

KELLY KELLEY'S MARKET UPDATE

GALVESTON, TX 77554

- **Current Real Estate Market Conditions for Single Family Homes**
- **Trends in Pricing**
- **Current Levels of Supply and Demand**
- **Value Metrics**

- **Report for the week of
January 23, 2012**

- **Presented by Kelly Kelley
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This Week

- The median list price in GALVESTON, TX this week is \$264,500. The 543 properties have been on the market for an average of 303 days.

Inventory has been decreasing lately but the Market Action Index is falling also. With days-on-market climbing, these are relatively negative implications 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

		Trend
Median List Price	\$ 264,500	↑
Average List Price	\$ 348,570	
Asking Price Per Square Foot	\$ 158	↑
Average Days on Market (DoM)	303	↑
Inventory of Properties Listed	543	↓
Most Expensive Listing	\$ 3,600,000	
Least Expensive Listing	\$ 20,000	
Average Age of Listing	36	
Percent of Properties with Price Decrease	29 %	
Percent Relisted (reset DOM)	n/a	
Percent Flip (price increased)	2 %	
Median House Size (sq ft)	1792	
Median Lot Size	4,501 - 6,500 sqft	
Median Number of Bedrooms	3.0	
Median Number of Bathrooms	2.0	

Altos Research Value Statistics

Market Action Index Strong Buyer's 13.7 ↓

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.	Lot Size	Beds	Baths	Age	Inventory	New	Absorbed	DOM
Top/First	\$ 620,000	2669	8,001 - 10,000 sqft	4.0	3.0	14	135	4	2	349
Upper/Second	\$ 349,000	1896	6,501 - 8,000 sqft	3.0	2.0	26	136	3	6	366
Lower/Third	\$ 199,000	1488	4,501 - 6,500 sqft	3.0	2.0	34	136	8	10	271
Bottom/Fourth	\$ 104,700	1292	4,501 - 6,500 sqft	3.0	1.0	50	136	11	7	225

