

DENVER METRO
ASSOCIATION OF REALTORS®
The Voice of Real Estate® in the Denver Metro Area

Denver Metro Real Estate Market Trends Report

SPECIAL YEAR-END EDITION


January 2022





MARKET OVERVIEW

The January report, according to recent data provided by the Denver Metro Association of Realtors® Market Trends Committee, showcases the December market transactions encompassing the 11 counties of the Denver Metro Area (Adams, Arapahoe, Boulder, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson and Park).

Here are the highlights:

		Prior Month	Year-Over-Year
 Residential (Detached plus Attached)			
Active Listings at Month End	1,477	-34.30%	-41.87%
Closed Homes	4,504	-15.13%	-13.88%
Close Price - Average	\$626,573	-0.35%	15.82%
Close Price - Median	\$545,000	0.93%	19.78%
Days in MLS - Average	18	20.00%	-26.00%

 Detached			
Active Listings at Month End	968	-32.96%	-26.44%
Closed Homes	3,155	-16.40%	-12.26%
Close Price - Average	\$705,753	0.25%	15.61%
Close Price - Median	\$599,990	0.00%	19.34%
Days in MLS - Average	19	26.67%	-5.00%

 Attached			
Active Listings at Month End	509	-36.69%	-58.45%
Closed Homes	1,349	-12.00%	-17.44%
Close Price - Average	\$441,390	-0.51%	13.72%
Close Price - Median	\$381,500	-1.93%	15.61%
Days in MLS - Average	17	6.25%	-46.88%

MARKET INSIGHTS

✓ Realtor® Tidbits:

- Some good news for homebuyers: on average, 2.8 percent of homes for sale during the four-week period that ended December 26, 2021 had a price drop each week, up 0.5 percentage points from a year ago.
- Investors appear to be releasing some of their inventory helping to bolster inventory levels.
- With the start of a new year, look at your homeowners insurance to make sure you have the proper coverage on your home.
- As of January 1, 2022, agents are required to use the new 2022 contracts and forms. Make sure you are using them and check the offers you get to ensure they are the updated contracts and forms.
- Many E&O insurance policies expired on January 1, 2022. A failure to renew your insurance policy could result in license inactivation and/or loss of prior acts coverage.

✓ Local News:

- Approximately 991 homes were destroyed after the Marshall and Middle Fork fires blanketed the Denver suburbs and Boulder County. An additional 127 homes were damaged by fire. Officials continue to assess the full extent of the damage but have said there were 1,778 homes within the burn area with a total value of \$825 million. Most of the damage took place in just half a day.
- With the Marshall Fires in Boulder County happening on December 31st, we may see our housing market get tighter than it already was as people need to find other housing.
- In Denver, investors bought 17 percent of all homes in the third quarter of 2021, up from nine percent. This equates to 2,831 homes with a value of \$1.7 billion. Buyers of these homes are both Institutional investors and smaller, local investors.
- Federal Heights was named the most affordable municipality in Colorado by the money management site, SmartAsset.
- The median rent nationwide increased 19.7 percent year-over-year. That's six times faster than pre-pandemic. Denver's rent is up 17.7 percent, which is almost a \$300/month jump. That same \$300 would give a buyer \$70,000 more in purchasing power.

✓ National News:

- The median home sale price closed out the year at an all-time high nationally. In addition, the median asking price of newly listed homes increased 12.9 percent from a year ago to \$345,348.
- Demand for homeownership hit historic highs across the country in 2021.

- According to the zavvie Seller Preferences Report, many consumers have turned to "Power Buyer" companies that essentially increase their buying power through services like cash offers, bridge financing and trade-in programs.
- Seventy-one percent of moving companies reported delays in 2021, blaming high demand and a labor shortage, according to a new survey of 63 moving firms. Nearly half of companies are booked out at least three weeks further than in previous seasons and 16 percent say they're booked up more than six weeks out than in previous peak seasons.
- Even though Opendoor's buy-to-list premium is rising in Q4, its home price appreciation will be quite low for the quarter due to the intense pricing pressure of the previous quarter.
- As the Zillow Offers collapse has demonstrated, pricing is a true potential competitive advantage for iBuyers. Getting it right is a prerequisite for success while getting it wrong can lead to catastrophic failures.
- Supply chain issues have plagued manufacturers and retailers across industries, from home builders to toy stores. Appliance sellers are no exception and many buyers are waiting more than six months for new appliances to be delivered.
- With shipping costs up 44 percent, wholesales prices up 9.6 percent, and 3.9 million fewer jobs than a year ago, new home prices will continue to have both inflationary price pressure and market appreciation, making entry-level homes even harder to come by.

✓ Mortgage News:

- According to preliminary data from the Mortgage Bankers Association, mortgage lenders issued \$1.61 trillion in purchase loans last year.
- Conforming loan limits for mortgages backed by Fannie Mae and Freddie Mac have jumped in most of the country to \$647,200, an increase of \$98,950 from 2021's limit of \$548,250.
- As 2022 kicks off, we are already getting a taste of the volatility we should come to expect. Fears of inflation and fewer purchases of mortgage-backed securities and treasuries by the Fed gave rates a quick 0.25 percent jump between December 31, 2021 and January 3, 2022.

✓ Quick Stats:

- The average active listings for December is 12,652 (1985-2020).
- Record-high December was 2007 with 24,603 listings and the record-low was set this year with 1,477 listings.
- The historical average decrease in active listings from November to December is 15.06 percent. This December, a decrease of 34.3 percent represents the largest percentage decrease on record.

EXPERT OPINION



ANDREW ABRAMS

Chair of the DMAR Market Trends Committee and Denver Realtor®



Through hardship and perseverance, the Denver Metro real estate market has been the backbone of our economy. It has been a stable force creating equity for those who currently own and a future opportunity for those who do not. Will we see significant changes in the real estate market from last year? At the beginning of 2021 and through much of the summer, the common theme was perseverance. It was unlikely to have one's bid accepted on the first try and even more unlikely to get under contract at asking price. We saw median prices appreciate 19.78 percent. If you waited a year to buy the same house, the price would have gone from \$455,000 a year ago to \$545,000 today. In the real estate market, time is money - a lot of money.

Throughout the ebbs and flows of the year, there was one common denominator: interest rates. As rates remained low, buyer demand stayed high. While it was common to hear individuals intimidated by the real estate market say there was "nothing to buy," the stats showed otherwise. More homes were purchased in 2021 - 63,684 more than any previous year. While demand was at an all-time high, the number of new listings that hit the market throughout the year was down 5.26 percent, which is one of the reasons we ended the year with another historic indicator, month-end active listings. There were only 1,477 active properties on the market in the entire Denver Metro area at the start of 2022. That represents 11,175 fewer houses on the market than normal. Imagine walking into a clothing store looking for the perfect clothes and having eight to nine times fewer options. Since 1991, the Denver Metro area has appreciated around 7.5 percent a year. The question that was asked this past year will be similar to what will be asked in the upcoming year: when will appreciation slow down to more normal times?

Based on the sustained demand for housing and lack of inventory, it is likely to see double-digit appreciation this year. We have seen back-to-back years of double-digit appreciation in 2015-2016 and 1998-2000. A few factors will dictate this continued acceleration in house prices. The first is supply and demand. There were currently 41.87 percent fewer houses on the market at the beginning of January 2022 than at the beginning of January 2021. There were 13.88 percent fewer homes purchased than last year at this time. While this is a decrease, it shows that demand is outpacing supply and therefore increasing prices. The second factor is that conforming loan limits increased to \$684,250 in the Denver Metro indexing \$37,050 higher than the nationwide conforming limits. This means that the majority of buyers can purchase a home for \$750,000, putting down 10 percent without it turning into a jumbo loan. Even with inflation picking up steam and therefore increasing the potential of interest rates, I do not believe interest rates will have a material impact on housing until after the summer of 2023.

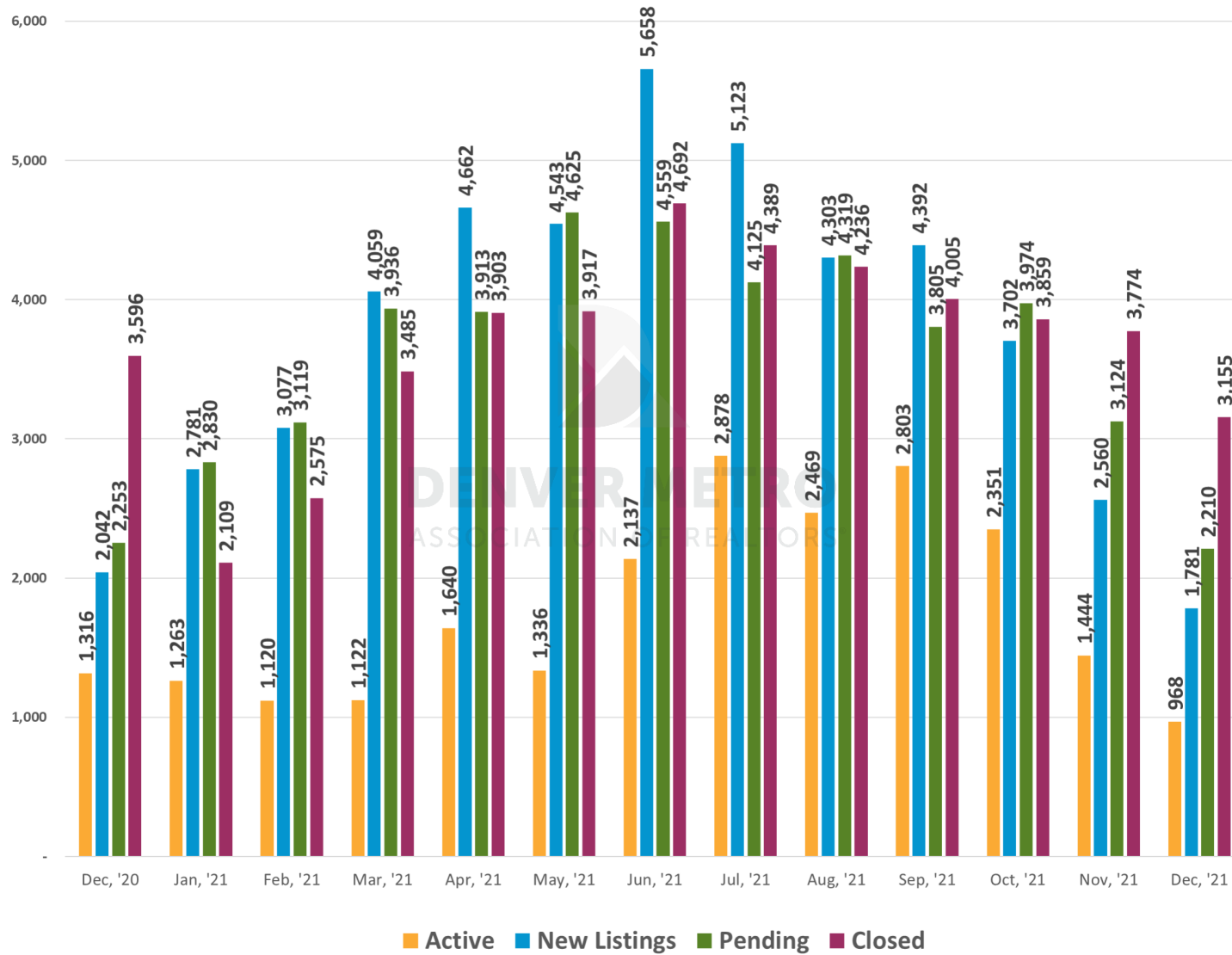
Last year, when comparing year-over-year data, it felt easy to call 2020 an outlier year. As we look into our 2022 crystal ball, it is fair to assume that what was previously an outlier is quickly becoming the norm. What can be done with the historic lack of supply and continued demand? While cities may start to change their policies, that won't solve the problem in the short term. Builders and building materials are backlogged, making change a slow process. If you are a buyer in this market, setting the right mindset is incredibly important. You should be buying because you want all of the qualities that homeownership has to offer - stability, equity building, aging in place and a sense of self. You may have to look at houses five to 10 percent below your budget, knowing that you will have to compete on every listing. In such a demanding and stressful process, working with a professional to help you navigate is imperative. Intuition and insight cannot be quantified like commission fees but can make that subtle difference between homeownership and not.

