

JULY 2016

Real Estate Update



JEFF GERBER

ABR®, GRI®, SRES®, REALTOR®

Hello Everyone,

Welcome to 2016, Part 2! I'm awestruck that the second half of this year has started. Here's hoping the first half of the year was kind to you and fun times and good fortunes await in this second half of the year!

2016's real estate activity pattern looks a lot like last year's. The year started slowly, but picked up significant momentum quickly. Sales through May have been brisk. Interest rates continue to be favorable for Buyers. Mortgage interest rates are in the "high 3's to very low 4's". We're even seeing some Lenders introducing loan programs allowing for down payments of 3%, some are even flexible on where those funds are sourced. Credit Scores are very big determiners of what loan program and interest rate you'll qualify for, but we're seeing some Lenders being less demanding on minimum credit scores. Today's market even seems like it will support a 'middle 600' score. Lenders also seem to be setting the stage to being more open to lending for condo's. That is potential great news for a wide age group! Sales of single family, townhouse and condo's were up 11% in May verses last year. We're seeing a nice resurgence in new home sales, as well. The number of units sold pales from the heyday's, but they are up 39% over last year. Bank/Lender Owned,/HUD home sales as well as short sales/pre-foreclosure are generally down 30% from a year ago. Those sources of houses translate to a much lower of Investor 'flip' houses. There is still some money to be made by fix & flippers, it simply requires fast action and an Investor who might be willing to work on a lower profit margin. The especially hot start to summer shows some signs of a slowdown in the market for the short term, but remember that our slow times are significantly better than good times are in other parts of the country.

Our somewhat limited supply of houses certainly is making the buying process a bit more challenging. I'm finding Sellers less willing to do repairs based upon Inspection requests. This is resulting in more deals falling apart and creating some Buyer frustration. I'm hoping this 3rd time under contract proves to be the charm for my client Todd. We've found a cool Tempe property, but there are some small (but important) issues to be addressed. Hopefully, Todd and family will have a new Tempe address before the end of the month. I'm still searching for a Buyer for Julie's nice NE Mesa property. Buyer activity in that part of The Valley sure seems to have slowed in the past 6 weeks, especially for 2-story homes. We put Diane's home in Dreamland Villa (55+ community with NO HOA) in Mesa the other week. No solid Buyer yet, but we're getting lookers even in our 110+ weather. If you know of anyone considering the sale or purchase of a home in The Valley, I really would appreciate if you would suggest that person talk to me. I would love to interview for the job of being their Real Estate Agent!

Regards,

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May 2016

Arizona Regional MLS

New Listings 9,420

↓ -9.2% ↑ 5.9%
 from Apr 2016: 10,371 from May 2015: 8,893

YTD	2016	2015	+/-
	50,883	47,419	7.3%

5-year May average: 9,179

New Contracts 10,068

↓ -2.5% ↑ 5.8%
 from Apr 2016: 10,325 from May 2015: 9,513

YTD	2016	2015	+/-
	49,196	47,898	2.7%

5-year May average: 9,612

Closed Sales 8,639

↑ 4.8% ↑ 6.2%
 from Apr 2016: 8,246 from May 2015: 8,133

YTD	2016	2015	+/-
	36,140	34,574	4.5%

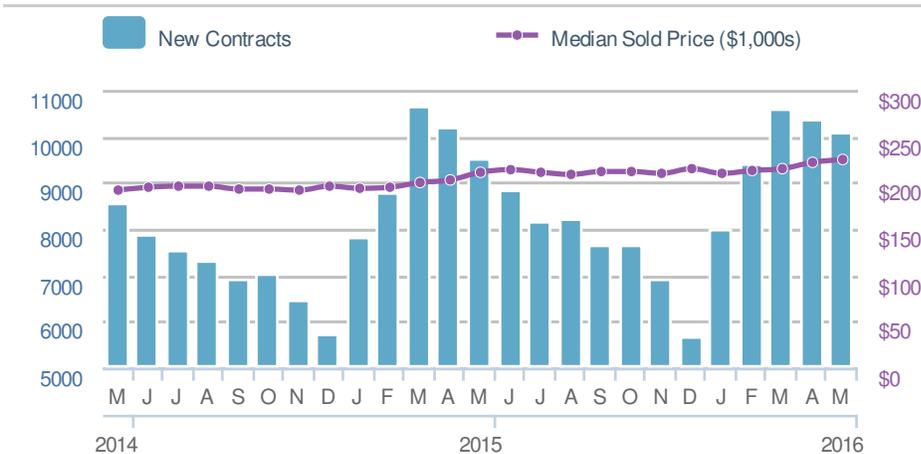
5-year May average: 8,333

Median Sold Price \$225,000

↑ 1.4% ↑ 6.3%
 from Apr 2016: \$222,000 from May 2015: \$211,750

YTD	2016	2015	+/-
	\$219,900	\$202,000	8.9%

5-year May average: \$189,750



Active Listings 19,405

Min 10,994 Max 23,954
 5-year May average 17,411

Apr 2016	May 2015
20,761	18,680

Avg DOM 75

Min 66 Max 84
 5-year May average 78

Apr 2016	May 2015	YTD
76	80	78

Avg Sold to OLP Ratio 96.3%

Min 94.5% Max 97.6%
 5-year May average 96.4%

Apr 2016	May 2015	YTD
96.3%	96.1%	96.0%



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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.



Are you in the market for a new home? A Home Warranty Plan can help protect your budget from repair or replacement costs caused by the breakdown of heating, plumbing, electrical systems, and most built-in appliances. Optional coverage choices are available for home buyers to custom fit the Plan to the unique needs of their home. Plus, a home warranty offers access to qualified Service Providers, helping reduce the stress of homeownership.

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Health & Safety

The Eyes Have It

Blue skies, lush green trees, deep red roses—the world is full of stunning visuals, and it takes over 100 million cells in each retina to bring it all to life. Your eyes are a masterpiece of human biology, and the following tips could keep them healthy for years to come.



Eye Exams: Even if you have 20/20 vision, it's important to receive a comprehensive dilated eye exam every year. When your pupils are dilated, an eye care professional can check for signs of glaucoma, macular degeneration, and other diseases.