Most expensive 25% of properties

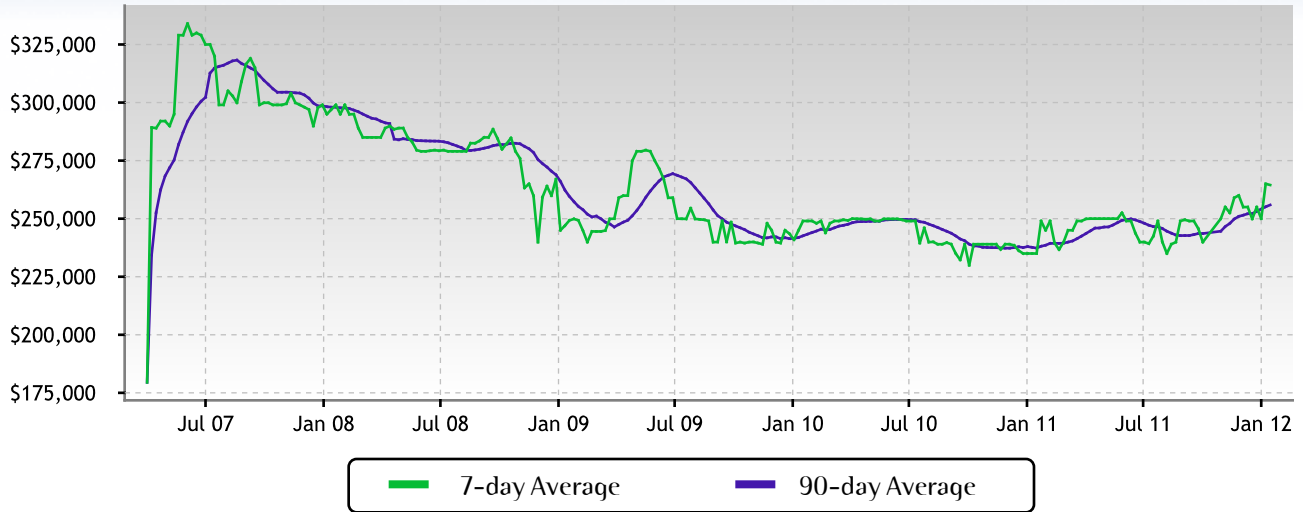
Upper-middle 25% of properties

Lower-middle 25% of properties

Least expensive 25% of properties

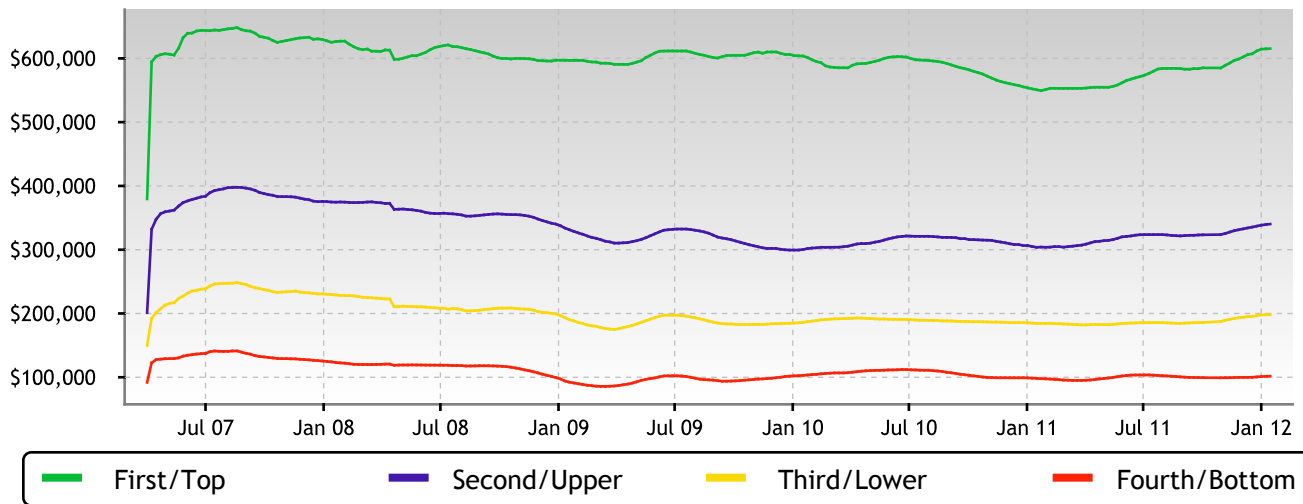
Median Price

This week saw relatively little price change from last week. However the market appears to be trying to establish an uptrend. The Market Action Index is a good leading indicator for the durability of this trend.



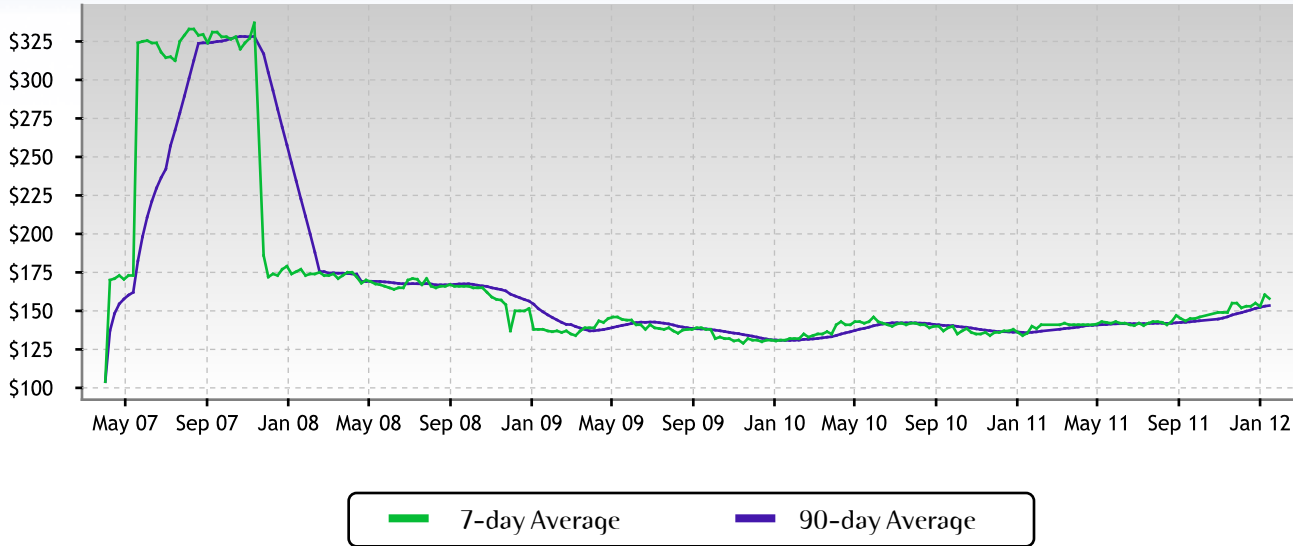
Quartile Prices

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.



