

# The Kearney Report



Boulder County Real Estate  
2nd Quarter 2013



# The Kearney Report

Do you remember the feeling when the music stopped and there wasn't an unoccupied chair in sight? Of course I'm referring to the birthday party game of musical chairs. That feeling of frenzy and despair so often seen during those birthday parties of years past were again seen this spring and summer in the local real estate market. The cause was strong buyer demand and a lack of homes on the market, the effect was multiple offers, empowered home sellers and strong price increases. Let's take a closer look at each of these factors.

The seeds of this year's strong market were sown at the end of 2012. Just as the market was expected to take its usual course and wind down for the year sales in October, November exceeded closings in September and closings in December exceeded the previous year by 16%. When the calendar turned buyers were out in force and the common refrain was "when are more listings going to hit the market?". It turned out that listings were in short supply all spring. The abundance of buyers

was spurned by many factors the most important being low interest rates, strong overall confidence in their economic situation and a rental market that is characterized by rising rents and a severe shortfall in supply.

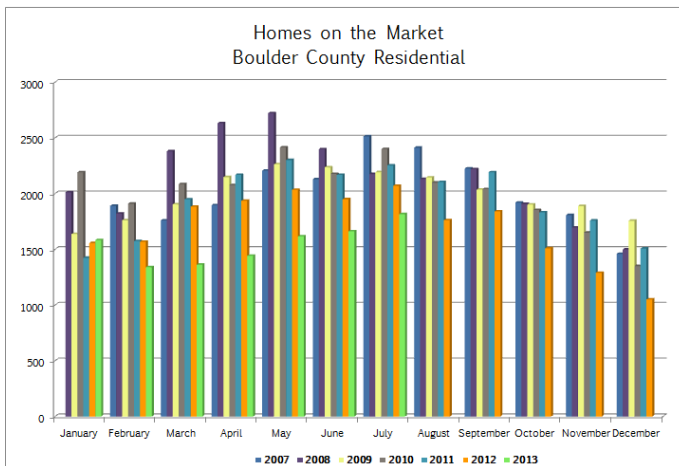
During the housing downturn of 2008 - 2011 we were fortunate that the number active listings dropped along with the number of sales. (see graph to the right) This relative balance in the market (fewer buyers - fewer sellers) allowed for our prices to remain fairly stable just as other areas were seeing a steep devaluation. We were lucky that our area didn't see mass layoffs or other factors that forced people to sell. A majority of households in our market decided during the soft market that they would stay rather than sell and those who didn't need to sell because of external circumstances chose to stay. That mindset has continued and even as the market has improved over the past two years the number of listings on the market has

fallen. At the end of April when the market was in full swing with buyers there were 1,442 active homes on the market in Boulder County compare this to the 2,464 that were on the market at the same time of year in 2007! To further complicate matters roughly 40% of all active listings this spring had a contract pending. The results were often frustrating for buyers looking to move in a reasonable time frame.

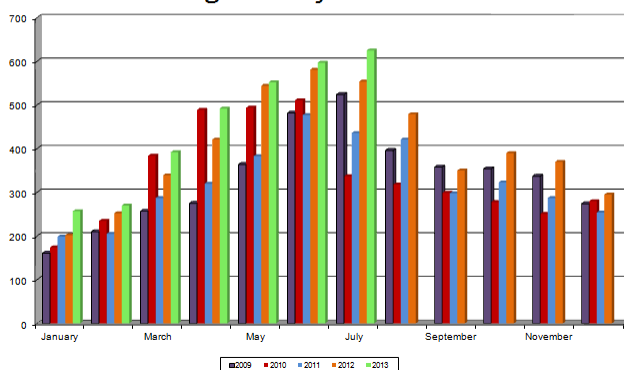
The outcomes of the above two factors were multiple offers on many homes, an extreme sellers market when negotiating and a healthy jump in prices. Buyers knew that they needed to act quickly when a new listing hit the market. Most buyers agents were searching multiple times per day and serious buyers were ready to leave work at a moments notice to see the next new listing. It was not uncommon to have multiple offers on a house by the end of the first day of showings. Sellers and listing agents changed strategy by mid-spring and used tactics like delaying showings until two or three days after listing or announcing when offers would be reviewed. Very hubris but effective. The results of this frenzy was that buyers were willing to pay more than the recent comparables said they should and in a short amount of time sellers were testing the market with prices that had the neighbors shaking their head. And they were getting there price! The preliminary data show that prices have risen approximately 10% this year. In some areas the increases were more towards 15 or 20%. A definite kick start out of a relatively stagnant price environment we have seen over the past half decade.

Here in mid-August it's apparent that the market has slowed a bit. The inventory of available homes has increased a little and the under contract percentage has decreased a touch. But more telling is that there is no longer a frenzy for new listings. Interest rates have jumped nearly a point (now between 4.5 and 5%) and school is just beginning again. Sales for the year peaked in July (See 2nd graph this page) and what remains to be seen is how long and

how strong this market will remain. Through July, sales are up roughly 10% from 2012 and up 38% from 2011. I would expect that we will slow a bit by the end of the year but still have more sales in 2013 than in 2012.

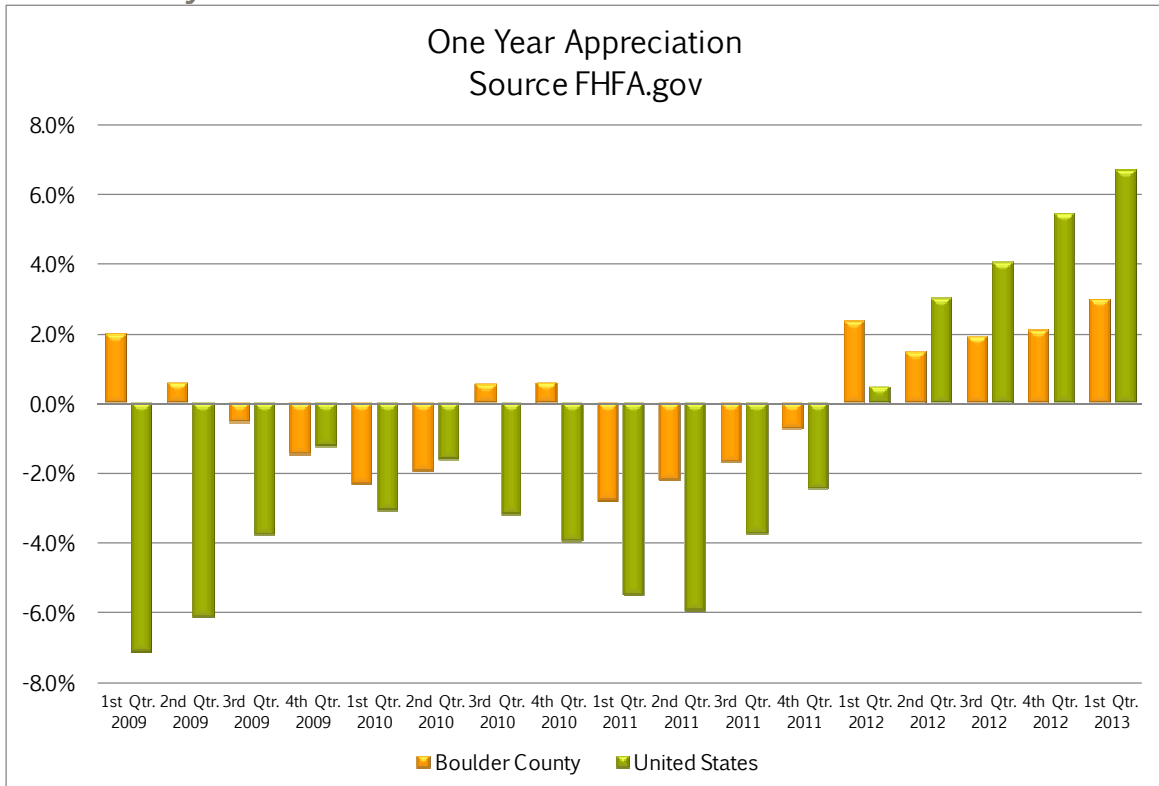


**Boulder County Sales by Month  
Single Family and Condos**



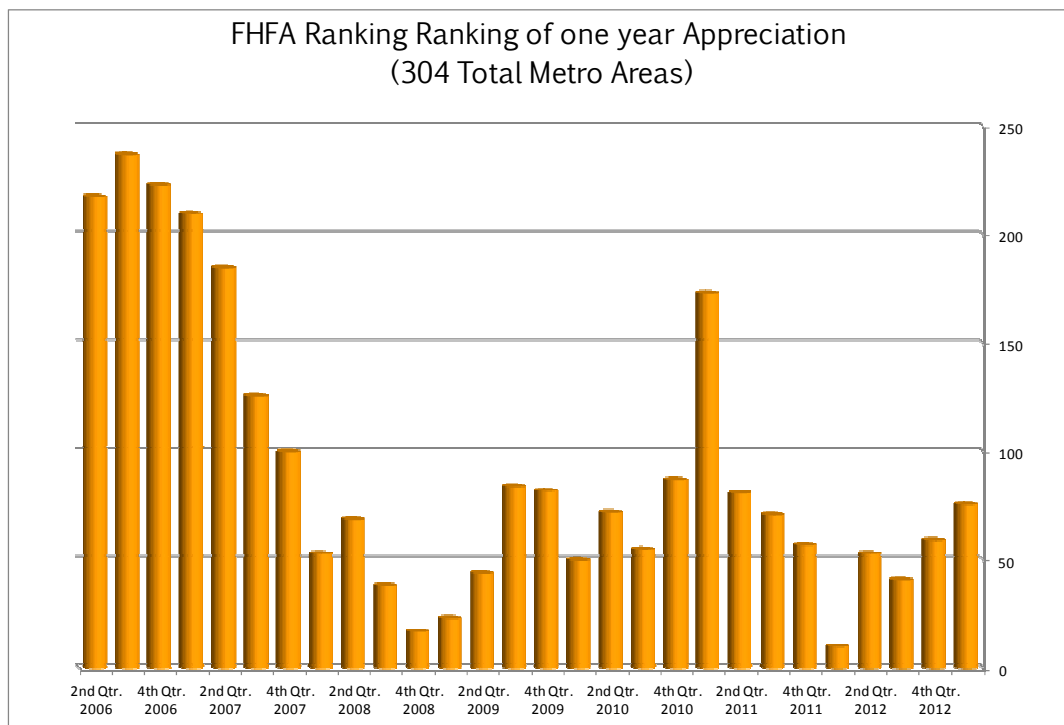
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## Boulder County



