

Second Quarter 2010

Q2

MARKET REPORT

The local real estate market, on the surface, looks pretty strong. Interest rates are at historical lows; soundly in the mid 4% range for a 30 year fixed mortgage. While applications for new home mortgages are down, many first time home buyers are finding the values found in the market plus incredible interest rates too great an opportunity to resist. In this issue, Boylan and Company seeks to provide useful information for both buyers and sellers. To stay up to date in between newsletters, check out our weekly blog at www.SpringsBlog.com where local, national and even international real estate topics keep our readers up to date with the latest trends and market concerns.

Year to date, 15,655 homes have sold according to the Pikes Peak MLS while for the same period of time in 2009 15,215 homes sold. No doubt, the now expired First Time Home Buyer Credit helped push 2010 activity upward in face of fears of a double dip recession. At Boylan and Company, we continue to see strong activity on both sides of the transaction and for the most part, willingness to reach a price that works for all parties. No doubt, it is harder to close now that it was three years ago due to financing and appraisals concerns. We are advising our clients that there isn't a single strategy that fits everyone. Each home is considered unique as price range and location are heavy factors for success. With the increasing inventory of homes, Boylan and Company is constantly seeking new ways to give our sellers the edge. We recently attended the Inman conference in California where the top real estate professionals gather to share ideas about integrating technology and real estate. We are auditioning a new Microsoft technology called "Photosynth" which can be viewed at www.Springsblog.com.

Average and median sales prices are slowly creeping up; as foreclosure pressure is decreasing, home prices are creeping back up. How does this work? For the last fifteen months, a lot of pressure has been placed upon the appraisal process and how banks use an appraisal. Since a large percentage of the transactions flowing through local clerk and recorder offices were foreclosures, appraisers had to use these in determining appraised value. In some areas, the only sales to be found were foreclosures forcing normal

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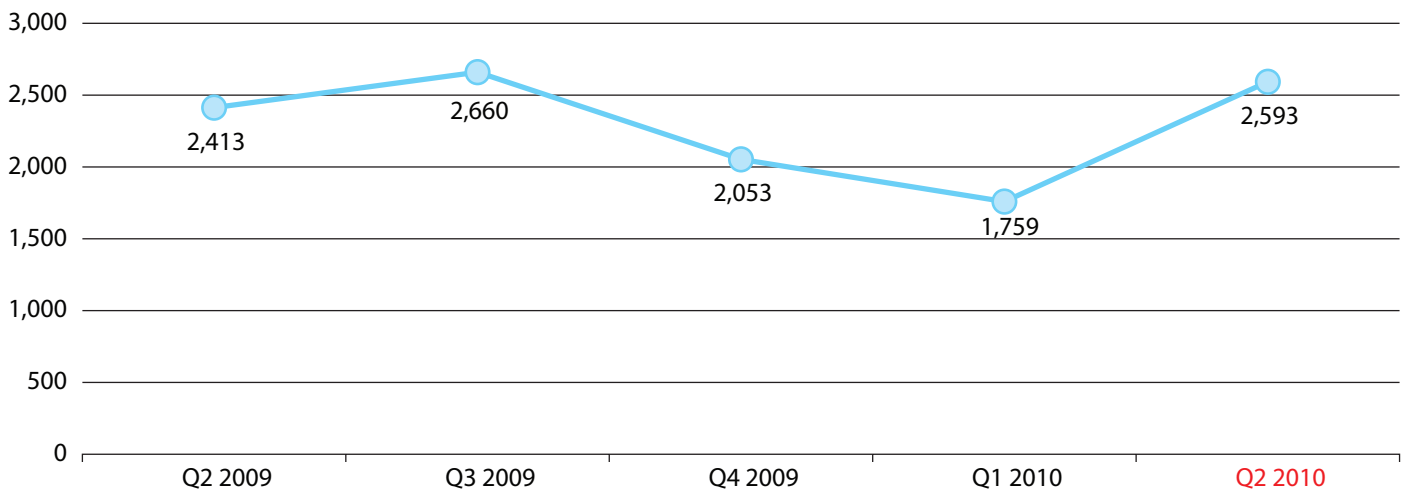
key

