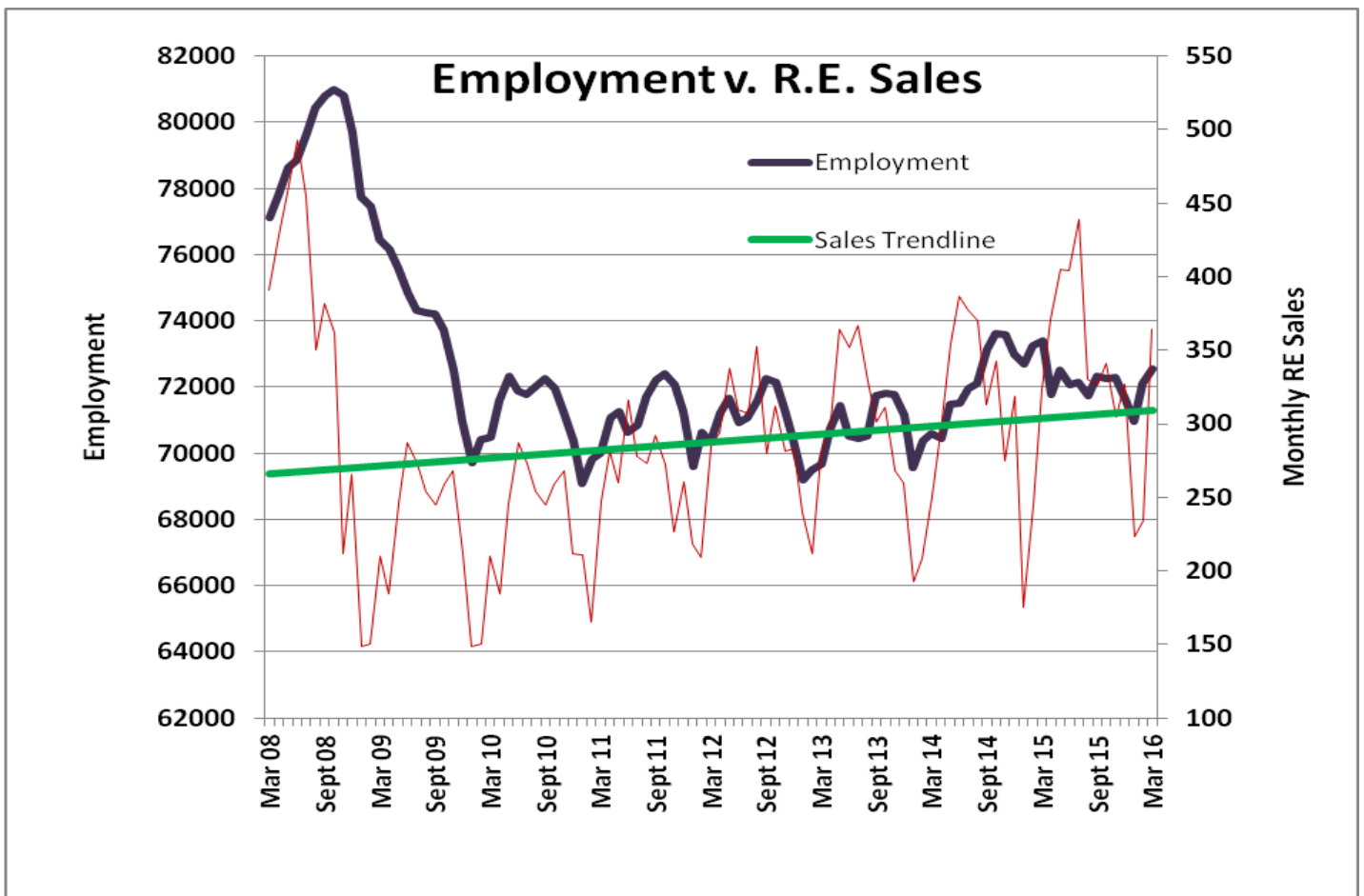




TOP STORY

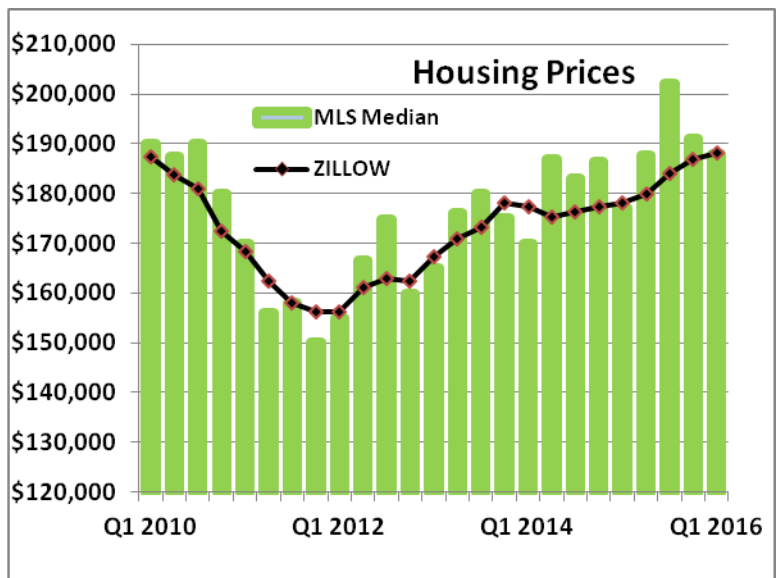
Sales Improve in the First Quarter (Source: Mesa County Clerk and Recorder; MLS; Zillow)

Real estate sales improved by over 10% in the first quarter when compared with the first quarter of 2015. There were a total of 821 sales in the first 3 months of 2016, handsomely ahead of the 744 sales in 2015. The dollar volume of sales performed even better with a 21% advance over the same period a year ago. There were 11 sales for \$1.0 million and greater in the first quarter versus 7 such sales for the first quarter of 2015. A few notable sales include: (1) Community Hospital site to Colorado Mesa University for \$3,550,000; (2) Burger King building along 24 ½ Road for \$7,379,683; (3) Grand Junction Kia Orchard Mesa property for \$3,875,000; (4) America’s Best Value Inn on Horizon Drive to a company named Shivpooja for \$1,885,000; and (5) and a residence in Monument Valley subdivision for \$1,150,000.



