

4th QUARTER 2021 METRO DENVER LUXURY TRENDS

Your Castle Real Estate was started in 2004 and has grown to become the largest independent brokerage on the Front Range, according to the Denver Business Journal (DBJ). With over 750 agents in 6 offices, we sold over \$3 billion of real estate in 2021. We have also appeared in local and national publications, including recent awards from the DBJ and the Inc. 5000 (See below).

Our staff and agents are passionate about delivering exceptional consumer experiences. We offer services from residential sales to corporate relocation and beyond, so that we can meet our clients' every need. We have experts in every field to guide clients skillfully from the beginning to the end of their real estate journeys. We believe that access to the best and most timely information can dramatically shape decisions, and no one does more research on the local housing market than Your Castle.

In addition, from 2018 to 2021, Your Castle Real Estate annually gave over \$175,000 in charitable donations. We're a proud sponsor of 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 27 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	4Q20 vs 4Q19: 1Q21 vs 1Q20: 2Q21 vs 2Q20: 3Q21 vs 3Q20: 4Q21 vs 4Q20:	+20% +27% +46% +20% +9%	The average sale price in the trailing twelve months (TTM) in these 27 areas was \$1.69M. 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	4Q20 vs 4Q19: 1Q21 vs 1Q20: 2Q21 vs 2Q20: 3Q21 vs 3Q20: 4Q21 vs 4Q20:	+36% +32% +54% -25% -27%	While the “negative growth” of 21Q3 vs 20Q3 is more telling of the abnormally high third quarter we had in 2020, units sold continue to decrease, along with the rest of the market. Core Denver will have the best stability in unit counts; secondary markets will see more unit count variability.
DOM (Days on Market)	4Q20 vs 4Q19: 1Q21 vs 1Q20: 2Q21 vs 2Q20: 3Q21 vs 3Q20: 4Q21 vs 4Q20:	52 vs 57 45 vs 55 21 vs 35 15 vs 43 28 vs 45	It is currently taking only about four weeks to get these luxury homes under contract. DOM is growing, but still historically low, especially for this market. The overall market average decreased to just 12 days. Historically, larger homes require more marketing time to get under contract.
MOI (Months of Inv)	4Q20: 1Q21: 2Q21: 3Q21: 4Q21:	0.8 0.8 0.8 1.2 0.4	MOI for these neighborhoods has dropped two record lows – <i>less than two weeks!</i> 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	4Q20: 1Q21: 2Q21: 3Q21: 4Q21:	-1.5% 0% +3.1% +1.9% +1%	Discounts on the high end usually run a little higher than that of the market average. The overall market is sold at nearly a 4% premium. The luxury market continues to sell at a premium as well!

The Denver market overall had 39,356 home sales in the prior twelve months. These 27 neighborhoods below represent the most expensive 4% of the 400+ neighborhoods we track (1,611 sales). The bottom of this chart highlights the top 10% of the market, or ALL homes over \$985,000 (top 10% of overall market).

YOUR CASTLE REAL ESTATE																
T1 - Time Period 1: January 2020 - December 2020										Note: Data from RE Colorado (1/4/2022); analysis by Your Castle Real Estate						
T2 - Time Period 2: January 2021 - December 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	4	3	43%	115	110	-4%	0.4	46	26	(20)	3,835	1,551	1,999	29%	2.9%	
Castle Pines Village	13	16	55%	150	125	-17%	1.2	83	43	(40)	2,937	1,327	1,675	26%	0.4%	
Cherry Creek	3	2	40%	28	28	0%	1.3	45	61	16	1,750	1,764	2,225	26%	-2.2%	
Cherry Hills Village	-	-	N/A	31	33	6%	-	66	30	(36)	0	2,675	3,605	35%	0.5%	
Cherry Point	-	-	N/A	33	22	-33%	-	36	39	3	0	1,579	2,458	56%	7.0%	
Columbine Lakes	2	2	50%	26	26	0%	0.9	30	19	(11)	1,263	878	1,209	38%	1.4%	
Country Club	1	4	80%	61	77	26%	0.2	47	34	(13)	2,275	1,998	2,088	4%	0.9%	
Evans Ranch	6	6	50%	47	67	43%	1.1	65	48	(17)	1,478	955	1,457	53%	-0.1%	
Genesee Northeast	4	4	50%	75	83	11%	0.6	46	25	(21)	2,948	1,002	1,297	29%	1.8%	
Glenmoor of Cherry Hills	2	3	60%	30	31	3%	0.8	89	38	(51)	6,550	2,844	3,028	6%	-2.3%	
Green Oaks	-	1	100%	58	51	-12%	-	30	13	(17)	0	1,270	1,369	8%	4.1%	
Heritage Greens	-	4	100%	35	35	0%	-	27	6	(22)	0	840	1,090	30%	2.8%	
Heritage Hills	0	8	100%	53	54	2%	-	46	34	(12)	0	1,153	1,448	26%	0.4%	
Hilltop East	2	3	60%	76	46	-39%	0.5	37	12	(26)	843	1,230	1,462	19%	5.3%	
Hilltop West	0	2	100%	103	105	2%	-	53	23	(30)	0	1,661	1,846	11%	0.9%	
Ken Caryl Ranch, The Valley	1	1	50%	63	63	0%	0.2	30	8	(22)	850	846	983	16%	1.5%	
Lazy Hills	0	3	100%	19	22	16%	-	33	9	(24)	0	713	951	33%	2.4%	
Lowry Field	1	3	75%	90	84	-7%	0.1	29	12	(17)	1,599	844	987	17%	1.4%	
Normandy	0	1	100%	32	35	9%	-	51	27	(23)	0	1,206	1,604	33%	-0.5%	
Orchard Hills	0	1	100%	45	32	-29%	-	29	15	(14)	0	1,224	1,472	20%	1.9%	
Paradise Hills	0	3	100%	28	33	18%	-	50	25	(25)	0	1,026	1,145	12%	4.2%	
Plum Creek Acres	0	0	N/A	25	25	0%	-	44	7	(37)	0	783	975	24%	3.7%	
Ridge at Hiwan	0	0	N/A	31	31	0%	-	53	21	(33)	0	1,129	1,643	46%	3.5%	
The Preserve at GV	4	4	50%	54	38	-30%	1.3	45	26	(19)	10,206	2,186	2,888	32%	-2.1%	
University Park (Denver)	3	5	63%	124	117	-6%	0.3	39	31	(9)	1,065	1,285	1,645	28%	0.8%	
Wash Park East	3	11	79%	192	189	-2%	0.2	34	23	(11)	2,209	1,428	1,658	16%	3.5%	
Willowbrook	0	2	100%	52	49	-6%	-	36	19	(17)	0	1,056	1,286	22%	0.6%	
Grand Total	49	92	65%	1,676	1,611	-4%	0.4	46	26	(20)	3,104	1,353	1,654	22%	1.7%	
A. \$985K-\$1.135K	21	65	76%	642	1,020	59%	0.2	45	18	(27)	1,027	1,051	1,047	-0.4%	3.2%	
B. \$1.135MM-\$1.33MM	35	61	64%	696	1,023	47%	0.4	40	20	(20)	1,235	1,227	1,230	0.3%	3.1%	
C. \$1.33MM-\$1.725MM	42	66	61%	591	1,036	75%	0.5	49	22	(27)	1,476	1,495	1,489	-0.4%	2.3%	
D. \$1.725MM+	89	94	51%	603	1,029	71%	1.0	78	44	(34)	3,599	2,473	2,586	4.6%	0.9%	
Grand Total	187	286	60%	2,532	4,108	62%	0.5	52	26	(26)	2,391	1,542	1,590	3.1%	2.3%	

