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COLORADO

Home sales fall sharply

Douglas, Larimer, Denver and Adams counties impacted the most

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Douglas County home sales were down 25% on the year in September, marking the biggest decline among Colorado's more populated counties. Statewide, sales were down 14.9% as higher interest rates reduce affordability. This is a view of Denver from Sterling Ranch in Douglas County. HELEN H. RICHARDSON — DENVER POST FILE

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Home sales fell sharply across Colorado last month, with Douglas, Larimer, Denver and Adams counties ground zero for the biggest declines, according to a monthly update from the Colorado Association of Realtors.

Single-family or detached home sales fell 14.9% statewide from August 2025 to August 2026, while pending contracts, a marker of future activity, fell 10.8%. Declines were more pronounced in the Denver metro region, where sales fell 18.7% and pending contracts were down 12.9%.

Detached home sales rose in only 14 of the state's 64 counties, were flat in seven and down in the remaining 43 counties. Much of the weakness is tied to higher mortgage rates, which have reduced affordability.

Among counties with 10 or more detached home sales last month, the biggest percentage declines, at or near 45%, came in Moffat County, in the northwest corner of the state, and in Rio Grande County, west of Alamosa.

Chaffee, Teller, Summit and Otero counties saw a big chill set in on their housing markets, while Prowers, Gilpin and Broomfield counties are retaining positive momentum.

Among the state's more populated counties, the biggest decline at 25.3% came in Douglas County, while Larimer, Denver, Adams and Weld counties saw sales down by about a fifth. Combined, the five counties accounted for nearly three in 10 home sales last month. They are also where most of the state's new home construction is taking place.

Many of the sales closing in September were initiated in July and August, before 30-year mortgage rates spiked to the 7.5% range. That makes even bigger drops in activity likely in the months ahead.

When rates rise sharply, home prices often fall in response. But detached home prices are down only 0.9% over the past year to \$575,000. Median condo and townhome prices are softer, down by 7.1% over the past year to \$395,000.

Grand and Adams counties experienced the biggest percentage declines in attached home closings at 39.1% and 38.6%. Pitkin, Summit, Garfield and Boulder counties experienced condo sales declines in the 29% to 35% range.

"Colorado continues to set a trend for more inventory and less sales, and September was no different. We were up 2.1% on inventory and sales dropped a whopping 13.1% across the Pikes Peak Region," said Colorado Springs-area Realtor Patrick Muldoon in comments accompanying the report.

"The grip sellers once had is now gone, and we are seeing incentives, price drops and homes moving into the rental market," he said. As more frustrated sellers turn their homes into rentals, that is pushing down rents and making it harder for landlords, who are yielding 4.8% on average on their properties, to match the hassle-free 5.2% yield available on a 10-year Treasury.

Despite fewer closings, which should result in a growing backlog of homes needing to find a buyer, the inventory of single-family homes available for sale is down 11.6% over the past year, and down 1.3% for condos and townhouses.

"It is a counterintuitive combination: fewer homes for sale, substantially fewer homes selling, and buyers with increasingly little urgency to act. The imbalance is not being driven by an overwhelming supply of homes, but by demand weakening faster than supply," said Denver Realtor Cooper Thayer in the report.

Thayer said negotiating leverage isn't coming from an overflow of homes on the market, but reduced competition among buyers. And mortgage rates are the key reason more people are getting sidelined.

"Mortgage applications decreased as rates moved higher last week. The 30-year fixed rate was 7.5%, the highest rate since November 2023 and more than a percentage point higher than a year ago," said Joel Kan, deputy chief economist with the Mortgage Bankers Association, in a weekly update.

Despite a population that is nearly one-third larger than it was in 1995, U.S. mortgage applications are back down to the levels seen that year and they are only half of the pandemic peak, noted Nick Gerli, CEO of the Reventure App, which provides detailed real estate market data.

"This demand collapse won't turn around until home prices drop," Gerli predicted.