

## **Good News for Colorado Real Estate**

**Denver – March 15, 2011** – Industry experts who presented at the 2011 Colorado Economic Housing Summit at the Realtor Rally in Denver this month agreed that, amid the clouds of uncertainty in our housing market, a rainbow is emerging. They conceded that the market is nearing the turn to recovery and the outlook is bright not only in the near future, but for the long-term view – especially in Colorado.

### **Many Signs Point Up**

David Stevens, assistant secretary for Housing and Urban Development and Federal Housing commissioner, explained the fact that new foreclosure filings nationwide are down dramatically is one sign indicating an improving economy.

Colorado also has positive news regarding foreclosures compared with the rest of the nation, said Patricia Silverstein, president of Development Research Partners in Jefferson County. The state now ranks 42<sup>nd</sup> for home loan delinquencies – meaning 41 states have more – and is now 37<sup>th</sup> for the number of foreclosures.

In the five years prior to 2010, Colorado saw decreases in home ownership and sales activity, but that is expected to slowly tick up this year, she said.

Silverstein noted that even with the job losses and the slower housing market, Colorado's population still grew in 2010 and so did the median home price, albeit slightly.

Tim Sandos, manager of Wells Fargo Home Mortgage's Diverse Segments division, noted that while Denver is seeing some price appreciation, consumer confidence remains low. However, he added, many new home buyers entered the market last year, representing 80% of their loans in residential real estate. They expect this number to remain large in 2011, representing still 50 to 60 percent.

Additionally, Colorado's unemployment rate is expected to slowly drop from 9.6% last year (2010) to 9.3% this year. The state saw the loss of 145,000 jobs from 2009 to 2010, but it should add 22,000 jobs back this year – another step in the right direction, said Silverstein.

It's important to remember the jobs market is directly related to the real estate market: when people are employed and feeling secure in their and their employer's future, they'll consider purchasing a home.

## **More Improvement Expected**

Many people expect home prices to creep up this year, added Jed Smith, managing director, Quantitative Research, for the National Association of Realtors. He said 75% of people polled by Fannie Mae think home prices will climb this year, and even the “most-gloomy economist he knows” is expecting the Colorado market to begin its upswing by June.

Smith agreed that Colorado can expect job growth this year and that it will drive housing, with the number of homes sold increasing modestly. Prices are reasonably stable and are on the upswing in half of the nation’s markets now, he said.

## **Future Demand is Strong**

As the face of Americans change, so does the face of home buyers. African-Americans and Latinos will fuel much of the housing demand over the next decades, coupled with the influx of the large “Echo Boom Generation” population.

Stevens said today, 80% of African-Americans and Latinos get their loans through the Federal Housing Administration and Veteran’s Administration.

And Sandos noted that 48% of first-time home buyer loans at Wells Fargo went to families of color, and he expects that trend to continue and exceed 60% over the next 10 years.

The Echo Boomers – also known as Generation Y - equal 80 million people born between 1977 and 1997. They are the children of the Baby Boomers and consist of 5 million more people than their parents’ generation – making them a significant group entering the housing market (Generation X consisted of 44 million people).

Stevens describes the Echo Boomers as tech savvy, have strong work ethics, made up of more minorities and are informed. They are scared by what they have seen in this market and demand ethics and transparency. They will keep the housing market strong.

Both Echo Boomers and people of color have the desire to buy a home, Smith said. “They want a family lifestyle,” he described. Both populations consider a home a long-term investment – a realistic market view.

## **Slow and Steady Progress**

Presenters expect the real estate market to improve but at a slow, steady pace – a good outlook for both the short and long term.

Silverstein said the indicators of a real recovery, such as low interest rates and job growth, with expansion in manufacturing, professional and business, and health-care positions – are present in Colorado. And the influx of Baby Boomers into Colorado will also positively affect the housing market, she said.

Not only did the presenters at the housing summit agree that the economy as well as real estate market will see gradual improvement this year, but they also consented that the worst is over. They expect confidence to rise, with reasonable expectations of home buyers entering the market in the near-term. They also believe the right factors are in place for this demand to continue – expecting strong and steady growth in the housing market over the long-haul.