

Market Analysis Outline

Executive Summary Complete Market Analysis:

The overall national economic sentiment is healthy. GDP is increasing, employment remains very tight, inflation is moderate, and the only visible issue on the horizon is the rise in the federal funds rate which will continue to add pressure to the mortgage rates. This could cause an affordability problem down the line as buyers' ability to pay, and seller's expectations do not match up, putting pressure on residential housing prices in 2019. Time will tell for each market how significant this is based on the demand of those markets.

My chosen state to focus on is Colorado based on having the #1 long-term growth market in the country as well as healthy economic factors across the board. The top county I will focus on will be Denver as it was consistently ranked number 2 for both valuations and economic drivers. However, I will likely look for opportunities in Weld County as well which ranked #1 for economic drivers, especially in the 80631 zip code.

The top zip codes I am going to focus on within Denver County are 80247, 80219, and 80223. Each has strong demand growth and a shortage of supply along with solid 5 and 10year valuation growths. 80247 doesn't have any identified Zillow neighborhoods, so I will focus on the entire zip code for singles and mainly looking to rental properties given 63% are renters with only 19% families and 1.9 members in the average household. For zip-codes 80219 and 80223 I'm going to focus on Villa Park, Mar Lee, Ruby Hill, and Athmar Park. Strong 5 and 10year valuations along with average household sizes at 3+, healthy overall Niche grades for Public Schools and Good for Families make these markets my focus neighborhoods for single-family homes or larger rental units.

Market Analysis Summary Table

Home Valuation Summary		A.MoM	A.QoQ	YoY	5Year	10Year	Ave. Home \$	Rent Inc.	Rank Rent	LT Mrkt	Values
State	Colorado	-0.7%	0.2%	6.3%	9.5%	5.1%	\$364,600			1	7.3%
County	Denver	0.9%	-1.0%	7.0%	10.9%	6.5%	\$413,500	2.0%		2	8.7%
Zip Code 1	80247	2.1%	2.5%	11.5%	15.7%	7.8%	\$229,700	1.6%	5	4	11.7%
Zip Code 2	80219	0.4%	0.1%	12.3%	16.5%	8.6%	\$313,800	2.4%	1	1	12.5%
Zip Code 3	80223	0.4%	-1.2%	8.5%	15.6%	8.3%	\$326,800	2.3%	2	2	12.0%
Neighbor1	Zip Code 80247	2.1%	2.5%	11.5%	15.7%	7.8%	\$229,700	1.6%	6	1	11.7%
Neighbor2	Villa Park	-2.1%	1.1%	14.7%	20.1%	11.1%	\$336,300	2.1%	5	8	-0.5%
Neighbor3	Mar Lee	1.5%	0.0%	10.8%	16.3%	8.1%	\$315,000	1.4%	7	4	0.8%
Neighbor4	Ruby Hill	1.1%	-0.5%	7.5%	17.2%	8.5%	\$319,200	3.8%	3	5	0.3%
Neighbor5	Athmar Park	2.6%	-0.2%	12.3%	16.8%	8.8%	\$322,200	0.9%	9	3	1.2%

State Economics	Employment	Population	Wage Growth	Rank	Top Industry	Weighted Score
Colorado	2.8%	4.4%	3.4%	2	1012 Construction	5.8%

County Economics	HH Formations Growth	Employ. Growth	Pop. Growth	Wage Growth	Weighted Rank	Top Industry	Weighted Score
Denver	3.9%	2.3%	2.6%	6.5%	2	1026 Leisure and hospitality	3.1%

Zip Code Economics	Average	80247	80219	80223
City Name	Average	Denver	Denver	Denver
Population Growth	5.9%	13.9%	1.9%	1.8%
Unemployment Rate	4.1%	4.0%	4.5%	3.9%
Average AGI (Adjusted Gross Income)	1.5%	1.9%	0.7%	2.0%
Household Affordability	\$1,012	\$1,187	\$804	\$1,045

Demand vs. Supply Analysis based on Population Growth				
Current Housing Demand	16,476	19,749	21,883	7,796
Current Housing Supply	14,751	15,258	21,399	7,597
Current Housing Shortfall/ (Oversupply)	11.4%	29.4%	2.3%	2.6%
Annual New Housing Needed	1,104	2,753	417	142
Rental Housing	672	1,735	204	77
Owner Occupied Housing	432	1,019	213	65
Annual New Homes being Added	17	11	0	40
Shortfall/ (Oversupply)	1,087	2,742	417	102
New Homes % Shortfall/ Oversupply	7.1%	18.0%	1.9%	1.3%

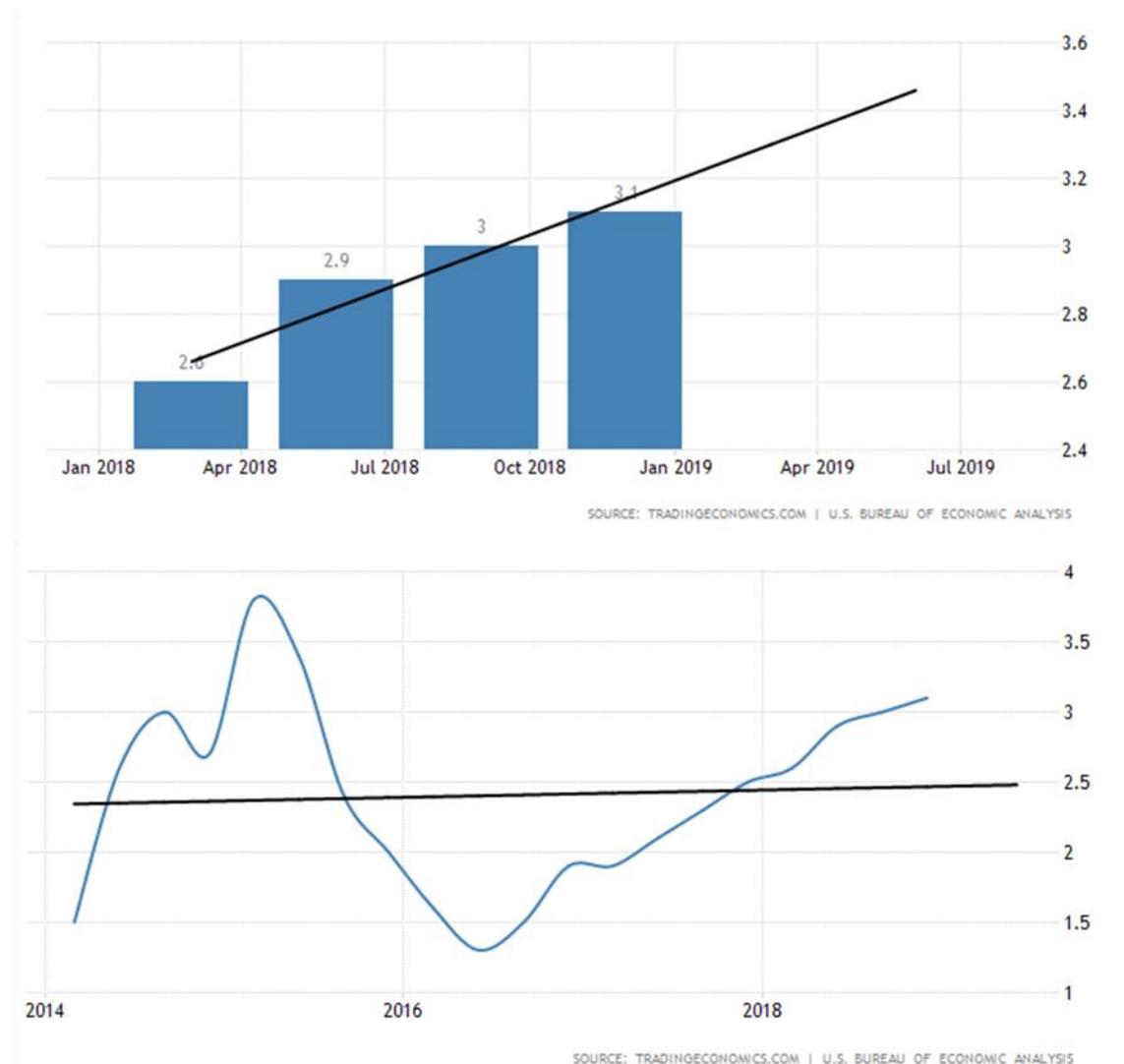
Neighborhood Economics	Average	Zip Code 80247	Villa Park	Mar Lee	Ruby Hill	Athmar Park
City Name	Average	Denver	Denver	Denver	Denver	Denver
Population	14,477	28,940	9,349	12,851	11,574	9,669
Households	5,852	15,215	3,009	4,102	3,910	3,024
Renter Demand	3,229	9,596	1,774	1,658	1,877	1,239
Owner Demand	2,634	5,636	1,233	2,487	2,033	1,783
Median household income	\$39,273	\$39,838	\$34,411	\$44,405	\$34,004	\$43,705
Household Affordability	\$982	\$996	\$860	\$1,110	\$850	\$1,093

