



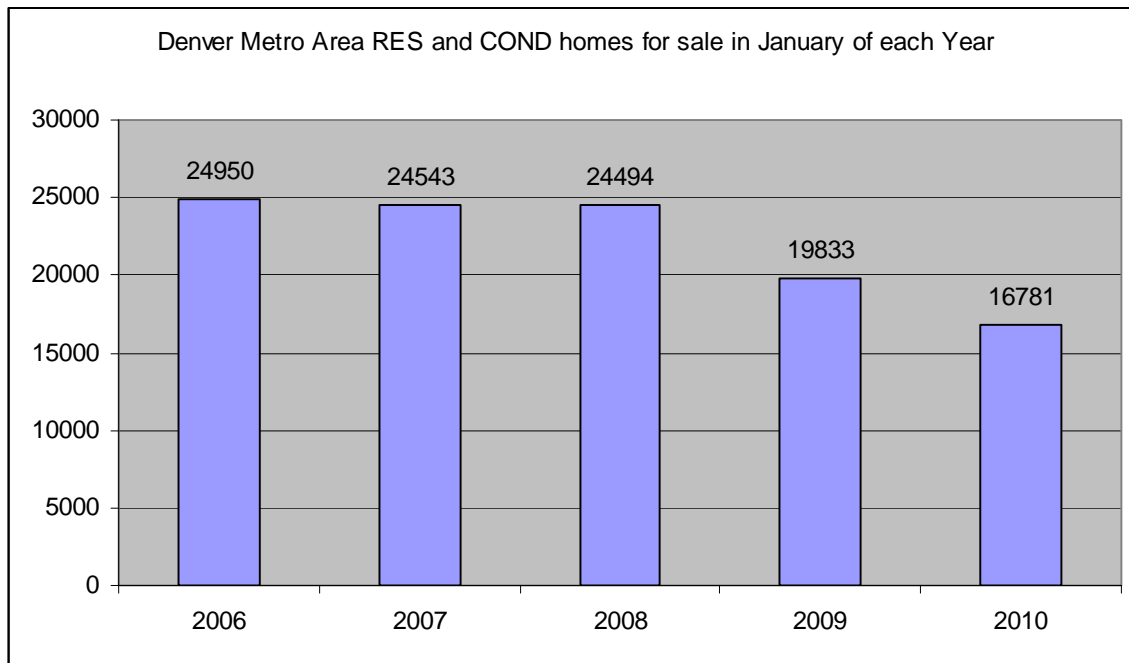
“Do You Wish You Would Have Bought More Residential Real Estate in 1988? Don't wish the same thing for 2010.”

2009-2010 will be the timeframe known as the bottom of the real estate market in Denver, Colorado and many will ask the question in the future, “Do you wish you would have bought more real estate in 2009-2010?” We see the Denver marketplace improving slightly in 2010 over the 2009 and we do see prices starting to appreciate in the 4-6% levels for the entry price points for 2010.

There are *Three Key Reasons* why 2010 will be a more consistent year in residential real estate because of three major factors starting out the year in 2010 that was not the case the previous three years.

The First Reason 2010 will be improved over past years are inventories are at historical lows in Denver.

Inventory in January of 2010 is the lowest level in 7 years. With single family and condo units that are for sale totaling 16781, makes for a 15.4% decrease in the number of available properties over January of 2009 and a whopping 31.5% over January of 2008



- Single family homes for sale are at a low of 12,637 total number of units
- Condominium homes for sale stands at 4144 units available as of January 4, 2010.
- The decrease in inventory from December of 2009 to January of 2010 represented an 11.15 decrease. Normally you would expect decreases in the 8% range from Dec to Jan.
- Inventories in the 0-\$250,000 range will see appreciation in 2010
- Inventories in the \$250,000-\$500,000 range will outperform 2009 in number of units sold.



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- Inventories of homes priced above \$1 million dollars have a large inventory, but this price range typically dwindles faster due to staying power of upper end price property homeowners' financial ability to wait out the market. Even though today there is lot of upper end inventory, we believe this will decrease at a faster pace than 2009.

The Second Reason 2010 will be improved is that the market is moving from a buyers advantage to a sellers advantage in the starter price ranges.

