

May 2010

Monthly Market Watch for
the Prescott Quad City Area



Report overview:

This report includes MLS data for the past 36 months in the Prescott Area only as provided by the Innovia system for the Prescott Area Association of Realtors.

Please note that searches fluctuate daily when running these reports. Data was compiled on May 8, 2010. All information is deemed reliable but not guaranteed.





Total Number of Homes Sold in Prescott Area MLS 36 Month Overview

Source: Prescott Area Association of Realtors MLS. Information deemed reliable but not guaranteed.

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	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
6/07 to 5/08	237	216	247	209	202	168	153	124	135	126	167	176
6/08 to 5/09	187	248	189	176	191	120	141	115	117	135	154	160
6/09 to 5/10	239	261	235	213	272	192	199	166	173	206	307	235

Closed Sales Report Analysis:

Sellers:

The total number of closed sales decreased 23% from April to May to a total number of closed home sales of 235. While this was a significant drop from the previous month, the total number of sales was 47% higher in May of 2010 than in May of 2009. There is no doubt that this is directly correlated to the end of home buyer credit drawing to a close.

Buyers:

For buyers, this means that more buyers were successful in finalizing the sale of their home. Now that the buyer credit has ended, it will be important for you and your real estate professional to monitor the competition for well-priced homes. With interest rates continuing to be very low AND the average price still increasing, buyers need to make sure they are looking at the long-term impact of waiting to purchase a home.

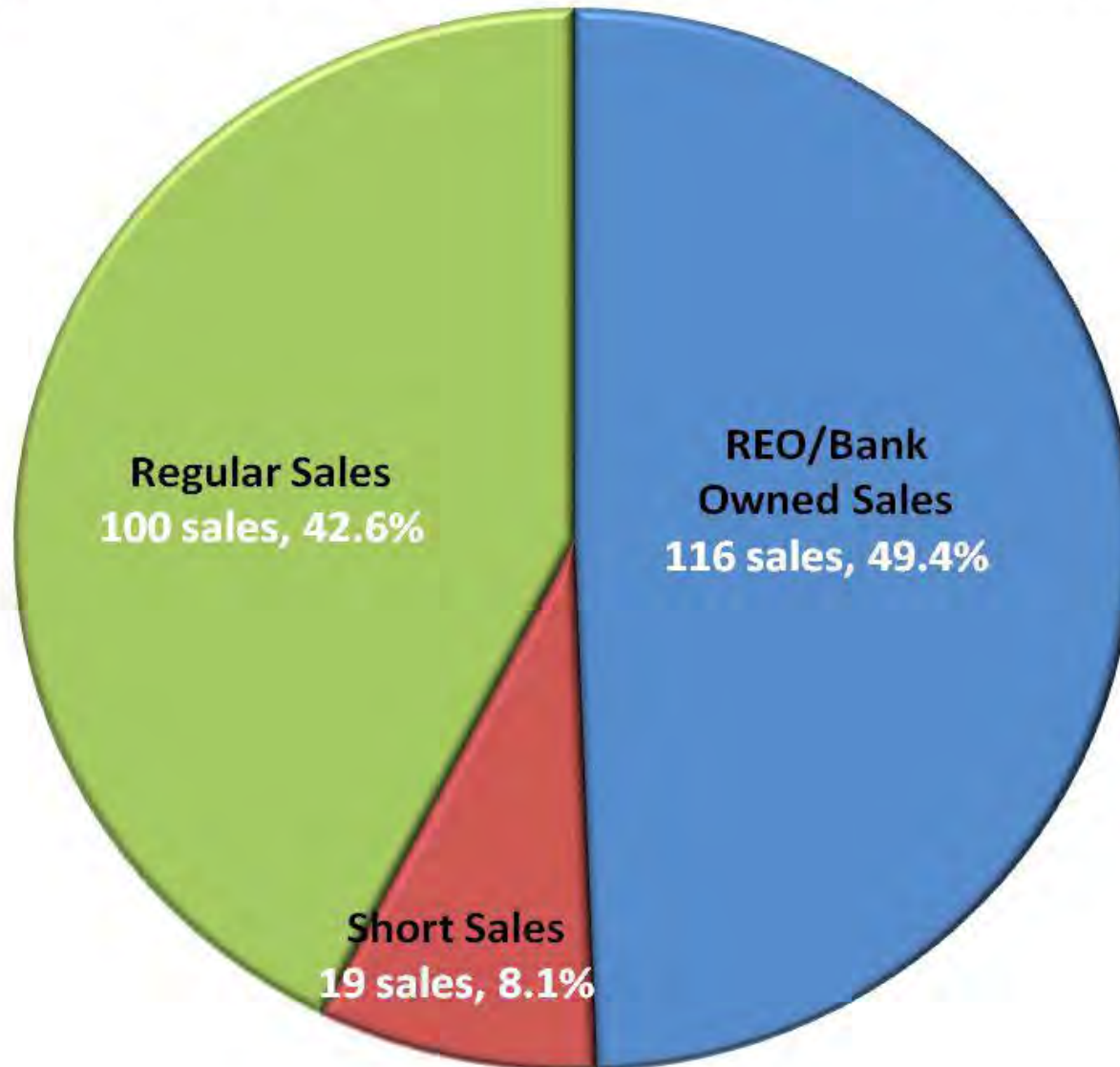




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Comparison of REO, Short, and Regular Homes Sold in Prescott Area MLS May 2010 Overview

Source: Prescott Area Association of Realtors MLS. Information deemed reliable but not guaranteed.

