

mesa county
Real Estate
 REPORT

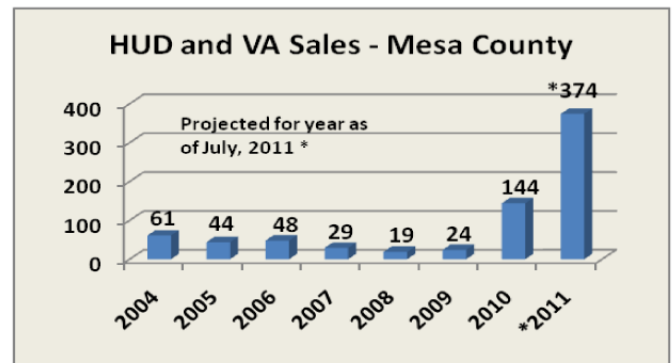


Uptick in Real Estate Market

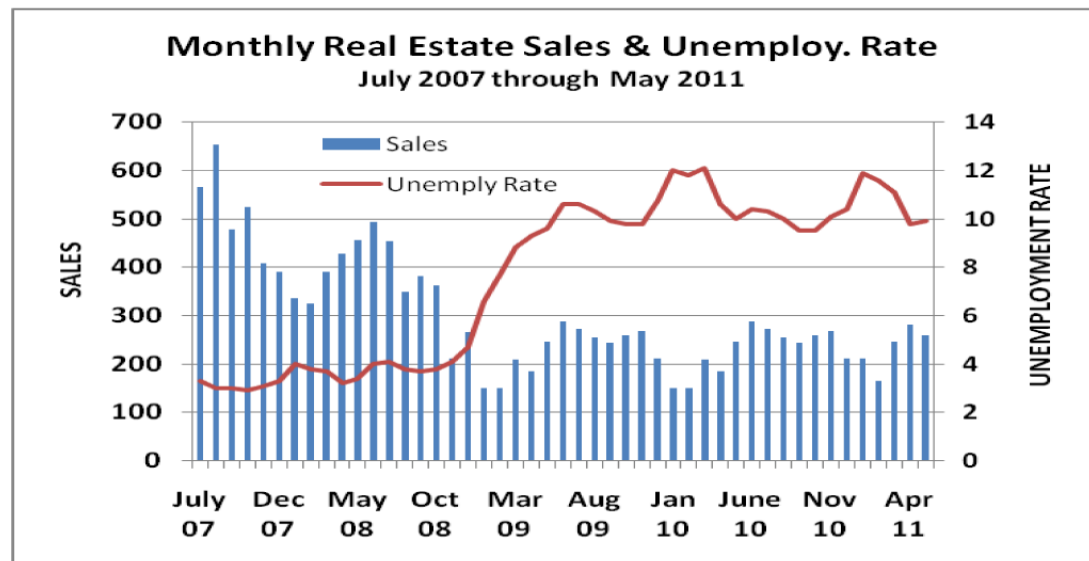
Q2 2011

We are repeating the note below one more time to draw attention to our methodology of reporting real estate sales.

[NOTE: For a number of years we did not count sales that were state tax exempt. These are basically sales by government entities and the number of those sales have been relatively small compared to the total market in Mesa County. Today, sales by HUD and the VA are increasing substantially, so we have now adjusted our current and historic sales data to include this growing sector in order to provide a better comparison and a more accurate real estate picture.]



Real estate sales improved substantially in the second quarter of the year. There were 857 sales reported, up 14% quarter to quarter from 752 sales in 2010, and up 38% from first quarter sales. Year to date, there have been 1480 sales, an increase of 13% over the 1311 sales in the first half of last year. A good portion of the sales in the second quarter were attributed to HUD and VA where they initiated 143 of the sales.



The dollar volume of sales kept pace with the dollar volume a year ago. The County reported \$167 million in sales in the second quarter compared to \$169 million in sales for the same period in 2010, and for the year there have been a total of \$294 million in sales, down slightly from the \$306 million in sales for the first six months of 2010. Notable sales in the second quarter included the following: (1) Sale to Summit Materials Corporation by the owners of Grand Junction Pipe and Supply of a group of properties for a sum total of \$6,416,900; (2) sale of property located in Pabco Industrial Park for \$3,620,000; and (3) sale of Whitewater property to Western Rivers Conservancy for \$3.0 million.