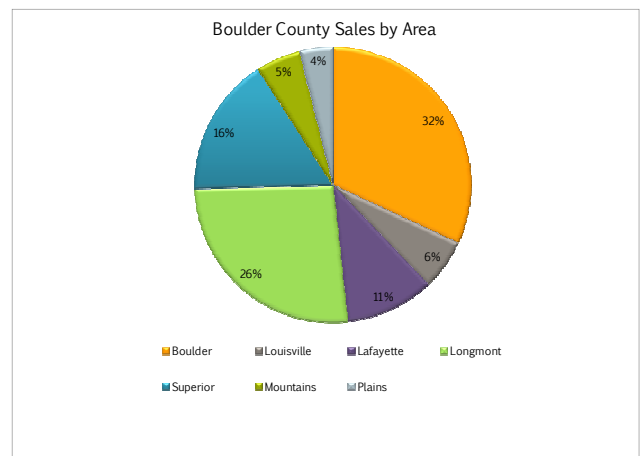
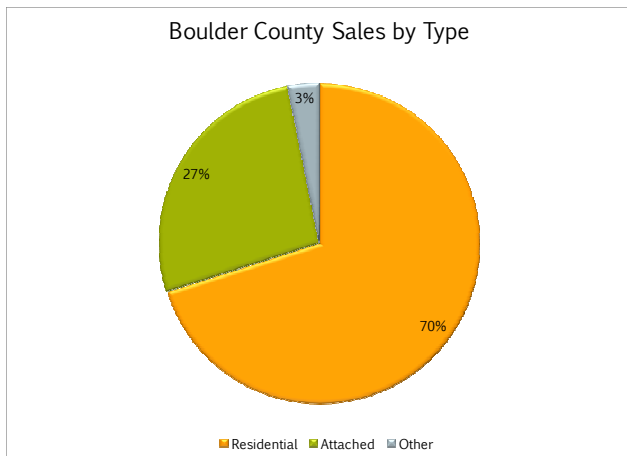
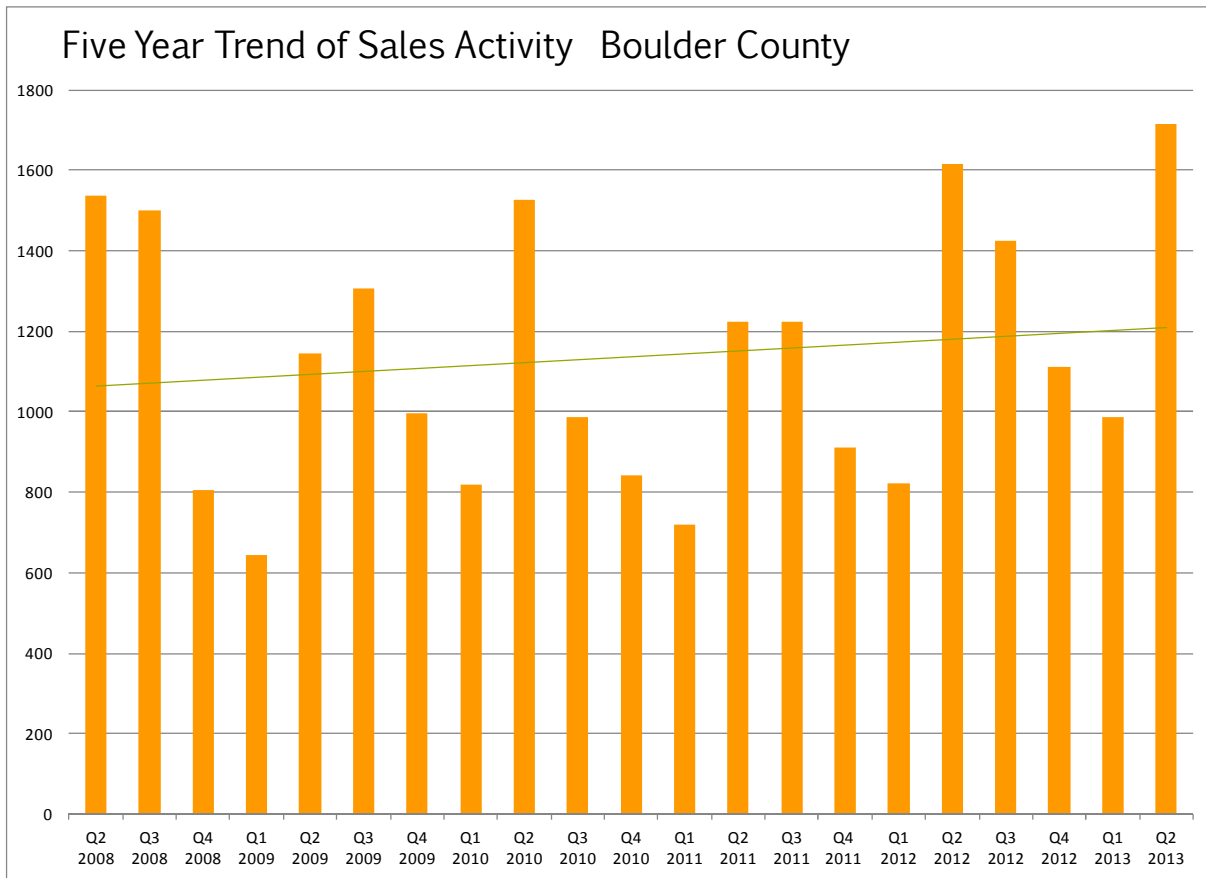
The Federal Housing Finance Agency (FHFA) tracks home values in 304 metropolitan areas across the United States. The top graph shows Boulder County's appreciation on a quarterly basis compared to the United States average. The lower graph shows Boulder's national ranking in appreciation over time. The main takeaway is that, comparatively we are doing very well.

According to FHFA.gov, median home prices in Boulder County are 2.98% above where they were a year ago. The one year appreciation ranks us 76th among the 304 metropolitan districts. We expect the appreciation for the second quarter to be quite an improvement over this level.



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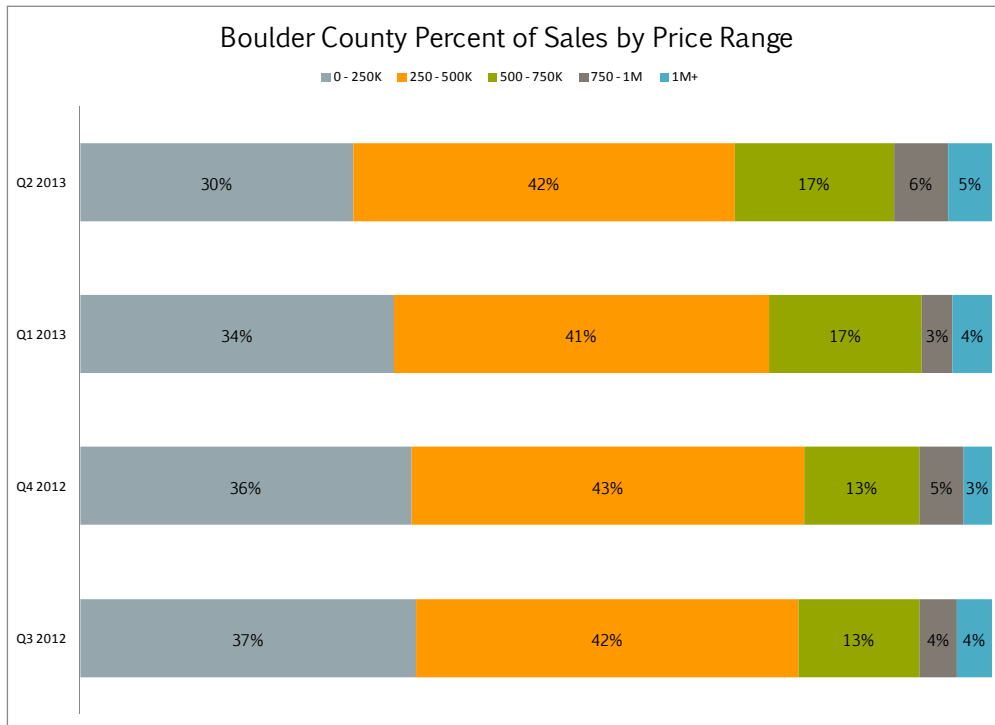
## Boulder County



Total sales were up 6% in the 2nd quarter compared to a year ago. Throughout Boulder County, 70% 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. 32% of the closings during the quarter took place in Boulder, followed by Longmont at 26%. 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.

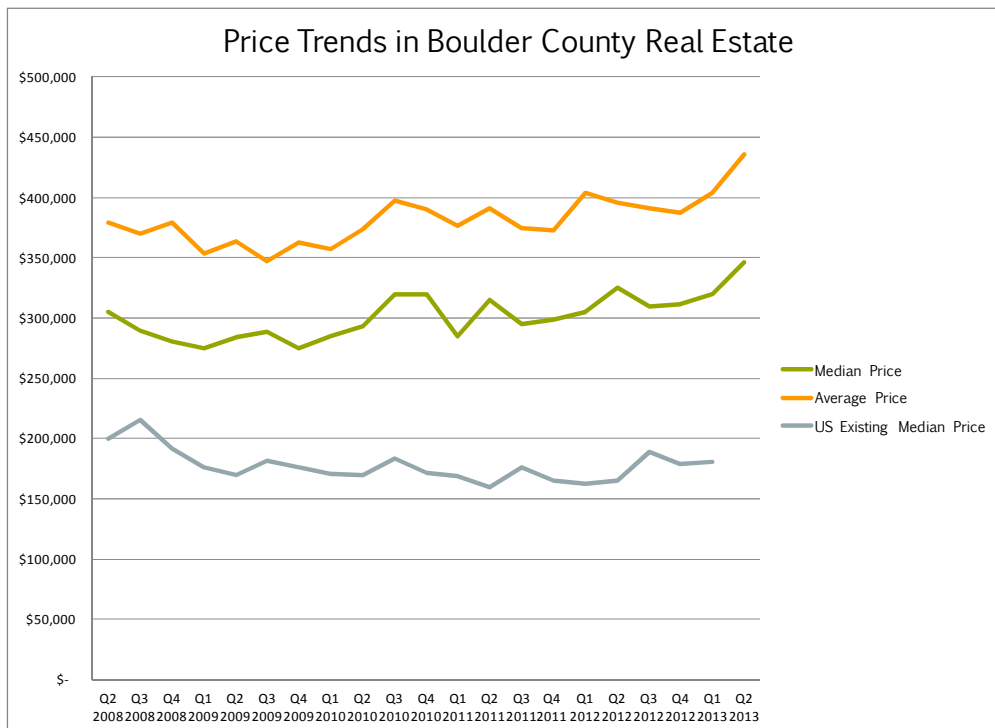
# The Kearney Report

## Boulder County



The charts on this page offer an interesting view of the real estate market in Boulder County.

