

AUGUST 2010

Real Estate Update



JEFF GERBER

ABR®, GRI®, SRES®, REALTOR®

Hello Everyone,

I hope you're having a great summer and finding ways to keep cool. We found rain on each of our trips (Michigan for the 4th of July and Pinetop, AZ last weekend) this summer. Let's hope you had better luck. Despite the rain, each trip now includes lots of nice memories. You can't expect much more!

It's a great time to buy or refinance a home. Interest rates continue to be a near 50 year lows. There's good news for you when you deal with a Loan Originator, other than at a major bank, because starting July 1 they have to be licensed. Fannie Mae took an excellent step last month by requiring Appraiser's to have actual knowledge of the area in which they are doing an appraisal. They are also requiring property condition to play into the appraisal price. Fannie Mae also has vowed to become more strict with those who 'walk away' from a mortgage beginning in October. Fannie Mae will not lend to anyone who has walked away for 7 years from the foreclosure plus they will be more aggressive at attempting to collect on defaulted mortgages. The market continues to be a bit sluggish. Home prices for foreclosures and the lowest priced homes have seen a small uptick in pricing while those at the more expensive end of the market are down again this year. An ASU study suggests that we are looking at a fairly flat growth period for an extended time. I heard someone explain it best this month. When will home prices start to rise? Right after we re-sell all of that inventory that went to unqualified Buyers back in the 'boom' market. That could take another couple of years! Congrats to Scottsdale for making a Money (#71) and Parenting (#8) places to live. Gilbert ranked #36 in the same Money magazine survey

Congrats to Jim (seller) and Linda (buyer) on your closing at the end of June. Congrats to Kelly & Jeremy on getting an acceptance of your offer on the Baseline home. It looks like we're getting close to a real (hopefully positive) answer for Amanda & Mark on a nice home in Agritopia. Dave & Jan are narrowing down where they would like to live and exactly what their Phoenix area house will look like. That's great news! It's fun working with Mike as well as Stoil & Desi as they continue their search for a great East Valley place. I can hardly believe it, but I'm still looking for a Buyer for Patty's lovely home in Andersen Springs, Chandler. We are both getting anxious to get that sold and help Patty find her next (and single level) home. I'm patiently waiting for Snowbird season in hopes that we will find a Buyer for my Listing in Sun Lakes Country Club. It's been a very slow buying summer in Sun Lakes. If you happen to know a prospective Buyer for either of these Listings or know of someone looking to sell their home or buy one, I really do appreciate your referrals. Hope you have a great rest of the summer!

Regards,

Jeff Gerber

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



Visit my new website at: www.jeffgerberrealtor.com



ALL AREAS & TYPES	TODAY 8/4/10	ST	LAST MTH 7/4/10	LAST QTR 5/4/10	LT	LAST YR 8/4/09	2 YRS AGO 8/4/08
Active Listings	42,682	↑	41,502	40,653	↑	37,016	53,633
Pending Listings	9,885	↓	10,434	14,569	↓	11,993	6,873
Sales per Month	6,876	↓	8,994	8,934	↓	8,480	5,529
Sales per Year	93,772	↓	95,367	95,688	↑	80,307	50,019
Days on Market - Monthly Sales	100	↑	98	97	↓	110	122
Days on Market - Active Listings	141	→	141	145	↓	161	153
Days Inventory	167	↑	159	155	↓	169	392
Months Supply	6.1	↑	4.7	4.5	↑	4.3	9.6
Active Listings \$/SF	\$134.44	↓	\$138.95	\$148.11	↓	\$170.52	\$190.62
Monthly Sales \$/SF	\$88.42	↓	\$91.44	\$89.76	↓	\$89.75	\$122.72
Appreciation - Monthly \$/SF	-1.5%	↓	4.4%	6.0%	↑	-26.9%	-30.3%
Average Sale Price % List	95.72%	↓	96.04%	96.27%	↓	95.98%	95.91%
Listing Success Rate	58.2%	↓	63.8%	65.5%	↓	64.5%	42.5%
Dollar Volume - Monthly Sales	\$1,193M	↓	\$1,622M	\$1,538M	↓	\$1,485M	\$1,361M
Average Price - Monthly Sales	\$173,505	↓	\$180,362	\$172,178	↓	\$175,062	\$246,243
Median Price - Monthly Sales	\$125,000	↓	\$127,000	\$128,000	→	\$125,000	\$190,000
Average Sq. Ft. - Monthly Sales	1,962	↓	1,973	1,918	↑	1,950	2,007
Cromford Market Index™	91.2	↓	99.1	107.4	↓	119.6	48.3

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The table below provides a concise statistical summary of today's residential resale market in the Phoenix metropolitan area.

