



Established in 2004, Your Castle Realty and Your Castle Real Estate has grown to become the largest independent and 6th largest real estate company on the Front Range according to the Denver Business Journal, with more than 650 agents in 8 offices. Currently, we are the 154th largest and 5th fastest growing real estate company in the country. We sold over \$2 billion of real estate in 2018.

Your Castle has appeared in many local and national publications including recent awards from the Denver Business Journal and Inc. 5000 (see below).

We are passionate about delivering exceptional consumer experiences. By offering a complete suite of real estate services, we ensure that we meet our client's every need. From sales and rentals, to commercial and new builds, we have experts in every field to guide you skillfully.

We believe that access to the best and most timely information can dramatically shape our decisions. No one does more research on the local housing market than Your Castle. Today's consumer needs a trusted resource that can separate signal from noise and help them navigate the complex process that real estate has become. With our extensive knowledge in every aspect of the field, and fueled by consumer research and insights, we are the go-to source for market information and education.

In 2018, Your Castle Real Estate exceeded \$145,000 in charitable donations and is excited to partner with [Mile High United Way](#) in order to contribute \$15,000 to their inspiring cause! Mile High United Way champions education, health, and financial stability throughout the Metro Denver area.

Your Castle Real Estate: Local Knowledge. Total Commitment.

## Awards and Honors...



**America's  
Fastest-Growing  
Private Company**

2014: #2951  
2015: #2163  
2016: #2313



**Denver's  
Fastest-Growing  
Private Company**

2014: #5  
2016: #10  
2018: #5



**Top Ranked  
Non-Franchise  
Firms in Colorado**  
2019: #1

**Top Ranked  
Brokerage Firms in  
Colorado by  
Transactions**  
2019: #4



**Best of Colorado 2017**  
Best Residential Real  
Estate Agency

Best Commercial Real  
Estate Agency

## As Seen In...





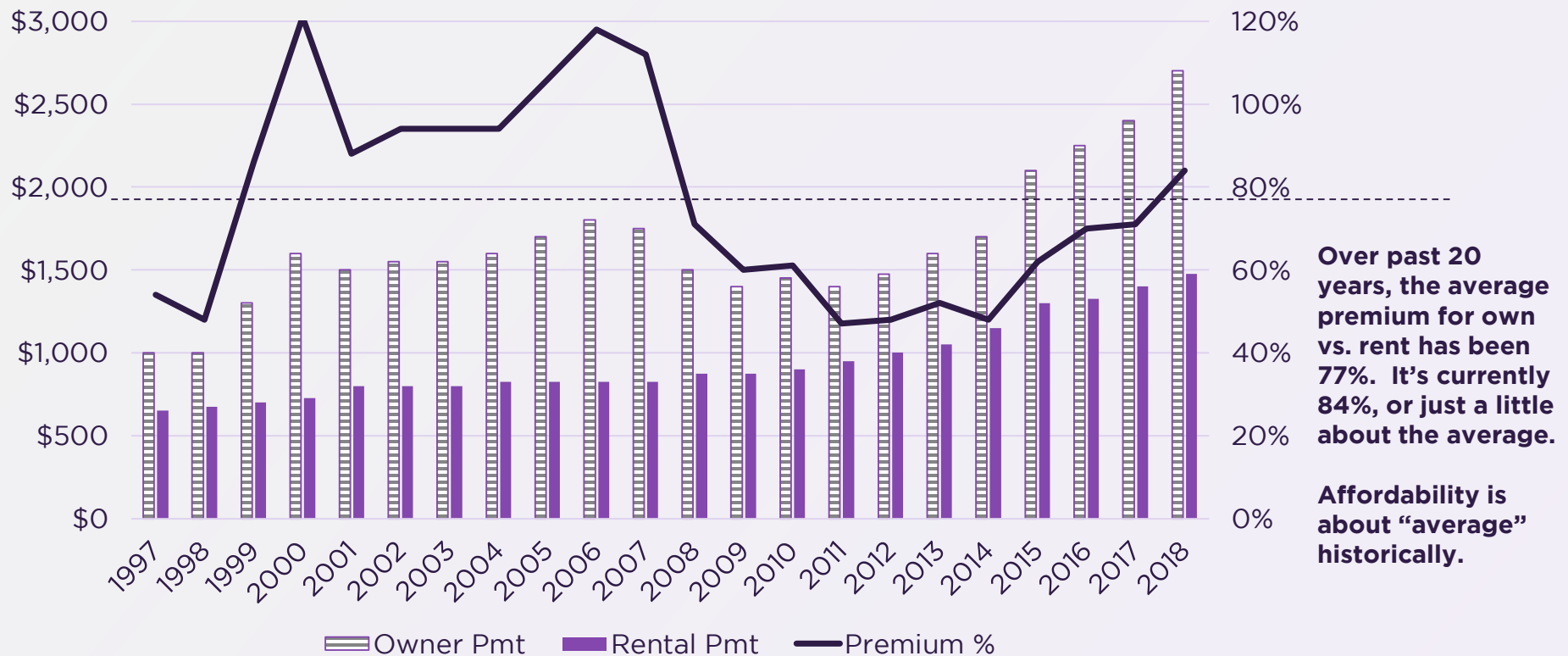
Appreciation is slowing and inventories continue to build. While lower interest rates are bringing buyers to market, affordability is still the main challenge.

METRIC	COMPARISON	HOME	CONDO	OBSERVATIONS
<b>Average Sale Price</b>	3Q18 vs. 3Q17:	+9%	+12%	Prices grew an average of 10% annually in 2014 - 2016. They grew 8% in 2017 and 2018. Our historical appreciation rate from 1971 to 2018 averaged around 6% per year. 2019 is seeing a return to these historical average appreciation rates. <i>It is important to remember that while the appreciation growth rate is decreasing, home prices are still increasing (at a slower pace)! </i>
	4Q18 vs. 4Q17:	+8%	+10%	
	1Q19 vs. 1Q18:	+6%	+7%	
	2Q19 vs. 2Q18:	+4%	+6%	
	3Q19 vs. 3Q18:	+3%	+4%	
<b>MOI (Months of Inventory)</b>	10/01/18:	1.8	1.6	MOI has been generally stable for 48 months. There is a normal level of seasonal variation. On 10/1/19 it was 1.8-2.1 months, slowly increasing as expected. Interestingly, homes have both lower MOI on the smaller end of the market than condos, and higher MOI in the larger end than condos. The difference between the smallest and largest segments continues to grow. Denver will likely remain a moderate sellers' market for at least another 12-18 months.
	01/01/19:	1.2	1.3	
	04/01/19:	1.2	1.5	
	07/01/19:	1.9	1.9	
	10/01/19:	1.8	2.1	
<b>Under Contract (UC)</b>	10/01/18:	3,530	1,557	UC is usually a good leading indicator of closed sales volume. 3Q19 saw significant growth versus 3Q18. Buyers are jumping on low interest rates. With more inventory available, it's slowly becoming easier to get offers accepted. However the deluge of refi is slowing down lenders, so the number of days UC is growing – explaining some of this increase in UC count.
	01/01/19:	2,447	1,237	
	04/01/19:	4,129	2,043	
	07/01/19:	4,665	2,013	
	10/01/19:	4,074	1,813	
<b>Number Sold</b>	10/01/18:	-3%	-1%	It's a paradox; the population of metro Denver is growing around 2% per year, and unit sales count should also be increasing. Instead it is flat to slightly declining. Price increases are just now bringing some extra inventory to the market. Given the recent increase in inventory and decreases in mortgage rates, we are seeing the number of sold units to drift up a bit from recent quarters.
	01/01/19:	-5%	-4%	
	04/01/19:	-3%	-5%	
	07/01/19:	-3%	-4%	
	10/01/19:	0%	0%	
<b>Inventory</b>	10/01/18:	5,269	2,085	Inventory levels are finally growing from historically low levels, especially for smaller homes. Inventories should have increased in 2013... and it's just now starting to increase. Home inventory on 10/1/19 was up only slightly from prior year, and condo inventory is up nearly 30%! All buyers are welcoming the increase! It's still a sellers' market, but just not as strongly in favor of the seller.
	01/01/19:	3,351	1,624	
	04/01/19:	3,635	1,842	
	07/01/19:	5,449	2,413	
	10/01/19:	5,456	2,662	

Data Source: Recolorado.com; YCRE analysis

It's often said that owning is better than renting. An ownership monthly payment includes several elements such as mortgage principal and interest, property tax and property insurance (aka PITI). This chart shows the difference in a monthly payment of ownership versus renting. On the surface, you're better off renting. But keep in mind, there are also "hidden" benefits to owning, such as appreciation, loan paydown and tax credits. Plus the average home is much larger than the average condo.

## PREMIUM TO OWN AVERAGE SIZE HOME - VS - RENT AVERAGE SIZE APARTMENT

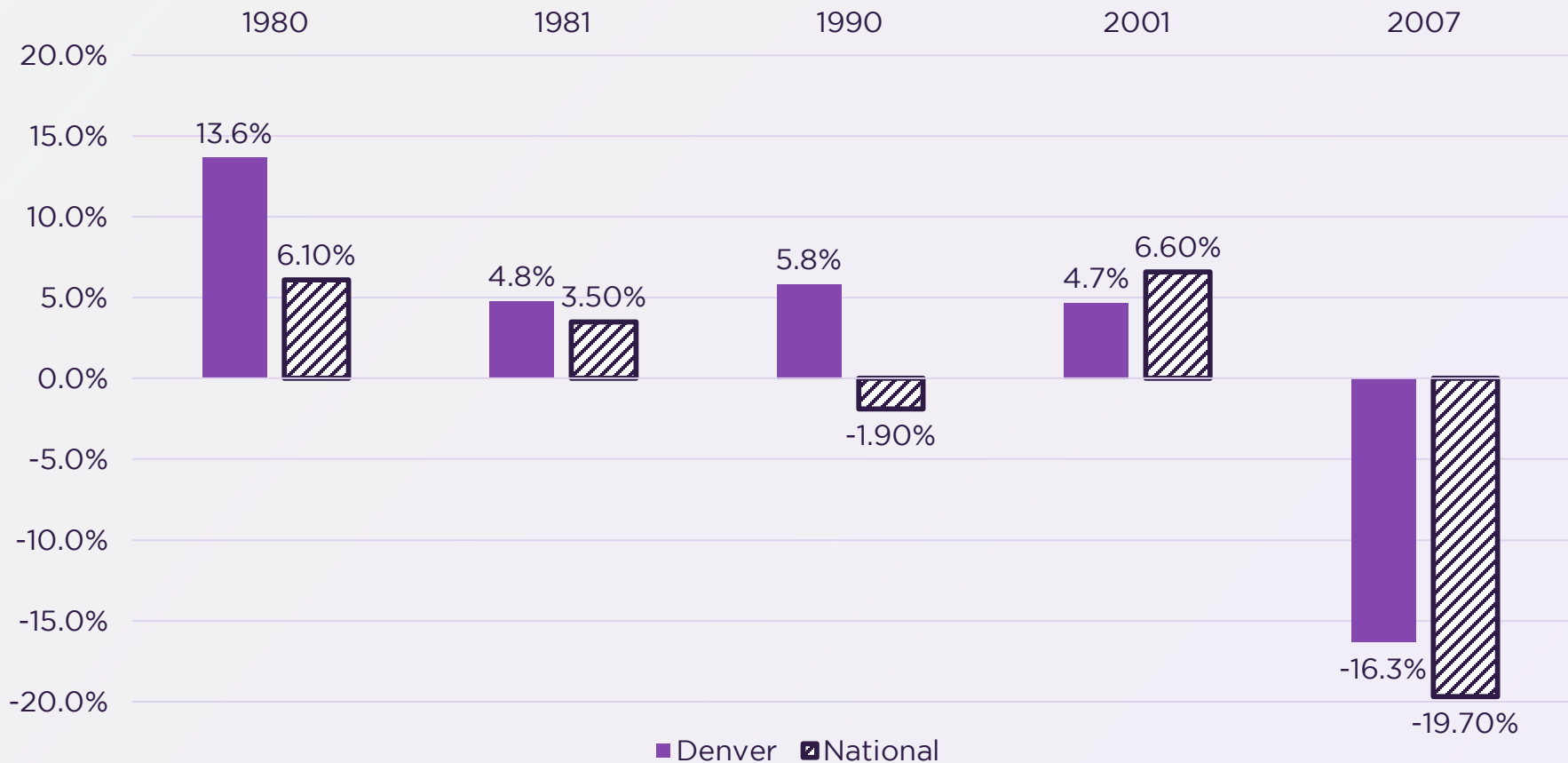


Source: Apt. Insights. Prepared by Apartment, Appraisers & Consultants.

Note: House Pmt - Metro Denver Median House Price. 95% LTV. Denver Mill Levy and Assessment Ration, MIP & Insurance

According to CoreLogic, homes have appreciated in three of the last five recessions. What about the Denver Metro Area? Home prices have appreciated in FOUR of the last five recessions. Remember: “Recession” does NOT equate to “Housing Crisis”!

## HOUSING APPRECIATION RATES DURING RECESSIONS

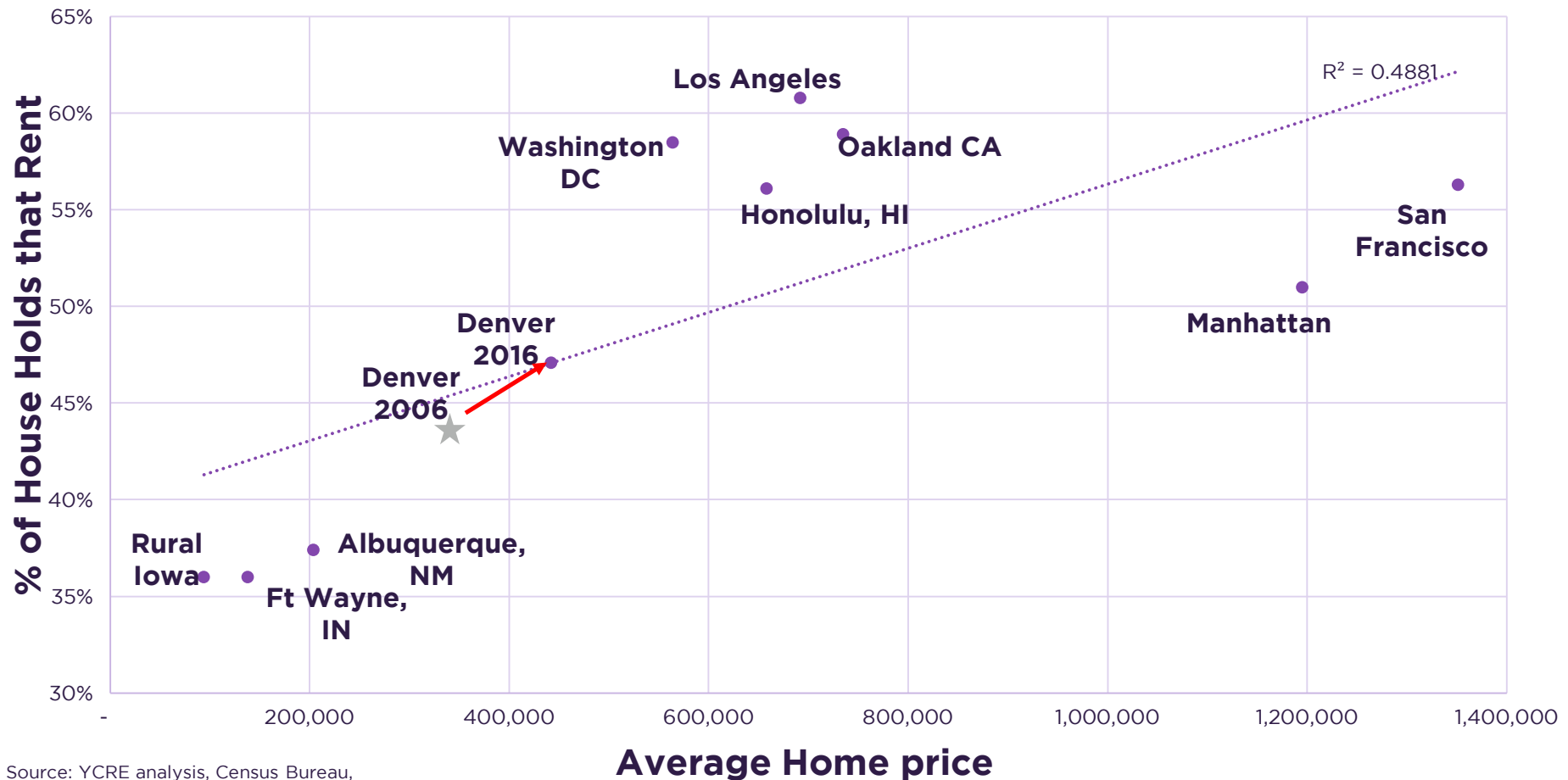


Source: Recolorado.com, YCRE Analysis, and CoreLogic.

There is a strong relationship between home price (e.g., affordability) and what percentage of the population rents (vs. owns). More expensive cities tend to have a higher percentage of renter households. As Denver's housing prices have increased in the past decade (+33%), the percentage of renters has increased (+11%), too.

If home prices continue to increase faster than wage growth (or if mortgage rates go up); we'd expect to see that trend continue. Great news for landlords.

