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Monday, December 19

**2011**

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**Jay Kinder Real Estate Experts**

Monday, December 19, 2011

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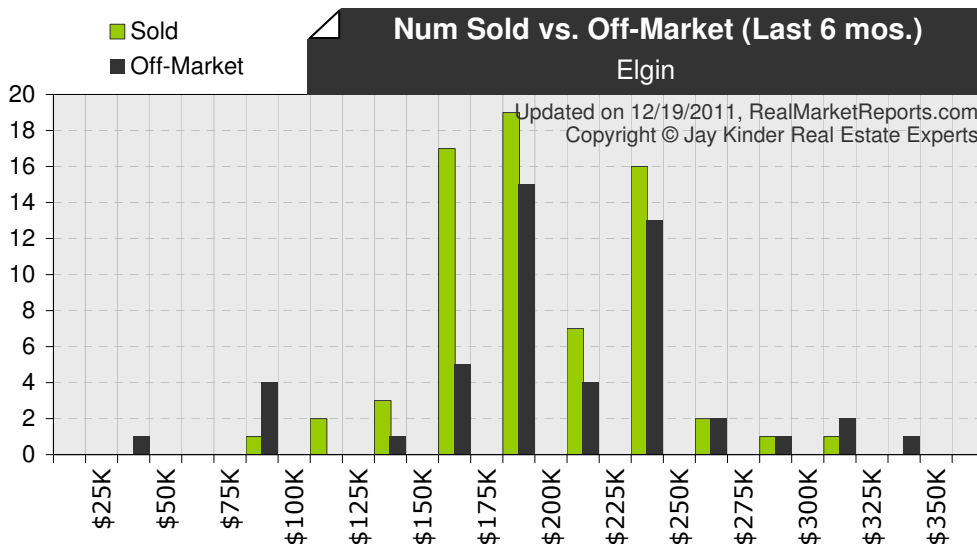
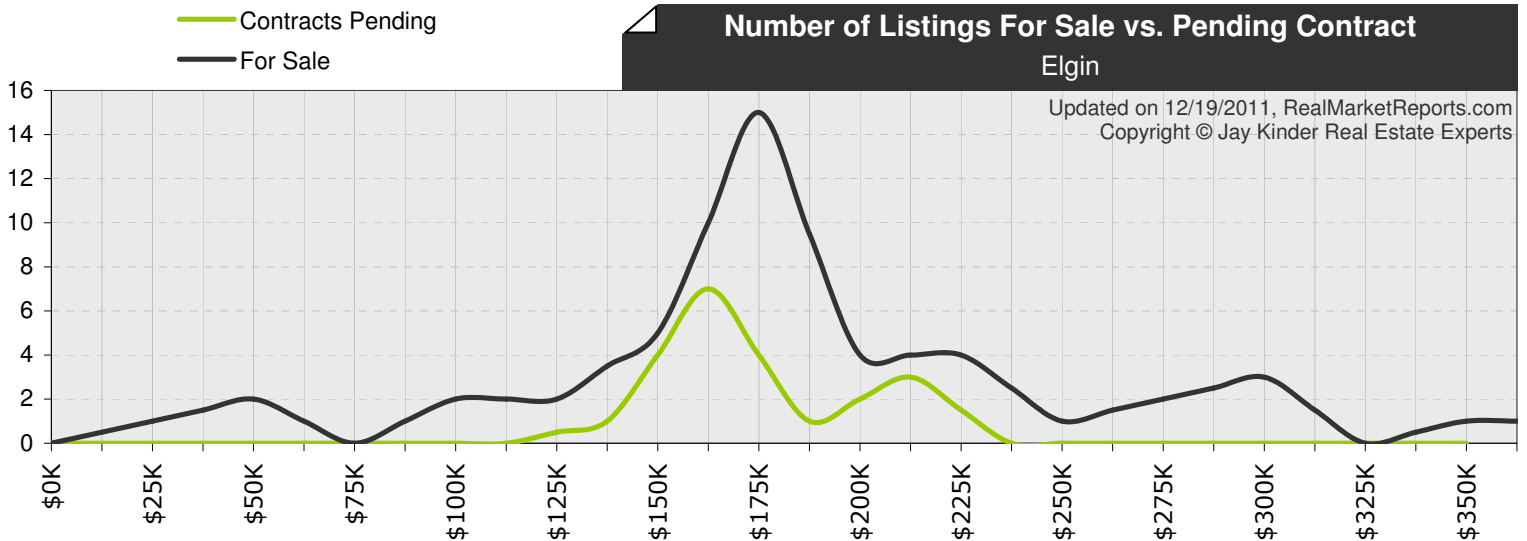
*Let's take a look* at the real estate market. Currently there are 12 sales pending in the market overall, leaving 42 listings still for sale. The resulting pending ratio is 22.2% (12 divided by 54). So you might be asking yourself, that's great... but what exactly does it mean? I'm glad you asked!

