

RESIDENTIAL OUTLOOK PAST, PRESENT, FUTURE

IREM ECONOMIC FORECAST BREAKFAST

JANUARY 23, 2020

BRUCE BETTS:
BROKER/OWNER
RE/MAX ADVANTAGE REALTY INC

PPMLS DISCLOSURE

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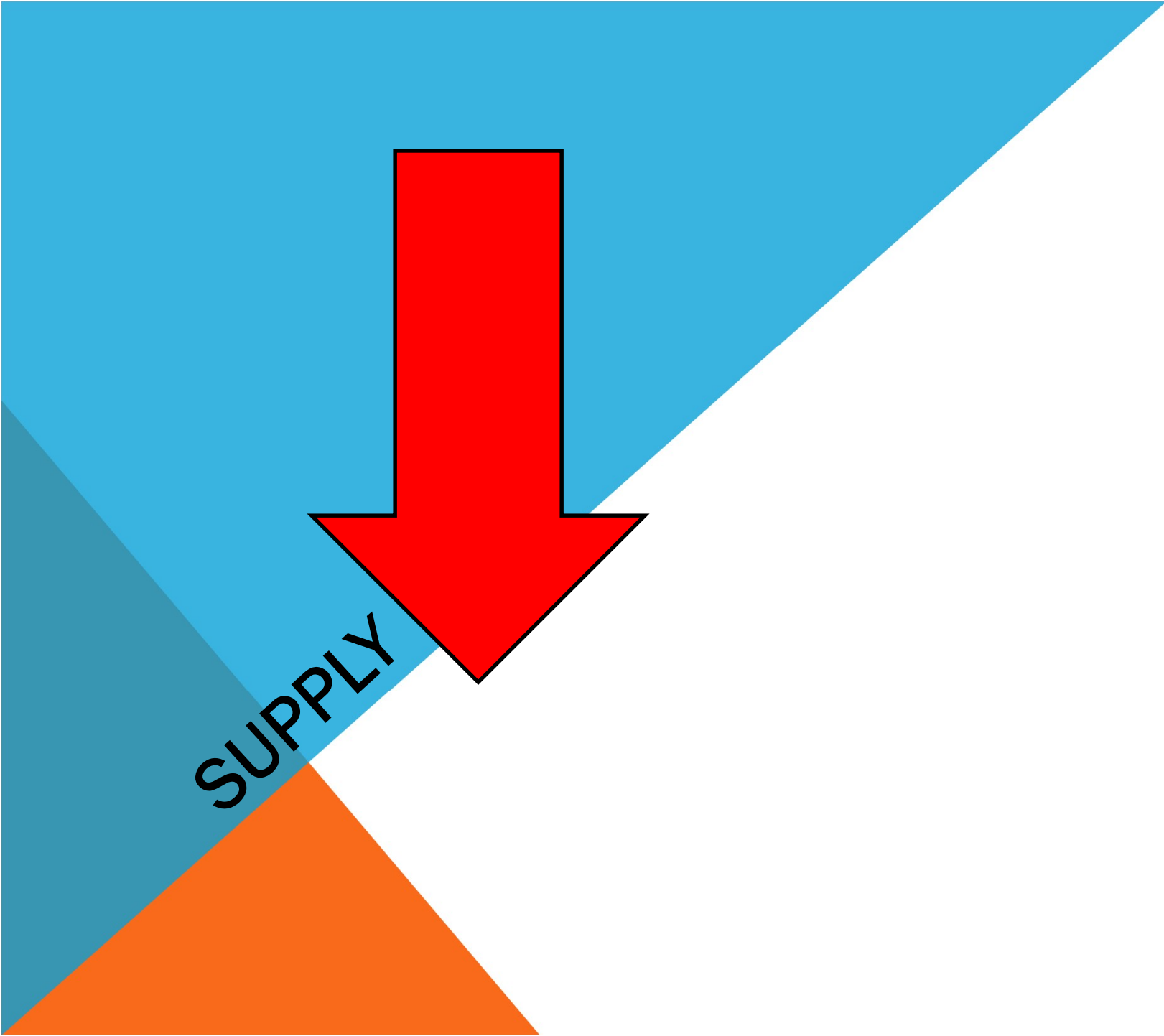
"Based on information from the Pikes Peak REALTOR® Services Corp. ("RSC"), for the period Jan 1, 1987 through Jan 20, 2020. RSC does not guarantee or is in any way responsible for its accuracy. Data maintained by RSC may not reflect all real estate activity in the market."

