

The **Kearney** Report

Boulder County Real Estate Report



Third Quarter 2016

Neil Kearney

Real Estate Market Update

At the end of the second quarter the Boulder County real estate market was ranked #1 in the nation for annual home appreciation. It was a testament to the unrelenting demand, low inventory and the pent up frustrations of buyers who had finally realized that the price they needed to offer didn't have anything to do with what the last home in the neighborhood sold for. Since June the market has slowed down. In the same way a car eventually needs to refuel and a horse needs to cool down, a market, real estate or otherwise can't run at full speed forever.

Don't get me wrong the market is still good, houses are still selling. In fact, in the 3rd quarter 42% of all sales sold for over the asking price (down from 50% in the 2nd quarter). The difference I have been seeing in the market over the last few months is this; inventory is slowly rising, houses are staying on the market longer, when a house does get multiple offers it's more commonly two or three offers rather than a dozen, there are more price reductions happening, there have been fewer showings per listing. It is no longer a given that a house will sell. It's back to reality, where a house must be priced correctly compared to the competition in regards to condition and location.

The total number of residential sales in Boulder County is down roughly 10% year-to-date. Third quarter sales were down 4% from the second quarter of this year and down 12% from Q3 of 2015. Interestingly, sales within the City of Boulder are down 24% from Q3 of last year. This steep decline within the City has been noted in six of the past seven quarters. In looking at the sales mix by price range for Boulder during the quarter, it seems that the sales declines in the lower price ranges are not necessarily translating into increases in the upper ranges.

Change in sales in the City of Boulder During the 3rd Quarter by Price Range

\$0 - \$250,000	Down 82%
\$250,000 to \$500,000	Down 25%
\$500,000 to \$750,000	Down 16%
\$750,000 to \$1 Million	Up 5%
Over \$1 Million	Up 5%
Total Sales	Down 12%

Another sign that the market has cooled a bit is the fact that prices decreased 5% from the second quarter. This doesn't necessarily mean that the market has shifted (prices are still up 14% above where they were a year ago) it just means that the homes that sold during the most recent quarter didn't follow the torrid pace of the second quarter. Most likely when the FHFA.gov Home Price Index comes out for the third quarter we will no longer hold the top spot. But I predict that we will still be near the top since the results are cumulative.

Could this slight slow down in the market be just a downshift, a pause before even more people to move to Boulder and its surrounding area? Absolutely, I don't see anything out there that has fundamentally changed what is fueling our market. Vestros Real Estate Solutions, a company who provides real estate risk analysis to the mortgage industry predicts that Boulder will have another 10.5% appreciation over the next year. Second nationally only to Denver.

Interest rates are still favorable, people are still moving to our area and Google's new offices are still under construction. Speaking of Google, other areas in which they have set up a large office have seen a fundamental shift in the real estate market after they arrived. Many predict that Boulder will follow this trend. It seems that we already have a head start.

You may have noticed that there are not many for sale signs out there. The inventory of "for sale" homes in Boulder County at the end of the 3rd quarter is up 3% from a year ago but down 12%

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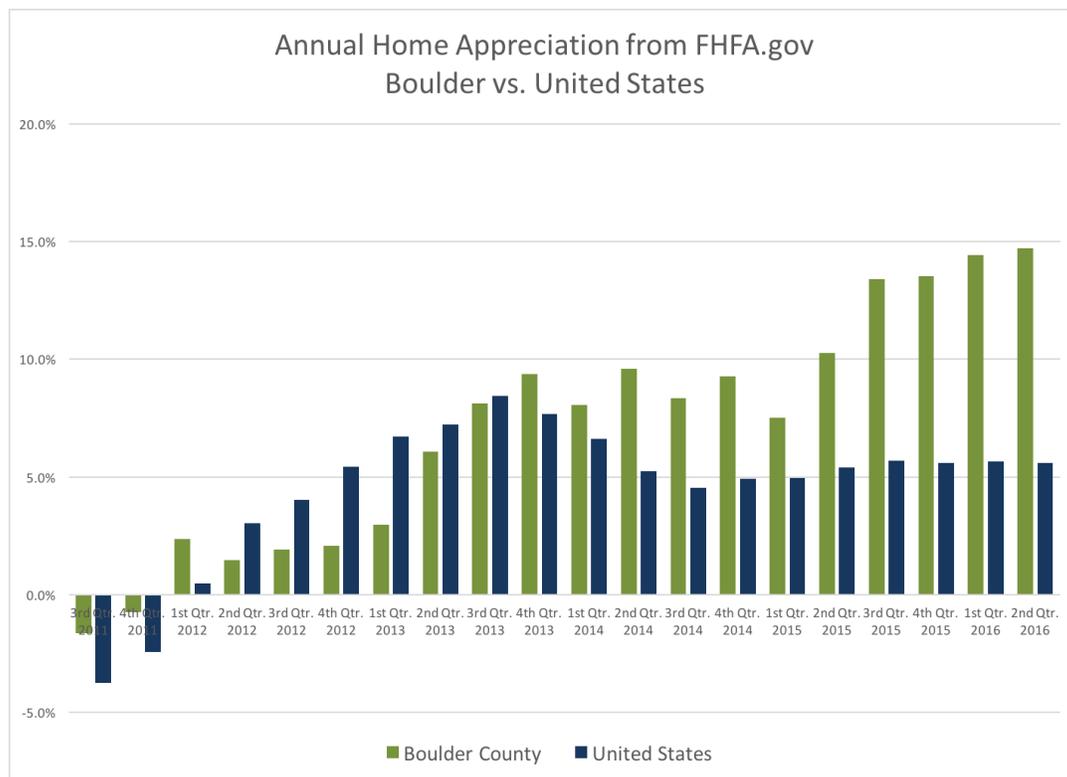
when compared to 2014. Fewer homes are coming on the market and those homes are selling quickly. Even though inventory has increased slightly, it's still slim pickings for buyers.

[Here is our advice for buyers and sellers in the current market.](#)

Buyers – After two years of frustration this might be a good time to step into the market again. This time of year you typically have a bit more time to make a decision regarding a home purchase and you may just get lucky and find a diamond in the rough that has been overlooked by the market. On average, homes are still selling for just below asking price. In the 3rd quarter 21% of homes sold closed at the asking price; 42% sold for above asking price (on average a 4% premium was paid) and 37% sold for under the asking price (at an average of a 3.4% discount).

