

The **Kearney** Report

Boulder County Real Estate Report



Neil Kearney

Fourth Quarter &
2019 Year-In-Review

Real Estate Market Update

2019 was another good year for the Boulder area real estate market. After, more than six years of high growth appreciation (more than 72% in the past 8 years!) we saw modest price appreciation over the entire market area. In general, I would characterize the market as being more balanced during 2019. Sellers with updated homes and realistic listing prices were able to sell fairly quickly and for close to (or slightly above) asking price. Buyers showed restraint and patience. Only acting quickly on homes that met all of their needs and were also priced well. This left homes that were dated or overpriced sitting on the market for extended periods.

Although sales actually increased for the year, there seemed to be less demand (as evidenced by showings and multiple offer situations) for any individual home. Inventory of available homes was higher in 2019 than at any time since 2014. Understanding that they had choices gave buyers space to compare and think about homes. Where in recent years, buyers soon found out that "thinking about it" meant missing out. This psychological change in buyer dynamics had much to do with the overall change that we felt in the market.

Here are some of the key statistics for Boulder County real estate in 2019:

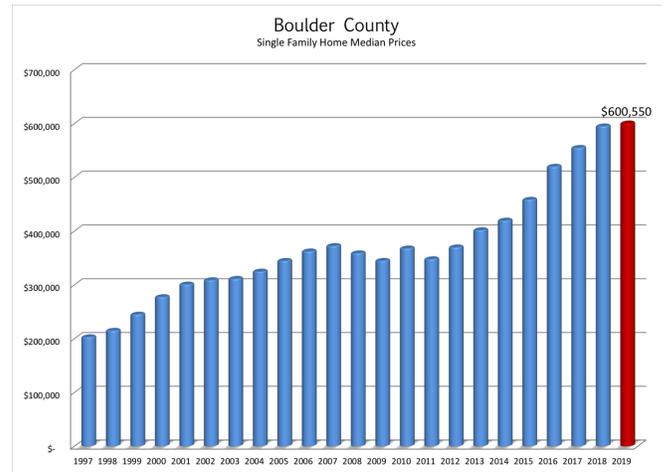
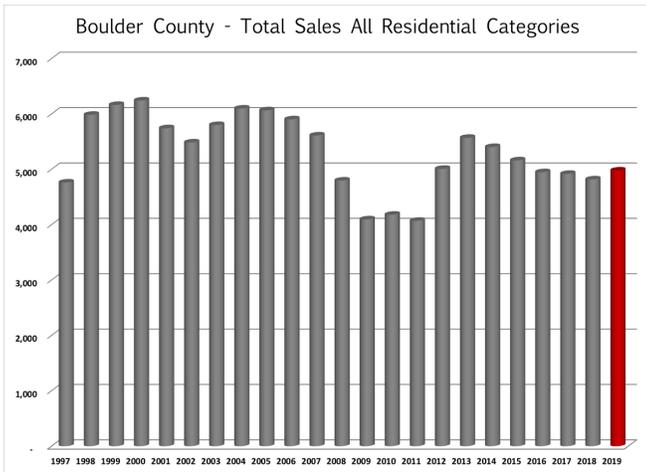
- **Total sales increased** by 3.3% to 4,979 sales. Despite the increase sales were still 10% lower than 2013 levels.
- **Slower Price Appreciation** - The median price for all sales in 2019 was \$530,000 which is up approximately 3%.
- **Higher Inventory, But Still Lower than Historical Average** - At the end of December there were just 899 properties on the market in Boulder County and 344 of those were already under contract. This is more than we had on the market a year ago, but much lower than historical averages.
- **Longer Time to Sell** - Average days to offer was 39 (Higher than last four years and similar to 2014)
- **Slightly More Negotiation** - Average negotiation off of list price 1.2% (last year was slightly lower at 1.14%)
- **Fewer multiple offer situations** - 21% of properties sold for a price above the list price (last year was 32%). The average premium paid for these sales was 2.5% (last year the average premium when paid was 3.3%)
- **Offers below listing price was the norm** - 55% of properties sold for a price below list price (2018 = 45%). The average discount on these sales was 3.1% (2018 = 3.2%).
- **More Price Reductions** – We saw more price reductions by Seller's this past year than in any recent year.

