



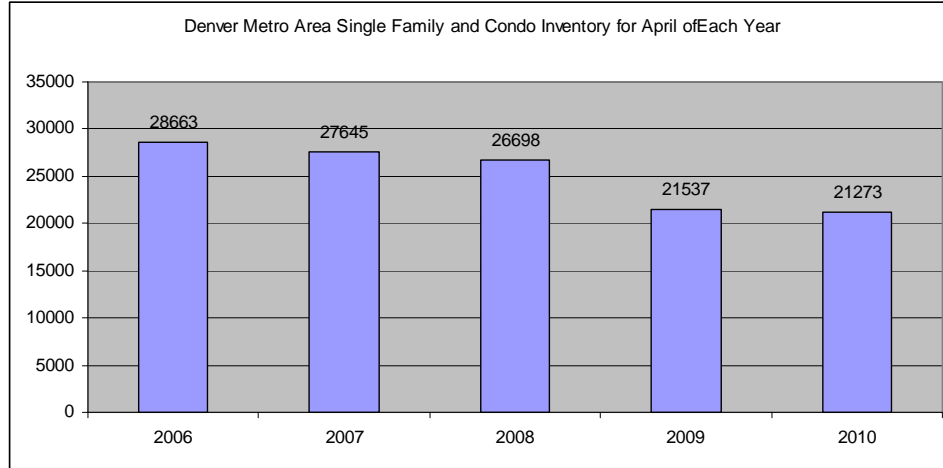
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## So, How's the Market, April, 2010

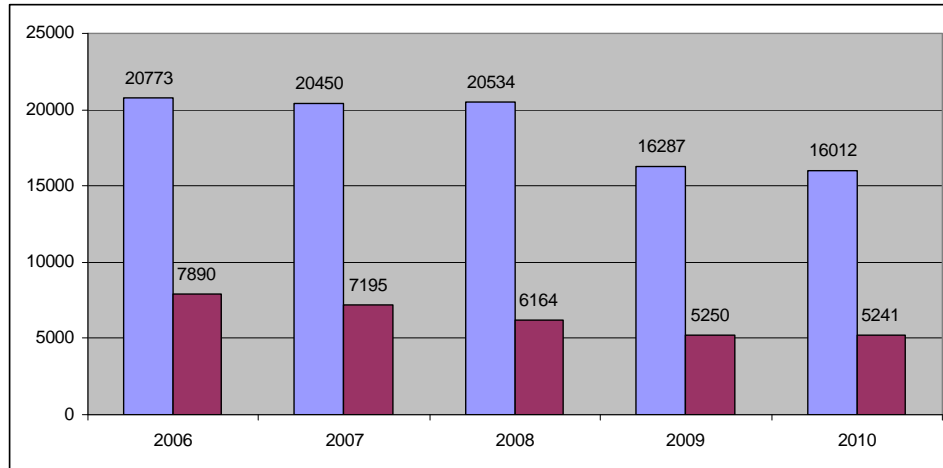
All data taken from Metrolist, Inc. on April 5, 2010

“When do you know when the real estate market has hit bottom?”

**FACT ONE: The housing inventory for single family and condominiums remains low.**



Single Family vs. Condominium inventory shows some interesting statistics this month. Single family homes decreased 22.9% from 2006 to 2010. In looking at the condominium reduction of inventory, condo's decreased 33.6% from 2006 to today. Condos will be the next product type to start to see an appreciable gain in 2010 because of this decrease or lack of inventory available to buyers.



Single Family Inventory above \$1 million for April of each year is decreasing but if you look at 2006 to 2010 there has been an increase of total inventory. Comparing the upper end market with the entire market inventory shows that the luxury market is still over burdened with inventory.

