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MARCH/APRIL 2019 YOUR CASTLE NEWSLETTER



Real Estate News

Investing in the rental market

Welcome to Spring! As much as Coloradans love our Rocky Mountains covered in snow, Spring is always a welcome reprieve from the winter. When the warm sun finally comes out to play, so too do the buyers and sellers.

An increase in spring activity is very typical, but what stands out this year is the interesting dynamics of the rental sector. I predict that the rental market will stay strong in 2019. Why?

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When Denver rental vacancy is below 6%, the market experiences rent growth. In 4Q18, Denver's vacancy rate was just below this threshold at 5.8 percent. Denver is poised in just the right place to have another strong performance in the rental market.

Denver is projected to break a previous record set in 2017 for number of new apartment developments this year. Developers are planning to complete about 17,000 apartments in 2019 alone, crushing the record of 13,348 new apartments we saw in 2017. I anticipate the actual finished number of new apartments being closer to 13,500, given the limits on new construction. Still, this outperforms both 2017 and 2018 numbers.

It may seem oddly ambitious that developers are attempting to exceed Denver's new apartment build numbers while our market is in the midst of experiencing a slowdown, but this actually makes perfect sense if you take a moment to think about the numbers.

It takes about four years to build a new development (two years to plan and permit, and another two to complete construction). The new developments hitting the market now were planned well before the start of the slowdown. Thankfully, they were not planned in vain.

The population of metro Denver increases about 1.5 percent per year and will continue to do so for years to come. Patti Silverstein, a well known demographer in Colorado, believes the population of metro Denver will rise from 3.05 million in 2016 to 3.5 million in 2025. All of these people have to live somewhere!

Thanks to a strong labor market and rising wages, the majority of people migrating into Colorado are highly educated Millennials with higher incomes. These Millennials tend to gravitate towards denser urban neighborhoods, close to the action of city life. Also gravitating towards urban neighborhoods are a surprising amount of Baby Boomers, who perhaps see value in leasing rather than dealing with yard work or home maintenance.

Millions of others, especially young people, saw their friends and relatives lose their homes during the recession and swore to never buy a house. These are a lot of the same people who have been renting the past seven years instead of buying, making the rental market historically strong.

These are just a few of the many reasons demand for rentals remains strong. If you are interested in becoming an investor, now is a great time to do so. The rental markets are likely to remain attractive for a long time. Give me a call and let's talk about what investments might be right for YOU.



SELLERS

It's time to move (if you're ready)!

Springtime is upon us, ringing in the peak period to sell a home. If you are considering moving, now is the time to begin the process. You will want an accurate Comparative Market Analysis on your home to interpret its value and identify small projects that can increase its marketability. It is also a good time to start looking for your next home to get a sense of what is out there and where you might want to move. **Call me and I will be happy to get you started!**



BUYERS

Pick a real estate agent that's right for YOU



In a market as tight as we have today buyers need to write strong offers if they want to get them accepted. You need to work with an agent who understands how to write a powerful offer that will be seriously considered. Here are some of the ways to do this.

- 1 Get prequalified by a competent loan officer** before writing any offers, and invite the seller to contact the mortgage person who can demonstrate what a strong buyer you are.
- 2** If the seller needs time to move, **write an offer with a 30-60 day rent-back period.** This permits the seller to stay in the home after closing to give them time to find a replacement home.
- 3 Provide a large earnest money deposit to show the seller you are serious.** A good agent will never lose the earnest money you put up so you will still be safe, but the seller will be more likely to accept your offer.
- 4 Use a cashier's check for the earnest money.** It makes no practical difference but subtly indicates to the seller you really are serious enough to take the time to get a cashier's check.
- 5 Write an escalation clause into your contract** that says your offer will beat any other verifiable offer by, say \$2,000.

And these are just a few of the strategies we use to get our offers accepted. **Feel free to call me to discuss how we can get YOUR offer accepted!**

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MONTHLY MARKET SNAPSHOT REFLECTING STATS FROM FEBRUARY 2019

	Feb'18	Feb'19	Change
Active	4,184	5,830	+39.3%
Under Contract	4,783	5,077	+6.1%
New Listing	4,657	5,095	+9.4%
Sold	3,380	3,388	+0.2%
Avg. DOM	32	39	+21.9%
Median Sold Price	\$405,000	\$400,000	-1.2%
Avg. Sold Price	\$456,234	\$464,398	+1.8%
Percent of Sold Price to List Price	100.0%	99.1%	-0.9%