



DENVER METRO OVERVIEW

There are several factors causing the Denver metro real estate market to shatter sales records, including uncertainty in the stock market, which has caused investors to shift money from securities to real estate. Additionally, a delayed spring selling season pushed real estate “busy season” into late summer, which has been aided by historically low interest rates that have increased buyer purchasing power by 10%+ since last year. Furthermore, sellers have been reluctant to move due to COVID, which is causing inventory to be at an all-time low, while buyers are wanting to move from their undersized homes and into larger properties. These factors are creating a market where supply is very low and demand is very high.

Inventory

Single Family: 3,000 homes (down 53% from last year)

Condos & Townhomes: 2,300 homes (down 18% from last year)



Average Sold Price

Single Family: \$599,000 (up 13.0% from last year)

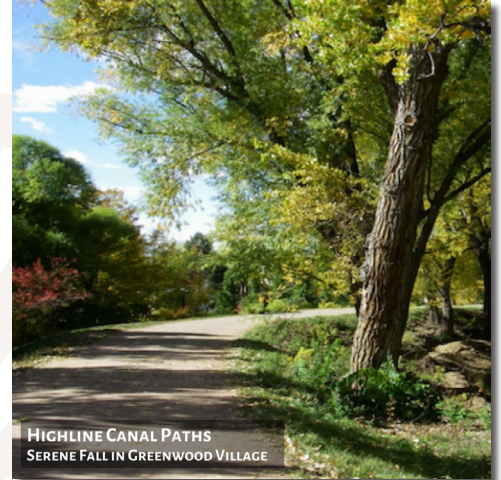
Condos & Townhomes: \$384,000 (up 8% from last year)



Average Days on Market

Single Family: 22 days (33% fewer days than last year)

Condos & Townhomes: 25 days (22% fewer days than last year)



2020 OUTLOOK & INTERESTING TRENDS

- Largely due to COVID-19, 1-5 acre properties are one of the metro area’s hottest segments. During Q3, transaction volume was up 70%, 12-month appreciation was 7.0%, and homes sold after just 16 days on market (30% faster than a year ago)
- Predictably, the slowest market segment is the central Denver luxury condo market
- 50% of all homes listed in Q3 were “flash sales,” meaning they went under contract after just 1 week
- Colorado Springs and Denver are the 4th and 5th hottest real estate markets for cities with 300K+ people
- The 35-year average for inventory in September is 16,550 homes, the record high is 31,000, and there are currently 5,300 homes listed on the market (an all-time low)
- Rising prices for softwood lumber has increased new construction home prices \$16K over the past 6 months

SPOTLIGHT: “TIMING THE MARKET” IN 2021

We advise clients thinking about buying or selling in 2021 to do so early in the year.

Buyers can take advantage of expected low interest rates early in 2021 and make their purchases prior to an expected 2%-3% in appreciation during Q1. Buyers who think they can purchase at lower prices later in 2021 will be in for a rude awakening.

Sellers can take advantage of momentum from the strongest Q4 in Denver metro real estate history. Further, low competition due to historically low inventory levels will provide sellers with multiple offers and negotiation leverage during the inspection at almost all price points and geographic segments.

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 3.875%. Rates are not expected to increase anytime soon.

NOTES: Above statistics are based on information from REColorado for the period 1/1/2019 - 9/30/2020. 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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