



Market News

Denver-Area Home Absorption Is Looking Healthy

The Denver-area housing market in April saw the number of closings and homes under contract plummet by 18.1 percent and 28.2 percent, respectively, compared to April 2010 when buyers took advantage of the federal homebuyer tax credit. However, from another perspective, Denver's housing market is much healthier with a 5.7-month supply of unsold homes on the market based on a ratio between the inventory and number of sales in the month of April.

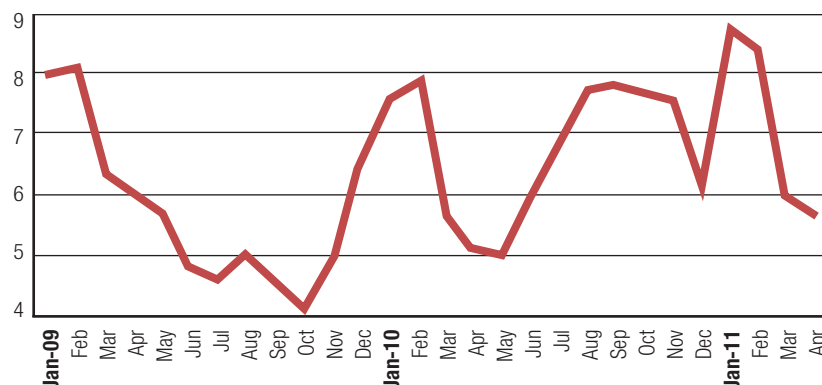
Most consider a 5 to 6 month supply of homes as a normal market because supply and demand are in equilibrium. While the supply of unsold homes increased from April 2010, when there was a 5.1-month supply, it was still less than 12 percent lower a year ago, even with the tax credits fueling a buying spree. To qualify for the credits, a buyer had to place a home under contract by April 30, 2010. This April, the supply of homes was 6.6 percent lower than in April 2009 when there was a 6.1-month supply of homes on the market.

The reason for the relatively small supply of homes is because of the declining inventory of unsold homes on the market. While demand, as expected, was down in April without the tax credit, the inventory of 19,553 unsold homes was 9.3 percent lower than in April last year. More importantly, and largely unnoticed, is how the market has improved since this January.

At the beginning of the year, the market was saddled with an 8.7-month supply of unsold homes. In other words, the supply dropped by 34.5 percent from January to April. That is a slightly larger percentage drop than during the same period in 2010 when the supply dropped by 32.8 percent.

Looking back to 2009, the unsold inventory in April declined by 23.75 percent from January. While some may argue that the Denver-area home market has taken some lumps this year, the number of homes being absorbed on a monthly basis is surprisingly healthy and encouraging.

Months Supply Trending From January 2009 to April 2011



May 2011	This Month	Prior Month	Year Ago
Residential			
Active	13,985	13,874	16,333
Under Contract	3,858	3,878	3,139
Sold	3,036	2,735	3,416
Average Sold Price	\$279,443	\$271,969	\$273,285
Months Supply	4.61	5.07	4.78
Condominium			
Active	3,930	3,973	5,100
Under Contract	919	871	744
Sold	696	694	949
Average Sold Price	\$160,051	\$158,438	\$157,566
Months Supply	5.65	5.72	5.37

*Based on information from Metrolist, Inc. for the Denver housing market for the period 5/1/11 to 5/31/11. This representation is based in whole or in part on content supplied by Metrolist, Inc.

Market Movers

» **Sales of Denver-area homes up in May.** Sales of single-family homes and condominiums in metro Denver rose 9 percent in May but fell 15 percent from a year ago, according to Metrolist Inc. data released 6/8.

» **Case-Shiller: Denver dodges double dip.** The closely followed S&P/Case-Shiller Home Price Indices released 5/31 shows that the Denver-area housing market missed re-visiting the low average price set in February 2009, by a mere 0.28 percent.

» **Denver labor market improving.** The Metro Denver employment picture is showing modest improvement and unemployment for May has declined 0.5 percent compared to the same period last year, according to data compiled by Metro Denver EDC in its Monthly Economic Summary for June 2011.

» **Good time to be a landlord.** The overall vacancy rate for rental homes in the Denver area is a record-low 1.4 percent. In the Broomfield/Boulder corridor, the vacancy rate is zero.

» **Oakwood, DU students build green home.** The “Net-Zero Energy Home” is being constructed by Oakwood Homes in Green Valley Ranch, and is being billed as the first “net-zero” home constructed in the Denver area by a production builder.