

MARKET INSIGHTS



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



“If I had asked people what they wanted, they would have said faster horses.”

- Henry Ford, Inventor of the automobile

Just about every real estate agent has a story about the buyer who was very particular about what they wanted in their new home, then bought almost the exact opposite in the end!

When you walk into the perfect home, you just know it, even if it doesn't get any check marks on the “must have” worksheet. That's just one of the quirky truths in the real estate business that has no logical explanation. It simply is what it is.

With the warming weather of July 2016 we happily discover that our real estate market in the **Mountain Suburbs**, along with the rest of Colorado, is still listed as the hottest market in the country!

Of the **254** homes available for sale, a mere **71** less than 2015 at this time, **84** of them have successfully sold and closed this past month. While July 2015 saw sold homes flying off the market in **33** days, the 2016 July crop took **35** days to attract and close the deal on new owners.

Now that almost 80% of homeowners have regained equity, the median sales price jump to **\$537,000** over last year's **\$453,000** is not that big of a surprise.

We're still keeping an eye on new home starts, which have just begun to move higher along with the mercury in our thermostats. Sellers that might have taken advantage of the sales opportunity presented in the current market previously appear to be experiencing some frustrations. They may no longer feel stuck by lost equity, but still feel thwarted in their move up efforts by lack of inventory to move up to!

It's exasperating that one of the reasons for the low inventory levels is the low inventory itself!

Those homeowners who might otherwise move up are not seeing homes available to them for purchase, so they aren't making their homes available which leads to a cycle of low inventory at all price points.

However, the cycle will follow through and eventually right itself as all real estate cycles tend to do.

A recent Market Update by a local mortgage lender speaks volumes to this issue: “Demand for homes is high, interest rates are low and home prices have risen across the board – will this loosen the level of inventory?” We will all have to wait and see.

Public opinion surveys indicate 80% of respondents believe it's a great time to sell, but not such a great time to buy. This strikes us as odd, since what we're seeing is lots of buyers and few sellers. Begs the questions, why the opposite?

A possible answer lies in the fact that while current home buyers are enjoying low mortgage interest rates, which look like they will stay where they are for the foreseeable future, (though there's talk of an increase come the fall) there is also slower job and other economic growth which keeps current owners hanging tight to the house they already have.

Meanwhile we've seen an over 3% increase in sales year over year in spite of inventory levels down almost 6%. July also experienced a slight decrease in mortgage loan applications. Home equity gains of about a 3.5% increase over last year remains a strong indicator with forecasts of further increases in 92% of markets. The survey says 61% of homeowners agree, in theory at least, that now would be an advantageous time to sell.

Stat Check

2015	2016
<u>Active</u>	
325	254
<u>Number of Units Sold</u>	
81	84
<u>AVG Days on Market</u>	
33	35
<u>Median Price</u>	
\$453,000	\$537,000