



Masters Real Estate Group

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Dear

Has the housing market bottomed out? Evidence says yes—we have been bouncing along the bottom for some time now. The question is, when will we see notable appreciation? Most experts believe those gains will come, but slowly. Meanwhile local rents rose, and with low interest rates, more investors began looking to buy residential properties.

1st Qtr. 2011. A year ago our market was heavily influenced by the generous federal tax credit afforded many buyers. That program ended last summer, making valid comparisons of our first quarter to 2010 difficult. Based on transactions handled through the Pikes Peak Board of Realtors, the number of active single family listings remained constant at nearly 4500, but new listings fell significantly by 16.6% with little change in asking price. The number of sales dramatically fell by 56% to only 776 units, far below 1759 in 2010. No doubt the credit program had made a large impact. Properties took 13 days longer to sell, but the median and average sale prices changed little--\$180K and \$211.4K respectively. Sellers received 97.3% of their asking price. Only 80 town home/condo units sold last quarter compared to 244 in 2010, but the average sale price rose 9% to \$146.4K. In all, one can only say the market stayed fairly constant.

Permits for new single-family units fell 30% from 2010 as builders kept short inventories and struggled to stay in business. If that trend continues, a sudden demand for new homes could occur once the economy shows more positive signs. When coupled with rising rental rates and more available credit, the potential for solid recovery is real.

Investing in Real Estate. Have you ever said, “Had I bought that property back then, I would have made some real money.” Well that time probably returned in 2009 and may be gone within a year. Vacancy rates fell to 2-3% last quarter, all over the area--a ten-year low. Three bedroom homes, depending on age etc., easily rent for \$950-1150 a month. Non owner occupied properties usually require 20-25% down, but certain designated Fannie Mae properties now only require a 10% down payment. Currently mortgage rates hover around 5%, but most analysts believe that number will rise by years end. If this notion appeals to you, give me a call; I can provide a matrix showing all the available deductions that can make the investment profitable.

Bits and Pieces. Thinking about doing any remodeling? Get a permit!! There is a fee and hassle, but it could cost you far more when you sell. Buyers are increasingly unwilling to accept non-permitted work, for example, new roofs or hot water heaters.

If you or any friends/family 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. Check out harryborowski.com to research our local market with up to date information.

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