

# Here's How Denver's Real Estate Market Has Performed Since Start of Pandemic

The charts at right will not surprise any of us who have been witnessing the Denver real estate market over the past 2½ years. They do, however, document the death rattle of the seller's market, which was killed by the Federal Reserve's Open Market Committee, whose dramatic increases in the Federal Funds Rate were reflected in the amazingly quick increases in mortgage interest rates.

Back in January, when the 30-year fixed mortgage rate was just above 3%, it was hard to imagine that before year's end the rate would be over 7%. The rates started rising in January, but they didn't break above 4% until about the time that the FOMC started its aggressive rate increases.



(As a layman, I've never quite understood how inflating the cost of money is the best strategy for reducing inflation of everything else. And haven't we noticed that that strategy hasn't really worked yet? Some food for thought....)

Looking now at the three MLS charts, you can see that the number of sold listings exceeded the number of active listings throughout most of the pandemic but sharply diverged starting around the time the FOMC rate increases began in mid-April.

The number of new listings saw no dramatic changes over previous years, but the number of listings that expired without selling was 3.24 times as high in October as it was in April of this year. Many of those new

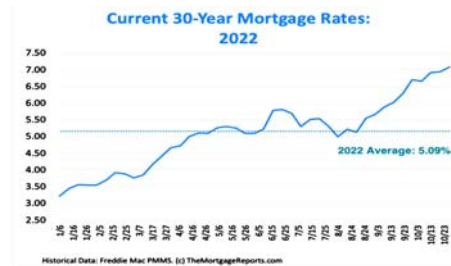
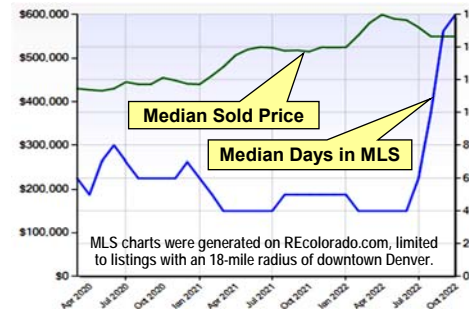


Chart represents weekly averages for a 30-year fixed-rate mortgage. Average for 2022 as of October 27, 2022. Source: Freddie Mac



MLS charts were generated on REcolorado.com, limited to listings with an 18-mile radius of downtown Denver.

listings have sat on the MLS, as shown in the median days in MLS, which quadrupled from 4 to 16 days from April to October.

What may surprise observers is that

the median sold price fell as little as it did from April to October. It is still higher than it was in January of this year when that 30-year fixed interest rate was about 3%.

What lies ahead? Homes are still selling, and buyers still need to buy, leading me to believe that we'll see a "normal" market soon. Stay tuned!

## KB Is Building All-Electric Homes — But Not Here

I have expressed dismay in the past that builders of new homes in our area are not getting "with it" when it comes to incorporating the latest thinking and technology regarding energy efficiency.

Builders boast their Energy Star appliances and lower HERS scores, but they are still, for example, installing gas forced-air furnaces instead of heat pumps, gas water heaters instead of heat pump water heaters, and gas cooktops or ranges instead of induction cooktops.

The Geos Community in Arvada provided proof of concept for the all-electric solar-powered, net zero energy home, and homes in that small, privately developed neighborhood have been featured for several years on the annual tour of "green homes." But no production builder here has picked up on that concept, and when another builder acquired the undeveloped parcels at Geos last year, the first thing they did was bring a natural gas pipeline into the community to serve their new homes, greatly upsetting the happy homeowners of the original net zero energy Geos homes, which purposely have no natural gas lines.

Above is one of KB Home's all-



electric homes in Menifee CA, a smaller city south of Riverside. Not only is every home in that subdivision "net zero energy ready," but they are tied together in an electric "microgrid," designed to power itself cooperatively should there be an outage in the larger electric grid.

In the garage you can see both an EV charger and a wall-mounted battery backup system. The small print on the sign reads: "This all-electric, solar-powered home is equipped with smart technologies and a backup battery, plus community microgrid connectivity designed to help maximize home energy efficiency and comfort."

Meanwhile, here in Colorado, neither KB nor any other builder, to my knowledge, is even offering heat pump HVAC units or heat pump water heaters as upgrades.

## Streaming Has Made Cable & Satellite TV Obsolete

I'm old enough to remember the days before "pay TV." Gradually, cable TV made its inroads and more and more people started paying for it because of better reception and the increasing number of non-broadcast channel offerings.

Eventually, satellite TV came along, dominated now by Dish Network and DirecTV. Rita and I went back and forth between the two as their introductory offers expired and we found ourselves with TV costing well over \$100 per month. The rates for cable were just as high.

But then the coaxial cable used by cable TV companies like Comcast and the fiber optic cable used by phone companies like CenturyLink created the opening for a wide range of video streaming services which can make subscribing to cable or satellite TV unnecessary.

So, here we are at a crossroads (actually past it) where the cable companies will only be providing internet service and not TV service, because customers will use that cable internet service to stream their favorite TV channels (and Netflix) from other providers, in addition to having internet service for their home computers and internet-connected devices such as doorbells and cameras and other smartphone-connected appliances.

Rita and I quickly abandoned Comcast for TV when we moved into our Avenida apartment. What we ended up doing was using Comcast only for high-speed internet, and we now stream everything. We pay \$65 for internet service (which I need anyway for business), and we pay \$64.99 per month for YouTube TV. (A "smart TV" makes it easy.)

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