boylan
andcompany

March 2010

Q1 MARKET REPORT

2010 isn't just the beginning of a new decade; it's the official beginning of modern real estate market. The years 2007 and 2008 were about the (dismantling) of everything we had come to love and hate about real estate. Home value, property taxes, financing and investment expectations had grown to a point of absolute ridiculousness by 2006. There were really only two emotions: fear and jubilation. Jubilation on the part of investors (commercial or single family) who were selling properties at a rate of return expressed in double digits, poorly qualified buyers getting mortgages they really shouldn't have, municipalities seeing record revenue and greedily looking forward to many more years of rising property taxes and developer fees. Fear was rampant on the part of buyers; they knew that they were buying homes at all time highs but were fearful that the bubble wouldn't burst in the next few years and they would be priced out of the market. Realtors and appraisers were becoming increasingly uncomfortable because they knew that the real estate market is cyclical; so much so that you can create calendars on it. The bubble had passed its expiration by a couple of years and the continued expansion would just make the burst that much worse. So, here we are and the new rules are clear. Boylan and Company is working very hard to keep buyers and sellers ahead of the curve by understanding market trends and leveraging that knowledge in such a way to ensure sound strategies.

"How much is my home worth?" is the question on everyone's mind right now. Perceived value doesn't count right now; the market forces will dictate worth right now. The strongest market force is demand. Demand may seem the obvious force but the recent

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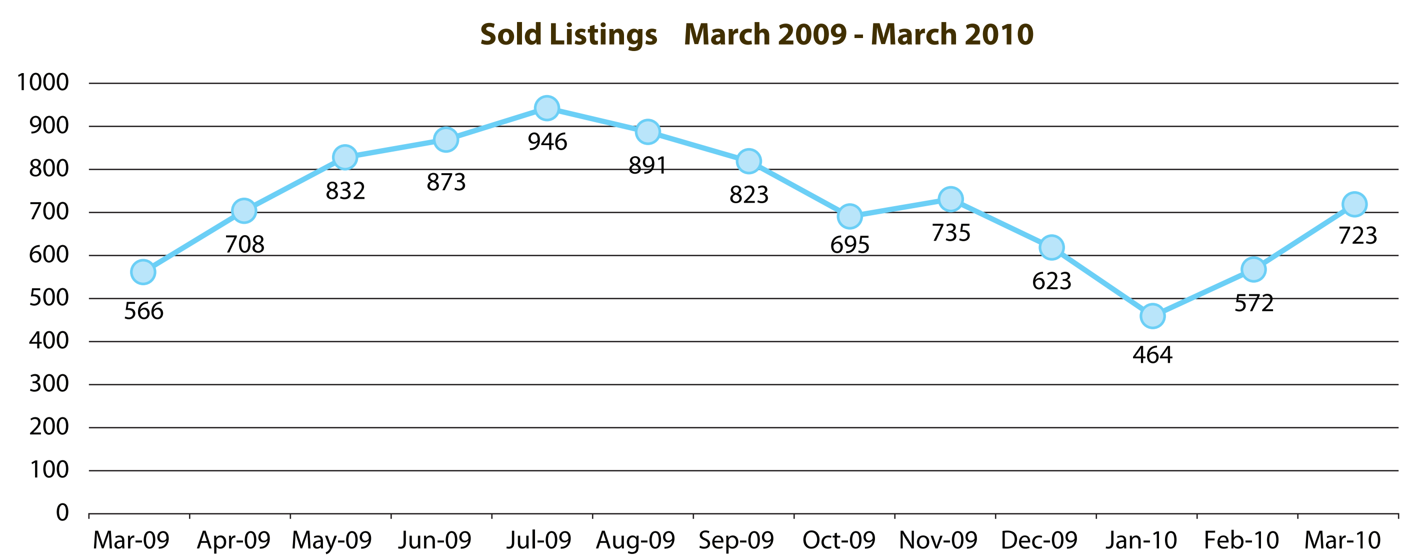
key

