



**1<sup>ST</sup> QUARTER 2022**

# **SOCO LUXURY TRENDS**



## ABOUT SHOREWOOD REAL ESTATE

Founded in 1969, Shorewood Real Estate has experienced steady growth over the past 50+ years. Acquired by 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.

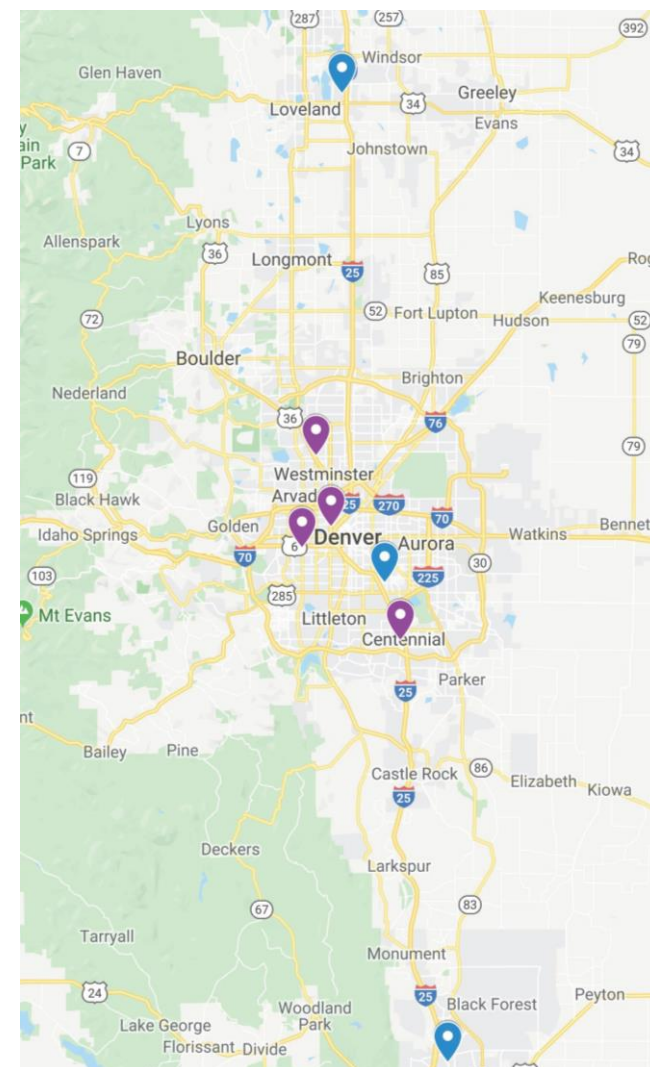
## BROKERS & SALES ASSOCIATES

Shorewood Real Estate and its affiliates employ 750+ real estate agents in six offices across Colorado. We sold over \$3 billion of real estate in 2021, and conduct approximately 5,200 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 each year from 2018 - 2021. We're a proud 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 top 24 luxury neighborhoods (top 5% of detached SOCO market). Annual appreciation continues to soar (22%) – *above* that of the entire market average (18%). Sales count is down as inventory is scarce. MOI is tightening yet again, and the “discount” is still at a premium.

METRIC	PERFORMANCE		OBSERVATIONS
Average Home Price	1Q21 vs 1Q20: 2Q21 vs 2Q20: 3Q21 vs 3Q20: 4Q21 vs 4Q20: 1Q22 vs 1Q21:	+29% +29% +23% +24% +22%	Luxury home prices had been increasing Quarter over Quarter for more than a year. It’s recently slowed just slightly. The average price in these 24 areas was \$862,000 vs \$473,000 for the entire market in the trailing twelve months. Homes that are not the first choice in any neighborhood, or secondary luxury neighborhoods may see less appreciation.
Number Sold	1Q21 vs 1Q20: 2Q21 vs 2Q20: 3Q21 vs 3Q20: 4Q21 vs 4Q20: 1Q22 vs 1Q21:	+47% +157% +2% -38% -15%	As expected, units sold in 20Q2 decreased year over year due to COVID. In the same vein, 21Q2 saw triple-digit sales growth compared to 20Q2. This pattern has been seen across the front range. The market has recently returned to “normal” rates of sales growth.
DOM (Days on Market)	1Q21 vs 1Q20: 2Q21 vs 2Q20: 3Q21 vs 3Q20: 4Q21 vs 4Q20: 1Q22 vs 1Q21:	28 vs 55 14 vs 34 26 vs 45 28 vs 46 20 vs 28	Marketing time has risen a bit, but incredibly is still less than one month, which is outstanding for luxe properties. The overall market average is at less than two weeks DOM. Naturally, larger homes require more marketing time to get under contract. Even so, marketing times are significantly lower than this time last year.
MOI (Months of Inventory)	1Q21: 2Q21: 3Q21: 4Q21: 1Q22:	0.8 1.1 1.0 0.5 0.6	MOI varies quite a bit from one luxe area to the next. The lowest number of homes on the market is usually around the December holidays for this market segment. As demand for the entire metro area booms, the luxury segment is going right along with it (as opposed to lagging a bit behind).
Average Discount from Last Ask Price	1Q21: 2Q21: 3Q21: 4Q21: 1Q22:	-0.1% +1.8% +1.7% +0.4% +0.8%	Discounts on the high end usually run a little higher than that of the market average. The luxury market is strengthening in this regard in that the average luxury buyer continues to pay a <i>premium</i> for these properties!

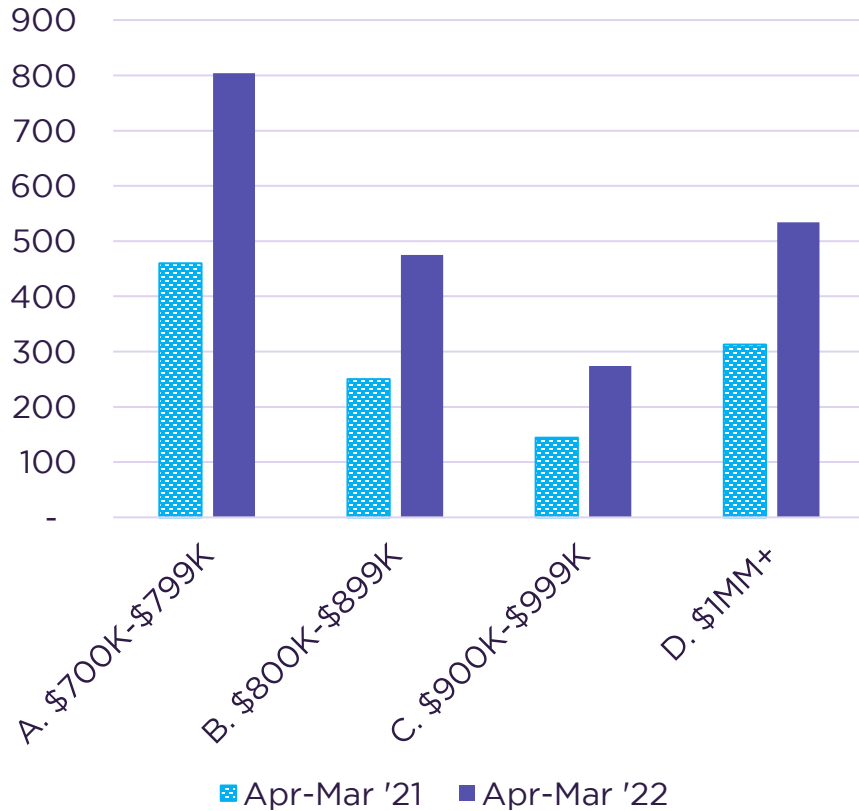
The SOCO market overall had 16,831 home sales in the prior twelve months. These 24 neighborhoods below represent the most expensive 4% of the neighborhoods we track (730 sales). The bottom of this chart highlights the top 10% of the market, or ALL homes over \$700,000 (top 10% of overall DSF market). Sales nearly DOUBLED over the past year in these price ranges.