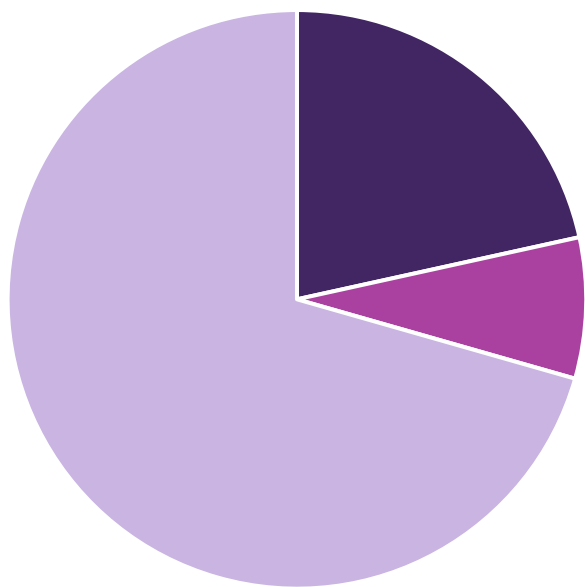
Homes in luxe neighborhoods, regardless of price

Homes of \$800k+, regardless of neighborhood

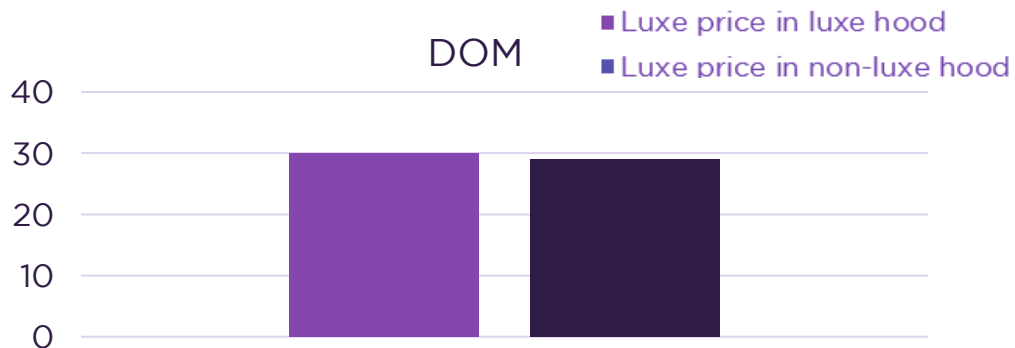
Data Source: Recolorado.com; Your Castle Real Estate Analysis

We can define the luxury market in two ways: 1) houses sold in neighborhoods that have the majority of sales over \$985k (the top 27 on prior page), or 2) any house that sells at the top 10% of the market (\$985k+).

The performance advantage of luxury-priced homes *in* luxury neighborhoods is growing, versus luxury-priced homes in just any neighborhood. Marketing time is nearly identical for both segments. Also, houses in the luxury neighborhoods will get significantly higher sales prices (\$500k 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.



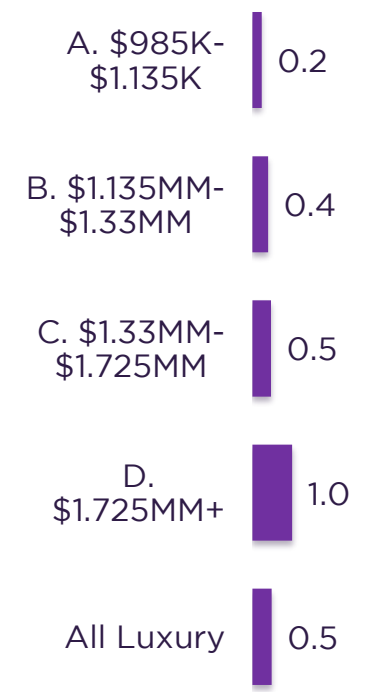
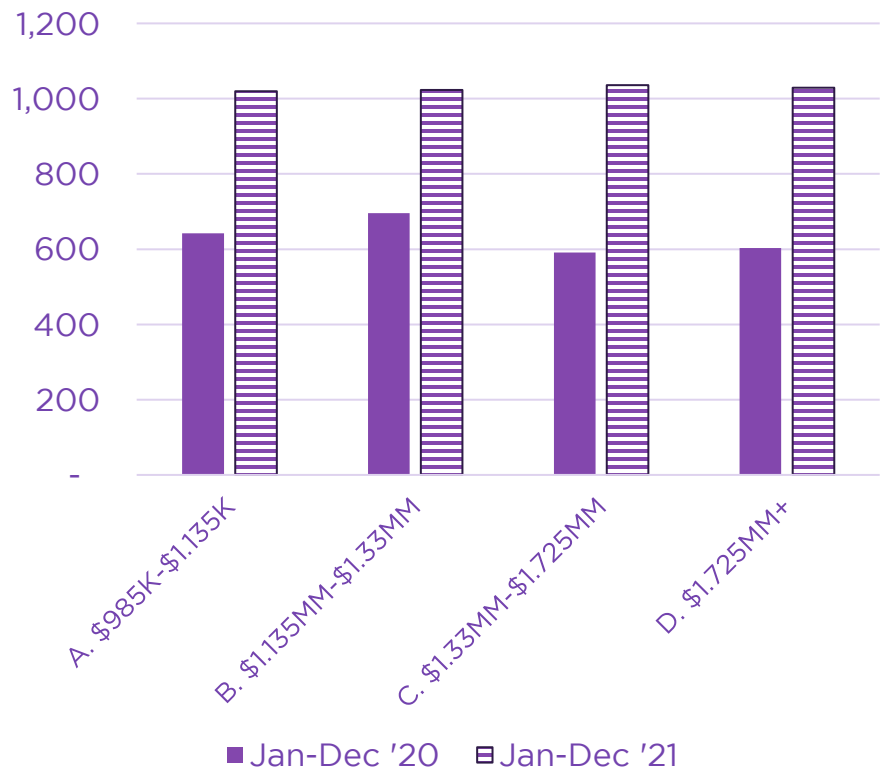
- BOTH luxe price and luxe hood
- Luxe hood, but not luxe price
- Luxe price, but not luxe hood



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

The top 10% of Denver’s most expensive homes sell for \$985,000 or more. Homes in different luxury home segments have different characteristics. As the average home price increases, the “lower-end luxury” market grows in popularity among former “non-luxury” clients. Sales of homes priced at \$985,000 or higher have nearly doubled in the past twelve months!

