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Return Service Requested

Note Worthy

Real Estate Websites

ColoradoHomesAndRealEstate.com - Our website has everything you need to know about real estate and mortgages in the greater Denver - Boulder area, including the ability to search for homes for sale and view our current listings. We also have links to the local school districts, news outlets and all the municipalities.

ColoProperty.com - website of the Boulder/Longmont/Larimer County Boards of Realtors.

REcolorado.com - website of the Denver/Metro Boards of Realtors.

Realtor.com - official website of the National Association of Realtors.

AnnualCreditReport.com - free online credit reports from the 3 credit bureaus.

bit.do/NewHomes - online map showing new construction projects in the Front Range Metro area.

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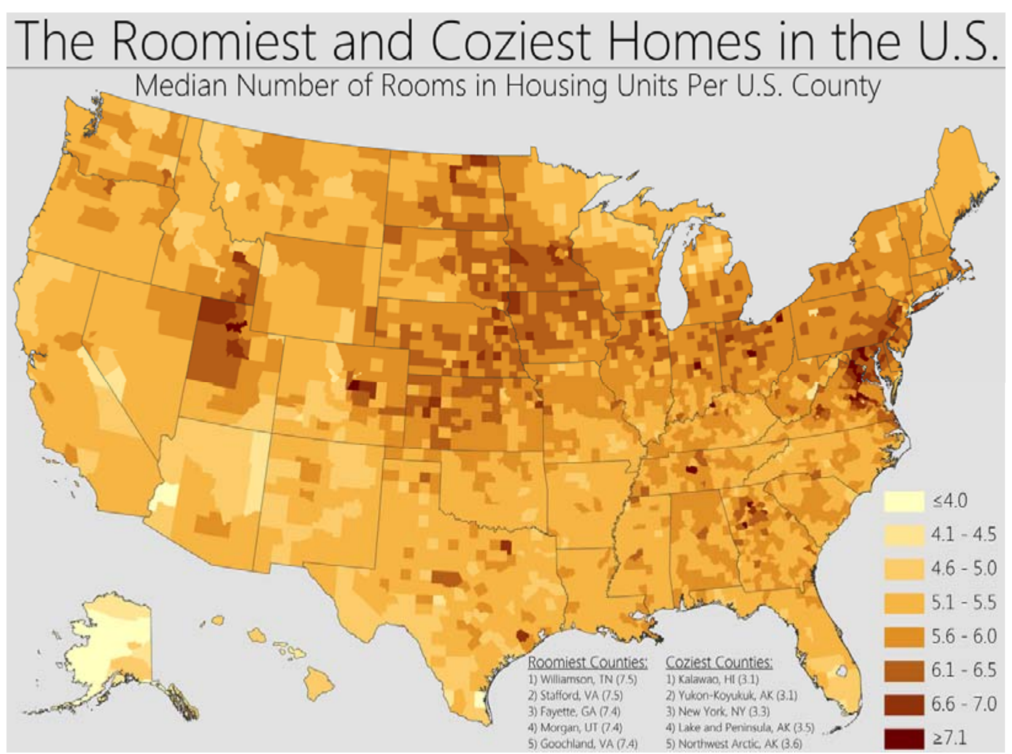

Mike Malec's **Real Estate Watch**

2nd Quarter 2014

In This Issue

Emerald Ash Borer: What Colorado Communities Need to Know

With the highly destructive emerald ash borer (EAB) now confirmed in Colorado, many homeowners have questions about their ash trees and the risks presented by the invasive tree insect.

Late last year EAB was detected in the City of Boulder.

The insect is already responsible for the death or decline of tens of millions of ash trees in more than 20 states. It poses a serious threat to many of Colorado's urban forests, where ash species comprise an estimated 15-20 percent of all trees.

To help homeowners and communities make decisions about dealing with the pest, the Colorado State Forest Service recently released a new Quick Guide about EAB in Colorado.

