

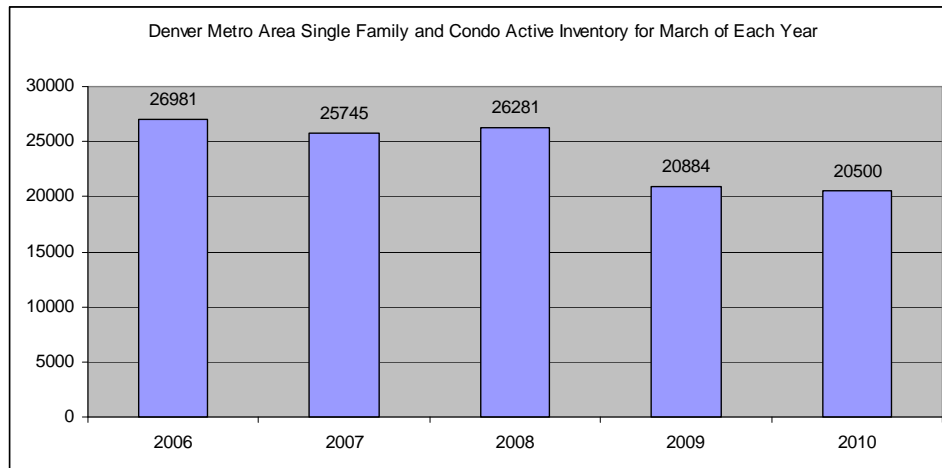


So, How's the Market, March, 2010

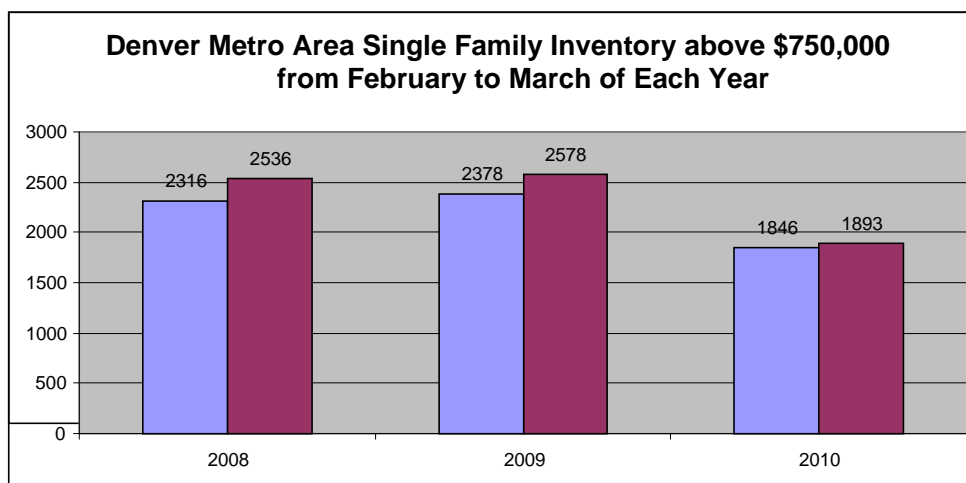
All data taken from Metrolist, Inc, on March 6, 2010

“Future Real Estate Markets can be predicted by three factors: Inventory, Interest Rates and Job Stability.”

