



HOUSING SNAPSHOT

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“Vacancy rates have tracked fairly closely with unemployment rates since at least 2000.”

MULTIFAMILY VACANCIES FALL IN 3RD QUARTER

During the third quarter, the Colorado statewide apartment vacancy rate fell to 7.4 percent from the second quarter's rate of 9.1 percent. But the vacancy rate remained above 2008's third quarter rate of 6.6 percent.

According to the Division's statewide vacancy and rent survey, only Colorado Springs and Sterling, out of 22 cities and towns surveyed, reported fewer vacancies during the third quarter of this year than during the same

period last year.

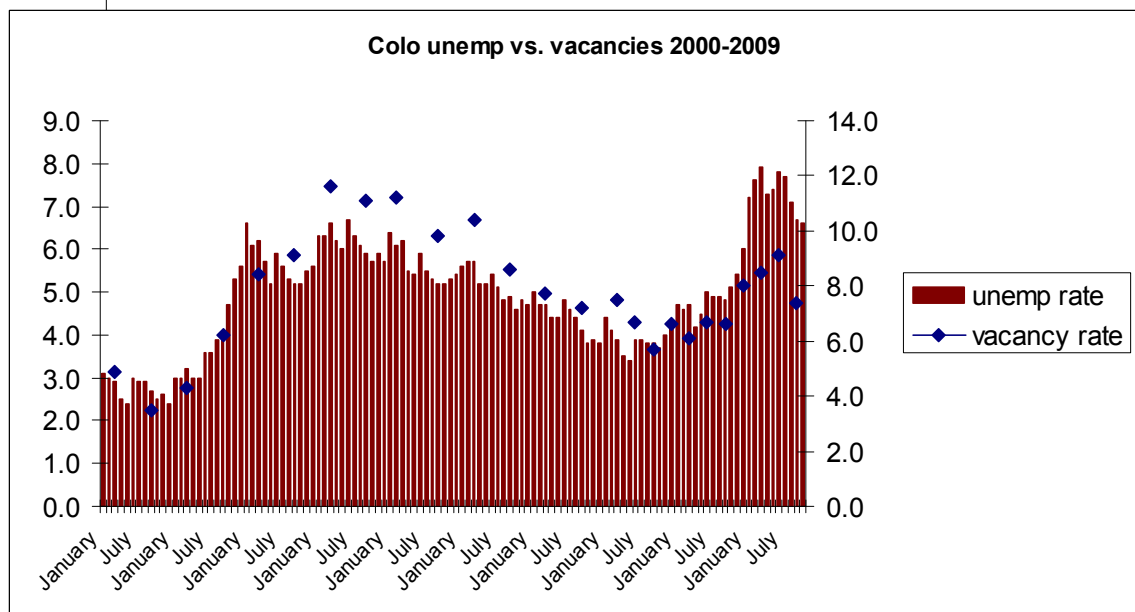
Among large metropolitan areas, Fort Collins and Loveland reported the lowest vacancy rates at 5.9 percent and 4.3 percent respectively. All other metro areas measured in the survey reported vacancy rates above 7 percent. Pueblo and Grand Junction reported the largest increases from the third quarter of last year to the third quarter of this year.

In Pueblo, rates rose from 6.8 percent to 12

percent year over year, while they rose from 2.4 percent to 7.5 percent in Grand Junction during the same period. Third quarter vacancies in the metro Denver area, measured in a separate survey, were at 7.4 percent.

Unemployment remains a factor in the apartment market. As shown in the graphic below, vacancy rates have tracked fairly closely with unemployment rates since at least 2000.

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COMPLETED FORECLOSURES AND HOME PRICES STABILIZE

Completed foreclosures in Colorado remained largely flat at 1,512 during November. There were 1,518 completed foreclosures during Oc-

tober of 2009, and there were 1,520 during November of 2008.

As the graphic above shows, overall totals in completed foreclosures are down slightly from overall totals in 2008. It

is expected that 2009 totals for completed foreclosures will be equal to or slightly less than 2008 totals, possibly leading to a second year of falling totals in completed foreclosures since 2007. Completed foreclosures estimates the number of foreclosures that lead to sales at auction and eviction of the homeowner.

Home prices continue to stabilize across Colorado, underscoring recent declines in completed foreclosures. According to the S&P 500's Case-Shiller Home Price index for October, Denver showed the best performance of all cities in the 20-city index. Denver home prices declined by 0.1% from October 2008 to October 2009.

By contrast, prices in Los Angeles fell by 6.3% and prices in Phoenix fell by 18.1%.

Prices have also stabilized according to the Federal Housing and Finance Agency which tracks prices in 5 metropolitan areas of the state. Year-over year third quarter percent changes were:

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“New foreclosure filing activity has increased in 2009 over 2008, and totals in new filings are expected to exceed the peak totals reported during 2007 and 2008.”

VACANCIES OFTEN FOLLOW EMPLOYMENT

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As unemployment grew during the Colorado recession of 2002-2003, vacancies climbed significantly, peaking statewide at 11.6 percent and then fell as unemployment fell during the middle of the decade. In

recent quarters, vacancies have generally increased since 2007 when the Colorado economy began to soften, reaching a short-term peak during the second quarter of 2009.

Unemployment peaked at the same time in

Colorado, hitting 7.8 percent in June of this year and falling to 6.6 percent by October. Vacancies have fallen as unemployment has fallen this year, but overall vacancies remains above 2007 and 2008 levels.

