



1ST 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.

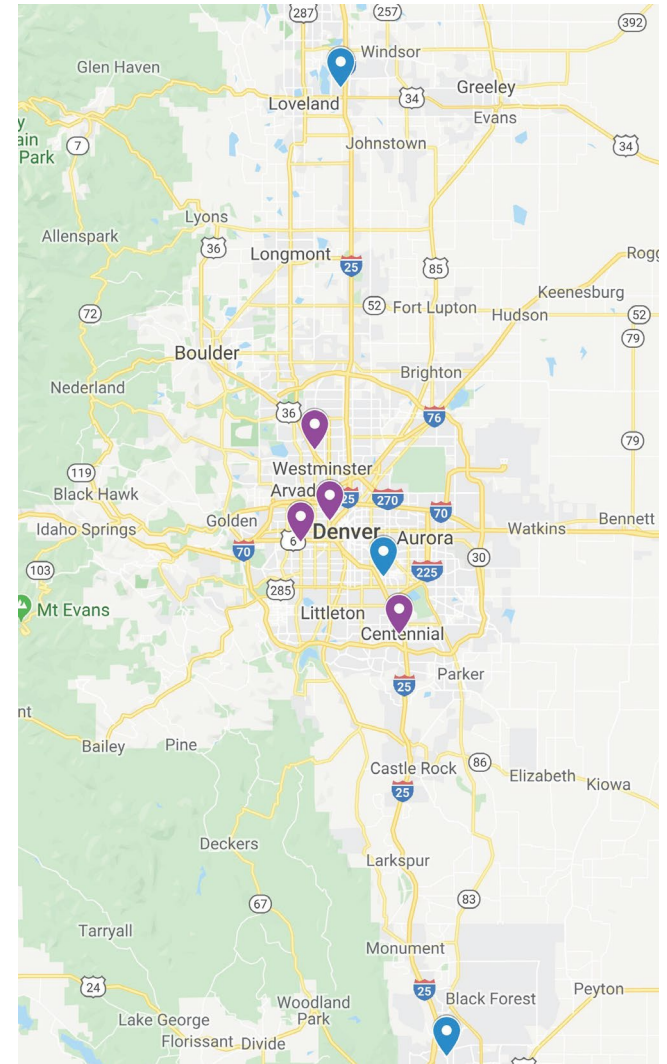
BROKERS & SALES ASSOCIATES

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. Months of inventory is at record-lows! Pueblo is a very strong sellers' market, and getting stronger!

***TTM = TRAILING 12 MONTHS**

METRIC	PERFORMANCE (TTM*)		OBSERVATIONS
Average Home Price	3Q18 vs 3Q17: 1Q19 vs 1Q18: 3Q18 vs 3Q18: 1Q20 vs 1Q19: 3Q20 vs 3Q19: 1Q21 vs 1Q20:	+10% +8% +10% +10% +10% +17%	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.
Number Sold	3Q18 vs 3Q17: 1Q19 vs 1Q18: 3Q18 vs 3Q18: 1Q20 vs 1Q19: 3Q20 vs 3Q19: 1Q21 vs 1Q20:	-1% -8% -2% +6% +6% +8%	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, and came back in 2020.
(MOI) Months of Inventory	10/04/18 04/04/19: 10/04/19: 04/04/20: 10/05/20: 04/05/21:	2.4 1.9 2.2 1.5 1.1 0.5	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.