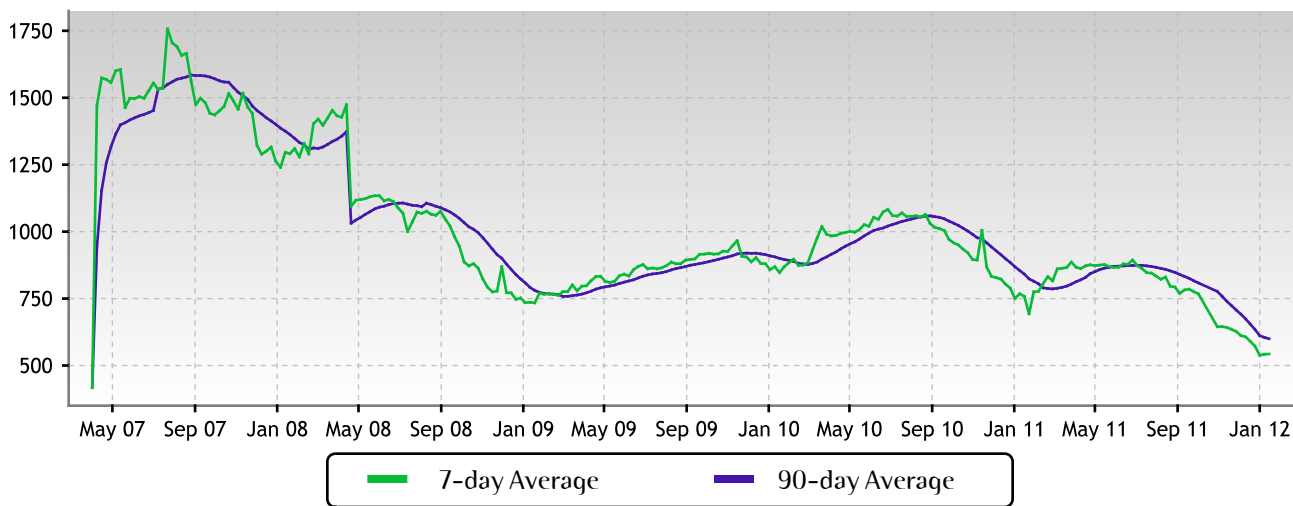
Price per Square Foot

The price per square foot is increasing a bit recently and overall price trends haven't shown a consistent upwardly push. This can imply that investment conditions are opportunistic. Watch the Remodel Index for a more detailed analysis of the investment opportunity in the area.



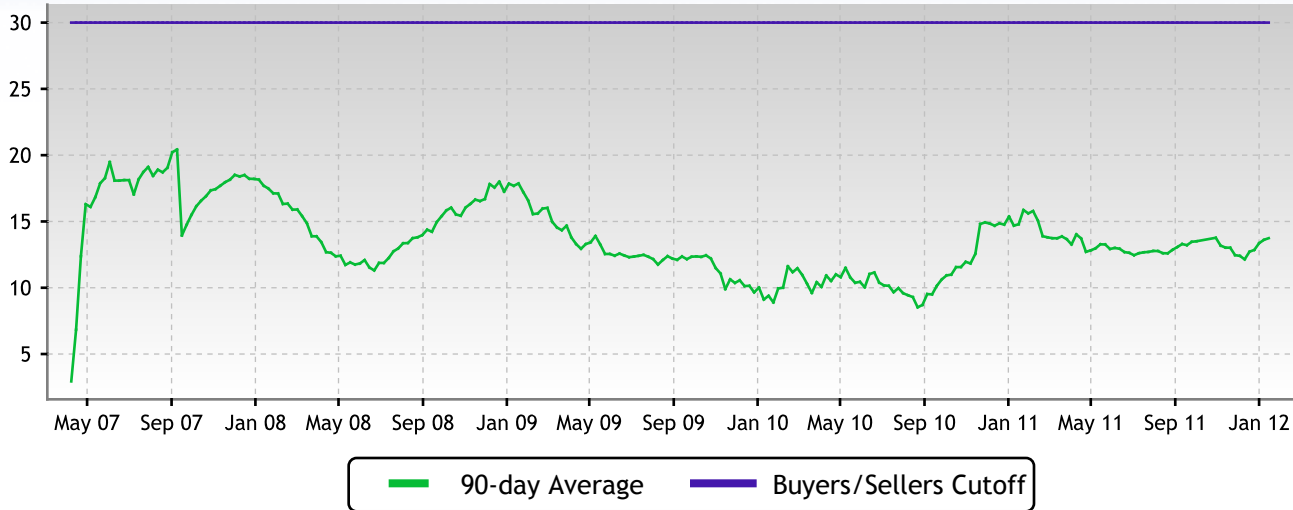
Inventory of Properties Listed for Sale

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.



