

# MARKET CONDITION REPORT LAS VEGAS VALLEY June 2008

Welcome to the Las Vegas Area Market Condition Report (MCR) provided by Equity Title.

**We appreciate and value your business.**

These comments and opinions are designed to accompany the Market Condition Report attached to this document.

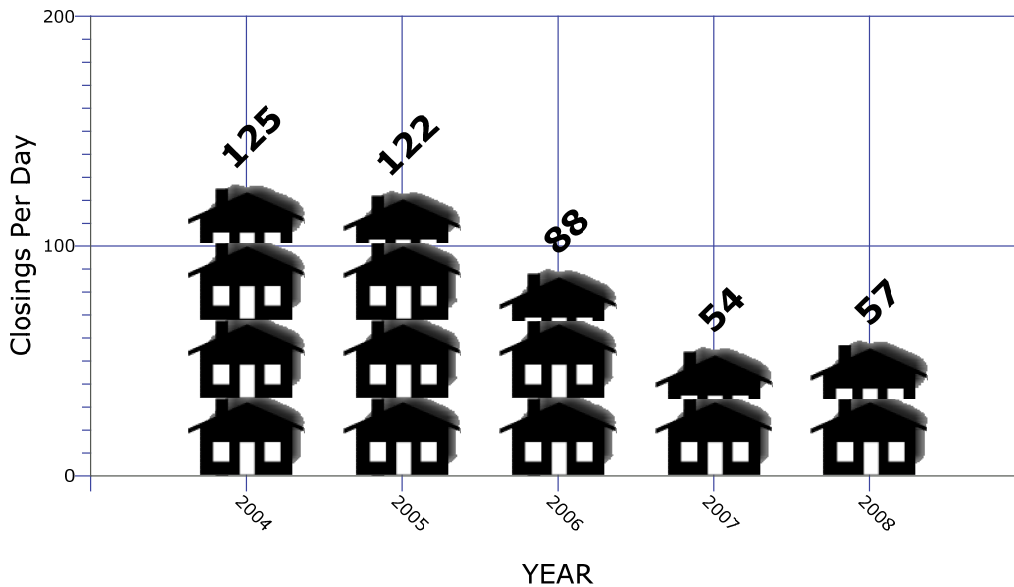
## THIS YEAR LAST YEAR (VISUALIZING THE MARKET)

Closed Last Year	Closed This Year	Change	%Change
9,297	8,553	<b>-744</b>	<b>-8.0%</b>

In the last report (May), the market lagged the previous year by **-16.6%**. The current result displays a major positive change to **-8%**. This 8 point change is positive but slightly smaller than the previous month. If this pattern continues, this year's sales pace will erase the current deficit relative to last year in 30-45 days. Surpassing the performance of the 2007 market appears to be guaranteed. See chart below.

## CLOSINGS PER DAY 2004-2008 RESALE MARKET ONLY—CLARK COUNTY

**HISTORY OF AVERAGE CLOSINGS PER DAY  
2004 THROUGH MAY 2008-LAS VEGAS AREA**



The pace of closings for 2008 has surpassed the 2007 average rate by 3 closings per days.

This outcome is about **47%** of peak demand demonstrated by the market in 2004.

## MARKET OVERVIEW—CHANGE FROM PREVIOUS MONTH

INDICATOR	COMMENTS	LAS VEGAS AREA		
		FAVORABLE TO		
		BUYER	SELLER	NEUTRAL
SUPPLY	Supply continues to decline with the rate of decline slowing, especially for Condo; level still elevated	★		
DEMAND	Closings continuing strong; surge for both types but more so for SFR (May 2005=2,757 SFR)	★		
FAILURES	Moderate decline for SFR; little change for Condo	★		
PERCENT SELLING	SFR jumped 5 points from previous month; Condo 3 points	★		
MONTHS SUPPLY	Both SFR and Condo posted moderate declines due to negative supply trend and increasing demand		★	
60 DAY ABSORB	SFR up 3 points and is converting listings to closings at twice the rate of Condo	★		
PRICES	All price indicators off significantly; declines to continue SFR Limit=\$225, Condo Limit=\$130; pace of declines steady	★		
SPECIAL NOTE	Significant increase in sale pending and contingent signals increase in transaction levels ahead, especially on the low end		★	

**PERCENT SELLING** (market efficiency) and **ABSORB RATE** (market speed) continuing to demonstrate substantial increases. Positive changes in the level of sale pendings indicate that both Percent Selling and the Absorb Rate will continue on the rise in the near future (slowly). However, *prices have not bottomed for either SFR or Condo* and will continue their current negative trend led by distressed sale situations (See Table Below).