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		

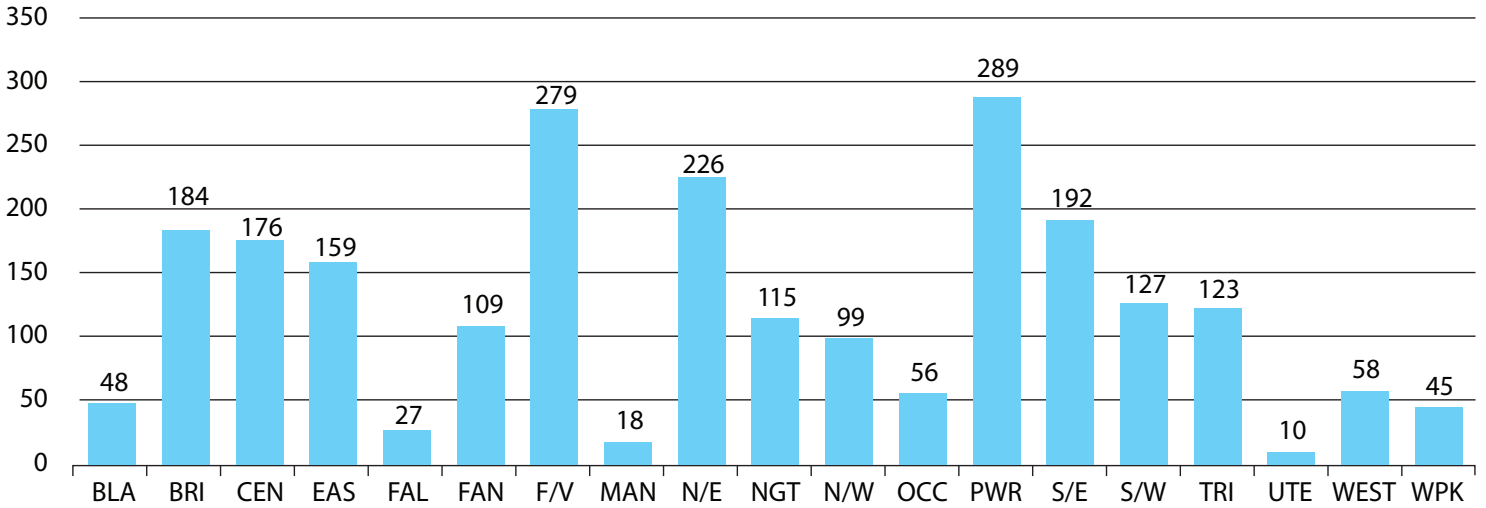
Q2 Total MLS Sold Listings: As expected, sales for the second quarter of 2010 spiked as buyers and sellers beat the clock on the First Time Home Buyers Credit. While this looks exciting and beats same period of time 2009, it is actually a little scary because buyers were rushed to make a purchase and pulled from their normal buying schedule depleting the rest of the summer's activity. At this point, incoming contracts with scheduled closings in July, August and September have dramatically slowed.

