

# JULY 2012

## Real Estate Update



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

**Hello Everyone,**

We've passed the mid-year point. Days will start getting shorter, but we've got the heat of the summer and Monsoon Season to get through before we return to our great Valley weather. I hope you'll find some time to escape The Valley heat this summer. We're looking forward to a couple of weeks with old friends in the UP of Michigan as you're reading this. Come July 16, it's back to work time. Thanks to my Broker, Brenda Breit, for being there to take care of things that need a personal touch.

Our market continues the crazy pace of the past few months. The WP Carey School of Business at ASU reports our median sale price now at approximately \$147,000, up 9% since April and a whopping 32% since last year this time. The available inventory is just under 8600 properties, down 50% from a year ago. All of this is causing multiple offers (one Chandler home received 84 offers and one in Glendale 95 and garnered almost 20% over list price) and prices at and above list price. The good news is that fixed rate mortgage interest rates dropped to all time low levels at the end of June (3.66% for 30-yr and 2.94% for 15-yr). Other good news in the month showed the AZ economy at it's highest level since Dec 2008, per the Comerica Bank Economic Activity Index. CNN Money reports Phoenix as the #7 Best City to buy a rental property. Rent Jungle reports that average Phoenix rental rates are up 7% in the last year. The latest Case Schiller Index has Phoenix prices up by 2.5% in the last month, or 8.6% over a year ago. The report cited Phoenix as having the best gain of any area in the US. They cited the low inventory, solid job market and international interest in the market as key factors.

Thanks to Theresa and her son Joseph for a good time at the end of June while we looked at homes in anticipation of the family's move to The Valley from MN. I'm hoping to find the market being more friendly when I return from vacation to finding investment properties for a number of local, out of state and out of country clients looking for snowbird and investment properties in The Valley. Thank you to Nate for the referral of your Mom. I look forward to the challenge she and her husband offer. A big thank you to Diane for the referral of Barbara from CA as we'll get her Father's Alta Mesa home on the market and help get the Estate settled for the family. I look forward to putting a Sun Lakes home on the market for my Mother-in-law in July. Thank you to Arvin for the referral of your friend, the Dr from Edmonton. I hope we'll be able to find him a great investment property. As always, your referral of family, friends and co-workers is greatly appreciated. I count on you to help me grow my business and promise great personal service to anyone you send my way!

**Regards,**

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



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**May 2012**

Arizona Regional Multiple Listing Service (ARMLS)

**The Empowered Team, LLC**

Email: jeff@jeffgerberrealtor.com

**New Listings 8,873**

**↑ 1.7%**  
from Apr 2012: 8,727

**↓ -14.7%**  
from May 2011: 10,400

YTD 2012 **45,340** 2011 **56,543** +/- **-19.8%**

5-year May average: **10,759**

**New Contracts 10,147**

**↓ -4.9%**  
from Apr 2012: 10,665

**↑ 3.6%**  
from May 2011: 9,792

YTD 2012 **53,544** 2011 **48,133** +/- **11.2%**

5-year May average: **8,207**

**Closed Sales 8,292**

**↓ -0.1%**  
from Apr 2012: 8,303

**↓ -14.6%**  
from May 2011: 9,713

YTD 2012 **38,993** 2011 **42,517** +/- **-8.3%**

5-year May average: **8,291**

**Median Sold Price \$145,000**

**↑ 5.4%**  
from Apr 2012: \$137,611

**↑ 34.1%**  
from May 2011: \$108,100

YTD 2012 **\$131,312** 2011 **\$110,000** +/- **19.4%**

5-year May average: **\$141,820**

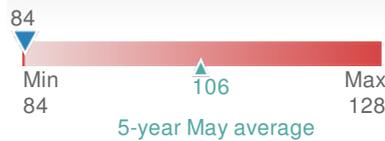


**Active Listings 10,994**



Apr 2012 **11,756** May 2011 **29,741**

**Avg DOM 84**



Apr 2012 **86** May 2011 **104** YTD **88**

**Avg Sold to OLP Ratio 97.6%**



Apr 2012 **96.3%** May 2011 **91.8%** YTD **95.8%**



Jeff Gerber, ABR, GRI,  
SRES



The Empowered Team LLC



Real Estate for Today

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Those lazy days of summer are busy days in the real estate industry. The market is hot! Call me right away if you're considering buying or selling a home.



Thinking of selling your home? As an experienced real estate professional, I would like to point out the benefits of adding an **Old Republic Home Warranty** to your transaction. While your home is on the market, Seller's Coverage provides repair and replacement of your home's major 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 repairs and peace of mind for both the home seller and buyer.

Call me today to learn more about the value that an Old Republic Home Warranty provides.

I provide my clients with accurate, timely information throughout every step of their real estate transaction. Please recommend me to family and friends looking for unparalleled service.



## Health & Safety

### Sharpen Your Memory

Scientists once believed that growing new brain cells was impossible for adults—that once they disappeared, they were gone for good. However, back in 1998, while Will Smith was "gettin' jiggy with it" and the rest of us were freaking out about the Y2K bug, researchers at Princeton University turned conventional wisdom on its head.



It just so happens that the neurons in your hippocampus, that part of your brain where new memories take root, can continue to grow *for the rest of your life*. Use the following tips to stay sharp well into your golden years.

**Learn something new:** Enroll in a class or take up a new hobby outside your comfort zone. The more you stretch your mind, the further it will go.

**Work out:** The body and the mind are integrally bound. Cardiovascular exercise stimulates neurotransmitters and helps improve memory.

