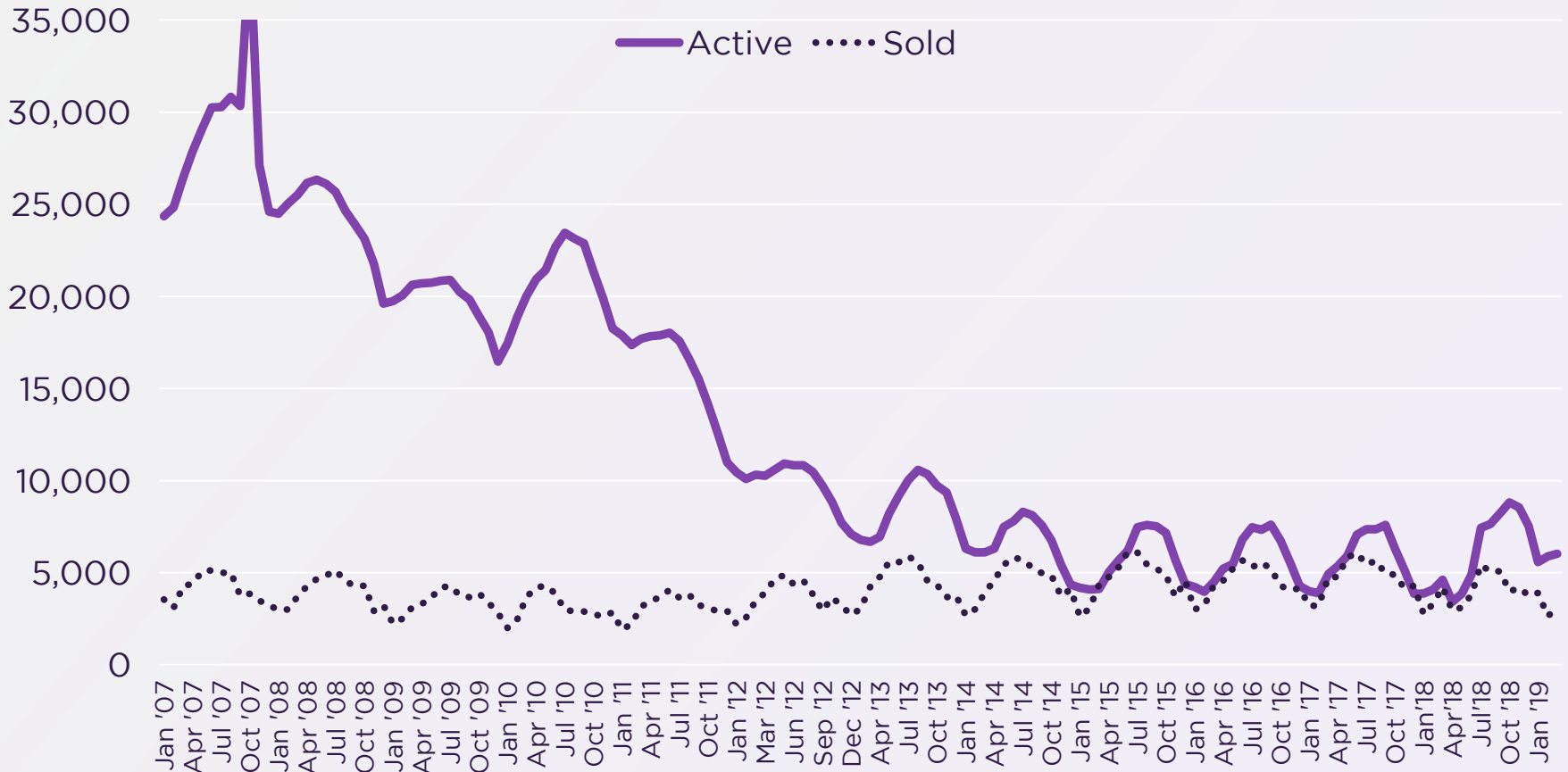


Inventory levels of homes and condos available for purchase are growing, but still historically low. It took several years for the inventory to get this tight. As the market builds inventory, the gap between inventory and sales is growing.

DENVER METRO (HOMES, CONDOS AND TOWNHOMES)  
INVENTORY (TOP LINE) AND MONTHLY SALES (BOTTOM LINE), 2007-2018

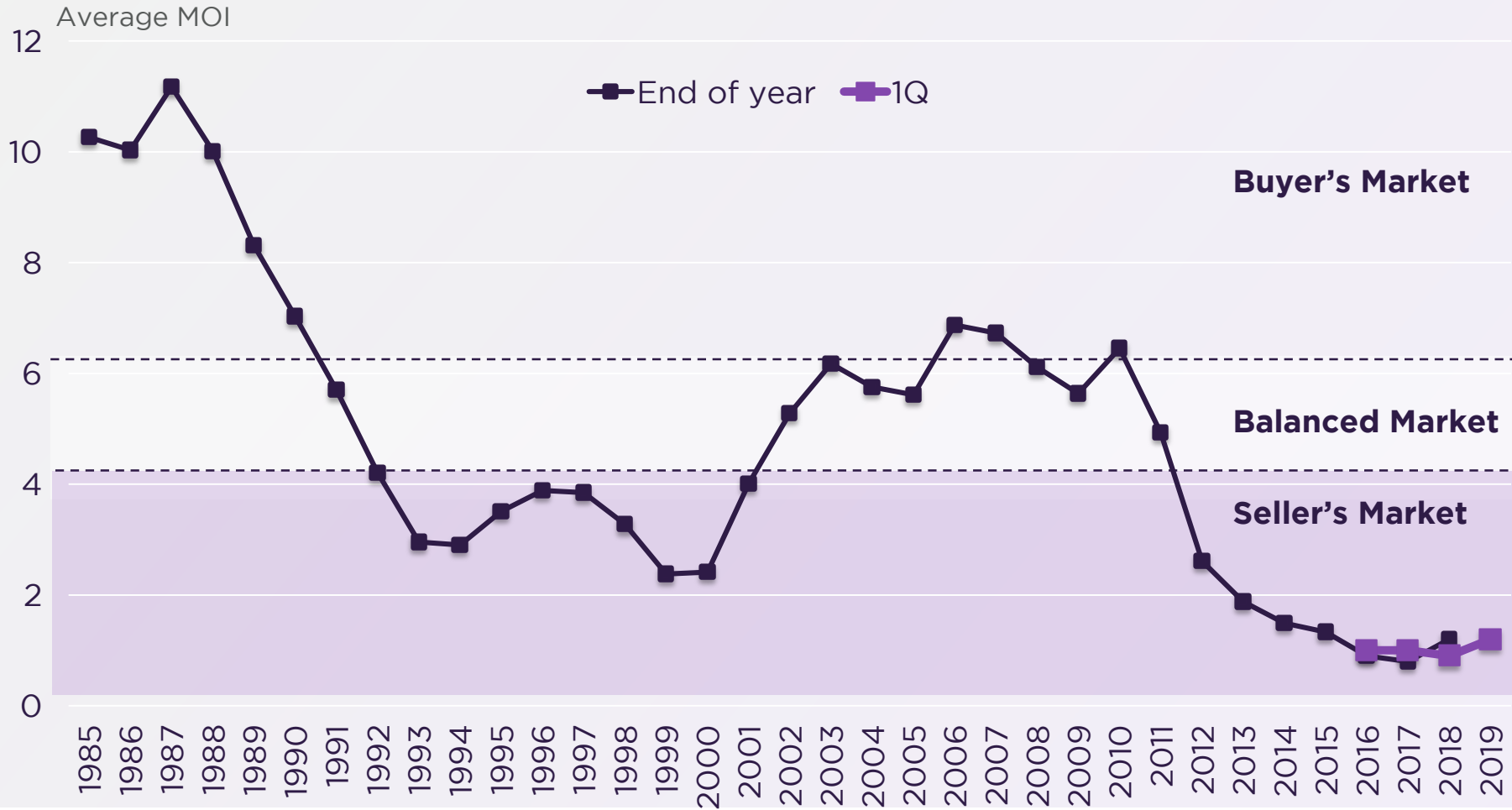
End of Month Active Inventory



Data Source: Denver Metro Association of Realtors: DMAR Market Trends Report January 2019

We have been through a tight inventory in the past (1993-2000). MOI on 4/4/19 was 1.2 – identical to last quarter. It’s still very much a sellers’ market.