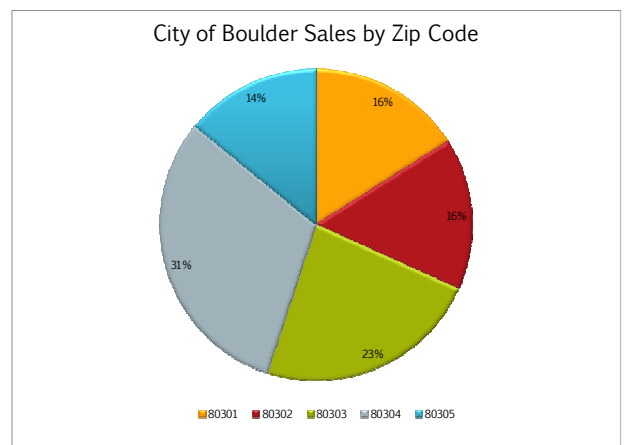
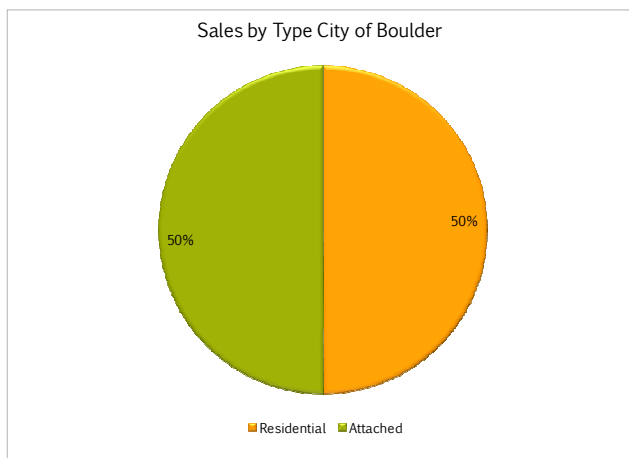
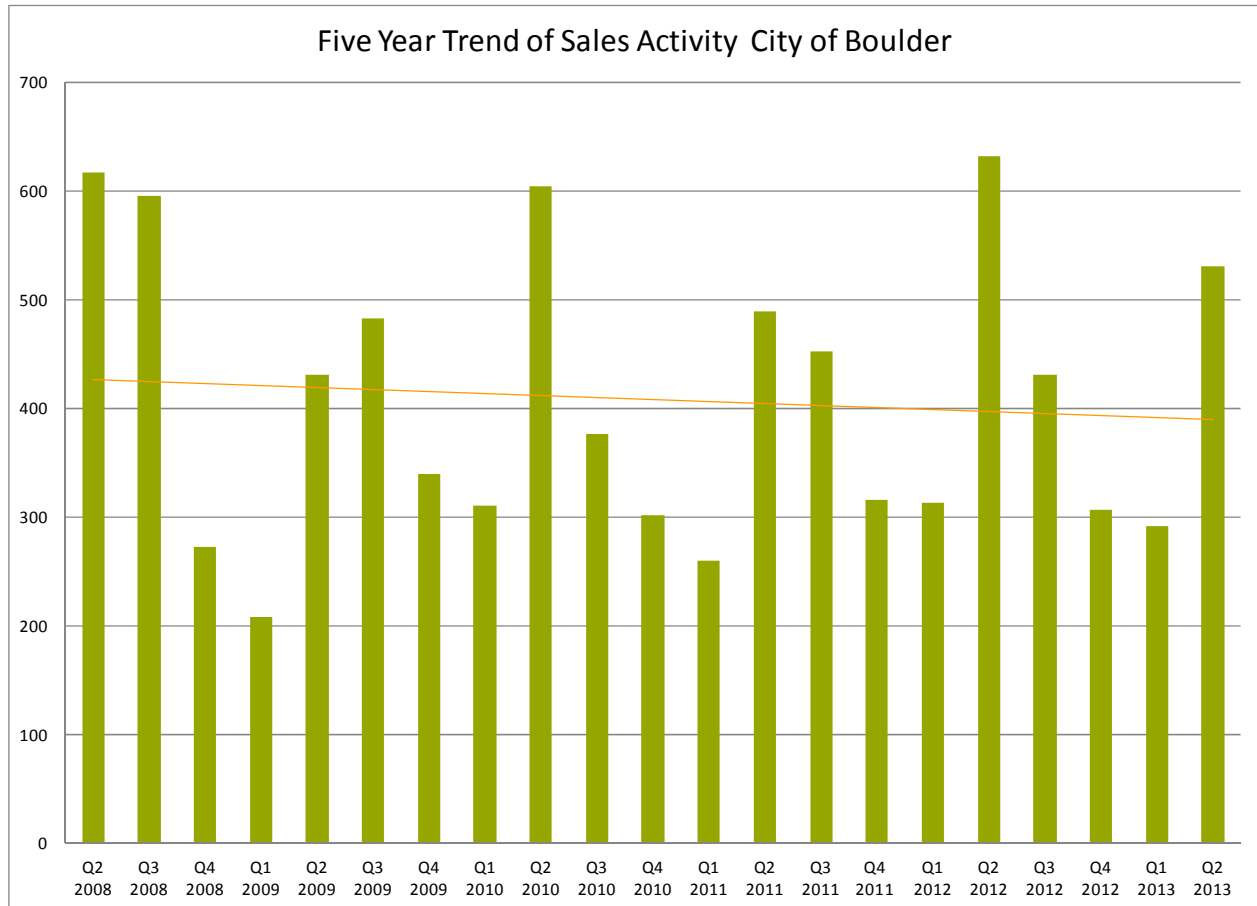
The top chart shows the percentage of closings that occurred in each price range during the second quarter. There is a data for four quarters, but usually the percentages are fairly stable. What stands out is that this past quarter 72% of the sales in the county sell for less than \$500,000. The higher price ranges seem to be recovering. During the third quarter of 2012, 21% of the sales in the county sold for over \$750,000. During the most recent quarter 28% of the sales were in the same range.



The lower chart shows prices in Boulder County over the last five years on a quarterly basis. The recent activity in the market has pushed prices up breaking a trend.

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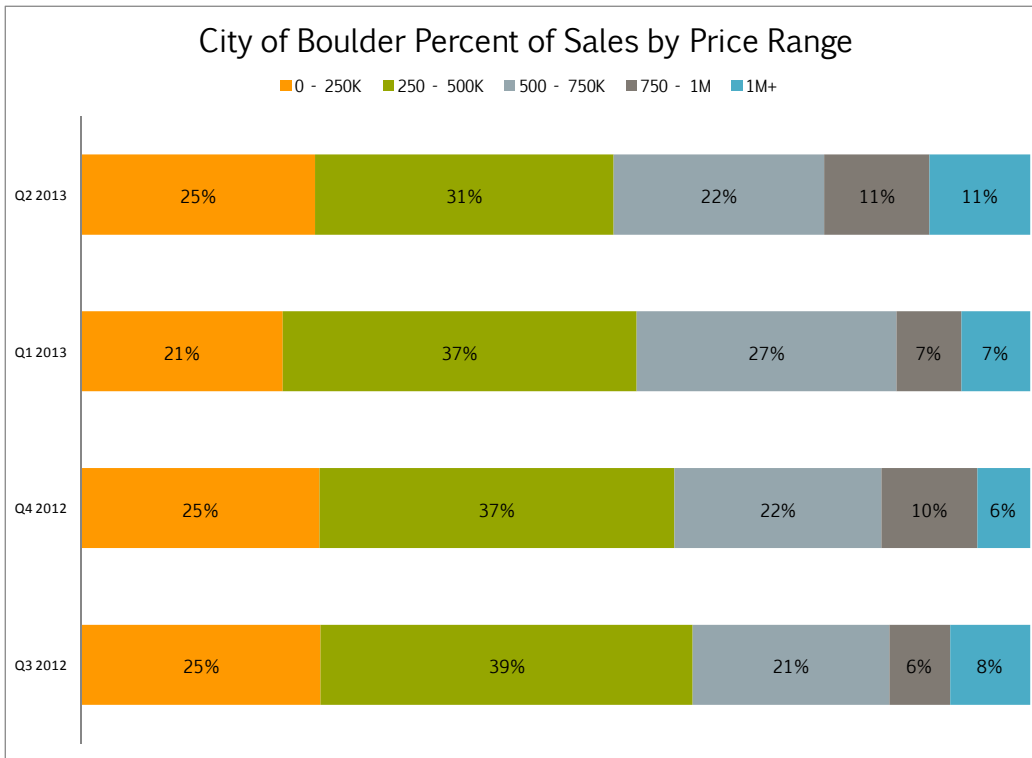
## City of Boulder



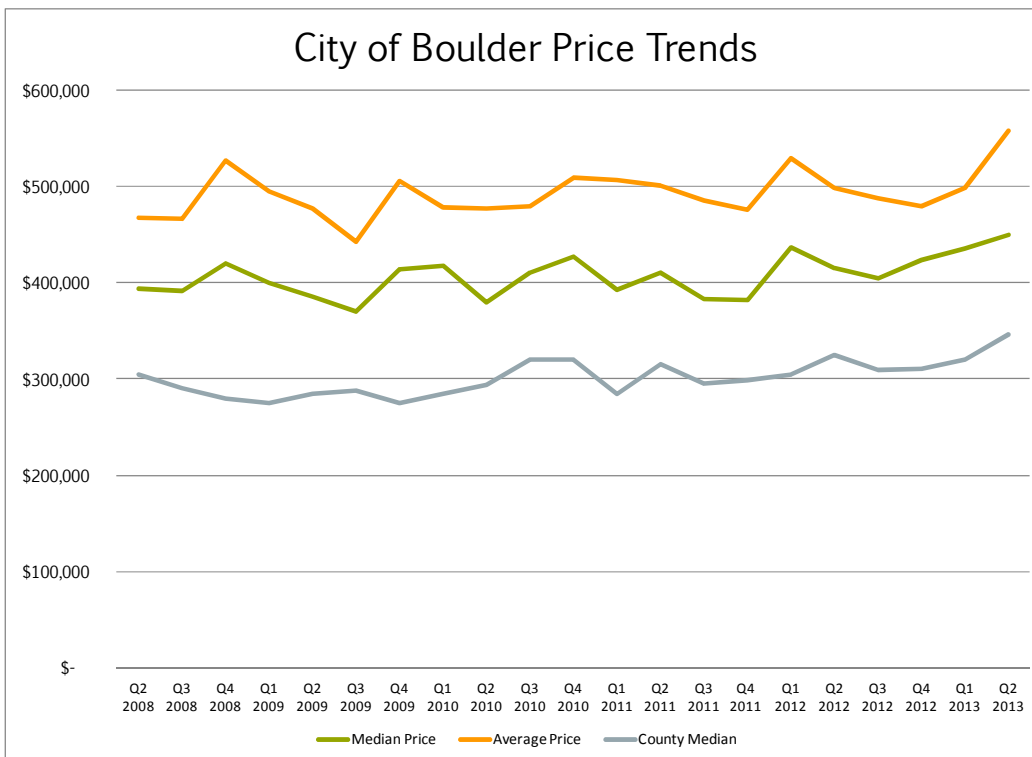
Interestingly, sales within the City of Boulder decreased slightly during the second quarter this year when compared to last year. A major cause for this has been the lack of listing inventory. If there is nothing to sell, sales will drop. The sales mix in the City of Boulder this quarter is 50/50, half residential and half attached dwellings. Sales by zip code throughout the city are fairly evenly spread. This past quarter, most of the sales were in 80304 followed closely by 80303.

