

# The Kearney Report

Boulder County Real Estate Report



Third Quarter 2017

Neil Kearney

## Real Estate Market Update

At the end of the second quarter the Boulder area real estate market started to show signs that the strong sellers market that had been in place for over four years was wavering. The third quarter solidified that trend as sales slowed, negotiation edged toward neutrality, properties stayed on the market longer and price reductions were very common as sellers figured out that their optimistic expectations were not being realized in the market.

During the third quarter of 2017 there were 1,335 sales in Boulder County which reflects an 12% drop from the same quarter of the previous year. The median sales price during the quarter was \$475,000 which is 8% higher than it was a year ago (the median price for sales during the second quarter were \$500,000). Homes are staying on the market longer and this has given buyers more choices when looking.

During the second quarter, 31% of the homes sold for a price above the list price, this is down from 41% during the second quarter and 42% during the third quarter of 2016. The average premium paid on those properties that sold above full price was 2.8%, last year it was 4.04%. While still considered a seller's market, we are shifting more toward neutral and buyers are able to negotiate rather than pay above list price in a majority of situations.

Here are some of the trends we are seeing in the market:

### **Trend #1 – Slowing Sales**

Through the end of September sales in Boulder County were down 7% from a year ago. This alone isn't such a big deal. What is more interesting is looking at sales on a monthly basis. Through March, cumulative sales in Boulder County were up by 6% over the same time period in 2016. The market was strong, multiple offer situations were common and houses were selling quickly. Sales tailed off a bit in April and May but that was due more to lack of inventory than anything else. Then right around Memorial Day the market noticeably slowed down. Houses that one would expect to sell quickly lingered on the market. We also started to see price reductions at a higher pace than previous years and the total number of sales dropped. Closings in June were down 12%, in July down 10%, in August down 14% and in September down 14%. We have definitely lost some momentum in the volume of sales.

### **Trend #2 – Price Range Matters**

When we speak about the average listing in Boulder County we are talking about a price range in Boulder County of roughly \$500,000. When one deviates from that range the story can differ from what is reported. Over the past few years there has been a record number of sales over \$1 million. However, the sales of homes in the luxury range have shown less of a seller's market than lower price ranges. Currently there is 2.6 months of inventory on the market in the price range of \$500,000 and lower; 2.91 months for those homes in the \$500 - \$750k range; 4.10 months for homes between \$750,000 and \$1 million; and 6.04 months for homes priced above 1 million. The National Association of Realtors has stated that 6 months of inventory is a balanced market.

### **Trend #3 – Interest Rates**

At the end of September the average national 30 year mortgage interest rate was 3.83%. This is up slightly from a year ago but still below the five-year average. At the end of the day what matters to a potential home purchaser is if they can afford the payment. As prices rise, buyers slowly adjust to the new normal but if they can afford it and if their friends and colleagues are also buying homes, the price objection as a stand-alone issue dissolves as long as they can afford the payment. So when prices rise, like they have over the past five years affordability needs to come from somewhere. Buyers must either have their incomes increase in a proportional way, be able to bring a larger down payment, or interest rates must be low enough to allow for a reasonable payment relative to their overall monthly income. So far, interest rates are staying low and allowing for sustained sales. If we do see a spike in interest rates that compounds the effect of the recent price increases, we can expect to see demand fall and prices flatten. This flattening of prices has been the normal for the Boulder County market over the past 30 years after a period of rapid price gains.

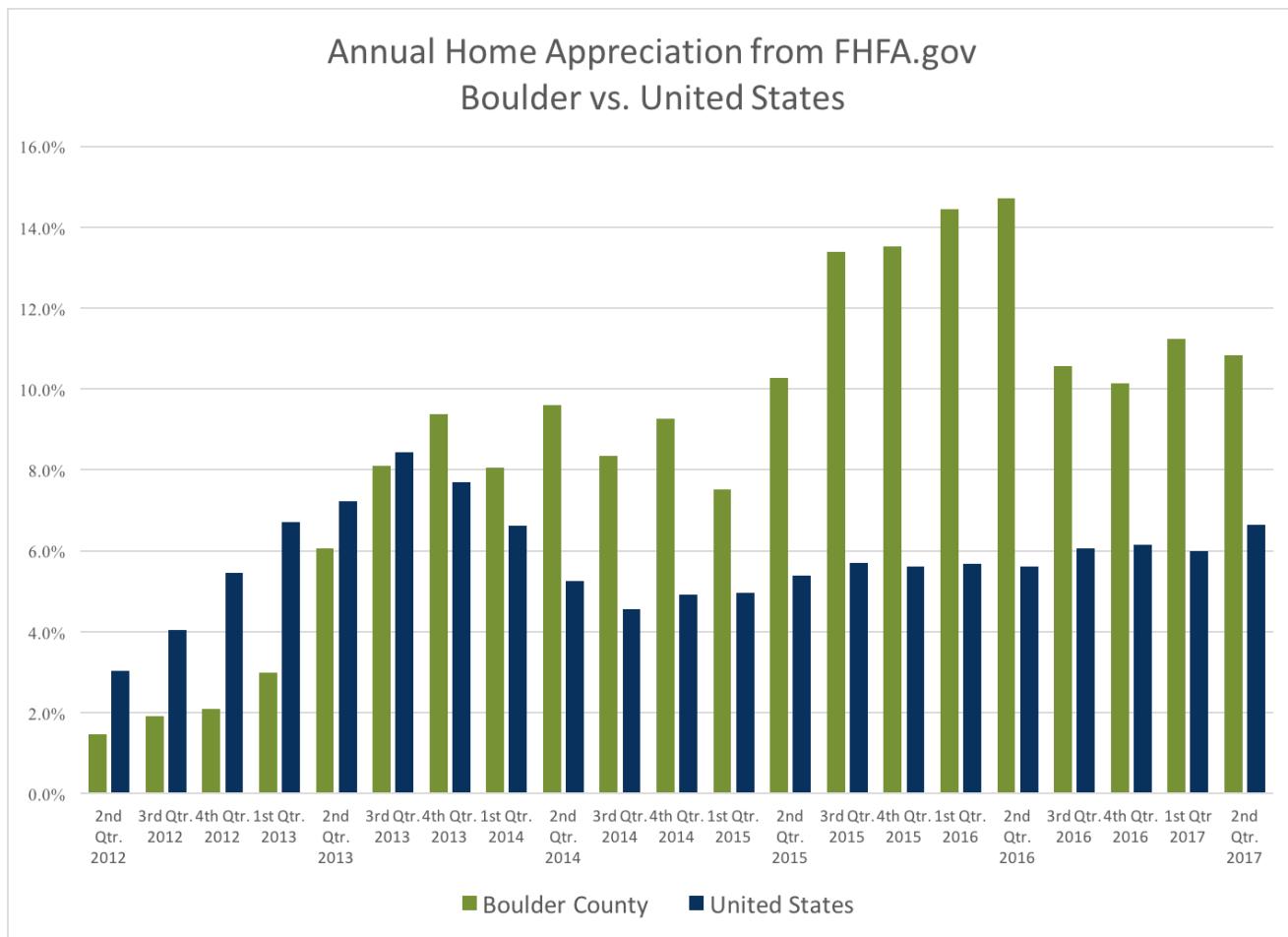
### **Trend #4 – Price Appreciation Losing Some Steam**