MONTHS OF INVENTORY (MOI)

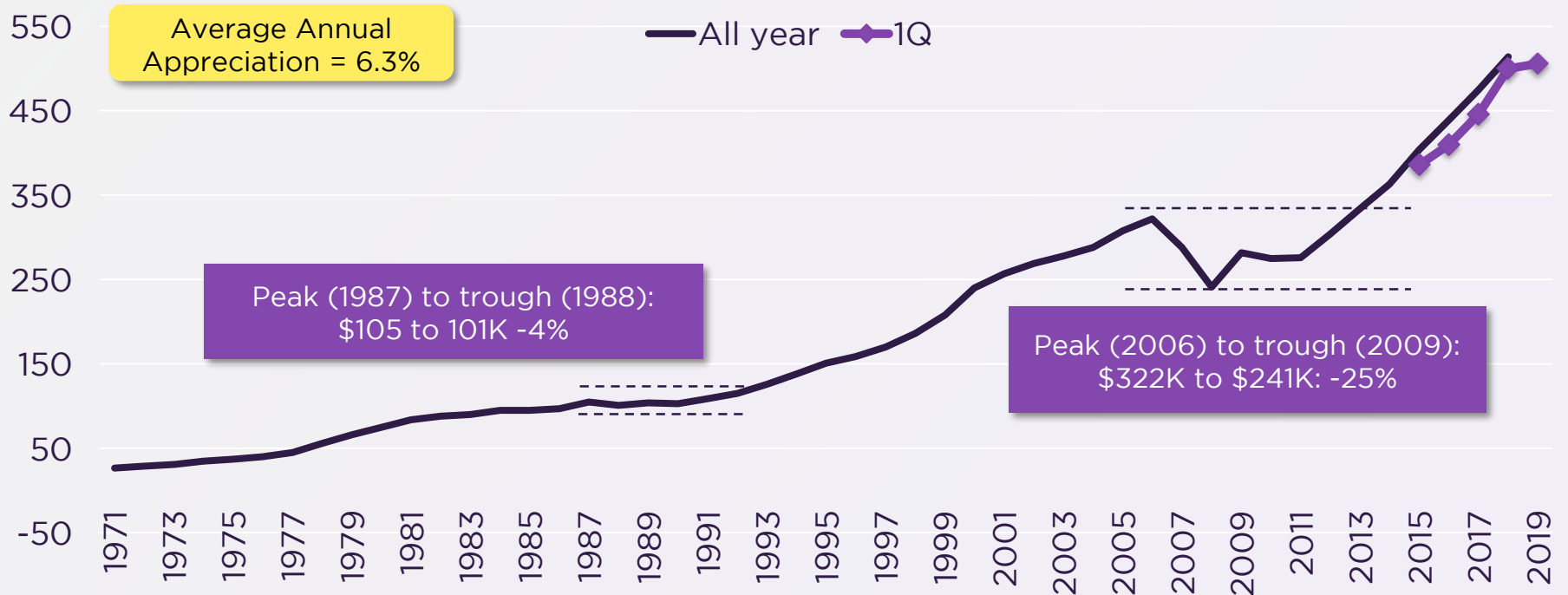


Data Source: ReColorado.com; YCRE analysis

Average Denver home price from 1971-2018 was mostly an upward march: +6.3% per year, hitting bottom in 2008. Prices have risen ever since. In 1Q19 the average was \$506,000. While the rate of appreciation is slowing, homes are still gaining value. The overall average home (no condos) price over the last twelve months was \$515,000.

DENVER METRO (HOMES ONLY, NOT CONDOS OR TOWNHOMES)

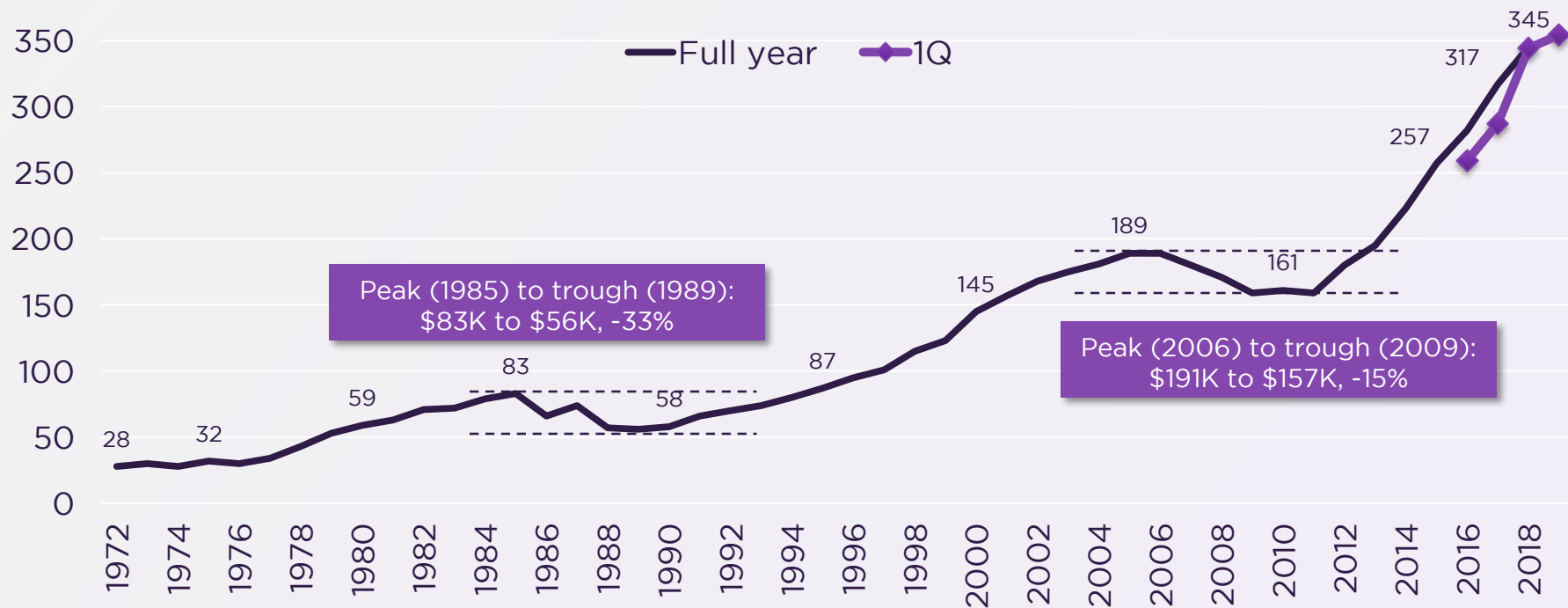
Sales Prices in \$000



Average Denver condo price from 1972 to 2018 has mostly been a march upwards: appreciating +5.6% per year. 2016 condo prices were up 10% from 2015 (\$282,000). There was a similar gain in 2017. The average price of condos and townhomes in 1Q19 was \$354,000, while the last twelve months average \$348,000.

