

Single-family home sales rise while condo sales lag

Regional single-family home sales are on pace to set another record this year, but condo owners are not experiencing the same success. Through Sept. 1, single-family home sales increased compared with the same period of 2004. However, regional condo sales were down 10.7% compared with the first 9 months of last year. Check out the breakdown of sales for both markets in area cities:

Northern Colorado Home Sales, Jan. 01 - Sept. 30, 2005

	SINGLE FAMILY		CONDOMINIUMS	
	2005	2004	2005	2004
Fort Collins	2,398	2,382	746	852
Greeley	2,032	1,932	253	316
Loveland	1,433	1,484	193	213
Windsor	472	470	36	62
TOTAL	6,335	6,268	1,288	1,443

The supply factor: According to the Genesis Group, the supply of existing homes on the Northern Colorado market has increased to 7.3 months for detached homes and 8.6 months for attached homes – record levels for both.

New home sales continue to break records

The new-home market got a boost with strong sales in June and August. According to The Colorado Front Range Housing Market Letter, published by David Laffoon, Larimer County had 250 home closings in August – an increase of 26.2% over the 198 closings of August '04. It was the 2nd best-selling month of '05. Through August 2005, Larimer County saw a 5.8% increase in new-home closings compared with last year.

August's 330 new-home closings in Weld County was a 4.1% increase compared with 317 in the same month last year. Through the first 8 months of '05, Weld County had 2,175 sales, a 7.8% increase compared with the 2,017 sales in the same period in '04.

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Real estate by the numbers

- **\$12** – The price per square foot paid by investors who bought – not leased – the 93,358-sq.ft. StarTek USA warehouse in Greeley. 222 Greeley LLC paid the bargain price of \$1.1 million for the building.
- **\$27** – What Hewlett-Packard Co. received per square foot for its 270,000-square-foot campus in Greeley earlier this year. Boomerang Properties LLC paid a total of \$8 million for the property.
- **56** – The number of floors in downtown Denver’s Republic Plaza, Colorado’s tallest building. Shorenstein Co. is expected to pay nearly \$370 million, or \$300 per square foot, for the skyscraper, according to the *Rocky Mountain News*.
- **\$11 million** – The nightly hotel lodging cost FEMA is paying to house people left homeless by Katrina.
- **360,000** – The number of homes destroyed or damaged by Hurricane Katrina. Building material prices are increasing for lumber, concrete, drywall and insulation. In some cases it is not a matter of price but availability – especially for concrete.
- **169,000** – The number of properties purchased in the U.S. in 2004 by parents for a child in college.
- **4 million** – How many adult children age 25-34 were living with their parents in the U.S. as of 2001, according to the *Wall Street Journal*.
- **\$47.5 million** – The asking price for Denver businessman Phil Anschutz’s 312,160-acre Overland Trail Cattle Co. Ranch outside Saratoga, Wyoming.
- **2,000** – The estimated number of people who attended what some are calling the “party of the century” the night before the grand opening of the Promenade Shops at Centerra in Loveland. The party raised money for the United Way and the Junior League of Fort Collins.

Wind power, ‘mansionization’ and St. Joseph statues among recent trends in real estate

- Increases in the cost of gas and electricity this winter means wind power is more affordable and attractive to energy customers. The result is a surge in wind-power customers and sellouts of wind turbines, according to the *Los Angeles Times*. The *Denver Post* reported that Xcel Energy and the National Renewable Energy Lab will use wind power to create hydrogen fuel, which will help during periods of peak demand for electricity.
- Federal Reserve Chairman Alan Greenspan told banking conference attendees that as of mid-’05, less than 5% of mortgage borrowers had current loan-to-value ratios exceeding 90%, providing them with an equity cushion should home prices decline.
- The Los Angeles City Council recently passed an ordinance against “mansionization” – the building of oversized homes on small lots – in one city enclave. The measure limits a home built on a lot of 8,000-square-foot or less to 2,400 square feet or 40% of the lot size, whichever is greater.
- Sales of St. Joseph statues have experienced revival lately, as people test the legend that planting the statue upside down in their yards speeds up the sale of their homes. Joseph, husband of Jesus’ mother Mary and a carpenter by trade, is the saint of real estate and household matters. Note: The Roman Catholic Church offers no money-back guarantee on the statue’s effectiveness.

