



# GREENWOOD + ESTATES

INTEGRITY & EXPERTISE



## 2018 Q2 Real Estate Market Update





### GENERAL

After a blistering pace this spring, the real estate market has experienced its usual summer slowdown. This is reflected in the number of homes available for sale (4,084 in March vs. 6,437 in June). Still, all homes priced under \$400K, as well as attractive, updated homes in good neighborhoods below \$1MM are selling after just 1-2 weeks on the market. I expect real estate prices to continue increasing significantly over the next 18 months, especially under the \$400K mark as the last remaining "affordable" neighborhoods see an influx of buyer interest.

### Average Sold Price

Denver Metro Single Family: \$541,000 (up 10.7% from last year)   
Denver Metro Multifamily: \$356,000 (up 12.9% from last year) 

### Average Days on Market

Denver Metro Single Family: 20 days (9.1% fewer days than last year)   
Denver Metro Multifamily: 16 days (unchanged from last year) 

### INTERESTING TRENDS IN THE DENVER MARKET

- Permits to build single family homes are at the highest level since before the Great Recession of 2007-2009
- There has been a recent increase in "fix and flip" activity in neighborhoods such as Virginia Vale and Park Hill, which have provided additional challenges to owner-occupant buyers
- General consensus among the real estate community is that rent across the metro area will increase 3%-4% over the next year (about half the expected appreciation for real estate prices)
- Homeowners uncertain about where to move within the Denver metro area are choosing to do cash-out refinances to update/renovate their homes or to add an accessory dwelling unit (ADU) rather than move
- The luxury market performance has been both good and bad depending upon neighborhood; with Sloan's Lake, Highlands, Wash Park, and Platt Park selling very quickly (less than 2 weeks) while other neighborhoods, such as Heritage Estates in Lone Tree and Castle Pines Village, selling very slowly (more than 3 months)



### WHAT'S GOING ON WITH MORTGAGES?

The Federal Reserve raised interest rates in mid-June by 0.25% and made an announcement suggesting two more rate hikes this year and three more next year. As a result, rates for 30 year conventional mortgages with borrowers with 720+ credit scores are at 4.75%. We expect to see rates in the 5% range later this year with high interest rate volatility due to trade wars with China and increased press releases as proposed by the Federal Reserve Chairman. Trade wars with China may encourage inflation, which will increase rates. In addition, the Federal Reserve currently makes public statements once per quarter, however its Chairman recently expressed support for making press releases after every Federal Reserve meeting. Since the market reacts whenever news is announced by the Fed, an increase of announcements will enhance interest rate volatility. The bottom line is that we encourage all our borrowers to lock-in their interest rates early in a transaction to avoid any unwelcome surprises.

NOTES: Above statistics are based on information from Metrolist for the period 1/1/17 - 6/30/18. The representations herein are based in whole or in part on content supplied by Metrolist which does not guarantee nor is in any way responsible for its accuracy. Content may not reflect all market activity. \*This does not constitute tax advice. Always consult with your tax advisor when determining the impact of buying or selling real estate.\*



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