

JULY 2013

Real Estate Update



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

Hello Everyone,

I hope you're enjoying your summer, 4th of July long weekend and hopefully a little vacation time, as well. I'm looking forward to heading to the UP of Michigan from the 11th till the 23rd to attend one of my best friend's (Congrats in advance to Mike & Brenda) wedding and a visit with other friends in a cooler, but humid (see, there's always a trade off) climate. While I'm gone, please contact my Broker, Brenda at 480-970-0079 if you need immediate help with a real estate question or problem.

The big news item with regard to real estate in the past month has to be the quick rise in interest rates. We've seen a spike to 4.5%, though that now seems to be settling in around 4.25%. Yes, higher than the historic lows we just experienced in the 3% range, but still lower than the long term average rates of 8% to 10%. Michael Orr's June Phoenix Real Estate report showed the Metro median home price to be \$181,399. That is up 60% from the 'crash' low in August 2011. The good news is he is predicting that there will not be a 'bust' scenario as a result of this rise. CoreLogis reported that 31.3% of all AZ homes are still 'underwater' with their mortgage. That's down from 35% at the end of 2012. They also reported the AZ foreclosure inventory is down 58% versus last year to 1.3% in April. The national average is 2.65%. Things continue to look up in AZ. Good news for 55+ Canadians may be on the horizon. The US Senate is considering a proposal to allow a Canadian Citizen Visa extension to 8 months of the year as long as that person owns or has a binding rental contract for a US home. Hey potential Canadian clients, now is the time to buy while prices are still relatively low. Call me!!

Congratulations and a big thank you for your patience are due to David and David Terry. We finally found David that mid-Century modern home in a Historic Phoenix neighborhood that had been alluding us. We also found a second Buyer and closed the sale on David & Terry's NorthEast Village, Phoenix home. Hope you'll really enjoy your retirement in OR! Thanks to John, Diane, Sandy and Bev for the referrals this month. I'm hoping to be of service to each of the folks you sent my way along with Julie and Michael as soon as I get back from vacation. A little advance good wishes to Carol in Mesa and Michael & Brooke in Chandler with hopes of getting deals finalized on the sale of your home before the end of July. I'm very appreciative of any referrals you can send my way. I promise those you refer will get my best, personalized, service.

Regards,

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May 2013

Arizona Regional MLS

New Listings **9,387**

▲ **0.4%** from Apr 2013: **9,348**
▲ **5.8%** from May 2012: **8,873**

YTD	2013	2012	+/-
	45,994	45,340	1.4%

5-year May average: **10,137**

New Contracts **9,810**

▼ **-9.1%** from Apr 2013: **10,791**
▼ **-3.3%** from May 2012: **10,147**

YTD	2013	2012	+/-
	51,068	53,544	-4.6%

5-year May average: **9,042**

Closed Sales **9,290**

▲ **7.8%** from Apr 2013: **8,618**
▲ **12.0%** from May 2012: **8,292**

YTD	2013	2012	+/-
	38,275	38,993	-1.8%

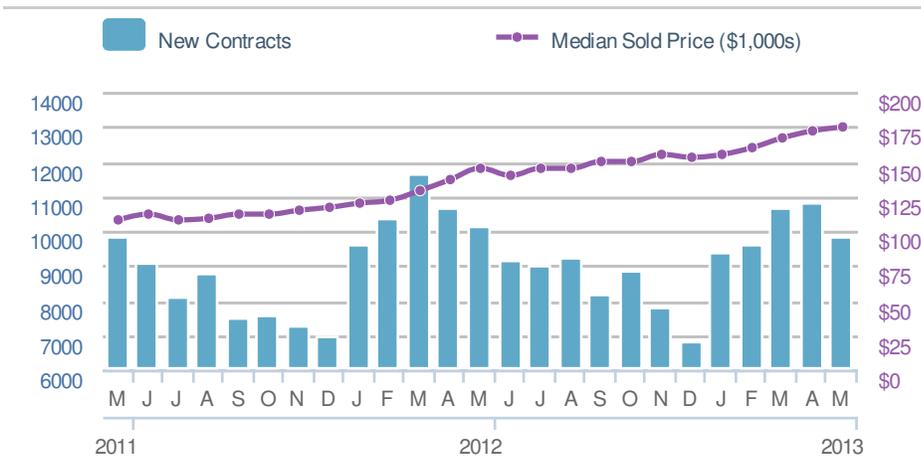
5-year May average: **9,048**

Median Sold Price **\$175,000**

▲ **1.7%** from Apr 2013: **\$172,000**
▲ **20.7%** from May 2012: **\$145,000**

YTD	2013	2012	+/-
	\$168,000	\$131,312	27.9%

5-year May average: **\$135,420**



Active Listings **14,021**

14,021
 Min 10,994 26,873 Max 40,698
 5-year May average

Apr 2013	May 2012
14,130	10,994

Avg DOM **66**

66
 Min 66 94 Max 120
 5-year May average

Apr 2013	May 2012	YTD
70	84	70

Avg Sold to OLP Ratio **97.5%**

97.5%
 Min 87.7% 93.6% Max 97.6%
 5-year May average

Apr 2013	May 2012	YTD
96.9%	97.6%	96.8%



Jeff Gerber, ABR, GRI,
SRES



The Empowered Team LLC

Between FRIENDS

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

Dental Care: Brushing Tips



Dentistry, in some form or another, may have been practiced for over 9,000 years—dating as far back as the Indus Valley Civilization located in what is now Pakistan. Fortunately, for anyone with a dentist phobia, we've come a long way since using bow drills to treat tooth decay (even though these methods were surprisingly effective and advanced for their day).

We continue to expand our knowledge, and the following tips may be new to you if you haven't studied this stuff since grade school.

Electric Toothbrush vs. Manual Toothbrush: Dr. Michael Sesemann, former President of the American Academy of Cosmetic Dentistry, claims that "A person who brushes well with a manual will do as well as a person who brushes with an electric."

Easy Does It: According to *WebMD.com*, brushing four or more times per day can be excessive, and brushing too hard can wear away your enamel.

Keep It Soft: The Mayo Clinic recommends a soft-bristled toothbrush and suggests replacing it every three to four months—sooner if it becomes worn.

