

End of Year 2016 Real Estate Market Report

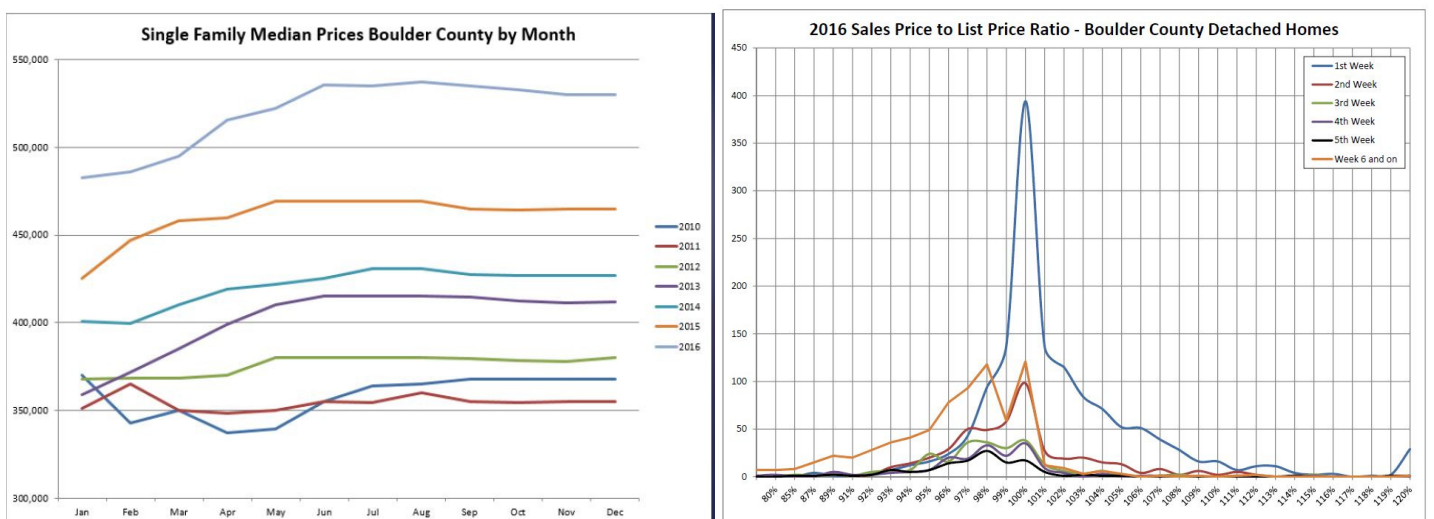
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Market Shows First Signs of Nearing the Peak

The Data Also Indicates However, Remaining Available Purchasing Power and In-Migration of Population to the Front Range

In this hot market the increase in the average sales price of a home in Boulder has exceeded that for the entire county by several percentage points. That trend was reversed in the latest data with the difference in the average sales price between 2015 and 2016 of +10.5% in the city and Boulder County at 13.3%. That switch is an indication that the prices in Boulder have buyers going to Louisville, Lafayette, the plains area and Longmont, if not further east to Erie. In numbers from the Federal Housing Finance Administration (FHFA) House Appreciation in Colorado has slipped a spot from 3rd to 4th and in House Price Indexes, out of 285 Metropolitan Statistical Areas (MSA) nationally, Boulder (encompassing the entire county) has fallen from #4 to #14.

On the other hand, data from the Federal Reserve Economic Data (FRED) indicates remaining purchasing power based on their Per Capita Personal Income chart for Boulder County. Purchasing power here accumulated between 2001 when the Tech Bubble burst and the real estate market here flattened through the recession until our market came back to life in 2012. Combined with a 100,000 annual increase in the population of Colorado, with the lion's share of those settling on the Front Range from Castle Rock to Ft. Collins, there is still room for this market to rise before purchasing power is diminished and the market cools. We'll continue to watch the data to see how the spring market progresses, if it follows the trend since 2012, and how the market behaves in the lull between about the end of June and the fall bounce in the last part of September.



Addressing the spring market and prices are the two graphs above. The data is from the IRES MLS. The graph showing **Single Family Median Prices Boulder County by Month** begins two years prior to the end of the Great Recession in 2010. Note the change in 2012. Prices initially were flat during the spring market but jumped in April and May. The years 2013 to the present clearly show the dramatic rise in prices from January through the end of May. Competition among buyers for the limited inventory of available homes during this time has been fierce. This is the best time for sellers to market their homes. The balance of the year shows prices flattening or even declining incrementally. This is the best time for buyers. There is less competition, and sellers who have misjudged their asking price and/or listed late may receive offers below their asking price.

The **2016 Sales Price to List Price Ratio** graph shows the difference in prices realized by week on the market. The 100% in the middle of the graph represents the listed price with vertical axis representing the number of sales. A contract received in the first week is very likely to be for the full asking price or greater. Look at the astonishing drop in weeks two and beyond.

This is the best graphic evidence I have seen that addresses the critical importance of pricing, no matter the time of the year. Speculating what the market might bear—what buyers might pay—clearly comes with risks. If too high, educated buyers with access to home prices on Zillow and their own experience seeing and bidding on other properties will “pass” on making an offer. If that opportunity is missed, the buyers that follow go through the house looking for the reason(s) why the property didn't attract an offer—not the frame of mind a seller would prefer. Buyers know the market and they know they are going to pay top dollar, however there is a limit which I call their “Buyer Equation:” The condition and location must be in line with the asking price in direct relation to what has recently sold. Buyers are most motivated when that equation is balanced—when the property is priced at the current market value. At that price buyers act right away with offers at least at the listed price. If the season is right and/or if there are a number of buyers looking in that price range or neighborhood, the table is set for multiple bids, taking the price above the listed price to a point that organically establishes a value the market will bear.

