



INSIDE THIS ISSUE

REAL ESTATE NEWS

A Rebound in Confidence,
But Inventory Lags Behind (pg. 1)

Interest Rates Are on The Rise
(pg. 2, 3)

A Strong Seller's Market Continues
for Now (pg. 3)

CURRENT STATS

Mothly Markey Snapshot (Pg. 4)

MARCH/APRIL 2021



YOUR CASTLE NEWSLETTER



REAL ESTATE NEWS

A REBOUND IN CONFIDENCE, BUT INVENTORY LAGS BEHIND

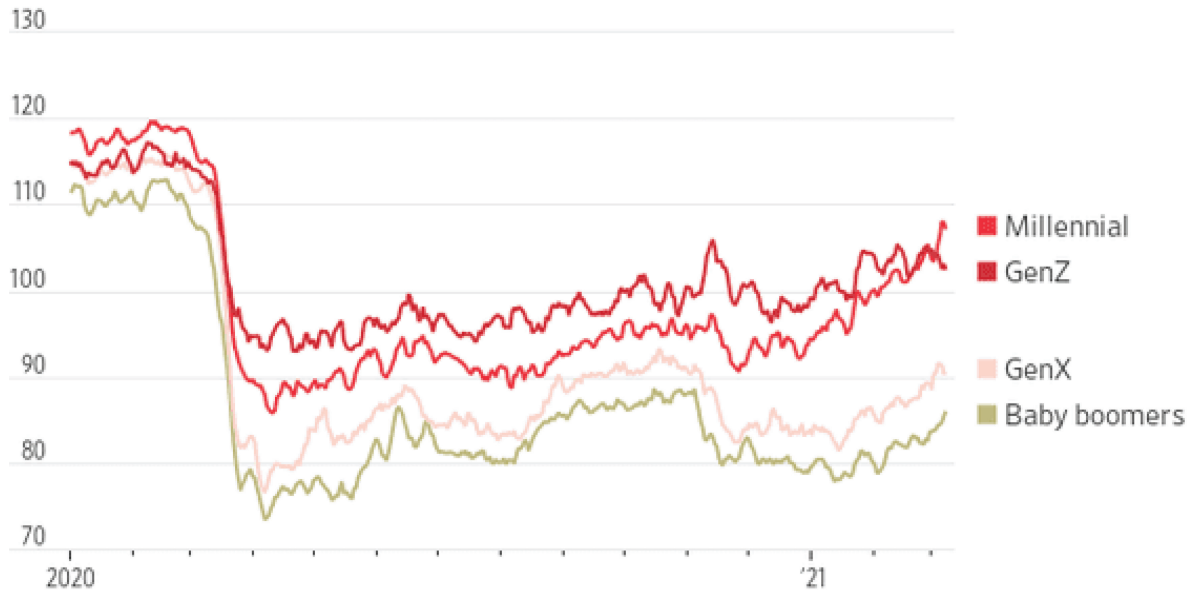
The “dark winter” is winding down, and spring is growing on the horizon. As we make another lap around the sun, some things are considerably different from last spring. For one, consumer confidence has come a long way since the turbulent shutdown last year. Three FDA-approved vaccines are being administered for emergency use.

Many at-risk citizens, hospital workers, and government employees have received one or two doses. Congress also approved a third wave of stimulus checks for many people. They will be sent out this month across the country, further soothing some of the financial burden from the ongoing pandemic.

On the other hand, housing inventory is still lagging in seven counties that make up the Denver metro area. The average number of listings in February is historically 13,500. At the end of February 2021, there were only 2,025 active listings, a record low (includes attached & detached homes). This February

was down 58% in inventory from the same time last year. The simple fact is, we need to reach a critical mass of people getting vaccinated for some sellers to feel safe opening up their homes to strangers. We do not expect this to happen until sometime this summer.

U.S. consumer confidence, by generation



Note: Generation Z (1997-2012), Millennials (1981-1996), Generation X (1965-1980), Baby boomers (1946-1964).
Source: Wall Street Journal, Morning Consultant



INFORMATION FOR BUYERS

INTEREST RATES ARE ON THE RISE

The average 30-year fixed mortgage rate recently increased to the 3% mark for the first time since last July. This may discourage some buyers, potentially lessening a bit of the competition in the market. But it is important to keep in mind that 3% is still historically very low. In Feb. 2020 before the pandemic hit, the rates were already considered historically low at 3.5%. In comparison, rates were at 4.5% in Feb. 2019, and 6% in Feb. 2008 at the start of the last recession. These increased rates mean that a homeowner would owe more money in interest over time. However, they would also be gaining equity at a faster

rate, as appreciation in Metro Denver is up to nearly 20% from this time last year.

