

The Colorado Housing 2025 Recap and 2026 Outlook

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So, remember the Wild West days of Colorado real estate? I mean, you know exactly the era I'm talking about. Oh, yeah. Exhilarating.

Exhausting. You list a halfway decent home on a Friday afternoon. You've got 20 offers by Saturday night.

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And you're under contract for 50,000 overlist by the time you're having Sunday brunch. Yeah. But honestly, it was completely unsustainable.

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It really was. And if there is one clear message jumping out from the stack of research we have today, it's that those days are officially in the rearview mirror. They are.

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Which brings up the big question for everyone listening, especially you brokers out there. How do you thrive when the market hits the reset button? Because that's what we're digging into today. Exactly.

And we aren't just reading through a pile of statistics here. We're looking at the Colorado Association of Realtors or CAR 2025 recap and 2026 outlook. Right.

But our mission is a little different. We're going to treat this whole report as a strategic marketing tool. Right.

Because data without application is just noise. The goal for this deep dive is to take these reports and they cover everything from the Metro grind to resort resilience and figure out how you, the broker, can use them. How you use them to educate your clients and ultimately close more deals in a landscape that looks very different from two years ago.

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A landscape that requires a totally different skillset. We're moving from just taking orders to actually making deals. So let's get into it.

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In looking at the reports from across the state, the headline for 2025 and really the setup for 2026 seems to be this idea of a reset. It wasn't a crash, but it definitely wasn't a boom. It's almost like the market just stopped running for a second.

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It took a breath. Jared Reimer, who covers the Fort Collins area, he put it perfectly in his analysis. He said there were no dramatic advances or retreats.

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Okay. It was a year where inventory levels finally started to creep up and, crucially, days on market got a lot longer. So what does that reset actually feel like on the ground? I think for a lot of agents, 2025 felt heavy, like dragging a sled through mud compared to 2021.

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It is because we're shifting from a market defined by urgency to one that's all about negotiation. Right. When you have urgency, the house sells itself.

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When you have negotiation, the agent actually has to sell the house. Julia Purrington-Palak, looking at the Evergreen area, made a really sharp point on this. What'd she say? She said the days of the weekend sale are behind us.

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But, and this is the key, she framed it as a positive thing. Oh, so? I mean, telling a seller we're not selling this weekend is usually a pretty tough conversation to have. She argues it signals a healthier market.

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It means pricing accuracy matters more than just pure speed. It means the market is rational again. It means buyers aren't making six-figure decisions in 15 minutes under total duress.

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Exactly, and that right there is the first marketing angle for brokers listening. I think there's this tendency to apologize to sellers when a house sits for two weeks. Oh, absolutely.

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You feel like you've failed because your muscle memory from 2021 is just screaming that time on market equals stigma. Right, you start sweating. You wonder if you priced it wrong, if the photos are bad.

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But the play here is to frame the stability as a window of opportunity for buyers. Instead of apologizing for the slowness, you actually leverage it. 100%.

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In Aurora, Sunnybank explicitly called this out in her report. She said, for buyers, this is a window of opportunity. You have to coach your buyers that for the first time in years, they actually have the luxury of time.

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Time to think, time to inspect, and yes, time to negotiate. That's such a powerful reframe. You're not selling slow, you're selling thorough.

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Exactly, you tell them, hey, remember your friend who bought in 2021, had to waive the inspection, pay 40 grand over, asking just to get the keys? You don't have to do that. That's a massive selling point. It is, you're selling peace of mind.

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Okay, but we have to unpack the elephant in the room. You can't talk about real estate without talking about the money. Interest rates.

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Interest rates. Now, in looking at the reports, we know the Federal Reserve has held rates steady. They seem to be pausing for the next few months.

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And I think the knee-jerk reaction from a lot of clients and maybe even some agents is, well, if the Fed isn't cutting, mortgage rates are stuck. And this is where it gets really fascinating. This is where a savvy broker can separate themselves from the pack.

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Because that assumption, Fed holds, rates hold, it's not entirely true. It's a misunderstanding of how mortgage rates actually work relative to the Fed. We have to talk about spreads.

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Spreads. All right, this is a little technical, but it sounds crucial for the marketing toolkit. Break it down for us.

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What is the spread and why does it matter right now? So, historically, there's a pretty standard gap between the 10-year treasury yield and the 30-year fixed mortgage rate. Mortgage rates usually just track that 10-year treasury. Okay.

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Plus a little extra to cover risk, servicing, profit. That little extra is the spread. So, treasury yield plus the spread equals the mortgage rate.

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Simple enough. Exactly. Now, typically, that spread is around 1.7, maybe 1.8%. That's the historical average.

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But recently, it's been historically wide. We've been seeing spreads closer to 3%. Wow.

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Why so wide? Why are lenders charging such a huge premium? Just uncertainty. Economic volatility. Lenders are pricing in a big risk premium because they don't know what the economy or the Fed is going to do next.

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They're hedging their bets. So, here's the aha moment then. Even if the Fed does absolutely nothing, that widespread could get trimmed.

