

MARKET INSIGHTS



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



MARK TWAIN: REPORTS OF MY DEATH
HAVE BEEN GREATLY EXAGGERATED!

The real estate market is constantly evolving. What is true one day may not be true the next. For example, this past winter many forecasts for the spring season predicted buyers might be scared off by rising interest rates and a lack of homes for sale.

However, now that spring has arrived, mortgage rates have actually come down a bit and the housing market has been among the strongest sectors of the economy.

For example, Fannie Mae's Economic & Strategic Research Group's latest housing report expects "that a seasonal uptick in listings going into the spring selling season will help alleviate extremely tight inventory."

In other words, despite higher rates and minimal inventory, the housing market is performing well and trends going forward indicate conditions may become even more favorable.

Every potential home seller needs to be informed of these facts.

Again, looking at the Fannie Mae monthly ES&R Group Economic and Housing Outlook we see the two sides of the coin in this real estate market. On the one hand, lower inventory and higher mortgage rates suggest that affordability conditions will make it tougher for buyers looking for a house this year.

On the other, the job market, wages, and economic optimism have all been trending upward recently, which could help offset some of those challenges.

The report notes that early indicators show buyer demand is still strong. In fact, both pending home sales and demand for loans to buy homes have recently shown an upswing.

While home price gains are expected to continue, the size of the increases are not expected to be severe. Therefore, affordability, the first driving force of sales, will remain attractive, and this should encourage those desiring to own a home to swell the ranks of buyers ever further.

In fact, looking ahead, CoreLogic predicts about a 4.8% overall increase in home prices from January 2017 to January 2018.

Stat Check

2016	2017
<u>Active</u>	
200	143
<u>Number of Units Sold</u>	
56	52
<u>AVG Days on Market</u>	
69	38
<u>Median Price</u>	
\$517,500	\$576,250

The second driver for inventory to make a strong comeback is getting the news of those higher prices out to potential home sellers. The hope is this will cause them to think in terms of "Do I want to stay in the home that I'm in, or now that I have more home equity, do I want to move to a better place perhaps where there's better schools, closer to where I work, or better amenities?"

Greater home equity will allow many home owners the breathing room they've been needing in order to make that decision to move up a much easier choice.

Meanwhile in the **Mountain Suburbs**, **52** homeowners who made that choice sold and closed a home on average in **38** days this April. Median sale prices are currently at **\$517,500**, evidencing the equity increases from April 2016, when the median sale price was **\$576,250**.

Demand is being driven by first-time home buyers and for those in the market for a new home, home loan rates remain attractive despite recent market volatility.

Encouraging also to our local market is that among the top 10 cities named as best for selling a house, nine of them were in either Colorado or Texas – with Denver taking the top spot.