



Wade Perry Properties

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

How's The Market – January 2010

Welcome to the January 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 January 2010 was **DOWN 21%** from December 2009 and **DOWN 4%** from January 2009.

❖ **Active Inventory**

Active Inventory was **UP 6%** from December 2009 to January 2010 but still **DOWN 12%** from January 2009. And, it is still **DOWN 45%** from the high in July 2006.

❖ **Under Contract**

Properties Under-Contract were **UP 18%** from December 2009 and **DOWN 4%** from January 2009.

❖ **Average Sales Price**

Average Sales Price was **DOWN 7%** from December 2009 but **UP 12%** from January 2009.

❖ **Buyers Market / Sellers Market**

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

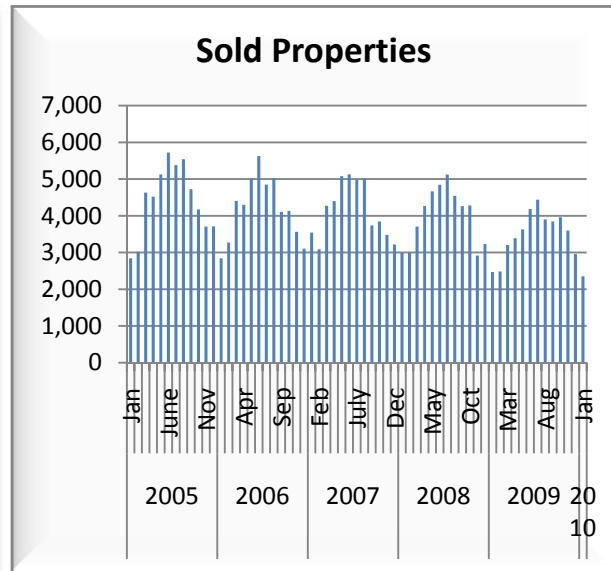
Sold Properties

The number of Sold Properties in January was down 21% from December and down 4% from January 2009. This number may appear worse than it really is. The sharp rise in SOLDs in November was 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 and January are compared to a false high in November. This was not a surprise due to the drop in Under Contract properties in December 2009.



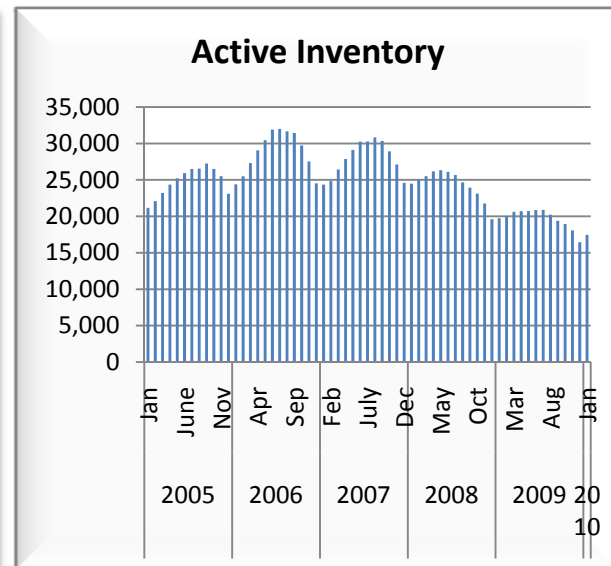
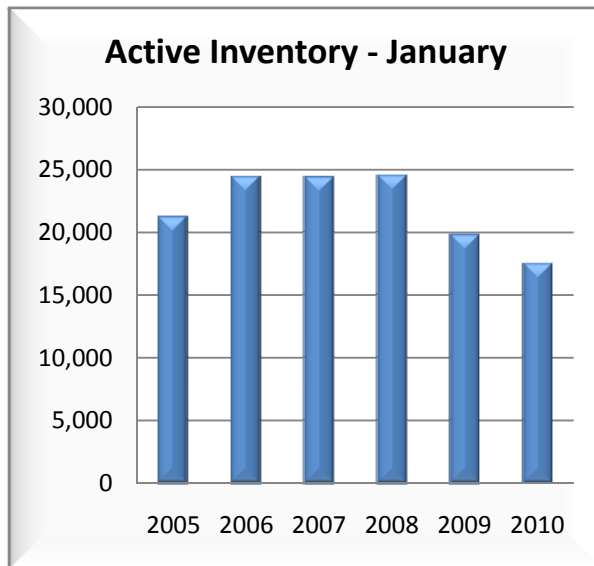
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Active Inventory

Active Inventory rebounded nicely from the December drop with a 6% increase. This could be from the Holidays being over and owners noticing that the market has improved slightly. 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.



