

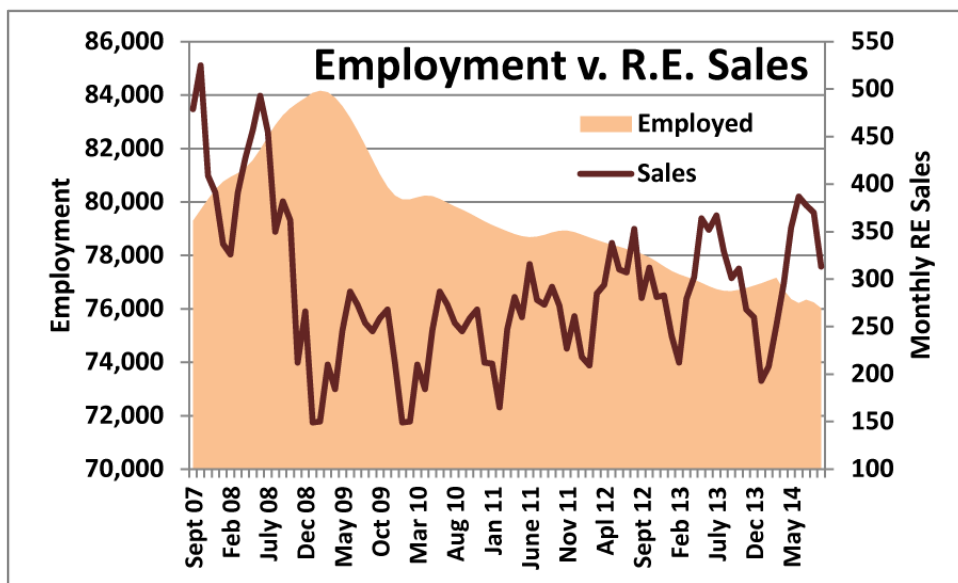
# Real Estate REPORT



## Poky Real Estate Activity

Q3 2014

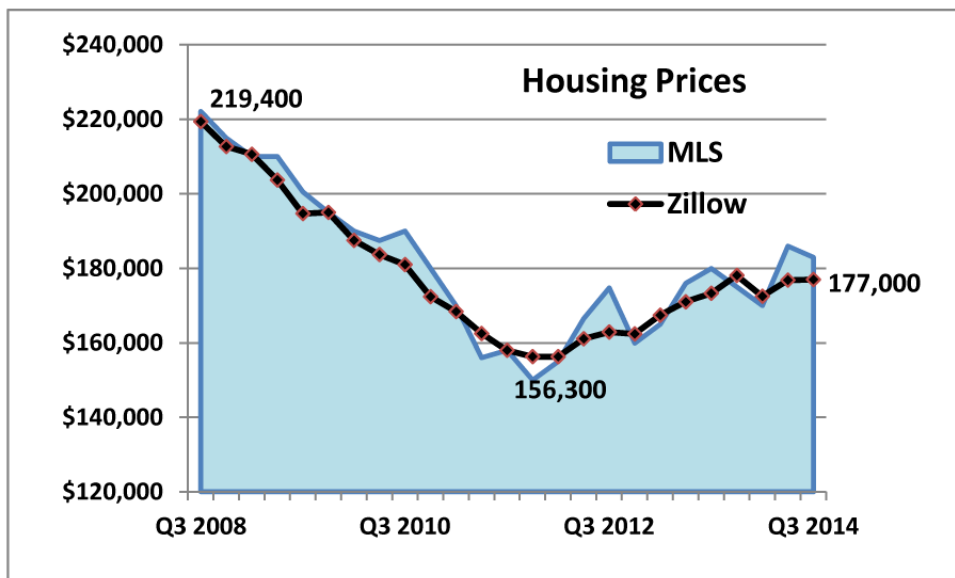
The real estate recovery in Mesa County has been annoyingly slow the last few years and 2014 thus far is no different. Third quarter of 2014 reported 1061 real estate sales, a promising 6.4% increase over the 997 sales in same period a year ago. But year to date, there has been just one-tenth of one percent increase in sales; from 2746 in 2013 to 2749 sales this year. The unemployment rate in the county has dropped to 5.4% and one would expect to see greater



improvement in real estate activity as a result. But the number of people actually employed has not risen inversely and proportionately to the unemployment rate; the result of a declining employment participation rate. Until we see employment numbers improve significantly, real estate activity will gain strength at a measured pace. However, the upward trend in real estate sales in the last 4 four years is a testament to the importance and resilience of real estate ownership.

## Housing Values Flat

The median price for all housing types, according to the local MLS, took a slight drop in the last quarter, from \$185,950 to \$182,950, and remains a modest 1.7% ahead of the median price of



\$179,950 a year ago – but still some \$36,450 below the median price from 2008. Zillow reports a 2.1% increase in housing values for the Grand Valley over the past year and makes a prediction of greater than 3% increase for 2015.



