

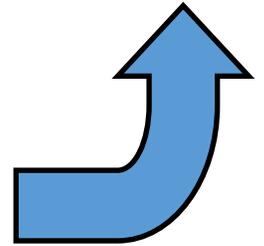
# Colorado Springs Residential Real Estate Annual Review of 2022 And 2023 Forecast



# Looking Back at 2022

The beginning of 2022 looked much like 2021 with fewer than 300 homes actively for sale in our local Multiple Listing Service (MLS) and huge demand which was exasperated by near record low mortgage rates. If you wanted to get under contract and close on a home during the first quarter of 2022, you almost certainly had to pay more than the listing price, likely add a clause stating you would cover the difference if the appraisal came in low, and not ask for any repairs.

In January we saw mortgage rates at about 3%, but by June they had nearly doubled to almost 6%, and in October they pushed over 7%. This was shocking to all buyers who needed a mortgage to buy a home. To put this in perspective, if you were buying a typical home in our market with 20% down—at 3% your monthly mortgage payment would have been about \$1500, in October when rates pushed to 7% that monthly mortgage payment would have been about \$2400!



The jump in rates put many buyers on the sidelines, but what kept our market healthy was the continued lack of homes being put on the market. The number of new listings input into the MLS in 2022 was down more than 1000 units compared to the previous year and the fewest number we have seen in 7 years.

When you look at the inventory levels (the rate at which homes are selling) for the year, they went from about 10 days in January to just over 2 months at the end of the year. On the surface, a 400% increase is stunning, however when you look back over the past 20 years, we had never seen sustained inventory levels of 2 months or lower until 2015. The point to make here is that although our market has slowed, demand is still very healthy and the number of homes for sale continues to be below what is historically low.



As 2022 came to a close, the market felt like it was normalizing. Mortgage rates dipped about 3/4 of a point which gave some buyers new perspective and drew them back into the market. With lower demand over the last 6 months, we also saw home values increase at lower/more reasonable rates and in fact saw sales prices dip in December when compared to December 2021. The days of multiple offers and homes going under contract in less than a week are behind us. Buyers can now take a breath and be more selective when searching for a home. As for sellers, they need to understand that we are back to a more normal market where selling their home is a balance of time, money, and condition. This is where an experienced REALTOR® can advise them properly to

help them meet their goals.

As we mentioned last year, Colorado Springs has created its own identity, independent of the Denver Metro Area: an energetic and growing downtown, wonderful & numerous event venues, an interesting and sophisticated arts & cultural scene, multiple & varied shopping experiences, top-notch & enhanced tourist attractions, and it continues to be one of the most supportive military communities in the country. All of these are factors that have made Colorado Springs a place people choose to live.

# Looking Back at 2022

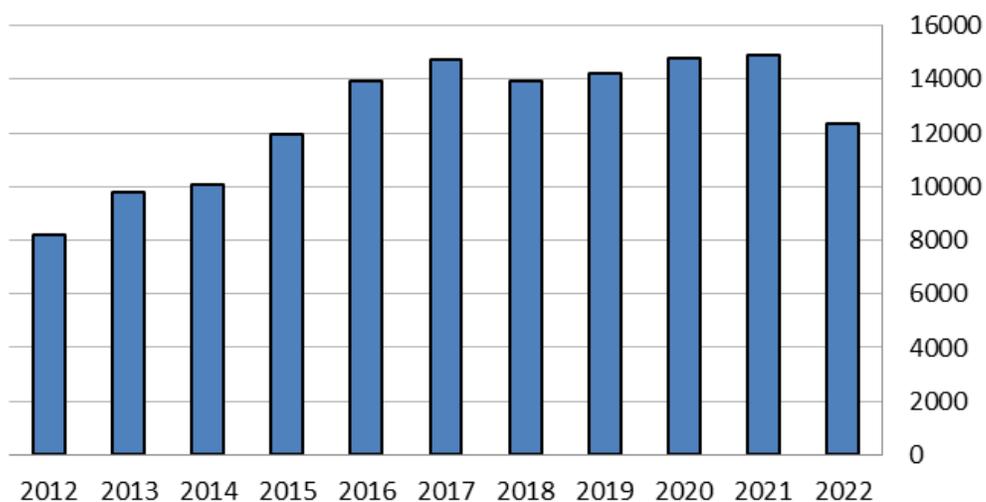
## Annual Price Range Comparisons for Single Family & Patio Homes

This chart shows the performance of the market in different price ranges over the entire past year. We analyze annual data mostly for comparison and to quickly gain some objectivity.

