

THE STAT PACK



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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

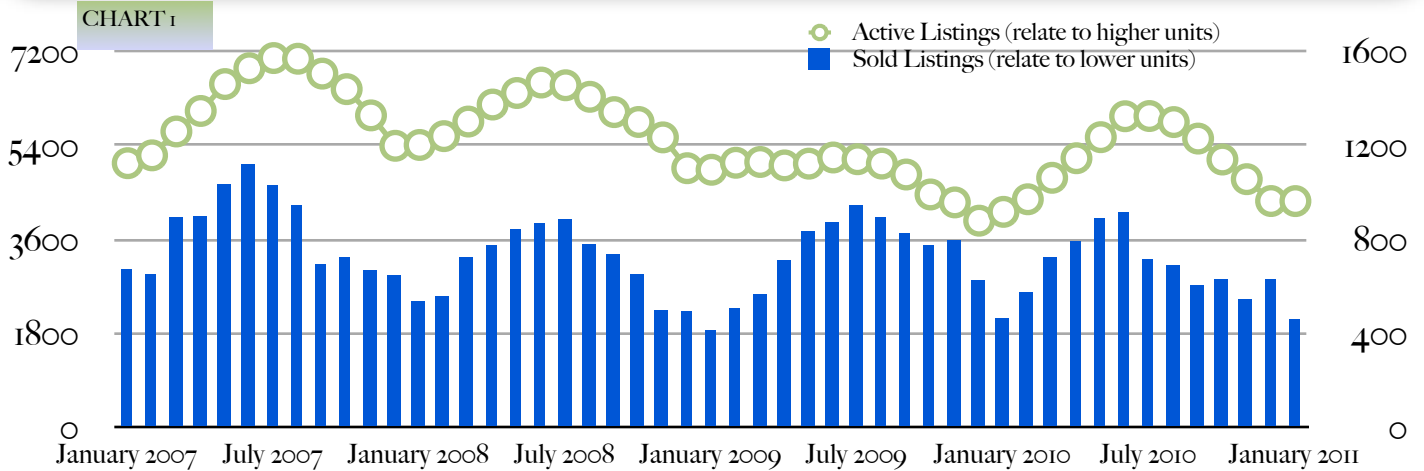
"Based on information from the Pikes Peak REALTOR Services Corp. ("RSC"), for the period January 1, 2005 through December 7, 2010. RSC does not guarantee or is in any way responsible for its accuracy. Data maintained by RSC may not reflect all real estate activity in the market and is provided as is without warranty or guaranty." Additional sources include CSHBA, PPRBD, The Gazette, www.FHFA.gov, Zillow.com, Standard & Poors, Freddie Mac, Colorado Springs Business Journal, ROOST.com, ALTOS Research & Trulia.com.

STRENGTHS	WEAKNESSES
Average price has increased in 2010, and buyers have shown a willingness to "buy up".	Homes that have not yet sold are about to get a ton of competition from the January - March surge.
All-time Record Low Interest Rates of 4.3% presently available.	No-room-for-error pricing for sellers due to 8+ months of inventory and seasonally-soft demand
Decent selection available for December, expected to increase dramatically January through March	Interest rate bottom may have come and gone. If an under 4.00% rate was your only way into home-ownership, that ship may have sailed.
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.	... like 4800 +/- sellers vying for 400 - 550 monthly buyers. That's the next two to three months. That's tough.
...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.	...are VERY REAL in neighborhoods with greater than 15 months supply of housing. Further price reductions are more likely than not in these areas.

Single Family Unit Comparison (Chart 1): The artificial force of the Tax-Credits created a whacky 2010. Sellers expressed excessive optimism that their over-priced, under-conditioned home would sell the first four months of 2010: the year began with less than six months of time on market, and that optimism was understandable. But when so many other sellers joined the fray, and listing volume increased by more than 50% from January 1 to June 30 in 2010, the supply greatly out-paced demand, and the value gains experienced in the tax credit basically evaporated.