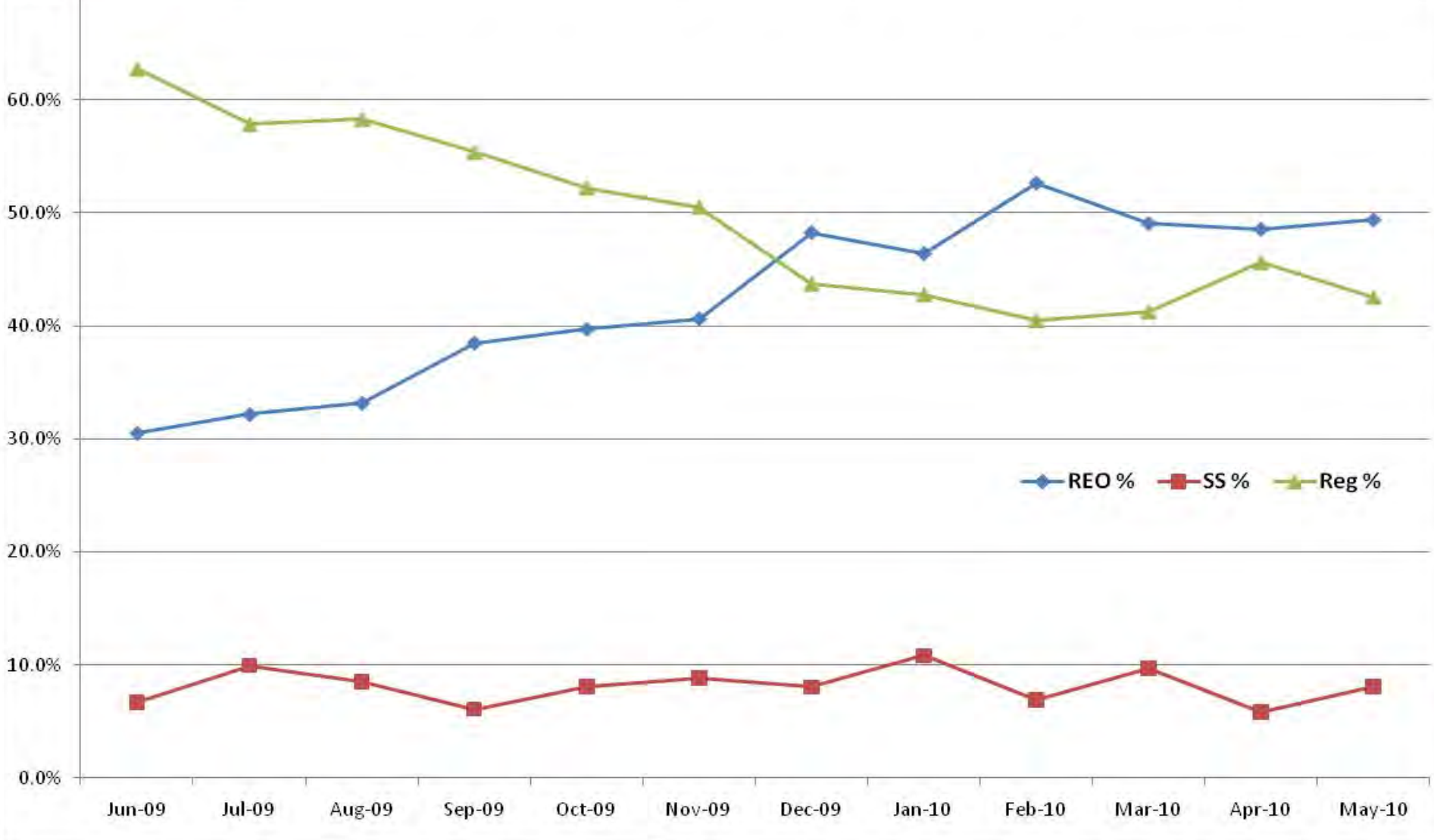




Percentage of REO, Short, and Regular Homes Sold in Prescott Area MLS June 2009 to May 2010 Overview

Source: Prescott Area Association of Realtors MLS. Information deemed reliable but not guaranteed.

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Distressed Sales Analysis:

This has become an even more important part of the market report, as it shows the percentage of sales that were bank owned/foreclosed, short sales, and regular sales.

A bank owned/foreclosure home is one that the seller no longer owns – it has been taken over by the lender(s) who had a note on the home. Short sales are homes where the seller owes more money to the bank than the home is worth and the home owner is negotiating with the bank to “forgive” a portion of the debt in order to avoid foreclosure.

For the sixth month in a row, REO sales outpaced regular equity sales. The percentage of the market represented by equity sales was down slightly by 3% over the previous month. Continue to monitor this whether you are a buyer OR a seller, as it provides the information on trends in home sales that will impact your real estate success.

