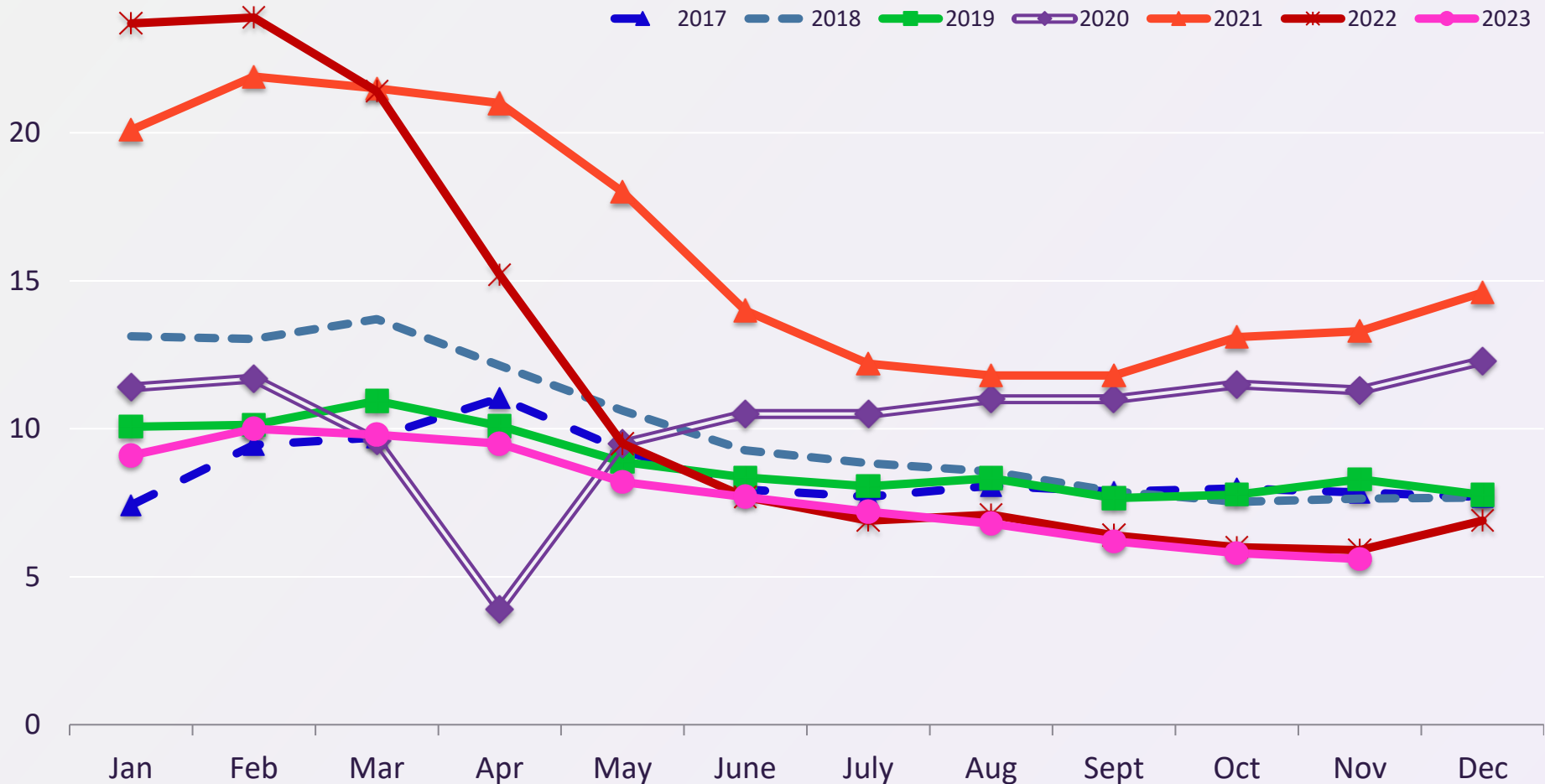


November's numbers kept steadily below previous years. Listing agents are holding hopes that the new year will bring a turn!

