



## Masters Real Estate Group

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We are thirty months into our real estate downturn, but 2010 brought steady improvements, and with it, legitimate optimism for 2011. Slow job creation kept consumer confidence from improving very much; many potential buyers chose to watch and wait.

**The 4<sup>th</sup> Qtr 2010.** We continued our unusual trend of more homes entering the market place with fewer sales, but median and average sales prices increasing. Properties listed through the Pikes Peak Board of Realtors grew by 13% while sales fell 19%. The discontinued government tax credit program reduced the pool of potential buyers, however the median and average sale prices jumped **5.2% and 7.8% to 200K and 235.2K respectively** compared to 2009. Just as encouraging, homes priced between \$300-400K successfully attracted more buyers. Low interest rates played a critical role in our recovering market; jumbo loans—those in excess of \$417K, became easier to obtain. Sellers received nearly 98% of their asking prices, but days on market grew by several weeks to 94. Foreclosures fell nearly 10% as lenders adopted more cooperative policies with sellers needing short sales assistance. Homeowners unable to sell their properties easily found available renters, as the single family housing vacancy rates ran 4-5%!

**Projections 2011.** The elephant in the room is number of bank owned properties that will join the marketplace in 2011. This “shadow inventory” does exist, but the extent and timing of its entry is unclear; it could bring downward pressures on existing home prices. Slow rising interest rates, apparent over the past month, will continue and may motivate buyers sitting on the fence to move forward. New homebuilders maintain very few spec homes, and once the resale inventory starts to fall, look for a surge in new home construction. When this occurs, the economic push—more jobs and sales tax revenues—to our local economy will be fairly dramatic. Better cash flows from rentals will attract more investors and improve that market. 2011 will bring improvements in the real estate market, but it may not be dramatic until the end of the year.

**Bits & Pieces.** What home improvements bring the greatest resale return? In the mountain west, replacing entry doors (steel) will fully pay for itself. You can expect a return of about two dollars for every three spent on garage doors, vinyl windows, fiber cement siding, and decks. Any remodel of the kitchen or basement will yield a similar return. Call me if you would like more specific data from the experts.

My web site, [harryborowski.com](http://harryborowski.com) is finally what I want it to be!! Check it out for instant information you can quickly pull up from our MLS system. If you, family, or friends need real estate information or assistance, please call or share my name with them. I can be reached at 719 337-0534 or 495-4121, or [harryborowski@gmail.com](mailto:harryborowski@gmail.com).