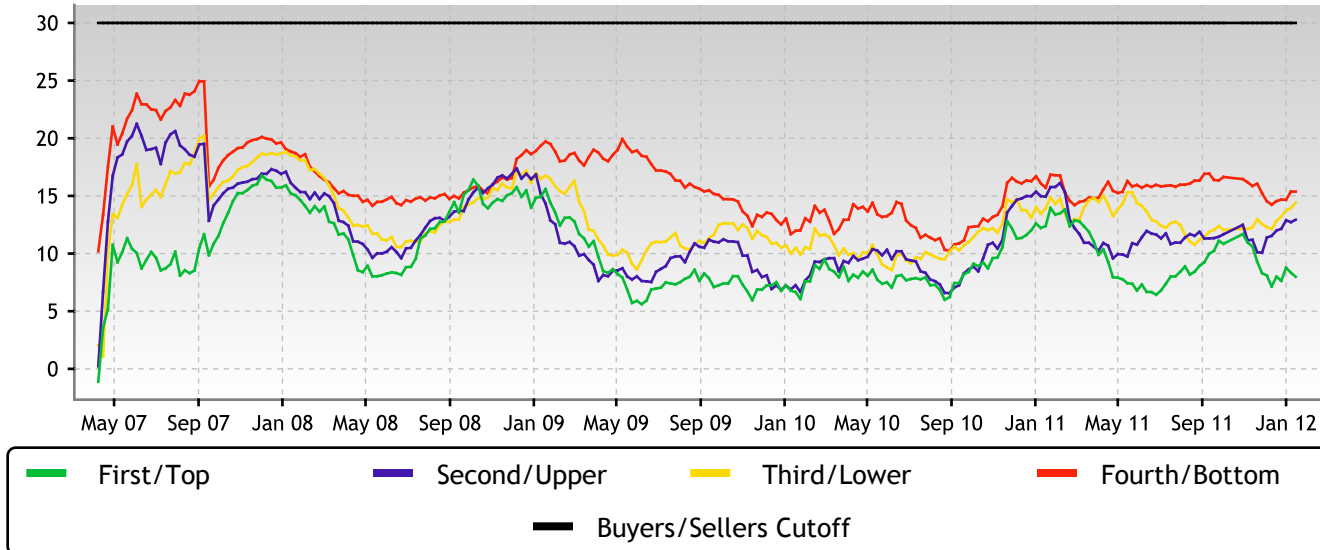
Market Action Index

The GALVESTON market is currently quite strongly in the Buyer's Advantage zone (below 30). The 90-day Market Action Index stands at 13.74. With several months of inventory available at the current sales rate, buyers should find ample choice.



Market Action Index per Quartile

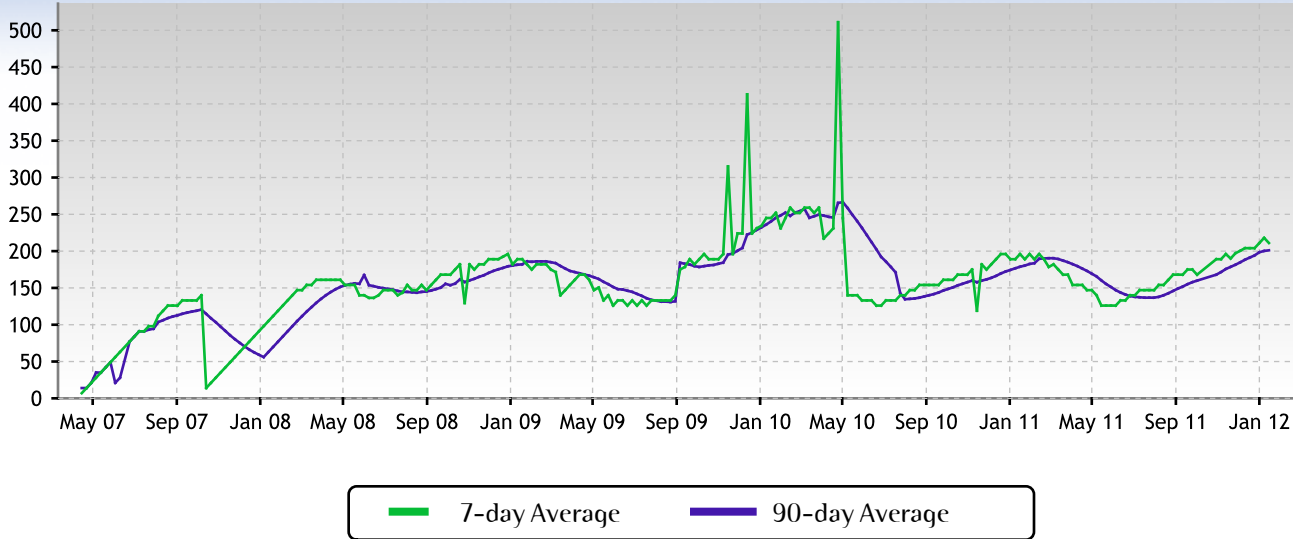
Not surprisingly given the overall Market Action Index, all quartiles are in the Buyer's Market zone with several months of inventory given the current rate of demand for homes in the quartile. Watch the quartile for changes before the overall market shifts. Often one end of the market (e.g. the low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

