

# MARKET INSIGHTS



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



Our Front Range real estate marketplace has held unique opportunities for those buying and selling this year. Want an incredible mountain view? That can be obtained from within a mountain community or from any of the spectacular towns located in the foothills of the Rockies. Perspective has a way of influencing our choices, and perspective has shaped the diverse reports you'll hear concerning our real estate markets.

One agent may be struggling to find buyers for all the homes they've listed for sale, while another laments the lack of homes to bring their buyer to see! Depending on the perspective you are viewing the marketplace from, whether town to town or price point to price point, the stories are as varied as the styles of homes to choose from.

New numbers from the National Association of REALTORS® show sales of existing homes were virtually unchanged from the month before. Down 0.7 percent from June, sales were up in the West but a drop in the Northeast negated the gains. Lawrence Yun, NAR's chief economist, says a lack of available homes continues to hold sales back. "Listings continue to go under contract in under a month, which highlights the feedback from REALTORS® that buyers are swiftly snatching up moderately-priced properties," Yun said. "Existing supply is still not at a healthy level, and new home construction is not keeping up to meet demand." In short, there are more buyers than there are homes for sale in many markets, and it's making it challenging for buyers this summer. Fifty-five percent of the homes sold in July were on the market for less than a month and, though inventory had been seeing modest gains, it stalled in July. That means market conditions aren't likely to change much in the months to come, so buyers should prepare for competition this fall and make sure to be pre-approved by a lender before heading out to look at homes.

While certainly every price point will be affected by economic influences, those effects are not similarly duplicated across the spectrum. For instance, the rise in interest rates to as much as 4.62% or more have affected affordability for everyone who is relying on a mortgage to make their home purchase. But those effects have not had the same

consequence for everyone. In fact, a higher interest rate tends to be more restrictive to the buyer at lower price points. In addition, home sales at the higher price points have barely felt the squeeze of inventory woes which have been dominating the buying and selling stories at low to mid-range priced housing for a long time now.

Along with the economic reasons which affect the whole of the real estate markets across the country, the steady influx of new residents specifically to Colorado presents its own unique set of variables to the mix. Could that be part of the reason why, of the 931 homes available this August in Boulder County, 745 were successfully sold and closed? We don't have statistics on how many of those buyers are actually new to the state, but we do have the statistics for average Days on Market. Those stats are down (at 43) over last year at this time, and we know the average sale price of \$636,740 is higher than August 2017.

Another factor with great repercussions on both inventory levels and sale prices are the number of first-time buyers in the marketplace across the Front Range. The average first-time buyer is 30-32 years of age, which means millennials now dominate the buying market. With more than 75 million millennials coming into their "buying age," they are quickly outnumbering the baby boomer generation and directly affecting housing inventory. There just aren't enough homes on the market in the first time buyer price point to satisfy the demand of all those who want to make that first purchase.

Further analysis reveals that new formulas, not based on boomer behaviors, are needed to calculate supply and demand for the future. Because what a baby boomer wants in a home and what a millennial prefers are not the same. New construction should help in that area, and meanwhile, real estate professionals are working diligently to connect with the preferences of the upcoming generation of millennial buyers and sellers and their preferred modes of information exchange.

These varying factors have resulted in a market that continues to favor sellers. A more balanced market is most likely coming by the end of the year as adjustments are made to accommodate the largest generation of home buyers in as much as a millennium.

## Stat Check

2017	2018
RES/ATD*	
Active	
994/259	716/294
Number of Units Sold	
394/139	382/143
AVG Days on Market	
43/42	45/32
Average Price	
\$652,362/ \$372,072	\$713,131/ \$414,235