Detached Single-Family

DMAR Market Trends | December 2021 Data

Denver Metro Association of Realtors®

Source of MLS Data: REcolorado.com

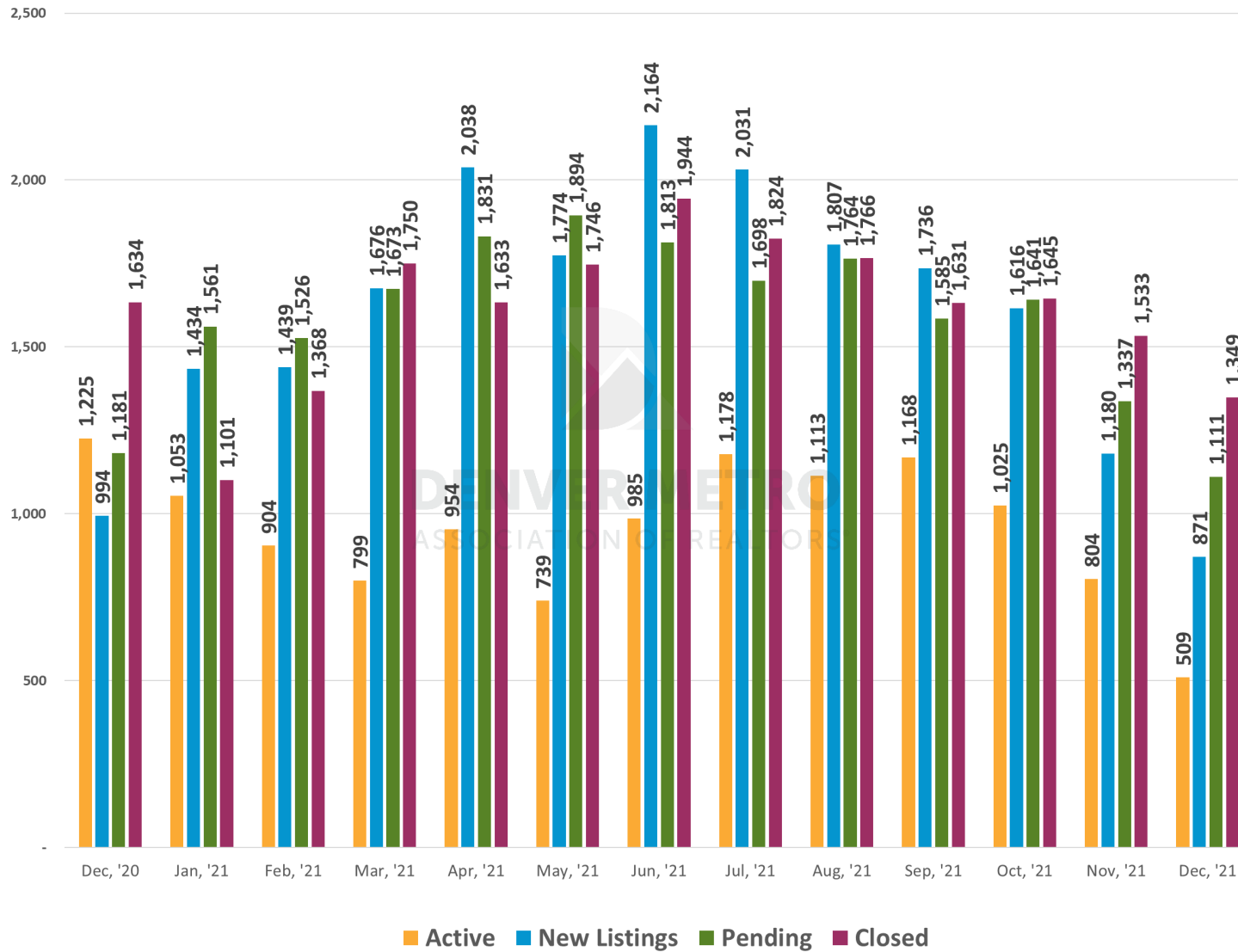


Attached Single-Family

DMAR Market Trends | December 2021 Data

Denver Metro Association of Realtors®

Source of MLS Data: REcolorado.com



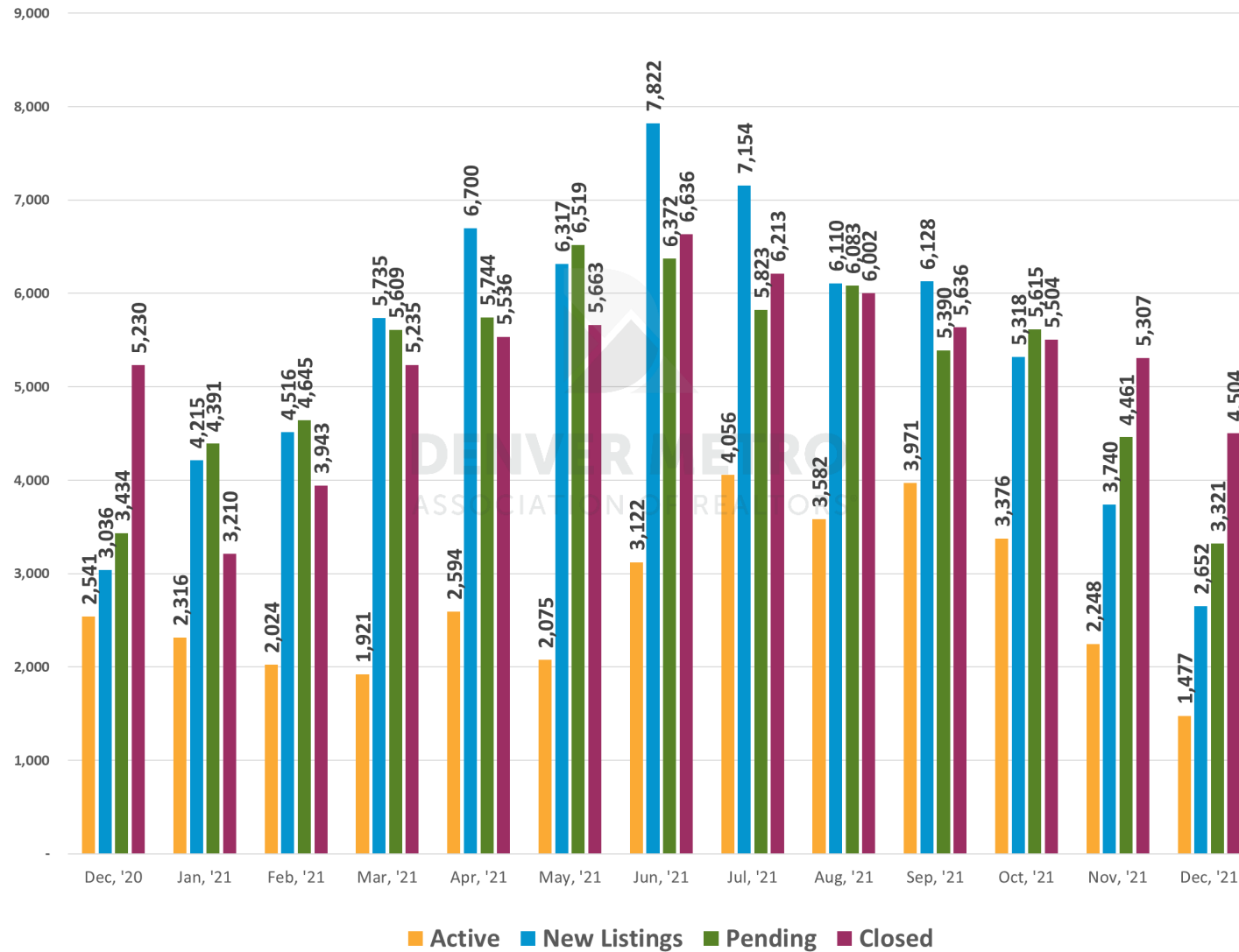
DMAR MARKET TRENDS | JANUARY 2022

Residential (Detached + Attached)

