



Mesa County REAL ESTATE REPORT

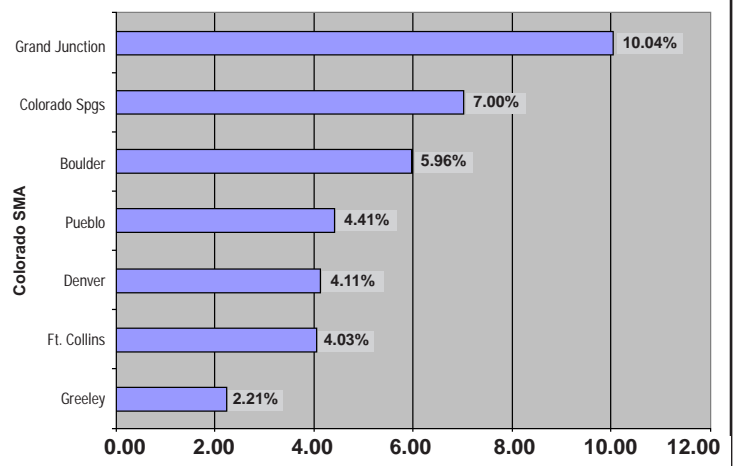
Annual Report 2005
ADVANCED TITLE TECHNOLOGY

(970) 256-0178 • email: info@advancedtitletech.com
101 S. 3rd Street, Suite 300 • Grand Junction, CO 81501



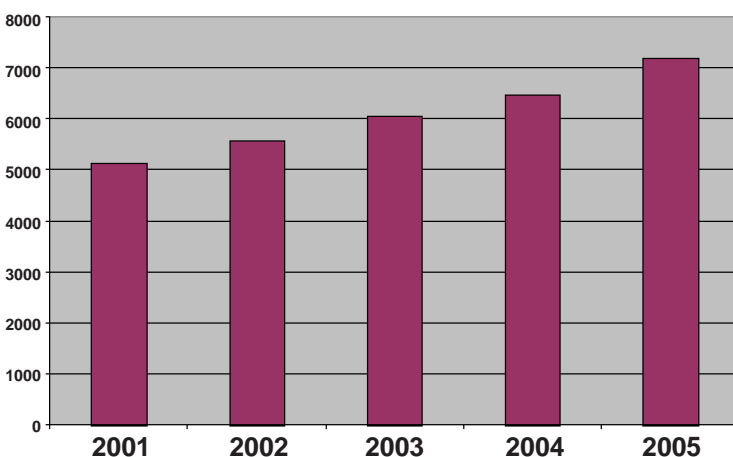
Real estate sales tracked at a healthy pace through the 4th quarter of 2005. There were 1710 sales in Mesa County for the quarter, an increase of 10.1% over the 1553 sales reported in the last quarter of 2004. For the year, there were 7199 sales, an 11.1% increase from last year. A comparison of the last five years is shown on Figure 1 below. There has been a consistent and healthy growth in sales since 2001, something few other counties in Colorado enjoy. Also, house price appreciation rates in Mesa County approximate 10% annually as the year ends. This exceeds the rate of house appreciation in all the other metropolitan areas in Colorado as measured by the Office of Federal Housing Enterprise Oversight (See Figure 2).

Figure 2 House Price Appreciation 3rd Quarter 2005

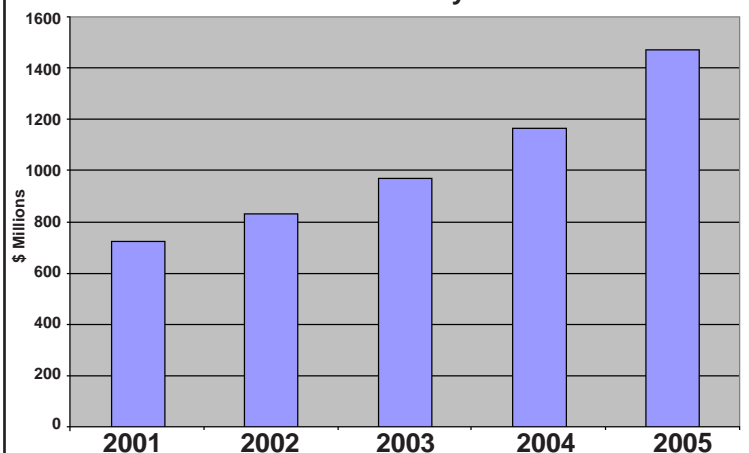


Another way to look at the market performance of real estate is to look at the number of dollars connected to the 7199 transactions. In the 4th quarter of 2005, real estate sales rang up a total of \$358 million, a 19.7% jump from the last quarter in 2004. For the year, total sales equaled \$1.47 billion, a substantial 26.2% jump in dollar volume from the previous year. Basically, the dollar volume has doubled in the last five years, as shown on Figure 3 below. Some may have noticed the growth in the number