The pending ratio indicates the supply & demand of the market. Specifically, a high ratio means that listings are in demand and quickly going to contract. Alternatively, a low ratio means there are not enough qualified buyers for the existing supply.

***"Current inventory is described as somewhat slow."***

Taking a closer look, we notice that the \$175K - \$200K price range has a relatively large number of contracts pending sale.

We also notice that the \$175K - \$200K price range has a relatively large inventory of properties for sale at 15 listings. The average list price (or asking price) for all properties in this market is \$203,615.



A total of 69 contracts have closed in the last 6 months with an average sold price of \$195,389. Breaking it down, we notice that the \$175K - \$200K price range contains the highest number of sold listings.

Alternatively, a total of 49 listings have failed to sell in that same period of time. Listings may fail to sell for many reasons such as being priced too high, having been inadequately marketed, the property was in poor condition, or perhaps the owner had second thoughts about selling at this particular time. The \$175K - \$200K price range has the highest number of off-market listings at 15 properties.

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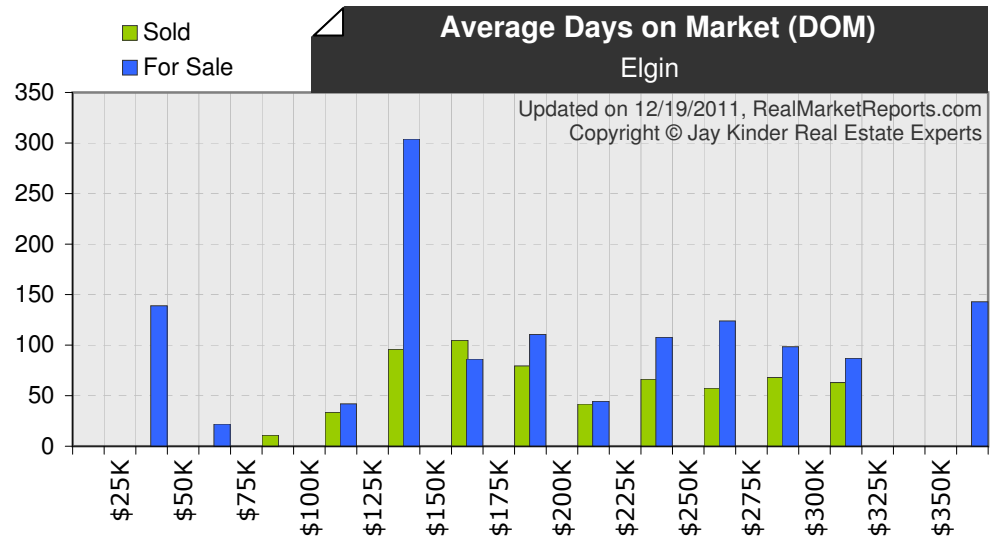
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Looking at the chart to the right, you might be wondering why average days on market (DOM) is important. This is a useful measurement because it can help us to determine whether we are in a buyer's market (indicated by high DOM), or a seller's market (indicated by low DOM). Active listings, or properties for sale, have been on the market for an average of 102 days.

Analysis of sold properties for the last six months reveals an average sold price of \$195,389 and 76 days on market. Notice that properties in the \$75K - \$100K price range have sold quickest over the last six months.

