

# Now That the Summer Months Are Behind Us, How's the Market Shaping Up for the Fall?

It has been a wild ride so far in 2021 — and the ride may be slowing, but it is definitely not over.

At right are some key statistics that I garnered from our MLS, REcolorado.com, for the 13 months ending August 2021, a timespan that allows us to compare this August with last August as well as the months since.

In creating the chart, I limited myself to listings within 15 miles of downtown Denver. That includes the entire metro area except for the city of Boulder.

The headings are pretty self-explanatory except for the last three columns. "Ratio" is the ratio of closed price to *listing price at the time of sale*, which might, in the case of older listings, be less than the *original* listing price. "Med. DOM" stands for median days that the listing was "active" on the MLS. Half the listings went under contract in that number of days or *less*, and half of them went under contract in that number of days or *more*. "Ave.

## REAL ESTATE TODAY



By JIM SMITH, Realtor®

DOM" stands for average days that listings were active on the MLS, and it's always higher than median days on the MLS because many listings are overpriced and linger on the market before the price is lowered and the home goes under contract.

There are some numbers that are worth noting, but there are some numbers that are downright remarkable. We all know, for example, that the inventory of active listings is very low, but it's notable that it is more than 40% lower this August than it was in August 2020. The number of sold listings is also lower by over 4% and the number of new listings is lower by 13%.

However, it's also notable that the number of listings that *expired without selling* has plunged by over 43% from a year ago. More hard-to-sell and overpriced homes are selling before expiring.

Lastly, it is notable that the median days before a listing goes under contract has barely risen, and that figure has been under 7 days now

Month	Active Listings	Sold Listings	New Listings	Expired Listings	Ratio	Med. DOM	Ave. DOM
Aug-20	5,496	4,541	5,499	741	100.0%	6	21
Sep-20	5,382	4,563	5,260	731	100.0%	6	22
Oct-20	5,124	4,695	5,153	756	100.0%	6	22
Nov-20	4,076	3,887	3,176	674	100.0%	6	20
Dec-20	3,317	3,870	2,622	978	100.0%	6	23
Jan-21	3,036	2,463	3,493	448	100.0%	6	27
Feb-21	2,743	2,963	3,665	344	101.1%	5	26
Mar-21	2,526	3,902	4,567	414	102.3%	4	19
Apr-21	3,009	4,099	5,273	363	103.8%	4	14
May-21	2,651	4,126	4,915	325	104.5%	4	12
Jun-21	3,200	4,845	5,939	399	104.6%	4	10
Jul-21	3,758	4,543	5,533	407	103.2%	4	10
Aug-21	3,165	4,350	4,797	418	101.4%	5	12

for over a year.

Those statistics are *notable*, but there are two statistics that are *remarkable*. The first one is the ratio of sold price to listing price, which remains above 100% at 101.4%, although down from June's high of 104.6%. This is remarkable because it was only this February that the number rose above 100% for the first time, signaling the height of the bidding wars. The August figure indicates that many bidding wars are still happening — due in part, of course, to the limited inventory of active listings — but they are not as numerous or extreme *overall*.

I emphasize "overall" because bidding wars are still getting extreme in isolated instances where the home is outstanding in some way or is in a highly desirable area with little or no competing listings. We are still seeing some homes sell for 40 to even 50% over their asking prices here and there. That includes in my home town of Golden.

So what, you may be asking, is the outlook for the fall and winter months?

If there is any seasonality left in the real estate business, it is that there are fewer new listings in the winter. You can see that was true last winter, with the low point being December. This makes sense, because few people want to put their home on the market during the holidays. That, however, only serves to keep the inventory of active listings even lower than during the summer

time, yet *the buying of homes continues year-round*, with roughly as many closings happening in December as in November. Notice, in fact, that December was the only month in the last 13 where the number of sold listings exceeded both the number of active listings *and* new listings.

We should stop thinking of spring and summer as the *selling* season, but rather as the *listing* season. Most sellers *believe* it's the selling season, when in fact homes sell year round. In fact, winter could be the *best* time to put your home on the market because there are just as many buyers getting those MLS alerts that I wrote about last week, but there are fewer homes for them to look at.

If you want to sell your home before next spring, you should not wait until next spring to put it on the market — but do take some nice exterior photos of your home now that can be used in the marketing of your home over the winter.

Mortgage rates could start to ease upward in the coming months, but that will only increase the market frenzy as buyers try to get ahead of *further* increases in interest rates. No one in the industry, however, is projecting a major increase in interest rates over the next 12 months.

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## Integrity, for the Most Part, Still Rules in Real Estate

We all need to be careful that we are not scammed. We see scams all around us — in our emails, phone calls, text messages, and snail mail. Seniors in particular are targeted by scammers who have no shame about cheating someone out of their life savings.

Title companies warn buyers and sellers about wire fraud. Buyers have been known to get emails purportedly from their agent or title company giving them wiring instructions for their down payment or, in the case of a cash buyer, for the entire purchase price of a property they are buying, only to discover that they wired the money to a scammer on another continent from which it can never be retrieved.

Time shares (or fractional ownership) is another area rife with misrepresentation and deceptive practices that can trap an unwary buyer in the purchase of something they don't really want and can't really sell. (I speak from experience.)

And, yes, there are a few local real estate professionals who get disciplined by the Colorado Real Estate Commission for illegal or improper behavior.

But I have to say that overall I have been very impressed by the level of integrity that I encounter among my fellow professionals.

Ask any Realtor, in particular, and he or she will probably tell you, as I can, that they can hardly recall a time when a fellow professional intentionally lied to them or misrepresented a client, listing or situation.

If, for example, I'm representing a buyer and the listing agent says there are three other offers and they're all above full price, I'm confident in believing that to be true. I've completed hundreds of transactions and can't recall one where I was told something that turned out not to be true or a fact withheld by the *agent*.

As an industry, we need to trust our fellow professionals, and I have found little or no reason not to. We are not just "honor bound" to be truthful. Being dishonest puts our very livelihood at risk, since any colleague or member of the public could report us to the Real Estate Commission, our MLS, or our Realtor Association, possibly resulting in a fine or even the loss of our license to practice real estate.



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