

# JULY 2010

## Real Estate Update



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

**Hello Everyone,**

I'm preparing this month's newsletter a bit early to allow me to head out on vacation to the Upper Peninsula of Michigan. Wanda and I are looking forward to seeing lots of old friends, enjoying some cooler weather and perhaps even a boat ride or two. Here's hoping your 4th of July or summer vacation are as refreshing and fun as we expect ours will be!

The biggest real estate news centers around the continuing (even near record) low mortgage interest rates. The low rates and home pricing like the early 2000's makes this a great time to be buying a home. There was even a news story on ABC15 in late June quoting a national magazine article saying that payments on a (modest) home would be several hundred dollars a month less than renting a comparable sized apartment in areas of The Valley. We also have seen reports of the FBI being somewhat aggressive in going after those who committed fraud in the mid-decade property price run-up. Some of the major Lenders are now starting to take an aggressive stance towards those who simply walk away from a mortgage and return their keys. These are 2 stories to watch closely in the next few months.

June was a very busy month. Good Luck to Dave & Jan (Chandler via Seattle), here's hoping that one of the 3 offers that were made on homes will result in you getting to move out of the apartment in into your own Fountain Hills home. Good Luck to Michael & Holli (St Louis, MO) on your offer on a Scottsdale getaway condo will be accepted. We're still hoping for Kelly & Jeremy (Tempe) to get a positive response to their offer on a Baseline Corridor home. I'm happy for my Seller (Mike, now in CA) and Linda (even more so for her daughter Tanya moving from CA) who's buying Mike's house in Dobson Ranch. Congratulations to each of you as that deal should close any day now. I'm still in search of the right buyer for Patty's Andersen Springs/Chandler home. We're having some nice showings, but still waiting for the right Buyer. Know anyone looking for a nice, well priced, remodeled manufactured home in Sun Lakes? Perhaps you know someone looking for a like-new 3 bed/2 bath home in Gilbert? If you do. I've probably got the home for that person. I'm excited to be working with Stoil & Desi and also Amanda & Mark as they search for the right home. Your referral of friends, co-workers and family members are greatly appreciated and represent a large portion of my business. Thanks for remembering me!

**Regards,**

**Jeff Gerber**

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ALL AREAS & TYPES	TODAY 6/25/10	ST	LAST MTH 5/25/10	LAST QTR 3/25/10	LT	LAST YR 6/25/09	2 YRS AGO 6/25/08
Active Listings	41,691	↑	41,293	42,432	↑	38,038	54,627
Pending Listings	11,807	↓	14,103	13,826	↓	13,696	7,619
Sales per Month	9,124	↓	9,139	7,576	↓	9,288	5,528
Sales per Year	95,386	↓	95,553	94,794	↑	76,335	49,070
Days on Market - Monthly Sales	96	→	96	99	↓	117	131
Days on Market - Active Listings	143	↓	144	145	↓	169	150
Days Inventory	160	↑	158	164	↓	182	407
Months Supply	4.6	↑	4.4	5.6	↑	4.1	9.6
Active Listings \$/SF	\$140.68	↓	\$145.50	\$149.48	↓	\$177.59	\$196.94
Monthly Sales \$/SF	\$92.95	↑	\$90.66	\$92.32	↑	\$87.48	\$130.48
Appreciation - Monthly \$/SF	6.3%	↓	6.6%	8.0%	↑	-33.0%	-27.8%
Average Sale Price % List	96.11%	↑	96.09%	95.76%	↑	96.01%	95.28%
Listing Success Rate	63.6%	↓	65.4%	63.0%	↑	62.2%	41.0%
Dollar Volume - Monthly Sales	\$1,667M	↑	\$1,598M	\$1,342M	↑	\$1,579M	\$1,463M
Average Price - Monthly Sales	\$182,672	↑	\$174,824	\$177,137	↑	\$169,976	\$264,735
Median Price - Monthly Sales	\$129,900	→	\$129,900	\$128,000	↑	\$124,900	\$205,000
Average Sq. Ft. - Monthly Sales	1,965	↑	1,928	1,919	↑	1,943	2,029
Cromford Market Index™	102.2	↓	109.7	105.6	↓	113.6	44.8

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

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

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

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**G**reat customer care is my number one goal for every real estate transaction. If you are selling or buying a home this summer, please contact me to experience a real estate transaction beyond compare!



