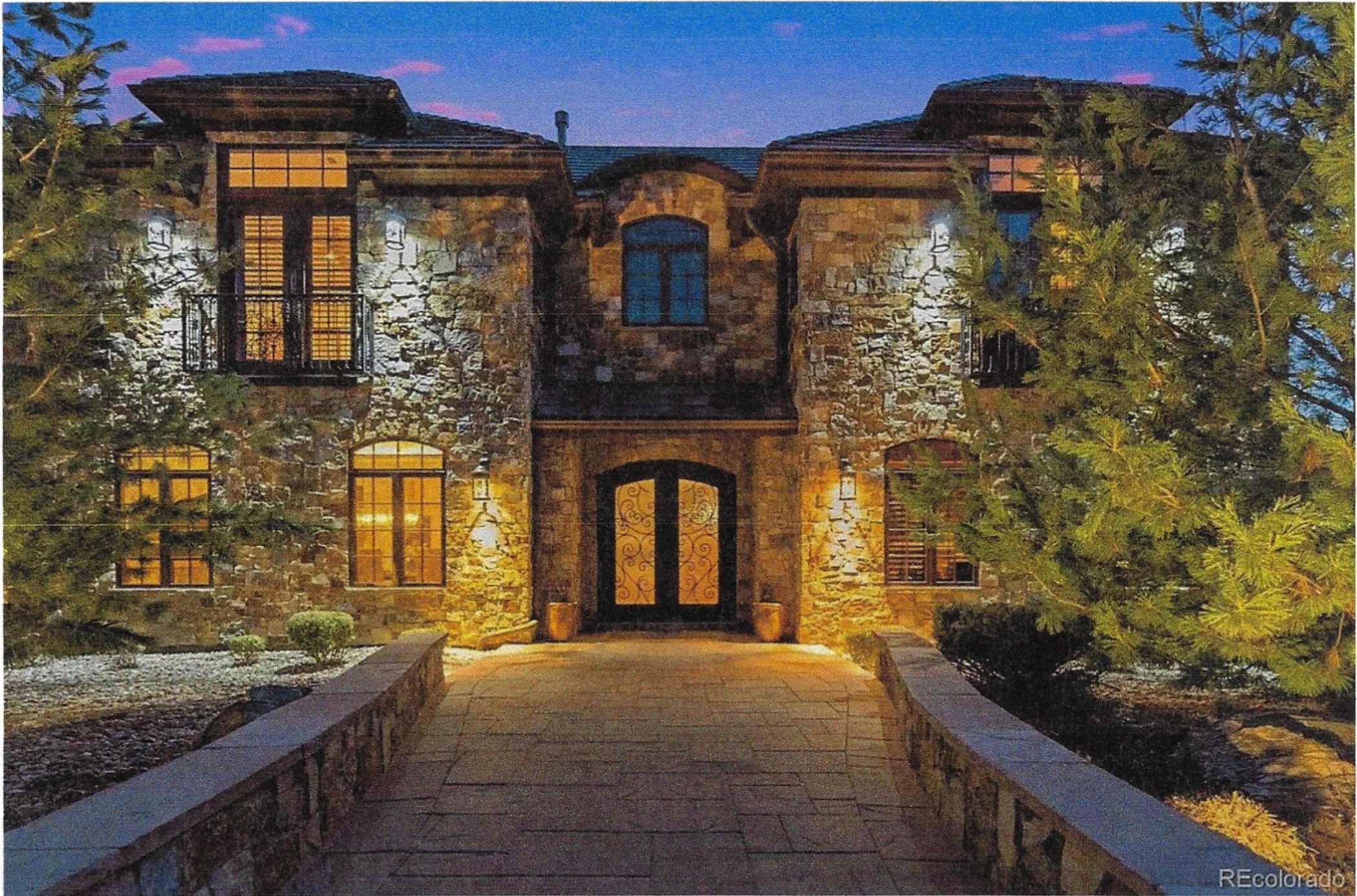


3 cities' 'starter' homes at \$1M

Aspen, Vail, Telluride don't make the cut for most expensive list



Cherry Hills Village has the highest "starter" home prices in the state, surpassing the averages of Aspen and Vail. That reflects the absence of condos and high-end homes on large lots. The home pictured is on East Stanford Avenue in Cherry Hills Village. PROVIDED BY RECOLORADO

BY ALDO SVALDI

ASVALDI@DENVERPOST.COM

Starter homes are well above the \$1 million mark in three Colorado municipalities, and they aren't the places that might immediately jump to mind.