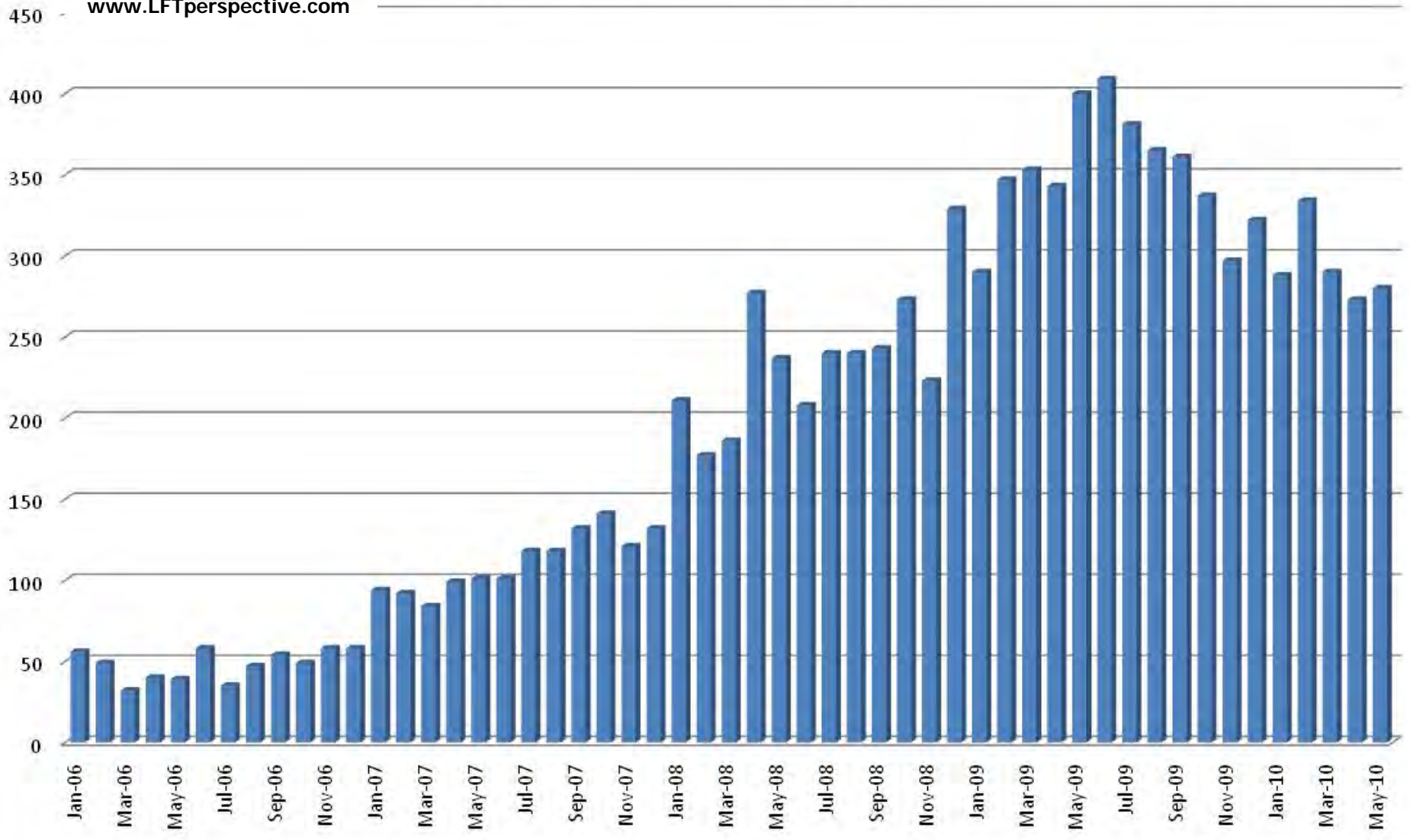




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Number of Notice of Trustee's Sales in Yavapai County January 2006 to Present

Source: Yavapai County iCRIS system. <http://icris.co.yavapai.az.us>. Information deemed reliable but not guaranteed



Notice of Trustee's Sales Analysis:

A Notice of Trustees Sale is constructive notice to a property owner that their property is scheduled to be sold by the lien holder to recover debt owed to the lien holder by the property owner. The notice is public information and typically includes the date, time and location of the public sale.

May's filings of Trustee's Sales (NoTS) increased by 2.6% as compared to April 2010. An increase in the number of NoTS correlates to a increase in the number of foreclosures, which is one key indicator of the housing market. Keep in mind that many of the homes that received their NoTS, up to 12+months ago, have yet to be foreclosed and placed on the market for sale.

Every person's situation is unique. If you have questions regarding loan modifications, refinancing, foreclosures, or short sales, please contact your real estate professional.





Total Number of Homes Pending in Prescott Area MLS 36 Month Overview

Source: Prescott Area Association of Realtors MLS. Information deemed reliable but not guaranteed.

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	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
6/07 to 5/08	153	165	173	102	116	89	94	75	101	110	106	106
6/08 to 5/09	142	110	118	123	94	77	82	96	92	106	120	144
6/09 to 5/10	163	134	180	175	166	110	152	164	183	248	228	182

Pending Sales Report Analysis:

Sellers:

For the second month in a row, May saw a dramatic DECREASE in the number of pending sales -- a decrease of 20% over the prior month. The end of the buyer tax credit is more than likely a significant contributor to this number; however, it can also be impacted by agents not showing properties under contract as pending until they are solidly ready to close. Sellers need to continue to monitor this very closely, as it means far fewer homes are successfully going under contract.

Buyers:

Although the home buyer credit is no longer available, buyers should still be diligent in searching for a home – prices and interest rates continue to be favorable, and without the pressure of the competition for this credit, this might be the perfect time to find a home without competing with dozens of other buyers. Continue to work with your real estate professional to make sure you are benefiting as well from the fantastic opportunities that are still available to you.