SOLD LISTINGS

Sold Listings Q2 2009 - Q2 2010



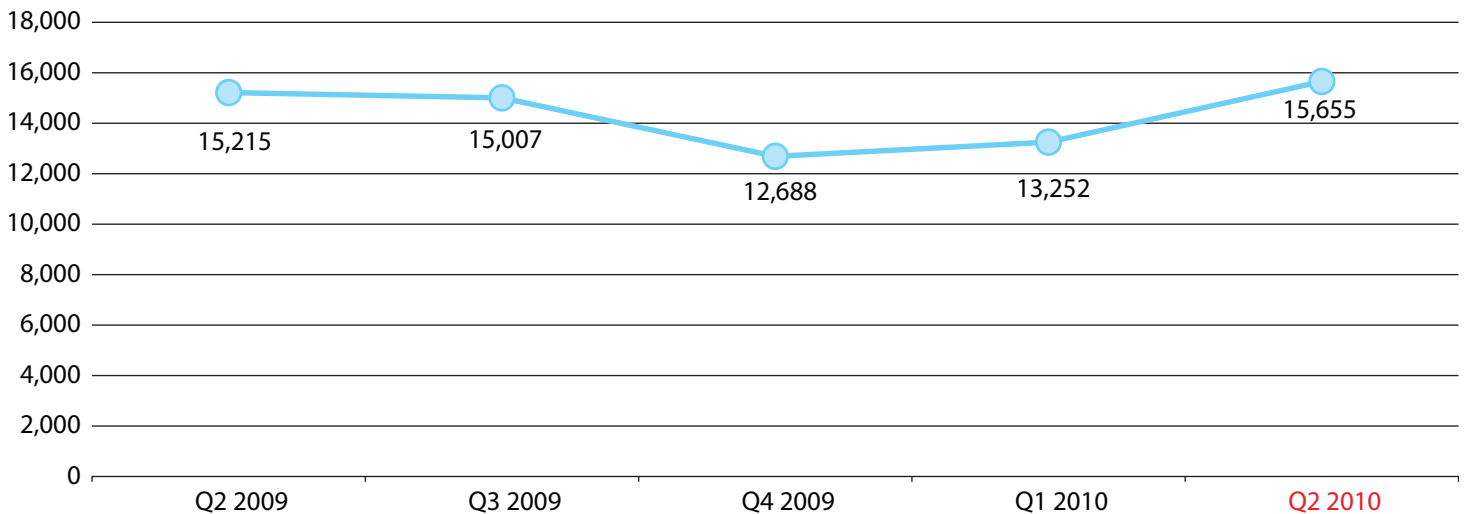
Total Sold Listings - Q2 2010



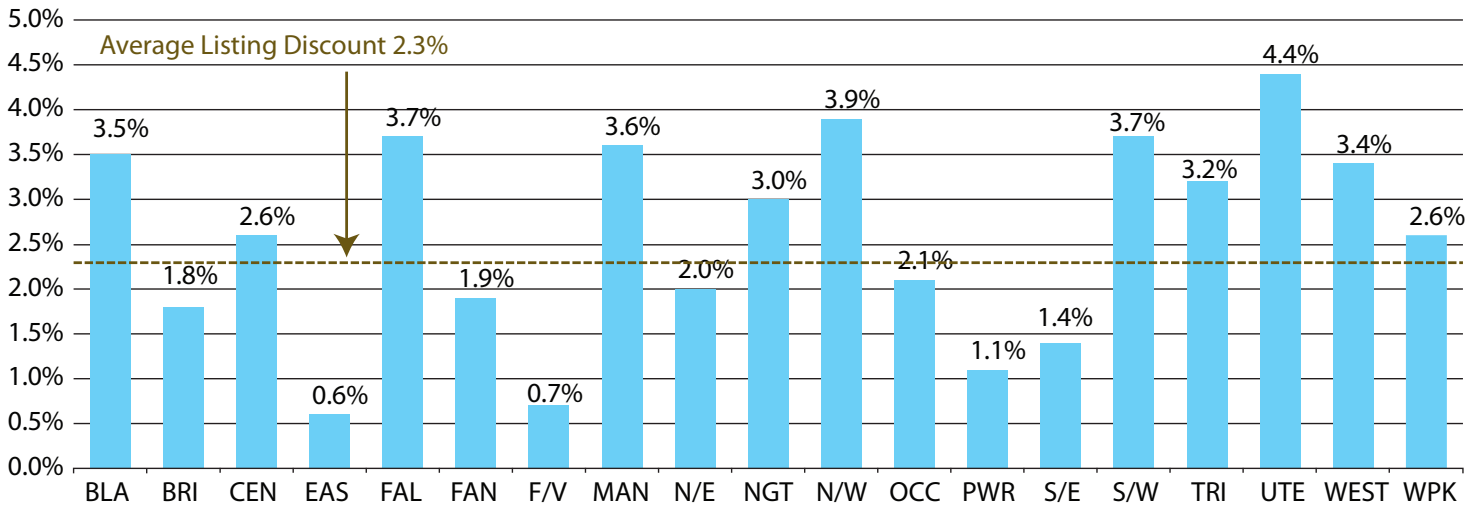
Total Active Inventory for Quarter: Active inventory for the Pikes Peak region has increased at an alarming rate this year. If foreclosure rates are declining, and Fannie Mae and Freddie Mac are holding back their supply of foreclosures, what is going on? Homeowners who were trying to wait out the market and/or are on the financial fence decided to take a chance. The inventory during the months of May and June didn't successfully catch a buyer qualified for the First Time Home Buyer Credit which has expired. We are expecting the inventory to continue its spike through August which will make contracts very competitive and put pressure on final sales prices.

