

THE STAT PACK



The Stat Pack is created by Benjamin Day and Hannah Parsons, Selley Group Real Estate.
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):

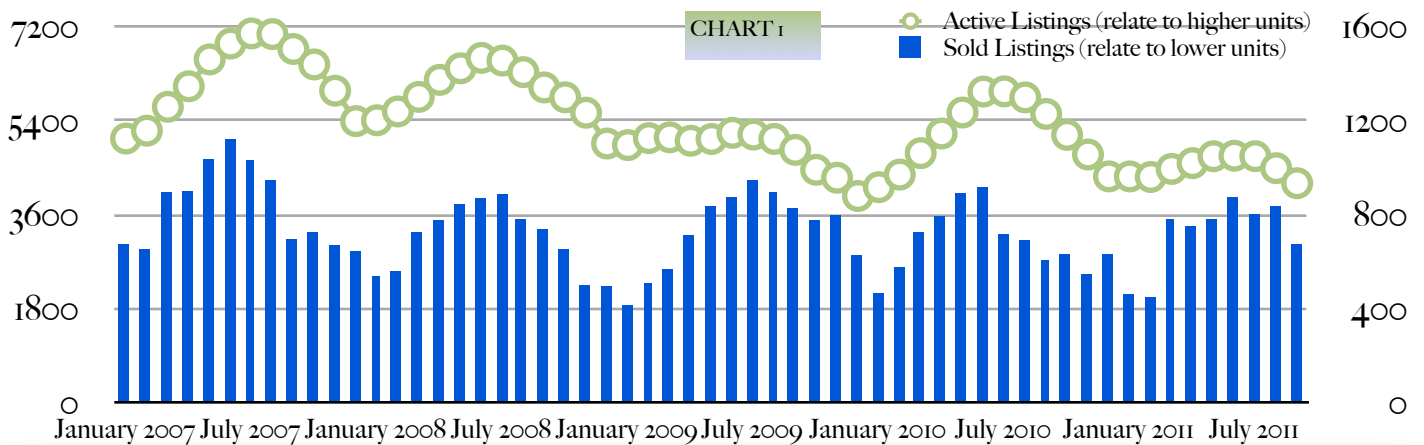
- LOCATION, LOCATION, LOCATION
- MONEY IS MADE ON THE BUY
- SELLERS SET ASKING PRICES; BUYERS DETERMINE VALUE
- BUYERS BUY VALUE
- THOSE WITH POWER HAVE FEW NEEDS. THOSE WITH NEEDS HAVE LITTLE POWER
- THE HARDEST THING TO GAIN IS TRUST; THE EASIEST THING TO LOSE IS TRUST

"Based on information from the Pikes Peak REALTOR Services Corp. ("RSC"), for the period January 1, 2005 through October 7, 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, CNBC.com, Bloomberg.com, www.PMI-US.com.

