



YOUR CASTLE NEWSLETTER JULY/AUGUST 2021



REAL ESTATE NEWS

COMPETITION IS BEGINNING TO COOL OFF A BIT FOR BUYERS

Sweltering heat waves have nothing on the red-hot Denver real estate market in 2021. Median home prices have soared due to a mix of continued population growth, a lack of housing inventory, an increase in the cost of building materials, and would-be sellers' post-pandemic fears about ending up homeless after they sell their homes. In June,

the median home price in Metro Denver was \$545K. This is up from \$445K the same time last year. That is a whopping 22.5% increase! Although, there is finally some good news on the horizon for frustrated buyers. It appears that some of the steam has finally started to let out of the market.

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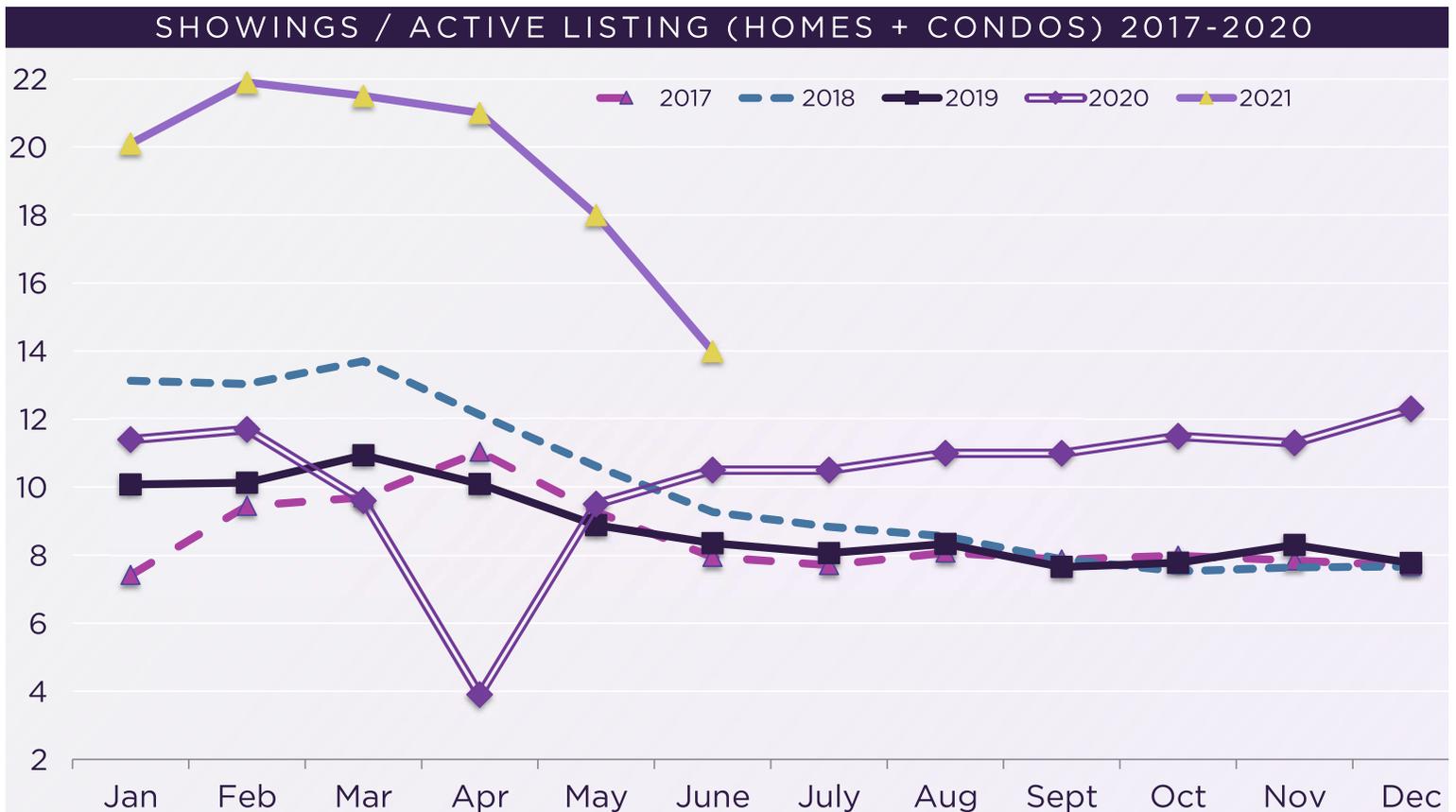
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CURRENT STATS

