

MAY 2016

Real Estate Update



JEFF GERBER

ABR®, GRI®, SRES®, REALTOR®

Hello Everyone,

Happy May! The run for the Roses (man, I miss those great Derby Day parties Susan used to hold.); "The Brickyard" and ice cold milk to celebrate; making plans for what hopefully will be a fun filled summer! Here's hoping May brings great things, maybe even a new house, your way!

As busy as I have been this year, I've not been responsible for helping the 85297 (Gilbert Power Ranch area) zip code earn the REALTOR.com "Boom Town" award as the fastest growing Zip Code. Congrats Gilbert! Freddie Mac is predicting 2016 to be "Housings Golden Year"! They suggest that the combination of continuing low mortgage interest rates, continuing job growth and the increasing supply of available houses should result in 2016 being the best year for real estate since 2006. They predict home values to increase about 4.*% this year, even after 2015's 6% price increase. Our local Guru, Michael Orr's take on the market earlier this week was also upbeat. Despite a slow start to real estate activity in 2016 is good, especially in the market segment below \$250,000. Even in that price range, activity is spotty. Area supply seems to be a deciding factor on how well an area performs. This is especially noticeable in the \$250,000 to \$500,000 range. The level of available homes for sale is better for Buyers than it is in the lower priced segments, That will hold price appreciation n check. Buyers become increasingly selective when there is a reasonable supply. As one would expect, the well priced, nice Listings go quickly. The not as nice (to the eye and especially overpriced for the market) risk being left behind. Supply is up, but the number of Buyers is (at best) flat in the \$500,000+ market. New home sales/closings were up significantly, but the trend for whether that will continue is still a bit uncertain. Meanwhile, rental rates continue to rise, so there is a likelihood that some current renters may opt to rethink home ownership (and the equity) versus giving away rent \$'s.

Congratulations to The Bhullar's from Edmonton on the successful sale of an investment property in N Phoenix/Scottsdale in April. The ROI sure beat a Bank or even the Stock Market. We're still working hard to find the 'right' Tempe/Chandler area property fro Todd and his family. It's a very competitive market and finding 'nice' properties require lots of patience mixed with short bursts of panic. I'm glad we're able to keep the frustration level fairly low. It's kind of the same story for Julie as we work to find the right northeast Mesa property. It's a bit more stress for her as she readies her current NE Mesa home for the market. I look forward to helping her find the right Buyer and also finding that somewhat elusive right home to buy. I appreciate the opportunity to be talking to Diane of Mesa about listing her Mesa home as she 'right sizes' to match her lifestyle. If you know anyone who is thinking about buying or selling a Phoenix area home, I sure would appreciate if you would refer them to me. I promise that they will receive the best possible, personal and professional service through the buy/sell process.

