

JULY 2018



Real Estate Update

JEFF GERBER

ABR®, GRI®, SRES®, REALTOR®

Hello Everyone,

I find myself quite amazed as I'm writing this newsletter that half of 2018 is already behind us. It seems as if only weeks ago I was setting plans and goals for the year. Now, by the time you're reading this, we'll likely have celebrated the 242 Birthday of the United States, probably have finalized summer vacation plans (or maybe even completed them) and start thinking about 'Back to School' season. Where does the time go? I hope you're having a great summer!

The Phoenix real estate market continues to be extremely active. Sellers are still pretty much in the drivers seat. Institutional Buyers and Sellers continue as a very active part of the market. Even with median sale prices setting new market highs (more on that below) we're seeing a good number of homes being purchased as 'investment' properties. 2018 Sales are up about 3% vs 2017. Our inventory is about 12% lower. This helps explain how median sale prices are up about 10.7% from last year. In fact they reached \$265,000 in May, surpassing the previous hi of \$264,800 set in June 2006 (145% increase peak-to-peak). This may sound like there is another 'price bubble' forming, but looking at this price rise from a price per sq ft perspective, it actually shows the growth at about 3% annualized. That's a rather normal and sustainable figure for the Phoenix market. I expect we'll see a 'market correction' sometime in 2019, but it likely will not be the 'bubble burst' many folks sitting on the sidelines are hoping for. My hope is that it will create more opportunities for first-time/starter home Buyers to more affordably participate in home ownership. Many in that category are finding the current prices and increased mortgage interest rates as a barrier/deterrent to home ownership at this time. I'm also seeing many potential snowbirds reassessing their plans and choosing to be a renter now and hoping for a lower priced market to emerge. Actually, it is still a decent market for prospective Buyers with budgets above \$250,000. Those Buyers just have to be patient and realize it likely will mean making offers on several properties before getting an offer accepted. Sellers will find the market quite receptive to most every 'nice' property listed for sale.

Allow me to ask for your help with my business. You know that I provide thorough, professional, personal service to every client. If you know anyone thinking of Buying or Selling a home, ask them to talk with me before moving forward. Your referrals are greatly appreciated!

Regards,

JS Gerber 7/2/2018

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Real Estate For Today

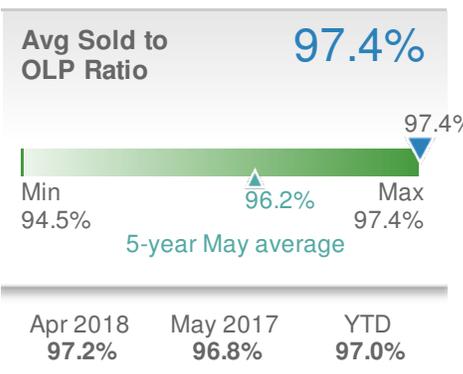
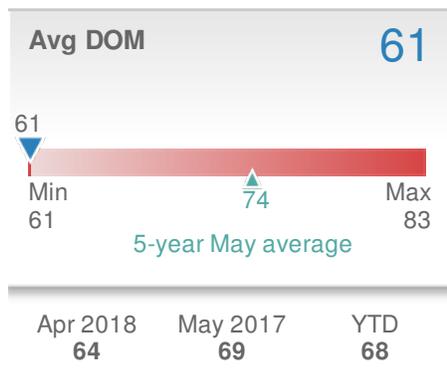
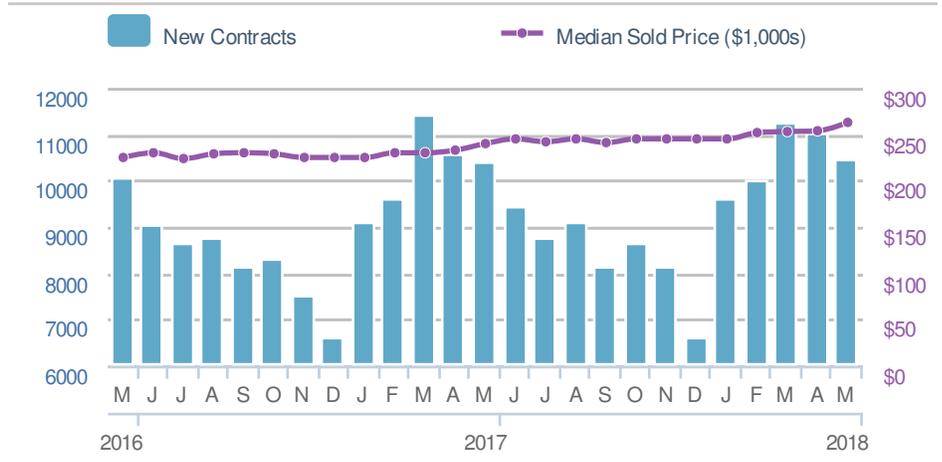
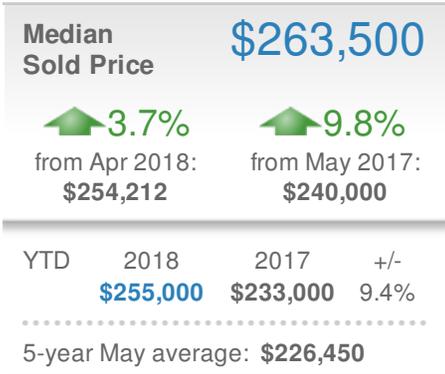


Visit my website at: www.jeffgerberrealtor.com



May 2018

Arizona Regional MLS





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Between FRIENDS

Real Estate for Today

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Ah, the lazy days of summer... more like the *busy* days of summer in the real estate industry! Call me ASAP if you're considering buying or selling a home.



Thinking of selling your home? You should consider adding an Old Republic Home Warranty to your transaction. Seller's coverage keeps your home showing well because it provides repair or replacement should any major systems or appliances malfunction while it's on the market. At close, the warranty seamlessly rolls over into the Buyer's Plan, protecting the home buyer against potential issues after the sale. A home warranty offers budget protection from the high cost of home repairs and peace of mind for both the home seller and buyer!

OLD REPUBLIC HOME PROTECTION

People Helping People

**Safeguard your American dream
with a home warranty!**



Visit www.orhp.com or talk to
your real estate professional to learn more.

If you're happy with the service you receive from me, please recommend me to your family and friends. I'd love to help guide them through their real estate transaction.



Health & Safety

Disaster Preparedness

In the event of a crisis, it's important to know what to do and be prepared to take action. Use the following disaster preparedness tips to ensure you and your family are ready for any emergency.

