



# REAL ESTATE INSIDER

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## IT'S IMPORTANT TO KEEP HOME PRICE STATISTICS IN PERSPECTIVE

Ninety-seven months.

That's how many consecutive months that average home sales prices had increased in Northern Colorado between March of 2012 and March of 2020. But as April 2020 came and went, and Colorado's stay-at-home requirements put a stop to in-person real estate activity, that streak — not surprisingly — came to an end.

Average 2020 sales prices in the region declined from March to April — by less than 1 percent. But news reports that emphasized the downward turn appeared to miss the bigger picture. Yes, the average price declined. But why? Who do you know who buys real estate one month and sells it the next?

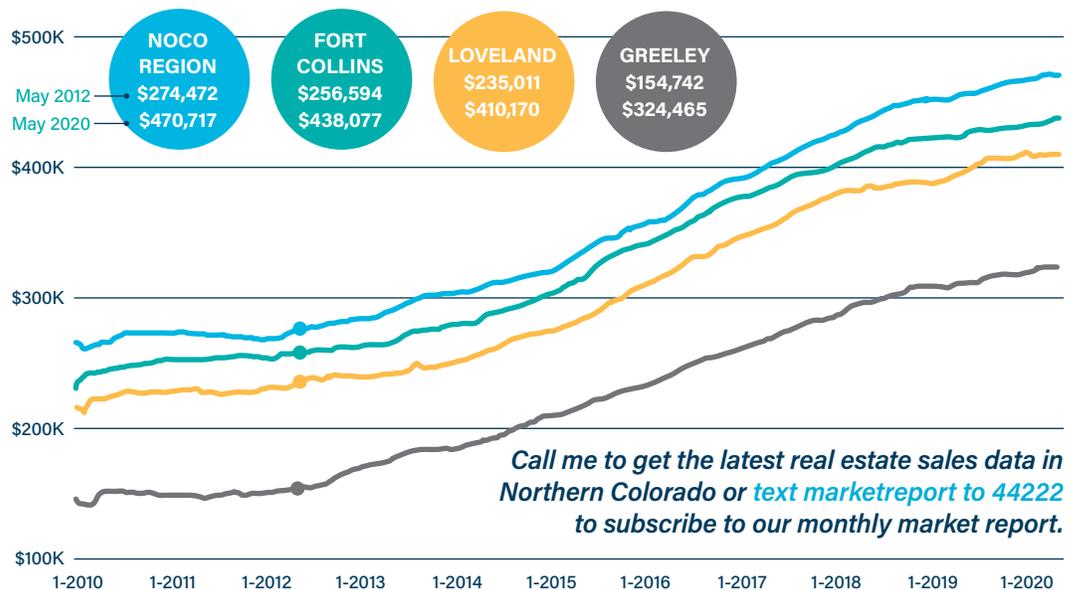
The first question. Why the decline? Beyond the fact that most of us were adjusting to a stay-at-home lifestyle, a closer look shows that the high-end market — homes priced over \$750,000 in our region — took the biggest hit from the suspension of in-person home showings. When high-end deals don't happen, it shows in the overall average.

Second question. Who treats real estate like a day-trader? It's just not a thing, despite what you may have heard about home "flipping." In fact, at last look, in 2018 the U.S. median tenure that U.S. homeowners stayed in one place was 13 years, up from 10 years in 2008. In Colorado, homeowners are more mobile — which reflects a more dynamic economy — but still typically stay in their homes at least eight years.

Why does it matter? Because over the last eight years (from May 2012 to May 2020), average home sales prices across the area increased by 71.5 percent. Even the one-year change, from May 2019 to May 2020, increased 3.5 percent.

The bottom line: don't get caught up in thinking your home is gaining or losing value based on month-to-month price swings. Look to year-over-year trends, or even longer-term data, for insight about your investment.

### Average Sales Price



*Call me to get the latest real estate sales data in Northern Colorado or [text marketreport](text:marketreport) to 44222 to subscribe to our monthly market report.*

Source: InfoSparks 6.29.2020

Each data point is 12 months of activity.

## AMERICANS KEEP BUILDING WEALTH THROUGH HOUSING EQUITY

Home equity has long provided the foundation of personal wealth for many American families. And a recent report from CoreLogic, a real estate analysis firm, reinforces that sentiment.

As of the end of the first quarter of 2020, total home equity in the United States increased 6.5 percent from end of Q1 2019, worth about \$590 billion. For each homeowner, the average gain in equity totaled about \$7,300 over the 12-month period. And the average homeowner held about \$177,000 in equity wealth – the difference between the market value of their home and what they still owe on the mortgage.

