

AUGUST 2013

Real Estate Update



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

Hello Everyone,

Welcome to August! Depending on where you live, it's the last month for summer and vacations or maybe it's the first month for the new school year. Wherever you fall within those extremes, I hope the summer has been good to you, so far. I absolutely enjoyed my time in the UP of Michigan and on Washington Island, WI. It's a luxury to take a vacation, but the refreshing mental state after some time away sure makes the cost and time worthwhile. Here's hoping that there is some summer refreshment and rejuvenation time on your calendar before the season disappears!

The biggest news on the Real Estate front seems to be Mortgage Interest Rates. They spiked higher in June and early July, but now seem to be dropping back into the 4.5% general range. Yes, it's not the 3.5% record low rates we enjoyed for much of the last year, but remember that anything under 8% is below the long-term average. Home sales in The Valley were down in the last couple of months, mainly due to low inventory. Median prices this year are up 26% as of May per ASU. REALTOR.COM reports PHX as the #6 market in the US for median list price increases in the past year. They show the median price as \$234,900. By the way the largest list price gains were in Oakland, CA, up 36.77%. Good news on foreclosures. We're now down to just slightly more than 1% of all Metro are mortgages in some state of foreclosure...down 62% since last year and near the long term average. Those 'bargain' foreclosure properties now represent about 1% of the available inventory. The PHX Business Journal says Institutional Investors (anyone who purchases 10 or more properties) represent 15% of the Phoenix market sales (9% of the US sales are Investors). Records how 6 entities have purchased several hundred properties in recent times with Blackstone Group at #1 with over 4400 properties purchased. Those Institutional Buyers prove to be tough competition for 'Normal' Buyers. The days of a 'Normal Buyer' getting a 'steal of a deal' on a property are again a memory. On the good news front, AOL Real Estate has named Scottsdale as #6 and Chandler as #9 on their list of the 10 Safest Cities List. Irvine, CA topped the list for the 9th consecutive year. In short, priced right (remembering market conditions and probable appraisal pricing) it's a great time to be a Seller. If you're willing to pay fair market value (and maybe just a bit more) it's still a good time to Buy. Just be aware that it could take a while to find the right property due to the very limited inventory.

It was rather disappointing to find out that the prospective Buyer for Carol's Mesa Short Sale home cancelled in mid-July as we got close to finalizing the deal. Thanks to my Broker Brenda for helping get another Buyer in place while I was on vacation. Hopefully this one will stick around to the end and Carol will get to move on with her life. I'm waiting for a phone call as I'm writing this newsletter to tell me that the sale of Michael & Brooke's Chandler home is finalized. Good luck in CO! I just listed Carol's (thanks for the referral Diane) home in East Mesa. Check my website for details on this 3-bed + den + 3 car garage one. NICE! To those of you that I've spoken with in the past few months about buying or selling a home, I thank you for the opportunity to try and earn your business. To the many of you who have been kind enough to provide a referral of my services to a friend, co-worker, family member, etc THANKS! I really do appreciate those referrals and promise to provide personal, professional service to everyone you send my way!

Regards,

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Real Estate For Today



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June 2013

Arizona Regional MLS

New Listings **8,922**

↓ **-5.0%** ↔ **-0.0%**
 from May 2013: **9,387** from Jun 2012: **8,924**

YTD	2013	2012	+/-
	54,947	54,299	1.2%

5-year Jun average: **10,507**

New Contracts **9,026**

↓ **-8.0%** ↓ **-1.5%**
 from May 2013: **9,810** from Jun 2012: **9,164**

YTD	2013	2012	+/-
	60,345	62,977	-4.2%

5-year Jun average: **8,495**

Closed Sales **8,069**

↓ **-13.1%** ↓ **-10.1%**
 from May 2013: **9,290** from Jun 2012: **8,972**

YTD	2013	2012	+/-
	46,262	47,947	-3.5%

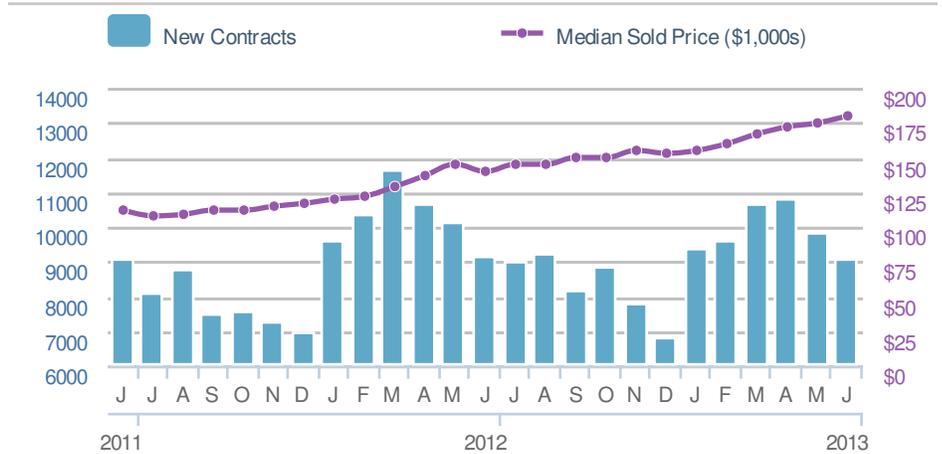
5-year Jun average: **9,093**

Median Sold Price **\$180,000**

↑ **2.9%** ↑ **28.5%**
 from May 2013: **\$175,000** from Jun 2012: **\$140,032**

YTD	2013	2012	+/-
	\$170,000	\$134,000	26.9%

5-year Jun average: **\$136,806**



Active Listings **14,210**

14,210
 Min 11,582 Max 41,316
 5-year Jun average 26,375

May 2013	Jun 2012
14,021	11,582

Avg DOM **65**

65
 Min 65 Max 116
 5-year Jun average 91

May 2013	Jun 2012	YTD
66	74	69

Avg Sold to OLP Ratio **97.8%**

97.8%
 Min 90.2% Max 98.7%
 5-year Jun average 94.5%

May 2013	Jun 2012	YTD
97.5%	98.7%	97.0%



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The Empowered Team LLC

Between FRIENDS

Real Estate for Today

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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.



