



STAT PACK

"Based on information from the Pikes Peak REALTOR Services Corp. ("RSC"), for the period January 1, 2005 through November 8, 2010. RSC does not guarantee or is in any way responsible for its accuracy. Data maintained by RSC may not reflect all real estate activity in the market and is provided as is without warranty or guaranty." Additional sources include CSHBA, PPRBD, The Gazette, Colorado Springs Business Journal, NAR Profile of Home-Buyers and Sellers 2001 through 2010, Roost, Altos Research & Trulia.com

INTRODUCTION:

The Purpose of the Stat Pack is to provide comprehensive information about the Pikes Peak Regional Real Estate Market. It is designed to be a document that benefits Residential Real Estate Owners, Sellers, Buyers, Investors and Builders. The Goal of the Stat Pack is to provide factual data and locate opportunities in a fluid real estate market. Real Estate sales and acquisitions are investments and all investments involve risk to a certain degree. We hope this document helps make your process beneficial and informed.

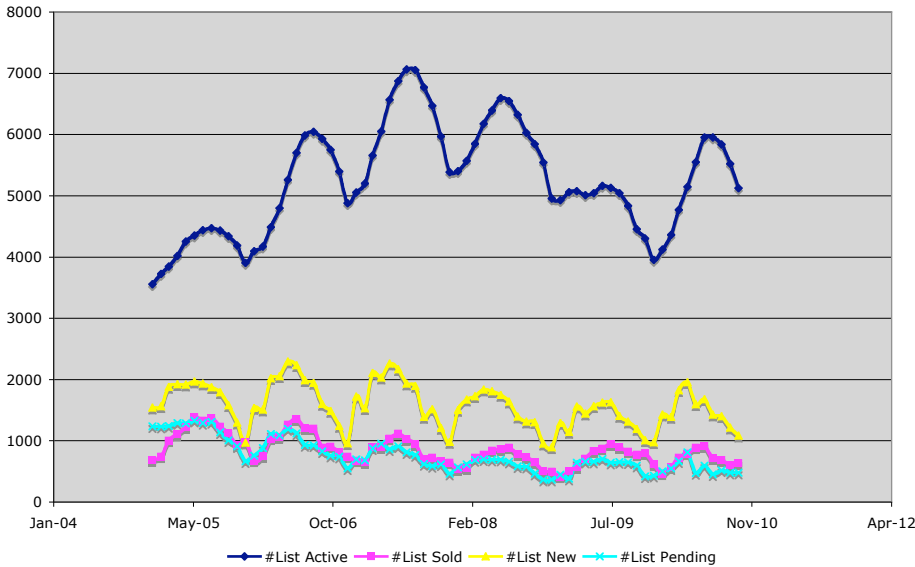
THE RULES:

There are many rules in a fluid real estate market, but here are a few that we believe hold true IN ANY MARKET (one favoring buyers; one favoring sellers; it does not matter):

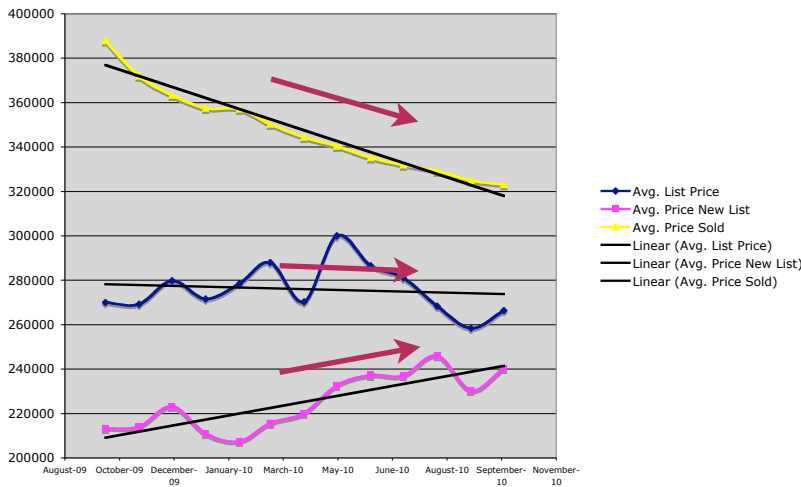
- **LOCATION, LOCATION, LOCATION**
- **MONEY IS MADE ON THE BUY**
- **SELLERS SET ASKING PRICES; BUYERS DETERMINE VALUE**
- **BUYERS BUY VALUE**
- **THOSE WITH POWER HAVE FEW NEEDS. THOSE WITH NEEDS HAVE LITTLE POWER**
- **THE HARDEST THING TO GAIN IS TRUST; THE EASIEST THING TO LOSE IS TRUST**
- **REPUTATION AND ETHICS ARE VALUE-ENHANCING ATTRIBUTES**
- **THE BEST NEGOTIATING POSITION: WINS**