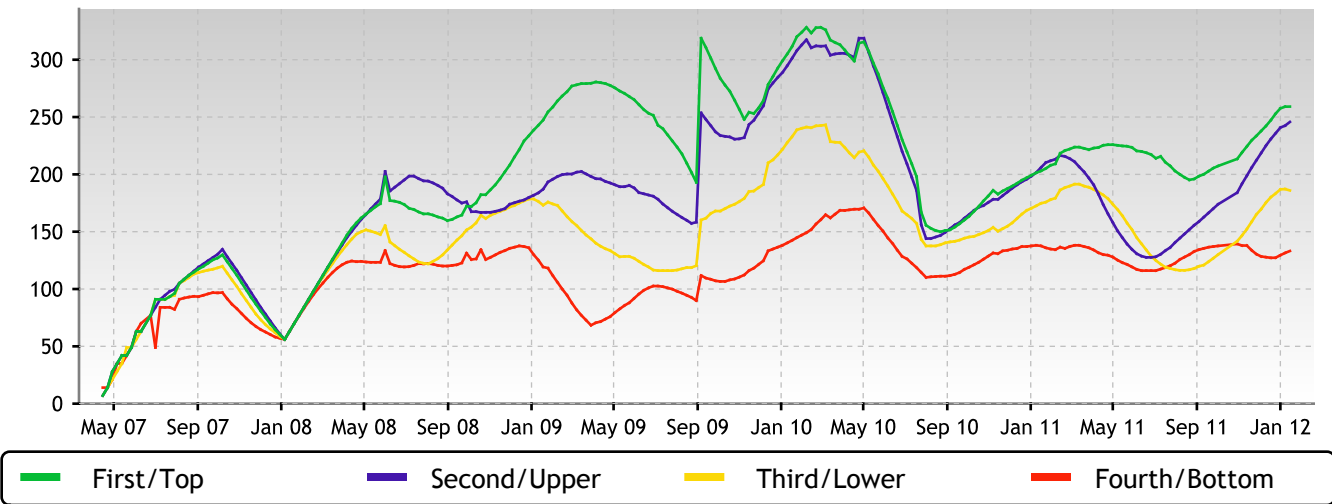
Days on Market

The properties have been on the market for an average of 303 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 77554 this week is \$365,000. The 331 properties have been on the market for an average of 330 days.

Inventory has been decreasing lately but the Market Action Index is falling also. With days-on-market climbing, these are relatively negative implications 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	\$ 365,000 ↑
Average List Price	\$ 429,942 ↔
Asking Price Per Square Foot	\$ 195 ↑
Average Days on Market (DoM)	330 ↓
Inventory of Properties Listed	331
Most Expensive Listing	\$ 3,600,000
Least Expensive Listing	\$ 52,000
Average Age of Listing	21
Percent of Properties with Price Decrease	28 %
Percent Relisted (reset DOM)	n/a
Percent Flip (price increased)	2 %
Median House Size (sq ft)	1828
Median Lot Size	6,501 - 8,000 sqft
Median Number of Bedrooms	3.0
Median Number of Bathrooms	2.0

Altos Research Value Statistics

Market Action Index Strong Buyer's 13.2 ↓

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Characteristics per Quartile

Quartile	Median Price	Sq. Ft.	Lot Size	Beds	Baths	Age	Inventory	New	Absorbed	DOM
Top/First	\$ 695,000	2764	0.25 - 0.50 acre	4.0	3.5	14	82	2	0	334
Upper/Second	\$ 444,900	2156	6,501 - 8,000 sqft	3.0	2.5	16	83	2	4	374
Lower/Third	\$ 289,900	1487	4,501 - 6,500 sqft	3.0	2.0	22	83	2	4	379
Bottom/Fourth	\$ 184,900	1157	4,501 - 6,500 sqft	3.0	2.0	30	83	3	3	234