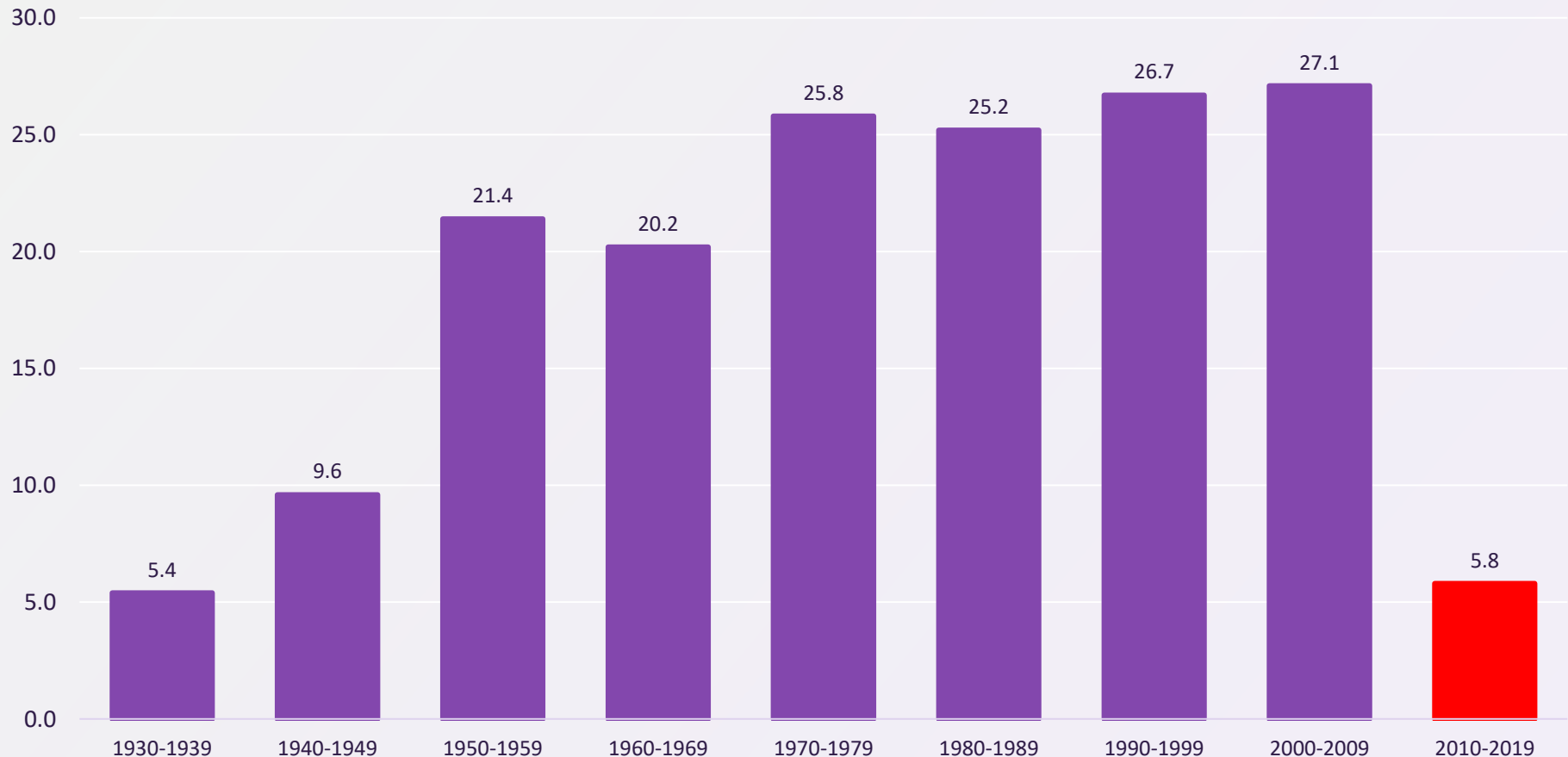
SHOWINGS / ACTIVE LISTING / MONTHLY (HOMES + CONDOS) 2017-2023



Source: 29 Cities that make up Denver Metro Area from ShowingTime.

Why is the inventory so low? Denver has experienced strong population growth in the past decade, but almost no additional inventory from new home builders. Builders are limited by high costs for land, water taps, labor, and materials. We don't anticipate much growth in construction. As a result, inventories could remain low for several years.