Demand based Desirability Traits						
Renter vs. Owner Residences %	Renters 50%	Greatest % Renters		Greatest % Owners		
		63%	59%	40%	48%	41%
Percentage of Family Households	Family Households 31%	37%	41%	60%	52%	59%
		Singles Dominant Average Households		Average Households		Average Households Average Households
Overall Niche Grade	B	A	B-	B-	C+	B-
Overall Public Schools Grade	C+	A	C+	C	C	C
Best Elementary	Challenge School s Elbert Elementary sris Elbert Elementary Scis Elbert Elementary Ss Elbert Elementary S					
Best Middle School	Challenge School st: Byers Middle Schössst: Byers Middle Schoost: Byers Middle Schost: Byers Middle Sch					
Best High School	Cherry Creek high Sc Dsst: Stapleton high Dsst: Stapleton high Sch Dsst: Stapleton high S Dsst: Stapleton high					
Overall Crime & Safety Grade	C+	C	C+	C	C	C

National Trends: Here's what's going on with the world bigger picture. How do the forecasted trends impact your investment(s)?

Summary: GDP is expected to increase into 2019 though moderating slightly from previous expectations and unemployment is expected to condense further by the end of the year and for the foreseeable future. Inflation is on the decline moderating to 2.3% for 2019 while interest rates and the 10yr note are both headed upwards. With the 10yr rate expected to hit 3.51% by the end of 2019 which could easily push 30yr mortgages close to 6%. As a result, we could see a stall-out in the market place to sell houses in 2019 as seller expectations may not match buyer's affordability.

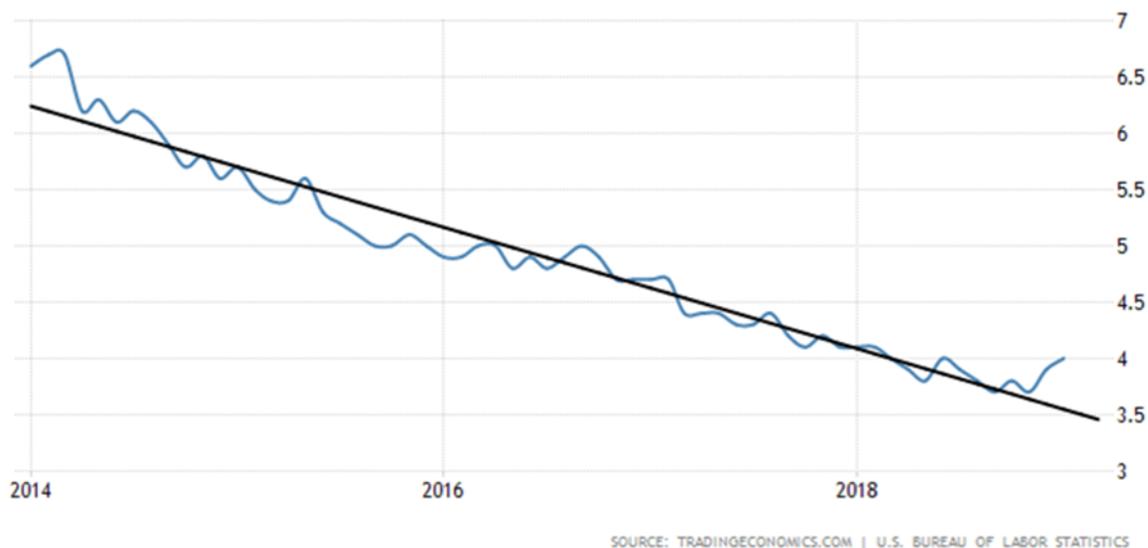
GDP: <https://tradingeconomics.com/united-states/gdp-growth-annual>



Livingston Survey Commentary: (<https://www.phil.frb.org/research-and-data/real-time-center/livingston-survey/>)

“The forecasters, who are surveyed by the Federal Reserve Bank of Philadelphia twice a year, project that real GDP will grow at an annual rate of 3.0 percent in the second half of 2018. They see growth of 2.4 percent (annual rate) in the first half of 2019 and 2.3 percent (annual rate) in the second half of 2019. Compared with the June survey, these projections mark downward revisions for the second half of 2018 and first half of 2019.”