YEAR OVER YEAR SALES COUNTS | **MONTHS OF INVENTORY BY SEGMENT**

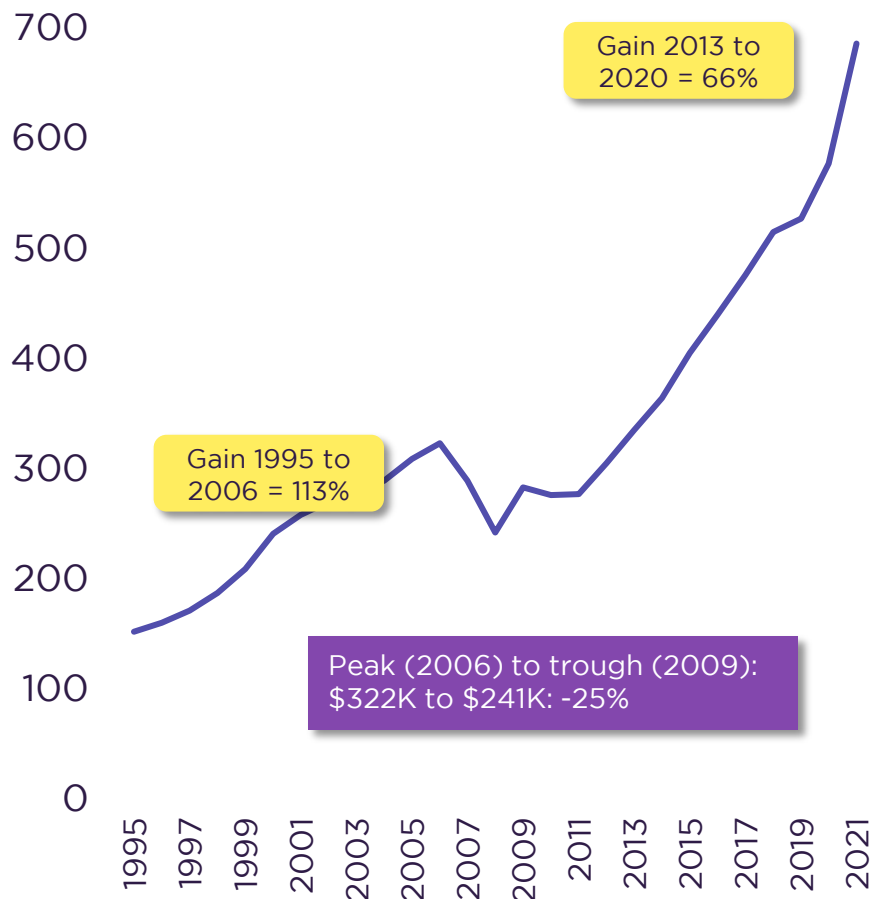


Data Source: Recolorado.com; Your Castle Real Estate Analysis

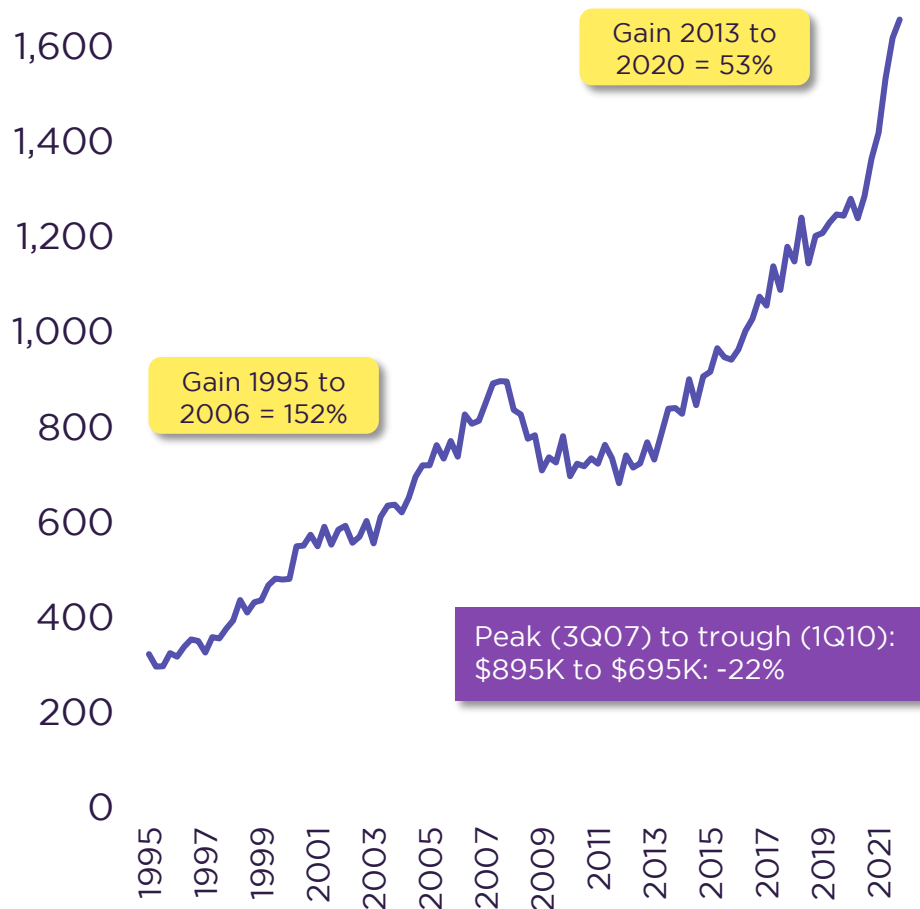
The high end of the market suffered a little less of a decline than the overall Denver market during the Great Recession. As Metro Denver continues in its strongest sellers' market ever, the luxury segment is also benefiting from the boom! Year over year, for 21Q4, homes in the luxury neighborhoods appreciated 22%, while others in Denver appreciated "only" 19%.

Sales Prices in \$000

ALL HOMES

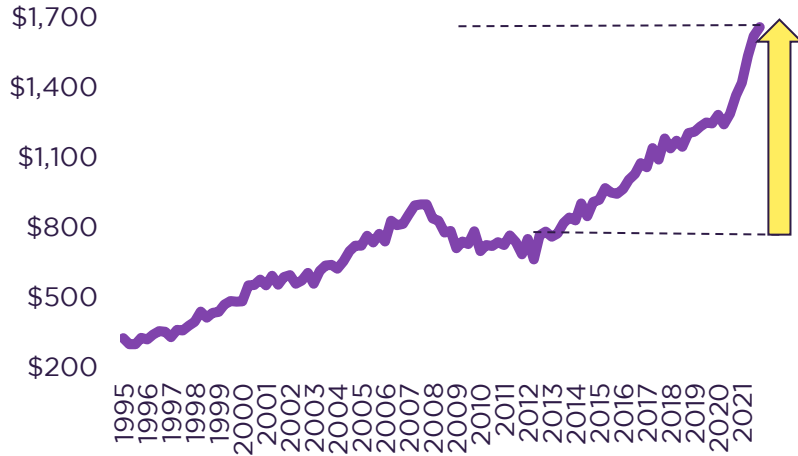


LUXURY NEIGHBORHOODS

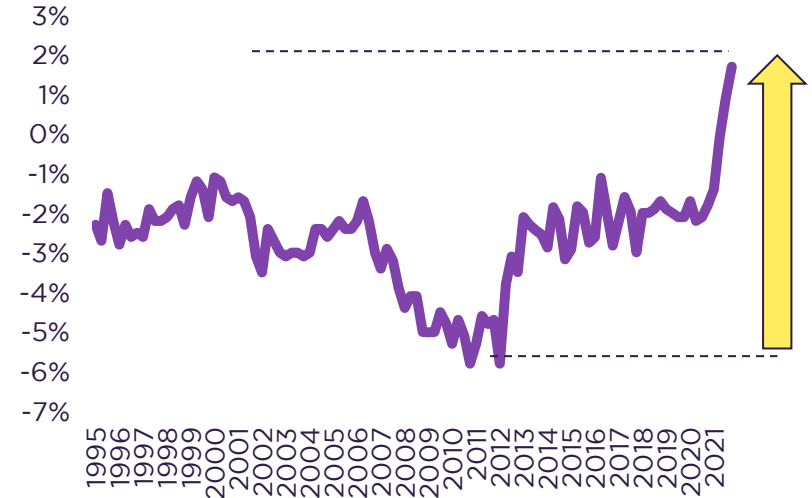


Data Source: ReColorado.com, PPAR.com, Your Castle Real Estate Analysis

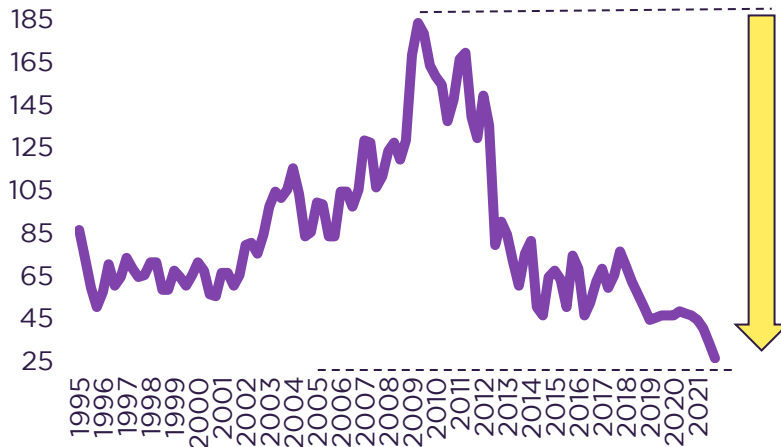
SALES PRICES IN \$000



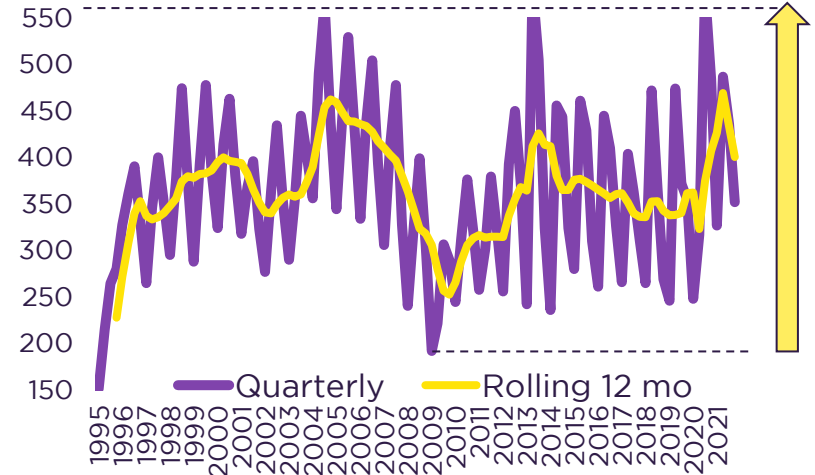
DISCOUNT (SOLD PRICE / LAST ASK \$)



