



2nd Quarter 2003 *Housing Market Summary*

Second Quarter - Springboard for the Second Half

*T*he existing housing market showed promise during the 2nd quarter even though there were signs of lingering weaknesses. Most support came from the fact that consumers were no longer distracted by geopolitical events, interest rates hit a 45 year low, the weather was ideal and the drought subsided. Price conscious buyers took advantage of bargains in the upper price ranges, whereas inventory continued to be scarce in the most popular price ranges. Affordability was strengthened not only by low mortgage rates, but by moderate price appreciation. Demand still has not reached the point of matching the first two quarters of 2002, on the other hand some 2nd quarter single family trends were positive while the condominium market was stable. Positive and stable trends in the 2nd quarter will be a springboard for the 3rd and 4th Quarters.

Demand picked up following a dismal first quarter. Yes, single family sales were off as much as 10% for the first half, but not as bad as the 12.7% slippage in the first quarter. Meanwhile, the condominium sector, too, showed improvement by being off 14.6%, but not as troublesome as a minus 17% the first three months. Seasonally adjusted sales showed strength moving from 38,400 annual sales in March to June's 48,700 annual sales. Increased sales during the 2nd quarter were mainly a result of confident buyers finding more homes competitively priced in the upper ranges.

Inventory, measured by the months supply, a ratio between the sales rate and the number of homes on the market, was higher in comparison to 2002 year-to-date. With less demand albeit picking up in both markets, months supply reached seven months up from about five months last year. Despite this rise in the number of homes on the market,

months supply still remained below the healthy 6 month equilibrium in the most popular price ranges below \$300,000.

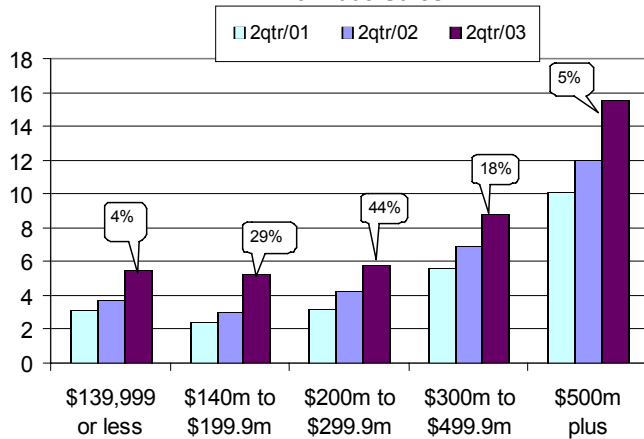
Overall, Denver's existing housing market remained a positive investment for the consumer during the first half of 2003. Appreciation remained positive in both sectors. More pressure was placed on the single family year-to-date median values because there has been more sales activity in the upper price ranges. On the other hand, in the condominium market where there have been fewer upper end sales and most activity below \$300,000, the appreciation rate rested at 4%.

It was a perfect time to buy a home. Mortgage rates during the first six months were at the lowest level in 45 years. For the first six months, Denver Housing Affordability Index at 139 was the highest since 1998 for a buyer seeking a conventional 30-year fixed mortgage. For an entry-level purchaser, the affordable ratio was 13% over last year at 106. Again, a benefit for the first-time home buyer seeking a home priced \$191,000.

Positive and stable trends in the Denver existing housing market during 2nd quarter were encouraging, and promise to be the momentum for the second half. Affordability is predicted to remain a driving factor in the 3rd and 4th quarters although some housing observers expect the mortgage rates to move upward. Early forecasts foresee rates to reach 6.5% by year-end. Cost sensitive buyers and those who have been sitting on the sidelines will be watching signs of upward rate movements during the remaining months. If rates increase more buyers may be invigorated, there will be greater demand and reduction of months supply during the 3rd and 4th quarters.

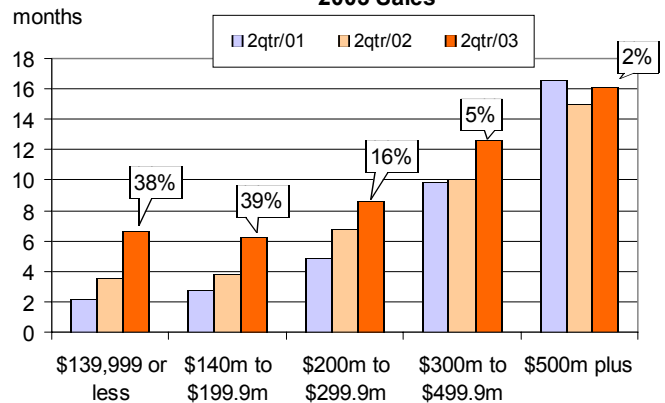
Singly Family Graphs

2nd Qtr. Single Family Month's Supply & Percentage of 2003 Sales



Condominium Graphs

2nd Qtr. Condo Month's Supply & Percentage of 2003 Sales



JUNE 2003 YTD Single Family

Description	2003	2002	Percentage Change	Trends
Sales	16,357	18,165	-10.0	
Average Price	\$271,686	\$265,693	2.3	U
Median Price	\$226,000	\$219,900	2.8	U
\$ Volume (000)	\$4,443,976	\$4,826,307	-7.9	
Inventory (av)	18,463	14,422	28.0	U
Affordability	138.8	124.4	11.6	U
Entry Level	105.8	93.3	13.4	U

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JUNE 2003 YTD Condominium

Description	2003	2002	Percentage Change	Trends
Sales	5,172	6,059	-14.6	
Average Price	\$177,417	\$170,971	3.8	U
Median Price	\$153,000	\$147,000	4.1	U
\$ Volume (000)	\$917,601	\$1,035,914	-11.4	
Inventory (av)	6,284	4,564	37.7	U

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