

Real Estate REPORT



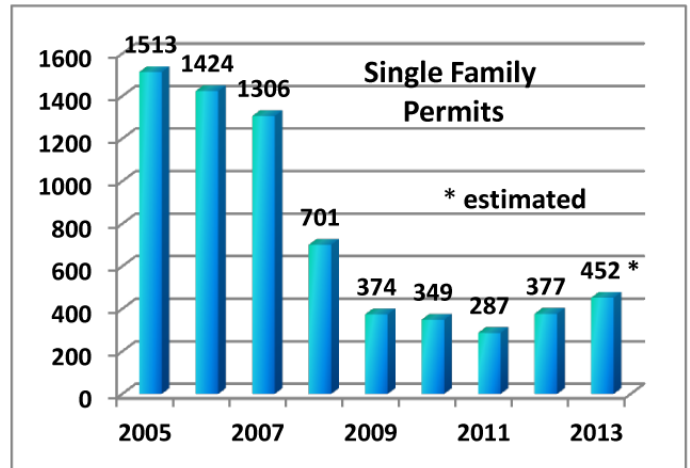
Real Estate Sales Upswing

Q3 2013

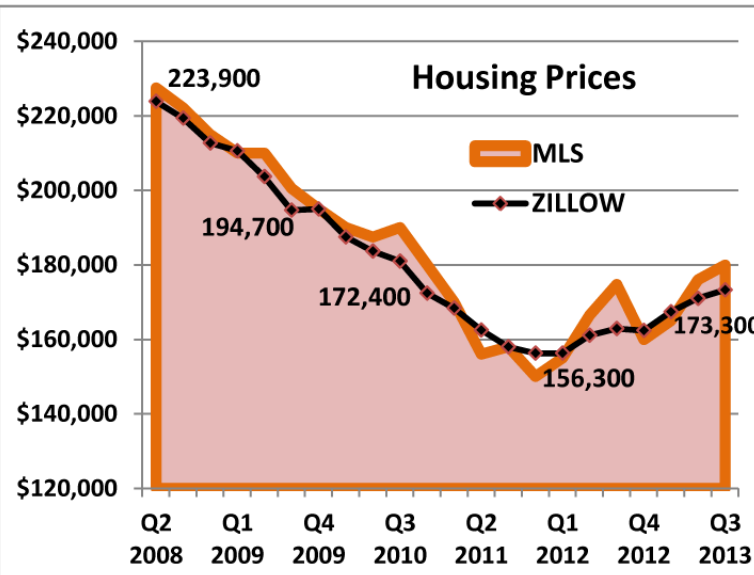
Third quarter sales advanced 6% over the same quarter a year ago. This is the 9th consecutive quarter over quarter improvement. There were 997 real estate sales in the third quarter of 2013, compared to 940 sales in 2012. This leaves year-to-date sales up 5.9% - from 2594 sales in 2012, to 2746 this year. The dollar volume for the quarter was up 1.7% over last year, from \$223.5 million last year to \$227.3 million this year. Through the third quarter, the total dollar amount of transactions reported was \$577.5 million. That is a 15% increase from the first 9 months of 2012.

Single Family Construction Advances

A bright spot of real estate activity is in single family construction. For the quarter, there were 142 single family permits pulled in Mesa County, a 65% increase over the same period last year. For the year, 352 such permits have been issued, an increase of 20% over the pace of 2012. If homebuilding keeps this pace, we should see in the neighborhood of 450 permits to be issued this year. While not close to the volume of building seen in the peak of 2005, each additional home built represents three new, and generally well-paying, jobs according the National Association of Home Builders. For a community that gives keen attention to new employment opportunities, the construction trades represents a very positive influence on the local economy.



Housing Prices are moving upward, particularly in the lower price ranges. For all housing properties, the MLS shows a median price increase of 12% since the 4th quarter of last year, while Zillow, under its house price index, claims values rose only 7%.



The disparity in values points to the difference of using median prices to view appreciation of house value versus Zillow's home price index methodology. We will continue to track both. While housing appreciation in the Grand Valley is lagging far behind its Front Range counterparts this year, it should be noted that annual sub-10 percent appreciation for real estate is at least sustainable. Current values remain approximately 25% lower than the high witnessed in 2008.



advanced title company

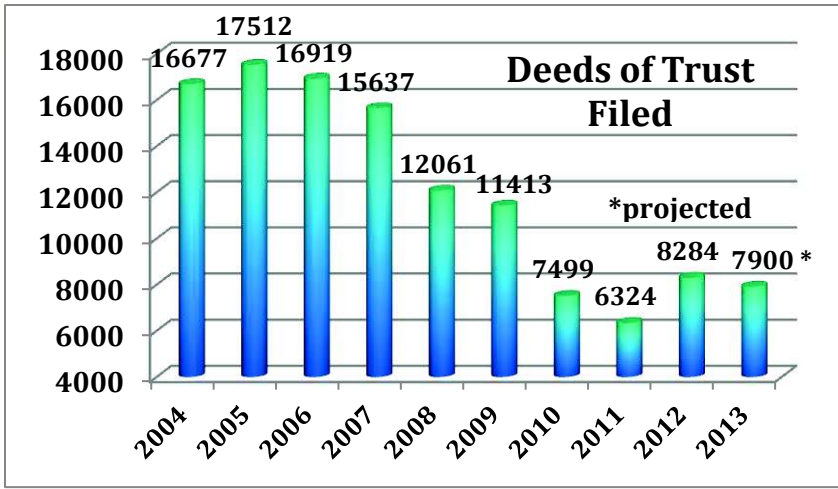
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Lending Takes a Hit – Foreclosures Fall



