

WELLS
GROUP

REAL ESTATE

REAL ESTATE FORECAST

MARCH 2025



Leading REAL ESTATE
COMPANIES
OF THE WORLD®

OUR OWNERS



Thad Trujillo, Zane Wells, John Wells, and Abbi Munn
(from left to right)

After 25 years of presenting our annual Real Estate Forecast, we have decided to pivot to a published presentation. We hope you find this information useful and pertinent as 2025 holds many changes and uncertainties.

2025 REAL ESTATE OVERVIEW

STABILITY & MODEST GROWTH AHEAD

As we enter 2025, the local real estate market is poised for stability with modest growth. While unpredictability around interest rates persists, economic analysts anticipate two slight reductions in the Federal Mortgage Rates this year. However, mortgage rates are expected to hover around 6% through the remainder of 2025, maintaining a balanced yet cautious market. For both buyers and sellers, it's crucial to understand that while no significant local influences are anticipated, global uncertainties could still introduce some market volatility. Locally, we are seeing inventory growth, which is presenting new opportunities and shifting dynamics in the market. However, there is a continued shortfall in supply, particularly in the non-luxury residential segment, with demand expected to remain strong.

Local Migration Trends & Affordability Challenges

The Durango area is experiencing a noticeable migration of residents to nearby regions, including San Juan County, New Mexico (Aztec and Farmington), and Montezuma County, Colorado (Mancos, Dolores, and Cortez). This shift is primarily driven by lower housing costs and overall affordability. Despite these trends, Southwest Colorado remains a highly desirable location for homebuyers, especially with support from initiatives like HomesFund, which provided over \$4 million in down payment assistance to local residents in 2024. This program continues to play a crucial role in helping buyers overcome financial barriers to homeownership. Additionally, new affordable housing developments are underway, and finding innovative solutions to meet the region's growing demand for accessible housing will be essential in the coming years.

Rising Property Costs: Taxes & Insurance Concerns

Two significant challenges that homeowners are facing in 2025 are increasing property taxes and rising insurance costs. Due to recent catastrophes in California and other areas in the U.S., insurance availability is becoming more limited, with some major carriers reducing their portfolios due to significant losses. Locally, availability of insurance is becoming a concern due to the high risk of forest fires in the region. This, coupled with higher premiums and property taxes, will add to the financial considerations for both buyers and current homeowners.

The Retiree Wave & Lifestyle Influence: A Growing Demand Driver

With over 4 million Americans forecasted to retire in 2025—the largest number in U.S. history—Southwest Colorado is well-positioned to attract new residents. The region has long been a popular destination for second homes and retirement living, and this demographic shift presents excellent opportunities for sellers. A telling sign of this trend is the record-breaking passenger traffic at Durango - La Plata County Airport in 2024, underscoring the region's growing appeal to those seeking the Southwest Colorado lifestyle.

Opportunities for Buyers & Sellers in 2025

For buyers, stable interest rates and rising inventory create a favorable environment for finding the right property. With more options available, buyers have greater flexibility in selecting a home that meets their needs. For sellers, navigating evolving market conditions requires strategic pricing and effective marketing to maximize property value. In this competitive landscape, working with experienced real estate professionals is essential to ensuring informed decisions that align with long-term goals.

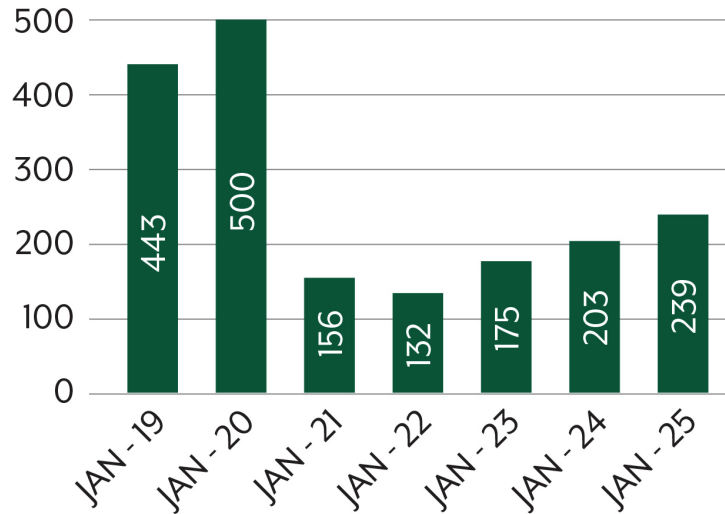
Moving Forward in 2025

As we move through 2025, both buyers and sellers have unique opportunities to capitalize on current market conditions. Staying informed and adaptable will be crucial for navigating the evolving landscape. Whether you're looking to buy or sell in Southwest Colorado, our team is here to provide expert guidance and personalized insights tailored to your needs. Contact us today for a comprehensive market analysis and strategic real estate planning.

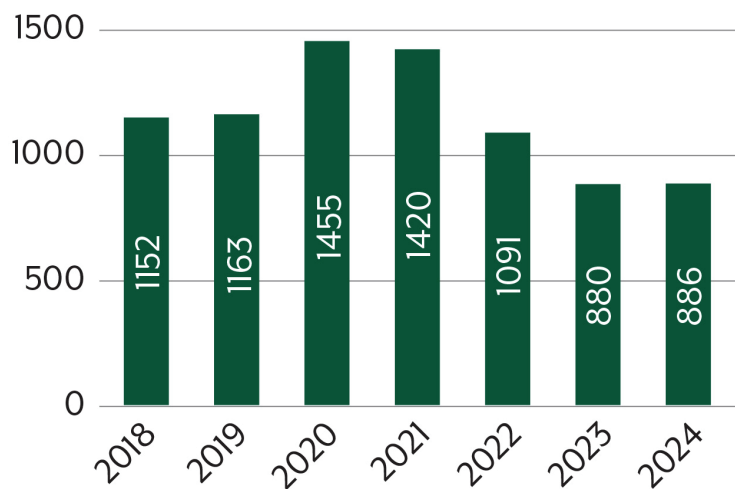
HOUSING SUPPLY & DEMAND

ALL LA PLATA COUNTY - ALL RESIDENTIAL

Supply - All Types for Sale - January



Demand - Annual Residential Types Sale Transactions



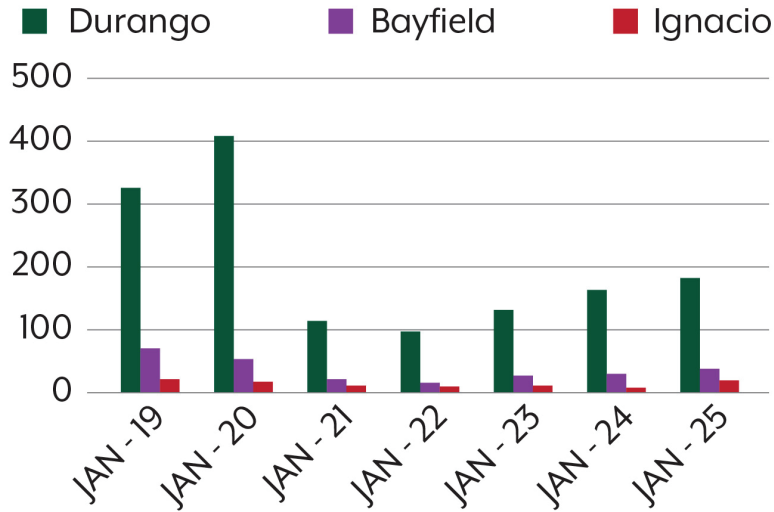
SOURCE: COLORADO REAL ESTATE NETWORK (CREN)

