

## **DUS News Digest**

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Hickenlooper, others bullish on economy, real estate.....2  
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By John Rebchook, InsideRealEstateNews.com

Mayor John Hickenlooper addresses 900 people attending the Colorado Real Estate & Economic Summit, Wednesday night, March 10.

"I am an optimist."

That was the message from John Hickenlooper, Denver mayor and Democratic gubernatorial candidate, when he addressed 900 real estate officials on Wednesday night.

And Hickenlooper was not alone.

For the most part, most of the seven heavy weight speakers at the Colorado Real Estate & Economic Summit on Wednesday night, were bullish on the prospect that Denver and the state will emerge from the current real estate and economic downturn faster than most places, although the markets are not out of the woods yet.

Hickenlooper said that after being laid off as a geologist in 1986, and after deciding to open Denver's first brewpub, he almost gave up at one point because he was so distressed. He said, as he has often in the past, that even his mother would not invest in what was to be called Wynkoop Brewing in what is now called LoDo.

That is when he received the sage advice that he had worked so hard, "and that he had gotten over the worst of it," and if he did not give up now, he would benefit from the experience in all his future endeavors.

That is where the Denver-area and the state economies now stand, Hickenlooper said. While unemployment is still too high, he said he believes the worst is over. "This is not a depression," he said.

Hickenlooper did not make his speech overtly political, barely mentioning he was running for governor. However, he did receive a round of applause when he said he was going to do his best to make his gubernatorial campaign as free of personal attacks as when he ran for mayor. Hickenlooper's Republican opponent is likely to be Congressman Scott McInnis of Grand Junction. Hickenlooper did joke that since putting his hat in the ring, he now calls it the "Best Slope," instead of the "West Slope," noting that the entire state, made up of different regions, needs to thrive. And the Western Slope, with everything from world-class trout fishing to skiing, makes Colorado special, he said.

Glow of DNC still felt Hickenlooper noted that in the past year, the Denver-area has received an unprecedented amount of national press, as one of the best places to live and work. He said that while the Denver-area has improved, it is not so much that it should

now be ranked No. 1, 2 or 3, while previously it was ranked much lower. He credited much of the improvement in rankings because the area was placed under an international spotlight during the Democratic Convention in 2008.

Denver also could receive similar media attention this July, when Denver hosts the first “Biennial of the Americas,” when the city host dignitaries, intellectuals, business leaders and politicians from the Western Hemisphere. He said many people do not realize that the U.S. gets more oil from the Western Hemisphere than from the Middle East and that Brazil is the world’s sixth largest economy.

Obama may attend Denver conference

“There is a one in three chance that President Obama will attend,” he said. Hickenlooper said the biennial has been in the works for the past four years, although it may have to be scaled back in its inaugural year because of the economy. He said no city or state monies are being used to fund it. In the future, he said, he hopes major corporate sponsors, such as the Cokes, Pepsis, Googles and IBMs of the world will fund it.

Meanwhile, to help Denver back on its financial feet, he noted that his administration fast-tracked \$550 million in bond construction work that voters previously had approved. While the projects would normally take five years to complete, almost all of them will be completed in 3 to 3.5 years, he said. Not only does that put people to work, but he said that it makes people feel better about the economy when they see workers improve things such as parks, roads and libraries.

FasTracks a national model

Speaking of FasTracks - the multi-billion light rail and rapid-bus transport system, that is – he also lauded the 32 mayors in the Denver area for supporting it before voters approved it in 2004. No place else in the country has ever showed as much unanimity, he said. Later, another speaker, Brian Phetteplace, manager of Residential and Retail Development for the Downtown Denver Partnership, said that no matter what happens to other lines along FasTracks, Denver Union Station will be transformed into the transportation hub for the entire region, thanks to a recent \$300 million commitment to the project by the federal government.

“Work hard, be nice,” Hickenlooper told the audience, as he left the stage at the packed PPA Convention and Event Center, 2105 Decatur St.

Next up was Chris Mygatt, president of Coldwell Banker Residential Brokerage in Colorado.

Mygatt said that real estate accounts for 21 percent of the GNP, “so if you do not fix real estate, you cannot fix the economy.”

Housing as local as weather

But he said housing is like the weather. He said there is no average temperature for the U.S. No one turns on the TV in the morning, finds out what the weather is going to be for the entire country, and then decides what to wear, he noted. That is why national data on housing isn't much use to someone trying to buy or sell a home in the Denver area, or any other market for that matter, he said.

Drilling deeper, Denver is really "a split market," Mygatt said. For homes priced less than \$270,000 "there are three buyers for every home. For homes over \$470,000, there are three home for every buyer." In other words, the Denver area is a seller's market for lower-priced home and a buyer's market for more expensive homes.

Because of the supply and demand differences at opposite ends of the spectrum, he said some of the biggest bargains can be found at the upper end. The appetite of well-heeled buyers seems to be growing for expensive homes, he noted. The most expensive home in the Denver area last year sold for \$6.7 million. Currently, there are 31 homes on the market above that price. Mygatt said that a lot of owners of resort properties in the mountains are willing to deal because of an over-supply of units, giving buyers the best opportunity to buy a second home in recent memory. Another speaker, Allen Hurst, of PHH Mortgage, said that there are now a number of lenders offering jumbo mortgages, for those that are above the \$417,000 mortgage limit for conventional loans. Last year, jumbo loans were very difficult to find, and required huge down payments and typically were expensive. Now, they typically can be found for one percentage point above conventional loans, he said.

#### Shadow market positive

Mygatt said there also may be a "shadow market" of 7,000 to 12,000 on the market, being held by banks, which are not yet for sale. Because most of them are lower-priced homes, which is experiencing strong demand, the shadow inventory actually will be good for the market, he said, as long as they are not dumped on the market at the same time.

Still, the housing market is not yet recovered, and will not be until the unemployment picture improves, said long-time developer Walter A. "Buz" Koelbel, president of Koelbel & Co.

Koelbel said that this is the worst economy that his company has experienced in its 57 years in business.

#### Jobs, jobs, jobs

He said the mantra for real estate is no longer "location, location, location," but "jobs, jobs, jobs."

Following the meeting, he told InsideRealEstateNews.com that if participants took away nothing else from the conference, it should be the need for more jobs. He said the danger

is that employers, who have been forced to scale back, will not hire even as their businesses improve.

“Politicians talk about raising taxes or adding new taxes,” Koelbel said. “What they don’t understand, any money they raise – and it’s debatable whether they end up raising any additional revenues – pales compared to people being employed and feeling secure enough in their jobs to buy homes. Someone buying a home does far more for the economy than raising taxes. Schools, which depend on property taxes, are especially hard hit during a housing slump.

“So what it comes down to is truly jobs, jobs, jobs,” Koelbel said. “End of story.”