

AUGUST 2016

Real Estate Update



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

Hello Everyone,

Is it hot enough for you? Wow, it sure seems like this summer has been warmer than average. I can't believe the number of people, here in The Valley, who say 'Is it November yet?' My standard answer is 'I'll be happy with October, because it usually starts cooling down a bit by then.' What's your choice, October or November. If you're not a Valley dweller, let me plant the thought that the first days of winter are probably only 3-month away for you. Are you ready to be a snowbird this year?

The Phoenix real estate market continues to hum along. I think the market slowdown I thought I saw developing over the past couple of month may be more attributed to the heat of summer and Buyer's reluctance to shop in the extra warm days than a real slow down. Valley sales numbers continue to be good month after month, though traffic in some areas is better than in others. The biggest prospective Buyer pressure is still in the \$275,000 (especially \$200,000 and under) and under price points. Many Agents report very conservative numbers are being generated by appraisers. Today's Buyer has many more tools (some better than others) at their disposal, so the probability of successfully listing and selling a home above market price are a thing of the past. Everybody is still looking for a bargain as a Buyer. The quite limited inventory makes finding a 'bargain' quite difficult. We are seeing the average sale price at about 95% of the list price as an average. Buyers still continue to reap the rewards of near record low mortgage interest rates (think 4% and less) and a number of down payment assistance programs available to prospective Buyers. We're seeing an increasing number of people who lost a home in the market bust a few years back revisiting home ownership versus renting. Many find home ownership costs less than rent. We're also seeing many Canadians (current average of 1 Canadian Buyer = 9 Sellers) who in 2010 and 2011 when our Valley prices were lowest and the Canadian Dollar exchange rate very favorable to them selling now and reaping very nice net profits on their investment(s).

Congratulations to repeat client Todd on the purchase of a nicely remodeled Tempe home. It was a pleasure working for you again. Here's hoping the family has many great years in your new home. We're still looking for the right deal to come for Julie's NE Mesa home. It's pleasant to see potential Buyer traffic pick up following our small price adjustment. Hopefully the right Buyer will appear soon and then we tackle the project of getting the right new home under contract for Julie. We're hopeful that negotiations on an offer for Diane's Dreamland Villa (Mesa) home will prove to be successful and clear the path to a successful sale in the next couple of weeks. I appreciate the call from an ex-neighbor/friend to discuss listing one of her rental properties for sale. Thanks to Attorney Tom for the referral of a family in need of selling a west Chandler home to settle Mom's estate. Traumatic times for the family, but I'm honored to put my SRES designation to work and help them through the process. If you know anyone thinking of Buying or Selling a home in the Phoenix area, I would be grateful to you for a referral.

Regards,

Contact me anytime:
Call direct: 602-330-7272
Email: Jeff@jeffgerberrealtor.com
Fax: 877-824-7272
www.jeffgerberrealtor.com

The Empowered Team LLC
3370 N Hayden Road - Suite 123-119
Scottsdale, AZ 85251
AZ License # SA540122000

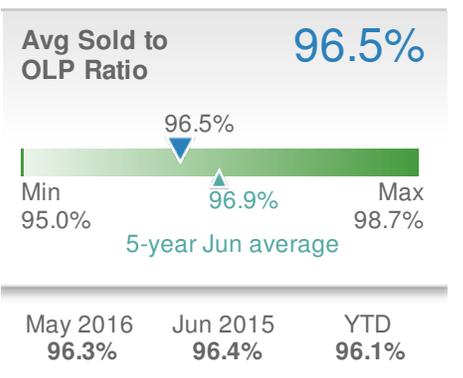
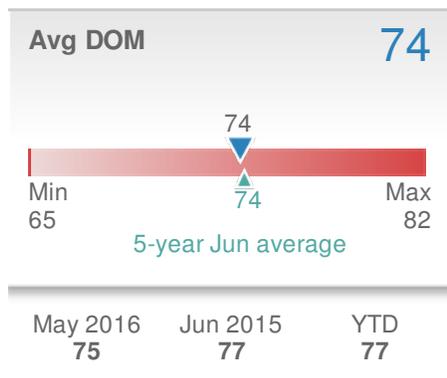
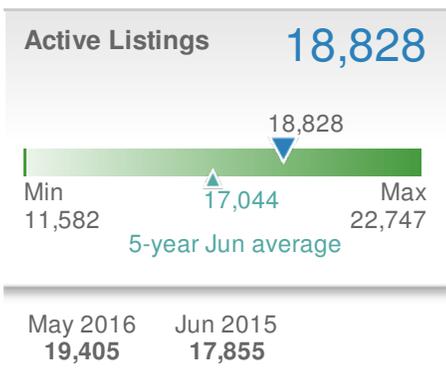
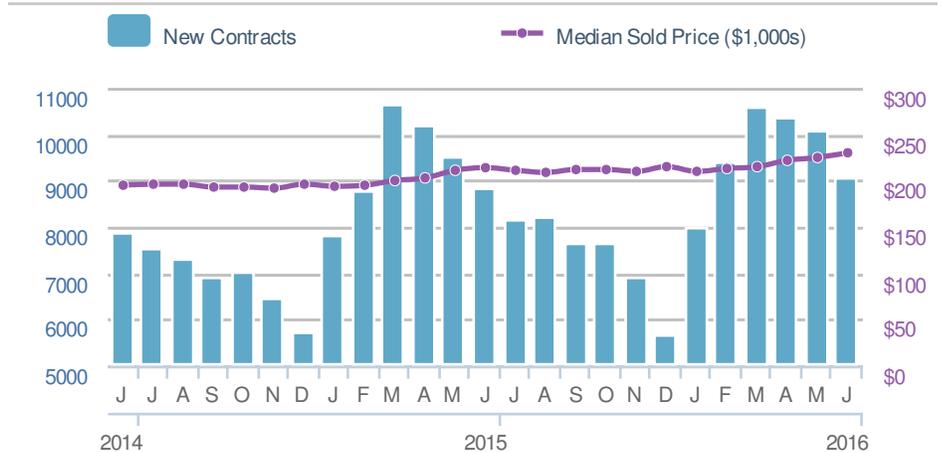
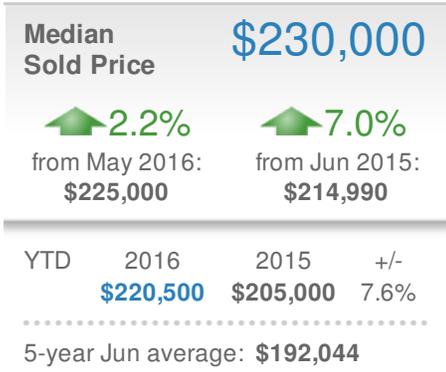


Visit my website at: www.jeffgerberrealtor.com



June 2016

Arizona Regional MLS





Jeff Gerber, ABR, GRI,
SRES

The Empowered Team, LLC
Real Estate For Today



The Empowered Team LLC
Lic. #: SA540122000

Between FRIENDS

Real Estate for Today

Tel: (602) 330-7272, jeff@jeffgerberrealtor.com, www.jeffgerberrealtor.com, Lic. #: SA540122000

Buying or selling a home on your own can be a bit overwhelming. Contact me to see how my knowledge and experience can guide you through your next transaction.



Home warranties vs. homeowner's insurance—what's the difference?

Home warranties are *service contracts* covering systems and appliances that fail due to normal wear and use. **Insurance** *indemnifies* against *damage or liability* arising from some unknown or contingent event. For example, if a covered water heater leaks under normal use and floods the home, the warranty will repair or replace the water heater; insurance may cover the damage.

Health & Safety

Recognizing an E-mail Scammer

Keeping your personal information safe in today's digital era can be challenging, especially since the criminals are getting smarter. "Phishing" e-mails are messages sent by scam artists posing as legitimate organizations, and they'll try anything to make you lower your defenses and give up sensitive information. While there's no surefire way to identify a phisher, the following red flags should inspire you to take a closer look.



