

Hot Issues

As of May 5, 2021: Dominating the news has been a shortage of homes for sale in the metro Denver area. The problem isn't so much a dwindling supply coming to market as excessive demand sucking it up! With 3.2 million people metro wide, April ended here with 2,594 homes for sale (single family AND condos) – a slight increase over March's 1,921 homes for sale. Since the start of 2021, the trend has been NOT fewer homes coming to market but greater demand.

Think of metro Denver's housing market like a bathtub filled with houses -- not water. The "water" spicket fills the tub with homes for sale, but its "fill" rate varies for many reasons – seasonal issues, how the Broncos' are playing, jobs-interest rates- economics, demographics, etc. The one variable no one saw coming was Covid.

Covid changed the game.

It changed where and how we work. People got sick and factories produced less. When things got better and factories produced again, but the supply chains became overloaded (think world-wide and China). With more money in consumer hands (think stable jobs and stimulus funding), the mix of consumer demand and short supplies is now causing "situational" inflation (meaning hopefully short-term). If the Fed hints at or raises rates to curb inflation, then mortgage rates will rise cooling home sales as well as stunting job growth and adding to unemployment. And, hopefully this "slow-down" won't cause a recession.

Covid also collided with demographics as never seen before.

Millennials are the new baby boomers, and their demand for housing is growing (think working from home and growing families). Despite rising rates, their demand remains strong, and that's compounding the housing shortage. Growing, frantic, and compounding demand is feeding on itself before the last house is sold. That's today's homebuyer's mindset.

Also affecting supply are baby boomers staying put and not moving to retire somewhere else. Many have low-cost mortgage (or paid off), so why leave home and family to live somewhere else? The siren call of Florida or Arizona is definitely in the air by many seniors, but it's not as loud as what their parents heard.