**Visualization:** Connect words with images, especially bizarre ones, to help solidify memories. Meeting your boss at 2 pm? Imagine two turtle doves flapping around your boss's office. The memory will stick!

**Avoid distraction:** Not easy in today's world of high-speed, digitally enhanced *everything*, but the brain requires eight seconds of focus to transfer a thought from short-term memory to long-term memory.

## Helpful Hints

### Beating Procrastination

Is your "To Do" list as stagnant as a puddle of used motor oil these days? Dr. Joseph Ferrari of De Paul University identifies several reasons why procrastinators do what they do. Some seek the rush of waiting to the last minute, some distract themselves with time wasters to avoid facing their fear of failure, and others have trouble simply making a decision. Whichever category you fall into, employ the following tips to work toward a more productive life.



**Get an accountability buddy:** No, you don't have to call it that if it sounds too geeky, but joining forces with a friend can help you stay on track.

**Reward yourself:** Give yourself small rewards along the way to boost morale.

**Split it up:** Take those larger, overwhelming tasks and split them up into smaller parts.

**Do it now:** Sounds simple... *because it is simple!* All it takes is a firm decision. Throw yourself into that dreaded task and you'll be halfway through before you know it.



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## Savor the Flavor

### Greek Grilled Cheese

1 1/2	tsp.	butter	2	slices	cheddar cheese
2	slices	bread	1	tbsp.	chopped red onion
2	tbsp.	crumbled feta cheese	1/4		tomato, thinly sliced

Heat a skillet over medium heat. Butter one side of each slice of bread. Between non-buttered sides, layer feta cheese, cheddar cheese, red onion, and tomato. Fry until golden brown.

## Household Tips

### Ideas for Creative Reuse

Millions of Americans have made recycling a way of life and we deserve kudos for making the world a cleaner place. However, recycling is only part of the equation. It takes precious energy to recycle *anything*, and we can never truly recycle plastic items—we can only downgrade them into carpet or other material that is ultimately destined for the landfill.

Creative reuse means getting the most out of everything we consume. The following ideas will enhance your life, save you money, and help create a better world.

**Wine corks for your garden:** Chop them up and add them to soil to create a strong, moisture-retaining mulch.



**Yogurt containers for plants:** No need to use a heavy ceramic pot for a tiny little seedling. Start them off in a used yogurt container until they're ready to transplant.

**Aluminum foil as... aluminum foil:** That's right! When left intact after you're done cooking, you can simply wash aluminum and reuse it for your next meal.

**The many faces of egg cartons:** Tear up Styrofoam egg cartons to use as shipping material and use paper egg cartons to get your next campfire started. Now, if you're truly industrious, you can soundproof an entire room with egg cartons—although you probably won't win any awards for stunning interior design.

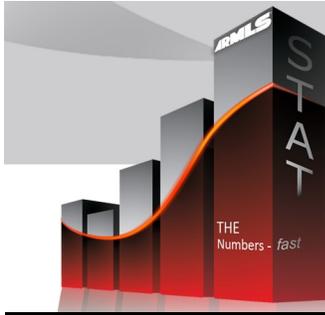
## Brain Teasers



### Olympic Trivia

- In 1796, the following country made the first "modern" attempt to emulate the ancient Greek Olympics:
  - France
  - England
  - Italy
  - Prussia
- This Olympic gymnast helped her team win a gold medal after performing a vault on an injured ankle:
  - Abi Grossfeld
  - Kerri Strug
  - Mary Lou Retton
  - Shawn Johnson
- The following nation boycotted the 1988 Summer Olympics:
  - USSR
  - USA
  - North Korea
  - Zimbabwe
- Female Olympiads attained the right to compete in:
  - 1900
  - 1896
  - 1924
  - 1944

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



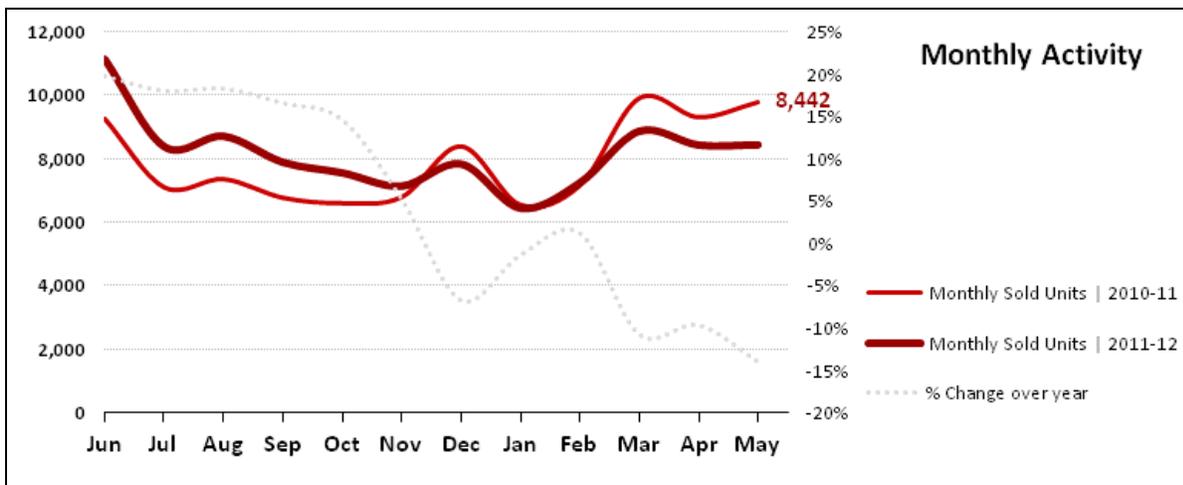
## STAT - June 4, 2012

### SALES Month over Month

May's sales of 8,442 continued on the same robust path of the preceding month, only slightly above the 12 month average of 8,290. Sales for March, April and May have been strong, each landing over 8,000.

