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## Over 1500 Homes Sold in Avondale and Litchfield Park!

Subdivisions	Home Levels	2022 Sales #s	2022 Price/SF	2022 Days on Market	2023 Sales #s	2023 Price/SF	2023 Days on Market	% Change In Price per SF	Dec 2023 Sales #s	Dec 2023 Price/SF	Dec 2023 Days on Market
Cortes Sierra/Sage Creek/Las Palmeras	1	31	257.0	26	25	230.7	43	-11.5%	2	210.5	30
Cortes Sierra/Sage Creek/Las Palmeras	Multi	29	214.9	35	13	186.9	38	-15.0%	1	196.3	33
Crystal Gardens, Crystal Ridge, Crystal Point, Upland Park and Donatella I	1	53	258.6	32	48	244.0	63	-6.0%	5	250.3	44
Crystal Gardens, Crystal Ridge, Crystal Point, Upland Park and Donatella I	Multi	25	215.3	36	11	215.9	48	0%	1	217.3	35
Garden Park, Palm Meadows, Palm Gardens and Donatella Phase 2	1	21	251.6	27	12	213.9	89	-17.6%	0	0	0
Garden Park, Palm Meadows, Palm Gardens and Donatella Phase 2	Multi	7	203.1	29	6	171.1	57	-18.7%	1	148.7	127
Rancho Santa Fe	1	71	257.7	24	49	238.2	53	-8.2%	2	239.0	40
Rancho Santa Fe	Multi	16	218.1	23	15	195.8	51	-11.4%	4	215.9	56
Westwind and Glenarm Farms	1	12	271.3	23	13	259.0	64	-6.6%	2	288.6	32
Westwind and Glenarm Farms	Multi	14	216.4	31	13	217.4	44	.1%	2	252.8	14
Wigwam Creek South and Bel Fleur	1	45	252.4	28	33	233.0	48	-8.3%	1	251.9	9
Wigwam Creek South and Bel Fleur	Multi	28	178.3	47	14	168.8	9	-5.6%	0	0	0

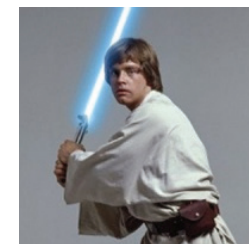
# Al Gage Report

January 2024

## A New Hope!



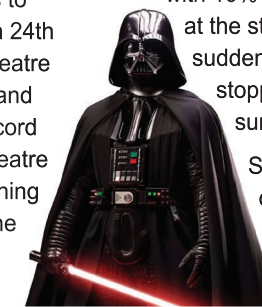
**A New Hope!** Many of you don't realize it, but that was the actual title of the famous movie that was released as Star Wars in 1977. I must admit that I was a full-on geek on the subject and stood in line for something like 7 hours to see the movie at the Cine Capri Theatre on 24th St and Camelback. This was a luxurious theatre for the day, but it only had a single screen and seated less than 500. Star Wars set the record for the longest running movie in a single theatre at this location. Luxury in those days is nothing compared to the reclining seats in one of the fine theatres we have today.



This is a spoiler alert for the ONE person that has been on a deserted island for the past 50 years and has not actually watched the trilogy of original Star Wars movies. Luke Skywalker is the good guy! The eternal optimist! The kid you want to root for from start to finish. That same kid that you want to root for is the real estate market right now! It is very naive, makes a few hiccups, is very well intentioned, but really has a lack of clear direction. More than anything else, he was stubborn just like this real estate market has been.

The real estate market has spit and sputtered all year. We ended up with an overall decline in price per square foot in our neighborhoods of 9.24% for single levels and 9.39% for multi-levels. Not too bad when you consider that our market was probably a little overheated in the first place.

Our market began to slow dramatically, almost to a standstill, from an absolute skyrocketing market. This was almost entirely an attempt to block inflation (the Evil Emperor). The Emperor is nothing short of pure unadulterated negativity. There is no long term gain from it. If you get a 20% raise in an era with 10% inflation, you are losing money at the start of the third year. This suddenly runaway inflation had to be stopped or the Evil Empire would surely take over.



Step in the next character, who of course is Darth Vader. In this analogy, Darth Vader is the Federal Reserve Board.

The "Fed", as it is so affectionately known, is the administrator of federal rates and, in my opinion, largely responsible for the runaway inflation. First, by propagating the low interest rates for so long that we became accustomed to "free" money. Secondly, by not reacting sooner to the inflation. They were trying to curb the inflation that was denied for over a year, suddenly, they acknowledged that it was everywhere, and interest rates rose through the roof as a result. "No Luke, I am your father!" Much like Darth Vader in the end, the "Feds" intention was good, but their implementation was disastrous. They overreacted instead of reacting moderately after they had denied the existence of the inflation for so long.

The implementation of rate hikes by the "Fed" very rapidly raised common interest rates from starting with 2 or 3 as the first number to starting with an 8 or a 9 as the first number.



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This was effectively the Death Star for the real estate market. Most younger, first time buyers simply could not and cannot afford a \$2700 a month payment for their first home. When you eliminate the first time buyers, every other level of sales is affected. This effectively brought the real estate market to a halt in the middle of 2023. No one was buying and yet the real estate market did not completely crash.



This was almost entirely luck! If you want to be lucky you have to at least invoke the spirit of the always lucky Han Solo. This slower than expected drop in prices, was made possible by a bit of nesting behavior on the part of many home sellers. They wanted to move, but could not give up their two or three percent mortgage to jump to an 8% mortgage, so they just stayed. They simply didn't take some of those promotions or lateral transfers. Again, this was pure luck, but it kept the real estate market stable, or at least in stasis, although some of our homes went down as much as 15% in the last half of the year.

