

WINDERMERE REAL ESTATE PRESENTS

THE GARDNER REPORT

METRO DENVER & NORTHERN COLORADO | SECOND QUARTER 2017

The following analysis of the Metro Denver & Northern Colorado real estate markets is provided by Windermere Real Estate Chief Economist Matthew Gardner. We hope that this information may assist you with making better-informed real estate decisions. For further information about the housing market in your area, please don't hesitate to contact me.



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ABOUT MATTHEW GARDNER Mr. Gardner is the Chief Economist for Windermere Real Estate, specializing in residential market analysis, commercial/industrial market analysis, financial analysis, and land use and regional economics. He is the former Principal of Gardner Economics, and has more than 30 years of professional experience both in the U.S. and U.K.

ECONOMIC OVERVIEW

Colorado added 62,000 new jobs over the past 12 months, an increase of 2.4% over this time last year. All of the metropolitan markets included in this report saw annual employment growth, with substantial growth in Boulder (4.7%) and Fort Collins (+4.1%), and more modest growth in Grand Junction (0.3%).

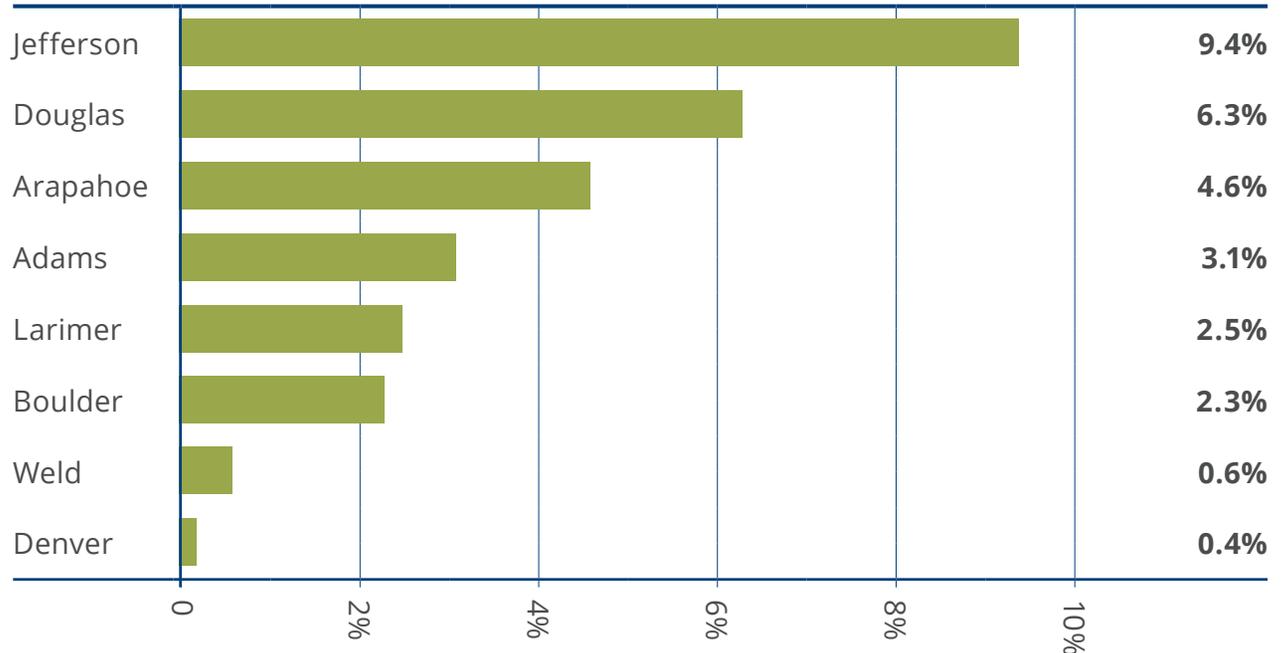
In May, the unemployment rate in the state was 2.3%, matching the prior month and down 3.4% from a year ago. The lowest unemployment rate was in Fort Collins at just 2.0%. The highest rate was in Grand Junction, though it was still a relatively low 3.3%. It is reasonable to expect these markets will see above-average wage growth given the tight labor market.

HOME SALES ACTIVITY

- There were 17,581 home sales during the first quarter of 2017, a solid annual increase of 3.9% over the first quarter of 2016.
- Jefferson County saw sales grow at the fastest rate over the past 12 months, with a 9.4% increase. There was also an impressive increase in Douglas County (+6.3%). More modest sales growth was seen in Denver and Weld Counties.
- Even with the rise in sales, listing activity is still running at well below historic averages, with the total number of homes for sale in the second quarter 7.6% below a year ago.
- Sales growth continues to trend higher, but inventory levels remain well below where they need to be to satisfy demand.