- Poor English and/or obvious spelling mistakes
- URLs on e-mail addresses that are just a little bit off (e.g., @goog1e.com instead of @google.com)
- Requests for credit card numbers, passwords, or other personal information—most legitimate companies won't request this information via e-mail
- Urgent requests (send your money NOW... before it's too late!)

If you're at all suspicious of an e-mail, look up the presumed sender's phone number (don't use the one provided in the questionable e-mail) and call to verify the e-mail's authenticity. It only takes a few minutes, and it could save you a world of trouble!

Real Estate Today

Home Appraisals

Appraisals are an important part of the home buying process, designed to assure that a bank won't be on the hook for a loan that exceeds the home's true value. Appraisers are concerned with anything that is permanently part of, or attached to, the home. In other words, they won't evaluate your home furnishings, and they don't care whether your kids have made their beds. So... what *will* they evaluate in a home?

- Age
- Location
- Structural condition
- Total number of rooms
- Square footage and lot size
- Amenities, such as decking, pool, etc.
- Selling price compared to similar homes in the neighborhood



Ideally, an appraisal will come back as close to the asking price as possible, and credible lenders typically employ a strict system of checks and balances to ensure accuracy. According to *Discover.com*, lenders usually compare each appraisal with similar homes sold in the neighborhood to make sure the appraiser got it right—which is in *everyone's* best interest!

OLD REPUBLIC HOME PROTECTION



Protect your budget against the high cost to repair or replace home systems and appliances.

People Helping People



Visit www.orhp.com or talk to your Real Estate Professional to learn more.

Do you know someone who is thinking about buying or selling a home? Send them my way! I can offer advice for staging a home, securing financing, negotiating contracts, and more.



3/4 lb. yellow summer squash, such as crookneck

3/4 lb. green zucchini

1 1/2 Tbsp. extra virgin olive oil

1 clove garlic, minced

1/8 tsp salt, plus more to taste

1/8 tsp freshly ground black pepper, plus more to taste

2 Tbsp. fresh mint leaves, minced

1 1/2 Tbsp. lemon juice

Prepare a gas or charcoal grill for direct, high heat.

Cut each squash in half lengthwise, then into 1-inch pieces.

In a bowl, mix squash with olive oil, garlic, salt, and pepper.

If cooking over charcoal, use a grill skillet or basket; if cooking over gas, use a grill sheet or basket. Pour vegetables into grill skillet, sheet, or basket.

Place on cooking grate and cover gas grill.

Cook, gently shaking skillet once or twice to turn vegetables, until tender when pierced, 8 to 10 minutes.

Remove vegetables from grill and return to bowl.

Add mint, lemon juice, and salt and pepper to taste; mix well.

Serve hot, warm, or at room temperature.



Jeff Gerber, ABR, GRI, SRES

The Empowered Team LLC

3370 N Hayden Road - Suite 123-119

Scottsdale, AZ 85251

Tel: (602) 330-7272

www.jeffgerberrealtor.com

The Empowered Team, LLC
Real Estate For Today

Household Tips

Making the Most of a Small Space

Even large homes may have small spaces that feel cramped. That said, you *can* make a room look and feel larger with the right décor, and you can maximize functionality by using furniture designed for tight spaces.

When choosing a color for the walls, consider a lighter shade in a smaller room and use a darker color in the hallway leading up to it. The contrast creates the illusion of greater space, and letting more natural light into the room could make it feel even larger. Hang pictures high to draw the eye upward in rooms with lower ceilings, and hang a mirror if it's pleasing to the eye.

Next, choose furniture that maximizes space. For example, a tall dresser or cabinet can provide vertical space without jutting out too far from the wall. Bookshelves, lamps, and nightstands should follow the same principle. Remember: when space is limited, tall and skinny trumps short and stout.