What's In Store for 2020 and Beyond?

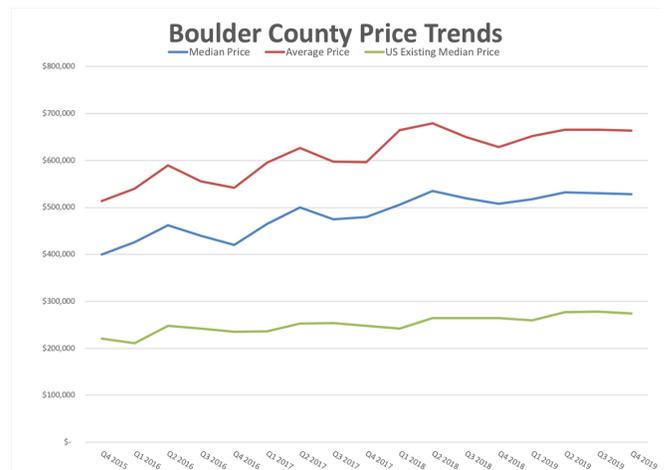
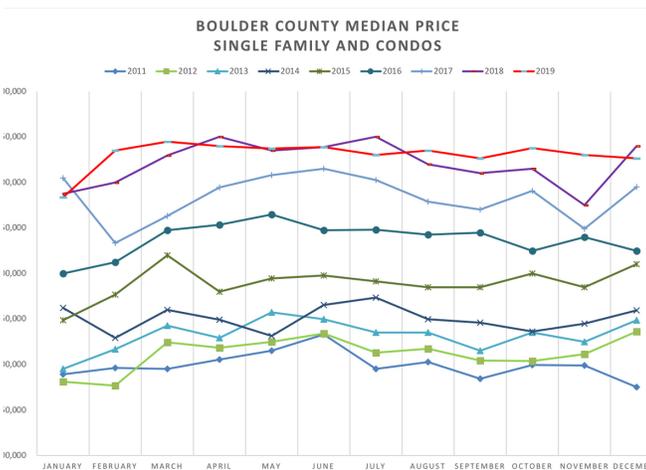
In the Kearney Report for the 3rd quarter of 2019, it was shown that we are no longer in the expansion phase of the real estate cycle. Locally we seem to be in the "hyper supply" phase which is characterized by increases in inventory, new construction catching up to the market, purchase prices appreciating a lower rate, and increase in interest rates. All of these seem to be tracking as expected except increasing interest rates. Barring a large external event which negatively affects the economy, I expect that our current market conditions will continue for a few more years. Sales will continue at similar levels, prices appreciation will be positive, but less than 4% and Buyers will continue to gain power in negotiations. No big changes just a gradual move around the real estate cycle.

Unless otherwise noted, all data used in this report is from IRES MLS and is deemed reliable but isn't guaranteed as exhaustive.
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Real Estate Market Update, Continued



The two graphs above show that the trend of decreasing sales and high appreciation ended in 2019.