The figures shown are for the entire Arizona Regional area as defined by ARMLS. All residential resale transactions recorded by ARMLS are included. Geographically, this includes Maricopa county, the majority of Pinal county and a small part of Yavapai county. In addition, "out of area" listings recorded in ARMLS are included, although these constitute a very small percentage (typically less than 1%) of total sales and have very little effect on the statistics.

All dwelling types are included. For-sale-by-owner, auctions and other non-MLS transactions are not included. Land, commercial units, and multiple dwelling units are also excluded.

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Jeff Gerber, ABR, GRI,
SRES

The Empowered Team, LLC
Real Estate For Today



The Empowered Team LLC



Real Estate for Today

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

Understanding the process of buying or selling a home will help you make the best decisions possible. Call me today so I can assist you with every step of the transaction.



Are you in the market to purchase a home? The time is right to make the move – home prices are beginning to stabilize and interest rates are attractive. And the pride that comes with home ownership...well, that's priceless!

Get peace of mind with your home purchase by including an Old Republic Home Protection Home Warranty Plan. A home warranty will help protect your budget from unexpected repair or replacement costs caused by breakdowns of your home's heating, plumbing and electrical systems, and most built-in appliances. Optional coverage choices are available to custom-fit the warranty to the unique needs of your new home.

Call me today to learn how you can get added peace of mind with an Old Republic Home Protection Plan, or visit www.orhp.com for more information.

As your local Real Estate Professional, I can help determine where to buy, offer tips to ready a home for sale, provide a current market analysis, aid with financing, and more. If you know someone interested in buying or selling real estate, please refer me to them!



Health & Safety

Rethink What You Drink

One of the most successful advertising campaigns in recent history has been focused on bottled water. However, more and more people are questioning whether the water, and the package it comes in, is safe, or at least safer than tap water – and if the convenience is worth the cost and the environmental impact.

In many cases, the source of bottled water is a municipal water supply, the same source that supplies tap water to our homes. In the U.S., a sip of bottled water costs 1,000 times more than a sip of tap water; consumers spend more per gallon for bottled water than for gasoline.



Another concern is that most bottled water comes in polyethylene terephthalate (PET) bottles, which may leach dangerous chemicals into the water when stored in hot or warm temperatures. Bottled water also creates a significant environmental burden – 80% of those convenient single-serving bottles are tossed onto beaches and roadsides, or end up in landfills, where they could be around for a thousand years.

Now, doesn't your tap water sound better?

Household Tips

Five Tips to Stay Cool in the Summer

The temperature can soar in the summer, so here are five ways to keep your home cool and lower your energy costs.

1. Keep the heat out by closing blinds, drapes and shutters on windows facing the sun.
2. As much as possible, turn off incandescent lights and heat-generating appliances. Replace incandescent bulbs with compact fluorescents, as they produce the same light but use a fifth of the energy and heat.
3. Plant trees and shrubs to shade air conditioning units while not blocking air flow. A unit operating in the shade uses less energy.
4. A ceiling fan can make a room feel as much as seven degrees cooler.
5. Since humidity makes a room feel warmer, try to avoid showering, cooking, and using the dishwasher, clothes washer/dryer during mid-day. If you need to do these things, use an exhaust fan to remove the moisture from the air.



These five tips will not only keep you cool, but they will also help keep your energy bills down and are environmentally friendly. That is a win-win-win!



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

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Real Estate For Today



Savor the Flavor

Tuscan Stuffed Mushrooms

Ingredients:

- 1/2 c diced roasted red bell peppers
- 1/2 c diced green olives
- 1/2 c grated Romano cheese
- 2 scallions, diced
- 2 tbsp extra-virgin olive oil
- 1/2 tsp salt
- 1/4 tsp ground black pepper
- 1 lb button mushrooms, cleaned and stemmed
- 1/4 c finely chopped fresh basil

Directions:

Preheat the oven to 400 degrees F. In a medium bowl, mix all filling ingredients except mushrooms and basil. Spoon the filling into the mushrooms. Bake 20 minutes or until mushrooms are tender. Sprinkle with basil and serve.

Helpful Hints

Work Smarter Instead of Harder

The 80:20 Rule argues that 80% of effort generates only 20% of results, and the remaining 80% of results are achieved with only 20% of the effort. Here are some time management tips to help you work smarter, not harder.