### SINGLE FAMILY - EL PASO COUNTY ONLY

| List Price             | Actives | Under Contract | Solds | Days on Market | SP/LP  | Inventory |
|------------------------|---------|----------------|-------|----------------|--------|-----------|
| Under \$100,000        | 0       | 1              | 3     | 5              | 100.0% | 0.0       |
| \$100,000 to \$199,999 | 1       | 1              | 31    | 10             | 91.7%  | 0.4       |
| \$200,000 to \$299,999 | 25      | 35             | 272   | 6              | 100.0% | 1.1       |
| \$300,000 to \$399,999 | 226     | 197            | 2273  | 6              | 100.0% | 1.2       |
| \$400,000 to \$499,999 | 372     | 219            | 4510  | 5              | 100.2% | 1.0       |
| \$500,000 to \$599,999 | 278     | 109            | 2259  | 5              | 100.1% | 1.5       |
| \$600,000 to \$699,999 | 163     | 71             | 1359  | 5              | 100.0% | 1.4       |
| \$700,000 to \$799,999 | 109     | 43             | 725   | 6              | 100.0% | 1.8       |
| \$800,000 to \$899,999 | 64      | 24             | 428   | 8              | 100.0% | 1.8       |
| \$900,000 to \$999,999 | 42      | 16             | 261   | 6              | 100.0% | 1.9       |
| \$1 mil to \$1.50 mil  | 70      | 34             | 393   | 7              | 100.0% | 2.1       |
| \$1.5 mil to \$2.0 mil | 24      | 9              | 57    | 31             | 100.0% | 5.1       |
| \$2.0 mil & above      | 22      | 6              | 39    | 59             | 94.3%  | 6.8       |

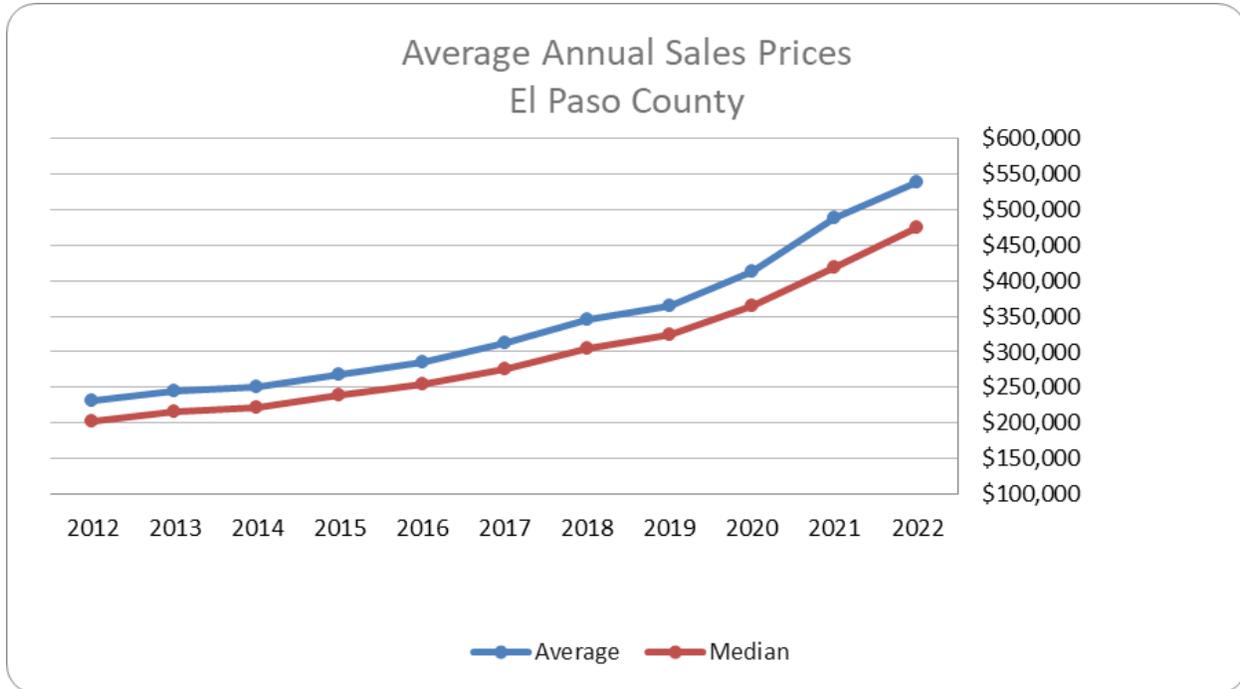
### Annual Sales - El Paso County



The number of sold units is a great barometer to gauge the health of a market. In 2022 the total number of sales decreased 2602 units (17%).

# Looking Back at 2022

The chart below shows the annual average & median sales prices for each calendar year over the past decade. Sales prices are the “true score” of the market. Last year, the average sales price increased 10.1% while the median price jumped 12.9%.