# The Kearney Report

## City of Boulder



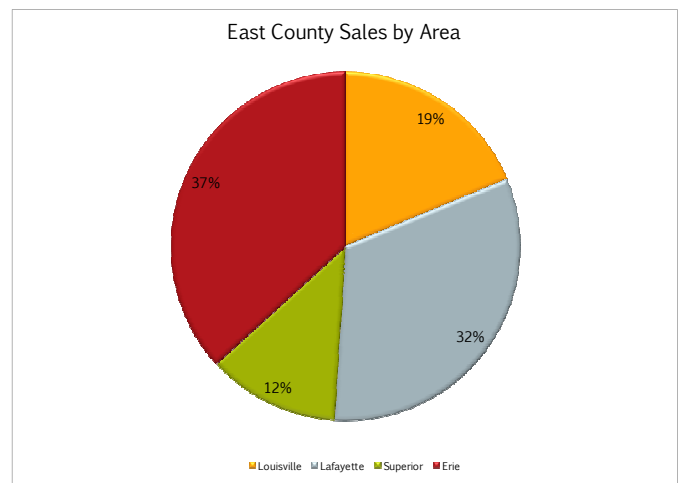
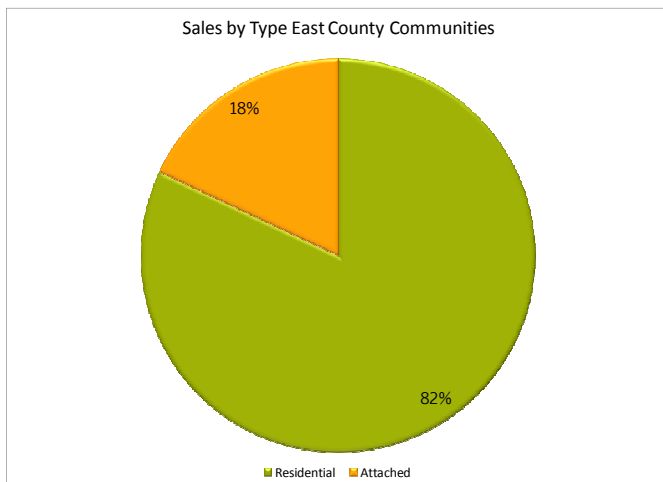
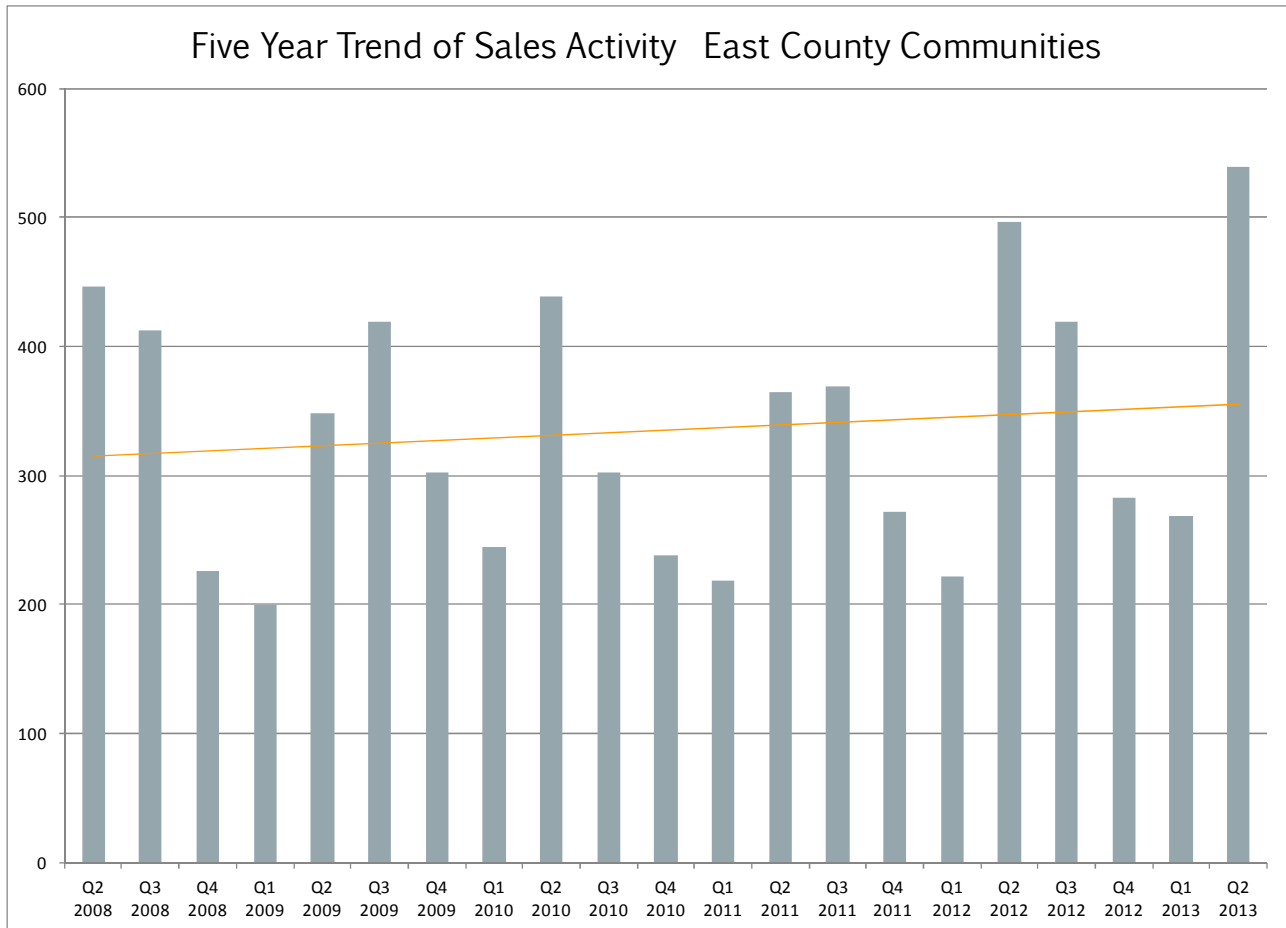
The City of Boulder has had more homes sell the luxury quadrant than other areas of the county. 72% of the sales countywide were below \$500,000, in Boulder only 56% of the sales were below that threshold. Within Boulder, sales over \$1 million were 11% of the market this past quarter, this is over double the percentage of the county.



The lower chart shows prices in the City of Boulder over the past five years. Until this quarter prices have not moved much over the past five years. The median price for the second quarter in Boulder for all residential properties sold was \$449,900 up from \$415,250 a year ago.

# The **Kearney** Report

## East County

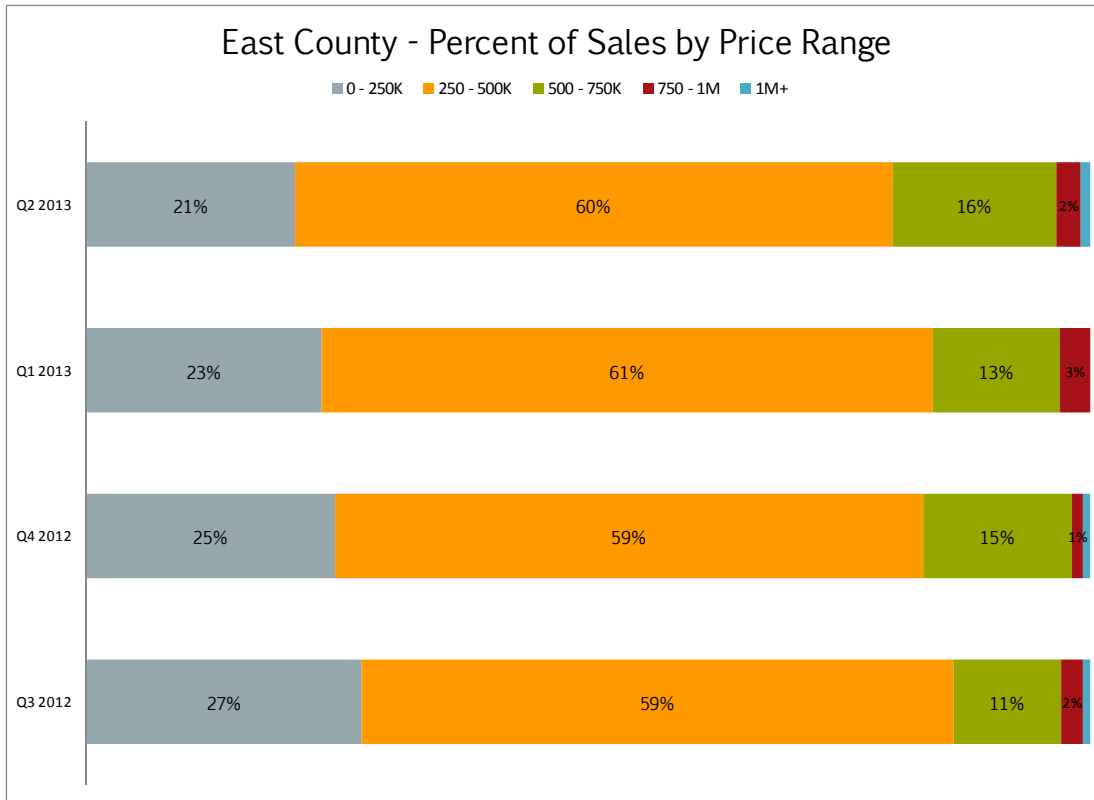


East county includes sales in Erie, Lafayette, Louisville and Superior. The top graph shows that sales had a big spike during the second quarter. The 539 sales represent the highest level over the past five years. A vast majority of the sales in east county are single family homes. Just 18% of sales were condos or townhomes. The pie chart on the right shows where the sales are taking place. The area where the most sales took place was Erie.