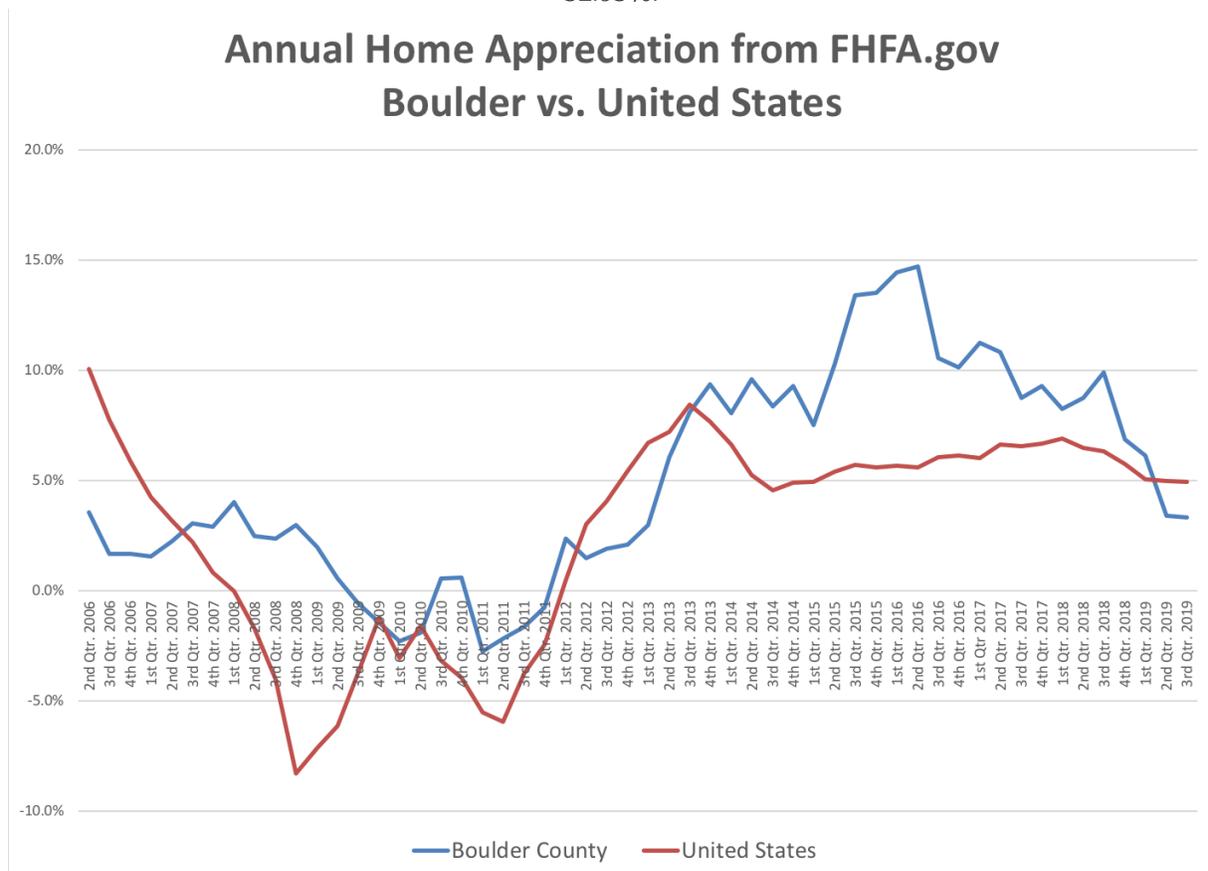


The two graphs just above give a graphic representation of median price appreciation over time. The one on the left shows median prices on a monthly basis. Since 2011 each year has stacked above the last as prices have increased (a price layer cake). The graph to the left shows a yearly rise of average (red) and median (blue) prices compared to the national median sales price (green). If the trend of 2019 continues, we won't see too much appreciation this next year.

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Home Value Appreciation - How Boulder County Stacks Up

The graph below shows the average annual price appreciation for both Boulder County (blue line) and the United States (red line) since the second quarter of 2006. Each data point shows one year of appreciation on a quarterly basis. The most recent quarter shows Boulder's four-quarter appreciation was 3.32% which ranked it 185th out of 231 areas in the study. The average home appreciation in the US over the past year was 4.94%. Boulder County's appreciation had outpaced the nation's average since the third quarter of 2013. This trend ended during the second quarter of 2019. Over the past five years our cumulative appreciation was 53.25%, while the nationwide average was 32.93%.