Eating with Your Eyes in Mind: The antioxidants in green, leafy vegetables (such as kale and spinach) are great for your eyes. Omega-3 fatty acids (found in salmon and other fish) have also been found to support eye health. And as you probably know, the Vitamin A found in carrots, squash, and red peppers helps support night vision.

Keeping Fit: Maintaining a healthy weight will reduce your risk of developing diabetic eye disease, glaucoma, and other weight-related health conditions.

Sunglasses: Shades can help protect your eyes from harmful UV rays. The National Institute of Health recommends looking for a pair that blocks out 99-100% of UV-A and UV-B radiation.

Helpful Hints

An Introduction to Airbnb

Brian Chesky, the billionaire founder of Airbnb, still rents out the couch in his San Francisco apartment for \$50 a night. He obviously doesn't need the money, but he remains committed to his vision of connecting budget-conscious travelers with anyone who has extra space (or a whole house) to rent.



Airbnb allows you to search by neighborhood, price, accommodation type, and amenities (e.g., Wi-Fi, kitchen, parking, breakfast), but that's just the first step. Before booking a space, evaluate your prospective hosts. How many people have stayed with them? Do past guests speak highly of them? Can you live with their "house rules"?

Once you've found a place you like, Airbnb recommends starting a conversation with the host. You can tell a lot about someone from an e-mail exchange, and even more from a phone call or a video chat. Since Airbnb is a community, your hosts will want to get to know you as well... before they open their home to a stranger!

1 portobello mushroom
1 Tbsp. extra virgin olive oil, plus 1 tsp.
1 tsp. fresh rosemary, minced
1 tsp. fresh thyme, minced
1 clove chopped garlic—split
1/4 cup roasted red pepper strips
1/4 cup white wine
1/4 - 1/3 cup light cream
2 Tbsp. Parmesan cheese
Pinch of salt and pepper
8 ounces of cooked penne pasta
1 tsp. fresh chopped parsley

Marinate the portobello mushroom for an hour in 1 Tbsp. olive oil, half of the chopped garlic, and the tsp. each of rosemary and thyme.

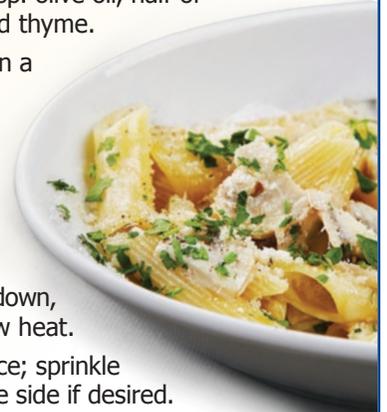
Heat a large skillet to medium; sauté remaining garlic in a teaspoon of olive oil until fragrant, then add roasted red peppers and sauté for 1-2 minutes.

Increase heat to high and deglaze the pan with white wine, allowing wine to reduce to half.

Lower heat to medium, then add cream, Parmesan cheese, and salt and pepper.

While sauce is cooking, grill portobello mushroom, cap down, allowing the cap to sear. Flip and finish at medium-low heat.

Slice portobello mushroom and toss with penne in sauce; sprinkle with parsley and serve with additional Parmesan on the side if desired.



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Household Tips Unpacking Doesn't Have to Be Tedious

Packing for a big move is no simple task, but at least you've got deadlines and adrenaline to keep you going. Unpacking, on the other hand, is a different story, and if you've ever let your boxes sit for weeks (or months), you're not alone!

So... what can you do to make it easier on yourself? Plan ahead! Before you even start packing the boxes, take a look at the floorplan of your new place. If you don't have one, you can create one with an app called MagicPlan, which uses your phone's camera to create an accurate floorplan. Next, compare the layout of your old home to the new home, and figure out where you want the furniture to go. Finally, label every box with both its contents and the room where you plan to store these items.

You'll be amazed to see how much easier unpacking can be with a little planning. Just be sure to jump on the unpacking job while you're still excited about the move, because the longer you wait, the harder it can become to tackle that task.

