

JUNE 2018

Real Estate Update



JEFF GERBER

ABR®, GRI®, SRES®, REALTOR®

Hello Everyone,

Here comes Summer, ready or not. We've had a warm, but reasonable start to the season here in Phoenix, though it looks like that will change by next week as we might see our first 110-degree day then. I won't complain, though, as I see near record highs (and humidity) in parts of the Midwest and the South and East Coast rains and flooding. Yep, I'll still take Phoenix over most any other part of the country. That said, could you spare a couple of inches of rain for the desert southwest? We sure could use it!

2018 is looking like it is shaping up to be a real estate year that will actually follow 'typical' patterns. The big surge of late winter/early spring Buyers has slowed somewhat. The very limited inventory of homes for sale seems to have risen ever so slightly in the past month. It will be interesting to see if we get that 'between school years' short-lived bump in Buyer activity that we used to see. That activity might not happen due to the very low inventory and relatively high home prices in many of the most desirable school districts that normally drive this surge. It is quite a challenge to find a 'nice' 'reasonable' sized home in the closer in East Valley cities for much under \$300,000. That can happen in the more outlying areas, but the combination of increased drive times and the rising cost of gas have many potential Buyers taking more time to fully commit. Interest rates are generally holding around 5%. 2 statistics I saw recently are worthy of mention. Less than 10% of Phoenix area homes are 'underwater'. Great news! This one surprised me: nearly 20% of 18-36 year olds in the US are still living at home with their parents. As someone living on their own since 17, that really surprised me. I guess my age is showing!

I start the close to this month's newsletter with a big Thank You to Amanda & Mark. We just concluded working together for a third time. The current market conditions made the sale of their Gilbert home an adventure. There was no problem attracting Buyers. Heck, we ended up going under contract 3 times (twice with multiple offers), selling at top of the market for the full Appraisal price. The adventurous parts were in the middle. The trick was getting Buyer/Lender/Appraisal to all come together. In the end, we did it successfully and met their exact target date for closing. Enjoy life next to family in SC, you'll be missed. I know you're happy your net sale wasn't done for nearly 15% less as was offered by one of the 'Direct Home Buyer' companies. Thanks for choosing to put my experience and education to work for you. Thanks to David for continuing to evaluate housing options with me for his family. I'm really pleased to have met Russ this month and look forward to a business relationship that will help him evaluate and eventually act on his desired future housing choice. Know anyone looking to Buy or Sell a home? I will appreciate your referral. Thanks, in advance, for telling a friend about me.

Regards,

JSGerber 5/30/2018

Contact me anytime:
Call direct: 602-330-7272
Email: Jeff@jeffgerberrealtor.com
Fax: 877-824-7272
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

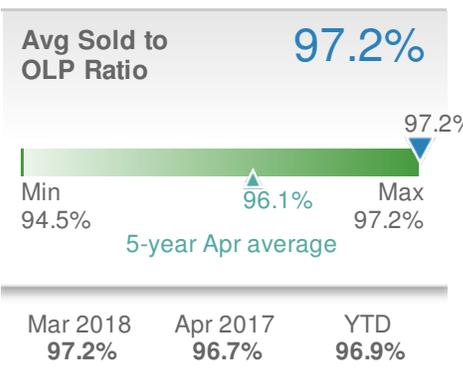
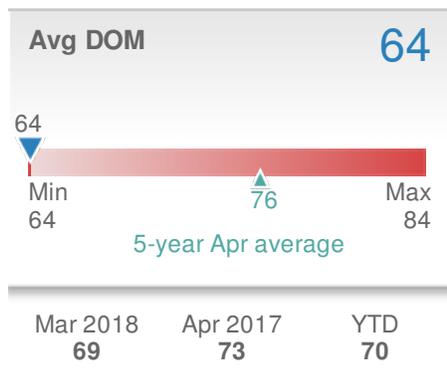
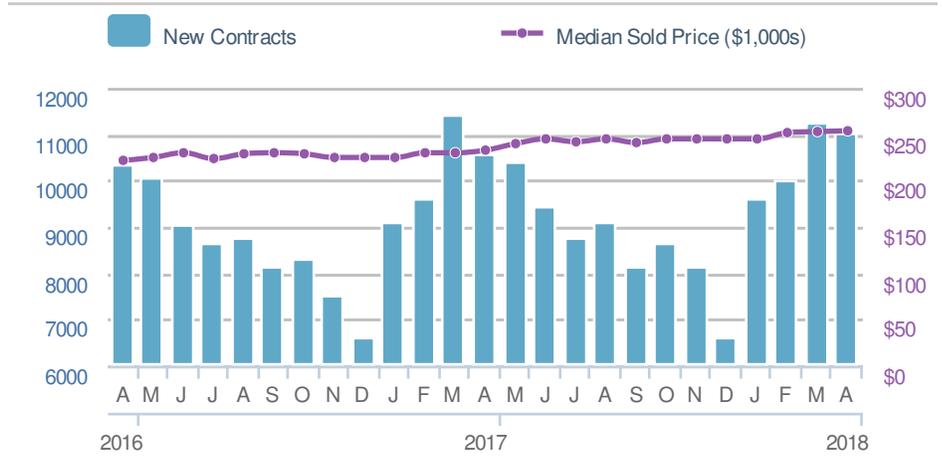
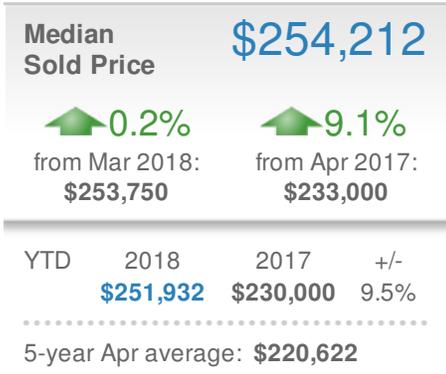
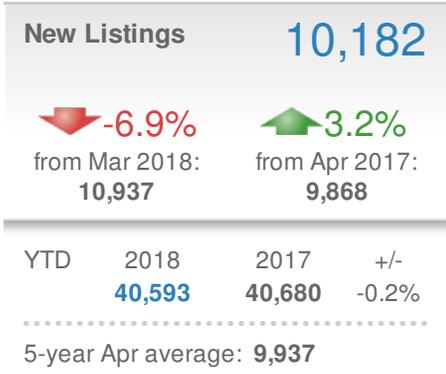


Visit my website at: www.jeffgerberrealtor.com



April 2018

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

Summer's here and the real estate market is hot! If you're considering buying or selling a home, give me a call today.