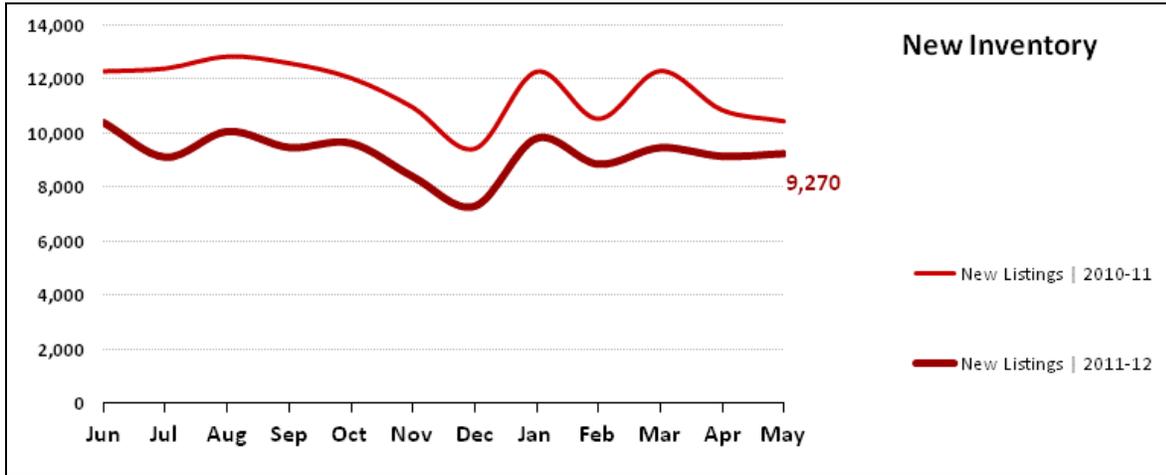
### SALES Year over Year

May 2012 sales figure is down 13.9% from the May 2011 figure, possibly mirroring the decline in inventory of homes available for sale from 2011 to 2012.



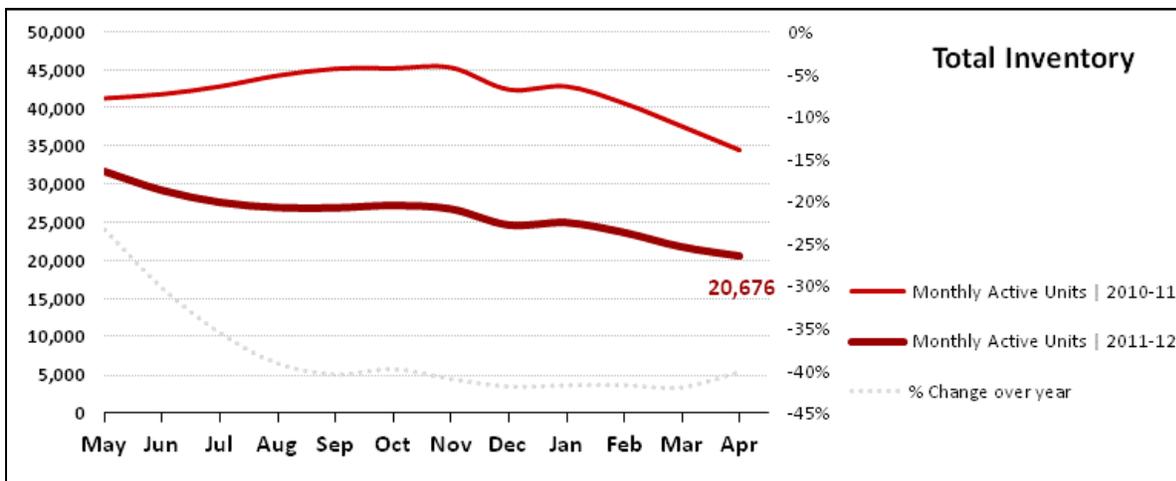
## NEW INVENTORY

New listings rose only slightly in May (1%) to land at 9,270. This figure is 11.4% below new listings added in May 2011. May's figure is in line with the twelve month average (9,367) of new inventory added to the market each month.



