



Denver Metro Real Estate 2023 Update



Q4 2023

Q4 and Full Year 2023 Analysis

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The real estate market is changing quickly, not just in the Denver Metro market, but internationally. Our goal at Talaric Real Estate is to turn down the sensationalism, salesmanship, and anecdotal opinions and turn up data-based analysis and trend observations to allow for a more honest and objective viewpoint into residential real estate.

By focusing on thoughtful and measured analysis, we are able to look back at the last quarter of activity in the Denver Metro area and better understand the state of the market.

Please enjoy, and as always, this data is just the starting point to a conversation. Please reach out if you would like to continue it.

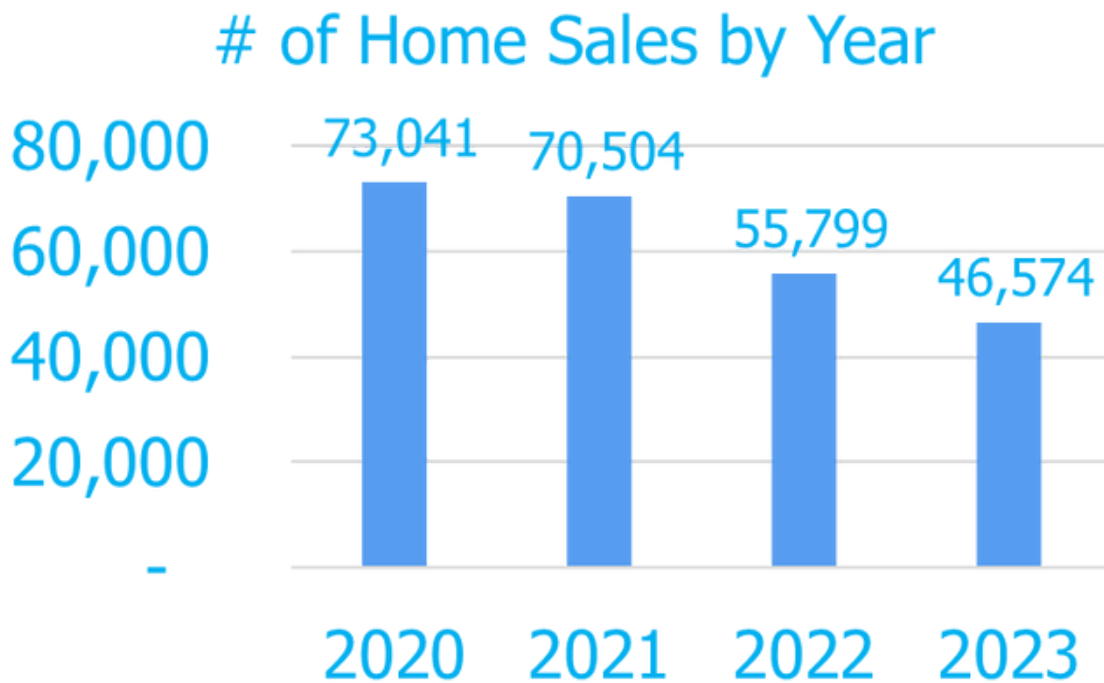
- Travis

2023 in Summary

- Dare I say, following two back to back years of chaos and volatility in our real estate market, 2023 can best be summarized as a return to normal in almost all aspects
- **The clear outlier...**
 - Volume of sales plummeted in the wake of the quick transition to a high interest rate environment
 - However, the descent is slowing in pace amidst hope of lower rates and higher volume in 2024
- **Spinning a loser into a winner...**
 - Pundits and economists were proven correct in their expectations of home prices dropping relative to 2022 (although the magnitude was far less severe than anticipated)
 - However, by breaking the year up into quarters, one can see that the current bottom was hit last winter and prices have since rebounded and stayed above this benchmark