- Write things down - Use a To-Do list to take control of projects and tasks.
- Prioritize your list - Prioritize your tasks as A, B, C or D. Tackle the most important jobs first.
- Plan your week - Take 15 to 30 minutes at the beginning of each week to plan your schedule so you increase productivity and balance important long-term projects with more urgent tasks.
- Evaluate how you spend your time - Look back on your day and determine at what times you were less productive. Adjust your schedule and tasks to improve efficiency.
- Learn to say NO - Eliminate over-committing by saying no to low priority requests. Only commit to what you can do and what *needs* to be done.



Real Estate Today

Why buy a home?



Sneak a peek at the benefits of ownership!

The desire for home ownership is so deeply rooted in the American psyche that it's called "The American Dream." Here are a few of the many reasons to pursue that dream:

Credit: Owning a home helps you establish financial credibility.

Investment: For most people, their home is their largest single financial investment, and home prices and interest rates are ideal right now!

Tax Advantages: Interest on your mortgage loan, your property taxes, and some closing costs are tax deductible.

Pride: A home reflects its owner's values and lifestyle, and provides you with a source of pride, enjoyment and satisfaction.

Stability: Being established in a community provides a sense of belonging, stability and security.

July 20, 2010

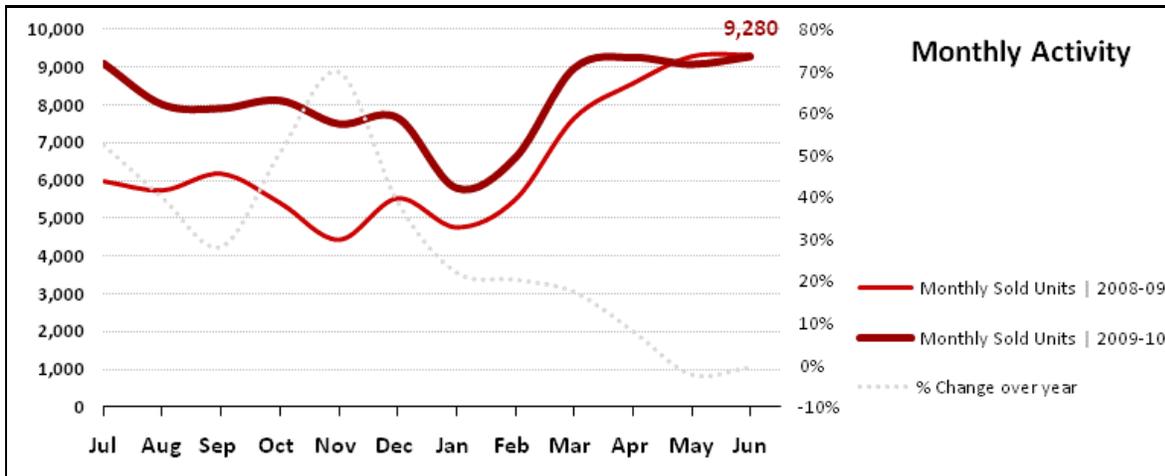


SALES Month over Month

June showed 213 more homes sold than in May, with a total of 9,280 residential units. This continues an elevated sales pattern over five of the last seven months, and is the highest monthly sales total in the past 12 months, and the second highest month since August 2005 (when 10,031 homes sold).

SALES Year over Year

2009 was a banner year in terms of number of homes sold, the third highest on record. 2010 is showing signs of exceeding that figure. Despite NAR's most recent data (May)¹ that indicated a 2.2% decline in existing home sales on a seasonally-adjusted annual basis, the pattern here is just the opposite. Since January, monthly sales have exceeded the previous year's monthly total in five of the six months. If sales continue on the present track, 2010 sales could exceed 100,000, making this the second highest sales year ever, exceeded only by 105,000 in 2005.