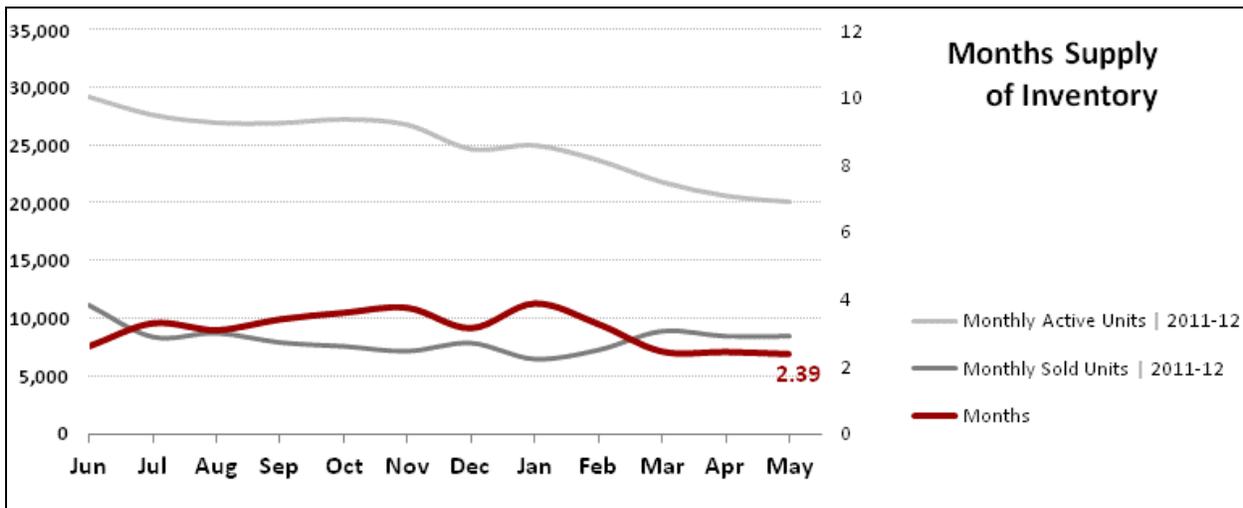
## TOTAL INVENTORY

Total inventory fell 2.5% in May to 20,162, representing the 10<sup>th</sup> decline in the last 12 months. Since the May 2011 figure of 31,661, total inventory has fallen 36.3%. The inventory metric reached its decade high (58,178) in October 2007. It remained above 50,000 through February 2009, and began a slow decent below 50,000 starting in March 2009, continuing a steady downward trek during the second, third and fourth quarter of 2009, all of 2010 and 2011 up to the present. May's total inventory figure is 65.34% lower than its decade high.



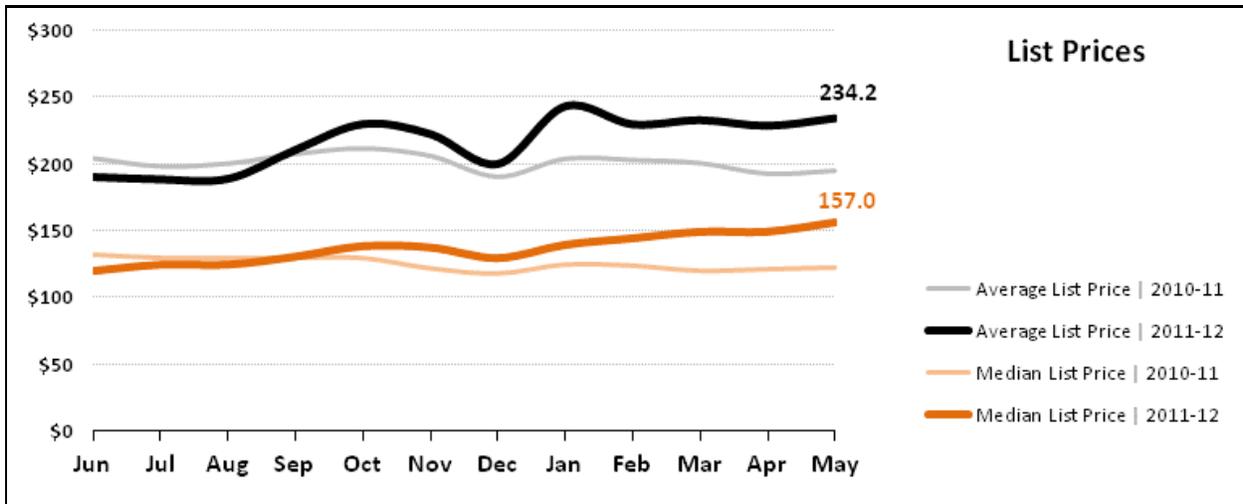
## MONTHS SUPPLY OF INVENTORY (MSI)

Market wide MSI dropped slightly in May to 2.39 months. With the exception of the last three months when MSI hovered below 2.5, the Valley has not seen an MSI below 2.5 since September 2005 in the run up to the burst of the real estate bubble. MSI for the entire Valley is tracked as a barometer of overall market health. It should not be used to assess inventory supply in smaller market niches which have their own MSI based on supply and demand in that niche.



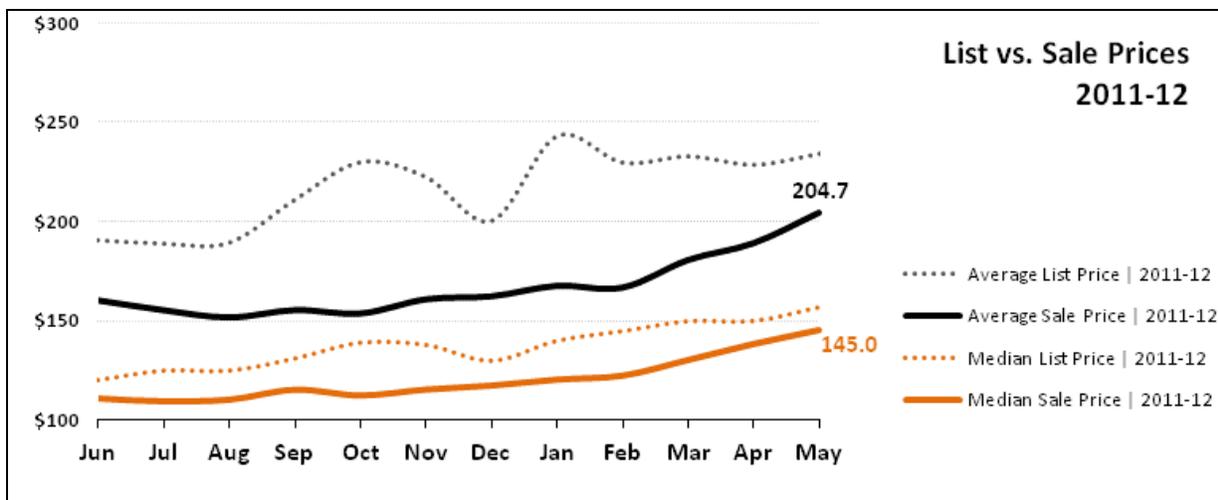
## NEW LIST PRICES

Both new list price metrics rose in May. The median list price rose 4.7% to \$157,000 and the average list price rose 2.5% to \$234,200. Each of these metrics has followed an upward trend line over the past twelve months.