I'm splitting hairs a bit here because we have seen some slowing this summer on price appreciation. According to FHFA.gov Boulder County homes showed a 10.84% gain in value from June 2016 to June 2017. This was tied for 19th best in the nation with Portland OR. But the rise in inventory and the drop in sales this summer tell me that the pace of appreciation has slowed.

We have been blessed by a steady upward trending market without the up's and downs that typically accompany high growth. Real estate is cyclical and it will be interesting to see where we are in the cycle over the next few years. Enjoy the report!

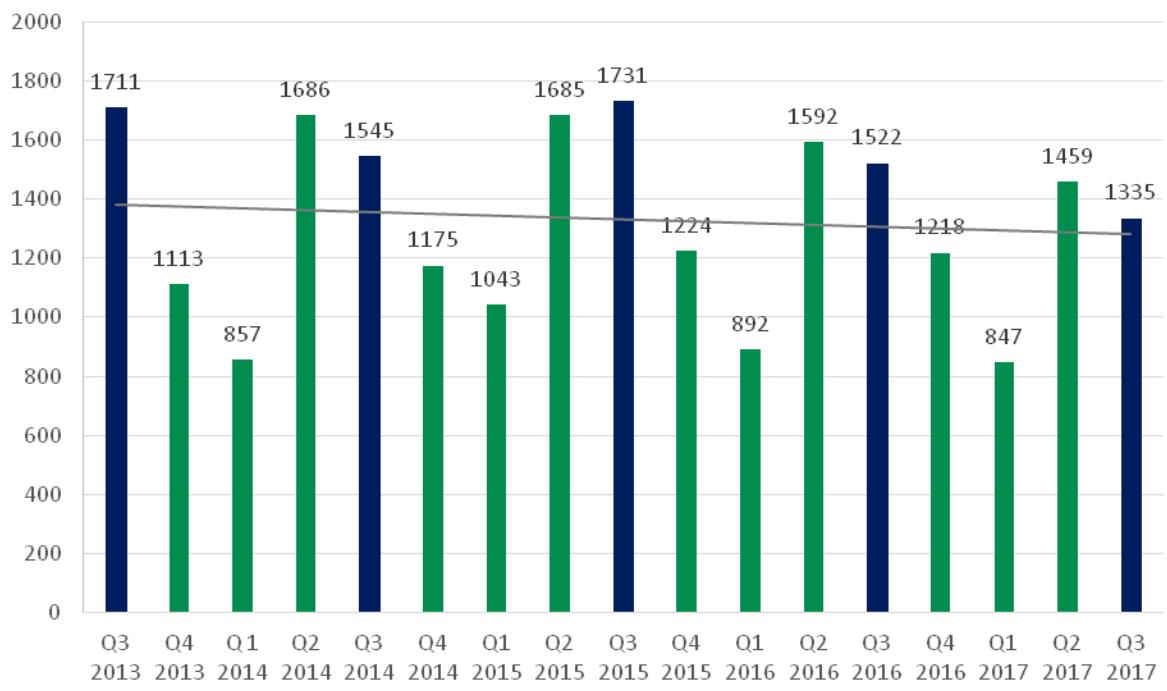
## Price Appreciation

The graph below shows the price appreciation trend since the 1st quarter of 2012 in both Boulder County (green) and the United States as a whole (Blue). Boulder's most recent annual appreciation rate of 10.84% was 19<sup>th</sup> highest in the nation. Boulder County's cumulative home price appreciation over the past 10 years according to FHFA.gov has been 56% which ranks us 2<sup>nd</sup> in the nation.



# Boulder County Sales Activity

## Five Year Trend of Sales Activity - Boulder County



## BOULDER COUNTY MARKET SNAPSHOT

**14%**

### TOTAL SALES

There were 1335 total sales in Q3 2017 compared to 1522 total sales in Q2 2016.

**\$475,000**

### MEDIAN SALES PRICE

The median sales price in Q3 2017 was \$475,000 compared to \$440,000 in Q3 2016. This represents an increase of 8%.

**1,485**

### TOTAL INVENTORY

There were 1,485 homes for sale in Boulder County at the end of Q3 compared to 1,538 at the same time the previous year. This represents a 3.5% decrease.

