

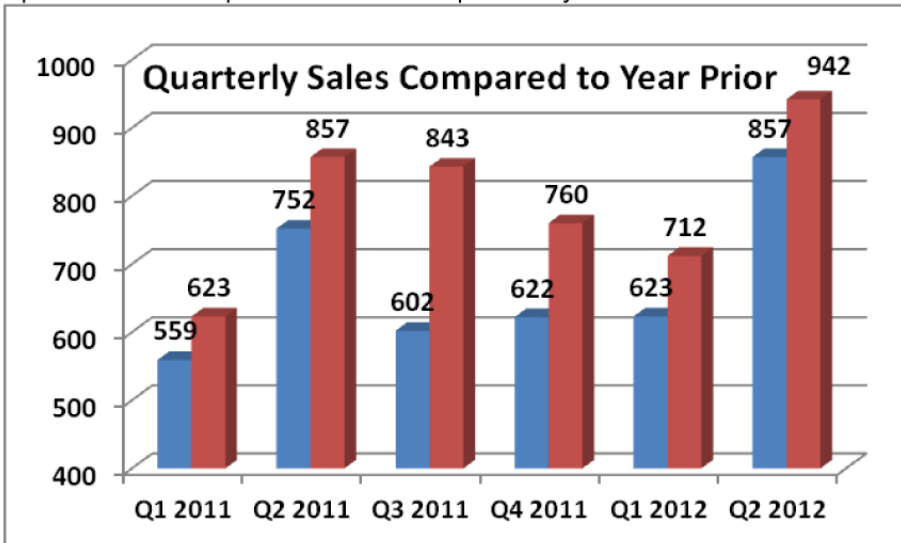
mesa county
Real Estate
 REPORT



Real Estates Sales Advance for 6 Quarters

Q2 2012

Despite a relatively flat June, sales for all real estate in the county rose for the sixth consecutive quarter when compared to the same quarter a year earlier. This is a clear indication that the local



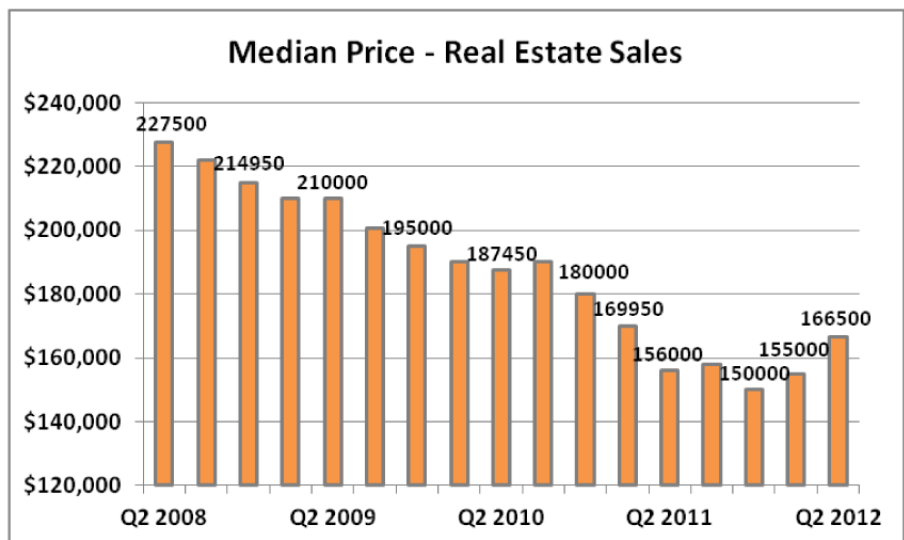
real estate market is experiencing a rebound, albeit a fairly deliberate one. There were 943 sales in the second quarter, an 8.4% increase over the same quarter a year earlier. For the year, there have been a total of 1564 real estate sales, an 11.7% increase over the 1480 reported last year.

Foreclosures remain at an elevated level resulting in a relatively high number of real estate sales by government agencies, the GSE's of Fannie Mae and Freddie Mac, and a number of mortgage lenders.

The dollar volume of real estate sales also increased for the quarter from \$167 million in 2011 to \$189 million this quarter. For the year, volume is up 8%; from \$294 million for the first six months of last year to \$318 million this year. A couple of sales of interest for the quarter were: (1) The Holiday Inn Express on 24 Road sold for \$2.5 million to a Glenwood Springs investor; and (2) a Redlands residence sold for \$1.7 million.

