

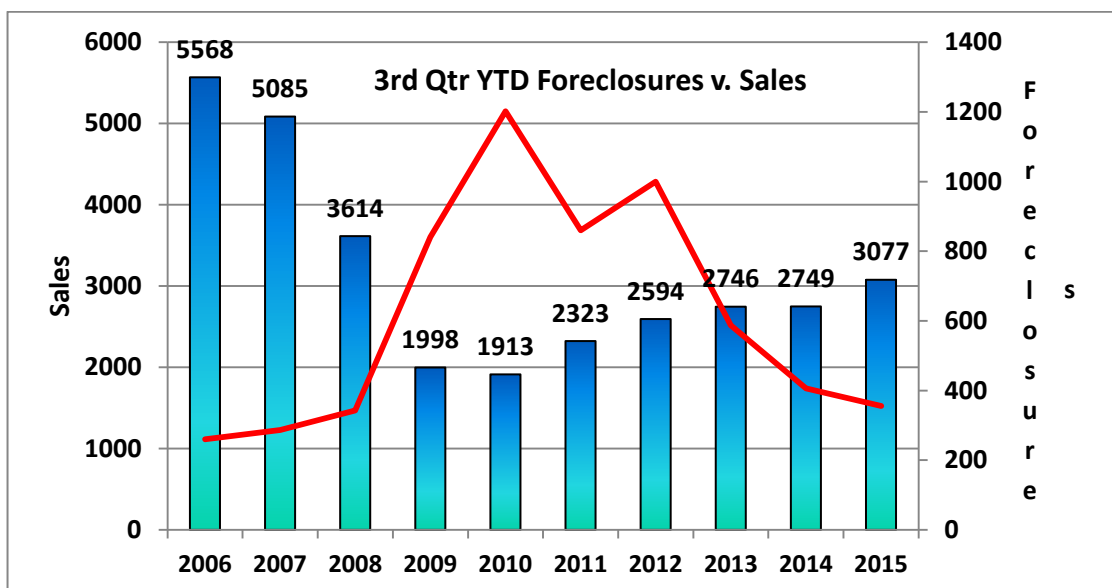
Real Estate REPORT



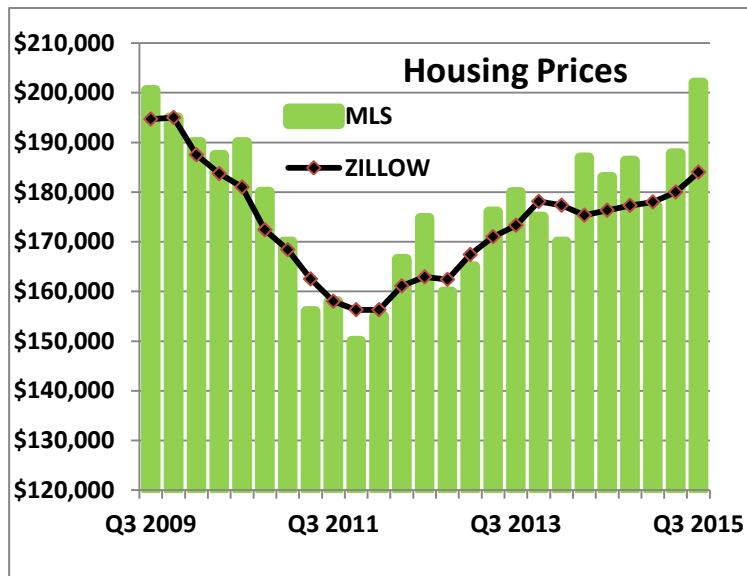
July a Strong Month

Q3 2015

Third quarter real estate sales were strong, boosted by burly July sales. There were 1125 real estate sales in the third quarter up 6% from the third quarter of 2014 and year to date figures somewhat on par with what occurred in 2008. July usually experiences robust real estate activity and this July did not disappoint. The reported 449 sales were nearly 19% greater than the previous July when there were 378 sales. A longer look at real estate sales when compared to foreclosure filings demonstrate how important it is to a real estate market to have a more normalized level of foreclosures. However, a return to an almost normal level of foreclosures has not produced a normal level of real estate transactions. There are certainly other factors that have played a role in the very slow recovery of real estate sales in the county, perhaps the most important of which are job security, wages and discretionary income.