Regards,

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March 2016

Arizona Regional MLS

New Listings **10,669**

↑ 5.7% from Feb 2016: **10,096**

↑ 7.4% from Mar 2015: **9,933**

YTD	2016	2015	+/-
	31,048	28,833	7.7%

5-year Mar average: **9,832**

New Contracts **10,584**

↑ 12.8% from Feb 2016: **9,382**

↓ -0.6% from Mar 2015: **10,650**

YTD	2016	2015	+/-
	28,351	27,869	1.7%

5-year Mar average: **10,604**

Closed Sales **8,395**

↑ 47.4% from Feb 2016: **5,696**

↑ 8.4% from Mar 2015: **7,748**

YTD	2016	2015	+/-
	19,252	18,144	6.1%

5-year Mar average: **7,912**

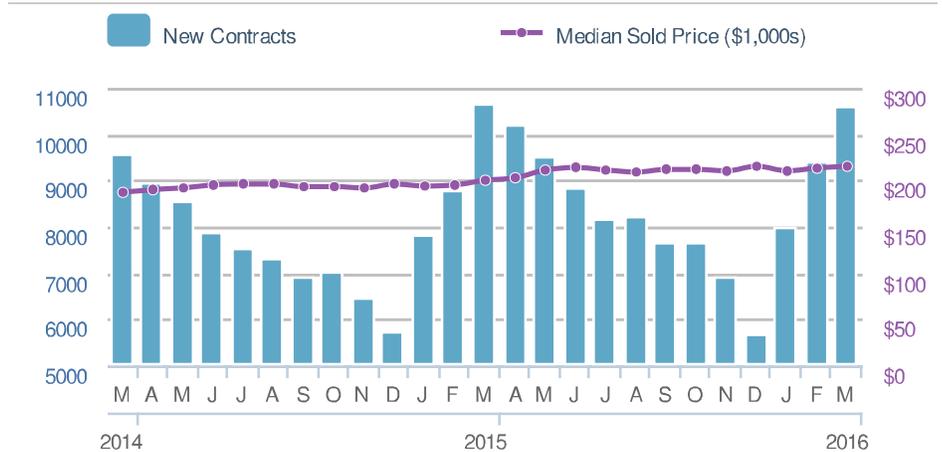
Median Sold Price **\$215,000**

↑ 0.9% from Feb 2016: **\$213,000**

↑ 7.5% from Mar 2015: **\$200,000**

YTD	2016	2015	+/-
	\$214,900	\$198,000	8.5%

5-year Mar average: **\$180,040**



Active Listings **21,005**

Min 12,895 | Max 25,042

5-year Mar average: **18,982**

Feb 2016	Mar 2015	YTD
21,176	20,825	80

Avg DOM **79**

Min 73 | Max 92

5-year Mar average: **83**

Feb 2016	Mar 2015	YTD
82	92	80

Avg Sold to OLP Ratio **96.0%**

Min 94.5% | Max 96.8%

5-year Mar average: **95.6%**

Feb 2016	Mar 2015	YTD
95.8%	95.4%	95.9%



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Between FRIENDS

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

Thinking of selling your home? Adding a Home Warranty Plan to your transaction may result in a faster sale at a more advantageous price. A home warranty provides budget protection from the high cost to repair or replace covered home systems and appliances—helping to reduce your risk of after-sale disputes and offering optimal peace of mind to buyers and sellers alike.

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Do you have a friend in need? I live and breathe real estate, so let me lend my expertise to guide your family, friends, and colleagues through their next transaction.



Health & Safety Essential Fatty Acids



Fat isn't always such a bad thing! Studies have found that Omega-3 and Omega-6 fatty acids may reduce your risk of coronary disease and certain types of cancer. They may also help with skin inflammation, ADHD, and depression.

Omega-3s are mostly found in fish, but beware! Certain fish that are high in Omega-3s (e.g., king mackerel, wild swordfish, and shark) may also contain high levels of mercury. According to *WebMD*, wild salmon and wild trout are high-Omega-3 fish that often contain less mercury. Omega-3s are also found in certain plant and nut oils, and Omega-6s can be found in palm, soybean, and sunflower oils.

Fatty acid supplements have benefited many people, but the *Mayo Clinic* recommends consulting your doctor before popping those pills—especially if you're diabetic or you're taking a Nonsteroidal anti-inflammatory drug (NSAID). High doses may result in increased bleeding, higher levels of "bad" cholesterol, and problems with blood-sugar regulation.

Helpful Hints

3 Simple Steps to Master Your Task List

You know that knot you feel in the pit of your stomach every time you think of tackling your ever-expanding "to do" list? Well, mastering your list is easier than you might think! Follow these simple steps to take charge of your life.

1. **Capture:** Record all new tasks into a "Capture List," which can be stored on a smartphone, a computer, or a pad of paper. The moment you realize something needs to be done, jot down a quick note... and turn your attention back to whatever it was you were working on.
2. **Review and Transfer:** At least once every day, review your "Capture List," and transfer each item to your "Task List," where you can plan out the necessary steps. Two simple web-based task lists are Toodledo and Asana, and you can access them from your computer or smartphone. Both have an array of sorting features that make organization easy, and they feature videos that explain the fundamentals.
3. **Stay on Top of It:** Keep detailed notes on your in-progress tasks, set follow-up reminders and due dates, and check everything off your list when you're done.

Staying on top of your task list may not be glamorous, but it reduces stress and allows you to focus your energy on the truly important things.



1 Tbsp. vegetable oil
1 lb. boneless, skinless chicken breast halves cut into 1 inch pieces
1 1/4 cups chopped onion (1 medium)
2 cloves garlic
2 15 oz. cans white beans
1 can diced green chilies
1/2 cup chicken broth
1 – 2 Tbsp. diced jalapeños
2 tsp. ground cumin
1/2 tsp. dried oregano
1 1/2 cups shredded Monterey Jack cheese
1/2 cup sour cream

Heat vegetable oil in large saucepan or Dutch oven over medium-high heat, add onion and garlic.

Cook for 3-4 minutes or until onion is translucent.

Add chicken, cumin, and oregano and cook 5-7 minutes, stirring occasionally until chicken is lightly browned.

Stir in beans, chilies, broth, and jalapeños.

Bring to a boil.

Reduce heat to low and cook, stirring occasionally, for 15-20 minutes or until chicken is no longer pink in the center.

Stir in cheese and sour cream.

Cook just until cheese is melted.



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Household Tips 3 Clever Uses for Coca Cola

If you were alive in the 70's, you may remember an ad campaign featuring young, idealistic twenty-somethings singing, "I'd like to buy the world a Coke." Yes, it was a simpler time, when we didn't worry so much about health problems and waistlines. That said, there are many other uses for Coca Cola that might surprise you... even if you refuse to drink the stuff!

Composting: Add a can of Coke to your compost pile each week. The sugar feeds the good bacteria, and the acid helps the organic material decay.

Cleaning Toilet Bowls: Does your toilet bowl have stains you just can't get rid of? Pour a can of Coke directly into the toilet, and let it sit for an hour before scrubbing.

Oven Grates and Baking Sheets: Alas, a bottle of Coke will never bring about the 70's dream of world peace, but its chemicals can dissolve the carbon on oven grates and baking sheets—the gunk that burn marks are made of!

