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Return Service Requested

Note Worthy Real Estate Websites

ColoradoHomesAndRealEstate.com - Our website has everything you need to know about real estate and mortgages in the greater Denver - Boulder area, including the ability to search for homes for sale and view our current listings. We also have links to the local school districts, news outlets and all the municipalities.

ColoProperty.com - website of the Boulder/Longmont/Larimer County Boards of Realtors.

REcolorado.com - website of the Denver/Metro Boards of Realtors.

Realtor.com - official website of the National Association of Realtors.

AnnualCreditReport.com - free online credit reports from all three credit bureaus

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Mike Malec's Real Estate Watch

March / April 2012

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Mike Malec's Real Estate Watch **1**

Self-Directed IRAs – Investing Retirement Funds in Real Estate

Diversification is one of the most important qualities of a successful retirement portfolio. Among the many investment options available, real estate is often overlooked. Few people are aware that opening a Self Directed IRA or Qualified Plan creates a world of investment choices.

The key to self-direction is the flexibility to place any legal investment in your Plan, including real estate. Purchasing real estate in your Plan provides investors a hard asset to counterbalance the retirement portfolio traditionally dominated by financial securities. It also allows real estate investors the ability to invest in an asset that they know and understand.

Tax law changes in 2002 significantly enhanced the number of choices and flexibility of self-directed tax-free and tax-deferred plans. This includes new opportunities to consolidate and control investments in fewer accounts as well as the potential to make larger contributions to the qualified retirement plans. This applies specifically to self-employed persons and those with small corporations. Most real estate professionals are in this category. Individuals with SEP retirement accounts will find significant benefits from the new individual 401(k) plans. Among the benefits are contribution limits and flexibility.

The key to self-directing retirement funds to real estate is to have a plan that allows true self-direction. Many financial institutions, while promoting self-direction, allow only financial securities to which the institution has easy access or from which it earns commissions. Truly self-directed plans allow you, the investor, to select the investment on your own. Self-directed plan administrators may be located easily via an Internet search.

Once your Plan or Account is established, you may direct your plan administrator to purchase for your Plan whatever real estate property you choose, within IRS guidelines.

The administrator will not provide investment advice regarding the purchase; they only perform the actions that you direct. The administrator, following your instructions, reviews documents, signs purchase and other documents on behalf of your Plan.

You may have your Plan partner with other plans or other individuals to make a purchase. You are allowed to finance a portion of the price if you wish. Your Plan may invest in a partnership or LLC that is purchasing real estate. The choice is yours. The ability to put your retirement funds into an investment that you can see, select, control and understand is the power of Self-Direction.

As with any IRS-related pronouncement, there are exceptions. When purchased, the property becomes an asset of your Plan or account.

In addition:

- You may not personally own the property

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Current Listings



5362 Lewiston Court Denver, CO - \$220,000

Looks like a Pottery Barn show home.
3 Bedroom/2 1/2 Bathroom with lots
of custom upgrades and finishes.
Hardwood floors entire 1st floor.



1951 Alpine Avenue Boulder, CO - \$669,000

Three bedrooms and 2 3/4 Baths.
A home and an income property in
one. Incredible south and west views
from this hillside location.

Inventory is low, so if
you've been thinking
of selling, now would
be a great time!



115 Cessna Drive - Erie, CO \$224,900

2 acre buildable lot with runway access.



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Single Family Residential Sales

February 2012 Statistics

Location	Total # Sold	Inventory	Avg. Sales Price	Avg. Days to Contract	Median Sales Price
Boulder	38	311	\$649,023	87	\$625,000
Broomfield	21	116	\$319,642	100	\$281,500
Erie	17	103	\$278,829	78	\$276,000
Lafayette	12	94	\$411,757	58	\$343,400
Longmont	44	327	\$223,137	100	\$194,500
Louisville	6	57	\$488,981	110	\$460,000
Superior	5	46	\$471,480	79	\$435,000
Mountains	7	242	\$455,595	118	\$390,000
Plains	22	251	\$578,703	119	\$457,500
Total	172	1547			