Some highlights, starting with a look at the big picture, from Federal Housing Finance Agency (www.FHFA.gov)

- Colorado is the #4 state in the nation in House Price Appreciation, **down from #3.**
- Of 285 Metropolitan Statistical Areas nationally, Boulder (encompassing the entire county) is ranked #14 in House Price Indexes, **slipping 10 spots from #4.** Denver is #15. The Boulder MSA remains #1 since 1991 at 296.37%.
- The Unemployment Rate in Boulder County is at 3.5%, with Colorado at 4.2% and the U.S. at 4.9%.

Vital Stats for Single-Family Homes (SFH) in Boulder County January through December:

***I now have the individual Vital Stats for each city in Boulder County, including the unincorporated Plains and Mountain Areas. Happy to email them to you!**

	Jan.-Dec.	2016	% Change	2015	Notes
Total Active Residential Listings		417	-7.9%	435	44% of this number are under contract.
Median Sales Price		\$529,000	13.8%	\$465,000	New record highs in all areas.
Average Sales Price		\$652,214	13.3%	\$575,753	New record highs in all areas.
Sales Price to List Price Ratio		99.3%	+0.1%	99.2%	Competing bids in many price ranges including <\$1M.
Average Market Time in Days		63	-1.6%	64	Includes days the property was under contract.
Number of Sales Year to Date		3163	-10.6%	3539	% Declining as inventory also continues to decline.

Vital Stats, cont	Jan.-Dec.	2016	% Change	2015	Notes
Number of Expired Listings	95		-22.1%	122	Most are relisted at a lower price and then sell.
Number of Months of Inventory	1.6		6.7%	1.5	6-7 months is normal in a balanced market.
Percentage Under Contract	44%		-6.4%	47%	% Declined along with inventory.
30 Fixed Rate Mortgage	4.2%		+6.1	3.96%	Interest rates on the rise.

Highlights of Single-Family Homes:

- The Number of Sold Houses is down -10.7% compared to the 2015 along with -7.9% fewer listings.
- Median and Average Sales Prices are at new record levels. Affordability is moving east to Erie and Weld County.
- The Percent Change in Avg. Sales Price, 1/1/16 to 12/31/16: Boulder +10.5%, Louisville +12.7%, Lafayette +12.9%, Longmont +13.4%, Superior +7.8%, Plains area +12.2%, **Mountains +23.2%**, Boulder County +13.3%, Broomfield +8.7%.
- **The Number of Months of Inventory is 5 WEEKS.** An astonishing number as a normal or balance market is 6 months.

Spotlight	Average Sales Price	Median Sales Price	Sales Price/List Price ratio	% of Market Under Contract
Boulder:	\$1,071,554	\$885,000	99.2%	53%
Louisville:	\$634,438	\$594,500	100.2%	45%
Lafayette:	\$552,981	\$483,500	100.1%	49%
Superior:	\$614,912	\$596,000	105.4%	45%
Longmont:	\$387,832	\$357,900	100.4%	52%
Plains Area:	\$731,698	\$615,000	98.1%	31%
Mountains:	\$691,252	\$525,000	96.1%	32%
Boulder County:	\$652,214	\$529,000	99.3%	44%

Vital Stats for Attached Dwellings (townhomes and condos) in Boulder County January through December:

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	Jan.-Dec.	2016	% Change	2015	Notes
Total Active Attached Listings		100	-77.9%	453	An astonishingly low number.
Median Sales Price		\$345,000	+59.7%	\$216,000	Record highs for all local areas.
Average Sales Price		\$397,488	+56.1%	\$254,579	Record highs for all areas.
Sales Price to List Price Ratio		101.1%	+4.8%	96.5%	Over-listed price sales. Competing offers.
Average Market Time in Days		62	+62.4%	165	Includes days the property was under contract.
Number of Sales Year to Date		1252	+32.5%	945	Declining trend reverses.
Number of Expired Listings		13	-90.5%	137	Most are relisted at a lower price and then sell.
Number of Months of Inventory		1	+82.8%	5.8	6-7 months is normal in a balanced market.
Percent Under Contract		57%	+200%	19%	This creates a very competitive market for condos.

Highlights of Attached Dwelling Housing:

- **The Number of Sold Condos rises 32.5%** breaking a cycle of declining inventory.
- The Sales Price/List Price Ratio is over 100% for every area. That suggests there are competing offers for every property or the seller has accepted a single offer that came in over the listed price.
- The Percent Change in Avg. Sales Price, 1/1/15 to 12/31/16: Boulder +31%, Louisville +8.2%, Lafayette +20.2%, Longmont +23.3%, Plains area +31.7%, Superior +28.1%, Boulder County +21.6%, Broomfield +8.8%.
- **The number of months of available inventory is just 30 DAYS,** an incredibly low figure. A balanced market is 6 months.

Spotlight	Average Sales Price	Median Sales Price	Sales Price/List Price ratio	% of Market Under Contract
Boulder:	\$493,158	\$425,000	100.7%	52%
Louisville:	\$373,105	\$331,000	101.5%	58%
Lafayette:	\$324,092	\$334,000	102.3%	59%
Superior:	\$375,433	\$343,500	100.3%	71%
Longmont:	\$301,321	\$286,567	101.3%	63%
Plains Area:	\$317,673	\$298,500	102.4%	42%
Boulder County:	\$397,488	\$345,000	101.3%	57%




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