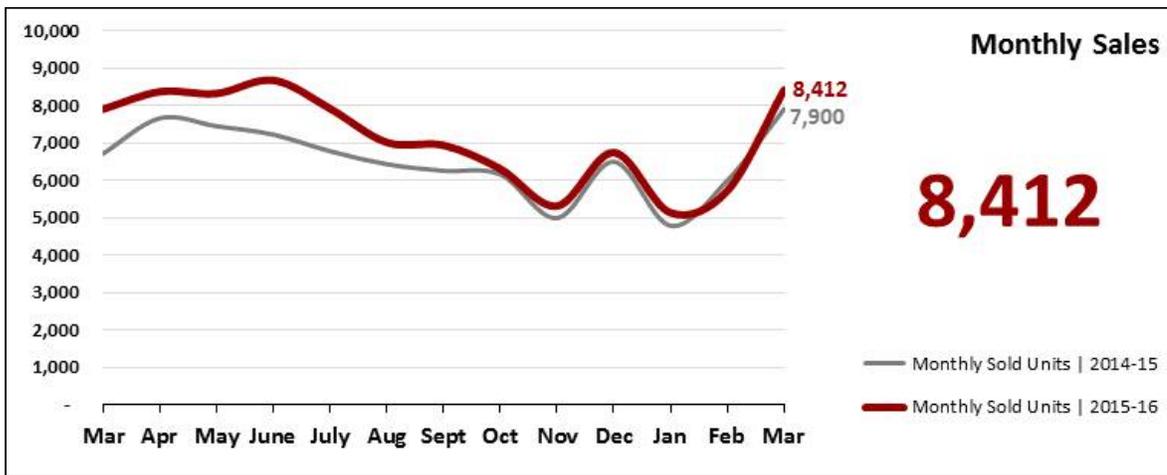




YOUR MONTHLY STATISTICS FOR THE PHOENIX METRO AREA STAT



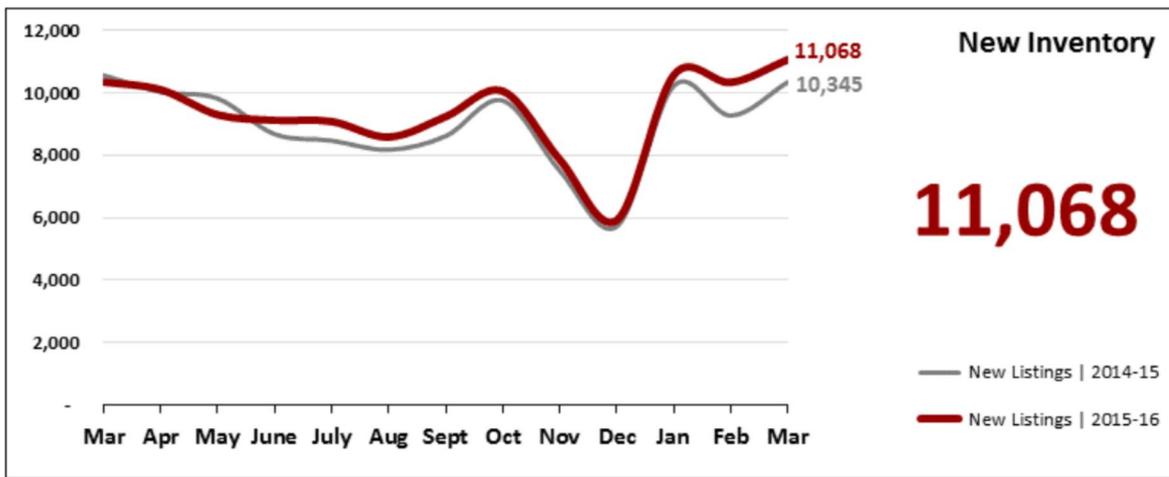
MARCH 2016 - Published April 25, 2016



Monthly sales are up +47.1% month-over-month. The year-over-year comparison shows an increase of +6.5%.

