



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 over 700 agents in 6 offices. We are the 5th fastest growing real estate company in the country. We sold over \$2 billion of real estate in 2019 and 2020.

We have appeared in 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 client 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, 2019 and 2020 Your Castle Real Estate annually gave \$175,000 in charitable donations. We're a big sponsor for the Ronald McDonald House and Boys and Girls Clubs of Denver.

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...



Key messages for top 26 luxury neighborhoods (top 4% of Denver market). These luxury neighborhoods are leading the market appreciation at 27% – still greater than the entire market average! Year over year growth in units sold has slowed but is still in the double-digits. And MOI hovers around one month.

METRIC	PERFORMANCE		OBSERVATIONS
Average Home Price	3Q20 vs 3Q19: 4Q20 vs 4Q19: 1Q21 vs 1Q20: 2Q21 vs 2Q20: 3Q21 vs 3Q20:	+13% +20% +27% +46% +20%	The average sale price from April to June in these 26 areas was \$1.63M. We expect this momentum to continue for another quarter or two. The best homes in the best areas will continue to have the most momentum. Homes that are not the first choice in any neighborhood, or secondary luxury neighborhoods (e.g., Castle Rock, Broomfield) will see smaller increases.
Number Sold	3Q20 vs 3Q19: 4Q20 vs 4Q19: 1Q21 vs 1Q20: 2Q21 vs 2Q20: 3Q21 vs 3Q20:	+56% +36% +32% +54% -25%	Units sold over 20Q2 <i>increased by 54%</i> , this is largely attributed to the extremely low sales of 20Q2 during COVID. Similarly, the “negative growth” of 21Q3 vs 20Q3 is more telling of the abnormally high third quarter we had in 2020. Core Denver will have the best stability in unit counts; secondary markets will see more unit count variability.
DOM (Days on Market)	3Q20 vs 3Q19: 4Q20 vs 4Q19: 1Q21 vs 1Q20: 2Q21 vs 2Q20: 3Q21 vs 3Q20:	43 vs 46 52 vs 57 45 vs 55 21 vs 35 15 vs 43	It is currently taking only <i>two weeks</i> to get these luxury homes under contract – thirty-year lows!!! The overall market average decreased to only 13 days. Historically, larger homes require more marketing time to get under contract.
MOI (Months of Inv)	3Q20: 4Q20: 1Q21: 2Q21: 3Q21:	2.0 0.8 0.8 0.8 1.2	MOI for these neighborhoods is hovering around one month! It does vary 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	3Q20: 4Q20: 1Q21: 2Q21: 3Q21:	-1.6% -1.5% 0% +3.1% +1.9%	Discounts on the high end usually run a little higher than that of the market average. The overall market is sold at nearly a 3% premium. The luxury market continues to sell at a premium as well!

The Denver market overall had 40,357 home sales in the prior twelve months. These 26 neighborhoods below represent the most expensive 4% of the 400+ neighborhoods we track (1,754 sales). The bottom of this chart highlights the top 10% of the market, or ALL homes over \$800,000 (top 10% of overall market).

YOUR CASTLE REAL ESTATE															
T1 - Time Period 1: October 2019 - September 2020								Note: Data from RE Colorado (10/4/2021); analysis by Your Castle Real Estate							
T2 - Time Period 2: October 2020 -September 2021								© Copyright 2021 Your Castle Real Estate, Inc							
DENVER LUXURY HOMES		Number of Sales						Days on Market			Avg SOLD \$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
Belcaro	11	16	59%	95	125	32%	1.1	43	36	(7)	2,671	1,365	1,949	43%	2.4%
Castle Pines Village	11	27	71%	135	139	3%	0.9	71	64	(8)	3,403	1,225	1,656	35%	-0.5%
Cherry Creek	7	3	30%	22	35	59%	2.4	88	54	(34)	2,341	1,874	2,248	20%	-3.1%
Cherry Hills Village	2	5	71%	21	39	86%	0.6	63	45	(18)	5,750	2,670	3,086	16%	0.5%
Cherry Point	2	1	33%	38	23	-39%	1.0	44	41	(3)	13,548	1,590	2,362	48%	6.0%
Columbine Lakes	3	7	70%	32	19	-41%	1.9	34	25	(9)	1,236	846	1,203	42%	1.1%
Country Club	5	6	55%	45	88	96%	0.7	46	42	(4)	2,265	1,590	2,253	42%	-0.5%
Evans Ranch	9	9	50%	42	61	45%	1.8	77	33	(43)	2,908	925	1,221	32%	-0.1%
Genesee Northeast	7	4	36%	77	88	14%	1.0	43	28	(15)	2,385	992	1,227	24%	1.5%
Glenmoor of Cherry Hills	6	6	50%	33	31	-6%	2.3	77	52	(24)	4,620	3,243	2,921	-10%	-2.0%
Green Oaks	2	3	60%	56	57	2%	0.4	33	14	(19)	2,837	1,169	1,382	18%	4.1%
Heritage Greens	3	2	40%	39	30	-23%	1.2	26	10	(15)	830	812	1,086	34%	2.8%
Heritage Hills	3	1	25%	44	62	41%	0.6	57	41	(16)	1,358	1,171	1,348	15%	-0.6%
Hilltop East	1	2	67%	70	64	-9%	0.2	37	19	(18)	930	1,128	1,392	23%	2.7%
Hilltop West	5	10	67%	91	119	31%	0.5	50	34	(16)	3,724	1,591	1,776	12%	-0.2%
Ken Caryl Ranch, The Valley	3	11	79%	66	61	-8%	0.6	27	10	(17)	760	845	947	12%	0.7%
Lazy Hills	4	3	43%	27	16	-41%	3.0	70	10	(60)	945	772	908	18%	3.8%
Lowry Field	3	13	81%	88	87	-1%	0.4	31	19	(12)	1,805	839	966	15%	0.8%
Normandy	2	2	50%	32	40	25%	0.6	55	30	(25)	3,550	1,102	1,460	33%	-0.9%
Orchard Hills	1	3	75%	47	32	-32%	0.4	35	14	(22)	1,999	1,201	1,451	21%	2.0%
Paradise Hills	4	4	50%	22	38	73%	1.3	43	41	(2)	1,929	932	1,117	20%	4.1%
Plum Creek Acres	1	4	80%	23	22	-4%	0.5	48	8	(40)	1,800	798	925	16%	2.8%
Ridge at Hiwan	2	3	60%	26	39	50%	0.6	50	30	(20)	3,138	1,077	1,541	43%	1.6%
The Preserve at GV	6	2	25%	42	54	29%	1.3	48	37	(11)	9,333	2,154	2,679	24%	-1.6%
University Park (Denver)	7	11	61%	111	133	20%	0.6	41	37	(4)	2,743	1,244	1,554	25%	0.6%
Wash Park East	15	10	40%	171	205	20%	0.9	38	26	(12)	1,921	1,369	1,587	16%	1.8%
Willowbrook	2	6	75%	49	47	-4%	0.5	38	22	(16)	1,687	1,027	1,199	17%	-0.3%
Grand Total	127	174	58%	1,544	1,754	14%	0.9	46	33	(14)	3,015	1,275	1,616	27%	0.9%
A. \$800K-\$999K	282	403	59%	1,751	3,266	87%	1.0	43	16	(27)	887	883	880	-0.3%	3.4%
B. \$1MM-\$1.49MM	182	231	56%	1,295	2,383	84%	0.9	45	24	(21)	1,239	1,204	1,213	0.7%	2.3%
C. \$1.5MM-\$1.99MM	80	85	52%	377	817	117%	1.2	61	34	(27)	1,756	1,698	1,693	-0.3%	1.6%
D. \$2MM+	153	87	36%	322	680	111%	2.7	81	57	(24)	4,031	2,780	2,884	3.8%	-0.2%
Grand Total	697	806	54%	3,745	7,146	91%	1.2	49	25	(24)	1,769	1,239	1,275	2.9%	2.4%

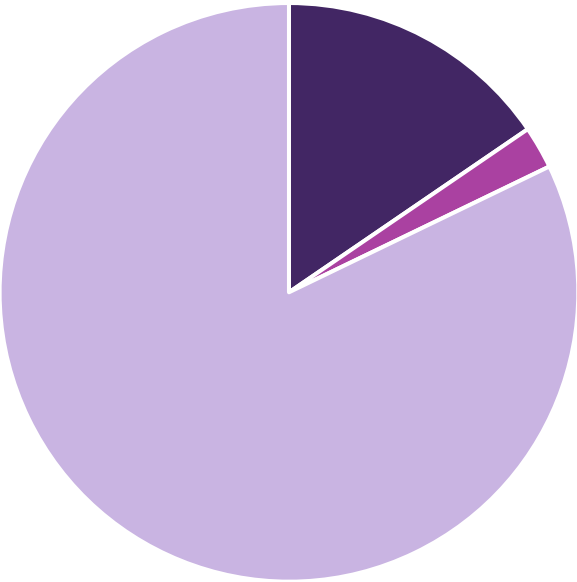
Homes in luxe neighborhoods, regardless of price

Homes of \$800k+, regardless of neighborhood

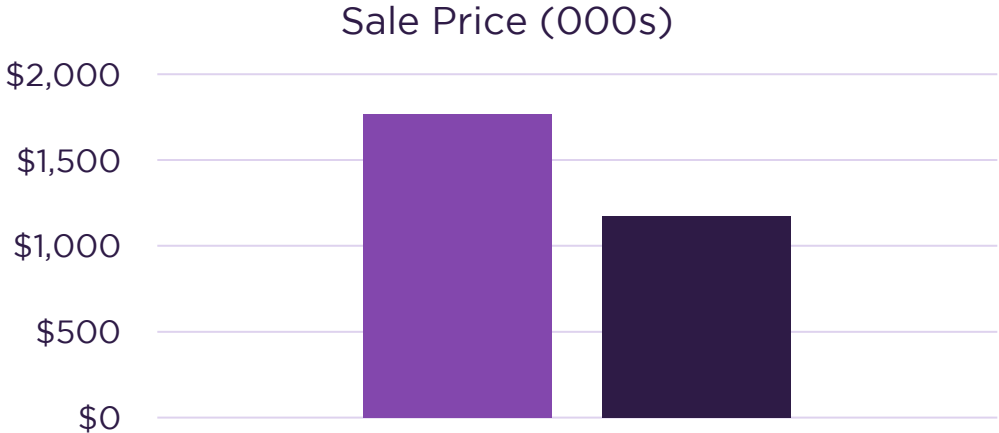
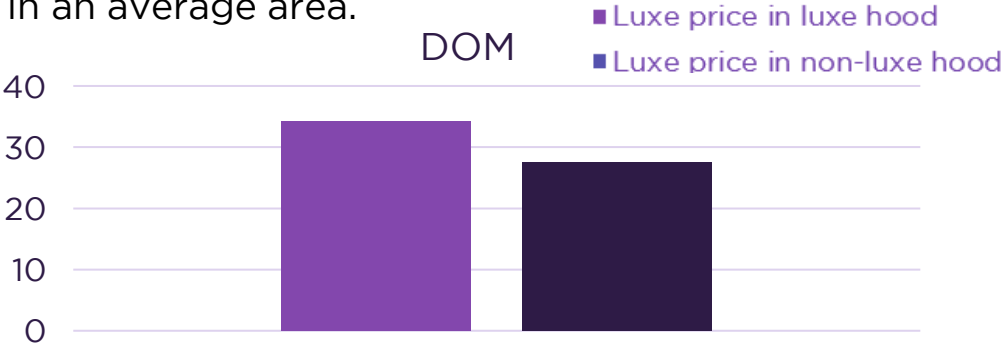
Data Source: Recolorado.com; Your Castle Real Estate Analysis

We can define the luxury market in two ways: 1) houses sold in neighborhoods that have the majority of sales over \$800k (the top 26 on prior page), or 2) any house that sells at the top 10% of the market (\$800k+). Does the neighborhood in which you're selling a luxury-priced home affect performance?

