

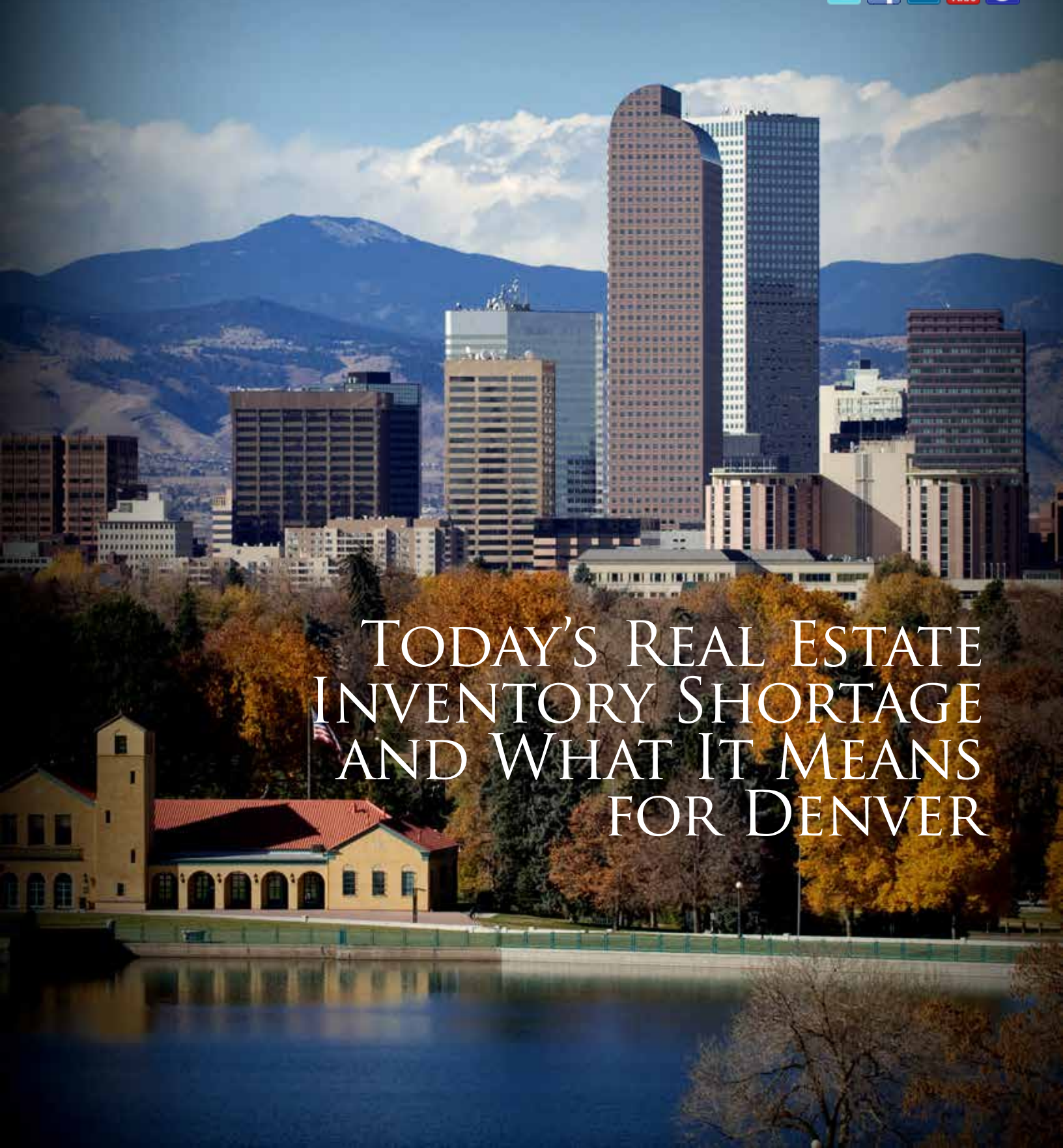


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TODAY'S REAL ESTATE INVENTORY SHORTAGE AND WHAT IT MEANS FOR DENVER

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MAP

TODAY'S REAL ESTATE INVENTORY SHORTAGE AND WHAT IT MEANS FOR DENVER

Limited inventories of for-sale homes continue to push home prices higher across the country.

A recent article from the National Association of REALTORS® (NAR) analyzed the reasons behind this real estate inventory shortage. It highlighted several causes including the fact that homeowners are deciding to stay put, and home-builders are "still keeping supplies tight."

