



THE GENESIS GROUP



**GARFIELD COUNTY
COMPETITIVE HOUSING STUDY
MID-YEAR 2006**

**Prepared For:
Builders, Developers, Investors,**

October 31, 2006

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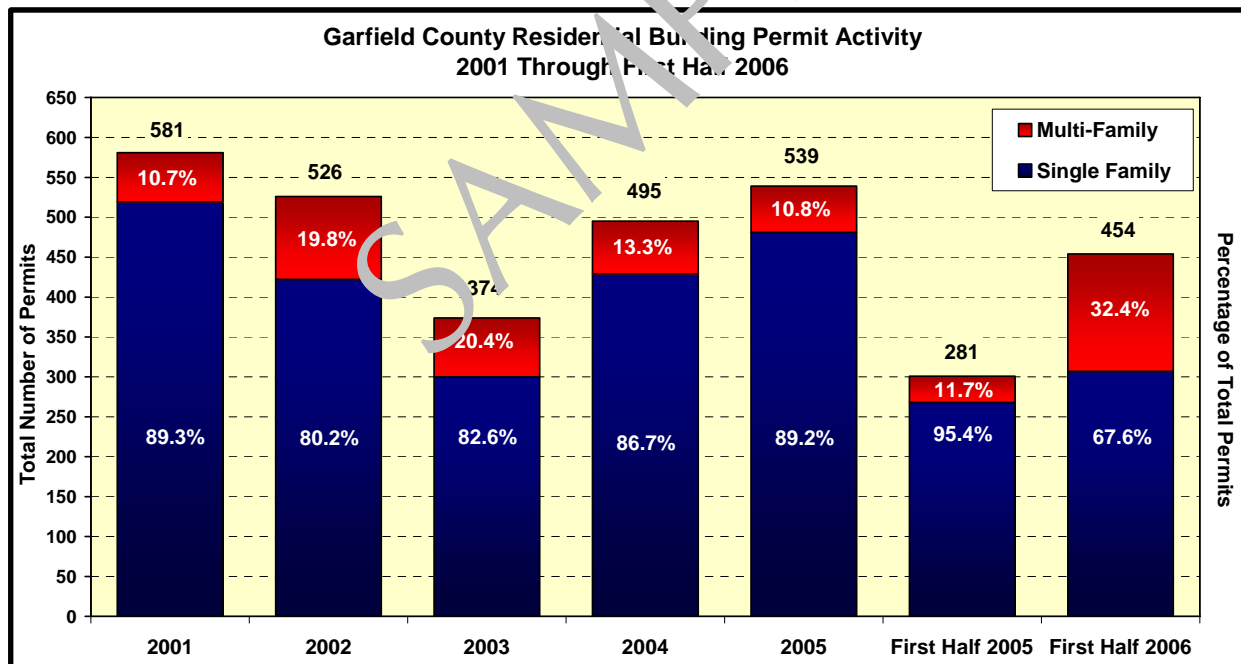
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Residential Building Permit Activity

Permit Activity

- Residential permits during the first half of 2006 were 62 percent above the first half of 2005, increasing from 281 to 454. The total amount of residential permits issued in the first half of 2006 is only 16 percent less than the total 539 permits issued during the entire year of 2005. For the past five year period, about 60 percent of the total annual permits have been issued in the first half of each year.
- The most residential permits issued in a year since 1995 was 581, occurring in 2001. Annual permits declined in 2002 and 2003 to the lowest since 1995, at 374 in 2003. From 2003 through 2005, permit activity increased 44 percent, nearly returning to 2001 levels. Residential permits issued during 2006 are on track to reach a 10-year high. Much of this increase is due to permits issued for several large multi-family projects.
- Single family permits continue to represent the bulk of housing permits issued in Garfield County. From 2001 through 2005, single family permits represented an average of 86 percent of total residential permits pulled in any given year. During the first half of 2006, about 68 percent of permits issued are single family and 32 percent are multifamily. The change in ratio of single family versus multi-family permits during the first half of 2006 is due to the increase in permits for several large multi-family projects.