csfs.colostate.edu/pdfs/EAB_QuickGuide_UCF2014-1.pdf

Another great resource is: www.EABColorado.com

Current Recommendations for Colorado

- **Determine now if you have any ash trees.** The first step to dealing with EAB is identifying susceptible host trees on the landscape, which include virtually any species and varieties of ash (genus Fraxinus). Ash trees have diamond-shaped bark ridges, compound leaves with 5 to 11 leaflets, and their leaflets, buds and branches grow directly opposite from one another.
- **Recognize signs of EAB infestation.** Homeowners with ash trees should be on the lookout for signs of EAB infestation, which include: thinning of upper branches and twigs, loss of leaves, D-shaped 1/8-inch holes on the bark, vertical bark splitting or increased woodpecker activity. Any suspect trees should be reported to the Colorado Department of Agriculture at (888) 248-5535 or email CAPS.program@state.co.us.
- **Be aware of EAB imposters.** Other insects like lilac/ash borer, ash bark beetle and flatheaded appletree borer may look like EAB or cause similar tree symptoms. For more information, see the new EAB Quick Guide on the CSFS website.
- **Know when treatments are (and aren't) a good option**. Homeowners have the option to apply chemical treatments this spring to help protect high-value trees, but treatments are not recommended more than 5 miles from a positive detection. Currently, the only confirmed in-state detection has been in the City of Boulder.
- **Realize that treatments are necessary to save impacted trees.** All ash trees, regardless of species, size or age, can be infested by EAB. Infested trees will not survive without treatments, but treatments can be effective even in infested trees, if infestation is detected early enough.
- **Avoid planting ash trees in Colorado.** Ash trees have been widely planted here, but due to the risk of EAB, future plantings are not recommended. However, this spring is a good time to consider planting diverse tree species where ash trees growing now may be lost in the future.
- **Prevent further spread of EAB.** Don't ever transport ash firewood, or any other untreated ash wood products, to other locations. Boulder County and small adjacent areas are now under a federal EAB quarantine, allowing for stiff fines for those who move untreated wood from the area.

By *Colorado State University*

I have a specimen Ash Tree in my backyard in Louisville and I chose to inject it with a chemical treatment to protect the tree. I made this choice due to our proximity to the infestation zone in Boulder and the importance of this tree to the landscape of our home and the sense of privacy it provides. The City of Longmont has started testing their tress this spring to see if the infestation has moved beyond Boulder and I suspect other cities will follow suit. Erik Gustafson with Patriot Tree Company recommends treating any specimen Ash tree you can't stand to lose within 5-10 miles of Boulder. This area includes Boulder, Superior, Louisville, Lafayette, and parts of Longmont, Erie and Broomfield. I found Erik to be a great resource, a knowledgeable professional and a good value. Erik can be reached at 720-295-8733, Erik@PatriotTreeCo.com, or you can go to www.PatriotTreeCo.com for more info.

Current Listings

956 Shavano Peak Drive
Superior, CO - $370,000

Most affordable home currently for sale in Rock Creek. 3 bedrooms, 2 1/2 baths. Upstairs loft that could be 4th bedroom or study.

10764 Cherry Street
Thornton, CO - $220,000

Fully remodeled 3 bedroom home with 2 full baths. Kitchen has been remodeled with new hickory cabinets. Great yard with brand new deck.

5306 Clover Basin Drive
Longmont, CO - $380,000

3 bedroom home with 2 full baths and a study all on one level. Huge unfinished basement to expand into.

8329 S. Independence Circle
Littleton, CO - $156,000

Third floor penthouse unit. Two bedroom, two bath. Vaulted ceilings. Detached two car garage.

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Single Family Residential Sales

April 2014 Statistics

Location	Total # Sold	Inventory	Avg. Sales Price	Avg. Days to Contract	Median Sales Price
Boulder	76	231	$834,916	27	$662,820
Broomfield	29	102	$423,504	43	$338,700
Erie	37	115	$405,025	33	$405,000
Lafayette	27	84	$407,348	37	$419,000
Longmont	102	262	$304,343	28	$273,500
Louisville	15	42	$493,494	7	$440,000
Superior	8	36	$453,375	23	$445,500
Mountains	27	229	$425,719	135	$405,000
Plains	31	201	$643,783	74	$579,000
Total	**352**	**1302**			

Previous 12 Months

	Total # Sold			Average Sales Price		
Location	04/01/12 03/31/13	04/01/13 03/31/14	% Chg	04/01/12 03/31/13	04/01/13 03/31/14	% Chg
Boulder	794	793	(0.1)	$664,569	$771,389	16.1
Broomfield	380	405	6.6	$363,781	$396,566	9.0
Erie	347	411	18.4	$357,806	$389,273	8.8
Lafayette	310	310	0.0	$390,230	$410,559	5.2
Longmont	1060	1104	4.2	$265,949	$287,998	8.3
Louisville	245	233	(4.9)	$430,107	$510,585	18.7
Superior	162	140	(13.6)	$425,321	$486,284	14.3
Mountains	304	333	9.5	$423,486	$475,462	12.3
Plains	410	410	0.0	$634,590	$683,718	7.7
Total	**4,012**	**4,139**				