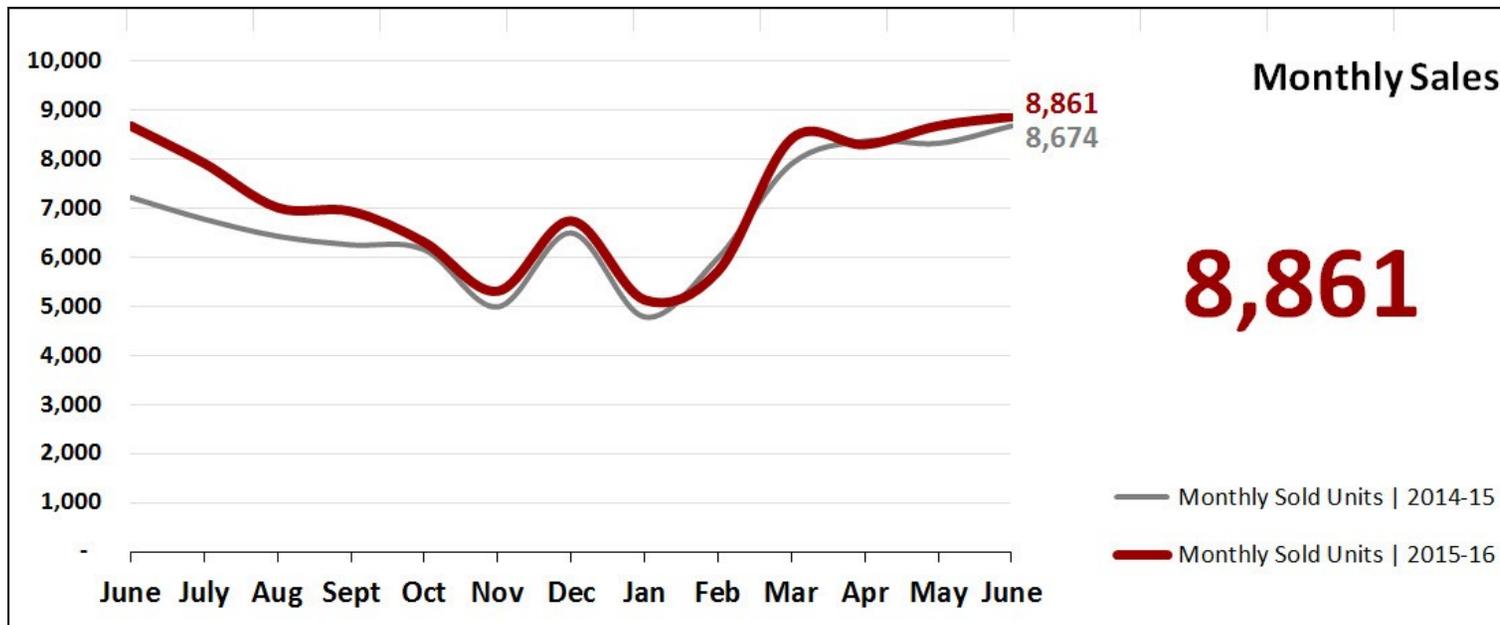




YOUR MONTHLY STATISTICS FOR THE PHOENIX METRO AREA STAT

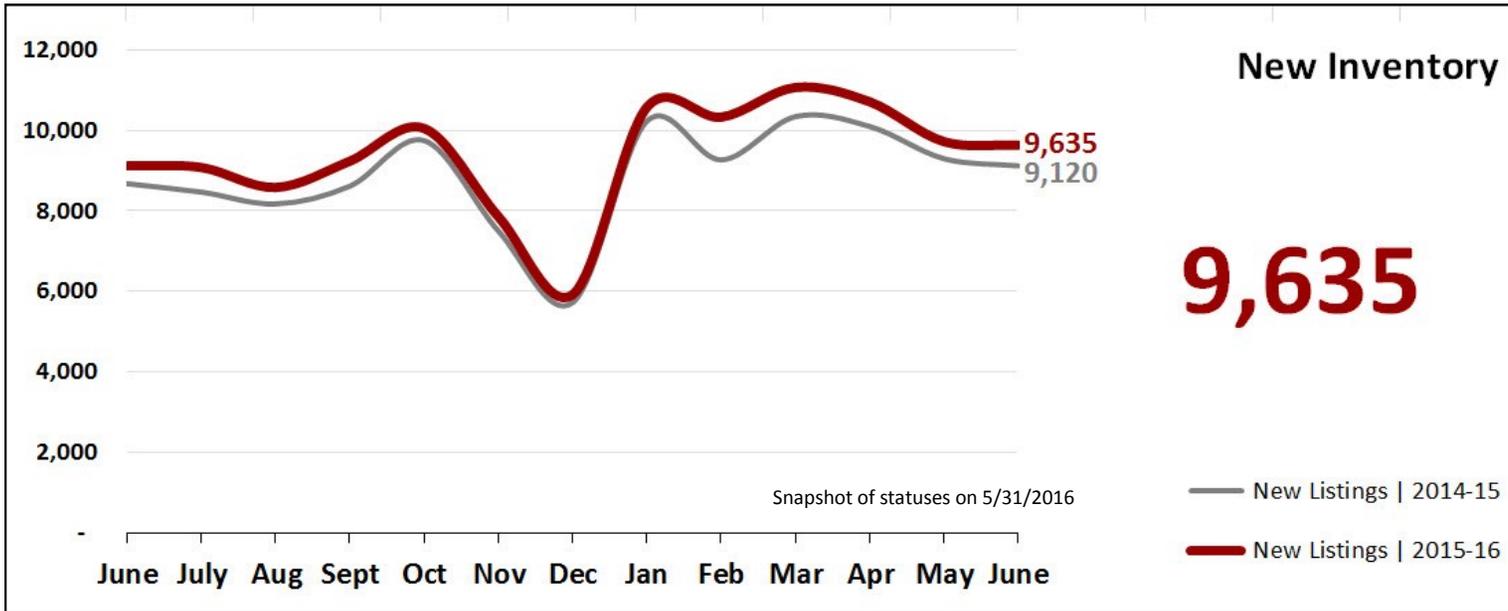


JUNE 2016 - Published July 15, 2016



Sales are up +2.1% month-over-month. The year-over-year comparison shows an increase of +2.2%.

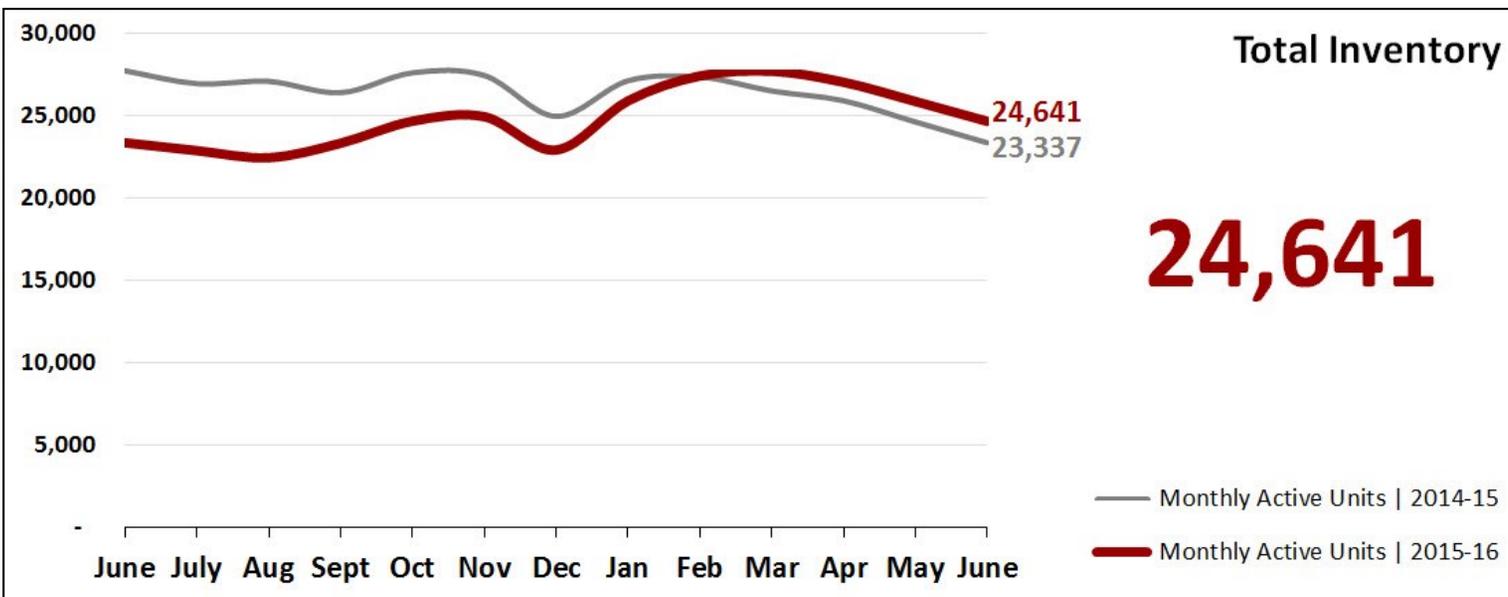
Closed MLS sales with a close of escrow date from 6/1/2016 to 6/30/2016, 0 day DOM sales removed



New inventory is down -0.9% month-over-month while the year-over-year comparison shows an increase of +5.6%.

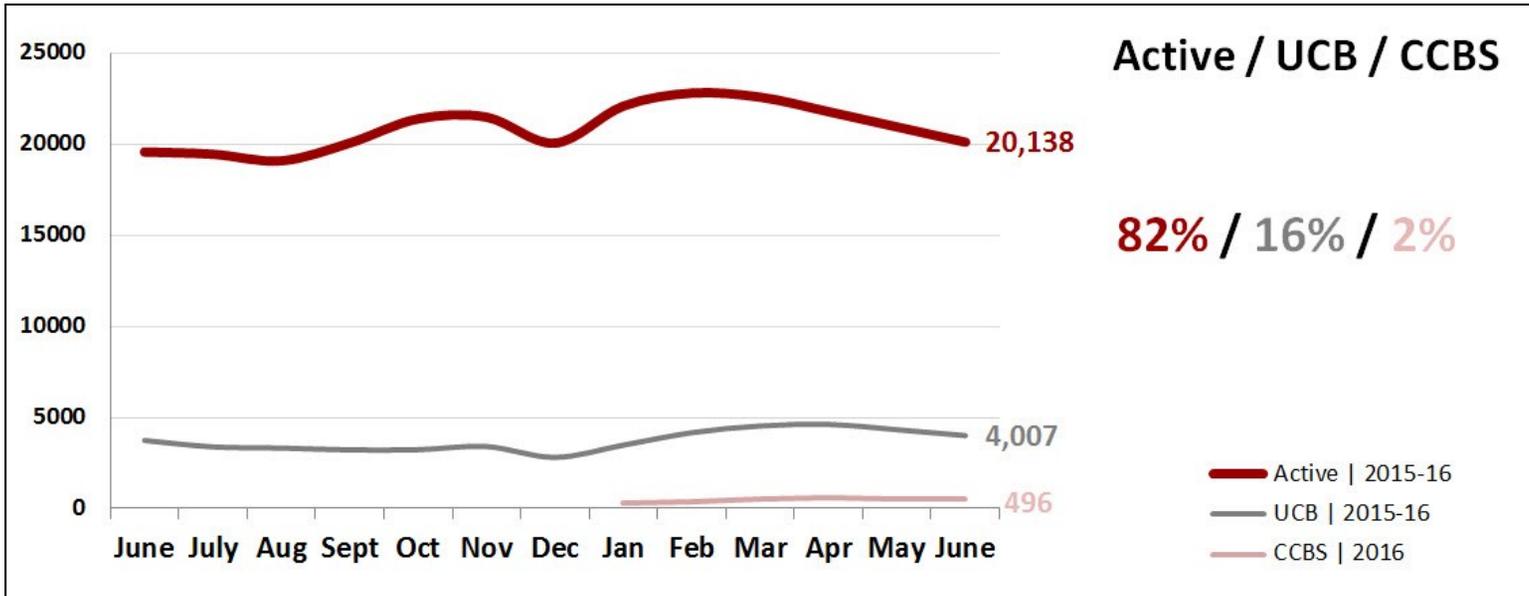
New MLS listings that were active for at least one day from 6/1/2016 to 6/30/2016, 0