STRENGTHS	WEAKNESSES
Average price is up from 2010	There is little economic confidence to go around
Sellers are getting more realistic about their asking prices	Corporate Profits are better, but no hiring has yet followed
Rates keep finding new ways to say "record-low" each month	Price reduction is often the only thing a seller can do to garner a buyer's interest.
OPPORTUNITIES	THREATS
If you're an average buyer, the 10-15 year plan for this next home will suit you well for years	Buyers want a home they're comfortable in for 10-15 years. That eliminate a lot of homes
There are still 5100 homes for sale. That's more selection with rates 1% lower than last years.	There are still 5100 homes for sale. If you have 5099 competitors, you have to stand out, and price may be the only way in November.

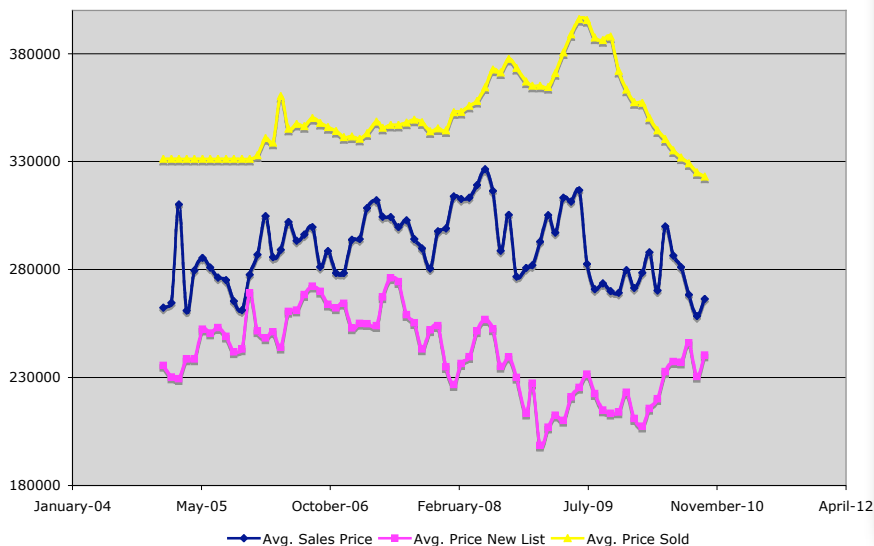
Single Family Home Unit Comparison, 2005 to Now



Last 13 Months of Pricing Trends



Pricing Trends, 2005 to NOW



LISTINGS VS. SOLDS

One of the most irregular years in recent memory has continued on a highly unpredictable and unorthodox course this Fall.

Seasonal **listing volume** should gently taper; September closed with a 6% drop in listing volume. That's a big drop, not a gentle taper. October was down an additional 8%, just like last year. The market has lost 14% of it's inventory in 90 days.

Seasonal purchasing activity should decline steadily after August; yet September & October had more **pending sales** than either May or July this year.

October sales were off 18.4% from 2009. But the 5% increase in sales from September and consistent pending activity (481 in September; 479 in October) seems to indicate that the trough in market activity has passed

PRICING TRENDS

Destination: Balance.

The informed consumer should read Bloomberg, MSNBC, Fox News, The Wall Street Journal, Case-Shiller, The Gazette, The Denver Post and whatever else big media wants to throw out there about how horrible the economy is doing, how poor the job creation is, how volatile import/export balance sheets are, and what the Fed Policy decisions will do to the dollar against foreign currencies.

They should do that: as long as they temper that with simple observations, like a glance at what is going on in local pricing. Pricing has been marching unmistakably all year to a place of balance.

