

KELLY KELLEY'S MARKET UPDATE

GALVESTON, TX

- **Current Real Estate Market Conditions for Condos & Townhomes**
- **Trends in Pricing**
- **Current Levels of Supply and Demand**
- **Value Metrics**

- **Report for the week of
January 16, 2012**

- **Presented by Kelly Kelley
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This Week

- The median list price in GALVESTON, TX this week is \$120,205. The 162 properties have been on the market for an average of 281 days.

Inventory has been lightening lately and the Market Action Index has been trending up. These are mildly positive indications for the market.

Supply and Demand

- The market has shown some evidence of slowing recently. Both prices and inventory levels are relatively unchanged in recent weeks. Watch the Market Action Index for changes as it can be a leading indicator for price changes.

Real-Time Market Profile

Real-Time Market Profile		Trend
Median List Price	\$ 120,205	↔
Average List Price	\$ 157,567	
Asking Price Per Square Foot	\$ 118	↓↓
Average Days on Market (DoM)	281	↔
Inventory of Properties Listed	162	↓↓
Most Expensive Listing	\$ 900,000	
Least Expensive Listing	\$ 5,850	
Average Age of Listing	28	
Percent of Properties with Price Decrease	17 %	
Percent Relisted (reset DOM)	n/a	
Percent Flip (price increased)	0 %	
Median House Size (sq ft)	987	
Median Number of Bedrooms	2.0	
Median Number of Bathrooms	2.0	

Altos Research Value Statistics

Market Action Index	Strong Buyer's	17.1	↑↑
The Market Action Index answers the question "How's the Market?" by measuring the current rate of sale versus the amount of the inventory. Index above 30 implies a seller's advantage. Below 30, conditions give the advantage to the buyer.			

Trend Key: ↑↑ Strong upward trend ↓↓ Strong downward trend
 ↔ No change ↑ Slight upward trend ↓ Slight downward trend

Characteristics per Quartile

Quartile	Median Price	Sq. Ft.	Beds	Baths	Age	Inventory	New	Absorbed	DOM
Top/First	\$ 299,000	1674	2.0	2.2	12	40	1	2	278
Upper/Second	\$ 155,000	1188	2.0	2.0	27	40	5	4	340
Lower/Third	\$ 80,000	884	2.0	1.0	32	41	0	2	211
Bottom/Fourth	\$ 51,000	480	1.0	1.0	29	41	1	3	297

Most expensive 25% of properties

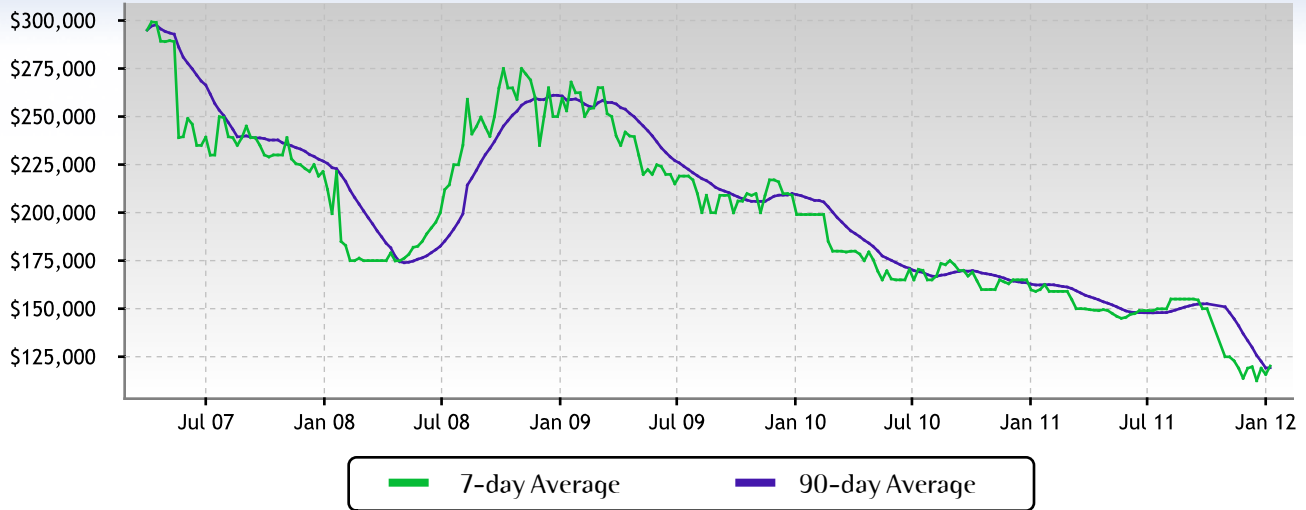
Upper-middle 25% of properties

Lower-middle 25% of properties

Least expensive 25% of properties

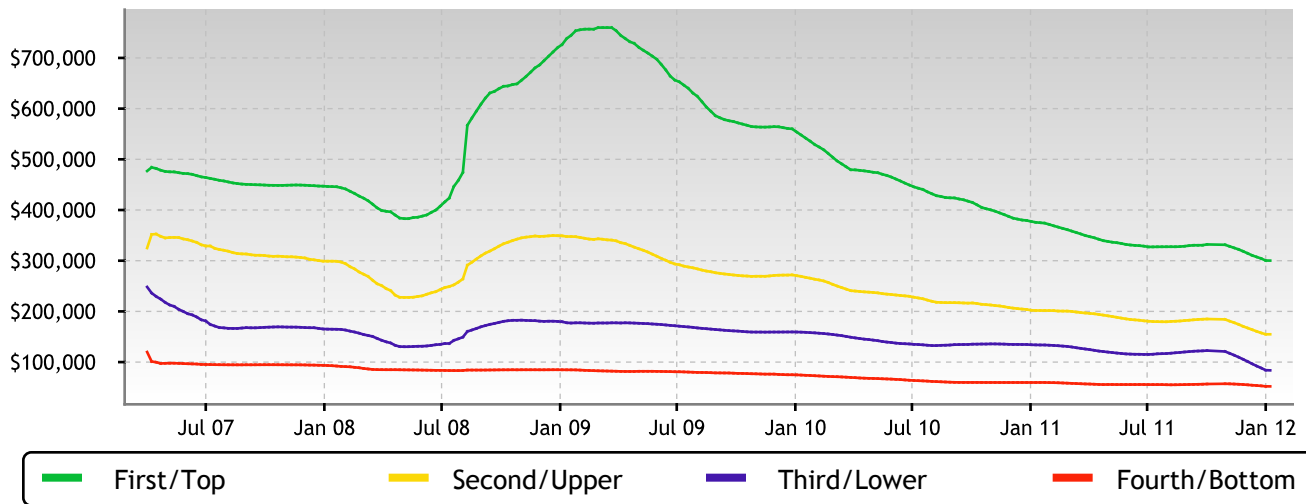
Median Price

Despite this week's up tic, the market seems to have paused around this plateau. The Market Action Index is a good leading indicator for the durability of this shift.



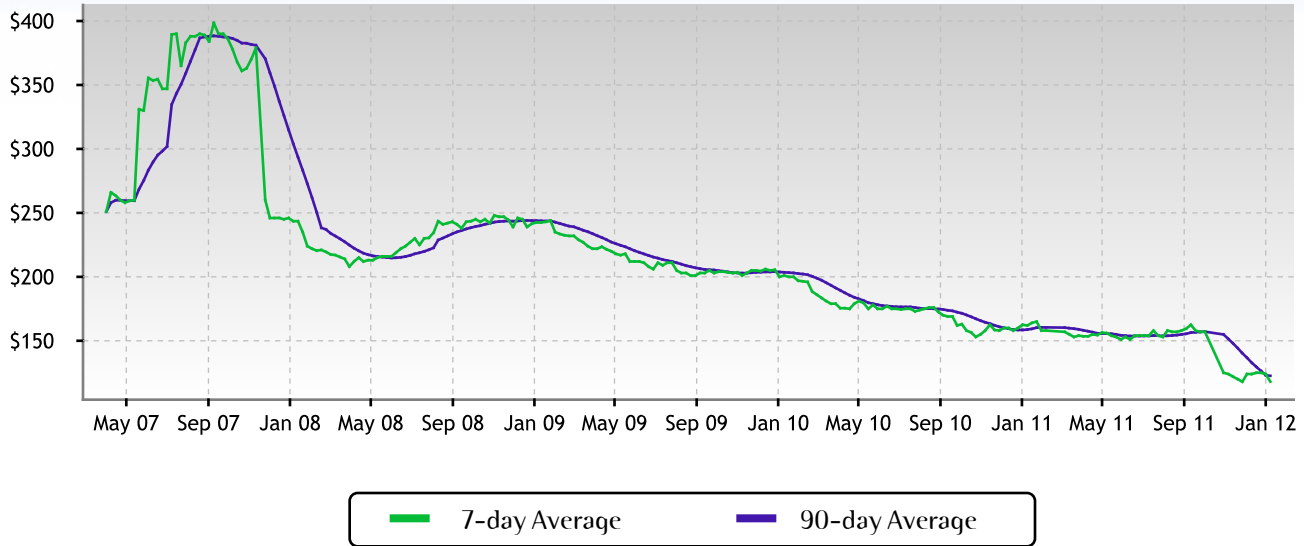
Quartile Prices

Prices have settled at a price plateau across the board. Prices in all four quartiles are basically mixed. Look for a persistent shift (up or down) in the Market Action Index before prices move from these current levels.



