

Drop in Consumer Confidence & Concerns About Trade War Are Not Yet Reflected in Real Estate Statistics

Last Friday, CNN reported on a survey by the University of Michigan about consumer confidence, which showed a significant decline — 30% since December 2024.

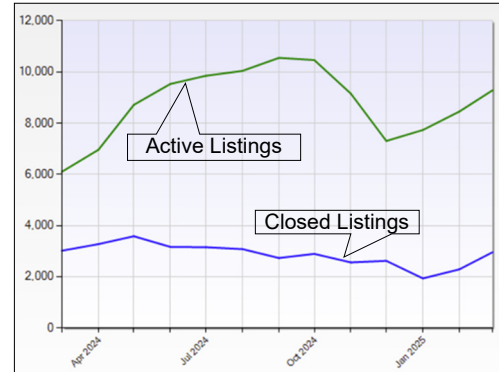
“This decline was, like the last month’s, pervasive and unanimous across age, income, education, geographic region and political affiliation,” Joanne Hsu, the survey’s director, said in a release.

According to CNN, “the Federal Reserve and Wall Street are watching closely how souring sentiment translates into consumer spending, which accounts for about 70% of the US economy, and whether Americans lose faith that inflation will return to normal in the coming years.”

That decline in consumer sentiment is not yet reflected in real estate statistics which I researched on REcolorado, Denver’s MLS. The charts shown in this report are for the 13 months from March 2024 through March 2025, so that you can see both year-over-year and month-over-month changes.

Homes are still being put on the MLS and are still selling. I limited my analysis to an 18-mile radius of downtown Denver, as shown in the map at right, not the “metro area” defined by county boundaries, as preferred by the Market Trends Committee of REcolorado.

First I looked at the count of active versus closed listing by month:



Sales are continuing to rise, and an increasing number of sellers are putting their homes on the MLS. Here are statistics for **the past 7 days** (as of Tuesday morning):

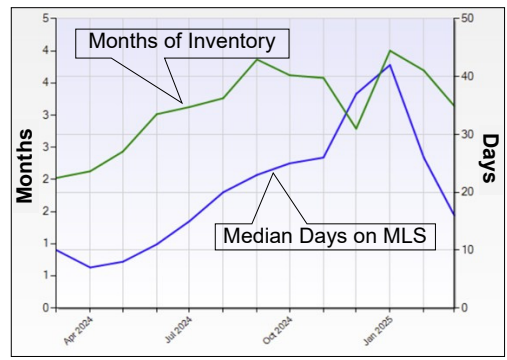


By JIM SMITH Realtor®

- ◆ New listings — 1,221
- ◆ Coming soon — 176
- ◆ Price reductions — 1,494
- ◆ Under contract — 956
- ◆ Withdrawn from MLS — 95
- ◆ Back on Market — 198
- ◆ Expired without selling — 186
- ◆ Closed — 684

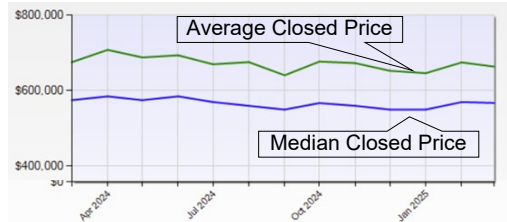
This is not an easy time to list and sell a home, and I would describe it as a “buyer’s market.” Even in a buyer’s market, however, keep in mind that a home which is priced correctly and has appealing qualities can sell quickly and even be in a bidding war.

How fast? Here’s the change in months of inventory and median days on the MLS:



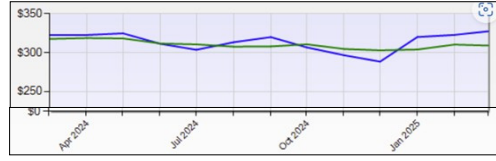
At the current rate of sales, it would take 3 months to sell the number of currently active listings, but the median days on market fell from over 40 in January to 17 in March.

Meanwhile, the average and median sold prices have remained steady. Average is always higher because of the number of million dollar homes sold.



