

Fourth Quarter 2010

Q4

The 2011 real estate season is officially underway. Sellers and Realtors are hoping that this is the year of the recovery. Local economists are telling us that 2011 will be a year of slight growth in El Paso County and Colorado. A quick nod to the last year; the local and national real estate markets peaked through June as the last of First Time Homebuyer Credit ran out. The second half of 2010 was sluggish resulting in a year that was nearly 4% down from 2009. The new home construction segment of the market does have some life to it as evidenced by an increase in permit applications in the fourth quarter. Residential and commercial real estate foreclosures continue at a steady clip in spite of a brief respite due to concerns about wrongful foreclosure proceedings.

We invite you to read the next few pages for an in-depth analysis of the 2010 real estate activity in the Pikes Peak region.

2011 will be the first year not heavily influenced by artificial stimulants. Real estate activity over the last two years has been heavily inflated thanks to bank bailouts and home buyer credit programs. Additionally, the supply of residential housing was at an all time high from mid-2006 to mid-2010 leading to a depression in pricing. 2011 will be the year that the market goes organic; pardon the pun.

KEY FACTORS TO REAL ESTATE MOMENTUM:

***Availability of Buyers...** Since the First Time Home Buyer Credit "borrowed" the 2011 buyers, interested buyers will be scarcer for the first half of 2011. We are expecting overall activity to be a little slower through June. By mid-summer, activity should be on track and influenced by the start of the school year. Major job losses seem to have stabilized and families continue to adapt to their financial situation. Buyers who emerge are interested and qualified.

***Availability of Mortgages...** The Frank-Dodd Act which enacted sweeping changes to the financial markets, has a provision that is to be enacted and has major ramifications

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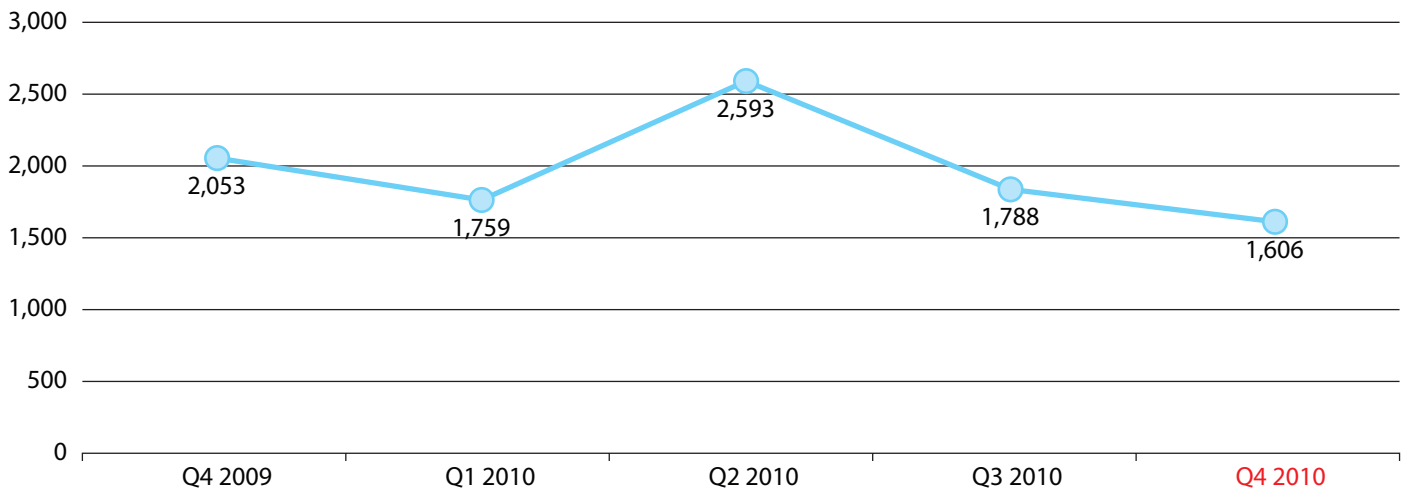
key