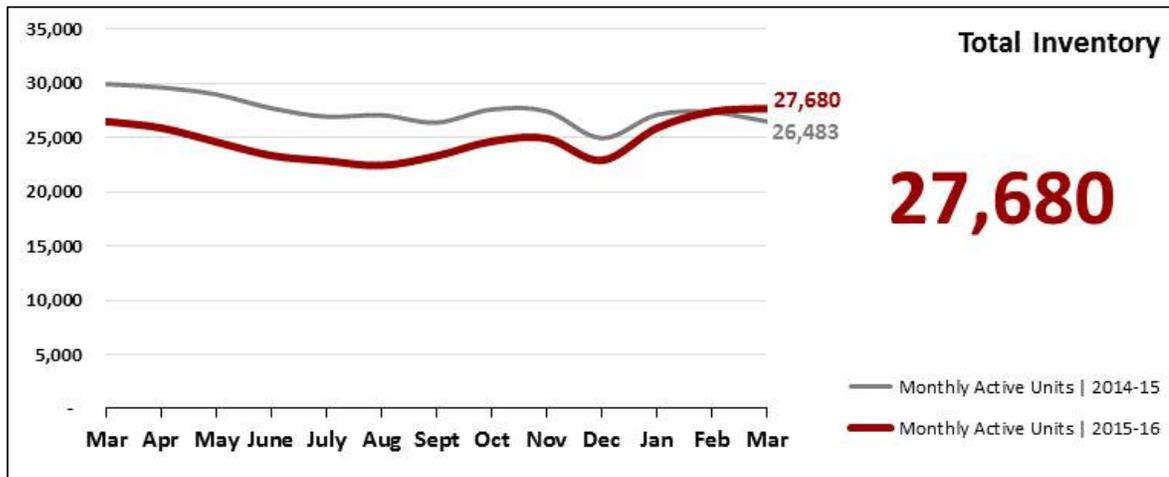
8,412

Closed MLS sales with a close of escrow date from 3/1/2016 to 3/31/2016, 0 day DOM sales removed



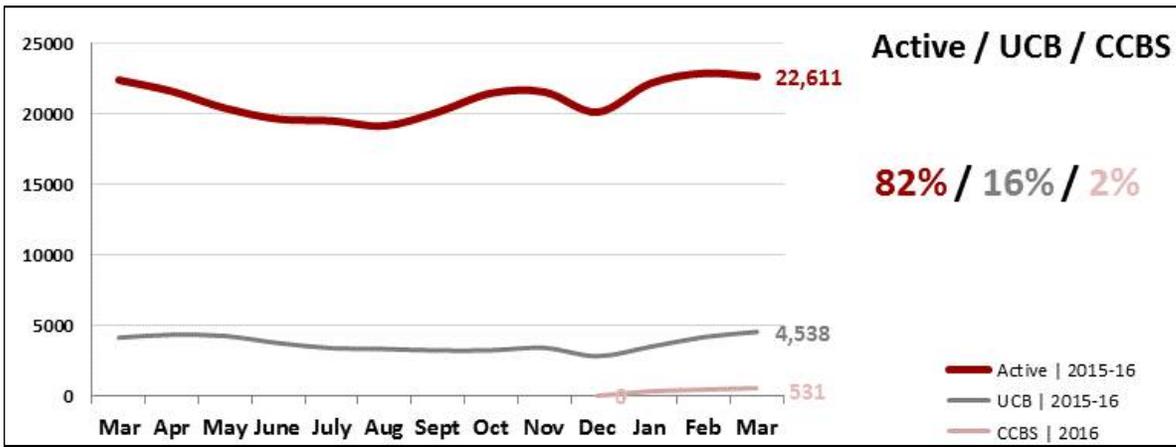
New inventory is up +7.1% month-over-month while the year-over-year comparison shows an increase of +7%.

New MLS listings that were active for at least one day from 3/1/2016 to 3/31/2016, 0 day DOM sales removed



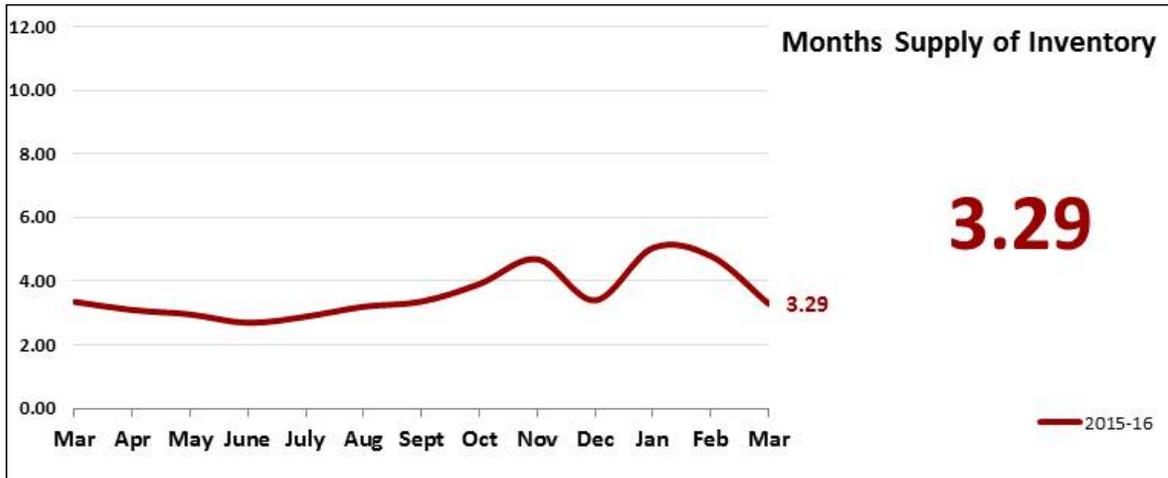
Total inventory has a month-over-month gain of +1% while year-over-year reflects an increase of +4.5%.

