



REAL ESTATE MARKET UPDATE

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

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Statistics don't lie, but they can be massaged to fit a specific scenario. As an example, the **Boulder County** real estate market (according to IRES MLS statistics) is up in sales activity through May/2010 by 24% for single family homes and 34% for attached units as compared to May/2009. You can take those statistics to the bank.

But hold-on there for just a doggone minute! What's behind all this newfound buyer interest? Plunging mortgage interest rates? Limited available inventory? Corporate transferees flooding the local market from around the country? Home values plummeting? Government assistance programs?

Let's take a quick look at each of these areas to determine if anything can be gleaned from this increased sales activity.

- **Mortgage Interest Rates:** They have been reasonably stable over the course of the last year with the traditional thirty-year fixed rate mortgage hovering around five (5) percent. FHA mortgages have become more popularly recently with the minimum 3.5% down payment, but the up-front FHA mortgage insurance premium increased from 1.75% to 2.25% in early April.
- **Available Inventory:** Inventory levels across the **Northern Colorado** market area are up thus far in 2010 approximately 11.64% through May as compared to the same timeframe in 2009. The overall **Absorption Rate** has dropped from 348 days in 2009 to 326 days in 2010. (The **Absorption Rate** is the amount of time it would take for ALL the **Available Inventory** to sell assuming the rate of sales activity remained the same and no new listings came into the marketplace.)
- **Corporate Transferees:** The **Boulder County** area has not experienced a noticeable up tick in local companies hiring from outside the area. According to the State of Colorado Department of Labor & Employment, the unemployment rate for **Boulder County** was 5.9% in April/2010. There appears to be a number of qualified individuals already here to fill available positions.
- **Home Values:** Home values continue to hold their own across the **Boulder County** market area. Through May/2010, the average single family home sold for \$422,550; the average attached unit sold for \$260,875; the combined sales average was \$372,014. This compares to a combined sales average of \$365,773 through May/2009. An increase of approximately 1.70% thus far in 2010.
- **Government Assistance Program:** The **Home Buyer Tax Credit Program** ended in late April, with any sales under the program to be finalized by the end of June. Buyer activity in the price range of \$200,000 to \$400,000 grew exponentially as the end of April approached. Buyers, attempting to take advantage of the government's gift to help jump start the housing market, were out in droves.

What does all this tell us? The statistics show the **Boulder County** real estate market is **UP** after several years of shrinking sales activity. How that happened is most likely the result of a combination of things: reasonable financing rates, stabilizing prices in some value ranges, government assistance, and a renewed interest/motivation on the part of prospective buyers who have sat on the sidelines for varying periods of time waiting to be proactive.