day DOM sales removed



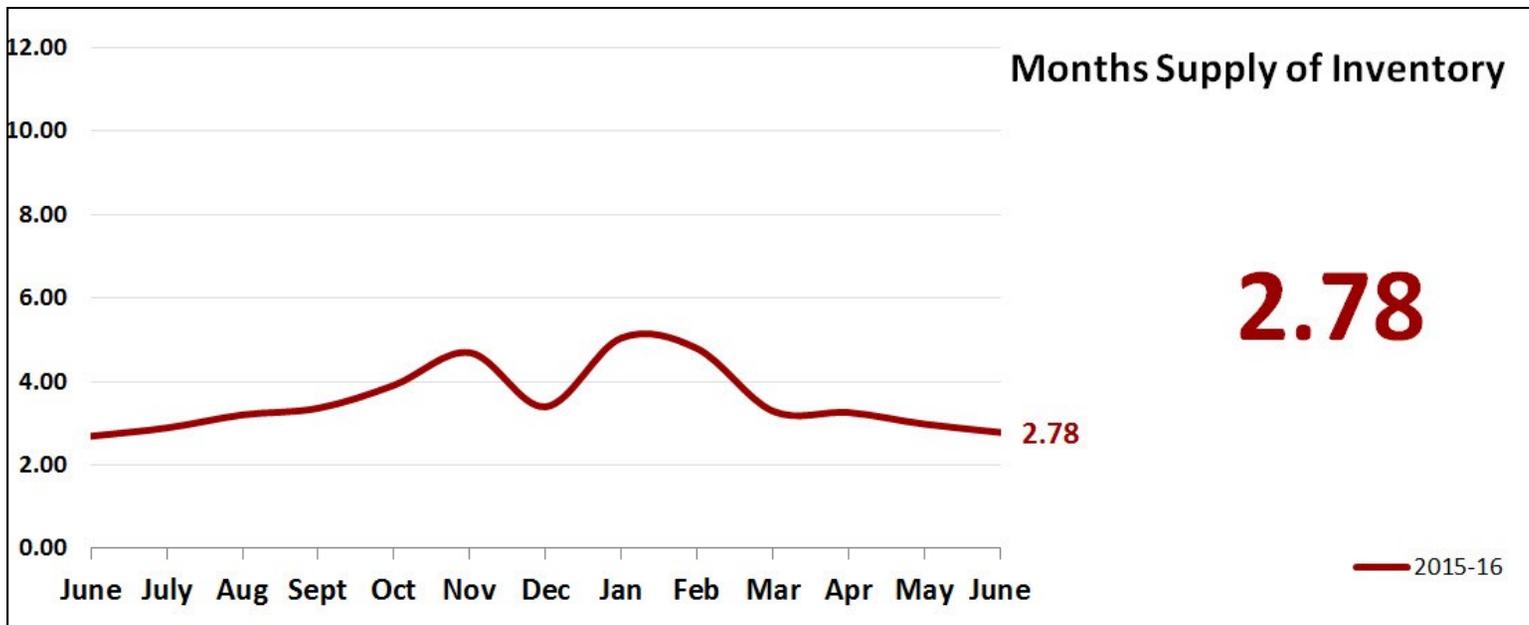
Total inventory has a month-over-month loss of -4.7% while year-over-year reflects an increase of +5.6%.

Snapshot of statuses on 6/30/2016



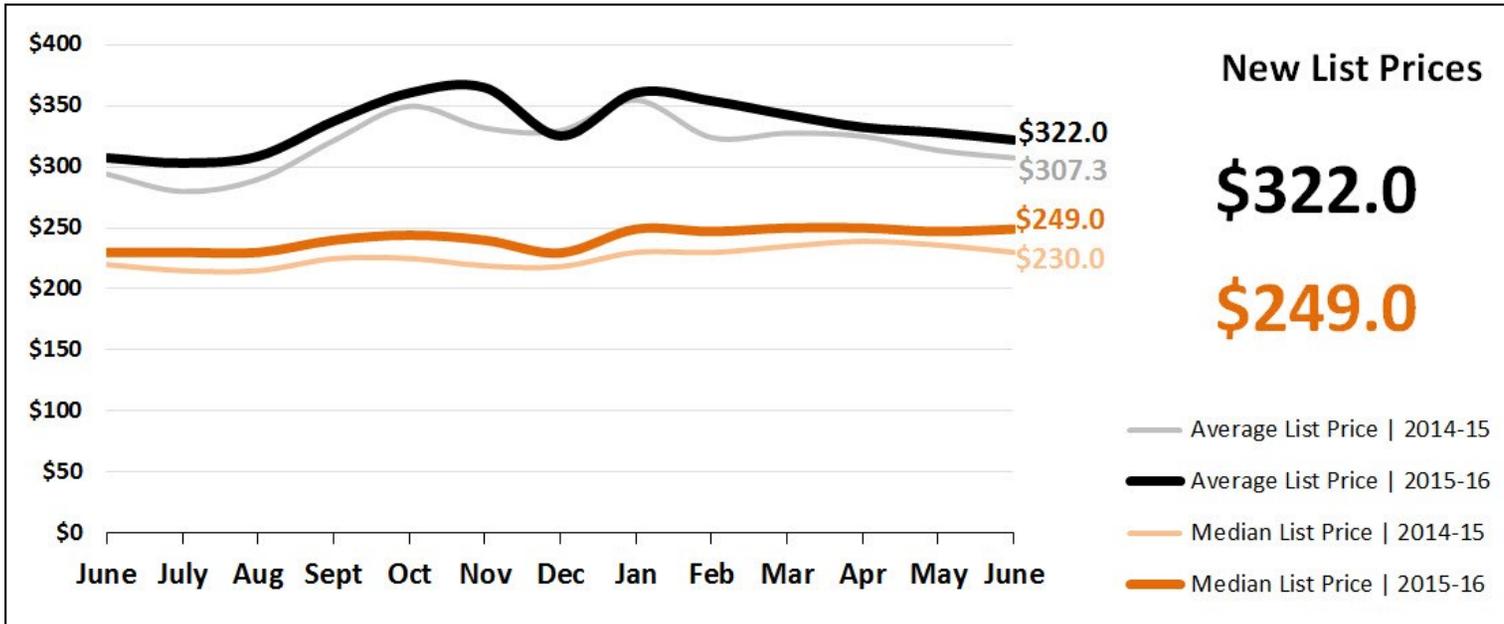
June UCB listings percent of total actives was 16.3% with CCBS listings at 2.0% of total actives.