ANNUAL CHANGE IN HOME SALES

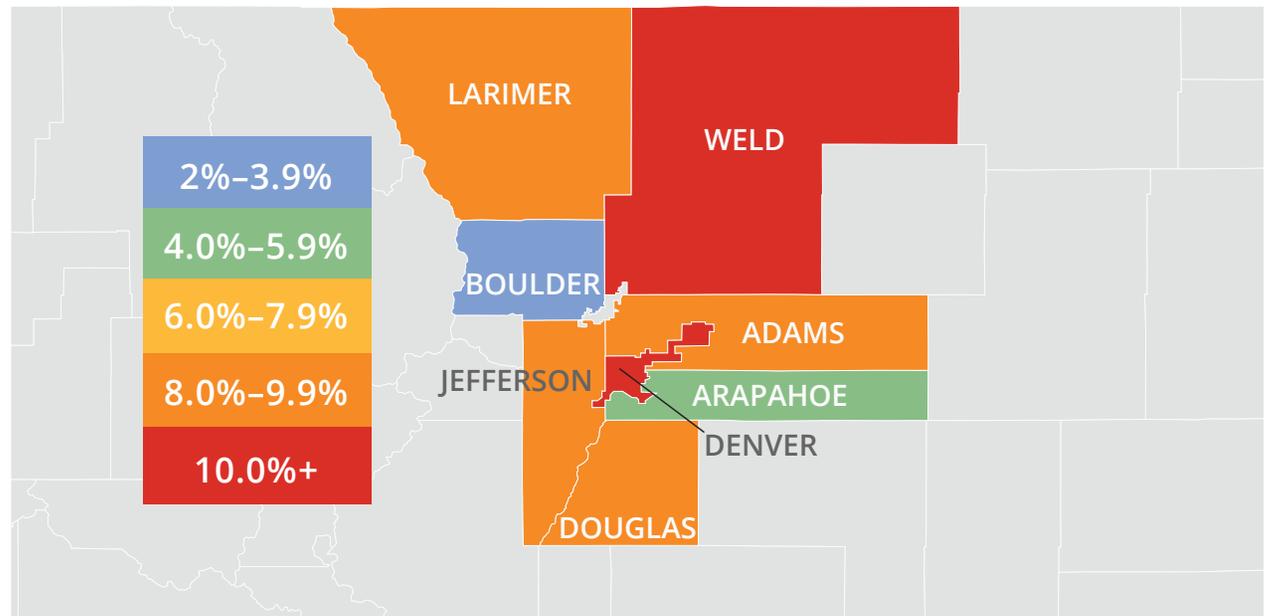
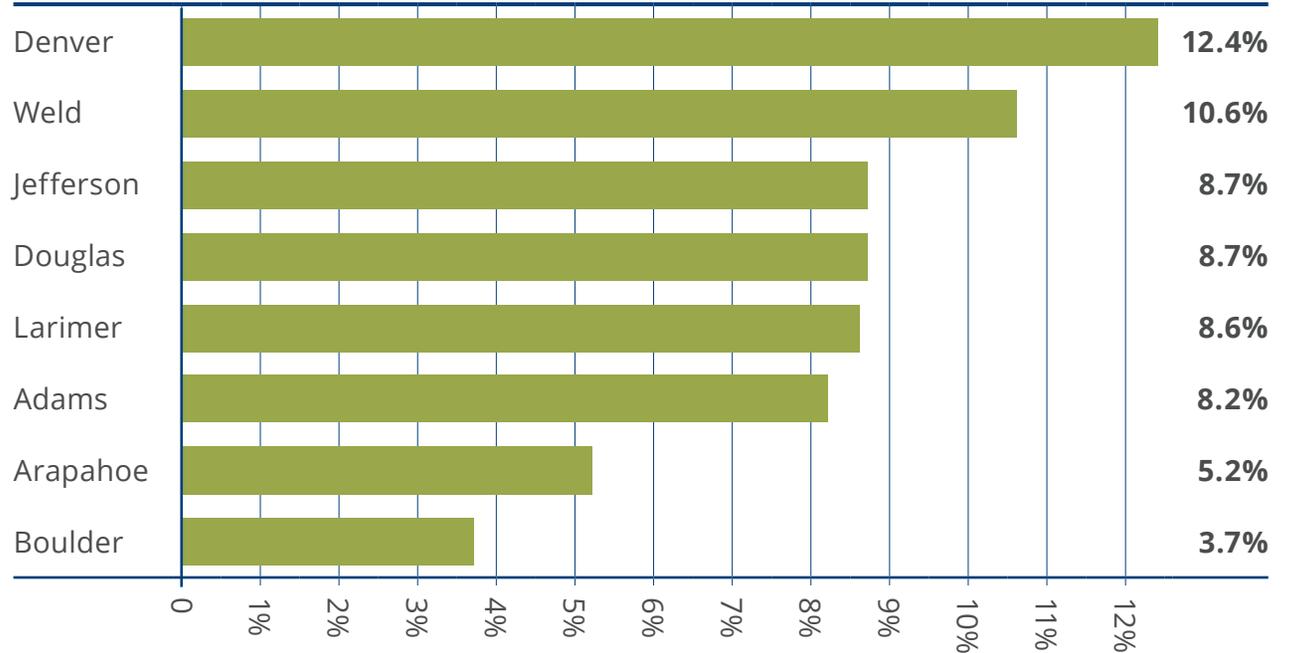
Q2-2016 TO Q2-2017