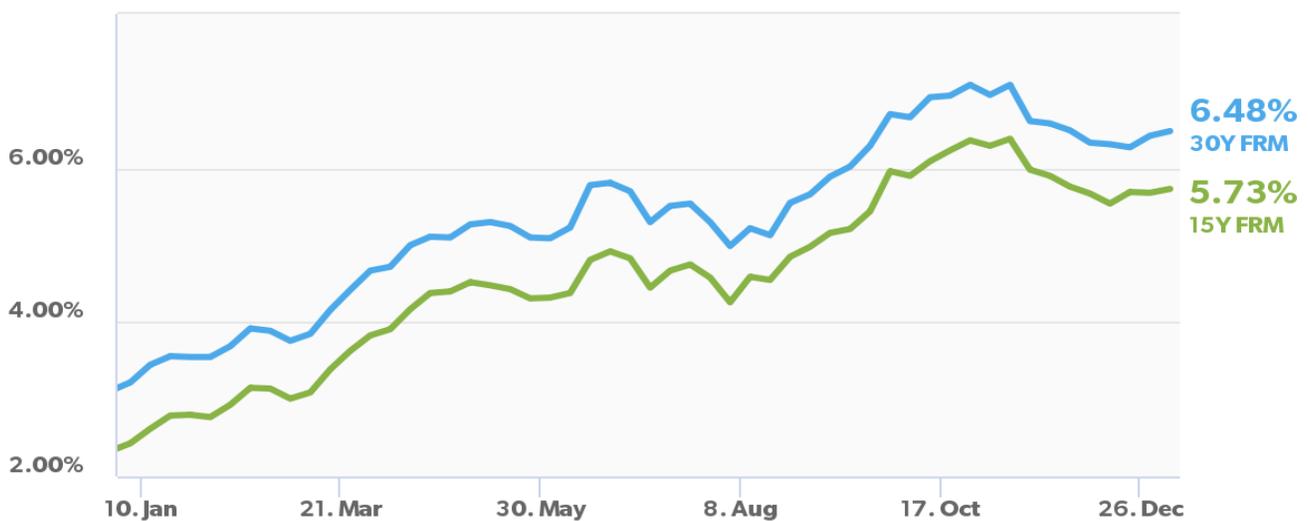


Rates in January 2022 were right at 3%, but by November they had jumped to more than 7%, before settling back down to the mid 6's by the end of the year.



## Primary Mortgage Market Survey®

U.S. weekly average mortgage rates as of 01/05/2023



# Looking Back at 2022

This graph shows the annual appreciation/depreciation for all existing homes in the Colorado Springs market. It is based on data collected by the Federal Housing Finance Agency.