## DENVER CONDOS & TOWNHOUSES (NO HOMES)

Sales Prices in \$000

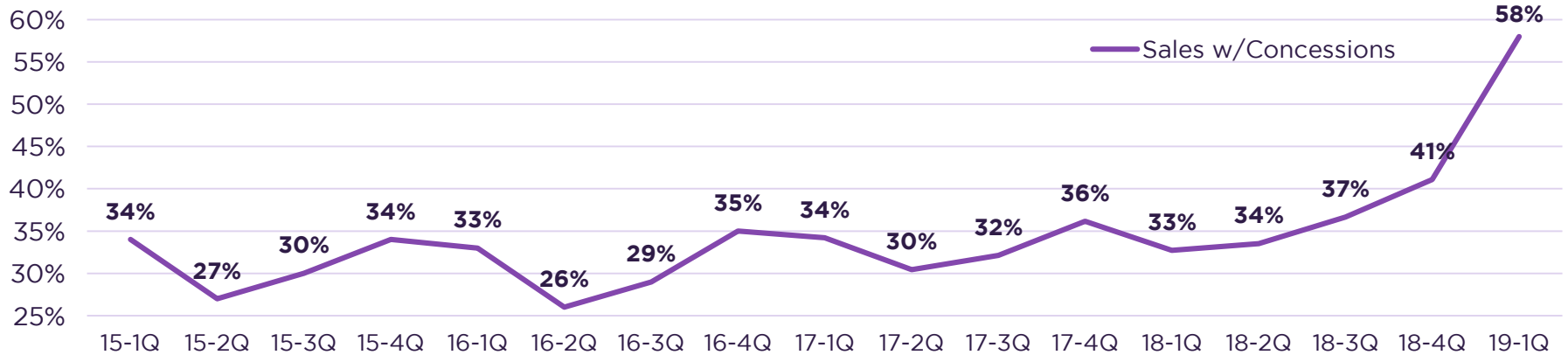


Why did condos appreciate less than homes? One guess: The average home price in 1972 was \$29K, and the average condo price was \$28K. We'd guess the initial condos were relatively luxurious in great locations. Condos built since then have been positioned as "entry level" - smaller than homes, and thus less expensive.

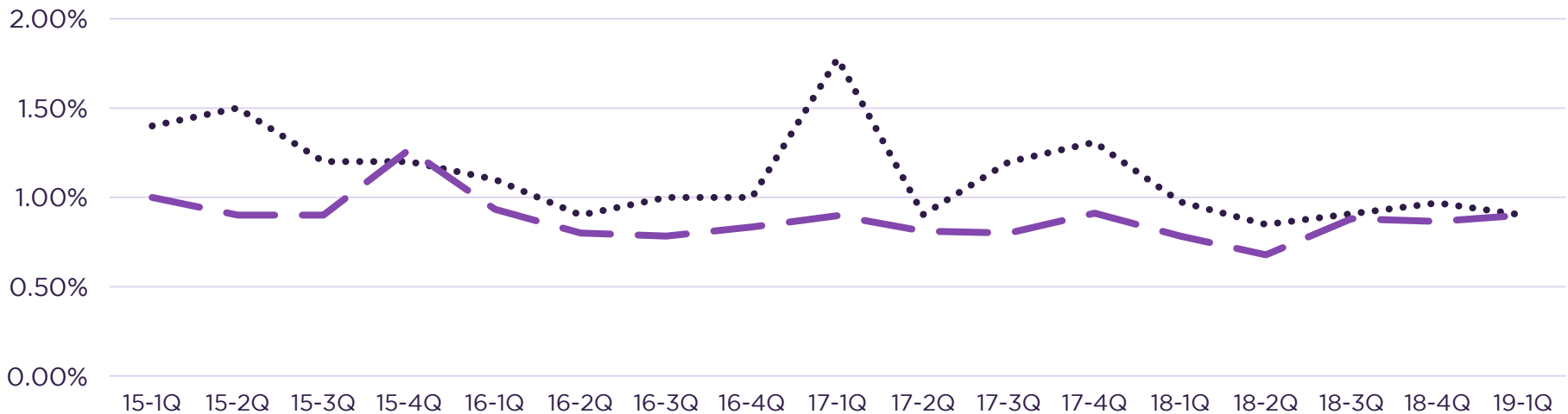
Data Source: ReColorado.com; YCRE analysis

The percentage of sales that had a concession increased from 34% to 41% over the past four years. And jumped nearly 50% in just one quarter – good news for buyers! Of sales that had concessions, the smallest homes had the same concession amount to sales price as the average.

## CONCESSION TRENDS



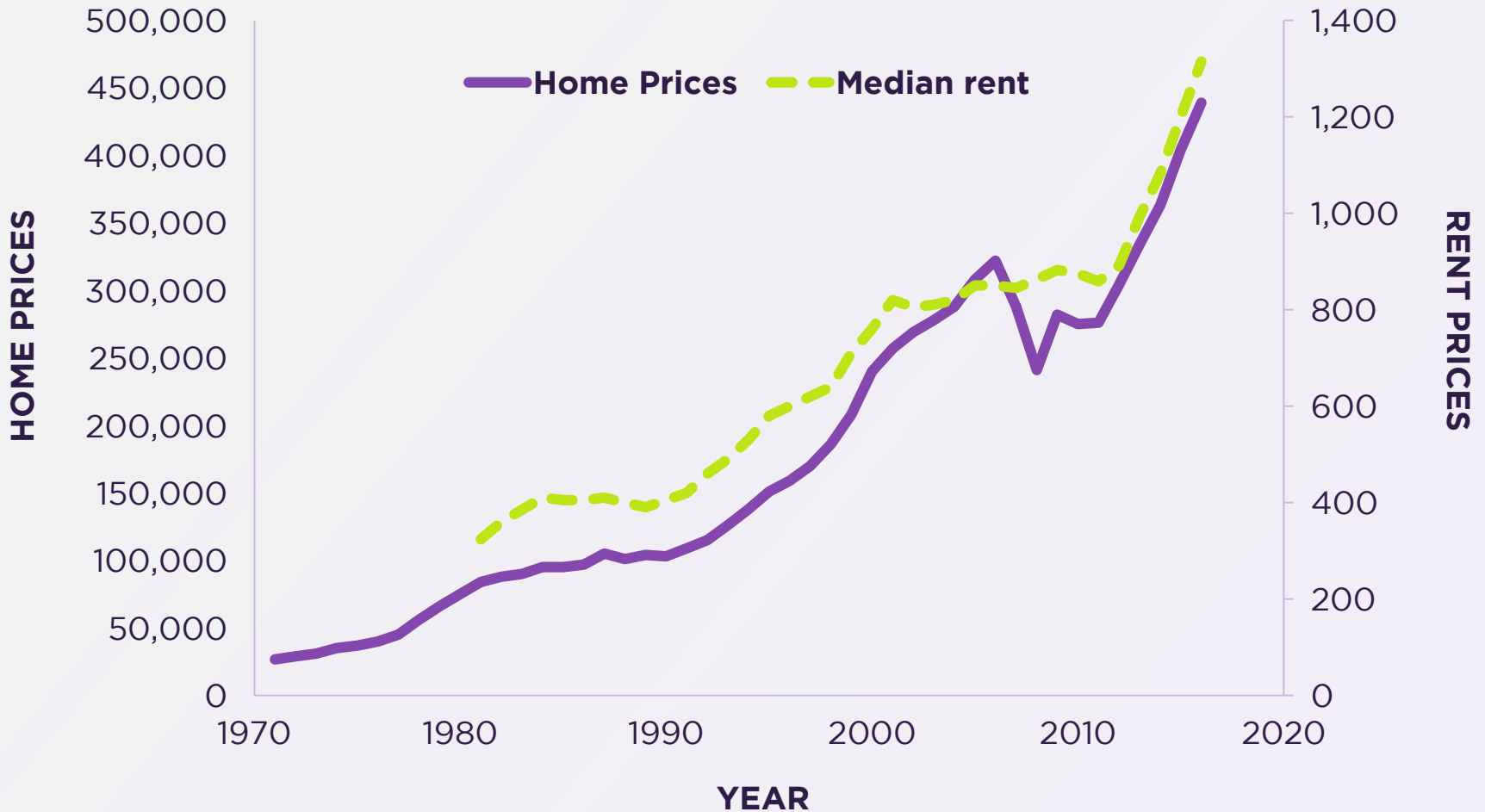
## CONCESSION AMOUNT TO SALES PRICE



Data Source: ReColorado.com; YCRE analysis

Over the past 35 years, rents in Denver have grown at about the same pace as home prices.

