

First Quarter 2011



**Let's cut through all the headlines and get a clear picture of the local market...**

**F**irst and foremost, the local market has settled back into an acceptable rhythm. A stable market in the Colorado Springs area should gradually build in activity through the first quarter peaking by late June. The market pace will slow dramatically by mid-August as most buyers are forced into a new school year. Through the latter half of the year, higher end transactions become more common. Upper end buyers tend to have older children, greater buying power and possibly seeking tax benefits before the end of the year. The local market is expected to run this course. The big question now is about value.

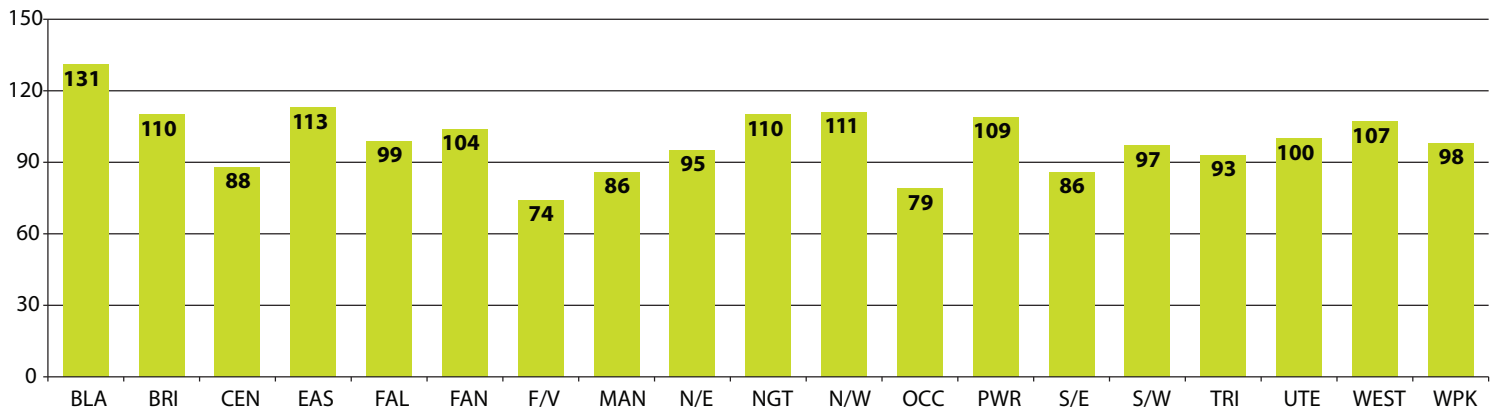
During the first quarter of 2011, the median list price of \$186,433 is not far off of the median list price of one year ago which was \$189,450. Median sales price differed only by \$1000 in a year over year comparison. What can we infer from this? Generally, across the region, home values are flat. There are nuances to study in certain neighborhoods.

**Some neighborhoods are appreciating while others are flat.**

Inside this edition of Market Report, we will take a look at the numbers as the year kicks off and apply that to what we can expect for the coming season. With the influences of the international financial markets and financial struggles in the United States, not many economists are confident in their projections. It is easier to look at local markets and how these broader influences may impact us.

*The Colorado Springs real estate market is strong!  
Read on as we look the numbers and influences.*

Average Days on Market  
Q1 - 2011



**Are Homes Actually selling? Yes!**

**Y**ear to date, 1,686 residential listings have sold. At market peak, nearly 3,000 residential listings sold in the first quarter of a year. With the fall of the real estate market, successful sales have declined but a steady rate of activity holds. In 2009, the local market saw its lowest valley in terms of sales with 1,483 residential sales for the first quarter.

Black Forest continues to hold the dubious honor of having the highest days on market; 131 days for homes that are successful

in closing. Black Forest is a terrific example of the iceberg that is the real estate market across the country. What we see on the surface is a neighborhood market that seems to have decent activity with 34 closings for its 147 active listings. The iceberg analogy comes into play when we see the bottom of the iceberg consists of lots ready to be built, would be sellers that don't expect to find a buyer and don't even try and homes that can't find buyers due to the price point. While thawing, the mortgage market is still tight for buyers seeking jumbo loans.