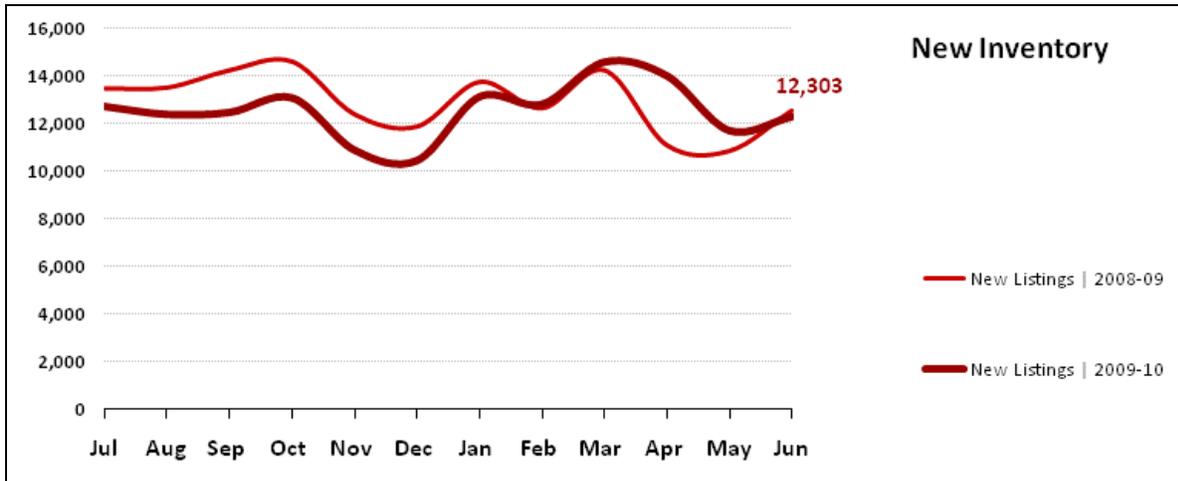


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¹NAR May Sales report - http://www.realtor.org/press_room/news_releases/2010/06/may_strong_pace

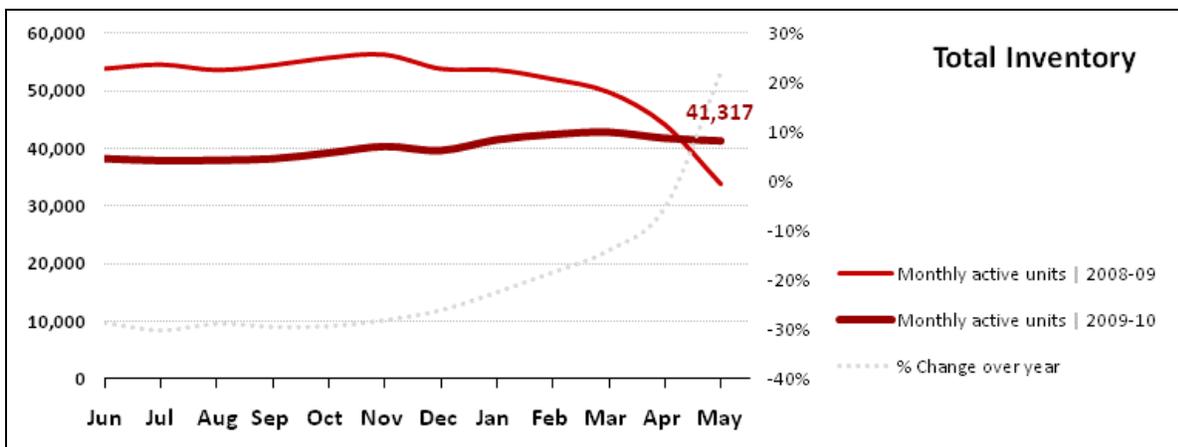
NEW INVENTORY

June showed a 5% increase over May (a bump to 12,303 from 11,717), following the normal seasonal pattern as more sellers show their willingness to test the market during the summer selling season. Overall the new residential inventory for June remains close to the average of 12,559 new listings per month that has continued over the last 12 months. But June's total is also the lowest for any June since 2004.



TOTAL INVENTORY²

Total residential inventory for June (41,869 units) rose only slightly from the preceding month (41,317). This includes the 5% increase in new listings in June.



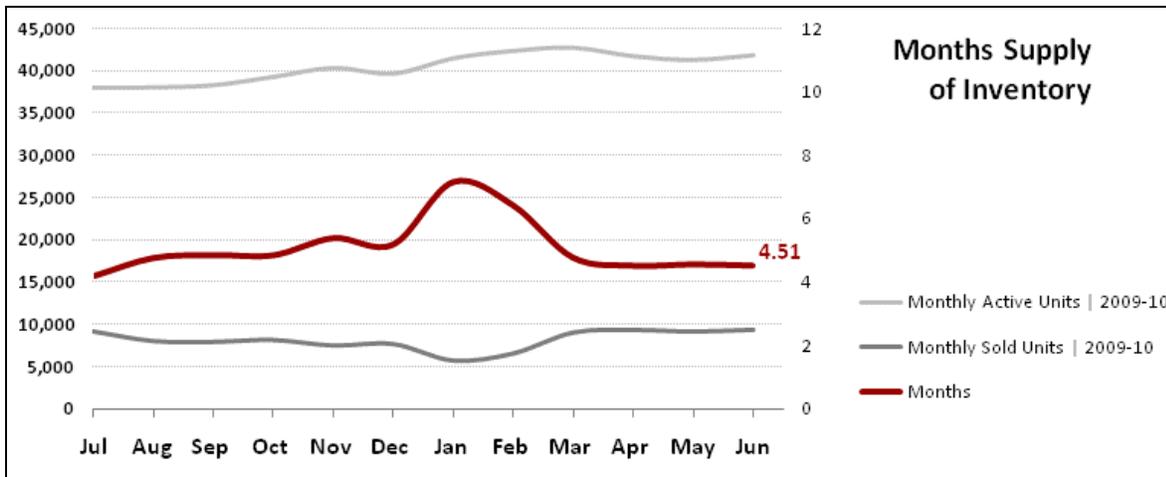
²Total active listings are pulled from flexmls on the 10th of every month.