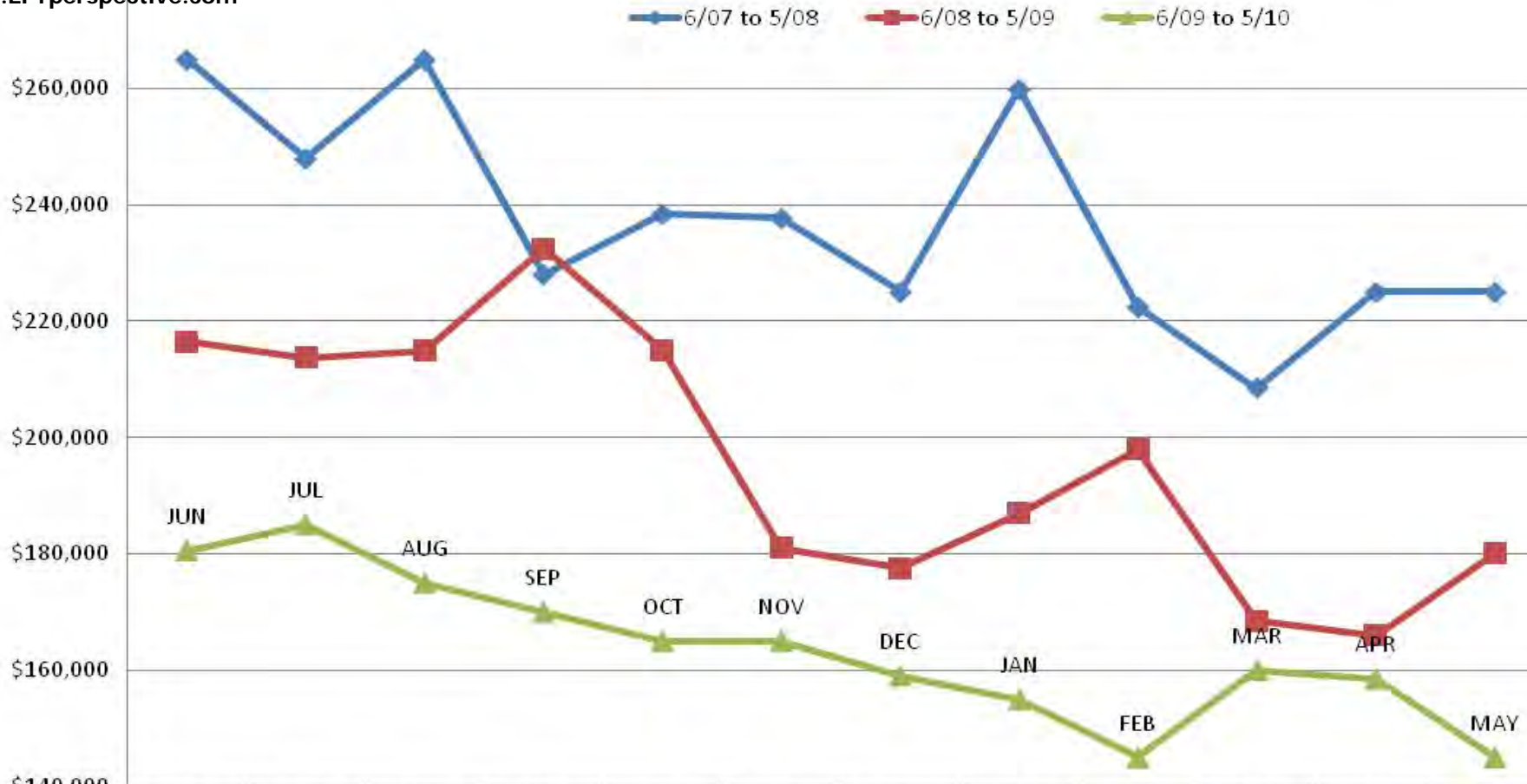




Median Sales Price of Homes Sold in Prescott Area MLS 36 Month Overview

Source: Prescott Area Association of Realtors MLS. Information deemed reliable but not guaranteed.

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	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
6/07 to 5/08	265,000	247,946	265,000	228,000	238,400	237,710	225,000	259,900	222,400	208,500	225,000	225,000
6/08 to 5/09	216,505	213,750	214,900	232,500	215,000	180,950	177,500	187,000	198,000	168,500	166,000	180,050
6/09 to 5/10	180,500	185,000	175,000	170,000	165,000	165,000	159,000	155,000	145,000	160,000	158,500	145,000

Median Sales Price Analysis

Sellers:

April saw a decrease of 8.5% in the median sales price over the prior month. There has not been a substantial variance in the prices of homes in the past 6 months – 2007 and 2008 saw much more volatility. It will be important to monitor this number AFTER the homes purchased because of the credit are finalized which should be no later than June 30th. Watch carefully to see if there is any type of impact on the prices of homes sold that went under contract after May 1.

Buyers:

For buyers who missed out on the home buyer credit, there is still great news. Prices are still very, very good! In reviewing the 36 month numbers, we have had a 36% drop in the average sales price since May of 2007. That means buyers have the potential to purchase a home for 1/3 less than what they would have paid 3 years ago!

It is more important than ever that buyers are working with their real estate professional to really understand the price point they need to be at in order to purchase a home.



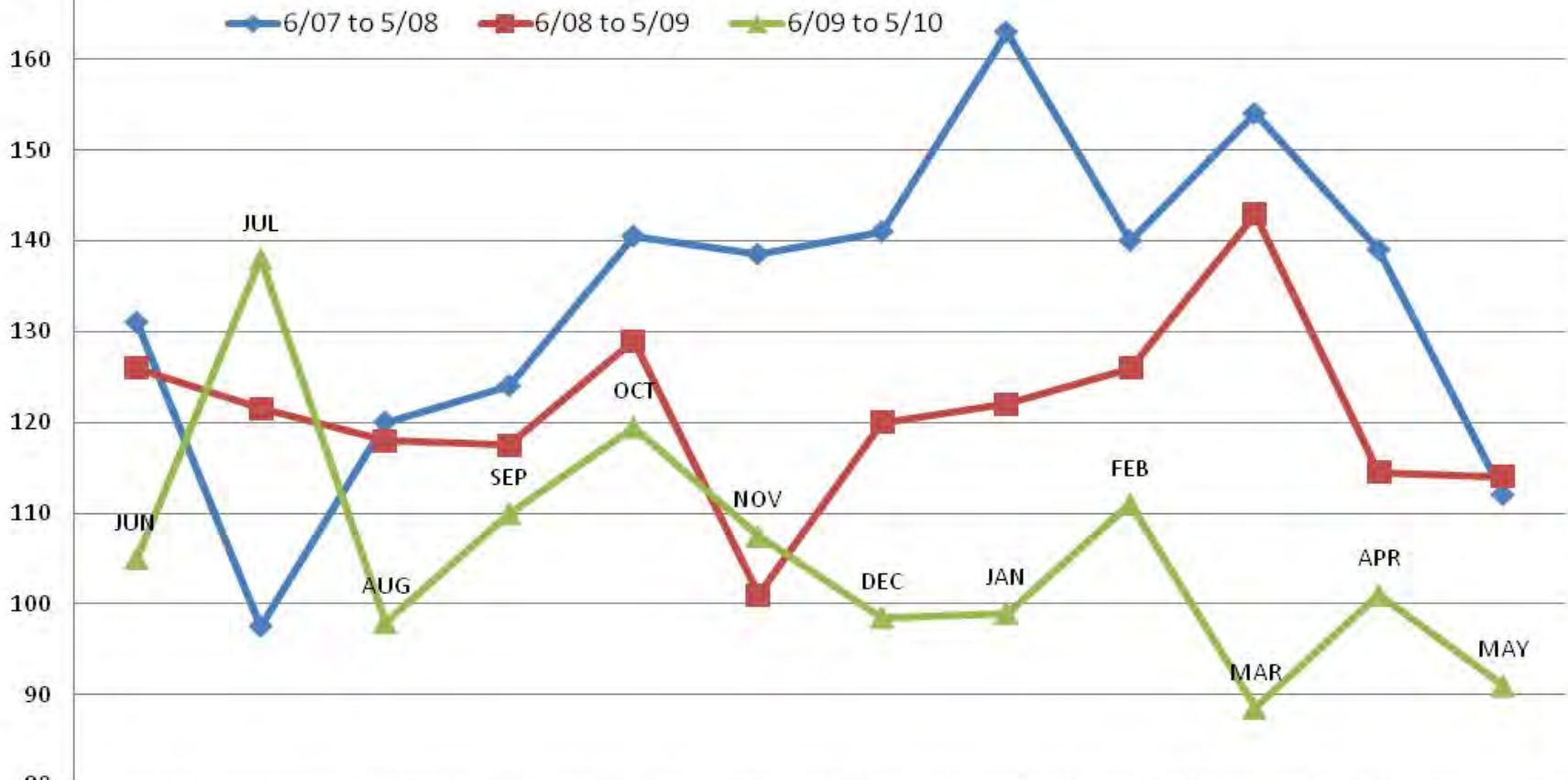


Median Days on Market of Homes Sold in Prescott Area MLS

36 Month Overview

Source: Prescott Area Association of Realtors MLS. Information deemed reliable but not guaranteed.

