

Second Quarter 2012

Q2

We recently witnessed history being made. The Waldo Canyon Fire will forever be remembered in Colorado Springs history. When a community experiences a disaster of this scale, its effects can be long reaching, uncertain and unpredictable. Exactly how the fire will affect the real estate market, the building industry, the local economy, relocation activity and the spirit of the residents of the Colorado Springs area remains to be seen. We, at Boylan and Company, extend our sincere sympathy to those individuals and businesses affected by the fire and express our extreme gratitude to those individuals, businesses, government agencies and local agencies that worked hard to protect our great community. We know that the people of our community are strong and we are committed to help in any way possible.

When opportunity arrives, unfortunately so do certain people looking to take advantage of that opportunity. We hate to be cynical, but there are people that are looking to take advantage of those affected by the fire. We recommend to all of our clients whether or not you have been affected by the fire, to go into all business deals with your eyes wide open and be sensitive to red flags. Whether you are dealing with contractors, insurance adjusters, home builders, home cleaners or general contractors, we always suggest that you get at least three bids, check out the business with the Better Business Bureau and contact several of their references. If a contractor or vendor is unwilling or hesitant to give you a list of references, it may be a red flag. If still in doubt, give us a call at (719)388-4000. We are familiar with many of the building contractors around this area and we may be able to give you some insight or recommendations.

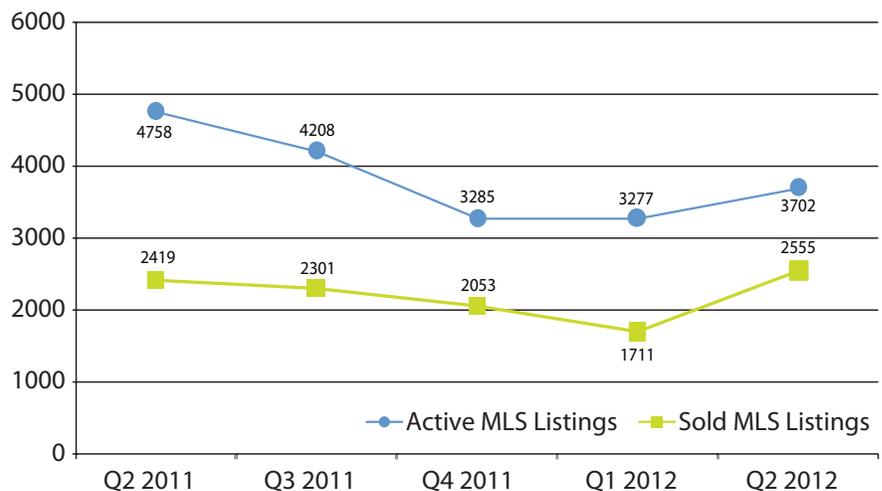
Up in the Air, But Looking Up

Upon first glance of our MLS listings versus sales chart, one might get excited to see the increase in sold MLS listings and a narrowing of the gap between the number of homes listed and the number of homes sold. Jennifer Boylan warns us, however, "the uptick in the number of sold listings is probably more likely due to our normal seasonal spike that we see in May, June and July. When you compare the number of sold listings of Q2 2012 (2,555) to that of Q2 2011 (2,419), we see that the change isn't nearly that great". Home values nationwide rose 0.2% year-over-year to a median \$149,300 during the second quarter, real estate listing site Zillow reported. Prices were up 2.1% from the first quarter, the first annual increase since 2007. Even though June marked the fourth consecutive month of home

value increases, overall home prices are still down almost 24% since April 2007, when Zillow began to track home values. Although Zillow uses a different methodology to calculate

house values, the S&P/Case-Shiller similarly reported positive news with the home prices in 20 major markets increasing 1.3% in April, the first monthly increase in seven months.

