

Denver-Aurora-Lakewood, CO CBSA

The Denver metro area saw home sales drop off as the summer moving season ended. Inventory saw a slight increase as a result. The rapid price appreciation of the hot selling months also slowed, as some sellers lowered their prices to unload properties faster. The hottest areas, like Northglenn and Colorado Springs, aren't seeing such a drop in demand though, as the Denver region is still home to some of the most sought after neighborhoods in the United States. Job growth has also continued, with unemployment down by almost a full point from last year.

Denver mulls plan to attract Amazon.

Denver plans to pitch Amazon for its second North American headquarters and doesn't plan to push financial and tax incentives. Instead it plans to highlight the area's workforce and lifestyle benefits.

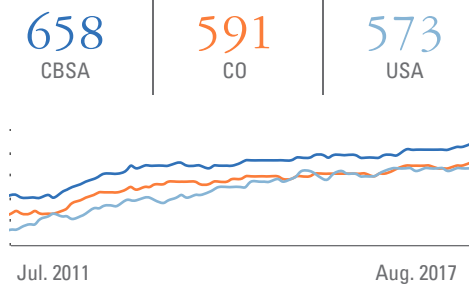
Growth sparks employment boom.

The city of Denver has been on a hiring spree for about five years, with plans to push ahead with an increase in its budgeted positions. Growth projections predict a 20% increase in employees since 2012.

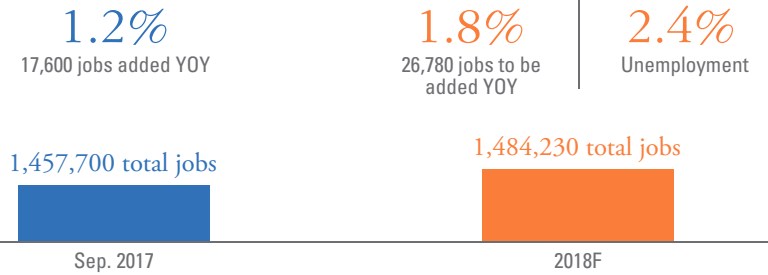
Colorado's hottest market in Denver.

The Denver area's best market for residential real estate is Heather Gardens in Aurora, which was recently dubbed Colorado's hottest neighborhood. The area also ranked fourth in the United States.

MEYERS INDEX



EMPLOYMENT SUMMARY



SUPPLY

TYPE	PROJECTS	REMAINING UNITS	PERMITS	YOY CHANGE	PEAK PERMITS
Single-Family	317	13,987	10,751	8.2%	18,599
Multifamily	175	5,972	13,385	49.8%	13,385
Totals:	492	19,959	24,136	58.0%	31,984