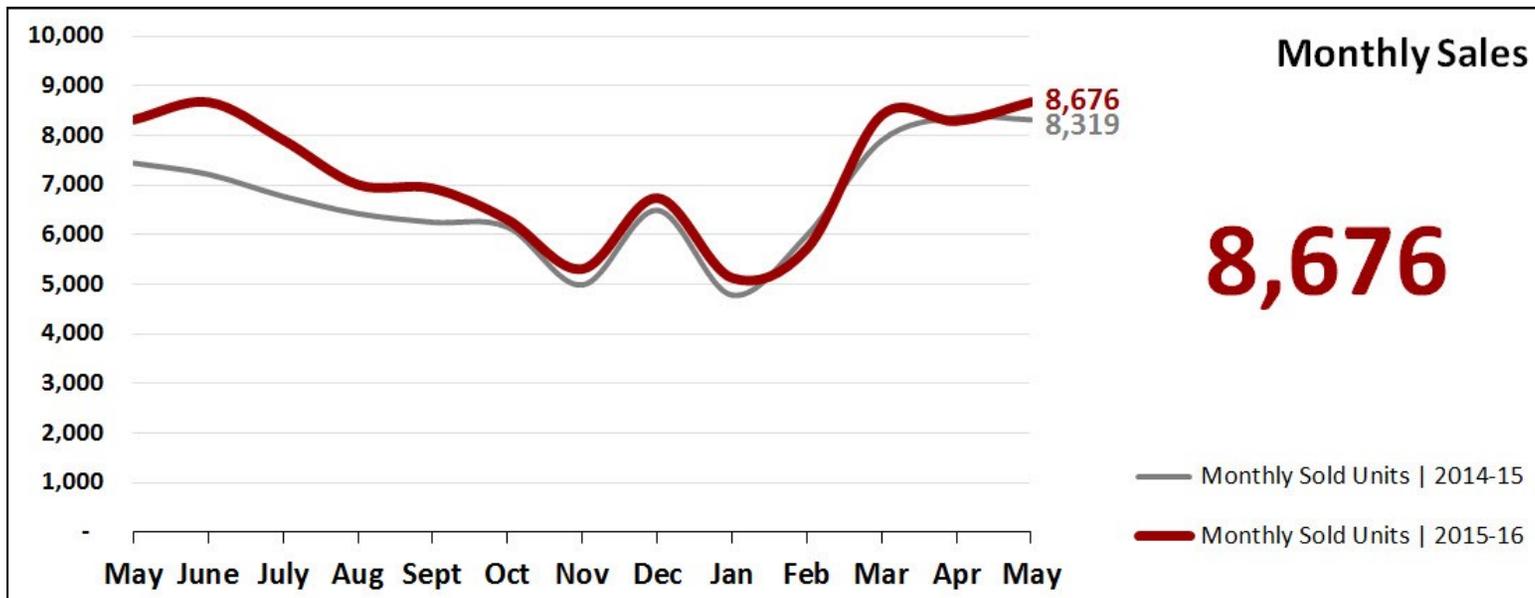




YOUR MONTHLY STATISTICS FOR THE PHOENIX METRO AREA STAT



MAY 2016 - Published June 16, 2016

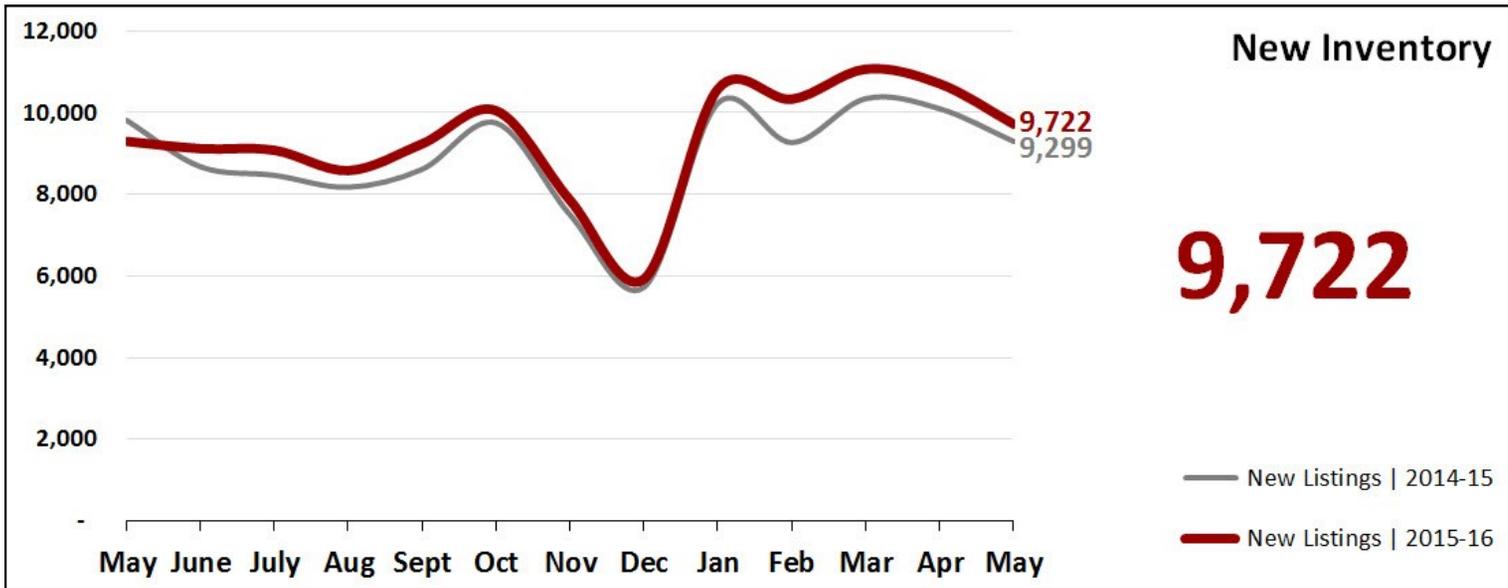


Monthly Sales

8,676

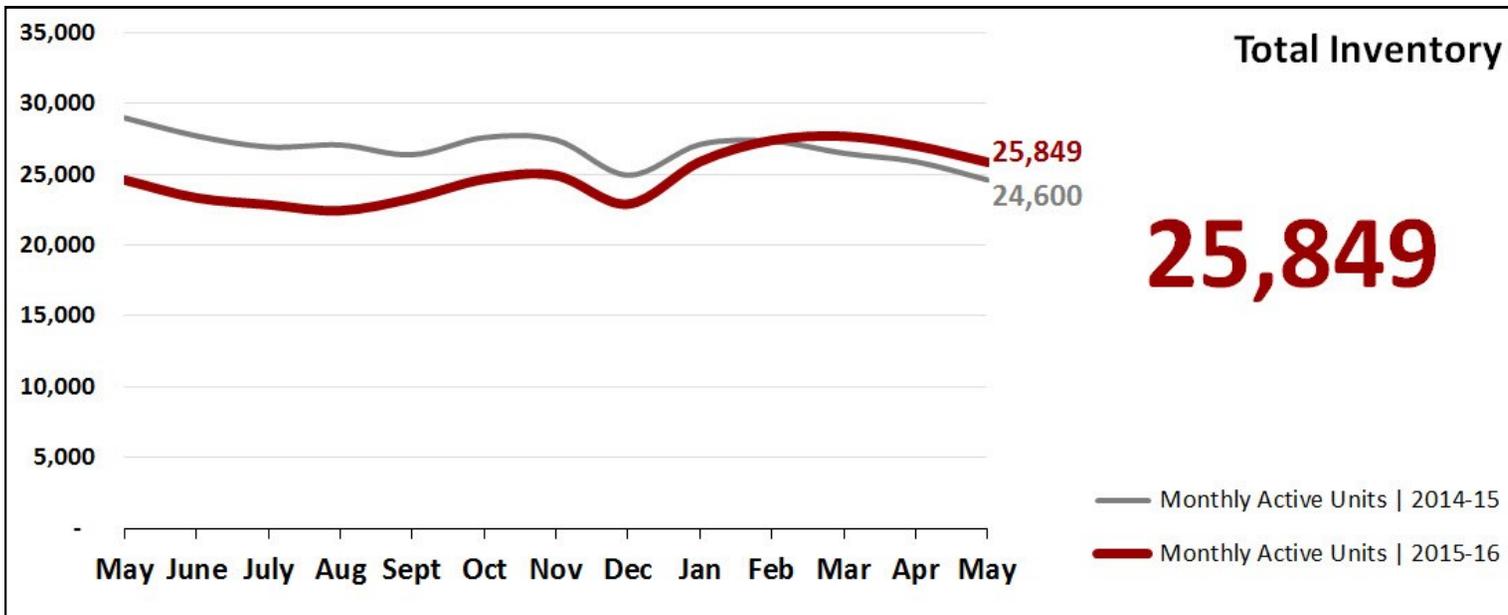
Monthly sales are up +4.6% month-over-month. The year-over-year comparison shows an increase of +4.3%.