Total MLS Active versus Sold Listings
Q2-2011 – Q2 2012



National Trends & Local Impacts

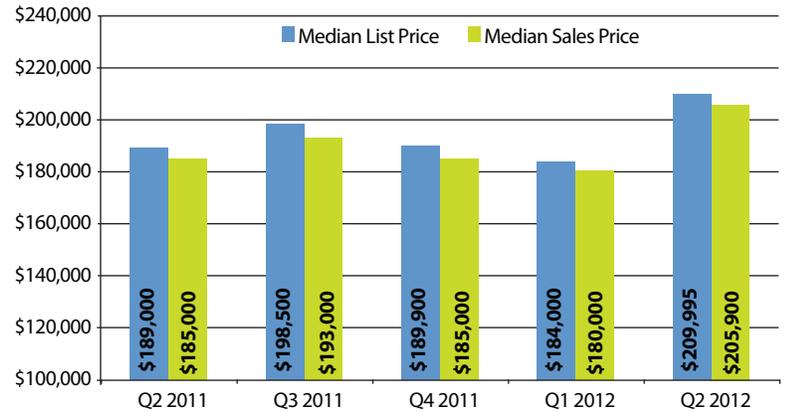
Other trends that we note this quarter involve a reduction in inventory and a higher competition in well priced homes. Steve Murray, editor of the REAL Trends Housing Market Report notes, "The shortage of inventory, critical in many markets, is also starting to drive prices upward." Jennifer Boylan agrees that the inventory does appear to be decreasing. "Homes with popular floor plans in good condition get snatched up right away", she says. When she looks for homes for her Buyers, the list of homes available is a fraction of what it was a year ago.

Jennifer Lohrig, our agent active in the downtown area, says that one of the benefits of the supply being down is that Buyers are driven to make a decision sooner. "On some of the great homes in the downtown area, competing offers are fierce, and sometimes it is under contract before a sign is even placed in the yard. This is good if you are the listing agent, but very frustrating if you are the Buyer's agent".

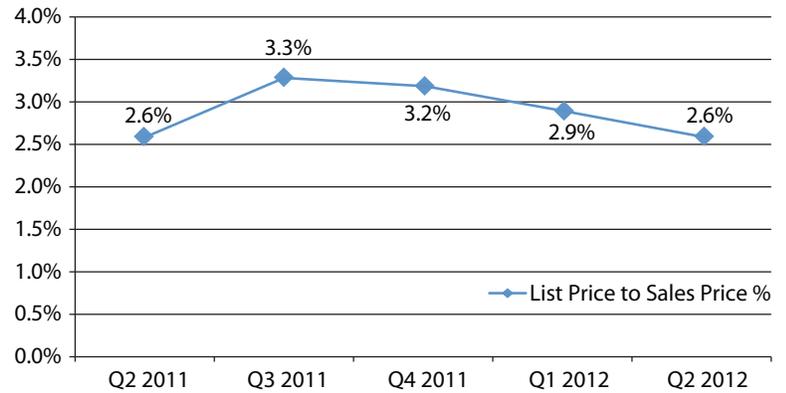
Joe Boylan, experiences the decrease in inventory from a different perspective. "Right now people would rather stay put or lease their home rather than try to sell their home in this market" he says. Leasing a single family home is easier now than ever mostly because there are more people looking to rent than ever before. New renters in the market are often people having trouble qualifying for a loan, or those affected by the foreclosure explosion of 2011. As a result, the number of displaced former homeowners looking for rentals has dramatically increased to record levels. The National Association of Realtors® forecasts a 0.2 percentage point decline in vacancy rates over the next year in the multifamily rental market. Lawrence Yun, NAR chief economist, points to sustained job creation as another major factor in the apartment market turnaround. "Vacancy rates are steadily falling. Leasing is on the rise and rents are showing signs of strengthening, especially in the apartment market where rents are rising the fastest." Another sign that people are staying put is according to Bloomberg, "home equity in the first quarter rose to \$6.7 trillion, the highest level since 2008 as homeowners taking advantage of record-low borrowing costs to refinance their loans brought cash to the table to pay down principal." This is the biggest gain in percentage terms in more than 60 years according to an analysis by Bloomberg of Federal Reserve data.