- When inventories dip below 6 months supply normally appreciation occurs.
- Be cautious with a January month supply ratio as a sole determining factor in predicting the future, because historically inventories are lower in January than any other time of the year.
- Different subdivisions will outperform or under perform the numbers below. Real estate is localized to the subarea you are living within. Make sure you know your neighborhood market conditions to predict where the market is going.
- The current supply of Homes in the Denver metro area per price range is as follows:

RESIDENTIAL Units	Total Active 1.4.10	Total Sold for 2009	Months Supply
0- 250,000	4762	18182	3.143 months
\$250,001-\$500,000	4639	9898	5.620 months
\$500,001-\$750,000	1472	1597	11.06 months
\$750,001-\$1,000,000	692	470	17.66 months
\$1,000,001-\$1,500,000	464	217	25.66 months
\$1,500,001-\$2,000,000	256	68	45.17 months
\$2,000,001-\$2,500,001	118	28	50.57 months
\$2,500,001-\$3,000,000	90	16	67.52 months
\$3,000,001+	144	16	108.0 months
CONDO Units			
0-\$250,000	2707	7008	4.635 months
\$250,001-\$500,000	975	914	12.80 months
\$500,001-\$750,000	246	110	26.84 months
\$750,001-\$1,000,000	100	26	46.15 months
\$1,000,001-\$1,500,000	66	12	66.00 months
\$1,500,001-\$2,000,000	34	4	102.0 months
\$2,000,001-\$2,500,000	10	2	60.00 months
\$2,500,001-\$3,000,000	1	0	no sales
\$3,000,001+	5	0	no sales

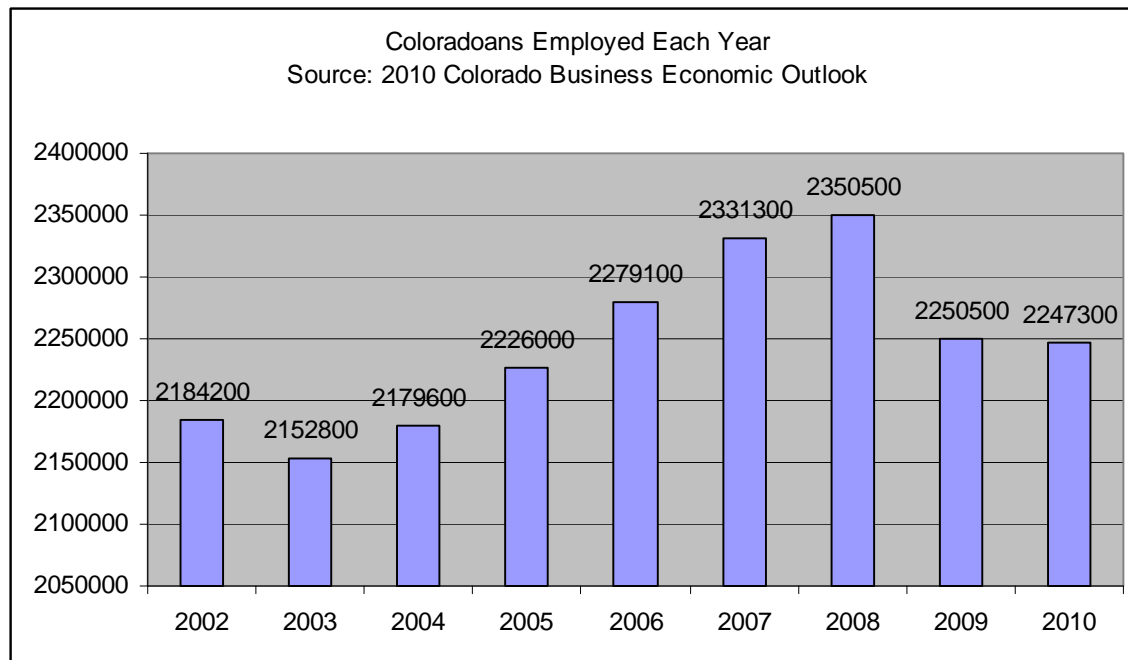
- Condominiums are lagging behind single family homes in demand for 2009.
- As lower single family inventory continues to be absorbed, condo inventory will start to be absorbed at a faster pace in 2010.
- 2009 has experienced appreciation in the lower price ranges and the extension of the \$8000 first time home buyer Tax Credit and the addition of the \$6500 Tax Credit for existing home owners should continue to cause the lower price ranges to appreciate.
- 2010 will start to experience the move up buyer enter the market in the \$250,000 to \$500,000 range.