Volume of Sales

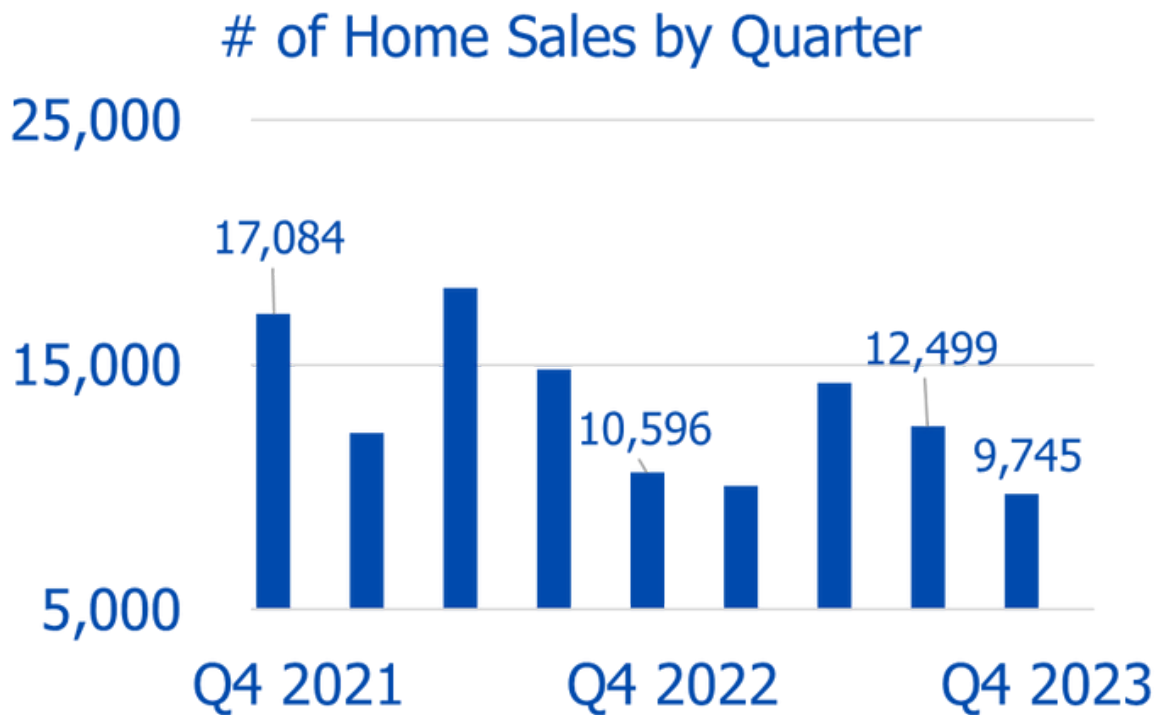
Did 2023 reach the floor on the low volume of transactions?
Down 16.5% from 2022 and a staggering 33.9% since 2021,
sales volume is down to its lowest point in decades



- The most apparent culprit for this slowdown is the quickly escalating interest rate environment
- With renewed interest rate optimism heading into 2024, there is also hope that volume begins to slowly climb back up over 50,000 annual sales

Volume of Sales

No surprise that seasonally, Q4 volume dips from the prior quarter and is the lowest volume quarter of the year. What is worth noting is that Q4 2023 is still down 8.0% from Q4 2022.

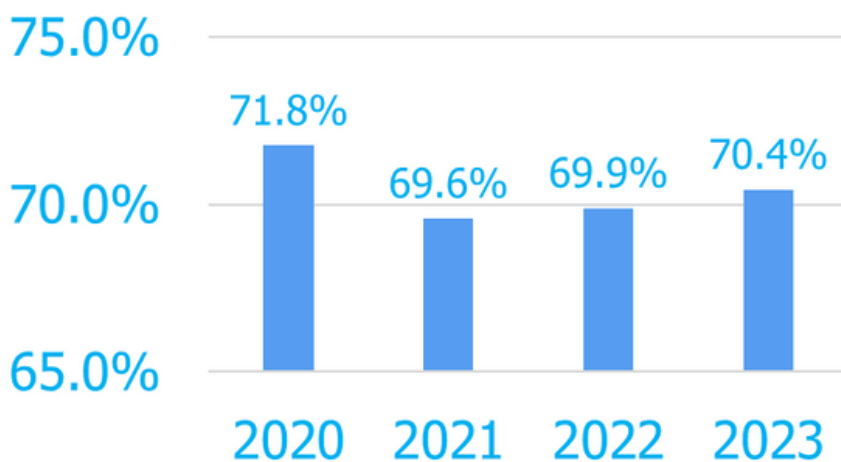


- While quarterly volume was consistently down year over year for every quarter this year, the rate of this decrease has slowed
- The 8.0% decrease from Q4 2022 is the first single digit decrease this year and may be indicative of volume nearing its bottom

