

# Priced out of Denver? Don't go running to the burbs for sticker-shock relief, report says

## Zillow says suburbanites pay a premium over Denver residents

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If Denver's red-hot real estate market has you seeking sticker-shock relief in the suburbs, you may be in for a nasty surprise.

According to a recent study from online real estate data tracker Zillow, families pay on average \$3,635 more a year to live in the communities surrounding Denver than do residents of the city itself. That bucks the national trend in which city dwellers pay a sizable premium — on average \$9,000 annually — over their suburban counterparts, the report concluded.

The analysis comes as Denver's housing market continues to produce record prices and shrinking inventory, with homes late last year [reaching their lowest affordability level in more than a decade](#). The median price of a home in Denver is now \$371,000, according to Zillow.

“As homes get more expensive, there has been a big push into the suburbs to find more affordable housing and that, in turn, drove prices there up,” said Svenja Gudell, Zillow's chief economist.

Zillow used three factors to compare the costs of urban and suburban areas: mortgage payments, property taxes and child care expenses. It calculated that a suburbanite pays \$66,059 a year to meet all three bills, while a Denver resident lays out \$62,424 for the same. The study included 10 counties around Denver but notably not Boulder County, which alone would disproportionately inflate suburban costs [due to its outsized home prices](#).

With the metro area's diversified economy and multiple employment centers that extend well beyond Denver's downtown business district, its “high-powered suburbs” [were able to absorb much of the housing price collapse](#) that decimated real estate markets in other cities during the Great Recession, Gudell said. Zillow lists Jefferson County's median home price at \$376,000 and Broomfield County's at \$388,000, both ahead of Denver.

“Denver didn't have the extreme (housing) reset so that the outer area that was pretty expensive to start with stayed expensive,” she said.

Milwaukee, Baltimore and Cincinnati were among the cities that joined Denver in having pricier suburbs while residents of Chicago, Boston, Dallas and Minneapolis paid more per year than people living in the suburbs around them. Home size was not considered in the comparison, and

the report acknowledged that a suburban resident gets an additional 427 square feet in their home on average than a Denver resident.

The difference in home size is critical to why people choose to live either in the city or the suburbs, said Dave Kupernik, an agent with 24K Real Estate in Parker, who criticized Zillow's report for not taking it into account. While the median home price in Douglas County — at \$441,000 — is well above Denver's, he said that's because the homes are far larger and come with more land.

"It's usually a lifestyle decision," Kupernik said, noting that priorities shift when it comes time to grow a family. "People are buying for that larger house, newer construction and large lot."

That also goes for the millennial generation, often cast as a tribe of urban dwellers who prefer renting in densely packed urban cores to buying a house in the suburbs. But [a survey conducted by Zillow late last year](#) found that just one in four millennial homeowners live in an urban area and that nearly half live in suburban communities.

Steve Strecker, 35, recently made the move from Denver's Highland neighborhood to Littleton, trading in a townhouse for a single-family home in the south suburbs. He and his wife have a 4-month-old baby.

"It was a shift for us," said Strecker, who works in the ski industry, "to find a place that is more kid-friendly."

He said he paid about the same for his new Littleton house as he got from selling his Denver home. So far, the suburbs don't seem any more expensive than living in Denver did, Strecker said.

"I think we made kind of a lateral move," he said.

Mark Trenka, owner of Century 21 Trenka Real Estate in Denver, said not only are employment centers, such as the Denver Tech Center in Arapahoe County and Interlocken in Broomfield County, helping keep home prices up in the suburbs, but so is the metro area's growing transportation network. Two light-rail lines extending into the southern suburbs have meant "very good activity" for Highlands Ranch's housing market and he expects the same for Lakewood, as the W-Line begins to attract jobs and housing to the western suburbs.

"We know the market is going to follow the jobs," Trenka said. "When you have a healthy job market, that's your healthiest real estate market."

Last week, the Colorado Department of Labor and Employment [announced that the state's unemployment rate fell to 2.9 percent from 3 percent](#), a low last reached during the dot-com boom.

A recent Zillow report says it costs more to live in the suburbs than it does to live in Denver.

But don't be surprised if Zillow's numbers start shifting back toward Denver in the next few years, said Gary Bauer, a member of the Denver Metro Association of Realtors' market committee. With all of the redevelopment efforts going on in the city, "things are changing," he said.

In his old neighborhood of Jefferson Park, Bauer said a church was torn down to make way for 15 townhomes. He has heard from developers about plans to raze aging homes and build new ones in the Barnum and Sunnyside neighborhoods of Denver. Then there are the more well-publicized renewal efforts going on in the River North neighborhood, Bauer said.

Denver's housing director, Rick Padilla, concedes that the city's housing market is dynamic, but being a landlocked municipality that is limited in its ability to offer the kind of space that families are seeking, the suburbs will continue to have an advantage attracting parents with young children.

"The builders are smart — they know what the demographics are," he said.