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		

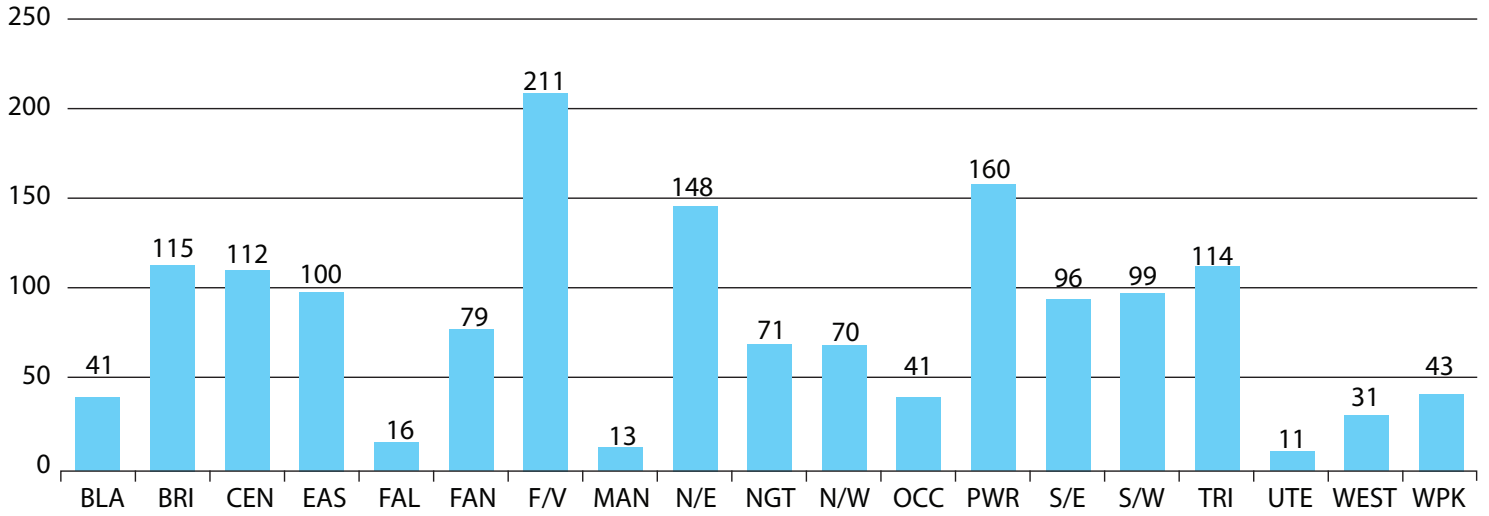
Q4 Year over year sales were down. The 2011 market will follow a normal activity pattern with the spring being slightly depressed over 2010 spring numbers. The 2010 market saw a higher than anticipated activity level due to the First Time Home Buyer Credit.

