



2nd Quarter 2004

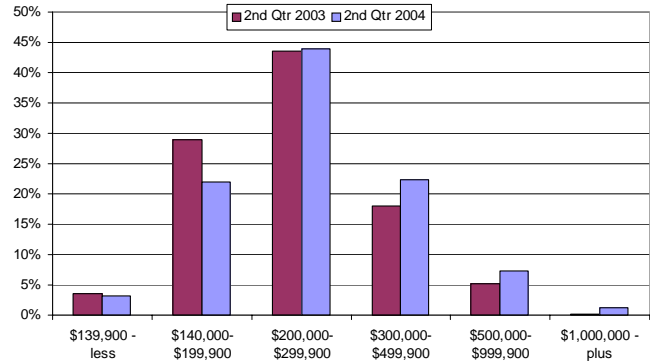
Housing Market Summary

Continued Strength – Continued Strength – Continued Strength

What is beginning to sound like a broken record, the existing housing market once again had a very impressive quarter. While the metro area continues to lag the Nation as a whole in its economic recovery in terms of job growth, you would never know it by looking at the housing sector. Although there continue to be some great bargains in the upper price ranges, inventory remained in short supply in the lower price ranges. In addition, homes for the month of June were sold, on average, in 71 days compared with 82 days one year ago.

Sales: As we all remember, sales during the first half of 2003 were a bit tepid, due in large part to a dismal first quarter performance where sales dipped 12.7%. Therefore, it should come as no surprise that sales during

Denver Single Family Demand (% of homes sold in each price range)



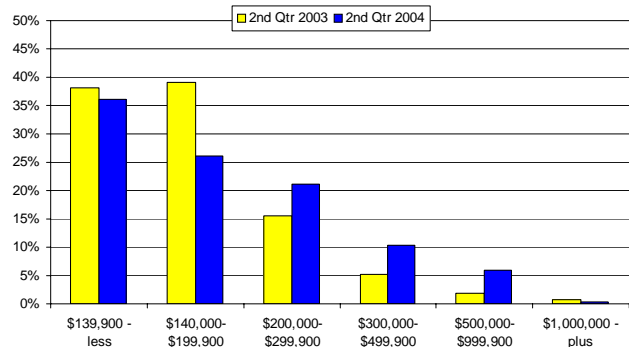
Single Family						
Description	April	May	June	YTD 2004	YTD 2003	% Change
Active	19,190	19,897	20,315	20,315	19,644	3.4%
Sales	3,968	3,806	4,057	19,295	16,240	18.8%
Average Price	\$284,225	\$293,626	\$293,566	\$286,314	\$271,686	5.4%
Median Price	\$231,000	\$239,000	\$243,000	\$234,000	\$226,000	3.5%
Dollar Volume (000)	\$1,127,805	\$1,117,541	\$1,190,997	\$5,524,429	\$4,412,181	25.2%

the first half of 2004 were up 18% from one year ago. However, after looking back to 2002, when 18,165 homes were sold during the first half of the year, the 19,295 sales during the first half of 2004 lends support to just how good the first half of 2004 really was.

Unfortunately for the condominium market, although sales were over six percent higher from a year ago, sales are off nearly ten percent from 2002.

Supply: Supply is measured by the number of homes on the market divided by the number of sales. Typically, six months is considered by most industry experts to be market equilibrium. By those standards, all homes in the metro area less than \$500,000 appear to have a harmonious balance between buyers and sellers. On the other hand, for homes above \$500,000, there are more homes on the market (supply) than buyers (demand) and, in particular, for homes above \$1,000,000.

Denver Condominium Demand (% of condos sold in each price range)



Condominiums continued to languish behind the single family market in all price ranges, as the average month's supply increased by three-tenths of one percent to 7.6%, from one year ago.

Pricing: Once again, the metro area housing market shrugged off any notion of an anticipated housing bust, as the median home price (the middle price in a series of sales) was \$15,000 higher in June than one year ago. In addition, the average sales price increased by over five percent from a year ago and nearly eight percent from two years ago.

On the condominium side, the median price dipped 2.4%

from May to June; however, it still remained nearly \$3,000 higher than this time last year. The average sales price for the year came in at \$181,529, a 2.3% increase from 2003, and a 6.1% increase over 2002.

Interest rates appear to be heading north. While price conscious buyers may have missed their window of opportunity to lock in rates at 40 year lows, rates continue to remain attractive. As a result, many of these "fence sitters" will likely be motivated to act, and therefore continue to apply downward pressure on the months of supply for the remainder of the year. However, if interest rates rise unexpectedly, the metro areas' jobless recovery could be in for a jolt.

Condominium						
Description	April	May	June	YTD 2004	YTD 2003	% Change
Active	7,394	7,613	7,728	7,728	6,889	12.2%
Sales	1,150	1,036	1,107	5,492	5,128	7.1%
Average Price	\$183,055	\$182,961	\$178,073	\$181,529	\$177,417	2.3%
Median Price	\$157,900	\$158,750	\$155,000	\$157,326	\$153,000	2.8%
Dollar Volume (000)	\$210,513	\$189,548	\$197,127	\$996,957	\$909,794	9.6%

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