Locally, we can look at the Waldo Canyon Fire as a new influence on both inventory availability as well as the rental market. Approximately 350 homes were lost in the fire which almost makes up 10% of the total homes listed in Q2. This will be not only an impact in the northwest part of the MLS area, but on the entire MLS as a whole. With these families being displaced, our property management division was inundated with calls from people looking for both short term and long term rentals. Those individuals who lost their homes and are interested in rebuilding right away will create a demand for new home construction and major remodeling which might provide Colorado Springs with a much needed economic boost.

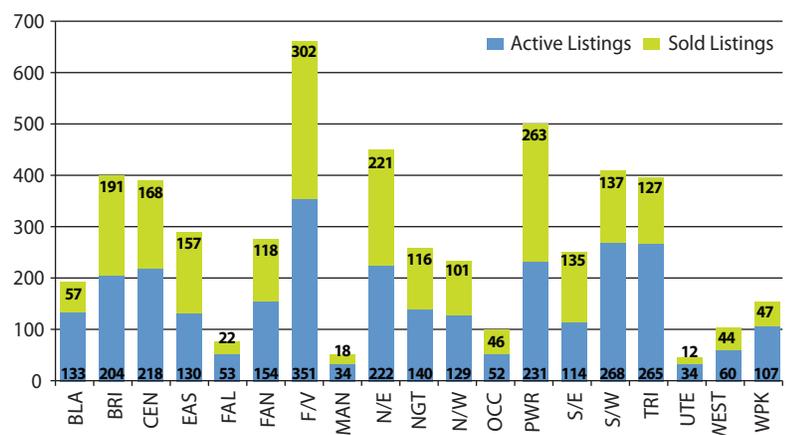
Median List Price versus Sales Price
Q2 - 2011 to Q2 - 2012



List Price to Sales Price %
Q2-2011 - Q2 2012



Total Active versus Sold Listings by Area
Q2 - 2012



Neighborhood Trends

Black Forest

Brooke Mitchell our agent that not only lives in the Black Forest, but also actively lists and sells in the Black Forests notes a decrease in inventory, but a slight increase in new construction. "Forest Meadows is a great area of new construction at the corner of Volmer and Black Forest with lots ranging from ¼ acre to 2.5 acres. Planned communities of new construction are not that common in Black Forest, so whenever I get a Buyer wanting a new home in Black Forest, this is where I point them". The Forest Meadows neighborhood sits on the edge of Black Forest with Pikes Peak views and is just a couple of minutes from the Powers Corridor which includes plentiful shopping, restaurants, entertainment and a new medical center and hospital.

80918

The northeast side of town has long been a favorite of our agent Nicole Happel. "The zip code 80918 has not experienced a great deal of change over last year with the exception of availability", she notes. "Homes in less than ideal condition are selling right now because Buyers are more willing to overlook problem areas and are more forgiving than before. Buyers that want to buy in this area are not finding as many available and are not comfortable engaging in the bidding wars for the homes in pristine condition." Nicole feels that the 80918 area will long be a favorite of Buyers coming to Colorado Springs because of its proximity to the center of town and the diverse price range of individual neighborhoods in the area. More information can be found at www.80918homes.com.

