



**3<sup>RD</sup> QUARTER 2021  
PUEBLO**

**REAL ESTATE  
TRENDS**



# ABOUT US

## ABOUT SHOREWOOD REAL ESTATE

Founded in 1969, Shorewood Real Estate has experienced steady growth over the past 50+ years. Acquired by the widely esteemed Lon Welsh of Your Castle Real Estate in 2017, Shorewood gained access to a tremendous team of managing brokers, data researchers, marketing professionals and more. This has elevated Shorewood Real Estate from an already premier position in the Colorado Springs market to a higher plateau of prestige and insight. We now proudly serve the entire Colorado Front Range, with offices in Denver, Colorado Springs, and Loveland.

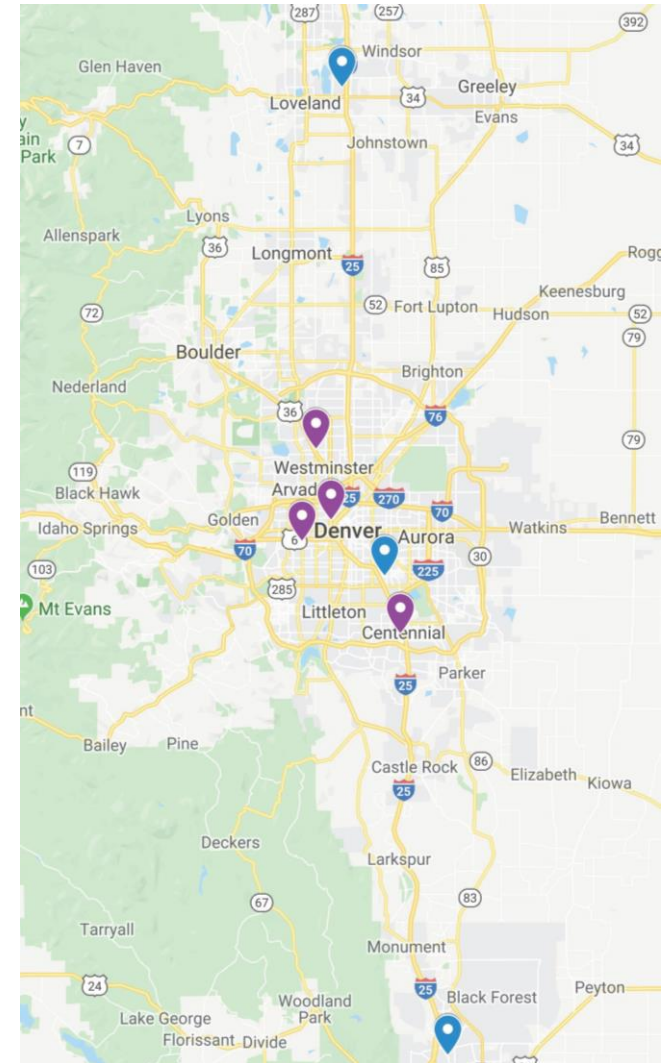
## BROKERS & SALES ASSOCIATES

Shorewood Real Estate and its affiliates employ 700+ real estate agents in six offices across Colorado. We sold over \$2 billion of real estate in 2019 and 2020, and conduct approximately 5,000 transactions per year. Our agents have access to a team of a dozen managing brokers who can help guide them through even the most complex transactions.

## COMMUNITY ENGAGEMENT

Investment in our community has always been an integral part of our company's mission. The brokerage gave \$175,000 to local charities in 2020. We're a big sponsor for the Ronald McDonald House and Boys and Girls Clubs in Colorado. Since 2014, Shorewood Real Estate has also volunteered over 17,500 hours in the community.

## OFFICE LOCATIONS



# KEY MESSAGES FOR HOMES

As prices rise in areas like Colorado Springs and Denver Metro, we see more activity in the Pueblo region. Prices have been increasing at 8-17% year over year since Q2 of 2017. The past twelve months have seen incredible appreciation, and sale count continues to grow as well. Pueblo is a very strong sellers' market, and getting stronger!

**\*TTM = TRAILING 12 MONTHS**

METRIC	PERFORMANCE (TTM*)	OBSERVATIONS
Average Home Price	1Q19 vs 1Q18: +8% 3Q18 vs 3Q18: +10% 1Q20 vs 1Q19: +10% 3Q20 vs 3Q19: +10% 1Q21 vs 1Q20: +17% 3Q21 vs 3Q20: +24%	Prices were relatively steady from 2004 - 2015, hovering between \$105,000 and \$130,000. Then in 2015 prices jumped to \$150,000, and have been steadily increasing since Q1 2016., with double-digit growth since 3Q2018.
Number Sold	1Q19 vs 1Q18: -8% 3Q18 vs 3Q18: -2% 1Q20 vs 1Q19: +6% 3Q20 vs 3Q19: +6% 1Q21 vs 1Q20: +8% 3Q21 vs 3Q20: +12%	The number of homes sold per quarter has been somewhat volatile over the past 15 years. The most homes are typically sold in the second and third quarter each year. Sale count was on a slow decline in 2019, came back in 2020 and is growing even more in 2021.
(MOI) Months of Inventory	04/04/19: 1.9 10/04/19: 2.2 04/04/20: 1.5 10/05/20: 1.1 04/05/21: 0.5 10/04/21: 1.4	Pueblo's inventory continues to decrease, indicating a seller's market - similar to what the rest of the nation is experiencing. It's tightening up a bit, most likely due to some Coloradans being priced out of their markets (such as Colorado Springs) and buying in areas such as Pueblo. The slight increase in MOI is very typical of this time of year.

