

# THE WINDERMERE REPORT

WINDERMERE REAL ESTATE | DENVER

SEPTEMBER 2018

## MARKET SPEEDOMETER

Market is cooling a bit

## NEW HOME SNAPSHOT

Construction Update

## HISTORICALLY SPEAKING

Few sub \$400,000 homes

## LOST BUILDING

New homes behind pace

## GARDNER REPORT

How's the market?

## PRICE PER FOOT

The 5 states with the highest average list price per square foot.

Source: GOBankingRates

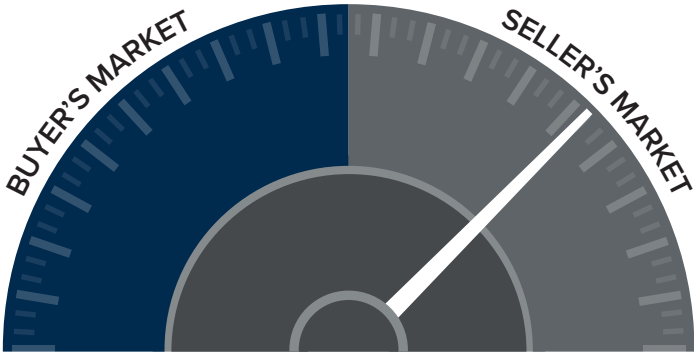


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## MARKET SPEEDOMETER

Each quarter, our Chief Economist Matthew Gardner produces his economic report for Metro Denver and Northern Colorado. Inside you will find his market speedometer. This speedometer reflects the state of the region's real estate market using housing inventory, price gains, home sales, interest rates, and larger economic factors.

According to Gardner, "I have moved the needle very slightly towards buyers as a few Front Range counties saw home inventories rise. However, while I expect to see listings increase in the coming months, for now, the housing market continues to heavily favor sellers."



## NEW HOME SNAPSHOT

Some research from our friends at Metrostudy who review and analyze the new home market:

- Quarterly new home starts are up 20% over last quarter — and at the highest level for any quarter since Q3, 2006.
- Annual new home starts are up 14% year-over-year and are also at the highest levels since 2006, with the highest growth in condominiums (up 112% since Q2, 2017).
- The median sales price of a single-family home is now \$452,500, up nearly 7%, and an increase of over \$100,000 since June of 2015.

## HISTORICALLY SPEAKING

According to John Covert, Regional Director of Metrostudy's Front Range market, "At no time in history has housing been as expensive as it is now with only 23% of new home starts priced below \$400,000. Many builders are introducing smaller detached homes at more affordable prices; a strategy that will surely pay off in the near-term, as the swelling buyer pool of young first-time and entry-level buyers continues to push into the market. The price band with the largest year-over-year gains is the \$600,000 – \$699,999 segment with an 88% increase to 834 starts, representing nearly 10% of the market."

## LOST BUILDING

- Escalating housing prices across the country are closely tied to an ongoing inventory shortage, which is a function of both high demand and not enough supply to meet it. To some extent, that's because builders aren't building the way they used to.
- If permits were issued at historic rates (defined on a per incremental capita basis) over the last 10 years, there would have been some 2.3 million more single-family homes built nationwide. That represents almost two years of 'lost' building at the current rate of 1.3 million per year.
- For example, Denver would have had 58,736 more building permits over the last decade if the rate of building matched historic norms.

Source: Zillow

## THE GARDNER REPORT

Matthew Gardner, our Chief Economist, has just released his most recent quarterly market report. Contact us to receive your complimentary copy.



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