One recent trend in the media has been to focus on the most extreme cases of homes selling for more money than their list price, further frustrating buyers. They have highlighted homes that have had over 100 showings in the first weekend and 20 offers, telling people that they need to be prepared to offer 20% above the asking price on homes. Although this is a competitive market and that is true of select homes, it is certainly not the norm. In February, on average, homes sold for a

1.9% premium (See the February Market Snapshot Graphic.) For a \$350K home, this would amount to \$6,650 over the asking price. Still a dramatic reflection of low housing inventory, but not as dire as a 20% markup. Many homes still sell at, or near, market value.

Many buyers are getting frustrated over getting outbid on brand new listings. One helpful strategy to combat this could be to

focus on homes that have been sitting on the market longer than one weekend. These homes may be perceived as defective by buyers. However, in many cases, they were just priced too high by overzealous sellers. After being passed over for being overpriced, or having passed on decent offers, these sellers may sign lower offers than they had initially hoped to accept.



INFORMATION FOR SELLERS

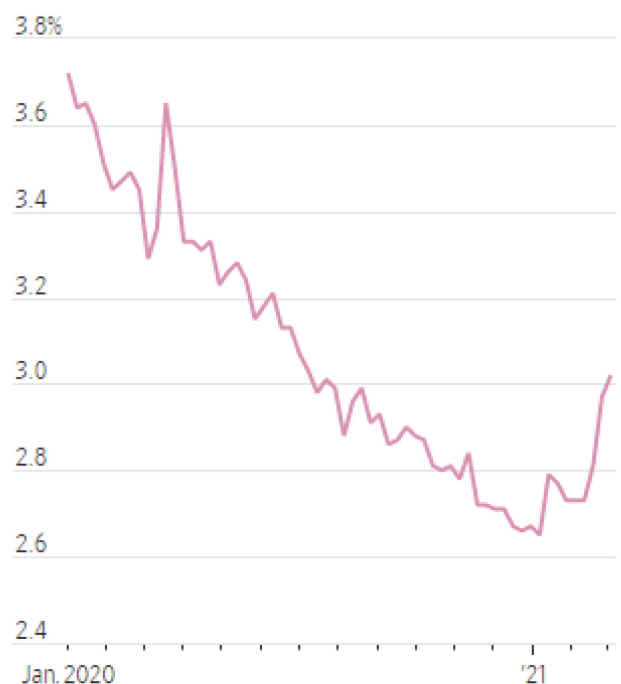
A STRONG SELLER'S MARKET CONTINUES FOR NOW

The 30-year fixed mortgage rate has slowly been on the rise since the year began, as it appears that it bottomed out at the end of last year. As these rates continue to climb past 3%, some marginal buyers will pull out of their home searches. This will gradually reduce the buyer pool. In addition, it is all but guaranteed that as more people are vaccinated and comfortable with people in their homes, many first-time sellers will list their homes to try and capitalize on the current seller's market. Over the course of the year, this should increase the available inventory. Although showing traffic is still incredibly high and it is expected to remain a seller's market for quite some time, in Denver, it will most likely reduce some of the current fervor in the market.

As a prospective seller, especially in the \$1MM+ price band, act now to get the most out of your home sale. 63% more homes over \$1MM were sold in Feb. '21 than in Feb. '20. Sellers are cashing in on low- interest rates before it is too late. Another point of note is that if your new listing is under \$800K and you are not getting 20 showings in the first week, odds are your home is overpriced.

Although the market is in your favor, you should expect that if you get 10-20 showings the first weekend, one offer, and that offer is at-or-near asking price, that is normal. Do not lose out on a sure thing because you are reaching for some fabled 20% above asking price sale. Throughout the process, remember the reasons you are selling your home and celebrate that closing!

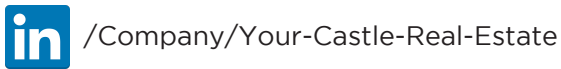
Average 30-year fixed mortgage rate, weekly



Source: Wall Street Journal

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STAY UP-TO-DATE ON THE MARKET



MONTHLY MARKET SNAPSHOT

SINGLE FAMILY + CONDO/TOWNHOME (STATS FROM FEBRUARY 2020)

	Feb. '20	Feb. '21	%Change
Active Listings at Month End	4,835	2,024	-58.14%
Under Contract Listings	4,397	4,706	7.03%
New Listings	5,094	4,507	-11.52%
Sold Listings	3,511	3,641	3.70%
Average Days in the MLS	39	23	-41.03%
Median Sold Price	\$400,000	\$475,000	+18.75%
Average Sold Price	\$463,642	\$553,774	+19.44%
Percent of Sold Price to List Price	99.04%	101.9%	+2.89%

Source: DMAR (Denver Metro Association of Realtors)