ACTIVE VS SOLD LISTINGS

Total Active Listings Q2 2009 - Q2 2010



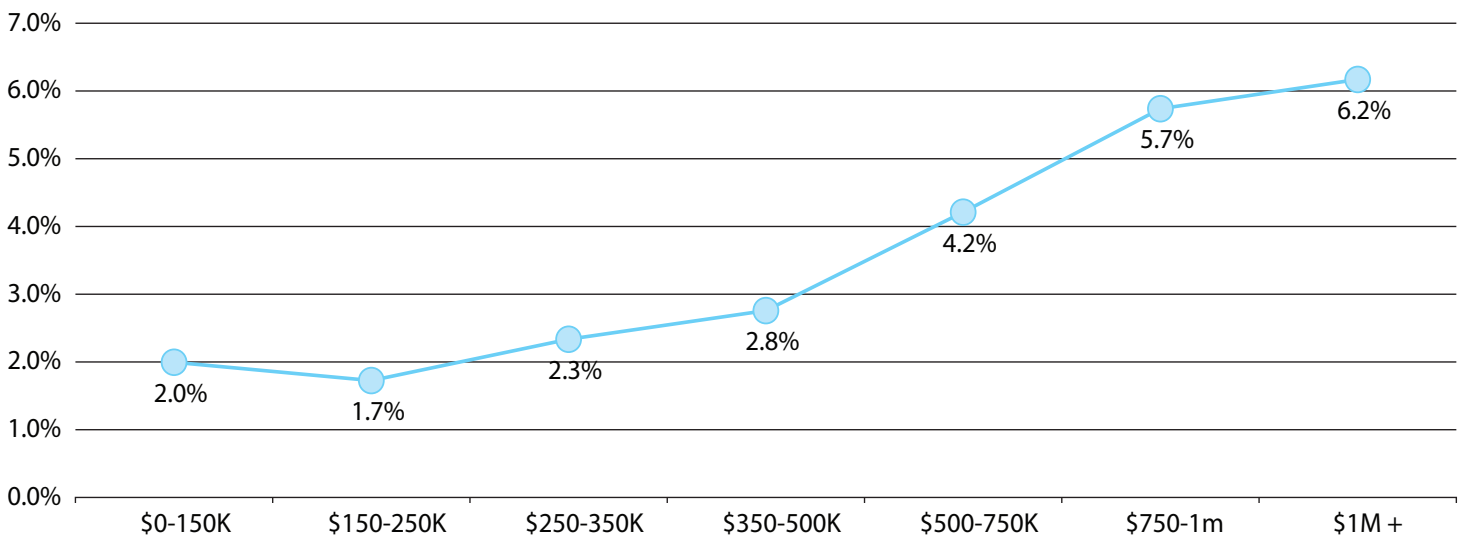
Average Listing Discount Q2 2010



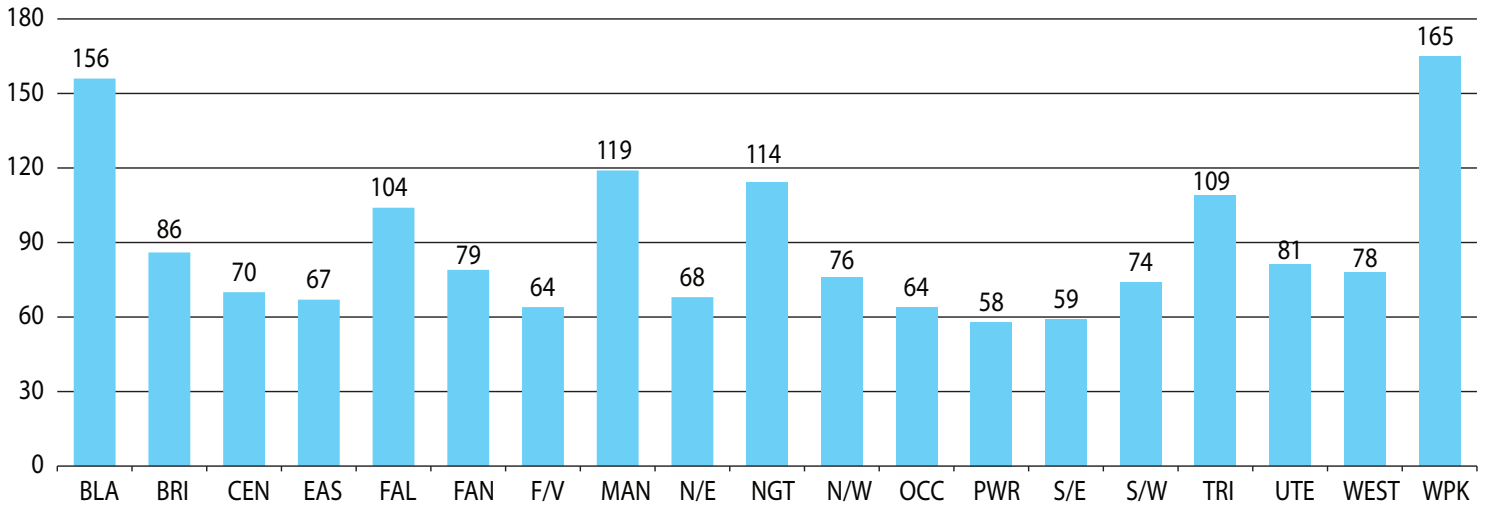
Listing Discount: Listing discount represents the difference between listed price and actual contract price. Prior to the current market downturn, the listing discount was quite low on all price ranges. As the market destabilized and the difference of perspective between buyers and sellers grew, the listing discount skyrocketed. If your house is listed over \$400,000, frustration is running high because buyers are few and far between causing some home sellers to deeply discount. These discounts can add up to real buying power; a listing discount of 2.8% on a \$350,000 house represents \$9,800 while a 4.2% discount on a \$425,000 represents \$17,850.

