



4TH QUARTER 2021

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.

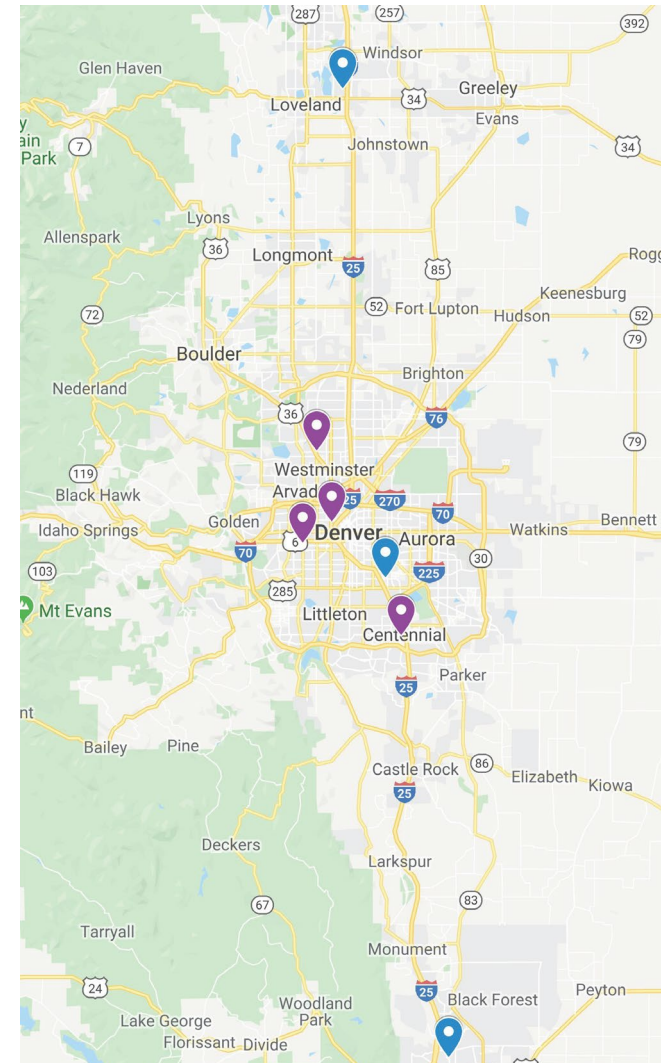
BROKERS & SALES ASSOCIATES

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 (24%) – *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.

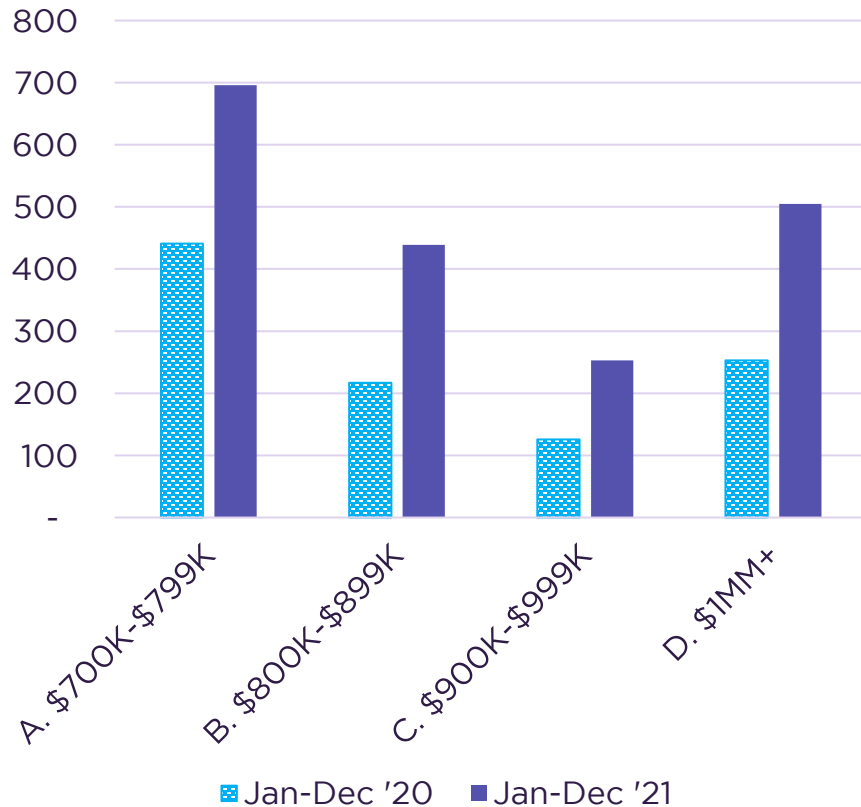
METRIC	PERFORMANCE		OBSERVATIONS
Average Home Price	4Q20 vs 4Q19: 1Q21 vs 1Q20: 2Q21 vs 2Q20: 3Q21 vs 3Q20: 4Q21 vs 4Q20:	+14% +29% +29% +23% +24%	Luxury home prices had been increasing Quarter over Quarter for more than a year. It’s recently slowed just slightly. The average price in these 24 areas 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	4Q20 vs 4Q19: 1Q21 vs 1Q20: 2Q21 vs 2Q20: 3Q21 vs 3Q20: 4Q21 vs 4Q20:	+166% +47% +157% +2% -38%	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)	4Q20 vs 4Q19: 1Q21 vs 1Q20: 2Q21 vs 2Q20: 3Q21 vs 3Q20: 4Q21 vs 4Q20:	46 vs 63 28 vs 55 14 vs 34 26 vs 45 28 vs 46	Marketing time has risen a bit, but is still incredibly 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)	4Q20: 1Q21: 2Q21: 3Q21: 4Q21:	0.7 0.8 1.1 1.0 0.5	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 – which was clearly evident in 2020. 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:	-1.2% -0.1% +1.8% +1.7% +0.4%	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 17,372 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.

