



MARKET CONDITION REPORT

Single Family Residence
Courtesy of Nevada Title Company
marketdata@nevadatitle.com



DISTRIBUTION: FEBRUARY 2010
EVALUATION: DECEMBER 2009-JANUARY 2010

702-251-5000

FEBRUARY 2010
LAS VEGAS

LAS VEGAS VALLEY SFR MARKET HISTORY

DATE	MEDIAN CLOSING PRICE	CHANGE	REO	SHORT SALE	STANDARD	CLOSINGS BY TYPE	CLOSINGS	PERCENT SELLING	PERCENT SELLING
Jan-09	\$160,000	\$	1,757	189	241	2,187	2,187	41%	41%
Feb-09	\$155,603	\$4,398	1,775	187	278	2,240	2,240	41%	41%
Mar-09	\$149,265	\$6,338	2,303	202	416	2,921	2,921	46%	46%
Apr-09	\$142,000	\$7,265	2,461	264	428	3,153	3,153	52%	52%
May-09	\$140,750	\$1,250	2,475	259	468	3,202	3,202	58%	58%
Jun-09	\$140,000	\$750	2,514	296	598	3,408	3,408	59%	59%
Jul-09	\$139,000	\$1,000	2,448	340	573	3,361	3,361	56%	56%
Aug-09	\$136,000	\$3,000	1,932	344	512	2,788	2,788	62%	62%
Sep-09	\$138,000	\$2,000	2,196	482	622	3,300	3,300	63%	63%
Oct-09	\$140,000	\$2,000	2,187	558	728	3,473	3,473	62%	62%
Nov-09	\$140,000	\$	1,833	524	702	3,059	3,059	58%	58%
Dec-09	\$137,000	\$3,000	2,121	685	748	3,554	3,554	61%	61%
Jan-10	\$135,000	\$2,000	1,380	539	531	2,450	2,450	58%	58%
TOTAL		-\$25,000	27,382	4,869	6,845	39,096			

Historical information for Jan-10 is a close estimate only-subject to future revision



SINGLE FAMILY RESIDENCE (ALL)



AREA	ON MARKET (SUPPLY)	CLOSED MONTH (DEMAND)	FAIL MONTH	IN ESCROW	PERCENT SELLING	CDOM (CLOSED)	MONTHS SUPPLY	MARKET SPEED	MEDIAN ASK PRICE	MEDIAN IN ESCROW PRICE	MEDIAN CLOSE PRICE
SOUTH	979	500	245	1,362	67%	145	2.0	102	\$150	\$130	\$128
SOUTHWEST	1,558	533	473	2,602	53%	150	2.9	68	\$199	\$155	\$160
NORTH	1,451	474	356	1,553	57%	148	3.1	65	\$140	\$125	\$126
NORTHWEST	1,073	321	283	1,607	53%	140	3.3	60	\$174	\$134	\$130
HENDERSON	2,037	608	508	2,317	54%	155	3.4	60	\$239	\$190	\$189
EAST	1,388	322	336	1,143	49%	149	4.3	46	\$91	\$85	\$80
BOULDER CITY	94	7	22	19	25%	179	13.4	15	\$350	\$305	\$236
TOTALS	8,580	2,765	2,221	10,603	55%	148	3.1	64	\$170	\$139	\$135

*MARKET SPEED measures the rate of conversion of listings to closings. The higher this number, the faster the market is converting. The area with the highest speed is the "quickest" area. All other things being equal, areas with the highest Market Speed are the most desirable to buyers. All areas sorted on MARKET SPEED. (Red Font in Median Price In Escrow column signals expected price weakness.)

Overall, the supply count remained steady while demand backed off 10% from the previous month. Although supply is relatively tight, especially for REO (58% of demand/17% of supply), prices continue to show weakness for both Short Sale and Standard offerings (42% of demand/83% of supply). While median price remains soft and continues to decline, average price has stabilized and is increasing marginally. In the preceding 60 days, 32 properties closed at greater than \$800K. This implies the sale of higher priced properties is occurring with increasing frequency.








Declines in demand may be associated with the holiday cycle, however, uncertainty about the demand schedule is warranted by the simultaneous end of favorable government programs, low consumer confidence, persistent decline in REO inventories, and entry into the spring cycle.



