STRATEGIC RESEARCH

The Pueblo Housing Market 2008 - 2010

prepared for

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Data → Reasoning → Conclusions

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INTRODUCTION AND FINDINGS

INTRODUCTION

This is the 16th consecutive year that we have compiled detailed data and published a report on the Pueblo metro area housing market. The analysis is designed to give insight into current market trends and to draw some conclusions about where the market is likely to go in 2008-2010.

For our study we conducted interviews with people knowledgeable about the local housing industry. We also compiled a large amount of published statistical data, including employment, housing production, listing of resale homes and home sales from a number of private and public sector sources.

In addition to the published data we also conducted a builder survey in January 2008. Data collected in the survey included 2007 production and sales, year-end unsold inventory and construction activity, past and expected future price increases, expected production for 2008, and buyer demographics. The builder survey covered 20 builders who accounted for about 38% of the builder generated single family permit activity in 2007.

Manufactured Housing Footnote: At the end of the 1990s manufactured homes were a relatively big player in the Pueblo new home market. Since then, they have declined. The Pueblo Regional Building Department issued permits for manufactured homes in the Pueblo MSA: 2007 – 31, 2006 - 45, 2005 - 56, 2004 - 80, 2003 - 112, 2002 - 254, 2001 - 287. This report does not include manufactured housing in the data or analysis.

Summary

The Pueblo housing market had a very slow year in 2007. New for-sale home production totaled 665 permits for the year, a drop of 44%. The resale housing market also saw slower sales with 2,284 for the year, down 17%.

Historically low mortgage rates, the availability of creative mortgage instruments and relaxed lending standards pulled many buyers into the market in 2004 - 2006.

The Pueblo housing market paid the price in 2007 for creating new buyers and borrowing buyers from the future. The buyer pool for new homes shrunk by about half.

On the up-side, in spite of a slow housing market, job growth totaled 2,210 in 2007, a gain of 3.3%. Surprisingly, employment growth last year was almost three times as high as it was in 2004, a strong year for housing.

Builders responded to the slowdown in buyer traffic by dramatically cutting back on spec building. As a result, there is not a huge excess supply of unsold inventory, except at the upper end of the market.

Our forecasts for 2008 - 2010 show that these same market factors that made for a slow 2007 are expected to create a slow market in 2008, with some improvement expected in 2009 and 2010.

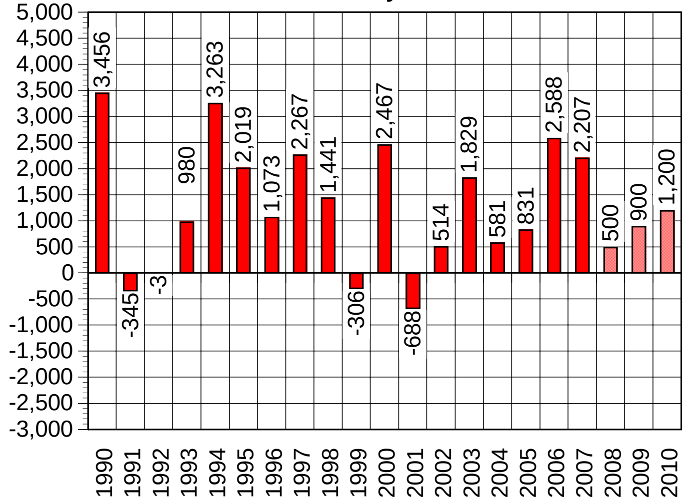
Our forecasts for 2008 – 2010 are as follows:

- Mortgage rates: 2008, 6.1%; 2009, 6.2%; 2010, 6.7%
- Net migration: 2008, 600; 2009, 800; 2010, 1300
- Job growth: 2008, 500; 2009, 900; 2010, 1200
- New single family homes: 2008, 550; 2009, 750; 2010, 1000

We conclude that the market for new single family housing in Pueblo is in for a slow-go over the next several of years.

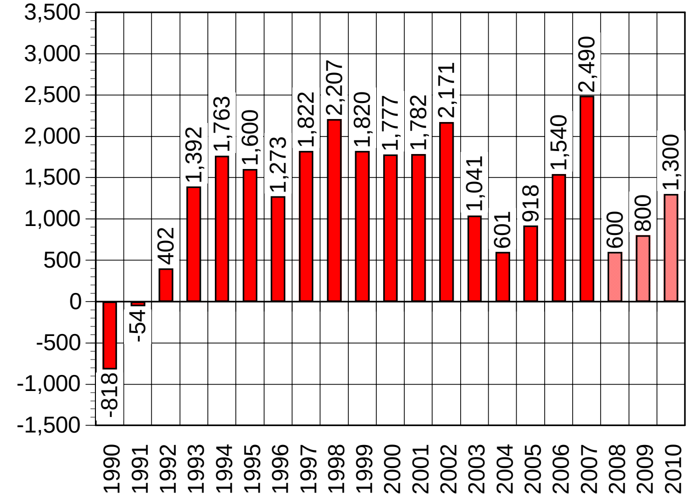
The down-side risks to our Pueblo housing market forecast include (1) the US economy tipping into a severe recession and (2) greater melt-down of mortgage financing industry. While it is not clear if the US economy is in, or near a recession, most all of the national economic indicators signal a dramatic slowdown in activity. In addition, many economists fear that the sub-prime mortgage problem is likely to get worse, before it gets better. Time will tell if these risks to the forecasts play out.

Job Growth
Pueblo County, 1990 - 2010



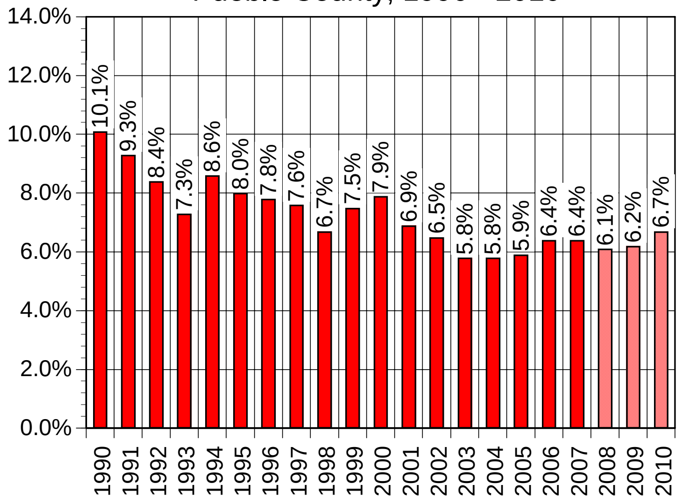
Source: Colorado Department of Labor and Employment and David Bamberger & Associates.

Net Migration
Pueblo County, 1990 - 2010



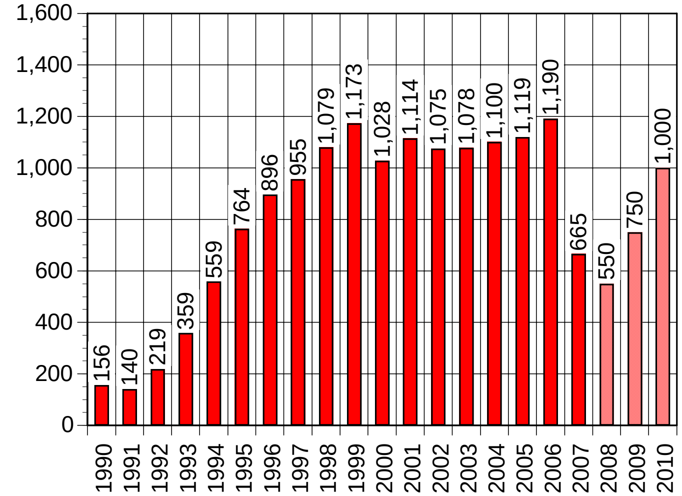
Source: Colorado State Demographer and David Bamberger & Associates.

30-Year Fixed Mortgage Rates (No Points)
Pueblo County, 1990 - 2010



Source: Federal Reserve Bank, various mortgage companies and David Bamberger & Associates.

New Single Family For-Sale Housing Unit Construction
Pueblo County, 1990 - 2010

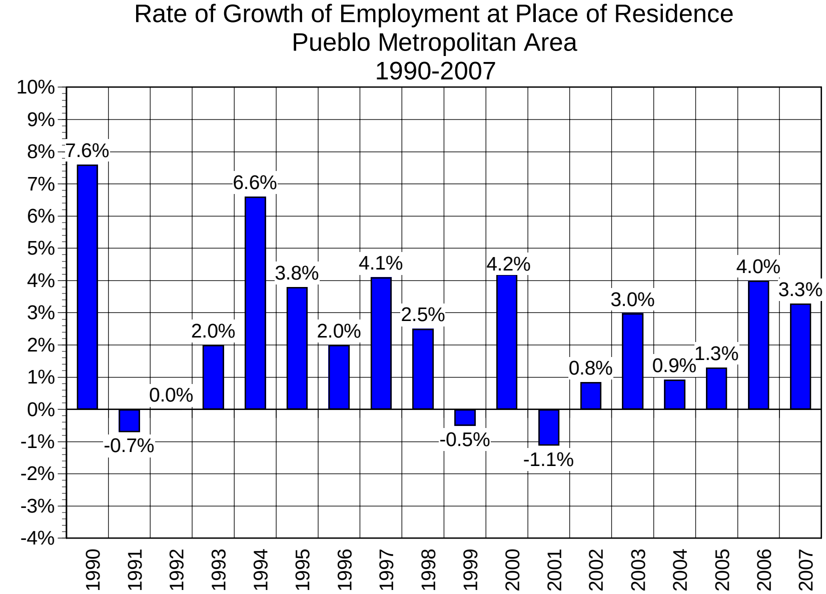


Source: Pueblo Regional Building Department and David Bamberger & Associates.

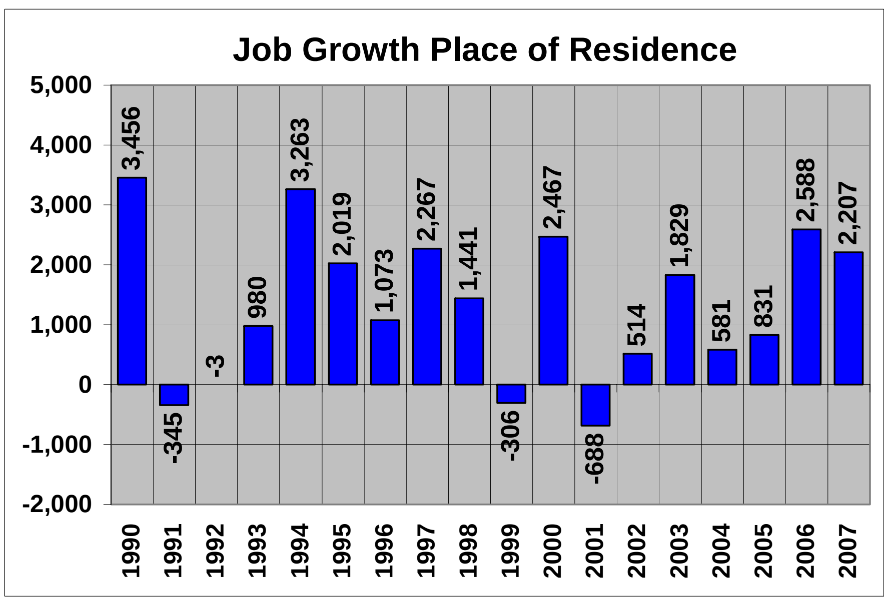
FINDINGS

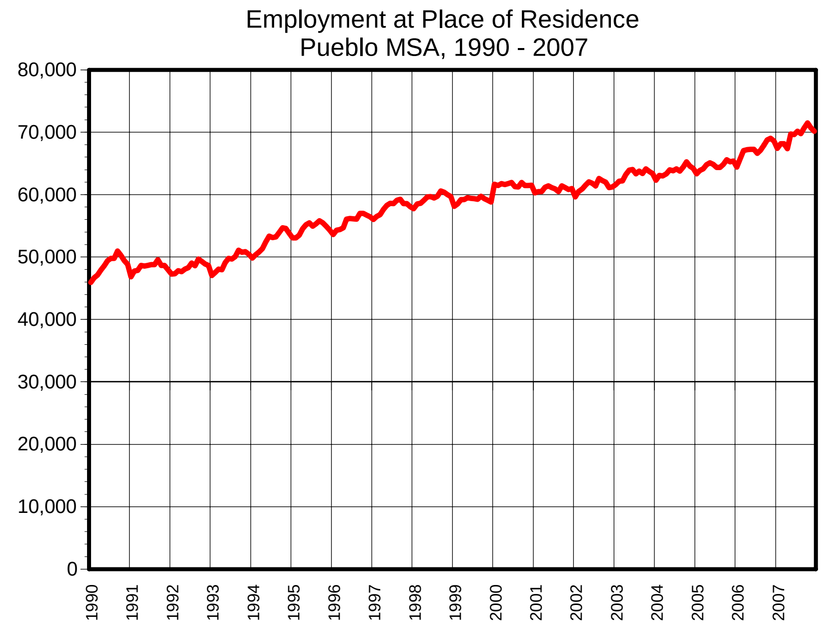
Employment in the Pueblo metro area totaled 69,450 in 2007, an increase of 2,210, or 3.3% for the year. The number employed showed a gain in 2007 for the sixth year in a row. Employment grew by 2,590 in 2006, a gain of 4.0% and 830 in 2005, a gain of 1.3%. The most recent six years saw a reversal of the loss of jobs experienced in 2001. Total employment dropped by -690 (-1.1%) in 2001.

Over the longer term employment growth has been very strong. Employment totaled 41,730 in 1982, Pueblo's low point, following major cutbacks at CF&I Steel. Since then, a total of 27,720 net new jobs have been created, an average of about 1,100 per year and an annual rate of growth of 2.0%.



Source: Colorado Department of Labor and Employment.





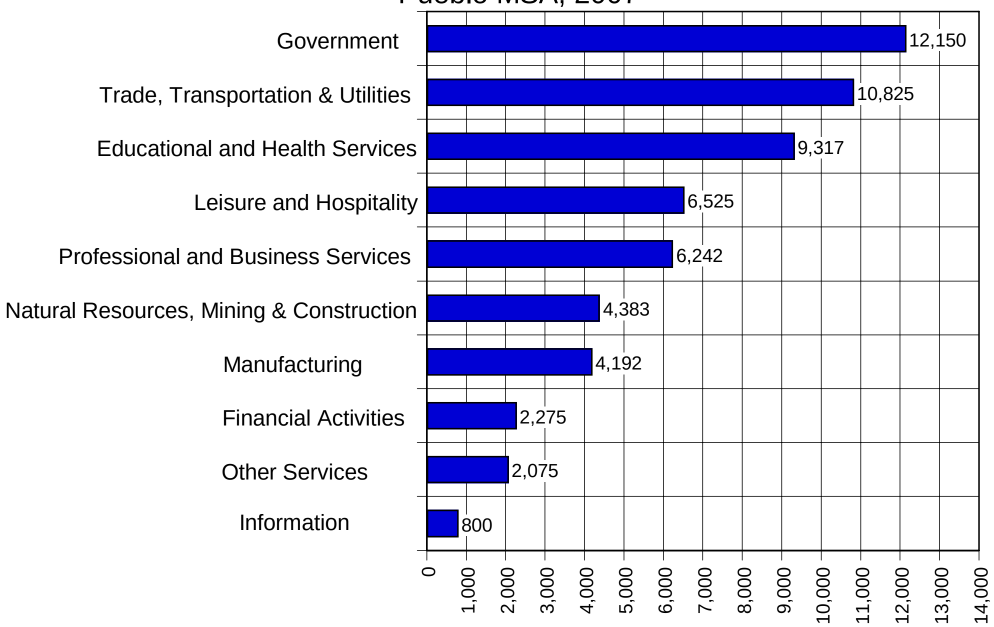
Source: Colorado Department of Labor and Employment

The most recent employment data by industry shows the Pueblo economy has very strong Services, Trade and Government sectors. The leading employer is the Government sector with 12,150 employees; the Trade sector is next with 10,830 employees; Educational and Health Services sector with 9,320 employees. The construction industry employs about 4,380. Manufacturing, which has been a key sector, employed about 4,200 employees.

The unemployment rate in Pueblo dropped to 4.8% in 2007. The unemployment rate last year was higher than the record setting low of 3.9% in 2000. However, the rate for 2007 was dramatically below the double digit rates Pueblo saw in the mid-1980s, and below the 8% to 9% rates seen in 1991, 1992 and 1993.

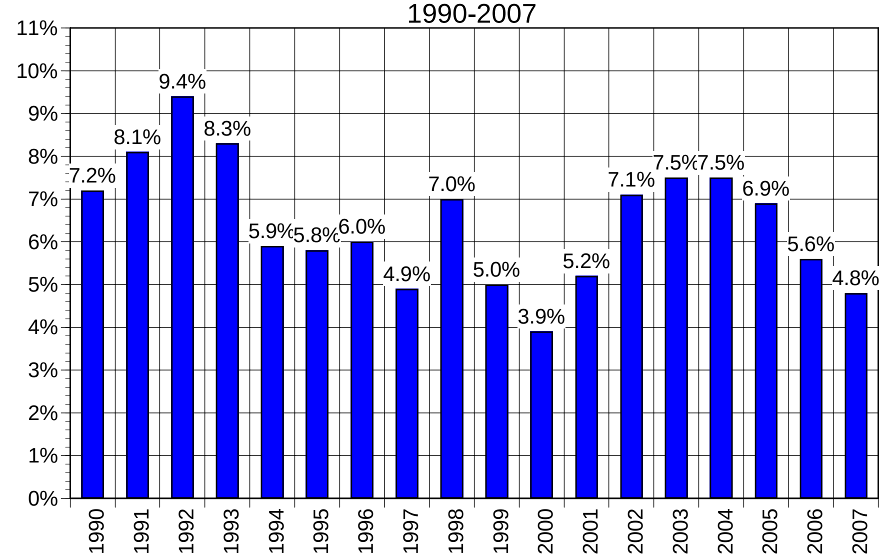
Since 2003 the Pueblo economy has made significant gains in absorbing the unemployed. Economists consider an unemployment rate at, or below, 5% to be full employment. The Pueblo economy reached that milestone in 2007.

Wage and Salary Jobs by Industry
Pueblo MSA, 2007



Source: Colorado Department of Labor and Employment.

Unemployment Rate
Pueblo Metropolitan Area
1990-2007



Source: Colorado Department of Labor and Employment.

Primary job announcements totaled only 40 in 2007. In contrast, over the past 11 years PEDCO's economic development efforts have been very successful. PEDCO has made 47 announcements for the retention, expansion or relocation of primary employers and 9,190 new primary jobs since 1997, an average of over 835 per year.

PEDCO New Primary Job Announcements
Pueblo Metro Area, 1997 - 2007

Year	Company	Type of Company	Employees Announced	Year	Company	Type of Company	Employees Announced
1997	Ashland Chemical Company	Chemical purification	132	2002	Innotrac	Telemarketing/customer service	60
1997	Davie Wire Compamy	Manufacture wire	125	2002	Haddonstone USA	Manufacturer-stonework	30
1997	WR Inc	Manufacturer	10	2002	Eupec Risk Management Systems	Pipeline safety systems	95
1997	Fountain Foundry	Foundry	70	2002	Premier Fulfillment	Fulfillment distribution center	75
1997	CO Fastener & Nail Co.	Manufacturer	20	2002	Flexible Foam Products	Manufacturer carpet pad	18
1997	Foundation Health	HMO / Information processing	1,200	2002	Lason	Information management	38
1997	Biomark Incorporated	Distribution center-medical	5	2003	Adam Aviation	Aircraft manufacturing	450
1998	North Am. Telephone Network	Telemarketing	55	2003	Pueblo Suburban Development	Manufacture and run greenhouses	1,300
1998	Flexible Foam Products	Manufacturer carpet pad	50	2004	Takeshiba Electric	Medical equipment R&D	48
1998	Chemical Marketing Concepts	Chemical repackaging	50	2004	Deneen & Company	Food procressing	40
1998	Convergys/Matrix Marketing	Telemarketing	350	2004	Benshaw (Trane)	Manufacturer / water chillers	60
1998	Hartung Agalite Glass	Manufacturer	60	2004	Dun & Bradstreet	Business services - call center	325
1998	Kroger Foods	Back office operation (accounting)	20	2005	Express Scripts	Business services - call center	500
1998	Grupo Cementos de Chihuahua	Cement Manufacturer	130	2005	Receivable Management Services	Business services - call center	325
1999	ALM Aviation	Aircraft painting and maintenance	70	2005	Professional Bull Riders	Sports association headquarters	180
1999	Innotrac	Telemarketing/customer service	450	2005	LB Foster	Prefabricated rail manufacturing	28
1999	The TPA, Inc.	Medical claims processing	600	2005	Timberline Steel	Fabricated steel manufacturing	29
1999	Universal Boilerworks	Manufacture industrial boilers	100	2005	Eldorado Stone (StoneCraft)	Manufacture stone building products	25
1999	Stonecraft Industries	Manufacture stone building products	80	2006	Doss Aviation	USAF Pilot Traning	200
1999	McCallin Diversified Industries	Fabricate steel plates	50	2006	Atlas Pacific Engineering	Mfg. food products machinery	22
2000	Vestas Wind Systems	Wind turbine manufacturer	450	2006	Cingular	Call Center	500
2000	EDSS	Data processing	485	2006	Verisma	Software development	15
2001	Tenant International	Manages corporate telecom services	165	**2007**	**Document Solutions Center**	**Colorado State Agency**	**40**
2001	Stonecraft	Manufacture stone building products	60	Total			9,190

Source: PEDCO

Creating primary jobs is an important part of a successful economic development strategy. Primary industry includes businesses, nonprofit organizations and government agencies that bring income into the local economy from outside the area. This income then directly creates more new jobs serving the local market.