DMAR Market Trends | December 2021 Data

Denver Metro Association of Realtors®

Source of MLS Data: REcolorado.com

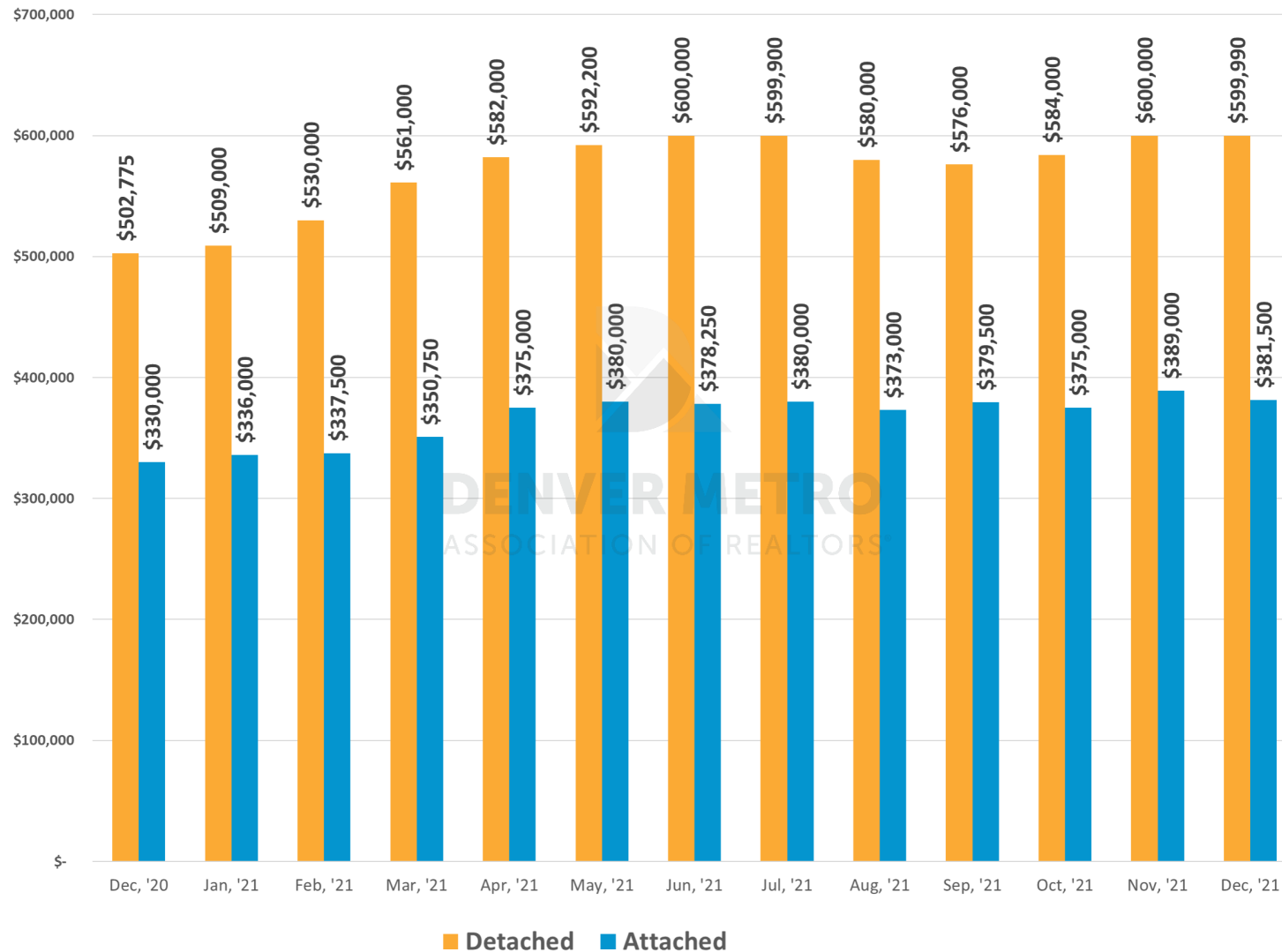


Median Close Price

DMAR Market Trends | December 2021 Data

Denver Metro Association of Realtors®

Source of MLS Data: REcolorado.com

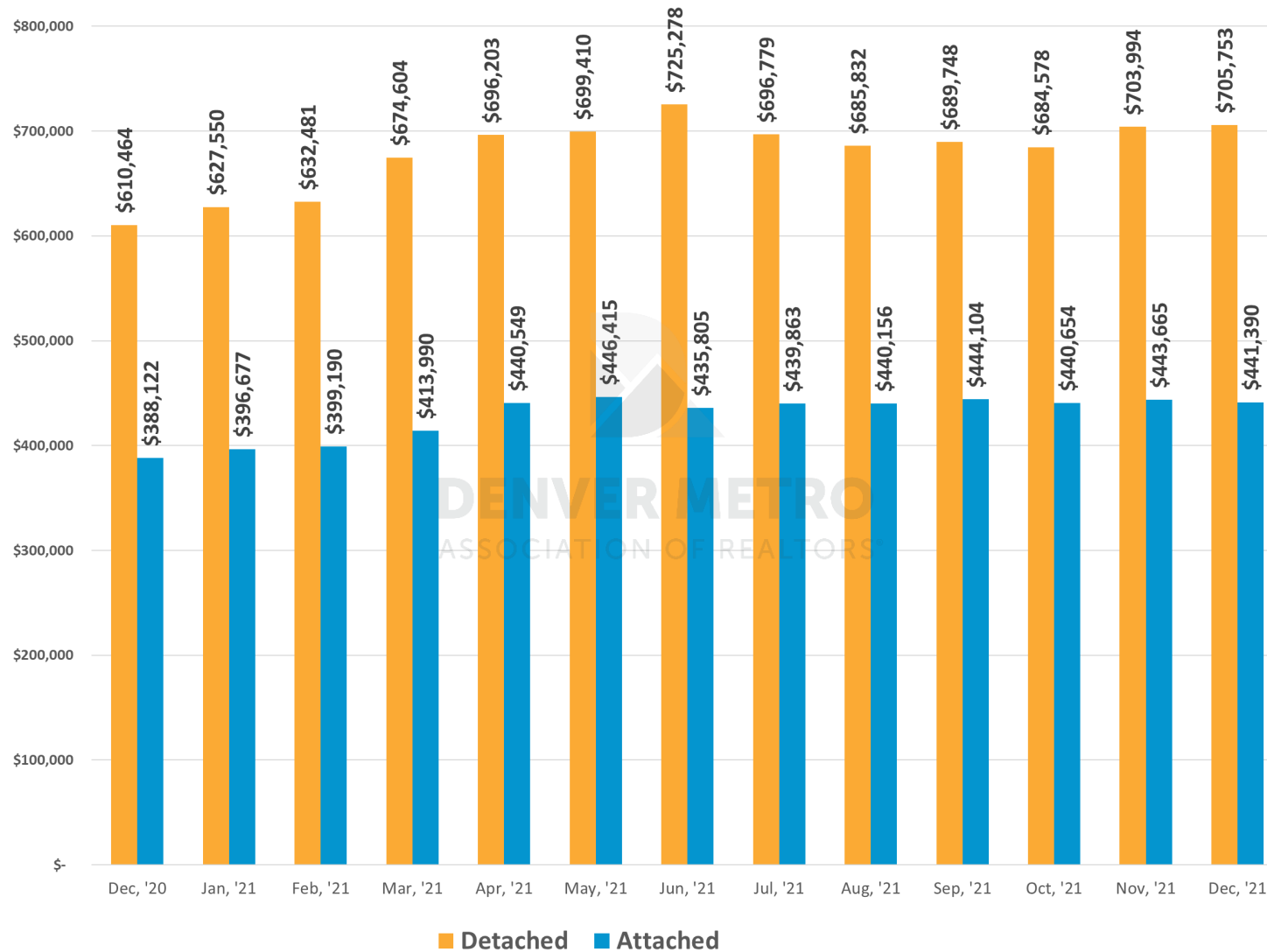

DMAR MARKET TRENDS | JANUARY 2022

Average Close Price

DMAR Market Trends | December 2021 Data

Denver Metro Association of Realtors®

Source of MLS Data: REcolorado.com

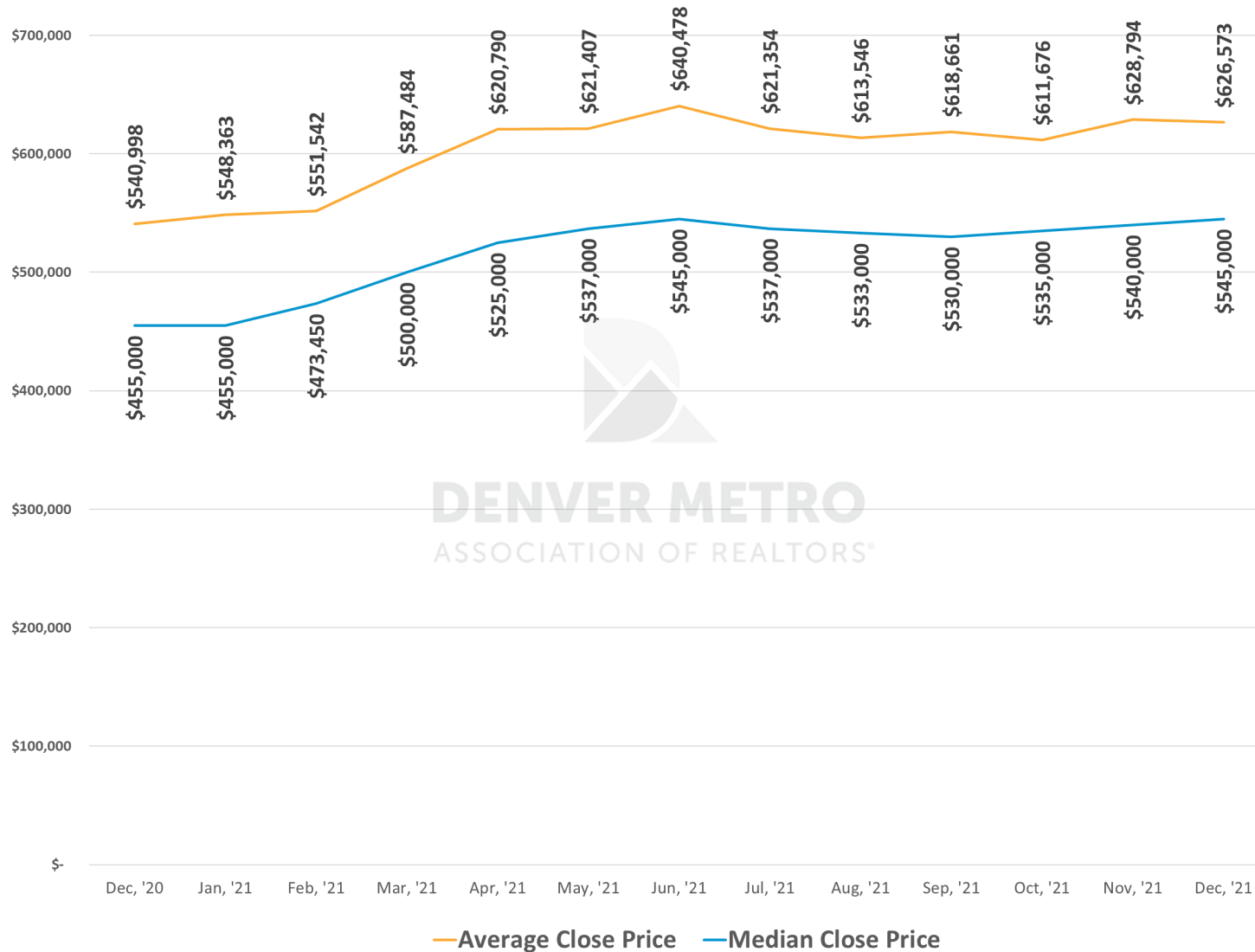


Residential Close Price

DMAR Market Trends | December 2021 Data

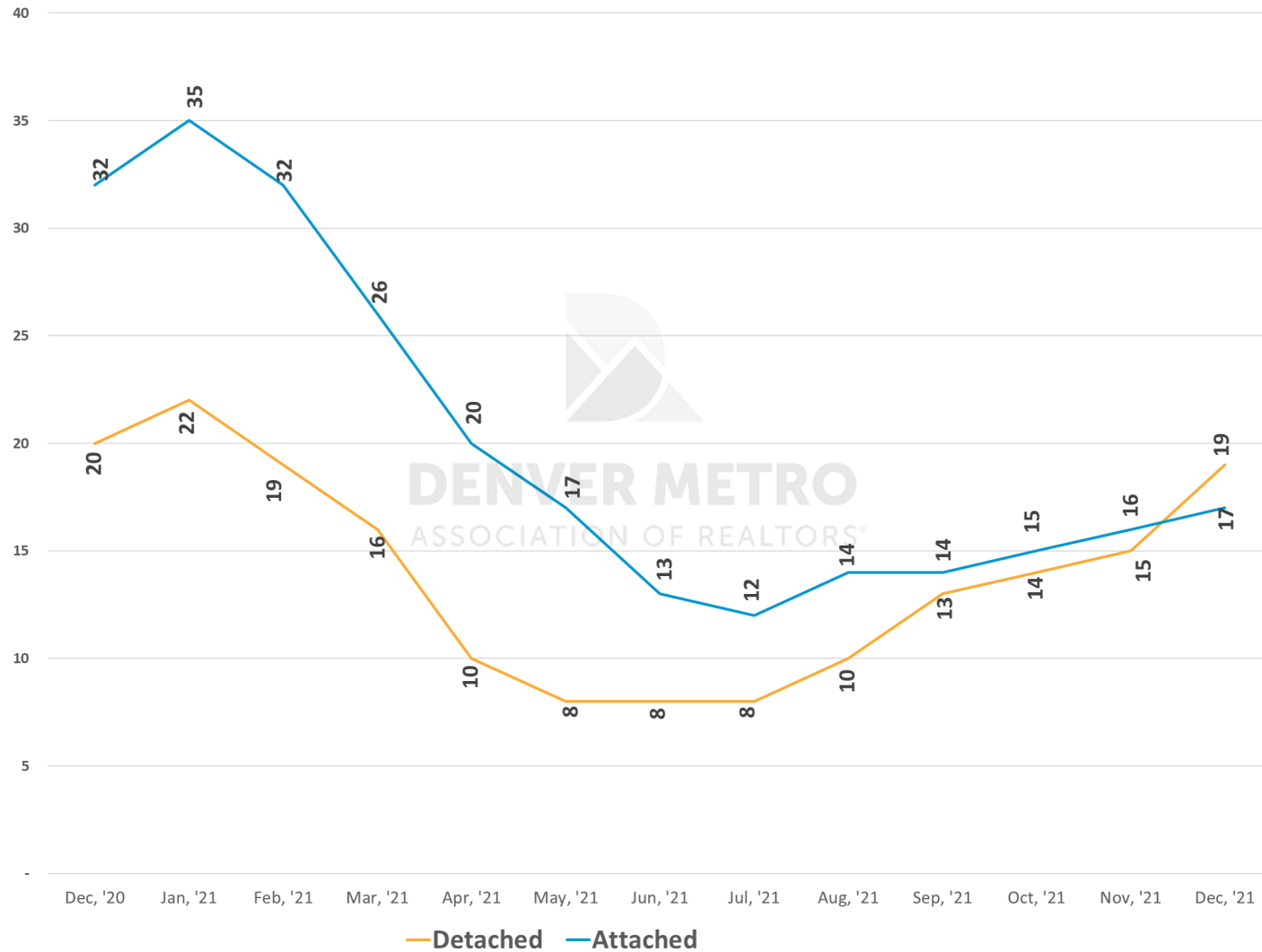
Denver Metro Association of Realtors®

Source of MLS Data: REcolorado.com



Average Days in MLS

DMAR Market Trends | December 2021 Data
Denver Metro Association of Realtors®
Source of MLS Data: REcolorado.com

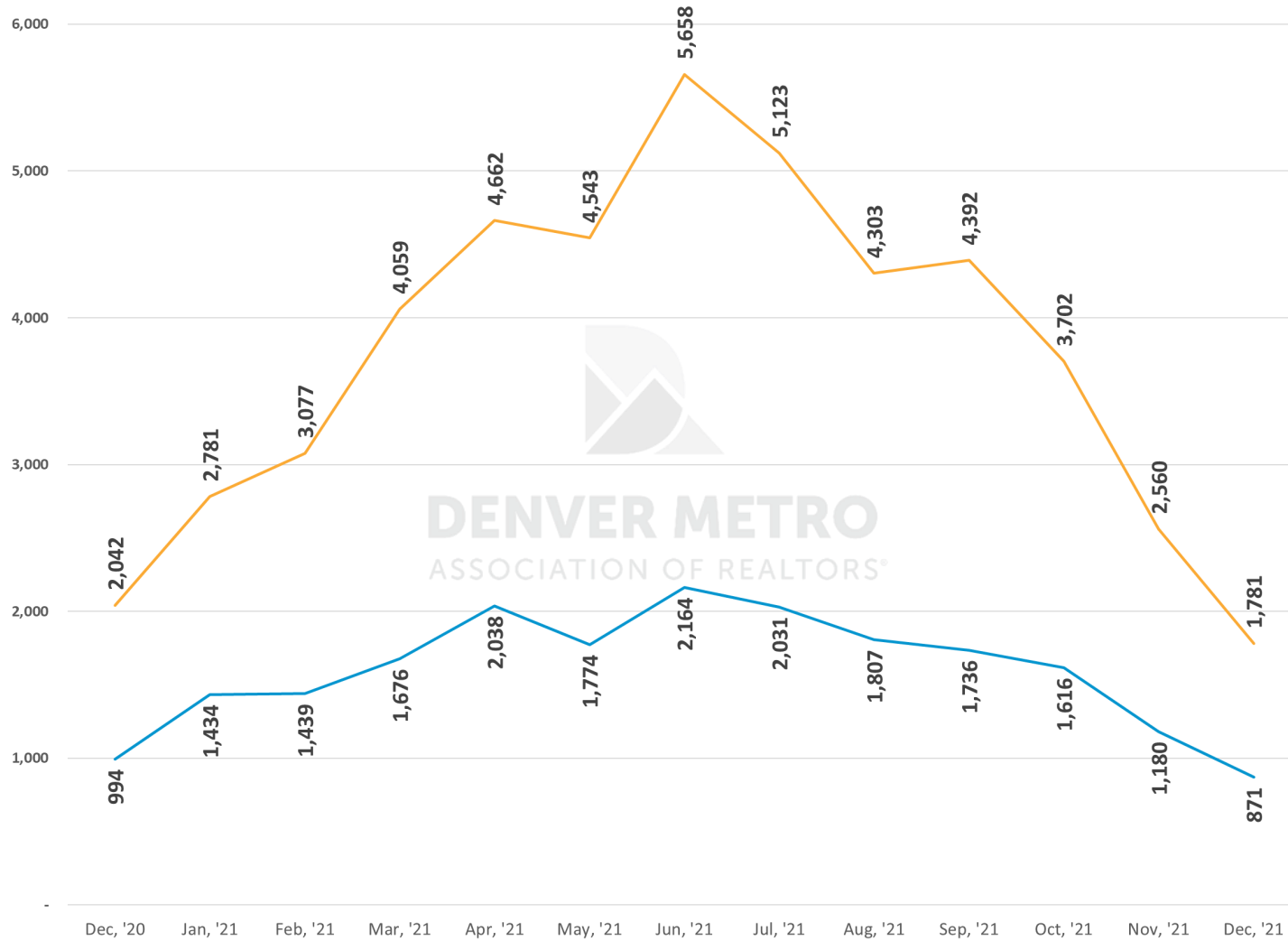


New Listings

DMAR Market Trends | December 2021 Data

Denver Metro Association of Realtors®

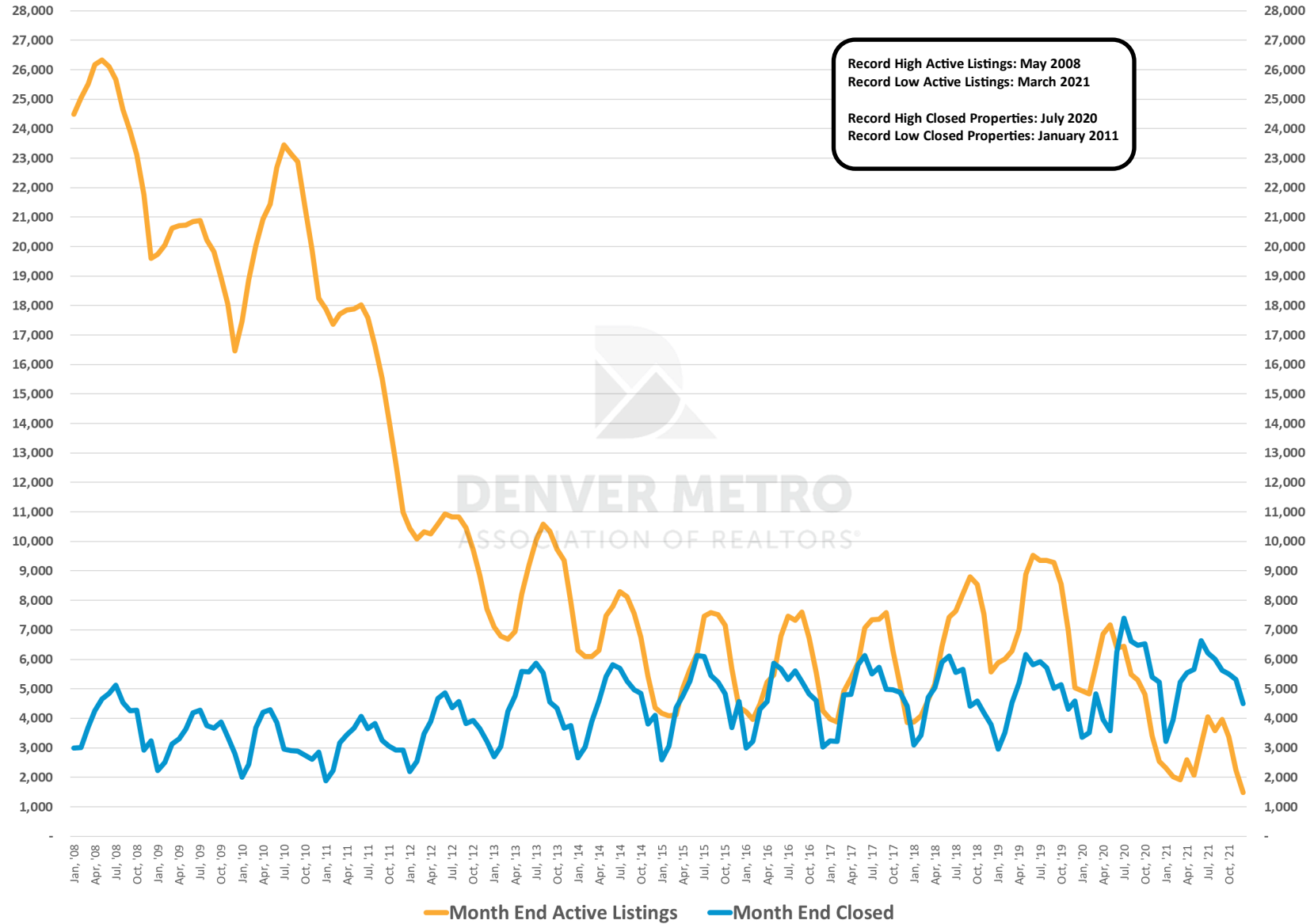
Source of MLS Data: REcolorado.com



DMAR MARKET TRENDS | JANUARY 2022

Month End Active Listings and Month End Closed Homes

DMAR Market Trends | December 2021 Data
 Denver Metro Association of Realtors®
 Source of MLS Data: REcolorado.com