The performance advantage of luxury-priced homes *in* luxury neighborhoods is growing, versus luxury-priced homes in just any neighborhood. They will sell 25% faster. And, houses in the luxury neighborhoods will get significantly higher sales prices (\$600k more!) than the top 10% of sales in other neighborhoods. If most/all of your neighbors sell for a premium price, it seems to reinforce values better than having the one nice house in an average area.



- BOTH luxe price and luxe hood
- Luxe hood, but not luxe price
- Luxe price, but not luxe hood

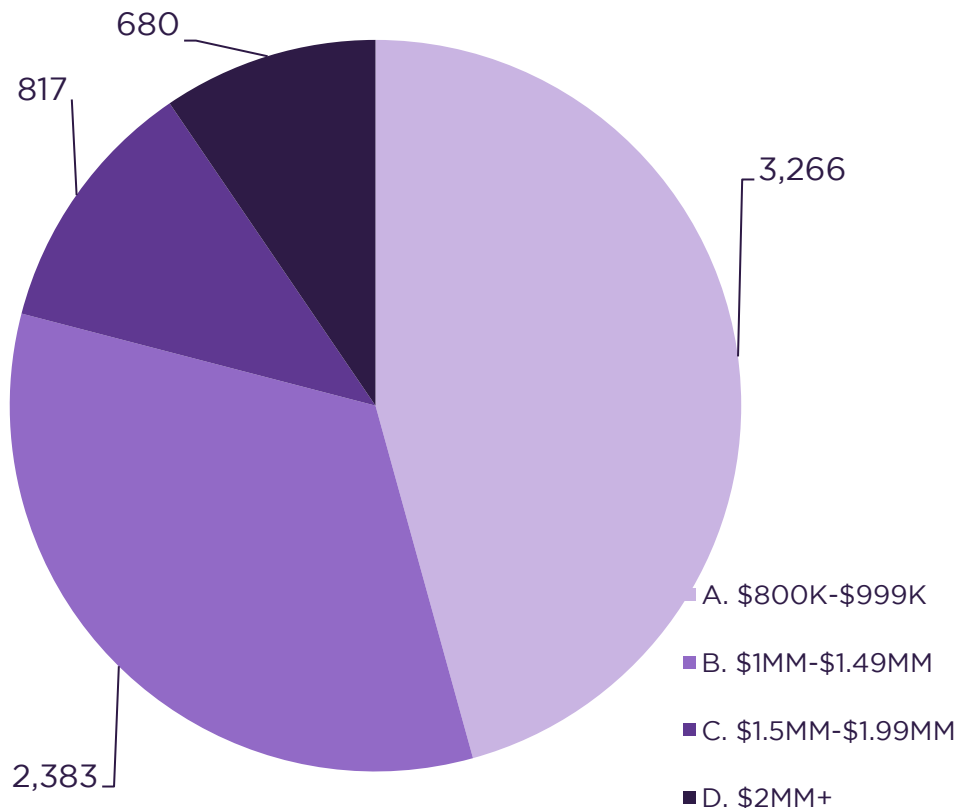


Data Source: Recolorado.com; Your Castle Real Estate Analysis

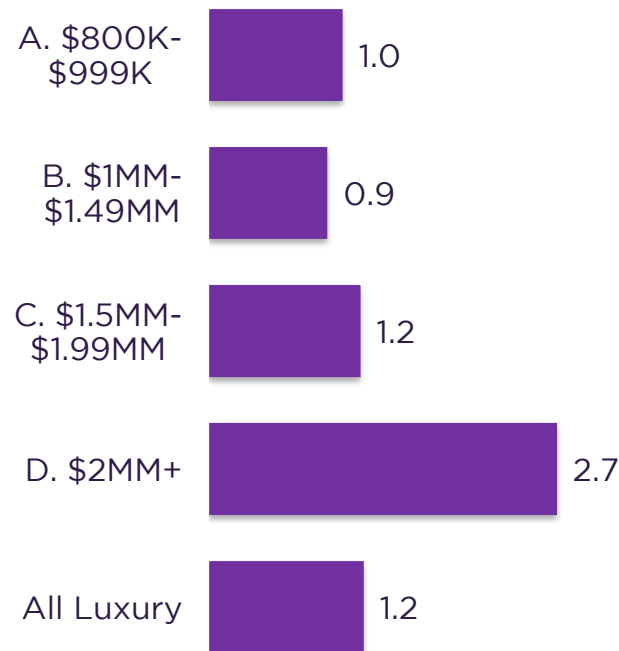
The top 10% of Denver’s most expensive homes sell for \$800,000 or more. Homes in different luxury home segments have different characteristics. As the average home price increases, the “lower-end luxury” market is beginning to grow in popularity among former non-luxury clients.

October 2020 – September 2021

% OF SALES IN EACH PRICE SEGMENT



MONTHS OF INVENTORY BY SEGMENT

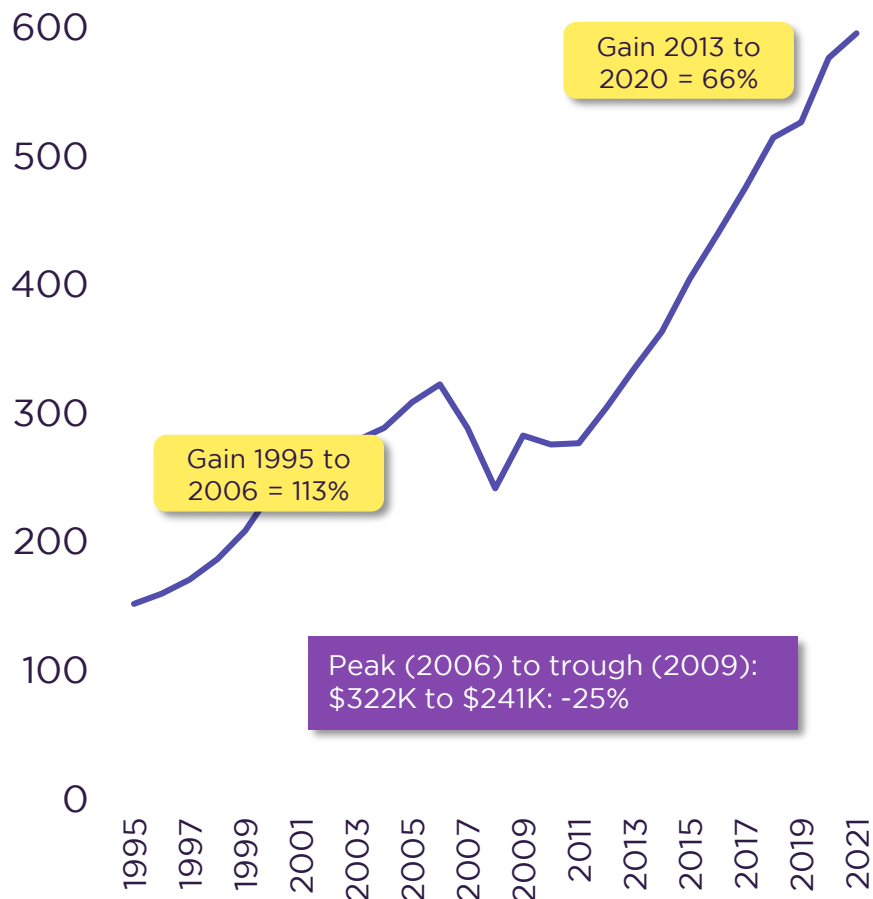


Data Source: Recolorado.com; Your Castle Real Estate Analysis

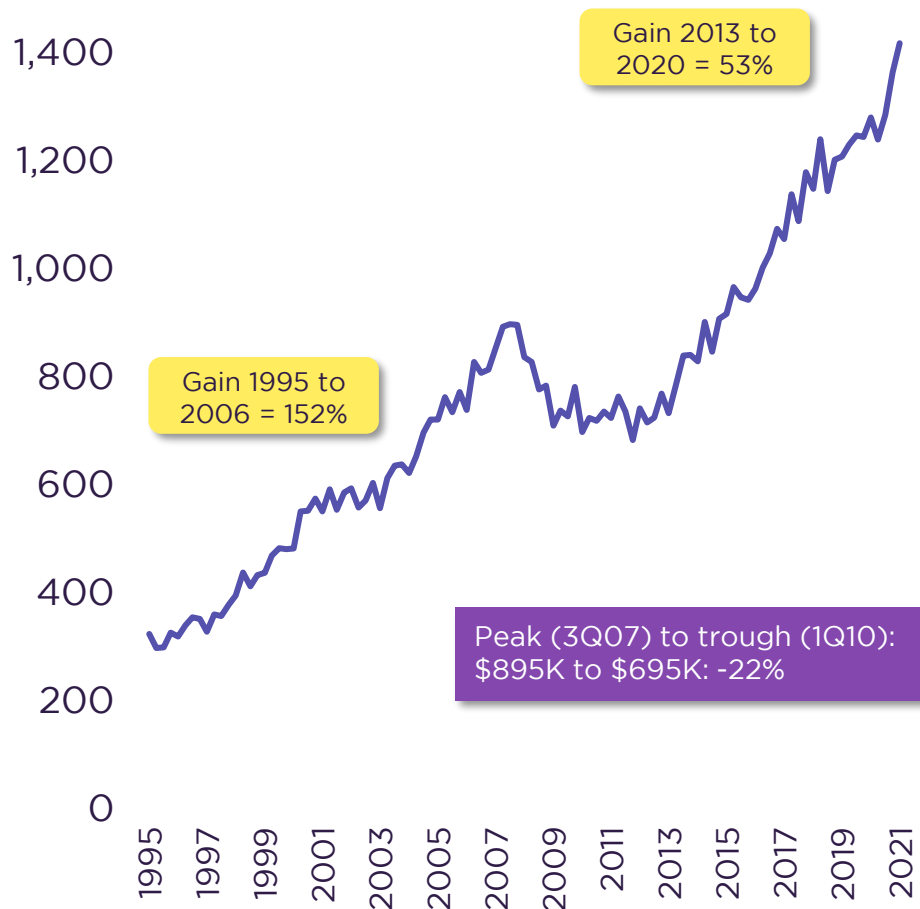
The high end of the market suffered a little less of a decline than the overall Denver market during the Great Recession. As Metro Denver continues in its strongest sellers' market ever, the luxury segment is also benefiting from the boom! Year over year, for 21Q3, homes in the luxury neighborhoods appreciated 27%, while others in Denver appreciated "only" 19%.

