

2009: A Year of Declining Inventory and Increasing Lender Involvement

During the past year, the number of available listings fell by one half, while the count of properties under contract nearly tripled. By year-end, availability reached 11,359 units, which was well below the 23,014 properties listed when the year began. Movement was primarily sourced to a reduction in the number of vacant properties listed for sale, which witnessed a decline from nearly 14,600 homes to 6,300 during the past 12 months.

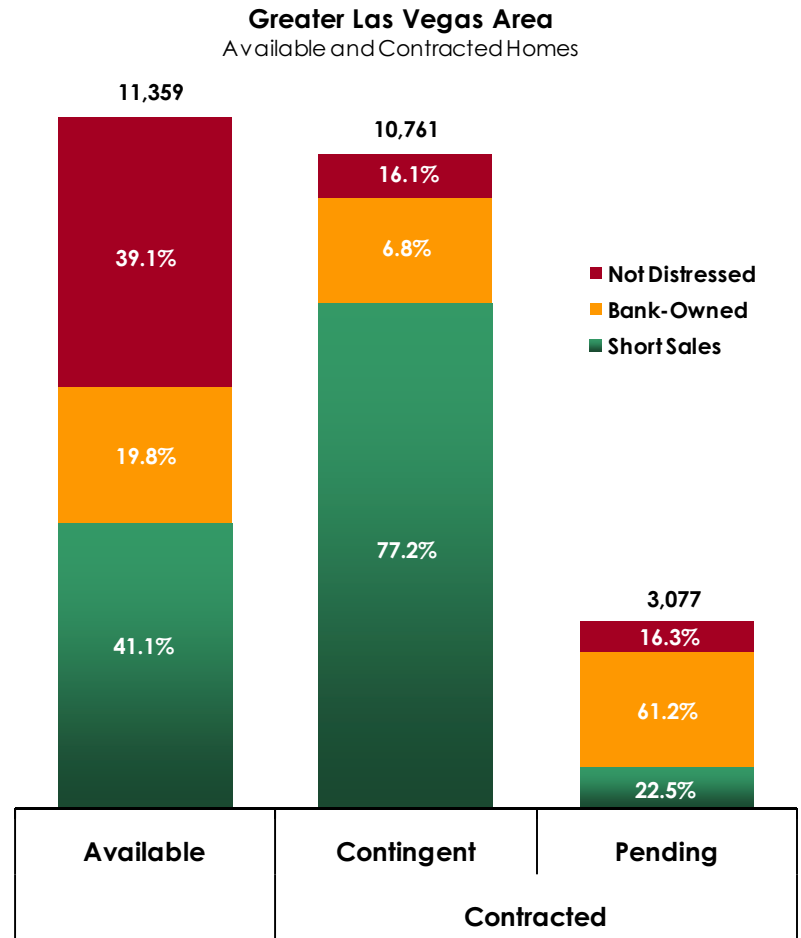
The count of vacant properties listed as available was impacted bank-owned properties (REOs). At the beginning of the year, Realtors identified nearly 8,200 units as bank-owned, which represented 35.4 percent of total inventory; by the close of 2009, the number of REOs listed as available dipped to 2,246, or 19.8 percent of availability. The total number of REOs remains much higher than the nearly 5,900 listed as available, contingent or pending. Properties held by banks at year-end is estimated at approximately 12,000, while another 7,000 units remain in the foreclosure process, suggesting vacant inventory levels have the potential to remain somewhat volatile in the near term.

With vacant properties accounting for nearly 71 percent of the inventory reduction, owner-occupied inventory contributed 23 percent of the decline, while tenant-occupied properties accounted for nearly 6 percent of the market-wide drop. The aggregate decline is sourced to several factors, including, but not limited to, increased demand (sales and contracting activity), home sellers opting to wait for price improvements before listing their properties and an escalation in the number of home sales pending bank approval.

While the count of properties listed by Realtors as "available" was down materially, the count of contracted but contingent properties escalated throughout the year. Jumping nearly three-fold, contingent units rose from nearly 3,700 units at the beginning of the year, closing out 2009 with 10,761 properties awaiting some action to take place. The bulk of contingent homes (77 percent or 8,300 units) are awaiting lender approvals on short sales. Should these properties not gain lien releases from their lenders in exchange for less than they are owed, a number of properties may potentially re-enter available status.