Sales Mix

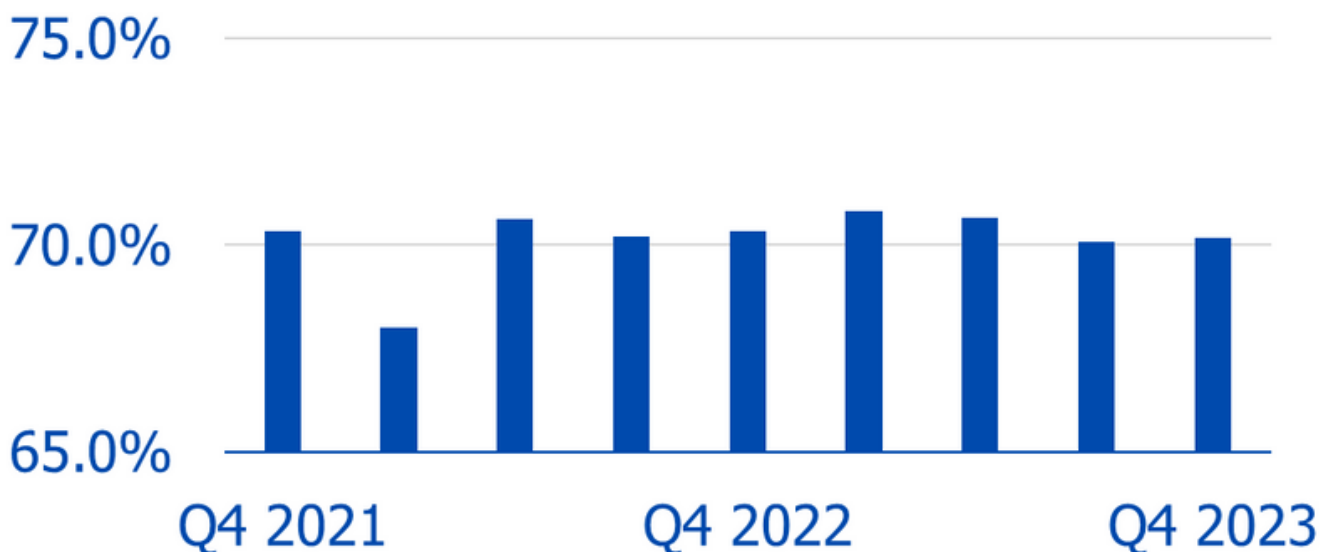
In what is a very slow moving shift in our sold inventory, single family homes are starting to account for even more sales while attached condo and townhome sales shrink to below 30%

Annual Detached % of Sales



- If our hope for sufficient housing supply is denser housing, this data seems to show we're moving the opposite direction

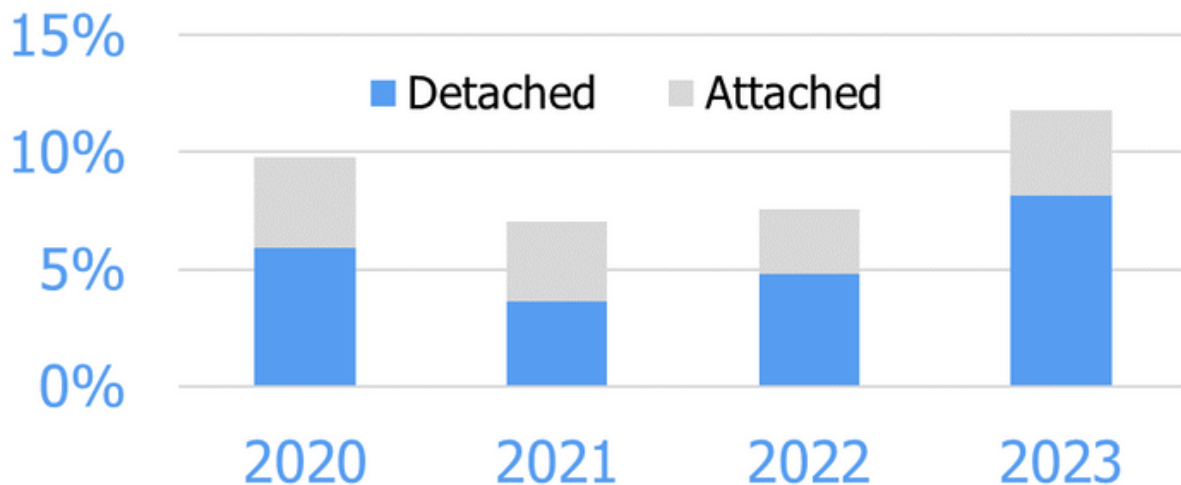
Quarterly Detached % of Total Sales



New Builds*

New build activity has eaten up an increasing amount of home sale market share in the metro, with new construction sales eclipsing 5,000 homes sold this year