HOUSING SUPPLY & DEMAND

LA PLATA COUNTY - RESIDENTIAL

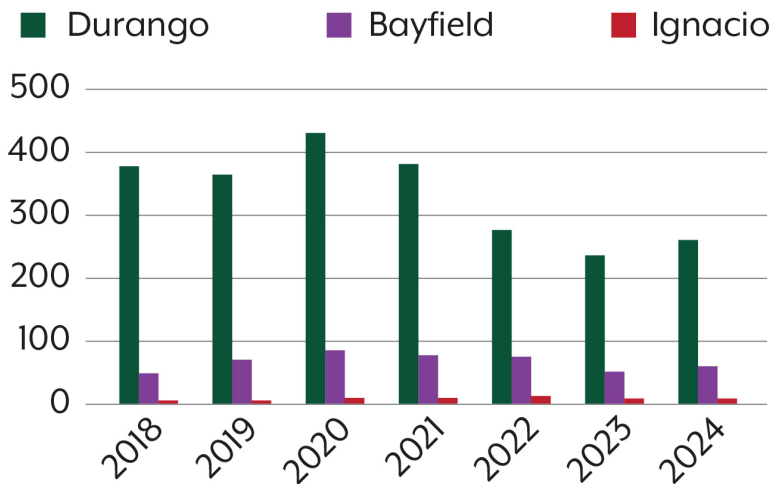
BY CITY/TOWN

Supply - For Sale - January



Supply remains at historic low levels.

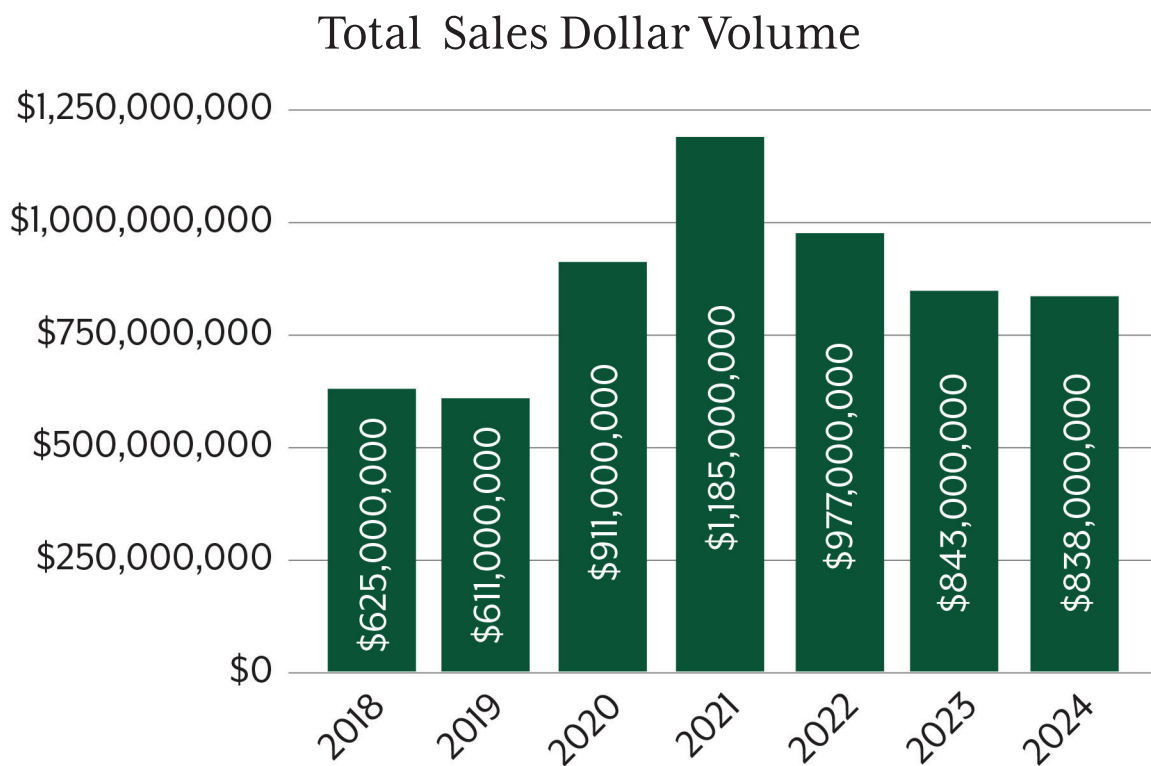
Demand - Sold



Demand continues to outpace supply.

SOURCE: COLORADO REAL ESTATE NETWORK (CREN)

ALL LA PLATA COUNTY SALES RESIDENTIAL, LAND, FARM/RANCH, COMMERCIAL, MULTIFAMILY, TIMESHARE

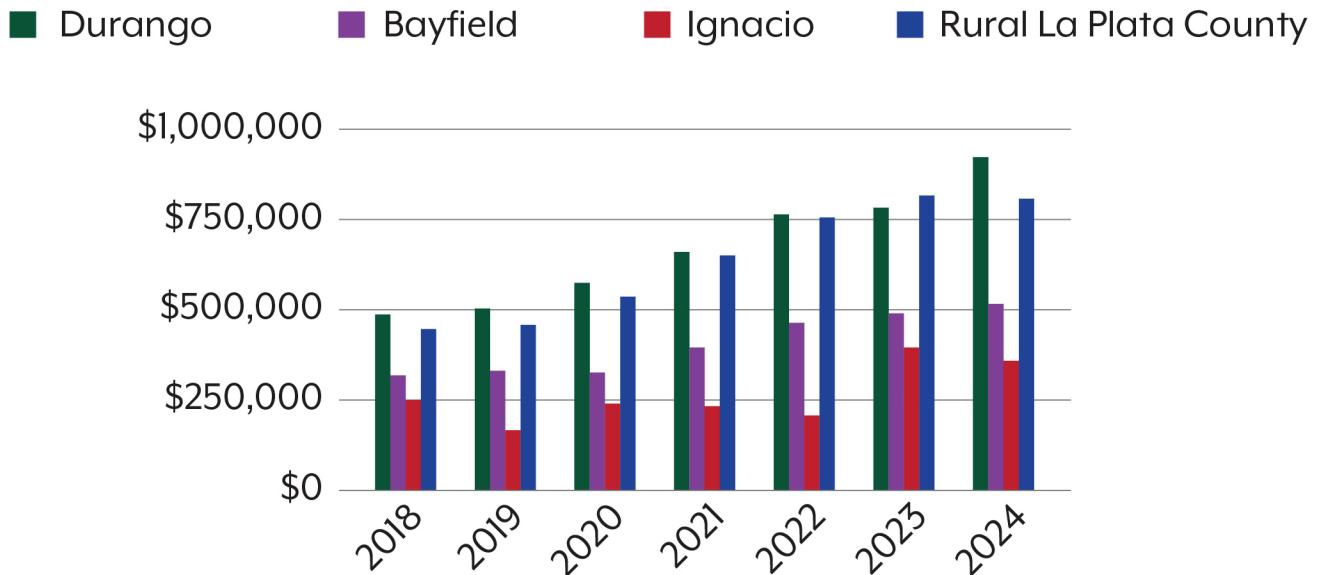


Sales volume stabilizes after height of pandemic “great migration”.