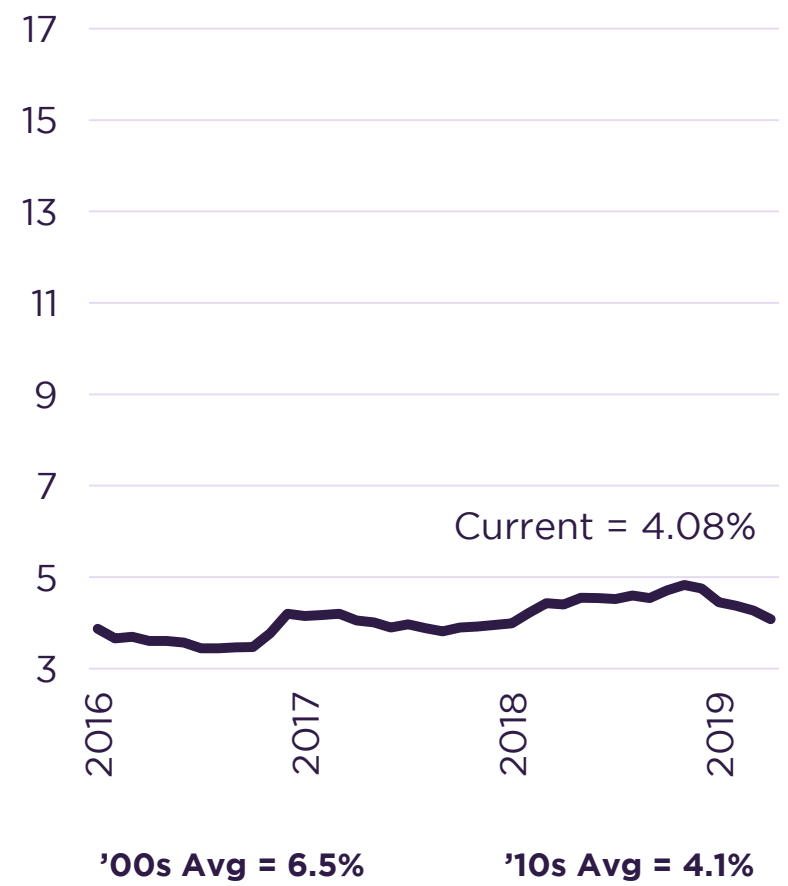
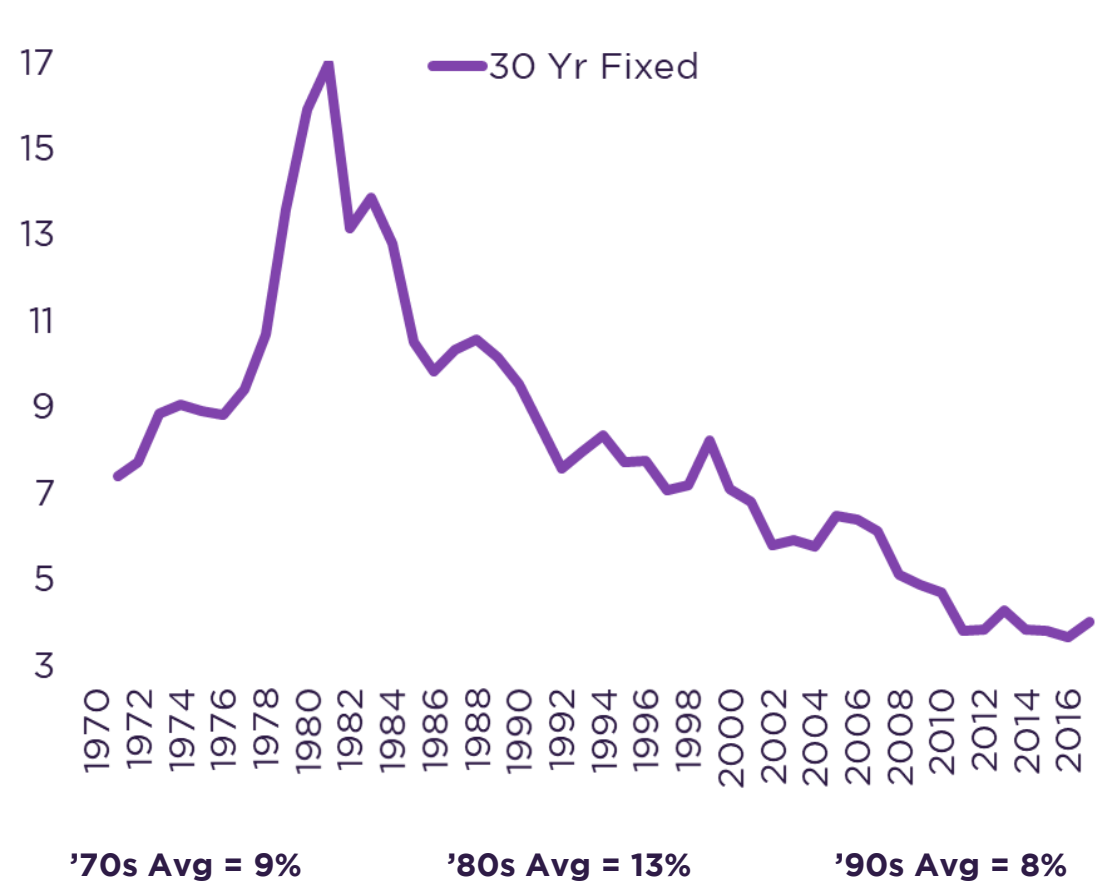
## AVERAGE DENVER HOME PRICE VS. AVERAGE DENVER RENT



Mortgage rates are very low by historical standards, and have been declining over the last few months. The average mortgage rate was 4.08% on 4/4/19, **a twelve-month low**. Calling all buyers!

## 30 YEAR FIXED RATE: 1971-2016

## 30 YEAR FIXED RATE: 2016-19



Source(s): Freddie Mac, Your Castle Real Estate | [http://www.freddiemac.com/pmms/pmms\\_archives.html](http://www.freddiemac.com/pmms/pmms_archives.html)

Rates are nearly exactly where they were two years ago.