New Builds Relative to Total Volume



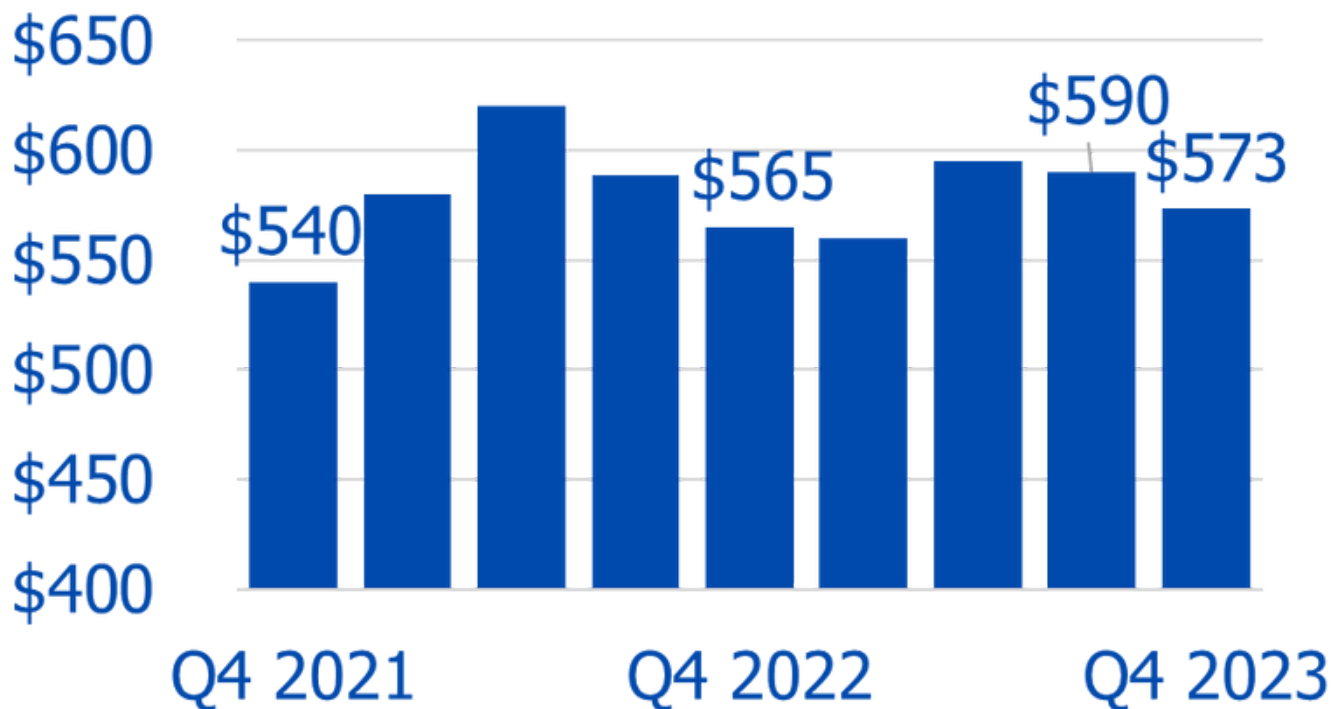
- Similar to the overall sales mix, roughly 70% of these homes are single family and year over year, more of the new construction is leaning away from multi-units buildings
- To illustrate this drastic change, back in 2021, attached units represented almost 50% of new build activity

* "New Builds" was computed by accounting for all MLS sales built within one year of date of sale. This leaves room for error for homes that were resold within 12 months of original purchase.

Median Sales Price

2023 quarterly home prices reflect what we've come to expect with typical seasonality, albeit much less volatility than 2022

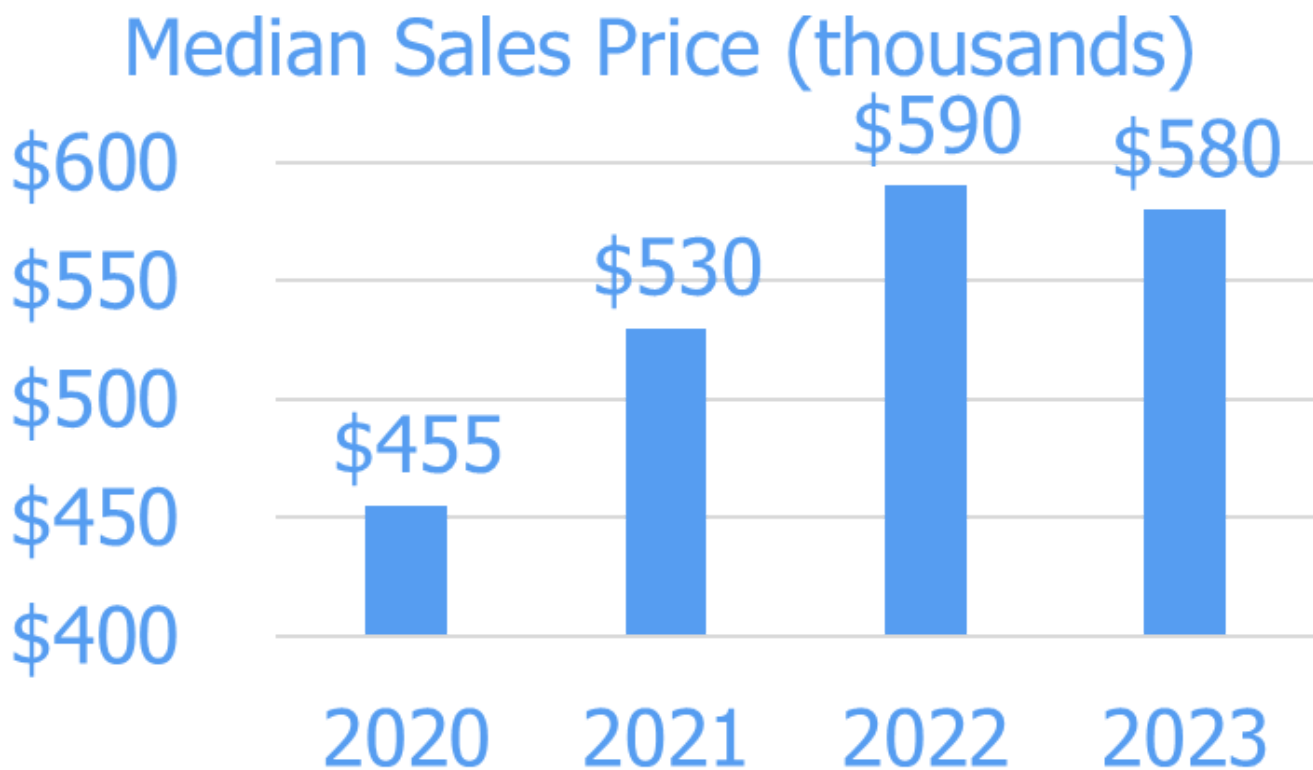
Median Sales Price (thousands)



