



REAL ESTATE MARKET UPDATE

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In any type of real estate market, one thing holds true – **price overcomes all objections**. Price a property where it is perceived to be a great value in the marketplace and it will attract a buyer or buyers. It's the nature of the beast; we humans being the beast; that a deal is a deal is a deal; and a deal creates interest, motivation, and ultimately action.

An excellent example of this are properties in *foreclosure* i.e. they are already bank owned or on there way to being bank owned and *short sales* i.e. the bank has indicated they'll take less for the property than the current owner owes because they don't want to end-up owning the property. Both of these categories normally consist of properties priced well below what they originally sold for and what they would typically sell for in a balanced real estate market. Buyers of these types of homes usually fit into two categories: (1) Buyers looking for a good value in today's market for a home they can live in. (2) Buyers speculating on the future of the local real estate market i.e. looking for potential appreciation. These can be either homeowners or investors.

This "new" economic age we are currently experiencing will create dynamic change for the future in the behavioral patterns of how we make decisions. Whether it's in the purchase of a new car, a home, investing for retirement, etc. the "good old days" of unbridled economic growth and expanding net worth have been replaced by a more conservative approach to life. It will take us longer to make decisions and our decisions will be more economically based.

If this is true, what does the future of real estate hold for the **Boulder Valley**?

In a somewhat positive way, although it could be perceived by some as being negative, home values in the **Boulder Valley** did not appreciate at double digit rates from 2003 to 2007 like other areas of the country. Do I dare mention Florida, California, Nevada, and Arizona? The **Boulder Valley** had moderate appreciation in the 3% to 5% range each year. As such, when the sky fell across the country, the **Boulder Valley** skies turned slightly gray.

There is light at the end of the tunnel for our market area, but it will take time for that light to fully surface. We will need to weed our way through two things: (1) Reducing the number of foreclosure and short sale properties available. (2) Creating in the mind of the prospective buyer that real estate is a good long-term investment.

Below is a brief overview of average *single family* home values for the **Boulder Valley** area for the past couple of years. Information is from IRES, the Northern Colorado MLS.

<u>Area</u>	<u>2008 Average Sales Price</u>	<u>2009 (Thru August) Average Sales Price</u>	<u>% Change</u>
Boulder	\$656,026	\$641,368	-2.28%
Superior	\$437,818	\$405,894	-7.86%
Louisville	\$391,820	\$390,777	No Change
Lafayette	\$355,413	\$347,372	-2.31%
Longmont	\$251,742	\$240,781	-4.55%
Suburban Plains	\$527,179	\$535,589	+1.60%
Suburban Mountains	\$446,097	\$404,842	-10.19%
Broomfield	\$399,040	\$362,889	-9.96%
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Average ...	\$429,428	\$405,947	-5.53%