There were no primary job layoffs announced in Pueblo in 2006 or in 2007. The peak year for layoffs was 1999 when 600 primary job layoffs were announced at QualMed.

On the down-side, Adam Aircraft announced 80 layoffs at their Pueblo facility in January 2008. Adam is developing a new corporate jet that it hoped to bring into production soon.

New primary jobs must be created in Pueblo every year just to keep up with plant closures, downsizing and the resulting worker layoffs. It's a fact of modern business; companies come and go. Those primary jobs must be replaced, or the city's economy will rapidly decline.

Over the past 11 years, about 2,300 primary jobs, were lost to layoffs. On the average roughly one in four primary jobs created in the past 11 years, replaced jobs that were lost to layoffs. Thus, if the recent past holds for the future, about 200 new primary jobs must be created each year just to stay even.

Announced Primary Industry Layoffs

Pueblo Metro Area, 1998 - 2007

Year Announced	Company	Type of Announcement	Type of Company	Number of Employees Announced for Layoff
1997	Lan Technologies	Shutdown	Manufacturer computer disc	40
1998	Rocky Mountain Steel	Downsizing	Manufacturer of steel	300
1999	QualMed	Shutdown	HMO claims processing	600
2000	Boeing	Downsizing	Aerospace manufacturing	77
2000	Hyd-Mech	Shutdown	Industrial band saw manufacturing	30
2001	Columbia House	Shutdown	Mail order fulfillment	400
2001	Benesight	Downsizing	Health insurance service provider	60
2001	Innotrac	Downsizing	Call center	115
2001	Flexible Foam	Shutdown (Temporary)	Manufacturer carpet pad	20
2002	Convergys	Downsizing	Telemarketing	250
2002	Benesight	Downsizing	Health insurance service provider	50
2003	Benesight	Downsizing	Health insurance service provider	50
2003	Boeing	Suhtdown (2004)	Aerospace manufacturing	250
2004	Benesight	Downsizing	Health insurance service provider	25
2005	Eupec - RMS	Shutdown	Pipeline safety systems	45
2006	None	None	None	0
2007	None	None	None	0
Total				2,312

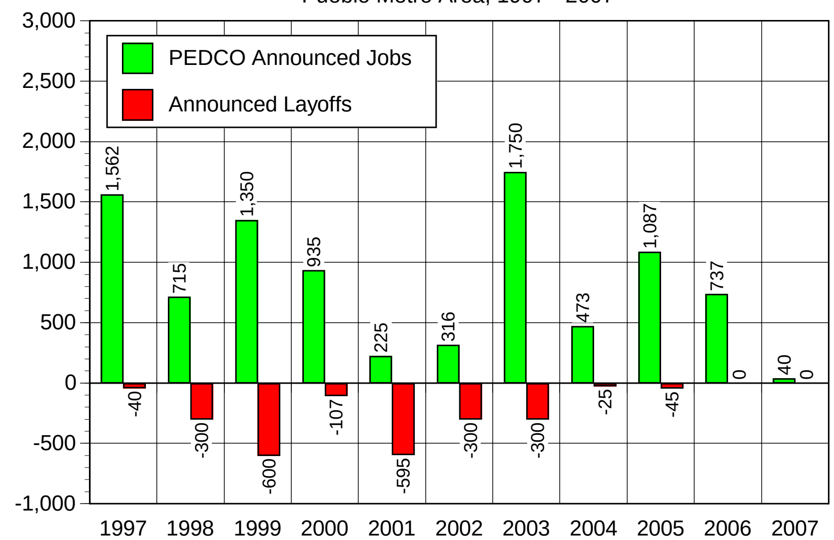
Source: Colorado Department of Labor and Employment, PEDCO, Pueblo Chieftain and Colorado Department of Labor and Employment

Net Primary Job Announcements
Pueblo Metro Area, 1997-2007

Year	Announced New Jobs	Announced Layoffs	Net Gain / Loss
1997	1,562	40	1,522
1998	715	300	415
1999	1,350	600	750
2000	935	107	828
2001	225	595	-370
2002	316	300	16
2003	1,750	300	1,450
2004	473	25	448
2005	1,087	45	1,042
2006	737	0	737
2007	40	0	40
Total	9,190	2,312	6,878

Source: PEDCO, Pueblo Chieftain and the Colorado Department of Labor and Employment

Primary Job Gains and Losses
Pueblo Metro Area, 1997 - 2007



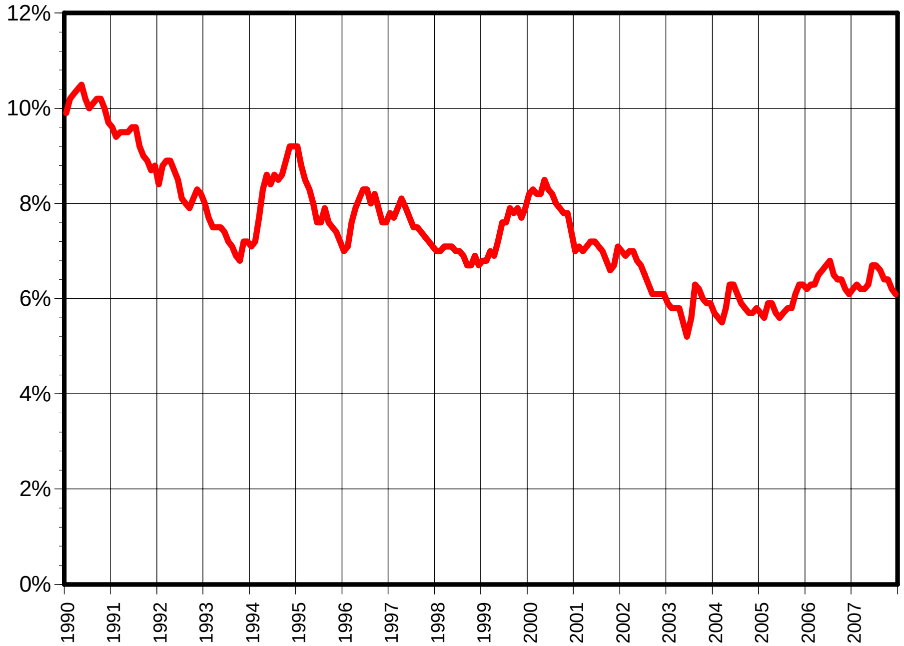
Source: PEDCO, Pueblo Chieftain, Colorado Department of Labor and Employment and David Bamberger & Associates.

The year 2007 saw the continuation of relatively low mortgage rates. The Fed's recent action to lower short term interest rates has had only a minor impact on 30-year fixed mortgage rates. Rates for a conventional 30-year home mortgage with no points remained slightly above 6.5% for most of the year, then dropping to a little over 6% at year-end.

Pueblo's population grew by an estimated 1.9% in 2007, the biggest gain in many years. Population in July 2007 totaled 156,200, up by almost 3,000. Since 1990 population in the metro area increased by 32,830. Much of this increase has been the result of very strong net migration accounting for 72%, or 23,670 of the total growth.

Net migration was exceptionally strong in 2007, adding almost 2,500 people to Pueblo County's population. Assuming an average of 2.5 people per household, this translates into an estimated increase of 1,000 occupied homes over the past year.

Mortgage Rates
(30-Year Conventional Fixed Rate)
Pueblo MSA, 1990- 2007



Source: Federal Reserve Bank

Components of Population Growth
Pueblo Metro Area, 1990-2007

Year	Population	Change	Births	Deaths	Natural Increase	Net Migration
1990	123,053	-310	1,698	1,190	508	-818
1991	123,486	433	1,724	1,184	540	-107
1992	124,410	924	1,764	1,242	522	402
1993	126,348	1,938	1,805	1,259	546	1,392
1994	128,722	2,374	1,780	1,169	611	1,763
1995	130,832	2,110	1,746	1,236	510	1,600
1996	132,498	1,666	1,730	1,337	393	1,273
1997	134,794	2,296	1,734	1,260	474	1,822
1998	137,381	2,587	1,739	1,359	380	2,207
1999	139,718	2,337	1,869	1,352	517	1,820
2000	142,054	2,336	1,933	1,374	559	1,777
2001	144,383	2,329	1,927	1,380	547	1,782
2002	147,057	2,674	1,985	1,482	503	2,171
2003	148,707	1,650	2,060	1,451	609	1,041
2004	149,728	1,021	1,946	1,526	420	601
2005	151,104	1,376	1,997	1,539	458	918
2006	153,243	2,139	2,009	1,410	599	1,540
2007	156,196	2,953	1,967	1,504	463	2,490
Totals		32,833	33,413	24,254	9,159	23,674
Percent		100%			28%	72%

Source: Colorado State Demographer

Housing production totaled only 667 units in 2007, down from 1,245 in 2006, a drop of 578 units and 46.4%. The big drop in the production of new housing followed the drop experienced nationwide. The subprime mortgage melt-down, overbuilding and tightening of home financing requirements had a big impact on the local new home market last year.

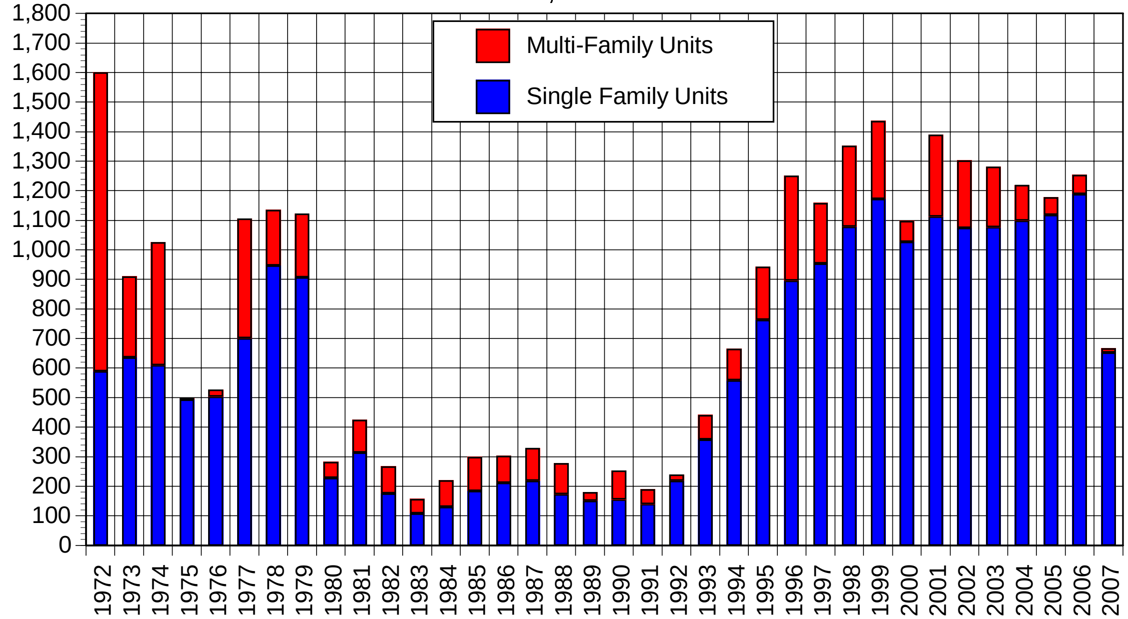
Housing production in 2007 included 653 single family units and 14 multi-family units. Single family production has hovered at a little over 1,000 units per year between 1996 and 2006. Until 2007, swings in new multi-family home production, with a high in 1996 of 356 and a low of 60 in 2005, accounted for most of the variation in total residential construction in the Pueblo metro area.

New Home Construction (units)
Pueblo Metropolitan Area, 1990 - 2007

Year	Single Family	Multi-Family	Total
1990	156	97	253
1991	140	50	190
1992	219	21	240
1993	359	83	442
1994	559	106	665
1995	764	179	943
1996	896	356	1,252
1997	955	204	1,159
1998	1,079	274	1,353
1999	1,173	264	1,437
2000	1,028	70	1,098
2001	1,114	276	1,390
2002	1,075	228	1,303
2003	1,078	204	1,282
2004	1,100	120	1,220
2005	1,119	60	1,179
2006	1,190	64	1,254
2007	653	14	667

Source: Regional Building Department.

New Home Construction
Pueblo, 1972 - 2007



Source: Regional Building Department and US Bureau of the Census.

With some exceptions, job creation means stronger demand for housing over the long term. Since 1996 job growth totaled 14,800 and housing construction totaled 14,600. For every new job there was a demand for a about one new home. A strong housing market also means a steady increase in value for existing home owners.

As in years past, households moving to Pueblo were major players in the new home market in 2007. Builders report that 43% of their buyers were new move-ins from out of town and 57% of their buyers were local. Of the out-of-town buyers, 14% were from out-of-state.

Retirees in particular seem to be attracted to Pueblo for the low cost of living and low-cost, high-value housing. Retirees made up 16% of buyers and working households made up 84% of buyers in 2007.

Pueblo New Home Buyer Demographics, 2003, 2004, 2005, 2006 and 2007

	2003	2004	2005	2006	2007
Previous residence of buyers					
Local	79%	71%	65%	44%	57%
Out-of-town	21%	29%	35%	33%	29%
Out-of state (not collected in 2003-2005)	NA	NA	NA	23%	14%
Total	100%	100%	100%	100%	100%
Housing stage of buyers					
First time buyers	43%	23%	37%	32%	22%
Move-up buyers (buying bigger home)	37%	57%	49%	48%	47%
Move-down buyers (buying smaller home)	20%	20%	14%	20%	31%
Total	100%	100%	100%	100%	100%
Place of work of buyers					
Work in Pueblo	76%	62%	62%	52%	59%
Work in Colorado Springs	11%	12%	13%	20%	21%
Work somewhere else	4%	5%	7%	9%	4%
Retired	10%	22%	22%	19%	16%
Total	100%	100%	100%	100%	100%

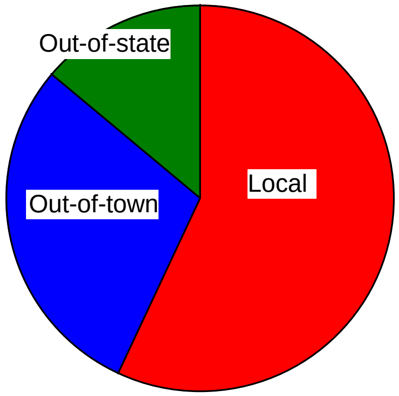
Source: David Bamberger & Associates survey

Note: Totals may not add to 100% due to rounding. Data on Out-of-state not collected in 2003-2005.

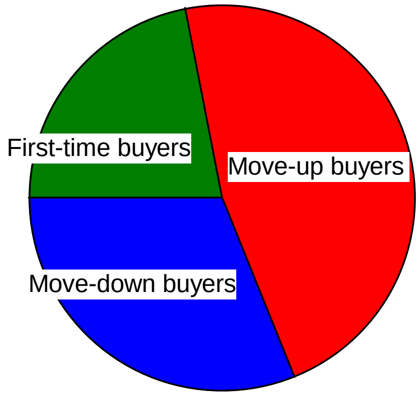
Move-up buyers made up the largest segment of the new home market in Pueblo in 2007. In 2007 47% of buyers were move-up buyers, 22% were first time buyers and 31% were move-down buyers.

Pueblo continues to attract buyers who work in Colorado Springs. Builders report that this segment made up 21% of new home buyers in 2007. It appears that Pueblo has emerged as a viable affordable housing option for people who work 40 miles to the north in Colorado Springs.

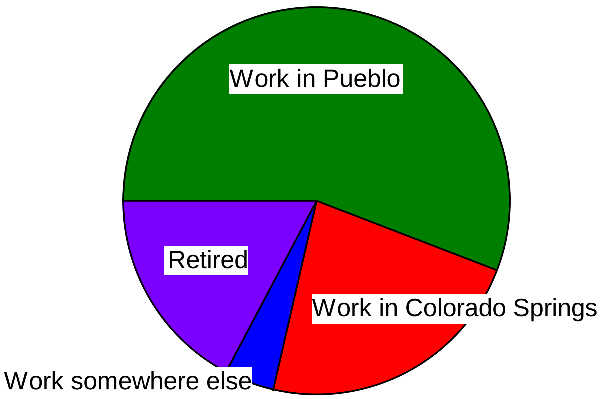
Where New Home Buyers Came From, 2007



New Home Buyer Segments, 2007



Where Buyers Work, 2007



Builder's spec inventories at the start of 2007 were down slightly from a year ago. Based on our survey of builders, we estimate that there were 205 spec homes under construction, or complete as of January 1, 2008, down from 319 a year ago. The survey found that spec inventory was highest in the $300,000 and higher price range relative to sales rates.

Overall, for an annual production rate of about 600 units per year, spec inventory represents a little over four months of permitting activity; within acceptable levels considering that the lead time to build a new home is five to six months from start to finish. While the homebuilding and construction lending industries endured significant pain in 2007, they did do a very good job of responding to market signals and cut back on spec building significantly.

Prices for new homes increased in 2007 at a rate slightly lower than the general rate of inflation. Builders reported a 2.9% price increase in 2007. The Consumer Price Index increased by about 3.8% during the same time.

Prices of new homes in Pueblo are expected to see a moderate increase in 2008. Builders reported that they expect new home prices to increase by about 1.0%.

Estimated Single Family New Home Market Performance

Pueblo County, January 1, 2008

(Sample data scaled to represent the whole market)

Price Range	Started Jan-Dec 2007	Under Construction 1-Jan-08			Completed (not closed) 1-Jan-08			Sold 2007	Plan to Build in 2008
		Presold	Unsold	Total	Presold	Unsold	Total		
Less than $160,000	182	5	21	26	5	24	29	226	168
$160,000 to $199,999	220	18	32	50	18	42	60	249	231
$200,000 to $249,999	126	24	11	34	24	8	32	138	100
$250,000 to $299,999	70	11	13	24	11	13	24	62	37
$300,000 and over	67	18	13	32	18	29	47	64	42
Total	665	76	89	165	76	116	192	738	578

Source: David Bamberger & Associates Builder Survey, January 2008. Note: The survey included responses from 20 builders, accounting for 38% of permits pulled by builders in 2007.

