

# THE WINDERMERE REPORT

WINDERMERE REAL ESTATE | DENVER

FEBRUARY 2017

## SUPPLY SLIDE

Listings have evaporated

## DID YOU KNOW?

Interesting new home facts

## NO BUBBLE

Reasons there is no housing bubble

## THE BIGGEST RISK

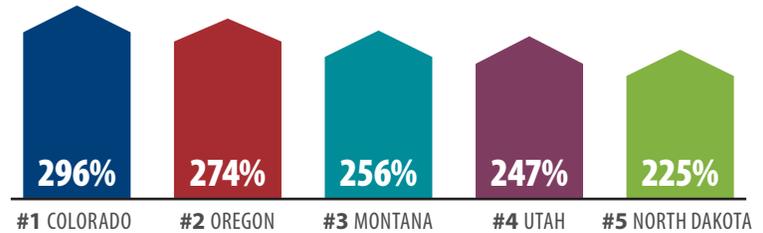
Rate increase impacts

## IN CASE YOU MISSED IT

How to get info from our Forecast

## LONG-TERM LEADER

Colorado is the long-term leader for home price appreciation. Here's a ranking based on the last 25 years of price growth:



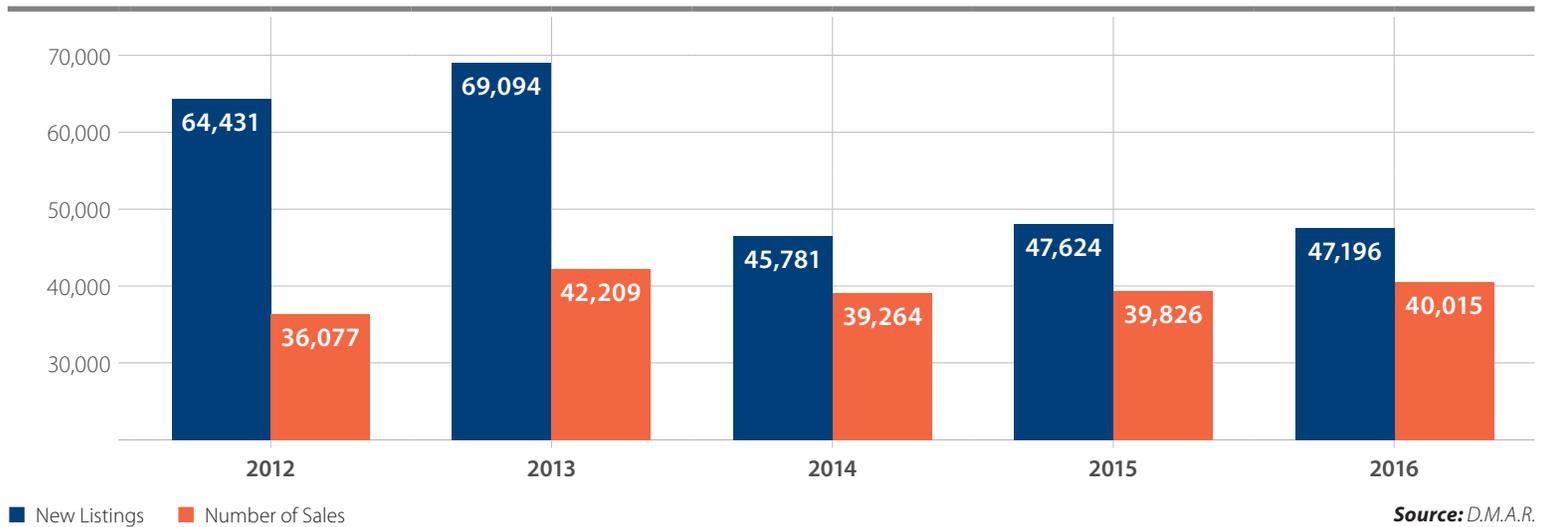
Source: F.H.F.A.



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## THE SUPPLY SLIDE

Over the past five years, the amount of homes for sale in Metro Denver has changed dramatically. Since 2012 the number of homes for sale has dropped by 27%, while the number of sales has increased by 11%. Here's a look at listings and sales over the last five years in Metro Denver:



Source: D.M.A.R.

## DID YOU KNOW?

As you drive around you may notice what looks like a whole lot of new home construction in our region, and you may wonder if another new home bubble is being created. The numbers tell us that, compared to 2009, there are four times as many new homes being built today. But, compared to the peak of 2004, we are only starting a little more than half of what was created in the boom times. We are on pace to start 10,500 homes this year in Metro Denver. In 2004, there were roughly 20,000 new home starts

Source: Metrostudy

## NO BUBBLE HERE

According to Windermere's Chief Economist Matthew Gardner, here are the three key reasons there isn't a housing bubble today:

- In the last five years, national mortgage debt has not risen and prices have risen substantially, which creates a significant cushion against any downturn in prices.
- Loan qualifying is very stringent today with 753 being the average FICO score of an approved loan.
- Demand far exceeds supply in most markets around the country.

## THE BIGGEST RISK

Interest rate increases present the biggest risk to both buyers and sellers today. Rates have already increased 0.7% since the election and most economists, including our own Chief Economist Matthew Gardner, predict rates to go up another 0.5% by the end of the year. Rates have been artificially low (about half of their long term average) for many years in a row, and it looks as though that trend is changing. When rates go up 1%, a buyer's purchasing power goes down by 10%. A rate increase also impacts the price a seller can achieve for their home. In today's environment, the greatest risk for a potential buyer or seller is to wait.

## IN CASE YOU MISSED IT

In case you missed our annual Market Forecast, contact us to receive some of the materials that we presented. The PowerPoint presentation is available which shows our research, insights, and predictions for the Metro Denver market. Contact us today!



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