Thank you.





DEMAND



CLOSE LOOK AT 2019 STATS

Total Sales: 18,218

Total New Listings: 21,013

Sing Fam/Pat Avg Sale Price \$366,371 + 5.5%

C/T Avg Sale Price \$247,958 + 8.7%

Active at Year End: 1,433



TOTAL SALES (PPMLS)

2019: 18,218 Sales

2018: 17,893 Sales

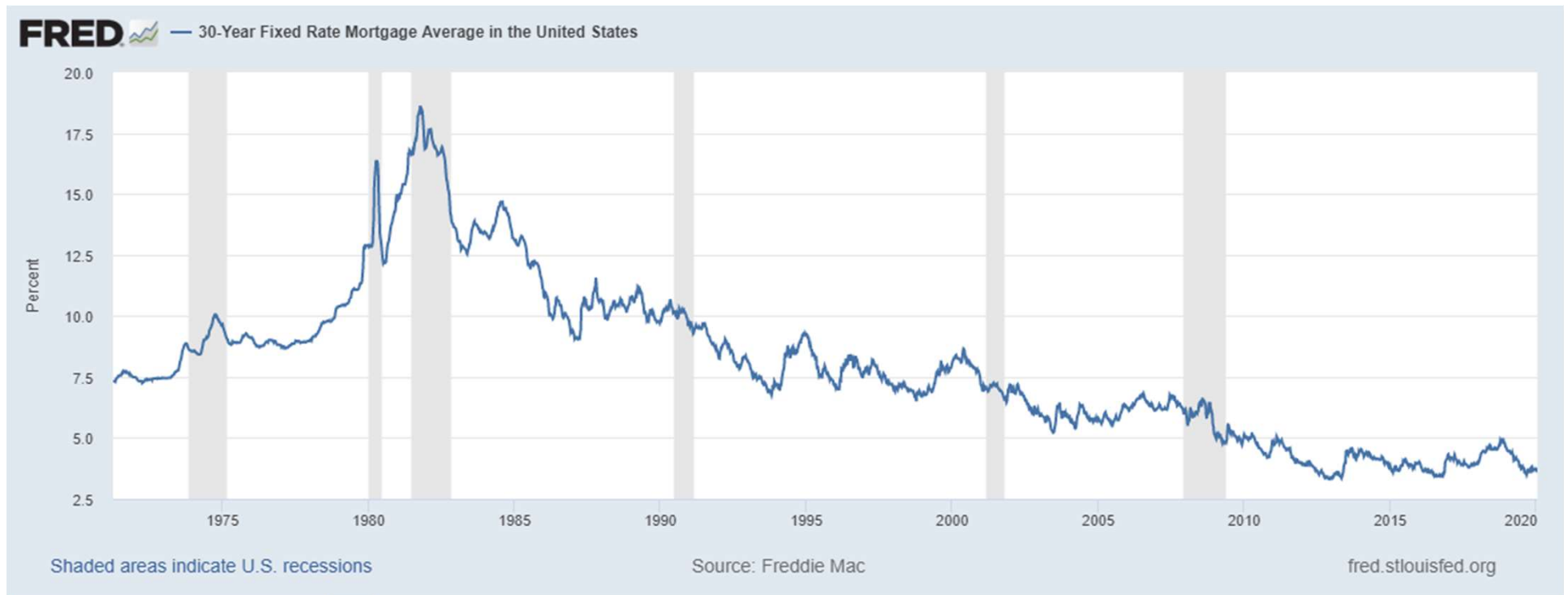
2017: 18,717 Sales

New Listings 21,000 Each Year



Freddie Mac Monthly Average Rate and Points on 30 yr fixed Mortgages		
2018	Rate	Points Paid
January	4.03%	0.5
February	4.33%	0.6
March	4.44%	0.5
April	4.47%	0.5
May	4.59%	0.4
June	4.57%	0.5
July	4.53%	0.5
August	4.55%	0.5
September	4.63%	0.5
October	4.83%	0.5
November	4.87%	0.5
December	4.64%	0.5
Annual Average	4.54%	0.5
2019	Rate	Points
January	4.46%	0.5
February	4.37%	0.5
March	4.27%	0.5
April	4.14%	0.5
May	4.07%	0.5
June	3.80%	0.5
July	3.77%	0.6
August	3.62%	0.5
September	3.61%	0.5
October	3.69%	0.6
November	3.70%	0.6
December	3.72%	0.7
Annual Average	3.94%	0.5

