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MARKET INSIGHTS

A look at the current real estate market.

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Hear that? That's the sound of hammer on nail, as new home building revs up for what is promising to be another demanding season of sales this autumn.

New built homes offer a few advantages besides the obvious value of owning a brand new home. Not only is all the plumbing, electrical, mechanical and structural brand new and of the latest advanced versions, but homes today are far more economical in terms of energy efficiency.

Even better news to the real estate industry as a whole, the level of construction demand for new homes indicate a healthy housing market and growing general local economy, too. Building positively impacts everyone in the local area, as the research from the National Association of Home Builders shows in its newest report.

In fact, for every 100 new single family homes built, there are approximately 300 jobs created, paying out about \$28 million in wages and business income and generating about \$11 million in tax revenues.

Bottom line, building new homes doesn't just offer home buyers more options to choose from and stimulate economic growth that benefits whole communities, it also usually moderates home price gains as well.

Considering how long we've struggled with inventory issues and the deep lows the real estate inventory has dropped to, we might be seeing home prices inflate too far, too fast to remain affordable were it not for the new home construction picking up the slack.

NAHB's chairman, Granger McDonald, says there's every good reason for continued optimism. "Our builders remain optimistic about the market for newly built single family homes and consumer confidence is strong. There is a continued high priority on homeownership and people are willing to work hard toward that goal."

Homeownership rates among young adults between the ages of 25-44, according to a just released study, showed that rates are still lower than expected. The researchers pointed to a number of factors that have contributed to these lower than typical numbers, among them the condition of the economy having played a huge part rather than a lack of desire to purchase a house.

However, demand has rebounded, according to Daren Blomquist, ATTOM's senior vice president, who said the improvement was brought on by decreasing interest rates. "Falling interest rates in the third quarter provided enough of a cushion to counteract rising home prices in most U.S. markets and provide at least some temporary relief for the home affordability crunch".

Along with home price affordability, increases in those qualifying for mortgages and a better overall labor market are also contributing factors.

New home construction starts continue to increase and this should be a source of encouragement to buyers of all ages to remain active in our real estate marketplaces across the Front Range.