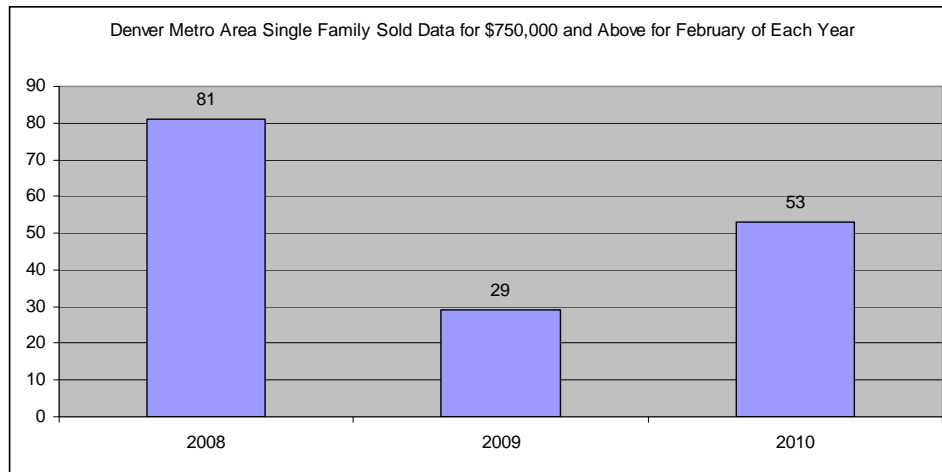
March 2010 inventory is showing seasonal growth, but still remains low compared to previous years. Inventory is at a 5 year low for March 2010. Inventory in March of 2010 has grown by 1784 units or 9.53% over February. This is higher than previous February to March inventory growths as the average growth is typically 2.87%.



An interesting factor is happening in upper end properties for the first time in 3 years. The inventory is shrinking. We predicted last year that upper end inventories would come down primarily due to homeowner's ability to ride out the economic downturn and that is what is happening. Look at the chart to show February to March Inventory compared to February closing from \$750,000 and above.



Here's the sold data above \$750,000 to show a slight increase in upper end properties selling in 2010 over 2009. Watch this trend, as we would predict a higher inventory of upper end priced properties to hit the market in the spring and summer of this year and a slight increase in upper end properties selling over the previous year. This does not indicate a full turnaround for upper end properties but a positive trend that should be watched to better predict the upper price range future.



- Single Family Homes priced above \$750,000 make up 12.2% of total inventory which is higher than normal.
- Single Family Properties priced above \$750,000 in the single family category that sold in February 2010 make up 2.7% of all sales in Denver.
- Inventories of single family homes in the 0-\$250,000 make up 37.9% of the listing on the market for March.
- Properties priced from 0-\$250,000 that sold in February 2010 made up 59.35% of all sales in the Denver area.
- Homes priced from \$250,000 to \$500,000 make up 38.35% of the sold inventory for March of 2010
- The sold data of homes closed in February 2010 priced between \$250,000 and \$500,000 represent 33.16% of single family homes sold.
- Single Family Homes constituted 78.37% of all February sales in the single family-condo markets in metro Denver.
- Condominiums priced from 0-\$250,000 made up 84.55% of all the condo's sold in February 2010.
- Condominiums priced above \$750,000 represented 1.1% of all condo sales in February 2010.

Historically Low Interest Rates are Allowing Buyers to Buy in Today's Market

- First Time Homes Buyers can receive up to \$8000 Tax Credit when buying a home this spring.
- Move up homeowners can receive up to a \$6500 Tax Credit when buying a home before April 30, 2010.

Rates as of March 6, 2010: What do these rates mean to buyers buying today?

Conventional Conforming Rates are loans that are less than \$417,000. These loans may require a down payment of 5%, 10% to 20% in today's market. A buyer may be able to obtain a 5% down payment in certain circumstances so long as the underwriters are not considering the market as a "declining market", but for the most part, on a conventional loan the buyer must have very solid credit and a strong down payment and most of Denver has not been considered a declining market.

Conventional Conforming 30 year fixed: 4.75%
Conventional Conforming 15 year fixed: 4.25% *(No Origination)
Conventional Conforming 5/1 ARM: 3.625%

Jumbo Financing is available in today's market, which are loan amounts above \$417,000. The buyer's down payment and credit scores are more stringent than the conforming loans. A buyer is almost certainly needing to put 20% down or more and their past credit history must be stellar. However, if you look at the rate of 5.375%, this is historically low and on a \$750,000 loan the payment for principle and interest would be \$4,181 per month. Someone buying a 1 million dollar property today will be able to get a discount off of the price and finance the purchase with very attractive rates. 5/1 ARM is a loan type that is fixed for 5 years then adjusts to an index after the 5 year period. Adjustable rate loans may be an attractive loan for someone who will live in the home a shorter period of time than the adjustment.