## SALES PRICES

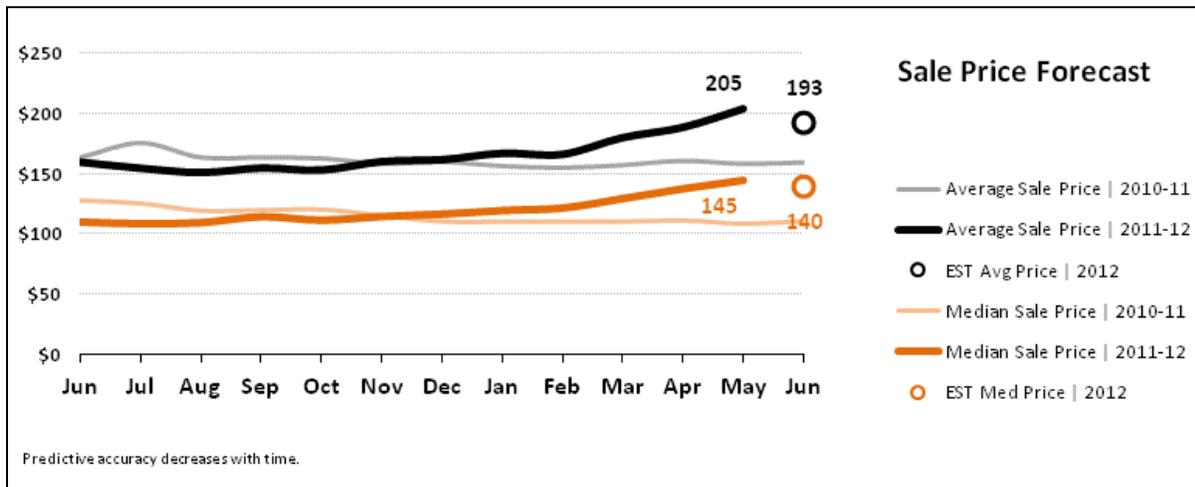
Sales prices, which had been slower than list prices to begin their climb from the bottom, began their upward trend in August/September 2011. The median sales price in May rose 5.1% to \$145,000. Median sales price has risen each of the last seven months. Likewise, average sales price rose 8.2% in May to \$204,700, capping off a three month run of increases of 8.4%, 4.8% and 8.2%. Sales prices which fell nearly 60% from their decade high of \$264,800 in June 2006 to their low of \$108,300 in May 2011 (median), and \$350,400 in May 2007 to the decade low of \$151,368 in August 2011 (average), have now recovered by 33.89% and 35.23%, for the median and average respectively.



## THE ARMLS PENDING PRICE INDEX™

The ARMLS Pending Price Index is a forecasting tool unique to ARMLS which uses the pending properties inside MLS to predict pricing 30 days into the future. Last month, STAT's 30 day forecast predicted the median sales price to land at \$139,900, missing the actual median of \$145,000 by 3.65%. The average sales price predicted by the PPI last month was \$189,100, missing the mark by 8.25%, with the actual sales price landing at \$205,000.