TOP CITIES

Active New Home Projects



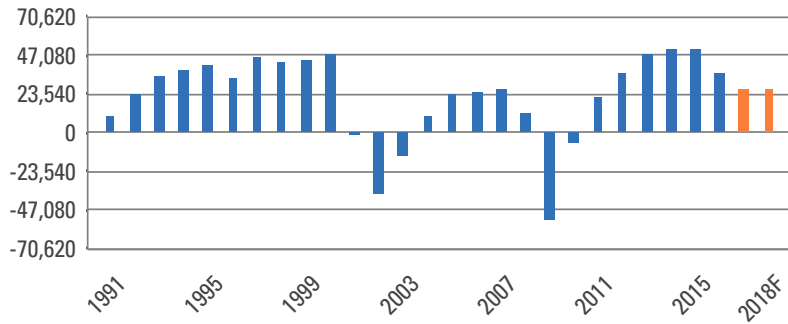
JOB GROWTH *year over year*

■ *Sep. 2017 Job Growth:*

17,600 new jobs

■ *2017 Job Forecast:*

26,780 new jobs



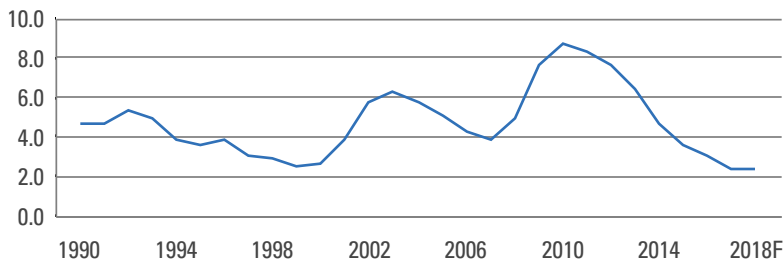
UNEMPLOYMENT RATE

■ *Aug. 2017 Unemployment:*

2.4% ↑

■ *Moody's Analytic 2017 Forecast:*

2.4% ↓



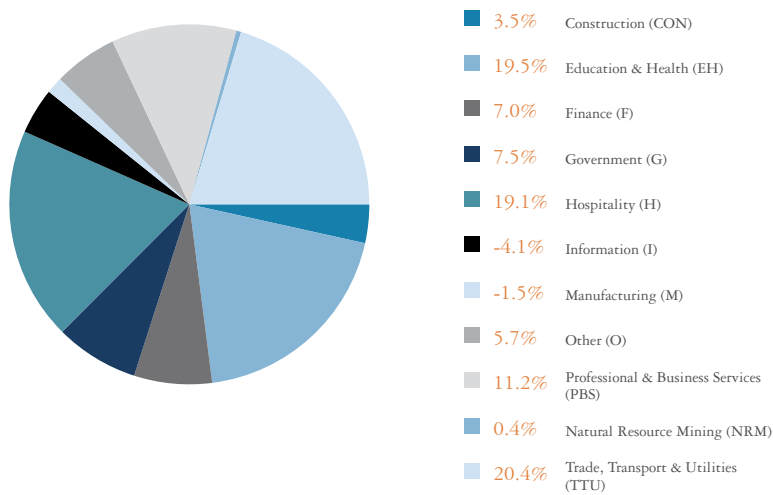
Summary

Total nonfarm employment in the Denver-Aurora-Lakewood, CO metropolitan statistical area increased 1.2% from the same period last year to 1,457,700 payrolls in September 2017. There are approximately 17,600 more jobs than August of last year. The local unemployment rate increased to 2.4% in August 2017 compared to 2.3% in the previous month. August's jobless rate is lower than it was this time last year when it stood at 3.1%. Forecasts from Moody's Analytics show that the region's unemployment rate will finish the year at 2.4%.

Key Highlights

- The Niobara and Denver Julesberg basins supply about 3% of the entire United States' crude oil production, quadrupling from 2010 to 2015. Production dropped some because of low oil prices last year.
- Online job ads in the Denver metro area increased by about 2,900 to about 67,600. Of the current ads, about 33,000 are new posts.
- Job creation has led to an increase in office space costs, which went up by about 3% to about \$26.38 per square foot in the third quarter when compared to last year.
- Denver-based construction material company Summit Materials Holdings Inc. is reported to be mulling over the purchase of Ash Grove Cement Co. for about \$3.8 billion.

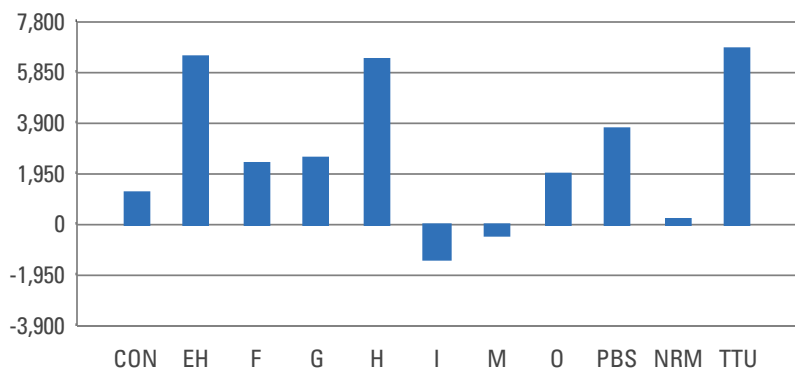
EMPLOYMENT BY SECTOR



Key Highlights

- Denver-based Frontier Airlines will now offer flights to Ontario International Airport (CA), with routes from Denver, Austin, San Antonio, and Chicago.

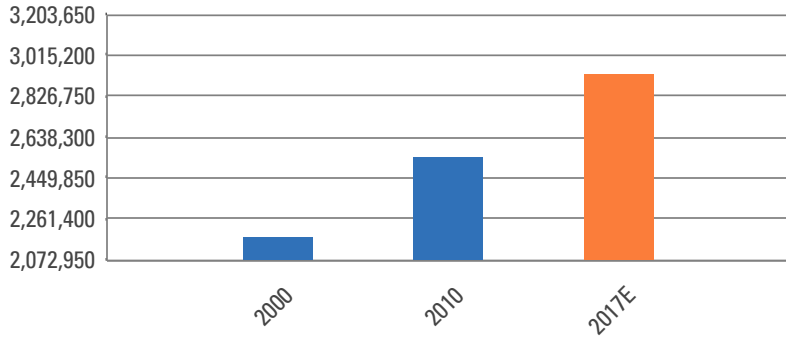
JOBS BY SECTOR (YEAR-OVER-YEAR)



POPULATION GROWTH

2017E Population Growth:

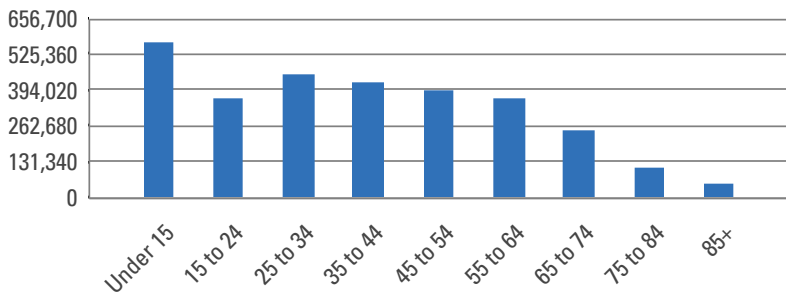
2.2%



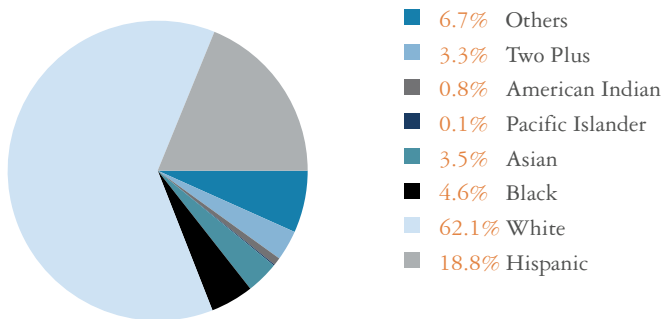
POPULATION BY AGE

2017 Median Age:

37 year **1** month



ETHNICITY



Summary

There are approximately 1,170,415 households in the region which is up 2.1% year-over-year. Forecasts show that household formation is expected to increase by an annual growth rate of 2.4% for 2017. Median household income in the area increased 1.9% from the previous year to \$75,489. Incomes are forecasted to increase 1.9% for the year in 2017.

