

Subject:

FW: Agents 4 Home Buyers' Newsletter

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***NEWSLETTER* from Agents for Home Buyers**



Consumer Advocates...Not Sales People

February 2011



[Photo by Charles Pfeil](#)



The past year was a tough one for many of our colleagues in real estate. As noted in our article below on the number of homes sold in 2010, sales have dropped over each of the past three years in all of the communities we cover in our stats. In 2010, sales are off 30-40% (or more) from 2004-2007 sales numbers. While prices have generally held or gone up in Boulder and its near neighbors during the 2008-2010 downturn, sales numbers have dropped as much or more in Boulder, Gunbarrel, Louisville, and Superior as they have in communities further out. Tough for Realtors. Tough for Sellers. Lots of opportunities for Buyers, but in many ways a tricky market for them as well. It keeps things interesting.

In this issue of the newsletter, we're looking back at 2010. In the next, we'll be trying to get a sense of how 2011 is stacking up in comparison to prior years and trying to get some sense of how the market will develop as the year progresses.

Hope you're doing well. Enjoy the winter...and stay warm.

Thanks...and stay warm, ***Norris and Lindsey***

Energy Audit Deal for Boulder County

For \$120, Boulder County's [Energy Smart](#) program will send both an energy auditor and an energy advisor to your home. While the auditor is conducting depressurization tests, infrared scans and other inspections, the advisor will install high efficiency light bulbs and low flow shower

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heads if you want and insulate your water heater pipes. They'll even install a programmable thermostat for a \$20 co-pay.

When the energy audit report is completed and delivered, the energy advisor can return for a follow-up meeting to help you review the results and prioritize home improvements based on the cost effectiveness of recommended upgrades. The advisor can also help you with federal, state, or utility company rebates and incentives that might pay for part of this work and they can review options for hiring appropriate contractors or specialists. If you don't know who to call to do the work, the program has vetted reputable local contractors. If you choose to use one of these contractors, a contractor manager working with [Energy Smart](#) will help monitor the work.

And, if you take action on at least one of the 3 top upgrades listed in the audit report, Boulder County is offering \$250 towards that work. Contact the [Energy Smart](#) program at 303-544-1000.

Prices in 2010

In a "normal" market with 5-6% annual appreciation, much of the random fluctuation in housing prices is masked by the strong general upward trend in the market. Since 2008, however, we haven't had a clear or consistent upward or downward trend in prices in our area. National groups that track prices in the Boulder/Denver area show either a [slight uptick](#) or [slight drop](#) in housing prices in the past year. And if you try to track price changes from one year to the next in our local communities, you end up with [a chart that looks like this](#). There are lots of apparently random upward and downward movements in prices, but there is no trend.

If you take a slightly longer perspective and compare prices over the past 3 years to those at the recent peak in 2006 and 2007, a consistent and interesting picture does emerge. Consider the following charts:

- [Large Houses](#)
- [Mid-Sized Houses](#)
- [Small Houses](#)
- [Condos and Townhomes](#)

If you look at the chart on mid-sized houses in particular, you'll see that Boulder and the nearby communities of Gunbarrel, Louisville, Lafayette and Superior generally increased in price by 3% to 6% from 2007 to 2008 and they've either maintained that differential or increased it slightly since. In contrast, Longmont, Erie, Arvada, Broomfield and Westminster dropped by about 5% in 2008 and are up from that bottom only very slightly in 2010.

If you look chart on small homes, you'll see the same differentiation between these two groups of communities, though prices were weaker for both on these homes. This is true of condos/townhomes as well, although here the negatives are bigger, with price drops more in the 10% to 15% range rather than in the 5% range.

For large homes, there was a pretty consistent 5% drop in values in 2008, and while that is generally improved in 2010, recovery of this submarket is spotty and doesn't seem to differentiate between Boulder,

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What's New With the A4HB Team

There's not a lot new here at A4HB. We've been working hard over the past few months to try to get a bit more exposure for the business via social media like Facebook and through Internet sites like Zillow and Trulia. A number of you have helped us by posting reviews to Facebook and Zillow for us. We need that help and we do appreciate it.

We've also be doing a tremendous amount of work on stats. This includes not only expanding and reformatting our general market stats, but working to develop good data to answer common questions that buyers ask us. We've learned a lot, and we see new things every time we look at the data. It's been useful to systematize data that we've pulled up from time to time in response to client questions and get them cleaned up so that they can be presented on the site.

We hope you're all doing well. Stay warm...or get out and enjoy the snow. Spring is on its way.

Norris and Lindsey

its near neighbors or the towns at a greater distance from Boulder.