**29**

### DAYS TO CONTRACT

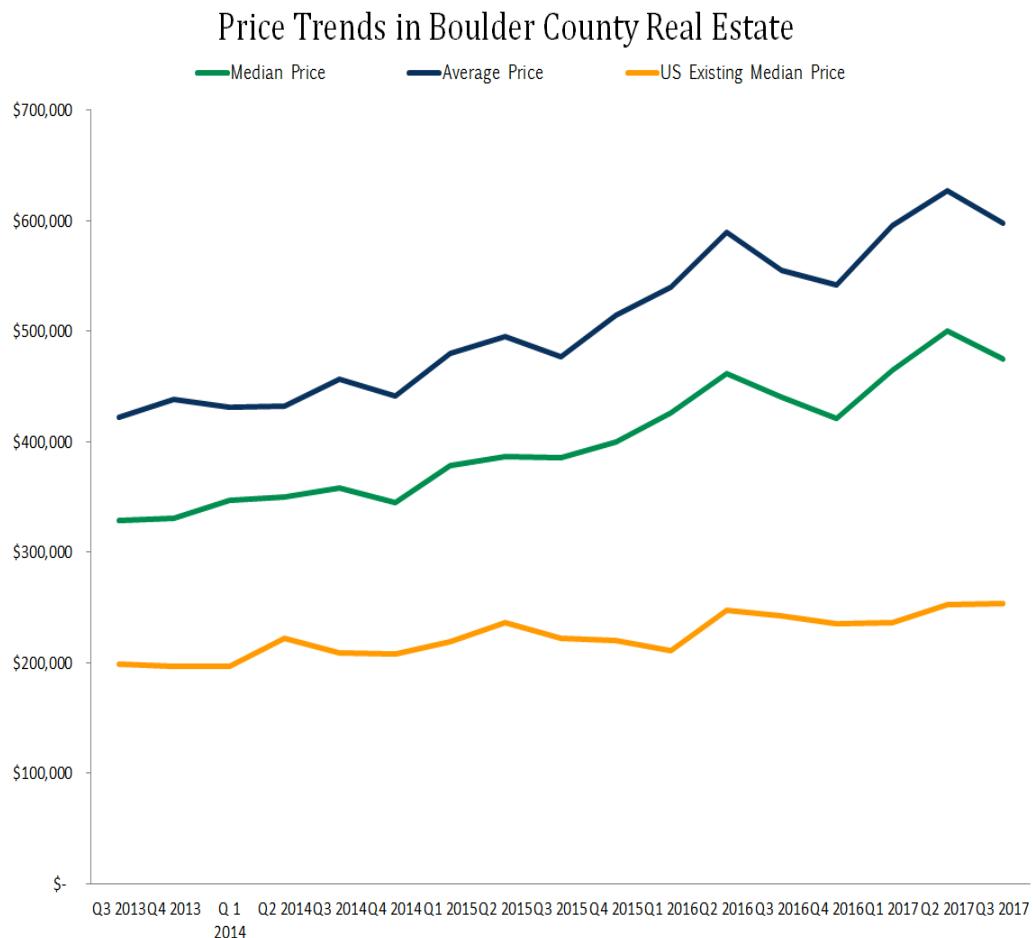
On average it took 29 days for a house to go under contract in Q3 2017. In Q3 of 2016 it was 24 days.

**3.34**

### MONTHS OF INVENTORY

Inventory is decreasing. Currently there are 3.34 months of available listings on the market. However, roughly 50% are already under contract so the effective inventory rate is roughly half of this number.

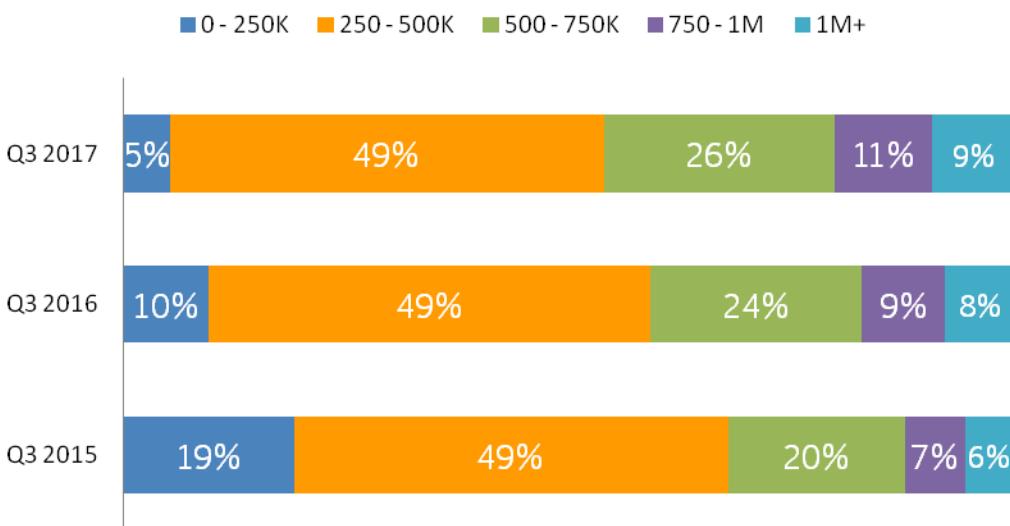
## Boulder County Price Trends



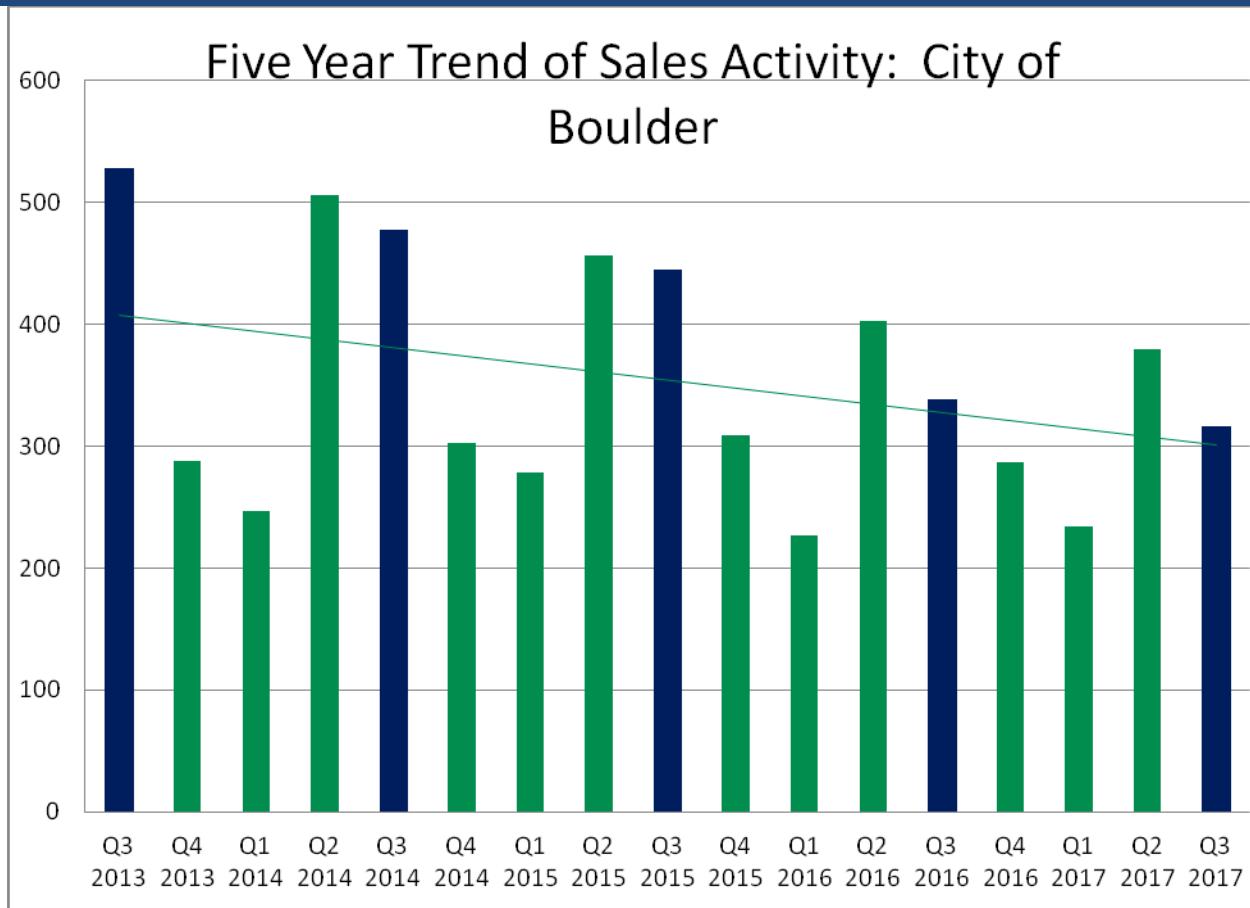
The top graph shows the increase in prices in Boulder County compared to the national average. Average prices in Boulder County have increased over \$200k in five years!

