



THE Q2 2020 | METRO DENVER & NORTHERN COLORADO

GARDNER

REPORT

presented by



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The following analysis of the Metro Denver & Northern Colorado real estate market is provided by Windermere Real Estate Chief Economist Matthew Gardner. We hope that this information may assist you with making better-informed real estate decisions. For further information about the housing market in your area, please don't hesitate to contact me.

ECONOMIC OVERVIEW

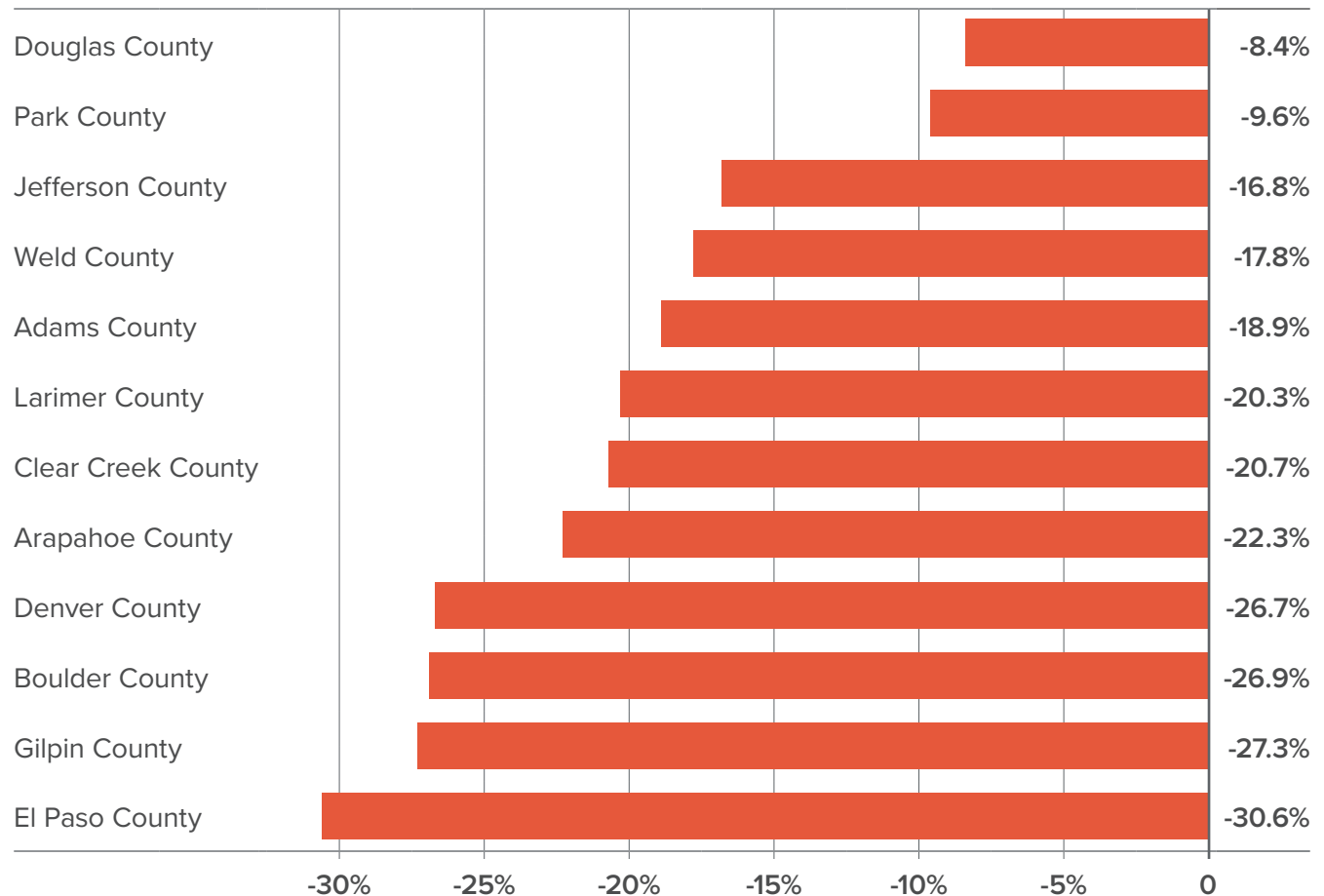
COVID-19 had significant negative impacts on employment in Colorado. The pandemic caused the loss of over 342,000 jobs in March and April as unemployment rose to 12.2%. For comparison, peak unemployment following the Great Recession was 8.9%. However, it appears as if the massive contraction in employment is behind us (at least for now). Employment in Colorado rose in May by 68,800 jobs, a monthly increase of 2.8%, pushing the unemployment rate down to 10.2%. Regionally, the Denver metro area added 18,600 jobs in May and the Fort Collins metro area added 3,500 jobs. It is certainly too early to say that we are out of the woods, but we seem to be headed in a positive direction. Colorado's COVID-19 infection rates started increasing again in June, which could slow down the economic recovery. However, I do not believe that it is likely to have any substantial impact on the housing market.

