THE COLORADO HOUSING MARKET: ANALYSIS AND TRENDS

HB23-1253 Task Force to Study Corporate Housing Ownership
June 26, 2024 Meeting

Presented by: Cooper Thayer, REALTOR®
The Thayer Group, Keller Williams Action Realty LLC
Castle Rock, CO ▪ Denver, CO

Colorado Association of REALTORS®
Member, Legislative Policy Committee
Market Spokesperson, Denver County and Douglas County

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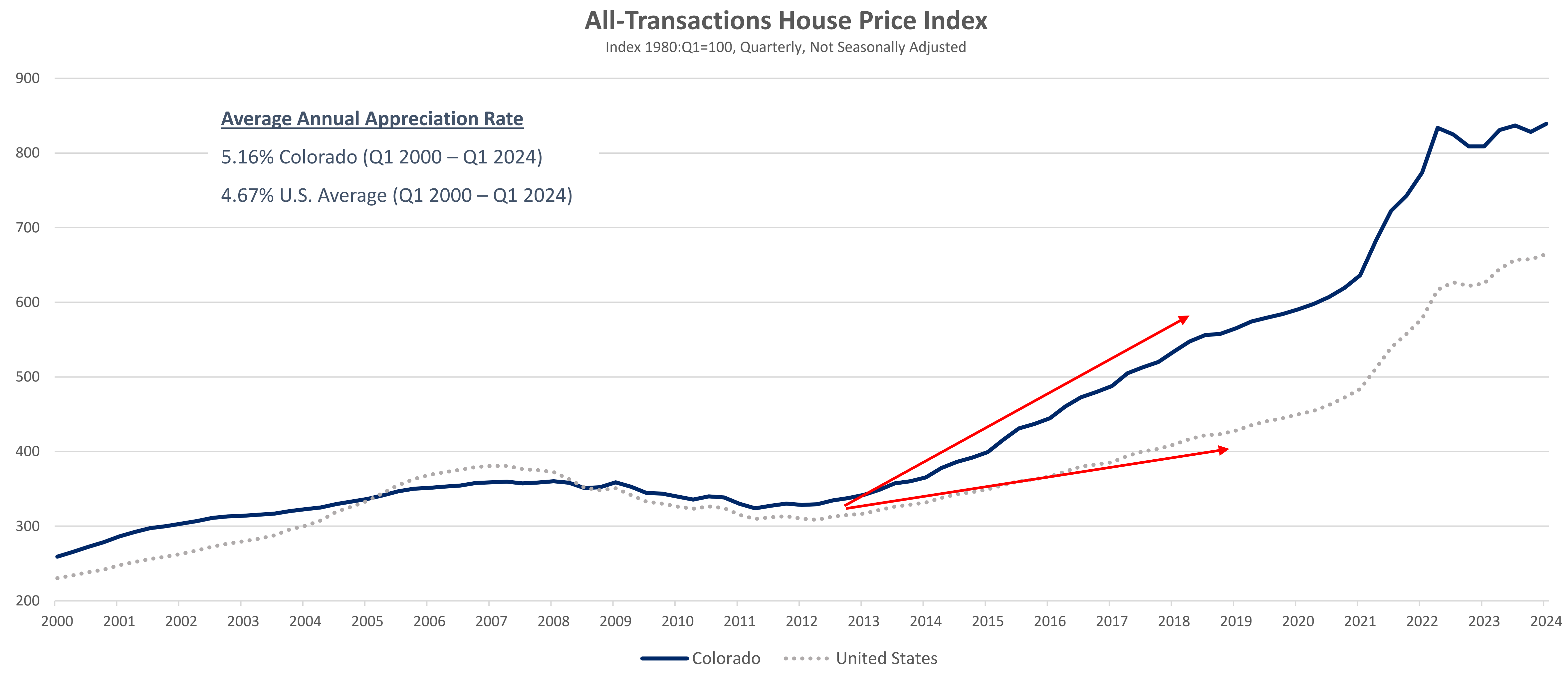
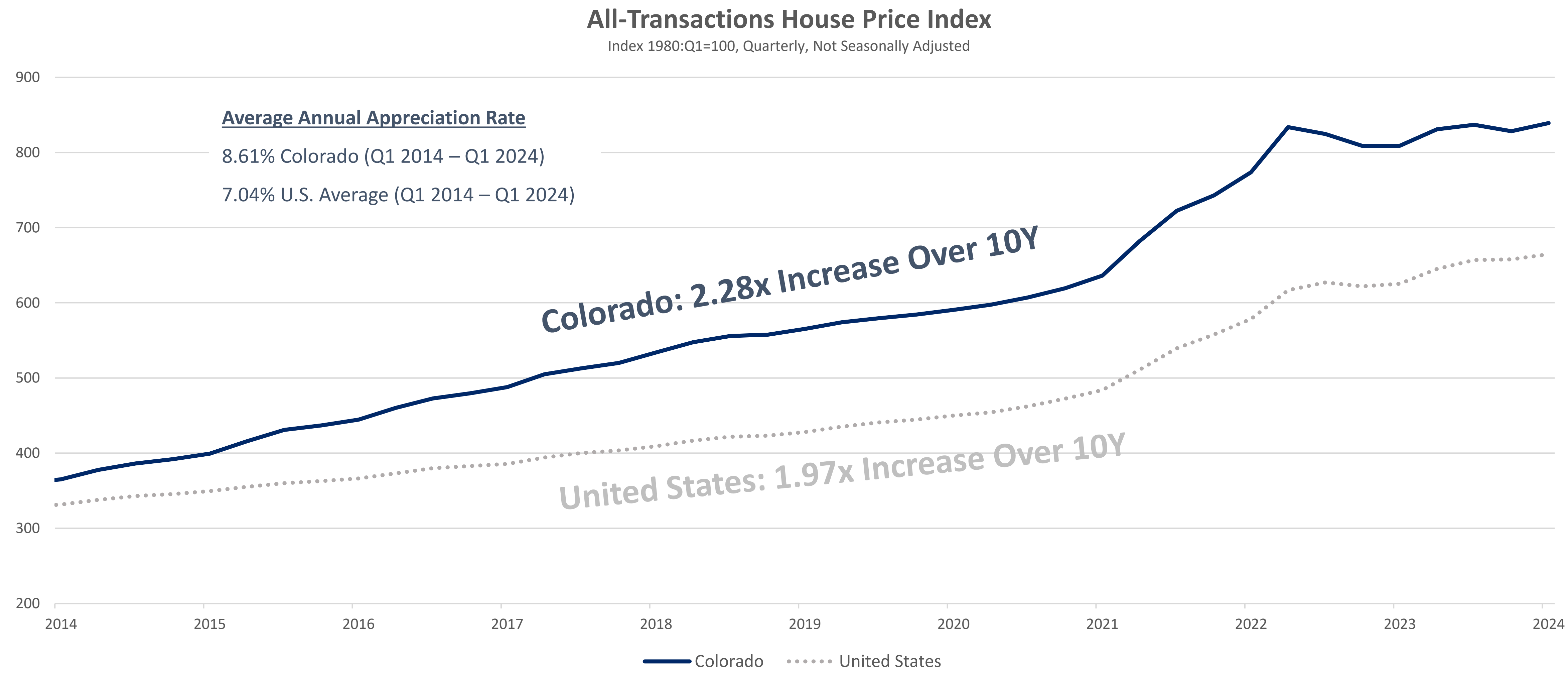
Rapid Appreciation: Colorado transaction prices increased 329% since 2000, more than the U.S. increase of 289%. Average annual appreciation rates were 10.4% higher in CO than the U.S. average.