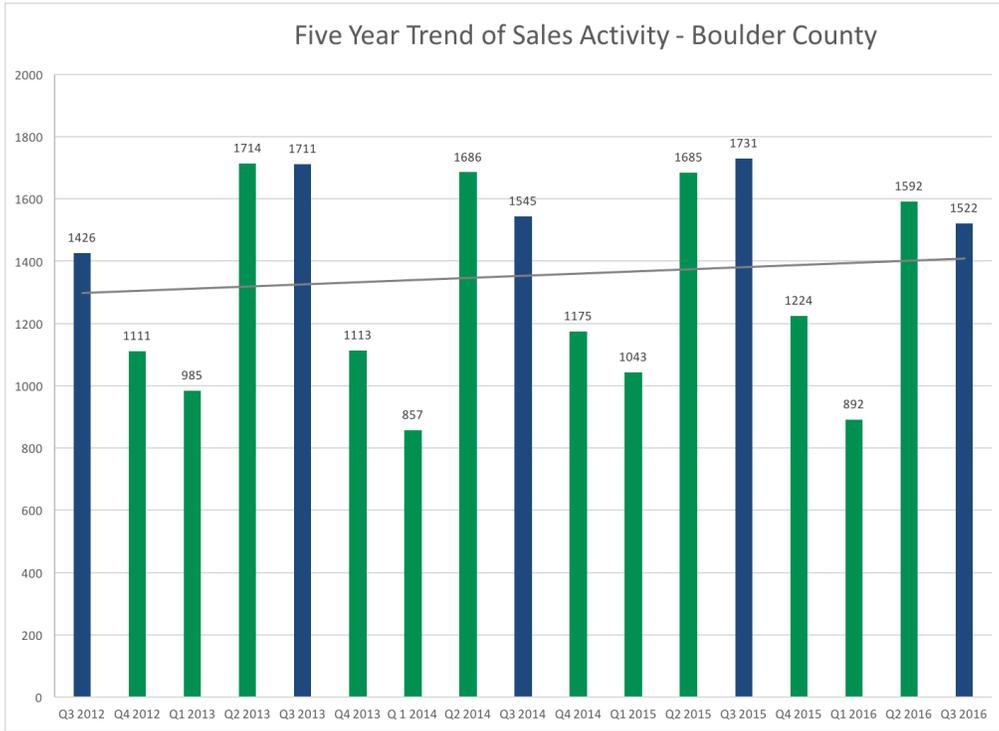
Sellers – Properties are still selling. This may be a good time to lock in the price gains over the past few years. Condition matters! You may have more competition so it's important to have your home ready to go in order to maximize price. If you are planning to sell in the winter let me know so that I can come out now to take some exterior photos before the snow flies.

As you browse through the rest of the report you will find, for comparison purposes, a number of market measures displayed for each of the submarkets in our area. Enjoy the report.



The graph above shows the price appreciation trend since the 3rd quarter of 2011 in both Boulder County (green) and the United States as a whole (Blue). Boulder's most recent annual appreciation rate of 14.7% was #1 in the nation.

Boulder County Sales Activity



BOULDER COUNTY MARKET SNAPSHOT

↓ 12%

TOTAL SALES
There were 1,522 sales in Q3 2016 compared to 1,731 total sales in Q3 2015. This represents a decrease of 12%

↑ \$440,000

MEDIAN SALES PRICE
The median sales price in Q3 2016 was \$440,000 compared to \$385,000 in Q3 2015. This represents an increase of 14.2%.

↑ 1,538

TOTAL INVENTORY
There were 1,538 homes for sale in Boulder County at the end of Q3 compared to 1,493 the previous year. This represents an increase of 3%

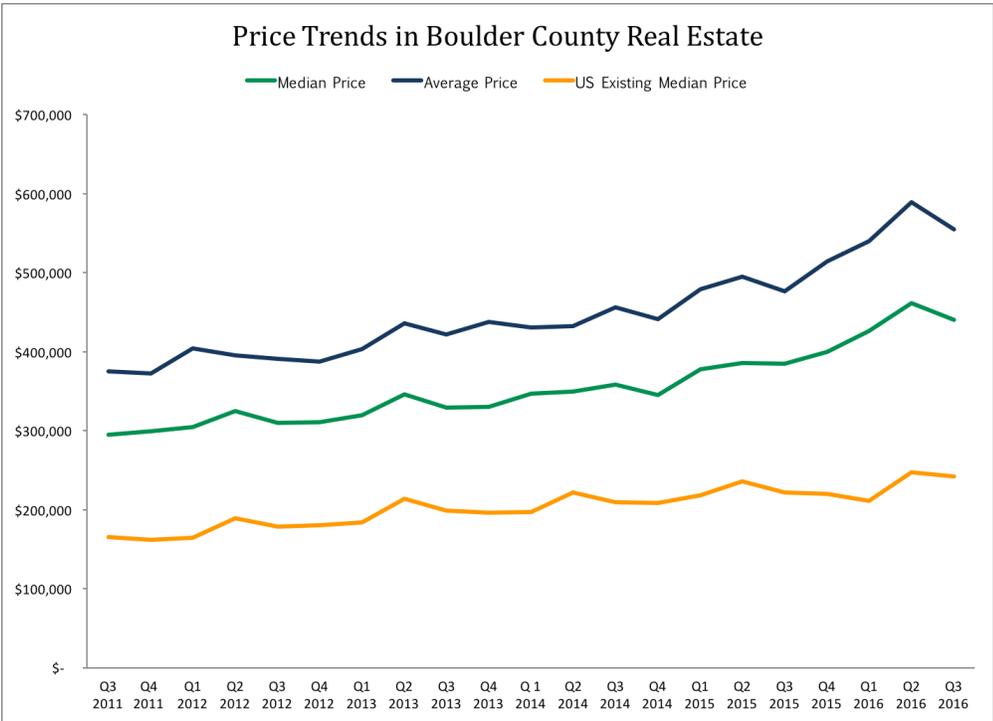
↓ 24

DAYS TO CONTRACT
On average it took 24 days for a house to go under contract in Q3 2016. In Q2 of 2015 it was just 21 days.