# The Kearney Report

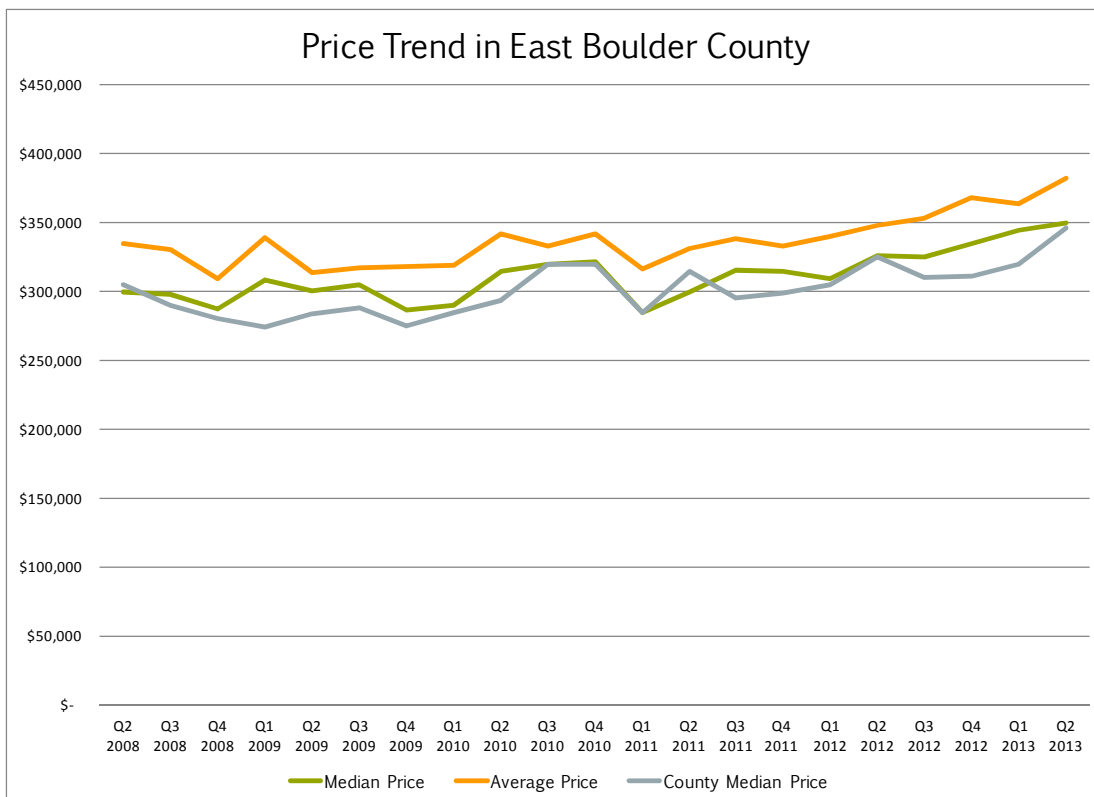
## East County



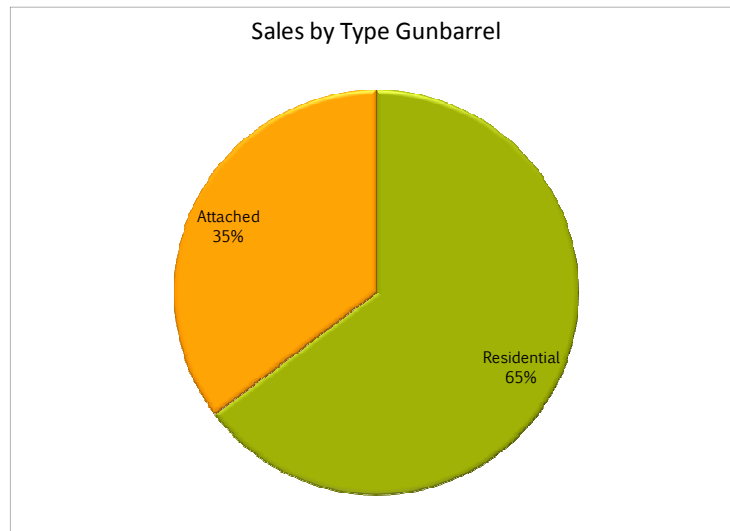
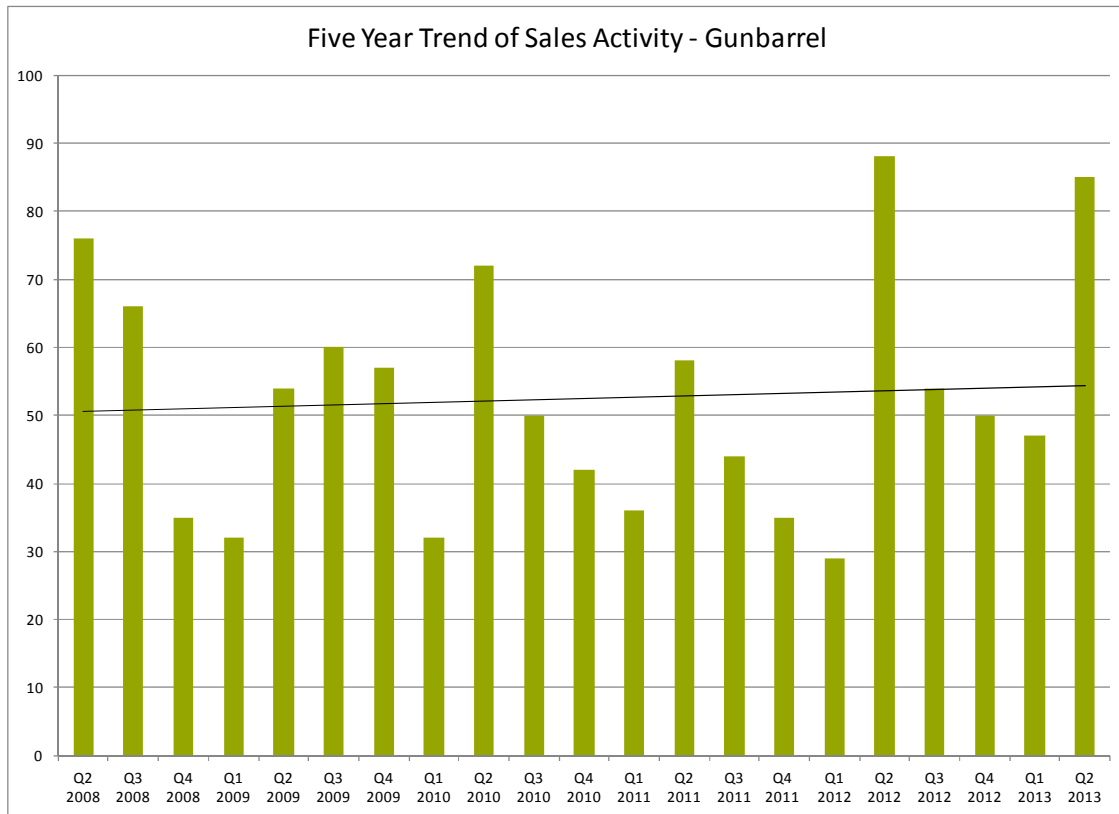
The median price for sales in Erie, Lafayette, Louisville and Superior during the Second quarter was \$350,000. A vast majority of the sales in this area are in the \$250 - \$500k range. There are very few sales above \$750,000 (just 18 sales or 3%).

Unlike other areas in Boulder County, prices have shown a slow steady climb over the past few years. This past quarter prices were 7% higher than at the same point last year.

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. And have caused positive price pressure.



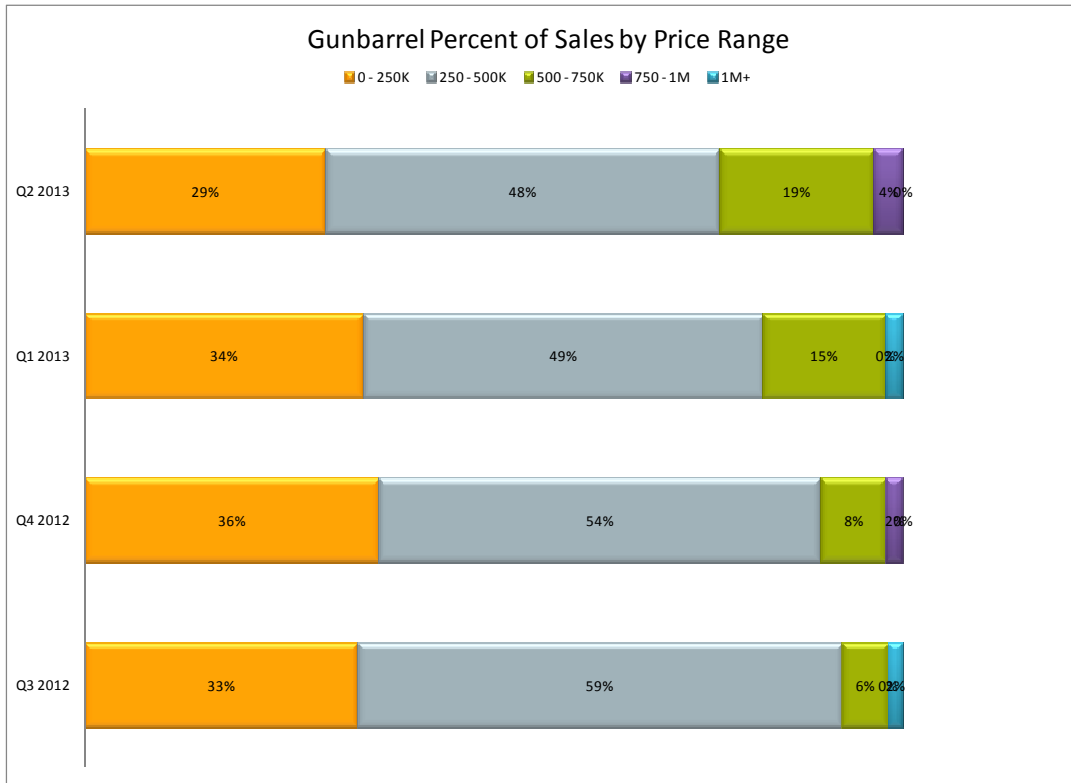
## Gunbarrel



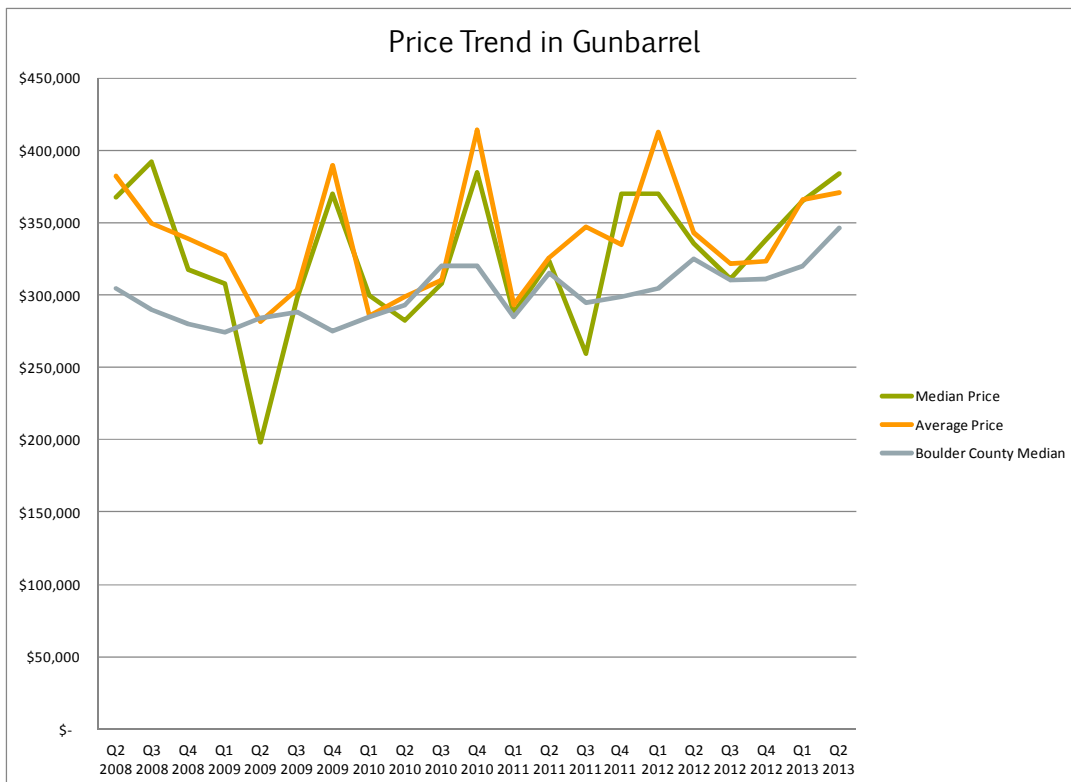
Gunbarrel is an area just northeast of Boulder. It is comprised of properties both within the City of Boulder and others which are in Boulder County. Year after year the second quarter has the most sales activity in this area. Sales were strong but were actually down a bit when compared to the second quarter last year. This past quarter 65% 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 85 sales in Gunbarrel during the most recent quarter.

