



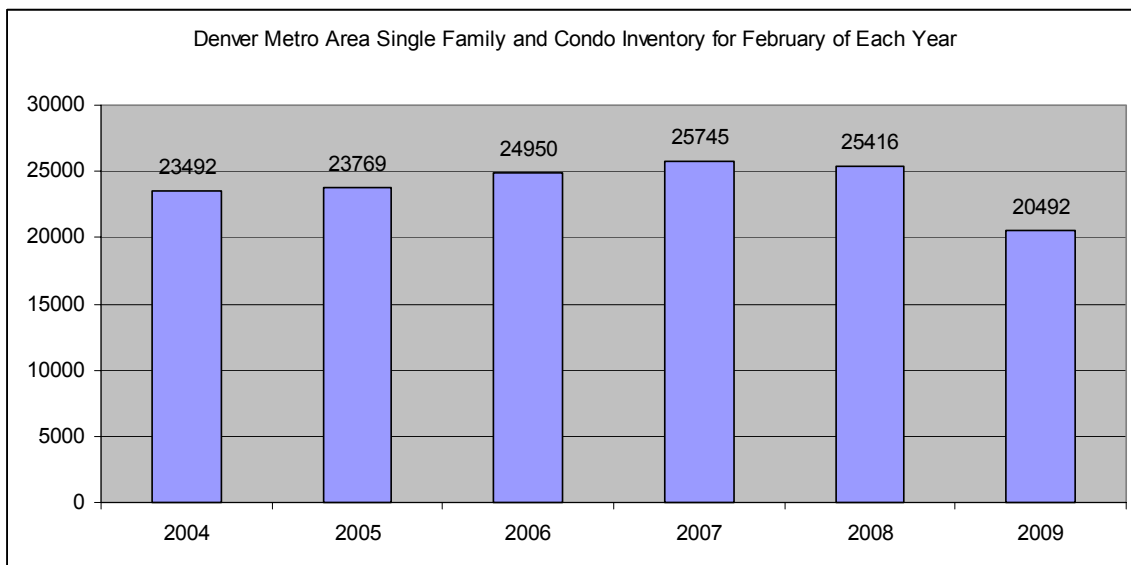
RESOURCES IN  
REAL ESTATE

**So How's the Market, February 2009**

**All data taken from Metrolist, Inc. on 2.5.09**

Listing inventory is standing at 20492 single family and condo units for the Denver Metro area. This represents a 19% decrease from February of last year. Typically we would see inventory start to rise in the late winter and spring, but the growth from January to February of 2009 only increased 1659 units or an 8% increase when in past years we have seen double digit increases in the inventory from January to February.

Inventory and contracting are the leading indicators of where the marketplace is headed. Let's take a look at the February inventories for the last six years to show where the trend has been.



As you can see, the current inventory is at a six year low for single family and condos.

What's even more impressive is the inventory from zero to \$250,000 currently stands at 5790 single family and 3026 condos active for a total number of 8816 total units. The last 12 months in this price range has experienced a total number of 27374 total units closed. This represents a meager 3.864 months supply of homes. Prices are rising in this price point as we write this and our estimate would be to suggest that prices will go up .15% per month or an average of \$300 per month for the next 6 months or so on a \$200,000 home. Denver will experience appreciation in lower prices for the first time in 4 years and buyers wanting to buy, now is a terrific time to capture the wave of appreciation that will start with recorded closed sales in March.



The inventory from \$250,000 to \$500,000 is also at a level that will ultimately cause prices to improve for the homeowners but will remain more at the current prices till June. The total inventory is 6627 units in this price point and the last 12 months have experienced 11,578 units closed or a 6.86 month supply. For prices to affectively rise, the supply will need to be between 4.5 month and 6 months to cause buyers to have a sense of urgency. Although on the cusp of doing so in this price point, buyers closer to the \$500,000 range will experience more choices than those homes price below \$300,000.

Homes priced above the \$500,000 range are still competing with higher inventories and now is a tremendous time to buy a home above \$750,000. Sellers are discounting their prices at higher levels and lower interest rates or seller assistance makes for the perfect reason to make a move up. Although we see these prices ranges gaining little appreciation for the next 12-18 months, the opportunity to buy more house than you thought was available is now here for the taking. These will be outstanding long term investments for your financial future. Be assured, this is where the deals are today.

Know your inventory when buying homes, as that will give you a good looking glass into the future.

Know the inventory when selling your home so you don't under price or over price your home based upon competing inventories and lose out on the wave.

The second leg of determining market conditions are those properties that are currently under contract.

As of today, 5337 single family condo homes are under contract in the Denver metro area. This represents a 15%+ increase over January. We would expect to see increases this time of year, but normally they would be in the 8% to 9% range. So 2009, appears to be breaking loose with buyers entering the market. We will watch this trend in future months to see if this continues and establishes a positive trend for the year.

February of 2009 is also the second highest under contract recorded month in the last 6 years. Last year the Denver area had 5559 homes under contract in February, up from 5216 in 2007, 5128 in 2006, 4192 in 2005 and 4274 in 2004.

Why are people buying in today's market?

1. Interest Rates - The lowest in 41 years.
2. Foreclosure Advertisements – Brings buyers out because of the greed factor of getting a deal. Once a buyer sees the condition and sees a re-sale home in better condition at similar pricing, the choice becomes obvious.
3. Short Sale Advertisements – Brings buyers looking for the same deal as foreclosure.
4. Inventory is dwindling in lower price ranges and first time buyers do not want to get squeezed out of the potential investment gain.

Look for increased buyer activity putting homes under contract in upcoming months as interest rates continue to stabilize in the 4 to 5% range for conforming loans.

The sold data is the lagging indicator. In the Denver metro area in January 2017 single family and condo homes closed. This is down 21.46% from one year ago. The main reason for this was the economic uncertainty that occurred in October through January. With new stimulus packages for the economy and housing, people's confidence in the Denver market will allow them to start buying homes.



Here's why.

1. Job stability in Denver has been steadier than the national economy. So long as jobs stay strong and unemployment stays below 6.5%, housing in Denver will be a great buy this year.
2. It takes 90 days for under contract data to start to reflect into the sold data. What was written in January and February will close in March and April. The market will experience month over month gains rapidly the next four months and toward the middle of the year out perform 2008. Once that news happens, markets turn fast and buyers do not want to miss the opportunity.
3. Denver's economy is more stable than the nation by many economist predictions for 2009.

What does this mean for buyers and what could they do to improve their net worth today?

- Consider buying an investment home below \$250,000. These will go up in value this year.
- Move up from your existing residence to a home in an upper price range. This will go up in value over the next 12-18 months and really make an impact on pricing in 3 years.
- Take advantage of low rates.
- Learn how a \$15,000 tax deduction in the purchase of a home could save you thousands on your income taxes for 2009.

What does this mean for sellers or homeowners not selling to improve wealth?

- Consider making your existing home into a rental unit and buy a more expensive home now. You will take advantage of appreciation at lower price levels, and buy at a discount at higher levels. This will not be the case forever, so make your move now.
- Considering refinancing your higher rate mortgage to a lower rate mortgage and shorten the amortization schedule to pay of the loan sooner. This builds equity, which builds wealth.
- When selling, make your home stand out from the rest by being the best conditioned and fairly priced on the market. What you sell for today is small numbers compared to moving to buy another home at a discount.
- Lower priced homeowners are in the perfect position to sell high and buy low.

*Brought to you by-*

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