Let It Dry: Sesemann says, "If you have a toothbrush that's perpetually moist, it will cultivate bacteria." *WebMD.com* recommends shaking the toothbrush after each use.

Helpful Hints

Protect Your Identity

According to the US Bureau of Justice Statistics, 7% of households (about 8.6 million) across the nation experienced some form of identity theft last year. While you can't entirely inoculate yourself from potential identity theft unless you drop off the grid and become a mountaineer, the following tips from the major credit bureaus (TransUnion, Experian, and Equifax) may help reduce the risk.

Shred It: Purchase an inexpensive shredder and shred all sensitive documents before you toss them out.

Monitor Your Credit: Check your credit report on a regular basis to make sure nothing looks suspicious.

Note Billing Cycles: If a credit card bill doesn't arrive on time, contact the company immediately. A missing bill could mean that a criminal changed the billing address.

Fraud Alerts: All three credit bureaus allow you to place fraud alerts on your credit card if you suspect illegal activity. You only need to call one of them—they will share your information with the others.





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Savor the Flavor

Banana Nilla Wafer Pudding

1/3	Cup	Sugar	1	Tbsp.	Unsalted butter
1	Tbsp.	Cornstarch	2	tsp.	Vanilla
1/4	tsp.	Nutmeg	3-4		Bananas, sliced
1/8	tsp.	Salt	24		Nilla wafers, coarsely crushed
1 1/2	Cups	Half and Half			Whipped cream, for serving
2		Egg yolks			

Whisk together sugar, cornstarch, nutmeg, and salt in a medium saucepan, then whisk in Half and Half and egg yolks. Place over medium heat and cook, whisking constantly, until pudding thickens and begins to boil, 5-8 minutes. Remove from heat and add butter and vanilla.

Whisk until butter has melted. Transfer pudding to a bowl and refrigerate until cold, about 3 hours. Place 1/3 of the pudding mix into individual serving containers (use tall glasses or parfait dishes), add a layer of Nilla crushed wafers and bananas, repeat with another 1/3 of the pudding mix, and add a second layer of Nilla wafers and bananas.

Top with the remaining 1/3 of the pudding. Before serving, top with whipped cream, additional banana slices, and Nilla wafers, if desired.

Household Tips

Pest Control: Keeping Insects at Bay



Summertime can be an open invitation for creepy crawlers to nest in your cool, air-conditioned home. If you've got an insect problem, or you're looking to prevent one, you'll need to consider how to keep bugs at bay while protecting your family from pesticide exposure.

Preventative measures are often pesticide-free. There's the obvious—wipe down kitchen surfaces and take out the trash. Then there's the not-so-obvious, such as fixing leaky faucets, as all living creatures need water to survive. Install screens on windows, drains, doors, etc., to block openings where pests may enter. Also, don't stack a woodpile against the house, as it will likely draw wood-boring pests into your home.

If you have to use pesticides to deal with an existing infestation, take care to use them properly and in the right quantity. The Environmental Protection Agency recommends researching the appropriate pesticide, reading the label carefully, using the right amount as directed, and storing/disposing of pesticide properly.

Visit <http://www.epa.gov/pesticides/> for more information.



Brain Teasers



Women in History

- The 19th Amendment, which granted women the right to vote in 1920, was introduced to Congress in:
 - 1878
 - 1912
 - 1918
 - 1906
- The first woman to serve on the US Supreme Court was:
 - Ruth Bader Ginsburg
 - Elena Kagan
 - Sandra Day O'Connor
 - Sonia Sotomayor
- The longest ruling female Pharaoh of Ancient Egypt was:
 - Cleopatra
 - Hatshepsut
 - Nefertiti
 - Tausret
- The first American woman in space was:
 - Jerrie Cobb
 - Kathryn Sullivan
 - Nichelle Nichols
 - Sally Ride

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



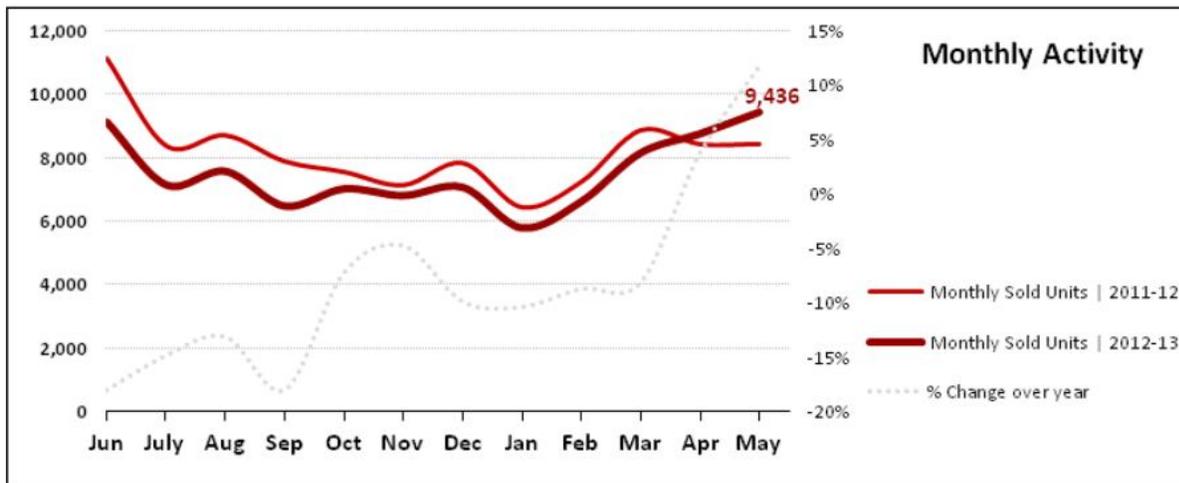
ARMLS® STAT - June 6, 2013

SALES Month over Month

May sales increased 7.8% to 9,436, following the steady, upward sales trend line begun in January. Sales above 9,000 were last seen 11 months ago in June 2012 (9,129).