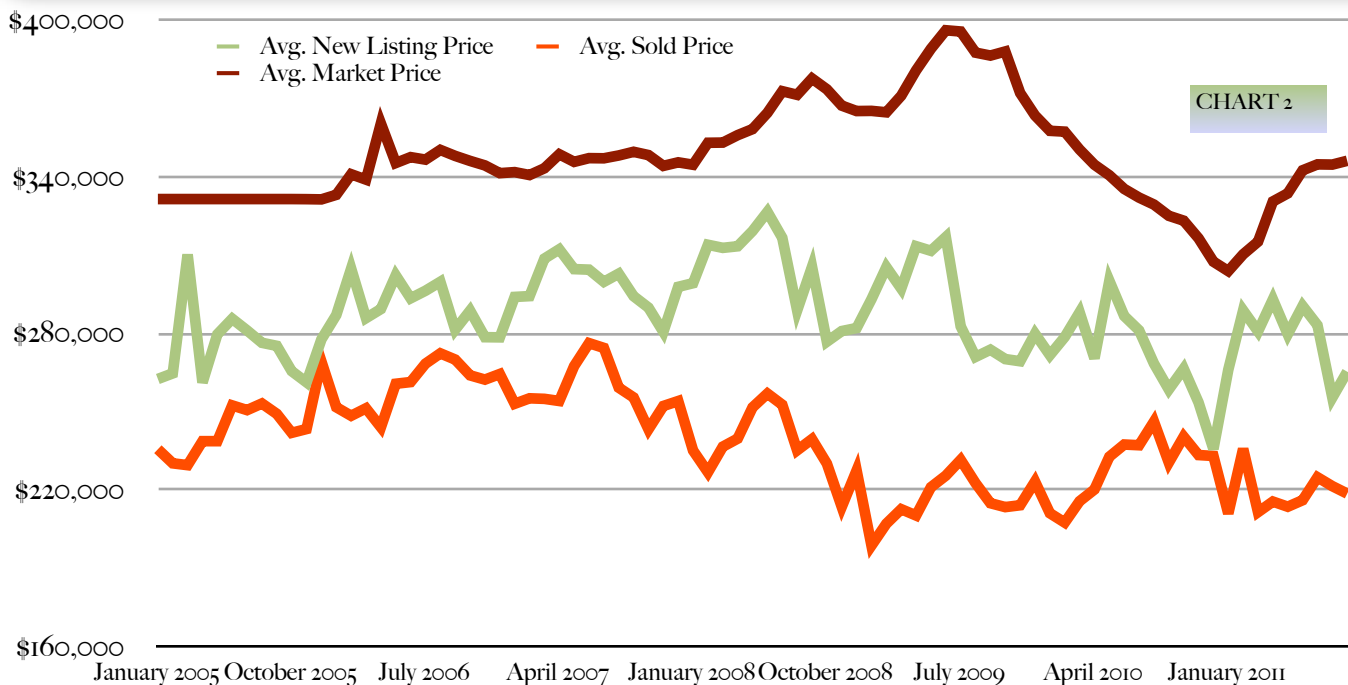
STRENGTHS	WEAKNESSES
Doing the Twist! Fed Policy action results in 0.375% drop in rates to 3.75% for 30 years fixed. Incredible, never-before-seen rates. VA also lowered their guarantee fee.	Slow Sales in September, broke the 6 month streak of >6 mos of inventory (6.24).
There are 1360 fewer homes listed than same time last year (-32%) and sales for the year are up (27 units, less than 0.5%)	Want something new? Builders are spec'ing nothing and still trying to complete neighborhoods built on boom-market "build-it-and-they-will-come" business concepts.
Buying on the 7 to 15 year plan has never provided a market with depressed prices, decent selection, sub 4% rates.	The macro-economic environment is bad enough; coupled with a toxic political environment, prospective buyers can be forgiven for not paying attention "the market of a lifetime"
OPPORTUNITIES	THREATS
Dirt. Want that neighborhood for the next decade or two? You might be hard-pressed to find a better time.	FHA qualification just shrank back to \$281,000, yet another limiter in a market filled with them
Foreclosures are way down, inventory is way down, sales are stable over the last four years, money leverage is amazing	See Discussion this month of: "Understanding the market's prime buying demographic."

Single Family Unit Comparison (Chart 1): September saw a surprisingly low number of sales transactions, mimicking yet another odd pattern that has shown itself this year: the transactional roller coaster. May usually out-paces April; May had fewer sales than April. June saw a resurgence. July was lower than June. August somehow was stronger than July. September was considerably lower than August. Yet as Seen in Chart 4, pending sales are the same coming out of September as they were in August. That could well mean that October out-sells September.

Year to Date sales have eclipsed 2010, and will likely end up 100 to 200 units higher than 2010. But the truly dominant trend in the market is scarce inventory. Compared to the previous six years, there are fewer homes for sale right now than at anytime except for the last two months of 2009. With inventory in a seasonal decline mode, there will likely be fewer than 4000 units for sale within the month, and possibly as few as 3500 for sale at the start of 2012. What this means: low interest rates ARE activating buyer interest. But it is not as easy as flipping a lightswitch to activate a buyer. It takes 8-21 months for the average buyer's interest-in-buying to germinate into action.



