

Fourth Quarter 2012

Q4

Looking back through history January 1st has not always been the beginning of the New Year. Julius Caesar first proposed the idea of having January 1st as the first day of the year back in 46 BCE. It is believed that that January was named after Janus, the Roman God who is personified as having two faces, one facing forward and the other one facing backwards. Caesar felt that this symbolized the transition from one year to the other.

As we wrap up 2012 and begin the new year 2013, we at Boylan and Company stand in transition and look both backward at what has occurred in the past year and at the same time look forward to what lies ahead for 2013. Certainly the Waldo Canyon Fire was the single most pivotal event in 2012, opening many of our eyes to the risks and impact of living in an area susceptible to wildfire. But from a real estate perspective, many people would characterize 2012 as a year of growth, turnaround and stabilization. Agent Joe Boylan readily agrees, "If you look at the number of units sold from 2006 to present you will see the period of stabilization that we have recently experienced in real estate sales." Indeed, the two years between 2006 and 2008 showed 17% and 18% decreases in sales respectively. The years since those declines have shown steady upward growth (especially when you take out the effect of the First Time Homebuyers Credit) much to the relief of economists and real estate professionals alike. Similarly, the number of units leased has steadily increased and will most likely see additional years of stabilization.

Whether you are a Buyer, a Seller, a Renter or a Landlord, all signs point to a repeat year of stabilization and steady growth. Hopefully the tumultuous years of 2006 through 2008 are well behind us.

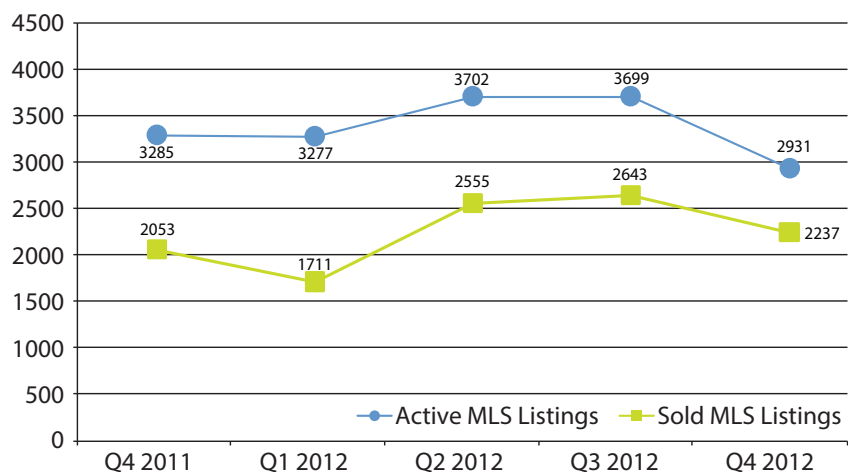
## Is it a Buyer's Market or Seller's Market?

According to the Colorado Association of Realtors, Colorado real estate continued its uphill trend in the fourth quarter of 2012. Great opportunities exist for buyers and sellers alike in 2013. The number of listings sold has increased 15.8% from 2011. The median price rose from \$199,000 to \$223,500, which is an impressive 12.3% growth. The number of houses on the market has decreased by 2.4%, indicating a shift in the market. In the fourth quarter of 2012, sellers received an average of 97.8% of the listing price, an increase of 1.1% the previous year. The average amount of days on the market for a listing has dropped from 114 days to 89 days, which is equal to a 21.9% decrease. Our agent, Mike Marzolf feels that, "the Colorado market is still a great Buyers' market, but is creeping towards becoming a stronger Sellers' market due to the decreased inventory, fewer days on market, and an increased percent of the list price received."

The uphill trend looks like it will continue through 2013, which is excellent news for the Colorado real estate market. "If you look at the national map, the Western region is leading the rest of the

nation in quarterly price gains," remarks Mike. "Colorado doesn't fluctuate as much as some of the other metropolitan areas in the West, so locally we should see some steady, solid gains for 2013."