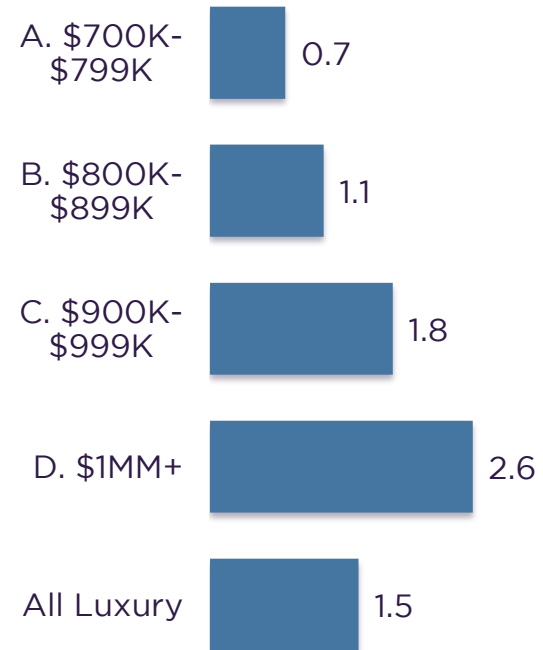
COLORADO SPRINGS HOMES		Note: Data from PPAR 1/4/2022; analysis by Shorewood Real Estate © Copyright 2021 Shorewood Real Estate															
T1 - Time Period 1: January 2020 - December 2020		T2 - Time Period 2: January 2021 - December 2021															
		Number of Sales				Days on Market				Avg SOLD \$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		
Arrowwood	-	-	-	12	6	-50%	-	19	4	(15)	0	639	795	24%	1.8%		
Broadmoor	6	7	54%	94	96	2%	0.8	42	30	(12)	2,083	660	930	41%	0.5%		
Canterbury	2	-	0%	12	11	-8%	2.2	28	51	23	1,688	775	927	20%	-1.6%		
Cedar Heights	-	1	100%	15	15	0%	-	49	31	(18)	0	707	909	28%	1.0%		
Flying Horse	4	5	56%	117	104	-11%	0.5	42	16	(27)	1,925	695	883	27%	0.4%		
Hawkridge	-	1	100%	12	3	-75%	-	51	4	(47)	0	750	850	13%	2.3%		
High Forest Ranch	1	1	50%	18	10	-44%	1.2	63	15	(47)	1,450	1,246	1,388	11%	-0.9%		
Kettle Creek	-	-	-	13	4	-69%	-	11	3	(8)	0	584	632	8%	1.6%		
Kings Deer Highlands	1	-	0%	40	33	-18%	0.4	52	13	(39)	1,750	882	1,099	25%	1.1%		
Kissing Camels	2	3	60%	62	41	-34%	0.6	27	26	(1)	581	734	868	18%	3.0%		
Neal Ranch	8	4	33%	147	143	-3%	0.7	55	28	(27)	2,112	817	993	22%	0.9%		
Northgate Estates	-	1	100%	6	7	17%	-	81	5	(76)	0	618	763	23%	5.0%		
Park Forest Estates	2	-	0%	23	9	-61%	2.7	40	8	(31)	1,460	666	686	3%	1.7%		
Serenity Park	-	1	100%	32	30	-6%	-	24	13	(11)	0	678	714	5%	2.0%		
The Ridge at Fox Run	-	1	100%	16	15	-6%	-	24	13	(11)	0	616	819	33%	2.6%		
The Timbers	-	1	100%	9	1	-89%	-	102	7	(95)	0	947	782	-17%	4.3%		
The Trails	-	2	100%	31	24	-23%	-	35	14	(21)	0	629	722	15%	0.8%		
Upper Skyway	3	3	50%	62	77	24%	0.5	32	15	(18)	2,142	653	941	44%	0.8%		
Walden	3	3	50%	36	28	-22%	1.3	47	23	(24)	1,917	789	916	16%	3.9%		
Wildwood Village	-	2	100%	9	11	22%	-	45	4	(41)	0	636	816	28%	3.1%		
Wissler Ranch	-	-	-	12	7	-42%	-	55	10	(46)	0	809	980	21%	1.9%		
Woodmen Valley	-	-	-	12	14	17%	-	20	23	3	0	671	1,023	52%	1.3%		
Woodmoor Greens	1	4	80%	29	34	17%	0.4	42	12	(29)	1,100	586	692	18%	2.9%		
Woodmoor Mtn	-	1	100%	8	7	-13%	-	28	25	(3)	0	726	752	4%	-3.8%		
Grand Total	33	41	55%	827	730	-12%	0.5	42	21	(22)	1,849	731	908	24%	1.2%		
Homes of \$580k+, regardless of neighborhood																	
A. \$700K-\$799K	43	82	66%	441	696	58%	0.7	48	14	(33)	746	746	741	-1%	1.6%		
B. \$800K-\$899K	41	40	49%	217	439	102%	1.1	66	28	(38)	862	842	845	0%	0.9%		
C. \$900K-\$999K	38	25	40%	126	253	101%	1.8	57	30	(27)	962	945	943	0%	1.0%		
D. \$1MM+	109	61	36%	253	505	100%	2.6	89	48	(42)	2,005	1,400	1,436	3%	-0.8%		
Grand Total	231	208	47%	1,037	1,893	83%	1.5	63	28	(34)	1,396	950	978	3%	0.6%		

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)

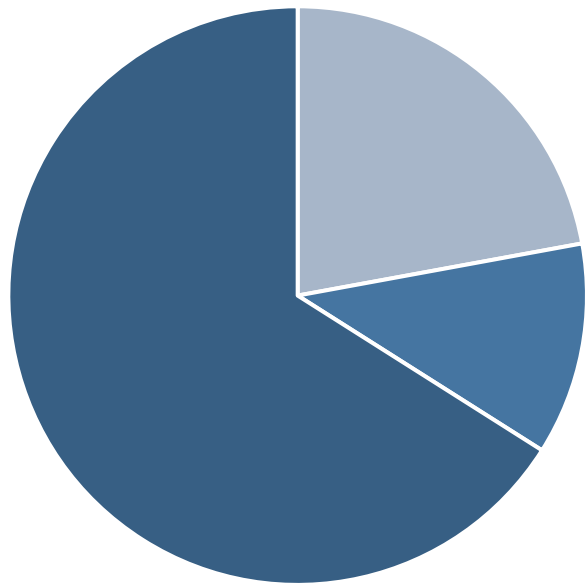


MONTHS OF INVENTORY BY SEGMENT

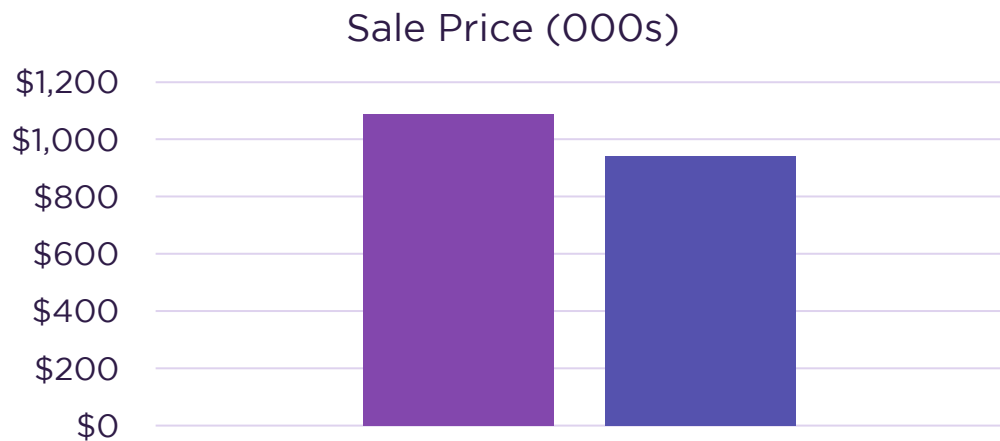
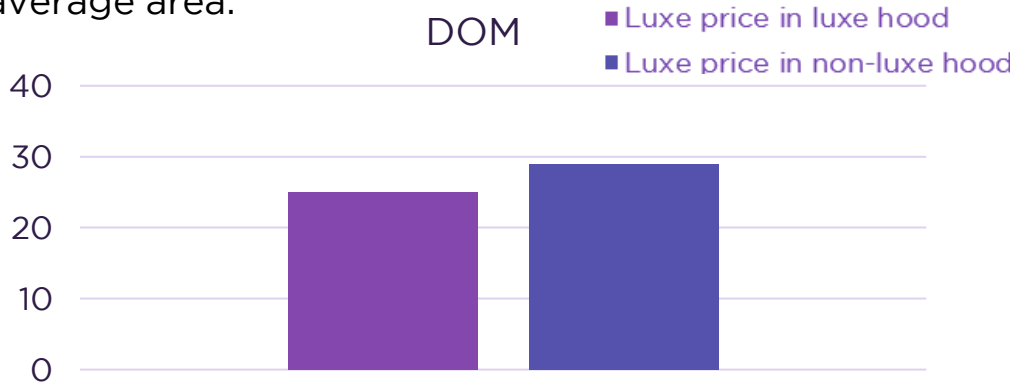


We can define the luxury market in two ways: 1) houses sold in neighborhoods that have an average sales price of \$700k or greater, or 2) any house that sells at the top 10% of the market (\$700k+). Does the neighborhood in which you're selling a luxury-priced home affect performance?

Marketing time (DOM) is four days shorter in luxury neighborhoods. For price, houses in the luxury neighborhoods will get about a **16% premium** 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.