PUEBLO - CURRENT MARKET

T1 - Time Period 1: April 2019 - March 2020

Note: Data from PAR MLS (4/5/2021); analysis by Shorewood Real Estate

T2 - Time Period 1: April 2020 - March 2021

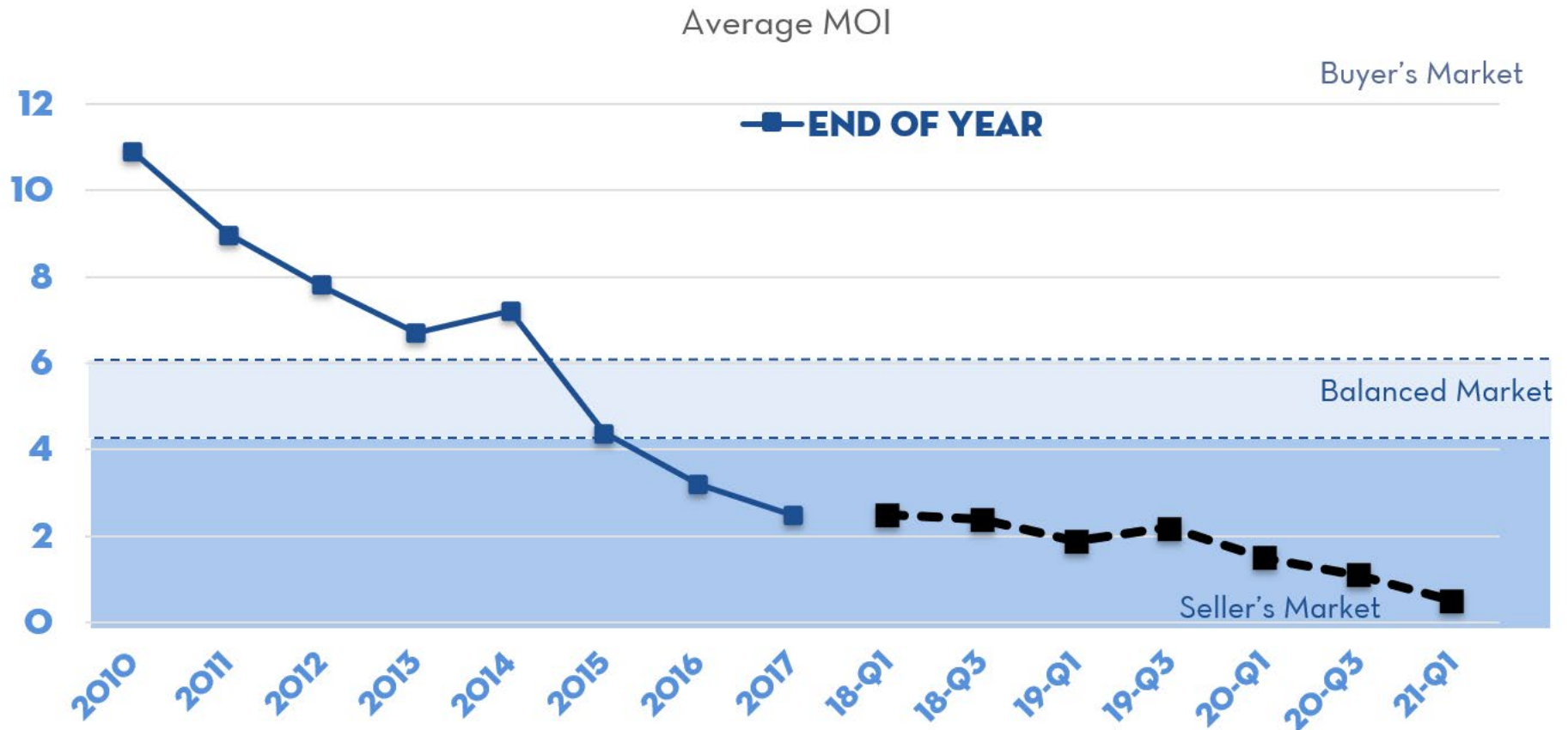
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PUEBLO SALES	Number of Sales								Days on Market			Avg SOLD \$000			
	Current Active	Current U/C	% Listings U/C	Sold t1	Sold t2	Chg Sales	MOI	Sold t1	Sold t2	Chg in DOM	Average Asking	Sold t1	Sold t2	Chg Price	AVG Disc
Avondale	3	4	57%	12	21	75%	1.7	82	79	(3)	578	192	197	3%	-4.6%
Beulah	6	3	33%	28	28	0%	2.6	114	95	(20)	1,240	330	419	27%	-3.4%
Boone	2	0	0%	5	12	140%	2.0	63	84	21	327	163	169	3%	-4.7%
Canon City	3	9	75%	47	95	102%	0.4	104	102	(1)	393	296	306	3%	-2.1%
Colorado City	8	19	70%	52	73	40%	1.3	101	95	(6)	264	228	238	4%	-2.4%
Colorado Springs	3	13	81%	70	70	0%	0.5	61	58	(3)	293	351	350	0%	1.1%
Florence	3	7	70%	18	25	39%	1.4	79	76	(2)	850	259	268	4%	-1.2%
Fowler	1	6	86%	27	34	26%	0.4	69	86	17	750	124	133	7%	-2.1%
La Junta	6	10	63%	88	90	2%	0.8	111	113	2	214	131	149	13%	-2.6%
Lamar	4	6	60%	56	51	-9%	0.9	113	102	(11)	193	128	140	9%	-5.1%
Las Animas	4	3	43%	28	31	11%	1.5	93	110	18	151	92	162	75%	-3.1%
Manzanola	0	2	100%	8	9	13%	-	148	126	(22)	0	133	157	18%	-5.6%
Ordway	3	6	67%	15	23	53%	1.6	142	114	(28)	333	128	114	-11%	-7.0%
Penrose	5	6	55%	28	30	7%	2.0	88	91	3	552	291	300	3%	-4.3%
Pueblo	55	308	85%	1,982	1,993	1%	0.3	69	65	(4)	645	191	220	15%	-0.5%
Pueblo West	21	147	88%	709	838	18%	0.3	74	72	(3)	460	280	326	17%	0.3%
Rocky Ford	5	4	44%	48	55	15%	1.1	113	114	1	201	127	151	19%	-4.3%
Rye	9	7	44%	50	49	-2%	2.2	106	132	25	1,028	251	312	24%	-4.6%
Swink	1	1	50%	2	10	400%	1.2	173	99	(74)	200	115	144	25%	-7.8%
Walsenburg	17	12	41%	48	57	19%	3.6	147	131	(15)	384	180	181	1%	-7.1%
Westcliffe	4	6	60%	46	57	24%	0.8	229	187	(41)	1,161	303	455	50%	-4.4%
Grand Total	163	579	78%	3,367	3,651	8%	0.5	79	76	(3)	555	214	249	17%	-1.0%
1 < 865 sq ft (smallest 10%)	17	46	73%	342	371	8%	0.5	64	68	4	143	105	124	18%	-2.9%
2 865-1079 sq ft	16	86	84%	519	537	3%	0.4	67	65	(2)	221	136	163	20%	-1.2%
3 1080-1399 sq ft	29	126	81%	912	937	3%	0.4	73	69	(4)	286	186	213	14%	-0.7%
4 1400-1824 sq ft	31	173	85%	791	913	15%	0.4	78	78	1	419	245	280	14%	-0.3%
5 1825-2229 sq ft	29	96	77%	477	534	12%	0.7	86	84	(2)	493	276	327	19%	-0.6%
6 2230+ sq ft (largest 10%)	41	52	56%	326	359	10%	1.4	121	101	(20)	1,193	363	409	13%	-1.9%
Grand Total	163	579	78%	3,367	3,651	8%	0.5	79	76	(3)	555	214	249	17%	-1.0%

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)