Note: Data from PPAR 4/5/2022; analysis by Shorewood Real Estate  
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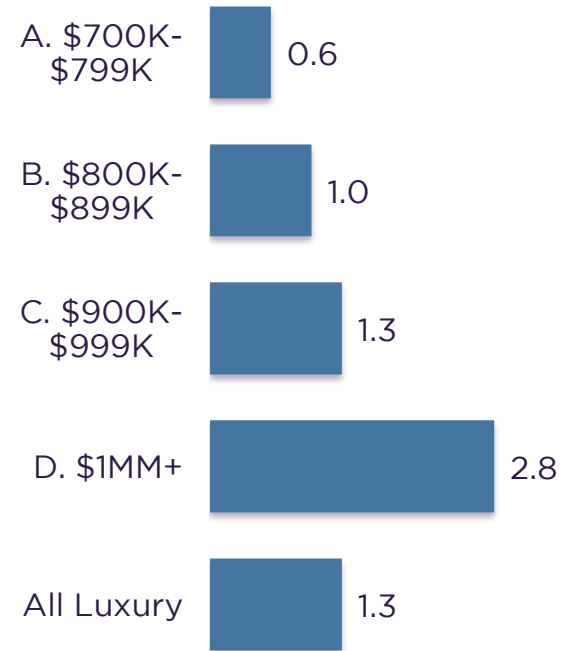
COLORADO SPRINGS HOMES		Number of Sales								Days on Market			Avg SOLD \$000			
LUXE NEIGHBORHOODS		Current Active	Current U/C	% Listings U/C	Sold t1	Sold t2	Chg Sales	MOI	Sold t1	Sold t2	Chg in DOM	Average Asking	Sold t1	Sold t2	Chg Price	AVG Disc
Homes in luxe neighborhoods, regardless of price	Arrowwood	1	-	0%	13	6	-54%	2.0	18	4	(14)	1,470	642	845	32%	2.8%
	Broadmoor	4	5	56%	106	82	-23%	0.6	42	31	(11)	1,899	720	1,027	43%	0.2%
	Canterbury	2	2	50%	9	11	22%	2.2	20	51	31	2,713	787	927	18%	-1.6%
	Cedar Heights	1	-	0%	17	10	-41%	1.2	39	14	(25)	1,285	803	833	4%	1.9%
	Flying Horse	3	4	57%	118	101	-14%	0.4	38	15	(22)	1,737	730	896	23%	0.6%
	Hawkridge	-	1	100%	11	5	-55%	-	55	5	(49)	0	759	914	20%	1.1%
	High Forest Ranch	1	1	50%	16	10	-38%	1.2	52	18	(34)	3,499	1,246	1,402	13%	-2.0%
	Kettle Creek	-	1	100%	11	5	-55%	-	7	3	(4)	0	581	673	16%	1.7%
	Kings Deer Highlands	4	7	64%	42	30	-29%	1.6	45	16	(29)	1,501	920	1,130	23%	1.2%
	Kissing Camels	6	4	40%	56	42	-25%	1.7	28	25	(3)	1,499	758	899	19%	2.5%
	Neal Ranch	5	10	67%	136	136	0%	0.4	48	27	(21)	3,089	890	998	12%	1.2%
	Northgate Estates	-	-	-	5	8	60%	-	84	5	(79)	0	627	729	16%	4.4%
	Park Forest Estates	-	2	100%	21	9	-57%	-	39	13	(25)	0	672	684	2%	1.8%
	Serenity Park	-	4	100%	38	24	-37%	-	23	11	(12)	0	677	731	8%	2.4%
	The Ridge at Fox Run	-	2	100%	12	18	50%	-	17	10	(7)	0	631	822	30%	2.9%
	The Timbers	-	-	-	6	3	-50%	-	131	4	(126)	0	1,156	579	-50%	9.4%
	The Trails	2	2	50%	32	21	-34%	1.1	33	15	(18)	834	672	716	7%	1.6%
	Upper Skyway	3	4	57%	66	68	3%	0.5	28	13	(14)	2,110	658	980	49%	1.1%
	Walden	1	1	50%	36	28	-22%	0.4	44	25	(19)	1,300	799	933	17%	3.7%
	Wildwood Village	-	4	100%	6	11	83%	-	21	7	(14)	0	649	838	29%	2.6%
	Wissler Ranch	-	4	100%	9	7	-22%	-	35	10	(26)	0	776	980	26%	1.9%
	Woodmen Valley	-	2	100%	12	17	42%	-	9	19	10	0	655	1,023	56%	0.3%
	Woodmoor Greens	1	5	83%	28	34	21%	0.4	38	10	(28)	820	580	721	24%	3.2%
	Woodmoor Mtn	-	-	-	7	8	14%	-	26	23	(3)	0	775	790	2%	-3.1%
<b>Grand Total</b>	<b>34</b>	<b>65</b>	<b>66%</b>	<b>813</b>	<b>694</b>	<b>-15%</b>	<b>0.6</b>	<b>38</b>	<b>20</b>	<b>(18)</b>	<b>1,913</b>	<b>762</b>	<b>930</b>	<b>22%</b>	<b>1.3%</b>	
Homes of \$580k+, regardless of neighborhood	A. \$700K-\$799K	39	118	75%	460	804	75%	0.6	42	15	(27)	756	745	742	0%	1.6%
	B. \$800K-\$899K	39	68	64%	250	475	90%	1.0	57	25	(32)	850	842	844	0%	1.0%
	C. \$900K-\$999K	29	63	68%	144	274	90%	1.3	49	26	(23)	958	948	940	-1%	1.3%
	D. \$1MM+	126	119	49%	313	534	71%	2.8	87	42	(44)	1,943	1,413	1,440	2%	-0.4%
	<b>Grand Total</b>	<b>233</b>	<b>368</b>	<b>61%</b>	<b>1,167</b>	<b>2,087</b>	<b>79%</b>	<b>1.3</b>	<b>58</b>	<b>26</b>	<b>(32)</b>	<b>1,439</b>	<b>970</b>	<b>970</b>	<b>0%</b>	<b>0.8%</b>

The top 10% of SOCO's most expensive homes sell for \$700,000 or more. Homes in different luxury home segments have different characteristics. As the average home price increases, the "lower-end luxury" market continues to grow in popularity among former non-luxury clients.

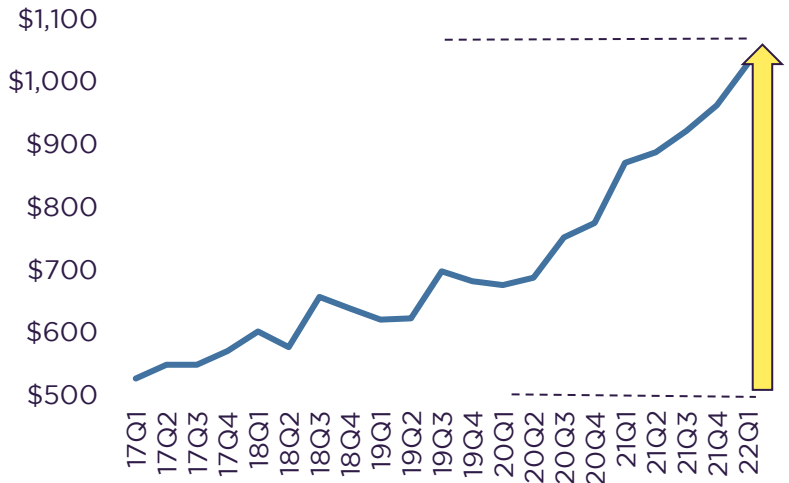
## YEAR OVER YEAR SALES COUNTS (TTM)