Estimated Price Increases of New Homes

- 2007 average: 2.2%
- 2008 average: 1.0%

Analysis of Speculative New Single Family Inventory

January 1, 2008

(Sample data scaled to represent the whole market)

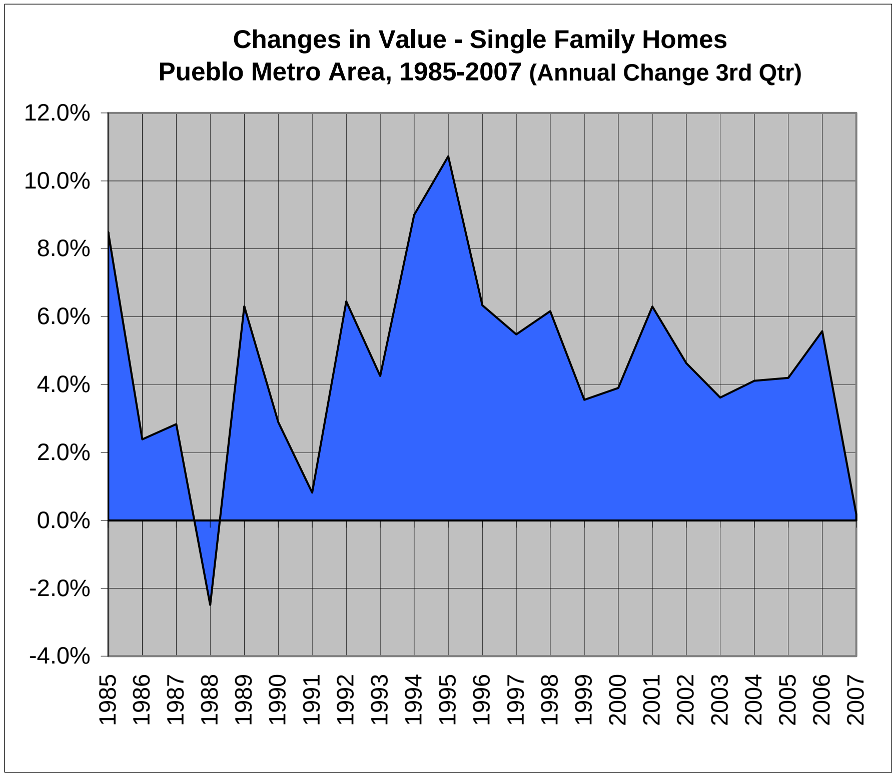
Price Range	Total Unsold Inventory	Sold per Month in 2007	Months of Inventory
Less than $160,000	45	19	2.4
$160,000 to $199,999	74	21	3.5
$200,000 to $249,999	18	11	1.6
$250,000 to $299,999	26	5	5.1
$300,000 and over	42	5	7.8
Total	205	62	3.3

Source: David Bamberger & Associates Builder Survey - January 2008.

The party ended last year; the value of single family homes in Pueblo increased by only 0.2% between the 3rd quarter of 2006 and the 3rd quarter of 2007. This figure is down significantly from the 5.6% in 2006 and 4.2% in 2005; and down from the longer term average of close to 5% per year gains between 1996 and 2006.

The estimates of home values are based on data from the Office of Federal Housing Enterprise Oversight. They publish quarterly estimates of the change in value of homes for several hundred cities throughout the US.

The OFHEO estimates are based on repeat sales and re-financing data on the same property over time. This method is substantially better than using a simple median sales price figure, which we have used in this report in the past.

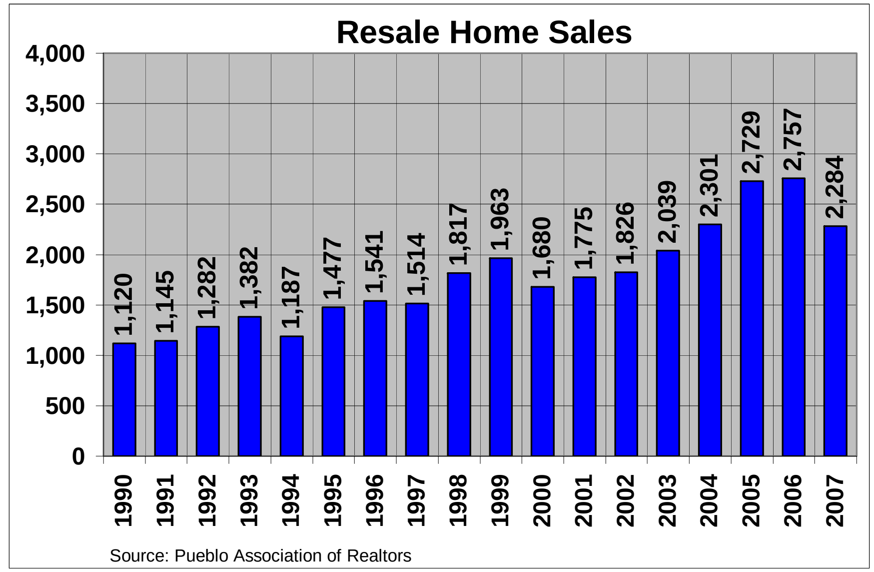


Changes in Value - Single Family Homes
Pueblo, 1985-2007

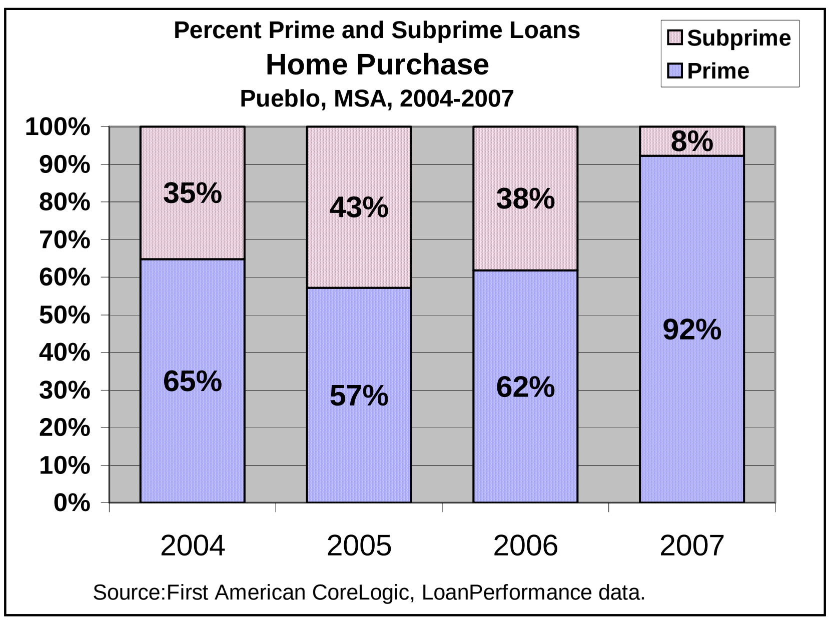
Year	Quarter	Single Family Home Value	Percent Change Over One Year Ago
1985	3rd	$68,920	8.5%
1986	3rd	$70,810	2.4%
1987	3rd	$72,430	2.8%
1988	3rd	$70,940	-2.5%
1989	3rd	$75,100	6.3%
1990	3rd	$77,270	2.9%
1991	3rd	$78,190	0.8%
1992	3rd	$83,000	6.5%
1993	3rd	$86,200	4.3%
1994	3rd	$94,010	9.0%
1995	3rd	$104,290	10.7%
1996	3rd	$110,970	6.3%
1997	3rd	$117,100	5.5%
1998	3rd	$124,330	6.2%
1999	3rd	$128,350	3.6%
2000	3rd	$133,190	3.9%
2001	3rd	$141,840	6.3%
2002	3rd	$148,300	4.6%
2003	3rd	$153,350	3.6%
2004	3rd	$159,970	4.1%
2005	3rd	$165,550	4.2%
2006	3rd	$174,210	5.6%
2007	3rd	$174,520	0.2%

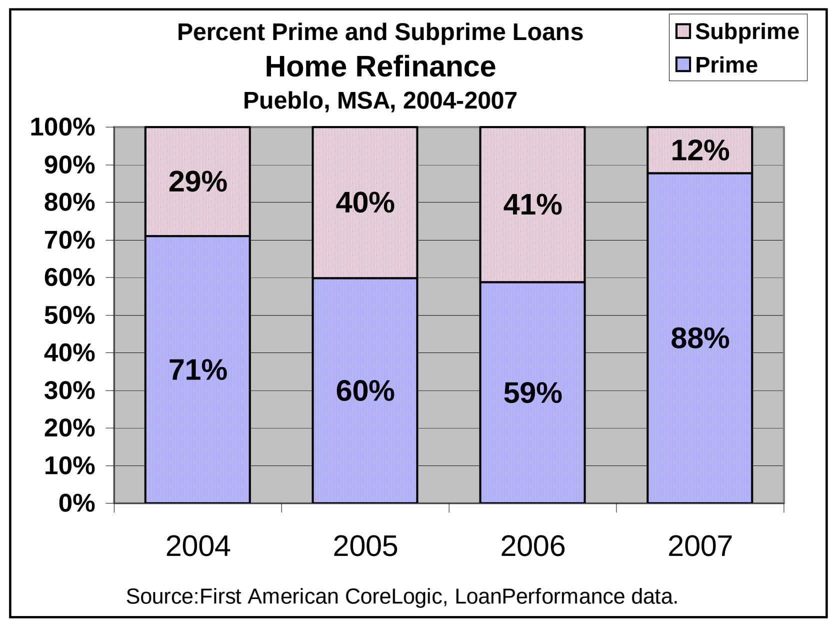
Source: Office of Federal Housing Enterprise Oversight.

The resale market in Pueblo slowed in 2007. Resale home sales totaled 2,284 units in 2007, down from 2,757 in 2006, a decline of 17.2% Resale activity in 2006 was the highest figure recorded over the past three decades. The slowdown in sales activity left a bubble of inventory, especially in pricey luxury homes, where realtors report several years of supply at current sales rates.



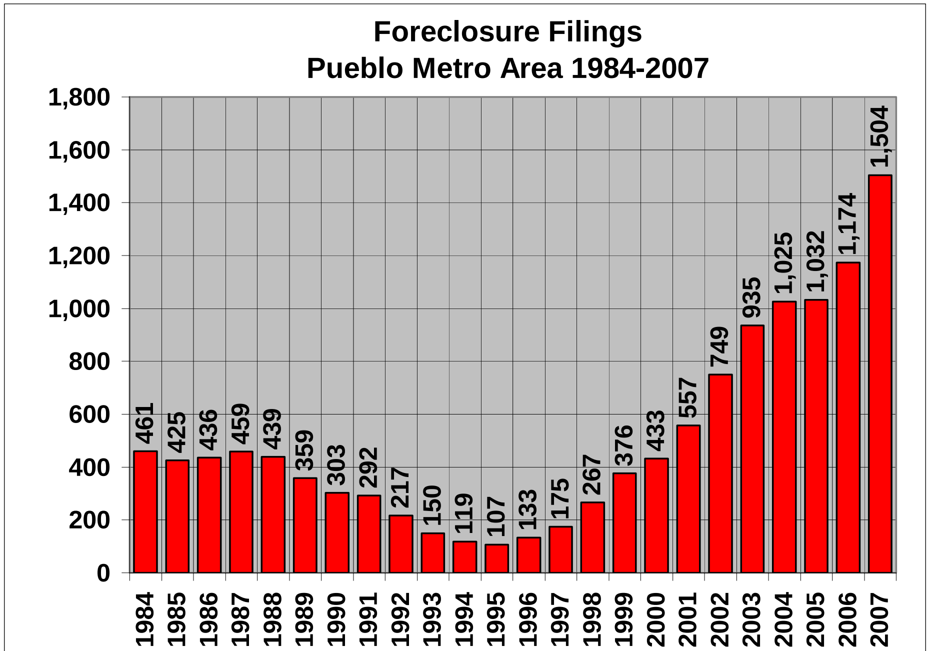
The shift from the use of conventional-type financing to creative financing for home purchase expanded the market for buyers, giving both the new and resale market an added push in 2004-2006. Sub-prime loans for home purchases made up 35% of all loans in 2004, 43% in 2005, 38% in 2006, then dropped to 8% in 2007. Sub-prime and prime loans for home refinancing made up close to the same percentages in 2004-2007.



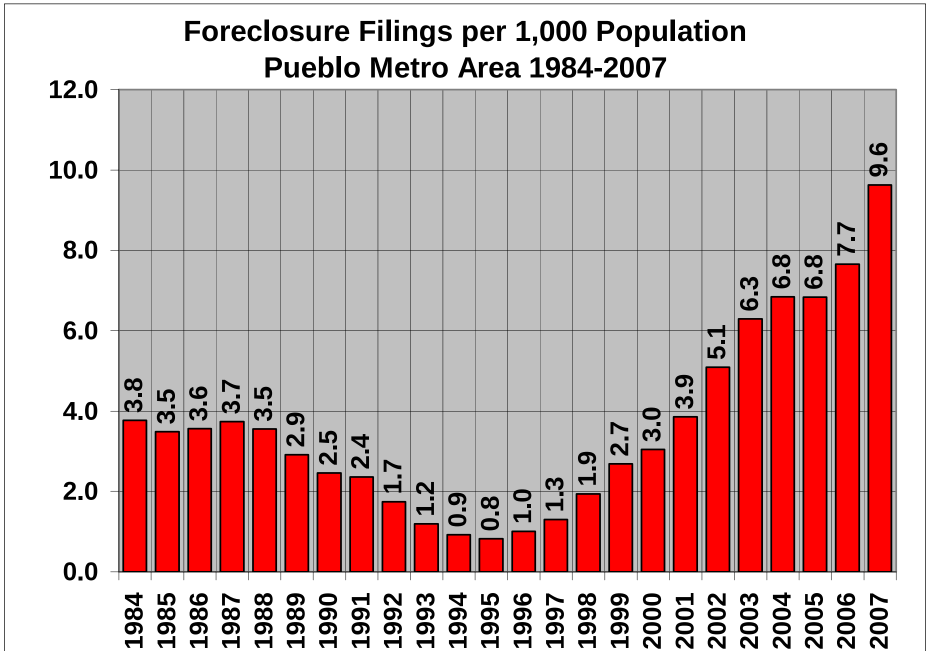


Home mortgage foreclosure filings in Pueblo increased to 1,504 in 2007, a recent historic high. Foreclosures on a per capita basis have showed a significant increase recently. Foreclosure filings in Pueblo in 2007 were 9.6 per 1,000 population, up from less than one per 1,000 population in 1995. As another comparison, foreclosure filings totaled 6.1 per 1,000 population in Colorado Springs in 2007.

The Pueblo housing market is clearly paying a price for the liberal use of creative mortgage financing for both home purchases and refinancing over the past few years. Low teaser rates, zero down and adjustable rate mortgages were a disaster waiting to happen. With a slowing economy and almost no gain in home appreciation the problem will likely get worse, before it gets better. It would not be a surprise to see local foreclosures push even higher in 2008 as many of the adjustable rate mortgages originated in 2006 index to higher interest rates this year and next.



Source: Pueblo County Trustee.



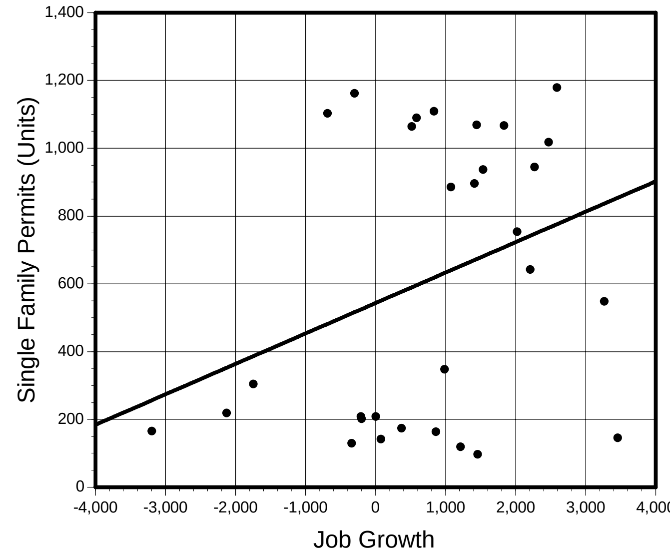
Source: Colorado State Demographer and Pueblo County Trustee.

The main drivers of the Pueblo housing market are job growth, interest rates and net migration. This is confirmed in a recent update to the research that we conduct every year on the Pueblo housing market.

A couple of years ago we added net migration to our kit of data and analysis tools. Plugging in net migration as an explanatory variable enhances our understanding of how the market works and the direction it might take in the future.

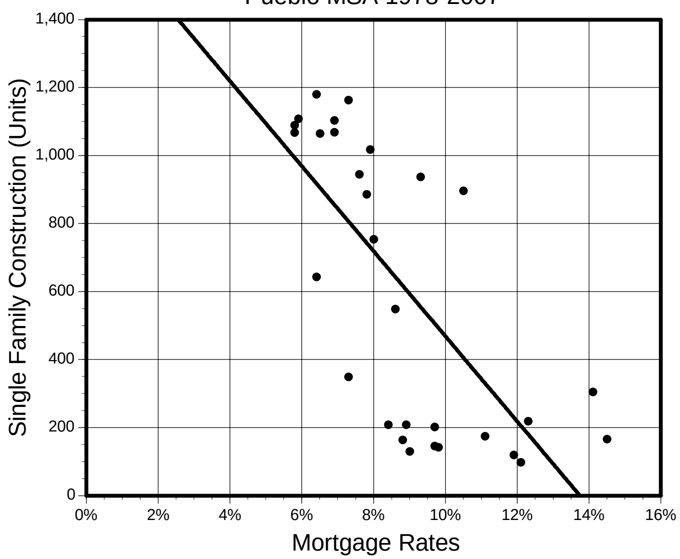
We have learned that commuters with jobs in other cities and retirees moving to Pueblo have recently emerged as important forces in the Pueblo housing market. The large gain in net-migration helps explain why the housing market remained strong even though job growth was weak and even negative in 1999-2001.

Relationship Between
Single Family Construction and Job Growth
Pueblo MSA 1978-2007



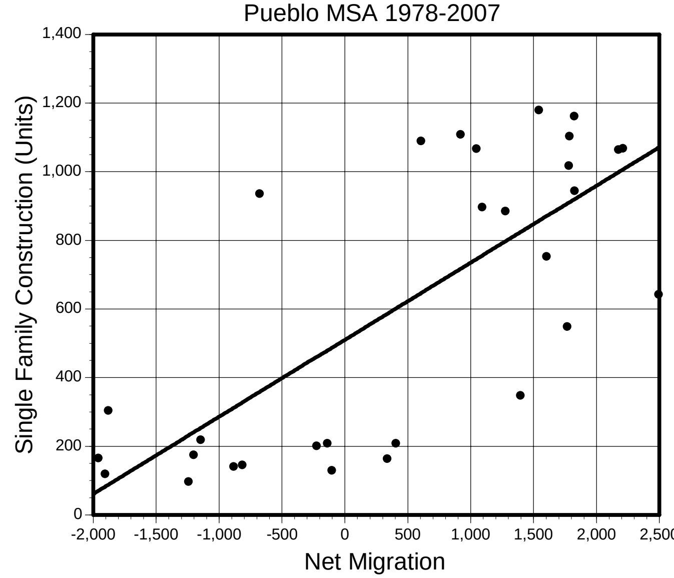
Source: Pueblo Regional Building Department, Colorado Department of Labor and Employment and David Bamberger & Associates.

Relationship Between
Single Family Construction and Mortgage Rates
Pueblo MSA 1978-2007



Source: Pueblo Regional Building Department, Federal Reserve Bank, Various Mortgage Companies and David Bamberger & Associates.

Relationship Between
Single Family Construction and Net Migration
Pueblo MSA 1978-2007



Source: Pueblo Regional Building Department and Colorado State Demographer and David Bamberger & Associates.

Fort Carson has announced a big increase in troops over the next five years. The Army is planning to add about 12,500 more troops assigned to Fort Carson by 2013. About 3,000 were already added in 2006 and 2007.

Assigned Troops	
2005	14,500
2008	17,500
2009	22,700
2010	24,500
2013	30,000

There has been a lot of speculation about the size of the potential impact of Fort Carson's announced expansion on the Pueblo housing market. Today, a very small percentage, only 2.4% of troops stationed at the post live in Pueblo County. It is not likely that Pueblo will see a significant jump in housing demand from the expected troop increases unless:

1. A bigger gap in housing affordability opens up between Pueblo and Colorado Springs
2. Commuter patterns change with the addition of a southern entrance to the post

Housing needed to accommodate the expected total increase in troops assigned to Fort Carson by 2013 is estimated to include:

- 1,300 Family units on-post
- 2,000 Barracks spaces on-post
- 1,200 Owner units off-post
- 6,500 Renter units off-post (2,500 absorbed from existing stock)

While the impact on Pueblo's housing market of Fort Carson expansion is uncertain at this time, we can make some assumptions to illustrate "orders of magnitude". If Pueblo's existing 2.4% share of Fort Carson's troops were doubled and applied to the increase in Fort Carson troops living off post, then there would be a demand for about 60 owner units and 200 renter units. These are not exceptionally large numbers.