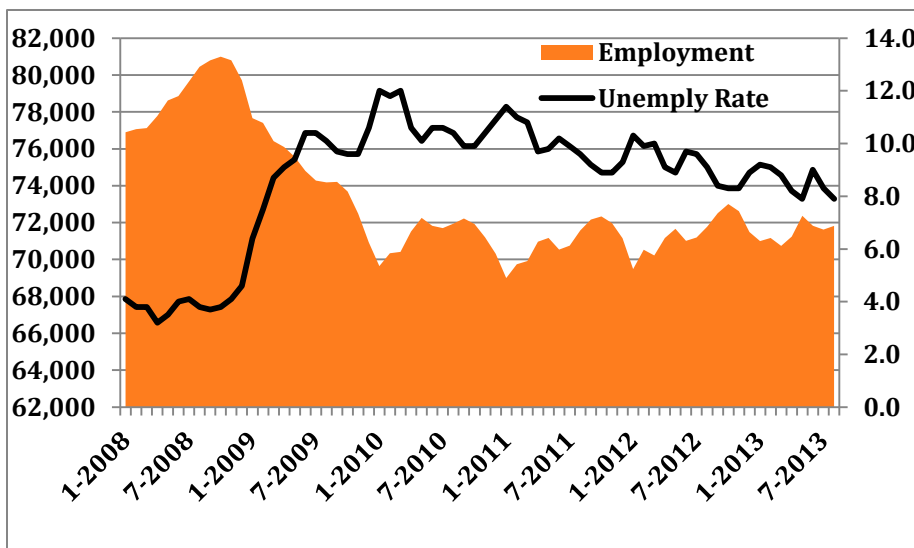
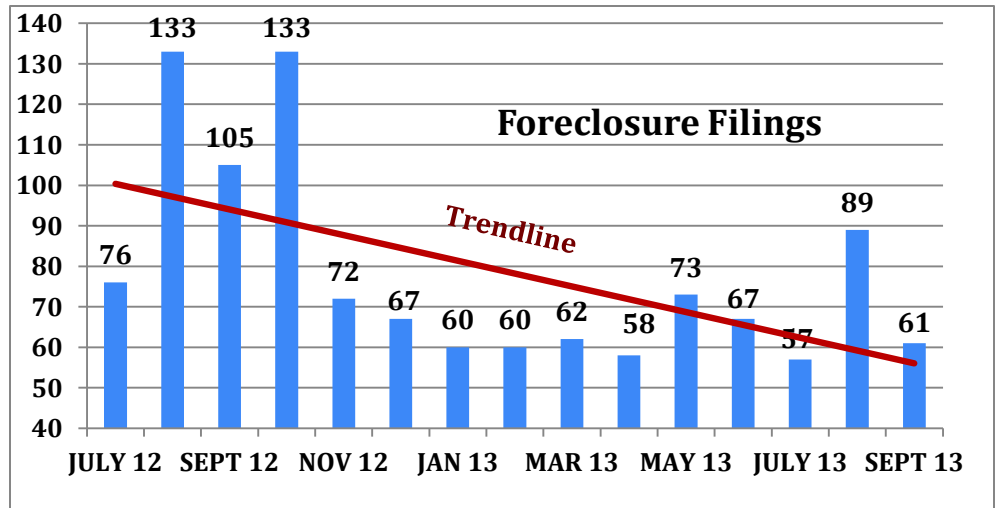
Lending activity is lagging somewhat behind last year as tightened borrower requirements have reduced the number of successful loan applications. Interest rates remain very attractive and the Fed has given continued signs that they will continue to utilize their monetary tools to keep rates low throughout this year and into next. They do not seem too worried that inflation will be an important factor in the next 12 months.

Foreclosure filings continue in their declining but positive trend. The third quarter reported a total of 207 new filings down 34% from the 314 files in the third quarter of 2012, despite a rather hefty 89 filings in August. The reduction in foreclosures has a substantial social benefit for the community

in addition to the economics of keeping homeowners in their own home. There was some concern that a “shadow” market existed for latent foreclosures to be filed. That has not proven to exist thus far.

Recovery Labors

Economic recovery continues in Mesa County at a measured pace, bridled by a nagging level of employment for the last three years. The unemployment rate continues to inch down but the community is still subject to a roughly 8% unemployment rate, a good distance above the Fed’s old target of 6.5%, the rate at which the Fed would stop suppressing interest rates. Fed staffers are now proposing the new target rate to be 5.5%. This would be welcome news for Grand Valley residents and for City and County



budgets, since it would provide more time for the community to actually recover from the 2008 recession. The number of people employed in this statistical area hovers below 72,000 and is some 4-6000 jobs below a vibrant level for a community of this population. Every business and community leader is aware of the benefits of adding jobs, and good-paying ones, to the Mesa County workforce.