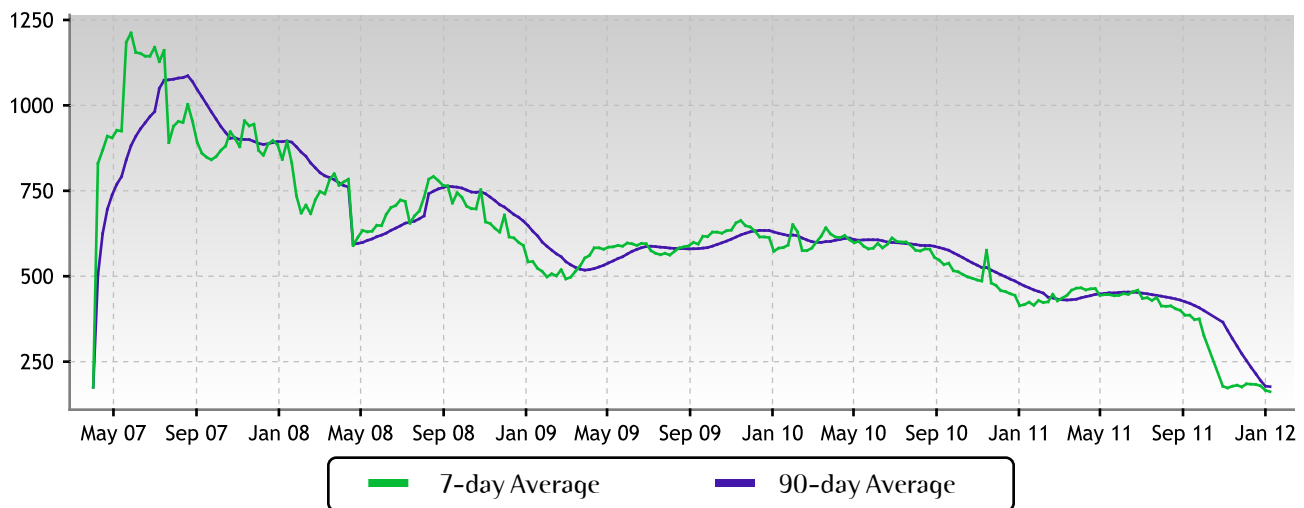
Price per Square Foot

While prices have been basically flat, the price per square foot has been heading downward. While not a sign of broad strength in a market, larger homes are coming more available and buyers are tending to get more home for their money.



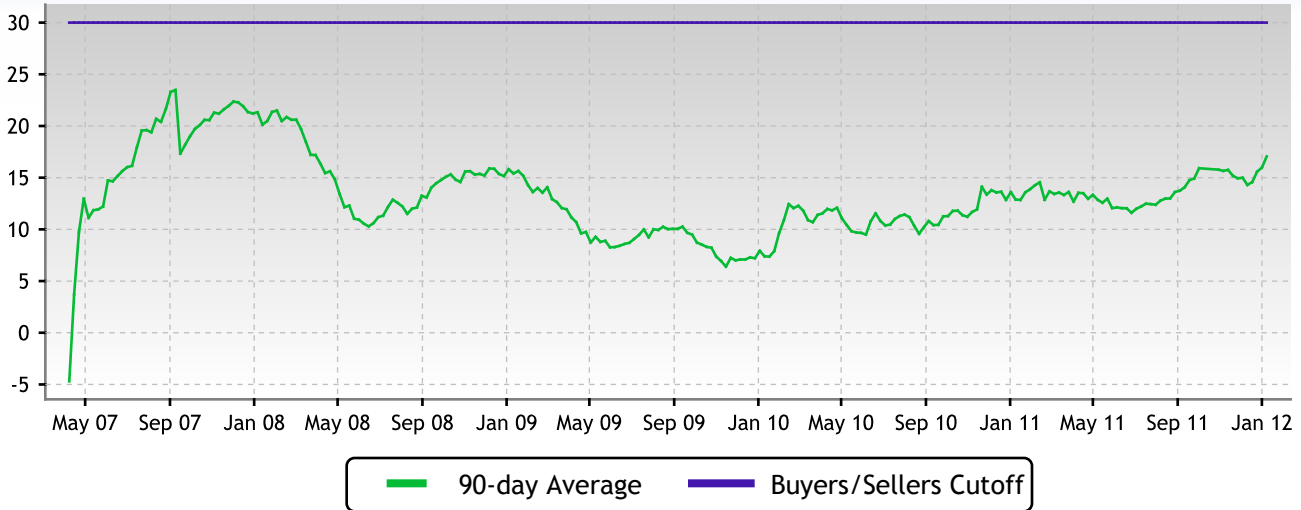
Inventory of Properties Listed for Sale

Inventory has been falling in recent weeks. Note that declining inventory alone does not signal a strengthening market. Look to the Market Action Index and Days on Market trends to gauge whether buyer interest is changing with the available supply.



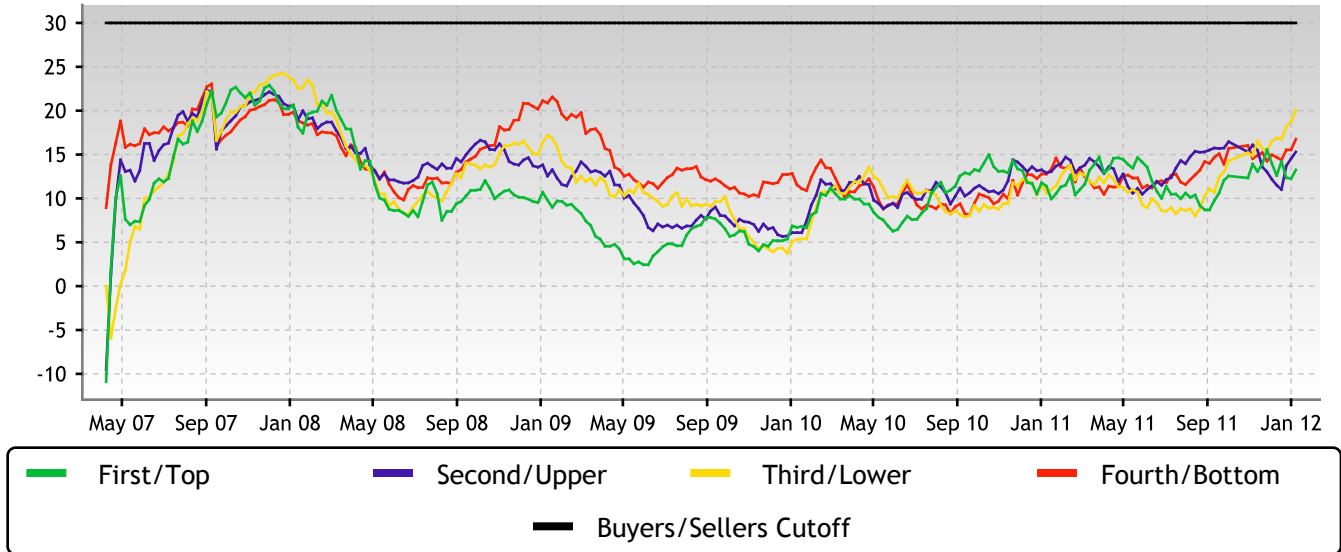
Market Action Index

The GALVESTON market is currently quite strongly in the Buyer's Advantage zone (below 30). The 90-day Market Action Index stands at 17.05. With several months of inventory available at the current sales rate, buyers should find ample choice.



Market Action Index per Quartile

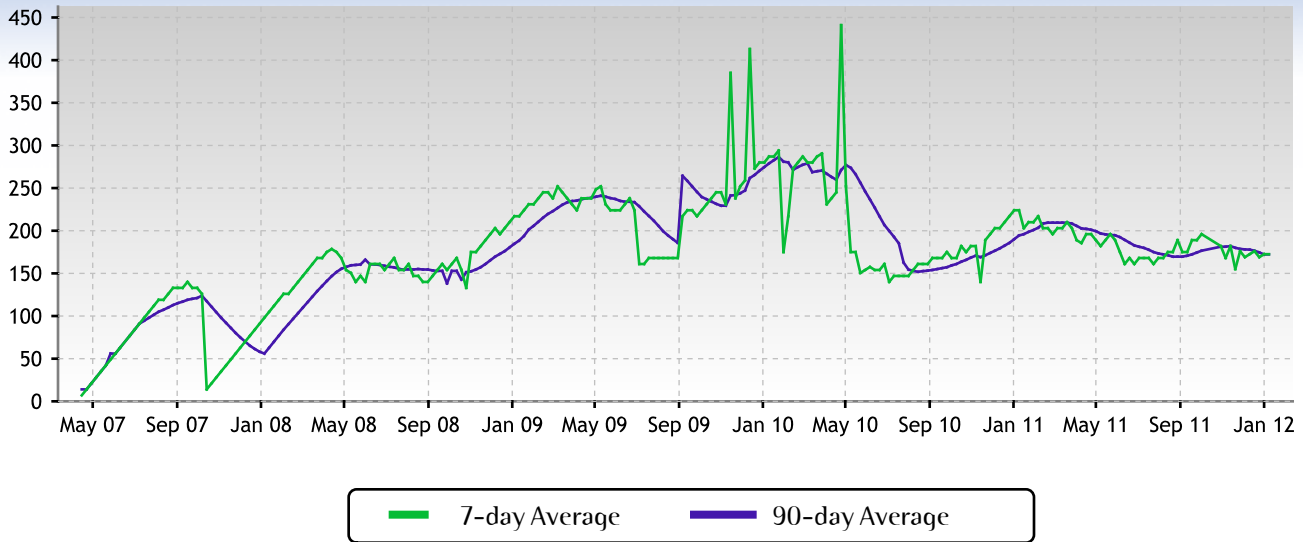
Not surprisingly given the overall Market Action Index, all quartiles are in the Buyer's Market zone with several months of inventory given the current rate of demand for homes in the quartile. Watch the quartile for changes before the overall market shifts. Often one end of the market (e.g. the low end) will improve and signal a strengthening market before the whole group changes.



Residential house prices are a function of supply and demand, and market conditions can be characterized by analyzing those factors. Watch this index for sustained changes: if the index falls into the Buyer's Advantage zone (below 30) for a long period, prices are likely in for a downward correction.

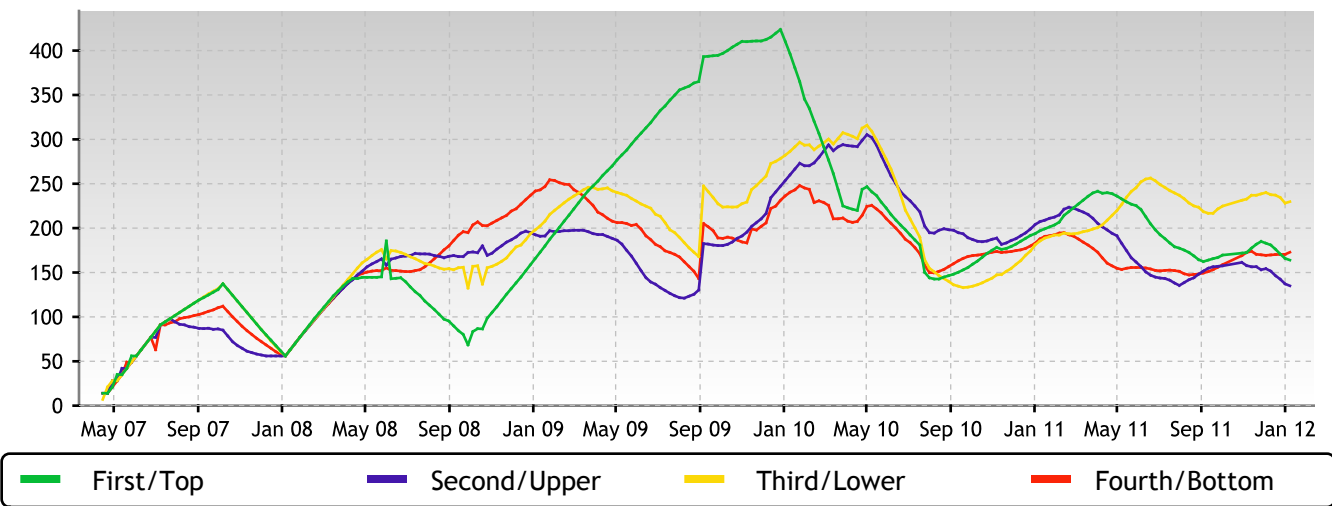
Days on Market

The properties have been on the market for an average of 281 days. Half of the listings have come newly on the market in the past 172 or so days.



