



DENVER METRO OVERVIEW

In 2023 (and the next couple years after that), we expect prices to be relatively flat, with annual appreciation in the 0%-3% range. Denver's usual spring "buyer frenzy" should be tempered, as fewer buyers rush to the market due to higher rates and economic uncertainty, while inventory (and new listings) should remain relatively low due to sellers staying put in their homes. Per Denver metro's usual seasonal flux, appreciation should come in Q2, with depreciation coming in Q4. Buyer negotiating power will increase slightly in 2023, which will feel like a pull-back (or even loss in value), when it's actually just the market normalizing.

Denver Metro Inventory

Single Family: 3,408 homes (up 251.9% from last year)

Condos & Townhomes: 1,350 homes (up 165.2% from last year)



Denver Metro Avg. Sold Price

Single Family: \$707,977 (up 0.08% from last year)

Condos & Townhomes: \$469,505 (up 6.47% from last year)



Denver Metro Avg. Days on Market

Single Family: 45 days (136.8% more days than last year)

Condos & Townhomes: 38 days (123.5% more days than last year)



INTERESTING TRENDS IN THE DENVER MARKET

- According to HUD and the US Census Bureau, only 12% of new homes built nationally in Q3 sold for <\$300K; the average home value in Denver metro is \$658K, whereas nationally it's \$543K.
- Construction costs in Denver are high due to the high cost of: land, labor, and water tap fees (~\$50K).
- Currently, only around 0.4% of homes in the Denver metro market have negative equity.
- The Mortgage Credit Availability Index tells us it has never been more difficult to qualify for a loan in the past 19 years than right now.

SPOTLIGHT: IBUYERS & DISCOUNT BROKERAGES

iBuyers, such as Opendoor and Offerpad, are getting roasted by the slowing Denver metro real estate market. Recently, we showed two properties ([Property #1](#) and [Property #2](#)), in which Opendoor/Offerpad had paid \$137K and \$120K, respectively, more than they were trying to sell them for. Zillow closed its iBuyer program in Nov '21 and we will likely see more iBuyers going belly-up soon. Both Opendoor and Offerpad substantially pulled back on purchases in Dec and we expect that trend to continue. Discount brokerages such as Redfin, Trelora, and Homie have all recently experienced heavy lay-offs.

INTEREST RATE OUTLOOK

Rates opened 2022 at 3.25%, reached their peak at 7.325% in Oct, and finished the year at 6.50%*. Rates are in a general downward trend and we expect them to come down to the high 5s by mid-year. *Rates quoted are for a 30-year fixed rate conventional mortgage for an owner-occupant single family home purchase with 20% down and a 740+ credit score.

NOTES: Above statistics are based on information from REColorado for the period 1/1/2021 - 12/31/2022. 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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