



MARKET CONDITION REPORT

Single Family Residence

Courtesy of Nevada Title Company

marketdata@nevadatitle.com

702-251-5000



DISTRIBUTION: SEPTEMBER 2009
EVALUATION: JULY-AUGUST 2009

SEPTEMBER 2009
LAS VEGAS VALLEY

LAS VEGAS VALLEY SFR MARKET HISTORY

DATE	MEDIAN CLOSING PRICE	CHANGE	REO	SHORT SALE	STANDARD	CLOSINGS BY TYPE	CLOSINGS	PERCENT SELLING
Aug-08	\$210,000		1,741	247	527	2,515	2,515	47%
Sep-08	\$195,000	\$15,000	1,928	245	566	2,739	2,739	49%
Oct-08	\$191,001	\$3,999	1,949	273	527	2,749	2,749	48%
Nov-08	\$187,250	\$3,751	1,611	223	314	2,148	2,148	45%
Dec-08	\$175,000	\$12,250	1,836	268	345	2,449	2,449	35%
Jan-09	\$160,000	\$15,000	1,757	189	241	2,187	2,187	41%
Feb-09	\$155,603	\$4,398	1,775	187	278	2,240	2,240	41%
Mar-09	\$149,383	\$6,220	2,304	202	416	2,922	2,922	46%
Apr-09	\$142,000	\$7,383	2,461	264	428	3,153	3,153	52%
May-09	\$140,750	\$1,250	2,475	259	468	3,202	3,202	58%
Jun-09	\$140,000	\$750	2,514	296	598	3,408	3,408	59%
Jul-09	\$139,000	\$1,000	2,448	340	573	3,361	3,361	56%
Aug-09	\$136,000	\$3,000	1,932	344	513	2,789	2,789	52%
TOTAL		-\$74,000	26,731	3,337	5,794	35,862		



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 ALL	MEDIAN IN ESCROW	MEDIAN CLOSE
NORTH	1,764	780	480	2,548	62%	162	2.3	88	\$139	\$130	\$125
EAST	996	493	287	1,355	63%	156	2.0	99	\$97	\$85	\$75
SOUTH	811	313	203	1,089	61%	154	2.6	77	\$165	\$130	\$130
NORTHWEST	1,523	542	388	1,920	58%	168	2.8	71	\$190	\$135	\$131
SOUTHWEST	2,049	722	526	2,928	58%	156	2.8	70	\$220	\$165	\$166
HENDERSON	1,486	425	347	1,502	55%	157	3.5	57	\$299	\$198	\$200
BOULDER CITY	100	11	20	21	36%	187	9.0	22	\$428	\$265	\$241
TOTALS	8,729	3,287	2,251	11,363	59%	159	2.7	75	\$179	\$142	\$138

*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.

Months Supply is 2.7 and steady with a slight positive propensity. As in the last several reports, the market continues "tight" overall, however, most of this supply/demand constriction continues to center in REO. Supply declined by about 243 units from last month, while demand increased by 302 units. Percent Selling inched up by 2 points as failures declined a significant 421 units. Market Speed moved down 5 points. This change in speed (conversion of list to close) would be hard to detect from the previous month. The lower limit of current median price for SFR properties is set by the pending price of REO properties--\$122K--which is 1K lower than August's \$123K. Supply is holding steady while the growth of demand (mostly REO at 71% of total demand) appears to be leveling off. Expect closings to rise in small steps in the short term due to high levels of properties in escrow (mostly slow moving and unpredictable Shorts). Even though REO properties clear quickly and Months Supply is low, prices continue to decline at a slowing rate. In general, the overall market has grown in size, however, the percent of market garnered by each type has remained relatively steady.