Mortgage Rates At Highest Level in 15 Months

Rates on 30-year mortgages stayed above 6 percent for the third straight week, rising to the highest level in 15 months. Mortgage giant Freddie Mac reported on October 27, 2005 that the nationwide average for 30-year, fixed-rate mortgages rose to 6.15%, up from 6.10 percent for the week ended October 20, 2005.

Local employers optimistic about economy, plan to expand with jobs, space

Of the 40 primary employers in the region who participated in a Northern Colorado Economic Development Corp.'s Primary Employers Research Project survey, 72% said they plan to expand, resulting in more than 1,900 net new jobs, an investment of another \$419 million in the region and the building of more than 1.1 million square feet onto their facilities in the next 3 years. Sixty-four percent of the responding businesses said the economy will improve within the next 2 years, and 69% expect sales to increase.

The latest Manpower Inc. Employment Outlook Survey also indicated that Northern Colorado businesses are optimistic about the economy, with 37% of those surveyed expecting to increase workers in the 4Q of this year, compared with 20% in the 3Q. Only Colorado Springs employers matched Northern Colorado's confidence level; statewide only 25% of employers were planning 4Q staff increases. These surveys results are promising considering Colorado had virtually no job growth for 3 years, and then grew 1.3% in 2004 and 2.3% through the first 6 months of 2005, according *The Colorado Front Range Housing Market Letter*. The state actually lost 103,900 jobs, a 4.6% drop, from Dec. '00 to June '03. **Note: Real estate activity lags job growth by approximately 12-18 months.**

News around Northern Colorado

- America's Promise – The Alliance for Youth named Fort Collins-Loveland among the top 100 best communities in the nation for young people. The organization considers whether communities provide children with a healthy start, caring adults, effective education, safety and opportunities to help others.
- Long-distance bills will shrink in December after Qwest expanded the Northern Colorado local calling area to include Ault, Berthoud, Eaton, Estes Park, Fort Collins, Gilcrest, Loveland, Mead, Greeley, Milliken, LaSalle, Platteville, Windsor and Johnstown. The change took effect earlier this month.
- Timnath could soon get its first retail development. Developer Mark Goldberg has proposed 200,000 square feet of retail for 18 acres on the northeast corner of Harmony Road and I-25. Whether it will be one big-box store, such as a Wal-Mart Supercenter, or several retailers is undecided, Goldberg said.
- David Laffoon said in *The Colorado Front Range Housing Market Letter* that, based on recent increases in lot sales, new home sales and closings in Larimer County will continue to rise. Three of the top 5 lot-selling months occurred in the last year, with the record hitting 1,027 in August. As of mid-year, the region had a 27-month supply of detached lots either finished or under development, up from 24.9 months in mid-2004, according to the Genesis Group.
- The Greeley metro area, or Weld County, recorded 16.8% growth between 2000 and 2003, making it the fastest-growing metro area in the nation, according to the U.S. Census Bureau. The county grew by 30,000, from about 181,000 people to 211,000. Check out how other growing metro areas compare:

The Top 10 Fastest-Growing Metro Areas (in order of rank)

CITY	2000	2003	% CHANGE
Greeley/Weld	181,000	211,000	16.8
St. George, Utah	90,000	104,000	15.2
Las Vegas-Paradise, Nev.	1,376,000	1,577,000	14.6
Naples-Marco Island, Fla.	251,000	287,000	14.0
Stockton, Calif.	564,000	633,000	12.3
Bend, Ore.	115,000	129,000	12.2
Gainesville, Ga.	139,000	156,000	12.1
Riverside-San Bernardino-Ontario, Calif.	3,255,000	3,642,000	11.9
Cape Coral-Fort Myers, Fla.	441,000	492,000	11.6
McAllen-Edinburg-Pharr, Texas	569,000	636,000	11.6

