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INSIGHTS

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INSIGHTS



MARKET UPDATE

The second quarter continued to set residential real estate records in the Denver metro area for: average sale price (high), average active listings (low) and days on market (low). April and May experienced very high demand with record low inventory that caused most homes to receive multiple offers and go under contract in just a few days.

June had .5 month's worth of inventory, a slight improvement over May at .39 months. Consequently, we saw fewer waivers for inspections and appraisal gaps, but well-kept homes in desirable neighborhoods still sold quickly for close-to, or above the listing price. .5 months of inventory still indicates a strong sellers market. Single family rents were also up 5.3% in April vs. the year prior, the largest gain in nearly 15 years.

If you are in the market for a new home, interest rates remain at historic lows, so it's still possible to find a home you want at a price you can afford.

Source: DMAR Market Trends

2Q YOY Residential Stats



SOLD Listings +20%

2021: 16,599
2020: 13,783



Average Active Listings -62%

2021: 2,597
2020: 6,802



Avg Sold Price +26%

2021: \$630,249
2020: \$501,398

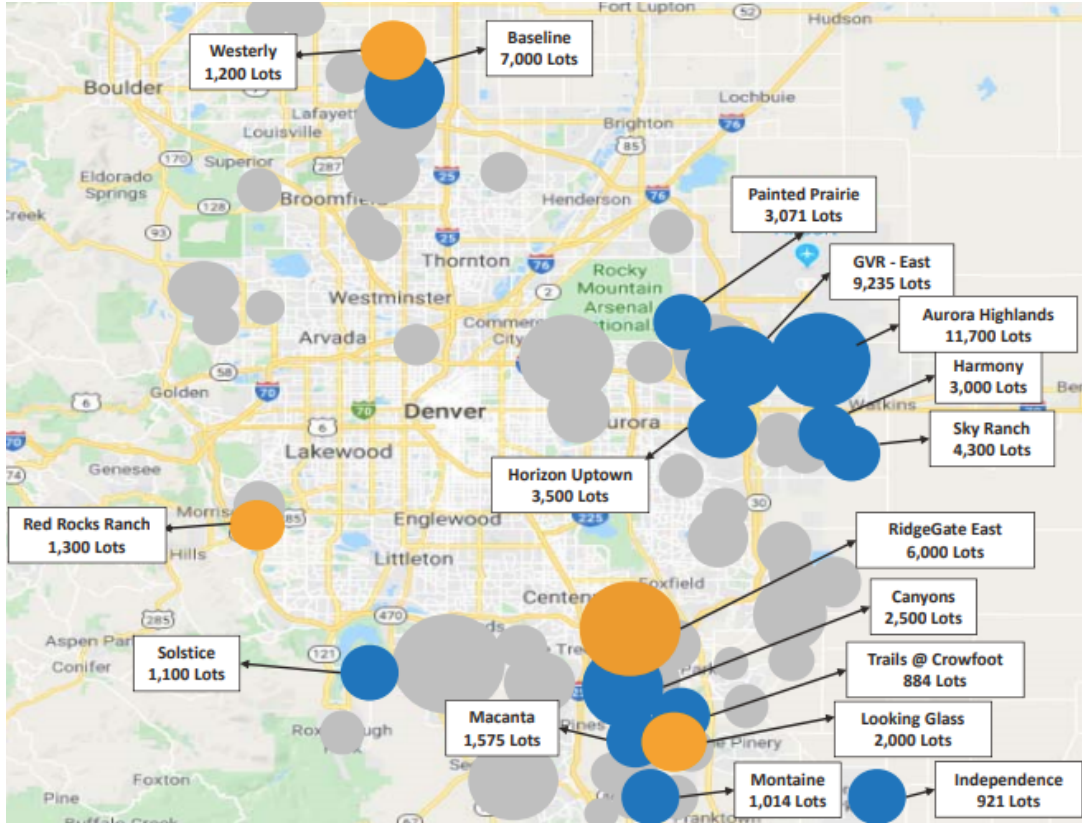


Days on Market -50%

2021: 4 days
2020: 8 days

LOCAL: NEW HOME DEVELOPMENTS & PRICING

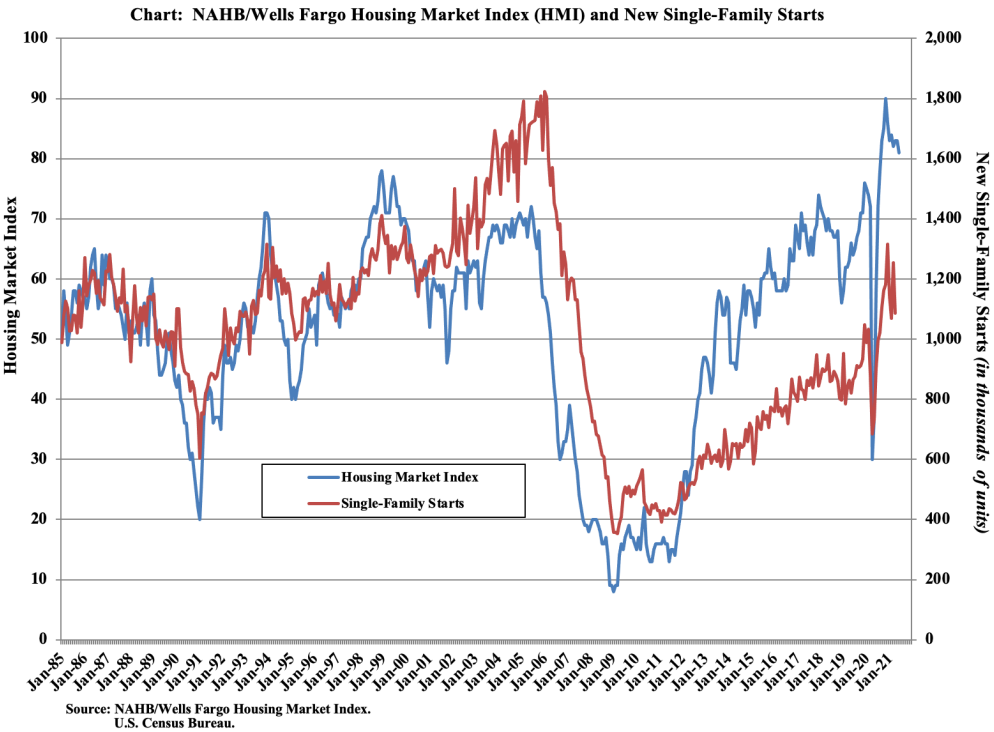
76% of new home starts are happening in the “Suburban Ring” shown to the right. These new suburban areas are farther north, east and south than more established suburban areas like Broomfield, Aurora and Centennial. Lack of resale inventory and increased demand and construction costs for new homes has caused new home prices to increase faster than resale homes. In 2011, an average new home sold for 65% of the average resale home in the Denver area. In 2021, the average new home sells for about \$506,000 or 94% of the average resale home.



Source: Zonda Advisory

NATIONAL: BUILDER CONFIDENCE FALLS SLIGHTLY

On June 15, the National Association of Homebuilders (NAHB) published their monthly Housing Market Index (HMI) which shows homebuilder confidence slipped to 81 in June, down 2 points from 83 in May. While the HMI of 81 still represents confidence in the new home market overall, builders are still dealing with supply chain and labor issues - all negatively impacting their ability to deliver homes on schedule and minimize price increases to buyers. Despite these challenges, builders are selling everything they can build as new homes become more attractive to homebuyers for a host of reasons. Industry experts believe the overall upward trend-line for new housing starts will continue, with monthly increases and decreases reflecting lot availability, financing and supply chain issues.