HISTORY OF MORTGAGE INTEREST RATES



SALES VS NEW LISTINGS + DIFF

2019: 18,218 VS 21,013 + 2,795

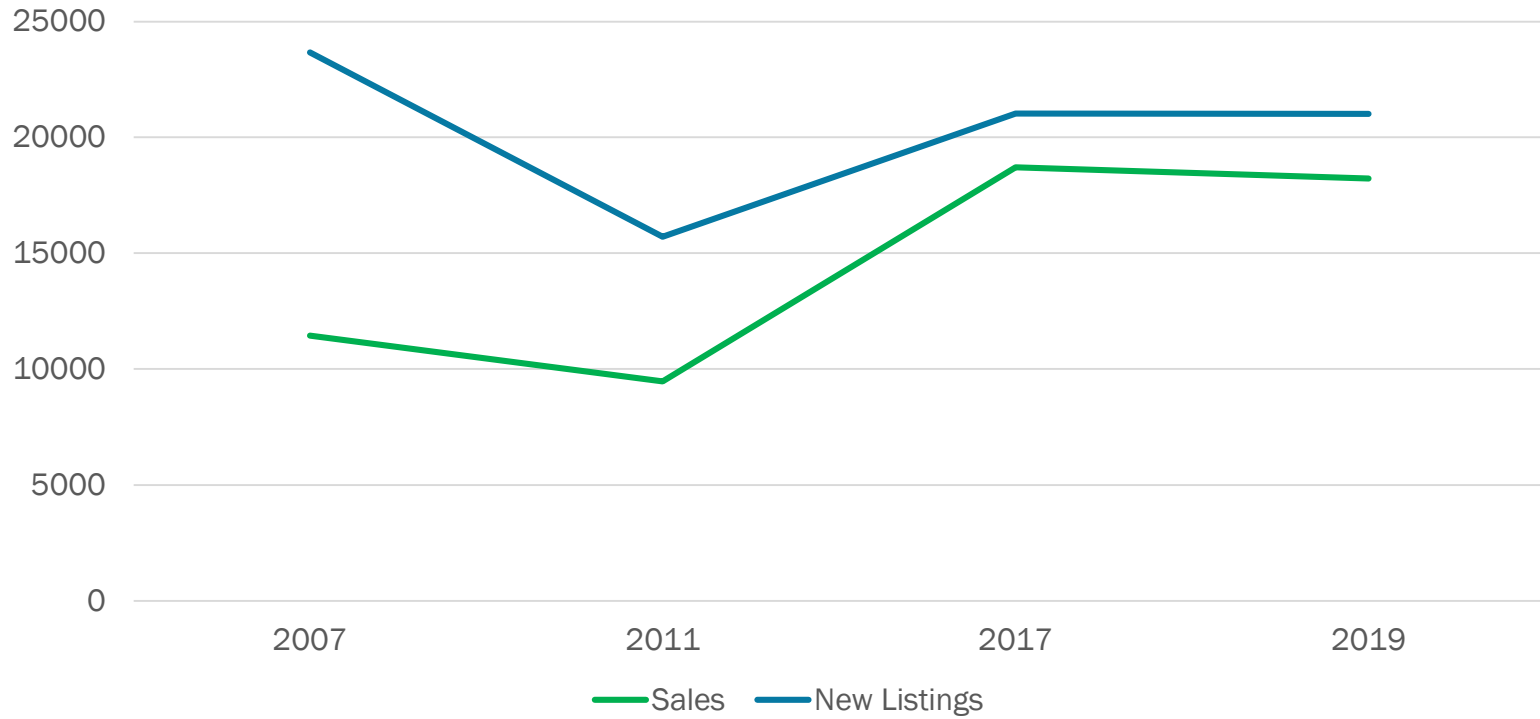
2017: 18,717 VS 21,027 + 2,310

2011: 9,470 VS 15,711 + 6,252

2007: 11,446 VS 23,666 + 12,220



SALES VS NEW LISTINGS



AVERAGE SALES PRICE SING FAM/PAT (PPMLS)

2019: \$366,371

2018: \$347,289

2017: \$314,589

2016: \$286,152

2015: \$268,617

2014: \$251,430

Up Over \$100K in the last 5 years!



AVERAGE SALES PRICE DOUBLED

2019: \$365,000

2000: \$184,880

1987: \$91,450



SING FAM/PAT INVENTORY DOWN

Dec '19 vs '18 Down 22.7%

Nov '19 vs '18 Down 22.6%

Oct '19 vs '18 Down 18.3%



SUPPLY AND DEMAND AS OF 1/20/2020 (EL PASO COUNTY SING FAM & PAT)

Under \$250K: 48 Homes Available

Sold in last 90 Days 372 = 12 Day Supply

\$251K-\$500K: 412 Homes Available

Sold in last 90 Days 2,123 = 17 Days



SUPPLY AND DEMAND AS OF 1/20/2020 (EL PASO COUNTY SING FAM & PAT)

\$501K-\$750: 225 Homes Available

Sold in last 90 Days 298 = 68 Day Supply

\$751K + : 149 Homes Available

Sold in Last 90 Days 83 = 162 Days



4TH QUARTER SALES (ALL PROPERTY TYPES)

