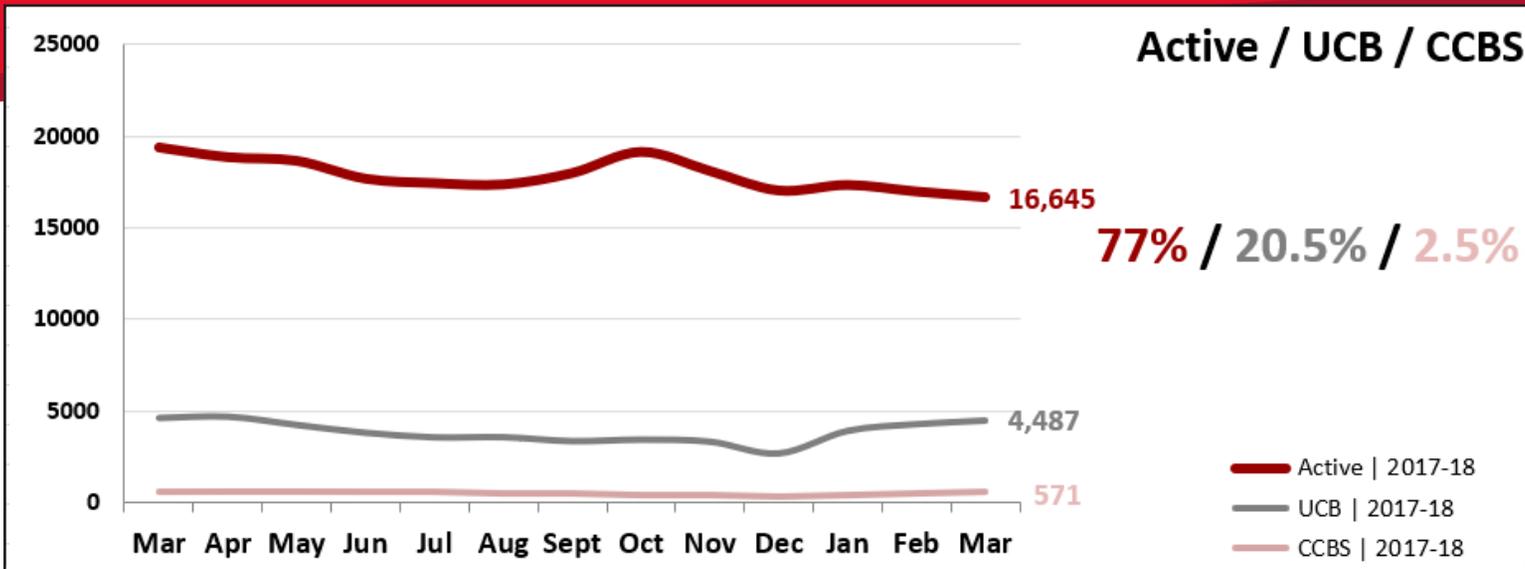
New inventory is up +16.5% month-over-month while the year-over-year comparison shows a decrease of -5.4%.

New MLS listings that were active for at least one day from 3/1/2018 to 3/31/2018, 0 day DOM sales removed



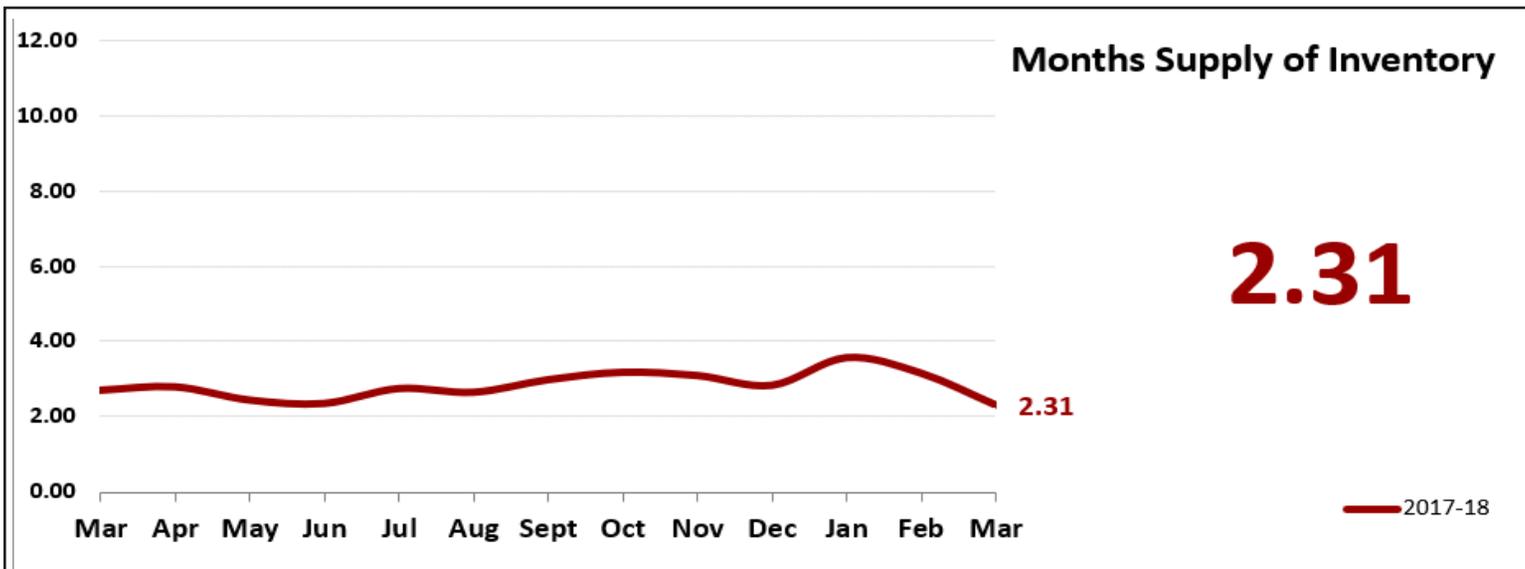
Total inventory has a month-over-month decrease of -0.3% while year-over-year reflects a decrease of -11.8%.