SOLD LISTINGS

Sold Listings Q4 2009 - Q4 2010



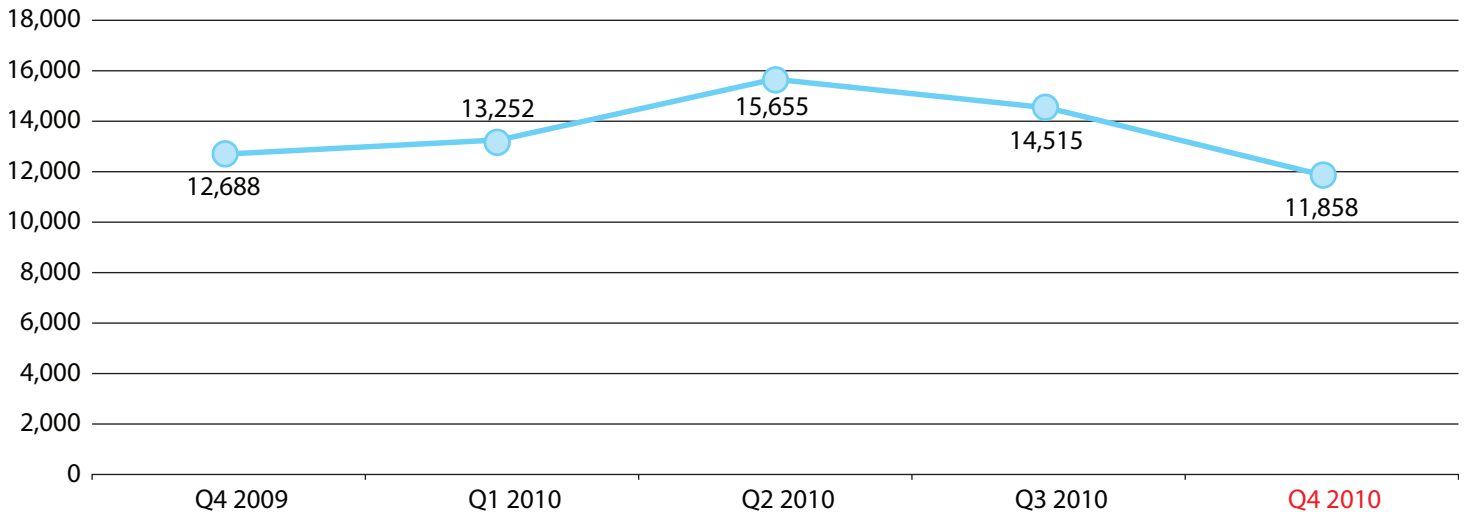
Total Sold Listings - Q4 2010



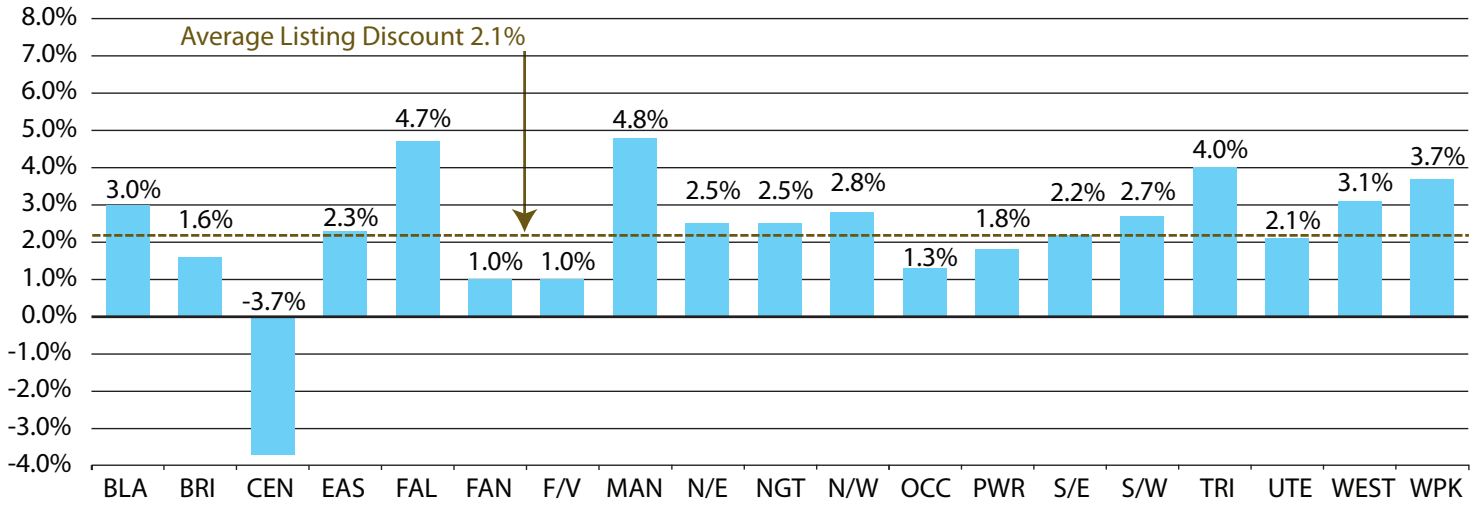
Quarter 4 numbers demonstrate that the disparity in activity among areas in the Pikes Peak region is closing. The distribution geographically of sales is more in line with historical trending and not so heavily influenced by the presence of a handful of major employers as we described over the last two quarterly reports. The highest level of activity remains around the Powers corridor. Total active listings demonstrates a declining trend of inventory. The depletion of inventory will continue to stabilize home values and actually drive some area values up.