Total MLS Active versus Sold Listings  
Q4-2011 – Q4 2012



# The Inventory Decline

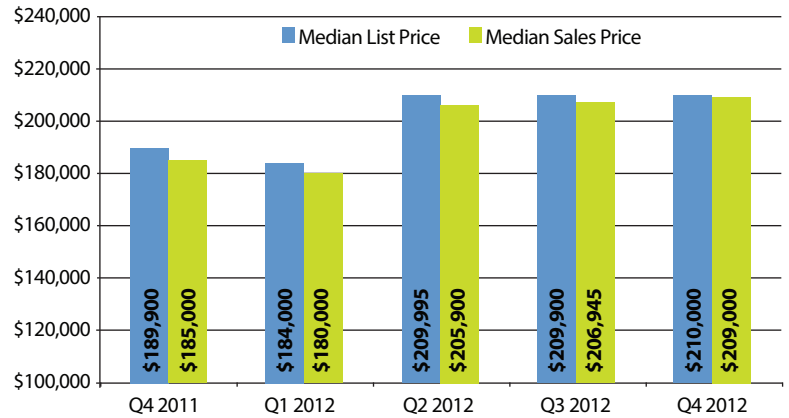
Looking back over the 2012 year, one can instantly recognize that Q4 will go down in history as the quarter with the smallest difference between what is listed and what is sold (i.e. inventory). According to the National Association of Realtors, listed inventory is 21.6% below a year ago when there was a 6.4 month supply. Lawrence Yun, an economist with the National Association of Realtors said that the lack of inventory is restricting sales. "Record low mortgage rates clearly are helping many home buyers, but tight inventory and restrictive mortgage underwriting standards are limiting sales," he said. "The number of potential buyers who stayed on the sidelines accumulated during the recession, but they started entering the market early last year as their financial ability and confidence steadily grew, along with home prices." Yun remains optimistic for 2013. "Likely job creation and household formation will continue to fuel that growth. Both sales and prices will again be higher in 2013."

Agent Jennifer Boylan agrees, "If you take out the effect of the First Time Home Buyers Credit, the number of units sold in 2012 is as large now as it was in the boom of 2005." Jennifer feels that there will be an upside to the decrease in inventory. "Often when there is a decrease in inventory, what will result is a more competitive market which will drive prices higher. This will in turn encourage more people to enter the market."

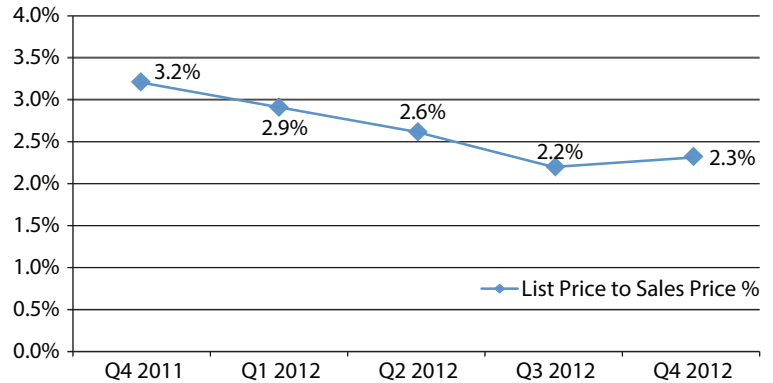
Locally, the Pikes Peak region typically sees a seasonal decline in listings in the fourth quarter. For 2012, the number of listings has decreased by 12% from Q4 2011 to Q4 2012, while the number of sales has actually increased by 8%. This is where we see the narrowing of the gap between listings and sales corresponding to the decrease in inventory. Jennifer Boylan notices that those Buyers that were standing by to "wait and see" are now ready to jump into the ring.

Agent Jennifer Lorhig is optimistic about a new government loan program that may help buyers find their place in the market where they were previously struggling with the more stringent loan guidelines. "There are many Buyers out there that are turned away from buying a new home when several years ago it would have been easy for them." Jennifer explains, "The new loan program is similar to the CHFA program, although you do not need to be a 1st time home buyer to participate." This new loan program is designed for an income less than \$82k with a sales price less than \$283k and there is no recapture tax. Get in touch with a loan professional to see if you meet all of the additional qualifications.