MONTHS SUPPLY OF INVENTORY (MSI)

This metric is a new addition to STAT. It is a macro level look at how long it would take to absorb the current active residential inventory. It divides the total residential active units by the number of sold units in a given month to estimate how many months supply of inventory (MSI) exists in the market as a whole.

Over the last four months, MSI has stayed in the narrow range between 4.77 and 4.51 months. Normal convention holds that MSI less than 5 months indicates a seller’s market, while an MSI equal to 5-7 months is a balanced market, and an MSI exceeding 7 months equates to a buyer’s market.

This is a look at the residential MSI for the entire market and is not representative of smaller niches. For example, the MSI for the higher price ranges far exceeds the 7 month threshold of a buyer’s market. Likewise, residential inventory at the low price end moves much more quickly than the 4.51 reported in June. Over time though, the MSI for the entire market can serve as a barometer of overall market health. Nationally, current NAR reports indicate an 8.3 month supply of inventory³.



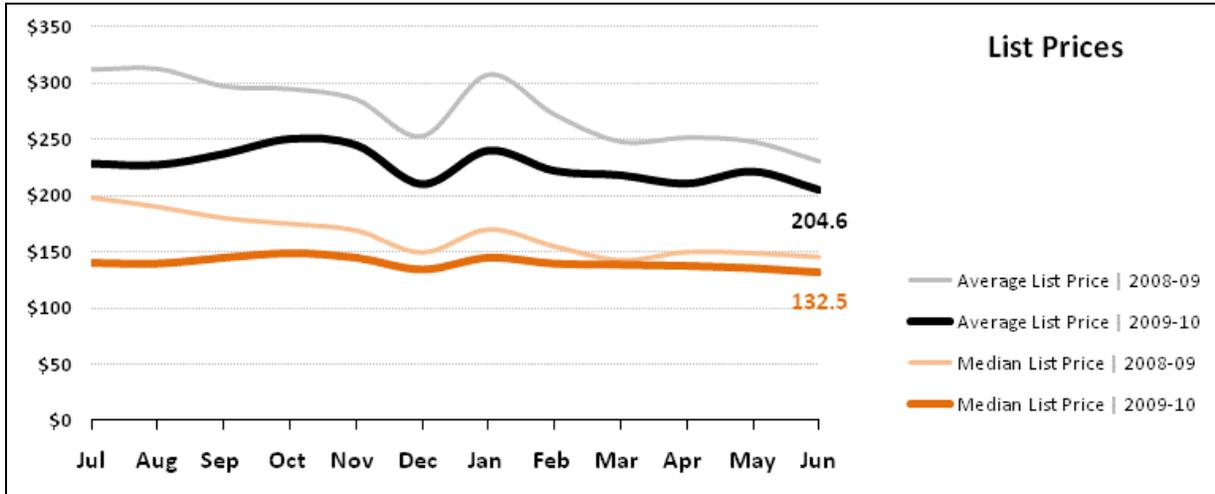
³NAR May Sales Report - http://www.realtor.org/press_room/news_releases/2010/06/may_strong_pace

LIST PRICES

After a short burst of optimism in May when the average list price (\$220.9K) rose by 5% over April, the average list price in June declined to \$204.6K and set a new low record for the decade, eclipsing the previous low mark of \$209.7K set last December.

Likewise, the median list price declined in June to \$132.5K from May's \$136K and set a record for lowest median list price since current reports have been tallied (January 2001).