	Average Days to Contract			Median Sales Price		
Location	04/01/12 03/31/13	04/01/13 03/31/14	% Chg	04/01/12 03/31/13	04/01/13 03/31/14	% Chg
Boulder	65	35	(46.2)	$570,000	$636,500	11.7
Broomfield	60	33	(45.0)	$325,000	$342,000	5.2
Erie	68	41	(39.7)	$336,000	$352,000	4.8
Lafayette	57	35	(38.6)	$361,000	$375,604	4.0
Longmont	55	36	(34.5)	$240,000	$262,300	9.3
Louisville	55	28	(49.1)	$395,000	$459,000	16.2
Superior	44	23	(47.7)	$409,000	$449,500	9.9
Mountains	133	113	(15.0)	$349,750	$380,000	8.6
Plains	81	61	(24.7)	$491,000	$547,450	11.5

Mike's Trend Report

In our last newsletter, we talked about some trends we saw ahead for 2014, low inventory, interest rates changes and buyer competition for properties. We still see these trends being issues for the rest of the year, but with some slight changes.

Low inventory is probably the trend that has changed the least so far this year. We still have very few homes for sale and about half as many as the five year average. Some areas, however, have more homes available this year than they did last year like Lafayette and Superior. Some have about the same, like Louisville and Erie, while Boulder, Longmont and the Suburban plains have fewer. The inventory dilemma will continue to make it difficult for buyers who are almost always competing against other buyers for properties. Even in the areas with more homes for sale than last year, the overall number is still so much lower than normal that slight uptick hasn't relieved much pressure.

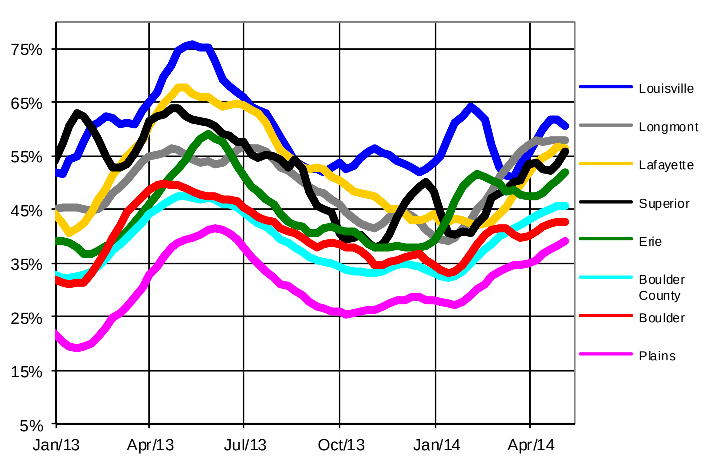
Mortgage rates were supposed to be higher by now. That has been the prevailing wisdom for what seems like years. While we did have a 1% uptick during June 2013, so far, mortgage rates in 2014 have generally been dropping since the start of the year. It wouldn't surprise me if, by the end of this June, rates were actually lower than they were one year earlier. This I think is still the biggest unknown for our market. Will mortgage rates hold at this lower level or are the long predicted higher rates finally going to arrive?

Buyer competition for properties also hasn't changed much in most areas. Multiple offers, offers over asking price, and offers waiving contingencies like appraisal and inspection are all still present. Some areas and price points are possibly seeing a slight moderation of the frenzy. We've entered a very strange market where either a home sells within the first week on the market or it can linger for months if it has salability issues. We're also seeing some properties with asking prices that are really overshooting their values, these homes are usually sitting on the market without any action.

One thing I'm seeing more of this year is appraisal issues. Sometimes with buyers competing for properties, the contract prices are getting ahead of the sold comparables that an appraiser can to use to justify the value to the lenders. In some instances, I think these lower appraisals are justified, but in others, I just think there was a bad appraisal. In some cases, where there had to be a second appraisal, the second appraisal met the value without any issues. Always interesting to explain to a buyer or a seller that even though there were four or five buyers fighting over a property, the appraiser didn't agree with sales price the two parties agreed on.