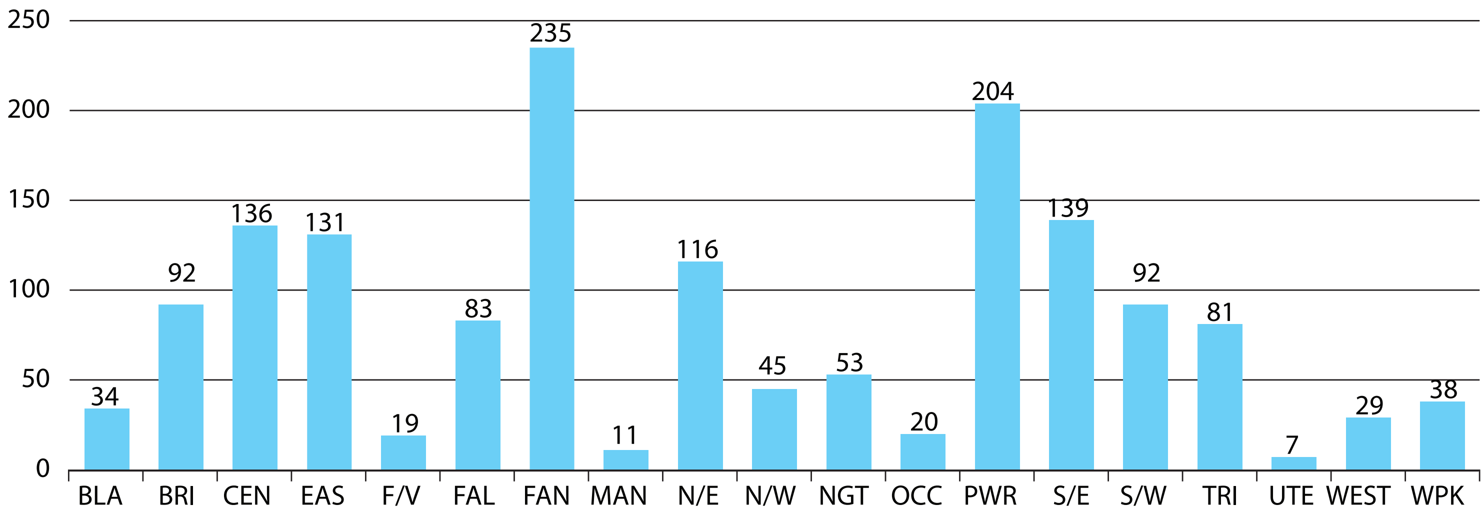
BLA	Black Forest	FAL	Falcon	NGT	Northgate	TRI	Tri-Lakes
BRI	Briargate	FAN	Falcon North	OCC	Old Colorado City	UTE	Ute Pass
CEN	Central	MAN	Manitou Springs	PWR	Powers	WEST	West
EAS	East	N/E	Northeast	S/E	Southeast	WPK	Woodland Park
F/V	Fountain Valley	N/W	Northwest	S/W	Southwest		

According to the Pikes Peak MLS, 2010 is quickly outpacing 2009; 1,759 houses have already sold in the first quarter of 2010. This is a 22% increase over sold activity from the first quarter of 2009 which had 1,483 sold houses. In the first quarter of 2008, 1,812 house sold which is less than activity seen in the bubble but not bad for historical purposes. The chart below depicts an almost normal seasonal rise and fall of the local Pikes Peak real estate market. The only false data mark is in November where there is an unusual peak due to the final month of the First Time Homebuyer Tax Credit. The next false data mark will be in the late spring months as buyers rush to take advantage of the extended tax credit which allows for existing homeowners to buy up. We expect to see a bit of a dip in activity early in the summer, but, activity will pick back up by summer's end. The average and median sales prices are trending upward both experiencing a modest gain in a quarter over quarter comparison as depicted on page 8.

SOLD LISTINGS



Total Sold Listings - Q1 – 2010

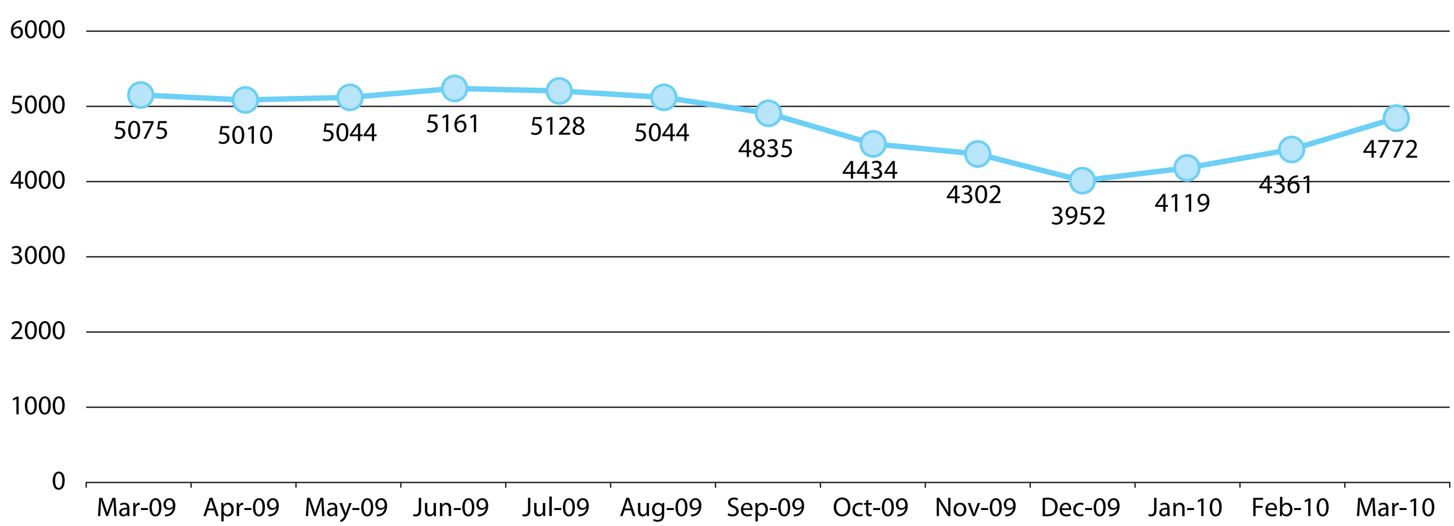


Across the entire Pikes Peak area, the PPMLS reports about eight months of inventory. This equates to average length of time to sell. Price is an important factor but the most critical seems to be location. Which areas have exceeded March 2008 sold activity? Northgate, Central, East, Southeast and Southwest. The areas still showing major loss in sold activity include Old Colorado City, Northeast, Falcon, and Black Forest. Also notable is that areas heavy with custom new construction in 2006 and 2007 will take many years to see any kind of significant sales activity. Areas that have new construction but in more of a tract fashion and located near a military employer are seeing at least the same amount of activity as was experienced a couple of years ago just before the market began its adjustment.