Don't let a home system or appliance breakdown get you down! Eliminate stress before, during, and after the sale with a Home Warranty Plan that provides coverage for both the home seller and the home buyer.

A Home Warranty Plan is a service contract that protects your major systems and appliances for a specified period of time. Should a failure occur during the term of the Plan, a qualified contractor is dispatched to repair or replace the covered item for a reasonable service call fee. Help is only a phone call away, 24/7, 365 days a year!

Health & Safety

Get Out and Work Out

As summer approaches, take advantage of more daylight and warmer temperatures to get some extra exercise. Below are some fun ways to work out during those sunny days and balmy nights.

- Take a walk together—with friends, as a family, or with your significant other. Add ankle or arm weights for added calorie burn.
- The cooler, early summer mornings can be a peaceful time for reflection while going for a morning power walk, practicing yoga, or getting in a quick bike ride.
- Plant some flowers or vegetables in your garden. For balconies, patios, and other small areas, decorate some inexpensive planters and plant away.
- While at the pool, set aside time for a short water workout. Swim laps, use a kick-board, or do some aquatic exercises.
- Take it inside—into the air-conditioned mall, that is! Some malls offer walk time prior to the mall opening; check with your local mall. See the *Centers for Disease Control's Mall Walking Resource Guide* for more information on starting a program in your city.
- During barbecues and other get-togethers, plan outdoor games in which everyone can take part, like badminton, croquet, and tossing a Frisbee® or Wiffle® ball, to ensure everyone works up a *healthy* appetite!



Real Estate Today

Closing Checklist for Home Sellers

It's happening! Your home sale is underway and all that's left is preparing to close. The following checklist can help you get your home ready for the new buyers.

- Walk through once more for a final clean-up. Check drawers, closets, and other out-of-the-way storage areas for any items left behind.
- Set up mail forwarding with the post office, and begin notifying others of your new address.
- Gather manuals, maintenance schedules, warranties, and other household documents and organize them in one place for the home's new occupants.
- Leave keys, remotes, and garage door openers with your real estate agent.
- Turn off shut-off valves and leave a note for the buyers informing them the valves are off and where they are located.
- Close blinds/curtains, turn off lights, and lock doors.



After closing, ensure utilities were transferred, cancel your homeowner's insurance policy, and file your closing paperwork. Congratulations, you've just sold your home!

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Know anyone buying or selling a home? A qualified real estate professional offers unparalleled value with tips for home staging, aid with financing, and more! Send them my way.



6 cups water

1/2 cup sugar, more or less for desired sweetness

4 medium peaches, sliced

1 1/2 cup raspberries

1 cup freshly squeezed lemon juice

In a small saucepan, combine 1 cup of water and sugar. Bring to a boil and simmer until sugar is dissolved to create a simple syrup.

Add peaches and raspberries, and simmer until raspberries have broken down, about 4-5 minutes. Set aside to cool.

Once cooled, blend peach raspberry mixture in a blender until smooth. Strain through a sieve or cheesecloth to remove any grainy bits.

Combine remaining 5 cups of water, lemon juice, and blended peach raspberry mixture in a large pitcher.

Chill in the refrigerator and serve over ice.



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

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Household Tips **Hardwood Floor Care**

Hardwood flooring is a beautiful addition to any home. Use these handy tips to help keep your floors looking amazing through the years!

Stick to a schedule. Dry mop high-traffic areas daily, vacuum weekly, and clean with a wood floor cleaner once a month. Every three to five years, consider recoating your floors to restore their original look—or pick a different finish to change things up! After 20 years, sand and refinish your hardwood to bring back its luster.

Protect your floors. Liquids can stain the finish of hardwood floors, so wipe up spills immediately. Avoid walking on hardwood floors in heeled shoes, and keep pets' nails trimmed. Take extra care when using hairspray or furniture polish near hardwood. Place rugs in high-traffic areas to reduce wear. Use soft furniture pads to shield your floors from scratches.

Pick the right products. Do not use products with soap, vinegar, citrus, silicon, oil, wax, acrylics, or urethanes to clean your floors. Refrain from scrubbing floors with harsh tools like steel wool, rough sponges, or scouring powders.

