

MARKET INSIGHTS



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



The musical score for our current real estate market might sound familiar, since we've been hearing the same tune for a while now.

Affordability of a home purchase is high and inventory levels are low, low, low.

While no change is expected in the immediate future this isn't a sad song of negativity.

Colorado has historically been a major destination of choice for those desiring what they perceive as a healthier lifestyle and the influx of new residents has only increased substantially in the last few years. Although our real estate market may be experiencing an imbalance right now between homes available to purchase and the demand for a home, trends indicate a restored balance may occur as early as 2019.

Taking a closer look at what makes a healthy housing market we see there are many facets. Whether we talk about home prices, mortgage rates, new home construction or any other sector of the housing metrics, all have an effect on buyers and sellers. It's just that some of those effects are not as obvious as others.

For instance, if you aren't seeking to purchase a new home, this segment of the market may not seem important to you. Yet, it actually is though, because the demand for new homes results in increased building. That activity boosts the inventory of homes available which in turn affects prices and has an indirect effect on every home buyer and seller.

Currently the most pressing challenge is too few homes for sale, however affordable those homes may be. This atmosphere is why we see fierce competition for the homes on the market, which in turn has pushed prices upwards.

The results can be seen when we look at the **244** homes that were actively for sale in the **Mountain Suburbs** market this past month.

The statistics for the month of August 2017 show **84** homes sold, a decrease from **103** in 2016, due to the lower inventory this time last year. The median sale price of **\$590,000** reflects these effects as well when compared to 2016 median sale price of **\$501,000**. Average Days on Market of **51** is higher though than last year.

The substantially wider pool of buyers is likely a big part of why most homeowners are experiencing equity growth, which has increased more than previously expected. Recent reports show more than 14 million properties across the country are equity rich, meaning their remaining mortgage amount was 50% or less than the estimated value of the house.

Though home buyers are ready to buy, home owners still appear reluctant to sell, culminating in too few homes available in the current market to accommodate the level of buyer interest. Because of this, home sales numbers may be reflecting an imbalance.

For example, the National Association of REALTORS' most recent Pending Home Sales Index shows the number of contracts to buy homes in recent months was down 0.8%, marking the third consecutive decline. Lawrence Yun,

NAR's chief economist, insists supply is the issue. "Buyer interest is solid, but there is just not enough supply to satisfy demand," Yun said. "Prospective buyers are being sidelined by both limited choices and home prices that are climbing too fast."

All that said, housing markets are making gains and Colorado is among the top markets in the country seeing the increasingly beneficial effects of a healthy housing recovery.

Stat Check

2016 2017

Active

268 | 244

Number of Units Sold

103 | 84

AVG Days on Market

26 | 51

Median Price

\$501,000 | \$590,000