



Mike Malec  
 2425 Canyon Boulevard, Suite 110  
 Boulder, CO 80302  
 (303) 441-5618 direct  
 Mike@ColoradoHomesAndRealEstate.com

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.

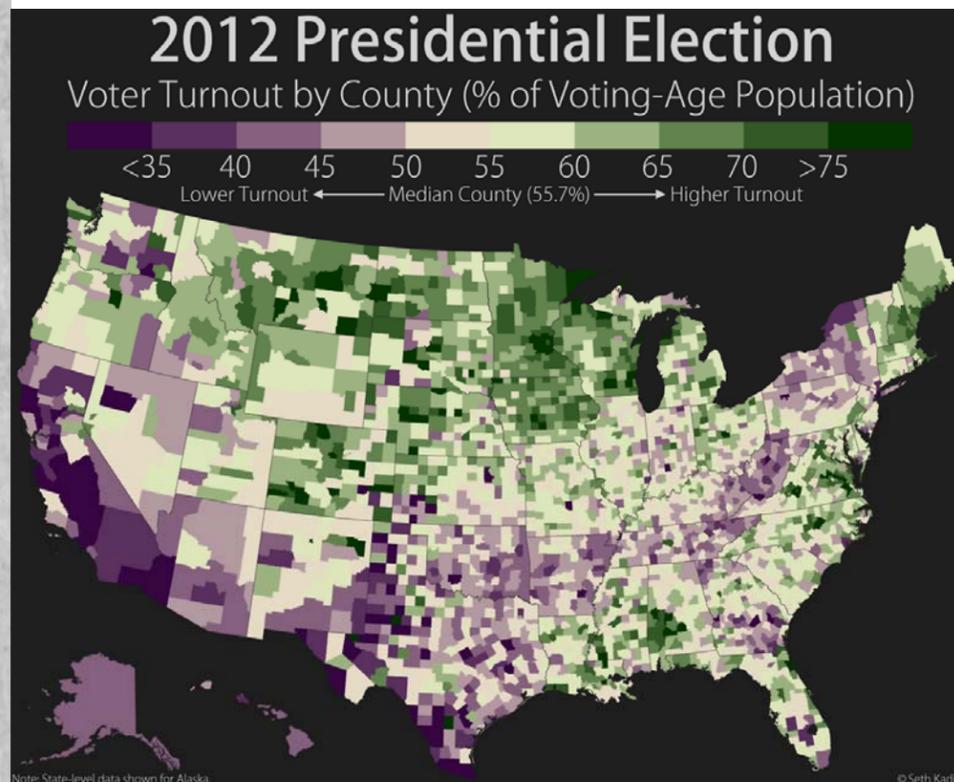
**bit.do/NewHomes** - online map showing new construction projects in the Front Range Metro area.

PRSR STD  
 U.S. POSTAGE  
 PAID  
 Boulder, CO  
 80301  
 Permit No. 426



## Mike Malec's Real Estate Watch

4th Quarter 2014



### In This Issue

*College Towns Best*

*Market Trend Report*

*Current Listings*

*Single Family Residential Sales*

*Note Worthy*

## College Towns Move to Head of the Class

College is paying off for housing markets. Colleges and universities are having a strong effect on housing across the country, with metros that have heavy university influence outperforming national rates in home price trends, according to Clear Capital's latest Home Data Index Market Report.

Clear Capital finds in a sample of 10 metros that each have a university presence, average price growth has been 32 percent since 2004.

