

# MARKET INSIGHTS

A look at the current real estate market.

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Our natural inclination is to see the real estate market as two separate halves of one whole. Half of all real estate transactions consist of buyers and they are focused on a certain set of criteria. The other half are those who own a home. They are interested in selling and their focus is on an entirely different set of criteria.

However, like life itself, real estate isn't really that cut and dried, precise and neat. Many home owners who are selling are also home buyers seeking another place to call home. This adds a complicated layer to the experience, as timing takes on a whole new priority in these cases. Most sellers who are also buyers have only one contingency plan. The plan is to coordinate the precisely exacting details for a smooth move from one home to the next with nary a beat being missed between the two halves of two transactions!

Most of us realize that real estate transactions tend to include a hiccup or two along the way to the closing table.

Why is this information important in understanding any discussion of real estate trends and insights in our current market place?

It's like putting an elephant on one side of the seesaw and an infant potbelly pig on the other!

The delicate balance required by these "selling buyers" has been set topsy turvy by the limited inventory levels, which in turn has thrown the whole of the market off-balance.

According to 65.6% of real estate agents surveyed, they say this is the greatest challenge in their local marketplaces.

Consider these factors:

- Low inventory is the primary force behind rising sale prices and lower than usual sale numbers

- Low mortgage interest rates drive large numbers of buyers into the market place, which increases the demand for homes to buy

Typical homes that are put on the market for sale are closing in an average of just 27 days, which is the fastest recorded sale times since the National Association of REALTORS started keeping track 6 years ago!

While writing a contract to purchase with a sales contingency has always been a standard practice in real estate, due to multiple bids on so many homes, the smart selling buyer will have other plans in place should they sell their existing home prior to securing a new place to live. This may make for a little more complicated plan being necessary, but it shouldn't discourage sellers, since the ideal that sellers have always longed for is finally the norm – higher sale prices and quicker sale times!

Especially for first time home buyers, low interest rates are ideal, but low inventory presents its own set of challenges. Obviously buyers are up to taking on the challenge, since demand hasn't slowed, in spite of fewer homes to choose from. They still want the same things we all want out of owning our homes: personal space, a sense of security and community.

Privacy is the top goal cited by those surveyed this past spring about what they value most in home ownership. Apartment buildings and shared living arrangements just don't make the list.

So while restrictive inventory levels continue to headline most real estate news and trends across the country, more than 80% of respondents to the survey questions believe owning their ideal kitchen, the room listed as "most important," is well worth meeting the challenges they face in the prevailing real estate market.