ACTIVE VS SOLD LISTINGS

Total Active Listings Q4 2009 - Q4 2010



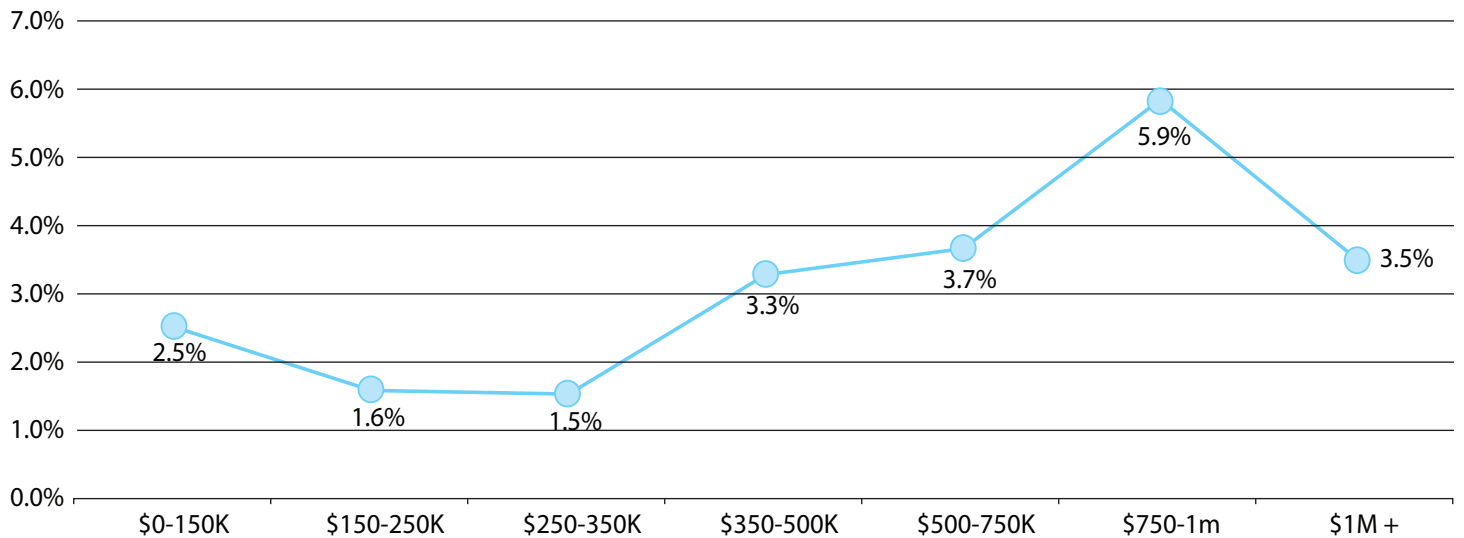
Average Listing Discount Q4 2010



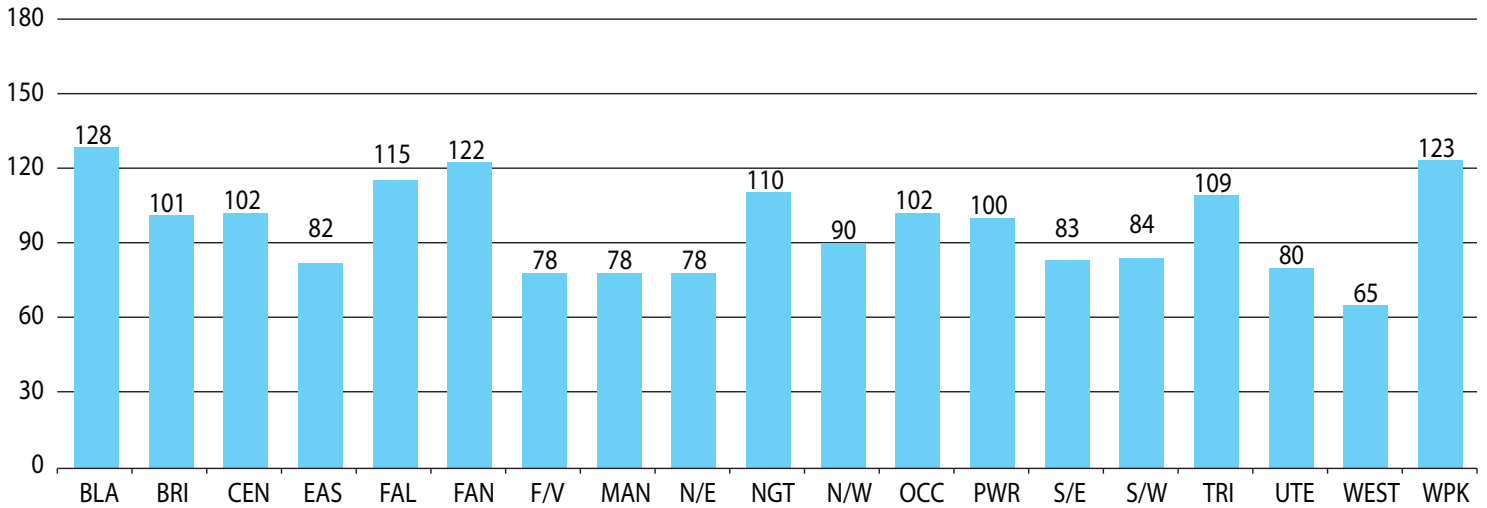
Listing discount represents the difference between the asking price for a home and the final purchase price. Across all price ranges and geographic areas, the average listing discount is 2.1% in the Pikes Peak region. Between \$150,000 and \$350,000, buyers and sellers agree on value with only minor negotiating on price necessary. Below \$150,000, condition is a factor causing buyers to balk a bit at asking price. Between \$350,000 and \$1 million, balance is found after a battle of need to sell and shrewd buyer negotiation tactics play out. Over \$1 million the numbers get unreliable; the data point appears to fall when in fact, there were only six transactions and half were new construction for which listing discount doesn't apply.

