

THE STAT PACK



**PIKES
PEAK
URBAN
LIVING**

The Stat Pack is created by Benjamin Day and Hannah Parsons.
Find them at www.PikesPeakUrbanLiving.com

INTRODUCTION:

The Purpose of the Stat Pack is to provide comprehensive, objective information about the Pikes Peak Regional Real Estate Market. The Goal of the Stat Pack is to provide factual data and locate opportunities in a fluid real estate market.

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

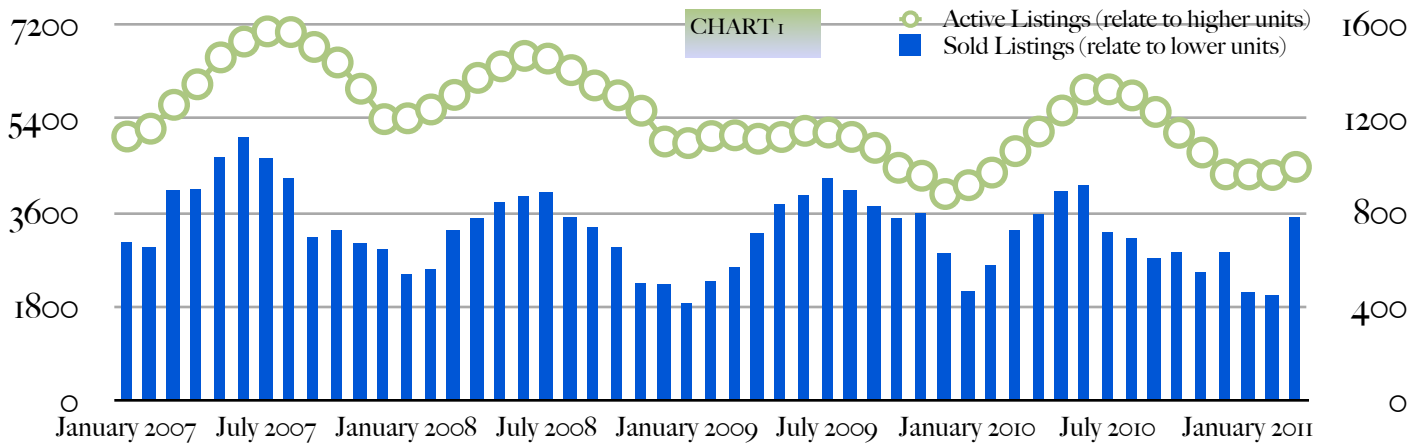
"Based on information from the Pikes Peak REALTOR Services Corp. ("RSC"), for the period January 1, 2005 through April 12, 2011. RSC does not guarantee or is in any way responsible for its accuracy. Data maintained by RSC may not reflect all real estate activity in the market and is provided as is without warranty or guaranty." Additional sources include CSHBA, PPRBD, The Gazette, www.FHFA.gov, Zillow.com, Standard & Poors, Freddie Mac, Colorado Springs Business Journal, ROOST.com, ALTOS Research & Trulia.com.

STRENGTHS	WEAKNESSES
Surprising Surge in Closed Volume in March that surpassed Tax-Credit-Fueled March 2010	Buyers preferences are not readily available in many pricepoints. Lower mobility rates of consumers requires better houses
Interest rates are back under 5.00%	Employment is improving nationally, but not as much locally or in Colorado
Inventory has increased in the last 45 days, but is trailing last year's inventory by 300+ units. Based on sales rate, market is at less than 6 months supply of housing already	Buyers relocating into the area are forced to buy the best available property. In certain areas and price ranges, there really isn't much to choose from.
OPPORTUNITIES	THREATS
...are GREAT in neighborhoods with less than a 6 month supply of housing. There are some surprising areas with tight demand that likely are headed up in price.	Increasing interest rates and lack of motivating loans and programs to attract first-time (under \$225K) buyers to market
...to save interest with a 15-year loan over a 30-year loan. On a \$200,000 loan, a buyer would save \$91,000 in interest on a 15-year.	Persistent and / or continued low rates of new hiring

Single Family Unit Comparison (Chart 1): One month of data positive or negative does not constitute a trend. Three consecutive months constitutes a trend.

