



# Today's Real Estate Market

EXPLAINED

It's no secret that the real estate market has shifted. However, there's a whole lot of media hype and confusion about what's actually going on. Now, here's the truth.

## TODAY'S MARKET IS DECELERATING

First, the real estate market is not crashing. Over the last two years, there has been double-digit home appreciation. The pace of the market was never sustainable and only negatively impacted average buyers and overall affordability.

- Now, the Fed is trying to reduce inflation and **slow** housing appreciation.
- Accordingly, home prices are coming down, and pricing too aggressively when going on the market may require a reduction.
- The National Association of Realtors (NAR) predicts that home values nationwide will still increase by 9.6% in 2023 which is a healthy number.

## EXTREME SELLER'S MARKET CONDITIONS STILL EXIST

Sellers have a greater advantage when there's less than a three months supply of homes for sale. Across Denver and Boulder, there's around two months of inventory and not likely to reach a balanced market of six months.

- Buyers can now take time to think before making an offer, but not too much.
- For sellers, the name of the game is to price conservatively and your home will sell.
- Well-priced homes in neighborhoods popular with buyers are still selling, on average, in just 2-3 weekends and bidding wars are still happening. This activity further indicates a strong market.

## HIGHER INTEREST RATES OR HIGHER PRICES?

It's understandable that today's higher interest rates can be concerning. However, this doesn't necessarily mean that you'll be paying more.

- Just six months ago, many buyers could not win bidding wars because the competition was so fierce. On average, homes were going for **25% or more** over the asking price.
- In addition, buyers often waived inspections and other protections that left them paying for costly repairs on their homes.
- Some also paid cash for an appraisal gap, while other buyers put down non-refundable earnest money which made it costly to get out of a contract if serious issues came up along the way.

## SMART BUYERS SHOULD BUY NOW

Right now, there's a window where buyers have more choices and a chance to get a well-priced home, seller concessions, and an actual inspection resolution.

- During the holiday months, owners wait to list—some even pull their active listings off the market. The result is fewer choices for buyers.
- While appreciation has slowed, values and prices will continue to increase each month.
- There will be a seasonal buyer frenzy in January/February once everyone has adjusted to the new market and fluctuating rates.
- The result will be more competition and fewer opportunities for buyers.