**T**hinking of selling your home? As an experienced Real Estate Professional, I would like to point out the benefits of adding an Old Republic Home Protection home warranty to your transaction. While the home is on the market, Seller's Coverage provides repair and replacement coverage for your home's systems and appliances. It keeps the home showing well during the listing period, which can result in a faster sale at a higher price. At close, the Buyer's Plan seamlessly takes effect, protecting the buyer against potential unknown after-sale problems. Last but not least, the home warranty provides budget protection from the high cost of home repair and peace of mind for both the home seller and home buyer.

Call me today for more information on the value of an Old Republic Home Protection Home Warranty.

**M**y role is to provide my clients with detailed, accurate and timely information throughout the entire home sale transaction so they can make the best decisions possible. Please recommend me to your family and friends who are buying or selling a home so that I can provide them with the same thorough service.



## Health & Safety

### Eat Smarter this Summer

**F**or kids and adults alike, summer sports and outdoor activities make good nutrition more important than ever. Follow these tips for smart summer eating:

- **Get Your Fill of Water.** Adequate hydration is essential to avoid muscle cramps and headaches – and to nourish skin.
- **Lighter is Better.** Eating smaller meals more often is always a good idea, but especially in summer when people tend to miss eating at meal times. Lighter fare is also a good way to get nutrients without excessive calories.
- **Go Fishing.** Fish, along with lean meats, beans, chickpeas, and soy products, are all high in protein, making them great not only for muscle development, but also for healthy hair.
- **Up Your Fruit Quotient.** To nourish skin, complement your increased water intake with fresh fruit like raspberries, blueberries, and strawberries, all of which have antioxidants and vitamin C.
- **Limit High Calorie Treats.** It's easy to make ice cream a habit during warm weather, but ice cream, not to mention cookies, popsicles, pies and fried desserts, can add fat and calories much faster than increased summertime activity can work them off.



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## Household Tips

### Wash those Windows!

**A** little dab of this and that from your kitchen cupboard will provide you with an all-purpose, economical window cleaner that is just as effective as the commercial varieties – and it's environmentally friendly, too!

Combine 1/4 cup vinegar, 1/2 teaspoon mild liquid soap or detergent, and 2 cups of water in a spray bottle. Shake to blend and you're ready to clean.



Tips: Label the spray bottle with the ingredients for future reference. Try to avoid cleaning windows in windy conditions or direct sunlight – the window cleaning solution will evaporate faster than you can take it off, leaving streaks and residue. Wipe windows with newspapers instead of paper towels for a lint-free surface (wear gloves to keep hands free of newspaper ink). Spray a crumpled newspaper with the cleaning solution and wipe down the window to avoid drips. Clean horizontally on the inside of the window and vertically on the outside so you will know which side to wipe to remove any remaining streaks.



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Real Estate For Today



## Savor the Flavor

### So Simple Summer Chicken Salad

- |   |                              |
|---|------------------------------|
| 2 C. white chicken meat<br>(canned is fine) | 2 Tbs. shallots              |
| 3/4 C. seedless grapes,<br>halved           | 1 Tbs. fresh mint            |
| 1/4 C. walnuts, chopped                     | 3/4 C. mayonnaise            |
| 1/4 C. celery, chopped                      | Sea salt and pepper to taste |

Mix all ingredients together. Chill and serve on a bed of lettuce or with flour tortillas.