Fastest Appreciating Markets - Last 12 Months

- Chico, CA 14.35%
- Boise City, ID 11.81%
- Idaho Falls, ID 11.33%
- Coeur d'Alene, ID 10.85%
- Spokane, WA 10.36%
- Logan, UT 8.91%
- Richland, WA 8.52%
- Pensacola, FL 7.86%
- Palm Bay, FL 7.75%
- Ogden, UT 7.56%

*Boulder, CO 3.32%

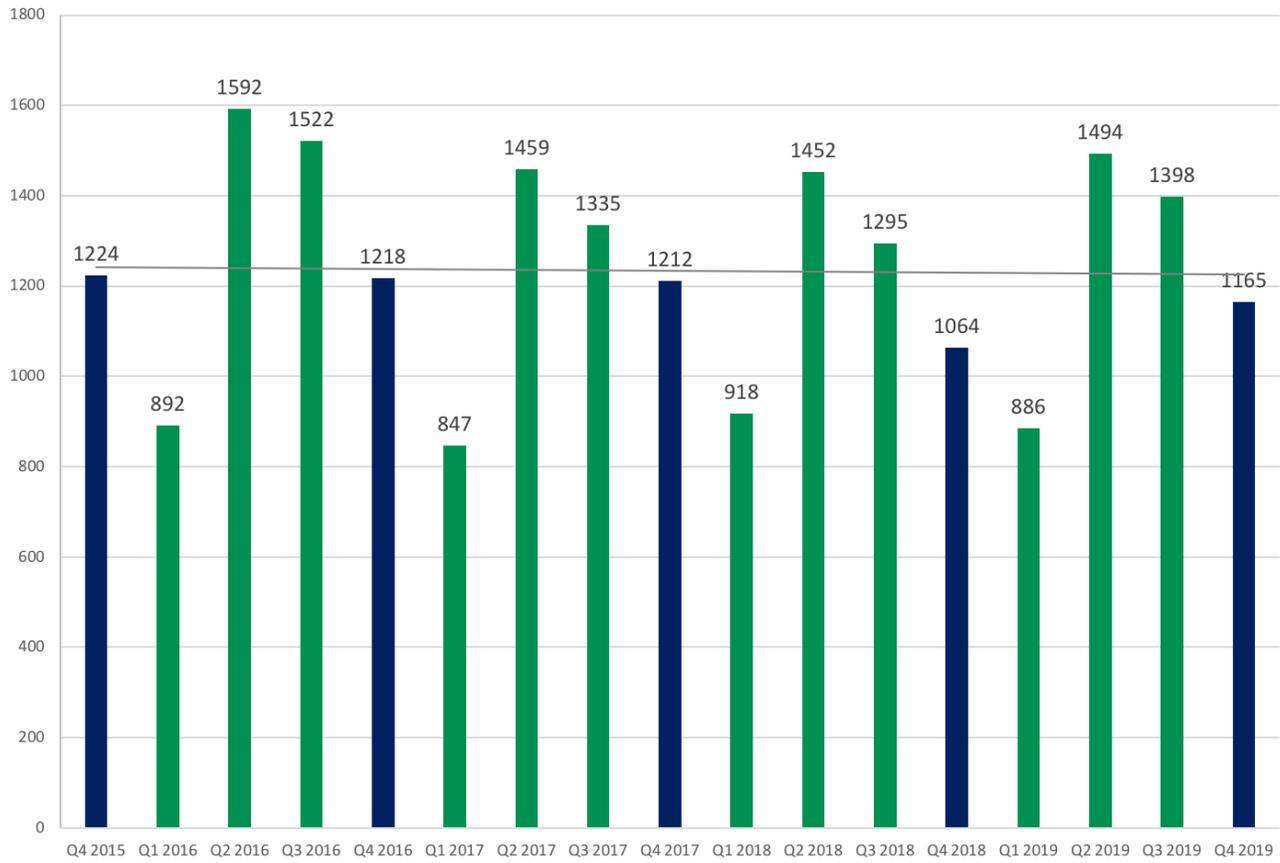
Slowest Appreciating Markets - Last 12 Months

- San Francisco, CA -1.90%
- San Jose, CA -1.50%
- San Rafael, CA .16%
- Santa Rosa, CA .41%
- Oakland, CA .91%
- Santa Cruz, CA 1.51%
- Anaheim, CA 1.66%
- Bloomington, IL 1.78%
- Lynchburg, VA 1.97%
- Cedar Rapids, IA 2.02%

Source FHFA.gov

4th Quarter Boulder County Sales Activity

Five Year Trend of Sales Activity - Boulder County



Boulder County Market Snapshot



Total Sales

Comparing 4th qtr. 2019 to 4th qtr. 2018 sales increased by 101 sales or 9.5%. The fourth quarter was very strong. We are seeing that momentum continue into 2020.