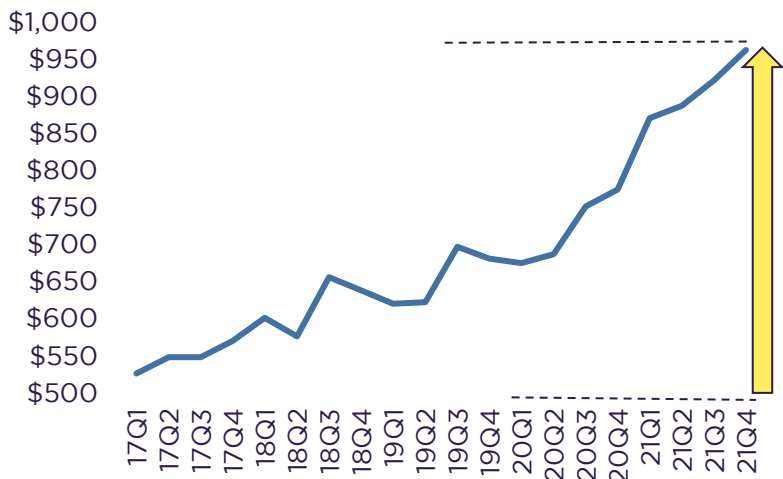


- BOTH luxe price and luxe hood
- Luxe HOOD, but not luxe price
- Luxe PRICE, but not luxe hood

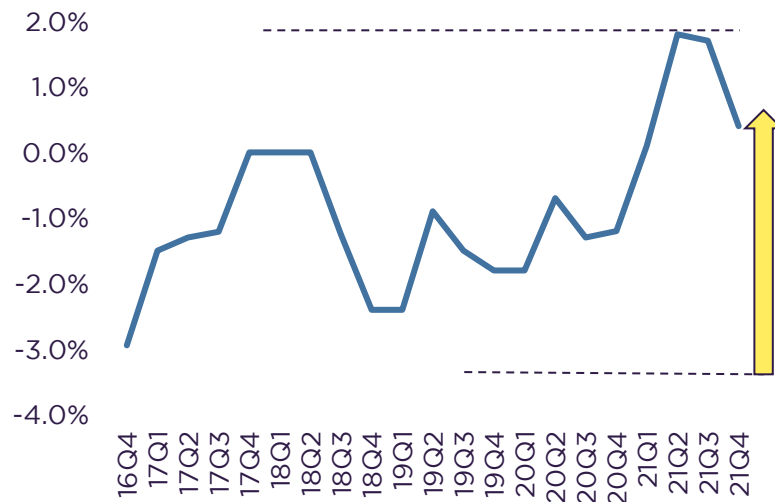


Data Source: PPAR.com; Shorewood Real Estate Analysis

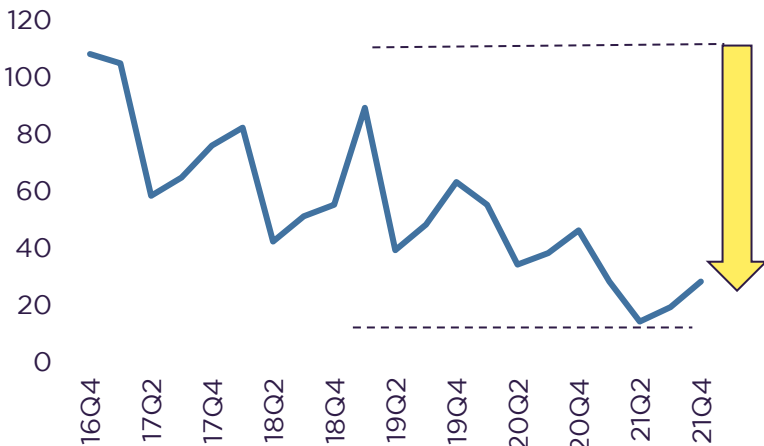
SALES PRICES IN \$000



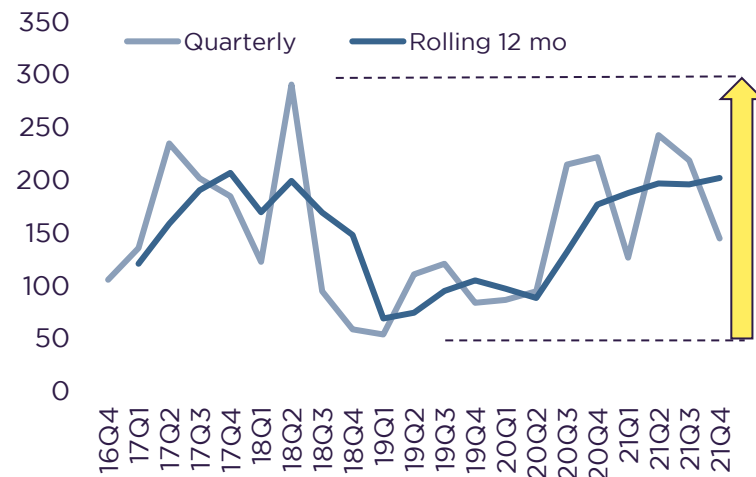
DISCOUNT (SOLD PRICE / LAST ASK \$)



DOM (DAYS ON MARKET)