## 30 YEAR CONFORMING MORTGAGE RATES

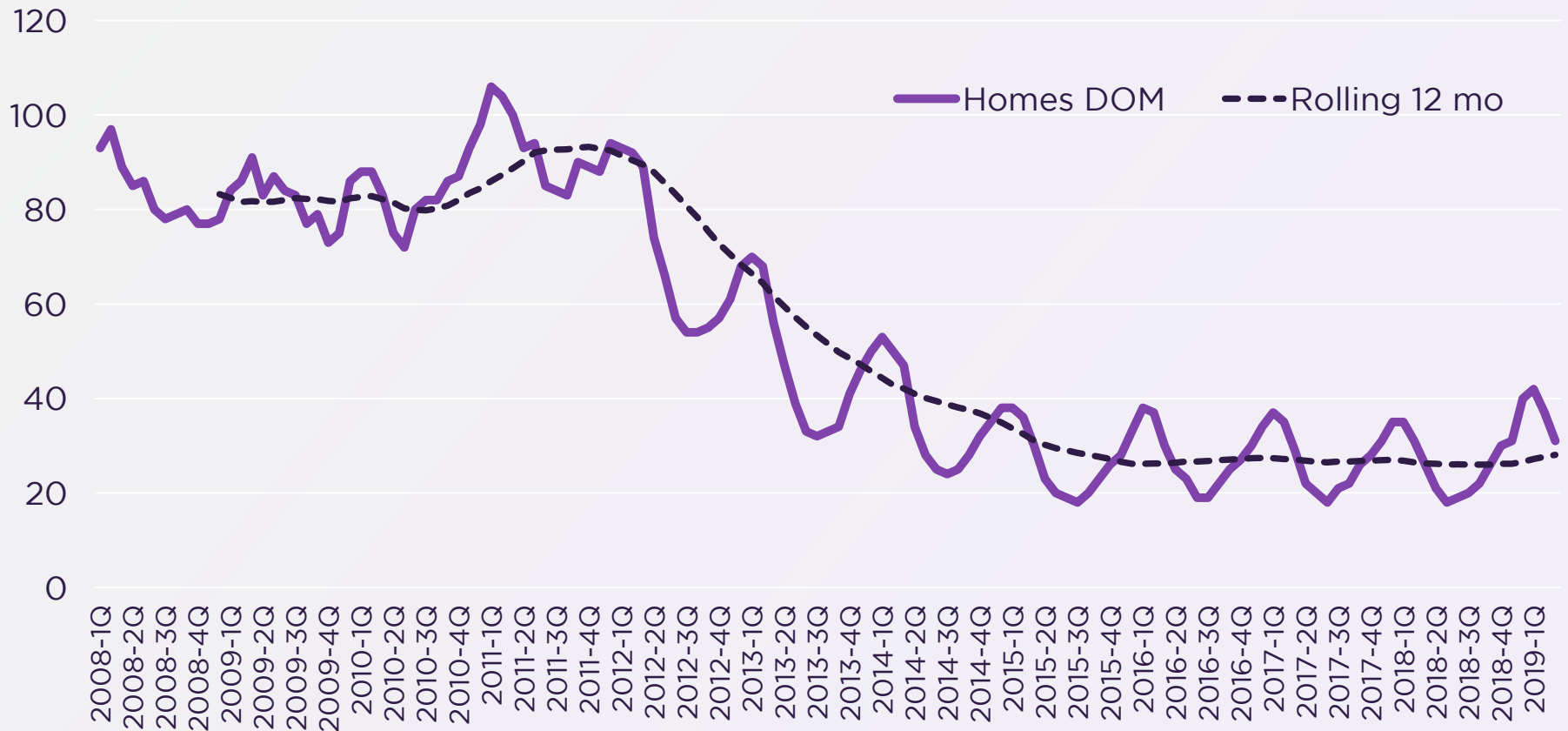


Data Source: [FreddieMac.com](https://www.freddiemac.com)



Single Family Home marketing times were stable for almost four years (2006-2009). There was an increase in marketing time when the tax credit expired on 4/30/10. DOM (days on market) has declined dramatically since. As inventory slowly begins to build, marketing time slowly gets longer.

DENVER METRO HOMES DAYS ON MARKET, QUARTERLY

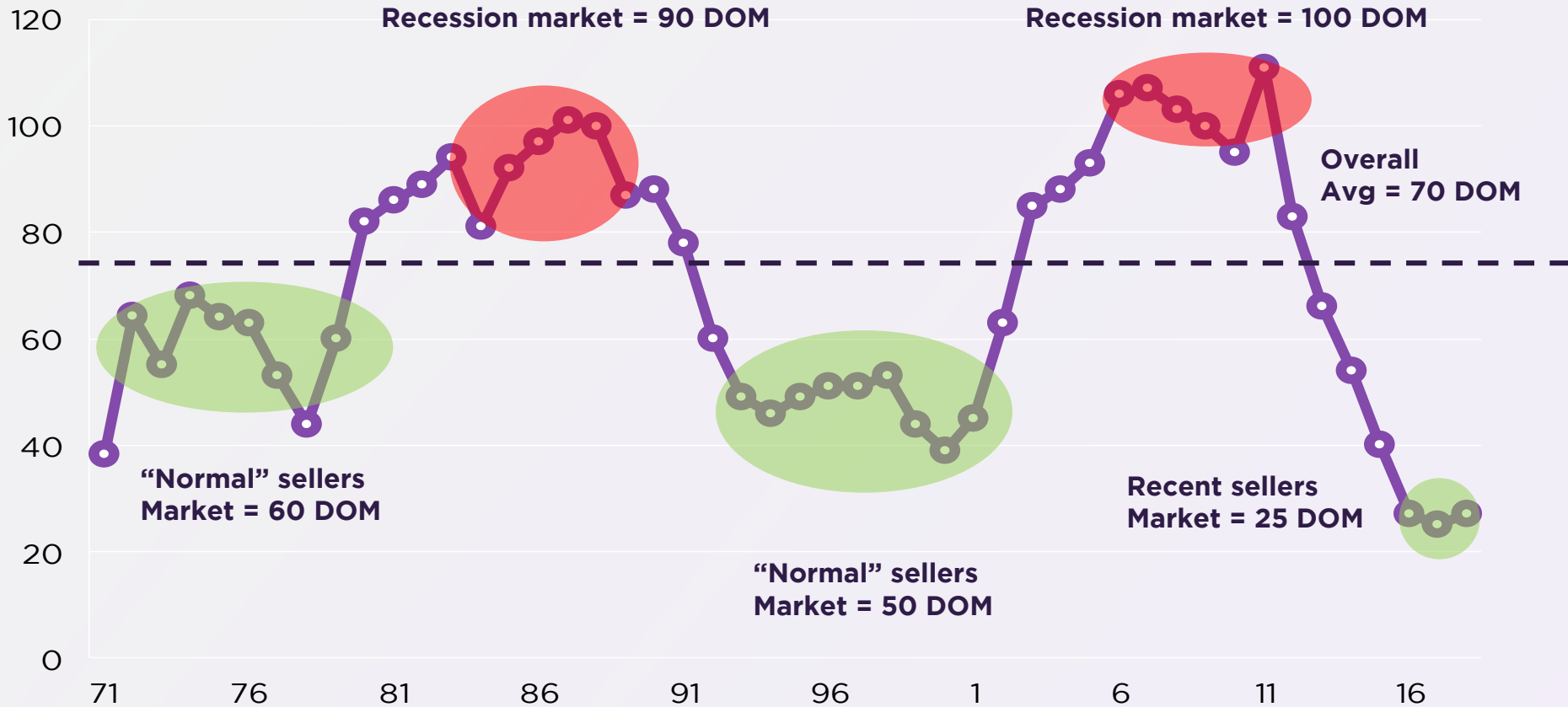


Data Source: ReColorado.com; Your Castle Real Estate Analysis

### How does Days on Market change over a market cycle?

Answer: The average over 50 years is 70 Days on Market (DOM). When there is a recession, it can take over three months to go under contract (UC). Recently, it's taken about 25 days. In 50 years, homes have never sold that fast. Increasing DOM is normal and great for buyers. And at the same time, seller can rest assured that these are still the best marketing conditions in nearly 50 years!