Closed MLS sales with a close of escrow date from 5/1/2016 to 5/31/2016, 0 day DOM sales removed



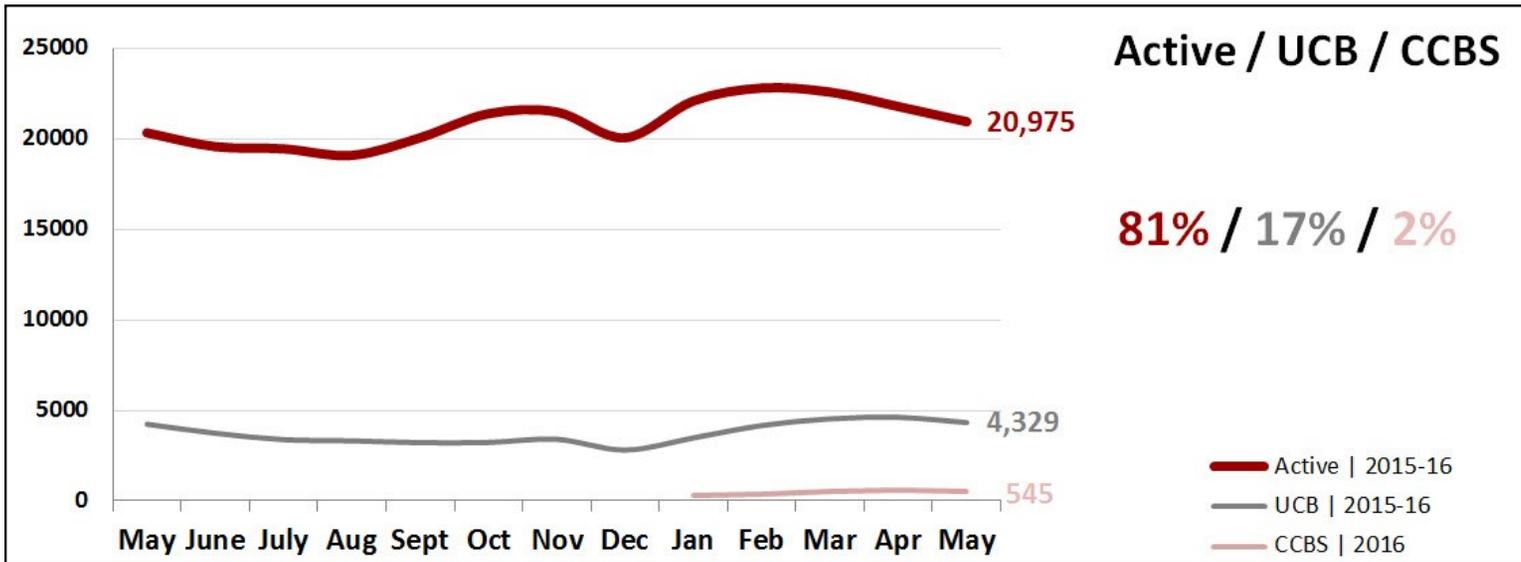
New inventory is down -9.2% month-over-month while the year-over-year comparison shows an increase of +4.5%.

New MLS listings that were active for at least one day from 5/1/2016 to 5/31/2016, 0 day DOM sales removed



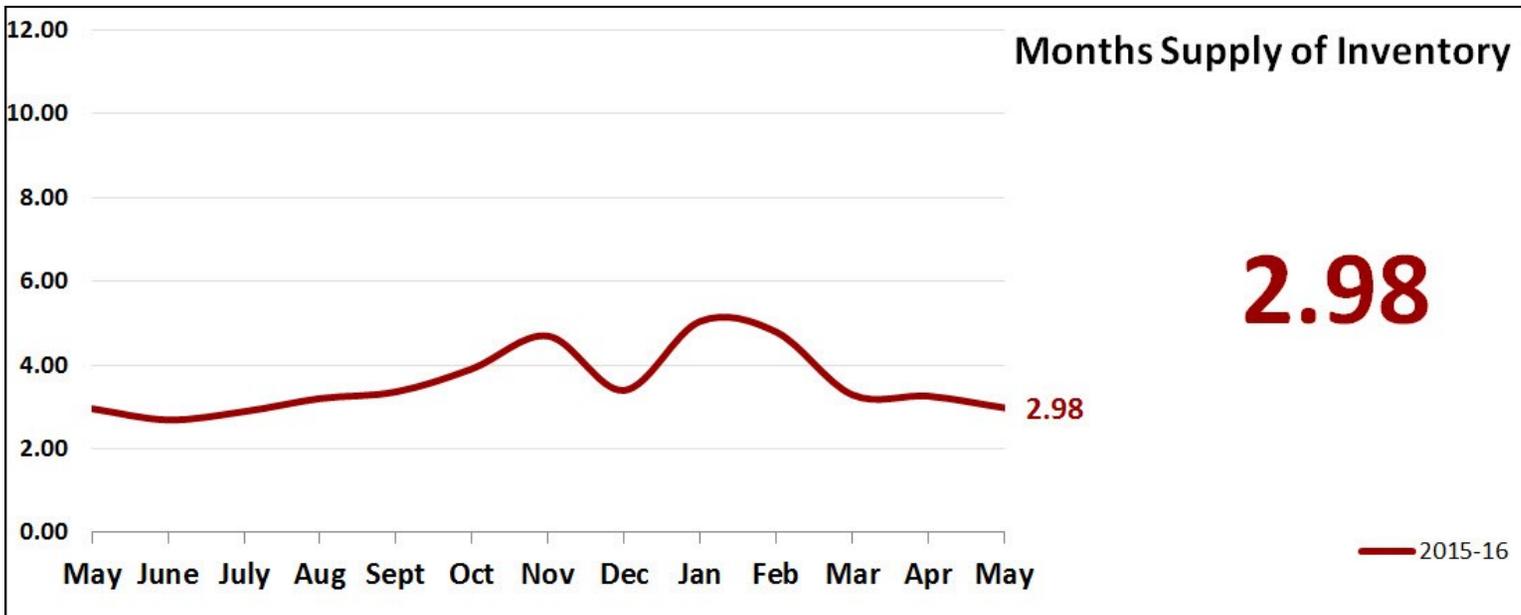
Total inventory has a month-over-month loss of -4.3% while year-over-year reflects an increase of +5.1%.

