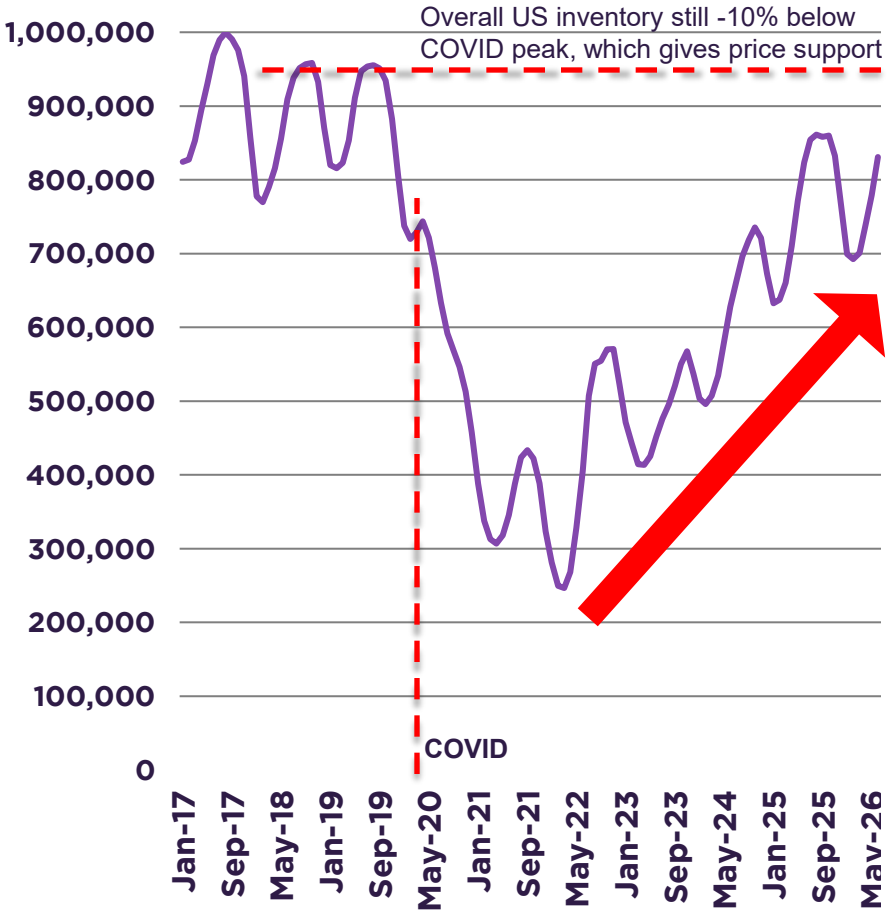
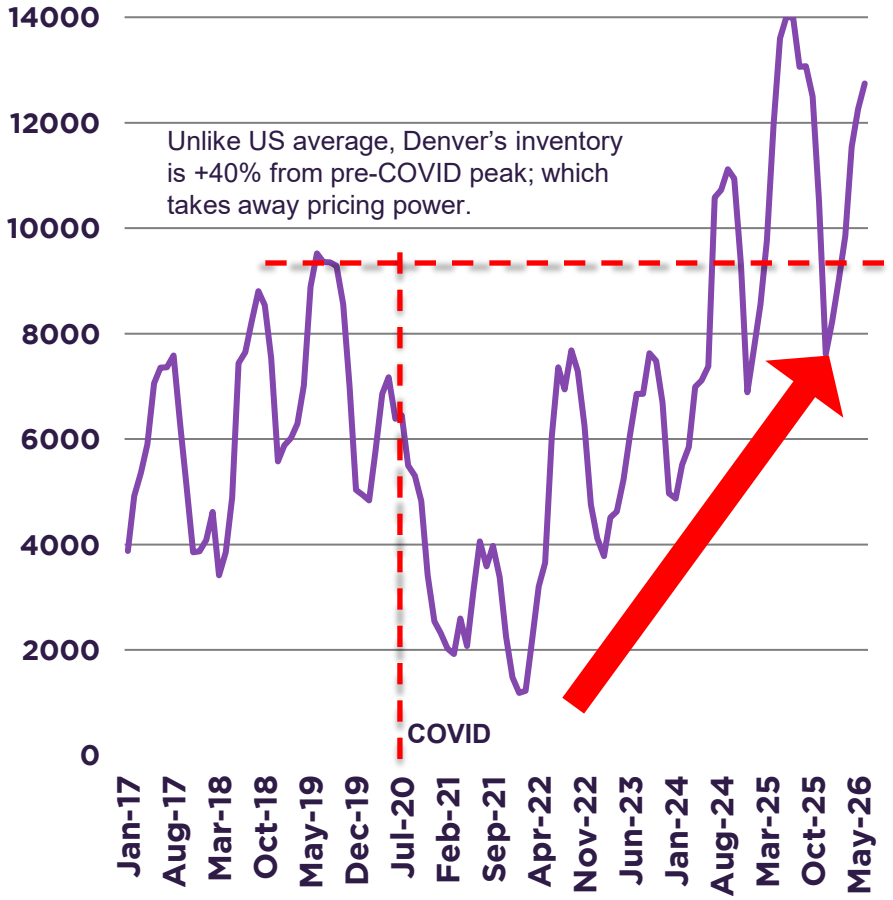
Denver's growth in inventory has been much larger than for the overall US, which explains why our market is so slow.