Snapshot of statuses on 3/31/2018



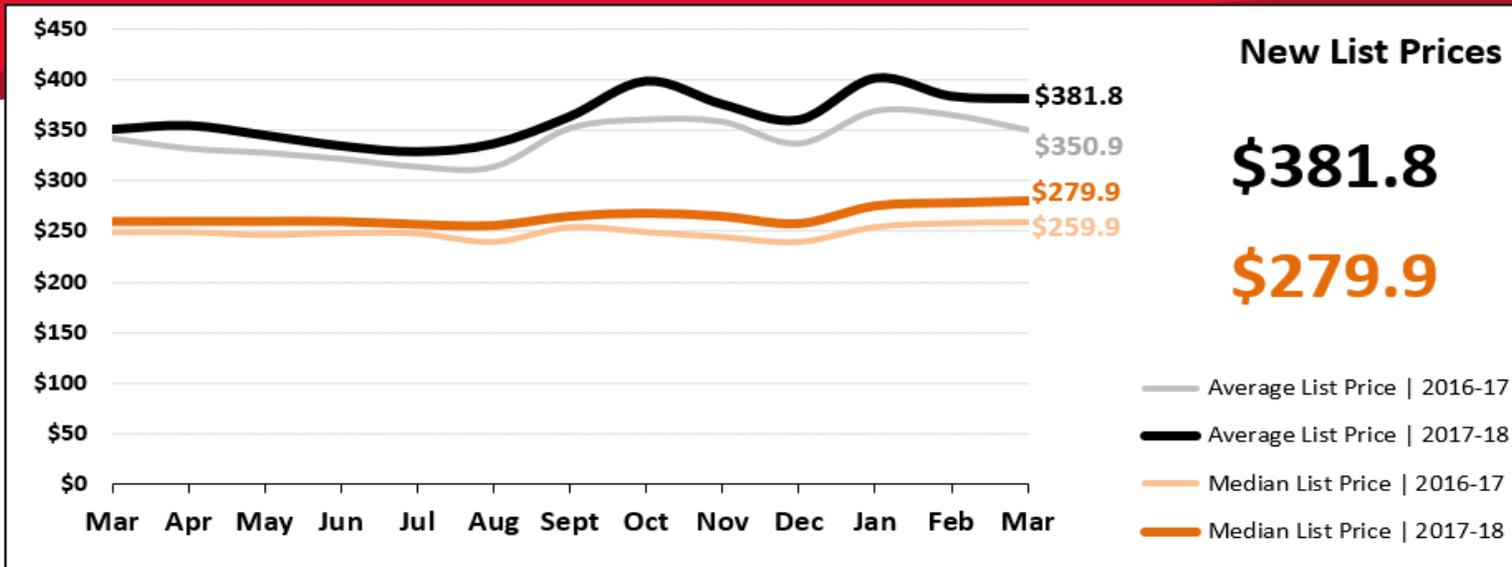
March UCB listings percent of total inventory was 20.5% with March CCBS listings at 2.5% of total inventory.