Average Price Comparison (Chart 2): We are going to register a political projection upon the market: the average asking price will continue to climb for the next 12 months at least until the next election cycle. The high-end market is in another stagnation of low market activity. The wealthy appear to be hunkering down and staying away from the market. Consider: under \$500,000, there is only 5.03 months of inventory. There are 3587 houses for sale, but 2140 have sold for less than a half million in just the last 90 days. Only 1626 have listed in the last 90 days. This market is shifting (by the numbers, less by results) into a SELLER'S market with a fairly high-probability of sale. Over \$500,000? The market has 22 months of inventory. There were only 82 sales in the last 90 days against 605 active listings. What this means is that the average new listing price will likely remain stable to down over the next year as new listings coming on the market will more likely be in-flow with where buyers are actually buying; but the average asking price will rise as more high-end properties continue to sit.



Months of Inventory (Chart 3): The most compelling way to show that the market fundamentals are moving back into line is seen in months of inventory, which has been at 5.3 to 6.2 months each month since April. This shows a stable to slightly improving market.

However, supply and demand is still subject to toxic shock like massive economic and political movements. The real estate fundamentals right now are pretty sound. It's the "everything else" that's suspect.

New Market Activity (Chart 4): Pending sales have been higher later in the year than in 2010. This means that sales activity has been more stable than the fall-off-a-cliff pattern that happened in Summer 2010.

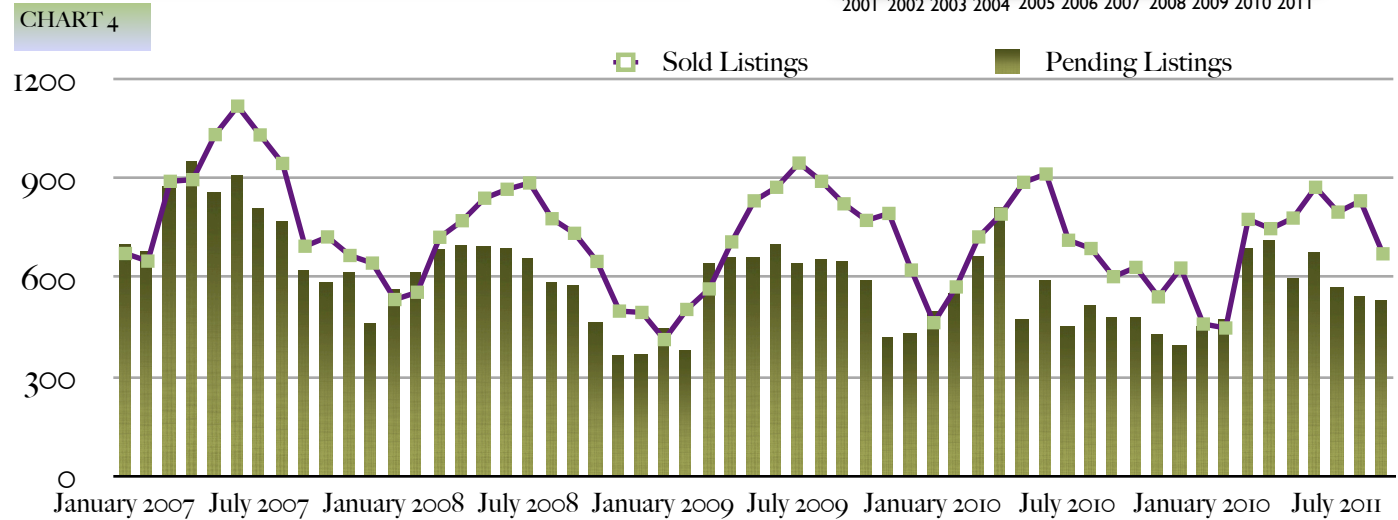
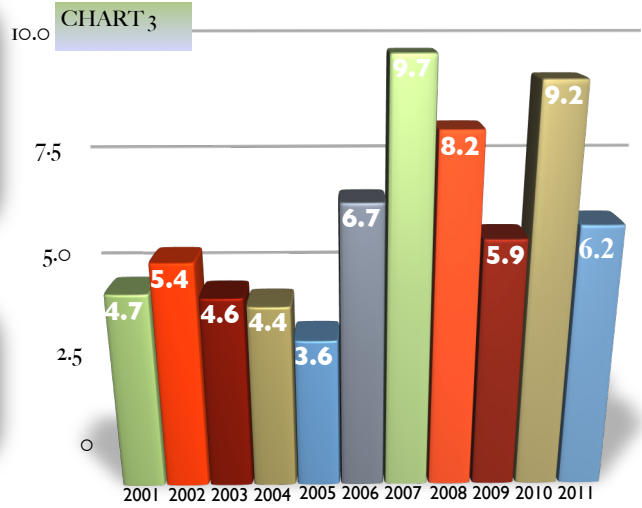