## Helpful Hints

### Squeezing More from Your Gas Tank

**I**s your budget choking over the increase in automobile fuel costs? These suggestions will help you stretch your gas dollars:

**Take it easy** — Aggressive driving can lower your gas mileage by 33% on the highway and by 5% around town.

**Act like a tortoise** — Every five miles per hour you drive over 60 mph is like paying an additional 20 cents per gallon of gas. Avoid jackrabbit starts at red lights.

**Clean it out** — An extra 100 pounds in your vehicle could reduce your miles per gallon by up to two percent.

**Shut 'er down** — Idling wastes gas after two minutes; if you anticipate a longer wait, turn the engine off.

**Go cruisin'** — Using cruise control on the highway helps you maintain a constant speed and — in most cases — will save gas.

**Stay tuned** — A finely tuned engine with good timing, new spark plugs, and a clean air filter will have you singing a happier song.



## Brain Teasers

### Constitution Cogitation

- During the early 1780s, the authority of the national government was vested in:
  - the legislative branch
  - the judicial branch
  - the executive branch
  - all of these choices are correct
- The Constitution was written to make it difficult for the majority of the population to impress their will on the federal government. Which of the following gave the people the most impact on the federal government:
  - length of the term of office for federal judges
  - length of the term of office for members of the House of Representatives
  - choosing the president by the Electoral College
  - the method of electing U. S. Senators
- Which of the following civil liberties, protected by the Bill of Rights, was in the Constitution as originally ratified:
  - freedom of religion
  - the right to bear arms
  - protection against self-incrimination
  - trial by jury
- According to the United States Constitution, each of the following may be accomplished by a simple majority vote EXCEPT:
  - Congress declares war
  - the Senate approves the appointment of a Supreme Court Justice
  - Congress passes an immigration law
  - the Senate ratifies a treaty

ANSWERS: 1-a; 2-b; 3-d; 4-d

June 2010

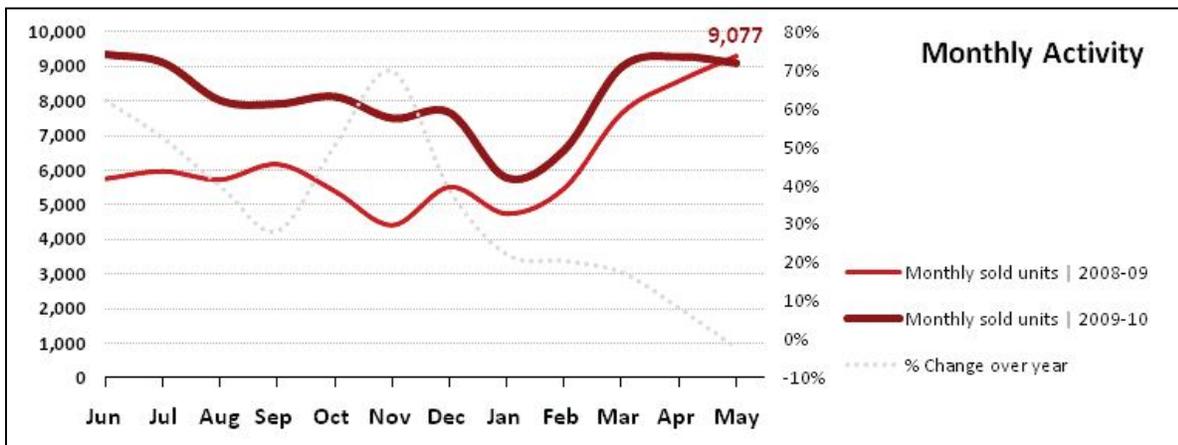


**SALES Month over Month**

Sales continue on a strong pace over the past three months. May sales of 9,077 represent a slight dip (2%) from April sales of 9,306. This trend follows a typical spring seasonal upswing pattern in sales activity. Nationally, sales, according to NAR's most recent figures (April), show a gain of 1.52% year to date.

