

Home prices set another record

METRO DENVER

Apartment rents are also on the rise

By Aldo Svaldi

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Metro Denver broke a 20-yearold record for annual home price appreciation in April, and it only took a month to break that new record, according to the S& P CoreLogic Case-Shiller home price index.

Denver's home price index rose 16.2% year-over-year in May, surpassing April's record 15.5% gain. The national index's 16.6% annual gain in May also represented a new record and surpassed April's 14.8% gain.

"A month ago, I described April's performance as 'truly extraordinary' and this month I find myself running out of superlatives," Craig Lazzara, global head of the index investment strategy at S& P DJI, said in comments accompanying the monthly report.

Charlotte, N.C., Cleveland, Dallas, Denver and Seattle all experienced record 12-month gains for home price appreciation in May.

* As much as home prices are rising in Denver, appreciation is even hotter in Phoenix, San Diego and Seattle, which reported home price increases of 25.9%, 24.7%, and 23.4%, respectively.

So does the frothy market mean another housing bubble has formed? Selma Hepp, deputy chief economist at CoreLogic, doesn't think so.

Buyers are in a much stronger financial position than they were 16 years ago, putting more money down and passing tougher mortgage underwriting standards, she said in a blog post.

And excessive construction isn't an issue as it was back then, with new home construction more constrained and the inventory of existing homes for sale at historic lows.

But that doesn't mean the pace of appreciation in Denver and across the country will continue indefinitely.

"Improvements in the availability of new listings will help release the tremendous pressure that competing buyers have put on home prices and home price growth, which is likely to slow by the end of the summer," she predicted.

The bad news for frustrated buyers is that resigning the lease is becoming a less palatable option as rent inflation returns with a vengeance following a stretch of flat or falling rents in many areas during the pandemic last year.

Apartment rents in July rose 11.6% statewide year-over-year, with Denver rents up 8.8%, Parker up 17.3%, Thornton up 16%, and Littleton up 15.4%, according to a monthly survey from Apartment List.

Median apartment rents shot up 3.1% between June and July in Denver, while nationally they rose 2.5% on the month, the survey found.

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