Sales Prices in \$000

ALL HOMES

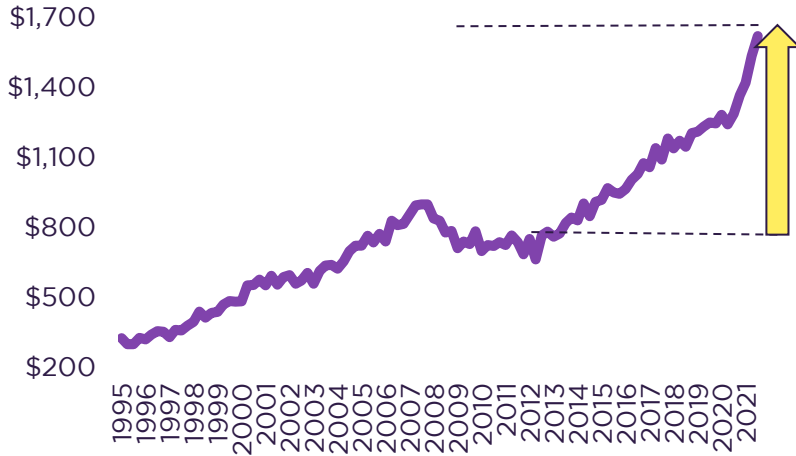


LUXURY NEIGHBORHOODS

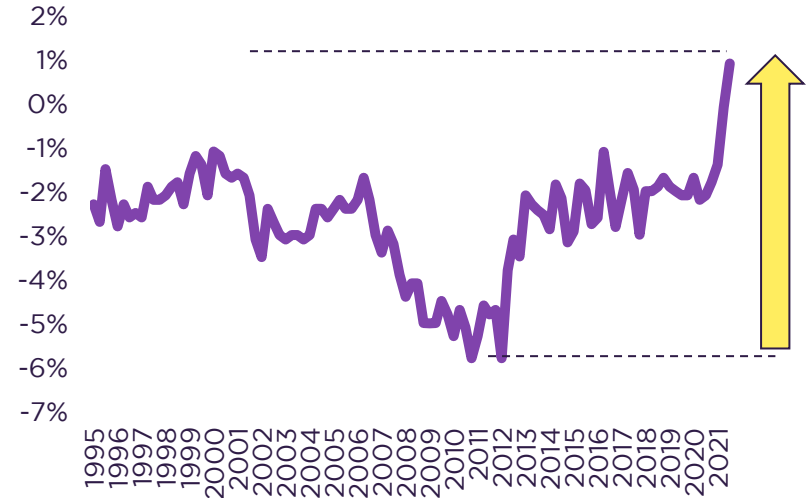


Data Source: ReColorado.com, PPAR.com, Your Castle Real Estate Analysis

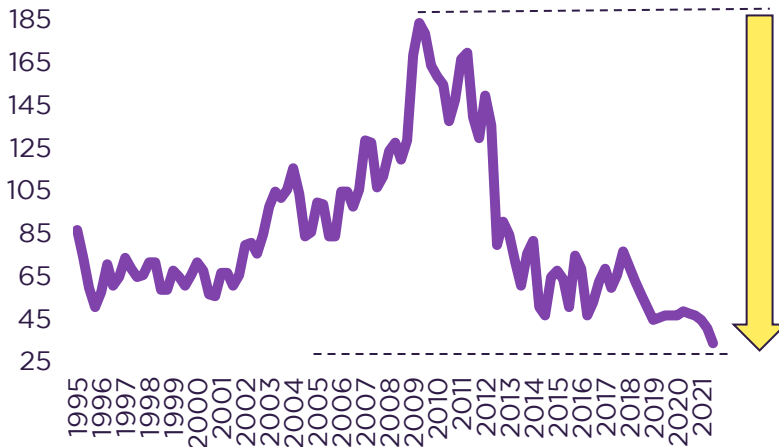
SALES PRICES IN \$000



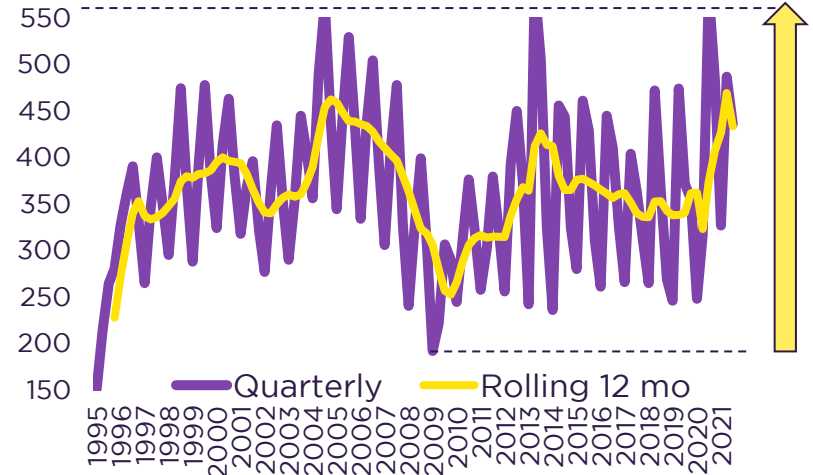
DISCOUNT (SOLD PRICE / LAST ASK \$)



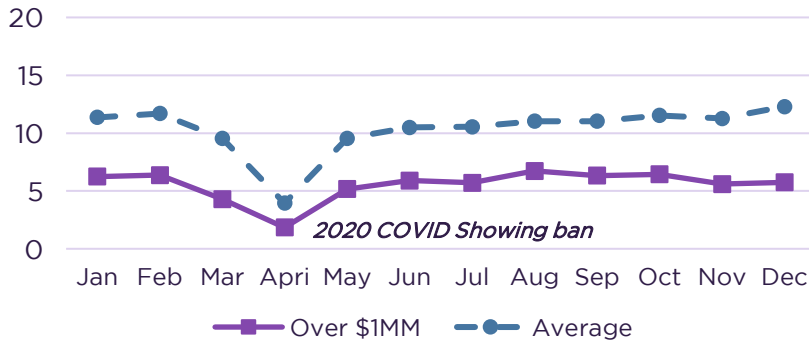
DOM (DAYS ON MARKET)



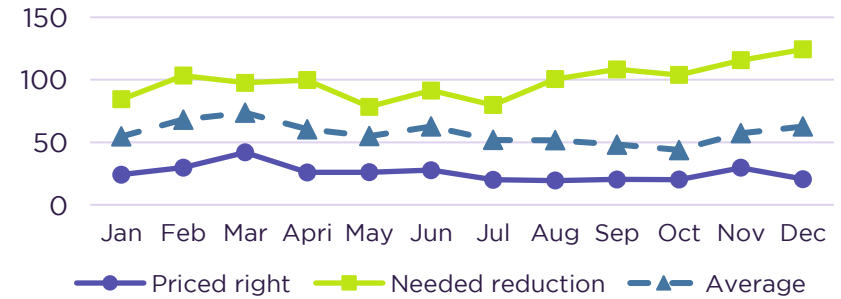
NUMBER OF HOMES SOLD



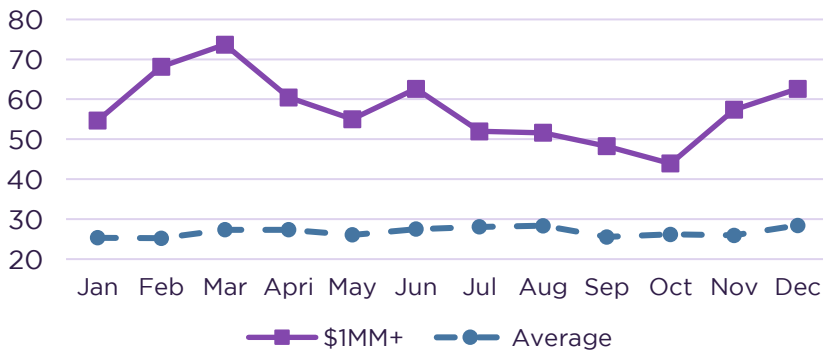
SHOWINGS / ACTIVE LISTING



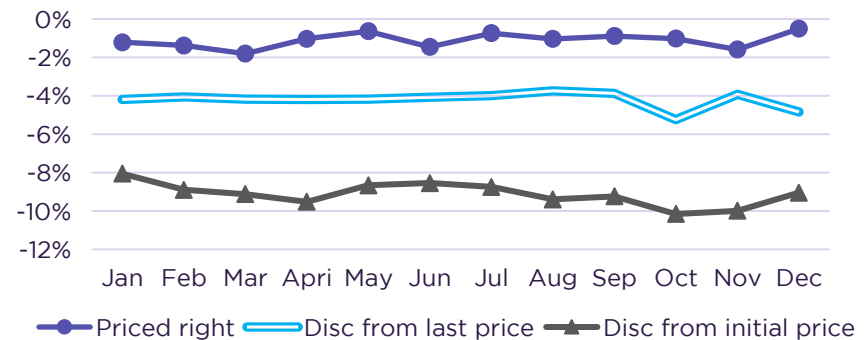
PRICE IMPACT ON DOM



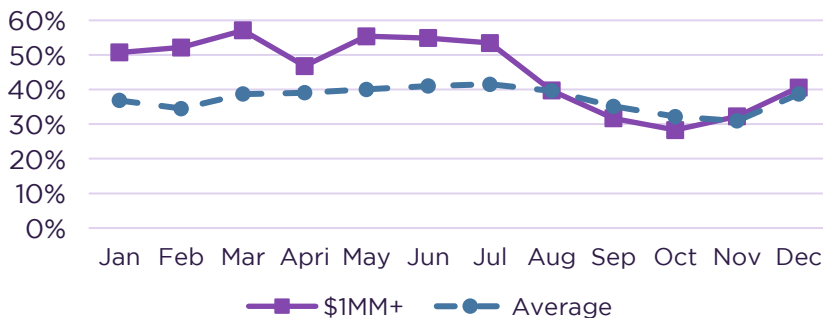
DAYS ON MARKET



% PRICE ADJUSTMENT



% OF SOLD NEEDING PRICE REDUCTION



SUMMARY FOR \$1MM+ SELLERS

- Showing traffic - typically best in Jan/Feb, 2020 ended with even higher rates!
- Days on market (DOM): best in October and worst in March; this year DOM was inverse of the normal seasons (market fluctuation from COVID)
- % that need price reduction: typically best in Jan/Feb, 2020 ended with even better rates!
- How pricing impacts DOM: even in the strong sellers' market of 20Q4, properties that weren't priced correctly suffered longer marketing time
- Discounts are much smaller for homes that are priced right on day one (1.1%) vs. homes that need a price drop (9%)
- Concessions: Concession amounts (average down to \$2140) are only 25% more than the rest of the market.

