

THE STAT PACK



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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

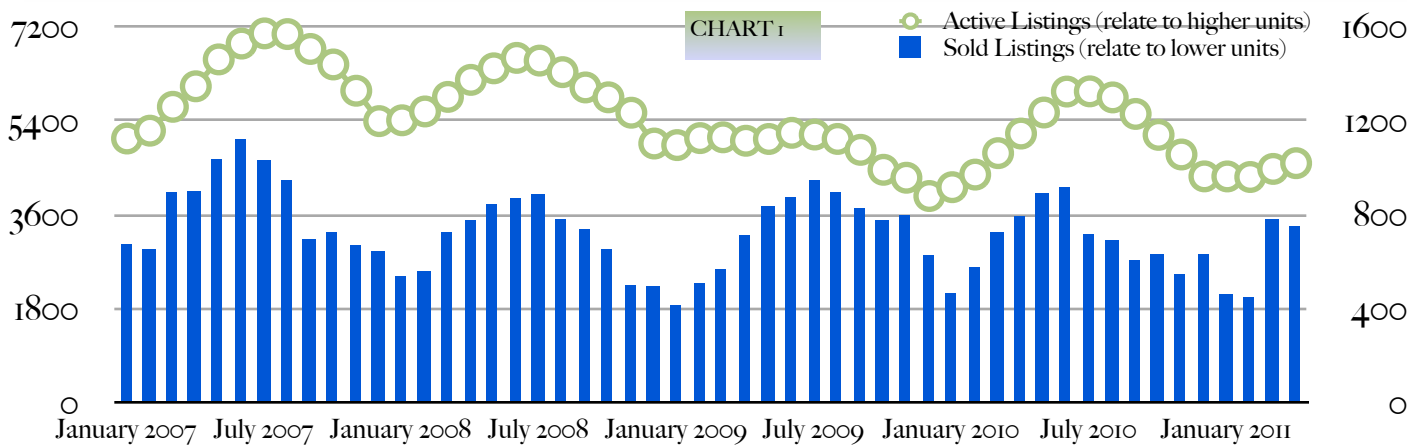
"Based on information from the Pikes Peak REALTOR Services Corp. ("RSC"), for the period January 1, 2005 through May 5, 2011. RSC does not guarantee or is in any way responsible for its accuracy. Data maintained by RSC may not reflect all real estate activity in the market and is provided as is without 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, Tim Duvall, Academy Mortgage, Amy Cavender, Cornerstone Mortgage & Trulia.com.

STRENGTHS	WEAKNESSES
April sales were off of March, but remained healthy.	Just as there are fewer and fewer listings, there is less and less to choose from.
Interest rates have never been at 4.7% entering peak buying season.	Employment is improving nationally, but not as much locally or in Colorado
Inventory has increased, but is at it's lowest seasonal level in six years. There were 29% fewer listings in April 2011 compared to April 2010	Just because supply and demand is around 6 months does not mean appreciation is happening or will happen.
OPPORTUNITIES	THREATS
Are increasingly rare for amazing deals. You must now settle for a merely "great" deal. Buying on the 10-15 year plan of low mobility is smart.	Builder trends of the last several decades have been out of line with present buyer demands, specifically in regards to location concerns. Nothing backing to a road is an easy sale.
Is superb for someone that identifies themselves as grounded in this local community for years to come.	\$4 oil, terrorism, down-sizing. The economy is improving, it's a post-Osama world, but there are still daily reminders of uncertainty. An uncertain market is not a market of expansion.