# PUEBLO - CURRENT MARKET

T1 - Time Period 1: October 2019 - September 2020

Note: Data from PAR MLS (10/4/2021); analysis by Shorewood Real Estate

T2 - Time Period 1: October 2020 - September 2021

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PUEBLO SALES	Number of Sales							Days on Market			Avg SOLD \$000				AVG Disc
	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	
Avondale	3	2	40%	13	24	85%	1.5	76	68	(9)	443	186	232	25%	-3.0%
Beulah	10	4	29%	29	30	3%	4.0	112	92	(20)	825	351	438	25%	-2.4%
Boone	4	1	20%	10	8	-20%	6.0	78	77	(1)	388	143	256	79%	-0.9%
Canon City	12	16	57%	60	102	70%	1.4	92	87	(5)	356	306	320	5%	-1.0%
Colorado City	12	18	60%	58	82	41%	1.8	94	96	1	333	233	280	20%	-1.3%
Colorado Springs	4	24	86%	58	108	86%	0.4	64	53	(11)	686	315	411	30%	2.0%
Florence	2	6	75%	21	26	24%	0.9	67	91	23	467	245	316	29%	0.2%
Fowler	8	3	27%	22	38	73%	2.5	99	76	(23)	227	115	165	43%	-1.5%
La Junta	17	22	56%	87	81	-7%	2.5	111	91	(20)	242	136	163	19%	-3.1%
Lamar	5	7	58%	46	55	20%	1.1	116	84	(32)	227	150	144	-4%	-3.8%
Las Animas	15	5	25%	28	34	21%	5.3	87	100	12	173	123	170	38%	-1.9%
Manzanola	1	2	67%	8	8	0%	1.5	107	103	(4)	375	82	202	147%	-5.4%
Ordway	6	4	40%	22	23	5%	3.1	170	100	(70)	262	129	144	12%	-6.0%
Penrose	3	6	67%	37	30	-19%	1.2	96	85	(11)	708	286	382	33%	-1.8%
Pueblo	215	333	61%	1,977	2,047	4%	1.3	70	59	(11)	398	201	245	22%	0.9%
Pueblo West	57	134	70%	740	876	18%	0.8	75	70	(5)	434	299	366	22%	1.3%
Rocky Ford	10	10	50%	35	56	60%	2.1	130	89	(42)	260	137	149	9%	-3.2%
Rye	10	13	57%	42	49	17%	2.4	133	99	(34)	1,038	273	360	32%	-4.5%
Swink	2	2	50%	6	10	67%	2.4	120	80	(39)	300	150	186	24%	-3.8%
Walsenburg	18	17	49%	48	66	38%	3.3	135	145	10	374	174	217	24%	-5.0%
Westcliffe	16	7	30%	52	55	6%	3.5	204	131	(73)	637	389	518	33%	-2.7%
<b>Grand Total</b>	<b>430</b>	<b>636</b>	<b>60%</b>	<b>3,399</b>	<b>3,808</b>	<b>12%</b>	<b>1.4</b>	<b>79</b>	<b>69</b>	<b>(10)</b>	<b>413</b>	<b>228</b>	<b>281</b>	<b>24%</b>	<b>0.3%</b>
1 < 865 sq ft (smallest 10%)	48	66	58%	361	408	13%	1.4	68	61	(7)	155	114	150	32%	-0.2%
2 865-1079 sq ft	66	97	60%	497	553	11%	1.4	67	60	(7)	203	145	188	30%	0.0%
3 1080-1429 sq ft	91	145	61%	904	976	8%	1.1	73	61	(12)	270	196	237	21%	0.5%
4 1430-1824 sq ft	95	159	63%	838	939	12%	1.2	81	75	(6)	352	259	314	21%	0.7%
5 1825-2199 sq ft	60	105	64%	464	561	21%	1.3	90	78	(12)	486	301	366	21%	0.5%
6 2200+ sq ft (largest 10%)	70	64	48%	335	371	11%	2.3	113	88	(25)	994	376	470	25%	-0.9%
<b>Grand Total</b>	<b>430</b>	<b>636</b>	<b>60%</b>	<b>3,399</b>	<b>3,808</b>	<b>12%</b>	<b>1.4</b>	<b>79</b>	<b>69</b>	<b>(10)</b>	<b>413</b>	<b>228</b>	<b>281</b>	<b>24%</b>	<b>0.3%</b>

# HISTORICAL CONTEXT

Pueblo: Inventory has steadily tightened since 2010, with a slight bump in 2014. We're seeing a lot of investor activity moving from the large metro areas to Pueblo as well, which is helping sellers.