Readers should note the Distribution of Supply And Demand Table. See the overall ratio of supply and demand declined to 3.2 from 3.7. Overall, there has been a continuation of tightening of the market as sale pendings and contingents (short term demand) have increased and supply (listed) has declined or steadied. This tightening is essential to gain price stability in the long run. Observe, however, that high price point properties still face high market driven odds.

### **DISTRESSED PROPERTY OVERVIEW**

CLASS	ACTIVE	60 DAY SOLD	60 DAY FAIL	PENDING CONTINGENT	60 DAY PERCENT SELLING	SOLD AS PERCENT OF LIST	RANK PERCENT SOLD
<b>NON-DISTRESSED</b>	11,240	1,359	6,390	1,038	18%	12%	3
<b>SHORT SALE</b>	5,581	300	2,624	1,905	10%	5%	4
<b>REO-REPO</b>	4,269	2,435	848	3,405	74%	57%	1
<b>OTHER DISTRESSED</b>	688	256	619	402	29%	37%	2

**TOTAL**                      **21,778**    **4,350**    **10,481**            **6,750**                      **29%**            **20%**

The reader should take note the short sale market is about 26% of supply but only 7% of closings and demonstrated a meager 10% selling probability as compared to a 74% selling probability for bank owned properties. This reality brings this segment into question when the odds against a short sale close are 9 to 1. This table also clearly demonstrates the market is dominated by the bank owned property segment.

### **MCR TIP (ADVANCED)**

If an agent is managing a \$300,000 listing and the listing closes at a 3% commission rate, the revenue (GCI) from that listing would be \$9,000. If the listing fails, however, GCI would be nothing.

If an agent is managing a \$300,000 listing at 3% in a 30% selling probability market, the agent's **expected income** from that listing is \$2,700 [(30%) (\$9,000)]—whether the listing succeeds or fails. Expected income is used to describe the long-term average outcome of a given scenario. In a 30% market, for every 10 listings, 3 will succeed and 7 will fail. For the 10 listing effort, the agent would be paid \$27,000 for the 3 that closed and nothing for the 7 that fail or \$2,700 per listing. Agents need to be aware of situations where expected income is less than marginal costs of taking a listing. (This is a very rare event and is one reason all listings will be taken by some agent without regard to price.)

### **WORDS OF WISDOM**

By the time we've made it, we've had it. **Malcolm Forbes**

**PLEASE SCROLL DOWN TO VIEW THE MARKET CONDITION REPORT**

# EQUITY TITLE OF NEVADA MARKET CONDITION REPORT

**JUNE 2008**

**SINGLE FAMILY RESIDENCE**

**LAS VEGAS VALLEY**

AREA	LISTED	SOLDS MONTH	FAIL MONTH	% SELLING	DOM SOLD DAYS	LIST CLOSE (DAYS)	MONTHS SUPPLY	60 DAY ABSORB	MEDIAN \$LIST	MEDIAN ASK AT OFFER	MEDIAN CLOSE
NORTH	3,131	426	831	34%	75	120	7.4	27%	\$249	\$224	\$220
EAST	2,152	121	512	19%	74	116	17.7	11%	\$189	\$184	\$180
SOUTH	823	125	197	39%	60	104	6.6	30%	\$275	\$230	\$225
NORTHWEST	3,000	341	741	31%	74	116	8.8	23%	\$267	\$240	\$240
SOUTHWEST	3,505	506	887	36%	76	118	6.9	29%	\$325	\$256	\$250
SOUTHEAST	716	57	172	25%	76	121	12.5	16%	\$232	\$200	\$200
CENTRAL	299	10	74	12%	75	121	29.4	7%	\$155	\$139	\$135
HENDERSON	2,666	345	652	35%	74	115	7.7	26%	\$379	\$299	\$285
BOULDER CITY	116	4	23	15%	154	198	28.5	7%	\$530	\$307	\$293