The level of real estate sales activity remains aligned with total employment in the Grand Valley. As employment slowly trends upward out of recession levels, real estate sales improve albeit nowhere close to what is being experienced on the Front Range. The red line in the graph above represents monthly real estate sales.

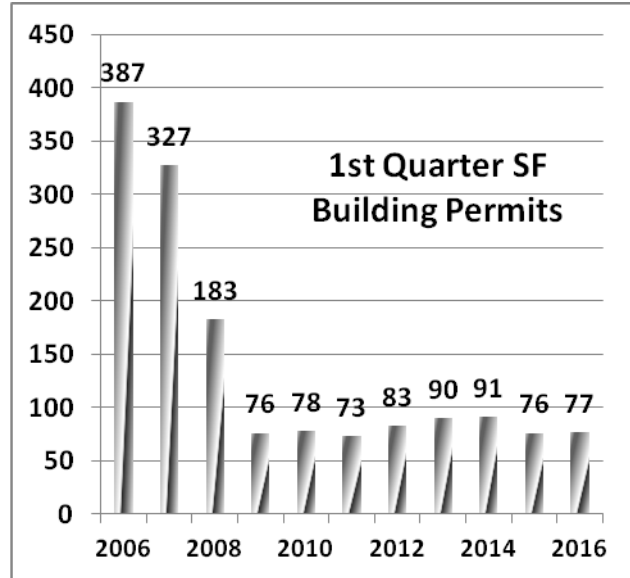
Housing prices have risen 5.9% from a year ago according to the Home Value Index from Zillow and 6.1% according to the median price reported by the local Board of Realtors MLS. This represents a sustainable level of price appreciation for most markets. Of the 584 residential improved sales in the first quarter, as reported by the MLS, the appetite for purchasers remains soundly with single-family housing with 525 sales. Only 35 townhouses were sold in the quarter followed by 24 condominium units sold. Declining affordability may push increased construction of townhouses and condominiums.



## WHAT'S HAPPENING

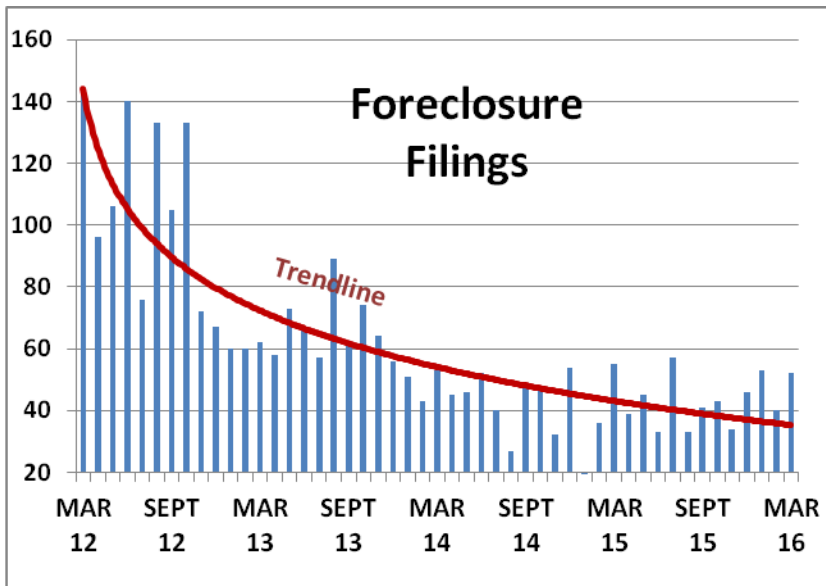
### Single Family Home Building Not On Steroids *(Source: Mesa County Building Department)*

Single family construction has been in a trough (aka ditch, gully, trench, flume, drain, gutter) since 2009. Most of the activity has been in entry-level houses attracting first-time home buyers and investors looking for a new property to rent. There has also been a fair amount of activity in custom home building as well. Each house built over last year's level represents roughly 3 new jobs and these are generally well-paying jobs. With residential lot prices moving upward along with labor costs, the entry-level price of homes will likewise trend upward this year. There are now just a few large-scale players for residential development, so they will control where and when new residential lots will become available.



### Foreclosures No Longer a Key Concern *(Source: Public Trustee of Mesa County)*

Foreclosures continue to decline from Fall of 2012 and appears headed to levels seen before the recession. A caveat to that trend would be people related to the energy sector that may still be subject to loss of employment. Most of the



energy sector loss has already been realized. For the quarter, there were 145 foreclosures opened with the Public Trustee. This represents 37 additional foreclosures over the same period a year ago, but January of 2015 was bereft of foreclosure filings. We expect an annual total to be a mirror of last year.

### Lending Unchanged *(Source: Mesa County Clerk and Recorder)*

The number of all loans made in the first quarter totaled 1433, up nearly 28% from the 1121 loans made in the first 3 months of 2015. Short-term and mortgage interest rates are likely to remain low throughout the year as the FED remains spooked about the slow recovery and continually

mixed economic signals, and the bond markets are seeking safety. They are about as predictable as the Oklahoma City weatherman during tornado season. Banks and mortgage companies have plenty of money to accommodate any ramped up demand.

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