Are you in the market for a new home? The time is right to make the move, as prices and interest rates are attractive. Of course, investing in a home is more than a financial decision—the pride that comes with homeownership is truly invaluable.

I recommend that my clients include an **Old Republic Home Warranty Plan** with their home purchase or sale. A home warranty helps protect your budget from unexpected repair or replacement costs caused by the breakdown of your home's heating, plumbing, electrical systems, and most built-in appliances. Optional coverage choices are available for buyers to custom-fit the warranty to the unique needs of their home.

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

Is someone you know 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.



Health & Safety

Kicking the Sugar Habit

The average American consumes over 100 pounds of sugar each year, according to the New York Department of Health and Mental Hygiene, and our love affair with sweetness has major health implications. If you're struggling to kick the habit, rest assured you're not alone. Princeton researchers found that sugar addiction ignites the same neural pathways as heroin, with lab rats working desperately to satisfy their cravings.

Sugar is a generic term used to describe carbohydrates, but complex carbohydrates (e.g., brown rice and whole wheat bread) function differently than simple carbs, such as processed sugar and corn syrup. Approximately 45%-65% of your daily calories should consist of carbs, but the burst that comes with simple sugars may contribute to irritability, depression, and intense hunger cravings.



Some nutritionists recommend gradually decreasing your intake of sugar, one week at a time, until you've found a healthier balance. Surprisingly, you will probably become more sensitized to sweetness over time, with reduced cravings as your body adjusts. Cardiothoracic Surgeon and TV personality Dr. Oz recommends adding fruit to your meals to get your sweet fix in a healthier way.

Household Tips

Recognizing a Natural Gas Leak

Natural gas has revolutionized the way we live, but like many technologies, it comes with certain risks. Do you know how to recognize the signs of a natural gas leak? If you notice any of the following signs, leave your home immediately, and call your local utility company. Do not attempt to locate the leak on your own, and do not turn on or off any electrical appliances.

Smell: In its original state, natural gas is odorless. Gas companies add a pungent, powerful odor to natural gas to give it a Sulfuric smell similar to rotten eggs—allowing you to recognize a gas leak immediately.

Sounds: You may also hear a hissing, roaring, or whistling sound, but you may not hear a thing. Don't rely on auditory cues alone. If you suspect something may be wrong, leave the house right away!

Visual Cues: You may see a white cloud or mist, but again, you may not see or hear a thing. It cannot be overstated—when in doubt, get out of the house.



Real Estate Today **Investment Properties**



As the economy continues to expand and interest rates remain low, now may be an excellent time to invest in a rental property. The following tips may help you make a sound decision if you're thinking about taking the plunge.

Going Local: Purchasing a local property has some distinct advantages. You already have a feel for the neighborhoods and you'll be nearby should your tenants need you.

Covering the Gaps: Renters come and go! *MSN Money* recommends saving enough to cover six months of vacancy before purchasing a rental property.

Preventing Headaches: Home systems and appliances have limited life spans. Purchasing an Old Republic Home Warranty Plan may help relieve stress by providing budget protection and giving you access to qualified service providers when covered items fail.

Screen Prospective Tenants: However nice they seem, always run a credit check and talk to prior landlords.



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Savor the Flavor

Simple Summer Smoothie



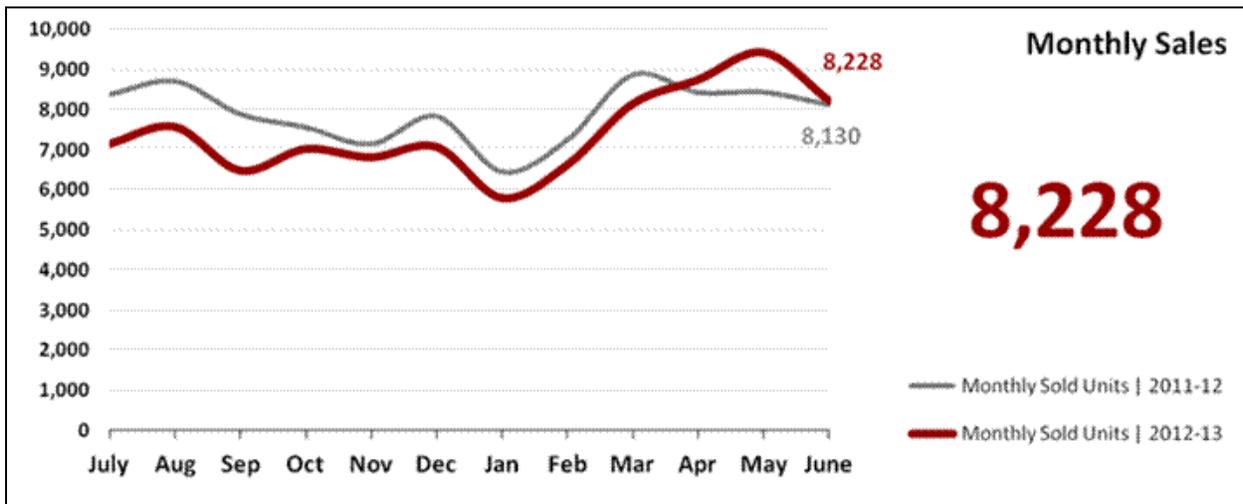
- 1** banana
- 1 cup** frozen strawberries
- 1 cup** frozen blueberries
- 1 cup** frozen cherries
- 4** ice cubes
- 1/2 cup** orange juice
- 3/4 cup** vanilla yogurt

Place the banana, strawberries, blueberries, cherries, and ice cubes into a blender. Pour in the orange juice, vanilla yogurt, and honey. Puree until smooth.