Home ownership is considered one of the top two factors in household wealth—the other being possession of a retirement account, according to a 2019 report by U.S. Census Bureau economists. Median net worth for homeowners is 80 times more than that of renters, the report said.

Considering the impact of the COVID-19 pandemic on the U.S. economy in the second quarter (April-June), CoreLogic expects the rate of equity accumulation nationwide to take a hit. But not nearly to the extent of the Great Recession (2008-2010). “Our latest forecast shows the national (home price) index to have a peak-to-trough decline of 1.5 percent,” said Frank Nothaft, chief economist for CoreLogic. And many markets, including Northern Colorado, continued to experience price growth in the most popular price ranges.

### Equity Facts

*Between Q1 2010 and Q1 2020, the average American homeowner gained \$106,100 in equity.*

*Nationally, total equity wealth increased by \$6.2 trillion over that same 10-year period.*

*In Colorado, the average homeowner gained \$9,000 in equity between Q1 2019 and Q1 2020, above the national average of \$7,300.*

*Only 3.4 percent of American homeowners report negative equity – where the market value of their house is less than what they owe on the mortgage. That figure was as high as 25.9 percent in 2010.*

Source: CoreLogic Homeowner Equity Insights, Q1 2020

***Now is a great time to call me to learn about home equity trends in your neighborhood.***

## WHY HOMEOWNERS, RENTERS WANT TO KEEP AN EYE ON STATE LAWMAKERS

Colorado’s General Assembly always seems to have a lot on its plate. But in the wake of the COVID-19 pandemic, the demands for action are even greater – particularly when it comes to laws around housing.

In the recently ended 2020 legislative session, lawmakers voted to use federal relief dollars to help Coloradans in need of housing assistance. They also considered, but declined, a proposal to extend a moratorium on evictions, which currently runs through the end of July.

Expect more housing-related bills to surface soon, either in an emergency session later this year or in the 2021 session. Be watchful for new proposals that address issues such as mortgage relief, eviction and foreclosure protection, and the use of further federal COVID-19 relief funds.

## NORTHERN COLORADO AT A GLANCE

The following chart reflects the increase in average sales prices for homes in Northern Colorado communities between May 2012 and May 2020 (see cover story).

Source: Information and Real Estate Services (IRES)

	May 2012	May 2020	8-Year Increase %
Fort Collins	\$256,594	\$438,077	70.7%
Loveland	\$235,011	\$410,170	74.5%
Greeley/Evans	\$135,890	\$307,463	126.3%
Windsor/Sev	\$275,100	\$430,451	56.5%
Wellington	\$195,644	\$364,187	86.1%
Berthoud	\$294,764	\$477,389	62%
Timnath	\$386,613	\$557,384	44.2%
Johnstown	\$216,747	\$410,540	89.4%
Estes Park	\$346,564	\$502,665	45%
Longmont	\$269,508	\$483,357	79.3%
Boulder	\$502,101	\$922,322	83.7%
Ault/Eaton/ Kersey/LaSalle/ Mead/Milliken	\$173,112	\$383,016	121.2%
<b>Region</b>	<b>\$274,472</b>	<b>\$470,717</b>	<b>71.5%</b>

## SOLID FOOTING: BOULDER, FT COLLINS-LOVELAND RANK HIGH FOR HOUSING STABILITY

Few metro areas in America deliver real estate investment value like Boulder and the Fort Collins-Loveland area.

That’s the assessment from SmartAsset, a financial advice website, in its latest report on Best Housing Markets for Growth and Stability. The study, which looks at data over a 25-year period, ranks Boulder No. 3 and Fort Collins-Loveland No. 6 among the country’s best markets.

Between 1995 and the end of 2019, Boulder home prices increased 251 percent and Fort Collins-Loveland prices increased 215 percent. In fact, in the Fort Collins-Loveland area, average prices increased for 97 consecutive months before April 2020, when the COVID-19 pandemic caused a slight decline.

Also, SmartAsset measured the likelihood of home prices falling by 5 percent or more for homeowners who held a property at least 10 years. For Boulder, that risk was zero; for Fort Collins, the risk was just 2 percent.

The Denver metro area also performed well among the 357 cities evaluated, ranking No. 35 for growth and stability. Denver prices increased 259 percent over the 25-year period, but its risk of a 5-percent price decline is 18 percent.

## THANKS TO FED, LOW MORTGAGE RATES LIKELY TO LAST

As America’s economy contends with the unpredictability of a pandemic, the U.S. Federal Reserve is doing its part to keep the housing market on track.

