

2015

Denver Metro Market Trends

Overview



DENVER METRO
ASSOCIATION OF REALTORS®

Denver Metro Association of REALTORS®

INTRO

2015 was a record-smashing year for the residential market, posting **55,509** homes sold for a total sales volume of **\$20.16 billion**, up **14.5%** from 2014.

2015 recorded 65,872 new listings, up six percent year-over-year (YOY), Days on Market were at 31 (down 18%YOY), average home price was \$363,143 (up 12% YOY), and median home price was \$314,000 (up 14% YOY).

We are thrilled to be able to provide our membership with the monthly *Denver Metro Real Estate Market Trends Report*. If you've been using this fantastic member resource, you know that it gives you knowledge that can define your competitive edge. Our Market Trends Committee provides timely, consistent, relevant monthly summaries of local real estate market data accompanied by insights from industry experts. The report is consistently recognized by numerous media outlets, including the *Denver Post*, *DBJ*, *Wall Street Journal*, *Money Magazine*, *9 News* & more.

In this post we wanted to share a quick overview of the 2015 Market Trends Reports we put out, with quick download access to all 12 reports.





January 2015

JANUARY DATA:

Denver Area Deflation Due to Housing Shortages and High Demand

In January 2015, the market in Denver experienced a little deflation due to eager buyers and a lack of available properties for sale. With mortgage rates hovering in the 3.5% range, both first-time buyers and boomerang buyers were eager to hit the market. Their desire to buy was reflected in their confidence ranking, up to 102.9 from 93.1 in December '14. January 2015 recorded the highest consumer confidence has been since August 2007.

Year-over-year average sales were up 11.22% and median sales prices were up 16.55% for single family homes. The condo market remained strong, with relatively unchanged average and median sale prices since December '14. Year-over-year, condo sales prices showed double-digit gains. The only downside of this price appreciation was the lack of available homes.

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February 2015

FEBRUARY DATA:

Homebuyer Demand Remained Strong; Millennials Entered Market at Rapid Pace

In February 2015 we saw a raised entry point for first-time homebuyers with increased home prices and housing inventory at unprecedented lows. However, the market saw a healthy dose of new residential listings that represented a 13% increase from the prior month. The frigid cold temperatures – which surpassed a 103-year-old record– did not deter buyers from writing offers as evidenced by the 16% spike in properties that went under contract.

According to the report, the inventory of available homes (single family and condos) for sale was 4,079 at February month end. Notably, 4,240 homes came onto the market, 4,077 homes were placed under contract, and 2,667 homes closed at a median sold price of \$295,000 and an average sold price of \$348,127; resulting in a closed dollar volume of \$928.45 million. Mortgage interest rates increased in February and ended the month with a 30-year conventional rate around 3.625 percent and a 15-year conventional rate at 2.875 percent.

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March 2015

MARCH DATA:

More Homes Sold in Higher Price Range in Denver-area than Lower Price Range

In March we saw a new trend emerging in the Denver metro real estate market with offers above list price and waived inspection and appraisal contingencies, which contributed to a rapid appreciation of housing prices. Detached single family homes sold year-to-date reflected this appreciation: 10% less units have been sold under \$500,000 while 34% more units have been sold above \$500,00. We also saw a huge jump in the Premier market, with 44% of its inventory sold. Inventory below \$500,000 was so tight that people had to move up in price range.

According to the report, the inventory of available homes (single family and condos) for sale is 4,112 at March month-end. 5,823 homes came onto the market, 5,139 were placed under contract, and 3,904 homes closed at a median sold price of \$315,000 and an average sold price of \$358,327.

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April 2015

APRIL DATA:

Denver Area's Fierce Housing Market Had No Indication of Housing Bubble on the Horizon

April 2015 crowned Denver's housing market as number one in the U.S. One term that was trending was "seller protection," which contractually obligated a home buyer to pay the difference between the appraised value of a home versus the contract price – thus protecting the seller.

According to the report, the inventory of available homes (single-family and condos) for sale was 5,025 at April month end – accounting for a 22 percent increase from the previous month, but 20 percent decrease year over year.