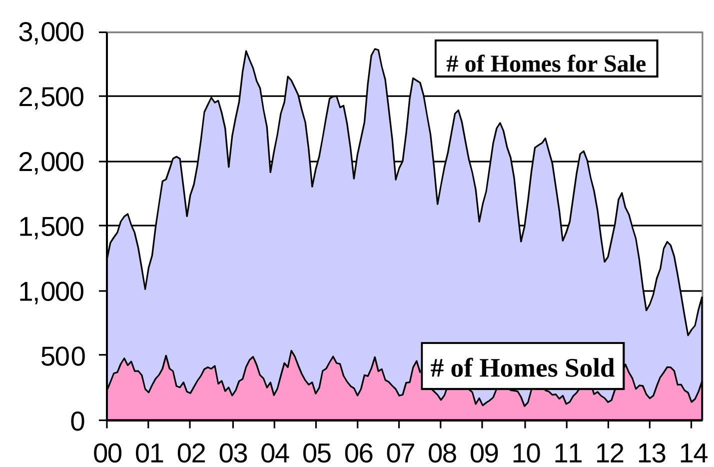
Hopefully as we move into the heart of the summer selling season, we'll have more sellers decide to put their homes up for sale. New construction builders are also ramping up supply by building new homes throughout the metro area. Not as many projects popping in Boulder County, but throughout the rest of the Metro area, the builders are back putting up new homes. More inventory will definitely help our market become a little more even keeled, where both sides to the transaction can feel happy after the closing. Hope everyone has a great spring.

Mike Malec



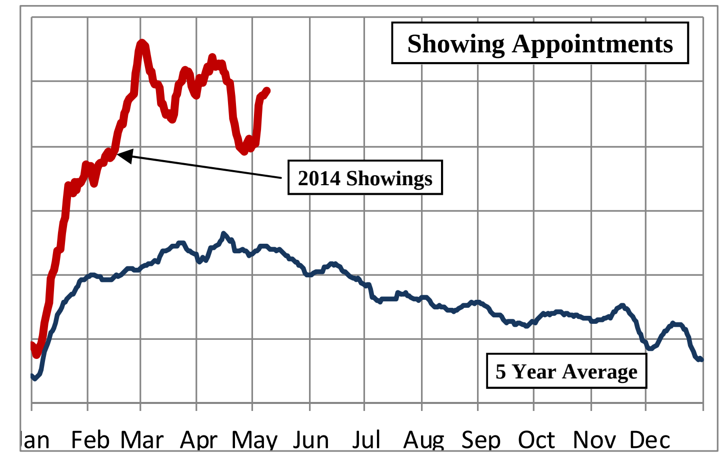
% of Homes Under Contract by City

This chart shows the relative strength and weakness, as measured by the percentage of homes under contract, of the various Boulder County municipalities. Even though the market remains very active, there are pockets where it feels as if the market is pausing. I think this feeling of the market taking a breath is reflected in our percent under contract by city which shows most cities below where they were one year ago. Hyper-locality is still in effect though as there are still many pockets and price points where buyers are having to offer over asking, sometimes substantially, to get their offer even considered amongst the numerous offers many sellers are receiving. We'll be watching this metric as we move into the prime selling season.



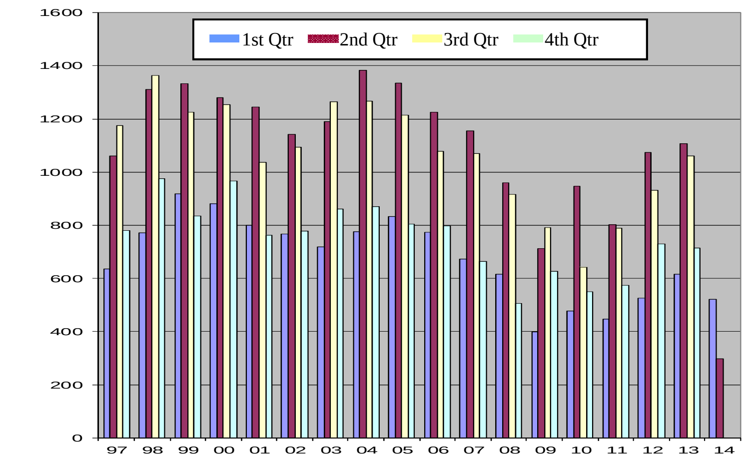
of Homes for Sale vs. # of Homes Sold

This chart shows the disparity between the number of homes for sale versus the number of homes actually selling across all of Boulder County. The big blue blob of excess inventory that has affected our market since the tech downturn in 2001 is gone and we have quickly moved to too little inventory. With both the # of homes for sale and the # of homes sold down so far at the start of this year, it's tough to decide where the market is heading. In areas and price points where the homes available are falling faster than the home sales, prices are still rising. In the areas where the opposite is true, prices have stabilized. As we move through the typical summer selling season we should get a better feel for where we're headed.



