

# Third Quarter 2017 Real Estate Market Report

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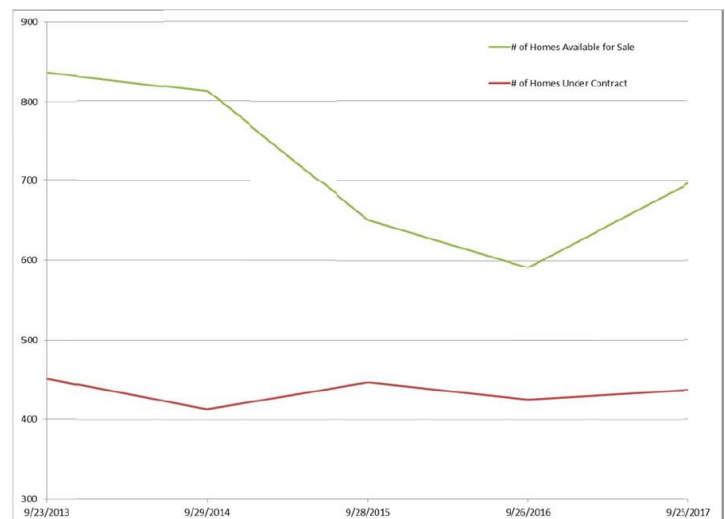
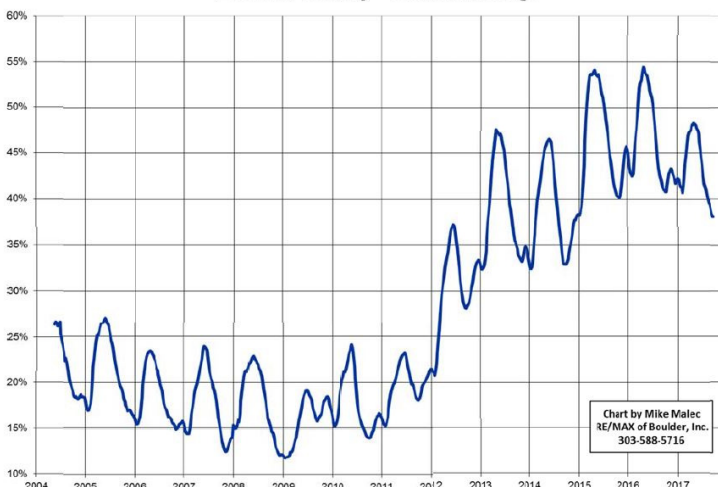
## Market Shift

**The Boulder area market remains robust as 3<sup>rd</sup> quarter data continues to point to a more balanced market**

The market of steep appreciation that took hold here in 2012 appears to be gently rolling over the top to a more balanced market between buyers and sellers. A robust area economy provides a solid foundation, buffering the softening trend.

- The numbers of active homes on the market in Boulder County has increased 11% over this time last year, 22% in Boulder, 10% in Louisville, 3% in Lafayette, 18% in Longmont, 12% in the Plains area, 22% in the Mountains.
- **Appreciation is slowing in all areas.** Year to date, the median sales price in Boulder County increased just 4.7% vs. 15% in 2016.
- The sales-price to list-price ratio, the %percent of the sales price to the listed price, is declining in these areas as well.
- The overall number of sales is increasing: 4% in Boulder County, 4% in Boulder, 33% in Louisville, 18% in Lafayette, .8% in Longmont, 2% in the plains area, 7% in the mountains.

Percent of Homes For Sale That are Under Contract in Boulder County - 6 Week Average



## The Trend

**It is very interesting to watch a trend shift.** We're in year 5 of a trend of steep appreciation in home prices that began in 2012. In the October 2011 newsletter I noted that for the first time since the tech bubble burst in 2001, the numbers of showings had risen above the falling curve of available homes to buy. It was the first indication this market was emerging from the Great Recession. The appreciation over that ensuing 5-year period has now reached 55%. But when you look closer, some areas and some price ranges appreciate at significantly different rates. Generally, the lower price ranges have a greater rate of appreciation while the rate at the top end is somewhat lower. Increase the magnification more and you'll see that some neighborhoods and some price ranges perform better than others. While it is apparent in the data stream that homes are taking longer to go under contract, and that inventory is growing at a faster rate than sales— even though the number of sales year-to-date has increased slightly— certain areas and price points remain strong. At this level of magnification, the market is a patchwork quilt. Two metrics I track closely are the percentage of homes under contract and the number of available homes for sale against the number under contract. Trend changes in these numbers are clear indications of a shifting market. The graph on the right, above, shows for the first time in 2 years that the percentage of homes under contract never rose above 50%. Currently that percentage is below the lowest point of either of the preceding years. Step over to the graph on the left and we can see that the inventory of available homes has sharply increased while the number of homes under contract has not. Available homes have increased nearly 18% while the number under contract grew just 3%. Taken together, it's clear the market here is shifting.

**Is the sky falling?** No. The Front Range economy is robust, boasting a diverse job base. Unemployment in Boulder County is an astonishingly low 2.1%, with Colorado at 2.4%. Functionally, this is full employment. Migration into Colorado continues at a rate of 100,000+ a year with a large majority of those settling on the Front Range. Data also shows that buyers still have significant purchasing power. Then there is the fact that there is no appreciable land left in Boulder County to build enough new homes to absorb the numbers of people who are coming to live here. Coupled with restrictive growth ordinances, the vast holdings of Boulder County Open Space, accumulated since the early 1960s, severely curtail any future expansion. The real estate market here now resembles markets like San Francisco. The signature of a market with a substantially fixed supply and high demand shows periods of volatile appreciation followed by periods when appreciation softens or plateaus. Only in extraordinary circumstances do they lose value, and not for extended periods.

