

# MARKET INSIGHTS



A look at the current real estate market.  
An information source provided by **RE/MAX Alliance**.



There are times when every compass needle points south but you are definitely heading in a northerly direction. That is a bit how this summer season real estate market has felt.

While the main headlines and even isolated monthly statistics could easily leave a dismal impression, the seasonal numbers taken all together tell a much happier story.

While June and July suffered some lower numbers than anticipated concerning resale and housing starts, add in the August end of season sales and you discover it has in fact painted a rather pretty summer season picture.

Financial analysts keep insisting that interest rates will begin ticking upwards soon enough, but for now, these low rates are buoying consumer demand in the mortgage industry.

The tighter real estate inventories have created a false ceiling to contend with as well. Consider there were just 171 active listings in the Boulder Valley area as compared to 237 last year! This effectively keeps the sale numbers from rising in any significant way that would shake off the gloomies in the market, but, and this is an important caveat – strong employment growth coupled with slow but steady economic growth coupled with steady supply demand by ready, willing and able consumers are feeding optimistic expectations.

The buyers continue to swarm, there just aren't enough hives to go around. While this causes house prices to rise and make the sellers happy, so far it hasn't caused enough of them to flood the market with more resale homes.

However, new construction has begun making a strong break out statement in the real estate market. New homes sales nationally are expected to rise almost 26% over last year.



This upsurge in housing starts in Boulder, Longmont and Nederland combined is welcome relief for many buyers and includes new design concepts based on consumer preferences.

One such design accommodates multiple generations of family banding together and purchasing one big home. Not a duplex and not a traditional multi-family unit, the design allows grandparents live-in access to their grandkiddies, alleviates financial stresses on the traditional 2 parent household yet grants privacy to each generation.

The August residential real estate median sale price for the Valley area of \$364,450 reflects this stable economic growth. Resale averages finished the summer season strong at 450 housing units sold and closed this month after a short median time of 8 days on the market. This reflects a substantial increase over last year. Sale prices jumped from a median of \$350,000 last year at this same time.

These robust spring and summer market statistics continue to reflect that self-correction we know happens in the normal cycles of real estate seasons.

Along with increased demand for new built housing, another trend we're experiencing is increased remodeling resulting in income property. Those once upon a time in-law apartments are transforming into above garage, garage conversions, attic remodels and basement refinishing for self-contained rentable income units within the family home.

While sellers seek ways to generate greater equity gains, buyers remain constrained by inventory levels. Rising rental costs, with Colorado at almost 3 times the national average, are pushing more buyers into the marketplace.

Next month, we'll do a little exploring on this, as in Tiny Houses.