## ANNUAL APPRECIATION: COLORADO SPRINGS, CO

1992 - 2022 HOME PRICE INDEX

**\*\*NOTE: 2022 APPRECIATION RATES BASED ON ONLY JAN-SEP DATA**

**\*\*APPRECIATION BASED ON PURCHASE ONLY DATA**

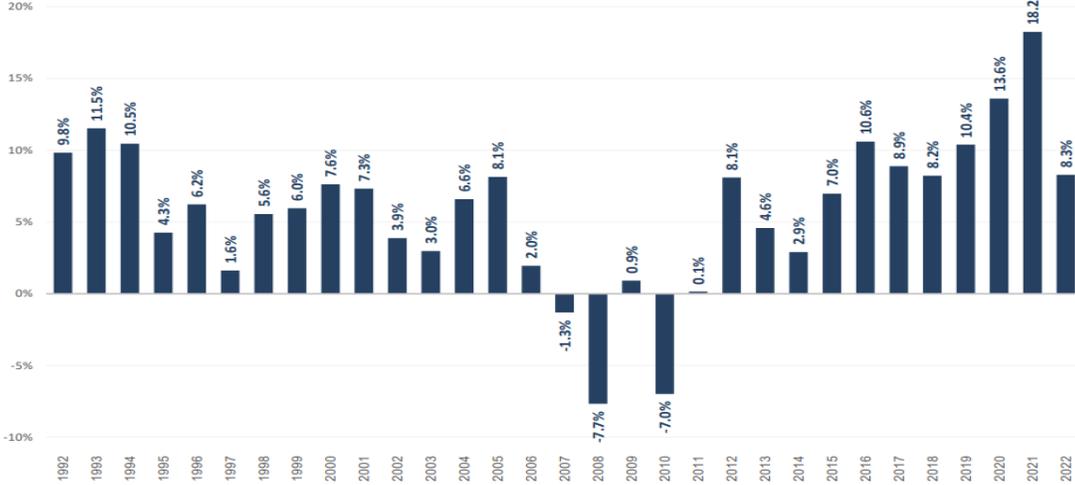
AVERAGE ANNUAL APPRECIATION: **5.9%**

RECENT QUARTER APPRECIATION

4Q'21 1Q'22 2Q'22 3Q'22

1.29 5.93 2.99 -0.69

**FOCUS1ST**  
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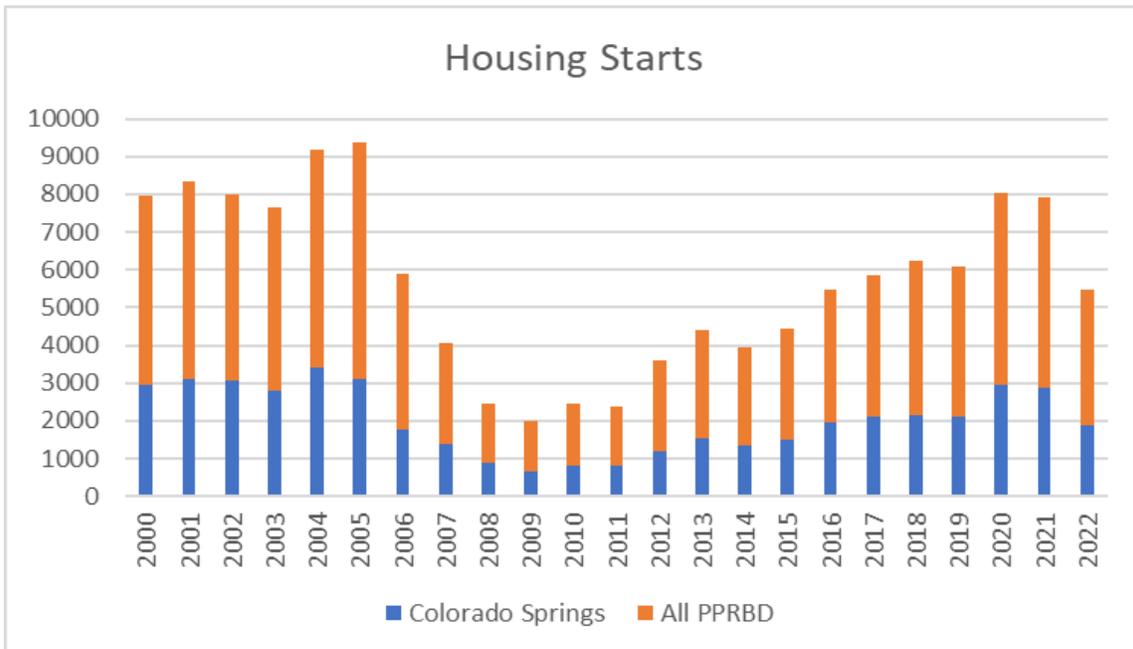


DATA REPORTED: 11/29/2022, SOURCE: WWW.FHFA.GOV

VISUAL POWER FOR REALTORS

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The building of new homes is another good indicator of where the market is headed. The number of new homes built in the area was down significantly when compared to the last two years.



# Looking Back at 2022

## Fun Facts From 2022 (El Paso County)

- ◇ Most expensive sale—A home just north of USAFA on 213 acres sold for \$7,000,000!
- ◇ Largest home sold—You might be able to squeeze into this home located in The Broadmoor Resort Community with over 22,000 square feet including an indoor basketball court and 6-car garage!
- ◇ Cheapest home sold—The town of Ramah takes bragging rights for the 2nd year in a row with the sale of a stick-built home for \$50,000!
- ◇ Smallest home to sell—A cozy little cottage with just 432 square feet in Fountain.

## Quick Hits From 2022(El Paso County)

- ◇ Number of units sold was 12,327, a drop of 175 units from last year's all-time high of 14,929
- ◇ Average sales price for the year was \$537,609 (up 10%)
- ◇ The median sales price was \$473,727 (up 13%)
- ◇ The number of active listings on 1/1/2023 compared to 1/2/2022 tripled, but is still historically low
- ◇ Inventory levels for the year averaged just over 5 weeks, compared to just 2 weeks last year
- ◇ New home permits totaled 3605, down 1469 units
- ◇ 489 homes sold for \$1,000,000 or more—up from 394 last year—and just 38 in 2015
- ◇ 79 homes sold for under \$200,000 (3,736 in 2015)

## Why Olympic City USA Is Such A Great Place To Live

- ◇ Home to the United States Air Force Academy, Fort Carson, Peterson AFB, Schriever AFB, US Olympic Committee & 23 Olympic NGB's, US Olympic Training Center, Northern Command, NORAD, US Space Force, Garden of the Gods Park, US Olympic and Paralympic Museum, Cheyenne Mountain Zoo, Pro Rodeo Hall of Fame, and Space Foundation
- ◇ Outstanding higher education institutions; US Air Force Academy, University of Colorado at Colorado Springs, Colorado College, and Pikes Peak State College
- ◇ Diverse industries including Aerospace, Healthcare, Cybersecurity, Defense Technology, Military, Manufacturing, Sports, and Tourism
- ◇ Remarkable event venues including The Broadmoor Resort Hotel & Convention Center, Fine Arts Center, The Broadmoor World Arena & Pikes Peak Center, Weidner Field, and Robson Arena
- ◇ Excellent business climate—highly educated workforce, high-tech infrastructure, and local airport
- ◇ World-class trails for hiking and biking
- ◇ Centrally located to allow residents the opportunity to enjoy all Colorado has to offer: skiing, river rafting, "Jeep-ing", ghost towns, hiking & biking

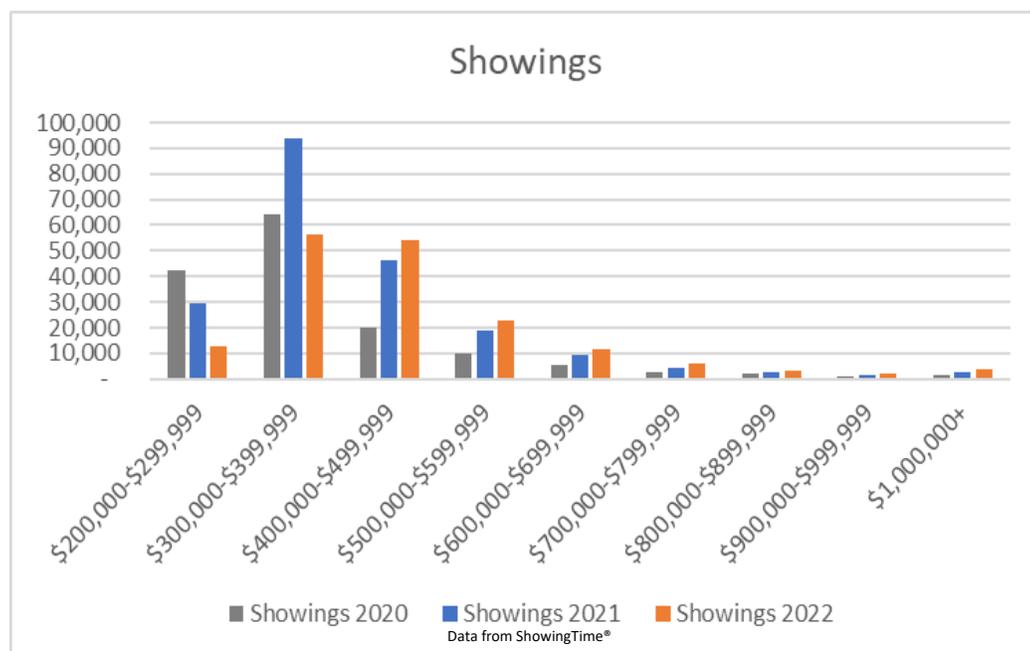
# 4th Quarter 2022—Trends

The 4th quarter of 2022 was volatile, to say the least. In fact, we have never seen a market change so dramatically, even when compared to the financial crisis in 2007/2008. We saw huge swings in many of the numbers we track:

- Active listings up more than 200%
- Sales down 35.7%
- Under contracts down 28%
- New listings down 27.8%
- Inventory up nearly 400%
- Mortgage rates up 120%

Looking at quarterly data for residential real estate allows us to really see trends. On the surface the results above seem scary because they are being compared to the insane (likely once in a lifetime) market we had 12 months ago. For example, having fewer than 300 homes on the market (as was the case in January 2022) was unprecedented and unfathomable. If you go all the way back to the year 2000, the average number of active listings in January for El Paso County was 2665 homes.

Using graphs that show 10 years of data allows us to give you some historical context. Anyone whose only experience in the residential market was during late 2020, 2021, and early 2022 has no real understanding of a “normal” market. One thing to remember when it comes to residential real estate, “pain” (house too small/ too big, change in job, change in marital status, etc...) causes at least 15% of the population to buy/sell real estate in order to relieve that “pain”, no matter what is going on economically.



Tracking the number of showings by price range helps us see where the market is strongest. Based on this information we can see the “sweet spot” in the market last year was transitioning from \$300k-399k to \$400k-499k. We can also see that in 2022, there was more activity in every price range above \$400k.

# 4th Quarter 2022 –Trends

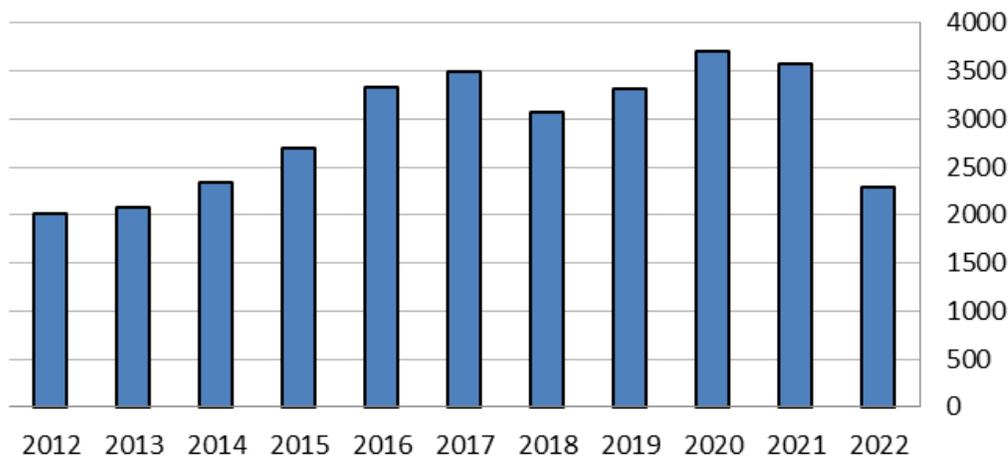
## Quarterly Price Comparisons for Single Family & Patio Homes

This chart shows the performance of the market in different price ranges for the 4th Quarter in 2022. The Days on Market and the Inventory levels more than doubled when compared to last year.

### SINGLE FAMILY - EL PASO COUNTY ONLY

| List Price             | Active Listings | Under Contract | Solds | Days on Market | SP/LP  | Inventory |
|------------------------|-----------------|----------------|-------|----------------|--------|-----------|
| \$100,000 to \$199,999 | 1               | 1              | 4     | 21             | 97.5%  | 0.8       |
| \$200,000 to \$299,999 | 24              | 36             | 23    | 10             | 97.7%  | 3.1       |
| \$300,000 to \$399,999 | 233             | 200            | 225   | 18             | 100.0% | 3.1       |
| \$400,000 to \$499,999 | 376             | 218            | 262   | 21             | 100.0% | 4.3       |
| \$500,000 to \$599,999 | 274             | 110            | 139   | 29             | 100.0% | 5.9       |
| \$600,000 to \$699,999 | 166             | 67             | 96    | 22             | 100.0% | 5.2       |
| \$700,000 to \$799,999 | 109             | 41             | 48    | 32             | 98.7%  | 6.8       |
| \$800,000 to \$899,999 | 65              | 25             | 32    | 38             | 98.8%  | 6.1       |
| \$900,000 to \$999,999 | 43              | 15             | 22    | 31             | 99.4%  | 5.9       |
| \$1 mil to \$1.50 mil  | 72              | 33             | 31    | 23             | 98.3%  | 7.0       |
| \$1.5 mil to \$2.0 mil | 24              | 9              | 4     | 119            | 89.3%  | 18.0      |
| \$2.0 mil & above      | 22              | 6              | 2     | 178            | 96.7%  | 33.0      |