Total MLS listings that were active for at least one day from 5/1/2016 to 5/31/2016, 0 day DOM sales removed



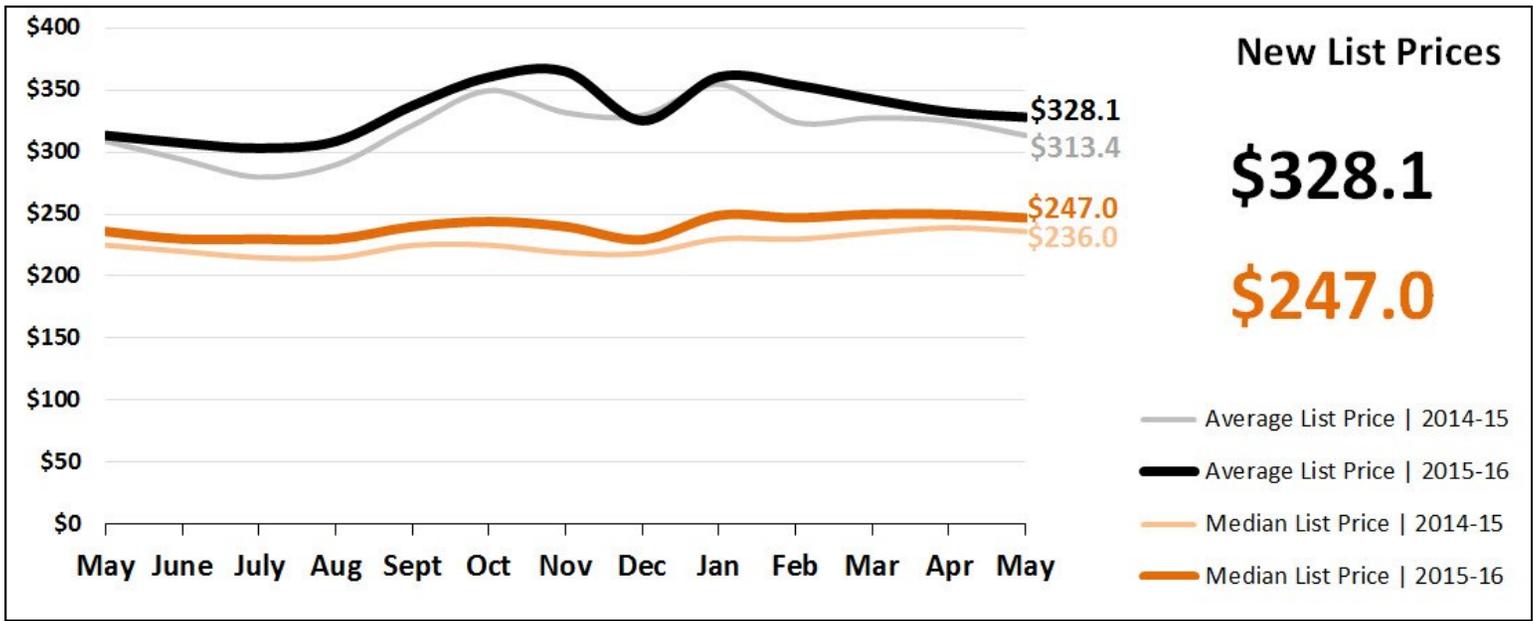
May UCB listings percent of total actives was 16.7% with CCBS listings at 2.1% of total actives.

Snapshot of statuses on 5/31/2016



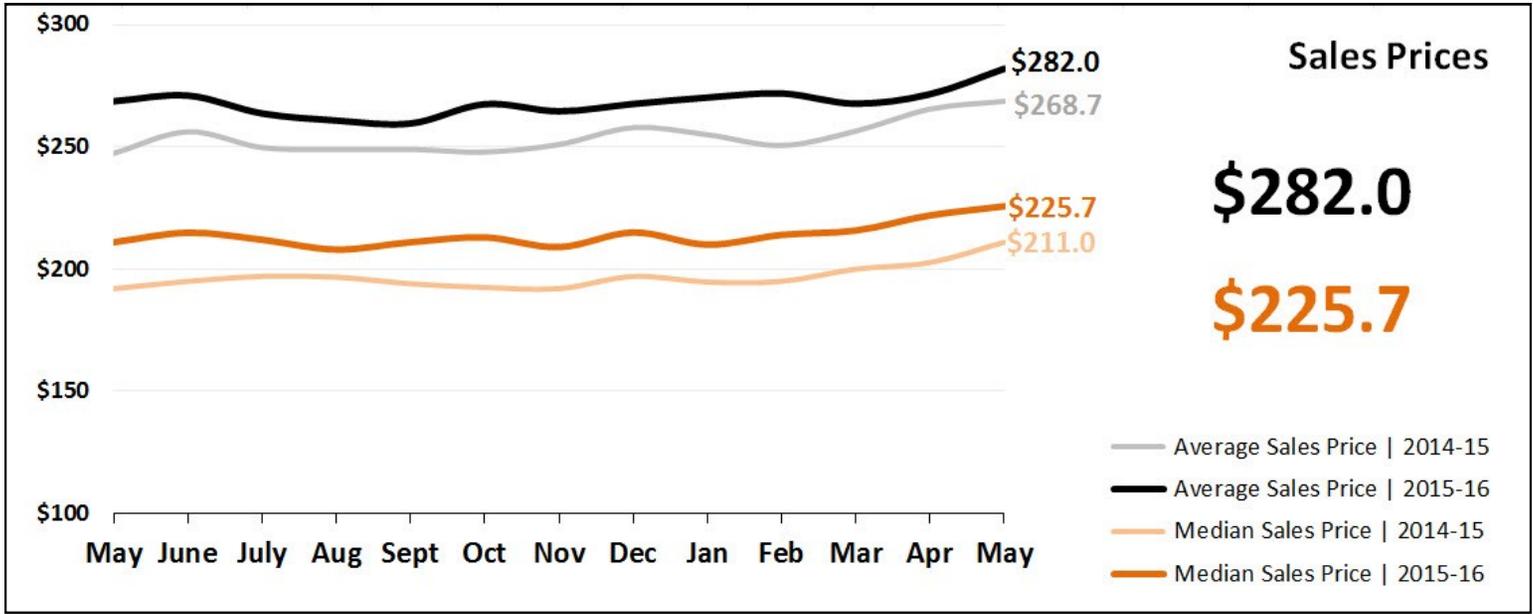
Months supply of inventory for April was 3.26 with May currently at 2.98.