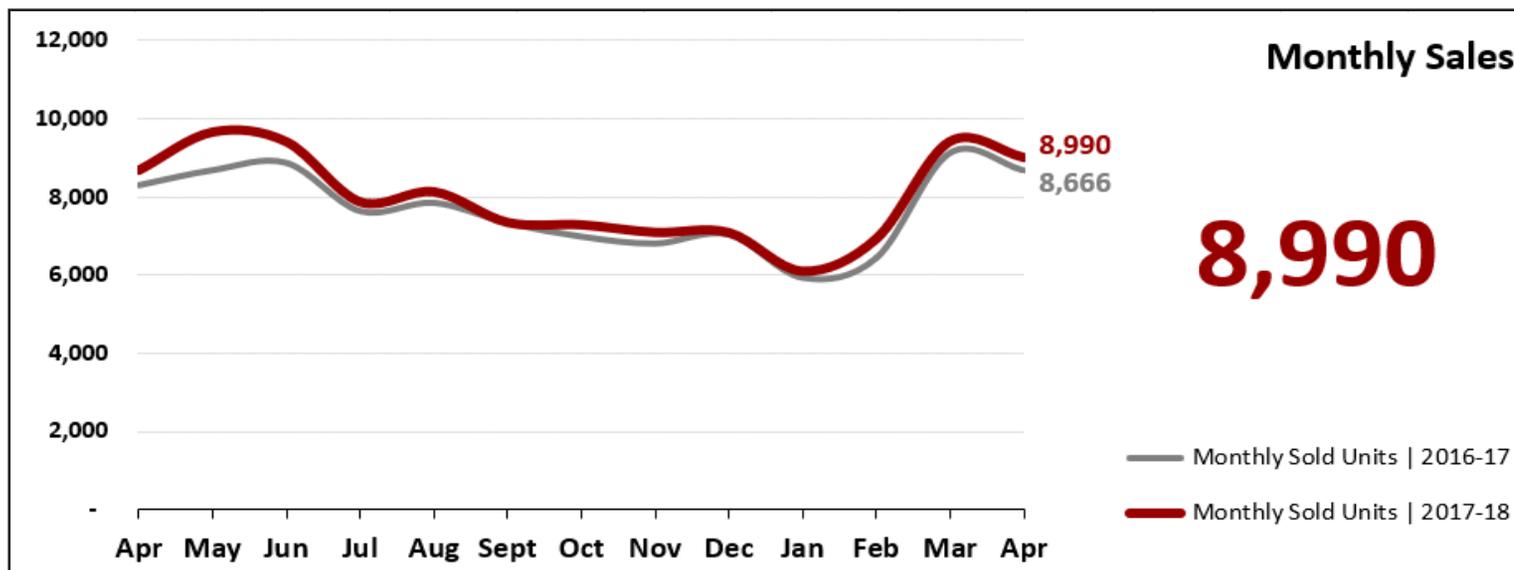




Your Monthly Statistics for the Phoenix Metro Area



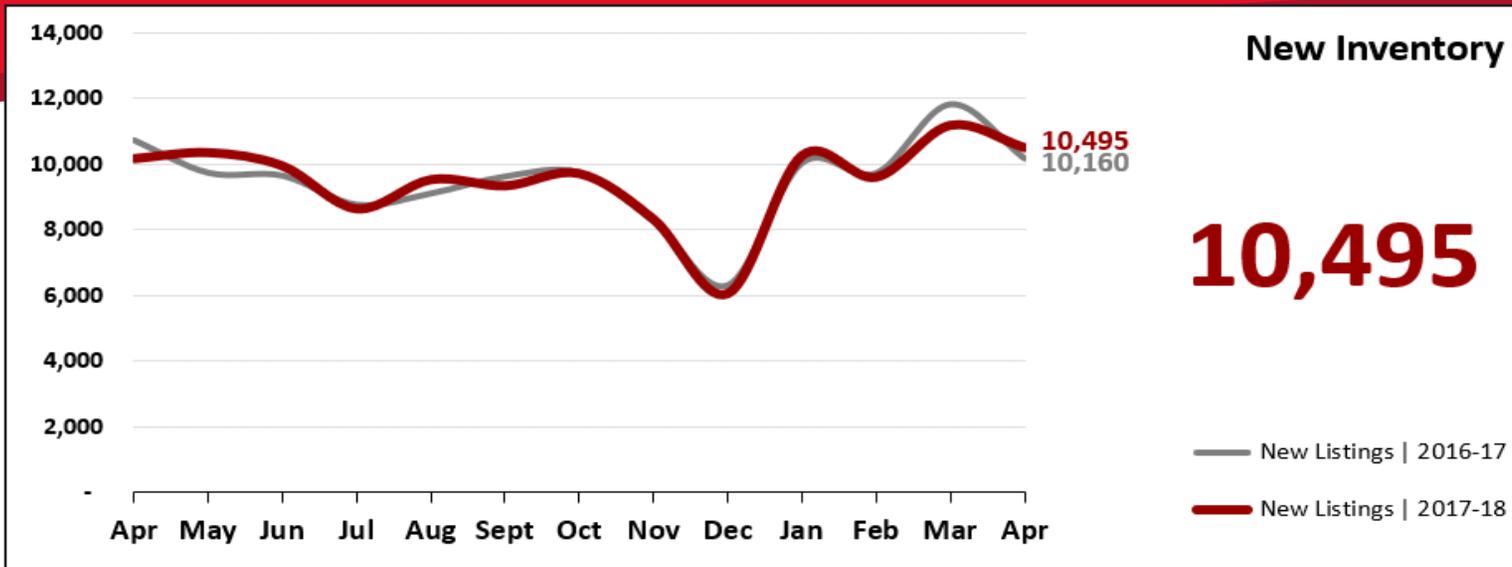
DATA FOR APRIL 2018 - Published May 15, 2018



Sales are down -4.4% month-over-month. The year-over-year comparison is up +3.7%.

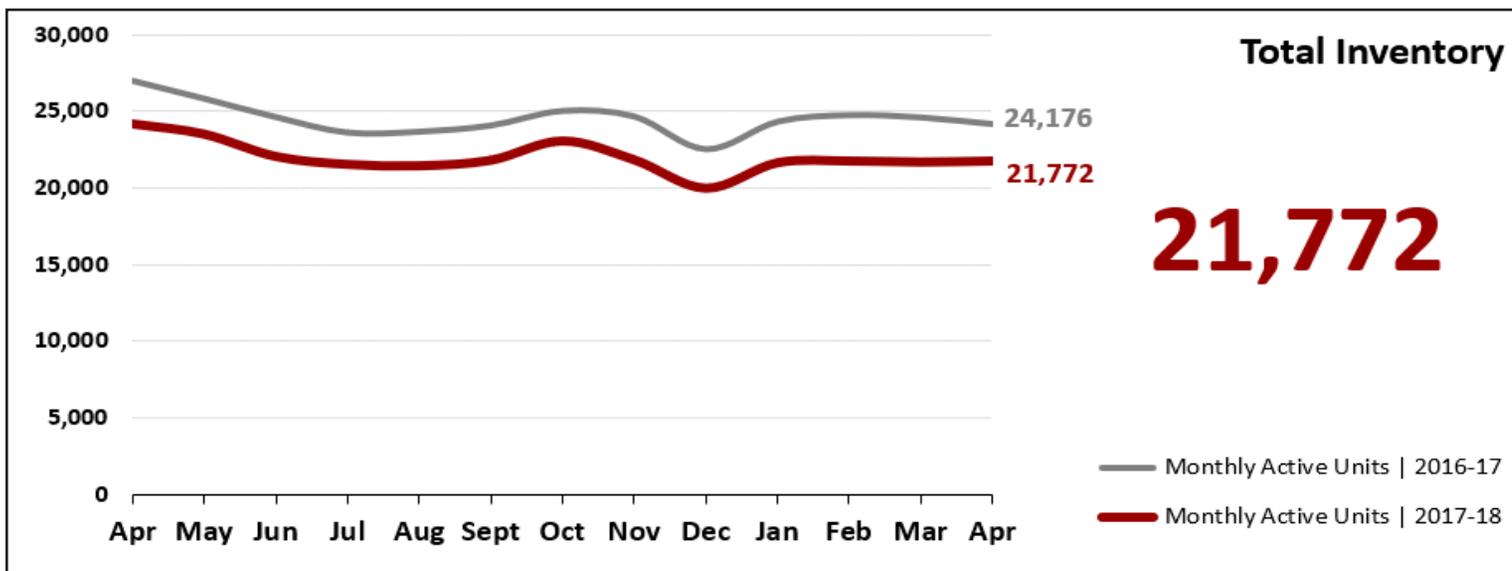
8,990

Closed MLS sales with a close of escrow date from 4/1/2018 to 4/30/2018, 0 day DOM sales removed