**Figure 1
Mesa County Real Estate Sales 2001-2005**



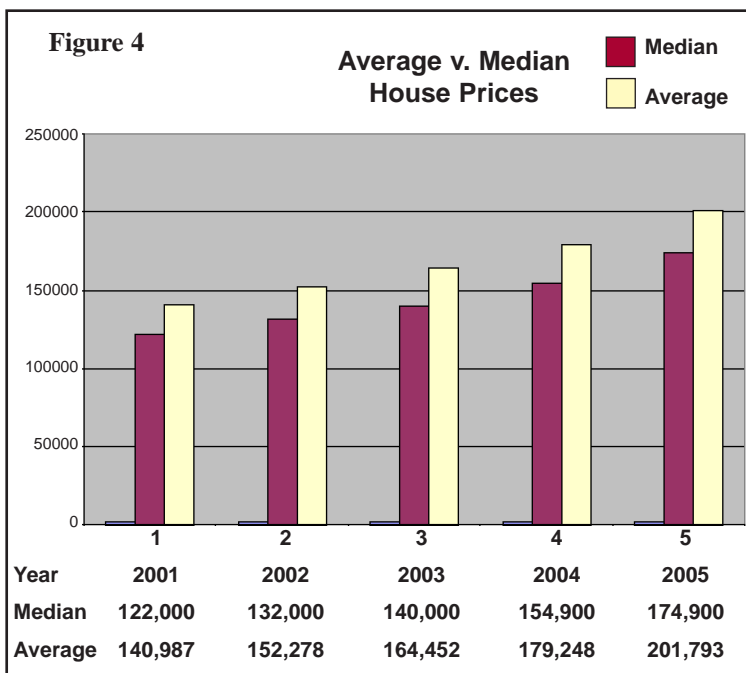
**Figure 3
Dollar Amount of Sales in
Mesa County 2001-2005**



of Realtors in this community, but the market has enabled it. In fact, it may be true that part of the growth is based on the improved process that is being used by both Realtors and home builders to move properties to a closing.

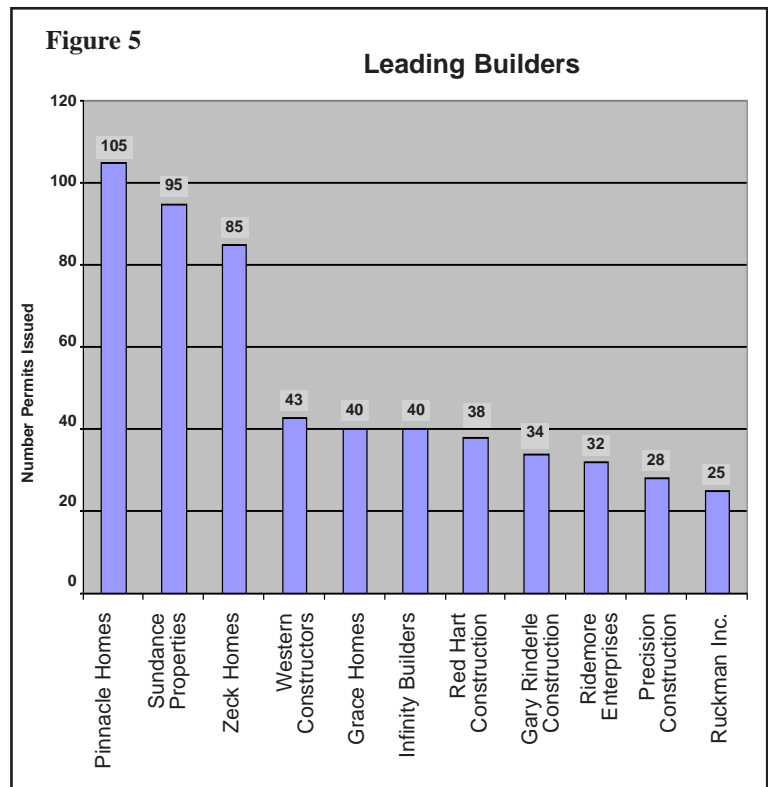
The key reason for the increase in the aggregate dollar amount of real estate sales is the increase in the number of transactions, but there were also more upper-end sales. In 2004, Mesa County reported 52 sales for \$1.0 million or above for an aggregate of \$111 million. In 2005, the \$1.0 million plus sales rose to 79 for an aggregate of \$164 million. Three key sales that occurred in the 4th quarter that give some measure of residential land development prices were: (1) The purchase by a Pinnacle Homes company of 59 lots in a Wildwood Acres subdivision in Fruita for \$2,743,500 or \$46,500 per lot; (2) the purchase by Otter Creek Homes of vacant land between D and D1/4 Roads for \$3.0 million; and (3) the purchase by another Pinnacle Homes company of 45 lots for \$2,295,000 or \$51,000 per lot in a Unawep Heights subdivision. The three largest sales for the year were the \$11.5 million sale of the Double Tree Hotel to an Englewood, Colorado company, an \$8.0 million sale of a Saccomanno estate property to a Parkerson (Grand Junction) company for future residential development, and the \$7.3 million sale of the Eastgate Shopping Center to a California company.