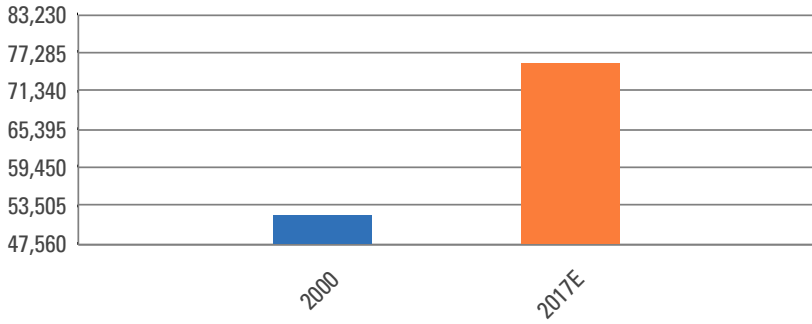
Key Highlights

- The city of Denver recently approved a new historic district in the West Highlands called Packard's Hill. The district was hotly contested at a council meeting that didn't end until early in the early morning, with a vote of 8 to 5 in approval.
- Colorado Spring was recently named the No. 1 community for hipsters in Colorado. The community ranked No. 10 in the United States, with Denver ranking at No. 18.
- Highlands Ranch was recently ranked the No. 1 most livable mid-sized city in the United States, according to SmartAsset's 2017 list. Centennial and Arvada ranked second and eighth, respectively.
- The most expensive ZIP code in Colorado is the 80206 zip code including Congress Park and Cherry Creek neighborhoods. Here, rents are about 50% higher than national averages.

HOUSEHOLD INCOME

2017E Median Household Income:

\$75,489

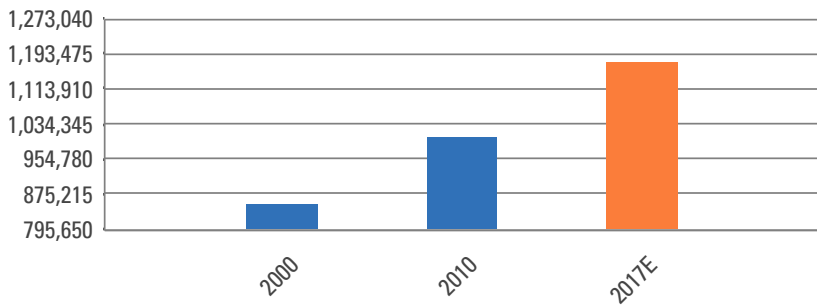


Key Highlights

HOUSEHOLD GROWTH

2017E Household Growth:

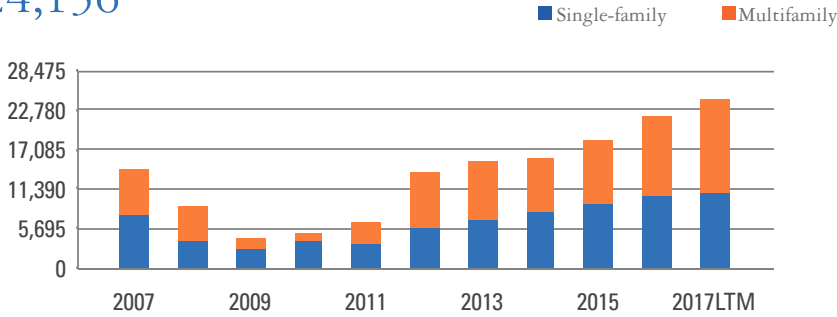
2.4%



PERMITS

2017LTM Total Building Permits:

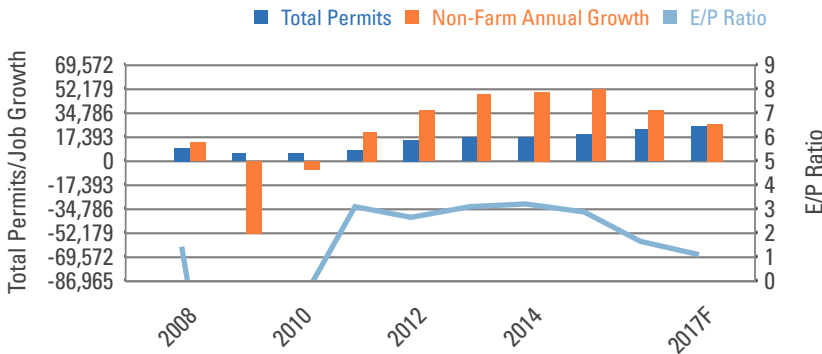
24,136



E/P RATIO

E/P Ratio:

1.1 ↓



HIGHLIGHTS

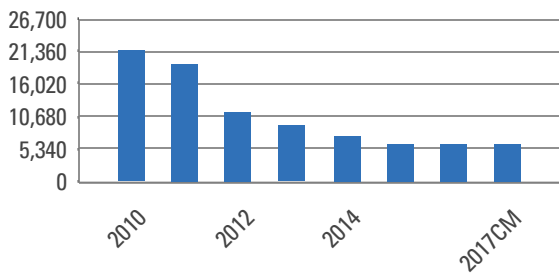
In the Denver-Aurora-Lakewood, CO region, total residential building permit activity increased 27.9% year-over-year to an annualized rate of 24,136 units in July. In the twelve-month period ending July, single-family building permit issuance increased 8.2% to 10,751 units while multi-family permit issuance increased 49.8% to 13,385 units.