- **Quarterly...** Q4 2023 home sale prices came down 2.8% from Q3 2023 (where the quarterly winter decline in 2022 was 4.0%)
- **Annually...** Q4 2023 finished 1.5% higher than Q4 2022, illustrating the sustained bounce back in prices after the market shock in the back half of 2022

Median Sales Price

Perspective is everything, and while prices did rebound from the latter half of 2022, comparing years in total, 2023 prices finished down 1.7% relative to last year

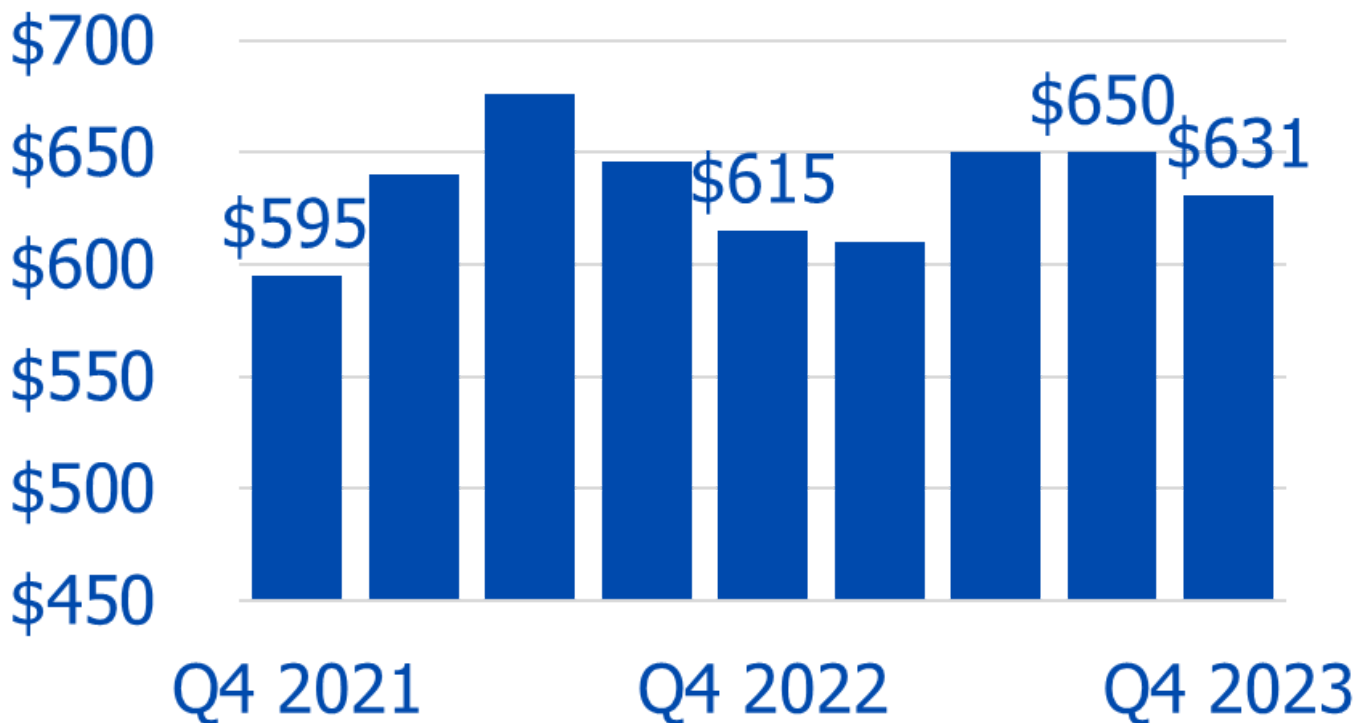


- While this is the first down year in over a decade, it is worth looking at in the context that home sale prices are still up 9.4% relative to 2021 (and an incredible 27.5% relative to 2020)
- This is illustrative of the ascribed “over exuberance” of 2022 prices coming back down to earth (but not by much)