Median Price

A year ago the median price for sales in the 4th quarter was \$508,000, this year it increased by \$20,000 and was \$528,000. Overall, the rate of appreciation has slowed to around 3%, but it's still positive.



Days to Contract

On average it took 43 days for a home to go under contract. This is five days longer than it took during the 4th quarter of last year. Houses are staying on the market longer.

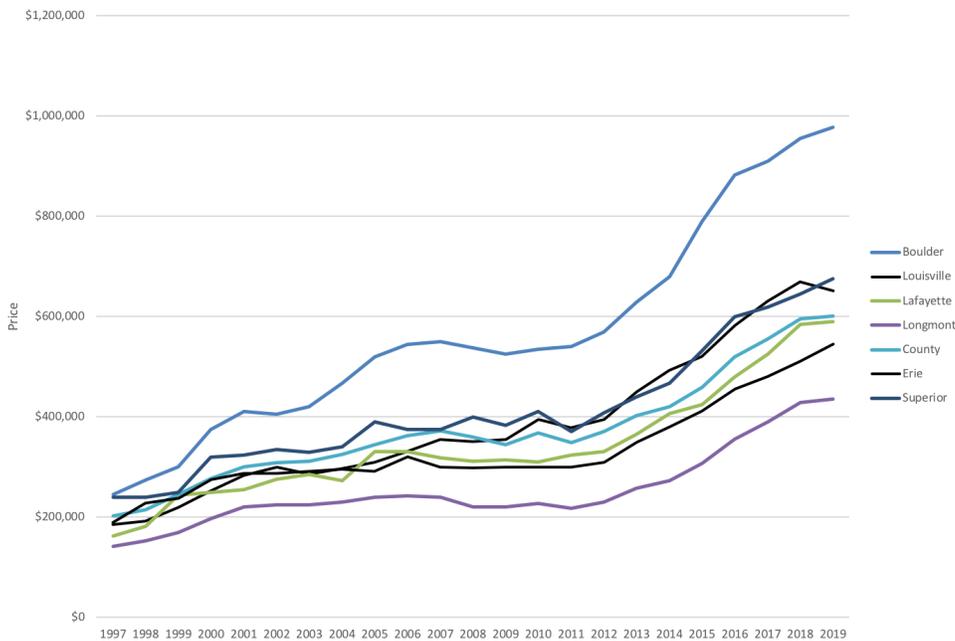


Months of Inventory

At the end of the quarter, if sales kept up the current pace it would have taken just 2.4 months to sell all of the listings if no new listings were added. Last year at this time it was 4.10 months. Inventory is roughly equal but 4th quarter sales were 9.5% higher.