US Inventory



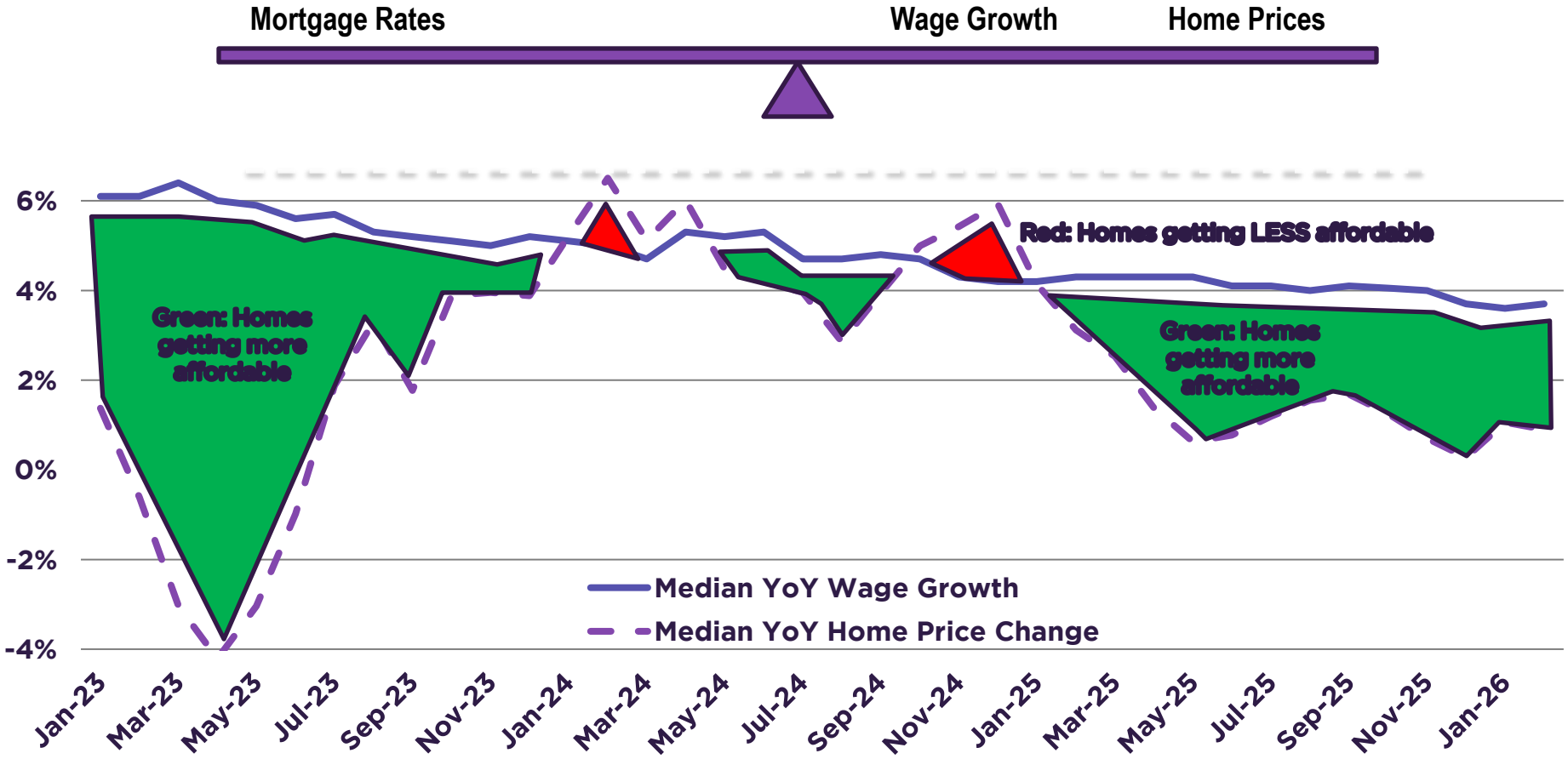
Denver Inventory



Source: Housing Wire, NAR, Metro list, YCRE analysis

Home affordability is a balance between prices, rates, and wage growth (especially if wage growth that's faster than inflation).

. . . rising incomes, which should outpace inflation, give buyers more purchasing power, helping to shrink the share of a paycheck that has to be put toward the mortgage. The monthly payment to buy the typical home is expected to slip to 29.3% of median income, its first year below the 30% affordability threshold since 2022 . . . – Realtor.com



Source: Ironton Capital, Federal Reserve Bank of Atlanta, Redfin

Inventory levels of homes.

On the left side of the chart:

- The solid line on the top of the chart is the number of homes and condos for sale, from 2008 to today.
  - Notice the line is very high in 2008, due to LOTS of bank foreclosures.
  - Buyers didn't buy as much during the downturn due to the scary media headlines and job loss.
  - As a result, inventories were high.
- The dotted line on the bottom shows the number of homes sold each month
  - Notice its been trending upwards.
  - This was caused by an improving economy and growth in the population.
- Note more homes are sold in the summer than the winter
  - Investors buy consistently all year.
  - Families with kids in school prefer to move in the summer.

On the right side of the chart

- Notice that the number of sales is about the same as the number of homes for sale.
- There's very little inventory and it's competitive for buyers.

Other observations

- We didn't arrive in this low inventory situation overnight. It took almost a decade to burn off all of the excess bank inventory.

What does it mean for the client?

- As long as the inventory is tight:
  - Buyers will have to compete hard (write great offers) to win a home.
  - Sellers will generally have the edge in negotiations