Furthermore, during the National Association of Real Estate Editors' annual conference, Lawrence Yun, chief economist of NAR, blamed the majority of the inventory shortage on the lack of new construction, saying:

"We will still have an inventory shortage if builders won't build. It is just simple math."

Other economists during the same panel event mentioned that the persistent lack of equity for a substantial number of homeowners four years into the housing recovery continues to avert any "would-be sellers." According to NAR, an estimated five million homes in the U.S. - or roughly 10 percent - are underwater and valued at less than the mortgage. Frank Nothaft, CoreLogic's chief economist, suggested that some homeowners may be hesitant to sell if they recently refinanced at interest rates of less than 4 percent and are now reluctant to give up those low rates. Another reason for this shortage may be the increases in single-family homes being offered for rent that have dented the overall supply of homes for-sale, Nothaft estimates that since the downturn investors have purchased three million single-family homes and converted them into rentals.

Other possible factors include rigid mortgage standards, prohibitive land costs, and limited lending to small builders, all of which might have prompted a lower supply of homes for sale.

What does this mean for Denver?

The month of June ended with 6,197 active listings – a 10 percent increase over the previous month, but still 20 percent less year over year. Denver has experienced inventory shortage in the past 12 months, but even so home prices continue to rise, and buyer demand continues to stay strong.

We asked expert Steve D. Danyliw, CBR, Broker/Owner at Danyliw & Associates, and a DMAR Market Trends Committee member to weigh in:

"There are two major factors are having an influence on the real estate inventory in the Denver housing market. Historically low interest rates affect us all, and this is giving all homeowners a good reason to stay put. New home builders and the subcontractors that support them have learned from the last downturn. The builder's business strategy is based on lower production levels today in the hope that this will promote long term sustainability. They are afraid of being caught over extended when the market hits another downturn. Where we differ nationally

is in the area of equity. We have seen considerable increases in value for more than five years and most Denver area homeowners have recovered from the market collapse of 2007. Simply put, we have fewer underwater homeowners and we (Denver) started to recover before the other major US markets. Other contributing factors are a generally good economy and job growth."

[Read the original article here](#)



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DMAR Market Trends | JULY

Home price reductions beginning to make their way into the real estate market, overpriced listings requiring corrections to sell at fair market value

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Denver Housing Market Sets Records in June, Yet Sellers Sensing the End of the Frenzy

While June was a record breaking month in several categories, Denver REALTORS® describe the market as easing up and cooling off as we enter the prime home buying season. Home sellers are likely beginning to sense a slight shift in the market as overpriced listings are correcting to sell at fair market value. Anthony Rael, Chairman of our Market Trends Committee, highlights:

"The sweet sound my fellow Denver Metro REALTORS® heard in June was 10-10-10, or as any Northsiders commonly refer to as, 'an ace, a deuce and a tre'. So what exactly was the significance of 10 at the end of June as it relates to the residential market? How about a 10 percent increase in active listings, sold properties, and a record-breaking \$2.15 billion in overall sales volume compared to the previous month?"

The Denver residential market (single-family and condos) replenished itself with 7,130 new listings, while 5,823 homes were placed under contract and 5,695 homes sold and closed. The month of June ended with 6,197 active listings – a 10 percent increase over the previous month, but still 20 percent less year over year. Rael stated:

"The month-over-month increase in listings is likely due to seasonal increases and a general 'cooling' due to record high pricing. Sellers are feeling the slight shift in the housing market and are now accepting good offers, and some home buyers are even finding a little negotiating room."

Despite the slight cooling in the market, June still set records in home prices and closed dollar volume, as the lack of inventory available in the Denver-area over the last 18 months

is continuing to drive prices upward. Month-over-month, the average sold price and median sold price for single-family homes inched up slightly, with a 0.94 percent increase to \$424,609 and 0.84 percent increase to \$362,000 respectively. The condo market showed a minor dip in average prices with a 0.21 percent decrease to \$260,243; however, there was a 1.28 percent increase in the median price to \$217,999.

[View the report here](#)

Current days on market (DOM) continued to decline from the previous month by eight percent, or 25 days for detached single-family homes and 18 days for condos. Rael adds:

"Record high home prices are discouraging and eliminating some buyers from the market, but with recent price reductions and the end of the frenzy, sales remain strong."