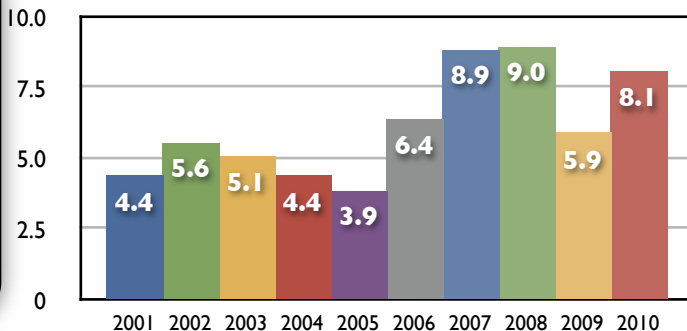
The 2010 Sales Year will produce results very similar to 2008 and 2009. What will be the dominant characteristic of 2010 however will be the year that seller's (who sold) gave up and started to get realistic with their pricing.

The average asking price in the MLS right now is lower than it was at anytime in 2005. That is a huge sea change in the market. New to Market sellers are setting significantly more reasonable expectations every month. With rates as low as 4% on 30-year fixed mortgages, buyers are climbing vertically in their ability to purchase, and that means average price is climbing.

There have been several hiccups and speed bumps in the market since December 2005, the most recent one occurred May to July of this summer when market activity evaporated. But an unexpected benefit has been this march towards balanced pricing. This may result in a more predictable 2011.

Months of Inventory:

This graph typically indicates the market of now: is there a good chance or no change of my home selling? Sixty days ago, this graph was moving in a crippling direction: inventory was near 6000, unit sales were low and the worst summer numbers in 17 years of MLS history were very visible. In only 60 days, the tide has turned, and the market is in better "balance" than three of the previous four years. This is because inventory is falling (down 14% from July) and purchasing activity, while not stellar, has stabilized. Months of Inventory will likely stick around 8 months for the next 90 days.



Advice for market participants:

SELLERS: So you are toughing it out? Be prepared for low offers, but good homes get offers. The advice to buyers in "Listings versus Solds" on Page 2 was not meant to be sarcastic: consumers should familiarize themselves with the wisdom of crowds, and what the mass media is selling about the housing market and the greater economy. Bad news gets people to tune in. There is plenty of bad news. But sellers on the market today have received a bit of a gift: 14% of their competition has gone away in 60 days. The first-wave of deep-value-bargain-shopper buyers are out there. They want 4% interest (or 3.6% on 15 years) and that means they have to buy in order to get their rate. They read all that drivel and conclude that they are doing the market a favor. But what they don't have data for is the emotional reality that not much is rushing on the market to replace the house they missed out on and offered too little for 30 days ago, and another buyer is now ready to close on. Don't be insulted. Let the buyers play. If they're buying now, they might think they have a better option than your home; but it's just as probable that they don't.

BUYERS: There are 14% fewer homes to choose from today than 60 days ago. You do not have infinite time. Consider how strong your negotiating position is: four years of price declines, 4% rates (22% more buying power than late Summer 2008), 5000 homes to choose from... Are you banking on rates getting better, more homes to choose from, or prices going down? Rates are at all-times lows, there is no stimulus to juice inventory in Spring 2011 like there was in Spring 2010, and price has sought balance (Page 2) all year.

Colorado Springs Single Family Housing Supply & Demand, August 1 to October 31, 2010 by MLS

Area	#SFR AC-Supply	#SFR SOLD Demand	TIME TO Months	#SFR Listed Last 3 mos	Avg List Price	Avg Sold Price	SP to List %	Avg. DOM
BLA	186	40	13.95	80	\$559,998	\$467,469	97.10%	145
BRI	320	123	7.8	229	\$335,080	\$252,663	98%	98
CEN	333	116	8.61	240	\$219,586	\$178,325	107.20%	103
EAS	298	106	8.43	243	\$195,148	\$205,203	98.70%	61
F/V	471	222	6.36	408	\$182,497	\$177,503	98.30%	75
FAN	210	76	8.29	133	\$267,411	\$251,345	99.1%	100
N/E	437	155	8.46	277	\$275,055	\$211,802	97.10%	72
N/W	186	78	7.15	137	\$406,293	\$332,308	96.40%	93
NGT	160	64	7.5	118	\$372,300	\$372,469	97%	102
OCC	109	52	6.29	111	\$179,400	\$175,665	98.20%	98
PWR	437	195	6.72	264	\$218,597	\$188,809	96.80%	68
S/E	251	102	7.38	240	\$145,043	\$128,301	97.60%	75
S/W	374	109	10.29	215	\$572,449	\$356,701	96.90%	95
TRI	391	108	10.86	205	\$484,133	\$416,039	95.80%	99
WES	98	37	7.95	65	\$488,897	\$382,550	98.4%	41
WPK	178	51	10.47	93	\$366,452	\$248,770	96.60%	80