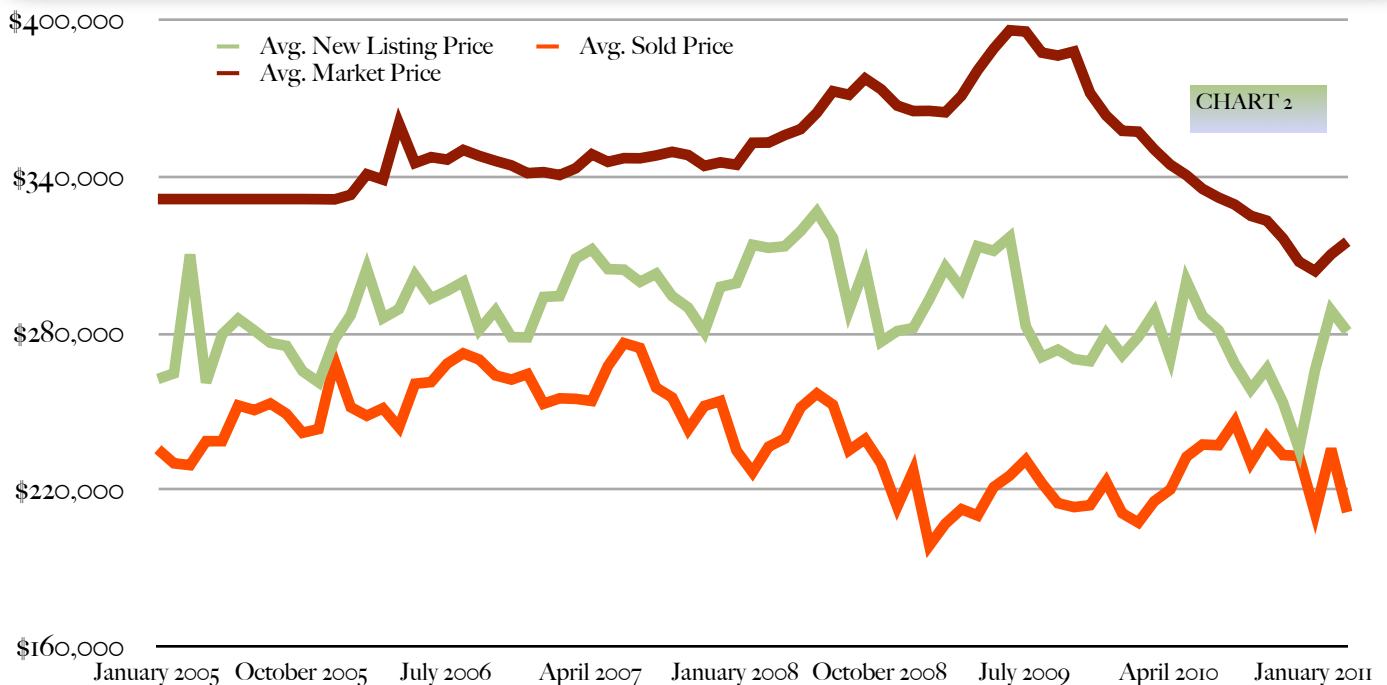
In the month of March, single-family sales jumped, and jumped significantly by more than 300 units. This is one month of large performance. It's interesting, it's promising, but unless the next two months show continued strong sales performance, it is not a trend. But it is notable that March 2011 saw a 7% increase in sales over March 2010. March 2010 was fueled by the soon-to-expire First-Time Buyer Tax Credit. Beating that month is notable. April was the best sales month of 2010, and it is doubtful April 2011 will surpass April 2010 in unit sales.

What does constitute a trend is low listing volume. Year to date there are 600 fewer listings, and inventory is 300 units lower than the same time last year. The relationship between purchasing and listing volume is similar to Summer 2009, the last time the market saw a glimpse of recovery.



Average Price Comparison (Chart 2): For the sake of consistency, January closed sales price was down and somewhat dismissed because of low sales volume. February experienced a large leap in price, but was also dismissed because of low sales volume. March? \$4,000 lower than March 2010, but only a 2% difference with larger volume. Therefore, March sold pricing is considered more relevant than the previous two months due to the larger sample pool of sales transactions. As a side note, median sales price is at the same place it was 12 months ago.

