THE GARDNER REPORT

Q4 2018 | METRO DENVER & NORTHERN COLORADO

presented by

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The following analysis of the Metro Denver & Northern Colorado real estate market (which now includes Clear Creek, Gilpin, and Park Counties) 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.

ECONOMIC OVERVIEW

The Colorado economy continues to grow, adding 69,100 new non-agricultural jobs over the past 12 months, which represents a solid growth rate of 2.6%. That said, we are continuing to see a modest slowdown in employment gains, but that is to be expected at this stage of the business cycle. My latest forecast suggests that Colorado will add a total of 65,000 new jobs in 2019, representing a growth rate of 2.3%.
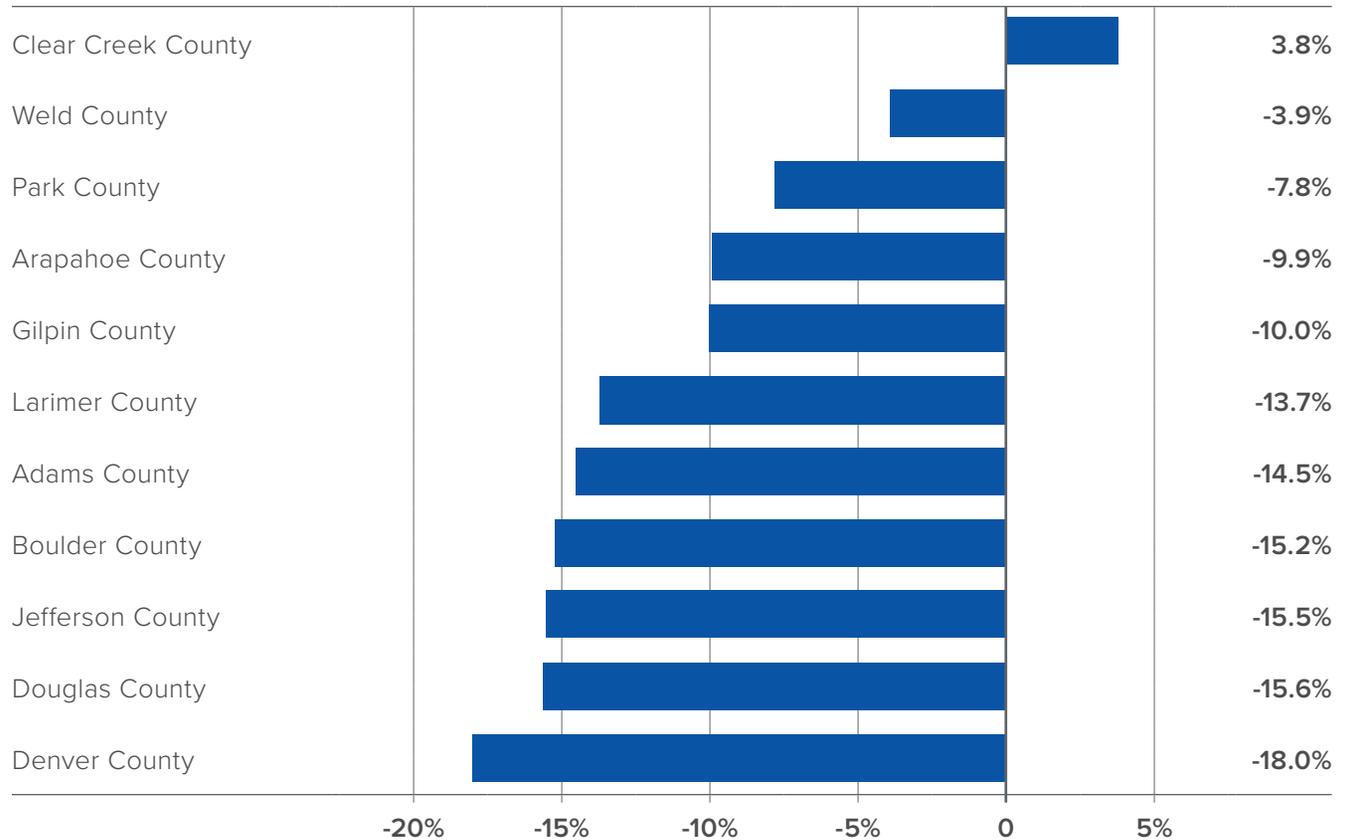
In November, the state unemployment rate was 3.3%, up from 3% a year ago. The increase is essentially due to an increase in the labor force, which rose by 77,279 people. On an un-seasonally adjusted basis, unemployment rates in all the markets contained in this report dropped between November 2017 and November 2018. The highest rate was in Grand Junction, but that was still a very respectable 4%. Fort Collins and Boulder had the lowest unemployment rate of 2.9%. All the regions contained in this report are essentially at full employment.