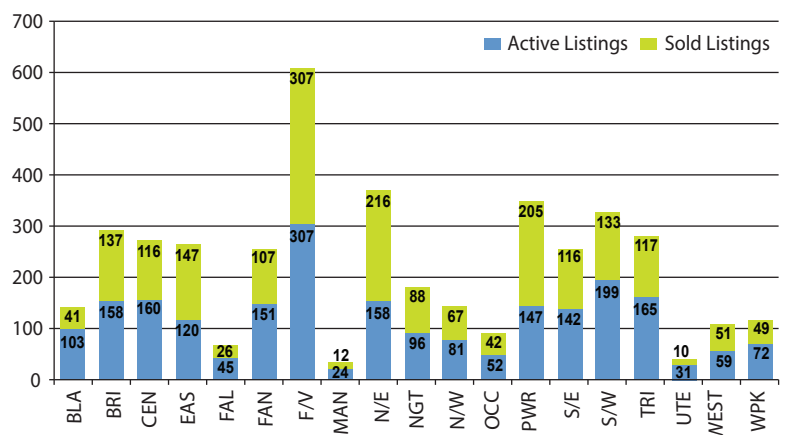
Median List Price versus Sales Price  
Q4 - 2011 to Q4 - 2012



List Price to Sales Price %  
Q4-2011 - Q4 2012



Total Active versus Sold Listings by Area  
Q4 - 2012



# Neighborhood Notes

## Cheyenne Canyon - Mike Marzolf

If you don't live on the Southwest side of town, you may not be familiar with Cheyenne Canyon. Cheyenne Canyon is located in school district #12, just a few minutes from the Broadmoor Hotel and the Cheyenne Mountain Zoo. The price range for single family homes is considerably broad. Homes can be found for around \$100,000 all the way up to \$500,000. Most of the homes are older and were built in the early 1900's through the 1960's, and they display plenty of character.

Cheyenne Canyon is home to the famous Seven Falls and Helen Hunt Falls. I love to take advantage of the endless scenic miles of hiking and biking trails that are everywhere you turn in this gorgeous area. It is a desirable area of town and inventory is typically low. The easy access to the great outdoors and Cheyenne Mountain Schools draw people to Cheyenne Canyon, me included!

## Old Colorado City - Nicole Happel

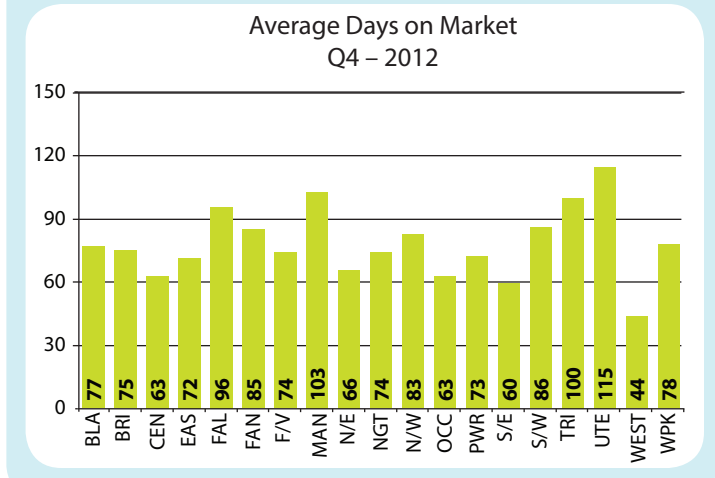
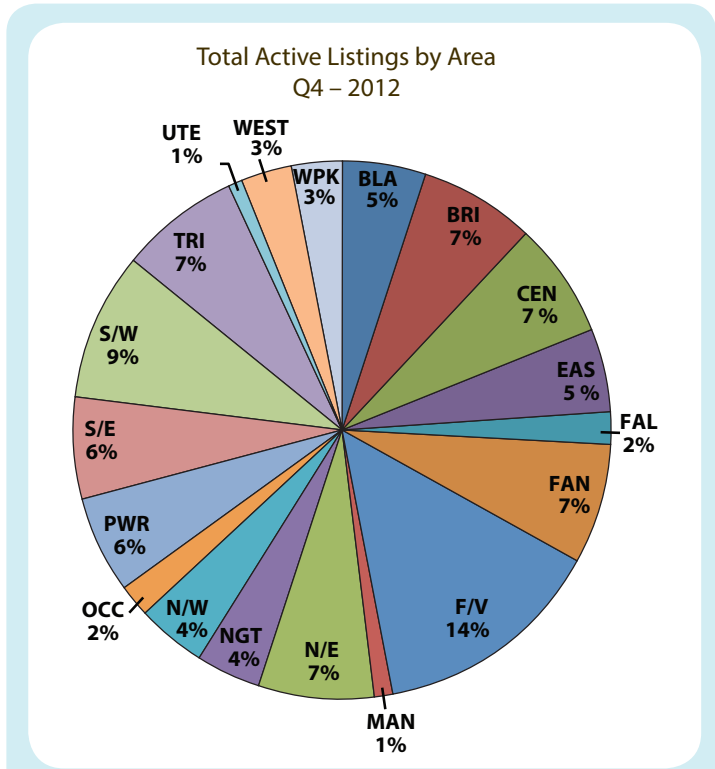
Founded in 1959, Old Colorado City is a National Historic District at the South end of Colorado Springs. Bordered by Hwy 24 to the South, Uintah Street to the North, 32nd Street to the West, and 13th Street to the East, it's a quaint mixture of Old Victorian meets the Wild West. The streets in OCC are narrow, mostly designed for horses and buggies. There's plenty of shopping on Colorado Avenue from art studios to funky, little clothing boutiques. Many houses in OCC are historic, some dating back to the late 1800's. Many have original wood floors and woodwork. Currently, there are 46 single family homes for sale in OCC, ranging in price from \$69,999 to \$500,000. And, there are 25 townhomes/condos for sale, ranging in price from \$105,000 to \$289,900.