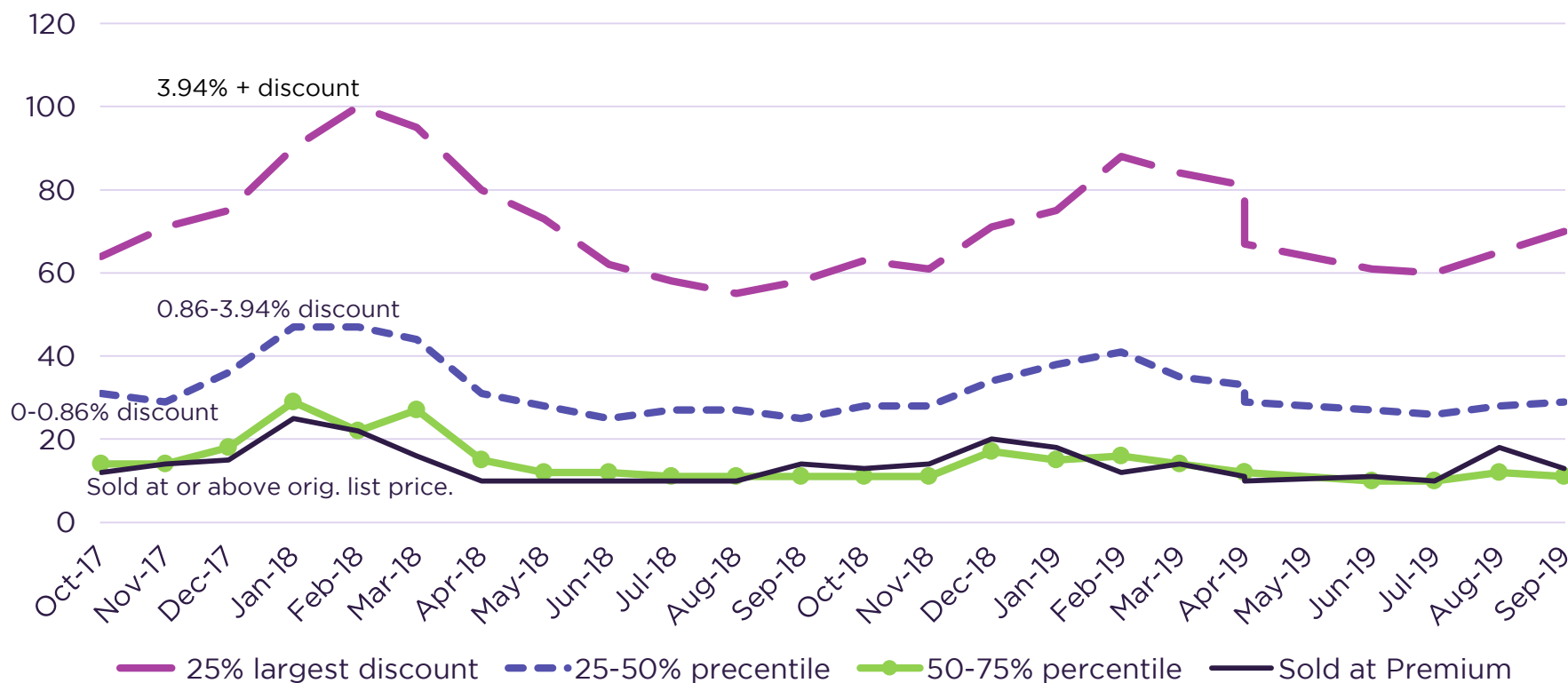
## RELATIONSHIP BETWEEN PRICE AND O/O %



Source: YCRE analysis, Census Bureau,

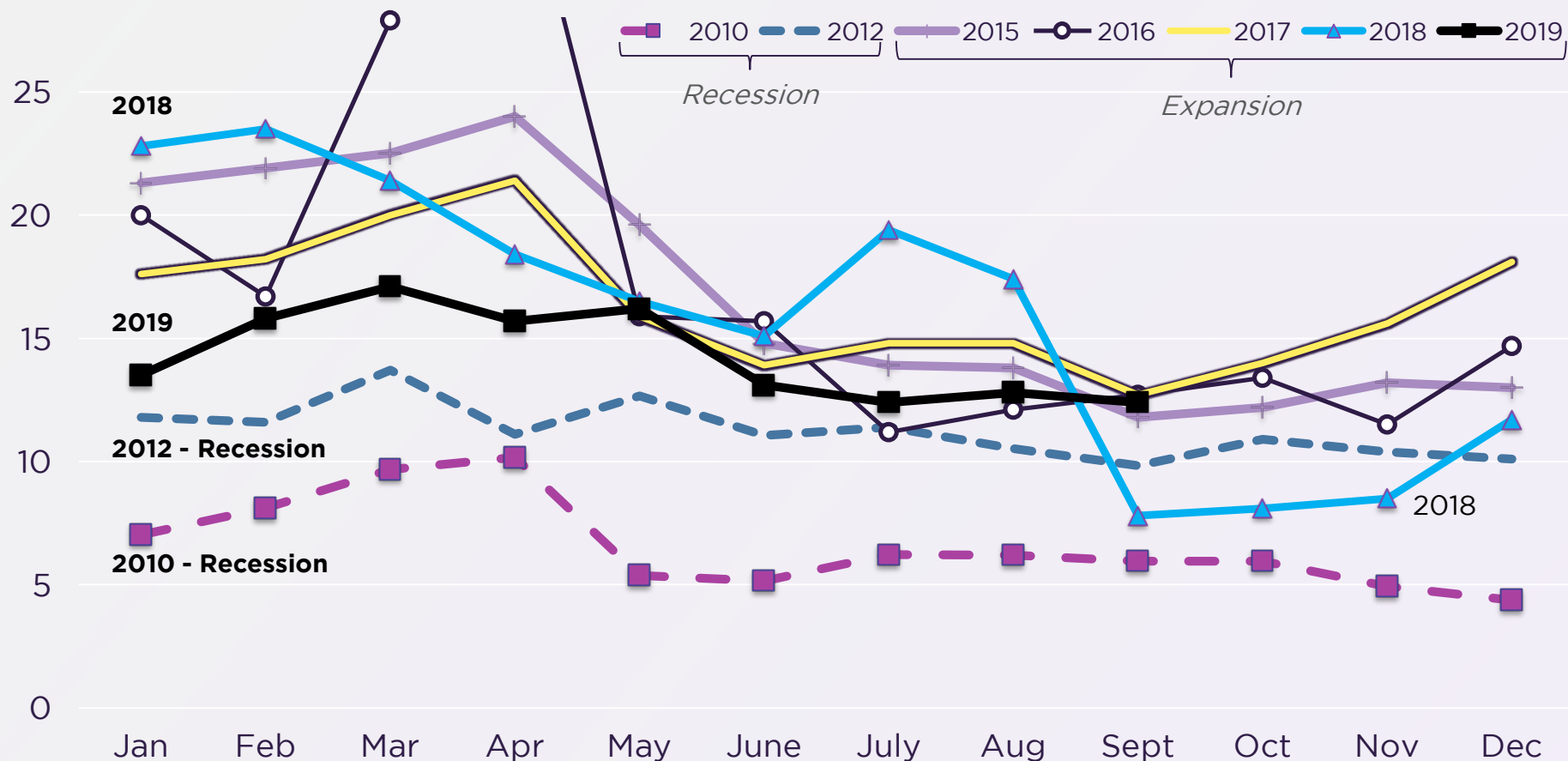
We've seen that properties requiring a price reduction take longer to sell than those that don't require a price reduction. But to what extent? We broke the discount of sold price to original list price into four buckets. The 25% of properties selling at the largest discounts took THREE to FOUR TIMES as long on the market than the top 50% priced correctly or at a premium. Think of listing price as a first impression – there are no second chances.

## DISCOUNT VS DOM



In 2019, the showing / active listing is down a little from the past few years. Remember, though, that inventory has been significantly up this year. Thus, most of the decline in showings PER LISTING is just due to more listings on the market. As inventory continues to build, the average showings will continue to decline.

## SHOWINGS / ACTIVE LISTING (HOMES + CONDOS FOR YCRE, 2010 - 2019)



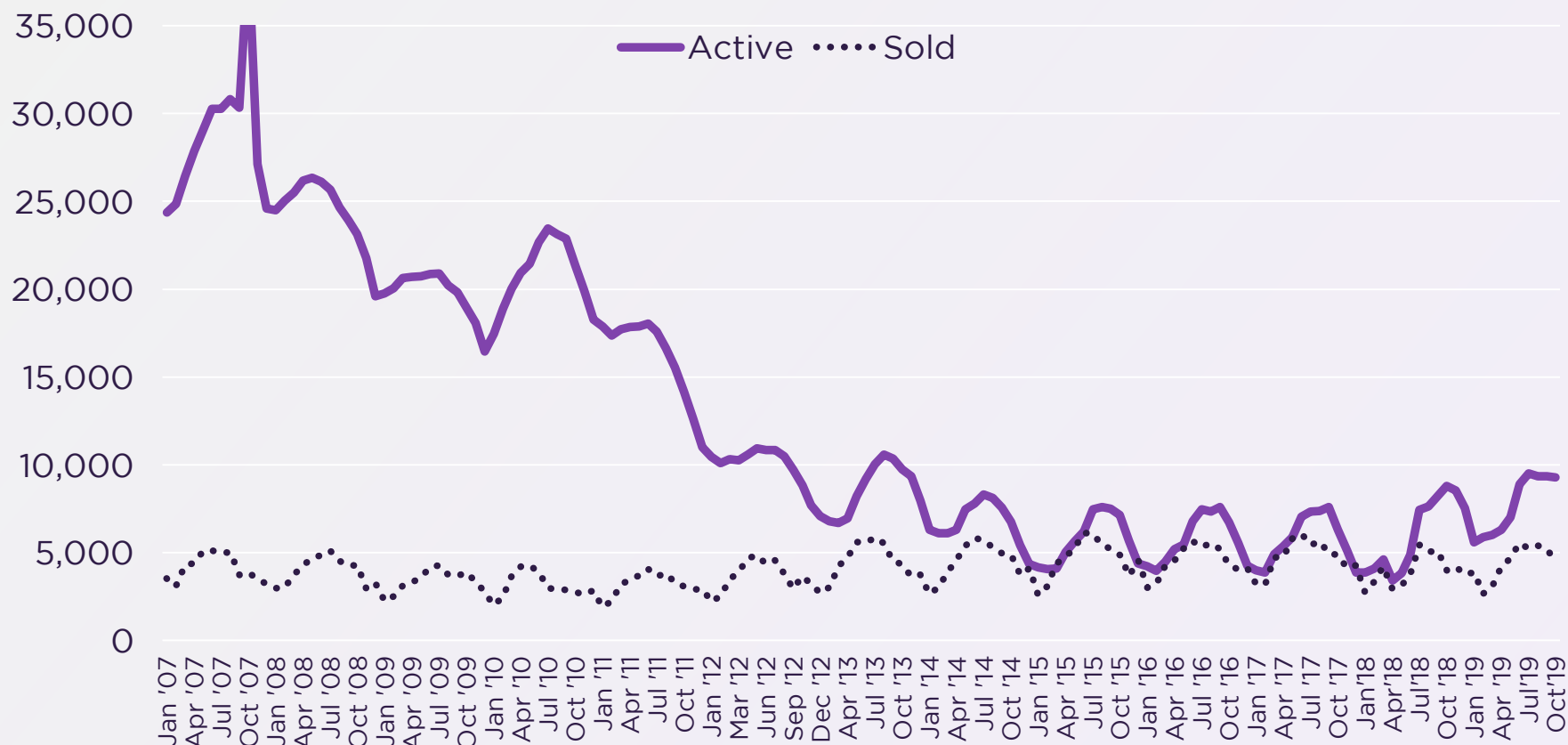
Source: Denver Metro Area Your Castle Real Estate statistics from Centralized Showing Service



Inventory levels of homes and condos available for purchase are growing, but still historically low. As the market builds inventory, the gap between inventory and sales is growing. This past quarter was the first in five years in which the data lines haven't crossed!

## DENVER METRO (HOMES, CONDOS AND TOWNHOMES) INVENTORY (TOP LINE) AND MONTHLY SALES (BOTTOM LINE), 2007-2019

End of Month Active Inventory

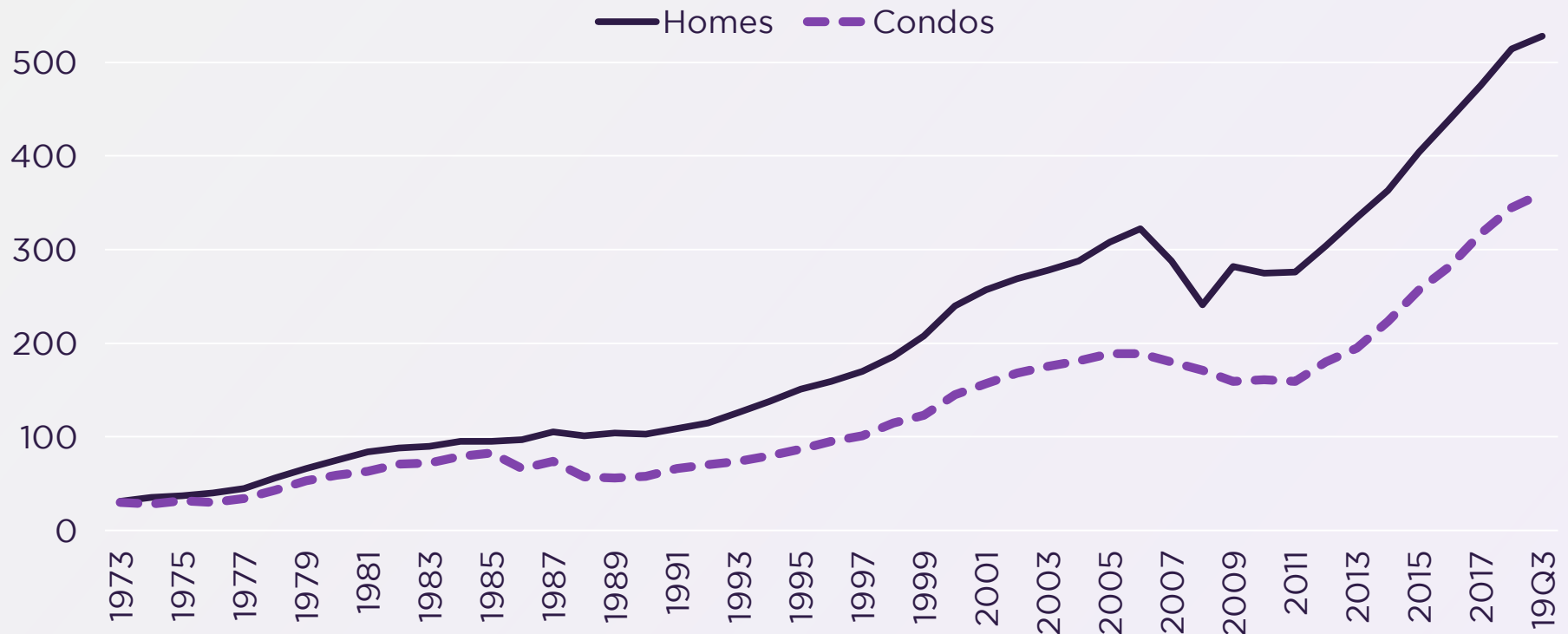


Data Source: Denver Metro Association of Realtors: DMAR Market Trends Reports 2019

Homes appreciated at 6.5% annually over the past 45 years (1974-2018). Condos grew 5.5% / year. Condos weren't as affected by the 2008 recession as homes were. Around 1986 the desire for single-family homes began to outpace condos. Average home prices are at \$528,000 and average condo prices are at \$360,000.

## DENVER METRO PRICE APPRECIATION (HOMES VS CONDOS)

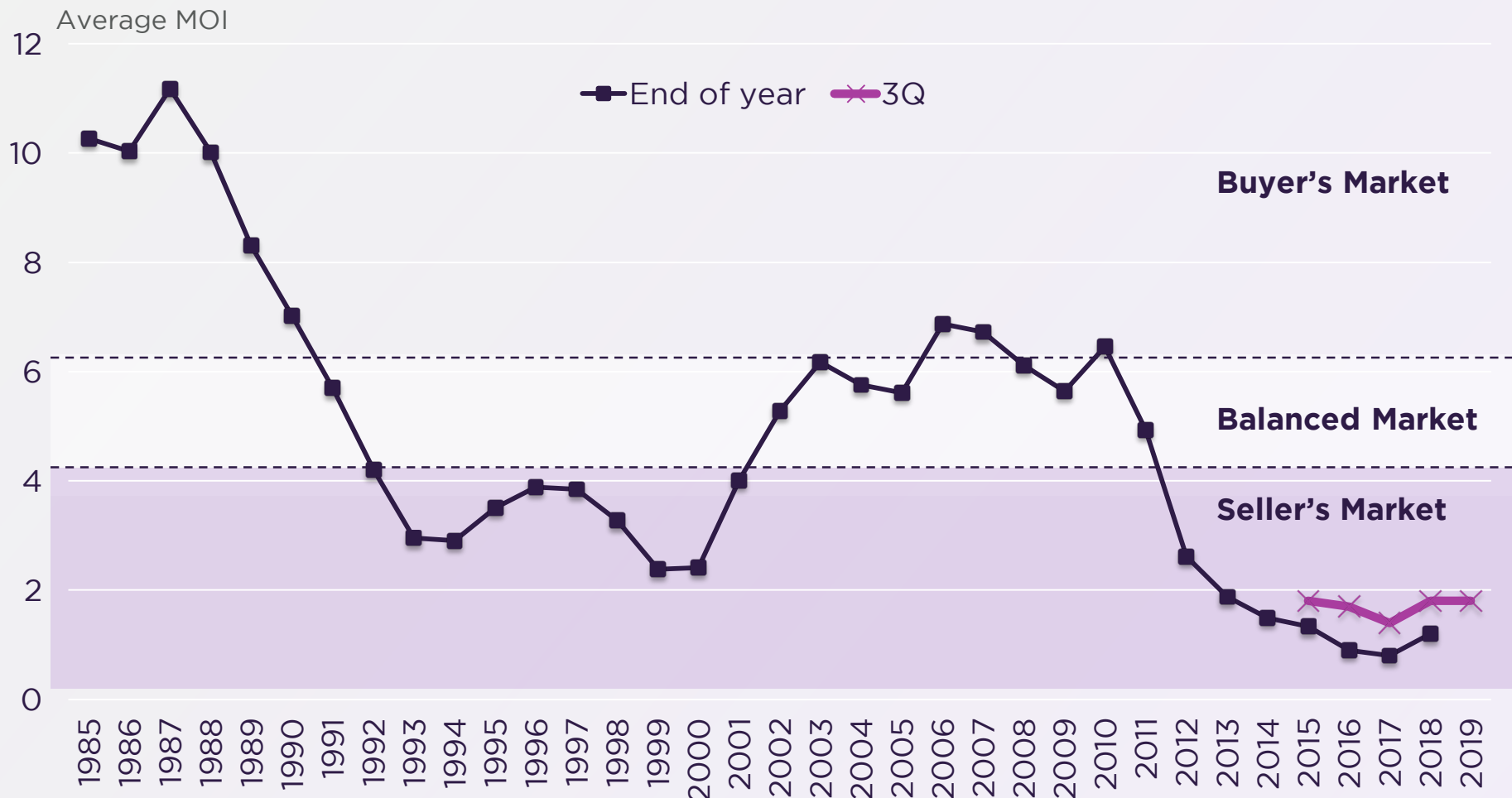
Sales Prices in \$000



Data Source: Recolorado.com; YCRE analysis

We have been through a tight inventory in the past (1993-2000). MOI on 10/4/19 was 1.8 – detached single family is still very much a sellers’ market.

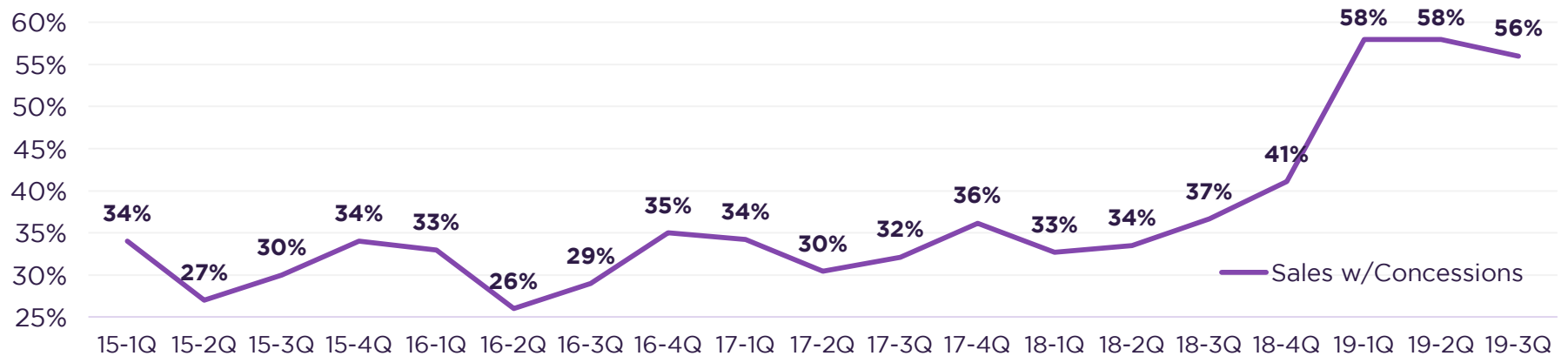
## MONTHS OF INVENTORY (MOI)



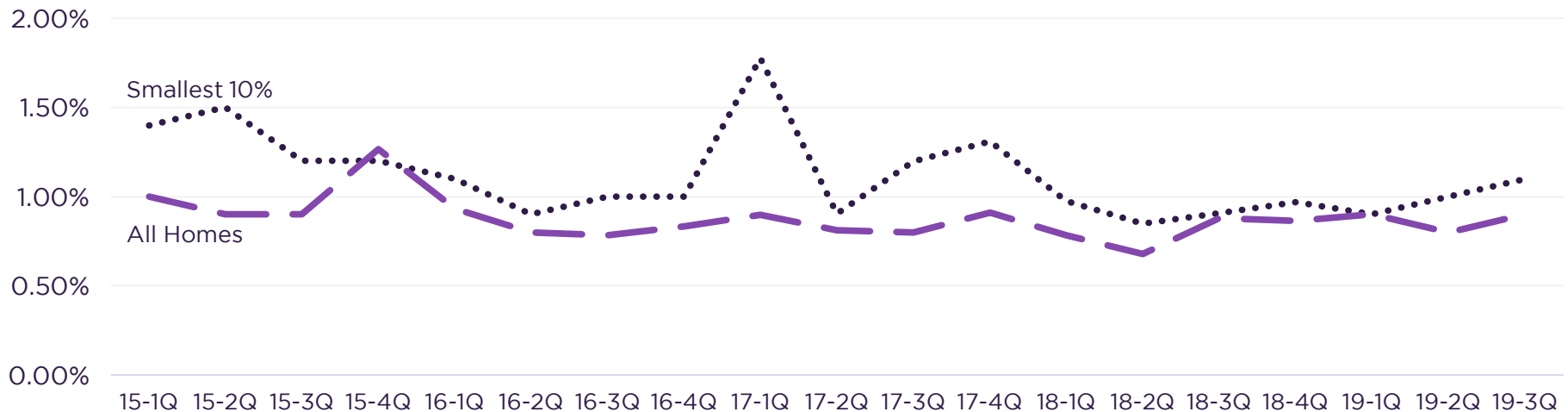
Data Source: Recolorado.com; YCRE analysis

While the rate of transactions with concessions has dropped slightly, it has held at over 50% for the past six months. Of sales that had concessions, the smallest homes are getting a bit more in concession to sale price percentage, but that speaks more to the lower-priced segment.