Snapshot of statuses on 3/31/2018

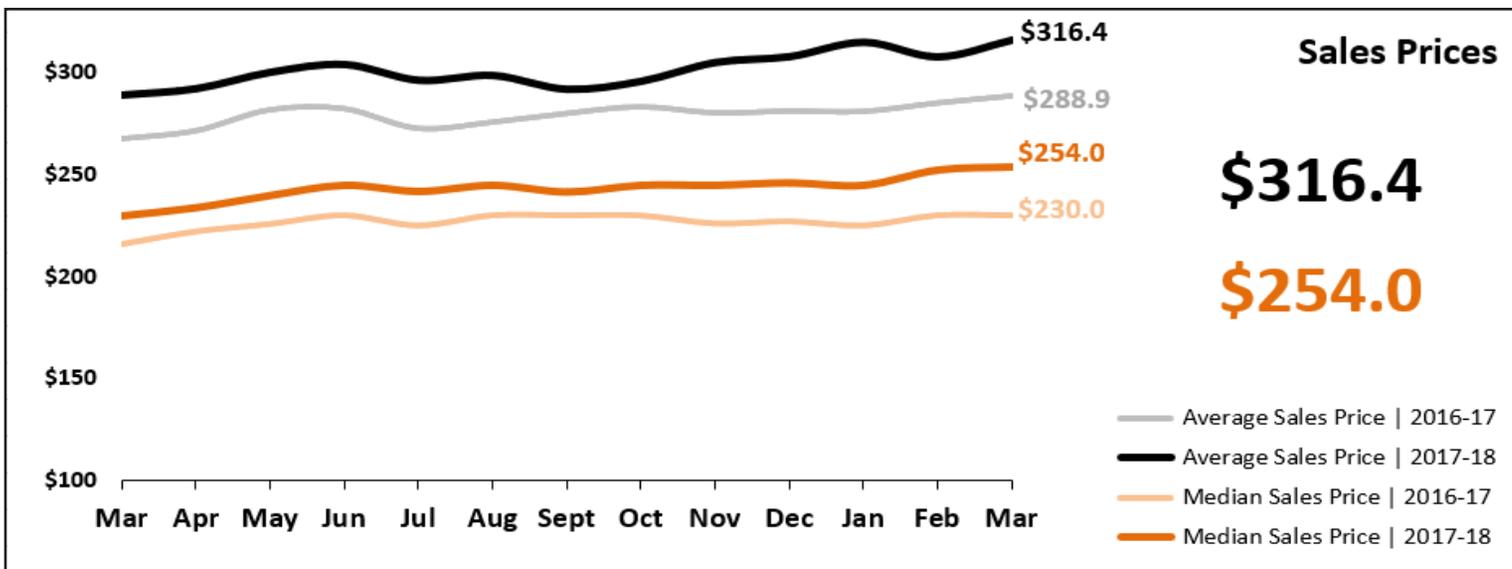


Months supply of inventory for February was 3.15 with March at 2.31

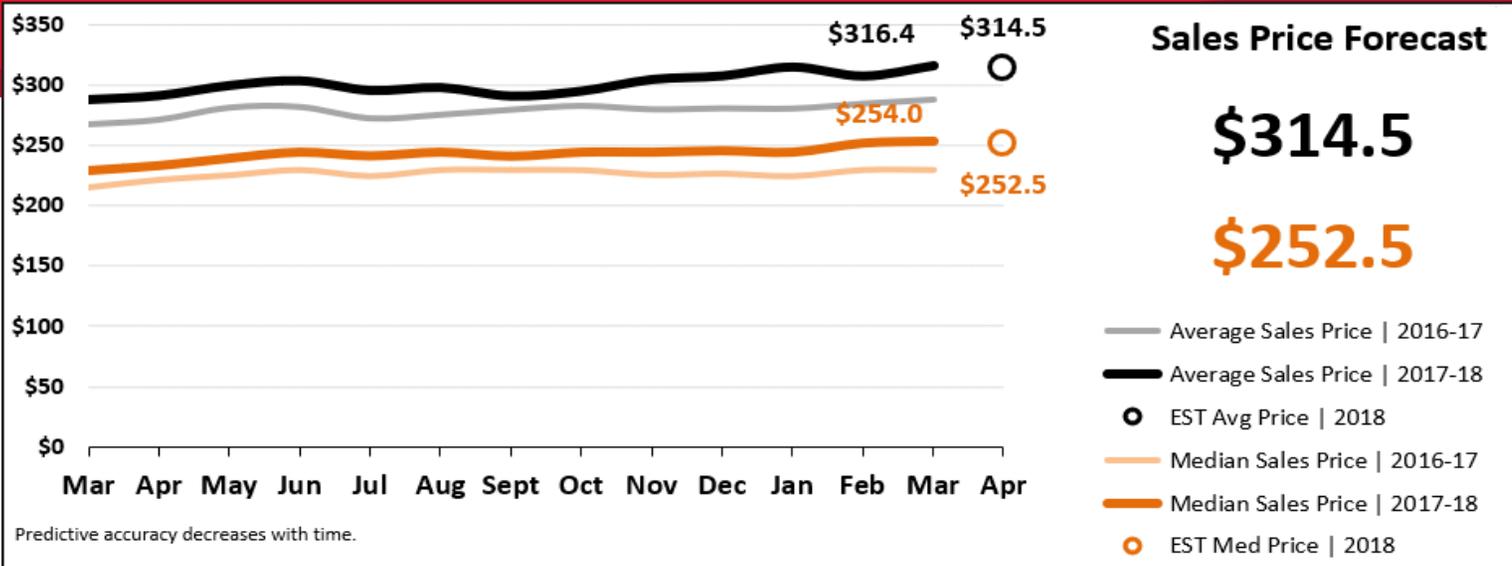
Current inventory of Active/UCB/CCBS divided by the monthly sales volume of MARCH 2018, 0 day DOM sales removed