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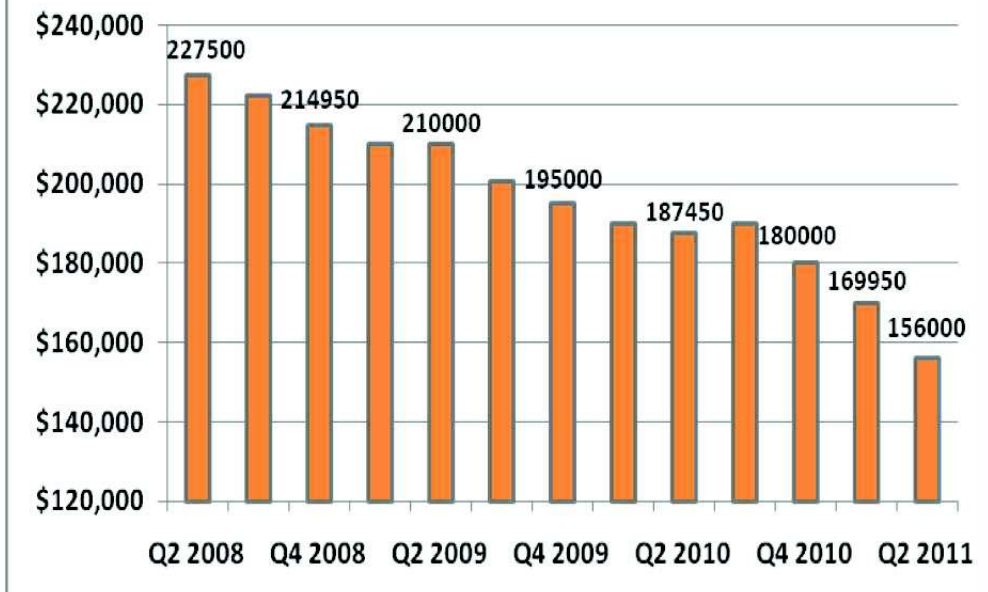
Bob Reece
 President



Prices are still declining as evidenced by the increase in the number of sales while dollar volume remains somewhat level. The median price of a single family housing unit dropped to \$156,000 in the second quarter, an 8.2% drop from the first quarter of this year and a 16.8% decline from a year ago when the median price stood at \$187,450. Zillow discloses a

year over year drop of 15.7% with their comparable Home Value Index of \$152,900 for the Grand Junction metro area. While it is promising that more sales are occurring, the growing number of institutional sellers, such as banks, mortgage lenders, Fannie Mae, Freddie Mac, HUD, and VA, will continue to put downward pressure on prices in the near future. Out of the 857 total sales for the quarter, 187 or 22% were made by institutional sellers.