## CONCESSION TRENDS (HOMES)



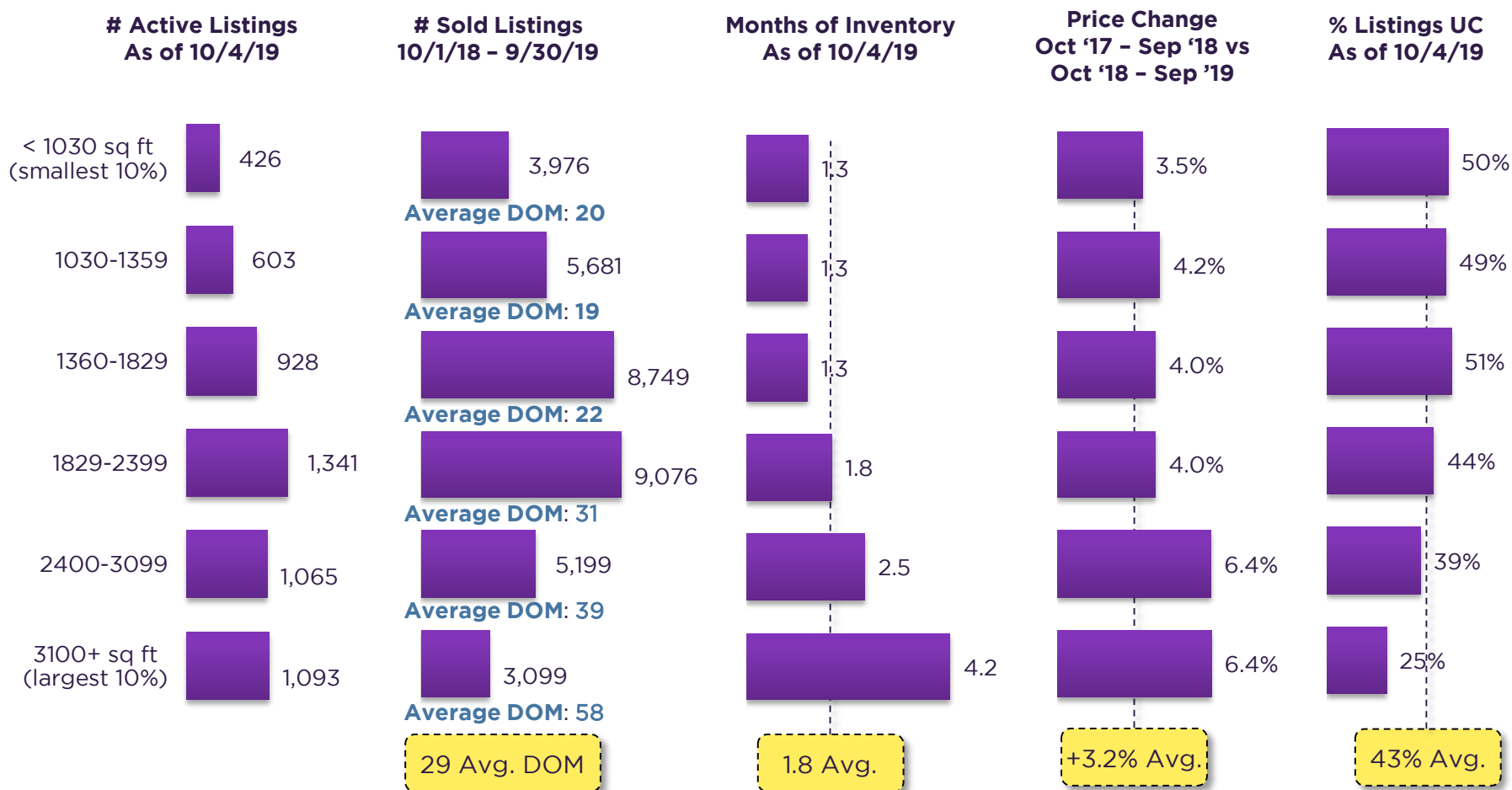
## CONCESSION AMOUNT TO SALES PRICE (HOMES)



Data Source: Recolorado.com; YCRE analysis

Home MOI is growing significantly in the larger third of the market. Homes in all segments continue to sell at 0.4% - 2.1% below asking price. (This doesn't mean values are dropping, it just means that the homes may not have been priced correctly to begin with.)

## DENVER HOMES (NO CONDOS OR TOWNHOMES) BASED ON ABOVE GRADE SF

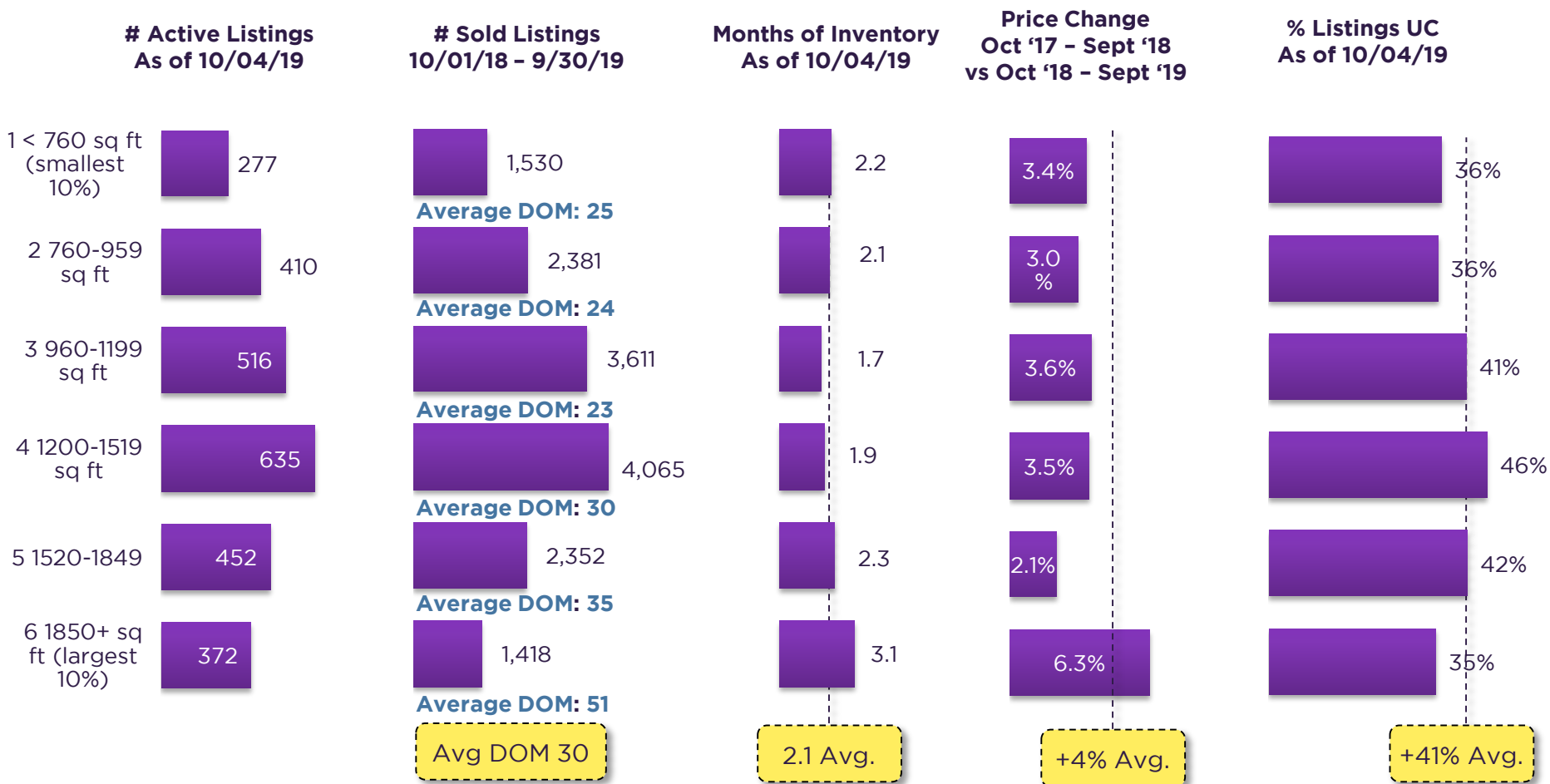


Data Source: Recolorado.com; YCRE analysis



Condo Months of Inventory (MOI) continues to slowly increase; at 2.1 MOI on 10/04/2019. It's still a seller's market for condos, but agents still need to put in some marketing efforts.

## DENVER CONDOS BASED ON ABOVE GRADE SF

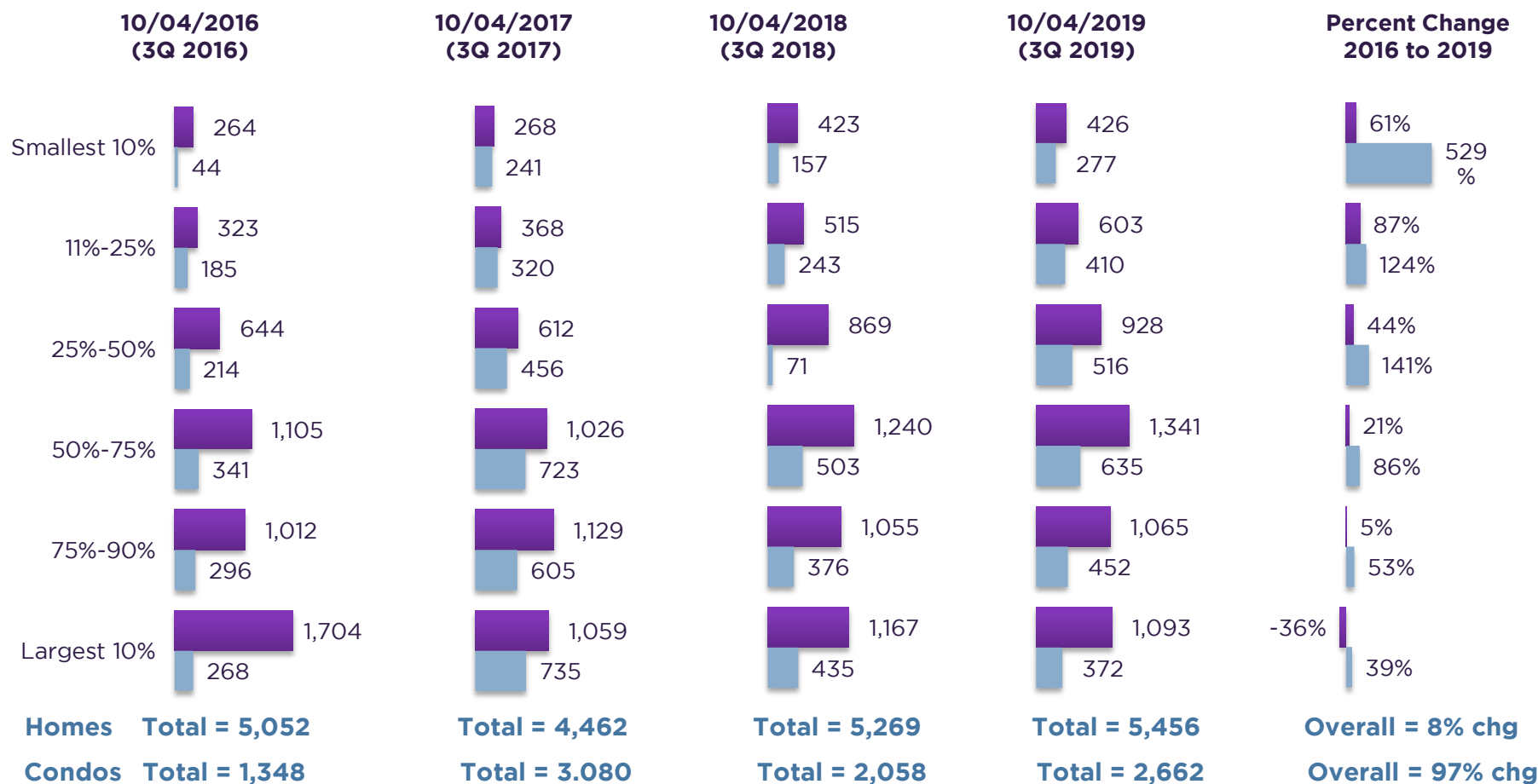


Data Source: Recolorado.com; YCRE analysis

How much variation is there in active properties per square footage segment over time? There is more for the first-time buyer (and investor) at the small end of the market than we have had in years! This is especially true for condos.

### ACTIVE DENVER LISTINGS BASED ON ABOVE GRADE SF

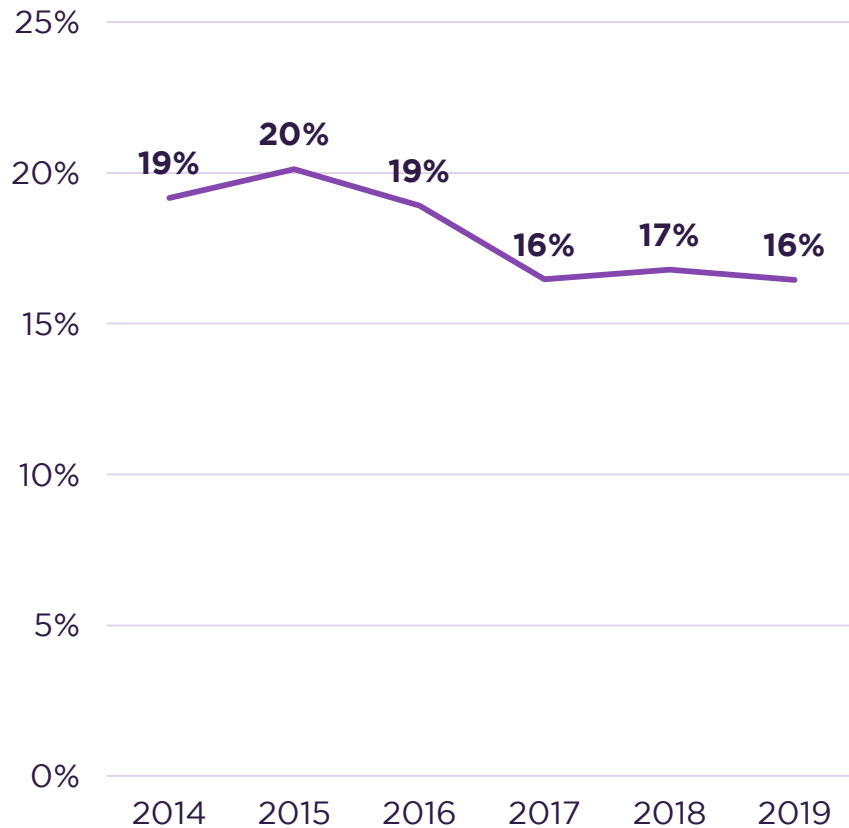
■ Homes ■ Condos



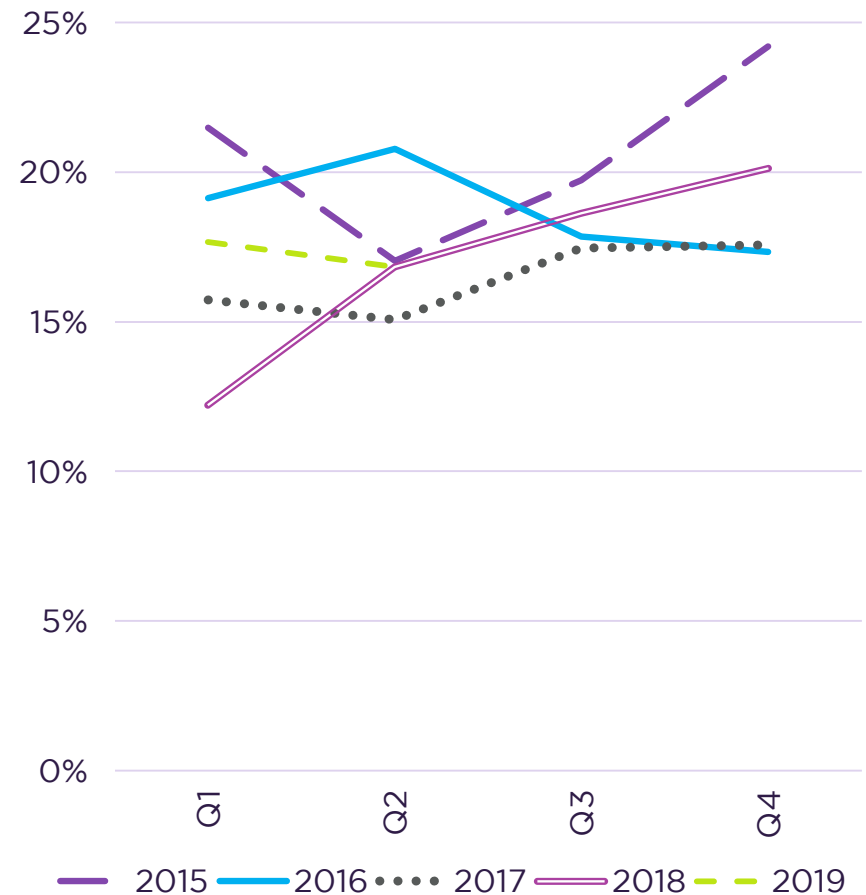
Data Source: Recolorado.com; YCRE analysis

The percentage of homes that fall out of contract has remained steady at around 16-20%.

## % OF DEALS THAT FALL OUT OF CONTRACT IS DECLINING SLIGHTLY



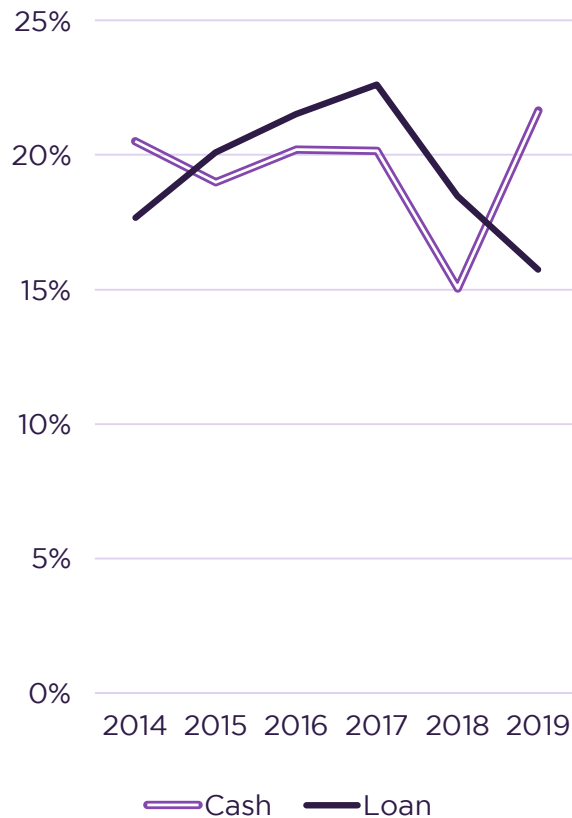
## THERE ISN'T ANY CONSISTENT SEASONALITY



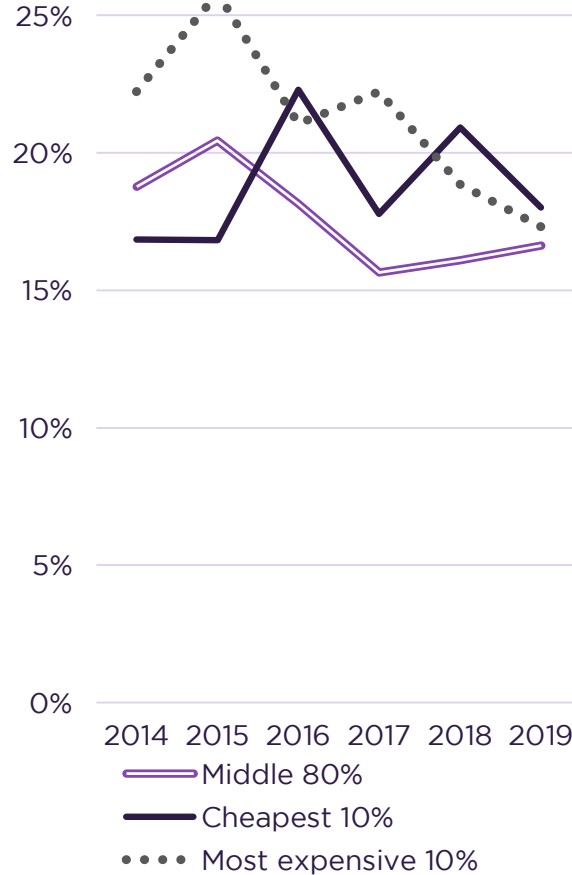
Data Source: First Alliance Title

Deal financing type, and amount of LTV doesn't impact the probability of closing. Luxury properties are slightly more likely (21%) than non-luxury properties (17%) to fall out... which isn't really that material of a difference.