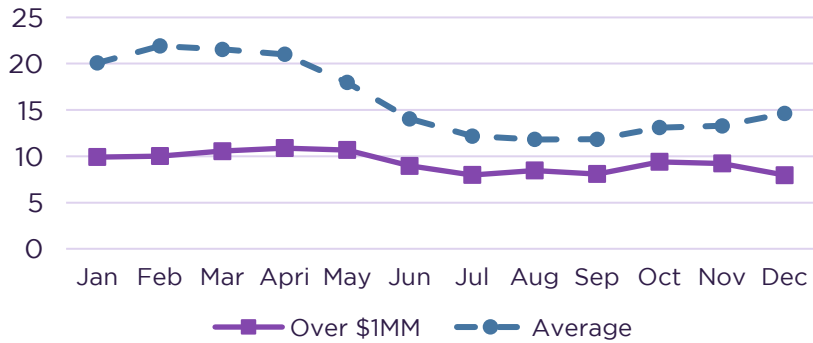
DOM (DAYS ON MARKET)



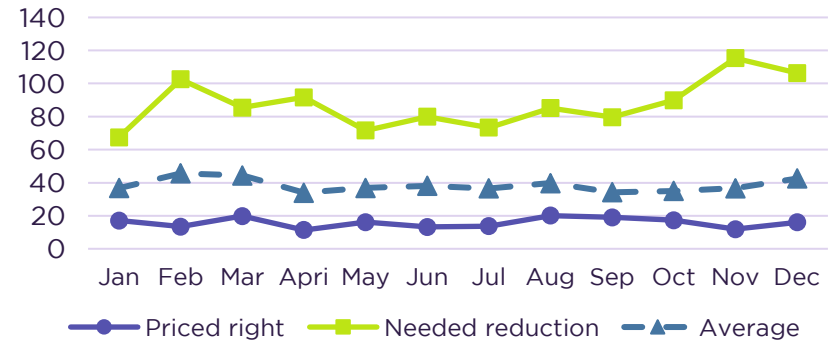
NUMBER OF HOMES SOLD



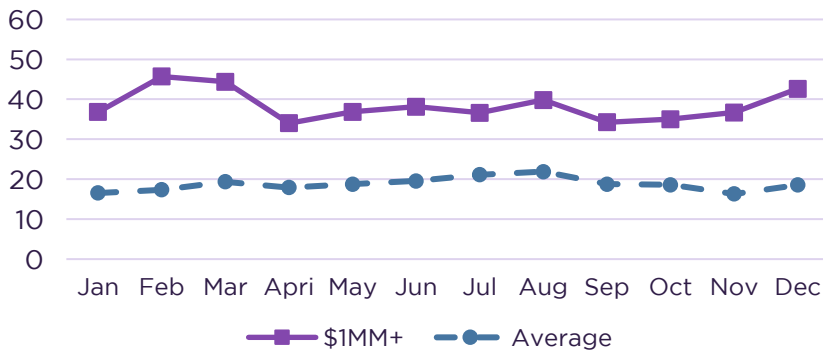
SHOWINGS / ACTIVE LISTING



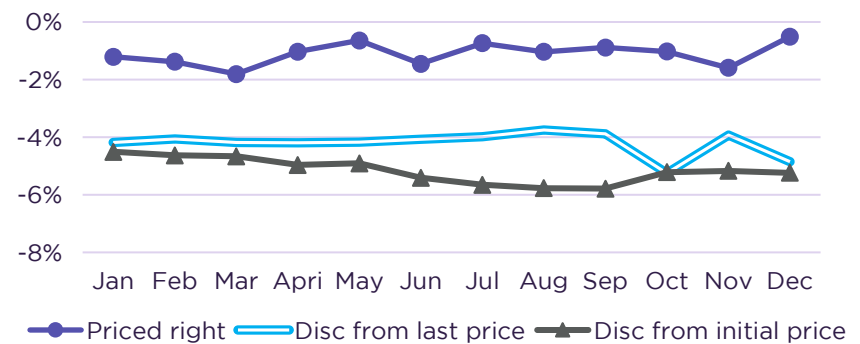
PRICE IMPACT ON DOM



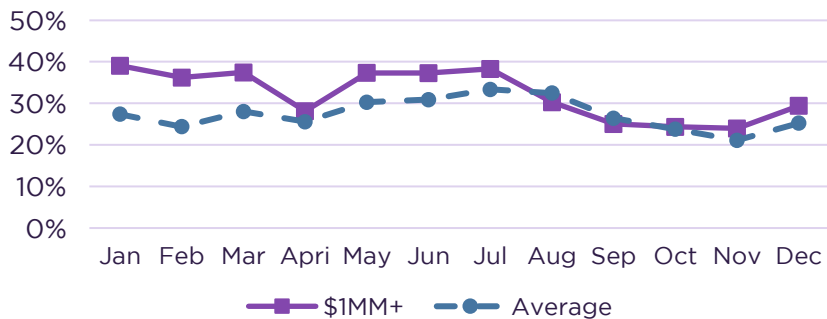
DAYS ON MARKET



% PRICE ADJUSTMENT



% OF SOLD NEEDING PRICE REDUCTION

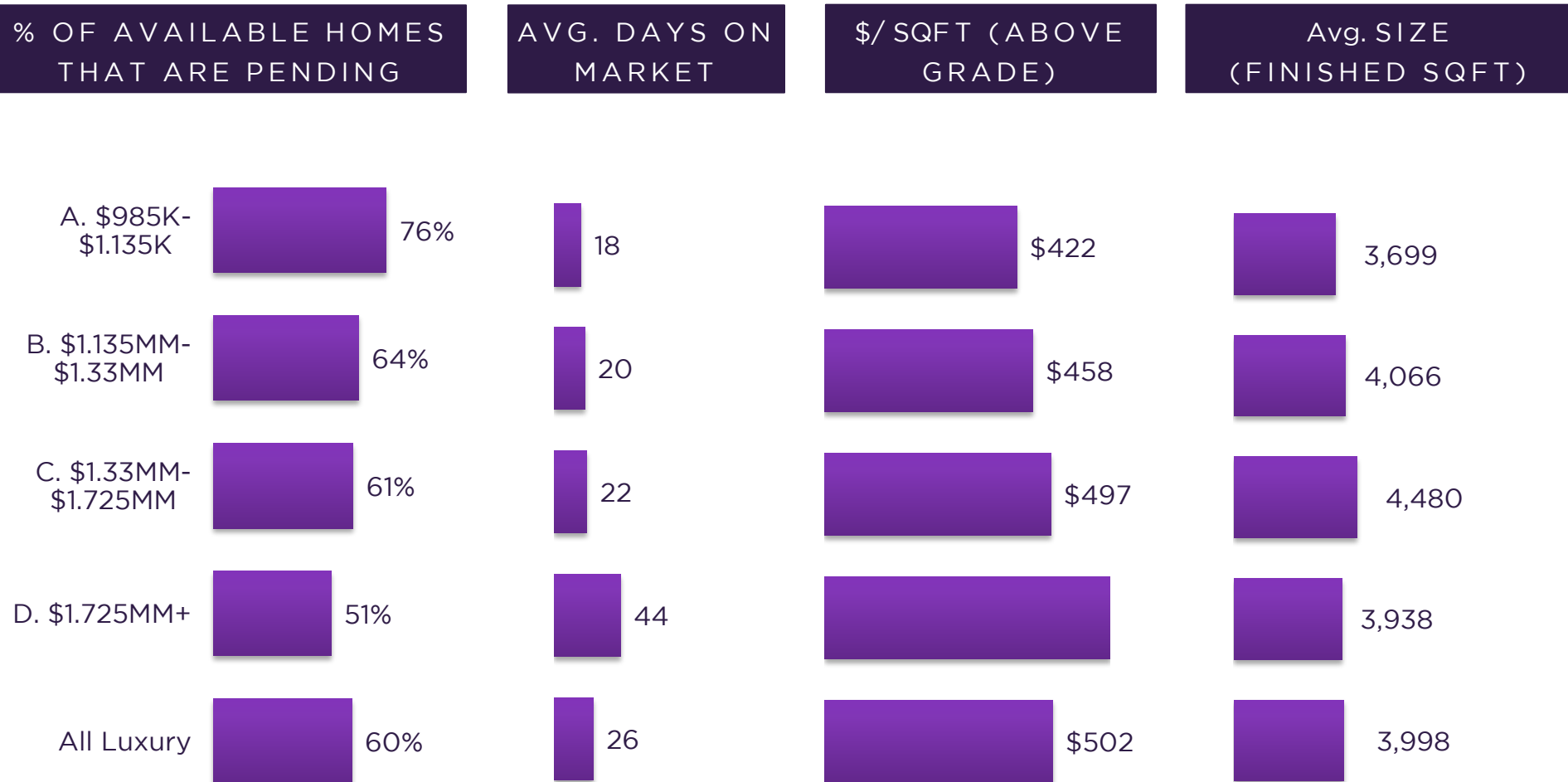


SUMMARY FOR \$1MM+ SELLERS

- **Showing traffic:** The Million-dollar market was extremely steady all year.
- **Days on market (DOM):** The Million-dollar market was a bit higher in the winter, while the market average was relatively steady.
- **% that need price reduction:** As inventory continues to shrink in all segments, reductions were rarer as the year progressed.
