



September 2023

Home Affordability in Colorado

Update to Colorado's
Homebuyer Misery Index

Introduction

While overall prices remain elevated due to high levels of inflation over the past 18 months, the rate of growth moderated in July. The continuing deterioration in affordability will plague homebuyers, while at the same time higher interest rates may deter new homebuilding which will restrict supply putting further upward pressure on home prices.

CSI developed the 'Misery Index' in 2022 to help depict the challenge homebuyers face in the current market. The index sums normalized and equally weighted home prices and 30-year mortgage rates to measure effective costs of homebuying relative to historical levels.

Key Findings

- Colorado ranks #2 in the nation for the largest decreases in housing affordability since 2009 according to the Colorado Homebuyer Misery Index.
- Mortgage interest rates hit 7% in August for the first time in 20 years. This sent the index soaring, further decreasing housing affordability, after it had moderated for several months.
- Other states among the top ten largest decreases in affordability are Montana, Idaho, Tennessee, California, Utah, Florida, South Dakota, Arizona, and Texas.
- Among Colorado cities, Steamboat had the largest decrease in home affordability since January 2009. Also making the top five, Edwards, Fort Morgan, Canon City, and Pueblo.
- Boulder had the smallest decrease in home affordability.

Home Affordability in Colorado July 2023 Based on the Homebuyer Misery Index

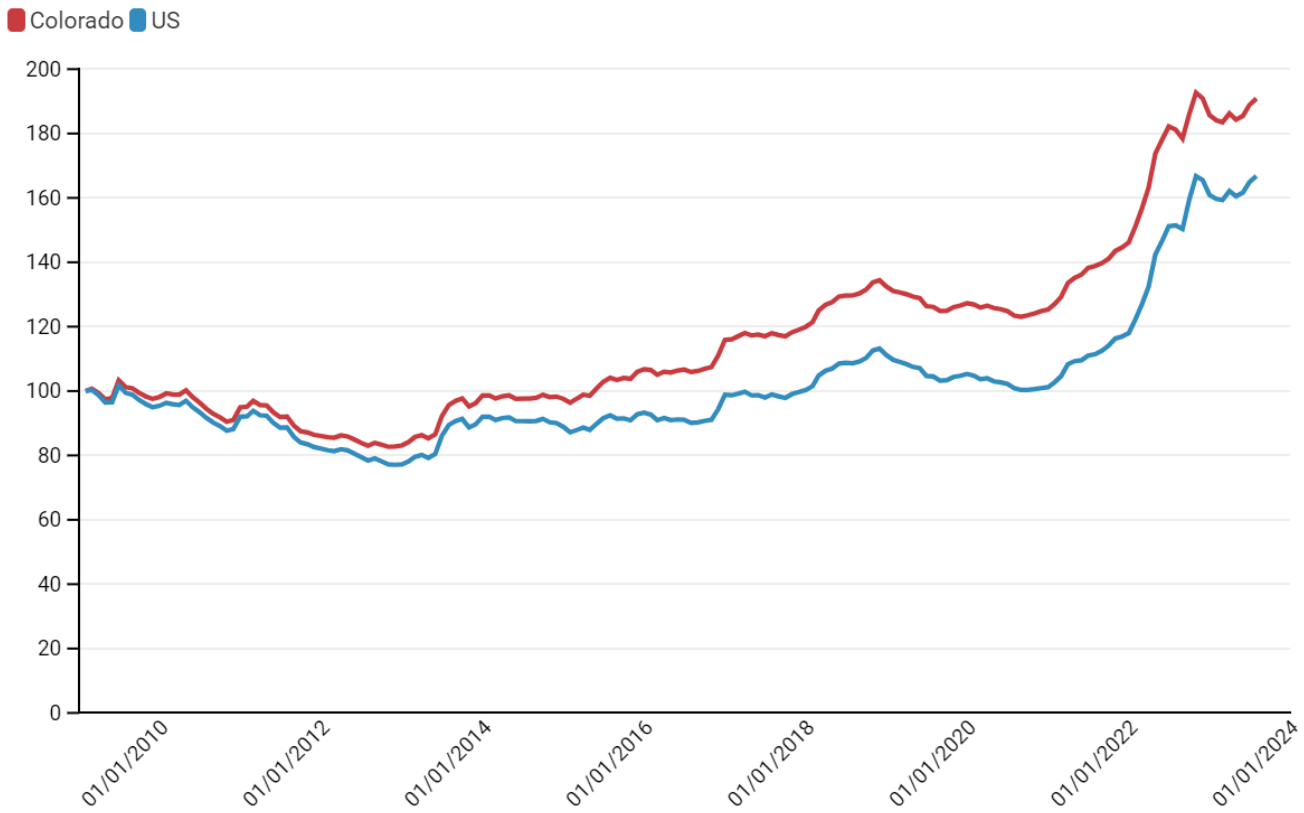
Home affordability in Colorado has decreased 90.8% since January 2009, the second largest decrease in affordability out of 50 States and the District of Columbia, see **Figure 1**. Louisiana had the smallest decrease in home affordability.