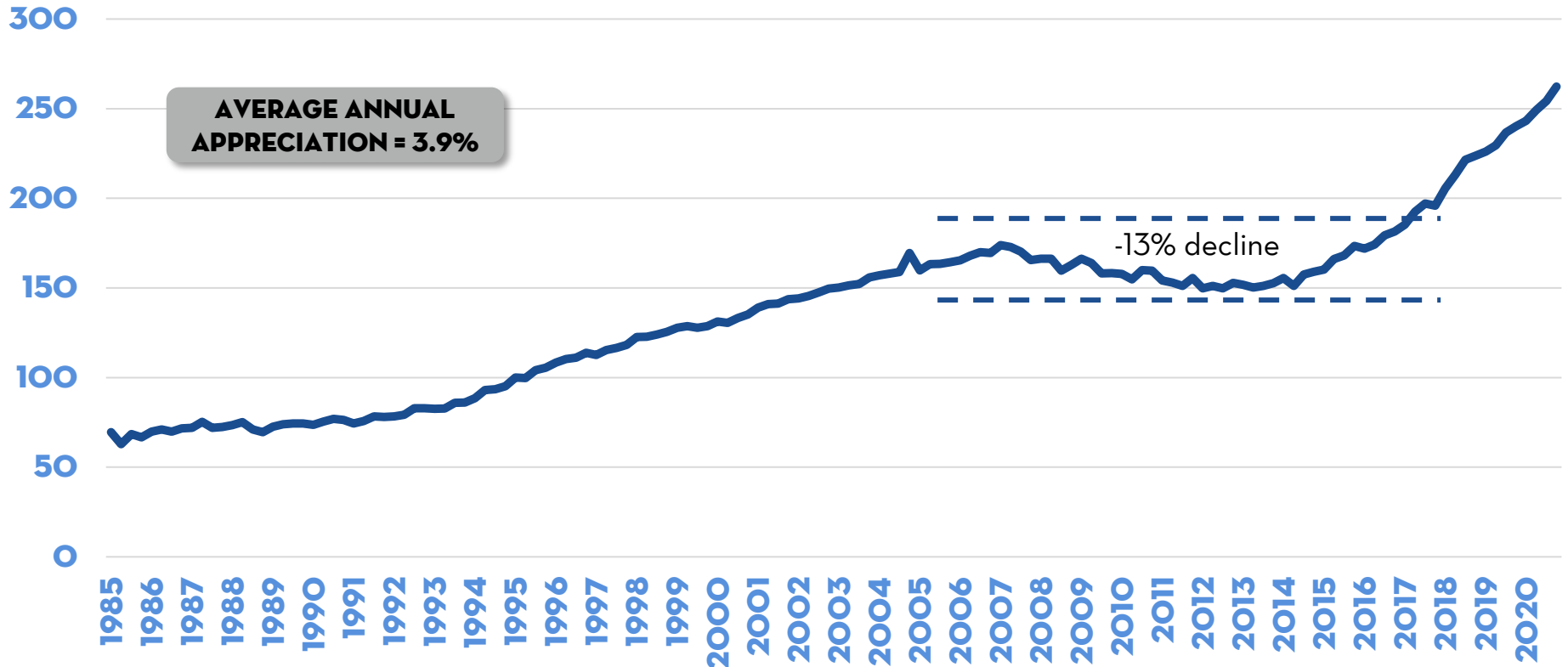


HISTORICAL CONTEXT

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 fourth quarter 2020 saw an average sales price of \$262,000. 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

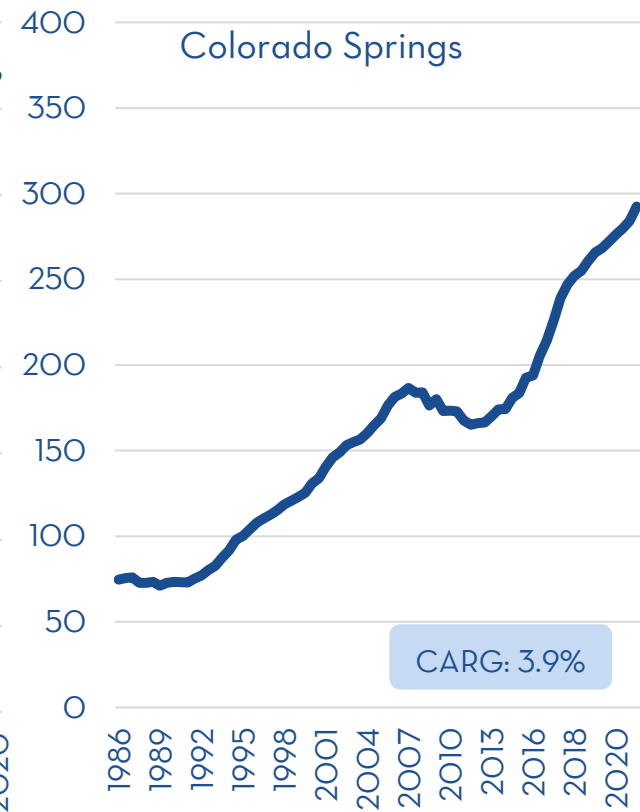
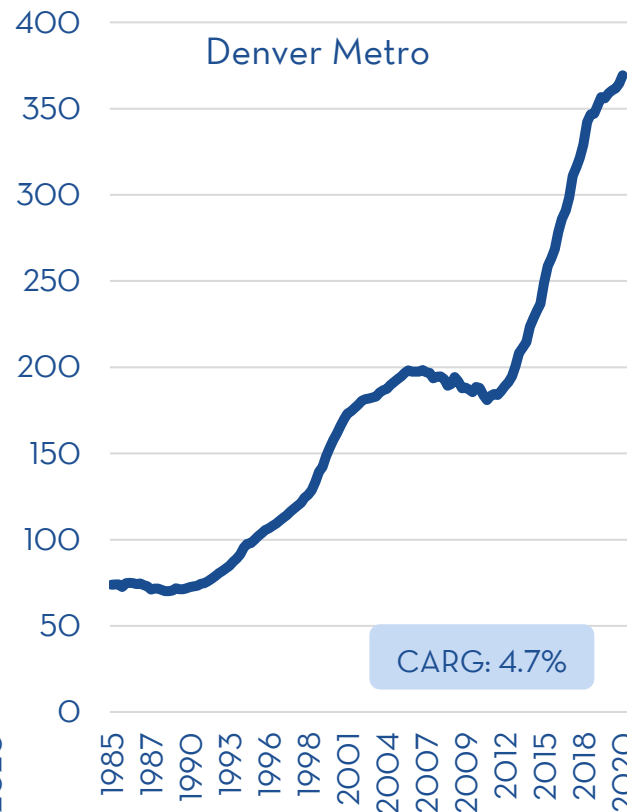
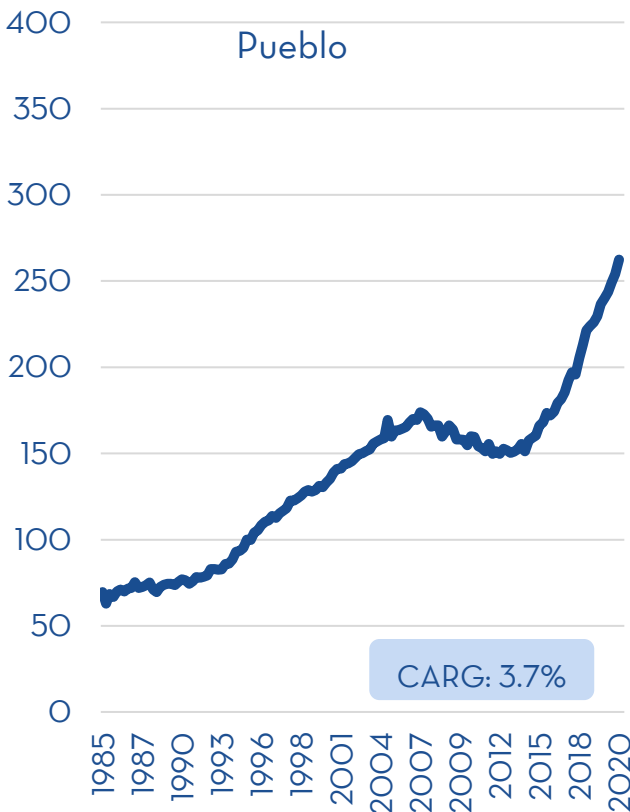