1. Discuss the different types of emergencies that may occur in or near your home. Familiarize yourself with natural disaster risks in your area, such as floods, earthquakes, fires, or tornadoes.
2. Make a general emergency preparedness plan and go over it with everyone in your household. Make sure each person understands their role and knows how to respond in an emergency. Choose a meet-up area in case your household gets separated, and pick a contact person who lives out of the area to call or text with updates. Keep emergency contact information with you at all times.
3. Review your family's roles and practice your plan together a few times a year. You may not be able to practice every element of your plan, but repetition is key—this way it'll be easier to remember what to do in the event of a crisis.



Visit www.redcross.org for more information on how to prepare for emergencies and to download and print a Family Disaster Plan Template.

Helpful Hints

Tips for a Smooth Move

Moving is an exciting, stressful task. The keys to any good move are organization and preparation! These tips may help make moving a positive experience.

Prior to moving day:

- Create a moving budget before you even begin packing. Decide if you're going to hire movers, do it yourself, or ask your friends for help—factor these costs into your budget.
- Get rid of clutter now. Donate or dump items you don't want to take with you.
- Organize your boxes so they're in proper order for unpacking. Set aside items you'll need on the first day in your new place (like your toothbrush and toilet paper).

On moving day:

- Wake up early so you're prepared and packed up when your movers (or friends) arrive.
- At the new place, make the beds first. Chances are you're going to be tired after such a hard day, and you won't want to worry about finding clean sheets.
- Hang window coverings the first day so you're not awakened too early by bright sunshine the next morning.



2-3 cups strawberries

2-3 Tbsp honey (or other sweetener, add more to taste)

2 Tbsp lemon juice

Preheat oven to 150°F, or use the lowest temperature setting on your oven.

Remove stems from strawberries and puree in a blender or food processor until smooth. Add sweetener and lemon juice. Mix well.

Pour mixture into a baking sheet lined with parchment paper. Spread mixture evenly on the pan to 1/8- to 1/4-inch thickness.

Place baking sheet on top oven rack and bake for 5 to 6 hours, leaving the door cracked open.

Fruit leather is ready when the center surface is no longer sticky. Roll fruit leather in parchment paper and store in an airtight container.



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Household Tips **Air Purifying Houseplants**

Believe it or not, various houseplants can be used to purify the air in your home. They can remove all kinds of air pollutants, such as formaldehyde, benzene, ammonia, xylene, and trichloroethylene. Check out these indoor pollutant pulverizers.

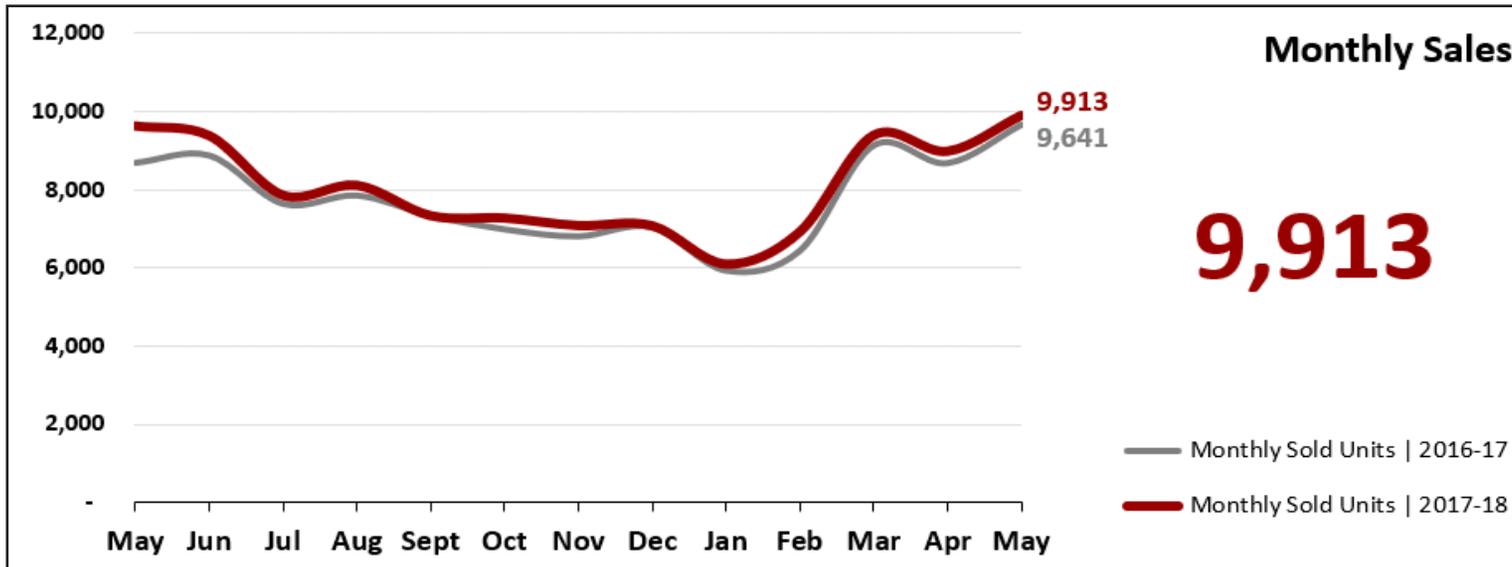
- Peace lilies are very easy to grow. They don't require much sunlight, and they start looking wilted when they need to be watered, so they're a good choice for those not gifted with a green thumb.
- Snake plants are nearly impossible to kill and they add a touch of modern texture to your home's interior. Water occasionally and keep in a dry, sunny spot.
- Ficus trees can grow to 10 feet tall, indoors and out! They're partial to indirect sunlight and dryer soil, and they'll thrive outdoors in the spring.
- Garden chrysanthemums are more commonly grown outdoors, but they bloom indoors, too. Keep mums well watered (under the leaves to prevent leaf fungus) and place them in an area that gets bright daytime sun and very little light at night.

Note: These houseplants are toxic to cats and dogs. Please research any plants before introducing them to your home if you have pets or small children.





