

The Year in Review: 2021 Saw Unprecedented Real Estate Changes

I don't think anyone in real estate foresaw the amazing year which is now coming to an end, any more than they fore-saw the pandemic's arrival in March 2020 and its effect on that year's real estate market.

Even though the pandemic spanned both years, the two years display notably different patterns when it comes to home sales.

At right are four charts derived from REcolorado statistics, the first three of which span the time from Jan 1, 2020 through Dec. 27, 2021, when I researched this article. Final figures for December 2021 are not yet in but shouldn't greatly affect that month's stats. Because REcolorado is a statewide MLS, I limited the analysis to listings within 20 miles of downtown Denver, which includes the metro area except for the city of Boulder.

The most spectacular effect of the pandemic is shown in the top left chart, as homes started going under contract in a week or less (median), down from 26 median days in MLS in January 2020. Despite that, you can see that the active inventory of listings shot up from about 5,000 before the pandemic to a high of nearly 8,000 in May 2020. Inventory only started dropping at the end of that first summer, but it's apparent that the decline in active listings was not for lack of new listings but rather

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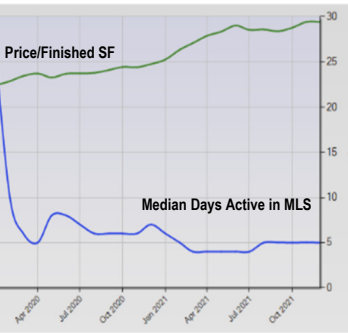
By JIM SMITH, Realtor®

because listings which came on the MLS went under contract within a week, causing the number of unsold listings to decrease.

The third chart has what looks to be an uninteresting top line, but that's only because of the compressed scale. It actually reveals a dramatic change which only occurred in the second year of the pandemic. The ratio of closed price to listing price was only 99.3% in January 2020, but it rose to 100% in February and stayed there through January 2021. It surged to almost 105% in June 2021 and was still at 100.6% in November.

What has happened in the luxury market is even more pronounced. The fourth chart, going back six years, shows how the number of closings over \$1 million has surged from well below 100 to a high of 547 in June 2021, with the two pandemic years showing the most outstanding growth. On the same chart you can see that the change in price per finished square foot was up and down showing a gradual increase month-to-month from 2016 to 2019, but then took on a sharper and steadier increase during the pandemic.

There does seem to be a cause-and-effect relationship between the pandemic and the real estate market. In the beginning, we could



conclude that the lockdown was causing people to seek bigger homes to accommodate working from home (and schooling at home). Also, it seems that some couples broke up under the strain of being together 24/7, further increasing the demand side of the real estate market.

Although government is reluctant to reimpose a lockdown for pretty obvious reasons, the pandemic is still a factor and can be expected to drive further real estate activity for months to come, even as interest rates rise gradually.

(Actually, rising interest rates can stimulate buying activity, because buyers see rates rising and want to buy before rates rise further.)



Meet Our Newest Broker Associate

Anapaula Schock first came to our attention through her renovation firm, Carlani, which several of our broker associates and I have utilized. I hired her company, for example, to repaint our former office on South Golden Road and to do some demolition in our new storefront location.

All that time, I knew that she was herself an experienced bilingual Realtor with 12 years' experience. I was pleased that after she got to know Golden Real Estate and our values, she asked if she could join our team. Passionate about helping clients to meet their real estate goals, she particularly resonates with our commitment to "hometown service delivered with integrity." She looks forward in particular to bringing those values to Spanish-speaking buyers and sellers. Call her at 303-917-1749 or email her at ap@livincolorado.com.



Search MLS Listings Through Our Front Window

The left half of our 18-foot-wide storefront at 1214 Washington Avenue is shown here, now that the WindoVision system has been installed. The next time you're in downtown Golden, feel free to play with it.

The unused door has a touch-screen monitor in it which can be operated through the glass. It allows you to look at specific listings displayed on flyers in the large window by entering a 3-digit code for each, or search the MLS directly, such as by entering a price. Try it 24/7!



See All Our Listings, Active & Under Contract, at www.GREListings.com

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