



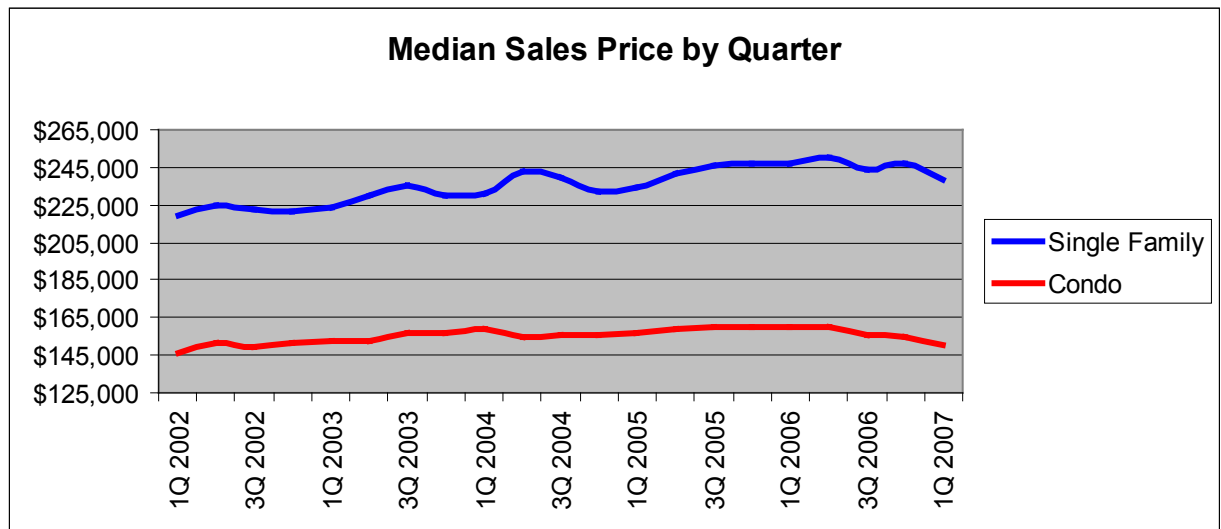
DENVER BOARD
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1ST QUARTER HOUSING SUMMARY

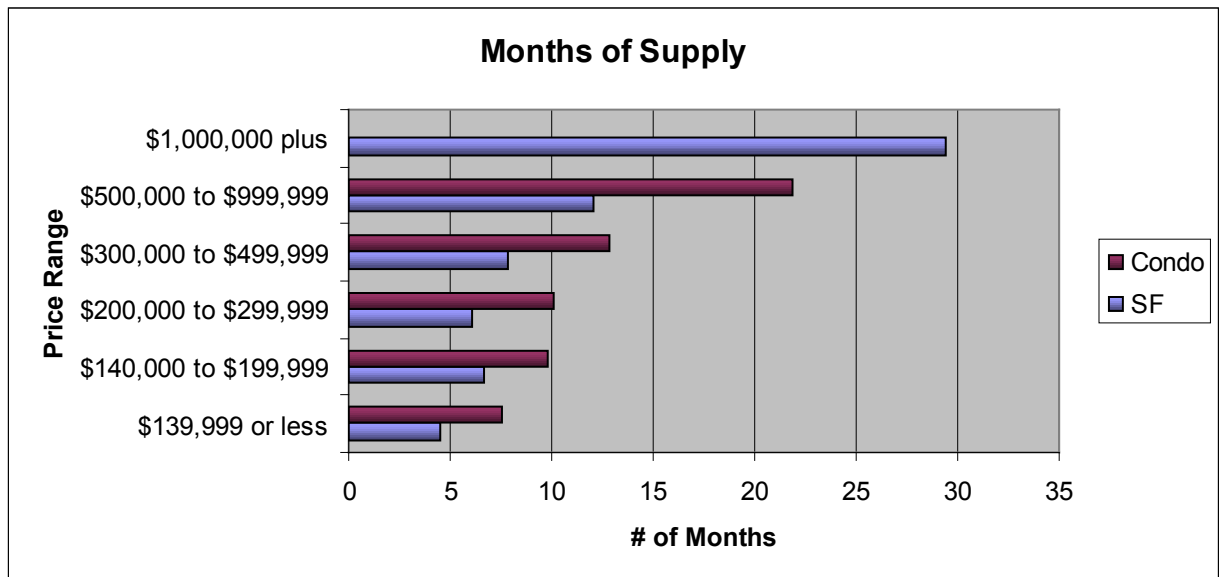
Partly Sunny or Partly Cloudy?

