



REAL ESTATE MARKET UPDATE

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As we begin the trek toward the *dog days of summer*, below are some thoughts about the nature of the home mortgage industry and the real estate market in general. It's important to understand and acknowledge that the old way of purchasing real estate i.e. do you have a pulse and can you spell your name, as the only criteria for acquiring a loan, are gone forever. Lenders, appraisers and title companies today are no longer risk oriented. They are playing by a whole new set of rules and the rules aren't always particularly favorable to the buyer or seller.

Financing in today's real estate market is taking longer to obtain and more difficult to get. When a lender says we can get you approved in twenty-four or forty-eight hours, that usually means we can get you approved *subject to* an acceptable appraisal and you bringing in every financial document you've ever owned for us to cull over. If your loan is being sold into the secondary market i.e. Fannie Mae or Freddie Mac, it better be an A+ loan or the lender will have to belly-up to the bar with the funds. Fannie Mae and Freddie Mac are not in the business of being the depository for loans that may potentially go south. They have too many of those on the books right now.

In today's economic client, most people are looking for a deal. Whether it's the best price on a home, a car or your cable bill. This is the age of "negotiation". As such, many lenders are willing to *negotiate* to get your loan. They'll use phrases like ... *no problem getting you approved in two weeks* ... or ... *low/no closing costs* ... or ... *we can get you a loan 1% under the market* ... etc. Be cautious of lenders bearing gifts; read the fine-print; make-sure you understand the Truth in Lending disclosure. What appears on the surface to sound great, may result in not being what you envisioned or what you were led to believe.

The Boulder County real estate market continues to ebb along. The inventory of available single-family homes is down slightly over 14% this time of year versus last year. Through May, sales are off around 38% for single-family homes and the same for attached units as compared to 2008. The spring sales push, which the market normally experiences, has not exhibited the same level of energy this year as the previous three years. Homes continue to sell, and sales are increasing, but not an exponential rate.

So, the question in most people's minds is: Where to do we go from here if we want to buy or sell real estate? Unfortunately, there's no simple answer to that question. People who are attuned to risk see this as an opportune time to take advantage of current market conditions and invest in real estate. They look for deals. They are willing to negotiate. They know that real estate markets have historically trended-up over time.

Other people may be much more conservative. Risk isn't in their blood. They have a tendency to wait and see what happens rather than try to anticipate what might happen. Often the path of least resistance is not to leap, but rather to sit on the sidelines and get in the game when the timing feels comfortable to them. No problem with that.

For those individuals who are willing to roll the dice and step to the starting line, now is an excellent time to give some consideration to making that move or to invest in real estate. There are opportunities out there to be had. Motivated sellers and relatively low mortgage interest rates make for good bed fellows.