The Fed announced in June that it would step up its purchase to buy mortgage-backed securities and Treasury bonds. Specifically, \$40 billion a month on mortgage-backed securities and \$80 billion a month on Treasuries. The impact will mean downward pressure on mortgage rates, which were already in historically low territory.

Economists roundly agree that the Fed’s tactic will keep 30-year fixed mortgage loans below 4 percent for the foreseeable future, possibly even dipping below 3 percent. As of July 2, Freddie Mac reported an average 30-year rate of 3.07 percent.

For consumers, the news should be energizing. Low rates improve buying power and could allow some would-be homebuyers to enter the market when they might have considered real estate to be out of their reach. Historically, each percentage decline in interest rates increases buying power by about 10 percent.

## Average Monthly Mortgage Rates For The Last 12 Months



Source: Federal Home Loan Mortgage Corporation (Freddie Mac)

## THE GROUP DIFFERENCE

*“Especially in this very difficult economic time, The Group, Inc. and Nesbitt scholarships are more important than ever. These awards might provide the key support that enables a deserving student to stay in school, or to continue their education in the CSU College of Business without having to take on a second job,” said Dr. Beth Walker, business college dean. “I can’t thank you enough for supporting our students.”*

We’re proud to announce two full-tuition scholarship winners, Fiona Bump and Nick Teegarden. Fiona graduated this spring from Berthoud High School and was awarded The Group, Inc. Business Scholarship, which was established in 2000 to help attract the best and brightest graduating seniors from Northern Colorado to attend the College of Business at Colorado State University. Nick just completed his sophomore year at CSU, and received The Nesbitt Scholarship, which recognizes academically strong College of Business students. It was established in memory of Harv Nesbitt, a long-time Group Partner.

If you know someone who would like to receive this newsletter, please call me.



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## REAL ESTATE BY NUMBERS

**35.** Percentage of Americans who say they have more faith in real estate than any other form of investment. According to a Gallup survey, real estate topped the stock market (21%) as the most favored option for investors.

**\$4.13 million.** Price paid by the Dairy Farmers of America to acquire the Meadow Gold dairy in Greeley, previously owned by Dean Foods Co.

**\$699,994.** Size of the grant that Colorado State University researchers received to fund ongoing efforts to develop vaccine technology that can fight the novel coronavirus, the cause of Covid-19.

**6.** Number of months for a new moratorium that the city of Fort Collins has placed on the creation of any new metropolitan taxing districts in the city. The moratorium is scheduled from July 21, 2020 to Jan. 31, 2021.

**\$10 million.** Amount of money that golfing great Greg Norman has slashed from the listing price of his 11,900-acre ranch property near Meeker in northwest Colorado. The Seven Lakes Ranch, on the market since at least 2016, is now priced at \$40 million.

**1,679.** Number of housing units proposed for a new 185-acre residential development near the corner of Horsetooth and Ziegler roads in southeast Fort Collins.

**\$4.07 million.** Price paid by a Fort Collins hotel business to buy the Days Inn in west Greeley, located at 5630 W. 10th St.

**\$3.6 million.** Price that the Baum family recently paid for a 16-unit apartment complex located at 1201 21st Ave. in Longmont.

**\$4 million.** Price paid by a California-based investor to buy a newly constructed retail building in Firestone. The property is located at the corner of Jake Jabs Boulevard and City Center Road in Firestone at Interstate 25.

**170,000.** Acre feet of water that would be stored in the proposed Glade Reservoir if proponents gain approval. The \$1.1 billion project is proposed for a site northwest of Fort Collins, near the intersection of U.S. Highway 287 and Colorado Highway 14.

**190,000.** Total acreage in mineral rights that Occidental Petroleum Corp. is looking to sell from its holdings in Larimer and Weld counties. The rights are located near the Wyoming border.

**90,000.** Approximate square footage of the new headquarters facility for Crocs Inc. in Broomfield. The footwear company relocated in June from its previous facility in Niwot.

**123,000.** Square footage for the new King Soopers grocery store in midtown Fort Collins, proposed to be built at the site of the former Kmart store, 2535 S. College Ave. King Soopers plans to open the new store in 2022.

**352.** Number of apartment units proposed for Wadsworth Station, a new housing complex planned at the southeast corner of Wadsworth Boulevard and West 116th Avenue in Broomfield.

# 132,396.

Total barrels of beer that Fort Collins-based Odell Brewing Co. sold in 2019, an increase of 5 percent. That's slightly better than the craft brewing industry as a whole, which grew by nearly 4 percent, according to the Brewers Association.