Exhibit 1

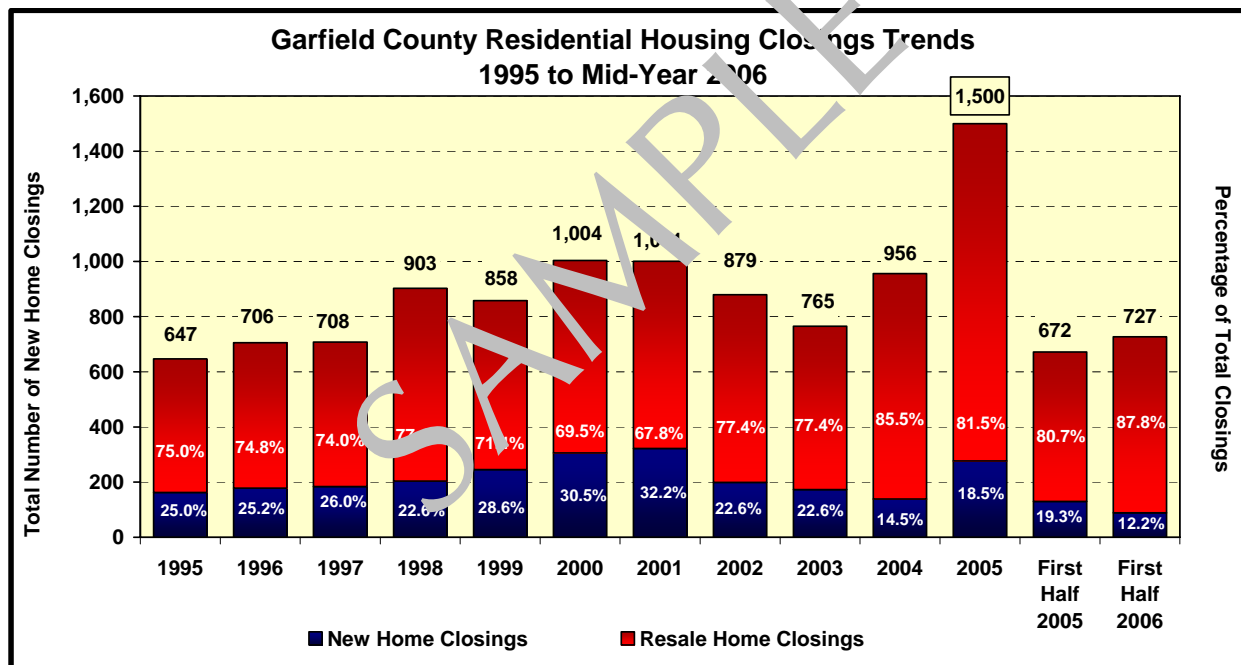


Source: Garfield County Building Department

New versus Resale Housing

- Total home closings in Garfield County remained fairly stable from 1995 through 2002, averaging 840 closings per year. There was a slight 13 percent reduction in closings from 2002 to 2003 but total closings increased to 956 closings in 2004. In 2005 total closings soared to 1,500, practically doubling the previous 10 year average. Closings were evenly split between the first and second halves of the year in 2005.
- There were 672 total closings in the first half of 2005, compared to 727 during the first half of 2006, an increase of 8 percent.
- In Garfield County, resale housing accounted for an average of 72 percent of total home closing activity in the years from 1995 through 2001; however, the percentage of resale closings has trended upward since 2001, accounting for 77 percent of total closings in 2002, 77 percent in 2003, 86 percent in 2004 and 82 percent in 2005. During the first half of 2006, resale housing accounted for almost 88 percent of total closings. During 2005 and 2006 there was a large amount of closing activity for resale detached homes priced over \$600,000.