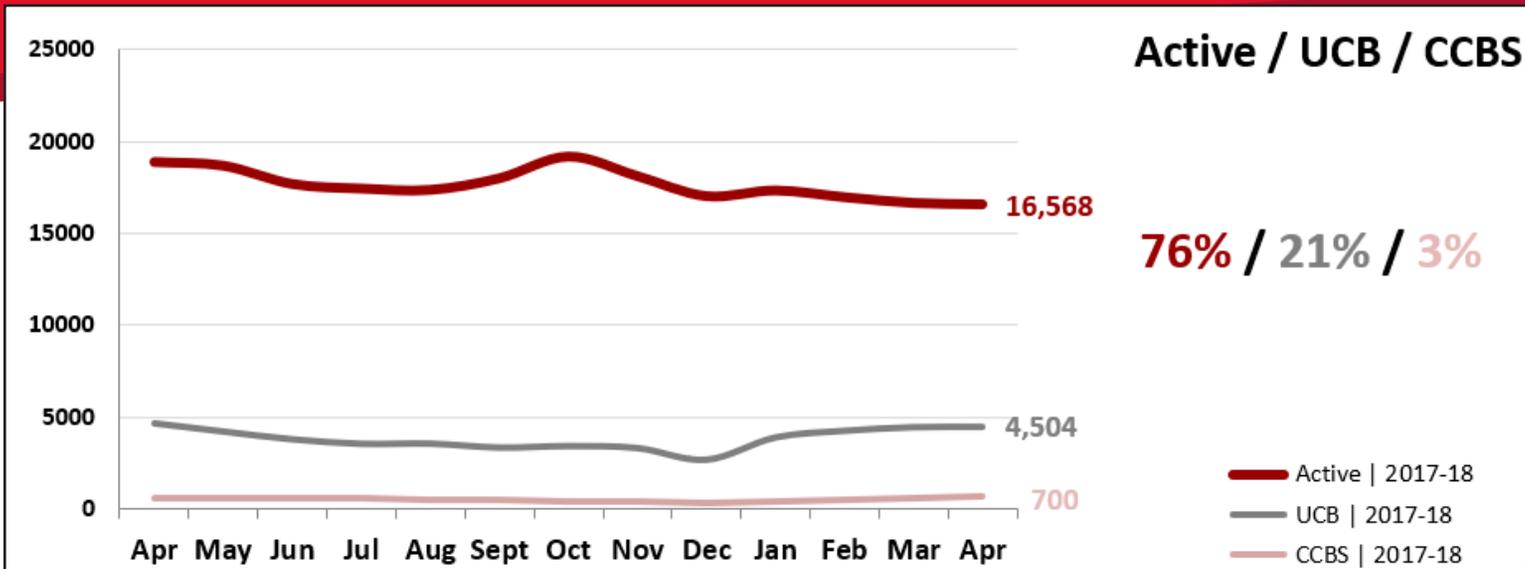
New inventory is down -6.1% month-over-month while the year-over-year comparison shows an increase of +3.3%.

New MLS listings that were active for at least one day from 4/1/2018 to 4/30/2018, 0 day DOM sales removed



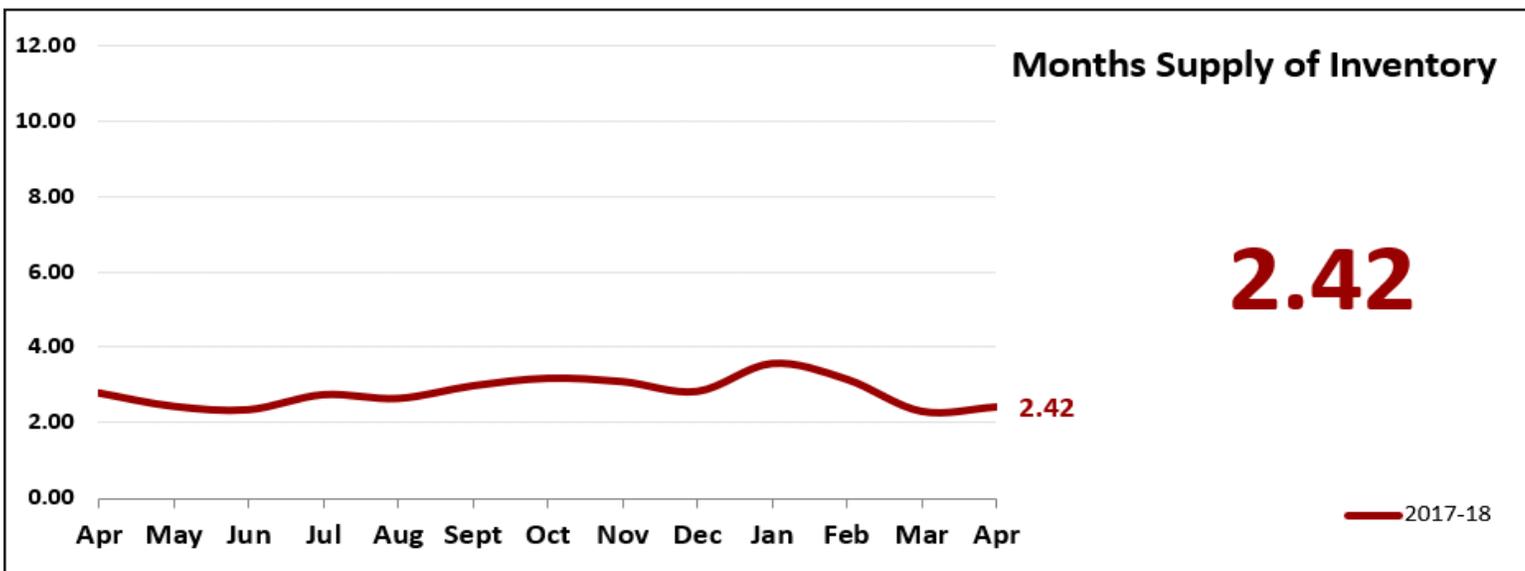
Total inventory has a month-over-month increase of +0.3% while year-over-year reflects a decrease of -9.9%.

