

HOUSING MARKET

Denver resists price swings

By Margaret Jackson
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You hear it all the time: Denver's housing market is not as bad as the rest of the country.

Based on a review of the Standard & Poor's/Case-Shiller 20-city home-price index, that statement holds up. The question is: Why?

Mainly, economists say, it's because speculators buying multiple housing units didn't flock to Denver, which would have fueled a double-digit run-up in prices similar to what cities such as Phoenix saw in 2005 and 2006.

"You had stronger economic growth in Southern California, Arizona, Nevada and Florida," said Jeff Thredgold, an economist with Vectra Bank Colorado. "Those were the states people with money were running to and buying condos."

Denver's housing boom occurred in the latter part of the 1990s, before economics professors Karl Case and Robert Shiller developed the 20-city repeat-sales home-price indexes, said economist Patty Silverstein, president of Development Research Partners.

"Our employment growth here was one of the fastest in the country at that time," she said. "There were a lot of folks moving into the region because of all the job opportunities. We were concerned at that point in time that we would have a bit of a housing bubble because our home prices were increasing so rapidly."

But while metro Denver shed jobs at an alarming rate in 2002 and 2003, people continued to move to the region and home prices held steady, Silverstein said.

Real estate analyst Gary Bauer has long contended that the Denver market is counter-cyclical to the coasts.

"We have historically been a market unto ourselves," he said. "Historically, our appreciation has been right at 5 percent, so we don't incur the high ups and low downs. It's been a very steady normal market."

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Home value ups and downs

The Standard & Poor's/Case-Shiller 20-city housing index has tracked the change in housing prices for select cities across the United States since 2000. Denver did not experience as great a gain in home values in 2005 and 2006 as some cities, such as Phoenix and San Francisco, but it has not seen as dramatic a decline either since the average began falling in 2007.

Year-over-year percentage change in home prices