### DENVER METRO HOMES DAYS ON MARKET

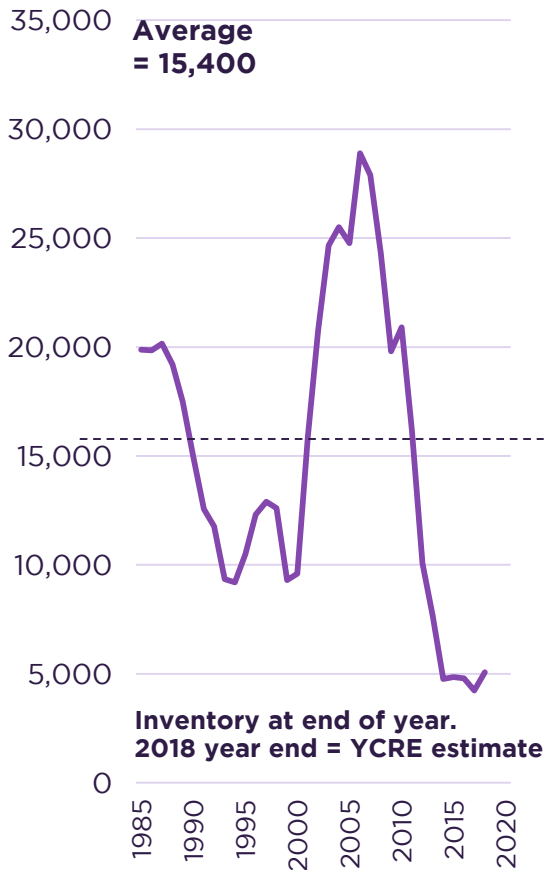


Data Source: ReColorado.com; Your Castle Real Estate Analysis

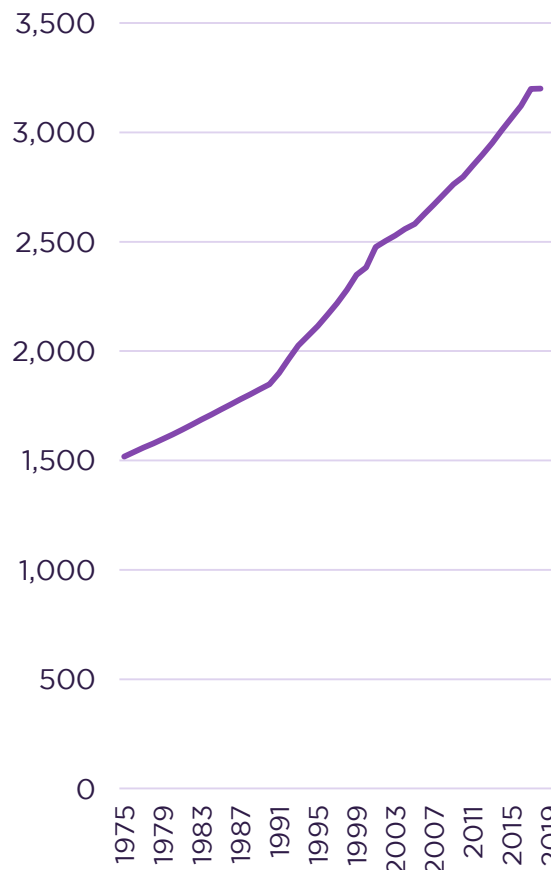
## Has inventory increased a lot recently? Will it be hard to sell my home?

There isn't a relationship between inventory level and population. The number of homes active on the market in 2016-18, relative to the population, was at the lowest level ever. The inventory is less than a third of the historical long term average. The recent inventory build is a welcome relief for buyers.

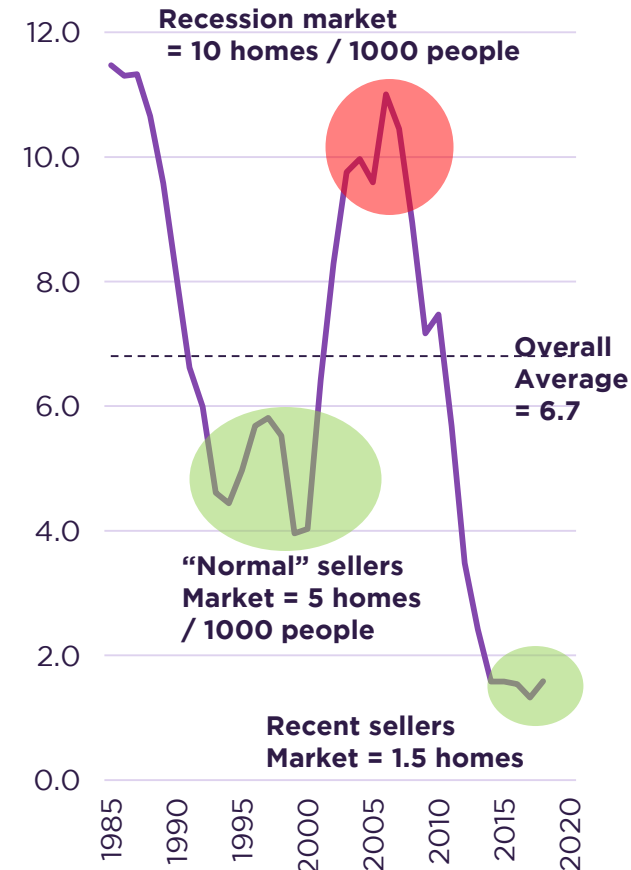
INVENTORY OF HOMES  
IN DENVER METRO



POPULATION OF DENVER  
METRO  
Thousands of people

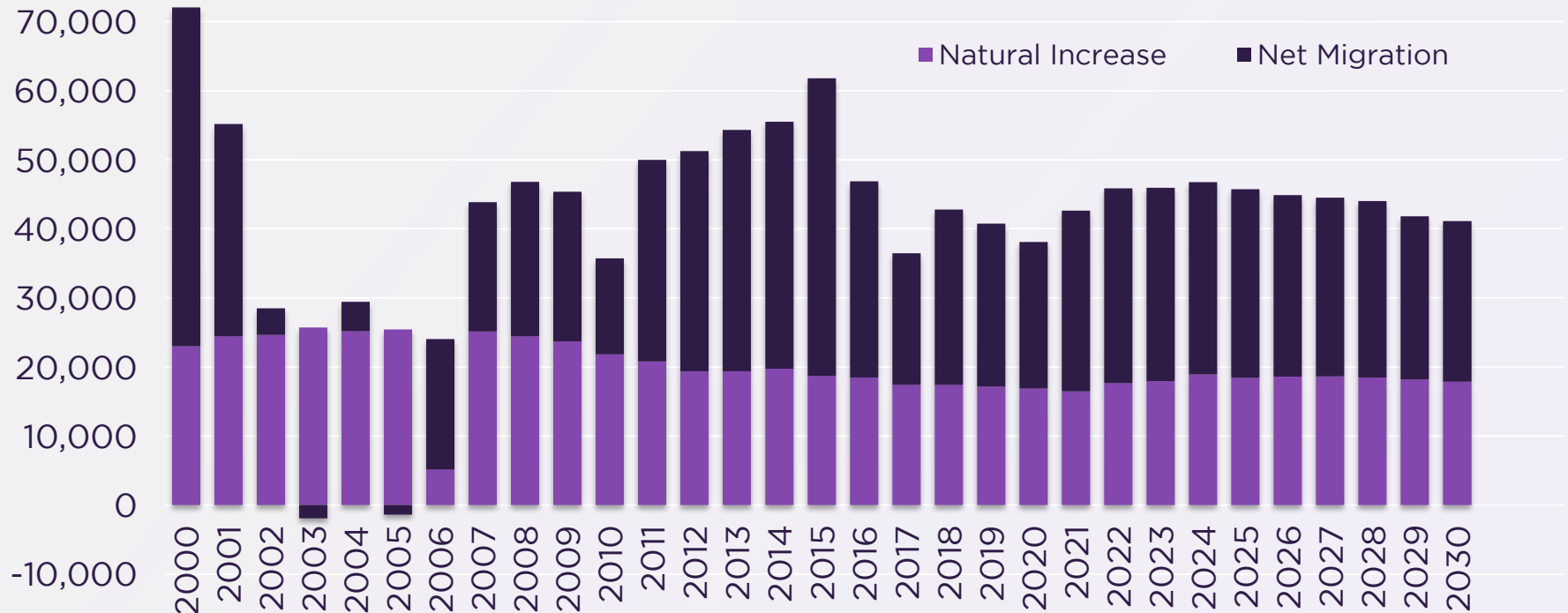


INVENTORY OF ACTIVE HOMES  
per 1000 people living in  
Denver metro



Local economist Patty Silverstein and the Census Bureau expect the Denver population will continue to grow around 50,000 people per year. Where are they going to live?