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One of the best leading indicators for market performance is the Number of Showings per Active Listing. It is essentially a measure of the current demand for homes. As you can see from our showing trends graph, the number of buyers touring homes and condos has been on a steep decline since April. The June showing traffic was the closest we have come to the historical average all year, which is usually around 8 or 9 showings per active listing in the summer. Although June averaged 14 showings per active listing, steeply declining showings is a signal that the market is starting to approach the historical average for this time of year.

I am hopeful that as news headlines say the real estate market is starting to get back to “business as usual”, it will motivate prudent sellers to list their homes as they had intended pre-pandemic. With buyer competition on the decline, they will most likely not be as worried about not being able to find their next home. Especially since they are now most likely over-qualified and sitting on a pile of equity from 2020/2021. Do not forget, the average home in Colorado increased in value by \$50K in 2020 (CoreLogic). Historically, Spring is the best time to sell, and late summer is the best time to buy. Relatively speaking, I think that will be true this year too.



Note on Graph: June showing trends saw another drop, though listing agents were glad showings were still well above previous years. The downward trend may even out with 2020 the data soon.



INFORMATION FOR BUYERS

HOME PRICES ARE NOT LIKELY TO DECLINE, AND RENTS AREN'T EITHER

Given the current economy in Denver, there is no indication that home prices will go down soon as many renters hope. In fact, local economic factors point to a gradual slowdown in home price appreciation, not a decline in home prices. That said, if you are a qualified buyer who is on the fence about buying a home, this summer may be as good a time as ever to strike. Especially now that buyer demand is starting to weaken compared with the start of the year, and sellers will most likely be encouraged to list their first homes and trade up. The sad truth

is that for many buyers who have subscribed to waiting for a greener pasture where the home prices in Denver are low and options are plenty... they may be waiting for a long time. In the meantime, their rents will be ever-increasing, and they will be paying someone else's mortgage payment instead of their own. Although rent increases slowed and even declined in some cases over the past year due to the pandemic, they are already on the rise nationally, and back to pre-Covid levels (Zillow).



INFORMATION FOR SELLERS

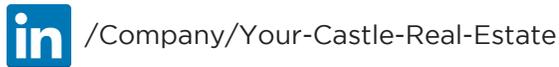
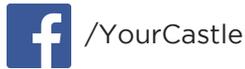
WITH LESS BUYER COMPETITION, NOW MAY BE A GOOD TIME TO LIST

Now that the seemingly never-ending buyer demand has begun to ease slightly, this may be as good a time as any to cash out and sell your home. Many sellers are staying put because they think they will be homeless once their home is sold. But now that buyer demand is beginning to ease and potential buyers are dropping out of the market, competition is not quite as fierce as it was at the start of the year. Plus, properties across the state appreciated in value by an average of \$50K last year (CoreLogic). That additional

equity could go a long way towards a down payment on your dream home. The appreciation per property in Denver is likely even more than \$50K, especially if you have invested back into your home and/or put in some sweat equity to fix the place up while you lived there. (Look up a valuation estimate online, I dare you! Then reach out to me for an in-depth market analysis). Denver is still a seller's market, and for as long as that remains the case, you have the upper hand in negotiations with buyers.

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MONTHLY MARKET SNAPSHOT SINGLE FAMILY + CONDO/TOWNHOME (STATS FROM JUNE 2021)

	June '20	June '21	%Change
Active Listings at Month End	6,383	3,122	-51.09%
Under Contract Listings	7,294	6,672	-8.53%
New Listings	7,380	7,826	+6.04%
Sold Listings	6,244	6,189	-0.88%
Average Days in the MLS	25	10	-60.00%
Median Sold Price	\$445,000	\$545,000	+22.47%
Average Sold Price	\$507,759	\$643,645	+26.76%
Percent of Sold Price to List Price	99.72%	105.41%	+5.71%

Source: DMAR (Denver Metro Association of Realtors)