Snapshot of statuses on 6/30/2016



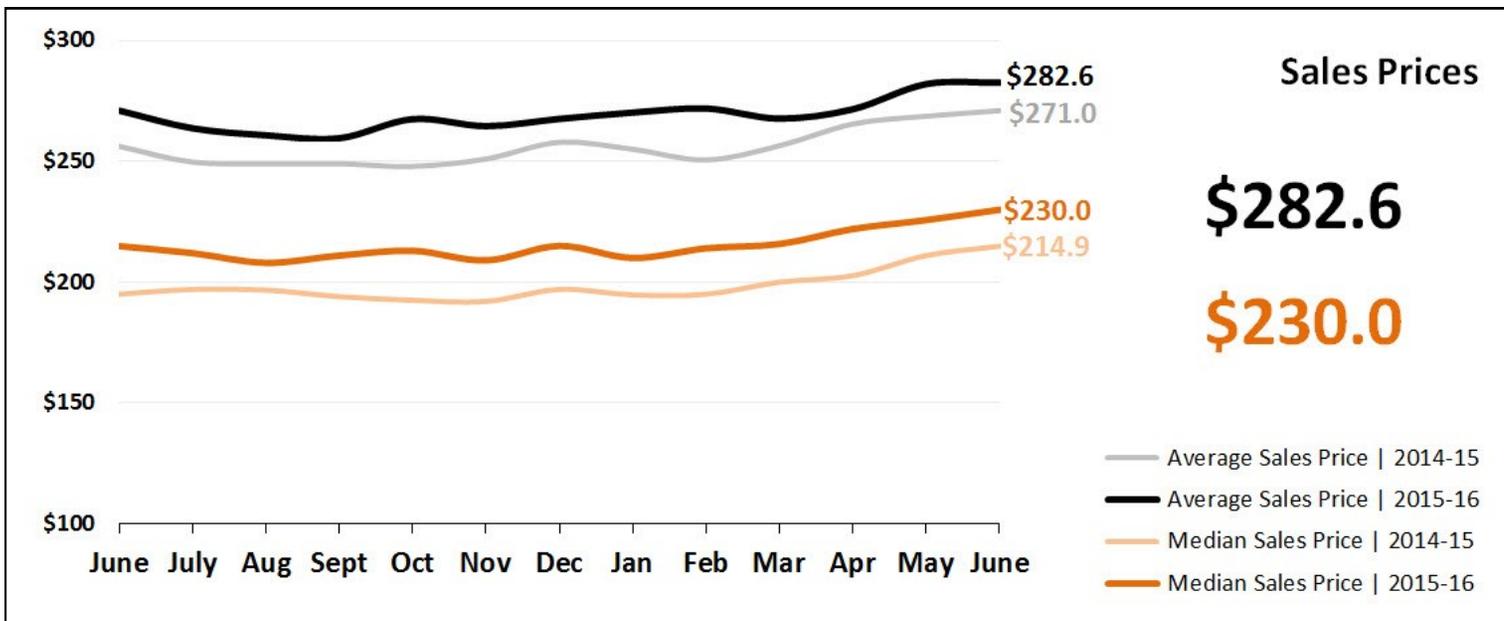
Months supply of inventory for May was 2.98 with June currently at 2.78.

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



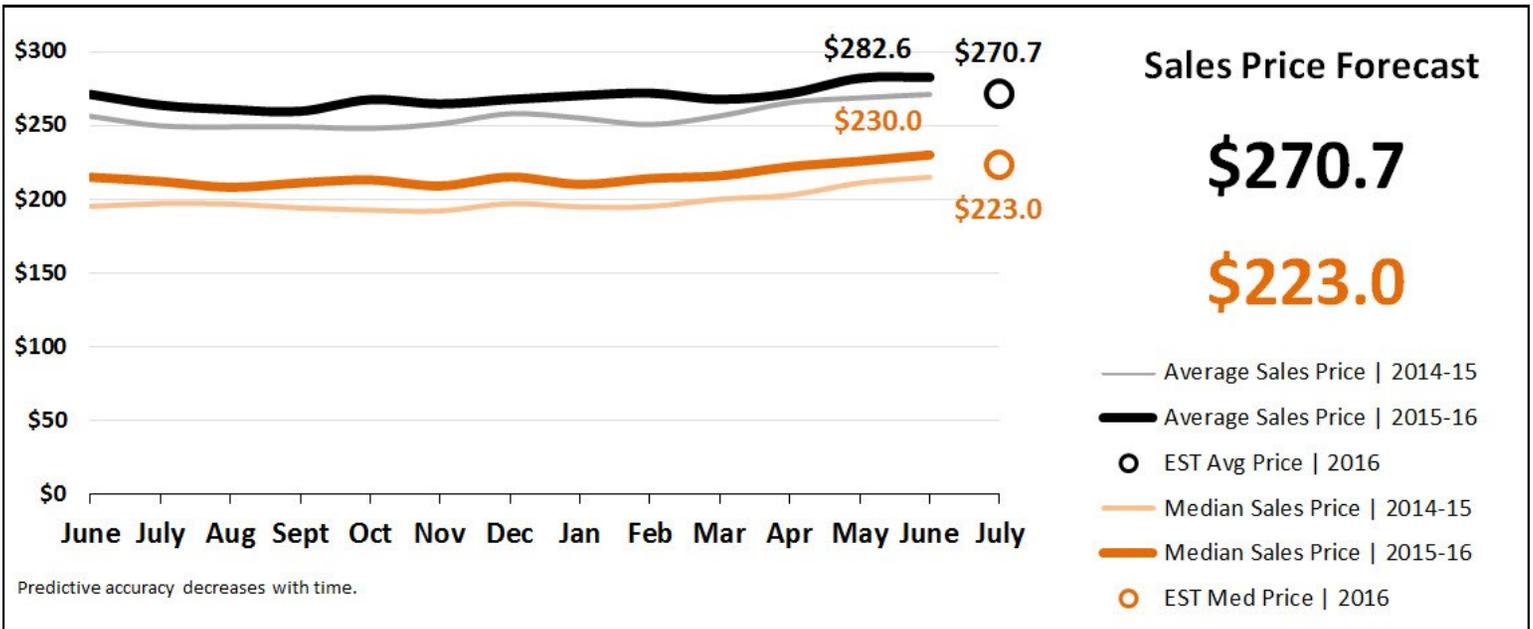
New average list prices are up +4.8% year-over-year. The year-over-year median is up +8.3%.

List prices of new listings with list dates from 6/1/2016 to 6/30/2016, 0 day DOM sales removed