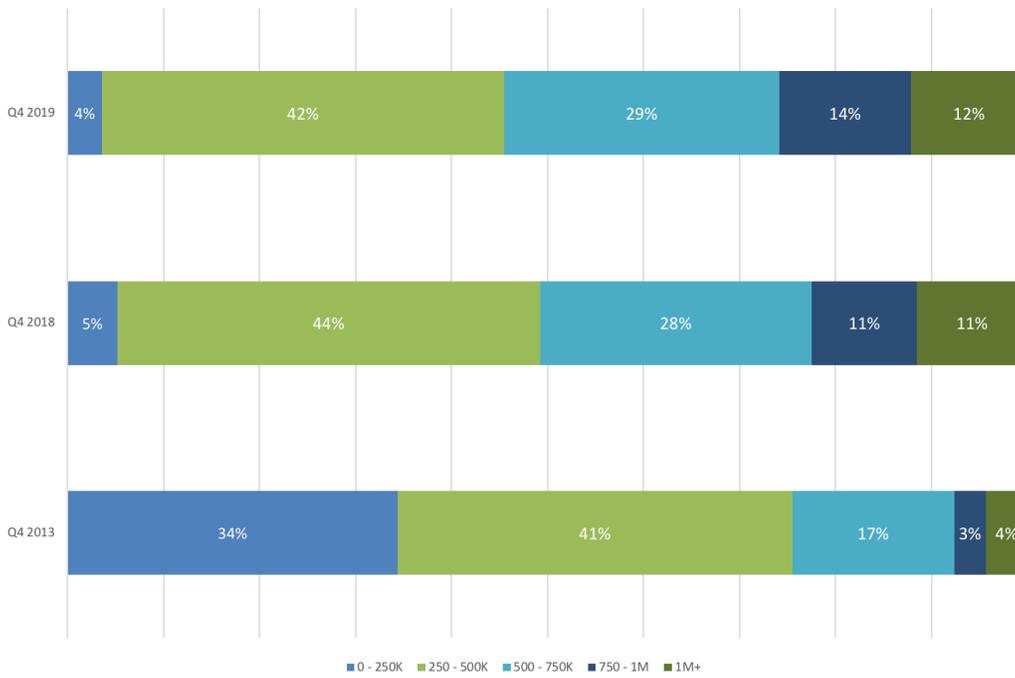
Boulder County Price Trends

Comparison of Median Prices
Single Family Homes



The top graph shows the price trends in Boulder County by city since 1997 for single family homes. The light blue line is the City of Boulder and prices within the City have outpaced the rest of Boulder County. The two main reasons are: 1) high locational demand and limited supply (more so than in other locations across the county) 2) More homes in the City of Boulder have been remodeled, re-built or extensively upgraded (many of the homes in Boulder are no longer similar to what they once were)

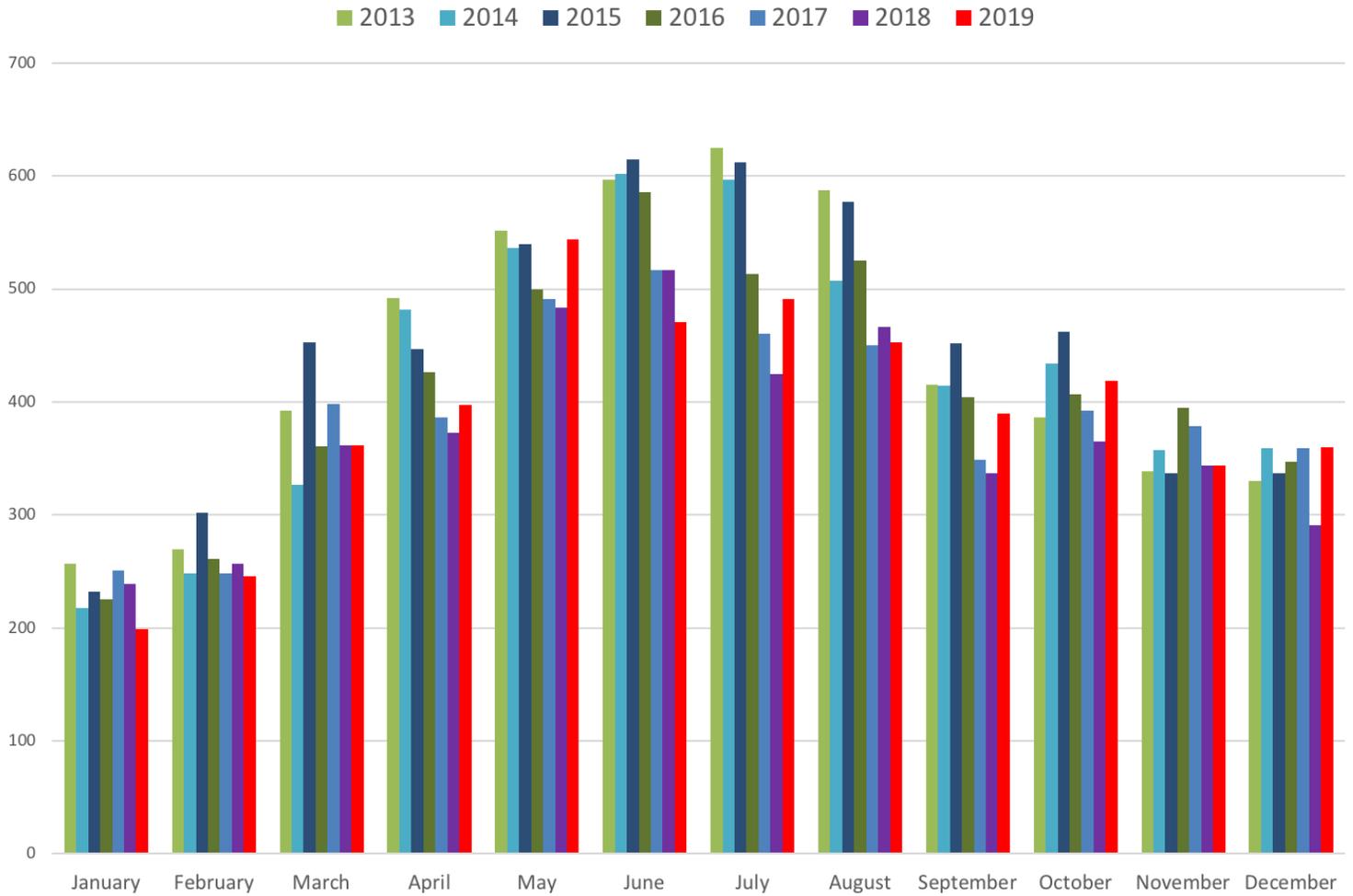
Boulder County Percent of Sales by Price Range