# The Kearney Report

## Gunbarrel



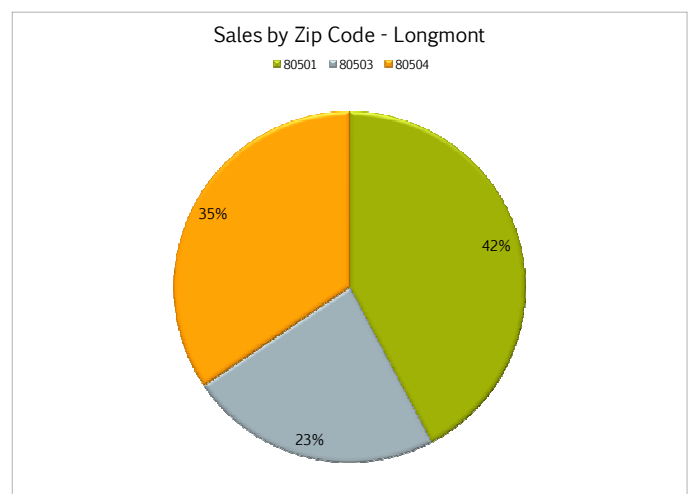
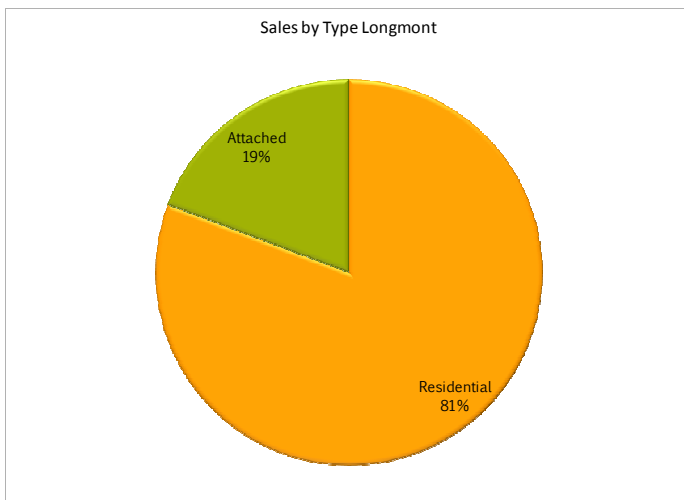
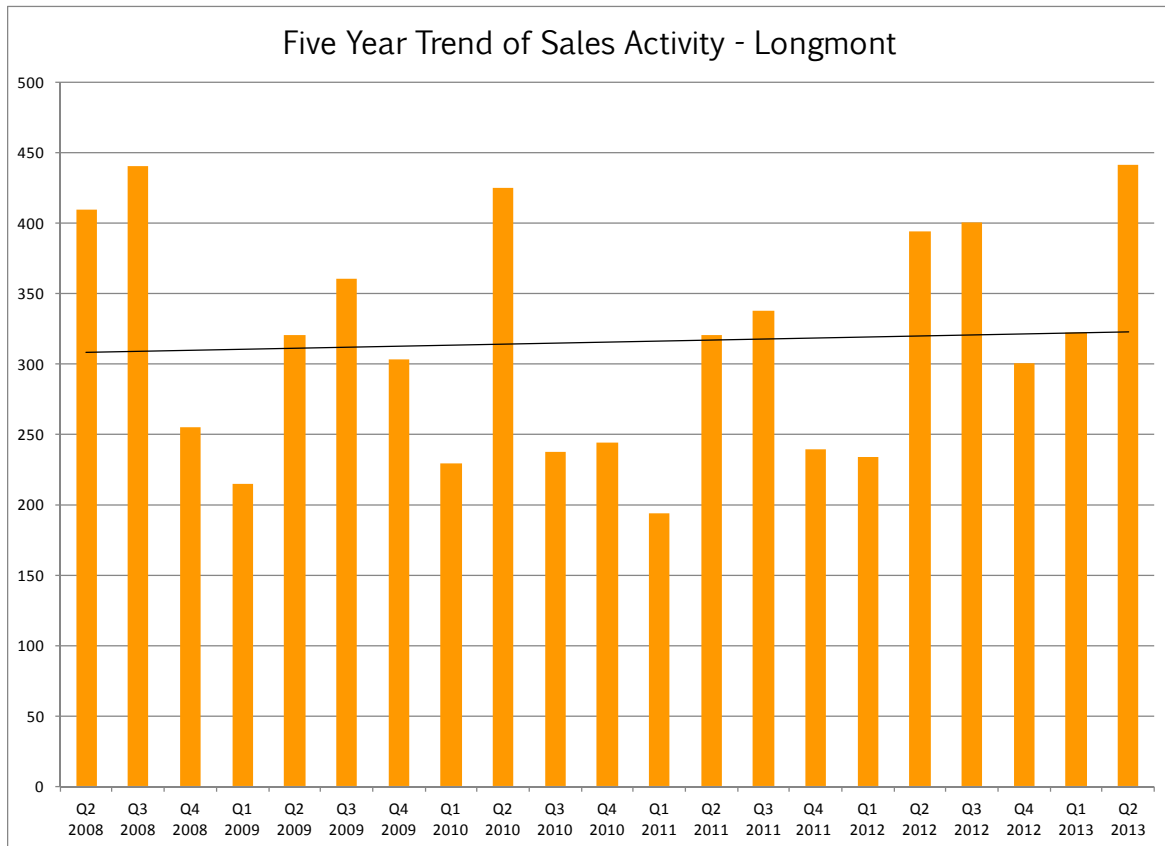
The median price for all sales in Gunbarrel during the second quarter was \$383,600. A majority of the sales in Gunbarrel close for \$500,000 or less. There were just 3 sales in Gunbarrel over \$750,000 during the past quarter. Over the past four quarters the \$500 - \$750 price range has been growing and the \$250 - \$500 price range has been shrinking. Prices have jumped.



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. Prices were up 14% over last years results.

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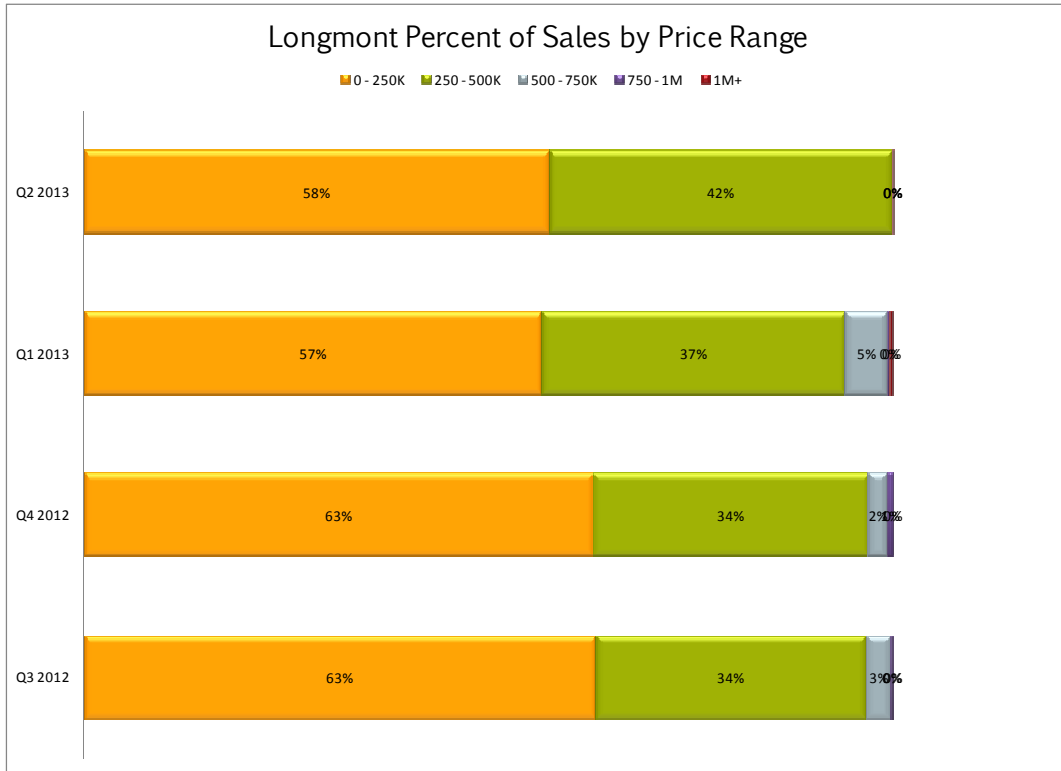
## Longmont



Sales in Longmont surged during the second quarter of 2013. Overall there was a 12% jump in the number of sales from the second quarter of 2012. Roughly 81% of the sales in Longmont are single family homes. Sales are usually evenly spread throughout the city but this past quarter 42% of sales were in central Longmont in area code 80501.