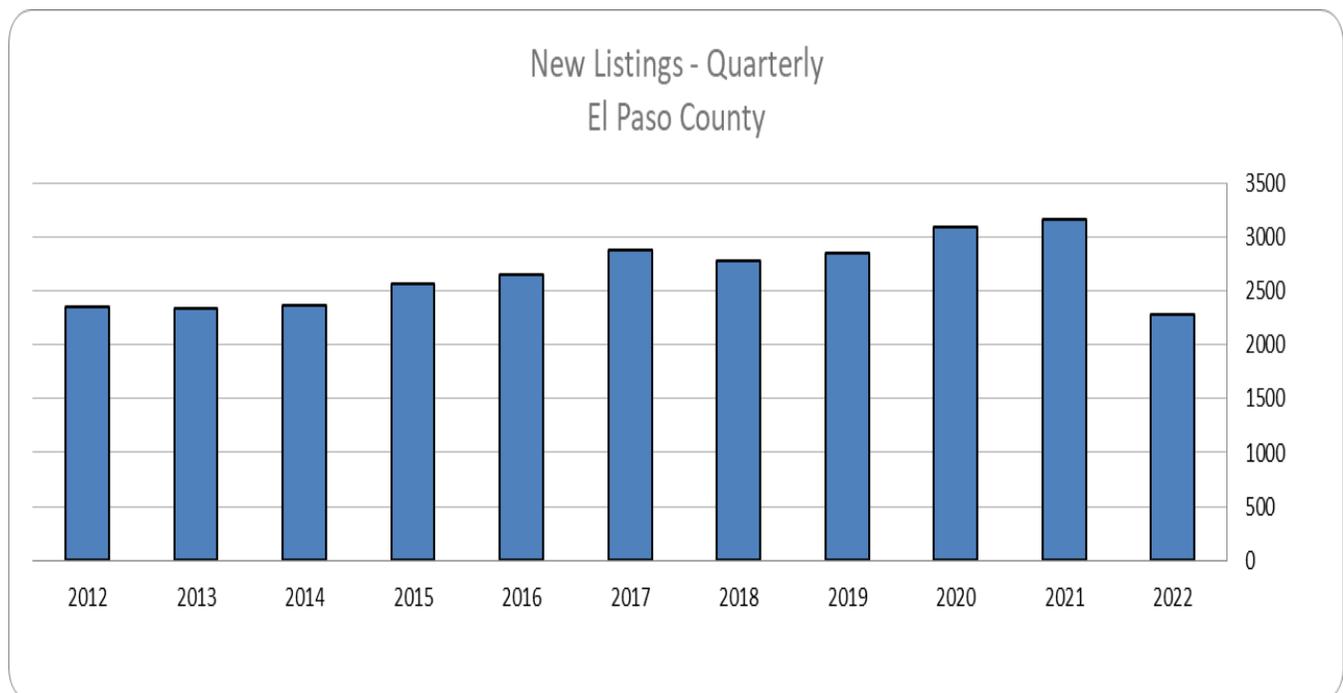
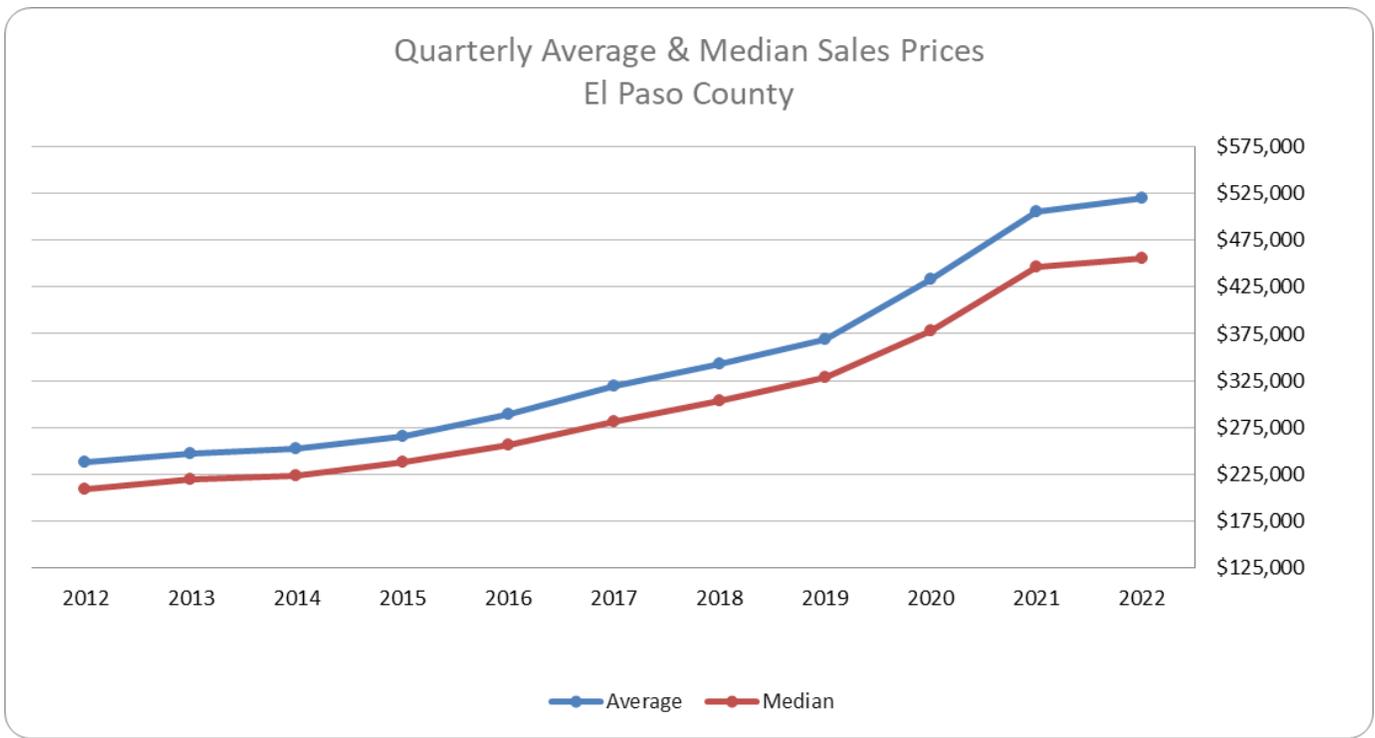
Quarterly Sales  
El Paso County