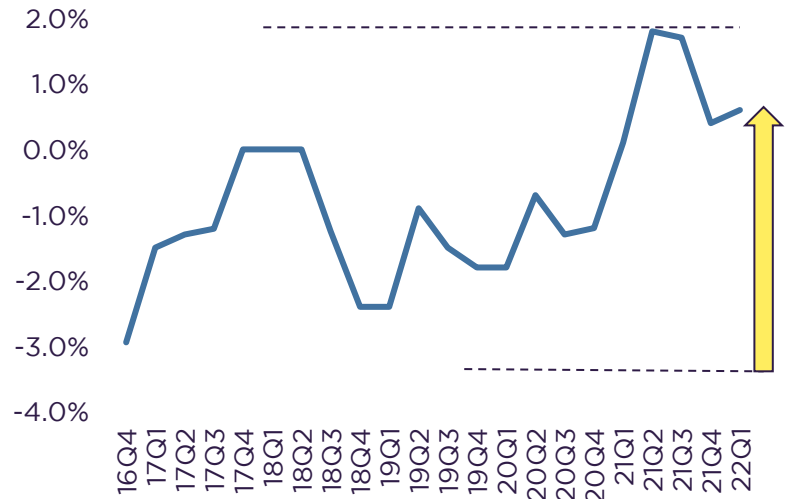
## MONTHS OF INVENTORY BY SEGMENT



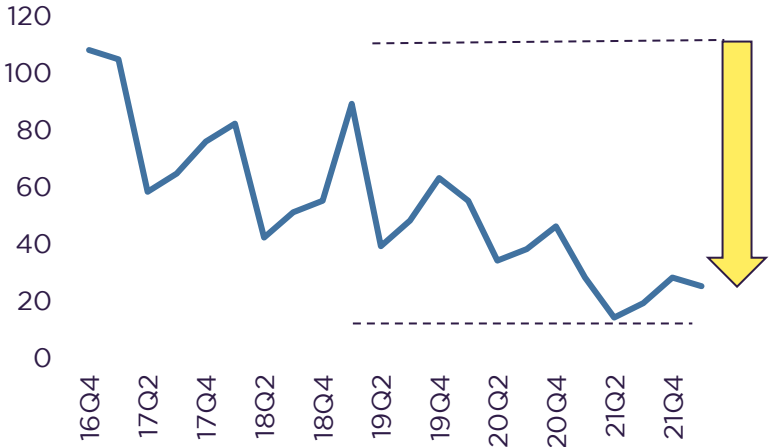
**SALES PRICES IN \$000**



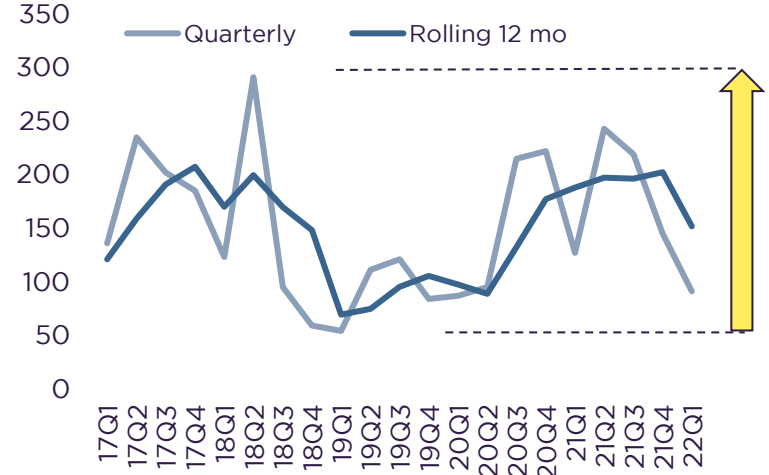
**DISCOUNT (SOLD PRICE / LAST ASK \$)**



**DOM (DAYS ON MARKET)**



**NUMBER OF HOMES SOLD**

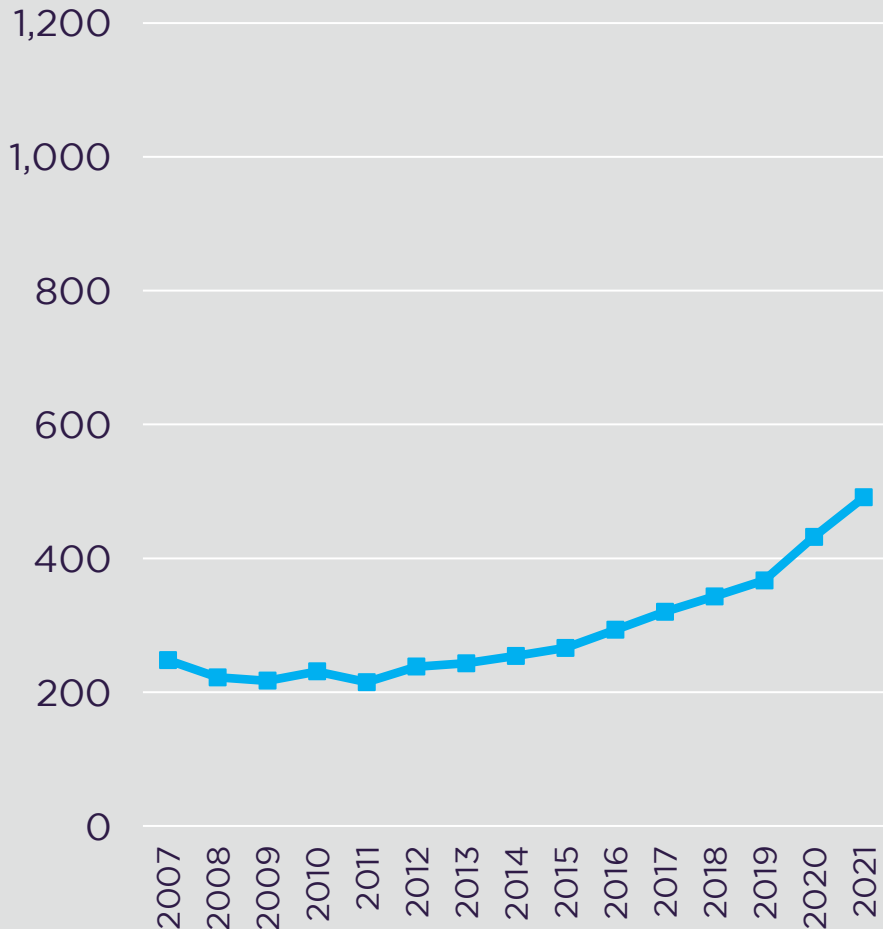


Data Source: PPAR.com; Shorewood Real Estate Analysis

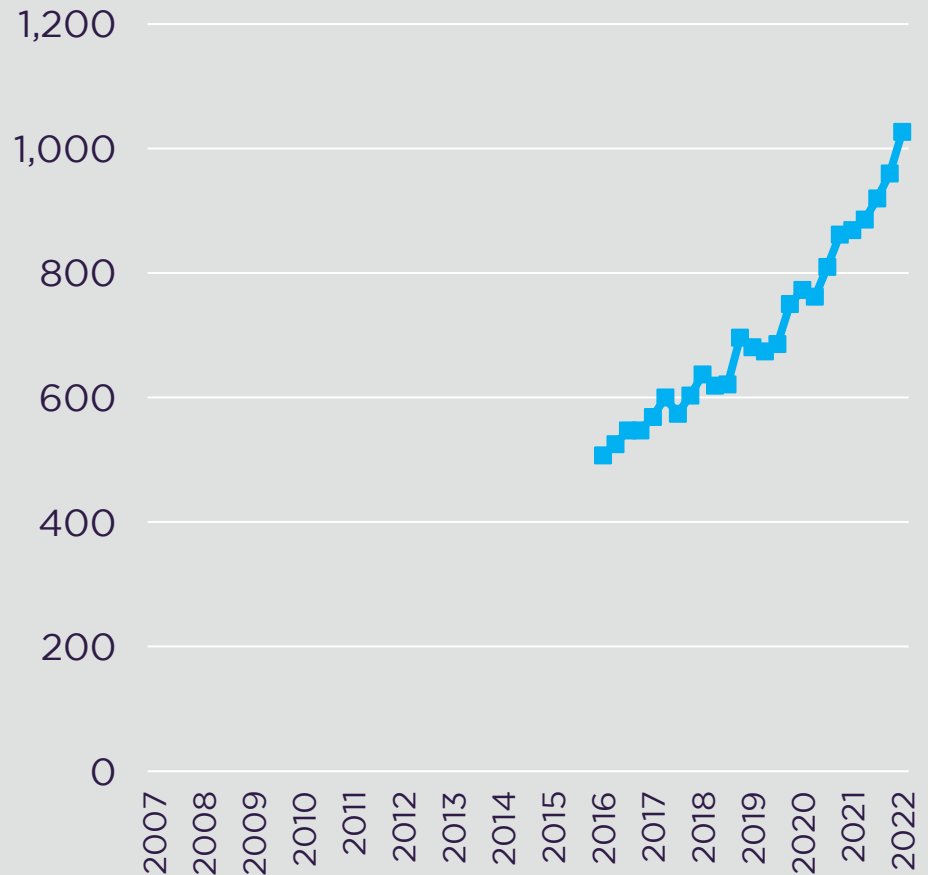
The overall market has recovered all its losses. The luxury market has also recovered all its losses. The luxury market usually LAGS behind the overall market a bit. The luxury market is nearly double the price of the average home.