The year began with the closest relationship between all pricing metrics and as usually happens, the three variables have spread out as Spring begins. A trend to monitor will be if seller pricing expectations continue to be significantly higher than where properties sell and close. This usually finds a balance in the summer months as higher value purchases transact and listing activity begins to ebb.



Months of Inventory (Chart 3): Looking for signs of marketplace health? Here it is. Months of Inventory is at the lowest point it has been since 2006. A six month supply is a neutral market where neither a buyer or seller enjoys an advantage. Pricing goes down with sustained inventory over six months, and can go up with sustained inventory under six months. With April already less than six months, it is possible to see appreciation by late Summer this year.

New Market Activity (Chart 4): Two big deals here. The sales volume was considerably higher than the previous two months and beat March 2010. Nice, but it's one month of information. But the relevance of this information is that the pending sales are up significantly, also higher than March 2010. Pending sales are "next month's closings". When compared against the artificially stimulated activity in 2010, the increase in activity in 2011 (with no stimulus) is intriguing.

CHART 3

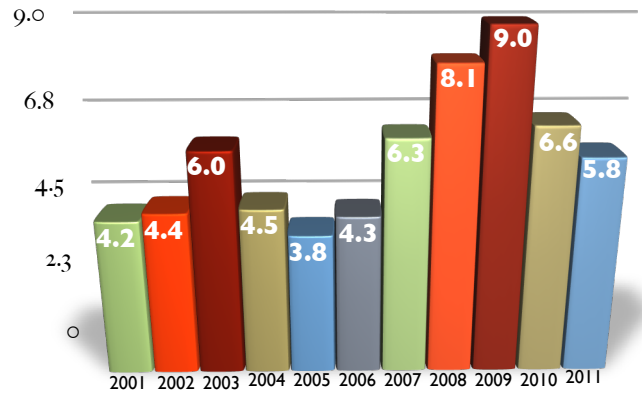


CHART 4

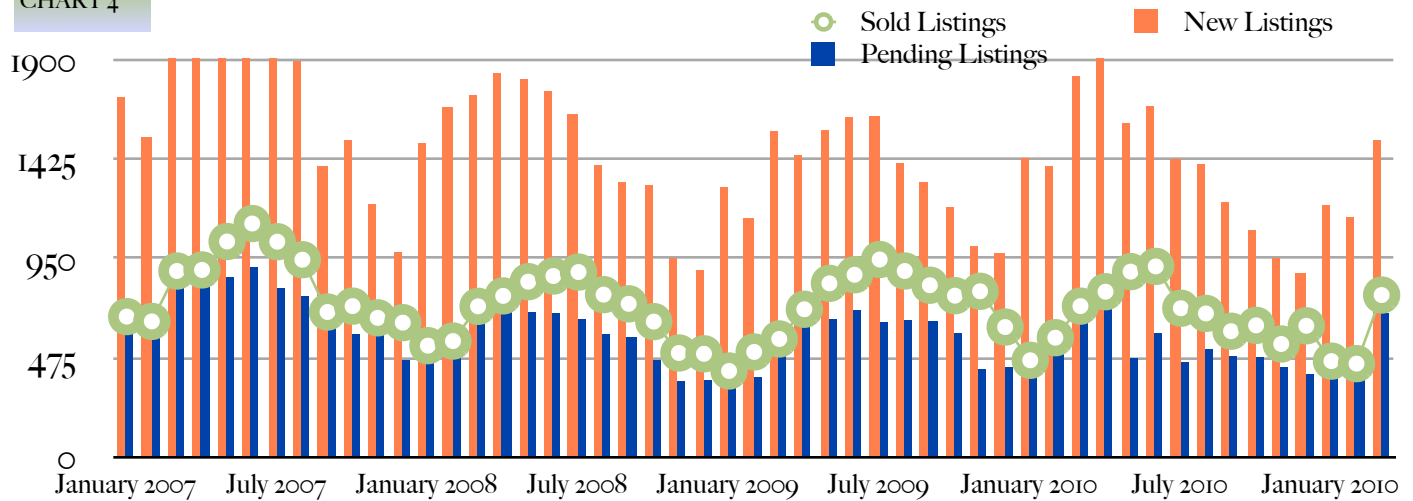


TABLE 1

Single Family 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	146	34	12.88	101	\$560,041	\$404,022	95.1%	133
BRI	249	105	7.11	237	\$343,351	\$283,584	97.4%	115
CEN	241	106	6.82	253	\$200,859	\$136,763	98.9%	97
EAS	233	100	6.99	200	\$175,000	\$157,589	97.0%	97
F/V	400	213	5.63	404	\$204,500	\$150,647	98.6%	82
FAN	173	83	6.25	183	\$273,645	\$230,109	99.0%	73
N/E	298	129	6.93	300	\$262,537	\$200,505	97.2%	91
N/W	166	62	8.03	153	\$400,432	\$306,069	100.3%	114
NGT	168	62	8.13	156	\$417,948	\$325,370	94.6%	102
OCC	83	34	7.32	91	\$190,304	\$195,478	98.6%	82
PWR	331	173	5.74	300	\$206,134	\$192,264	98.7%	110
S/E	212	120	5.30	225	\$130,643	\$117,543	99.6%	80
S/W	315	112	8.44	248	\$555,042	\$317,130	96.0%	110
TRI	296	82	10.83	224	\$480,580	\$356,880	96.9%	93