Aspen, Vail and Telluride aren't the most expensive starter home markets in Colorado. Instead, it is Cherry Hills Village, not so much of a surprise, and smaller enclaves like Bow Mar and Columbine Valley, according to an analysis from Zillow, the real estate listing portal and data company.

Zillow defines a starter home in a given city as one in the 5th to 35th percentile in terms of price. It takes an average of that group, which works out to around the 20th percentile, and uses that as the typical price for a starter home. - Note

In Cherry Hills Village, a "starter" home averages \$2.2 million. In Bow Mar, near Littleton and spilling into Jefferson County, it is \$1.64 million. And in Columbine Valley, southeast of Bow Mar and surrounded by Littleton, it is \$1.2 million, according to Zillow. In metro Denver, starter homes average \$405,573.

Nationally, there are 242 cities where the typical starter home is worth more than \$1 million, up from 80 in February 2020, before the pandemic set off a surge in home prices.

California dominates the list with 105 cities having starter homes above \$1 million, up from 52 in 2020. New York, which went from 21 to 41, and New Jersey, which went from 1 to 21, saw the biggest percentage gain.

Colorado went from one to three million-dollar-plus starter home markets of the cities that Zillow tracked.

"The pandemic reset the cost of buying a home, spreading million-dollar starter homes from a handful of coastal states to more than two dozen states across the country," said Kara Ng, senior economist at Zillow, in the report. "But while it may feel like a market of beer tastes at champagne budgets, those million-dollar starter homes are still the exception."

So what would an "entry-level" buyer trying to break in at the \$1 million price point need to earn? Assuming a 10% downpayment, or \$100,000, and given a 30-year mortgage rate at 6.5%, a household would need to make \$210,000 a year, assuming they didn't have a lot of other debt and are working with a lenient lender.

But to avoid being stretched too much, defined as devoting more than 30% of their pay to housing, their income should be closer to \$250,000.

So how is it even possible that it would be easier for an entry-level homebuyer to get a foot in the door in Vail than in Bow Mar? It mostly comes down to the mix of homes and the high level of public support extended in many ski resort communities.

Aspen and Vail, despite their reputation as ritzy housing markets, have enough one-bedroom condos priced below \$1 million to keep them off the list, said Alex Lacter, a communications manager with the Seattle-based company.

Condos represent 54.8% of the homes in Aspen, with one-bedroom condos 16.3% of the inventory, according to Zillow. And while the typical home runs at around \$3.3 million, the typical starter home is \$860,982. - Note

Vail's condo share is just shy of 63%, with one-bedroom units 12.6% of the market. The typical home runs \$1.7 million, but the typical starter home is at \$860,133, nearly as much as Aspen. - Note

That contrasts with Cherry Hills Village, Bow Mar and Columbine Valley, where strict covenants block the development of attached housing. The rules are skewed in favor of large lot single-family homes, and exclusionary zoning makes those communities more homogeneous in terms of their housing stock.

Mountain resort areas, by contrast, are leaders in inclusionary zoning, or trying to provide homes that are affordable across a range of incomes, even though that has become an increasingly difficult task, and often involves the luck of the draw, literally via a lottery.

About 70% of the homes in Aspen that are occupied year-round have some form of subsidization or deed restrictions, according to the Aspen-Pitkin County Housing Authority.

That has allowed the ritzy resort to keep its starter housing stock priced below \$1 million, while also allowing it to have bragging rights to the first home sale in the state to top \$100 million. That \$108 million sale in 2024 took place in the Red Mountain area.

Vail's housing market has a higher share of vacation homes and a lower level of subsidization, with about 12% of homes deed-restricted, meaning there are limits on how much they can appreciate and resell for.

While Vail's homes overall are about half as expensive as those in Aspen, its starter homes are comparable in price because of the smaller share of public subsidization.