Detached Sales Price

Detached home sale pricing moved with more drastic seasonal shifts than attached homes

Median Sales Price (thousands)



- **Quarterly...** Q4 2023 detached prices dipped 3.0% from Q3 2023
- **Annually...** Q4 2023 detached prices are up 2.6% from Q4 2022

Attached Sales Price

Conversely, the change in attached home sale prices was more acute with pricing staying fairly flat the last three quarters of the year

Median Sales Price (thousands)



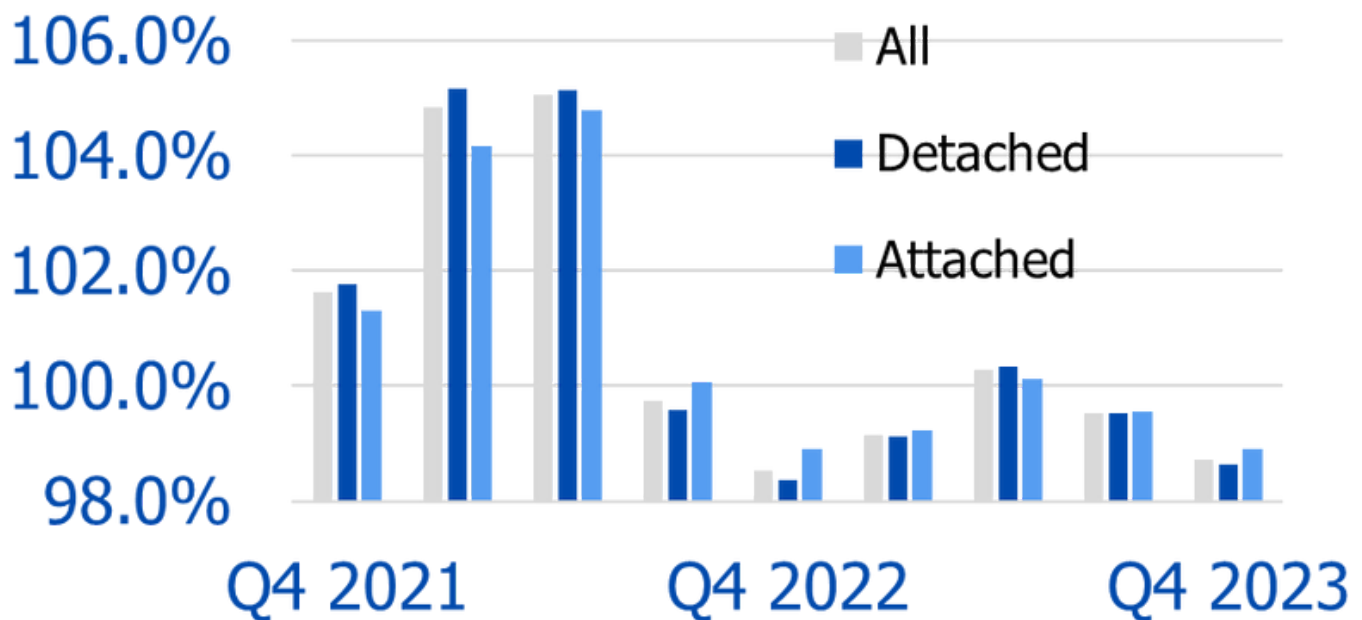
- **Quarterly...** Q4 2023 attached prices increased 1.3% relative to Q3 2023 prices
- **Annually...** Q4 2023 attached prices increased 3.2% relative to Q4 2022 prices

Sale Price to List Price%*

* %'s based off list price at time of sale (doesn't reflect price reductions)

The majority of sellers continued to agree to terms slightly below their list price, with the sole exception being a more competitive Q2 where buyers were paying slightly over

Avg. Closed Price to List Price (%)