List prices of new listings with list dates from 3/1/2018 to 3/31/2018, 0 day DOM sales removed

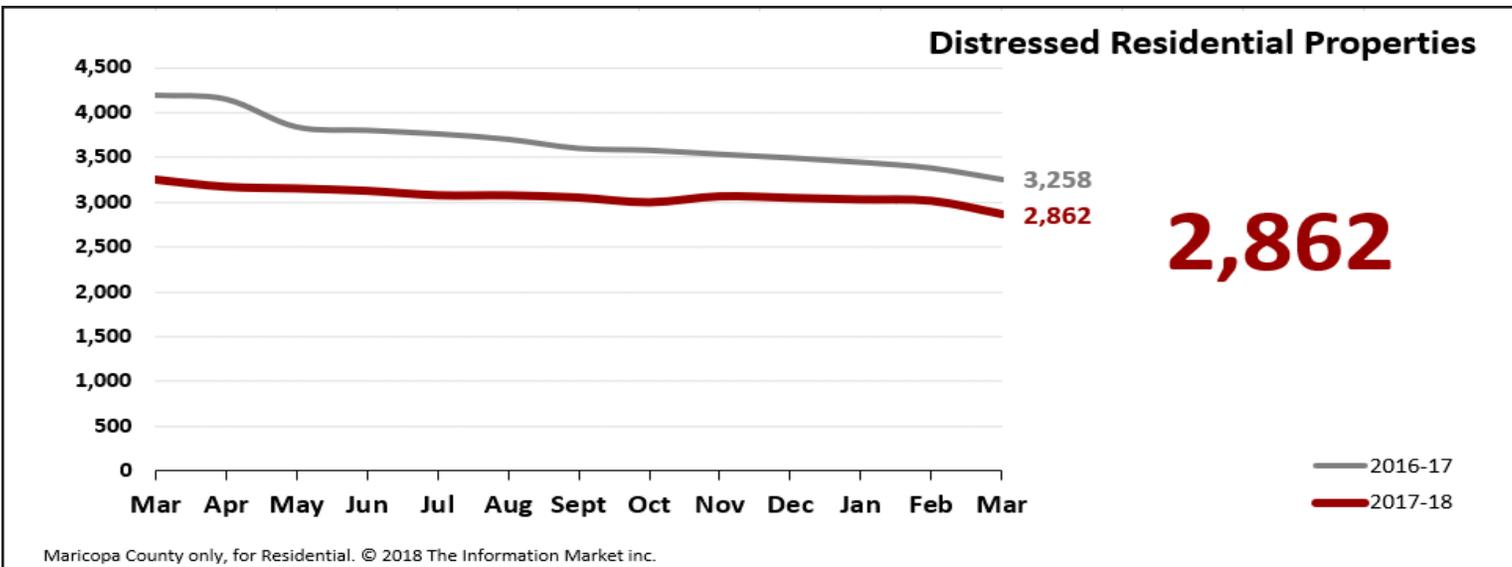


MLS sales prices for closed listings with a close of escrow date from 3/1/2018 to 3/31/2018, 0 day DOM sales removed