Housing prices continue to rise since the recent low in the 4th quarter of 2011. Housing prices in the metropolitan area as a whole have risen nearly 18% in the last 4 years according to figures provided by Zillow and they predict that housing values will rise approximately 3.5% in the next year. Data from the local Multiple Listing Service provides a similar view. At this rate of appreciation, it will be 2020 when values are equal to the high point of early 2008 when they peaked at \$223,000 for the median price (MLS) of a house and the price index (Zillow).



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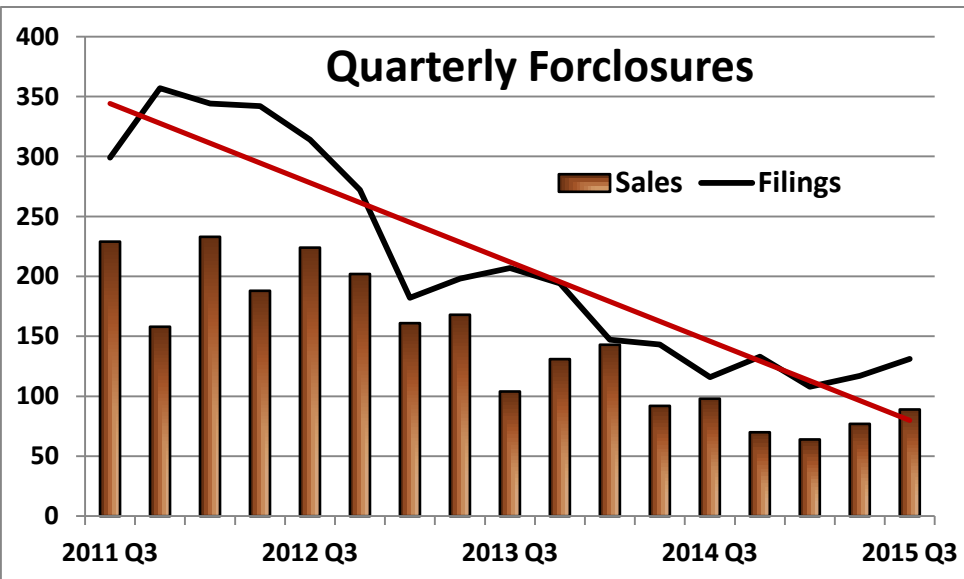


Single Family Permits Wane

Single-family building permits declined by some 31% in the third quarter year-over-year from 2014. There were 100 permits pulled in the quarter versus 145 in the third quarter of last year. Through the third quarter, a total of 312 single family permits have been issued a drop of 10% from 2014. There have been 3 years of progress in new housing construction, but it looks like this year there will not be any advancement made in this sector of the economy.

Foreclosures on a Decline

Foreclosure activity continues to improve by its declining numbers. Despite a small uptick in the third quarter, year to date there have been 50 fewer foreclosure actions initiated in the county. There were 131 new foreclosure filings in the third



quarter of the year compared to 116 in the same period a year earlier. And year to date, 356 foreclosures have been initiated versus 406 last year through the third quarter. One would expect a deceleration of this decline as the level of foreclosures nears the historical average for this population.

Lending on a Rise

Lending activity has enjoyed some resurgence this year with a projection of nearly 7000 loans based on a 9-

month total of 5222 loans. This is less than one-half the lending activity that occurred in the robust years of 2005 – 2007. The number of new loans nearly equals the number of released loans in the last 4 years, giving some evidence that this community is not creating any new private debt. Projected based on third quarter totals, there will be 28,058 loans made in the last 4 years and 28,585 releases filed.

Mortgage lenders, and banks that make loans that qualify, are now faced with a whole new set of regulations handed down by the Consumer Federal Protection Bureau (CFPB). This large new bureaucracy that oversees virtually all financial activity in the United States implemented a vast set of regulations and forms that is required on the vast majority of loans to be made. As lenders walk through this new environment, we expect to see some slowdown in lending activity because of the great care being exercised by the lending and title industries. The lending projections made for 2015 above may be optimistic.