Previous 12 Months

Location	Total # Sold			Average Sales Price		
	02/01/10 01/31/11	02/01/11 01/31/12	% Chg	02/01/10 01/31/11	02/01/11 01/31/12	% Chg
Boulder	615	625	1.6	\$640,422	\$663,282	3.6
Broomfield	331	358	8.2	\$380,623	\$356,378	<6.4>
Erie	280	242	<13.6>	\$341,940	\$326,358	<4.6>
Lafayette	230	252	9.6	\$358,593	\$372,614	3.9
Longmont	842	839	<.4>	\$256,215	\$246,517	<3.8>
Louisville	193	209	8.3	\$439,781	\$413,754	<5.9>
Superior	104	104	0	\$425,017	\$429,240	1
Mountains	233	256	9.9	\$417,697	\$399,339	<4.4>
Plains	344	295	<14.2>	\$629,034	\$627,928	<.2>
Total	3,172	3,180				

Location	Average Days to Contract			Median Sales Price		
	02/01/10 01/31/11	02/01/11 01/31/12	% Chg	02/01/10 01/31/11	02/01/11 01/31/12	% Chg
Boulder	78	88	12.8	\$532,000	\$550,000	3.4
Broomfield	86	83	<3.5>	\$334,000	\$328,900	<1.5>
Erie	91	79	<13.2>	\$319,000	\$305,000	<4.4>
Lafayette	72	86	19.4	\$311,000	\$320,540	3.1
Longmont	72	73	1.4	\$225,800	\$222,900	<1.3>
Louisville	54	62	14.8	\$395,000	\$380,000	<3.8>
Superior	49	62	26.5	\$410,300	\$379,000	<7.6>
Mountains	130	121	<6.9>	\$375,000	\$316,000	<15.7>
Plains	98	112	14.3	\$478,000	\$460,000	<3.8>

Mike's Trend Report

I wanted to take a look this month at how the 2012 year is starting. As we've discussed earlier, inventory is very low and this trend continues, with sellers still missing from the market in large numbers. If you're thinking of selling and not on the market yet, now is the time to get the house cleaned up and on the market. Let's turn our attention and take a look at buyer activity.

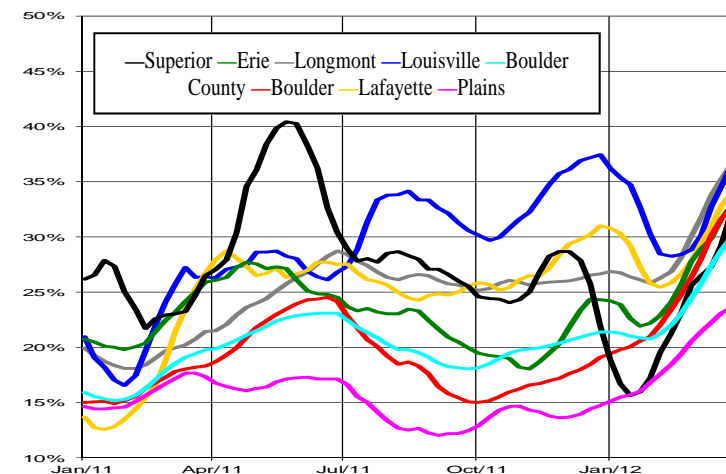
	% under contract	2010 Sold YTD	2010 Sold Volume	2011 Sold YTD	2011 Sold Volume	2012 Sold YTD	2012 Sold Volume
Boulder	34.69%	243	119,617,830	186	94,376,400	221	107,847,343
Louisville	43.37%	41	15,064,995	41	15,301,270	33	13,833,952
Lafayette	37.72%	68	19,051,961	50	15,532,357	65	20,381,032
Longmont	39.21%	218	46,147,804	168	36,393,820	192	43,475,667
Plains	24.32%	93	39,612,633	123	55,797,281	112	56,618,804
Superior	42.86%	33	10,434,800	25	8,545,600	25	8,035,176

I pulled all of the above stats on March 26th, 2012, so the all-important last month of the week is missing from the 2012 sales numbers. Even with that handicap, four of the six submarkets, City of Boulder, Lafayette, Longmont and the Plains, already have better sales numbers and/or better sales volume. One submarket, Superior, has the same number of sales and a slightly lower sales volume year to date. Louisville, typically one of our better performers, shockingly, is the only submarket still behind the 2011 numbers in both units and volume. I expect that once the last week of the month numbers are added to our existing totals, all of the submarkets will show gains over the year 2011 through the end of March and many will show improvement over the same period in the year 2010.

