

Uninformed Buyers Make Faulty Assumptions About "Declining" Market

It happened twice this week — I received low-ball offers on listings which were priced correctly.

Sometimes this is simply a strategy to see how far a seller will come down — how desperate they are to sell. In that case, I usually end up selling the home close to full price. Other times, the buyer is only interested in "stealing" the home and goes away if he can't do so.

Low-ball offers are usually accompanied by a note from the agent justifying the offer because of the "declining" market. But is that true?

By now, buyers — and certainly their brokers — should realize that there is no single real estate market. All real estate is local. Denver is different from Las Vegas, but it is also different from Jefferson County. Indeed, the market can vary from one subdivision to another, due to distressed sales.

The MLS allows us to search back 36 months, so when an agent for one of this week's low-ball offers dismissed an older comp simply because it was older, I did a little research and was able to document that the average price per square foot in 2010 was no lower (and possibly higher) than in previous years. Then I checked zillow.com for my listing and saw that zillow was giving this home its highest valuation ever — almost exactly what it is listed for.

(Mind you, I don't consider zillow a good source of value, but, like all computer programs, it is at least consistent over time.) For this article, I made a limited study of homes over the past four years in four MLS areas — greater Golden (Zip Codes 80401 and 80403 except foothill areas), the

Jeffco foothills including Evergreen, Lakewood north of 6th Ave plus Wheat Ridge, and Lakewood south of 6th Avenue.

In each of those MLS areas, I found that the number of sales had declined by 10-30%, but homes are selling faster, and the price per square foot was, on average, unchanged, staying within a range of \$160 to \$175. Only 7% of the sales were foreclosures and only 4% were identified on the MLS as short sales.

Compare those statistics with Green Valley Ranch, a truly distressed area of newer homes off Tower Road. There are 144 homes for sale there, and I could only identify about 30 listings as not bank owned or short sales or otherwise distressed. Over 50% of sales in the past year were foreclosures or short sales, and the average price per square foot is \$82.

Note: Source for all statistical analysis is Metrolist.

REAL ESTATE TODAY



By **JIM SMITH**, Realtor®

This Week's Featured New Listing: Great Home with Indoor/Outdoor Pool

Set on a quiet cul-de-sac west of 20th & Simms, this home at 1965 Tabor Street has a big surprise in store for you. It's a U-shaped home with a 14'x34' swimming pool at its heart — half indoors and half outdoors, with a retractable glass door to keep the cold air out in the winter. The interior part of the pool is in a man-made lava cave with wood-burning fireplace, hot tub, sauna, shower and changing room. If swimming is your life, this is your home! Inside, all the dimensions are oversized. There's a large stone foyer with three fountains and a weeping stone wall. The great room measures 19' x 36'. A separate family room measures 22' x 31'. The master suite has a walk-in closet bigger than some bedrooms! Call me for a showing.



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Jim Smith
Broker/Owner
Golden Real Estate, Inc.
DIRECT: 303-525-1851
EMAIL: Jim@GoldenRealEstate.com
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