DATA SNAPSHOT

Snapshot Month-Over-Month and Year-Over-Year Comparisons

	Dec, '21	Prior Month	Year Ago	Prior Month	Year Ago
Residential (Detached + Attached)					
Active Listings at Month End	1,477	2,248	2,541	-34.30%	-41.87%
New Listings	2,652	3,740	3,036	-29.09%	-12.65%
Pending	3,321	4,461	3,434	-25.55%	-3.29%
Closed	4,504	5,307	5,230	-15.13%	-13.88%
Close Price - Average	\$ 626,573	\$ 628,794	\$ 540,998	-0.35%	15.82%
Close Price - Median	\$ 545,000	\$ 540,000	\$ 455,000	0.93%	19.78%
Sales Volume	\$ 2,822,086,312	\$ 3,337,012,306	\$ 2,829,418,585	-15.43%	-0.26%
Days in MLS - Average	18	15	24	20.00%	-25.00%
Days in MLS - Median	5	5	7	0.00%	-28.57%
Close Price/List Price	101.53%	101.62%	100.37%	-0.09%	1.16%
Detached					
Active Listings at Month End	968	1,444	1,316	-32.96%	-26.44%
New Listings	1,781	2,560	2,042	-30.43%	-12.78%
Pending	2,210	3,124	2,253	-29.26%	-1.91%
Closed	3,155	3,774	3,596	-16.40%	-12.26%
Close Price - Average	\$ 705,753	\$ 703,994	\$ 610,464	0.25%	15.61%
Close Price - Median	\$ 599,990	\$ 600,000	\$ 502,775	0.00%	19.34%
Sales Volume	\$ 2,226,650,973	\$ 2,656,873,445	\$ 2,195,227,979	-16.19%	1.43%
Days in MLS - Average	19	15	20	26.67%	-5.00%
Days in MLS - Median	5	5	6	0.00%	-16.67%
Close Price/List Price	101.66%	101.69%	100.71%	-0.03%	0.94%
Attached					
Active Listings at Month End	509	804	1,225	-36.69%	-58.45%
New Listings	871	1,180	994	-26.19%	-12.37%
Pending	1,111	1,337	1,181	-16.90%	-5.93%
Closed	1,349	1,533	1,634	-12.00%	-17.44%
Close Price - Average	\$ 441,390	\$ 443,665	\$ 388,122	-0.51%	13.72%
Close Price - Median	\$ 381,500	\$ 389,000	\$ 330,000	-1.93%	15.61%
Sales Volume	\$ 595,435,339	\$ 680,138,861	\$ 634,190,606	-12.45%	-6.11%
Days in MLS - Average	17	16	32	6.25%	-46.88%
Days in MLS - Median	5	5	13	0.00%	-61.54%
Close Price/List Price	101.24%	101.45%	99.62%	-0.21%	1.63%

DECEMBER DATA YTD 2021 to 2017

	YTD 2021	YTD 2020	YTD 2019	YTD 2018	YTD 2017	'21 vs '20	'20 vs '19	'19 vs '18	'18 vs '17
Residential (Detached + Attached)									
Active Listings at Month End	1,477	2,541	5,037	5,577	3,854	-41.87%	-49.55%	-9.68%	44.71%
New Listings	66,308	69,986	71,202	68,398	67,311	-5.26%	-1.71%	4.10%	1.61%
Closed	63,684	63,501	58,899	56,509	59,253	0.29%	7.81%	4.23%	-4.63%
Close Price - Average	\$ 612,274	\$ 524,753	\$ 486,527	\$ 473,284	\$ 437,149	16.68%	7.86%	2.80%	8.27%
Close Price - Median	\$ 525,000	\$ 450,000	\$ 420,000	\$ 409,900	\$ 380,000	16.67%	7.14%	2.46%	7.87%
Sales Volume	\$ 38,992,031,397	\$ 33,322,319,173	\$ 28,655,932,910	\$ 26,744,784,239	\$ 25,902,374,765	17.01%	16.28%	7.15%	3.25%
Days in MLS - Average	14	26	31	26	26	-46.15%	-16.13%	19.23%	0.00%
Days in MLS - Median	4	7	13	9	8	-42.86%	-46.15%	44.44%	12.50%
Close Price/List Price	103.04%	99.96%	99.20%	99.86%	99.99%	3.08%	0.77%	-0.66%	-0.13%
Detached									
Active Listings at Month End	968	1,316	3,360	3,892	2,792	-26.44%	-60.83%	-13.67%	39.40%
New Listings	46,536	48,327	50,201	48,901	48,097	-3.71%	-3.73%	2.66%	1.67%
Closed	44,297	45,183	41,989	40,180	42,290	-1.96%	7.61%	4.50%	-4.99%
Close Price - Average	\$ 690,456	\$ 583,738	\$ 535,472	\$ 522,675	\$ 483,977	18.28%	9.01%	2.45%	8.00%
Close Price - Median	\$ 580,000	\$ 495,000	\$ 454,500	\$ 441,000	\$ 412,000	17.17%	8.91%	3.06%	7.04%
Sales Volume	\$ 30,585,122,996	\$ 26,375,045,006	\$ 22,483,923,132	\$ 21,001,061,971	\$ 20,467,391,069	15.96%	17.31%	7.06%	2.61%
Days in MLS - Average	13	25	31	27	28	-48.00%	-19.35%	14.81%	-3.57%
Days in MLS - Median	4	7	13	9	9	-42.86%	-46.15%	44.44%	0.00%
Close Price/List Price	103.46%	100.11%	99.20%	99.75%	99.85%	3.35%	0.92%	-0.55%	-0.10%
Attached									
Active Listings at Month End	509	1,225	1,677	1,685	1,062	-58.45%	-26.95%	-0.47%	58.66%
New Listings	19,772	21,659	21,001	19,497	19,214	-8.71%	3.13%	7.71%	1.47%
Closed	19,387	18,318	16,910	16,329	16,963	5.84%	8.33%	3.56%	-3.74%
Close Price - Average	\$ 433,636	\$ 379,259	\$ 364,992	\$ 351,750	\$ 320,402	14.34%	3.91%	3.76%	9.78%
Close Price - Median	\$ 372,000	\$ 327,500	\$ 309,000	\$ 300,000	\$ 270,000	13.59%	5.99%	3.00%	11.11%
Sales Volume	\$ 8,406,908,401	\$ 6,947,274,167	\$ 6,172,009,778	\$ 5,743,722,268	\$ 5,434,983,696	21.01%	12.56%	7.46%	5.68%
Days in MLS - Average	19	29	32	23	22	-34.48%	-9.38%	39.13%	4.55%
Days in MLS - Median	5	11	14	8	6	-54.55%	-21.43%	75.00%	33.33%
Close Price/List Price	102.08%	99.59%	99.18%	100.11%	100.36%	2.50%	0.41%	-0.93%	-0.25%

MARKET TRENDS

	Price Range	Detached			Attached		
		Closed	Active	MOI	Closed	Active	MOI
Months of Inventory	\$0 to \$99,999	1	-	0.00	-	-	
	\$100,000 to \$199,999	5	7	1.40	91	20	0.22
	\$200,000 to \$299,999	24	11	0.46	233	67	0.29
	\$300,000 to \$399,999	169	44	0.26	414	91	0.22
	\$400,000 to \$499,999	602	93	0.15	270	71	0.26
	\$500,000 to \$749,999	1,548	395	0.26	233	147	0.63
	\$750,000 to \$999,999	493	181	0.37	53	46	0.87
	\$1,000,000 and over	313	237	0.76	55	67	1.22
	TOTALS	3,155	968	0.31	1,349	509	0.38

	Price Range	Detached		% change	Attached		% change
		Closed Dec, '21	Closed Nov, '21		Closed Dec, '21	Closed Nov, '21	
Month-Over-Month	\$0 to \$99,999	1	1	0.00%	-	-	
	\$100,000 to \$199,999	5	1	400.00%	91	73	24.66%
	\$200,000 to \$299,999	24	29	-17.24%	233	285	-18.25%
	\$300,000 to \$399,999	169	182	-7.14%	414	451	-8.20%
	\$400,000 to \$499,999	602	791	-23.89%	270	331	-18.43%
	\$500,000 to \$749,999	1,548	1,804	-14.19%	233	282	-17.38%
	\$750,000 to \$999,999	493	589	-16.30%	53	59	-10.17%
	\$1,000,000 and over	313	377	-16.98%	55	52	5.77%
	TOTALS	3,155	3,774	-16.40%	1,349	1,533	-12.00%

	Price Range	Detached		% change	Attached		% change
		YTD Dec, '21	YTD Dec, '20		YTD Dec, '21	YTD Dec, '20	
Year-Over-Year	\$0 to \$99,999	16	29	-44.83%	-	7	-100.00%
	\$100,000 to \$199,999	52	119	-56.30%	1,196	1,605	-25.48%
	\$200,000 to \$299,999	397	1,150	-65.48%	4,098	5,555	-26.23%
	\$300,000 to \$399,999	2,909	8,410	-65.41%	5,643	5,288	6.71%
	\$400,000 to \$499,999	9,815	13,353	-26.50%	3,722	2,697	38.01%
	\$500,000 to \$749,999	20,267	15,282	32.62%	3,262	2,285	42.76%
	\$750,000 to \$999,999	6,169	3,806	62.09%	836	618	35.28%
	\$1,000,000 and over	4,672	3,034	53.99%	630	263	139.54%
	TOTALS	44,297	45,183	-1.96%	19,387	18,318	5.84%

EXPERT OPINIONS



“Luxury Market (properties sold for \$1 million or more): As prices continue to climb across the Denver Metro area, more homes enter the ranks of the Luxury Market every month as demand continues at a rapid pace. Within the past two years, the number of homes that sold within the Luxury Market more than doubled. The single-family segment of the market closed 4,672 single-family homes, a 53.99 percent gain year-over-year, while the attached segment experienced a 140.46 percent gain with 630 homes sold.

Over the holidays, the seasonal slowdown is palpable, with many homeowners opting to spend time with loved ones as opposed to focusing on selling their homes. As a result, the number of new listings and pending and closed properties traditionally shows a sharp drop off with the focus off real estate. Because of this, I find comparing year-over-year stats is more telling this time of year.

While active homes on the market dropped 41.87 percent market-wide, the Luxury Market continued to outperform with a five percent increase in December for new listings. To drill down the data a bit, the number of new listings for detached homes climbed slightly by 1.40 percent from last December, while closed listings increased 9.06 percent. Even with a seasonal shift, the average days in MLS fell 30.19 percent to 37 days and median days in MLS dropped 59.09 percent from 22 days to nine compared to last December.

The attached market continued to shine as people felt more comfortable living in closer proximity to their neighbors. As a reminder, the attached market took a hit in 2020 when many Denver residents made the preferential shift for single-family homes over attached as COVID-19 cases grew, with downtown Denver being hit the hardest in town.

While it may be premature to say the attached market is having a renaissance, the numbers are staggering. New listings climbed 35.29 percent year-over-year with 23 new listings. The most interesting data point is reflected in closed sales, which came in at a staggering 89.66 percent gain with sales volume following closely with a 75.36 rise with \$75,932,105 closed volume.

As we head into 2022, the Luxury Market will continue to stay strong. As home prices continue to soar coupled with increased conforming loan limits, I expect to see very similar numbers next December. Additionally, we lost almost 1,000 homes in the Marshall and Middle Fork fires, with many of those homes falling within the Luxury Market. The loss of those homes puts further pressure on an

already tight real estate market. Until then, we desperately need more inventory to even out demand. — **Libby Levinson-Katz, DMAR Market Trends Committee member and Denver Realtor®**



Signature Market (properties sold between \$750,000 and \$999,999): I hope your holidays were merry and bright and cheers to the new year! The Signature Market was bright for 2021 as new listings were up 35.19 percent in 2021; however, with 7,291 new listings hitting the market in 2021, those homes quickly went to pending status and closed just as fast. We saw pending homes increase 47.87 percent, closed homes increase 58.34 percent and the median days in MLS was five. It was a sweet sight for sellers, as the close-price-to-list-price ratio increased

3.61 percent to 102.97 percent. It's no surprise, but sales volume for the Signature Market increased 58.51 percent to \$5,938,249,246 - that's almost \$6 billion!

