

Q2 2022

Metro Denver & Northern Colorado

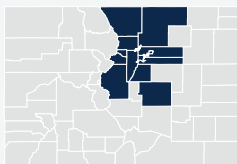
GARDNER

REPORT

This analysis of the Metro Denver & Northern Colorado real estate markets is provided by Windermere Real Estate Chief Economist Matthew Gardner to help you make informed real estate decisions.


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Q2 2022 Colorado

ECONOMIC OVERVIEW

Colorado continues to add jobs, but the pace of growth has slowed, albeit modestly. At the time of writing this report, the state's employment had increased by 124,600 jobs over the past 12 months, which represents an annual growth rate of 4.6%.

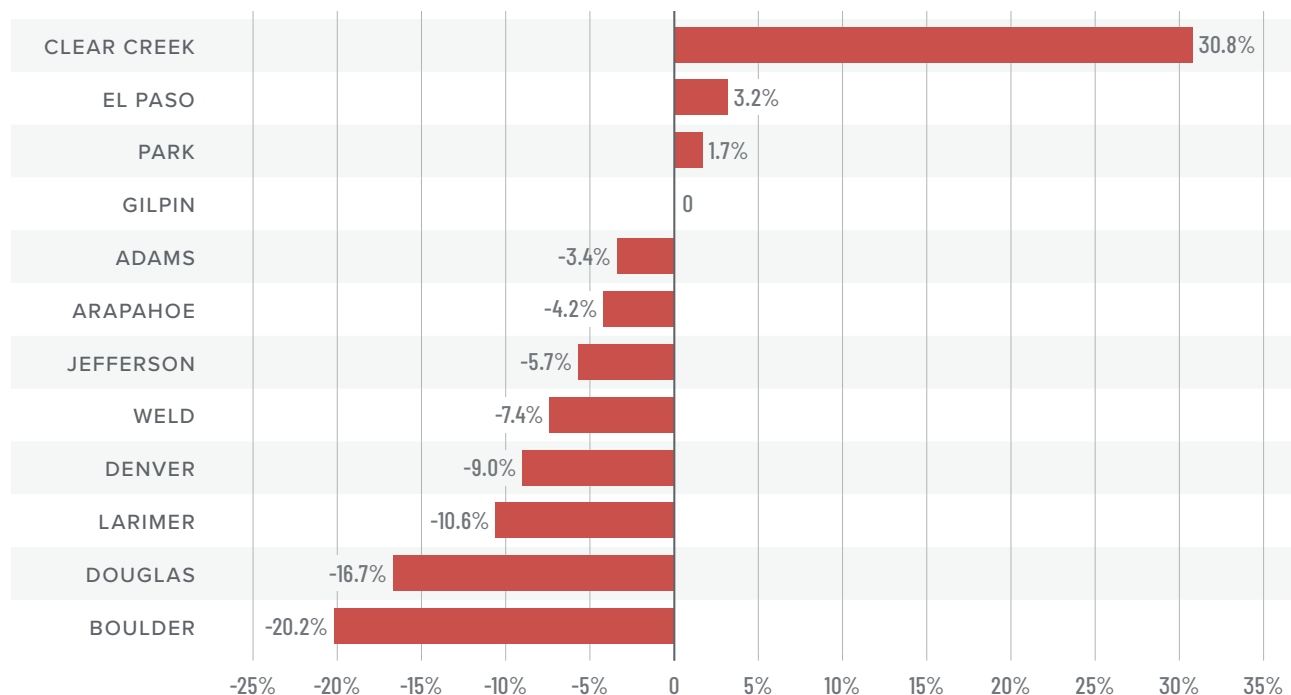
The state unemployment rate in May was 3.5%. Regionally, unemployment rates ranged from a low of 2.4% in Boulder to a high of 3.4% in the Grand Junction and Greeley metropolitan areas.

