

How Much Has the Metro Real Estate Market Slowed? Here Are Some Stats.

We all recognize that the Denver metro real estate market has slowed, but by how much? I did some statistical analysis this past Sunday, and here is what I found.

Among the 4,061 active listings in the 5-county metro area (Denver, Jeffco, Adams, Arapahoe and Douglas), the median days on market is much higher than it has been — 16 days. That means that more than half the active listings have been on the market over two weeks. Earlier this year, the median DOM was under 10 days. The median price of the active listings is \$650,000.

1,130 of those listings were entered on REcolorado in the past 7 days. Notably, 818 of those listings (more than 20%) had price reductions in the last week, and during that same period 167 listings were either withdrawn from the MLS or expired without selling. That alone is a sign of a slowing market.

As of Sunday evening, there were just a few more listings under contract than active — 4,159. The median days on the MLS for them was only six. Only 22.6% of the pending listings took more than 16 days to go under contract, which, as stated above, is the median days on market of the current active listings. About 11% of the pending listings had been active over a month. Just 1.4% of them were active over three months.

3,370 listings in the 5-county metro area closed between June 1st and 26th, not counting the ones that were sold without ever being active

on the MLS. Their median length of time on the MLS before going under contract was just 4 days and the media ratio of closed price to listing price was 101.9%, substantially down from the peak of 105.9% in April and 104.3% last June.

The median closed price was \$600,000, down from a high of \$615,000 in April but up 11.6% from \$537,500 in June 2021.

I like to study how the price per square foot varies from year to year or month to month, and those statistics are shown in the chart above right. Again, June statistics aren't yet available, so I'm just showing the January through May stats for the past five years as compiled by REcolorado for the 5-county metro area. As you can see, 2022 has broken through the \$300/finished sq. ft. level and is staying there.

Now let's look at "inventory." In June of last year, the end-of-month count of active listings in the 5-county metro area was 4,473, so Sunday's late-June count of 4,061 active listings is down by almost 10%, and I would guess the end-of-month count won't be much different. In June 2021, there were 7,689 new listings, and the number of new listings entered on the REcolorado from June 1-26 was only 4,997, not counting 58 "coming soon" listings, so it appears that sellers are holding back, knowing that the market is softening, rather than rushing to sell before it softens further. Which is the best strategy? It's hard to tell.

There's little doubt that if a seller wanted to sell at the top of the market, they missed that opportunity. Rita and I chose to "cash out" in March, selling our home and moving to Avenida Lakewood. But, just like with selling stocks, missing the top of the market is not the worst situation, if you can still sell your home for 50%, 100% or 200% more than what you paid for it just a few years ago. At the same time, only sell if it fits your life plan.

Buyers are in a different situation, of course. On the one hand, the market is softening and there are fewer bidding wars — especially

Ave. Price Per Finished Square Foot					
Month	2018	2019	2020	2021	2022
Jan	\$231	\$251	\$234	\$264	\$311
Feb	\$232	\$247	\$246	\$268	\$317
Mar	\$234	\$244	\$242	\$277	\$324
Apr	\$236	\$349	\$346	\$282	\$321
May	\$232	\$244	\$245	\$280	\$326

among homes that have been on the market 10 days or more, which your agent can help you find. On the other hand, unless you're a cash buyer, the interest rates are approaching double what they were last year. Should you not buy because rates are over 5% now? The interest rate was 13% when I bought my first home, so interest rates are really just "normal" if you put them in a historical context.

The bottom line is that you can still sell your home for a fair price, and you can still buy a home for a fair price and with less frenzy. For sellers, pricing your home correctly is more important than ever. Pricing it based on what you saw in your neighborhood three or six months ago might cause your home to sit on the market, and you'll probably have to lower your listing price one or more times before you get an offer — which may be less than if you had priced your home that way in the beginning. As I've said in the past, you really can't underprice your home, because it will only attract more buyers and help to bid it up, but you can certainly overprice your home.

My advice to buyers is to concentrate on homes which have been on the MLS 10 or more days, because those sellers will be more motivated and, unless they just reduced their

price, you probably won't be competing with other buyers.

