



REAL ESTATE MARKET UPDATE

An Information Service of *Chris Ermold, RE/MAX Alliance*

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Real estate markets are always bottom-up markets. Which means? For a real estate market to sustain itself and flourish, the bottom of the market, that being the less expensive properties, must sell in a timely manner. When the bottom of the real estate market suffers, the entire market is negatively impacted.

The government’s \$8,000 tax credit, which ends in late November/2009, unless there is an extension or change in the program, was designed to serve two purposes: (1) provide first-time home buyers an incentive to buy now, and (2) stimulate the housing market by getting entry level homes sold so current homeowners could “move-up” to more expensive properties. The result being that life would be breathed back into the overall housing market.

There were some hurdles to overcome to this seemingly perfect plan. First, with the economy limping along, home values had been driven down, resulting in a loss of homeowner equity. A home seller considering buying-up now had less cash in their current home to buy-up with. Second, almost overnight the home mortgage industry went from loaning money to anyone with a pulse to being over selective as to whom they would bless with their sacred funds. Finally, the uncertainty of the job market and the high unemployment rate has led to many potential move-up buyers deciding to rent rather than buy. This has resulted in the more expensive homes being forced under the boot of foreclosure or short sale, or they have become rental havens for those individuals choosing not to buy now or not having the ability to buy now.

Due to the government assistance program and reasonable mortgage interest rates being available, homes priced under \$400,000 in Boulder County have sold reasonably well this year.

Below is a brief overview of the absorption rates for *single family homes* for the area counties and local communities through September/2009. The *Absorption Rate* is the length of time it would take for the existing inventory to sell assuming two things happen: (1) the rate of sales activity remains the same, and (2) no new listings come into the marketplace during that period of time (this is not going to happen). (IRES MLS is the source of information.)

<u>Area</u>	<u>Active Listings</u>	<u>Solds Y.T.D.</u>	<u>Absorption Rate</u>
Boulder County	1957	1943	9.0 Months
Broomfield County	163	275	5.4 Months
Larimer County	2827	2943	8.6 Months
Weld County	1827	2441	6.7 Months
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Boulder	730	536	12.2 Months
Broomfield	172	286	5.4 Months
Lafayette	142	178	7.2 Months
Longmont	632	736	7.7 Months
Louisville	79	167	4.3 Months
Suburban Mountains	380	154	22.0 Months
Suburban Plains	425	282	13.5 Months
Superior	47	108	4.0 Months
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Community Totals ...	2756	2660	9.3 Months