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Analysis Reveals a Different Market Dynamic in Each Real Estate Price Range

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It has been obvious to all of us for quite a while now that lower priced homes are selling much faster than higher-priced homes, so I figured it was high time to do some statistical analysis. Here is what I discovered.

The figures in the box below reflect the first six months of 2009 for all of Jefferson County, including the foothills. The source is Metrolist, and is for single family homes only — not condos or town homes. The trend is highly consistent across all price ranges. The higher the listing price, the longer the supply of homes (also known as the absorption rate), the longer the days on market (DOM) for those that do sell, and the lower the ratio of homes under contract to active listings.

The latter statistic can be considered a leading indicator, because it suggests in every price range a trend toward reduction in supply over the coming months.

For example, looking at homes priced under $200,000, there is a 2- to 3-month supply of homes based on the number of homes that sold in the last six months. However, since there are as many homes under contract as there are listed in this price range, and since most of those contracts will close in the next 30 days, it appears that the active listings might constitute less than a 2 months' supply.

Similarly, looking at the highest price range, if 3 percent of the listings are under contract each month, then it will take far less than 195 months to clear that size inventory.

So things are looking up, despite some pretty dismal statistics.

This kind of analysis can be done with much more precision to determine your own home's likelihood of selling quickly. For example, I would limit the analysis to homes of your style (e.g., 2-story or ranch), of the same age range, and in the same city or area, thereby producing much more useful information about the market for your specific home.

Price Range	Actives	Solds	Supply	DOM	U/C	Ratio U/C
< $100,000	19	52	2.2 mos.	81	21	111%
$100-199,999	314	677	2.8 mos.	86	287	91%
$200-299,999	721	852	5.1 mos.	100	360	50%
$300-399,999	516	318	9.7 mos.	106	131	25%
$400-499,999	352	155	13.6 mos.	140	75	21%
$500-599,999	265	55	28.9 mos.	166	30	11%
$600-699,999	176	32	33.0 mos.	173	24	14%
$700-799,999	99	11	54.0 mos.	209	10	10%
$800-899,999	81	12	40.5 mos.	219	7	9%
$900,000 up	325	10	195 mos.	382	10	3%

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