



Key Stats for December 2014

(consists of the 7-County Denver Metro Area)

GENERAL

	# of Sales	% Difference from Dec. 13	Average Sold Price	% Difference from Dec. 13	Days on Market prior to going under Contract
Single Family Homes	2,696	0%	\$379,695	up 14%	46 days
Condo/Townhomes	1,083	up 41%	\$236,230	up 18%	38 days

In my Q2 Quarterly Newsletter, I reported that Denver was already setting new record prices. In December, the highly regarded S&P/Case-Shiller Home Prices Index report confirmed this statement. The S&P/Case-Shiller report typically lags the market by 3+ months, which is why having a reliable, local source is important for timely information.

While Denver is enjoying a robust real estate market, the rest of the United States is approximately 12.4% below the pre-recession market peak. Entering 2015, the only states where real estate values have fully recovered from the recession are states located within the region between mid-west and western U.S. states, including Texas, Colorado, Wyoming, North Dakota, and Nebraska.

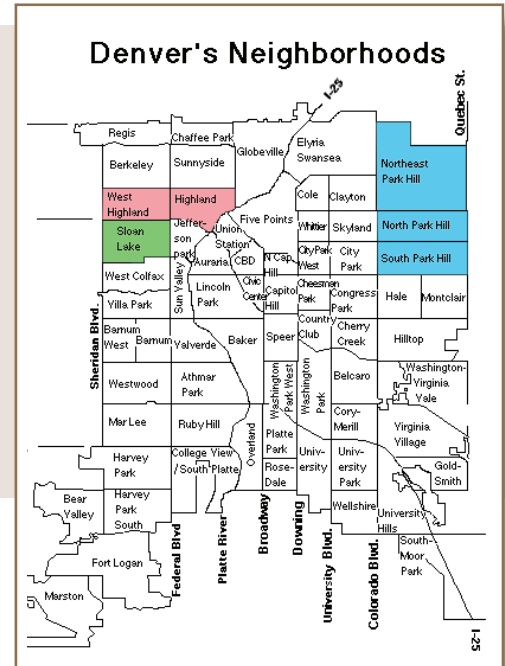
RENTS

In December, it was reported that the average Denver rental (including apartments and houses) was almost \$1,800, an increase of 10.8% from a year ago. Rents are expected to continue to increase over the next several years and subsequently decline thereafter as a multitude of "luxury" apartment complexes currently under construction will absorb demand.

EYE ON THE FIX/FLIP & SCRAPE/BUILD MARKET

I analyzed three neighborhoods experiencing demographic transition based on fix/flip and scrape/build activity. The three neighborhoods were Highlands, Sloan's Lake, and the Park Hill Neighborhoods. Refer to the table for trends.

Neighborhood	Year	Flix/Flip & New Construction	Total Sold Houses	% of Total
Park Hill	2014	80	550	15%
	2013	50	458	11%
	2012	30	332	9%
	2011	28	328	9%
Sloan's Lake	2014	31	162	19%
	2013	8	144	6%
	2012	17	102	17%
	2011	9	96	9%
Highlands	2014	52	322	16%
	2013	56	313	18%
	2012	47	280	17%
	2011	41	248	17%



EMERGING MORTGAGE LANDSCAPE

Interest rates have fallen .25%- .50% since the end of Q3, creating rates that are the lowest they have been in 18 months. Recently I received a 3.875% quoted rate for a conventional buyer with 20% down and good credit. In addition, the Federal Housing Administration (FHA) recently reduced monthly mortgage insurance premiums by 40% on all FHA loans, meaning buyers purchasing a \$240,000 home will save \$106 each month. Finally the Loan Limits for Conventional, FHA AND VA loans (which compose a vast majority of all mortgages issued) have all increased for 2015 to reflect market appreciation. Fannie Mae and Freddie Mac (which sell the vast majority of conventional loans) lowered the minimum required for a down payment from 5% to 3%.

2015 OUTLOOK

Speaking with local experts and attending real estate seminars, I conclude the general consensus is that appreciation will be at or around 5% in 2015. Please note the 2014 market considerably outperformed the 3-5% estimates made a year ago.

NOTES

Above statistics are based on information from Metrolist for the period 1/1/2011 - 1/20/15. The representations herein are based in whole or in part on content supplied by Metrolist, which does not guarantee nor is in any way responsible for its accuracy. Content may not reflect all market activity.



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