

Denver area home resales drop record 12%

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(AP | David Zalubowski)

Metro Denver suffered a record drop in sales of existing homes in 2009 amid the recession and tight lending conditions.

But the year wasn't a complete meltdown for the residential real estate market as inventory declined and prices stabilized.

For the year, 42,070 homes were sold in metro Denver, the fewest since 1997 and a 12 percent plunge from 47,837 in 2008, according to MetroList data released Thursday. The biggest percentage drop previously was a 4 percent decline from 2007 to 2008.

Median prices of homes sold stood at \$219,000 in 2009, compared with \$219,900 a year ago.

Real estate experts expect the sales decline to continue.

"For 2010, we're going to be looking at more of what we saw last year," said David Simonson, a Realtor with Re/Max Professionals. "I think you're going to see lending continue to tighten up incrementally.

"You're going to see the luxury-home market continue declining until people feel more secure with their jobs."

The drop in home sales in 2009 might have been steeper if not for the first-time homebuyer tax credit available through the federal economic stimulus program and a relatively steady Colorado job market when compared with the rest of the nation.

Colorado's unemployment rate hovered around 7 percent in 2009, while the national rate was about 10 percent.

Late last year, lawmakers extended through April the federal tax credit of up to \$8,000 for first-time homebuyers that had been set to expire in December. The program was expanded to include a credit of up to \$6,500 for buyers who have owned their existing homes for at least five years.

The extension should help sales in February and March as buyers rush to get homes under contract by the deadline, said Gary Bauer, an independent real estate analyst.

That phenomenon occurred in November when buyers scrambled to sign deals before the previous deadline, leading to the first monthly increase in metro Denver home sales in nearly a year.

With the tax credit extended, sales dropped in December, a historically slow month for the industry. Metro Denver ended 2009 with 16,456 unsold homes on the market, down 16 percent from 19,600 a year ago.

"I firmly believe that Congress will extend this homebuyer credit through the end of the year," Bauer said. "The second half of the year is going to be dependent upon whether we are going to be able to maintain our jobs."

Not all is gloomy as Denver-area home prices ranked atop the most recent Standard & Poor's/Case-Shiller Home Price Index, which provided data through October for 20 metro areas.

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