Total MLS listings that were active for at least one day from 3/1/2016 to 3/31/2016, 0 day DOM sales removed



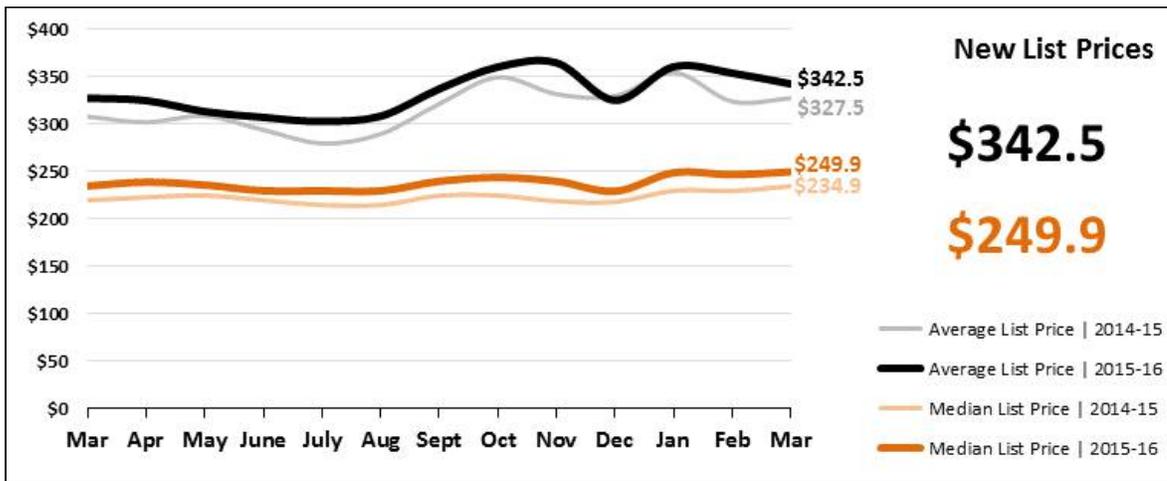
March UCB listings percent of total actives was 16.4% with CCBS listings at 1.9% of total actives.

Snapshot of statuses on 3/31/2016



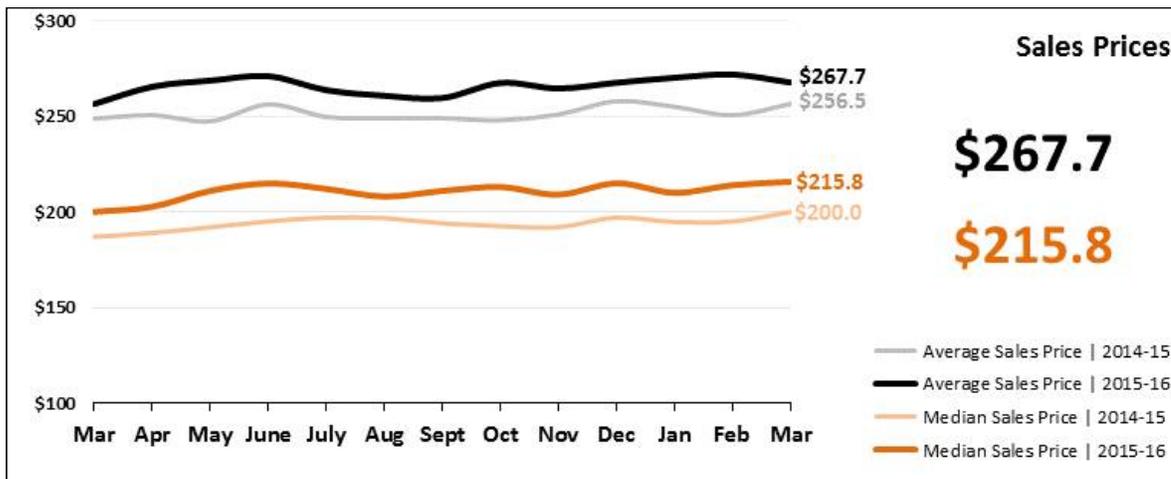
Months supply of inventory for February was 4.79 with March currently at 3.29.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of March 2016, 0 day DOM sales removed



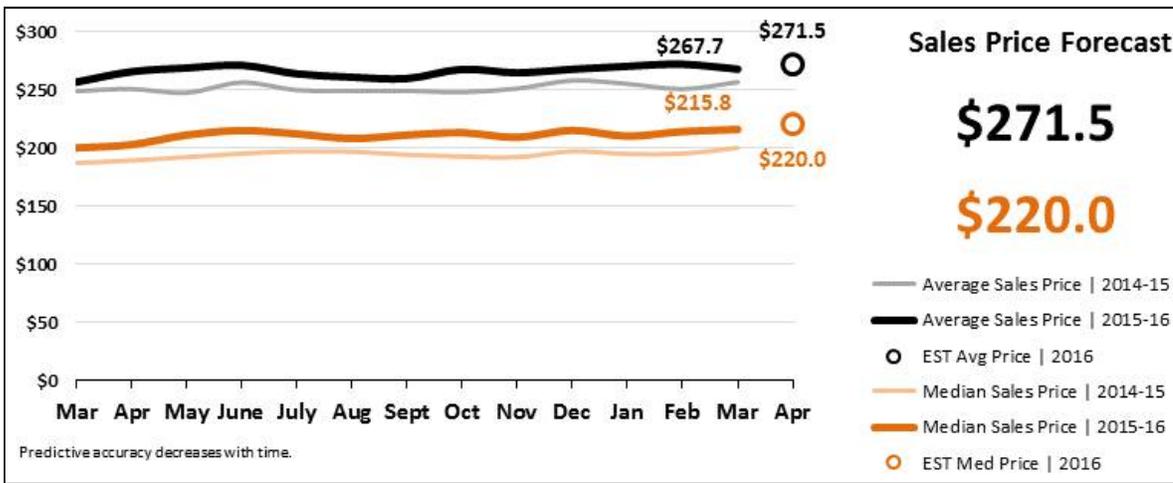
New average list prices are up +4.6% year-over-year average. The year-over-year median is up +6.4%.