HOME SALES

- › In the second quarter of 2020, 9,867 homes sold. This represents a drop of 20.7% compared to the second quarter of 2019, but sales were 7.4% higher than in the first quarter of this year.
- › Sales dropped across all markets compared to the second quarter of 2019. I do not find this concerning as the drop can be attributed to limited supply and COVID-19.
- › Inventory levels remain tight, with the average number of homes for sale in the quarter down 21.3% from the same period in 2019. However, listings were up an impressive 15.6% over the first quarter of 2020.
- › I was pleased to see total pending sales in the quarter increase 16.3% compared to the first quarter, suggesting closing data for the third quarter will be better than we are currently experiencing.

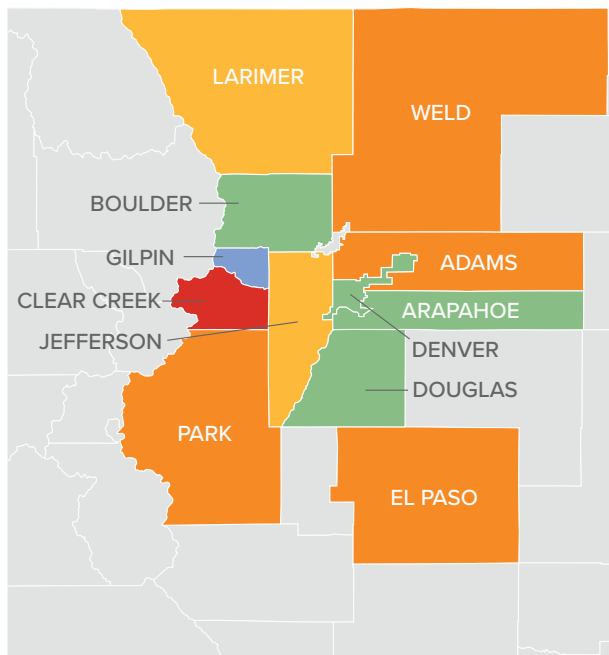
ANNUAL CHANGE IN HOME SALES