Exhibit 8

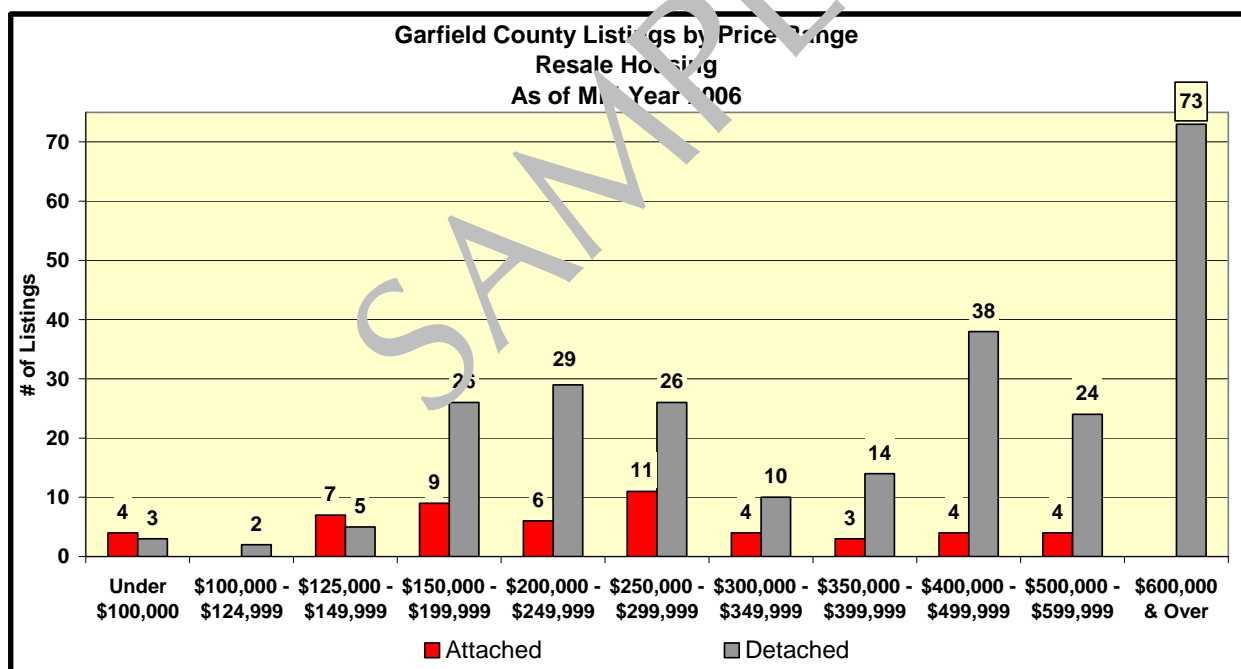


Sources: Garfield County Public Records, The Genesis Group

Resale Housing

- Compared to Mid-Year 2005, total resale listing volume is down 25 percent at Mid-Year 2006, from 401 to 302 existing homes listed for sale.
- Of the 401 existing homes listed for sale in Garfield County at Mid-Year 2005, 61 were attached homes and 340 were detached homes. This compares to 52 attached and 250 detached at Mid-Year 2006.
- This reduction from the previous reporting period supports the recent claims of some Western Colorado real estate brokers stating “an inventory shortage is beginning to occur in some areas, especially where there is energy development such as Rifle and Parachute”. Mid-Year 2004, there were 602 existing homes listed for sale.
- The \$150,000 to \$300,000 price ranges captured the greatest amount of resale attached listings at Mid-Year 2006, accounting for 50 percent of the total attached existing homes.
- The \$600,000 and over price range accounts for the largest share of detached resale listings with 73 listings, or almost 30 percent. The combined price ranges between \$150,000 and \$300,000 account for 32 percent of the detached resale listings. The \$400,000 to \$500,000 price range is well represented with 38 listings, or 15 percent.

Exhibit 30



Sources: Garfield County MLS, The Genesis Group



CLEVELAND PLACE COTTAGES – SINGLE FAMILY DETACHED HOMES

Address/Location	Cleveland Place and North Eighth Street in Carbondale	
Builder	Prince Street Construction	
Developer	211 Eighth LLC	
Number of For-Sale Units	15	
Open Date	October 1, 2005	
Total Sales / Sales per Month	14	1.20 sales/month
Size	1,584 square feet (All the same)	1,584 square feet
Base Price	\$300,000 to \$329,000	\$325,000 average
Price per Square Foot	\$205 to \$207	\$206 average
Home Owner Association Dues	\$50/mo.	
HOA Inclusions	Front yard maintenance and exterior maintenance	
Amenities	None noted. Near Carbondale town center.	
Parking	Each unit has an attached 1-car garage	
Buyer Profile	<p>Sales states that local buyers are sought, as pricing was focused on the Glenwood Springs and Carbondale rate, where there has been a need for affordable new housing for local residents.</p> <p>Audited September 2006</p>	
	<p>Project Comments:</p> <p>The project is a mixture of 15 single family detached and 16 single family attached units. Two units are under construction to be used as spec homes and encourage presales. The units all have single, front-load attached one-car garages. In addition, all models have unfinished basements that average 600 square feet. Pricing is very competitive for the area, as the current average resale price in Carbondale is near \$500,000. From sales opening, October 2005, through late Spring 2006, the monthly sales rate averaged 2.01 units. Monthly sales rates have dropped as the project nears completion.</p>	