Data Source: ReColorado.com; Your Castle Real Estate Analysis

The size of homes in the luxury sector are staying consistent. Year over year sale count of the top 10% of the market has nearly *doubled* since last quarter. DOM in the cheaper luxury market resembles the incredibly strong sellers' market of the whole Metro.

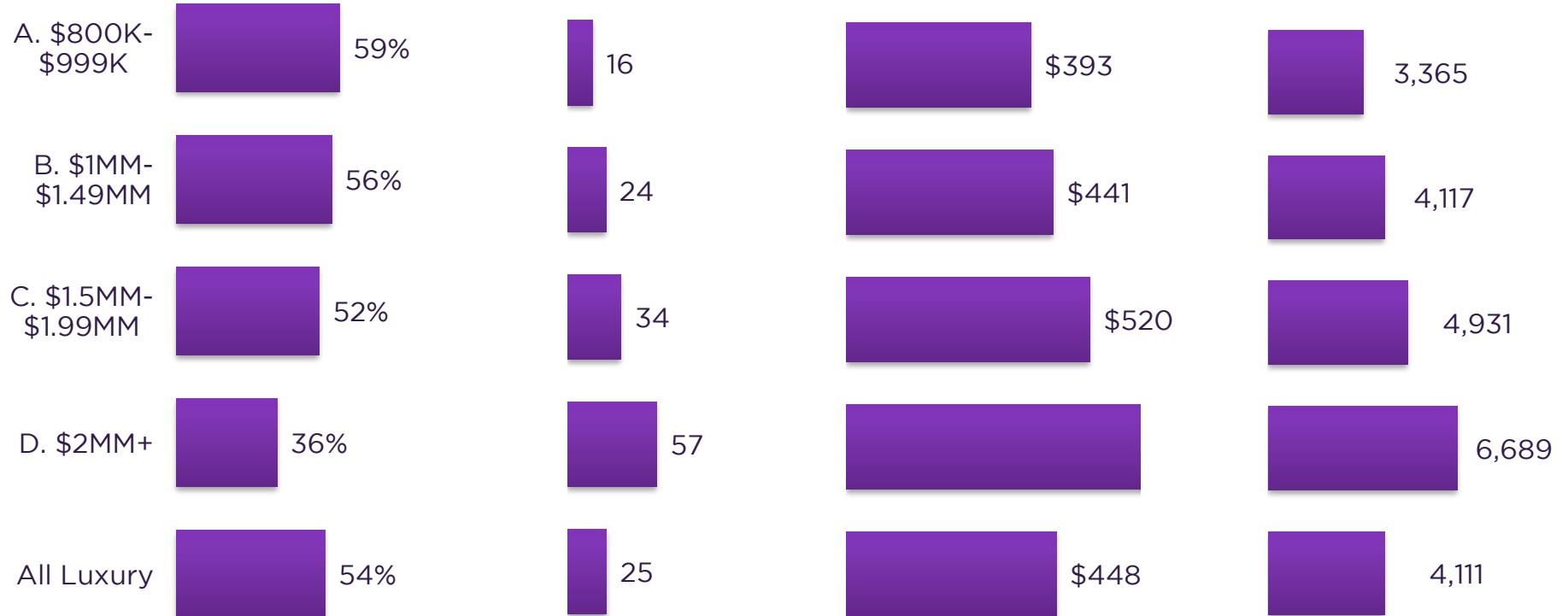
October 2020 - September 2021

% OF AVAILABLE HOMES THAT ARE PENDING

AVG. DAYS ON MARKET

\$/SQFT (ABOVE GRADE)

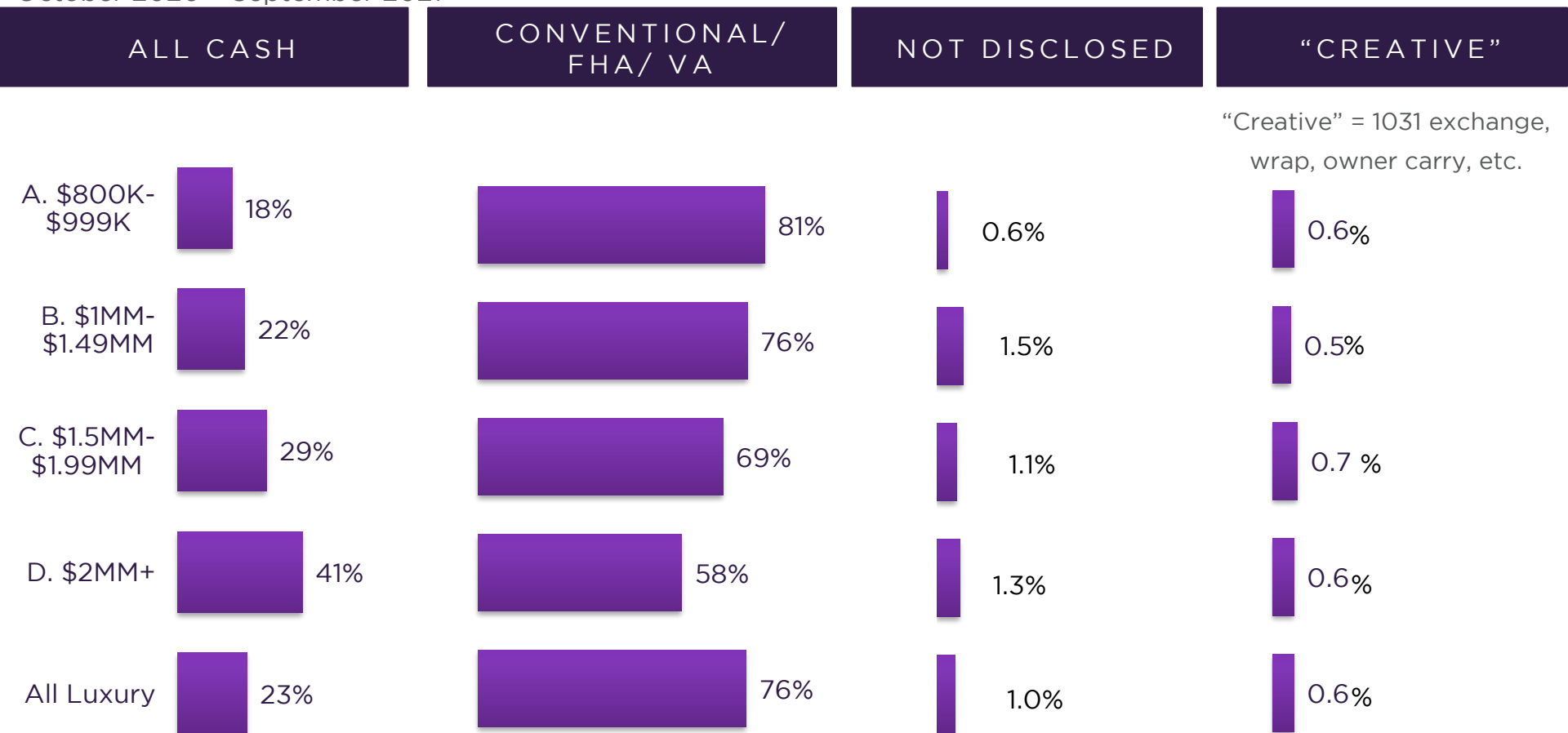
Avg. SIZE (FINISHED SQFT)



Data Source: Recolorado.com; Your Castle Real Estate Analysis

Home sales in different luxury home segments have different *financing* characteristics. A few years ago, we saw a lot more “creative”, which had been essentially non-existent for several years. Over 40% of the sales of the most expensive homes are cash sales. Conversely, the cheaper end of the luxury market has the most traditionally financed deals.