U.S. Federal Housing Finance Agency, All-Transactions House Price Index for the United States [USSTHPI], All-Transactions House Price Index for Colorado [COSTHPI], retrieved from FRED, Federal Reserve Bank of St. Louis; June 18, 2024.

Even <u>More</u> Rapid Appreciation: In the past 10 years, appreciation rates in CO reached 8.6% per year, a rate over 22% higher than the U.S. average.



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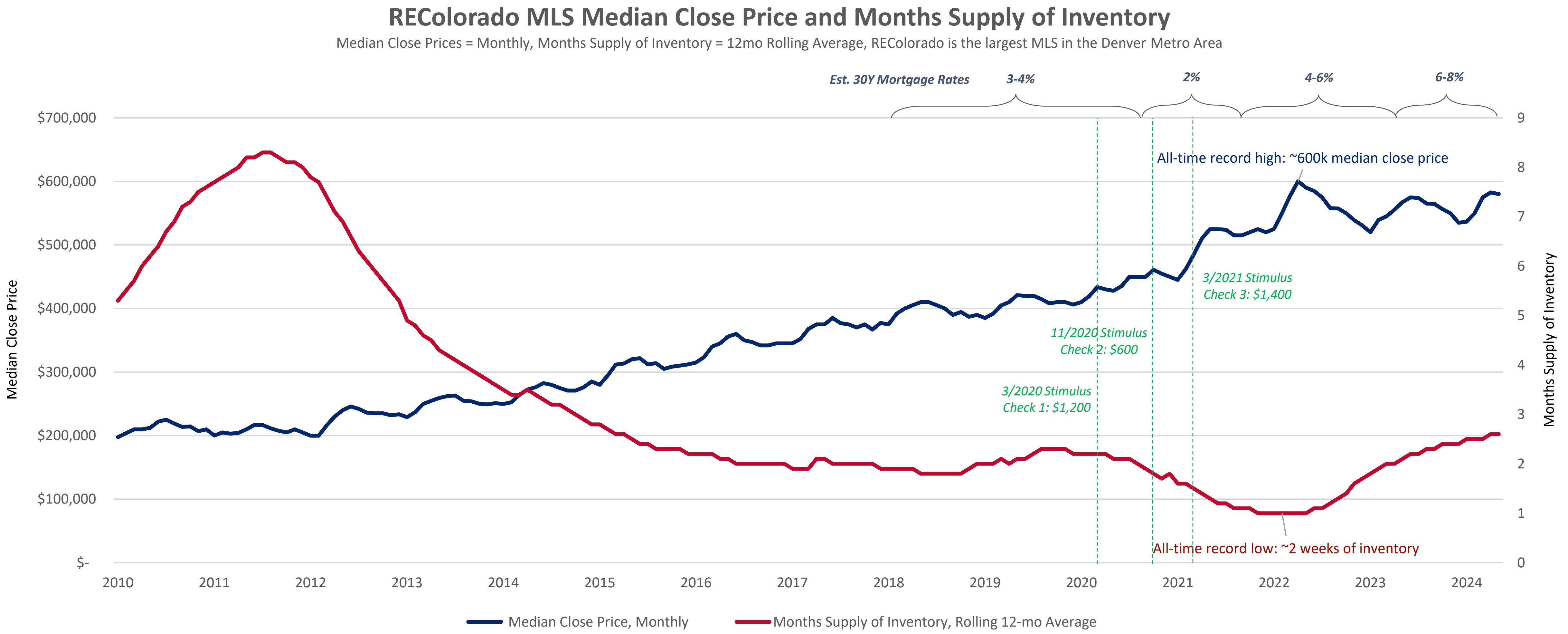
COVID's Effect on CO Real Estate: The compounding effects of sudden supply constraints and demand spikes induced by direct stimulus payments and low interest rates are still wearing off.