Sales Prices in \$000

## ALL HOMES

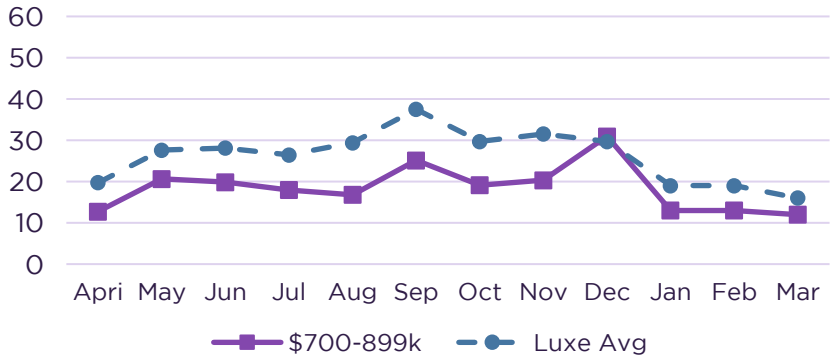


## LUXURY NEIGHBORHOODS

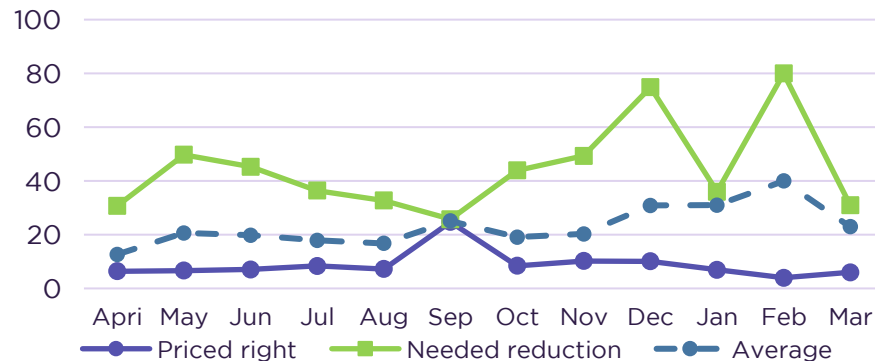


Data Source: Recolorado.com, PPAR.com, Shorewood Real Estate Analysis

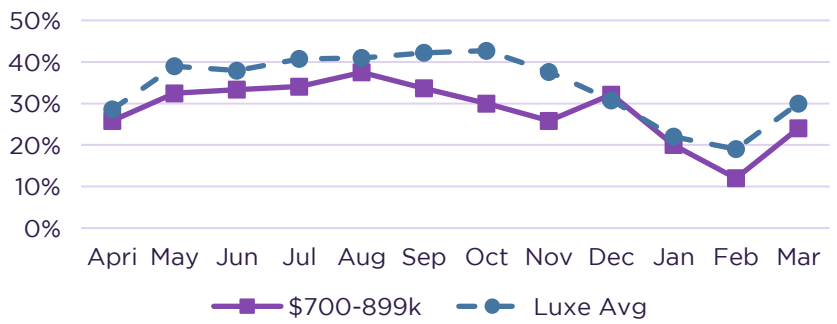
**DAYS ON MARKET**



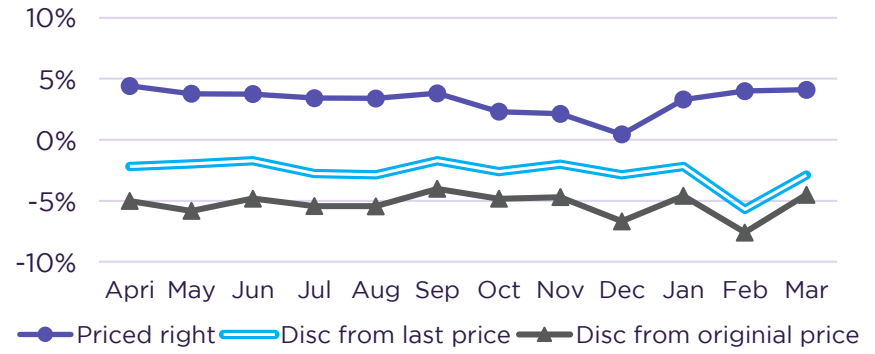
**PRICE IMPACT ON DOM**



**% OF SOLD NEEDING PRICE REDUCTION**



**% PRICE ADJUSTMENT**



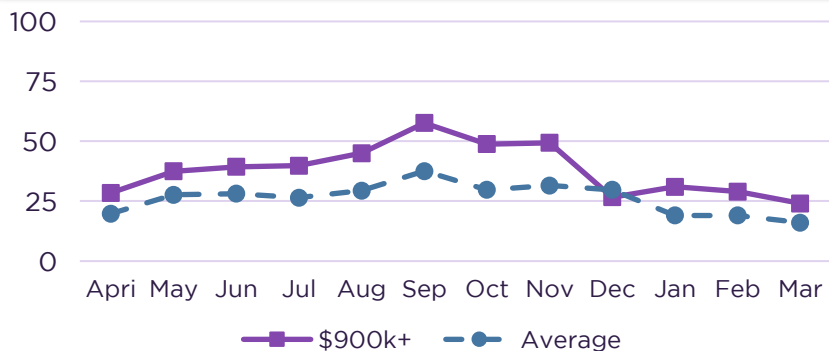
Data Source: PPAR.com; Shorewood Real Estate Analysis

**SUMMARY FOR \$700-899K SELLERS**

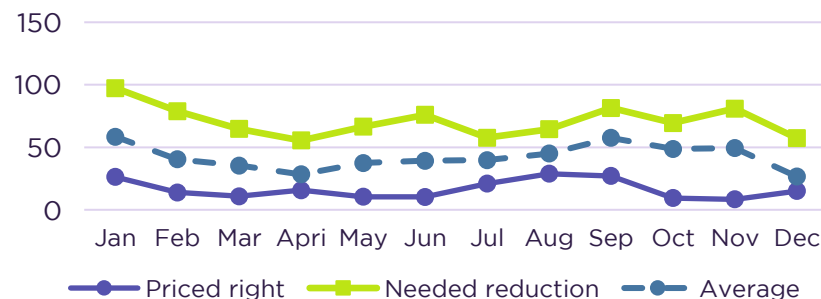
- Sales volume for all luxe properties has nearly **doubled** over the past year.
- Days on market (DOM) - Naturally the “cheaper” luxe properties have a lower marketing time than the average.
- % that need \$\$ reduction - Over the past 12 months, best months: February and November.
- How pricing impacts DOM - Homes priced right when listed sell much faster (9 DOM) than homes that are initially overpriced and needed a price drop (48 DOM)
- Discounts are much smaller for homes that are priced right on day one (3.4% *premium*) vs. homes that need a price drop (5.1% *discount*)