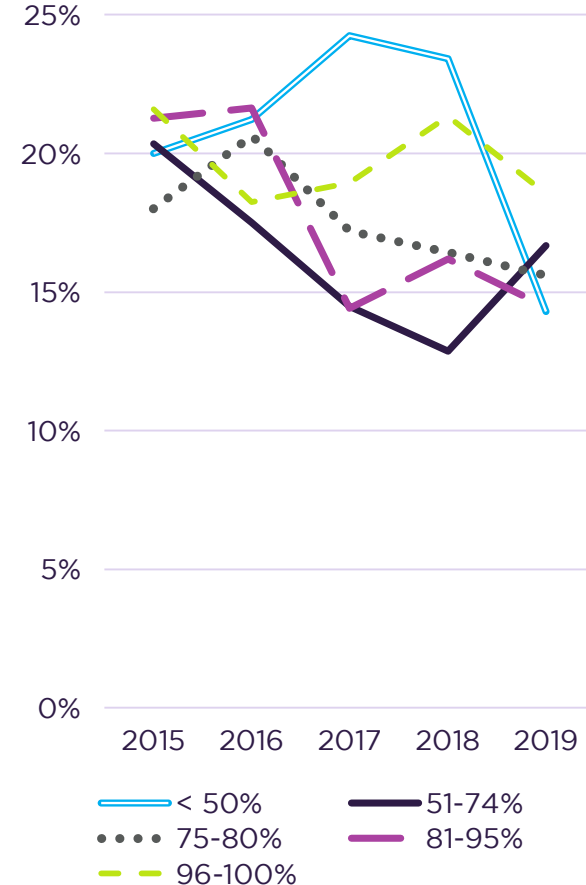
## CASH DEALS ARE AS LIKELY TO CLOSE AS LOAN DEALS



## LUXURY DEALS ARE SLIGHTLY MORE LIKELY TO FALL OUT



## THE AMOUNT OF LTV DOESN'T IMPACT CLOSING %

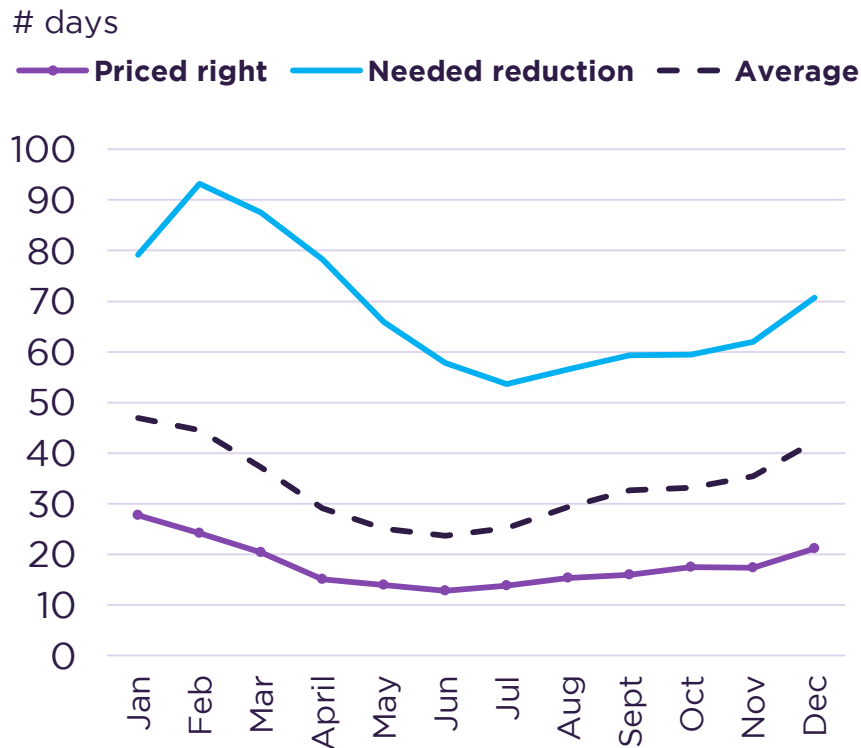


Data Source: First Alliance Title

## What are the dangers of overpricing?

Answer: Over the past 24 months, homes that were priced right at initial listing (e.g., did not require a price reduction) sold in 17 DOM. Mis-priced homes (that required a reduction) needed 66 DOM, or nearly FOUR times as long to get under contract.

### DOM (HOMES ONLY, SIX COUNTY METRO, 4Q17 - 3Q19)



In which month was the property listed?

### HOW MUCH IS YOUR HOME OVERPRICED?

<b>Only Drive-By's + Online Views</b>	=	<b>13%</b> Homes with little or no showings are priced 13% too high on average
<b>Low or Infrequent Showings</b>	=	<b>9%</b> Homes with little or no showings are priced 9% too high on average
<b>Showings + No Offers</b>	=	<b>5%</b> Homes with little or no showings are priced 5% too high on average
<b>Receiving Offers</b>	=	<b>Priced Correctly</b>

Information based on data received from real estate agents over 20 year time period

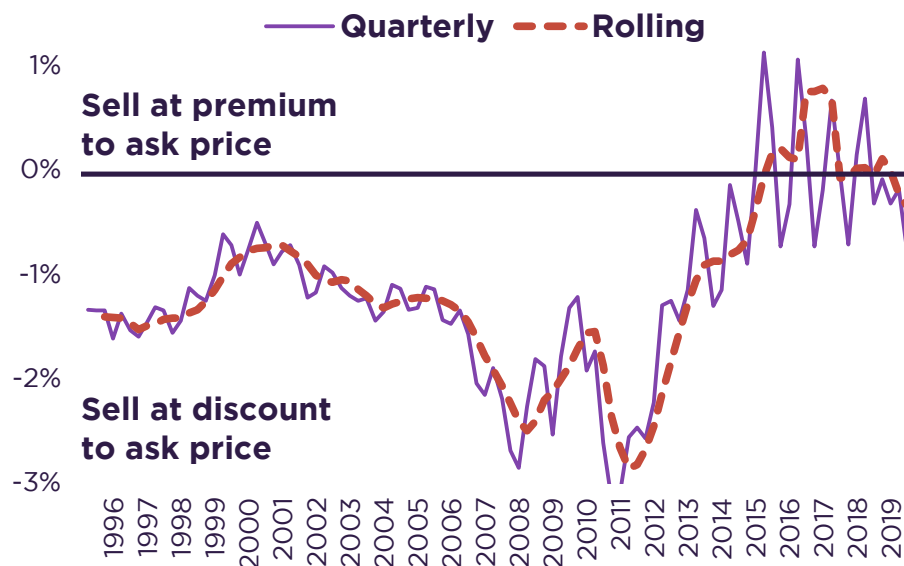


## Do discounts change over a market cycle? Is it time for lowball offers again?

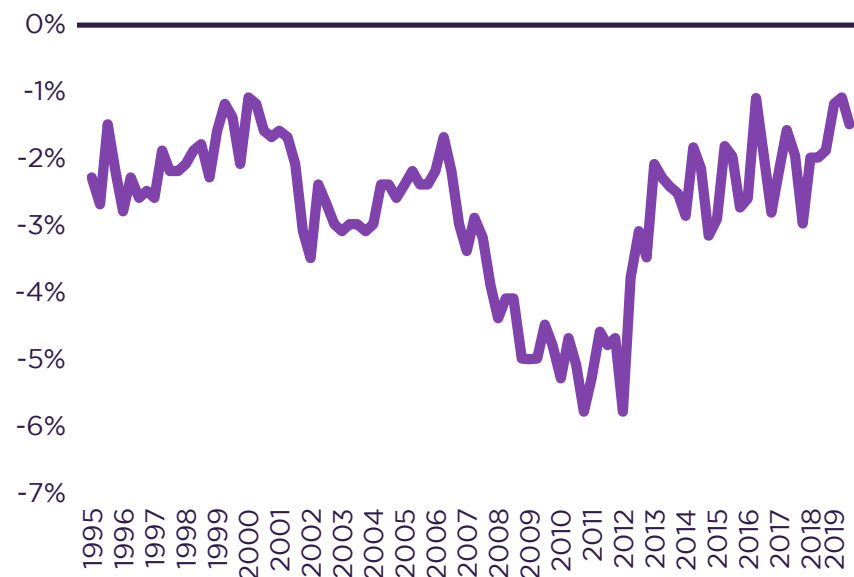
Answer: In a very strong market (2015 – early 2018), properties tend to sell for close to asking price or even at a slight premium. In a very slow market (2009-2012), properties might need up to a 6% discount (luxury) or 3% discount (all others) to final asking price. As inventory increases, discounts will slowly increase. To the surprise of most sellers, buyers usually will not make an offer on an overpriced house. They just move on to the next house. A house needs to be priced within 1-3% of final sales price to get any offer.

### Homes only (no condos or townhomes)

DISCOUNT (ALL DSF)



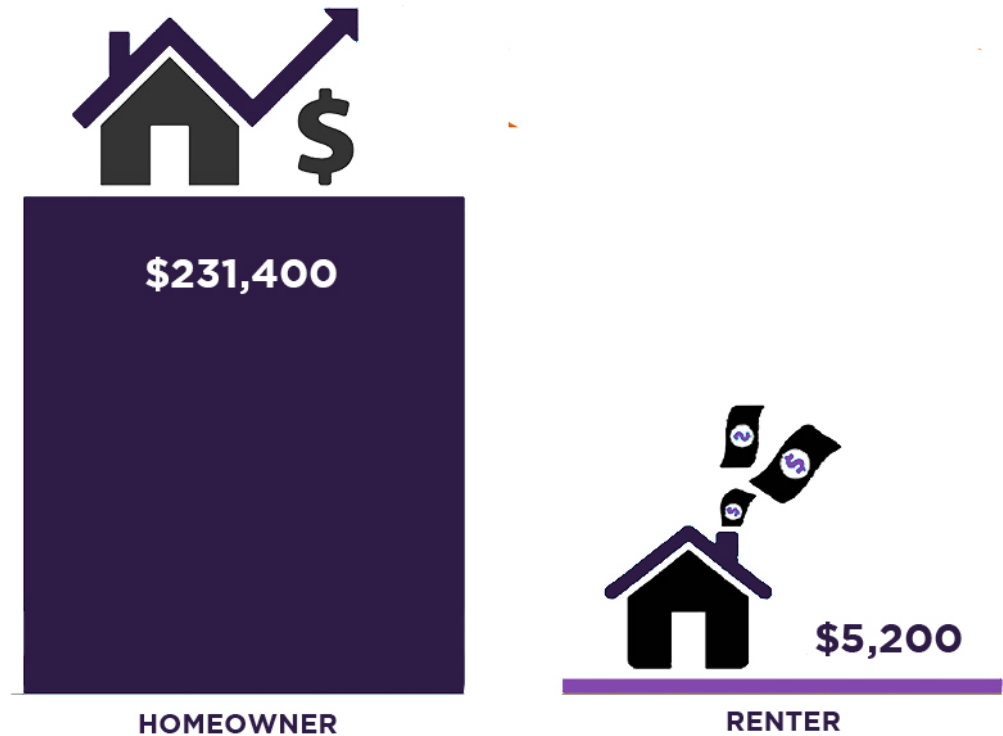
DISCOUNT (LUXURY)



Buying is generally more affordable and less expensive than renting. In addition, research by the Federal Reserve found that home owners accumulate 45x more net worth than renters over their lifetime.

## AN AMERICAN FAMILY'S NET WORTH

It's still a very good idea to buy vs. rent.



If you buy a home today vs. next year (First Time Buyer). **Over \$195,000 in wealth creation in ten years!**

### ASSUMPTIONS

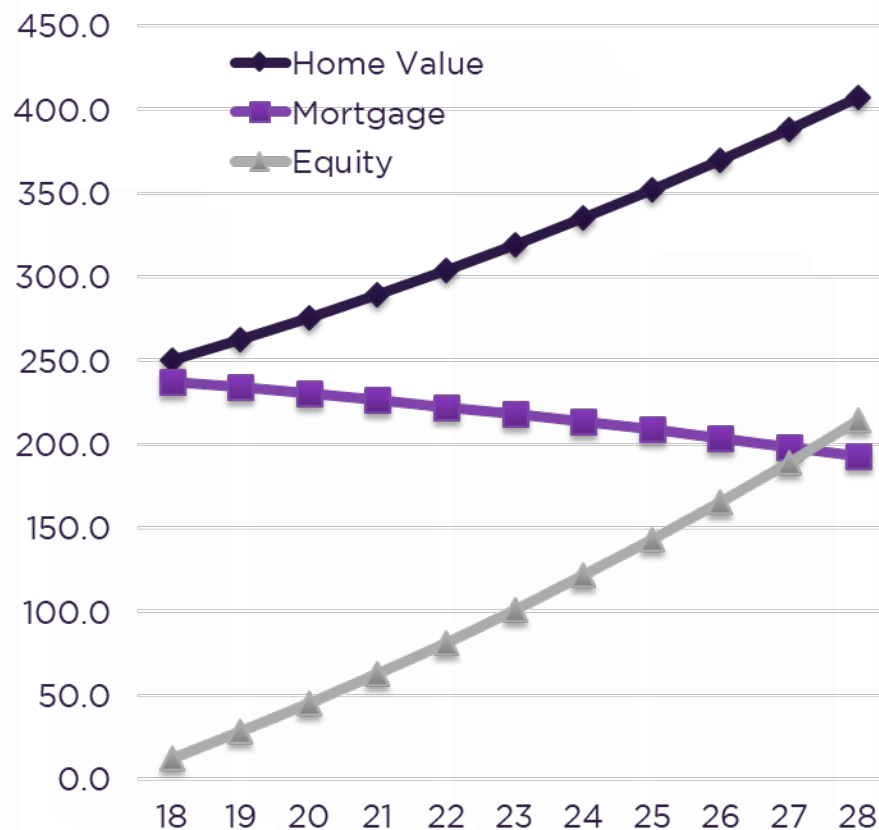
#### Buy now

- Purchase price: \$250,000
- Down payment %: 5%
- Down payment \$: \$12,500
- Rate: 5.0%
- Amortization: 30 years
- Payment: \$1,275
- Appreciation %: 5% per year
- Appreciation \$: \$160,000
- Loan pay down: \$ 61,000
- Simple ROI: 1700%

#### Wait 12 months (“watch market”)

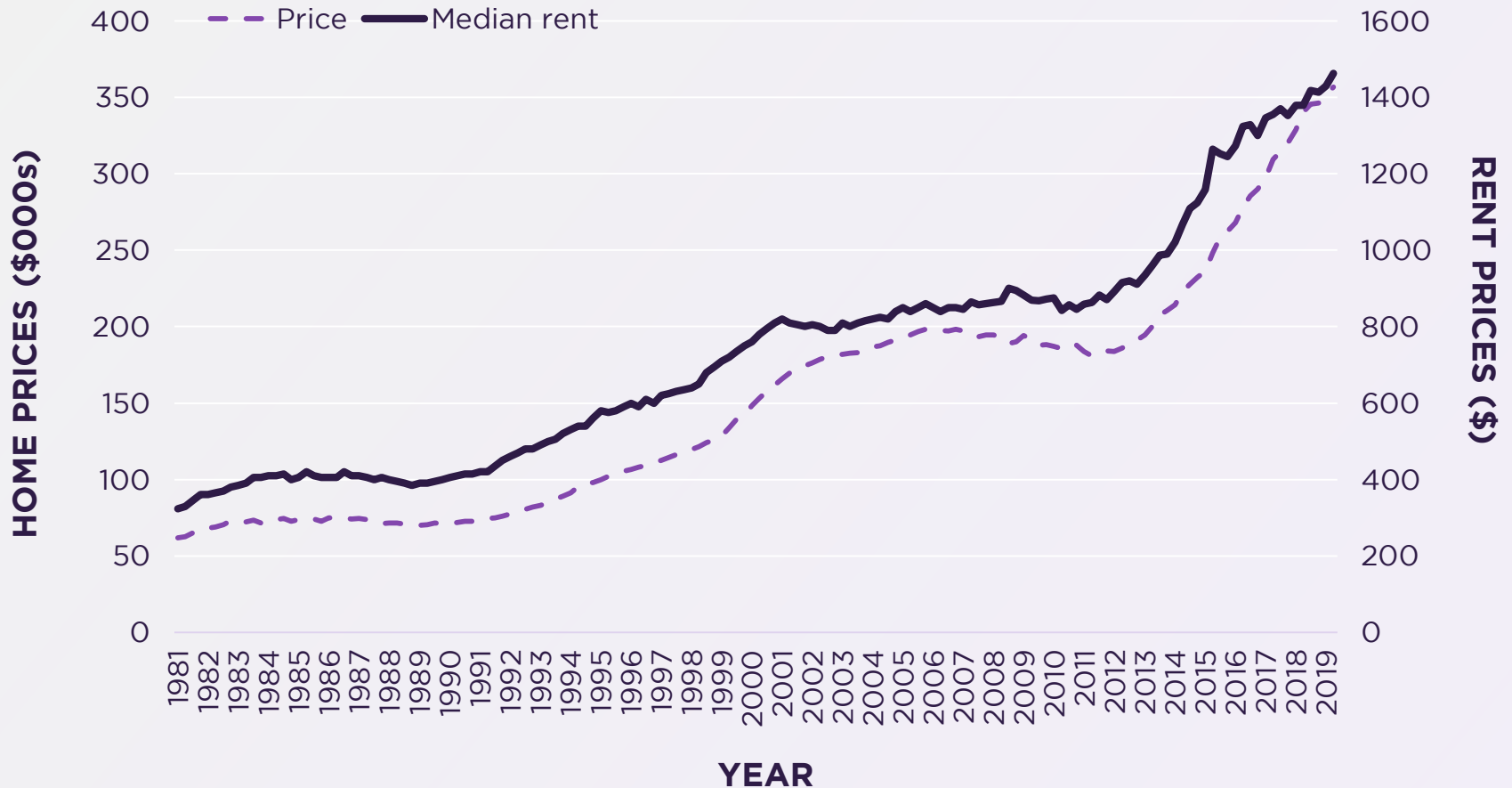
- Assume mortgage rates +0.5%
- Assume home appreciation +5%
- Payment in '19: \$1,415
- Payment change: +11%

### PROJECTED HOME CHANGE IN VALUE



Over the past 50 years, rents in Denver have grown at about the same pace as home prices.