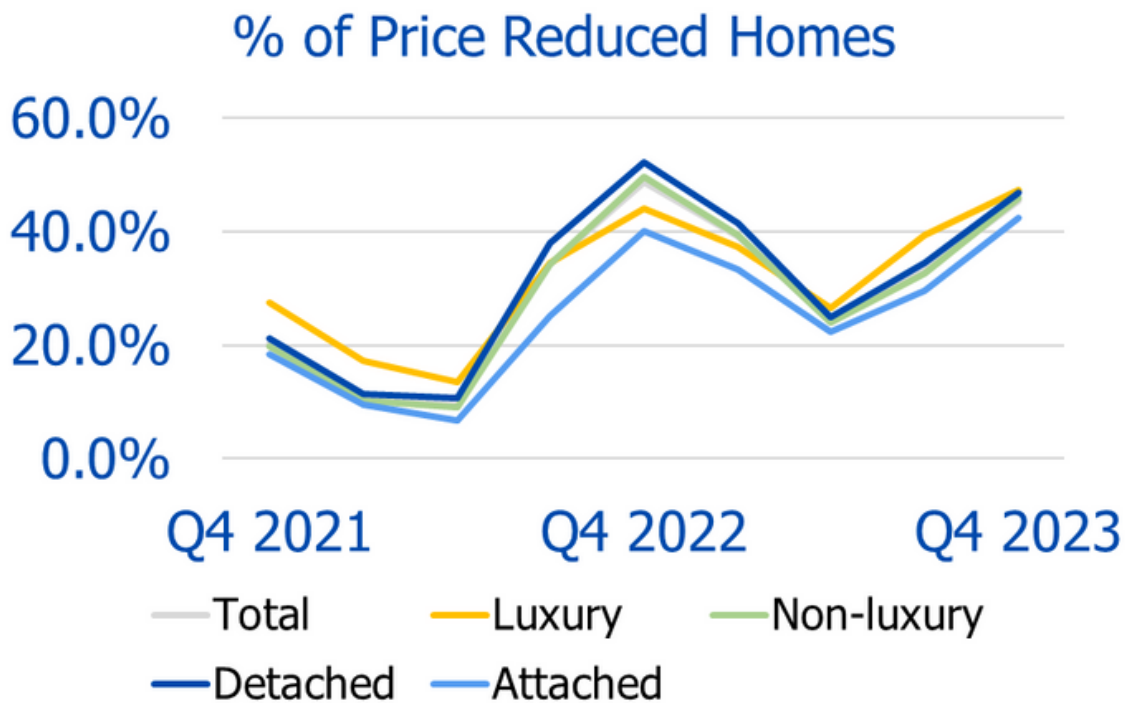


- **Quarterly...** the avg home sold at 98.7% of list price in Q4 2023, down 0.8% from Q3 2023
- **Annually...** this % has increased 0.2% from Q4 2022

Price Reductions*

* #'s based only off closed sales (no active or expired listings)

Almost half of all Q4 2023 sales (45.5%) reduced their list price prior to selling. It is slightly more common to see detached single family homes slash their prices than attached units.

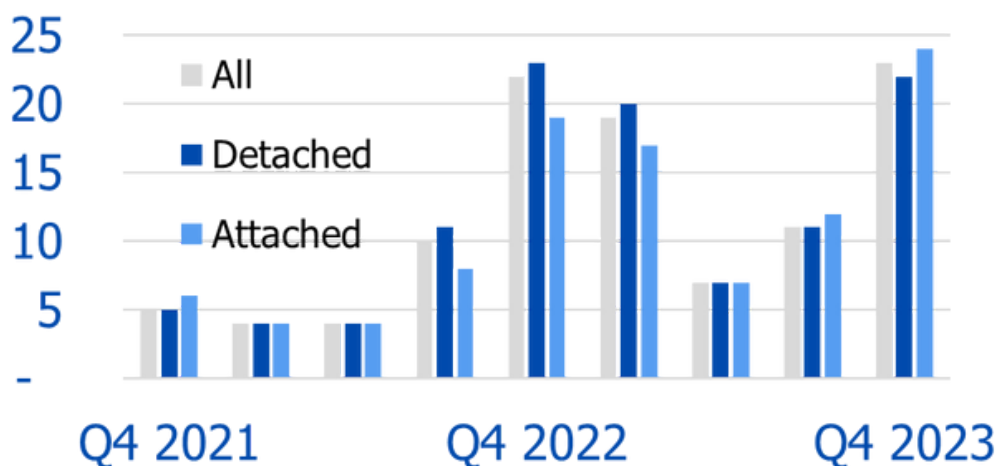


- **Quarterly...** in our seasonal market, Q4 seeing an increase in price reductions is another norm, with Q4 2023 reduction % increasing 12.4% from the prior quarter
- **Annually...** the amount of price reduced homes dropped 3.2% from Q4 2022, when it seemed sellers were cutting prices left and right

Median Days in MLS

Coming out of the red-hot 2021 and early 2022 market, our winter's have returned to form in cooling inventory churn with homes staying on the market 23 days in Q4 2023

Median Days in MLS



- **Quarterly...** this is an increase of 12 days (doubling) relative to Q3 2023

- **Annually...** Q4 2023 stays consistent with Q4 2022 (1 day increase), but the year in total reflects the cooling market