Most expensive 25% of properties

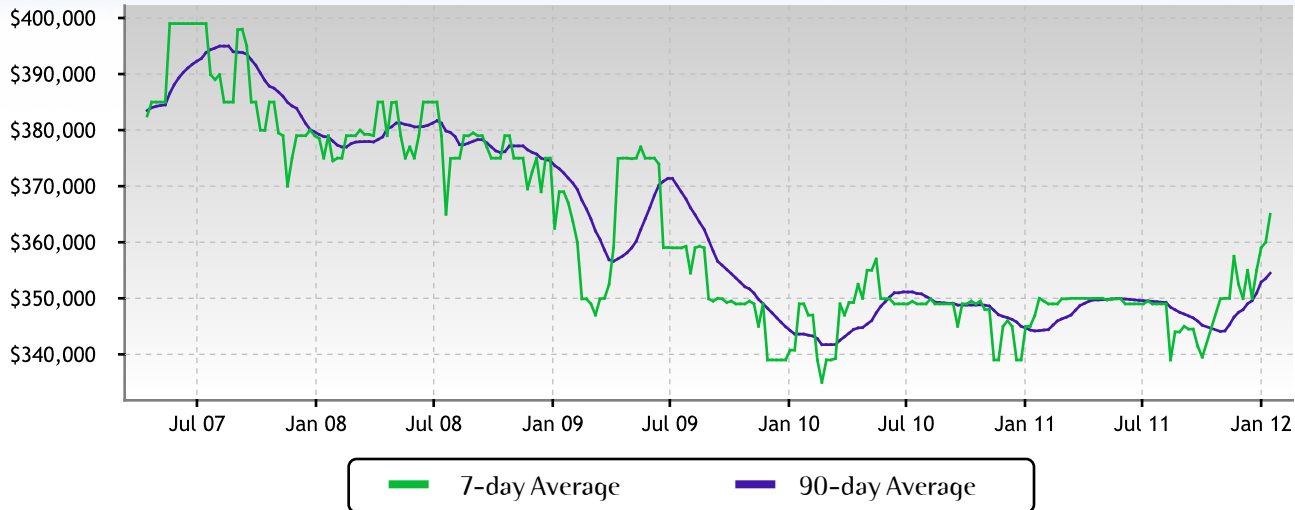
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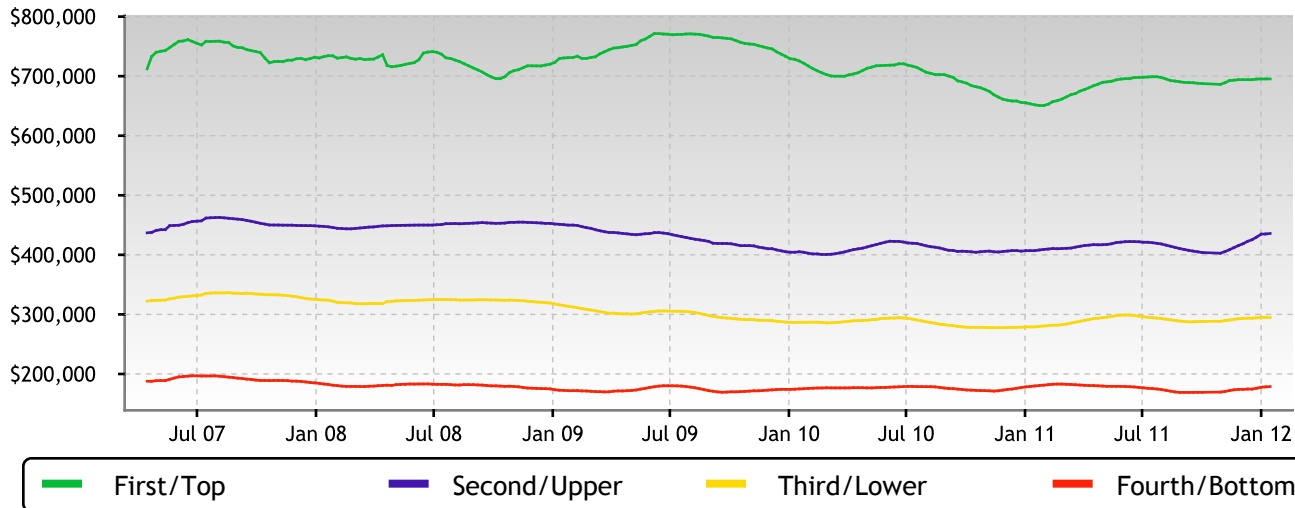
Median Price

Price trends in this zip code continued their recent uptrend this week. While still below the market's high point, we may be seeing the start of a good price stretch here. We'll look at the Market Action Index later in the report to gauge the leading indicators.



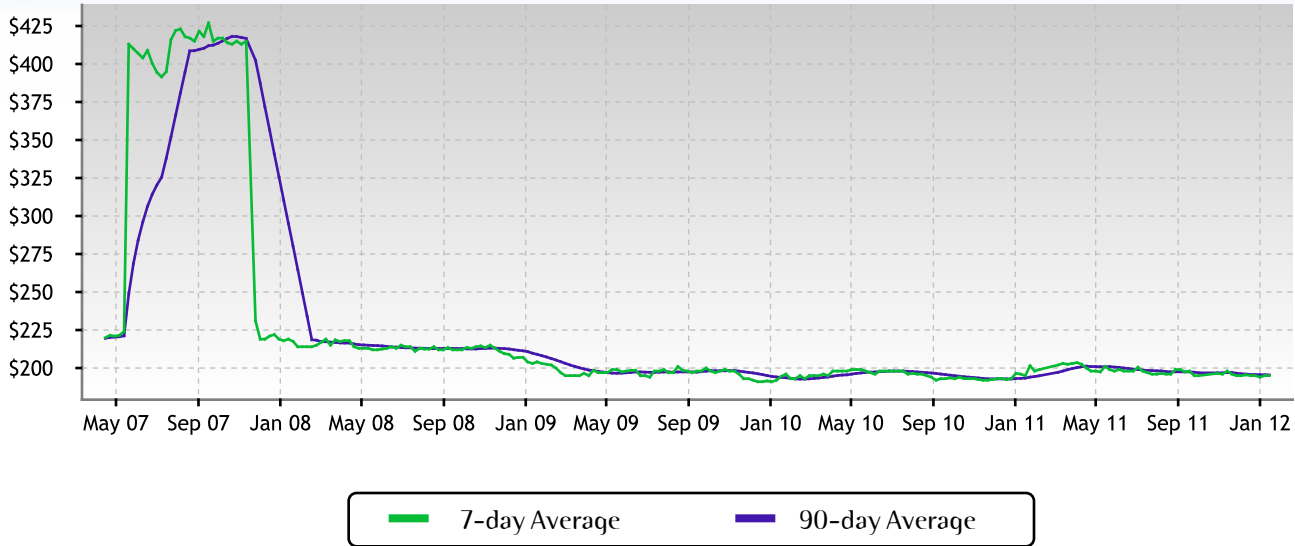
Quartile Prices

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.