Days on Market per Quartile

It is not uncommon for the higher priced homes in an area to take longer to sell than those in the lower quartiles.



This Week

- The median list price in GALVESTON, TX 77550 this week is \$222,500. The 54 properties have been on the market for an average of 300 days.

Inventory has been lightening lately and the Market Action Index has been trending up. These are mildly positive indications for the market.

Supply and Demand

- The market has shown some evidence of slowing recently. Both prices and inventory levels are relatively unchanged in recent weeks. Watch the Market Action Index for changes as it can be a leading indicator for price changes.

Real-Time Market Profile

Real-Time Market Profile		Trend
Median List Price	\$ 222,500	↔
Average List Price	\$ 246,646	
Asking Price Per Square Foot	\$ 153	↔
Average Days on Market (DoM)	300	↔
Inventory of Properties Listed	54	↕
Most Expensive Listing	\$ 900,000	
Least Expensive Listing	\$ 39,900	
Average Age of Listing	35	
Percent of Properties with Price Decrease	20 %	
Percent Relisted (reset DOM)	n/a	
Percent Flip (price increased)	0 %	
Median House Size (sq ft)	1318	
Median Number of Bedrooms	2.0	
Median Number of Bathrooms	2.0	

Altos Research Value Statistics

Market Action Index Strong Buyer's 14.0 ↑↑

The Market Action Index answers the question "How's the Market?" by measuring the current rate of sale versus the amount of the inventory. Index above 30 implies a seller's advantage. Below 30, conditions give the advantage to the buyer.

Trend Key: ↑↑ Strong upward trend ↓↓ Strong downward trend
 ↔ No change ↑ Slight upward trend ↓ Slight downward trend

Characteristics per Quartile

Quartile	Median Price	Sq. Ft.	Beds	Baths	Age	Inventory	New	Absorbed	DOM
Top/First	\$ 399,900	2276	2.0	2.5	3	13	0	0	221
Upper/Second	\$ 299,000	1542	2.0	2.0	27	13	0	0	345
Lower/Third	\$ 144,450	1192	2.0	2.0	60	14	1	1	371
Bottom/Fourth	\$ 65,150	902	2.0	1.0	33	14	0	0	259

Most expensive 25% of properties

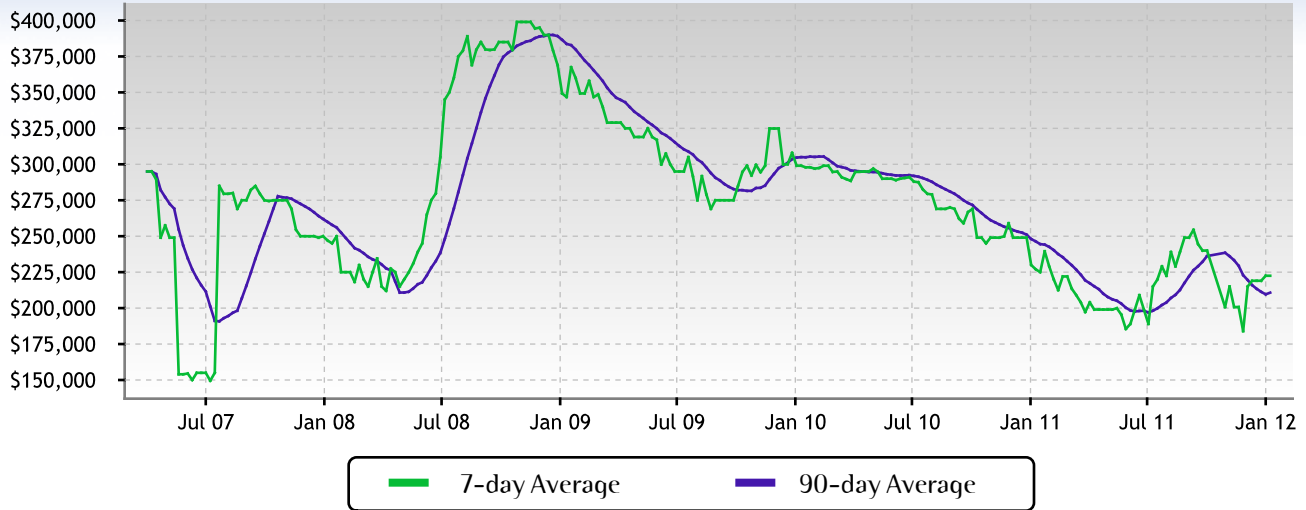
Upper-middle 25% of properties

Lower-middle 25% of properties

Least expensive 25% of properties

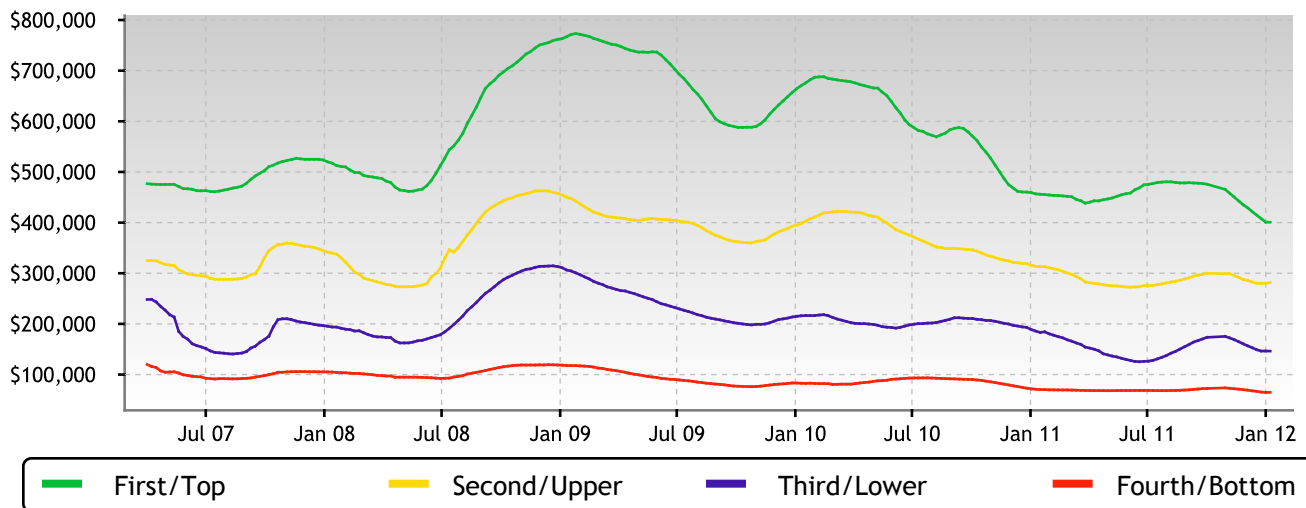
Median Price

We continue to see prices in this zip code bouncing around this plateau. Look for a persistent up-shift in the Market Action Index before we see prices move from these levels.



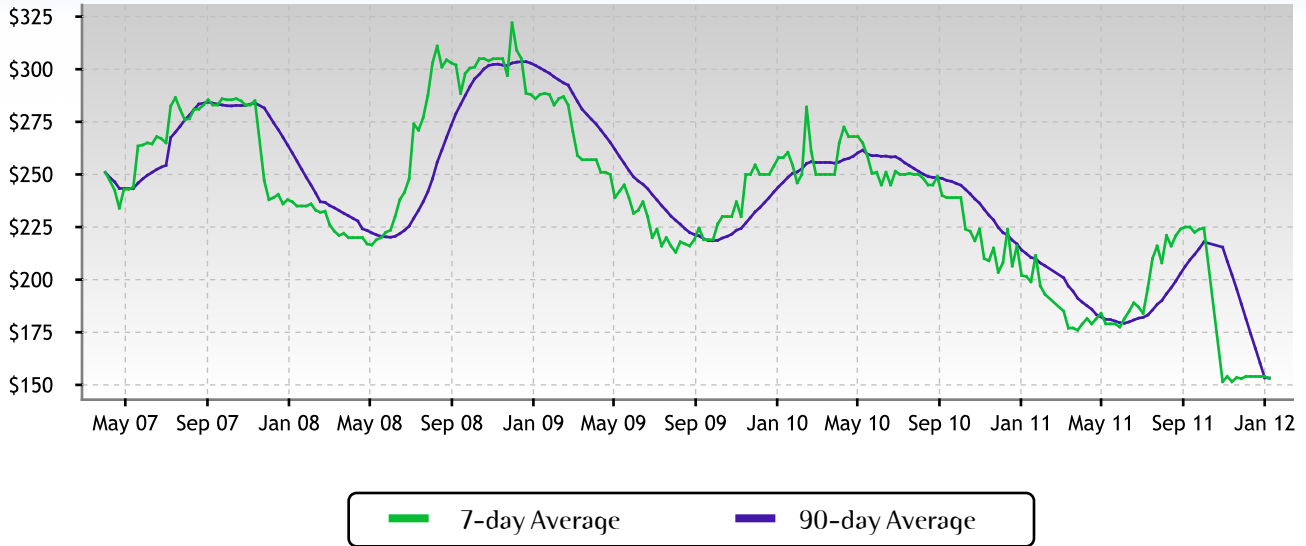
Quartile Prices

In the quartile market segments, we see prices in this zip code have settled at a price plateau across the board. Prices in all four quartiles are basically mixed. Look for a persistent shift (up or down) in the Market Action Index before prices move from these current levels.