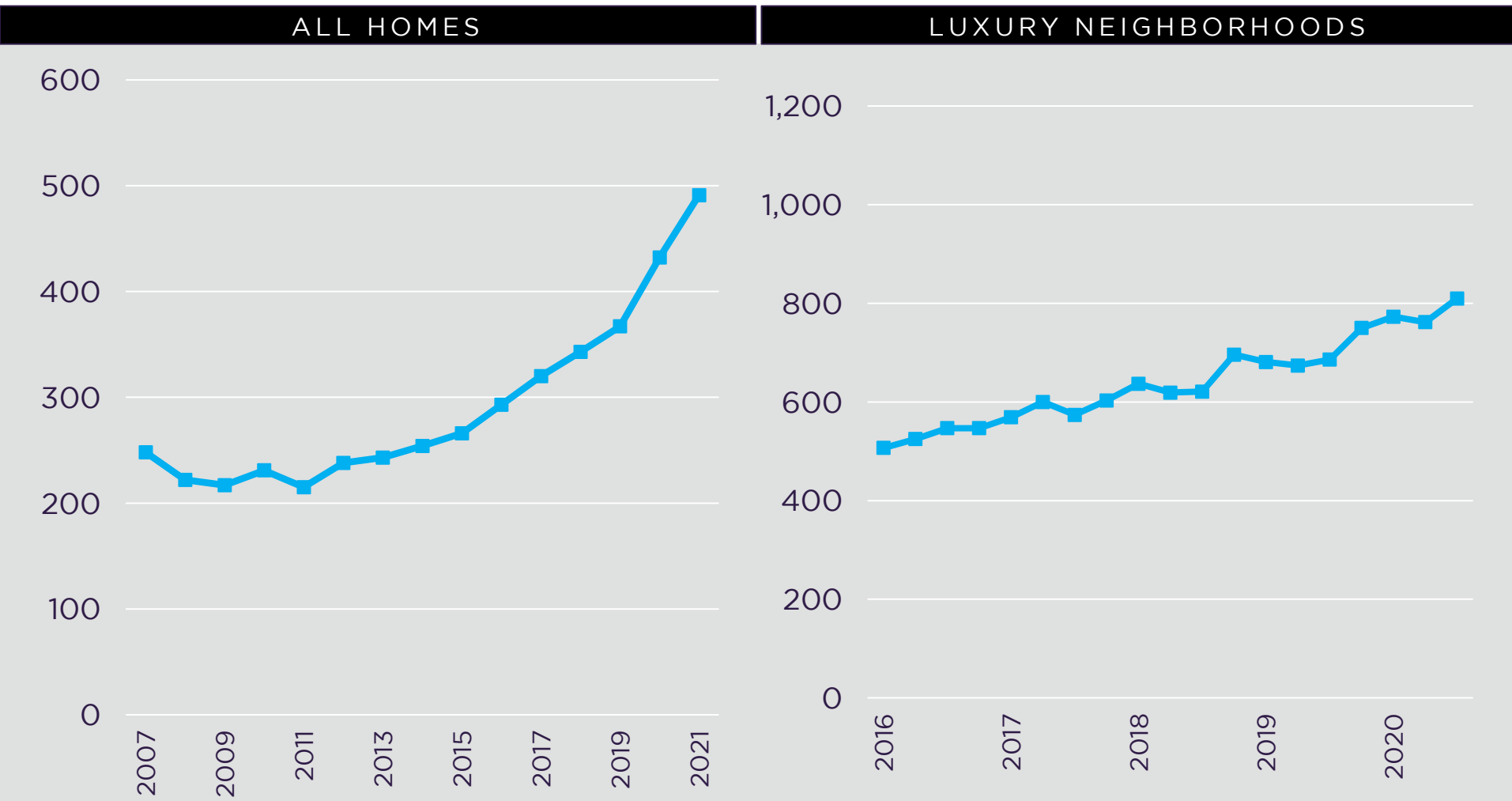
NUMBER OF HOMES SOLD



Data Source: PPAR.com; Shorewood Real Estate Analysis

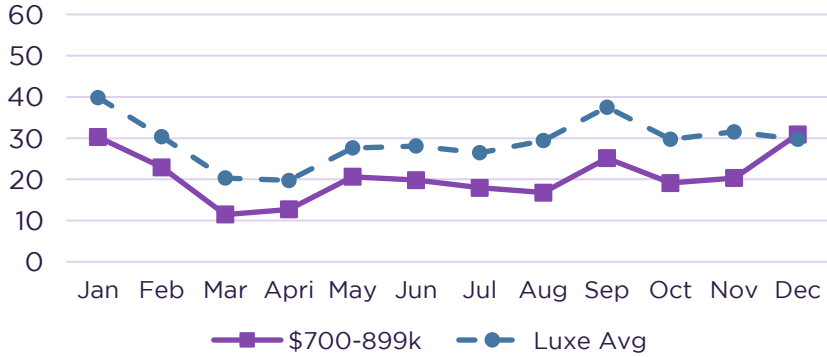
The overall market has recovered all its losses. The luxury market has also recovered all its losses. The luxury market LAGS behind the overall market a bit. The luxury market is nearly double the price of the average home.

Sales Prices in \$000

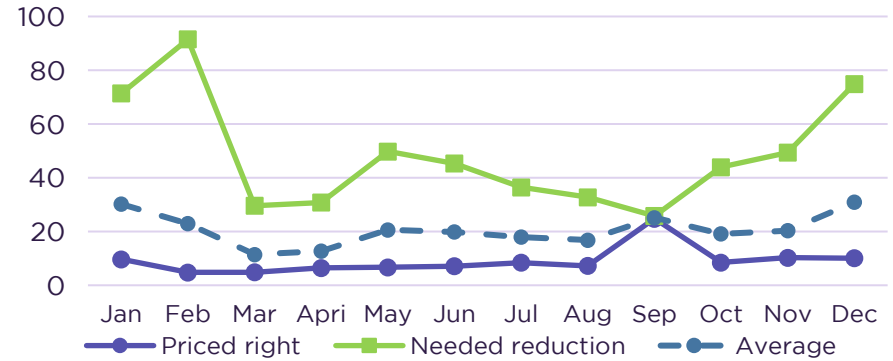


Data Source: Recolorado.com, PPAR.com, Shorewood Real Estate Analysis

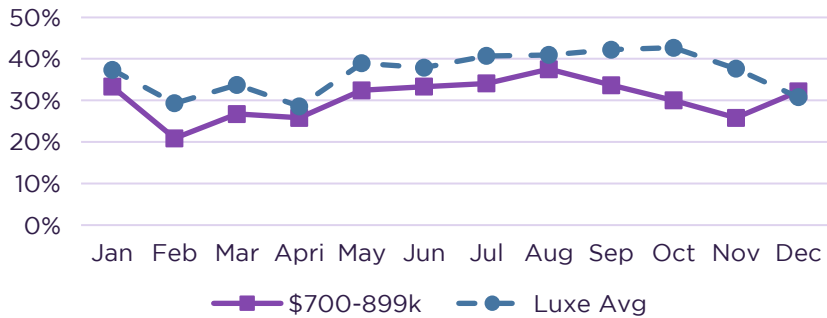
DAYS ON MARKET



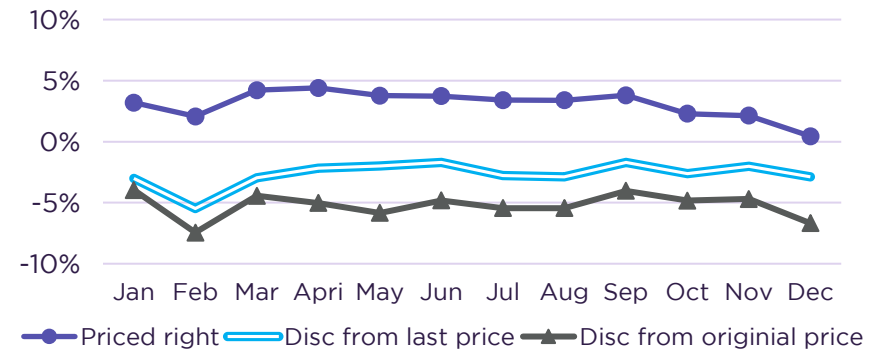
PRICE IMPACT ON DOM



% OF SOLD NEEDING PRICE REDUCTION



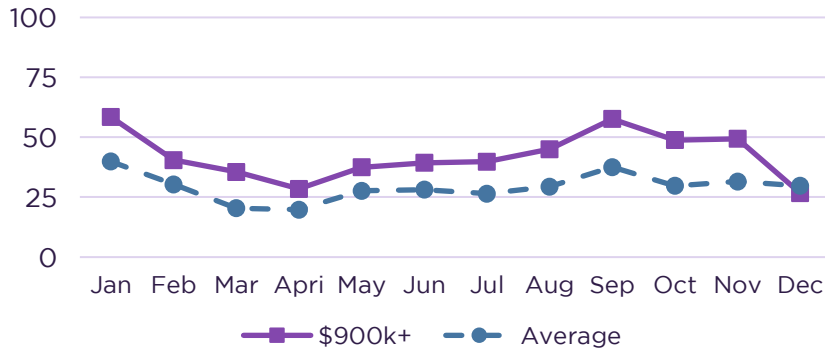
% PRICE ADJUSTMENT



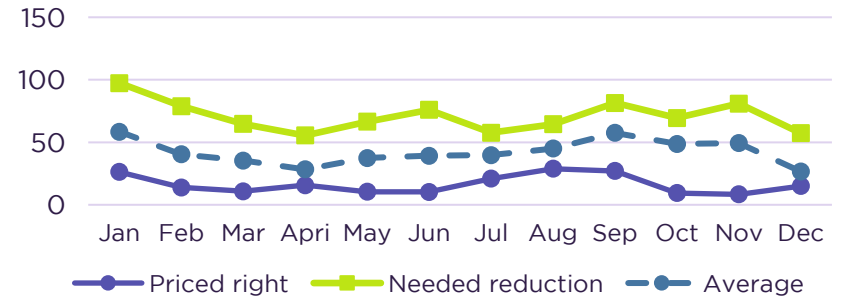
SUMMARY FOR \$700-899K SELLERS

- 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*)