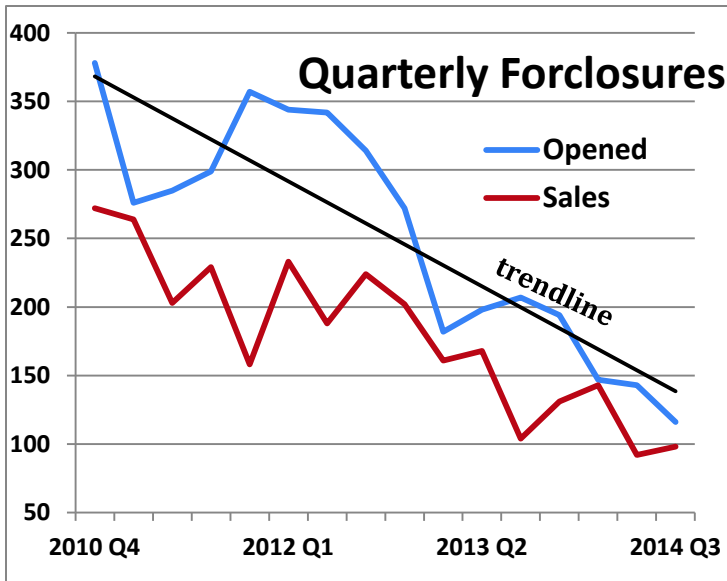
atc

advanced title company

622 Rood Avenue  
Grand Junction, CO 81501  
970.255.7677 p  
970.255.6491 f  
www.advancetitleco.com  
atc@advancetitleco.com



Bob Reece  
President



## Foreclosures in Favorable Trend

The number of opened foreclosures in the Public Trustee's office in the third quarter totaled 116, the lowest quarterly amount since the 3<sup>rd</sup> quarter of 2008. And the number of properties making it to public sale has declined in similar fashion. Compared to Colorado and the United States, Mesa County still has a high rate of foreclosure, but the prevailing trend has been very promising.

## Single Family Permits Steady

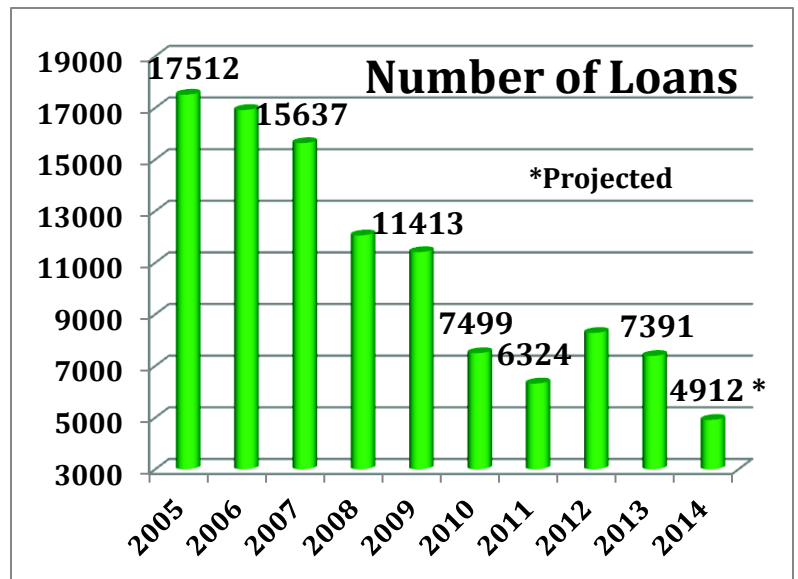
The number of single family permits issued for the quarter was on par with last year. There were 145 permits issued this quarter, three more than the third quarter of 2013. For the year, there have been 346 permits issued, just 6 below the year to date total of last year. This level of single family building activity is still

about one-third the level of construction expected for a community of this size. First time home buyers continue to play a major role in permits issued to production builders.

## Lending Activity Declines

The total number of loans recorded in Mesa County is off some 33% since last year. There have been 4016 Deeds of Trust recorded in the first 9 months of this year, compared to 6042 loans in the same period of 2013. Mortgage lenders, despite perfectly attractive interest rates, are experiencing more challenges in qualifying borrowers now that revised lending standards have been fully implemented. And banks, with plenty of liquidity and attractive interest rates, are all eager to find more borrowers who both qualify for loans under the revised banking regulations, and are willing to add debt to their balance sheet.

Construction lending is level with last year with 86 construction loans recorded in the first 9 months of this year, compared to 82 loans for the same period in 2013. Most of the construction activity has centered on the \$200K-\$300K price range for new homes and much higher pricing for custom building. There are a growing number of private lenders entering the construction lending business and those numbers are not reflected above. For some inexplicable reason, private construction lenders rarely record the Colorado statutorily required Disburser's Notice.



Business leaders and government officials have come together to ramp up economic development activity in the hope of attracting more well-paying jobs to the Grand Valley. There is no better tonic for the community in general and the real estate market in particular. Three trends are strong positives at this time. Government-owned (HUD/VA/FNMA/Freddie Mac) sale of houses have declined from a high of 25% in 2011 to a projected 9.5% this year; Colorado Mesa University is a growing beacon of education prowess in the state and economic power for the community; and health care providers, with competitive spirit, are investing considerable capital that will solidify the Grand Valley as a regional health care mecca in the long term.