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Exactly. As the market stabilizes, as we get into this boring reset we talked about, that uncertainty goes down. The spread should normalize.

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This means there is room for mortgage rates to stabilize or even soften down into the low sixes without the Fed lifting a finger. The market itself can bring the right down just by calming down. That is a huge piece of information for a broker to explain to a client.

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It shows a depth of understanding beyond just watching the news. You can say, look, the Fed might be paused, but the market is finding its footing and that actually benefits you. It creates a narrative of organic improvement, not one where you're just waiting for a government rescue.

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And in looking at the reports, we're already seeing rates easing into that low 6% range, which has definitely improved sentiment. But there's a danger here. We shouldn't be promising a return to 3%.

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Please, I am begging you, do not do that. Patrick Muldoon down in Colorado Springs had a very sharp critique on this. He talked about the false hope of rate drops that really played 2025.

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What happened there? Buyers were just sitting on the sidelines, paying rent, waiting for a crash back to those pandemic era rates. Waiting for 3% or 4%. Yeah, and while they waited, they lost a whole year of building equity.

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That rate environment is not coming back. His advice was pretty blunt about it. It was.

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Stop selling the refinance later dream and start selling the reality of the current spread. It's all about managing expectations. If you're a broker, you need to look your buyer in the eye and say 6% is the new normal.

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Waiting for 3% is a losing strategy. You may have the house and date the rate, sure, but understand that the rate might only break up with you slightly. That is a hilarious but accurate way to put it.

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Okay, so we have a reset in pace, a stabilization in rates, but if we look closer at property types, a massive crack has opened up in the market. Oh yeah. It really is a tale of two markets, single family versus condos.

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The divergence is stark. In almost every single region mentioned in the Kerr-R reports, single family homes, you know, they generally outperformed. They held their value or saw modest gains, but condos and townhomes, they are hurting badly.

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The numbers from Boulder and Broomfield were shocking. Condos depreciated roughly 10% and in Aurora, Sonny Banca noted that townhome inventory is just sitting there. What is driving this? Why does everyone hate condos all of a sudden? It comes down to two very unsexy words.

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Which are? HOA fees and insurance. Ah, the silent killers. Truly.

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We all know insurance rates have skyrocketed across Colorado, right? Hail, fire risk, replacement costs. But because condos and townhomes have these master policies. Those massive commercial insurance hikes get passed directly into the HOA budget.

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And the HOA has no choice. They have to raise the dues. They can't run a deficit.

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We're seeing fees jump from say \$300 to 600 or 400 to 800 a month. Which just crushes a buyer's debt to income ratio. Immediately.

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And that's the trap. A buyer might qualify for the mortgage, but the lender has to factor in that HOA fee as a fixed monthly debt. Once you tack on an \$800 HOA fee, that entry-level buyer- No longer qualifies.

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Exactly. Sonny Banca pointed this out. It's making it incredibly hard for the exact people condos are built for to even get in the door.

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So how do you market a condo in 2026? If I'm a listing agent with a condo in Broomfield, what do I do? You have to be proactive. You're no longer just selling the unit. You are selling the financial health of the HOA.

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You need to have those docs ready. Explain why the fees went up. Show the reserve fund is healthy.

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You have to prove the bleeding has stopped. And on the flip side, if you're a buyer's agent- This is your leverage point. You use the fee against the price.

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Walk me through that conversation. What does that sound like? It's pure math. You tell the listing agent, look, my client loves the place, but the HOA is 700 bucks a month.

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At current rates, that's equivalent to about \$100,000 in purchasing power. Wow. So because my client is taking on this huge monthly liability, we need a reduction in the purchase price to balance it out.

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That's a really actionable tip. You capitalize the monthly cost into a price reduction. 100%.

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If the seller wants to move that unit, they have to subsidize the HOA fee through a lower sale price. Brokers who understand that math are the ones getting these tough deals done. Fascinating.

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Now, let's zoom out a bit geographically because Colorado real estate isn't really one thing, is it? Not at all. It's a collection of micro economies. You've got the metro grind on one side and the mountain insulation on the other.

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Let's start with the metro areas, Denver, Springs, Aurora. Patrick Muldoon described the Springs market as an unpredictable grind where everyone was frustrated. Grind is the word.

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In Denver and the Springs, median prices actually went down about 5.2%. Ouch. It was a slog. Sellers were misreading the market, pricing too high, and then getting hammered.

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Buyers were nervous. And in Aurora, the report mentions some homes sold for \$100,000 below expectations. 100,000.

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Yeah. That is a painful, painful conversation to have with the seller. It is, but then, like you said, you look at the mountains and it's like a different planet.

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The insulation effect. George Harvey and Telluride nailed this. He said their market is driven by affluent buyers who are insulated from economic volatility.

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Right. Telluride's sales volume hit \$868 million, basically matching 2023. They didn't really feel the reset.

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And Steamboat had a sale close for over \$17 million. That's over \$1,700 a square foot. And Vail saw \$5 million plus homes dominating their volume.

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The high end is just operating on its own logic. Is it really just rich people have money? Or is there more to it? It's that, but it's the source of the money. A lot of these are cash buyers.