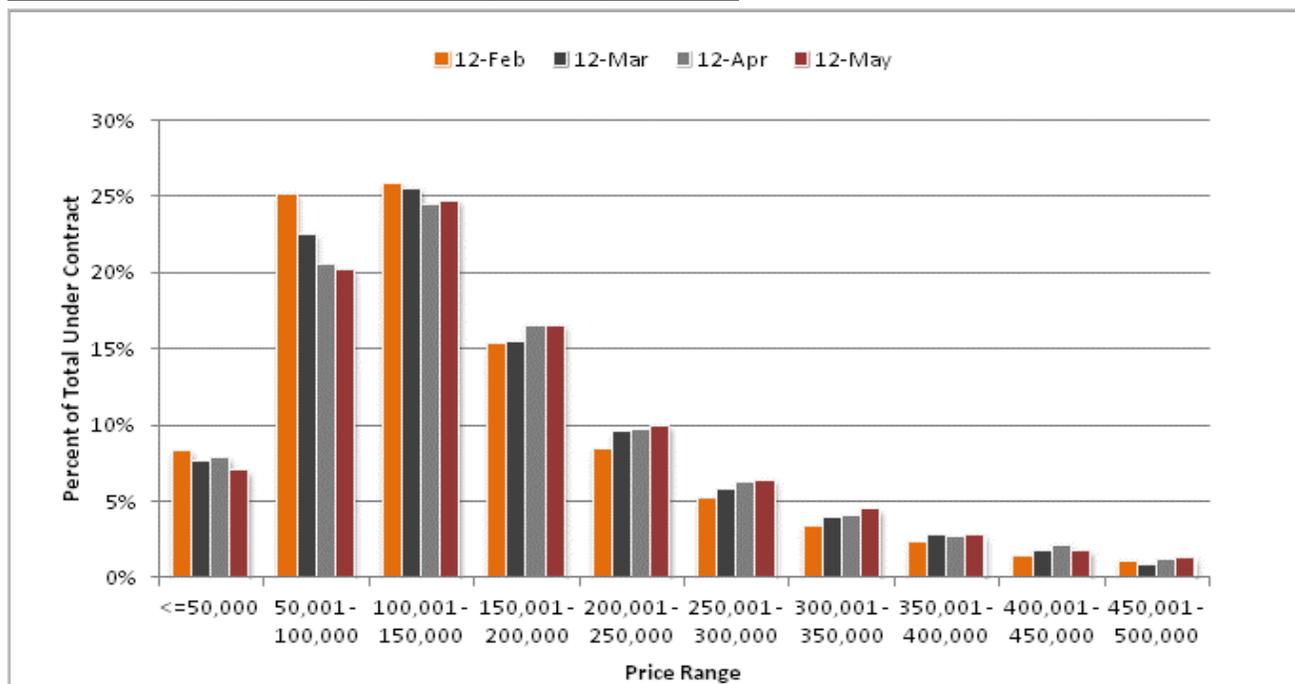
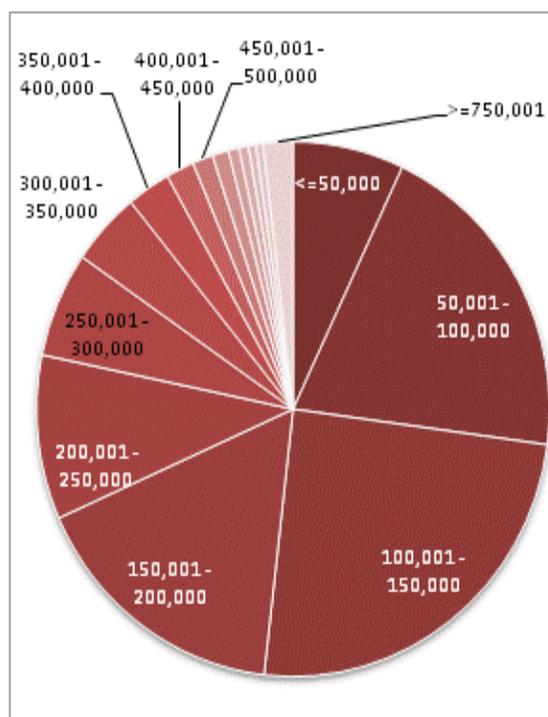
The current PPI predicts \$140,000 for June median sales price and \$193,000 for the average sales price. For the last seven months, actual median and average sales price have bested PPI's predictions.



## PPI SUPPLEMENT

The PPI Supplement focuses on newly pended properties added to the total pending pool each month. This month's supplement shows further decline in the numbers of pendings in the ranges \$150,000 and below. As availability of property in the lower ranges declines, activity will shift to the next higher ranges. The upward trend in the price ranges from \$150,001 through \$350,000 reported in April STAT continued through May.

Pending Contracts Signed In May				
Price Range	PPI Avg	PPI Med	PPI Units	Units % of Total
<=50,000	35,482	38,000	592	6.99%
50,001 - 100,000	78,705	80,000	1,705	20.13%
100,001 - 150,000	126,054	125,500	2,091	24.69%
150,001 - 200,000	173,604	172,500	1,398	16.51%
200,001 - 250,000	225,913	225,000	842	9.94%
250,001 - 300,000	275,669	275,000	540	6.38%
300,001 - 350,000	327,080	327,000	378	4.46%
350,001 - 400,000	375,337	375,000	233	2.75%
400,001 - 450,000	425,696	425,000	149	1.76%
450,001 - 500,000	480,033	480,000	110	1.30%
500,001 - 550,000	530,310	527,500	86	1.02%
550,001 - 600,000	580,371	579,500	58	0.68%
600,001 - 650,000	631,644	635,000	50	0.59%
650,001 - 700,000	681,530	680,000	40	0.47%
700,001 - 750,000	730,191	730,000	39	0.46%
>=750,001	1,222,139	1,007,500	158	1.87%



## PPI SUPPLEMENT - \$/SQ FT

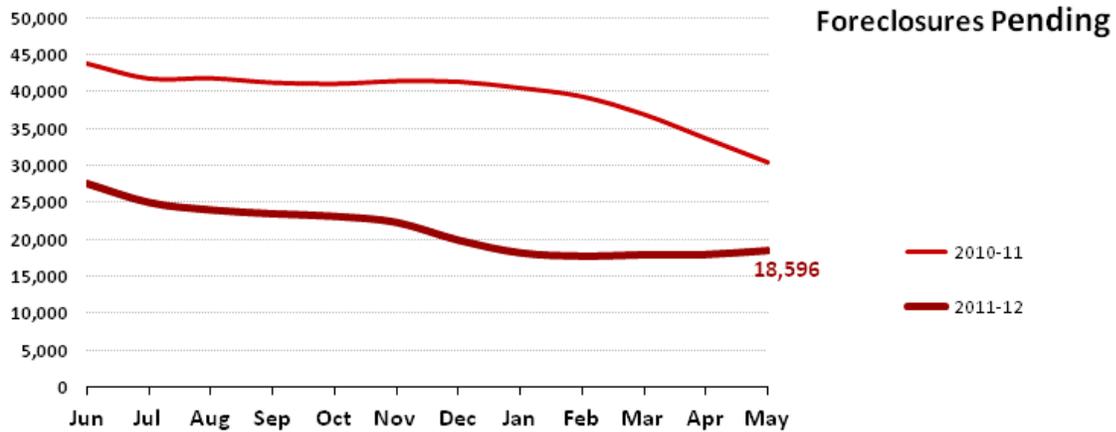
The PPI \$/SQ report examines incremental gains or losses over a rolling four months in the price per square foot of newly pended properties added to the pending pool each month. This month STAT reports a change of \$2/FT since March in the ranges \$150,001 and \$250,000. Lack of inventory below \$150,000 has put positive pressure on the next higher ranges.