Our monthly report also includes statistics and analyses in the supplemental Luxury

#dmarstats



Market Report (properties sold for \$1 million or greater), Signature Market Report (properties sold between \$750,000 and \$999,999), and Premier Market Report (properties sold between \$500,000 and \$749,999). In June 2015, 132 homes closed for \$1 million or greater. The closed dollar volume last month in the luxury market segment was approximately \$190 million, up five percent from the month prior and 28 percent year-over-year. Jill Schafer, a member of our Market Trends Committee, stated:

“Last year condo sales averaged \$566 per square-foot, but in June the average price per square-foot was down more than 12 percent to \$496. However, single family luxury homes over a million are trending the other direction – a year ago the average price per square-foot was \$247, and now it’s all the way up to \$286!”

The highest priced detached single-family home sold in June was \$3,850,000 for representing five bedrooms, eight bathrooms, and 7,486 above-ground square feet in Cherry Hills Village. The highest priced attached single-family (Condo) sold in June was \$1,740,000 representing two bedrooms, three bathrooms, and 3,061 above ground square feet in Cherry Creek. The listing and selling agents for both transactions were DMAR members. Jill Schafer, DMAR spokesperson said:

“June ended with 5.25 months of inventory, which is considered a neutral market with neither buyers nor sellers having the advantage, it will be a while before the scales tip toward sellers of homes in the higher end of the market with homes above \$2 million. The number of homes sold for \$2 million and up at the end of June was the exact same as it was a year ago at this time – no fireworks there.”

The DMAR Market Trends Committee releases reports monthly, highlighting important trends and market activity emerging across the Denver metropolitan area. Reports include data for Adams, Arapahoe, Boulder, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson and Park counties. Data for the report was sourced from REcolorado® (July 2, 2015) and interpreted by DMAR.



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NO HOUSING BUBBLE IN SIGHT ...FOR NOW

Loss of property flippers and opportunists help market to remain stable.

Ten years ago, Alan Greenspan was asked if he had any concerns regarding the housing market. At that time, he emphasized that he saw no sign of a nationwide housing bubble, but he did have concerns over “froth” in the market and pointed to a big increase in the purchase of investment properties—particularly in second homes. As a result, he said, there are “a lot of local bubbles” around the country, but not at a national level.

As we are all very much aware, he, along with many other esteemed economists, was incorrect in his prediction that there was no national housing bubble in sight.

A Decade Later

So here we are, a decade later, and some are starting to suggest that we are on the verge of another bubble bursting due to an overheated housing market. I’m often asked if there is any truth to this, and my response is no, I don’t believe there is a national bubble on the horizon. And here are the reasons why:

1. The flippers have left the building. In as much as it causes me untold angst to see the resurgence of reality TV programs espousing the wonders of house flipping, the country has seen a marked slowdown in this type of business. Why? One reason is that the number of foreclosed homes continues to drop. Foreclosures are the preferred property type for flippers, as margins can be significantly higher.

Given that there is less distressed inventory, it’s not surprising that homes purchased with the intention to flip have declined nationwide. Data supplied by RealtyTrac suggests that the percentage of homes that were bought with the intention to flip has dropped from a peak of 6.7 percent at the beginning of 2014 to 4 percent today, and I believe

that this share will continue to decline, signifying a more normalized market.

2. Lending standards remain very stringent. Banks did learn a lesson from the collapse of the housing market and remain wary, and because of this, qualifying for a mortgage remains difficult. For example, in April of this year, the average FICO score required for an approved conventional home loan was 756 with a 19 percent down payment. The average FICO score for someone who was denied a loan (with an average down payment of 17 percent) was very high at 699.

Even low-down-payment programs, such as FHA loans that have less stringent FICO requirements (686 for FHA loans approved in April) are still high enough so that they don’t cause me concern when I think about these borrower’s ability to handle their mortgage obligations.

To further support this view, there are several components of the Dodd–Frank Wall Street Reform and Consumer Protection Act that provide substantial safeguards when it comes to irresponsible lending practices, such as requiring lenders, through the qualified mortgage rule, to ensure a borrower’s ability to repay.

3. Home prices are up, but not to pre-bubble levels. I looked at data provided by S&P Case Shiller index, which is a useful resource because it calculates the increase/decrease in value of the same house over time, rather than just the make-up of sales during a specific time period. At the national level, the bursting of the housing bubble led to a 27 percent drop in the index. The index has risen back but is still 9 percent below the prior peak.

