



How's The Market – December 2009

Welcome to the December edition of "How's The Market?" All data has been supplied by Metrolist, Inc. To make this document work best for you, there are three sections. The **Executive Summary** (p.1) gives a snapshot of the markets. The **Supporting Data** (p.2-4) provides detailed graphs and commentary. The **Buyers Markets/Sellers Markets** and **Putting It All Together** sections (p. 5-6) provide insight as to future market trends.

Executive Summary

❖ **Sold Properties**

Number of Sold Properties in December 2009 was **DOWN** 17% from November 2009 and 8% from December 2008.

❖ **Active Inventory**

Active Inventory continued its decline falling 9% from November 2009 to December 2009. At present, inventory is **DOWN** 48% from the high in July 2006. With such low supply, prices should rise when demand picks up. We have seen this begin in the lower price points.

❖ **Under Contract**

Properties Under-Contract were **DOWN** 12% from November to December 2009 and **DOWN** 8% from December 2008 to December 2009.

❖ **Average Sales Price**

Average Sales Price was **UP** 7% from November 2009 to December 2009. It was also **UP** 14% from December 2008. This reading has been up month-over-month for 3 of the past 4 months as well as in 8 of the 12 months for the year. In fact, Average Sales Price in the southwest quadrant was up 20% for the year in 2009!

❖ **Buyers Market / Sellers Market**

It is a Seller's market at the low end price points (\$0-250k and \$250k-500k), and a Buyer's market at the higher price points (\$500k-750k, \$750k-1m and \$1m+). The good news is that Inventory levels continue to improve at the higher end price points and the Southwest quadrant of Denver appears to be in better shape than the whole of Metro Denver.

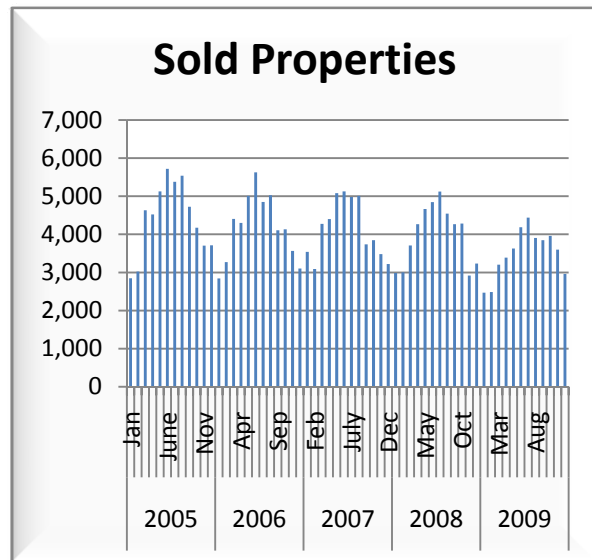


Wade Perry Properties

Representing buyers and sellers in the Denver, Littleton, Englewood, Greenwood Village and Bow Mar Neighborhoods.

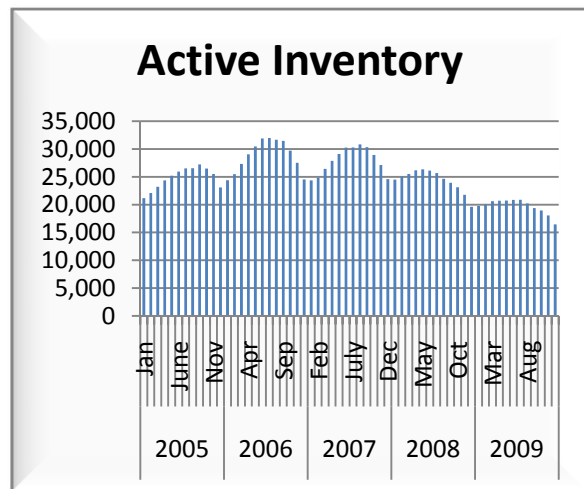
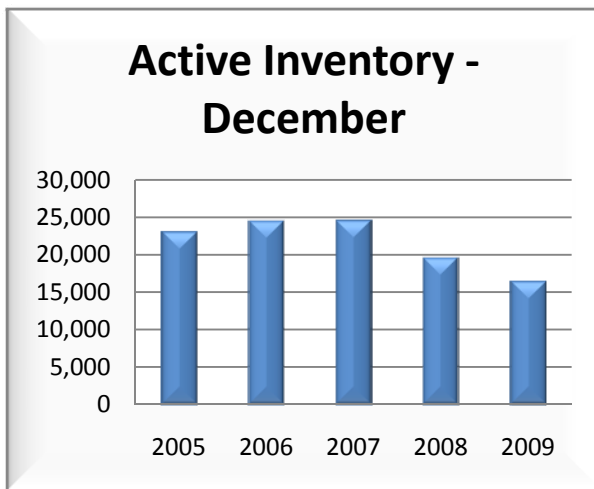
Sold Properties

