

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 2023



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	4,757	-23.92%	222.07%
Closed Homes	2,720	-11.26%	-43.13%
Close Price - Average	\$637,852	-2.69%	1.58%
Close Price - Median	\$554,990	-1.42%	1.83%
Days in MLS - Average	43	26.47%	138.89%
 Detached			
Active Listings at Month End	3,408	-25.48%	251.96%
Closed Homes	1,920	-11.40%	-42.79%
Close Price - Average	\$707,997	-3.11%	0.08%
Close Price - Median	\$600,000	-2.44%	0.01%
Days in MLS - Average	45	25.00%	136.84%
 Attached			
Active Listings at Month End	1,350	-19.69%	165.23%
Closed Homes	800	-10.91%	-43.94%
Close Price - Average	\$469,505	-0.91%	6.47%
Close Price - Median	\$405,000	-1.22%	5.74%
Days in MLS - Average	38	26.67%	123.53%

MARKET INSIGHTS

✓ Realtor® Tidbits:

- Buyers and sellers are still in the market but moving more slowly than at this time last year. Buyers are not in a hurry to make an offer and sellers are not in a rush to put their homes up for sale.
- Showings slowed down in December as the holiday season was in full gear, and people began spending more time with friends and family. Denver's LoDo area, however, saw an increase in showings during this time.
- With rising interest rates, fewer showings and a bit more inventory, buyers who were still in the market in December had more negotiating power, especially in the last two weeks of the month when the holiday season was in full swing.
- We are starting to see contingency clauses included in more offers.
- If you are selling an owner-occupied home, consider offering showing hours after 5:00pm to maximize touring response from buyers who work traditional hours.

✓ Local News:

- HGTV's 2023 Dream Home is a \$2.7 million, 4,360-square-foot house in Morrison, CO that includes a mud room doubling as a "pet space" with a dog-washing station, a covered outdoor kitchen, a water feature and fire pit.
- Two Colorado cities ranked on U.S. News & World Report's top 50 cities for dog owners. Denver ranked 11th and Colorado Springs ranked 23rd.
- Colorado lawmakers will consider creating a new housing voucher program for young people emancipating from foster care—part of a \$5 million proposal to fight youth homelessness.
- According to an article in Realtor.com®, seven of the top 10 states seeing the biggest increase in home price reductions are in a contiguous chunk of the western United States: Arizona, Nevada, Utah, Colorado, Idaho, Washington and California.

✓ National News:

- According to Zillow, backyards will be the number one requirement for new homebuyers in 2023, followed by kitchen islands, mirrored walls, less open floor plans and more privacy.
- Viva Magenta, a berry-toned red, is Pantone's color of the year for 2023.

✓ Mortgage News:

- 2022 did not disappoint; we ended the year with rates jumping from 6.13 percent to 6.55 percent due to light holiday trading, an opening China, a hawkish Japan, confident Americans and a strong workforce.
- When the Federal Reserve meets again at the end of January, everyone is expecting another 0.25 percent raise in the Fed rate.
- Per CoreLogic, Denver saw a 44.6 percent increase in appreciation from January 2020 through its peak in May 2022. Since then, it has given back 4.95 percent. Those are still strong price gains!

✓ Rental News:

- Renters, who previously planned to buy, are postponing that decision as interest rates have risen and inventory has dropped, all while rent prices decrease.
- Rent prices saw the highest one-month decline in seven years in November. The first sign of a slowdown in rents was in October, when rents dropped 0.1 percent, which stopped the above-average monthly rent increase trend that began in November 2020.
- The State of Colorado has paid \$466 million in rental assistance on behalf of renters who were financially impacted by COVID. In a national survey of tenants, 31 percent self-reported being behind in rent payments. With tenants losing access to funds, a slowing economy and job layoffs, rental delinquencies will increase in 2023. While this is not good news for renters in need, it may also result in rents declining in 2023.

✓ Quick Stats:

- As of December 28, 52.8 percent of active listings reduced their asking price, down from 57.4 percent last month.
- Active listings that reduced their price spent an average of 105 days in the MLS compared to 56 days for those with no price reduction.
- Average active listings for December are 12,350 (1985-2021).
- Record-high December was 2007 with 24,603 listings and the record-low was set in 2021 with 1,477 listings.
- Over the last 10 years, the month-over-month average decrease in active was 21.44 percent. A decrease of 23.92 percent this year represents a slightly larger increase. Last year's decrease was a much larger 34.30 percent.

EXPERT OPINION



AMANDA SNITKER

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



There was a lot to celebrate in 2022 for both buyers and sellers, and it was a year to level the playing field. After two and a half years of pandemic-driven buyer demand and historically low interest rates fueling record-breaking years, we have started to balance out from the extreme seller market over the past couple of years.

We entered 2022 in an intense state of high buyer demand, low interest rates with impending increases on the horizon and very low inventory, which continued the frenzied multiple offers, over-asking price sales and waiving contingencies within the contract gifting homeowners a steep 19.19 percent appreciation from January to April. In March, the Federal Reserve started raising the base Fed rate to slow the economy as inflation hit a 40-year high. By April, the real estate market started to show signs of slowing as buyers saw the mortgage rates increase, reducing their buying power. Affordability and market uncertainty caused many buyers to pull back by mid-summer—this was a gift to buyers still in the market, providing an opportunity to negotiate with sellers on the sale price, concessions and inspection items, something they hadn't had the luxury of in years.

Interest rate increases dominated the conversation for most of the year, but the lack of inventory was still an important player. The number of new homes that entered the market in December decreased from November by 35.19 percent; we typically see a decline in new listings from November to December as sellers pull back to focus their time and energy on the holidays. The inventory has gradually increased throughout the year, resulting in homes staying on the market longer before going under contract, not necessarily more sellers entering the market. In December, the median days in the MLS was 30, up from 21 in November and up from five days in December 2021. Year-to-date, the total number of listings in 2022 was 60,164, down 9.30 percent from 2021—this listing count is also less than in 2020, 2019 and 2018. As a result, the total number of closed properties in 2022 was 50,743, down 20.84 percent from 2021.

The increase in interest rates and decrease in buyer demand has impacted home prices. The median sale price for detached homes in December was \$600,000, down 2.44 percent from November and 0.01 percent from December 2021. The attached homes also showed a month-over-month decline from \$410,000 in November 2022 to \$405,000 in December. Compared to December 2021, the median sold price for attached homes increased 5.74 percent. For both detached and attached homes, the peak median sale price for 2022 occurred in April, \$680,000 and \$440,000, respectively.

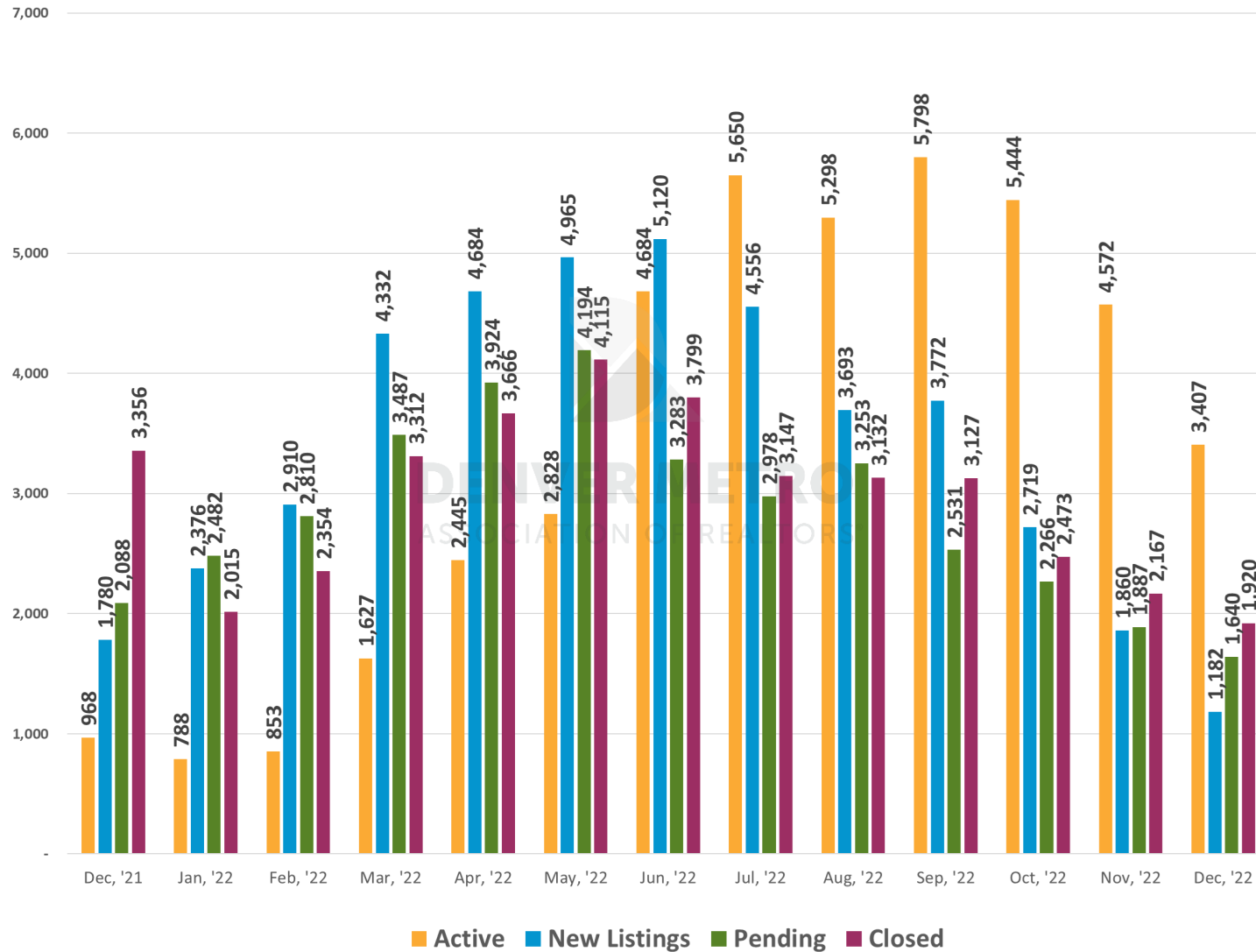
This post-pandemic shift back to a more normalized market will take some time. There are many still wanting to buy a home who have not given up and are simply waiting on the sidelines for the market and rates to stabilize. There are many opportunities for buyers in this market; motivated sellers are willing to negotiate on price and inspection items and pay down the interest rate for buyers to make the home more affordable. Sellers must adjust their expectations, know that this market differs from the past couple of years and be patient. Although the median days in the MLS have increased, it is still a good market for sellers willing to prepare their homes and price competitively.