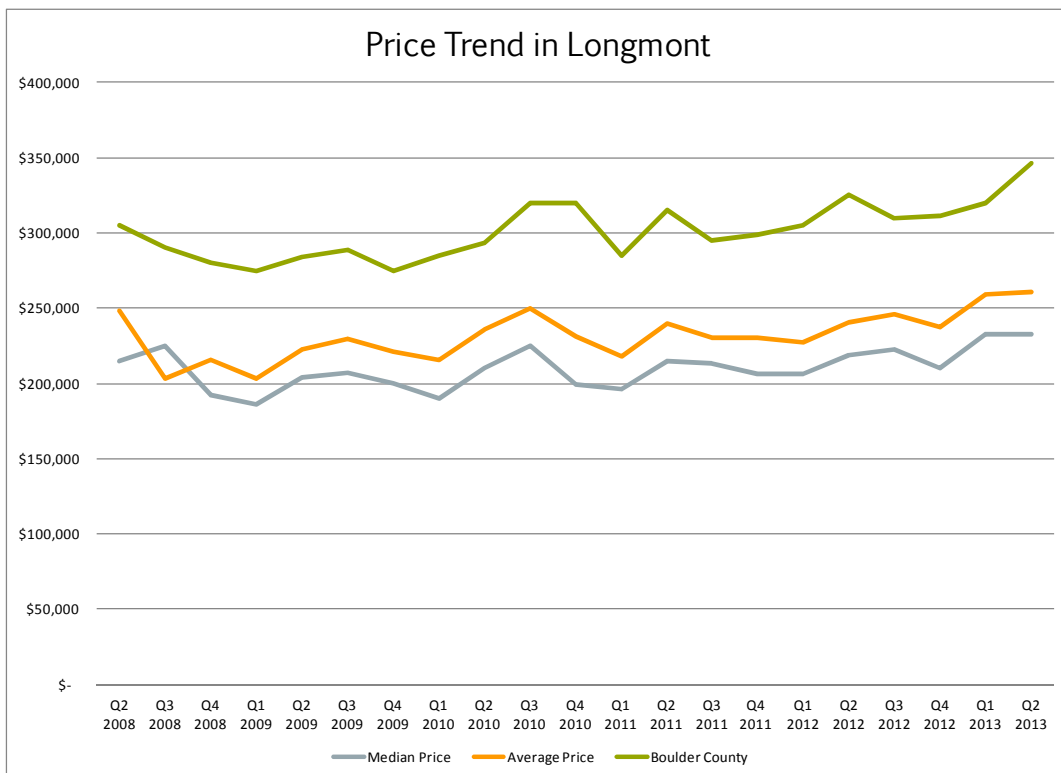
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## Longmont

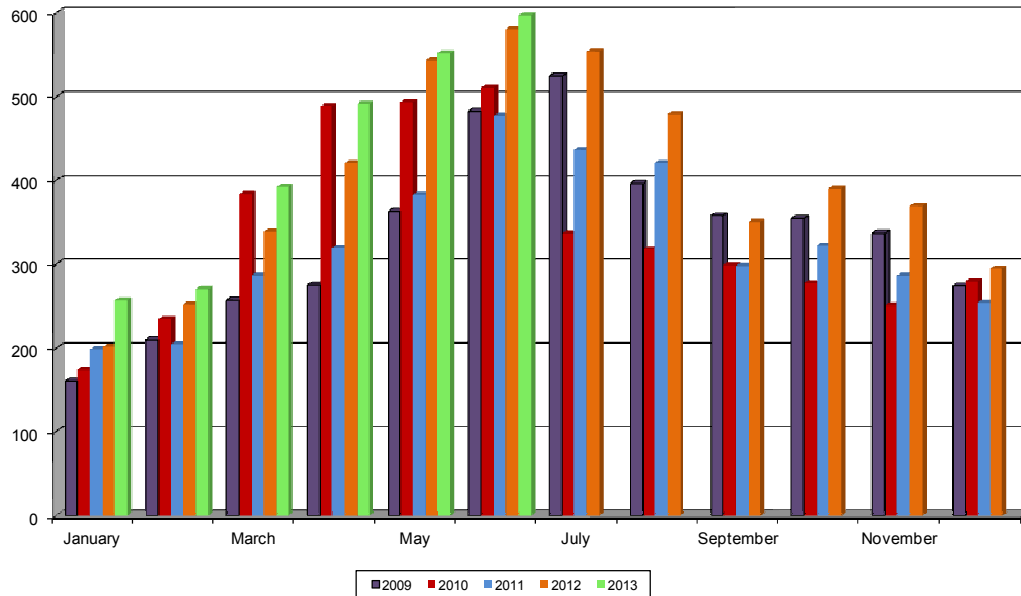


The median price for all sales in Longmont during the second quarter was \$232,500. Nearly all of the sales in Longmont close for \$500,000 or less. There have only been seven sales over \$750,000 during the past four quarters.

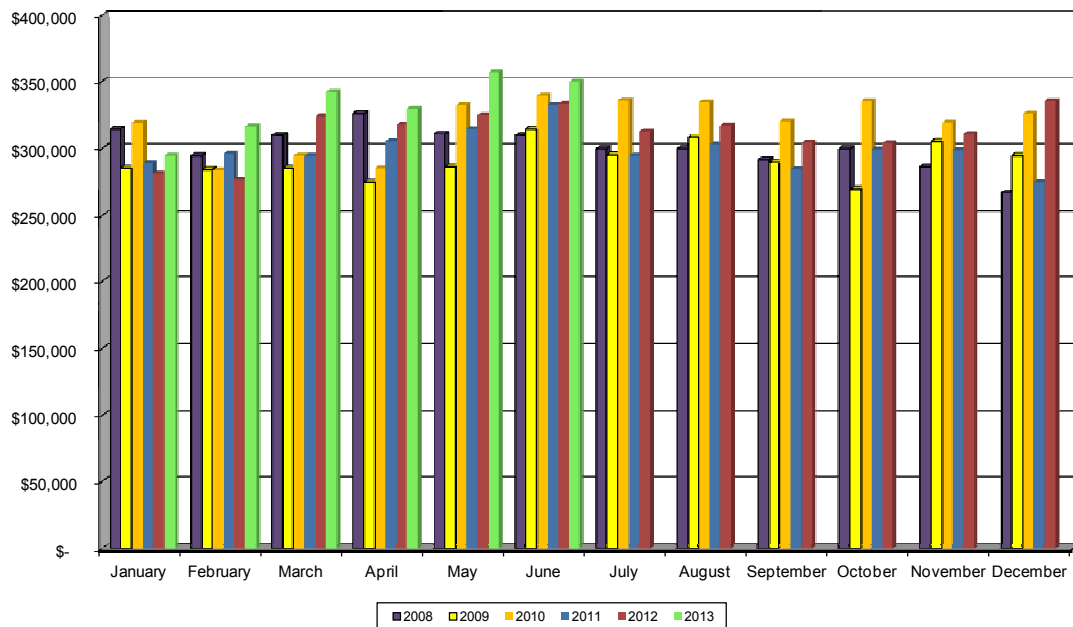
The median and average prices in Longmont are lower than the county average. The majority of homes in Longmont are in the \$150,000 to \$300,000 range. This past quarter the average price of a home that sold in Longmont was \$261,015. The average price for all homes sold in Boulder County was \$436,024. Longmont continues to offer good value in housing.



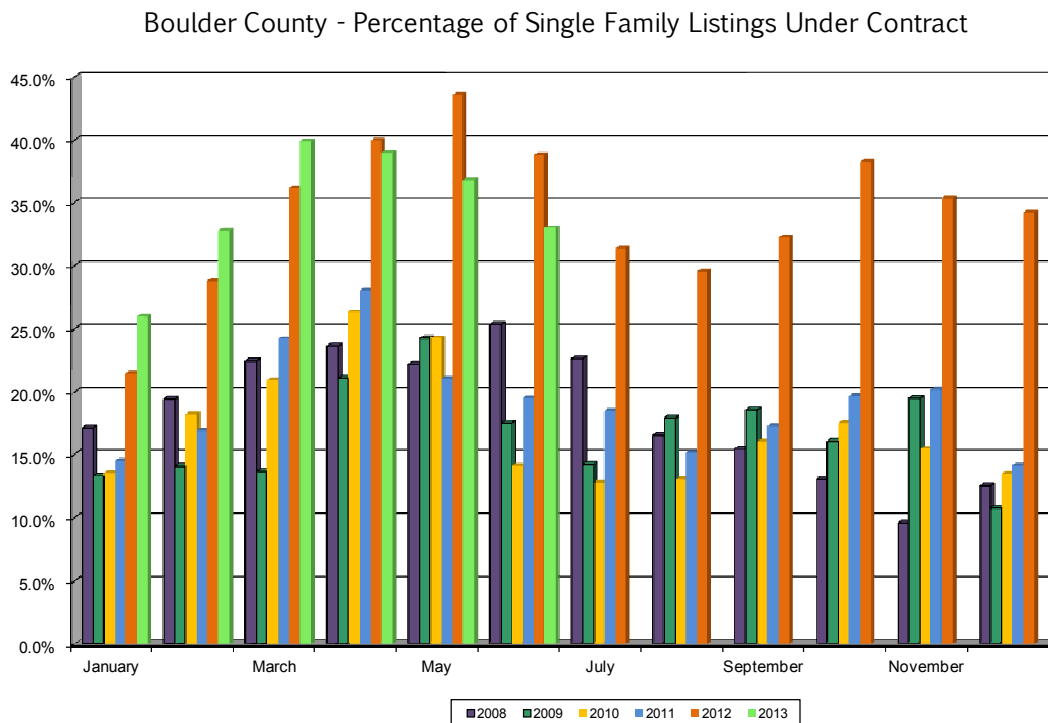
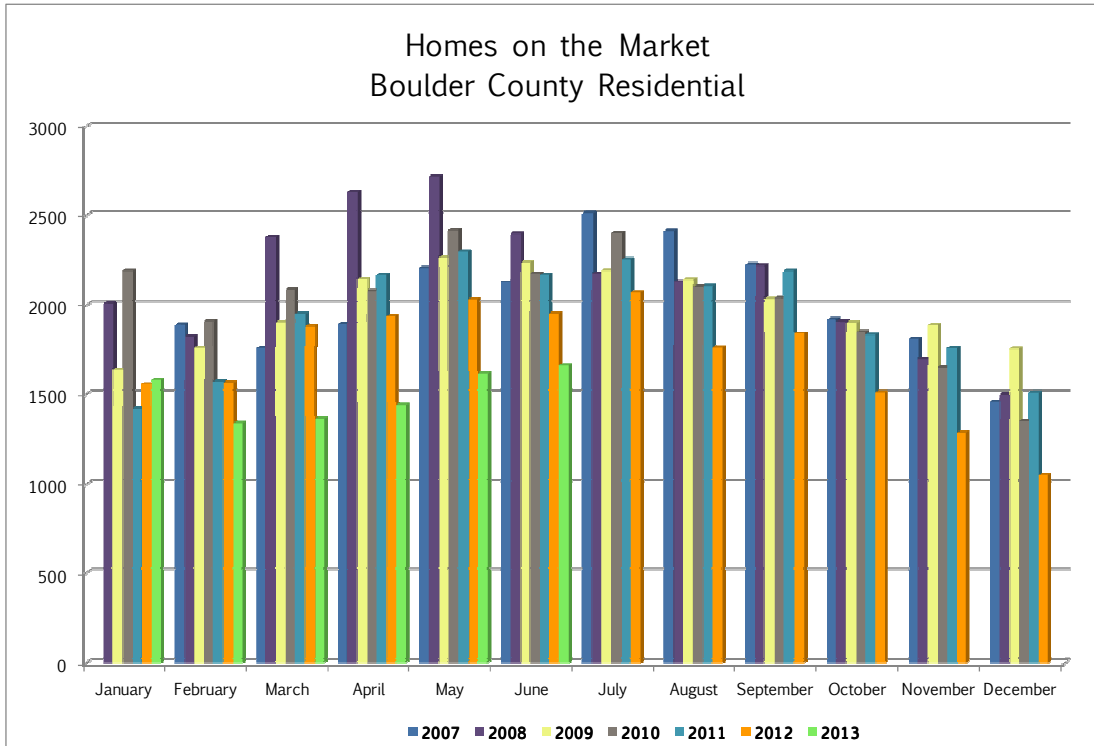
## Boulder County Sales by Month Single Family and Condos

