

Kentwood Real Estate - Market News - July 2011

Compliments of Tom Cryer, SCRP

Market News

The Denver-Area Housing Market Is On The Upswing

There were 4,761 homes placed under contract in June, a 22.5 percent increase from the 3,885 in June 2010. That marks the biggest year-over-year increase for a June on record. The strong contract showing sets the stage for big increases in closings in July, as many of the homes placed under contract in June will close in July. June was the first month this year that a clearer picture of the Denver housing market is emerging.

That is because in the first part of last year, federal tax credits were available to qualified buyers. A first-time buyer could receive a tax credit of up to \$8,000, if the home was placed under contract by April 30, 2010 and closed by the end of September of last year. That created a feeding frenzy among buyers in the first few months of 2010. Most of the buyers taking advantage of the tax credits closed their homes by June of last year.

June was the first time this year that the number of closings exceeded the same month in 2010. Granted, it wasn't by much. The 4,080 closings, while up 9.3 percent from May, increased a mere 0.8 percent from June 2010, when 4,046 homes closed. Still, that was good enough for \$1.1 billion in closings in June, the first time this year that market has broken the billion-dollar mark. A billion dollars in homes traded hands, even though the average and median prices fell from June 2010.

The average price of a single-family, detached home that closed in June was \$292,230, down 2.4 percent from \$299,375 in June 2010. The median price of a single-family home fell by 1.6 percent to \$240,000. A year earlier, the median price was \$244,000. Prices fell even as buyers had fewer homes to choose from. The number of unsold homes on the market fell by 15.7 percent in June from a year earlier to 19,580. That was a 10-year low for the number of unsold homes on the market for a June. That seems to defy the law of supply and demand. After all, supply is down substantially and demand was up slightly, which under normal circumstances would mean higher prices.

However, those with no urgent reason to sell or buy are biding their time and waiting for the market to improve. Those forced to sell - because of a loss of job, job transfer, divorce or some other reason - must compete with the all of the short sales and foreclosures by lowering their prices, depressing the overall market. However, this provides a buying opportunity for move-up buyers, especially those with equity in their homes. Any money they leave on the table by selling into a soft market will more than be made up by buying a high-end home, where some of the heaviest discounting is taking place. But they better act soon. Mortgage

interest rates, while still extremely low by historic standards, are starting to creep up.

Residential Market Data

June 2011	This Month	Prior Month	Year Ago
Active	14,215	13,985	17,337
Under Contract	3,828	3,858	3,162
Sold	3,295	3,036	3,227
Average Sold Price	\$292,230	\$279,443	\$299,375
Months Supply	4.31	4.61	5.37

Condominium Market Data

June 2011	This Month	Prior Month	Year Ago
Active	3,811	3,930	5,352
Under Contract	933	919	723
Sold	785	696	819
Average Sold Price	\$158,463	\$160,051	\$171,600
Months Supply	4.85	5.65	6.53

**Based on information from Metrolist, Inc. for the Denver housing market for the period 6/1/11 to 6/30/11. This representation is based in whole or in part on content supplied by Metrolist, Inc.*

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Market Movers

- Home affordability is high, yet the national housing market remains stubbornly soft. Freddie Mac's chief economist said the culprit is low consumer confidence. But he gives his reasons why he thinks the second half of the year will be better than the first.
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- Colorado tourism has shown some solid gains, and the state continues to create non-agricultural jobs. And the drop in consumer confidence may be poised to reverse itself, reports the Metro Denver Economic Development Corp.
[Read more >>](#)
- The largest apartment portfolio on the market in the country is in Denver. The Carmel Co.'s 8,000 units in 29 buildings is priced at \$967 million. About 400 potential buyers have shown interest. And investors who never considered Denver before are looking at the area, which could mean an infusion of capital down the road.
[Read more >>](#)

- The era starting in 2000 has been described as the "lost decade." But a White Paper by the Denver-based Newmark Knight Frank Frederick Ross shows that from 2000 to 2009, it was not all doom and gloom in Denver. Far from it. Among other things, \$12.8 billion in public and private projects were started.

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- By many metrics, June was the best month so far this year for home sales activity in the Denver area. Homes placed under contract jumped 22.5 percent from June 2010, the biggest year-over-year gain on record for a June. But the best part of June is that it sets the stage for a stronger second-half of the year.

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