

Happy New Year! What Will the Real Estate Market Be Like in 2017?

2016 was quite a year for real estate, with prices across the metro area rising above what they were before the 2008 recession began. The surge in prices was driven by classic supply and demand market forces. Quite simply, there are dramatically fewer homes on the market and dramatically more home buyers competing for them. This situation began at least two years ago, and it is still the dominant characteristic of Denver's real estate market today.

Looking forward to 2017, it's pretty clear that this market dynamic will last well into and possibly through the coming year. Last week I described how one of our newest listings, priced at \$350,000, drew 50 showings and six competing offers within three days of going active on the MLS. Forty-nine of those buyers are still looking, waiting for the right opportunity to come along and hoping that they win the next bidding war.

As I write this column (on Tuesday), there are 5,871 active listings on REcolorado.com (Denver's MLS), and there are 6,246 listings under contract. About 4,600 listings closed in the last 31 days. Those numbers tell me that it will take a long time for supply and demand to come into balance.

In the City & County of Denver, there are, as I write, only 1,141 active listings and 1,308 listings under contract. In December 2010, there were over 8,600 active listings in Denver, but it has been 38 months — either winter or summer — since the number of active Denver listings has exceeded 2,300. That's what I call a seller's market!

Given this data — especially how many buyers are still looking to purchase a home — you can understand my prediction that the seller's market will continue into and through the New Year.

Mortgage interest rates are creeping up, but my prediction is that they will remain under 5% throughout 2017. As always happens, rising rates are causing fence-sitting buyers to jump off the fence and actively seek to buy a home before rates go even higher. **That makes right now a more attractive time than ever for any would-be seller to put his or her home on the market.**

As strong as this seller's market is, there are many would-be sellers who want to sell their home but who

are afraid to put their home on the market because they worry that they won't be able to buy a home. They don't want to end up without a place to live!

This is an understandable fear, but I can assure you that it is unfounded — if you have a smart Realtor like one of us at Golden Real Estate.

How do we help you avoid the nightmare of having to move and not having a home to move in to? **This is where you can make the seller's market work in your favor.** Here's how we've made it work for one buyer after another throughout this market.

The key is to price your home right — low enough that you receive multiple offers. Too many sellers look at what a neighbor's house sold for and compel their agent to list their home for too high a price. But doing so reduces your chance of getting multiple offers, resulting in loss of bargaining power.

Pricing your house "at the market" instead of above it, you will get multiple offers and have tons of bargaining power. That power can be used to get exactly the terms that suit your needs. Some agents will put in their broker remarks that any contract must be contingent on the seller finding and purchasing a replacement home. I don't recommend that strategy, because it can dramatically reduce the number of possible bidders.

Rather, you price the home right, get those multiple offers and then your agent starts talking to the various agents who have submitted offers, not just to bid up the offers by disclosing the current highest price, but also to get terms such as a flexible closing

date. Your highest bidder might be someone who can't be flexible enough, but the existence of unworkable offers nevertheless can help you get a higher price from buyers who **can** provide that flexibility.

We have used this process with consistent success to negotiate post-closing occupancy agreements, rent-backs, sale of furniture to the buyer outside of closing, and so much more. I can cite a half dozen transactions in 2016 where we got a seller's home under contract and, despite the seller's market, got the seller under contract for their replacement home with a simultaneous closing on both properties. Trust me, it can be done!

An alternative strategy is just as effective **if** the seller can get approved for purchasing without a contingency on the sale of their current property. In those cases, we get under contract for the replacement home first — typically with a 45- to 60-day closing — and then immediately put the client's home on the market. By pricing that home correctly, we get it under contract right away with multiple offers and negotiate the closing date to match the closing date on the replacement home. Then, our buyer is able to use the proceeds from their current home in purchasing the replacement home, canceling any bridge loan or mortgage that may have been used to get the replacement home under contract.

So, if a fear of homelessness is preventing you from taking advantage of the current seller's market, call Golden Real Estate, where all of us have been schooled in making the process work for our clients. It **is** possible to get top dollar for your current home and buy that new one too!

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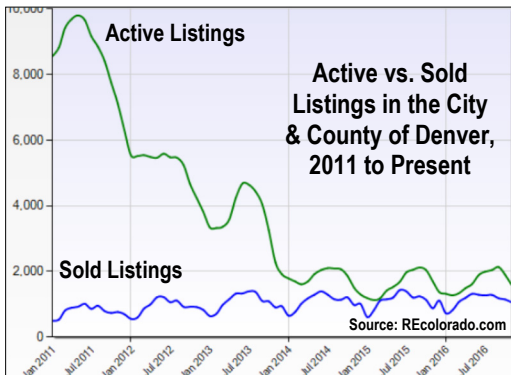


By JIM SMITH, Realtor®

Coming: South Golden Ranch With Walk-Out Basement



This home at 17205 Rimrock Drive has several things going for it. First, it's in the City of Golden, one of the most sought after locations for home buyers. Second, it's a spacious 4-bedroom ranch home with walk-out basement, which Baby Boomers in particular seek. Third, it's across from open space, with a trail-head a short walk away. Fourth, it's within walking or biking distance of downtown Golden and the Colorado School of Mines. Fifth, it has a legal Accessory Dwelling Unit (ADU) in the walk-out basement, currently drawing \$1,900 in monthly income to help cover the mortgage obligation, if you don't want to use the space yourself. Sixth, within four blocks are multiple restaurants, King Soopers, a bank, Walgreen's, multiple auto service and parts stores, gas stations and more along South Golden Road. This home goes on the MLS on Jan. 4th. Meanwhile, visit www.SouthGoldenHome.com for a video tour of this special home, including drone footage.



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