October 2020 - September 2021

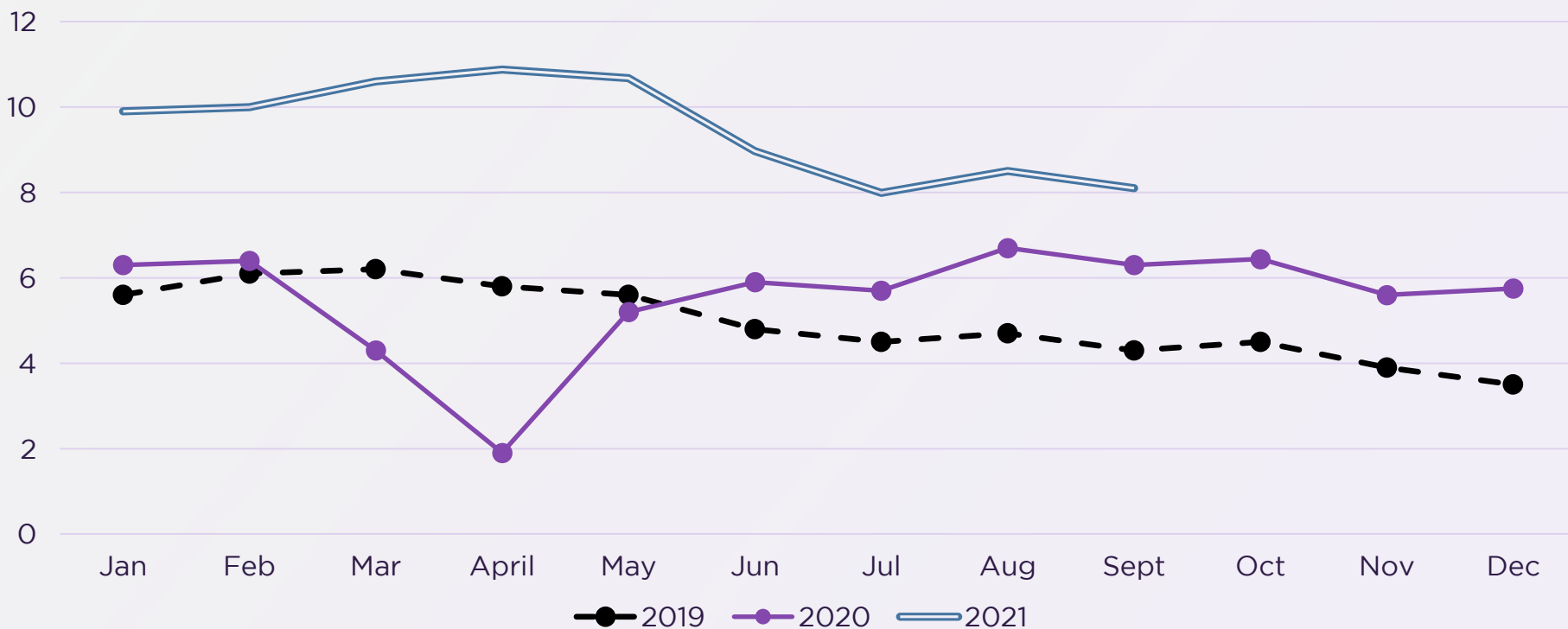


Data Source: Recolorado.com; Your Castle Real Estate Analysis | Creative = Exchange, Owner Carry, Private financing

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 and have been above average for each respective month since. Showings per listing are taking their usual seasonal dip but are still higher than the three-year average.

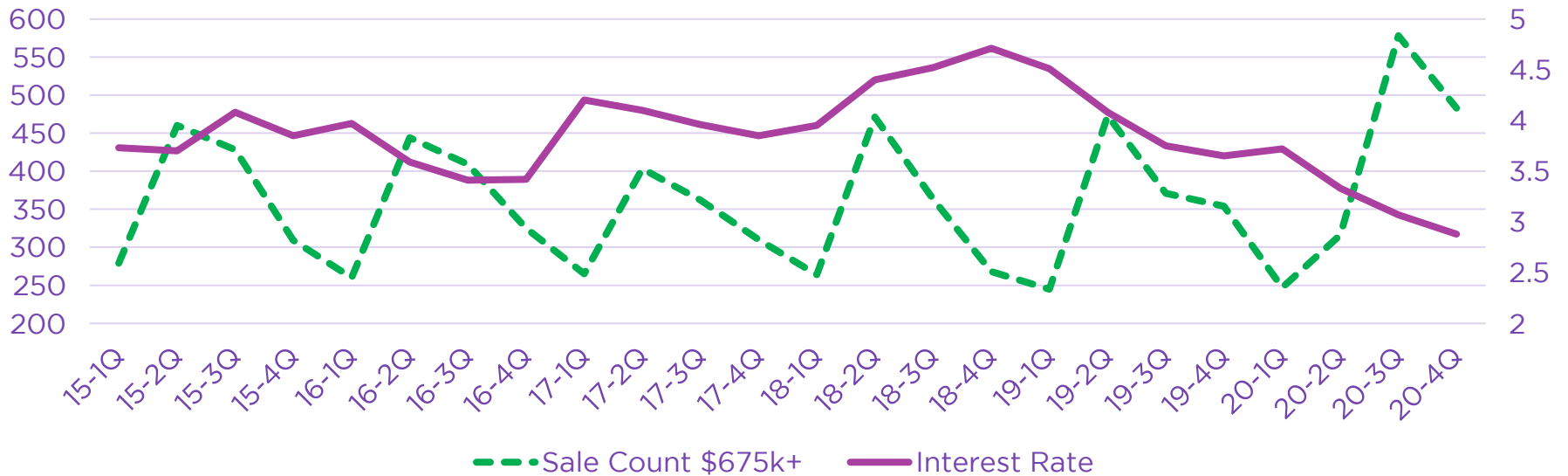
SHOWINGS / ACTIVE LISTING (HOMES + CONDOS, 2019 - 2021)

Over \$1 million

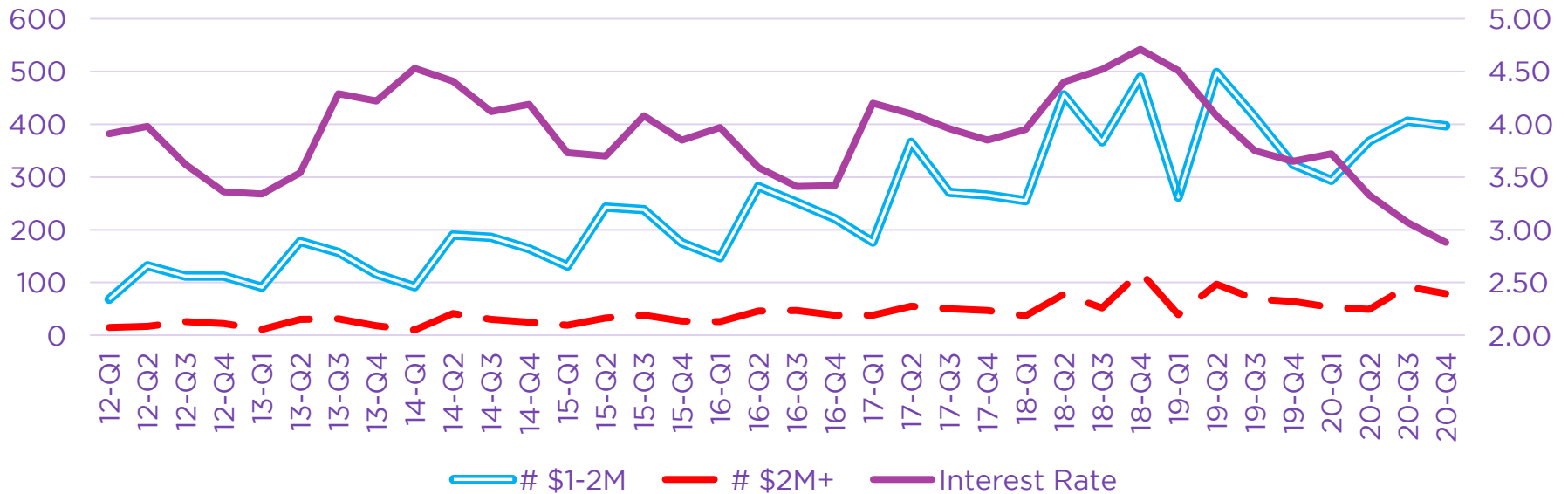


Source: Your Castle Real Estate analysis. Based on information from Showing Time..

SALE COUNT IN 25 LUXURY NEIGHBORHOODS VS 30YR FIXED MORTGAGE RATE



\$1M+ SALE COUNT IN 25 LUXE HOODS VS 30YR FIXED MORTGAGE RATE

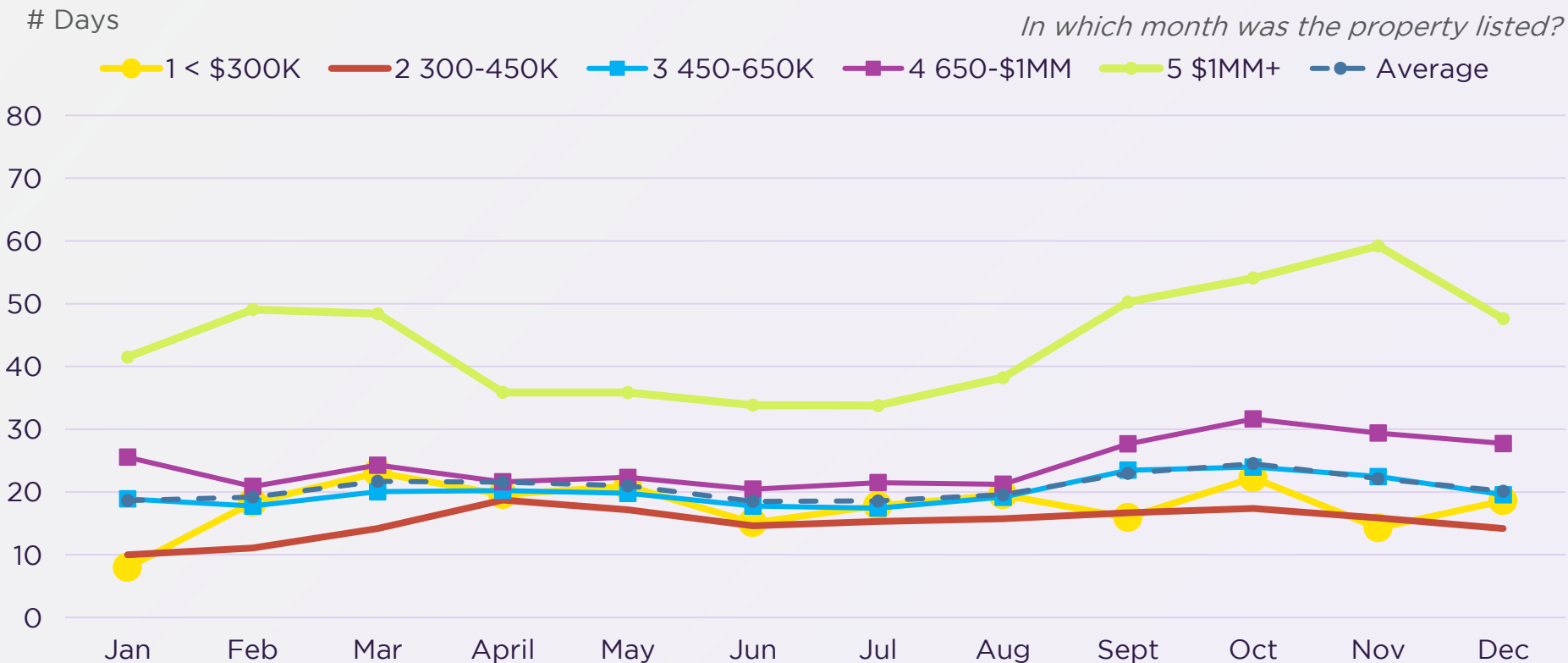


Data Source: Recolorado.com; Your Castle Real Estate Analysis

Number of days on market (list to UC) by listing month. Naturally, the highest priced homes will have longer DOM, but still follow the seasonal pattern of the rest of the market. Interestingly, the second-tier priced homes perform a bit better than entry level.