The number of Sold Properties in December was down 17% from November and down 8% from December 2008. This number may appear worse than it really is. The sharp rise in SOLDs in November were a function of Buyers rushing to close on the timeline of the first deadline of the **First Time Home Buyer Tax Credit**. The drop in December is compared to a false high in November. The extension and expansion of the Tax Credit should help this number in the coming months.



Active Inventory

Active Inventory declined 9% from November to December as well as 16% from December 2008. The First Time Homebuyer Tax Credit has had a very positive impact in taking a lot of inventory off the market in the lower price points.





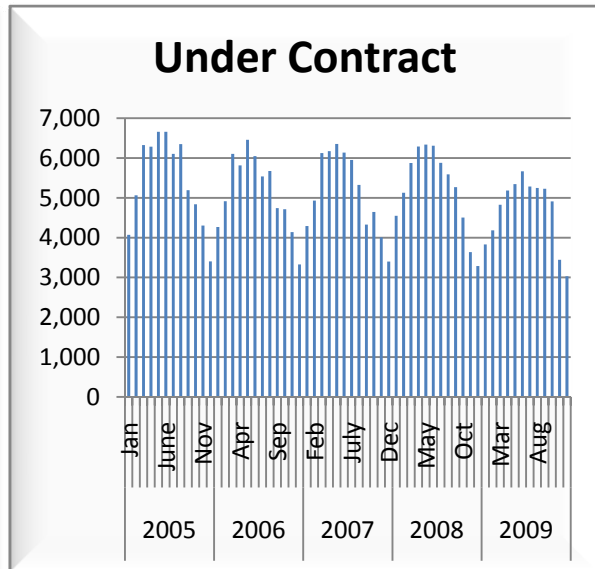
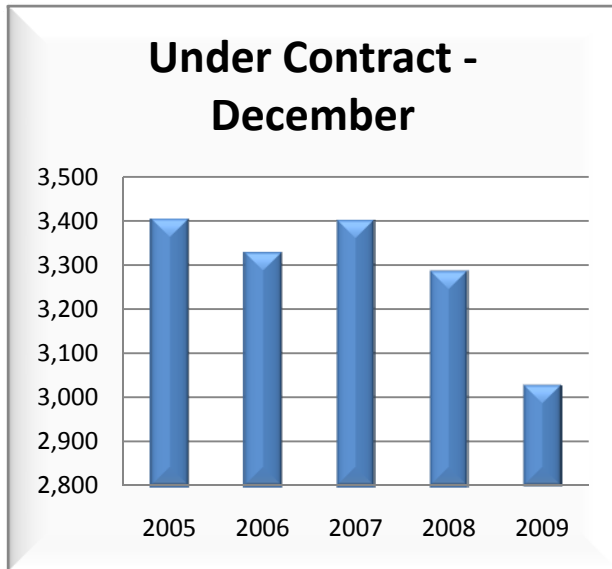
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Active Inventory has declined on a year-over-year basis every month since March 2007 - March 2008. *This is 22 consecutive months of year-over-year declines.* We have not had this low of an Active Inventory in 7 years. *In fact, Active Inventory is down 48% from the high in July 2006!* Prices have stabilized in the lower price points. This should continue to the higher price points due to such low inventory. The lending environment will play a key role in how quickly or slowly this occurs.