- Century Communities recently announced it will add about 600 new homes to the market with land deals in Aurora, Castle Rock, Lone Tree, Parker, and Westminster.
- The city of Castle Rock may soon see plans for a 117-home development called Castle Oak, but no formal plans have been submitted.

NUMBER OF LISTINGS

Aug. 2017 # of Listings:

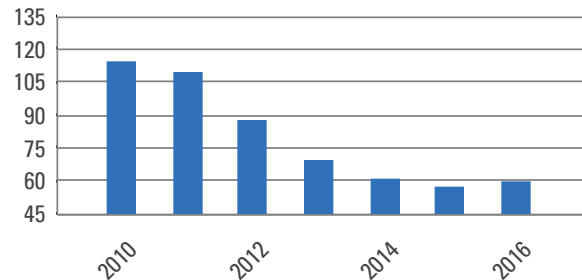
6,193



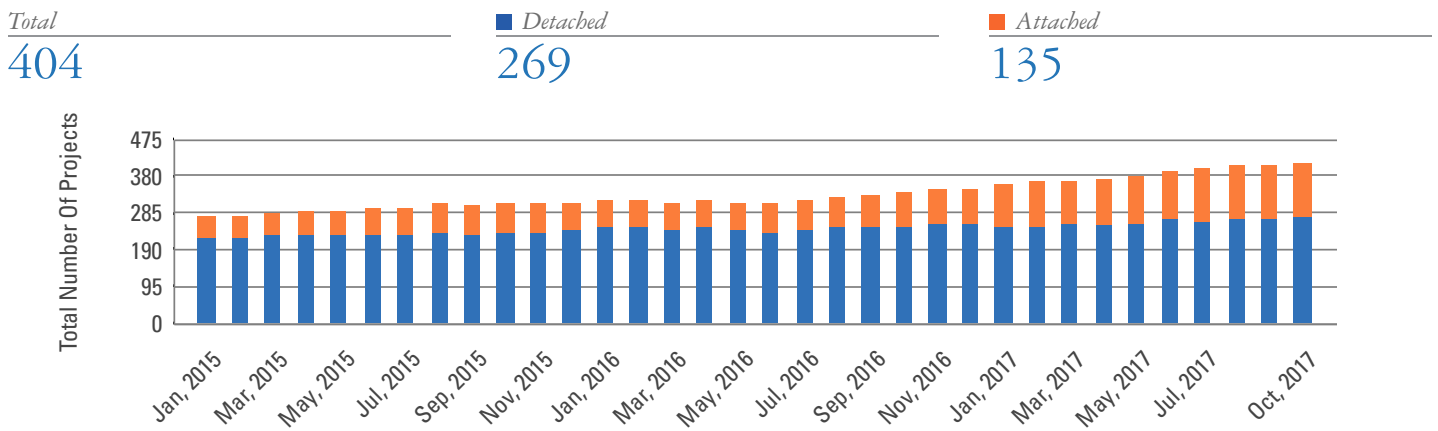
DAYS ON MARKET

July 2017 Days on Market:

57 days



NUMBER OF ACTIVE PROJECTS



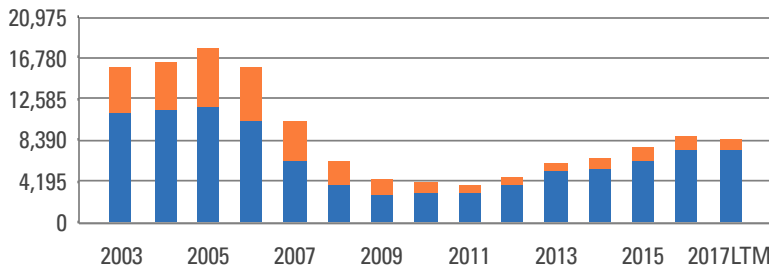
ACTIVE BUILDERS *top 15 results*

RANK	BUILDER	# OF YTD SALES	% MARKET SHARE	# OF PROJECTS	AVG PRICE	AVG SALES
1	Richmond American Homes	1062	13.84%	40	\$471,913	3.03
2	Lennar	683	8.90%	21	\$537,295	3.06
3	Century Communities, Inc.	583	7.60%	21	\$444,801	2.20
4	KB Home	479	6.24%	16	\$419,644	3.75
5	CalAtlantic Homes	458	5.97%	25	\$516,970	2.10
6	Clayton Properties Group	410	5.34%	10	\$369,299	6.03
7	Meritage Homes	311	4.05%	9	\$469,275	3.30
8	Shea Homes	308	4.01%	9	\$551,645	3.57
9	D.R. Horton, Inc.	307	4.00%	15	\$661,082	2.27
10	Thrive Home Builders	212	2.76%	10	\$511,499	2.01
11	William Lyon Homes	201	2.62%	17	\$464,517	2.04
12	East West Partners	189	2.46%	2	\$867,500	47.82
13	Toll Brothers	159	2.07%	8	\$553,589	1.97
14	Taylor Morrison	159	2.07%	7	\$519,290	2.59
15	Lokal Homes	158	2.06%	9	\$417,240	2.40

NEW HOME MARKET ANNUALIZED

Change from Previous Year: **-0.1%** *30-year Historical Average:* **9,082_{sales}**