- **How pricing impacts DOM:** Regardless of a strong sellers' market, properties that weren't priced correctly suffered longer marketing times
- **Discounts** are much smaller for homes that are priced right on day one (3.4% *premium*) vs. homes that need a price drop (5%)
- **Concessions:** Concession amounts (average down to \$2311) are 44% more than the rest of the market.

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*. DOM in the cheaper luxury market resembles the incredibly strong sellers' market of the whole Metro.

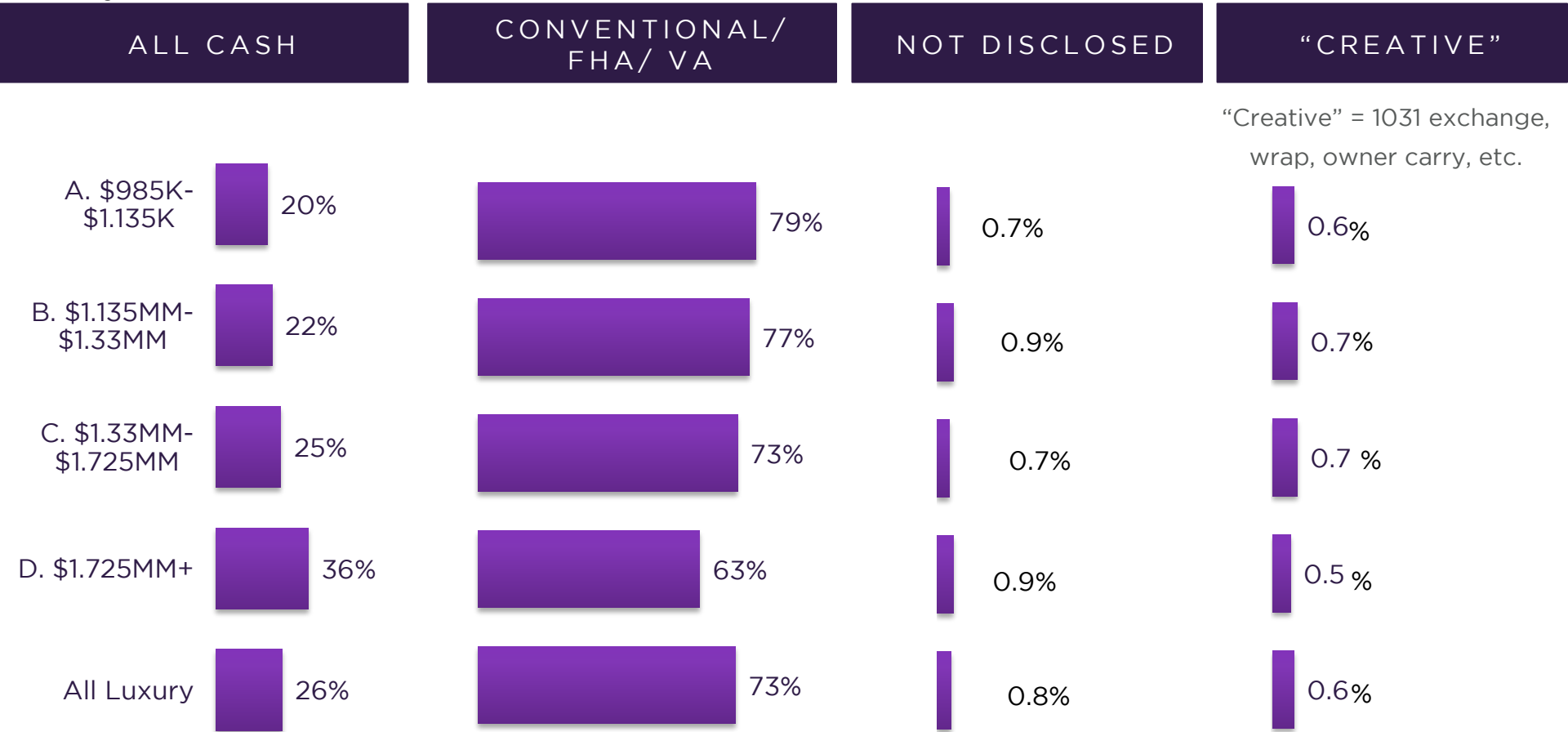
January 2021 - December 2021



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 30% 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.

