

More Metro Area Homes Went Under Contract in May Than Ever Before

Yes, the Covid-19 pandemic hurt the real estate market in April, but it sure made a rebound in May! The 13-month chart at right is for Adams, Arapahoe, Broomfield, Denver, Douglas and Jefferson counties.

REAL ESTATE TODAY



By JIM SMITH, Realtor®

Last week and this, you probably heard or read about how bad the real estate market was in April, and that was true here in the Denver Metro area, as it was throughout the country.

Pending sales of new and existing homes in April were roughly half the pending sales of April 2019. But pending sales in May surged to a number that was greater than the number for any month since before 2010, which is as far back as REcolorado's statistics application goes.

The number of closings in May was somewhat low because of the low number of homes that went under contract in April. The number of sold listings in any given month is always within range of the number of pending transactions the previous month.

(Note: The number of pending and closed sales for May is from June 1st, It could go up as additional May contracts are reported on June 2nd & 3rd.)

It should be noted that, despite the lower number of pending and closed listings in April compared to 2019, the median sold price was much higher — \$435,000 vs. \$415,000 in April 2019. The median sold price for May was also higher than the median sold price that month in 2019.

It's also worth noting how quickly listings went under contract in April and in May. April listings went under contract in 5 days (median

figure), which was even faster than last year, while May listings went under contract in 8 days vs. 7 days last year.

These statistics may come as a surprise to those who think that the real estate market is on a downturn because of Covid-19. I am as surprised as anyone at the resilience of our real estate market.

Driving the market is the fact that there is still a low supply of homes for sale and an over-supply of people needing or wanting to buy a home. That explains the low "Days in MLS" figure for April when the number of homes for sale was so low. Because so many sellers postponed putting their homes on the market during the lockdown, it became more of a seller's market than before. That meant that

Month	Pending Sales	Closed Sales	Median Sold Price	Median Days in MLS
19-Apr	5,658	4,964	\$415,000	8
19-May	5,731	5,751	\$425,000	7
19-Jun	5,673	5,470	\$423,000	9
19-Jul	5,280	5,536	\$425,000	11
19-Aug	5,159	5,367	\$420,000	14
19-Sep	4,734	4,730	\$411,850	15
19-Oct	4,541	4,776	\$419,000	17
19-Nov	3,920	3,998	\$415,000	19
19-Dec	3,172	4,335	\$411,000	24
20-Jan	4,282	3,180	\$415,000	25
20-Feb	4,196	3,667	\$425,000	11
20-Mar	4,284	4,485	\$439,000	6
20-Apr	2,971	3,689	\$435,000	5
20-May	6,504	3,113	\$435,000	8

Source: REcolorado

the homes that were on the market had less competition for the large number of buyers. Given what we're seeing now, it's hard to be pessimistic about the future of our real estate market, however pessimistic we might be about the country as a whole, given the rioting in multiple cities around the country, including Denver. We'll see in

June how much impact that may have.

Another wildcard is the possible resurgence of the coronavirus, given how our state, like others, has yielded to pressure to reopen earlier than CDC guidelines recommended. A resurgence could result in another stay-at-home order.

Accessory Dwelling Units Are Gaining in Popularity

Accessory dwelling units (ADUs) have been around for a long time. Fonzie lived in one (above the Cunningham's garage), but they fell out of favor with local governments. Recently, local governments have warmed up to ADUs, promulgating zoning regulations encouraging them, especially detached units in a backyard or above a garage.

You may have heard ADUs referred to as backyard bungalows, micro homes, retirement cottages, guest houses, mancaves, she-sheds, or mi casita. They are created for many reasons: independent living for relatives (aging parents, 20-somethings), rental income/investment property, home office, studio, etc. These days it could be quarantine quarters.

Local governments like them as one way to address the pressing issue of affordable housing in a way that is sustainable, is a compliment to the neighborhood, and provides more affordable housing. People hardly realize they are there, and when they do, often want one.

ADUs have been approved by the state of California, where affordable housing is a crisis throughout the state.

The tiny house movement has popularized the idea of radical downsizing and the concept that living in a small space has many positives. ADU's are not tiny houses, as the term is used

today. ADUs are something more. Although small, they are a complete living unit with a full kitchen and bathroom, with a comfortable living area suitable for entertaining. They have a foundation and meet all code requirements. ADUs are more expensive than tiny homes, but they can be worth it.

How much do they cost? Pre-designed manufactured (built off-site) units can be less than \$200,000, and even less depending on the characteristics of the site and choices made by the owner.

Would you like to know more? A good resource is at www.AccessoryDwellings.org, created by Kol Peterson. Peterson lives in Portland, Oregon (an early adopter of ADUs), has built many himself, and conducts workshops on all aspects of the process.

Locally, a company called Verdant Living sells manufactured ADUs, not ones that are "stick-built" on-site, so if that works for you, you can email them at bungalow@verdantliving.us for more information. They can refer you to other companies which build ADUs, whether free-standing, over your garage, or in a walk-out basement.

Personally, I have sold homes which have ADUs. Having a rentable unit can make a home more affordable to many.

Last Week's Column About Seniors Being Cheated Out of Their Home's Equity Got Lots of Reader Response

One reader said they were offered a quick sale of \$120,000 cash, but called me before agreeing to the transaction. My research showed their home could sell for twice that amount.

I wasn't contacted in time to save an elderly Arvada couple from being coerced into selling their home for half its worth by a developer who made a point of telling the couple not to tell anyone about their transaction. They actually felt threatened, not just coerced. Indeed it was a neighbor who told me about the transaction, because the couple still felt obliged not to reveal anything.

Call me if you have been approached by an investor urging you to sell your home for what sounds like a good price. I'll tell you if it really is — or if you should get more money for it.



All elements of this column/ad are posted with additional material and links at www.GoldenREblog.com

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