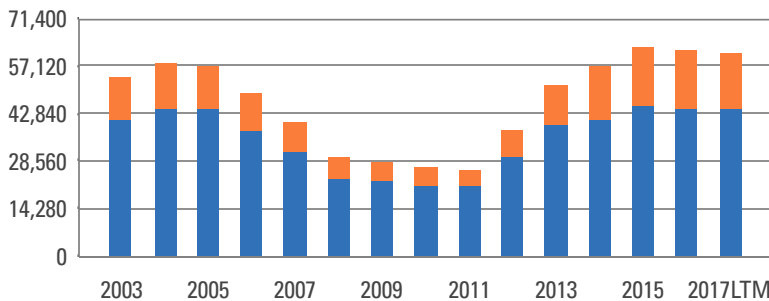
Total Home Closings: **8,578** *Sep. 2017 Detached:* **7,479** *Sep. 2017 Attached:* **1,099**



EXISTING HOME MARKET ANNUALIZED

Change from Previous Year: **-0.6% ↓** *30-year Historical Average:* **49,511_{sales}**

Total Home Closings: **61,040** *Sep. 2017 Detached:* **43,971** *Sep. 2017 Attached:* **17,069**



Summary

New home closings in the Denver-Aurora-Lakewood, CO metropolitan area experienced a 0.1% year-over-year decrease to an annualized rate of 8,578 units in September. Of those home closings over the past 12 months, 1,099 were attached closings and 7,479 were detached closings. Existing home closings for the same period posted a year-over-year loss of 0.6% to an annualized rate of 61,040 units. Of those home closings over the past 12 months, 17,069 were attached and 43,971 were detached.

Key Highlights

- The residential market is on track to outpace last year's total closings by about 3.2% when compared to 2016.
- Richmond American Homes of Colorado Inc. was named the number one largest home builder in Denver with about \$573,313,535 worth of homes completed in the Denver area in 2016.
- Inventory levels in the \$1 million or more increased from August to September.

NEW HOME

NEW DETACHED MEDIAN HOME PRICE

Change from Previous Year:

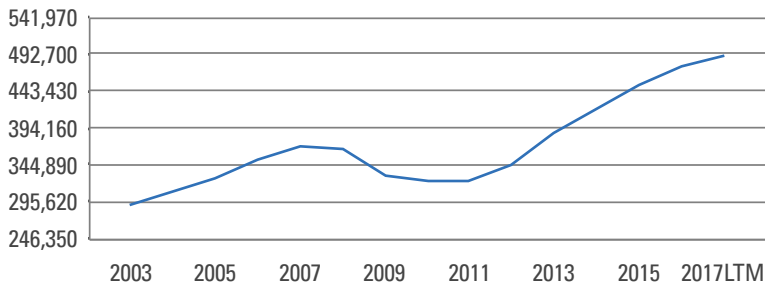
-0.5% ↓

30-year Historical Average:

\$273,687

■ Sep. 2017 Median Detached Closing Home Price:

\$489,064



NEW ATTACHED MEDIAN HOME PRICE

Change from Previous Year:

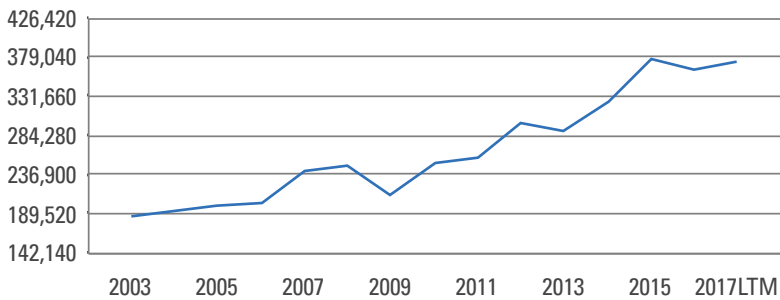
-3.9% ↓

30-year Historical Average:

\$197,823

■ Sep. 2017 Median Attached Closing Home Price:

\$373,115



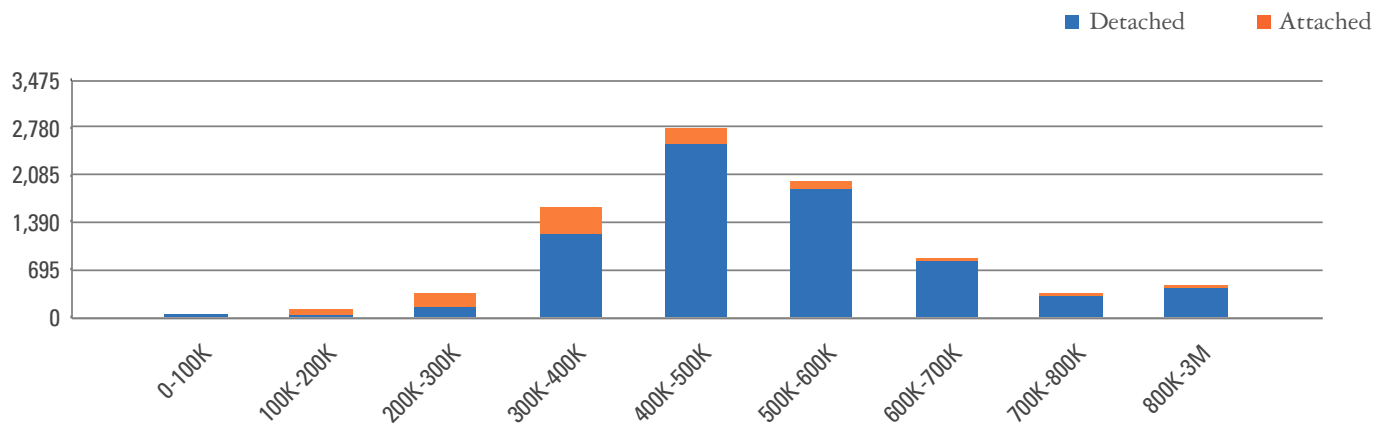
Summary

The median closing price for a new detached home in the Denver-Aurora-Lakewood, CO region decreased 0.5% year-over-year to \$489,064 in September while the median closing price for a new attached home decreased 3.9% from the same year-ago period to \$373,115. Homes priced between \$400,000 and \$500,000 experienced the most closing activity over the past year. The new home affordability ratio for a detached home reached 32.8% in September.