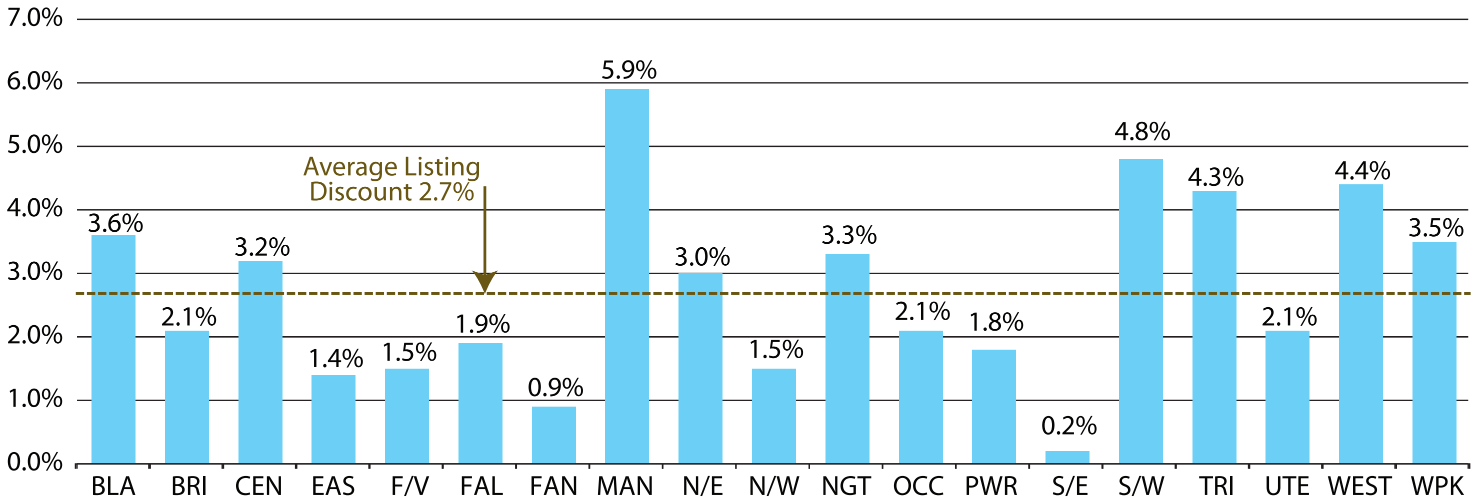
Inventory remains stable with a monthly average of listings just under 5,000. The only real change seen in this was at the close of the initial First Time Homebuyer credit which pulled a lot of listings out of the pool by December. We should expect to see an increase in inventory over the spring and summer since many of the Federal programs propping up delinquent homeowners are expiring. Many of these homeowners intend to put their house on the market. This may provide a bit of a glut in terms of pricing later in the year as inventories will out strip consumer demand.