- Conversely, 2009 also saw homes priced above \$1 million struggle with holding their prices and experiencing a price declining market in 2009. Overall the average price dropped 11.2% above 1 million in 2009.
- There are fewer properties to compete with today and serious buyers are buying now, as the Tax Credit has been extended and expanded to include current homeowners.
- Interest rates are 5% for conforming loans today and more than likely will be a little higher in 2010 causing buyers to make a buying decision early in 2010 versus waiting till later in the year.
- We anticipate a slight rise in interest rates in the first half of 2010 to 5.75% to 6%.

The Third Reason 2010 will be improved over previous years is Denver's economic condition is more stable today than at any time over the last 36 months.

- Job stability is stronger in Denver than other markets
- An increase in employment will start to occur in the second half of 2010, increasing the confidence of the consumers to buy a home.
- 2010 will see more stability in the employment sector providing for more buyers willing to buy.

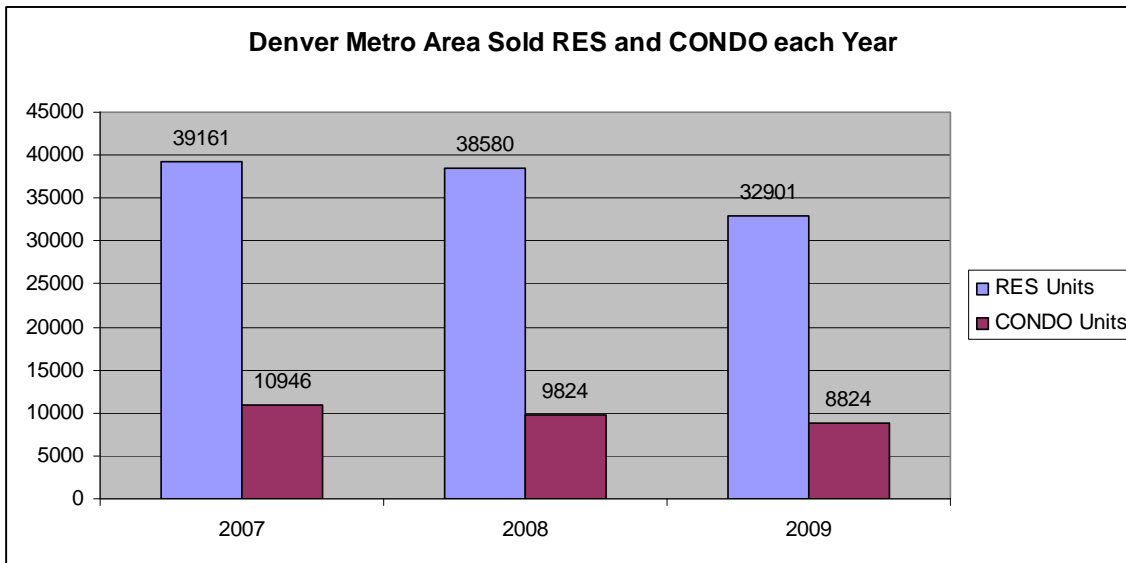


Sold Data is a Trailing Indicator of the Marketplace.