= 3.04

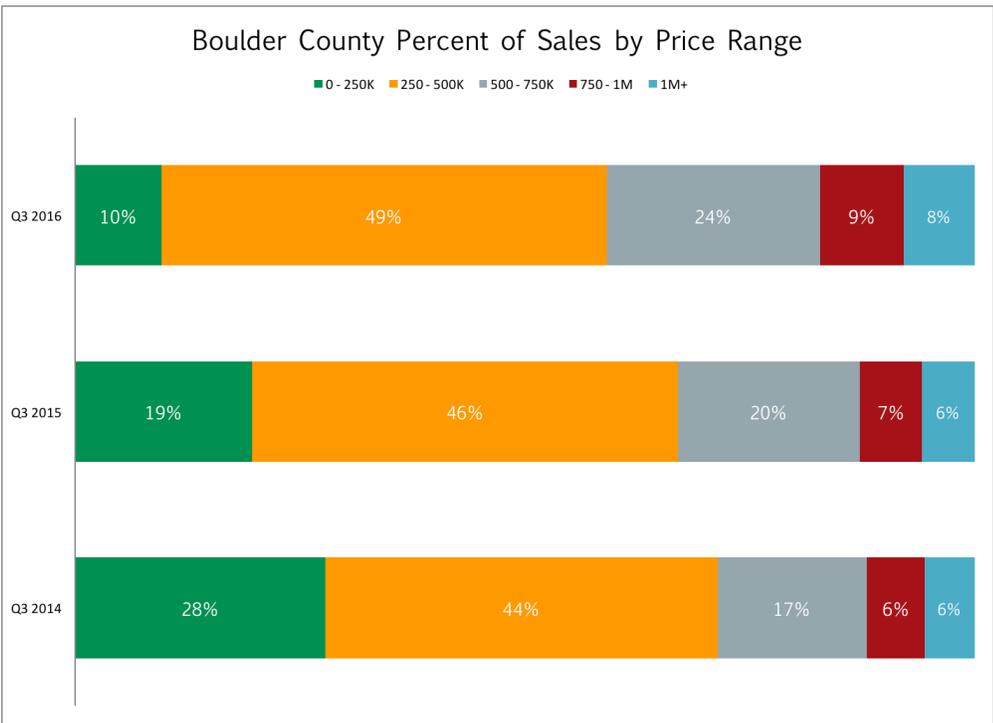
MONTHS OF INVENTORY
At the end of this past quarter there were just over 3 months of inventory on the market. This is unchanged from a year ago.

Boulder County Price Trends

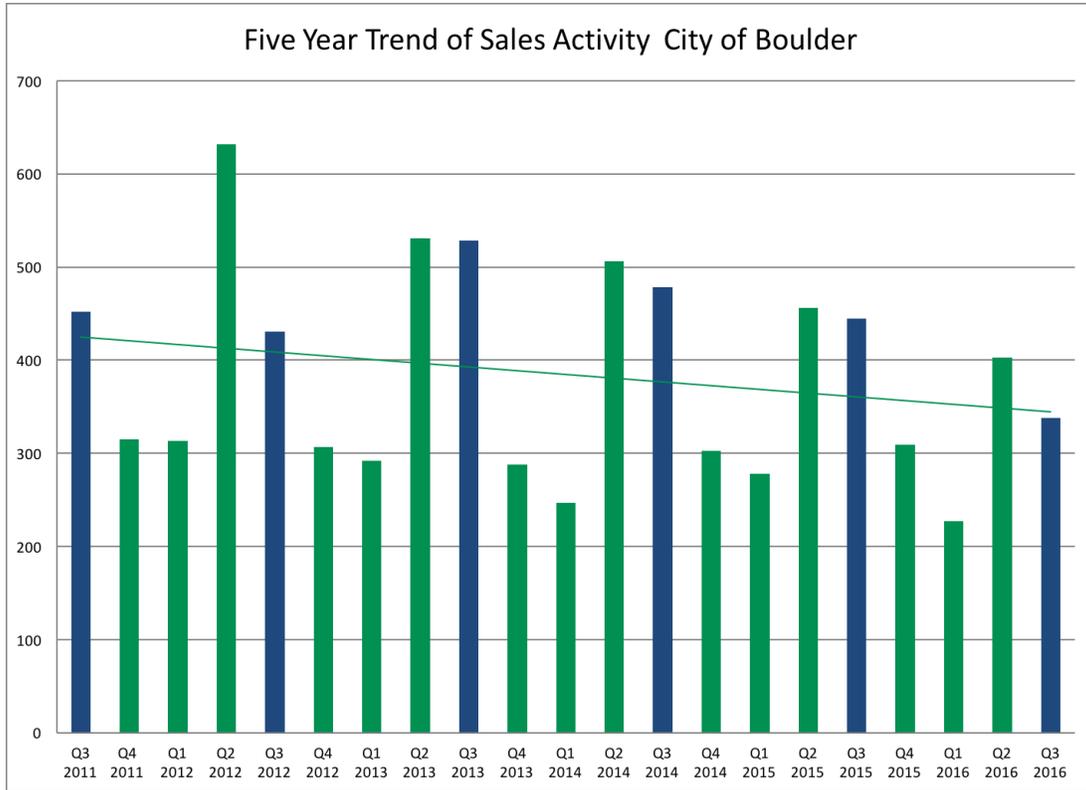


The top graph shows the increase in prices in Boulder County compared to the national average. Average prices in Boulder County have increased over \$100k in five years!

The bottom chart on this page shows the price breakdown of sales in Boulder County in the 3rd quarter over the past three years. It's interesting to see that as prices have increased over the past three years, the percentage of homes that have sold for less than \$250,000 has decreased from 28% to 10%. The mid-range of \$250k to \$500k hasn't changed quite so much, but there are now more sales over \$500,000 (24% in 2016 compared to 17% in 2014). Low interest rates have preserved affordability, but as interest rates climb buyers may find that it's difficult to afford a home.



City of Boulder Sales Activity



CITY OF BOULDER MARKET SNAPSHOT

↓ 24%

TOTAL SALES

There were 338 sales in Q3 2016 compared to 445 total sales in Q3 2015. This represents a decrease of 24%

↑ \$630,000

MEDIAN SALES PRICE

The median sales price in Q3 2016 was \$630,000 compared to \$510,000 in Q3 2015. This represents an increase of 23%.

↓ 99.2%

SALES PRICE TO LIST PRICE RATIO

In Q3 2016 properties in the City of Boulder sold for on average 99.2% of the list price. Last year in Q3 the SP:LP ratio was 100%.