Under Contract

The number of properties Under Contract slid sharply from the November reading as well as a year prior. My opinion is that there was so much focus on getting properties closed by the initial **First Time Home Buyer Tax Credit** that there was not enough focus on keeping the pipeline full. This number should rebound in coming weeks and months as the pipeline fills and this should get a boost from the extension and expansion of the Tax Credit.



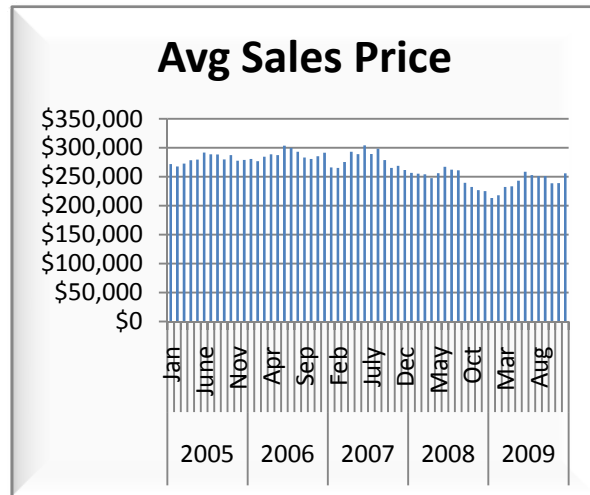
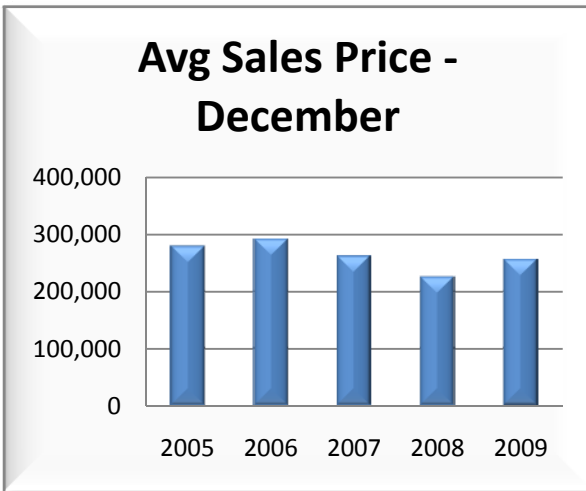
Average Sales Price

Average Sales Price in December was up 7% from November. Four straight months of gains from a year prior is certainly positive news. The First Time Home Buyer Tax Credit has had enormously positive impact on our markets. It has taken a lot of inventory off the markets in the lower price points. It has provided lenders with a lot of quality loans on their books as opposed to prior years. And now we see clear evidence with the Average Sales Price in December coming at nearly the exact same level as JULY!



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In 2009, we saw the Average Sales Price increase every month for the first six months (Jan-Jun). Then, the market hit a plateau for 3 months (Jul-Sept), dipped slightly for two months (Oct-Nov) and finished up strong in December.

Buyers Markets / Sellers Markets

The market has begun to rebound in the lower priced markets.

The market **up to \$250,000** has only **2 months** of inventory favoring the **Seller**.

The market from **\$250,000 to \$500,000** has **4 months** of inventory favoring the **Seller**. This is a 2 month improvement over the past two months.

The **\$500,000 to \$750,000** has **7 months** of inventory indicating a strong move to a more balanced market. This number was 13 in September and 12 in October. I am skeptical of this number. It has moved too far too fast.

The **\$750,000 to \$1m** market, at **12 months** of inventory favors the **Buyer**. September was 21 and October was 19; again I am skeptical.

While it is a **Buyer's** market in the **\$1m plus** market with **21 months** of inventory, it is encouraging to note that it has improved from 32 and 30 in the past three months. This is an anomaly.

Looking deeper into the data, it is clear that the inventory numbers at the higher price points are false reads. They are due to owners taking their properties off the market rather than them being sold. We will have to watch and see if they rebound in the January numbers as I suspect they will.

