

**Real Estate Today**

# What Are Real Estate's 'Leading Indicators'?

By **JIM SMITH**  
Jefferson County Realtor®

What effect do various economic developments and trends have on the real estate market? What are the "leading indicators" when it comes to the rise and fall of real estate prices?

Inspired by a Howard Brinton seminar which I attended last Thursday, I'd like to share some of his (and my) answers to those questions.

The most obvious economic factor/indicator relative to real estate is **mortgage interest rates**. Everyone seems to have bought into the conventional wisdom that interest rates are going to keep rising gradually this year. The result: many people are getting off the fence when it comes to listing their current home and/or buying a new home.

The **stock market**, according to Brinton, is a factor which, in his opinion, leads real estate by about a year.

Some agents keep an eye on the total **number of showings** scheduled for their company, not just for their own listings, in the belief — probably correctly — that this is a leading indicator of an improving or declining real estate market.

It's useful to keep an eye on the number of new **single-family building permits** issued, because more homes means more competition for your listing.

If there is a rise or decline in **employment** regionally, that will naturally affect the demand for

homes or possibly an increase in **foreclosures** — itself a leading indicator. One can also track **bankruptcy filings** on a regional basis. (I keep using the word "regional" because Colorado is historically not an "average" region when it comes to the real estate industry.)

Brinton noted that the number of **title commitments** for purchases (not refi's) is a good indicator, too.

Finally, there are such externalities as terrorist attacks or the **homeland security** equivalent of the Consumer Confidence Index.

## Since You Asked...

Yes, **Rita Smith**, whose ad has started to appear next to my ad on this page, is my beloved wife! She is growing her own business!

## Mortgage Update

By Jean Rowe, 303-601-4035

### Mortgage rates as of 3/21/05:

**3/1 Interest-only ARM:** 4.75% (APR 5.927%), Interest-only payment **\$791.67!**

**30 year fixed rate:** 5.75% (APR 5.898%), P & I \$1167.15

**5/1 ARM** (fixed for 5 years): 5.25% (APR 5.911%), P & I \$1104.41

*(P & I = principal and interest. Figures are estimate only. Rates are based on a conventional loan, 30 day rate-lock, \$250,000 purchase with a \$200,000 loan amount, and are subject to change. Certain criteria apply.)*

**Got debt on which you are paying high interest?** I can help you to pay off that debt with a refinance of your current mortgage and/or a second mortgage. Maybe you want to purchase a home. Call while mortgage rates are low. Rates are going up!



## This Week's Featured Listing

### New Mountain Ridge Listing:

This 1997 Johnson home is located just 50 yards from the Mt. Galbraith Open Space **trailhead** at the top of the Mountain Ridge subdivision in Golden. With **5 bedrooms, 4 baths**, and almost **4,000 square feet of finished living space**, it is affordably priced at **\$132 per finished square foot**.

In its finished **walk-out basement** is a 5'x7' **sauna** and a 16'x17' **home theatre**. On the back deck (which has nice views both east and west) is a **sunken hot tub**. There are four bedrooms upstairs (including a master suite with **dual closets** and 5-piece bathroom), and a fifth bedroom with 3/4 bath in the basement. The huge (16'x29') eat-in kitchen and adjoining formal dining room have beautiful **hardwood floors**.



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