

# Real Estate REPORT

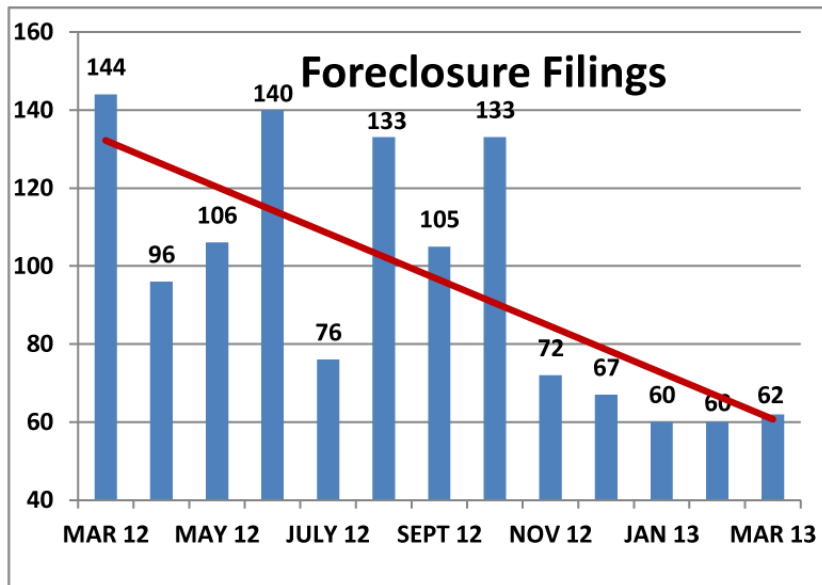


## Decline in Foreclosures Lead Market

Q1 2013

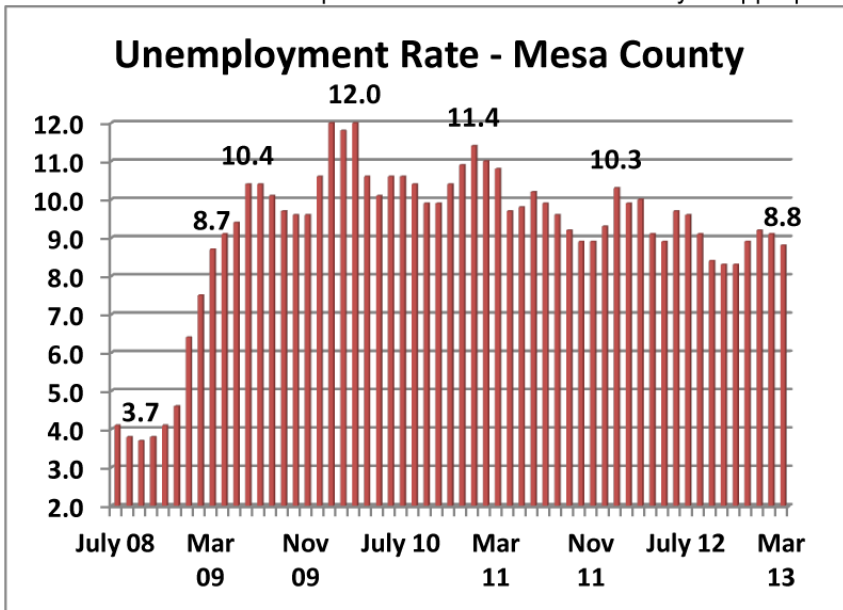
New foreclosure filings continue a downward trend. The monthly average of new foreclosures for the first quarter counted 61 compared to a monthly average of 115 for the first quarter of last year. The trend line on the accompanying graph shows a very favorable decline for the real estate market.

This trend will slow the downward pressure that foreclosures have on housing prices, and it is simply good to see fewer people losing their homes to foreclosure. The number of filings that proceed to sale are seeing a similar decline with an approximate 6-month lag time in the declining trend.



## High Unemployment Rates Still a Concern

High unemployment rates remain, however, a niggling factor for the real estate recovery. While other parts of the U.S. and Colorado are enjoying much lower unemployment rates, Mesa County still hovers just under 9.0%. The protracted high unemployment rate has limited the progress that the real estate market has experienced in the past year. A call for "all hands on deck" for economic development efforts in the community is appropriate not only for the sake of



real estate but for all segments of commerce. Our taxing authorities have recognized, through their flat sales tax receipts, that we are in the midst of a tepid recovery and this is causing them to carefully review budget forecasts. It is clear that the public is still reticent to spend more than they did a year ago and this factor is also throttling the real estate market to some degree.