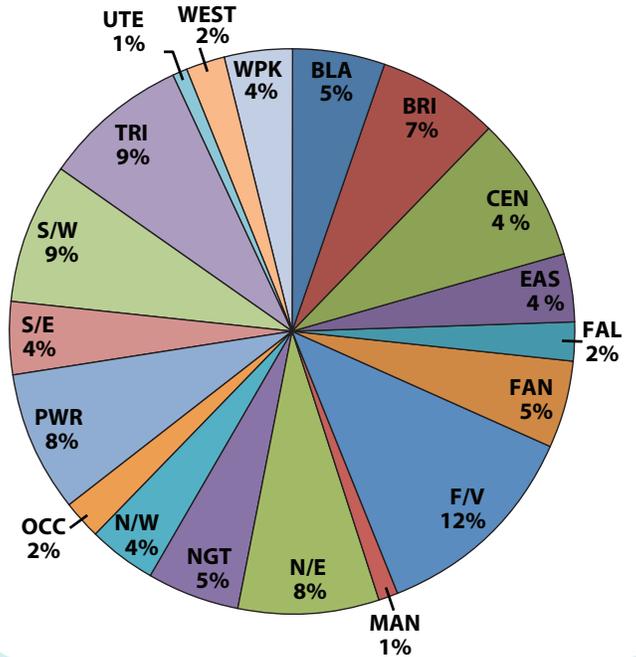
Powers Corridor

Agent Kelly Moriarty is partial to the area of Ridgeview at Stetson Hills in the Powers corridor. "Homes in the Powers and Falcon North areas are selling well and selling fast", she says. "Sellers have no trouble right now selling a home with a popular floor plan in good condition." The Powers area consistently has one of the lowest Days on Market rate compared to other areas. This can partially be attributed to its central location, popularity with families and its convenience to retail shopping. Check out www.ridgeviewatstetsonhills.com for a list of homes available in this area.

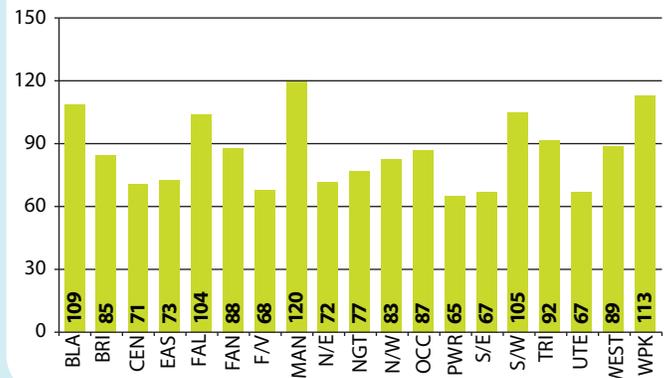
Southwest

Mike Marzolf has lived in the Pikes Peak region for over 25 years. The Southwest part of town has one of the higher Average Days on Market rates, but this is probably influenced by the \$500K + homes of the Broadmoor area. "Higher priced homes always tend to have a higher Days on Market rate", says Mike. "The Broadmoor Hotel is a huge draw for this area in addition to the city and mountain views. Every time they expand and improve the hotel, it creates more of a draw not only for visitors, but also for Buyers looking to live nearby."

Total Active Listings by Area
Q2 - 2012



Average Days on Market
Q2 - 2012



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
N/W	Northwest		

Life After the Fire

The end of summer is usually a time when Realtors are first able to catch their breath after the whirlwind of the peak season. This summer, however, has given us some new reflections on our community as a whole. The local response to the Waldo Canyon Fire was truly inspirational and will no doubt serve as a model for years to come. It also has brought much needed attention to the benefit of wildfire mitigation. Neighborhoods that border the Wildland Urban Interface (WUI) like Broadmoor, Upper Skyway, Cedar Heights, Mountain Shadows, Peregrine and the western neighborhoods of the TriLakes region are certainly at greater risk for wildfire, but when done properly, wildfire mitigation will not only help protect but will also beautify a home in any neighborhood. Information about fire mitigation can be found at your local fire agency and through Firewise Communities www.firewise.org.

The end of the second quarter also always reminds us about The Parade

of Homes. This year The Parade will run August 3rd – 19th daily from 10am to 6pm. The Parade of Homes is always a great place to explore new neighborhoods, get acquainted with home builders and get new ideas for remodeling projects. Banning Lewis Ranch, Flying Horse and Meridian Ranch

are the communities highlighted, with additional homes to tour across the entire Pikes Peak region. Tickets can be purchased at area Safeway stores, LaZBoy Furniture locations or at any of the Parade Homes. More information can be found at www.springsparade.com.

Year to Year Comparison
Q2 – 2011 to Q2 – 2012