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	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
6/07 to 5/08	131	97.5	120	124	140.5	138.5	141	163	140	154	139	112
6/08 to 5/09	126	121.5	118	117.5	129	101	120	122	126	143	114.5	114
6/09 to 5/10	105	138	98	110	119.5	107.5	98.5	99	111	88.5	101	91

Median Days on Market Analysis

Sellers:

In May, the real estate market experienced a 9.9% DECREASE in the median days on market of homes that sold over the prior month. This means that a home is staying on the market an average of 91 days from the time it went under contract until it actually closed. This is the second lowest median Days on Market that we have seen in the last 36 months. It will be important to see what happens in June, as that is a month when we normally see a significant increase in the days on market.

Buyers:

Buyers need to be aware of this number because it is an indicator of how long sellers are having to wait to go under contract and close. The lower the number, the more control a seller normally has. Even if we have an addition of homes to the market via foreclosures, buyers need to understand that competition for great homes will continue to remain very high, especially in the lower price ranges. We are still seeing multiple offer situations with distressed properties, so make sure you are fully qualified with your lender and ready to go when you see the house you want to call home.

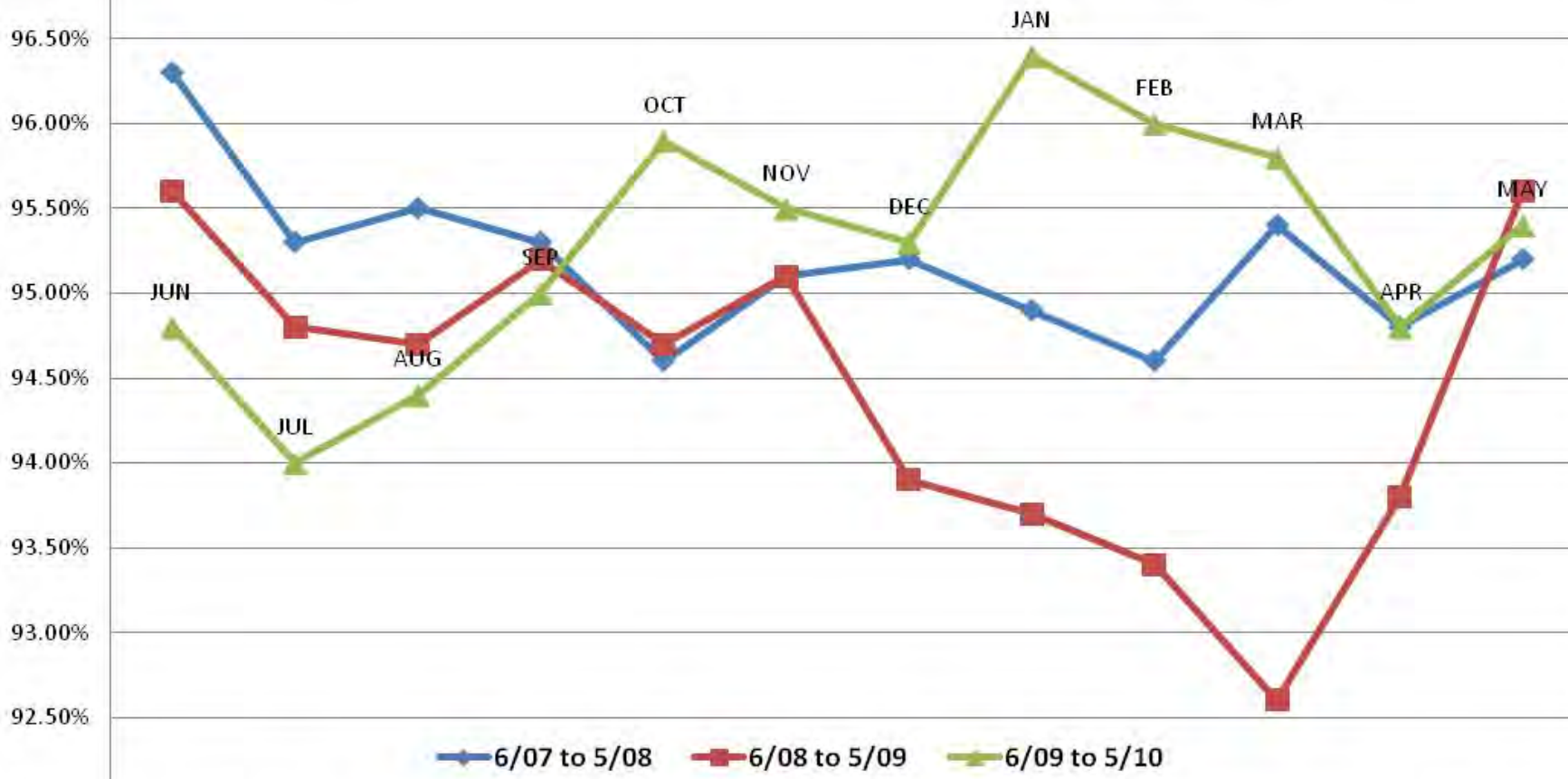




Median Sales Price to List Price Ratio of Homes Sold in Prescott Area MLS 36 Month Overview

Source: Prescott Area Association of Realtors MLS. Information deemed reliable but not guaranteed.