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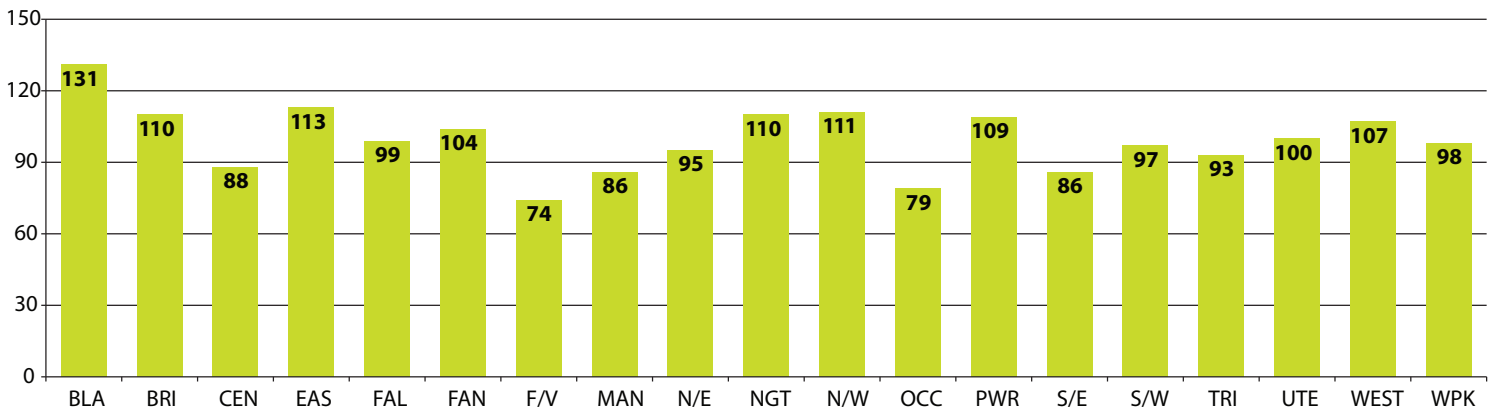
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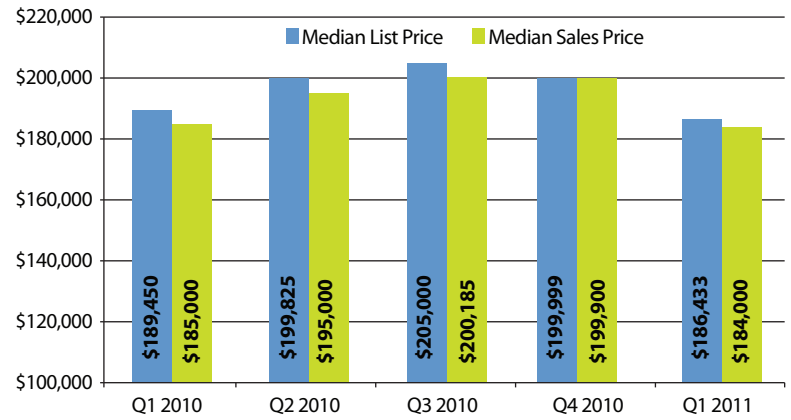
## National Trends

The S&P/Case Shiller Home Price Indices is a well respected measurement of the market nationwide. While the numbers are about two months behind current, they provide a trend opportunity to study. According to the March 2011 Case Shiller Index, Denver had a 2.3% decline in Home Price Indices in a year over year comparison. The twenty city composite showed an average decline of approximately 1% in Home Price Indices with many showing some of the worst declines noted in the study. The only cities to experience acceleration are San Diego and Washington, D.C. Members of the Index Committee at Standard & Poor's are expressing concern that this continued trough is indicative of the dreaded double dip in real estate values.

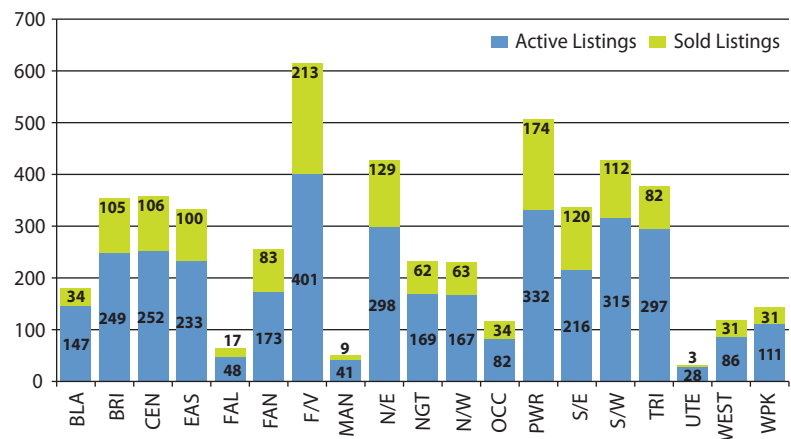
The market we live in seems to be somewhat insulated from the greater turmoil the national real estate economy continues to endure. The fall of a market is always determined by the rise; the local market didn't bubble in value as so many comparable (and larger) markets did. Without this major bubble, there really wasn't much depth to the subsequent fall. Funding for mortgages continues to slowly thaw but is still historically tight. The other national influence on our local market is the ability of relocating buyers to sell the house they are leaving behind. Mobile homeowners tend to buy at a price point that allows them to move easily so while there is some hindrance, it is not hurting our market too badly.