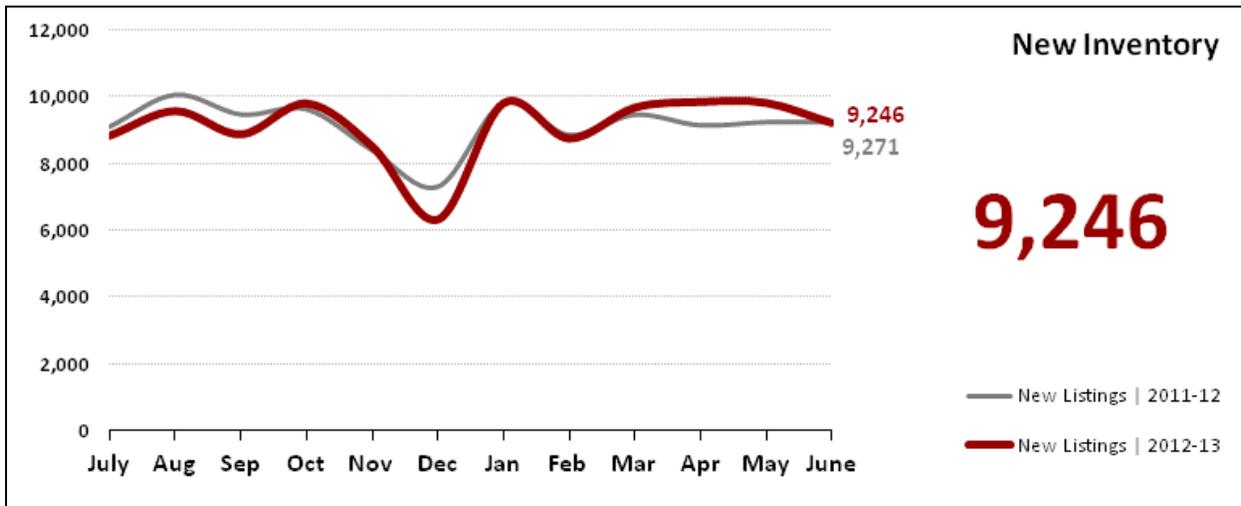
ARMLS® STAT - July 11, 2013

MONTHLY SALES



+1.2%, year over year
-12.8%, month over month

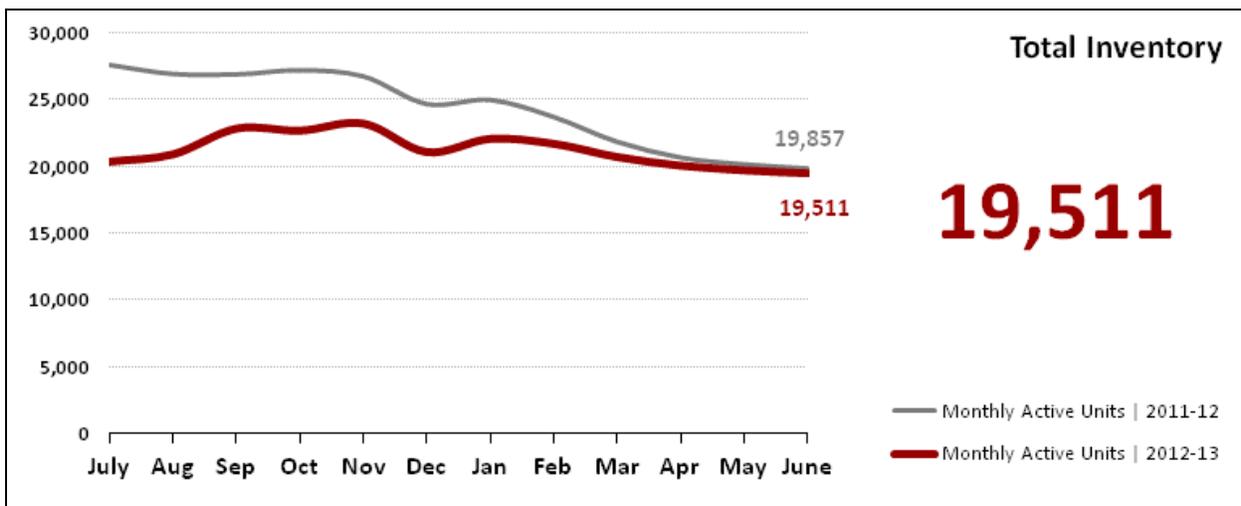
NEW INVENTORY



-0.3%, year over year

-6.1%, month over month