List prices of new listings with list dates from 3/1/2016 to 3/31/2016, 0 day DOM sales removed

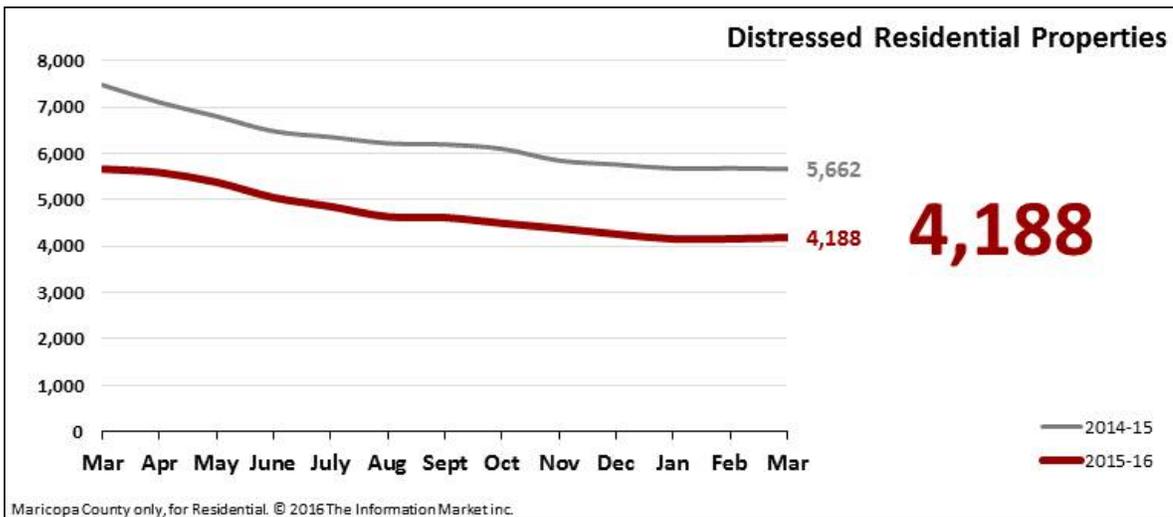


Sales prices are up +4.4% year-over-year on average while the year-over-year median is also up +7.9%.

MLS sales prices for closed listings with a close of escrow date from 3/1/2016 to 3/31/2016, 0 day DOM sales removed

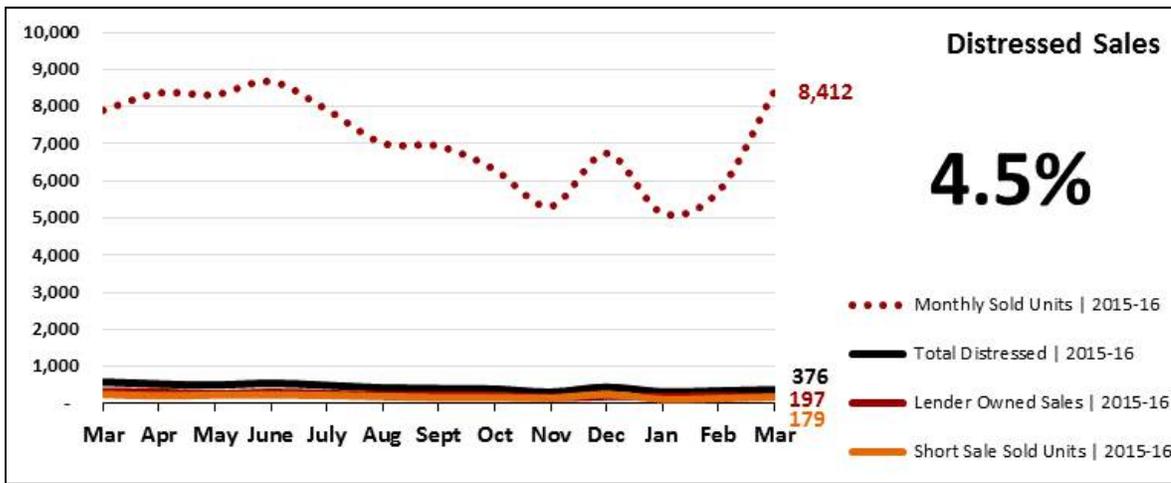


The year-over-year sales price average was up +4.4% with the year-over-year median was +7.9%.