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Current Market Conditions Overview as of May 2024

Single-Family (Detached) Homes

10,866	**6,877**	**6,700**	**$598,750**
New Listings	Pending Listings	Closed Listings	Median Close Price
+23.8% Y-O-Y	*+6.9% Y-O-Y*	*+0.4% Y-O-Y*	*+4.1% Y-O-Y*
99.4%	**43 Days**	**16,469**	**3.1 Mo**
Avg. % of List Price Received	Average Time on Market	Active Listing Inventory	Months Supply of Inventory
-0.4% Y-O-Y	*+7.5% Y-O-Y*	*+24.3% Y-O-Y*	*+40.9% Y-O-Y*

Colorado Association of REALTORS®. Current as of June 5, 2024. Percent changes calculated using year-over-year comparisons. All data from the multiple listing services in the state of Colorado.

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Current Market Conditions Overview as of May 2024

Multi-Family (Attached/Townhouse/Condo) Homes

3,078
New Listings
+18.5% Y-O-Y

1,759
Pending Listings
-7.9% Y-O-Y

1,820
Closed Listings
-13.5% Y-O-Y

$415,000
Median Close Price
-0.1% Y-O-Y

98.9%
Avg. % of List Price Received
-1.1% Y-O-Y

43 Days
Average Time on Market
+30.3% Y-O-Y

5,426
Active Listing Inventory
+40.4% Y-O-Y

3.3 Mo
Months Supply of Inventory
+57.1% Y-O-Y

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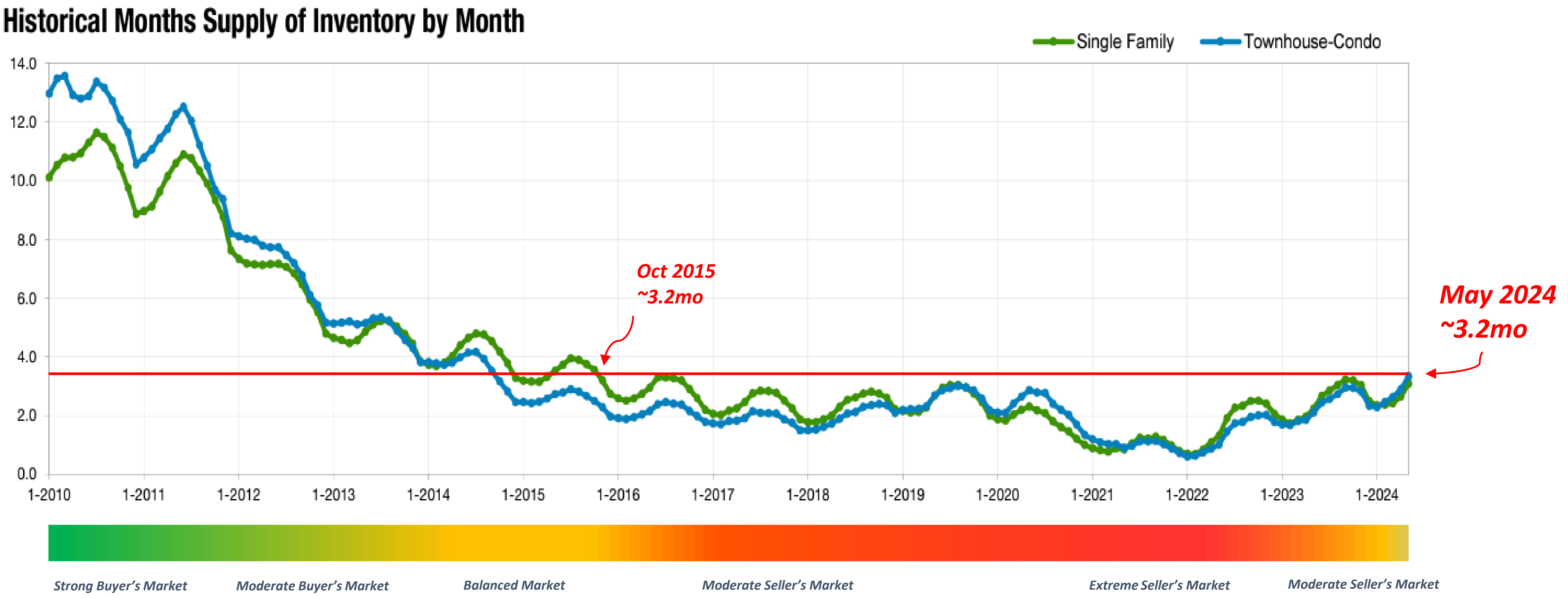
Current Market Conditions: Inventory may have stabilized to “balanced” levels.