With the Signature Market gleaming with over 1,800 new homes from 2020-2021, the detached market was the most robust with a 43.05 percent increase in inventory. Buyers still had to make decisions quickly as the median days in MLS were down 58.33 percent to five days. Buyers were shopping quickly and had to compete, as Signature single-family homes sold for 103.24 percent close-price-to-list-price. For 2021, the detached homes increased 10.59 percent to \$261 price per square foot.

The attached Signature Market was a different sight. Inventory was down 0.83 year-over-year, so buyers had to act fast and pay a little over list price with the median days in MLS down 60.00 percent year-over-year and the close-price-to-list-price ratio at 100.98 percent. Sellers were jumping for joy with the sales volume increasing 36.20 percent year-over-year to \$714,070,377.

The market has been tight for years, demand is high, supply chains are causing problems and now with the Marshall fires burning almost 1,000 homes and damaging over 120, our market will continue to be challenging. With the recent events, I think we're all going to look at things in a different light. Some people don't have homes and now need to find new ones. So, if you're competing against multiple offers, just remember what these people who are impacted by the Marshall fires are going through, and this may put things in a different perspective when you're making a competitive offer. — **Brigitte Modglin, DMAR Market Trends Committee member and Denver Realtor®**

EXPERT OPINIONS



“Premier Market (properties sold between \$500,000 and \$749,999): As the door closes on 2021, and before we look ahead to what may be in store for 2022, let's first look at the year in review - and what a year it was! We're wrapping up our second year of a pandemic, and although so much has changed, it's probably not in a way we all thought it would have evolved when the pandemic first hit. The data does depict what we were all feeling this past year - real estate

is a backbone of our economy. While our job as Realtors® to help people to build wealth through real estate has its challenges, it can be very rewarding.

We all had clients, friends, neighbors or even the media say things like "there's nothing to buy," but the numbers show that is simply not the case. In fact, the residential market (detached and attached) saw new listings jump from 18,605 to 22,869 year-over-year, an increase of 22.92 percent. And that is just in the Premier Market!

The detached segment saw an increase of every metric year-over-year, except for the days in MLS - both average and median - were both down 59.26 percent and 50.00 percent, respectively. The increases in all other areas, from new listings to price per square foot, reflect that there was more to sell at a higher price per square foot, in a shorter amount of time.

The attached segment had a similar story. While new listings only increased 9.34 percent from 2,955 to 3,231, the price per square foot was up 6.21 percent, from \$338 to \$359. That changes the purchase price on an average 1,200 square foot attached home from \$405,600 to \$430,800. One of the biggest swings in this segment was the median days in MLS, which was down a substantial 68.75 percent from 16 days to only five. This proves how quickly buyers needed to make a decision and submit an offer.

New year, same game? Well, that remains to be seen. For those of you

who have had the thrill of helping a first-time homebuyer through the scary process of buying a home or a family turn the dream of owning their first home into a reality, you know how rewarding our job can be. Knowing that you had a part in helping that person build not only their wealth but their family's wealth as well, can be very heartwarming.

— **Jessica Reinhardt, DMAR Market Trends Committee member and Denver Realtor®**



Classic Market (properties sold between \$300,000 and \$499,999):

The Classic Market, homes priced between \$300,000 and \$499,999, makes up the largest segment of the market and it ended the year - like all of the other price ranges - low on choices. Buyers were snapping up everything that came on the market. A total of 22,089 Classic Market homes sold in 2021. That is a lot of homes, but it's 25.75 percent fewer sold than in

2020. Why? Buyers can't buy what isn't there. We ended 2021 with only 295 Classic Market homes for sale. The number of new listings added in December was down 28.18 percent from November and down 33.66 percent from December 2020. Fewer homes for sale meant fewer pending sales, fewer closed sales and a lower sales volume.

The data point that I think gives you the best indication of the state of the Classic Market is the price per square foot (PSF). Those who purchased in 2020 paid an average of \$228 PSF. Those who were lucky to buy in 2021 paid \$54 more PSF or, \$282 PSF. That's a 23.68 percent increase in a year. What other investment gives you that kind of return as well as a place to lay your head and store your stuff? No wonder there are so many buyers trying to buy.

What does this mean for 2022? If we do 20,000+ Classic Market sales again this year, agents need to start writing a lot of listing contracts. Buyers need to be patient and when the right one comes along, be willing to put it all on the table. Buyers, unfortunately, have even less power this year than they've ever had. — **Jill Schafer, DMAR Market Trends Committee member and Denver Realtor®**

LUXURY MARKET | Properties Sold for \$1 Million or More

Snapshot Month-Over-Month and Year-Over-Year Comparisons

	Dec, '21	Prior Month	Last Year	Prior Month	Last Year
Residential (Detached + Attached)					
New Listings	168	251	160	-33.07%	5.00%
Pending	218	318	220	-31.45%	-0.91%
Closed	368	429	316	-14.22%	16.46%
Sales Volume	\$ 607,414,535	\$ 704,494,641	\$ 518,565,348	-13.78%	17.13%
Days in MLS - Average	39	24	53	62.50%	-26.42%
Days in MLS - Median	10	5	22	100.00%	-54.55%
Close Price/List Price	100.65%	101.52%	97.95%	-0.86%	2.76%
PSF Total	\$ 382	\$ 383	\$ 339	-0.26%	12.68%
Detached					
New Listings	145	217	143	-33.18%	1.40%
Pending	189	277	193	-31.77%	-2.07%
Closed	313	377	287	-16.98%	9.06%
Sales Volume	\$ 531,482,430	\$ 628,205,056	\$ 475,265,668	-15.40%	11.83%
Days in MLS - Average	37	22	53	68.18%	-30.19%
Days in MLS - Median	9	5	22	80.00%	-59.09%
Close Price/List Price	100.55%	101.57%	98.10%	-1.00%	2.50%
PSF Total	\$ 356	\$ 362	\$ 323	-1.66%	10.22%
Attached					
New Listings	23	34	17	-32.35%	35.29%
Pending	29	41	27	-29.27%	7.41%
Closed	55	52	29	5.77%	89.66%
Sales Volume	\$ 75,932,105	\$ 76,289,585	\$ 43,299,680	-0.47%	75.36%
Days in MLS - Average	50	34	57	47.06%	-12.28%
Days in MLS - Median	13	8	37	62.50%	-64.86%
Close Price/List Price	101.25%	101.13%	96.53%	0.12%	4.89%
PSF Total	\$ 526	\$ 530	\$ 489	-0.75%	7.57%

LUXURY MARKET | Properties Sold for \$1 Million or More

Snapshot Year-to-Date and Year-Over-Year Comparisons

	YTD 2021	YTD 2020	YTD 2019	YTD 2018	YTD 2017	'21 vs '20	'20 vs '19	'19 vs '18	'18 vs '17
Residential (Detached + Attached)									
New Listings	5,256	4,459	3,892	3,324	3,070	17.87%	14.57%	17.09%	8.27%
Pending	4,716	3,438	2,537	2,186	1,835	37.17%	35.51%	16.06%	19.13%
Closed	5,302	3,296	2,435	2,165	1,824	60.86%	35.36%	12.47%	18.70%
Sales Volume	\$ 8,477,125,833	\$ 5,127,200,594	\$ 3,764,155,058	\$ 3,301,088,383	\$ 2,783,559,242	65.34%	36.21%	14.03%	18.59%
Days in MLS - Average	30	55	60	68	82	-45.45%	-8.33%	-11.76%	-17.07%
Days in MLS - Median	5	20	25	27	38	-75.00%	-20.00%	-7.41%	-28.95%
Close Price/List Price	101.88%	97.79%	97.30%	97.27%	96.88%	4.18%	0.50%	0.03%	0.40%
PSF Total	\$ 368	\$ 337	\$ 341	\$ 308	\$ 305	9.20%	-1.17%	10.71%	0.98%
Detached									
New Listings	4,568	3,941	3,419	2,991	2,728	15.91%	15.27%	14.31%	9.64%
Pending	4,150	3,140	2,247	1,974	1,631	32.17%	39.74%	13.83%	21.03%
Closed	4,672	3,034	2,147	1,980	1,637	53.99%	41.31%	8.43%	20.95%
Sales Volume	\$ 7,555,391,491	\$ 4,742,317,109	\$ 3,323,747,607	\$ 3,022,332,989	\$ 2,511,966,320	59.32%	42.68%	9.97%	20.32%
Days in MLS - Average	28	55	62	68	82	-49.09%	-11.29%	-8.82%	-17.07%
Days in MLS - Median	5	20	26	27	39	-75.00%	-23.08%	-3.70%	-30.77%
Close Price/List Price	102.10%	97.86%	97.25%	97.34%	96.82%	4.33%	0.63%	-0.09%	0.54%
PSF Total	\$ 343	\$ 319	\$ 307	\$ 292	\$ 285	7.52%	3.91%	5.14%	2.46%
Attached									
New Listings	688	518	473	333	342	32.82%	9.51%	42.04%	-2.63%
Pending	566	298	290	212	204	89.93%	2.76%	36.79%	3.92%
Closed	630	262	288	185	187	140.46%	-9.03%	55.68%	-1.07%
Sales Volume	\$ 921,734,342	\$ 384,883,485	\$ 440,407,451	\$ 278,755,394	\$ 271,592,922	139.48%	-12.61%	57.99%	2.64%
Days in MLS - Average	47	55	46	70	75	-14.55%	19.57%	-34.29%	-6.67%
Days in MLS - Median	8	26	17	39	35	-69.23%	52.94%	-56.41%	11.43%
Close Price/List Price	100.28%	97.00%	97.66%	96.54%	97.41%	3.38%	-0.68%	1.16%	-0.89%
PSF Total	\$ 550	\$ 545	\$ 589	\$ 487	\$ 474	0.92%	-7.47%	20.94%	2.74%

SIGNATURE MARKET | Properties Sold Between \$750,000 and \$999,999

Snapshot Month-Over-Month and Year-Over-Year Comparisons

	Dec, '21	Prior Month	Last Year	Prior Month	Last Year
Residential (Detached + Attached)					
New Listings	265	412	189	-35.68%	40.21%
Pending	362	528	222	-31.44%	63.06%
Closed	546	648	360	-15.74%	51.67%
Sales Volume	\$ 462,681,671	\$ 549,924,038	\$ 305,017,230	-15.86%	51.69%
Days in MLS - Average	23	17	38	35.29%	-39.47%
Days in MLS - Median	7	5	14	40.00%	-50.00%
Close Price/List Price	101.33%	101.72%	99.65%	-0.38%	1.69%
PSF Total	\$ 279	\$ 275	\$ 257	1.45%	8.56%
Detached					
New Listings	217	357	158	-39.22%	37.34%
Pending	304	461	181	-34.06%	67.96%
Closed	493	589	312	-16.30%	58.01%
Sales Volume	\$ 418,211,400	\$ 499,791,623	\$ 264,154,503	-16.32%	58.32%
Days in MLS - Average	22	17	35	29.41%	-37.14%
Days in MLS - Median	7	5	12	40.00%	-41.67%
Close Price/List Price	101.38%	101.78%	99.73%	-0.39%	1.65%
PSF Total	\$ 266	\$ 261	\$ 240	1.92%	10.83%
Attached					
New Listings	48	55	31	-12.73%	54.84%
Pending	58	67	41	-13.43%	41.46%
Closed	53	59	48	-10.17%	10.42%
Sales Volume	\$ 44,470,271	\$ 50,132,415	\$ 40,862,727	-11.29%	8.83%
Days in MLS - Average	25	20	56	25.00%	-55.36%
Days in MLS - Median	8	5	29	60.00%	-72.41%
Close Price/List Price	100.90%	101.11%	99.13%	-0.21%	1.79%
PSF Total	\$ 401	\$ 419	\$ 363	-4.30%	10.47%

SIGNATURE MARKET | Properties Sold Between \$750,000 and \$999,999

Snapshot Year-to-Date and Year-Over-Year Comparisons

	YTD 2021	YTD 2020	YTD 2019	YTD 2018	YTD 2017	'21 vs '20	'20 vs '19	'19 vs '18	'18 vs '17
Residential (Detached + Attached)									
New Listings	7,291	5,393	4,649	4,121	3,548	35.19%	16.00%	12.81%	16.15%
Pending	6,762	4,573	3,502	3,047	2,623	47.87%	30.58%	14.93%	16.16%
Closed	7,005	4,424	3,297	3,025	2,561	58.34%	34.18%	8.99%	18.12%
Sales Volume	\$ 5,938,249,246	\$ 3,746,339,717	\$ 2,792,837,214	\$ 2,568,972,151	\$ 2,170,384,674	58.51%	34.14%	8.71%	18.36%
Days in MLS - Average	17	39	45	44	56	-56.41%	-13.33%	2.27%	-21.43%
Days in MLS - Median	5	13	18	15	27	-61.54%	-27.78%	20.00%	-44.44%
Close Price/List Price	102.97%	99.38%	98.82%	99.10%	98.49%	3.61%	0.57%	-0.28%	0.62%
PSF Total	\$ 278	\$ 254	\$ 248	\$ 243	\$ 229	9.45%	2.42%	2.06%	6.11%
Detached									
New Listings	6,333	4,427	3,906	3,422	3,008	43.05%	13.34%	14.14%	13.76%
Pending	5,879	3,913	2,989	2,581	2,245	50.24%	30.91%	15.81%	14.97%
Closed	6,169	3,806	2,790	2,568	2,218	62.09%	36.42%	8.64%	15.78%
Sales Volume	\$ 5,224,178,869	\$ 3,222,063,974	\$ 2,361,527,870	\$ 2,182,289,752	\$ 1,882,543,127	62.14%	36.44%	8.21%	15.92%
Days in MLS - Average	14	38	43	44	56	-63.16%	-11.63%	-2.27%	-21.43%
Days in MLS - Median	5	12	18	15	28	-58.33%	-33.33%	20.00%	-46.43%
Close Price/List Price	103.24%	99.47%	98.83%	99.07%	98.43%	3.79%	0.65%	-0.24%	0.65%
PSF Total	\$ 261	\$ 236	\$ 227	\$ 225	\$ 214	10.59%	3.96%	0.89%	5.14%
Attached									
New Listings	958	966	743	699	540	-0.83%	30.01%	6.29%	29.44%
Pending	883	660	513	466	378	33.79%	28.65%	10.09%	23.28%
Closed	836	618	507	457	343	35.28%	21.89%	10.94%	33.24%
Sales Volume	\$ 714,070,377	\$ 524,275,743	\$ 431,309,344	\$ 386,682,399	\$ 287,841,547	36.20%	21.55%	11.54%	34.34%
Days in MLS - Average	34	43	58	43	58	-20.93%	-25.86%	34.88%	-25.86%
Days in MLS - Median	6	15	25	13	25	-60.00%	-40.00%	92.31%	-48.00%
Close Price/List Price	100.98%	98.82%	98.79%	99.25%	98.85%	2.19%	0.03%	-0.46%	0.40%
PSF Total	\$ 397	\$ 359	\$ 362	\$ 340	\$ 329	10.58%	-0.83%	6.47%	3.34%