ACTIVE VS SOLD LISTINGS

Total Active Listings
March 2009 - March 2010



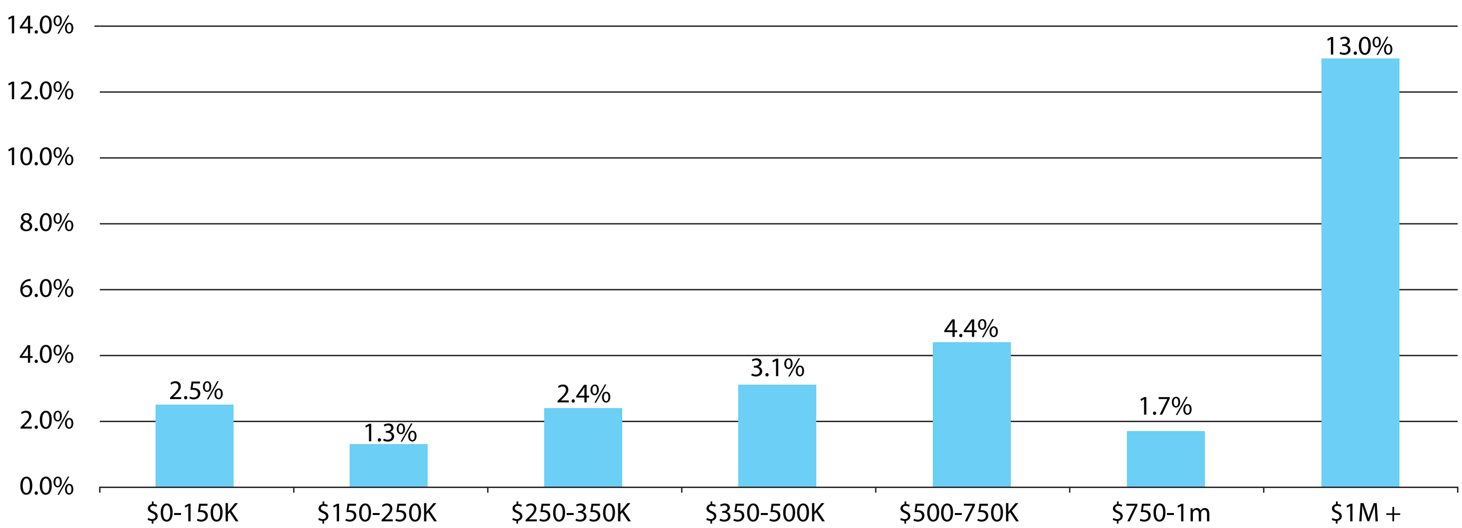
Average Listing Discount
Q1 – 2010



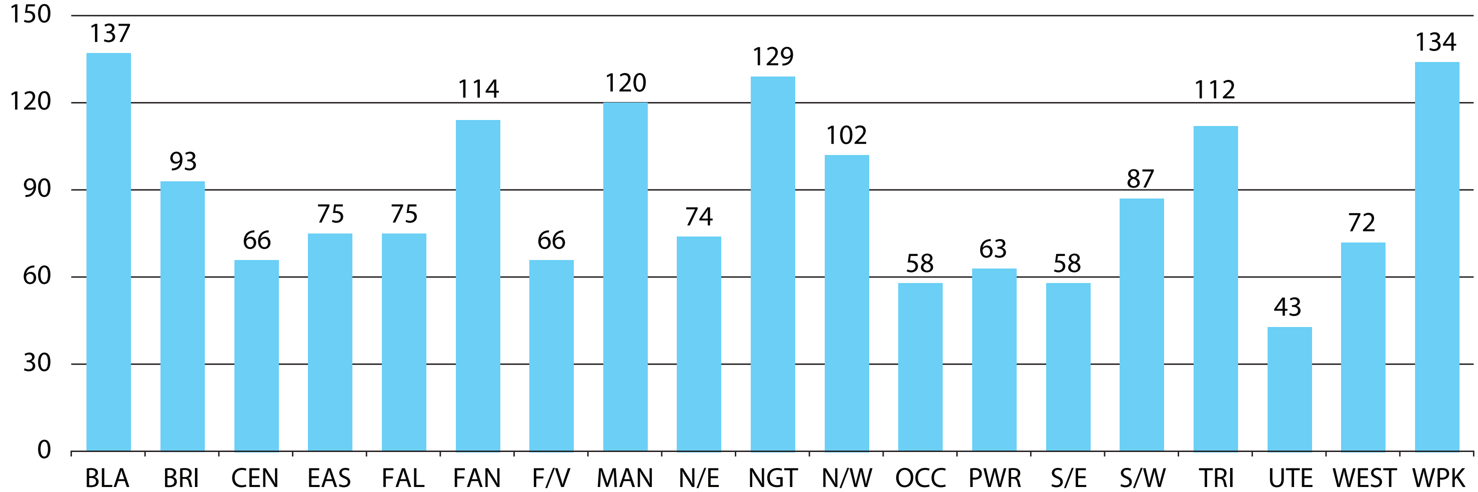
Across most of the MLS areas, listing discount has stabilized. Listing discount is the difference between list price and final contract price. This gets back to our opening comment about the realities of this new real estate world; sellers and buyers have found common ground in terms of pricing. Sellers are very well educated about the broader real estate market and how their local neighborhood fits into it. Sellers are working hard to ensure their house will meet buyer demands. On the other side of the coin, buyers are not only very educated about the market but also their personal financial situation. Three years ago, buyers often allowed the mortgage company to tell them what they could afford which in actuality may have been more than they really could. In today's market, many buyers are cautious and looking for the best value. If a buyer schedules a showing, their interest is high. Having said that, interest will be high in three, four or five other houses. The market is really still trying to find itself above $400,000. The bar graph below demonstrates the struggle sellers are having when it comes to finding a buyer. The difficult part of this for these homeowners is that the listing price is typically far below what they paid for the home. Notice that the listing discount trends upward as the price range increases.

