

# SUSTAINABLE HOME TRENDS



Sustainable design has seen a sharp increase over the last few years. A sustainable home is defined as one with the least negative impact on our environment. Fixr.com has just released their Sustainable Home Trends 2022 report and here are the most popular home features for sustainability and energy efficiency.

1. Rooftop Solar Panels
2. Eco-Friendlier Insulation & More of it.
3. EV Charging Points
4. Smart Thermostats
5. Double Pane Energy Efficient Windows

Fixr.com cited the biggest challenges for consumers wanting a more sustainable home as the lack of professionals with relevant expertise in this space and the cost of sustainable materials and features. Although sustainability is often top of mind, it can be cost-prohibitive for many. Fixr suggests that homeowners wanting to make sustainability updates to their homes start with an Energy Audit. An energy audit is an inspection and analysis of energy flows in a house with the objective of understanding the energy efficiency home. Secondly, they recommend ensuring that both the attic is insulated properly, and any gaps and cracks are filled to conserve energy. If you need a referral for these services, be sure to contact your Invalesco Advisor!

Source: Fixr.com

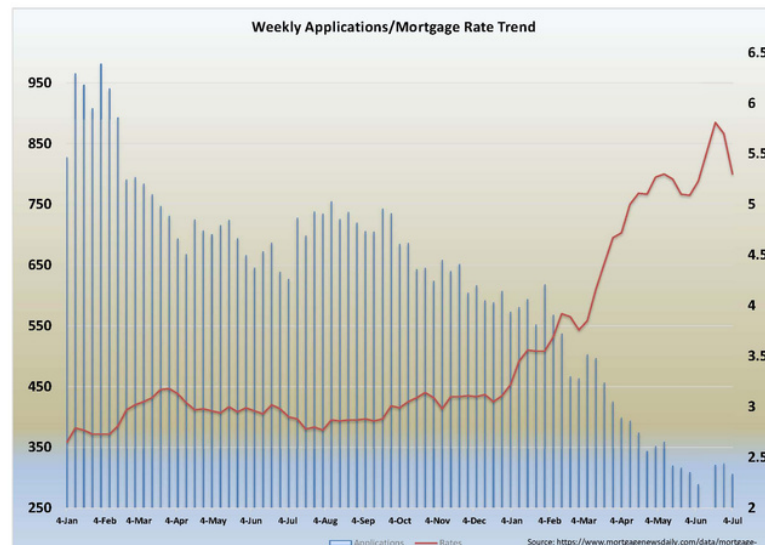
# DEMAND FOR MORTGAGES DWINDLING

We have seen a steep drop off in mortgage purchase applications indicating a further decrease in impending home sales. New home purchase loans, now the bulk of mortgage applications, are down 15.6% from last year.

The market is having trouble adjusting to a rate environment that exceeds the historically low numbers we saw during the pandemic. Artificially low interest rates had increased the demand and the current erratic behavior or rates is making it a difficult environment to make home purchase decisions.

The Federal Reserve raised rates by 0.75% at their June meeting, the third hike this year and the largest since 1994. If we know anything, it is that we will continue to see volatility and buyers struggling with this environment. When inflation starts to decrease, we will see a reprieve in rates. We still urge buyers to secure a home in this market while planning to refinance later when rates come back down.

Source: Black Knight, Corelogic



# INCENTIVES ARE RETURNING FOR NEW HOMES

Due to incredibly strong, record-breaking demand over the last two years, incentives from homebuilders were virtually non-existent earlier this year. Homebuyers were vying for lots and there were no inventory homes to speak of. With today's rising rate environment, coupled with home prices that have appreciated more than 30% over the last two years, we are seeing homebuyer demand for new home communities wane.

According to Zonda's chief economist, Ali Wolf, "Many builders are finding themselves in a place where they need to sweeten the deal for the buyer. We expect if interest rates stay where they are, incentives will become a regular part of the market for a while."

Zonda's data indicated that nearly 50% of builders increased incentives in May with now 50% of projects offering "to be built incentives." These average a total of 0.9% of the list price of \$7,000. We expect this trend to continue as demand is continuing to soften over the summer. The most common incentive is closing costs with preferred lenders; seconded by funds towards options or upgrades. Both offer a great benefit to buyers while maintaining values for previous home buyers in the communities.

It is a great time to look at new home communities and for builders to track their incentives monthly to ensure they are staying competitive and relevant!

Source: Builder Online



# INVALESCO BROKER SUMMER SOIREE



Living true to our motto of "Stronger Together," we hosted a Broker Summer Soiree at La Tela Condos. It was a fun afternoon of networking with other like-minded real estate professionals. Over 45 brokers were in attendance. We strongly believe in collaboration within our industry and are constantly striving to form new connections and relationships to be better stewards of our industry and serve our clients.

The afternoon event was hosted at La Tela Condos, which allowed us to showcase this special project that Invalesco is selling for Shanahan Development and Elevation Community Land Trust.





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# INSIGHTS

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# INSIGHTS



## MARKET UPDATE

Second quarter saw the Denver real estate market shift and start a slow transition into a more steady, balanced market. The number of Active Listings steadily increased throughout the quarter. Expectations of rising interest rates forced buyers into the market early, increasing demand in the first quarter. The market then shifted earlier than expected in April versus the seasonal slowdown that typically occurs in July. Currently, we have about 1/3 of the buyers that we had back in January. This decrease in demand is stabilizing prices, though we still are far from a balanced market with only 1.19 months in inventory. Sellers need to price their homes correctly to attract showings and interest. Homes now may need a few weeks to sell, instead of a few days. We are seeing an increase in price reductions with about 25 – 34% of listings taking a reduction vs only about 5% of listings taking price reductions in the first quarter.

Nonetheless, economists still forecast about a 9-11% annual growth for the Denver real estate market. Price growth is simply likely to slow in the second half of the year.

### 2Q YOY Residential Stats

**SOLD**

**SOLD Listings -8%**

2022: 16,480  
2021: 17,940



**Active Listings +67%**

2022: 6,533  
2021: 3,903



**Avg Sold Price +14%**

2022: \$717k  
2021: \$629k



**Days on Market**

2022: 5 days  
2021: 4 days