

# AI Gage Report

June 2022

## Where Do We Go From Here?

I have been predicting a change in the market and it has finally arrived. I am going to go through a few of the headlines that you may have read recently and give a brief explanation. While the market is not an absolute seller's market, it remains leaning in the seller's favor, just not on a 70% slope like it was before.

***How iBuyers lost millions on Valley homes despite hot housing market prices. Zillow lost more than \$100,000 on more than a dozen homes in the Valley since 2020. -12 News***

Of course they did, and they were not alone. Many of the iBuyers lost money in the hottest market we have ever seen, which was also the most favorable to their business model. Why you ask? Several reasons! They weren't playing with their money. In most cases, they were playing with institutional investor money. They were also entirely too aggressive at offering too much money for homes that fit their market profile. Zillow has ceased to purchase homes in the valley and has admitted their algorithm was simply wrong. Offerpad is also named in the article as losing money. While not mentioned, I am sure that it is only a matter of time before Open Door and 72 Sold find that their business model is simply not as effective in a slower demand market. There is nothing wrong with any of these firms as a viable sale option, but their aggressive behavior, at one time accounting for 12% of the market share, artificially drove the demand higher and higher

making their and your purchases more and more difficult and inflated.

***Housing Market Update: Nearly 1 in 5 sellers are dropping their price. The highest rate since October 2019. -Redfin***

Maybe a little clickbait, but guess what? This rate of seller's dropping their price is NORMAL. Yes, it indicates a change in the market. It indicates a slowing of demand, but it also shows that agents have been conditioned for two years to price homes at \$20,000 over the last sale and never disagree with a home seller about the price of a home for fear of losing the listings. This is both indicative of a slowing market AND a tendency of agents in a tough market to overprice listings. This too will sort itself out in the coming months.

***The Housing Market Just Slid Into a Full Blown Correct. -Fortune***

This article relies on the same statistic that the Redfin article used about sellers dropping their prices. In addition, it adds that interest rates are rising (although they backed up a little bit recently), inventory is growing, the market has peaked, and Henny Penny the Sky is Falling. The market has peaked, but my interpretation of the peak is that it is just the beginning of a return to a normal more balanced market. Inventory had to rise and demand had to slow in order for that to



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happen, so that we could return to normal.

Let me give you a few indications why I believe that the market is due to slow rather than crash. The very next article in the same grouping of publications had the following headline.

***Real Estate Desperate for More Inventory. - Fox News***

This has been the case and the driving force behind our wild market for more than two years. It has made it difficult to price homes as a listing agent and virtually impossible to represent the "best interests" of a buyer. For two years, a buyer has had to do whatever they could, and the seller demanded, to just attempt to purchase a home.

Balancing all of these articles, if you are that person that was holding out to sell your home to hit the peak of the market, you have missed it. If you are the poor buyer that has written 47 offers on homes unsuccessfully over the past two years, now is your chance.

Many of these articles attempt to garner more clicks by sensationalized headlines but there is some truth in all of them. I do think that the market is slowing and will continue to slow. We continue to see other signs such as builders starting to cooperate with brokers again and even offering incentives for the first time in over two years. Some of the builders were not even cooperating with brokers with buyers. This will not be forgotten by the agent population, and we have seen this hurt builders before. **Here is the incentive that one builder is now offering: \$25,000 to be used however the buyer would like. Additional \$1,000 to the buyer's broker and 2% of the base price.**

This is not as good as it once was, where the builders were paying up to 5% in incentive and 5% to the agents, but it is a step in the right direction.

You may say all of these signs point to the fact that, as a seller, we have completely missed it and we now have to wait 5 years before we can sell again. Nothing could be further from the truth, and this is based on local knowledge of the market. In the last 30 days, we have listed 3 homes in the Avondale market in the subdivisions that we work. All three went under contract within 14 days. One of those has since been placed back on the market, but we still expect to sell all three in under 30 days on the market. That still tells me that it is still a seller's market at least to a point.

**If you want your home sold in less than 30 days for the most money with the highest net and the least hassle without any obligation, give the Al Gage Team a call at 623-536-8200 or email us at al@algage.com!**



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## Terri's Tips: Getting A Vacation Rental?



1. Don't wire money! Once a scammer gets the money it is almost impossible to get it back.
2. Get a copy of the contract before sending any money. Check to see if the address really exists. If it is at a resort, call the front desk and go over the details.
3. Look out for super cheap rates for premium vacation properties - Below market rent can be a sign of a scam.
4. Don't be rushed into a decision - If you receive a call or email pressuring you to decide on the spot for a rental, ignore and move on.