LISTING DISCOUNT

Listing Discount By Price Q4 2010



Average Days on Market Q4 2010

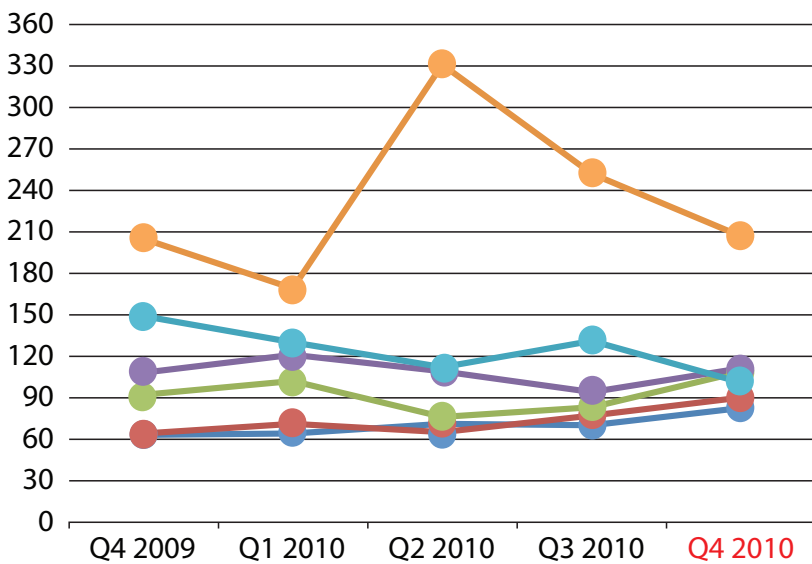


Days on Market (DOM) is the indicator for how long it takes to sell a house. DOM begins the first day a listing becomes active and stops upon acceptance of a contract. The DOM trended slightly upward over the course of 2010. While the numbers appear to be acceptable, they represent only the most successful of listings on the market. It is difficult to anticipate DOM trends for 2011, but we do expect to see an increase over the next four months as many houses that have been sitting for the last six months begin to sell.

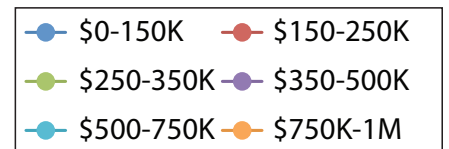
Savvy listing strategy and finding the buyers are key to successfully and quickly getting a contract.

ACTIVE VS SOLD LISTINGS

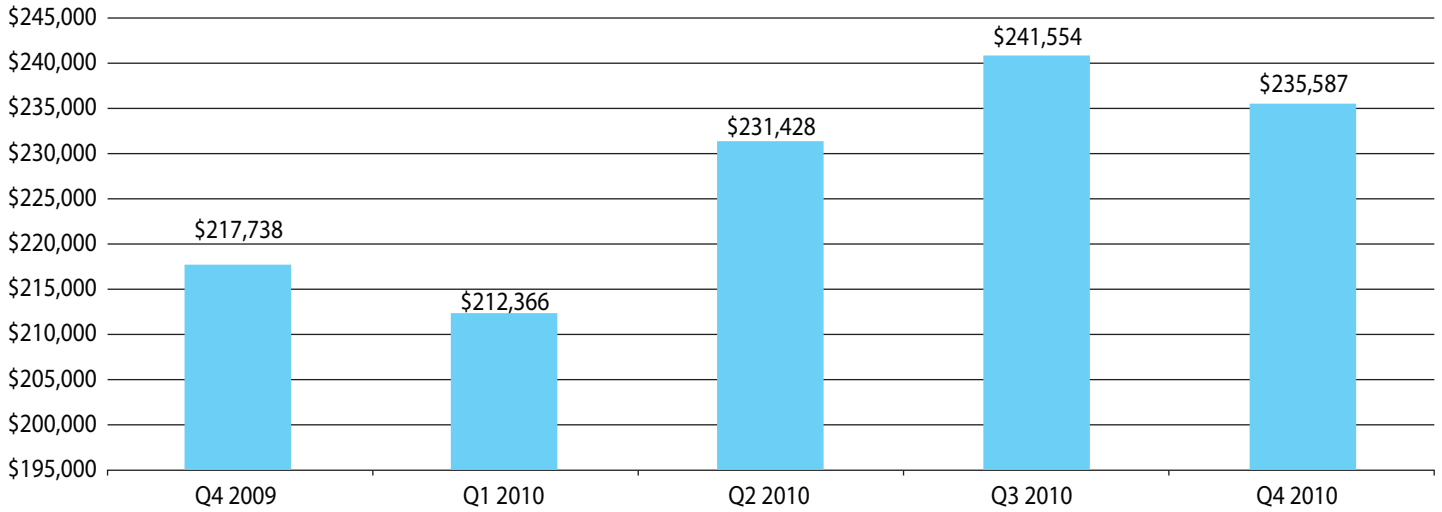
Average Days on Market By Price



	Q4	Q1	Q2	Q3	Q4
\$0-150K	64	65	72	71	83
\$150-250K	65	72	66	78	91
\$250-350K	93	103	77	84	110
\$350-500K	109	122	110	95	112
\$500-750K	150	131	113	132	102
\$750K-1M	206	170	332	253	208



