

Clark County Market Report

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The Clark County real estate market closed the year on an improving note. This was best seen in new sales activity, reflected by the 474 *New Pending Residential Sales* reported in December, down 7.4% from December 2005, and down 6.7% from December 2004, but up 9.2% from December 2003. So despite being down from the record sellers markets of 2004 and 2005, this was the third best December on record in terms of new sales activity.

In contrast, closed sales were down in December. This was reflected in the 508 *New Closed Residential Sales* reported, down 27.9% from December 2005, and down 11.2% from December 2004. In fact you have to go back to December 2001, when there were only 330 *New Closed Residential Sales*, to find fewer closed sales in December. This weak performance was the result of slower sales activity in October and November. Yet despite that, there were 8,327 *Solds Year To Date* in 2006, down 19.0% from 2005, down 7.5% from 2004, and down 3.4% from 2003. Even so, this was the still the fourth best year on record, easily topping the 6,950 *Solds Year To Date* reported in 2002..

An interesting indication of the market's improvement was a growing backlog of pending sales. Over the last five years, total pending sales typically decline an average of 11.5% in December as the market slows for the holidays. This year however, for the first time this decade, the number of pending sales increased, up a modest 0.9% to 1073. While this was only a small increase, when compared to the typical decline, it is evidence of an improving market.

Listing activity in December was fairly typical for the season. There were 727 new residential listings submitted in December, down 6.2% from December 2005, but up 26.9% from December 2004. Interestingly, this was the third month in a row in which the number of new listings was lower than in the same month in the previous year. In contrast, from May 2005 through September 2006, the number of new listings submitted was greater than in the same month in the previous year. This suggests that the rapid growth in the inventory may be over for the time being. At the end of December there were 4,790 *Active Listings*, down 5.1% from November (and typical of the normal seasonal change), and up 72.1% from December 2005. Available inventory remained unchanged from November at 7.0 months, but it was up significantly from 3.2 months in December 2005, and 2.3 months in December 2004.

	December 2006	% Change from Dec.'05
Active Listings	4,790	72.1%
Solds Year To Date	8,327	-19.0%
New Closed Residential Sales	508	-27.9%
New Pending Residential Sales	474	-7.4%
Time On Market-Residential Solds	82	64.0%
Average Sale Price-All MLS	\$300,602	12.9%
Median Sale Price-Residential	\$260,000	6.5%

Prices in December finally began to reflect the slower sales activity of the last quarter. For example, *Average Sale Price-All MLS* was down 0.3% from November to \$300,602, up 12.9% from December 2005. While this was up significantly from December 2005, this increase was down considerably from increases in the mid and upper teens seen earlier in the year. Another example of moderating prices was average residential sale price, which was down 0.1% from November to \$299,300, up 7.1% from December 2005. In contrast to the declines in the other price measures, *Median Sale Price-Residential* rose 2.5% from November to \$260,000, up 6.5% from December 2005. It appears that increases in prices are trending in a range that is more typical of a "normal" market.

If you had to choose one word to describe the direction of this market, normal would be a good choice. If sales activity continues to improve as it did in December, and if inventory remains at reasonable levels, the outlook for 2007 looks good but not overheated like it was in 2004 and 2005. This is especially good news if you are looking for the "soft landing" and can be satisfied with reasonable, sustainable growth.