ISSUE 181

Al Gage Report

August 2022

Is The Real Estate Market In A Recession?

The answer to this might surprise many of you! Yes, all of the indicators show that the market is slowing and it is! When a race car driver lifts his foot off the gas peddle, the race car does not suddenly screech to a halt and start running backwards. Assuming no one else on the track collides with him the car will gradually slow down. Now in this analogy, the Federal Reserve raising the interest rate another .75% is the equivalent of hard braking, but again the car doesn't instantly come to a stop. So the final answer is no, the real estate market is not in a recession so to speak but I am not trying to redefine recession.

Let me address some of the "indicators" that lead me to believe the market is slowing.

1. The fed raises, and will continue to raise, the interest rate to combat inflation.
2. Marketing times continue to extend. The average is all the way up to about 30 days.
3. i-Buyers are shrinking or curtailing their buying operation and moving more into the traditional real estate model.
4. Inventory is climbing slowly and steadily.
5. Home builders that were not cooperating with agents, and not offering incentives to the buyers, are now offering 5% co-broke and up to $30,000 in incentives.
6. The appraisal trend has not statistically reversed itself yet, but that is likely to appear in a downward trend in appraisals.

Ah! The smell of panic and fear is in the air! Not to worry, these are all healthy movements to get our market back to normal!

A normal market includes incentives to buyers, co-brokes to agents, 60-90 day marketing times **WHERE YOU ACTUALLY HAVE TO DO SOME MARKETING,** possible interest rate buydowns or assistance, but more than anything else it requires experienced, professional and ethical agents.

I went on a listing appointment this last week and did not promise to sell the home within 3 days, even though it might be the 30th set of 3 days when it is actually sold (my average marketing time is consistently better than the office with the three day name). This particular individual had interviewed several other agents, including the company above, both of the major i-buyers and one other experienced professional with a good track record in this area of town.

The one mentioned above recommended a price almost 10% below my recommended price (which had also factored in a market slowdown) and, of course, promised a quick sale according to the seller. Of course they would sell it quickly, because it was under priced from the beginning.

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Both of the i-buyers declined to offer a purchase amount, but were more than willing to market the home in the traditional sense . . . **At the same lower price almost 10% under market.** I find it exceptionally strange that neither of the major i-buyers were willing to write an offer on the property in a declining market, which is further proof that perhaps it is not the future of selling homes. Of course, this is all as relayed by this seller.

I want to emphasize here that the comparable sales on this particular property were recent and paint a very clear picture of what the home should be priced at.

The other experienced professional real estate agent said, according to the seller, essentially the same thing I did. The seller chose our team because of my track record in the neighborhood. The home will begin marketing early in the month, so you will see the opportunity for me to put my credibility where my mouth is.

Going forward, the market may eventually cross over into that recession/declining market, but there is no indication whatsoever that it is going to crash like it did in 2008. As I have stated before, that crash was mostly due to speculation and this market has mostly been driven by the demand of real buyers and sellers, if you include the institutional long term rental buyers.

Should these institutional buyers suddenly decide to liquidate their assets, this flood of the market could have a disastrous effect. This could only happen if the demand for rentals suddenly declines, but with the higher interest rates and prices, the pressure on the rental market appears to still be on the upward trend.

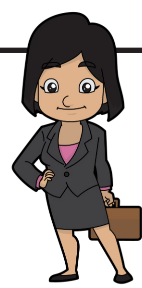
The removal of the i-buyers from the market should only account for about 2% of the total market, so this little bit of artificial demand going away shouldn't really impact the market very much.

For now, don't panic and plan to sell your home when it is convenient for you, knowing that at least you won't have to have a bidding war or be homeless between moves. We are experienced at contingencies, interest rate buydowns, pre and post possessions and all the other nuances of the trade that make an experienced agent simply better qualified and more successful in selling your home.

If you want the service of an experienced, straight forward agent that can navigate through all phases of a changing market, give the Al Gage team a call at 623-536-8200 or email us at al@algage.com

Find us on /AlGagePC

Terri's Corner



It's Back To School Time!

Are you smarter than a 5th grader?

1. Which term refers to the fear of going to school?

   A. Didaskaleinophobia
   B. Ergophobia
   C. Latrophobia

2. According to health experts, what is the maximum weight should children carry in their backpack?

   A. 5 to 10 per cent of the bodyweight
   B. 10 to 20 per cent of the bodyweight
   C. 20 to 30 per cent of the bodyweight

3. Which of the following is a prime number?

   A. 13
   B. 27
   C. 95

4. Which of the following is not a real branch of science?

   A. Astrology
   B. Astronomy
   C. Astrophysics

5. The 1859 novel "A Tale of Two Cities" by Charles Dickens set in which two cities?

   A. Manchester and Liverpool
   B. Paris and London
   C. Rome and Madrid

6. Which famous scientist is credited with the theory of relativity?

   A. Issac Newton
   B. Charles Darwin
   C. Albert Einstein

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featuredlistings

Answers to *Terri's Corner* Questions:
1. A 2. B 3. A 4. A 5. B 6. C

12549 W. Windsor Ave.

A bargain priced fix up home 2 BR with den, 2 BA, 1290 S.F. Cottonwood Model with split floorplan in Rancho Santa Fe.

Listed at a Bargain Price by Al Gage for $350,000

11576 W. Windsor Ave.

A beautiful 3 BD, 2 BA, 1624 S.F. Shea Willow Model with a pool, split floorplan and lots of tile on a corner lot in Garden Trails!

Listed by Al Gage for $450,000

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 $460,000

12607 W. Vista Paseo Dr.

Spectacular Fulton Home with 2084 S.F., 4 BD or 3 with den on a corner lot across from a greenbelt with a very nice built in BBQ!

Listed by Al Gage for $500,000

What's My Home Worth?

Email Al 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/August2022MarketUpdates.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!*

West USA Realty
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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	July 2022 Sales #s	July 2022 Price/SF	July 2022 Days on Market
Cortes Sierra/Sage Creek/Las Palmeras	1	61	167.3	23	66	211.0	21	26.12%	1	301.0	5
Cortes Sierra/Sage Creek/Las Palmeras	Multi	31	138.7	36	49	174.7	24	25.95%	1	257.3	14
Crystal Gardens, Crystal Ridge, Crystal Point, Upland Park and Donatella I	1	99	162.1	35	84	212.7	16	31.21%	6	283.8	16
Crystal Gardens, Crystal Ridge, Crystal Point, Upland Park and Donatella I	Multi	32	135.3	37	34	180.1	22	33.11%	1	166.2	2
Garden Park, Palm Meadows, Palm Gardens and Donatela Phase 2	1	29	156.3	27	37	221.6	20	34.77%	5	263.6	15
Garden Park, Palm Meadows, Palm Gardens and Donatela Phase 2	Multi	17	120.5	30	15	162.4	30	41.77%	1	224.6	1
Rancho Santa Fe	1	68	160.2	29	85	213.9	17	33.52%	6	254.3	29
Rancho Santa Fe	Multi	36	136.0	28	39	184.5	25	35.66%	1	197.1	6
Westwind and Glenarm Farms	1	15	168.3	44	17	218.3	15	29.70%	1	196.8	19
Westwind and Glenarm Farms	Multi	12	128.2	44	12	198.1	27	54.52%	4	220.1	56
Wigwam Creek South and Bel Fleur	1	76	159.2	22	52	215.9	21	35.61%	2	267.2	42
Wigwam Creek South and Bel Fleur	Multi	37	116.0	35	29	148.6	21	28.10%	0	0	0