

# Are Investors Snapping Up Homes, Squeezing Out Other Buyers? Yes and No.

Media reports have created the impression that “Wall Street” interests are dominating the purchase of homes for sale, squeezing out individual buyers and causing the low inventory of homes for sale. That’s not exactly true.

What’s happening is that those purchases are happening through an off-MLS process, with very few on-MLS listings, based on my own observation and experience, being purchased by those large investors.

In fact, I can’t think of even one transaction that involved a large entity purchasing one of Golden Real Estate’s listings. And they certainly did not hire us to buy another brokerage’s listing. All our listings have been purchased either by owner-occupants or by small investors — homeowners themselves, who may have a portfolio of rentable homes or condos.

If you’re a homeowner, you’ve likely received, as Rita and I have, many solicitations to sell your home without putting it on the MLS — a bad idea if you want to get the highest price for your home. Also, brokers like me regularly receive emails and texts asking whether I have a “pre-MLS” listing that they or their client could buy “as is” before it’s put on the MLS. My standard reply to such solicitations is that I would never encourage a seller to sell their home without putting it on the MLS, because that’s a sure way to get less than their home is worth. I consider it my responsibility as their agent to get the highest possible price by exposing their home to the maximum number of buyers.

That is not achieved by selling one’s home to an investor without putting it on the MLS.

## REAL ESTATE TODAY



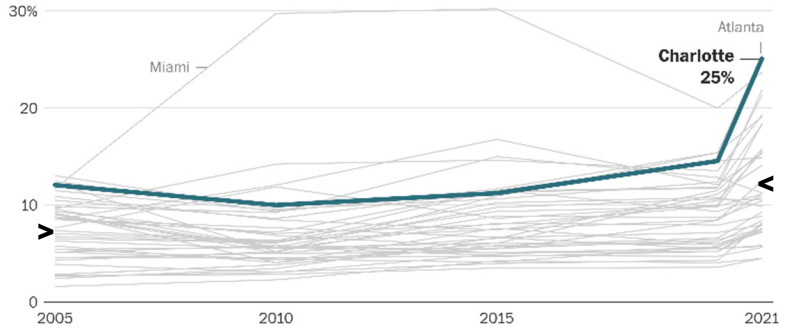
By **JIM SMITH, Realtor®**

Media experts and others continue to treat the low active inventory on the MLS as the result of reduced number of homes being entered on the MLS, including by off-MLS sales. In fact, the number of new listings this April was higher than both prior Aprils, but the number of active listings keeps declining because those new listings sell so quickly.

Yes, some of those off-MLS sales might have ended up on the MLS if they had not been solicited, but I think mostly they are homes which the owners had not intended to sell before they got “an offer they couldn’t refuse.”

In researching this topic I found a March 31, 2022, article from *The Washington Post* which highlighted this very problem of big investors buying up homes and converting them to rentals. Using data from Redfin, it reported on major spikes in such purchases from 2020 to 2021. The Denver market had less such activity than most other major markets, but still the percentage rose from 8.4% in 2020 to 12.4% for 2021.

Above right is a chart from *The Post’s* article, based on the Redfin data. Each of those thin lines represents a different metro area. I inserted a carrot symbol at each end of the line for transactions in the Denver metro area. What’s remarkable is that all but two of the metro areas



show a spike in investor purchases in 2021. Those metro areas that didn’t show a spike are New York City and adjoining Nassau & Suffolk Counties.

It’s hard to ignore that the pandemic must have played a role in that abrupt rise in purchases by big investors, defined in that article as entities with 100 or more purchases.

The article confirmed that these transactions typically originated from letters or postcards sent to homeowners offering an off-MLS purchase of their homes “as is.” It also showed that majority non-White suburbs experienced most of

this activity, giving the process a racial tinge I didn’t expect to see.

Here’s an excerpt from that March article: “In Charlotte and elsewhere, according to *The Post’s* analysis, investors have purchased a disproportionate number of homes in neighborhoods where a majority of residents are Black. Last year, 30 percent of home sales in majority Black neighborhoods across the nation were to investors, compared with 12 percent in other ZIP codes.” The article didn’t claim that the letters and postcards targeted such communities, only that most sales occurred there.

## Just Listed: One-of-a-Kind Wash Park Home

There are too many features of this home at **801 S. Gilpin Street** to list in this space, so be sure to visit [www.WashParkHome.info](http://www.WashParkHome.info) for all the details. The architect designed it in the “Prairie Style” made famous by Frank Lloyd Wright with large roof overhangs, ribbon windows and glass brick. Built in 1994 with 2x6 exterior walls, it’s located in the heart of the Washington Park neighborhood and has at least two features Wright didn’t incorporate — Cat5 ethernet wiring and a 5-kW solar PV system which combines with the home’s passive solar design to make it highly energy efficient. The primary bedroom is on the main level with two guest bedrooms, one with wood flooring, and full bath on the second floor. The 1,000-sq.-ft. basement is 2/3 finished, with a large entertainment room and 4th bedroom plus full bath and lots of storage. On the main floor is an office with built-in desk, shelving and wall cabinets plus a private entrance, making this an ideal home for a professional or other work-at-home situation. It could be adapted for a mother-in-law, au pair, or other use, too. There will be no open house, so call your agent or listing agent **Chuck Brown** at **303-885-7855** to arrange a private showing.



## Lakewood Duplex Listed by Jim Swanson

This duplex with detached 2-car garage is located on a corner lot at **365-375 Carr Street** in Lakewood’s Foster subdivision. It has a single legal description, so it can only be sold as one. Pictures and a narrated video tour can be viewed at [www.LakewoodDuplex.info](http://www.LakewoodDuplex.info). It’s in a quiet location near Belmar Park, shopping, etc. There are 2 one-bedroom units. The larger ranch unit is 1,127 square feet with one bedroom and a full bath. It also has a full basement that is great for extra storage. The cozy smaller one-bedroom unit is 600 square feet and is built above where the original one-car attached garage was. Each unit has its own electric meter and laundry room. The lot measures approximately 1/3 acre. This property has been a solid long-term rental and has good bones, but could use some updating. The tenant in the smaller unit would like to stay. Call **Jim Swanson** at **303-929-2727** with questions or to arrange a private showing.



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## Jim Smith

Broker/Owner, 303-525-1851  
[Jim@GoldenRealEstate.com](mailto:Jim@GoldenRealEstate.com)  
 1214 Washington Ave., Golden 80401

### Broker Associates:

- JIM SWANSON**, 303-929-2727
- CHUCK BROWN**, 303-885-7855
- DAVID DLUGASCH**, 303-908-4835
- TY SCRABLE**, 720-281-6783
- ANAPaula SCHOck**, 303-917-1749

