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High home prices here to stay



By Jeanne Davant

The Colorado Springs residential real estate market is returning to a more “normal” state, local agents say.

“On the one hand, it’s a ‘correction,’” said Harry Salzman, broker/associate at ERA Shields/Salzman Real Estate Services. “But what we’ve had in the past couple of years was not realistic.”

A year ago, in January 2021, the average 30-year fixed mortgage rate reached an all-time low of 2.65 percent.

“That was a gem for the buyer, borrower and people who did a refinance,” Salzman said.

But as of Dec. 29, 2022, the average rate was 7.07 percent, according to Investopedia.

“We have never seen a 100 percent

gain in interest rates in six months,” Salzman said. Between June and December, “we went from 3½ to 7 percent.”

That’s not normal, he says, and it’s also deterring potential homebuyers who might have the income to purchase a home but are instead spending their money on consumer goods.

“If I’ve got to spend that much on interest, well, forget it,” Salzman said. “I’m going to buy fancier clothes or go on vacation or spend more for the holidays.”

What it boils down to, he said, is that the market has cooled and the unprecedented seller’s market has ended. But like most real estate experts across the

country, Salzman doesn’t foresee a crash or drastic downturn in 2023, but rather, “a return to what was prior to 2020 — a normal, healthy market.”

“What to expect in 2023 is that things will slow down in terms of time,” he said. “It will take a bit longer to sell and pricing adjustments will be necessary, but home values will still rise at a normal rate of 3 percent to 7 percent.”

CURRENT MARKET

According to the Pikes Peak Association of Realtors, single family

and patio homes were staying on the market an average of 33 days. That compares with an average of only 13 days on the market in November 2021.

Although new listings in November were down more than 28 percent compared with the same month of 2021, prices continued to rise. The median price is up 1.3 percent, and the average price rose 4 percent.

See **Mortgages** page 4

HAZLEHURST: FOODS FROM AFAR 2
LIST: RESIDENTIAL REAL ESTATE BROKERS 3