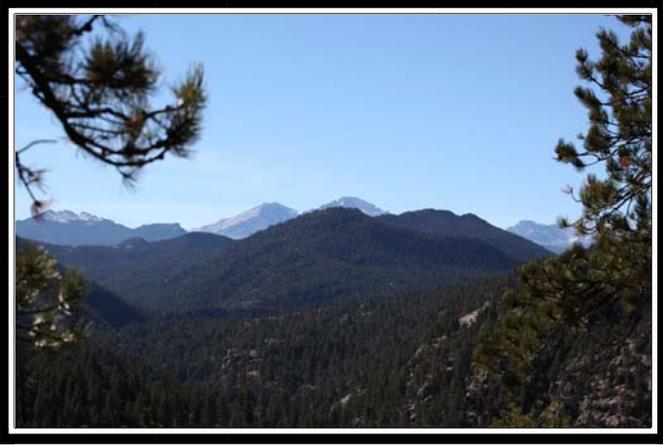
In some places, price growth has been even more. In Ithaca, N.Y., home to Cornell University and Ithaca College, home prices have surged 51 percent since 2004. In Boulder, Colo., home of the University of Colorado, home prices have jumped 26 percent in that time. The same is true even in larger metros like Boston, where Cambridge housing demand from students attending Harvard University have fueled a 39 percent price growth over the last decade. Indeed, the university's ZIP code has outperformed other Boston metro areas by 36 percent since 2004.

"College towns are just another example of how real estate trends are impacted by local market conditions," says Alex Villacorta, vice president of research and analytics at Clear Capital. "It's clear a significant portion of loan dollars are going toward student housing costs, thereby creating a critical demand surge. Healthy student populations activate a positive feedback loop where housing fuels local economies and jobs, which increase the overall confidence and demand in these towns."

That said, concerns over rising student debt and recent college graduates' ability to qualify for a home loan "could certainly create a drag on the recovery overall, as the next phase depends on re-engagement by traditional home buyers," Villacorta notes.

"Generally, investment opportunity in college markets yield benefits that ripple beyond localized home price strength, since higher education typically begets higher income, which has allowed more folks to invest in the American Dream," Villacorta says. "While this is still true today, the struggle between rising student debt and a first-time homebuyer's desire and ability to qualify for a mortgage will pose an interesting challenge for the future of the recovery."

## Current Listings



**2083 US Highway 34  
Drake, CO - \$100,000**

32.28 Acres of Vacant Land with river frontage in the Big Thompson Canyon. Bring your builder and architect to create your very own dream home.



**Inventory remains historically tight. Do you know someone who wants to sell? I'm looking for my 2015 sellers.**



**917 Ninebark Lane  
Longmont, CO - \$443,000**

Premiere location in SW Longmont on the Dry Creek Greenway with incredible views down the open space.



**520 Cascade Street  
Golden, CO - \$528,000**

Premiere location on N. Table Mountain with views of the entire Golden valley. One level living.



**Mike Malec** CRS, GRI, CDPE, SFR  
**(303) 441-5618** direct  
Mike@ColoradoHomesAndRealEstate.com



2425 Canyon Boulevard, Suite 110 - Boulder, CO 80302  
Office (303) 449-7000 - Fax (303) 449-8554

Mike's Trend Report

Last issue we talked about the drop in sales in Boulder County possibly being the result of more buyers moving outside of Boulder County due to rising home prices. After analyzing the sales in surrounding areas, the sales further afield are dropping more slowly than in central Boulder, but they are still dropping. So what then is causing this widespread slowing in sales volume across our market and is it a cause for concern?

In our last issue we also forecast that inventory would start to rise but remain constrained. Instead, the number of homes available for sale continues to decline. I am coming more and more to the belief that this decline in homes available for sale and the decline in home sales are intertwined. I continue to come across potential sellers who would like to sell but after a quick peek at their replacement property options come to the realization that they will be staying put for now. This cycle is unfortunately a feedback loop. As there are fewer sellers, there are fewer options for replacement properties on the market creating even fewer sellers resulting in even fewer replacement properties and so on.