## 2018 POPULATION - 3.2 MILLION

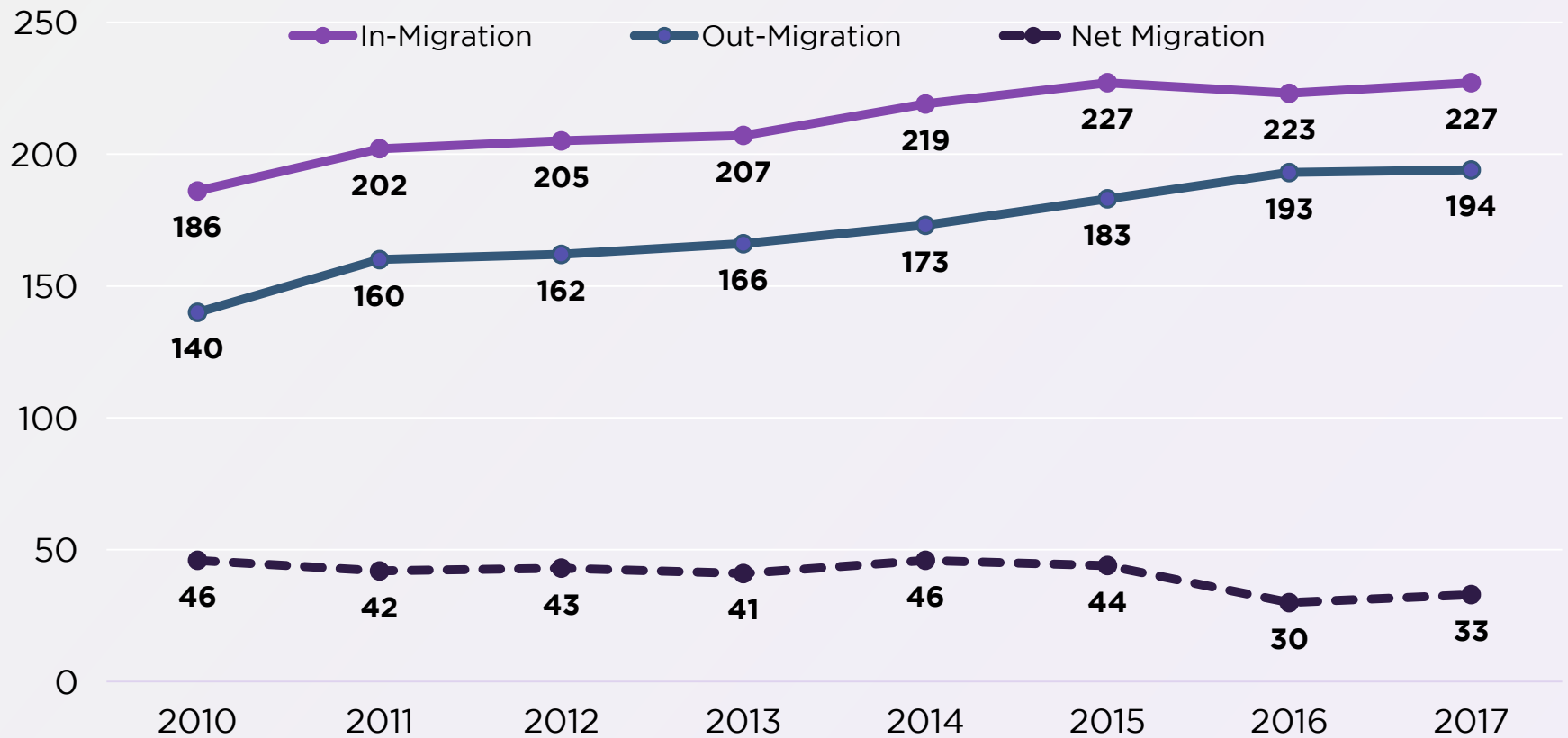


Source: Colorado Division of Local Government, State Demography Office.

Colorado has seen a net migration of over 40,000 for the past several years. While 2017 (the latest year of data) saw a dip to about 30,000, CO was the state with the 11<sup>th</sup> largest migration that year, down from 9% in 2016.

MIGRATION OF RESIDENTS IN AND OUT OF COLORADO

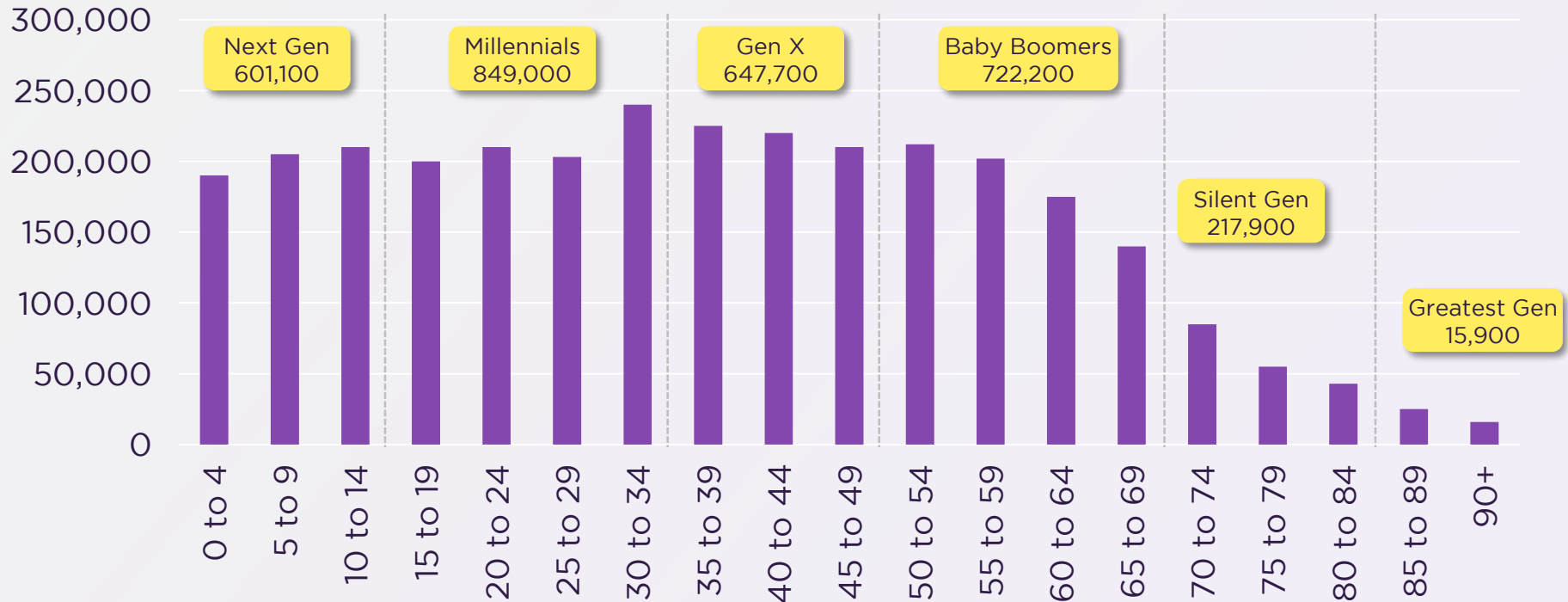
Values in thousands (000)



Data Source: [Denver Business Journal](#), [US Census Bureau](#)

The population of metro Denver will grow from 3.05 million (2015) to 3.5 million (2025). Millennials continue to be the biggest group. About 30% of Millennials currently live with parents. This will drive a lot of household growth as they move out.