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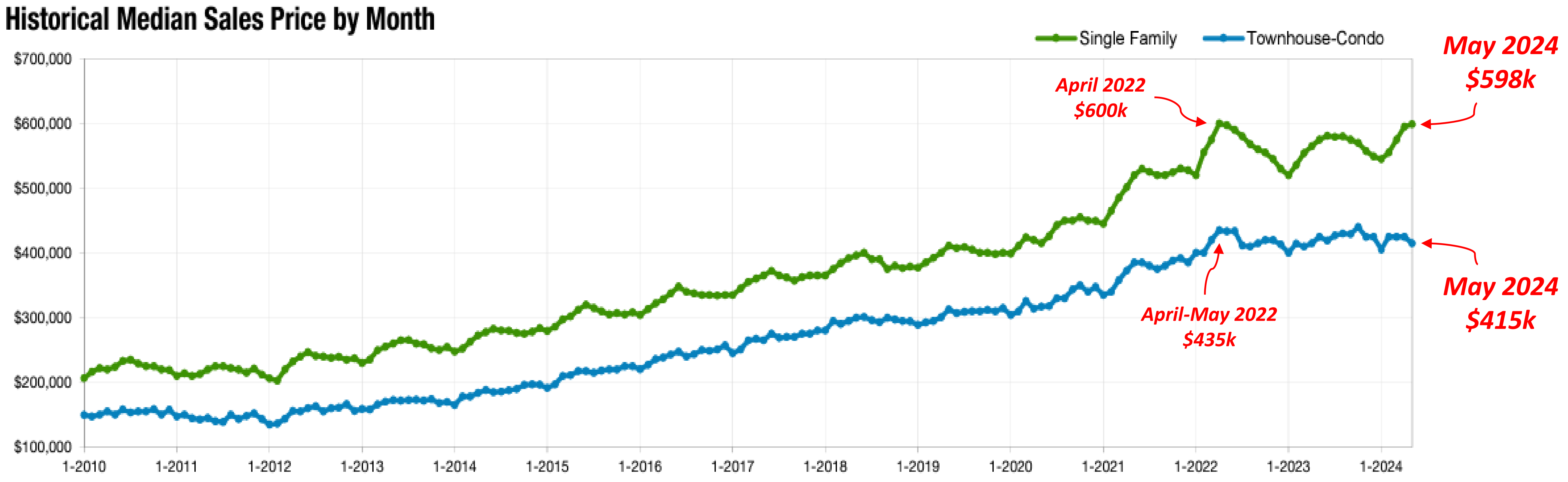
Current Market Conditions: Sale prices are still near all-time highs despite high interest rates.



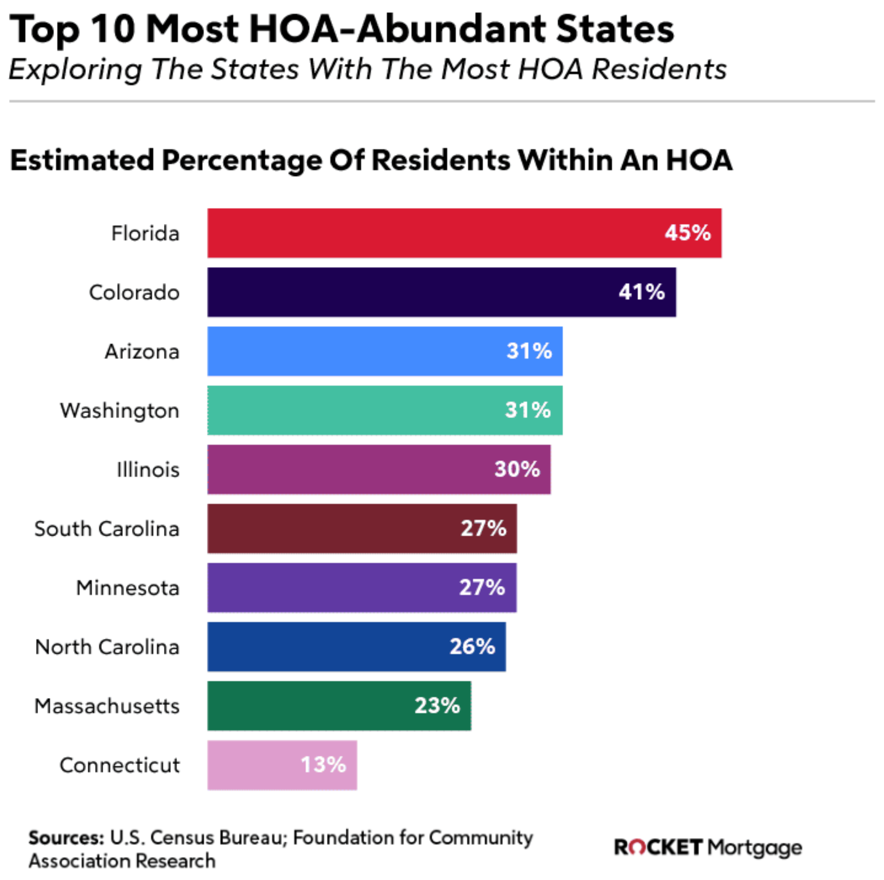
Colorado Association of REALTORS®. Current as of June 5, 2024. Percent changes calculated using year-over-year comparisons. All data from the multiple listing services in the state of Colorado. Report © 2024 ShowingTime Plus, LLC.