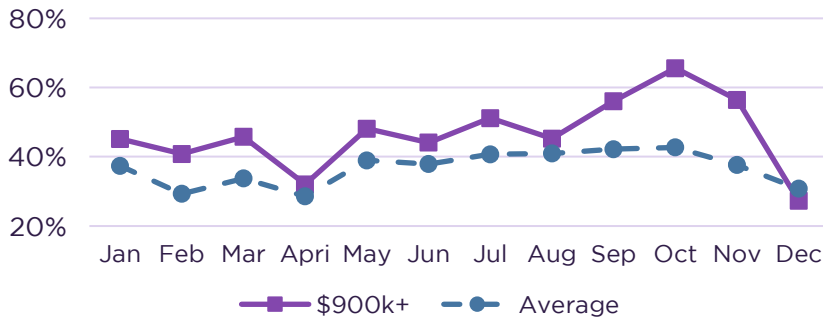
DAYS ON MARKET



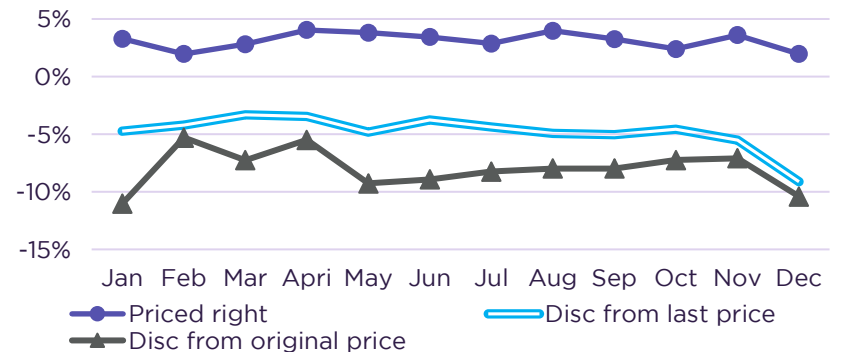
PRICE IMPACT ON DOM



% OF SOLD NEEDING PRICE REDUCTION



% PRICE ADJUSTMENT



SUMMARY FOR \$900K+ SELLERS

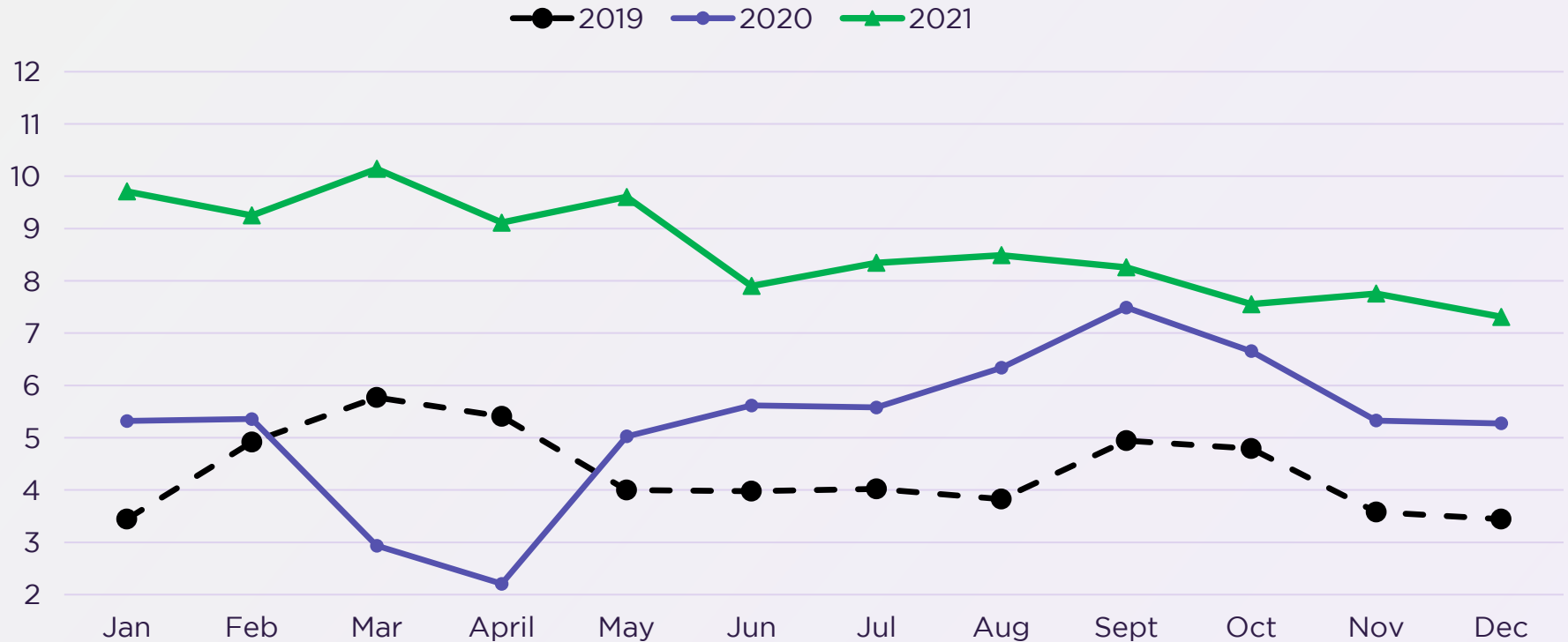
- Sales volume for all luxe properties has nearly **doubled** over the past year.
- Days on market (DOM) - lowest for homes listed in April and surprising December this past year.
- % that need price reduction - February and April listings are least likely to need reductions
- How pricing impacts DOM - 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!

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. Denver and SOCO follow a similar pattern, with SOCO showings about 40% less than Denver. Showings for 2021 were over the previous two years' showings every single month.

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

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

Showings per listing per month



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

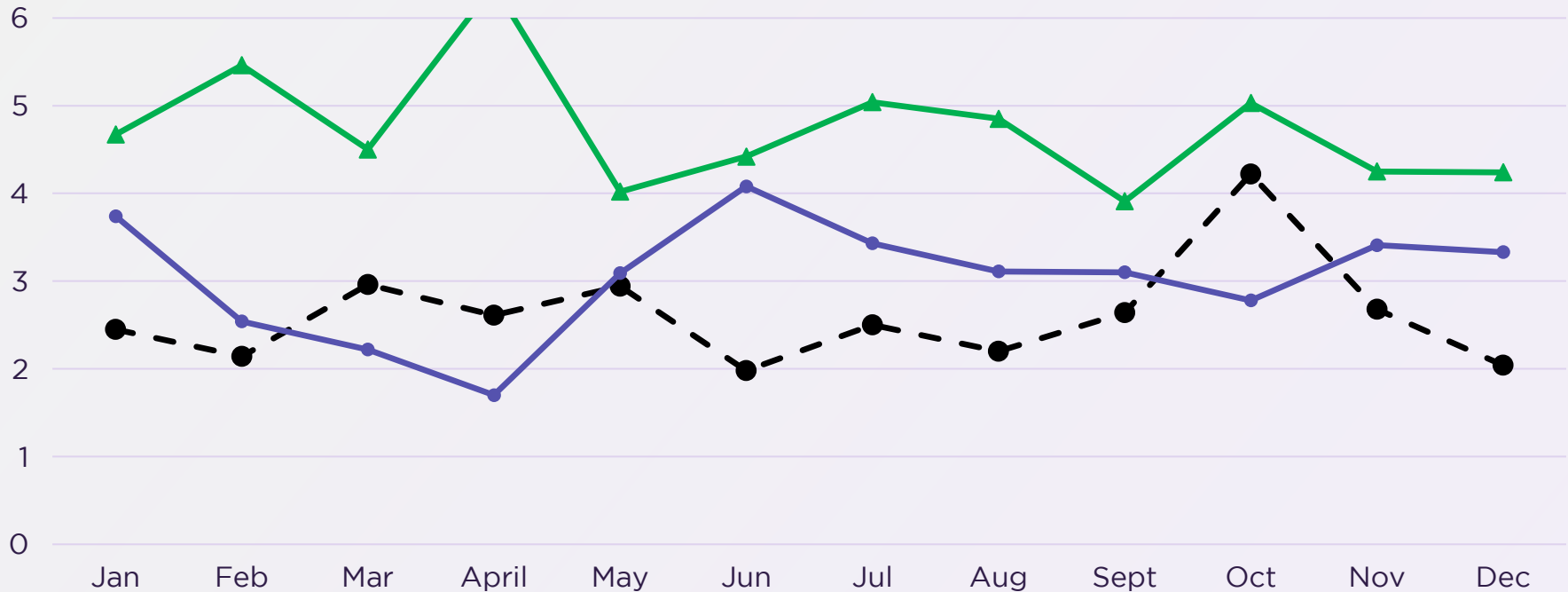
The \$1MM+ home showings trail the \$650-1MM market by about 40-50%. But the showing traffic is *usually* very similar year over year. As with the entire real estate market, COVID cautions caused an unprecedented drop in April 2020, but showings bounced right back the very next month. 2020 started at high levels for all price segments. Showings for 2021 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