For a number of years, we have reported the trend for the average price of a 3-bedroom house, by far the largest segment of all houses and, therefore, a very good statistical sample. There are a number of very large and expensive 3-bedroom houses which skew the calculation of "average". Therefore, we are going to change our focus to a better mathematical calculation; that is, the median price of all houses sold. In figure 4 below,



we show a comparison between the average and median prices of all houses for the last few years. The median price of houses took a 12.9% jump from 2004 to 2005.

Single family home building activity improved during the fourth quarter resulting in an annual increase of 10%. There were 382 single family permits pulled in the last quarter of the year, compared to 294 issued in the same period of 2004. This 30% increase at the end of the year, together with the 18% increase during the 3rd quarter may portend a momentum change in single family building in Mesa County. For the year, there were a total of 1525 permits issued, up 10.4% from the 1381 permits issued in 2004. The top 11 builders, in terms of permits issued, accounted for 565 permits or 37% of the total issued for the year. Figure 5 below shows the number of permits issued to these 11 companies.



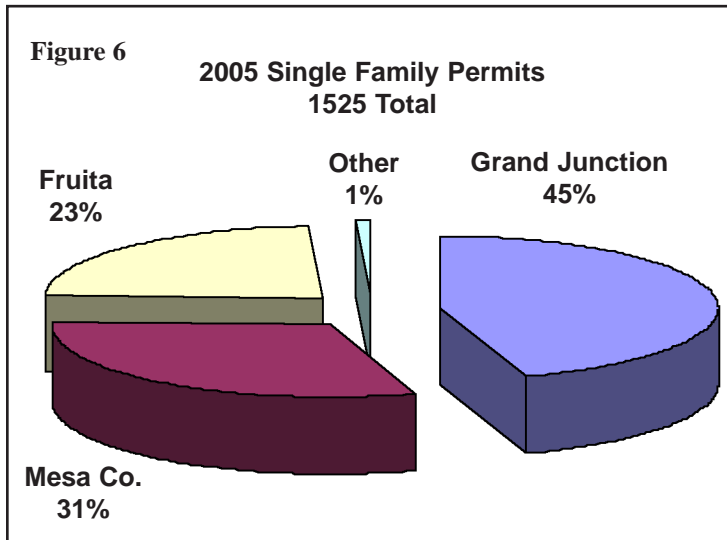
Unincorporated Mesa County experienced a 27% rise in single family permit activity; Grand Junction 10%; and Fruita experienced a 10% decline after 3 years of double digit increases. A graph of the relative number of permits issued in each jurisdiction is shown below in Figure 6. In 2005, The City of Grand Junction issued 687 single family permits, unincorporated Mesa County 466, and Fruita 358. All other Mesa County municipalities accounted for the remaining 14 permits.

Table 1 below shows a comparison of single family lots platted and permits issued in the City of Grand Junction during 2005. There was a 41% increase in lots platted this year over last year with 287 lots being platted in the 4th quarter alone. This is a change in the trend the last few years during which the number of platted lots was decreasing in number while demand for lots was increasing.

Table 1
Single Family Lots Platted and Permits Issued
in 2005
City of Grand Junction

	LOTS PLATTED	PERMITS ISSUED
2000	653	484
2001	607	494
2002	915	623
2003	595	698
2004	564	622
2005	797	687

The forecast for real estate in 2006 is rosy. The unemployment rate is very low, foreclosures have leveled off, mortgage interest rates remain very low, the City's sales tax collections are running above budget, building permits are up, public projects are humming along, and the surge in energy production continues. For some, the prospects of 2006 being the same as 2005 are unexciting. For others, it is truly the "good times".



Bob Reece, President
Advanced Title Technology