

THE WINDERMERE REPORT

WINDERMERE REAL ESTATE | DENVER

JANUARY 2016

ALL ABOUT PRICES

The latest report from FHFA

OIL R.O.I.

Why energy companies like Colorado

CAN THIS LAST?

What will prices do?

PRICE DISCONNECT

Inventory vs. price mismatch

SAVE THE DATE

Real Estate Forecast is January 20th

SUNNY COLORADO

Colorado shines according to the recent report from the Federal Housing Finance Authority. Here are some quick price appreciation facts about our sunny state:

- 12.66% increase over the last year
- 41.23% increase over last 5 years
- #2 rank for all states yearly appreciation
- #5 rank for all states 5-year appreciation

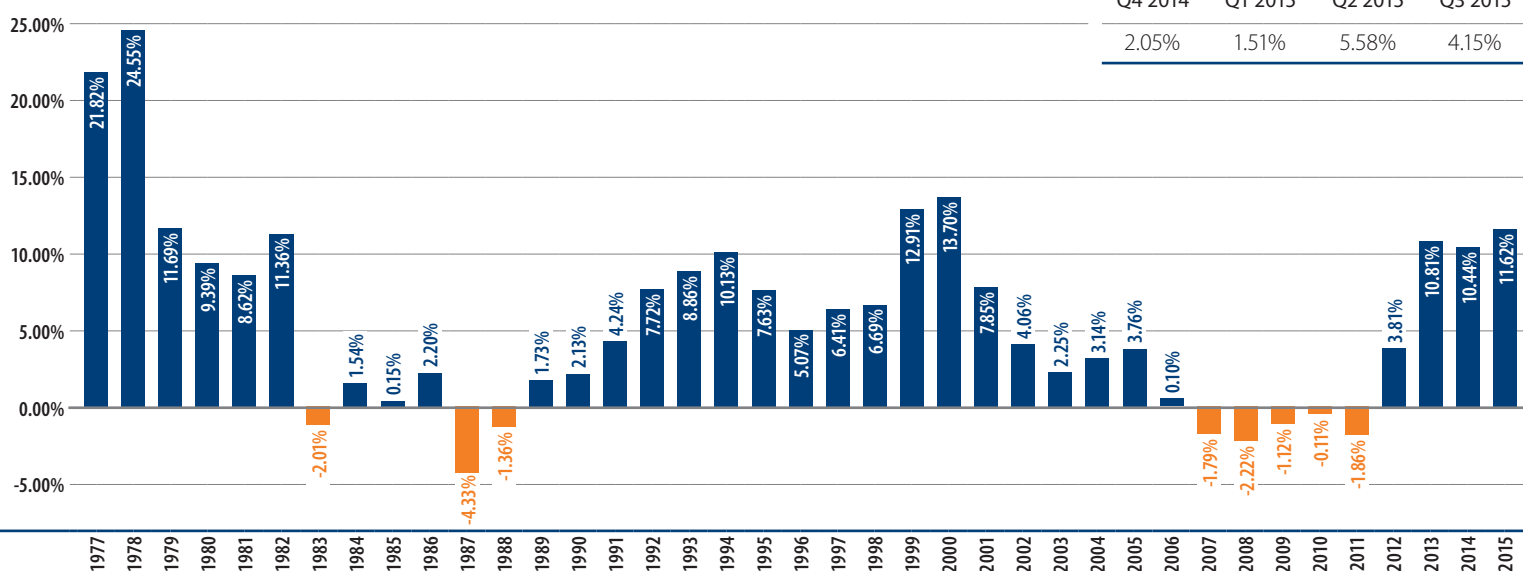


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THE FEDERAL HOUSING FINANCE AUTHORITY (FHFA) REPORT

The Federal Housing Finance Authority (FHFA) recently released their report on the 271 markets that they study across the U.S. Here's a historical look at the Denver metro market.

ANNUAL APPRECIATION: DENVER METRO



RECENT QUARTER APPRECIATION

Q4 2014	Q1 2015	Q2 2015	Q3 2015
2.05%	1.51%	5.58%	4.15%

Source: FHFA and Focus First

CAN THIS LAST?

Lately we get a lot of questions about the "B" word. B stands for Bubble. "Are we in another bubble?" is a fair question considering how prices have rocketed up. First, we don't believe prices will continue at their current *pace* of increase. They simply can't. Now let's take a history lesson. In 2008, the worst economy of our lifetime, prices went down 2.22% in the Denver metro area compared to Phoenix which went down 23%. So even when it's really bad, it isn't so bad. There are fundamentals in place here which protect us from the *wild swings* experienced in other markets. Because of scarce inventory, prices will continue to increase in the short term, but not as fast as they are now.

PRICE DISCONNECT

Here's an interesting dynamic in our local market. What's for sale doesn't line up with what's selling. There are disproportionately more expensive homes on the market compared to the demand in the market. For example, in Denver right now 48% of the inventory is priced over \$500,000. Yet only 15% of the sales are over \$500,000. Here's the summary:

	DENVER METRO INVENTORY	SALES
OVER \$500K	48%	15%
OVER \$700K	27%	6%

Source: REColorado 12-16-2015

OIL R.O.I.

Despite falling oil prices, many energy companies are increasing their investment into Colorado because of the attractive return on investment. According to a recent article by the Denver Post, companies like Anadarko and Noble have drilled several hundred more wells in our region in the last 18 months when oil prices started declining. The reason comes down to simple economics. Because our oil fields are relatively shallow, drilling here is cheaper than almost anywhere else. We can expect continued oil and gas activity well into the future even with falling oil prices.

SAVE THE DATE!



Save the date for the annual Windermere Real Estate Forecast. It's a fun, interactive, informative presentation featuring Windermere's Chief Economist Matthew Gardner and Windermere Real Estate's Colorado President, Eric Thompson.

January 20th 5:30 to 7:00 p.m. Lone Tree Arts Center.
Reception to follow. RSVP to dtc@windermere.com

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