

ECONOMIC SNAPSHOT



“And the beat goes on!”

The Aurora real estate market continues to show improvement over 2012 as we begin our annual trek through the dog days of summer. Single family home sales are up 17.52% through May/2013 compared to through May/2012. Attached unit sales are up 20.11% and the combined market is up 18.22% for the same time periods.

Mortgage interest rates, those little devils that often play havoc with our economic lives, continue to reside near historic lows. That old bastion, the thirty-year fixed rate loan, which many home buyers have relied on through the years, is hovering around 3.75% to 4.0% for a conventional loan, and slightly less for a government insured loan (FHA/VA). Rates have trickled up recently as the economic climate has experienced times of continued improvement.

Available inventory of single family homes in Aurora showed a noticeable gain in May/2013 compared to April/2013 increasing by 32.12% (366 vs. 277). Improving home values have provided sellers, who have been sitting on the sidelines to do something these past few years, an opportunity to make the move to a larger home or downsize as their needs change.

With lower mortgage interest rates and reduced inventory, rental properties have become less available. Scarcity creates demand and rental rates have increased over the course of the past year. Once again real estate is a wise investment, providing investors with tax benefits and appreciation.

Real estate is characteristically a bottom-up phenomenon. Homes on the less expensive end of the scale have a tendency to start sell-

ing first in an improving real estate market. If the market sustains itself, then pricier homes begin to sell. The Front Range real estate market is following suit with more expensive homes showing marked improvement in sales activity this spring. Expect this pattern to persist through the balance of the summer.

Late spring and early summer are the times when the Aurora real estate market bell curve has a tendency to peak. Available inventory reaches its highest point and buyer activity rises. With low mortgage interest rates and a shortage of inventory (compared to previous years), expect the Aurora real estate market to be quite active through late summer.

As we shift from spring into summer there doesn't appear to be anything perched on the economic horizon waiting to create chaos with the Aurora real estate market. Bank foreclosures and short sales still rear their ugly heads on occasion, but not at the levels that existed between 2007 and 2011. New home construction has become a greater part of the economic landscape with starter homes flourishing across the Front Range and even custom homes beginning to sprout in subdivisions that were stagnant for the past few years. Seller motivation has increased and buyer confidence has improved; two elements that are vital to a healthy real estate market.

Real estate markets are normally slow moving entities when they are going through a period of recovery. This current shift was accomplished quite quickly, which bodes well for both buyers (low mortgage interest rates) and sellers (appreciation and lack of competition).