LISTING DISCOUNT

Listing Discount By Price
Q1 – 2010



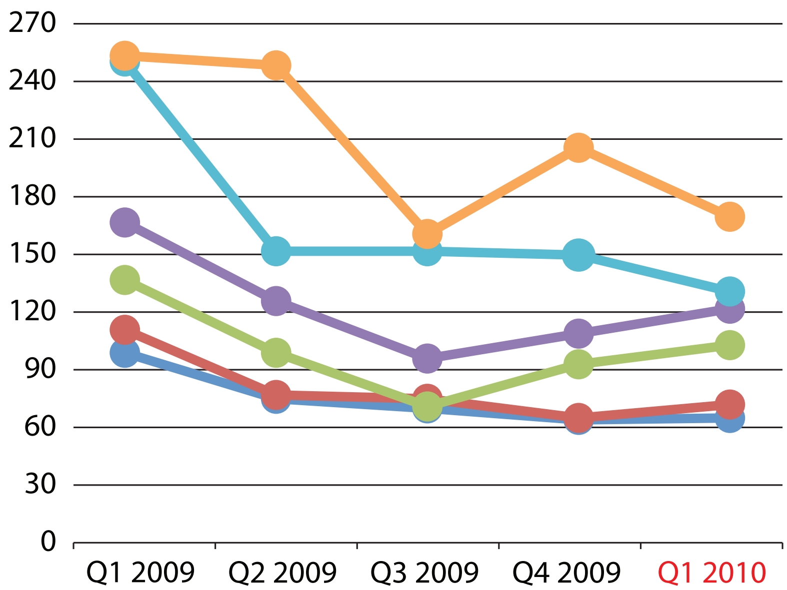
Average Days on Market
Q1 – 2010



Across the Pikes Peak region, the average days on market is just under 80 days. This is a number that has really stabilized. In spite of micro-market fluctuations and seasonal movement, the average days on market for the last three years has been 88 days. The reality of the numbers is more obvious when analyzing by price range. Homes under $250,000 are really moving! This segment of the market has first time homebuyer activity, can obtain financing and feels more confident about their job prospects. The local market defines "jumbo" financing as anything over $419,000; these mortgages are still really hard to obtain. Dropping prices really won't help upper end home sellers; time is really the only cure. There are fewer buyers with the ability to buy. This segment of the market will take much longer to recover. The primary key to recovery will be availability of jumbo financing followed by stability in the job market especially in areas of management and sales.

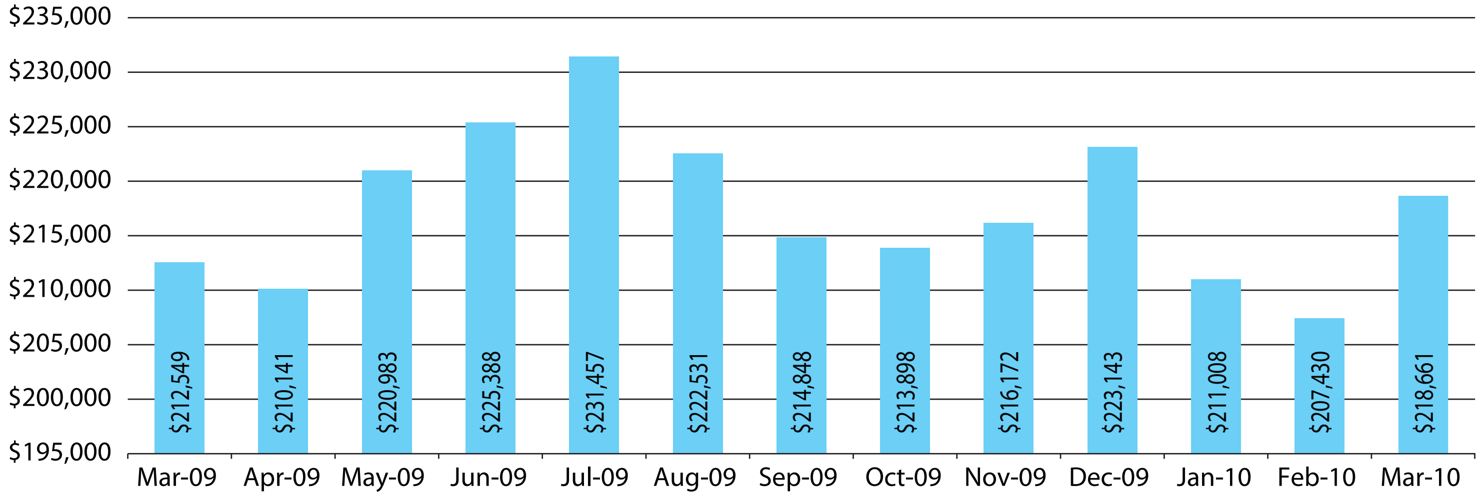
ACTIVE VS SOLD LISTINGS

Average Days on Market
By Price



	Q1	Q2	Q3	Q4	Q1
$0-150K	99	75	70	64	65
$150-250K	111	77	75	65	72
$250-350K	137	99	71	93	103
$350-500K	167	126	96	109	122
$500-750K	251	152	152	150	131
$750K-1M	254	249	161	206	170