HISTORICAL CONTEXT: MARKET COMPARISONS

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



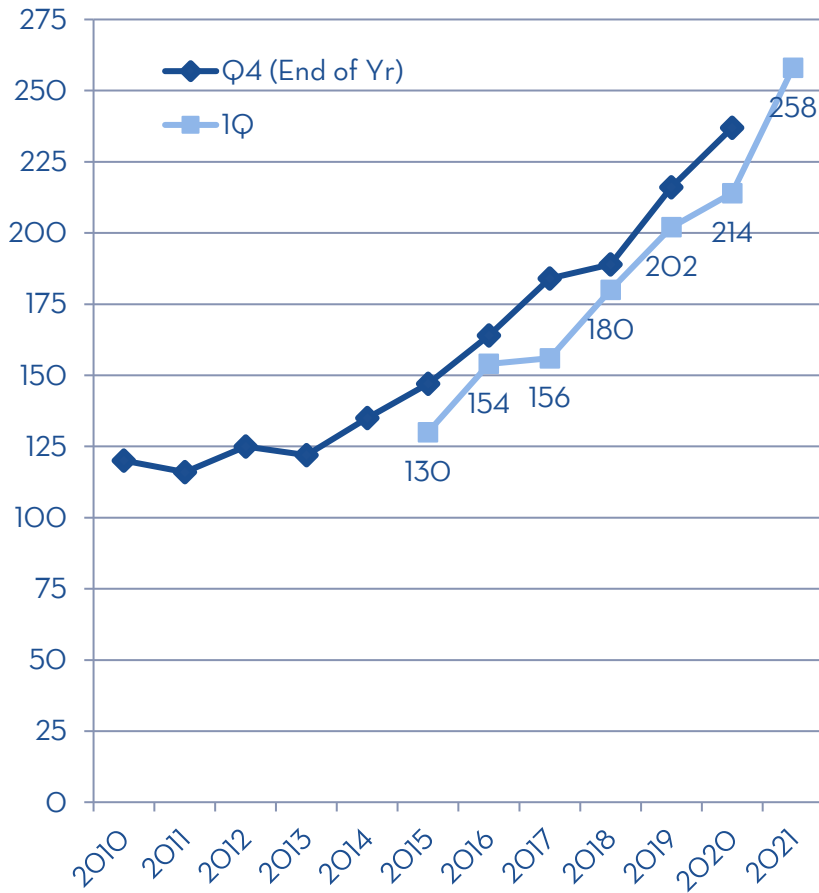
CARG = Compound Annual Rate of Growth

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

HISTORICAL CONTEXT

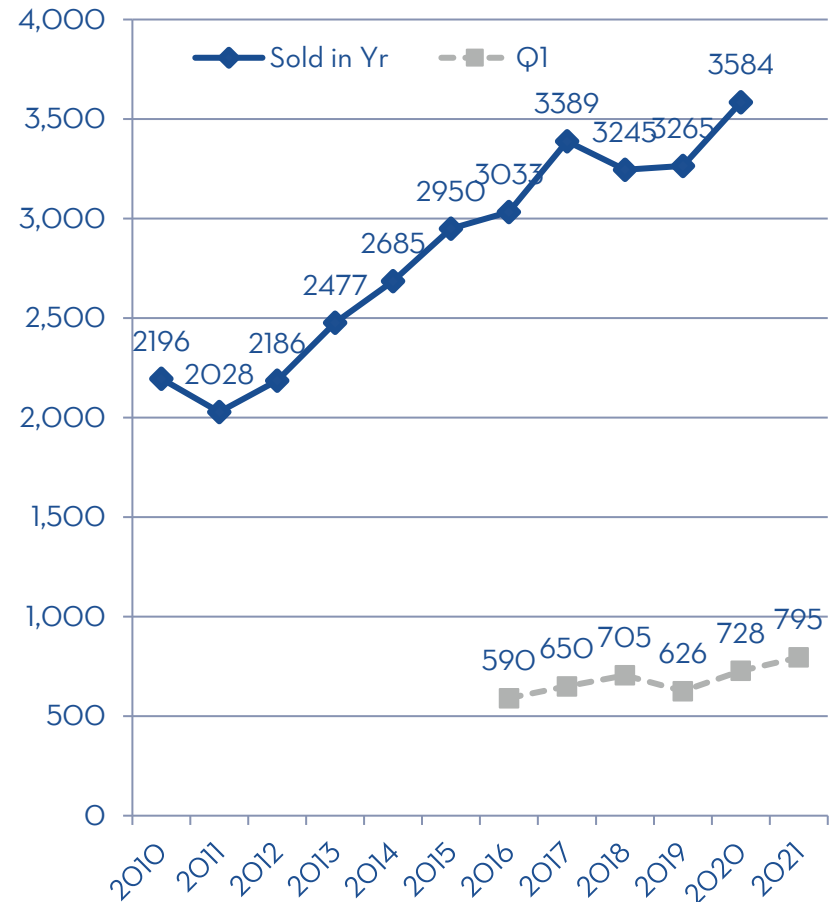
Pueblo sales prices have been steadily rising since 2013. Number of properties sold per quarter is a bit less consistent.