PREMIER MARKET | Properties Sold Between \$500,000 and \$749,999

Snapshot Month-Over-Month and Year-Over-Year Comparisons

	Dec, '21	Prior Month	Last Year	Prior Month	Last Year
Residential (Detached + Attached)					
New Listings	1,025	1,439	821	-28.77%	24.85%
Pending	1,282	1,700	903	-24.59%	41.97%
Closed	1,781	2,086	1,458	-14.62%	22.15%
Sales Volume	\$ 1,072,673,912	\$ 1,262,189,131	\$ 871,512,399	-15.01%	23.08%
Days in MLS - Average	16	15	25	6.67%	-36.00%
Days in MLS - Median	5	5	7	0.00%	-28.57%
Close Price/List Price	101.91%	101.72%	100.64%	0.19%	1.26%
PSF Total	\$ 262	\$ 269	\$ 230	-2.60%	13.91%
Detached					
New Listings	881	1,229	684	-28.32%	28.80%
Pending	1,090	1,464	732	-25.55%	48.91%
Closed	1,548	1,804	1,239	-14.19%	24.94%
Sales Volume	\$ 935,130,211	\$ 1,096,110,387	\$ 739,061,907	-14.69%	26.53%
Days in MLS - Average	16	14	21	14.29%	-23.81%
Days in MLS - Median	5	5	6	0.00%	-16.67%
Close Price/List Price	102.02%	101.80%	100.83%	0.22%	1.18%
PSF Total	\$ 250	\$ 255	\$ 213	-1.96%	17.37%
Attached					
New Listings	144	210	137	-31.43%	5.11%
Pending	192	236	171	-18.64%	12.28%
Closed	233	282	219	-17.38%	6.39%
Sales Volume	\$ 137,543,701	\$ 166,078,744	\$ 132,450,492	-17.18%	3.85%
Days in MLS - Average	18	21	33	-14.29%	-45.45%
Days in MLS - Median	5	5	14	0.00%	-64.29%
Close Price/List Price	101.16%	101.22%	99.53%	-0.06%	1.64%
PSF Total	\$ 341	\$ 357	\$ 323	-4.48%	5.57%

DMAR MARKET TRENDS | JANUARY 2022

PREMIER MARKET | Properties Sold Between \$500,000 and \$749,999

Snapshot Year-to-Date and Year-Over-Year Comparisons

	YTD 2021	YTD 2020	YTD 2019	YTD 2018	YTD 2017	'21 vs '20	'20 vs '19	'19 vs '18	'18 vs '17
Residential (Detached + Attached)									
New Listings	22,869	18,605	16,981	14,964	12,782	22.92%	9.56%	13.48%	17.07%
Pending	21,604	17,055	13,778	11,937	10,316	26.67%	23.78%	15.42%	15.71%
Closed	23,529	17,567	13,401	12,069	10,414	33.94%	31.09%	11.04%	15.89%
Sales Volume	\$ 14,136,905,779	\$ 10,459,716,306	\$ 7,953,180,915	\$ 7,179,232,629	\$ 6,161,632,581	35.16%	31.52%	10.78%	16.52%
Days in MLS - Average	12	29	38	35	40	-58.62%	-23.68%	8.57%	-12.50%
Days in MLS - Median	4	9	18	14	17	-55.56%	-50.00%	28.57%	-17.65%
Close Price/List Price	103.60%	100.01%	99.12%	99.55%	99.28%	3.59%	0.90%	-0.43%	0.27%
PSF Total	\$ 261	\$ 223	\$ 214	\$ 210	\$ 199	17.04%	4.21%	1.90%	5.53%
Detached									
New Listings	19,638	15,650	14,447	12,820	10,989	25.48%	8.33%	12.69%	16.66%
Pending	18,533	14,704	11,937	10,315	8,959	26.04%	23.18%	15.72%	15.14%
Closed	20,267	15,282	11,578	10,381	9,093	32.62%	31.99%	11.53%	14.16%
Sales Volume	\$ 12,205,318,478	\$ 9,106,278,648	\$ 6,877,895,524	\$ 6,175,187,756	\$ 5,373,160,736	34.03%	32.40%	11.38%	14.93%
Days in MLS - Average	11	27	37	34	38	-59.26%	-27.03%	8.82%	-10.53%
Days in MLS - Median	4	8	17	13	16	-50.00%	-52.94%	30.77%	-18.75%
Close Price/List Price	103.88%	100.11%	99.12%	99.55%	99.29%	3.77%	1.00%	-0.43%	0.26%
PSF Total	\$ 245	\$ 205	\$ 196	\$ 191	\$ 183	19.51%	4.59%	2.62%	4.37%
Attached									
New Listings	3,231	2,955	2,534	2,144	1,793	9.34%	16.61%	18.19%	119.58%
Pending	3,071	2,351	1,841	1,622	1,357	30.63%	27.70%	13.50%	19.53%
Closed	3,262	2,285	1,823	1,688	1,321	42.76%	25.34%	8.00%	27.78%
Sales Volume	\$ 1,931,587,301	\$ 1,353,437,658	\$ 1,075,285,391	\$ 1,004,044,873	\$ 788,471,845	42.72%	25.87%	7.10%	27.34%
Days in MLS - Average	23	41	46	43	50	-43.90%	-10.87%	6.98%	-14.00%
Days in MLS - Median	5	16	22	17	21	-68.75%	-27.27%	29.41%	-19.05%
Close Price/List Price	101.83%	99.36%	99.10%	99.56%	99.19%	2.49%	0.26%	-0.46%	0.37%
PSF Total	\$ 359	\$ 338	\$ 329	\$ 328	\$ 309	6.21%	2.74%	0.30%	6.15%

CLASSIC MARKET | Properties Sold Between \$300,000 and \$499,999

Snapshot Month-Over-Month and Year-Over-Year Comparisons

	Dec, '21	Prior Month	Last Year	Prior Month	Last Year
Residential (Detached + Attached)					
New Listings	948	1,320	1,429	-28.18%	-33.66%
Pending	1,141	1,566	1,582	-27.14%	-27.88%
Closed	1,455	1,755	2,390	-17.09%	-39.12%
Sales Volume	\$ 597,656,161	\$ 728,282,670	\$ 965,922,533	-17.94%	-38.13%
Days in MLS - Average	13	13	18	0.00%	-27.78%
Days in MLS - Median	5	5	6	0.00%	-16.67%
Close Price/List Price	101.72%	101.67%	100.99%	0.05%	0.72%
PSF Total	\$ 298	\$ 298	\$ 240	0.00%	24.17%
Detached					
New Listings	521	735	998	-29.12%	-47.80%
Pending	605	896	1,086	-32.48%	-44.29%
Closed	771	973	1,675	-20.76%	-53.97%
Sales Volume	\$ 334,227,282	\$ 424,752,729	\$ 695,084,802	-21.31%	-51.92%
Days in MLS - Average	14	13	12	7.69%	16.67%
Days in MLS - Median	5	5	5	0.00%	0.00%
Close Price/List Price	101.86%	101.55%	101.40%	0.31%	0.45%
PSF Total	\$ 294	\$ 295	\$ 232	-0.34%	26.72%
Attached					
New Listings	427	585	431	-27.01%	-0.93%
Pending	536	670	496	-20.00%	8.06%
Closed	684	782	715	-12.53%	-4.34%
Sales Volume	\$ 263,428,879	\$ 303,529,941	\$ 270,837,731	-13.21%	-2.74%
Days in MLS - Average	13	13	32	0.00%	-59.38%
Days in MLS - Median	5	5	14	0.00%	-64.29%
Close Price/List Price	101.57%	101.83%	100.02%	-0.26%	1.55%
PSF Total	\$ 302	\$ 301	\$ 259	0.33%	16.60%

CLASSIC MARKET | Properties Sold Between \$300,000 and \$499,999

Snapshot Year-to-Date and Year-Over-Year Comparisons

	YTD 2021	YTD 2020	YTD 2019	YTD 2018	YTD 2017	'21 vs '20	'20 vs '19	'19 vs '18	'18 vs '17
Residential (Detached + Attached)									
New Listings	24,628	31,932	34,167	33,257	31,090	-22.87%	-6.54%	2.74%	6.97%
Pending	23,953	30,132	30,358	28,426	28,498	-20.51%	-0.74%	6.80%	-0.25%
Closed	22,089	29,748	29,888	28,495	28,984	-25.75%	-0.47%	4.89%	-1.69%
Sales Volume	\$ 9,083,730,175	\$ 11,977,177,980	\$11,802,304,880	\$ 11,152,680,741	\$ 11,204,111,101	-24.16%	1.48%	5.82%	-0.46%
Days in MLS - Average	11	20	26	21	21	-45.00%	-23.08%	23.81%	0.00%
Days in MLS - Median	4	6	11	8	7	-33.33%	-45.45%	37.50%	14.29%
Close Price/List Price	103.27%	100.47%	99.55%	100.19%	100.26%	2.79%	0.92%	-0.64%	-0.07%
PSF Total	\$ 282	\$ 228	\$ 210	\$ 204	\$ 188	23.68%	8.57%	2.94%	8.51%
Detached									
New Listings	15,469	22,871	26,094	26,314	25,387	-32.36%	-12.35%	-0.84%	3.65%
Pending	14,965	22,088	23,689	22,726	23,590	-32.25%	-6.76%	4.24%	-3.66%
Closed	12,724	21,763	23,484	22,625	24,021	-41.53%	-7.33%	3.80%	-5.81%
Sales Volume	\$ 5,485,497,999	\$ 8,976,055,251	\$ 9,407,659,855	\$ 8,943,986,949	\$ 9,332,524,878	-38.89%	-4.59%	5.18%	-4.16%
Days in MLS - Average	9	17	25	20	20	-47.06%	-32.00%	25.00%	0.00%
Days in MLS - Median	4	5	11	8	7	-20.00%	-54.55%	37.50%	14.29%
Close Price/List Price	103.57%	100.67%	99.59%	100.19%	100.30%	2.88%	1.08%	-0.60%	-0.11%
PSF Total	\$ 273	\$ 216	\$ 198	\$ 191	\$ 175	26.39%	9.09%	3.66%	9.14%
Attached									
New Listings	9,159	9,061	8,073	6,943	5,703	1.08%	12.24%	16.28%	21.74%
Pending	8,988	8,044	6,669	5,700	4,908	11.74%	20.62%	17.00%	16.14%
Closed	9,365	7,985	6,404	5,870	4,963	17.28%	24.69%	9.10%	18.28%
Sales Volume	\$ 3,598,232,176	\$ 3,001,122,729	\$ 2,394,645,025	\$ 2,208,693,792	\$ 1,871,586,223	19.90%	25.33%	8.42%	18.01%
Days in MLS - Average	14	27	31	25	25	-48.15%	-12.90%	24.00%	0.00%
Days in MLS - Median	4	10	14	9	8	-60.00%	-28.57%	55.56%	12.50%
Close Price/List Price	102.86%	99.92%	99.40%	100.16%	100.07%	2.94%	0.52%	-0.76%	0.09%
PSF Total	\$ 294	\$ 261	\$ 255	\$ 256	\$ 248	12.64%	2.35%	-0.39%	3.23%

Looking Back at 2021 & What to Expect in 2022



STEVE DANYLIW

Past Chair of the DMAR
 Market Trends Committee
 and Denver Realtor®

2021 in Review

2021 was a special year for housing. Not only were old records broken and new ones set, but many were completely smashed. We all know 2020 brought with it a major global pandemic that had a significant impact on housing and 2021 represented year two of that global disruption. So, did 2021 return to something that looked normal? Or did COVID continue to influence? Let us see if we can answer that question as we look at some key metrics from our local housing market, starting with the huge growth in prices.

Two numbers stood out most: low inventory and skyrocketing prices. Let's start with prices. In 2021, we averaged \$612,274, an increase of 16.68 percent from 2020. 2021 established a new historical high and marked the 10th consecutive year of positive price growth. The previous record for percentage increase was 2000 when we hit 15.77 percent. Better yet, the average homeowner of an attached single-family home made \$54,377 in equity, while the average homeowner of a detached single-family home made \$106,718 in equity. Both are the largest dollar gains on record. Those who tracked median price growth saw 2021 grew at 16.67 percent, almost matching the change in average closed price.

The second number that jumps out is the number of available homes for sale. We finished 2021 with only 1,477 active homes for sale. I will attempt to quantify the meaning of such a small number, how we got here and how this will affect us moving forward. First, let's take a look at our history. At this same point in 2020, we had 2,541 homes for sale and in 2019 that number was 5,037. That is a 70.7 percent drop in just two years. Since 1985, we have averaged 12,652 at year-end.

So, why is inventory so low? The culprit: a decline of homeowners looking to sell. As we track new listings entering the market, 2021 saw a significant drop of 5.26 percent from 2020. In 2019, 71,202 homes entered the market with 2020 dropping slightly to 69,986. We tallied only 66,308 in 2021. We saw supply chain issues throughout the economy. If homes were sold at the local supermarket, the shelves would be sparse. At the end of the day, homeowners are reluctant to sell, not because it will be difficult but because those sellers will have to become buyers and compete for a home in an already thin inventory market.

