The local real estate market showed surprising strength through the holidays and soon after the calendar turned, buyers were out in force. Buyers currently have many reasons to purchase real estate. Some of the most compelling at the moment are; low interest rates, economic recovery, recognition that prices have bottomed out and are heading up, and increased buyer confidence (based upon the three previous reasons). These causes have had one effect on the local housing market, super high demand. Through the first quarter, sales in Boulder County are up 16% from a year ago and up 33% from the first quarter in 2011. The market is humming along!

However, real estate transactions take two parties, a buyer and a seller. And so far this year there have been too few homeowners listing their homes for sale. At the end of March there were 28% fewer single family homes on the market in Boulder County than there were a year ago (see graph). Currently, 40% of the homes on the market already have a contract on them. To put it a different way, of every 100 homes on the market, 40 of them on any given day already have a contract on them. If I remember my first economics class, increased demand and decreased supply lead to a shortage situation and the natural outcome of this situation is rising prices.

It’s too soon to know how much prices have risen but so far this spring I have seen quite a few homes with prices that I thought were way too high go under contract very quickly. According to the latest FHFA.gov price appreciation report, prices in Boulder County had risen 2.08% for the year ending December 31, 2012. Anecdotally, I have seen some homes in some areas sell at levels approximately 15% higher than they would have been a year ago. We’ll see where the averages fall but it is definitely a sellers market.

Multiple offers are very common on homes that are in good condition and are asking a fair price. There is an urgency to make decisions and if a house lasts more than a week or two on the market it is most likely overpriced. A typical scenario right now is where a seller lists their home at a price level that is pushing the market (just to see if anyone will bite). They get 15-20 showings during the first week and then when no offers come in they start chasing the market with price reductions. A good analogy for this situation is a set of waves hitting a beach. The first wave (of buyers) is the largest and with it brings a frenzy of activity. There are many showings and buyers quickly decide if the house is worth buying. If that first wave of buyers does not purchase the house it obviously has missed the mark on price or condition. As the subsequent smaller waves come in, the house gets more and more ignored as other new listings come on the market. Sellers then reduce the price but new buyers to the market see that it has been on the market for 45 days and wonder what is wrong. The market is good and sellers can get more than they would have a year or two ago, but in most cases real estate markets go up in small steps, not all at once.

Going forward, it will be interesting to see when supply catches up with demand. The best case scenario would be a balanced market where buyers have choices and sellers have ample buyers. In order to get there we either need to have more listings on the market or the number of buyers will need to drop. Over the past few years we have experienced the latter so I hope it’s the former.
The Federal Housing Finance Agency (FHFA) tracks home values in 304 metropolitan areas across the United States. The top graph shows Boulder County’s appreciation on a quarterly basis compared to the United States average. The lower graph shows Boulder’s national ranking in appreciation over time. The main takeaway is that, comparatively we are doing very well.

According to FHFA.gov, median home prices in Boulder County are 2.08% above where they were a year ago and .59% higher than they were at the end of 2007. The one year appreciation ranks us 59th among the 304 metropolitan districts.
Total sales were up 19% in the 1st quarter compared to a year ago. Throughout Boulder County, 68% of all real estate sales during the quarter were single family homes. The pie graph on the right shows the breakdown of the percentage of properties that closed during the quarter in each area. 34% of the closings during the quarter took place in Longmont, followed closely by Boulder at 31%. What is listed as “Plains” is the suburban plains which includes, Gunbarrel, Niwot, Lyons, the Boulder County side of Erie and all the rural area in between.
The charts on this page offer an interesting view of the real estate market in Boulder County.

The top chart shows the percentage of closings that occurred in each price range. There is data for four quarters, but usually the percentages are stable. What stands out is that this past quarter 75% of the sales in the county sell for less than $500,000. Million dollar sales occur all the time but they account for approximately 4% of our overall market.