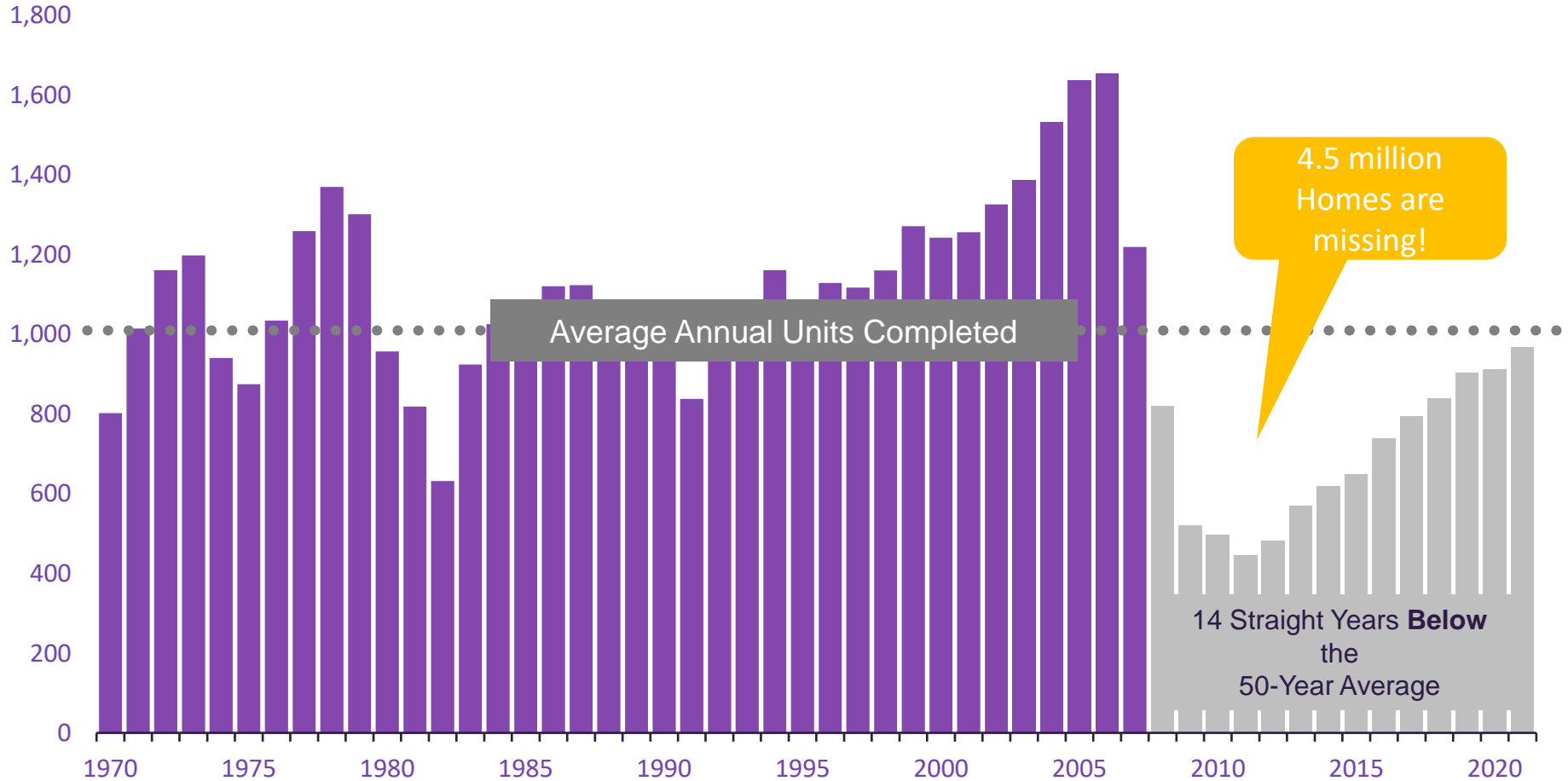
HOMES BUILT IN THE US, BY DECADE (IN MILLIONS)



Data Source: Keeping Current Matters, Robert Frick, NFCU

Supply: Why are we short of inventory? We have not been building enough homes to keep up with demand. High labor and commodity prices are not helping. In CO, scarcity of land and water, and slow governmental permitting processes are additional headwinds.