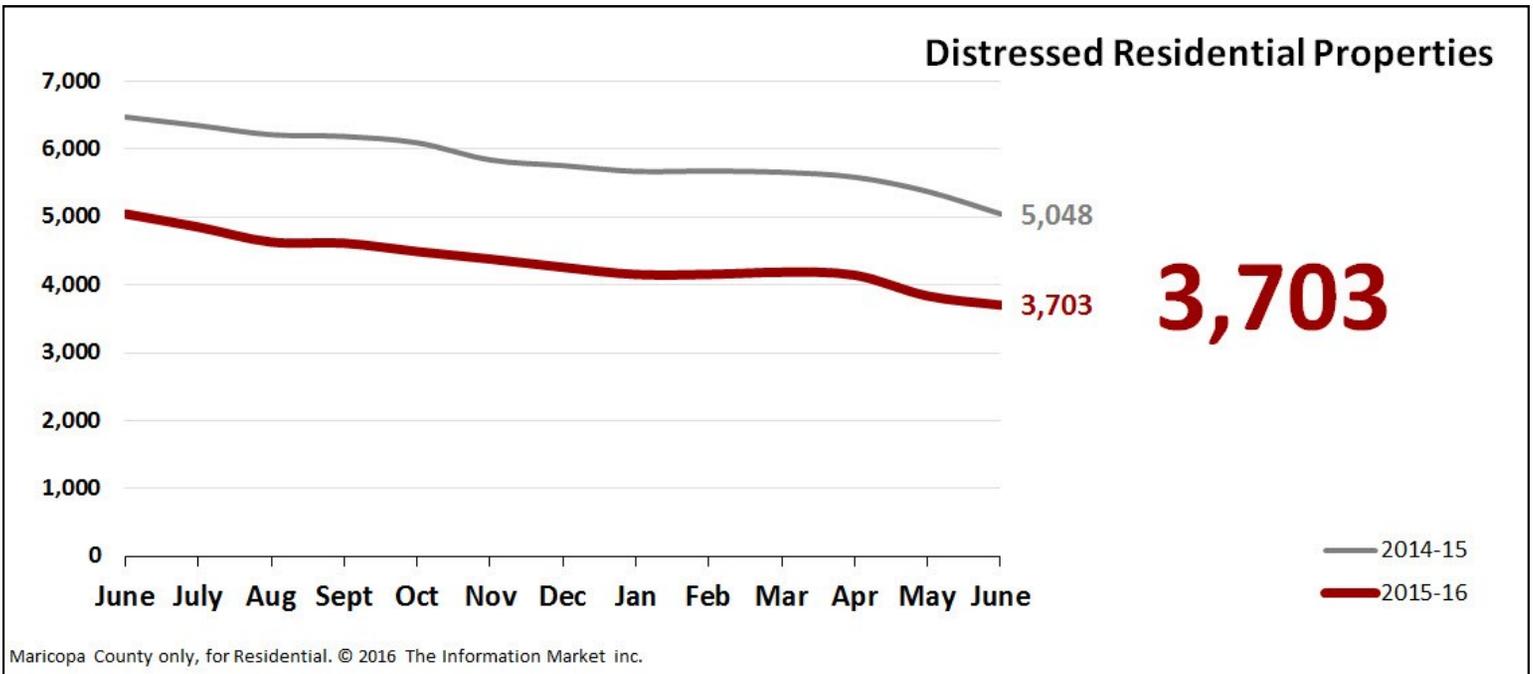
Sales prices are up +4.3% year-over-year on average while the year-over-year median is also up +7.0%.

MLS sales prices for closed listings with a close of escrow date from 6/1/2016 to 6/30/2016, 0 day DOM sales removed



A slight decrease is forecasted for median and average sales prices in July.

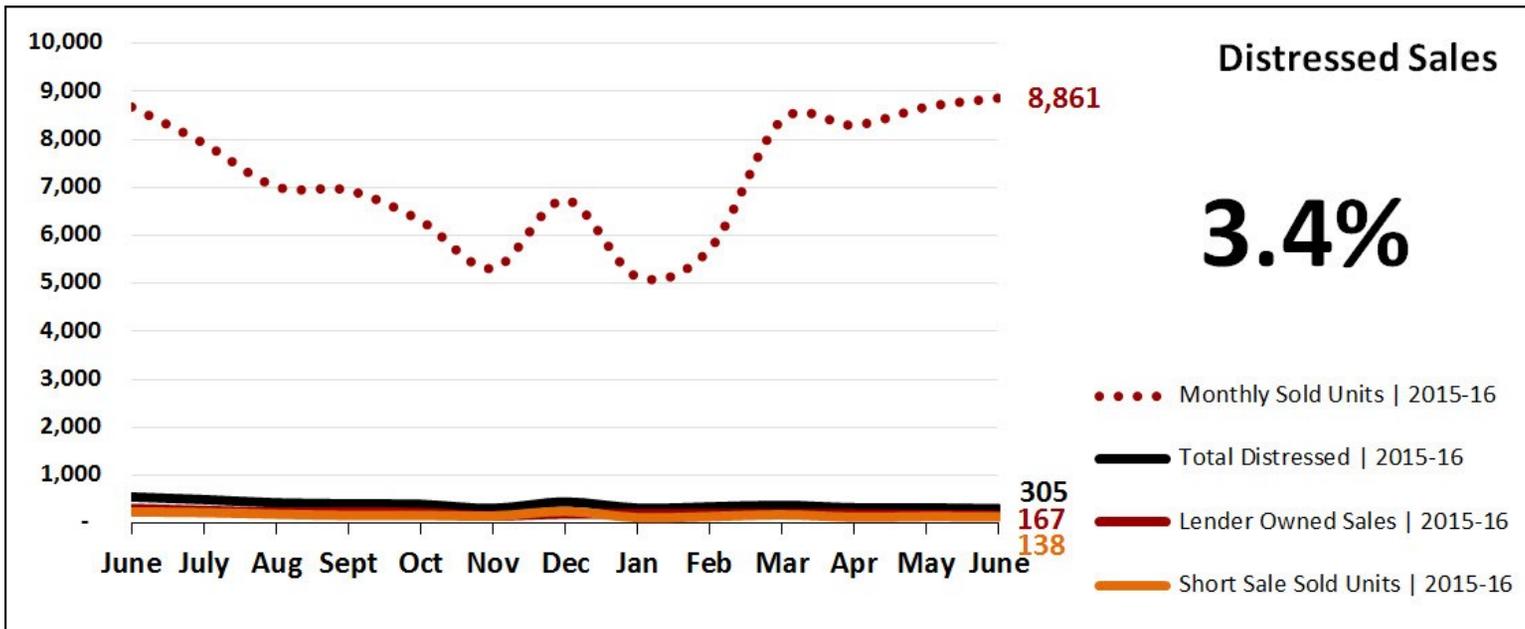
ARMLS proprietary predictive model forecast, 0 day DOM sales removed



Foreclosures pending month-over-month showed -3.5% while the year-over-year figure was down -26.6%.

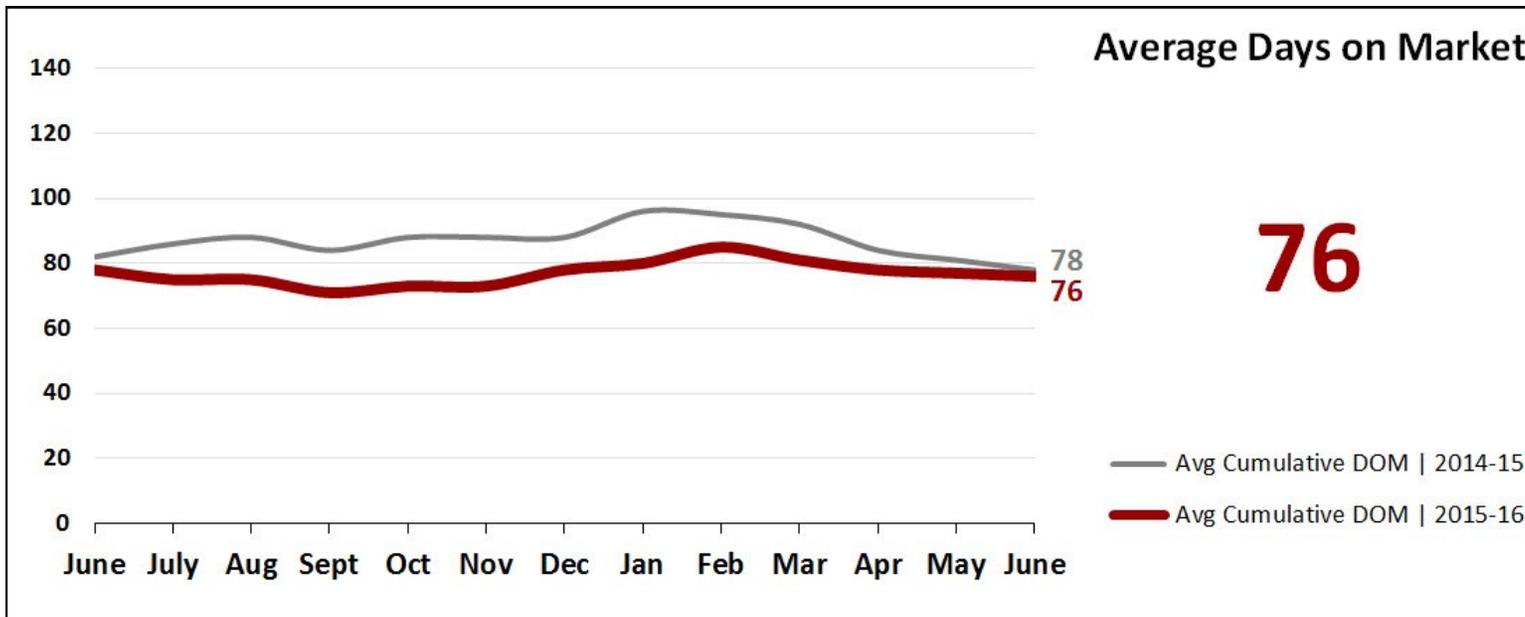
Maricopa County only, for Residential. © 2016 The Information Market inc.

