



Real Estate Market Commentary
November 2009

Overview

Favorable trends that have been developing throughout the year continued in November with a reduction in inventory and an increase in sales activity over YTD averages; precisely what is needed to achieve a more balanced housing market and ultimately, a recovery. Exactly when that may be expected is further addressed below.

For the overall market (Aspen to Parachute), there were 135 residential units added to inventory in November versus 175 last month and a YTD monthly average of 210 units per month. Total outstanding residential inventory declined 11% from 1,962 units to 1,751. While a reduction in inventory is not particularly noteworthy at this time of year, growth in sales activity certainly is. The statistics indicate there were 64 sold units for the month, which was the same as last month, each representing monthly highs for the year and an impressive 39% increase over the YTD average. While the activity figures in and of themselves are admittedly modest, the trend lines are clearly encouraging. What I believe to be one of the key leading indicators, the listings-to-sales ratio, reflected the improved balance declining from 2.73 listings per sale last month to 2.11:1 in November. The YTD average is over 5 to 1. The overall market absorption rate stands at 27 months, also the best posting for the year and continuing the decline that has been essentially continuous since January.

Results for the month in the western municipalities (New Castle to Parachute) reflected much of the same in terms of trend lines, though slightly less balanced at 2.65 listings per sale in November versus 3.18 last month and a 5.24 YTD average. The absorption rate at just over 20 months was slightly more favorable than the overall market and reflects significant improvement over the YTD average of 37 months.

Outlook

We've witnessed dramatic improvement in market balance since January, largely as a result of improving sales activity. That trend will need to continue to improve and at an accelerated pace as we look to the Spring market of 2010 during which new added inventory levels are likely to increase, driven in part by "wanna be" sellers of the past two years who have waited for improving conditions in order to list/relist their homes for sale. Compression of the list-to-sales ratio is likely to occur from this point for a period of time as a result. For those unfamiliar with the term, compression might best be described as increased resistance to the degree of change at a given point. We witnessed this during the post 911 housing slump when the list-to-sales ratio improved for a period of time but then remained stubbornly steady around 2.5:1 for what seemed like an eternity. Using a golfer's handicap as an analogy for the concept of compression, it's far easier for a new

player to improve from, say a 40 handicap to a 20 handicap, than it is to get from 20 to 10. In housing terms, I'd estimate that we are now around the 20 handicap mark.

Summary

While it's far too early to declare the crises over, clearly progress is being made. In order to achieve true market balance, total outstanding inventory levels must be reduced and that is likely to occur only with a continued and substantial increase in sales. As long as the supply of homes for sale remains large, potential buyers will see no urgency to act and when they do, they're offers will continue to reflect the dominance that buyers currently enjoy. On the upside, there has been virtually no new construction added to the local market during the past two years and it is unlikely that any appreciable amount will be added until a clear and sustained economic recovery is well established. *When* that occurs, there will be significant pressure on existing inventory due to the time required to make new construction units available for occupancy and during times such as those, shifts in the market balance between buyers and sellers tend to occur quite abruptly. While that may be a ways off from the point at which we are currently at, we are clearly much closer to it than before and we are witnessing the natural sequence of events that must first occur in order for it to happen. I believe that's called progress.

The opinions expressed are strictly those of the author. The information and opinions provided are not to be construed as investment advice and no representations or warranties are made as to the accuracy or reliability of information provided.



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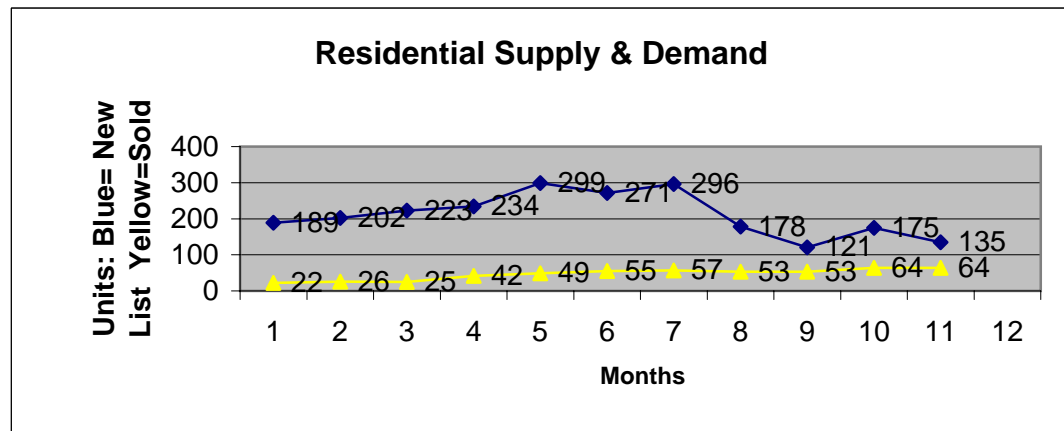
2009 Market Absorption - **ALL RESIDENTIAL PROPERTIES** in **Glenwood Springs/Aspen MLS** (Includes municipalities from Aspen to Parachute)
 (Excludes Out of Area properties, fractional interests and modulars)

