

Realtor.com Weighs in on the Real Estate Market's Surprising Rebound

The fact that we're still in a seller's market puzzles many real estate professionals, but there are reasonable explanations, which Realtor.com did a good job of describing in a July 13th article by Clare Trapasso. You can find a link to her full article at www.GoldenREblog.com.

The headwinds in this market are strong and numerous. We have a lingering and maybe worsening pandemic, staggering unemployment numbers, and a contentious presidential campaign, made even more contentious because of our national reckoning about systemic racism. How does one account for such a strong real estate market, and when will that market soften?

First let's look at our local numbers. In my July 9th column, I showed statistically how the market had surged in June. As I write this on Monday evening, there are 4,903 **active** listings within 20 miles of the State Capitol, but there are 7,720 listings **under contract**, 3,905 of which (or 50.6%) went under contract in 7 days or less. A total of 5,219 listings **closed** in the last 30 days, 2,679 of which (or 51.3%) went under contract in 7 days or less and 1,895 of which (or 36.3%) sold for above full price, likely with competing offers.

So, yes, we are still in a seller's market — but how can that be, given all that's going on?

To quote the realtor.com article, "The housing market is back — and then some."

Nationally, according to realtor.com, median home prices rose 6.2% year-over-year for the week ending June 27th. According to REcolorado, the median sold price for listings within 20 miles of the State Capitol that same week was \$440,000, with 49.9% of them selling in 7 days or less, compared to \$418,000 for the same 7-day period a year ago, when 44.5% sold in 7 days or less. That's a 5% increase in median price year-over-year.

To quote the realtor.com article, "Homes are selling faster than they did in 2019, when no one

had heard of Covid-19. And bidding wars are back as first-time and trade-up buyers who have lost out on other homes slug it out."

The contrast between this market and the market during the "Great Recession" of 2008 couldn't be sharper. Back then, there was a glut of housing and few buyers. Today, the situation is reversed, with fewer listings and a glut of buyers. Because the 2008 crisis was caused by the subprime mortgage scandal, the glut of housing was made worse by a flood of foreclosures.

Quoting further from the realtor.com article, "To be sure, there are plenty of danger signs ahead in this economy, including continuing historic levels of unemployment and rising coronavirus infection rates in many parts of the country. But, for now, real estate is bouncing back much quicker than other bellwether industries. The reason: After months on hold, Americans are beginning to feel more confident about the idea of buying or selling a home."

The article quoted a Fannie Mae survey of 1,000 participants, showing that 61% said it was a good time to buy and 41% said it was a good time to sell. And that survey was taken **before** mortgage rates dropped to under 3%, which happened just last week. As a result, we can expect the real estate market to be even more supercharged in the coming weeks. Already, mortgage applications for home purchases had risen 33.2% year over year in the week ending July 3rd, according to the Mortgage Bankers Association.

Lower interest rates mean lower mortgage payments by hundreds of dollars, which instantly increases the affordability of homes, and buyers understandably believe they are smart to buy now before the rates rise again, as they surely will.

The low interest rates also make the decision to buy more compelling for renters burdened by the still high cost of renting in the Denver market. This is particularly compelling for white-collar workers who were not furloughed or laid off during the pandemic and may have money in the bank for a down payment.

Another factor which I mentioned in my earlier column is the number of workers who started telecommuting because of the pandemic and whose employers said they could keep telecommuting even after it's safe to return to the office. These people are in a buying mood as they look to move further from the congestion of downtown apartments or condos where going outside involves a greater risk of Covid-19 infection. They also saved a lot of money (as Rita and I did) by eating more home cooked meals because restaurants were closed. And Netflix costs a lot less than going out to the movies or the theatre, to say nothing about the savings on popcorn made at home or purchased at the supermarket!

Yet another factor is the increase in divorces and separations resulting from forced home confinement. I was amused to note the increase in TV commercials by divorce attorneys during April and May.

REAL ESTATE TODAY



By JIM SMITH, Realtor®

Electric & Plug-In Vehicle Guide

Many readers look to me, as an early adopter, for information and advice about EVs, so I've put a handy guide to them at www.jimsmithcolumns.com/EV-Guide.pdf.

Patio Home in a Friendly 55+ Lakewood Community

If you are 55 or older, this home at **2677 S. Johnson Circle** in the Village at McCoy Jensen is meant for you. The subdivision's 41 patio homes form a close-knit community built around a single circular street with a wide common area and gazebo in the middle. Come in the morning and meet many of the neighbors taking their morning walk around the circle. Afternoon get togethers are also common! Each homeowner gets a hand-out with everyone's name and the phone numbers of those willing to share it! This home is perfectly located at the far right corner of the subdivision with an expansive back yard (maintained by the HOA, of course). It has three bedrooms and three full or 3/4 bathrooms and 2,195 finished square feet of living space, plus 678 unfinished square feet in the basement. To fully appreciate this great home, watch the **7½-minute narrated video tour** at www.LakewoodPatioHome.info, then call your agent or **Jim Smith** at **303-525-1851** to arrange a private showing.



Just Listed: Ranch Home on 42 Acres North of Denver

This beautiful custom ranch-style home at **25999 E. 152nd Ave.** in Brighton was built in 2015. It has fabulous mountain views and sits on a **42-acre lot** that is fenced & cross fenced. It features 4 bedrooms, 3½ baths, 4,744 total square feet, a 3-car oversized attached garage, a **pull-through 40' x 64' detached barn** with RV hookups and loft, a Baltic stone water feature, open floor plan, hardwood floors, granite and marble countertops, all stainless steel appliances, a finished garden-level basement with rec room, wet bar, and pool table (included). There is a tiny home used as a gardener's shed, natural gas, private well and septic. It is zoned agricultural and there is **no HOA**. There's a security system, gated driveway, and professional landscaping and lighting. There are simply too many features to list, so please call listing agent **Carrie Lovinger** at **303-907-1278** for a private showing. More pictures and a narrated video tour can be found at www.BrightonRanchHome.info. Showings begin on Friday, July 24th.



Get This Column in Your Inbox Every Thursday. Send Your Request to Jim@GoldenRealEstate.com

Jim Smith

Broker/Owner, 303-525-1851
Jim@GoldenRealEstate.com

Broker Associates:

- JIM SWANSON — 303-929-2727
- CARRIE LOVINGIER — 303-907-1278
- CHUCK BROWN — 303-885-7855
- DAVID DLUGASCH — 303-908-4835
- CAROL MILAN — 720-982-4941