Multifamily Market Woes: Affordability challenges driven by increases in HOA dues, insurance premiums, interest rates, and overall inflation has especially impacted the entry-level housing segment.

Annual HOA dues have increased more than 25% in the past 5 years

Property Subtype	Median Annual HOA Fees (5/2019)	Median Annual HOA Fees (5/2024)	$ Change During Period	% Change During Period
Single-Family (Detached)	$598	$746	+$148	+27.0%
Condominium	$3,420	$4,500	+$1,080	+31.6%

*Representative market sample of approximately 7,141 closed listings in the REColorado MLS in May 2019 and May 2024, excluding listings with no HOA or Insufficient data listed in the REColorado MLS.



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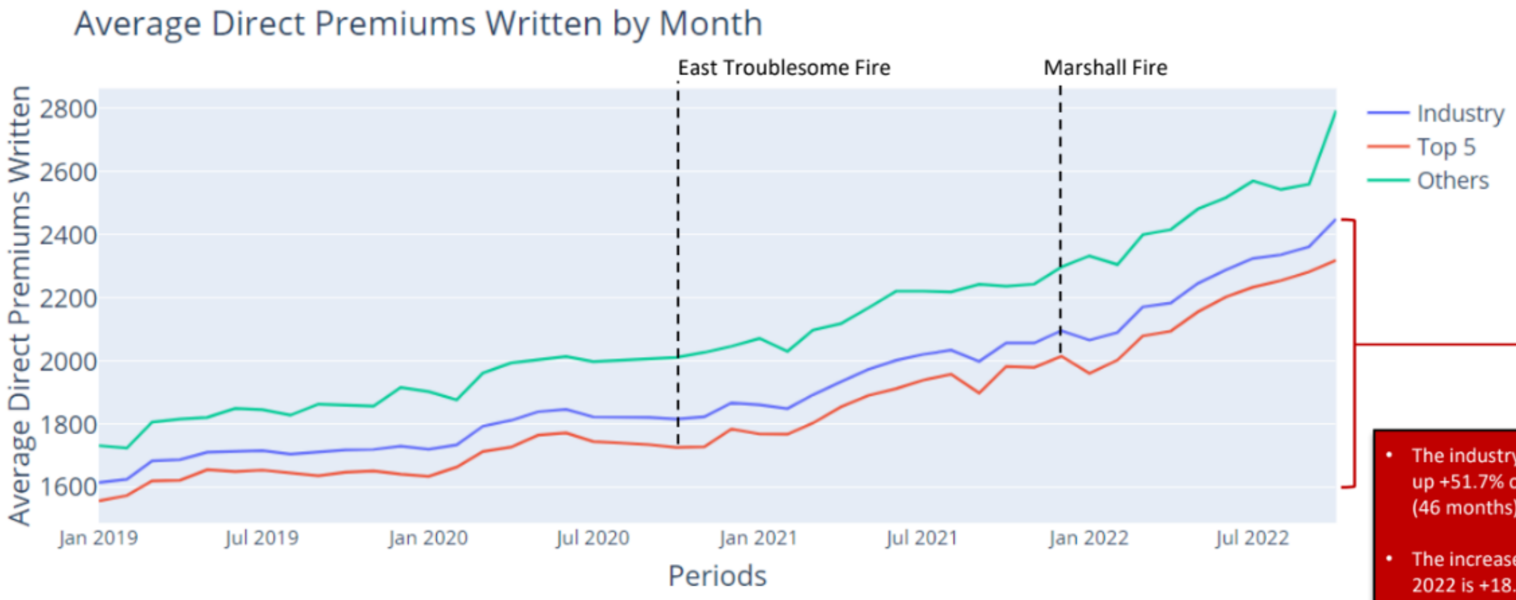
Multifamily Market Woes: Affordability challenges driven by increases in HOA dues, insurance premiums, interest rates, and overall inflation has especially impacted the entry-level housing segment.

INDUSTRY AVERAGE WRITTEN PREMIUM BY MONTH

Premiums have increased significantly in Colorado over the analysis period, and the pace has accelerated in 2022.



- The industry average premium is up +51.7% over the analysis period (46 months), or +11.5% annually.
- The increase since the beginning of 2022 is +18.6%, or +22.7% annually.

Recent wildfire activity, most notably the **East Troublesome & Marshall fires**, appear as inflection points on the graph; each time leading to accelerated growth in average premium charged following the event.

Colorado "Homeowners MP" data surveyed from carriers as-of October 2022, filtered on "Homeowners" policy type, Oliver Wyman Analysis prepared for the CO Department of Regulatory Agencies (DORA) – Division of Insurance

Future Predictions: Shortfalls in Colorado's housing stock will force prices to remain elevated or soften price depreciation in the event of worsening economic conditions.