Deployments are expected to have a big impact on the total number of troops actually on post at Fort Carson over the next several years. Today, there are about 17,500 troops assigned to Fort Carson. An estimated 9,000 troops are currently on post at Fort Carson and about 8,500 are currently deployed to Iraq and Afghanistan.

The estimates of total housing needed assume that all of the total 30,000 troops are on post at Fort Carson by 2013. Thus, the full impact of the troop expansion will not be felt until the wars in Iraq and Afghanistan wind down and all of the deployed troops return home to Fort Carson.

Historically low mortgage rates, the availability of creative mortgage instruments and relaxed lending standards pulled many buyers into the market in 2004 - 2006. The Pueblo housing market is paying the price for creating new buyers and borrowing buyers from the future. People who would be in the market today and tomorrow bought homes yesterday and the day before. People who would never have qualified for a loan, bought in 2004 - 2006.

The Pueblo for-sale housing market made a surprisingly rapid transition from a seller's market to a buyer's market in late 2006 and early 2007. New and resale home production dropped significantly in 2007. Resale activity slowed. The value of homes in Pueblo saw close to zero gain in 2007. It is clear that the Pueblo housing market transitioned to the inventory correction phase of the market cycle.

Our forecasts for 2008 - 2010 show that these same market factors that made for a slow 2007 are expected to create a slow market in 2008, with some improvement expected in 2009 and 2010.

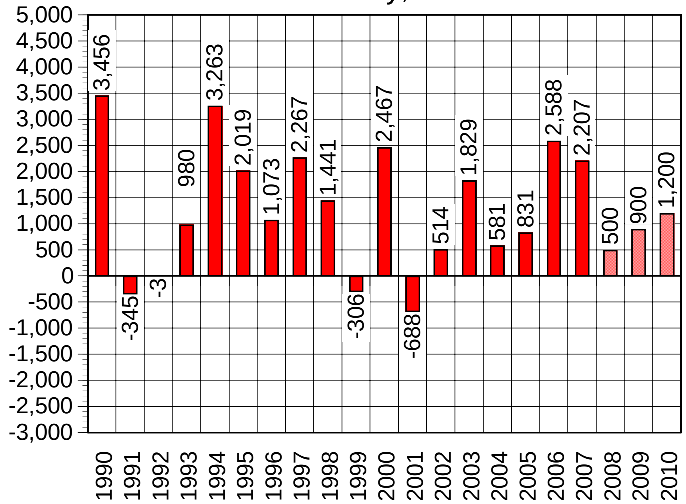
Our forecasts for 2008 – 2010 are as follows:

- Mortgage rates: 2008, 6.1%; 2009, 6.2%; 2010, 6.7%
- Net migration: 2008, 600; 2009, 800; 2010, 1300
- Job growth: 2008, 500; 2009, 900; 2010, 1200
- New single family homes: 2008, 550; 2009, 750; 2010, 1000

We conclude that the market for new single family housing in Pueblo is in for a slow-go over the next several of years.

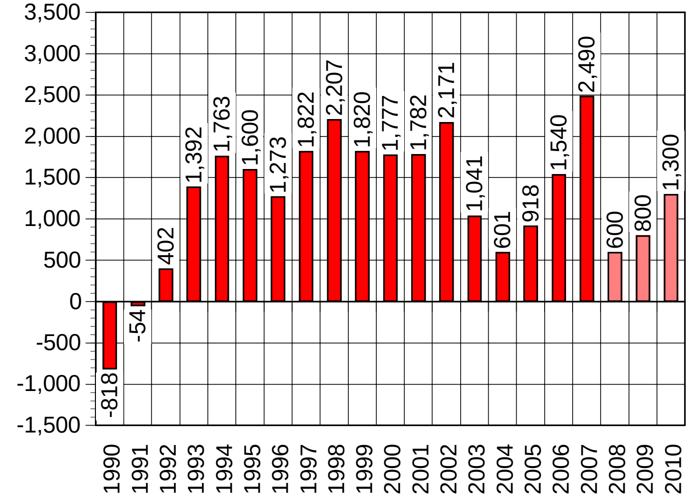
The down-side risks to our Pueblo housing market forecast include the US economy tipping into a severe recession and greater melt-down of the mortgage financing industry. While it is not clear if the US economy is in, or near a recession, most all of the national economic indicators signal a dramatic slowdown in activity. In addition, many economists fear that the sub-prime mortgage problem is likely to get worse, before it gets better. Time will tell if these risks to the forecasts play out.

Job Growth
Pueblo County, 1990 - 2010



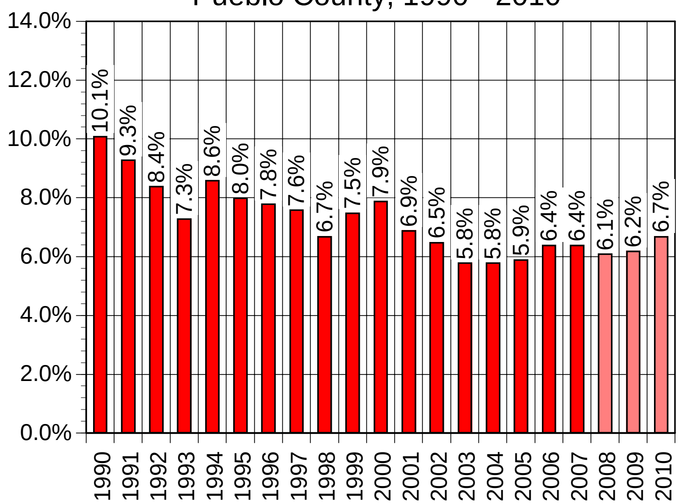
Source: Colorado Department of Labor and Employment and David Bamberger & Associates.

Net Migration
Pueblo County, 1990 - 2010



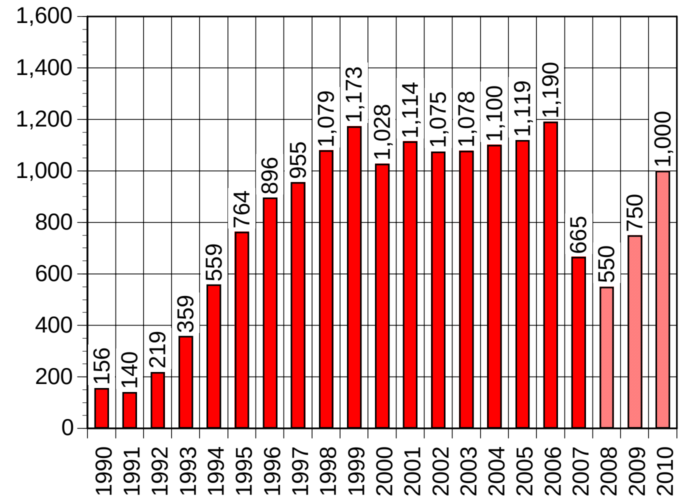
Source: Colorado State Demographer and David Bamberger & Associates.

30-Year Fixed Mortgage Rates (No Points)
Pueblo County, 1990 - 2010



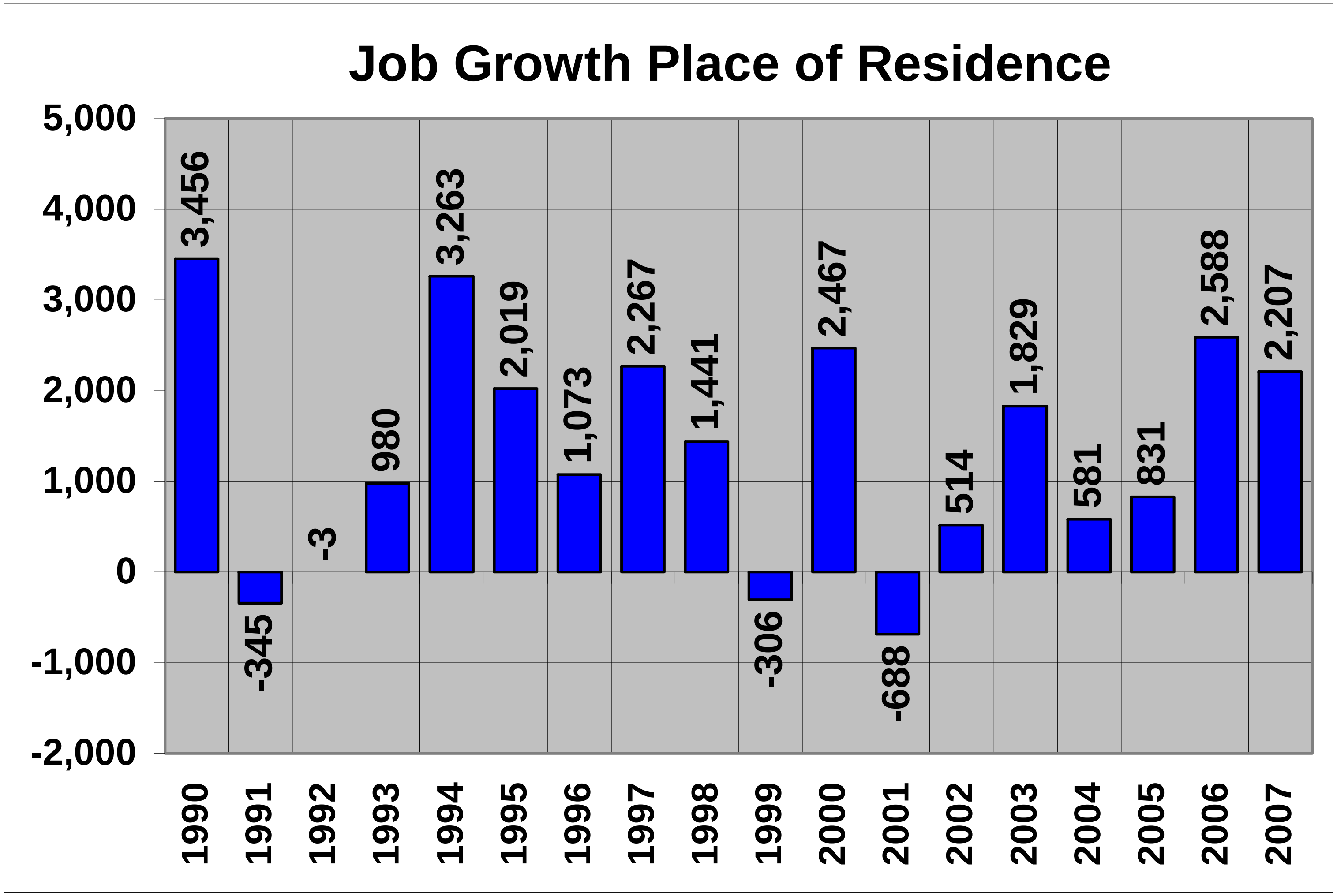
Source: Federal Reserve Bank, various mortgage companies and David Bamberger & Associates.

New Single Family For-Sale Housing Unit Construction
Pueblo County, 1990 - 2010

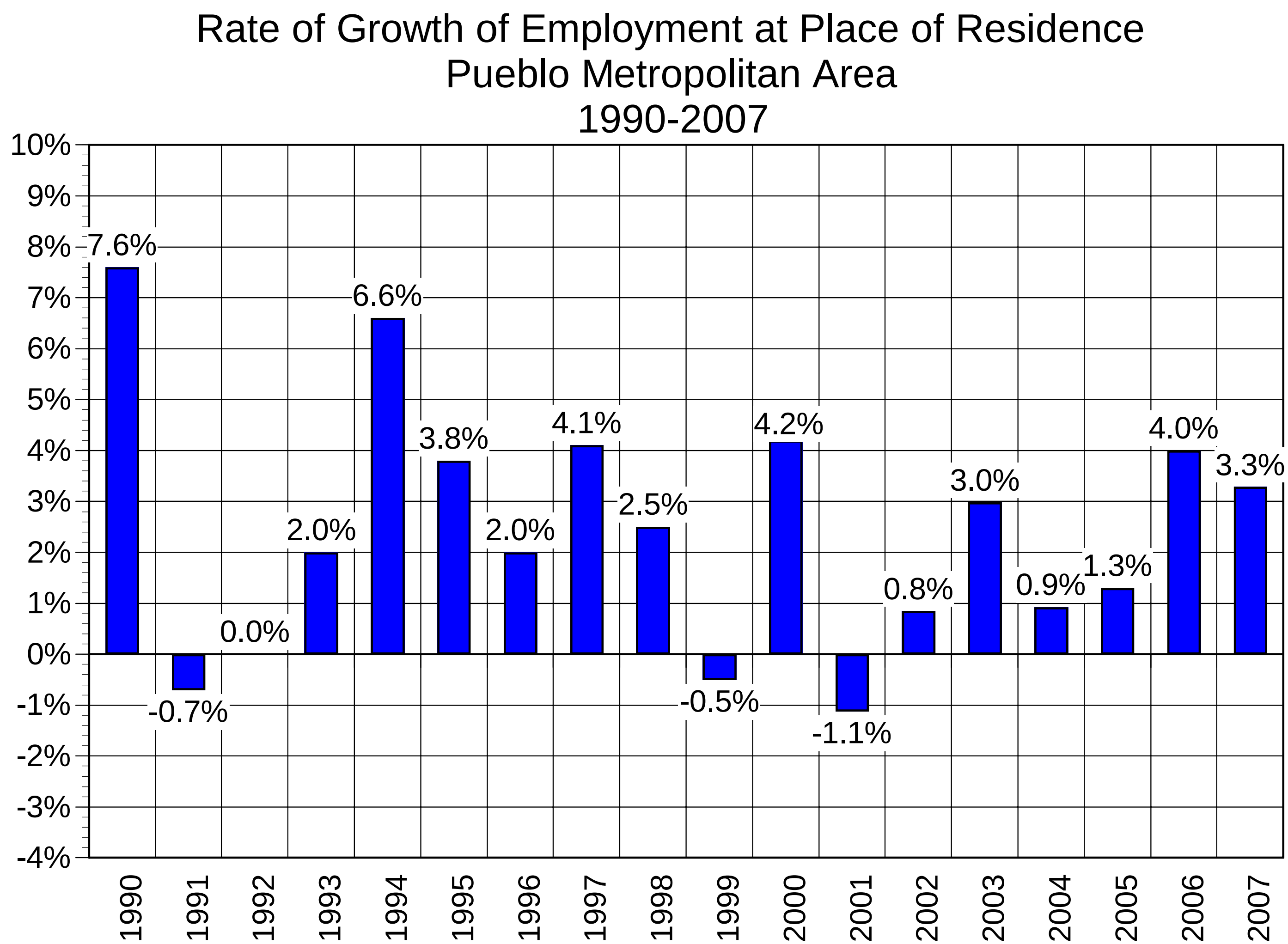


Source: Pueblo Regional Building Department and David Bamberger & Associates.

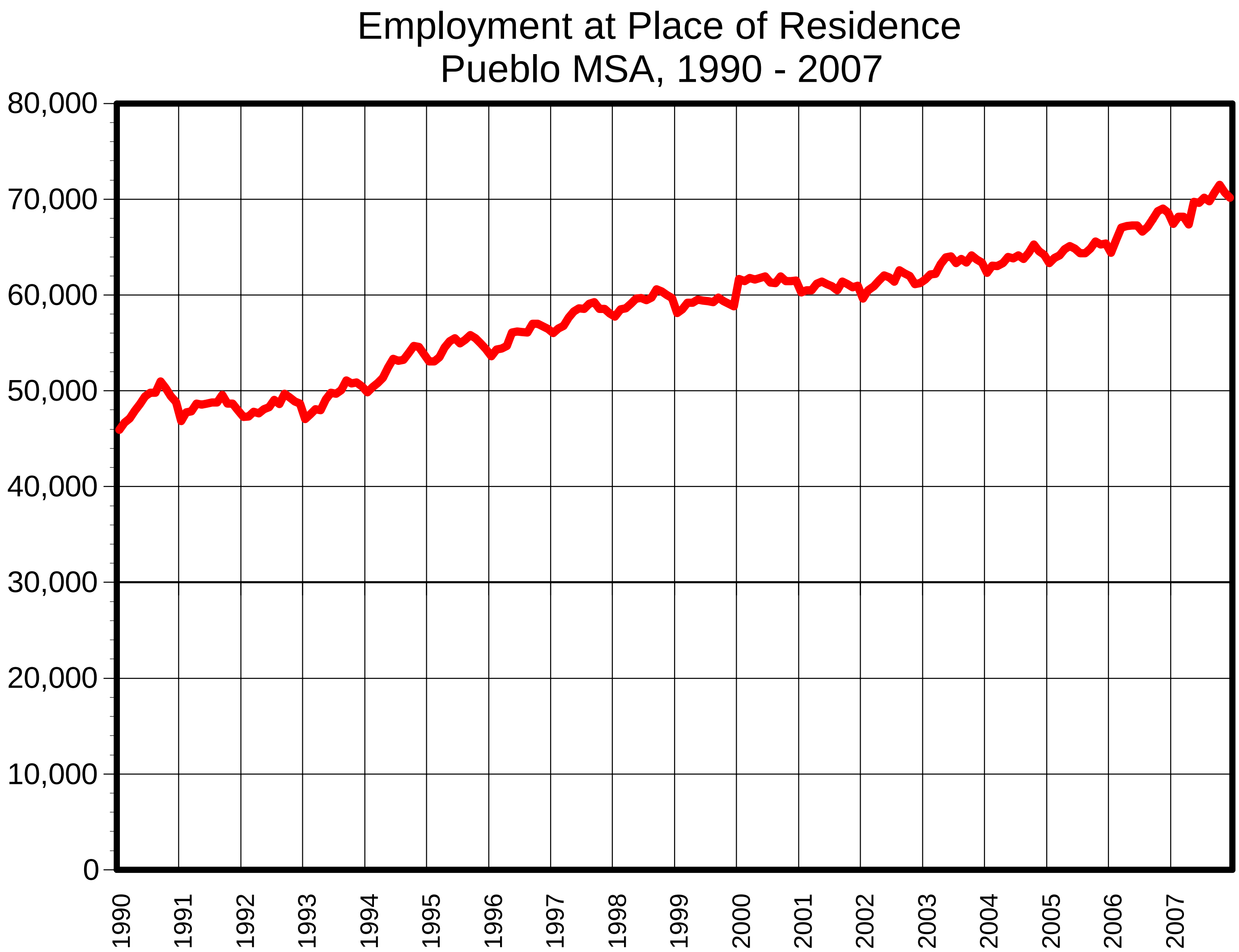
ATTACHMENTS



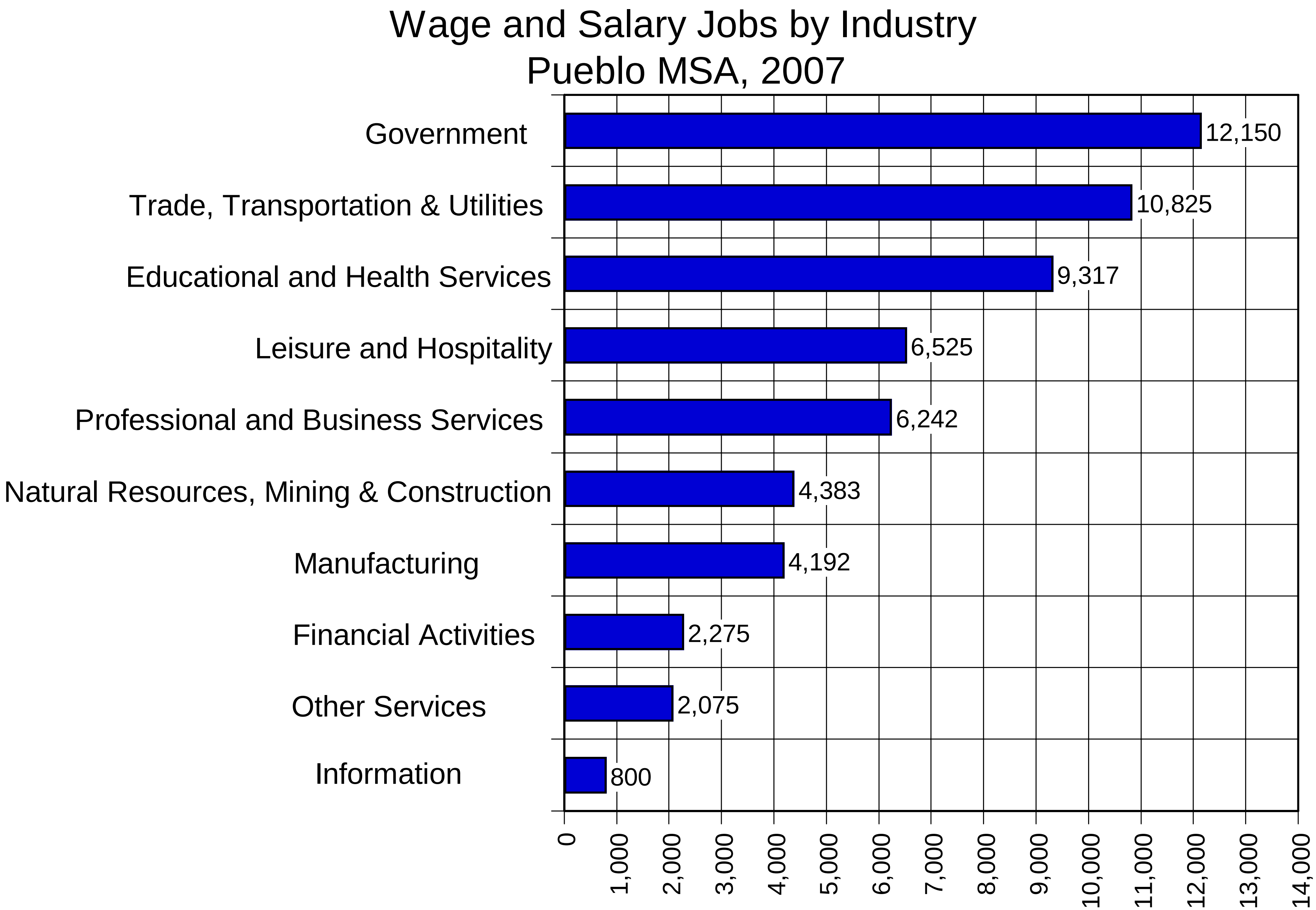
Source: Colorado Department of Labor and Employment



Source: Colorado Department of Labor and Employment.