↓ 23

DAYS TO CONTRACT

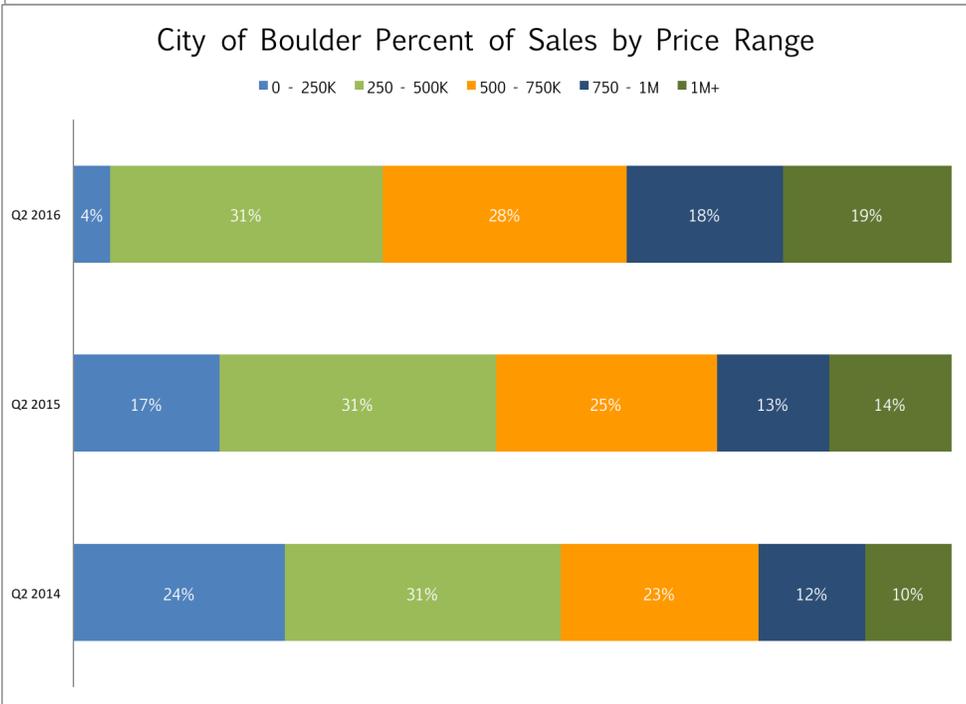
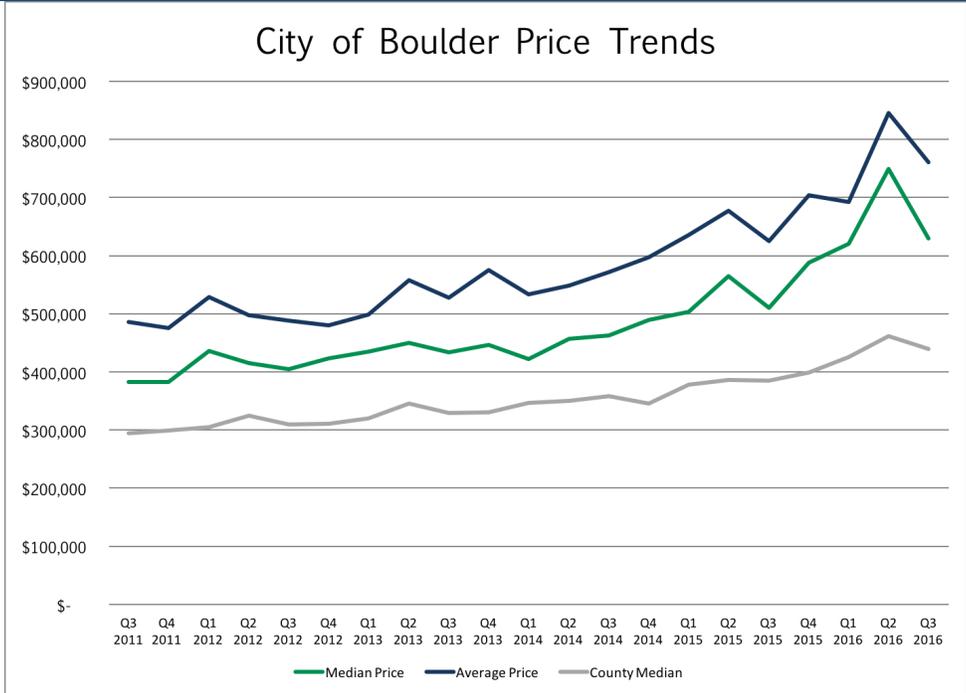
On average it took 23 days for a house to go under contract in Q3 2016. In Q2 of 2015 it was just 20 days.

2.59

MONTHS OF INVENTORY

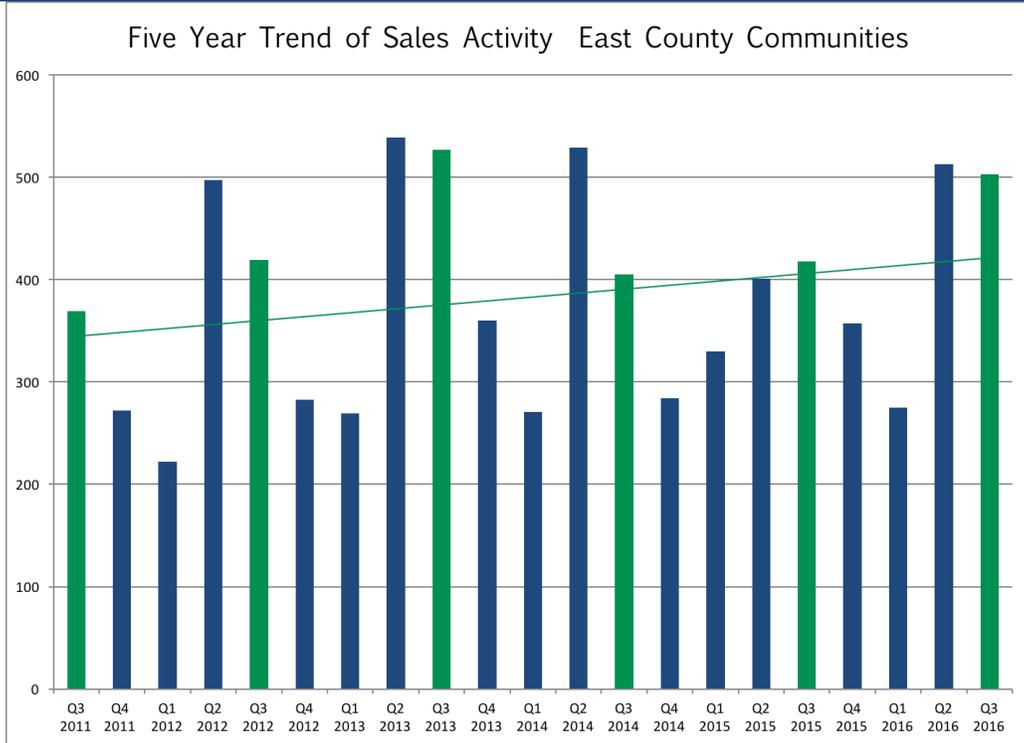
At the end of this past quarter there were 2.59 months of inventory on the market. This is a seller's market. A balanced market is around 6 months of inventory.