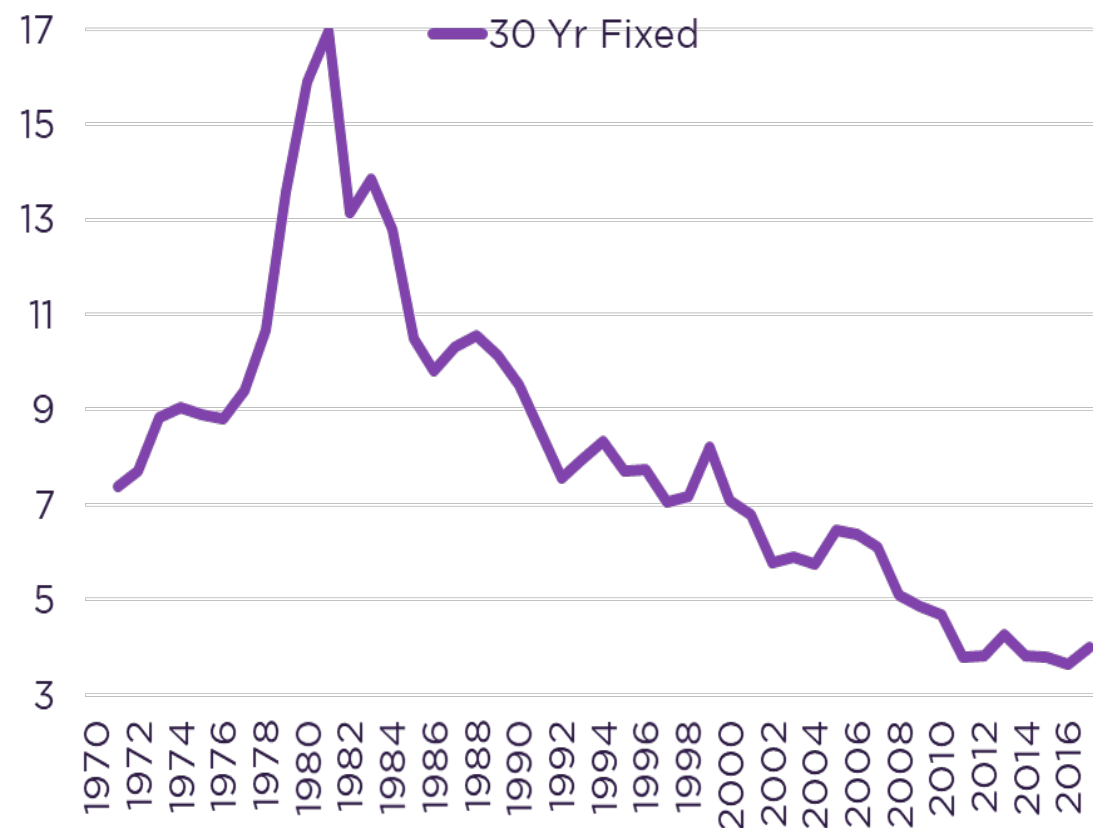
## AVERAGE DENVER HOME PRICE VS. MEDIAN DENVER RENT



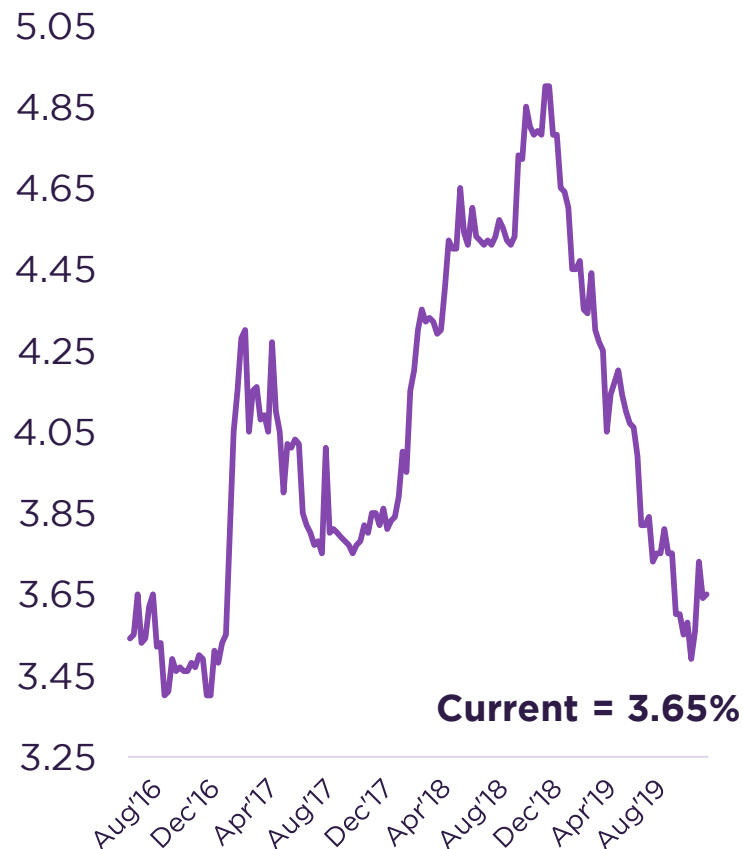
Data Source: FRED (Fed Reserve Econ Database); Apartment Association of Metro Denver

Mortgage rates are very low by historical standards and have been declining over the last few months. The average mortgage rate was 3.65% on 10/3/19 – incredible! This significantly increases one’s buying-power.

## 30 YEAR FIXED RATE: 1971-2016



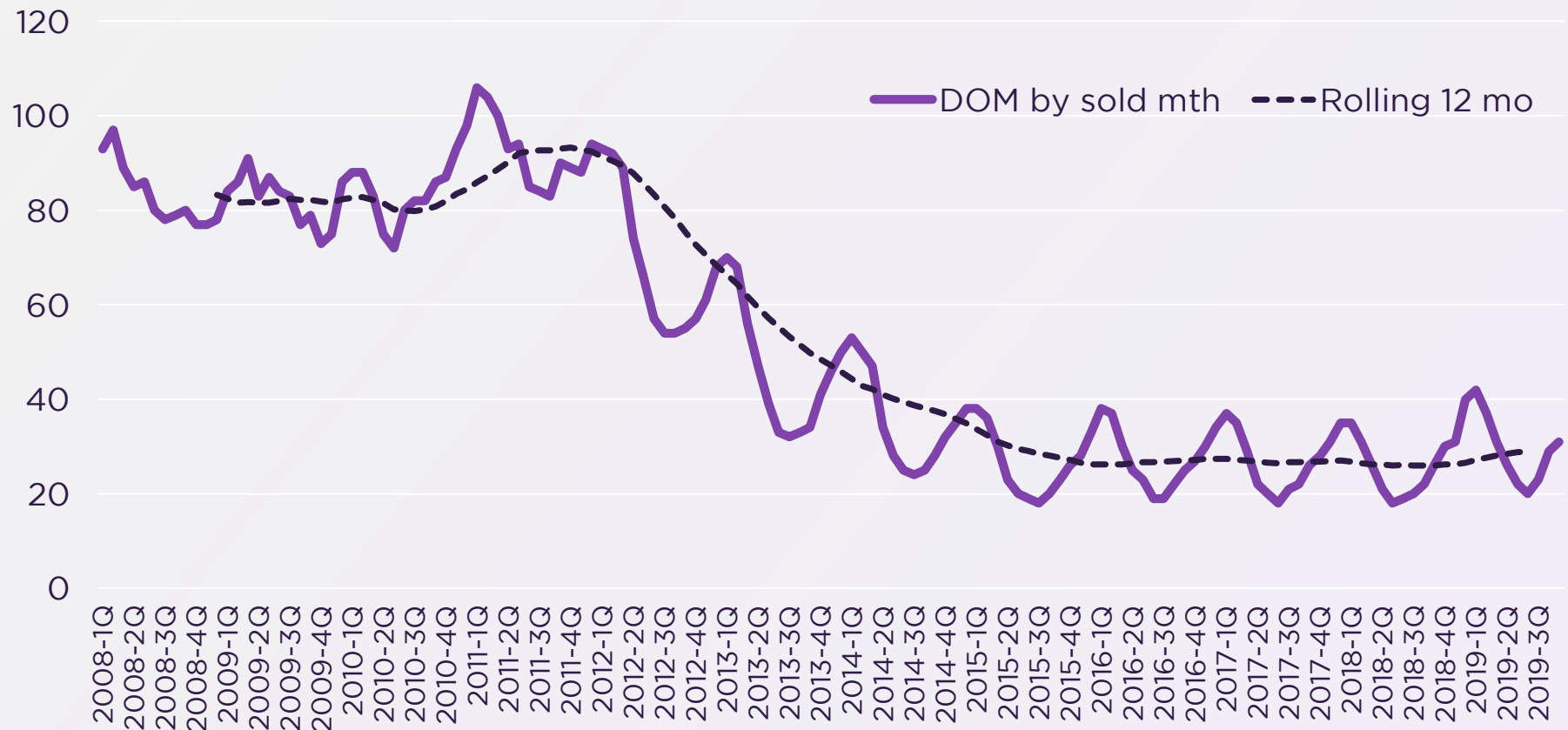
## 30-YEAR FIXED RATE: 2016-19





Single Family Home marketing times were stable for almost four years (2006-2009). There was an increase in marketing time when the tax credit expired on 4/30/10. DOM (days on market) has declined dramatically since. 19Q3 is seeing the same seasonality as the past five years.

## DENVER METRO HOMES DAYS ON MARKET, QUARTERLY

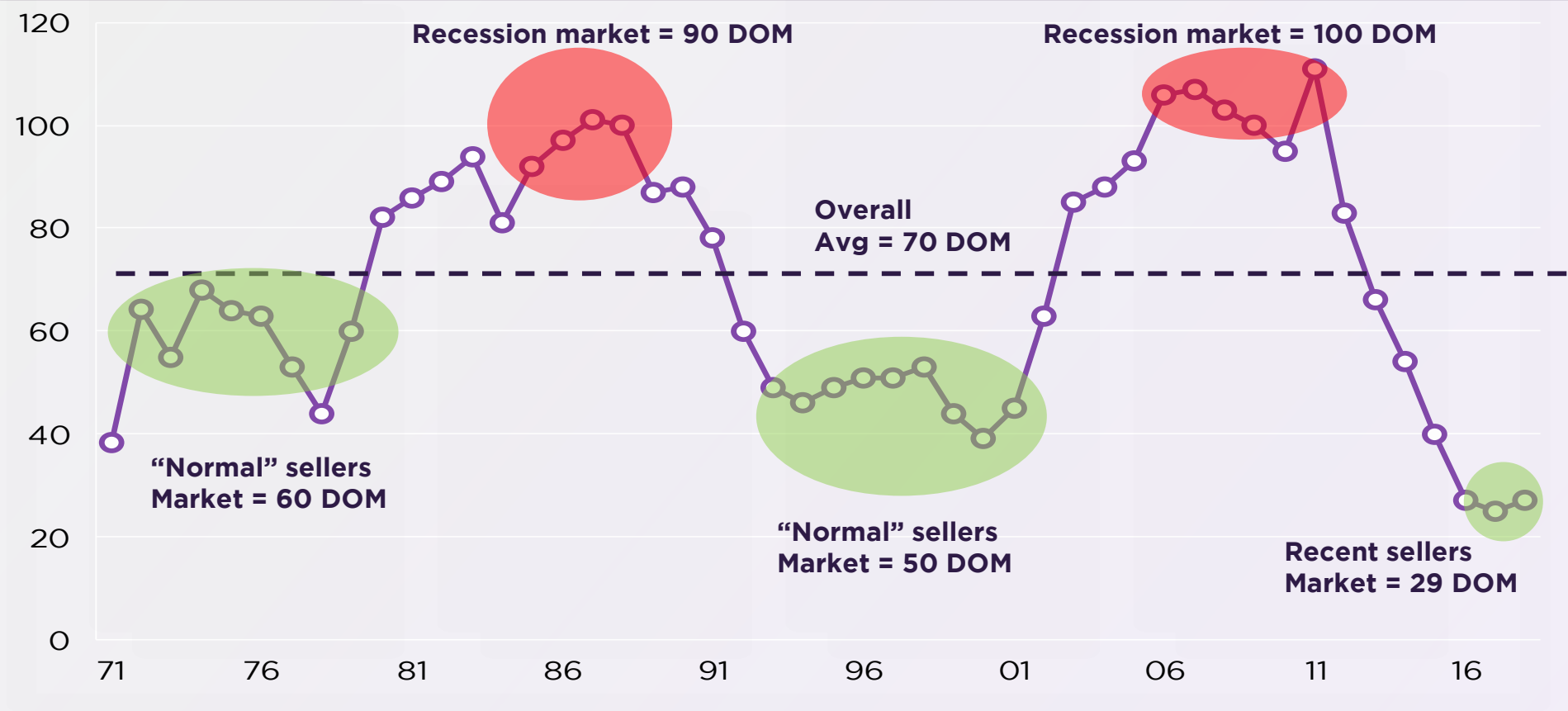


Data Source: Recolorado.com; YCRE analysis

## How does Days on Market change over a market cycle?

Answer: The average over 50 years is 70 Days on Market (DOM). When there is a recession, it can take over three months to go under contract (UC). Recently, it's taken about 29 days. In 50 years, homes have never sold that fast. Increasing DOM is normal and great for buyers. And at the same time, seller can rest assured that these are still the best marketing conditions in nearly 50 years!

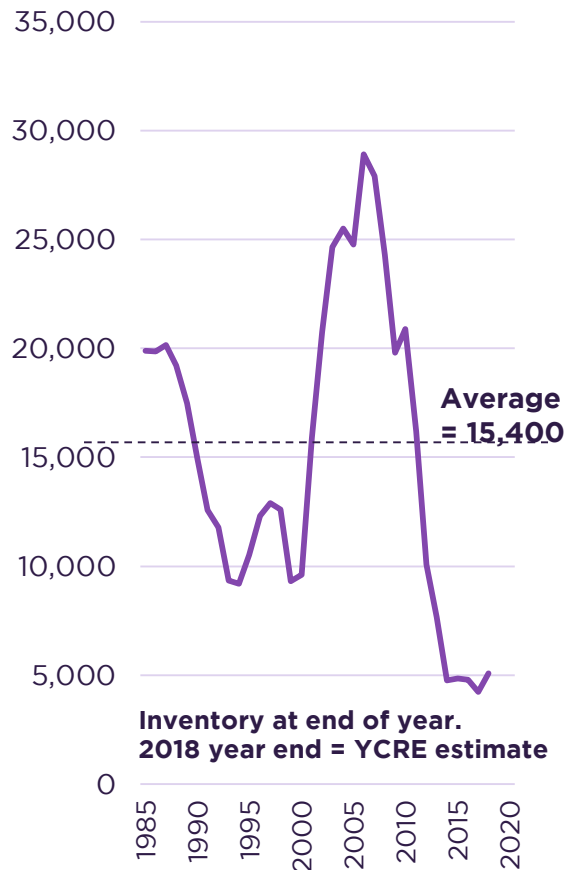
### DENVER METRO HOMES DAYS ON MARKET



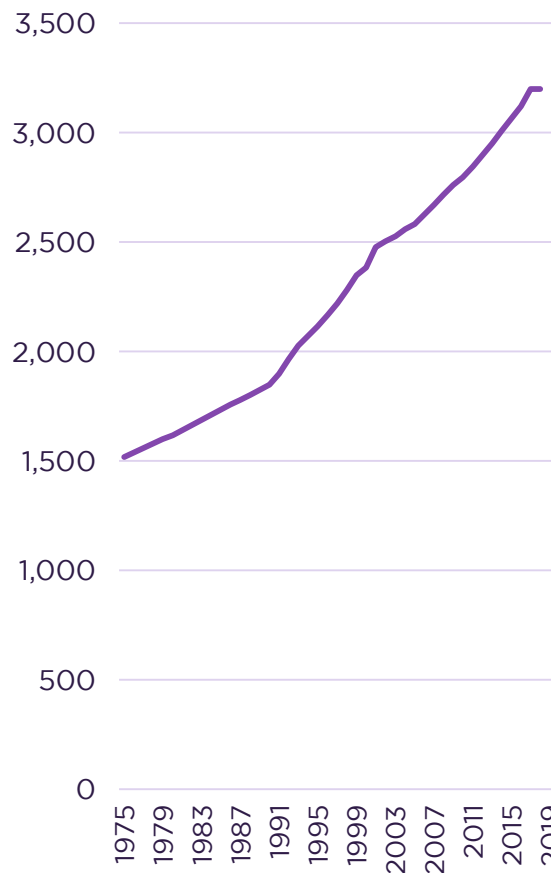
## Has inventory increased a lot recently? Will it be hard to sell my home?

There isn't a relationship between inventory level and population. The number of homes active on the market in 2016-18, relative to the population, was at the lowest level ever. The inventory is less than a third of the historical long-term average. The recent inventory build is a welcome relief for buyers.

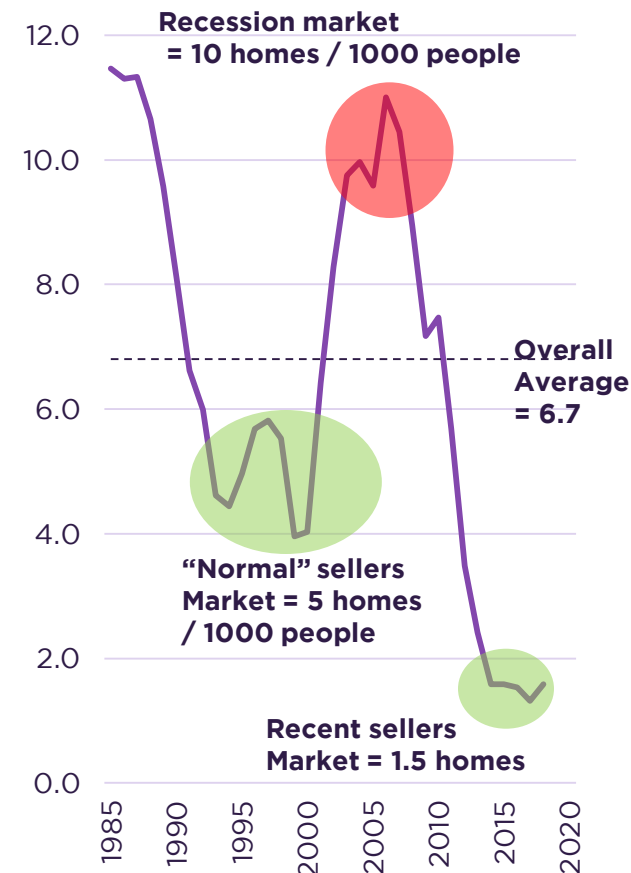
INVENTORY OF HOMES  
IN DENVER METRO



POPULATION OF DENVER  
METRO  
Thousands of people



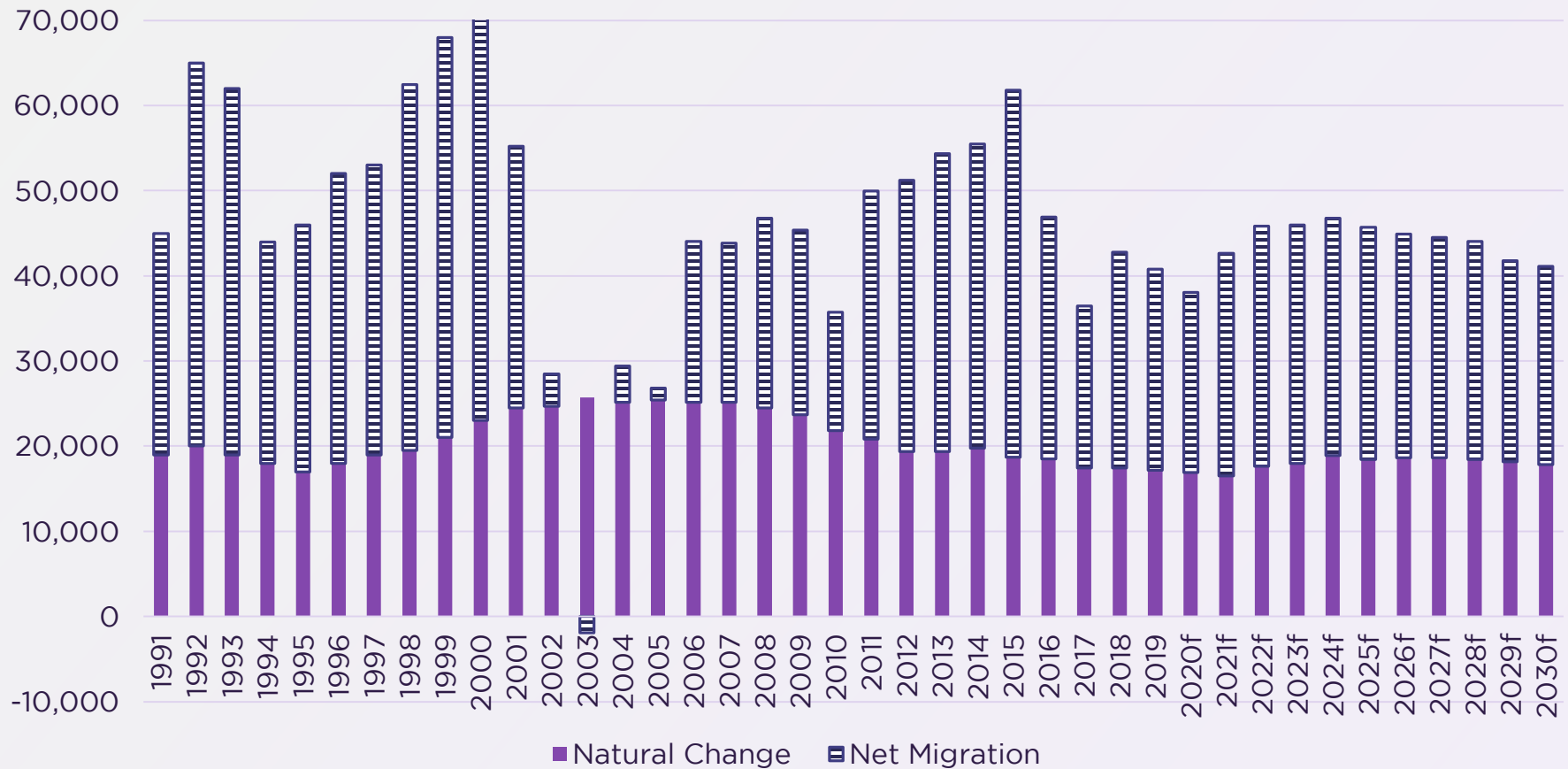
INVENTORY OF ACTIVE  
HOMES  
per 1000 people living in



Source: Census Bureau, Denver Chamber of Commerce, Metrolist, Your Castle

Local economist Patty Silverstein and the Census Bureau expect the Denver population will continue to grow around 50,000 people per year. Where are they going to live?