AVERAGE SOLD PRICE



DATA SOURCE: SHOREWOOD ANALYSIS

NUMBER PROPERTIES SOLD



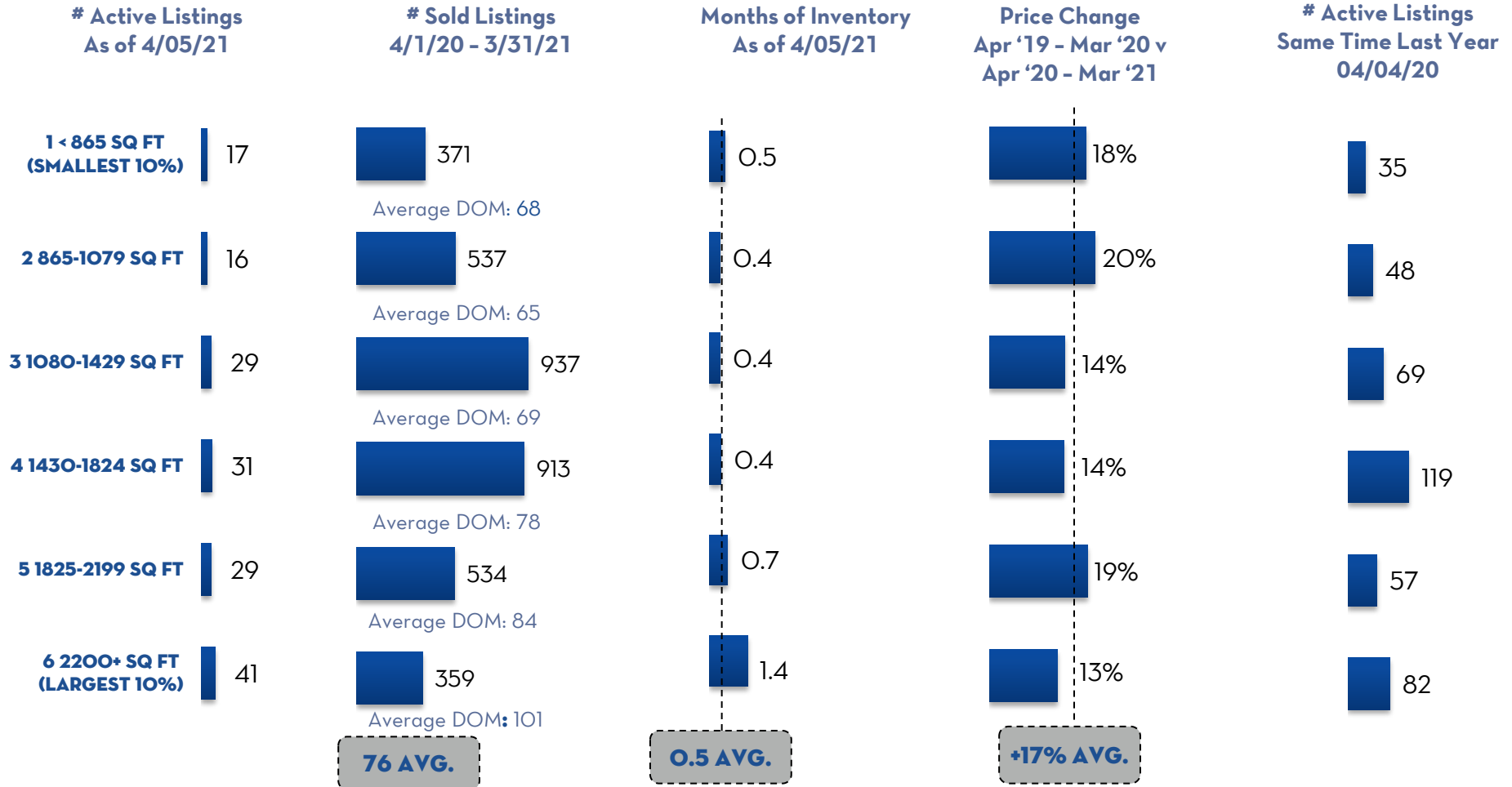
1st Quarter 2021 Pueblo RE Trends



CURRENT MARKET

While MOI is only 0.5 months - record lows! 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 17% year over year!