LISTING DISCOUNT

Listing Discount By Price Q2 2010



Average Days on Market Q2 2010

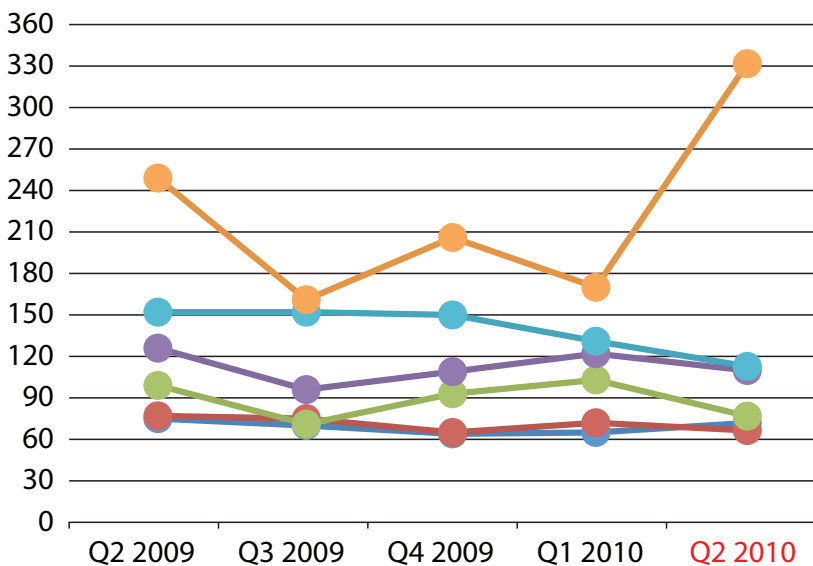


While many of the numbers indicate long awaited stability, for homes listed over \$750,000, another tale is told. One year ago, the average number of days for listings over \$750,000 was 249 from list to close. To date for 2010, the average number of days is 332. For any price category under \$750,000, there has been a slight to moderate improvement. Price discounts make little impact on showing activity in this price category since there are fewer and fewer buyers.

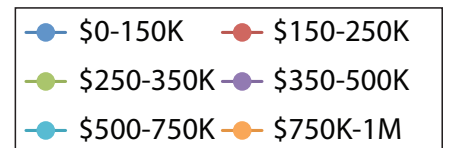
The market is quite competitive in many areas with homeowners receiving contracts within days or weeks of coming on the market. In these markets, a buyer must be organized and prepared to pounce on the perfect opportunity. Buyers in the mid to moderate price range need to have purpose and direction in their home search.

ACTIVE VS SOLD LISTINGS

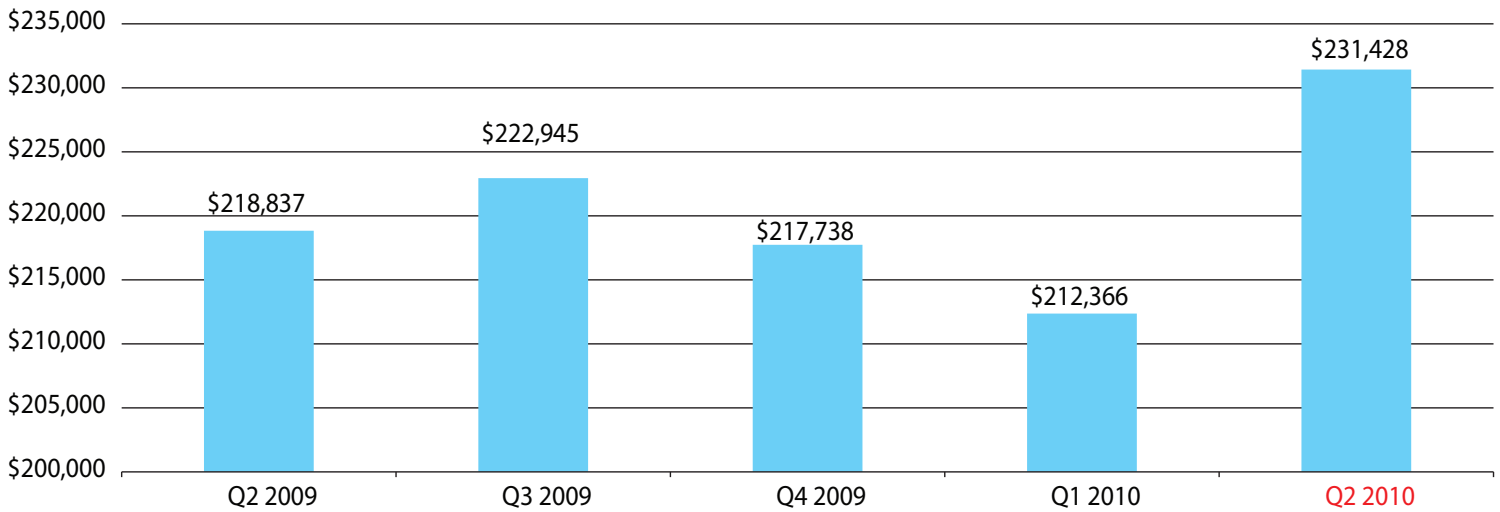
Average Days on Market By Price



	Q2	Q3	Q4	Q1	Q2
\$0-150K	75	70	64	65	72
\$150-250K	77	75	65	72	66
\$250-350K	99	71	93	103	77
\$350-500K	126	96	109	122	110
\$500-750K	152	152	150	131	113
\$750K-1M	249	161	206	170	332