Jumbo 30 year fixed: 5.375%
Jumbo 5/1 ARM: 4.750%

First time Home Buyers gravitate toward FHA financing for two reasons. 1. Lower down payments of 3.5% allows the buyer to get financed and 2. The qualifying ratios for this type of loan are higher than conventional allowing the buyer less income to buy a home. FHA loan limits for the Denver metro area counties are \$406,250 and for Boulder County is \$460,000. Look at the FHA 5/1 ARM as a very attractive rate for 5 years. The payment on \$400,000 at 3.5% is \$1791 dollars for principle and interest. There are additional costs with FHA loans, but these are very attractive loans for people purchasing below the \$420,000 price range.

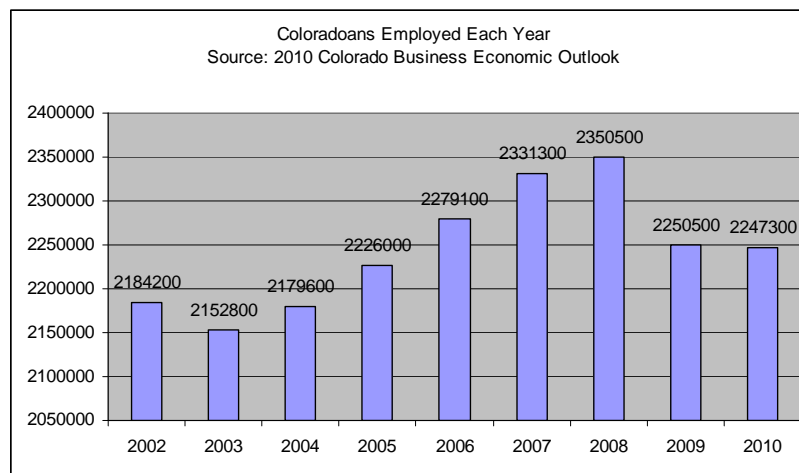
FHA / VA 30 year fixed: 5.00%

FHA / VA 5/1 ARM: 3.50%

Prime rate: 3.25%

Job Stability Creates Confidence for Buyers to Buy Properties

- National Unemployment is running at 9.7%.
- Metro Denver Unemployment is approximately 7.5% or more than 2% better than the national average.
- Denver has a resurgent energy industry with both renewable energy and hubs for coal, oil and gas which will expand in 2010 and 2011.
- Service sector jobs have been a large segment of Denver workforce in the past, which has decreased over the last three years. These jobs are construction, sales and retail.
- Health care is another emerging industry in the Denver metro area for the next two years.



Market Trends as of March 2010

- As inventory decreases in lower price points, prices will continue to rise in 2010 in Denver.
- Short Sales will increase as a selling alternative for homeowners and lenders vs. foreclosure.
- The Colorado Foreclosure Protection Hotline provides consumers with excellent FREE information on the foreclosure process. Colorado Foreclosure Prevention Hotline 1-877-601-HOPE
www.coloradoforeclosurehotline.org
- Condominium sales are lagging behind single family homes and will not see the appreciation that entry level single family homes are experiencing.
- Interest rates will rise in the summer through the fall of 2010.
- Inventory in the upper price range will grow slightly from current levels in 2010.

What should buyers do in today's market?

- Take advantage of the \$6,500 dollar Tax Credit before April 30th contract deadline.
- There are tremendous properties above \$750,000 looking for offers. This window will close in 12-18 months from now.
- Consider terms over price in some instances to move into your dream home.

What should sellers do in today's market?

- Price your home to sell within 30-60 days. Get moved now before inventories increase and interest rates increase.
- Offer terms to attract to discriminating buyers.

- Know your competition before getting ready to sell. Utilizing an Experienced Broker is not Expensive, It's Priceless in today's market.

R&R Team Lenders – chosen for their competitive rates, low loan costs and superior service-

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