For both buyers and sellers, don't put a lot of weight on what Zillow says your home is worth. This was never a good idea, and even less so now. If your agent is a Realtor (not all agents are), he or she has access to my favorite valuation software, which is called Realtors Property Resource or RPR. A second valuation software that is available to every MLS member is Realist, which uses a different algorithm than RPR, so it gives you a second opinion. Usually the correct value for pricing purposes is somewhere in between those two valuation models.

The best valuation, however, is one which your listing agent can generate, as I do, on REcolorado. Below is the spreadsheet that I created for a home that I listed on April 13 — just as the mortgage interest rates began to explode — and sold in 5 days. The RPR and Realist reports suggested a price around \$700,000. Using the grid below, the seller agreed to list the home for \$735,000. We sold it for \$831,000. You can see from the chart that the listing price was clearly in line with comparable sales in the neighborhood, but if we had listed it for \$800,000 or more, I'm confident it would not have sold for the price it did.

Ask your listing agent to do this kind of analysis for your home — or, better yet, call me or one of our broker associates below, since we have mastered the process of creating this kind of comp analysis.

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Price Reduced on Renovated Ranch in Wheat Ridge

David Dlugasch's listing across from the Clear Creek greenbelt at 11000 W. 41st Pl. is now priced at \$865,000. You can take a narrated video tour of this beautifully renovated home online at www.WheatRidgeHome.info. Then call David at 303-908-4835 to arrange a private showing..

Split-Level Listings in Same Neighborhood as 7136 Gladiola Street

Address	Sls	DOM	Levels	Year	Beds	Baths	Main	SF	Fin.	SF	Total SF	PSF	Main PSF	PSF	Finished	Garage	Price ↑	Orig Price	RATIO	Close Date ↑
6722 Cole Circle	A	0	Multi/Split	1984	3	3	1,695	2,215	2,215	1,695	4,215	\$383.48	\$233.45		3	\$650,000	\$650,000			
6252 Beech Court	P	5	Multi/Split	1975	5	3	1,866	2,466	2,466	1,866	4,332	\$393.89	\$238.05		2	\$735,000	\$785,000			
6625 Cole Court	P	5	Tri-Level	1978	4	3	1,716	2,275	2,292	1,716	3,407.93	\$307.69			2	\$700,000	\$700,000			
13872 W. 68th Way	P	3	Tri-Level	1982	3	3	1,283	1,819	1,847	1,283	3,149	\$428.68	\$302.36		2	\$550,000	\$550,000			
14235 W 70th Drive	C	5	Multi/Split	1981	4	4	2,138	2,626	2,788	2,138	4,866	\$368.10	\$299.70		2	\$787,000	\$799,000	0.98498	03/23/2022	
13820 W 68th Way	C	2	Bi-Level	1980	3	3	1,714	1,714	1,714	1,714	3,428	\$373.40	\$373.40		2	\$640,000	\$625,000	1.21905	03/11/2022	
6647 Arbutus Street	C	3	Bi-Level	1976	5	3	1,232	2,464	2,464	1,232	3,696	\$612.82	\$306.41		2	\$755,000	\$699,900	1.07873	03/03/2022	
7124 Beech Court	C	2	Multi/Split	1977	4	3	1,648	2,108	2,224	1,648	3,372	\$427.00	\$333.82		2	\$703,700	\$599,000	1.17479	03/01/2022	
13822 W 67th Place	C	4	Bi-Level	1980	3	3	1,897	1,897	1,897	1,897	3,794	\$332.10	\$332.10		2	\$630,000	\$550,000	1.14545	02/10/2022	
6595 Braun Court	C	3	Multi/Split	1979	3	3	1,581	2,223	2,223	1,581	3,804	\$395.32	\$281.15		2	\$625,000	\$625,000	1.00000	01/14/2022	
13803 W 68th Avenue	C	3	Tri-Level	1983	4	2	1,798	1,798	1,798	1,798	3,596	\$270.86	\$270.86		2	\$487,000	\$440,000	1.10682	12/17/2021	
6742 Cole Circle	C	3	Bi-Level	1979	5	3	2,464	2,464	2,464	2,464	4,928	\$292.21	\$292.21		2	\$720,000	\$620,000	1.16129	12/14/2021	
7136 Gladiola Street			Tri-Level	1981	4	4	1,892	2,462	2,529						2					
											\$700,000	\$369.98	\$284.32							
											\$725,000	\$383.19	\$294.48							
											\$750,000	\$396.41	\$304.63							

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