The recent history of sales can be seen in the two charts below. The average sold price for the last 30 days was \$181,825 with an average DOM of 145 days.

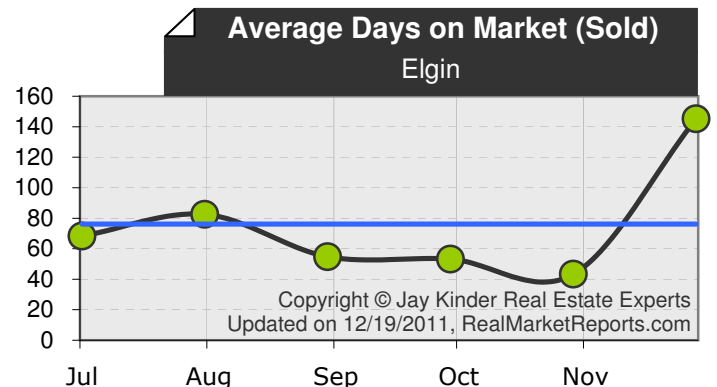
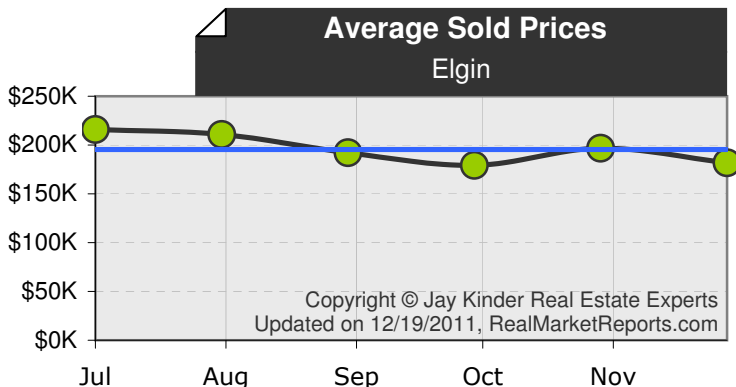
Since the recent DOM is greater than the average DOM for the last 6 months, it is a negative indicator for demand. It is always important to realize that real estate markets can fluctuate due to many factors, including shifting interest rates, the economy, or seasonal changes.



**"The average list-to-sales ratio for this area is 99.5%."**

Ratios are simple ways to express the difference between two values such as list price and sold price. In our case, we typically use the list-to-sale ratio to determine the percentage of the final list price that the buyer ultimately paid. It is a very common method to help buyers decide how much to offer on a property.

Analysis of the absorption rate indicates an inventory of 3.7 months based on the last 6 months of sales. This estimate is often used to determine how long it would take to sell off the current inventory of listings if all conditions remained the same. It is significant to mention that this estimate does not take into consideration any additional properties that will come on the market in the future.