Region/City	Housing Underproduction (2021)	As a Share of Total Housing Stock (2021)
State of Colorado *(ranked 8th highest housing underproduction out of 50 states)*	101,141	4.0%
Denver-Aurora-Lakewood, CO MSA	49,581	4.4%
Colorado Springs, CO	13,025	4.3%
Fort Collins	6,517	4.2%
Greeley, CO	5,104	6.2%
Pueblo, CO	2,825	4.1%
Grand Junction, CO	726	1.2%
Boulder, CO	661	1.3%

Up For Growth, Housing Underproduction™ in the U.S. 2023

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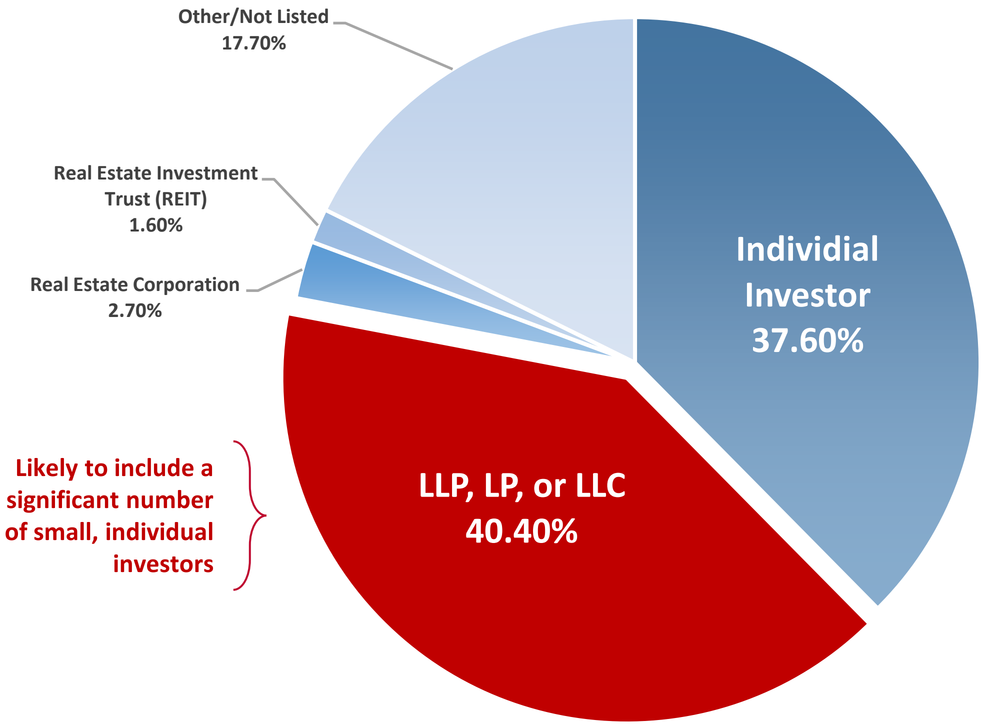
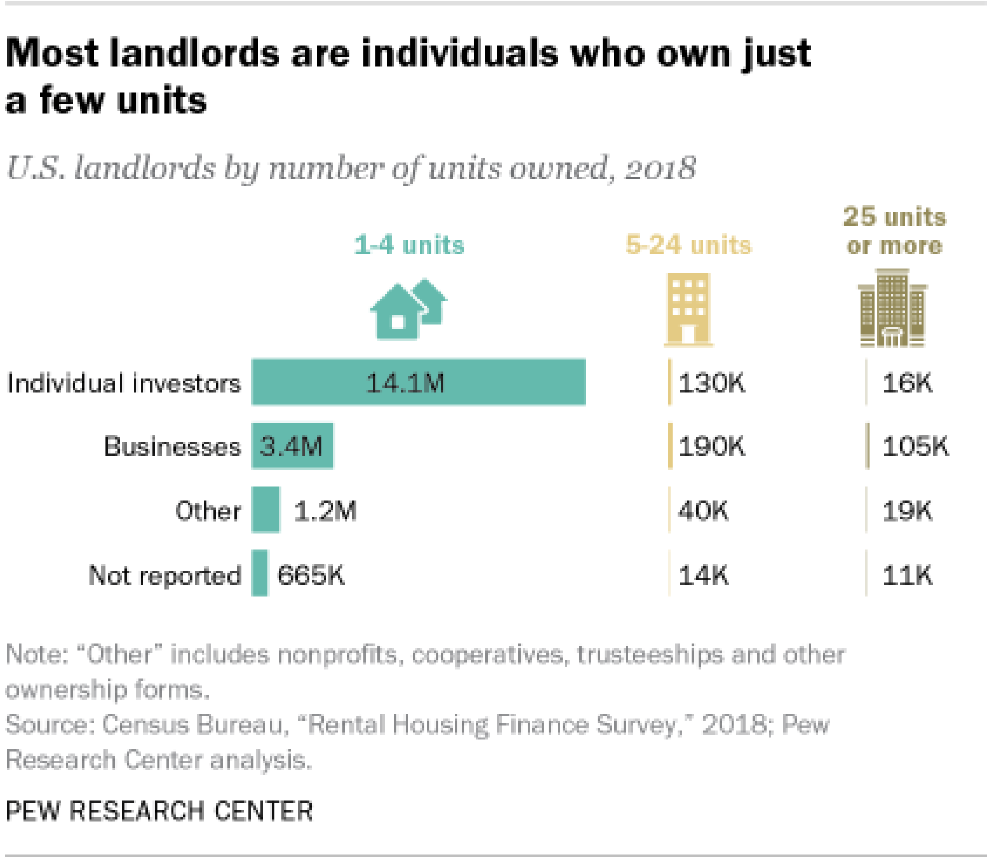
Legislative Considerations: Individuals and small investors can become collateral damage of legislation targeting “corporate” rental property owners.