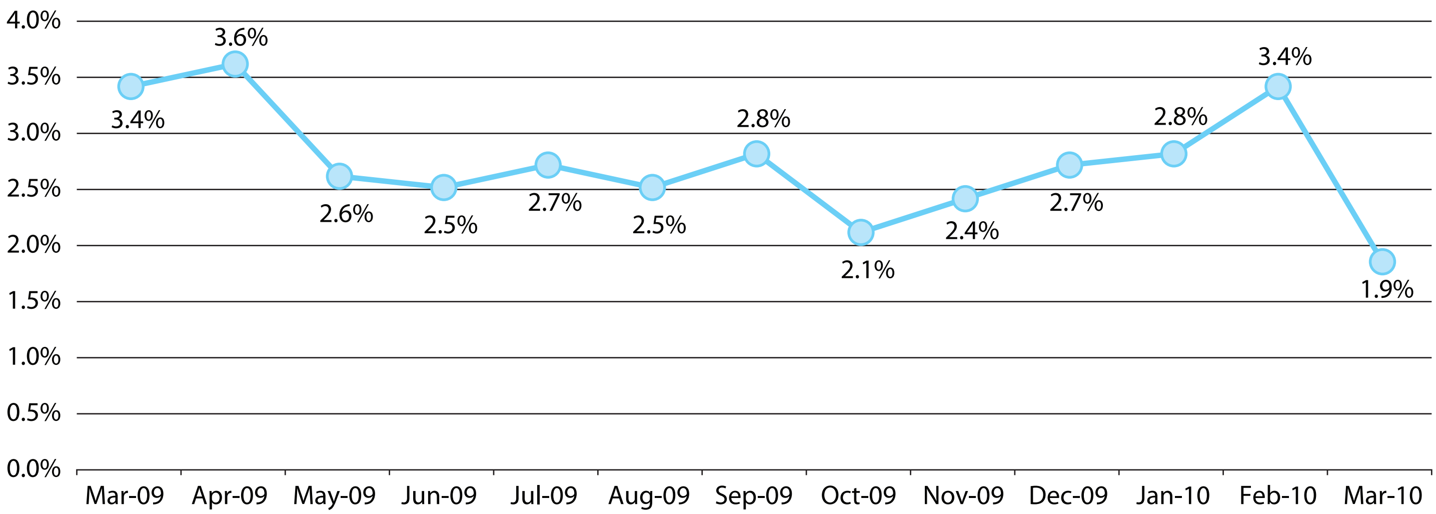
Average Sales Price
March 2009 – March 2010



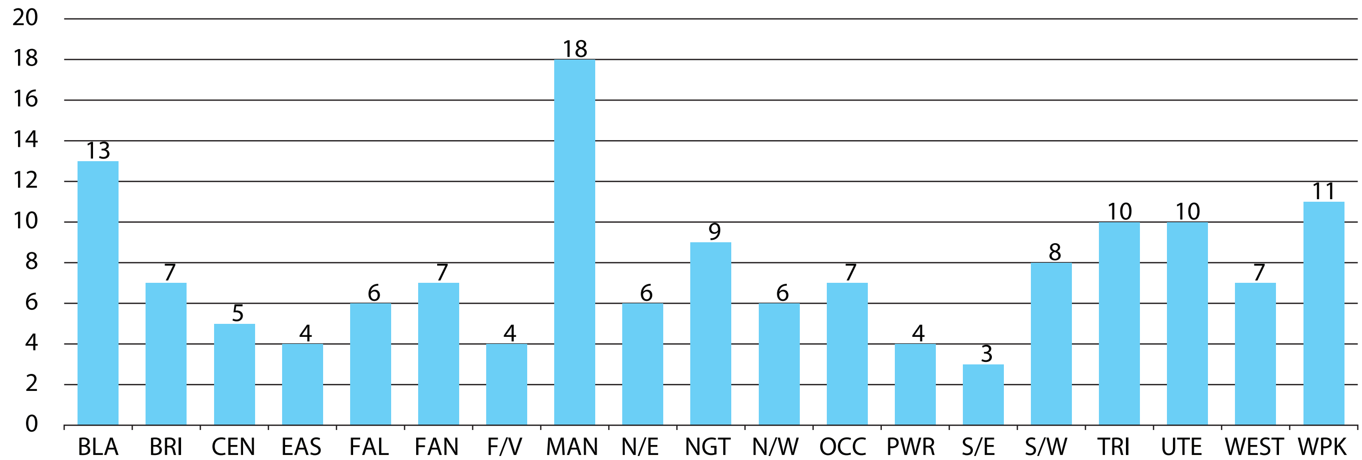
Average numbers continue to bounce around on a month to month basis. We like to focus on the year over year numbers since they provide a broader picture. The PPMLS data shows year over year increase. The latest Case Shiller report (March 26) measuring activity in both a 10 and 20 city index reports Denver demonstrated a year over year increase of 2.6%. The best news is that the rate of decline in a year over year analysis continues marked slowing. Month to month saw a decline but this is easily explained by slowed seasonality in the market and weather. The 10 city home price index fell by 0.4% and the 20 city saw 0.7% decline. The Pikes Peak region data did indicate an increase in February and March; PPMLS data closely mirrors national trends so we expect the next Case Shiller report to show continued slight improvement. The two cities seeing greatest improvement are both in California which has sustained a long term freefall in pricing. The trouble areas are Charlotte, N.C., Las Vegas, Seattle and Tampa; all are experiencing the lowest prices and greatest declines since the financial crisis began. Notable improvements include San Francisco (up 15.2%) and Minneapolis (up 12.9%) over their trough. Good news for both cities which were in freefall for a long time.