Home Sales



- › In the second quarter, 12,839 homes sold, a drop of 8% compared to a year ago but 57% higher than in the first quarter of this year.
- › Year over year, sales rose in only three counties covered by this report and fell in the rest of the region. That said, there was a palpable increase in sales across the board compared to the first quarter of 2022.
- › The significant jump in sales from the first quarter can likely be attributed to the fact that inventory levels spiked, rising more than 190% from the first quarter.
- › Pending sales (an indicator of future closings) rose 39% from the first quarter, signifying that the third quarter may show further growth in sales activity.

Annual Change in Home Sales by County / Q2 2021 to Q2 2022

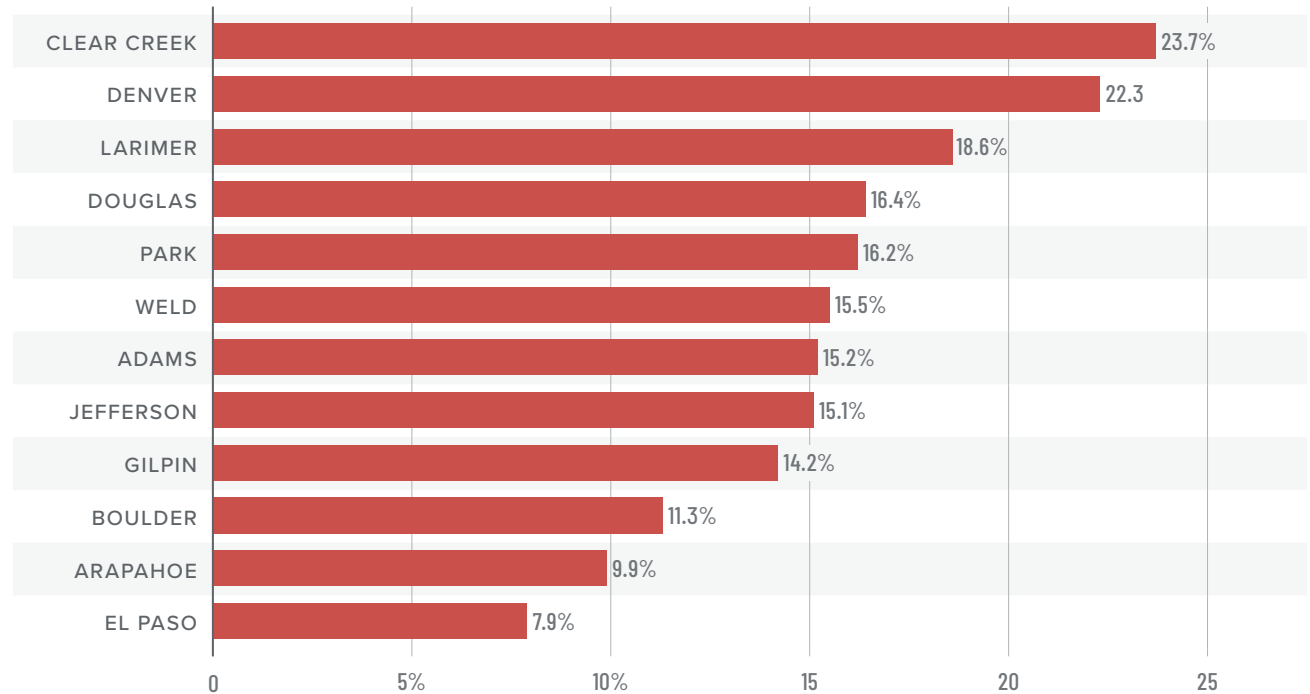


Home Prices



- › The average home sale price (\$700,369) was 14.1% higher than the same period in 2021. Prices were also 9.8% higher than in the first quarter of this year.
- › Price growth remains strong even in the face of significantly higher inventory levels and mortgage rates, which is an impressive achievement.
- › Year over year, prices rose by double digits across all markets except El Paso and Arapahoe counties. Prices rose in all counties other than Gilpin (-10.3%) and Clear Creek (-1%) from the first quarter.
- › With the increase in mortgage rates and the number of homes for sale, I have started to watch list prices more closely. Compared to the first quarter, median list prices are lower in 9 of the 12 counties included in this report. Although it's too early to say whether this is a trend we should be worried about, I will be watching how prices move during the summer, as it may be an indicator that the market is starting to soften.