2009: 2,424

2011: 2,252

2013: 2,589

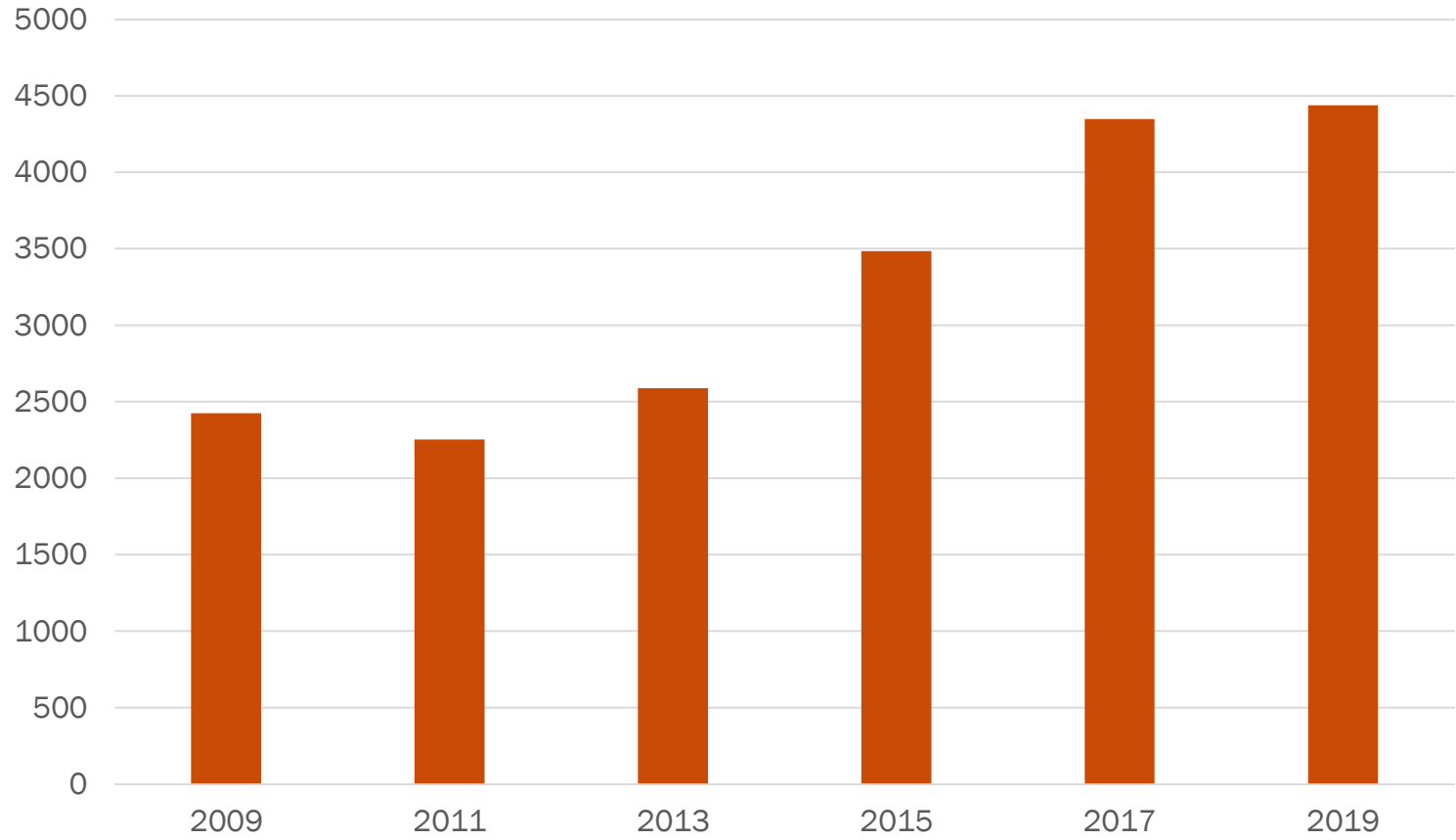
2015: 3,485

2017: 4,348

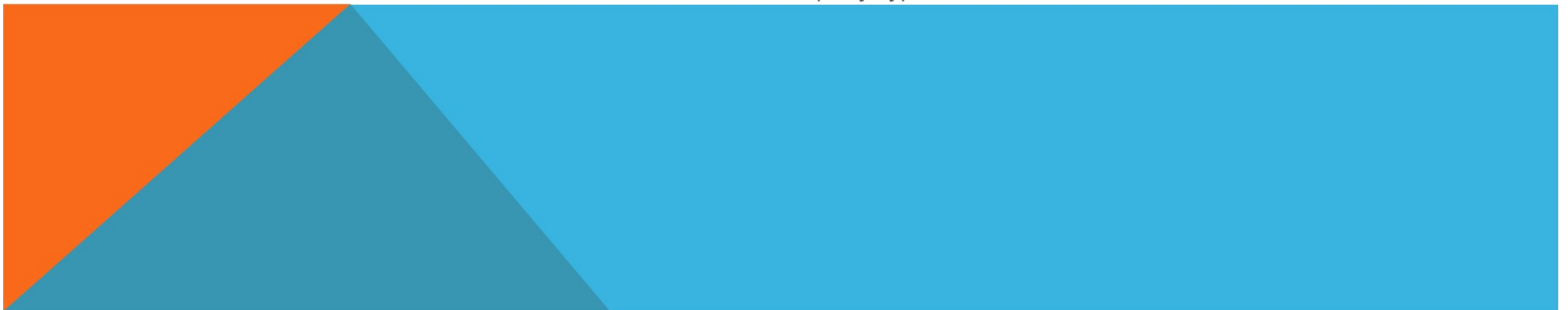
2019: 4,437



SOLD PROPERTIES – 4th Quarter



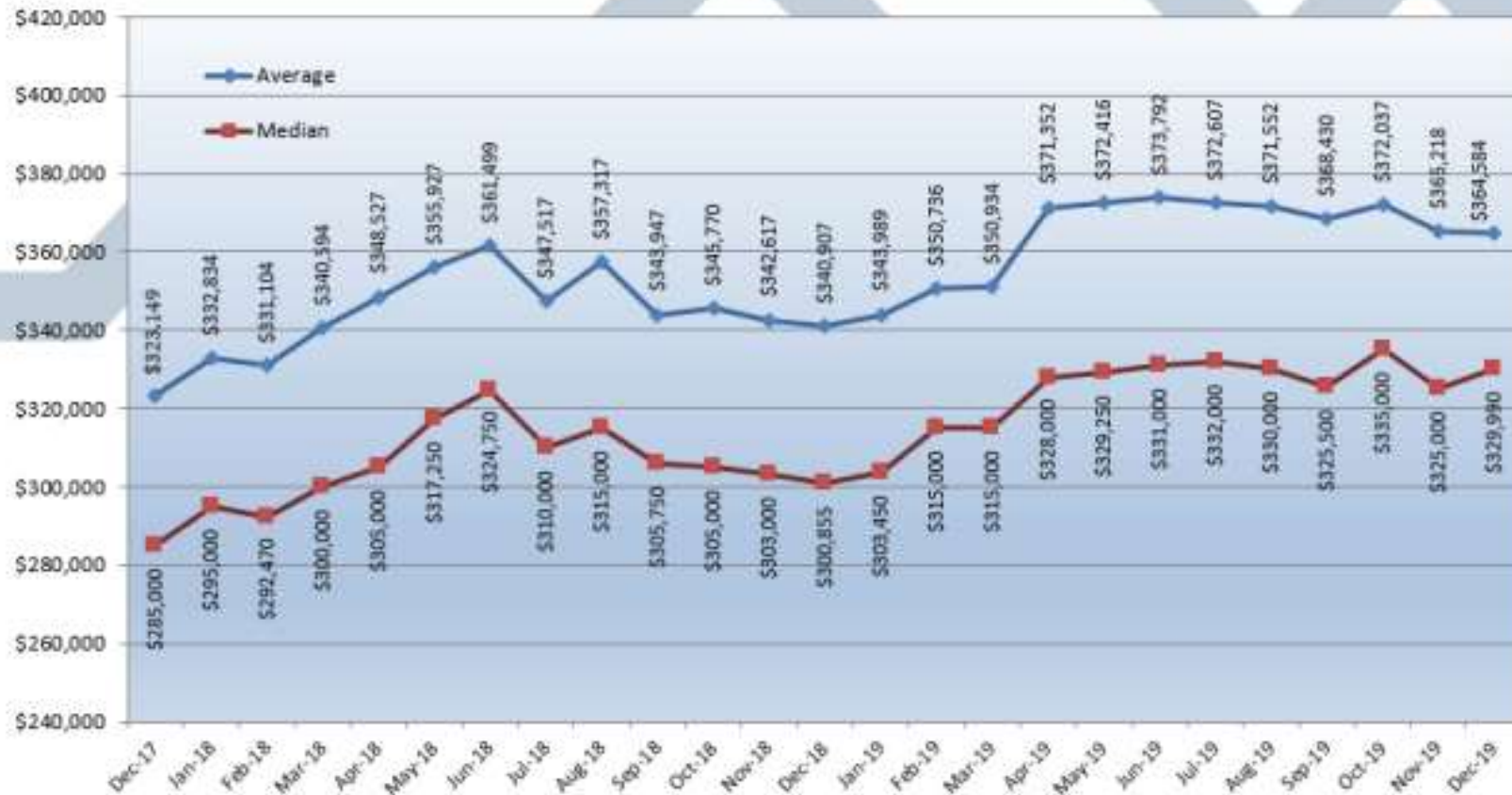
■ PPMLS All Property Types



Housing Statistics

Single Family/Patio Homes

Average and Median Sales Prices



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RENTALS IN MLS

Available 1/20/2020: 264

Avg Rent: \$1,696

Leased last 90 Days: 625

Avg Lease Rate: \$1,794

Supply will last 38 Days



RENTALS AVAILABLE

Min 4/3/2: 73 Available, Avg Rent \$2,273

Leased Last 90 Days: 152

Min 4/3/2 Listed \$2,000 or less: 31
Available

Leased Last 90 Days: 89



CHEAPER TO BUY OR RENT 4/3/2?

*School Dist 49 Area: Min 4/3/2

For Rent: 7 Available \$1,900-\$2,200.

