

Jim Smith's Analysis of the March 2009 Case-Shiller Home Value Survey:

On Tuesday, May 26, the Case-Shiller 20-city real estate survey for March 2009 was released, and I have analyzed it from a Denver metro and a Jeffco perspective. Here are my observations:

We have to be heartened by the fact that Denver is among the best performing cities in the 20-metro area study. We who live west of I-70 can be further heartened by the fact that the eastern suburbs, with their higher level of foreclosures, dragged down the metro average, which is therefore not entirely reflective of Jeffco's performance. For example, JFW (west Arvada and greater Golden, minus the foothills) was down 8.3% in March 2009 compared to March 2006 according to Metrolist, whereas the Case-Shiller index shows Denver as a whole down 14% for that same timeframe. This compares with Case-Shiller's 20-city drop of over 30% for the same three-year period.

I believe that we have seen the bottom here in Denver and especially in Jeffco. That's largely because we had less of a bubble compared to more than half the other cities in the study, and also because of the lack of threatened industries here and the presence of one highly favored industry -- renewable energy -- of which Jeffco (Golden in particular) is the national epicenter.

The Case-Shiller index uses January 2000 as its benchmark, with an assigned value of 100. By March 2006, 11 of the 20 metro areas had an index of over 200 (Miami was 274), but Denver's index was just 137. Three years later, in March 2009, the highest index (NYC) was 173, and Denver's had dropped to 118. That says it all. Look at it this way: many cities climbed a cliff and jumped off; we climbed a hill and rolled backwards.

I hope you find my analysis helpful.

Jim