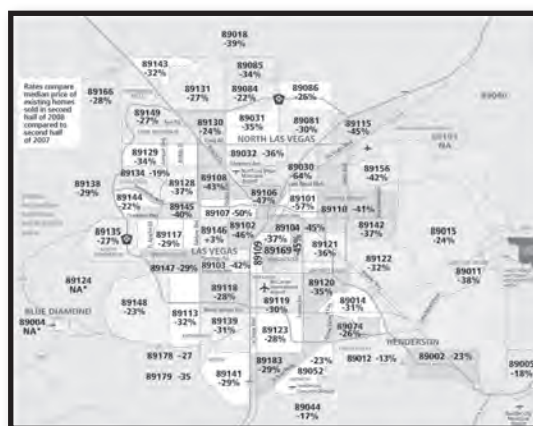
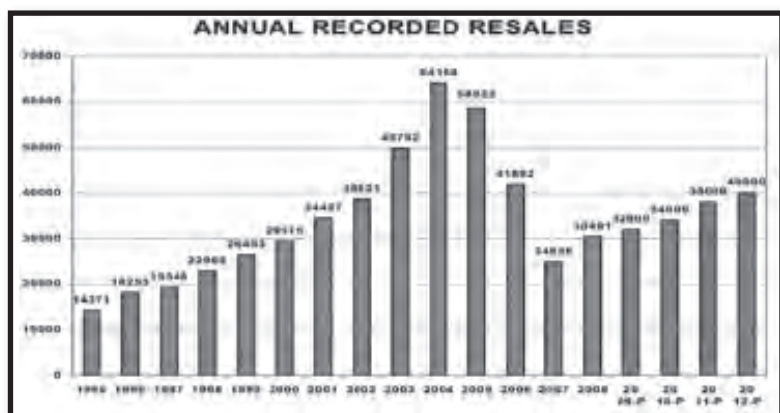
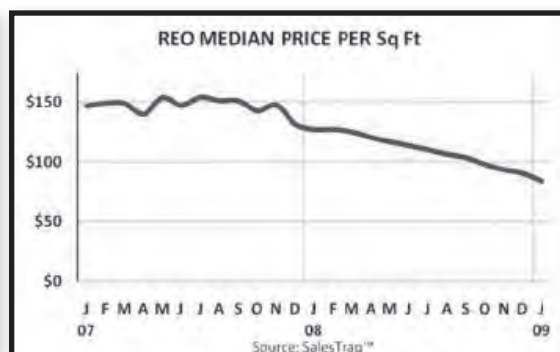


LAS VEGAS NEVADA MARKET

The greater Las Vegas area housing market was at peak levels since the early 1990's, with year-over-year increases in new home sales nearly every year through 2001. Strong in-migration, job growth, low interest rates and a wide availability of product contributed to produce strong demand for housing. Many analysts anticipated a decrease in the housing sector, primarily due to a simultaneous anticipated slowdown in gaming growth. The residential market in Las Vegas had not only been active after this period but boomed through 2005. However, the analysts' expectations of a decrease in the housing sector were eventually realized in 2006, as the residential market in Las Vegas began to slow down and the bubble burst. The 2008 resale home count closed up 22.76 percent over 2007 (Annual Recorded Resale Graph) annual resale home numbers. Average and median resale values (price/sq ft) declined throughout all of 2008 (Zip Code Map - Percent Change from 2007). All but one of fifty-eight ZIP codes in the Las Vegas Valley showed depreciating home values in 2008 over 2007 (Zip Code Map).



Foreclosures are largely to blame for falling prices in Las Vegas. One local Zip code (89030) had one of the highest foreclosures rates in the nation reporting a decline of minus -64 percent. REO inventory continued to rise into early 2009 (REO Inventory Graph) creating continued downward pressure on overall pricing trends (REO Median Price / Sq Ft Graph).



January 2009

At the end of January, the number of homes listed on the multiple-listing service (MLS) totaled 20,673 (the lowest total since September 2008). Nearly two thirds (65 %) of these homes were vacant. Existing home sales were up year-over-year, but reported an 11.7 percent decline from last month, December. New homes sale volumes were down to the lowest levels in a century. There were ten closings in the vertical market (mid-rise/high-rise). New homes prices (median) were down 15.3 percent from last January and 2.6 percent from last month. Factoring out the vertical product, the price drop was down 15.1 percent from last January and 2.9 percent from last month. Bank foreclosures increased 37 percent increase from last January and 8.2 percent above last month. The median price of an existing home in January was down 37.1 percent from last January and 6.3 percent from last month. Almost two thirds of existing home closings in January (64%) were bank-owned homes with a median price of \$139,000. The balance (36%) consisted of

LAS VEGAS NEVADA MARKET continued

non-bank owned homes with a median closing price of \$170,000. The number of new home subdivisions continued its decline, down 33.3 percent year-over-year and 4.9 percent from last month. The number of new home permits totaled 183, the second lowest total of the decade and a drop of 48.2 percent from last January.

February 2009

Closing out February, inventory of active listings continued to be relatively flat. February saw 4,954 new single family and 1,204 condominiums/townhomes listed during the month. Existing home closings numbered 2,606, down slightly from January's total of 2,737, but a year-over-year increase of 70 percent. New pending sales increased month-over-month, but the inventory of active listings did not report much change in the last 12 months. The price of all recorded new home sales (median) in February was \$219,900, down \$14,273 (6.1 percent from January) or a year-over-year decline of \$63,100 or 22.3 percent. This evidences how foreclosures, bank owned, and short sale properties have had (and should continue to have) a significant impact on new home pricing. The upper end of the production home market is almost at a standstill with only one new home that closed escrow for more than \$1 million in February. According to the MLS data about 39 percent of total number of listings are bank owned (REO) properties. REO's now account for almost 80 percent of the existing home sales through the MLS. Short sales account for over 30 percent of the total listings but only about 9 percent of the sales through the MLS. The median price of an existing home in February was \$145,000, a one-month decline of \$10,000 or 6.5 percent. This was a year-over-year decrease of \$90,000 or 38.3 percent. There were 375 recorded new home sales in February, an increase of almost 100 units from January. A new monthly low of 139 new home permits were reported in February (eight of which in Clark County were for condominiums that resulted in 24 units.) This represents a year-over-year decline of 57 percent. Given this lowest ever figure, home builders are not expected to significantly increase their permit counts during 2009. This year could produce the lowest number of new home permits since the mid 1980's.

March – April 2009

All final numbers are not in for March, but MLS reports that during the first week in April ending the 6th, the number of resale homes on the market decreased by 618 units over the previous week, reaching their lowest level (19,270 or less 17.7%) from the first week of April 2006. Vacant properties represented approximately 59.6 percent of all listings. Properties owned by banks represent 29.8 percent of total inventory. Pending sales rose to over 10,000, the highest level reported in years, and was double the number reported one year ago. Sales closing activity in the resale market has been on the rise and the latest contracting activity suggests this trend will continue over the next 30 to 60 days (typical closing timeframe).

Southern Nevada Index of Leading Economic Indicators

Based on data reviewed from a number of sources, current economic conditions appear to be at their worst since the 1990's. With Las Vegas unemployment climbing to over 10%, with population beginning to fall and with a major hit being taken by the gaming industry, a turnaround in the short-term future is unlikely. It appears that Las Vegas real estate market in 2009 will remain in its downward trend.



For additional or more current information on the residential market in the Las Vegas area, visit www.rac.net and select "The RAC Report," or contact the following RAC member:

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