City of Boulder Price Trends



The top chart shows the increase of prices in the City of Boulder over the past five years. The bottom chart divides the sales in Boulder by price range in the 3rd quarter of each of the last three years. The price of homes in the lower ranges within the City of Boulder has shrunk noticeably over the past three years. Sales under \$500k in 2014 represented 55% of the market and now it's 35%. Sales over \$1 million represented 10% in 2014 and now is 19%.

Erie, Lafayette, Louisville and Superior Sales Activity



LAFAYETTE, LOUISVILLE, SUPERIOR, ERIE - MARKET SNAPSHOT

↑ 20%
TOTAL SALES
 There were 503 sales in Q3 2016 compared to 418 total sales in Q3 2015. This represents an increase of 20%.

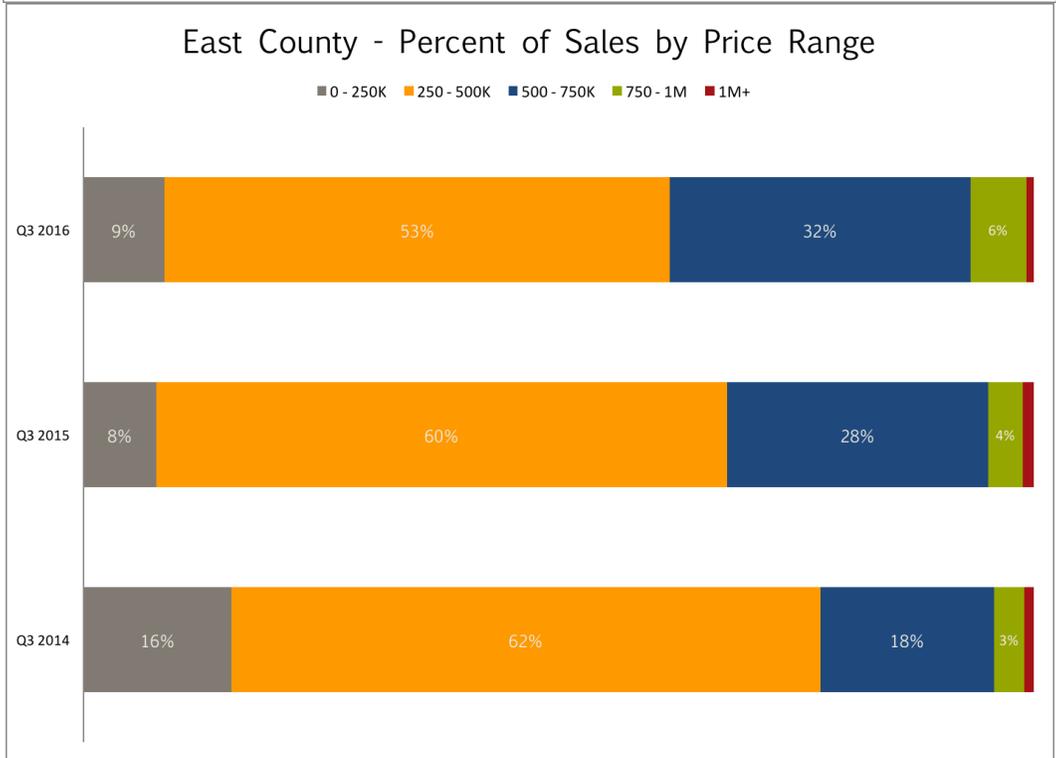
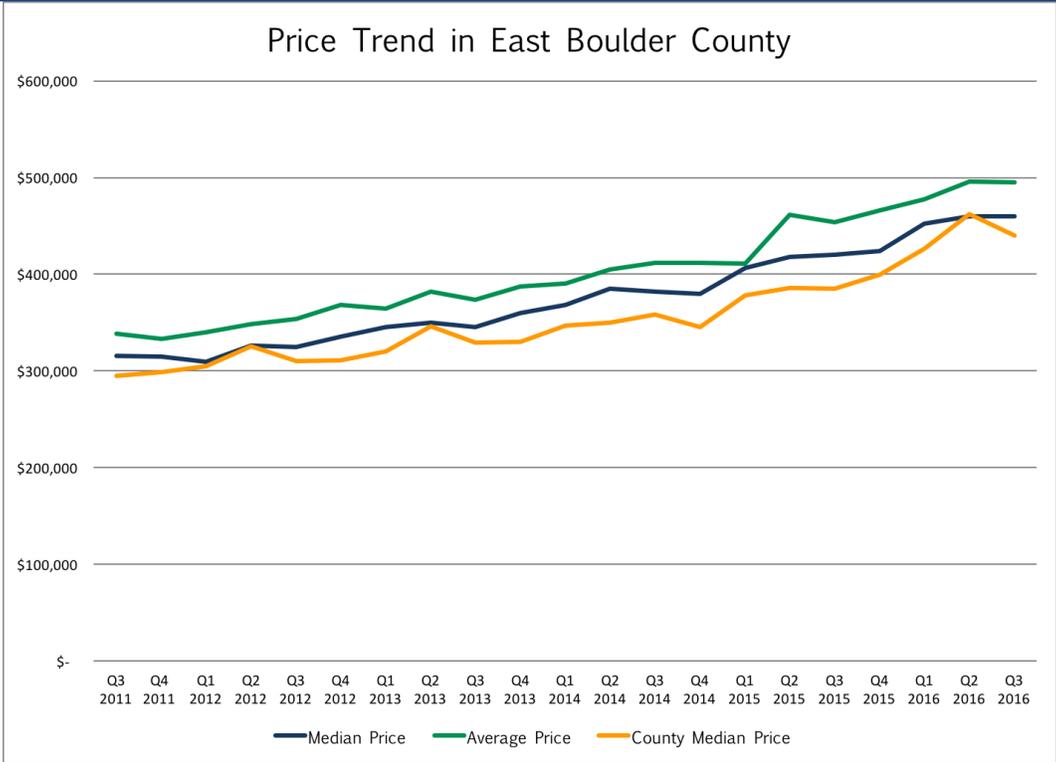
↑ \$459,900
MEDIAN SALES PRICE
 The median sales price in Q3 2016 was \$459,900 compared to \$420,000 in Q3 2015. This represents an increase of 9.5%.