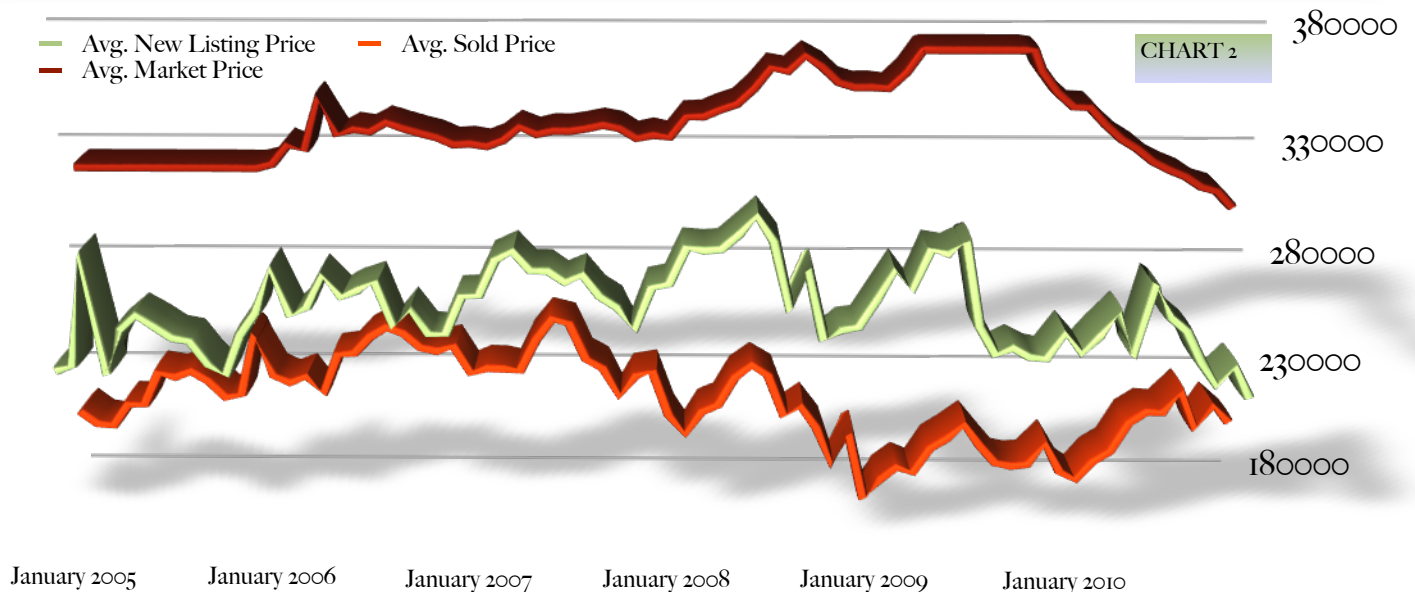
The last several months have seen the market trying to find a cadence and rhythm that is not influenced by the market's tax credit's or by the demand for a deadline deal. It seems to be gaining that traction. Each of the last two months was fractionally different than the same month one year before. And the pace of listing activity in January 2011 was a full 200 units lower than January 2010. Right now there are only a couple hundred more listings on the market than the same time last year. Add to that identical demand.

Two months ago and again in the Annual Report, we projected that listing activity would be a catalyst or a break on the 2011 calendar year: if listing activity was low, it would spur buyer fear-of-loss because there just wouldn't be much to choose from; if it was high, it would further entrench buyer buying patterns and allow them to hold out for better and better deals. Only one month is in the books, but the start has been low listing volume.



Average Price Comparison (Chart 2): At the risk of sounding a bit dismissive and speaking out of both sides of our mouth, January pricing data is about as worthless as any month of the year. Very few high end properties sell and very few list in January, so the "average" everyone talks about is really only the average of what happens in the market, during a month that typically registers the lowest number of sold units each year (about half the number of June or July on average).

Now for the other side of the mouth: the data for not just average sales price but median sales price was less than \$200 different from January 2010. Why that's interesting: 464 units closes in January 2010; 460 in January 2011. January 2010 enjoyed an \$8000 tax credit, which was almost exactly 3.5% of the average sales price of \$210,000 that month; 3.5% is important, because that's the minimum downpayment on the first-time buyer's frequently used FHA loan. \$8000 is important because that's the tax credit that was offered in January 2010. Well January 2011 has no tax credit and apparently exactly the same stuff is selling at the same rate.



Months of Inventory (Chart 3): This documents why sellers started to rush to market last year. Months of Inventory was the lowest in five years and sellers had excessive confidence. This advantage was gone in 60 days. So while there are whiffs of optimism here in Stat Pack land at the flat-line of listing activity (every month since June 2010 has seen fewer listings than the same month before), it's with a clear memory of recent history that this optimism is taking a "wait and see approach".