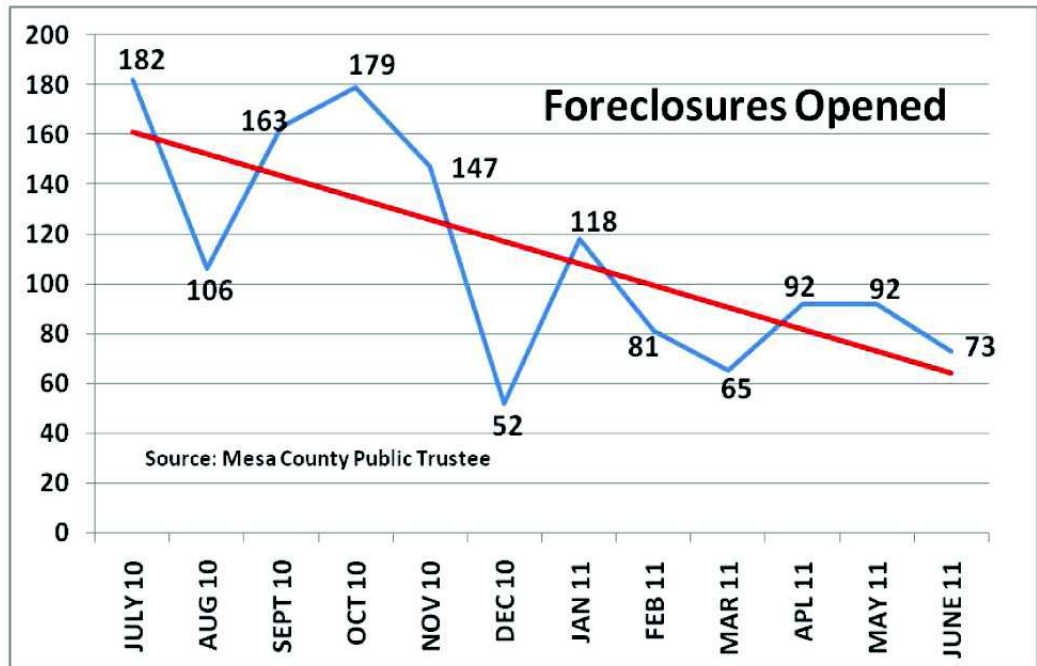
Median Price of Sales



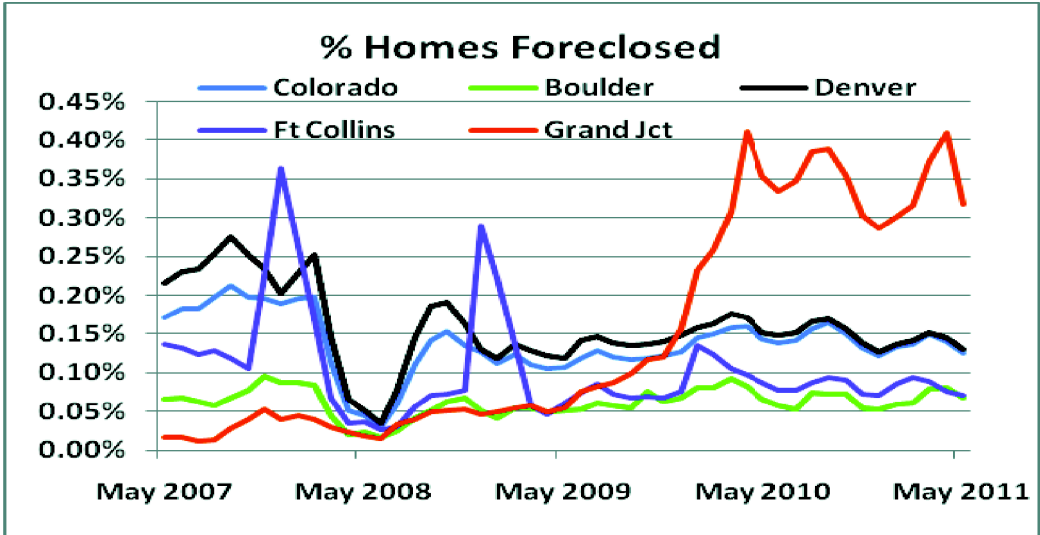
Single family permits continue to decline as active speculative builders maintain a modest borrowing profile and focus on lower cost options for the new home buyer. There were 64 single family permits in the second quarter, a drop of 44% from the 115 issued a year ago. For the first six

months, a total of 137 permits have been issued, about the same as in 1990, and a 30% decline from the 193 permits issued in 2010 for the first two quarters.

New foreclosure filings continue to decline since a high plateau in 2010. There were 257 new foreclosures opened in the second quarter, down 27% from the 354 foreclosures filed in the second quarter of 2010. The monthly average for all of 2010 was 132, while the monthly average for the first half of 2011 is 87. This is a very positive trend but still more than double what one would expect for a population the size of Mesa County. It takes 4-6 months on average for a foreclosure to work its way through the process and another 4-9 months for foreclosed properties to be successfully marketed. So, it will still require some time for



prices to firm up but one can now start to predict when that time will come. Mesa County appears to be approximately 2 years behind the Front Range with regard to the percentage of houses foreclosed. (see graph on following page)



The net effect of lower property values, low interest rates and abundant inventory is for Mesa County to enjoy a progressive improvement in affordability as set forth on the graph below. That may be small comfort for the vast majority of home owners that have seen their home values erode in the last few years, but first home buyers have a distinct market advantage at this time.

Source: Zillow.com

Annual Housing Affordability Index Grand Junction, Denver & United States, 2001-2010