If you suspect a scam, you can report it to [ftc.gov/complaint](http://ftc.gov/complaint)







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## featured listings



**2334 N. 112th Ave.**

Spectacular Brady Model with a pool in Crystal Gardens. Granite counter tops, remodeled baths, marble tile floors, lap pool & spa, lakefront, High Output Solar on a Cul-de-sac lot.

**Listed by Al Gage for \$615,000**



**2717 N. 125th Dr.**

A spectacular Jerome Model home featuring 1450 S.F., 3 BD, 2 BA, with great room in Rancho Santa Fe!

**Listed by Al Gage for \$395,000**



**12517 W. Holly St.**

Spectacular Cheyenne model with lots of upgrades on a corner lot with a Sparkling pool in Rancho Santa Fe!

**Listed by Al Gage for \$459,000**



## What's My Home Worth?

Email Al at [al@algage.com](mailto: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/June2022MarketUpdates.html](http://www.algage.com/June2022MarketUpdates.html)

In 2021, Al Gage successfully represented **133%** more clients than the closest competitor and **216%** more than the average of the Top Ten Agents in your neighborhood! #1 in your neighborhood eight years in a row!



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# Hello.

Interesting And Helpful  
Real Estate Info  
Just For You

Local Postal Customer

## Over 1400 Homes Sold in Avondale and Litchfield Park!

| Subdivisions   | Home Levels | 2020 Sales #s | 2020 Price/SF | 2020 Days on Market | 2021 Sales #s | 2021 Price/SF | 2021 Days on Market | % Change In Price per SF | May 2022 Sales #s | May 2022 Price/SF | May 2022 Days on Market |
|--|-------------|---------------|---------------|---------------------|---------------|---------------|---------------------|--------------------------|-------------------|-------------------|-------------------------|
| Cortes Sierra/Sage Creek/Las Palmeras                                      | 1           | 61            | 167.3         | 23                  | 66            | 211.0         | 21                  | 26.12%                   | 3                 | 277.3             | 12                      |
| Cortes Sierra/Sage Creek/Las Palmeras                                      | Multi       | 31            | 138.7         | 36                  | 49            | 174.7         | 24                  | 25.95%                   | 2                 | 229.4             | 32                      |
| Crystal Gardens, Crystal Ridge, Crystal Point, Upland Park and Donatella I | 1           | 99            | 162.1         | 35                  | 84            | 212.7         | 16                  | 31.21%                   | 10                | 270.2             | 18                      |
| Crystal Gardens, Crystal Ridge, Crystal Point, Upland Park and Donatella I | Multi       | 32            | 135.3         | 37                  | 34            | 180.1         | 22                  | 33.11%                   | 0                 | 0                 | 0                       |
| Garden Park, Palm Meadows, Palm Gardens and Donatella Phase 2              | 1           | 29            | 156.3         | 27                  | 37            | 221.6         | 20                  | 34.77%                   | 1                 | 260.7             | 28                      |
| Garden Park, Palm Meadows, Palm Gardens and Donatella Phase 2              | Multi       | 17            | 120.5         | 30                  | 15            | 162.4         | 30                  | 41.77%                   | 0                 | 0                 | 0                       |
| Rancho Santa Fe  | 1           | 68            | 160.2         | 29                  | 85            | 213.9         | 17                  | 33.52%                   | 10                | 248.8             | 12                      |
| Rancho Santa Fe  | Multi       | 36            | 136.0         | 28                  | 39            | 184.5         | 25                  | 35.66%                   | 0                 | 0                 | 0                       |
| Westwind and Glenarm Farms   | 1           | 15            | 168.3         | 44                  | 17            | 218.3         | 15                  | 29.70%                   | 1                 | 315.9             | 54                      |
| Westwind and Glenarm Farms   | Multi       | 12            | 128.2         | 44                  | 12            | 198.1         | 27                  | 54.52%                   | 1                 | 185.4             | 7                       |
| Wigwam Creek South and Bel Fleur   | 1           | 76            | 159.2         | 22                  | 52            | 215.9         | 21                  | 35.61%                   | 6                 | 260.5             | 17                      |
| Wigwam Creek South and Bel Fleur   | Multi       | 37            | 116.0         | 35                  | 29            | 148.6         | 21                  | 28.10%                   | 1                 | 200.3             | 46                      |