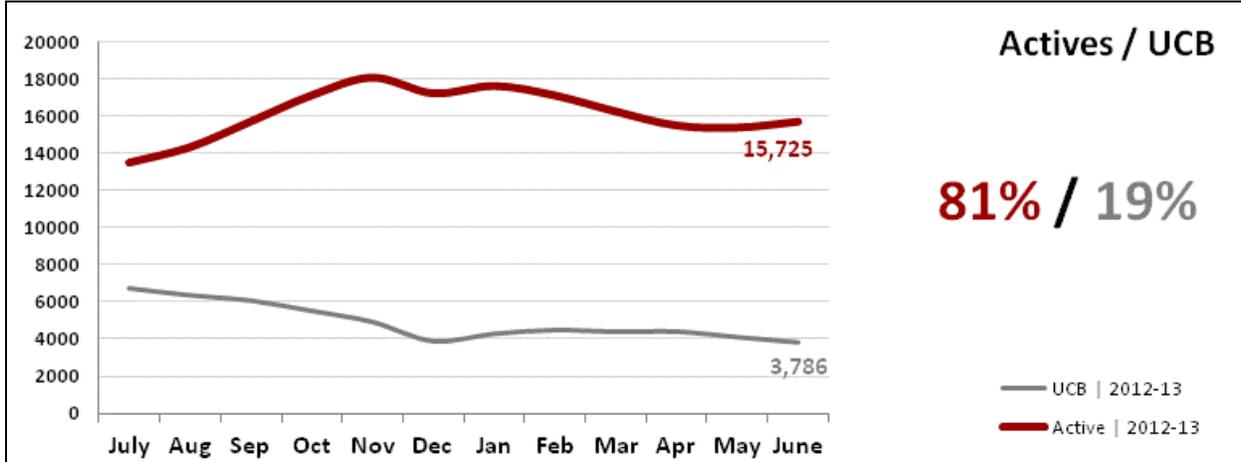
TOTAL INVENTORY



-1.7%, year over year

-1.1%, month over month

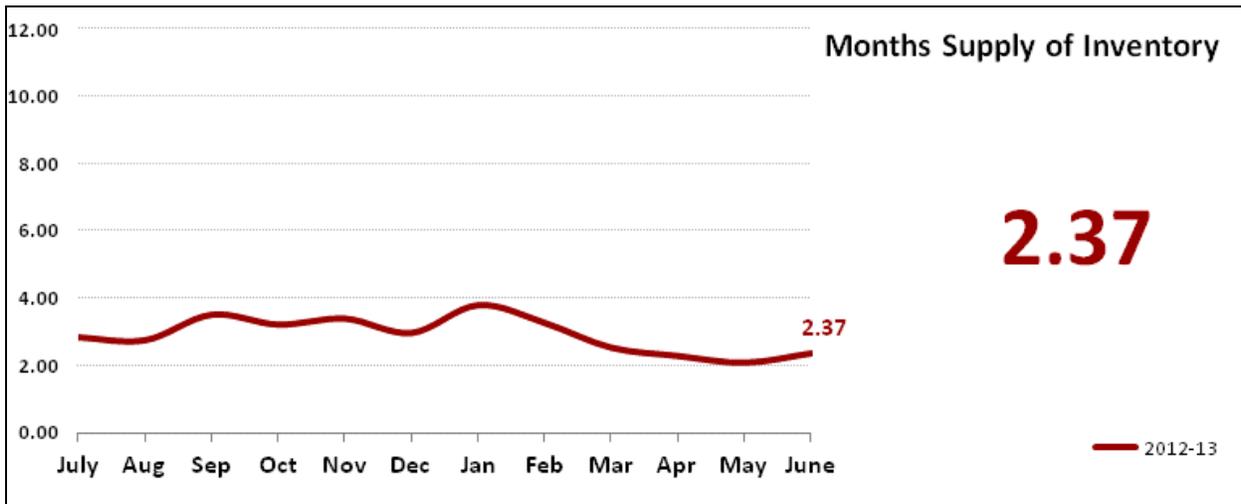
ACTIVES / UCB



20.6%, May UCB percent of total Active

33%, July 2012 UCB percent of total Active