Even though the Denver area's housing inventory was replenished with 7,059 new listings on the market, 5,605 homes were placed under contract quickly and 4,465 homes closed. The median sold price was \$315,000 and the average sold price was \$361,915, resulting in a closed dollar volume of \$1.62 billion.

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May 2015

MAY DATA:

Metro Denver's Housing Supply was Five Times Less than the National Average

In May Denver-area's home prices continued to rise and buyer demand remained strong. Nationally, in May there was a 5.3-month supply of housing inventory in markets, compared to the 11-County Denver metropolitan area at 1.28 months for single-family homes and 0.81 months for condos.

For the entire residential market, under contracts were up nearly 5%, sold listings went up 4%, and total sales volume was \$1.85 billion, representing an 8% increase over the previous month.

While showing activity traditionally slows down in May due to Mother's Day, high school and college graduations, and Memorial Day, May 2015 proved to be a very lucrative month with strong buyer demand. The housing inventory was replenished by an abundance of new properties, a total of 7,054 new listings. We saw 5,877 homes placed under contract and 4,913 sold and closed. The month of May ended with 5,657 active listings - which represented 13% more than the April 2015, but still 24% less year-over-year.

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June 2015

JUNE DATA:

Denver Housing Market Sets Records High in June

In June we saw a 10% increase in active listings, sold properties, and a record-breaking \$2.15 billion in overall sales volume. While June was a record breaking month in several categories, the market showed signs of cooling off as it entered the prime home buying season. The month-over-month increase in listings was likely due to seasonal increases, and a general 'cooling' of the market due to record high pricing. Anthony Rael, mentioned: "Sellers felt the slight shift in the housing market, and that they were more willing to accept good offers. Some home buyers were even able to find a little negotiating room." Days on market (DOM) continued to decline from the previous month by 8%, or 25 days for detached single-family homes and 18 days for condos.

In June the Denver residential market replenished itself with 7,130 new listings, while 5,823 homes were placed under contract, and 5,695 homes sold and closed. The month of June ended with 6,197 active listings – a 10% increase over the previous month, but still 20% less year-over-year.

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July 2015

JULY DATA:

Denver-area Housing Market Showed Signs of Easing as July Brings More Homes

July shocked with a record-smashing of \$11.45 billion in sales volume year-to-date and homes selling fast at an average of 20 days. New residential home listings on the market in July increased 5% over the previous month, and 13% year-over-year, which naturally helped ease the average and median sold prices of homes – \$366,419 and \$314,900 respectively. At July month's end, there was a 20% rise in active listings compared to the previous month.

The days on market (DOM) for single-family homes dropped an additional 15.5 percent from the previous month to 22. The DOM inched down to 17 for the condo market – one day less than the previous month. The greater Denver Metro area housing market replenished itself with 7,494 new listings, 5,484 homes placed under contract, and 5,484 homes sold and closed. At month's end, there were 7,470 active listings – representing a 21 percent increase over the previous month, but still 10 percent less than July 2014.

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August 2015

AUGUST DATA:

Denver-area Housing Moving Toward Balanced Market as Inventory Inches Up

In August the inventory of active available homes for sale was 7,587 at month's end, representing a 1.6% increase in inventory over the previous month. Even the slightest bump upward was noticeable in the tight market of Denver-metro area. We witnessed the rental rates skyrocketing at three times the national average, so homebuyer's demand remained very high – particularly with homes priced \$350,000 and below. However, the market started to shift, since the home selling season peaked in June and August sellers had to re-adjust their expectations in order to avoid buyer resistance.

Digging into the numbers, 6,416 new listings came on the market in August, while 5,383 homes were placed under contract and 5,088 homes sold and closed. The number of luxury sales – condo and single family homes priced \$1 million or greater – was down 9.5% from the previous month, but properties sold faster at 92 days in August versus 112 days in July.

