

2023 Year in Review



Fort Collins, CO

“To rephrase a famous quote from political consultant James Carville, instead of ‘It’s the economy, stupid,’ I’d suggest more politely, ‘It’s interest rates, silly.’ No other single component has had as far-reaching effects on the housing market as the Federal Reserve’s aggressive raising of the Federal Funds Rate beginning in March 2022.

“The rate has basically gone from .25% to 5.5% in the span of 20 months. Second to that is the change in long-term U.S. Treasury Bond yields which sets the tone for how attractive mortgage-backed securities are to investors. These rates tend to be governed by less tangible things like investor confidence in the US Economy. Needless to say, the combination of these two elements has effectively stalled what was, prior to these events, a red-hot and some might even say, unsustainable housing market where a 30-year mortgage hovered in the low 3% range compared to the high of 8% we saw in early fall 2023.

“Not only have high mortgage rates been a death-knell for first time homebuyers (or homebuyers without a minimum down payment), it has also stopped the move-up market where a huge percentage of current home owners have mortgages at rates under 3.5% and don’t want to trade that in – not even for a lower total mortgage amount. This has further exacerbated low inventory challenges for those buyers still in the market which has led to median prices remaining stubbornly high.

“The U.S. economy however, has chugged along, beating expectations with better than average job creation, relatively low unemployment, declining inflation, and consumer spending also quite robust. With those factors in place, it seems that the key to a rebounding housing market is quite simply lower mortgage interest rates as there is likely quite a bit of pent-up demand for housing across all sectors.

In Fort Collins, the year-long graph of home sales for each of the primary price ranges (\$300k-\$500k; \$500k-700k; 700k to 900k; and \$1 million-plus) show a distinct downhill slide to the end of the year beginning in August 2023. The only exception to that graph is the million-plus price point which actually went up nearly triple what sold in November (4 units vs 13 units, respectively). The data for new listings reveals a similar pattern with new listings cascading downward through December except for the million-plus price point which ticked up in the last month of the year.

“Other indicators like months of inventory (up), days on market (up), median price (increasing since October), and sale price as a percent of list price (down), new listings (down) have all shown greater variability in the last quarter of the year but collectively illustrate the challenges facing buyers and sellers. The interesting piece about pricing is that the sale-price-to-list-price-ratio does not include an item on the settlement statement known as the ‘seller concession’ which is money the seller contributes to the buyer in order to help the buyer reduce their loan costs through an interest-rate reducing program called a ‘buy-down.’

“In this scenario, buyers put up additional cash (either their own or contributed via the seller to reduce the interest rate on the loan). Buy-down concessions have been a staple strategy for sellers who want to ‘prop-up’ their purchase price (hence the stubborn median sales price numbers) while still offering

attractive incentives to buyers who can enjoy a lower interest rate in the hopes they can refinance to an even lower interest rate in the future.

“While hopes are high that mortgage interest rates in 2024 will stabilize and begin a downward trajectory, the U.S. economy continues to show resilience which will more than likely stay the Fed’s hand in reducing rates for the first half of the new year. In the meantime, sellers and buyers who are engaging together in the market right now have not been in a more balanced negotiating position in over a decade,” **said Fort Collins-area REALTOR® and Spokesperson Chris Hardy.**

Local Market Update for December 2023

A Research Tool Provided by the Colorado Association of REALTORS®

Make Sure Your Agent is a REALTOR®

Not all agents are the same!



Larimer County

Contact the Estes Park Board of REALTORS®, Fort Collins Board of REALTORS®, Boulder Area REALTOR® Association, Longmont Association of REALTORS®, Loveland/Berthoud Association of REALTORS®, or Northern Colorado Commercial Association of REALTORS® for more detailed local statistics or to find a REALTOR® in the area.

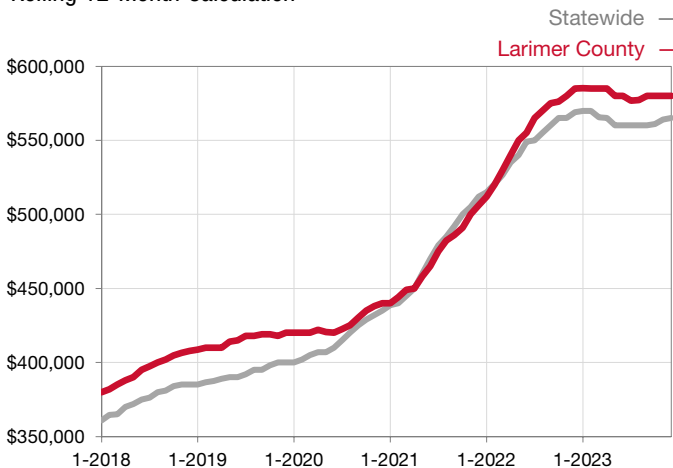
Single Family	December			Year to Date		
	2022	2023	Percent Change from Previous Year	Thru 12-2022	Thru 12-2023	Percent Change from Previous Year
Key Metrics						
New Listings	185	189	+ 2.2%	6,101	5,525	- 9.4%
Sold Listings	256	259	+ 1.2%	4,964	4,180	- 15.8%
Median Sales Price*	\$552,555	\$550,000	- 0.5%	\$585,000	\$580,000	- 0.9%
Average Sales Price*	\$658,706	\$668,970	+ 1.6%	\$667,787	\$673,303	+ 0.8%
Percent of List Price Received*	98.0%	98.2%	+ 0.2%	101.4%	99.3%	- 2.1%
Days on Market Until Sale	67	70	+ 4.5%	40	59	+ 47.5%
Inventory of Homes for Sale	690	637	- 7.7%	--	--	--
Months Supply of Inventory	1.7	1.8	+ 5.9%	--	--	--

* Does not account for seller concessions and/or down payment assistance. | Activity for one month can sometimes look extreme due to small sample size.

Townhouse/Condo	December			Year to Date		
	2022	2023	Percent Change from Previous Year	Thru 12-2022	Thru 12-2023	Percent Change from Previous Year
Key Metrics						
New Listings	51	67	+ 31.4%	1,485	1,639	+ 10.4%
Sold Listings	83	88	+ 6.0%	1,413	1,249	- 11.6%
Median Sales Price*	\$413,960	\$422,000	+ 1.9%	\$405,571	\$420,000	+ 3.6%
Average Sales Price*	\$445,979	\$441,981	- 0.9%	\$430,459	\$443,922	+ 3.1%
Percent of List Price Received*	99.4%	99.0%	- 0.4%	102.5%	99.8%	- 2.6%
Days on Market Until Sale	139	73	- 47.5%	91	74	- 18.7%
Inventory of Homes for Sale	230	255	+ 10.9%	--	--	--
Months Supply of Inventory	2.0	2.4	+ 20.0%	--	--	--

* Does not account for seller concessions and/or down payment assistance. | Activity for one month can sometimes look extreme due to small sample size.

Median Sales Price – Single Family
Rolling 12-Month Calculation



Median Sales Price – Townhouse-Condo
Rolling 12-Month Calculation

