



3rd Quarter 2005 Housing Market Summary

Hot and Cold

On a national level, based on the most recent figures released by the National Association of REALTORS (NAR), the housing market is nowhere near reaching its peak as economists around the country have predicted. NAR reported that sales in August increased by two percent over July figures, making the annual pace of 7.29 million homes the second highest level on record. In addition, the median price of existing homes surged 15.8% from August 2004 to a record level of \$220,000.

While the economic impacts of Hurricane Katrina and Rita won't be fully realized for months possibly years to come, it's anticipated that the economy and in particular the housing and construction related industries should continue to remain strong as the rebuilding process begins.

However, with that said, based on the latest Bloomberg

monthly survey of economists, the recent spike in fuel costs associated with the hurricanes will trigger the biggest jump in U.S. consumer prices in 15 years and undoubtedly, evoke additional rate hikes at the November and December Federal Reserve meetings. Therefore, assuming mortgage rates follow suit, it's fair to anticipate a slight tapping of the brakes towards the end of 2005 and into 2006.

Inventory on the Rise: Continuing a year long trend, the metro area witnessed a 2.2% increase in the supply of single family homes on the market during the month of September. While seasonality can be attributed, overall, the metro area has seen the supply of single family homes rise by 30% since January 2005, to 19,188 homes. Likewise, condos increased an additional 1.6% during the month of September and 29% year to date.

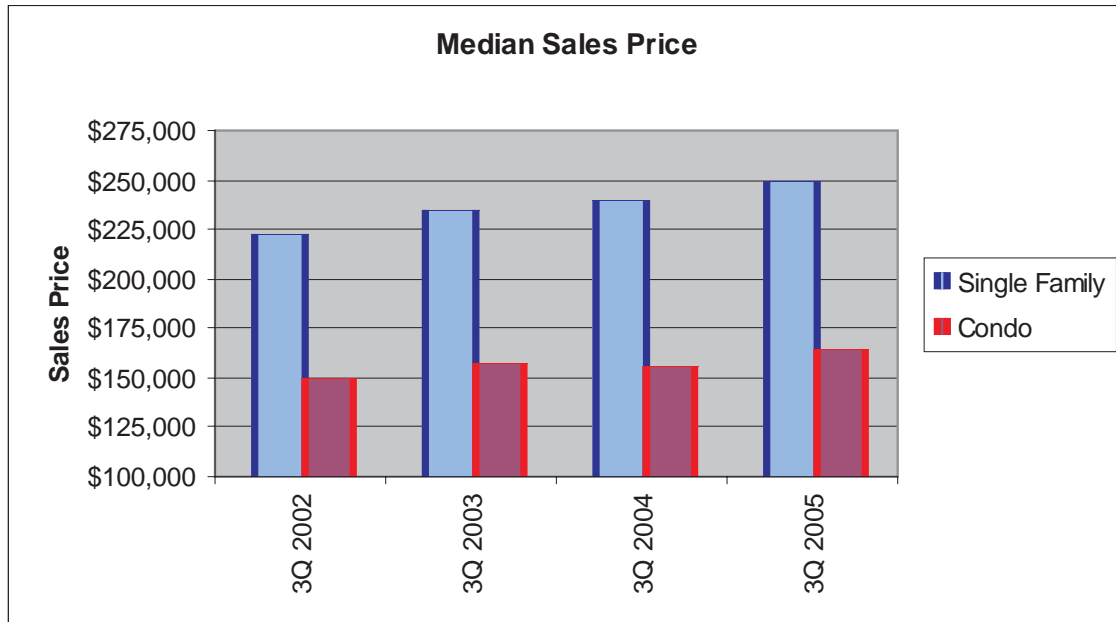
Single Family						
	July	August	September	YTD 2005	YTD 2004	% Change
Active	18,490	18,768	19,188	17,195 avg	18,800 avg	-8.5%
Sales	4,954	3,973	4,291	3,557 avg	3,486 avg	2.0%
Average Price	\$318,348	\$314,533	\$309,620	\$306,757	\$290,223	5.7%
Median Price	\$252,250	\$255,000	\$250,000	\$246,000	\$237,000	3.8%
Dollar Volume (000)	\$1,577,984	\$1,244,772	\$1,323,654	\$9,818,070	\$9,100,444	7.9%

Home Sales Remain Hot: 1,282 condominiums were sold in September, the most all year. Likewise, 4,291 single family homes were sold during the September time frame, trailing only July when 4,954 homes were sold.

Condominium						
	July	August	September	YTD 2005	YTD 2004	% Change
Active	7,921	7,882	8,012	7,344 avg	7,277 avg	0.9%
Sales	1,249	1,118	1,282	1,005 avg	987 avg	1.8%
Average Price	\$197,290	\$201,373	\$200,922	\$193,455	\$180,720	7.0%
Median Price	\$164,000	\$162,499	\$165,000	\$160,125	\$157,000	2.0%
Dollar Volume (000)	\$230,175	\$222,050	\$248,564	\$1,705,665	\$1,602,417	6.4%

Pricing Cools: Following historical trends, the median price of a single family home decreased by two percent from August to \$250,000. Meanwhile the average price of a single family home dropped just over one and a half percent from August to \$309,620. Sales prices have historically retreated during

the month of September as the pool of home buyers frantic to be settled by the start of school empties out. Condominiums on the other hand, made up for their decline in August, as the median price came in at \$165,000, a \$2,500 increase over August and a \$1,000 increase over July.



While states like Nevada, California and Arizona continue to gain the lion's share of publicity, Colorado and in particular the metro area has enjoyed a robust housing sector as well. Although price appreciation in the metro area has been lackluster compared to other "Hot" areas of the country, market conditions continue to remain strong. A significant portion of the vibrancy and resiliency of the hous-

ing market can be attributed to job growth. While job growth in Colorado dipped during the second quarter to 2.1%, it still continues to outpace the nation. Dr. Tucker Hart Adams, Chief Economist for U.S. Bank is projecting a growth rate of 2.1% for 2006 (compared to 2.3% for 2005), which barring unforeseen constraints, could translate into another healthy year for the housing sector in 2006.