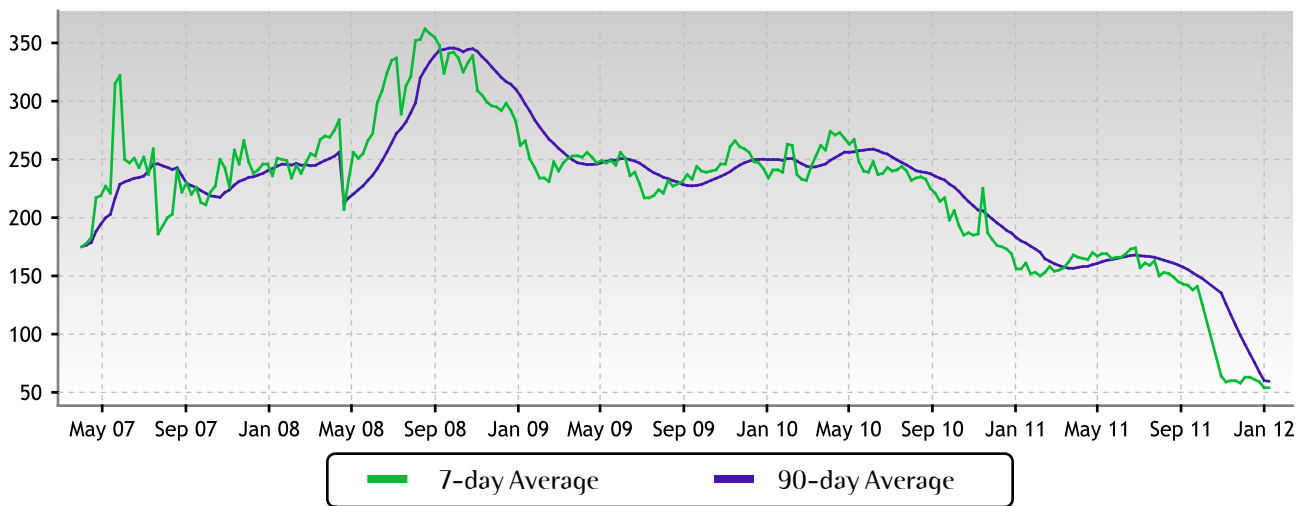
Price per Square Foot

The market plateau is seen across the price and value. The price per square foot and median list price have both been reasonably stagnant. Watch the Market Action Index for persistent changes as a leading indicator before the market moves from these levels.



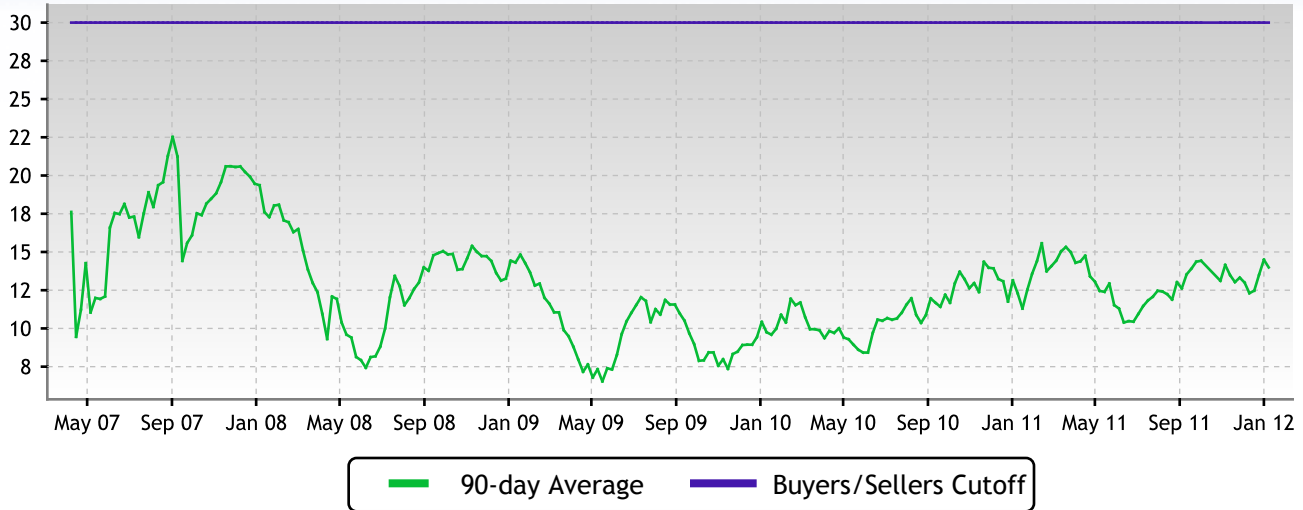
Inventory of Properties Listed for Sale

Inventory has been falling in recent weeks. Note that declining inventory alone does not signal a strengthening market. Look to the Market Action Index and Days on Market trends to gauge whether buyer interest is changing with the available supply.



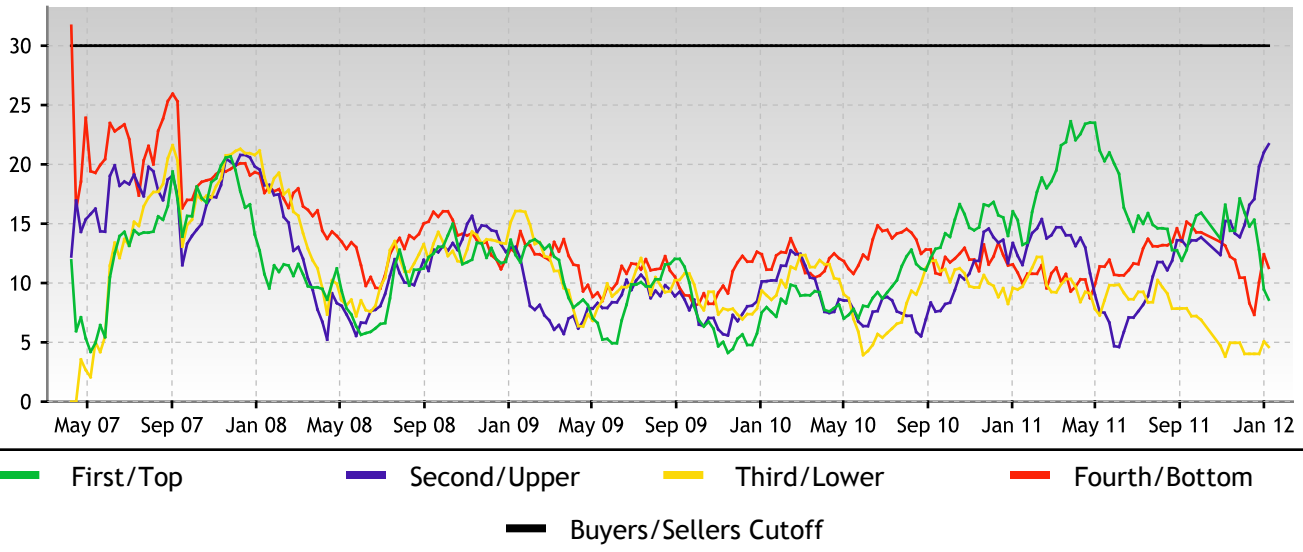
Market Action Index

The GALVESTON, 77550 market is currently quite strongly in the Buyer's Advantage zone (below 30). The 90-day Market Action Index stands at 13.99. With several months of inventory available at the current sales rate, buyers should find ample choice.



Market Action Index per Quartile

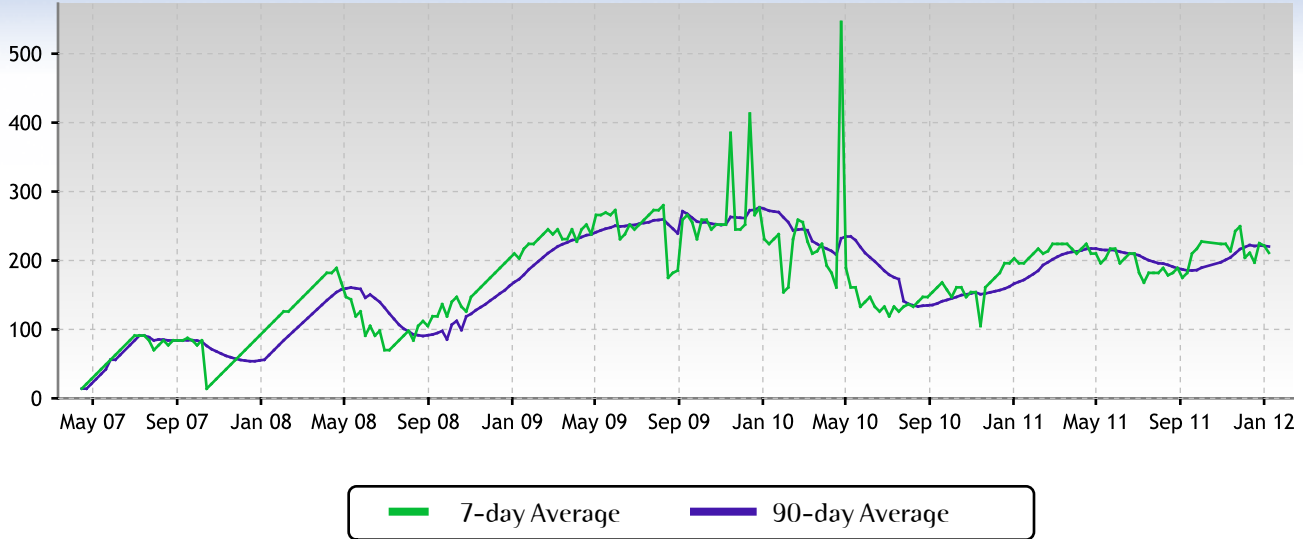
Not surprisingly, all quartiles are in the Buyer's Market zone with several months of inventory given the current levels of demand. Watch the quartiles for changes before the overall market shifts.



Residential house prices are a function of supply and demand, and market conditions can be characterized by analyzing those factors. Watch this index for sustained changes: if the index falls into the Buyer's Advantage zone (below 30) for a long period, prices are likely in for a downward correction.