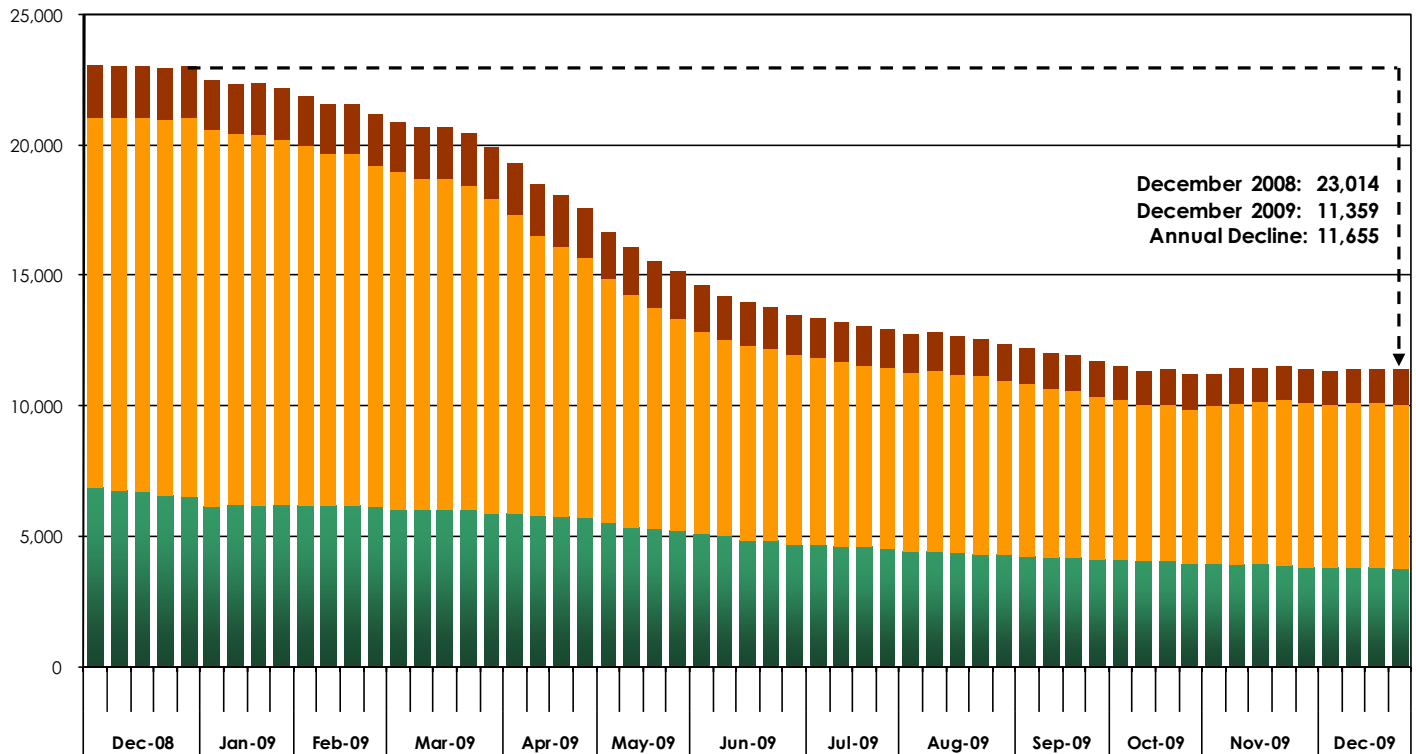
Pending units, or properties that are awaiting customary closing procedures and likely to close, fluctuated throughout the year based on market demand. As of year-end, pending units totaled 3,077, which represented an increase of 18.7 percent compared to the same time one year ago.

Overall, resale home inventory conditions improved throughout the year with inventory declines noted in 42 weeks, while increases were posted during 10 weekly counts. Foreclosures and the success of hopeful short-sellers remain x-factors going into 2010.