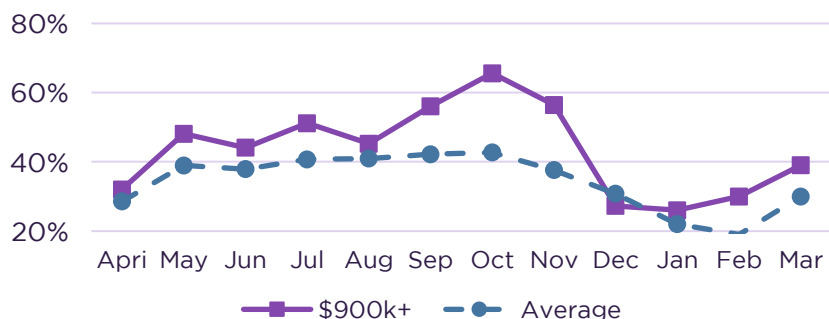
**DAYS ON MARKET**



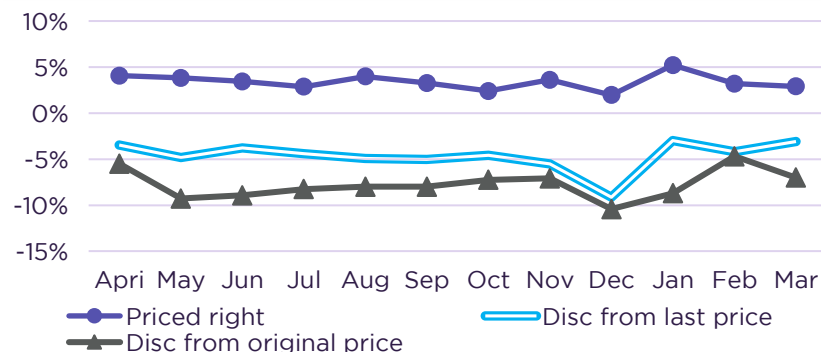
**PRICE IMPACT ON DOM**



**% OF SOLD NEEDING PRICE REDUCTION**



**% PRICE ADJUSTMENT**



Data Source: PPAR.com; Shorewood Real Estate Analysis

**SUMMARY FOR \$700-899K SELLERS**

- Sales volume for all luxe properties has nearly **doubled** over the past year.
- Days on market (DOM) - lowest for homes listed in April and surprising December this past year.
- % that need price reduction - February and April listings are least likely to need reductions
- How pricing impacts DOM - homes priced right when listed sell much faster (16 DOM) than homes that are initially overpriced and needed a price drop (71 DOM)
- Discounts are much smaller for homes that are priced right on day one (3.3% *premium*) vs. homes that need a price drop (7.8% *discount*)
- The difference in performance between properties that are priced correctly from the get-go versus those that need even one price reduction in the MLS continues to grow!

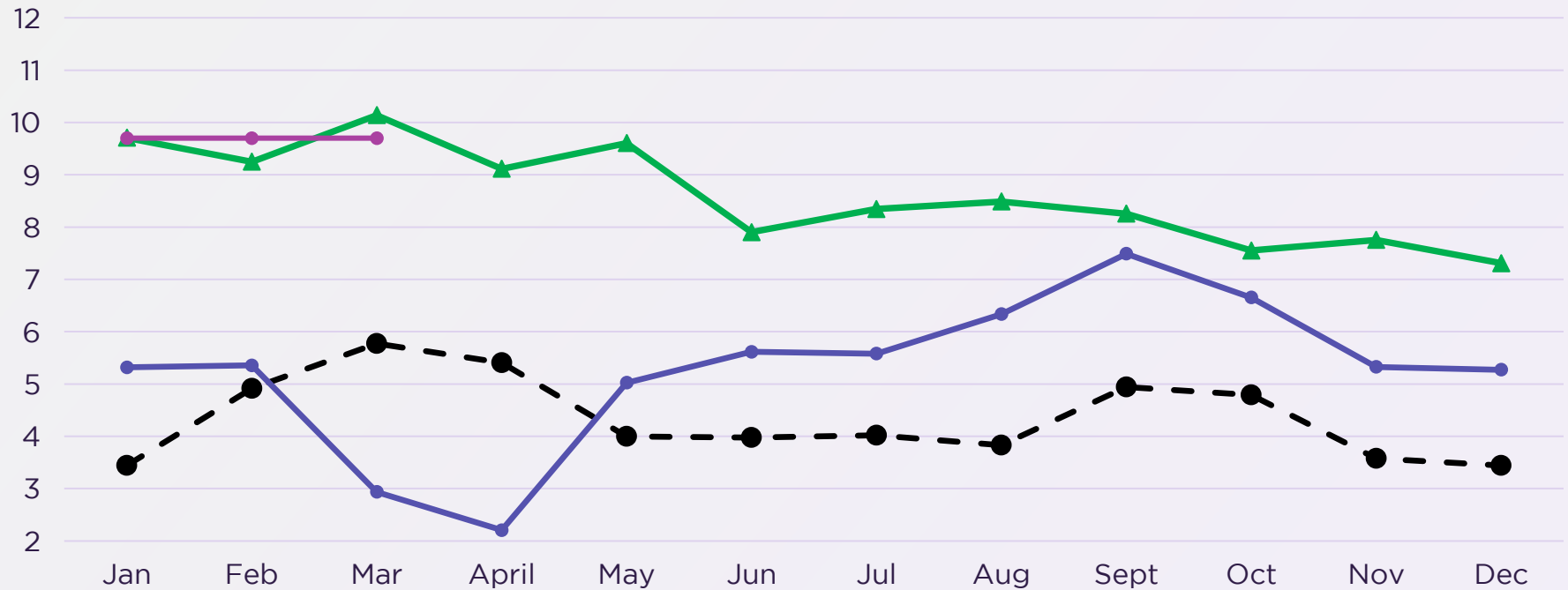
2022 showing numbers continue to stay well above previous years. Listing agents are still busy and happy with how the first quarter of 2022 turned out.

## \$650,000 - \$1,000,000

### SHOWINGS / ACTIVE LISTING (HOMES + CONDOS, 2019 - 2021)

# Showings per listing per month

● 2019 ● 2020 ▲ 2021 ● 2022



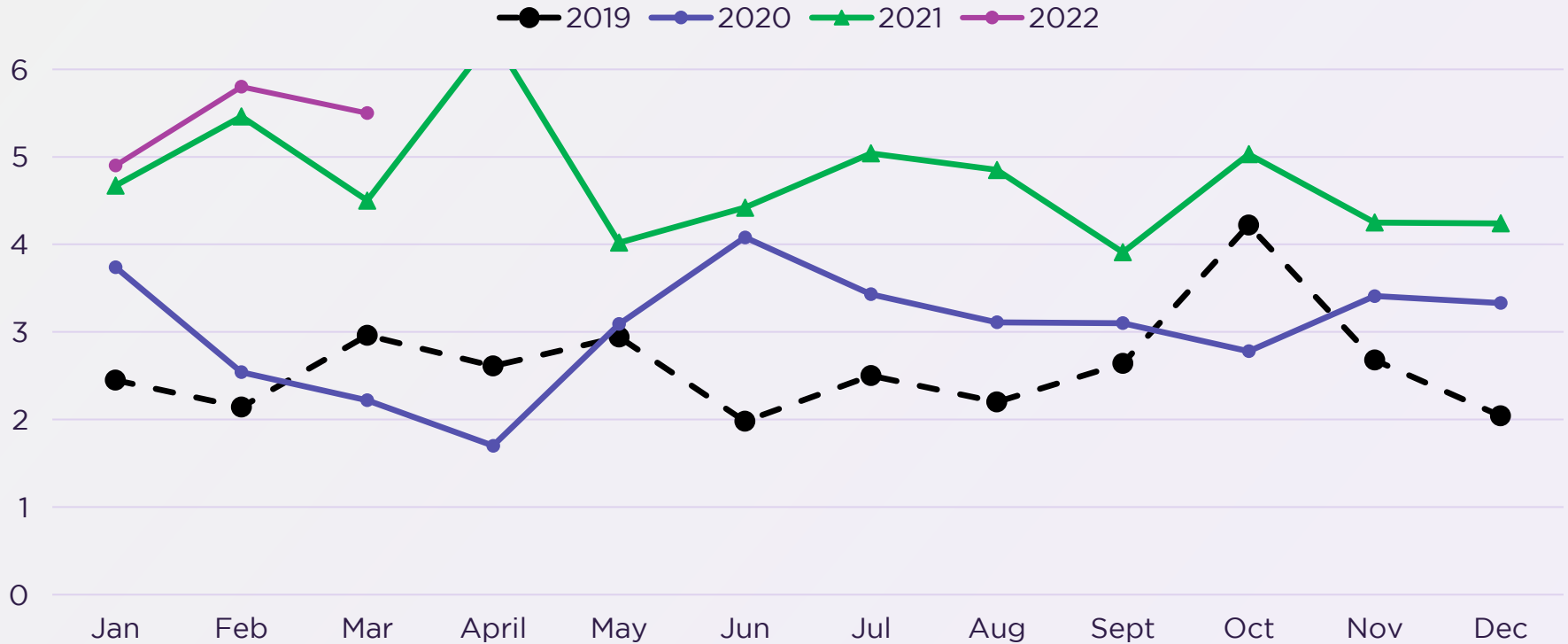
Source: Shorewood Real Estate analysis. Based on information from Showing Time..