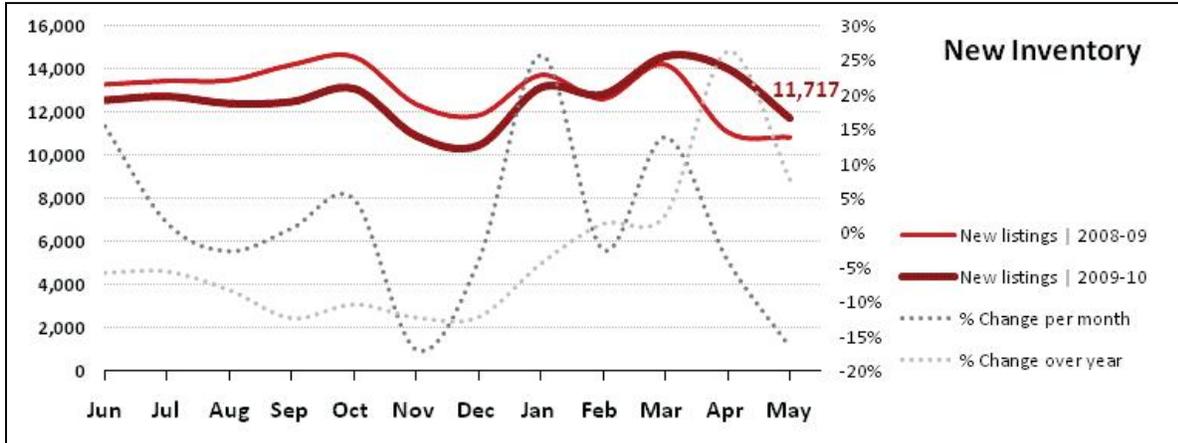
**SALES Year over Year**

Sales for May 2009 and May 2010 were virtually the same, a first for any month over the last twelve. Last year the trend lowered in June after the spring upswing, only to remain flat through the summer and take a plunge in November. The 2% dip in sales from April to May could be reflective of this pattern repeating itself, but no other economic indicators signal that this April to May 2010 dip is the beginning of a downward trend.



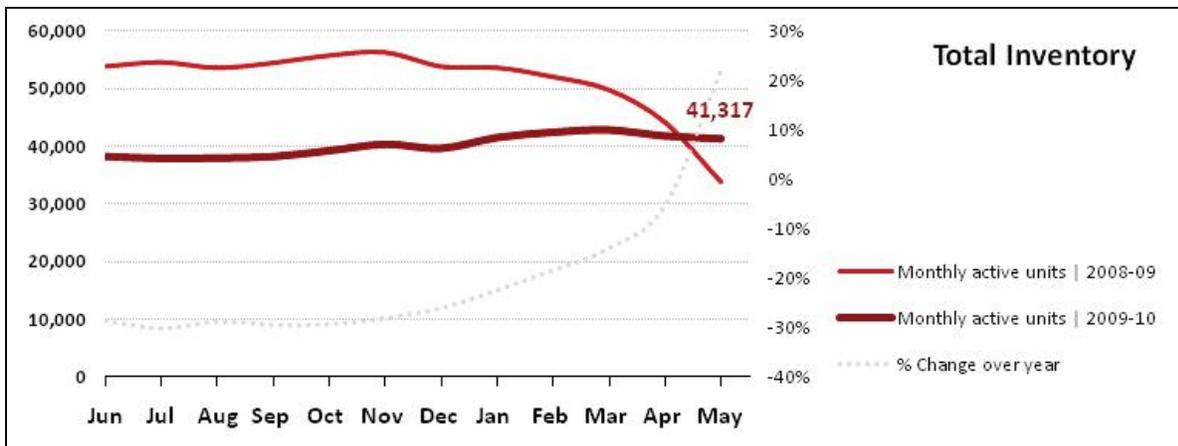
## NEW INVENTORY

New residential inventory declined from 13,871 in April to 11,717 new listings in May. The reduction in new listings added to the market since March represents a healthy decline. Such a pattern affects the supply and demand ratio, which directly influences pricing. The downward trend may stay on course, or perhaps be affected by Sellers who will take advantage of the summer selling season to test the market.