↓ 100.3%
SALES PRICE TO LIST PRICE RATIO
 In Q3 2016 properties in East Boulder County sold for on average 100.3% of the list price. Last year in Q3 the SP:LP ratio was 101%.

↓ 26
DAYS TO CONTRACT
 On average it took 26 days for a house to go under contract in Q3 2016. In Q2 of 2015 it was 19 days.

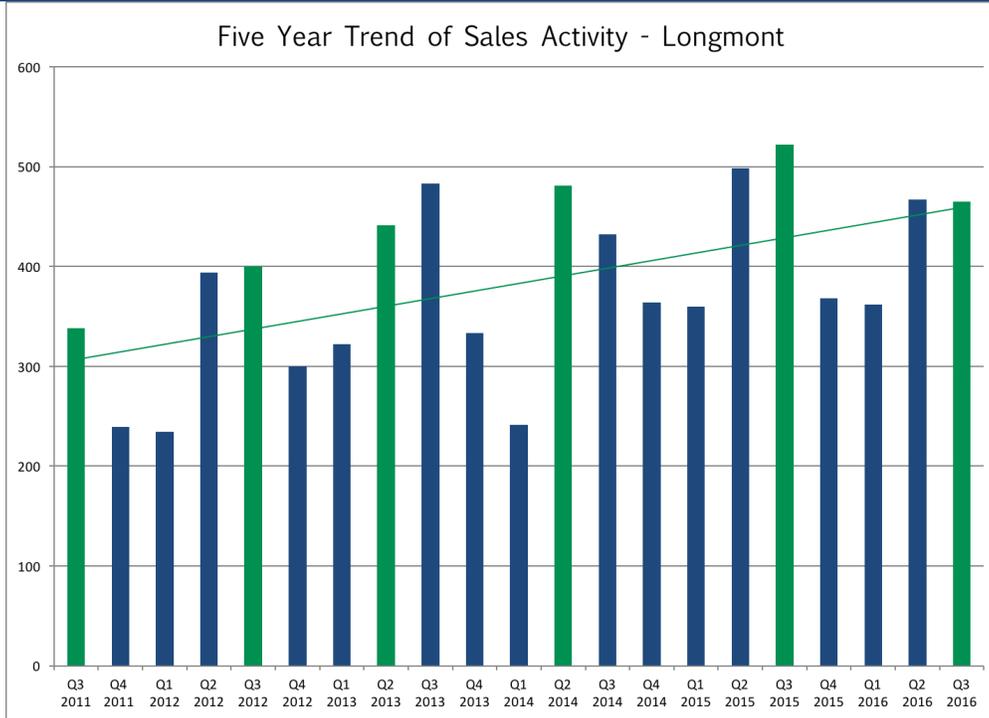
2.86
MONTHS OF INVENTORY
 At the end of this past quarter there were 2.86 months of inventory on the market. This is a seller's market. A balanced market is around 6 months of inventory.

Erie, Lafayette, Louisville and Superior Price Trends



Over the past three years, we are seeing more sales above \$500k and fewer under \$250k in Louisville, Lafayette, Erie and Superior. Prices continue to mirror the appreciation in the county as a whole.

Longmont Sales Activity



LONGMONT - MARKET SNAPSHOT

↓ 11%
TOTAL SALES
 There were 465 sales in Q3 2016 compared to 522 total sales in Q3 2015. This represents a decrease of 11%.

↑ \$337,000
MEDIAN SALES PRICE
 The median sales price in Q3 2016 was \$337,000 compared to \$285,000 in Q3 2015. This represents an increase of 18%.

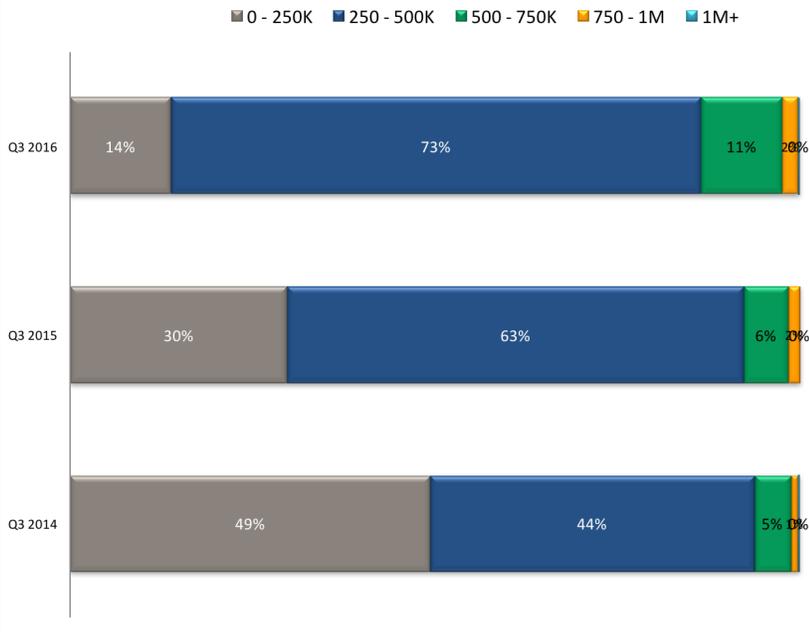
↓ 100.7%
SALES PRICE TO LIST PRICE RATIO
 In Q3 2016 properties in Longmont sold for on average 100.7% of the list price. Last year in Q3 the SP:LP ratio was 100.5%.

↓ 19
DAYS TO CONTRACT
 On average it took 19 days for a house to go under contract in Q3 2016. In Q2 of 2015 it was 18 days.