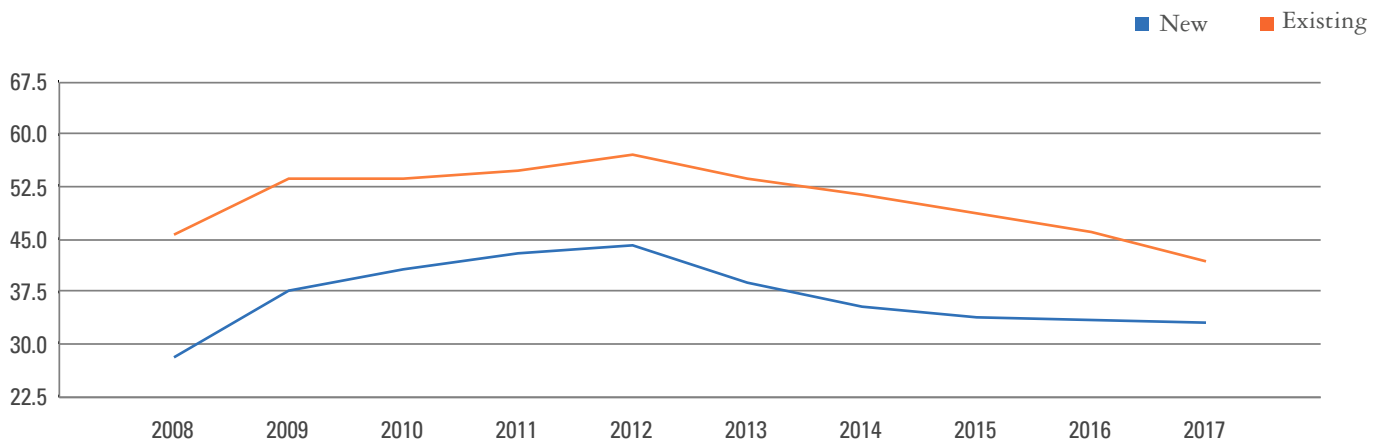
Key Highlights

- Century is offering new homes at Starling Hill at The Meadows in Castle Rock's master plan. Prices start in the mid \$300,000s. The builder also offers homes in the low \$500,000s in Tanglewood, a new community in Westminster.
- Williams Lyon Homes is offering new homes starting from about \$428,900 in Southshore in Aurora. 23 units are listed as available.
- Toll Brothers offers new homes three different communities in Broomfield, with prices ranging from about \$513,000 to about \$860,000.

NEW HOME CLOSINGS BY PRICE RANGE



DETACHED AFFORDABILITY



EXISTING HOME

EXISTING DETACHED MEDIAN HOME PRICE

Change from Previous Year:

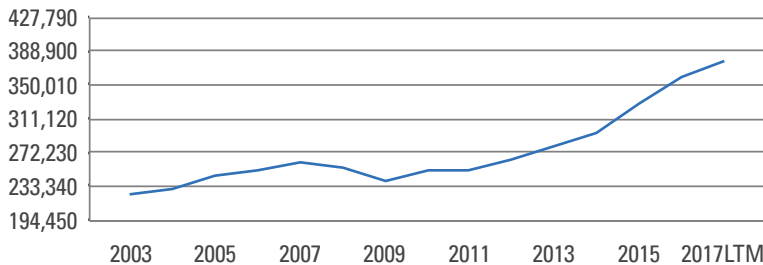
4.1% ↑

30-year Historical Average:

\$200,705

■ Sep. 2017 Median Detached Closing Home Price:

\$378,433



EXISTING ATTACHED MEDIAN HOME PRICE

Change from Previous Year:

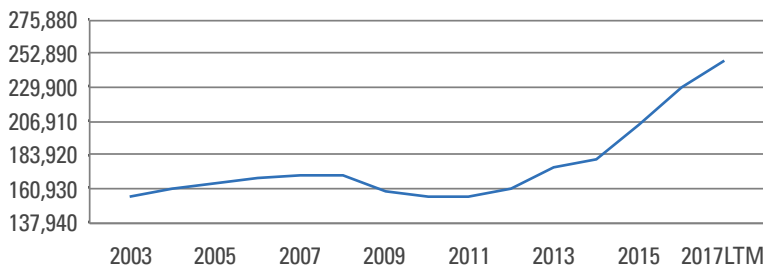
5.5% ↑

30-year Historical Average:

\$131,490

■ Sep. 2017 Median Attached Closing Home Price:

\$246,941



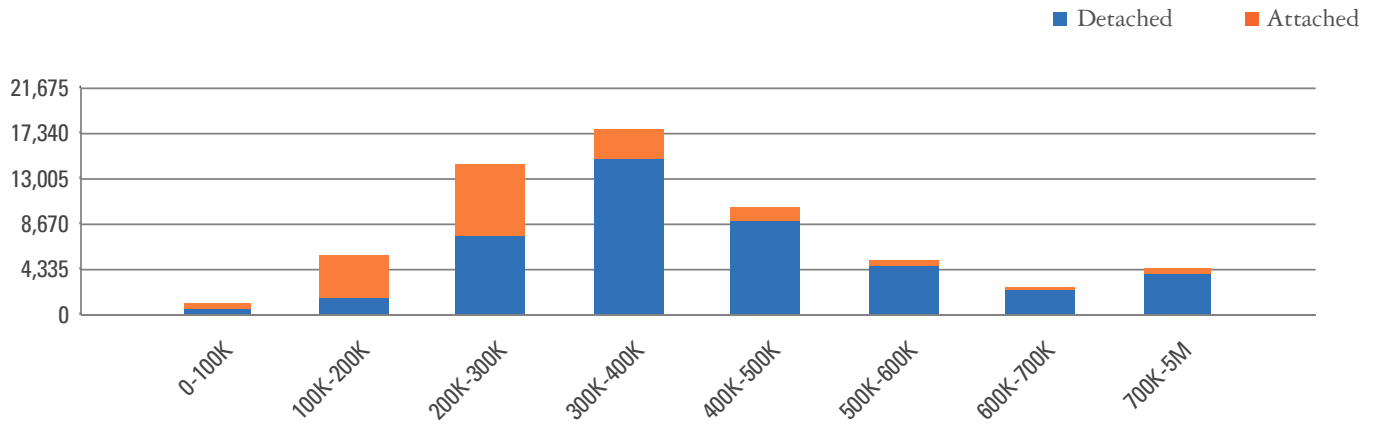
Summary

The median closing price for an existing detached home in the Denver-Aurora-Lakewood, CO region increased 4.1% year-over-year to \$378,433 in September while the median closing price for an existing attached home increased 5.5% from the same year-ago period to \$246,941. Homes priced between \$300,000 and \$400,000 experienced the most activity over the past year. The existing home affordability ratio reached 41.6% in September.

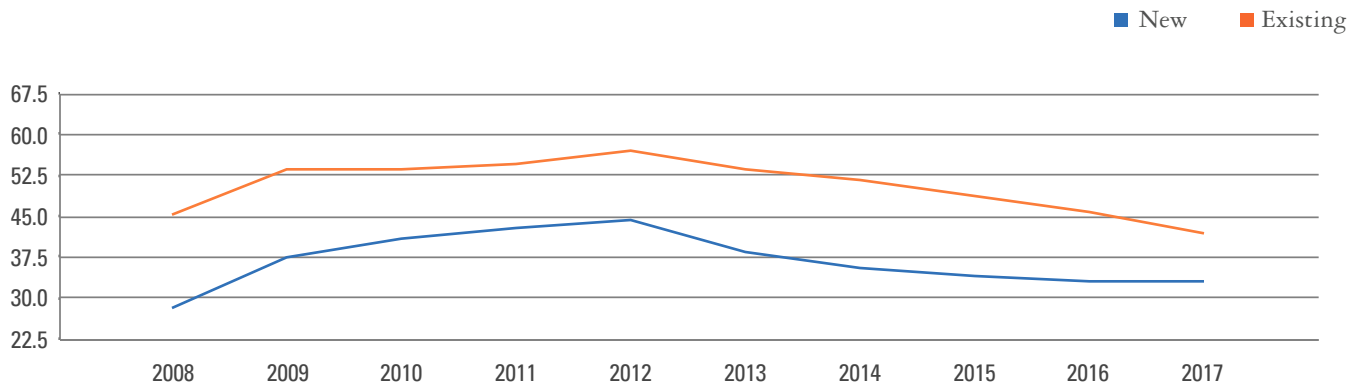
Key Highlights

- DMAR data indicates that sales of luxury properties priced at \$1 million or more increased to 112 homes in September, a 9.8% jump when compared year-over-year. Sales in this price range decreased from the previous month.
- The Denver market is experiencing an overall housing traffic slowdown, even in lower price brackets. In the resale market, some sellers are reducing prices to speed up sales.