In the past months, I had been of the opinion that we had typical buyer activity and we were missing sellers. Now, in my opinion, this level of sales indicates stronger than typical early spring buyer activity in the market. The gross number of single family homes under contract in Boulder County is higher than at any point since 2006. In fact we have 37.6% more homes under contract today than we did on the same date in 2011.

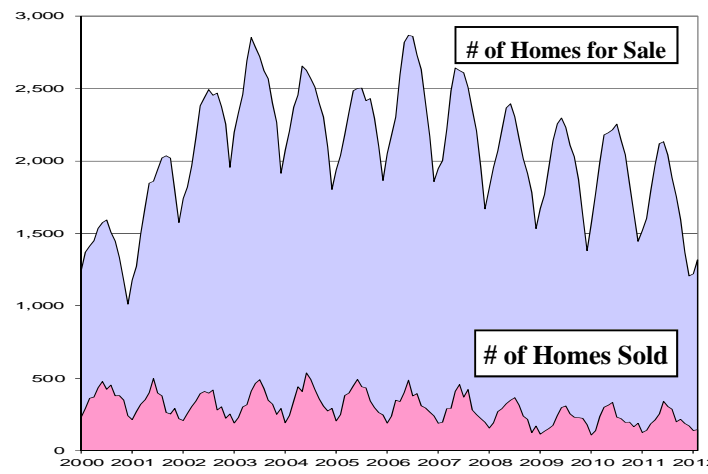
In the office, showings are also following the same trajectory with more showings than at any time going back to 2007. The big question in my mind is what will this increased level of buyer activity bring to our market? Will this higher level of buyer activity sustain itself throughout the year? Will more sellers join the fray? Will prices rise? Only time will tell.

Mike Malec



% of Homes Under Contract by City

This chart shows the relative strength and weakness, as measured by the percentage of homes under contract, of the various Boulder County municipalities. This chart shows what we're feeling in the marketplace at the start of 2012. Lots of activity and many cities where the numbers of homes available for sale are becoming scarce. Multiple offers are being seen and people are competing over the good homes. Even some of those homes with problems, backing to roads, power lines, etc. are starting to move. Some cities have over 40% of their homes under contract. Louisville and Longmont are the leaders, but every submarket other than the suburban plains is over 30% under contract.



of Homes for Sale vs. # of Homes Sold

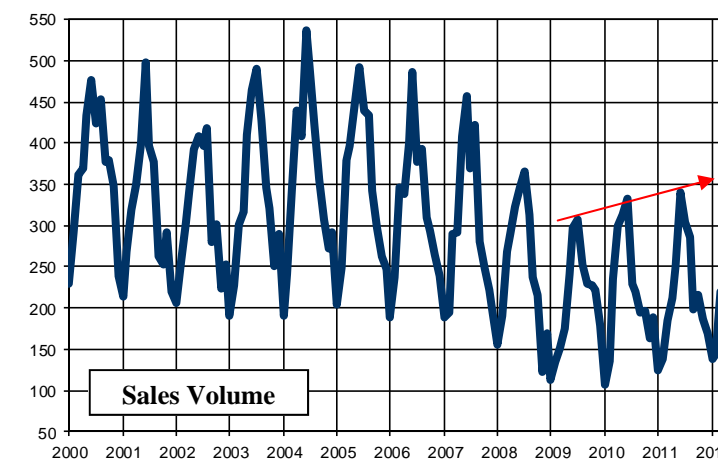
This chart shows the disparity between the number of homes for sale versus the number of homes actually selling across all of Boulder County. This chart helps to explain why our values in the Boulder County market never experienced the dramatic downturns that many areas of the country experienced. Our # of homes for sale and the # of homes sold have generally moved in lockstep during recent times. We never saw supply and demand get dramatically out of balance like many areas saw. As long as the supply and the demand track with relative consistency, our values should remain stable. What we'll be watching for this spring is any spike in sales which with our low inventory levels could goose market values.