## 2018 POPULATION - 3.2 MILLION



Source: Colorado Division of Local Government, State Demography Office.

Projected Population Growth 2019 – 2024: **263,688**

- Assuming 2 person HHs and 70% renter rates would result in **18,458 new renter HHs per year**
- 2.2 person HHs and 50% renter rates would result in **11,986 new renter HHs per year**

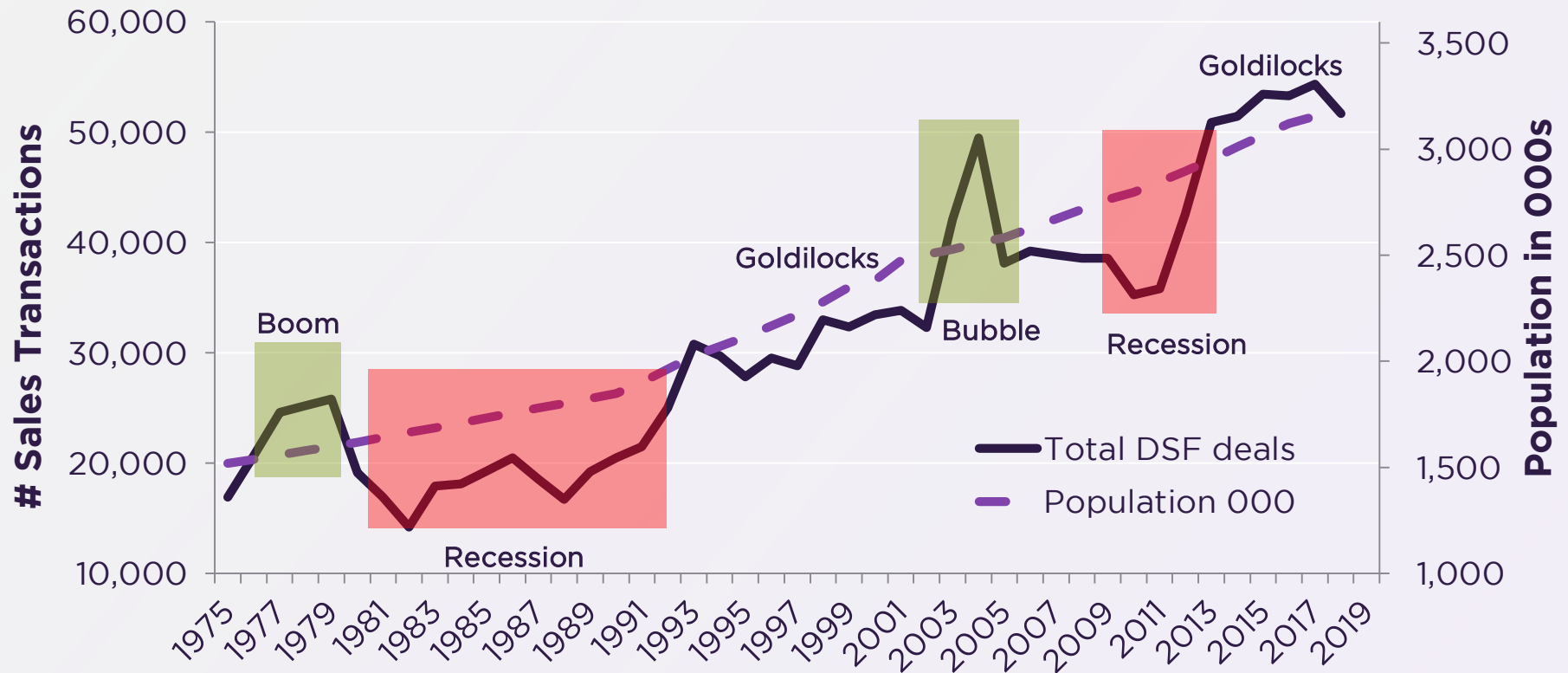
		% OF NEW HOUSEHOLDS THAT RENT					
		30%	40%	50%	60%	70%	80%
PEOPLE PER HOUSEHOLD	2.5	31,643	42,190	52,738	63,285	73,833	84,380
	2.4	32,961	43,948	54,935	65,922	76,909	87,896
	2.3	34,394	45,859	57,323	68,788	80,253	91,718
	2.2	35,957	47,943	59,929	71,915	83,901	95,887
	2.1	37,670	50,226	62,783	75,339	87,896	100,453
	2.0	39,553	52,738	65,992	79,106	92,291	105,475
	1.9	41,635	55,513	69,392	83,270	97,148	111,027
	1.8	43,948	58,597	73,247	87,896	102,545	117,195

Source: Prepared by Apartment, Appraisers & Consultants.



Sales unit volume relative to population fluctuates depending Denver's economy. 2016 sales volume was 11% off the 2004 peak... Metro Denver now has 25% more people than it did in 2004! Sales figures include Single Family Homes and Condos.

## RELATIONSHIP BETWEEN POPULATION GROWTH AND RESIDENTIAL SALES

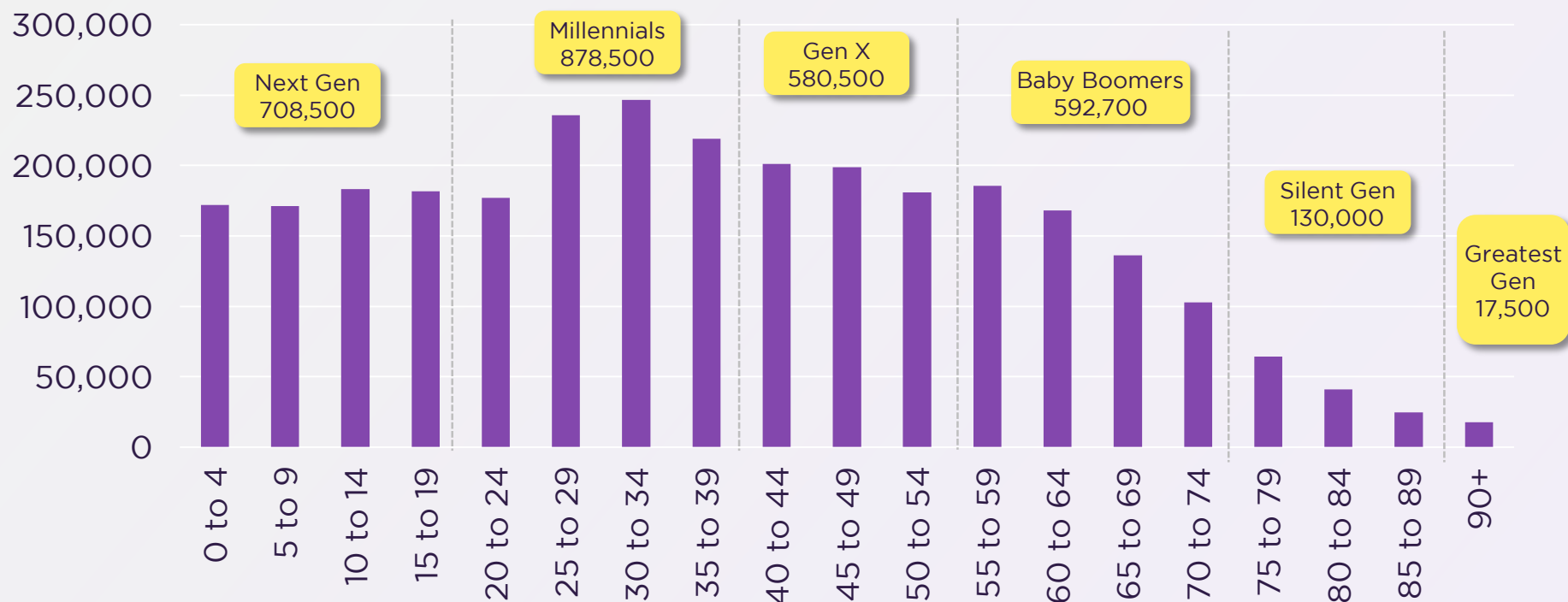


Data Source: Recolorado.com, United States Census Bureau

The population of metro Denver will grow from 2.91 million (2019) to 3.35 million (2030). Millennials continue to be the biggest group. Nearly 23% of Millennials currently live with parents. This will drive a lot of household growth as they move out.

## METRO DENVER\* POPULATION 2019 (FORECASTED) = 2.91 MILLION

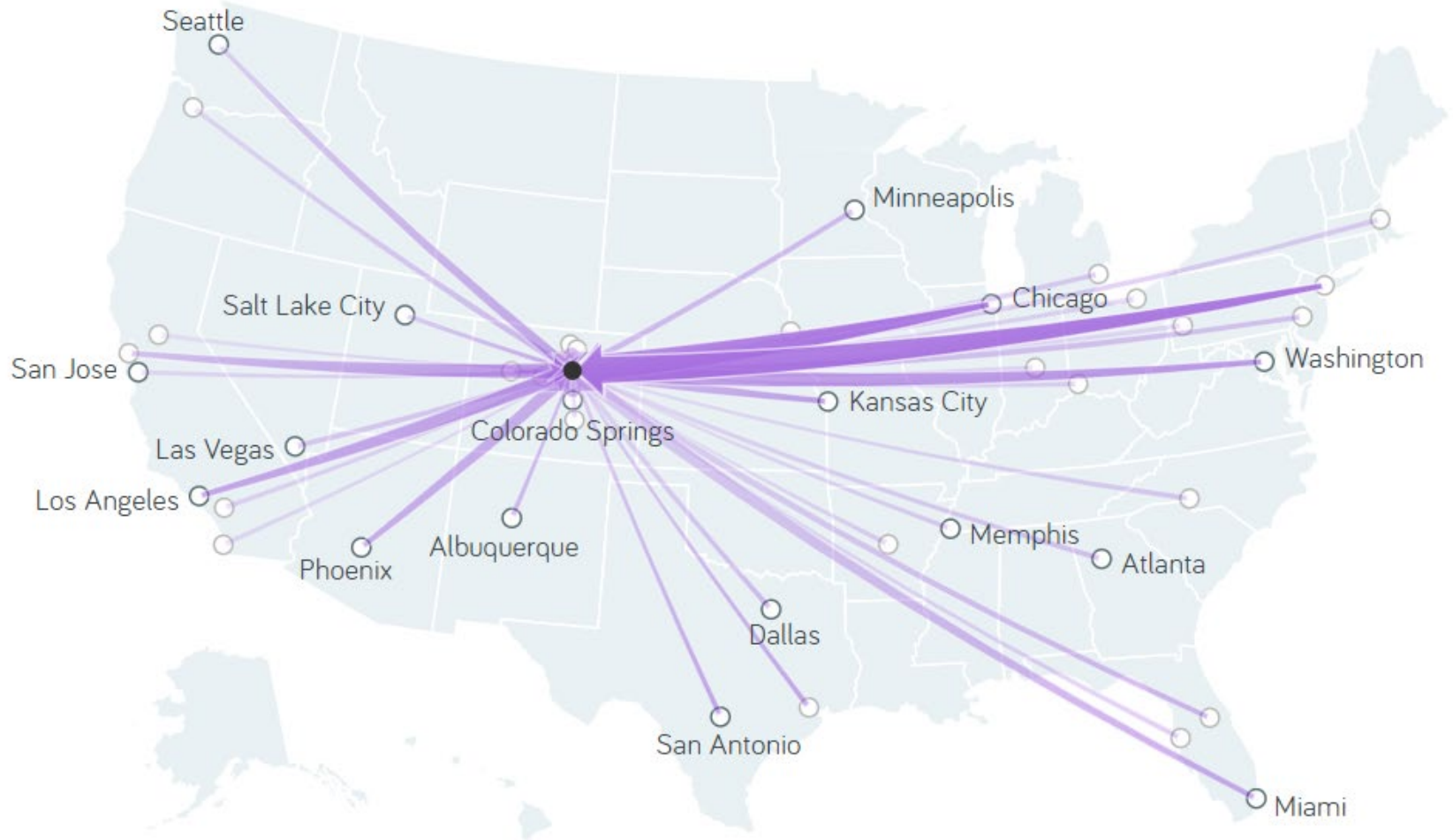
Metro Denver is comprised of 6 counties: Adams, Arapahoe, Broomfield, Denver, Douglas and Jefferson.



Source: [CNBC](#), Colorado Division of Local Government, [State Demography Office](#)

The most Denver rental searches are coming from New York and Chicago. While many people are moving from Metro Denver to Colorado Springs (COS) for better cost of living, COS is still the city from which the third most Denver rental searches originate.

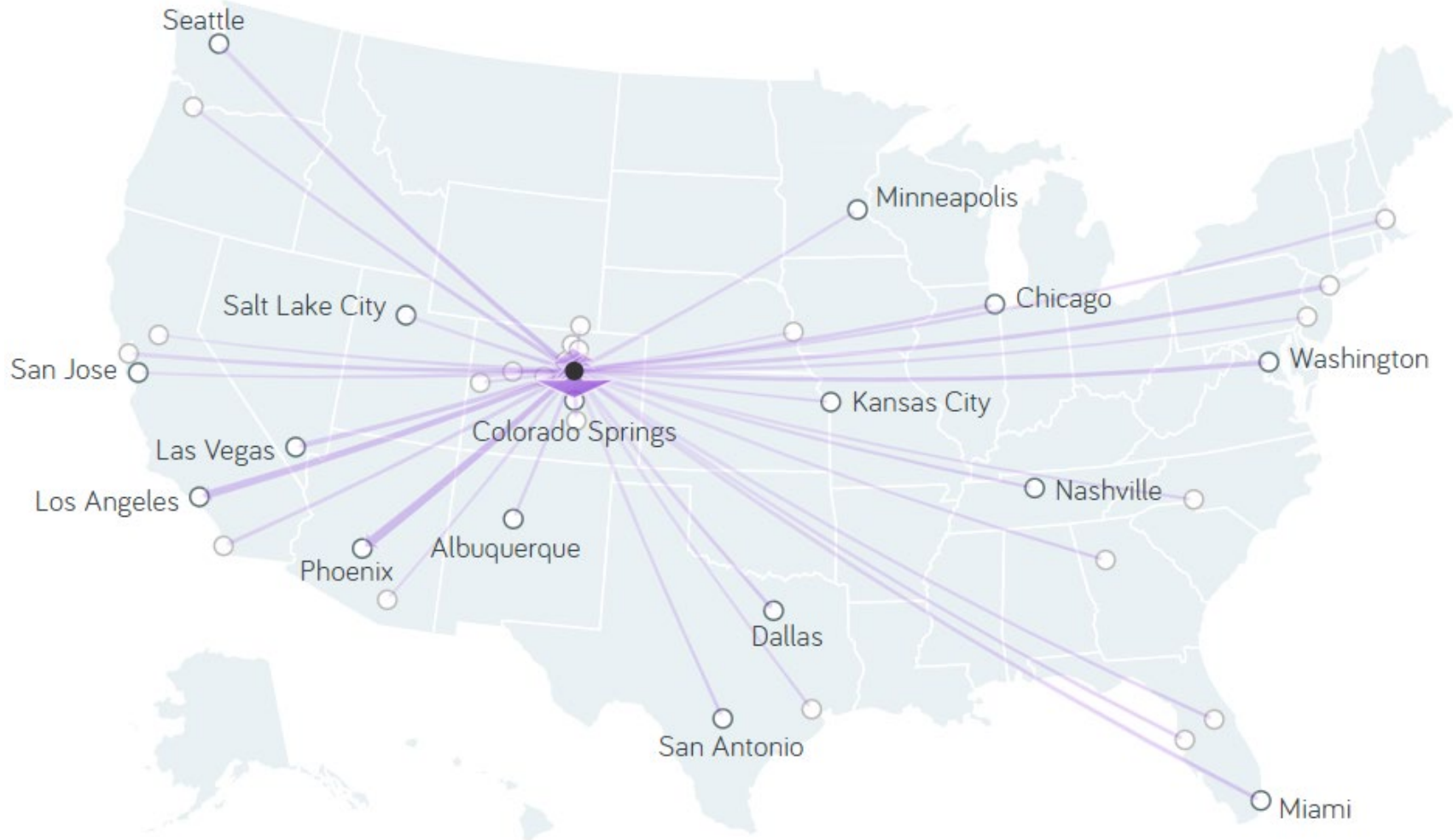
## WHERE ARE RENTERS IN DENVER MOVING IN *FROM*?



Source: [ApartmentList.com](https://www.apartmentlist.com)

Coloradans want to move to – well, Colorado! Denver renters looking to move out of the metro area are looking to Colorado Springs, Boulder and Fort Collins. With the mountains, sunshine and job market – why go anywhere else!

## WHERE ARE RENTERS IN DENVER MOVING TO?

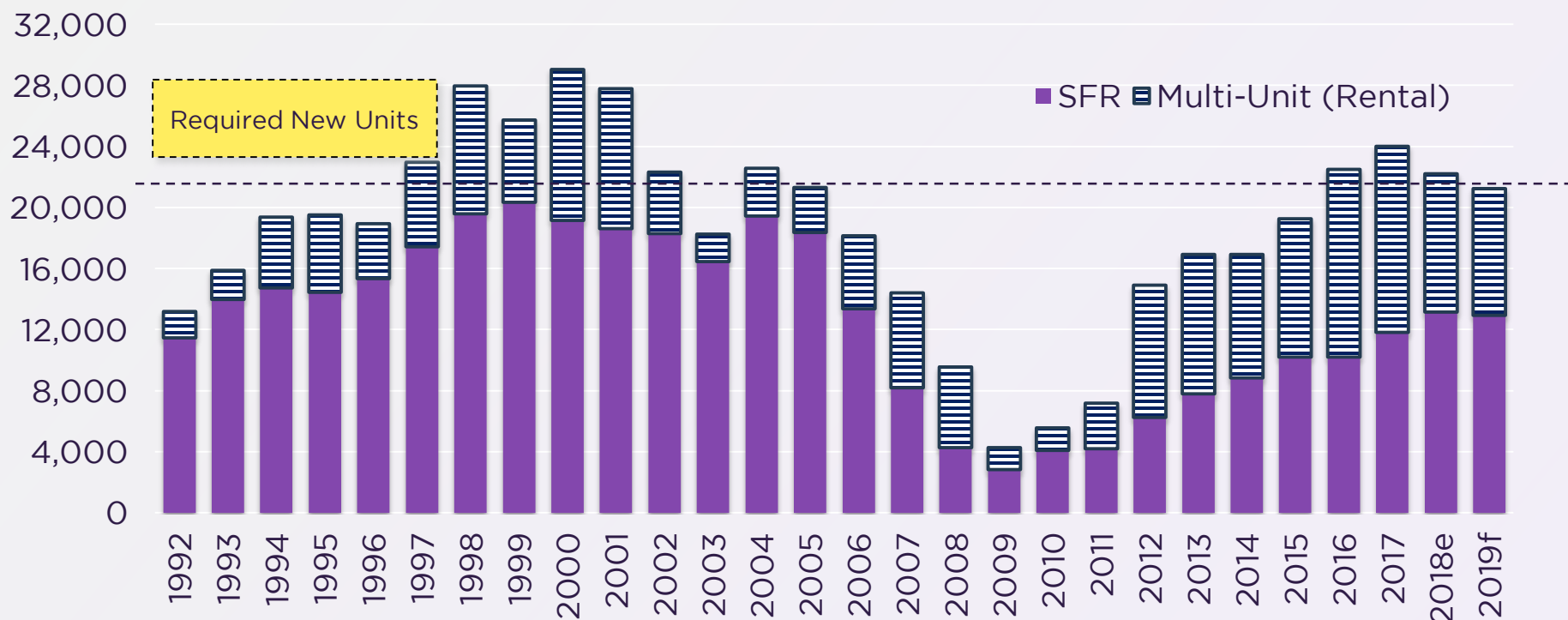


Source: [ApartmentList.com](https://www.apartmentlist.com)

16,000 units were permitted in 2014 and 18,000 units in 2015. That's for rental (top bar, in dark purple) and for sale (light purple).