Share of Rental Property Unit Ownership by Ownership Type





U.S. Department of Housing and Urban Development and U.S. Census Bureau, Rental Housing Finance Survey, 2021. Pew Research Center analysis.

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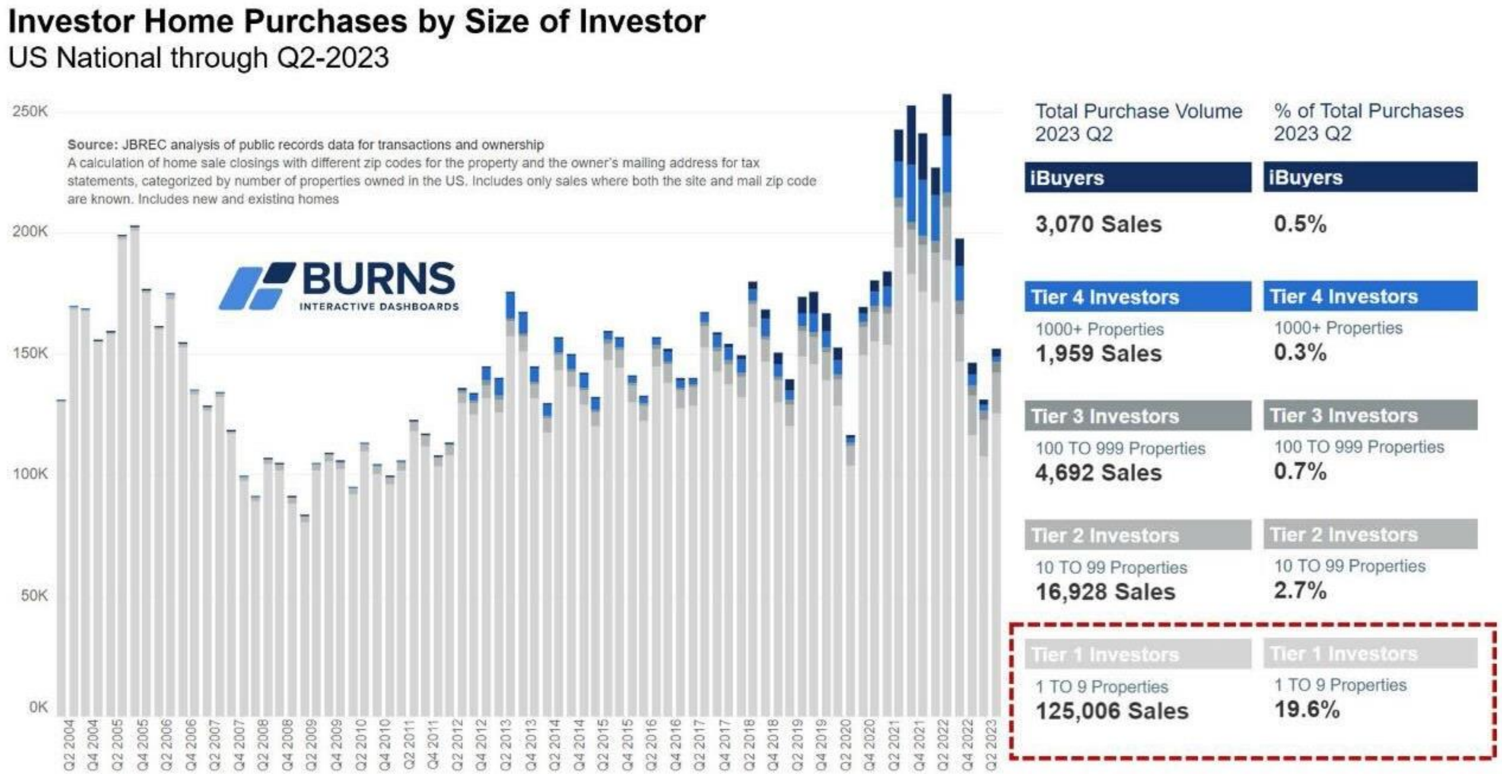