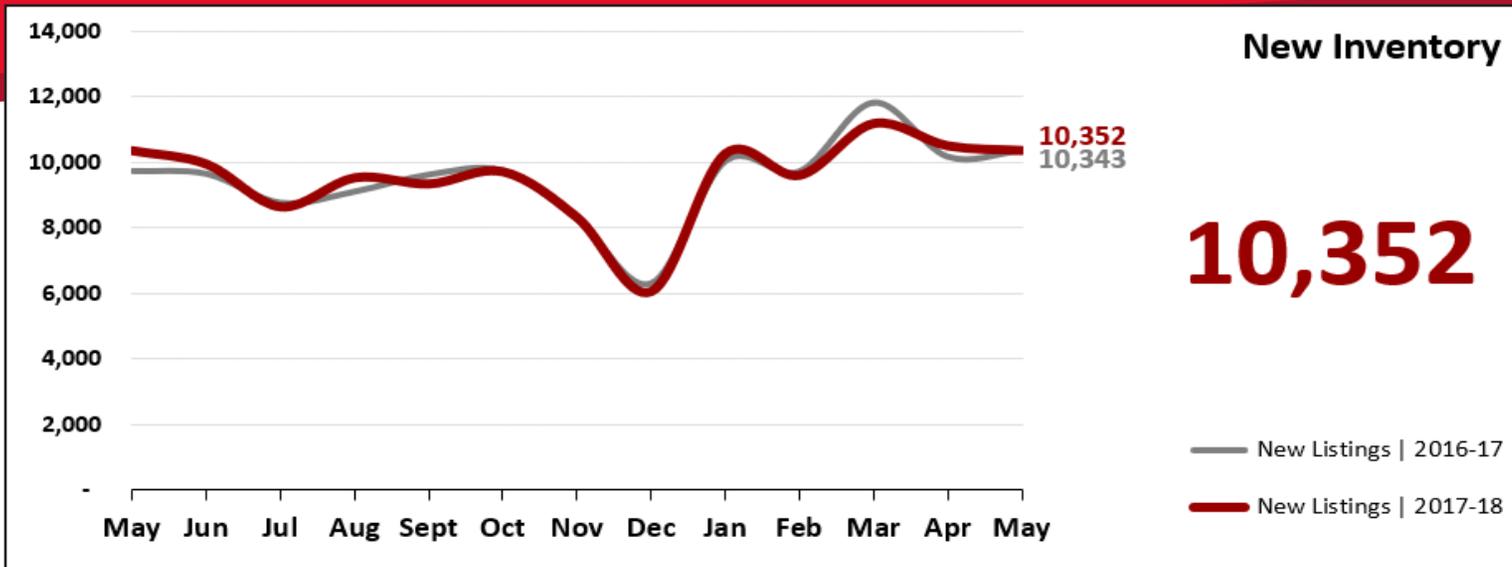
DATA FOR MAY 2018 - Published June 15, 2018



Sales are up +10.3% month-over-month. The year-over-year comparison is up +2.8%.

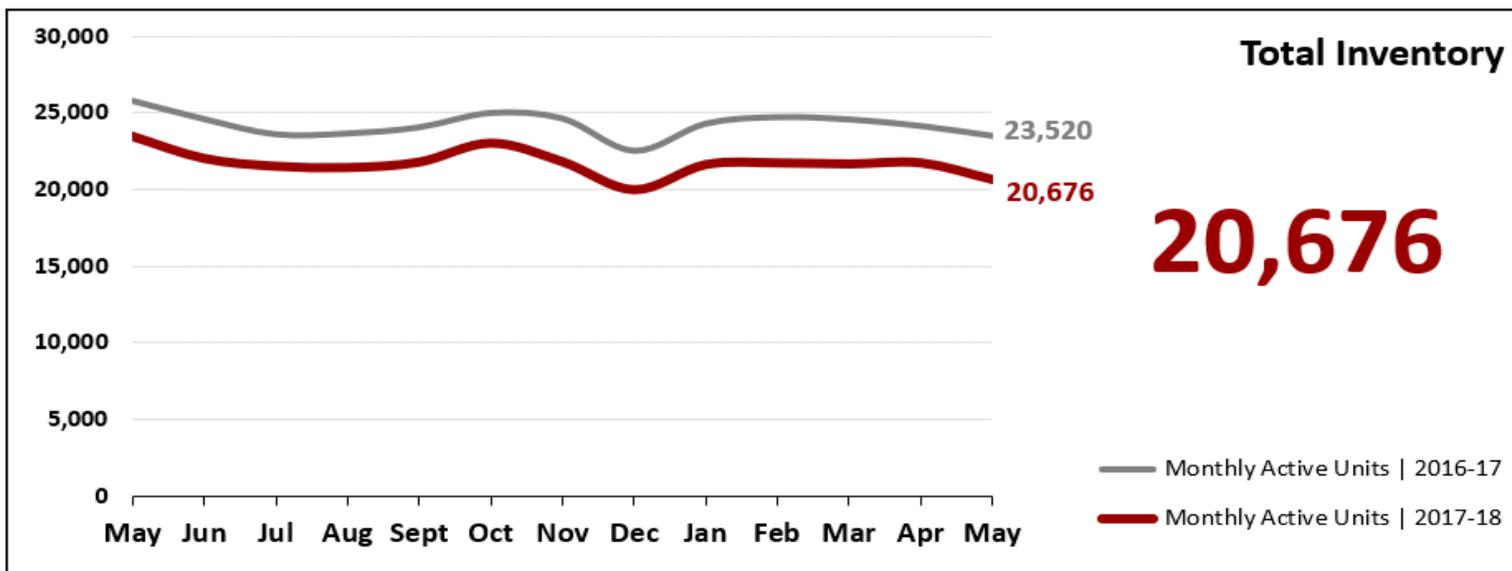
9,913

Closed MLS sales with a close of escrow date from 5/1/2018 to 5/31/2018, 0 day DOM sales removed



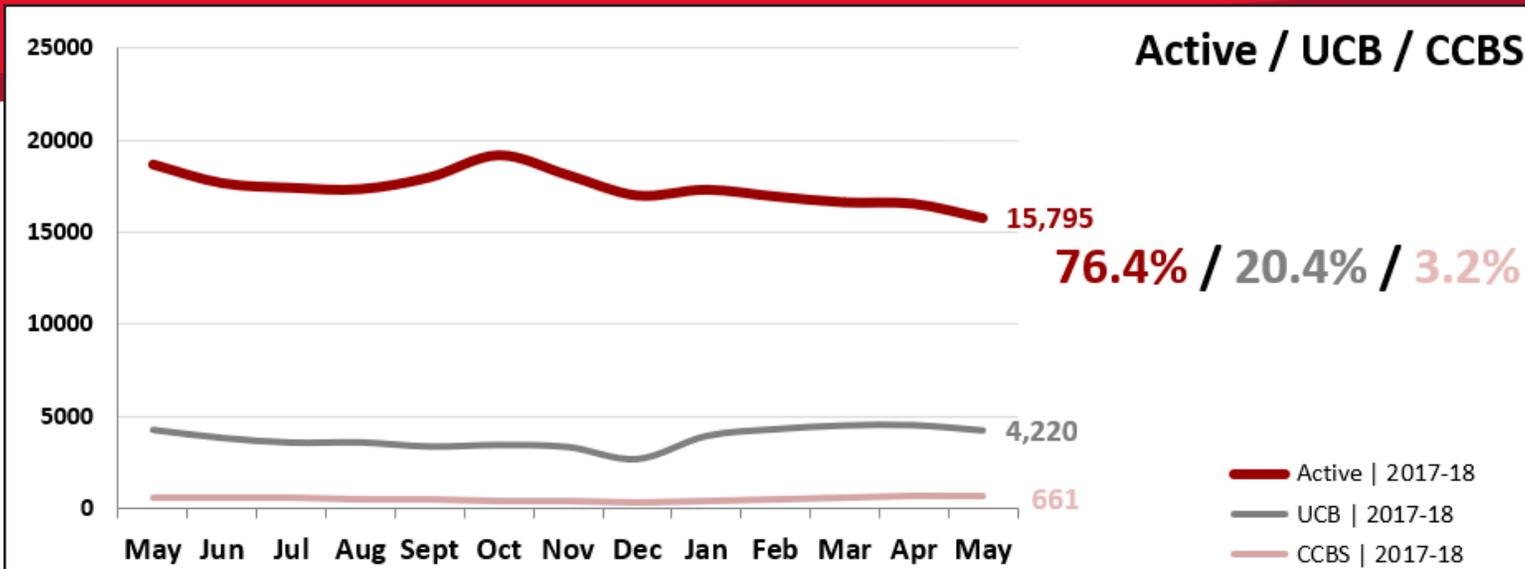
New inventory is down -1.4% month-over-month while the year-over-year comparison shows an increase of +0.1%.