Detached Single-Family

DMAR Market Trends | December 2022 Data

Denver Metro Association of Realtors®

Source of MLS Data: REcolorado.com

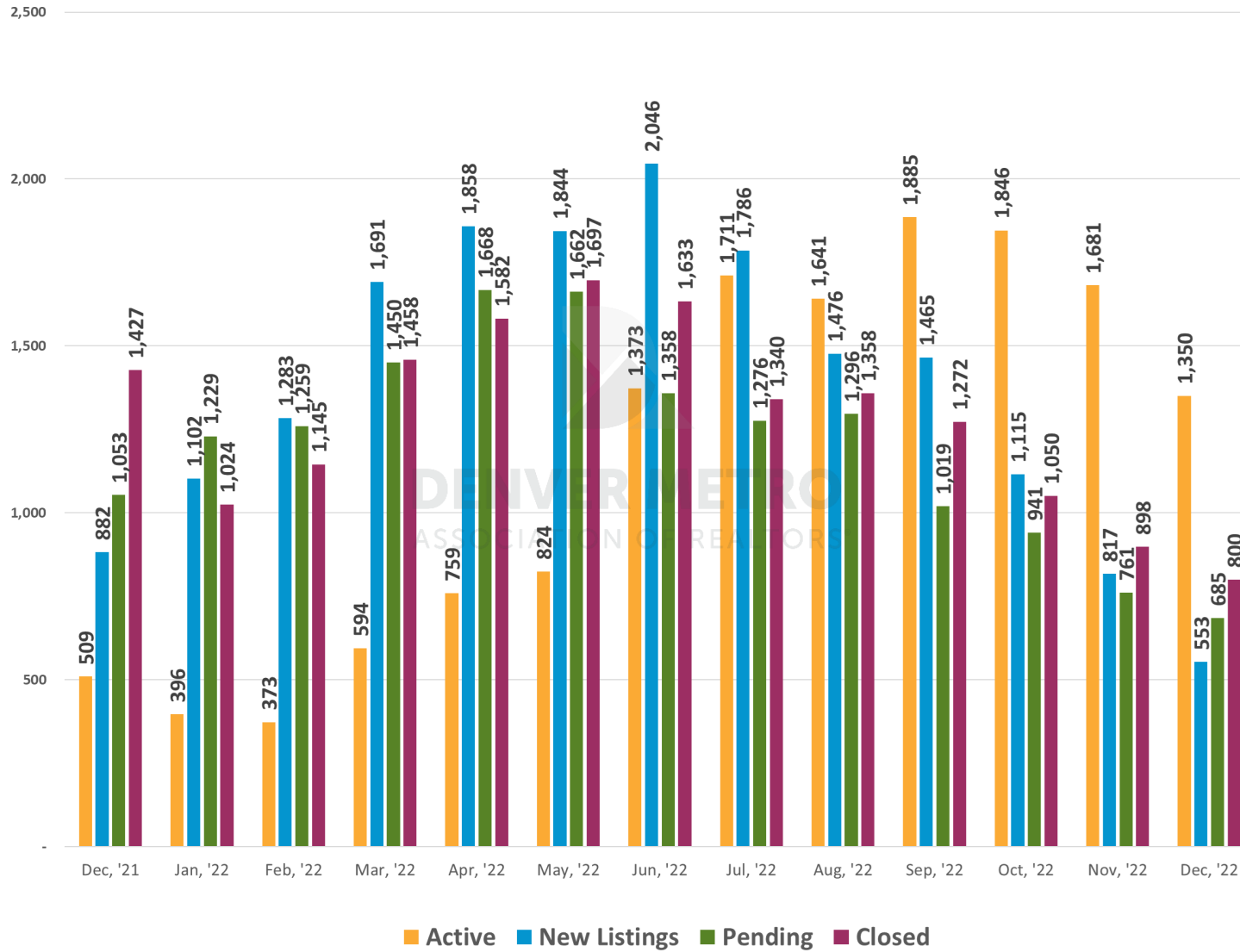


Attached Single-Family

DMAR Market Trends | December 2022 Data

Denver Metro Association of Realtors®

Source of MLS Data: REcolorado.com

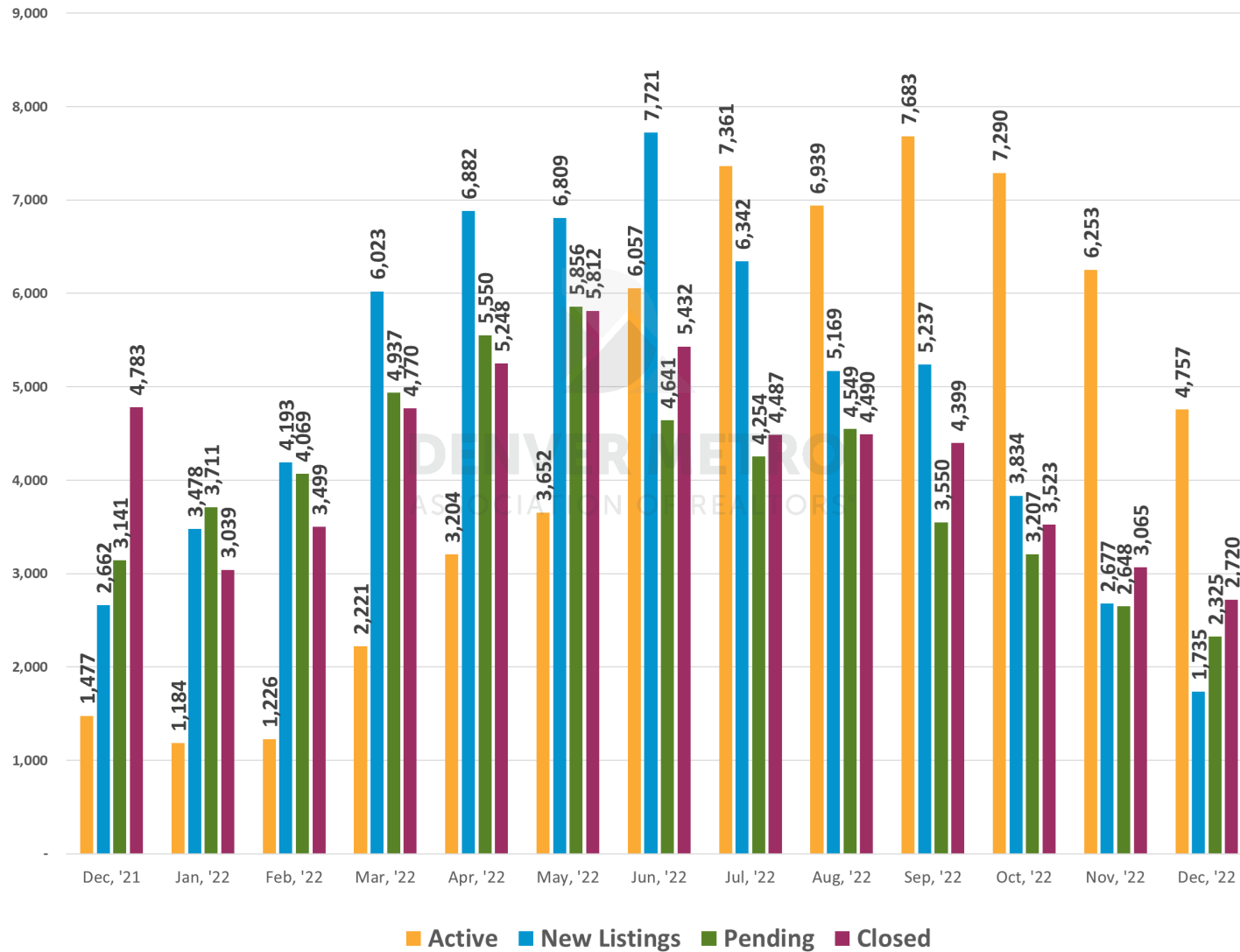


Residential (Detached + Attached)