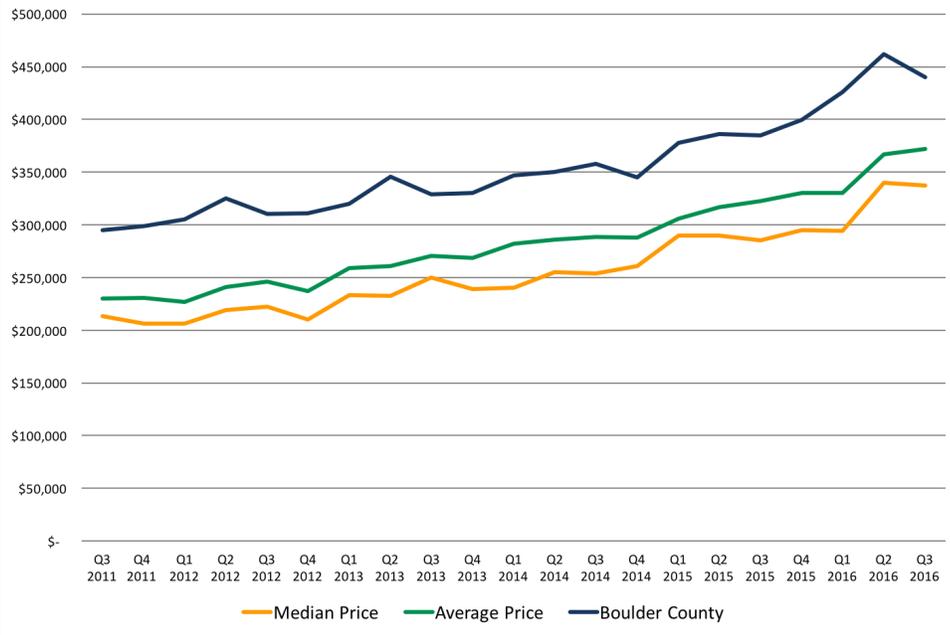
2.6
MONTHS OF INVENTORY
 At the end of this past quarter there were 2.6 months of inventory on the market. A balanced market is around 6 months of inventory.

Longmont Price Trends

Longmont Percent of Sales by Price Range



Price Trend in Longmont



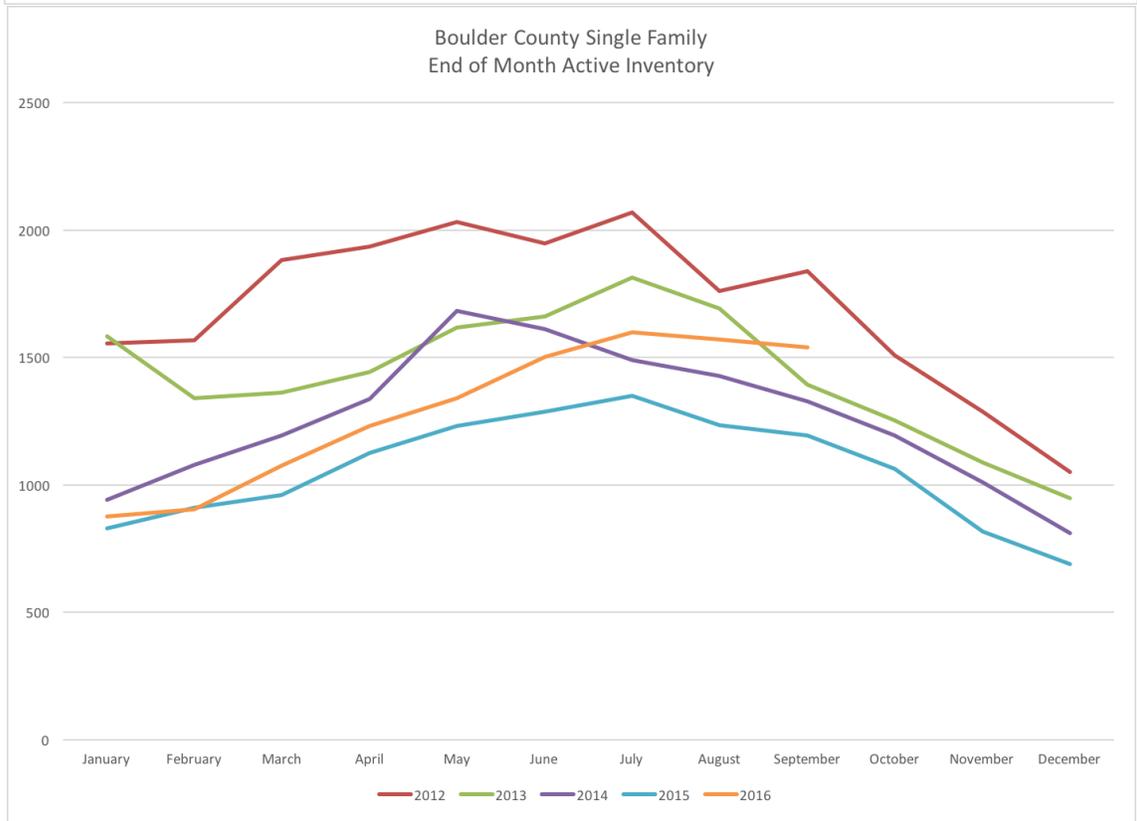
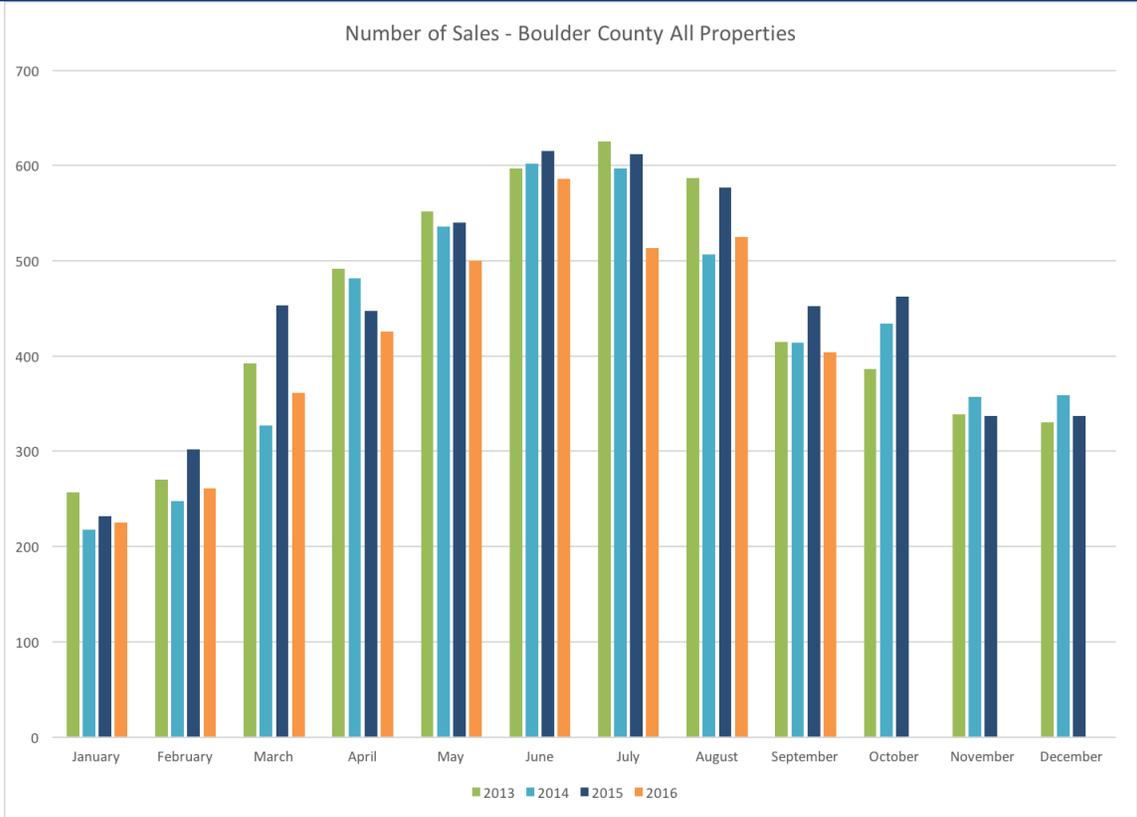
The median price for all sales in Longmont for the quarter was \$337,000. Much lower than the county average of \$440,000. The median price for the third quarter is up by 18% from the third quarter a year ago.