## MONTHS OF INVENTORY (MOI)

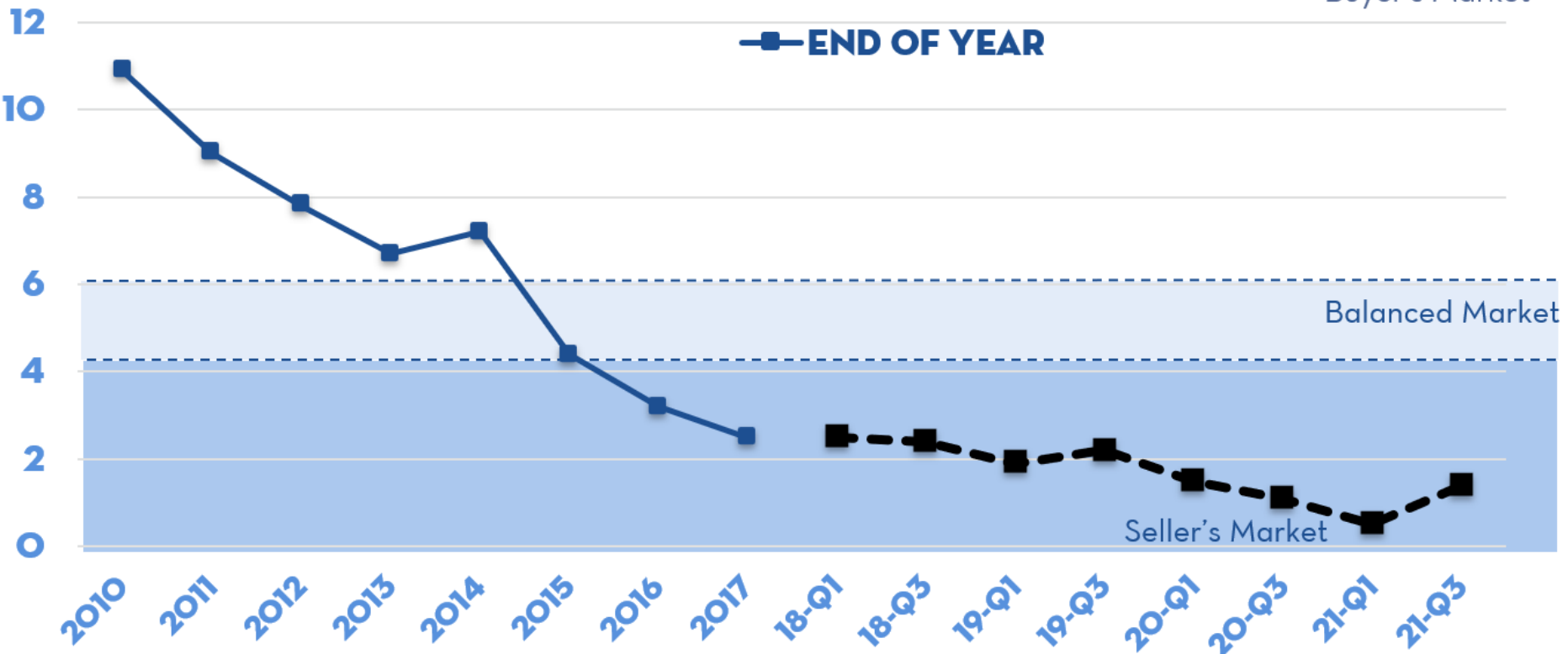
Average MOI

Buyer's Market

—■— END OF YEAR

Balanced Market

Seller's Market

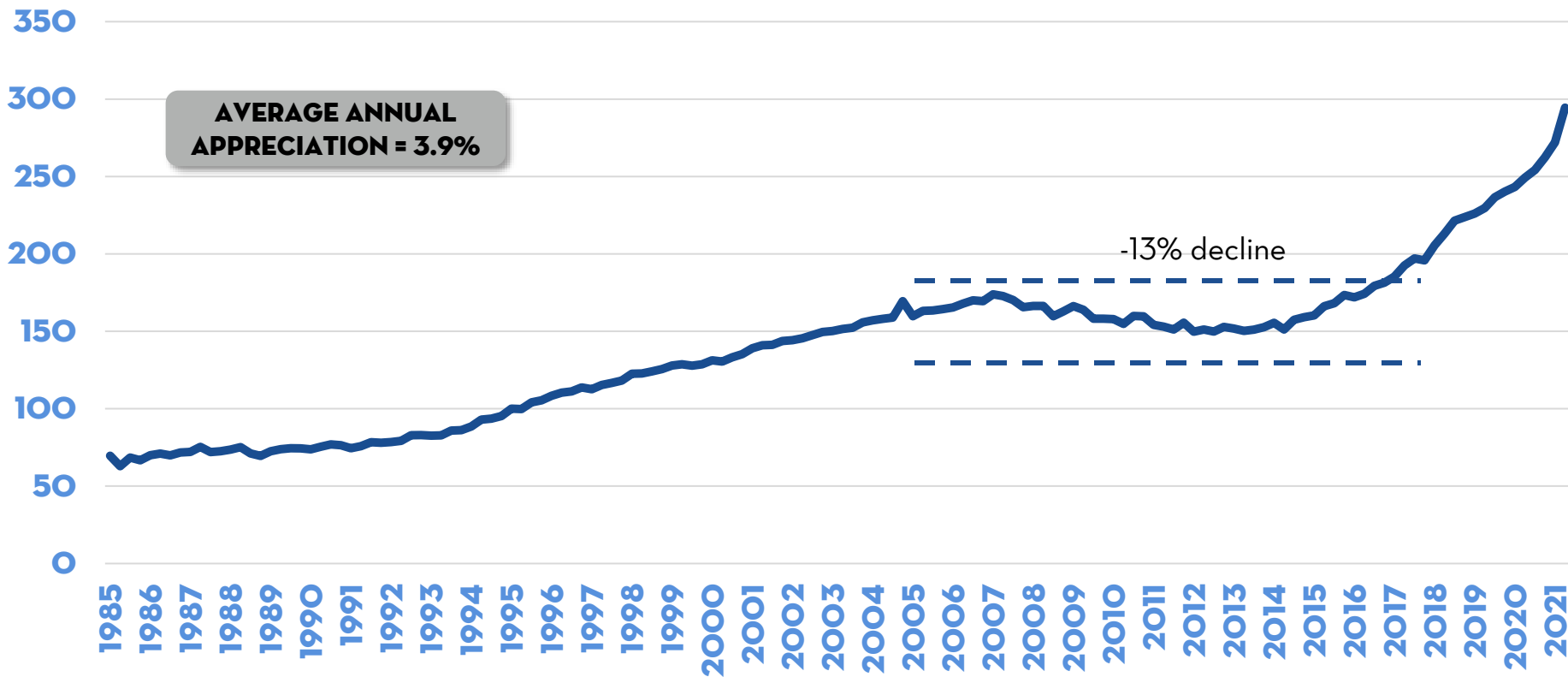


# HISTORICAL CONTEXT

Average Pueblo home & condo price from 1985-1990 was somewhat stagnant, then it was an upward march to 2007. In the last recession, the market dropped -13% to \$150k. Denver declined 25% in the recession. The second quarter 2021 saw an average sales price of \$294,000. This data from the Federal Reserve and is their estimate for ALL properties (homes + condos).