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

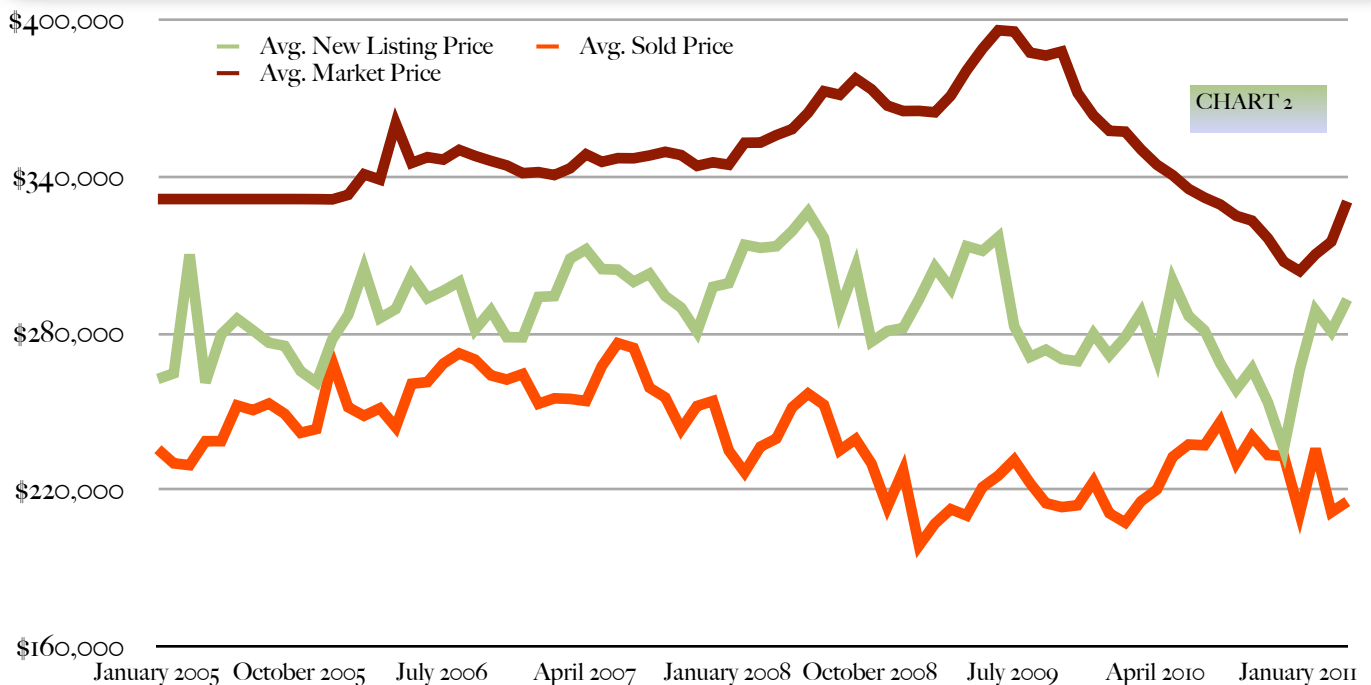
April broke the pattern. March had a huge increase in sales volume and April was lower. But compared to January and February's light sales activity, being only 5.6% behind the excellent April of 2010 is a good return. It's not outstanding, but it's favorable.

What is now established as a trend is low listing volume. Year to date there are 1200 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. Put this way: YTD, 2433 sales (down 4.6%) and 5309 new listings (down 19.4%). At this time last year, the number of sales against listings, expressed as a percentage was 38.7%. This year it is at 45.8%. That's an 18% improvement.



Average Price Comparison (Chart 2): Pricing remains the most troubling statistic to measure against and a place where there are signs of weaknesses based on historical patterns. In April 2006, the market infamously "tipped". One of the issues then was that average price went up and number of sales went down compared to the month before. The same thing happened this April. But different this year was that average price increased month-over-month (it dipped then) and interest rates dropped (they surged up in 2006).

What happened last month that was surprising in an analytical way (but not so surprising in an emotional way) was a return to market of higher-end properties that had been removed from the MLS for a period of time. The average price on the market increased \$25K. It is not likely that average listing prices will continue to climb while average sales prices continue to remain static; sales prices should climb slowly.



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. April was a bit higher than March by 0.3 months, but still very near six month supply.

New Market Activity (Chart 4): Sales moderated in April but so too did new listings. The first is somewhat of a surprise, but the fact that April put on fewer sales than March is noteworthy; the same thing happened in 2009, and total inventory basically flat-lined the rest of the summer from that point forward. Pending sales were 100 units lighter than last year, but 100 units lighter than the race to be the tax credit is not bad as it represented more pending sales than either 2008 or 2009.