4. Interest rates are going to (eventually) start to rise. This will take some of the heat out of the market.



Now, there are some who will say that any increase in mortgage rates will negatively impact the housing market, but I don’t agree. Although it is true that an increase in rates does decrease buying power, the naysayers are ignoring the fact that we are in a growing economy. The growth in employment, and the subsequent drop in the unemployment rate will lead to wage growth, and increasing incomes will take some of the sting out of any rate increase.

Given all of these points, I do not see the risk of a national housing bubble anywhere in the foreseeable future; however, I do think we see localized froth in some markets.

Matthew Gardner is the chief economist for Windermere Real Estate, specializing in residential market analysis, commercial/industrial market analysis, financial analysis, and land use and regional economics. He is the former Principal of Gardner Economics and has over 25 years of professional experience both in the United States and United Kingdom.

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PROJECT UPSTREAM: THE BALL IS IN YOUR COURT

How NAR's partnership with Project Upstream may change the industry.

The events of Saturday, May 16 may well impact the operation of your brokerage business more than any other single day in recent history. This is, of course, a reference to the National Association of Realtors® Board of Directors meeting and the positive vote taken in support of NAR's partnership with Project Upstream, as well as the funding of both Project Upstream and AMP (Advanced Multi-List Platform).

The partnership between NAR and UpstreamRE will leverage the RPR technology platform to develop an incredible new data management capability for brokers known as Project Upstream. The funding of the RPR Advanced Multi-list Platform (AMP) will create a new business-centric data experience for brokerages. Together, these advances will provide the data foundation necessary for the immediate future of the American real estate brokerage.

Data Collaboration

The events of May 16 culminated several months of extensive discussions between the leaders of many of the nation's largest brokerages, franchise networks, and NAR. Even as the industry moved closer to a data and collaboration crisis, the courage, resilience, insight and leadership of NAR CEO Dale Stinton, RPR CEO Dale Ross and a group comprised of some of the brightest brokerage and franchise minds in the industry, were able to bring their experience and wisdom to bear though a decision that will take the entire industry to its next level of data excellence.

A Spirit of Partnership

With these decisions, the debate regarding the wisdom of NAR's investment in RPR over the past five years can also be put to rest. The priceless data and technological assets created by that investment were the very things that allowed the parties to come together and reach an agreement. Some will say it was luck others know it was innovation. Such will be left for historians to argue. What is important is that the brokerage community and organized real estate are now working together in the spirit of partnership that will allow them to move forward on a common ground, not bifurcated turf.

These events occurred because the brokerage community demanded that they occur. These events occurred because the brokerage community used its power and influence through their industry and organized real estate representatives to make it happen. These events occurred because the brokerage community now universally understands that the real estate world and marketplace are changing as a result of new environmental, economic and demographic factors, a new generation of consumers and emerging new ways to look at the housing challenges. This is an example of the system, your system, working. Both Project Upstream and the AMP project will support and facilitate the data needs of brokerage business models for decades to come.

The Next Chapter

Now comes the next chapter of this historic campaign. There are individuals and entities out there that will fight these developments in

order to protect their status quo. Over the next several months you will be lobbied, coerced and, in some cases, bullied by those whose only plan is to perpetuate employment, resist innovation and protect the status quo. Stand fast. This is not a matter of politics and legacy relationships. It is a matter of potentials, opportunity and hope for the industry's future. This is an opportunity for those who want to be successful in the future to start by being active now.

Interview the leaders of the organizations that are currently responsible for meeting your data and informational needs. Learn about their knowledge and vision relative to both your present business environment and, more importantly its window of opportunity moving forward. No organization can support your new business model without understanding what it is going to be. Most importantly, they cannot protect you without a plan. Determine if they have a plan in place. Is that plan to cling to the status quo? Are they investing in your future or their past? Are they into the politics of the current situation or the future profits of your business? At some level these organizations know they will have to change, but they are also hoping that by some miracle they can become the only element of the American real estate industry to escape the wave of change that is being embraced by virtually every other element of the industry.

Role Play

Understand what role your local association is playing or intends to play in this drama. There are many fine

By **Jeremy Conaway**,
contributing editor

REALTOR® associations out there that are courageously trying to grow with you. However, there are many more that are investing their energies and your resources to protect jobs and legacy positions.

A simple way to start this inquiry is to recall whether or not your association executive has been in your office recently asking about your business vision of the future and what role the association will play in your business success moving forward. Such an event is not to be confused with gathering your brokers to a meeting at the board. This is an option that you should avoid as it will be a complete waste of your time. If their response is that they don't have time, then you should take note of that prioritization.