PUEBLO HOMES BASED ON ABOVE GRADE SF

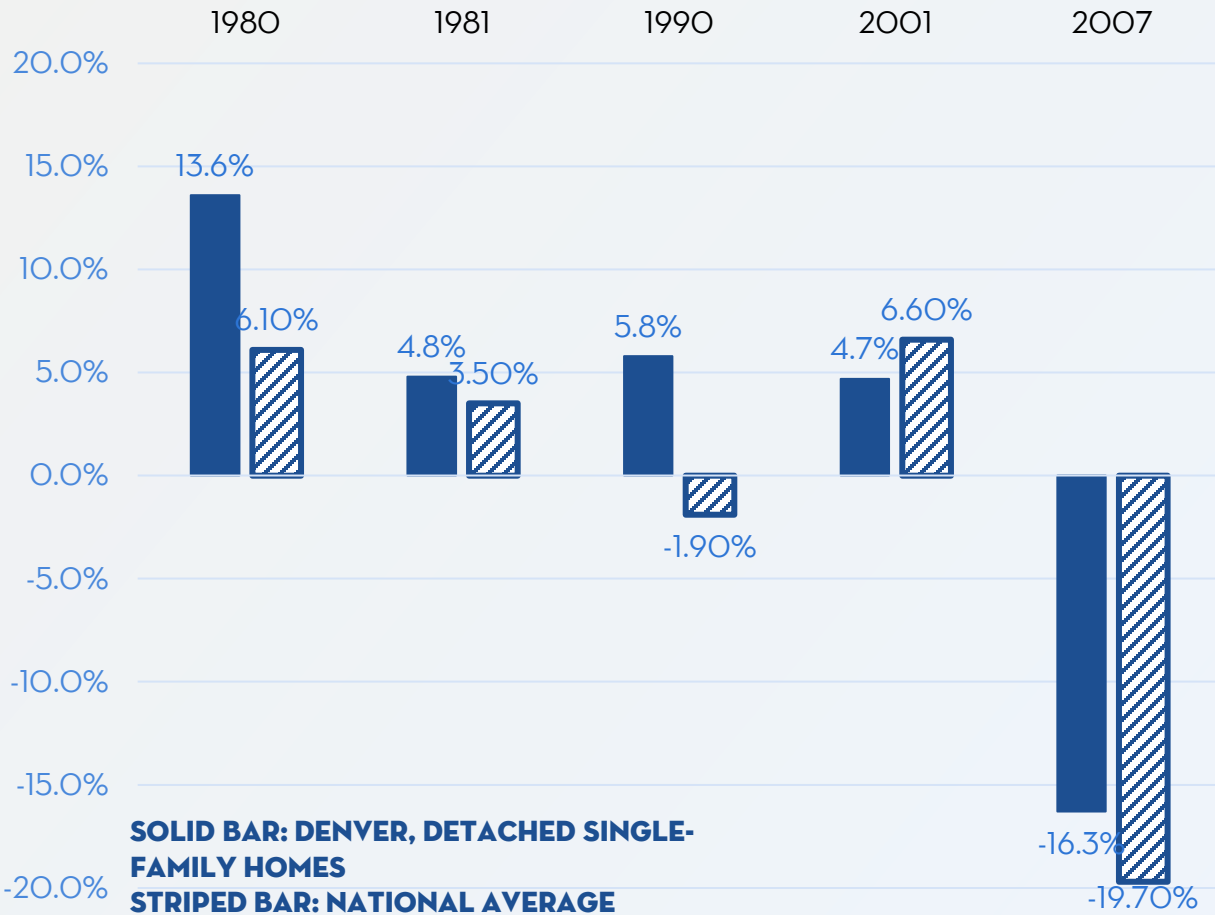


HOUSING CRISIS?

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.

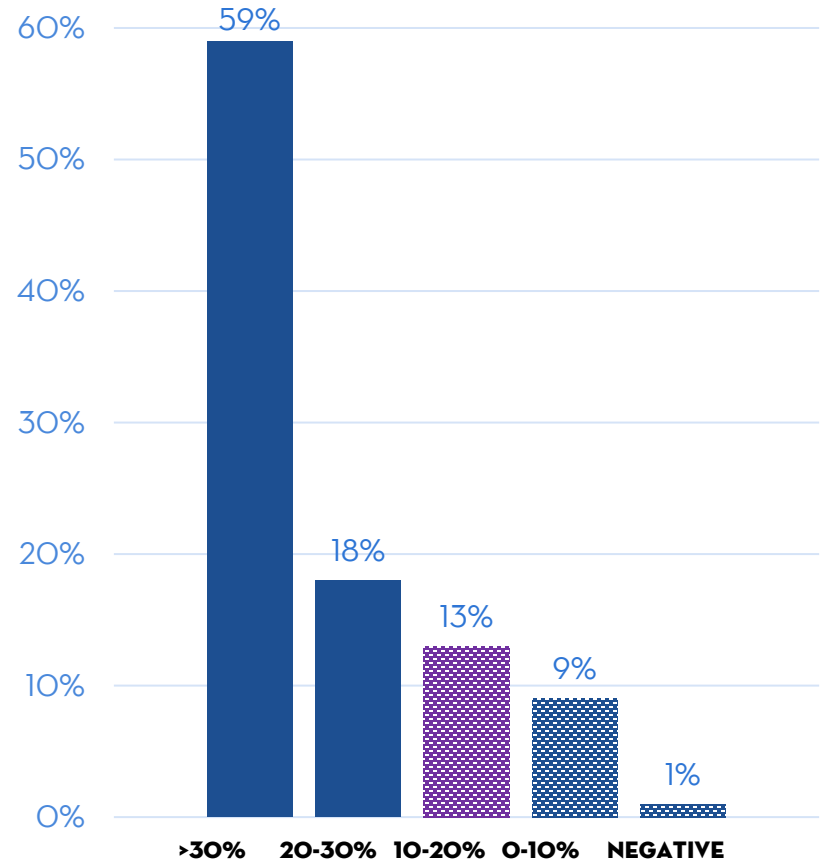
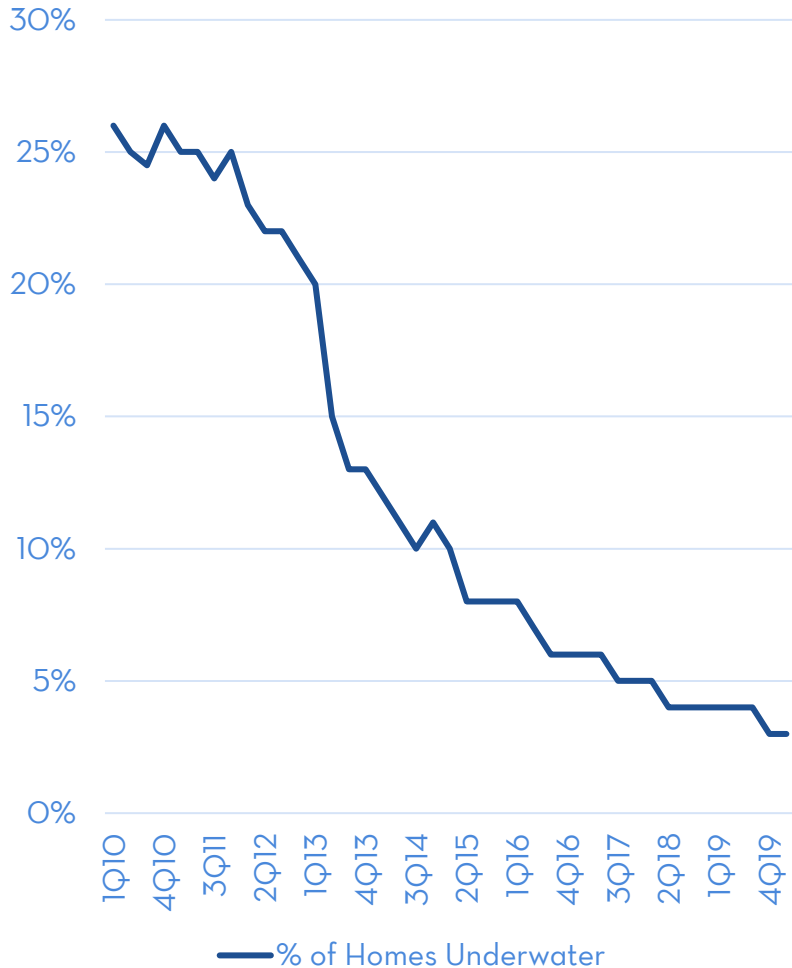
What does it mean for the client?

