



REAL ESTATE MARKET UPDATE

An Information Service of Chris Ermold, RE/MAX Alliance/Boulder Valley

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Is there light at the proverbial end-of-the-tunnel for the local real estate market or are home sellers being lulled into a false sense of hope? As we enter the spring and summer of 2010, there appears to be somewhat of a renewed interest on the part of home buyers in the Boulder Valley. Is that interest spawned by the pending demise of the government's *Home Buyer Tax Credit Program*, which is scheduled to end in late April? Is the prospect of rising mortgage interest rates a motivating factor? Or have home buyers simply seen opportunity in the marketplace and view now as the time to get serious about buying?

Despite the fact the first quarter sales activity for the Boulder Valley is up about eleven percent over last year (see below), listing activity is also up, about thirteen percent. Which means homes are selling at about the same rate thus far in 2010 as they were in 2009. The *Absorption Rate*, the time it takes the market to fully turn assuming the same level of sales activity and no new listings becoming available, is approximately twelve months across the Northern Colorado market. That compares to thirteen months at this time last year. So, things are improving, albeit slowly.

There continue to be certain elements within the housing market that impact a natural flow of movement from sales of entry level properties to more expensive homes and attached units. This domino effect of buyer's buying-up continues to struggle for several reasons. The three most prevalent are: (1) Having to sell a current property in order to buy-up. (2) Lack of available financing for upper end properties. (3) Limited number of relocation buyers. Many of those potential buyers, who are relocating to our area, still need to sell the home they are leaving behind. Thus, the domino effect has a more widespread effect than just the Boulder Valley.

Historically, spring and summer are the most active times of the year for our market area. More properties come on the market for sale and more properties are sold. We should continue to see sales activity increase over the course of the next few months, with sold properties continuing to outpace 2009 figures. But, please be reminded, the Boulder Valley real estate market continues to be a *"buyer's market"*. In a buyer's mind, price will be a primary consideration. As such, property values change very quickly these days as appraisers put more emphasis on short sale and foreclosed properties in determining market values. As a home seller, it is important to keep abreast of sales activity in your area that may impact the value of your property.

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>2009 Sales 1st Quarter Single Family</u>	<u>2010 Sales 1st Quarter Single Family</u>	<u>% Change</u>
Boulder	76	121	+59%
Superior	17	20	+18%
Louisville	30	31	+3%
Lafayette	36	43	+19%
Longmont	157	153	-3%
Suburban Plains	57	72	+26%
Suburban Mountains	34	37	+9%
Broomfield	77	59	-23%
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Total	484	536	+11%