21,700 new units per year (14,000 for sale, 7,000 for rental) required to keep pace with 50,000 new residents per year.

## APPROVED PERMITS



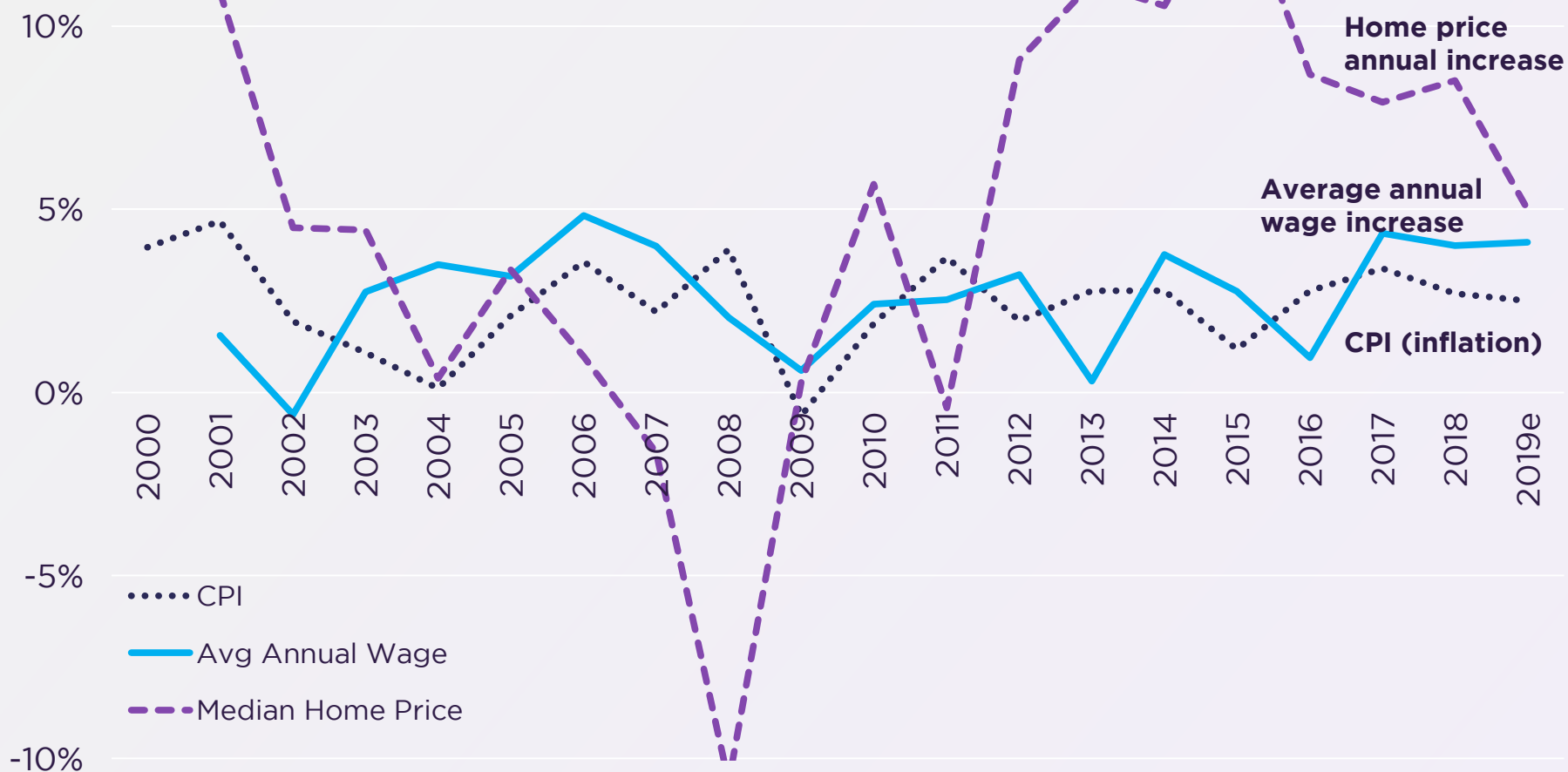
Source: The Genesis Group, Home Builder's Association of Metropolitan Denver

Note: Seven County Metro Denver includes Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson Counties

**Economic Forecast:** Metro Denver wages are increasing faster than inflation, but not faster than CPI = Consumer Price Index, a broad measure of inflation.

## WAGE VS HOME PRICE GROWTH

Year on Year Percentage Change



Data Source: Development Research Partners, January 15, 2019

**Neighborhoods go through market cycles, so it's instructive to understand how these cycles work.**

- Cycles usually have four elements:
  - Before the fall:
    - Prices are still appreciating but at a slower pace.
  - The fall:
    - Foreclosures and DOM increase
    - Lots of distressed sales
    - Prices fall
  - The bottom:
    - Peak in distressed sales
    - Not much move-in ready properties available
    - Fix and flippers start dipping their toes in the water
    - Buy and hold investors start buying
  - The recovery:
    - The market begins to correct
    - Foreclosures decline
    - Normal owner occupant sales return

## **What does it mean for the client?**

- When working with a client looking to buy or sell a property in a certain neighborhood, show them this chart and discuss where their neighborhood of interest fits on the chart.
- It's fun and instructive to understand neighborhood patterns and walk through the patterns with your clients.
- They'll appreciate your interest.

Anatomy of a real estate market cycle. Denver's last two cycles had many common features. This doesn't enable us to predict the future, but it gives insights.

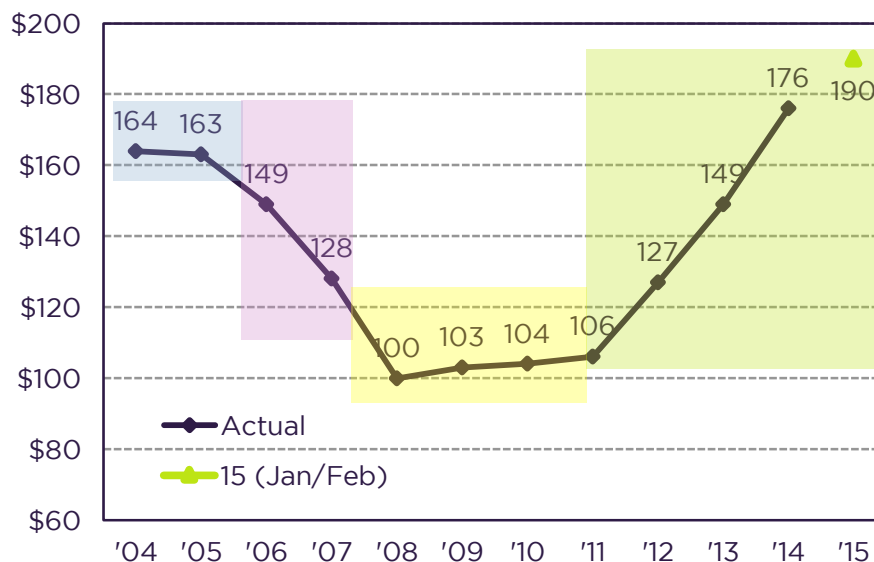
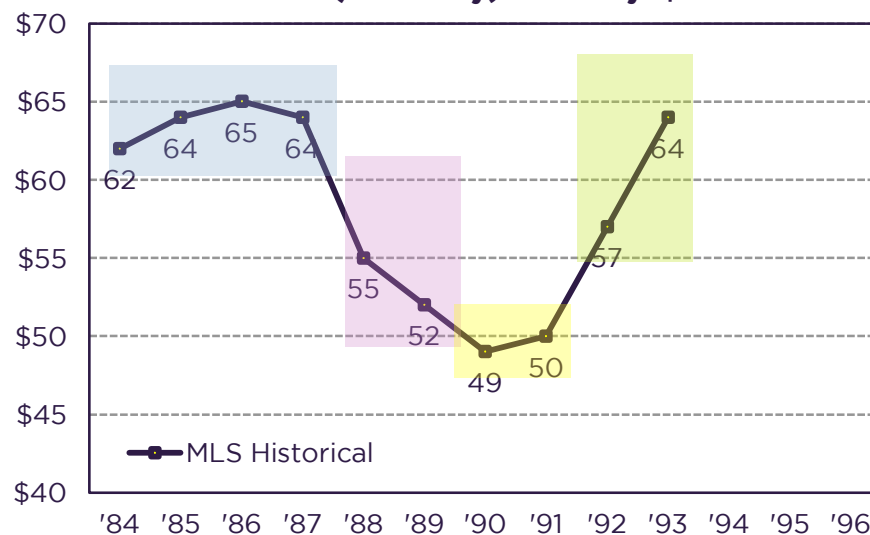
## A: Before the Fall

- Prices are appreciating, but at a slowing pace, as the end of the cycle is near.
- Fall is foreshadowed by increasing foreclosure volume (though still at a *relatively* low level).
- Discounts and Days on Market increase as inventory builds.

## B: The Fall

- Number of foreclosures increases dramatically.
- Low cost distress sales replace regular full price sales; so blended average price decreases quickly.
- Elective sellers in good condition decide to wait or rent their homes, further reducing non-distress sales.
- DOM reaches peak; then inventories fall as owner occupant sellers pull out.

**Aurora (AUN only) DSF only: \$000**



## C: The Bottom

- Distress volume peaks and distress pricing hits bottom.
- First time buyers frustrated with lack of move-in ready inventory: pent-up demand.
- F&F'ers start to re-enter.
- Buy and hold investor (land lord) demand outstrips supply; multiple bidding gives a floor to prices.

## D: The Recovery

- Foreclosure volume declines.
- Non-distress sellers waiting on sidelines finally re-enter.
- Mix shifts from beat-up to nice homes; prices increase.
- "Show me investors" on sidelines rush in to market, increase market frenzy.
- Number of true "deals" shrinks but newbie investors buy anyway, driving up prices
- F&F activity increases; increasing quality and price of inventory.
- First time buyers finally buy; using up pent-up demand.

Source: Your Castle Real Estate analysis, REColorado.com



## Home prices and MOI

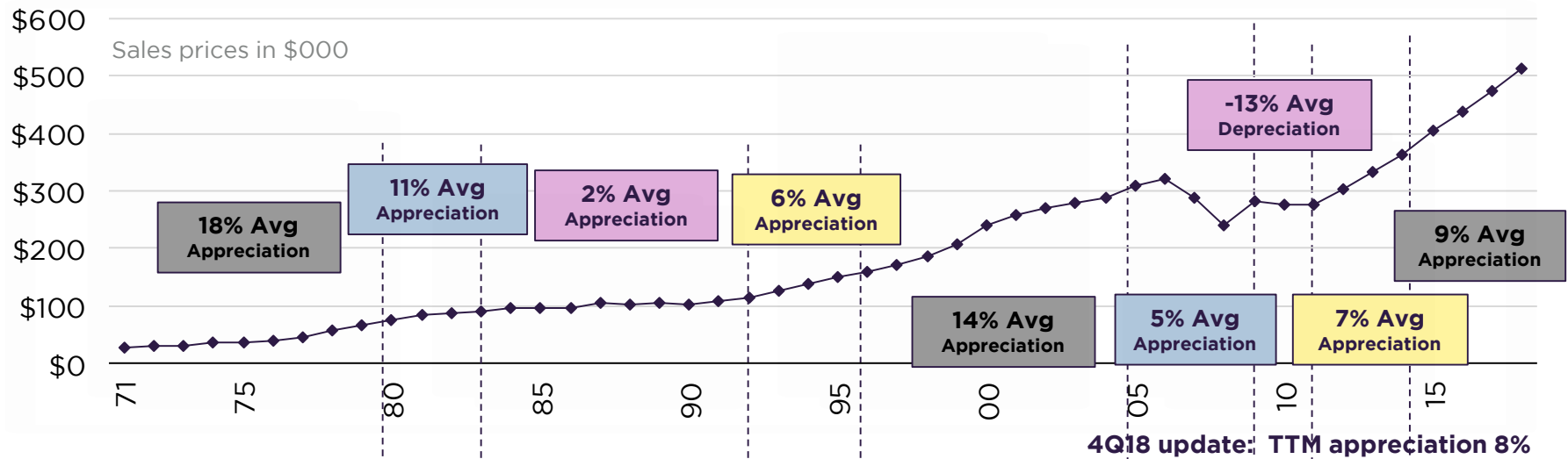
- The top graph shows metro Denver home prices as well as average yearly appreciation from '71 to present.
- The bottom graph shows the Months of Inventory for homes in metro Denver from '75 to present.
- Seeing home appreciation and MOI lined up one above the other shows the inverse relationship between the two.
  - Prices rise when demand outstrips supply so MOI falls.
  - Put another way, during periods of high home price increases, MOI is low.
  - Prices fall when supply outstrips demand, so MOI rises.
  - Put another way, during periods of low-price increases or price drops, MOI is high.
- For example, look at '87 - '90. You see that MOI fell dramatically. As the inventory (supply of homes) fell, it set up the market for home price increases starting about '90 when demand overcame supply, forcing prices upwards.

## What does it mean for the client?

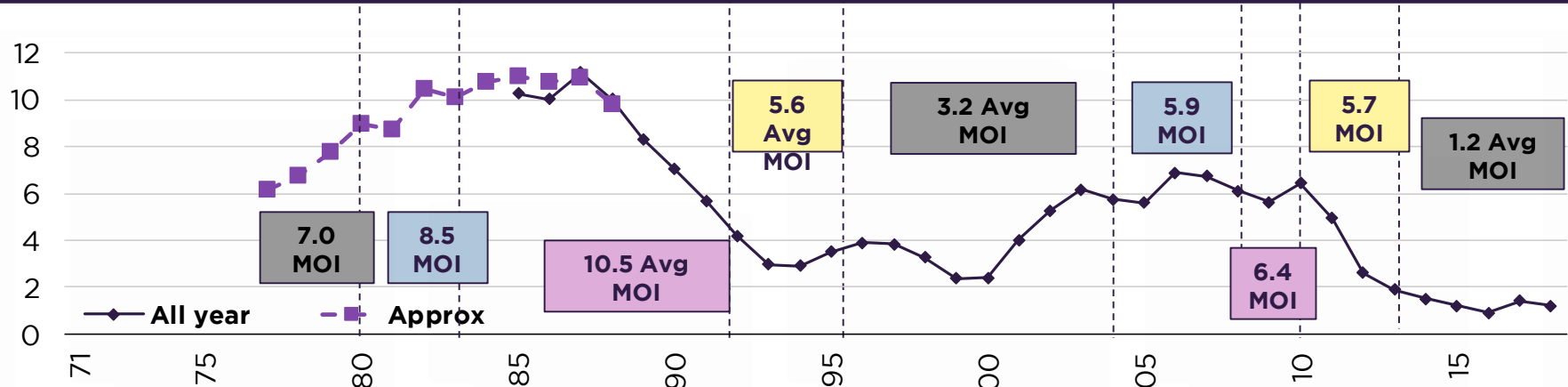
- It's important for clients to understand that there is long term logic to the market and how the law of supply and demand works in real estate.
- It is instructive to realize the connection between the amount of inventory in a market (described in this example by MOI) and prices.
- This doesn't mean you can perfectly predict the real estate market or future home prices. Don't think understanding the economics of real estate makes you (or especially your client) a soothsayer!
- Many speculators have made this mistake much to their disadvantage. But it is helpful and comforting to see that, long term, the real estate market is driven by identifiable market conditions.

Home price appreciation vs. MOI. During times of high appreciation, MOI is low. MOI grows for ~3 years (highlighted in light purple) before a real estate recession starts (highlighted in dark purple).

## DENVER METRO (DSF ONLY, NOT CONDOS OR TOWNHOMES)



## MONTHS OF INVENTORY (MOI)



Source: Your Castle Real Estate analysis. REcolorado®, Inc.,

4Q18 update: MOI 1.2

## Home prices and DOM

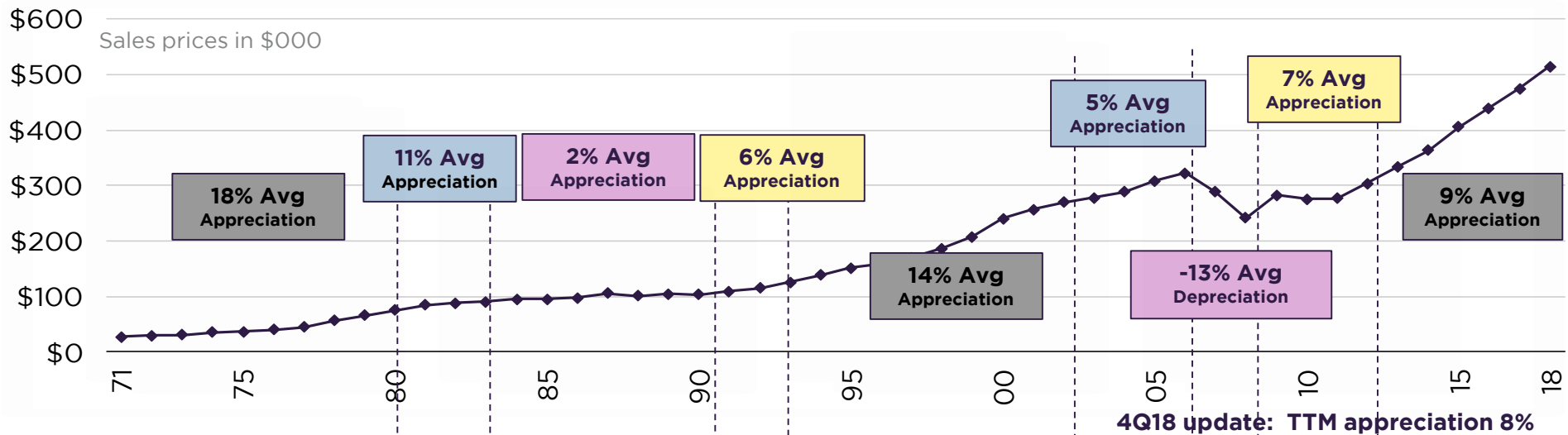
- The top graph shows metro Denver home prices as well as average yearly appreciation from '71 to present.
- The bottom graph shows the Days on Market (DOM) for homes in metro Denver from '71 to present.
- Seeing home appreciation and DOM lined up one above the other shows the inverse relationship between the two.
  - Prices rise when demand outstrips supply, so DOM falls. Put another way, during periods of high home prices DOM is low.
  - Prices fall when supply outstrips demand, so DOM rises. Put another way, during periods of low prices increases or price drops, DOM is high.
- For example, look at '93 – '03. You see that DOM fell dramatically. As the DOM fell, it set up the market for home price increases during this decade when demand overcame supply, forcing prices upwards

## What does it mean for the client?

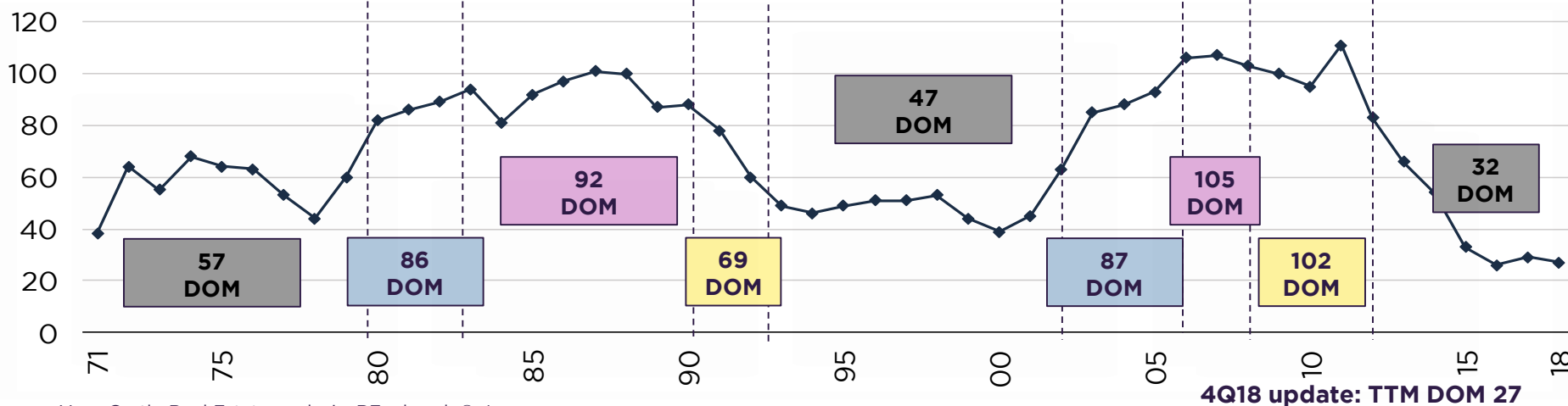
- Just as in the previous slide, it's helpful to understand that the basic tenants of supply and demand rule the real estate market.