- “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.



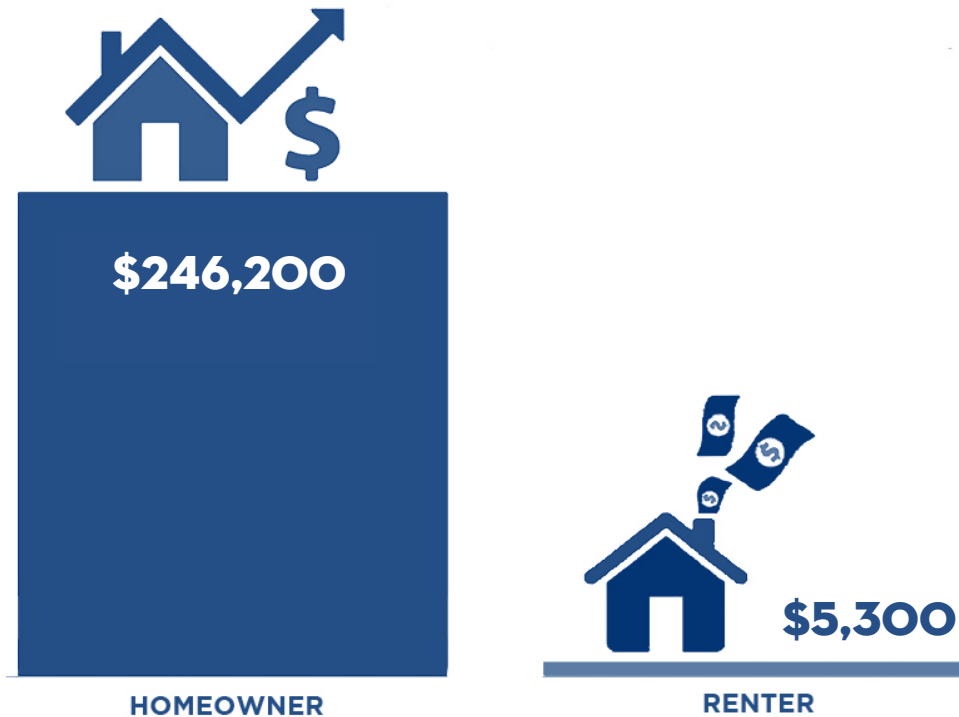
Percentage of Equity in Active Forbearance Currently Past Due

