



Mesa County

REAL ESTATE REPORT

Third Quarter 2008

ADVANCED TITLE TECHNOLOGY

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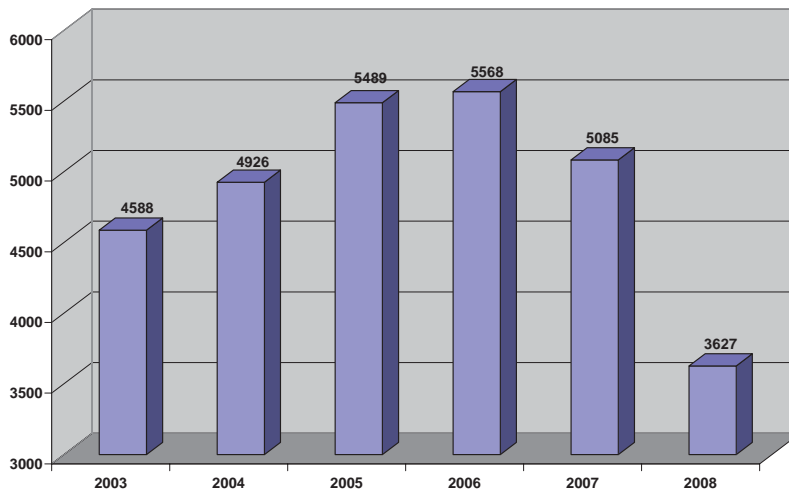
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Mesa County real estate sales continued to be sluggish in the third quarter of 2008. There were 1191 sales, of all types of property, in the quarter compared to 1698 sales reported in the same quarter last year, a 30% decline. For the year through the third quarter, there have been a total of 3627 sales, a reduction a 29% from the 5085 sales filed in the first nine months of 2007. Clearly, national financial woes have caught up with the local real estate market and the lack in public confidence is affecting not only real estate sales but ordinary day to day commerce.

are experiencing very modest gains or losses in their sales tax receipts. The good news for the Grand Valley is that the energy sector, together with all the people associated with that industry, continues to prop up the local economy by active spending. This has mitigated the effects of the lending and real estate slowdown.

The dollar volume of real estate sales declined 29% in the quarter, from \$478 million in the 3rd quarter in 2007 to \$340 million in 2008. And year to date, the decline is smaller; from \$1.34 billion for the first three quarters in 2007 to \$1.09 billion this year, a 19% reduction. A couple of notable sales for the quarter are: (1) a large ranch parcel south of Grand Junction sold by Hidden Lakes Land Company for \$12.5 million; (2) a \$15,991,900 sale of the 135-room Marriott Courtyard hotel on Horizon Drive by an Indiana company to a Delaware company.

Sales Comparison Through 3rd Quarter



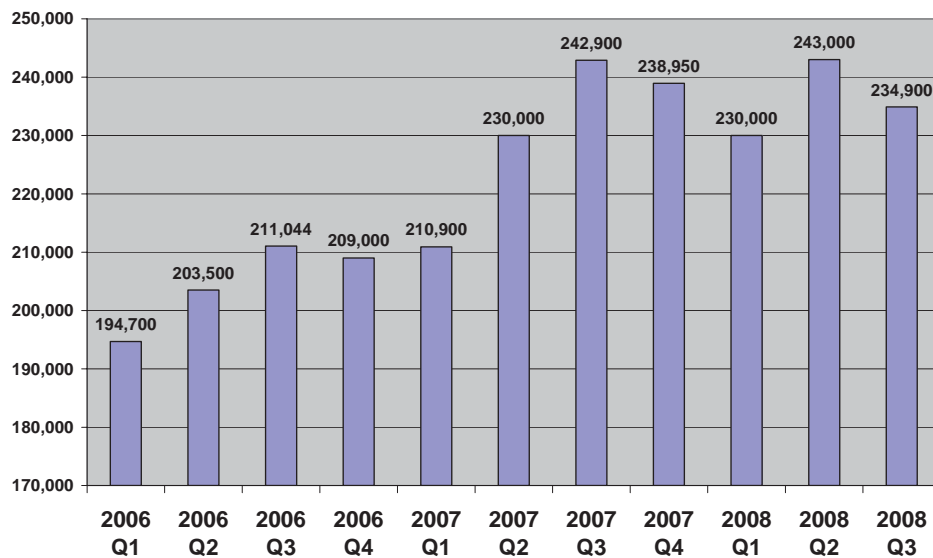
A very large part of our economy, both national and local, is consumer spending and a good monitor of that locally is the collection of sales tax revenues by the City of Grand Junction. These have softened recently, albeit still improved over last year's numbers by about 8%, as people have reduced their spending either out of necessity or by discretion. Three segments of the retail picture that make up roughly one-half the collections, namely clothing/department stores, building materials and autos and campers,