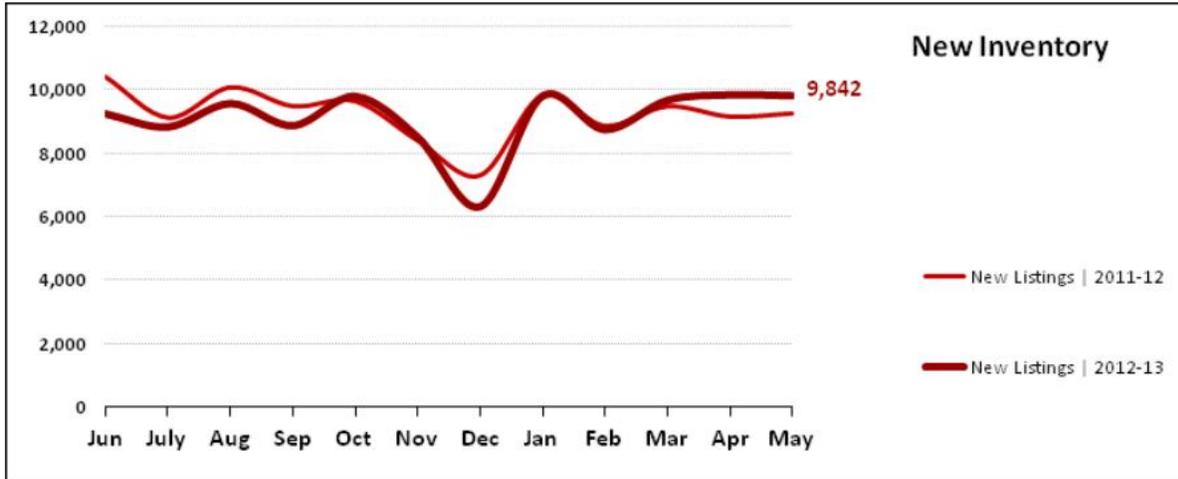
SALES Year over Year

Sales were up 11.8% over the same metric in 2012. May's figure (9,436) is the highest since June 2011 when sales hit a record 11,125, the highest sales figure of the decade.



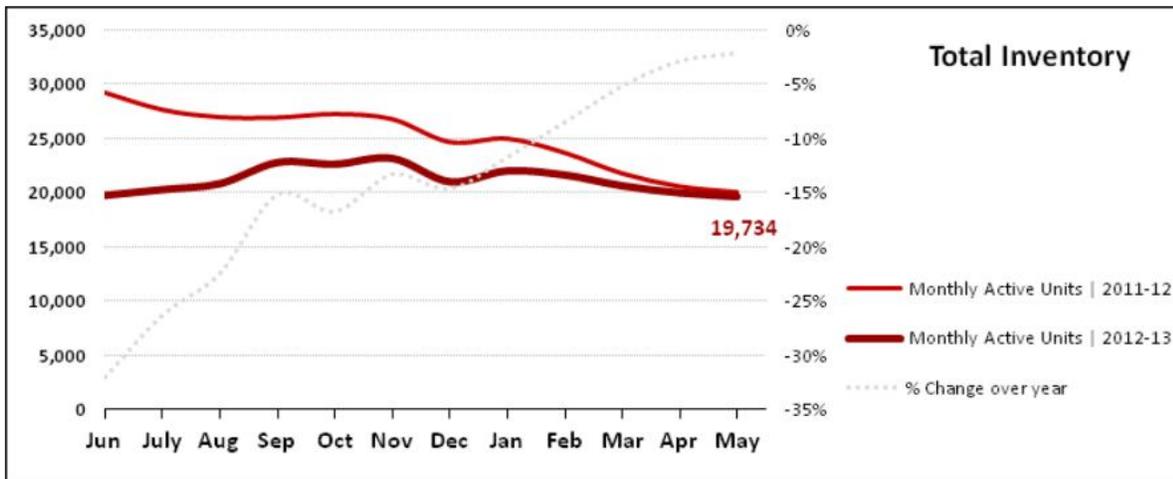
NEW INVENTORY

New inventory fell slightly by 0.3% to 9,842. May's figure is 8% above the 12-month average of 9,114.



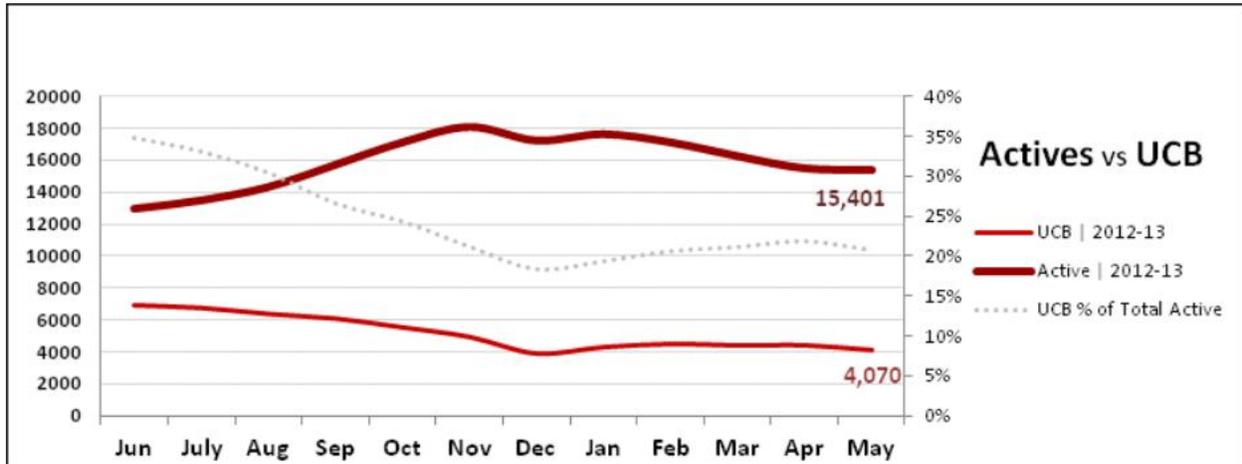
TOTAL INVENTORY

Total inventory dropped by 1.7% in May to land at 19,734. This metric has fallen 7 out of the last 12 months, averaging -0.14% per month over the last 12 months. This is the first time total inventory has slipped below 20,000 since June 2012.