WES	87	31	8.42	70	\$467,918	\$267,795	99.0%	99
WPK	123	37	9.97	95	\$299,900	\$214,996	96.4%	51

TABLE 2 Code for this month's chart: **RED Numbers** equal values **lower** than the same time March 2010. While sales are down, ability to sell has **increased** due to lower inventory

Single Family	#SFR ACTIVE	#SFR SOLD	TIME TO SELL	#SFR Listed
Price	Supply	Demand	Months	Last 3 months
Under \$75,000	124	90	4.13	68
\$75,000 to \$99,999	182	111	4.92	105
\$100,000 to \$124,999	243	135	5.40	149
\$125,000 to \$149,999	361	180	6.02	203
\$150,000 to \$174,999	412	203	6.09	269
\$175,000 to \$199,999	443	200	6.65	269
\$200,000 to \$224,999	309	119	7.79	190
\$225,000 to \$249,999	335	133	7.56	214
\$250,000 to \$274,999	252	81	9.33	162
\$275,000 to \$299,999	268	77	10.44	164
\$300,000 to \$324,999	143	45	9.53	87
\$325,000 to \$349,999	209	43	14.58	141
\$350,000 to \$374,999	150	40	11.25	83
\$375,000 to \$399,999	180	39	13.85	108
\$400,000 to \$424,999	58	13	13.38	31
\$425,000 to \$449,999	98	12	24.50	63
\$450,000 to \$474,999	77	17	13.59	56
\$475,000 to \$499,999	90	12	22.50	52
\$500,000 to \$524,999	34	4	25.50	22
\$525,000 to \$549,999	63	10	18.90	34
\$550,000 to \$574,999	33	8	12.38	23
\$575,000 to \$599,999	59	13	13.62	32
\$600,000 to \$649,999	64	15	12.80	30
\$650,000 to \$699,999	61	5	36.60	30
\$700,000 to \$749,999	21	0	# DIV/0!	8
\$750,000 to \$799,999	48	3	48.00	28
\$800,000 to \$849,999	21	2	31.50	11
\$850,000 to \$899,999	25	4	18.75	15
\$900,000 to \$949,999	8	2	12.00	5
\$950,000 to \$999,999	28	4	21.00	10
\$1 mil to \$1.50 mil	63	7	27.00	32
\$1.5 mil to \$2.0 mil	27	3	27.00	10
\$2.0 mil & above	16	0	# DIV/0!	6
Total	4505	1630	8.29	2710

TABLE 3

Condo/Townhome	#SFR ACTIVE	#SFR SOLD	TIME TO SELL	#SFR Listed
Price	Supply	Demand	Months	Last 3 months
Under \$100,000	128	67	5.73	62
\$100,000 to \$124,999	110	36	9.17	65
\$125,000 to \$149,999	112	32	10.50	57
\$150,000 to \$174,999	80	27	8.89	47
\$175,000 to \$199,999	54	14	11.57	34
\$200,000 to \$224,999	24	8	9.00	13
\$225,000 to \$249,999	24	8	9.00	15
\$250,000 to \$274,999	11	6	5.50	6
\$275,000 to \$299,999	20	4	15.00	8
\$300,000 to \$349,999	12	6	6.00	11
\$350,000 to \$399,999	15	1	45.00	7
Over \$400,000	48	2	72.00	23