Active Inventory has declined on a year-over-year basis every month since March 2007 - March 2008. ***This is 23 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 45% from the high in July 2006!*** Prices have stabilized in the lower price points. This should continue to



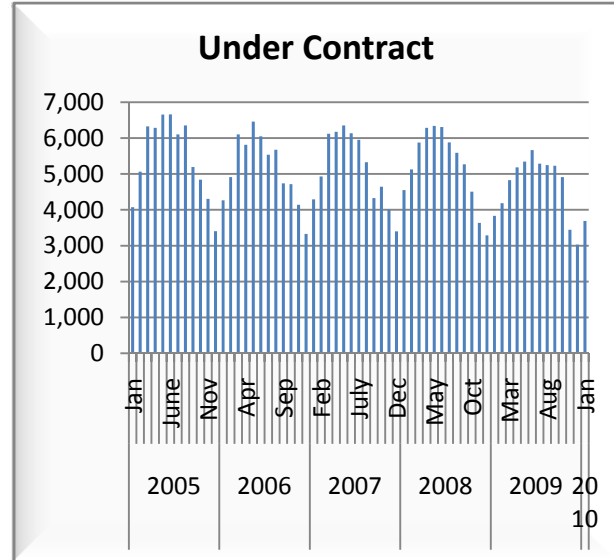
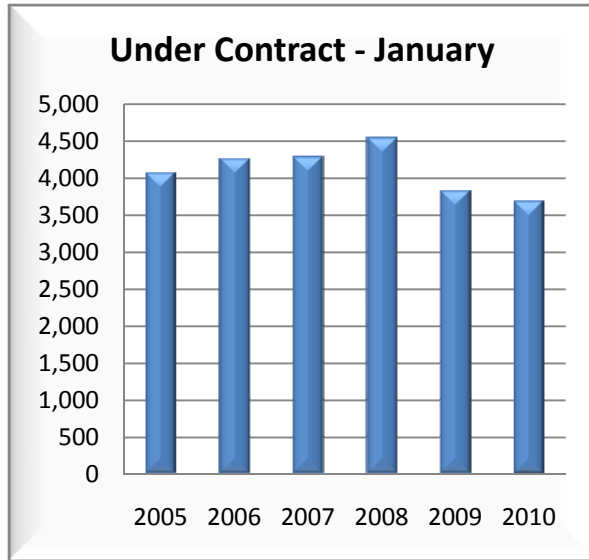
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the higher price points due to such low inventory. The lending environment will play a key role in how quickly or slowly this occurs.

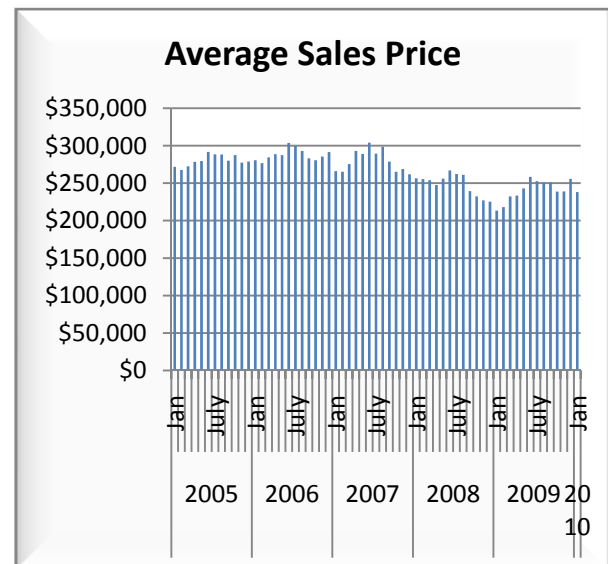
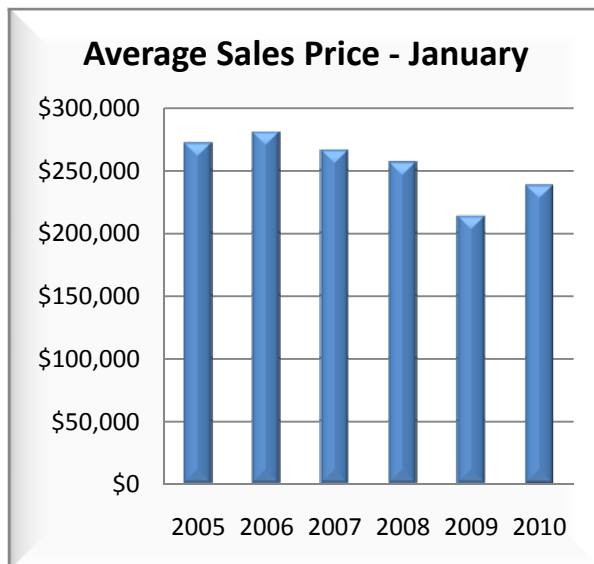
Under Contract

In December, we thought this number should rebound from the *extension and expansion* of the Tax Credit. The Under Contract number rebounded from the December drop.