HOME SALES ACTIVITY

> In the fourth quarter of 2018, 12,911 homes sold — a drop of 13.8% compared to the last quarter of 2017 and down 22% from the third quarter.

> The only market that saw growth in sales was Clear Creek, which rose by 3.8%. This is a small market, however, and is prone to rapid swings in price as well as sales. There was a significant drop in sales in the Denver market. I will be watching closely to see if this is an anomaly or a longer-term trend. At this time, I believe the former to be true.

> Interestingly, this decline in sales in Denver came as inventory levels rose by 37%. For now, I attribute this to seasonality and expect to see sales growth return in the spring.

> Inventory growth continues to give buyers more choice, allowing them to be far more selective — and patient — before making an offer on a home. That said, well-positioned and well-priced homes are selling relatively quickly.

ANNUAL CHANGE IN HOME SALES

Q4-2017 TO Q4-2018

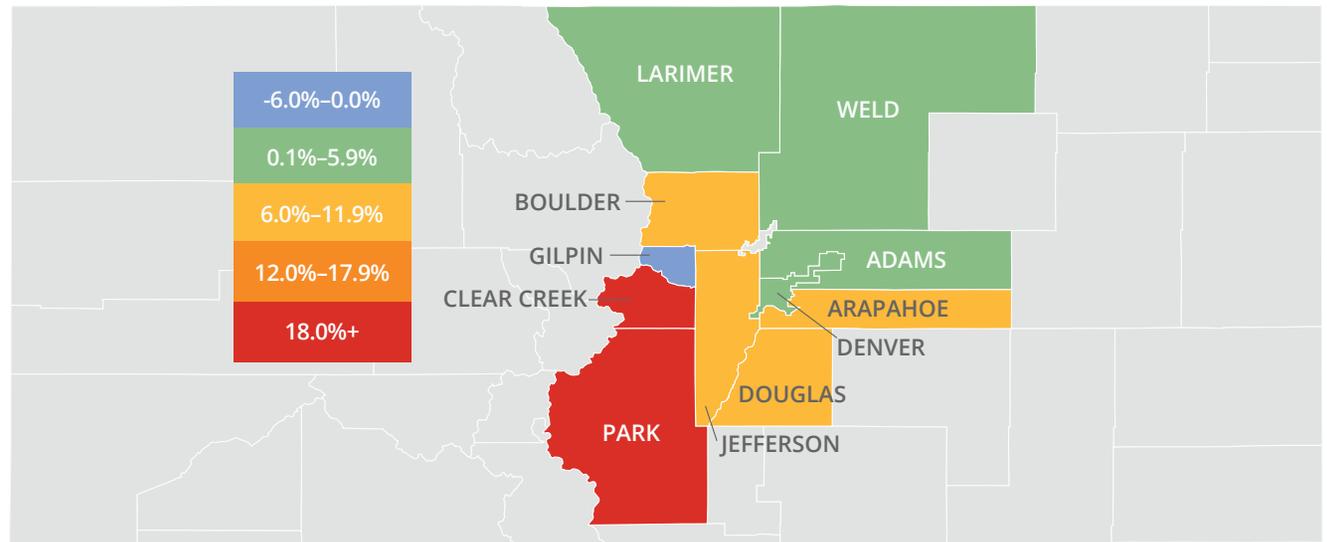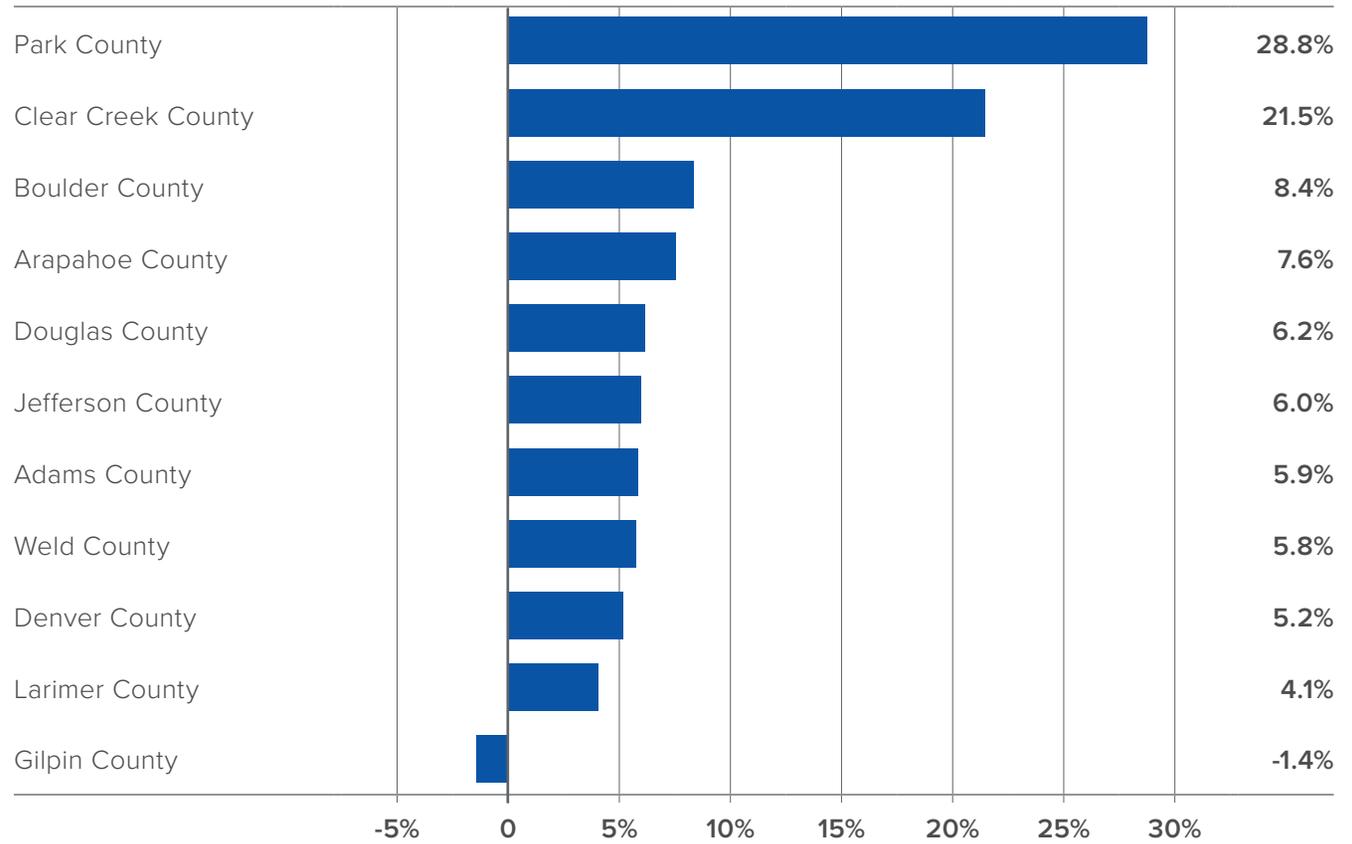| County	Change
Clear Creek County	3.8%
Weld County	-3.9%
Park County	-7.8%
Arapahoe County	-9.9%
Gilpin County	-10.0%
Larimer County	-13.7%
Adams County	-14.5%
Boulder County	-15.2%
Jefferson County	-15.5%
Douglas County	-15.6%
Denver County	-18.0%

HOME PRICES

❯ Despite the rapid rise in listings and slowing home sales, prices continue to trend higher, though the rate of growth is slowing. The average home price in the region rose 6% year-over-year to $454,903. Home prices were 2% higher than in the third quarter.

