

Presentation to Colorado Springs City Council

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by

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Overview and Update of Colorado Springs Residential Real Estate and a Forecast for 2018

This presentation is on behalf of the membership of:

Pikes Peak Association of REALTORS® &
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Overview and Update of Colorado Springs Residential Real Estate and a Forecast for 2018

The Wild World of Colorado Springs Residential Real Estate

Colorado Springs experienced a remarkable year of growth, population increase, and jobs increase in 2017. The Wall Street Journal economists have used the word “unstoppable” to describe the current real estate market on the national housing stage. “Unstoppable” could easily apply to Colorado Springs as well.

- **A national snapshot of today’s home buyers and sellers (Exhibit A)**
 - **Typical Home Buyer** age rose to 45. The number of single female buyers continued to increase. First-time home buyers made up 34% of all buyers. 15% of purchases were of new homes. 83% of buyers purchased a single-family home
 - **Typical Home Seller** age rose to 55 years old. Most sellers were in their current home an average of 10 years (an all-time high). They saw a median equity gain of \$47,500, and 52% of sellers traded up to a larger home. Once on the market, their homes sold quickly with the median time on market at 3 weeks.

- **Median Sales Price of Existing Single-Family Homes** at the end of the 3rd quarter for 2017(Exhibit B)
 - National Growth: 5.3% appreciation
 - Colorado Springs Growth: 7.3% appreciation

- **The effect of low inventory** (Exhibit C)
 - Inventory for new single-family homes remains low nationally
 - Low inventory pushes home prices up
 - Because of low inventory and increasing prices, the number of people choosing to remodel their current home rather than purchase a new home is at a record high according to Harvard University's Joint Center for Housing Studies
 - People are also choosing to stay in their current home longer with an average tenure of over 10 years in 2017 compared to 7.1 years in 2010

- **Fannie Mae & Freddie Mac**
 - The Fed has increased the regular mortgage loan amount from \$424,100 to \$453,100 effective January 1, 2018

- **Tax Reform** (Exhibit D)
 - Last major tax bill was 31 years ago
 - The tax bill maintains tax incentives for homeownership
 - The capital gain exclusion remains at \$250,000 for individuals and \$500,000 for married couples

- Households with home values of \$750,000 will still be able to deduct their mortgage interest
- State and local property taxes remain deductible up to a combined limit of \$10,000
- According to the National Association of Realtors, “only 6% of homeowners have mortgages exceeding \$750,000 and only 5% pay more than \$10,000 in property taxes.” (Exhibit E)

- **Local news and statistics for 2017**

- PPAR wishes to thank the community for supporting the Storm Water initiative on the November ballot
- PPAR recognizes and appreciates city management and staff for the repair of potholes and resurfacing of many of our streets and roads
- Residential resale and new home listings continue to see inventory shortages
- Demand is high for housing materials used in new construction
- Single Family home sales have increased 10.1% (average) 9.1% (median) and Condo/Townhome sales have increased 13% (average) 12.6% (median) from November 2016 to November 2017 (Exhibit F)
- Data presented at the 2017 UCCS Economic Forum also demonstrates the increase in number of sales and increase in price in the area. Additionally, the number of permits pulled for multi-family construction highlights the local trend toward apartment and condominium living (Exhibit G)

- From 2012, there have been 74,833 single family and patio home sales in El Paso County. In nearly 6 years, local Realtors have served 65.1% of the city's Single-Family Homeownership. (Exhibit H)
 - Realtors & Smart Growth – “On Common Ground” magazine, Summer 2017 – to be distributed at council meeting
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- **Reasons Colorado Springs has seen such strong home value appreciation compared to the national average**
 - Stronger demand in ownership in Colorado Springs compared to most cities in the United States
 - New single and multi-family dwelling prices have increased due to the increase in price of building materials. Prices for building materials and labor have increased following the two devastating hurricanes in Texas and the Southeast US in the summer of 2017 along with the fires in California in December. Prices for lumber, copper, aluminum, glass, asphalt, and cement are at a record high.

- **Harry’s “Crystal Ball”**

To be further revealed at the January 8, 2018 City
Council Meeting

Exhibit I & J

- **Conclusion**

Recently Barbra Streisand remarked in her Miami, FL show:

Democrats, Republicans

Red states, Blue states

May we all come together

In these United States

And be able to say and mean it:

“Happy Days are Here Again”

Just like that song, let’s all look forward to saying, “Happy days are here again here in Colorado Springs.”