DMAR Market Trends | December 2022 Data

Denver Metro Association of Realtors®

Source of MLS Data: REcolorado.com

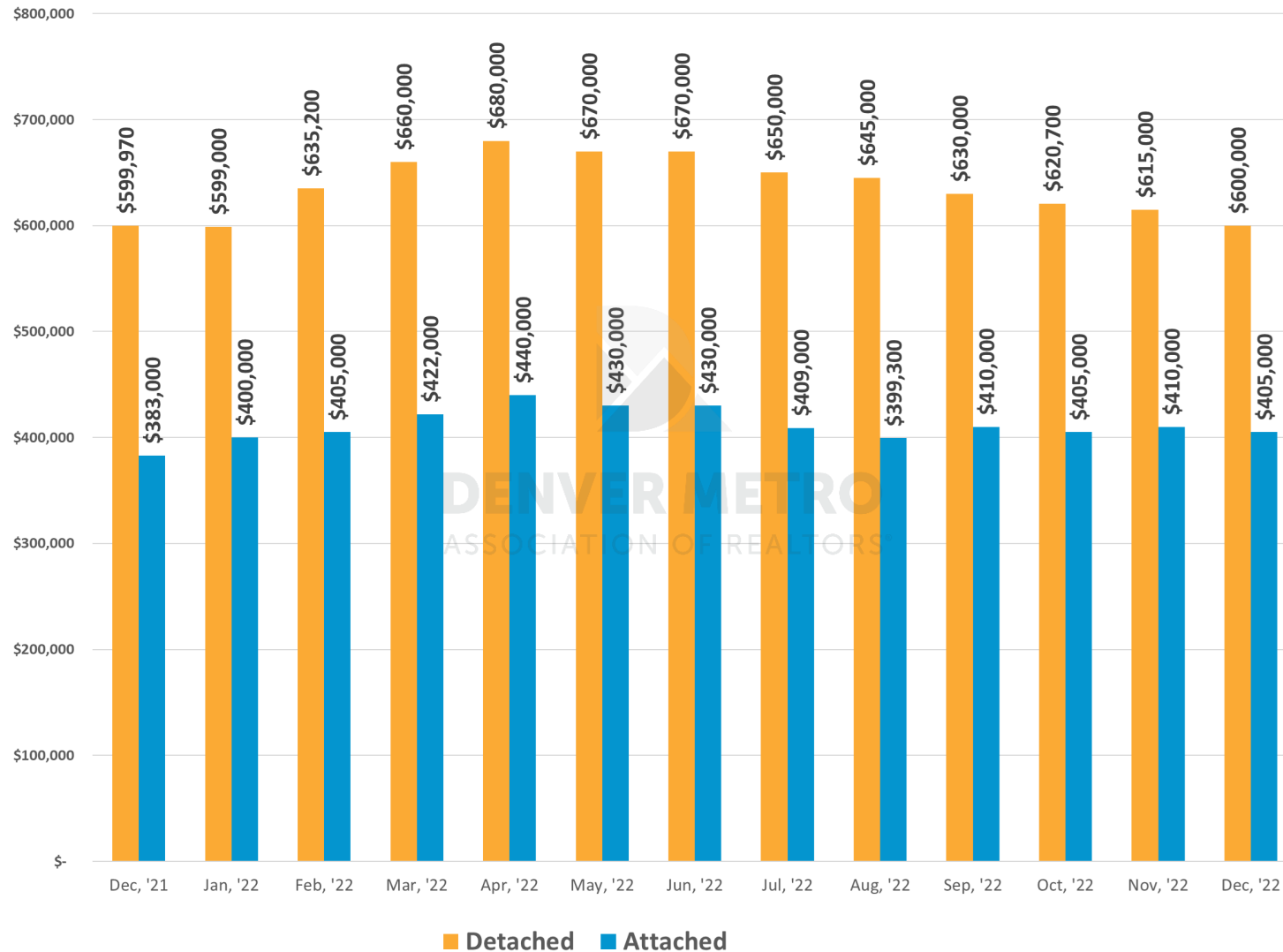


Median Close Price

DMAR Market Trends | December 2022 Data

Denver Metro Association of Realtors®

Source of MLS Data: REcolorado.com

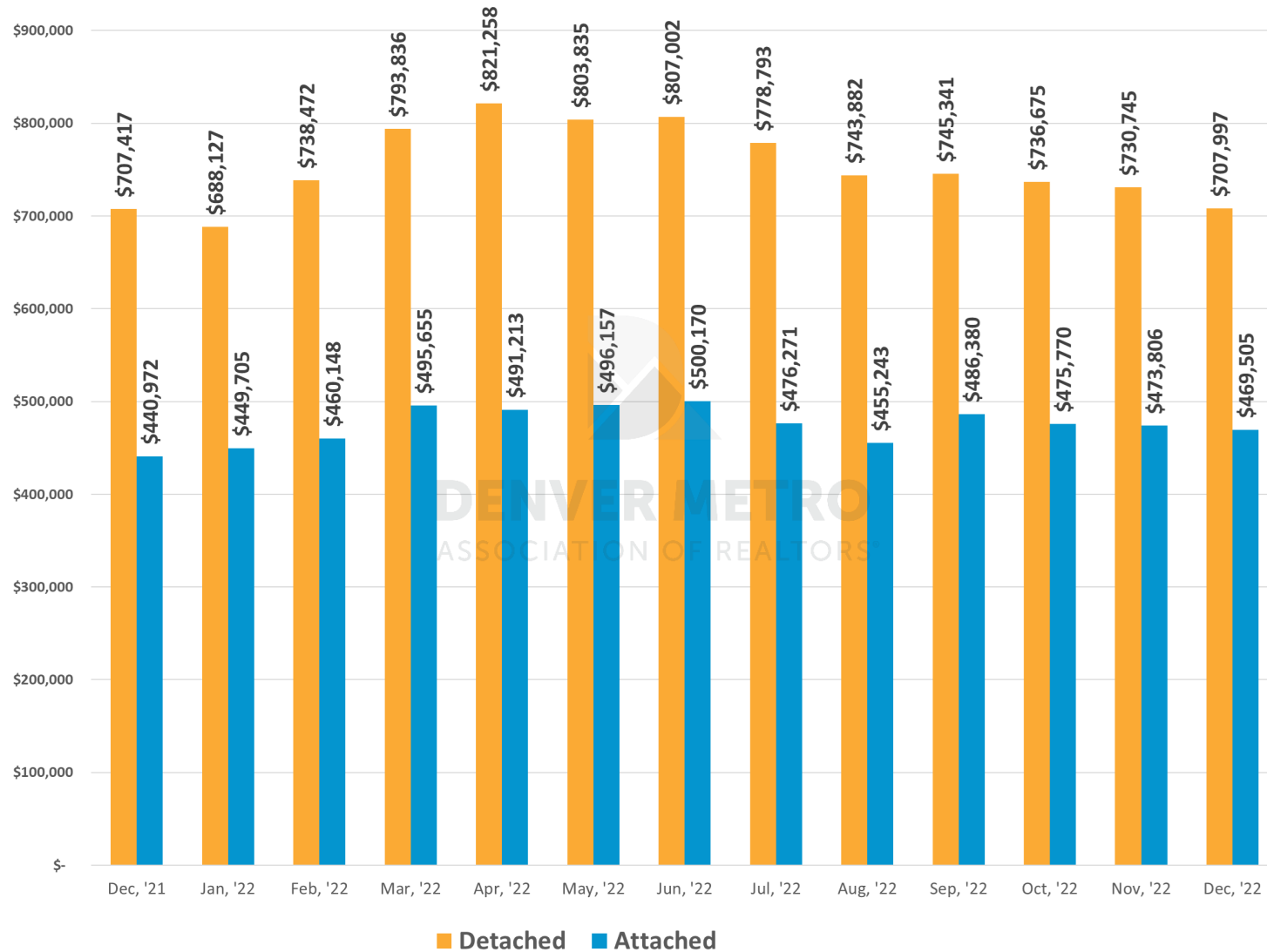


Average Close Price

DMAR Market Trends | December 2022 Data

Denver Metro Association of Realtors®

Source of MLS Data: REcolorado.com

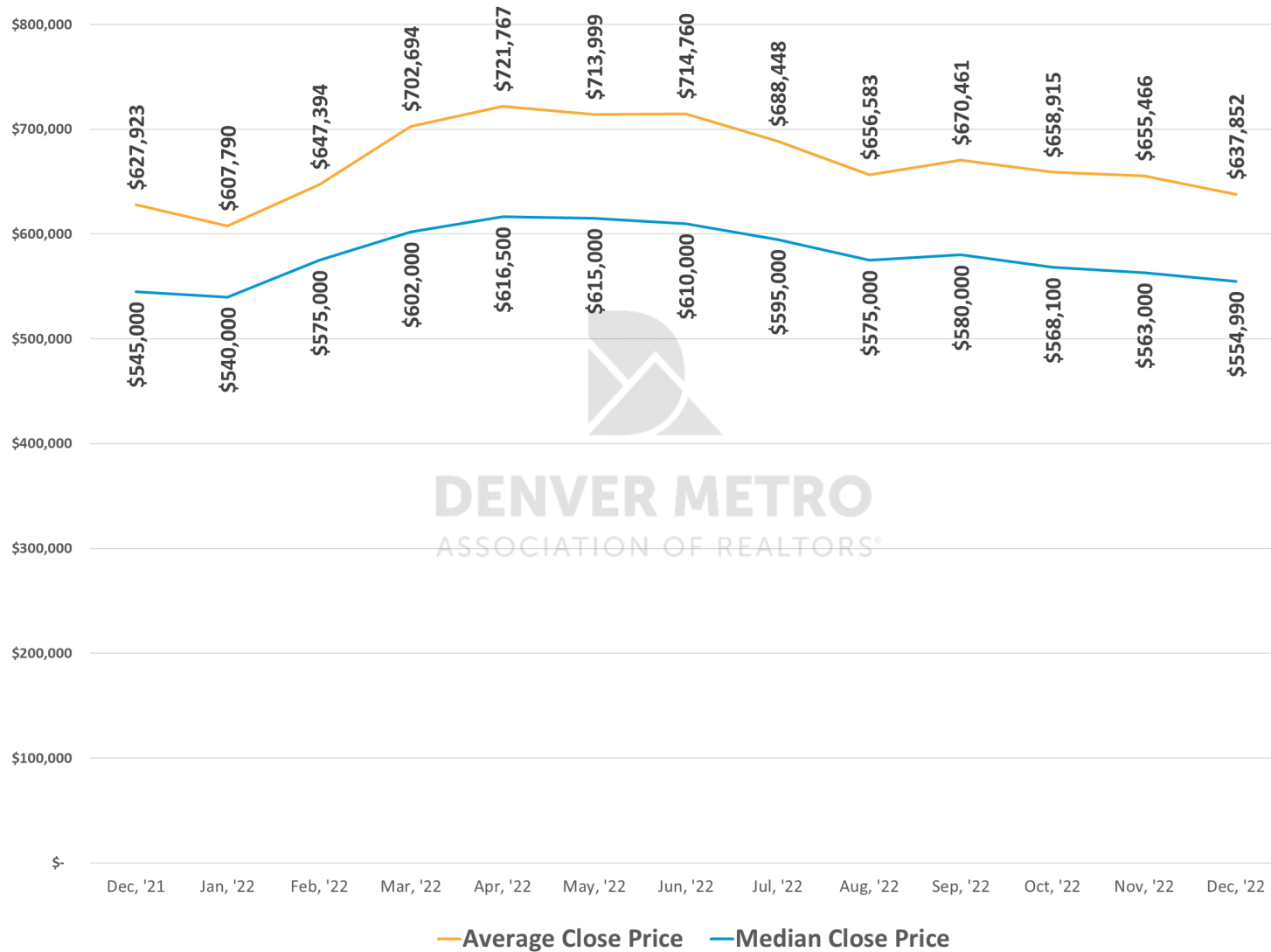


Residential Close Price

DMAR Market Trends | December 2022 Data

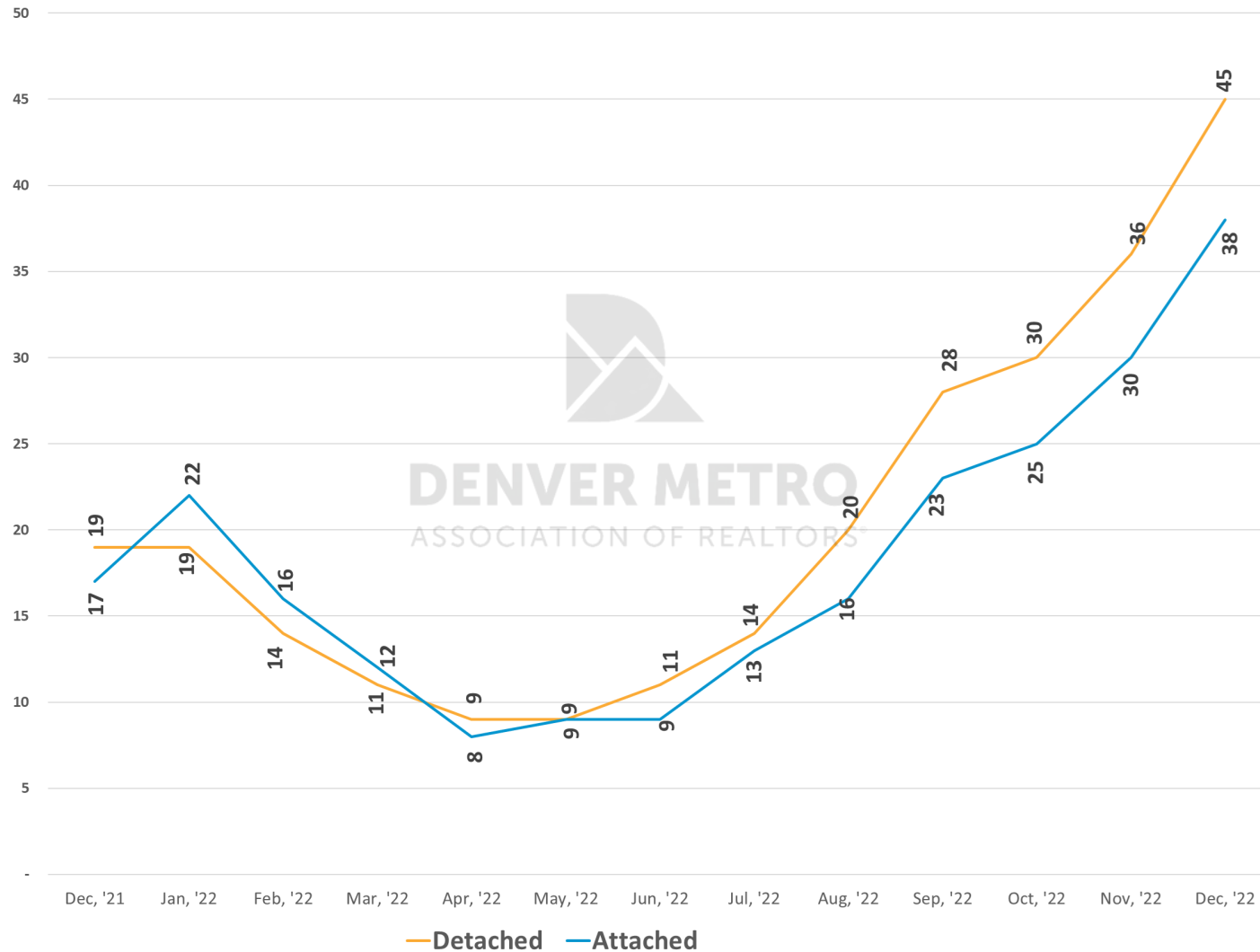
Denver Metro Association of Realtors®

Source of MLS Data: REcolorado.com



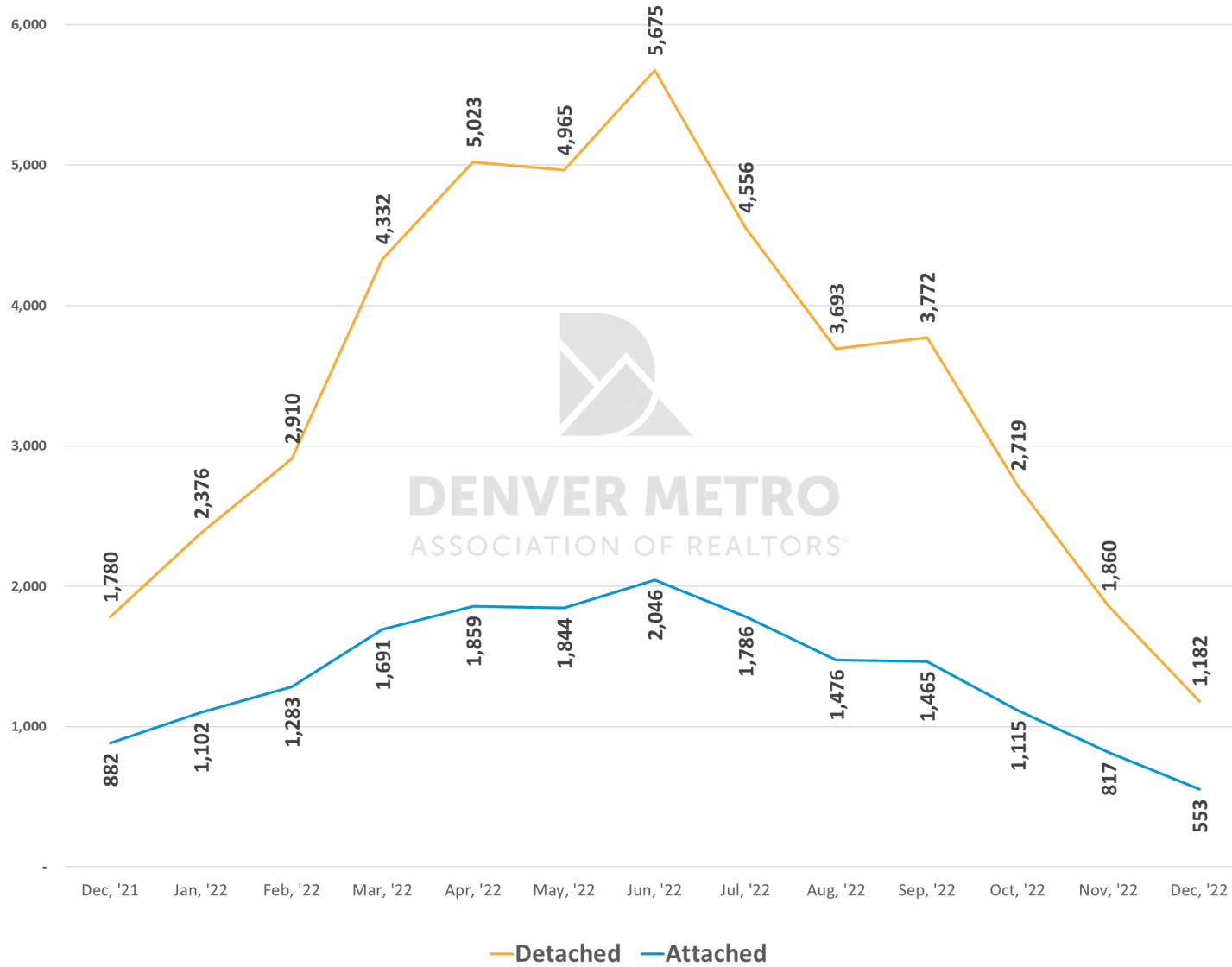
Average Days in MLS

DMAR Market Trends | December 2022 Data
 Denver Metro Association of Realtors®
 Source of MLS Data: REcolorado.com

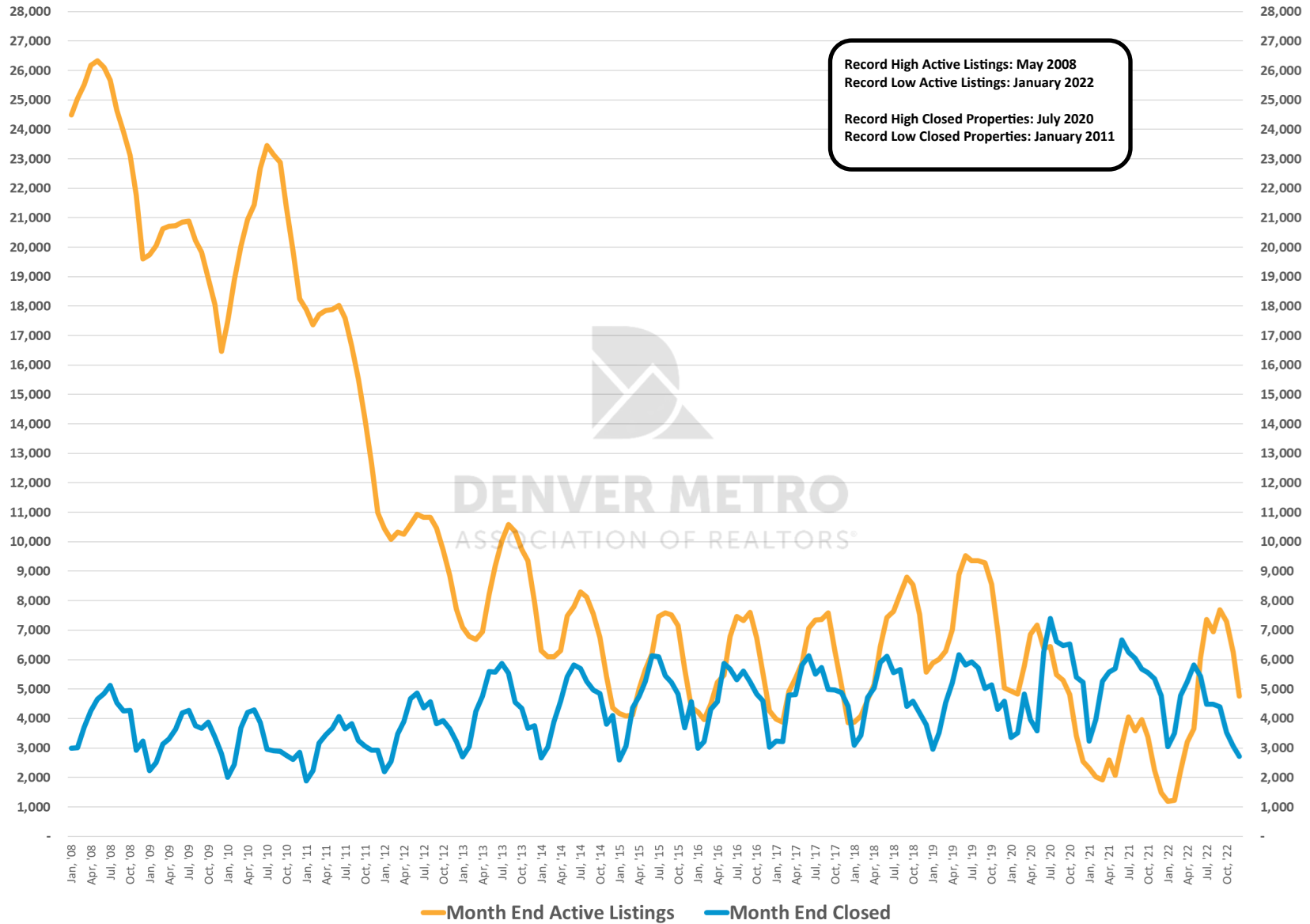


New Listings

DMAR Market Trends | December 2022 Data
 Denver Metro Association of Realtors®
 Source of MLS Data: REcolorado.com



Month End Active Listings and Month End Closed Homes

 DMAR Market Trends | December 2022 Data
 Denver Metro Association of Realtors®
 Source of MLS Data: REColorado.com


DATA SNAPSHOT

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

	Dec, '22	Prior Month	Year Ago	Prior Month	Year Ago
Residential (Detached + Attached)					
Active Listings at Month End	4,757	6,253	1,477	-23.92%	222.07%
New Listings	1,735	2,677	2,662	-35.19%	-34.82%
Pending	2,325	2,648	3,141	-12.20%	-25.98%