Comparing all Price Segments

DAYS OF MARKETING (HOMES ONLY, SIX COUNTY METRO, 19Q4 - 21Q3)

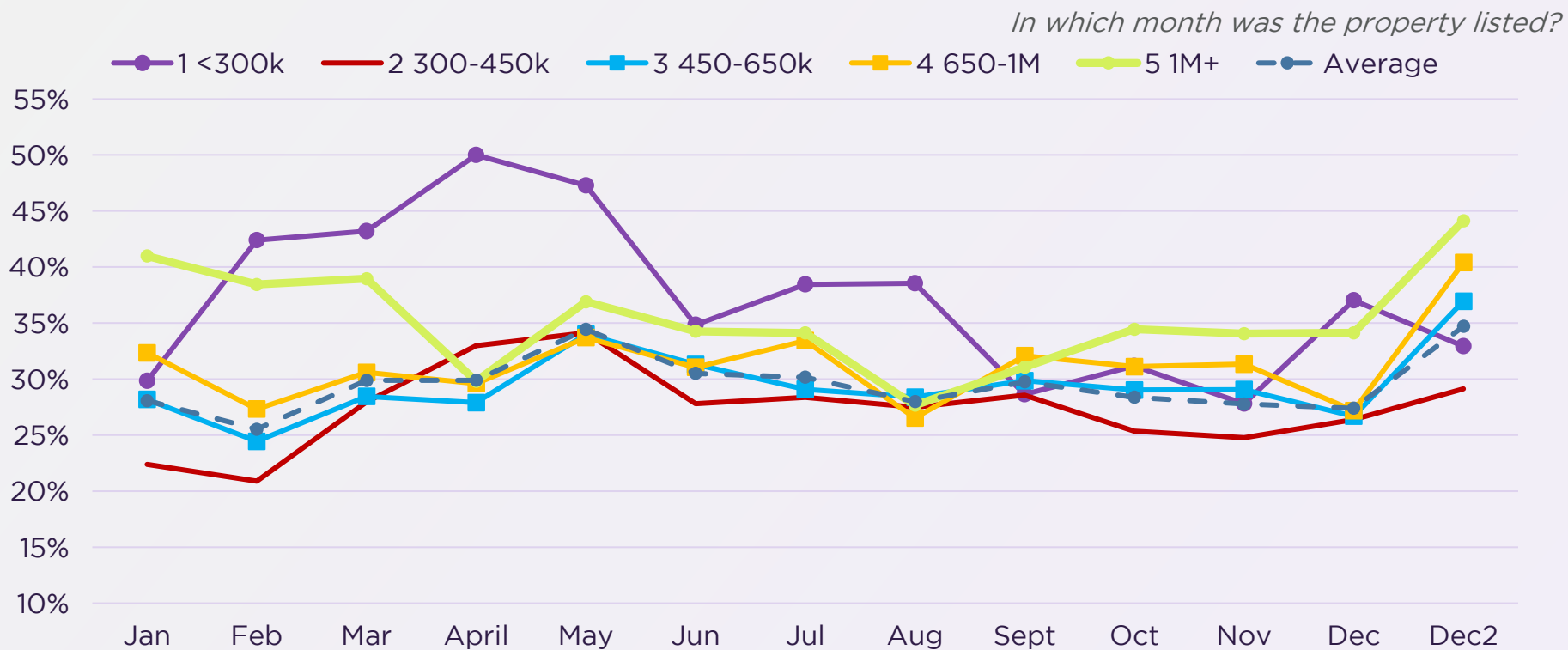


Source: REColorado.com and Your Castle Real Estate analysis.

Homes *under* \$450k and *over* \$650k have nearly the same rate of price reductions! The entire market tends to have high price reduction rates in the summer because the spring “buzz” has worn off, but agents are using those closings for comparables. These past twelve months, listing agents have been over zealous in their pricing of entry-level properties.

Comparing all Price Segments

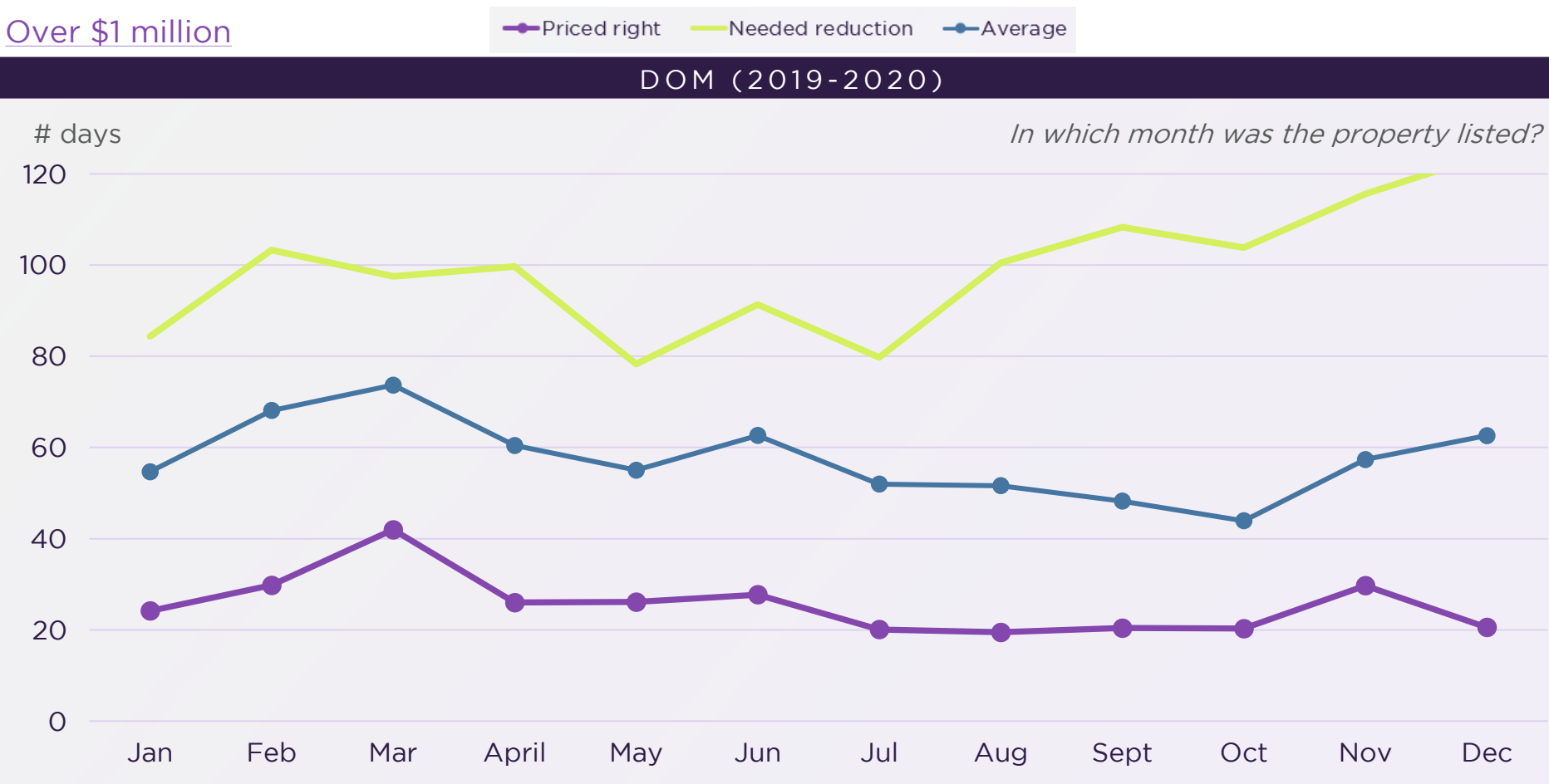
% OF SOLD NEEDING PRICE REDUCTION (HOMES ONLY, 6 COUNTY METRO, 19Q4 - 21Q3)



Source: REColorado.com and Your Castle Real Estate analysis.

Over the past 12 months, homes over \$1 million that were priced right at initial listing (e.g., did not require a price reduction) sold in 25 DOM. Mispriced homes (that required a reduction) needed 94 DOM, or 4x.

Over \$1 million



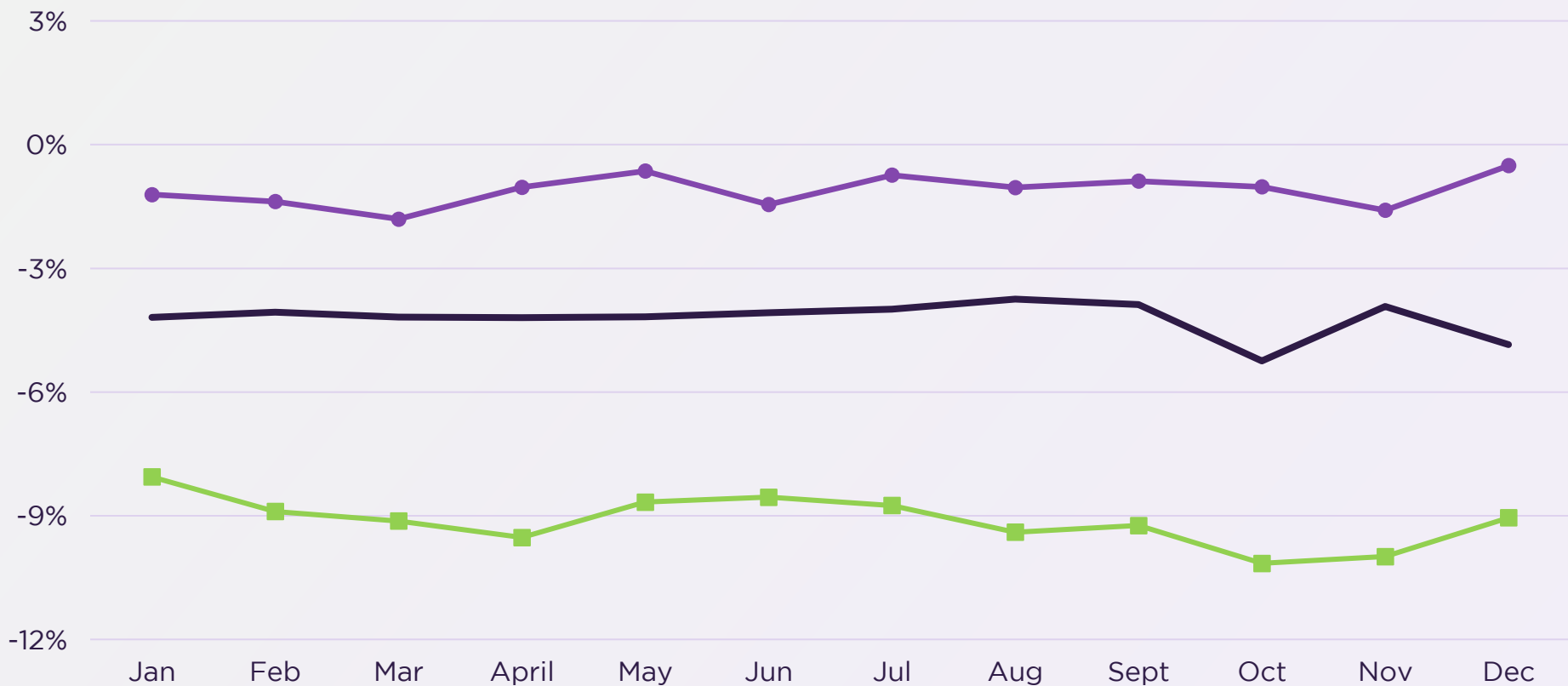
Source: REColorado.com and Your Castle Real Estate analysis.