**Average Sales Price
Q2 2009 – Q2 2010**

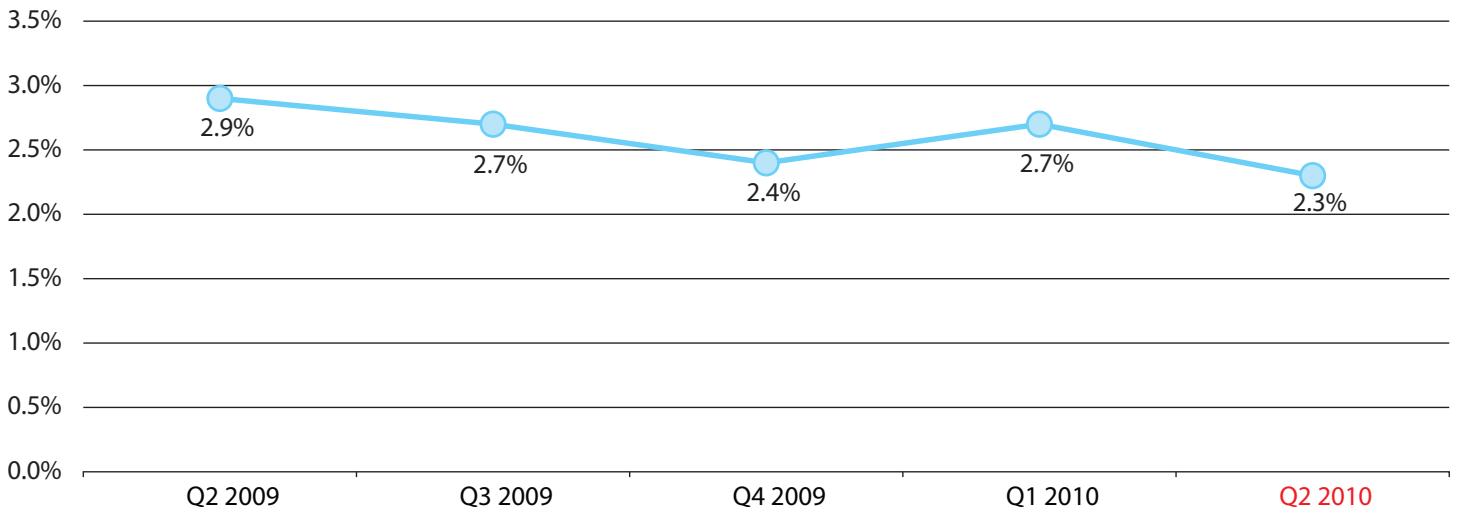


It has always been important, when selling your home, to understand micro and macro-market factors. Even though the market is stabilizing, it is still critical to stay abreast of trends and most importantly, to find buyers. Colorado Springs has many young families who are eager to be settled by the fall; working to get your home on the market quickly to access this pool of buyers is the focus of the marketing team at Boylan and Company. Buyers know that they are in demand and are using online tools, now more than ever, to research neighborhoods and homes for sale. We use tools such as video and professional photographs to catch the eye of the prospective buyer.

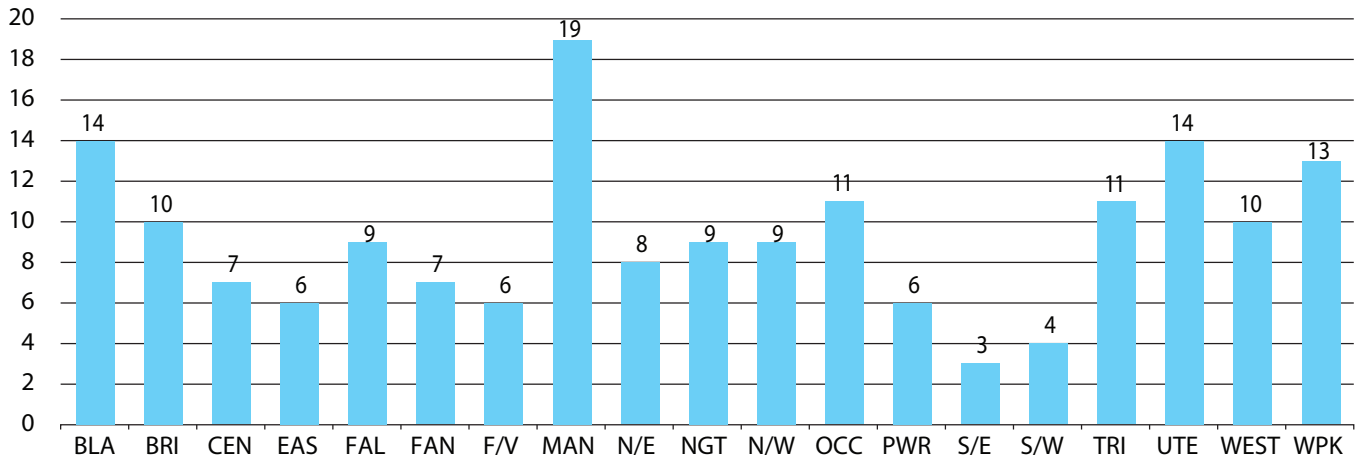
To control listing discount, initial pricing determined by a comparative market analysis is important. This analysis will look at homes sold in the immediate area to determine a comparable pricing grid. A seller should know who their immediate competition is and price in a manner that gives a potential buyer incentive to schedule a showing.