● 2019 ● 2020 ▲ 2021

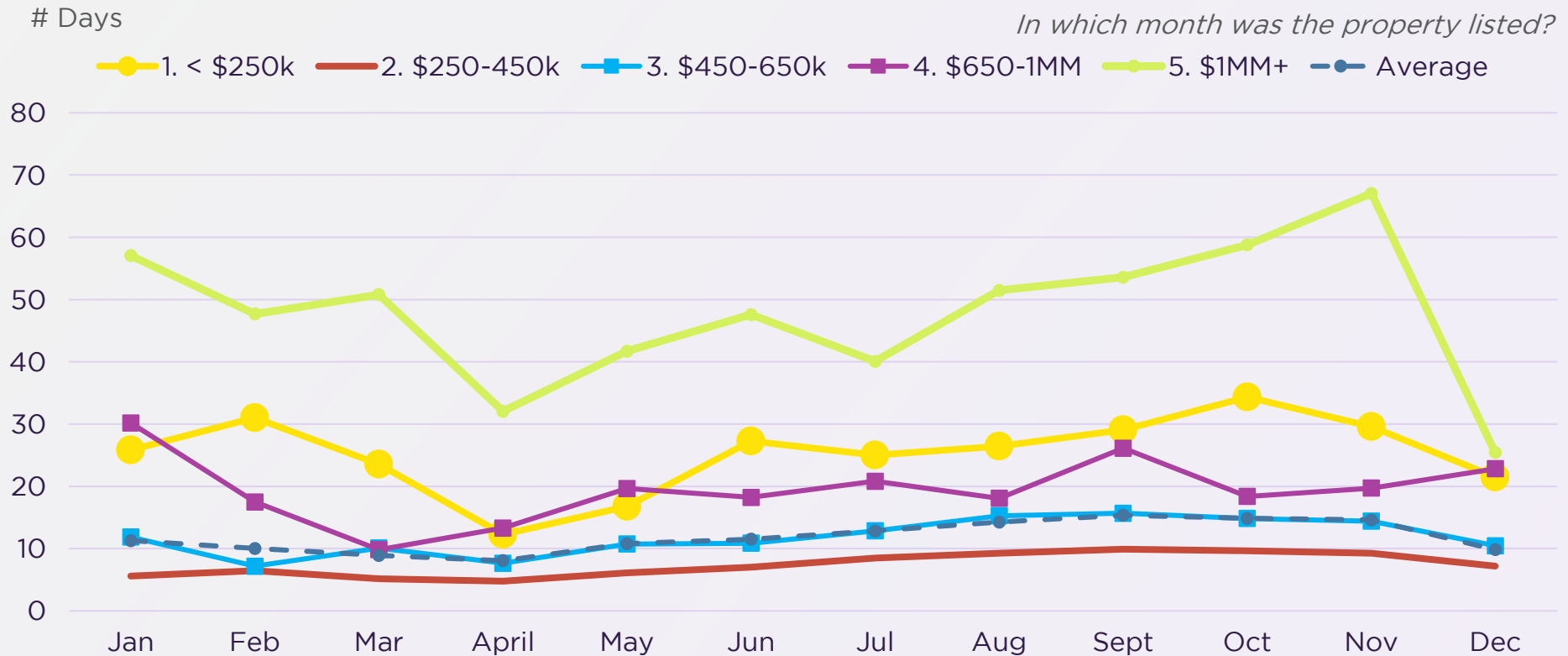


Source: Shorewood Real Estate analysis. Based on information from Showing Time.

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 20-40th percentile continue to perform better than the entry-level products.

Comparing all Price Segments

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



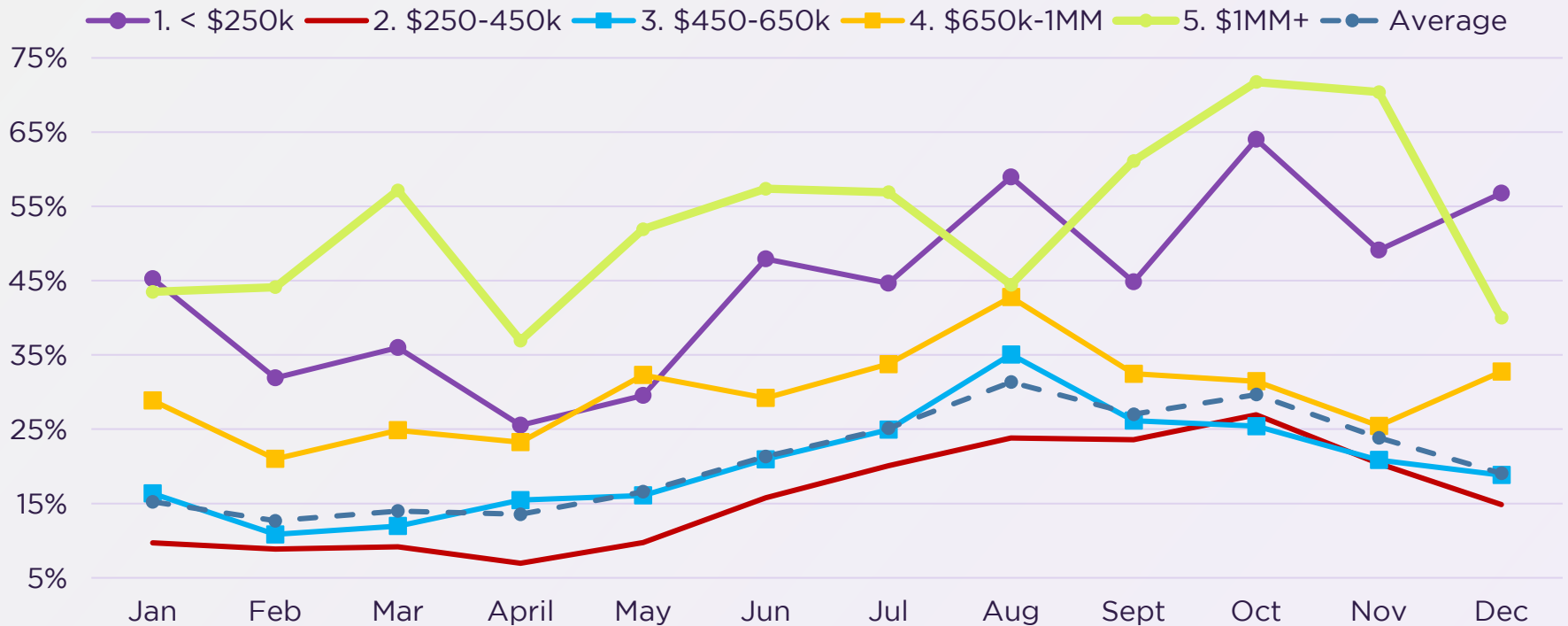
Source: PPAR.com and Shorewood Real Estate analysis.

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.