The \$1MM+ home showings trail the \$650-1MM market by about 40-50%. But the showing traffic is *usually* very similar year over year. As with the entire real estate market, COVID cautions caused an unprecedented drop in April 2020, but showings bounced right back the very next month. 2020 started at high levels for all price segments. Showings for 2022 were over the previous two years' showings every single month.

## Over \$1 Million

SHOWINGS / ACTIVE LISTING (HOMES + CONDOS, 2019 - 2021)

# Showings per listing per month

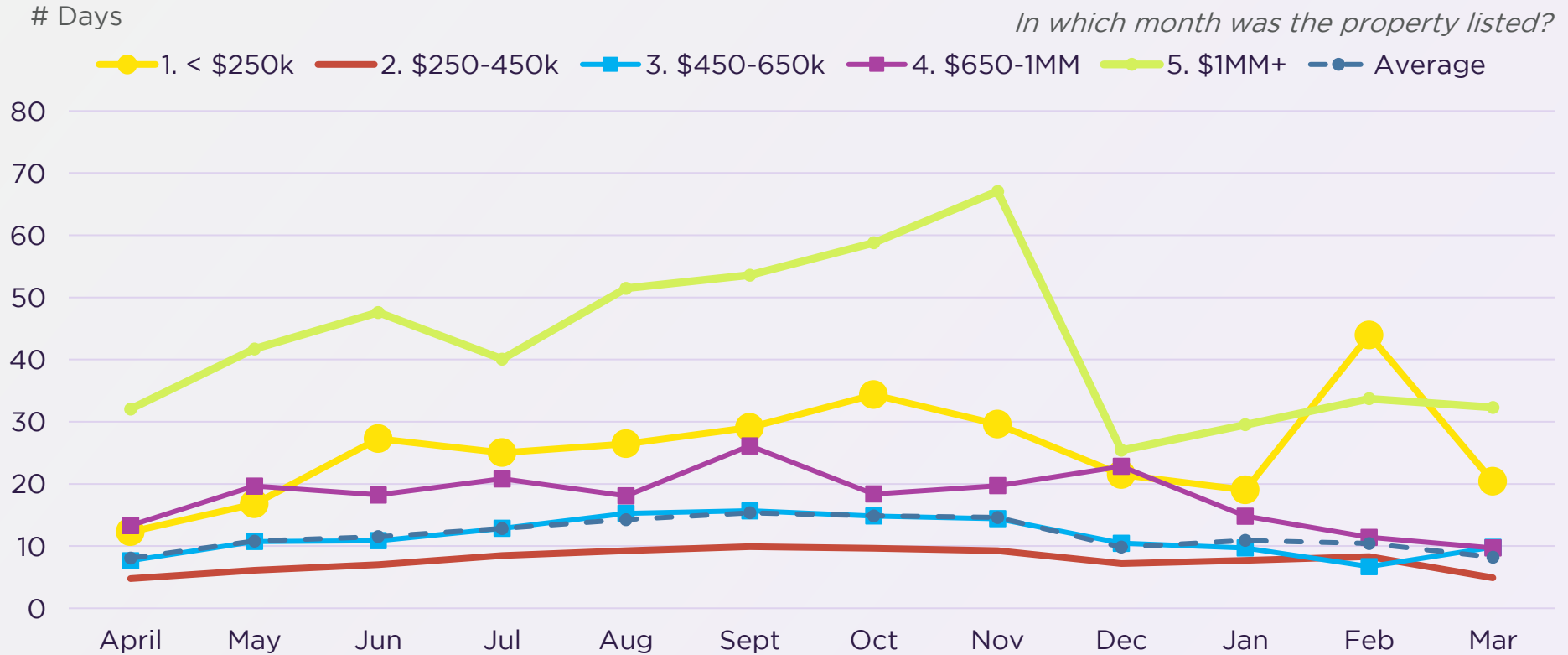


Source: Shorewood Real Estate analysis. Based on information from Showing Time.

Number of days on market (list to UC) by listing month. As we've seen before, the luxury market experiences more volatility than the rest of the market. The homes in the 20-40<sup>th</sup> percentile continue to perform better than the entry-level products.

**Comparing All Price Segments**

DAYS OF MARKETING (HOMES ONLY, 20Q1 – 21Q4)



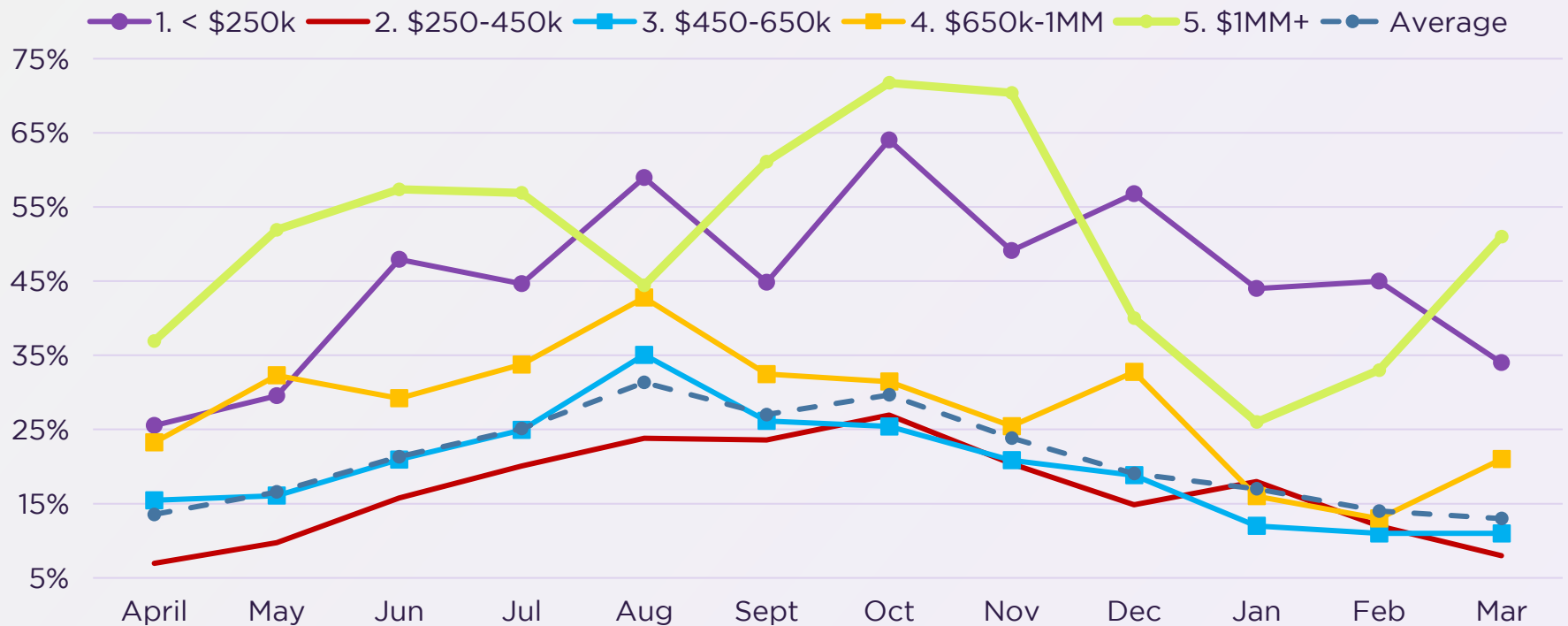
Source: PPAR.com and Shorewood Real Estate analysis.