Q2-2019 TO Q2-2020



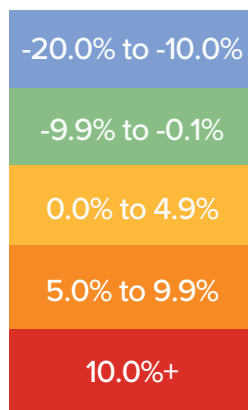
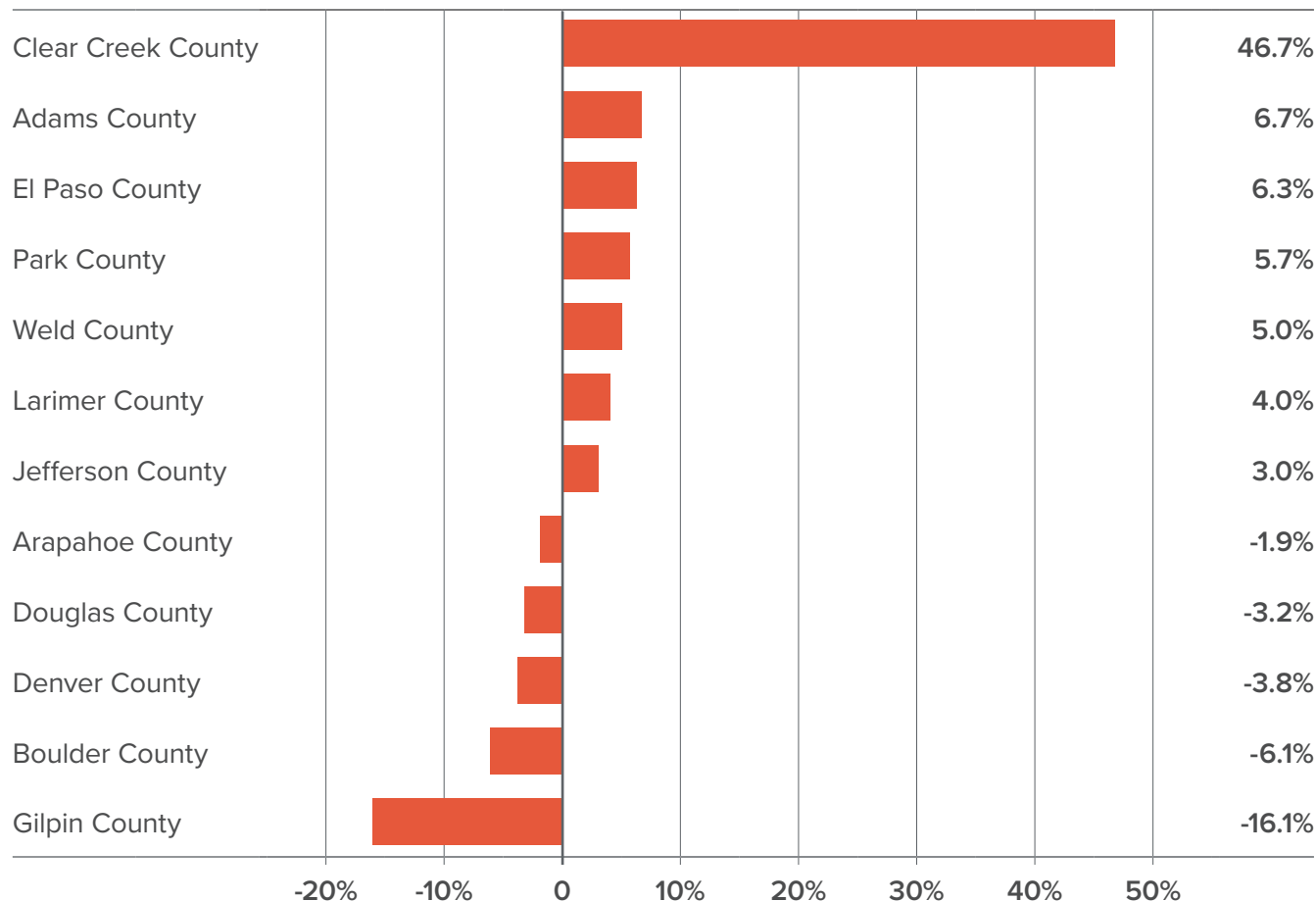
HOME PRICES

- Home prices held steady compared to the second quarter of 2019 at an average of \$480,831. Prices were up 0.7% compared to the first quarter of this year.
- Interest rates remain at very low levels and will stay in the low 3% range for the balance of the year, if not longer. This can allow prices to pick back up.
- Price growth across the region was varied. Seven counties saw price growth and five experienced a drop in average sale price. Clear Creek County again saw prices rise substantially. However, as you are likely aware, it is a very small market and subject to wild swings. Prices dropped most in the equally small Gilpin County.
- I am still watching affordability in many Colorado markets and will take this temporary “pause” as a good thing.