Keep in mind that sometimes the association's response isn't generated by its executive but rather by leaders that are committed to perpetuating the status quo until they can retire or sell out. It doesn't really matter which of these two forces are at work. The end game will be the same.

Take the time to read and study the plans, documents and visions of both sides. Use the events of May 16 to strengthen control of your business and to build its value proposition for both your customers and that sale transaction that may be down the road. We can do this.

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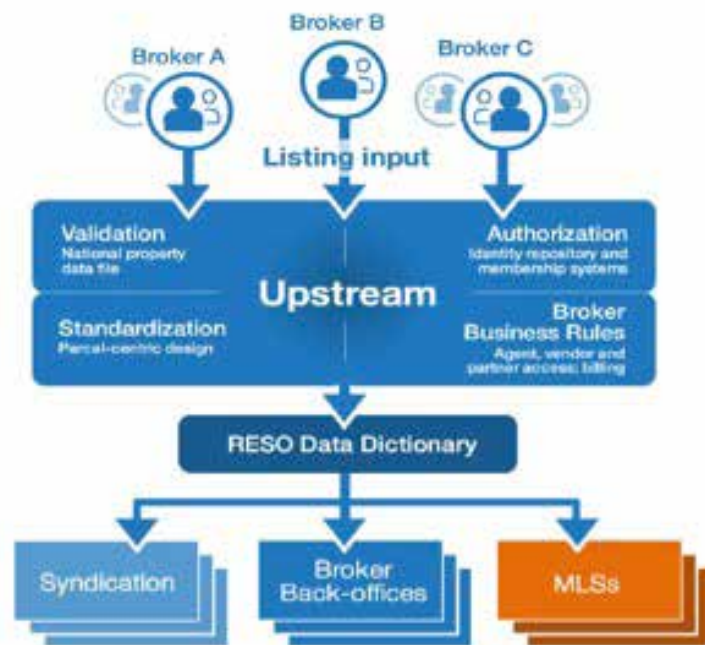


Figure 4: Functional design of the Upstream platform powered by RPR's back-end



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NAR'S ECONOMIC AND FORECAST UPDATE

The National Association of REALTORS® (NAR) released an Economic and Forecast Update on July 1, 2015. Here are some highlights from that report.

The Economy

- GDP growth was slightly negative in the first quarter but will pick up in the second half. All in all, GDP will grow by 2.5 to 3 percent in the second half. That translates into jobs. A total of 2.5 million net new jobs are likely to be created this year.
 - Consumer spending will open up because of lower gasoline prices. Personal consumption expenditure grew at 2.1 percent rate in the first quarter. Look for 3 percent growth rate in the second half.
- Business spending was flat in the first quarter but will surely rise because of large cash holdings and high profits.
- Government spending fell by 1 percent. At the federal level, non-defense spending grew by 2 percent, while national defense spending fell by 1 percent. At the state and local level, spending fell by 1 percent.
 - The part-time jobs remain elevated and wage growth remains sluggish with only 2 percent annual growth. There are signs of tightening labor supply and the bidding up of wages. Wages are to rise by 3 percent by early next year. The total income of the country and the total number of jobs are on the rise.

The Housing Market

- Existing-home sales in May hit the highest mark since 2009, when there had been a homebuyer tax credit ... remember, buy a home and get \$8,000 from Uncle Sam. This tax credit is no longer available but the improving economy is providing the necessary incentive and financial capacity to buy. Meanwhile new home sales hit a seven-year high and housing permits to build new homes hit an eight-year high. Pending contracts to buy existing homes hit a nine-year high.
- Buyers are coming back in force. One factor for the recent surge could have been due to the rising mortgage rates. As nearly always happens, the initial phase of rising rates nudges people to make decision now rather than wait later when the rates could be higher still.... Buyers are back. What about sellers? Inventory remains low by historical standards in most markets. In places like Denver, where a very strong job growth is the norm, the inventory condition is unreal – less than one month supply. The principal reason for the inventory shortage is the cumulative impact of homebuilders not being in the market for well over five years.
- Building activity for apartments has largely come back to normal. The cumulative shortage is on the ownership side.
- Builders will construct more homes. By 1.1 million in 2015 and 1.4 million in 2016. New home sales will follow this trend. This rising trend will steadily relieve housing shortage. In the meantime, there is still a housing shortage. The consequence is a stronger than normal home price growth. Home price gains are beating wage-income growths by at least three or four times in most markets. Few things in the world could be more frustrating and demoralizing than for renters to start a savings program but only to witness home prices and down payment requirements blowing by past them.
- Housing affordability is falling. Home prices rising too fast are one reason. The other reason is due to rising mortgage rates. Cash-buys have been coming down so rates will count for more in the future.