New MLS listings that were active for at least one day from 5/1/2018 to 5/31/2018, 0 day DOM sales removed



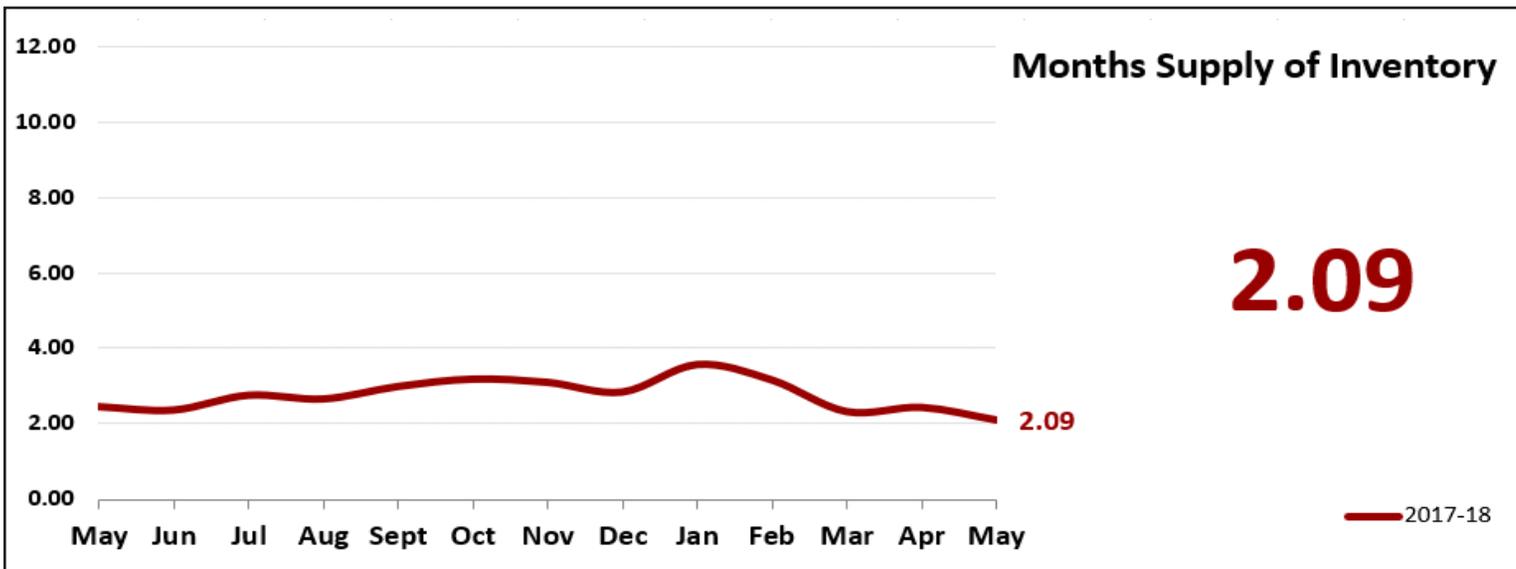
Total inventory has a month-over-month decrease of -5.0% while year-over-year reflects a decrease of -12.1%.

Snapshot of statuses on 5/31/2018



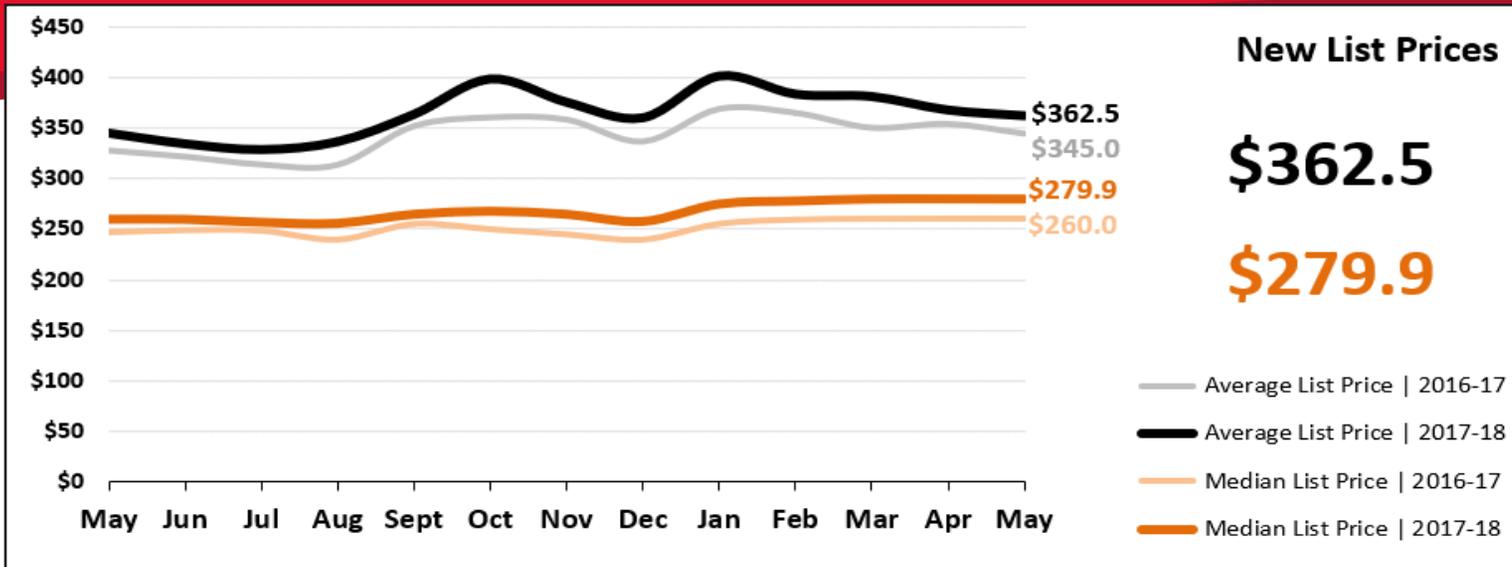
May UCB listings percent of total inventory was 20.4% with May CCBS listings at 3.2% of total inventory.

