

How Does This October's Real Estate Market Compare to Last October's?

We all know that the Denver metro real estate market has changed dramatically this year, so I thought it would be interesting to compare the first 16 days of October with the same 16 days of October 2021. Here's what I found.

I pulled the real estate sold listings on REColorado, Denver's MLS, for both years, limited to the area within 18 miles of downtown Denver, which roughly includes the area within the C-470/E-470 beltway, but does not include the city of Boulder.

Yes, the market has slowed, but the **median sold price jumped** from \$450,000 for the first 16 days of October 2021 to \$550,000 for the same period this year — a **22.2% increase**. However, **the number of closings plummeted** from 2,411 during that period in 2021 to 1,650 this year, a **31.6% decline**.

The ratio of sold price to original listing price dropped from 100.82% last year to 99.94% this year, and the **median days before going under contract increased from 5 days last October to 16 days this year**.

What effect did this year's increase in interest rates have? During October 1-16, 2021, 18.1% of the closings were cash. During the same period this year, cash closings rose only to 18.25% — hardly any impact, it seems.

Anecdotally, I have observed that

If you missed our **EV Roundup** on Oct. 1st, you can view a short video of it on my YouTube channel, which is at www.YouTube.com/jimsmith145. There was an expo of **big electric trucks**, including a street sweeper and semi, at the Taj Mahal. Pix at www.GoldenREblog.com.



higher priced homes are selling more readily in this slower market, so I checked to see what percent of closings were \$1 million or higher. During October 1-16, 2021, 6.51% of closings were over \$1 million, but that rose significantly this October to 9.94% — and those **million-dollar-plus homes sold quicker**, with a median days before going under contract of 12, compared to 17 days for homes under \$1 million.

There are **many more unsold (that is, active) listings** now than there were last October — 5,996 compared to 4,386 last year — and **fewer pending listings** — 3,310 compared to 4,913 last October. A consistent characteristic of the seller's market was that there were more homes under contract at any given time than there were for sale, which was frustrating for buyers who would see "for sale" signs in front of homes, more than half of which were not, in fact, available to purchase because they were under contract.

Price reductions continue to be quite common in today's real estate market. Of those nearly 6,000 listings currently active within that 18-mile radius of downtown Denver, **over 1,000 per week are reducing their listing prices**. As a result, we're seeing a surge of low-ball offers for listings in all price ranges, as buyers know that homes are not selling for their asking prices and might go for far less.

Just this week, I know of one listing that was on the market for 100 days, starting at \$685,000 (a price that was justified by prior

Greg Kraft will be holding open his listing at **11152 W. Crestline Dr.** again this Saturday, 11 am to 1 pm.

sales of comparable homes), reducing its listing price over time to \$589,000. The seller finally threw in the towel and sold it to a quick-closing cash investor for under \$500,000. That's an extreme example, but it says a lot about the market we are in now.

That example also provides another lesson about the market, because it was an unrenovated home. It had an unimproved kitchen and unimproved bathrooms and nothing flashy or exciting to catch buyers'

attention. *My observation has been that homes which are unimproved or otherwise "plain" are sitting on the market and selling only after serious price reductions, whereas homes that are newer or beautifully updated are selling quickly and even attracting a bidding war.*

The reason is simple, as I see it: Buyers are simply not inspired to "pull the trigger" at this time, especially if they need to borrow money. It takes a lot to get an offer from them.

This Might Be a Good Time to Do Some Renovation

Normally, I would advise a prospective seller not to renovate their home to make it more appealing to buyers, because statistics have shown that you don't recover 100% of what you spend on improvements. The only exception to that is cosmetic improvements which eliminate eyesores, such as peeling paint, floor damage, or anything that draws immediate negative attention on the part of visitors. Those repairs **are** worth it.

My other frequent advice is to make improvements which **make you happy**, albeit with an eye to what would look good to prospective buyers. Would you like a new kitchen or bathroom? Renovate it now, don't wait to do it when you are ready to sell and want the home to have greater market appeal.

Since you don't recover 100% of what you spend, do it now **so that**

you can enjoy it, satisfying yourself that it will also help the home sell when the time comes.

Because the market is cooling and interest rates are so high, it might be a good time for sellers to hold back and make those little or bigger improvements that would make life better. Maybe you will want to sell next year or maybe you won't, but meanwhile, you'll enjoy your home more.

My broker associates and I (see list below) would be happy to visit with you in your home and discuss those little and bigger improvements that suit your needs but would also make your home more attractive when the time comes to sell. We won't be trying to convince you to sell, so feel free to request such a visit. We can also recommend vendors/contractors to make those improvements you decide on.

Price Reduced on Central Park Condo

This 2-bed/1-bath condominium at **2608 Syracuse Street #101**, Denver, is ready for a new owner. This is a ground floor unit with lots of natural light from the south-facing windows and is in a prime location close to open space and shopping. Updates include new paint, carpet, hardwood flooring, kitchen appliances and water heater. Included is a 1-car detached garage. View the video tour at www.DenverCondo.online, narrated by listing agent **Chuck Brown**, then call your agent or Chuck at **303-885-7855** to arrange a private showing.



Price Reduced on Wheat Ridge Ranch



This home at **3740 Tabor Court** has a newly renovated interior with all new stainless steel appliances, quartz countertops, oak hardwood floors, and custom tiled bathrooms. The main level has a primary bedroom with a 3/4 bath and two other bedrooms with double closets and a full bath in the adjoining hallway. The basement has a family room large enough for a game room

or home theater, plus a large bedroom and full bathroom. All 4 bedrooms have new carpeting. The new furnace and A/C will keep you comfortable year-round. The wood deck and concrete patio are perfect for entertaining. There's a fenced yard and RV parking, too! View a video walk-through, narrated by Jim Smith, at www.ApplewoodHome.info, then come to the open house **Sunday, 11am to 1pm**. Or call listing agent **David Dlugasch** at **303-908-4835** to set a showing



Congratulations to **Chuck Brown**, Our 3rd Quarter Top Producer

Jim Smith

Broker/Owner, 303-525-1851
Jim@GoldenRealEstate.com
1214 Washington Ave., Golden

Broker Associates:

JIM SWANSON, 303-929-2727
CHUCK BROWN, 303-885-7855
DAVID DLUGASCH, 303-908-4835
TY SCRABLE, 720-281-6783
GREG KRAFT, 720-353-1922