With two major U.S. military initiatives, the local military installations remain active in terms of soldiers and families moving in and out of the area. These families need services that our broader community provides through banking, entertainment, education, etc. This base of residents continue to pump money into the local economy. Further strengthening the outlook, Fort Carson formally announced the activation of the 13th Combat Brigade which will be responsible for 113 helicopters. This activation will bring nearly 3,000 soldiers and their families to the area. This influx is scheduled to take place between October 2012 and September 2014. The bulk of the activity in El Paso County and greater Colorado Springs continues to be near the area's largest employers. So far, the military and related employers have not seen a significant decline in employment opportunity. Consequently, the expected cycle of moving in and out of the area has fueled the activity in the Powers and Fountain areas.

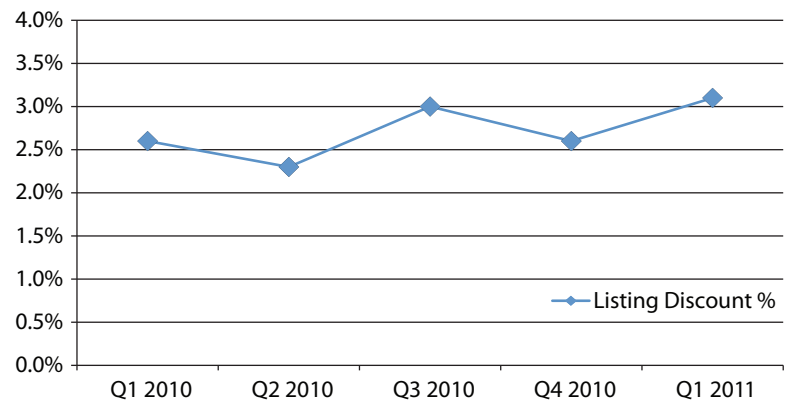
Median Sales Price  
Q1 – 2010 to Q1 – 2011



Total Active Listings by Area  
Q1 – 2011



Listing Discount by Quarter  
Q1-2010 – Q1 2011



## Seller's Strategy:

**\*Pricing:** While Colorado Springs proper encompasses a large area, there are really several neighborhoods defined by geography, accessibility to employers and socio-economics. Age, condition, yard size, and neighborhood appearance play important factors in determining a great price for your new listing. Choose a Realtor who is experienced selling homes in your area.

**\*Presentation:** Solicit feedback from your Realtor and/or a professional stager. They will see your home with fresh eyes and offer suggestions based on their experience of getting homes sold in the current market. Freshen up landscaping and touch up exterior features to enhance the first impression of your home. You may even need to ask neighbors to take care of something that may turn off a prospective buyer.

**\*Attitude:** Be positive. Some homes are actively selling in less than a week while others are sitting on the market for up to a year.

**\*Find the right buyer:** Work with Realtors who can promote your home to their own set of buyers as well as the entire Pikes Peak Region. Accessing buyers who are moving to area, move-ups and first time home buyers aren't hard to find if working with an established Realtor.

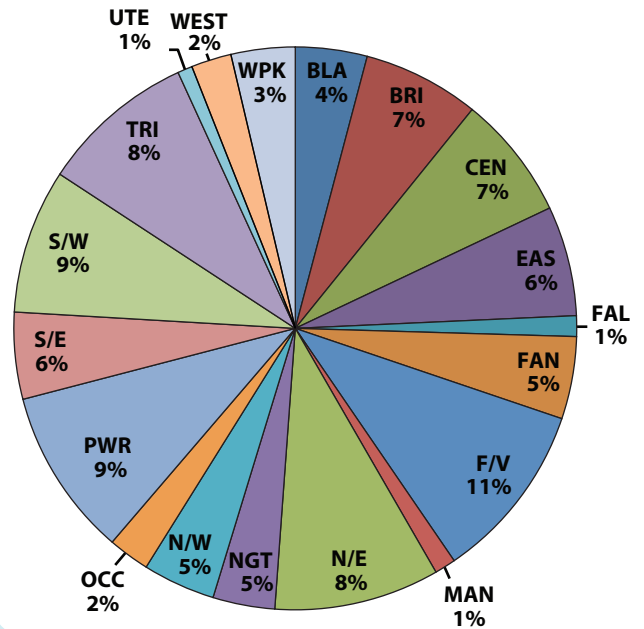
## Buyer's Strategy:

**\*Budget:** Before looking at any homes, understand your financials. What can you ideally afford and what is the top of your budget?