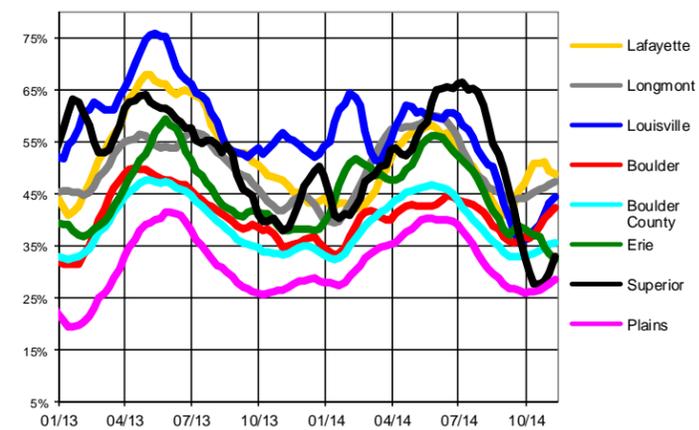
In speaking with Lou Barnes recently, local sage of mortgage lending, I realized that Boulder County has become like an exclusive night club or restaurant. Once you're in, you don't want to leave. For the line of people outside the door trying to get in, your admittance is dependent upon someone else giving up their seat and deciding to move away. There are far more people wanting to buy a home inside of Boulder County than people wanting to leave Boulder County.

One way out of this dilemma is for the club/restaurant to build more seating and that is happening to a small degree. New construction projects have ramped up in Lafayette, Longmont, Superior and Erie but the numbers of new homes becoming available in the future is limited and ultimately, we will eventually be built out as a County. If we thought it was an exclusive club now, wait until we know that seating is limited forever.

One potential beneficiary of this lack of homes for sale is the seller with a challenging property. If you or anyone you know, has a home that was hard to sell in the past due to a perceived negative feature like backing to a road, backing to power lines, backing to commercial property, etc., now is the time to get that property on the market. With so few options out there, many buyers are willing to overlook negative features that in the past would have turned them away.

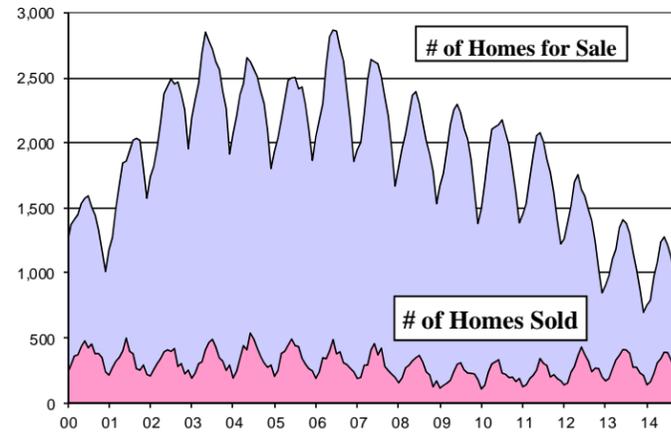
As we wind down 2014, the market activity has remained much stronger than typical for this time of the year. Hard to decipher if that is due to the very warm and pleasant fall we had or if the seasonality of the market is fundamentally changing. Change has been one constant of this unusual year. We keep seeing metrics, sales patterns, seasonal patterns, etc. that aren't following the norms of the past. Are the market metrics and patterns fundamentally changing? If they are, is comparing the present to the past at all helpful or just confusing? Things to ponder as the winter season hits. Happy holidays to everyone.

Mike Malec



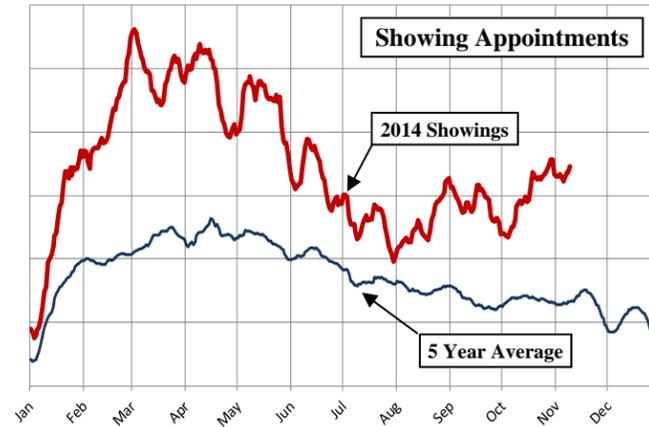
% of Homes Under Contract by City

This chart shows the relative strength and weakness, as measured by the percentage of homes under contract, of the various Boulder County municipalities. Back in 2004 through 2008, the City of Boulder was usually, consistently, near to the top of this chart with the highest percentage of homes under contract. I attributed that to Boulder being the bull's-eye for desirability in our local market. As home values in Boulder have sky rocketed over the last 15 years, Boulder has moved towards the bottom of this chart. I think this is a reflection of affordability. As we see values in Louisville and Lafayette skyrocket, will these markets be making a similar move towards the bottom of this chart?