## PUEBLO METRO (ALL TRANSACTIONS HOMES/CONDOS)

Sales Prices in \$000

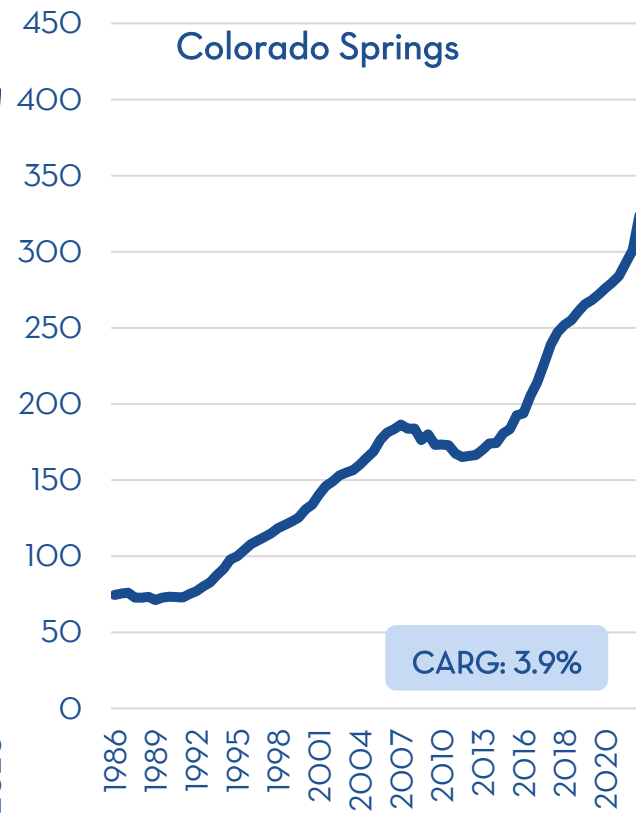
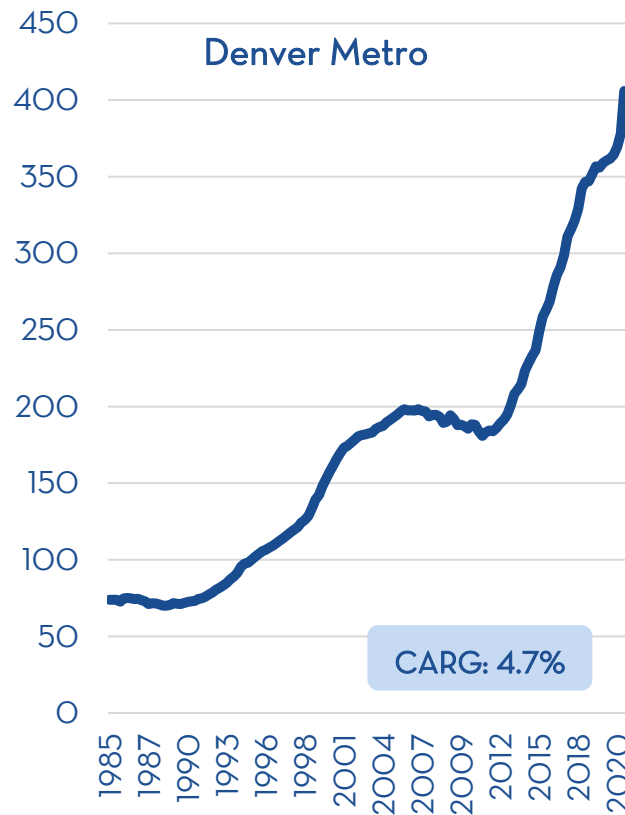
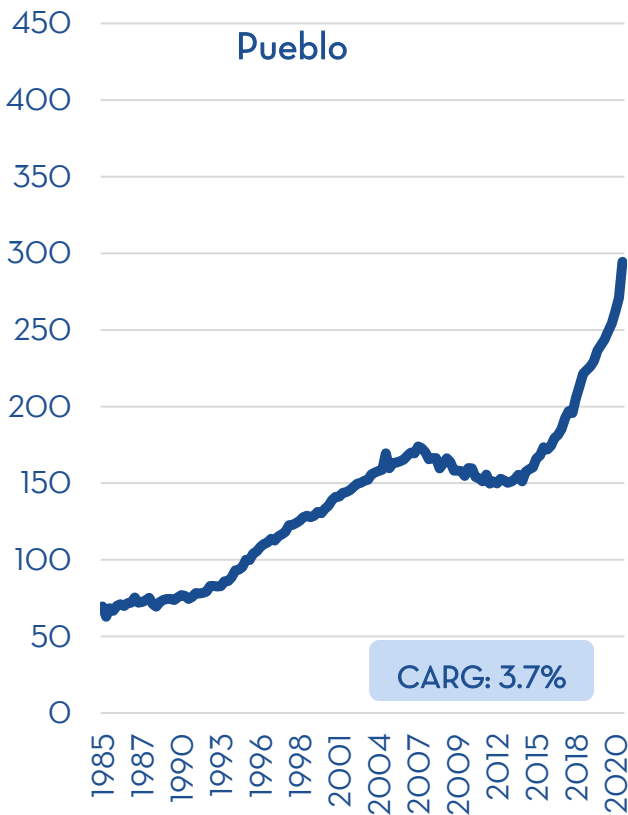


# HISTORICAL CONTEXT: MARKET COMPARISONS

Similar patterns across all three markets: Pueblo, Denver Metro, Colorado Springs. All three markets have surpassed the 2007 boom, having bounced back from the last recession. Denver has had the fastest rate of growth.

## ALL TRANSACTIONS (HOMES/CONDOS)

Sales Prices in \$000



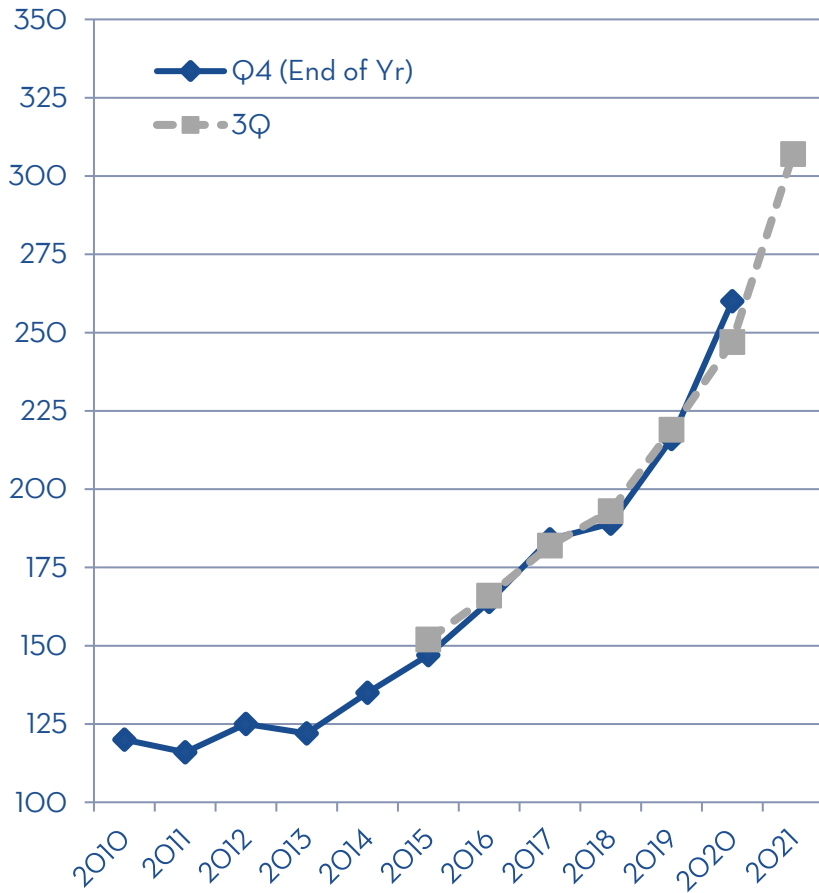
CARG = Compound Annual Rate of Growth

DATA SOURCE: [HTTPS://FRED.STLOUISFED.ORG](https://fred.stlouisfed.org)

