



# MARKET CONDITION REPORT

## Condo-Townhome

Courtesy of Nevada Title Company

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JUNE 2010  
LAS VEGAS

### LAS VEGAS VALLEY CONDO-TOWNHOME MARKET HISTORY

DATE	MEDIAN CLOSING PRICE	CHANGE	REO	SHORT SALE	STANDARD	CLOSINGS BY TYPE	PERCENT SELLING	PERCENT SELLING
May-09	\$65,000	\$	613	44	76	733	53%	53%
Jun-09	\$66,000	\$1,000	735	71	105	911	50%	50%
Jul-09	\$67,000	\$1,000	693	77	95	865	52%	52%
Aug-09	\$66,500	\$500	611	88	114	813	53%	53%
Sep-09	\$65,100	\$1,400	612	110	139	861	49%	49%
Oct-09	\$70,000	\$4,900	598	132	121	851	55%	55%
Nov-09	\$68,000	\$2,000	472	124	123	719	55%	55%
Dec-09	\$65,050	\$2,950	471	151	148	770	55%	55%
Jan-10	\$65,000	\$50	386	121	80	587	50%	50%
Feb-10	\$63,125	\$1,875	372	139	113	624	57%	57%
Mar-10	\$65,000	\$1,875	397	199	132	728	46%	46%
Apr-10	\$67,000	\$2,000	330	198	173	701	59%	59%
May-10	\$67,000	\$	315	193	171	679	62%	62%
<b>TOTAL</b>		<b>\$2,000</b>	<b>6,605</b>	<b>1,647</b>	<b>1,590</b>	<b>9,842</b>		

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



## CONDO TOWNHOME(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	181	67	29	277	70%	127	2.7	74	\$49	\$39	\$40
NORTH	133	49	21	230	70%	141	2.7	73	\$64	\$69	\$68
SOUTH	379	131	122	554	52%	148	2.9	69	\$70	\$64	\$60
NORTHWEST	487	162	92	723	64%	163	3.0	67	\$72	\$61	\$65
SOUTHWEST	584	181	116	861	61%	151	3.2	62	\$75	\$65	\$68
HENDERSON	352	107	67	429	62%	161	3.3	61	\$100	\$85	\$86
BOULDER CITY	37	5	6	4	45%	239	8.2	24	\$170	\$214	\$120
<b>TOTALS</b>	<b>2,153</b>	<b>701</b>	<b>451</b>	<b>3,078</b>	<b>61%</b>	<b>152</b>	<b>3.1</b>	<b>65</b>	<b>\$75</b>	<b>\$65</b>	<b>\$66</b>

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 (On Market) off about 100 units from last month while demand (Closed Month) moved up 25 units. Failures backed off slightly which, taken together, pushed Percent Selling up to 61% (not significant). Overall, the condo market slowed slightly from last month (2nd month this has occurred). Overall, prices were unchanged from May. Readers should take note of the price history displayed in the market history. If reviewed from May 09 through May 10, the price schedule has gyrated from month to month but when all is considered, not much net change is apparent. There is nothing to support the idea that this may change in the short or medium term. Not tabulated on this report is that currently 73% of all transactions closed are for "cash" which implies heavy investor involvement. Note also that closing price in the East area is at unprecedented low levels (\$40K). Expect prices to continue to demonstrate continued weakness with neither large gains or losses.



# REO ONLY



## JUNE 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	41	35	2	57	96%	99	1.2	168	\$37	\$36	\$36
SOUTH	95	61	11	93	85%	131	1.6	128	\$57	\$57	\$59
NORTHWEST	121	73	9	124	90%	129	1.7	121	\$59	\$57	\$63
SOUTHWEST	146	81	5	124	95%	110	1.8	110	\$70	\$73	\$65
NORTH	38	21	2	36	93%	79	1.9	108	\$68	\$65	\$67
HENDERSON	85	45	5	76	90%	129	1.9	105	\$90	\$79	\$76
BOULDER CITY	6	3	0	0	100%	250	2.4	83	\$160	No Pend	\$113
<b>TOTALS</b>	<b>532</b>	<b>317</b>	<b>32</b>	<b>510</b>	<b>91%</b>	<b>119</b>	<b>1.7</b>	<b>119</b>	<b>\$67</b>	<b>\$62</b>	<b>\$63</b>

See that REO monthly demand exceeds REO supply by 216 units creating a Months Supply outcome of 1.7 and Percent Selling of 91%. While competition amongst buyers is keen for condo properties, it is not as intense as SFR. Condo Market Speed is about 1/4 slower than SFR (Market Speed for SFR=164). Notice that overall, Pending Price is less than Closing Price in 3 areas, indicating proximity to market bottom in terms of Median Price. Forecasted positive price movements have now stalled and the situation is unclear.



# 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
NORTH	64	20	17	171	53%	230	3	61	\$66	\$68	\$65
SOUTH	155	35	73	422	33%	205	4	45	\$69	\$65	\$61
SOUTHWEST	282	61	80	692	43%	225	5	43	\$70	\$65	\$65
NORTHWEST	203	44	60	537	42%	228	5	43	\$65	\$60	\$55
EAST	73	15	19	193	43%	205	5	40	\$45	\$38	\$42
HENDERSON	165	28	51	311	35%	221	6	33	\$90	\$85	\$80
BOULDER CITY	7	1	1	3	50%	436	14	14	\$155	\$199	\$161
<b>TOTALS</b>	<b>949</b>	<b>202</b>	<b>299</b>	<b>2,329</b>	<b>40%</b>	<b>221</b>	<b>4.7</b>	<b>42</b>	<b>\$70</b>	<b>\$65</b>	<b>\$64</b>

Short Sale supply exceeds Short Sale demand by a factor of 4.7 (see Months Supply). Months Supply is now holding in the current range. Market Speed is slow and Percent Selling depressed, while escrow inventory (see In Escrow column) remains at very high levels. CDOM is elevated when compared to REO/Standard due to an inefficient and convoluted closing process. Closing Price appears to have stabilized in the short run but still displays weakness. Look for Closings, Market Speed, Percent Selling and Months Supply to improve very slowly, while prices will remain weak.



# 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
HENDERSON	102	35	11	42	76%	155	3	68	\$172	\$122	\$130
NORTHWEST	163	46	24	62	66%	154	4	56	\$114	\$102	\$85
NORTH	31	9	2	23	81%	87	4	55	\$45	\$85	\$78
SOUTH	129	35	39	39	48%	119	4	54	\$98	\$80	\$60
EAST	71	18	8	27	69%	119	4	51	\$58	\$85	\$50
SOUTHWEST	156	40	32	45	55%	118	4	51	\$100	\$75	\$86
BOULDER CITY	24	2	5	1	23%	154	16	13	\$186	\$229	\$190
<b>TOTALS</b>	<b>676</b>	<b>183</b>	<b>120</b>	<b>239</b>	<b>60%</b>	<b>133</b>	<b>3.7</b>	<b>54</b>	<b>\$100</b>	<b>\$90</b>	<b>\$80</b>

Standard sales are 26% of demand and 31% of supply. Note elevated Months Supply relative to REO. This signals that buyers clearly prefer REO offerings when they are available. Notice the list price of properties in escrow is less than current closing price in 2 areas, suggesting future price stability in the current range. Median close price, however, took a major dive from April to May. See also that in May of 2009, there were 76 Standard units closed. In May 2010, 171 units closed. This result is no doubt forced by the relative shortage of lower priced REO inventory or troublesome non-closing Shorts. Prices are at or near bottom but still weak.

# 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.