Source: Colorado Department of Labor and Employment

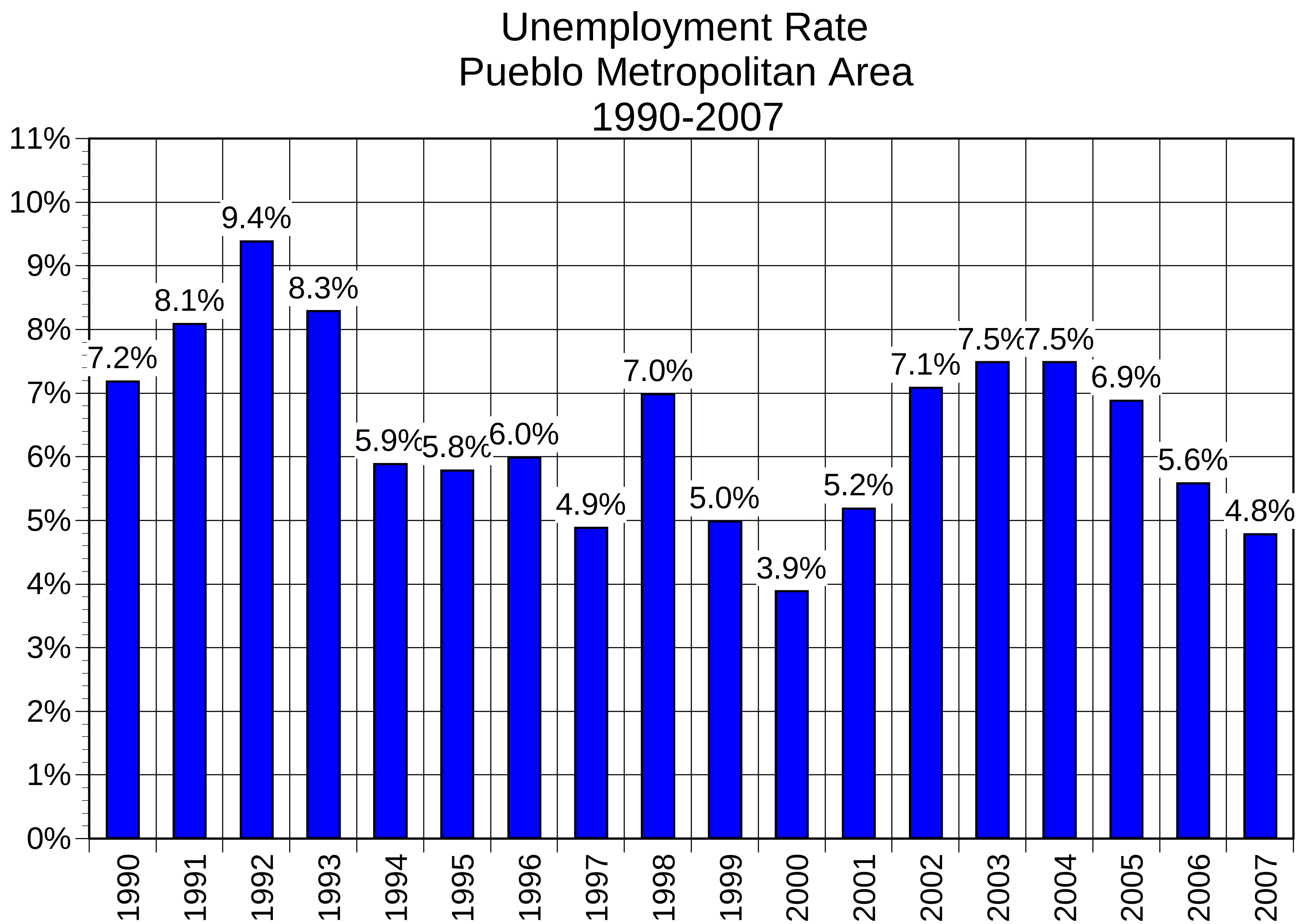


Source: Colorado Department of Labor and Employment.

Nonagricultural Wage and Salary Employment by Industry (Annual Average)
Pueblo MSA, 2006 - 2007

Industry	2006	2007	Change	% Change
Natural Resources, Mining & Construction	3,900	4,383	483	12.4%
Manufacturing	4,200	4,192	-8	-0.2%
Trade, Transportation & Utilities	10,800	10,825	25	0.2%
Information	800	800	0	0.0%
Financial Activities	2,300	2,275	-25	-1.1%
Professional and Business Services	5,400	6,242	842	15.6%
Educational and Health Services	9,200	9,317	117	1.3%
Leisure and Hospitality	6,300	6,525	225	3.6%
Other Services	2,000	2,075	75	3.8%
Government	11,900	12,150	250	2.1%
Total Wage and Salary Employment	56,800	58,783	1,983	3.5%

Source: Colorado Department of Labor and Employment.



Source: Colorado Department of Labor and Employment.

PEDCO New Primary Job Announcements
Pueblo Metro Area, 1997 - 2007

Year	Company	Type of Company	Employees Announced
1997	Ashland Chemical Company	Chemical purification	132
1997	Davie Wire Compamy	Manufacture wire	125
1997	WR Inc	Manufacturer	10
1997	Fountain Foundry	Foundry	70
1997	CO Fastener & Nail Co.	Manufacturer	20
1997	Foundation Health	HMO / Information processing	1,200
1997	Biomark Incorporated	Distribution center-medical	5
1998	North Am. Telephone Network	Telemarketing	55
1998	Flexible Foam Products	Manufacturer carpet pad	50
1998	Chemical Marketing Concepts	Chemical repackaging	50
1998	Convergys/Matrix Marketing	Telemarketing	350
1998	Hartung Agalite Glass	Manufacturer	60
1998	Kroger Foods	Back office operation (accounting)	20
1998	Grupo Cementos de Chihuahua	Cement Manufacturer	130
1999	ALM Aviation	Aircraft painting and maintenance	70
1999	Innotrac	Telemarketing/customer service	450
1999	The TPA, Inc.	Medical claims processing	600
1999	Universal Boilerworks	Manufacture industrial boilers	100
1999	Stonecraft Industries	Manufacture stone building products	80
1999	McCallin Diversified Industries	Fabricate steel plates	50
2000	Vestas Wind Systems	Wind turbine manufacturer	450
2000	EDSS	Data processing	485
2001	Tenant International	Manages corporate telecom services	165
2001	Stonecraft	Manufacture stone building products	60

Year	Company	Type of Company	Employees Announced
2002	Innotrac	Telemarketing/customer service	60
2002	Haddonstone USA	Manufacturer-stonework	30
2002	Eupec Risk Management Systems	Pipeline safety systems	95
2002	Premier Fulfillment	Fulfillment distribution center	75
2002	Flexible Foam Products	Manufacturer carpet pad	18
2002	Lason	Information management	38
2003	Adam Aviation	Aircraft manufacturing	450
2003	Pueblo Suburban Development	Manufacture and run greenhouses	1,300
2004	Takeshiba Electric	Medical equipment R&D	48
2004	Deneen & Company	Food processing	40
2004	Benshaw (Trane)	Manufacturer / water chillers	60
2004	Dun & Bradstreet	Business services - call center	325
2005	Express Scripts	Business services - call center	500
2005	Receivable Management Services	Business services - call center	325
2005	Professional Bull Riders	Sports association headquarters	180
2005	LB Foster	Prefabricated rail manufacturing	28
2005	Timberline Steel	Fabricated steel manufacturing	29
2005	Eldorado Stone (StoneCraft)	Manufacture stone building products	25
2006	Doss Aviation	USAF Pilot Traning	200
2006	Atlas Pacific Engineering	Mfg. food products machinery	22
2006	Cingular	Call Center	500
2006	Verisma	Software development	15
2007	**Document Solutions Center**	**Colorado State Agency**	**40**
Total			9,190

Source: PEDCO

Announced Primary Industry Layoffs

Pueblo Metro Area, 1998 - 2007

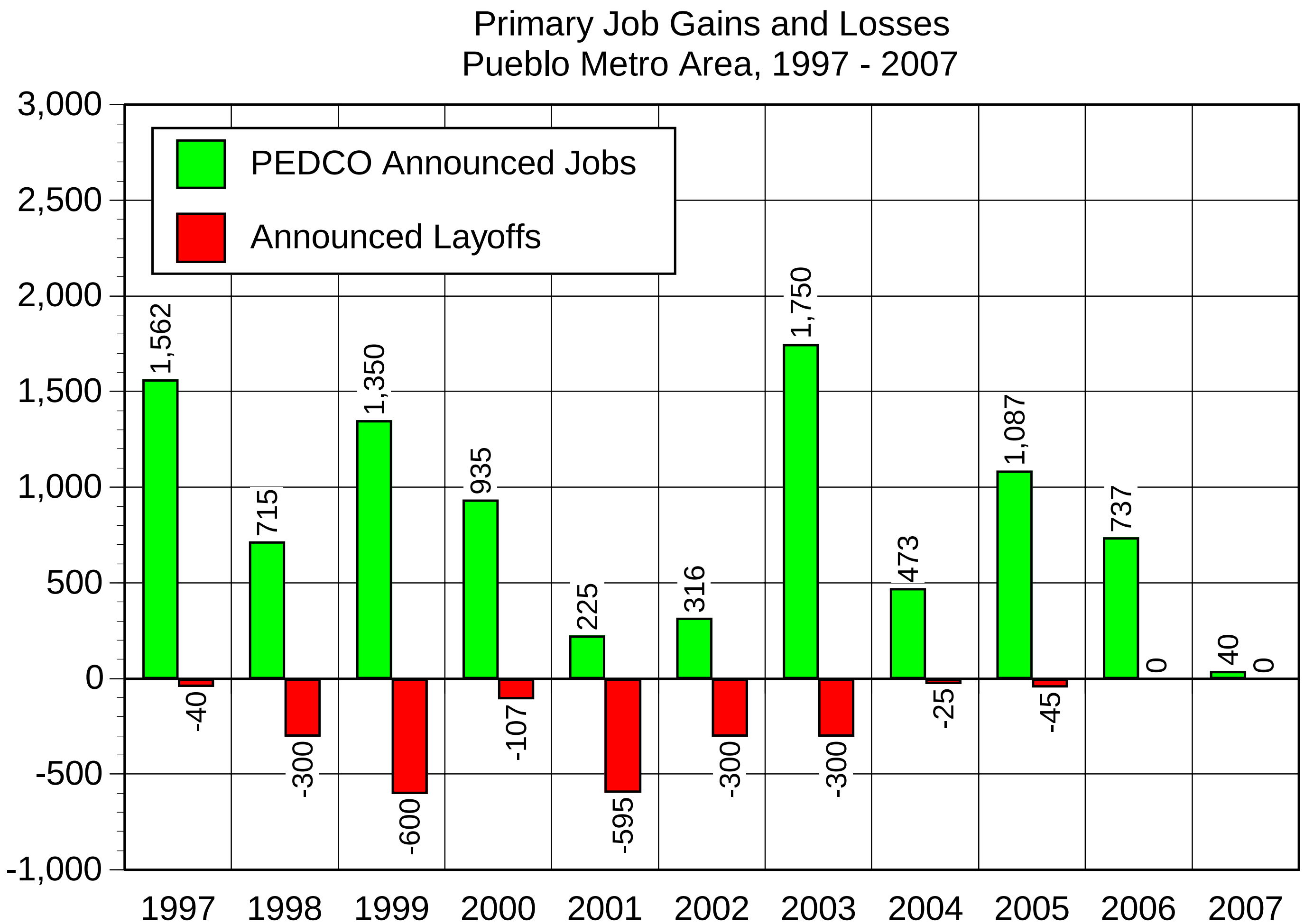
Year Announced	Company	Type of Announcement	Type of Company	Number of Employees Announced for Layoff
1997	Lan Technologies	Shutdown	Manufacturer computer disc	40
1998	Rocky Mountain Steel	Downsizing	Manufacturer of steel	300
1999	QualMed	Shutdown	HMO claims processing	600
2000	Boeing	Downsizing	Aerospace manufacturing	77
2000	Hyd-Mech	Shutdown	Industrial band saw manufacturing	30
2001	Columbia House	Shutdown	Mail order fulfillment	400
2001	Benesight	Downsizing	Health insurance service provider	60
2001	Innotrac	Downsizing	Call center	115
2001	Flexible Foam	Shutdown (Temporary)	Manufacturer carpet pad	20
2002	Convergys	Downsizing	Telemarketing	250
2002	Benesight	Downsizing	Health insurance service provider	50
2003	Benesight	Downsizing	Health insurance service provider	50
2003	Boeing	Suhtdown (2004)	Aerospace manufacturing	250
2004	Benesight	Downsizing	Health insurance service provider	25
2005	Eupec - RMS	Shutdown	Pipeline safety systems	45
2006	None	None	None	0
2007	None	None	None	0
Total				2,312

Source: Colorado Department of Labor and Employment, PEDCO, Pueblo Chieftain and Colorado Department of Labor and Employment

Net Primary Job Announcements
Pueblo Metro Area, 1997-2007

Year	Announced New Jobs	Announced Layoffs	Net Gain / Loss
1997	1,562	40	1,522
1998	715	300	415
1999	1,350	600	750
2000	935	107	828
2001	225	595	-370
2002	316	300	16
2003	1,750	300	1,450
2004	473	25	448
2005	1,087	45	1,042
2006	737	0	737
2007	40	0	40
Total	9,190	2,312	6,878

Source: PEDCO, Pueblo Chieftain and the Colorado Department of Labor and Employment

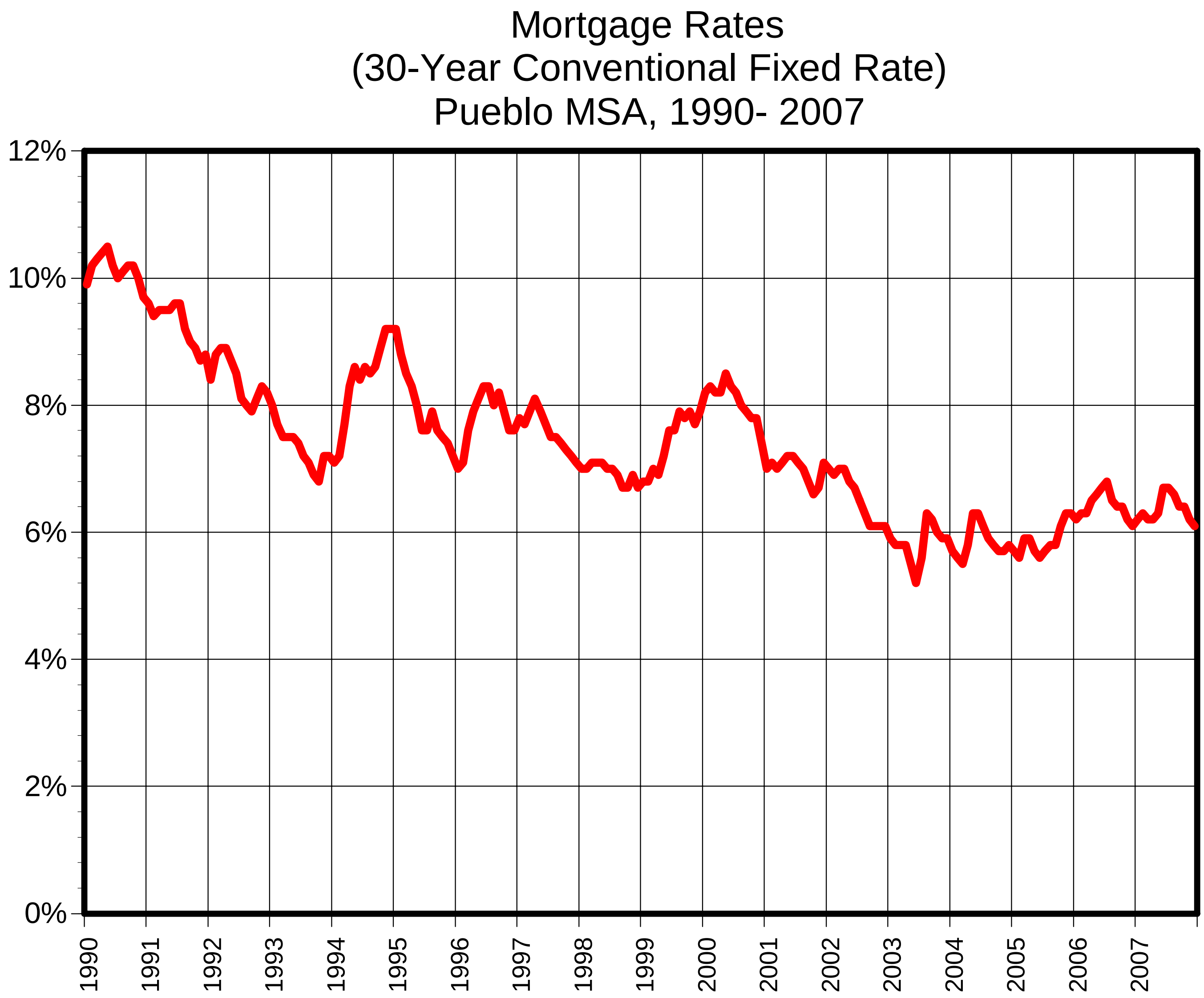


Source: PEDCO, Pueblo Chieftain, Colorado Department of Labor and Employment and David Bamberger & Associates.