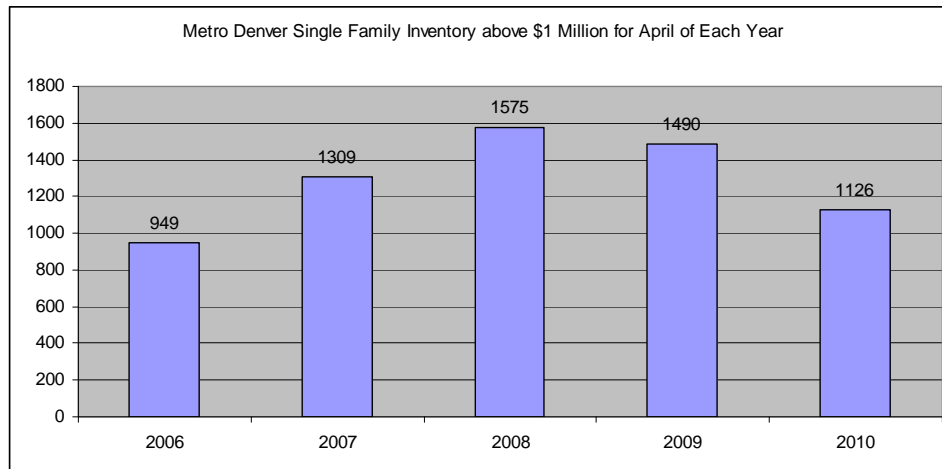
To predict the future of the upper end market compared to the balance of the inventory below \$1 million dollars, let's compare months supply. For properties below \$1 million there are 14,886 single family homes on the market as of April 5, 2010. For the first three months of 2010 there



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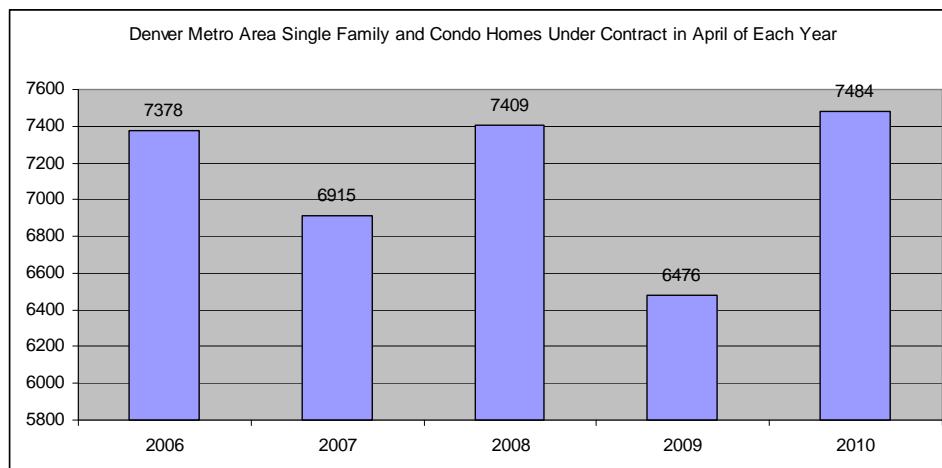
have been 6188 single family homes closed in metro Denver. The annualized number of sold properties based upon the first quarter would be 34,377 total single family homes closed in 2010 below 1 million. This relates to a 5.196 month supply of homes below 1 million, which would indicate a sellers market. Granted a good portion of that sold data is below \$300,000 but taking the overall number does indicate the market has hit bottom below 1 million in Denver and although the properties priced from \$300,000 to 1 million will move slower, this price range is starting to see activity from the move up buyers.

Conversely, the above \$1 million inventory shows 1126 homes on the market as of today and for the first three months there has been 78 homes close above \$1 million or an annualized number predicted to be 433. If we take the 433 annualized sold single family homes divided into 1126 active single family home inventory = a factor of  $2.6 \times 12 = 31.2$  months of absorption time for properties above 1 million.



Fact Number One does give us a pretty good indication that properties in Denver above \$300,000 will start to sell at a better rate than we have seen the last three years. That means prices will go up as inventory continues to remain low.