Snapshot of statuses on 4/30/2018



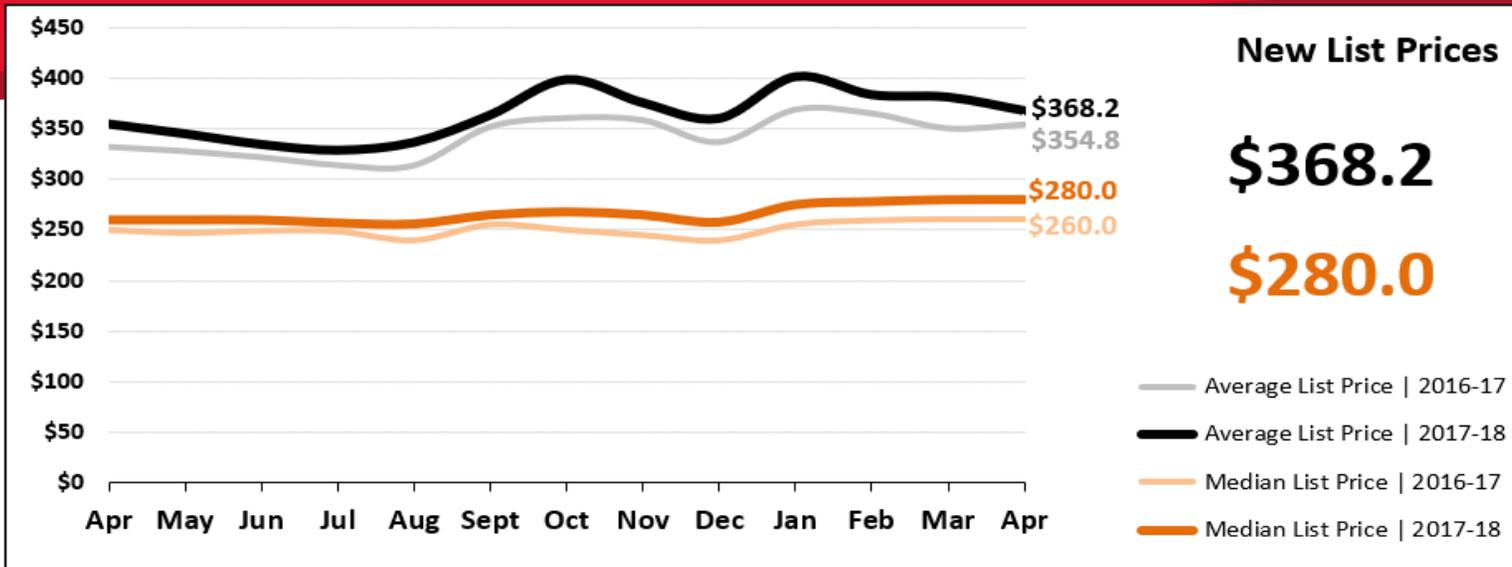
April UCB listings percent of total inventory was 20.7% with April CCBS listings at 2.6% of total inventory.

Snapshot of statuses on 4/30/2018

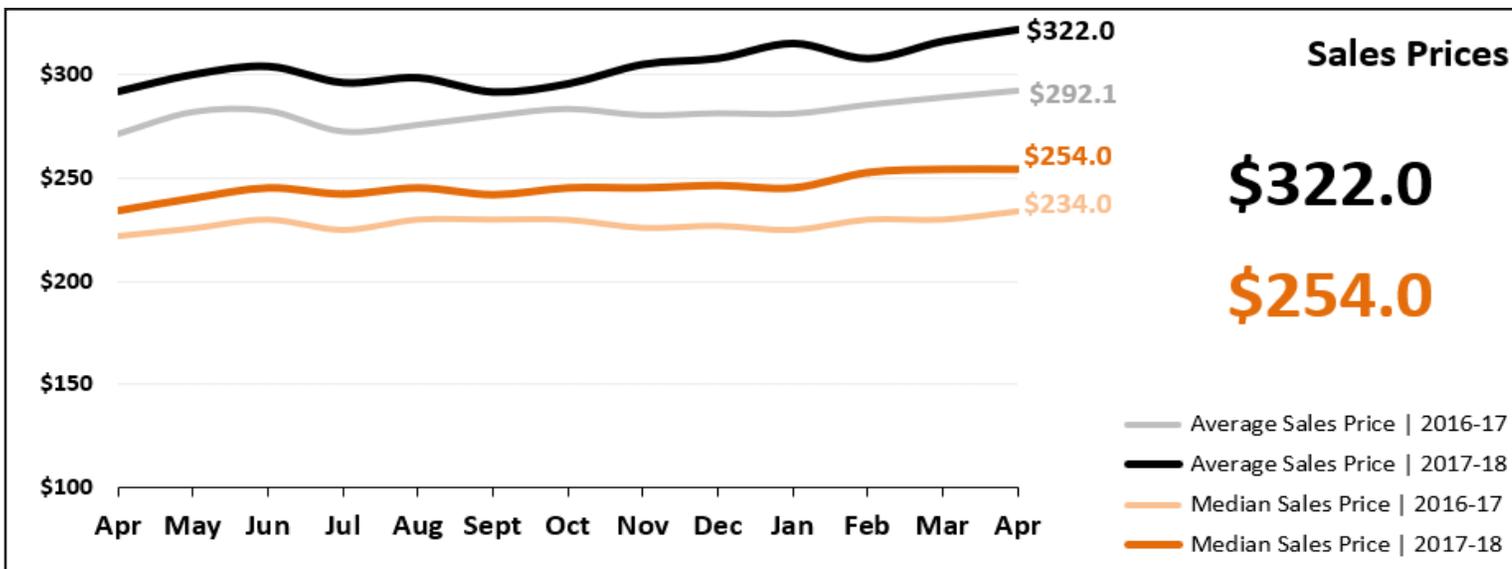


Months supply of inventory for March was 2.31 with April at 2.42.

