CORONAVIRUS

REAL ESTATE

PAST, PRESENT & FUTURE

While the Coronavirus has created uncertainty in our economy right now, those willing to enter the real estate market have the benefit of low rates—and the wisdom of those who purchased during the last crisis. By stepping back and taking a look at the bigger picture, you'll see that the future holds just as much promise for the savvy buyer.

REAL ESTATE PAST

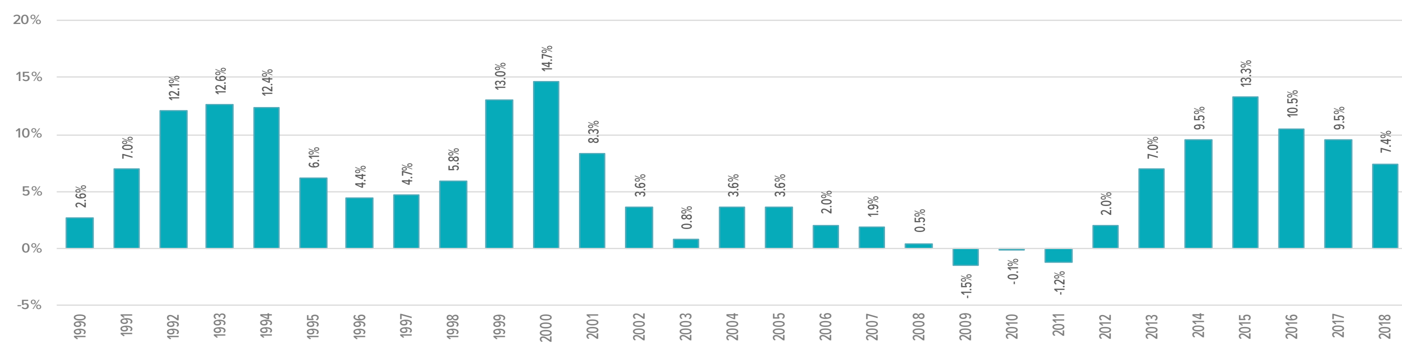
Historically, real estate has proven to be a relatively stable and sound investment. In a recent video from Dr. Marci Rossell, Chief Economist for industry-trusted, Leading Real Estate Companies of the World, she states that even after September 11 the real estate market remained strong because the housing market prior to 2001 was robust and continued to be resilient in the face of a global crisis and financial crash. View the full video at **bit.ly/chiefeconomist**.

In contrast, the 2008 downturn saw both the housing and stock markets drop in tandem. This was an aberration in so many ways with very different circumstances compared to 2001. The housing market crash ultimately led to the stock market crash because it was fueled by poor lending practices and overextended homeowners. Greater oversight and tighter restrictions have since been implemented to prevent this from happening again.

REAL ESTATE PRESENT

Fast forward to right now. Prior to the COVID-19 crisis, our housing market was strong here in the Denver and Boulder areas. With approximately 1.4 months supply (6 months supply being a balanced market), we're not only below 2019 level of inventory but below the average from the last 7 years of our real estate cycle. This has created a very robust seller's market with sharply increasing prices. Buyer demand significantly exceeding the supply of homes is the basic business principle that keeps our market strong.

BOULDER HISTORIC ANNUAL APPRECIATION



REAL ESTATE FUTURE

Typically, the real estate market isn't tied to swings in the stock market because people don't always buy homes purely as an investment. Housing is a basic need and the decision to buy a home is usually prompted by entering a new stage of life—having children, becoming an empty nester, even changing jobs. A stock market correction doesn't change these natural life circumstances that prompt people to move. Even in full-blown recessions, the housing market is historically stable.

Another consideration is that as the stock market drops, investors look for safer places to park their wealth. This same effect can also occur in the housing market with buyers putting money into a long-term, stable investment with positive returns down the road.

Nobody has a crystal ball to predict what will happen next. However, historical factors combined with strong local market conditions and low interest rates all indicate that the future of our real estate market remains bright.

porchlightgroup.com | 303.733.5335

PORCH LIGHT®
REAL ESTATE GROUP