Like a Colorado meteorologists trying to determine a five day forecast in April, fluctuating real estate and economic conditions are making it difficult to get an accurate read on the marketplace. Nevertheless, as we begin to enter the summer selling season, questions abound as to what the forecast will hold. While several market factors such as a slow down in the production of new homes and the collapse of the sub-prime mortgage industry are positive indicators for a real estate downturn, a decrease in the national unemployment rate and modest dip in mortgage rates point towards a rosier outlook.

Locally, sales data through the first quarter of 2007 appears to be sending mixed signals as well. Single family home sales increased a whopping 37.4% between February and March. However when you compare sales from the first quarter of 2007 compared to the first quarter of 2006, sales increased a modest 2.6%. Likewise both the median and average price of single family homes sold increased from February to March, the average price of homes decreased from \$309,265 at the end of the first quarter 2006 to \$297,728 through the first three months of 2007 and the median price posted a decline of 2.5% during this same timeframe.



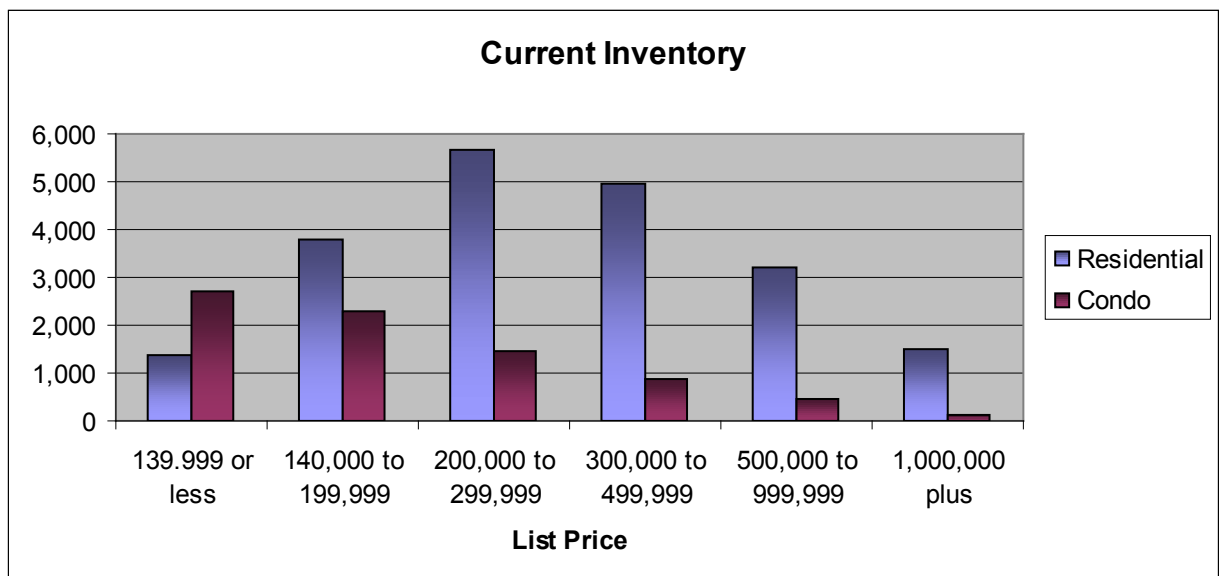
SINGLE FAMILY SUPPLY STABLE - Over three fourths of the supply of homes currently on the market falls within the \$140,000 to \$499,999 price range. Meanwhile less than 10% of the homes are priced above \$500,000. In looking at the months of supply figure, which is simply the amount of months required to sell all of the inventory based on the rate of sales and inventory at a given period of time, we see that there is almost a two and a half year supply of million dollar homes. In other words, assuming that no new million dollar homes hung out the for sale sign this summer, it would take over two years to exhaust the current supply based on the number of buyers in this price range. On the other hand, it would only take us about 6 months to deplete the supply of homes priced between the \$140,000 and \$300,000 range.