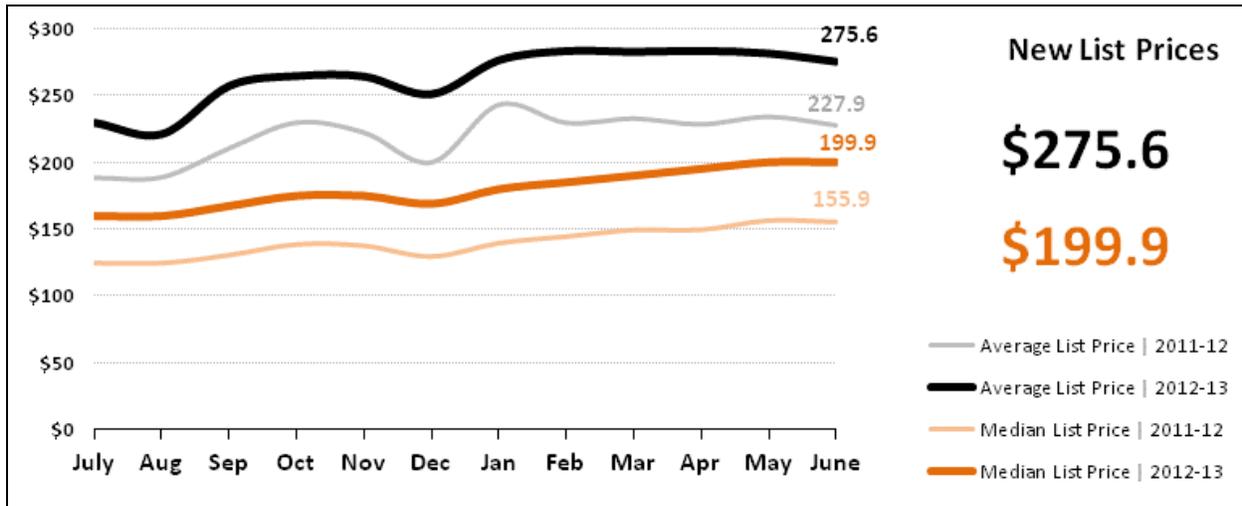
MONTHS SUPPLY OF INVENTORY



2.18, MSI July 2012

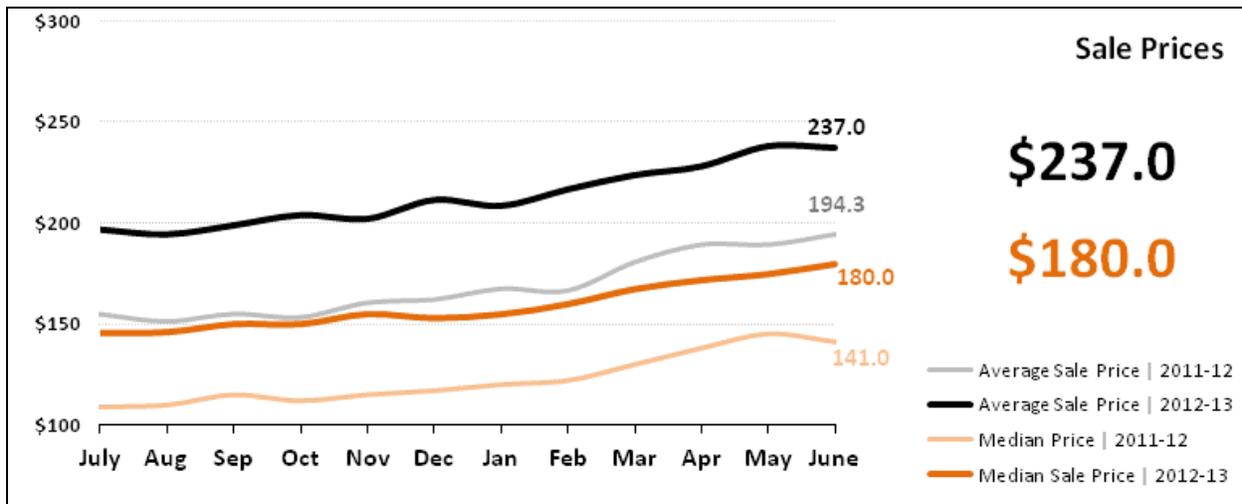
2.09, MSI May 2013

NEW LIST PRICES



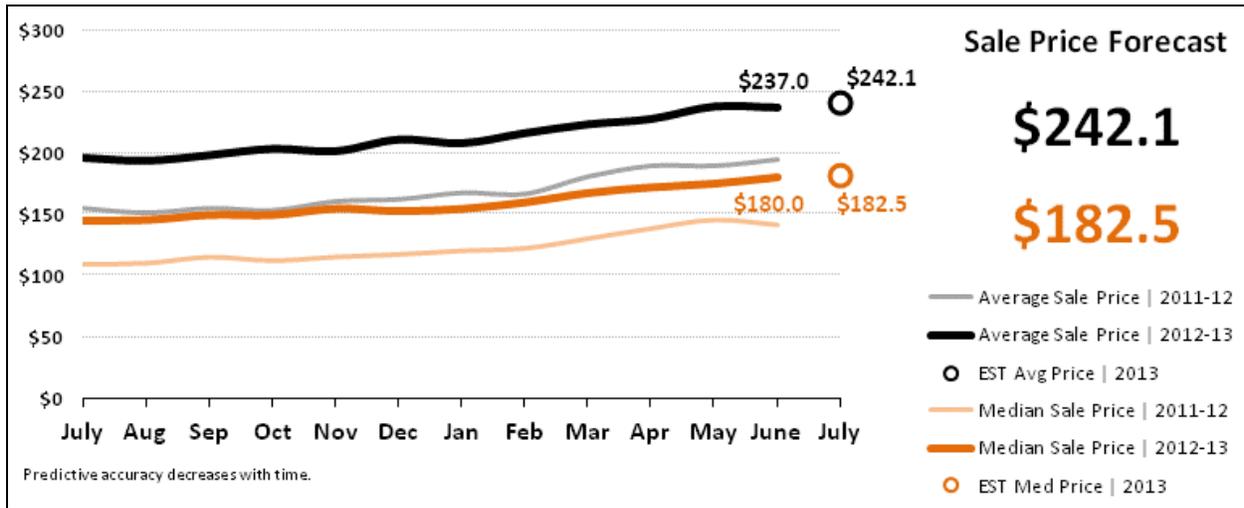
+28.2%, year over year median
+20.9%, year over year average