TABLE 1

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	170	42	12.14	95	\$617,507	\$439,553	97.3%	129
BRI	220	142	4.65	241	\$324,499	\$284,288	97.9%	68
CEN	273	133	6.16	246	\$235,631	\$161,773	95.6%	68
EAS	206	145	4.26	220	\$205,127	\$156,365	96.6%	88
F/V	388	318	3.66	431	\$190,701	\$158,321	98.3%	81
FAN	151	118	3.84	127	\$273,576	\$175,928	98.4%	100
N/E	282	191	4.43	294	\$264,211	\$213,956	97.7%	63
N/W	165	86	5.76	133	\$385,016	\$336,523	95.1%	86
NGT	166	82	6.07	164	\$475,714	\$344,952	99.0%	60
OCC	95	54	5.28	95	\$215,134	\$143,049	96.7%	75
PWR	311	220	4.24	324	\$217,608	\$213,012	98.3%	82
S/E	157	136	3.46	192	\$134,429	\$123,837	98.3%	82
S/W	320	119	8.07	216	\$641,503	\$369,290	94.7%	71
TRI	303	109	8.34	197	\$498,851	\$351,473	97.1%	152
WES	101	54	5.61	80	\$338,145	\$292,925	93.0%	57
WPK	164	54	9.11	102	\$156,304	\$256,533	95.8%	108

TABLE 2

Single Family	#SFR ACTIVE	#SFR SOLD	TIME TO SELL	#SFR Listed
Price	Supply	Demand	Months	Last 3 months
Under \$75,000	93	144	1.94	38
\$75,000 to \$99,999	144	124	3.48	71
\$100,000 to \$124,999	180	159	3.40	70
\$125,000 to \$149,999	343	235	4.38	143
\$150,000 to \$174,999	330	286	3.46	135
\$175,000 to \$199,999	383	236	4.87	145
\$200,000 to \$224,999	299	207	4.33	135
\$225,000 to \$249,999	337	165	6.13	148
\$250,000 to \$274,999	235	127	5.55	116
\$275,000 to \$299,999	236	106	6.68	121
\$300,000 to \$324,999	171	82	6.26	83
\$325,000 to \$349,999	199	56	10.66	96
\$350,000 to \$374,999	122	45	8.13	55
\$375,000 to \$399,999	175	54	9.72	88
\$400,000 to \$424,999	64	41	4.68	31
\$425,000 to \$449,999	111	34	9.79	66
\$450,000 to \$474,999	70	21	10.00	37
\$475,000 to \$499,999	95	18	15.83	48
\$500,000 to \$524,999	25	11	6.82	10
\$525,000 to \$549,999	57	15	11.40	34
\$550,000 to \$574,999	38	7	16.29	28
\$575,000 to \$599,999	61	9	20.33	40
\$600,000 to \$649,999	60	10	18.00	40
\$650,000 to \$699,999	62	7	26.57	41
\$700,000 to \$749,999	30	7	12.86	22
\$750,000 to \$799,999	48	1	144.00	33
\$800,000 to \$849,999	29	4	21.75	10
\$850,000 to \$899,999	29	1	87.00	23
\$900,000 to \$949,999	9	2	13.50	7
\$950,000 to \$999,999	24	2	36.00	18
\$1 mil to \$1.50 mil	69	5	41.40	51
\$1.5 mil to \$2.0 mil	37	1	111.00	29
\$2.0 mil & above	27	0	#DIV/0!	19
Total	4192	2222	5.66	2031

