

1/10/11

Market stats as of 12/31/10:

Remember there are 4 areas that need to be covered. They are inventory, sales, days on market and average price. Also, in my opinion, you must analyze Single Family Homes (SFH) and condominiums (Condo) separately. These are completely different housing units!

Inventory:

Inventory for SFH is up 14%, from 12,263 to 13,941, but again, you need to remember in 2009 inventory was at a historically low level, and this year's inventory is still well below our average or record years. The Condo market is up 3%, which again parallels the SFH stat, i.e. up from 2009 but well below our previous years. In both areas we have seen the seasonal drop off at this time of the year.

Number of Sales:

Number of sales for SFH is down 7% from 33,114 to 30,777 homes. Remembering that 2008 was our 5<sup>th</sup> best year in the history of the Denver area housing sales and 2009 was our 12<sup>th</sup> best year, 2010 is now in the books as our 14<sup>th</sup> best year! We wound up at a level of sales matching 1997. There is little doubt that the home buyer tax credit did help the housing market. As of the end of June, which is when the tax credit ended, sales were up 7% year over year. Now all of our comparisons are tax credit versus no tax credit. The Condo market again is down 10%, which again parallels the SFH stat.

Days on Market:

Days on market (DOM) is very interesting. The average DOM for SFH is down 7% from 97 days in 2009 to 90 days today, same in Condos down 3% from 101 days to 98 days. How can that be? Well we're a little baffled too. Here is our thought. We believe the DOM is down in both areas because the 'short sale' is getting done sooner! As we know, if DOM is going down, this signifies a strong market. The problem is we don't have a 'strong' market as stated above.

Average Price:

Finally, average price is up 7% in SFH and up 1% in the Condo arena. SFH prices are up from \$264,803.00 to \$282,080.00. Condo's are at \$161,005.00. Upon drilling down, what we find is that sales above \$500K are up 18% from 2009. This is very good and very strong. We are now back to normal levels, again this is good! But this certainly has an effect on the average price. Upon further review, sales under \$150K are down to 21.08% versus 25.87% in 2009 of the total market range. Again, this has an upward draw on the average price. Thus, the average price is up, but not necessarily a strong market. And the average sold price matches that of 2003, which you could certainly argue is not bad! Our highest yearend sales price was \$317,112 in 2006.

Conclusion:

If you believe the old saying 'follow the money', it appears the money is still buying upper end homes! Now remember they are buying houses that were priced at \$1 million for \$700K, but again this is good! This being the case, I would say the housing market is fine and hopefully getting better! I believe consumer confidence is still in the tank, in spite of the election and the new Congress. It appears the holiday buying season was so so. The most dollars spent but a lot of discounts! I think there is hope, but time will tell. The intriguing thing for the housing market is that it is driven by change, and there is a lot of change coming. This is certainly a GREAT time to be a buyer. There are great bargains overall and interest rates wonderfully low. The really hot news is that sales of SFH for each of the last 3 weeks of 2010 were greater than sales for the same period in 2009.

Thanks,

The DiVito Dream Makers