Advice for market participants:

SELLERS: Pricing is everything and due to good money leverage, buyers are looking in big chunks. If you need to sell, saddle-up next to a threshold, like \$300,000. Buyers right now are looking in \$25,000 quadrants, and if they exhaust the top of their threshold, say \$300,000, they probably can go \$10,000 higher because every \$1000 in price only adds \$5.35 to their monthly payment. So a listing at \$310,000 comes on the radar. The average buyer is expecting to live in this home for 10 to 15 years. Because rates are low, they're willing to spend more... if they get more. Clean, tidy and neutral is nice, but this is not a market where buyers are looking for "nice." They're looking for durability and long-term value.

BUYERS: Late March and Early April finally saw a decent slug of listings hit the market, but there is less to choose from than last year and there are more buyers than last year in the higher price ranges. This is creating a greater balance in the market and a more competitive marketplace. Buyers usually have three concerns: paying too much for a home; something is wrong with it; what if someone else gets it. Buyers are very quick to act on homes where the emotional fear of loss registers. It is possible as the spring progresses that bidding wars might happen on good listings with scant competition. If you see something you like, be prepared to buy it, at any price range.

Analysis:

February 2011 saw the worst February in terms of rate of sale since... well... ever. It was 11% lower in closed volume than the previous benchmark of lousy, February 2009. There was a large increase in sales price, but with less than 450 sellers enjoying that spike, it just was not that relevant. March 2011 showed a completely different story: March 2011 closed units were almost twice as large as the previous month. This should continue into at least April as the number of pending sales was also higher than March 2011. Pricing corrected back to a place similar to a year before, down 2% from March 2010 (\$211,000 now; \$215,000 then).

So is the market improving? Because the rate of sale has picked up a lot. Ask a REALTOR who gets paid by the transaction and they will probably say yes.

Is the market getting worse? Ask a seller who wants to move but has little to no equity to spare, and they will probably say "no", they don't care that their probability of sale has increased, they need cash, plenty of it, preferably by the end of the month.

Is the market confusing? Ask a buyer who is out looking at houses that appear great online, but when they get to the house, they realize it's the best in the neighborhood, and gosh, it's nice to make a house the best in the neighborhood, but since they want to live in the place for 10 to 15 years in this era of low mobility and buying for the long-term, all those other lesser houses are just dives that are going to drag down their value over time, so buying the best house in the neighborhood just does not seem like a good idea.

There is no easy answer to what all three of these contradictory opinions are saying. They are paradoxical. One contradicts the next. But there is a pattern. That pattern is the market of durability.

THE MARKET OF DURABILITY DEFINED:

We have been gauging the marketplace correction now for five years. The first Stat Pack debuted in April 2006 when Benjamin Day was managing a real estate office, and hungry to keep his fingers in the game of buying and selling, he started documenting and chart-

ing what was going on in the marketplace. Change was happening. Listings that used to sell easily were having a harder time. Buyers opinions of value were in flux.

The market today is dramatically different. In 2006 buyers could leverage every nickel and had to document nothing for their lender. It looked like prices were going to the moon, and the only bad investment in real estate was owning too little real estate. The best investment a consumer could have was also one they could enjoy: their house. The palace-to-self was the language of the market. Conventional Wisdom said "buy now or be priced out forever." Well, prices are now 10 to 20% lower. Inventory is actually lower, but rate of sale is 30% lower. We have seen a change in political administrations, an epic stock market collapse, an epic national housing market collapse, multiple environmental catastrophes, \$4 gas (now twice) and... the iPad.

The dualism: never-stopping, ever-more-rapid change that usually is bad news; and the never-stopping, ever-more-rapid change of personalized, custom innovation; this redefines the word "more". More used to be more-square-footage. Now it's more-energy-efficient. More used to be buy a more expensive home; than it can increase more in value. Now, it's buy a more updated home at median price so you can live in financial security for years. The present economic news of 8.8% unemployment viewed as "encouraging" directly relates to why a \$400,000 home ought to have granite counters and tile floors instead of vinyl. A big ticket purchase ought to last and have a durable lifespan of at least ten years, if not twenty.

The consumer today will pay more, if they get more. The reason? They don't want to make lots of high-dollar purchases again and again. They want to do it right the first time. Doing it right the first-time is the signature of the market of durability.

