



REAL ESTATE MARKET UPDATE

An Information Service of Chris Ermold, RE/MAX Alliance

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Life is a composite of highs and lows. There are the good times and there are the not so good times. Real estate markets possess a similar personality. When they are good, they have a tendency to flow naturally. Homes sell in a reasonable amount of time and buyers are happy to be paying fair market value for what they are purchasing, with the hope (promise) of long term appreciation. When real estate markets aren't quite as good, they struggle along. Sellers need to deal with declining home values and reduced buyer interest and activity. This second scenario characterizes the Boulder Valley real estate market for the past few years.

As an example, in 2006 there were 4,327 single family home sales in the Boulder Valley; in 2007 there were 3,790; in 2008 there were 3,168; thus far in 2009, through July, there have been 1,405. Based on the current sales rate, that extrapolates out to approximately 2,177 single family home sales in the Boulder Valley for 2009. That's almost half the number that sold in 2006.

Between the good times and the not so good times is a period of regeneration. It's a settling out; a regrouping. That's where the Boulder Valley real estate market is right now. The inventory of available properties is down approximately 17% for this time of year versus the summer peak of 2006. Bank foreclosures and short sales, still an integral element in the marketplace, are slowly being sold off. In this arena, first came the low end of the market (up to \$400,000) for distressed properties, then the middle price range (\$400,000 to \$1,000,000) surfaced and now the upper end of the market (\$1,000,000 plus) has made its presence known. It will take time to clear this inventory, but there are opportunities out there for buyers looking to "get a deal".

In an economic stressed climate, real estate markets are the first aspect of the economy to be impacted negatively. As the economy improves, real estate markets are the last facet to return to normalcy. Today, there is some degree of light at the end of the tunnel, but we are still a ways from standing once again fully in the light. It will take time for the Boulder Valley real estate market to become a balanced entity, where buyers and sellers exist on equitable ground.

In the future, though, things will not be the same as before as it relates to buying and selling real estate. Mortgage lenders will continue to take a sharper look at a buyer's qualifications and financial history. Appraisers will take a more detailed approach to appraising property. Lender underwriters will require more and more documentation, etc. before they are willing to "sign-off" on a new loan package. Home sellers and Realtors will be faced with a growing list of disclosure documents, designed to protect and inform potential buyers about the condition of a specific property.

The good times that we once enjoyed will again surface, but they will be different. Buyers will be more informed and more selective. Sellers will need to be more realistic in pricing and condition. Realtors will need to communicate more effectively and be more in-touch with market conditions. Life moves much more quickly these days than at any time in history. To keep pace with change will be a challenge, but that's what makes life interesting ... the highs and lows.