Annual Change in Home Sale Prices by County / Q2 2021 to Q2 2022

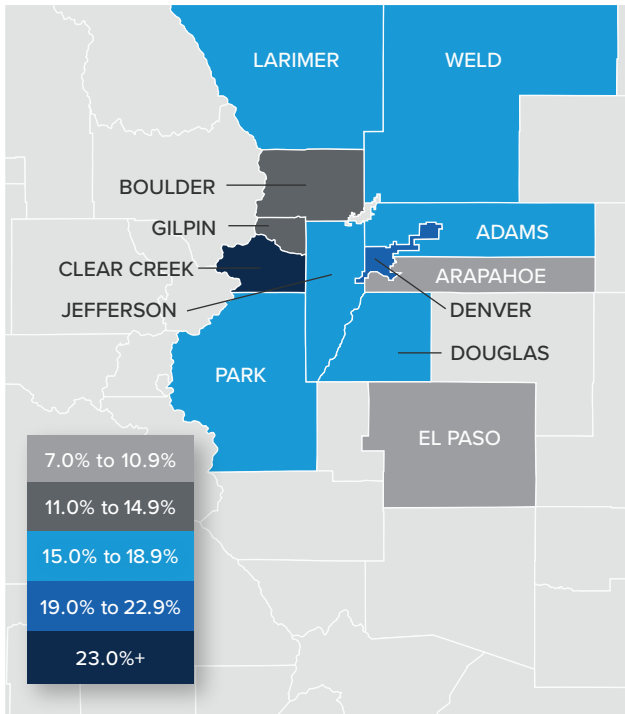
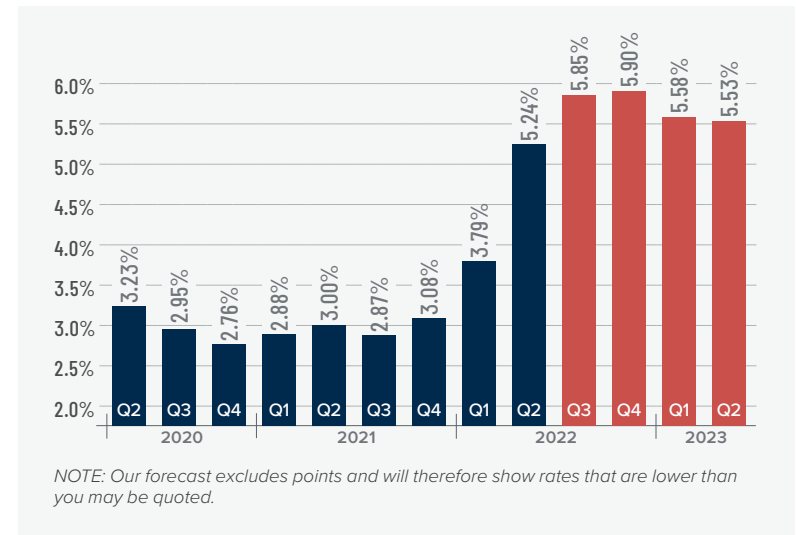


Mortgage Rates



Although mortgage rates did drop in June, the quarterly trend was still moving higher. Inflation—the bane of bonds and, therefore, mortgage rates—has yet to slow, which is putting upward pressure on financing costs.

That said, there are some signs that inflation is starting to soften and if this starts to show in upcoming Consumer Price Index numbers then rates will likely find a ceiling. I am hopeful this will be the case at some point in the third quarter, which is reflected in my forecast.