CHART 3

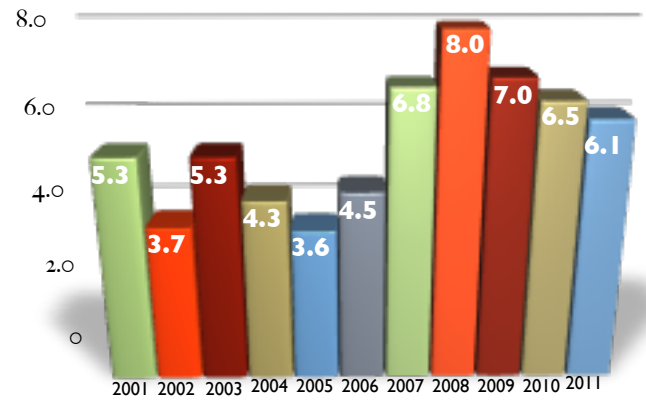


CHART 4

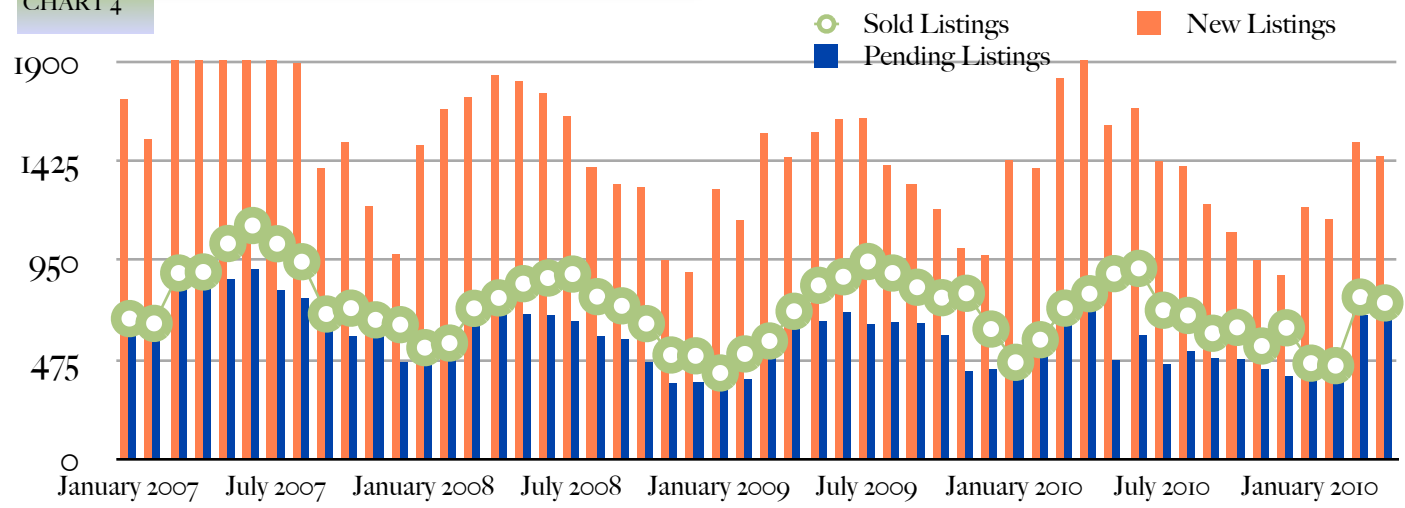


TABLE 1

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	155	44	10.57	113	\$618,907	\$387,760	95.9%	133
BRI	245	135	5.44	251	\$349,670	\$290,675	97.4%	128
CEN	270	118	6.86	265	\$206,400	\$145,153	97.7%	98
EAS	209	109	5.75	203	\$198,344	\$159,761	97.6%	90
F/V	399	253	4.73	433	\$186,426	\$157,819	98.7%	95
FAN	186	96	5.81	207	\$274,187	\$250,498	97.6%	85
N/E	290	162	5.37	297	\$268,326	\$192,521	98.5%	84
N/W	179	57	9.42	153	\$406,698	\$303,243	97.0%	78
NGT	175	66	7.95	155	\$437,959	\$309,213	97.6%	80
OCC	87	40	6.53	90	\$199,464	\$171,364	98.2%	90
PWR	336	195	5.17	354	\$212,746	\$197,495	99.5%	88
S/E	202	152	3.99	226	\$132,849	\$122,515	100.6%	67
S/W	315	127	7.44	254	\$597,973	\$312,565	95.3%	104
TRI	310	89	10.45	246	\$493,101	\$416,598	97.1%	82
WES	99	38	7.82	83	\$489,633	\$330,421	93.1%	161
WPK	119	41	8.71	113	\$299,900	\$215,576	97.9%	66