Snapshot of statuses on 5/31/2018



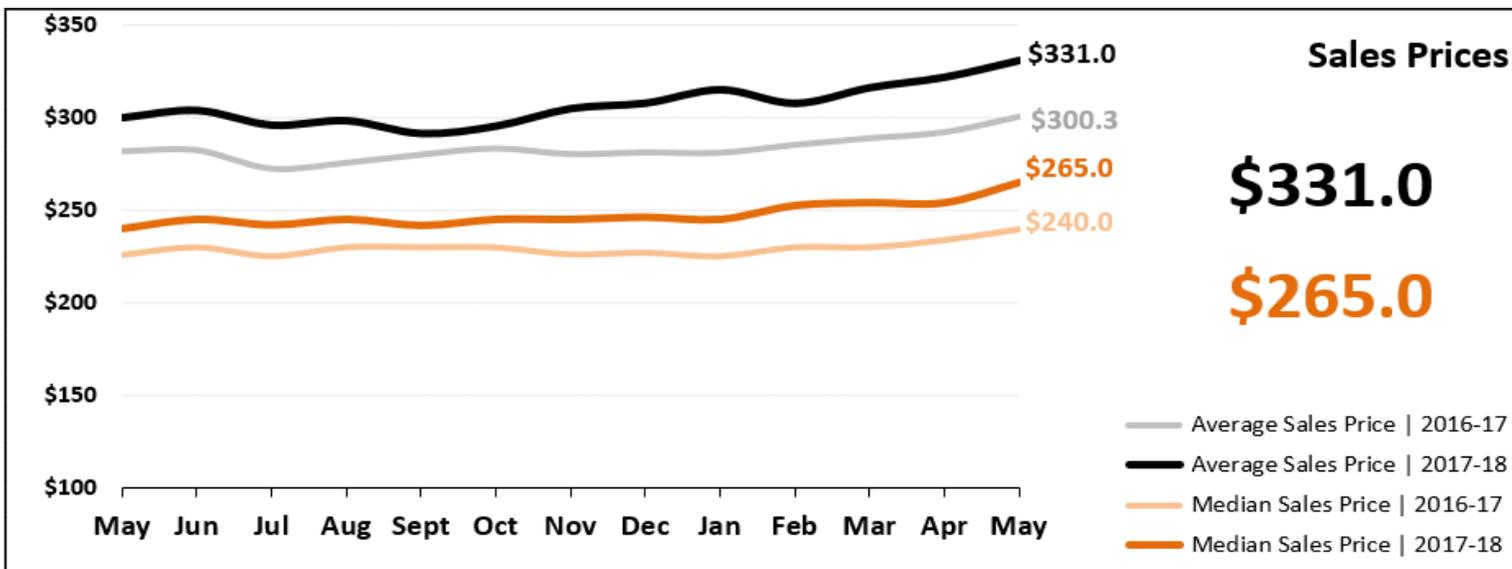
Months supply of inventory for April was 2.42 with May at 2.09.

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



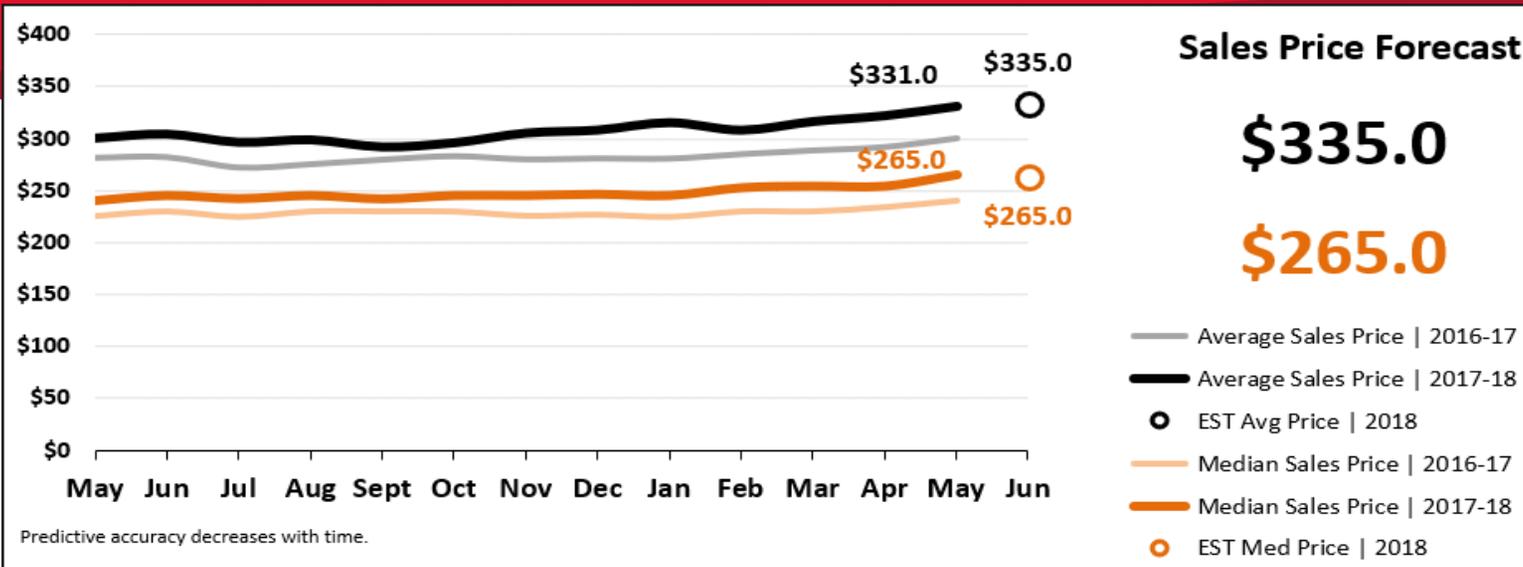
Average new list prices are up +5.1% year-over-year. The year-over-year median is up +7.7%.