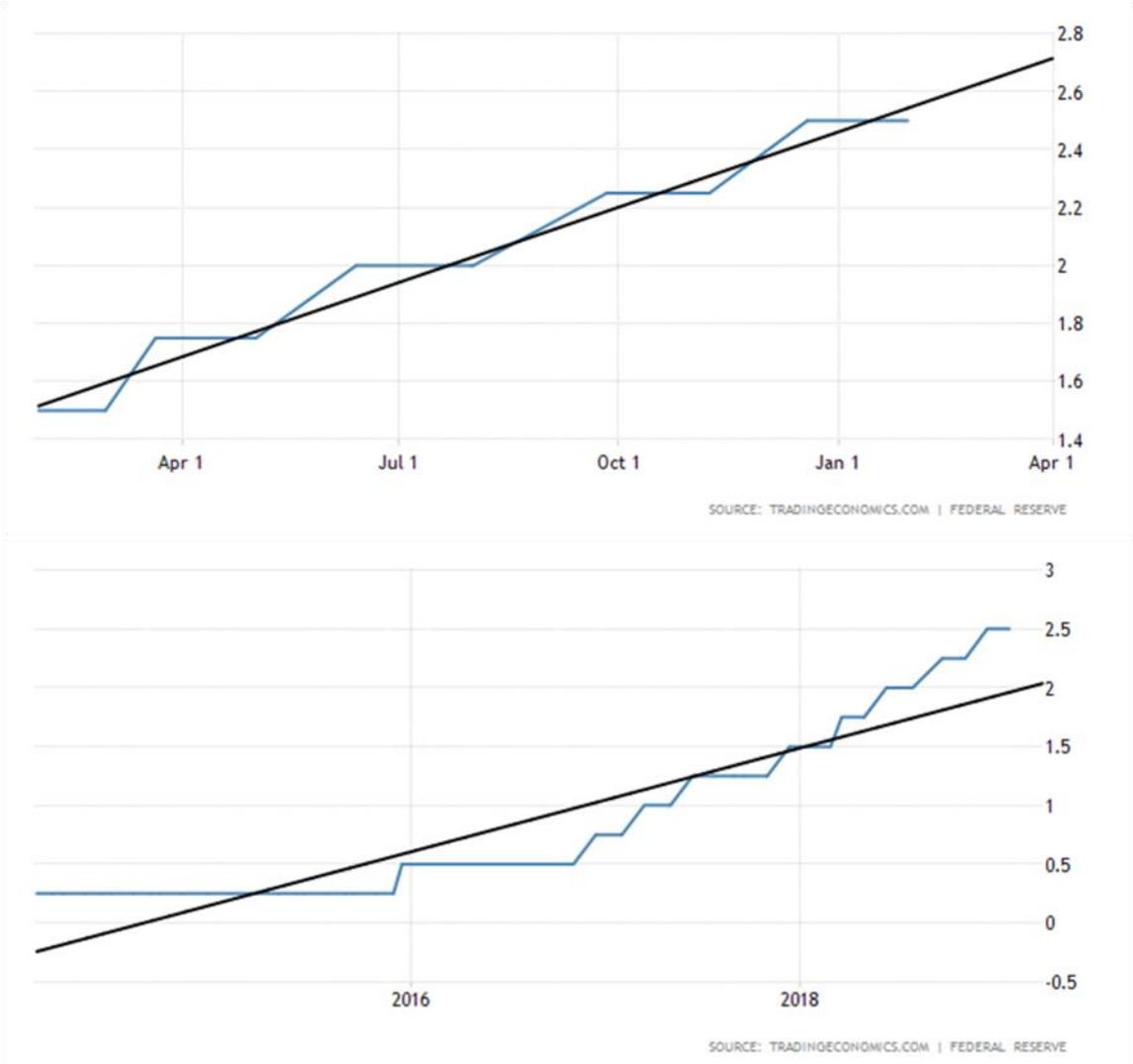
Employment <https://tradingeconomics.com/united-states/unemployment-rate>



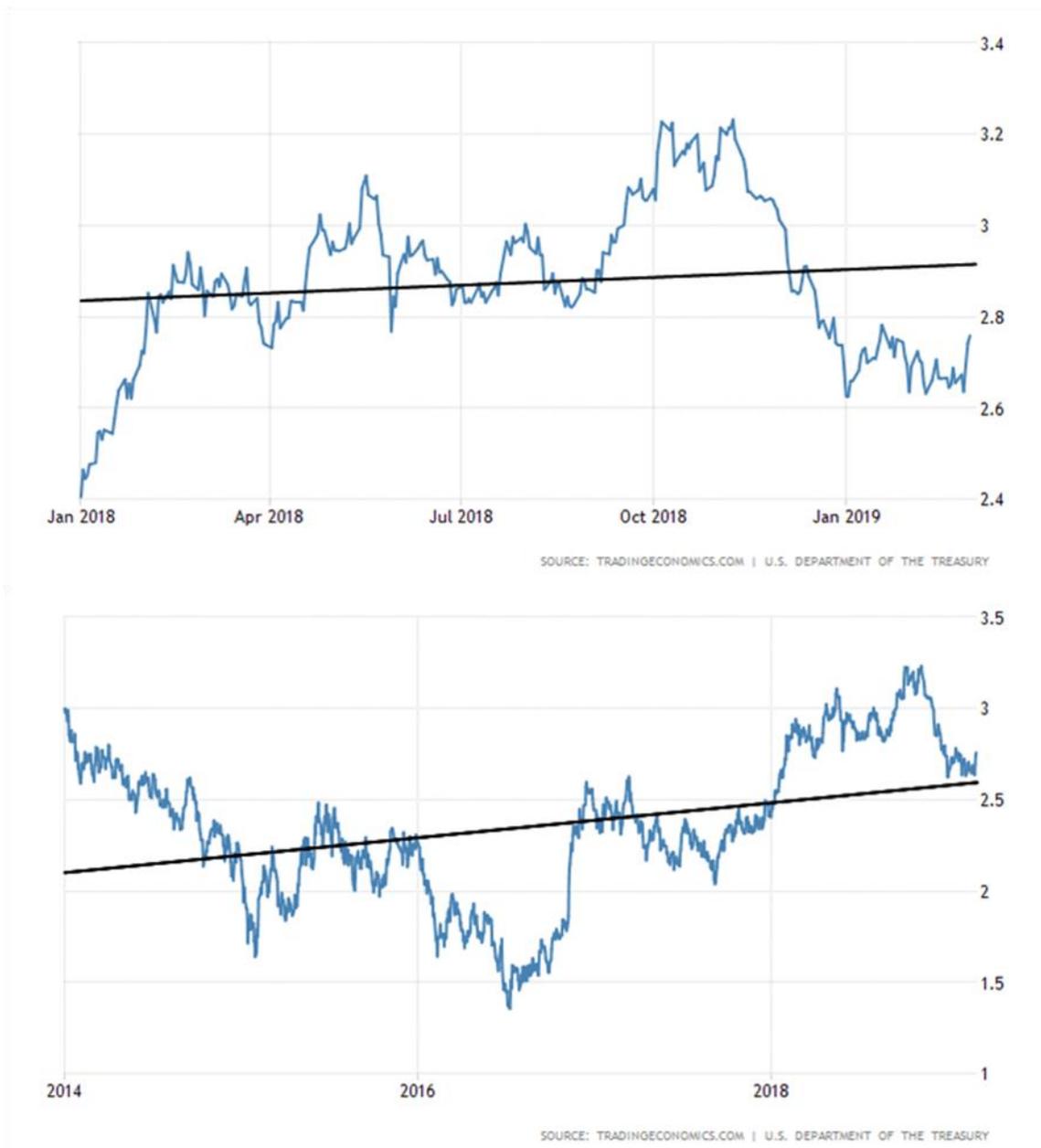
Livingston Survey Commentary: (<https://www.phil.frb.org/research-and-data/real-time-center/livingston-survey/>)

“The forecasters peg the unemployment rate in December 2018 at 3.7 percent (note that the forecasts were submitted before the December 7, 2018, employment report). The unemployment rate is predicted to be 3.5 percent in June 2019 and to remain steady at 3.5 percent in December 2019.”