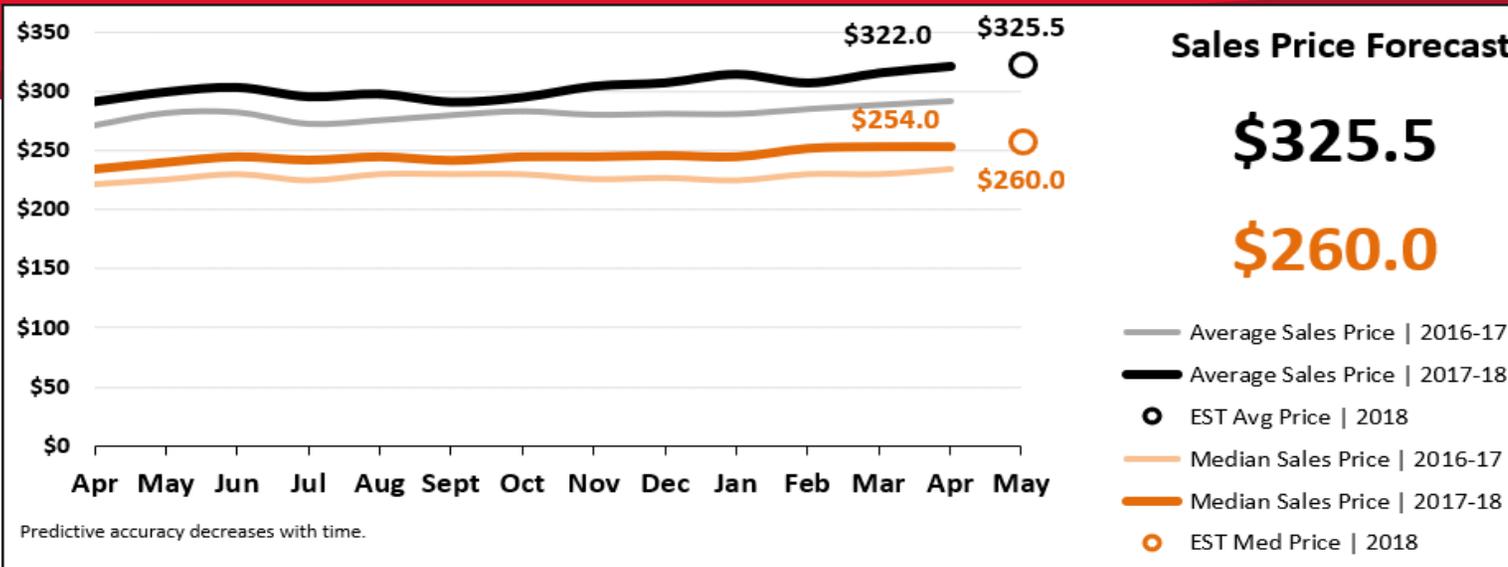
Current inventory of Active/UCB/CCBS divided by the monthly sales volume of APRIL 2018, 0 day DOM sales removed



List prices of new listings with list dates from 4/1/2018 to 4/30/2018, 0 day DOM sales removed

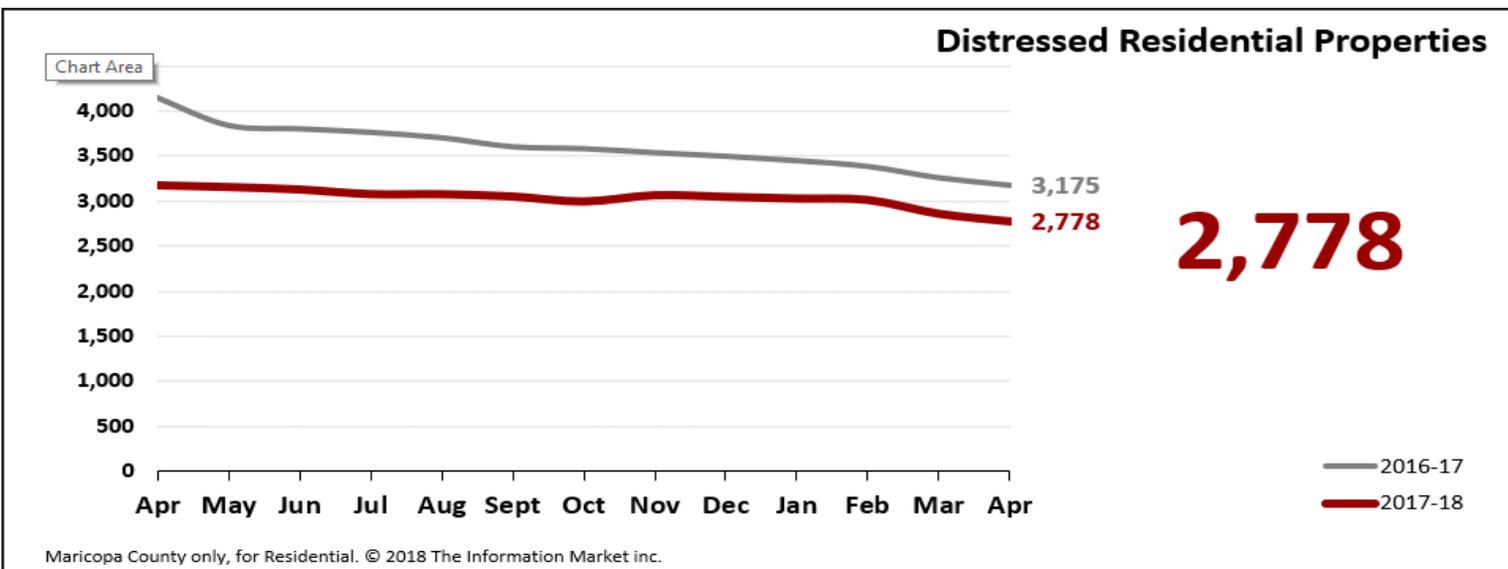


MLS sales prices for closed listings with a close of escrow date from 4/1/2018 to 4/30/2018, 0 day DOM sales removed