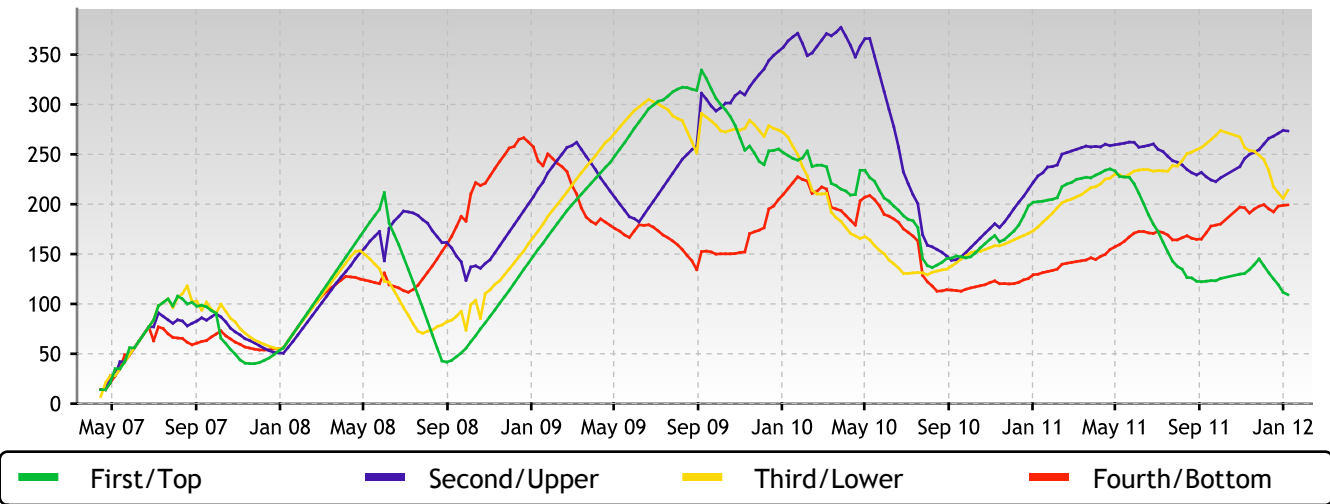
Days on Market

The properties have been on the market for an average of 300 days. Half of the listings have come newly on the market in the past 211 or so days.



Days on Market per Quartile

It is not uncommon for the higher priced homes in an area to take longer to sell than those in the lower quartiles.



This Week

- The median list price in GALVESTON, TX 77551 this week is \$68,950. The 52 properties have been on the market for an average of 347 days.

Inventory is tightening and days-on-market is falling. The Market Action Index shows demand heating up. These are relatively bullish signs for prices.

Supply and Demand

- The market has settled in at a relative stasis in inventory and sales conditions. It's a Buyer's market that has seen prices trend lower. Expect that consistent up trends in demand will be required before price trends change significantly.

Real-Time Market Profile

		Trend
Median List Price	\$ 68,950	↓↓
Average List Price	\$ 93,645	
Asking Price Per Square Foot	\$ 104	↓↓
Average Days on Market (DoM)	347	↓↓
Inventory of Properties Listed	52	↓↓
Most Expensive Listing	\$ 249,900	
Least Expensive Listing	\$ 39,000	
Average Age of Listing	28	
Percent of Properties with Price Decrease	17 %	
Percent Relisted (reset DOM)	n/a	
Percent Flip (price increased)	0 %	
Median House Size (sq ft)	825	
Median Number of Bedrooms	1.0	
Median Number of Bathrooms	1.0	

Altos Research Value Statistics

Market Action Index Strong Buyer's 12.3 ↑↑

The Market Action Index answers the question "How's the Market?" by measuring the current rate of sale versus the amount of the inventory. Index above 30 implies a seller's advantage. Below 30, conditions give the advantage to the buyer.

Trend Key: ↑↑ Strong upward trend ↓↓ Strong downward trend
 ↔ No change ↑ Slight upward trend ↓ Slight downward trend

Characteristics per Quartile

Quartile	Median Price	Sq. Ft.	Beds	Baths	Age	Inventory	New	Absorbed	DOM
Top/First	\$ 165,000	983	2.0	2.0	16	13	0	2	459
Upper/Second	\$ 89,500	1009	2.0	2.0	32	13	0	1	177
Lower/Third	\$ 60,000	474	1.0	1.0	32	13	0	2	461
Bottom/Fourth	\$ 45,000	462	1.0	1.0	32	13	1	2	292

Most expensive 25% of properties

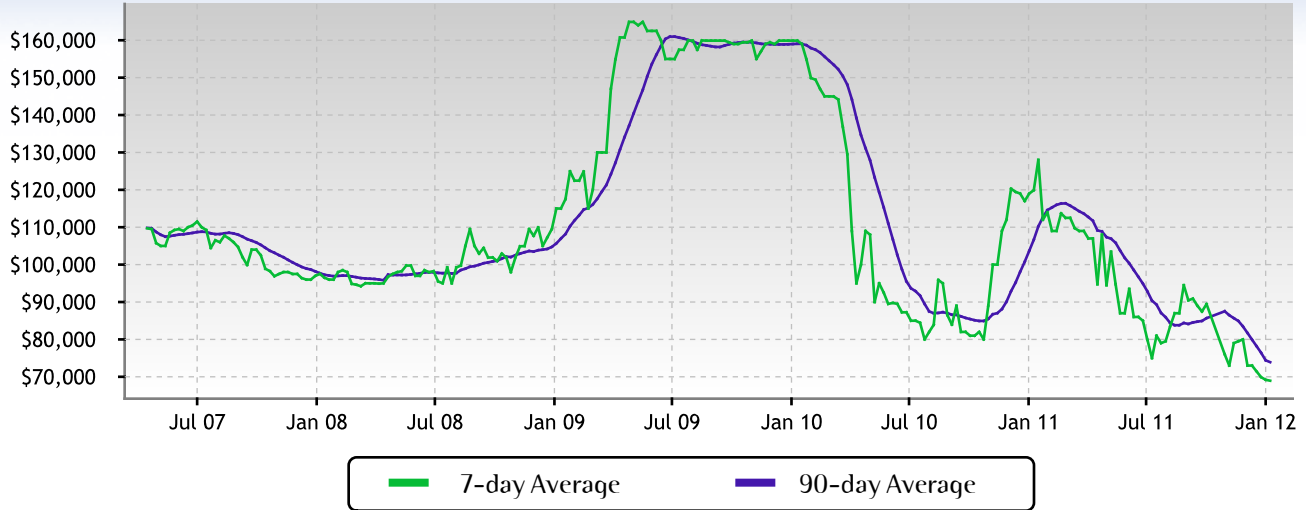
Upper-middle 25% of properties

Lower-middle 25% of properties

Least expensive 25% of properties

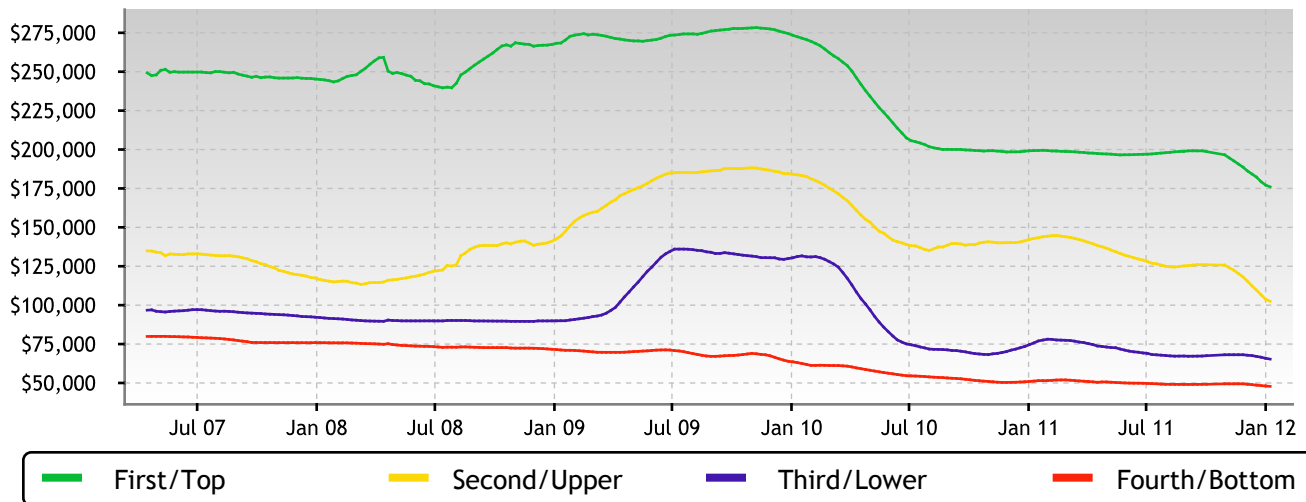
Median Price

Prices in this zip code have been on a downward trend recently and this week, while essentially flat, doesn't break us out of that cycle.



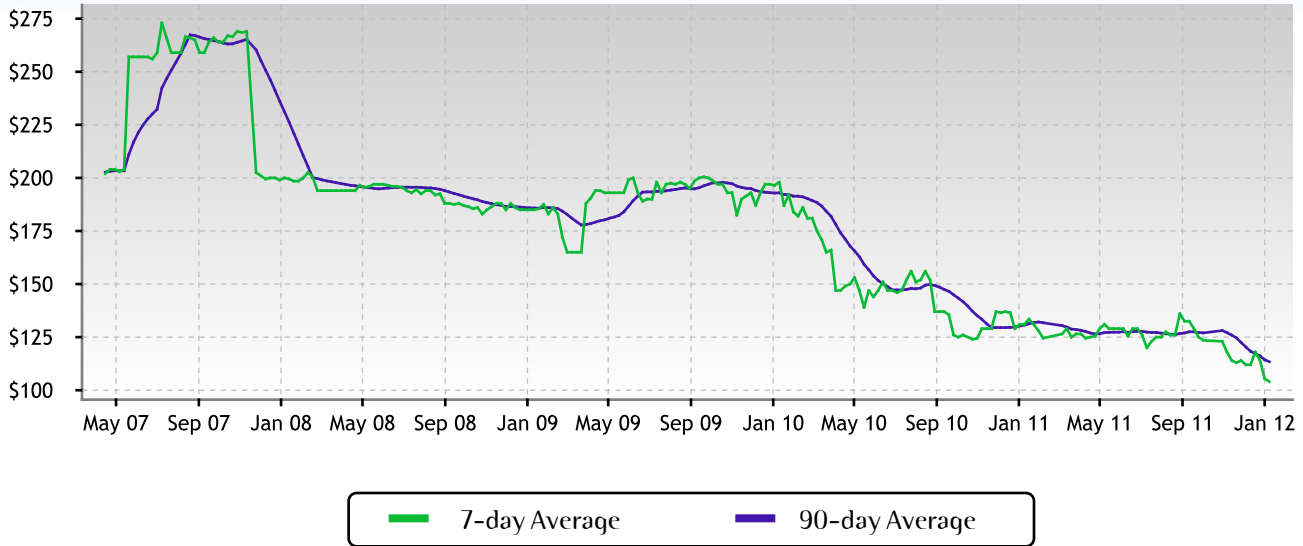
Quartile Prices

In the quartile market segments, we see prices in this zip code have settled at a price plateau across the board. Prices in all four quartiles are basically mixed. Look for a persistent shift (up or down) in the Market Action Index before prices move from these current levels.



