

Daily Bread Archive

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The Real Estate Market is Changing

That our market is changing should be no surprise to Metro Matters readers. Pete and I have been updating Heather Ridge readers since 2011 with monthly reports and stats. Our goal is simple – to help owners get optimum prices in real estate markets that are rising, falling, or resting. In good or tough times, we have been there. . . ready to listen.

With over 50 years each selling real estate, and having raised our families here in Heather Ridge since 1987, we can add perspective like no one else can. Like Arby's, "We have the beef!"

Today's real estate market is changing but nothing to lose sleep about. As of October 1, there were 11,115 homes for sale in metro Denver's 3.3 million population. On Oct 1 2021, there were about 1,200 homes for sale. And in 2008, about 32,000 for sale with 1.9 million – and falling. Yes, real estate changes over time but always comes back heading in the right direction.

As of Oct 1, 2024, metro area single-family home prices were down 1.56%, and condo/townhomes down 3.93%. Higher mortgage rates are mostly to blame along with skyrocketing HOA fee costs. Think affordability! However, national and local jobs markets have remained strong and growing. . . unlike the Great Recession of 2007-2009. Without jobs and incomes all markets falter.

The Heather Ridge Market

During September, Heather Ridge had at one time 28 units for sale. . . a record number not seen since the Great Recession, and with only 2 pending sales. As of Oct 16, for sale inventory was down to 23, and pending sales a robust seven homes. What happened in the August-to-October period to slow down sales?

Interest Rates: Mortgage rates started falling in anticipation of the Fed's discount rate cut in September. However, the Fed dropped its rate an unexpected half-point, not the expected quarter point, but mortgage rates dropped slightly. Countering the Fed's rate drop was an increase in yield on 10-Year Treasury notes. Treasury notes, or bonds, control mortgage rates, not the Fed's rate. For now, mortgage rates are holding around 6%. When rates are rising, many home buyers rush to buy. When rates are falling the reverse happens – buyers wait for further cuts before rushing in. That partially explains where we are today.

HOA Fees: Higher fees in 2024 are being called "deal killers" by increasing costs of ownership. As noted above, condo/townhome prices are down 4% from this time last year. Think affordability.

Skyrocketing insurance cost is the "grinch" that stole value from HOA markets. Will insurance costs come down? Unlikely, but they appear to be stabilizing. Some people blame the insurance companies, but that's not the full story.

Did you know insurance companies get insurance for their risks too? Called re-insurance companies, their numbers are small but very influential. Without them, there would be no affordable insurance. Risks and costs have increased due to weather changes (hurricanes, fires, floods) and its impact on structures more susceptible to natural disasters (coastal regions and mountain areas).

You can blame rising insurance costs on interest rates, inflation, and replacement costs too. All of which have doubled or more in the past three years.

Also blame changes in real estate practices. On August 17, 2024, new rules went into effect causing some buyers to hesitate from buying now. At issue is who pays for the buyer's agent in a sale? The seller usually pays, and that practice will continue. However, the buyer could be obligated if the seller doesn't. This will work itself out over time, but for now an objection to be dealt with.

As a Heather Ridge seller, you should expect your listing agent to be experienced, knowledgeable, and fluent in the language of how real estate markets work. Not all agents may have these skills given training and experiences. Pete and I have seen a lot over the 50 years, and Heather Ridge is our specialty. We have listed and sold more homes here than any other agent. Period. Please call so we can meet you. Remember, "Never leave home without us.!"