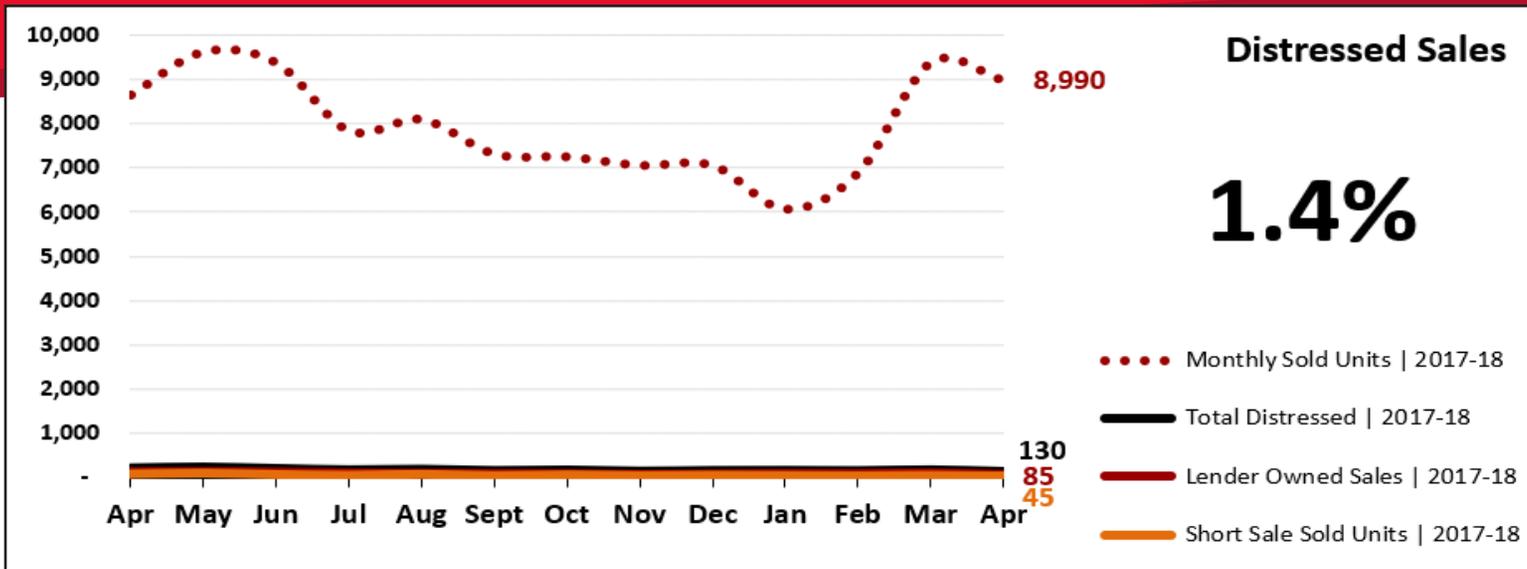
A slight increase is forecasted for average sales price while April is predicted to have an increase in median sales price.

ARMLS proprietary predictive model forecast, 0 day DOM sales removed



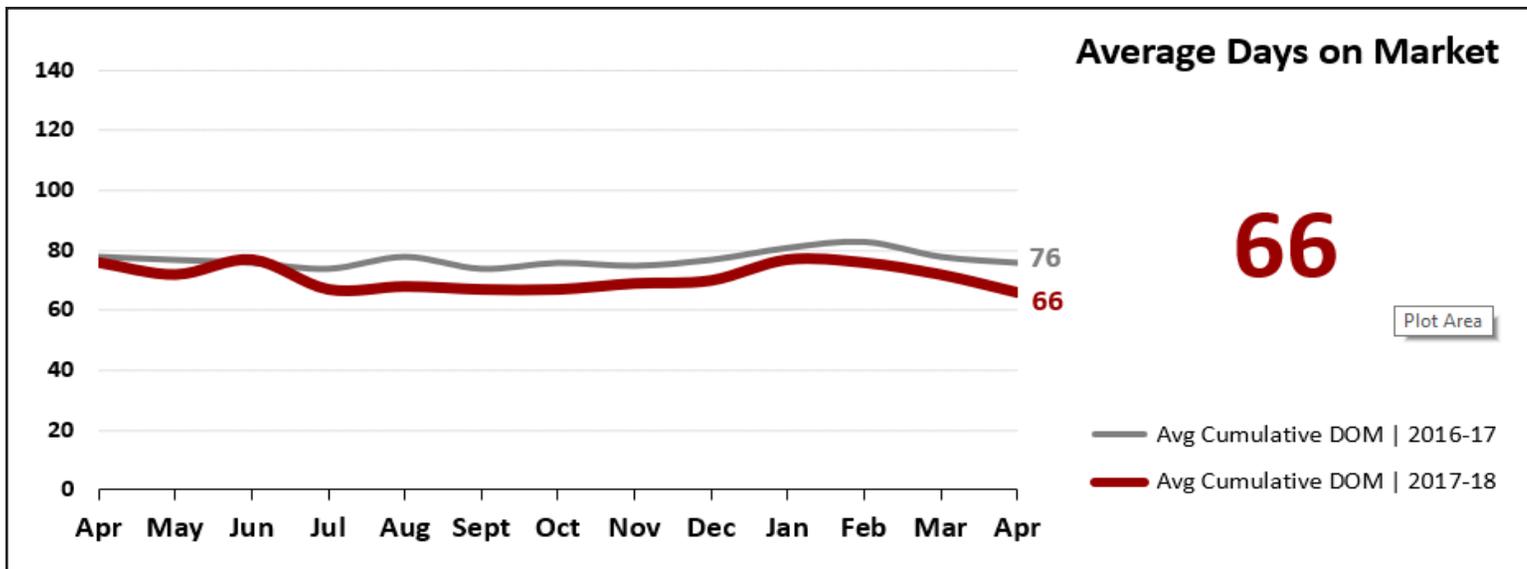
Foreclosures pending month-over-month showed a decrease of -2.9% while the year-over-year figure was down -12.5%.

Snapshot of public records data on 4/30/2018 active residential notices and residential REO properties. Note: this graph was adjusted as total foreclosure counts were under reported for the last 13 months.



Distressed sales accounted for 1.4% of total sales, down from the previous month of 1.8%. Short sales dropped -48.9% year-over-year. Lender owned sales dropped -32.5% year-over-year.

New MLS listings that were active for at least one day from 4/1/2018 to 4/30/2018, 0 day DOM sales removed



Days on market were down -10 days year-over-year while month-over-month decreased by -6.

MLS sales prices for closed listings with a close of escrow date from 4/1/2018 to 4/30/2018, 0 day DOM sales removed

In 1557 an English estate agent (a precursor to the modern day real estate agent) by the name of Thomas Tusser compiled a collection of writings called “Five Hundred Points of Good Husbandry” which contained the following couplet:

*“Sweet April showers
Do spring May flowers”*

Okay, Tusser was not a real estate agent. He was probably a farmer (albeit a gentleman farmer). Nonetheless, if Tusser had been in real estate he would have eloquently defined the seasonality of our market.

The number of pending contracts historically hits its annual peak in the last week of April. Just as the Tusser Theory of Seasonality would suggest, peak pending contract numbers in April translate into higher sales volume in May and June. In fact, the highest sales volume has appeared in either May or June in 13 out of the 17 years ARMLS has been reporting sales volume. The highest month for sales volume last year was May when 9,641 sales were reported. The four years where May or June did not rule clearly had no respect for Tusser’s theories or his poetry. Plus, they were closely associated with either the bubble forming or collapsing.