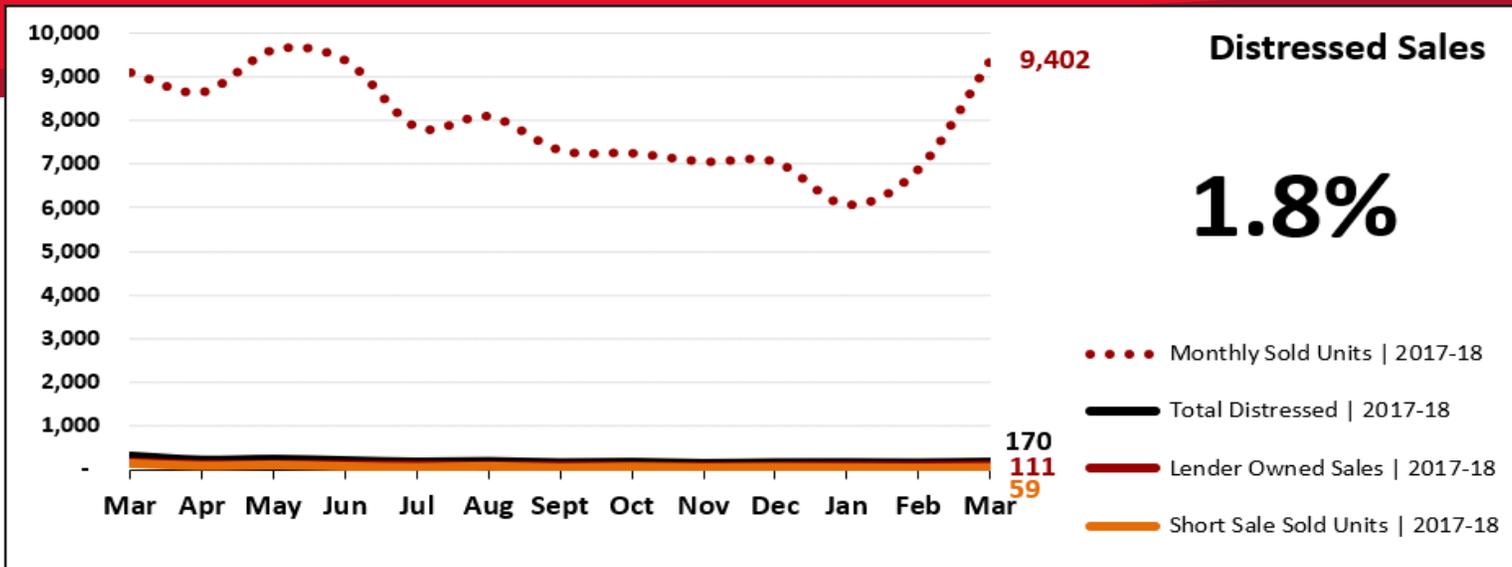
A slight decrease is forecasted for average sales price while March is predicted to have a decrease in median sales price.

ARMLS proprietary predictive model forecast, 0 day DOM sales removed



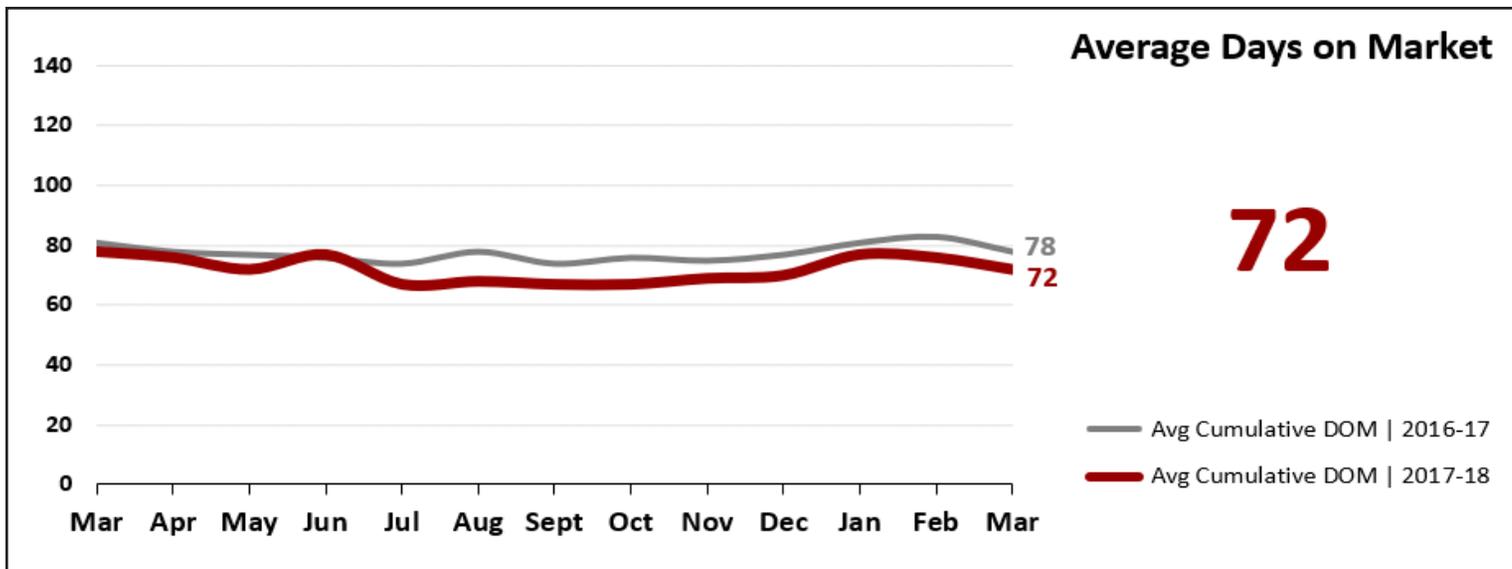
Foreclosures pending month-over-month showed a decrease of -5.0% while the year-over-year figure was down -12.2%.