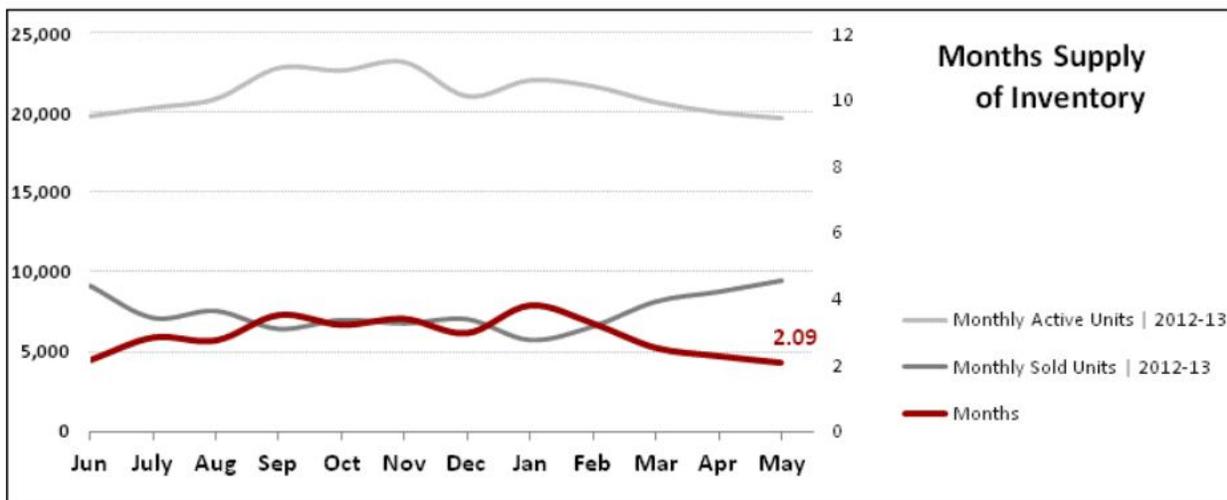
ACTIVES and UCBs

The Under Contract-Backups (UCBs) makeup of Active listings declined slightly (-1%) in May to 4,070, or 21% of active inventory. The UCB component of Actives has been declining, and over the last 12 months has fallen from a high of 35% to the current 21%.



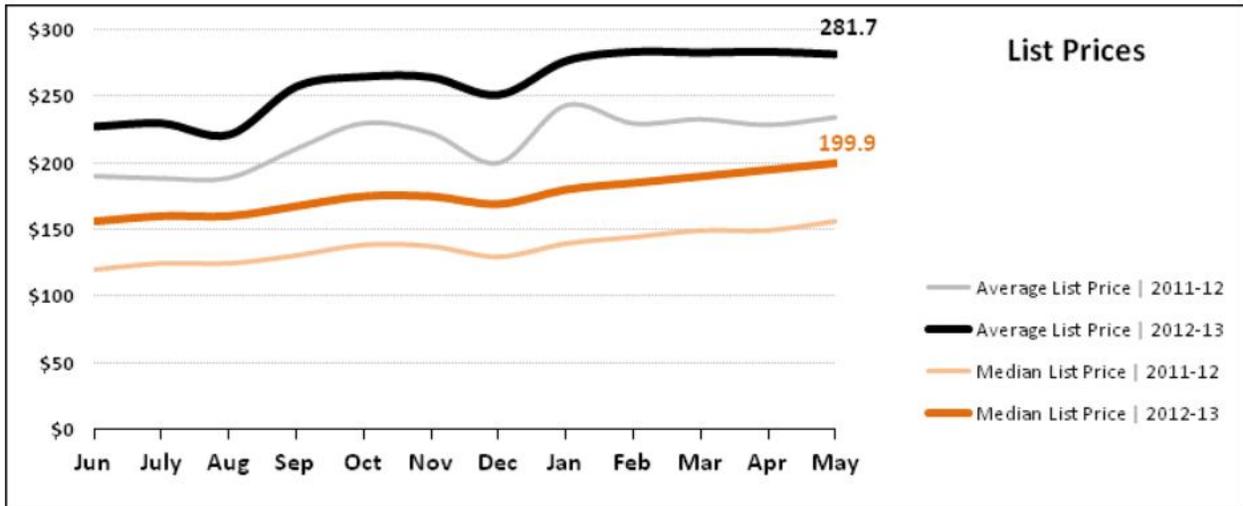
MONTHS SUPPLY OF INVENTORY (MSI)

MSI declined for the fourth month in a row to 2.09 months. MSIs below four months are regarded as Sellers' markets. Marketwide MSI is tracked by STAT as a barometer of overall market health. It should never be used to estimate MSI in smaller market niches, which have their own unique supply and demand balance.



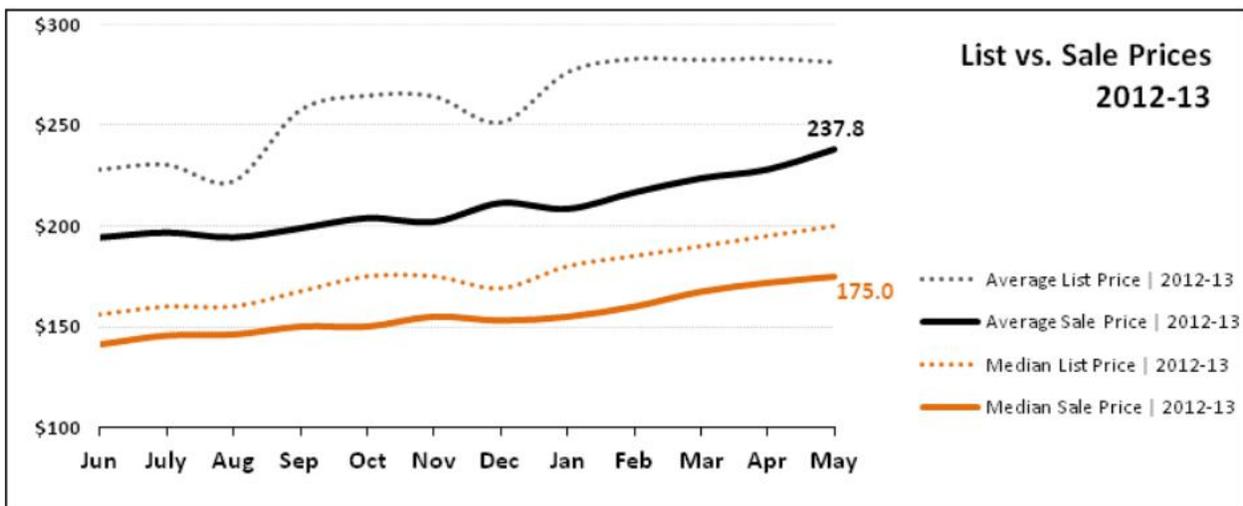
NEW LIST PRICES

The median new list price increased 2.5% in May to \$199,900, increasing 8 out of the last 12 months. Median list price in the \$199,000-\$200,000 range was last seen in the June-July time frame in 2008. Average new list price decreased slightly (-0.6%) to \$281,700.