# HISTORICAL CONTEXT

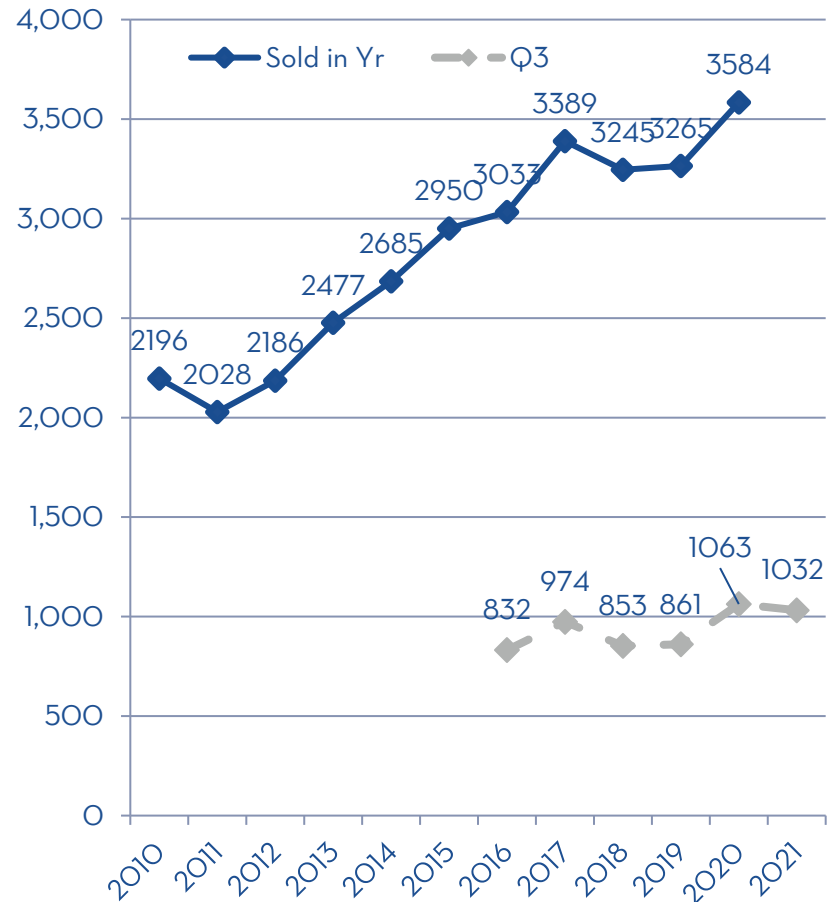
Pueblo sales prices have been steadily rising since 2013. Number of properties sold per quarter is a bit less consistent.

## AVERAGE SOLD PRICE



DATA SOURCE: SHOREWOOD ANALYSIS

## NUMBER PROPERTIES SOLD

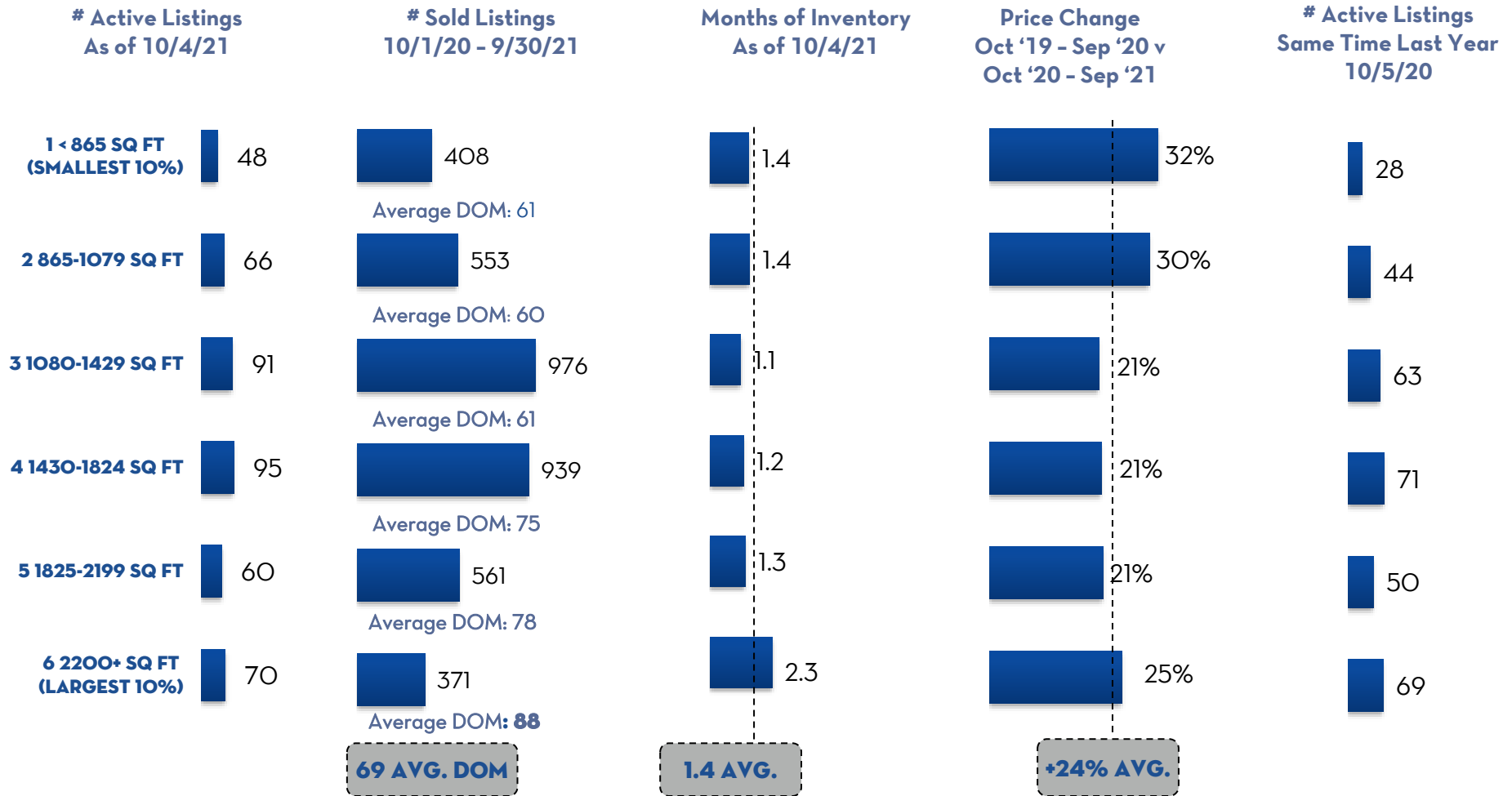




# CURRENT MARKET

While MOI remains incredibly low, there are a bit more active listings than this time last year. Days on market are much longer than other metro areas with similar MOI, but still shortening. The average appreciation rate across the entire market is 24% year over year!