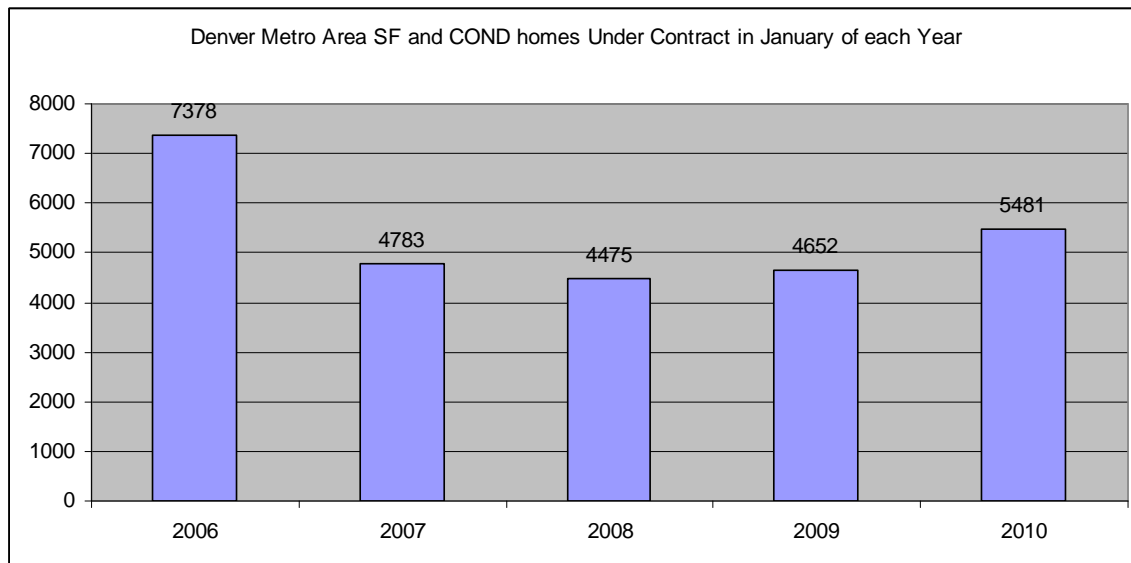
- Sold data is the trailing indicator of market conditions. We believe 2009 is the low point in number of transactions in 2010 month over month close transactions will be within 1% of 2009 or in some months exceed the previous year.
- The number of total sold units for 2009 was 13.8% less than 2008.
- Condo sales declined 10.2% from 2008.
- Residential sales declined 14.7% from 2008.



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Properties under Contract are the Leading Edge of Predicting the Market



- The “Under Contract Homes” indicate we have a better pipeline of existing business to open the year versus the last 4 years. More homes that are set to close is a trend of a market starting to move upwards.
- We anticipate the closing time frame to shorten in 2010 as banks and Realtors are better understanding the financing and short sales processes.

What did 2009 bring to Real Estate in Denver?

- The \$8000 Tax Credit did create more sales in the 4th quarter of 2009 and will enhance the sales the first 4 months of 2010.



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- The number of properties under contract remained at higher levels which indicated a longer closing period and increased buyer confidence to stay with the elongated process of short sales and financing challenges.
- A reduction of upward of 20% of the number of real estate brokers in the Denver Metro decreased in 2009. Work with a professional to protect your position.
- The average price of a home declined 2.3% in the Denver Metro area. Lower priced properties went up and higher priced properties declined. Know your neighborhood before just assuming the trend affects you and your home.

Overall 2010 will bring compelling reasons to buy real estate in Denver.

- The \$8000 tax credit for first time homebuyers and the \$6500 dollar tax credit for existing home buyers will increase demand the first half of 2010.
- Interest rates are at historical lows and will rise. Once that occurs, buyers will move more quickly to obtain the home of their choice.
- Continued fewer new home starts will create less competition for resale homes and allow them to be absorbed at a quicker pace than in 2005, 2006, 2007 and 2008.
- Alternative marketing methods will be used to move real estate including short sales, loan modifications, pre-foreclosure programs and property auctions.
- Prices for the upper end market continue to offer extraordinary concessions making for a perfect time to acquire the home of your dreams.

What should buyers do in today's market?

- Take advantage of your "Move-up Power" by exploring what it would take to rent your existing home and get an exceptional deal on your next home.
- Get qualified before starting your search to become more attractive to sellers.
- Be creative in your offers to add closing costs, HOA dues or points to make the monthly payment more attractive to you short term.

What should sellers do in today's market?

- Know your individual sub area statistics to best position your home.
- Have your home professionally staged to capture the eye of today's buyers.
- In the lower price ranges, be the best conditioned to get multiple offers.
- In the upper price ranges, offer extraordinary terms to attract the buyers to your home.

Brought to you by-

Rebekah Brock, ASR, CDPE
Broker Associate
R&R Team
RE/MAX Professionals
3000 E. Third Avenue #10
Denver CO 80206
www.randrteam.com
303.831.1160
rbrock@remax.net

Rosann Asselin, GRI, CDPE
Broker Associate
R&R Team
RE/MAX Professionals
3000 E. Third Avenue #10
Denver CO 80206
www.randrteam.com
303.717.7048
rasselin@remax.net