



DENVER METRO OVERVIEW

Home values across the metro area shot up 9.5% during the first three months of 2021, with single family homes appreciating faster than their condo and townhome counterparts. While interest rates have increased 0.5% from their all-time low in January, the market has not lost steam as inventory continued setting seasonal all-time lows each month of Q1. When do we think inventory will come back? We estimate that supply will start building in August once demand begins to pull back and many consumers return to their pre-COVID lifestyles as “herd immunity” begins to take effect. We expect inventory levels to take a year or more to return to “normalcy,” thus, home values will continue appreciating through at least August of 2022.

Inventory

Single Family: 1,120 homes (down 71% from last year)

Condos & Townhomes: 800 homes (down 59% from last year)



Average Sold Price

Single Family: \$675,000 (up 19.3% from last year)

Condos & Townhomes: \$417,000 (up 8.2% from last year)



Average Days on Market

Single Family: 15 days (48% fewer days than last year)

Condos & Townhomes: 26 days (13% fewer days than last year)



INTERESTING TRENDS IN THE DENVER MARKET

- The average 40-year supply of homes nationally is about 5 months. Less than 3 months of supply is a “seller’s market.” Current supply nationally is 2 months and local Denver supply is just 3 weeks.
- Denver metro builders are updating new construction pricing on a monthly basis as home values and building material costs continue to climb, including lumber, which has increased 70% since November.
- Golf play is up 37% from a year ago and residential properties on golf courses in Denver metro have appreciated 2%-3% more than non-golf homes – that’s \$10K-\$15K on a \$500K property.
- Denver rental rates are predicted to remain flat for 2021, while rates in larger cities declined over the past year including San Francisco (-25%) and New York City (-21%). Areas outside major metropolitan areas appreciated, such as Sacramento, which increased 15%.

SPOTLIGHT: INVESTMENT OPPORTUNITY

The slowest market segment continues to be downtown Denver condos in the central business and LoDo districts, which are currently both strong buyer’s market; we don’t expect this to last much longer as downtown slowly edges back to normalcy, the Rockies begin to play, and restaurants slowly return to regular business hours with nightlife expected to return later this summer. There is a high likelihood of a huge downtown recovery in the next 24 months, which will directly affect home prices.

INTEREST RATE OUTLOOK

Currently, a 30-year fixed rate conventional mortgage for an owner occupant single family home purchase with 20% down and a 740+ credit score is 3.375%. We expect rates to increase in the moderate term as the recent fiscal stimulus puts obvious upward pressure on rates.

NOTES: Above statistics are based on information from REColorado for the period 1/1/2021 - 3/31/2021. The representations herein are based in whole or in part on content supplied by REColorado which does not guarantee nor is in any way responsible for its accuracy. Content may not reflect all market activity.



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