For Sale: 10 Available \$300K-\$377K

\$365K loan at 3.5% (2.3 VA Funding Fee)

\$3,600 in taxes and insurance.

Approximate PITI: \$1,950.

10 Year Benefit: 2% Appreciation vs 3% rent increase;

\$365K buy today is potential \$148K GAIN



2019 LAND SALES (1-10 ACRES)

479 Sales: Average \$103,154

- 2010: 165 Sales @ \$81K
- 2006: 448 Sales @ \$103K



LAND INVENTORY (1-10 AC)

Available 1/20/2020: 400

Current Supply: 10 Months

End of 2010: 67 Month Supply



LOCAL ECONOMIC FACTORS

Colorado Springs rated Very High

Job growth is very good

Unemployment is very low

Consumer confidence is strong



DENVER PRICES MUCH HIGHER

Metro Denver For Rent: Min 4/3/2

Lowest Price \$2,195

Average Rent \$3,963

Metro Denver For Sale: Min 4/3/2

Available 1,106

Avg List Price \$1,045,000. Med Price \$690,000

Sold Last 90 Days 2,948.

Average Sale Price \$630,000



SUPPLY CHALLENGES

Millennials and Boomers competing for same properties

Investors earning record rents don't want to sell now

Sellers afraid to list because no replacement available

Some properties not the open market before sale

Builders don't list everything that is available

Some trades may be in short supply



SELLER AFRAID TO LIST: POSSIBLE STRATEGY

1. Prepare home for sale but don't put it on the market
2. Shop for a replacement home
3. Write offer contingent on sale of current home
4. Contingent Home will be on the market within 24 hours of Acceptance of offer
5. Contingent home will be under contract within 10 days or contract will terminate.



POSSIBLE SELLER SOLUTIONS/OPTIONS

1. Plan on temporary housing
2. Accept offer contingent on finding replacement
3. Accept offer with a 60 day Post Closing Occupancy Agreement
4. Build a new home



BEST ADVICE

List Your Home Today

List Your Family's Homes

List Your Friend's Homes

Move Up Now: The leap up is easier

Upgrade current investment properties



REAL ESTATE OUTLOOK

Interest rates expected to stay low

Rentals are in very short supply

Listing inventory is very low

Demand is very high

Sale prices will continue to rise

Commuters to Denver buying here

Denver Prices Much Higher



2020 OUTLOOK:

Low Inventory Will Hold Back Sales

Attractive interest rates will help drive sales

Sales Will Top 18,000 Again

Average and Median Price up 5%

Buyer Demand Strong Under \$750K

Some Brokers will drop out

Potential Appraisal Challenges





**HOW WILL THE PRESIDENTIAL
ELECTION AFFECT THE REAL
ESTATE MARKET?**