Interest Rates <https://tradingeconomics.com/united-states/interest-rate>



10yr Treasury Rates <https://tradingeconomics.com/United-States/government-bond-yield>

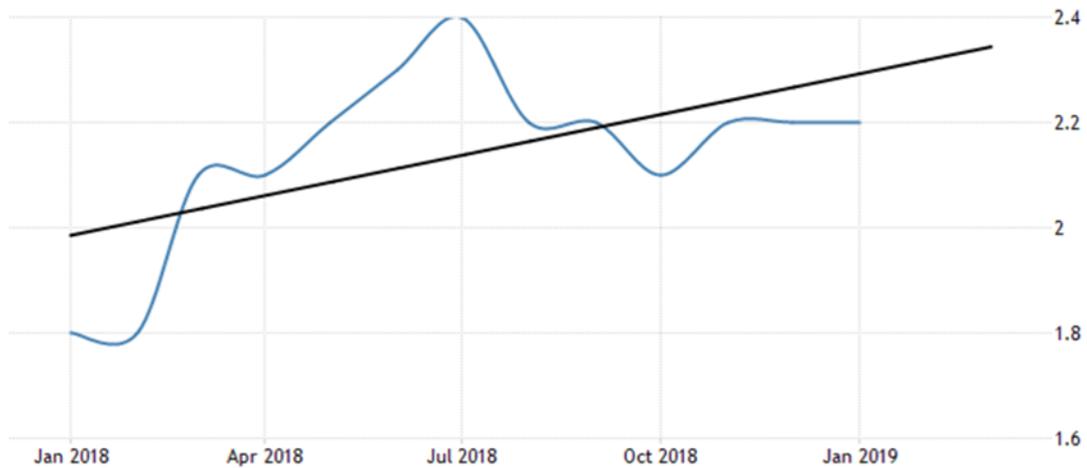


Livingston Survey Commentary: (<https://www.phil.frb.org/research-and-data/real-time-center/livingston-survey/>)

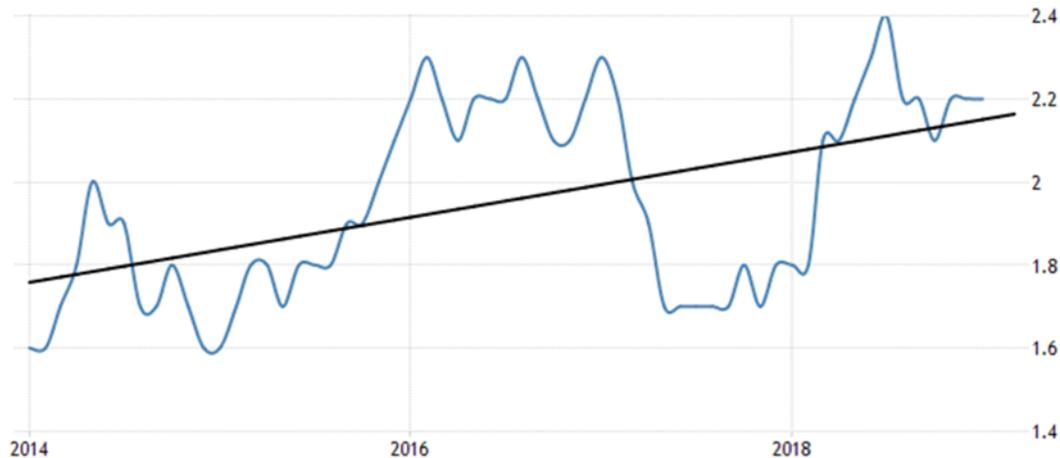
“Stronger Outlook for Short-Term Rates but Weaker Outlook for Long-Term Rates

At the end of December 2018, the interest rate on three-month Treasury bills is predicted to be 2.45 percent. The forecasters predict that the three-month Treasury bill rate will be 2.80 percent at the end of June 2019 and 3.01 percent in December 2019. The rate is expected to be 3.00 percent in 2020. The interest rate on 10-year Treasury bonds is predicted to be 3.20 percent at the end of December 2018, down from the previous estimate of 3.25 percent. Additionally, the forecasters predict the 10-year rate will be 3.42 percent at the end of June 2019 and 3.51 percent in December 2019. The forecasters expect the rate to be 3.55 percent in 2020.”

Inflation: <https://tradingeconomics.com/united-states/core-inflation-rate>



SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS



SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

Livingston Survey Commentary: (<https://www.phil.frb.org/research-and-data/real-time-center/livingston-survey/>)

"CPI Inflation Projections Hold Steady, While PPI Projections Strengthen On an annual-average over annual-average basis, CPI inflation is expected to be 2.5 percent in 2018 and 2.3 percent in 2019. The 2018 projection has been revised downward by 0.1 percentage point from that of the June survey, while the 2019 prediction remains unchanged. CPI inflation is expected to decrease slightly to 2.2 percent in 2020. PPI inflation is expected to be 3.2 percent in 2018 and 2.5 percent in 2019. The 2018 projection is 0.2 percentage point higher than the estimate from six months ago, while the 2019 projection is up 0.5 percentage point from six months ago. PPI inflation is expected to be 2.1 percent in 2020."

Other Great Free National Resources:

[Monthly Econ. Forecast](#) (Quantitative and Qualitative Publication)

[Survey of Pro Forecasters](#) (Forecast)

State Trends:

Summary: At this point in the analysis two states are rising to the top of my opportunity list with both Colorado and Nevada. Colorado has a stronger long-term trend and stability in home valuations, but Nevada has better economic factors. However, they are both the number one and two positions of each category. As such, I am going to review both in the county section next to see which has the best opportunity in the local markets.

Home Value appreciation trends:

Of my top 5 states, ONLY New Mexico is seeing a short-term price appreciation (Mississippi is #1 in the country). However, THE top state in the country from the 10yr growth perspective and number 3 in the country for 5year growth is Colorado. While the state is in a Short-term projected “softening” of the market, long-term, it looks to have staying power.