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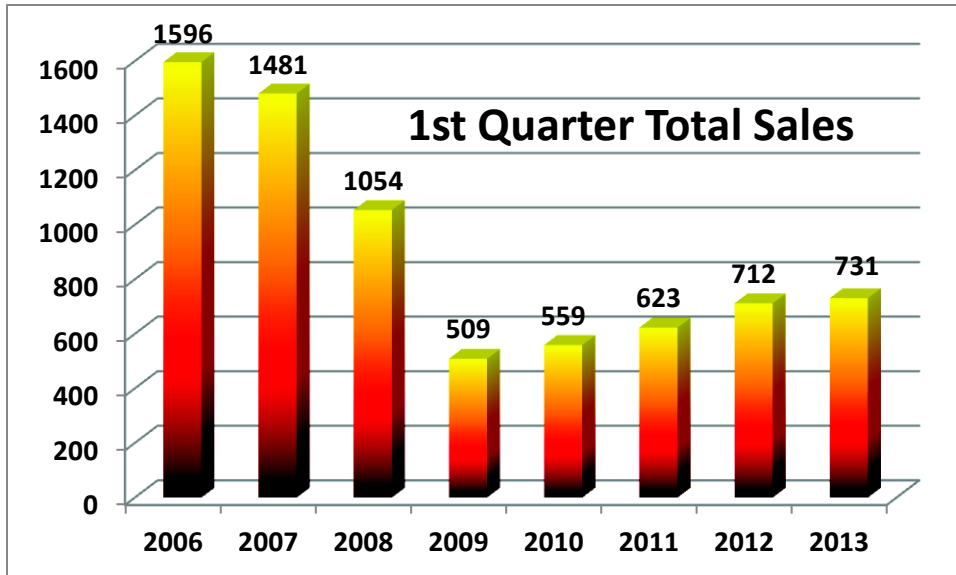
Bob Reece  
President



## Real Estate Sales Move Ahead

Real estate sales advanced a modest 2.7% in the first quarter with 731 sales occurring in the first quarter of this year versus 712 sales in the same quarter of 2012. Dollar volume of real estate sales moved forward more handsomely; nearly

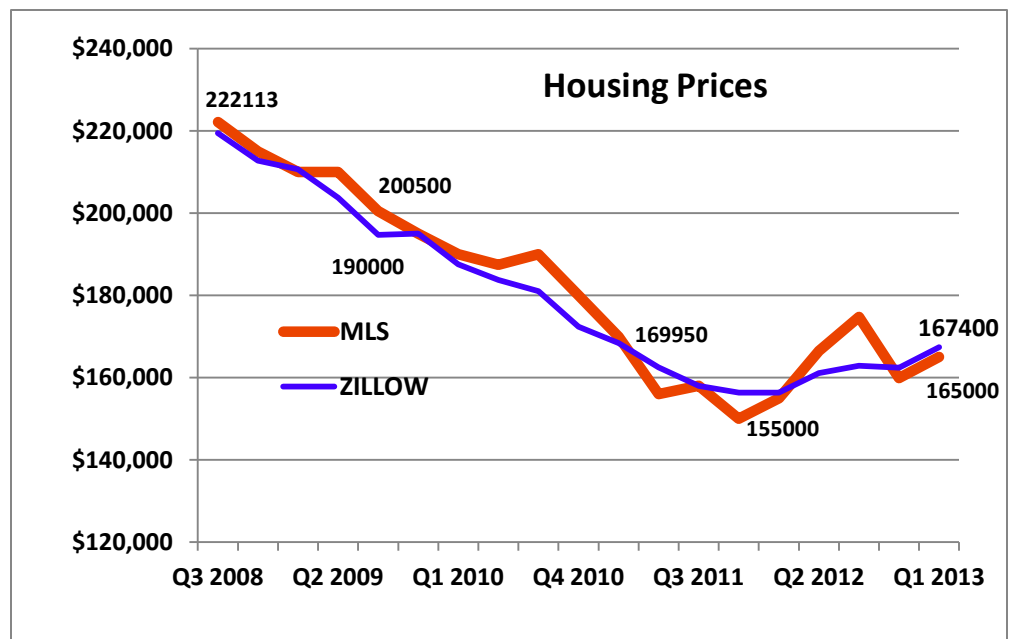
10%, from \$133 million in the first quarter of 2012 to \$146 million this year. This gives some indication of the improvement in property values. There is a dearth of properties in the lower price ranges and this is placing upward pressure on prices for these properties. Home builders that build affordable homes are experiencing measured success in some part because of the lack of inventory. Most home builders in the higher price points remain very guarded about speculative building. Sales of note in the first quarter were: (1) sale of the Walgreen Drug Store property at Patterson and 1<sup>st</sup> Street for \$5.66 million; (2) a strip center at 2740 Highway 50 in Orchard Mesa sold to a trust for \$2,250,000; and (3) the



Gene Taylor Sporting Goods building and neighboring property sold to SBC Archway for a total of \$2,050,000.

## Housing Prices Improve, Home Builders Focused

Housing prices continue to improve. The median price of all housing types advanced to \$165,000 up from \$162,400 last quarter and ahead \$10,000 from a year ago; and \$15,000 above the low reported in the 4<sup>th</sup> quarter of 2011. Zillow reports a similar increase in its Home Value Index. This is the 5<sup>th</sup> consecutive quarter that housing prices have improved.



Home builders were slightly busier this quarter versus the same period from last year. There were 90 single family permits issued in the quarter, compared to 83 such permits in 2012. Most of the permits pulled are still in the lower price ranges and are aimed primarily at first time home buyers. Builders have honed their skills and buying savvy to provide high value for the low-income housing they are constructing.