- The Federal Reserve will be raising short-term rates soon. September is a maybe, but it's more likely to be in October. The Fed will also signal the continual raising of rates over the next two years. This sentiment has already pushed up mortgage rates. They are bound to rise further, particularly if inflation surprises on the upside.
- Mortgage rates at 4.3% to 4.5% by the year end and easily surpassing 5% by the year end of 2016. The rising mortgage rates initially rush buyers to decide but a sustained rise will choke off as to who can qualify for a mortgage. Fortunately, there are few compensating factors to rising rates.
- Improving credit available at a time of likely rising interest rates is highly welcome. Many would-be first-time buyers who have been more focused about getting a mortgage (even at a higher rate) than with low rates.

All in all, existing and new home sales will be rising. Combined, there will be 5.8 million home sales in 2015, up 7 percent from last year. Note the sales total will still be 25 percent below the decade ago level during the bubble year. Home prices will be rising at 7 percent. For the industry, the business revenue will be rising by 14 percent in 2015. The revenue growth in 2016 will be additional 7 to 10 percent.

[Read the full update from NAR here](#)





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REALTOR.COM® DEBUTS FIRST-TIME BUYER WEBSERIES

Realtor.com® is launching a new campaign targeting Millennials who are looking to become homebuyers.

Through a humorous five-part series featuring Emmy-nominated actress Elizabeth Banks, each video gives first-time buyers insight into the stage of the purchase cycle in a fun and easy-to-understand way. The webseries couldn't come at a better time as Millennials are currently increasing their presence in the market. According to a recent survey conducted by realtor.com®, 65 percent of Millennials said they intend to purchase a home within three months, representing a 54 percent from January.

Throughout the series, Banks walks viewers through important aspects buying a home. In Episode 1: Knowing When You're Ready, she recommends potential buyers have a heart-to-heart talk with themselves about what they can truly afford: "Plan for the house you can afford now, not later. The most important thing for a first-time buyer is to live within your budget. Also, don't be an idiot ... But those are really the same thing."

Other episode topics include: Mortgage Lending 101, The Search, The Offer, and Closing the Sale.

[Check out the entire series here](#)



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REALTOR.COM® DEBUTS FIRST-TIME BUYER WEBSERIES

Realtor.com® is launching a new campaign targeting Millennials who are looking to become homebuyers.

Xome announced that they were entering the brokerage industry through the offer of an online portal for consumers and the potential of a rebate to consumers who buy and sell through its service and to the agents who are employed by Xome. Xome says they have the largest, most accurate database of homes for sale, some of the best search technology around and that consumers may be able to receive a discount when they purchase through the Xome network.

First End-to-End Online Transaction Process

Most importantly, Xome says that they have the first truly end-to-end online transaction process yet to be available. Not only can a consumer buy or sell a home but they can have the entire process handled online so that a consumer can more easily access the transaction as it occurs. Xome says it will have a full concierge program to assist consumers as they move through the process. Should this all be the case, Xome will be the first to tie all the parts of the transaction together in one online process.

In our 2014 book, "Game Changers," we predicted that this kind of development was not a matter of if but when. Further, we said that it could capture a reasonable share of the "do-it-yourself" segment of the market. That share could be anywhere from 1 to 20 percent within a few years. Given that the largest market share held by any one current brand is about 8 to 9 percent, there is a significant opportunity.

Strong Assets

Certainly Xome brings some strong assets to the field. They would appear to have a full and accurate database of home information; they have capital backing from their parent company; they have an experienced industry team leading the effort (Real Estate Digital—RED) and should be able to build relationships with agents who want to handle their customer referrals. They have significant experience in managing transaction management systems. All of this bodes well for their future.

