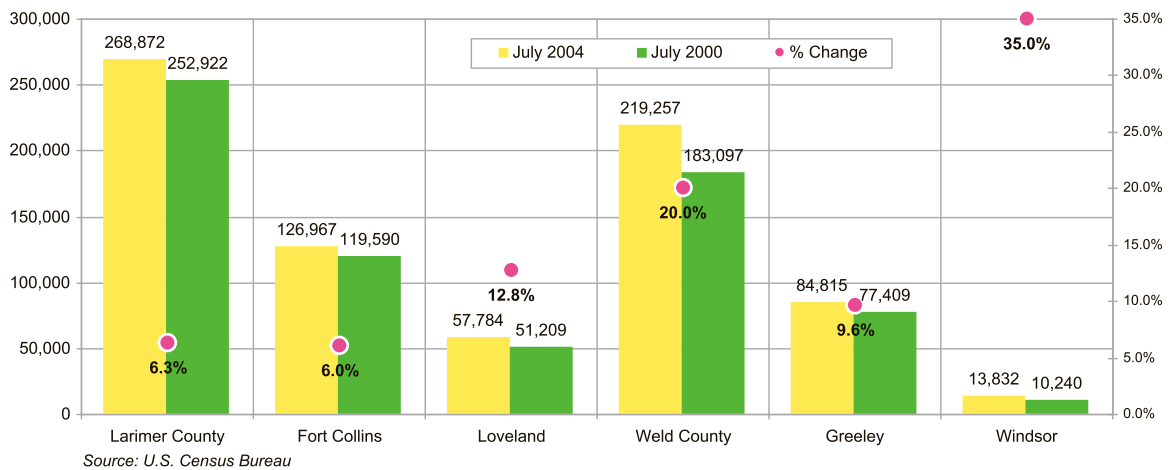


Northern Colorado population closes in on 500,000

As of July 1, 2004, Larimer and Weld counties' combined population reached 488,129 residents, according to the U.S. Census Bureau. Based on growth trends, that number may have exceeded the half-million mark in the last year. If so, Northern Colorado's population is not far behind the city and county of Denver's 556,835 residents as of July 2004. Weld was the 3rd-fastest growing county in the state in the 4-year period. Check out the region's growth from 2000 to 2004:



Economic outlook for Colorado, region improving

Whether it's jobs or economic output, Colorado's economy moved up from the bottom of the pile in 2004, according to economists. The state's gross state product, a measurement of economic output, increased 3.8%, compared with the increase of 4.2% for the nation, according to the U.S. Bureau of Economic Analysis. Colorado has the 21st largest economy, and its rate of growth ranked 30th.

Ernie Goss, an economist with Creighton University, told the *Denver Post* that Colorado has added 22,000 jobs this year and could add another 26,000 by December. That would make it the strongest job growth for the state since 2000. The July employment index, done through the university's Mountain State Index for Colorado, Wyoming and Utah, was 71.7 on a 0-100 range, up from 65.0 the previous month. For July's employment statistics for Northern Colorado and the state, see page 4.

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Real estate by the numbers

- **2,422,800** – The number of Colorado job holders in June – the highest June employment since 2001 and 40,800 more than last year.
- **45,764** – The number of licensed real estate brokers in Colorado – 1 for every 24 households.
- **\$110 million** – The value of new homes built each month in Larimer and Weld counties.
- **5th** – Colorado’s national ranking in foreclosed homes in July, according to Foreclosure.com. Only Texas, Ohio, Michigan and Georgia had more.
- **\$4,000** – The minimum cost of the H-P xw9300 workstation designed in the Fort Collins Hewlett-Packard Co. plant and used to redesign Lance Armstrong’s TTx Trek time-trial bike for his 7th consecutive Tour de France victory.
- **30%** – The percentage of homeowners in the U.S. who have their homes free and clear.
- **\$90 million** – The U.S. record for a home sale. The 40-acre estate on Further Lane in East Hampton, N.Y., has pristine oceanfront land but the main house has only 3 bedrooms and 3 baths. Farther down Further Lane, a Hampton record was set in 2000, when Billy Joel sold his mansion to Jerry Seinfeld for \$23 million.

Call your accountant to find out how new energy bill can help you

What does the recently passed \$14.6 billion energy bill mean for homeowners?

- A 10% income tax credit for energy-efficient home improvements.
- People who buy appliances can claim a tax credit of up to 25% of the appliance’s value if it meets efficiency standards.
- Buyers of fuel cells, alternative fuel and hybrid cars can claim a higher tax credit than they do now.

Economist says housing-bubble threat is ‘overblown’

Brinker Capital chief investment strategist Barker French says the fear of a housing collapse is “overblown.” “There are pockets of excessive valuations, mostly on the East and West coasts, but it is highly unlikely that house prices across the United States would fall in unison or significantly. More likely, prices would stop rising and allow valuations to catch up,” he said.

French noted that delinquency rates for residential real estate, as a percentage of total bank loans, have been falling since 1990, when 3.2% of real estate loans were in default. Between 1995 and 2003, the percentage floated in the 2%-2.4% range. During 2004, the percentage of loans delinquent fell to 1.6%.

How does your kitchen measure up?