## PUEBLO HOMES BASED ON ABOVE GRADE SF

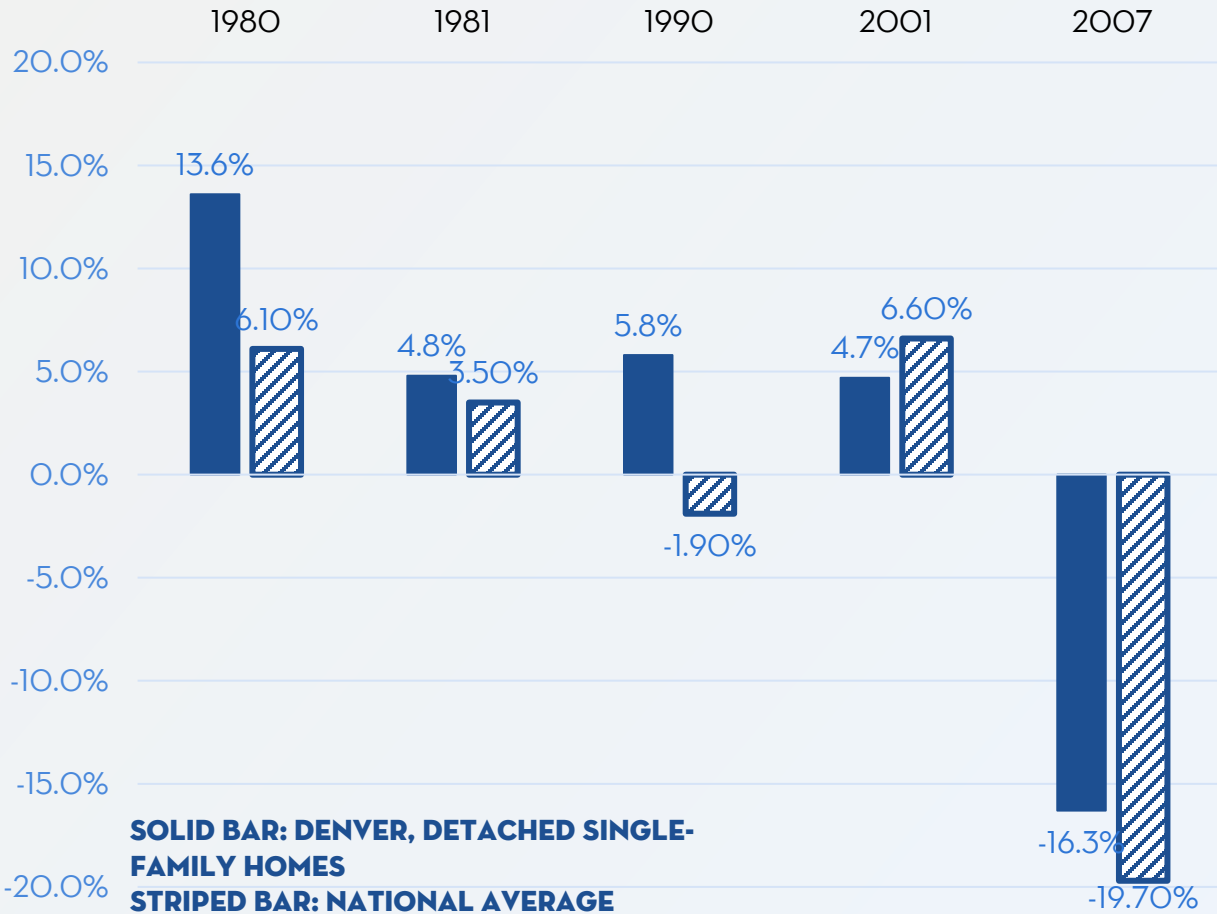


# HOUSING CRISIS?

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.

## HOUSING APPRECIATION RATES DURING RECESSIONS



On the left-hand chart

- *Denver Metro* outperformed the rest of the nation 80% of the time.

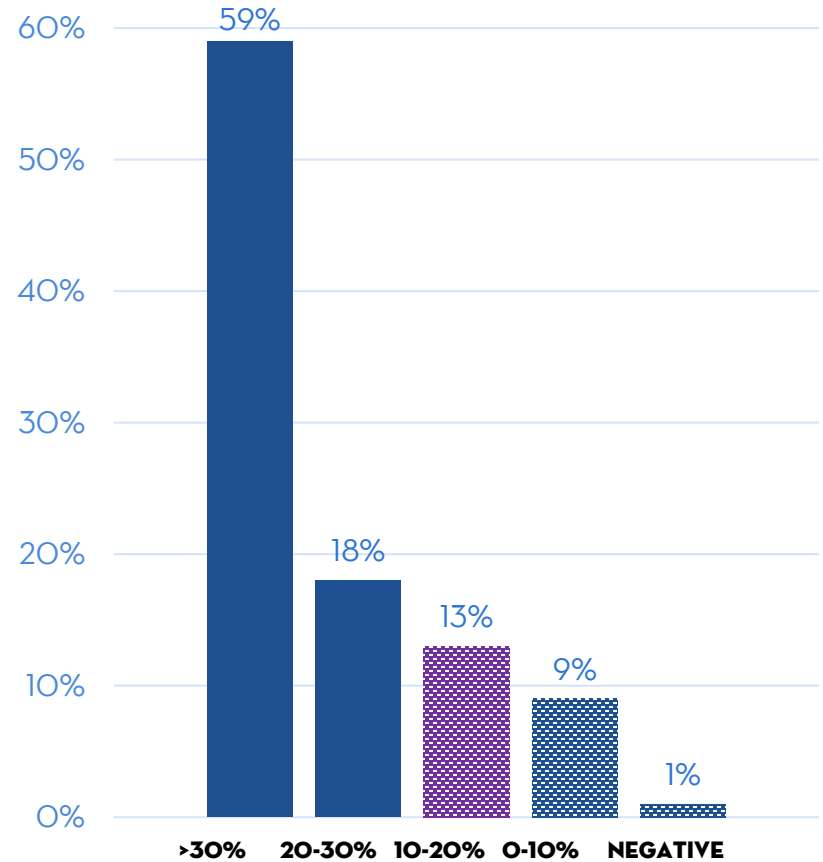
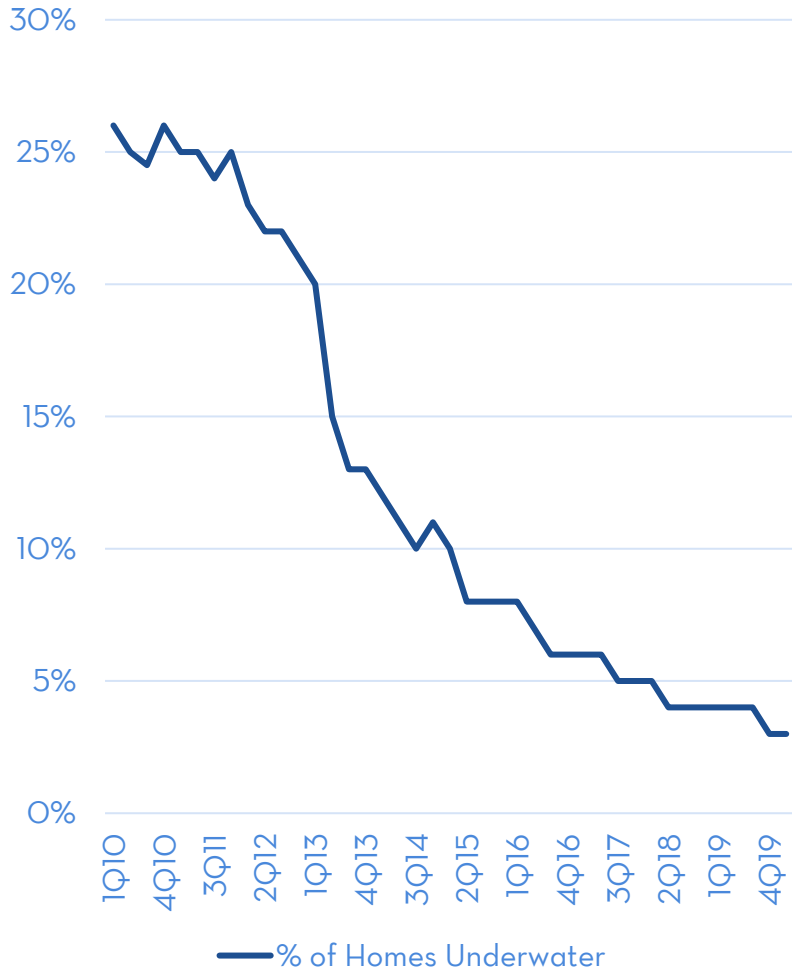
What does it mean for the client?