SALES PRICES

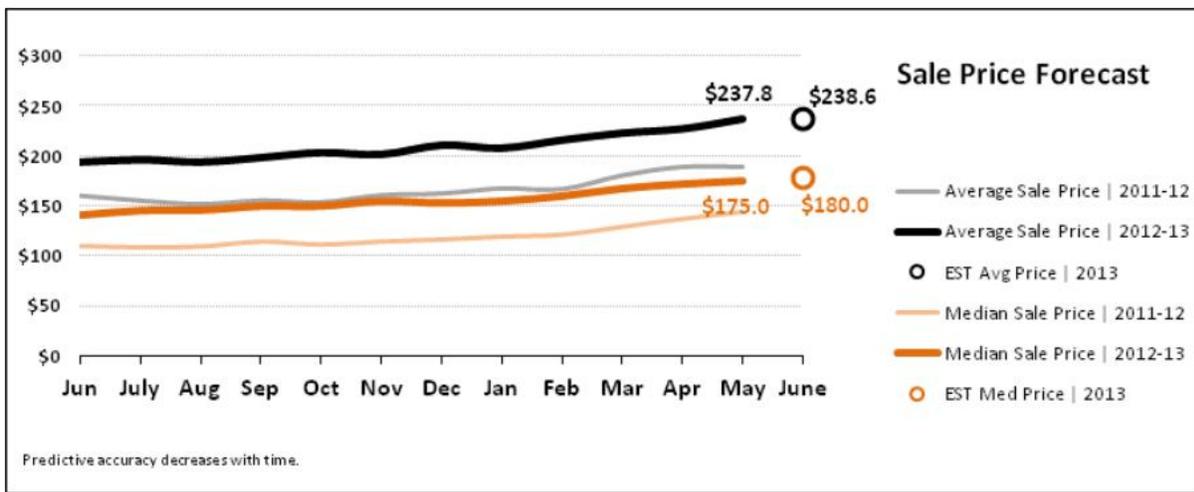
Both sales price metrics rose in May, continuing the upward trend lines that started when both the median and average sales prices hit bottom in May 2011 and August 2011, respectively. May's median sales price rose 1.7% to \$175,000, surpassing last year's May metric by 20.7%. The average sales price increased 4.4% to \$237,800, also beating last year's average sales price metric by 25.7%.



THE ARMLS PENDING PRICE INDEX™

The ARMLS PENDING PRICE INDEX is a metric unique to ARMLS which uses pending properties inside the MLS system to forecast median and average sales prices 30 days into the future. Last month PPI predicted the median sales price for May to be \$173,000, underestimating the actual of \$175,000 by 1.16%. It predicted the May average sales price at \$235,100, missing the actual of \$237,800 by 1.15%.

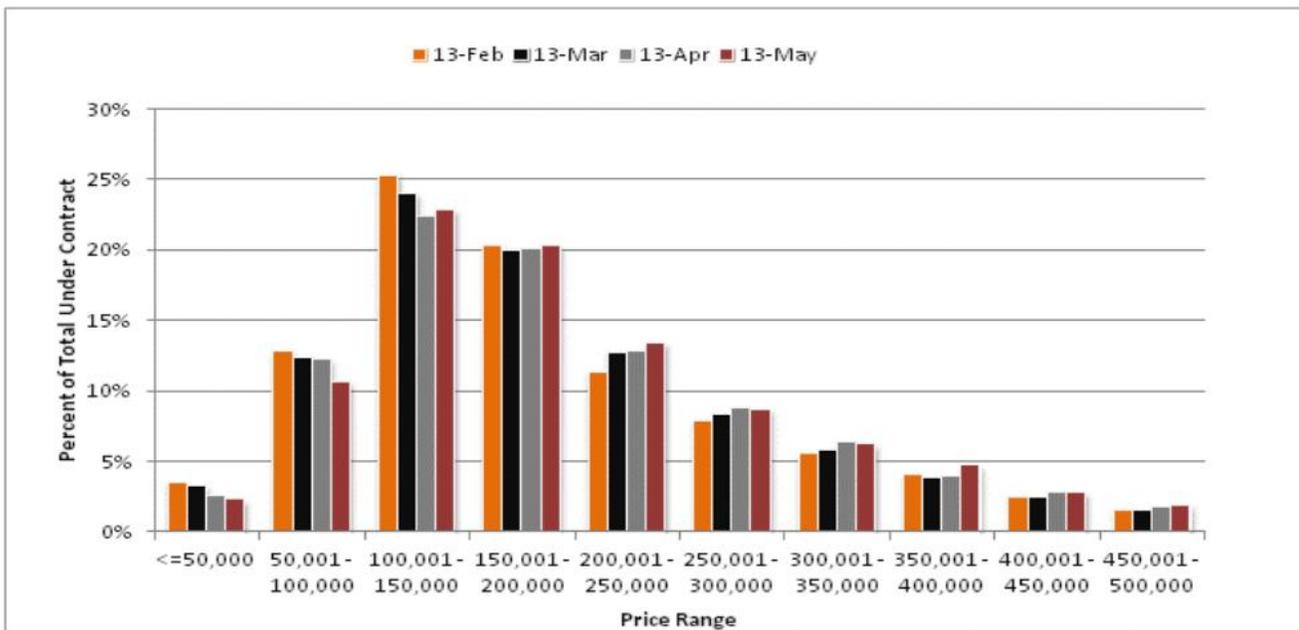
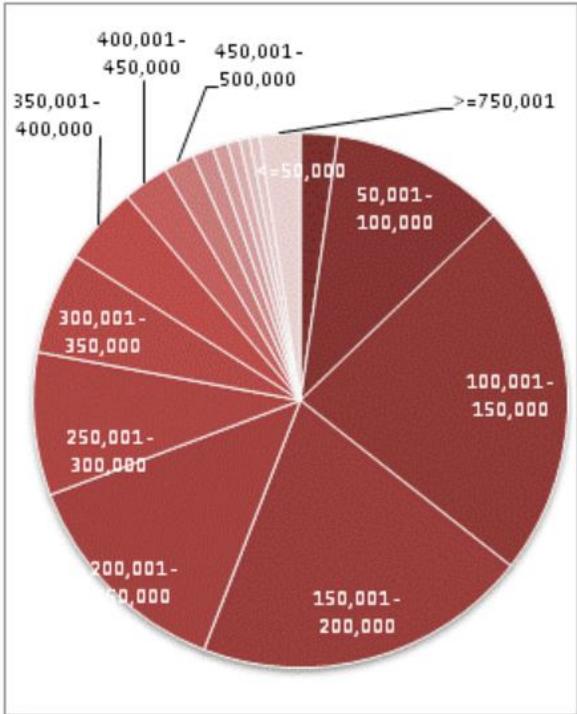
PPI predicts the June median sales price to increase to \$180,000, and the average sales price to rise to \$238,600, continuing the upward trend lines of both metrics.