SOURCE: COLORADO REAL ESTATE NETWORK (CREN)

MEDIAN SALES PRICE SINGLE FAMILY HOMES BY CITY/TOWN/AREA

Median Single Family Home Price



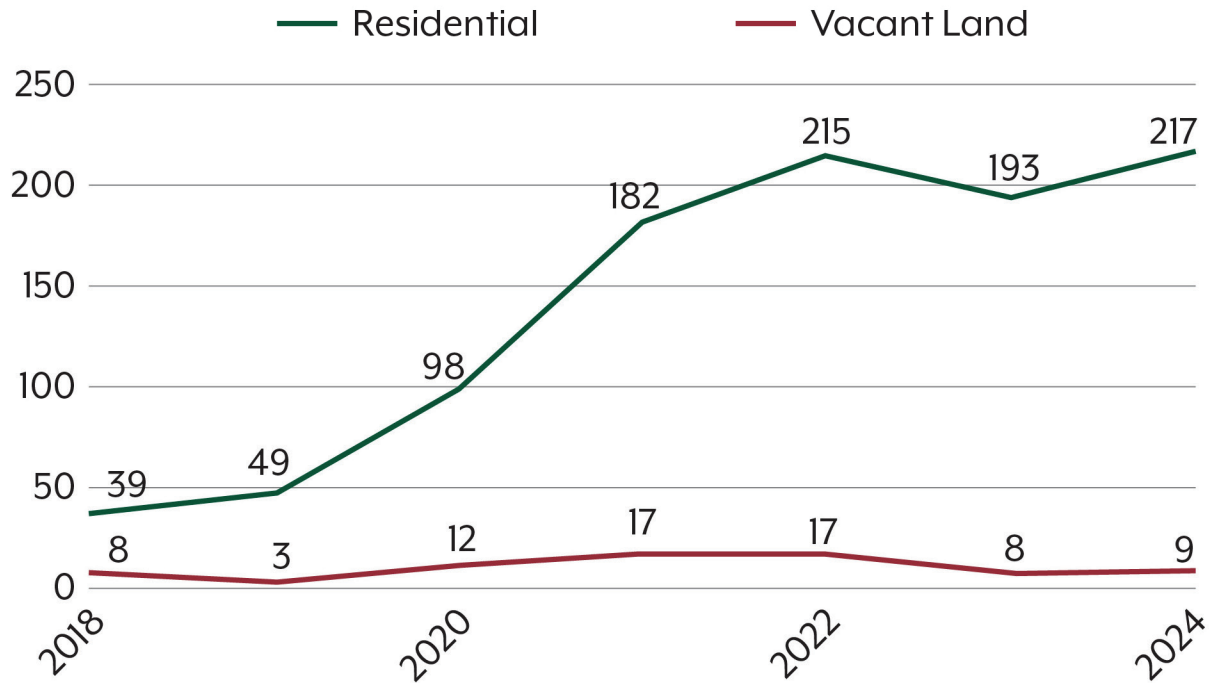
Median prices continues to rise driven by supply & demand.

REAL ESTATE MARKET

LA PLATA COUNTY

RESIDENTIAL & LAND

Real Estate Sales Above \$1,000,000



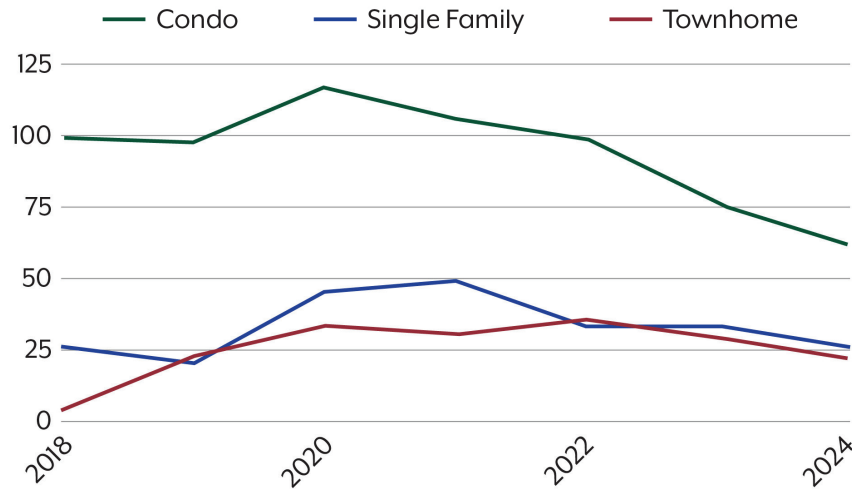
Sales above \$1,000,000 have more than doubled post pandemic.
Limited supply and building costs contribute to this trend.

SOURCE: COLORADO REAL ESTATE NETWORK (CREN)

RESORT/NORTH COUNTY

SINGLE FAMILY, TOWNHOME, CONDO

Real Estate Sales Transactions

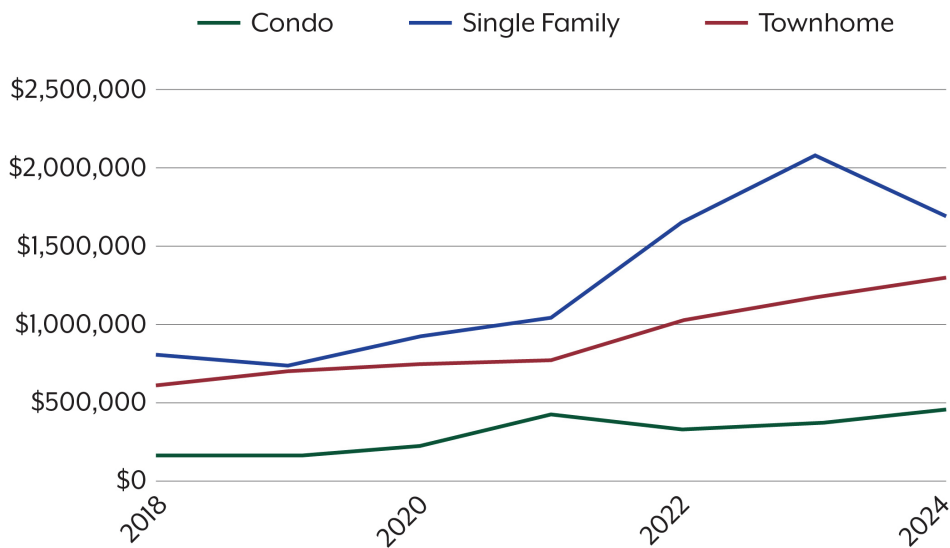


Tamarron units made up an average of 50% of total units sold.

Cascade Village also had a high volume of units sold.

Total single family units sold in this time period was 231, of that approximately 60 were at Glacier Club (~26%).