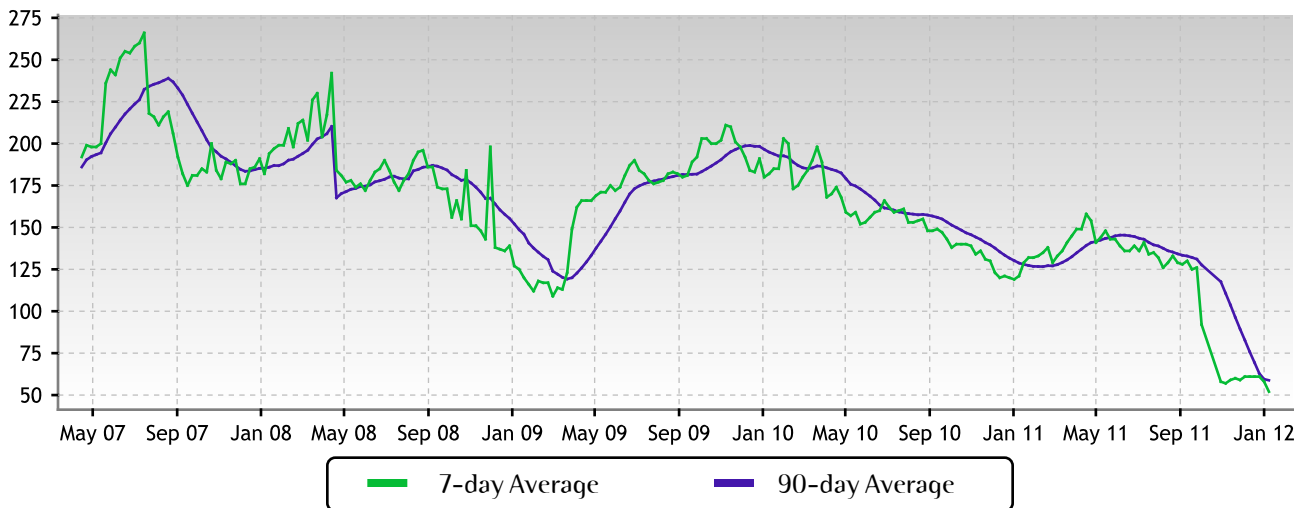
Price per Square Foot

The market's downward trends are shared across both price and value. People are recently placing less value on homes (you can see the recent declines in price per square foot as evidence.) Look for significant changes in the Market Action Index as a precursor to price and value changes, possibly as inflection points for good investment opportunities.



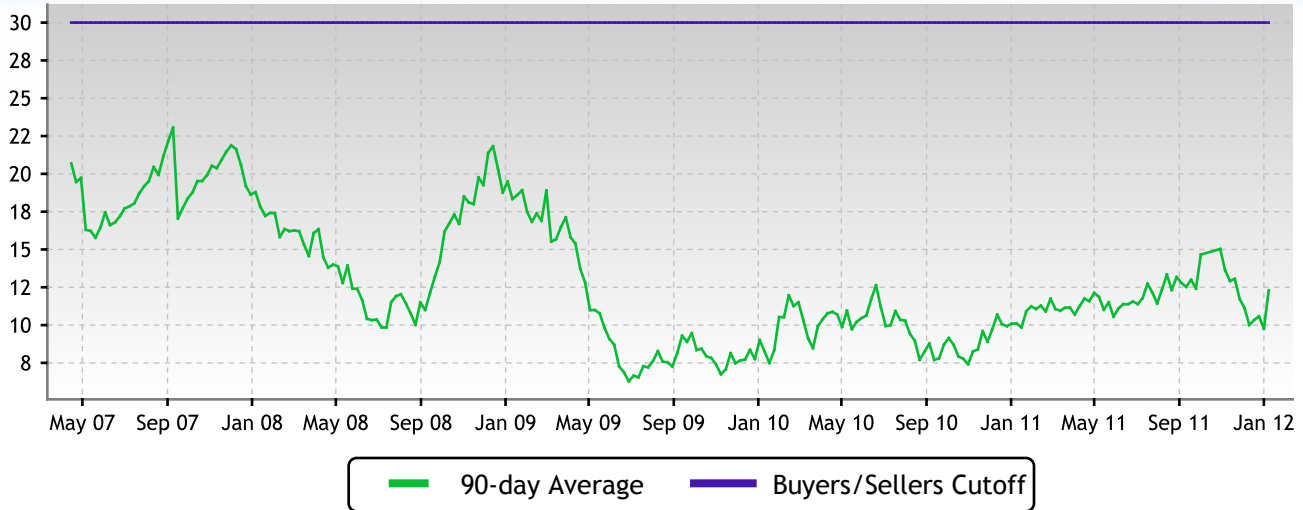
Inventory of Properties Listed for Sale

Inventory has been falling in recent weeks. Note that declining inventory alone does not signal a strengthening market. Look to the Market Action Index and Days on Market trends to gauge whether buyer interest is changing with the available supply.



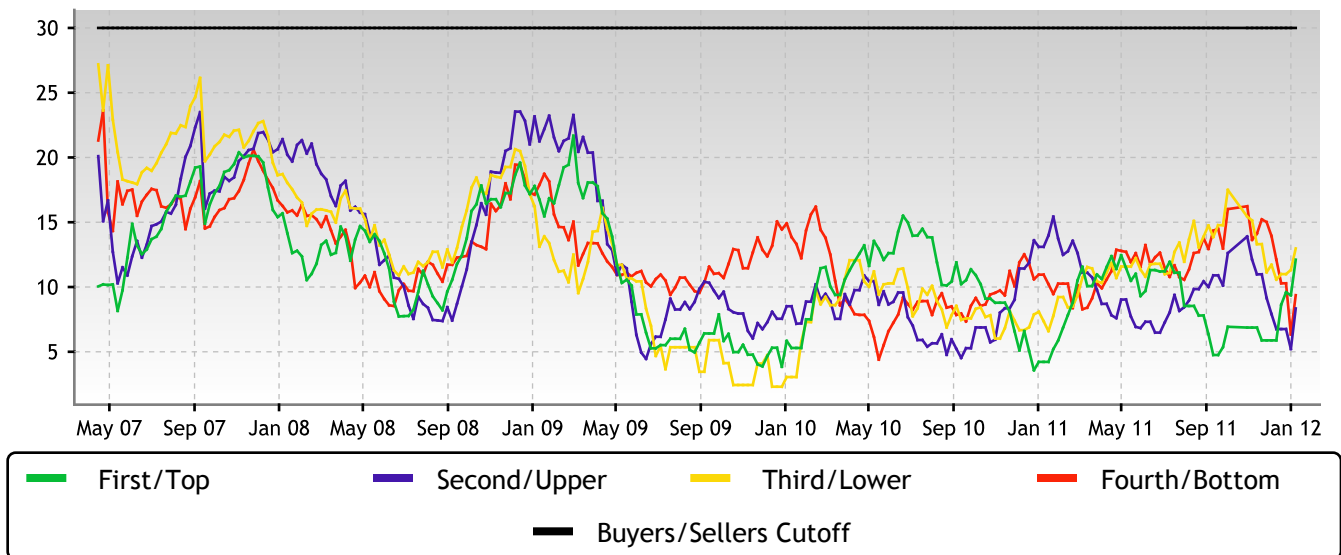
Market Action Index

The GALVESTON, 77551 market is currently quite strongly in the Buyer's Advantage zone (below 30). The 90-day Market Action Index stands at 12.30. With several months of inventory available at the current sales rate, buyers should find ample choice.



Market Action Index per Quartile

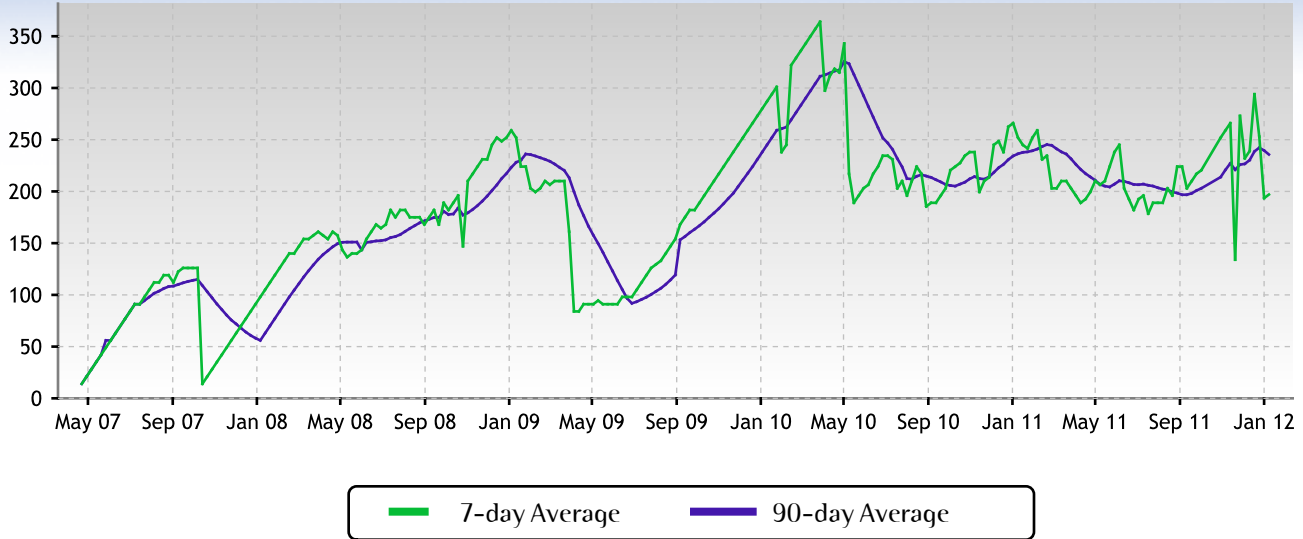
Not surprisingly, all quartiles are in the Buyer's Market zone with several months of inventory given the current levels of demand. Watch the quartiles for changes before the overall market shifts.



Residential house prices are a function of supply and demand, and market conditions can be characterized by analyzing those factors. Watch this index for sustained changes: if the index falls into the Buyer's Advantage zone (below 30) for a long period, prices are likely in for a downward correction.