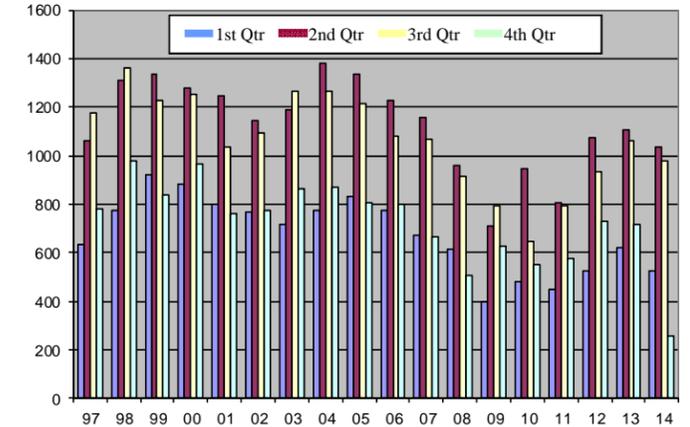
# of Homes for Sale vs. # of Homes Sold

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 declining sales, the only reason that home prices aren't falling is that we also have declining numbers of homes for sale. As long as these two metrics fall in tandem, values will be protected. Right now, the number of homes for sale is falling faster than the number of sales so values continue to rise. Now through the end of January 2015 will be a very interesting time to watch all of these metrics.



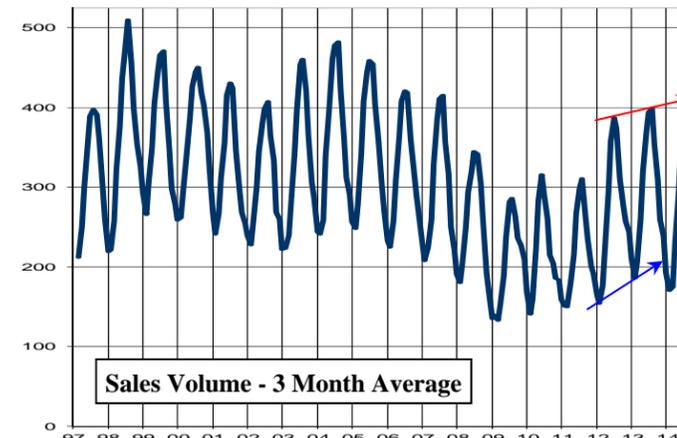
Office Showing Appointments

This chart shows the 14 day average of the showing appointments on available listings within my office as compared to the five year average. Showing activity has markedly improved after a late summer slowdown in July & August. Many areas are showing a jump in sales from September to October which confirms the earlier higher showing activity. In a typical year, we would be experiencing a slowdown in activity at this time of the year. 2014 has been very atypical, so it would not shock me if we carry this higher level of showing activity straight through to the new year. If the typical seasonal patterns no longer apply, the typical advice of when to start marketing a home or when buyers should look for homes may need to change.