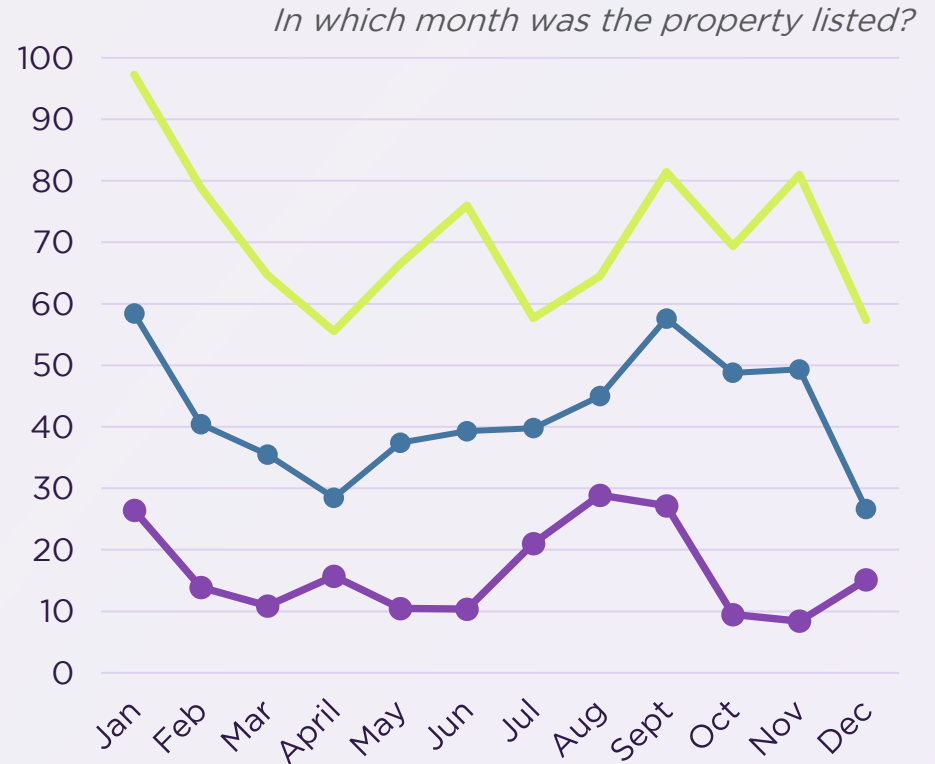
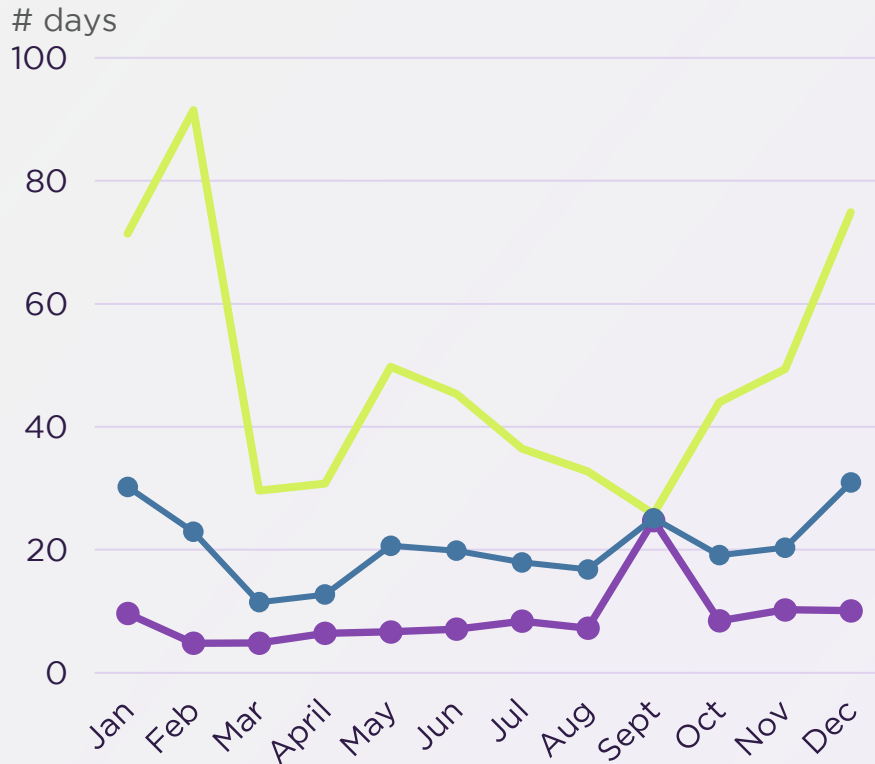
Over the past 12 months, homes between \$700K and \$899k that were priced right at initial listing (e.g., did not require a price reduction) sold in just 9 DOM! Mispriced homes (that required a reduction) needed 48 DOM, or 35x. It takes more than 4x as long to market properties priced incorrectly in the \$900k+ market.

\$700,000 - \$899,000

— Priced right — Needed reduction — Average

\$900,000+

DOM (HOMES, 2020 - 2021)



Source: PPAR.com and Shorewood Real Estate analysis.

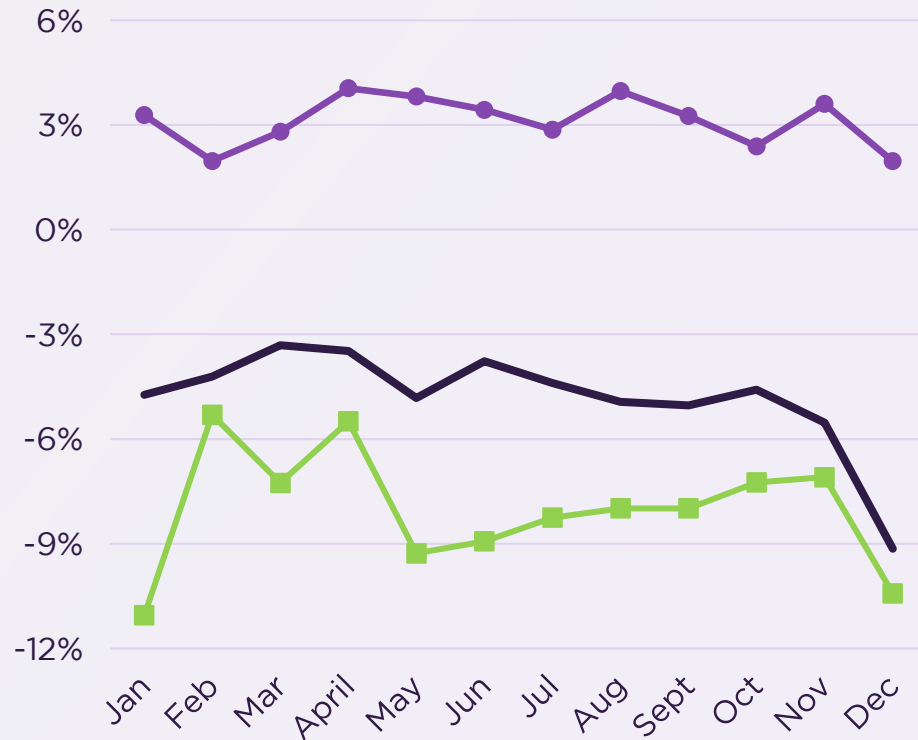
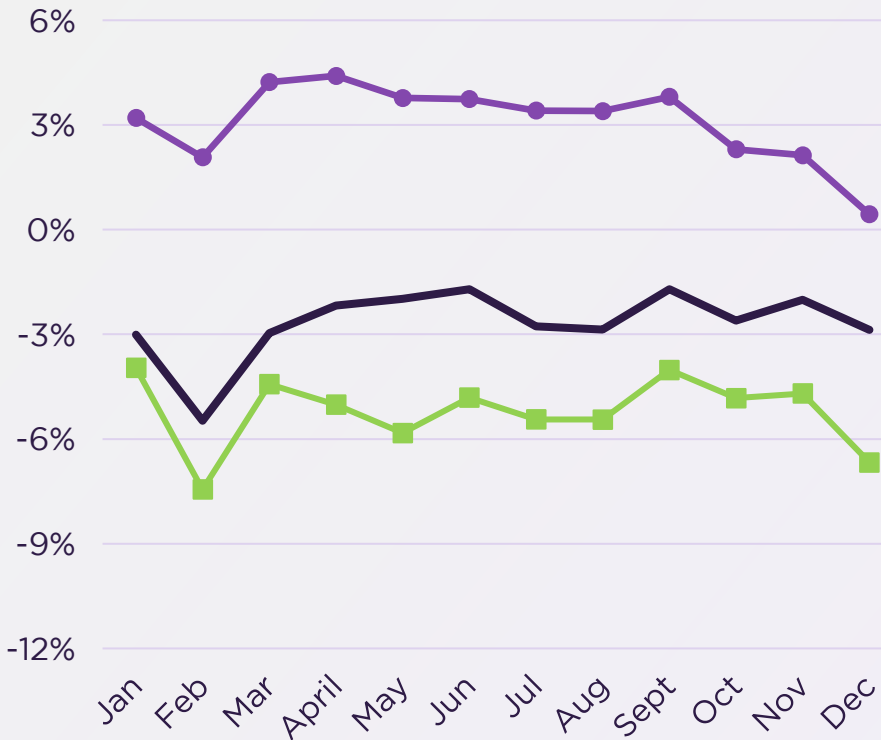
Premiums for properties that didn't an MLS price reduction are at around 3% for the entire luxury market. The difference grows as MLS price reductions are required. SOCO buyers actually pay a premium for properties that are listed at the right price. Of course, most overpriced homes never sell at all;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