New Market Activity (Chart 4): This documents what is happening right now: new listings, new closings and new contracts (pendings). The domino-effect here is that new listings lead new contracts which lead new closings. Pending sales activity began to stabilize in October and was very similar year over year by November. Correspondingly, December and January have mirrored sales activity from one year before.

CHART 3

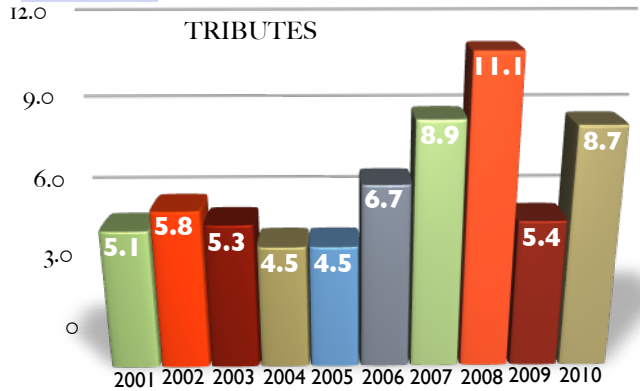


CHART 4

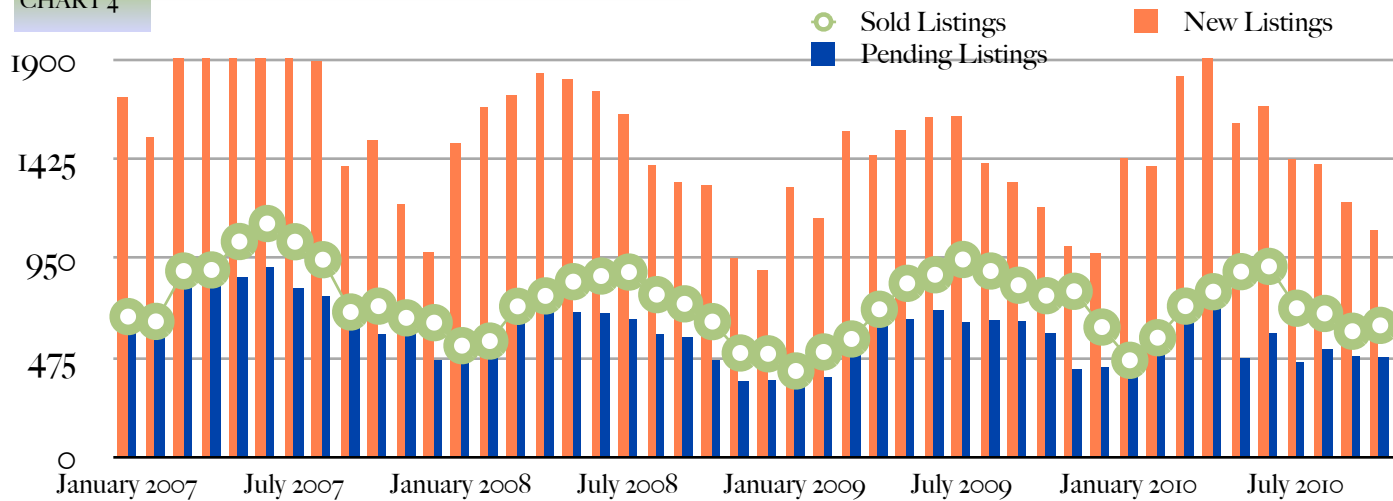


TABLE 1

Single Family	#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	141	40	10.58	80	\$560,931	\$349,045	94.5%	115
BRI	268	123	6.54	229	\$337,052	\$290,228	99.5%	97
CEN	271	116	7.01	240	\$195,600	\$185,705	104.0%	105
EAS	273	106	7.73	243	\$195,495	\$171,440	98.3%	96
F/V	443	222	5.99	408	\$181,214	\$162,170	99.0%	74
FAN	178	76	7.03	133	\$269,387	\$256,030	98.5%	132
N/E	336	155	6.50	277	\$271,189	\$238,895	96.8%	84
N/W	155	78	5.96	137	\$403,818	\$288,365	97.7%	96
NGT	142	64	6.66	118	\$402,937	\$377,459	96.0%	131
OCC	101	52	5.83	111	\$205,955	\$151,409	96.5%	113
PWR	381	195	5.86	264	\$215,827	\$211,884	98.7%	119
S/E	241	102	7.09	240	\$136,238	\$125,888	97.7%	104
S/W	293	109	8.06	215	\$553,894	\$276,561	97.5%	63
TRI	306	108	8.50	205	\$482,674	\$351,825	96.1%	83
WES	95	37	7.70	65	\$476,976	\$262,029	97.4%	93
WPK	149	51	8.76	93	\$365,426	\$247,673	96.1%	147