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September 2015

SEPTEMBER DATA:

Denver-area Housing Market Conditions Shifting in Favor of Buyers

Since 2010, September 2015 proved to be the best September on record for the residential market. Days on market (DOM) in September was 28 while the national average was 47. The average sold price was \$356,005 and the average median sold price was \$308,279, both down 2% from the previous month, but year-over-year up by 12% and 13% respectively. Listings under contract decreased by 10% in September to 4,844, but were up 4.8% year-over-year. The average sold dollar volume was \$1.765 billion, down 10% from August, but up 12% year-over-year. Year-to-date residential market showed new listings at 54,816, DOM at 29, average price at \$362,200 and a record-smashing \$15.4 billion in total sales volume, which represented a 15% increase over 2014.

We saw a seasonal dip in the higher end of the market, but it still stayed stronger than September 2013 - and much stronger than five years ago. Jill Schafer, spokesperson for the Market Trends Committee, mentioned that the "luxury condos were selling like cold drinks on a hot day with a whopping 133% increase in number of sales from August of last year, and nearly 90% faster than last month."

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October 2015

OCTOBER DATA:

Denver-area Home Prices Increased 28% Over Past Decade

In October the Denver housing market showed signs of a balancing trend as prices began to settle and seasonal adjustments cooled demand. Looking back over a 10-year period of October 2005 to October 2015, the year-to-date residential market has experienced a 28% increase in price appreciation.

In October we saw 5,407 new listings on the market, while 4,792 homes were placed under contract and 4,332 homes sold and closed. The month closed out with 7,156 active listings – representing a 4.79% decrease over the previous month, and 6% more properties than what was available in October 2014. Additionally, homes under contract decreased by 1%, sold listings decreased 16% and the total sales volume dropped 14% to \$1.57 billion from the previous month.

“A new luxury condo development, 250 Columbine in Cherry Creek North, made a big impact in October’s high-end condo stats,” said Jill Schafer, member of the Market Trends Committee. She added: “Compared to September, there was a 228% increase in the number of condos sold in October between the \$750,000 to \$999,999 price range. ”

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November 2015

NOVEMBER DATA:

Denver-area Homes for Sale Down 21% From October

Denver housing inventory neared record low in November, but still higher than previous months in 2015; indicators suggested 2016 would continue to be a healthy real estate market. Anthony Rael, Chairman of the Denver Metro Association of REALTORS® Market Trends Committee, urged us: “Don’t be alarmed by the substantial decreases in market metrics last month including active listings, new listings, number of homes sold and overall sales volume. While it’s good to be aware of how the market is shifting from month-to-month, it’s equally important to pay attention to the 12-month trends.”

The month-over-month detached single family home market saw a sharp drop of 39% in new listings, but was 8% more than November 2014. The condo market showed the supply of new listings decreased 34% over the previous month, but was up 25% year-over-year (YOY). For the entire residential market, under contracts decreased by 17% (up 12% YOY), sold listings decreased 30% (down 11% YOY) and total sales volume dropped 29% to \$1.23 billion from the previous month (down 1% YOY). Notably, the closed sales volume year-to-date was at record \$18.5 billion, a 14% increase from 2014, which may be attributed to Denver’s economic growth in the last year.

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December 2015

DECEMBER DATA:

Denver Area Deflation Due to Housing Shortages and High Demand

"The Denver metro area continues to be the number one real estate market in the country." said Anthony Rael, Chairman of the Denver Metro Association of REALTORS Market Trends Committee.

Month-over-month, digging into the December MLS housing stats, 2,275 new listings came on the market, down 33%; 2,766 homes were placed under contract, down 31%; and 4,170 homes sold and closed, up 15% from the previous month. December closed out with 4,384 active listings, representing a 23% decrease in inventory over November, but 0.67% more – or 29 total - properties than December 2014. The total sales volume jumped 18.5% to \$1.56 billion from the previous month.

Notably, since 1985, Denver-area has averaged 13,869 active listings in December. The high-water mark was 24,603 listings in 2007 and the record low-point was 4,355 in 2014.

The single-family market, month-over-month, had a sharp drop of 31% in new listings or 4% fewer new listings than December 2014. The average and median sold prices ticked upward from the previous month with increases of 4% to \$414,472 and one percent to \$347,000 respectively.

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