January 2021 - December 2021

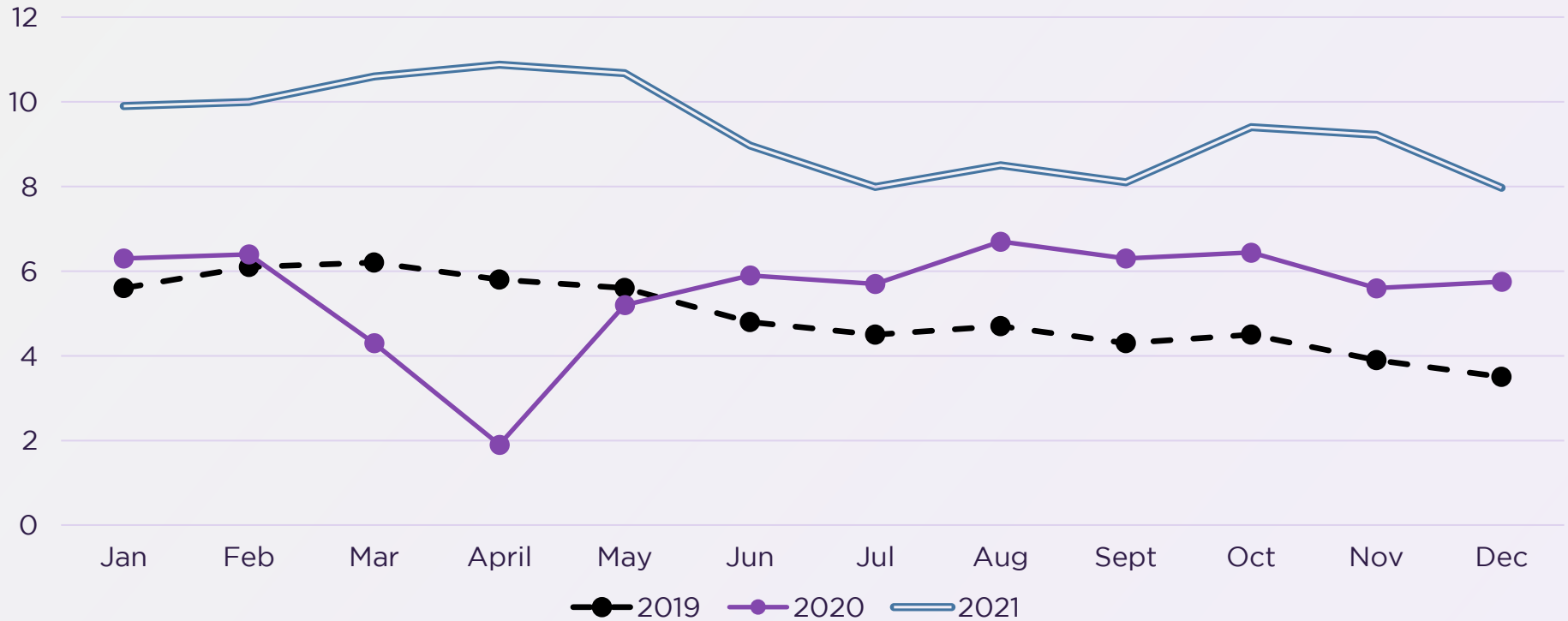


Data Source: ReColorado.com; Your Castle Real Estate Analysis | Creative = Exchange, Owner Carry, Private financing

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. This past year, showings for million-dollar listings never fell below eight per active listing.

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

Over \$1 million

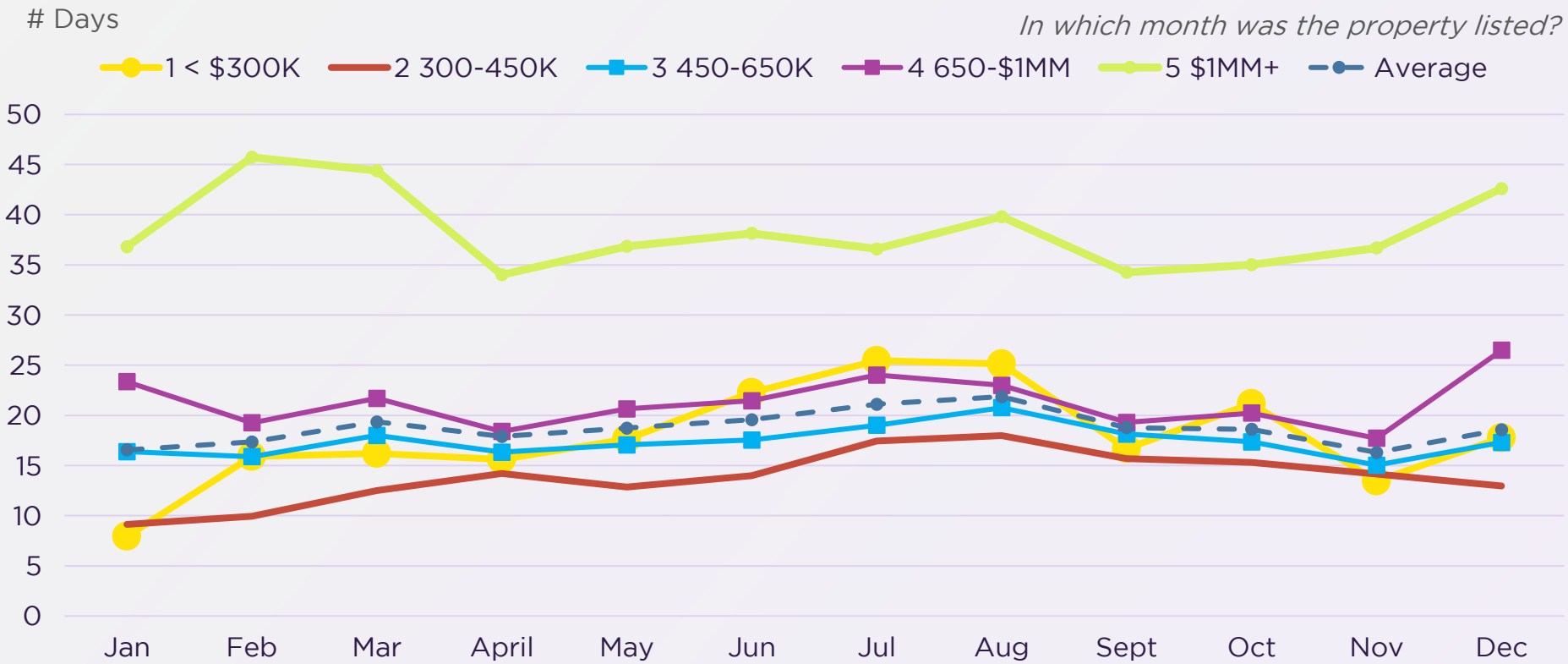


Source: Your Castle Real Estate analysis. Based on information from Showing Time..

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, 20Q1 - 21Q4)

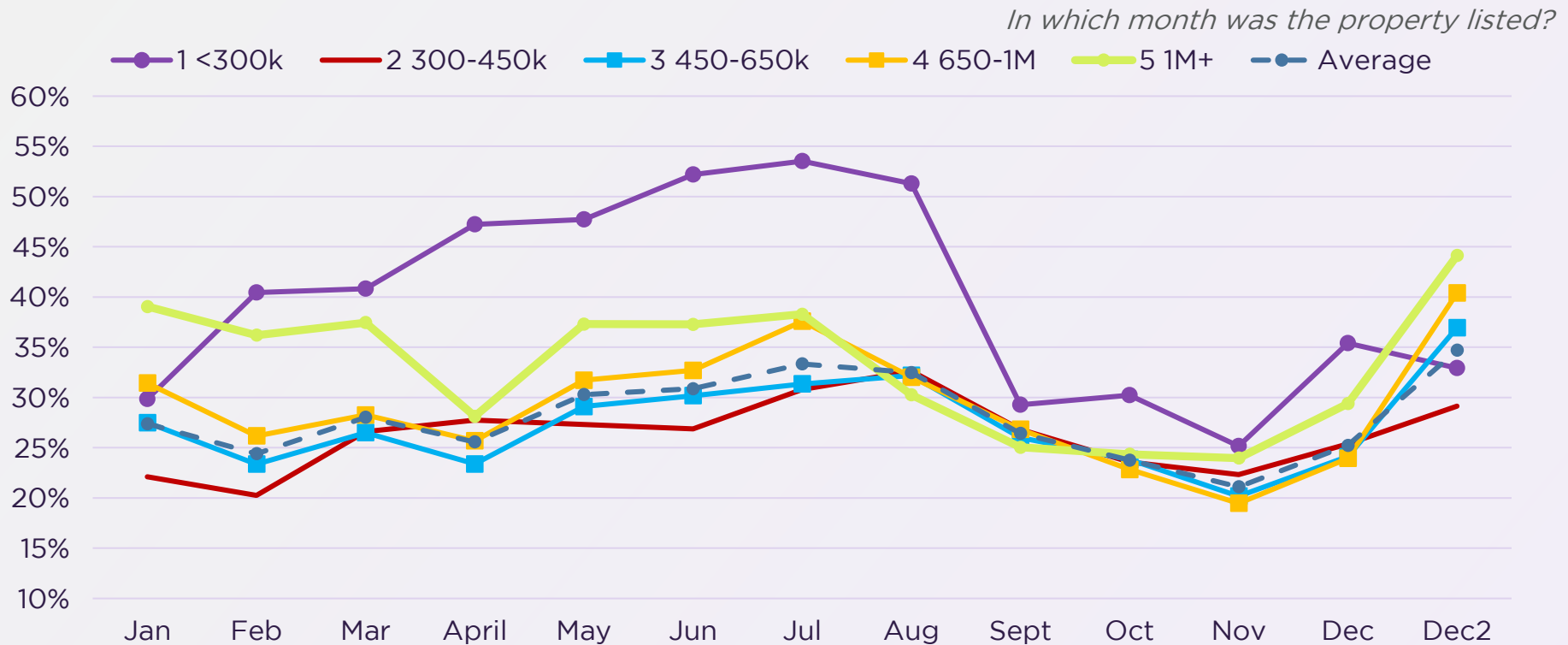


Source: REColorado.com and Your Castle Real Estate analysis.