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	117	124	2.83	73
\$75,000 to \$99,999	184	133	4.15	101
\$100,000 to \$124,999	236	149	4.75	144
\$125,000 to \$149,999	350	220	4.77	206
\$150,000 to \$174,999	388	260	4.48	264
\$175,000 to \$199,999	438	219	6.00	278
\$200,000 to \$224,999	294	157	5.62	191
\$225,000 to \$249,999	353	163	6.50	247
\$250,000 to \$274,999	259	101	7.69	172
\$275,000 to \$299,999	266	85	9.39	169
\$300,000 to \$324,999	156	51	9.18	96
\$325,000 to \$349,999	234	71	9.89	167
\$350,000 to \$374,999	147	38	11.61	81
\$375,000 to \$399,999	181	40	13.58	122
\$400,000 to \$424,999	66	28	7.07	43
\$425,000 to \$449,999	108	21	15.43	73
\$450,000 to \$474,999	76	9	25.33	49
\$475,000 to \$499,999	110	12	27.50	63
\$500,000 to \$524,999	29	12	7.25	16
\$525,000 to \$549,999	61	12	15.25	31
\$550,000 to \$574,999	40	9	13.33	29
\$575,000 to \$599,999	75	7	32.14	44
\$600,000 to \$649,999	67	13	15.46	37
\$650,000 to \$699,999	64	1	192.00	30
\$700,000 to \$749,999	22	3	22.00	9
\$750,000 to \$799,999	59	1	177.00	36
\$800,000 to \$849,999	17	1	51.00	7
\$850,000 to \$899,999	33	4	24.75	20
\$900,000 to \$949,999	5	2	7.50	3
\$950,000 to \$999,999	29	3	29.00	11
\$1 mil to \$1.50 mil	71	12	17.75	38
\$1.5 mil to \$2.0 mil	32	1	96.00	14
\$2.0 mil & above	20	0	#DIV/0!	10
Total	4587	1962	7.01	2874

TABLE 3

Condo/Townhome	#SFR ACTIVE	#SFR SOLD	TIME TO SELL	#SFR Listed
Price	Supply	Demand	Months	Last 3 months
Under \$100,000	141	84	5.04	83
\$100,000 to \$124,999	99	43	6.91	51
\$125,000 to \$149,999	116	36	9.67	61
\$150,000 to \$174,999	86	24	10.75	56
\$175,000 to \$199,999	61	16	11.44	39
\$200,000 to \$224,999	24	7	10.29	17
\$225,000 to \$249,999	25	12	6.25	16
\$250,000 to \$274,999	15	5	9.00	9
\$275,000 to \$299,999	18	4	13.50	8
\$300,000 to \$349,999	16	5	9.60	13
\$350,000 to \$399,999	17	1	51.00	8
Over \$400,000	47	3	47.00	21

Advice for market participants:

SELLERS: The average buyer is expecting to live in the home they purchase for 10 to 15 years. The average buyer is expecting to live in the home they purchase for 10 to 15 years. The average buyer is expecting to live in the home they purchase for 10 to 15 years. Yes, this is worth repeating three times. Think about what you might own for 10 to 15 years. Would you overpay for it? Would you buy it if there was the chance something was wrong with it? But if it was good enough that there was the threat someone else might snatch it away from you... what would your interest be like then?

BUYERS: Operating from the best negotiating position is positively vital. Who your lender is matters. When you can close matters. How readily you can accommodate the sellers' timeline matters. How quick you are to act matters. For the last 45 days, the market has operated in a six-month inventory spectrum. Seven of our 16 MLS areas tracked are operating at less than six months inventory. The longer it stays this way, the more it favors sellers, not buyers. This is not to say a turnaround is imminent or that prices are about to rise; but it is to say that selection is likely going to get tighter and options fewer.

Analysis:

Last month, The Stat Pack celebrated a half decade of reporting on the local marketplace. It is hard every spring to not reflect back and perhaps over-forecast based on spring's prior. The Stat Pack began at exactly the moment the market tipped into wackiness. What had been a gold rush of a market started to sputter when several major trends all changed course. In April 2006, average asking price rose while average selling price unexpectedly dropped; new to market listings soared (2200 that month) while new sales surprisingly dropped. Adding to the weirdness, interest rates climbed a half percent in a single month creating a panic in buyers. This prompted the ugly summer of 2006 when almost anyone who bought, bought at maximum dollar in order to "beat" future interest rate hikes, interest rates that incidentally haven't been as high since. Anecdotally, don't listen to anyone that claims "our market was never as hot as other markets"... that's garbage. The Pikes Peak Market did not appreciate as dramatically, but the rate of sale then was twice what it is today and 68% of all listings sold in 2005, often on listing contracts that were half as long as today's listing contracts. The market was over-cooked in many ways, and that's before you get to the savage truth of how ugly the financing and appraisal standards were behind all of these purchases. Memories like these have a way of effecting an objective analysis of what's happening now.