Closed	2,720	3,065	4,783	-11.26%	-43.13%
Close Price - Average	\$ 637,852	\$ 655,466	\$ 627,923	-2.69%	1.58%
Close Price - Median	\$ 554,990	\$ 563,000	\$ 545,000	-1.42%	1.83%
Sales Volume	\$ 1,734,958,191	\$ 2,009,002,415	\$ 3,003,357,826	-13.64%	-42.23%
Days in MLS - Average	43	34	18	26.47%	138.89%
Days in MLS - Median	30	21	5	42.86%	500.00%
Close Price/List Price	98.38%	98.33%	101.52%	0.05%	-3.09%
Detached					
Active Listings at Month End	3,407	4,572	968	-25.48%	251.96%
New Listings	1,182	1,860	1,780	-36.45%	-33.60%
Pending	1,640	1,887	2,088	-13.09%	-21.46%
Closed	1,920	2,167	3,356	-11.40%	-42.79%
Close Price - Average	\$ 707,997	\$ 730,745	\$ 707,417	-3.11%	0.08%
Close Price - Median	\$ 600,000	\$ 615,000	\$ 599,970	-2.44%	0.01%
Sales Volume	\$ 1,359,354,128	\$ 1,583,524,878	\$ 2,374,090,962	-14.16%	-42.74%
Days in MLS - Average	45	36	19	25.00%	136.84%
Days in MLS - Median	32	22	5	45.45%	540.00%
Close Price/List Price	98.28%	98.13%	101.65%	0.15%	-3.32%
Attached					
Active Listings at Month End	1,350	1,681	509	-19.69%	165.23%
New Listings	553	817	882	-32.31%	-37.30%
Pending	685	761	1,053	-9.99%	-34.95%
Closed	800	898	1,427	-10.91%	-43.94%
Close Price - Average	\$ 469,505	\$ 473,806	\$ 440,972	-0.91%	6.47%
Close Price - Median	\$ 405,000	\$ 410,000	\$ 383,000	-1.22%	5.74%
Sales Volume	\$ 375,604,063	\$ 425,477,537	\$ 629,266,864	-11.72%	-40.31%
Days in MLS - Average	38	30	17	26.67%	123.53%
Days in MLS - Median	26	18	5	44.44%	420.00%
Close Price/List Price	98.64%	98.82%	101.22%	-0.18%	-2.55%

