

Buyers and Sellers Are Confused by Today's Chaotic Real Estate Market

Frankly, we real estate agents are confused, too! Homes that would have attracted bidding wars a few months ago are sitting on the market — attracting few showings and no offers.

But it's really a tale of two real estate markets, because there are "special" homes which still attract bidding wars. It's the "ordinary" homes which are not getting any love — attract homes, mostly.

The trigger for this change, as we all assumed, was the abrupt increase in mortgage interest rates which occurred around April 1st, combined, no doubt, with a sinking stock market. There are investors who have already sold those stocks and are cash rich, but

REAL ESTATE TODAY



By JIM SMITH, Realtor®

there are also investors who prefer to hold their depreciated portfolio and wait for the stock market to recover.

Buyers who can pay cash are unaffected by the rise in interest rates and continue to bid against fellow cash buyers for the "special" homes, especially million-dollar homes. They no doubt appreciate the reduced competition for those homes with the reduction in the number of buyers who depend on mortgage financing.

According to data obtained from REcolorado, the Denver MLS, there has been a negligible increase in the percentage of cash versus non-cash closings, but the rise in interest rates will likely be a factor ongoingly.

The one statistically significant change I spotted was an 80% increase in closings for homes over \$1 million in the 2nd Quarter compared to the 1st Quarter of 2022. This compares to less than a 50% increase in the sales of homes priced between \$500,000 and \$800,000. I would normally expect the sales of those lower-priced homes to increase during the "selling season" at least as much as the homes over \$1 million.

The chart above right shows a sharp drop in total MLS sales this June versus the June of 2021, but there's a longer trend at work than I didn't suspect before creating this chart using REcolorado data. Notice

Month	2019	2020	2021	2022
Jan	3,844	5,684	5,717	5,346
Feb	4,482	6,430	6,668	5,902
Mar	5,814	8,067	8,927	7,856
Apr	6,559	6,553	9,284	8,537
May	7,761	6,041	9,499	9,406
Jun	7,426	10,496	11,012	9,025

that 2021 was the peak year and that 2022 showed a month-to-month decline in year-over-year sales for the first six months of the year. The drop in total sales only became significant in June, probably reflecting that change in the mortgage market.

You can also see that 2020 — the year in which Covid-19 appeared — was showing significant growth until the lockdowns occurred in March, resulting in a dramatic drop in total MLS sales, but only for the two months I highlighted in yellow. Then we saw a huge upswing in June, probably due to pent-up de-

mand from April and May.

The question on everyone's mind is where do we go from here?

My crystal ball is foggy right now, but I think mortgage rates have risen as much as they're going to this year, and may even moderate in coming months, during which time buyers will come to accept rates in the 5% range as historically "okay," which they are. We were spoiled by the 3% rates that we enjoyed in 2021, but the memory of those rates is fading. Unless the economy enters a recession, I feel that buyers will return to the market and we'll see another surge from those buyers who have stayed on the sidelines these past couple months. Then homes like the three below, which would have sold in less than a week a few months ago, will start moving again.

New Law Prohibits HOAs From Foreclosing Over Unpaid Fees

You may recall that Green Valley Ranch's master homeowners association filed over 50 foreclosure actions against homeowners who were delinquent in the payment of dues or even fines for failure to stow trash containers, and the like.

Well, the General Assembly responded and passed HB22-1137 (signed by Gov. Polis) prohibiting the use of foreclosure actions to enforce unpaid fees. Now an HOA can only use Small Claims Court to collect delinquent fees.

Indoor Air Quality Is a Subject of Growing Concern

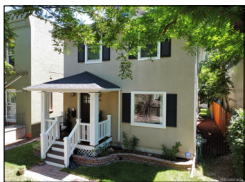
As America moves away from the use of natural gas and propane for home heating and cooking, the danger of carbon monoxide will disappear, but there are many other pollutants that are getting homeowners' and builders' attention.

It's rare that a home buyer doesn't order a radon measurement and demand that the level of radon gas be reduced through mitigation to below the EPA action level.

Also of concern are "volatile organic compounds," which come from carpeting, particle board and

other construction materials and furnishings.

Exhausting these gases and bringing fresh air into a home is just as important as filtering the air that is in your home. A new appliance that you'll hear more and more about and begin seeing alongside furnaces and water heaters in your utility room is the Energy Recovery Ventilator (ERV) or the Conditioning Energy Recovery Ventilator (CERV), which monitors air quality and responds accordingly. Google it to learn more about it.



This amazing Denver Square at 1250 Downing Street will "knock your socks off." It was built in 2006, giving a 21st Century feel to the architecture which dominated its Capitol Hill neighborhood in the early 20th Century. Listing agent **Chuck Brown** takes you on a narrated video tour of it online at www.DenverSquare.online. Then call your agent or Chuck at 303-885-7855 to request an in-person showing. You'll love it!

You'll Love This Wheat Ridge Ranch on a Bluff

This unique home at 6965 W. 48th Ave. is tucked away in a secluded setting on a bluff overlooking the Clear Creek greenbelt. Pride of ownership is immediately evident. The circular driveway welcomes you to the south-facing entry with its large sunroom. You'll like the arched ceilings, arched doorways, stucco walls, and hardwood flooring typical of a 1946 Spanish-style home. The living room has a wood-burning fireplace and features a huge picture window with views to the north. Downstairs is a family room with another wood-burning fireplace, large bedroom with full bath, office area, storage room and laundry room. Outside enjoy a private backyard great for entertaining. See over 30 photos at www.WheatRidgeHome.info.



Price Reduced on Brick Ranch in Scenic Heights

This home at 8785 W. 67th Place is located on a corner lot in quiet Scenic Heights, west of Carr Street and south of 72nd Avenue, close to the Arvada Center for the Arts. Also nearby are the Indian Tree Golf Course and Majestic View Park, as well as Old Towne Arvada with its light rail station. The seller is only the 2nd owner of this 1961 brick ranch, having lived here since 1987. It has a 4th bedroom and bath in the fully finished basement. There are hardwood floors on the main level, although there is carpet over the hardwood in two of the bedrooms. The landscaped yard with large shade trees, peach tree, blueberry bushes and roses is served by an irrigation system installed in 2019. The furnace and water heater were installed in 2017, and central air conditioning in 2020. The interior was painted in 2017, and the exterior was painted in 2020. Take a narrated video tour at www.ArvidaHome.info, then call Jim Smith for an in-person showing.



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