The lower chart shows prices in Boulder County over the last five years on a quarterly basis. Chances are that your home is worth just about the same as it was five years ago. You can see some recent improvement that I believe will continue. As a comparison, the blue line shows the US median price (lagging one quarter).
Interestingly, sales within the City of Boulder decreased slightly during the first quarter this year when compared to last year. A major cause for this has been the lack of listing inventory. If there is nothing to sell, sales will drop. The sales mix in the City of Boulder this quarter is almost 52/48 residential and attached. Sales by zip code throughout the city are fairly wide spread. This past quarter, most of the sales were in 80304 followed closely by 80303.
The City of Boulder has had more homes sell in the luxury quadrant than other areas of the county. 75% of the sales countywide were below $500,000, in Boulder only 58% of the sales were below that threshold. Sales over $1 million were 7% of the market this past quarter, this is nearly double the percentage of the county. 21% of the sales in the city were below $250,000. This is much lower than the 34% county wide. Those sales are picked up in the $500 - $750k category which is 27% in the city and just 17% in the county.

The lower chart shows prices in the City of Boulder over the past five years. Again, prices have not moved much over the past five years. The median price for the third quarter in Boulder for all residential properties sold was $435,000.
East county includes sales in Erie, Lafayette, Louisville and Superior. The top graph shows that sales have been relatively stable over the past five years. A vast majority of the sales in east county are single family homes. Just 20% of sales were condos or townhomes. The pie chart on the right shows where the sales are taking place. There is a good mix between these towns but the town that had the most sales in the first quarter was Erie.
The median price for sales in Erie, Lafayette, Louisville and Superior during the third quarter was $344,900. A vast majority of the sales in this area are in the $250 - $500k range. There are very few sales above $750,000 (just 8 sales or 3%).

Unlike other areas in Boulder County, prices have shown some increases over the past five years. Not much but the trend is positive.

There is a lack of inventory in many of the markets in east county. The mix of proximity, lifestyle and median price had made these communities very popular with buyers.
Gunbarrel is an area just northeast of Boulder. It is comprised of properties both within the City of Boulder and others which are in Boulder County. However, there was a huge increase (62%) in sales during the first quarter this year compared to last year. This past quarter 55% of the sales in Gunbarrel were single family homes and the balance were condos and townhomes. Many quarters it is nearer to 50/50. There were 47 sales in Gunbarrel during the most recent quarter.
The median price for all sales in Gunbarrel during the third quarter was $365,000. Most of the sales in Gunbarrel close for $500,000 or less. There have been 8 sales in Gunbarrel over $750,000 during the past quarter. This is 17% of the market and showed good improvement over recent quarters.

The sample size for Gunbarrel is smaller than the other areas we look at. Therefore, the prices reflected in the graph below are more variable. It is interesting to see the one downward spike in median price took place during the stimulus package that encouraged lower priced sales. During that quarter back in 2009 60% of the sales were condo’s and town-homes. Currently prices are heading up.
Sales in Longmont surged during the first quarter of 2013. Overall there was a 38% jump from the first quarter of 2012. As a community, Longmont had more sales during this most recent quarter than any other community in Boulder County. Roughly 82% of the sales in Longmont are single family homes. Sales are usually evenly spread throughout the city but this past quarter 44% of sales were in central Longmont in area code 80501.
The median price for all sales in Longmont during the third quarter was $233,000. Nearly all of the sales in Longmont close for $500,000 or less. There have only been eight sales over $750,000 over the past four quarters.

The median and average prices in Longmont are lower than the county average. The majority of homes in Longmont are in the $150,000 to $300,000 range. This past quarter the average price of a home that sold in Longmont was $258,874. The average price for all homes sold in Boulder County was $403,476.
The charts on this page show activity on a weekly basis. The top chart shows new listings coming on the market and the purple line (2013) shows the trend in lower inventory. The lower chart shows the number of homes that have gone under contract on a weekly basis. This shows gross numbers not percentage increases. The combination of these two graphs demonstrate the shortage in the market.
Overall sales are up 16% but this shows the data on a weekly basis.
Seven Reasons To Be Optimistic About Real Estate in 2013

1. The media is starting to report how great the real estate market is. Confidence is growing.
2. Interest rates are still very low.
3. Prices are just starting to rise.
4. Affordability is very high. Meaning the purchasing power is very strong.
5. The local economy is showing strength. As a state we are gaining jobs.
6. Low inventory – this puts pressure on prices and creates a sellers market.
7. Tight rental market- good for real estate investors; bad for renters. Forces renters who are looking for stability and more affordability into the buying market.

Kearney Realty - 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 associates.