Colorado Home Affordability				
Top Ten Largest Decreases in Affordability				
State	January 2009	July 2023	% Change	Rank
Montana	100	193.72	93.7%	1
Colorado	100	190.84	90.8%	2
Idaho	100	190.47	90.5%	3
Tennessee	100	187.68	87.7%	4
California	100	182.92	82.9%	5
Utah	100	182.11	82.1%	6
Florida	100	181.17	81.2%	7
South Dakota	100	181.09	81.1%	8
Arizona	100	180.52	80.5%	9
Texas	100	180.22	80.2%	10
Bottom Ten Largest Decreases in Affordability				
State	January 2009	July 2023	% Change	Rank
Wyoming	100	155.37	55.4%	41
Virginia	100	152.15	52.2%	42
Pennsylvania	100	151.97	52.0%	43
New Mexico	100	150.95	50.9%	44
Delaware	100	147.22	47.2%	45
New Jersey	100	146.92	46.9%	46
Alaska	100	143.33	43.3%	47
Illinois	100	143.26	43.3%	48
Maryland	100	140.90	40.9%	49
Louisiana	100	139.37	39.4%	50

Figure 1- Homebuyer Misery Index

Figure 2 shows the Home buyer Misery Index for Colorado versus the U.S. from January 2009, the first year Zillow has data on average home prices, through July 2023.

Colorado Homebuyer Misery Index



Source: Zillow, St. Louis Federal Reserve Bank (FRED), and CSI Calculations

Figure 2 – Homebuyer Misery Index Colorado and U.S.

Within Colorado MSA's that Zillow tracks, Steamboat had the largest decrease in home affordability, 93.7% since January 2009. Boulder had the smallest decrease in affordability.

Colorado Home Affordability by MSA				
Top Ten Largest Decreases in Affordability				
MSA	January 2009	July 2023	% Change	Rank
Steamboat Springs	100	193.72	93.7%	1
Edwards	100	190.84	90.8%	2
Fort Morgan	100	190.47	90.5%	3
Canon City	100	187.68	87.7%	4
Pueblo	100	182.92	82.9%	5
Glenwood Springs	100	182.11	82.1%	6
Sterling	100	181.17	81.2%	7
Breckenridge	100	181.09	81.1%	8
Montrose	100	180.52	80.5%	9
Colorado Springs	100	180.22	80.2%	10
Greeley	100	155.37	55.4%	41
Grand Junction	100	152.15	52.2%	42
Craig	100	151.97	52.0%	43
Durango	100	150.95	50.9%	44
Fort Collins	100	147.22	47.2%	45
Denver	100	146.92	46.9%	46
Boulder	100	143.33	43.3%	47

Figure 3 – Homebuyer Misery Index Colorado and U.S.