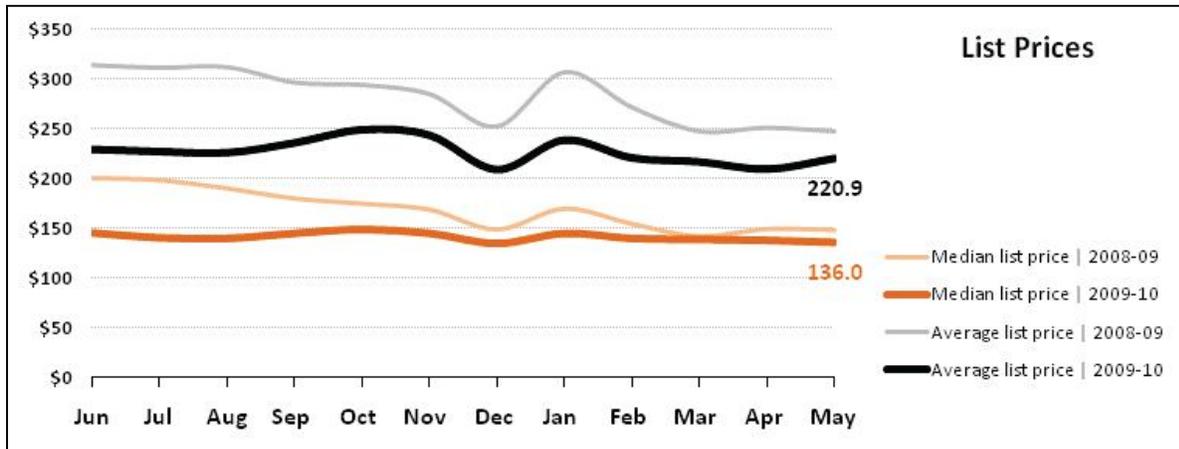
## TOTAL INVENTORY

As new inventory is declining, total residential inventory remains high with total residential inventory at the end of May at 41,326 units compared to 39,902 in May 2009. The total inventory trend remains relatively flat over the past twelve months, hovering below 40,000 twelve months ago to just above that level presently. Year over year it appears that total inventory for 2009-10 is stalled relative to 2008-09. However, the 2008-09 inventory had hit an unprecedented number close to 60,000, too high not to realize a sizable decline eventually.