However, consumers will have to find them, then successfully use their service. Agents will have to sign up

By **Steve Murray**,
publisher

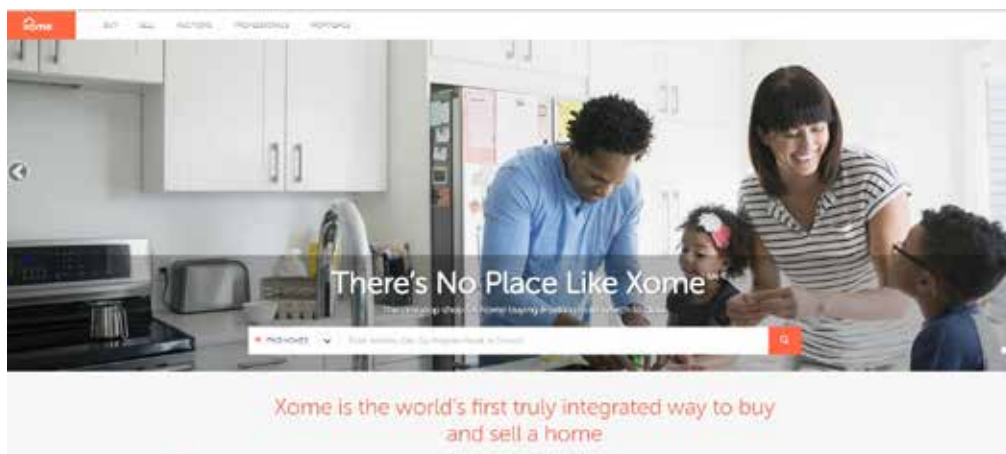
to receive these consumers and share their commission with them. While all of this can happen, will it do so in large enough volumes in a short enough time frame to warrant the company's continued interest and investment? This is always the great unknown. Then again, given Wall Street's unending belief in anything related to real estate technologies, and their desire to see the current brokerage model disintermediated, it could also make for another public offering on its own.

Challenge

Of course, Xome will have to find qualified agents willing to work with their program and their customers. Some will be picked to represent Xome, some may work directly for them at some point while others will be referral agents. The quality of the sales agents who work with the clients and customers can have an enormous impact on how well Xome succeeds with their efforts.

In essence, while the technology sounds reasonable and the proposition intriguing, it is the execution and the reach that will end up mattering more than any other.

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MAY THE ODDS BE EVER IN YOUR FAVOR

A millennial homebuyer shares her story

“May the odds be ever in your favor.” If you’re like most of us, that phrase instantly triggers images of the Hunger Games trilogy and a story about a post-war society dominated by a government whose authority is housed in the capitol, surrounded by 12 districts. In order to prove allegiance to the capitol, each district offers up two tributes to compete in an arena till death. Once selected, the tributes abandon their moral code, and all previous alliances are diminished. Upon arriving in the arena, they are instantly drawn to the central hub where all necessary supplies and weapons are housed. As the clock counts backward from 30 seconds, each tribute analyzes their chances of making it to the hub, collecting the most pertinent items, and making it out alive.

If you’re wondering what this has to do with the real estate market, you clearly haven’t tried to buy a home in Denver. The idea of competing in an arena is agonizingly depictive of the current market in Colorado. Denver buyers can surely relate to such a battle. As a current homebuyer in Colorado, I can tell you that the process of looking for a home shares many similarities to the Hunger Games arena.

The Games Begin

Unlike a few years ago when you could set a showing for a home and avoid the crowds, today your agent sets a showing, and you arrive with three or four other couples. While trying to maintain a cordial smile, you explore the home, becoming more and more frustrated with the fact that you have to wait at each doorway to enter a room. You underhandedly point out anything you can find that’s wrong

with the house, in the hopes that the other buyers will take note and instantly decide the home is not for them. Of course, you are disappointed when they retreat to the front yard to discuss the offer they plan on making.

You listen intently through an open window, hoping you’ll catch a few words and be able to outbid them. If that sounds devious to you, then you haven’t had the pleasure of searching for a home in Denver. You decide to make an offer, and your agent looks at you with a smile, trying to conceal her uncertainty. If you’re lucky, you’ll only have five or six other offers with which to compete. Or, if you’re like me, you’ll find your dream home, only to hear you’re up against 61 other offers! You will do your best to scrounge up every last penny and hopefully come up with an appealing contract. Being \$15,000-\$20,000 over asking price seems like a good offer, but in this environment, it’s not good enough. You’ll want to make your contract as attractive as possible, so you remove your opportunity to ask for anything in an inspection and maybe even offer hard earnest money as a way to draw them in. If that’s not enough, you may even decide to guarantee the difference between appraised value and contract price. Phew! You smile believing you have prepared an irresistible offer to the sellers. Even with your optimism, you know the home you love will be on the market all weekend and more offers will be coming in. This leaves the entire weekend to anticipate the seller’s decision, all while holding your breath.

