

Metro Denver Real Estate Trends

By **Lon Welsh**, *Metrolist Director* and **Charles Roberts**, *DMAR Director, Your Castle Real Estate*

Here's a riddle: how can it be both a buyer's market and a seller's market at the same time? It sounds like a paradox but in fact it perfectly describes our current Denver Metro real estate market. Here's how.

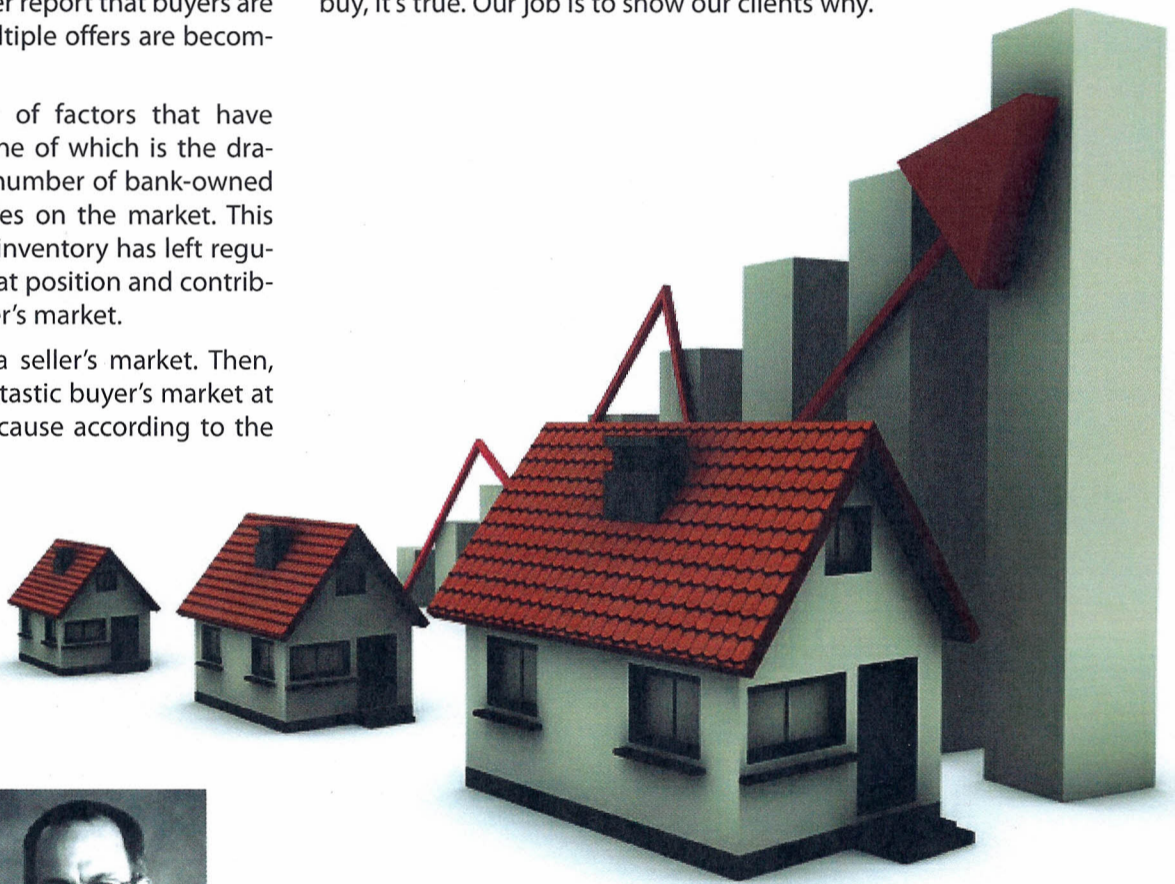
In the market below \$300k where 80% of the homes are sold it's a blistering seller's market. There are only three months of inventory sitting on the market right now, where six months is considered a normal, balanced market. There are simply more buyers than sellers right now and this is translating into multiple offers on listings, sales prices often well above asking prices, and marketing times plummeting. Particularly hot is the market below \$225k which has only two months of inventory. It's not uncommon for a listing to have 10 showings and a full price offer in the first week. Even in the \$300k - \$500k we're hearing report after report that buyers are getting out bid and multiple offers are becoming the norm.

There are a number of factors that have caused this dynamic, one of which is the dramatic reduction in the number of bank-owned and short sale properties on the market. This reduction in distressed inventory has left regular home sellers in a great position and contributed to the sizzling seller's market.

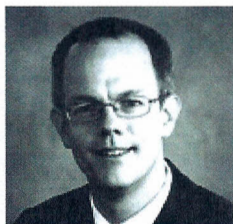
Ok, so we know it's a seller's market. Then, how can it also be a fantastic buyer's market at the same time? It is because according to the

National Association of REALTORS® the Home Affordability Index is at its highest recording ever. Just like it sounds, the HAI is a measure of how affordable homes are in a given area. It's calculated by comparing the median price of a home in the Metro Denver market to the median worker's income level, taking into account the current interest rate for a 30-year fixed rate loan. What this means is that the median income earner can buy more house today than ever before. Why? Because home prices, while rising quickly, are still well below their peak prices of 5-6 years ago and interest rates are at never-before-seen historic lows. Take it all together and the average home on the market **HAS NEVER BEEN MORE AFFORDABLE.**

So, while it seems like a paradox that it can be both a great time to sell and a great time to buy, it's true. Our job is to show our clients why.



Charles Roberts



Lon Welsh