Median Sales Price



SOURCE: COLORADO REAL ESTATE NETWORK (CREN), AREA: DURANGO MOUNTAIN RESORT, DATE RANGE: 1/1-12/31 (FOR 2018-2024), CLASS: RESIDENTIAL, TYPE: CONDO, TH, STICK BUILT

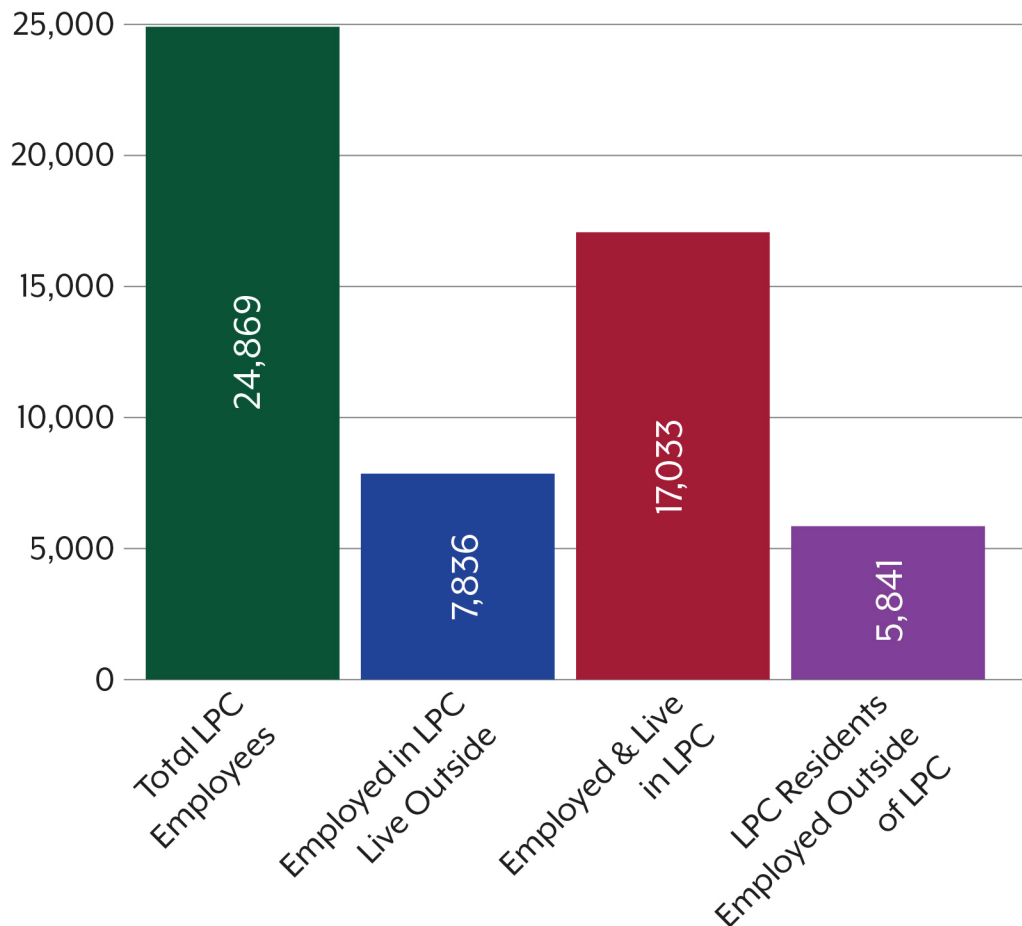
POPULATION GROWTH

Year (July)	City of Durango	Town of Bayfield	Town of Ignacio	Unincorporated Rural County	La Plata County Total
2010	16,889	2,357	699	31,496	51,441
2022	19,458	2,896	851	33,352	56,557
Avg. Annual Population # Change	214	45	13	155	426
2010-2022 Annual % Change	1.19%	1.73%	1.65%	0.48%	0.79%

Population growth has remained below 1% annually,
partially because of housing costs in La Plata County.

SOURCE: DURANGO AREA ASSOCIATION OF REALTORS (DAAR) & BOB ALLEN - ALLEN & ASSOCIATES PROPRIETARY DATA

LA PLATA COUNTY (LPC) RESIDENTS & COMMUTERS INFLOW & OUTFLOW



The net in-migration of workers exceeds those working outside of La Plata County by almost 2,000.