Pending Contracts Signed In April					Pending Contracts Signed In May				
Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt	Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt
<=50,000	35,063	1,188	709	30	<=50,000	35,482	1,171	592	30
50,001 - 100,000	78,721	1,456	1,849	54	50,001 - 100,000	78,705	1,429	1,705	55
100,001 - 150,000	126,266	1,747	2,207	72	100,001 - 150,000	126,054	1,740	2,091	72
150,001 - 200,000	173,759	2,033	1,488	85	150,001 - 200,000	173,604	1,993	1,398	87
200,001 - 250,000	226,137	2,273	873	100	200,001 - 250,000	225,913	2,227	842	101
250,001 - 300,000	274,385	2,503	562	110	250,001 - 300,000	275,669	2,519	540	109
300,001 - 350,000	326,245	2,773	367	118	300,001 - 350,000	327,080	2,808	378	116
350,001 - 400,000	376,320	2,897	237	130	350,001 - 400,000	375,337	2,942	233	128
400,001 - 450,000	426,327	3,121	191	137	400,001 - 450,000	425,696	3,074	149	138
450,001 - 500,000	475,663	3,198	99	149	450,001 - 500,000	480,033	3,190	110	150
500,001 - 550,000	531,604	3,303	87	161	500,001 - 550,000	530,310	3,360	86	158
550,001 - 600,000	578,706	3,400	66	170	550,001 - 600,000	580,371	3,826	58	152
600,001 - 650,000	628,542	3,741	45	168	600,001 - 650,000	631,644	3,972	50	159
650,001 - 700,000	679,386	3,818	36	178	650,001 - 700,000	681,530	4,064	40	168
700,001 - 750,000	732,491	3,856	28	190	700,001 - 750,000	730,191	3,944	39	185
>=750,001	1,232,837	4,898	180	252	>=750,001	1,222,139	4,711	158	259



## FORECLOSURES PENDING

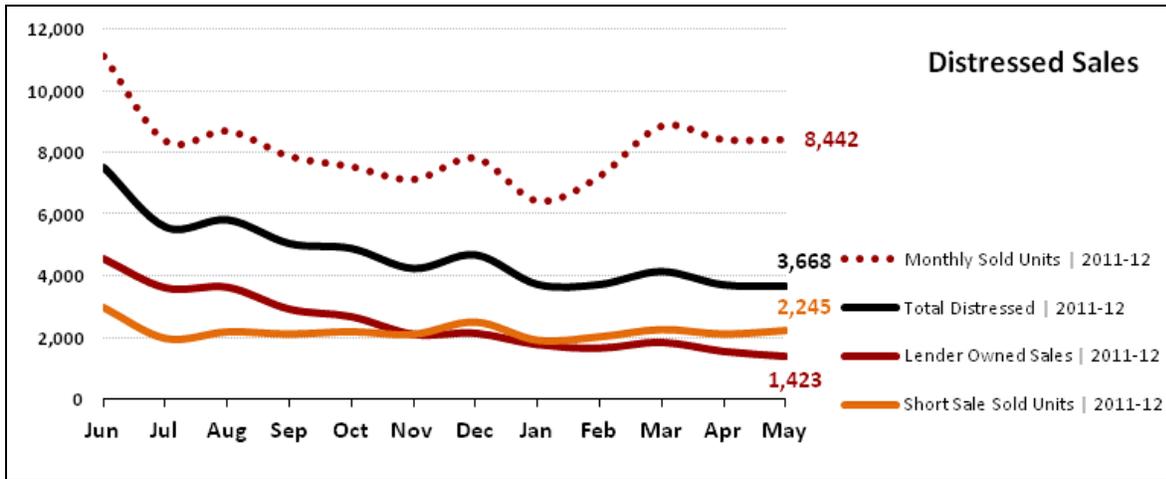
Foreclosures pending ticked up slightly in May to 18,596, and have hovered around the 18,000 mark since January. Foreclosures pending hit their high of 50,568 in November 2009, and have continued steadily downward until their trend line flattened starting in January. Declines in foreclosures pending are a necessary prerequisite to the Valley's recovery. Foreclosures pending in the 5,000 range was typical for 2003 and 2004, considered by many to be the last "normal" market in the Valley. Foreclosures pending still have a way to go to approach normalcy.



