

## Daily Bread Archive - Publish Period 9-23-2024 to 10-7-2024

### Present market conditions:

At the end of August, metro Denver's for sale inventory (10,724) was at its highest level since 2012. Historically (1985-2023), there are 15,439 homes for sale in August, so we are below that level but climbing.

Since 2023 when the Fed got serious about inflation, for sale inventory has been steadily rising along with mortgage rates – yet home prices have remained reasonably good rising 2-4% annually. However, closed monthly sales and pending ones have been decreasing since late 2023.

Mortgage rates are now below 6.2% vs 7.8 % in November of 2023. The financial world was pleased with the Fed's September 18 rate cut of 50 basis points...or half a point. Almost everyone thought a rate reduction would happen given recent "negative" economic reports. Some lenders are now quoting below 5% with points. This rate drop is important and sends a clear signal the Fed is responding to troublesome economic clouds. This could re-ignite a "sellers' market" luring buyers back in before homes prices take off. We shall see.

Heather Ridge's for sale inventory reaching 26 units on Sept 16 – an all-time high since the Great-Recession 2007-2009 period. Also, units are on the market longer, 27 days+ on average and growing more week by week. Sellers are now paying more and higher concessions to lure buyers to move stagnant inventory before it "spoils" having been on the market too long. This is a function of market affordability (growing inventory, softer home prices, rates, incomes, and market conditions).

Housing inventory fluctuates all the time, but important market forces are at play here given recent reports: interest rates, job creations-unemployment, incomes, and housing affordability. Is there a recession in our future? This is why working with Realtors who stay on top of such issues and more make for better home sales.

Another Heather Ridge observation is the growing price gap between remodeled vs. "as-is" homes for sale. This "gap" is common in older neighborhoods when owners don't update or remodeled their homes before selling. The gap in Heather Ridge is approaching \$150,000.

What can be done about this "gap" problem? One solution is education about the market as Pete and I do in Metro Matters. Secondly, sellers need to balance remodeling costs vs market values. Sometimes you can "over remodel" as well as "under remodel" losing money. Only Realtors with lots of "hands-on

experiences” can confidently analyze those options, so please call Pete and me for a visit. For over 50 years each, this isn’t our first rodeo. Sellers benefit more with experienced agents.

### **Consider estate planning for your home**

More and more, Pete and I are listing homes with family members added to the title to avoid probate or other issues. When this happens and the property is sold, more than likely there is a tax bill that could have been easily avoided. Also having “others” in title created possible liabilities. For example, if such a family member in title incurs legal or other problems, all the assets of that person, including your home, are subject to judgments, liens, seizure, or a forced sale. This is where legal advice is necessary. Please contact your attorney or those advertising herein to learn about estate planning. Pete and I can refer you to counsel we have worked with, so please call.