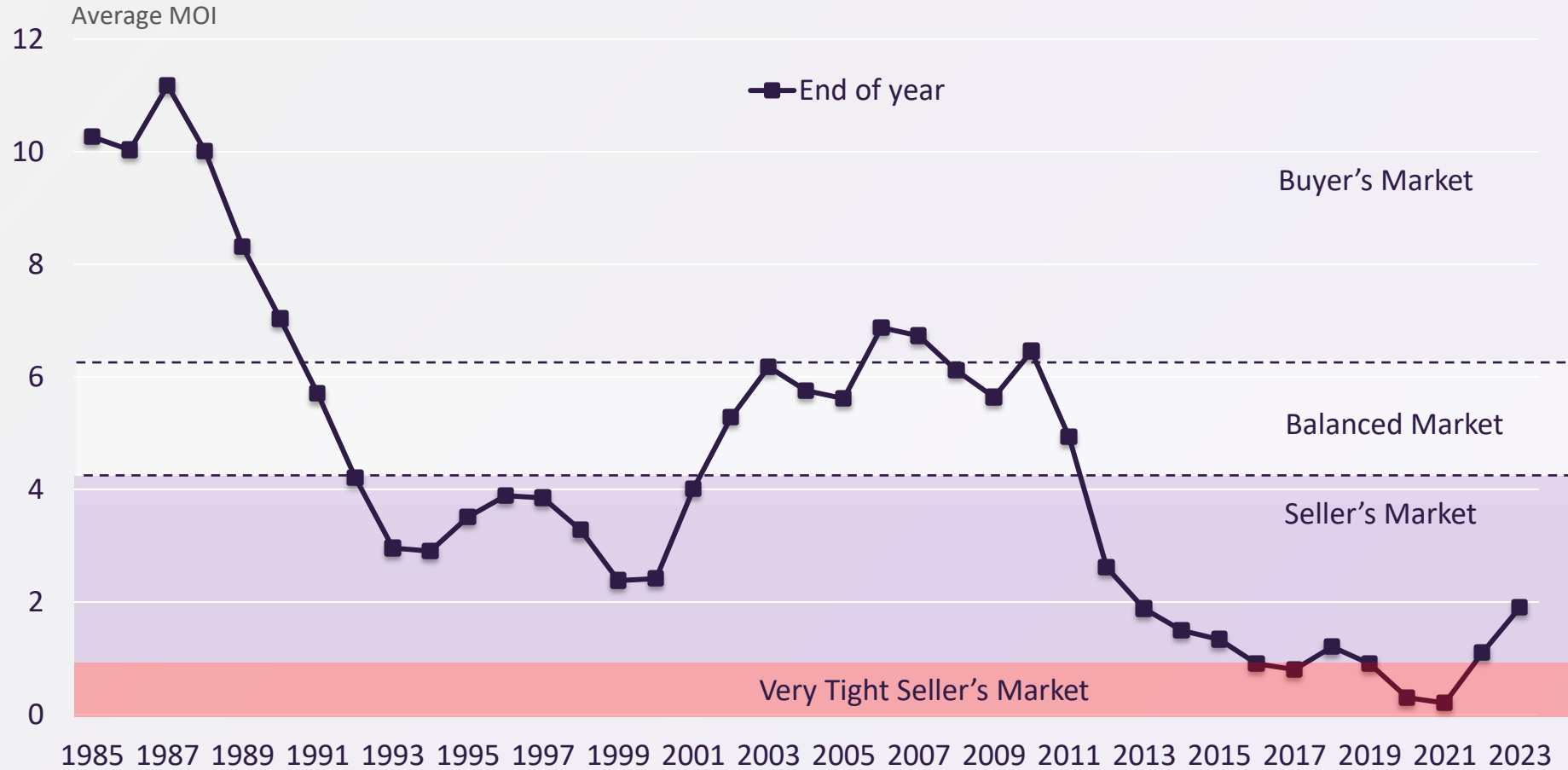
Annual number of new homes built nationally.



Source: KCM and Census Bureau.

We have been through tight inventory in the past (1993-2000). MOI in Q1 2022 ended at just 0.4! Inventory has now grown to 1.9 MOI in Q3 2023 - still quite tight!