List prices of new listings with list dates from 5/1/2018 to 5/31/2018, 0 day DOM sales removed



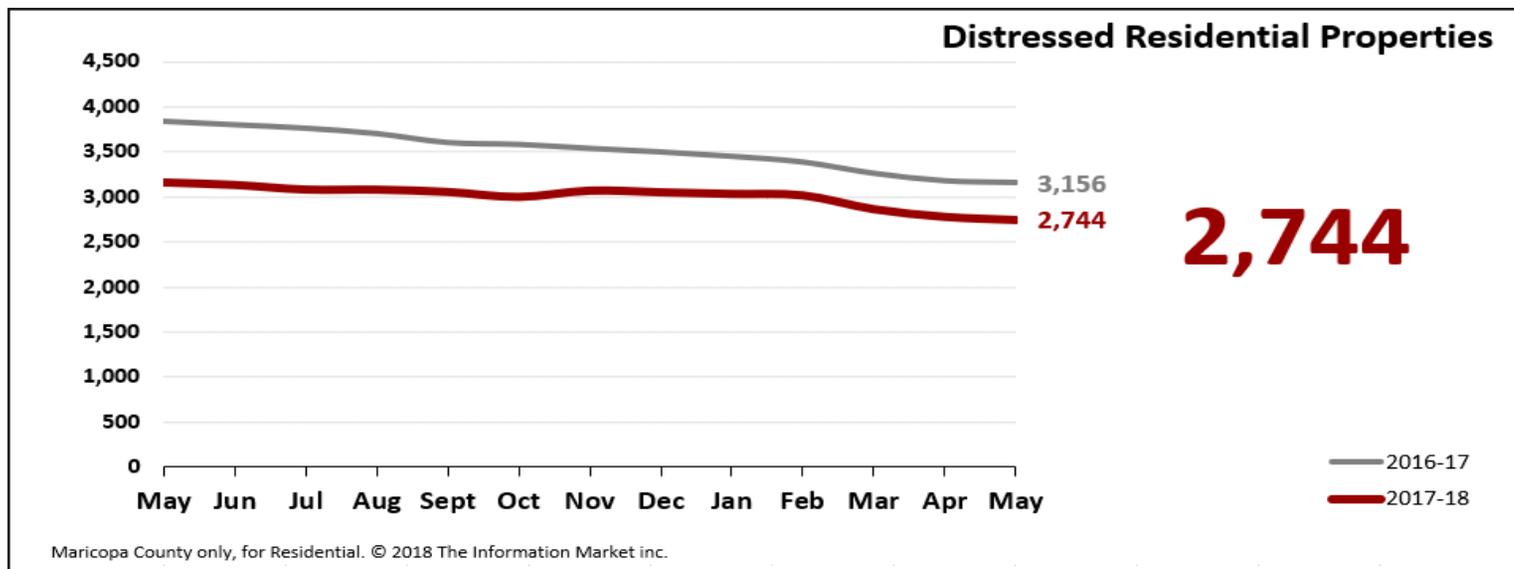
The average sales price is up +10.2% year-over-year while the year-over-year median sales price is also up +10.4%.

MLS sales prices for closed listings with a close of escrow date from 5/1/2018 to 5/31/2018, 0 day DOM sales removed



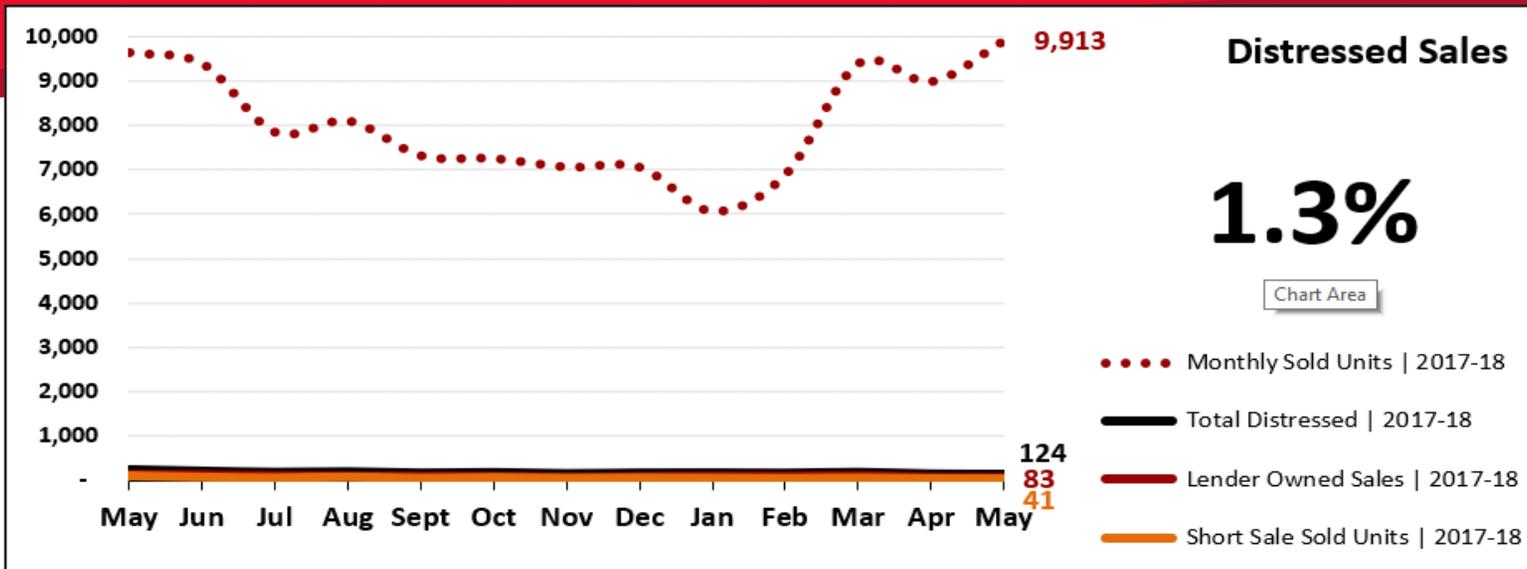
A slight increase is forecasted for average sales price while no change is expected in the median sales price.

