



MARKET CONDITION REPORT

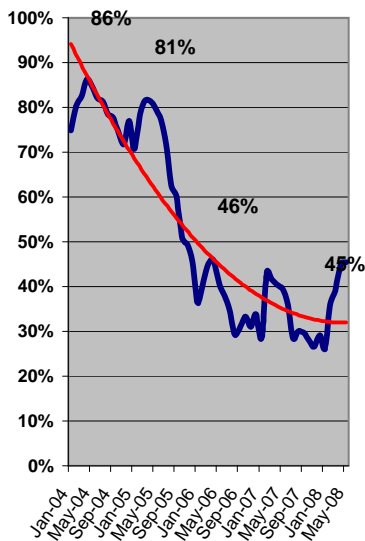
RENO AREA

May-08

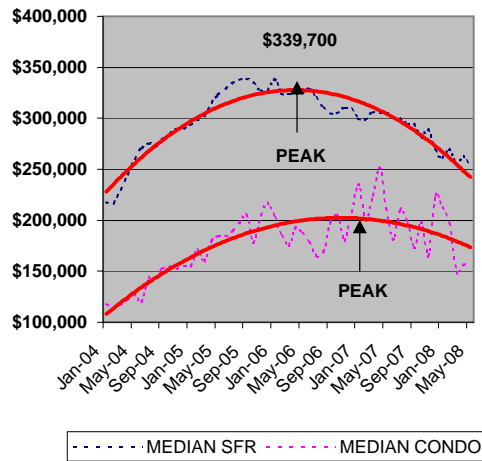
SINGLE FAMILY RESIDENCE

CITY	LISTED	SOLD PER MONTH	EXPIRE WITHDRAW MONTH	PERCENT SELLING	PENDING	MONTHS SUPPLY	DAYS ON MARKET SOLD	60 DAY ABSORB	MEDIAN LIST PRICE	MEDIAN ASK AT OFFER	MEDIAN CLOSE
Reno	2,565	210	242	46%	116	12.2	119	16%	\$350	\$300	\$282
Sparks	979	100	88	53%	33	9.8	83	20%	\$280	\$260	\$250
WASHOE COUNTY TOTAL	3,544	309	330	48%	149	11.6	107	17%	\$327	\$287	\$272
Fernley	408	28	39	41%	16	14.8	115	13%	\$215	\$170	\$168
Dayton	203	19	24	45%	9	10.7	111	19%	\$259	\$222	\$218
Yerington	75	3	9	25%	0	25.0	89	8%	\$219	\$180	\$175
LYON COUNTY TOTAL	686	50	72	41%	25	14.7	112	14%	\$232	\$190	\$187
Gardnerville	354	22	35	38%	14	16.5	114	12%	\$409	\$268	\$272
Minden	166	14	11	56%	4	11.9	111	17%	\$482	\$352	\$352
DOUGLAS COUNTY TOTAL	520	36	46	44%	18	15.0	113	14%	\$438	\$301	\$303
Fallon (Churchill County)	235	18	23	44%	2	13.1	148	15%	\$230	\$168	\$167
Carson City (Carson County)	479	38	39	49%	7	12.8	117	16%	\$340	\$275	\$259
TOTAL	5,464	450	508	47%	201	12.5	111	16%	\$324	\$272	\$260

PERCENT SELLING MARKET EFFICIENCY

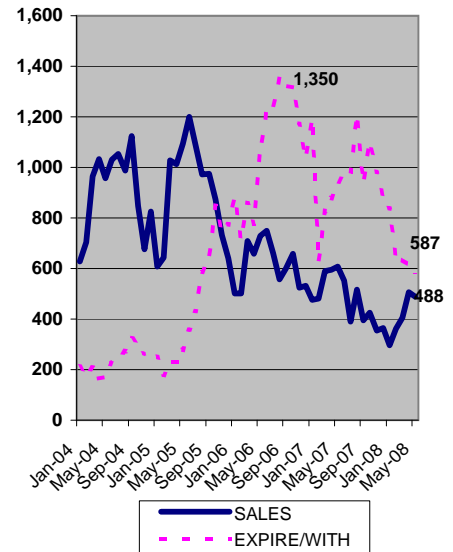


HISTORY OF MEDIAN SALE PRICE



Closed Last Year	Closed This Year	Change in Sales	Percent Change
2,946	2,242	-704	-24%

HISTORY OF SOLDS AND EXPIRE/WITHDRAW (ALL)



CONDO/TOWNHOME

CITY	LISTED	SOLD PER MONTH	EXPIRE WITHDRAW MONTH	PERCENT SELLING	PENDING	MONTHS SUPPLY	DAYS ON MARKET SOLD	60 DAY ABSORB	MEDIAN LIST PRICE	MEDIAN ASK AT OFFER	MEDIAN CLOSE
Reno	527	30	54	36%	18	17.6	139	11%	\$190	\$149	\$143
Sparks	130	6	20	22%	1	23.6	129	8%	\$150	\$140	\$138
WASHOE TOTAL	657	36	74	32%	19	18.8	138	11%	\$184	\$148	\$142
Carson City	46	3	5	38%	3	15.3	114	13%	\$172	\$143	\$143
TOTAL	703	39	79	33%	22	18.5	136	11%	\$181	\$148	\$142

COURTESY OF FIRST CENTENNIAL TITLE



MARKET CONDITION REPORT

Reno-Sparks Area

May 2008

Welcome to the **Reno-Sparks Market Condition Report (MCR)** sponsored by **First Centennial Title**. These comments are designed to accompany the attached Market Condition Report.