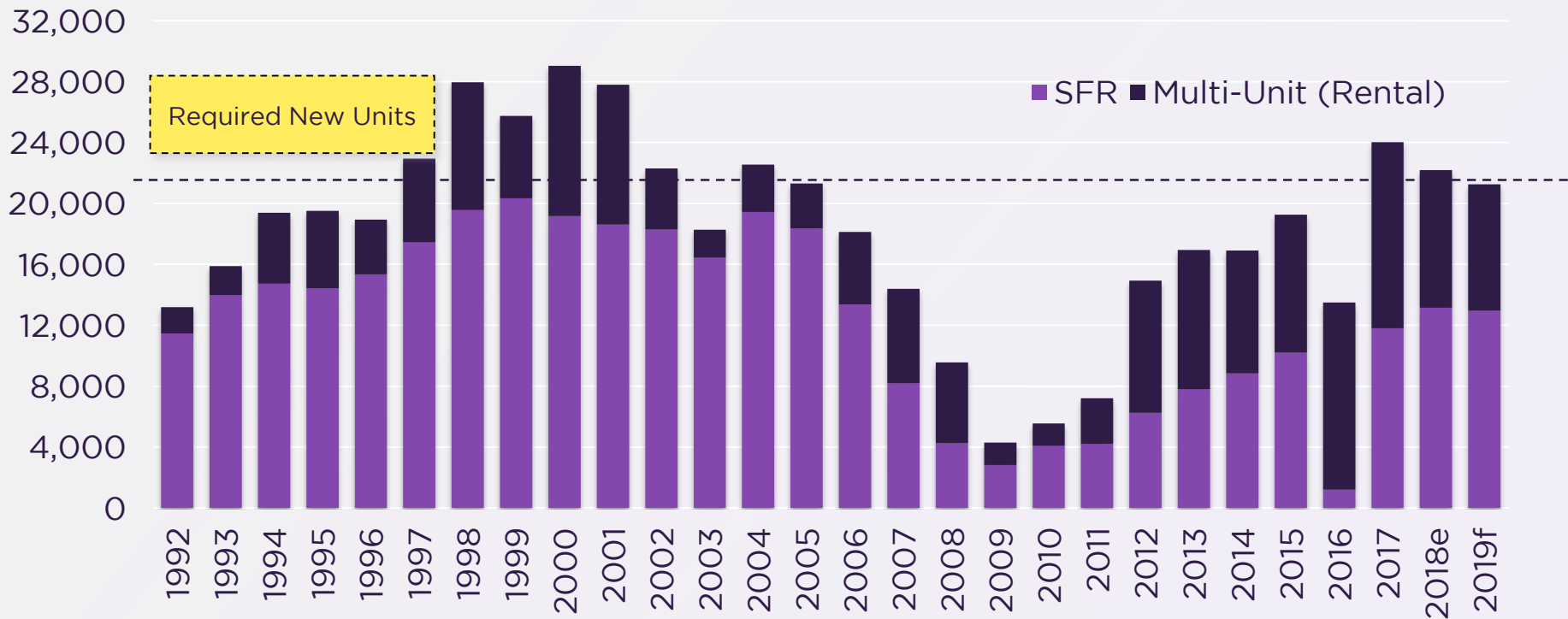
## METRO DENVER POPULATION 2016 = 3.05 MILLION



16,000 units were permitted in 2014 and 18,000 units in 2015. That’s for rental (top bar, in dark purple) and for sale (light purple).

21,700 new units per year (14,000 for sale, 7,000 for rental) required to keep pace with 50,000 new residents per year.

APPROVED PERMITS

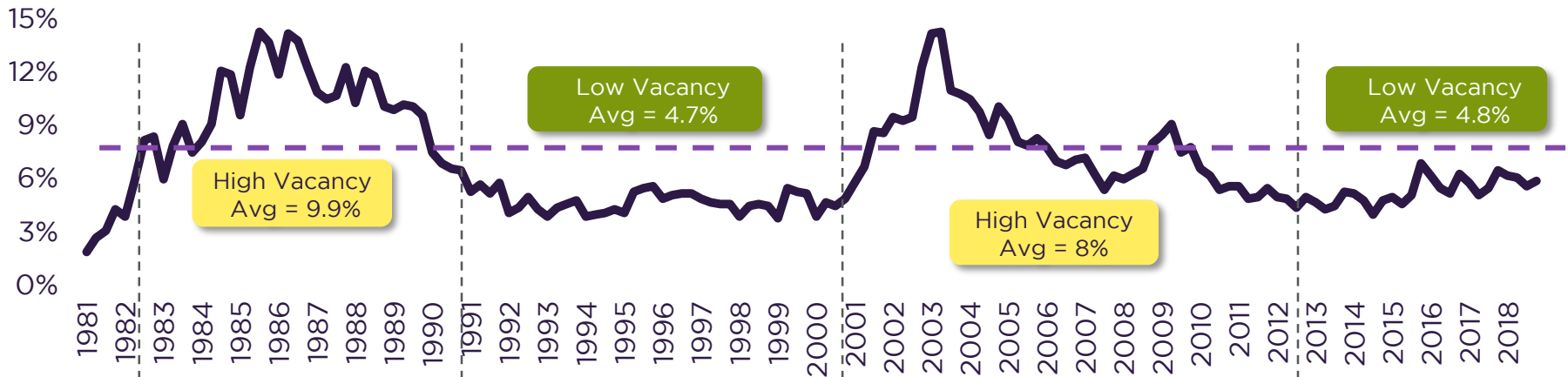


Source(s): The Genesis Group, Home Builder’s Association of Metropolitan Denver

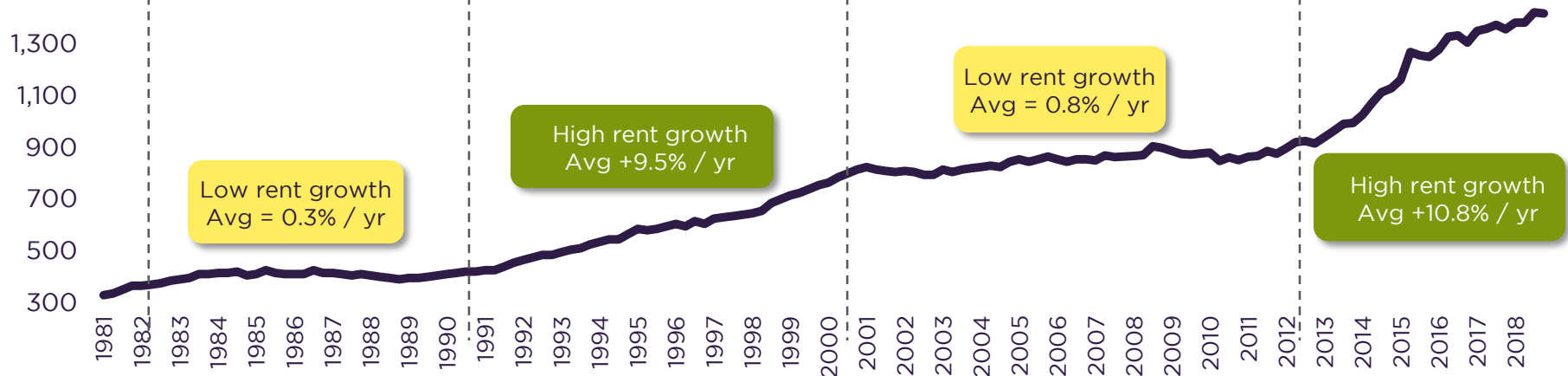
Note: Seven County Metro Denver includes Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson Counties

When Denver rental vacancy is below 6%, we experience rent growth. 1981-2018 average rent growth: 4%. (5+ unit Apartment data only)

## VACANCY RATE BY QUARTER %



## MEDIAN RENT BY QUARTER (\$)



Source: Apartment Association of Metro Denver Note: DSF = Detached Single Family Home



Average price per rental unit has experienced excellent appreciation in past 14 years.

AVERAGE SALES PRICE PER UNIT OF APARTMENTS BUILT IN RESPECTIVE DECADES