- “Recession” does NOT equate to “Housing Crisis”!
- Even if a house is “upside down”, the monthly payment doesn’t change (given the typical 30-yr fixed mortgage.)

SOURCE: Recolorado.com, Shorewood Real Estate Analysis, and CoreLogic

# “WHEN WILL THE FORECLOSURES START?”

Only 3% of US homes are currently “underwater” (home value is less than mortgage balance), while 97% have equity. Therefore, we won’t see any material increase in foreclosure activity from the COVID crisis. Everyone who loses a job or has economic trouble will just list the normal way, sell, and harvest their equity. Of all active forbearances which are past due on their mortgage payment, 77% have at least 20% equity in their home.



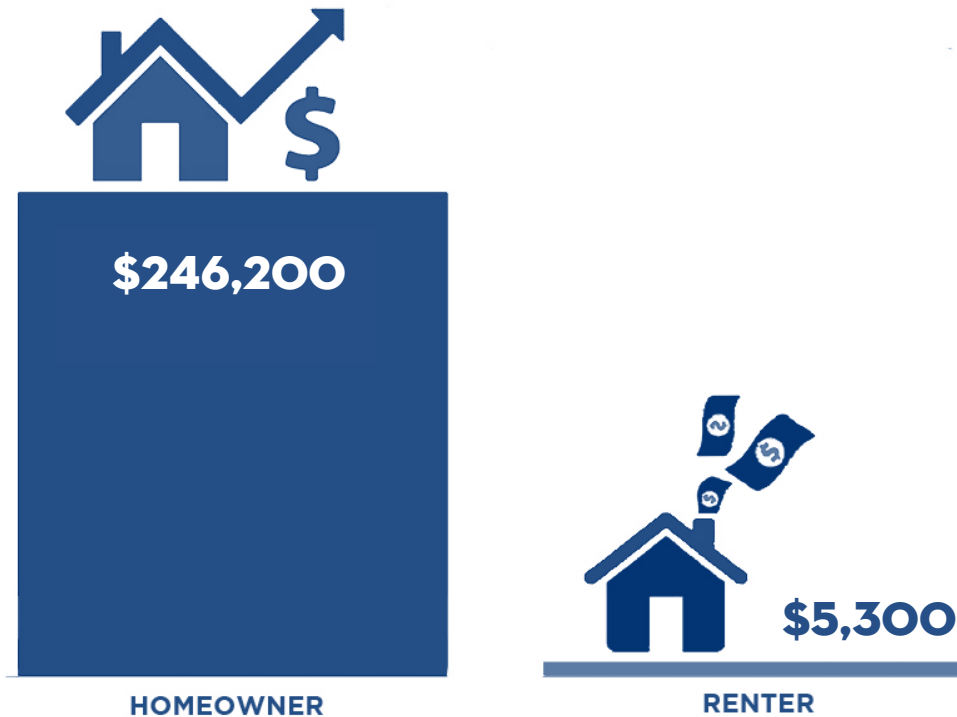
Percentage of Equity in Active Forbearance Currently Past Due

# NET WORTH FOR OWNERS IS HIGHER THAN RENTERS

Buying is generally more affordable and less expensive than renting. In addition, research by the Federal Reserve found that homeowners 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.



DATA SOURCE: FEDERAL RESERVE

# 1<sup>ST</sup> TIME BUYER - WHY IT MAKES SENSE TO BUY

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

## ASSUMPTIONS

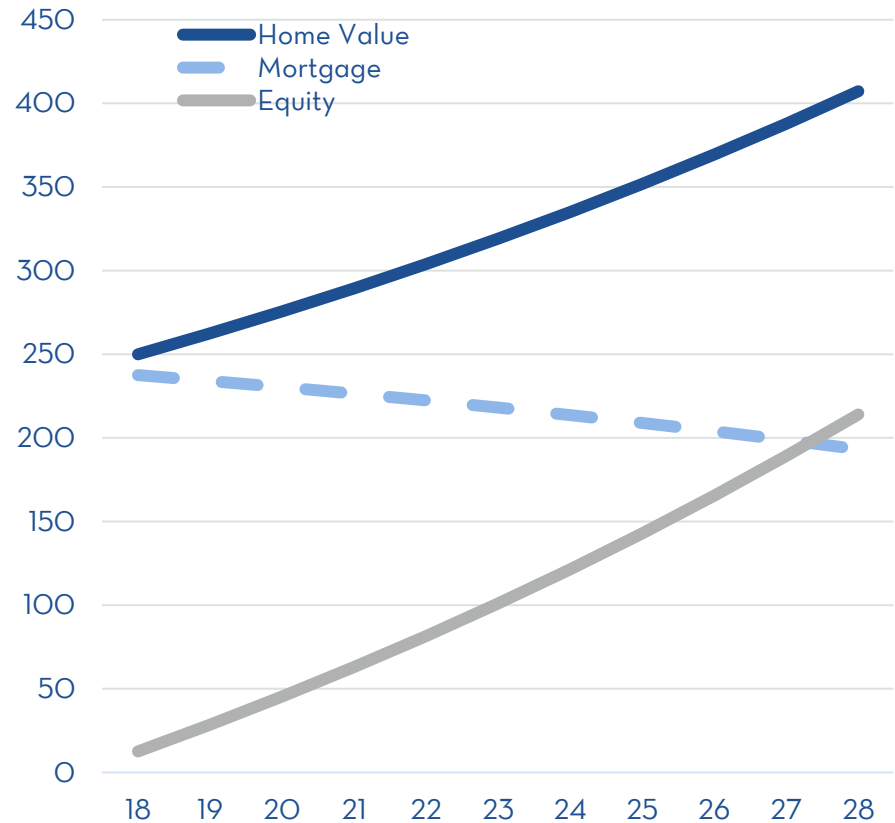
### BUY NOW

▪ 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*:	1280%

### WAIT 12 MONTHS (“WATCH MARKET”)

▪ Assume mortgage rates	+0.5%
▪ Assume home appreciation	+5%
▪ Payment in '18:	\$1,415
▪ Payment change:	+11%