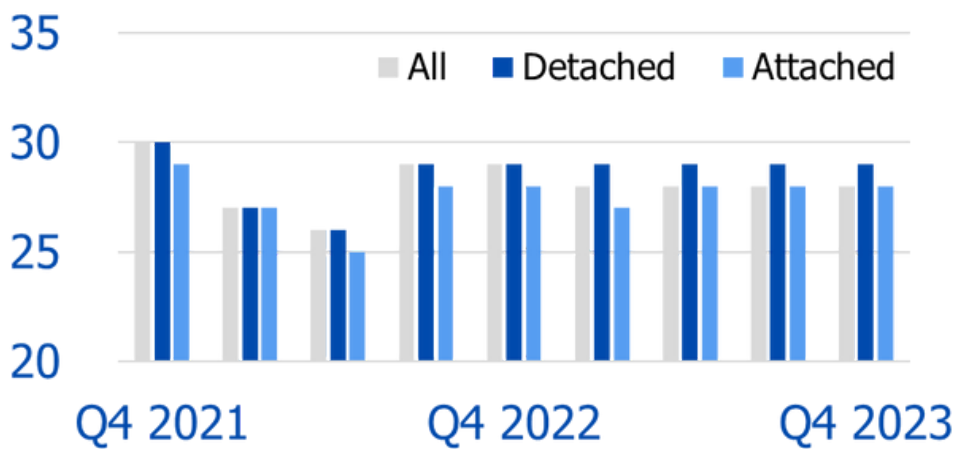
Median Days in MLS



Median Contract Days

The conventional wisdom of a “one month” escrow period appears to have quickened to to four weeks. A slight nuance, but a sustained trend carried forward from our boom market.

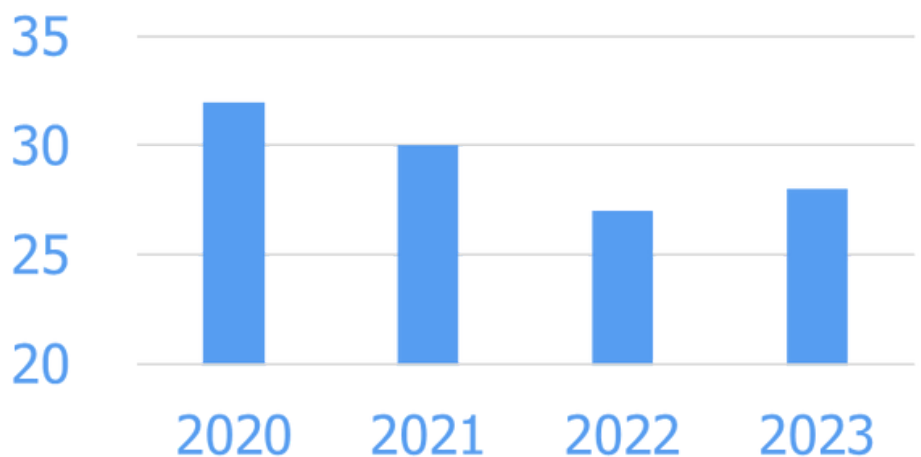
Median Days Under Contract



- **Quarterly...** this is continues to stay consistent quarter over quarter

- **Annually...** days under contract did increase by 1 relative to 2022, but are still well below 2020 and 2021 levels

Median Days Under Contract



References

- All data obtained from REColorado, ROCC, SSBR, and IRES shared MLS system for closed sales dated between 10/1/2023 - 12/31/2023 (pulled as of 1/9/24)
- Data was scrubbed to remove non-residential sales, duplicate sales, and null value sales
- Data was pulled for the following 107 zip codes representing the greater Denver Metro area: 80010, 80011, 80102, 80229, 80239, 80219, 80621, 80030, 80017, 80260, 80603, 80012, 80221, 80233, 80249, 80223, 80013, 80601, 80501, 80022, 80640, 80421, 80110, 80204, 80014, 80241, 80018, 80232, 80031, 80019, 80003, 80002, 80015, 80236, 80226, 80504, 80020, 80021, 80104, 80214, 80033, 80234, 80004, 80128, 80113, 80227, 80465, 80109, 80120, 80222, 80602, 80231, 80005, 80207, 80107, 80122, 80129, 80123, 80247, 80130, 80134, 80112, 80127, 80224, 80205, 80121, 80228, 80516, 80138, 80215, 80126, 80433, 80212, 80016, 80237, 80125, 80220, 80026, 80211, 80503, 80403, 80007, 80108, 80023, 80124, 80401, 80027, 80238, 80439, 80210, 80111, 80301, 80206, 80303, 80305, 80302, 80209, 80218, 80304, 80520, 80530, 80202, 80203, 80216, 80230, 80235, 80246