The discount from last list price is around -4% for \$1MM+. The difference in discount is closer between properties that were priced correctly or only needed on reduction, than the discount of properties that required multiple price reductions. Of course, most overpriced homes never sell at all; these are just the lucky ones that did.

Over \$1 million

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

DISCOUNT (SOLD PRICE TO LAST LIST PRICE)



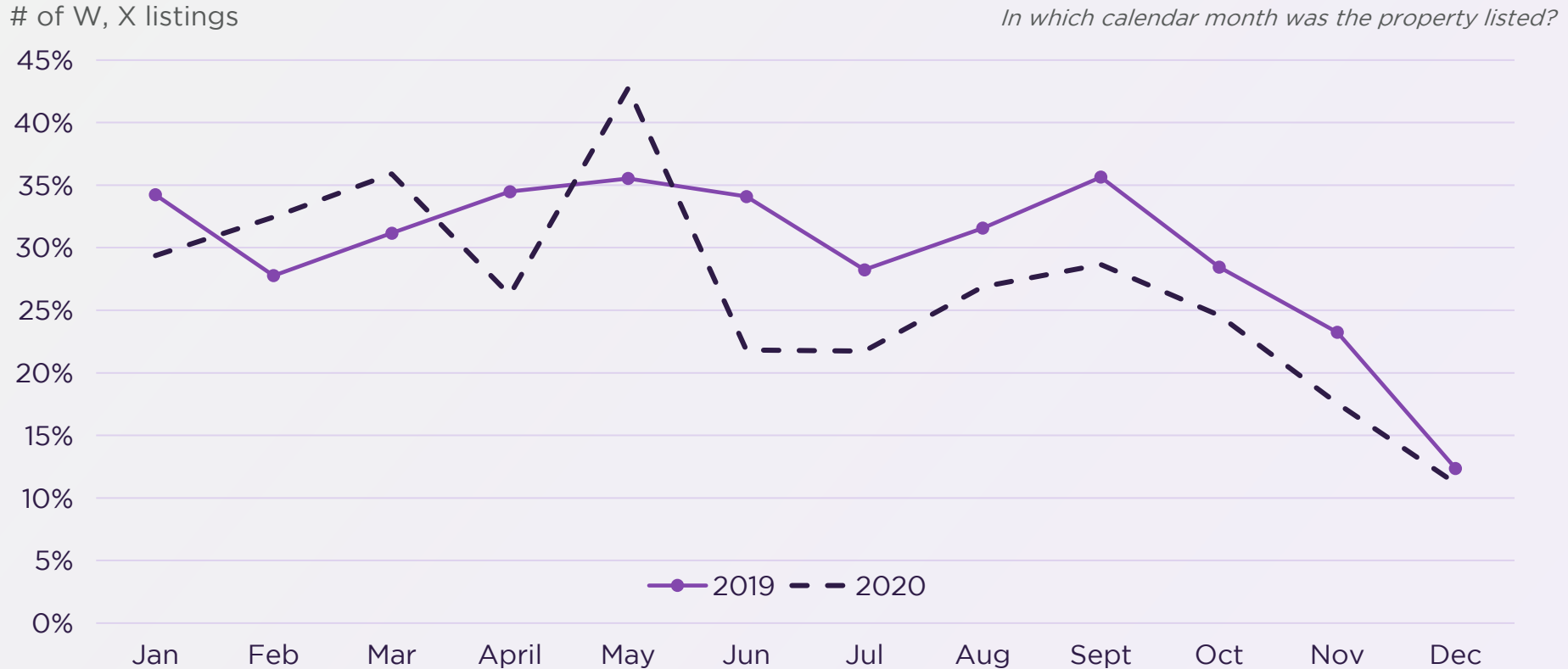
Source: REColorado.com and Your Castle Real Estate analysis.

The number of withdrawn and expired (W+D) listings peaks for properties listed in September and is at it's the lowest in December - *generally*. As with much of 2020, the impact of the COVID pandemic on real estate resulted in a “worse” March-May than usual, and a “better” Q4 than usual. Clients only seem to list in December if they are really motivated to sell. Rate of failed listing had been increasing, but dropped a bit last year: 2020 (26%), 2019 (32%), 2018 (24%), 2017 (20%).

Comparing all Price Segments

Count of withdrawn and expired per year (2018-2019), regardless of list year.
Vs. Closed sales per month, regardless of list year.

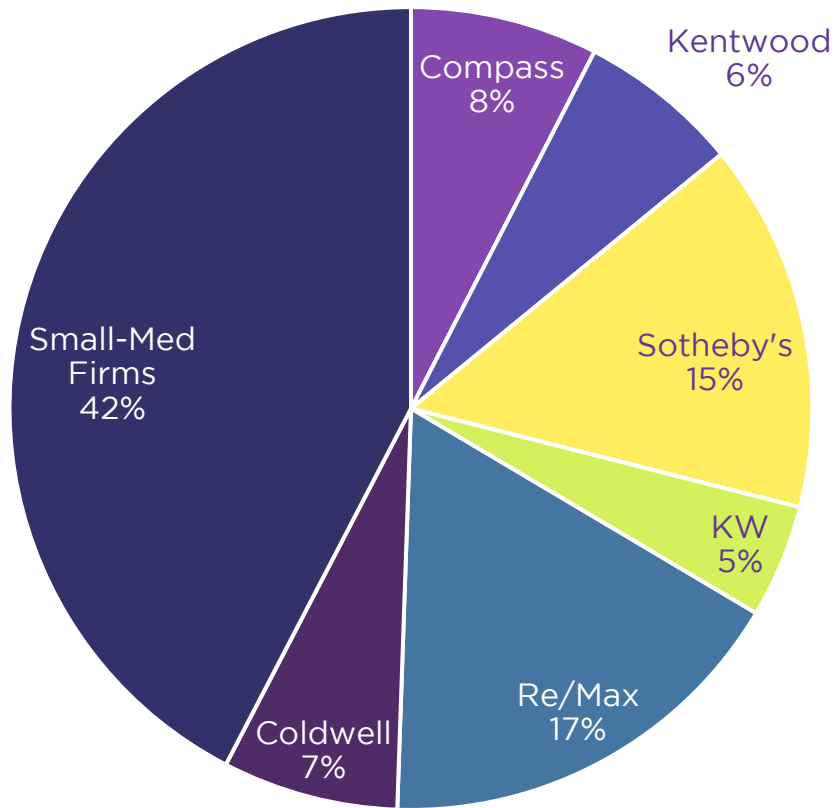
WITHDRAWN AND EXPIRED (2019 - 2020)



Source: REColorado.com and Your Castle Real Estate analysis.

Do you have to work at a “luxury” brokerage to get luxury listings (\$1MM+)?

TTM Listing Count



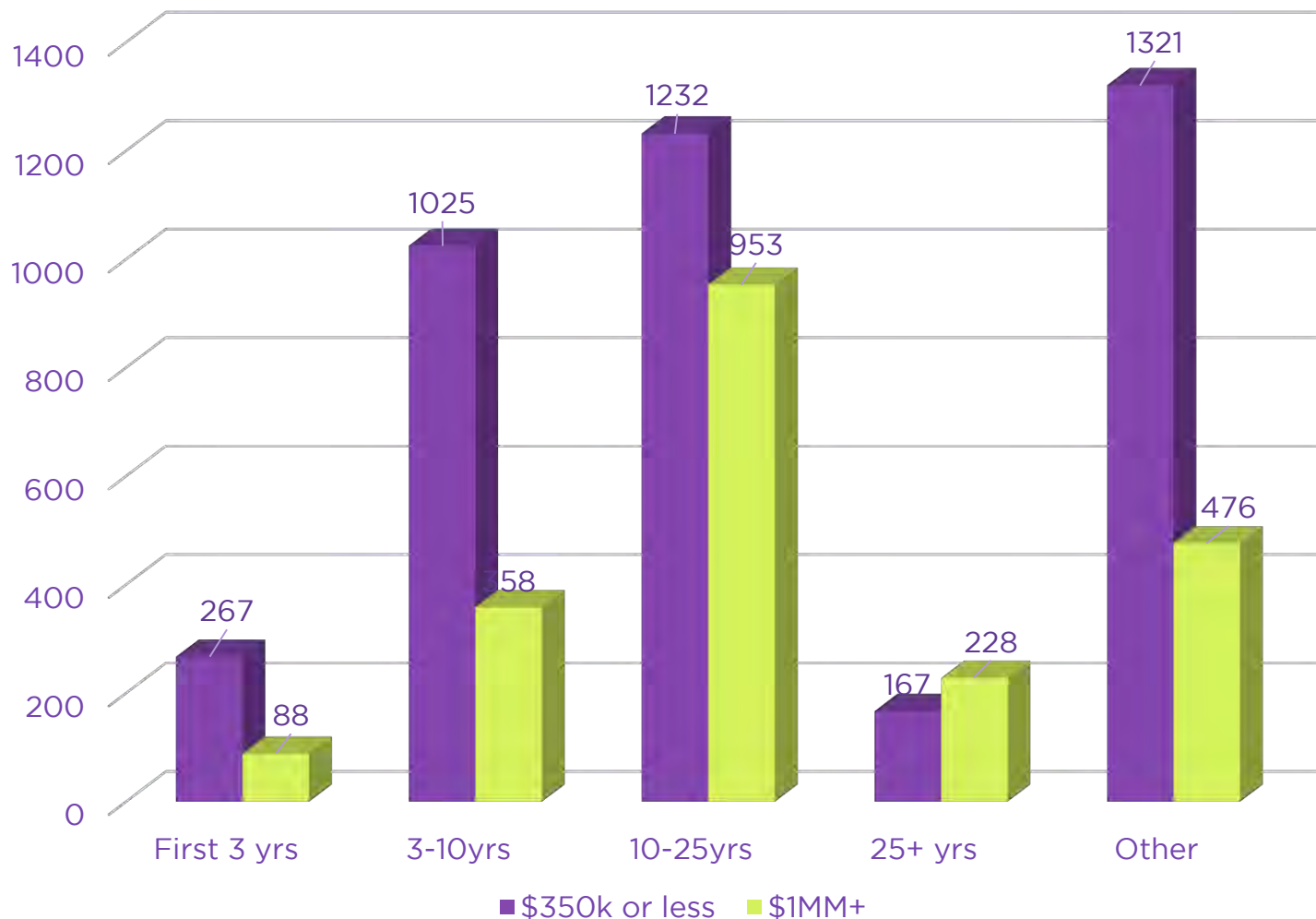
There are plenty of listings to go around.