Snapshot of public records data on 3/31/2018 active residential notices and residential REO properties. Note: this graph was adjusted as total foreclosure counts were under reported for the last 14 months.



Distressed sales accounted for 1.8% of total sales, down from the previous month of 2.2%. Short sales dropped -54.6% year-over-year. Lender owned sales dropped -37.3% year-over-year.

New MLS listings that were active for at least one day from 3/1/2018 to 3/31/2018, 0 day DOM sales removed



Days on market were down -6 days year-over-year while month-over-month decreased by -4.

MLS sales prices for closed listings with a close of escrow date from 3/1/2018 to 3/31/2018, 0 day DOM sales removed

NAR's progressive action to redesign its 45-year-old logo has inspired me to take an equally daring step in the redesign of our STAT commentary. I've decided to shake things up and instead of ending my commentary with the Pending Price Index, I'm going to put it out front. I'm certain you'll love this bold new approach.

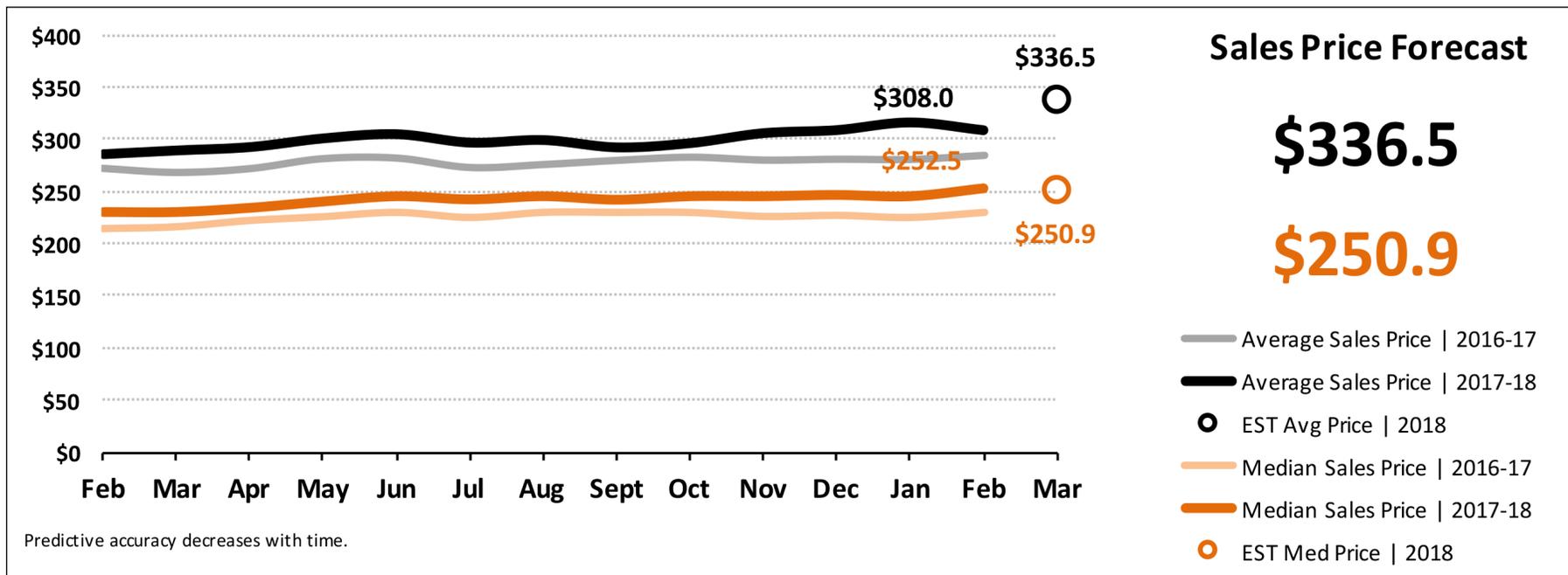
### **The ARMLS Pending Price Index (PPI)**

In the previous issue of STAT, we projected a median sales price for March of \$250,900. The actual median sales price was \$254,000. Our sales volume projection for March was 9,130 with actual sales coming in at 9,402. Looking ahead to April, the ARMLS Pending Price Index anticipates the median sales price will be \$252,500. It should be noted that through the first three months of 2018, we underestimated both median price and sales volume. Our market has been hotter than our mathematical models anticipated. I suspect our forecasted median will again undershoot the reported median in April. A median price of \$255,000 or slightly higher seems reasonable.