❯ In all, the data was not very surprising. As with many markets across the country, affordability is starting to become an issue. However, the recent drop in interest rates likely stimulated buyers at the end of 2018 and I expect to see good price growth in the first quarter of 2019.

❯ Appreciation was strongest in Park County, where prices rose 28.2%. We can attribute this rapid increase to it being a small market. Only Gilpin County saw a drop in average home price. Though this, too, is due to it being a very small market, making it more prone to significant swings.

❯ As mentioned, affordability is becoming an issue in many Colorado markets and I anticipate that we will see some cooling in home price appreciation as we move through late 2019.
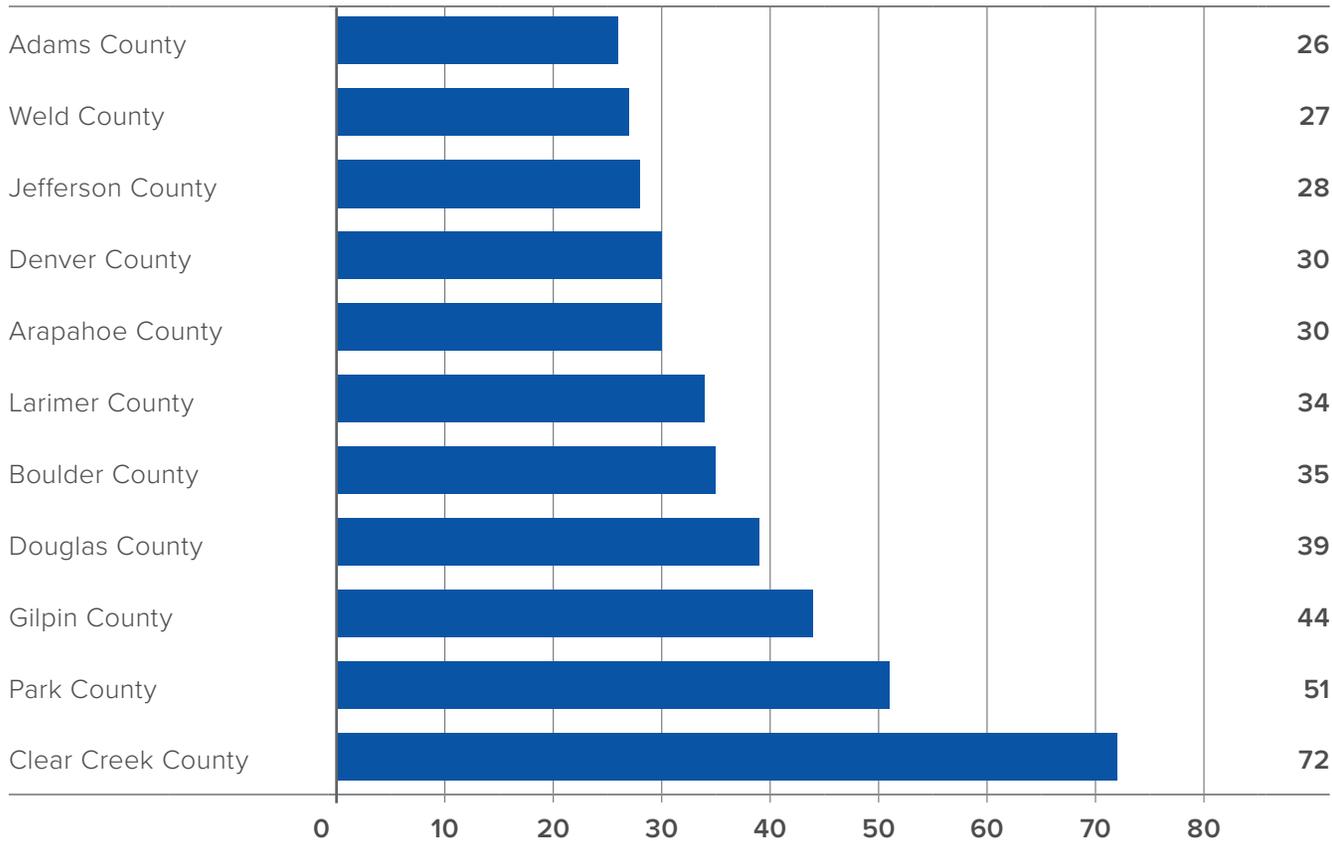
ANNUAL CHANGE IN HOME SALE PRICES   Q4-2017 TO Q4-2018