If you know someone who would appreciate a copy of this newsletter, please call or email today...

Pikes Peak Regional Numbers

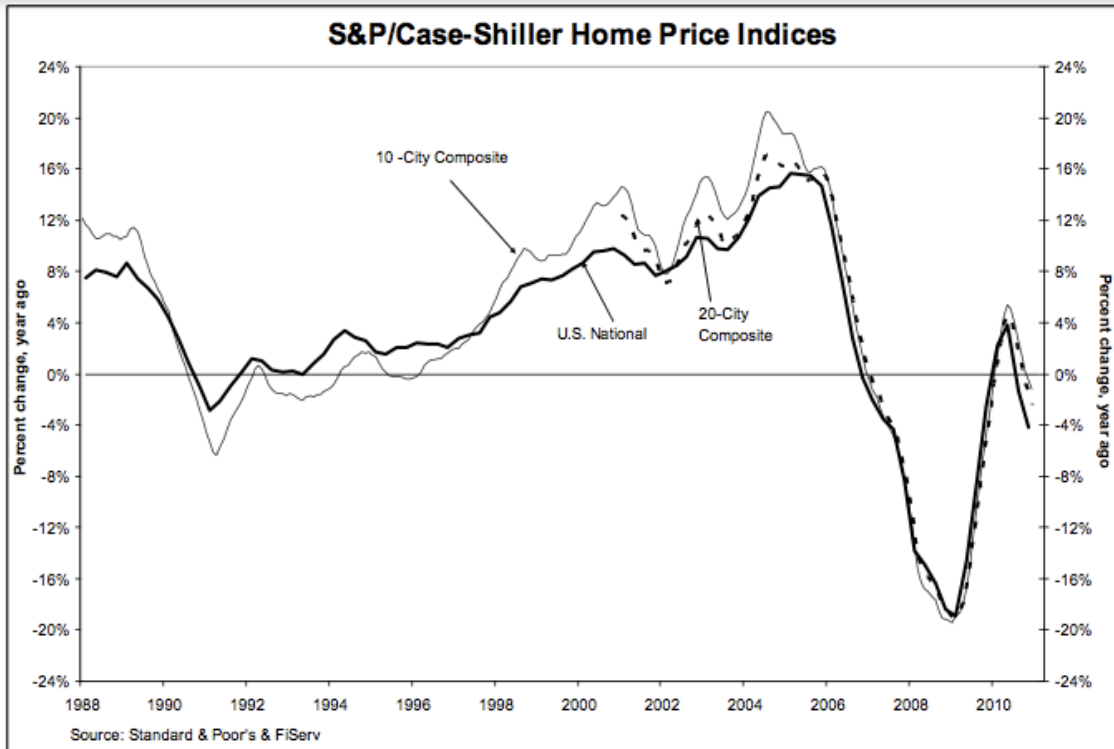
Single-Family Homes Sold March 2011	Trending
776	Continuing upward with pending activity strong in March.
Avg. Sales Price YTD	Trending
\$211,000; down \$25K from February, but only -2% from March 2010	Moving up as demand for more expensive homes grows
Number of Listings for Sale	Trending
4450, a difference of 300 fewer units than the same time last year	Likely upward to 5000, but in a 5 to 6 month balance between supply and demand
30-Year Fixed Rate	Trending
4.9%	Seems to be trending upward as it was last year. Oil and trade, macroeconomic trends will influence rates thru 2011



Pikes Peak Urban Living @
 Selley Group REALTORS
www.PikesPeakUrbanLiving.com
 Ben (719) 331-9170* Hannah (719) 338-2755
 2139 Chuckwagon Dr.
 Colorado Springs, CO 80919