Snapshot of public records data on 6/30/2016 active residential notices and residential REO properties



Short sales dropped -42.5% year-over-year. Lender owned sales dropped -46.3% year-over-year. The total distressed year-over-year changed to -44.6%.

Lender owned sales are MLS sales 6/1/2016 to 6/30/2016 where *Lender Owned/REO, HUD Owned Property* special listing conditions were selected
 Short sales are MLS sales 6/1/2016 to 6/30/2016 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 -2 days year-over-year while month-over-month saw a drop of -1 day.

Average of all closed listings 6/1/2016 to 6/30/2016 where DOM was greater than 0

COMMENTARY

by Tom Ruff of The Information Market

One of the things I love about using real estate data is the ability to identify emerging and actionable trends. The economic factors of prior years can and will have a cause and effect on our current market. Five years ago the housing market in Maricopa County saw an influx of Canadian and institutional buyers. This month, we'll take a quick look at how this impacts our market today and how using this knowledge might improve your marketing efforts.

First - the Canadians

Canadian buyers accounted for 5.95% of the homes purchased in Maricopa County at their peak in April of 2011. The Canadian dollar (CAD) was worth more than the US dollar and Canadians were purchasing at the bottom of our market. Today, the stronger US dollar buys 1.29 Canadian dollars turning our Canadian friends into mostly sellers rather than buyers.

In reviewing buyer/seller addresses on recorded affidavits of value in Maricopa County for the first six months of 2016, we see that for every one Canadian purchasing a home there are nine selling. The fear of some is now confirmed - our collective hockey IQ is falling.

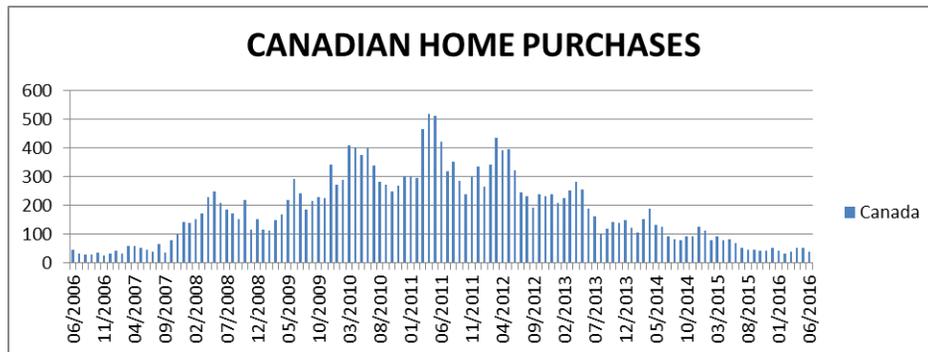
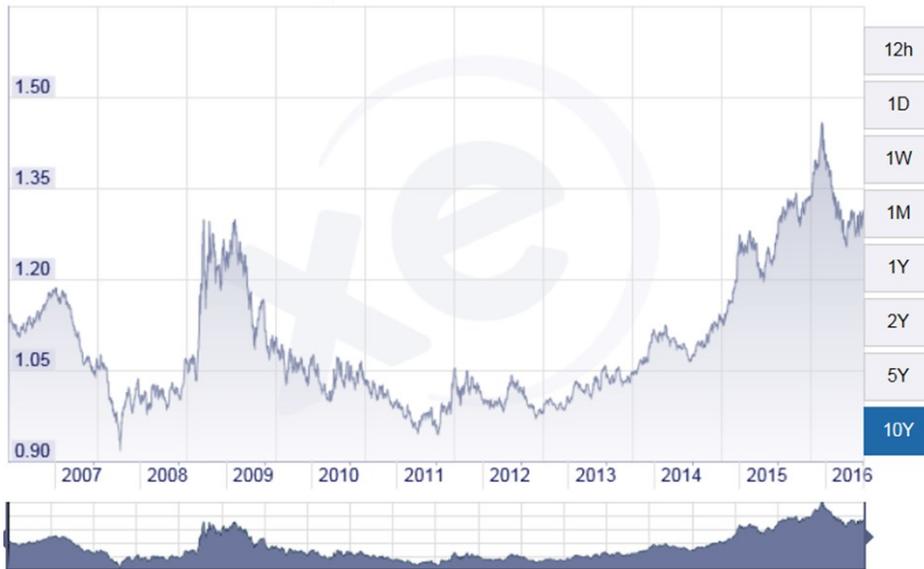
Currently in the MLS there are 388 active listings and 109 pending listings with Canadian owners according to mailing address on file with Maricopa County. Of these listings, 65% were purchased be-

tween 2009 and 2013 with 20% of the current listings having been purchased in 2011. Buying at the bottom of the market with a strong CAD, seeing significant appreciation gains since and now selling through a stronger USD has to be better than winning Sir Stanley's "eh." In short, Canadian sellers who purchased at the bottom are cleaning up and out.

The two charts on the next page will give insight into this phenomenon.