- Kentwood still has around a 7% market share over \$1MM
- Sotheby's has really grown, from (estimated) 6% to 14% share
- Compass has been successful in “recruiting” agents and buying market share; they are 8%
- Together, these three are 29% of the luxury market.
- The market share has come mostly at the expense of one-man shops; they are down from (estimated) 50% to 39%
- The middle market brokerages (KW, Coldwell, YCRE, Re/Max) probably have not changed a lot in their market share over \$1MM

Data Source: Recolorado.com; YCRE analysis, 20Q3 TTM

Agents with more experience naturally have a better chance at getting luxury listings. But if you're newer to the industry, don't completely discount your ability to work with luxury sellers!

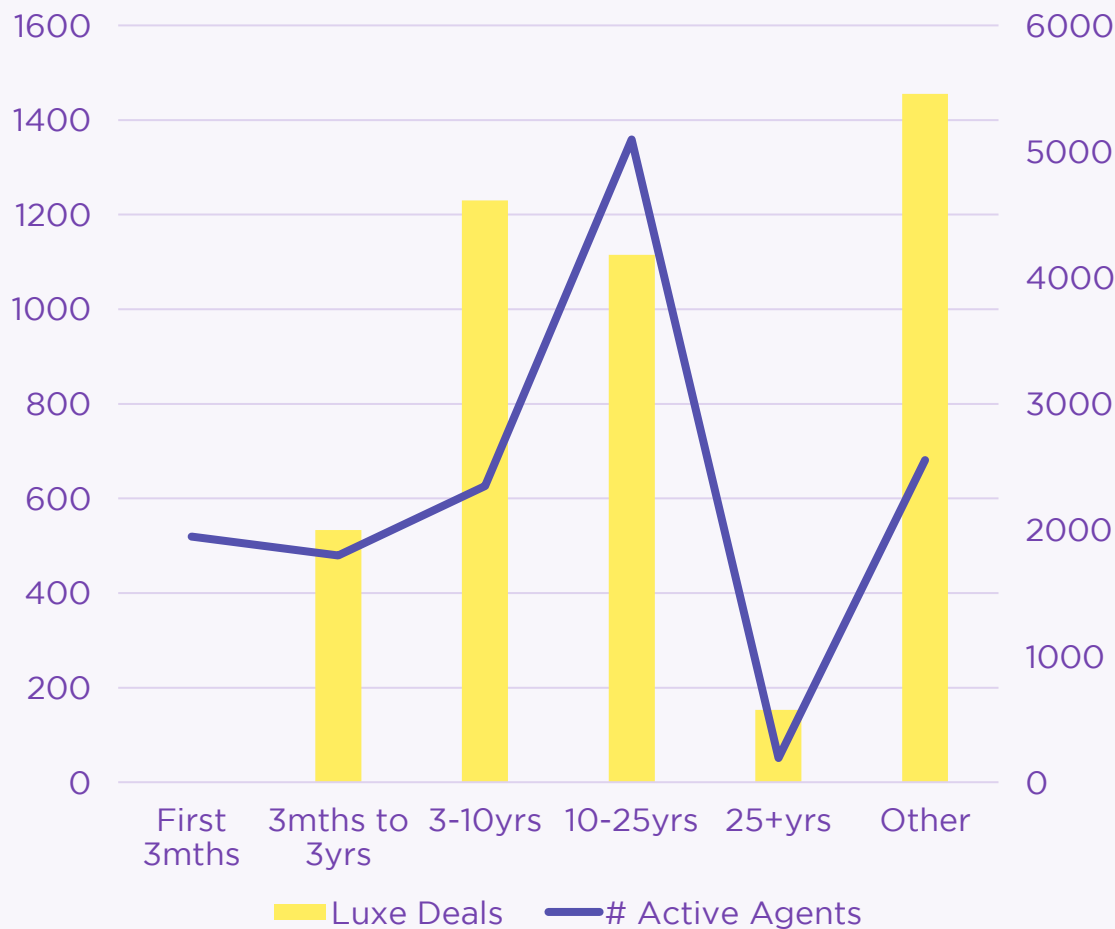
NUMBER OF LISTINGS BY EXPERIENCE LEVEL



Data Source: Recolorado.com; YCRE analysis, 20Q3 TTM

What buyer agents are successfully closing large deals?

BUY-SIDE TRANSACTIONS



- Agents with under 3 months of experience are locked out of the game for selling a luxury home.

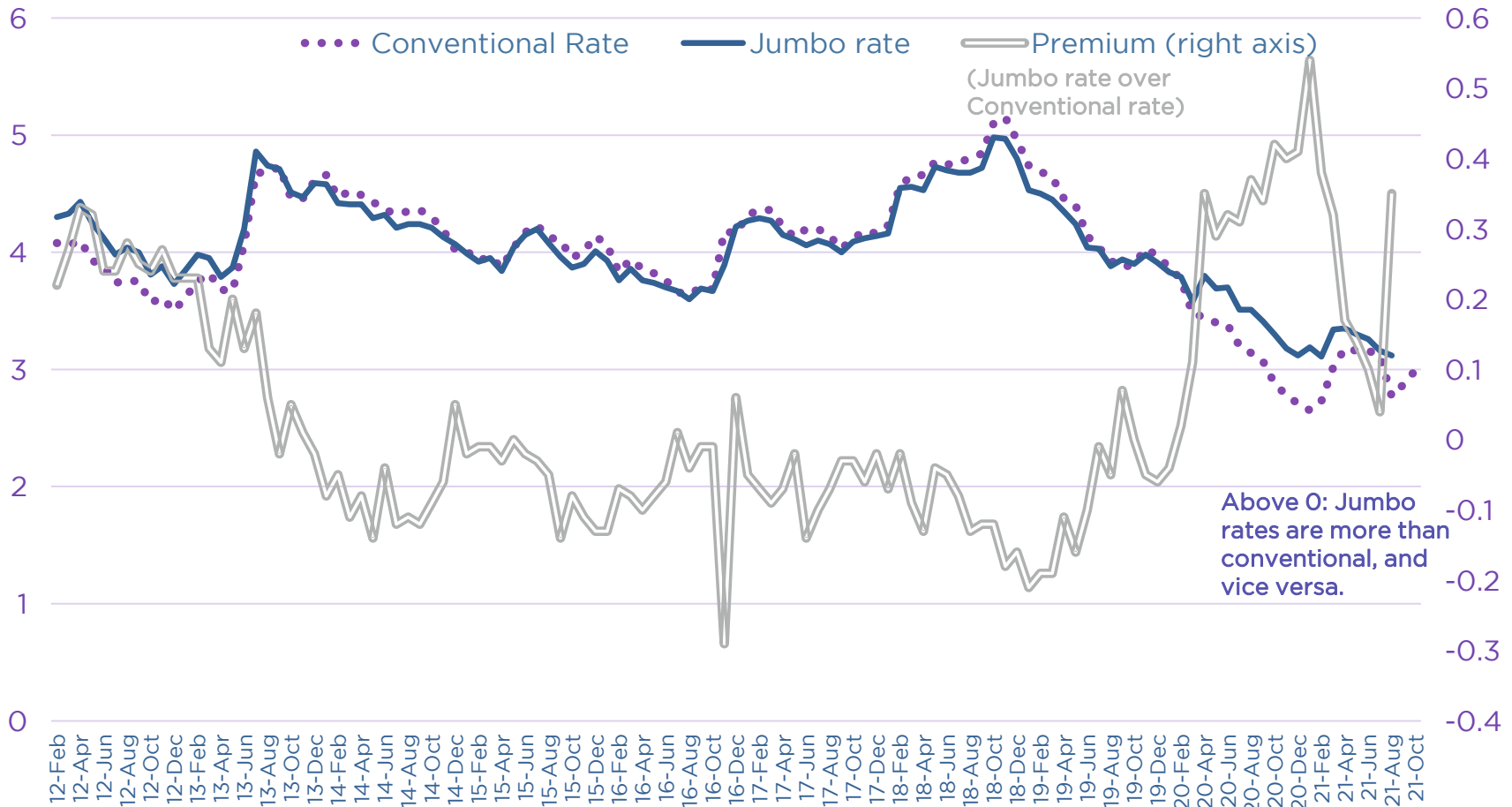
- But every other tenure cohort had at least 22% of their agents selling a big listing.

- Impressively, about a third of the agents in the “3 years or less” experience bucket sold a luxury home in the last year.

- When you factor in the half of agents that don’t produce, it’s probably safe to say that about 15% of ALL agents with under three years of experience closed a luxury deal in the last year.

Data Source: Recolorado.com; YCRE analysis, 20Q3 TTM

Jumbo mortgages aren't the cheapest anymore. The reversal is just one of the ways the coronavirus crisis has wreaked havoc on the mortgage market. The same force pushing most mortgage rates to record lows – investors piling into safe-haven assets like government bonds – has pushed jumbo loans out of favor, Orla McCaffrey (Wall Street Journal) reports.



Data Source: Bankrate.com, [FreddieMac.com](https://www.freddiemac.com), [MortgageNewsDaily.com](https://www.mortgage-newsdaily.com). Note: all rates are fixed.



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Notes from the attorneys...
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