Average Sales Price

The Average Sales Price dropped 7% from December 2009. This is likely due to first time home buyers filling the pipeline again after the tax credit was extended. Average Sales Price was up 12% from January 2009 making it 5 straight months of gains from a year prior.





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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. In fact, the Average Sales Price in December was the same as it was in JULY! In our seasonal market, that just does not happen. This tells me the underlying market (void of the first time home buyer rush) is getting healthier.

Buyers Markets / Sellers Markets

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

The market **up to \$250,000** has only **3 months** of inventory favoring the **Seller**.

The market from **\$250,000 to \$500,000** has **5 months** of inventory indicates a balanced market with a slight edge to the **Seller**.

The **\$500,000 to \$750,000** has **8 months** of inventory indicating a strong move to a more balanced market despite still favoring the **Buyer**. This number was 13 in September and 12 in October.

The **\$750,000 to \$1m** market, at **13 months** of inventory favors the **Buyer**. September was 21 and October was 19.

While it is a **Buyer's** market in the **\$1m plus** market with **22 months** of inventory, it is encouraging to note that it has improved from 32 and 30 in the past three months.

In December, we wrote that the Inventory numbers were false reads and that the dramatic and sudden improvements were due to owners taking their properties off the market rather than the properties being sold. The January numbers have validated that assertion. If lenders cooperate with lower rates for the Jumbo Loan segment and Buyers take advantage of the **Expanded Tax Credit**, we could see some healthy improvement in the next 3 months.

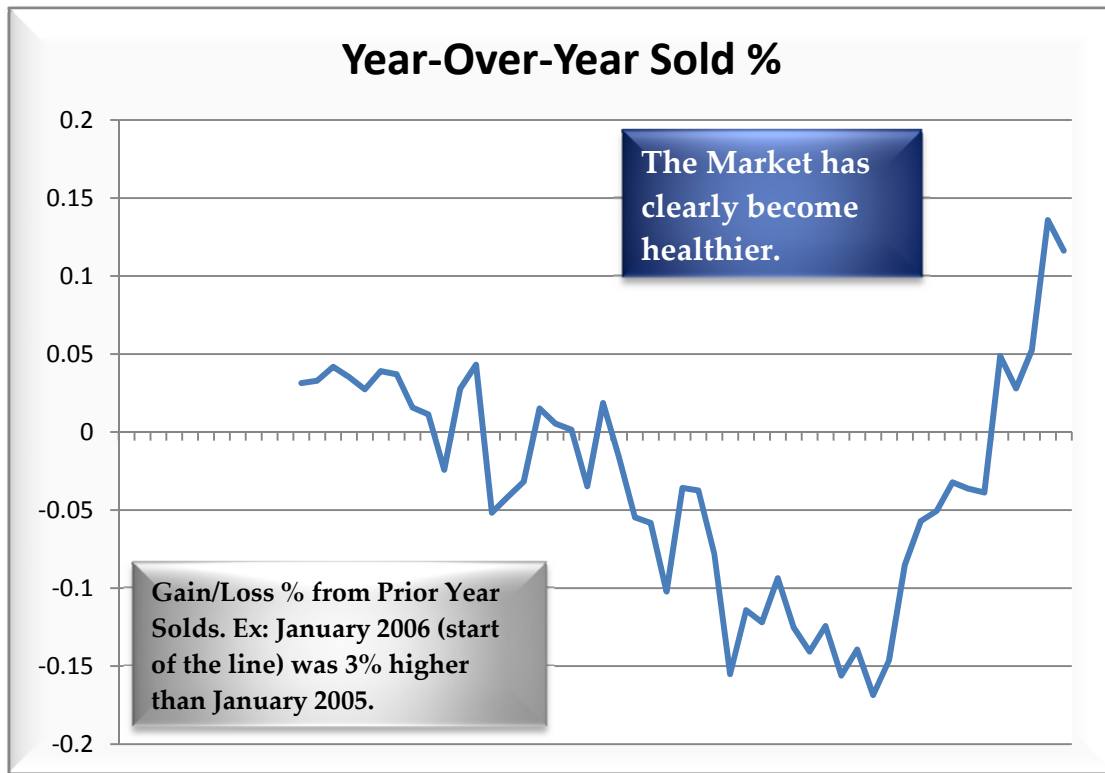
Putting It All Together

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.



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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 the lowest level in 7 years. When Supply is low and Demand picks up, prices 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 five months. This has not been seen since May through 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 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 higher price points of the market (\$500k-\$1m+). 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 and is available at www.WadePerryProperties.com. Please feel free to pass this on to friends and colleagues.

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