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A monthly snapshot of Northern Colorado's economic health

					Likely Direction in Next Six Months	Forecast		
Mortgage Rates					↑	More pressure for rates to rise than to fall, but not much movement in either direction.		
Oct. 20, 2005	6.10%							
Oct. 21, 2004	5.69%							
Oct. 23, 2003	6.05%							
Existing Home Sales					↔	Sales still strong but an oversupply in many market segments make it tough on some sellers.		
	Fort Collins	Greeley/Evans	Loveland	Windsor				
YTD Sept. '05	2,398	2,032	1,433	472				
YTD Sept. '04	2,382	1,932	1,484	470				
YTD Sept. '03	2,234	2,118	1,344	421				
Housing Starts					↔	Supply of new homes exceeds demand; builders will slow their pace the rest of the year.		
	Fort Collins	Greeley/Evans	Loveland	Windsor				
YTD Sept. '05	551	698	517	349				
YTD Sept. '04	717	753	575	323				
YTD Sept. '03	679	655	486	226				
Average Single-Family Sales Price					↑	Prices will continue to rise and will average 4% overall increase this year; however, some segments will be flat.		
	Fort Collins	Greeley/Evans	Loveland	Windsor				
YTD Sept. '05	\$266,525	\$193,627	\$255,428	\$303,295				
YTD Sept. '04	\$253,699	\$188,724	\$247,787	\$276,042				
YTD Sept. '03	\$248,091	\$181,485	\$232,666	\$251,308				
Employment					↑	Net jobs will continue to increase (more "hirings" than "firings").		
	Larimer County	Weld County	Colorado					
Sept. 05*	160,010	107,213	2.43m					
Aug. 05	159,243	106,231	2.43m	*Not seasonally adjusted.				
Sept. 04	158,961	104,860	2.41m					
Unemployment					↓	Since 4% is considered full employment, we can drop only a little more.		
	Larimer County	Weld County	Colorado					
Sept. 05*	4.1%	4.7%	4.9%					
Aug. 05	4.1%	4.7%	4.8%	*Not seasonally adjusted.				
Sept. 04	4.2%	5.0%	5.1%					
Apartment Vacancy Rates					↓	Will continue gradual decline but it will take a couple of years to absorb the excess rental inventory.		
	Fort Collins	Greeley	Loveland					
1Q 2005	12.9%	12.1%	10.5%					
1Q 2004	13.9%	14.5%	10.8%					
Commercial Vacancy Rates					↑	Rates will rise somewhat due to a dramatic increase in supply – especially in retail.		
	Fall '05			Fall '04				
	Fort Collins	Greeley	Loveland	Fort Collins			Greeley	Loveland
Industrial	4.74%	7.05%	2%	4.62%			8.1%	3.37%
Retail	4.94%	5.79%	1.9%	5.36%			4.5%	1.85%
Office	13.41%	20.84%	5%	11.87%			11.8%	5.7%
Sales and Use Tax*					↑	Gradual improvement; improving faster in Loveland and Greeley than in Fort Collins.		
	Fort Collins	Greeley	Loveland	Windsor				
YTD Sept. '05	\$55.39m	\$33.28m	\$22.85m	\$4.28m				
YTD Sept. '04	\$53.62m	\$31.33m	\$21.4m	\$3.41m				
YTD Sept. '03	\$51.33m	\$28.82m	\$19.88m	\$2.75m				

*Represents year's first eight months of receipts; includes taxes collected in January for December's receipts.

Sources: Freddie Mac; cities of Fort Collins, Loveland, Greeley and Evans; town of Windsor; Home Builders Association of Northern Colorado; Realtec Commercial Real Estate Services; Gordon E. Von Stroh; State of Colorado; IRES.