TABLE 2

Single Family	#SFR ACTIVE	#SFR SOLD	TIME TO SELL	#SFR Listed
Price	Supply	Demand	Months	Last 3 months
Under \$75,000	94	65	4.34	48
\$75,000 to \$99,999	197	91	6.40	106
\$100,000 to \$124,999	274	124	6.63	156
\$125,000 to \$149,999	422	166	7.63	233
\$150,000 to \$174,999	480	219	6.58	259
\$175,000 to \$199,999	406	223	6.67	258
\$200,000 to \$224,999	356	160	6.68	198
\$225,000 to \$249,999	382	146	7.85	176
\$250,000 to \$274,999	226	103	6.58	115
\$275,000 to \$299,999	279	78	10.73	138
\$300,000 to \$324,999	138	51	8.12	75
\$325,000 to \$349,999	219	59	11.14	99
\$350,000 to \$374,999	122	44	8.32	59
\$375,000 to \$399,999	155	56	8.30	64
\$400,000 to \$424,999	68	25	8.16	34
\$425,000 to \$449,999	89	26	10.27	40
\$450,000 to \$474,999	66	19	10.42	19
\$475,000 to \$499,999	84	18	14.00	32
\$500,000 to \$524,999	32	4	24.00	9
\$525,000 to \$549,999	59	13	13.62	20
\$550,000 to \$574,999	36	9	12.00	12
\$575,000 to \$599,999	67	18	11.17	26
\$600,000 to \$649,999	55	10	16.50	18
\$650,000 to \$699,999	54	6	27.00	18
\$700,000 to \$749,999	26	1	78.00	6
\$750,000 to \$799,999	47	2	70.50	8
\$800,000 to \$849,999	21	3	21.00	3
\$850,000 to \$899,999	32	3	32.00	5
\$900,000 to \$949,999	6	0	#DIV/0!	3
\$950,000 to \$999,999	31	6	15.50	6
\$1 mil to \$1.50 mil	68	10	20.40	11
\$1.5 mil to \$2.0 mil	38	2	57.00	6
\$2.0 mil & above	19	1	57.00	6
Total	4738	1761	8.07	2266

TABLE 3

Condo/Townhome	#SFR ACTIVE	#SFR SOLD	TIME TO SELL	#SFR Listed
Price	Supply	Demand	Months	Last 3 months
Under \$100,000	146	71	6.17	74
\$100,000 to \$124,999	120	38	9.47	72
\$125,000 to \$149,999	141	49	8.63	78
\$150,000 to \$174,999	88	30	8.80	47
\$175,000 to \$199,999	51	18	8.50	28
\$200,000 to \$224,999	23	15	4.60	12
\$225,000 to \$249,999	27	11	7.36	9
\$250,000 to \$274,999	20	9	6.67	8
\$275,000 to \$299,999	22	6	11.00	6
\$300,000 to \$349,999	16	3	16.00	6
\$350,000 to \$399,999	13	0	#DIV/0!	5
Over \$400,000	51	1	153.00	12

Advice for market participants:

SELLERS: Remember the past or be destined to repeat it. There is no reason that a home is worth more in February than it was in December. None. In fact, there is heavy evidence it is worth LESS. The reason is that the previous three months, November, December and January often had crummy sales, and crummy sales make bad sales comparables, and bad sales comparables lead to appraisal issues. Appraisal issues, or the mere chance of low appraisals reduces agent confidence. In other words, just because Costco has spring inventory doesn't mean you can afford to overprice your house... by \$2000. The market remains extremely price sensitive.