Current inventory of Active/UCB/CCBS divided by the monthly sales volume of May 2016, 0 day DOM sales removed



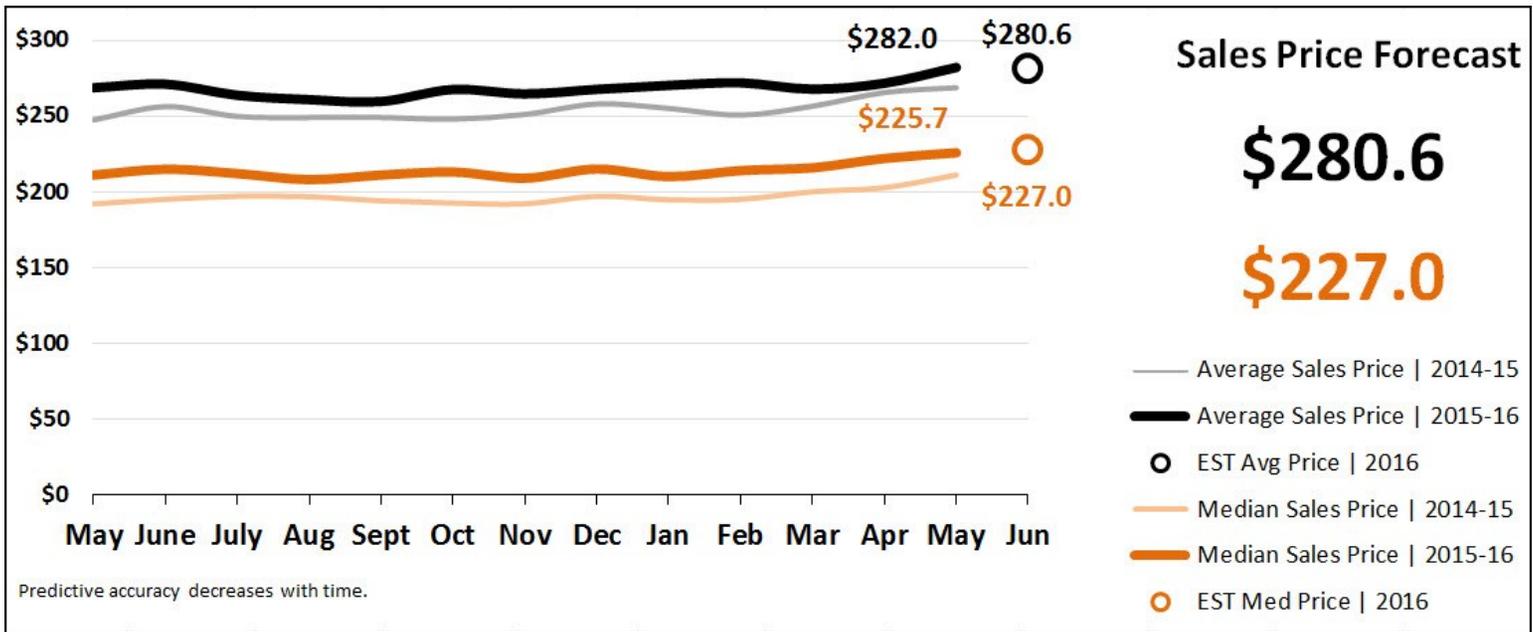
New average list prices are up +4.7% year-over-year. The year-over-year median is up +4.7%.

List prices of new listings with list dates from 5/1/2016 to 5/31/2016, 0 day DOM sales removed



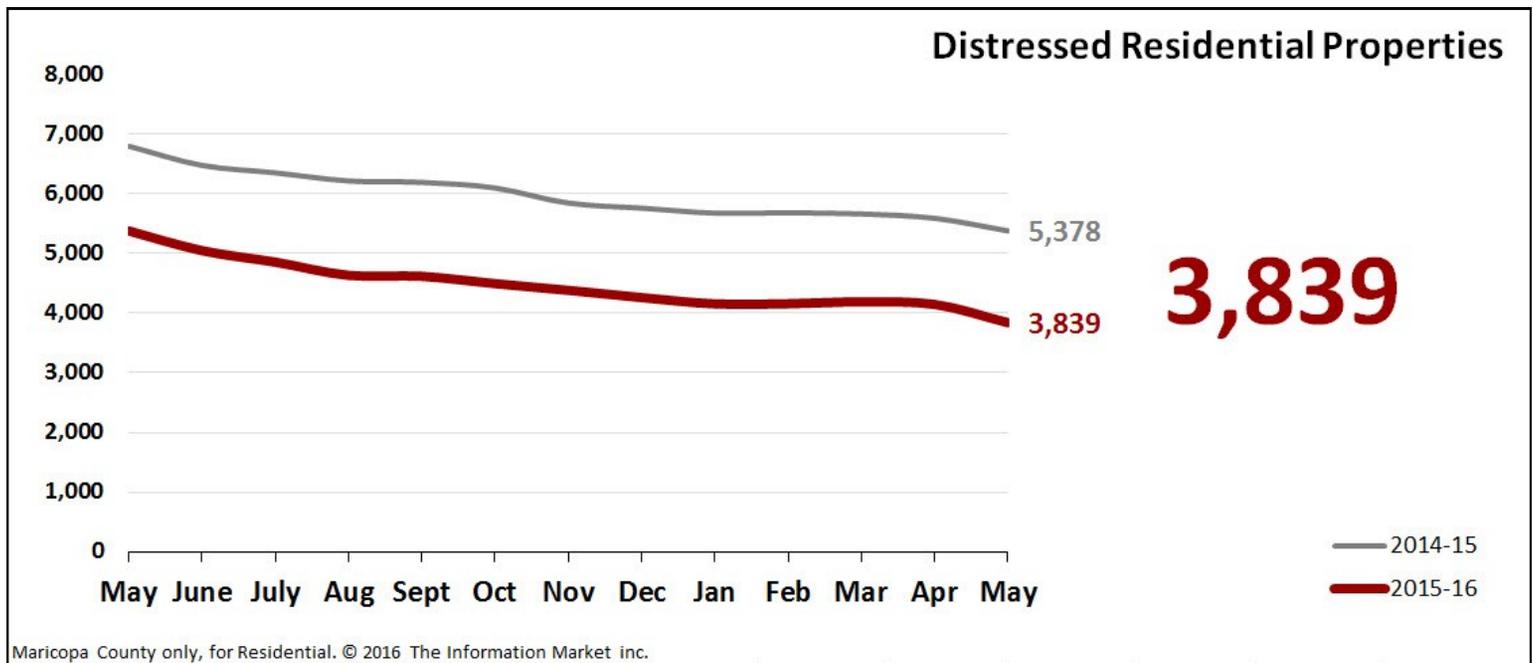
Sales prices are up +4.9% year-over-year on average while the year-over-year median is also up +7.0%.