Months of inventory (or MOI) is another excellent indicator of market direction as it looks at active and closed listings. The yearly average for 2021 was 0.56 MOI. A new record low besting 2020's 1.21 MOI. To put this record small number into perspective, in February of 1988, we had a whopping 17.69 MOI with 19,196 actives and only 1,085 closings. 2012 was the last year we averaged over 2.0 MOI forcing us to ask, what does a balanced market look like? The old standard of four to five months is not appropriate given current trends. As we embrace the new normal, the current market is significantly weighted to favor the home seller.

2021 finished with the lowest average 30-year fixed rate of 2.96 percent in history, according to Freddie Mac's primary mortgage market survey. This was down slightly from 2020's 3.11 percent. Mortgage rates function as oxygen to a fire - a low rate equals more oxygen causing the fire to burn hotter and a higher rate starves the fire of the fuel it needs. Having the last two years being the lowest on record in the last 51 helped fuel strong buyer demand.

2021 represented a new record high for closings in Denver metro history. We finished with 63,664 closed transactions, representing a slight increase of 0.29 percent from 2020. 2021 also represented the seventh year in a row exceeding 56,000 transactions. In 1990, we closed only 25,619 transactions, which means in 2021 we closed 148.5 percent more homes. Another momentous year demonstrated continued robust buyer demand.

Comparing 2021 to our historical housing market illustrates the extreme times. Extreme is an appropriately descriptive term for 2021. It seemed that new records, high and low, were set each month. With all the adversity buyers and sellers face, it is quite remarkable how we finished 2021.

2022 Outlook

With 2021's door firmly closed behind us, we now can open the door to 2022. So, what will our local 2022 housing market look like? Let us start with the 30,000 foot perspective. Based upon current trends the current bullish housing market will continue in 2022 as solid demand will continue to outpace an already thin supply.

Let us begin by taking a deep dive into active listings and why available homes for sale will remain at razor-thin levels throughout 2022. Over the last year, new record lows were set every month. That trend will continue into 2022. Active inventories rise and fall based upon the flow of homes entering and exiting the market. In 2021, we had 5.26 percent fewer new listings entering the market compared to 2020. I expect that trend of fewer new listings to continue into 2022. Would-be sellers may be reluctant to sell. While selling will be the easy part, transitioning to a buyer in this market may function as a good deterrent to selling in the first place. Additionally, do not expect relief from the builders, as supply chain issues, labor shortages and material costs will deliver fewer than needed new housing units.

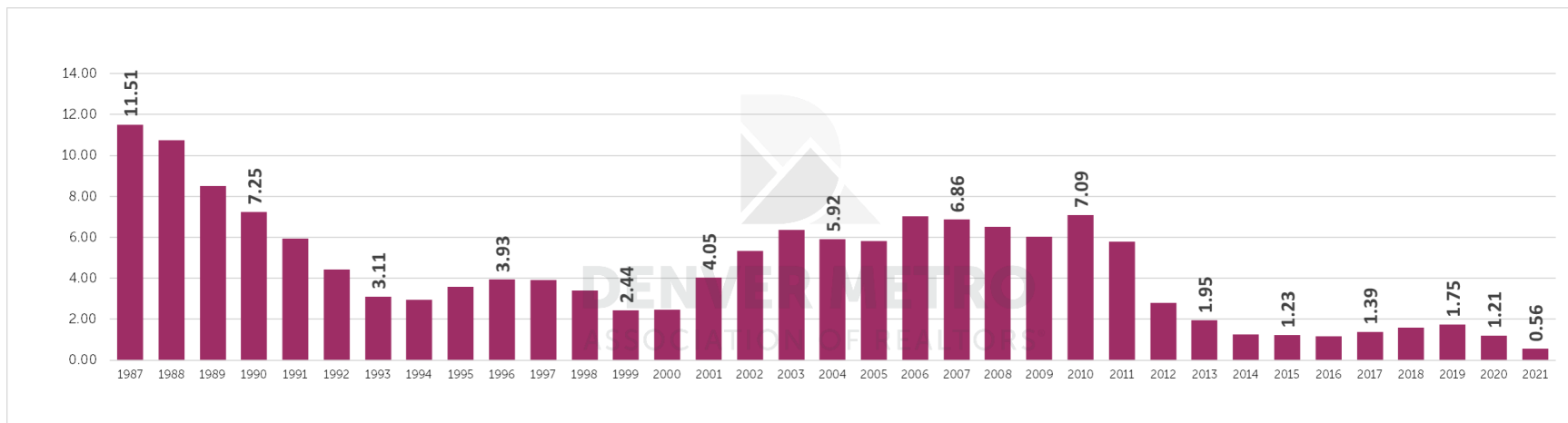
In 2020 we closed a record number of transactions topping 63,501. 2021 came in just above that at 63,684, establishing a new record. 2022 should see that trend reverse. While demand will be strong, this will be outweighed by affordability pressure and a thin inventory. Do not be surprised to see four to five percent fewer closings in 2022.

Mortgage interest rates should continue to inch upward but remain favorable to buyers. This should have minimal effect in 2022. The first half of 2022 will see hyper-competition as too many buyers fight for too few homes. We saw the same market conditions in 2021 and like 2021, this will continue to push home prices upward.

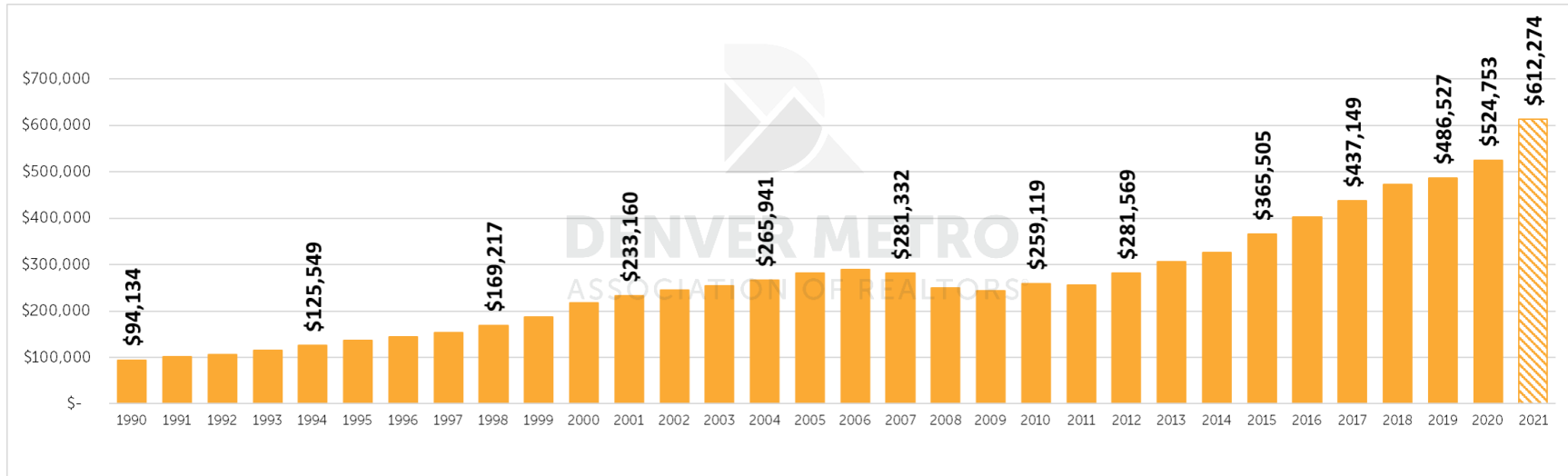
Expect brisk price growth of 11 to 13 percent in 2022. That growth will be higher in the first half of the year then balance out in the second half. 2022 will be a robust year as homeowners see their equity continue to swell.

So, what could cause a forecast to go sideways? Our housing market could backtrack if our economy starts moving outside of normal thresholds. One example would be inflation. Some economists believe the current rise in inflation is transitory (short in duration), but if they're wrong and the period of high inflation is prolonged, then inflation will have a significantly negative impact on housing. Also, be mindful of substantial geopolitical events like wars or terrorist attacks. Lastly, we should be aware of COVID-19. A new and more dangerous strain could emerge, bringing more lockdowns and restrictions. With almost two years of experience under our belt, I believe our industry can overcome any new restrictions and continue to help our clients navigate an already complex real estate transaction.

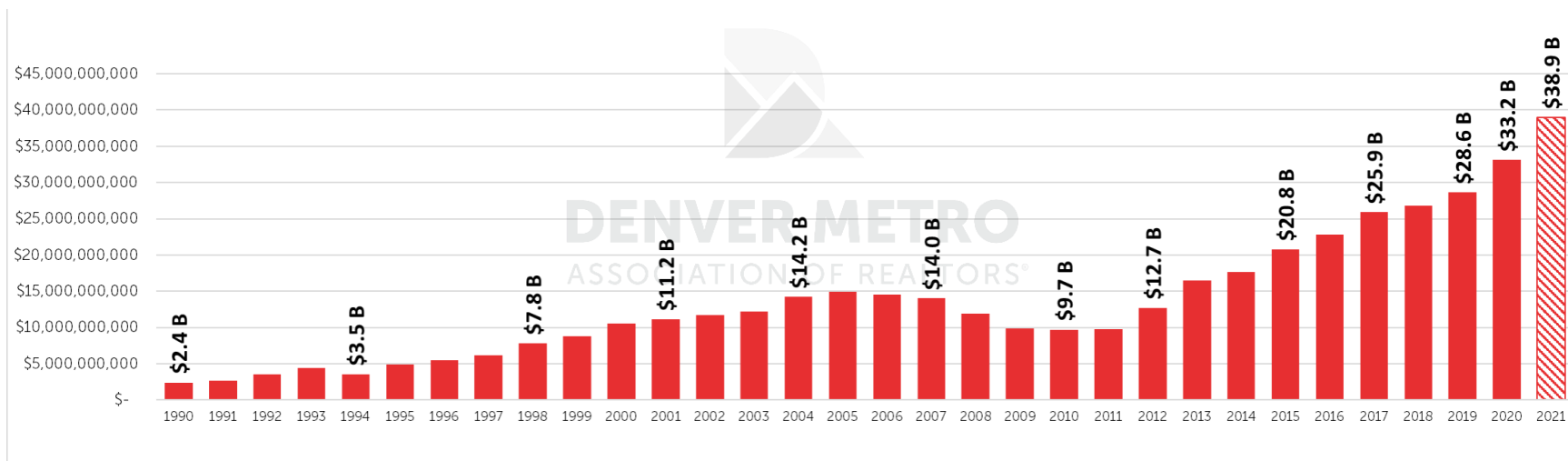
Average Months of Inventory by Year



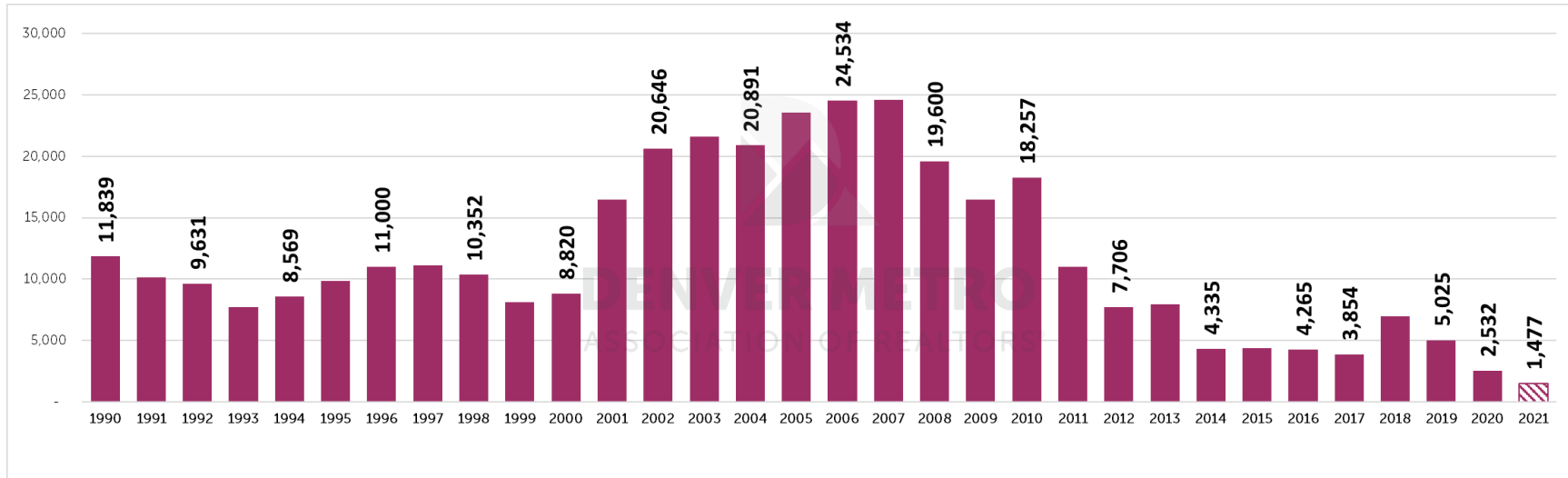
Average Close Price by Year



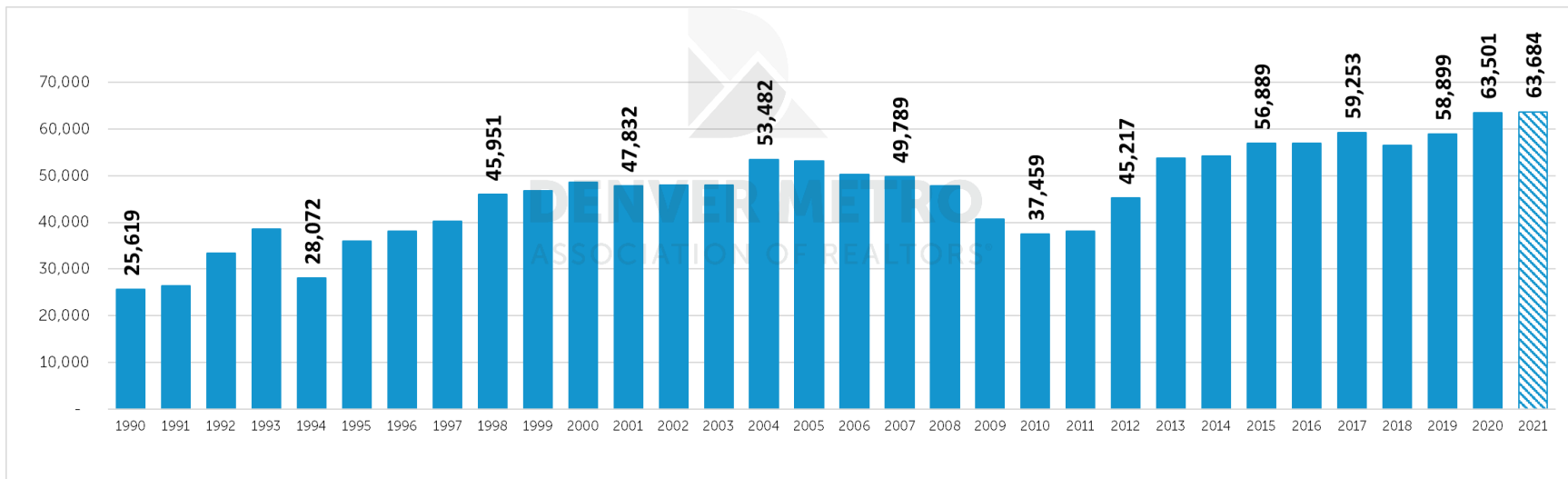
Closed Dollar Volume by Year



Active Listings at Year End



Closed Homes by Year



2022: Four Things to Look for in the Denver Metro Area



Nadia Evangelou

Senior Economist and
 Director of Forecasting at the
 National Association of
 Realtors®