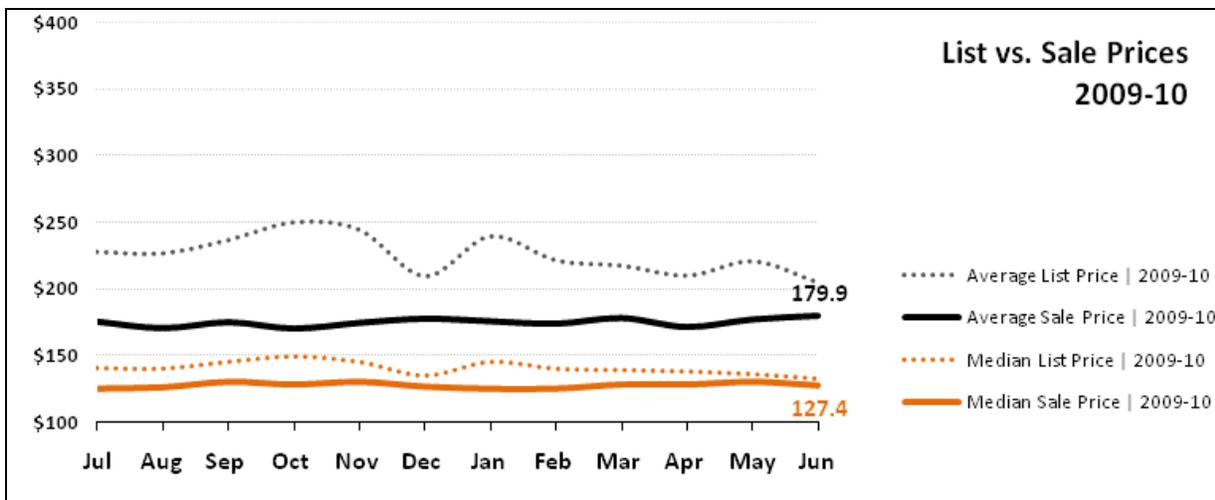
Both numbers reflect a decline in prices of 3 to 7%, reversing the trend of the last three months that saw the rate of decline slow over previous months.



SALES PRICES

As predicted by the ARMLS Pending Price Index™ last month, the June Median sales price declined 2.6% from \$130K to \$127.4K while the Average sales price increased 1.6% to \$179.9K from \$177.1K in May, a slight upward trend that has continued over the last three months. The decrease in median sales price while the average continues to rise, indicates continued upward movement of residential sales prices toward the higher price ranges.

The Average and Median sale prices have now increased year over year for the past five consecutive months reversing 29 and 42 months (respectively) of sometimes double digit declines. Whether this is an indicator of a longer term recovery has yet to be seen, but when looking for a glimmer of good news in the many indicators, sales price would be a good place to concentrate.



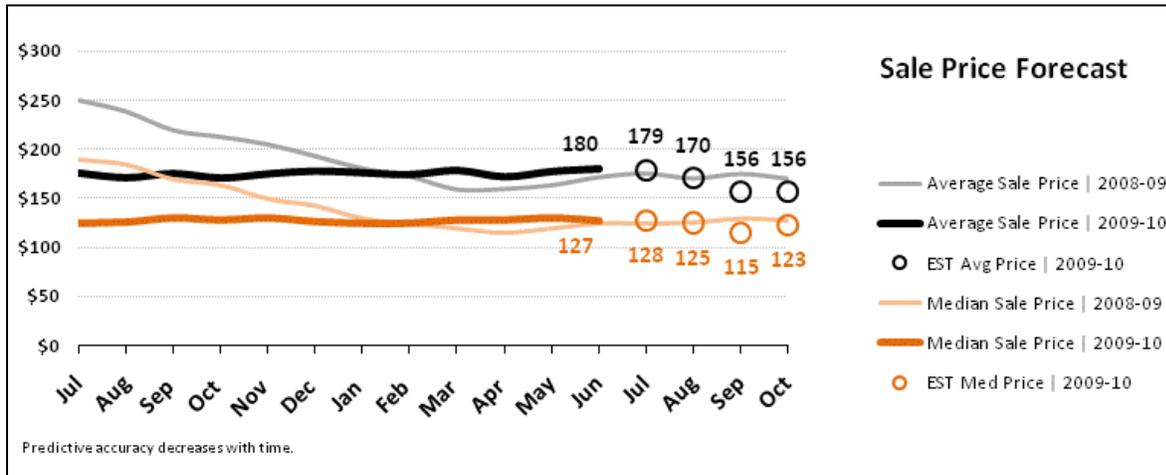
THE ARMLS PENDING PRICE INDEX™

THE ARMLS Pending Price Index™ (PPI™) is a predictive market tool exclusive to ARMLS. The Index uses pending sales data from the Arizona Regional MLS system to predict Median sales price and Average sales price three to four months into the future. This information is only available through ARMLS the sole aggregator of pending sales data.