PPI SUPPLEMENT

The PPI Supplement focuses on the makeup of newly pending properties added to the pending pool each month over a rolling four months. For some time a decrease in the percentage of pendings from \$150,000 and below, and an increase in the ranges above, have been typical. This reflects the decline in available inventory in the lower, more affordable ranges, and a shift to properties in the next higher ranges. More revealing is a comparison of the monthly pending percentages to those a year ago. The percentage of pending properties in the \$150,000 and below ranges fell 17.20% from a year ago. However, the percentage of pending properties in May 2013 in the \$150,001 to \$300,000 ranges, rose 9.89%. In addition, May's pending properties in the \$300,001 to \$500,000 ranges increased 5.6%.

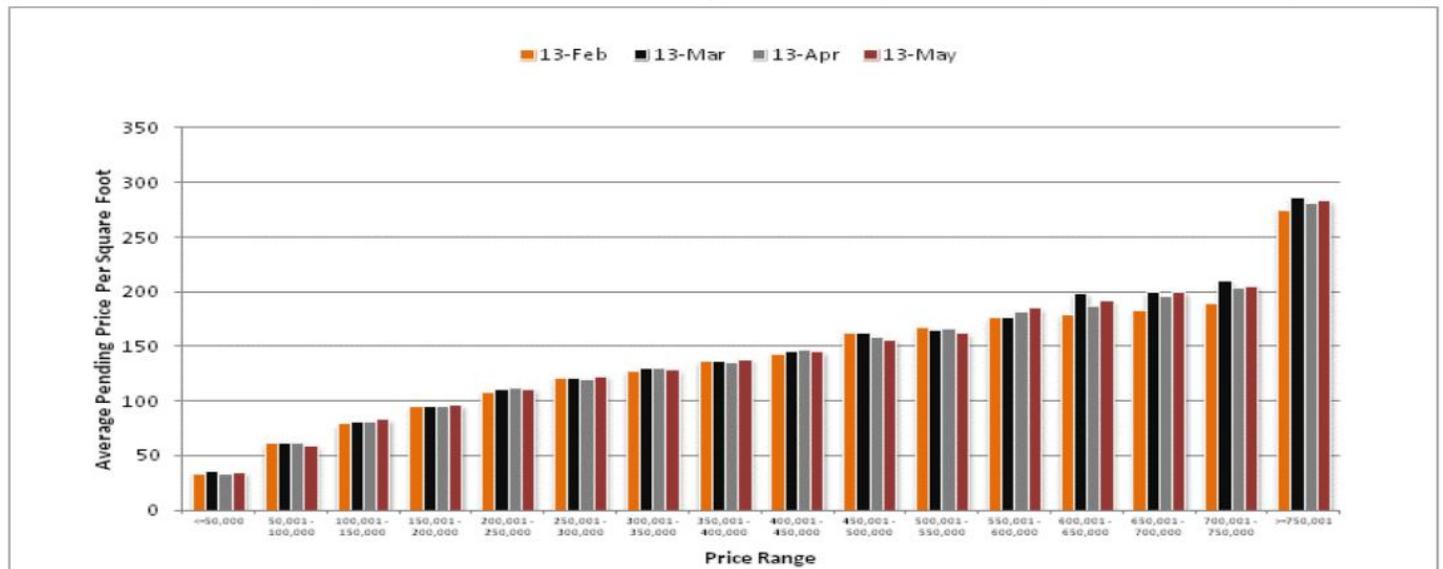
Pending Contracts Signed In May				
Price Range	PPI Avg	PPI Med	PPI Units	Units % of Total
<=50,000	37,955	40,000	178	2.24%
50,001 - 100,000	79,823	80,900	840	10.56%
100,001 - 150,000	128,885	130,000	1,814	22.81%
150,001 - 200,000	174,414	174,000	1,611	20.26%
200,001 - 250,000	226,499	225,000	1,063	13.37%
250,001 - 300,000	275,245	274,990	688	8.65%
300,001 - 350,000	326,681	325,000	492	6.19%
350,001 - 400,000	376,044	375,000	374	4.70%
400,001 - 450,000	425,345	425,000	220	2.77%
450,001 - 500,000	478,365	475,000	148	1.86%
500,001 - 550,000	529,780	530,000	101	1.27%
550,001 - 600,000	577,560	576,700	72	0.91%
600,001 - 650,000	630,257	630,000	59	0.74%
650,001 - 700,000	680,104	683,143	48	0.60%
700,001 - 750,000	732,556	735,000	49	0.62%
>=750,001	1,275,817	1,040,000	194	2.44%