The bottom graph shows the sales which occurred in each price range during the quarter. The top bar is the most recent quarter, the middle bar is the 4th quarter a year ago. The bottom bar for comparison, represents the sales mix during the 4th quarter in 2013. This graph is a good representation of how prices have increased, the entry level has shifted considerably to the right and the luxury market has grown.

Boulder County - Monthly Sales Activity

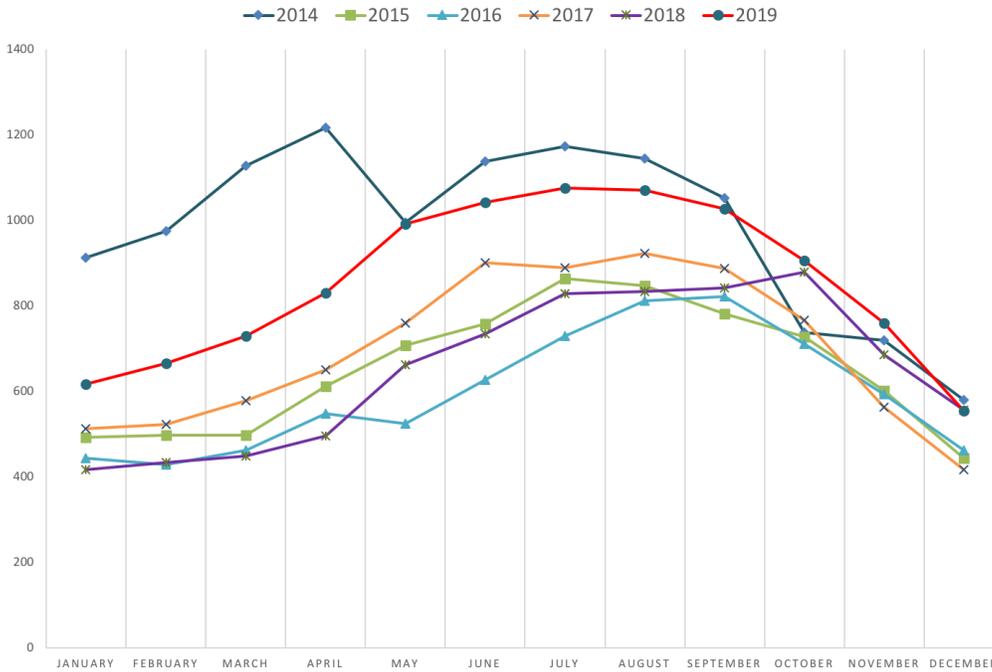
Number of Sales - Boulder County All Properties