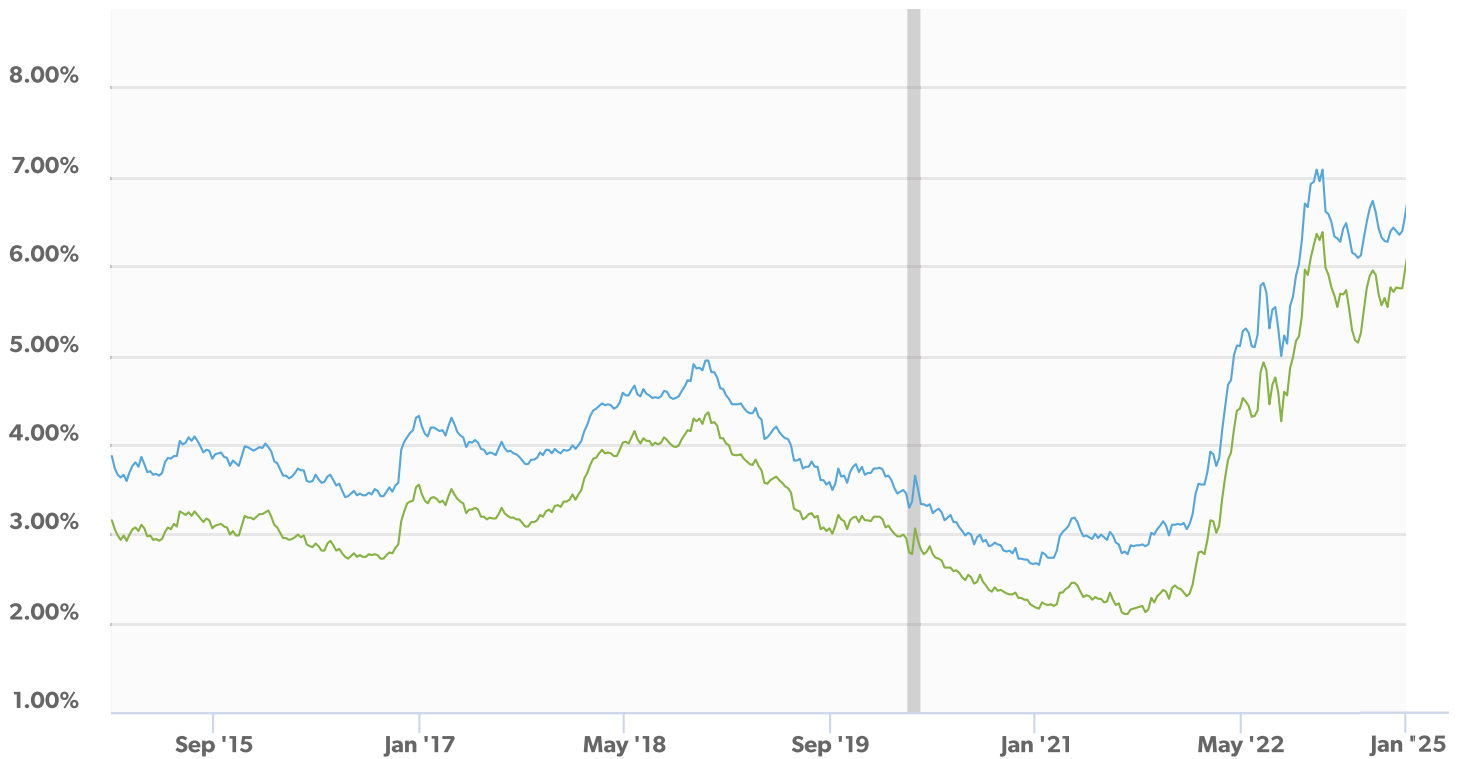
MORTGAGE INTEREST RATES

10 YEAR HISTORY

Primary Mortgage Market Survey®

U.S. weekly averages as of 02/20/2025

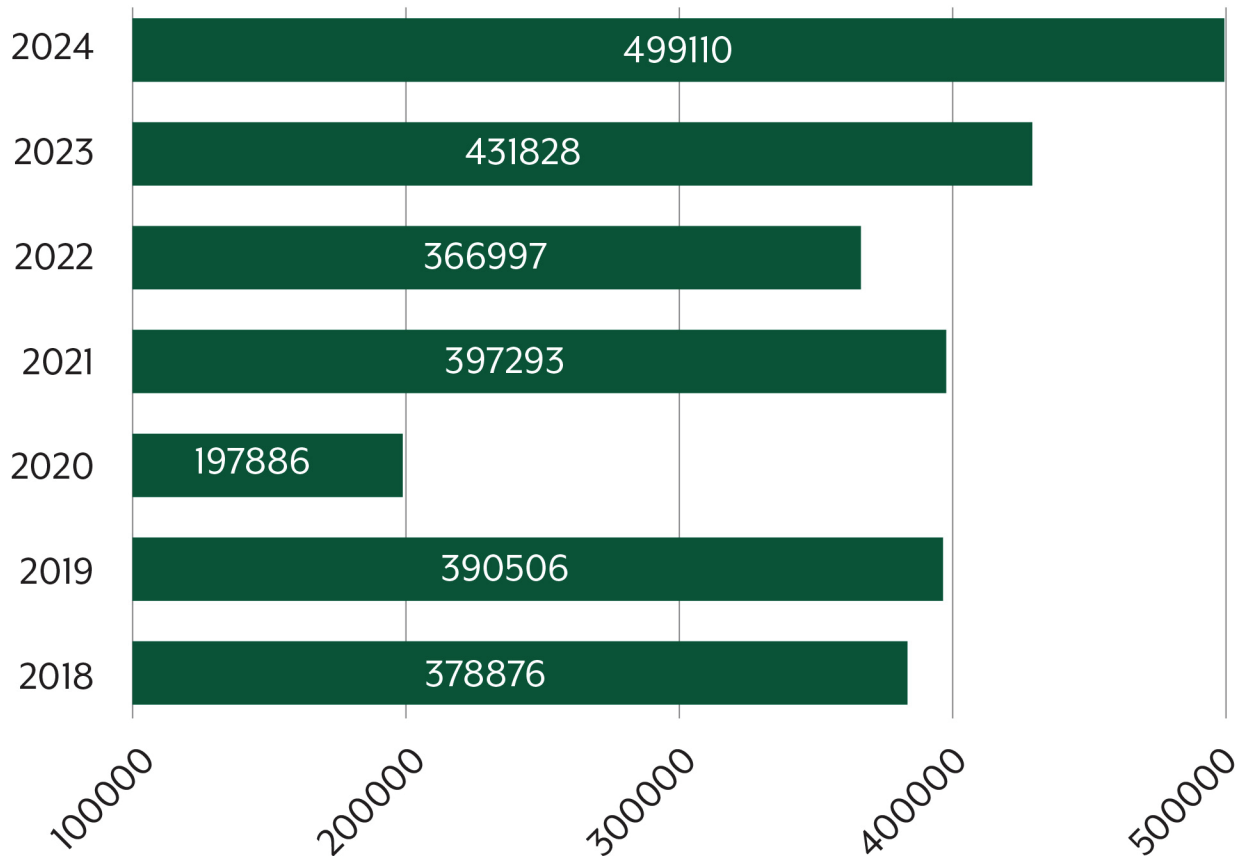
30-Yr FRM	1-Wk change ∨ -0.02	15-Yr FRM	1-Wk change ∨ -0.05
6.85%	1-Yr change ∨ -0.05	6.04%	1-Yr change ∨ -0.25
	4-Wk avg. 6.89%		4-Wk avg. 6.08%
	52-Wk avg. 6.76%		52-Wk avg. 5.99%



Mortgage rates will likely stay in this 6% range for the year.

SOURCE: WWW.FREDDIEMAC.COM/PMMS

DURANGO - LA PLATA COUNTY AIRPORT PASSENGERS



\$7 million Terminal Expansion Phase 1A completed in 2024.

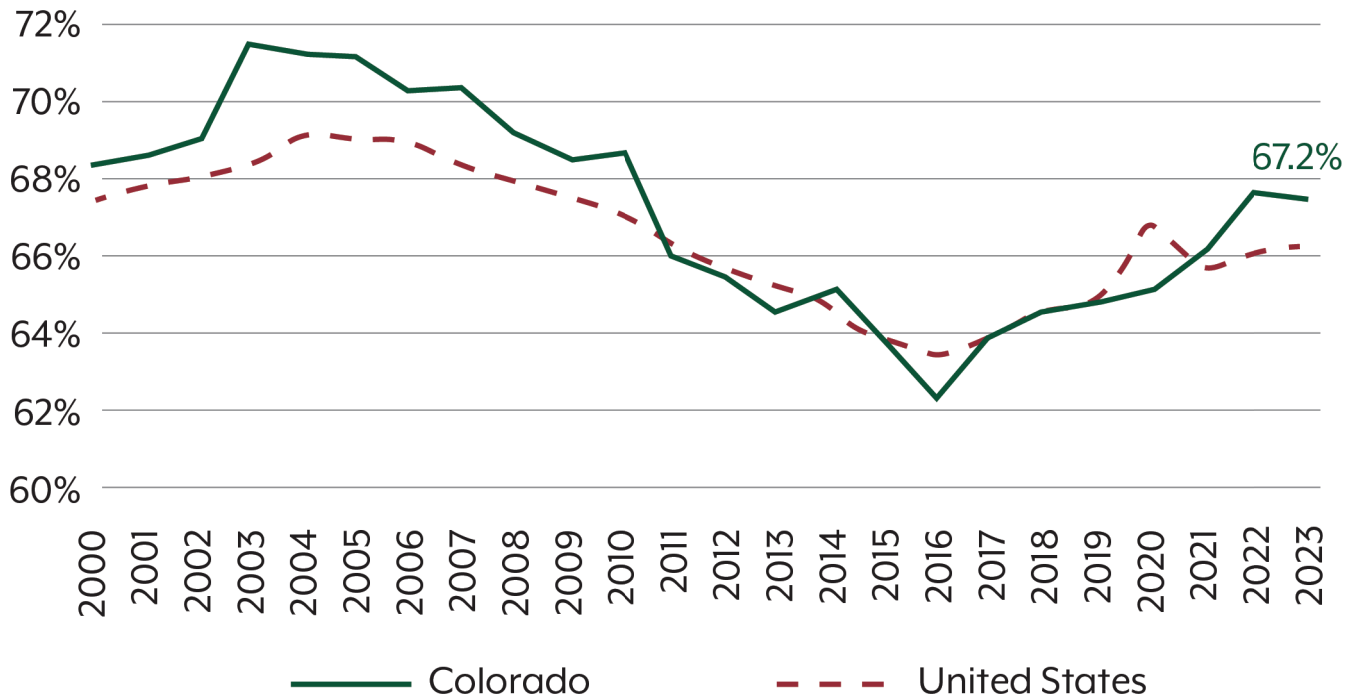
\$28 million Terminal Expansion Phase 1B broke ground in October 2024, with final completion anticipated in early 2027.

