

Real Estate REPORT

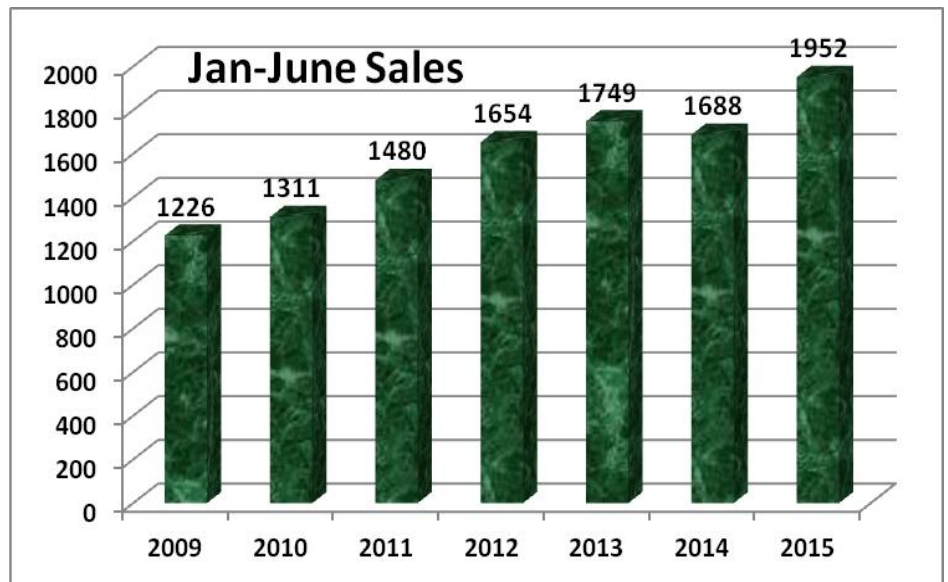


Real Estate Sales Improve

Q2 2015

Real estate sales became very healthy in the second quarter with a jump of 17% in the number of transactions. There were 1208 real estate sales in the quarter, compared to 1036 in the same period a year earlier. This also represents a climb of 68% from the 717 sales reported in the second quarter of 2009, a recent low. Year to date, there have been a total of 1952 sales, up 15.6% from the first half of 2014. This is somewhat remarkable since the labor market is still trying to grab a better foothold in Mesa County with an unemployment rate still annoyingly high. There were 28 sales by HUD and the Veterans Administration in the second quarter, representing

only 2.3% of the market and a far cry from the boisterous 25% of the market that HUD and the VA commanded in 2011. The reduction of government-directed sales has stabilized the market.



The dollar volume is

somewhat skewed this quarter based on three rather large transactions that totaled almost \$53 million. Excluding the three sales, June would have recorded \$85 million in sales, nearly identical to May's \$84 million. With all sales counted, year to date total dollar amount of sales is up 27%, from \$367.6 million last year to \$466.3 million in this year. The two largest sales were related and involved the senior living compounds of Mesa View and The Atrium of the Grand Valley. These sold collectively for nearly \$45 million to a Park Avenue company as part of a national sale; the \$8.2 million sale was for a part of the Peach Tree Shopping Center to an Arizona company.

Prices Edge Up

Housing prices continue to edge upward in a modest amount, somewhere between 3 and 4% annually depending on which real estate data service reports it. The median price of all housing in Mesa County has risen 25% since the low of \$150,000 in the 4th quarter of 2011, to \$187,750 at the end of this June, according to data from the local Realtor MLS. Zillow reports similar findings in housing prices. This is still 18% below the high median price of \$227,500 in 2008. The loss of equity in housing in the last 6 years has had a wrenching effect on family budgets and, in some cases, the desire to own a house. There is strong evidence of the broad benefits of home ownership for individuals and for a community.