Sales volume for the first three months of 2018 was 4.25% higher than 2017, with 22,395 sales in 2018 compared to 21,483 in 2017. We begin April with 7,261 pending contracts, 4,487 UCB listings and 571 CCBS giving us a total of 12,319 residential listings practically under contract. This compares to 12,789 of the same type of listings one year ago. ARMLS reported 8,666 sales in April of 2017. With one more business day this year than last, I expect 2018 volume to be higher. We have 21 business days this year compared to 20 last year. Our best guess for April is that sales volume will be in the 9,000 range.

Last month we projected the average sales price for March to be \$336,500. This was clearly a mistake in our programmed algorithm due to an error that we have since identified and fixed.

### Sales Price Forecast from February STAT



The average sales prices for the last 18 years are listed below. We project the average sales price in April to be \$319,900, a much more reasonable number than the March forecast.

## Average Sales Price for the Past 10 Years

Year	January ▼	February ▼	March ▼
2001	171,900	169,700	175,900
2002	184,100	170,200	177,200
2003	184,200	185,700	188,700
2004	206,100	204,000	212,500
2005	255,500	249,100	271,300
2006	336,900	334,000	330,600
2007	342,400	332,900	345,900
2008	313,400	293,100	293,300
2009	180,328	172,363	159,080
2010	175,710	173,870	178,186
2011	156,978	155,605	157,798
2012	167,476	166,626	188,849
2013	208,401	216,950	223,577
2014	242,728	242,397	252,158
2015	254,985	250,598	256,496
2016	270,154	271,884	267,747
2017	281,209	285,429	288,850
2018	315,334	308,033	316,365

## First Quarter Recap

In an industry where an individual agent's income is commissioned based, but taboo to discuss, the total sales dollar volume for any given period is our best "measurement" for determining the cumulative financial success of ARMLS subscribers. With the positive March report, the total dollar sales volume for the first quarter of 2018 was the highest on record. If you liked the 2017 reported sales of \$6,138,024,003, you'll love the 2018 volume of \$7,021,141,181. In the first quarter of this year we saw a 14.39% increase in total dollar volume. While STAT is reporting a March volume just slightly below \$3 billion, Michael Orr of the Cromford Report reported residential sales through ARMLS exceeding \$3 billion. Orr further reports it was only the third time a single month had exceeded \$3 billion in home sales. The two previous months were nearly 13 years ago in June and August of 2005. The difference between STAT and Cromford's calculations is not one involving math but is reflective of the time at which the measurements were taken. Whether slightly above or slightly below \$3 billion, March was a very good month for our subscribers. If you have followed my commentary for a period of years, you'll know that I see March as a bellwether month. If my axiom holds true, 2018 is going to be another great year for the real estate community.

## Total Dollar Sales Volume by Year as Reported by ARMLS

Avg x Total					
Year	January	February	March	Total:	Rank:
2001	636,030,000	782,147,300	1,003,333,600	2,421,510,900	18
2002	739,345,600	749,390,600	1,015,710,400	2,504,446,600	17
2003	876,792,000	1,020,050,100	1,235,041,500	3,131,883,600	15
2004	1,054,819,800	1,263,984,000	1,858,100,000	4,176,903,800	10
2005	1,694,476,000	1,938,247,100	2,709,473,100	6,342,196,200	2
2006	1,774,115,400	1,976,612,000	2,478,508,200	6,229,235,600	3
2007	1,502,793,600	1,650,518,200	2,071,941,000	5,225,252,800	5
2008	912,620,800	1,010,608,800	1,259,136,900	3,182,366,500	14
2009	855,115,376	944,032,151	1,214,734,880	3,013,882,407	16
2010	1,017,185,190	1,146,498,780	1,598,150,234	3,761,834,204	12
2011	1,026,793,098	1,113,664,985	1,567,407,534	3,707,865,617	13
2012	1,081,057,580	1,207,871,874	1,674,524,083	3,963,453,537	11
2013	1,214,561,028	1,438,378,500	1,819,022,472	4,471,962,000	8
2014	1,164,366,216	1,326,881,178	1,691,980,180	4,183,227,574	9
2015	1,219,848,240	1,501,082,020	2,026,318,400	4,747,248,660	7
2016	1,386,160,174	1,554,632,712	2,252,287,764	5,193,080,650	6
2017	1,668,131,788	1,836,735,615	2,633,156,600	6,138,024,003	4
2018	1,917,861,388	2,128,816,063	2,974,463,730	7,021,141,181	1

## **Is the Median Resale Home Price in Maricopa County Setting a New Standard?**

When we turn to public records data we see the all-time high median sale price for resale homes in Maricopa County occurred in May 2006 at \$253,418. In the following spreadsheet, we display sales volume by month/year, the median sales price for the first quarter, the median sales price and the median for the third quarter and the year-over-year percentage change for these prices. I will not go as far as saying we are back to peak prices, there are just too many other variables to consider. However, when the April sales are publicly recorded, we'll most likely see the highest resale home median sales price ever reported. The highest median sales price ever reported by ARMLS occurred in June of 2006 when the median sales price topped at \$264,800. ARMLS numbers include properties that sold on the MLS in both Maricopa and Pinal counties, as well as some newly built homes.

