



## REAL ESTATE MARKET UPDATE

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If you read the newspaper, watch the news on television or religiously track the ups and downs of the stock market, there appears to be a general feeling in people's minds that things are getting better economically in this country. At least on the surface, they don't appear to be getting worse.

According to the Federal Government, job losses continue, but at a slower rate than has been experienced recently. The stock market has rallied over the course of the past few months and regained a portion of its losses. Home mortgage interest rates continue to vacillate between 4.75% and 5.25% for a fixed-rate thirty year loan. Most of us have survived the two great government revenue source days – income tax day (April 15<sup>th</sup>) and property tax day (April 30<sup>th</sup>).

One of the methods of evaluating today's local real estate market is to take a look back. To compare what has happened in the past to what is happening now. An area that many homeowners are concerned about is the value of their home. How has it been impacted over the course of the past few years?

Below is a brief overview of the housing market for *single family homes* in **Boulder County** from IRES (MLS) *through April* of each year.

<u>Year</u>	<u>Active Listings</u>	<u># of Sales</u>	<u>Avg. Sales Price</u>	<u>% Change</u>
2009	2105	570	\$400,911	-8.24%
2008	2410	939	\$436,938	-5.81%
2007	2408	1028	\$463,896	+8.20%
2006	2410	1249	\$428,726	-----

What are some of the reasons the *average sales price* has decreased over the past couple of years?

The one you might initially consider is that home values have declined. There is some degree of truth to that. In a negatively impacted economic environment, more expensive homes normally feel the price pinch first. As such, the *average sales price* of all the homes in a particular market drops.

Another reason for a lower *average sales price* is that more homes are selling on the lower end and thus the *average sales price* is less. This is true of the Boulder Valley real estate market as lower mortgage interest rates and government tax incentives have brought more first-time homebuyers into the market.

A third reason is the impact on values from bank foreclosures and HUD properties. These properties often, but not always, sell below area home values. This impacts the *average sales price* of a neighborhood and geographic area. It also affects appraised values of other homes.

Finally, there are the occasional "fire sales", where a homeowner desperately needs to sell. This is most often because of personal reasons i.e. job loss, divorce, health reasons, change of life circumstances, economic conditions, etc. Basically, the seller simply needs to rid themselves of their home so they can move-on with their lives.