MLS sales prices for closed listings with a close of escrow date from 5/1/2016 to 5/31/2016, 0 day DOM sales removed



A slight increase is forecast for median and a slight decrease for average sale prices in June.

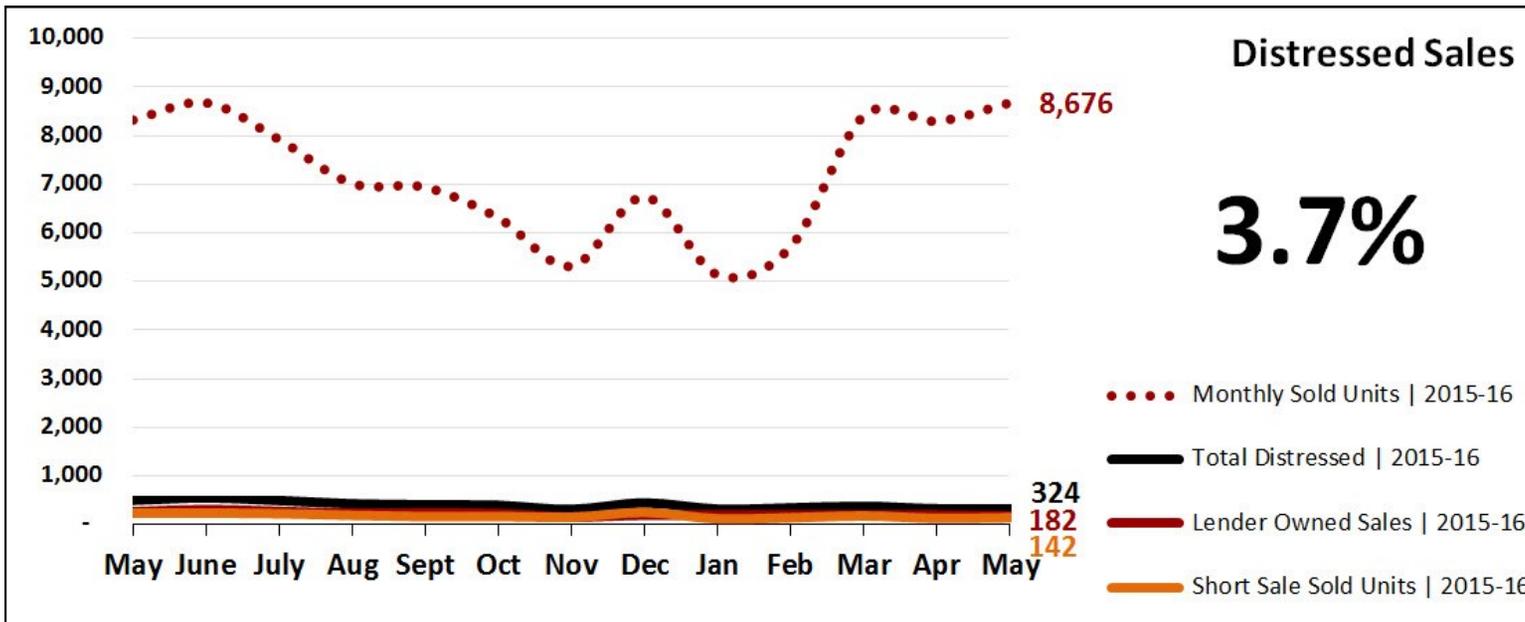
ARMLS proprietary predictive model forecast, 0 day DOM sales removed



Foreclosures pending month-over-month showed -7.4% while the year-over-year figure was down -28.6%.

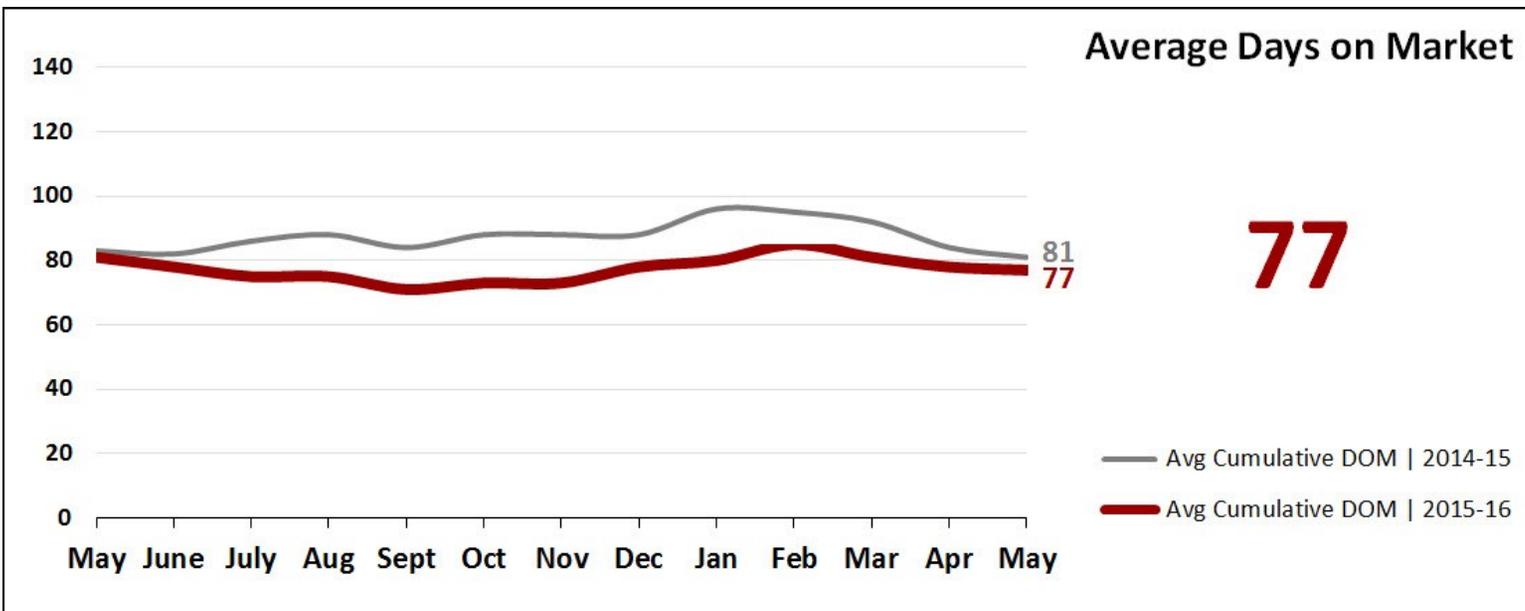
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Snapshot of public records data on 5/31/2016 active residential notices and residential REO properties



