Paul Dart's Real Estate Report
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3rd Quarter Market Review

Oct 2023

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3rd Quarter 2023 Boulder Area Market By the Numbers

Single Family Homes

All figures are year-to-date comparison to the 3rd quarter of 2022

$1,450,500
Median Sales Price in Boulder— Down 2.7%
Louisville **$900,000** Down 9.1% Lafayette **$840,000** Down 12.5% Longmont **$611,856** Down 1.8%

499
Number of Sold Properties up to Q3 in Longmont down 30.1%
Boulder **400**, Louisville, **126**, Lafayette **99**
Down 28% **Down 25%** **Down 23%**

33%
Percent of the Market Under Contract in Longmont
Louisville **32%**, Lafayette **31%**, Boulder **24%**

649
Number of Sold Listings over $1 Million in Boulder County
Boulder 408, Longmont 71, Lafayette 49, Louisville 43

56
Average Days on Market in Boulder
Longmont **51**, Louisville **46**, Lafayette **43**
(From offer to closing)

3.3%
Boulder County Unemployment Rate
3.1% in Colorado
3.8% in the US

Boulder County
Median Sales Price, **$875,000**
Average Sales Price, **$1,171,444 up 0.5%**
Number of Sales, **1594 down 17%**

7.875% - 8.25%
30-Year Mortgage Interest Rates
Trend is rising

Data from IRES MLS & RE Colorado MLS.

2023 FIVE STAR REAL ESTATE AGENT Paul Dart 2010•2011•2012•2013 2014•2015•2017•2018 2019•2020•2021•2022•2023

My greatest privilege is to serve the friends and family of my clients.
Your generous recommendations to family and friends are priceless. *Thank you!*

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2023
Fortune Magazine Five Star Legend
Nov-Dec Issue

The Pulse of the 2023 Market

2023 is continuing to be the red-haired stepchild of what had been a long string of past years with predictable seasonal real estate patterns and trends. This kid doesn't want to go along with almost anything familiar. I say almost, because it did produce a more active spring selling season that was understandably subdued by market circumstances. Adolescence followed, and this disaffected teen, now an aimless 30-something, just won't follow convention. Now, 3/4 of the way through the year, when we are accustomed to having some sort of swell in market activity, the "fall bump," we have nothing but pouting and a continuing slump. Talk about failure to launch!

It has been nearly impossible to identify any consistent or identifiable trends in our local market amid a confluence of powerful and influential factors: the world economy and geopolitical situation, national economy, rising mortgage interest rates, inflation, very low number of available homes historically coinciding with a decreased number of buyers.

A few notes on the Q3 numbers:

- If there was a question of this market falling back in value some after 10 years of extremely hot activity, these numbers seem to indicate that may be occurring. The Q4 figures for the entire year will give us a clearer picture. If so, this is the signature of volatile markets like San Francisco, Boston and Manhattan which cannot add any significant housing to what currently exists.
- While the numbers of available listings in Boulder County dropped, so did the numbers of sales of single family homes, down 36.8%.

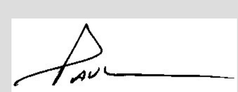
Other thoughts:

- <u>Mortgage interest rates</u> started to climb in mid-July after settling on a plateau for several weeks. Previously hovering around the 6.25%-6.50% level, they peaked just below 8%. At this writing they are back up to the 7.87%- 8.0% range. The trend looks to be pushing rates higher.
- <u>How many buyers are out there?</u> When in the spring of 2022 interest rates began to climb, many buyers were no longer able to afford what they were looking for. Others stepped back, forced to look at less house or expand their search to more affordable areas further out. As measured by the numbers of showings and properties going under contract, up until July buyer activity had stabilized, but now shows signs of softening.
- <u>The number of available homes</u> has arched over its seasonal peak, always experienced in July. <u>The number of properties going under contract</u>, however, is declining at a faster rate. Recall that a spread between the number of available homes to buy and those under contract signals a declining market.
- Another way of looking at this is the <u>percentage of the homes in the market that are under contract</u>. As of this writing, for all of Boulder County that stands at 26% under contract, trending down from a peak of 39% during the active spring market. During the same period, Longmont dropped from 52% to 32%, Lafayette from 38% to 18%, Erie from 54% to 26%, the unincorporated plans area from 35% to 28%, and Boulder declined from 32% to 23% under contract. Louisville has so few properties coming to the market that the chart bounces around week-to-week. The percentage of the city's properties under contact peaked at 56% in the 1st week of April, dipped to 45% by the middle of the month, then rose to 62% on July 7th. At this writing it has plunged to 34% under contract. <u>A balanced market between buyers and sellers</u> is when around 30% of available homes are under contract.
- <u>What can we expect for the balance of the year?</u> Seasonally, if 2023 were acting anywhere close to a normal year, we would have experienced a "fall bump" in the number of sales. <u>Prices are wholly dependent on supply vs. the number of buyers</u>. If those who don't have to sell are largely standing on the sidelines, comfortable in their low interest rate mortgages and content to wait until we get through this economic period, where are those homes that are available coming from? The few homes coming to the market are largely those that, for some reason, must be sold. That includes divorce, death, moves into managed care or with relatives, etc. While these are always a part of housing supply, they are a relatively small number. In 2023, these homes have accounted for much of our very low supply. That low supply has prevented prices from significantly dropping. But if buyers pull back as interest rates rise further, that trickle of supply could begin to build. If we get to the start of the holiday season with increasing numbers of available homes, prices in the last 2 months of the year could very well be affected.

For Sellers: <u>Price has never been more important to minimize the time on market while maximizing the value of your home.</u> There are buyers out there. They are well educated in pricing the areas where they wish to live, and they are acting when they sense value. <u>Key to success is staging</u> to give the home its greatest appeal and sparkle. The competition surely is. Finally, as you price your property, consider including the cost of buying down a buyer's interest rate. There are a few different approaches and costs to this. Such an addition to your listing can go a long way to attracting buyers who could no longer afford the price range they have been looking in. Your offer to lower their interest rate lowers their monthly payment and can help them get back into the neighborhood and home size they most desire.

For Buyers: <u>Your buying power is eroding with every increase in mortgage interest rates.</u> Listings that have been sitting may be an opportunity to make a lower offer. But don't make the mistake of offering too low. You'll insult the seller who then won't want to negotiate with you. <u>Better than a price reduction is if you can negotiate for the seller to pay to reduce your interest rate.</u> That can be in the form of a 2/1 buydown, effective for the first 2 years, or a new approach that locks in a lower interest rate for the entire term of your loan. I have a reputable lending source with such a program.

2023 has been quite unpredictable, and may remain that way. We're all hoping the economy does not slip into recession. But we can be grateful we live in such an economically robust area of the country which is the foundation on which this local real estate market stands. Whatever 2023 brings, we stand on high ground.



30th Anniversary!

Time is a very funny thing. We always want more. We have plenty. Where does it go? We're out of it. And certainly— it rules us. And yet, with all our focus on it, time does slip by. In May 1993 I put my head down and started work as a licensed real estate agent. Suddenly, three whole decades have gone by, I'm still wearing ridiculous ties, and I still part my hair in the middle. What change?!

My sincere gratitude to all who have given me their trust and confidence , and to those who mention me to their friends and family!