Pending sales data predict that the average price will drop slightly in July to \$178.6K and continue downward at a steeper rate in August (\$170.3K) and September (\$156.4K) then level out in October. The Median sales price shows more volatility rising fractionally in July and then falling back a bit in August (to \$125K) and more in September before recovering in October.

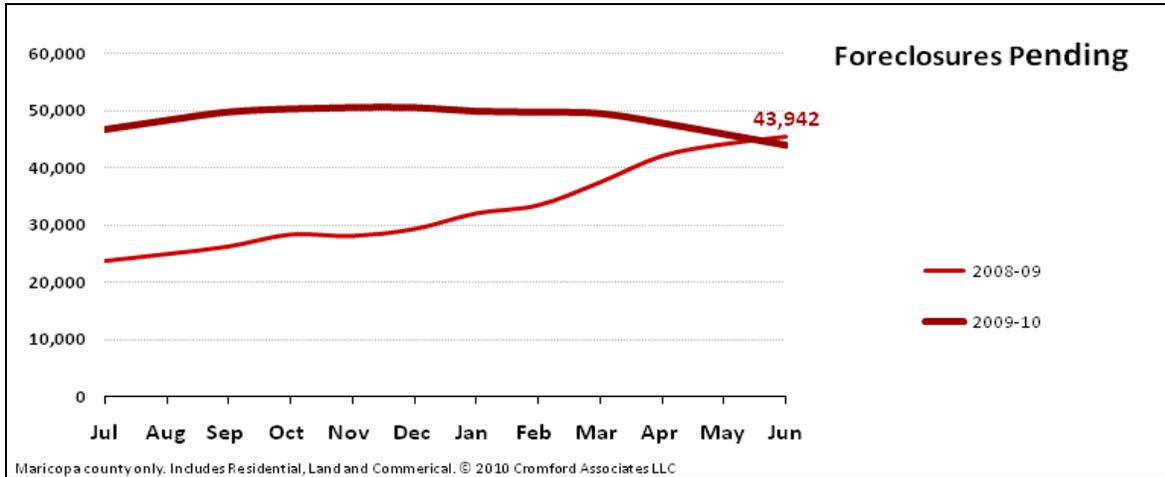
If the predictions holds true, the Median price for September would be the lowest in the preceding nine years. The accuracy of the ARMLS PPI™ diminishes the further into the future the prediction are made because the sample size diminishes with time.

Overall, the Median and Average sales prices have remained relatively flat over the previous 12 months with only small monthly fluctuations. The market appears to be in a stable pattern although it is prone to slight dips indicating that the recovery is still tentative and subject to many outside economic factors.



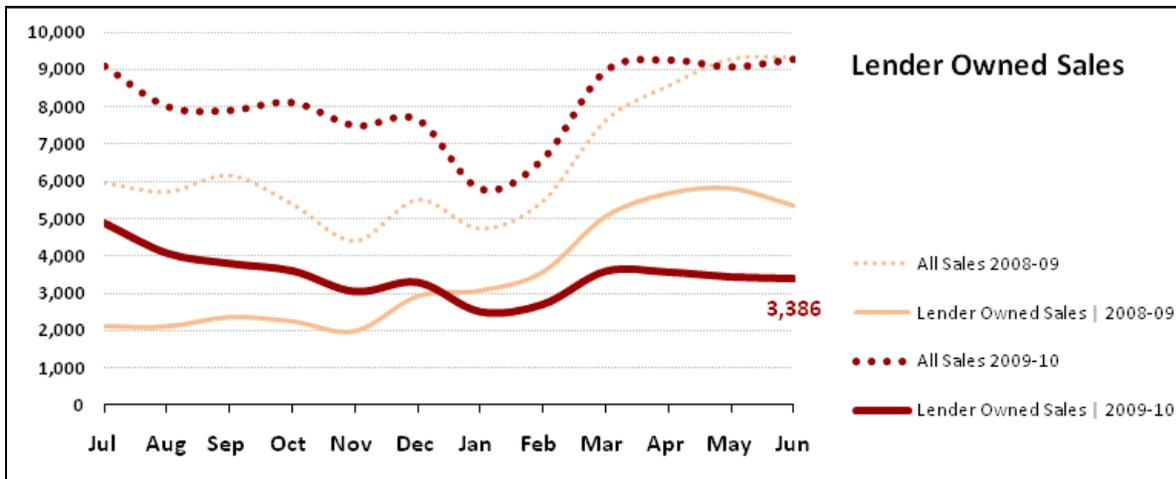
FORECLOSURES PENDING

Foreclosures pending in all property classes continue the downward trend of the last three months to 43,942 in June. It is unclear though if this pattern is reflective of greater lender success in expediting workouts with distressed owners to avert foreclosure, or is due to impaired lender capacity to initiate and process foreclosure inventory, due to inadequate resources. In any event, the downward trend of pending foreclosures is a welcome sign of progress toward a more normal market.