BUYERS: Remember the past or be destined to repeat it. Just because last year had a lot of listings and 2007 and 2008 doesn't mean that another spring 2009 isn't around the corner. That year, there was a gain of less than 150 listing between January and May. Selection is good and demand is small this time of year. But the trajectory of listing inventory doesn't say that there will for-sure be more listings coming on the market. Additionally, have your financing in order immediately. The time to shop lenders is NOT when you putting together an offer. Have your allies accounted for and ready to go before you fall in love.

Analysis:

The forces of creep are out in retail locations everywhere. Outdoor lighting. Swimsuits. Kids fleece hats are on blow-out triple clearance even though it's hovering around zero at midnight. The promise and allure of spring is being sold and it's hard to miss.

That means something in real estate. Almost every year, April, May, June and July are the four largest closing months of the year. Real estate brokerages plan their budgets around this time. Most of the real estate heavy lifting is done between February 1 and the 4th of July. It's a concentrated window. Sellers know of this window and hope to position their property there. Buyers know of this window, and plan to do their shopping when there is "a lot to choose from." Both have expectations, and they're accurate that it is easier to get a deal together this time of year; it's easier because there is movement in the market, and when there is movement, there is a greater willingness to get things done.

What is so different now is that there is no tax credit. The no-tax-credit aspect is actually a welcome change because the market is starting to move in a way that makes seasonal sense. It is not pressured to meet an artificial deadline. It is not incentivized to make one particular pricepoint artificially attractive. There is no promise of free money, just the simple economic equation of "does this house work for me?"

What is starting to happen: this phrase of "starting to happen" comes with a heavy contingency... just because it is starting does not promise that it will continue. But since June 2010, eight consecutive months have put on fewer listings than the same month previous. That is important because supply and demand rule the marketplace. In July of last summer, the bottom fell out of demand, when a miserable 713 units closed (a 27% drop from the July before); but incrementally, listing activity was slowing despite the bottom falling out of the demand-side of the market. That persistent draw down in listings has been consumer-lead: consumers have chosen to not list their home for sale. Builders are not spec'ing new homes and the rate of foreclosures, by no means low, has slowed from the all-time record pace of late 2008 and first and second quarter 2009. While there are a lot of bank-owned properties and many short-selling properties still on the market, they are not coming on with the same frequency.

Meanwhile, demand has reset to levels last seen... when there was a tax-credit. Why this is interesting is because the same interest rates are available now as were available 365 days ago; and the same average sales price is being paid for homes; and there was less than a 1% difference in units sold year over year. In other words, the market results are the same, but it took an \$8000 carrot to activate that result last year, and there is no such carrot this year. Buyer's are choosing this outcome on their own, without prompting.

All it takes to make this go away is an interest rate spike of a huge listing sequence of listings. Perhaps listings are just a little later in their debut this year. But in general it is wise to form opinions off of what you know for sure, rather than what you are speculating over. This much is true: inventory is good for many pricepoints; interest rates are almost 1% higher than their bottom, but at a point that one-year ago was as low as anyone could remember seeing, ever; pricing is the same as it was one-year ago.

CNNMoney published a report today placing Colorado Springs in the Top Ten Markets for likely appreciation in 2012 (not 2011, but next year). The reason was relative stability economically, both in terms of real estate values before and after the boom, job gains and losses, and the mitigating factors of large employers presently active in the market. But one other reason was climate: Colorado Springs grew at twice the national rate from 2000 to 2009... electively.

The elective moves of the consumer will likely tell the story of the marketplace.

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 November 2010	Trending
460	Flat to slightly up in February then rising over 700 by March
Avg. Sales Price YTD	Trending
\$210,879, with \$29 of the price in January 2010	This will fluctuate monthly due to the slower pace of sales
Number of Listings for Sale	Trending
4326. 5% more than 2010, but 1 fewer than December 31st	Likely upward to 5200 to 5400 this summer
30-Year Fixed Rate	Trending
4.9%	Has risen steadily for the last 90 days. Sub 4.00% rates were available (past tense).