DECEMBER DATA YTD 2022 to 2018

	YTD 2022	YTD 2021	YTD 2020	YTD 2019	YTD 2018	'22 vs '21	'21 vs '20	'20 vs '19	'19 vs '18
Residential (Detached + Attached)									
Active Listings at Month End	4,757	1,477	2,541	5,037	5,577	222.07%	-41.87%	-49.55%	-9.68%
New Listings	60,164	66,335	69,988	71,202	68,398	-9.30%	-5.22%	-1.71%	4.10%
Closed	50,743	64,105	63,516	58,902	56,509	-20.84%	0.93%	7.83%	4.23%
Close Price - Average	\$ 680,867	\$ 612,385	\$ 524,773	\$ 486,524	\$ 473,284	11.18%	16.70%	7.86%	2.80%
Close Price - Median	\$ 588,000	\$ 525,000	\$ 450,000	\$ 420,000	\$ 409,900	12.00%	16.67%	7.14%	2.46%
Sales Volume	\$ 34,549,251,069	\$ 39,256,928,763	\$ 33,331,467,588	\$ 28,657,225,410	\$ 26,744,784,239	-11.99%	17.78%	16.31%	7.15%
Days in MLS - Average	18	14	26	31	26	28.57%	-46.15%	-16.13%	19.23%
Days in MLS - Median	5	4	7	13	9	25.00%	-42.86%	-46.15%	44.44%
Close Price/List Price	102.33%	103.03%	99.96%	99.20%	99.86%	-0.68%	3.07%	0.77%	-0.66%
Detached									
Active Listings at Month End	3,407	968	1,316	3,360	3,892	251.96%	-26.44%	-60.83%	-13.67%
New Listings	43,037	46,527	48,328	50,201	48,901	-7.50%	-3.73%	-3.73%	2.66%
Closed	35,388	44,585	45,192	41,991	40,180	-20.63%	-1.34%	7.62%	4.51%
Close Price - Average	\$ 767,944	\$ 690,666	\$ 583,780	\$ 535,472	\$ 522,675	11.19%	18.31%	9.02%	2.45%
Close Price - Median	\$ 649,900	\$ 580,000	\$ 495,000	\$ 454,500	\$ 441,000	12.05%	17.17%	8.91%	3.06%
Sales Volume	\$ 27,176,018,476	\$ 30,793,337,134	\$ 26,382,188,411	\$ 22,484,995,632	\$ 21,001,061,971	-11.75%	16.72%	17.33%	7.07%
Days in MLS - Average	18	13	25	31	27	38.46%	-48.00%	-19.35%	14.81%
Days in MLS - Median	6	4	7	13	9	50.00%	-42.86%	-46.15%	44.44%
Close Price/List Price	102.31%	103.45%	100.11%	99.20%	99.75%	-1.10%	3.34%	0.92%	-0.55%
Attached									
Active Listings at Month End	1,350	509	1,225	1,677	1,685	165.23%	-58.45%	-26.95%	-0.47%
New Listings	17,127	19,808	21,660	21,001	19,497	-13.53%	-8.55%	3.14%	7.71%
Closed	15,355	19,520	18,324	16,911	16,329	-21.34%	6.53%	8.36%	3.56%
Close Price - Average	\$ 480,184	\$ 433,586	\$ 379,245	\$ 364,983	\$ 351,750	10.75%	14.33%	3.91%	3.76%
Close Price - Median	\$ 415,000	\$ 372,500	\$ 327,500	\$ 309,000	\$ 300,000	11.41%	13.74%	5.99%	3.00%
Sales Volume	\$ 7,373,232,593	\$ 8,463,591,629	\$ 6,949,279,177	\$ 6,172,229,778	\$ 5,743,722,268	-12.88%	21.79%	12.59%	7.46%
Days in MLS - Average	16	19	29	32	23	-15.79%	-34.48%	-9.38%	39.13%
Days in MLS - Median	5	5	11	14	8	0.00%	-54.55%	-21.43%	75.00%
Close Price/List Price	102.40%	102.07%	99.59%	99.18%	100.11%	0.32%	2.49%	0.41%	-0.93%

MARKET TRENDS

Price Range	Detached			Attached		
	Closed	Active	MOI	Closed	Active	MOI
Months of Inventory						
\$0 to \$99,999	-	2		-	-	
\$100,000 to \$199,999	5	11	2.20	30	26	0.87
\$200,000 to \$299,999	9	16	1.78	145	164	1.13
\$300,000 to \$399,999	108	94	0.87	205	295	1.44
\$400,000 to \$499,999	370	448	1.21	183	286	1.56
\$500,000 to \$749,999	911	1,651	1.81	169	366	2.17
\$750,000 to \$999,999	320	591	1.85	39	106	2.72
\$1,000,000 and over	197	594	3.02	29	107	3.69
TOTALS	1,920	3,407	1.77	800	1,350	1.69

Price Range	Detached		% change	Attached		% change
	Closed Dec, '22	Closed Nov, '22		Closed Dec, '22	Closed Nov, '22	
Month-Over-Month						
\$0 to \$99,999	-	1		-	-	
\$100,000 to \$199,999	5	5	0.00%	30	29	3.45%
\$200,000 to \$299,999	9	16	-43.75%	145	142	2.11%
\$300,000 to \$399,999	108	109	-0.92%	205	246	-16.67%
\$400,000 to \$499,999	370	364	1.65%	183	199	-8.04%
\$500,000 to \$749,999	911	1,023	-10.95%	169	206	-17.96%
\$750,000 to \$999,999	320	375	-14.67%	39	36	8.33%
\$1,000,000 and over	197	274	-28.10%	29	40	-27.50%
TOTALS	1,920	2,167	-11.40%	800	898	-10.91%

Price Range	Detached		% change	Attached		% change
	YTD Dec, '22	YTD Dec, '21		YTD Dec, '22	YTD Dec, '21	
Year-Over-Year						
\$0 to \$99,999	7	16	-56.25%	2	-	
\$100,000 to \$199,999	51	52	-1.92%	501	1,205	-58.42%
\$200,000 to \$299,999	169	398	-57.54%	2,210	4,120	-46.36%
\$300,000 to \$399,999	1,081	2,924	-63.03%	4,118	5,676	-27.45%
\$400,000 to \$499,999	4,618	9,875	-53.24%	3,561	3,757	-5.22%
\$500,000 to \$749,999	17,586	20,412	-13.84%	3,536	3,289	7.51%
\$750,000 to \$999,999	6,823	6,205	9.96%	809	840	-3.69%
\$1,000,000 and over	5,053	4,703	7.44%	618	633	-2.37%
TOTALS	35,388	44,585	-20.63%	15,355	19,520	-21.34%

EXPERT OPINIONS



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Luxury Market (properties sold for \$1 million or more): Cheers to the New Year! Luxury Market buyers wrapped up some deals in December as they could purchase homes at 97.61 percent close-price-to-list-price, down 2.99 percent from last year. While there was less inventory from the prior month and from one year ago, homes stayed on the market longer, giving buyers more time to shop for the home they wanted to purchase. Sellers had to be patient in December as homes took 10 days more to sell than

the previous month and 19 more days than one year ago with a median days in MLS of 28. This was up 55.56 percent from the prior month and 211.11 percent from one year ago. While homes were taking a little longer to sell, sellers received 5.69 percent more for their homes from the month prior at \$390 per square foot and 2.09 percent more from one year ago at \$382 per square foot. Now that is a gift buyers and sellers were thankful for!

While buyers were taking their time shopping for detached luxury homes, sellers also had time to relax, sip a cup of hot cocoa and enjoy the holidays with family and friends because detached luxury homes took 26 median days to sell. This was up 44.44 percent from the month prior and 225 percent from one year ago. Last December, the median days in MLS was eight days. Even though homes were sticking around longer in December, luxury sellers received six percent more per square foot from the month prior and 3.63 percent from one year ago.

Buyers shopping for luxury attached homes also found good deals as attached homes were taking 28 median days to sell, up 55.56 percent from the month prior and 115.38 percent from one year ago. Luxury buyers shopping for attached homes were able to strike up a deal and buy a luxury home at 97.89 percent close-price-to-list-price. This was only down 0.12 percent from the prior month but was down 3.37 percent from one year ago. Sellers were gifted 3.79 percent more for their homes than the prior month. While the price per square foot was up month-over-month, we only saw a 0.95 percent decrease in price per square foot from one year ago.

With things starting to feel more normal in the market and buyers and sellers winning on both sides, we are all grateful for how things ended in December and we're cheering for a fabulous New Year! — **Brigette Modglin, DMAR Market Trends Committee member and Denver Realtor®**



Signature Market (properties sold between \$750,000 and \$999,999): Like much of the rest of the Denver metro real estate market in 2022, the Signature Market experienced two distinct markets over the year: a robust seller's market during the opening months of the year, followed by a transition into what "feels" rather pedestrian when compared to the pace of the prior 24 months. For example, the year-to-date median and average days in MLS for the overall residential market in 2022 clocked in at five days and 18 days, respectively. That's right in line

with the year-to-date figures for 2021. On paper, it was another blistering hot year. In reality, such a pace is not how the full year played out. The average and median days in MLS for residential properties in December 2022 were 43 days and 31 days, while in November those figures were 35 days and 19 days. An additional example is found while examining the close-price-to-list-price-ratio month-to-month and year-to-date. December 2022 enjoyed a 98.42 percent close-price-to-list-price ratio, very similar to November 2022 at 98.52 percent while down almost three percent from 101.39 percent in December 2021. Year-to-date, the overall residential close-price-to-list-price-ratio finished 2022 at 102.67 percent. Altogether, finishing a full calendar year above 100 percent is an astounding feat, even though that's not the norm in today's market.

The number of properties falling into the Signature Market category continues to climb. 2022 saw a 24.99 percent increase in the number of overall residential properties listed (9,122 in 2022 compared to 7,298 in 2021) between \$750,000 and \$999,999. This figure was buoyed by detached new listings which grew by 1,873, a 29.57 percent increase. The attached new listings decreased by 5.08 percent (964 in 2021 to 915 in 2022) throughout 2022.

Interestingly, two statistics indicate that the beginning of 2023 could kick off with a bang in the Signature Market. In November and December of 2022, 211 fewer new listings came on the market than the number of properties sold—559 new listings during that period compared to 770 closed sales. Some of that is likely the absorption of excess inventory from prior months, and exactly how it all plays out in real-time will be left to market forces.

As we start 2023, there is much to be thankful for. Real estate transactions continue to happen every day, regardless of market conditions. And now that the market is at a place where extreme urgency is "less" of a factor, a peaceful transition into 2023 could provide a much-welcomed opportunity for more give and take between buyers and sellers across Metro Denver. — **William Maline, DMAR Market Trends Committee member and Denver Realtor®**

EXPERT OPINIONS



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Premier Market (properties sold between \$500,000 and \$749,999): For homebuyers who fall into our most popular price category of homes (\$500,000 to \$749,999),

December proved to be quite a challenging month. Almost 40 percent of the closed home sales were homes in this price bracket. With only 545 detached new listings to choose from, premier homebuyers were faced with an extreme lack of inventory. And, if one were looking for an attached home, there were only 126 new listings. For buyers in the Premier Market,

the market slowdown has proven to be quite a challenge.

They say out of something bad comes something good, so where is the silver lining when inventory is so low and buyers are also scarce? Today’s buyers can relax a bit—instead of 15-minute showing windows to shop for a home, sellers and their listing agents are granting one- to two-hour viewing windows. Buyers no longer have to compete with double-digit multiple offers and in December, only paid 98.61 percent of asking price—compared to last year’s 101.88 percent. Buyers were also given more time to make their purchasing decisions. Last year, December homes were only in the MLS for a median of five days before accepting an offer, causing buyers to make their choices and offers within hours of viewing a home. This past month, homes were in the MLS for a median of 35 days—which means that buyers had time to look at multiple properties, “sleep on it” and make a more relaxed and informed decision before offering on a property.

But what about sellers and their home values? The median close price in December was \$554,990—that’s 1.83 percent more than the median closed price last year. Low inventory has kept home values strong, although slightly below the height of the selling peak in 2022. In May of this year, we hit a yearly high of \$616,500 for the median closing price—11 percent higher than last month. Even though December’s median closed price slipped lower than earlier in the year, sellers were still able to appreciate a growth year-over-year in the value of their homes.

In a month where Denver saw five more inches of snow on average than traditionally, the lowest temperature recorded in 32 years, mortgage interest rates above six percent and celebrated the holiday season—December’s real estate slowdown was no surprise. I predict that towards the end of January into February, we will see the market start to pick back up—and with a more normalized (or pre-pandemic) pace, we will see less stressful transactions, happy buyers and sellers and a thriving real estate market that the Denver Metro region has been known for. — **Susan Thayer, DMAR Market Trends Committee member and Denver Realtor®**



Classic Market (properties sold between \$300,000 and \$499,999): The Classic Market is the entry point into the Denver Metro market for many people and first-time homebuyers.

In this segment, seasonality and an overall slowing market were observed similar to the whole. December average days in MLS clocked in at 40, the close-price-to-list-price ratio was 98.48 percent and all home types remained relatively steady at \$287 per square foot.