SUCCESSFULLY LISTING & SELLING YOUR HOME

Listing Discount
March 2009 - March 2010



Average Months of Inventory
Q1 – 2010

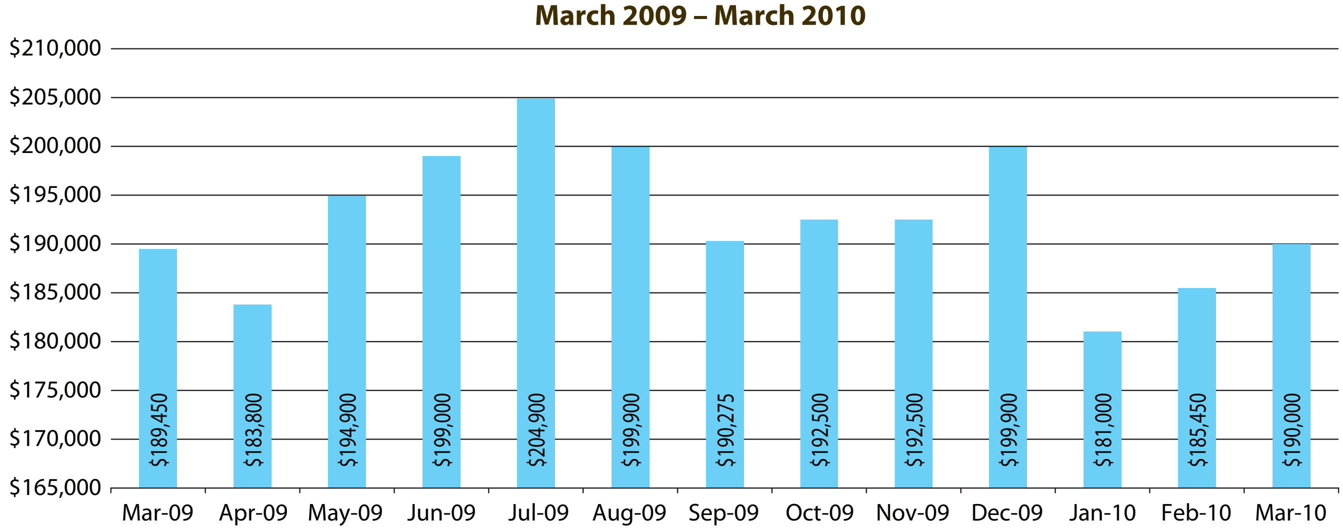


Understanding months of inventory (MOI) helps us in real estate predict many aspects to negotiating the best possible price for buyer and seller. The lower the respective MOI number is, the quicker a house should sell. If a listing falls out of the expected MOI, it is time to take another look at condition, price or other aspects of the offering. For a buyer, this translates into putting in an offer that is close to the list price or risk losing out. A longer MOI requires a seller to carefully consider local neighborhood competition to ensure the best possible opportunity is presented to the relatively small supply of buyers. Areas with high MOI are struggling with a smaller buyer pool with niche neighborhood interests or looking for a more expensive home. The area with the lowest MOI, the southeast area of Colorado Springs, is benefitting from the influx of troops who are either newly stationed or returning from deployment.

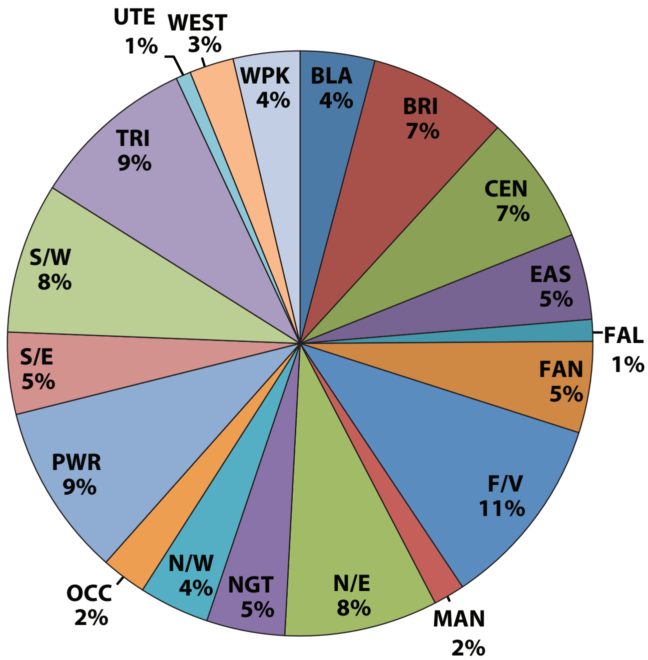
The median list price remains flat in a year over year comparison. Why would this remain flat but the median sales price (on the last page) has seen slight improvement? Because the gap described as listing discount has been closed. Buyers and sellers are in sync; a good sign for the market.