PPI SUPPLEMENT - \$/SQ FT

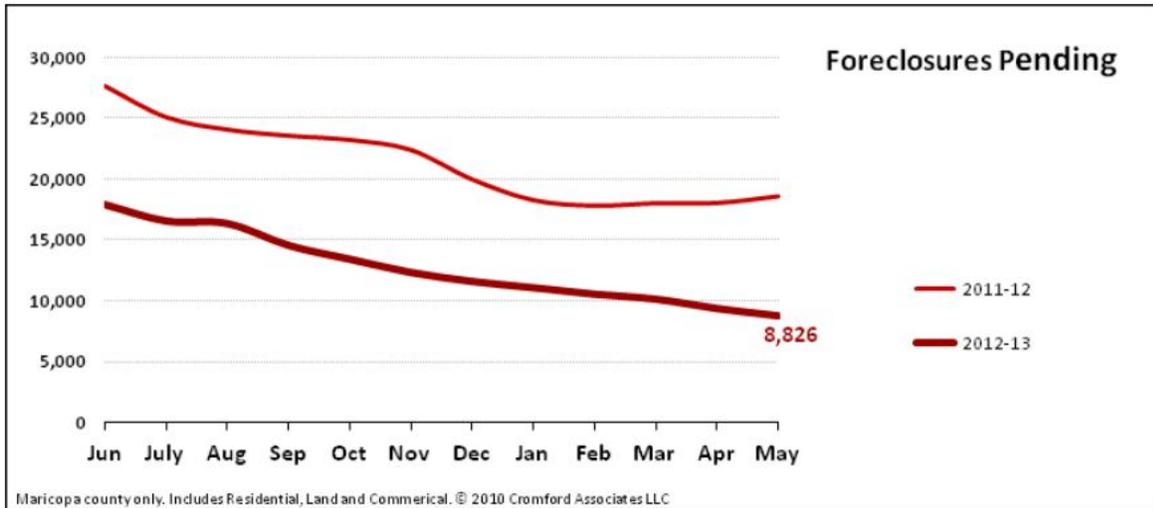
The PPI/SQ FT report examines, on a rolling four month basis, incremental gains or losses in the price per square foot of newly pended properties added to the pending pool each month. No significant trending in gains or losses in price per square foot were noted in any price range.

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	37,363	1,111	218	34	<=50,000	37,955	1,109	178	34
50,001 - 100,000	79,150	1,291	1,077	61	50,001 - 100,000	79,823	1,355	840	59
100,001 - 150,000	128,181	1,577	1,978	81	100,001 - 150,000	128,885	1,549	1,814	83
150,001 - 200,000	173,604	1,818	1,768	96	150,001 - 200,000	174,414	1,809	1,611	96
200,001 - 250,000	225,842	2,015	1,130	112	200,001 - 250,000	226,499	2,039	1,063	111
250,001 - 300,000	275,191	2,293	775	120	250,001 - 300,000	275,245	2,243	688	123
300,001 - 350,000	326,898	2,510	561	130	300,001 - 350,000	326,681	2,544	492	128
350,001 - 400,000	375,606	2,789	343	135	350,001 - 400,000	376,044	2,721	374	138
400,001 - 450,000	427,322	2,904	242	147	400,001 - 450,000	425,345	2,929	220	145
450,001 - 500,000	477,041	3,022	155	158	450,001 - 500,000	478,365	3,067	148	156
500,001 - 550,000	527,449	3,181	96	166	500,001 - 550,000	529,780	3,271	101	162
550,001 - 600,000	577,268	3,189	84	181	550,001 - 600,000	577,560	3,125	72	185
600,001 - 650,000	626,601	3,366	69	186	600,001 - 650,000	630,257	3,289	59	192
650,001 - 700,000	678,923	3,471	52	196	650,001 - 700,000	680,104	3,403	48	200
700,001 - 750,000	729,690	3,591	47	203	700,001 - 750,000	732,556	3,570	49	205
>=750,001	1,306,479	4,658	238	280	>=750,001	1,275,817	4,507	194	283



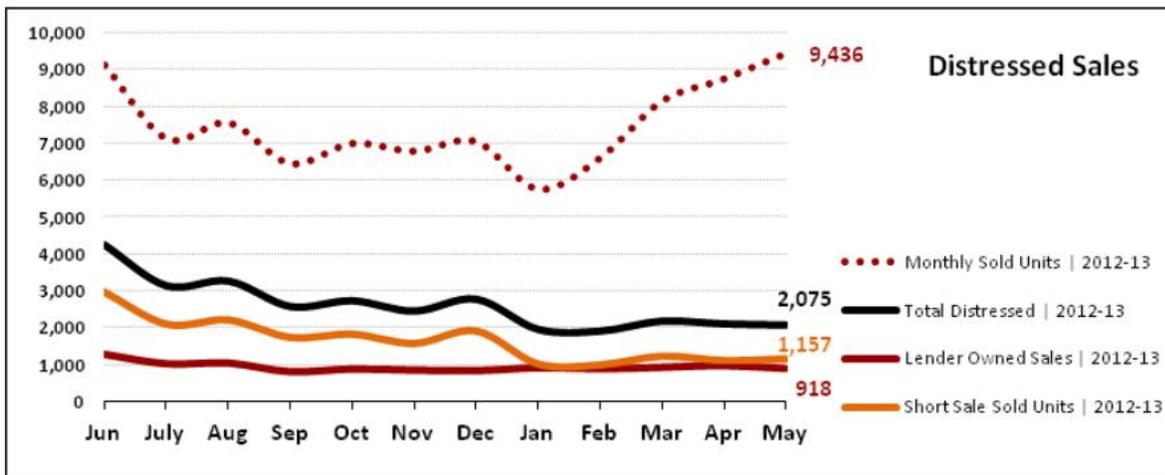
FORECLOSURES PENDING

Foreclosures pending followed its declining trend line again in May to 8,826, falling 6.35% from last month. Foreclosures pending have declined steadily since the all time high of 50,568 in November of 2009. The last time foreclosures pending in the mid-8,000 range were seen was in September 2007, on its upward climb to the decade high.