REO ONLY SEPTEMBER 2009



AREA	ON MARKET (SUPPLY)	CLOSED MONTH (DEMAND)	FAIL MONTH	IN ESCROW	PERCENT SELLING	CDOM (CLOSED)	MONTHS SUPPLY	MARKET SPEED	MEDIAN ASK ALL	MEDIAN IN ESCROW	MEDIAN CLOSE
NORTH	475	592	65	1,006	90%	156	.8	249	\$120	\$116	\$117
EAST	347	414	65	681	86%	153	.8	238	\$85	\$80	\$73
SOUTH	224	229	21	429	91%	167	1.0	204	\$125	\$116	\$125
NORTHWEST	311	357	37	644	91%	155	.9	230	\$119	\$115	\$110
SOUTHWEST	338	490	52	870	90%	146	.7	290	\$160	\$150	\$155
HENDERSON	231	243	25	423	91%	140	1.0	211	\$185	\$170	\$180
BOULDER CITY	11	4	2	7	73%	142	2.7	74	\$345	\$215	\$262
TOTALS	1,937	2,329	267	4,060	90%	152	0.8	241	\$126	\$122	\$123

REO supply is off about 29 units from August, while demand declined about 300 units in concert with a declining trend of failures. Percent Selling posted a 2% increase while Market Speed slowed (most likely temporary). Months Supply is at a very low .8 (24 days). 71% of SFR demand is satisfied by REO properties, while on the supply side 22% of properties are REO, implying a significant buyer preference for these properties. Currently, the percentage of the market taken by REO is declining at a very slight 1.5% per month. This implies REO is not losing significant sales to Short or Standard as the market moves through time. REO prices more stable than Shorts and Standard.



SHORT SALE ONLY



AREA	ON MARKET (SUPPLY)	CLOSED MONTH (DEMAND)	FAIL MONTH	IN ESCROW	PERCENT SELLING	CDOM (CLOSED)	MONTHS SUPPLY	MARKET SPEED	MEDIAN ASK ALL	MEDIAN IN ESCROW	MEDIAN CLOSE
NORTH	866	87	318	1,315	22%	238	10	20.2	\$130	\$135	\$143
EAST	449	27	165	553	14%	206	16	12.2	\$93	\$89	\$81
SOUTH	310	34	115	551	23%	197	9	21.6	\$144	\$139	\$150
NORTHWEST	579	65	204	1,050	24%	225	9	22.4	\$140	\$145	\$150
SOUTHWEST	863	90	301	1,751	23%	227	10	20.9	\$165	\$165	\$155
HENDERSON	507	64	153	917	30%	234	8	25.4	\$205	\$200	\$210
BOULDER CITY	8	1	3	7	29%	342	8	25.4	\$318	\$349	\$280
TOTALS	3,582	369	1,259	6,144	23%	226	9.7	20.6	\$149	\$150	\$158

Short Sale supply in decline from August. Demand increased by 30 units with a continuing tendency to increase moderately month to month. Notice the relatively high number of Short Sales in escrow versus the relatively low number of closings. The high level of CDOM supports anecdotal reports of a difficult and unpredictable closing process that depresses market closing activity. The price of properties in escrow is holding steady at a Short Sale limit of about \$150K; close price off \$7K from August's \$165K.



STANDARD ONLY



AREA	ON MARKET (SUPPLY)	CLOSED MONTH (DEMAND)	FAIL MONTH	IN ESCROW	PERCENT SELLING	CDOM (CLOSED)	MONTHS SUPPLY	MARKET SPEED	MEDIAN ASK ALL	MEDIAN IN ESCROW	MEDIAN CLOSE
NORTH	424	101	96	228	51%	128	4	48	\$220	\$175	\$184
EAST	200	52	57	121	47%	152	4	52	\$159	\$100	\$114
SOUTH	277	51	67	109	43%	111	5	37	\$291	\$169	\$166
NORTHWEST	633	120	148	226	45%	174	5	38	\$379	\$180	\$200
SOUTHWEST	848	142	174	307	45%	150	6	33	\$504	\$226	\$225
HENDERSON	748	118	168	162	41%	149	6	31	\$519	\$267	\$262
BOULDER CITY	81	6	16	7	28%	191	13	15	\$479	\$349	\$235
TOTALS	3,211	589	726	1,160	45%	148	5.5	37	\$370	\$190	\$200

Notice the moderate level of Percent Selling and Market Speed, while Months Supply is 7 times that of REO and half of Short Sale. Prices rather unstable and in decline. Median price of properties in escrow slid \$20K, while closing price is off \$6k from August. This class satisfies about 17% of total demand (up from 11% in Jan 2009), and can be expected to continue to increase marginally from month to month in concert with weakening prices. However, all things being equal, these increases will be small at 1-2% per month.

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 ALL:** 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:** 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:** The final median price of all closed properties.