So there is a bit of pain in looking at the numbers every April and seeing any of those trends mirrored. This year: sales were lower in April than March. That doesn't usually happen. Average asking price soared by over \$20,000 from the previous month. That's pretty notable since it had been in decline since late 2008 almost every month and hadn't had a gain like that since, well, 2006. Pending sales were 100 units off the pace (13%) of 2010.

But the flip side is that there are no 600 fewer units for sale than the same time last year. Last April was a strong month for closings and the best month of the year in terms of the ratio between supply and demand at 6.5 months; and right now we're lower at 6.1 months due to the low inventory. Last year tax credit buyers closed early to beat the perceived threat of increased interest rates (just as in April 2006). Indeed, for most of last month, rates rose. But they reversed course late in the month and now are at 4.7% (4.5% for VA's are common). So while there are some similarities, there are an equal number of beneficial pieces of data that might be moving the market out of further bearish territory.

THE REALITY OF AVERAGE PRICE:

It never ceases to amaze how often average price in the marketplace is seen as some barometer. Probably the most dysfunctional market observed locally was the Summer 2007 market when the all-time monthly peak in value was reached in July 2007 with an average sales price of \$272,000. Curiously, 30 days later the first banks began shutting down and the credit crunch began. The first victim was exotic jumbo financing at normal conforming rates. Last year the marketplace saw the worst performance in terms of unit sales in 13 years, yet posted an “average price increase” of around 5%. This was completely misleading because the buyers’ ability to stretch their dollars was enhanced by all-time record low prices and buyers were going up to bring sellers way down in price; the “average” house bought for 5% more in 2010 was probably 10% better than the “average” house bought in 2009.

What’s different this year? Market analyses need to focus on the trailing 180 days and especially the previous 90 days, but those going back one year to look for sales patterns are, finding values at long last are similar to unchanged. There was a post tax credit dip, but it seems to be gone. Organizations like Moody’s and Social network sites like Zillow are sensing this as well. On page seven we show the Case-Shiller index. Almost the entire nation is in double-dip with 19 of 20 metro areas showing declines in February. Colorado Springs is up 1.1% for the year (through April), and for the most part, values are finally stabilizing. The difference is that the gains are more uniform, not restricted to entry-level pricing and certain areas, but throughout the market (as seen in previous tables). Foreclosures are down 19%.

Pricing should remain flat to slightly... yes, we’re saying it... up, in areas with 3-4 month’s supply. If you think someone else might get it... you’re probably right.

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

Pikes Peak Regional Numbers

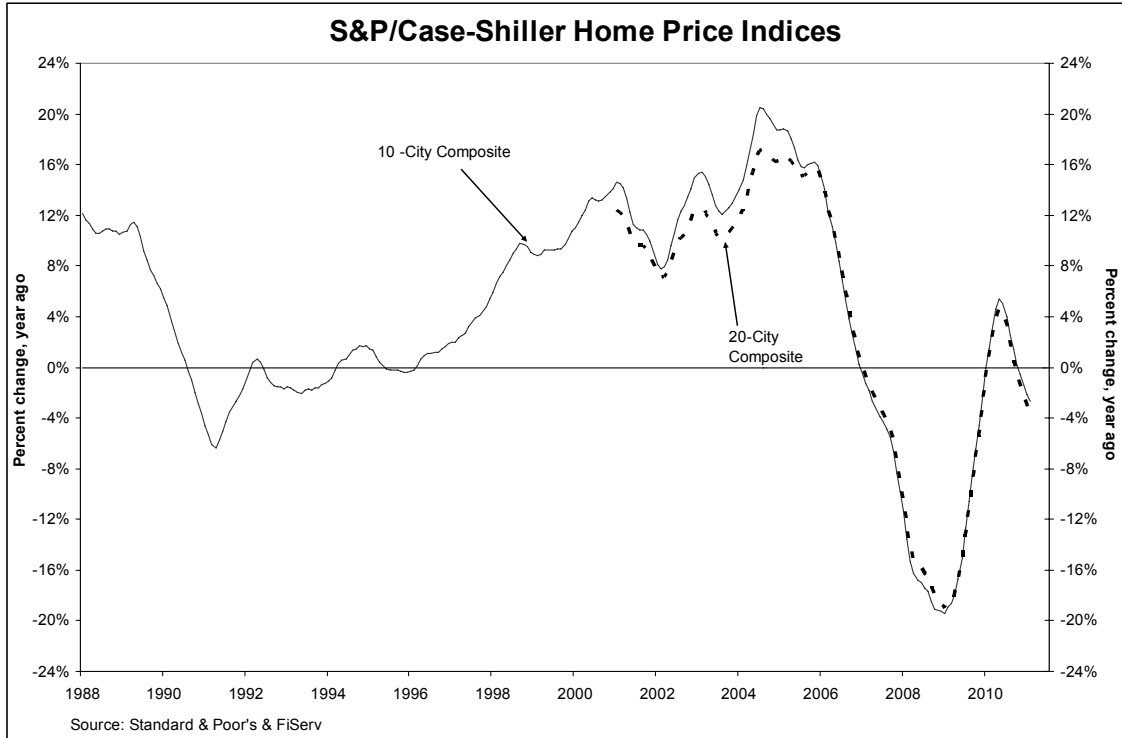
Single-Family Homes Sold March 2011	Trending
748	Sales actually dipped in April, but should be around 800 for next two to three months
Avg. Sales Price YTD	Trending
\$216,714	Up 1.1% over 1 year ago, and likely continuing upward with gains in higher value
Number of Listings for Sale	Trending
4580, down 11% from one year ago. There are 600 fewer resale homes for sale than last year.	May still crest near 5000, but due to scarce supply, relocating buyers are deciding quickly
30-Year Fixed Rate	Trending
4.7%	Rates improved last 10 days, with VA rates as low as 4.5%, FHA and Conventional at 4.7% to 4.8%
Rates via Tim Duvall, Academy Mortgage	