\$700,000 - \$899,000

\$900,000+

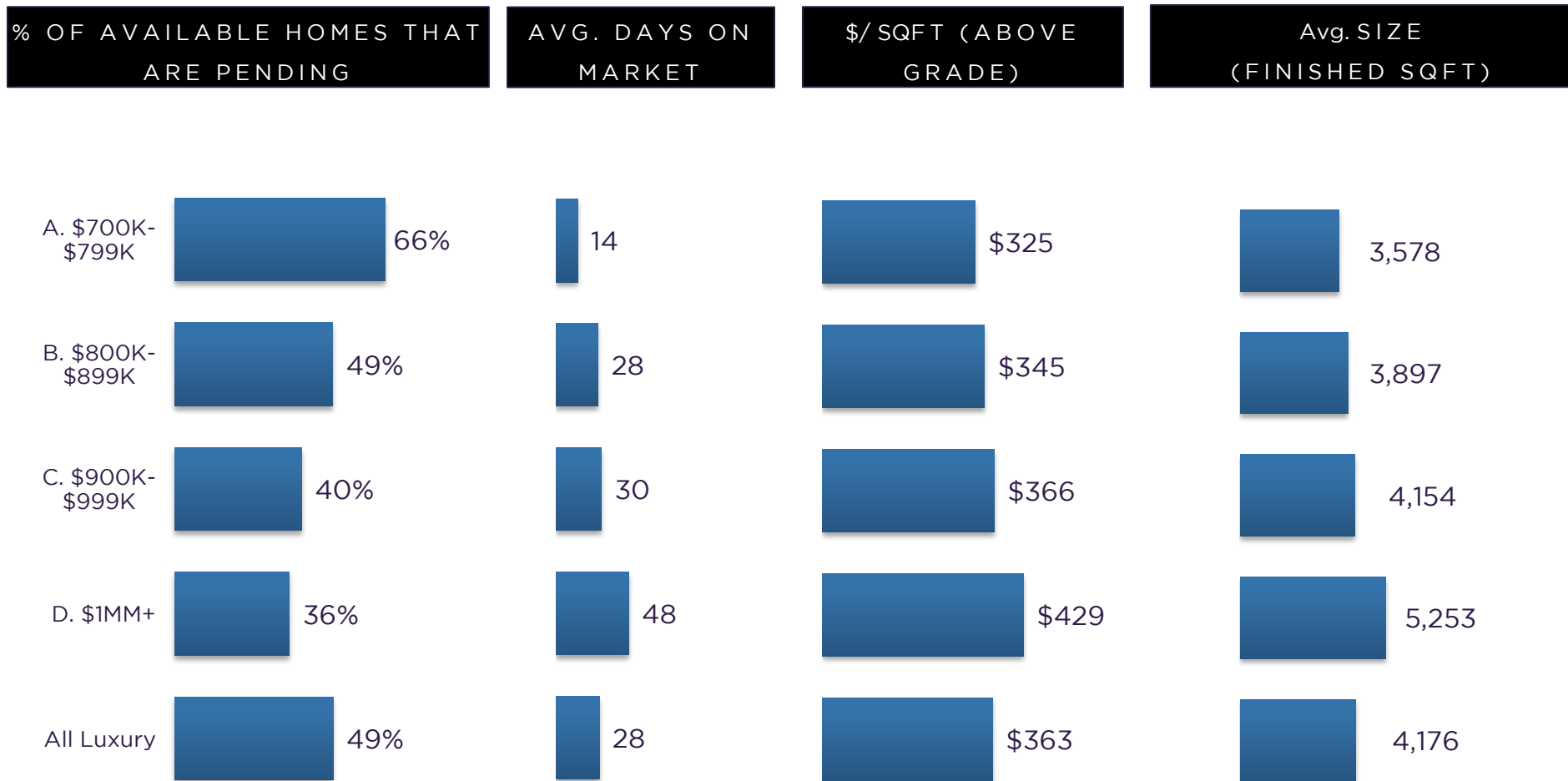
● Priced right
 — Disc from last price
 ■ Disc from initial price

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.

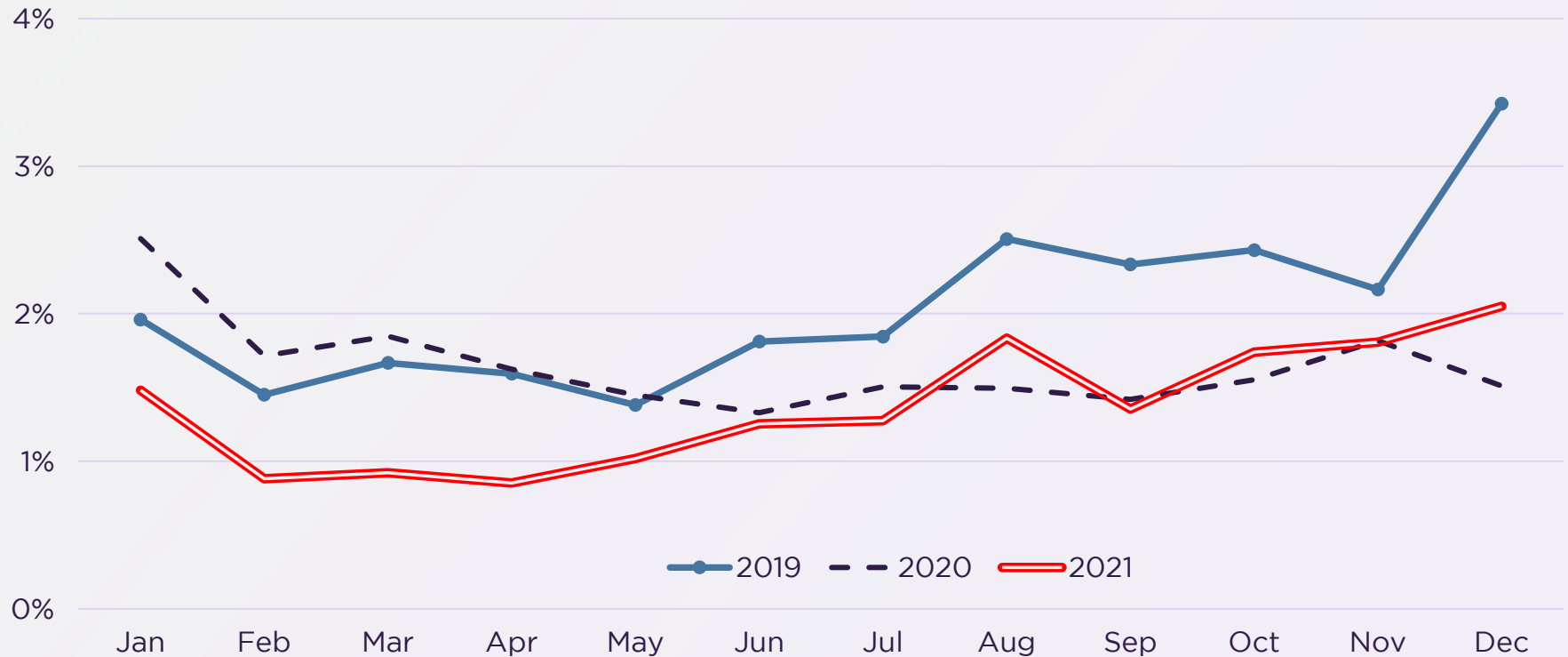


Data Source: PPAR.com; Shorewood Real Estate Analysis

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. In 2019, trends followed the usual seasonal cycles. This past year followed a similar pattern to 2019. While 2020 started out with more “dead listings” than usually, the rest of the year was a bit more stable. Overall, the average is trending toward less dead listings: 2019 (2%), 2020 (1.6%), 2021 (1.4%). These numbers are also much lower than those of Metro Denver, which hover between 5-8%.

WITHDRAWN AND EXPIRED (2019 - 2021)

of W, X listings



Source: REColorado.com and Your Castle 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.