The top chart to the left shows that the price range under \$250,000 has dropped quite dramatically over the past few years. During the most recent quarter just 14% of sales in Longmont were under \$250,000. Compare this to 49% just two years ago! The other interesting fact gleaned from this chart is the lack of an upper end in Longmont. Just 13% of the sales this past quarter were over \$500,000. Two years ago it was 8%.

Longmont is the only area where the median and average price are lower than the county average.

If you are looking for affordable housing, Longmont is still a great place to look.

Month by Month Sales Activity – Boulder County



Kearney Realty Co. – Our Core Values

1. **Integrity and Class** – Keeping our word; knowing what’s right and doing what’s right.
2. **Selfless Service** – Exceeding expectations by focusing on exceptional service.
3. **Caring** – All of our relationships are based on mutual respect, cooperation and consideration.
4. **Connected** – Give back to the profession and the community. 5% of company profits are donated to local charities.
5. **Innovation** – Continually striving to find new and better ways to serve our customers and our associates.



My Approach To Home Marketing

It used to be that to market a home meant putting a sign in the yard, copying a few brochures and placing the home in the local MLS service. Back in the day of MLS books, buyers and realtors had to wait a week for the book of listings to be updated. Now, the speed of information is almost instantaneous and it takes a diverse mix of marketing methods to attract buyers and maximize seller return. My goal is to maximize the appeal of my listings to prospective buyers through impeccable preparation, high quality deliverables and a beautiful Internet presence that gives each and every listing the custom feel that buyers appreciate. I fulfill this goal through the execution of my highly effective and proven marketing plan that puts the home, not the agency in the forefront.

Preparation

The first step in my premier marketing plan is in detailed and early preparation. Your house deserves professional and experience representation and this begins long before the sign is placed in the yard. The first step in the preparation phase is to price the property correctly. Proper pricing results in maximizing the sales price for the Seller while still staying attractive to potential Buyers. Correct pricing takes into account comparable sales, the location, the condition of the property, the current market conditions and the competition. I take great care in analyzing and comparing your property to other homes with specialized spreadsheets I have developed over time that help us decide on the right price.

Once the price is set and the listing papers are signed, I go to work to maximize the appeal of the home by taking great photos and writing a compelling description. To many listings describe the property in terms of facts. I strive to describe the home as a lifestyle, a place to make memories, a place they want to live. The goal of the photos and remarks is to make the buyer want to look at the property in person. Almost all potential buyers are viewing listings online. Our first showing is online and the goal of my marketing is to make the buyer want to see the property in person.



The Hub – Custom Designed Website

After the photos are done and the description is written, my hub and spoke marketing plan is implemented. The hub is a custom website that I build from scratch. This is a true custom website developed from scratch and with it's own website address. On this website I can tell the full story of your home, display all of the photos, describe the location, the neighborhood, display links to the HOA, show the brochure and the MLS sheet, etc. When a buyer wants more information we want more than 500 characters (the limit on MLS and other online sites) to tell the full story of why this home is different and why they should see it.

The custom website is where interested buyers go to get the information they want and it's where they send their family to share their excitement. This is where we point all of our other marketing. This is where we can give a full and controlled experience to our potential buyers. Some recent examples can be viewed at www.7475Eggleston.com, www.2412Ginny.com

The Spokes

The spokes of my premier marketing plan includes print, online and Realtor-to-Realtor advertising. The diagram on this page shows how I use a broad spectrum of marketing methods to reach potential buyers. All of my marketing is done with a feel of substance and quality.

Print marketing includes a sign, custom brochures, a sign rider with the website address and consistent display advertising in the Daily Camera.

Our strategic online marketing includes websites across all sectors. These include national websites such as Realtor.com and Redfin.com. Regional websites such as Coloproperty.com. Local websites such as AtHomeColorado.com. Competitor websites such as Remax.com, COHomefinder.com, and wkre.com. Of course your property will be featured on the KearneyRealty.com and NeilKearney.com websites as well. The goal of online marketing is to impel the buyer to take the next step.

Our marketing to other Realtors includes a thorough MLS listing, which includes the compelling description and beautiful photos and email marketing to our local list of over 800 agents. With the MLS listing, it's important to have done all of the prep work upfront because you only have one chance to make a good first impression. I have established a reputation among my peers based on impeccable ethics and easy communication. Other agents like working with me and they know when they bring an offer it will be handled promptly and with complete integrity.

The remainder of this proposal includes examples of my marketing plan, my resume, testimonials from past clients, advice on getting your home ready to show and information about the process of selling a home.

I have extensive information and market statistics available on my website www.NeilKearney.com and I invite you to do some research on your own.

I look forward to the opportunity to serve you!

Best Regards,

Neil Kearney
Broker/Owner
Kearney Realty Co.