HOME PRICES

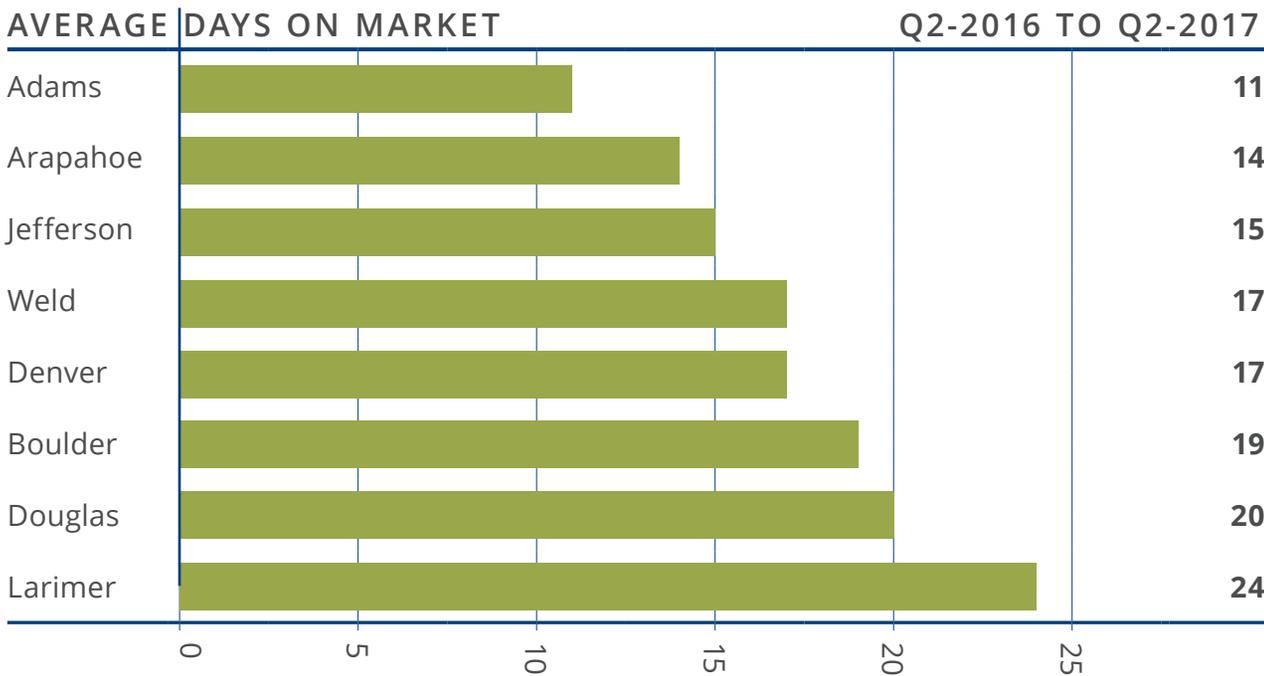
- Due to solid demand, home prices continue to rise with average prices up by 8.5% year-over-year to an average across the region of \$438,980.
- Boulder County saw slower appreciation in home values, but the trend is still positive.
- Appreciation was strongest in Denver and Weld Counties, where prices rose by 12.4% and 10.6% respectively.
- Economic growth is driving job growth, which is driving housing demand. Given the relative shortage of homes for sale, expect to see home prices continue to appreciate at above-average rates at least through the rest of the year.

ANNUAL CHANGE IN HOME SALE PRICES Q2-2016 TO Q2-2017

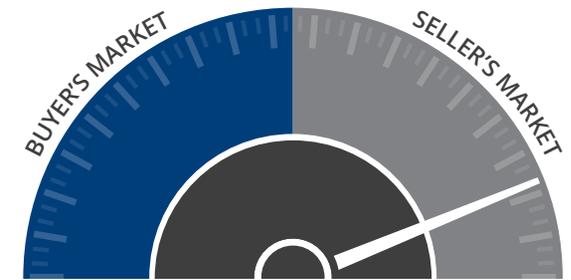


DAYS ON MARKET

- The average number of days it took to sell a home dropped by three days when compared to the second quarter of 2016.
- Homes in all counties contained in this report took less than a month to sell. Adams County stood out as it took an average of only 11 days to sell a home.
- During the second quarter, it took an average of just 17 days to sell a home. This is down by a substantial 13 days compared to the first quarter of this year.
- The takeaway here is that demand remains robust as evidenced by the remarkably short amount of time that it is taking to sell a home.



CONCLUSIONS



This speedometer reflects the state of the region's housing market using housing inventory, price gains, home sales, interest rates, and larger economic factors.

After the second quarter of 2017, I have moved the needle even farther in favor of sellers. Mortgage rates remain very competitive and, with the specter of lending standards easing a little, demand will remain robust, which will be reflected in rising home values.