Home price appreciation vs. DOM. As inventories build (as measured by MOI), marketing times (as measured by DOM) increase. The blue text box represents the transition from growth to recession.

## DENVER METRO (DSF ONLY, NOT CONDOS OR TOWNHOMES)



## AVERAGE MARKETING TIME (DOM)



Source: Your Castle Real Estate analysis. REcolorado®, Inc.



T1 - Time Period 1 - October 2017 - September 2018

Note: Data from RE Colorado (10/04/2019); analysis by Your Castle Real Estate, Inc

T2 - Time Period 2 - October 2018 - September 2019

© Copyright 2019 Your Castle Real Estate, Inc

DENVER HOMES	Number of Sales							Days on Market			Avg Price \$000				
City	Current Active	Current U/C	% U/C	Sold T1	Sold T2	Chg Sales	MOI	Sold T1	Sold T2	Chg in DOM	Average Asking	Sold T1	Sold T2	Chg Price	Avg Disc
Arvada	286	203	42%	2,057	2,045	-1%	1.7	25	27	2	600	474	494	4%	-0.6%
Aurora	664	549	45%	5,044	5,055	0%	1.6	22	27	5	481	397	410	3%	-0.4%
Brighton	172	117	40%	906	1,016	12%	2.0	35	39	4	528	410	435	6%	-0.5%
Broomfield	134	147	52%	936	1,052	12%	1.5	33	32	(1)	656	538	546	1%	-0.8%
Castle Pines	59	28	32%	202	213	5%	3.3	45	43	(2)	874	721	750	4%	-1.4%
Castle Rock	407	239	37%	1,789	1,791	0%	2.7	43	42	(0)	840	555	561	1%	-0.9%
Centennial	206	151	42%	1,488	1,486	0%	1.7	20	27	7	655	499	526	5%	-1.0%
Cherry Hills Village	40	8	17%	80	78	-3%	6.2	93	80	(13)	4,032	2,425	2,372	-2%	-3.6%
Commerce City	164	154	48%	1,006	1,182	17%	1.7	26	33	7	433	362	377	4%	-0.6%
Conifer	39	36	48%	208	211	1%	2.2	37	28	(9)	787	536	601	12%	-1.6%
Denver	1,191	866	42%	7,980	7,809	-2%	1.8	22	26	4	853	557	579	4%	-1.0%
Edgewater	6	9	60%	84	72	-14%	1.0	14	18	4	457	447	454	2%	-0.4%
Englewood	123	88	42%	711	792	11%	1.9	20	24	4	683	504	523	4%	-1.0%
Evergreen	134	63	32%	514	459	-11%	3.5	48	42	(7)	1,212	730	727	0%	-1.7%
Federal Heights	2	6	75%	43	38	-12%	0.6	13	17	4	283	272	287	6%	0.0%
Golden	120	84	41%	635	614	-3%	2.3	40	36	(4)	973	656	685	4%	-1.2%
Greenwood Village	45	16	26%	168	155	-8%	3.5	60	64	4	1,969	1,367	1,426	4%	-2.3%
Henderson	5	5	50%	120	54	-55%	1.1	17	25	8	404	374	413	10%	-0.4%
Highlands Ranch	168	154	48%	1,497	1,462	-2%	1.4	21	22	1	699	558	572	3%	-0.4%
Lakewood	195	134	41%	1,509	1,520	1%	1.5	22	25	3	617	484	495	2%	-0.7%
Larkspur	53	15	22%	121	99	-18%	6.4	72	70	(1)	1,157	722	735	2%	-1.8%
Littleton	389	255	40%	2,270	2,141	-6%	2.2	29	27	(2)	767	531	550	3%	-0.8%
Lone Tree	40	17	30%	174	153	-12%	3.1	44	39	(5)	1,157	861	945	10%	-1.7%
Northglenn	31	39	56%	437	419	-4%	0.9	12	18	5	392	338	353	5%	0.0%
Parker	338	249	42%	2,027	2,043	1%	2.0	32	37	5	740	541	560	4%	-0.8%
Pine	24	17	41%	98	78	-20%	3.7	44	38	(6)	779	455	491	8%	-1.6%
Thornton	227	238	51%	2,001	2,053	3%	1.3	27	28	1	474	401	420	5%	-0.4%
Westminster	153	151	50%	1,376	1,331	-3%	1.4	22	22	1	563	431	443	3%	-0.3%
Wheat Ridge	41	36	47%	419	359	-14%	1.4	27	27	(1)	574	462	487	5%	-0.9%
Grand Total	5,456	4,074	43%	35,900	35,780	0%	1.8	27	29	3	747	507	523	3%	-0.8%

\*Above SF

1 < 1030 sq ft (smallest 10%)	426	427	50%	4,189	3,976	-5%	1.3	14	20	5	394	349	361	3.5%	-0.7%
2 1030-1359	603	582	49%	5,662	5,681	0%	1.3	14	19	5	449	385	402	4.2%	-0.4%
3 1360-1829	928	984	51%	8,612	8,749	2%	1.3	17	22	6	493	413	430	4.0%	-0.4%
4 1830-2399	1,341	1,056	44%	8,628	9,076	5%	1.8	27	31	4	559	487	507	4.0%	-0.7%
5 2400-3099	1,065	670	39%	5,069	5,199	3%	2.5	37	39	2	721	611	650	6.4%	-1.0%
6 3100+ sq ft (largest 10%)	1,093	355	25%	3,740	3,099	-17%	4.2	67	58	(9)	1,521	991	1,054	6.4%	-2.1%
<b>Grand Total</b>	<b>5,456</b>	<b>4,074</b>	<b>43%</b>	<b>35,900</b>	<b>35,780</b>	<b>0%</b>	<b>1.8</b>	<b>27</b>	<b>29</b>	<b>3</b>	<b>747</b>	<b>507</b>	<b>523</b>	<b>3.2%</b>	<b>-0.8%</b>

Data Source: Recolorado.com; YCRE analysis

Your Castle Real Estate - 2019 - 3Q Residential Trends Report

303.962.4272 | yourcastle.com

41

T1 - Time Period 1 - October 2017 - September 2018

Note: Data from RE Colorado (10/04/19); analysis by Your Castle Real Estate

T2 - Time Period 1 - October 2018 - September 2019

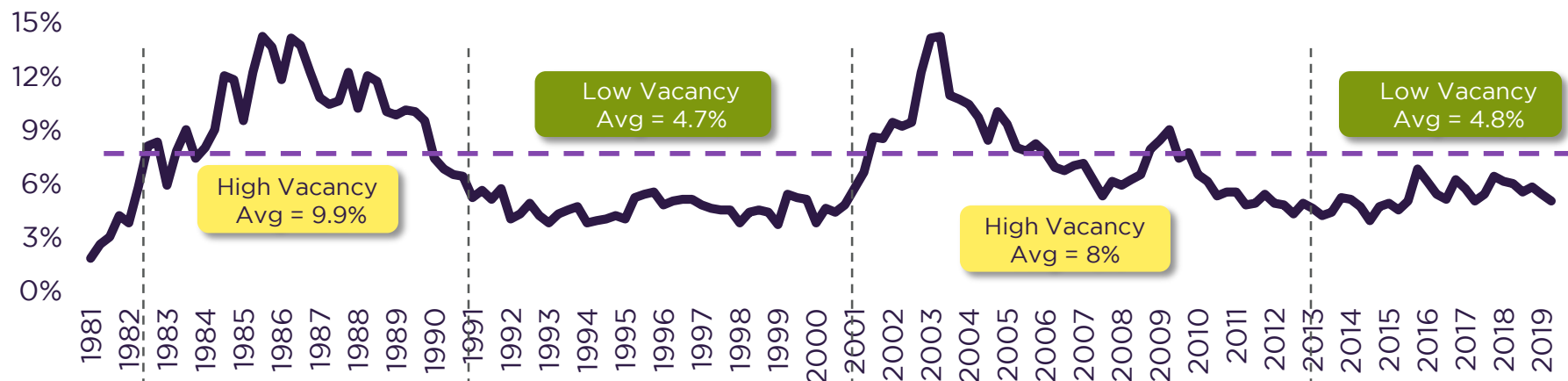
© Copyright 2019 Your Castle Real Estate, Inc

DENVER CONDOS		Number of Sales							Days on Market			Avg SOLD \$000			
City	Current Active	Current U/C	% Listings U/C	Sold t1	Sold t2	Chg Sales	MOI	Sold t1	Sold t2	Chg in DOM	Average Asking	Sold t1	Sold t2	Chg Price	AVG Disc
Arvada	61	50	45%	542	580	7%	1.3	16	24	8	337	301	326	8%	-0.2%
Aurora	374	269	42%	2,681	2,652	-1%	1.7	17	26	9	266	245	255	4%	-0.5%
Brighton	9	8	47%	93	105	13%	1.0	10	24	15	313	264	270	3%	-0.1%
Broomfield	23	18	44%	206	185	-10%	1.5	20	26	7	367	349	363	4%	-0.7%
Castle Pines	3	1	25%	11	24	118%	1.5	10	38	28	458	397	433	9%	-1.2%
Castle Rock	41	37	47%	301	282	-6%	1.7	27	31	4	361	347	335	-3%	-0.7%
Centennial	50	42	46%	396	439	11%	1.4	17	27	10	352	313	331	6%	-0.7%
Commerce City	40	18	31%	137	184	34%	2.6	14	31	17	304	273	282	3%	-0.3%
Denver	1,313	729	36%	6,037	5,939	-2%	2.7	30	35	5	536	424	442	4%	-0.8%
Edgewater	-	-	-	10	9	-10%	-	43	37	(6)	0	555	417	-25%	-0.3%
Englewood	66	49	43%	325	389	20%	2.0	17	34	17	400	336	383	14%	-0.7%
Evergreen	15	14	48%	72	67	-7%	2.7	36	48	12	536	458	432	-6%	-0.8%
Federal Heights	8	4	33%	6	18	200%	5.3	15	27	12	271	282	279	-1%	-0.4%
Golden	29	15	34%	160	159	-1%	2.2	24	26	2	577	441	453	3%	-0.5%
Greenwood Village	25	14	36%	91	90	-1%	3.3	21	34	14	635	499	532	7%	-0.8%
Henderson	2	-	0%	67	9	-87%	2.7	27	22	(5)	297	272	273	0%	0.1%
Highlands Ranch	47	35	43%	321	313	-2%	1.8	17	33	16	432	386	386	0%	-0.6%
Lakewood	137	126	48%	1,086	1,097	1%	1.5	14	19	5	321	277	292	6%	-0.2%
Larkspur	6	2	25%	11	11	0%	6.5	23	85	62	582	502	496	-1%	-0.7%
Littleton	117	105	47%	953	914	-4%	1.5	15	24	9	358	305	320	5%	-0.5%
Lone Tree	16	8	33%	75	79	5%	2.4	25	32	7	477	441	456	3%	-0.9%
Northglenn	13	14	52%	116	134	16%	1.2	11	22	11	329	298	308	3%	-0.3%
Parker	90	43	32%	361	400	11%	2.7	20	39	20	348	299	314	5%	-0.1%
Thornton	89	146	62%	689	643	-7%	1.7	14	22	8	294	270	281	4%	0.0%
Westminster	66	56	46%	537	528	-2%	1.5	12	21	10	278	270	280	4%	-0.6%
Wheat Ridge	22	10	31%	108	107	-1%	2.5	14	21	7	340	277	280	1%	-0.5%
<b>Grand Total</b>	<b>2,662</b>	<b>1,813</b>	<b>41%</b>	<b>15,392</b>	<b>15,357</b>	<b>0%</b>	<b>2.1</b>	<b>22</b>	<b>30</b>	<b>8</b>	<b>434</b>	<b>344</b>	<b>358</b>	<b>4%</b>	<b>-0.6%</b>

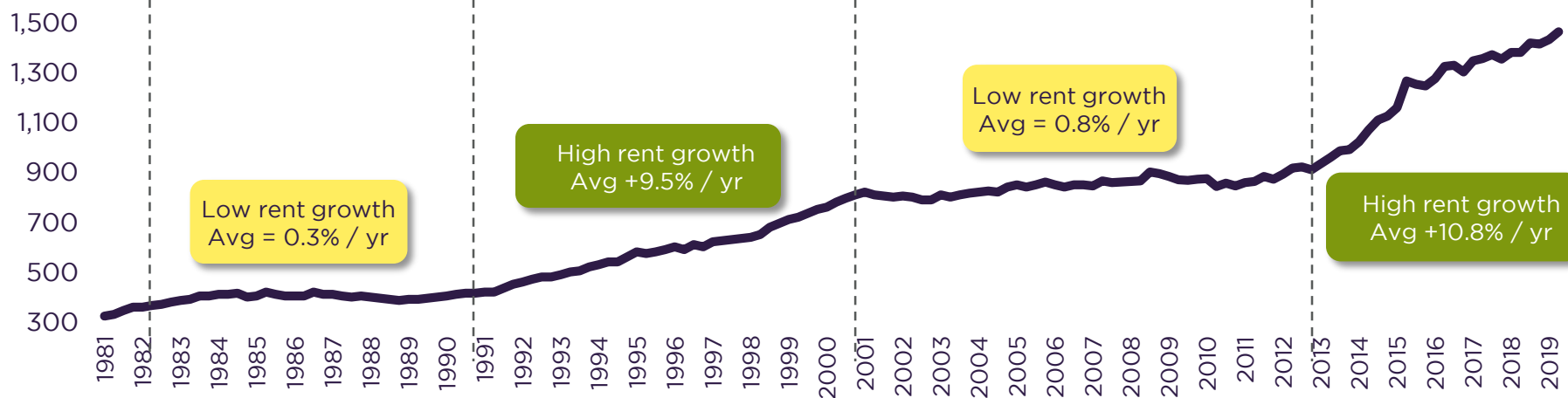
1 < 760 sq ft (smallest 10%)	277	158	36%	1,600	1,530	-4%	2.2	16	25	9	236	205	212	3%	-1.0%
2 760-959 sq ft	410	226	36%	2,360	2,381	1%	2.1	15	24	9	279	244	251	3%	-0.6%
3 960-1199 sq ft	516	366	41%	3,728	3,611	-3%	1.7	14	23	9	326	272	282	4%	-0.4%
4 1200-1519 sq ft	635	538	46%	3,983	4,065	2%	1.9	22	30	8	402	342	354	4%	-0.5%
5 1520-1849 sq ft	452	324	42%	2,313	2,352	2%	2.3	31	35	4	494	431	440	2%	-0.5%
6 1850+ sq ft (largest 10%)	372	201	35%	1,408	1,418	1%	3.1	47	51	4	886	718	763	6%	-1.0%
<b>Grand Total</b>	<b>2,662</b>	<b>1,813</b>	<b>41%</b>	<b>15,392</b>	<b>15,357</b>	<b>0%</b>	<b>2.1</b>	<b>22</b>	<b>30</b>	<b>8</b>	<b>434</b>	<b>344</b>	<b>358</b>	<b>4%</b>	<b>-0.6%</b>

When Denver rental vacancy is below 6%, we experience rent growth. 1981-2019 average rent growth: 4%. (5+ unit Apartment data only)

## VACANCY RATE BY QUARTER %



## MEDIAN RENT BY QUARTER (\$)



Source: Apartment Association of Metro Denver

There's an expected 318% ROI over 10 years if you buy a rental property today (and this doesn't even include cashflow!). Even though home prices are up about 40% in four years, rents have gone up about the same amount. An investor can still earn great returns today!

## ASSUMPTIONS

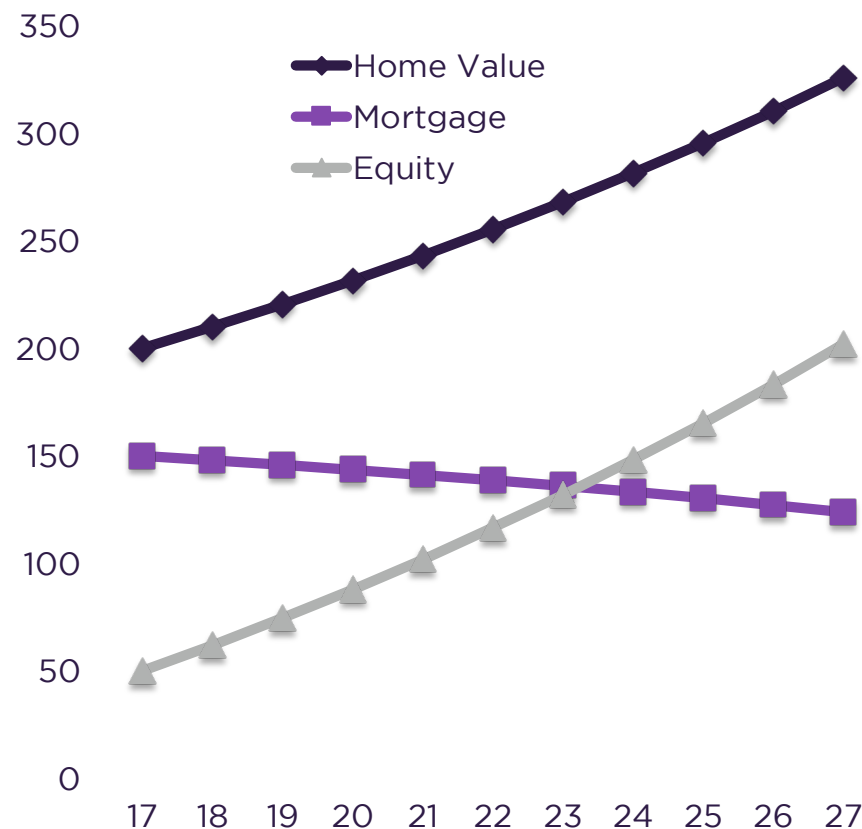
### Buy now

- Purchase price: \$200,000
- Down payment %: 25%
- Down payment \$: \$50,000
- Rate: 5.5%
- Amortization: 30 years
- Payment: \$850
- Appreciation %: 5% per year
- Appreciation \$: \$128,035
- Loan pay down: \$30,835
- Simple ROI: 318%

### Wait 12 months ("watch market")

- Assume mortgage rates +0.5%
- Assume home appreciation +5%
- Payment in '19: \$945
- Payment change: +11%

## PROJECTED HOME CHANGE IN VALUE







**Ellie Reimer**  
**720.474.2822**  
**aerowoodpm@gmail.com**  
Denver's Premier Name in  
Property Management

## ARIZONA TILE

**Erynn Dostaler**  
**Sales Representative**  
**720.577.1366**  
**edostaler@arizonatile.com**  
**www.arizonatile.com**



**Castle & Cooke**  
**MORTGAGE, LLC** NMLS #1251

**Joe Massey**  
**303.809.7769**  
**jmassey@castlecookemortgage.com**  
**www.castlecookemortgage.com**



**FIRST ALLIANCE**  
**— TITLE —**

**Greg Parham**  
**303.558.6623**  
**greg@firstalliancetitle.com**  
**www.firstalliancetitle.com**



Notes from the attorneys...  
© 2019 Your Castle

Source: Your Castle Real Estate analysis. Based on information from Denver (REColorado). Not all properties were listed and/or sold by Company. This representation is based in whole or in part on content supplied by the MLS. The MLS does not guarantee nor is it in any way responsible for its accuracy. Content maintained by the MLS may not reflect all real estate activity in the market. Does NOT include time share, mobile homes, or commercial.

# YOUR CASTLE

REAL ESTATE