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They're not looking at the 10-year treasury yield. They aren't worried about a 6.5% mortgage because they're not getting one. They're parking wealth.

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Exactly. It's an asset class to them, not just a monthly payment. So the aha moment for our listeners here is you cannot use Telluride logic in Denver and you can't use Denver logic in Telluride.

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You have to know which microeconomy you're standing in. Are you in a grind market where every \$5,000 matters? Or an insulated market where luxury matters more than the interest rate? Let's pivot to the sellers because no matter where you are, it seems like sellers need a reality check for 2026. If I'm sitting down at a listing presentation tomorrow, what's the playbook? The mandate for 2026 is move in ready.

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We hear that a lot. Turn key, move in ready. But is it really that critical? Can't a buyer just paint? Not anymore.

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And looking at the reports, it's non-negotiable. And it comes down to demographics. The majority of buyers right now are either millennials maxed out on affordability or baby boomers who are downsizing.

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Okay, take the boomers. What's their mindset? Sonny Banco pointed this out. Boomers want one level living, no stairs and absolutely no work.

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They're done fixing toilets. They want to turn the key and go to dinner. And the millennials.

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They don't have the cash after the down payment. If they scrape together everything they have to buy the house at 6.5%, they don't have 10 grand left over to redo the carpets. So if a house needs work, it is going to sit.

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It won't just sit. It will rot. In Pagosa Springs, they found that homes priced even slightly above market or that weren't in prime condition risked an average market time of 130 days.

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130 days. That is over four months of carrying costs. Think about that.

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You list in May, hoping for a summer sale. It's September and you're still making payments on an empty house. That eats up your profit faster than a price reduction would have.

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And in Grand County, sale to list ratios fell below 98%, which tells you negotiation is back. So the message brokers need to deliver to sellers before they even sign the listing agreement is tough love. How do you frame that without insulting their home? You use the report.

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That's the beauty of this data. You let the report be the bad cop. I love that.

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It's not you saying their purple dining room is bad. It's the association of Realtor's data that says in this market, if we aren't the best looking house on the block at the best price, we will sit for 130 days. You just ask them, do you want to sit for 130 days? That's powerful.

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Okay, let's look forward into 2026. We've had the reset. We know the rules of engagement.

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What's the overall forecast? I think Cooper, Thayer and Denver summed it up best. 2026 is going to look a lot like 2025, but with better alignment. Better alignment.

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That sounds peaceful. It's boring. But in real estate, boring is good.

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Boring is predictable. We're expecting a balanced market with modest appreciation or maybe slight softening in some areas, but no crash. Stability over surge.

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Exactly. It allows everyone to breathe. But we do have to sprinkle in a little caution, right? We can't just say smooth sailing.

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There are wild cards. Always. Patrick Muldoon highlighted this.

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We're in a midterm election year, which brings some jitters. But he also mentioned concerns about things like the carry trade and global volatility. Can you explain the carry trade really quickly? I feel like that's a term people hear but don't really get.

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Sure. Super simple terms. It's when investors borrow money in a currency with low interest rates, like the Japanese yen, and invest it in assets with higher returns, like U.S. mortgage-backed securities.

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Okay, making money on the spread between countries. Right. But when that trade unwinds, when the cheap money stops being cheap, it can cause massive volatility in the bond market.

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And since mortgage rates follow the bond market- It causes mortgage rates to jump around unpredictably. Exactly. So while the baseline forecast is stability, these external global factors could shake things up.

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So brokers shouldn't be selling certainty. They should be selling strategy in the face of uncertainty. That's it.

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We expect stability. But if rates spike next week, here's our plan B. That's what a professional does. Which brings us back to our mission.

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If you're a broker listening, you have three clear takeaways for your next client coffee. First, sell the stability. The reset is done.

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The wild swings are over. This is a safe, rational time to transact. Second, educate on rates.

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Explain the spreads. Help them understand that 6% is the new normal. And that's okay.

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Show them the math. And third, hyper-focus on property condition. Move in ready is the difference between a sold sign in 30 days and an expired listing in 130.

(16:00 - 16:08)

Do not let your sellers cut corners. And I want to leave everyone with a final thought, something that kept popping up in the condo data. The affordable housing puzzle.

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Exactly. We saw condos and townhomes, the traditional entry point for first-time buyers, getting hammered by these costs. If that trend continues, if the monthly fees make these units unaffordable for the people they were built for, are we looking at a fundamental restructuring of affordable housing in Colorado? That is the big question.

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If the starter home essentially disappears because of insurance, where do first-time buyers go? Do they rent forever? Do they leave the state? If you're advising long-term investors, you need to be having a serious conversation about their exit strategy. Or just their rent calculations. Because the math is changing under our feet.

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Something to think about. Remember, you really need to check the full reports for your specific county local logic rules. Absolutely.

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Go dig into the numbers. Thanks for diving in with us. Now go out there and use this data to close some deals.

(16:58 - 16:58)

See you next time.

Read the Post by Apex online at <https://apexreschool.com/f/what-does-the-car-statewide-2025-recap-and-2026-outlook-tell-us>