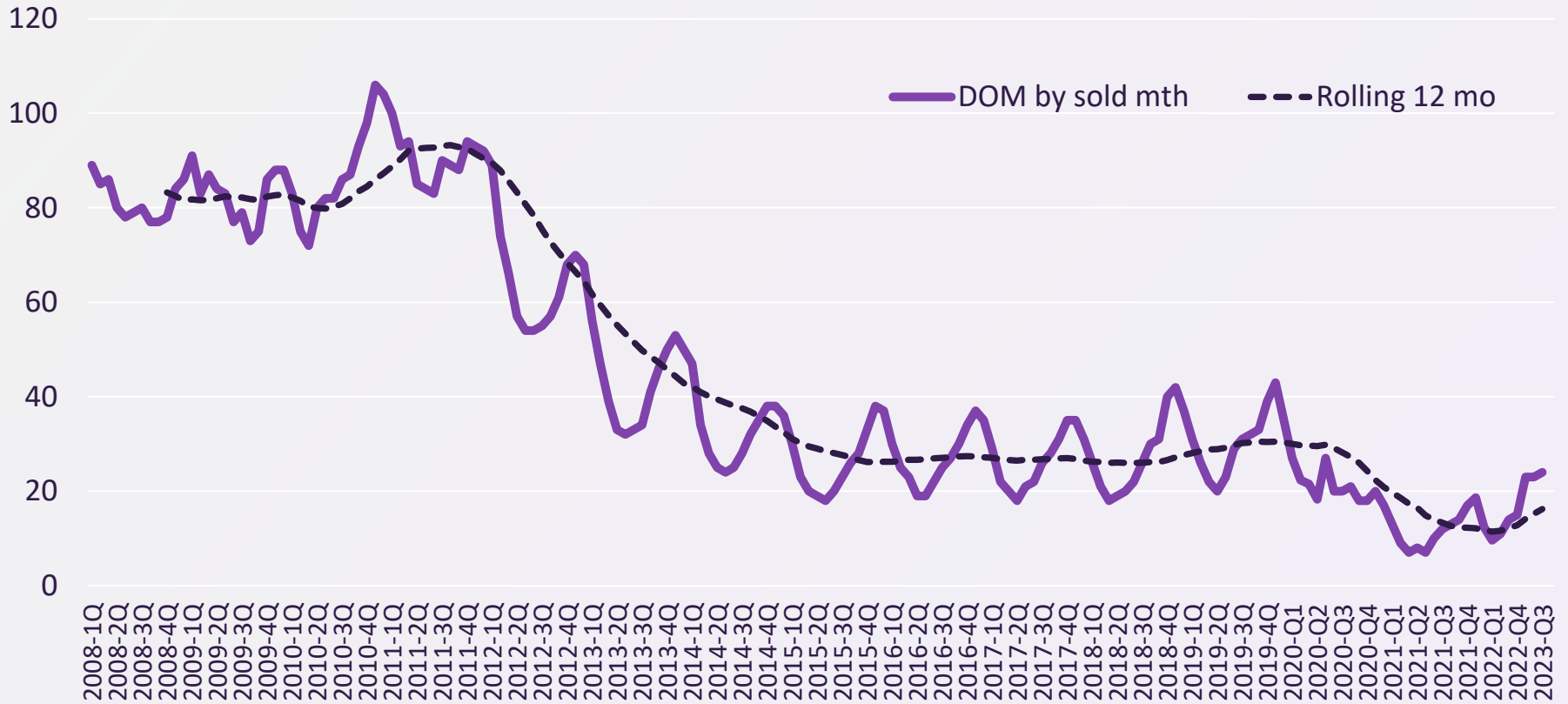
MONTHS OF INVENTORY (MOI) DETACHED SINGLE FAMILY



Data Source: ReColorado.com; YCRE analysis

Single Family Home marketing times were very low during the post-COVID boom. We see now that inventories are increasing that DOM has grown a little. Somewhere in the 30 DOM range would not be a surprise by late 2023.

DENVER METRO HOMES DAYS ON MARKET, QUARTERLY



Data Source: ReColorado.com; YCRE analysis

Buying is generally more affordable and less expensive than renting. In addition, research by the Federal Reserve found that home owners accumulate 40x more net worth than renters over their lifetime.

AN AMERICAN FAMILY'S NET WORTH

It's still a very good idea to buy vs. rent.