SALES PRICES



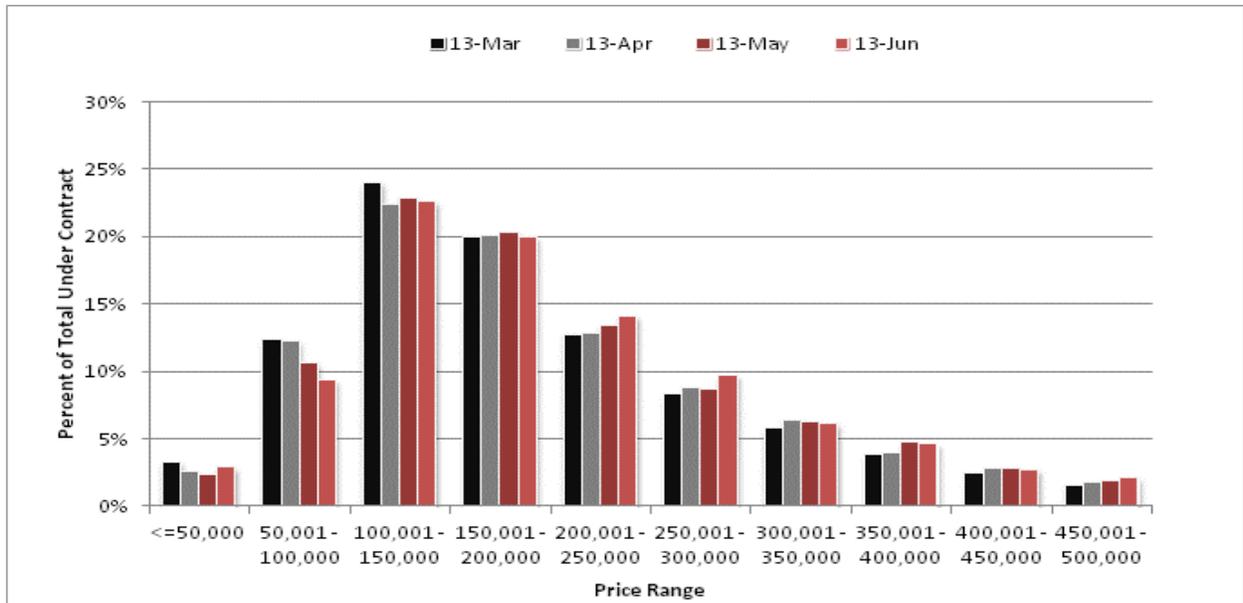
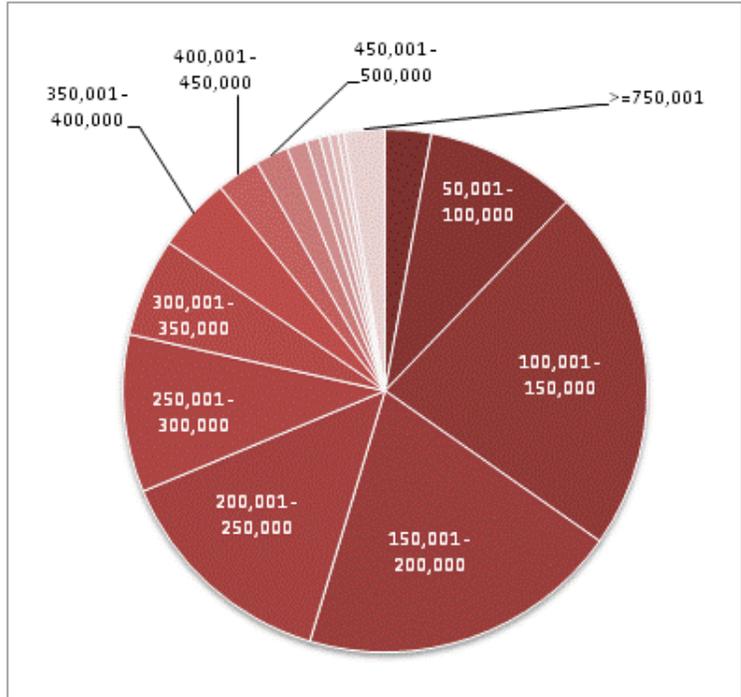
+27.7%, year over year median
+22%, year over year average

THE ARMLS PENDING PRICE INDEX™



PPI SUPPLEMENT

Pending Contracts Signed In June		
Price Range	PPI Units	Units % of Total
<=50,000	205	2.24%
50,001 - 100,000	674	10.56%
100,001 - 150,000	1,626	22.81%
150,001 - 200,000	1,438	20.26%
200,001 - 250,000	1,016	13.37%
250,001 - 300,000	701	8.65%
300,001 - 350,000	439	6.19%
350,001 - 400,000	332	4.70%
400,001 - 450,000	193	2.77%
450,001 - 500,000	148	1.86%
500,001 - 550,000	91	1.27%
550,001 - 600,000	60	0.91%
600,001 - 650,000	42	0.74%
650,001 - 700,000	39	0.60%
700,001 - 750,000	28	0.62%
>=750,001	182	2.44%