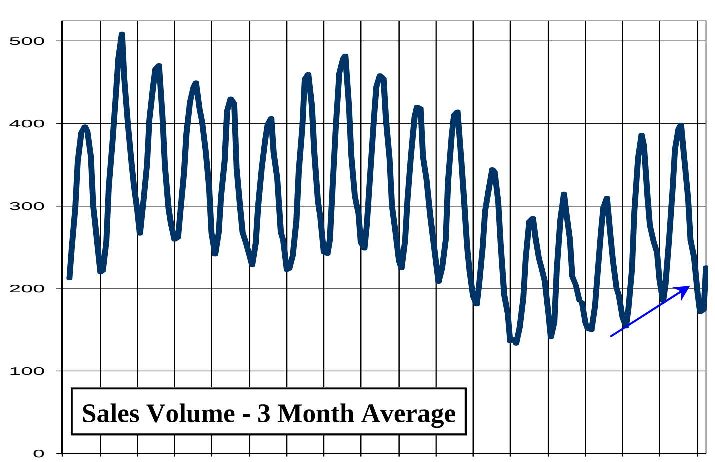
Office Showing Appointments

This chart shows the 14 day average of the showing appointments on available listings within my office as compared to the five year average. Many brokers were wondering if the market activity we experienced in 2013 was a fluke, a combination of low supply and greater demand. I don't think it was a fluke, but possibly a new normal for Boulder County. 2014 showing activity has actually outpaced 2013 activity so far this year. As long as we have reduced home inventory, showings for each home will remain strong as the buyers look at the few choices they have available to them. Not at all unusual right now for a home new to the market to have multiple groups of people in the home looking at the same time.



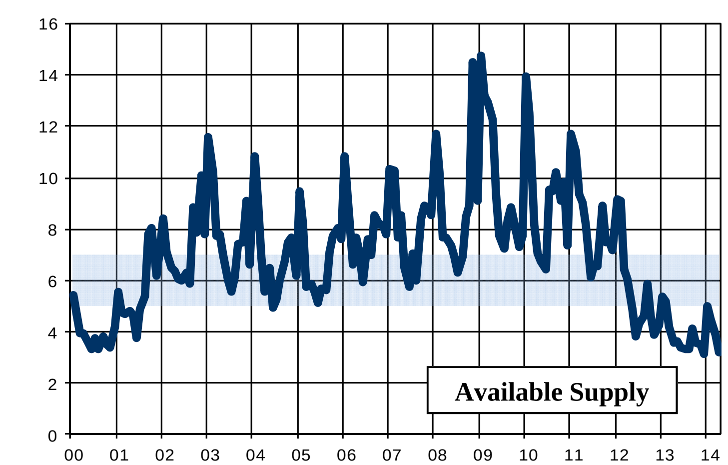
Quarterly # of Home Sales

This chart shows the number of single family homes that sold during each fiscal quarter going back to 1997. Some interesting signs in this chart that contradict the current strength of the market. Q4 of 2013 was down compared to Q4 2012 but we attributed that to the flood effect. Curious then to see that Q1 2014 was down compared to Q1 2013. I don't think this was flood effect, but pressure on the number of sales due to the very low levels of inventory that we have in Boulder County. Our office sales overall were up in Q1 2014, but our office sale were down within Boulder County. I think many buyers, not being able to find what they need in Boulder County are roaming further afield into Erie and Broomfield affecting the stats.



Sales Volume Chart

This graph shows sales volume as an average over the last three months. This graph really shows the ups and downs in the numbers of home sales over the last few years. We also can clearly see the seasonal nature of the market. Almost twice as many homes sell during the summer months compared to the winter months. After having the rest of the early year data trickle in, we did indeed break the blue trend line in the chart above earlier this year. Fewer single family sales in Boulder County as compared to 2013. I no longer think this is a flood effect, but a reflection of our incredibly low home inventory and our rising prices. Some buyers are just getting priced out of the County. Definitely something we'll be watching.



Available Supply Chart

The current number of homes listed for sale divided by the number of homes sold during the previous month creates an estimate of the months supply of homes currently for sale or "Available Supply". The light blue horizontal band in this chart signifies a balanced market. So far 2014 is showing even less Available Supply than we had in 2013 meaning the market is even tighter, an interesting contrast to the charts I have showing fewer sales. Many buyers are having trouble finding properties or winning the bidding wars on their favorites. So even though demand may have weakened as reflected in the fewer number of sales so far in 2014, the supply has diminished further supporting if not increasing prices in most areas.