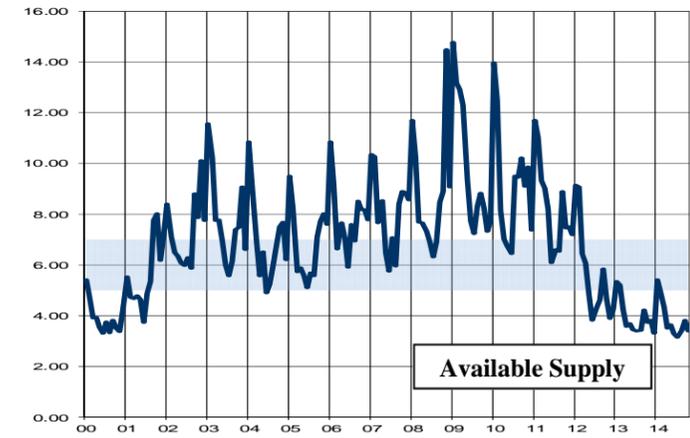
Quarterly # of Home Sales

This chart shows the number of single family homes that sold during each fiscal quarter going back to 1997. Every quarter this year has seen fewer sales than in the corresponding quarter in the previous year. The third quarter was down even when compared to Q3 2013 which was flood impacted. This is one of the conundrums of the current market. We have declining sales, but improving prices and showing activity, things that would seem to be contradictory. I think this can be explained by a severe lack of homes for sale. It will be interesting to see if sales pick back up when we do have more homes for sale. This would indicate that sales were limited by the few purchasable homes available out in the market.



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. Typically the drop in sales we're seeing in this chart would indicate a slowing market, but that isn't what we're experiencing. Sales are down, but the suspicion is that sales are down because the number of homes available for sale is also down. Hard to have increasing sales when you have fewer homes available when compared to the same time in the previous year.



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. This is one of the charts that shows how confounding the current market is. At a time of the year where we typically see increasing supply due to decreasing sales, supply in November remains low due to decent sales activity and very low numbers of homes available for sale. Many areas and price points are still experiencing bidding wars and auction atmospheres. Now is the time to sell if you have a property with an issue like backing to a road or power line.

# Single Family Residential Sales

## October 2014 Statistics

Location	Total # Sold	Inventory	Avg. Sales Price	Avg. Days to Contract	Median Sales Price
Boulder	55	159	\$830,311	38	\$655,000
Broomfield	25	60	\$419,086	12	\$370,000
Erie	25	107	\$407,765	29	\$388,000
Lafayette	25	58	\$443,310	49	\$425,000
Longmont	99	223	\$295,722	37	\$268,000
Louisville	15	31	\$576,918	51	\$560,000
Superior	4	29	\$448,313	31	\$457,500
Mountains	29	255	\$489,813	0	\$345,000
Plains	32	214	\$628,479	54	\$579,613
<b>Total</b>	<b>309</b>	<b>1136</b>			

## Previous 12 Months

Location	Total # Sold			Average Sales Price		
	10/01/12 09/30/13	10/01/13 09/30/14	% Chg	10/01/12 09/30/13	10/01/13 09/30/14	% Chg
Boulder	834	730	(12.5)	\$729,977	\$811,121	11.1
Broomfield	409	380	(7.1)	\$392,100	\$406,566	3.7
Erie	402	414	3.0	\$369,640	\$414,347	12.1
Lafayette	324	312	(3.7)	\$408,833	\$424,121	3.7
Longmont	1144	1092	(4.5)	\$277,916	\$303,861	9.3
Louisville	243	196	(19.3)	\$486,312	\$518,890	6.7
Superior	143	131	(8.4)	\$463,170	\$508,404	9.8
Mountains	323	332	2.8	\$457,787	\$480,000	4.9
Plains	426	357	(16.2)	\$682,503	\$724,229	6.1
<b>Total</b>	<b>4,248</b>	<b>3,944</b>				

Location	Average Days to Contract			Median Sales Price		
	10/01/12 09/30/13	10/01/13 09/30/14	% Chg	10/01/12 09/30/13	10/01/13 09/30/14	% Chg
Boulder	44	38	(13.6)	\$629,857	\$660,850	4.9
Broomfield	38	35	(7.9)	\$349,000	\$343,820	(1.5)
Erie	47	39	(17.0)	\$338,975	\$380,000	12.1
Lafayette	40	33	(17.5)	\$378,450	\$395,000	4.4
Longmont	44	30	(31.8)	\$257,000	\$269,900	5.0
Louisville	34	23	(32.4)	\$449,900	\$481,000	6.9
Superior	30	30	0.0	\$437,000	\$466,000	6.6
Mountains	122	100	(18.0)	\$375,000	\$385,000	2.7
Plains	66	63	(4.5)	\$525,000	\$579,000	10.3