



REAL ESTATE MARKET UPDATE

An Information Service of Chris Ermold, RE/MAX Alliance

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The first quarter of 2009 has seen the Boulder Valley housing market continue to experience lingering signs of hibernation. Although home mortgage interest rates have hovered between 4.5% and 5.25% (30-year fixed rate mortgage) for the past few months, that in itself has not grabbed the attention of enough prospective homebuyers. The government has attempted to incorporate some energy into the marketplace by implementing the first-time homebuyer credit of \$8,000, designed to boost the lower end of the market, which would, hopefully, invigorate the market for “move-up” buyers.

Here are some thoughts about what is happening in the current Boulder Valley real estate market as we begin the journey into the spring and summer, which are historically the busiest times of the year for home sales.

- Rental rates have been increasing over the course of the past year as many potential homebuyers choose to rent rather than buy. There are a variety of reasons for this from job instability, to the inability to obtain financing, to concern about where home values are going.
- A lack of in-coming relocation. Most local companies aren't in the hiring or expansion mode right now. If they are, there seems to be enough area talent available to fill most corporate needs. The sale of the STC site in Louisville to ConocoPhillips was viewed as potentially having a major positive impact on the local economy and housing market, but ConocoPhillips has rethought their plans with the first phase of construction now projected to be completed by 2013.
- New listing inventory across the Northern Colorado housing market has **declined 18.45%** when comparing first quarters of each year (2008: 6,232 new listings; 2009: 5,082 new listings). There are several reasons for this from the lack of new home construction, to higher priced properties being pulled from the market and rented, to many prospective sellers choosing other options i.e. remodeling their home or waiting for the market to improve.

Below is a breakdown of sales activity from IRES (the Northern Colorado MLS) for the first quarter of the past two years for **single family homes**.

<u>Area</u>	<u>2008 Sales 1st Quarter Single Family</u>	<u>2009 Sales 1st Quarter Single Family</u>	<u>% Change</u>
Boulder	152	76	-50.00%
Superior	19	17	-10.52%
Louisville	39	30	-23.07%
Lafayette	47	36	-23.40%
Longmont	210	157	-25.23%
Suburban Plains	97	57	-41.23%
Suburban Mountains	42	34	-19.04%
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Total	606	407	-32.83%

NOTE: A comparison of **the end of the first quarter of 2006 and the end of the first quarter of 2009** shows a **47.88% reduction** in the number of single family homes sold for the areas noted above. **(2006: 781 / 2009: 407)**