We appreciate and value your business.

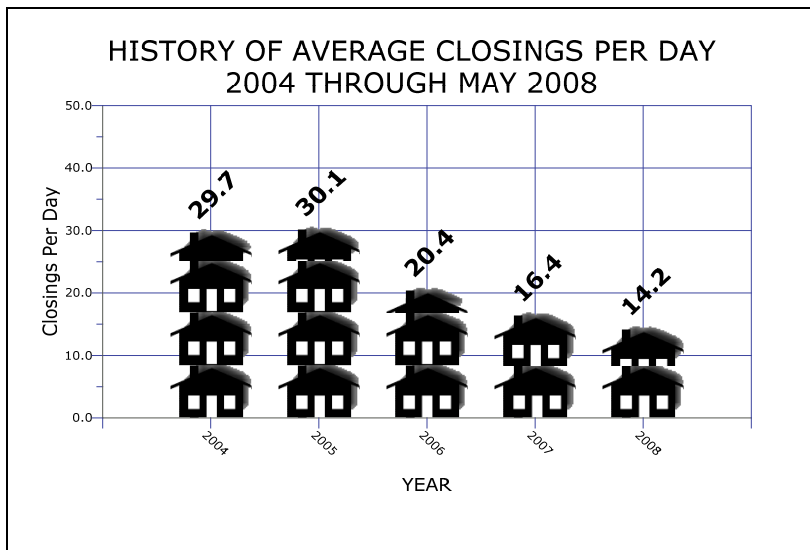
THE BIG PICTURE

- **DEMAND:** Increased for both types over May.
- **SUPPLY:** Very constant in a narrow range.
- **FAILURES:** Failures increased marginally for both types.
- **PRICES:** Median prices erratic but demonstrating a positive propensity—SFR less so than Condo.
- **60 DAY ABSORB:** Market speed (conversion of listings to closings) increased for both types.
- **PERCENT SELLING:** Steady with positive propensity. SFR up slightly; Condo steady.
- **FUTURE CLOSINGS (SALE PENDING):** Current pending inventory levels for both SFR and Condo are increasing but at a slow rate. This signals a slowdown in future closings may be in the offing. Look for prices to steady and demonstrate a more positive propensity.

THIS YEAR LAST YEAR

Closed Last Year	Closed This Year	Change in Sales	Percent Change
2,946	2,242	-704	-24%

In the last report (May), the market lagged the previous year by **-28%**. The current result (**-24%**) displays a 4 point improvement. This is generally slower than other markets surveyed. As an example, Las Vegas currently lags last year's performance by **-8%** fueled by and dominated by distressed sales. A good way to visualize the current market versus past known results is to convert total annual closings to rates per day (based on 365 day year) as in the following graph.



In the last report, sales per day were 12.9.

In the current report, the market has accelerated to 14.2 per day. This is about 47% of the 2005 peak value.

The rate of closure points to the 2008 rate surpassing the 2007 rate in about 3 months.

In terms of **market position**, the market should be judged a buyer's market (Percent Selling is <40% and Absorb Rate is <30%).

In terms of **movement**, the movement is toward the seller, but slowly. Changes in the key indicators are positive but weak in their pace of change. Generally, even though the market may have bottomed in terms of demand, prices will continue to display weakness. This result (market bottom) is **in line** with other areas surveyed. Sale pendings are rising, but at a pace a bit slower than other markets surveyed. This is most likely due to the lack of large inventories of distressed properties.

SPECIAL COMMENT: When using measures of central tendency such as median price, the reader should focus on trends and trend lines more than actual results. Values in any one month can easily be mitigated and thus adjusted from month to month. In other words, a trend is not a result; a trend is a series of results.

The reader should note two ideas revealed by the displayed graphs. Percent Selling is increasing pointing to a trend toward more properties closing relative to those failing (see bowing of the trend line for Percent Selling). Also, see that SFR median price peaked before Condo price and is declining at a more rapid rate.

The **strongest** sub-market is Sparks SFR. The **weakest** is Sparks Condo.

The quickest and surest one-number measure of market viability is the **60 DAY ABSORB RATE** which considers changes in supply, demand, and time. As this measure increases, the market is moving in the direction of the seller. The opposite movement favors the buyer.

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.