CONDOMINIUMS AND TOWNHOMES START SLUGGISH. Unlike the single family sector which is sending somewhat mixed messages about its current health, the condominium and townhome sector is not leaving anything to the imagination or interpretation. With the exception of the average number of days it takes to sell a condominium (which remained flat) and a modest up tick in the total dollar volume, nearly every other statistical category has posted negative results during the first quarter of 2007 compared to this time a year ago. The market witnessed an astounding 24.8% decline in the number of sales despite condominiums and townhomes being nearly 4.5% cheaper now than they were a year ago.

SALES OF NEW & EXISTING HOMES TRENDING SOUTH – According to the Commerce Department's most recent report, sales of new single family homes declined by 3.9% in February, this on the heels of a 15.8% decline in January. In addition, the National Association of Realtors announced that the number of existing homes dived in March by the largest amount in nearly 20 years.

CITIES PROVIDE GRANTS FOR DOWN PAYMENTS & LOANS. The Metro Mortgage Assistance program which is spearheaded by the Metro Mayors Caucus and the City and County of Denver recently announced that sixteen Front Range communities including Arvada, Broomfield, Lakewood, Littleton and Westminster, have joined the program allowing for first time home buyers to find low cost loans without having to resort to riskier loans. The program allows for home buyers making less than \$82,455



for families of three or more qualify for a 30-year fixed loan at 5.95% or down payment loan grants of 4%. Buyers must not have owned a home within the past three years and the purchase price must be less than \$365,175 for a single-family home.

SUB-PRIME MELTDOWN – Over the past five years, finding money to purchase a home has never been easier. Similar to the collapse of the savings and loans in the late 1980s, lenders have been all too eager to lend high risk individuals cash. Individuals with poor credit histories and even a lack of a solid income were getting approved for mortgages well above their means and through mechanisms such as no money down and interest only loans. Like the late 80s, we are now seeing an unprecedented rise in foreclosures, many attributable to sub-prime mortgages. Fortunately, some of the larger institutional players have recently pulled in the reins and many independent firms have simply closed shop on sub-prime mortgages. As a result, the pool of available buyers is expected to diminish as the summer selling season begins to heat up.

WHAT LIES AHEAD? Whether you choose to lean towards economists, soothsayers or statistical data for assistance in deciphering the crystal ball of real estate, the only thing that appears to be for certain in 2007 is uncertainty. The fact that the metro area did not benefit from the rampant rise in appreciation like other parts of the country did over the past several years could prove to be a blessing in disguise. Similar to the tale of the tortoise and the hare, our slow and often times non newsworthy growth in all likelihood will insulate the metro area from a widespread market correction. With that said, the dramatic rise in foreclosures over the past two years coupled with a recent tightening in lending practices, lends proof that the pendulum is now swinging in favor of buyers. Thus sellers who embrace this new mind set by tempering their expectations are expected to benefit from the annual summer sell off season.

METRO DENVER SINGLE FAMILY DATA						
	January	February	March	YTD 2007	YTD 2006	% Change
Active	17,985	18,297	19,513	18,598	18,417	1.0%
Sales	2,667	2,413	3,315	8,395	8,179	2.6%
Average Price	\$297,368	\$292,143	\$302,084	\$297,728	\$309,265	-3.7%
Median Price	\$236,000	\$235,000	\$240,000	\$238,000	\$244,000	-2.5%
Dollar Volume (000)	\$793,080	\$704,940	\$1,001,407	\$2,499,428	\$2,527,595	-1.1%

METRO DENVER CONDOMINIUM DATA						
	January	February	March	YTD 2007	YTD 2006	% Change
Active	6,365	6,541	6,917	6,917	7,310	-5.4%
Sales	873	677	959	2,509	3,338	-24.8%
Average Price	\$170,440	\$169,498	\$183,451	\$175,159	\$183,222	-4.4%
Median Price	\$154,900	\$144,950	\$153,000	\$150,075	\$155,000	-3.2%
Dollar Volume (000)	\$148,794	\$114,749	\$175,929	\$439,473	\$428,981	2.4%