When buyers want an older area with historic charm, but don't want to pay the price tag of downtown, I suggest Old Colorado City as a less expensive alternative. But be prepared! This area is, what I like to call, "colorful." There's not much consistency there with the residents, the housing, or even the restaurants. Whether it's fine dining or casual Bar-B-Q, Old Colorado City is worth checking out!

## Pleasant Valley - Kelly Moriarty

Another hidden gem on the West Side is the Pleasant Valley subdivision. This neighborhood is located between Garden of the Gods and Old Colorado City, along the West side of Mesa Road. The Gazette stated that Pleasant Valley is one of the most desirable neighborhoods in the Springs, in June of 2012. Most of the homes here were built in the 50's and 60's and range from about 1200 sq. ft. to 4500 sq. ft. The floor plans consist mainly of ranches, but there are also a few bi level and tri level homes too. Brick, siding & stucco exteriors are spread throughout, so homeowners don't worry about looking like their neighbor. Currently, there are 3 homes for sale ranging from 120k - 675k. Since January 1, 2012, 32 homes have sold ranging from the mid 100's to low 400's.

Many of the homes here have fantastic views of Pikes Peak. There is also a "members only" neighborhood pool, Valley Swim Club, and a cute little park called Westmoor. So, when I have buyers with a "West Side" personality and want views and location at an affordable price, Pleasant Valley is on our list!



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		

## Where Do We Rank?

You see rankings everywhere. Whether it is the skinniest state, safest place to live or healthiest city, we are obsessed with where we stand compared to everyone else. The Colorado Springs Business Journal recently published that Colorado Springs ranked #14 in fastest growing metropolitan area on a percentage basis when compared to 384 other metro areas, with Denver not even making the top 50 list. "Here is one list where the Springs can compete with Denver," comments agent Kelly Moriarty. "When it comes to absolute numbers, the Springs always gets outshined by Denver just due to the sheer numbers. But when we look at relative numbers or percentage growth, Colorado Springs can stand on its own".

Pitney Bowes sponsored the survey and feels that projected household growth is a critical factor to look at when making strategic business decisions. Colorado Springs is projected to grow 6.2 percent

over the next five years which translates to adding 15,429 households. This is a slower growth rate than the previous 10 years, but the survey projects a decline in growth in 78 percent of metropolitan areas. According to the study, the fastest

growing areas in the country are Provo-Orem, Utah and Austin-Round Rock Texas with Killeen Texas coming in third. Detroit and Charleston, W.V. are the two major metros areas that will see a decline over the next 5 years.

Year to Year Comparison  
Q4 – 2011 to Q4 – 2012