## PROJECTED CHANGE IN HOME VALUE



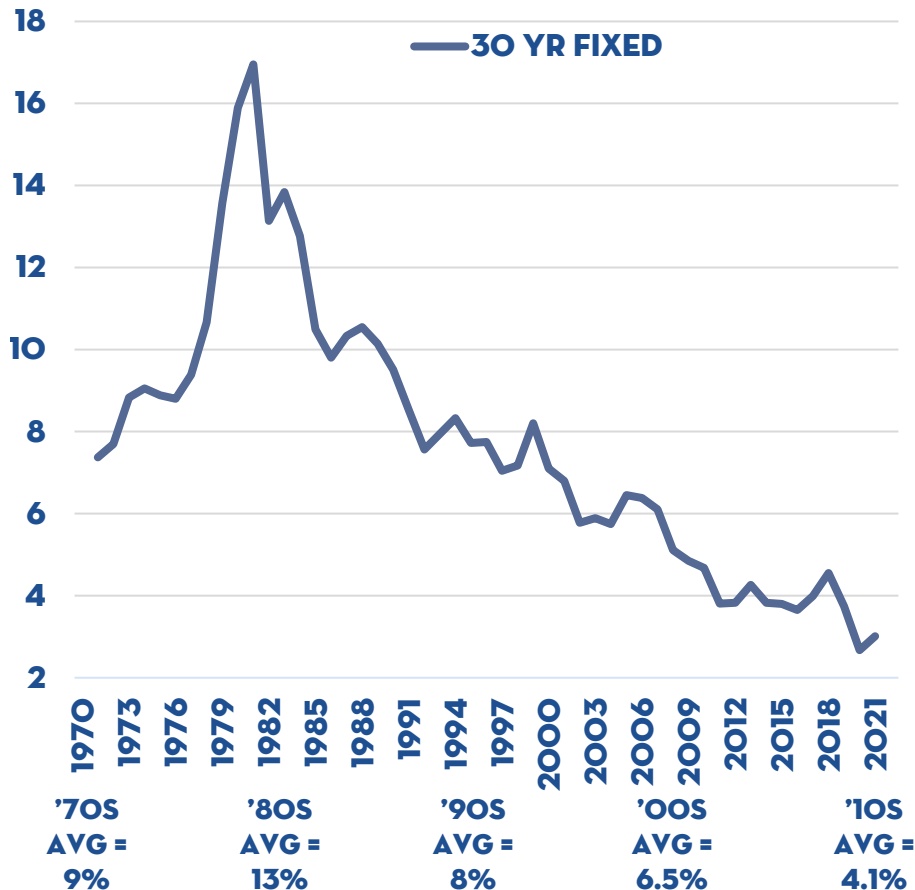
DATA SOURCE: BANKRATE.COM

\*THIS DOES NOT INCLUDE THE NEARLY \$100K PAID OUT IN INTEREST OVER FIRST 10YRS OF LOAN.

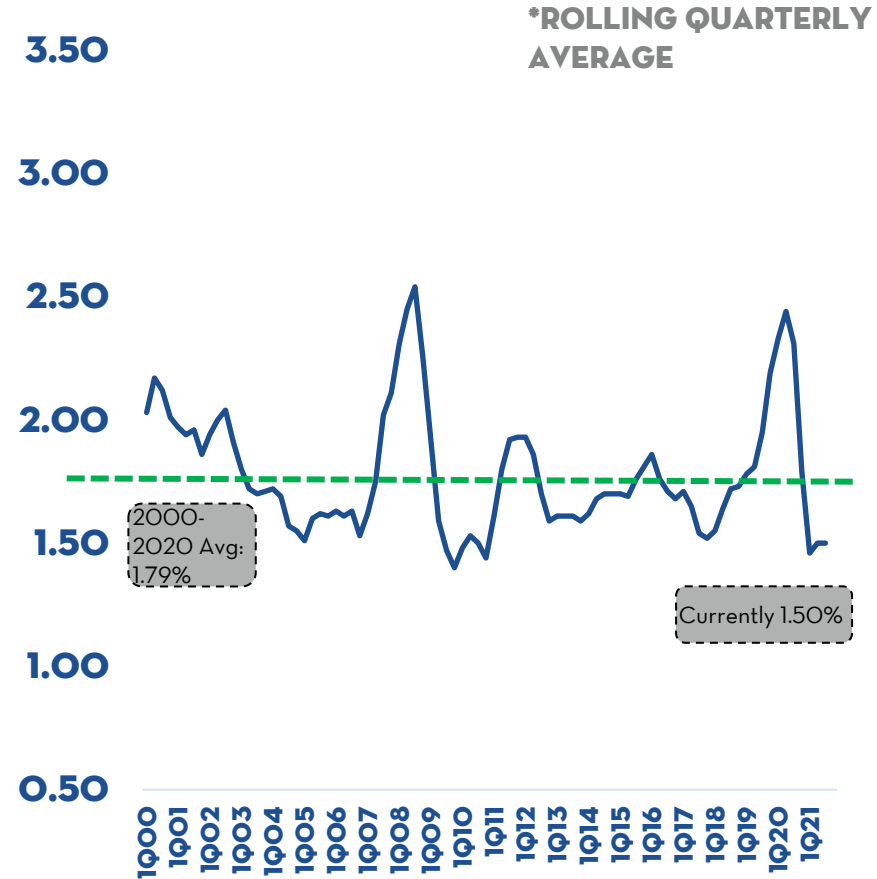
# HISTORICAL CONTEXT: MORTGAGE RATES

The average mortgage rate was 3.01% on 9/30/21. At 2.65%, a \$1490 P&I payment could buy a \$390k house with 5% down. A half percent increase in the interest rate to 3.15% would decrease one's buying power *a bit*, to \$365k in order to keep the same \$1,490 P&I payment. While rates may be slowly rising, they are still at near 50-year lows.

30 YEAR FIXED RATE: 1971-2021



Mortgage/Bond Spread



SOURCE(S): FREDDIE MAC, SHOREWOOD, [FRED](#), [US10Y](#)

Notes from the attorneys...

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Source: Shorewood Real Estate analysis. Based on information from Pueblo MLS and REColorado.com. 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.

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