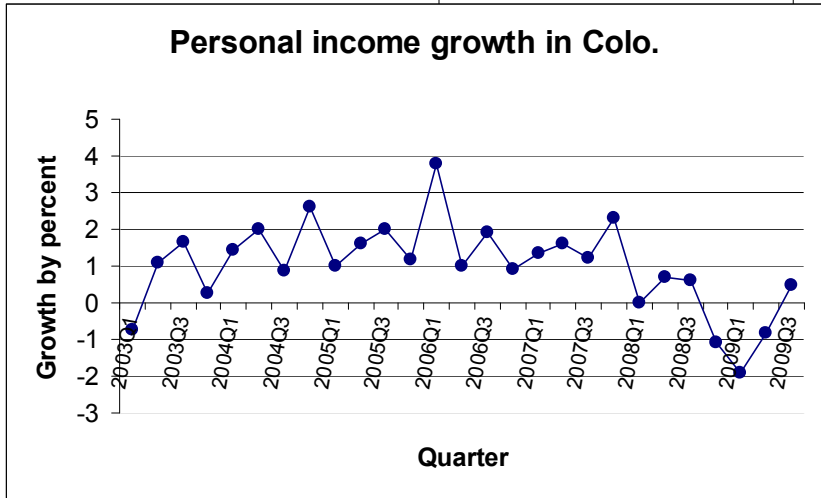


COLORADO'S PERSONAL INCOME GROWTH TURNS POSITIVE IN 3RD QUARTER

After a significant drop following the 3rd quarter of 2008, personal income growth in the United States has slipped into positive territory. November data shows an increase of 0.4 percent in personal income in the United States.

Nationwide, personal income increased \$49.7 billion in November according to the Bureau of Economic Analysis.

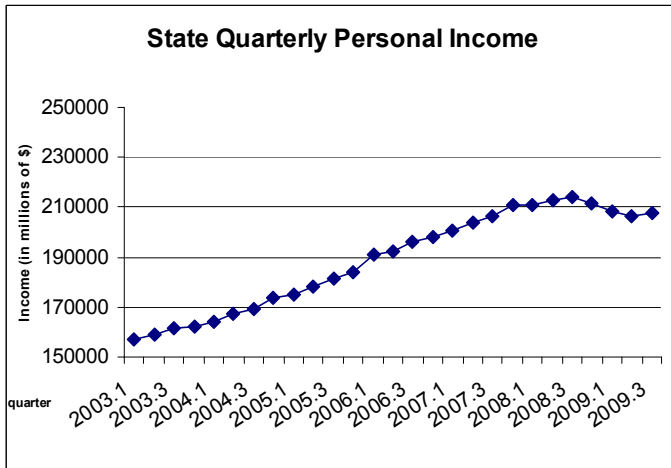
quarterly. Colorado data for the third quarter, released December 17, showed an increase of 0.46 percent. Personal income fell following the 3rd quarter of 2008, dropping almost 2 percent during the first quarter of 2009. The chart at right shows recent trends in the state.



While national data is released monthly, State-by-state data is released

Comparing the third quarter year-over-year, total income in Colorado has

fallen approximately 2.8 percent from \$213 billion to \$207 billion.



Personal income growth is not adjusted for inflation by the BEA for this report.

Total personal income in Colorado is now roughly equal with totals reported during the third quarter of 2007 when total income was \$206 billion.

UNEMPLOYMENT RISES IN NOVEMBER

Job creation is an important factor in driving housing demand in Colorado. Colorado's unemployment rate in November rose slightly to 6.7 percent, up from October's rate of 6.6 percent. During November of 2008, the unemployment rate was 5.4 percent.

Among metropolitan areas, the highest unemployment rates were found in Grand Junction and Greeley with unemployment rates of 8.0 and 7.7 percent respectively. The lowest rates were found in the Denver-Aurora-Boulder area and the Fort Collins-Loveland area with rates

of 6.7 and 5.7 percent respectively.

Total employment continued to fall, however, so the fall in the unemployment rate was driven by a shrinking labor force, and not by net job growth.

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Department of Local Affairs



Strengthening Colorado Communities

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Divisionofhousing.blogspot.com

The mission of the Colorado Division of Housing is to ensure that Coloradans live in safe, decent and affordable housing by helping communities meet their housing goals..

Online data mentioned in this issue:

Personal income data:

<http://www.bea.gov/regional/index.htm>

CAR Home Price Data:

http://coloradorealtors.com/car_resources_main.asp?section=&module_id=1012

Vacancy and rent data:

<http://dola.colorado.gov/cdh/researchers/index.htm#vacancy>

FHFA housing index: <http://www.fhfa.gov/Default.aspx?Page=14>

HOMEOWNERSHIP MARKET STABILIZES, RE-SALE PRICES MIXED

Continued from page 2

Colorado Springs: -1.97
Denver-Aurora: -1.19
Ft Collins-Loveland: -1.15
Greeley: -0.94
Grand Junction: -6.69
Pueblo: +1.64

Data on home re-sale activity has been mixed.

According to the Colorado Association of REALTORS, November's statewide single-family median price fell 8% year-over-year from \$220,119 to \$203,571. In metro Denver, the median price increased 13 percent from \$195,500 to \$220,656 during the same period. Among metropolitan ar-

reas with more than 100 transactions, the largest fall in home prices was found in Grand Junction where November median prices fell 10.2 percent year-over-year. Prices in the Pikes peak region were flat at \$188,000 for the same period.

Statewide, the number of single-family transactions from November 2008 to November 2009 increased 23 percent, and in metro Denver, transactions increased 17 percent.

MLS data only counts home sales listed by REALTORS and does not include for-sale-by-owner sales or homes sold directly by developers to customers.