TABLE 3

Condo/Townhome	#SFR ACTIVE	#SFR SOLD	TIME TO SELL	#SFR Listed
Price	Supply	Demand	Months	Last 3 months
Under \$100,000	111	65	5.12	51
\$100,000 to \$124,999	68	49	4.16	43
\$125,000 to \$149,999	80	58	4.14	37
\$150,000 to \$174,999	68	28	7.29	30
\$175,000 to \$199,999	32	15	6.40	15
\$200,000 to \$224,999	13	17	2.29	5
\$225,000 to \$249,999	20	11	5.45	12
\$250,000 to \$274,999	17	6	8.50	11
\$275,000 to \$299,999	11	3	11.00	7
\$300,000 to \$349,999	11	5	6.60	6
\$350,000 to \$399,999	8	1	24.00	7
Over \$400,000	38	7	16.29	29

Advice for market participants:

SELLERS: Who will buy your house to occupy without concern for market appreciation for the next five years? Is there an answer to that question? If yes, market to that population. If no, consider your other options.

BUYERS: It is not an option to enter the real estate market right now without a basic knowledge of how the market has operated historically (the last five years) and is operating right now. A basic, well-rounded knowledge will help you gain perspective, and help you define YOUR BIG WHY. This is a market where the finances, the economics, the spreadsheet, the objective and measurable... these are all really helpful underpinnings for the foundations of decisions. But when THE BIG WHY is answered, the motivation behind buying usually doesn't come from the spreadsheet. It has an emotional, long-term, ownership & pride basis. Do not silence The Big Why.

Analysis: The Big Why

Question: "Who in their right mind would buy in this economy?" Answer: "Someone not asking that question".

Consider Consumer A: if you are 51 years old with an 18 year old son, and 16 and 11 year old daughters, you work for a tech company, and have lived in D20 80919 for the last 6 years... you probably have no reason to buy real estate right now. Your concerns (in no particular order) are over the next election (no matter your political stripes) your 401K/SEP, your boss, your marriage, how to juggle the five soccer games this weekend, and maybe Tebow/Orton. It's very probable that you are a non-participant in real estate land.

Consider Consumer B: if you are 36 years old, you and your husband are expecting your second child, you live in a smaller home downtown without much backyard, and after four years you have figured out how to juggle motherhood, finances and a career, you are likely up late searching Zillow. Making or losing money on your house doesn't matter quite as much as a yard, space and other low interest rates. Whether you are actively looking, pre-approved, or just dreaming, real estate land is on your radar.

Consider Consumer C: you are 64 years old and retiring in 6 to 27 months. Your home is paid off. Your online time is spent with calculators that help you determine how much you have to set aside for a 25-year retirement, and right now those calculations are not in your favor. You are probably not a participant in real estate land.

Consider Consumer D: you are retiring from active duty with a handsome military pension and have access to your VA loan. Even with 9.4% unemployment, you have abundant job options in Colorado Springs. You might be a participant in real estate land.

Now consider: classic real estate teaching says that you need all of these people in your database and you should be touching in some-how with these people 33 times a year. Right now, that classic teaching is total garbage.