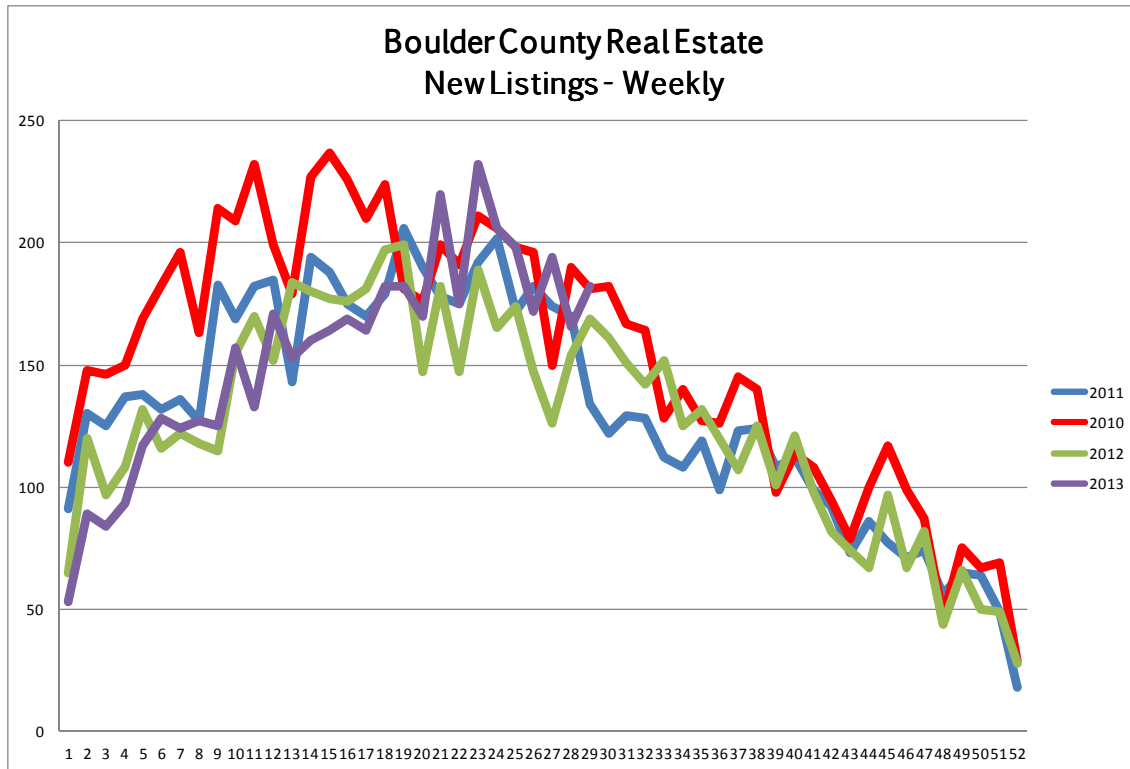


## Boulder County Median Price Single Family and Condos

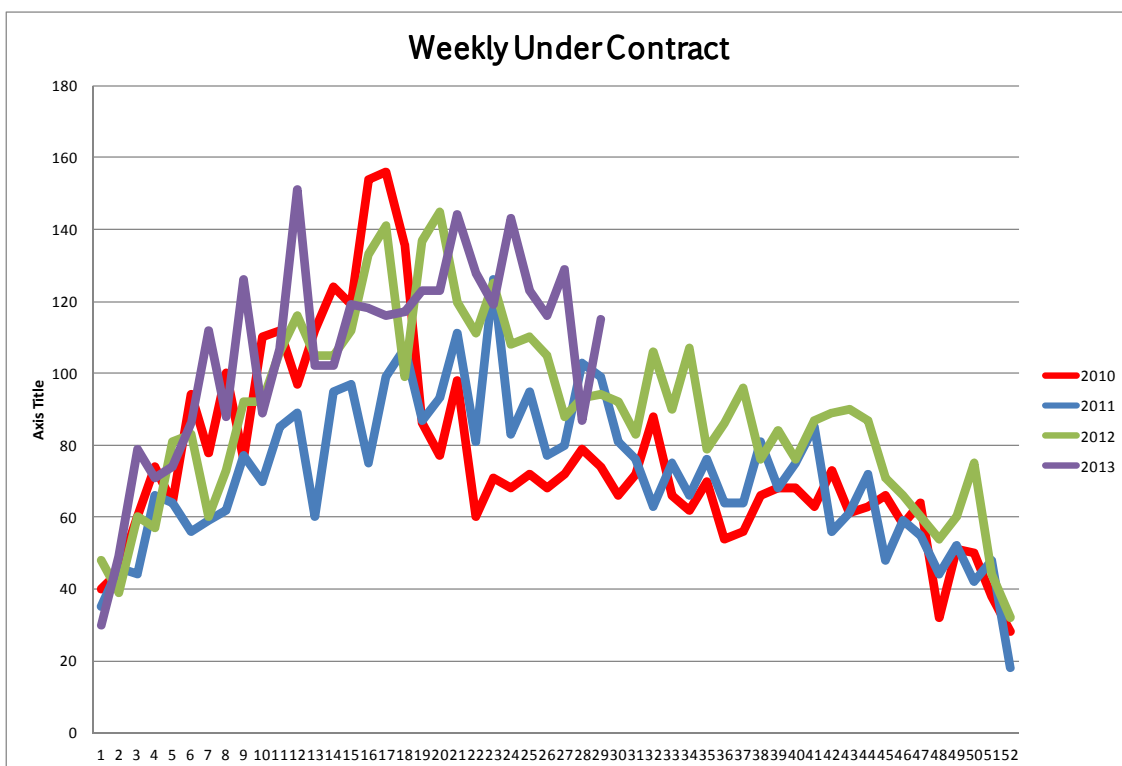


Kearney Realty is a local boutique real estate firm with the mission to provide the Boulder Valley a **high touch, high tech, five star customer experience**. Each of our full time associates is empowered and engaged to give top quality service based on impeccable ethics, consistent systems, professional development and cutting edge tools.

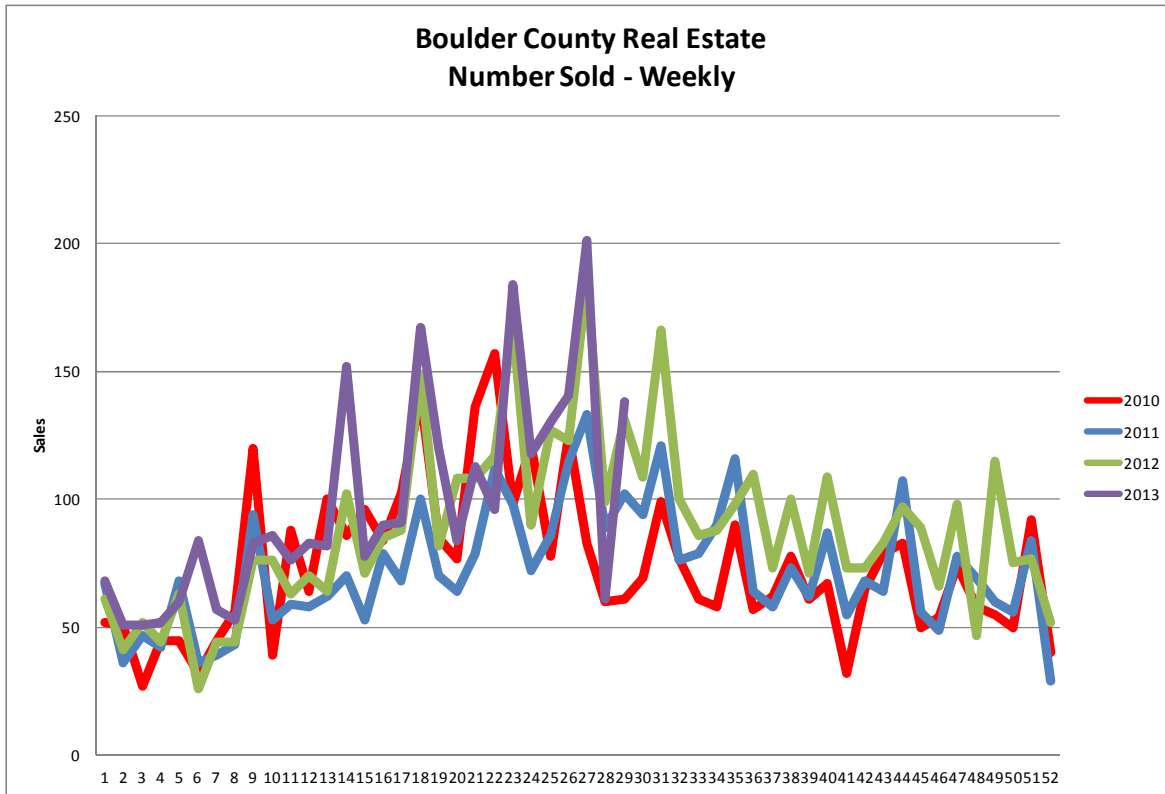




The charts on this page show activity on a weekly basis. The top chart shows new listings coming on the market and the purple line (2013) shows the trend in lower inventory. The lower chart shows the number of homes that have gone under contract on a weekly basis. This shows gross numbers not percentage increases. The combination of these two graphs demonstrate the shortage in the market.

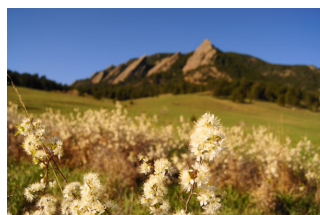
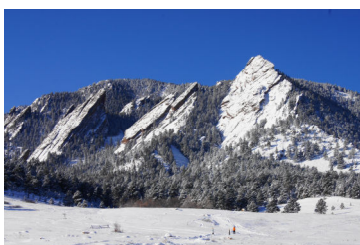






## *Kearney Realty - Our Core Values*

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.



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