



MCR



MARKET CONDITION REPORT

Courtesy of Nevada Title Company

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MAY 2010

LAS VEGAS

LAS VEGAS VALLEY SFR MARKET HISTORY

DATE	MEDIAN CLOSING PRICE	CHANGE IN MEDIAN PRICE	REO	SHORT SALE	STANDARD	CLOSINGS BY TYPE	PERCENT SELLING
Apr-09	\$142,000	\$	2,461	264	428	3,153	55%
May-09	\$140,750	\$1,250 ↓	2,475	259	468	3,202	58%
Jun-09	\$140,000	\$750 ↓	2,514	296	598	3,408	56%
Jul-09	\$139,000	\$1,000 ↓	2,448	340	573	3,361	58%
Aug-09	\$136,000	\$3,000 ↓	1,932	344	512	2,788	55%
Sep-09	\$138,000	\$2,000 ↓	2,196	482	622	3,300	59%
Oct-09	\$140,000	\$2,000 ↓	2,187	558	728	3,473	62%
Nov-09	\$140,000	\$	1,833	524	702	3,059	62%
Dec-09	\$137,000	\$3,000 ↓	1,982	640	710	3,332	51%
Jan-10	\$135,000	\$2,000 ↓	1,438	563	544	2,545	55%
Feb-10	\$135,888	\$888 ↓	1,252	555	540	2,347	53%
Mar-10	\$137,000	\$1,112 ↓	1,540	771	799	3,110	56%
Apr-10	\$143,900	\$6,900 ↑	1,128	696	821	2,645	52%
TOTAL		\$1,900	25,386	6,292	8,045	39,723	56%

Historical information for Apr-10 is a close estimate only. All estimates 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
EAST	673	331	220	1,542	60%	149	2.0	98	\$97	\$80	\$83
SOUTHWEST	1,760	682	534	3,372	56%	161	2.6	78	\$215	\$155	\$163
SOUTH	704	265	208	1,218	56%	150	2.7	75	\$155	\$130	\$125
NORTH	1,512	558	423	2,842	57%	154	2.7	74	\$145	\$125	\$126
NORTHWEST	1,426	448	390	2,275	53%	155	3.2	63	\$185	\$133	\$138
HENDERSON	1,409	394	365	1,872	52%	160	3.6	56	\$240	\$181	\$190
BOULDER CITY	109	14	18	25	43%	216	8.1	25	\$379	\$249	\$240
TOTALS	7,593	2,690	2,156	13,146	56%	156	2.8	71	\$179	\$136	\$140

REPORT IS SORTED ON MARKET SPEED. 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. (Red Font in Median Price In Escrow column signals expected price weakness.)

Supply continued its decline while demand increased marginally over last month. Failures remain relatively constant in the current range dictating an overall closing probability of about 56%. This probability has remained rather constant for the last several months and varies considerably according to sales type. In Escrow properties (pending-contingent) jumped by 749 units—a significant increase. Note from the Market History Table that overall median price, which had been holding in the mid \$130's, has now begun to increase with three positive outcomes in a row. The last change in median price (April = +\$6,900) is a very strong positive indicator. The tight supply/demand situation should continue to place upward pressure on the price schedule (especially REO). The upper price ranges, while showing some activity, continue to suffer from lack of demand.



REO ONLY MAY 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	130	188	24	343	89%	141	.7	288	\$82	\$79	\$79
SOUTHWEST	250	299	24	528	93%	124	.8	239	\$175	\$155	\$151
SOUTH	112	133	14	234	91%	119	.8	237	\$141	\$126	\$121
NORTH	266	279	36	512	89%	127	1.0	210	\$139	\$122	\$124
NORTHWEST	185	193	27	310	88%	133	1.0	209	\$150	\$125	\$125
HENDERSON	182	163	18	266	90%	127	1.1	179	\$174	\$168	\$165
BOULDER CITY	11	5	3	6	64%	190	2.4	82	\$379	\$257	\$170
TOTALS	1,136	1,259	144	2,199	90%	129	.9	222	\$149	\$130	\$130

REO monthly demand continues to exceed REO supply maintaining a Months Supply outcome of .9 (up from April) and Percent Selling of 90%. Buyer preference for this property type remains strong; however, the first signs of weakening are becoming apparent. Market Speed is very fast (but slowing slightly) implying peak demand may have been achieved. The REO segment of the market is slowly declining (at about 3% per month) as supply continues to tighten from month to month.



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	723	198	336	2,433	37%	235	4	55	\$165	\$150	\$155
NORTHWEST	580	118	240	1,618	33%	238	5	41	\$149	\$125	\$140
EAST	329	66	143	995	31%	214	5	40	\$95	\$80	\$78
SOUTH	335	63	124	810	34%	239	5	38	\$142	\$126	\$129
NORTH	795	142	301	1,963	32%	236	6	36	\$130	\$122	\$120
HENDERSON	530	94	194	1,307	33%	261	6	35	\$180	\$179	\$184
BOULDER CITY	11	1	4	13	13%	223	22	9	\$275	\$210	\$160
TOTALS	3,303	681	1,340	9,139	34%	238	4.9	41	\$149	\$134	\$135

Short Sale supply declined slightly from last month but demand moved up 59 units. Market Speed is still slow (but increasing). Percent Selling remains depressed and stable. Escrow inventory remains at high levels and continues to increase. In April of 2009, the percentage of Short Sale closings was 8.5%. In April of 2010, it climbed to 26%. This growth rate is one-third faster than Standard Sale growth. The closing process remains inefficient and challenging.



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	213	77	54	204	59%	112	3	72	\$117	\$100	\$97
NORTH	448	134	85	365	61%	125	3	60	\$192	\$155	\$140
SOUTH	253	69	70	173	50%	129	4	55	\$225	\$145	\$130
SOUTHWEST	781	185	173	407	52%	140	4	47	\$400	\$194	\$194
NORTHWEST	660	136	119	343	53%	112	5	41	\$260	\$163	\$162
HENDERSON	693	137	150	298	48%	129	5	40	\$379	\$223	\$226
BOULDER CITY	86	9	12	6	41%	228	10	20	\$399	\$300	\$315
TOTALS	3,134	747	662	1,796	53%	127	4.2	48	\$278	\$168	\$170

Supply remains very steady while demand increased 112 units. Closing price has resumed negative movement. In April of 2009, the percentage of Standard closings was 14%. In April of 2010, it climbed to 31%. Market speed is beginning to pick up due to the relatively short CDOM when compared to Short Sales. This Standard class is benefiting from tight REO supply and demand and the problematical Short Sale closing process.

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.