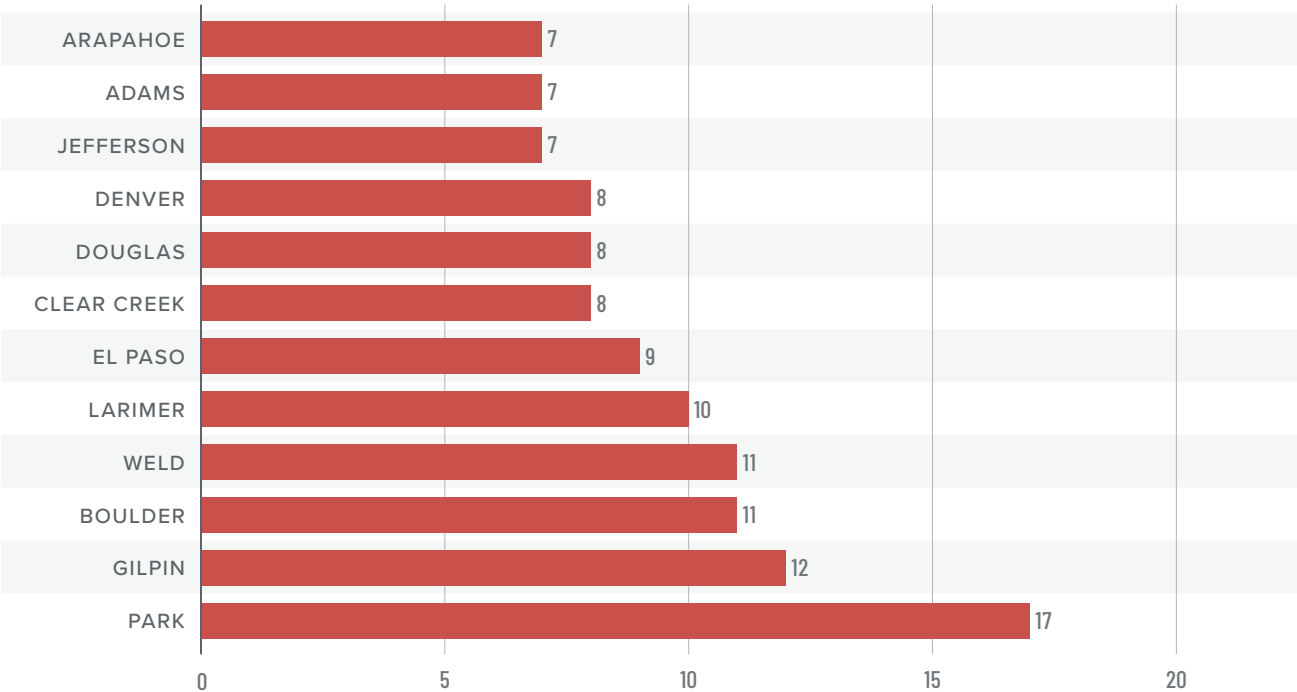


Days on Market



- › The average time it took to sell a home in the markets contained in this report fell eight days compared to the same period in 2021.
- › The length of time it took to sell a home dropped in six counties, remained static in three, and rose in the other three compared to the same quarter a year ago.
- › It took an average of only 10 days to sell a home in the region, which is down 15 days compared to the first quarter of the year.
- › Compared to the first quarter of 2022, average market time fell across the board, with significant drops in Gilpin (-41 days), Park (-25 days), and Clear Creek (-23 days) counties.

Average Days on Market by County / Q2 2022



Conclusions



The Colorado economy remains robust and continues to grow. As it stands today, I anticipate income growth here will continue to outpace the nation. The 221,000 current job openings in the state are evidence of significant employer demand, which will lead to higher wages.

Housing demand is still remarkably strong, even in light of the rapid increase in the number of homes for sale and rising financing costs.

As mentioned earlier, I will be watching movement in list prices through the summer as they are a leading indicator

in respect to the health of the market. Although we saw some softening in the pace of regional list price growth during second quarter and median list prices pulling back in some markets, it is too early to state that this is a pattern.

As such, I am leaving the needle in the same position as the first quarter. The growing number of homes for sale and lower list prices in some markets should favor buyers, but this is offset for the time being by solid demand.



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.

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.