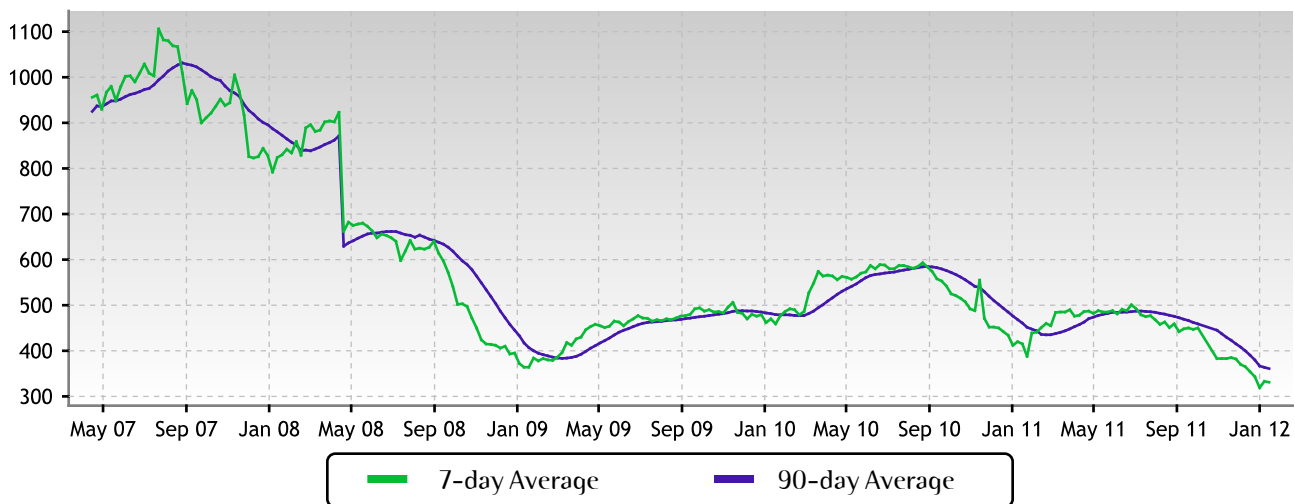
Price per Square Foot

In a market where prices are rising mildly, 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.