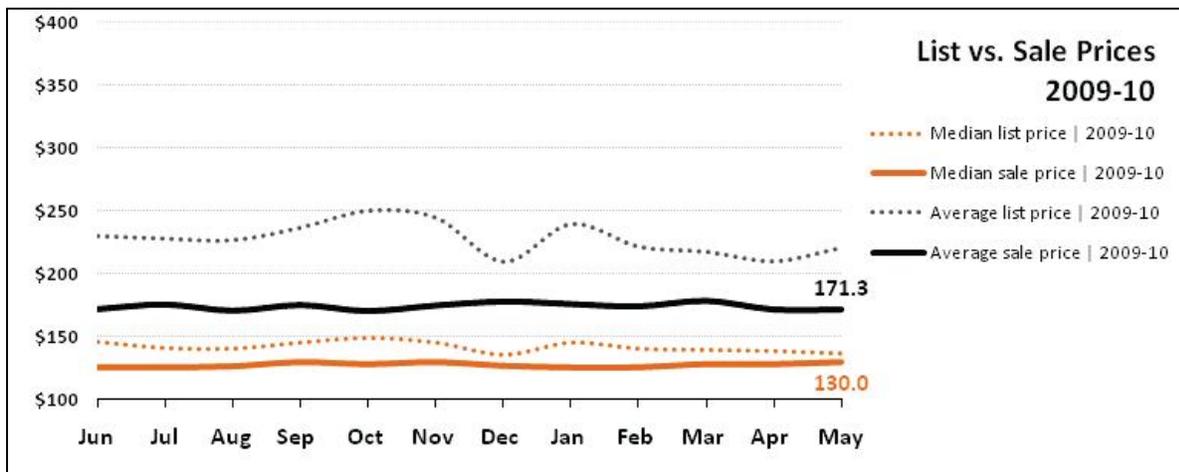
## LIST PRICES

The average list price in May was \$220,900 which is a small (4%) but positive gain over the previous month. The median list price declined (slightly under 3%) from April to May to \$136,000. The decline in the median price coupled with a rise in the average price indicates that there are more homes in the higher range that are making it to the market. Year over year the median list price remains fairly flat.



## SALES PRICES

Average sales price remain virtually unchanged from April at \$171,300. Median sales price for May however shows an increase over April from \$127,500 to \$130,000, an indicator that while additional higher end sales are coming to the market, they are not selling for as high a percentage of their list price as are the more moderately priced units. While not huge, it represents a 2% increase and continues a pattern of year over year price increases.

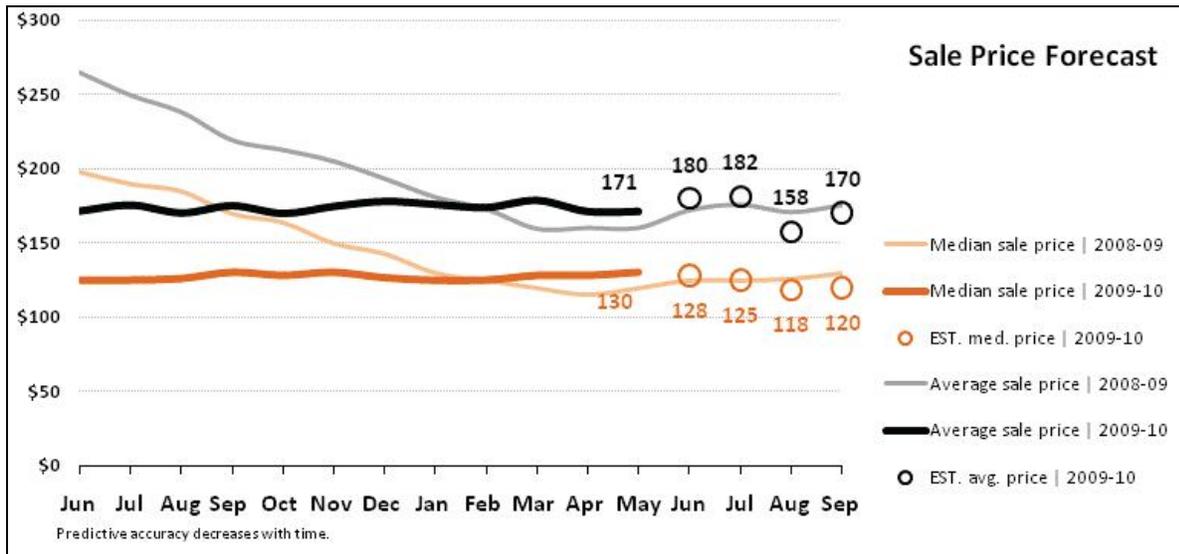


## The ARMLS PENDING PRICE INDEX™

The ARMLS PPI™ predicts future average and median prices based on reports of pending sales executed but not yet closed. The ARMLS Pending Price Index is available only through ARMLS, the sole aggregator of pending sales data.