The number of sold units is a great barometer to gauge the health of a market. In 2022 the total number of sales in the 4th Quarter decreased 1277 units (35%).

# 4th Quarter 2022—Trends

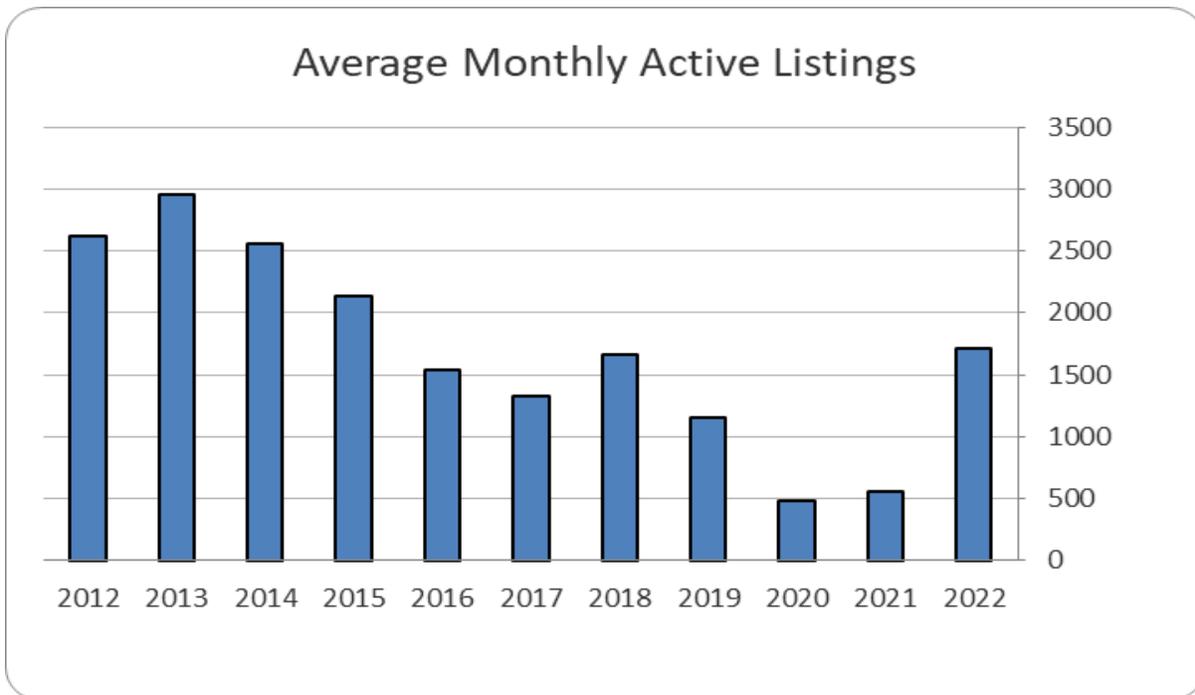
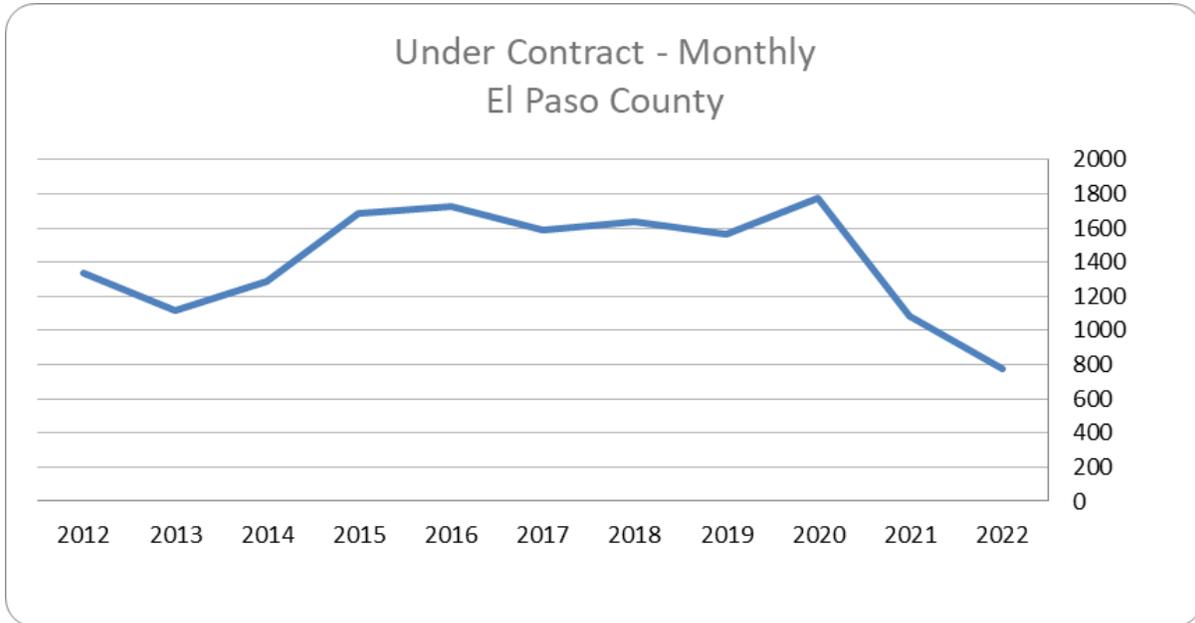
The chart below shows the annual average & median sales prices for the 4th Quarter over the past 10 years. Sales prices are the true “score” of the market.