The entire market performed nearly identically from August through November. The entire market tends to have high price reduction rates in early summer because the spring “buzz” has worn off, but agents are using those closings for comparables. Listing agents unfortunately continue to be overzealous in their pricing of entry-level properties.

Comparing all Price Segments

% OF SOLD NEEDING PRICE REDUCTION (HOMES ONLY, 6 COUNTY METRO, 20Q4 - 21Q4)



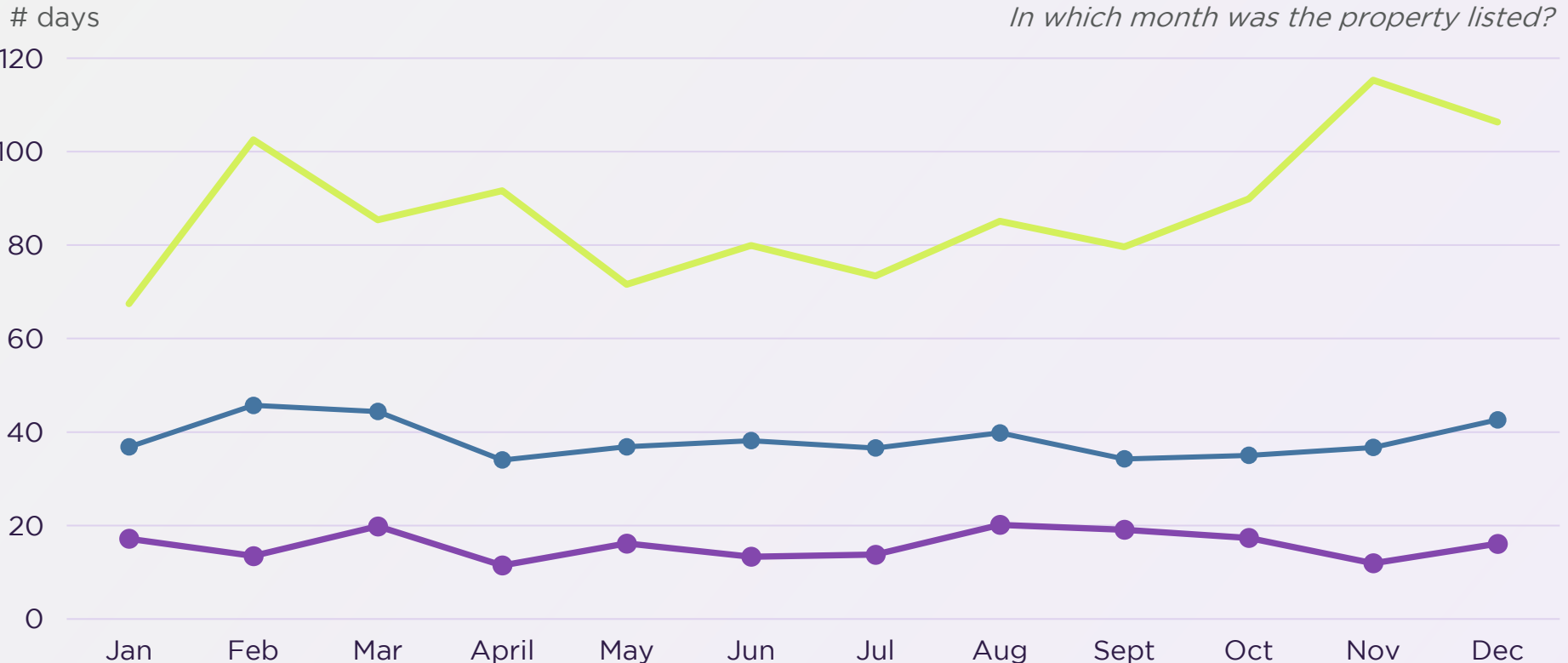
Source: REColorado.com and Your Castle Real Estate analysis.

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 just 16 DOM. Mispriced homes (that required a reduction) needed 83 DOM, or over 5x.

Over \$1 million

● Priced right
 — Needed reduction
 ● Average

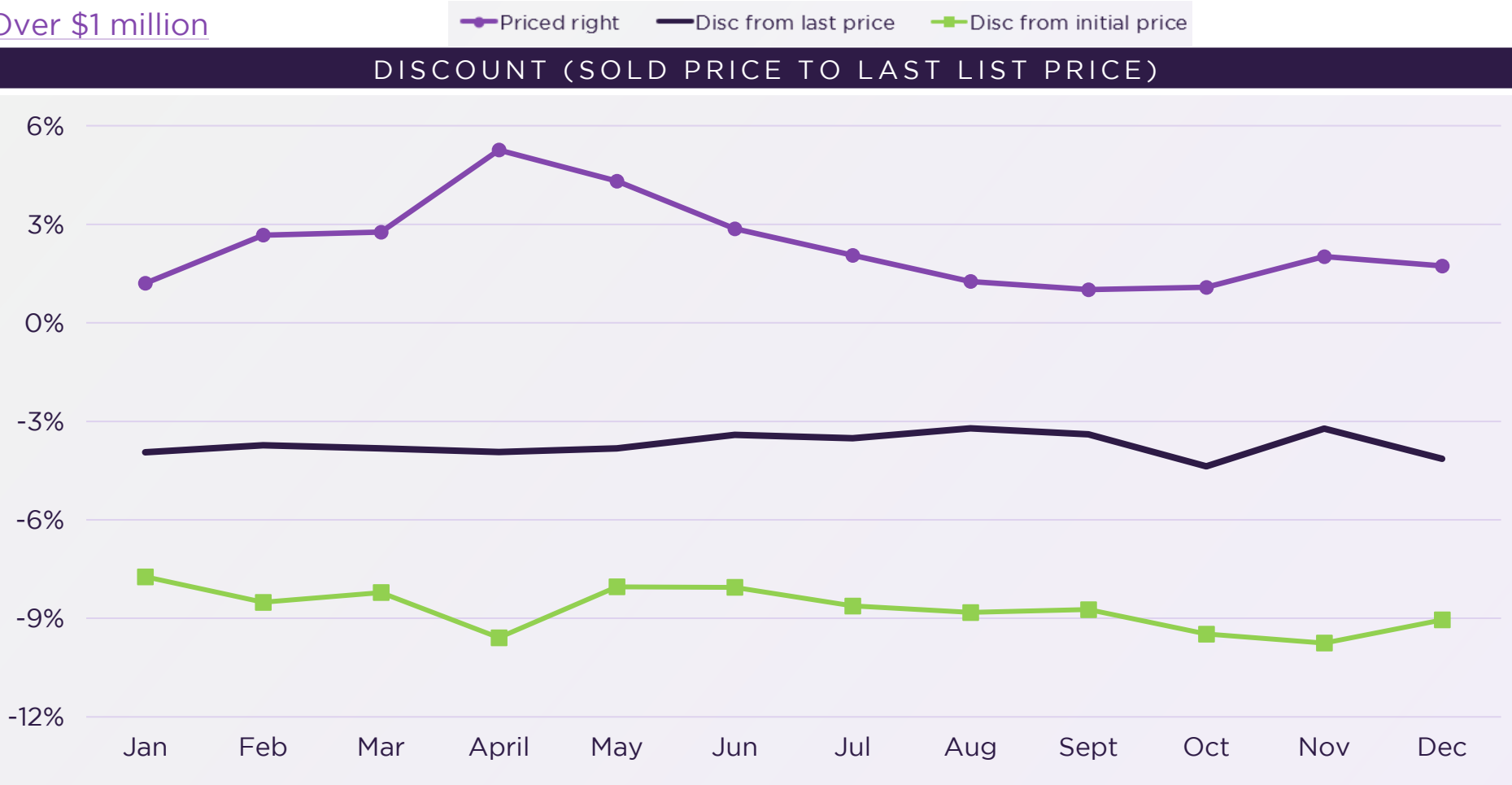
DOM (2020-2021)



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

The discount from last list price is staying around -4% for \$1MM+. The difference in discount is closer between properties that were priced correctly or only needed one 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