Components of Population Growth
Pueblo Metro Area, 1990-2007

Year	Population	Change	Births	Deaths	Natural Increase	Net Migration
1990	123,053	-310	1,698	1,190	508	-818
1991	123,486	433	1,724	1,184	540	-107
1992	124,410	924	1,764	1,242	522	402
1993	126,348	1,938	1,805	1,259	546	1,392
1994	128,722	2,374	1,780	1,169	611	1,763
1995	130,832	2,110	1,746	1,236	510	1,600
1996	132,498	1,666	1,730	1,337	393	1,273
1997	134,794	2,296	1,734	1,260	474	1,822
1998	137,381	2,587	1,739	1,359	380	2,207
1999	139,718	2,337	1,869	1,352	517	1,820
2000	142,054	2,336	1,933	1,374	559	1,777
2001	144,383	2,329	1,927	1,380	547	1,782
2002	147,057	2,674	1,985	1,482	503	2,171
2003	148,707	1,650	2,060	1,451	609	1,041
2004	149,728	1,021	1,946	1,526	420	601
2005	151,104	1,376	1,997	1,539	458	918
2006	153,243	2,139	2,009	1,410	599	1,540
2007	156,196	2,953	1,967	1,504	463	2,490
Totals		32,833	33,413	24,254	9,159	23,674
Percent		100%			28%	72%

Source: Colorado State Demographer

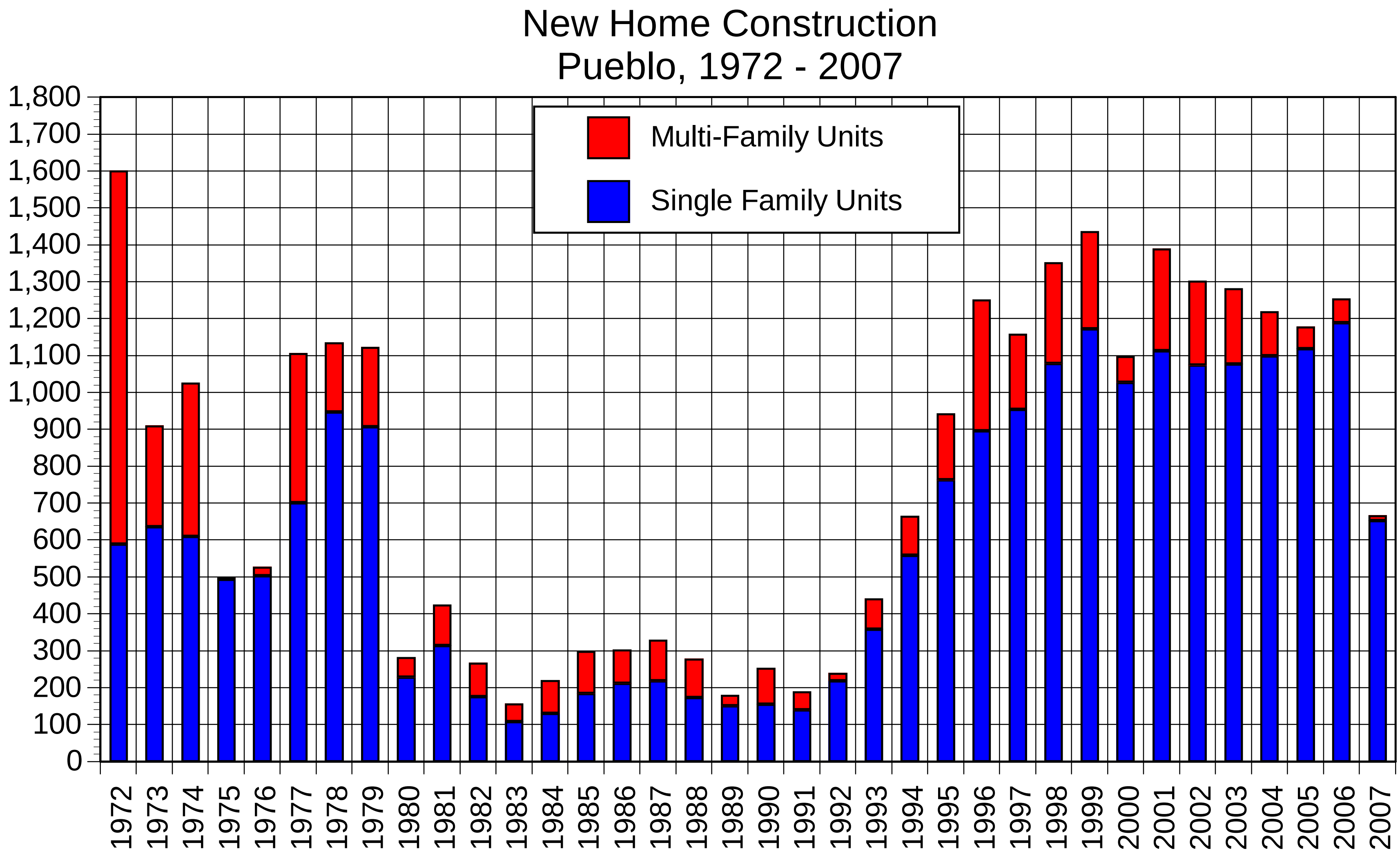


Source: Federal Reserve Bank

New Home Construction (units)
Pueblo Metropolitan Area, 1990 - 2007

Year	Single Family	Multi-Family	Total
1990	156	97	253
1991	140	50	190
1992	219	21	240
1993	359	83	442
1994	559	106	665
1995	764	179	943
1996	896	356	1,252
1997	955	204	1,159
1998	1,079	274	1,353
1999	1,173	264	1,437
2000	1,028	70	1,098
2001	1,114	276	1,390
2002	1,075	228	1,303
2003	1,078	204	1,282
2004	1,100	120	1,220
2005	1,119	60	1,179
2006	1,190	64	1,254
2007	653	14	667

Source: Regional Building Department.



Source: Regional Building Department and US Bureau of the Census.

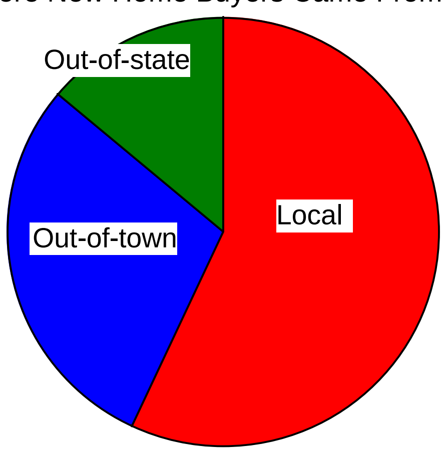
Pueblo New Home Buyer Demographics, 2003, 2004, 2005, 2006 and 2007

	2003	2004	2005	2006	2007
Previous residence of buyers					
Local	79%	71%	65%	44%	57%
Out-of-town	21%	29%	35%	33%	29%
Out-of state (not collected in 2003-2005)	NA	NA	NA	23%	14%
Total	100%	100%	100%	100%	100%
Housing stage of buyers					
First time buyers	43%	23%	37%	32%	22%
Move-up buyers (buying bigger home)	37%	57%	49%	48%	47%
Move-down buyers (buying smaller home)	20%	20%	14%	20%	31%
Total	100%	100%	100%	100%	100%
Place of work of buyers					
Work in Pueblo	76%	62%	62%	52%	59%
Work in Colorado Springs	11%	12%	13%	20%	21%
Work somewhere else	4%	5%	7%	9%	4%
Retired	10%	22%	22%	19%	16%
Total	100%	100%	100%	100%	100%

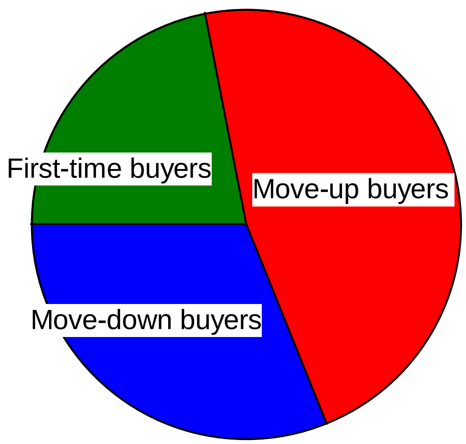
Source: David Bamberger & Associates survey

Note: Totals may not add to 100% due to rounding. Data on Out-of-state not collected in 2003-2005.

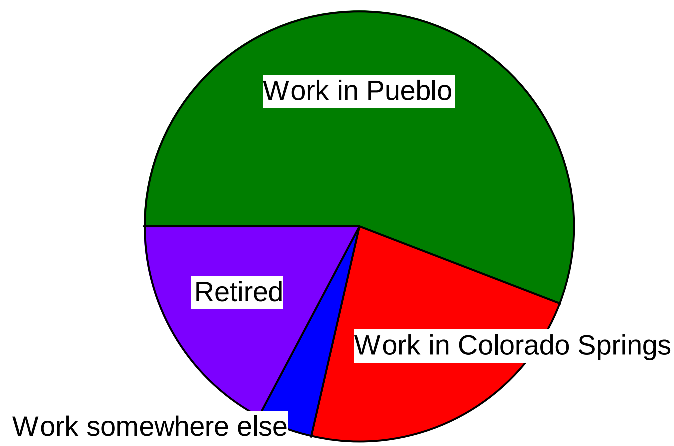
Where New Home Buyers Came From, 2007



New Home Buyer Segments, 2007



Where Buyers Work, 2007



Estimated Single Family New Home Market Performance

Pueblo County, January 1, 2008

(Sample data scaled to represent the whole market)

Price Range	Started Jan-Dec 2007	Under Construction 1-Jan-08			Completed (not closed) 1-Jan-08			Sold 2007	Plan to Build in 2008
		Presold	Unsold	Total	Presold	Unsold	Total		
Less than $160,000	182	5	21	26	5	24	29	226	168
$160,000 to $199,999	220	18	32	50	18	42	60	249	231
$200,000 to $249,999	126	24	11	34	24	8	32	138	100
$250,000 to $299,999	70	11	13	24	11	13	24	62	37
$300,000 and over	67	18	13	32	18	29	47	64	42
Total	665	76	89	165	76	116	192	738	578

Source: David Bamberger & Associates Builder Survey, January 2008. Note: The survey included responses from 20 builders, accounting for 38% of permits pulled by builders in 2007.

Analysis of Speculative New Single Family Inventory

January 1, 2008

(Sample data scaled to represent the whole market)

Price Range	Total Unsold Inventory	Sold per Month in 2007	Months of Inventory
Less than $160,000	45	19	2.4
$160,000 to $199,999	74	21	3.5
$200,000 to $249,999	18	11	1.6
$250,000 to $299,999	26	5	5.1
$300,000 and over	42	5	7.8
Total	205	62	3.3

Source: David Bamberger & Associates Builder Survey - January 2008.

Summary Builder Survey Question Responses

Estimated Price Increases of New Homes

- 2007 average experienced – 2.2%
- 2008 average expected – 1.0%

Lot Shortages

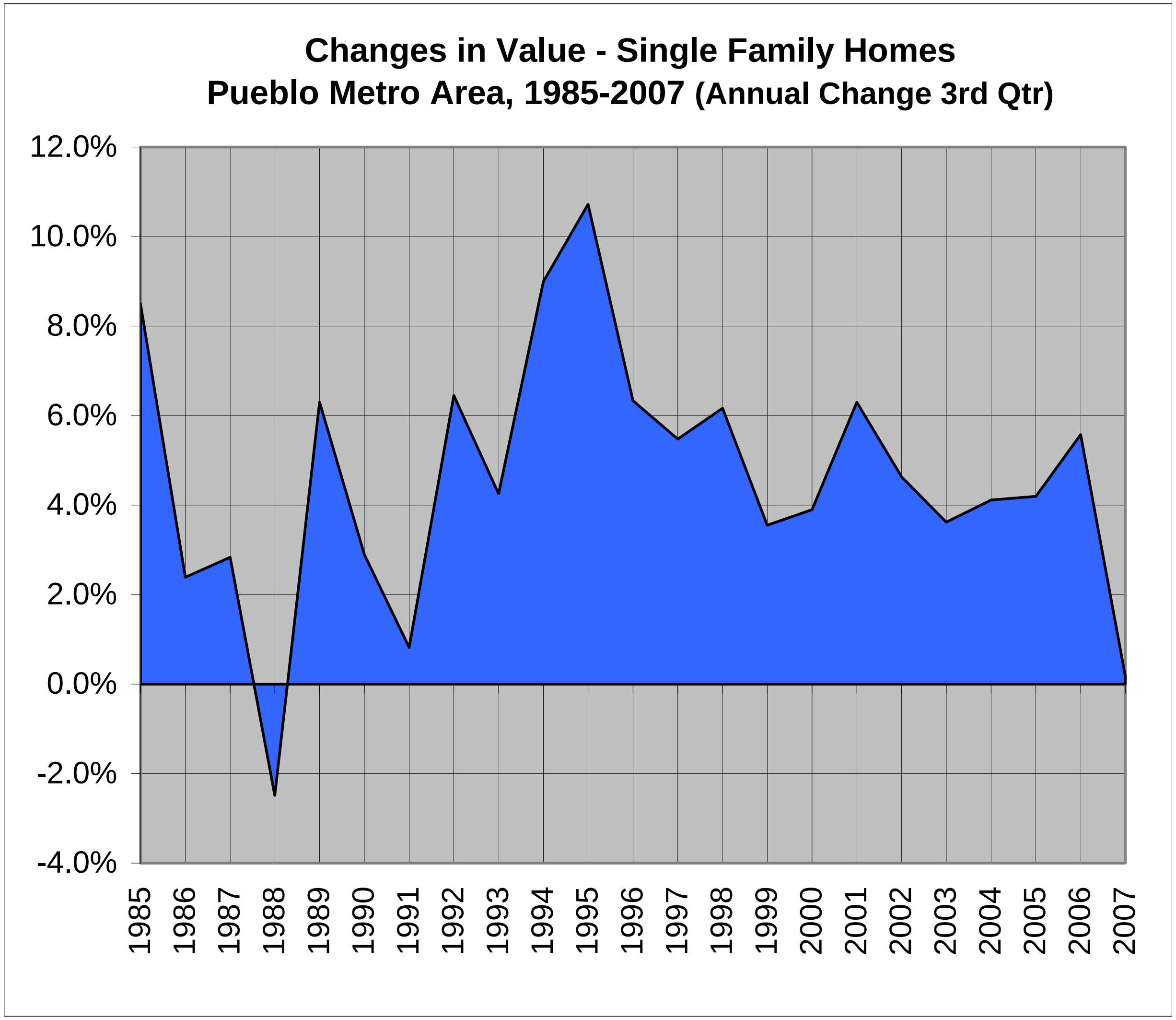
No -- 17 builders Yes -- 3 builders

Price Range of Lot Shortage

- $25k
- $15k - $30k
- $20 - $40k

Areas Where There Are Lot Shortages

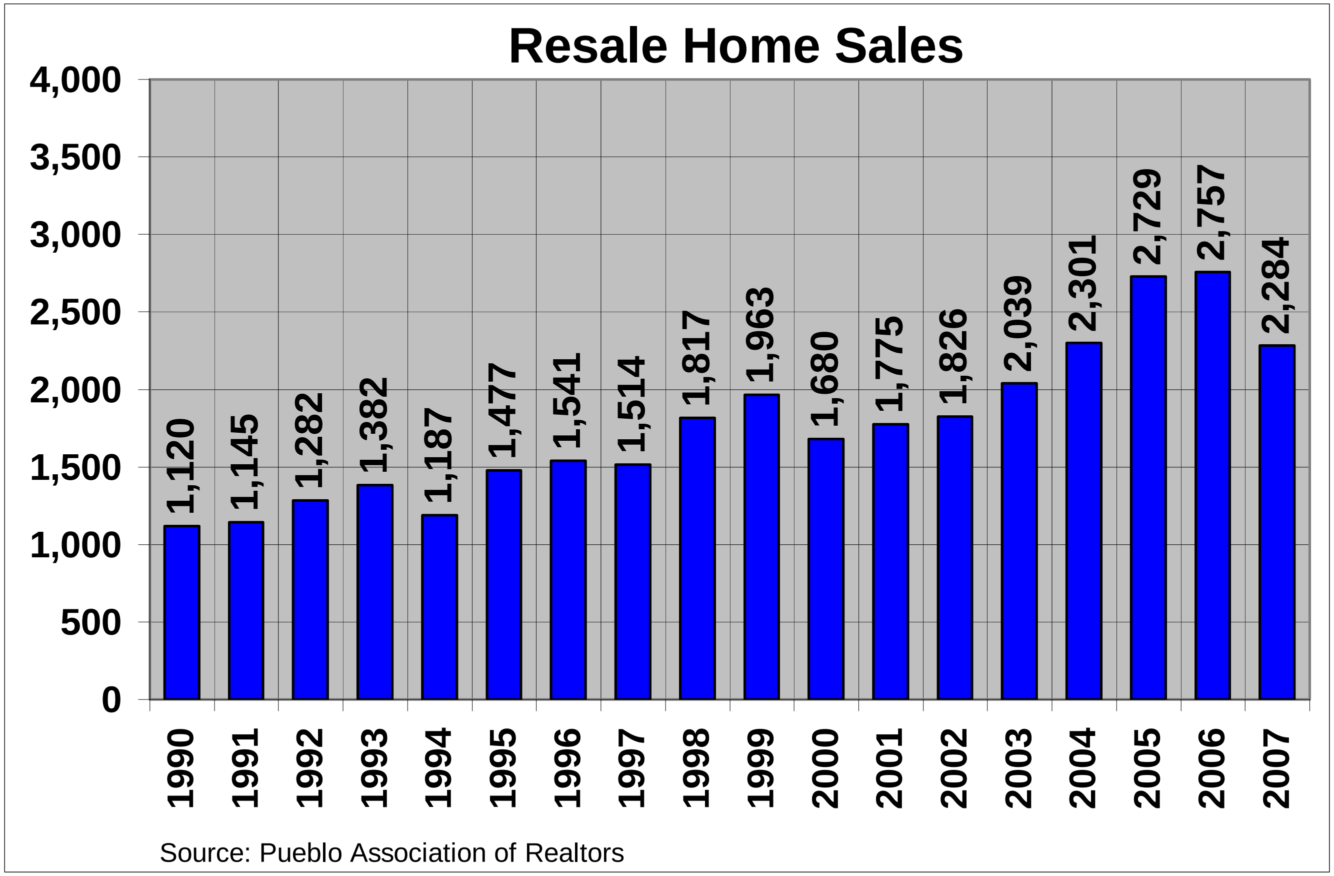
- Desirable subdivisions
- Northside and southside
- All over



Changes in Value - Single Family Homes
Pueblo, 1985-2007

Year	Quarter	Single Family Home Value	Percent Change Over One Year Ago
1985	3rd	$68,920	8.5%
1986	3rd	$70,810	2.4%
1987	3rd	$72,430	2.8%
1988	3rd	$70,940	-2.5%
1989	3rd	$75,100	6.3%
1990	3rd	$77,270	2.9%
1991	3rd	$78,190	0.8%
1992	3rd	$83,000	6.5%
1993	3rd	$86,200	4.3%
1994	3rd	$94,010	9.0%
1995	3rd	$104,290	10.7%
1996	3rd	$110,970	6.3%
1997	3rd	$117,100	5.5%
1998	3rd	$124,330	6.2%
1999	3rd	$128,350	3.6%
2000	3rd	$133,190	3.9%
2001	3rd	$141,840	6.3%
2002	3rd	$148,300	4.6%
2003	3rd	$153,350	3.6%
2004	3rd	$159,970	4.1%
2005	3rd	$165,550	4.2%
2006	3rd	$174,210	5.6%
2007	3rd	$174,520	0.2%

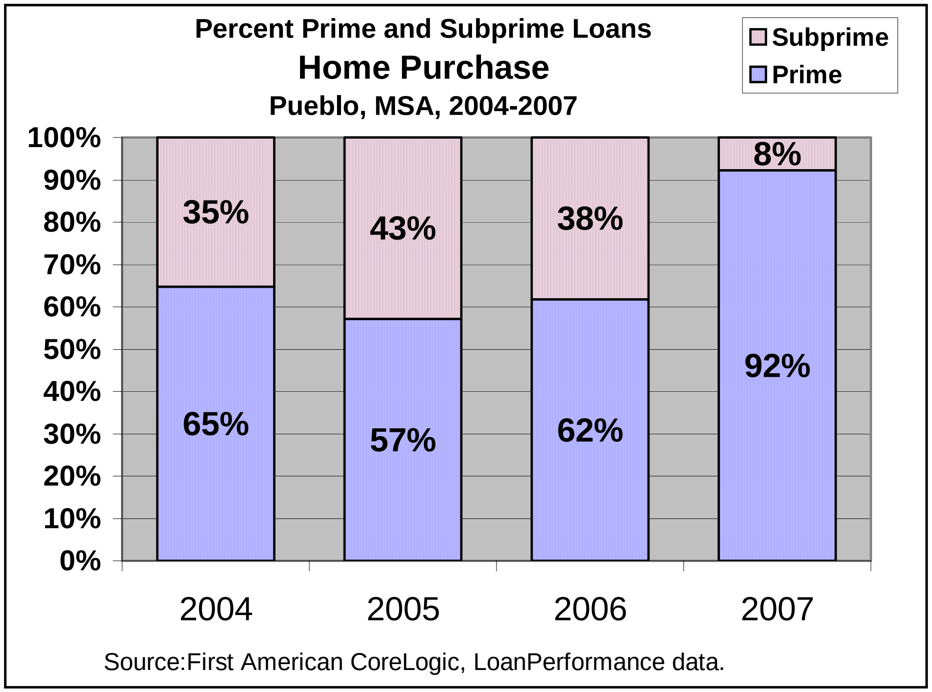
Source: Office of Federal Housing Enterprise Oversight.

