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State's land costs 7th-highest in nation

Residential land values rose 174% from 2012 to 2022, about six times inflation pace

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Colorado homes are so expensive, in part, because the land they sit on has become increasingly valuable, enough to rank the state seventh in the country for its residential land costs.

The lots that Colorado's homes sit on averaged $942,200 per acre in 2022, compared to $343,800 in 2012, according to an analysis from Cinch Home Services, a provider of home warranty and repair services based in Boca Raton, Fla. The value of residential land in Colorado rose 174% in those 10 years, one of the fastest gains of any state.

"America's most expensive land markets are being shaped by intense competition, limited supply, and concentrated pockets of investment. What stands out in this data is just how dramatically prices can climb within a single state," Cinch said in its study.

That was the case in Colorado, where Boulder was the most expensive residential market studied, with an average land value of $1.69 million per acre. Edwards was next at $1.6 million, followed by Denver at $1.2 million.

The study used property values from the Federal Housing Finance Agency for Core-Based Statistical Areas, which have a population of 10,000 or more. That cut-off excludes the state's priciest enclaves like Aspen, Vail and Telluride. The study assumed four residential lots per acre, although developers in Denver are packing them in tighter than that.

At the other extreme were Montrose at $150,100 per acre and Pueblo at $115,200 per acre.

Although the 2022 estimates are somewhat dated, most housing markets in Colorado have seen prices stay stable since that year.

Hawaii had the most expensive residential land of any state at an estimated value per acre of $3.49 million, with Honolulu being the most expensive urban area in the state. California was next at $3.3 million, with Manhattan Beach carrying the highest value. New York was third at $2.98 million per acre, with Brooklyn having the highest residential values.

New Jersey, Massachusetts and Washington were the other states ahead of Colorado in terms of how much residential land cost.

The cheapest residential land was located in Mississippi, a relative steal at $67,300 per acre. West Virginia was also near the bottom at $76,700 per acre.

Colorado ranked seventh among states for the size of its increase of 174%, which tied with Washington. Idaho experienced a tripling of its residential land value in the 10 years studied, while Nevada was close with a 293% increase. Arizona had a gain of 220%, while Florida was up 211% and Utah was up 202%.

Consumer prices in metro Denver rose 27.4% over the same period, indicating that residential land inflation, as captured in the Cinch study, was 6.3 times the rate of overall inflation.

Land has also become a larger share of total property values in Colorado, the study found, rising from around 35% in 2012 to closer to 40% in 2022.