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 makes complete sense that as prices increase, sales in the lower price ranges would decrease but to see it graphically really shows how difficult it is to be a first time home buyer in this market. Homes that sell for less than \$250,000 has decreased from 19% of the total market to 5% in three years. The mid-range of \$250k to \$500k hasn't changed quite so much, but there are now more sales over \$500,000 (46% in 2017 compared to 33% in 2015). Low interest rates have preserved affordability, but as interest rates climb buyers may find that it's difficult to afford a home.

## Boulder County Percent of Sales by Price Range



## City of Boulder Sales Activity



### CITY OF BOULDER MARKET SNAPSHOT

**7%**  
TOTAL SALES  
There were 316 sales in Q3 2017 compared to 338 total sales in Q3 2016. This represents a decrease of 7%.

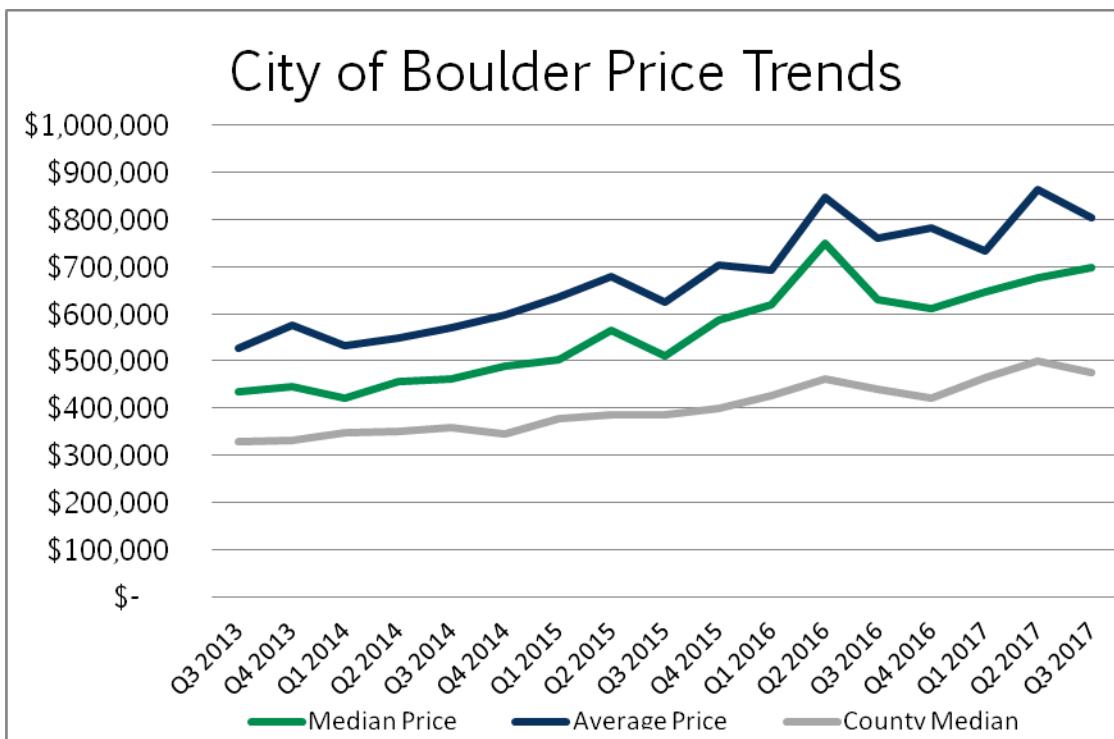
**98.30%**  
SALES PRICE TO LIST PRICE RATIO  
In Q3 2017 properties in the City of Boulder sold for on average 98.30% of the list price. Last year in Q3 the SP:LP ratio was 99.2%.

**\$698,850**  
MEDIAN SALES PRICE  
The median sales price in Q3 2017 was \$698,850 compared to \$630,000 in Q3 2016. This represents an increase of 11%.

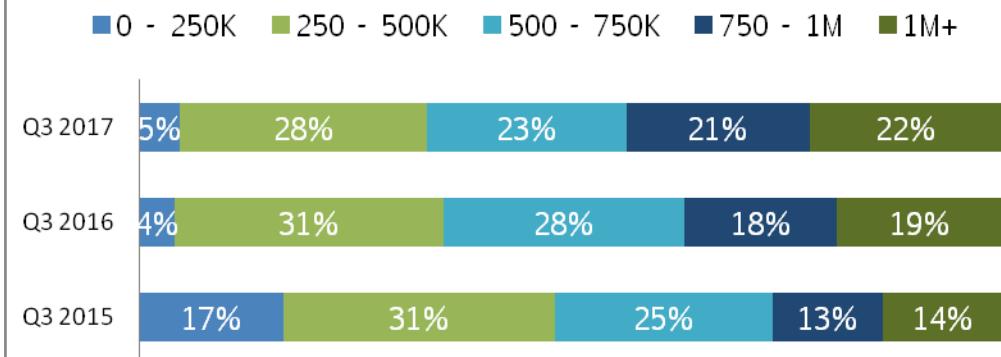
**29**  
DAYS TO CONTRACT  
On average it took 29 days for a house to go under contract in the first quarter. Last year during the same time frame it took on average 22 days to find a buyer.