ANNUAL CHANGE IN HOME SALE PRICES

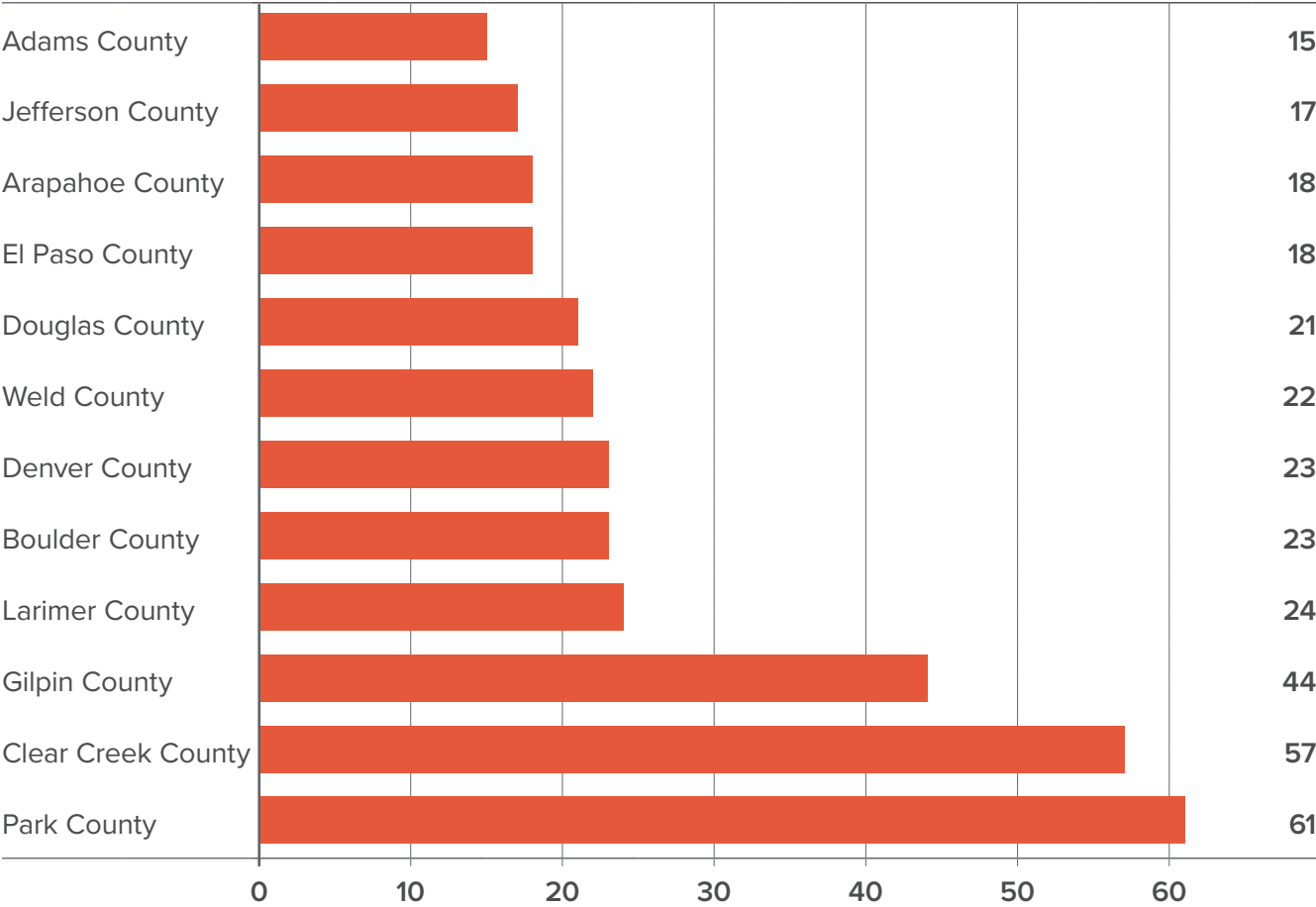
Q2-2019 TO Q2-2020



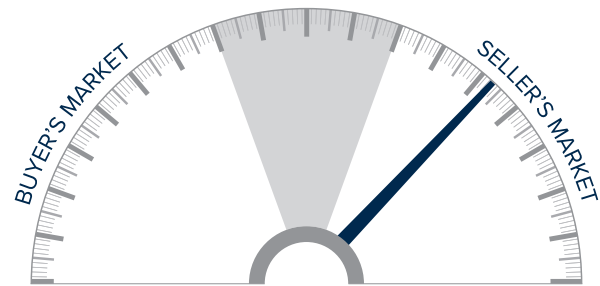
DAYS ON MARKET

- › The average number of days it took to sell a home in the markets contained in this report dropped by only one day compared to the second quarter of 2019.
- › The amount of time it took to sell a home dropped in eight counties, remained static in one, and rose in three compared to the second quarter of 2019.
- › It took an average of 29 days to sell a home in the region.
- › The Colorado housing market is demonstrating solid demand, and listing activity is trending higher. I expect that the summer market will be brisk.

AVERAGE DAYS ON MARKET



CONCLUSIONS



This speedometer reflects the state of the region’s real estate market using housing inventory, price gains, home sales, interest rates, and larger economic factors.

Demand appears to be returning, which—combined with historically low interest rates—should lead to a brisk summer housing market. Assuming that the state gets new infection rates under control, I do not see why the housing market wouldn’t perform well this summer. As such, I have moved the needle just a little more in favor of home sellers.

ABOUT MATTHEW GARDNER

As Chief Economist for Windermere Real Estate, Matthew Gardner is responsible for analyzing and interpreting economic data and its impact on the real estate market on both a local and national level. Matthew has over 30 years of professional experience both in the U.S. and U.K.

In addition to his day-to-day responsibilities, Matthew sits on the Washington State Governors Council of Economic Advisors; chairs the Board of Trustees at the Washington Center for Real Estate Research at the University of Washington; and is an Advisory Board Member at the Runstad Center for Real Estate Studies at the University of Washington where he also lectures in real estate economics.