State	A.MoM	A.QoQ	YoY	5Year	10Year	Ave. Home \$	LT Mrkt	Values
National Ave.	-1.1%	2.0%	6.5%	6.2%	1.8%	\$216,700		
Minnesota	-2.1%	-1.1%	5.2%	6.5%	2.0%	\$225,100	4	4.3%
Colorado	-0.7%	0.2%	6.3%	9.5%	5.1%	\$364,600	1	7.3%
California	-0.2%	0.9%	6.1%	7.4%	3.2%	\$539,400	3	5.3%
New Mexico	0.0%	3.5%	6.9%	3.9%	0.2%	\$186,600	5	2.1%
Nevada	-1.3%	3.4%	11.2%	10.6%	2.2%	\$275,200	2	6.4%

Economic Analysis:

Of my top 5 states, Nevada ranks number 1, outpacing all the other states listed with clear upside on their wage growth. This could add serious legs to their home valuations. However, Colorado came in number two here on the economic factors which mean the two states just flip-flopped and are both interesting at this point in the valuation.

State	Weighting			Rank	Top 5 Growth Industry	2yr Ave. Annual Growth	Weighted Score
	50%	30%	20%				
	Employment	Population (3yr Projected)	Wage Growth (3yr Projected)				
Minnesota	1.1%	2.4%	1.7%	4	1025 Education and health services	2.7%	1.6%
Colorado	2.8%	4.4%	3.4%	2	1012 Construction	5.8%	3.4%
California	1.6%	1.4%	2.5%	3	1025 Education and health services	3.3%	1.7%
New Mexico	1.5%	0.2%	-0.2%	5	1012 Construction	5.3%	0.8%
Nevada	2.8%	5.9%	5.1%	1	1012 Construction	8.9%	4.2%
National Ave.	1.6%	2.0%	10.7%				3.5%

County Trends:

Summary: At the end of evaluating the top five counties in both states, I'm only going to pursue Colorado to the next level.

From a valuation perspective, Colorado has the stronger long-term market growth characteristics better adapting to my typical model of preferring to rent out properties. The top three Colorado counties all offer double-digit 5year appreciation and roughly 6% 10year appreciation opportunities.

From an economic perspective, Colorado won out here as well with the overall average for the top five counties greater than those of Nevada. Additionally, the household formations in Colorado are almost 2x those of Nevada on average with both Weld and Denver County coming in well above that average.

Adams County, however, is a solid number three county economically but with two better options in Denver and Weld County, I'm not planning on pursuing that market any further despite the healthy valuations.

Home Value appreciation trends:

As I compared the top five counties within both states, it was clear Colorado had a much better long-term average. This is not surprising given the housing crash and knowing Nevada was one of the hardest hit during that time. However, that very fact is suggestive of their volatility potential which leads me to side further with Colorado as the more conservative choice.

Within Colorado, the top three counties are all relatively tight on the long-term metrics, but on the shorter-term metrics, Denver County has a slight edge.

State Selected	County	A.MoM	A.QoQ	YoY	5Year	10Year	Ave. Home \$	Rent Inc.	LT Mrkt	Values
Colorado	National Ave.	-0.5%	1.5%	5.3%	4.8%	1.5%	\$216,000	-0.9%		
	Adams	-0.7%	-0.1%	7.4%	11.7%	6.6%	\$328,100	2.2%	1	9.1%
	Denver	0.9%	-1.0%	7.0%	10.9%	6.5%	\$413,500	2.0%	2	8.7%
	Weld	-2.7%	1.2%	8.3%	11.0%	5.9%	\$311,900	3.2%	3	8.5%
	Arapahoe	-1.6%	-1.8%	5.7%	10.1%	5.9%	\$366,000	3.2%	4	8.0%
	Boulder	-0.9%	0.4%	4.8%	9.3%	5.3%	\$522,500	1.2%	5	7.3%

State Selected	County	A.MoM	A.QoQ	YoY	5Year	10Year	Ave. Home \$	Rent Inc.	LT Mrkt	Values
Nevada	National Ave.	-0.5%	1.5%	5.3%	4.8%	1.5%	\$216,000	-0.9%		
	Washoe	-2.7%	0.9%	8.4%	11.6%	3.2%	\$350,200	4.9%	1	7.4%
	Carson City	0.8%	3.5%	8.6%	11.1%	2.1%	\$290,300	4.8%	2	6.6%
	Clark	-0.5%	4.0%	12.0%	10.5%	2.0%	\$263,300	2.3%	3	6.3%
	Lyon	-0.5%	1.6%	11.9%	11.6%	0.0%	\$247,100	9.3%	4	5.8%
	Douglas	-2.2%	2.4%	6.4%	5.0%	2.8%	\$165,800	-2.7%	5	3.9%

Economic Analysis:

Based on the summary economic analysis tables below the average of each of the top five counties for each state suggests Colorado has the strongest economic profile. While Nevada is not bad, the household formations of nearly double in Colorado are probably the best indicator of residential demand within a county in my opinion.

Within Colorado, the top two counties to really evaluate next are Weld County and Denver County of which Weld County is clearly very strong across the board. It's interesting to note their most aggressively growing top 5 industry is Natural resources and mining at 18.5% each year for the past two years. As I dig further into this county, I'm going to be looking to see if I can identify specific sub-markets and neighborhoods this might be impacting.

Weighting	35%	25%	20%	20%				
County	HH Formations Growth	Employment Growth	Population Growth	Wage Growth	Weighted Rank	Top 5 Growth Industry	2yr Ave. Annual Growth	Weighted Score
Average	3.0%	3.2%	2.7%	7.8%				
Denver	3.9%	2.3%	2.6%	6.5%	2	1026 Leisure and hospitality	3.1%	3.8%
Arapahoe	2.3%	2.3%	1.8%	5.7%	4	1026 Leisure and hospitality	4.6%	2.9%
Boulder	2.0%	1.9%	1.0%	6.8%	5	1013 Manufacturing	5.2%	2.8%
Weld	4.8%	6.0%	5.8%	12.5%	1	1011 Natural resources and mining	18.5%	6.8%
Adams	2.1%	3.4%	2.1%	7.4%	3	1021 Trade, transportation, and utilities	4.1%	3.5%

Weighting	35%	25%	20%	20%				
County	HH Formations Growth	Employment Growth	Population Growth	Wage Growth	Weighted Rank	Top 5 Growth Industry	2yr Ave. Annual Growth	Weighted Score
Average	2.8%	3.2%	4.3%	6.6%				
Washoe	4.7%	3.3%	5.3%	7.0%	1	1012 Construction	10.8%	4.9%
Carson City	1.1%	5.4%	1.4%	9.9%	4	1024 Professional and business services	5.6%	4.0%
Clark	3.9%	3.0%	6.7%	4.5%	2	1012 Construction	8.1%	4.4%
Lyon	2.5%	2.6%	5.8%	6.9%	3	1012 Construction	13.5%	4.1%
Douglas	1.8%	1.8%	2.1%	4.5%	5	1013 Manufacturing	5.2%	2.4%

Zip Code Trends:

Summary: My top zip codes to review further are 80247, 80223, 80239, and 80631. Each of the markets has healthy demand characteristics, very good long-term valuations, decent affordability and generally a higher propensity towards renting.

