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Housing Is Recovering So Quickly, Might the Federal Reserve Raise Rates?

First, let's look at some market statistics. No doubt you've heard — and maybe experienced — that homes started selling like hot cakes in January. This hot streak is still in evidence, with multiple offers on many listings driving up prices above what you'd think homes could appraise for.

You've also heard that "days on market" is falling, but it's actually falling faster than the statistics would indicate, because the average days on market is inflated by the number of houses that have been on the market for a long time but are suddenly selling.

For a more accurate picture of this turn-around, look at the days on market statistic for just those homes that have gone on the market since the first of the year:

About 60% of the homes listed and sold since Jan. 1st went under

contract in 7 days or less. Roughly the same percentage of those that haven't closed yet also went under contract in 7 days or less. The average is 10 days on market.

But if you include all homes that closed in the last 30 days, the average is 81 days on market because of all those old listings that weren't selling — until now. My statistical analysis included only central Jeffco listings but the same dynamic is at work throughout the metro area.

The Federal Reserve, which has kept interest rates exceptionally low to spur the real estate market — which it considers essential to economic recovery as a whole — surely must be noticing this runaway market and reassessing its policies. I wouldn't be surprised if interest rates will soon be allowed to rise more quickly than planned just a few months ago.

Once buyers get the feeling that

the Fed is about to make such a change of policy, you can guess what will happen. Even more buyers will get off the fence, and listings will be snapped up quicker than they are being snapped up now — if that is possible.

We keep hearing that inventory is low, and that's true. But consider this: as of March 18th, 16,731 new listings had been entered on MetroList since Jan. 1st, but 8,887 of them are already sold or under contract. During the same period a year ago, 17,207 listings were entered, but only 5,452 of them had sold or were under contract by March 18th of that year.

New Recruiting Incentive At Golden Real Estate

Golden Real Estate has developed a reputation for its sustainable practices. Now we are providing free charging of our agents' plug-in cars. This is intended to attract even more "green" agents.

This Week's Featured New Listing

Bungalow Near Denver's City Park Golf Course

Broker associate Jim Swanson just listed this short sale at 3011 Elizabeth Street, a few blocks north of Denver's City Park golf course. It has a detached 1-car garage with access from both a driveway to the left of the house and from the alley. There is also a storage shed in the back yard. As we like to say, this home has "great bones," including hardwood floors under the wall-to-wall carpeting. Some might consider this a fixer-upper, but the house has been well-maintained and most major systems have been updated, including furnace and windows. Basement is partially finished. Call 303-929-2727 for a showing.



REAL ESTATE TODAY



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