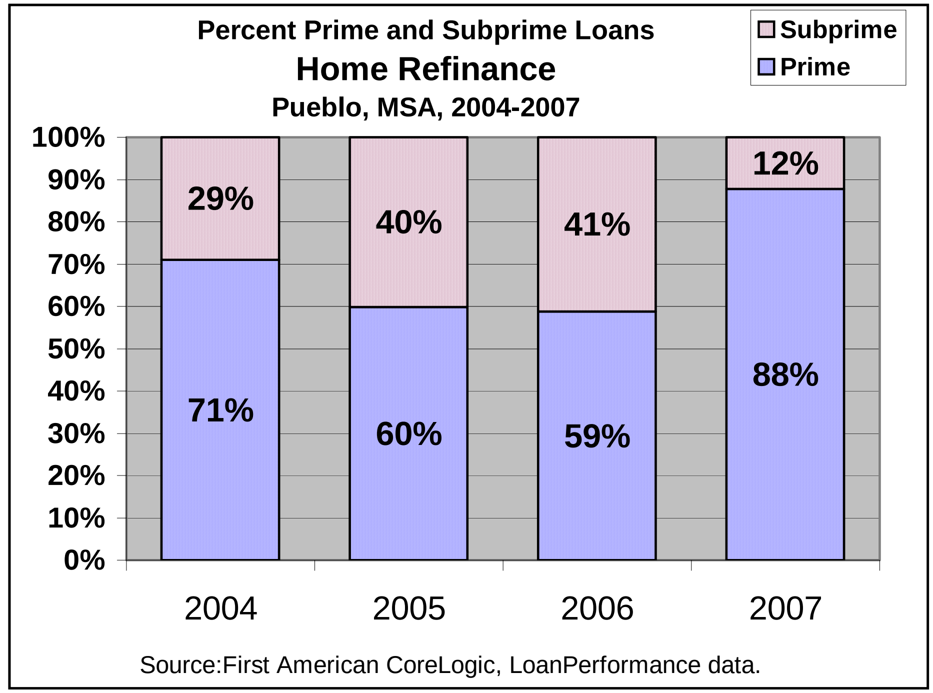

Resale Home Sales
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
1,120
1,145
1,282
1,382
1,187
1,477
1,541
1,514
1,817
1,963
1,680
1,775
1,826
2,039
2,301
2,729
2,757
2,284
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
Source: Pueblo Association of Realtors

Percent Prime and Subprime Loans
Pueblo MSA, 2004-2007

Year	Home Purchase			ReFinance		
	Prime	Subprime	Total	Prime	Subprime	Total
2004	65%	35%	100%	71%	29%	100%
2005	57%	43%	100%	60%	40%	100%
2006	62%	38%	100%	59%	41%	100%
2007	92%	8%	100%	88%	12%	100%

Source:First American CoreLogic, LoanPerformance data.

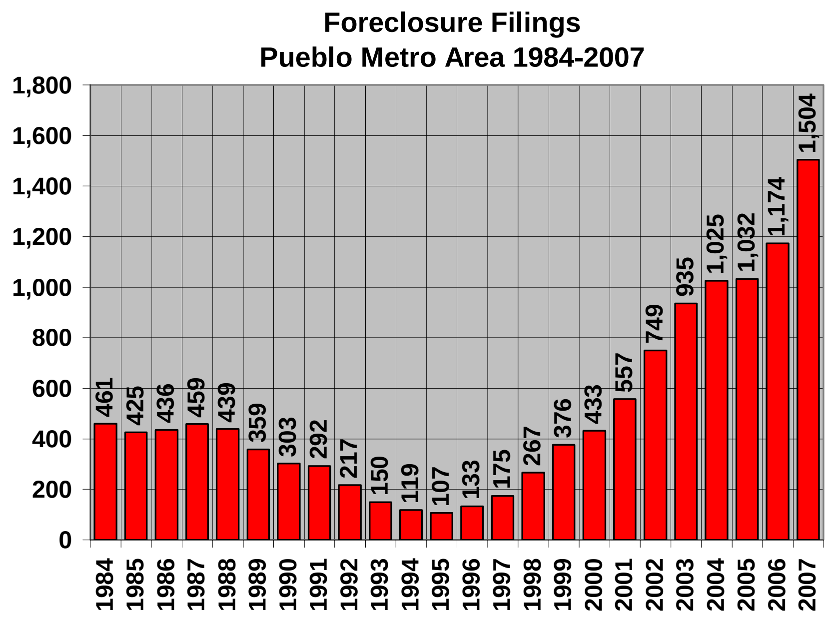




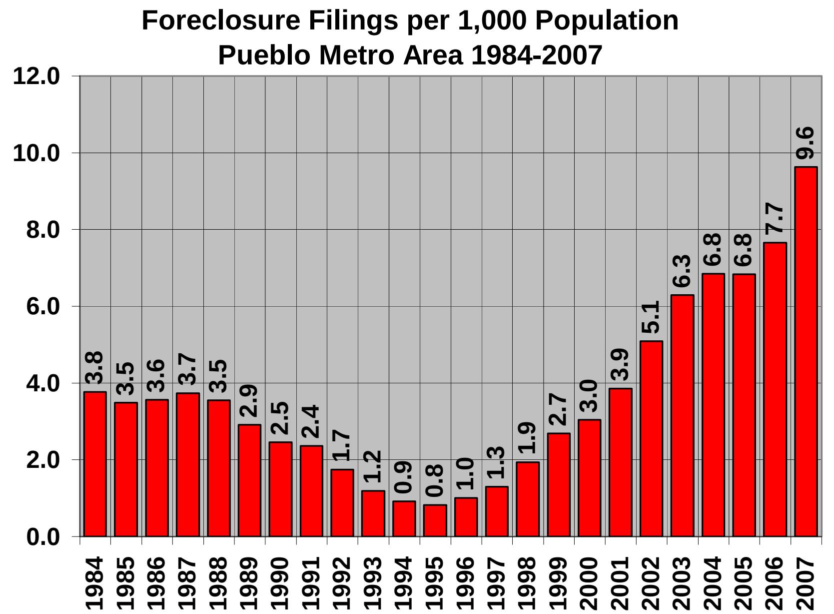
Foreclosure Filings per 1,000 Population
Pueblo Metro Area 1981-2007

Year	Foreclosure Filings	Population	Forclosure Filings per 1,000 Population
1984	461	122,360	3.8
1985	425	121,907	3.5
1986	436	122,365	3.6
1987	459	122,838	3.7
1988	439	123,737	3.5
1989	359	123,363	2.9
1990	303	123,053	2.5
1991	292	123,486	2.4
1992	217	124,410	1.7
1993	150	126,348	1.2
1994	119	128,722	0.9
1995	107	130,832	0.8
1996	133	132,498	1.0
1997	175	134,794	1.3
1998	267	137,381	1.9
1999	376	139,718	2.7
2000	433	142,054	3.0
2001	557	144,383	3.9
2002	749	147,057	5.1
2003	935	148,707	6.3
2004	1,025	149,728	6.8
2005	1,032	151,104	6.8
2006	1,174	153,243	7.7
2007	1,504	156,196	9.6

Source: Colorado state Demographer and Pueblo County Trustee.
Note: Population data is for July.
File: Foreclosures



Source: Pueblo County Trustee.



Source: Colorado State Demographer and Pueblo County Trustee.

New Single Family Permits (Units)
Pueblo County, 2003-2008 Feb)

Month	2003	2004	2005	2006	2007	2008
Jan	85	88	85	103	72	28
Feb	97	85	84	91	75	37
Mar	80	100	123	141	74	
Apr	119	105	95	116	56	
May	109	129	96	141	83	
Jun	94	78	101	114	73	
Jul	113	72	80	90	57	
Aug	93	90	88	119	46	
Sep	109	109	99	69	43	
Oct	91	75	88	82	37	
Nov	82	81	86	69	21	
Dec	76	87	94	65	28	
Total	1,148	1,099	1,119	1,200	665	

Source: Pueblo Regional Building Department.

HOUSING PERMITS (UNITS) AND POPULATION
PUEBLO COUNTY, 1972 - 2007

Year	Single Family Units	Multi-Family Units	Total Units	Population	Single Family Units per 1,000 Population	Multi-Family Units per 1,000 Population	Total Units per 1,000 Population
1972	590	1,012	1,602	121,150	4.9	8.4	13.2
1973	636	275	911	122,607	5.2	2.2	7.4
1974	610	416	1,026	124,063	4.9	3.4	8.3
1975	494	4	498	125,520	3.9	0.0	4.0
1976	504	24	528	124,789	4.0	0.2	4.2
1977	701	406	1,107	123,752	5.7	3.3	8.9
1978	947	188	1,135	123,937	7.6	1.5	9.2
1979	907	216	1,123	125,933	7.2	1.7	8.9
1980	229	54	283	125,745	1.8	0.4	2.3
1981	315	110	425	124,797	2.5	0.9	3.4
1982	176	92	268	123,756	1.4	0.7	2.2
1983	108	49	157	123,434	0.9	0.4	1.3
1984	130	91	221	122,360	1.1	0.7	1.8
1985	185	114	299	121,900	1.5	0.9	2.5
1986	212	91	303	122,400	1.7	0.7	2.5
1987	219	111	330	122,800	1.8	0.9	2.7
1988	174	104	278	123,700	1.4	0.8	2.2
1989	152	28	180	123,400	1.2	0.2	1.5
1990	156	97	253	123,053	1.3	0.8	2.1
1991	140	50	190	123,486	1.1	0.4	1.5
1992	219	21	240	124,410	1.8	0.2	1.9
1993	359	83	442	126,348	2.8	0.7	3.5
1994	559	106	665	128,722	4.3	0.8	5.2
1995	764	179	943	130,832	5.8	1.4	7.2
1996	896	356	1,252	132,498	6.8	2.7	9.4
1997	955	204	1,159	134,794	7.1	1.5	8.6
1998	1,079	274	1,353	137,381	7.9	2.0	9.8
1999	1,173	264	1,437	139,718	8.4	1.9	10.3
2000	1,028	70	1,098	142,054	7.2	0.5	7.7
2001	1,114	276	1,390	144,383	7.7	1.9	9.6
2002	1,075	228	1,303	147,057	7.3	1.6	8.9
2003	1,078	204	1,282	148,707	7.2	1.4	8.6
2004	1,100	120	1,220	149,728	7.3	0.8	8.1
2005	1,119	60	1,179	151,104	7.4	0.4	7.8
2006	1,190	64	1,254	153,243	7.8	0.4	8.2
2007	653	14	667	156,196	4.2	0.1	4.3
Average	610	144	754	131,389	4.5	1.1	5.6

Source: Regional Building Department, Pueblo City Planning Department, Bureau of the Census and David Bamberger & Associates.

File: Housing/Pop Series Pueblo

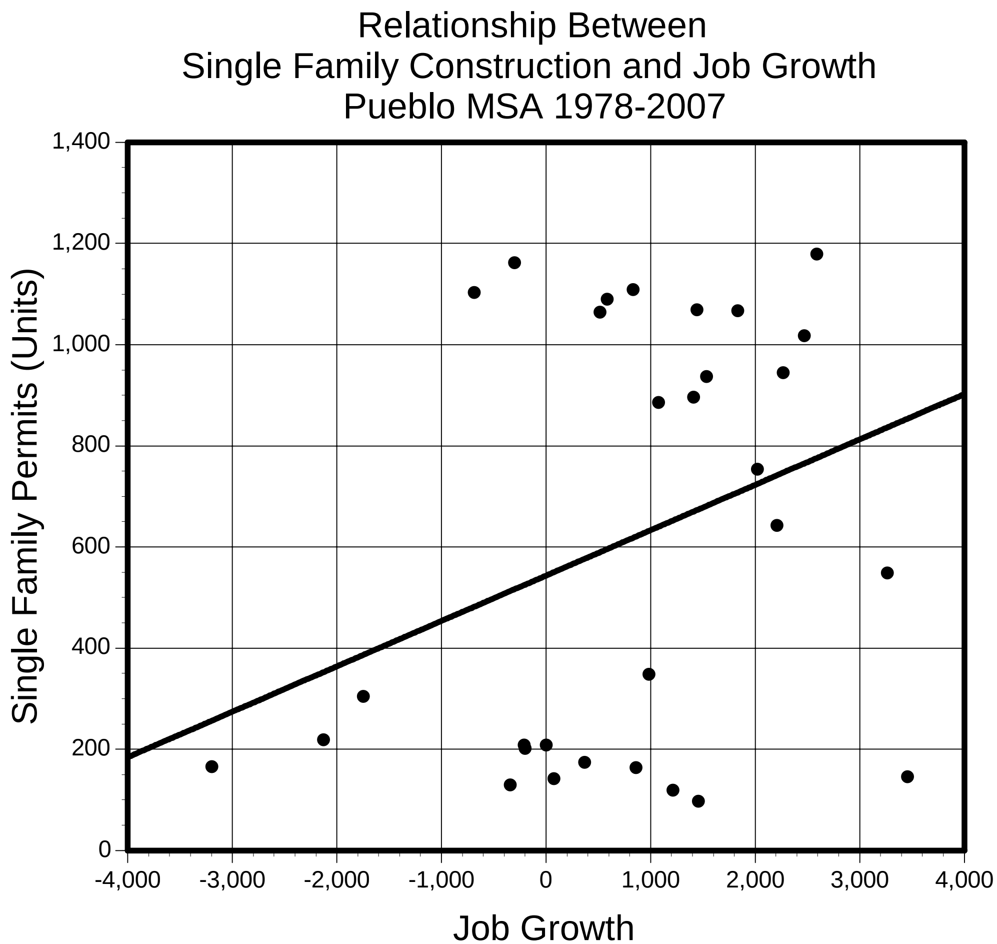
HOUSING, JOBS, INTEREST RATES AND NET MIGRATION
PUEBLO, 1977-2007

	Total Employment		New Home Construction (units)								
Year	Total	Change	Single Family	Multi-Family	Total	Resale Home Sales	Total Housing Activity	Net Migration	Home Mortgage Rate	New as a % of Total Housing Activity	Change in Employment to New Home Construction
1977	45,872		701	406	1,107	2,058	3,165	-1,919	8.8%	35.0%	
1978	47,405	1,533	947	188	1,135	2,073	3,208	-681	9.3%	35.4%	1.35
1979	48,813	1,408	907	216	1,123	2,249	3,372	1,089	10.5%	33.3%	1.25
1980	46,682	-2,131	229	54	283	1,298	1,581	-1,149	12.3%	17.9%	-7.53
1981	44,932	-1,750	315	110	425	1,464	1,889	-1,883	14.1%	22.5%	-4.12
1982	41,734	-3,198	176	92	268	1,059	1,327	-1,962	14.5%	20.2%	-11.93
1983	43,187	1,453	108	49	157	1,034	1,191	-1,246	12.1%	13.2%	9.25
1984	44,395	1,208	130	91	221	1,255	1,476	-1,910	11.9%	15.0%	5.47
1985	44,761	366	185	114	299	1,129	1,428	-1,205	11.1%	20.9%	1.22
1986	44,556	-205	212	91	303	1,299	1,602	-228	9.7%	18.9%	-0.68
1987	44,342	-214	219	111	330	1,167	1,497	-142	8.9%	22.0%	-0.65
1988	45,200	858	174	104	278	1,171	1,449	332	8.8%	19.2%	3.09
1989	45,272	72	152	28	180	1,047	1,227	-887	9.8%	14.7%	0.40
1990	48,728	3,456	156	97	253	1,120	1,373	-818	9.7%	18.4%	13.66
1991	48,383	-345	140	50	190	1,145	1,335	-107	9.0%	14.2%	-1.82
1992	48,380	-3	219	21	240	1,282	1,522	402	8.4%	15.8%	-0.01
1993	49,360	980	359	83	442	1,382	1,824	1,392	7.3%	24.2%	2.22
1994	52,623	3,263	559	106	665	1,187	1,852	1,763	8.6%	35.9%	4.91
1995	54,642	2,019	764	179	943	1,477	2,420	1,600	8.0%	39.0%	2.14
1996	55,715	1,073	896	356	1,252	1,541	2,793	1,273	7.8%	44.8%	0.86
1997	57,982	2,267	955	204	1,159	1,514	2,673	1,822	7.6%	43.4%	1.96
1998	59,423	1,441	1,079	274	1,353	1,817	3,170	2,207	6.9%	42.7%	1.07
1999	59,117	-306	1,173	264	1,437	1,963	3,400	1,820	7.3%	42.3%	-0.21
2000	61,584	2,467	1,028	70	1,098	1,680	2,778	1,777	7.9%	39.5%	2.25
2001	60,896	-688	1,114	276	1,390	1,775	3,165	1,782	6.9%	43.9%	-0.49
2002	61,410	514	1,075	228	1,303	1,826	3,129	2,171	6.5%	41.6%	0.39
2003	63,239	1,829	1,078	204	1,282	2,039	3,321	1,041	5.8%	38.6%	1.43
2004	63,820	581	1,100	120	1,220	2,301	3,521	601	5.8%	34.6%	0.48
2005	64,651	831	1,119	60	1,179	2,729	3,908	918	5.9%	30.2%	0.70
2006	67,239	2,588	1,190	64	1,254	2,757	4,011	1,540	6.4%	31.3%	2.06
2007	69,446	2,207	653	14	667	2,284	2,951	2,490	6.4%	22.6%	3.31

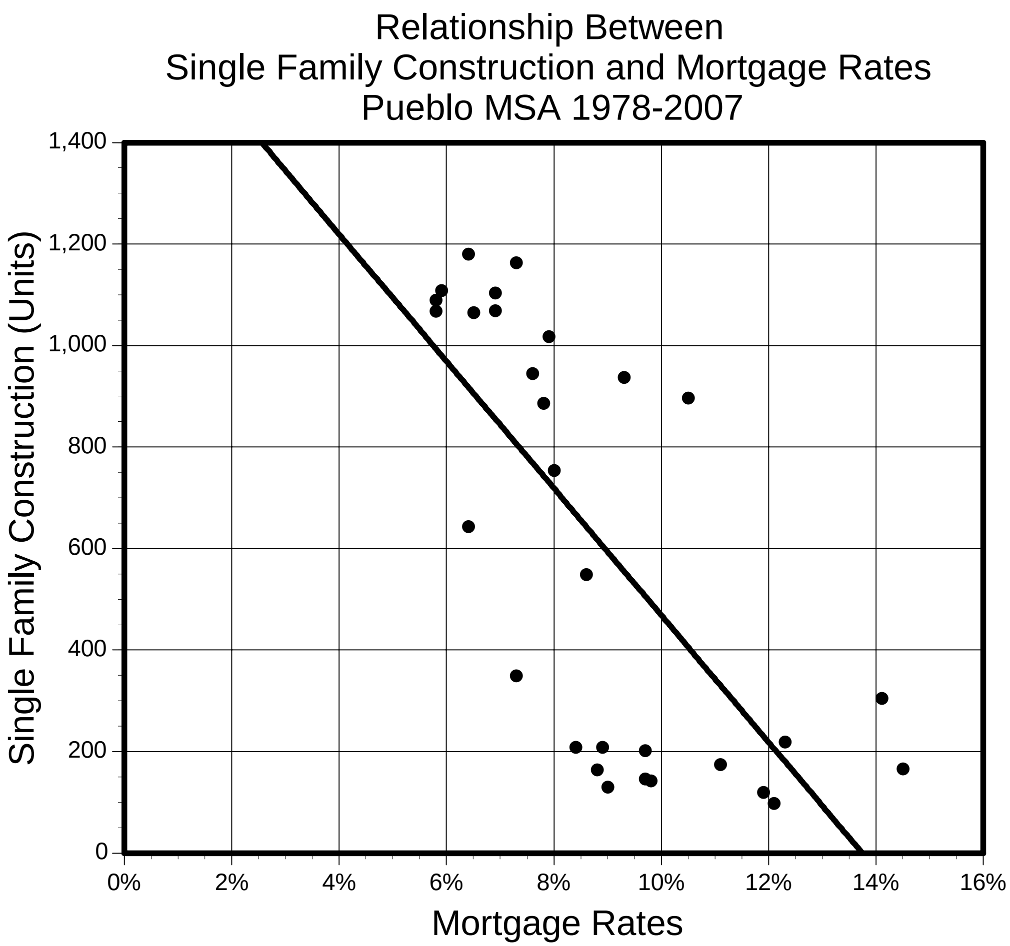
Sources: Colorado Dept. of Labor and Employment, Pueblo Regional Building Dept., Pueblo Board of Realtors, U.S. Bureau of the Census and the Colorado State Demographer.