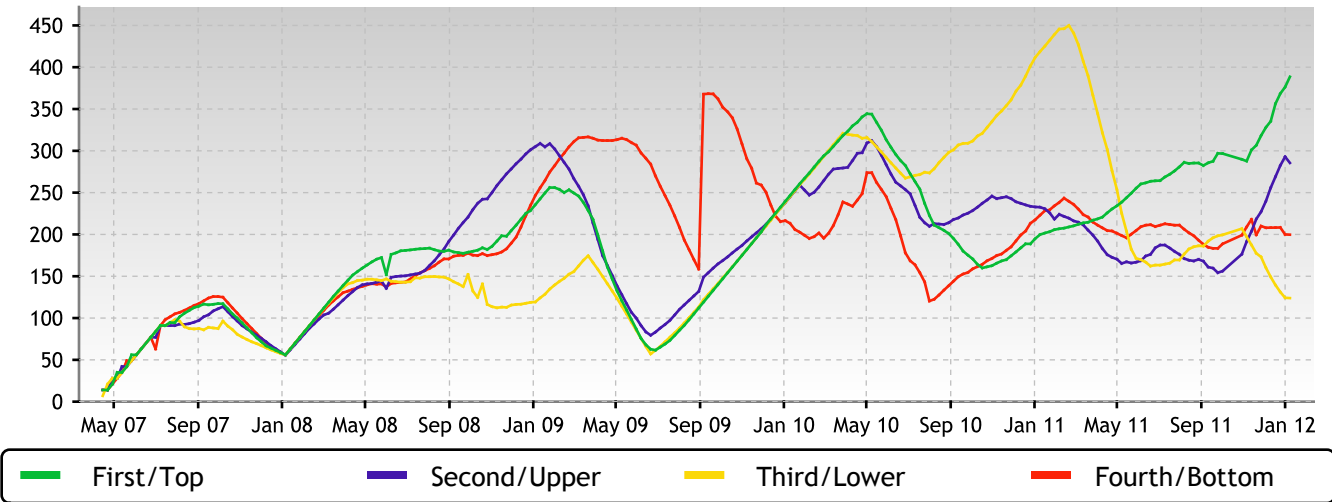
Days on Market

The properties have been on the market for an average of 347 days. Half of the listings have come newly on the market in the past 197 or so days.



Days on Market per Quartile

It is not uncommon for the higher priced homes in an area to take longer to sell than those in the lower quartiles.



This Week

- The median list price in GALVESTON, TX 77554 this week is \$126,400. The 56 properties have been on the market for an average of 202 days.

With inventory and days-on-market basically unchanged and the Market Action Index increasing, the market is not sending strong directional signal for the near-term outlook.

Supply and Demand

- Inventory levels have been relatively consistent relative to sales. Despite the fact that there is a relatively high amount of available inventory, this Buyer's market is still seeing prices move higher. Given inventory levels, these price conditions are relatively fragile. If the market cools off further, the price trend is likely to reverse.

Real-Time Market Profile

		Trend
Median List Price	\$ 126,400	↑↑
Average List Price	\$ 131,026	
Asking Price Per Square Foot	\$ 108	↔↔
Average Days on Market (DoM)	202	↔↔
Inventory of Properties Listed	56	↔↔
Most Expensive Listing	\$ 338,000	
Least Expensive Listing	\$ 5,850	
Average Age of Listing	23	
Percent of Properties with Price Decrease	12 %	
Percent Relisted (reset DOM)	n/a	
Percent Flip (price increased)	0 %	
Median House Size (sq ft)	801	
Median Number of Bedrooms	2.0	
Median Number of Bathrooms	1.5	

Altos Research Value Statistics

Market Action Index Strong Buyer's 20.4 ↑↑

The Market Action Index answers the question "How's the Market?" by measuring the current rate of sale versus the amount of the inventory. Index above 30 implies a seller's advantage. Below 30, conditions give the advantage to the buyer.

Trend Key: ↑↑ Strong upward trend ↓↓ Strong downward trend
 ↔↔ No change ↑ Slight upward trend ↓ Slight downward trend

Characteristics per Quartile

Quartile	Median Price	Sq. Ft.	Beds	Baths	Age	Inventory	New	Absorbed	DOM
Top/First	\$ 224,950	1085	2.5	2.0	17	14	1	0	233
Upper/Second	\$ 155,000	1430	3.0	2.0	28	14	4	3	302
Lower/Third	\$ 79,900	766	1.0	1.2	27	14	0	0	91
Bottom/Fourth	\$ 58,200	786	2.0	1.2	29	14	0	0	181

Most expensive 25% of properties

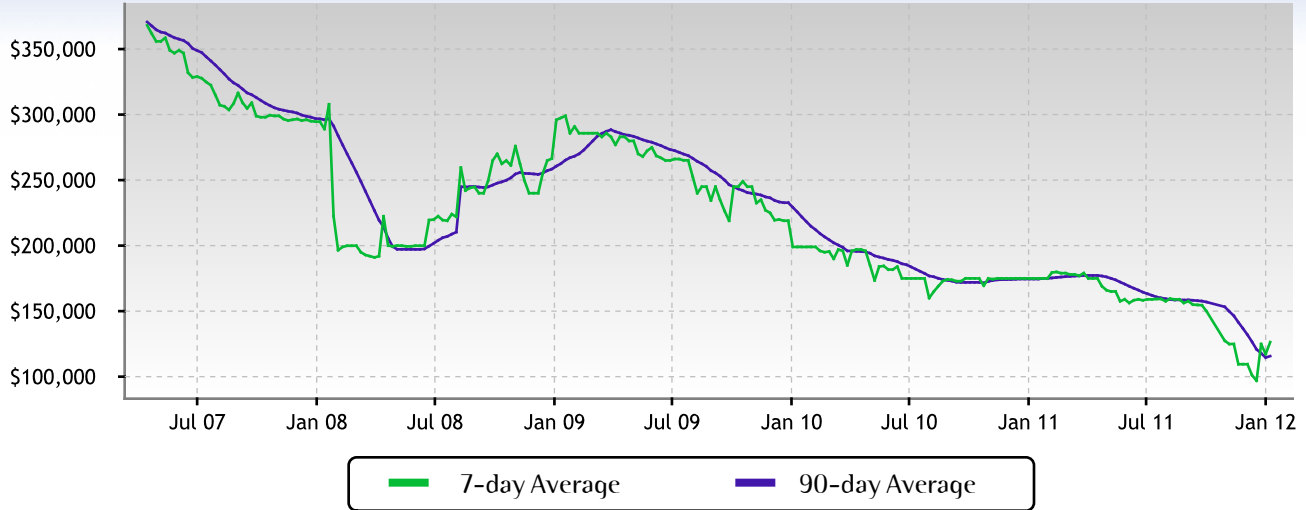
Upper-middle 25% of properties

Lower-middle 25% of properties

Least expensive 25% of properties

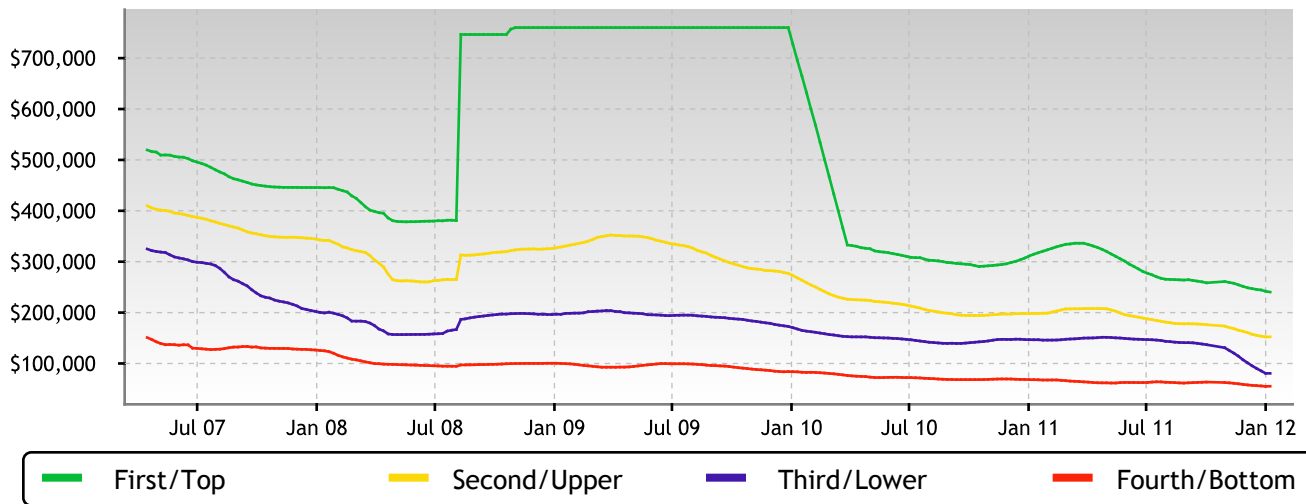
Median Price

The market for this zip code continues its bounce again this week. We're a long way from the market's high point so watch the Market Action Index to predict how long this trend will last.