Home Value appreciation trends:

In both counties, the top seven zip codes are extremely strong from a long-term valuation perspective. However, the edge goes to Denver with the top four zip codes each ranking higher than the number one zip code in Weld County. Denver is, however, a bit sluggish on the rent growth, well below the national average above 3% currently. Weld County has a couple at 5.8% and 4.1% YoY that will keep me looking at them a little further in the economic section.

State/ County	Zip Code	A.MoM	A.QoQ	YoY	5Year	10Year	Ave. Home \$	Rent Inc.	Rank Rent	LT Mrkt	Values
Colorado	State Ave.	-1.0%	1.2%	6.8%	8.9%	4.1%	\$216,000	1.6%			
Weld	80514	-0.4%	4.3%	9.7%	15.1%	8.1%	\$292,900	1.3%	5	1	11.6%
	80621	-3.4%	0.8%	9.8%	15.4%	7.6%	\$285,300	-0.7%	7	2	11.5%
	80631	-2.1%	3.5%	12.2%	14.1%	7.3%	\$233,700	5.8%	1	3	10.7%
	80620	-3.7%	1.4%	10.9%	13.2%	7.1%	\$262,000	4.1%	2	4	10.1%
	80530	-2.2%	1.9%	10.7%	12.2%	6.8%	\$324,900	1.0%	6	5	9.5%
	80645	-2.3%	3.6%	10.4%	12.0%	6.6%	\$255,300	2.3%	3	6	9.3%
	80651	-3.7%	0.3%	6.7%	11.5%	6.9%	\$291,400	1.7%	4	7	9.2%

State/ County	Zip Code	A.MoM	A.QoQ	YoY	5Year	10Year	Ave. Home \$	Rent Inc.	Rank Rent	LT Mrkt	Values
Colorado	State Ave.	-1.0%	1.2%	6.8%	8.9%	4.1%	\$216,000	1.6%			
Denver	80219	0.4%	0.1%	12.3%	16.5%	8.6%	\$313,800	2.4%	1	1	12.5%
	80223	0.4%	-1.2%	8.5%	15.6%	8.3%	\$326,800	2.3%	2	2	12.0%
	80204	-1.0%	-2.4%	9.2%	15.1%	8.5%	\$369,600	2.0%	3	3	11.8%
	80247	2.1%	2.5%	11.5%	15.7%	7.8%	\$229,700	1.6%	5	4	11.7%
	80239	-0.4%	-0.8%	7.1%	14.6%	7.9%	\$295,100	0.1%	7	5	11.3%
	80205	-0.3%	-0.4%	7.7%	11.8%	7.9%	\$455,500	1.9%	4	6	9.8%
	80207	1.1%	-1.3%	6.1%	11.9%	7.6%	\$445,000	1.1%	6	7	9.8%

Economic Analysis:

Each county has some very interesting Demand and Supply characteristics making them both desirable in certain zip codes. However, within Weld County, the only market I'm really interested in based on this analysis is Greeley or 80631. While the unemployment number jumps out at you first, understanding one of the top economic drivers associated with this zip code is a major university; this could easily offset both the unemployment rate as well as explain the in-balance in housing demand. More digging is necessary to see if the shortage is closer to the University and thus supporting my focus on that specific sub-market area despite not having any designated neighborhoods. This would also support the greater rent increases identified in the valuations section.

All the other zip codes within Weld County are simply less desirable to focus on today for one reason or another noted below.

- 80530 – This one has a number of good economic attributes but notice the housing demand numbers are extremely low. This is due to only having 4,500 people in the entire zip code

which given its location, suggests it is rather rural in nature. This could be further assumed or corroborated based on the 83% owner occupied housing rate. I'm not interested in a rural model so despite being number two, this one will be ruled out.

- 80514 – Looks decent across the board except for the amount of new housing being added to the area. I would need to understand where and what type of housing is being added to see if there was an opportunity in this zip code.
- 80620 – Definitely nothing bad based on the numbers, but no wow factor either drawing me up there.
- 80621 – With zero population growth happening and an oversupplied housing market, there are just better opportunities to focus my time.

	Average	80514	80621	80631	80620	80530	Weighting
City Name		Dacono	Fort Lupton	Græley	Evans	Frederick	
Population Growth	1.7%	2.8%	0.0%	2.1%	1.6%	2.2%	20%
Unemployment Rate	4.6%	2.5%	4.1%	8.9%	4.2%	3.1%	10%
Average AGI (Adjusted Gross Income)	2.8%	3.5%	3.1%	2.4%	2.3%	2.6%	10%
Household Affordability	\$1,305	\$1,345	\$1,457	\$1,055	\$1,133	\$1,533	10%

Demand vs. Supply Analysis based on Population Growth							
Current Housing Demand	6,831	1,876	4,306	19,623	6,688	1,662	
Current Housing Supply	6,540	1,815	4,509	18,051	6,674	1,653	
Current Housing Shortfall/ (Oversupply)	1.7%	3.3%	-4.5%	8.7%	0.2%	0.5%	25%
Annual New Housing Needed	120	53	(1)	405	105	37	
Rental Housing	60	20	(0)	224	49	5	
Owner Occupied Housing	60	33	(1)	183	56	32	
Annual New Homes being Added	35	60	0	88	18	8	
Shortfall/ (Oversupply)	85	(7)	(1)	319	87	29	
New Homes % Shortfall/ Oversupply	0.9%	-0.4%	0.0%	1.8%	1.3%	1.8%	25%
Weighted Rank:		3	5	1	4	2	
Weighted Score:		3.6	1.9	3.7	2.4	3.6	100%

Demographic and Consumer Trends Information							
Renter vs. Owner Residences %		Greatest % Renters			Greatest % Owners		
Renters	37%	38%	30%	55%	47%	14%	
Owners	63%	62%	70%	45%	53%	86%	
Percentage of Family Households		Family Centric	Family Centric	Family Centric	Family Centric	Family Centric	
Family Households	56%	57.0%	54.3%	49.9%	56.3%	60.0%	
Nationality and Ethnic Majority							
White	56.9%	60.7%	50.2%	46.3%	51.8%	75.7%	
Black	0.8%	0.5%	0.5%	2.0%	0.7%	0.4%	
American Indian	0.4%	0.5%	0.5%	0.3%	0.5%	0.3%	
Asian	1.2%	2.1%	0.9%	1.3%	0.8%	0.8%	
Native Hawaiian and Other Pacific Islander	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	
Other	0.2%	0.1%	0.1%	0.2%	0.3%	0.4%	
Two or more races	1.3%	1.4%	1.0%	1.2%	1.2%	1.6%	
Hispanic or Latino	39.1%	34.8%	46.7%	48.4%	44.8%	20.8%	

Within Denver County, the 80247 zip code is the most interesting having solid population growth, decent affordability, and a very high supply shortage. The propensity to rent at 63% also aligns better with my preference for rental properties. Unfortunately, I was not able to ascertain specific zip codes impacted from the Natural resources and mining industry growth noted on the county analysis.