276 new parking spaces paved in 2024. 150 new parking spaces set to be constructed in 2025.

COLORADO BY THE NUMBERS

HOMEOWNERSHIP & LA PLATA COUNTY

Homeownership Rate, Colorado vs. U.S.
Annual, 2000 - 2023



Although one and a half year old data,
Colorado has trended above national averages for homeownership.

SOURCE: U.S. CENSUS BUREAU, HOMEOWNERSHIP RATE FOR COLORADO, HOMEOWNERSHIP RATE IN THE UNITED STATES

COLORADO ECONOMIC RANKINGS

Rankings 2008 - 2023	
Metric	15 Year
Real GDP Growth	5
Employment Growth	5
Population Growth	6
Personal Income Growth	3
PCPI Growth	3
Labor % Growth	6
FHFA Home Price Index Growth	1

Rankings 1 Year, 2024		
Metric	Change	Rank
Real GDP Growth	1.6%	41
Employment Growth	2.0%	17
Population Growth	0.6%	39
Personal Income Growth	5.1%	39
PCPI Growth	4.4%	39
Labor % Growth	0.5%	29
FHFA Home Price Index Growth	2.9%	49

2008-2023: Colorado ranked #1 in Home Appreciation Growth across the entire U.S. for 15 years, showcasing exceptional real estate market performance.

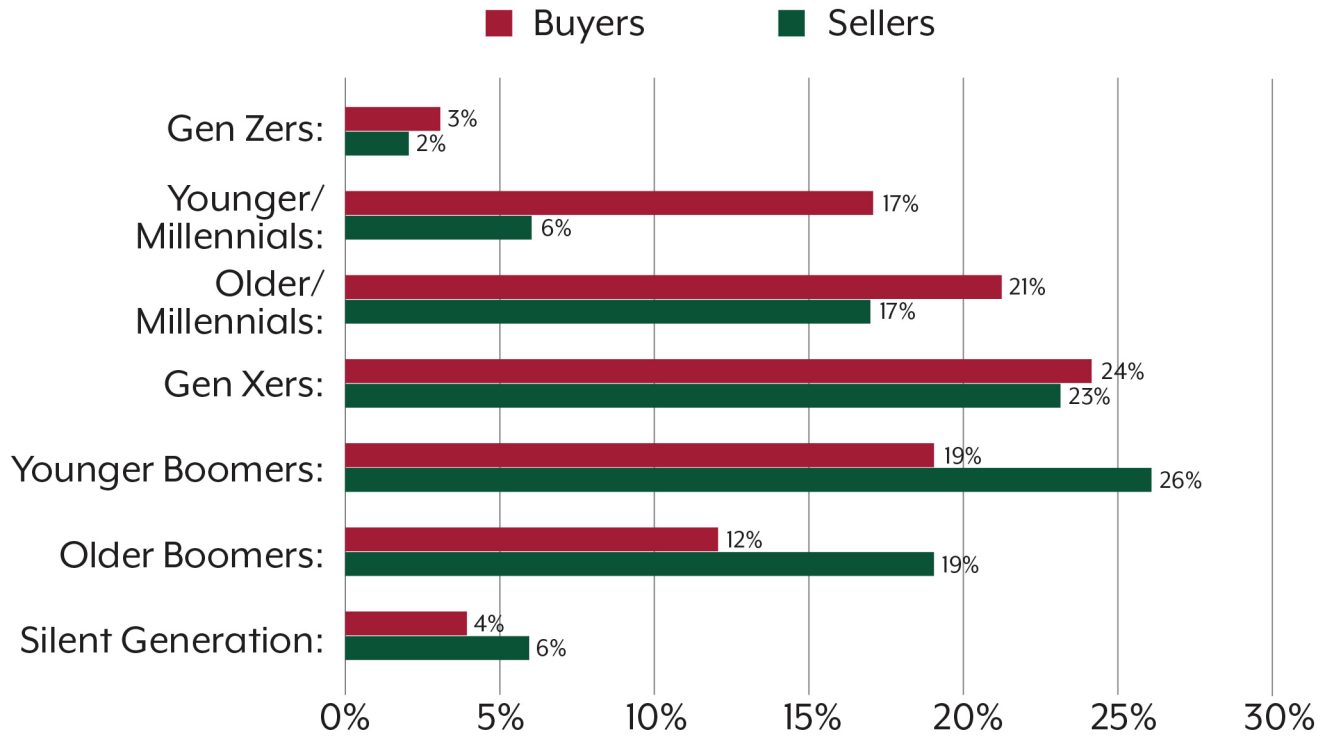
Top 10 Performance: Throughout this period, Colorado's economy ranked in the Top 10 in multiple other metrics, solidifying its position as one of the strongest economies in the U.S.

2024 Shift: Despite continued positive metrics, Home Appreciation Growth in Colorado has drastically dropped to 49th in the nation.

Other Metrics Decline: Colorado's performance in other economic indicators has slipped from the Top 10 to the middle-to-bottom of national rankings, signaling a shift in the state's economic landscape.

COLORADO BY THE NUMBERS

GENERATIONAL IMPACTS



Millennials as the Primary Buyers: Millennials represent approximately 38% of the real estate market in Colorado, making them the largest group of buyers.

Boomers as the Primary Sellers: The Boomer generation accounts for about 45% of sellers in Colorado, reflecting their significant influence on the current market dynamics.