The average consumer takes 8 to 21 months to come to the conclusion that they are voluntarily moving. The marketplace opportunities are great for ANY OF THE FOUR CONSUMERS listed above. If you were Consumer A with that stable job and likely big equity, your opportunity to increase your real estate asset at the same monthly expense is enormous. But why do it? Your life is full and the last thing you need is the drama. If you are Consumer C, do you have any idea how much power a cash buyer has in this market? But at the same time, adding real estate makes little to no sense in the greater framework of a planned, reliable, predictable retirement. And if you are Consumer D, you represent one of the few highly-employable, high-opportunity workers in a lousy economy.

You have a wealth of job opportunities in Colorado Springs, but you also have them in many other cities. Buying decreases your mobility and therefore, your ability to acquire a special job. If you have the opportunity for a special job for the next 15 plus years, decreasing your options doesn't make much sense unless you are committed to a certain location.





The reason for this discussion: the economic spreadsheeting shows opportunity after opportunity after opportunity. The lifestyle analysis shows reason after reason to not participate.

This explains why there are fewer listings for sale now than anytime since 2005, and that by year's end, there will be fewer than 4000 listings for sale. Locally, there are thousands of households that fall into the no-reason-to-participate category. This explains why there are so few sales, both on a monthly basis as well as an annual basis. This is the market of a lifetime for buyers expecting or with small children, but those with children that are already established in neighborhoods that are just fine are not apt to move. This explains why it is increasingly common to see buyers DOUBLING their real estate asset. In this era of low interest rates, it is not uncommon for a buyer to move from a \$180,000 real estate asset into a \$350,000 real estate asset. Correspondingly, when the value of that asset doubles, the expectations around condition, quality, location and neighborhood also double. And this explains why even with low inventory (under 4200 listings is quite similar to 2004 and 2005 inventory levels) and record-low interest rates, only 55% of all homes listed have sold this year.

Yes, there are relocating buyers. Far more often than not they are military relocations or D.O.D.-related relocations. Yes, there are first-time buyers. There are far fewer than last year however due to the 16 month lure of the 2009-2010 First-Time Buyer Tax Credit (historically, first-time buyers usually represent 35% of the market. In 2010 they were 49%). But there are far fewer relocating buyers because locally so few employers are hiring and nationally so few businesses are spending dollars to move their employees. An additional multiplier on the lack of first-time buyers is their age: last year, the average first-time buyer was 30. They had an expectation (notably, a volunteered-expectation) that they would live in their just-purchased home for 10 years. The average 30 year old professional is usually on their 3rd career already by the age of 30. How many 30 year olds will sign up for 10 years in one location?

This is an economy that encourages keeping your options open, your cash liquid, and your perspective focused on yourself and the small circle of influence that you control. Having said that... if you are Consumer B, or a yes-to-buying Consumer D, the options and possibilities border on staggering: FHA standards just tightened lowering loan limits to \$281,000. But if you have 1.5% more cash to put down, and good credit, you can go the route of pre-paid mortgage insurance on a conventional loan and never make monthly mortgage insurance payments by negotiating a seller-paid closing cost allowance. If you have your VA eligibility, the funding fee just DECREASED, and you have 100% options to \$417,000 and Jumbo options at lower-than-conventional rates.

This is a market of perspective. This is a market of understanding your personal Big Why. Why am I not buying real estate? Why am I considering buying real estate? Why am I selling real estate? If you have a clear and true answer for those questions, stay committed and true to those answers, and you will either weather the storm (if that's your perspective) or thrive in a market of opportunity (if that's your perspective). Our one note of encouragement: avoid all-purpose answers. You are not the economy. You must personalize your perspective. There is plenty of data out there, but how your life and dreams mesh with that is entirely personal.