- 80239 – Also looks good from a demand characteristic, but the affordability is very low, and the higher ownership is less appealing.
- 80223 – Looks perfectly decent on the demand factors, slightly more renters and affordability is above \$1,000 which is my preferred threshold.
- 80219 – The major issue here is affordability which is telling me this is a neighborhood I will not focus much time on given the likely thin margins.
- 80204 – Demand is slow here, but affordability is very good. However, the heavy current supply imbalance and lack of population growth will likely put pressure on the valuations. I will track this market, but not looking to get in today.

	Average	80219	80223	80204	80247	80239	Weighting
CityName		Denver	Denver	Denver	Denver	Denver	
Population Growth	4.2%	1.9%	1.8%	0.7%	13.9%	2.5%	30%
Unemployment Rate	4.9%	4.5%	3.9%	6.9%	4.0%	5.1%	10%
Average AGI (Adjusted Gross Income)	1.9%	0.7%	2.0%	4.4%	1.9%	0.3%	10%
Household Affordability	\$1,039	\$799	\$1,026	\$1,358	\$1,167	\$847	10%

Demand vs. Supply Analysis based on Population Growth							
Current Housing Demand	14,448	21,488	7,661	12,774	17,807	12,509	
Current Housing Supply	13,992	21,399	7,597	13,863	15,258	11,845	
Current Housing Shortfall/ (Oversupply)	3.1%	0.4%	0.8%	-7.9%	16.7%	5.6%	25%
Annual New Housing Needed	685	410	140	86	2,483	308	
Rental Housing	406	201	75	58	1,564	132	
Owner Occupied Housing	279	209	64	28	919	176	
Annual New Homes being Added	40	0	51	134	14	0	
Shortfall/ (Oversupply)	645	410	89	(47)	2,469	308	
New Homes % Shortfall/ Oversupply	4.3%	1.9%	1.2%	-0.3%	16.2%	2.6%	25%
Weighted Rank:		3	3	5	1	2	
Weighted Score:		2.9	2.9	1.4	4.4	3.5	100%

Demographic and Consumer Trends Information						
Renter vs. Owner Residences %		Greatest % Renters			Greatest % Owners	
Renters	55%	49%	54%	67%	63%	43%
Owners	45%	51%	46%	33%	37%	57%
Percentage of Family Households		Family Centric	Family Centric	Family Centric	Average Households	Family Centric
Family Households	47%	55.5%	41.9%	40.6%	33.5%	65.0%
Nationality and Ethnic Majority						
White	24.4%	21.4%	32.2%	31.1%		13.0%
Black	9.1%	1.2%	3.0%	5.5%		26.7%
American Indian	0.9%	0.9%	1.0%	1.2%		0.4%
Asian	2.6%	4.1%	2.3%	2.1%		2.0%
Native Hawaiian and Other Pacific Islander	0.1%	0.0%	0.1%	0.1%		0.2%
Other	0.2%	0.2%	0.2%	0.2%		0.1%
Two or more races	1.5%	0.8%	1.3%	1.5%		2.2%
Hispanic or Latino	61.2%	71.3%	60.0%	58.3%		55.3%

Neighborhood Trends:

Summary: Overall analysis shows the top six neighborhoods are all adjacent to each other which points to a general renaissance within the area. Based on my knowledge of the city of Denver, my guess is these are individuals being priced out of the downtown area but needing to stay relatively close. The outlier neighborhood is the 80247 zip code which has the strongest desirability and demographic demand and the best short-term valuations, making it appear as though it is a surging neighborhood. Additionally, I could get into the market at this point with material upside given the average home price is only \$229,700 and the Denver county average is \$413,500.

I will likely end up working all of the top seven neighborhoods to ensure deal flow, but my prioritization list will go as follows:

1. 80247
2. Villa Park
3. Mar Lee
4. Ruby Hill
5. Athmar Park
6. Valverde
7. Barnum

Home Value appreciation trends:

Based on the valuation trends in each neighborhood it appears the top three markets have phenomenal long-term price appreciation trends with both Villa Park and Barnum showing exceptional YoY growth as well. Barnum and Barnum West also have the best Rent Inc. rankings of the top markets. I'm interested in all of the top five markets, but I'm also still curious about the 80247 zip code/ neighborhood as it ranks number one in the short-term growth markets (as highlighted on the second table) with very affordable housing prices and still very healthy long-term attributes to compliment.

State/ County	Neighborhood	Zip Code(s)	A.MoM	A.QoQ	YoY	5Year	10Year	Ave. Home \$	Rent Inc.	Rank Rent	LT Mrkt	Values
Colorado		County Ave. -->	0.9%	-1.0%	7.0%	10.9%	6.5%	\$413,500	2.0%			
Denver	Villa Park	80204	-2.1%	1.1%	14.7%	20.1%	11.1%	\$336,300	2.1%	5	1	15.6%
	Valverde	80219, 80223, 80204	-0.4%	5.7%	9.8%	19.3%	10.0%	\$297,700	2.2%	4	2	14.7%
	Barnum	80219, 80204	-1.2%	0.7%	13.3%	18.2%	10.9%	\$305,900	4.1%	1	3	14.6%
	Ruby Hill	80219, 80223	1.1%	-0.5%	7.5%	17.2%	8.5%	\$319,200	3.8%	3	4	12.9%
	Athmar Park	80219, 80223	2.6%	-0.2%	12.3%	16.8%	8.8%	\$322,200	0.9%	9	5	12.8%
	Barnum West	80219, 80204	-1.2%	-0.5%	14.1%	16.5%	8.9%	\$310,000	4.1%	2	6	12.7%
	Overland	80223	-1.0%	-3.4%	9.8%	15.8%	8.7%	\$375,300	0.9%	8	7	12.2%
	Mar Lee	80219	1.5%	0.0%	10.8%	16.3%	8.1%	\$315,000	1.4%	7	8	12.2%
	Zip Code 80247	80247	2.1%	2.5%	11.5%	15.7%	7.8%	\$229,700	1.6%	6	9	11.7%
	Montbello	80239	0.0%	-0.1%	7.2%	14.9%	8.1%	\$294,800	-0.1%	10	10	11.5%