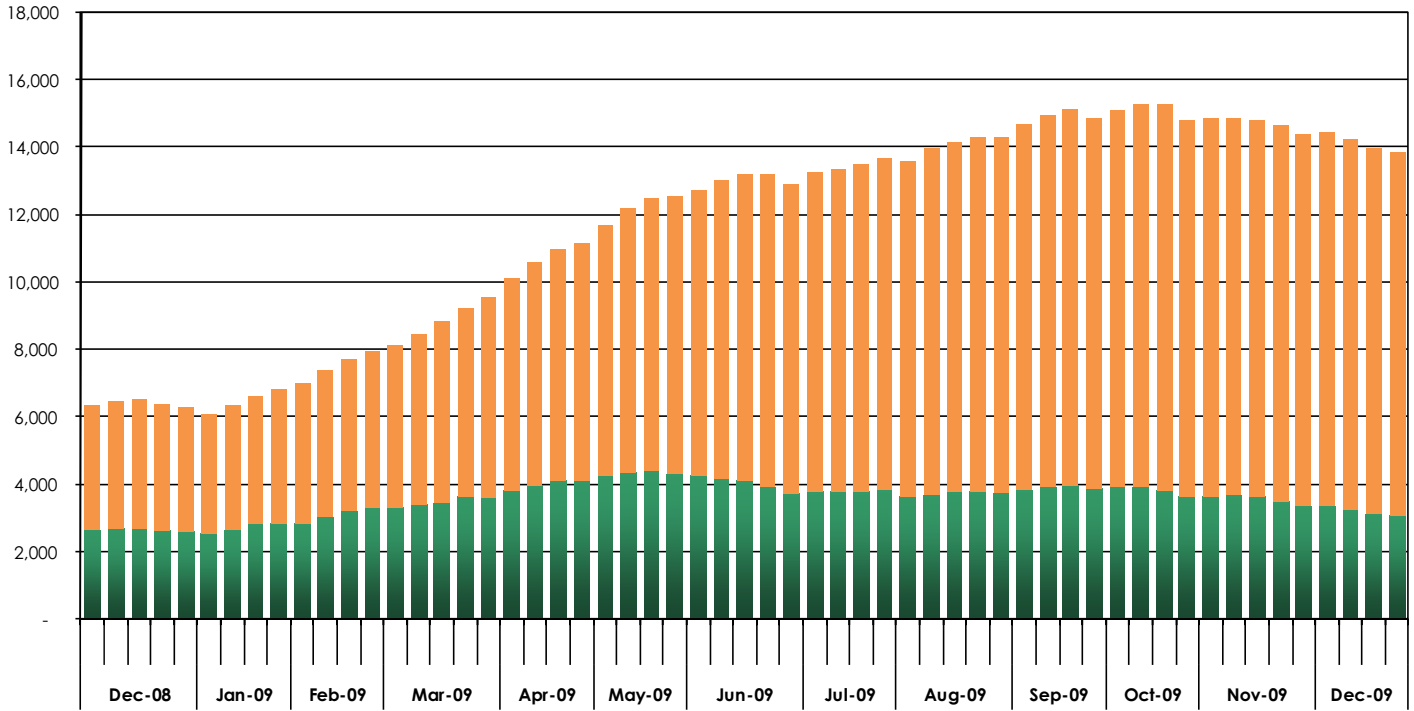
Greater Las Vegas Area
Weekly Number of Homes Listed as "Available" by Type

