

mesa county
Real Estate
REPORT

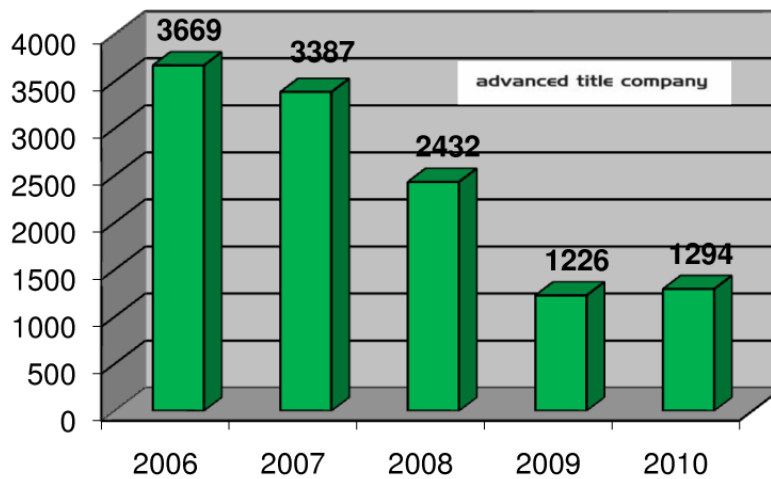


2nd Quarter 2010

Second quarter real estate sales increased by 5% over the same period in 2009. There were 752 sales reported in the quarter compared to 717 a year ago. The quarter ended with June reporting a 10% dip in sales. It appears that the federal tax

credit of up to \$8,000 had a measurable boost on sales for the quarter. The credit expired on April 30th for contracts to be written and properties under contract by that date must have been closed by June 30th. For the year, real estate sales are at 1294 through June, up 5.5% from the 1226 reported for the first half of 2009. Despite the small increase in activity, the current levels are approximately 40% of

January - June Real Estate Sales



what are normal for a population the size of Mesa County and are very near what the county experienced in 1986.

The dollar volume of sales for the quarter increased a modest 1%, from \$167 million in 2009, to \$169 million this year; and year to date, the end of June dollar volume totals \$304 million, up 2.7% from the \$296 million in transfers in 2009. The most notable sales in the quarter were: (1) Purchase by Laramie Energy II, a Delaware company, of high country property near Collbran for \$12,650,000; (2) a 40-acre vacant land parcel near Fruita for \$850,000 between related parties; (3) a 29-lot sale of residential developed lots in Chatfield IV Subdivision by a local developer for \$795,000.

Prices for Mesa County housing continued to decline. According to the Multiple Listing Service of the Grand Junction Area Board of Realtors, the median price of the broad category of all housing types has declined to \$185,000, down 2.6% from the previous quarter and down 12% from the median price of \$210,000 a year ago. The median price is affected not only by the value of all properties on the market but also by the value mix of those properties available to purchase.



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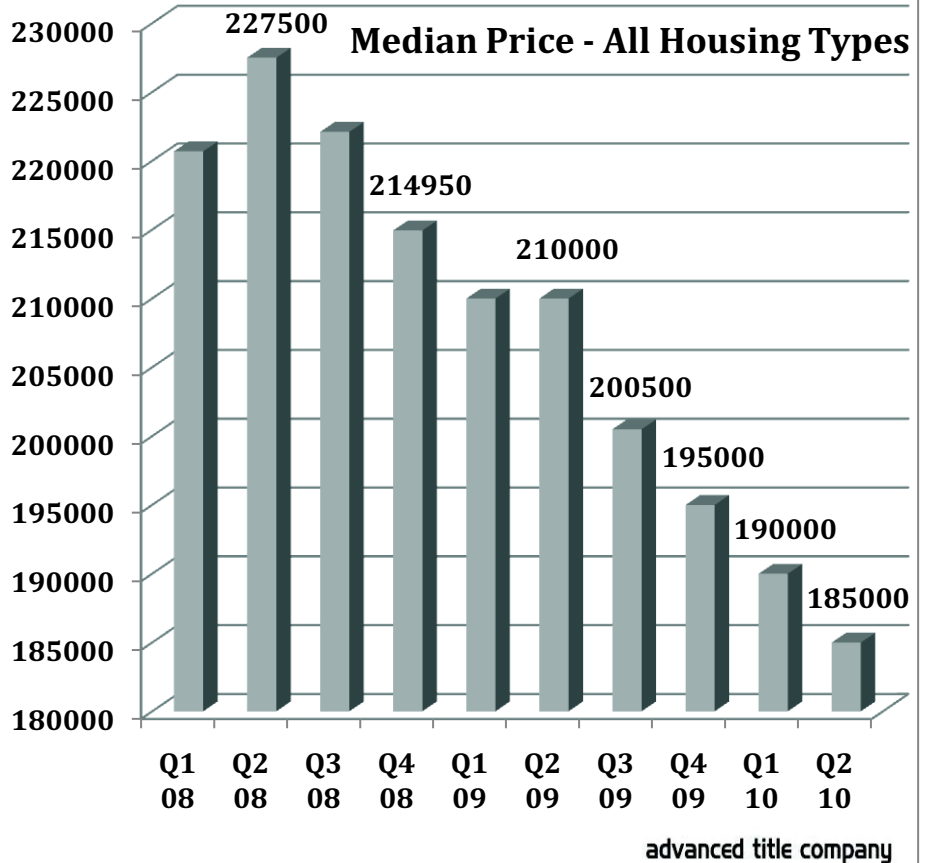


Bob Reece
President



As more sellers of higher priced homes use their discretion to pull their properties off the market, the aggregate value of all property types available to purchase trends downward, placing downward pressure of the median price for the category of all housing types. Zillow, through its Home Value Index (see below), provides an alternative to median prices and their data shows the same trend line as the median price.

While home building in April and May of this year fared somewhat better than the same period a year ago, June single family permits fell 45% and resulted in a quarterly total of 115 permits issued, down 6% from the 2nd quarter of 2009. Year to date there have been 193 single family permits issued, down 2.5% from the 198 permits issued last year through June. The reduction in new single family construction is consistent with the lower demand for new housing now prevalent in the market. There continues to be a measured number of speculative single family housing units being built every month primarily for the first time home buyer, in addition to a consistent



number of custom homes at various price points. We expect the current level of home building to continue until a clear improvement of all housing sales is evident.



This is the second consecutive quarter that the number of new foreclosures filed in Mesa County has declined. There were 354 foreclosure files opened in the Public Trustee's office for the 2nd quarter, down 10.8% from the 397 filed in the 1st quarter and down 26% from the peak of 478 foreclosures opened in the last quarter of 2009. While this is an improving trend, the number of foreclosures opened last quarter is 3 times the number expected in a normal economy. The graph below also discloses that the number of properties actually progressing to a sale is increasing, to 278 in the 2nd quarter, up 178% from a year earlier. Foreclosure sales lag the filing of the foreclosure by

some 4-8 months based on the type of property and any extensions of the foreclosure sale, so it is not surprising that we are now seeing a rise in foreclosure sales. However, this is also a clear indication that



defaulting borrowers are less able and perhaps less willing to bring their payments current. The primary culprits of foreclosure are historically job loss and divorce, and now property value declination is added to that list.

Forecast: There are no clear signs yet to indicate that prices will firm up, real estate sales increase, or single family building will improve in the next few quarters. What does seem clear is that interest rates should remain very low and opportunities for buyers should remain very high.

Foreclosures - Filed v. Sold