ARMLS proprietary predictive model forecast, 0 day DOM sales removed



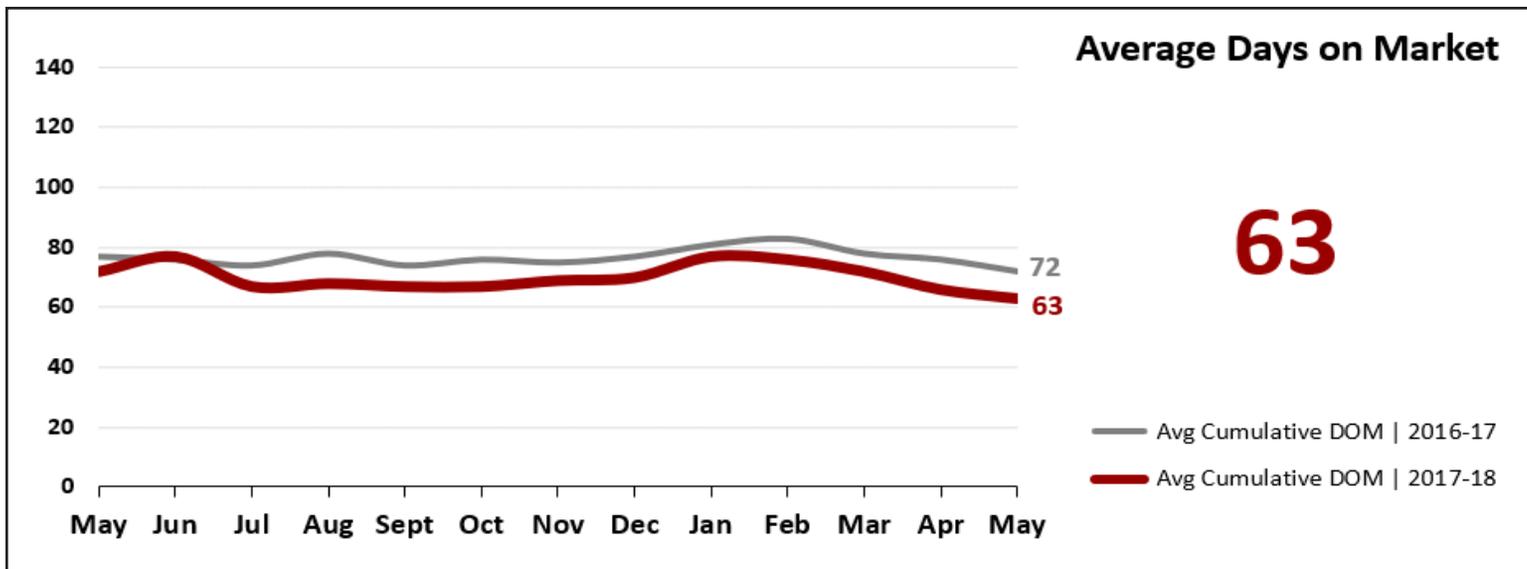
Foreclosures pending month-over-month showed a decrease of -1.2% while the year-over-year figure was down -13.1%.

Snapshot of public records data on 5/31/2018 active residential notices and residential REO properties. Note: this graph was adjusted as total foreclosure counts were under reported for the last 12 months.



Distressed sales accounted for 1.3% of total sales, down from the previous month of 1.4%. Short sales dropped -61% year-over-year. Lender owned sales dropped -36.6% year-over-year.

New MLS listings that were active for at least one day from 5/1/2018 to 5/31/2018, 0 day DOM sales removed



Days on market were down -9 days year-over-year while month-over-month decreased by -3.

MLS sales prices for closed listings with a close of escrow date from 5/1/2018 to 5/31/2018, 0 day DOM sales removed

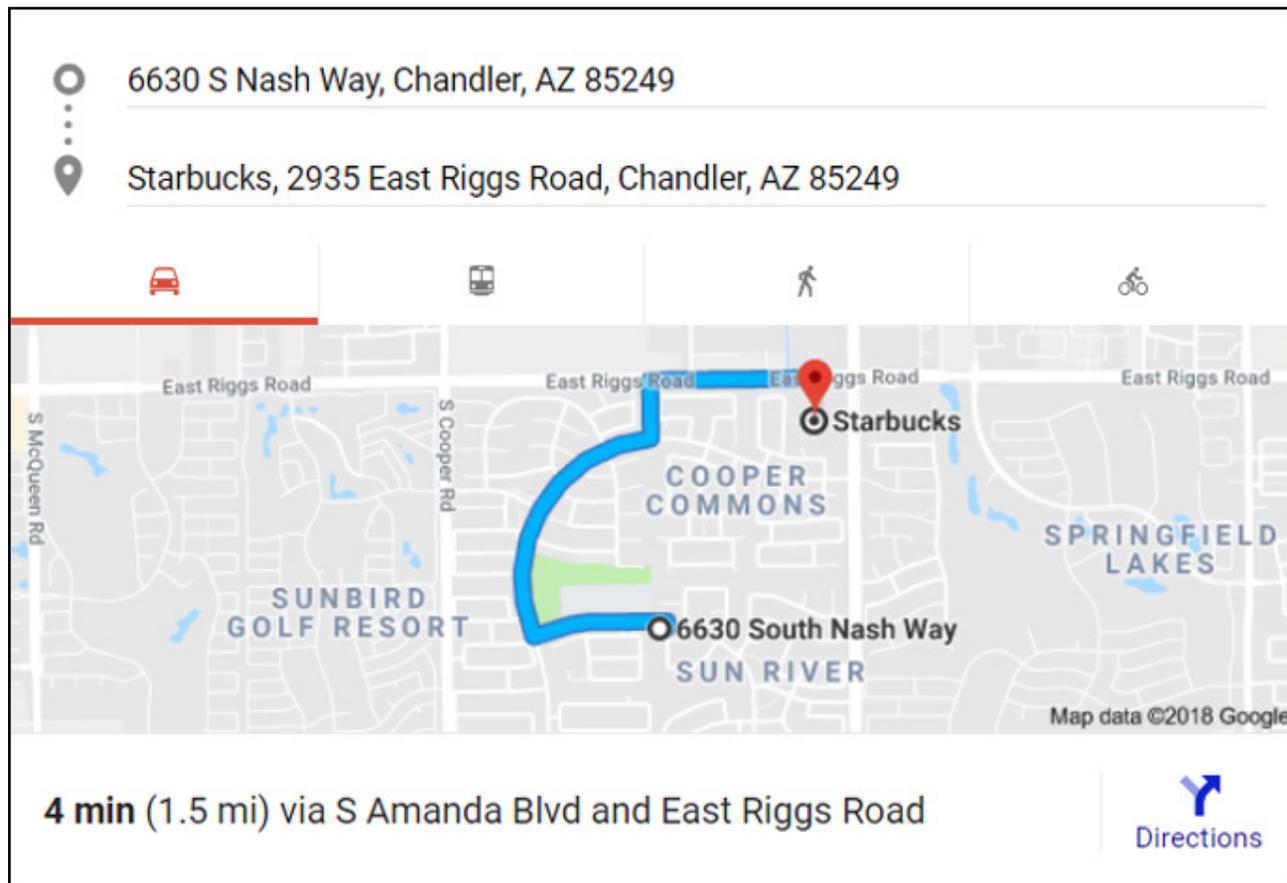
Onlookers talked amongst each other, anxiously awaiting the public announcement when the public crier would step forward. No, we're not talking about Prince William and Kate Middleton's third royal baby. We're talking about the first home purchased by Zillow. On May 18 at 1:36 in the afternoon, the Maricopa County Recorder logged deed 2018-382925 where Signpost Homes Inc. had purchased 6630 S. Nash Way.