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	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
6/07 to 5/08	96.30%	95.30%	95.50%	95.30%	94.60%	95.10%	95.20%	94.90%	94.60%	95.40%	94.80%	95.20%
6/08 to 5/09	95.60%	94.80%	94.70%	95.20%	94.70%	95.10%	93.90%	93.70%	93.40%	92.60%	93.80%	95.60%
6/09 to 5/10	94.80%	94.00%	94.40%	95.00%	95.90%	95.50%	95.30%	96.40%	96.00%	95.80%	94.80%	95.40%

Sales to List Price Ratio Analysis

Sellers:

In May, the ratio of the sales price to the list price stayed about the same as the previous month. The sales to list price ratio indicates that sellers are getting 5% LESS for their home than the listed price. This is, of course, only IF the house was already priced close to what a buyer is willing to pay. As a seller, it means you can expect slightly less than you did one month ago. We will carefully monitor this statistic as more foreclosure and short sale properties enter the market.

Buyers:

Buyers need to pay attention. Although the average is less than 100%, on lower priced/highly desirable properties buyers **may** still have to pay above list price. Since a home must appraise in order to obtain a loan, underwriters are looking very closely at prices and making sure that homes are selling at or below market value. Make sure your real estate professional helps you understand the competitiveness of the list price of the home you are wanting to purchase. You also need to be aware of the interest and sales activity in the area where you are wanting to buy and how the offer you are making competes with the market.

FOR SALE



INVENTORY OVERVIEW

The following charts are an overview of what is happening with the inventory of homes currently available in the Prescott Area MLS.

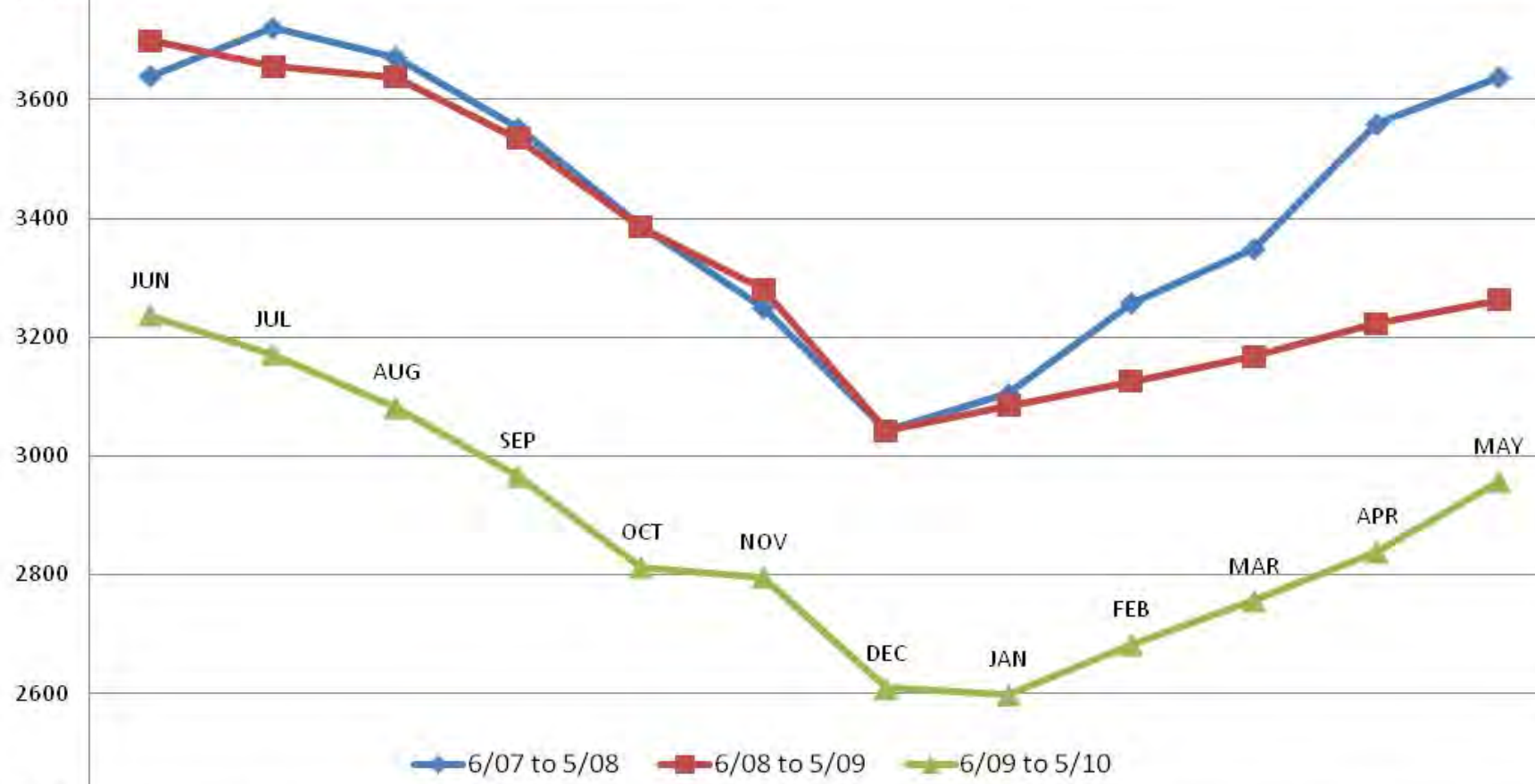




Active Residential Listings in Prescott Area MLS 36 Month Overview

Source: Prescott Area Association of Realtors MLS. Information deemed reliable but not guaranteed.

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	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
6/07 to 5/08	3640	3721	3672	3552	3387	3250	3043	3105	3258	3349	3559	3638
6/08 to 5/09	3699	3656	3638	3534	3385	3280	3042	3085	3125	3167	3223	3263
6/09 to 5/10	3236	3171	3081	2966	2813	2796	2609	2598	2683	2756	2838	2957

Active Listings Analysis

Sellers:

The MLS saw a slight increase of 4.19% in the number of new homes coming on to the market for a total of 2,957 residential homes in all of the MLS. Continue to carefully monitor this chart, as it will be a strong indicator of the amount of competition sellers will have from new and fresh inventory entering the market.

Buyers:

Buyers still have homes from which to choose, but the inventory is significantly less than it was a year ago. Using a real estate professional is more important than ever to make sure you find out about new homes FIRST and know what you need to offer in order to be competitive and appealing to sellers. Continue to monitor this statistic, as it WILL be the statistic that indicates how much new inventory you that is available to preview... the lower the number, the more likely the competitiveness for lower priced homes will remain part of the current market. AND, the prediction of increased interest rates means now is the time to get serious about buying.

