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INSIGHTS

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INSIGHTS



MARKET UPDATE

Colorado, and the Denver metro area especially, continues to experience a very hot residential real estate market. This is a boon for sellers that have a place to move after a sale, but for everyone else, move-up buyers included, the red-hot market is a challenge to navigate.

The lack of housing supply, and increasing demand, continues to push prices to record highs and days-on-market to record lows. For-sale homes now receive multiple offers at every price point - even homes above \$1m. Builders are building more for-rent homes, putting additional pressure on already low inventory levels.

If you are in the market for a new home, it's important to be prepared to make an offer quickly and be pre-approved for your loan. The median days on market for a single-family detached home in the first quarter was six! If you have considered selling your home, now is a great time to get top-dollar with demand surging and interest rates at historic lows for buyers.

Source: REColorado

1Q YOY Residential Stats



SOLD Listings +5%

2021: 21,439
2020: 20,380



Average Active Listings -52%

2021: 11,269
2020: 23,524



Avg Sold Price +13%

2021: \$535,787
2020: \$476,172



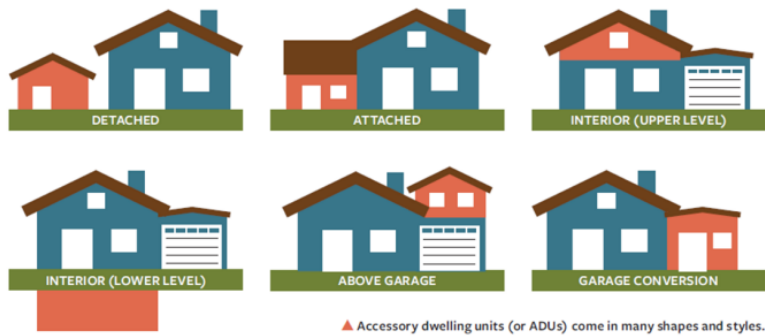
Days on Market -65%

2021: 6 days
2020: 17 days

ACCESSORY DWELLING UNITS

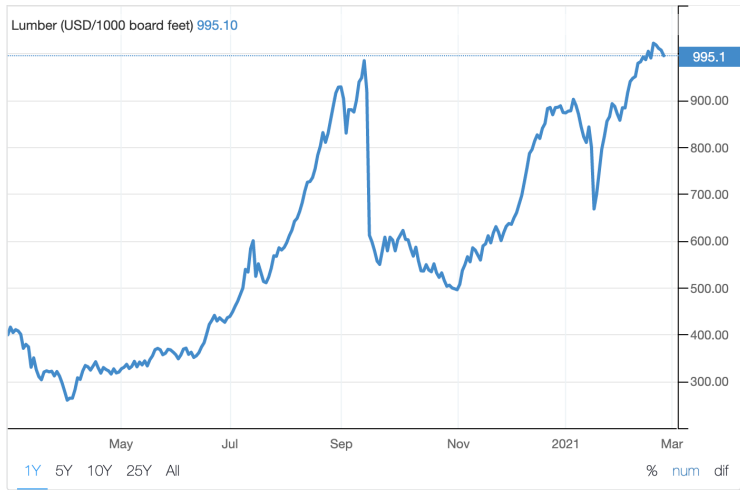
In this month's blog, we give an overview of Accessory Dwelling Units (ADUs) within Denver County. ADUs have become extremely popular for homeowners. Below is a heavily abbreviated version of the entire post. For more details and links to Denver Zoning regulations, check out our blog at www.invalescoRE.com.

ADU is the term for a small, independent carriage house built on the same lot as a larger, single-family home. They are also referred to as casitas, granny flats, or mother-in-law suites. The Denver zoning code currently allows for one ADU per lot in 25% of the city, with certain neighborhoods like Platt Park receiving an ADU zoning overlay. ADUs add to the available housing inventory without affecting the overall character of each individual neighborhood. There are three factors to consider when determining if your property is right for an ADU. 1-the zone lot requirements, 2-the lot size and 3-the lot coverage (how big you can build in comparison to the original house). You can check the Denver ADU Zoning Map to determine whether your zoning code allows an ADU to be built and what portion of your lot can be occupied by an ADU in relation to the primary residence. If your home isn't zoned for an ADU, Denver City Council allows for variances on a case-by-case basis. Residents can apply for a rezoning after paying a \$1,000 filing fee. If you are looking to buy a home zoned for an ADU, a seasoned Realtor can help narrow your search.



NATIONAL UPDATE - HIGH LUMBER PRICES

On February 22, 2021, lumber hit a record \$1,021 per thousand board-feet on the futures markets. A month earlier it sold at \$668 on January 19th and \$500 in November of 2020. Driven by supply slow-down at the early stages of the pandemic, and followed by a huge increase in demand which not many people saw coming, the US and Canadian lumber mills have been playing catch-up ever since. Most new home buyers have been able to absorb the higher cost of lumber because interest rates have been so low. Higher lumber costs have added an average of \$24,000 to the price of a new home, according to the National Association of Homebuilders. If you're in the market for a newly built home, you'll be doing yourself a favor by getting under contract as soon as you can. With lumber prices high, and housing prices projected to increase in 2021 due to high demand, you'll likely have a little equity in your home by the time you move in. What does this mean for remodelers and do-it-yourselfers? That deck or room addition you've been planning is going to cost more this year than you may have budgeted for. These record-setting prices won't last forever, but they are going to have a negative effect on the housing market for the foreseeable future.



Source: NAHB, US Bureau of Labor Statistics

INVESTOR CORNER: PROPERTY MANAGER BENEFITS

Top 5 Reasons to Use a Property Manager

1. Maximize property income
2. Maximize property value
3. 24-7 Tenant relations
4. Property maintenance
5. Convenience

For people that like to own real estate properties for investment purposes, most begin by managing the properties by themselves. Managing your own property is a great way to keep an eye on the property, stay in touch with your tenants and minimize expenses. If you decide to own multiple single-family properties, or have one or more multi-family properties, continuing to manage them by yourself can become burdensome. If you've tired of the day-to-day aspects of managing the properties and dealing with the tenants, or find you don't have enough time to search for and close on new properties, now may be the right time

to consider working with a property manager. Property manager roles and fees vary and can be crafted to match your needs and their offerings. Typically, property managers are responsible for collecting rent on a timely basis, addressing tenant concerns and property maintenance needs, as well as helping with tenant move in and move-out. Working with a good property manager can increase tenant satisfaction, which leads to on-time rent payments, less tenant turnover, better treatment of the property and fewer repair bills. In short, happier tenants result in a more profitable, and more valuable investment. If you decide to hire a property manager, pay careful attention to contract language. Fees are typically 8-12% of rent, plus expenses. Ideally, you want to work with someone who views the opportunity as a long-term partnership vs. a series of monthly arms-length transactions.

INVALESCO BREAKS GROUND!

Invalesco, in partnership with Northland Construction, is excited to announce the ground-breaking of their newest development project. Pictured below is a rendering of the first two, in a series of three, for-rent duplexes on Galapago Street in Englewood. Also pictured is Invalesco's Managing Broker Gilda Zaragoza, along with the next generation of Zaragoza real estate entrepreneurs. You can follow our progress in pictures and video on our Instagram channel @invalesco_re.

