

Homeownership Surged During the Pandemic, According to a Realtor.com Report

On July 28th, Realtor.com published an article by Clare Trapasso with surprising statistics about a surge in homeownership during the 2nd quarter of this year.

According to her article, which was based on a U.S. Census Bureau report, the homeownership rate surged to 67.9%, the highest it has been since the Great Recession of 2008. (See chart at right.) That rate was 3.8 percentage points higher than the same quarter of 2019 and 2.6 percentage points over the first quarter of this year. Covid-19 arose during the last month of the first quarter, but it dominated the entire second quarter.

The homeownership rate in this century peaked at 69.2% during the second and fourth quarters of 2004.

As you'd expect, the homeownership rate varies among different age groups, currently 40.6% for adults under 35 and 80.4% of persons 65 and older. The rate has been rising in each age group. In 2015 (2nd quarter) it was 38.4% for the under-35 age group, and it was 78.5% for the 65-and-over group. The greatest increase was in the 35-44 age group, which increased from 58.0% to 64.3% during the same 5-year period.

Homeownership surged in every race and ethnic group in the second quarter from last year to this year. For Non-Hispanic Whites, the rate increased from 73.1% to 76.0%. For Blacks it surged from 40.6% to 47.0%, and for Hispanics of any race, it surged from 46.6% to 51.4%.

The Census report came with a

caveat that its data collection methodology was impacted by the Covid-19 pandemic, shifting from a mix of in-person and phone interviews to entirely phone interviews, which resulted in a reduced response rate, declining from 70% in April to only 65% in June, compared to an average response rate of 82.7% during the second quarter of 2019.

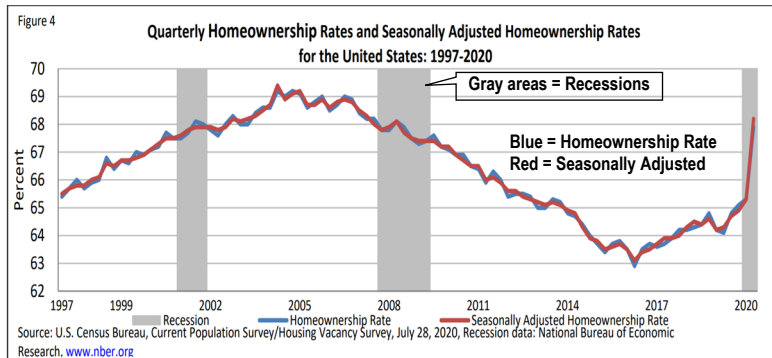
Realtor.com's chief economist, Danielle Hale, believes the increase in homeownership was distorted by the change in methodology. "It's likely the homeownership rate rose, but I don't think it's likely that it rose that much," she said.

According to the article on realtor.com, "After a pause during stay-at-home orders, the housing market has rebounded — and then some. The lack of homes on the market hasn't discouraged the hordes of buyers from descending en masse, seeking to escape small, city apartments and cramped starter homes while taking advantage of record-low mortgage interest rates. (Rates dipped just below 3% for the first time ever earlier this month.)"

As an example, Rita and I just locked in an interest rate of 2.5% for refinancing our home's mortgage with Jaxzann Riggs of The Mortgage Network.

"People still want to own homes, and with mortgage rates low, a lot of people are taking advantage of that even though there are lots of scary things going on in the economy," says realtor.com's Hale.

The article continues, "This has led median home prices to shoot up 9.1% year over year in the week



ending July 18. That's despite a recession and the most widespread unemployment since the Great Depression. Meanwhile, the number of homes for sale is down 33% com-

pared with the previous year, when the nation was already experiencing a housing shortage."

Multiple links related to this story are at www.GoldenREblog.com.

How Should a Listing Agent Manage a Bidding War?

In today's seller's market, it is common for a new listing to attract multiple offers. There are three ways for a listing agent to deal with competing offers. Above all, it is important that the method chosen is in the seller's interest, since that's the listing agent's legal obligation.

The first approach, of course, is to do nothing — not advise buyers that you have multiple offers and simply accept the best one. This approach, however, assures that the seller won't get the most money he or she could get for their home.

The more common approach is to inform buyer agents that there are multiple offers and instruct them to submit their "highest and best" offer by a particular deadline. Sometimes the listing agent will add that the seller "reserves the right to sell the home prior to that deadline."

When I'm functioning as the buyer's agent, I dislike that approach. Why? Because it could inspire my client, shooting in the dark, to offer more than he needs to in order to win the bidding war, but, worse, we could learn later that my buyer could have won the bidding war if he or she had only offered a little bit more.

The third approach is our approach at Golden Real Estate — to function like an auctioneer. If you've been to an auction, you know how it works. Everyone knows what the highest bid is and no one is blindsided. As I explain to buyers and agents, "The only way you will lose out is if you drop out." They universally appreciate it.

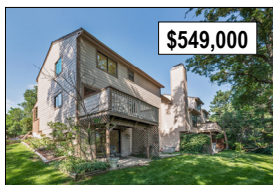
Using this approach, I got my 6th Avenue West listing featured in last week's column under contract for \$41,000 over the listing price. The winning bidder's agent had submitted a full-price offer initially, but, being updated on competing offers, she won the bidding war with her third contract. The other agents had the opportunity to win the bidding war, but they chose when to drop out. The result was that the winner was happy, the seller was very happy, and no one was angry or blindsided in the process.

In a bidding war on my other new listing, the price was bid up by about \$16,000. In that case, the seller chose not to take the highest bidder (but not by much) because that buyer was an investor, and she preferred an owner occupant.

The seller is always in charge.

Price Reduced on a Townhome Near Downtown Golden

This 3-BR, 3½-bath Kinney Run townhome at 906 Homestake Drive has been nicely updated. The occupants have moved out and it's now ready for in-person showings. The location is one of this home's best selling points, backing to a stream and being close to the Colorado School of Mines, Downtown Golden, and Fossil Trace Golf Course. To fully appreciate this townhome, watch the video walk-through at www.GoldenTownhome.com. Note: This home is at the rear of the subdivision, isolated from all traffic noises. It has a 1-car garage plus one reserved parking space in front of the porch. We'll hold this listing active at least through Sunday so everyone gets a chance to see it. Call me at 303-525-1851 before submitting, and we'll tell you what we have so far.



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