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

1ST 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

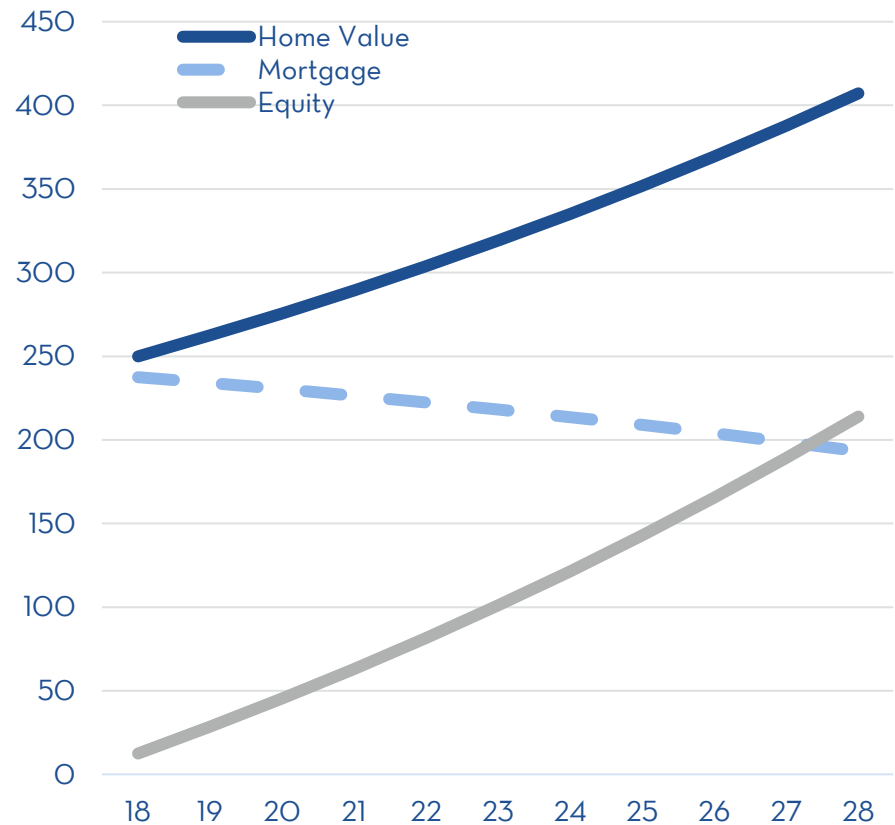
BUY NOW

▪ 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



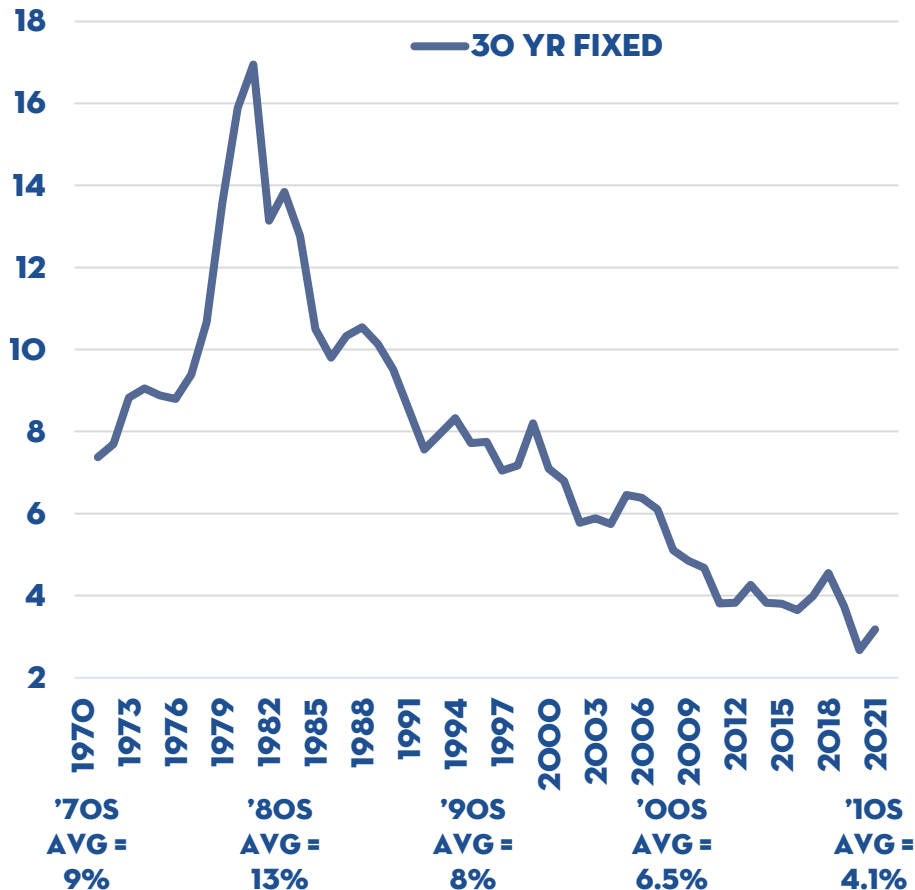
DATA SOURCE: BANKRATE.COM

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

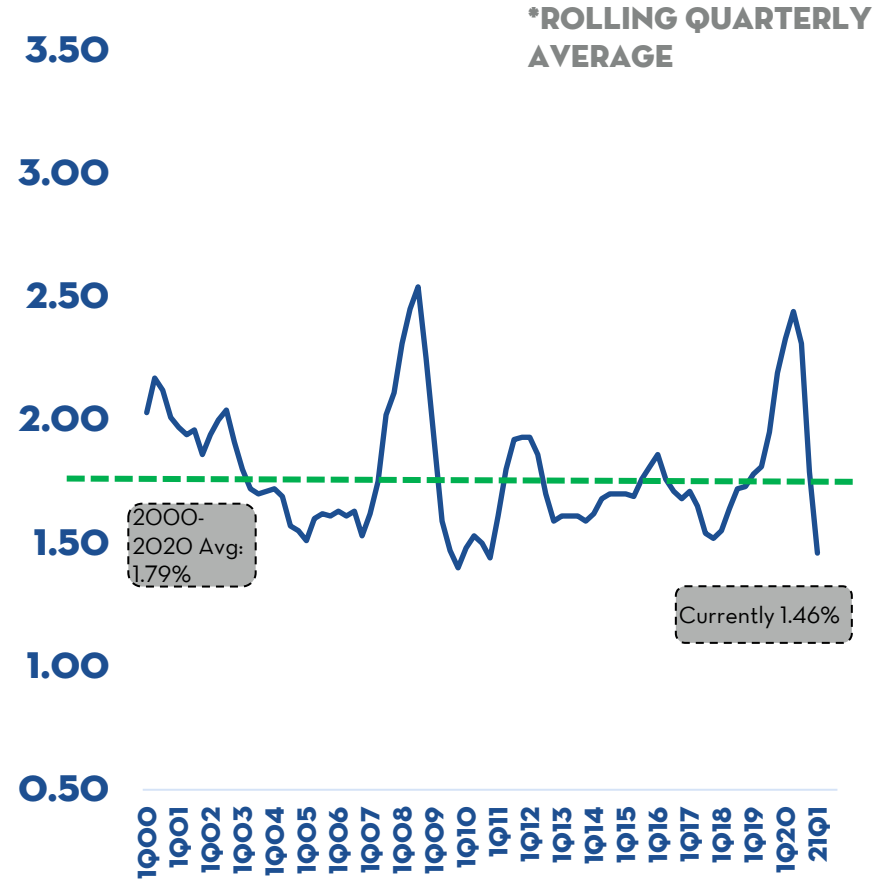
HISTORICAL CONTEXT: MORTGAGE RATES

The average mortgage rate was 3.18% on 4/1/21. 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](#)

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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