

REAL ESTATE MARKET >> UPDATE

+ RE/MAX Alliance | Boulder Valley

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As we approach the first double digit year of this new century, the Boulder Valley real estate market appears to be awakening from the past few years of a gradual decline in sales activity. Figures for the past two months show an increase in the number of sales of single family homes and attached units as compared to 2008. Below are some sales numbers for Boulder County from IRES, the Northern Colorado MLS.

In October/2009 there were 232 single family homes sold and 91 attached units sold. This compares to October/2008 where 228 single family homes sold and 75 attached units sold. Not a significant change, but a start. For November/2009 there were 226 single family homes sold and 78 attached units sold. In November/2008 there were 133 single family homes sold and 50 attached units sold. That is a noticeable increase in sales activity.

What might be some of the reasons for this potential rebirth of the Boulder Valley real estate market? Here are some thoughts.

- **Affordability:** It's no secret that home values have been negatively impacted over the course of the past few years. In a declining real estate market there are fewer buyers and more sellers. When home values stabilize, the motivation of buyers begins to escalate. There's always that fear (real or imagined) that they will "miss" the bottom of the market. Across most aspects of the local real estate market homes are more affordable today than they were two or three years ago.
- **Mortgage Interest Rates:** Home mortgage interest rates have remained relatively stable for the past couple of years vacillating between 4.875% and 5.875% for the traditional thirty-year fixed rate conventional or government loan. Again, the fear that interest rates will begin to rise becomes a motivating factor in buyer's minds.
- **Government Assistance:** How successful the government's first-time home buyer assistance program has been is somewhat debatable, but it has resulted in providing a positive twist to a stagnant real estate industry. The extension of the program to include current homeowners should increase that awareness and interest.
- **Investors:** These are opportunity seekers. Their objective is to look for diamonds in the rough; properties that have upside potential and provide a worthwhile return on their investment. They could be a young couple buying a condo as a rental property or someone purchasing a property that requires some sweat equity and wanting to either "fix and flip" it or hold it long term to build equity. Then there are the investors who purchase in partnerships, looking to hold property, and trading up and down over time. Investors are an active part of the current real estate market.
- **Sales Values:** Real estate is a bottom up business. When real estate markets decline, it takes time for them to become reenergized. They are like running in water, it takes effort to get them going and keep them going. When they do restart, as we are possibly experiencing now, the lower valued portion of the market is always the beginning point. It's the entry level homes and attached units that need to sell in order to foster an upward shift in buyer activity. Once that portion of the market gains momentum, then, hopefully, it will create a wave of activity that flows into more expensive homes selling. That's where the Boulder Valley real estate market is now, beginning to generate some positive energy.