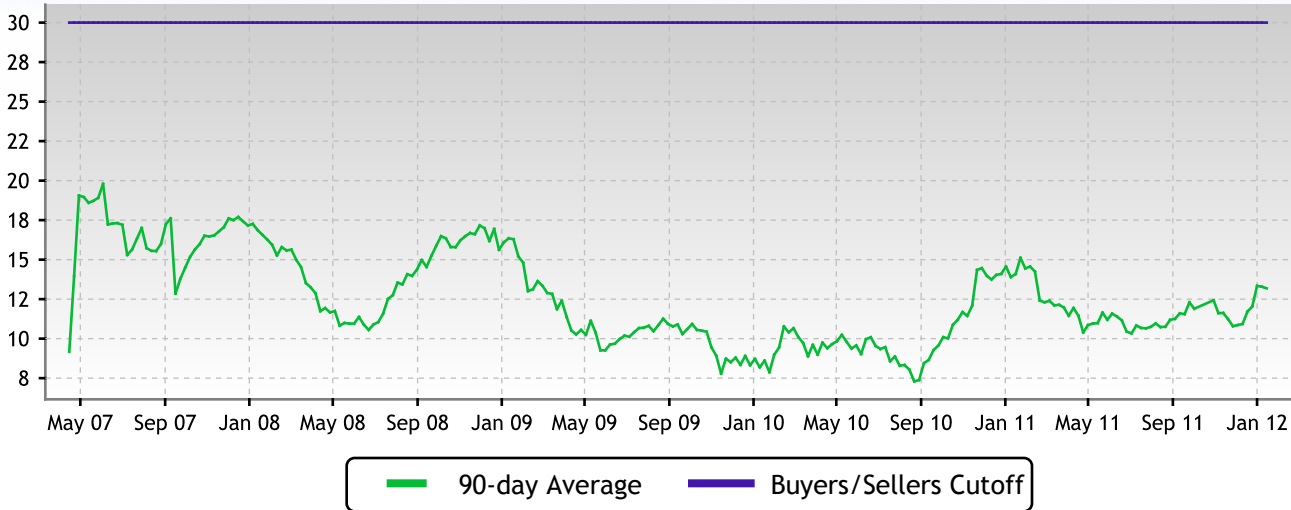
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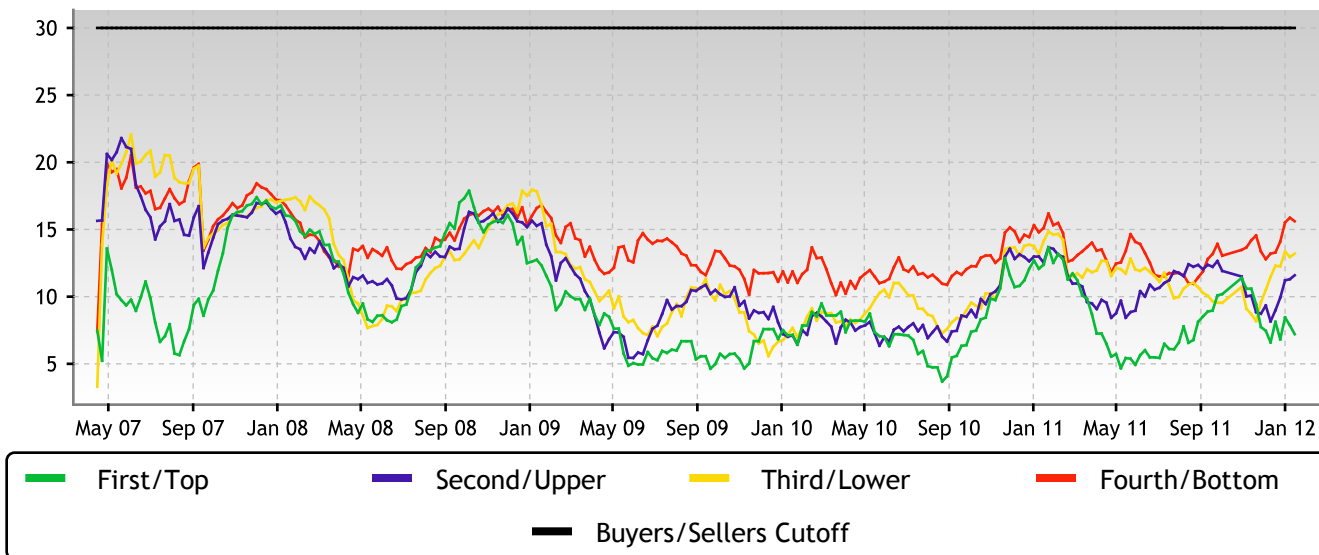
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Market Action Index per Quartile

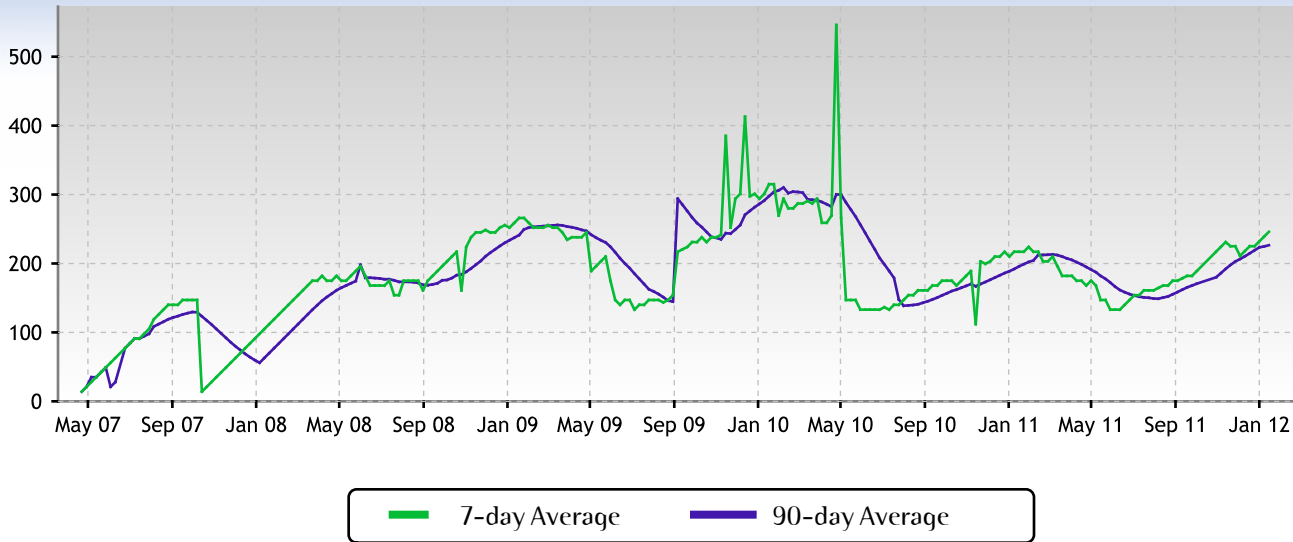
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