



1608 S. Broadway
Denver, CO 80210



TERRI V JAMES
303.518.8564
terrivjames@gmail.com
www.TerriVJames.com

INSIGHTS

Q4 2021

In This Issue:

- Denver Market Update
- Local: Construction Issues
- National: Design Trends
- Investors: Investment Trends
- La Tela Affordable Condos



INSIGHTS



MARKET UPDATE

Denver's residential real estate market ended the year with another record - only 1,477 active properties for sale, compared to a historical average of 12,652 and a 70% drop from the 5,037 for sale at the end of 2019. The extreme demand and supply imbalance continues, which is great for current homeowners and their equity, but painful for homebuyers as they watch prices continue to march higher and higher. 2021's record low interest rates also helped them afford more expensive homes, contributing to higher prices. What should we expect in 2022? Historically low interest rates will keep the number of interested buyers high. New construction homes are costing more due to higher labor and material costs and fewer are being built due to supply chain delays. Existing homeowners are reluctant to move because there are so few choices for their next home. All of these factors likely point to another year of double-digit home price increases, but likely not the 17% increase we saw in 2021.

Source: DMAR Market Trends

4Q YOY Residential Stats



SOLD Listings -10%

2021: 14,065
2020: 15,611



Average Active Listings -34%

2021: 2,367
2020: 3,592



Avg Sold Price +13%

2021: \$623k
2020: \$553k



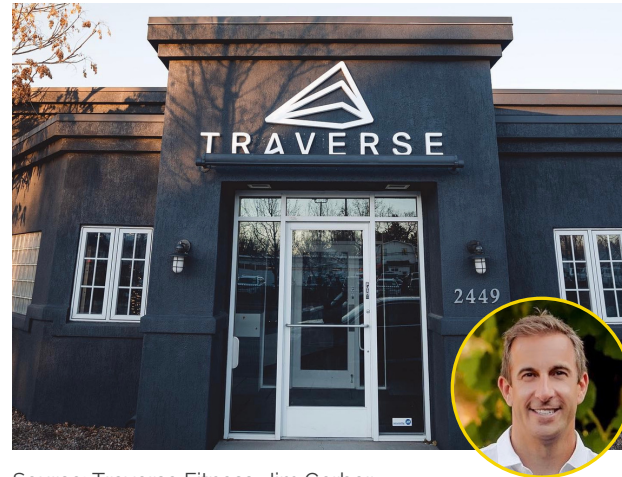
Days on Market -29%

2021: 5 days
2020: 7 days

LOCAL: CONSTRUCTION ISSUES IMPACT RECOVERY

According to the latest Commercial Construction Index (CCI) Report published by the US Chamber of Commerce, multiple concurrent factors are having a negative impact on the commercial construction sector, which is ultimately felt by business owners and consumers. Availability of materials and price fluctuations, along with a scarce and increasingly expensive labor force, are all factors that led to a drop in the index from 66 in Q3 to 65 in Q4. 62% of contractors reported high difficulty finding skilled workers, up from 55% in Q3 and up 20 points from a year ago. 95% of contractors are experiencing at least one product shortage, up 24 points from a year ago, and 97% of contractors say material cost fluctuations have a moderate to high impact on their business. One local business owner, Jim Gerber of Traverse Fitness on S. Broadway, has felt the impact of these pressures and shortages directly. Last summer, he received a bid for \$50,000 to add showers to his bathroom facilities – something his members say is important to them. Jim said “When I reconnected with the GC in December to start planning the work, he submitted a new bid for \$94,000. I was shocked. When I asked him why the new bid was so much more, he said 'labor and material costs.' I know having shower facilities would allow us to add more members, but \$94,000 isn't workable, especially for a building we're leasing.” Jim's experience mirrors data from the report that shows 60% of contractors are putting in higher bids due to more expensive labor costs.

Source: US Chamber of Commerce



Source: Traverse Fitness, Jim Gerber

INVESTORS: 2022 REAL ESTATE INVESTING TRENDS

As reported recently in the Chicago Tribune, rent-to-own platform ZeroDown compiled a list of real estate trends to follow in 2022 using information from real estate agents, forecast models, brokers and other real estate experts. Here are the ones we're already seeing in Colorado real estate markets. **1-Climate issues may impact some markets.** From eroding beachfronts to wildfires well after fire season, climate issues are starting to have an impact on price and desirability of some areas. **2-Industrial properties continue to be in high demand.** The Colorado warehouse and industrial markets were already trending pre-COVID, thanks to legalized marijuana and grow operations. COVID supercharged demand for local storage needs in fast-growing Colorado urban centers up and down the front range. **3-Rent prices continue their upward trajectory.** The rental market suffers from a supply deficit, developers can't keep up and the new units that do come onto the market are more expensive due to higher labor, material and capital costs. **4-Mortgage rates will likely increase in 2022.** We've only seen small movements so far, but this is a well-documented prediction by many. **5-Home appreciation will slow from 2021's record-setting 17% appreciation for the Denver metro area.** Finally, **6-Housing inventory will remain low and 7-Cash offers will continue to dominate.** We see these last two trends playing out weekly with our clients.



Source: Chicago Tribune, hacohob/Shutterstock

NATIONAL: DESIGN TRENDS WE'LL SEE IN 2022

Online design and remodeling platform Houzz recently released its list of Top 10 Trends we'll likely see in 2022. The list, as reported by builderonline.com, is a result of preferences aligning with aging in place, systems efficiencies and sustainability, to name a few. Here are some that we're already seeing in new construction and remodel projects. As shown in the image to the right: **Outdoor living areas that look like indoor spaces** – advances in outdoor materials make it possible for people to make their backyards extensions of their interior spaces. **Backyard privacy** is also getting more attention. Landscape architects are being hired to design and implement screens, fences, plantings and other strategies that help create intimate spaces and separation from neighbors. **More windows in kitchens** – thanks to more efficient storage in lower cabinets and islands. Pullouts bring pantry items from the back of the cabinets to the front and special shelves can lift heavy appliances like microwaves from a lower cabinet to counter height. Look for more efficient cabinets in bathrooms, too. Speaking of bathrooms, it seems a lot of home owners are opting for **multiple showerheads and sprays** with 50% opting for rain showerheads, 23% choosing dual showerheads and 16% adding a body spray option. Another popular bathroom trend; **heated floors** to complete the spa-like experience.

Source: houzz.com, builderonline.com



Source: Alterra Landscape Design

INVALESCO CHOSEN TO MARKET LA TELA CONDOS

Elevation Community Land Trust and Shanahan Development recently chose Invalesco Real Estate to be the exclusive brokerage for their La Tela condo project. A 2021 Mayor's Office Design Awards Winner, La Tela is a 92-unit, income-restricted, condo development in the heart of the Santa Fe Arts District. La Tela features all steel and masonry construction, covered parking, bike storage, secure entry and units ranging from studios to 2-bedroom. Each unit features modern, luxury finishes and fixtures, in-unit washer and dryer and individual high efficiency heat pump. Gilda Zaragoza, Managing Broker for Invalesco, says “It's an honor being a partner on this project. Helping people that didn't think they could afford a home of their own, purchase one of these beautiful condos is extremely rewarding. This is a very special project for our team.” To learn more about La Tela affordable condos, visit our website at invalescoRE.com.