According to *USA Today*, the top 5 characteristics of a ‘killer kitchen’ are wood or tile flooring (no vinyl), stainless steel appliances, hardwood cabinets (recommend 42” with knobs/handles), a kitchen island, and granite countertops with full tile backsplash. Research indicates the kitchen is the most important room in the house for more than half of all homebuyers. If you’re a builder, seller or you’re looking to remodel, we recommend you consider these 5 areas of your kitchen.

Windsor development could make significant contribution to regional economy

Great Western Development's plans for 1,543 acres of land in Windsor could result in an undiscounted \$6 billion economic benefit to Colorado over the next decade. The property, previously belonging to or now being bought from Kodak Co., could be home to as much as 8.2 million square feet of industrial space, 1.3 million square feet of retail and offices, as many as 2,000 housing units, nearly 2,000 jobs and about 5,000 residents, according to a study by University of Northern Colorado economics professor Rhonda R. Corman. The development's economic impact to Windsor, now annexing the land, could top \$1.2 billion over 10 years, she said. Great Western, owned by Denver-based Broe Cos., has welcomed a \$120 million Owens-Illinois bottling plant on the property and a \$54 million Front Range Energy ethanol plant is planned. The value of the real estate that may be built on the property could range from \$1 billion to \$1.5 billion in today's dollars.

Big deals around Northern Colorado

- Drake Crossing Retail Center LLC acquired the First National Bank Plaza, on the northwest corner of Taft Hill and West Drake roads in Fort Collins, for approximately \$7.5 million from DTH Shops LLC. Safeway and Walgreens anchor the plaza, which has 3 buildings and covers 56,230 square feet. The deal does not include the Safeway and Walgreens buildings.
- TGS REIT has sold the 328,000-square-foot Outlets at Loveland, along with the Outlets at Castle Rock, to Craig Realty Group of California for \$92.2 million. TGS bought the two malls for \$96 million in December 2002.
- The 3-story office building at 400 E. Horsetooth Road in Fort Collins sold for \$2.15 million in July (a 7.5% capitalization rate). J and R Properties 1 LLC sold the 14,475-square-foot building to Younaszai and Associates LLC of Kentucky. The building is home to tenants Smith Barney, Farmers Insurance, Assist 2 Sell, Gold Suites, Wells Fargo Mortgage, Tier 1 Bank and others.

It's not just the U.S.: Home prices out of control globally

A recent report in *USA Today* showed that our nation isn't the only one experiencing unprecedented increases in home prices, though U.S.-style loans are contributing to the rise. In fact, the increases in some countries may make those in the U.S. almost appear reasonable. Take a look at changes in average home prices globally:

Global perspective in change of average home prices, 1997-2005

South Africa	Ireland	U.K.	Spain	Australia	France	Sweden	Netherlands	U.S.A.
244%	192%	154%	145%	114%	87%	84%	76%	73%
Belgium	Italy	New Zealand	Denmark	Canada	Switzerland	Germany	Japan	Hong Kong
71%	69%	66%	58%	47%	12%	-0.2%	-28%	-43%

Weld entities consider building arena

Officials with the cities of Greeley and Evans, Weld County, Greeley-Evans School District 6, Aims Community College and the University of Northern Colorado are considering whether to fund a \$100,000 study of the viability of an arena they would all support and use, according to the *Greeley Tribune*. The main concern is how to schedule events for each entity to make it worth participating in such a venture.

INSIDER VITAL SIGNS

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.		
Aug. 18, 2005	5.8%							
Aug. 19, 2004	5.81%							
Aug. 21, 2003	6.28%							
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 July '05	2,370	1,732	1,200	345				
YTD July '04	2,517	1,712	1,293	404				
YTD July '03	2,306	1,776	1,125	308				
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 July '05	426	487	389	286				
YTD July '04	604	619	440	273				
YTD July '03	532	532	357	183				
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 July '05	\$252,423	\$192,504	\$256,575	\$304,643				
YTD July '04	\$249,565	\$187,578	\$248,902	\$270,586				
YTD July '03	\$244,468	\$177,786	\$231,580	\$245,413				
Employment					↑	Net jobs will continue to increase (more "hirings" than "firings").		
	Larimer County	Weld County	Colorado					
July 05*	158,118	106,131	2.43m					
June 05	160,323	106,270	2.44m	*Not seasonally adjusted.				
July 04	156,575	103,719	2.41m					
Unemployment					↓	Since 4% is considered full employment, we can drop only a little more.		
	Larimer County	Weld County	Colorado					
July 05*	4.4%	5.1%	5.2%					
June 05	4.4%	5.1%	5.2%	*Not seasonally adjusted.				
July 04	4.4%	5.2%	5.4%					
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.		
	Spring '05			Spring '04				
	Fort Collins	Greeley	Loveland	Fort Collins			Greeley	Loveland
Industrial	4.7%	8.1%	2.4%	6.19%			7.14%	5.61%
Retail	5.12%	4.5%	1.85%	6.57%			8.2%	5.92%
Office	12.33%	10.8%	7.7%	11.13%			10.8%	16.86%
Sales and Use Tax*					↑	Gradual improvement; improving faster in Loveland and Greeley than in Fort Collins.		
	Fort Collins	Greeley	Loveland	Windsor				
YTD July '05	\$42.7m	\$26.4m	\$17.8m	\$3.28m				
YTD July '04	\$41.8m	\$24.7m	\$16.7m	\$2.78m				
YTD July '03	\$39.7m	\$22.4m	\$15.3m	\$2.11m				

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

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