

# ECONOMIC SNAPSHOT

A look at the current real estate market. *An information source provided by RE/MAX Alliance.*



Over the course of the past eighteen months, the Federal Government implemented the Homeowner Tax Credit Program. The Federal Reserve lowered the Federal Funds Rate for member banks to borrow funds to nearly zero percent. Home mortgage interest rates have fallen to the lowest level in more than fifty years. Now, members of the banking industry are taking a sabbatical by not foreclosing on homes. All of these factors were/are designed to stabilize and stimulate the housing industry. Despite all these efforts, the housing market continues to quietly drift along.

There have been spurts of activity. The **Boulder Valley** real estate market was **UP** in sales activity at the end of June/2010 as compared to the end of June/2009 for both single family homes (+36%) and attached units (+34.5%). But those numbers have dropped since the Homeowner Tax Credit Program ended in late April/2010. Through September/2010, single family home sales are **UP** 13.5% Y.T.D. compared to Y.T.D. 2009; and are comparable for attached units. Thus, the **Boulder Valley** real estate market hasn't sustained itself.

One of the best indicators of real estate market activity is the time it takes for the market to absorb itself. A healthy real estate market is thought to be around six months of available inventory. That time frame provides buyers with an adequate selection of homes and sellers with a reasonable amount of time to sell. The "absorption rate" for the **Boulder Valley** real estate market has vacillated between nine and ten months for most of 2010. Through September/2010, the absorption rate stands at 270 days; nearly nine months. As we enter the fall and winter, the absorption rate should remain around the same level as both inventory levels and sales dwindle.

The question now becomes, "What's next?" What magic elixir can the Federal Government and banking community pull out of their proverbial hat? The answer isn't putting more lipstick on the pig, because you still have a pig. The answer always comes back to one four-letter word; the word that drives the economy and fosters the housing industry. That word is "jobs". Jobs are the Holy Grail; the path to redemption; the pot of gold at the end of the rainbow. Without them, you have a stagnant economy, which naturally leads to a declining housing market.

Below is a brief overview of the absorption rates for **single family homes** in a number of the **Boulder Valley** areas through September/2010. Thanks to IRES, the Northern Colorado MLS, for all their magic numbers.

## IRES STATS

<u>Area</u>	<u>Active Listings</u>	<u>Solds Y.T.D.</u>	<u>Absorption Rate</u>
Boulder County	1946	2054	8.5 Months
Larimer County	2777	3066	8.1 Months
Weld County	1836	2341	7.0 Months
	=====	=====	=====
Boulder	652	646	9.0 Months
Lafayette	169	187	8.2 Months
Longmont	601	720	7.5 Months
Louisville	105	157	6.0 Months
Suburban Mountains	380	182	18.7 Months
Suburban Plains	455	347	11.8 Months
Superior	52	82	5.7 Months
	=====	=====	=====
<b>Community Totals:</b>	<b>2414</b>	<b>2321</b>	<b>9.4 Months</b>