The median price of housing continued to firm up for the second consecutive quarter. This is a positive sign, since 12 of the prior 14 quarters experienced median price declination. This

price trend is also confirmed by Zillow, a national data centric marketing company. The median price of housing in the second quarter rose to \$166,500, an 11% increase in the last two quarters or an annualized rate of 22%. This is a positive price trend, particularly in light of the relatively high level of foreclosures



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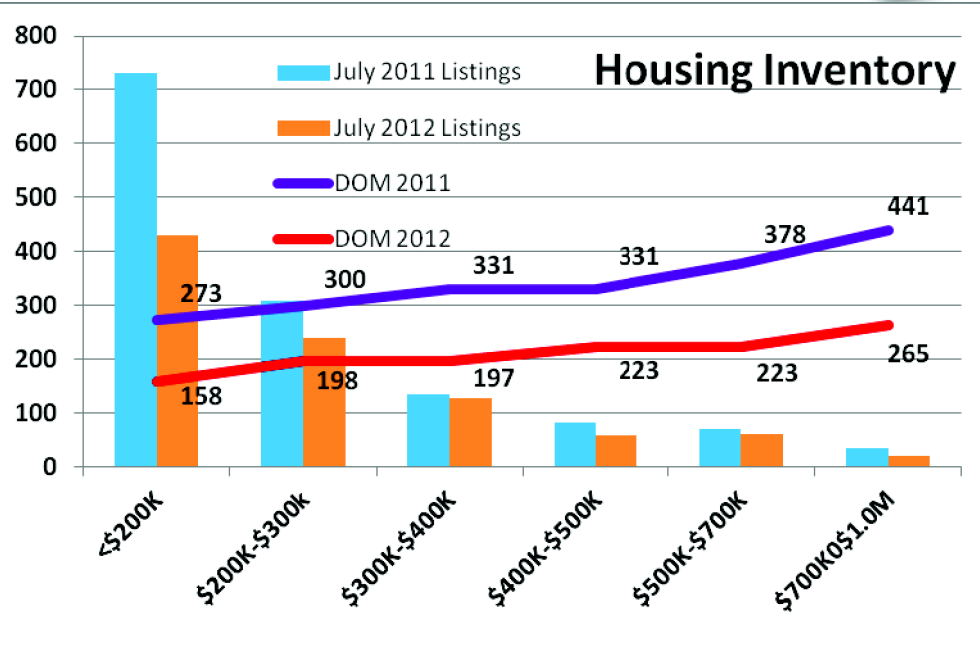


Bob Reece
 President

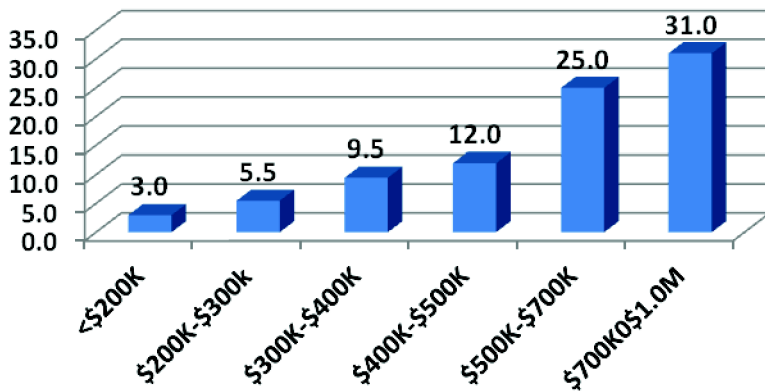


still being processed by the Public Trustee. The firming of prices nationally is substantiated by Zillow, Case-Shiller, and the Federal Housing Finance Agency.

Housing inventory is becoming scarce in the lower price ranges, as shown on the graph to the right, particularly for homes under \$200,000. Inventory remains favorable for buyers in the upper price ranges, while improving overall to a more balanced market between seller and buyers. For each price segment, the inventory of houses for sale has declined and the average days on market (DOM) has also declined from July of 2011 to July of this year. Declining housing supply and the improved marketing time are both good indicators of why



Months of Inventory



housing prices have firmed in the last two quarters. When the unemployment rate drops and demand for housing for sale improves, we should see a strong growth in inventory available for sale. Shrinking supply has its price benefits but improving demand for housing is still the preferred path for real estate success.

Foreclosure filings for the quarter were on par with those of the first quarter, but 57 ahead of the second quarter of 2011. This level is similar to that of 2009 but still far less than the peak of 2010 when 1580 foreclosures were opened in the Public Trustee's office. June was a particularly active month with 140 new filings opened. The good news is that July followed with

roughly one-half of that number. Nonetheless, the current high level of foreclosures will throttle some of the progress being made in the real estate market.

Single family permits rose substantially in the quarter, up 94% from 64 in the second quarter of 2011 to 124 for this quarter. Most of the new permits were in the starter or first-time buyer price range. For the year, permits numbered 207, an increase of 51% over the 137 permits pulled in the first six months of last year.