Colorado Springs Single Family Housing Supply & Demand, August 1, 2010 to October 31, 2010 by PRICE

Price	#SFR ACTIVE	#SFR SOLD	TIME TO SELL	#SFR Listed
	Supply	Demand	Months	Last 3 months
Under \$75,000	88	85	3.11	57
\$75,000 to \$99,999	181	87	6.24	101
\$100,000 to \$124,999	250	128	5.86	141
\$125,000 to \$149,999	436	180	7.27	251
\$150,000 to \$174,999	509	237	6.44	292
\$175,000 to \$199,999	539	232	6.97	313
\$200,000 to \$224,999	387	176	6.6	224
\$225,000 to \$249,999	430	135	9.56	240
\$250,000 to \$274,999	250	122	6.15	131
\$275,000 to \$299,999	320	78	12.31	172
\$300,000 to \$324,999	161	64	7.55	87
\$325,000 to \$349,999	242	62	11.71	116
\$350,000 to \$374,999	147	54	8.17	76
\$375,000 to \$399,999	176	42	12.57	72
\$400,000 to \$424,999	75	43	5.23	37
\$425,000 to \$449,999	106	25	12.72	46
\$450,000 to \$474,999	71	20	10.65	33
\$475,000 to \$499,999	85	10	25.5	33
\$500,000 to \$524,999	32	14	6.86	12
\$525,000 to \$549,999	68	14	14.57	26
\$550,000 to \$574,999	38	6	19	16
\$575,000 to \$599,999	76	13	17.54	27
\$600,000 to \$649,999	51	14	10.93	17
\$650,000 to \$699,999	55	0	#DIV/0!	17
\$700,000 to \$749,999	27	5	16.2	8
\$750,000 to \$799,999	52	2	78	13
\$800,000 to \$849,999	26	3	26	11
\$850,000 to \$899,999	38	2	57	11
\$900,000 to \$949,999	6	4	4.5	2
\$950,000 to \$999,999	32	1	96	8
\$1 mil to \$1.50 mil	77	11	21	20
\$1.5 mil to \$2.0 mil	40	0	#DIV/0!	10
\$2.0 mil & above	21	1	63	6
Total	5092	1870	8.17	2626

Colorado Springs Condo/Townhome Supply & Demand, August 1, 2010 to October 31, 2010 by Price

Price	#SFR ACTIVE	#SFR SOLD	TIME TO SELL	#SFR Listed
	Supply	Demand	Months	Last 3 months
Under \$100,000	149	73	6.12	74
\$100,000 to \$124,999	123	44	8.39	72
\$125,000 to \$149,999	153	56	8.2	78
\$150,000 to \$174,999	100	25	12	47
\$175,000 to \$199,999	59	16	11.06	28
\$200,000 to \$224,999	27	9	9	12
\$225,000 to \$249,999	21	11	5.73	9
\$250,000 to \$274,999	22	9	7.33	8
\$275,000 to \$299,999	14	7	6	6
\$300,000 to \$349,999	23	3	23	6
\$350,000 to \$399,999	18	1	54	5
Over \$400,000	58	7	24.86	12

After The Mid-Terms and The Profile of Home-Buyers and Sellers

The Mid-Term Elections are over, and after the Democrat's "Shellacking" a split legislature will preside over the affairs of the country. Housing is a bi-partisan concern. The nation is "done" with stimulus and bailing one another out, so for those expecting more government intervention, don't count on it. What ingenious solutions will the federal and local governments concoct to better real estate? Well, if they're reading this, here is some data about the buying and selling landscape - as defined by the principals themselves, the buyers and sellers in a transaction.

That government intervention with First-Time Buyers worked so well that from July 2009 to June 2010, 47% of all buyers were first-time buyers. Over the last several years, that number is typically closer to 30%. How much are sales down each of the last few months (since the expiration of the credit June 30)? Sales have been off by 30% since July, but were only off 22% in October. Additionally, pending sales rose in September and were essentially unchanged (as opposed to dropping as they usually do) in October. This would indicate that we are still in the vacuum a bit when it comes to the supply of ready-to-go buyers, but the effects of borrowing buyers from the future is beginning to wane.