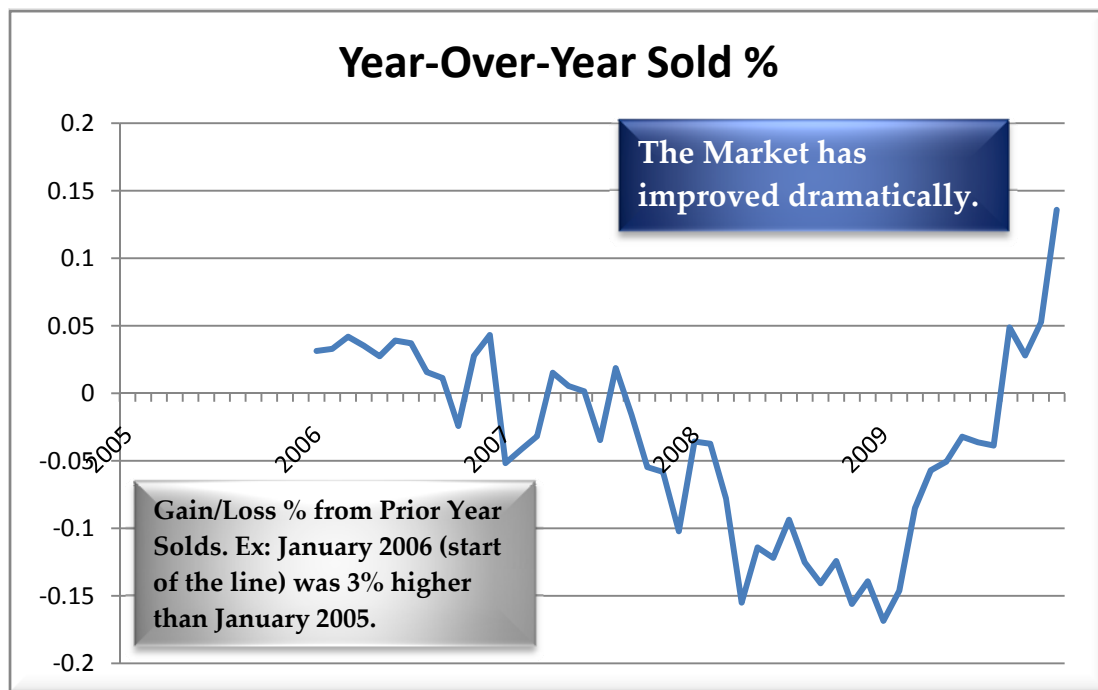


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Putting It All Together

The chart, **Year-Over-Year Sold %** shows that the Average Sales Price has clearly bottomed. Looking deeper, we know that much of this is attributed to the activity in lower price points. With inventory levels improving in the mid-upper price points and the expansion of the Tax Credits, we can hope for more positive news in the first quarter of 2010.



So, what is the trend? Where is the market heading? While no one knows for sure, the points listed below have led to a shift in the trend from negative to positive in the Denver market.

1. Active Inventory is at lowest level in nearly 7 years. When Supply is low and Demand picks up, prices should rise. The First Time Home Buyer Tax Credit really helped the low price points. *Now that existing homeowners have their own Tax Credit, we should see improvement in higher price points.*
2. Average Sales Price has increased year-over-year for each of the past four months. September, October and November 2009 were higher than their respective months in 2008. This has not been seen since July, August and September of 2006. We have written since April we are in bottoming process. We have seen the bottom in the lower price points.
3. *Interest Rates are at the lowest levels in over 4 decades.* This helps more people be able to afford a home...especially if they qualify for the Tax Credit.



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4. If you have thoughts of moving, *now is an incredible time to "move-up"* if your present home is in the \$0-250k or \$250k-\$500k price points. You are a Seller at the right time in these ranges. Meanwhile, you would be a Buyer at the right time if you are hoping to move up into the \$500-750k market. AND, you may be eligible for the expanded Home Buyer Tax Credit.
5. Even if you are not considering a move, *I would encourage everyone to talk to their mortgage lender about refinancing ASAP!* Many experts believe interest rates will rise significantly in the early summer of 2010. The difference between 5% and 6% on a \$300,000 mortgage is close to \$200/month. On a \$500,000 mortgage, the savings are over \$300/month. And, on an \$800,000 mortgage, you could save \$500/month.

The future is bright for the Denver Real Estate market. I look forward to helping you, your family and your friends with their real estate needs and wants. "How's The Market?" is published monthly. *Please feel free to pass this on to friends and colleagues.*

Be Well,

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