On Monday morning, you’ll receive the call that you, yet again, were “so close” but there was a cash offer or heaven forbid your offer of \$35,000 over asking price just wasn’t enough. You shake it off, find another home

online and the process repeats itself. Each time you try to conjure up something else to get the sellers attention but to no avail. With each offer and each agonizing weekend that you anxiously wait to hear from the sellers, the words “May the odds be ever in your favor” become more and more representative of your situation.

The Good Old Days

While some of you may be wondering where such a bleak outlook comes from, and others may be questioning the validity of such outrageous claims, let me assure you that I speak from experience. As a Colorado native and current buyer, I can tell you that this picture of the real estate market in Denver is incredibly truthful. While the pessimistic undertones may be a little daunting, I can think of no better way to illustrate the current home buying process in the Mile High City.

Two years ago, my husband and I purchased our first townhome. The process was frustrating at times but, overall, I would describe the experience as exciting. We looked at 10-15 different homes, all of which were newly listed and had zero offers. It was unheard of to look at a house that already had an offer on it. Fast-forward two years, and the idea of seeing a home without a parade of other buyers is unheard of.

Beginning the Search

My husband and I started our search in April, immediately after putting our current home on the market. As expected, we had multiple offers in just two days, and we were able to pick from seven solid contracts. We received five letters from people telling us how much they loved our house

and how hopeful they were that we would choose their contract. We even received a Facebook request from one of the prospective buyers. After hours of going through each detail, I was ready to pick an offer from a couple who had written a very sweet letter about themselves. My husband, being a logical man, wanted to go with our only cash offer. He repeatedly told me that it was a business deal, and I needed to keep my emotions out of it. That makes perfect sense, but knowing full well that I was going to be on the other side of the fence shortly made the decision that much more difficult. Nonetheless, we went with the cash offer, believing we had made the best decision possible.

Contingencies Kill the Deal

The inspection should have been easy, but the buyer decided he wanted \$10,000 in updates. As you can imagine, the contract fell through, and our house was back on the market. At that point, looking at a home and getting the sellers to consider your offer is next to impossible. Another interesting fact about the Denver real estate market, don't dare try to buy a house if you have a contingency! It doesn't matter if your house just went on the market or if you're a week away from closing with a resolved inspection and satisfactory appraisal. When you're up against five or more people, a contract with a contingency is discarded immediately. We have lost seven houses; five due to our contingency and two due to higher offers. (It is worth noting that we have yet to offer less than \$15,000 over asking price).

Still Looking

Two and a half months after we

began the process of selling and buying, we are still searching for our perfect house. We are hopeful that our house is out there, but the market has proven to be incredibly difficult to navigate. This is especially true if you land in the sweet spot for homebuyers; those who are looking to buy between \$250,000 and \$350,000. With housing costs increasing and wages staying relatively the same, the disparity between the two continues to increase, making the home buying process challenging and emotionally draining. While I've heard from many that buying a home is never easy, I can confidently say that this experience has tested us in more ways than one. While we will continue to search for our perfect house, I can't help but wonder when the odds will ever be in our favor.

By **Brittany Shur,**
executive assistant



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STUDY: BIGGEST OPPORTUNITIES IN BOOMER MARKET

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Though the real estate industry has made it a mission to bring Millennials into home ownership in recent years, a new study by research firm HouseCanary suggests we not ignore an inconvenient truth: Baby boomers have the buying power.

The study raises questions about how wise it is to focus on Millennial buyers, given their economic limitations. If interest rates — which are expected to keep ticking up this year — were to increase to 6 percent, more than one in three Millennials would no longer be able to afford a home at their current prices, HouseCanary found. Millennials are carrying high debt with limited savings, and their career growth has been slow.

But baby boomers have fueled the housing market for decades as the biggest drivers of growth in the entry-level market in the 1970s and '80s, as well as the move-up market in the '90s and 2000s. Boomers aren't slowing down: They're expected to continue to drive household growth over the next 20 years "due to significant wealth and high home ownership rates," according to HouseCanary. Over the past year alone, baby boomers accounted for 244 percent of household growth annually.

"The vast imbalances in wealth and home ownership among baby boomers and Millennials are resulting in wide disparities in the demand for homebuying versus renting," says HouseCanary President JP Ackerman. "Our analysis indicates that rising interest rates and home prices will exacerbate the situation, as the Millennials' ability to purchase homes will be severely jeopardized as monthly payments get further out of reach."

HouseCanary CEO Jeremy Sicklick says his company's research indicates greater opportunity for developers to target the aging population with for-sale inventory while targeting the younger generation with for-rent inventory.

Article Source: Realtor.org



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