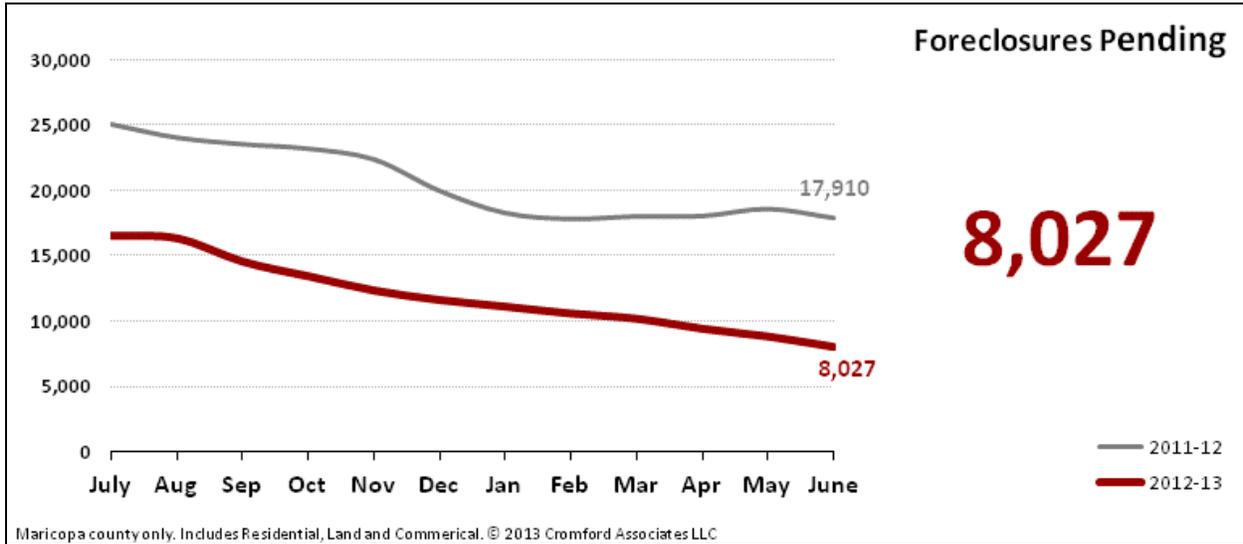
PPI SUPPLEMENT - \$/SQ FT

Pending Contracts Signed In May				
Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt
<=50,000	37,955	1,109	178	34
50,001 - 100,000	79,823	1,355	840	59
100,001 - 150,000	128,885	1,549	1,814	83
150,001 - 200,000	174,414	1,809	1,611	96
200,001 - 250,000	226,499	2,039	1,063	111
250,001 - 300,000	275,245	2,243	688	123
300,001 - 350,000	326,681	2,544	492	128
350,001 - 400,000	376,044	2,721	374	138
400,001 - 450,000	425,345	2,929	220	145
450,001 - 500,000	478,365	3,067	148	156
500,001 - 550,000	529,780	3,271	101	162
550,001 - 600,000	577,560	3,125	72	185
600,001 - 650,000	630,257	3,289	59	192
650,001 - 700,000	680,104	3,403	48	200
700,001 - 750,000	732,556	3,570	49	205
>=750,001	1,275,817	4,507	194	283

Pending Contracts Signed In June				
Price Range	PPI Avg	PPI Sq Ft	PPI Units	Avg Pending Price SqFt
<=50,000	33,004	1,189	205	28
50,001 - 100,000	79,442	1,252	674	63
100,001 - 150,000	129,321	1,544	1,626	84
150,001 - 200,000	174,019	1,797	1,438	97
200,001 - 250,000	225,865	2,027	1,016	111
250,001 - 300,000	276,072	2,257	701	122
300,001 - 350,000	327,285	2,507	439	131
350,001 - 400,000	375,924	2,814	332	134
400,001 - 450,000	424,215	2,907	193	146
450,001 - 500,000	474,505	3,041	148	156
500,001 - 550,000	528,882	3,126	91	169
550,001 - 600,000	574,680	3,409	60	169
600,001 - 650,000	626,449	3,196	42	196
650,001 - 700,000	677,357	3,571	39	190
700,001 - 750,000	724,745	3,346	28	217
>=750,001	1,448,937	4,556	182	318