Source: NAHB/Wells Fargo Housing Market Index. U.S. Census Bureau.

WHO BOUGHT THE HOUSE NEXTDOOR?



Investment firms that invest large amounts of capital for pension funds and institutions are expanding their real estate portfolios to include for-rent, single-family homes. Blackstone Group recently announced that it has agreed to buy Home Partners of America in a \$6 Billion deal. Home Partners of America owns and rents over 17,000 single-family homes in the US. Recently, Brookfield Asset Management, JP Morgan Asset Management and Rockpoint Group have also made big investments in single-family rental operators. At first glance, homeowners may be concerned that Wall Street is once again meddling too much in the residential housing market. After all, their appetite for sub-prime mortgages caused the 2008 recession and subsequent drop in home values. However, this latest news should give homeowners and real estate investors more confidence than anxiety. Only about 300,000 homes, or 2% of all single-family rental homes, are owned by big institutional investors, while 85% of single-family rental homes are owned by investors with 10 or fewer properties. Additionally, the acquisition will come from one of Blackstone's investment funds that tends to raise money from smaller investors and hold investments for longer periods than their other opportunistic funds. A good sign they think the housing market will remain strong for the foreseeable future.

Source: The Wall Street Journal

BACK-TO-SCHOOL SUPPLIES NEEDED

Invalesco is proud to support Sun Valley Youth Center as part of our commitment to giving back to our community. The Sun Valley Youth Center acts as a safe and supportive environment for area kids aged 5-21, helping with food supplementation, scholastic support and dealing with the stress and trauma that are part of life in this challenging neighborhood.

This past year has been especially challenging for these kids to keep up with schoolwork while family resources are stretched thin. We are collecting the following items to help these kid's return to school in the Fall. If you'd like to make a difference in a deserving kid's life, you may drop any of these items at our offices at 1608 S. Broadway by Monday, August 16, or let your Invalesco Advisor know you have items to donate. If you'd prefer to make a donation online, you may do so on their website at: sunvalleyyouthcenter.org. Thank you in advance!

- colored markers
- colored pencils
- pencil bags
- crayons
- highlighters
- Elmers glue
- sunscreen
- spiral notebooks
- Contigo water bottles