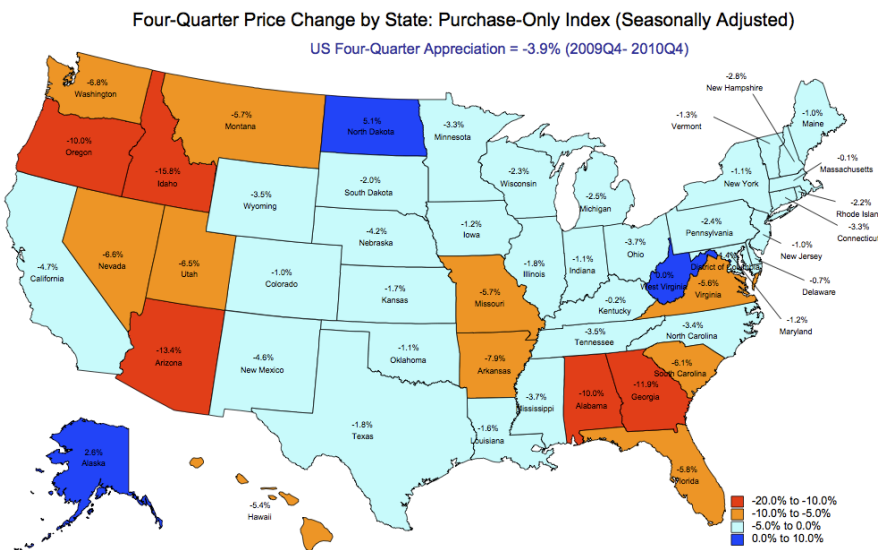
CHART 5

Appendix: Additional National Data and Third-Party Information Sites



<http://www.standardandpoors.com/indices/sp-case-shiller-home-price-indices/en/us/?indexId=spusa-cashpidff-p-us--->

CHART 6



National Pricing Trends:

Chart 5 shows the popular graphic showcasing prices in the Top 10 and Top 20 National Real Estate markets as created by investment company Standard & Poor's. This document has notably shown the wild and often violent swings in home prices over the last 7 years. Fourth Quarter saw a retraction in prices nationally after the expiration of the First-Time Buyer Tax Credit. Colorado Springs prices are similar year over year, and not in decline. Chart 6 shows data from FHFA.gov a government oversight agency that monitors loan activity, both purchase and refinance, for all counties in the United States. This data has moved more incrementally and with less volatility. This graphic shows that price declines are still the norm nationwide, but that those declines have moderated.

Freddie Mac 30 Year Fixed Rate Mortgage Monthly National Average since 2005

TABLE 5

	2011		2010		2009		2008		2007		2006		2005	
	Rate	Pts	Rate	Pts	Rate	Pts	Rate	Pts	Rate	Pts	Rate	Pts	Rate	Pts.
January	4.76	0.8	5.03	0.7	5.05	0.7	5.76	0.4	6.22	0.4	6.15	0.5	5.71	0.7
February	4.95	0.7	4.99	0.7	5.13	0.7	5.92	0.5	6.29	0.4	6.25	0.6	5.63	0.7
March	4.84	0.7	4.97	0.7	5	0.7	5.97	0.5	6.16	0.4	6.32	0.6	5.93	0.7
April			5.1	0.7	4.81	0.7	5.92	0.4	6.18	0.5	6.51	0.6	5.86	0.6
May			4.89	0.7	4.86	0.7	6.04	0.7	6.26	0.4	6.6	0.5	5.72	0.6
June			4.74	0.7	5.42	0.7	6.32	0.6	6.66	0.4	6.68	0.5	5.58	0.6
July			4.56	0.7	5.22	0.7	6.43	0.7	6.7	0.4	6.76	0.5	5.7	0.5
August			4.43	0.7	5.19	0.7	6.48	0.7	6.57	0.4	6.52	0.4	5.82	0.5
September			4.35	0.7	5.06	0.7	6.04	0.7	6.38	0.5	6.4	0.5	5.77	0.6
October			4.23	0.8	4.95	0.7	6.2	0.7	6.38	0.5	6.36	0.4	6.07	0.5
November			4.3	0.8	4.88	0.7	6.09	0.7	6.21	0.4	6.24	0.5	6.33	0.6
December			4.71	0.7	4.93	0.7	5.29	0.7	6.1	0.5	6.14	0.4	6.27	0.5
Avg			4.69	0.7	5.04	0.7	6.03	0.7	6.34	0.4	6.41	0.5	5.87	0.6

Consumer Information:

Table 5 shows just how low today's interest rates are relative to the previous six years of abnormally low interest rates. While these rates are very low, it is notable that to get a market rate on a \$200,000 mortgage, it now costs a consumer around \$650 more to get that rate in closing costs than it did just three years ago (see the accompanying column called "Pts", abbreviation for "points-paid to obtain rate." The just released average rate for March is 4.87, consistent with the last three months of rate activity.