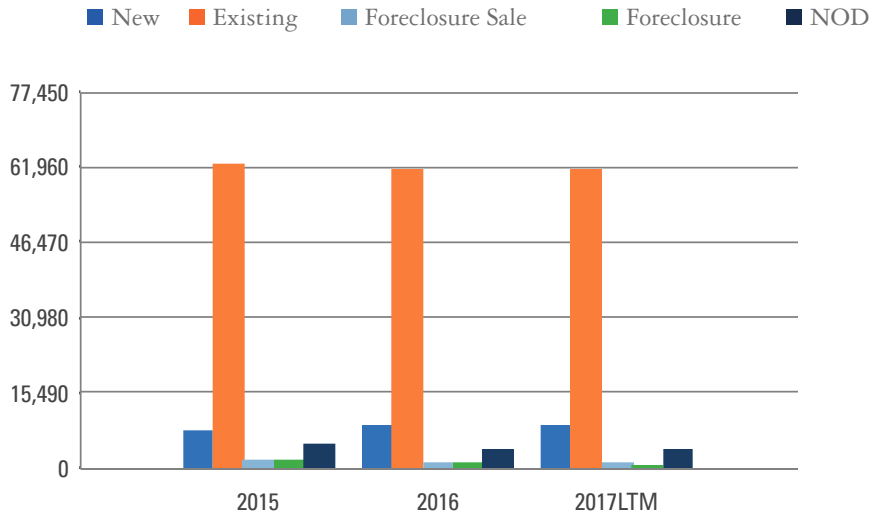
EXISTING CLOSINGS BY PRICE RANGE



DETACHED AFFORDABILITY



HOUSING TRANSACTION VOLUME BY TYPE

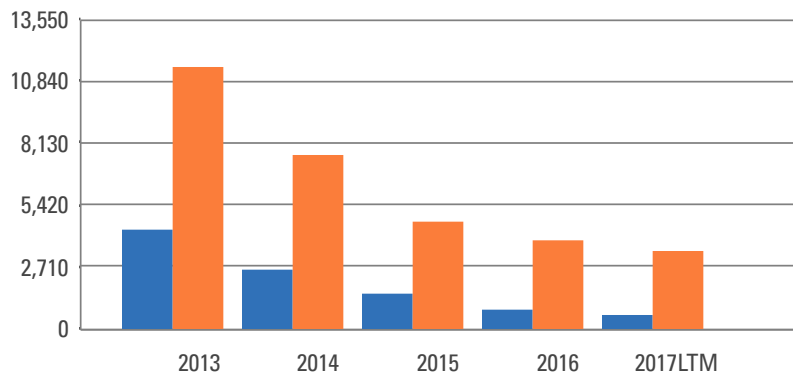


Summary

Foreclosures in the Denver-Aurora-Lakewood, CO area have declined over the past year. There were 3,314 notices of default sent out in the region in the twelve-month period ending September which is a 17% decrease year-over-year. The region experienced 36 foreclosures in September. Over the past twelve months, there have been 517 foreclosures in the area which is lower than it was this time last year.

NOTICES OF DEFAULT & FORECLOSURE

■ Sep. 2017 Total Foreclosures: **517**
■ Sep. 2017 Notices of Default: **3,314**



Key Highlights

- Fewer Denver metro area mortgage holders are underwater when compared to last year, with about 1.4% of residential mortgage properties in negative equity. That's down from last year when about 1.6% of area mortgages were underwater.
- In the second quarter, the highest percentage of home flips purchased with financing was in Colorado Springs, with about 68.4% of flippable homes bought in this manner. Denver ranked second with about 56% of flippers using financing.

 ECONOMY

	2014	2015	2016	1 YR AGO	SEP. 2017	% CHANGE
Job Growth (12-Month)	50,070	51,110	36,310	32,900	17,600	1.2% ↑
Unemployment Rate	4.7	3.6	3.1	3		-

 COMMUNITY

Median Age	-	-	-	-	37.1	-
Median Household Income	69,898	71,295	72,693	74,091	75,489	1.9% ↑

 SUPPLY

Days on Market	60	57	59	59	N/A	N/A
E/P Ratio	3.2	2.8	1.7	1.7	1.1	- 32.7% ↓
Number of Listings	7,550	6,243	6,330	6,245	6,193	- 0.8% ↓
Total Permits	15,767	18,326	21,947	18,866	24,136	27.9% ↑

 SALES

Attached Existing	15,277	17,748	17,077	17,059	17,069	0.1% ↑
Attached New	1,094	1,286	1,217	1,284	1,099	- 14.4% ↓
Detached Existing	41,307	44,727	44,342	43,680	43,971	0.7% ↑
Detached New	5,348	6,288	7,370	6,989	7,479	7.0% ↑
Total Investor Sales	27	20	22	24	30	25.0% ↑

\$ PRICES

	2014	2015	2016	1 YR AGO	SEP. 2017	% CHANGE
Affordability (%)	51.4	48.7	45.9	45.5	41.6	- 8.6% ↓
Attached Existing Median	\$179,950	\$204,450	\$230,000	\$234,000	\$246,941	5.5% ↑
Attached New Median	\$323,198	\$375,651	\$365,031	\$388,337	\$373,115	- 3.9% ↓
Detached Existing Median	\$294,900	\$328,000	\$360,000	\$363,500	\$378,433	4.1% ↑
Detached New Median	\$418,904	\$451,492	\$475,000	\$491,400	\$489,064	- 0.5% ↓

↘ DISTRESS

Foreclosures	2,554	1,409	771	920	517	- 43.8% ↓
Notices of Default	7,529	4,668	3,818	3,975	3,314	- 16.6% ↓

*Current year-over-year job growth and unemployment rate are as of Sep. 2017.

ABOUT

Meyers Research, a Kennedy Wilson Company, combines experienced real estate and technology advisors with leading data to provide our clients with a clear perspective and a strategic path forward. Based in Beverly Hills, we are home to 80 experts in 10 offices across the country.

DEFINITIONS AND METHODOLOGY

All information presented involved the assembly of data sources that we consider to be reliable, including the Bureau of Labor Statistics, CBRE- EA, Nielsen Claritas, Public Record Data, Moody's Analytics, Great Schools, U.S. Bureau of the Census, Zillow, various regional Multiple Listing Service providers, Meyers Research and Zonda. We do not guarantee any data accuracy as all information is subject to human errors, omissions, and/or changes.

to interpret the strength of the market. Such metrics include price appreciation, sales activity, permit activity, demographic growth, household income levels, school scores, and affordability.

Definitions

CM - Current Month

E - Estimated

F - Forecast

LTM - Last 12 Months

Meyers Index

The Meyers Index is a proprietary index that produces a score ranging from 0 to 1,000 for a geographic area. A higher index score captures the desirability of housing development for the selected area and is calculated using specific data sets weighted

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