Listing agents of entry-level product have been a bit too aggressive in their pricing, over 40% of listings requiring a reduction. Again, the homes in the “second tier” are performing the best, with only 15% needing a price reduction. The availability of “true” comps – the pricier homes have less direct property comparisons - might be part of the reason for this segment’s volatility.

**Comparing All Price Segments**

**% OF SOLD NEEDING PRICE REDUCTION (HOMES ONLY 20Q1 – 21Q4)**

*In which month was the property listed?*



Source: PPAR.com and Shorewood Real Estate analysis.

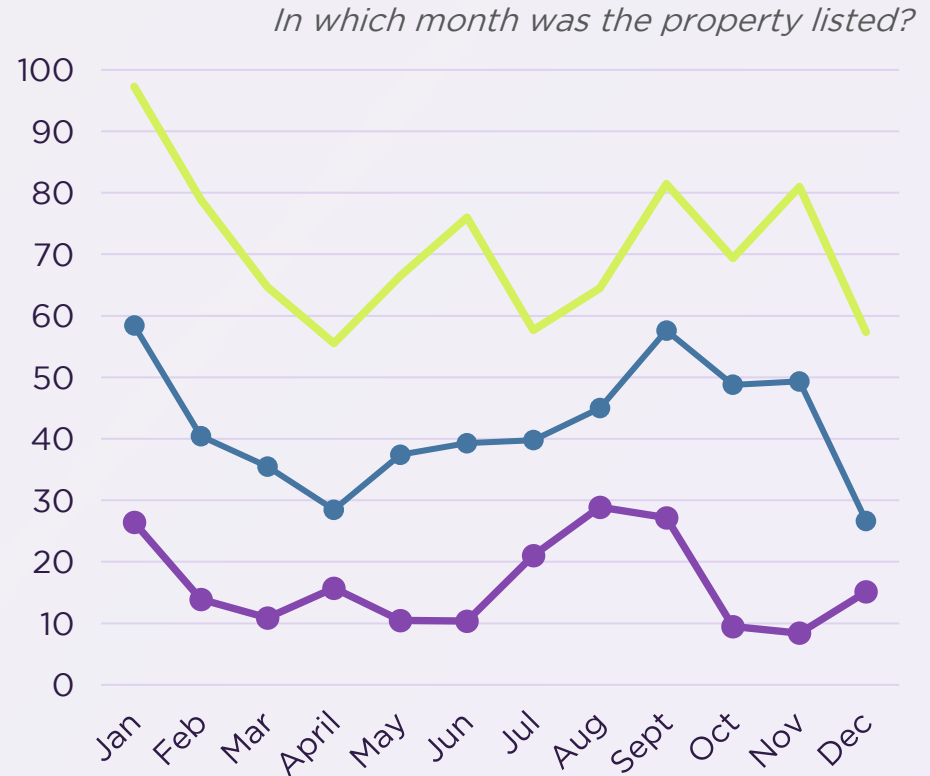
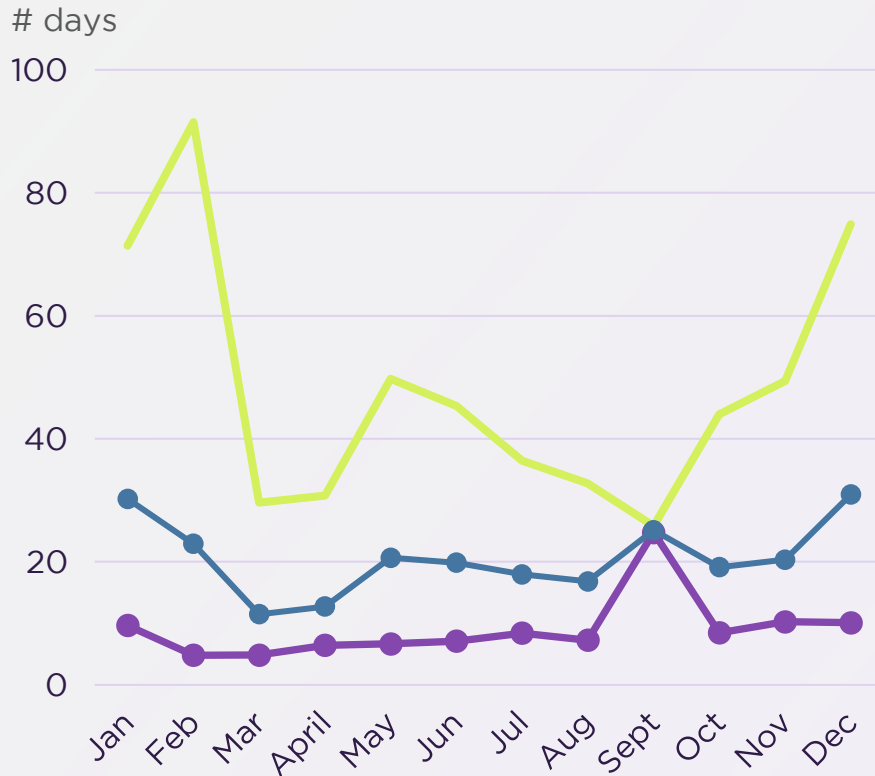
Over the past 12 months, homes between \$700K and \$899k that were priced right at initial listing (e.g., did not require a price reduction) sold in just 9 DOM! Mispriced homes (that required a reduction) needed 48 DOM, or 5x. It takes more than 4x as long to market properties priced incorrectly in the \$900k+ market.

## \$700,000 - \$899,000

## \$900,000+

— Priced right — Needed reduction — Average

### DOM (HOMES, 2020 - 2021)



Source: PPAR.com and Shorewood Real Estate analysis.