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Price Range		For Sale <sup>[1]</sup>					Contracts Pending <sup>[2]</sup>		Off-Market in the Last 6 Months <sup>[3]</sup>					Absorption Rate	
Min.	Max.	Total Num	Avg DOM	Avg List Price	Total Num	Pending Ratio	Total Num	Total Num	Avg DOM	Avg Orig List Price	Avg List Price	Avg Sold Price	List to Sales	Mos.	
\$0	\$ 24,999	0	-	-	0	-	0	0	-	-	-	-	-	-	
\$25,000	\$ 49,999	1	139	\$ 48,000	0	-	1	0	-	-	-	-	-	-	
\$50,000	\$ 74,999	2	22	\$ 59,950	0	-	0	0	-	-	-	-	-	-	
\$75,000	\$ 99,999	0	-	-	0	-	4	1	11	\$ 78,500	\$ 78,500	\$ 85,100	108.4%	-	
\$100,000	\$ 124,999	2	42	\$ 112,200	0	-	0	2	34	\$ 124,900	\$ 124,900	\$ 121,450	97.2%	6.0	
\$125,000	\$ 149,999	2	304	\$ 144,650	0	-	1	3	96	\$ 147,300	\$ 146,300	\$ 142,633	97.5%	4.0	
\$150,000	\$ 174,999	5	86	\$ 164,240	1	16.7%	5	17	105	\$ 166,936	\$ 164,018	\$ 164,129	100.1%	1.8	
\$175,000	\$ 199,999	15	111	\$ 189,243	7	31.8%	15	19	80	\$ 188,404	\$ 187,012	\$ 185,777	99.3%	4.7	
\$200,000	\$ 224,999	4	45	\$ 217,375	1	20.0%	4	7	42	\$ 214,457	\$ 214,457	\$ 214,100	99.8%	3.4	
\$225,000	\$ 249,999	4	108	\$ 238,675	3	42.9%	13	16	66	\$ 239,821	\$ 238,744	\$ 237,606	99.5%	1.5	
\$250,000	\$ 274,999	1	124	\$ 255,900	0	-	2	2	58	\$ 269,283	\$ 267,333	\$ 260,283	97.4%	3.0	
\$275,000	\$ 299,999	2	99	\$ 293,750	0	-	1	1	68	\$ 295,000	\$ 275,000	\$ 275,000	100.0%	12.0	
\$300,000	\$ 324,999	3	87	\$ 314,967	0	-	2	1	63	\$ 314,500	\$ 314,500	\$ 310,000	98.6%	18.0	
\$325,000	\$ 349,999	0	-	-	0	-	1	0	-	-	-	-	-	-	
\$350,000	+	1	143	\$ 597,900	0	-	0	0	-	-	-	-	-	-	
<b>Market Summary &gt;&gt;&gt;</b>		42	102	\$ 203,615	12	22.2%	49	69	76	\$ 198,177	\$ 196,435	\$ 195,389	99.5%	3.7	

Date Range = 06/20/2011 to 12/19/2011

Data believed to be accurate but not guaranteed.

Property Type = Condo/Townhouse, Manuf. Home W/Hud Label, Manuf. Home W/O Hud Label, Mobile Home, Single Family Residence, Single Family W/Acreage

Search Area = Elgin

Status = [1] ACT,UCS,TMPA,TMP,BC,BOM; [2] PND,UC; [3] EXP,WTH,UWT,CWT; [4] SLD

### 1. PROPERTIES FOR SALE

- a. **Number Active:** The number of listings for sale which are currently being marketed but do not yet have a purchase agreement.
- b. **Average Days on Market (DOM):** The average marketing period of currently active listings. This does not account for some listings which have had a previous listing period, but were re-entered as a new listing.
- c. **Average List Price:** The average price that a seller is currently asking.

### 2. CONTRACTS PENDING

- a. **Number Pending:** The number of current listings for which a contract has been signed but has not yet closed.
- b. **Pending Ratio:** Sometimes called a “list to pending ratio”. This is a measure of how fast properties are going under contract vs. how fast they are being listed.

$$\text{Pending Ratio} = \frac{P \text{ (Number of Pending Listings)}}{A+P \text{ (Number of Active + Pending)}}$$

(P) represents properties that buyers have chosen

(A+P) represents the entire pool from which they have chosen

### 3. OFF-MARKET

- a. **Number Off-Market:** The number of listing agreements that have failed to close in the last 6 months. Some owners may choose to reoffer their property for sale.

### 4. PROPERTIES SOLD

- a. **Number Sold:** The number of properties that have gone to a closing in the last 6 months.
- b. **Average Days on Market (DOM):** The average marketing time it has taken properties to sell in the last 6 months.
- c. **Average Original List Price:** The average price at which a sold property was originally marketed.
- d. **Average List Price:** The average price at which a sold property was marketed just prior to selling.
- e. **Average Sold Price:** The average price for which a property sold.
- f. **List to Sales Ratio:** The percentage of the list price that the buyer ultimately paid for the property.

$$\text{List to Sales Ratio} = \frac{\text{Average Sold Price}}{\text{Average List Price}}$$

### 5. OTHER

- a. **Absorption Rate / Months of Inventory:** An estimate of how fast listings are currently selling measured in months. For example, if 100 properties sell per month and there are 800 properties for sale - there is an 8 month supply of inventory before counting the additional properties that will come on the market.