But this data from the New Profile of Home Buyers and Sellers produced by The National Association of REALTORS only begins to show how wild the market actually has become.

Inventory was a huge problem from February through August this year. This was also due to the Tax Credits. The desire to sell gripped a larger number of sellers this year than previous years because many had to sell in order to take advantage of a tax credit on the buy. It is important to note that these were repeat buyers who had to debut in the marketplace as sellers. Many sellers wanted two pieces of cake and not one: they wanted a good deal on a new home, but also a good price on the one that they had to sell. The market has moved in a discounted, bargain-shopping way most of this year, and allowed for a good price on what they bought, but not so great of a price on what they sold. Many of these repeat buyers debuted as sellers at prices that were too high. Correspondingly, 46.7% of all listings this year have sold (at this time last year, it was 51.2%... that's not a 4.5% decrease in probability, but almost a 9% decrease in probability of sale), largely due to the fact that sellers started out asking too much and buyers were simply unwilling to pay too much. This greatly increased the number of homes for sale and stretched out times on market.

Yet sometimes, it is the undercurrent of the market that really tells the story. The demographics of 2010 buyers and sellers is pretty intriguing.

In 2010, the average seller was 49 years old. Half the market was buying for the first-time, and that buyer's average age was 30. In the 2006 survey, 30% of all sellers had owned their home for only 3 years. In this year's survey, 11% had owned their home for three years or less. In 2001, the percentage of buyers who were married was 68%. In 2010, it had fallen to 58%. One in five buyers was a single woman.

In 2005, the average homeowner moved every six years. The pace of buying and selling was much more active and mobility was considered more of a necessity. Compare that to this expectation to the expectations of today's buyers: the average first-time buyer (who is 30 years old and has probably changed jobs three times in the last decade) expects to live in their home for "10 years." The average move-up buyer planned to live in that home "15 years." Apparently, it's not just interest rates that have not been seen since

the Eisenhower Administration that are enjoying a renaissance, but also buyer's thoughts on how long they planned on living in a home!

In other words, the majority of sellers bought into a world that no longer exists. The majority of buyers are buying in a world where the rules are being re-written every day. The expectations sellers had when they bought are probably hard to achieve now when they sell. The expectations that buyers have today about the home going forward is gripped in the economy and news of today's fear. How many of these buyers will really stay in their home for 10 to 15 years?

What marketplace participants can do with this information:

If you are a seller: There's a reason that road behind your house is a problem. There's a reason a small lot is less attractive to a buyer now than it was then. There's a reason the buyer is holding out for cheap. The buyer thinks they're going to live in your home for 10 to 15 years. They are not buying like you did.

If you are a buyer: That seller probably feels like they already "lost". That seller may be unwilling to give up more. That seller may think you're a skinflint. They bought at a time when people were mobile and had to buy, usually on a time crunch, when an 87% of asking price offer was not just insulting, but flat-out impractical.

Consumers that want to "win" will need to win before they start. They will need to consider not just their motivations and their needs, but also those of the other side of the transaction. One of the cliches of listing agents is telling sellers to neutralize their home. If anything, what sellers need to do today is make their home as appealing (not vanilla) as possible to the finite demographic they want to attract. Buyers should consider a similar course of action: making themselves as attractive to sellers who feel that the process - indeed, history- has beat them up. Those who operate from a strategic level can still find this to be a market of unusually high opportunity.

If you know someone who would appreciate a copy of this report or has a real estate need, please share our website with them...



Pikes Peak Regional Numbers

Single-Family Homes Sold, October 2010	Trending
631	<i>Likely between 400 to 700 units between now and January</i>
Avg. Sales Price YTD	Trending
\$228,595, up 4% from 2009.	This will fluctuate monthly due to the slower pace of sales
Number of Listings for Sale	Trending
5124 or 15% more than 2009.	Peaked and declining, rapidly. Many sellers giving up.
30-Year Fixed Rate	Trending
4.2% (BROKEN RECORD... lowest recorded since records began in 1973)	At all-time low as recorded. Waiting on lower is likely an incremental benefit.

Pikes Peak Urban Living
 @Selley Group Real Estate, LLC
 2139 Chuckwagon Drive, Ste. 210
 Colorado Springs, CO 80919
 Benjamin Day & Hannah Parsons
www.BennyHannah.com
 Ben (719) 331-9170 * Hannah (719) 338-2755