REO ONLY

FEBRUARY 2010










AREA	ON MARKET (SUPPLY)	CLOSED MONTH (DEMAND)	FAIL MONTH	IN ESCROW	PERCENT SELLING	CDOM (CLOSED)	MONTHS SUPPLY	MARKET SPEED	MEDIAN ASK PRICE	MEDIAN IN ESCROW PRICE	MEDIAN CLOSE PRICE
EAST	175	253	44	331	85%	137	.7	 289	\$85	\$90	\$75
SOUTHWEST	340	346	40	536	90%	122	1.0	 204	\$170	\$147	\$151
SOUTH	162	172	18	233	91%	126	.9	 212	\$130	\$128	\$120
NORTHWEST	217	273	38	357	88%	125	.8	 251	\$130	\$129	\$115
NORTH	332	386	53	598	88%	124	.9	 233	\$130	\$119	\$119
HENDERSON	248	172	24	267	88%	130	1.4	 138	\$176	\$170	\$165
BOULDER CITY	13	4	1	8	80%	161	3.3	 62	\$270	\$277	\$178
TOTALS	1,487	1,605	217	2,330	88%	127	.9	216	\$145	\$129	\$125

See that REO monthly demand exceeds REO supply by about 188 units creating a Months Supply outcome of .9 (holding steady from January) and Percent Selling of 88%. Buyer preference for this type of property is quite clear and the competition amongst buyers is keen with multiple offers the norm. Market speed is very fast signaling quick conversion from listing to closing. Notice that overall, median pending price is greater than current closing price indicating proximity to market bottom in terms of median price.



SHORT SALE ONLY










AREA	ON MARKET (SUPPLY)	CLOSED MONTH (DEMAND)	FAIL MONTH	IN ESCROW	PERCENT SELLING	CDOM (CLOSED)	MONTHS SUPPLY	MARKET SPEED	MEDIAN ASK PRICE	MEDIAN IN ESCROW PRICE	MEDIAN CLOSE PRICE
SOUTHWEST	911	165	342	2,062	32%	235	6	 36	\$160	\$155	\$160
SOUTH	368	53	120	660	31%	242	7	 29	\$139	\$130	\$130
BOULDER CITY	14	2	3	6	40%	208	7	 29	\$357	\$274	\$229
HENDERSON	591	83	178	993	32%	245	7	 28	\$180	\$190	\$197
EAST	436	59	159	706	27%	216	7	 27	\$89	\$80	\$80
NORTH	923	123	305	1,539	29%	242	8	 27	\$129	\$125	\$130
NORTHWEST	709	90	217	1,241	29%	225	8	 25	\$140	\$130	\$133
TOTALS	3,952	574	1,323	7,207	30%	235	6.9	29	\$142	\$139	\$142

Short Sale supply exceeds Short Sale demand by a factor of 6.9 (see Months Supply). Months Supply is holding in the current range implying resolved inventory is being replaced by new supply. Market Speed is slow and Percent Selling depressed, while escrow inventory remains at high levels. CDOM is elevated when compared to REO/Standard. These factors continue to support anecdotal reports of an inefficient and extended closing process. Prices are weak across the board with that trend likely to continue.



STANDARD ONLY



AREA	ON MARKET (SUPPLY)	CLOSED MONTH (DEMAND)	FAIL MONTH	IN ESCROW	PERCENT SELLING	CDOM (CLOSED)	MONTHS SUPPLY	MARKET SPEED	MEDIAN ASK PRICE	MEDIAN IN ESCROW PRICE	MEDIAN CLOSE PRICE
EAST	202	59	48	133	55%	137	3	 58	\$125	\$100	\$98
NORTH	472	116	87	209	57%	127	4	 49	\$204	\$150	\$145
SOUTH	279	61	73	104	45%	115	5	 43	\$218	\$150	\$150
NORTHWEST	643	119	140	203	46%	112	5	 37	\$255	\$174	\$165
SOUTHWEST	774	140	164	242	46%	120	6	 36	\$425	\$200	\$180
HENDERSON	704	92	153	170	38%	121	8	 26	\$389	\$236	\$226
BOULDER CITY	67	1	18	5	5%	191	67	 3	\$389	\$399	\$320
TOTALS	3,141	586	681	1,066	46%	121	5.4	37	\$280	\$170	\$164

Standard sales are 21% of demand and 36% of supply. Prices have continued their negative movement across the board. Notice the elevated Months Supply outcome for Boulder City relative to other areas. There is little demand for Boulder City property at current prices offered by sellers. The East area, with closing price breaking through \$100K, is the most popular with buyers at a Market Speed of 58. Henderson, offering relatively high price point properties, loses out to the Southwest in its price range.