## Maricopa County Public Records Sales Data

All Date	Resale Median						
	Resale Count	Low Qtr	Low Qtr Prev YearΔ	Middle	Middle Prev YearΔ	High Qtr	High Qtr Prev YearΔ
199903	6,410	\$ 82,500	0.00%	\$ 112,900	0.00%	\$ 157,000	0.00%
200003	6,652	\$ 89,000	7.88%	\$ 120,950	7.13%	\$ 172,000	9.55%
200103	6,719	\$ 98,000	10.11%	\$ 129,000	6.66%	\$ 177,000	2.91%
200203	6,789	\$ 102,000	4.08%	\$ 131,000	1.55%	\$ 185,000	4.52%
200303	7,090	\$ 112,000	9.80%	\$ 144,650	10.42%	\$ 205,000	10.81%
200403	9,429	\$ 119,500	6.70%	\$ 155,000	7.16%	\$ 228,500	11.46%
200503	13,427	\$ 149,000	24.69%	\$ 200,000	29.03%	\$ 296,000	29.54%
200603	9,481	\$ 190,000	27.52%	\$ 250,000	25.00%	\$ 350,000	18.24%
200703	6,653	\$ 198,000	4.21%	\$ 250,000	0.00%	\$ 355,000	1.43%
200803	4,102	\$ 167,700	-15.30%	\$ 220,000	-12.00%	\$ 320,000	-9.86%
200903	6,899	\$ 65,000	-61.24%	\$ 120,000	-45.45%	\$ 195,000	-39.06%
201003	8,026	\$ 82,000	26.15%	\$ 132,000	10.00%	\$ 210,000	7.69%
201103	8,774	\$ 69,000	-15.85%	\$ 115,000	-12.88%	\$ 192,500	-8.33%
201203	8,275	\$ 81,000	17.39%	\$ 131,000	13.91%	\$ 211,000	9.61%
201303	7,764	\$ 117,000	44.44%	\$ 170,000	29.77%	\$ 263,000	24.64%
201403	6,575	\$ 132,703	13.42%	\$ 189,500	11.47%	\$ 279,900	6.43%
201503	7,762	\$ 142,000	7.01%	\$ 200,000	5.54%	\$ 295,000	5.39%
201603	8,412	\$ 160,000	12.68%	\$ 217,000	8.50%	\$ 305,000	3.39%
201703	9,412	\$ 174,950	9.34%	\$ 230,000	5.99%	\$ 325,000	6.56%
201803	9,739	\$ 190,000	8.60%	\$ 252,000	9.57%	\$ 345,500	6.31%

## A Follow Up on Cerberus

Last month in STAT we briefly discussed Cerberus, a new institutional investor securing single family homes with the intent to rent. In February they purchased 223 homes in Maricopa County, followed by 263 in March. Most of their purchases have been in Phoenix, Glendale and Tempe. It appears they want to be near the center of the Valley. In his April 5th daily observation, Michael Orr made a note-worthy observation.

Price Range	Active SFD (not UCB or CCBS)	Annual Sales Rate	Days of Inventory	Normal Days of Inventory	Worst Affected
Up to \$100K	64	466	50	76	
\$100K - \$125K	38	641	22	81	
\$125K - \$150K	87	2,102	15	79	Yes
\$150K - \$175K	184	5,305	13	78	Yes
\$175K - \$200K	547	9,476	21	81	Yes
\$200K - \$225K	642	8,142	29	103	
\$225K - \$250K	934	9,048	38	113	
\$250K - \$275K	713	6,773	38	116	
\$275K - \$300K	844	6,570	47	128	

*Anything single-detached below \$275K is now extremely hard to find, and remember the above numbers are for the whole of Greater Phoenix. In the more central areas the supply is negligible.”*

\*footnote: Early reports for Cerberus’s April purchases show a dramatic drop off from the February and March numbers. Through April 12th only 19 purchases have been recorded.

## **Conclusion**

Since I announced the evolution of STAT and the new PPI placement earlier in this commentary, I have received a diversity of opinions that ranged from “this is great” to “something is really really really wrong with you”. I can’t tell you how much I appreciate your input. Although the issues that drove me to reevaluate where PPI appears in the commentary will always exist, I may have been hasty in implementing the change. Next month, PPI will return to its historical placement. Having been freed from design evolution, I can now spend more time coming up with actual thought provoking commentary. I might even go as far as contemplating the impact of Zillow, the new iBuyer coming to our market.