State/ County	Neighborhood	Zip Code(s)	A.MoM	A.QoQ	YoY	5Year	10Year	Ave. Home \$	Rent Inc.	Rank Rent	ST Mrkt	Values
Colorado		County Ave. -->	0.9%	-1.0%	7.0%	10.9%	6.5%	\$413,500	2.0%			
Denver	Villa Park	80204	-2.1%	1.1%	14.7%	20.1%	11.1%	\$336,300	2.1%	5	8	-0.5%
	Valverde	80219, 80223, 80204	-0.4%	5.7%	9.8%	19.3%	10.0%	\$297,700	2.2%	4	2	2.7%
	Barnum	80219, 80204	-1.2%	0.7%	13.3%	18.2%	10.9%	\$305,900	4.1%	1	7	-0.3%
	Ruby Hill	80219, 80223	1.1%	-0.5%	7.5%	17.2%	8.5%	\$319,200	3.8%	3	5	0.3%
	Athmar Park	80219, 80223	2.6%	-0.2%	12.3%	16.8%	8.8%	\$322,200	0.9%	9	3	1.2%
	Barnum West	80219, 80204	-1.2%	-0.5%	14.1%	16.5%	8.9%	\$310,000	4.1%	2	9	-0.8%
	Overland	80223	-1.0%	-3.4%	9.8%	15.8%	8.7%	\$375,300	0.9%	8	10	-2.2%
	Mar Lee	80219	1.5%	0.0%	10.8%	16.3%	8.1%	\$315,000	1.4%	7	4	0.8%
	Zip Code 80247	80247	2.1%	2.5%	11.5%	15.7%	7.8%	\$229,700	1.6%	6	1	11.7%
	Montbello	80239	0.0%	-0.1%	7.2%	14.9%	8.1%	\$294,800	-0.1%	10	6	-0.1%

Economic Analysis:

Of the top neighborhoods I reviewed, the first six are all adjacent to each other which speak to their very similar traits across the board. However, zip code 80247 is the standout of all the neighborhoods. They have the highest propensity of renters, the best overall Niche neighborhood grade, the best public schools, the best for families ranking, affordability near the \$1,000 mark and a significant population count.

Given the proximity of all the other neighborhoods, I will probably end-up working all of them combined but would likely prioritize Mar lee with the higher affordability, B- Niche grade and a decent number of retail centers close by. This will be followed by Athmar Park then Ruby hill due mainly to their expansive parks. I will need to drive these to make sure they are the right type of parks to be associated with, but from the maps, the higher valued homes seem to border the Platte River.

Neighborhood Demand and Affordability Demographics	Average	Villa Park	Valverde	Barnum	Ruby Hill	Athmar Park	Mar Lee	Zip Code 80247
City Name		Denver	Denver	Denver	Denver	Denver	Denver	Denver
Population	8,986	9,349	4,114	6,357	11,574	9,669	12,851	28,940
Households	2,855	3,009	1,232	1,854	3,910	3,024	4,102	15,215
Renter Demand	1,369	1,774	665	1,001	1,877	1,239	1,658	9,596
Owner Demand	1,492	1,233	567	853	2,033	1,783	2,487	5,636
Median Household Income	\$37,280	\$34,411	\$28,596	\$38,558	\$34,004	\$43,705	\$44,405	\$39,838
Household Affordability	\$932	\$860	\$715	\$964	\$850	\$1,093	\$1,110	\$996

Desirability based Demand Traits									
Renter vs. Owner Residences %								Greatest % Owners	Greatest % Renters
Renters	50%	59%	54%	46%	48%	41%	40%	63%	
Owners	50%	41%	46%	54%	52%	59%	60%	37%	
Percentage of Family Households		Average Households	Average Households	Family Centric	Average Households	Average Households	Average Households	Singles Dominant	
Family Households	35%	33%	39%	46%	31%	35%	39%	19%	
Overall Niche Grade	B	B-	C	C+	C+	B-	B-	A	
Public Schools	C+	C+	C	C+	C	C	C	A	
Crime & Safety	C+	C+	C	C-	C	C	C	C	
Housing	C-	C-	D+	C-	C-	C+	C+	B	
Nightlife	A+	A+	A	A+	A	A	A	A	
Good for Families	C+	C+	C	C+	C+	C+	C+	A-	
Diversity	A-	A-	B	A-	A	A	A	A+	
Jobs	B	B+	B+	B+	B+	B+	B+	B	
Weather	B	B+	B+	B+	B+	B+	B+	C+	
Cost of Living	C+	C	C-	C	C	C+	C	C+	
Health & Fitness	C+	B-	C	C	C	C+	B	A	
Outdoor Activities	A-	A-	A-	A-	A-	A-	A-	A-	
Commute	A-	A-	B+	A-	B+	B+	B+	A-	
Overall Public Schools Grade	C+	C+	C	C+	C	C	C	A	
Best Elementary		Polaris Elbert Elementary Challenge School							
Best Middle School		Dsst: Byers Middle School Challenge School							
Best High School		Dsst: Stapleton high Scho Cherry Creek High School							
Overall Crime & Safety Grade	C+	C+	C	C-	C	C	C	C	
Assault	52%	13%	145%	45%	41%	67%	1%		
Murder	75%	-100%	-100%	400%	50%	100%	100%		
Rape	-100%	-100%	-100%	-100%	-100%	-100%	-100%		
Robbery	23%	24%	38%	34%	9%	70%	-39%		
Burglary	43%	16%	140%	46%	44%	36%	-21%		
Theft	-20%	-37%	28%	-43%	-32%	10%	-45%		
Motor Vehicle Theft	282%	363%	398%	242%	210%	355%	124%		
List of Major Parks		Lakewood Dry Gulch Park West Bar Val Wood Park/ Barnum East Park/ 4.1 Ruby Hill Park/ 4.6 Houston Lake Park/ 4.4 Garfield Lake Park/ 4.2 Contry Lane Park/ 4.2							
		Barnum Mountain Bike Pi Barnum East Park/ 4.1 Barnum Park Lake Reserv Denver SW District Park/ Aspgrn Park/ 3.6 Ben Bezoff Park/ 4.2							
		Paco Sanchez Park South : Barnum Park Lake Reserv Sanderson Gulch Park/ 4. Johnson Habitat Park/ 4.5 Tsistsistas Park/ 4.0							
		Overland Pond Park/ 3.8 Vanderbilt Park/ 4.4 Overland Golf Course/ 4.1 Borders Platte River Cheyenne/ Araphao Park							
		Common Ground Golf Co							
Notable Public Transit Stations		Bus Stations line Sheridan Alameda Light Rail Station Bus route on 1st Ave. E/VA Evans light rail station 10 I-25 and Broadway light r; Bus route on Florida Ave. Bus route on Mississippi E							
		Bus Stations line 10th Ave Bus route on Federal Blvc Bus route on Federal Blvc Bus route along Evans Av; Bus Route on Exposition E Bus route on Federal Blvc Bus route on Havanna N/5							
		Bus route on 2nd Ave. E/\ Bus route on Federal Blvc Bus route on Federal Blvc							
Retail Centers/ Intersections		Restaurants at the south r Retail off Alameda and Z. Sheridan and Alameda Federal and jewel Alameda and Zuni Mississippi and Morrison Parker Rd. and Jewell							
		Retail along Federal Blvd. Alameda and Knox Federal and Evans Federal and Florida Federal and Alameda Sheridan and Florida - Lou Havanna and Jewell							
		Federal and Alameda Knox and 1st Ave Klaamath and Evans Federal and Florida Federal and Florida Havanna and Florida							
		Broadway and Evans 15 m Parker Rd. and Iliff							
Weighted Rank:		2	7	5	6	4	2	1	
Weighted Score		3.50	1.80	2.60	2.20	3.40	3.50	5.10	