In December, the Classic Market comprised a total of 589 new listings—33.94 percent of the entire market. Of these listings, 323 homes (55.84 percent) were traditional detached single-family homes and 266 (45.16 percent) were attached properties. With such a large percentage of Denver Metro building starts going into multi-family construction, opportunities could exist for buyers shopping for detached homes in the Classic Market while inventory is available in this market segment in 2023.

While affordability pressure is still a significant factor, many renters can afford to buy a starter home, and down payment assistance and grant programs exist to help qualifying buyers purchase with significantly reduced closing costs. Prospective homeowners who are currently renting and wishing to buy are encouraged to run their monthly numbers, and speak to trusted financial professionals and a Realtor® who can help them identify opportunities and act on them during the market slowdown.

Sellers in the Classic Market should expect a somewhat reduced buyer response due to affordability factors, price realistically and take extra steps to ensure their home gets the attention it deserves. This includes investing in professional media, providing large windows of showing times making it easy for working buyers to tour and considering offering a rate-buy down to attract buyers endeavoring to make tighter budgets work in our new interest rate environment.

Housing affordability will be the main driver of the housing market in 2023. Resourceful buyers who act carefully and decisively, especially in the first half of 2023, may be glad they did later this year and in the years to come. — **Michelle Schwinghammer, 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, '22	Prior Month	Last Year	Prior Month	Last Year
Residential (Detached + Attached)					
New Listings	155	279	167	-44.44%	-7.19%
Pending	187	233	208	-19.74%	-10.10%
Closed	226	314	390	-28.03%	-42.05%
Sales Volume	\$ 372,810,311	\$ 493,065,865	\$ 649,795,091	-24.39%	-42.63%
Days in MLS - Average	43	35	38	22.86%	13.16%
Days in MLS - Median	28	18	9	55.56%	211.11%
Close Price/List Price	97.61%	97.56%	100.62%	0.05%	-2.99%
PSF Total	\$ 390	\$ 369	\$ 382	5.69%	2.09%
Detached					
New Listings	133	240	144	-44.58%	-7.64%
Pending	166	198	177	-16.16%	-6.21%
Closed	197	274	334	-28.10%	-41.02%
Sales Volume	\$ 327,719,305	\$ 435,795,926	\$ 572,620,022	-24.80%	-42.77%
Days in MLS - Average	43	36	36	19.44%	19.44%
Days in MLS - Median	26	18	8	44.44%	225.00%
Close Price/List Price	97.57%	97.49%	100.50%	0.08%	-2.92%
PSF Total	\$ 371	\$ 350	\$ 358	6.00%	3.63%
Attached					
New Listings	22	39	23	-43.59%	-4.35%
Pending	21	35	31	-40.00%	-32.26%
Closed	29	40	56	-27.50%	-48.21%
Sales Volume	\$ 45,091,006	\$ 57,269,939	\$ 77,175,069	-21.27%	-41.57%
Days in MLS - Average	46	25	49	84.00%	-6.12%
Days in MLS - Median	28	18	13	55.56%	115.38%
Close Price/List Price	97.89%	98.01%	101.30%	-0.12%	-3.37%
PSF Total	\$ 520	\$ 501	\$ 525	3.79%	-0.95%

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

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

	YTD 2022	YTD 2021	YTD 2020	YTD 2019	YTD 2018	'22 vs '21	'21 vs '20	'20 vs '19	'19 vs '18
Residential (Detached + Attached)									
New Listings	6,748	5,251	4,461	3,892	3,324	28.51%	17.71%	14.62%	17.09%
Pending	4,911	4,687	3,439	2,537	2,186	4.78%	36.29%	35.55%	16.06%
Closed	5,671	5,336	3,298	2,435	2,165	6.28%	61.80%	35.44%	12.47%
Sales Volume	\$ 8,998,269,819	\$ 8,536,829,671	\$ 5,129,000,594	\$ 3,764,155,058	\$ 3,301,088,383	5.41%	66.44%	36.26%	14.03%
Days in MLS - Average	22	30	55	60	68	-26.67%	-45.45%	-8.33%	-11.76%
Days in MLS - Median	5	5	20	25	27	0.00%	-75.00%	-20.00%	-7.41%
Close Price/List Price	103.05%	101.87%	97.79%	97.30%	97.27%	1.16%	4.17%	0.50%	0.03%
PSF Total	\$ 390	\$ 368	\$ 337	\$ 341	\$ 308	5.98%	9.20%	-1.17%	10.71%
Detached									
New Listings	5,955	4,564	3,943	3,419	2,991	30.48%	15.75%	15.33%	14.31%
Pending	4,361	4,118	3,141	2,247	1,974	5.90%	31.10%	39.79%	13.83%
Closed	5,053	4,703	3,035	2,147	1,980	7.44%	54.96%	41.36%	8.43%
Sales Volume	\$ 8,079,201,293	\$ 7,611,642,365	\$ 4,744,117,109	\$ 3,323,747,607	\$ 3,022,332,989	6.14%	60.44%	42.73%	9.97%
Days in MLS - Average	21	28	56	62	68	-25.00%	-50.00%	-9.68%	-8.82%
Days in MLS - Median	5	5	20	26	27	0.00%	-75.00%	-23.08%	-3.70%
Close Price/List Price	103.20%	102.09%	97.86%	97.25%	97.34%	1.09%	4.32%	0.63%	-0.09%
PSF Total	\$ 371	\$ 344	\$ 319	\$ 307	\$ 292	7.85%	7.84%	3.91%	5.14%
Attached									
New Listings	793	687	518	473	333	15.43%	32.63%	9.51%	42.04%
Pending	550	569	298	290	212	-3.34%	90.94%	2.76%	36.79%
Closed	618	633	263	288	185	-2.37%	140.68%	-8.68%	55.68%
Sales Volume	\$ 919,068,526	\$ 925,187,306	\$ 384,883,485	\$ 440,407,451	\$ 278,755,394	-0.66%	140.38%	-12.61%	57.99%
Days in MLS - Average	29	47	55	46	70	-38.30%	-14.55%	19.57%	-34.29%
Days in MLS - Median	6	8	26	17	39	-25.00%	-69.23%	52.94%	-56.41%
Close Price/List Price	101.79%	100.28%	97.00%	97.66%	96.54%	1.51%	3.38%	-0.68%	1.16%
PSF Total	\$ 550	\$ 549	\$ 545	\$ 589	\$ 487	0.18%	0.73%	-7.47%	20.94%

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

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

	Dec, '22	Prior Month	Last Year	Prior Month	Last Year
Residential (Detached + Attached)					
New Listings	198	361	269	-45.15%	-26.39%
Pending	263	341	344	-22.87%	-23.55%
Closed	359	411	574	-12.65%	-37.46%
Sales Volume	\$ 303,924,064	\$ 348,230,306	\$ 487,200,966	-12.72%	-37.62%
Days in MLS - Average	43	35	22	22.86%	95.45%
Days in MLS - Median	31	19	7	63.16%	342.86%
Close Price/List Price	98.42%	98.51%	101.39%	-0.09%	-2.93%
PSF Total	\$ 271	\$ 279	\$ 281	-2.87%	-3.56%
Detached					
New Listings	175	314	220	-44.27%	-20.45%
Pending	241	313	290	-23.00%	-16.90%
Closed	320	375	519	-14.67%	-38.34%
Sales Volume	\$ 270,125,737	\$ 317,656,637	\$ 441,030,695	-14.96%	-38.75%
Days in MLS - Average	44	34	22	29.41%	100.00%
Days in MLS - Median	33	19	7	73.68%	371.43%
Close Price/List Price	98.30%	98.47%	101.44%	-0.17%	-3.10%
PSF Total	\$ 256	\$ 265	\$ 269	-3.40%	-4.83%
Attached					
New Listings	23	47	49	-51.06%	-53.06%
Pending	22	28	54	-21.43%	-59.26%
Closed	39	36	55	8.33%	-29.09%
Sales Volume	\$ 33,798,327	\$ 30,573,669	\$ 46,170,271	10.55%	-26.80%
Days in MLS - Average	39	40	24	-2.50%	62.50%
Days in MLS - Median	18	24	5	-25.00%	260.00%
Close Price/List Price	99.48%	98.95%	100.87%	0.54%	-1.38%
PSF Total	\$ 399	\$ 422	\$ 399	-5.45%	0.00%

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

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

	YTD 2022	YTD 2021	YTD 2020	YTD 2019	YTD 2018	'22 vs '21	'21 vs '20	'20 vs '19	'19 vs '18
Residential (Detached + Attached)									
New Listings	9,122	7,298	5,392	4,649	4,121	24.99%	35.35%	15.98%	12.81%
Pending	7,119	6,724	4,573	3,502	3,047	5.87%	47.04%	30.58%	14.93%
Closed	7,632	7,045	4,427	3,297	3,025	8.33%	59.14%	34.27%	8.99%
Sales Volume	\$ 6,462,328,939	\$ 5,972,742,033	\$ 3,749,093,241	\$ 2,792,837,214	\$ 2,568,972,151	8.20%	59.31%	34.24%	8.71%
Days in MLS - Average	18	17	39	45	44	5.88%	-56.41%	-13.33%	2.27%
Days in MLS - Median	5	5	13	18	15	0.00%	-61.54%	-27.78%	20.00%
Close Price/List Price	102.67%	102.98%	99.38%	98.82%	99.10%	-0.30%	3.62%	0.57%	-0.28%
PSF Total	\$ 296	\$ 278	\$ 253	\$ 248	\$ 243	6.47%	9.88%	2.02%	2.06%
Detached									
New Listings	8,207	6,334	4,426	3,906	3,422	29.57%	43.11%	13.31%	14.14%
Pending	6,438	5,857	3,914	2,989	2,581	9.92%	49.64%	30.95%	15.81%
Closed	6,823	6,205	3,809	2,790	2,568	9.96%	62.90%	36.52%	8.64%
Sales Volume	\$ 5,776,841,862	\$ 5,255,387,656	\$ 3,224,817,498	\$ 2,361,527,870	\$ 2,182,289,752	9.92%	62.97%	36.56%	8.21%
Days in MLS - Average	18	14	38	43	44	28.57%	-63.16%	-11.63%	-2.27%
Days in MLS - Median	5	5	12	18	15	0.00%	-58.33%	-33.33%	20.00%
Close Price/List Price	102.74%	103.25%	99.47%	98.83%	99.07%	-0.49%	3.80%	0.65%	-0.24%
PSF Total	\$ 279	\$ 262	\$ 236	\$ 227	\$ 225	6.49%	11.02%	3.96%	0.89%
Attached									
New Listings	915	964	966	743	699	-5.08%	-0.21%	30.01%	6.29%
Pending	681	867	659	513	466	-21.45%	31.56%	28.46%	10.09%
Closed	809	840	618	507	457	-3.69%	35.92%	21.89%	10.94%
Sales Volume	\$ 685,487,077	\$ 717,354,377	\$ 524,275,743	\$ 431,309,344	\$ 386,682,399	-4.44%	36.83%	21.55%	11.54%
Days in MLS - Average	24	34	43	58	43	-29.41%	-20.93%	-25.86%	34.88%
Days in MLS - Median	6	6	15	25	13	0.00%	-60.00%	-40.00%	92.31%
Close Price/List Price	102.05%	100.98%	98.82%	98.79%	99.25%	1.06%	2.19%	0.03%	-0.46%
PSF Total	\$ 439	\$ 397	\$ 359	\$ 362	\$ 340	10.58%	10.58%	-0.83%	6.47%