DISTRIBUTION OF SUPPLY/DEMAND				SFR	CONDO	LONG-TERM SUPPLY/DEMAND (CLARK COUNTY)							
CLASS	IN ESCROW (DEMAND)	LISTED (SUPPLY)	SUPPLY TO DEMAND	LISTED									
\$30,000,000	0	2	No Sale	16,408	4,586								
\$20,000,000	1	15	15 to 1	1,935	243								
\$10,000,000	0	62	No Sale	4,089	1,100								
\$5,000,000	49	1,108	23 to 1	33%	19%								
\$1,000,000	14	255	18 to 1	74 days	85 days								
\$900,000	21	319	15 to 1	117 days	126 days								
\$800,000	43	441	10 to 1	8.5	18.8								
\$700,000	66	637	10 to 1	23.6%	10.6%								
\$600,000	171	996	6 to 1	\$283	\$229								
\$500,000	116	740	6 to 1	\$245	\$157								
\$450,000	213	811	4 to 1	\$240	\$151								
\$400,000	334	1,237	4 to 1	\$225	\$130								
\$350,000	268	903	3 to 1	5,979	771								
\$325,000	240	706	3 to 1	<table border="1"> <thead> <tr> <th>Closed Last Year</th> <th>Closed This Year</th> <th>Change</th> <th>%Change</th> </tr> </thead> <tbody> <tr> <td>9,297</td> <td>8,553</td> <td>-744</td> <td>-8.0%</td> </tr> </tbody> </table>		Closed Last Year	Closed This Year	Change	%Change	9,297	8,553	-744	-8.0%
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\$300,000	426	1,365	3 to 1										
\$275,000	410	1,265	3 to 1										
\$250,000	706	1,909	3 to 1										
\$225,000	718	1,617	2 to 1										
\$200,000	975	2,394	2 to 1										
\$175,000	832	1,911	2 to 1										
\$150,000	642	1,530	2 to 1										
\$125,000	312	833	3 to 1										
\$100,000	193	722	4 to 1										
<b>TOTAL</b>	<b>6,750</b>	<b>21,778</b>	<b>3.2 to 1</b>										

As of May 30, 2008-RED=ABOVE AVERAGE **CONDO-TOWNHOME**

AREA	LISTED	SOLDS MONTH	FAIL MONTH	% SELLING	DOM SOLD DAYS	LIST CLOSE (DAYS)	MONTHS SUPPLY	60 DAY ABSORB	MEDIAN \$LIST	MEDIAN ASK AT OFFER	MEDIAN CLOSE
NORTH	184	12	44	21%	63	103	15.7	13%	\$150	\$135	\$138
EAST	426	18	114	14%	74	112	23.3	9%	\$121	\$95	\$100
SOUTH	251	13	93	13%	108	152	19.0	11%	\$210	\$167	\$162
NORTHWEST	862	50	233	18%	83	126	17.1	12%	\$152	\$150	\$137
SOUTHWEST	993	72	230	24%	77	118	13.9	14%	\$170	\$160	\$159
SOUTHEAST	1,171	35	212	14%	109	149	33.9	6%	\$400	\$186	\$174
CENTRAL	48	1	8	11%	53	90	47.2	4%	\$77	\$111	\$111
HENDERSON	616	40	161	20%	89	129	15.5	13%	\$220	\$169	\$164
BOULDER CITY	35	3	5	38%	76	115	11.5	17%	\$255	\$142	\$138

Information believed accurate but not guaranteed. Resale market only. Some new home, government and FSBO transactions excluded. Report intended to be generally descriptive, not definitive. This year/last year all Clark County.