The graph on this page shows the seasonality of real estate sales in Boulder County. Sales over the past seven years are arranged by the month of the closing. The normal time between contract and closing is 30 to 45 days so in order to get a true sense of the activity in the market roll back the statistics by one month. Our market has been very consistent. The slowest months in terms of closings are January and February and the most active months are May, June and July. This year we saw big jumps in the number of sales in September, October and December which erased a slow start to the year.

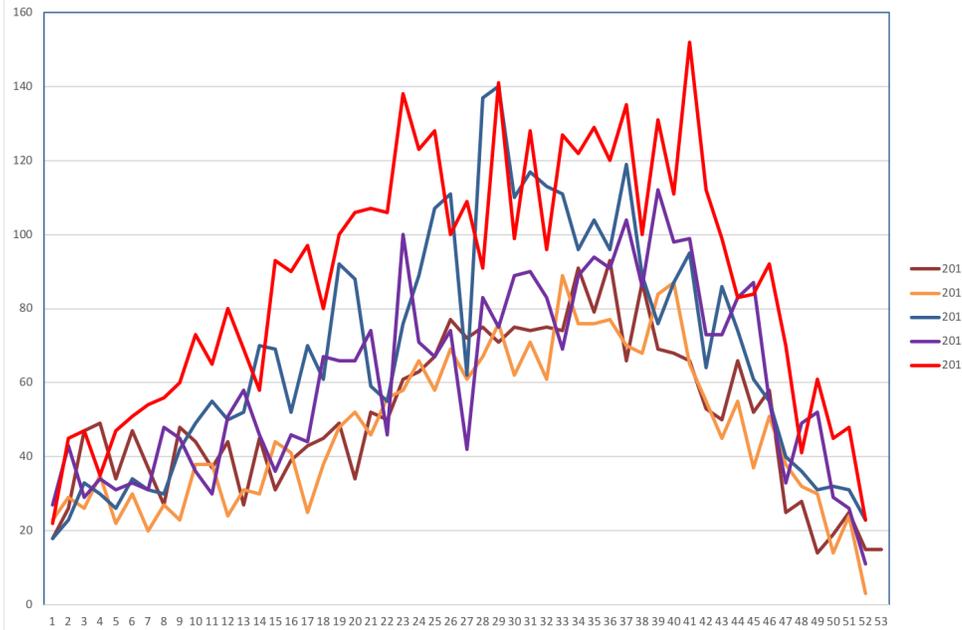
Tracking Inventory and Price Reductions

TOTAL INVENTORY EXCLUDING UNDER CONTRACT



The graphs on this page represent a snapshot of the strength of the market. The top graph shows available inventory on a monthly basis (excluding those homes that are already under contract) since 2014. Following a national trend, our market has seen a significant drop in available properties starting in the later part of 2014. All year our inventory was higher than it had been since 2014 and starting in October we had more listings than at any period over the past six years.

Price Reductions



The lower graph shows the number of homes that have had a price reduction in Boulder County on a weekly basis over the past four years. In 2019 we saw a huge increase in price reductions. Price reductions are an important tool to use when a home is sitting stagnant on the market.

Kearney Realty Co. - Our Core Values

- Integrity and Class - Keeping our word; knowing what's right and doing what's right.
- Selfless Service - Exceeding expectations by focussing on exceptional service.
- Caring - All of our relationships are based on mutual respect, cooperation and consideration.
- Connected - Give back to the profession and the community.
- Innovation - Continually striving to find new and better ways to serve our customers and our associates.



We are proud to support our local community!