**3.65**  
MONTHS OF INVENTORY  
Inventory is decreasing. Currently there are 3.65 months of available listings on the market.

## City of Boulder Price Trends

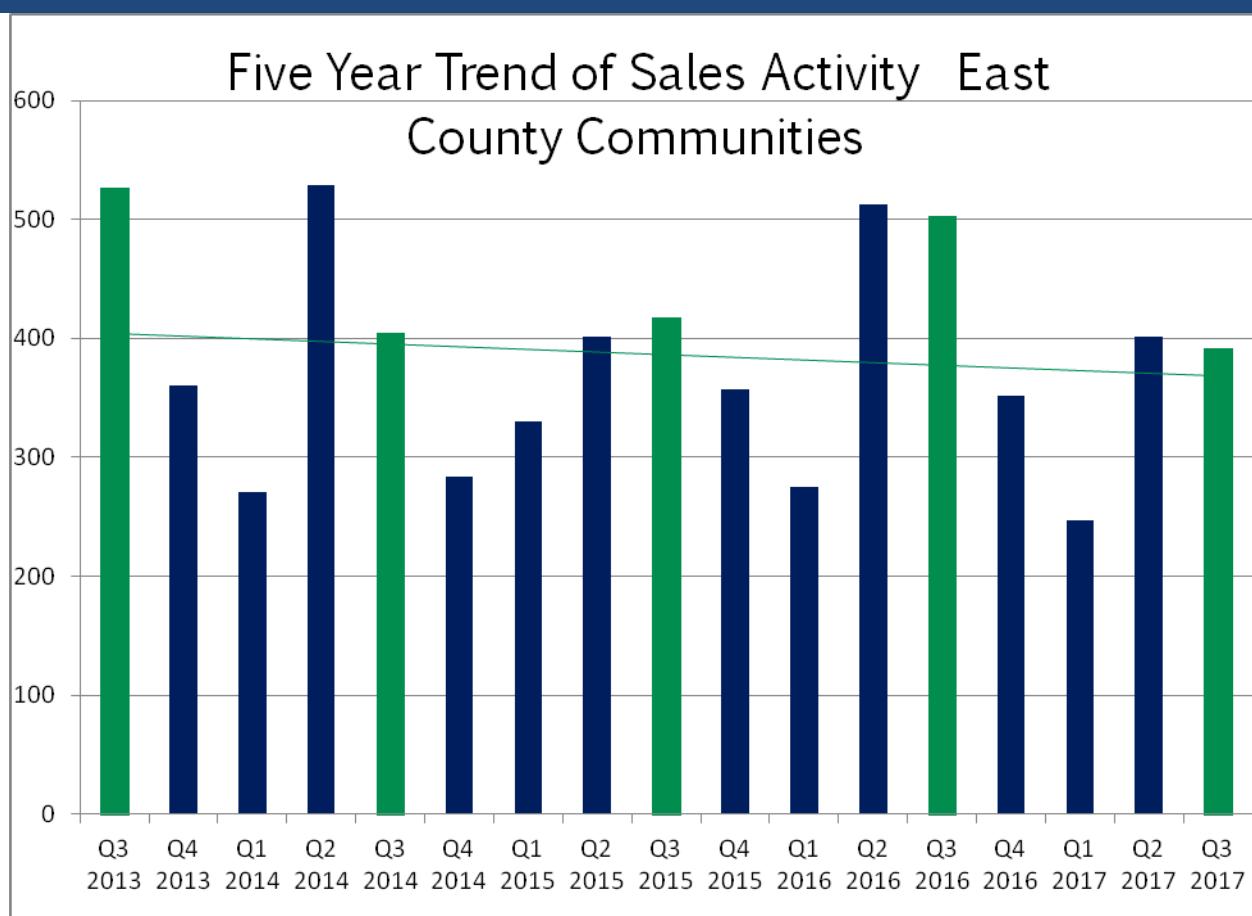


## City of Boulder Percent of Sales by Price Range



The top chart shows the increase of prices in the City of Boulder over the past five years. Prices have actually moderated over the past year. 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 2015 represented 48% of the market and now it's 33%. Sales over \$1 million represented 14% in 2015 and now are 22%.

## Erie, Lafayette, Louisville and Superior Sales Activity



### LAFAYETTE, LOUISVILLE, SUPERIOR, ERIE - MARKET SNAPSHOT

**3%**

**TOTAL SALES**  
There were 392 sales in Q3 2017 compared to 503 total sales in Q3 2016. This represents a decrease of 28%.

**\$507,975**

**MEDIAN SALES PRICE**  
The median sales price in Q2 2017 was \$507,975 compared to \$459,900 in Q3 2016. This represents an increase of 10.5%.

**99.80%**

**SALES PRICE TO LIST PRICE RATIO**  
In Q3 2017 properties in East Boulder County sold for on average 99.80% of the list price. Last year in Q3 the SP:LP ratio was 100.3%.

**28**

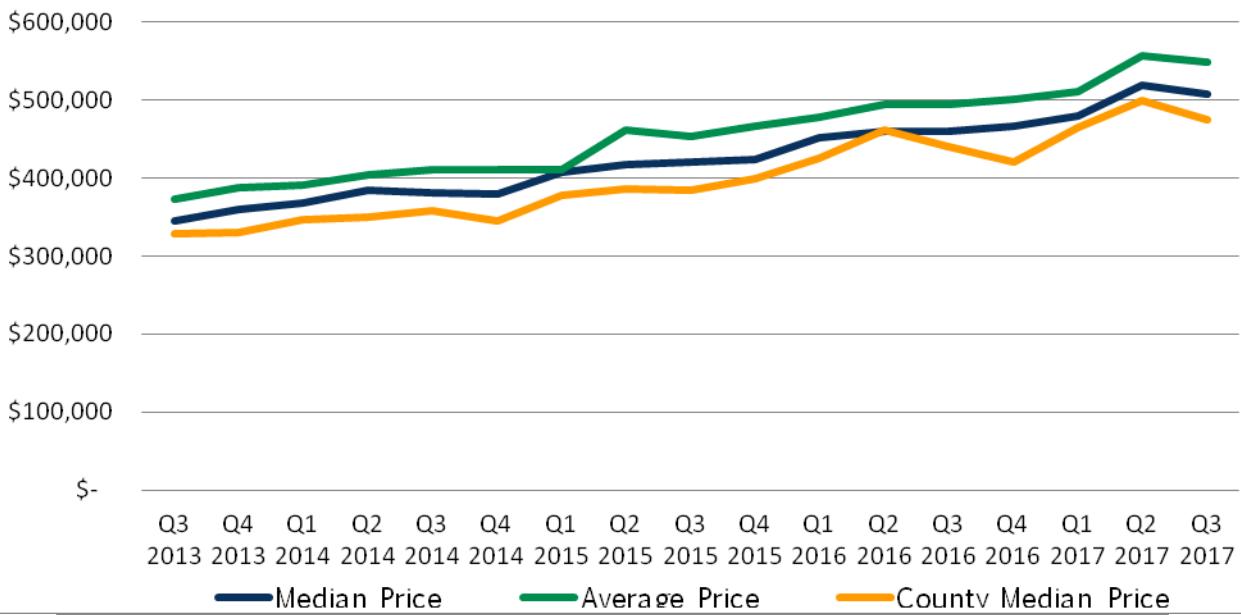
**DAYS TO CONTRACT**  
On average it took 28 days for a house to go under contract in the second quarter. Last year during the same time frame it took 26 days on average.