A common question today is what is the value of my home? We look at two main sources of information: (1) the median price of a single-family house; and (2) house index information from Zillow, Case-Shiller, Office of Federal Housing Enterprise Oversight (OFHEO) or some combination. The median price information comes from the local Board of Realtors and the chart below is only for stick-built single-family houses. It appears that the median price has basically leveled off since the 2nd quarter of 2007. OFHEO reports the rate of appreciation each quarter for the previous 12-month period. It is clear that from the information shown that appreciation rates

have slowed considerably and, in fact, Zillow reports that from the 1st quarter of this year through the 2nd quarter, the appreciation rate for all home types in the Grand Junction metropolitan area has slowed to 2.3% for the community as a whole. Certain areas and product types will vary from that figure. Zillow also reports that in the second quarter of this year, 41.7% of houses in the Grand Junction metropolitan area experienced a declining value compared to 19.9% in the past 12 months and only 0.2% in the last 5 years.

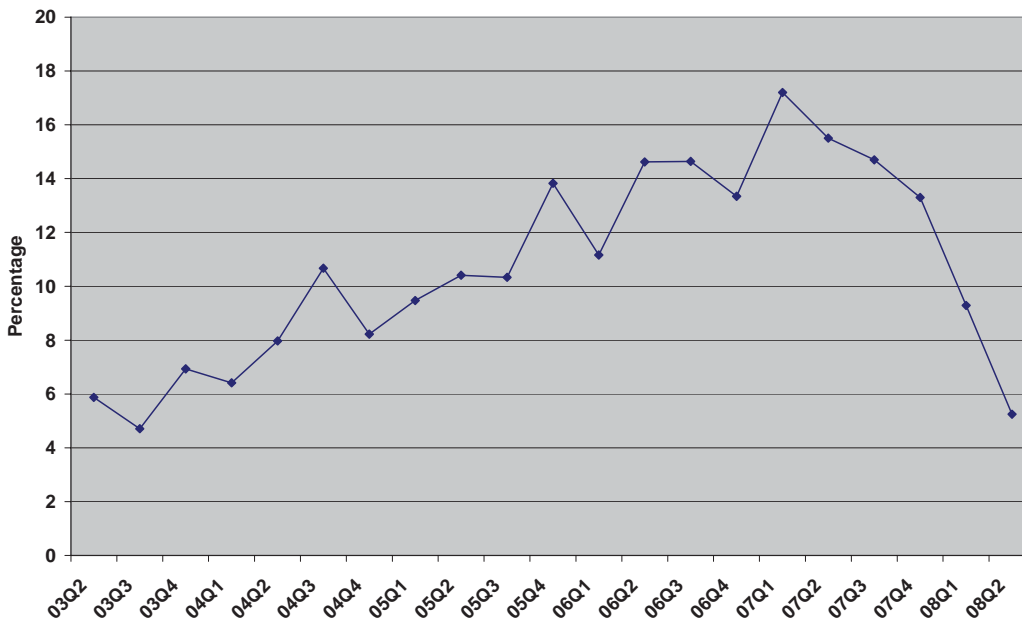
Single-family permit activity remained diminished in the third quarter with 164 permits issued, compared to 332 issued in the same period a year earlier. This represents a 50% decline. For the year, there have been a total of 574 single-family permits issued, a 47% decline from the 1077 permits issued last year at this time. Spec builders are still busy trying to move their inventory before taking out additional permits on new potential business. New houses in the most affordable price range are still seeing success, notwithstanding some of the recent constraints on mortgage lending.

Single-Family Median Sales Price



Source: MLS of Grand Junction Area Board of Realtors

OFHEO Housing Appreciation Rate



Although this is a difficult time for Realtors, mortgage lenders, home builders and residential developers, the prospect of recovery in the Grand Junction area is certain. The timing for recovery is not. We expect to eventually see a housing recovery plan that will actually work. Banks in Grand Junction remain on sound footing, having escaped most of the trauma created by the sub-prime fiasco. Congress may find a solution for the financial markets after the national elections or sooner if the crisis deepens. And the secondary mortgage market will make corrections necessary to improve the confidence of mortgage lenders and the general public. All of these improvements will not happen at once, so we will witness the largest economic improvement in history, but over an extended time frame.



Bob Reece
President