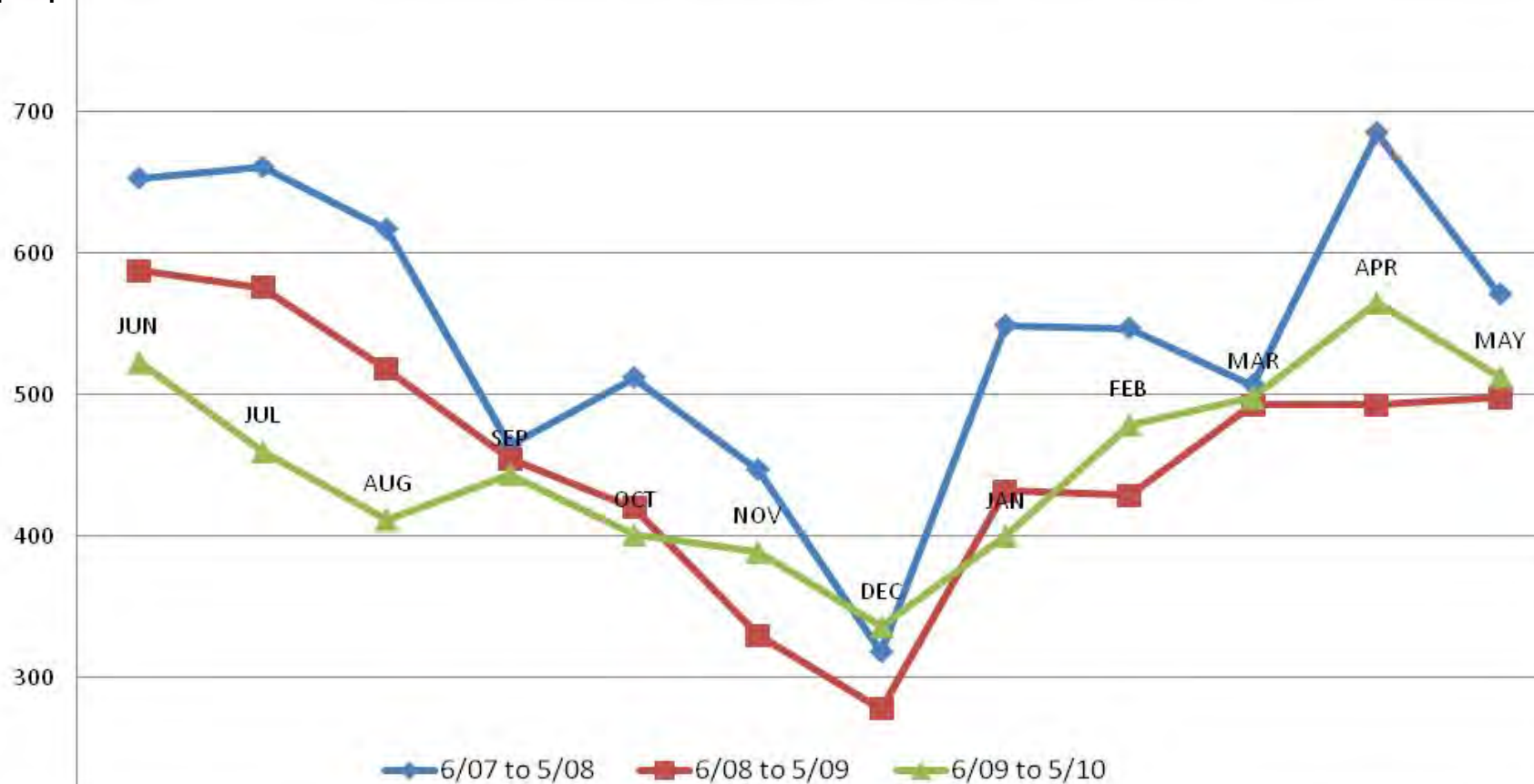




Total Number of New Residential Listings in Prescott Area MLS 36 Month Overview

Source: Prescott Area Association of Realtors MLS. Information deemed reliable but not guaranteed.

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	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
6/07 to 5/08	653	661	617	464	512	447	318	549	547	507	685	571
6/08 to 5/09	588	576	518	455	420	330	278	432	429	493	493	498
6/09 to 5/10	523	460	412	444	401	389	336	400	479	498	565	513

New Listings Analysis

Sellers:

New listings decreased by about 9.2% in the month of April. It will be interesting to see if these properties are REO, short sales, or regular listings and how the market receives them. We still have not seen a massive influx of REO properties entering the market. However, sellers need to continue to watch what the banks are doing with foreclosed properties – more properties entering the market will mean more competition for sellers who are wanting to sell their home.

Buyers:

This is important news for buyers, as it means there are fewer homes entering the market. It is very important that you continue to spend time with and listen to your real estate professional to develop your strategy for succeeding in a market that is constantly changing. Be prepared: as fewer homes enter the market, there will definitely be more competition for the best values. Be prepared. As more homes enter the market, more buyers may become active again as well.





Total Number of Expired & Cancelled Residential Listings in Prescott Area MLS 36 Month Overview

Source: Prescott Area Association of Realtors MLS. Information deemed reliable but not guaranteed.

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	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
6/07 to 5/08	298	366	423	373	474	411	373	368	267	277	316	324
6/08 to 5/09	329	356	352	381	378	315	371	296	263	309	286	290
6/09 to 5/10	287	248	259	324	280	226	302	265	240	224	219	203

Expired & Cancelled Listings Analysis

Sellers:

May saw a decrease in the number of expired and cancelled listings – a 7.3% drop over April. This is the lowest number of cancelled/expired listings in the last 36 months. An expired or cancelled listing means less competition for active sellers if those properties have not been re-listed or moved into foreclosure status.

Buyers:

For buyers, this means that there are 203 fewer homes to consider. Buyers will have to be prepared to act quickly on available homes that are priced competitively. Continue to watch this trend, as this, combined with price, days on market and sales to list price ratio are an important indicator of what buyers need to do in order to be successful in closing on the home of their dreams.