The graph above shows the total number of new listings input into the MLS during the last quarter. As you can see, this past quarter fewer new listings hit the market than at any time over the previous 10 years.

# Looking Forward 2023

Here is what is currently under contract in the Pikes Peak MLS. Most under contract homes close within 30-45 days. Based on this, 2023 will likely get off to a slow start.



The graph above shows the average number of active listings on the market over the last quarter. We have rebounded from the all-time lows of the past two years.

# Looking Forward To 2023

## “Looking into our crystal ball”

This year will be much more of a normal market than anything we saw over the past 18-24 months. Although sellers will not likely be receiving multiple offers and above asking price, they should be in a good financial position thanks to about 60% appreciation in their home over the last 5 years. Additionally, buyers will have the luxury of being able to compare homes and then decide on a home that best fits their wants & needs.

In 2023, we believe the lack of inventory and solid demand will keep the local market healthy. We anticipate home values will increase 1%-3% annually and the number of sales will grow in the range of 5%. The lack of homes on the market is a problem that won't be resolved in 2023 and will keep home values stable.



Colorado Springs and the entire Front Range continue to be attractive places to live and raise family. Although we expect to hear that Space Force Headquarters will be moved to Alabama, many Space Force jobs will remain here. The announcements of Entegris and Zivaro late last year are exciting for our area. We expect this trend to continue as we have a highly educated population, high quality of life and the cost of doing business here is lower than most of the cities with which we are competing.

With inventory levels below average and our expectation of a healthy local economy, we will continue to see a strain on available homes to purchase. This is especially true in the \$300,000-\$500,000 price range. Because of this we will continue to see more and more apartment buildings built during 2023.

Tips for Buyers in 2023—Compared to last year, this year will provide a real opportunity to buy a home you love and not have to waive appraisals and inspections to get it. Don't confuse this with being a buyer's market - expect to pay a fair price and receive fair concessions from the seller. This year we expect the sales price/list price to be just below 99% (down from 100.6% last year). Hiring an experienced agent will help you with negotiations on price, terms and inspection items. They will also help introduce you to excellent local mortgage representatives, reputable inspectors, and other contacts you may need leading up to, and after, your closing.

Tips for Sellers in 2023—The market has changed. It is likely your home will take 2-3 months to sell. If you want to sell your home for top dollar and in the fewest amount of days you need to be sure you are priced right and that your home is in excellent condition. Partnering with a local real estate agent will help ensure you do both. We can maximize the exposure for your home and negotiate terms on your behalf.

Most of the experienced real estate professionals we have spoken with over the past several weeks are excited about the normalizing of our local market. We expect 2023 to be a good year where buyers and sellers both find success in meeting their real estate goals.

## ERA Shields Real Estate

was founded in 1985. The firm is locally owned and comprised of a TEAM of more than 100 individual real estate brokers who work TOGETHER to provide professional real estate services. Our offices are designed to enhance the SYNERGY amongst our TEAM as we continually set the bar for success in real estate.

## ERA Shields Real Estate

handles more relocation business than any other firm in the Pikes Peak region. We are a Principle Broker for Cartus (the world's largest Relocation company) which handles nearly 160,000 transfers each year across 165 countries.

## ERA Shields Real Estate

is the #1 top producing company in the Mountain Region and a top 15 company across North America for ERA Real Estate. ERA Real Estate is a GLOBAL real estate franchise with 31,000 sales associates in 1800 offices located in 36 countries. ERA has a long history in residential real estate bringing technology and services to its agent base which allows them to serve their clients in today's world. ERA is an affiliate of Realogy, the largest real estate company in the world which also owns Sotheby's, Coldwell Banker, Century 21 and Better Homes & Gardens.

## ERA Shields Real Estate

is an award-winning residential real estate company in the Pikes Peak region. Annually we are recognized locally & nationally for our service, production and involvement in our COMMUNITY. Our agents are full-time professionals working to be *Your Trusted Advisor*.

## ERA Shields Real Estate

is committed to the COMMUNITY. Our TEAM volunteered across our COMMUNITY more than 2000 hours and we are a past recipient of The Community Kindness Award & ERA's Ed Bilinkas Award. Investing in our COMMUNITY is good business.

## ERA Shields Real Estate

is a recognized leader in real estate. Locally, our team boasts 4 past presidents for PPAR, past NAR vice president, past president of CAR, and 2 past presidents of ERA Colorado Broker Council. Nationally we have been on the USAA MoversAdvantage Advisory Council, CARTUS Relocation Director Advisory Board, ERA's Advisory Board and Directors with NAR.