■ Owner-Occupied ■ Vacant ■ Tenant-Occupied

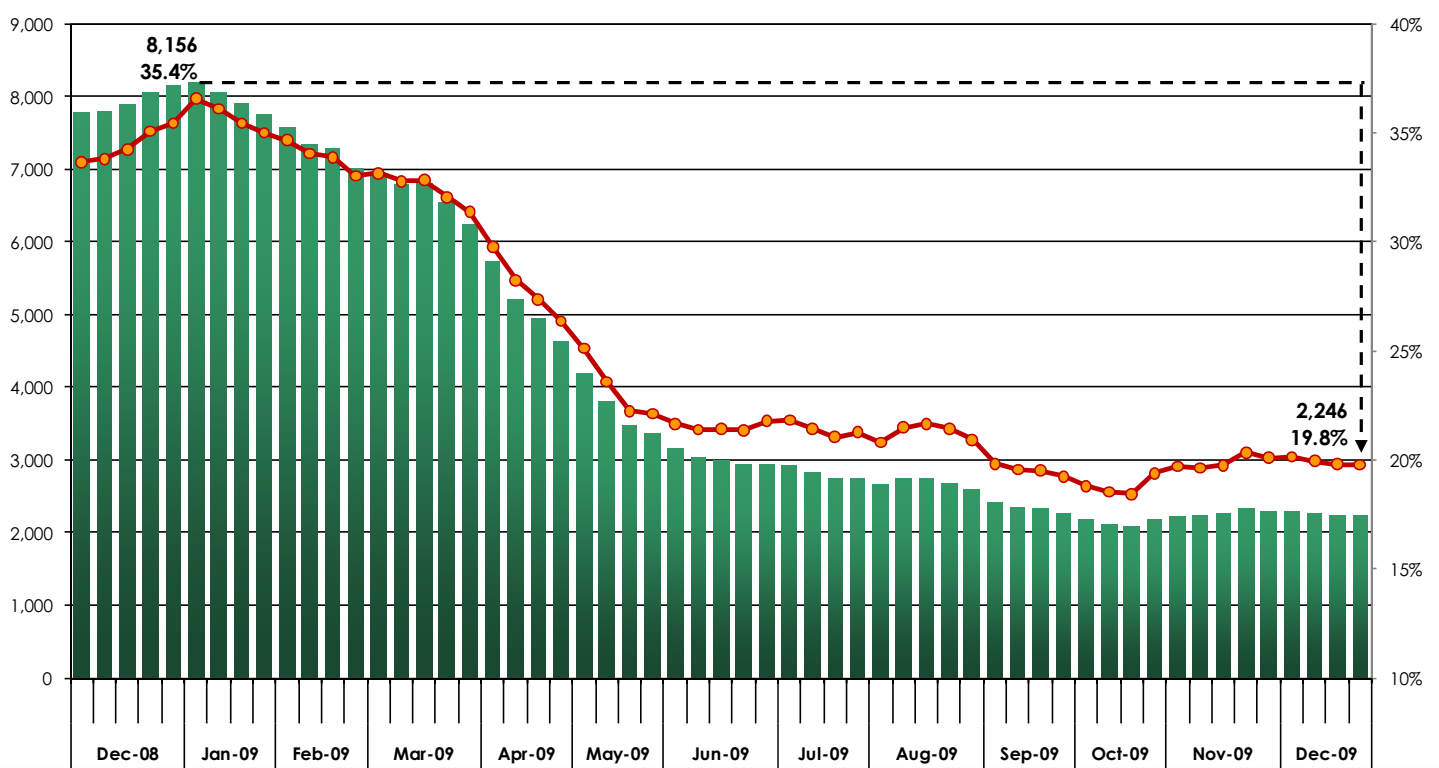


	Owner Occupied		Tenant Occupied		Vacant		Tenant & Vacant Share	Total		
	Units	Share	Units	Share	Units	Share		Units	Change	
9/28/2009	4,103	35.0%	1,368	11.7%	6,245	53.3%	65.0%	11,716	(234)	▼
10/5/2009	4,098	35.5%	1,337	11.6%	6,102	52.9%	64.5%	11,537	(179)	▼
10/12/2009	4,048	35.7%	1,308	11.5%	5,987	52.8%	64.3%	11,343	(194)	▼
10/19/2009	4,013	35.3%	1,309	11.5%	6,037	53.1%	64.7%	11,359	16	▲
10/26/2009	3,925	35.1%	1,304	11.7%	5,955	53.2%	64.9%	11,184	(175)	▼
11/2/2009	3,942	35.1%	1,270	11.3%	6,013	53.6%	64.9%	11,225	41	▲
11/9/2009	3,920	34.3%	1,319	11.5%	6,195	54.2%	65.7%	11,434	209	▲
11/16/2009	3,906	34.1%	1,280	11.2%	6,282	54.8%	65.9%	11,468	34	▲
11/23/2009	3,856	33.6%	1,266	11.0%	6,365	55.4%	66.4%	11,487	19	▲
11/30/2009	3,817	33.6%	1,260	11.1%	6,295	55.4%	66.4%	11,372	(115)	▼
12/7/2009	3,828	33.8%	1,268	11.2%	6,243	55.1%	66.2%	11,339	(33)	▼
12/14/2009	3,799	33.4%	1,284	11.3%	6,275	55.2%	66.6%	11,358	19	▲
12/21/2009	3,777	33.2%	1,300	11.4%	6,296	55.4%	66.8%	11,373	15	▲
12/28/2009	3,759	33.1%	1,296	11.4%	6,304	55.5%	66.9%	11,359	(14)	▼

Greater Las Vegas Area
Weekly Number of Homes Listed as "Pending" or "Contingent"



Greater Las Vegas Area
Weekly Number of Bank-Owned Homes Listed as "Available"



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What is Market Watch: Resale Home Inventory?

The Applied Analysis team updates over 350 market variables and economic indicators on a monthly basis. One set of those indicators is the number of resale homes on the market (those listed with Realtors) in the Las Vegas valley. Inventory levels provide some insight into the market's likely performance. The Market Watch includes data points on the number of units available and further delineates the data by occupancy status, which includes owner-occupied, vacant and tenant-occupied.

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Applied Analysis is a Nevada-based advisory services firm founded in 1997. We are an information and analysis resource for both the public and private sectors. Our team has extensive experience in economics, information technology and finance. We apply this knowledge in an effort to develop creative solutions to our client's challenges.

Our team has performed analyses in Nevada, California, Mississippi, Colorado and Illinois. We have serviced a broad spectrum of business clients, from gaming operators to healthcare providers. Our public sector practice has analyzed the fiscal and economic impact of developments from five to 23,000 acres, and handled policy issues spanning business tax initiatives to the cost of air quality programs.

Our vision and goals have been the same since our inception. We strive to provide superior advisory services through a better understanding of our clients and their issues. We obtain this superior understanding through listening closely to our clients' needs and designing solutions that take into account their unique nature, circumstances and requirements.

To put it simply, we are a solutions resource. Our future is branded by the success of our clients and the quality of our professionals. Our commitment lies therein.

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