CAD per 1 USD

16 Jul 2006 00:00 UTC - 12 Jul 2016 16:23 UTC
USD/CAD close: 1.29968 low: 0.91709 high: 1.45801

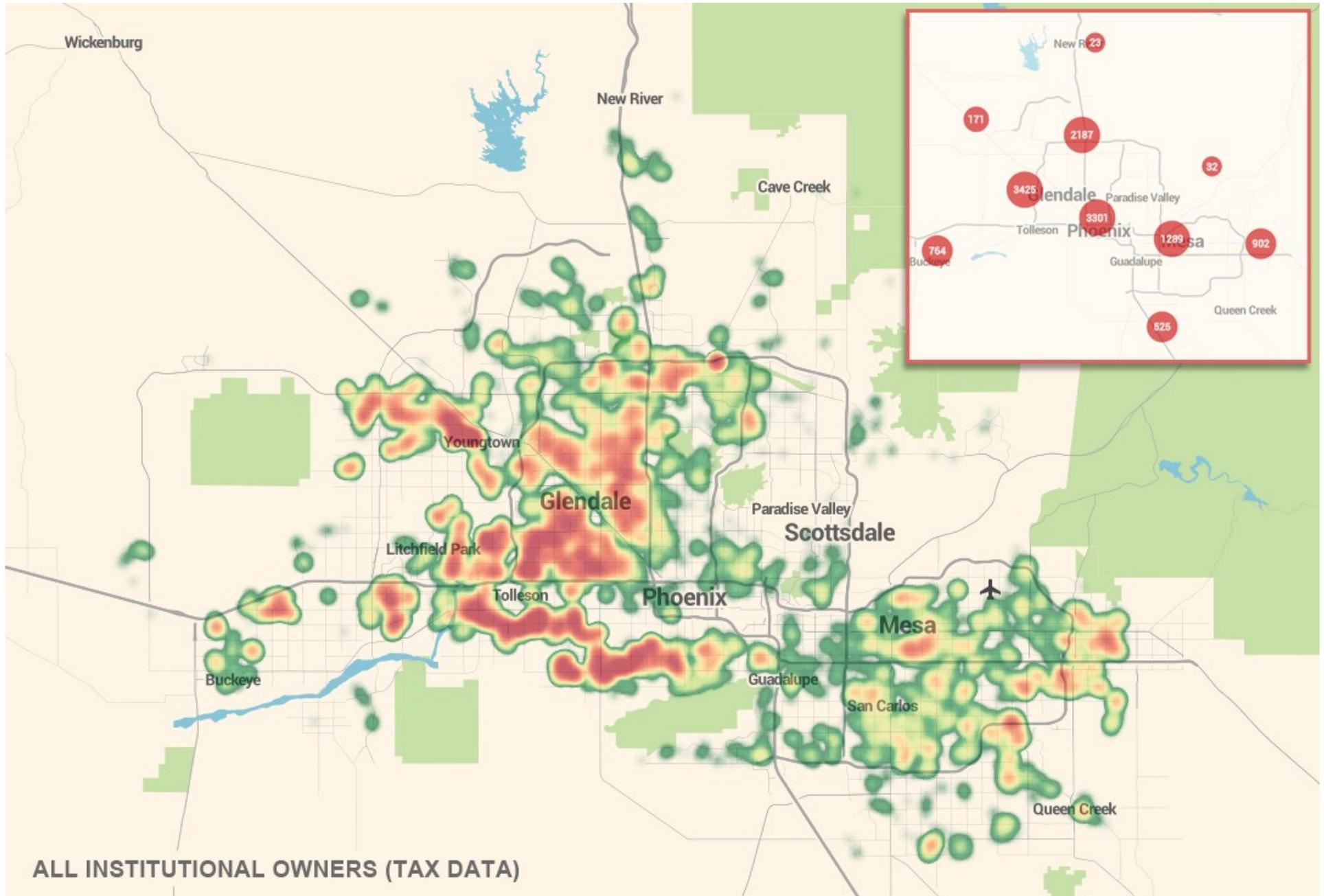


The Institutional Buyers

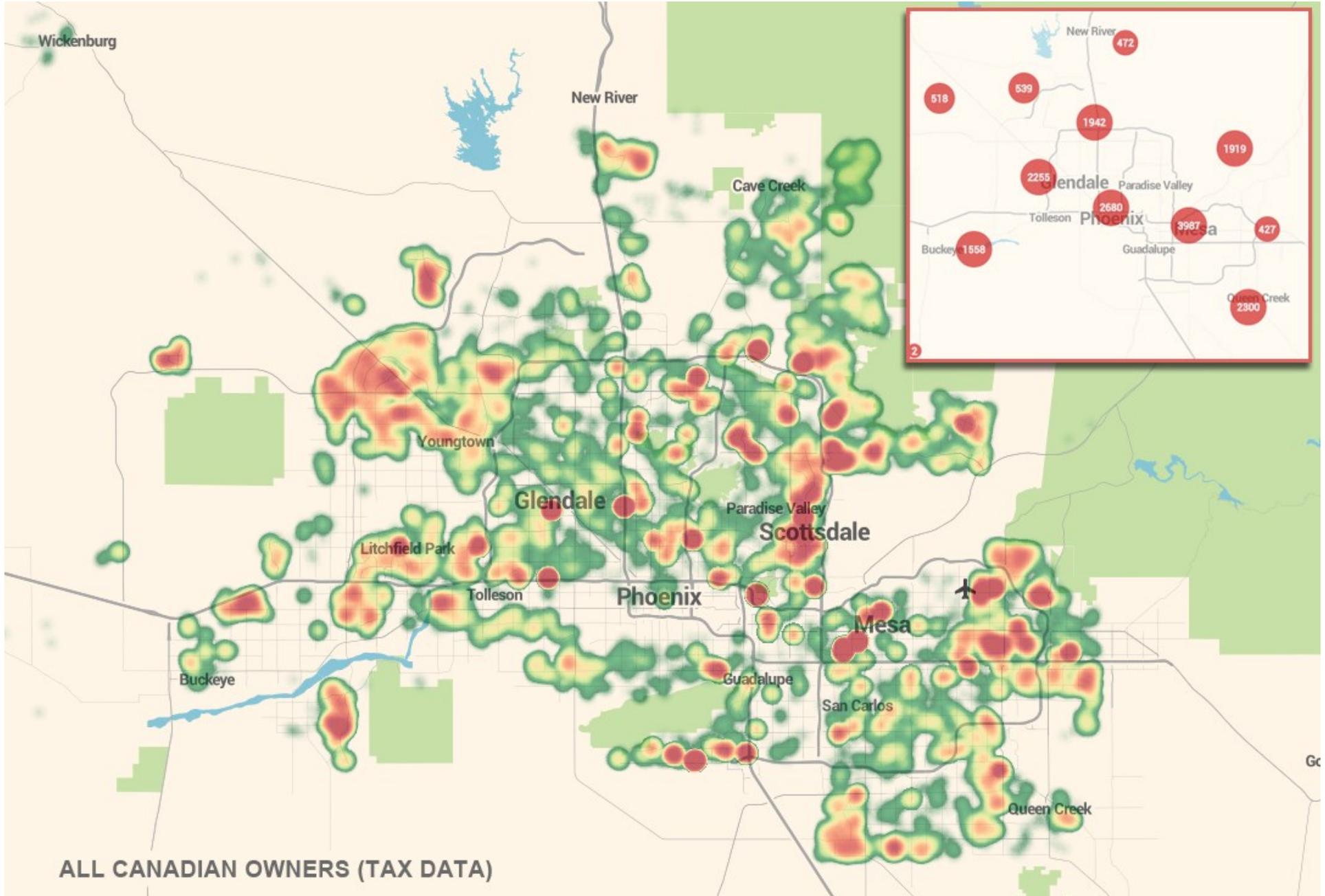
Large institutional buyers made their presence felt in our market in a big way starting in 2011 and increasing their purchases significantly in 2012 until they pulled back in August 2013. The purpose of their purchases was to create large rental pools. According to data from The Information Market, large institutional investors currently hold 12,629 homes in Maricopa County. We have only seen a small number of the homes purchased by these institutions sell, but we have heard rumblings.

In a recent Bloomberg article, John Bertling, the Chief Executive Officer of Invitation Homes states that “Invitation Homes expects to cull about 5% of its properties annually”. More notably, the article states “about 25% of Invitation Homes’ renters who move out each year are leaving to become buyers,” according to the company. That’s similar to what other large firms are experiencing. Colony Starwood Homes has reported losing about 23% of departing tenants to homeownership and American Homes 4 Rent has said it’s figure is about 30%. All three of these companies have significant holdings in Maricopa County. Using the 25% figure, 3,163 new home buyers are coming from this rental pool each year. Can we say boomerang buyers?

Heat map of 12,629 institutional holdings



Valley heat map of the current 18,674 Canadian holdings



The ARMLS Pending Price Index (PPI)

Our last Pending Price Index projected a May 2016 median sales price of \$227,000 with the actual median coming in at \$230,000 (off by 1.3%). MLS sales volume in June was 8,861 which was 187 more sales than June 2015 of 8,674. Looking ahead to July, the PPI Index projects a median sales price of \$223,000. Last year between June and July we saw the median price dip and our model suggests a similar occurrence this year. I personally expect a modest decline in the median sales price in July, but probably not as low as \$223,000.

We began July with 6,990 pending and 4,007 UCB listings giving us a total of 10,997 residential listings practically under contract. In comparison there were 10,761 of the same type of listings at this time last year. There are two fewer business days in July this year than last, so don't be surprised if sales volume is slightly lower than the total last year of 7,914. Even though we have a higher number of residential listings practically under contract, a slightly smaller percentage will be successful.