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CHART 5

Appendix: Additional National Data and Third-Party Information Sites

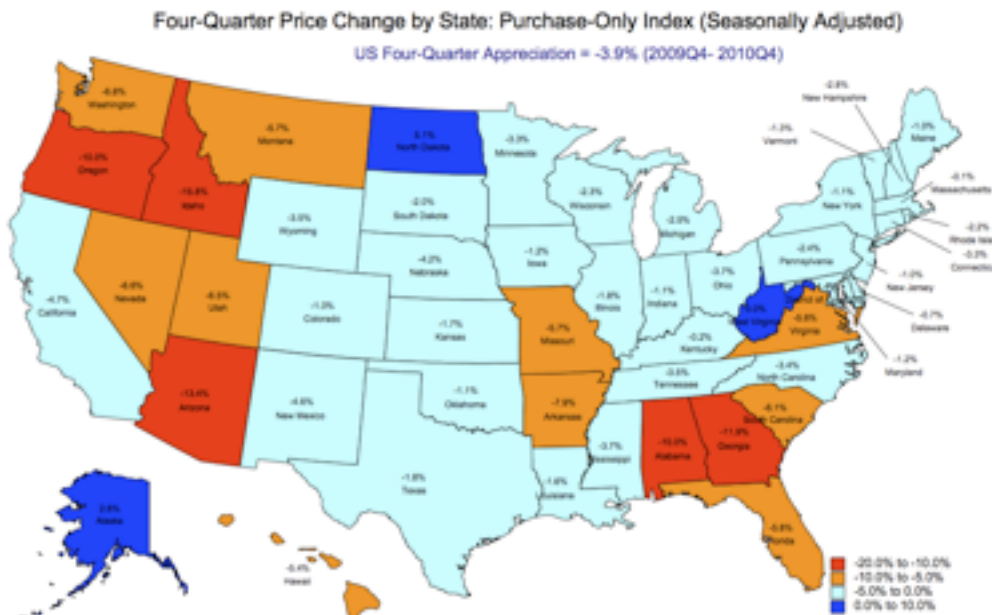


National Pricing Trends:

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. Nationally, a double-dip is happening with 19 out of 20 markets reporting drops in the last report. By comparison, Colorado Springs was up notably in February, the last month measured by C-S, but almost 10% year over year. For the calendar year, values are up 1.1%, bucking national trends.

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

CHART 6



National Pricing Trends:

Chart 6 shows dated 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 Averages

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	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			4.89	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.

Chart 7 shows where interest rates have been each of the last 10 years. Right now, rates are actually lower than they were in April 2010, the lowest they have ever been entering peak buying season. Graphic Information courtesy aMY L cavENDER., Sr. Loan Officer, Cornerstone Mortgage Company Mobile: 719-321-4575 Fax: 888-749-7751 acavender@houseloan.com amycavendereml@gmail.com

CHART 7