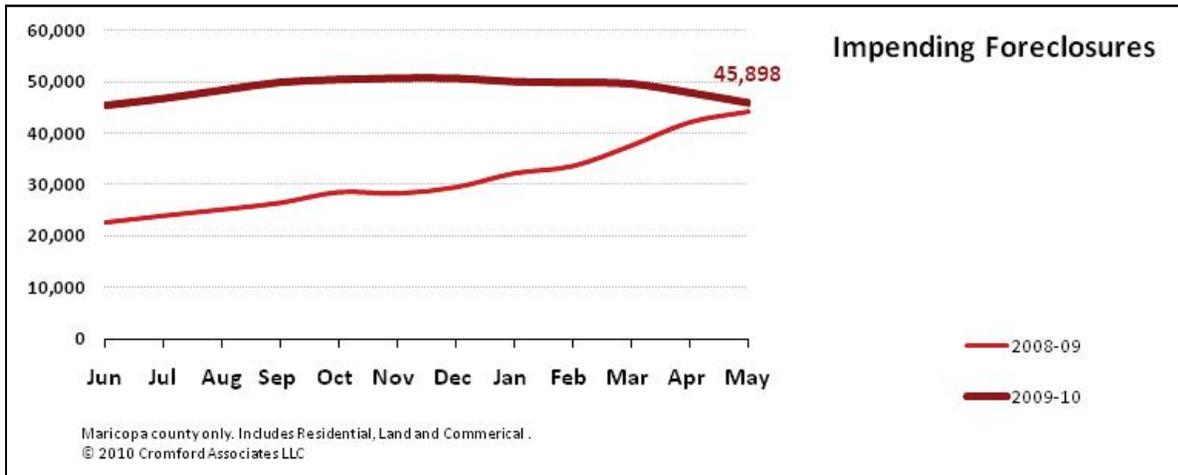
The ARMLS Pending Price Index™ last month predicted that the median sales price for May would be \$128,000. The actual May figure is \$130,000, actualizing the upward prediction from the April forecast. In the near future, the ARMLS Pending Price Index is predicting a slight decline in median price in June, July and August, followed by an upward tick in September. The average price predicted last month for May was \$173,000, and in actuality was \$171,000.

The average sales price trend predicted by the ARMLS PPI™ for the rest of the summer shows an uptick for June and July, a decline in August with an uptick again in September. Note that predictive accuracy declines the further into the future the prediction is made.



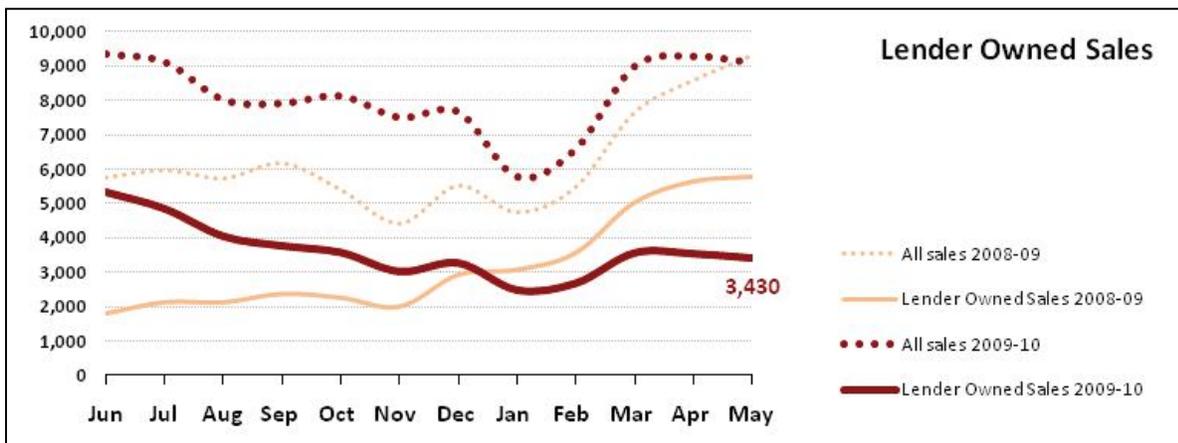
## IMPENDING FORECLOSURES

Impending Foreclosures for Maricopa County for all property classes (residential, land and commercial) was 45,898 at the end of May. This represents a steady, yet slight downward trend since March. In contrast, the previous year's (2008-09) impending foreclosures were on a significant upward trend from June 08 through May of 09. While the downward trend for the last three months is a good sign, it should be noted that the overall number of impending foreclosures is higher than at any time the previous year.



