

Al Gage Report

February 2023

And Just Like That The Buyer's Market Was Gone!

If you remember the movie "Forrest Gump", then you will totally understand this article and, if you have not, you should go back and watch it just so you can join the rest of humanity! The headline above is the declaration that was made by *Tina Tamboer of the "Cromford Report"* in so many words in the middle of January! She actually wrote **"Phoenix Buyers' Market-and its gone!"** and went on to show that it was the shortest buyer's market in history. The article goes on to say that in all but two Metro cities, the market has shifted back to equilibrium rather than either a buyer's or a seller's market. If you remember in the movie Forrest says, **"And just like that she was gone!"**, referring to his love Jenny.



My own local statistics verify a sharp uptick in the market with all of my listings spiking in showings and going quickly under contract. Some of this is due to a slight softening of FHA loan requirements, including credit scores and fund sourcing, as well as an improvement in interest rates over the month. While there are no statistics to prove it, it is my belief that there is still significant unspent demand as a result of the frustration of

many buyers at the peak of the market.

These buyer's that desperately wanted a home at the peak last year are braving the higher interest rates and diminished buying power because of the resurgence of closing cost assistance and the lack of a bidding war to shop for properties.

Additionally, the current drop in pricing of somewhere between \$40,000-\$60,000 on average also spurs some interest. The bottom line here is that these buyers simply could not hibernate any longer. If this buyers market truly is over, they will look, historically, very good for snapping up homes at or near the bottom of this market.

I believe we can expect this trend to continue throughout the remainder of 2023. The return of negotiating (a lost art in the previous market), as well as seller concessions, is inevitable and we are already seeing both as a common practice, although some of the agents are just not very good at it.

If the fed decides to repeat the 1980's and drive interest rates into the high teens in an attempt to slow inflation, it will result in ALL OF THE BUYERS doing their best RUN FORREST RUN imitation. The economy, led by



the housing market, will then crash mercilessly. If that is the route that things

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go, we will be looking at 2008 all over again and nobody, including the Fed, wants that. I think those steps are foreseeable and avoidable provided there is competent decision making at the Federal Reserve.

I am not trying to lay all of this at the feet of the Federal Reserve either. There are many economic factors that drive the remainder of the economy as well. Shortages or disasters in any of these other factors could affect our rebound quite a bit, as can simple gross inflation. Now that we have all sort of accepted that the housing market goes UP AND DOWN, it is not as shocking as it was in 2008.



In December, I accurately predicted this uptick in the market. It appears to be holding, but all of these statistics are based on very low numbers. I was asked about the pricing of a home based on the statistics in the newsletter from a month where the price per square foot was at a high, because there was one sale of a very

small home. Small homes invariably sell for more per square foot than very large homes.

When it is also based on low numbers of sales, the statistical significance can be way off. In this instance, it would have led to a price of upwards of \$700,000 and there is no home in our neighborhoods that will bring that price. **If pricing was as simple as multiplying the price per square foot by the number of square feet, you would not have much need for real estate agents to price your home.** Obviously, Zillow has also failed epically at deriving an algorithm to do such pricing and we continue to recommend that an experienced agent be your first choice option to price your home.

This leads me to a bit of a hedge of my bets. There is simply too much uncertainty out there to be certain whether the market is going to continue up or down. **I will return to my original thought and recommend that you do what is best for you now and quit trying to predict which way the market is**



going. In other words, *"Life is like a box of chocolates and you never know what you are going to get!"*



If you are forced to relocate or simply want to move, the market is very likely to adjust in the same direction in both locations. As an example, if you move now and the market goes down or up 10%, it is likely to be the same in both markets. If you wait and the market moves in either direction, it is not likely to significantly affect your status or equity in either way.

Don't let the market ping ponging back and forth deter you from your goals to buy or sell your home. Call the area experts, the Al Gage Team at 623-536-8200 or email us at al@algage.com

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Terri's Corner February Trivia

1. February is the only month of the year that can pass without a single full moon — true or false?
2. What are the three months that always start on the same day of the week unless it is a leap year?
3. In February 1964 which popular band made their first American television appearance on the "Ed Sullivan Show." that over 73 million Americans watched?

4. Name 4 U.S. states that entered the Union during the month of February.
5. Which largest American sporting event of the year is held in February?



Answers:

1. True
2. February, March and November
3. The Beatles
4. Massachusetts, Oregon, Arizona, and Mississippi
5. The Super Bowl





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featured listings



2015 N. 123rd Dr.

A fantastically priced home in Alta Mira at Rancho Santa Fe with \$10,000 in incentive - needs a little updating but for this price this 4 BR, 2 BA, 2494 S.F. with a 3 car Garage.

Listed by AI Gage for \$450,000



12502 W. Campina Dr.

A beautiful 4 BA (3 BR w/Den), 2 BA 1678 S.F. with perfect landscaping and manufactured stone counters in move-in condition in Wigwam Creek South.

SOLD by AI Gage for \$400,000



2709 N. 115th Dr.

Spectacular 4 BR or 5 BR with a den. 2155 S.F. with a sparkling pool, shutters, solar, beautiful laminate flooring and granite counters in Garden Trails.

Listed By AI Gage for \$450,000



2330 N 112th Ln.

Spectacular 4 BR with many upgrades including beautiful laminate flooring, corian counters with custom backsplash, custom shower and a perfect Pergola and Firepit area.

Listed By AI Gage for \$450,000

What's My Home Worth?

Email AI at al@algage.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.algage.com/February2023MarketUpdates.html

*In 2022, AI Gage successfully represented **133%** more clients than the closest competitor and **250%** more than the average of the Top Ten Agents in your neighborhood! #1 in your neighborhood NINE years in a row!*



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Over 1500 Homes Sold in Avondale and Litchfield Park!

Subdivisions	Home Levels	2021 Sales #s	2021 Price/SF	2021 Days on Market	2022 Sales #s	2022 Price/SF	2022 Days on Market	% Change In Price per SF	Jan 2023 Sales #s	Jan 2023 Price/SF	Jan 2023 Days on Market
Cortes Sierra/Sage Creek/Las Palmeras	1	66	211.0	21	31	257.0	26	21.80%	3	225.5	68
Cortes Sierra/Sage Creek/Las Palmeras	Multi	49	174.7	24	29	214.9	35	23.01%	0	0	0
Crystal Gardens, Crystal Ridge, Crystal Point, Upland Park and Donatella I	1	84	212.7	16	53	258.6	32	21.58%	0	0	0
Crystal Gardens, Crystal Ridge, Crystal Point, Upland Park and Donatella I	Multi	34	180.1	22	25	215.3	36	19.54%	0	0	0
Garden Park, Palm Meadows, Palm Gardens and Donatella Phase 2	1	37	221.6	20	21	251.6	27	13.53%	2	190.8	67
Garden Park, Palm Meadows, Palm Gardens and Donatella Phase 2	Multi	15	162.4	30	7	203.1	29	25.06%	0	0	0
Rancho Santa Fe	1	85	213.9	17	71	257.7	24	20.48%	2	227.4	74
Rancho Santa Fe	Multi	39	184.5	25	16	218.1	23	18.21%	0	0	0
Westwind and Glenarm Farms	1	17	218.3	15	12	271.3	23	24.28%	0	0	0
Westwind and Glenarm Farms	Multi	12	198.1	27	14	216.4	31	9.23%	1	239.6	132
Wigwam Creek South and Bel Fleur	1	52	215.9	21	45	252.4	28	16.91%	4	218.7	94
Wigwam Creek South and Bel Fleur	Multi	29	148.6	21	28	178.3	47	19.99%	1	176.3	161