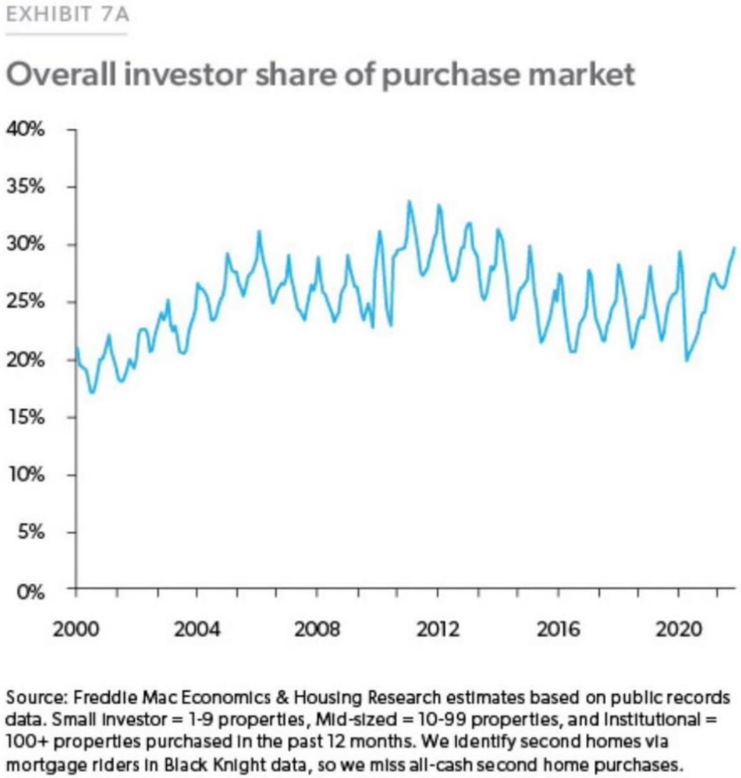

John Burns Real Estate Consulting; Freddie Mac Economics & Housing Research

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THANK YOU

For questions or further discussion, please feel free to reach out to me:

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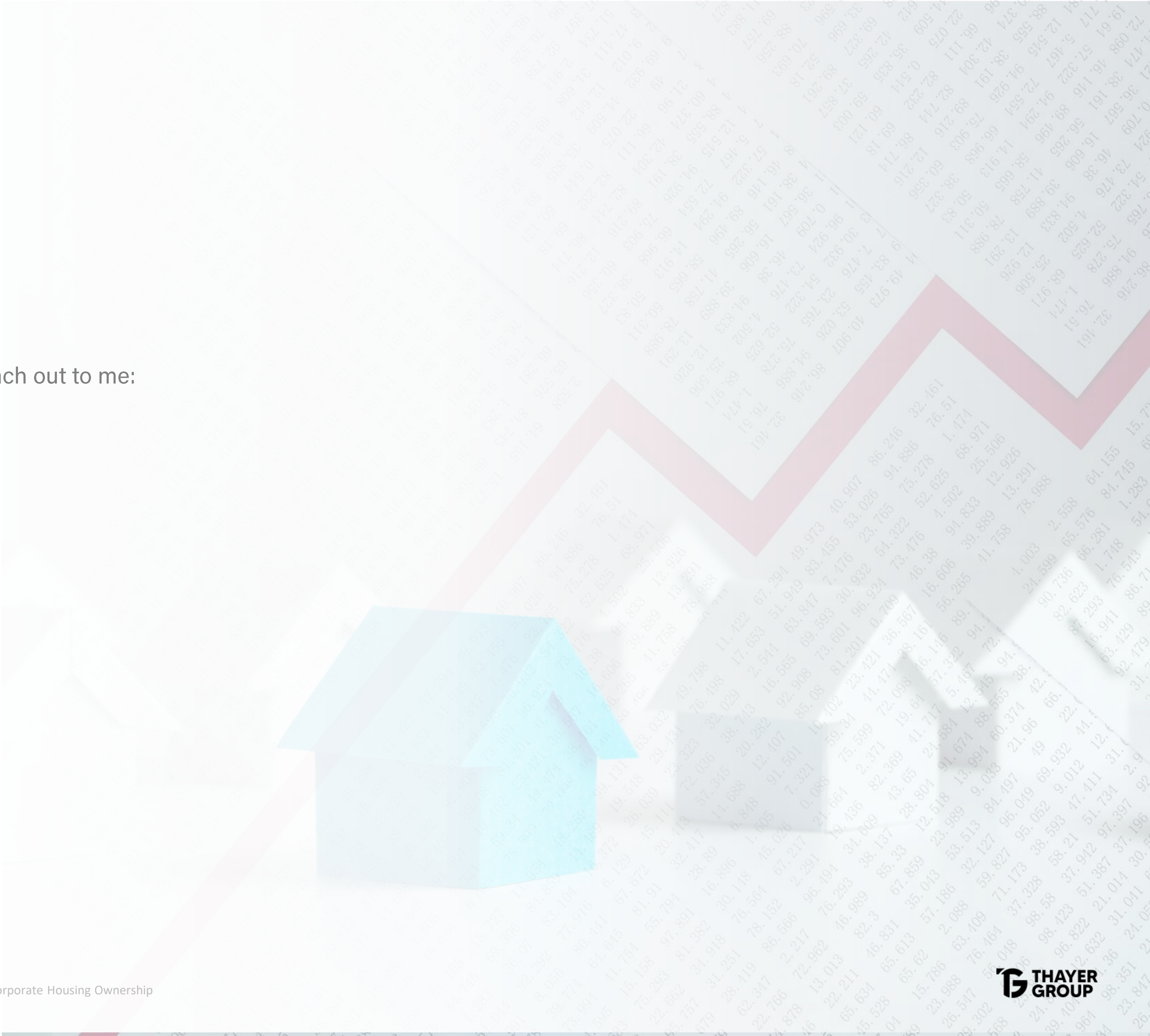

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