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CHART 5

Appendix: Additional National Data and Third-Party Information Sites

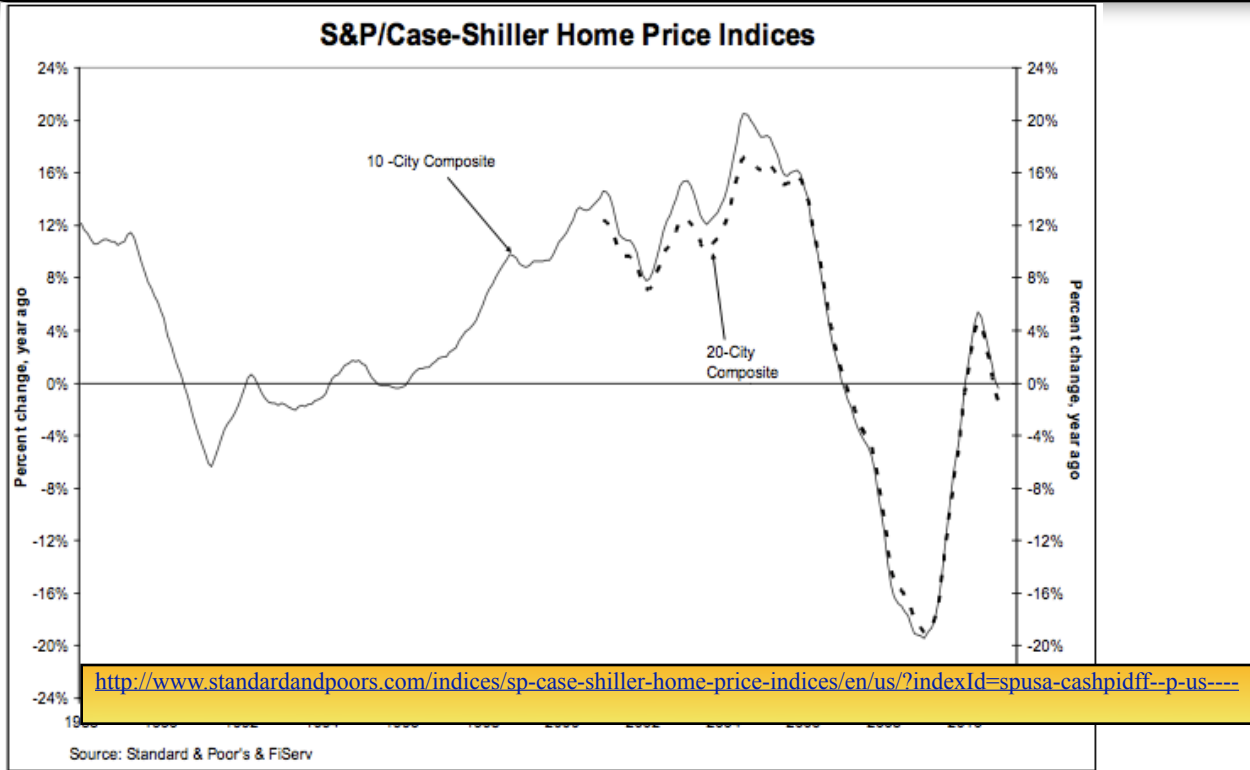
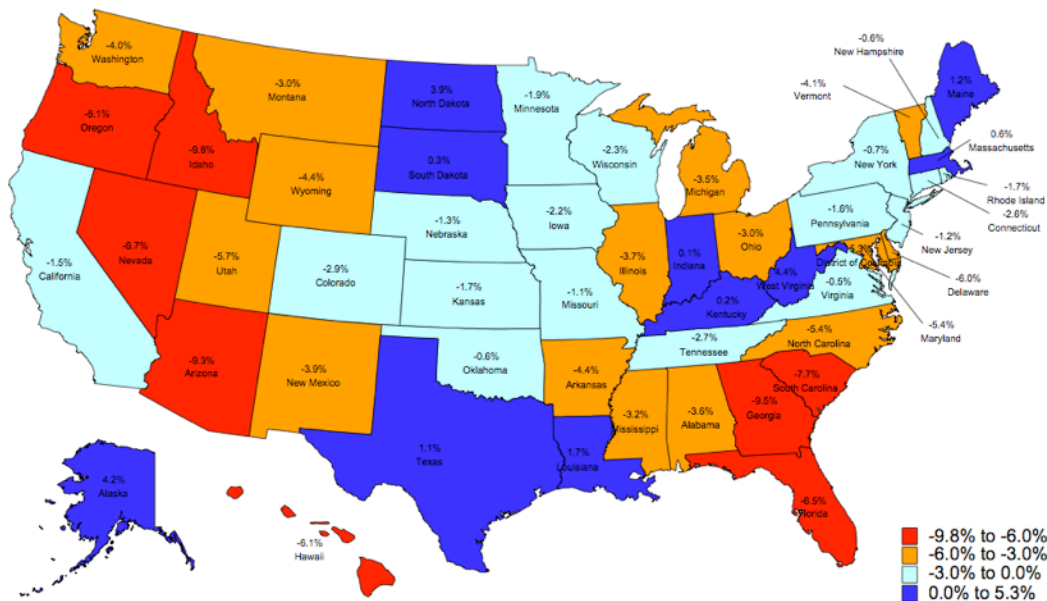