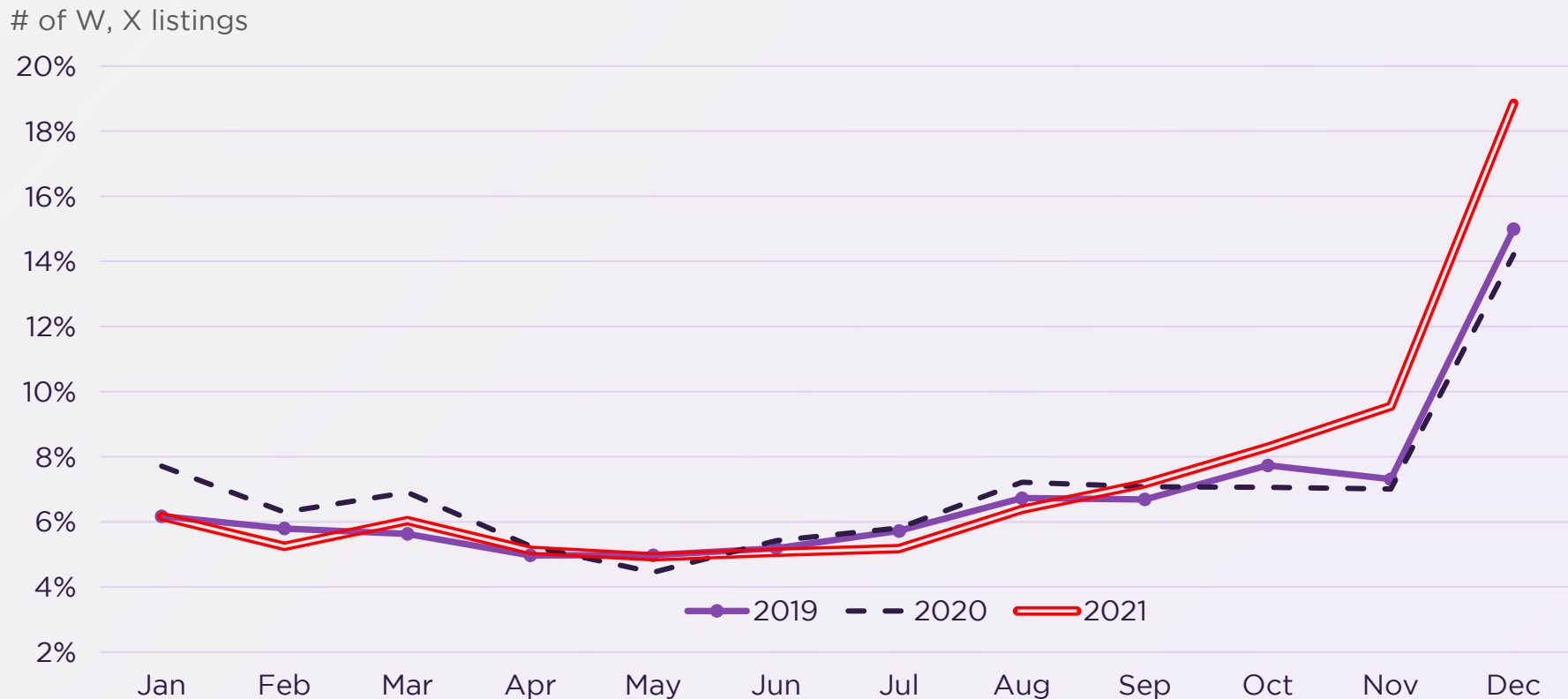


Source: REColorado.com and Your Castle Real Estate analysis.

This chart shows the number of listings that expired or were withdrawn in each month (*regardless of list date*) versus the number of active listings in the same month. The first three quarters of the year have a ratio of 5-8%. Then numbers will skyrocket at the holiday season, as would be expected. Interestingly, with the craziest sellers' market we've ever seen, 2021 has a larger ratio of withdrawn and expired listings than previous years.

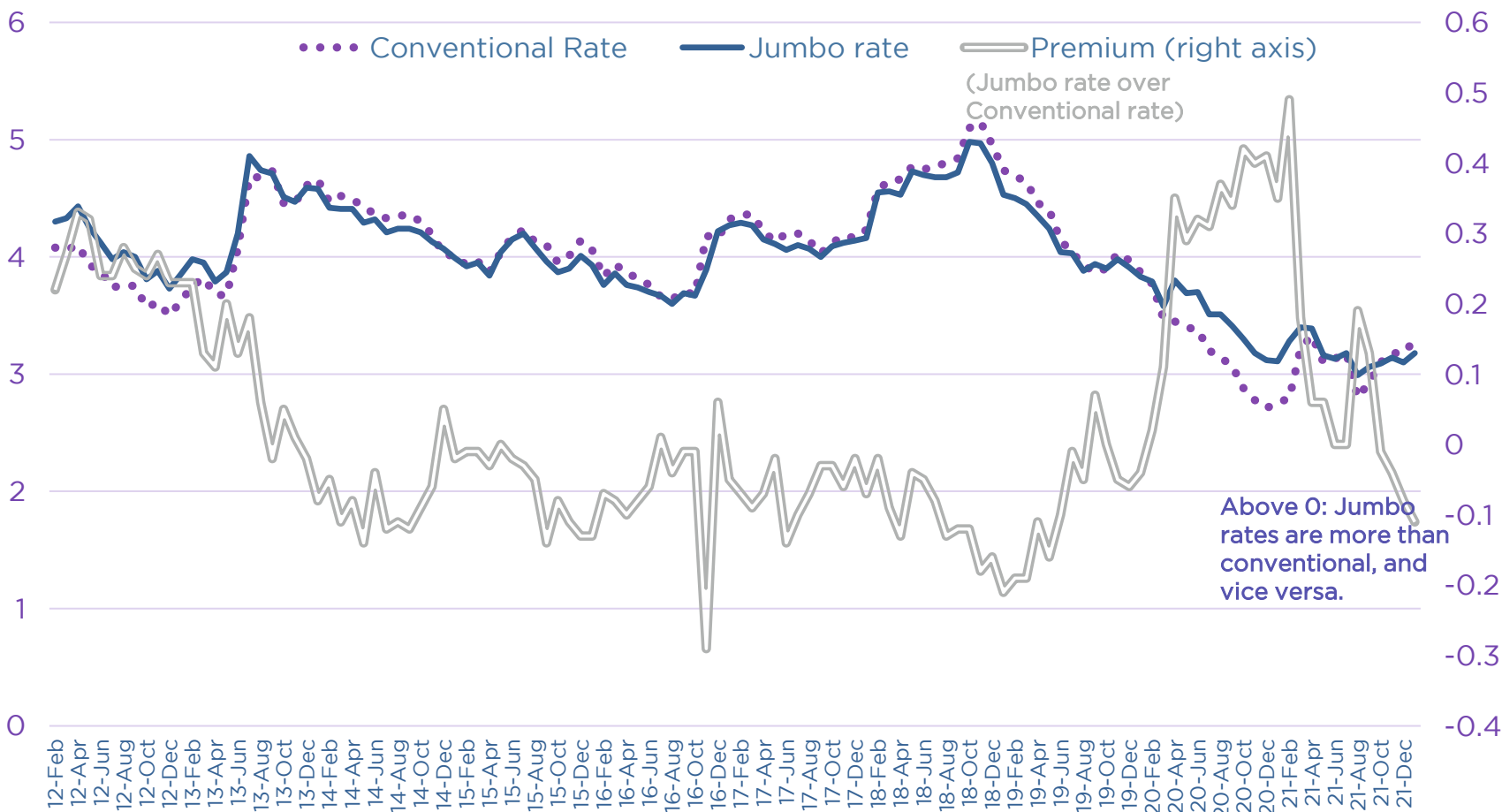
Comparing all Price Segments

WITHDRAWN AND EXPIRED (2020 - 2021)



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

Jumbo loans are once again less expensive than conventional loans, for the first time in almost two year. Jumbo mortgages were not the cheapest loans in 2020. The reversal is just one of the ways the coronavirus crisis has wreaked havoc on the mortgage market.



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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