



DENVER METRO OVERVIEW

One by one, lets de-myth recent news headlines... “The Real Estate Bubble is Ripe” – we strongly believe no real estate bubble currently exists due to the supply/demand dynamic, including the substantial number of Millennial homebuyers waiting on the sidelines for rates to drop and the huge demand this demographic will represent over the next 5 years. “Low Inventory Brings Buyer Bidding Wars” – that was true last spring, but we are in a balanced market right now. “High Rates Causing Buyers to Sit on Sidelines” – that’s true, reference Interesting Trends below.



Single Family

↓ **4,970 Homes**
-6.19%

↑ **\$782,462**
4.77%

↑ **26 Days**
30.00%



Condos & Townhomes

↑ **1,888 Homes**
15.05%

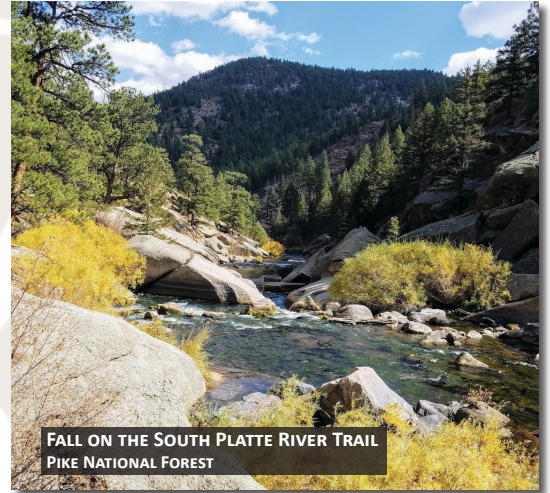
↑ **\$482,651**
6.04%

↑ **25 Days**
56.25%

Inventory

Avg. Sold Price

Avg. Days on Market



INTERESTING TRENDS IN THE DENVER MARKET

- The Airbnb/VRBO market is saturated according to Quill Intelligence; in 2017 there were 8X more listings for sale than Airbnb/VRBO. Today there are 65% more Airbnb/VRBO rentals than listings for sale.
- “Golden Handcuffs” or the “Rate Lock-in Effect” – 80% of Denver metro homeowners currently have an interest rate under 5.0% and are less likely to move as a result.
- Denver metro investors have largely exited the current market due to interest rates; right now, investors must put down 35%-40% to achieve positive cash flow..

SPOTLIGHT: DENVER METRO 1, 2, & 5 YEAR FORECASTS

We should experience 3 things over the next 5 years.

- (1) A buyer influx will increase home values once rates eventually fall below 5.5%. How much? 8.0% appreciation over a short period of time is our best guess.
- (2) New home construction will increase, of which 80% will sell above current median home values.
- (3) Annual home appreciation over the next 5 years should return to historical norms of 4%-5% per year.

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 7.625%. Economists and the National Association of Realtors believe rates will fluctuate 7.0%-9.0% over the next 6-12 months before coming down.

NOTES: Above statistics are based on information from REColorado for the period 7/1/2021 - 6/30/2023. 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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