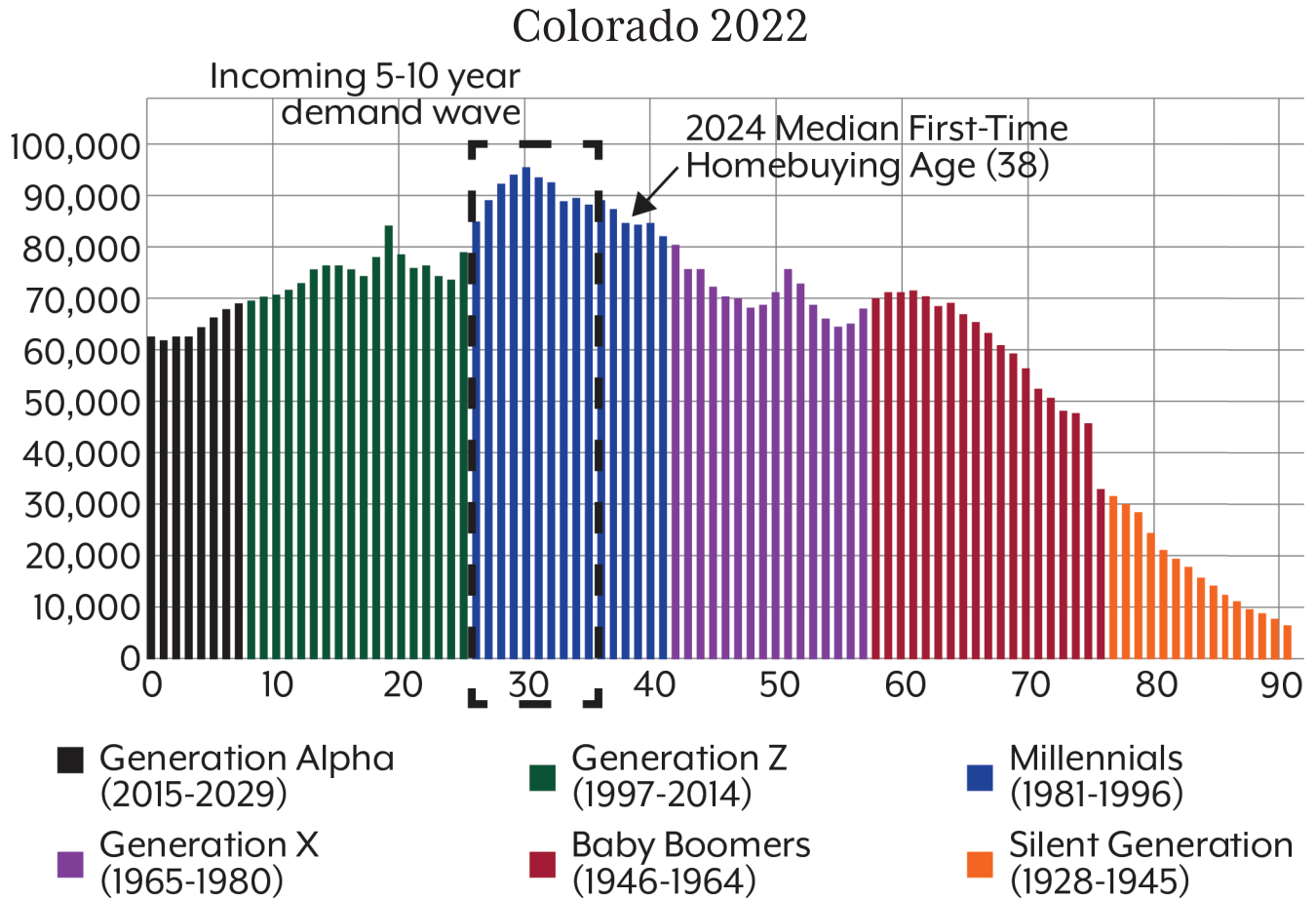
Gen Z & Silent Generation's Minor Role: Both Gen Z and the Silent Generation together make up less than 10% of Colorado's real estate market, playing a smaller role in both buying and selling.

2025 Market Shift: By 2025, the U.S. is expected to reach its peak number of retirees, which could lead to a decline in the overall number of retirees post-2025, potentially shifting the real estate market dynamics.

SOURCE: COLORADO STATE DEMOGRAPHY OFFICE; NATIONAL ASSOCIATION OF REALTORS 2024 PROFILE OF HOME BUYERS AND SELLERS; NATIONAL ASSOCIATION OF REALTORS 2024 HOME BUYERS AND SELLERS GENERATIONAL TRENDS REPORT

COLORADO BY THE NUMBERS

GENERATIONAL IMPACTS CONT.



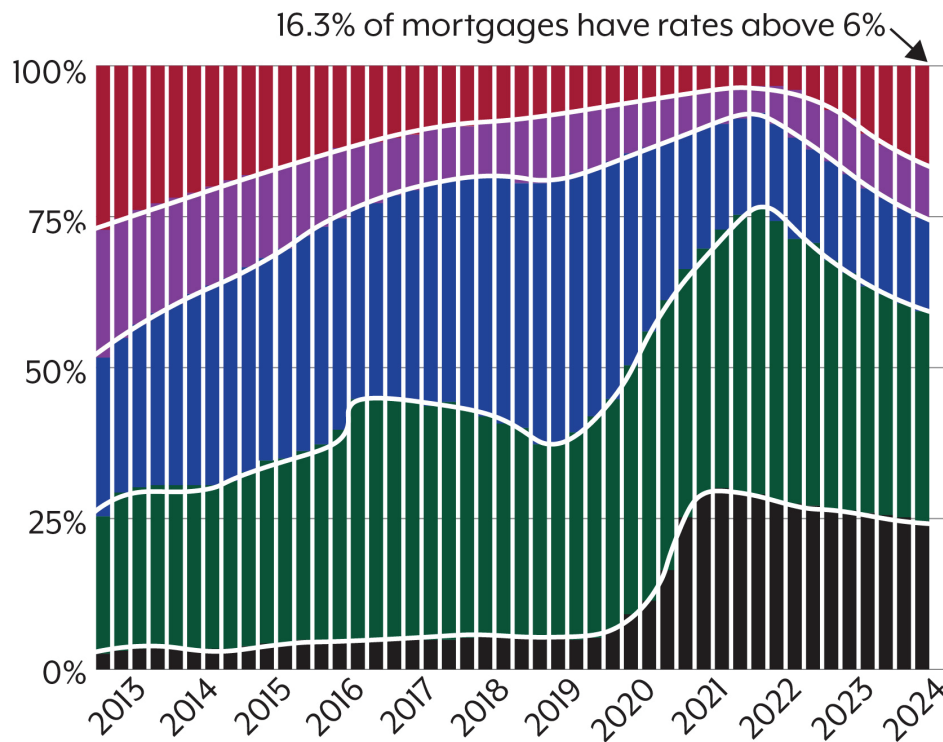
Millennial Market Growth: Over the next 5-10 years, the Millennial generation is expected to increase their 38% share of the buyer market as the median first-time homebuyer age (38) aligns with a large portion of Millennials reaching this age, driving continued demand for homeownership.

2025 KEY AREAS TO WATCH

MORTGAGE RATES (INFLATION)

Outstanding Mortgages by Interest Rate

■ < 3.00% ■ 3.00 - 3.99% ■ 4.00 - 5.00% ■ 5.00 - 6.00% ■ > 6.00%



The average mortgage rate across all outstanding loans is 4.1% compared to the current 30-year fixed mortgage rate of 6.08%.

83.7% of all outstanding mortgages have rates at 6% or lower.