**3.11**

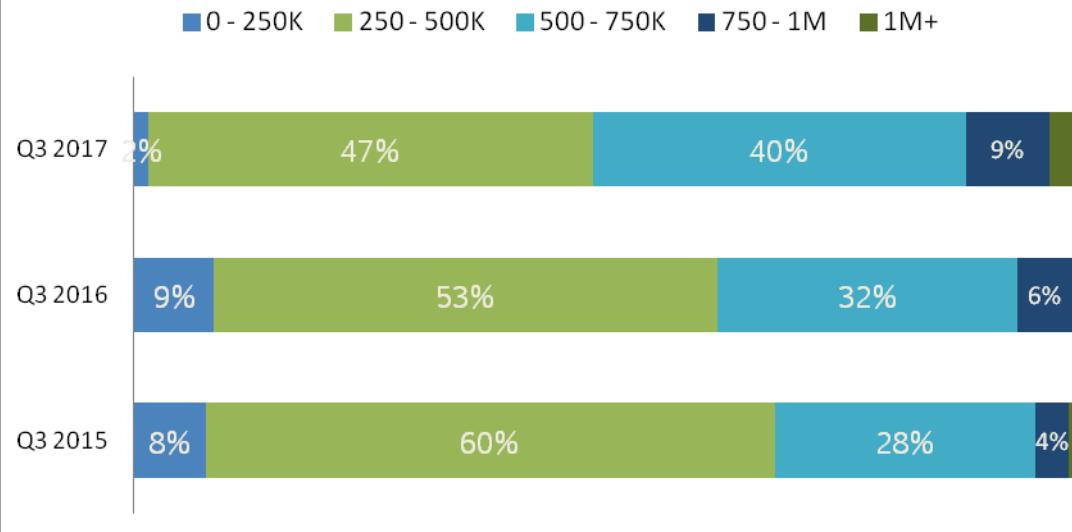
**MONTHS OF INVENTORY**  
Inventory is rising. Currently there are 3.11 months of available listings on the market. However, this number is overstated because it doesn't take into account the homes that are already under contract.

## Erie, Lafayette, Louisville and Superior Price Trends

### Price Trend in East Boulder County

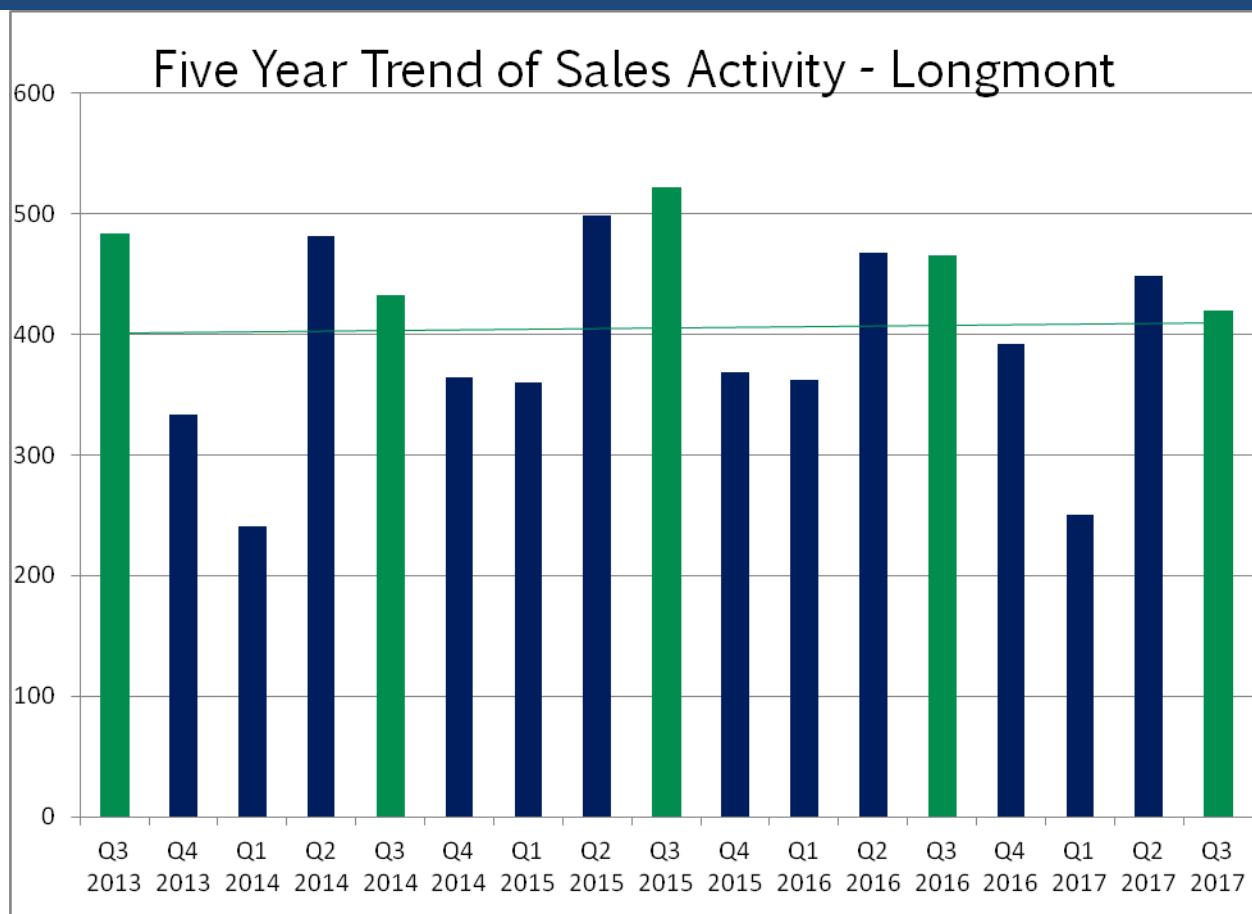


### East County - Percent of Sales by Price Range



The starter home in Louisville, Lafayette, Erie and Superior has basically disappeared over the past three years. There are not as many condos in these areas and single family homes have really increased in value.