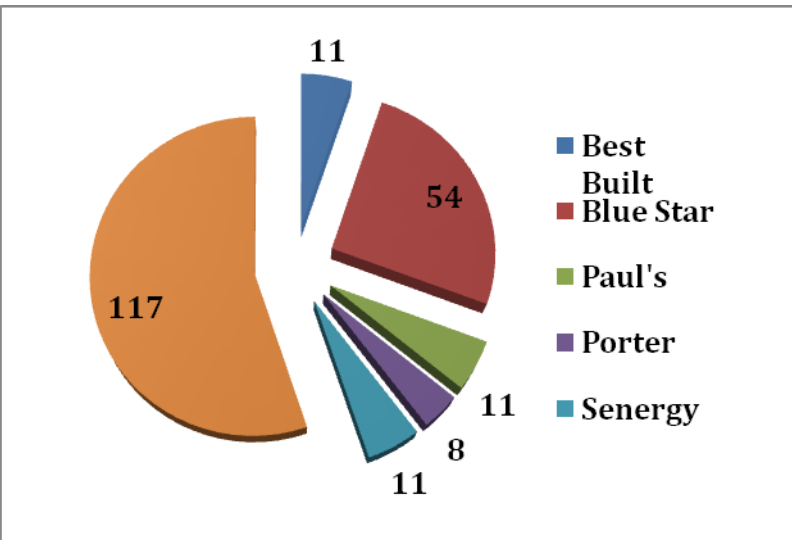
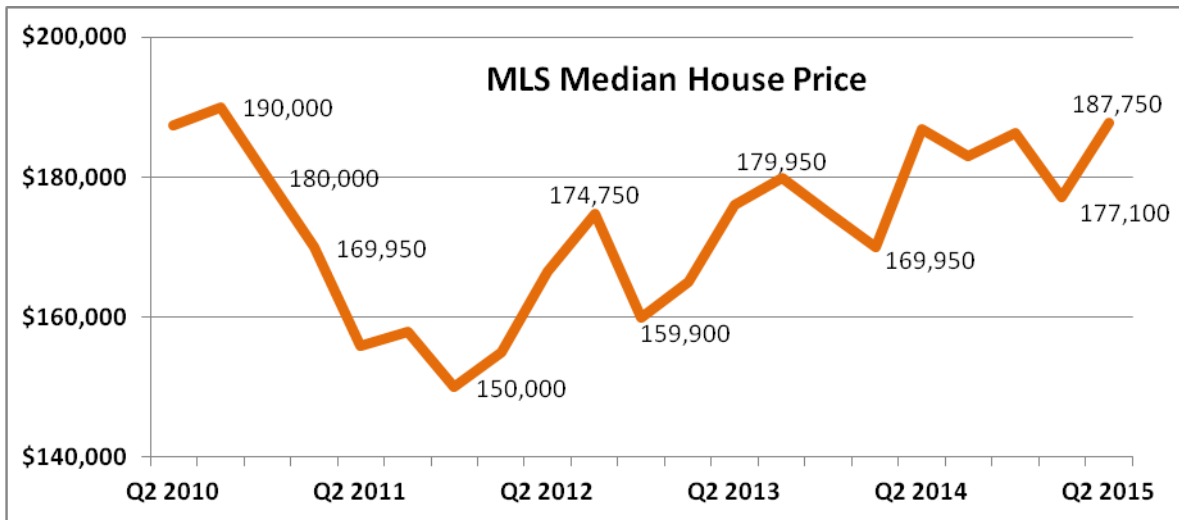
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Bob Reece
President



Single-Family Permits Improve

Building permits also advanced in the second quarter with 136 single-family permits issued in the quarter, some 24% ahead of the 110 permits issued in the first 6 months of 2014. The first quarter of this year was somewhat sluggish, but year to date total single-family permits are now ahead of last year; 212 issued for this year, compared to 201 issued last year by this time. The largest number of permits issued in the first half of 2015 was taken by the following six companies and represents 45% of the total: Best Built Homes, Blue Star Construction, Paul's Residential Construction, Porter Construction and Senergy Builders.

Foreclosure filings continue in a favorable downward trend. For the second quarter, there were 117

foreclosures initiated, down from 143 filed in the same period a year earlier and, year to date, the total number filed is 225, down 22% from the 290 filed in the first six months of 2014 – and down 70% from the 751 foreclosures started in the first half of 2010. This is an area of vast improvement for Mesa County.

The FED is very carefully giving hints of raising short-term rates and the mortgage market is nervously watching every move by major bond players. To date, we have not witnessed much movement at all except the typical daily rise and fall of mortgage interest rates. The FED is having difficulty coming to a consensus about rates in the face of the slowest recovery in 75 years. The Denver market would be able to withstand a rate hike based on its strong seller market at this time. Mesa County would not be so fortunate.