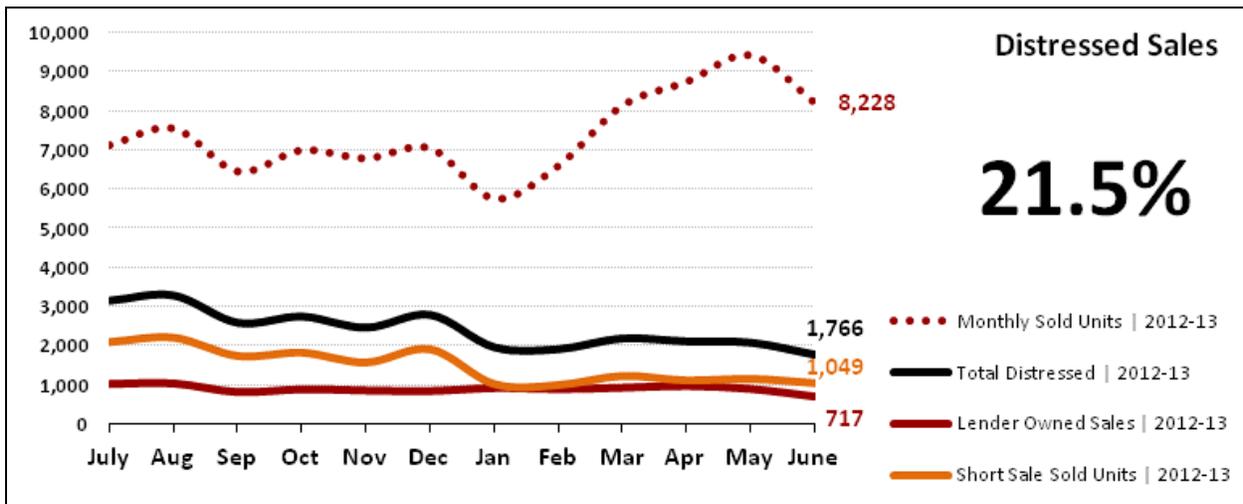
FORECLOSURES PENDING



-55%, year over year

-9%, month over month

DISTRESSED SALES

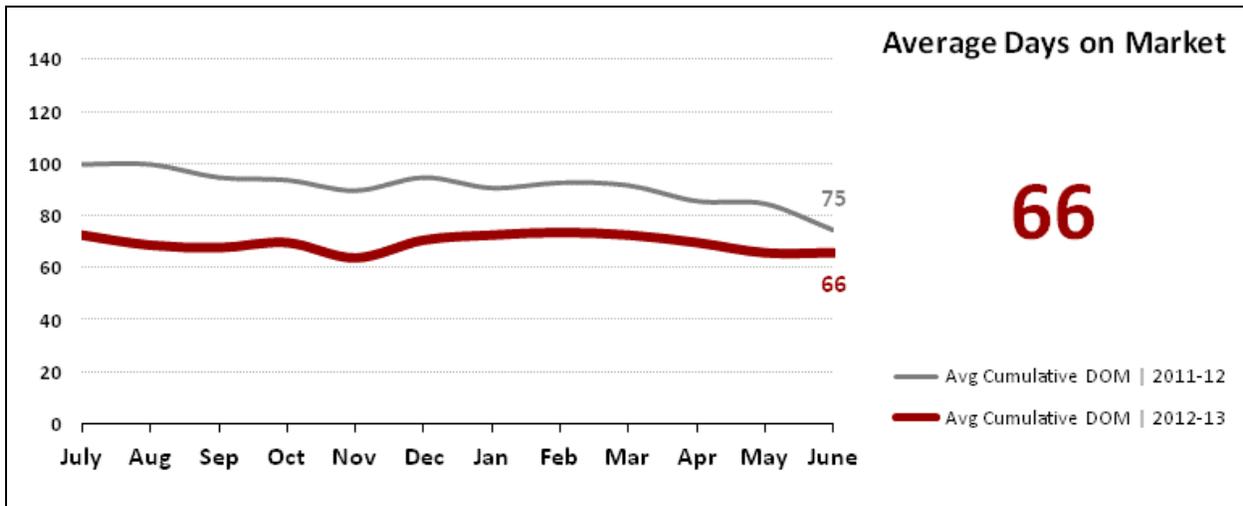


-64.9%, short sale units year over year

-44.1%, lender owned units year over year

-54%, total distressed year over year

AVERAGE DAYS ON MARKET



-9, year over year

0, month over month

COMMENTARY

by Tom Ruff of The Information Market

As spring moves into summer and temperatures rise in Phoenix, it is not uncommon for sales-volumes to slip, as was the case in June. Sales numbers in June were unremarkable totaling 8,228, down from 9,436 in May. Sales volume for this year is slightly ahead of the pace set last year at 8,130; however fell short of the 2009, 2010, and 2011 sales figures. The peak sales volume for June occurred in 2011 when 11,125 homes were sold.

Sales in July are almost always lower than in June. The current number of pending sales is 8,889, which is down from last month's 9,813 and we should expect a further decline next month. This is not unusual, prospective home buyers can't be blamed for preferring mountains and beaches to shopping for homes. Climate has always been a major selling point in Phoenix, but not when it's 119 degrees, unless of course they're coming from the scorching 130 degree weather in Death Valley.

Demand is not our problem, as homes attractively priced are selling quickly as demonstrated by an average of 66 days on the market. Our issue is low supply and the imbalance between the two is clearly reflected by continued price appreciation. The monthly median sales price rose 2.9% from \$175,000 to \$180,000. The year-over-year increase in the median sales price for all ARMLS sold listings showed a dramatic 27.7% increase. The median sales price is \$39,000 higher than last year at this time, up from \$141,000.

The average sales price for June was \$236,954 which is down from \$237,000 in May. The modest decline in the average price in June is not indicative of softening prices, but instead is reflective of fewer sales on the high end. With the current shortage of supply, 19,511 listings in total, upward pricing pressure will continue.

ARMLS is currently showing 15,725 Active and 3,786 UCB listings, 30,000 total active listings is considered typical. UCB listings are down 45% to 3,186 from 6,859 this time last year, which is a significant change. UCB listings are comprised almost entirely of short sales. Pair dwindling short sale numbers with active notices declining 55% year-over-year(17,910 to 8,027) and we have a rapidly declining distressed inventory. While distressed sales still account for 21.5% of our total sales, one year ago they accounted for 46.8%. ARMLS defines distressed sales as a combination of short and REO. If we look at the median price by category in June, the median price for a normal sale was \$210,000 and the distressed median was \$142,000.

As the level of distress continues to decline in our marketplace, prices will gravitate to the higher price point. New inventory in June was at 9,246 compared to 9,271 a year ago. With the current shortage of supply, and no significant changes coming with new inventory, upward pricing appreciation is inevitable. The Pending Price Index projects an increase in July in both the average and median sales prices.

During the last five years our housing market has been in one painful transition; not unlike the party boy who was dancing on the table with a lampshade on his head all night, having to put on his game face for a 7 a.m. sales meeting the next day. The ramifications of these actions have been both brutal and subtle and the market corrections have been obvious.

The nonexistent underwriting standards of the boom years evolved from 125% equity loans and “no doc no down” purchase loans to a strict and challenging underwriting protocol. The “bad loans” and underwater mortgages in Maricopa County turned into 216,000 home foreclosures and 80,000 short sales, providing what appeared to be an unlimited supply of distressed listings and sales. Of these nearly 300,000 distressed properties, only 3,500 are presently owned by the banks. This ocean of foreclosures and short sales turned displaced homeowners into renters with damaged credit scores. The proverbial pig has been moving through the python.

I mentioned subtle, and you might say, none of this appears subtle. The subtle portion, in June of 2010 the new Arizona Commerce Authority was formed with the mission to aggressively expedite the attraction and retention of high value base sector businesses to the state, and their efforts are bearing fruit. Also subtle, during our period of painful transition, our population has been growing and demand from northern inhabitants for winter residences has remained consistent. While both our real and “winter home” populations are growing, something else has been taking place, or should I say, not taking place. The builders, like the banks, made remarkable adjustments as the housing bubble burst. In 2004, in Maricopa County, 4,000 new homes per month were constructed. We clearly overbuilt, and the builders pulled back. For the years 2009 through 2012, while all our focus was on recovery from the bubble years, new home construction plunged to an average of 630 new builds per month.

Which brings us to today, our housing market is in the final stages of transition from a market dominated by distressed sales to a traditional market. Just as our actions of the past had far reaching effects, the “over corrections” and lack of new construction will impact our future. Our challenges moving forward will clearly rest with an inadequate supply and declining affordability.