Short sales dropped -39.6% year-over-year. Lender owned sales dropped -31.6% year-over-year. The total distressed year-over-year changed to -35.3%.

Lender owned sales are MLS sales 5/1/2016 to 5/31/2016 where *Lender Owned/REO, HUD Owned Property* special listing conditions were selected
 Short sales are MLS sales 5/1/2016 to 5/31/2016 where *Short Sale Aprvl Req, Previously Aprved SS or Lender Approved SS* special listing conditions were selected
 0 day DOM sales removed



Days on market fell -4 day year-over-year while month-over-month saw a drop of -1 days.

Average of all closed listings 5/1/2016 to 5/31/2016 where DOM was greater than 0

COMMENTARY

by Tom Ruff of The Information Market

Exactly ten years ago, the median resale home sale price rose to peak prices at \$253,400 in Maricopa County when looking at tax records. In April of 2009, the median resale home price fell to \$119,000 but rose steadily through 2010 propelled by tax incentives. When those ended, the median fell back to \$112,000 in August of 2011 hitting its natural bottom, around 56% below its peak. Today, we refer to 2011 as the bottom of our market. A common topic among housing reports is comparing home prices today with the peak prices of 2006 using this barometer to gauge how far along various housing markets are in their recovery. This month in STAT we will use this common metric as it applies in Maricopa County using tax data.

The median sales price for all resale homes sold in Maricopa County for May 2016 was \$225,000, or 89% of peak prices. There are pockets in Maricopa County where the current resale median is very close to the peak median, places where the peak has been surpassed and parts of the county where the median price is only 50% to 65% of the peak value. Arcadia and north central Phoenix are examples of areas where current median prices compare favorably to peak prices. ZIP codes which report favorably are: 85018, 85014, 85013, 85016 and 85257.

Using ZIP code 85014 as an example of an area fully recovered, the peak annual median resale price was \$268,000 in 2006. The median resale price fell 58% before bottoming at \$112,500. Prices since the

bottom have risen 240%. The median resale price for the first 5 months of 2016 in 85014 is \$270,000 or 101% of peak pricing. There is currently only 2.4 months supply of inventory listed. It's a hot ZIP with sought after neighborhoods — a central location in the Madison Elementary school district with short walking distances to some of the newest and hottest restaurants in Phoenix.

Areas where the current median sales price is still well below peak prices can best be described as west central Phoenix and the far northwest Valley. The median resale prices in these areas fell more dramatically from peak to bottom, ranging from 60% to 85%. Examples of these ZIP codes are: 85009, 85355, 85396, 85342, and 85031.

Using ZIP code 85031 as an example of an area with a way to go, the peak annual median resale price was \$190,950. The median resale price fell 80.6% before bottoming at \$37,000. Prices since the bottom have risen 338%. The median resale price for the first 5 months of 2016 in 85031 was \$125,000 or 65% of peak pricing. There is currently only 2.0 months supply of inventory listed. This was one of the hardest hit areas as evidenced by the 80.6% decline in prices as well as an area attractive to investors as evidenced by the 338% rise from the bottom.

As our resale median home values continue to rise we need to mention one important difference between our peak prices in 2006 and our current prices, mainly the cost of money. In June of 2006, the 30-year fixed rate mortgage averaged 6.68% as reported by Freddie Mac, where for the week ending June 9, 2016 the average rate was 3.66%. Interest rates today are 46% lower than they were in June 2006. When we apply these rates to a \$200,000 mortgage, the interest paid in June of 2006 would have been \$1,113 per month compared to \$610 today.

We hope that this data has helped kill off some broad generalizations about how the market has changed in the last ten years with our reporting. Even if all the experts can't agree about what has happened in the last ten years, we can at least agree that we are all ten years older.

The ARMLS Pending Price Index (PPI)

Our last PPI projected a May 2016 median sales price of \$223,839 with the actual median coming in at \$225,700 - off by 1.3%. MLS sales volume in May 2016 was 8,676 landing at 176 more sales than our projected volume of 8,500. Looking ahead to June, we predict a median sales price of \$227,000. We begin June with 7,551 pending and 4,329 UCB listings giving us a total of 11,880 residential listings practically under contract. This compares to 12,076 of the same type of listings at this time last year. We expect sales volume in June to be very similar to last year with an accompanying increase in the median sales price. Our projected sales volume for May 2016 is 8,400.

Final Thought

In his report, "The New American Home", Stephen Kim of Barclays Capital finds that trends from the US indicate the Baby Boomers are looking to downsize, while Millennials are choosing style over square footage. The net-net? The new American home is shrinking in size for the first time in 40 years. He examines how the US housing market has picked itself up after the global financial crisis of 2008 and is now changing in a very profound way... the nation's two largest demographic groups now desire smaller, but well-appointed houses, termed "jewel boxes".