Maricopa county only. Includes Residential, Land and Commercial. © 2010 Cromford Associates LLC

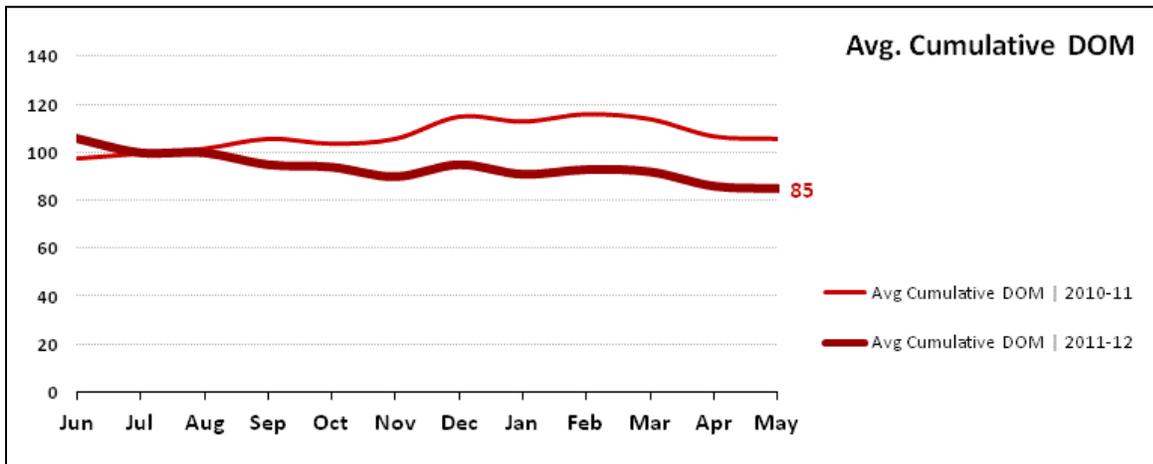
## DISTRESSED SALES

Distressed sales, a composite of foreclosures and short sales, declined .6% in May to 43.4% of total sales, compared to 74.1% at its high in September 2010. The trend line since that time has been steadily downward. The ratio of short sales to foreclosures widened again in May with 2,245 short sales (a 5.5% increase over April) to 1,423 foreclosures (1.9% below April's figure). Twelve months ago foreclosures represented 40.8% of total sales, and short sales accounted for 27%. Lender preference for short sale work-outs over foreclosures is seen as positive, since it is less damaging to the borrower, the property and the community.



## AVERAGE DAYS ON MARKET (DOM)

Market wide DOM declined slightly (one day) in May to 85. Days on market is seen as a barometer of overall market health, and is not indicative of DOM in smaller market niches, which have their own DOM based on the supply and demand balance. The Valley has not seen DOM in the mid 80 day range since Sept/Oct 2006.



## COMMENTARY

May continued the positive pricing resurgence begun in August/September of 2011 in all four pricing metrics: median and average list price (up 4.8% and 2.5% respectively) and median and average sales price (up 5.1% and 8.2%). The gains in the sales price metrics represent a 33.89% rise from the median's lowest point in May 2011, and 35.23% increase in the average sales price from its low in August 2011. Even considering the 60% fall from their highs in 2006/2207, these gains are encouraging and long overdue.

Lack of inventory, particularly at the low end of the pricing spectrum, is problematic and frustrating for potential Buyers and their Agents. But the forces of supply and demand at play in these lower ranges encourage Buyers, convinced of the inherent affordability of the Valley's housing, to take advantage of affordability at the next higher ranges. Painful as this is for those operating at the low end, it is necessary for meaningful pricing recovery.

The market remained robust in May with high sales figures slightly ahead of the twelve month average. The short sale to foreclosure ratio validates continued lender preference for working with borrowers caught in the unenviable position of negative equity, over taking their homes back through foreclosure. Workouts are only possible if there are Buyers willing to go through the short sale process. On June 4, ARMLS and FNMA launched a new streamlined Short Sale Assistance Desk (SSAD) to service additional short sales, where FNMA owns the underlying first lien, and hasten the path to resolution. During the initial phase of ARMLS's SSAD, which is only available to members of ARMLS and their clients, approximately three hundred cases were submitted to Fannie Mae to intervene with servicers by acting as a catalyst for short sale submissions whose process had stalled.

As STAT has reported in previous issues, the Valley does not exist in a vacuum. Disappointing news on the job front for May, which tallied only 69,000 new jobs and an increase in the national unemployment rate to 8.2%, threatens our fragile recovery.<sup>1</sup> In the context of the 246,000 new monthly jobs between November 2011 and February 2012, May's numbers are paltry and remind us that even though the economy is growing, the pace can be slowed and the direction reversed by circumstances distant from the Valley. Troubles in the eurozone, traditionally a hearty consumer of US goods, ripple out as far as Arizona, affecting jobs, production and unemployment, all three key recovery metrics.

On a more optimistic note, state economists recently raised their predictions of Arizona's job gain from 29,000 to 47,100 in 2012, double the jobs added in 2011.<sup>2</sup> The National Association of Homebuilders tracks housing markets showing measurable and sustainable improvement. In April Phoenix joined the top twenty landing at the number two spot on the list.<sup>3</sup> Our housing market is dependent on jobs for its continued recovery, but other factors also carry weight, such as pricing affordability and long term mortgage rates. On May 17th Freddie Mac reported 3.79% for the average 30-year fixed rate, the lowest it has reported since it began keeping records in 1971.<sup>4</sup>

In May the Valley's fragile housing recovery continued amid threats at home and abroad. Clearly the momentum has a forward thrust but remains vulnerable. Once again, it is steady as she goes.

<sup>1</sup> <http://www.bloomberg.com/news/2012-06-01/employment-in-u-s-increased-69-000-in-may.html>

<sup>2</sup> <http://tucsoncitizen.com/arizona-news/2012/05/04/new-report-arizona-boosts-job-forecasts-for-2012-2013/>

<sup>3</sup> <http://agbeat.com/real-estate-news-events/phoenix-skyrockets-in-top-20-improving-markets-list/>

<sup>4</sup> <http://www.businessweek.com/articles/2012-05-22/existing-home-sales-rise-affordability-helps>