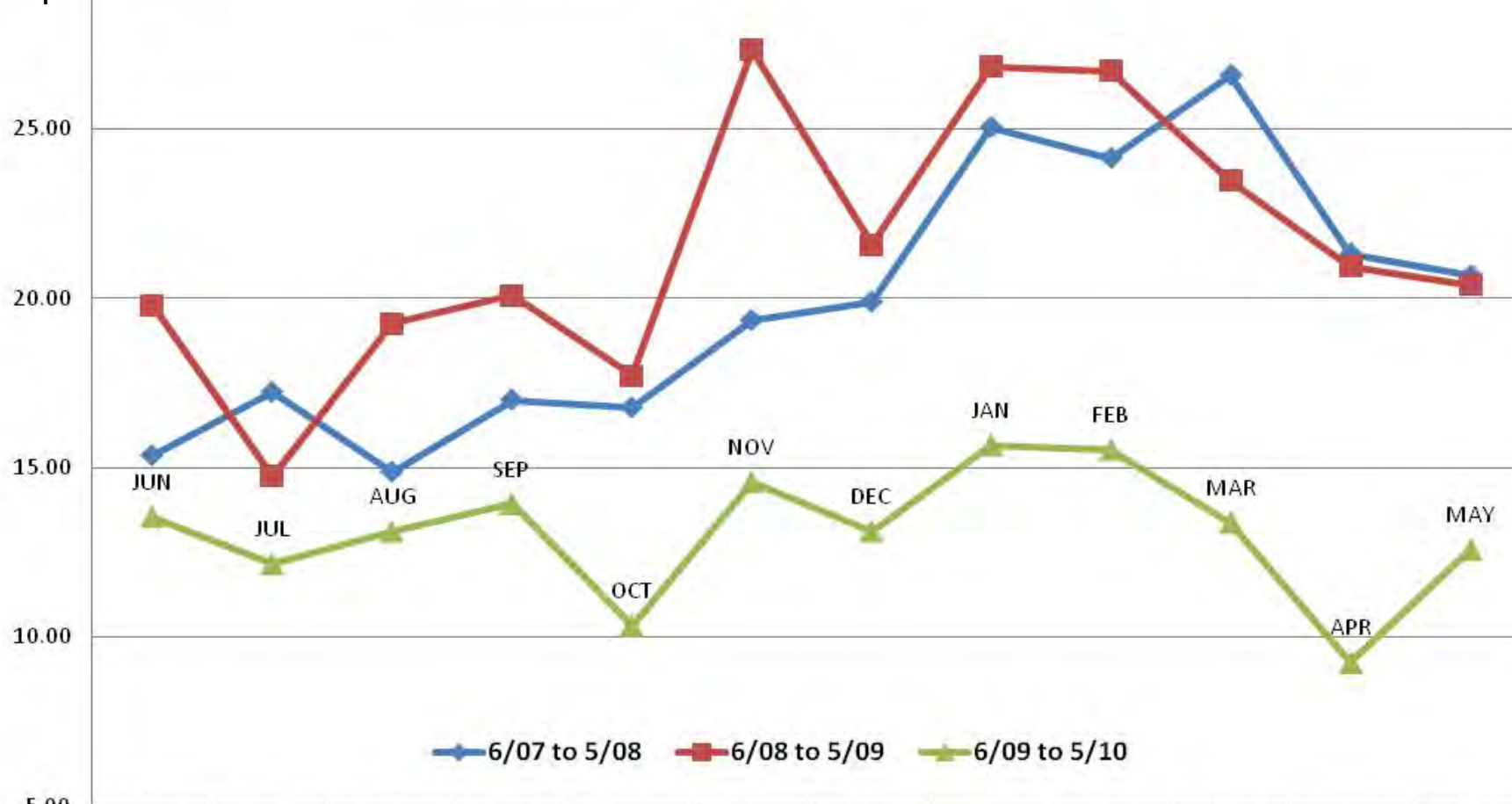


Months of Residential Inventory in Prescott Area MLS

36 Month Overview

Source: Prescott Area Association of Realtors MLS. Information deemed reliable but not guaranteed.

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	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
6/07 to 5/08	15.36	17.23	14.87	17.00	16.77	19.35	19.89	25.04	24.13	26.58	21.31	20.67
6/08 to 5/09	19.78	14.74	19.25	20.08	17.72	27.33	21.57	26.83	26.71	23.46	20.93	20.39
6/09 to 5/10	13.54	12.15	13.11	13.92	10.34	14.56	13.11	15.65	15.51	13.38	9.24	12.58

Months of Inventory Analysis:

(This report has been generated by taking the number of active listings and dividing it by SALES for the past month)

Sellers:

In May, the number of months of inventory increased by 36% to about 12 ½ months of inventory. This is greater than the 6 month gauge and indicates that we are still heavily into a buyer's market. Having so much inventory means there are relatively MORE homes available for fewer buyers. For a seller, this means there are fewer buyers AND it will take longer to sell their home. It will be very important for you and your real estate professional to monitor this number so that you can make sure your home is priced and staged accordingly.

Buyers:

Buyers typically have more control in a Buyer's market, which is defined as a market having more than 6 months of inventory. However, the type of market will vary from price range to price range and even area to area. Work with your real estate professional to make sure you understand the type of market you are in.

FOR SALE



Total Market Overview:

Sellers:

This report provides a detailed breakdown of homes in the Prescott Area based on price. By determining the price range where your home SHOULD sell, you can see what the average sales to list price ratio is, the median days on market, and more importantly, the percentage of homes selling in that price range. Note that as the price increases, the sales to list price ratio and the number of homes selling decreases while the days on the market increases.

Buyers:

By reviewing the price range where you are purchasing, you can determine what the average home is selling for vs. list price. This should help you make better and more acceptable offers based on the current market.



IMPORTANT INFORMATION:

Although these reports are beneficial in understanding the general market in the Prescott Area, it is essential that you meet with your real estate professional to study these same figures in your area, as statistics will vary from neighborhood to neighborhood.

As you make decisions related to the purchase or sale of a home, it is important that you understand how the current real estate trends will impact your decisions. Your real estate professional is available to help you monitor and interpret them to make sure that you are taking advantage of the current market whether you are selling OR buying.