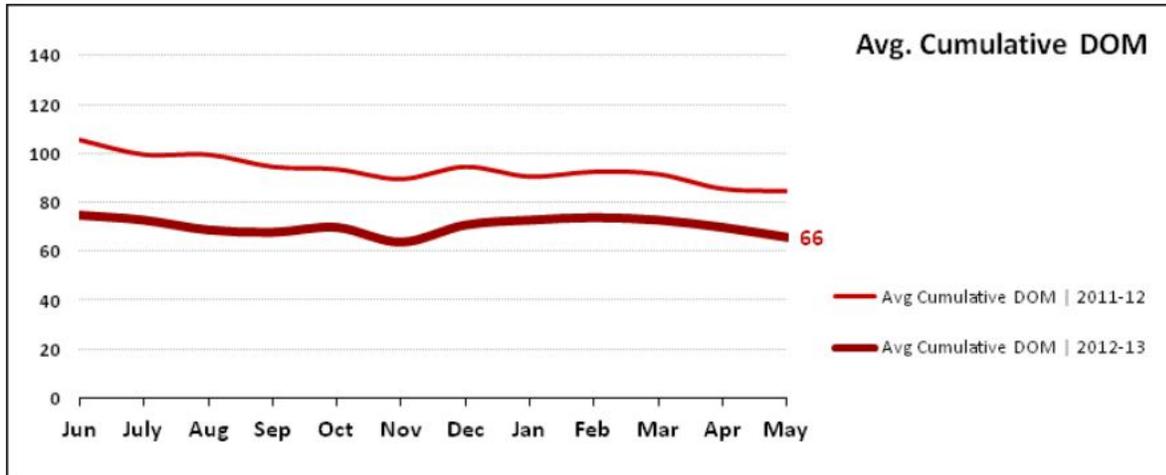
DISTRESSED SALES

Distressed sales of 2,075 fell again as a percentage of total sales to 22%, having fallen from the all time high of 70.7% in February 2011. Closed lender owned sales of 918 accounted for 9.7% of the total sales, while short sales of 2,075 accounted for the remaining 12.3%. The decline in influence of distressed properties on pricing is seen as positive, and moves the Valley market into more normal territory.



AVERAGE DAYS ON MARKET (DOM)

Average days on market declined by 4 days in May to 66. Marketwide DOM is tracked by STAT as a barometer of overall market health and should never be use to estimate DOM in smaller market niches.



COMMENTARY

The Valley's recovery advanced in May at the steady pace typical of the previous six months. Notably, sales activity increased 7.8% and three of the four pricing metrics showed gains: median list price +2.5%, median sales price +1.7% and average sales price +4.4%. Distressed sales as a percentage of total sales declined to 22%. Both DOM and MSI fell lower, continuing their upward pressure on pricing. Disappointing was further decline in total inventory which has fluctuated in the range between 19,734 and 23,232 for the past 12 months.

The chatter regarding inventory shortage remains problematic. Total inventory is very close to inventory levels from last May, but the DOM is down 19 days from a year ago, and prices are rising. In 2004, regarded by many as the last normal Valley market, the average total monthly inventory was 17,485. So maybe complaints about lower inventory need to be tempered, because the current inventory levels are comparable to a normal market. Perhaps the problem is not lack of inventory, but sparse inventory in the outrageously affordable ranges to which many Buyers now feel entitled. But as the PPI Supplement indicates, ample supply in those affordable ranges is going away. The pressure that the sparse inventory in the low ranges exerts is all around good for pricing. There is enough inventory, just not in the price ranges a lot of Buyers want.

After the last five years of scratching for economic good news like a blind chicken pecking for seed, we now have many positive signs and indicators to buoy not only Subscriber Confidence¹ but overall Consumer Confidence, which climbed to its highest level in five years.² In April unemployment fell lower in 40 states.³ The Labor Department reports that employment rates declined in 344 of the 372 largest metro areas.⁴ Specifically, the Bureau of Labor statistics predicts preliminarily 6.6% unemployment for Phoenix-Mesa-Glendale.⁵ If the Great Recession has taught us anything, it's that good news, as well as bad news, in other places in the U.S., affects our own recovery, either directly or indirectly.

As Congress dukes it out over taxes, stimulus and belt tightening, the Congressional Budget office forecasted a continued decline in the federal budget deficit. Their projections estimate a \$642 billion budget deficit for 2013, down \$200 billion from its February estimate and the smallest annual shortfall since 2008. When President Obama came into office, he faced a deficit of \$1 trillion. About half of the reduction comes from new tax revenues and expiration of certain deductions. In addition, the strengthening economy brings new revenue from wages and capital gains.⁶

While many economists cite the sequester as a drag on the economy, Ian Shepherdson, chief economist at Pantheon Macroeconomic Advisers, believes that rising home prices and appreciation in the stock market should offset at least a third of the fiscal tightening.⁷ If he's right, that leaves only two thirds of the sequester to fret over. The Bureau of Economic Analysis reported the drop in personal income of \$5.6 billion in April was caused by declines in farm income and sequester-driven cuts in government. Further, personal consumption fell \$20.5 billion.⁸

Mortgage rates are still very affordable and that bodes well. Freddie Mac reports the average 30 year rate at 3.59%, and 2.77% for 15 year.⁹ Resale inventory remains low, but new homes may fill in that gap. While new homes sales fell in April to 860, compared to the 1,020 in March, the gap can be explained by the fact that fewer new homes were complete and ready for close. Last month 1,290 single family permits were issued, up from 1,258 in March. Gilbert, Queen Creek, the Southwest Valley adjacent to Interstate 10 and Vistancia in the Northwest Valley, as well as areas close to Loop 303 are among the highest centers for new home growth.¹⁰

STAT reports much to crow about in the numbers and the economy, even amidst the unknowns associated with the sequester. Hopes that Congress would work out a more palatable and common sense approach to belt-tightening are fading. It feels a lot like driving a train full speed ahead with the breaks on. STAT though, remains optimistic.

¹ <http://www.armls.com/docs/subscriber-confidence-index/sci-may-2013.pdf%20target=>

² <http://www.bloomberg.com/news/2013-05-28/consumer-confidence-in-u-s-rises-to-highest-since-february-2008.html>

³ http://www.mercurynews.com/business/di_23267721/us-state-unemployment-rates-april-at-glance

⁴ <http://azcapitoltimes.com/news/2013/05/29/unemployment-rates-fall-in-nearly-all-us-cities-yuma-still-tops/>

⁵ <http://www.bls.gov/news.release/metro.t01.htm>

⁶ <http://www.usatoday.com/story/news/politics/2013/05/14/budget-deficit-cbo-estimate/2158945/>

⁷ http://www.nytimes.com/2013/05/29/business/house-prices-show-largest-gain-in-years.html?_r=0

⁸ <http://bea.gov/newsreleases/national/pi/2013/pdf/pi0413.pdf>

⁹ <http://www.freddiemac.com/>

¹⁰ <http://www.azcentral.com/business/realestate/articles/20130523new-home-permits-up-april.html>