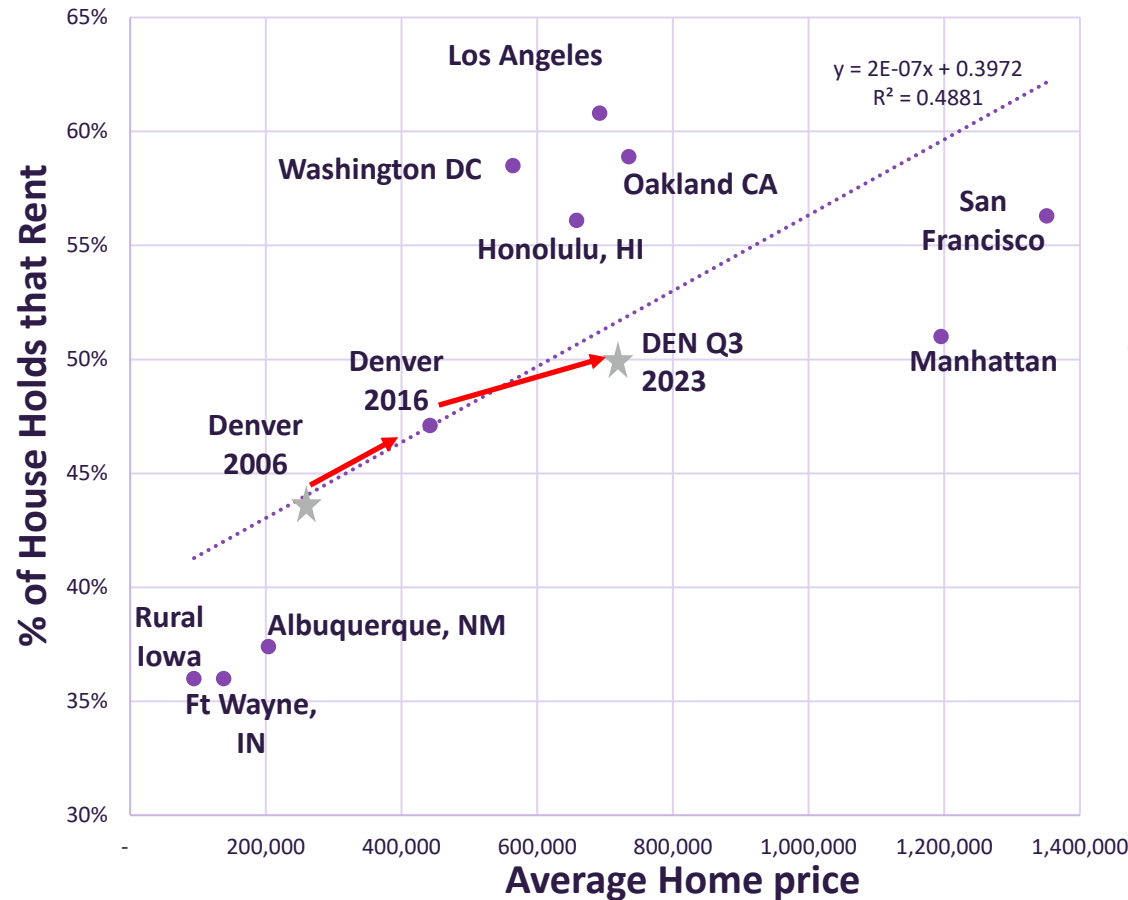


Data Source: Federal Reserve Survey of Consumer Finances 2016-2019

There is a strong relationship between home price (e.g., affordability) and what percentage of the population rents (vs. owns). More expensive cities have a higher percentage of renter households.

- As Denver’s housing prices have increased in the past decade, the percentage of renters has increased, too. We anticipate the projected increase in prices from 2023-25 will mean fewer people can afford homes. It’s a great time to be buying rental property!

RELATIONSHIP BETWEEN PRICE AND NON-O/O %



On the left-hand chart

- If home prices continue to increase faster than wage growth (or if mortgage rates go up); we’d expect to see ownership rates in Denver decrease.

What does it mean for the client?

- It would be wise to become a homeowner now before it’s altogether unrealistic to save for a down payment.
- If one has the means, it’s also a good time to acquire investments properties as the tenant pool grows.
- 50% of the households in Denver, CO are renter-occupied in 2023.

