

2 Significant Reasons Why Inventory Is So Low

Inventory of available homes on the market is the lowest it's been in two decades, but the reasons may surprise you. Two of the likely culprits are baby boomers and homeowners who are simply satisfied with their home, according to Realtor.com's Housing Shortage Study.

Baby boomers are showing a desire to age in place in their current homes, and their refusal to sell is creating a clog in the market, according to the study. Eighty-five percent of baby boomers surveyed say they are not planning to sell their home in the next year. That means 33 million properties—many of which are urban condos or suburban single-family homes—will stay off the market. Many of those properties would be popular choices for millennials, a generation still largely waiting in the wings to break into homeownership.

"Boomers, indeed, hold the key to those homes the market desperately needs, both in the urban condo and the detached suburban home segment," says realtor.com® chief economist Danielle Hale. "But with a strong economy and rising home prices, there's really no reason for established homeowners to sell in the short term. Although downsizing might be on the minds of boomers, they face the same inventory shortages and price increases plaguing millennials."

Furthermore, 63 percent of respondents to the survey indicate that their current home meets the needs of their family. They cite low interest rates (16 percent), recently purchasing their home (15 percent), and needing to make home improvements and low property taxes (each at 13 percent) as reasons not to sell. "Life events drive real estate transactions," Hale says. "When the majority of homeowners feel their family's needs are being met by their current home, there is nothing compelling to them to put their home on the market."

There may be hope that more starter homes will hit the market soon. Possibly offsetting the low supply of starter homes, which is down 17 percent year over year, 60 percent of respondents to realtor.com's survey who did say they plan to sell in the next year are millennials who want to move to a larger home or one with nicer features.

"The housing shortage forced many first-time home buyers to consider smaller homes and condos as a way to literally get their foot in the door," says Hale. "Our survey data reveals that we may see more of these homes hitting the market in the next year, but whether these owners actually list will depend on whether they can find another home."

Source: realtor.com®

As always, I'm so very grateful for all the recommendations to your friends, family, and that person you bumped into at a party. 83% of my business came from you this year!



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**5395 Olde Stage Rd
Boulder - \$799,000**

A beautiful home on an extraordinary 8.8 acre lot with great views just 5 mins to Boulder. No expense spared-care. The lot extends from Olde Stage Rd to top of the ridge with a verdant draw rich with wildlife.



**6724 Olde Stage Rd
Boulder - \$548,775**

Located in a scenic valley close to Boulder just behind the first foothill, this 1 acre property offers a peaceful mountain lifestyle with natural gas & district water. Never remodeled but its care has been first class. New septic system!



**7534 Brockway Dr
Boulder—\$1,000,000**

One of a kind property offering unique qualities & quiet lifestyle on a carefully planned, densely wooded 1 acre lot modeled after a 1920s northern European estate. 4 bed, 4 bath, 4534 sqft ranch with 624 sqft studio, 300 sqft canning studio, subterranean storage, large garden, grapes, fruit trees & more.



**3993 Nelson Rd
Longmont - \$1,144,800**

Located on the rim of a remarkable wooded draw, this property offers qualities seldom found in this area. The Mediterranean inspired 3 bed, 4 bath, 4358 sqft home is perfectly sighted on a 4.3 acre lot within a 24 acre conservation easement backing to Open Space.

Trend Report

The real estate market has shifted into the post-frenzie season with a marked shift in buyer attitude and motivation. We've been in the super-heated spring seller's market and have softened into a more balanced market for most price ranges. This typically means no more selling on the first weekend unless the property is priced very well for its location and condition. The entry level price point in each area is still fairly active, but that excitement dissipates as you move up in price range. Many sellers and their agents are mistakenly thinking the rules of the frenzied season still apply and are asking premium prices for mediocre properties, then wondering why they aren't getting showings or offers. Buyers are starting to regain some negotiating power, and that should only increase as we move into the historically softer fall and winter selling seasons.

Let's look at some of the individual metrics. Showing traffic softened this summer, dropping below the levels of the last two years since the start of May. Over the last several years we've had a mid-summer slump in market activity but this year it feels like the slump started about 2 weeks early, as can be seen in the Showings chart top left below. Showing activity remains strongest in the entry level price points of the market and is most stagnant in the upper end.

Available Inventory remains historically low, although as the top right chart demonstrates below, we have definitively moved off the all time lows. The real question for inventory is if the red zone is the range of our new normal. With mortgage rates trending up, the lack of large developable blocks of land in Boulder County, and the Baby Boomer generation holding onto their homes longer, lower numbers of homes for sale may likely be the new normal.

Sales Volume has been climbing along with the number of home sales indicating a stable market. Our lower sales in previous years were likely constrained by lack of supply. As home prices have dramatically risen in our market, affordability will be a challenge to continued increases in sales volume.

Overall Supply for all price ranges in Boulder County remains firmly in the Seller's Market territory. While it subjectively feels as if the market is cooling, we aren't seeing any obvious trend changes in supply year-to-date. It will be worth revisiting this at year-end when it usually spikes. We'll see if that high point falls along an upward trend line.

The Percent of Homes Under Contract for the different areas of Boulder County continues to show dramatically different strengths. Note that most cities are below their Percent Under Contract when compared to the same period 12 months ago. Notice also how the City of Boulder has moved towards the bottom of this chart over time. It is the highest priced market, and I believe this speaks to affordability. The City of Longmont, our most affordable area, has moved towards the top.