The Zillow PR machine got to work with a piece in [Geekwire](#) that sounded more like a royal birth announcement.

“The house at 6630 S Nash Way in Chandler, Ariz., looks at first glance like any other upscale home in the Phoenix area. Built in the early 2000s as part of a master-planned community, it checks the boxes of what most buyers in the region are looking for — a big lot, huge kitchen, sprawling backyard with built-in barbecue and pool, and proximity to good schools. But one important fact makes this 15-year-old, four-bedroom, two-bath ranch-style home stand out from the rest: it will forever carry the historic designation as the first house purchased directly by Zillow Group, renovated, and then listed for sale by the company on its website.”

And with that the company, whose CEO once said, “We sell ads, not houses”, was now buying and selling houses.

Everyone familiar with the new rules of real estate is aware of an omission in the Geekwire press release. It failed to mention one of Zillow's most [significant determinants when purchasing a home](#), an attribute which only a Seattle-based company or a disciple of Zillow Talk would be aware. Let me share their secret:



When we view a summation of affidavit of value recordings in Maricopa County for May of this year, our data tells us there were 11,674 home sales, 356 of which were purchased by iBuyers. For those of you keeping score: Opendoor- 255, Offerpad- 98 and Zillow- 3. iBuyers accounted for 3.05% of the homes purchased in May. It's no secret that we are in a seller's market, and our limited inventory levels sit at the very price points where these companies are buying.

The most intriguing aspect of the iBuyer's model to me is not how many homes they buy, but rather the offers they make that are not accepted. My guess is the number of offers rejected by homeowners looking to sell is exponentially higher than the number accepted. If this is the case, will the iBuyers eventually try to "monetize" the prospective sellers that inquire but don't accept their offer? Could this be in the form of offering a traditional sales model, referrals or even selling them as leads? I'm not sure, but hand me the popcorn.

Next to the extraordinary purchase of 3 whole homes by Zillow, the second biggest story of May in our marketplace centers on our median sales price. In June of 2006 ARMLS reported a median sales price of \$264,800. Over the next five years that number fell to \$108,300. These two price points are commonly referred to as "peak pricing" and "the bottom". And now, seven years from the bottom and 12 years from the peak, a new peak has been reached. In May, ARMLS reported a median sales price of \$265,000. What's quite remarkable is that we saw a 60% drop in the median sales price followed by a 145% increase in slightly more than a decade. And through it all, we're right back to where we started.

Median Sales Price

Median Sale Price												
Year	January	February	March	April	May	June	July	August	September	October	November	December
2001	122,000	124,900	127,500	128,500	129,900	133,900	133,000	129,000	128,000	126,900	128,000	129,000
2002	138,000	134,000	129,900	135,000	139,500	141,000	140,000	140,000	139,000	142,000	141,000	145,000
2003	143,100	140,000	145,000	145,000	149,900	151,500	153,000	153,900	150,000	149,900	149,500	151,000
2004	150,500	150,000	155,000	155,000	160,500	169,000	168,000	168,000	170,000	174,900	176,000	181,900
2005	188,000	190,000	206,000	220,000	235,000	249,900	252,000	255,500	260,000	256,900	255,000	255,000
2006	254,900	252,000	255,000	255,000	259,900	264,800	257,000	254,900	249,900	250,000	250,000	250,000
2007	250,000	247,900	252,500	250,000	255,000	255,000	250,000	245,000	234,900	235,000	232,500	229,000
2008	220,000	213,800	210,000	210,000	204,900	198,900	190,000	185,000	170,000	164,000	150,000	143,000
2009	130,000	125,000	119,900	115,500	119,900	125,000	125,000	126,000	130,000	128,000	130,000	126,500
2010	124,900	125,000	128,000	128,000	130,000	127,419	125,000	119,000	119,500	120,000	115,000	110,250
2011	110,000	109,900	110,000	111,000	108,300	110,500	109,000	109,900	114,900	112,000	115,000	117,000
2012	120,000	122,000	130,900	138,000	145,000	141,000	147,900	146,000	150,000	150,000	155,000	154,000
2013	154,700	160,000	167,500	172,000	175,000	180,000	185,000	180,242	185,000	185,000	184,000	185,000
2014	182,500	180,000	187,000	189,000	192,000	195,000	197,000	196,700	194,000	192,500	192,000	197,000
2015	194,700	195,000	200,000	202,745	211,000	214,900	212,000	208,000	211,000	213,000	209,000	215,000
2016	210,000	214,000	215,750	222,000	225,700	230,000	225,000	230,000	230,000	229,900	226,000	227,000
2017	225,000	230,000	230,000	234,000	240,000	245,000	242,000	245,000	241,700	254,000	245,000	246,225
2018	245,000	252,500	254,000	254,011	265,000							

We've talked enough about the 3% of iBuyer business in this issue of STAT. Let's close out by talking about the other 97%. And the other 97% are doing better than good, you all are doing great. How did the ARMLS May sales volume compare to the other 17 years for which we have data? It's simply the best ever.

There were 9,913 homes sold this May, beating out both May 2005 and May 2011, which had 9,890 and 9,809 sales respectively. Remember, 2005 was the year our housing market exploded upwards and 2011 was the year prices hit rock bottom offering tremendous value propositions. Now it's time to finish June strong and enter the books as the best first half of the year in ARMLS history. Through May of this year we've seen \$13,196,831,443 in sales. This compares to \$12,002,985,200 in 2005, the second highest year in sales volume through the first five months, with total dollar sales nearly 10% higher than 2005. As temperatures start their annual ascent into the teens, a well-deserved victory lap is in order. Now the tough question, beaches or mountains?

The ARMLS Pending Price Index

Last month STAT projected a median sales price for May of \$260,000. The actual median sales price was \$265,000. Our sales volume projection for May was 9,500 with actual sales coming in at 9,913. Our market has clearly been hotter than our models suggested. Looking ahead to June, the ARMLS Pending Price Index anticipates the median sales price to remain unchanged at \$265,000. It should be noted through the first five months of 2018 we have been underestimating the median sales price. This might very well be the case in June.

Sales volume for the first five months of 2018 was 3.78% higher than 2017, with 41,298 sales in 2018 compared to 39,790 in 2017. We begin June with 6,749 pending contracts, 4,220 UCB listings and 661 CCBS giving us a total of 11,630 residential listings practically under contract. This compares to 11,988 of the same type of listings one year ago. There were 22 business days in June of 2017 compared to 21 this year. ARMLS reported 9,391 sales in June of 2017. Our best guess for this year is 9,400.