

Flood of Foreclosures Is Depressing Home Prices, But Causing Rents to Rise

You might think at first that if home prices are dropping, then rents would follow, but the opposite is happening, and if you stop to think about it, the process is quite logical.

Rents have never been strictly about the return on investment for the landlord. Instead, rents are all about supply and demand. And the fact is that as more and more homes are foreclosed and becoming vacant, those families that lost their homes end up competing for a tighter and tighter supply of rental homes.

As the rental inventory has been depleted, it only makes sense that landlords would raise their rents, and that is exactly what is happen-

ing. Yes, the foreclosed homes will eventually be purchased and contribute to the rental inventory directly or indirectly (such as being purchased by current renters), but the majority of those bank owned properties are vacant in the meantime — and that “meantime” can drag on for months.

As I have written before, over 90% of the foreclosures are in the under-\$200,000 price range, and in addition to the foreclosed properties being good buys, their sales are depressing the prices of the non-foreclosed properties with which they compete. The result is unpleasant for sellers, but good news for buyers,

including current renters.

This means that we’re seeing more and more first-time homebuyers looking for professional advice and assistance.

To provide that advice and assistance — free and without obligation of any kind — I am hosting a **First-Time Homebuyer Seminar** in my Golden office next Monday, **Jan. 14**, from **5 to 7 p.m.**

Shelley Ervin of Clarion Mortgage will discuss how to prepare yourself to purchase your first home. Many things have changed in the mortgage industry in the last six months as a result of the sub-prime meltdown, and Shelley can explain the new guidelines and can coach new buyers on preparing their credit and asset profile in order to get the best mortgage.

Laura Linz of New England Financial will also be there to discuss the big picture of managing your finances and creating wealth and security for the long term.

Call or email to reserve a seat.

Rare High-End Rental in Golden

Mountain Ridge Home Available for 1-Year Lease

The Village at Mountain Ridge is a primarily owner-occupied subdivision built in the late 1990’s. This home at 321 Washington Street is in the geographic heart of this 296-home neighborhood with foothills views from all windows and from the spacious wood deck. There are 5 bedrooms (2 of them in the recently finished basement) and 4 baths, and it shows beautifully. The family is moving out of state for one year and they love this house so much they’d rather rent it than sell, so that they can return to it next year. Although a broker co-op is being offered, showings are only through Jim Smith, so call or email him (below) to arrange a showing. This home will have a web page at our website (www.GoldenRealEstate.com) with video and virtual tour shortly.



Keep Informed of Local Real Estate Activity: Don’t settle for MLS-generated email alerts about new listings. Jim Smith sends emails reviewing (in his own words) new listings, plus separate emails reporting and analyzing closed transactions. To be added to this free email service, write Jim@GoldenRealEstate.com.

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By JIM SMITH, Realtor®

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