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Number of Sales in 2010

One of the most striking changes in our local real estate market over the past few years has been the drop in the number of sales in every segment of the market. In 2010, that trend continued and worsened. Check out these data on the number of sales in local communities in recent years:

- [Large Homes](#)
- [Mid-Sized Homes](#)
- [Small Homes](#)
- [Condos/Townhomes](#)

A quick glance at these charts makes it clear that the number of sales dropped by 10% to 20% in 2008, while 2010 sales were down from the prior peak by 30% to 40%. The clearest exception are the larger homes, where the drop was more precipitous. For Boulder, and for Boulder's near neighbors like Louisville, Gunbarrel, Superior and Lafayette, sales of larger homes were off 30% to 40% in 2008 and have stayed at roughly that level.

Two additional notes:

1. Price & Number of Sales: We noted elsewhere in this newsletter that Boulder and its near neighbors have done far better the communities like Longmont, Erie, Arvada, Broomfield and Westminster in maintaining prices during the recent downturn. With respect to the number of sales, however, the communities further out from Boulder have done a bit better. But that's not all good news for owners in these communities. If you look at our chart on bank sales, you'll see that post foreclosure bank sales make up less than 2% of sales for Boulder and its near neighbors, while they make up 15% to 25% of sales as you get further out.
2. How Quick do they Sell: While the number of sales are down, this doesn't necessarily mean that all home owners are waiting month after month for an offer. In fact, for Boulder and its near neighbors, 25% to 40% of homes are going under contract in under two weeks, and these numbers have picked up some in the communities further out as well. While there are certainly some motivated sellers out there, this market isn't necessarily a cake walk for buyers either. One of the reasons that there are fewer sales than there used to be is that there are fewer homes coming on the market for buyers to choose from. More on this in our next newsletter.

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Local Real Estate Market FAQ

We've started work on a new section of our web site dealing with Frequently Asked Questions. We have four pages in that section dealing with questions about:

- [Agents for Home Buyers and our Services](#)
- [Working with a Buyer Agent](#)
- [The Process of Buying a Home](#)
- [Our Local Real Estate Market](#)

If you have a friend who's considering working with us, this is a great place for them to start.

The section on our local market, however, is not just for people currently thinking about buying a home. There is a wealth of information in that section that might be of interest to lots of local home owners. If you've ever wondered about any of the following questions, you might want to take a few minutes and look at what we have in that section.

- [What time of year do the most homes come on the market?](#)
- [Are there lots of sales of bank owned homes in my community?](#)
- [Are buyers negotiating more off asking price in this market?](#)

This section of the web site is a work in progress, but it's been a lot of fun to develop and has pushed us to look at a lot of interesting data.

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A Note on Interest Rates

While predicting the future can be a tricky business, it looks like interest rates bottomed out in October of 2010 and are probably beginning a move back up toward more "normal" levels. Based on stats provided by [Freddie Mac](#), interest rates on 30 year fixed rate loans hit a monthly low of 4.25% in October at the same time that rates on 15 year fixed rate loans hit their low of 3.66%. By January of 2011, the average rates charged for these loans were 4.77% and 4.09% respectively. While these January interest rates are roughly 1/2 point higher than those of October 2010, they were almost identical to the averages for 2010 as a whole and they were about 1/4 point lower than the rates a year earlier in January of 2010.

Looking back just a bit, these rates are still near historic lows. While rates on a 30 year fixed rate loan had dropped to about 5% in 2009, rates averaged just under 6.5% from 2000 to 2008, while for most of the 1990s rates on a 30 year fixed rate loan were in the 7.5% to 8% range. If you're interested in the long term view, you might look back at the charts we presented in our September newsletter which track interest rates from 1972 and show how these rates translate to monthly payments and purchasing power.

- [Historical Perspective: Interest Rates since 1972](#)
- [Historical Perspective: Monthly Payment for a \\$300,000 Loan](#)
- [Historical Perspective: What Would a \\$2,000 Payment Buy?](#)

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Welcome Agents for Home Buyers, LLC



We are [exclusive buyer agents](#), committed to providing first rate real estate services to homebuyers. We know that buying a home can be an intimidating process, especially for first time homebuyers or for people who are new to the area. Our job is to help you through the process, locating the best home we can, negotiating the best deal we can, and protecting your interests every step of the way while keeping you fully informed. It's a job we take seriously. We work hard every day to make sure that we get it done and get it done right.

Norris Minick, Ph.D, CRS, ABR, GRI

Helping people buy homes in Boulder County and the North Denver Metro Area since 1992

Norris Minick & Lindsey Wolf Lunney

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