**FACT TWO: Properties being placed Under Contract are rising faster than previous years.**

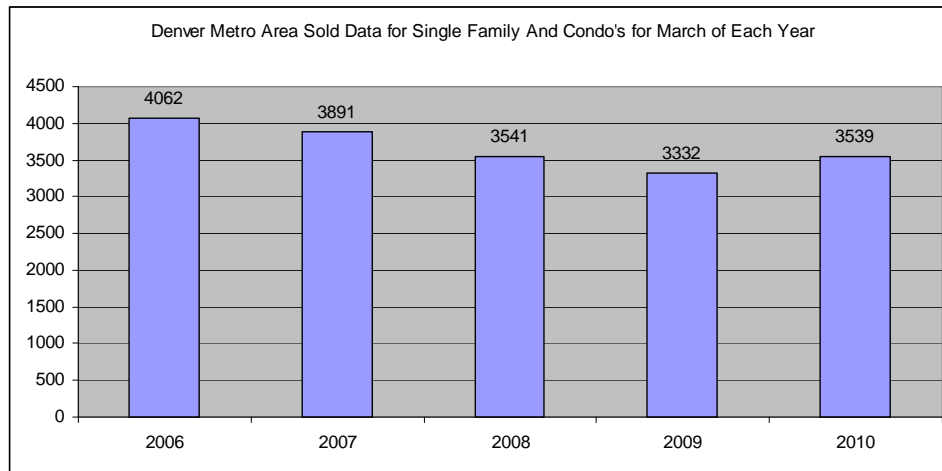




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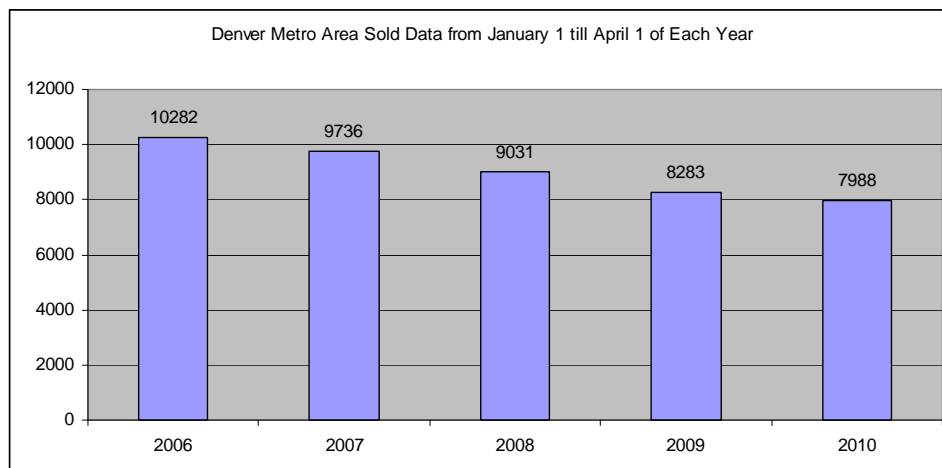
The increase of Under Contract properties from March to April is 910 units. That is the largest April over March increase in 5 years. Under contract properties typically are the leading indicator for future markets. This number could be inflated by the 2010 \$8000 Tax Credit provided to First Time Home Buyers and the \$6500 Tax Credit for Move Up Buyers. In trending this number over the next 6 months will give us a very good picture of late summer early fall closings. The fact is today that more buyers are under contract today than any April in recent history.

**FACT THREE: 2010 March out performed 2009 for a Year over Year monthly increase of Sold Properties. This is the second month in the last six months where this year has outperformed the previous year. When this trend repeats itself for three consecutive months in a row, we have past the bottom.**



Sold data is a lagging indicator of the market as it displays what truly is happening at the moment. The YTD sold data is still down compared to previous years and March could be an abnormality, but this should be a trend to watch this spring into the fall to get a good prediction of where the Denver market is heading.

Here's the YTD sold data for single family and condominiums from January 1, to April 1, of each year.





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Finally the sold data increase from February of 2010 to March 2010 increased 1084 units. A typical increase from February to March would be 671 units. This abnormal increase is a number we want to track to see if we are seeing a trend to count on.

***FACT FOUR: 2010 offers an opportunity of a lifetime called, "The Upside Market".***

An "Upside Market" is a market that the sellers of one price range can sell for top dollar and within the same market demographics buy a property at a discount of greater than 10%. This phenomena only happens once in a generation and those sellers who have the ability to move up in the Denver market are experiencing a wealth shift in real estate not seen since 1983. Although some sub markets provide more savings than others, the overall opportunity for a seller selling below \$300,000 to get top dollar is good and to buy a product at \$750,000 and get a 10% or greater price reduction is very feasible. With interest rates allowing consumers to taking advantage of the "Upside", this is the best time to buy in a generation.

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