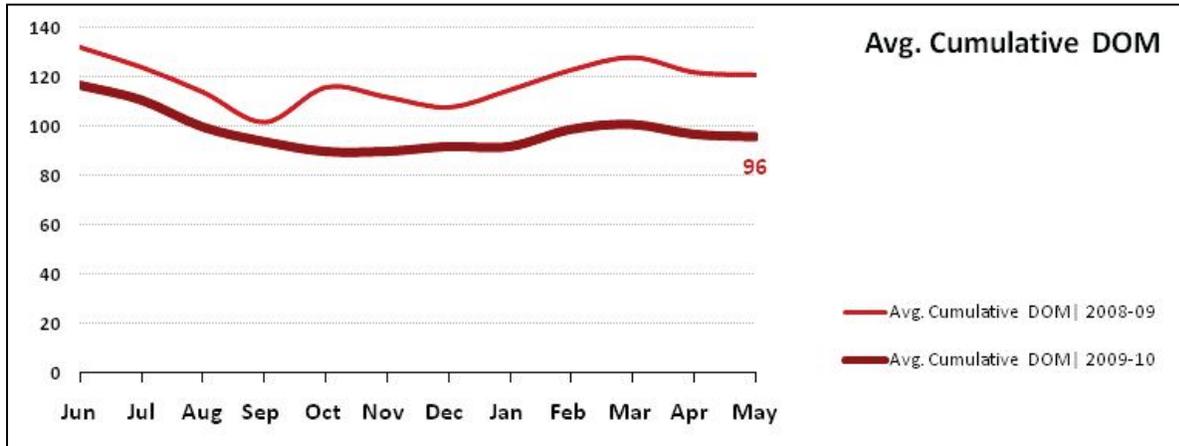
## LENDER OWNED SALES

Lender owned sales (residential), which is sold inventory that the banks have taken back from the original borrowers, was at 3,430 in May, representing a much lower percentage (38%) of the overall sales in the market. This contrasts with the lender owned percentage of overall sales from a year ago of 62%. Clearly, the market is going in the right direction. As the lender owned percentage of overall sales declines, the influence of these distressed properties on median and average sales price also declines, inching us closer to a healthy market.



## AVERAGE DAYS ON MARKET

The average days on market (residential) in May, declined one day from April, to 96, showing only a modest decline and perpetuating the downward trend which started in March. Over time as the days in market decline, the absorption of excess inventory will increase, nudging us closer to a balanced supply and demand.



## COMMENTARY

The Valley housing recovery at present seems content to move at its own deliberate pace, with its monthly gains and setbacks. While a monthly glimpse keeps our eye on the pulse of the recovery, longer term trends speak a more reliable truth. Speculation continues on the effects SB-1070 might have on the housing market. If many homeowners, regardless of nationality and immigration status, decide to sell or abandon homes in expectation of negative economic and social impact of this new law, the tenuous recovery could be undermined.

Signs are apparent that the Valley real estate is gaining ground in its recovery struggle. The decline in new inventory being added to the market hints that Sellers who are not serious are remaining on the sidelines. The sold unit trend has continued to climb since January. The slight dip in sold units from April to May is a somewhat positive sign, since a much greater decline would have seemed logical when the first time home buyer credit went away. Its absence caused very little change in the total sold units.

Most notable is the much lowered percentage of lender owned sales relative to total sales, coupled with the decline in impending foreclosures. The proliferation of foreclosure sales wreaks havoc upon pricing. Thus, a slowing of impending foreclosures which feed the total number of lender owned sales is a trend that signals a future recovery.

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