SUCCESSFULLY LISTING & SELLING YOUR HOME

**Listing Discount
Q2 2009 - Q2 2010**



Average Months of Inventory Q2 2010

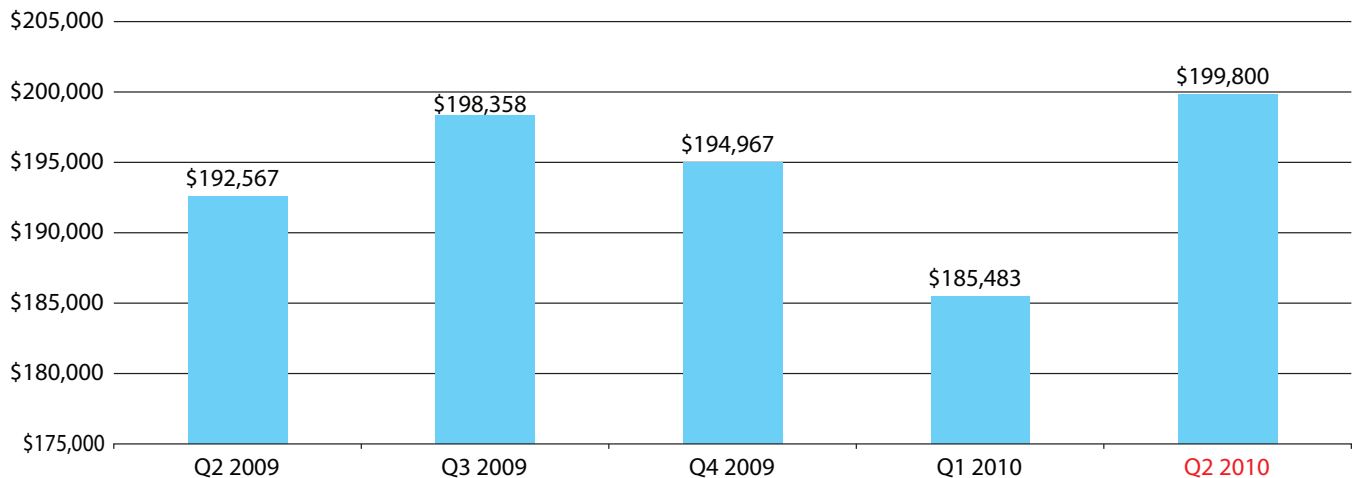


The Pikes Peak region does have an active real estate market; location and price range are the key factors to the timeframe success is achieved. The above graphic depicting months of inventory by area tells a clear story about the importance of location; convenience to employment centers and mixed housing prices will draw buyers. For qualified buyers, the market is full of opportunity. The above areas with longer months of inventory are typically hallmarked by higher home prices and fewer buyers forcing some sellers to deeply discount. When possible, buyers are steering clear of foreclosures and short sales because the transaction has become so burdensome.

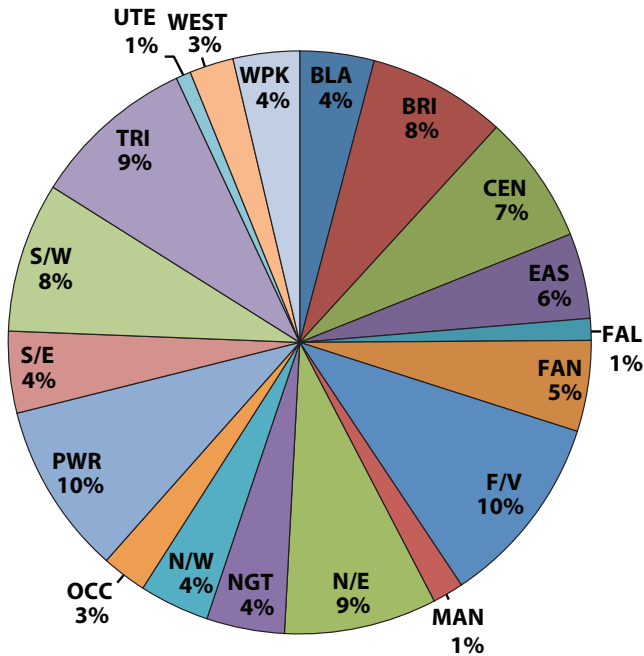
Foreclosure activity seemed to have peaked in 2009. It is interesting that the foreclosure activity seemed to come in waves in that the county would see a spike in the last month of each quarter with some months showing a 75% increase over the year's prior activity. There have been 2420 foreclosures in El Paso County year to date with numbers peaking in March and April. There were 2679 foreclosures in the same period of 2009 and total of 5470 over the course of the year.