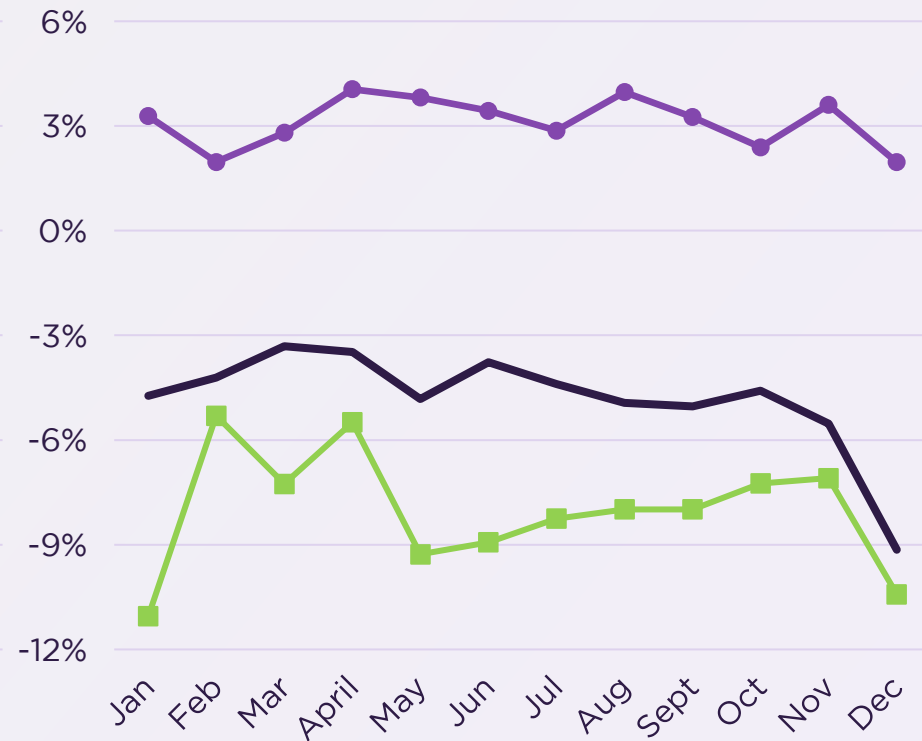
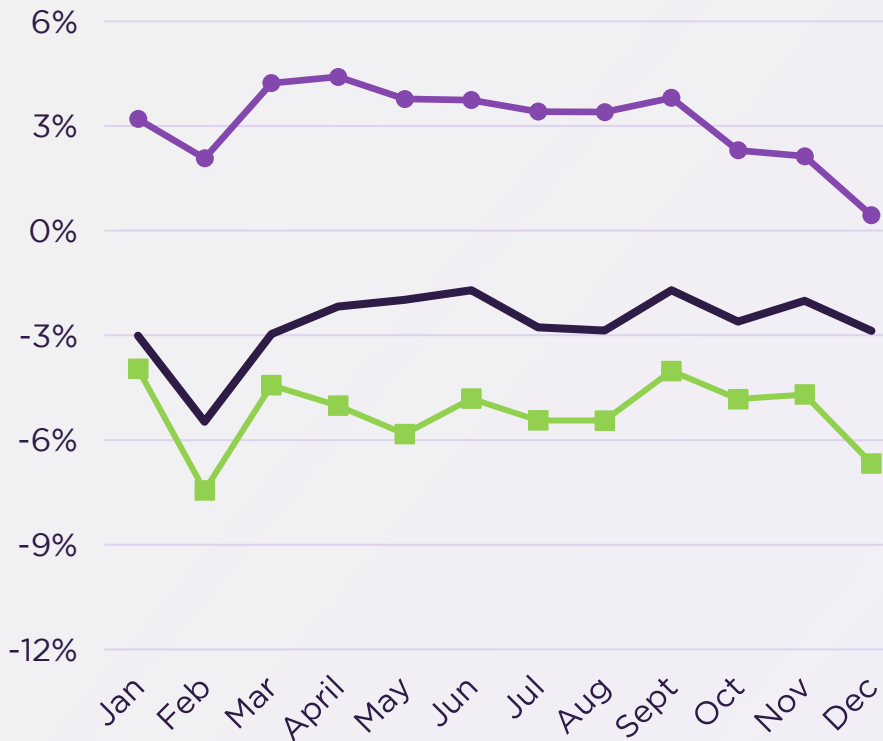
Premiums for properties that didn't need an MLS price reduction are at around 3% for the entire luxury market. The difference grows as MLS price reductions are required. SOCO buyers also pay a premium for properties that are listed at the right price. Of course, most overpriced homes never sell at all; these are just the lucky ones that did.

**\$700,000 - \$899,000**

**\$900,000+**

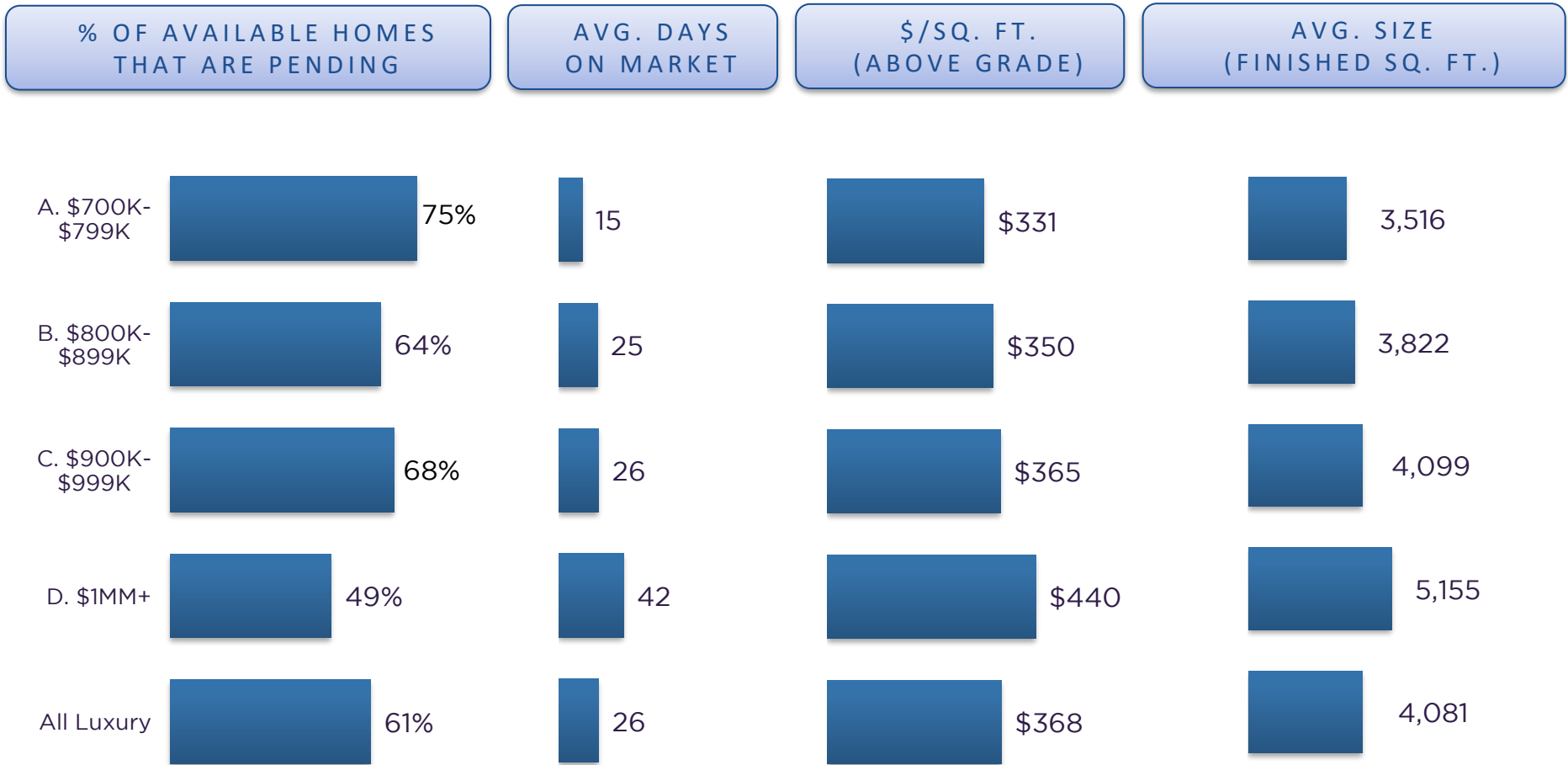
● Priced right    — Disc from last price    ■ Disc from initial price

DISCOUNT (SOLD PRICE TO LAST LIST PRICE)



Source: PPAR.com and Shorewood Real Estate analysis.

Note the pricing approach of “price high and we’ll consider a lower offer” works at +/- 10% when the home is over \$900K. Under \$900K, when the home is listed at about the right market price (within 5%), you’ll get an offer close to the asking price.



Data Source: PPAR.com; Shorewood Real Estate Analysis



Notes from the attorneys...  
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Source: Shorewood Real Estate analysis. Based on information from Denver (REColorado) and PPAR MLS. 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.