County	Change
Park County	28.8%
Clear Creek County	21.5%
Boulder County	8.4%
Arapahoe County	7.6%
Douglas County	6.2%
Jefferson County	6.0%
Adams County	5.9%
Weld County	5.8%
Denver County	5.2%
Larimer County	4.1%
Gilpin County	-1.4%

Map legend:
- -6.0%–0.0%
- 0.1%–5.9%
- 6.0%–11.9%
- 12.0%–17.9%
- 18.0%+

Map county labels: LARIMER, WELD, BOULDER, GILPIN, ADAMS, CLEAR CREEK, ARAPAHOE, DENVER, DOUGLAS, PARK, JEFFERSON
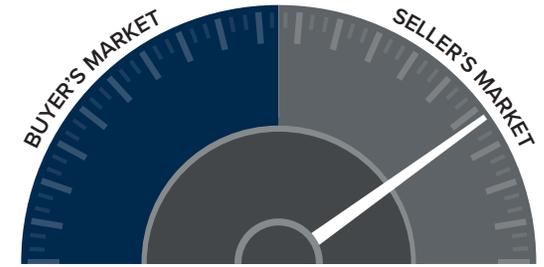
DAYS ON MARKET

- The average number of days it took to sell a home in Colorado rose by one day compared to the final quarter of 2017.

- The amount of time it took to sell a home dropped in four counties: Boulder, Larimer, Gilpin, and Park. The rest of the counties in this report saw days on market rise relatively modestly with the exception of the small Clear Creek market, which rose by 20 days.

- In the fourth quarter of 2018, it took an average of 38 days to sell a home in the region, but it took less than a month to sell a home in five of the eleven counties contained in this report.

- Housing demand is still there, but buyers appear to have taken a little breather. I anticipate, however, that the spring will bring more activity and rising sales.

AVERAGE DAYS ON MARKET   Q4-2018

County	Days
Adams County	26
Weld County	27
Jefferson County	28
Denver County	30
Arapahoe County	30
Larimer County	34
Boulder County	35
Douglas County	39
Gilpin County	44
Park County	51
Clear Creek County	72

CONCLUSIONS

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.

For the fourth quarter of 2018, I continue the trend I started last summer and have moved the needle a little more in favor of buyers. I will be closely watching listing activity in the spring to see if we get any major bumps above the traditional increase because that may further slow home price growth — something that would-be buyers appear to be waiting for.

ABOUT MATTHEW GARDNER

As Chief Economist for Windermere Real Estate, Matthew Gardner is responsible for analyzing and interpreting economic data and its impact on the real estate market on both a local and national level. Matthew has over 30 years of professional experience both in the U.S. and U.K.

In addition to his day-to-day responsibilities, Matthew sits on the Washington State Governors Council of Economic Advisors; chairs the Board of Trustees at the Washington Center for Real Estate Research at the University of Washington; and is an Advisory Board Member at the Runstad Center for Real Estate Studies at the University of Washington where he also lectures in real estate economics.