## Longmont Sales Activity



### LONGMONT - MARKET SNAPSHOT



**\$364,500**

#### MEDIAN SALES PRICE

The median sales price in Q3 2017 was \$364,500 compared to \$337,000 in Q3 2016. This represents an increase of 8%.



**99.70%**

#### SALES PRICE TO LIST PRICE RATIO

In Q3 2017 properties in Longmont sold for on average 99.70% of the list price. Last year in Q2 the SP:LP ratio was 101%.



**4%**

#### TOTAL SALES

There were 420 total sales in Q3 2017 compared to 465 total sales last year during the same quarter. This represents a decrease of 9.5%.



**25**

#### DAYS TO CONTRACT

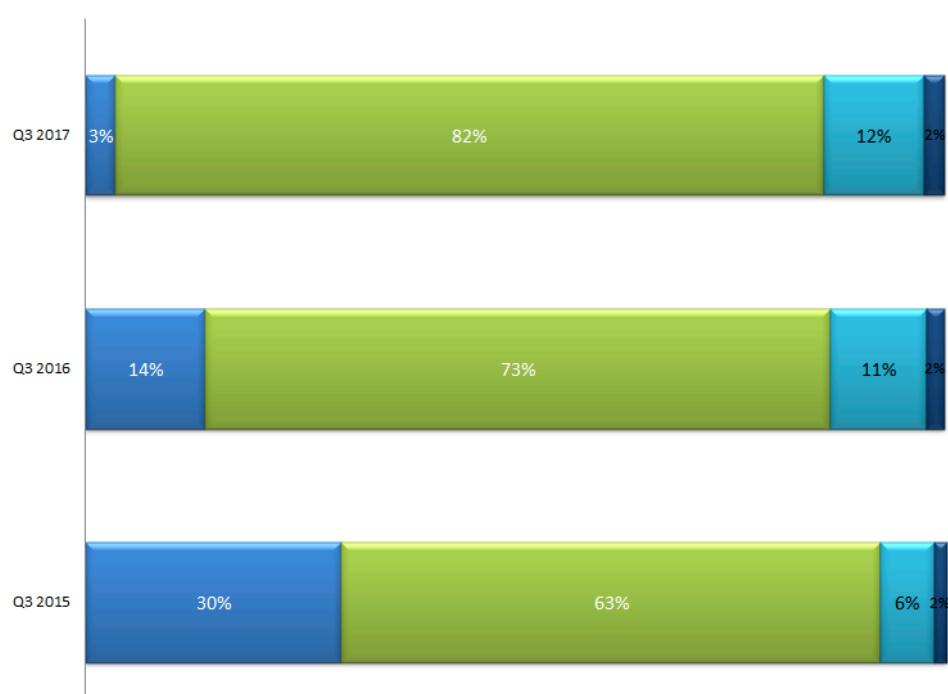
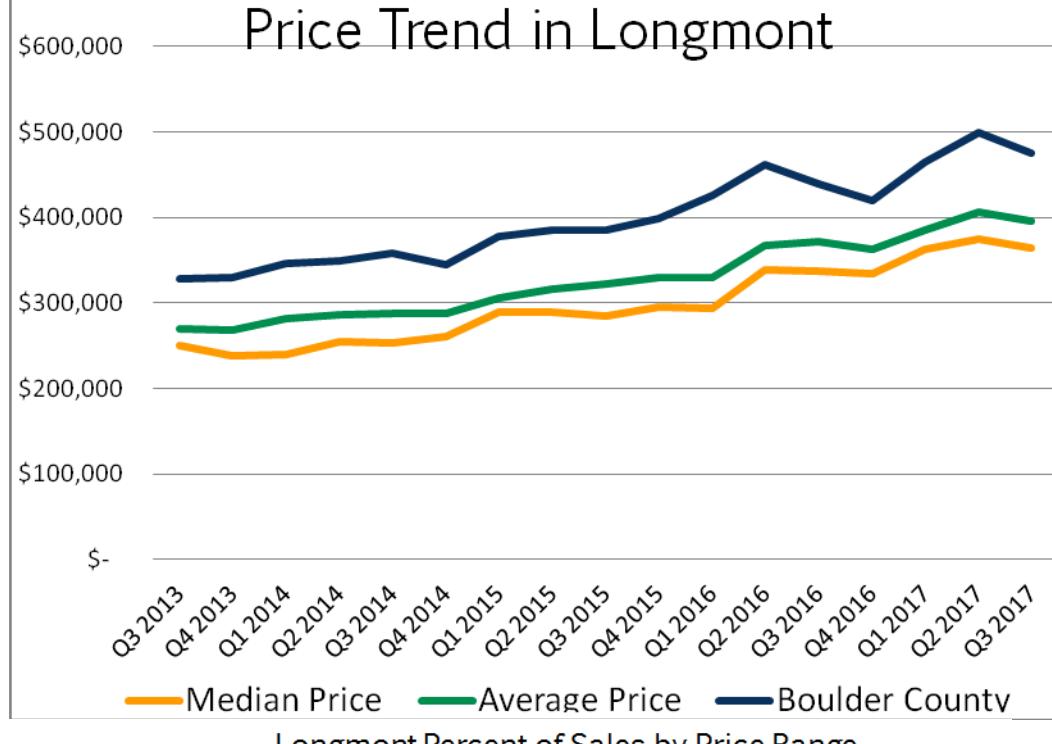
On average it took 25 days for a house to go under contract in Q3 2017. In Q3 of 2016 it was 19 days.

**2.86**

#### MONTHS OF INVENTORY

There are currently 2.86 months of inventory on the market in Longmont. A balanced market is around 6 months of inventory.