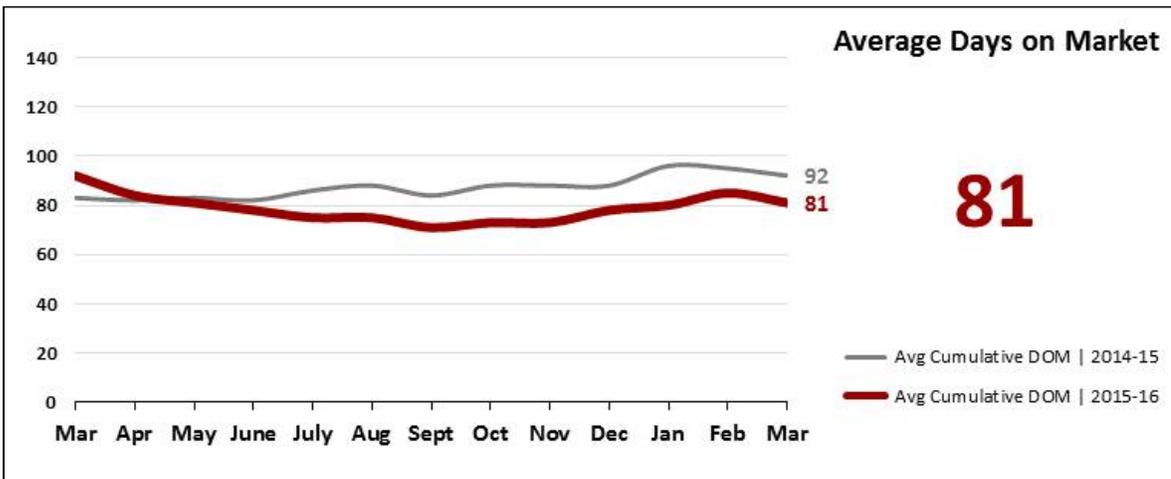
Foreclosures pending month-over-month showed +0.7% while the year-over-year figure was down -26.0%.

Snapshot of public records data on 3/31/2016 active residential notices and residential REO properties



Short sales dropped –9% year-over-year. Lender owned sales dropped –40.3% year-over-year. The total year-over-year changed to –35.4%.

Lender owned sales are MLS sales 3/1/2016 to 3/31/2016 where *Lender Owned/REO, HUD Owned Property* special listing conditions were selected
 Short sales are MLS sales 3/1/2016 to 3/31/2016 where *Short Sale Aprvl Req, Previously Aprved SS or Lender Approved SS* special listing conditions were selected



Days on market fell –11 days year-over-year while month-over-month saw a drop of –4 days.

Average of all closed listings 3/1/2016 to 3/31/2016 where DOM was greater than 0

COMMENTARY

by Tom Ruff of The Information Market

The first quarter officially ended with a sales volume increase of 3.14% over last year. We have averaged nearly 311 sales per day compared to 306 last year so far in 2016, taking into consideration that there were 62 business days in the first quarter of 2016 compared to 61 in 2015. The increase in sales volume was accompanied by annual increases in both the median sales price as well as total inventory. The median sales price saw a 7.87% increase with total inventory numbers up 4.5%. The increase in total inventory broke the pattern of steady declines seen since last year. Even with the increase, total inventory is below normal levels with serious shortages at the lower end of the market.

Our rising but lower than normal inventory levels are best explained by the handsome and articulate Mike Orr of the Cromford Report:

This is deceptive for much of the market because almost all of the missing homes for sale are at the affordable end of the market below \$175,000, where they are missing in huge numbers. The absence of the normal low end supply is not just in homes for sale. Affordable homes for rent are also extremely scarce. Entry level buyers and potential tenants are facing strong rises in price with no sign of relief.

I thought it might be interesting to look at quarterly Maricopa County real estate activity as an average business day. Think of it as a day in the life of the real estate market via public records. I've attempted to group the data by areas of focus. When reviewing the numbers you'll see just how consistent and stable our market has been year-over-year with just a few exceptions. The data is a compilation of Maricopa County public records data enhanced with MLS data. *Side note - all of the data is accessible in Monsoon.*

Foreclosures

Year	Third_party_auction	Reverted_to_bene	Sheriff_s_deeds	Deed_in_lieu
2015	7.8361	9.1148	1.0492	0.0328
2016	7.9516	6.2903	1.0806	0.0968

Avg. per day

Anyone hoping to buy a property on the court house steps has limited opportunity and can expect professional competition as only 8 properties per day are successfully purchased, just over 6 properties per day are returning to the banks.

Bank Sales

Year	Bank_sales	Gse	Hud	Va
2015	7.8852	4.8033	1.5410	0.2295
2016	5.0323	2.6774	0.9677	0.2581

Avg. per day

If no one bids on a property after going to auction it reverts to the beneficiary, in most cases a bank. The bank will then sell the property or deed it to a guaranteeing government entity such as HUD, VA, Freddie Mac or Fannie Mae. GSE stands for a Government Sponsored Enterprise and consists of Fannie/Freddie sales. Simply put, 6 properties per day are returning to the banks via foreclosures and 8 bank sales are occurring for a net reduction in REO inventory of 2 each business day.