	New Inventory		Sold		Ratio of New Listings to Sold		Total Month-end Inventory		Total Inventory under \$400,000		Absorption Rate (in Mo's)	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Jan	189	215	22	92	8.59:1	2.34:1	1611	1264	382	266	73.23	13.74
Feb	202	217	26	102	7.77:1	2.13:1	1786	1389	369	316	68.69	13.62
Mar	223	247	25	89	8.92:1	2.78:1	1671	1533	435	350	66.84	17.22
Apr	234	316	42	99	5.57:1	3.19:1	2009	1735	508	366	47.83	17.53
May	288	288	49	123	5.88:1	2.34:1	2075	1705	554	394	42.35	13.86
June	271	382	55	141	4.93:1	2.71:1	2239	1884	599	411	40.71	13.36
July	296	293	57	108	5.19:1	2.71:1	2304	1995	620	431	40.42	18.47
Aug	178	190	53	98	3.36:1	1.94:1	2214	1972	595	416	41.77	20.12
Sept	121	153	53	91	2.28:1	1.68:1	2109	1866	578	391	39.79	20.51
Oct	175	166	64	76	2.73:1	2.18:1	1962	1829	540	396	30.66	24.07
Nov	135	161	64	51	2.11:1	3.16:1	1751	1740	476	351	27.36	34.12
Dec		202		34		5.94:1		1754		335		51.59
YTD Avg	210	239	46	97	5.21:1	2.47:1	1976	1719	514	372	47.24	18.78
YTD Sum	2312	2628	510	1070								

Nov	Listings	Sold
Nov 1-8	28	19
9-16	40	8
17-23	39	20
24-30	28	17
Total	135	64

List to sold ratio: **2.11**

For informational purposes only.
 The accuracy of data shown is deemed to be reliable but is not guaranteed.
 Source: FlexMLS





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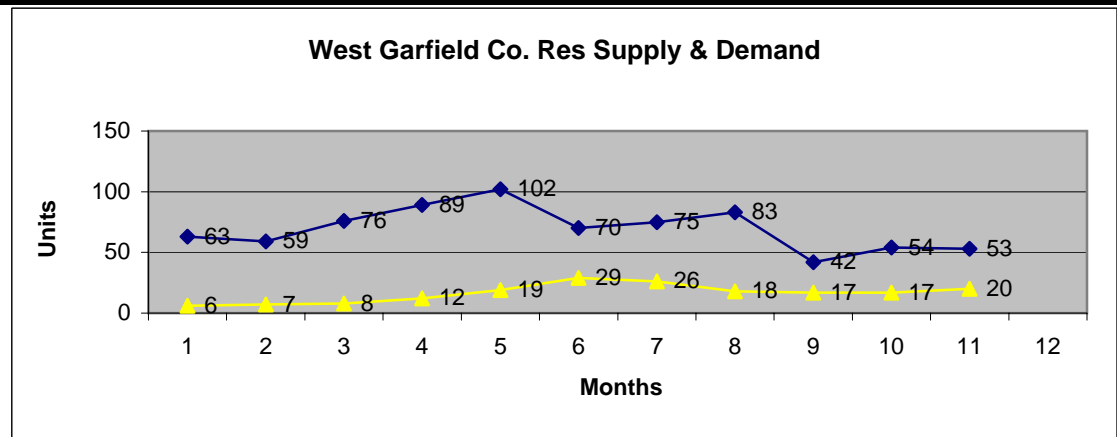
2009 Market Absorption - **RESIDENTIAL PROPERTIES** in **Western Garfield County**
 Includes the municipalities of New Castle/Silt/Rifle/Parachute/Battlement Mesa
 (Excludes fractional interests and modulars)

	New Inventory		Sold		Ratio of New Listings to Sold		Total Month-end Inventory		Total Inventory under \$400,000		Absorption Rate (in Mo's)	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Jan	63	106	6	46	10.50:1	2.30:1	421	367	291	230	70.17	7.98
Feb	59	90	7	42	8.43:1	2.14:1	406	407	286	277	58.00	9.69
Mar	76	85	8	43	9.50:1	1.98:1	439	444	322	300	54.88	10.33
Apr	89	126	12	43	7.42:1	2.93:1	527	479	380	317	43.92	11.14
May	102	133	19	52	5.37:1	2.56:1	552	525	412	350	29.05	10.10
June	70	112	29	37	2.41:1	3.03:1	561	542	431	357	19.34	14.65
July	75	92	26	57	2.88:1	1.61:1	562	554	432	368	21.62	9.72
Aug	46	59	16	44	2.88:1	1.34:1	532	539	408	355	33.25	12.25
Sept	42	51	17	30	2.47:1	1.70:1	513	508	392	328	30.18	16.93
Oct	54	56	17	29	3.18:1	1.93:1	468	485	349	320	27.53	16.72
Nov	53	34	20	26	2.65:1	1.31:1	409	416	308	276	20.45	16.00
Dec		64		19		3.37:1		392		262		20.63
YTD Avg	66	86	16	41	5.24:1	2.08:1	490	479	365	316	37.13	12.32
YTD Sum	729	944	177	449								

Nov	Listings	Sold
Nov 1-8	7	5
9-16	16	2
17-23	23	10
24-30	7	3
Total	53	20

List to sold ratio: **2.65**

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Residential Real Estate Absorption

	Total Market - Aspen to Parachute		Western Garfield Municipalities	
	<u>New Inventory</u>	<u>Sold</u>	<u>New Inventory</u>	<u>Sold</u>
Jan	189	22	63	6
Feb	202	26	59	7
Mar	223	25	76	8
Apr	234	42	89	12
May	299	49	102	19
Jun	271	55	70	29
Jul	296	57	75	26
Aug	178	53	83	18
Sep	121	53	42	17
Oct	175	64	54	17
Nov	135	64	53	20
Dec				