The number of pending contracts this year peaked on April 25. This will most likely be the high-water mark for 2018. Remember that historically, the top four months for writing contracts are February, March, April and May. The top four months for closings are March, April, May and June. Glancing at the thermometer and seeing temperatures 100+ can mean only one thing; our peak season is coming to a close. Each year it amazes me how long it seems to take for our peak selling/buying season to arrive, and then in turn, how quickly it passes.

As purchase contracts begin their annual descent, closed contracts are just now approaching their annual peak, commonly called pay day. April reported 8,990 sales, a 3.7% increase over last year. It should be noted that even though there was a 3.7% year-over-year increase, there were 21 business days this year compared to only 20 in 2017. Viewing sales on a business day basis, there were 433 sales per day in 2017 compared to 428 this year. We saw an 8.5% increase in the year-over-year median sales price. If prices continue to rise at accelerated rates, eventually supply will increase and demand will weaken. Could the April sales volume be the first indication of this predictable drop in demand? As we've often said, one month does not constitute a trend and the April daily volume shows only a modest drop. So what do the April sales volume numbers mean? They mean we'll be keeping a much closer eye on May and June.

Now let's turn to total dollar volumes. With a 10.2% yearly increase in the average sales price coupled with the 3.7% increase in volume, the total April sales dollar volume was impressive. Subscribers in April saw their total sale dollars increase 14.3% over last year. Even better news, ARMLS subscribers are off to their best start in history with nearly \$10 billion in sales through the first four months of 2018. With its \$9.9 billion in reported dollar sales, the first four months of 2018 registered as the best start in the history of ARMLS. Nothing feels as good as being number 1.

Reported Dollar Sales

Year	January	February	March	April	Total Dollar	Rank
2001	636,030,000	782,147,300	1,003,333,600	1,005,025,900	3,426,536,800	18
2002	739,345,600	749,390,600	1,015,710,400	1,103,580,000	3,608,026,600	17
2003	876,792,000	1,020,050,100	1,235,041,500	1,397,260,800	4,529,144,400	15
2004	1,054,819,800	1,263,984,000	1,858,100,000	1,873,144,800	6,050,048,600	10
2005	1,694,476,000	1,938,247,100	2,709,473,100	2,692,800,000	9,034,996,200	2
2006	1,774,115,400	1,976,612,000	2,478,508,200	2,237,221,800	8,466,457,400	4
2007	1,502,793,600	1,650,518,200	2,071,941,000	1,847,583,000	7,072,835,800	6
2008	912,620,800	1,010,608,800	1,259,136,900	1,354,410,400	4,536,776,900	14
2009	855,115,376	944,032,151	1,214,734,880	1,367,508,084	4,381,390,491	16
2010	1,017,185,190	1,146,498,780	1,598,150,234	1,586,418,561	4,348,252,765	13
2011	1,026,793,098	1,113,664,985	1,567,407,534	1,505,062,307	5,212,927,924	12
2012	1,081,057,580	1,207,871,874	1,674,524,083	1,596,003,220	5,559,456,757	11
2013	1,214,561,028	1,438,378,500	1,819,022,472	1,994,450,082	6,466,412,082	8
2014	1,164,366,216	1,326,881,178	1,691,980,180	1,919,077,335	6,102,304,909	9
2015	1,219,848,240	1,501,082,020	2,026,318,400	2,221,187,490	6,968,436,150	7
2016	1,386,160,174	1,554,632,712	2,252,287,764	2,252,727,106	7,445,807,756	5
2017	1,668,131,788	1,836,735,615	2,633,156,600	2,531,633,244	8,669,657,247	3
2018	1,917,861,388	2,128,816,063	2,974,463,730	2,894,348,480	9,915,489,661	1

Median Peak Pricing

In June of 2006 the median sales price peaked at \$264,800. I remember that after the crash, in the depths of our market when our median was hovering just below \$110,000, some government reports were forecasting it would take 50 years before prices returned to 2006 levels. Sometimes it feels like 2006 was ions ago and sometimes it seems like it was just yesterday. Either way, 2018 median sale price numbers are closely patterning 2006. If there is anyone out there, either agent or analyst, who stated in 2006 that it's a good time to buy as prices always go up- as early as June or as late as next spring of this year, you'll all be able to finally say, "I told you so!"

Year	January	February	March	April	May	June
2006	254900	252000	255000	255000	259900	264800
2018	245000	252500	254000	254011	260000*	

*\$260,000 is the PPI forecast for May.

Let's wrap up this issue of STAT by turning to public records now that the first quarter results are in. Anyone that follows STAT knows I always like to look at both the volume and the composition of our transactional sales data as well as our mortgage data. The trend for the last four years is one of steady positive growth and improved health in all facets. Distressed sales have seen a steady decline while new construction and traditional sales have shown continued improvement. An increase in both the volume and market share of conventional loans and the decline in FHA loans portray a consumer with more money for the down payment, thereby avoiding the higher costs associated with an FHA loan.

Transactional Sales Data

Year	Total	Third_party_auction	Short_sale_distressed	Reo	Fixnflip	Wholesaler	Ibuyers	New_construction	Traditional_sale
2015Q1	20933	478	577	887	943	159	7	1998	15884
2016Q1	23382	488	554	559	1082	240	153	2770	17536
2017Q1	26399	387	483	410	1104	259	537	3469	19750
2018Q1	27879	322	364	271	1243	287	909	3730	20753

Mortgage Data

Year	Total_sales	Conventional	Va	Fha	Sellercarryback	Privatelender	Allcash	Foreclosurecash	Agreementforsale
2015Q1	20933	8563	1358	4073	265	199	5926	478	71
2016Q1	23382	10331	1499	4518	250	310	5935	488	51
2017Q1	26399	13094	1615	4129	253	354	6537	387	30
2018Q1	27879	14922	1640	3134	204	358	7280	322	19

The ARMLS Pending Price Index

Last month STAT projected a median sales price for April of \$252,500. The actual median sales price was \$254,011. Our sales volume projection for March was 9,000 with actual sales coming in at 8,990. Looking ahead to May, the ARMLS Pending Price Index anticipates the median sales price will be \$260,000. It should be noted through the first four months of 2018 we have been underestimating the median sales price.

Sales volume for the first four months of 2018 was 4.01% higher than 2017, with 31,385 sales in 2018 compared to 30,149 in 2017. We begin May with 7,105 pending contracts, 4,504 UCB listings and 700 CCBS giving us a total of 12,309 residential listings practically under contract. This compares to 12,711 of the same type of listings one year ago. ARMLS reported 9,641 sales in April of 2018. Our best guess for May sales volume will be in the 9,500 range.