MARKET ACTIVITY

Median List Price Q2 2009 – Q2 2010



**Total Active Listings by Area
Q2 - 2010**

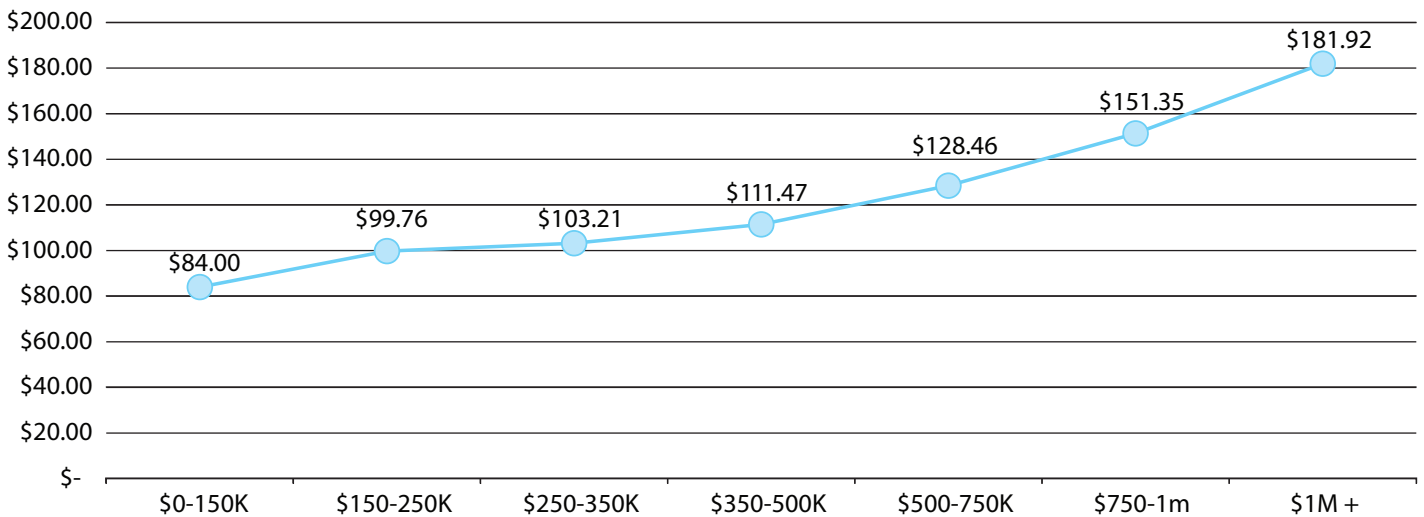


BLA	Black Forest	MAN	Manitou Springs	S/W	Southwest
BRI	Briargate	N/E	Northeast	TRI	Tri-Lakes
CEN	Central	N/W	Northwest	UTE	Ute Pass
EAS	East	NGT	Northgate	WEST	West
F/V	Fountain Valley	OCC	Old Colorado City	WPK	Woodland Park
FAL	Falcon	PWR	Powers		
FAN	Falcon North	S/E	Southeast		

While many investors have their money tied up in the stock market or real estate, this is a great time to gather resources to make investment. Whether the investment is for a larger personal home or potential income generator, the market is yielding an extraordinary amount of value. The price for square foot comparison continues to tighten up indicating that values are available; this analysis is based upon recent PPMLS sales by price range compared to size of the home. To consider entering the rental market, understand that rental rates are currently at some of the highest rates seen in years. Occupancy is high because some previous homeowners have been forced into a rental scenario and many young buyers are still nervous about their job situation and find comfort in renting. There are specific rules about obtaining financing to do this, so be sure to talk to us for clarification. The areas to consider are the Powers corridor, southeast and southwest areas of town. Areas to the north and west abound with opportunities to improve the primary family residence; Tri-Lakes and Black Forest are two areas in particular worth investigating.

INVESTMENT OPPORTUNITIES

**Price Per Finished Square Foot
Q2 2010**



CONTINUED FROM PAGE 1

transactions to be heavily influenced by foreclosures. What some don't understand is that a bank forecloses on a house for the amount owed, not the value of a house. Sometimes, more was owed on a house than it was worth but often, the amount owed was less than the expected value. Consequently, the sales amount on a foreclosure could be 50 to 80% of the original purchase price. While this seemed egregious to many, this forced a merging of the foreclosure and regular residential real estate markets in a true free market manner.

Boylan and Company's forecast for the second half of the year includes the following highlights:

- Locally, some slowdown in activity and continued stability in pricing. The key factors are expiration of First Time Homebuyer Credit and relief from the pressure of foreclosures. Homes will sell; the market has not stopped its movement forward.
- Colorado will continue to stabilize. Some areas on the western slope will continue to digress and suffer from the economic woes. The areas along the Front Range will see stabilization in jobs and foreclosures which will help the market overall. CNBC ranked Colorado as the third best state for

business with quality of life and business friendliness being the major reasons for the recognition.

- Nationally, the major bubble markets will continue to slide causing the overall numbers to decline. Don't let the national media scare you because Colorado and El Paso County will continue to strengthen.
- Internationally, markets will decline due to the instability of financial markets and coming job losses. The Chinese market, one of the fastest growing in the world just a year ago, will decline. The Chinese government is taking strong steps to prevent a major slide.