**Average Sales Price
Q4 2009 – Q4 2010**

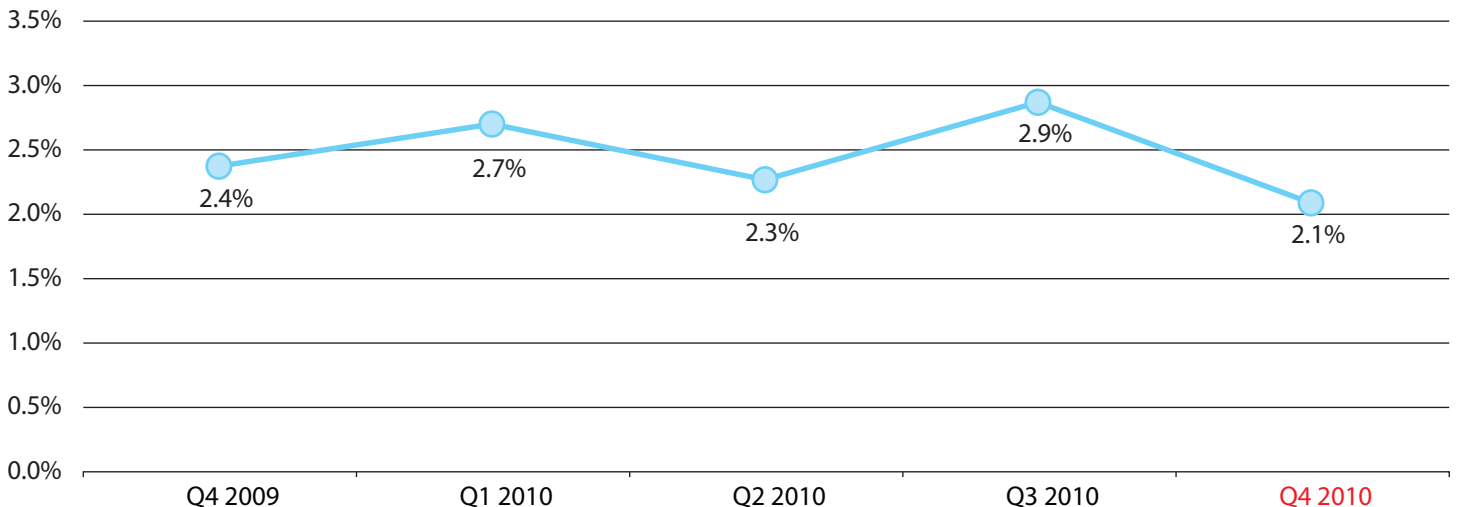


Perhaps the most impressive set of numbers in this entire report: Average and median sale prices trended upward in 2010. For nearly two years, values were dragged heavily by foreclosures. By early 2010, both conventional sale prices and foreclosure numbers aligned. This is a MAJOR step forward in the local real estate. This alignment and subsequent upward trend, albeit slight, encourages buyers in their investment confidence. This will be an important trend to watch; a steady and slight positive trend through 2011 is the goal. A significant increase in value would translate into unwarranted inflation and scare away buyers.

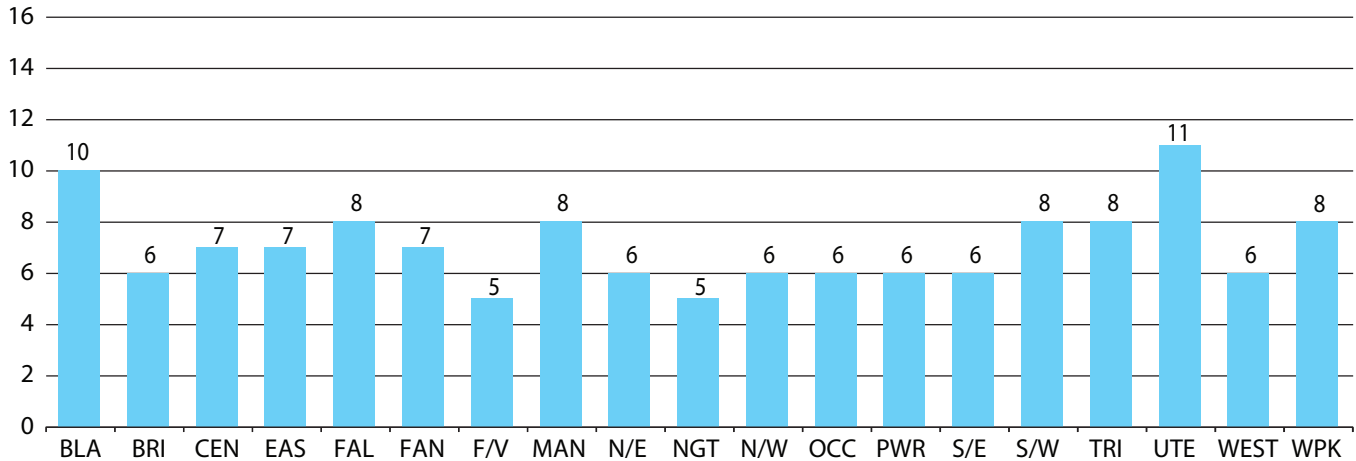
Note that the listing discount mirrors sale prices above. As buyers evaporated by the summer, sellers realized that a moderate decrease in pricing was necessary to stay competitive. This alignment worked itself out by the fourth quarter. The next page demonstrates a slight decline in the third quarter of listing prices. This trend hasn't been so in sync in years.