Distressed Sales

Year	Active_notices	Short_sale
2015	4.5082	4.9508
2016	4.8065	4.0806

Avg. per day

Active notices refer to homes that were sold while in foreclosure. By definition, a notice of trustee sale had been filed against the homeowner and the property has a scheduled auction date. An active notice gives a home owner additional motivation to sell. Active notices are being used as a lead source by agents for perspective sellers. Most of the properties that have an active notice sell as short sales. The active notice tag just stresses an added urgency to sell. Agents specializing in this arena are selling about 9 homes combined per business day.

Flips

Year	Flips
2015	18.1803
2016	23.2419

Avg. per day

Flips are defined as any home that was purchased and then resold in a 6 month period. There are two basic types of flips, wholesale and retail. The wholesale market takes place primarily between investors and these flips can be identified by a very short period of time between the purchase and sale with smaller mark ups. Most flips are retail and this is where it gets interesting as they tell us quite a bit about our market. Flips are normally purchased at below market prices, renovated and then sold for prices that fall into the upper range of what the market will bear. Flips account for 23 home sales per business day.

Traditional Sales & New Construction

Year	New_construction	Normal_sales
2015	32.7541	218.5500
2016	44.2581	229.9355

Avg. per day

Our market is now dominated by traditional sales. New construction is up approximately 36% year-over-year and is one of the exceptions I mentioned earlier. This is good news for our economy as it means not only an increase in construction jobs but also an increase in business for the trades that market to the buyers of newly built homes.

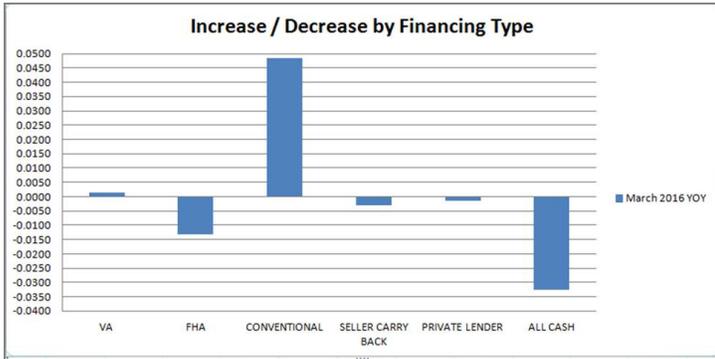
Financing Activity

Year	Va	Fha	Conventional	Seller_carry_back	Private_lender	All_cash
2015	25.5909	87.2273	166.3182	5.1364	5.2273	106.6364
2016	28.1304	88.0870	199.2174	4.3043	4.9565	100.5652

Year	Fhvac^	Loantovalue	Median
2015	CONVENTIONAL	0.8074	0.8000
2016	CONVENTIONAL	0.8139	0.8000
2015	FHA	0.9653	0.9819
2016	FHA	0.9641	0.9819
2015	PRIVATE LENDER	0.7843	
2016	PRIVATE LENDER	0.8089	
2015	SELLER CARRY BACK	0.7870	
2016	SELLER CARRY BACK	0.7843	
2015	VA	0.9945	1.0000
2016	VA	0.9867	1.0000

The two tables above compare year-over-year financing activity by daily averages and the ratio between the mortgage amount displayed on the deed of trust and the sales price reported on the affidavit of value. These tables compare March 2015 data and March 2016 compiled from Maricopa County public records. When we look at the year-over-year percentage change of these we see the second notable change in our housing market, an increase in conventional financing. The tables above and chart on the next page clearly reflect this change. What's the significance of this change? I don't believe it's an

indication of buyers having more cash for down payments, but rather an indication of buyers either trading up or trading down and using the equity in the home they are selling to make their new purchase. This is an emerging trend and definitely good news.



ARMLS Pending Price Index (PPI)

Our last Pending Price Index projected a March median price of \$215,000 with the actual median coming in at \$215,800, off by 0.37%. Sales volume in March as reported by ARMLS was 8,412 which was 412 sales more than our projected volume of 8,000. Looking ahead to April, the ARMLS Pending Price Index projects a median sales price of \$220,000. We begin March with 7,476 pending and 4,538 UCB listings giving us a total of 12,014 residential listings practically under contract. This compares to 11,997 of the same type of listings at this time last year. We expect sales volume in April to be very similar to the numbers last year with an increase in the median sales price. Our projected sales volume for April is 8,400. March was a great month overall as it increased in year-over-year sales volume by 6.5% and the median sales price increased by 7.9% over last year's numbers.

In closing I'd like to share a quotation from Sean Beckett, Chief Economist at Freddie Mac, referring to his outlook for the national housing market in 2016:

Housing markets are poised for their best year in a decade. In our latest forecast, total home sales, housing starts, and house prices will reach their highest levels since 2006. Low mortgage rates, robust job growth and a gradual increase in housing supply will help drive housing markets forward. Low levels of inventory for-sale and for-rent and declining housing affordability will be major challenges, but on balance the nation's housing markets should sustain their momentum from 2015 into 2016 and 2017.