## Longmont Price Trends



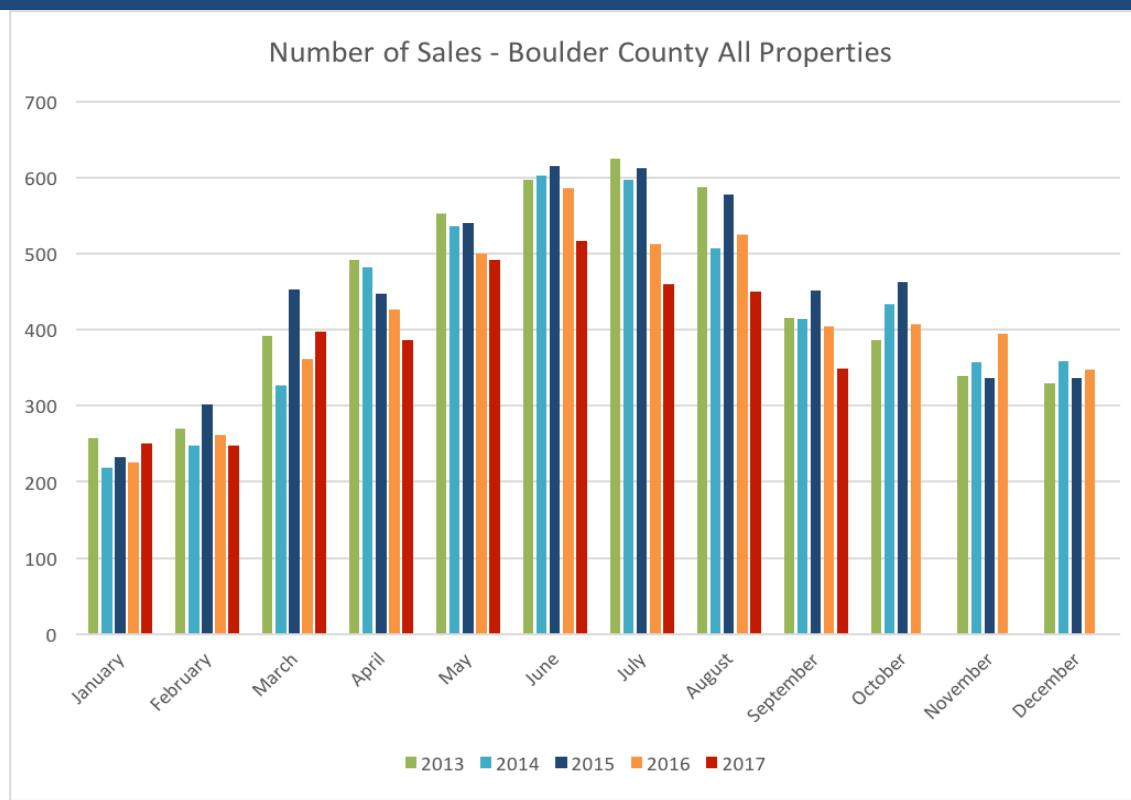
The median price for all sales in Longmont for the quarter was \$364,500, much lower than the county average of \$475,000. The median price for the third quarter is up by 8% from the third quarter a year ago. This appreciation outpaces the county as a whole.

Longmont has long been the affordable option in Boulder area real estate, but the lower chart to the left shows that the price range under \$250,000 is shrinking rapidly. During the most recent quarter just 3% of sales in Longmont were under \$250,000. Compare this to 30% just two years ago! The other interesting fact gleaned from this chart is the lack of an upper end in Longmont. Just 15% of the sales this past quarter were over \$500,000. Two years ago it was 7%.

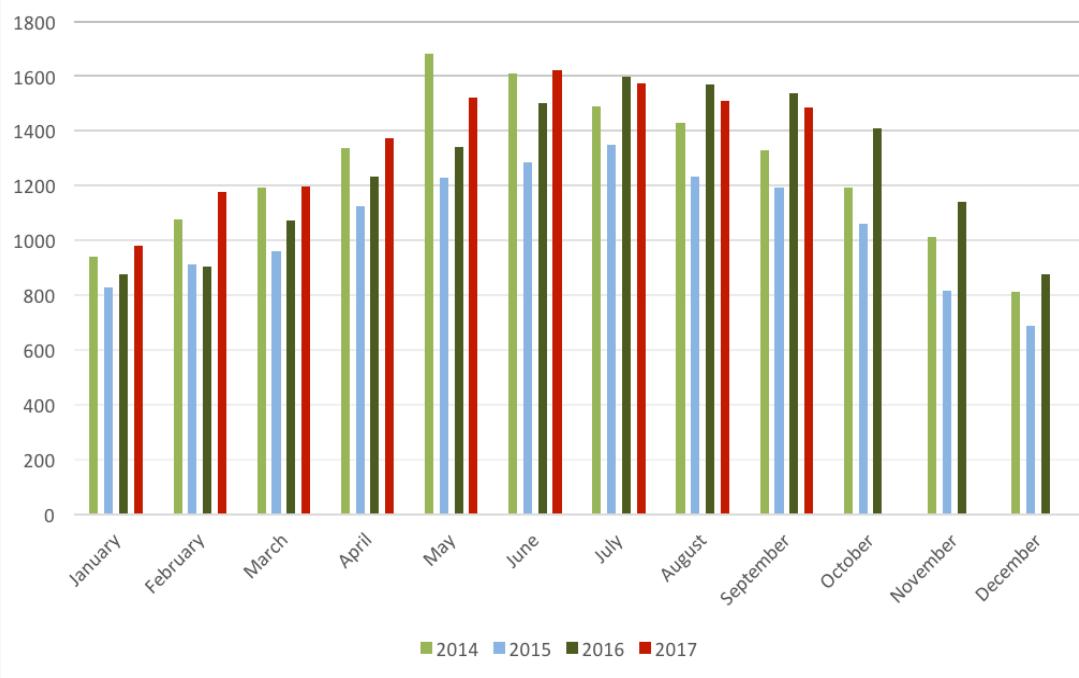
Longmont is the only area where the median and average price are lower than the county average.

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

## Month by Month Sales Activity – Boulder County



## BOULDER COUNTY ALL PROPERTY END OF MONTH ACTIVE INVENTORY



## 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. Too 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 its 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 Kearney Report

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](http://www.7475Eggleston.com), <http://www.3053w111th.com/>, [www.405Hapgood.com](http://www.405Hapgood.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](http://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.