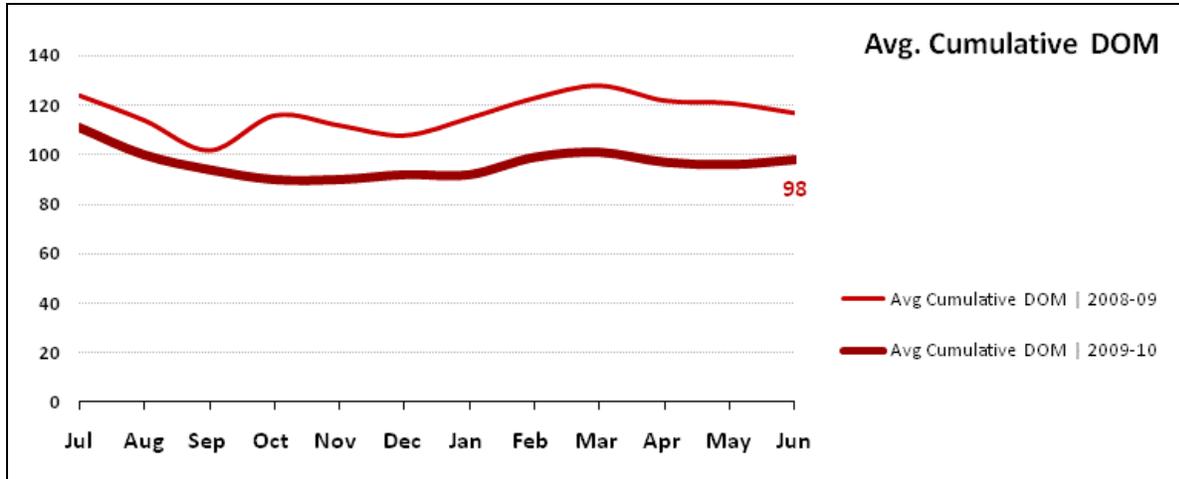
LENDER OWNED SALES

Lender owned sales have declined each month for the past 18 months when measured as a percentage of all residential sales. From January to April 2009 the percentage was 65-66%. This month it was only 36%, nearly half of the year ago figure. As the new FNMA and Freddie Mac Home Affordability Foreclosure Alternatives (HAFA) program is implemented, the market may expect to see the trend of lender owned sales as a percentage of total sales continue to decline. The impact of HAFA is yet to be realized but a positive impact could lead the way by example for other non-FNMA and Freddie Mac lenders to alter their policies regarding distressed home owners.



AVERAGE DAYS ON MARKET

June showed a two day increase over May in the average days on the market to 98. The days on market figures have held relatively steady over the last eleven months, fluctuating slightly between 90 and 100 days. The prevailing pattern of average market times tracking proportionally to list price continues, as homes priced below \$150,000 sell in less than 60 days while those over \$750,000 are taking months rather than days, on average, to sell.



COMMENTARY

The market recovery remains steady albeit tentative. Patterns established over the last three months have shown only slight fluctuations. Much of the sales data over the last several months has been fueled by the first time buyer tax credit which is no longer available. Many of those tax credit sales have yet to close.

Congress did not foresee that the extended length of the contract-to-close period for first time home buyer tax credit sales would place many of these closings in jeopardy. Their extension of the closing date of the tax credit sales to September 30 should retain closings in the sold inventory totals which might have been lost had the date not been extended.

In addition many market observers remain optimistic that the effects of the new government program, HAFA, a last resort for many home owners facing foreclosure, will reduce the number of lender owned sales. HAFA aims to address many of the complaints surrounding short sale and deed in lieu of foreclosure transactions. Timing of solid market recovery is directly related to the removal of distressed properties, i.e., lender owned and short sales candidates, from the active residential inventory.

Particularly noteworthy is the market wide month supply of inventory (MSI) at 4.5 months. While this figure does not give relief to properties at the extremes of the price range spectrum, it is a barometer of market health which as recently as December was in the 7.4 month range.

ARMLS staff provides this commentary on the market as fact-based analysis, not as opinion or editorial positioning. Your comments are welcome and opposing viewpoints on interpretation of the market trends identified in STAT are welcome. Send your comments to communication@ARMLS.com.