MARKET ACTIVITY

Median List Price
March 2009 – March 2010



Total Active Listings by Area
Q1 – 2010



BLA	Black Forest	MAN	Manitou Springs	S/W	Southwest
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CEN	Central	N/W	Northwest	UTE	Ute Pass
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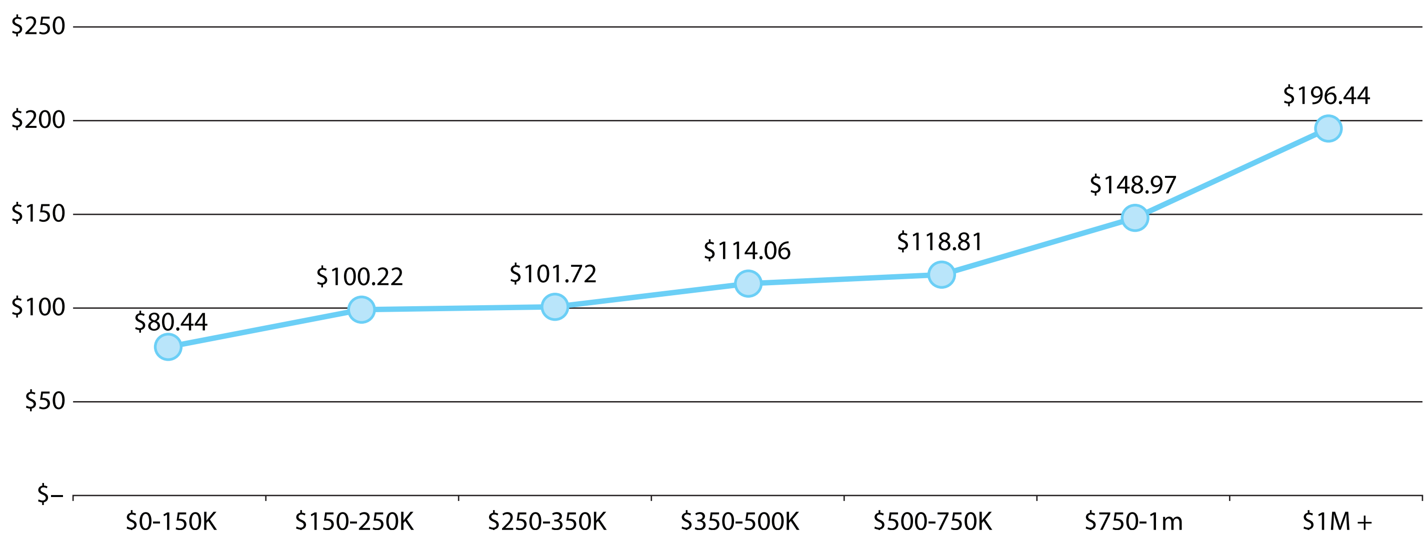
FAL	Falcon	PWR	Powers		
FAN	Falcon North	S/E	Southeast		

The vast majority of listings are in areas proximal to major military employers. The vast majority of sales have been in these areas as well. This has really been the foundation of our local real estate market over the last year. The market has seen a return of retired military who tend to buy in a middle to upper middle end of the market; also a great source of sales in this tight market. While home prices have fallen in the double digit percentages, the National League of Cities reports that 25% of major cities have raised property taxes to combat declining sales tax revenue. Home values and mill levy rates are quite stable in the Pikes Peak area making the area attractive to returning retirees.

In the March 10, 2010 *Economics and Mortgage Analysis* published by Fannie Mae some interesting facts were noted. While the recent consumer confidence survey has several gray areas, there is a bright spot in terms of expected homeownership. Roughly 2.5% of respondents said that they expected to buy a home in the next six months. This is the highest reading since last summer. The market expects to see an increase in listings due to continued job pressures as homes enter the market as short sales or foreclosures so an influx of a even a few dozen buyers into our local market can make a big difference. Last quarter, the upper end of the market saw an average PPSF of $219. Ending this quarter, that number is down 10% falling under $200. Sales under $150,000 also saw a 10% decline. The middle of the market has had moderate movement. These numbers show less volatility year over year but demonstrate that patience and studying the market can have a tremendous long term investment implications in the lower and higher ends of the market.

INVESTMENT OPPORTUNITIES

Price Per Finished Square Foot
Q1 – 2010



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MARKET REPORT

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bubble was fueled by low barrier and easy mortgages. The flood of investment money into the MBS, or mortgage backed securities market, created an environment where the industry told people that they needed more and armed buyers with excessive mortgage approvals and hence, demand was created. Today's demand is created by job related moving, family unit size increasing/or decreasing and job security. As consumers determine they need a home, they begin looking at affordability and mortgages. This is exactly the opposite of the bubble trend. Because appreciation will be slow for the next ten years, buying with value in mind is critical right now.

Success in real estate demands understanding the national market, local market and micro-markets such as a specific neighborhood. Knowing where the buyers are will improve chances of a timely and successful sell. The old adage "in real estate, money is made on the buy" has never rung truer than it will for the next five years.

Buying smart will ensure a solid investment and ability to sell successfully. We invite you to read the report and visit some of our favorite new sites:

http://www.SpringsBlog.com for weekly updates on the international, national and local real estate market;

http://www.RidgeviewatStetsonHills.com a sample of our neighborhood website providing information on current listings and market info on this neighborhood near Powers and Dublin.