SUCCESSFULLY LISTING & SELLING YOUR HOME

**Listing Discount
Q4 2009 - Q4 2010**



**Average Months of Inventory
Q4 2010**



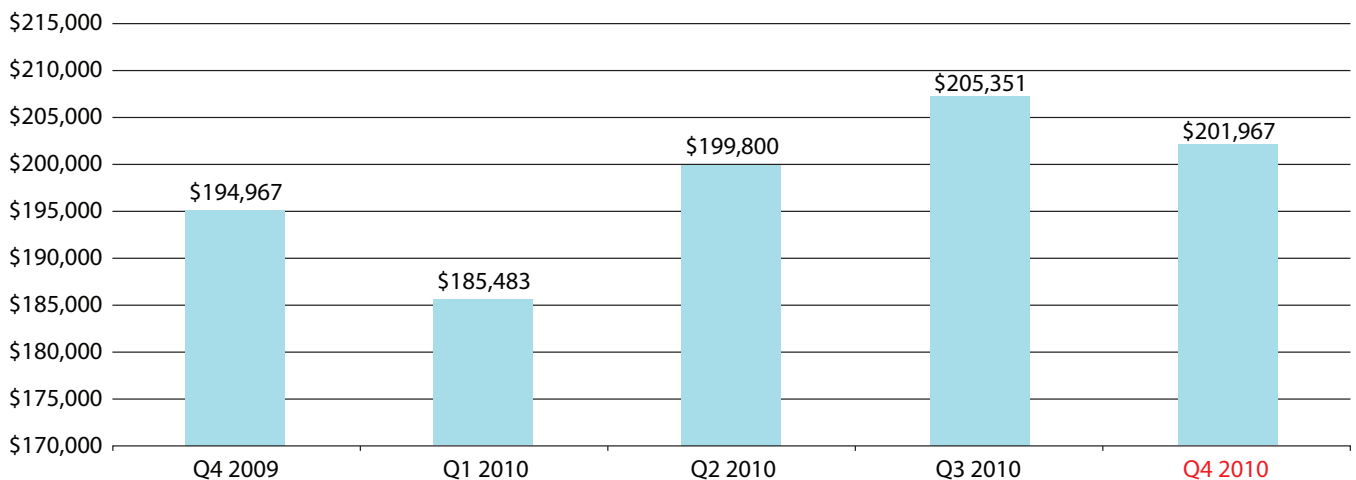
Months of Inventory describes the relationship between inventory and buyer activity. Based upon the current buyer activity, how many months will it take to sell a house? This number seems to have peaked in 2009 as it continues a gradual decline.

The constant influx of foreclosures and high traditional inventory combined with a drop in available buyers forced average MOI's to go as high as one year.

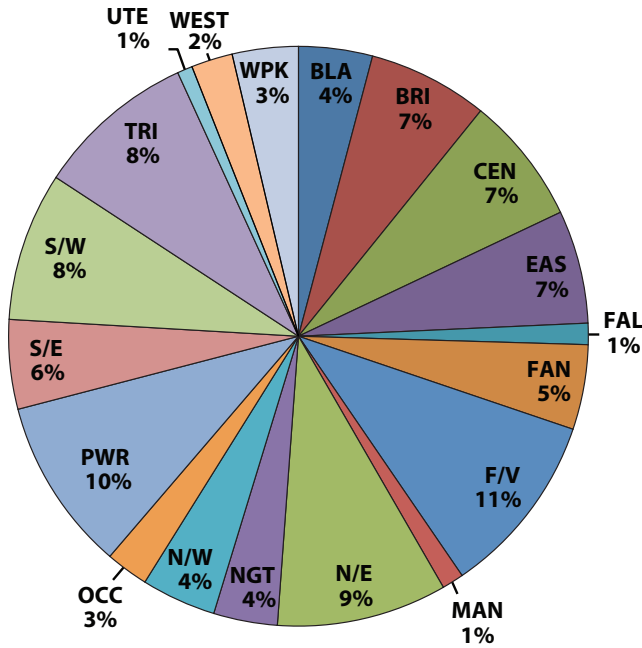
Local and national inventory is still heavily weighted by foreclosures. It is anticipated that nearly 1 million foreclosures will hit the national market during the month of January. This first quarter of 2011 may see the highest level of foreclosure activity yet. Local economists are optimistic about El Paso County activity.