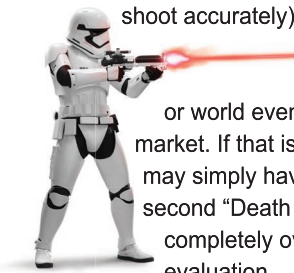
Yoda and came to a solid direction. It said: "Do or do not, there is no try!" Interest rates have dropped down to numbers that start with a 6 and, even once, a 5. This is great news for two of my buyers who were locked in at rates in the 8's and got to float down to the new rate. This has all happened as a result of what we must call the "Force". The "Force" is a combination of the lack of demand for those higher interest rates combined with ever present political pressure to get someone elected or reelected. This has forced things, such as gas prices and interest rates, down to somewhat more manageable levels. To quote the movie and use an "old Jedi mind trick", the supply and demand, the "fed", and the extremely political pressure resulted in "these are not the droids you are looking for!" For what ever reason these factors are improving, we should be grateful as it likely will prevent another major crash.



The next steps for the market remain to be seen, but here is what I expect. For the next few months, there will be continued pressure to ease down on interest rates, provided inflation does not kick back in. As interest rates decrease, demand will

increase proportionally. This will be offset by a relatively equal amount of new sellers that find that the lower rates allow them to move as well. All of this should result in a relatively stable balance between the "good" side and the "dark" side of the force. My prediction is a very steady and stable market for the next six months, but let's not diminish the fact that the total number of sales in our neighborhoods is less than half what it was in 2019.

There are a couple things that could significantly alter the market. First, if the "Fed" drops the rates back into the 3's (about as likely as the storm troopers learning to shoot accurately) or, secondly, some other environmental or world event alters the market. If that is the case, we may simply have to destroy a second "Death Star" and start completely over with our evaluation.



Call me the Luke Skywalker of real estate, but I am an eternal optimist on where the market is going despite the fact that we had a pretty dismal market last year. We cannot always predict the future, but I certainly hope this is the direction the market goes.

**If you want an agent that truly understands your local micro market and will handle the sale of your home like a Jedi Master, give the AI Gage Team a call at 623-536-8200 or email us at [al@gage.com](mailto:al@gage.com)**



Everything in this world either runs on politics or supply and demand. The solution that



has evolved is a combination of both. The interest rate market finally invoked its inner

## Terri's Corner New Year's Resolutions 2024

### Most popular New Year's resolutions for 2024

- Improve fitness: 48%
- Improve finances: 38%
- Improve mental health: 36%
- Lose weight: 34%
- Improve diet: 32%

### The history of New Year's resolutions:

According to the History website, the first New Year's resolutions can be traced all the way back to the ancient Babylonians, about 4,000 years ago. During their new year celebrations, a religious festival known as Akitu, they would make promises to the gods. If they kept their promises, the gods would "bestow favor on them for the upcoming year."

Similarly, ancient Romans would offer sacrifices and promises in the new year to the deity Janus, who could look backward into the past year and ahead into the upcoming year.

Additionally, early Christians would hold religious celebrations on New Year's Eve that they called watch night services. They would read from scriptures, sing hymns, and pray for the upcoming year.

Most people only stick to their New year resolution for less than three months. Remember, each day is a new beginning! Wishing you good health and success for the coming year!



## We are proud to announce our new Preferred Lender Brent Sullivan!

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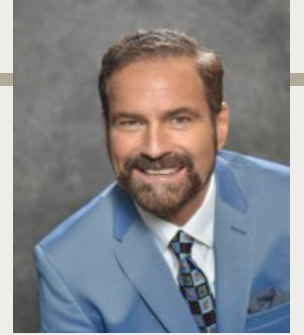
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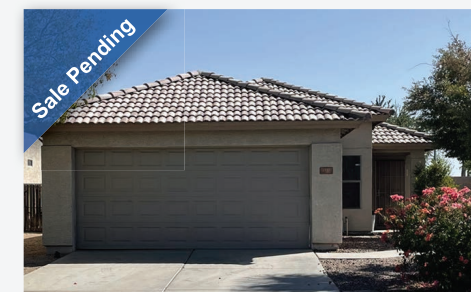
## featured listings



**12321 W. Virginia Ave.**

This lovely 4 BR, 2 BA, 2276 S.F. with a 3 car garage on a corner lot in Rancho Santa Fe.

Listed by AI Gage for \$TBD



**1937 N. 107th Dr.**

This lovely 3 BR, 2 BA, 1240 S.F. with a pool and on the lake in Crystal Gardens.

Listed by AI Gage for \$360,000

## What's My Home Worth?

Email AI at [al@gage.com](mailto:al@gage.com) with the address, a list of upgrades, the current condition of the property rated < from 1 being terrible condition and 5 being model perfect > and he will personally prepare a professional market analysis of your home free of charge. Use "What's my home worth?" in the subject line and also include the purpose of the evaluation in the email.

*No automated valuations here!*

*Want a current and local Market Update? Go to [www.al@gage.com/January2024MarketUpdates.html](http://www.al@gage.com/January2024MarketUpdates.html)*

*In 2023, AI Gage successfully represented 140% more clients than the closest competitor and 250% more than the average of the Top Ten Agents in your neighborhood! #1 in your neighborhood TEN years in a row!*