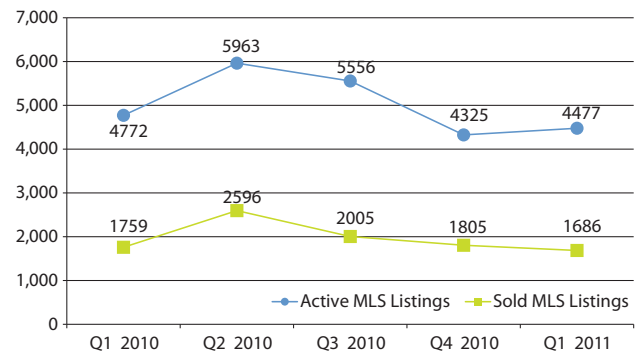
**\*Area knowledge:** Spend a lot of time getting to know various areas of Colorado Springs to understand school districts, proximity to shopping, and long term development plans in the area. Spend time talking to your Realtor, research areas on-line, and have lunch near the neighborhoods you are considering. There are variances in geology and weather from north to south and east to west. There are various plans for development across the Pikes Peak Region; researching these and understanding the likelihood of any of them is important to making a sound investment decision.

Unfortunately, there isn't an official real estate how-to book for the Pikes Peak Region. Boylan and Company does combine experience with up to the minute data to make sure our clients are successful.

Total Active Listings by Area  
Q1 - 2011



Total MLS Sold Listings  
Q1-2010 - Q1 2011



**Key**

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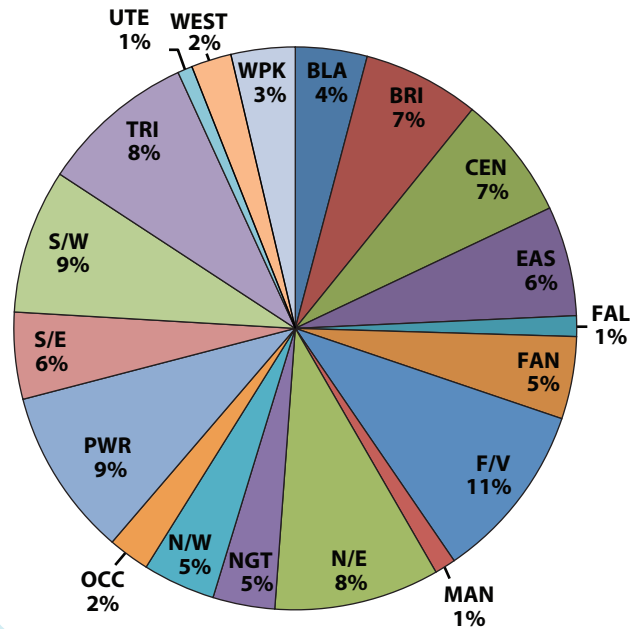
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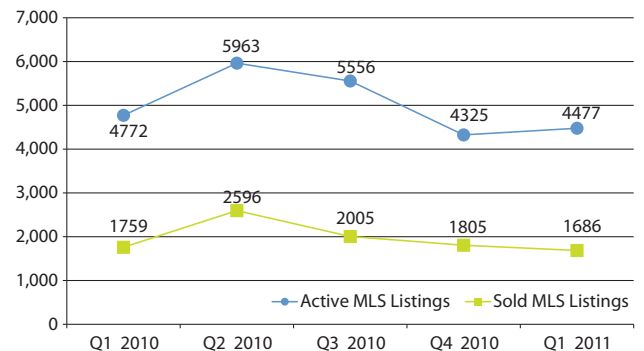
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## Odds and Ends of Interest

### El Paso County Foreclosure Activity

A study of foreclosure data collected by the El Paso County Public Trustee's Office, reveals that the foreclosure rate continues to drop. Out of the last twelve months, the foreclosure rate has fallen ten of those months. November 2010 and January 2011 both saw a spike in activity but that is most the result of delays in filing due to concerns over accuracy of filings and holiday slowdown. The Office reports that there were 272 foreclosure filings; a drop compared to March 2010 which saw 470 filings.

### New starts

The Pikes Peak Regional Building Department reports that there have been 284 new homes started in the Pikes Peak area since January 1st. This is a significant drop over the first quarter of last year which saw 411 new housing starts.

### New Listings

The first quarter of each year is usually the time of year that the local real estate

market starts come out of hibernation with seller putting their houses on the market because buyers will be hitting the streets pretty hard by April. March, in particular, is a key indicator of supply for the season and what kind of pricing pressure sellers can expect. In 2007, 2,107 listings came onto the local market. While the following year the number did drop, the trend has remained steady an average of just over 1600 listings have come on the market each March, this March welcomed 1,517 new listings. Inventory should peak late June into July.

### Days on Market

Discussing Average Days on Market is difficult in this current real estate market because this number reflects only the listings that end up successfully sold. The number belies the hundreds of homes that don't get an offer or the owners are unable to meet an offered price because they are overleveraged against value. Ending March 31, average days on market stands at 85 days.

Year to Year Comparison  
Q1 - 2011 to Q1 - 2010