MARKET ACTIVITY

**Median List Price
Q4 2009 – Q4 2010**



**Total Active Listings by Area
Q4 - 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		

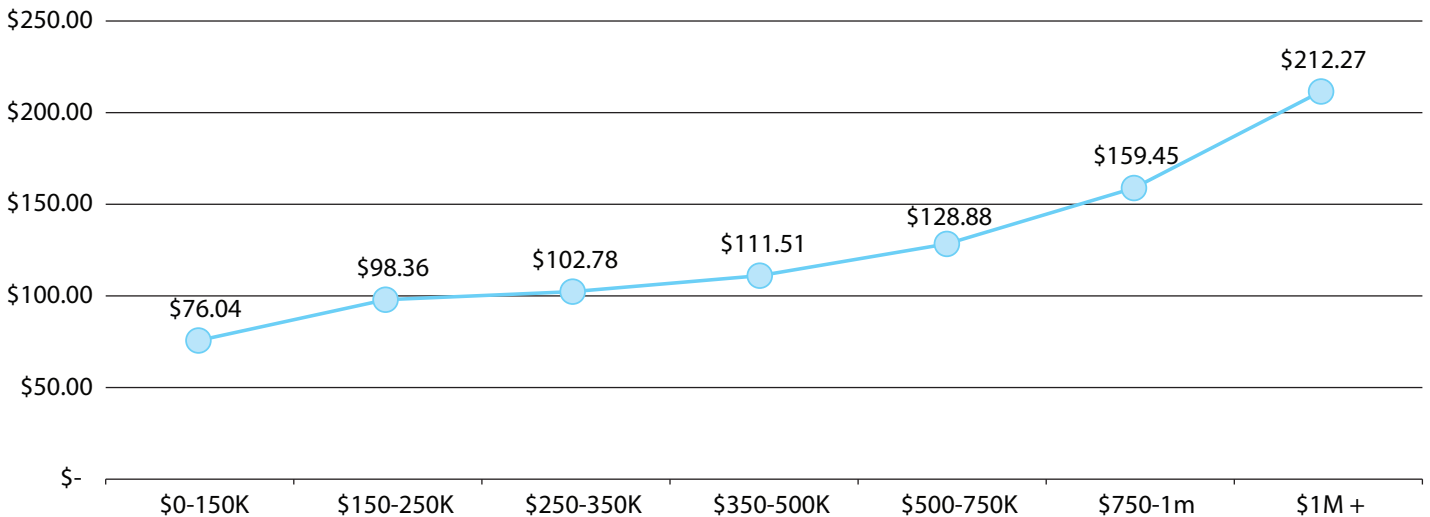
Boylan and Company realizes Internet tools help make motivated, informed Buyers and confident, satisfied Sellers. In keeping with our cutting edge philosophy, we have proudly launched a new generation of our web site, www.SpringsHomes.com. It is designed with our clients' needs in mind. Whether you are comparing neighborhoods, analyzing market data, considering Property Management options or following our agents' blogs, our web site gives you the tools to make informed decisions.

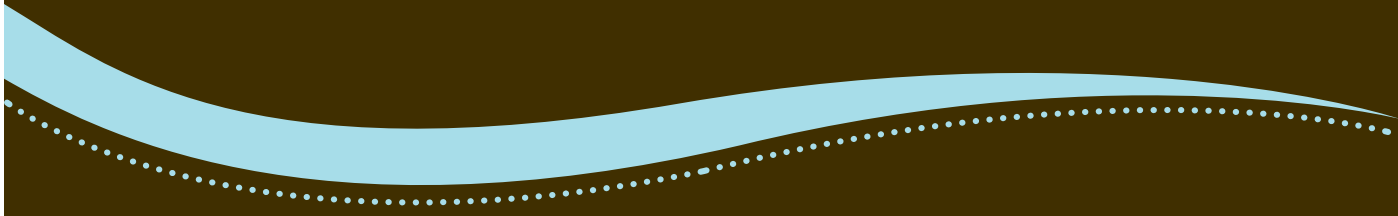
The key to the new www.SpringsHomes.com is data. Many real estate web sites provide basic search options, but Boylan and Company takes it a step further. After finding the home of your dreams, our new site allows you to drill down into the home's neighborhood, see up to the minute data concerning the area's value and even shows you drive times to local landmarks such as airports and military bases.

Combining our valuable online tools with our traditional sales methods, makes us one of the most successful teams in the Pikes Peak Region. We define our success not by the number of houses sold; rather by our satisfied clients. The team at Boylan and Company will be frank in advice and always knowledgeable to ensure that each house bought and sold fits into that families' long term strategy for success.

INVESTMENT OPPORTUNITIES

**Price Per Finished Square Foot
Q4 2010**





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for the availability of mortgages. The Act requires lenders to retain some of the risk inherent to mortgages they write; the exact criteria has not been established and is a major factor in the chaos currently seen in the mortgage markets. Risky programs must be identified. Some lenders, such as Wells Fargo, are asking the Treasury to consider buyers be required to put 30% down while others are more moderate in recommended buyer commitments. In the long term, the criteria enacted as a result of this Act will heavily influence long term mortgage programs. We will be monitoring this.

to the U.S. economy. Even if household income has held steady, consumers are constantly being challenged translating into fear of making a long term financial commitment.

***Strategy...**A steady focus will make for good long term strategy! Boylan and Company is encouraging clients to develop strategy by reading about local and national trends, consult experts (and challenge them), and be open to new opportunities. Plan and be ready to adapt.

***Fear...**Economists have been projecting inflation will hit sooner or later and are telling us that this will be the year. Consumers have noticed an increase in goods prices already in 2011 as manufacturers and stores begin passing along the increases they have experienced in the last year. Every few months there seems to be a new surge of concern about overseas markets and what blow these gyrations could exact