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

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

	Dec, '22	Prior Month	Last Year	Prior Month	Last Year
Residential (Detached + Attached)					
New Listings	671	1,017	1,026	-34.02%	-34.60%
Pending	902	1,037	1,214	-13.02%	-25.70%
Closed	1,080	1,229	1,901	-12.12%	-43.19%
Sales Volume	\$ 652,800,321	\$ 740,455,664	\$ 1,145,221,164	-11.84%	-43.00%
Days in MLS - Average	47	37	16	27.03%	193.75%
Days in MLS - Median	35	24	5	45.83%	600.00%
Close Price/List Price	98.61%	98.49%	101.88%	0.12%	-3.21%
PSF Total	\$ 258	\$ 266	\$ 262	-3.01%	-1.53%
Detached					
New Listings	545	854	874	-36.18%	-37.64%
Pending	759	876	1,032	-13.36%	-26.45%
Closed	911	1,023	1,647	-10.95%	-44.69%
Sales Volume	\$ 551,388,937	\$ 619,662,054	\$ 995,135,654	-11.02%	-44.59%
Days in MLS - Average	47	38	16	23.68%	193.75%
Days in MLS - Median	35	25	5	40.00%	600.00%
Close Price/List Price	98.65%	98.48%	102.00%	0.17%	-3.28%
PSF Total	\$ 247	\$ 254	\$ 250	-2.76%	-1.20%
Attached					
New Listings	126	163	152	-22.70%	-17.11%
Pending	143	161	182	-11.18%	-21.43%
Closed	169	206	254	-17.96%	-33.46%
Sales Volume	\$ 101,411,384	\$ 120,793,610	\$ 150,085,510	-16.05%	-32.43%
Days in MLS - Average	46	29	18	58.62%	155.56%
Days in MLS - Median	35	17	5	105.88%	600.00%
Close Price/List Price	98.42%	98.56%	101.09%	-0.14%	-2.64%
PSF Total	\$ 319	\$ 326	\$ 341	-2.15%	-6.45%

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

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

	YTD 2022	YTD 2021	YTD 2020	YTD 2019	YTD 2018	'22 vs '21	'21 vs '20	'20 vs '19	'19 vs '18
Residential (Detached + Attached)									
New Listings	24,475	22,881	18,606	16,982	14,964	6.97%	22.98%	9.56%	13.49%
Pending	19,643	21,473	17,058	13,778	11,937	-8.52%	25.88%	23.81%	15.42%
Closed	21,122	23,701	17,571	13,403	12,069	-10.88%	34.89%	31.10%	11.05%
Sales Volume	\$ 12,866,105,824	\$ 14,240,622,636	\$ 10,462,098,027	\$ 7,954,253,415	\$ 7,179,232,629	-9.65%	36.12%	31.53%	10.80%
Days in MLS - Average	18	12	29	38	35	50.00%	-58.62%	-23.68%	8.57%
Days in MLS - Median	6	4	9	18	14	50.00%	-55.56%	-50.00%	28.57%
Close Price/List Price	102.43%	103.59%	100.01%	99.12%	99.55%	-1.12%	3.58%	0.90%	-0.43%
PSF Total	\$ 289	\$ 261	\$ 223	\$ 214	\$ 210	10.73%	17.04%	4.21%	1.90%
Detached									
New Listings	20,636	19,631	15,650	14,448	12,820	5.12%	25.44%	8.32%	12.70%
Pending	16,558	18,430	14,707	11,937	10,315	-10.16%	25.31%	23.21%	15.72%
Closed	17,586	20,412	15,285	11,580	10,381	-13.84%	33.54%	31.99%	11.55%
Sales Volume	\$ 10,769,614,989	\$ 12,293,217,981	\$ 9,108,115,369	\$ 6,878,968,024	\$ 6,175,187,756	-12.39%	34.97%	32.41%	11.40%
Days in MLS - Average	18	11	27	37	34	63.64%	-59.26%	-27.03%	8.82%
Days in MLS - Median	6	4	8	17	13	50.00%	-50.00%	-52.94%	30.77%
Close Price/List Price	102.44%	103.87%	100.11%	99.12%	99.55%	-1.38%	3.76%	1.00%	-0.43%
PSF Total	\$ 275	\$ 245	\$ 206	\$ 196	\$ 191	12.24%	18.93%	5.10%	2.62%
Attached									
New Listings	3,839	3,250	2,956	2,534	2,144	18.12%	9.95%	16.65%	118.19%
Pending	3,085	3,043	2,351	1,841	1,622	1.38%	29.43%	27.70%	13.50%
Closed	3,536	3,289	2,286	1,823	1,688	7.51%	43.88%	25.40%	8.00%
Sales Volume	\$ 2,096,490,835	\$ 1,947,404,655	\$ 1,353,982,658	\$ 1,075,285,391	\$ 1,004,044,873	7.66%	43.83%	25.92%	7.10%
Days in MLS - Average	18	23	41	46	43	-21.74%	-43.90%	-10.87%	6.98%
Days in MLS - Median	5	5	16	22	17	0.00%	-68.75%	-27.27%	29.41%
Close Price/List Price	102.38%	101.82%	99.36%	99.10%	99.56%	0.55%	2.48%	0.26%	-0.46%
PSF Total	\$ 355	\$ 359	\$ 338	\$ 329	\$ 328	-1.11%	6.21%	2.74%	0.30%

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

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

	Dec, '22	Prior Month	Last Year	Prior Month	Last Year
Residential (Detached + Attached)					
New Listings	589	819	954	-28.08%	-38.26%
Pending	800	867	1,084	-7.73%	-26.20%
Closed	866	918	1,545	-5.66%	-43.95%
Sales Volume	\$ 360,232,273	\$ 380,933,421	\$ 635,149,858	-5.43%	-43.28%
Days in MLS - Average	40	32	13	25.00%	207.69%
Days in MLS - Median	27	19	5	42.11%	440.00%
Close Price/List Price	98.48%	98.33%	101.74%	0.15%	-3.20%
PSF Total	\$ 287	\$ 301	\$ 298	-4.65%	-3.69%
Detached					
New Listings	323	431	525	-25.06%	-38.48%
Pending	463	481	569	-3.74%	-18.63%
Closed	478	473	824	1.06%	-41.99%
Sales Volume	\$ 206,988,049	\$ 205,077,261	\$ 357,134,577	0.93%	-42.04%
Days in MLS - Average	42	32	13	31.25%	223.08%
Days in MLS - Median	28	21	5	33.33%	460.00%
Close Price/List Price	98.01%	97.65%	101.86%	0.37%	-3.78%
PSF Total	\$ 276	\$ 293	\$ 293	-5.80%	-5.80%
Attached					
New Listings	266	388	429	-31.44%	-38.00%
Pending	337	386	515	-12.69%	-34.56%
Closed	388	445	721	-12.81%	-46.19%
Sales Volume	\$ 153,244,224	\$ 175,856,160	\$ 278,015,281	-12.86%	-44.88%
Days in MLS - Average	39	32	13	21.88%	200.00%
Days in MLS - Median	27	19	5	42.11%	440.00%
Close Price/List Price	99.06%	99.05%	101.61%	0.01%	-2.51%
PSF Total	\$ 301	\$ 308	\$ 303	-2.27%	-0.66%

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

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

	YTD 2022	YTD 2021	YTD 2020	YTD 2019	YTD 2018	'22 vs '21	'21 vs '20	'20 vs '19	'19 vs '18
Residential (Detached + Attached)									
New Listings	16,337	24,639	31,931	34,166	33,257	-33.69%	-22.84%	-6.54%	2.73%
Pending	13,833	23,853	30,131	30,357	28,426	-42.01%	-20.84%	-0.74%	6.79%
Closed	13,378	22,232	29,751	29,888	28,495	-39.83%	-25.27%	-0.46%	4.89%
Sales Volume	\$ 5,521,228,337	\$ 9,143,488,989	\$ 11,978,455,480	\$ 11,802,304,880	\$ 11,152,680,741	-39.62%	-23.67%	1.49%	5.82%
Days in MLS - Average	16	11	20	26	21	45.45%	-45.00%	-23.08%	23.81%
Days in MLS - Median	5	4	6	11	8	25.00%	-33.33%	-45.45%	37.50%
Close Price/List Price	102.01%	103.26%	100.47%	99.55%	100.19%	-1.21%	2.78%	0.92%	-0.64%
PSF Total	\$ 321	\$ 282	\$ 228	\$ 210	\$ 204	13.83%	23.68%	8.57%	2.94%
Detached									
New Listings	7,981	15,471	22,871	26,093	26,314	-48.41%	-32.36%	-12.35%	-0.84%
Pending	6,634	14,904	22,089	23,688	22,726	-55.49%	-32.53%	-6.75%	4.23%
Closed	5,699	12,799	21,765	23,484	22,625	-55.47%	-41.19%	-7.32%	3.80%
Sales Volume	\$ 2,497,144,389	\$ 5,518,080,609	\$ 8,976,917,751	\$ 9,407,659,855	\$ 8,943,986,949	-54.75%	-38.53%	-4.58%	5.18%
Days in MLS - Average	18	9	17	25	20	100.00%	-47.06%	-32.00%	25.00%
Days in MLS - Median	6	4	5	11	8	50.00%	-20.00%	-54.55%	37.50%
Close Price/List Price	100.95%	103.56%	100.67%	99.59%	100.19%	-2.52%	2.87%	1.08%	-0.60%
PSF Total	\$ 314	\$ 273	\$ 216	\$ 198	\$ 191	15.02%	26.39%	9.09%	3.66%
Attached									
New Listings	8,356	9,168	9,060	8,073	6,943	-8.86%	1.19%	12.23%	16.28%
Pending	7,199	8,949	8,042	6,669	5,700	-19.56%	11.28%	20.59%	17.00%
Closed	7,679	9,433	7,986	6,404	5,870	-18.59%	18.12%	24.70%	9.10%
Sales Volume	\$ 3,024,083,948	\$ 3,625,408,380	\$ 3,001,537,729	\$ 2,394,645,025	\$ 2,208,693,792	-16.59%	20.79%	25.34%	8.42%
Days in MLS - Average	14	14	27	31	25	0.00%	-48.15%	-12.90%	24.00%
Days in MLS - Median	5	4	10	14	9	25.00%	-60.00%	-28.57%	55.56%
Close Price/List Price	102.79%	102.86%	99.92%	99.40%	100.16%	-0.07%	2.94%	0.52%	-0.76%
PSF Total	\$ 326	\$ 294	\$ 261	\$ 255	\$ 256	10.88%	12.64%	2.35%	-0.39%

Looking Back at 2022 & What to Expect in 2023



STEVE DANYLIW

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

2022 Year in Review

2022 can best be described as the tale of two halves. In the first half of the year, low inventory set records pushing the fast-paced housing market to historically-high prices. Strong tailwinds turned to strong headwinds in the year's second half as overall economic conditions turned negative causing many homebuyers to reconsider or delay their purchasing decision. As we balance out the positives with the negatives, 2022 was a decent year for housing.

Within any market, values will follow supply and demand. So, let's examine the supply side of the equation. We started 2022 with the lowest month-end inventory ever recorded: 1,184 active listings. February recorded the second lowest number at 1,226. A significant influence on inventory levels is the number of new listings that enter the market each month. 60,164 new listings entered the market in 2022, representing 9.3 percent fewer listings than 2021. 2022 recorded the fewest new listings since 2008.

Like new listings, the number of closed transactions saw a significant drop compared to 2021's record-high of 64,105. We finished the year with 50,743 closings, down 20.84 percent from last year. So, why are fewer homeowners placing their homes on the market? Many homeowners refinanced their mortgages with a majority now below five percent. In a higher mortgage rate environment, this creates problems for the homeowner. If you have a mortgage of 3.5 percent and you want to sell, the new mortgage on the replacement property could be north of six percent. The additional expense will weigh heavy on those homeowners.