**As the number of homes on the market here increases, buyers will have more to choose from, stabilizing prices.** With more competing properties, sellers will have to price sharply— and understand that it still may take several weeks to find a buyer. Remember that a balanced market between buyers and sellers is 6 to 8 months of inventory. Yes, it really did take that long to sell a property before this current cycle.

**There is nothing to fear from this shift in the market,** and much for buyers to celebrate.

**Some highlights, starting with a look at the big picture, from Federal Housing Finance Agency ([www.FHFA.gov](http://www.FHFA.gov))**

- Colorado has risen to the #2 state in the nation in House Price Appreciation, from #3 in the last period.
- In House Price Appreciation, of 285 Metropolitan Statistical Areas nationally, Boulder (encompassing the entire county) is ranked #19, down from #12. Denver is #17. Since 1991 the Boulder MSA remains #1 at 371.65%.
- Boulder is ranked #1 in Housing Markets for Growth and Stability by SmartAsset, with Fort Collins at #3 and, Denver #8.
- The Unemployment Rate in Boulder County is at 2.1%, with Colorado at 2.4% and the U.S. at 4.1%.

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

*\*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.-Sept. 2017	% Change	2016	Notes
Total Active Residential Listings	918	+11.3%	825	38% of this number are under contract.
Median Sales Price	\$566,000	+4.7%	\$535,000	New record highs in all areas.
Average Sales Price	\$685,890	+5.0%	\$653,242	New record highs in all areas.
Sales Price to List Price Ratio	98.8%	-0.8%	99.6%	#s of listings receiving competing bids declining.
Average Market Time in Days	58	-4.9	61	Includes days the property was under contract.
	Jan.-June 2017	% Change	2016	Notes
Number of Sales Year to Date	2550	+4.0%	2452	Increasing.
Number of Expired Listings	65	+44.4%	45	Most are relisted at a lower price and then sell.
Number of Months of Inventory	3.2	+6.7%	3.0	6-7 months is normal in a balanced market.
Percentage Under Contract	38%	-7.3%	41%	Decreasing as inventory is increasing.
30 Yr Fixed Rate Mortgage	3.81%	+9.20	3.46%	Interest rates on the rise.

### Highlights of Single-Family Homes:

- Rate of appreciation is off 5% from last year at this time, off 20% in the 2 years since 2015.
- Median and Average Sales Prices are at new record levels, but by much smaller margins.
- The Percent Change in Avg. Sales Price, 1/1/17 to 6/30/17: Boulder +4.6%, Louisville +4.9%, Lafayette +6.7%, Longmont +10.1%, Superior +4.4%, Plains area +7.9%, Mountains -3.3%, Boulder County +5.9%, Broomfield +10.1%.
- The number of available homes has increased 11.3% over last year in the same period.

Spotlight	Average Sales Price	Median Sales Price	Sales Price/List Price ratio	% of Market Under Contract
<b>Boulder:</b>	\$1,096,308	\$894,500	99.4%	38%
<b>Louisville:</b>	\$637,104	\$615,000	100.1%	46%
<b>Lafayette:</b>	\$558,250	\$503,2500	100.5%	42%
<b>Superior:</b>	\$616,275	\$599,900	106.2%	46%
<b>Longmont:</b>	\$387,642	\$359,000	100.4%	47%
<b>Plains Area:</b>	\$743,342	\$613,500	98.3%	33%
<b>Mountains:</b>	\$687,696	\$525,000	96.3%	21%
<b>Boulder County:</b>	\$653,242	\$535,500	99.5%	38%

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

*\*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.-Sept. 2017	% Change	2016	Notes
Total Active Attached Listings	257	+20.7%	213	48% of this number are under contract.
Median Sales Price	\$360,000	+2.9%	\$349,950	Record highs for all local areas.
Average Sales Price	\$401,673	+1.7%	\$395,078	Record highs for all areas.
Sales Price to List Price Ratio	100.2%	+1.5%	101.7%	#s of listings receiving competing bids declining.
Average Market Time in Days	52	+17.5%	63	Includes days the property was under contract.
Number of Sales Year to Date	982	+6.3%	924	Declining trend reverses.
Number of Expired Listings	10	--%	10	Most are relisted at a lower price and then sell.
Number of Months of Inventory	2.4	+14.3%	2.1	6-7 months is normal in a balanced market.
Percent Under Contract	48%	-18.6%	59%	Decreasing as inventory is increasing.

### Highlights of Attached Dwelling Housing:

- The Number of Sold Condos rises 6.3%, paralleling increasing inventory.
- The Sales Price/List Price Ratio is over 100% for every area except Boulder and Superior.
- The Percent Change in Avg. Sales Price, 1/1/17 to 6/30/17: Boulder +3.8%, Louisville +13.9%, Lafayette +10.7%, Longmont +6.4%, Plains area +13.2%, Superior +11.3%, Boulder County +5.1%, Broomfield +13.1%, Erie +19.2%.
- The number of months of available inventory is 9 weeks, rising from 8 weeks. A balanced market is 6-8 months.

Spotlight	Average Sales Price	Median Sales Price	Sales Price/List Price ratio	% of Market Under Contract
<b>Boulder:</b>	\$477,615	\$425,000	99.8%	36%
<b>Louisville:</b>	\$409,457	\$405,360	101.0%	29%
<b>Lafayette:</b>	\$348,960	\$365,000	101.2%	68%
<b>Superior:</b>	\$402,343	\$330,000	99.7%	43%
<b>Longmont:</b>	\$313,249	\$297,500	101.1%	47%
<b>Plains Area:</b>	\$362,058	\$336,550	100.5%	38%
<b>Boulder County:</b>	\$405,721	\$365,000	100.3%	57%




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