Note: Multi-family includes duplexes, 4-plexes, townhomes, condos and apartments.

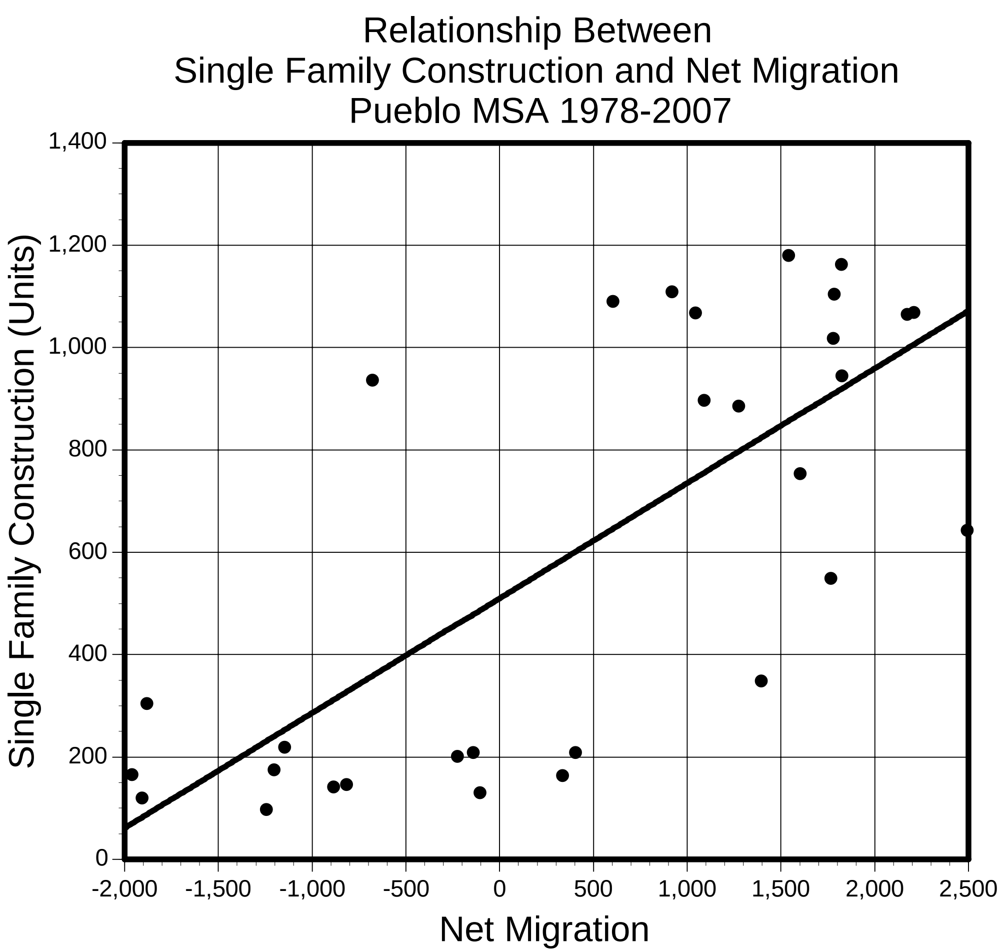
Note: Single family includes single family detached.



Source: Pueblo Regional Building Department, Colorado Department of Labor and Employment and David Bamberger & Associates.



Source: Pueblo Regional Building Department, Federal Reserve Bank, Various Mortgage Companies and David Bamberger & Associates.



Source: Pueblo Regional Building Department and Colorado State Demographer and David Bamberger & Associates.

Estimates of Fort Carson Expansion Housing Needs

Family Housing On-base	**2010**	**2013**	**Total**
Increase in Military Personnel	7,000	5,500	12,500
% Married + Single Parents	60%	60%	60%
Number of Married + Single Parent Personnel	4,179	3,284	7,463
% On-base	15%	20%	17%
Number On-base	**627**	**657**	**1,284**
Family Housing Off-base Owners	**2010**	**2013**	**Total**
Increase in Military Personnel	7,000	5,500	12,500
% Married + Single Parents	60%	60%	60%
Number of Married + Single Parent Personnel	4,179	3,284	7,463
% Off-base	85%	80%	83%
Number Off-base	3,552	2,627	6,179
Percent Owners	20%	20%	20%
Number of Off-base Owners	**710**	**525**	**1236**
Family Housing Off-base Rentals	**2010**	**2013**	**Total**
Increase in Military Personnel	7,000	5,500	12,500
% Married + Single Parents	60%	60%	60%
Number of Married + Single Parent Personnel	4,179	3,284	7,463
% Off-base	100%	45%	10%
Number Off-base	3,552	2,627	6,179
Percent Renters	80%	80%	80%
Number of Off-base Renters	**2,842**	**2,101**	**4,943**
Single Housing On-base Barracks	**2010**	**2013**	**Total**
Increase in Military Personel	7,000	5,500	12,500
% Single	40%	40%	40%
Number of Single Personnel	2,821	2,217	5,038
% On-base	40%	40%	40%
Number On-base	**1,128**	**887**	**2,015**
Single Housing Off-base Rentals	**2010**	**2013**	**Total**
Increase in Military Personel	7,000	5,500	12,500
% Single	40%	40%	40%
Number of Single Personnel	2,821	2,217	5,038
% Off-base	60%	60%	60%
Number Off-base	1,693	1,330	3,023
Roommate Factor	2	2	2
Number of Units to be Occupied	**846**	**665**	**1,511**

Housing Needs Summary	**2010**	**2013**	**Total**
On-Base Barracks Units	1,128	887	2,015
On-Base Family Units	627	657	1,284
Off-base Family Owner Units	710	525	1,236
Off-base Family Renter Units	2,842	2,101	4,943
Off-Base Single Renter Units	846	665	1,511
Total	**6,154**	**4,835**	**10,989**

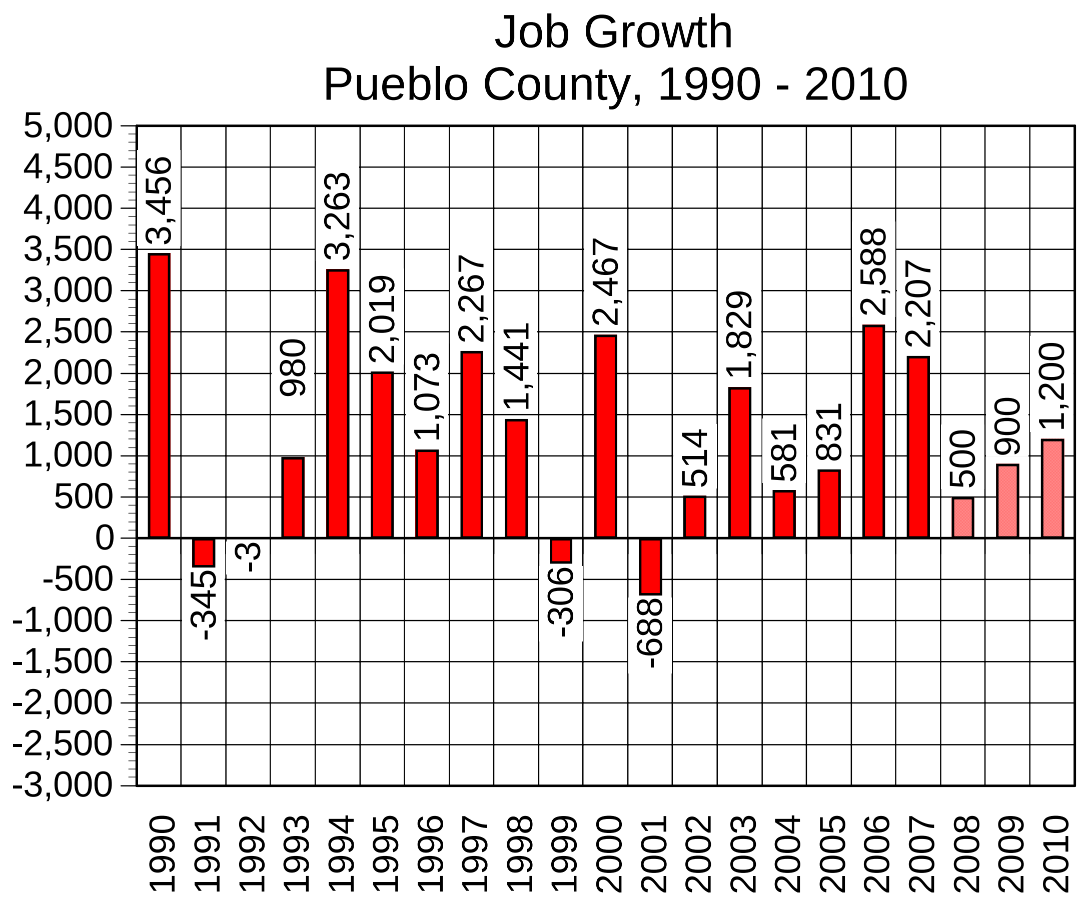
Source: David Bamberger & Associates 2-28-08

FORECASTS OF NEW SINGLE FAMILY FOR-SALE HOUSING

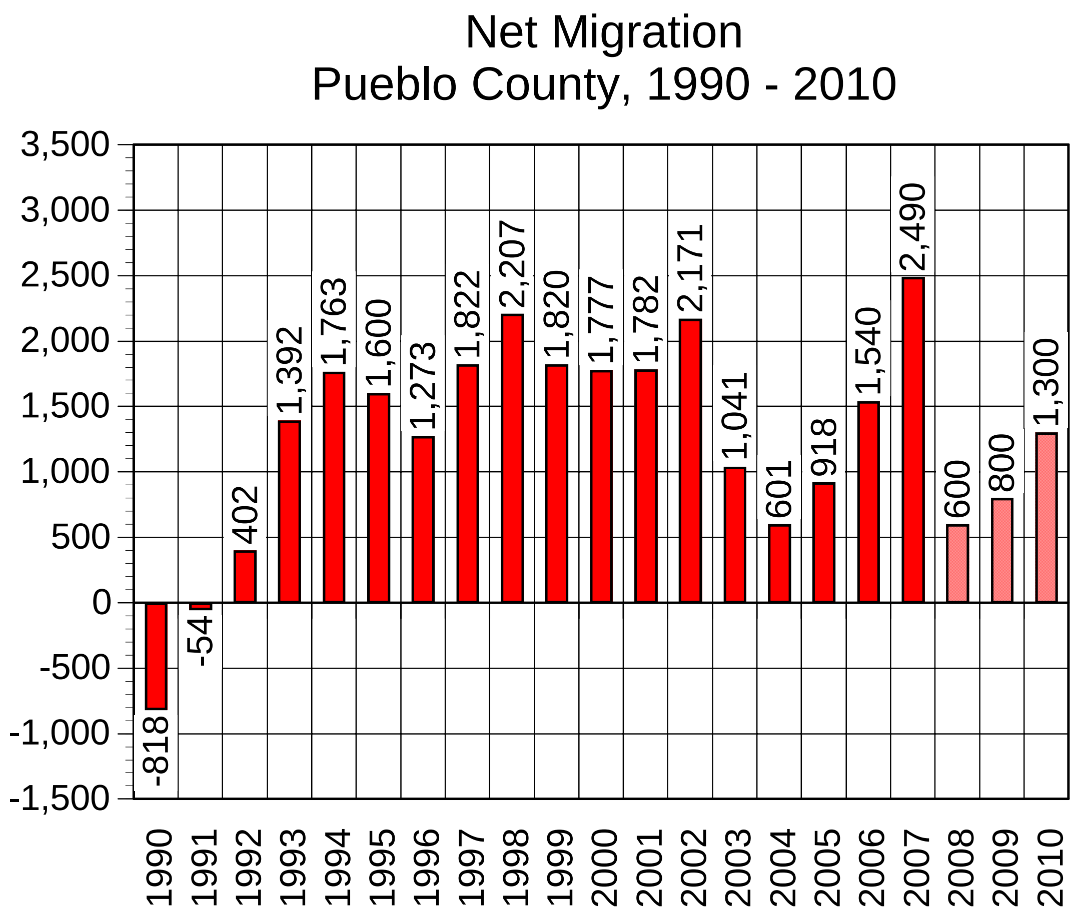
Pueblo County, 1990 - 2007 (Actuals) and 2008 - 2010 (Forecasts)

Year	Mortgage Rate (30 Year Fixed, No Points)	Job Growth	Net Migration	Permits for New Single Family Homes
1990	9.7%	3,456	-818	156
1991	9.0%	-345	-107	140
1992	8.4%	-3	402	219
1993	7.3%	980	1,392	359
1994	8.6%	3,263	1,763	559
1995	8.0%	2,019	1,600	764
1996	7.8%	1,073	1,273	896
1997	7.6%	2,267	1,822	955
1998	6.9%	1,441	2,207	1,079
1999	7.3%	-306	1,820	1,173
2000	7.9%	2,467	1,777	1,028
2001	6.9%	-688	1,782	1,114
2002	6.5%	514	2,171	1,075
2003	5.8%	1,829	1,041	1,078
2004	5.8%	581	601	1,100
2005	5.9%	831	918	1,119
2006	6.4%	2,588	1,540	1,190
2007	6.4%	2,207	2,490	665
Forecast 2008	*6.1%*	*500*	*600*	*550*
Forecast 2009	*6.2%*	*900*	*800*	*750*
Forecast 2010	*6.7%*	*1,200*	*1,300*	*1,000*

Source: David Bamberger & Associates.

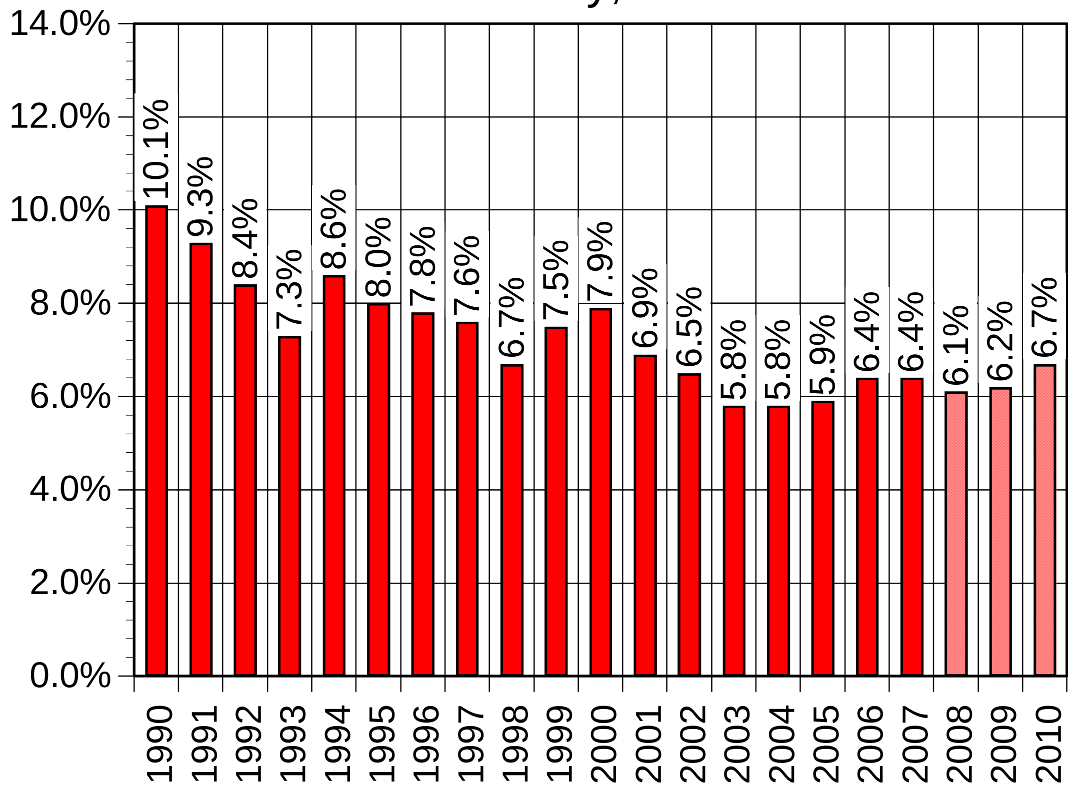


Source: Colorado Department of Labor and Employment and David Bamberger & Associates.

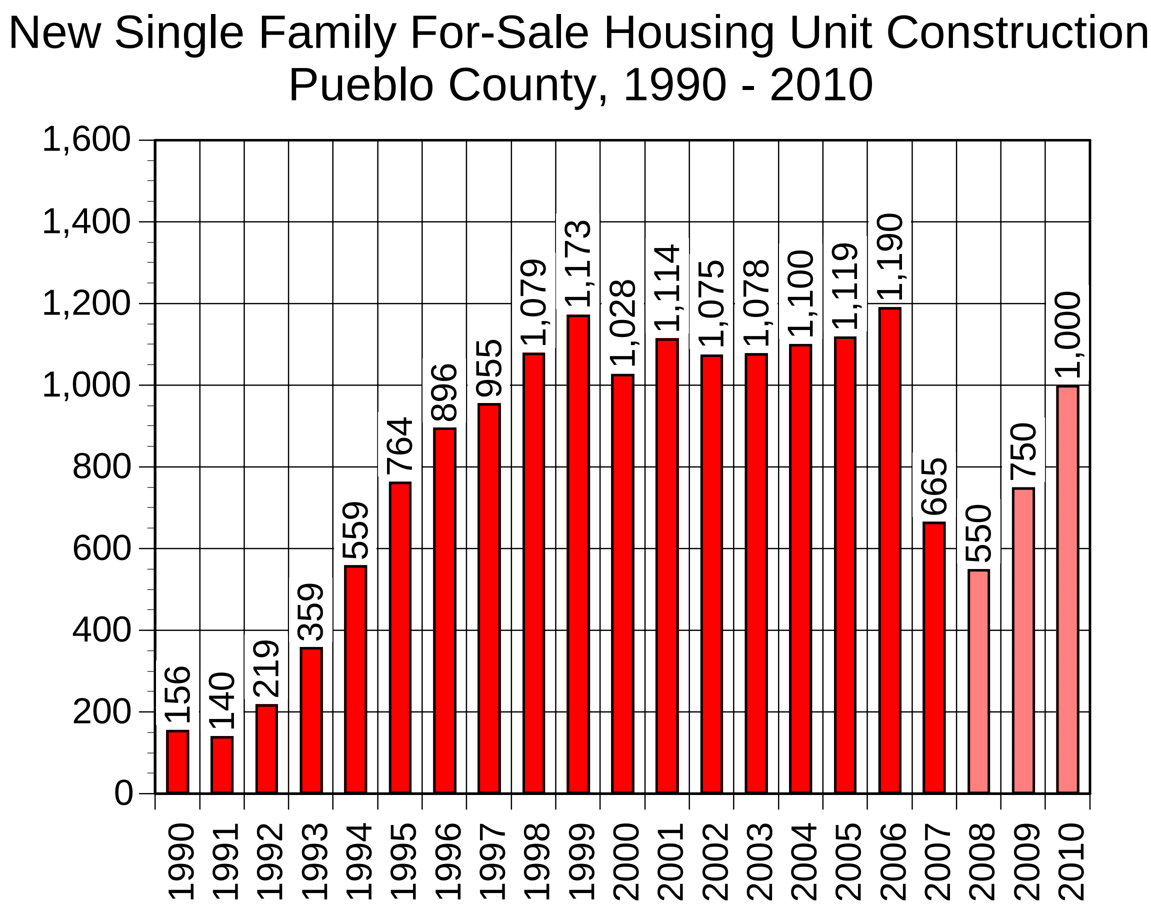


Source: Colorado State Demographer and David Bamberger & Associates.

30-Year Fixed Mortgage Rates (No Points)
Pueblo County, 1990 - 2010



Source: Federal Reserve Bank, various mortgage companies and David Bamberger & Associates.



Source: Pueblo Regional Building Department and David Bamberger & Associates.