I like to look at the change in **price per finished square foot**, since the size of homes

can vary significantly. Here’s that chart:



The blue line is the **asking** price per square foot, and the green line is the **sold** price per square foot. In December, that price was bid up, but since then it has fallen, which is a

measure of both seller hopes versus what the market will bear.

April statistics will be available in time for my column on May 8th. Since the greatest political and economic disruption is happening this month, it will be interesting to see how this month’s real estate activity is affected by current “externalities.” If you’re interested in my thoughts about those, you’ll want to check out my political blog, which is at <http://TalkingTurkey.substack.com>.

Redfin Report Highlights Increasing Cost of Buying vs. Renting

The financial gap between purchasing a home and renting a home or apartment has grown significantly, making the dream of homeownership more distant, according to a report released by Redfin last Thursday.

According to the report, the typical American now needs to earn over \$116,600 annually to afford a median-priced home in the U.S., compared to just \$64,160 needed to afford an average apartment. That’s an 81.1 percent income gap — the widest it has been in recent years.

Those are national statistics, however. Here in the Denver metro area, the differential is much higher — 131.7 percent — according to Redfin. It takes an income of \$155,717 to afford a median-priced home (\$580,719) and \$67,200 to afford a median-priced apartment (\$1,680 per month). That’s a year-over-year income increase of 4% for buying and a 1.1% **decrease** for renting. That reflects the national pattern of increased differential between the affordability of buying versus the affordability of renting.

The income needed to afford the typical home is calculated using the prevailing median home sale price and average mortgage-interest rate over rolling three-month periods, and assumes a 15% down payment. The typical housing payments noted in Redfin’s report include the mortgage principal, interest, property taxes, homeowners’ insurance and mortgage insurance.

The income needed to afford the typical apartment is calculated using the prevailing median asking rent over rolling three-month periods. Median asking rent figures cover newly listed units in apartment buildings with five or more units. Asking rents reflect the current costs of new leases during each time period. In other words, the amount shown as the median asking rent is not the median of what all renters are paying, but the median asking price of apartments that were available for new renters during the report period.

Redfin considers a home affordable if a buyer spends no more than 30% of their income on their housing payment. They use the same threshold for rental affordability.

The San Francisco Bay Area had the highest income differentials in the Redfin study. In San Jose, someone needs an annual income of \$408,557 to afford the typical home for sale. That’s 218% more than they need to afford the typical apartment for rent—the biggest premium among the metro areas which Redfin analyzed. Next came San Francisco (176%), Seattle (145%), Austin (143%) and Los Angeles (141%).

Cincinnati saw the biggest drop in the homebuying premium. There someone needs an annual income of \$80,752 to afford the typical home for sale. That’s 38.9% more than they need to afford the typical rental. A year ago they would have needed to earn 47.7% more to buy versus rent.

No Other Real Estate Brokerage Provides All These Seller Benefits:

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- Narrated Video Tours Produced for All Listings
(posted on YouTube and linked to MLS, Realtor.com, Redfin and Zillow)
- We Complete All Fields in the MLS, Not Just the Mandatory Ones
- Listing and Open Houses Promoted on Social Media
- Distinctive Web Addresses for Each Listing
- Free Staging Advice to Make Your Home Show Its Best
- Your Home Featured in Jim Smith’s Real Estate Column in *The Denver Post*, the *Denver Gazette* and in 24 Metro Area Weekly Newspapers
- Attractive Wooden Yard Signs with Solar-Powered Lighting
- Free Moving Boxes & Tape, Bubble Wrap and Packing Paper
- Multiple Open Houses, As Client Wishes
- Discount on Listing Commission When We “Double-End” the Sale and More if You Hire Us to Purchase Your Replacement Home

Charities Which Used Our Free Box Truck Miss It. Our GoFundMe Campaign Is Off to a Good Start.

Back in February, I announced that our truck needed a new engine and other repairs and that we decided to retire it instead. This was a big loss to such non-profits as Operation Feed the Troops, Family Promise, BGoldN, Christian Action Guild, Buffalo Bill Days, and the International Rescue Committee, among others, which used the truck more often than our clients!

The truck is off the road but still available to be repaired. So far, we’ve received about \$1,500 in donations. If you’d like to contribute, visit www.BringItBack.info. Thanks!

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