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purchased by your Plan.

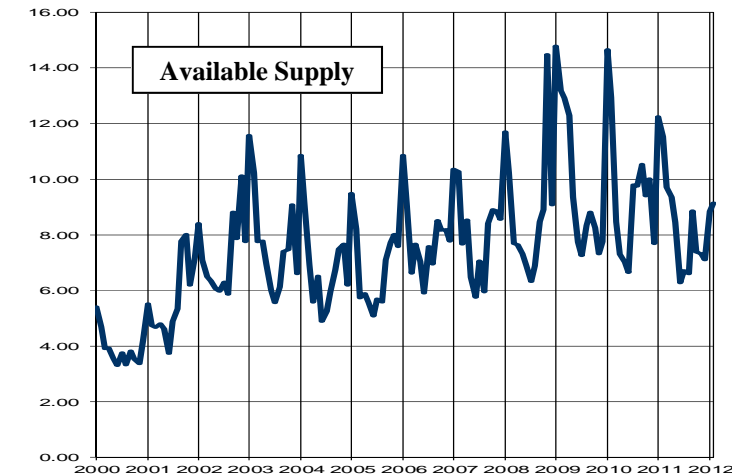
- You must ensure that your intended purchase is not a prohibited transaction. A prohibited transaction involves the improper use of your IRA or Qualified Plan holdings by you or any disqualified person. A disqualified person is any member of your immediate family (except siblings), employers, certain partners, fiduciaries, and other categories specified in the IRS code.
- It must be for investment purposes only.
- Neither you, your spouse, nor your family members (other than siblings), may have owned the property prior to its purchase by your Plan.
- Neither you nor your family members (other than siblings) may live in or lease the property while it's in your Plan.
- Your business may not lease or be located in or on any part of the property while it's in your Plan.
- If you elect to take advantage of debt financing to purchase, you should be aware of Unrelated Business Income Tax (UBIT). Basically, UBIT is tax on the income produced by the debt financed portion of your investment. Your plan administrator will be able to direct you to appropriate information regarding the UBIT calculation for your proposed purchase.
- Once the property is purchased, all the expenses and debt service payments will have to be paid through your Plan. You must make sure that there are sufficient funds available in the Plan on an ongoing basis. If you prefer, you may hire a management company to receive the rents and pay the bills, or you can arrange for those functions to be handled by the Plan administrator.

If you decide to sell the property, once again you direct the administrator to complete the transaction upon your direction. The proceeds from the sale are put back into your Plan. The administrator can also be directed to distribute the property to you, in part or in whole as a distribution from the plan. This option is a favorite for investors who wish to personally use property in the Plan, such as a retirement home, once they reach the age of 59 1/2.



Sales Volume Chart

This graph shows monthly sales. This graph really shows the ups and downs in the numbers of home sales over the last few years. We also can clearly see the seasonal nature of the market. Almost twice as many homes sell during the summer months compared to the winter months. This chart is showing the strong upward bounce off of the winter lows that corresponds with the stronger than typical early spring buyer activity that we're experiencing. We'll be watching this chart to see where the summer peak in sales comes to. Hopefully we'll see a peak higher than the last few years, breaking the red trend line above, indicating continued growth in our sales volume.



Available Supply Chart

The current number of homes listed for sale divided by the number of homes sold during the previous month creates an estimate of the months supply of homes currently for sale or "Available Supply". We now have the January and February data for months of supply and we have confirmed that we have not seen the spike in supply that is typical at the turn of the year. Just another reinforcement that we're missing the typical number of sellers. For many buyers, the lack of supply remains problematic, with a lack of homes in certain areas and price points. Sellers, now is the time to get your home on the market. It's not a seller's market, but it's more balanced than we've seen over the last few years at this time of the year.