INTRODUCTION TO THE MARKET CONDITION REPORT LAS VEGAS VALLEY

Courtesy of Nevada Title Company

The Market Condition Report (MCR) is used to analyze residential real estate markets. The proper use of the report requires the reader to understand how the various measures work together to accurately analyze the target markets.

The MCR has a central philosophical foundation that “The role of the agent is to provide information, and the role of the client is to make decisions.” The Las Vegas macro market should be a central part of the agent’s information provided to the client or prospect.

MECHANICS

1. **AREA:** The market is segmented into several areas and is in harmony with the area structure of the MLS.
2. **ON MARKET (SUPPLY):** A count of the active resale properties on the day of the report. These are the properties offered to the market by sellers. Each property is represented by a listing agent who is responsible for managing the property in the market.
3. **CLOSED MONTH (DEMAND):** The number of closings per month. This is the number of properties demanded by buyers and is the average over a two-month period.
4. **FAIL MONTH:** The average number of properties failing per month comprised of expired and withdrawn. These properties have been either rejected by buyers or withdrawn by the seller/agent.
5. **IN ESCROW:** The number of properties in escrow. Pendings and Contingents are a clear indicator of current and future demand, since future closings are a function of current pendings.
6. **PERCENT SELLING:** Closed per month divided by closed per month plus failed per month (total market resolutions). This measure generates the market driven probability that a property will close as opposed to fail. Seller’s markets generate selling probabilities above 60%. Buyer’s markets typically perform below 45%.
7. **CDOM (CLOSED):** The total number of days from market entry to escrow entry for all listing periods.
8. **MONTHS SUPPLY:** Current supply (LISTED) divided by current demand (CLOSINGS). This is the number of months required to exhaust current supply given current demand. As Months Supply rises, the market is moving toward the buyer. As it constricts, the market is moving toward the seller.

9. **MARKET SPEED:** Speed is a force that is usually felt directly. However, because of the nature of real estate markets, the movement of listings to closings is difficult to sense. Market Speed returns the conversion of listings to closing as a rate. This rate considers supply, demand, and time. The greater this number, the quicker the market is converting listings to closings. As an example, if Market Speed in the West is 22, while in the East it is 11, this would imply that West is converting listings to closings at twice the rate of East (22/11). This also entails that, all other things being equal, the West is more attractive to buyers. It goes without saying that those areas with the highest Market Speed are the most desirable to agents.

PRICES

Market price is an economic concept with commonplace familiarity. It is the price that a good or service is offered at, or will fetch, in the marketplace. Conversely, there are many other prices in real estate, but only one market price. There is original price, current price, pending price and closing price. Prices tend to migrate from one price type to another through time—sometimes quickly, sometimes slowly, sometimes not at all. By definition, the seller wishes to maximize his equity and the buyer wishes to pay the lowest price. These two will meet at “market price” and a deal will be struck.

MEDIAN PRICE DEFINED: Median price in statistics is called a “measure of central tendency.” It is a one number calculation that represents many underlying values in a data set. The median price is the point in a list of properties which divides the list into two equal halves when that list is ordered from the lowest to highest value. It is therefore a place on a list that moves up or down according to conditions. It is not the average or the mean value. It is the most common measure of central tendency used in real estate practice especially for large areas like cities, zip codes and areas.

1. **MEDIAN ASK PRICE:** The median price of all active listings (SFR). Median ask price may or may not be the original price offered by sellers to the market. Typically, the price of any one property will migrate from original price in stages according to the motivation of the seller and the skill of the listing agent. The goal? The price that stimulates showing activity and offers.
2. **MEDIAN IN ESCROW PRICE:** The median price of properties that are sale pending. This is the price that stimulated the buyer’s agent which resulted in showing activity. If this price is less than current closing price, price weakness can be expected in the future.
3. **MEDIAN CLOSE PRICE:** The final median price of all closed properties.