Double-digit price appreciation, low mortgage rates and strong homebuying activity are the three key phrases that can sum up the state of housing in 2021. Home purchases abnormally surged over the past year. Even though home prices hit record highs eroding affordability, the housing market outperformed. It was the best year since 2006. Low mortgage rates, pent-up demand and lifestyle shifts during the pandemic were some of the main drivers of the booming housing market. In the Denver Metro area, homebuying activity in 2021 was also very strong. Nevertheless, there are signs of a more normal and predictable real estate market ahead. The market will likely settle down but at above pre-pandemic levels. With higher mortgage rates and more housing inventory to hit the market, the intense multiple offers will ease. Home prices will continue to rise but at a slower rate.

1. Higher Mortgage Rates

Mortgage rates are expected to rise this year. With lingering inflation, the Fed will raise interest rates three times during the year to control elevated inflation starting likely in mid-2022. When the Fed increases its interest rates, banks do, too. And when that happens, mortgage rates go up for borrowers. National Association of Realtors®(NAR) forecasts the 30-year fixed mortgage rate to reach 3.7 percent at the end of 2022. Nevertheless, consumers should have in mind that mortgage rates will continue to be historically low. The historical average rate for the 30-year fixed mortgage is eight percent.

But, how will these higher rates impact households in the local market? There is no doubt that the interest rate on a mortgage directly impacts the size of a mortgage payment. Higher rates increase mortgage payments and typically reduce the amount of money that people can borrow. For instance, take a \$500,000 loan: If you borrow \$500,000 and put down \$55,000 (a 10 percent down payment), a buyer can purchase a \$555,000 home. The monthly mortgage payment is estimated to rise by \$110 if you buy that home in Q2 2022 and by \$165 if you buy that house at the end of next year.



Lawrence Yun

Chief Economist and Senior
 Vice President of Research at
 the National Association of
 Realtors®

2. Housing Demand Will Remain Strong

Over the last decade, the nation grew by seven percent - the slowest rate since the 1930s. Nevertheless, the Denver Metro area population grew faster than nationwide, by 17 percent since 2010. This translates to approximately 420,000 more people in the area over the last decade. While Denver is one of the favorite destinations, especially for professionals, housing demand will remain robust, higher than the pre-pandemic level, as companies adopt more flexible working policies. With housing inventory at record lows, it may be more important now than ever to build more homes. In fact, there are only one-third as many active listings now compared to a couple of years ago.

3. Strong Property Values Will Stay High

Strong homebuyer demand and limited housing supply led home prices to record highs in the past year. In the Denver Metro area, the median price for a single-family home rose to \$585,000 during the summer as housing inventory continued to decline. Nevertheless, home price growth will slow down in 2022 as more supply will be entering the market and the housing inventory shortage will ease. But, don't mistake it for a price drop. In periods with housing shortages, home prices don't fall. It's just that homes will appreciate slower than they did in the past year. NAR forecasts home prices to rise five to seven percent across the country. With more people moving to the area, expect price gains to be even stronger in the Denver metro area.

4. More Homes to Enter the Market

As mortgage forbearance ended, expect some of these homes to be coming to the market. During the pandemic, many homeowners paused or reduced their mortgage payments because they were struggling to make ends meet. Thus, they will have to decide soon whether they want to keep making mortgage payments, modify their loan or cash out in a hot housing market by selling their home. While forbearance exit plans will not be one-size-fits-all, some may decide to sell their home easing the existing housing shortage.

In the meantime, construction is rising in the area. Nearly twenty percent more single-family permits were issued in 2021 compared to 2020. Denver is also one of the areas with good opportunities for homebuilders. In many markets, a new home builder's biggest competition isn't another builder, it's another type of home: an existing home. While there are considerable advantages to buying a brand-new home such as low maintenance, less upkeep and better resale price, there are people who may prefer a resale house, even if it needs extensive work and time for renovations. Thus, in the spirit of getting to know the competition, the Denver Metro area also had fewer investors than nationwide. This translates to less competition for homebuilders. As supply chain disruptions ease and the cost of materials stabilize in 2022, we may see new construction rise even further in the area.

Overall, housing will remain robust in 2022 in the Denver metro area boosting local economic activity. Remember that every home sale generates about \$142,000 income for the local economy statewide.

GLOSSARY

Active Listings: The number of properties available for sale at the end of the reported period. The availability of homes for sale has a big effect on supply-demand dynamics and home prices.

New Listings: The number of properties which became available during the reported period.

Pending: The number of listings that were changed status from Active to Pending at the end of the reported period. Pending listings are counted at the end of the reported period. Each listing can only be counted one time. If a listing goes to Pending, out of Pending, then back to Pending all in one reported period, the listing would only be counted once. This is the most real-time measure possible for home buyer activity, as it measures signed contracts on sales rather than the actual closed sale. As such, it is called a “leading indicator” of buyer demand.

Days in MLS: A measure of how long it takes a given property to sell.

Closed Listings: A measure of home sales that sold and closed during the reported period.

Average Close Price: A sum of all home sales prices divided by the total number of sales. Not considered the most accurate gauge since data from the high-end can easily skew the results.

Median Close Price: A measure of home values in a market area where 50 percent of activity was higher and 50 percent was lower than this price point. This method is preferred because it's more insulated from outlying activity occurring at either tail end of the market.

Months Supply of Inventory (MOI): A measure of how balanced the market is between buyers and sellers. It is expressed as the number of months it would hypothetically take to sell through all the available homes for sale currently, given current levels of home sales. A balanced market ranges from four to six months of supply. A buyer's market has a higher number, reflecting fewer buyers relative to homes for sale. A seller's market has a lower number, reflecting more buyers relative to homes for sale.

Residential (RES): Represents the overall housing market which includes activity of detached single-family homes as well as attached homes.

Detached Homes: Activity of Detached Single-Family Homes.

Attached Homes: Activity of Attached Condos & Townhomes.

Classic Market: Properties priced between \$300,000 and \$499,999.

Premier Market: Properties priced between \$500,000 and \$749,999.

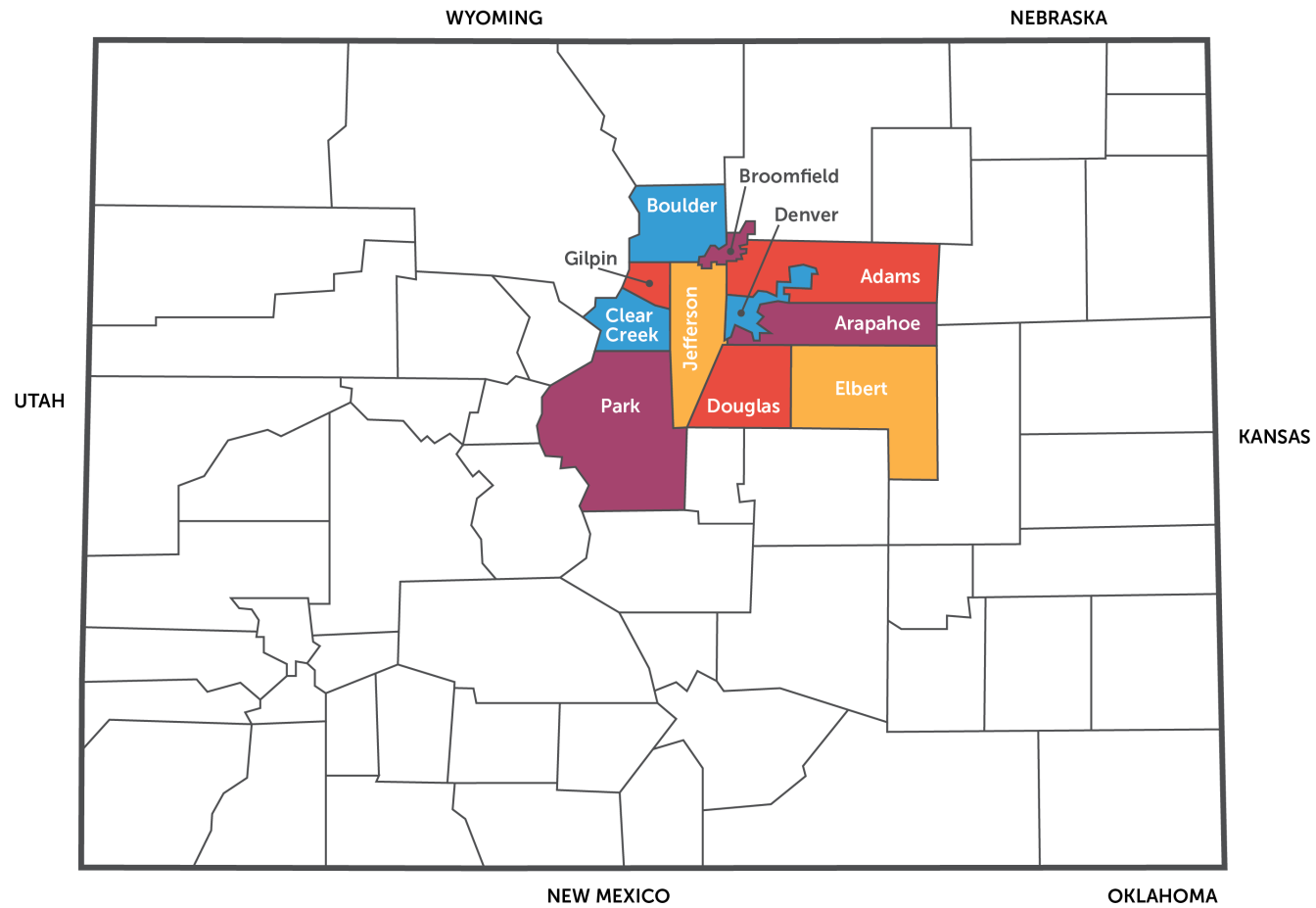
Signature Market: Properties priced between \$750,000 and \$999,999.

Luxury Market: Properties priced at \$1,000,000+ (\$1M+).

REcolorado: The source of our MLS listings data.

[**CLICK HERE TO VISIT DMAR'S GLOSSARY - THE A TO Z OF REAL ESTATE**](#)

11 COUNTY MAP



ABOUT

MARKET TRENDS COMMITTEE

The DMAR Market Trends Committee, part of the Denver Metro Association of Realtors®, *The Voice of Real Estate® in the Denver Metro Area*, provides timely, consistent and relevant monthly summaries of valuable local real estate market statistical data for both its members and the general public. Statistics from the “Denver Metro Real Estate Market Trends Report” provide data for the following counties: Adams, Arapahoe, Boulder, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson and Park.

DMAR’s Market Trends Committee Members:

- Andrew Abrams, BSW Real Estate
- Steve Danyliw, Danyliw & Associates
- Erick Ibarra, BSW Real Estate
- Libby Levinson-Katz, Kentwood Real Estate
- William Maline, HomeSmart Realty Group
- Brigitte Modglin, Kentwood City Properties
- Jessica Reinhardt, RE/MAX Alliance
- Nicole Rueth, Fairway Mortgage
- Jill Schafer, Kentwood Real Estate
- Amanda Snitker, Coldwell Banker Realty Global Luxury
- Jenny Usaj, Usaj Realty

Contact: 303-756-0553 | communications@dmarealtors.com

Media Contact: 303-242-5855 | diane@decibelblue.com | Diane Eichler, Co-founder, Decibel Blue Creative Marketing & PR on behalf of the Denver Metro Association of Realtors®

Data Source: REcolorado, the state’s largest network of real estate professionals, serves as the primary source of MLS data for the Market Trends Committee. REcolorado.com provides the most accurate and up-to-date property information for Realtors®, real estate professionals and consumers.

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DENVER METRO ASSOCIATION OF REALTORS®

The Denver Metro Association of Realtors®, *The Voice of Real Estate® in the Denver Metro Area*, is a membership-based organization comprised of over 8,000 real estate professionals in the Denver Metropolitan area. The Association offers continuing education, advocacy for the real estate community and is a resource for industry news and market statistics. For more information, visit www.dmarealtors.com or call 303-756-0553.

DISCLAIMER

All data presented in this report was provided by REcolorado. The data was pulled at 8:00 AM (mountain time) on the first day of the month for the preceding month(s).