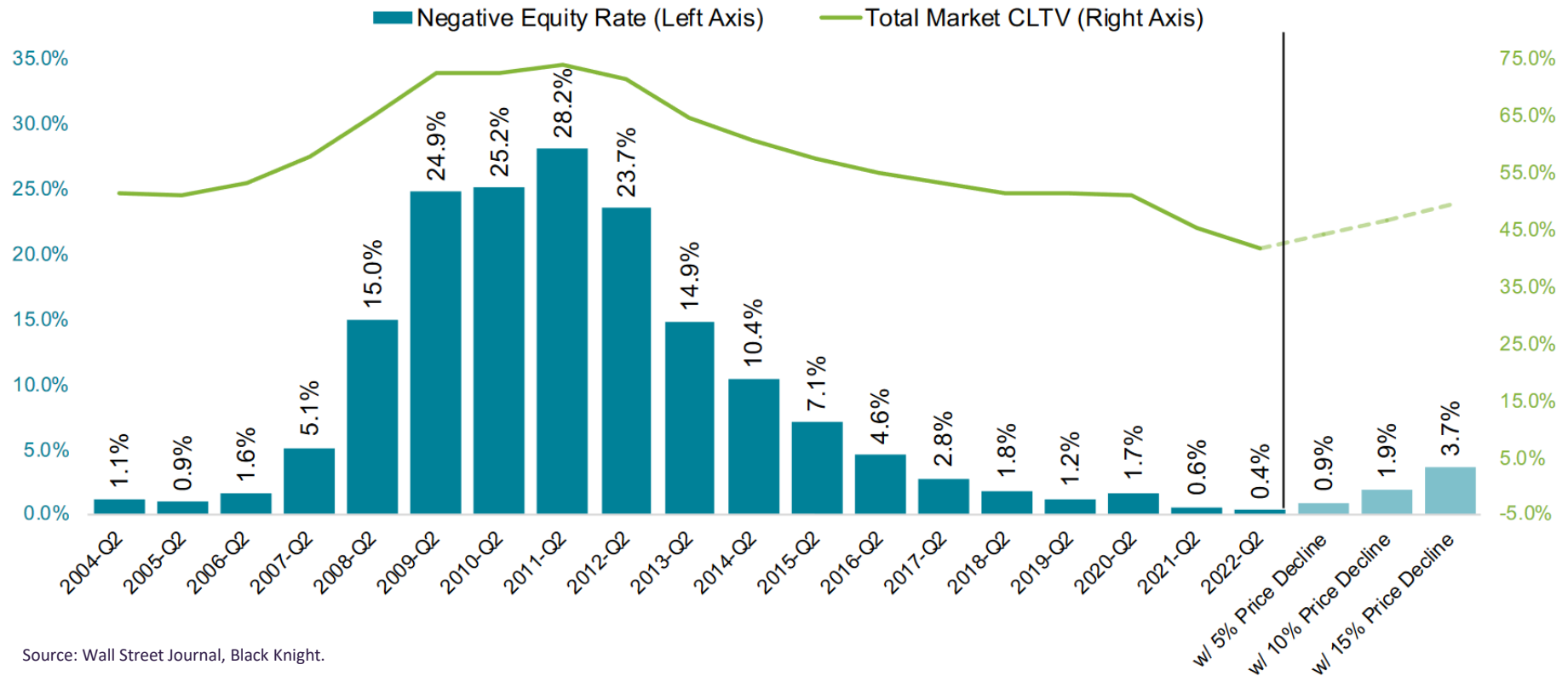
Renter calc: 3,116,000 population in 2016, add 0.8% or 25,800 people per year for ten years. Estimated 2025 population= 3,375,000. 2016 Has 3,116,000 *47% that rent. 2025 has 3,375,000 *52% that rent.

Source: YCRE analysis, Census Bureau

In 2010, 28% of the homes had negative equity, leading to many foreclosures. Currently, 3.7% of homes have negative equity. Owners in financial distress can easily afford to sell their homes without a short sale.

Bars: % US homes with negative equity. Line: Total market CLTV (combined loan to value)

NEGATIVE EQUITY RATE AND TOTAL MARKET CLTV



Source: Wall Street Journal, Black Knight.