Months of Inventory (MOI) is another key indicator of market direction. MOI looks at active and closed listings in the context of supply and demand. A low MOI indicates tight supply and gives sellers the advantage. This has been our market since 2012. The yearly average for 2022 was 1.26 MOI. 2021 recorded the lowest year on record of 0.56 MOI. December's 1.75 MOI contrasts sharply with January's 0.42 MOI. Are we approaching balance? Does the old standard of a balanced market, being four to five months, even still apply? With historic low inventory, buyers are feeling they have more advantages over the sellers. Maybe the new normal is two to 2.5 months. If that's the case, is this what balance feels like?

2021 finished with an average 30-year fixed rate of 2.96 percent according to Freddie Mac's primary mortgage market survey. We finished 2022 with a rate of 6.42 percent—a 3.46 point increase in just 12-months, even reaching 7.08 percent in October and again in November. Higher rates caused payment shock for buyers and contributed to slower activity.

Comparing and contrasting 2022 to our historical housing market shows a market in transition that is moving from highs to lows. In April, the average closed price set the all-time record high of \$721,767, but dropped to \$637,852 in December. The median closed price followed the same track coming in at \$616,500 in April and dropped to \$554,990 in December. Looking at the entirety of 2022, the median closed price finished at \$588,000 and 12 percent higher than last year. Days in MLS also set new record lows. In April, the average days in MLS was eight and now in December that number ballooned to 43 days. February through May saw the median days in MLS drop to four days, and in December that number grew to 30 days.

In the end, 2022's housing market was a good year, even though it didn't feel like a good year. Again, the tale of two halves.

Forecast for 2023

Our local housing market will face many challenges in 2023. As buyers and sellers decide if this is the right time to buy or sell, uncertainty will weigh heavily in their decision-making process. Expect that the first half of the year will continue to face adversity as the economy seeks a better footing. If overall economic conditions moderate, we should see the housing market stabilize in the second half.

The rise and fall of inventory provides important insight in market direction. Many homeowners who would like to move are reluctant to sell as they struggle with surrendering their existing low mortgage rate with something significantly higher. Eighty-five percent of current mortgages are sub five percent. This leaves us with the “must move” sellers and they will keep overall inventory low. Low inventory can be good news working as a counterbalance, slowing dropping home values.

As we saw in the second half of 2022, closed transactions dropped sharply. Expect this trend to continue in 2023. Overall, real estate activity will be down as we could see eight to 13 percent fewer closed transactions in 2023 compared to 2022. Yes, that’s a big drop and it will create challenges for everyone working in the real estate industry. The National Association of Realtors® (NAR) expects seven percent fewer closings nationally.

The elephant in the room continues to be mortgage interest rates. The rapid rise of rates in 2022 caused payment shock and increased affordability concerns for buyers and was the main catalyst in market cooling. At the end of 2022, rates hovered around 6.4 percent yet remained quite volatile. While I’m not a mortgage professional, most experts I’ve spoken with believe rates should begin to stabilize in the second half of the year and settle around five to 5.5 percent. This would be good news.

Will home values drop in 2023? Yes, prices will drop, but not as much as you may expect. I anticipate prices decreasing around four to six percent. It will look a lot worse in the first half, but I forecast some recovery as we approach 2024. Nationally, NAR expects a one percent increase in prices. NAR projects the top-performing markets in 2023 to come from the markets that had the smallest gains over the last few years. Unfortunately, Metro Denver was commonly one of the top performing markets in the nation and thus, will not likely be part of the top performers this year.

A forecast is only as good as one’s ability to predict the future movement of external forces that influence a given market. As the economic conditions that impact our housing market remain in flux, creating a forecast is more subjective. With that said, prices should recede slightly on the back of fewer sales. Client expectations will need managing as it will take longer to sell and buyers will take advantage of their new-found leverage.

The Year of the Turning Point: Five Things to Know for 2023



Nadia Evangelou

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The beginning of the new year allows people to start over again and set their resolutions for the coming year. And one of those resolutions may be to purchase a home. There's a lot of uncertainty and speculations about where the housing market is headed. After a year of the multiple-offer frenzy, the housing market slowed in 2022. Inflation rose to 40-year highs, and mortgage rates jumped to more than double those of a year ago, hurting affordability. Although the economy recovered all the jobs lost due to the pandemic, wages didn't keep up with the pace of inflation. While owning and renting became more expensive, many buyers were priced out of the market. The housing market experienced the most prolonged slump in history, with activity returning to 2012 levels.

Nevertheless, there are signs that the housing market may turn around this year. Here's what homebuyers in the Denver metro area should know about the market in 2023.

1. Mortgage rates to stabilize

Mortgage rates have already peaked. After surpassing the seven percent threshold in the second week of November, rates are finally moving down as inflation cools. 2022's higher federal funds rates have started to tame inflation. Rates are still significantly higher than a year ago, but if inflation continues to slow, rates may stabilize below six percent in 2023. That's a lot more money buyers have to pay out every month, between a three and six percent interest rate, but that's still a rate lower than eight percent, which is the historical average rate for a 30-year fixed mortgage.

2. Housing market activity to strengthen

With a six percent mortgage rate, housing will become more affordable for many buyers in the Denver metro area. Although the typical family won't yet be able to afford to buy a median-priced home, homeownership becomes affordable to about five percent more households in this area if rates hover near six percent instead of seven. In this scenario, the qualifying income to purchase a mid-priced home drops by more than \$15,000 to \$144,000 from \$160,000. This could bring more buyers back to the market boosting demand for housing and increasing market competition.

3. Housing market activity to strengthen

The Denver metro area may have nearly double the number of homes for sale than a year ago. But, this is mostly because homes stay on the market for a longer time. This area continues to have significantly fewer new listings available in the market. Will there be more choices for homebuyers in 2023?

So far, the Denver metro area has approved more building permits compared to the same period before the pandemic; however, construction has slowed in the last couple of months due to persistent building material bottlenecks. Meanwhile, data shows that housing demand grows faster than the new construction in Denver metro. In the last 12 months, a single-family permit is issued for every six new jobs. But, in a balanced market, a single-family permit should be issued for every two new jobs.

In addition, fewer homeowners are expected to sell their homes and purchase another as mortgage rates are substantially higher compared to 2021. Typically, higher mortgage rates lead to lower mobility rates over time. Many owners may be locked into their existing homes as mortgage rates rise, while the three-percent rates from 2021 may not be back anytime soon.



Lawrence Yun

Chief Economist and Senior
 Vice President of Research at
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 Realtors®

4. Price gains to decelerate even further

Nationwide, home price gains have decelerated since May 2022. While home price deceleration will continue this year, prices will keep annual appreciation flat throughout 2023, with half of the areas across the country experiencing small price gains and the other half seeing small price declines. As one of the most expensive areas, the Denver metro area may experience some small price declines during the second quarter of the year. While home prices continue to be significantly higher than the national level, many buyers have been priced out of this market due to higher mortgage rates. But, home price gains will rebound fast as inventory will continue to be limited in the area.

5. Persistent affordability challenges especially for middle-income and first-time homebuyers

Housing affordability hit record lows in 2022. Owning a home became 60 percent more expensive compared to the previous year, forcing many buyers out of the market. Mortgage rates may have dropped to nearly six percent, but first-time buyers still earn \$30,000 less than the income needed to purchase a starter home. As a result, less than 20 percent of the renters can currently afford to buy a starter home across the country. In the Denver metro area, the impact of higher mortgage rates is even larger. Less than 10 percent of renters can afford to buy a starter home in this area.

In addition, there are significant housing affordability inequalities among income groups, especially middle-income buyers. In a balanced market, middle-income buyers should be able to afford half of the homes listed for sale; however, these buyers can afford to buy only seven percent of all available listings in the Denver metro area.

Housing affordability is going to be the main driver of the housing market in 2023.

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.

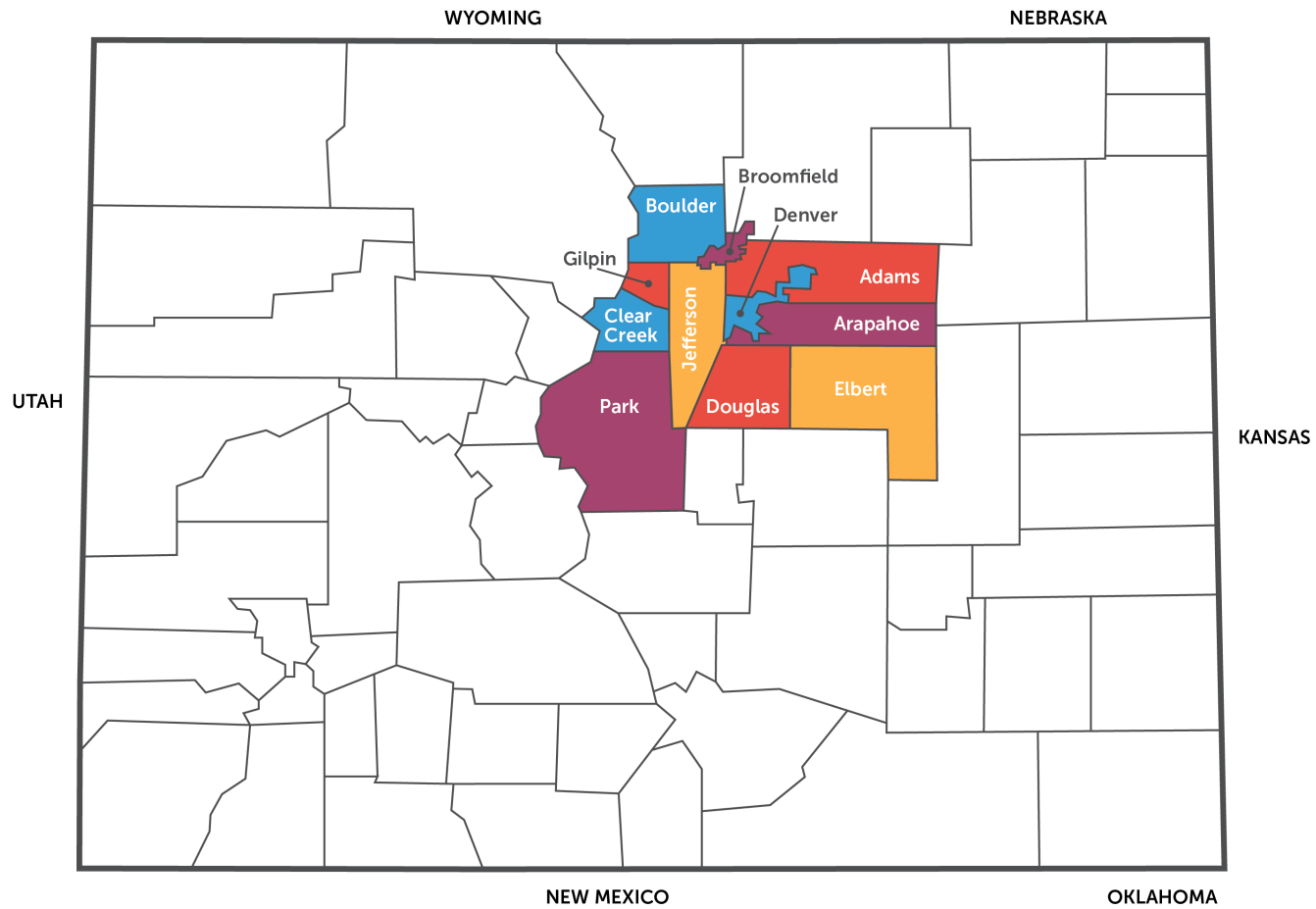
Signature Market: Properties priced between \$750,000 and \$999,999.

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.

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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).