CHART 6

Four-Quarter Price Change by State: Purchase-Only Index (Seasonally Adjusted)

US Four-Quarter Appreciation = -3.2% (2009Q3-2010Q3)



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	2010		2009		2008		2007		2006		2005	
	Rate	Pts	Rate	Pts	Rate	Pts	Rate	Pts	Rate	Pts	Rate	Pts
January	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	4.99	0.7	5.13	0.7	5.92	0.5	6.29	0.4	6.25	0.6	5.63	0.7
March	4.97	0.7	5.00	0.7	5.97	0.5	6.16	0.4	6.32	0.6	5.93	0.7
April	5.10	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	0.5	6.26	0.4	6.60	0.5	5.72	0.6
June	4.74	0.7	5.42	0.7	6.32	0.7	6.66	0.4	6.68	0.5	5.58	0.6
July	4.56	0.7	5.22	0.7	6.43	0.6	6.70	0.4	6.76	0.5	5.70	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	6.40	0.5	5.77	0.6
October	4.23	0.8	4.95	0.7	6.20	0.6	6.38	0.5	6.36	0.4	6.07	0.5
November	4.30	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	6.10	0.5	6.14	0.4	6.27	0.5
Annual Average	4.69	0.7	5.04	0.7	6.03	0.6	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 January is 4.76 and rates have crept up in February behind Wall Street gains.

Chart 7 is from Zillow.com, a popular site for buyers researching areas prior to making a purchase. This elaborates on market conditions in a graphic manner, including documentation on the relatively moderate price declines in Colorado Springs, and how much less volatile the market has been locally compared to the nation.

Table 6 shows online search popularity for the top 10 MLS areas locally. This is an indication of where buyers are looking and where contracts will be written in the next 60 to 120 days. This is simply a measure of users on Trulia.com, a site that seems to attract more high-end buyers.

Colorado Springs neighborhoods	Avg. listing price		Avg. sales price		Median sales price		Price per sqft		Trulia popularity	
	Week ending Dec 1		Sep-Nov '10		Sep-Nov '10		Sep-Nov '10		Week ending Dec 1	
	Amount	w-o-w	Amount	y-o-y	Amount	y-o-y	Amount	y-o-y	Rank	
Southwest Colorado Springs	\$870,932	-	\$446,259	1.2%	\$382,500	-2.5%	\$177	-6.8%	2	
Rock Creek	\$552,691	4.8%	\$261,500	-47.2%	\$261,500	-47.2%	\$208	10.6%	9	
Old Colorado City	\$432,723	-8.4%	\$336,000	-49.5%	\$380,000	-36.5%	\$152	-42.0%	10	
Northwest Colorado Springs	\$428,847	1.5%	\$298,109	-7.0%	\$273,950	3.4%	\$147	-9.3%	5	
Briargate	\$329,316	-1.0%	\$263,136	0.9%	\$240,000	-4.5%	\$147	-2.6%	-	
Northgate	\$318,432	1.8%	\$259,897	-9.2%	\$255,900	-3.0%	\$132	-8.3%	8	
Central Colorado City	\$297,252	-0.1%	\$240,039	8.0%	\$206,900	15.4%	\$154	2.7%	6	
Northeast Colorado Springs	\$244,749	0.3%	\$192,485	0.9%	\$162,325	-7.2%	\$132	-4.3%	4	
East Colorado Springs	\$220,893	-1.1%	\$192,109	-16.7%	\$160,000	2.2%	\$137	-4.2%	7	
Powers	\$193,357	-1.4%	\$169,904	0.6%	\$166,195	0.7%	\$122	-5.4%	1	
Southeast Colorado Springs	\$147,018	1.3%	\$120,736	-7.6%	\$110,162	-8.6%	\$99	-11.6%	3	
Briargate	-	-	-	-	-	-	-	-	-	

TABLE 6