



DENVER METRO OVERVIEW

Home values increased 10% during the first half of 2022, and this comes *after* a whopping 6% drop during the month of June. What's interesting is that no *news outlet is reporting this*. Why? Current news outlets are reporting on closed home sales data for June, which reflects April and May market activity because it takes 4-6 weeks after going under contract to close, thus their reported sales data lags the "live" market by 1-2 months. Based on our boots-on-the-ground experience and market beat, we confidently report home value figures reduced dramatically in June – to the tune of 6%. As we enter Q3, we see prices increasing slightly in August and September as more buyers, fatigued from an uber-competitive spring market, re-enter the market.

Denver Metro Inventory

Single Family: 4,684 homes (up 119.2% from last year)
Condos & Townhomes: 1,373 homes (up 39.4% from last year)



Denver Metro Avg. Sold Price

Single Family: \$810,415 (up 11.5% from last year)
Condos & Townhomes: \$504,193 (up 15.7% from last year)



Denver Metro Avg. Days on Market

Single Family: 10 days (25.0% more days than last year)
Condos & Townhomes: 9 days (30.8% fewer days than last year)



INTERESTING TRENDS IN THE DENVER MARKET

- A consortium of economists recently predicted annual appreciation of around 5% for the next 5 years. The most conservative economists of the bunch predicted annual appreciation at around 2%.
- Real estate prices *increased* in 4 of the past 5 recessions. The only instance this was not the case, was in 2007-09, when the real estate mortgage crisis actually *created* the recession.
- Lending standards are among the highest they've ever been and home equity is the highest on record. Qualified buyers with good jobs and decent savings rarely experience foreclosure. Further, homeowners with equity, who are behind on payments, usually don't foreclosed upon, they sell or cash-out refinance.

SPOTLIGHT: THE CURIOUS CASE OF LUXURY HOMES

The overall market increased dramatically in April and May before cooling off in June. The single segment that remained robust (with very little slowdown) was luxury. There are several reasons for this, including: 1) Jumbo interest rates are a full percentage point less than conventional mortgages, 2) Affluent consumers weary of the stock market, have socked excess capital into new primary residences, 3) There continues to be a COVID-19-induced trend toward larger homes, on larger lots – many with executive in-home offices and amenity-rich features (i.e. pools, gyms, and home theatres). We expect this trend to last well into 2023.

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 5.875%. Recently, interest rates have fluctuated as much as .375% in a single day so by the time you read this, interest rates will most certainly have changed!

NOTES: Above statistics are based on information from REColorado for the period 1/1/2021 - 6/30/2022. 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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