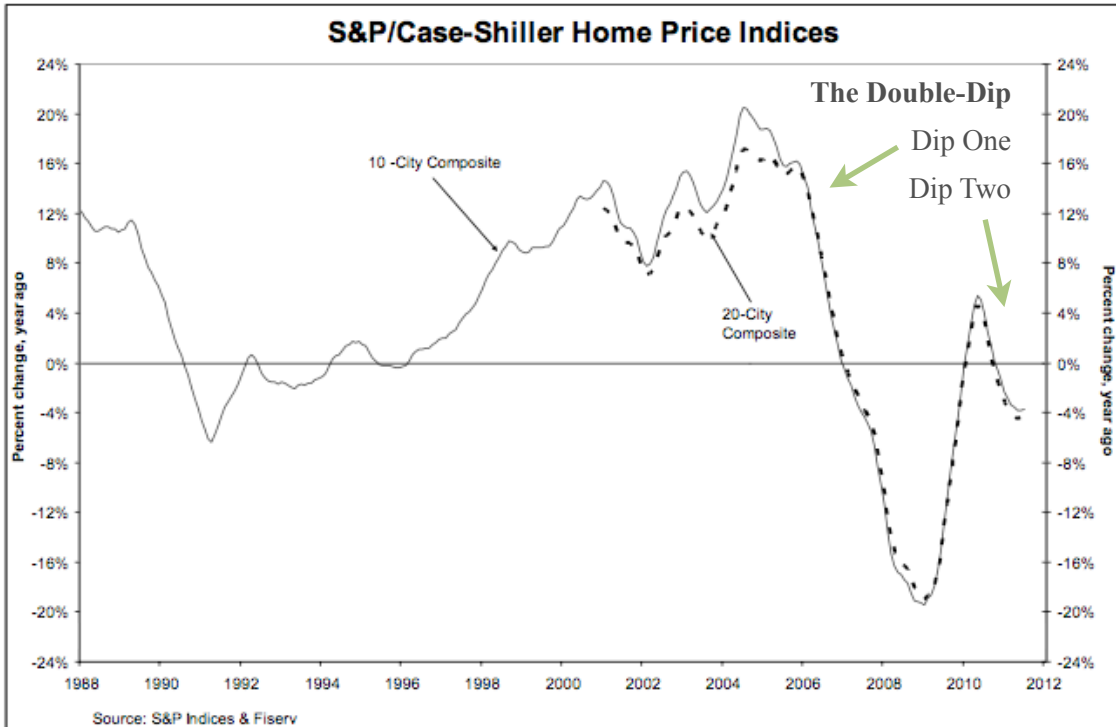
Single Family Home Sales Sept.	TREND-ING 	Avg. Sales Price, YTD	TREND-ING 	No. of Single Family Units For Sale	TREND-ING 	30-Yr Fixed Rate	TREND-ING 
672	Pending Sales are almost identical to August, but Sept. Sales were low	\$218,045	Likely cresting at \$220,000 for year	4,196	May drop as low as 3500, as low as late '04 by December	4.00%	Unknown; might improve, but be as good as it ever gets.



Benjamin Day & Hannah Parsons, Selley Group
REALTORS
www.PikesPeakUrbanLiving.com
 2139 Chuckwagon Dr.
 Colorado Springs, CO 80919
 Ben, (719) 331-9170 Hannah (719) 338-2755

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

Appendix: Additional National Data and Third-Party Information Sites



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.

Colorado Springs is not one of the 20 largest metro areas and therefore is not a part of the C-S Index. The index is down approximately 4%, similar to the declines experienced in Colorado Springs' average pricing. However, some areas are down as much as 9% (Minneapolis) while others are neutral (Denver) and 17 of the 20 are up slightly. Case-Shiller accounts for but does not excuse seasonal market volatility

National Pricing Trends:

TABLE 4 shows data from FHFA.gov a government oversight agency that monitors loan activity, both purchase and refinance, for all counties in the United States. They are also pushing the agenda for QRM, a proposal that would remove less than 20% down conventional loans from circulation unless lenders had the capital on-hand to actually lend. This is being considered as one of the many highly complicated fixes to the government control of Fannie Mae and Freddie Mac.

The chart to the left shows positive and negative price fluctuations over four different time periods. WY & MT are both out-performing CO recently and over 5 years. Colorado is quite average recently and outstanding over 20 years. The recent Mountain States data is so low due to more negative returns in NM and highly negative markets in UT & AZ.