Fannie Mae Economists' Predictions for 2025:

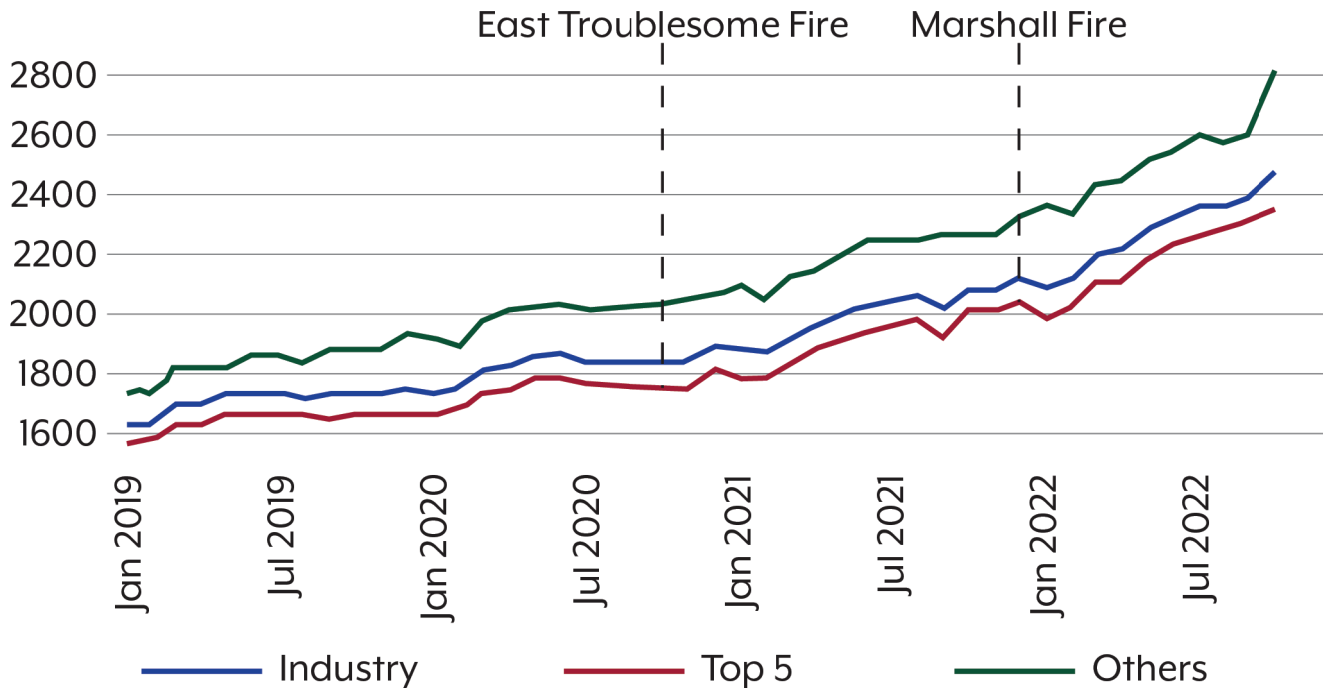
1. Average mortgage rates will decline modestly; but remain above 6 percent, with likely bouts of volatility.
2. Existing homes sales will remain near 30-year lows, but location matters.
3. National home price growth will decelerate.

SOURCE: FEDERAL HOUSING FINANCE AGENCY; FANNIE MAE

2025 KEY AREAS TO WATCH

INSURANCE DRIVING UP OWNERSHIP COSTS

Industry Average Written Premium by Month



Premiums have increased significantly in Colorado over the analysis period, and the pace has accelerated in 2022.

Recent wildfire activity, most notably the East Troublesome & Marshall Fires, appear as inflection points on the graph; each time leading to accelerated growth in average premium charged following the event.

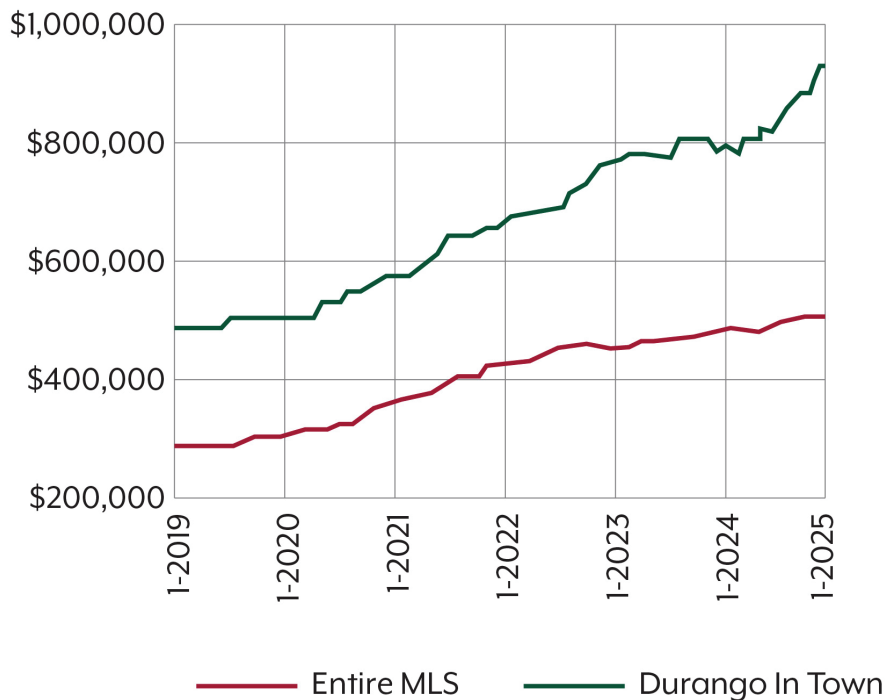
The industry average premium is up 51.7% over the analysis period (46 months), or +11.5% annually. The increase since the beginning of 2022 is 18.6%, or 22.7% annually.

57.9% average increase in homeowners' premium rate in Colorado from 2018 - 2023.

DURANGO/LA PLATA

COOL, CALM, AND COLLECTED

Single Family Homes in Durango “In Town” Performed Exceptionally Well



Year over Year (2024 vs. 2025)

SF Median Close Price: \$925k (+19.0% YOY)

SF Avg List/Close Ratio: 98.4% (+0.5% YOY)

SF Avg Time on Market: 67 Days (-8.2% YOY)

New Listings: 1,318 (+7.9% YOY)

Sold Listings: 888 (+1.7% YOY)

Median Close Price: \$673.5k (+2.8% YOY)

Average Time on Market: 98 Days (+12.9% YOY)

SOURCE: COLORADO REAL ESTATE NETWORK (CREN); SHOWINGTIME PLUS, LLC

HOMESFUND

HOMEBUYER ASSISTANCE PROGRAMS



HomesFund has helped **443** households purchase a home!

Helping Local Workers/Local Residents with

Pre-purchase Housing Counseling - Homebuyer Education and Down Payment Assistance since 2009. Working in La Plata, Archuleta, Montezuma, San Juan, and Dolores Counties.

HUD & CHFA-approved Homebuyer Education Classes

Held monthly at Fort Lewis College - 8-hr in-depth class reviewing all steps and responsibilities of homeownership.

HUD Certified Pre-purchase Housing Counselors

Meet with clients and review: credit, income, household budgets, cash position, mortgage readiness, and down payment assistance eligibility.

Down Payment Assistance Loans

From \$30,000 up to \$125,000 depending on individual circumstances.

2 Loan Structures - Shared Appreciation/No Payments - OR - Amortizing with monthly payments.

HomesFund is the recipient of a **\$3.545 million dollar Prop 123 Grant** to help First Time Homebuyers in Southwest Colorado - proceeds from a voter initiative to support affordable housing.

Other programs include:

20% down payment low-interest rate for the construction of mobile or modular homes
Low-interest rate 1st mortgage for non-conforming properties

SOURCE: PAM MOORE, HOMESFUND

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