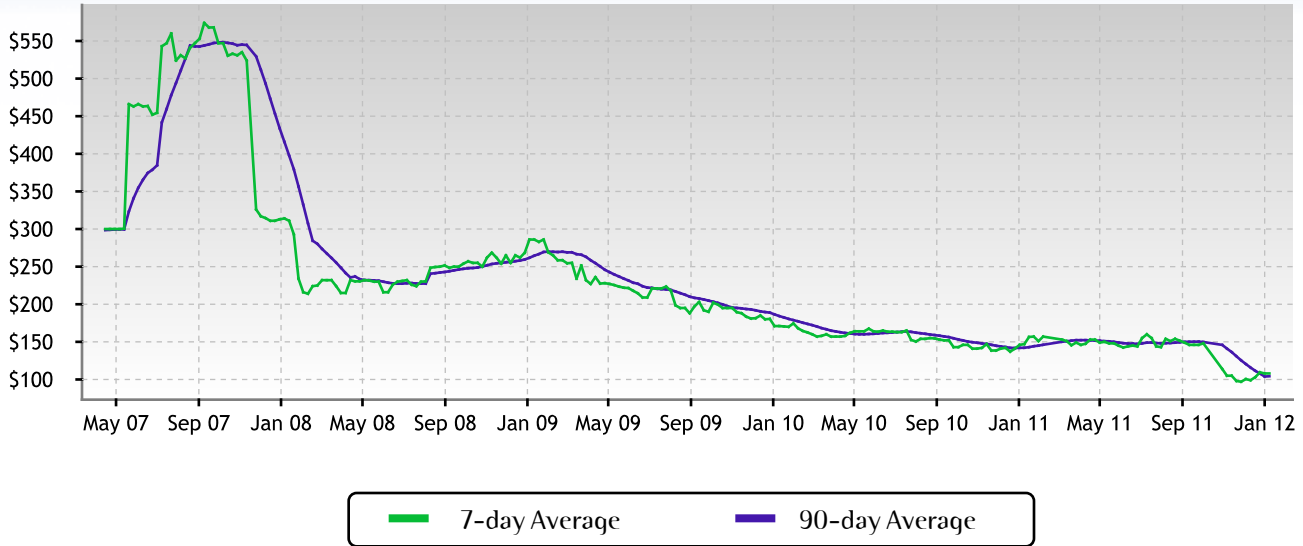
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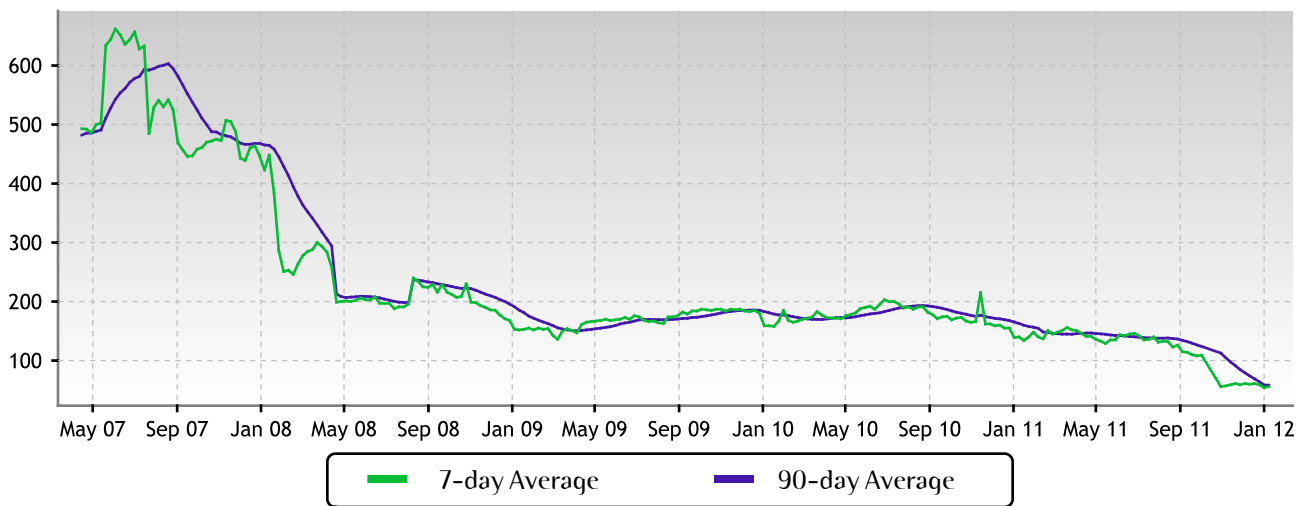
Price per Square Foot

In a market where prices are rising fairly consistently, price per square foot is essentially flat. This often implies that new homes coming on the market are pricier, and also larger than older homes. As a result the value one can buy stays the same.



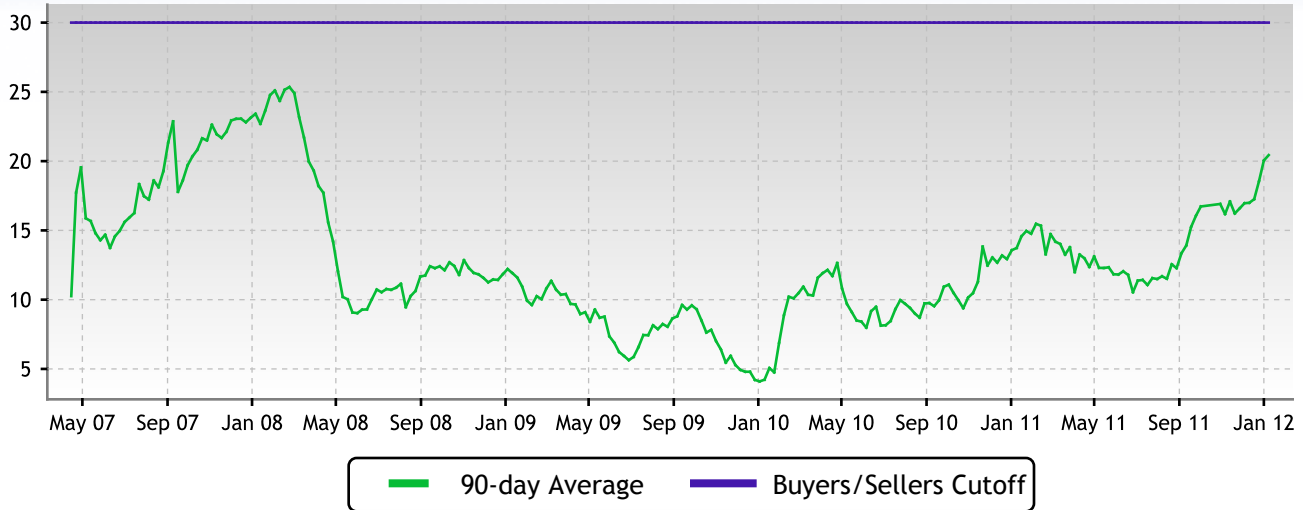
Inventory of Properties Listed for Sale

Inventory has been relatively steady around these levels in recent weeks.



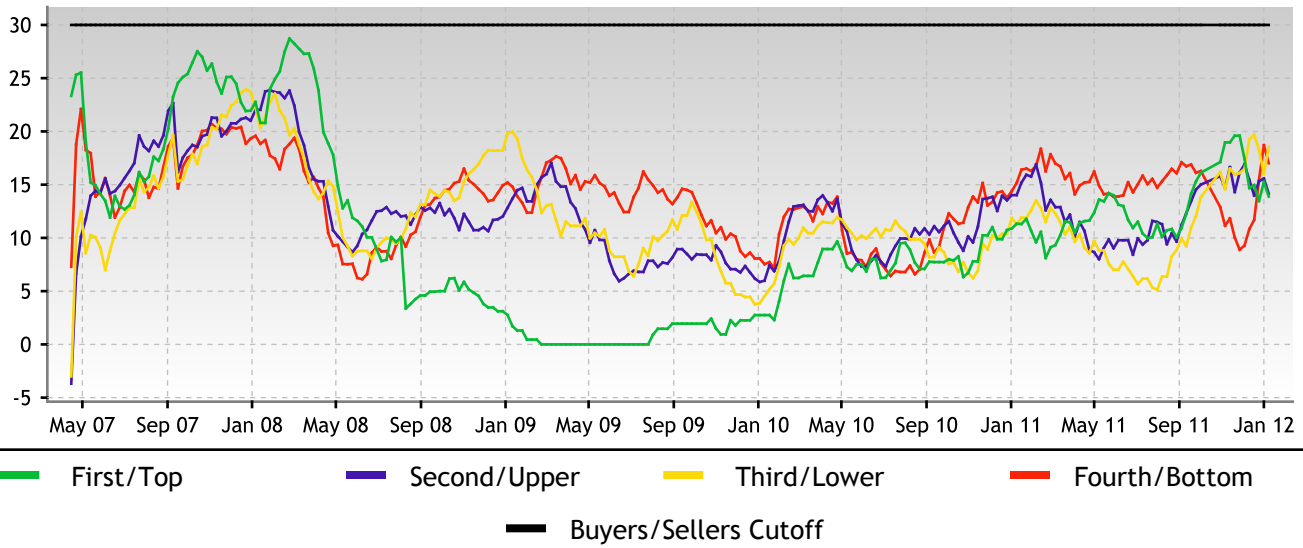
Market Action Index

The GALVESTON, 77554 market is currently quite strongly in the Buyer's Advantage zone (below 30). The 90-day Market Action Index stands at 20.44. With several months of inventory available at the current sales rate, buyers should find ample choice.



Market Action Index per Quartile

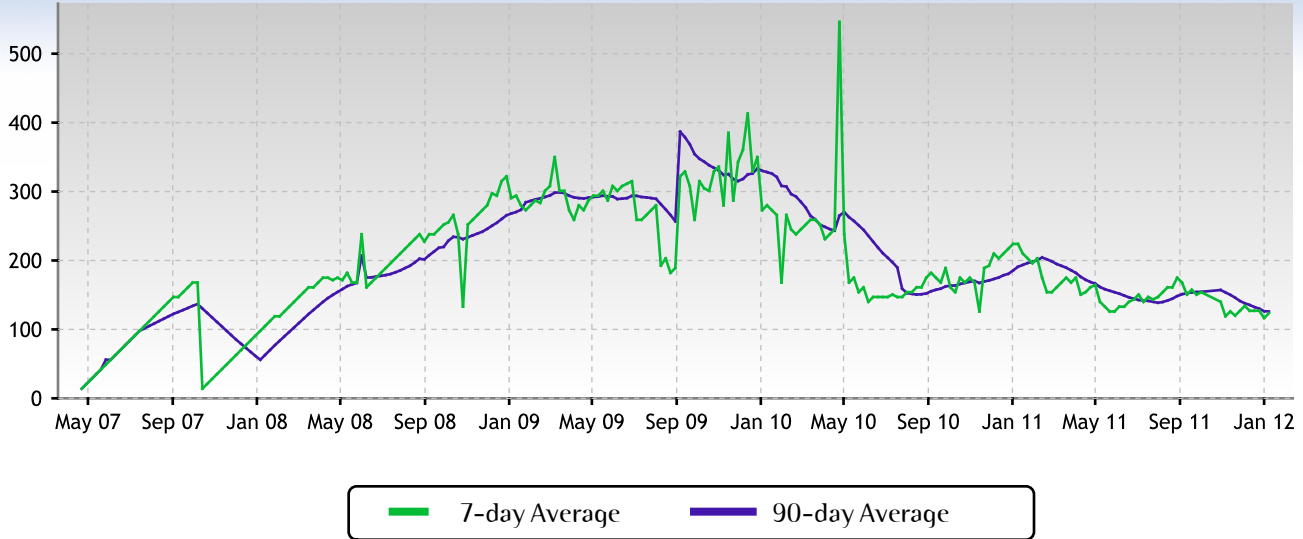
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Days on Market

The properties have been on the market for an average of 202 days. Half of the listings have come newly on the market in the past 124 or so days.



Days on Market per Quartile

It is not uncommon for the higher priced homes in an area to take longer to sell than those in the lower quartiles.