TABLE 4

Change in FHFA US Combined and Census Division House Price Indexes

Region	Rank	Qtr 1	1 Yr	5 Yr	Since 1991
USA		-0.62	-5.93	-18.78	79.57
W. South Central	1	0.69	-2.00	4.18	92.96
New England	2	0.71	-2.36	-13.48	97.78
Mid Atlantic	3	0.10	-3.21	-8.23	100.22
E. South Central	4	-0.62	-4.74	-6.50	77.12
E. North Central	5	-0.58	-5.18	-17.45	59.07
W. North Central	6	-0.89	-5.89	-10.10	89.33
South Atlantic	7	-0.63	-7.89	-25.52	74.47
Pacific	8	-1.76	-9.14	-38.95	69.40
Mountain	9	-2.26	-9.76	-30.13	97.36
Colorado	23rd of 50 states	-0.31	-4.19	-6.05	156.73

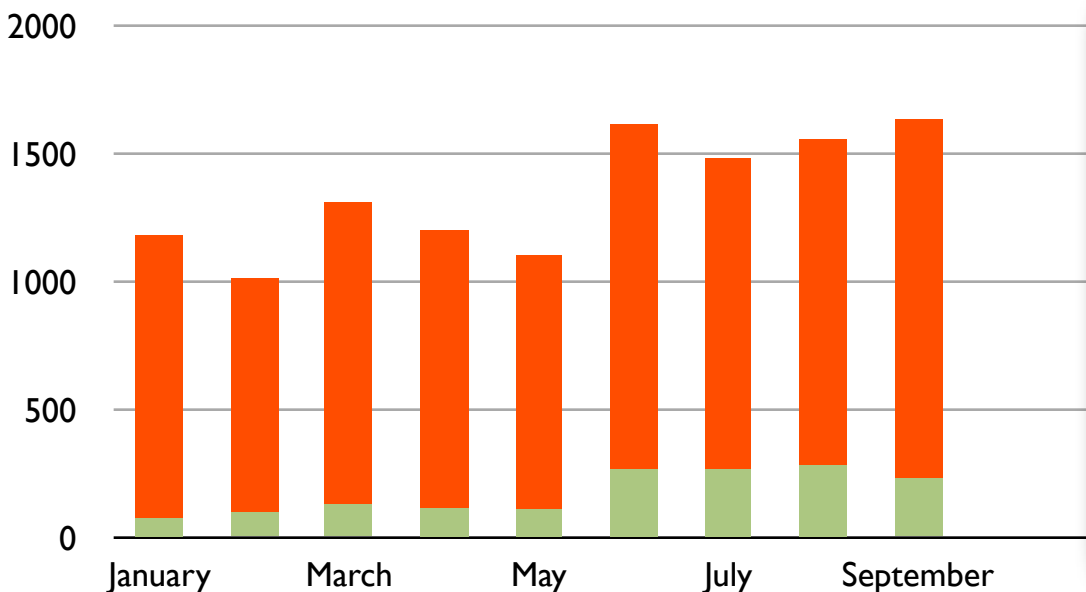
Freddie Mac 30 Year Fixed Rate Mortgage Monthly National Averages

	2011		2010		2009		2008		2007		2006		2005		CHART 6
	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	4.84	0.7	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	4.64	0.7	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	4.51	0.7	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	4.55	0.7	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	4.27	0.7	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	4.11	0.7	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	

Money Leverage: September 2011: the new all-time low recorded for 30-year fixed mortgages, 3.75% to 4.1% rates at closing are now common on conventional, FHA and VA loans.

■ Back on Market Listing

■ Expired Listings



When is a listing most likely to change hands? January (1104) and June (1346). When do buyers make more earnest decisions and walk away from problem properties? The summer. This year, the Back on Market rate (BOM) doubled from May (111) to June (268), and has increased again into August (283). Sellers, this time of year, buyers are much more likely to buy the sure thing, then take a risk.