

6-YEAR COMPARATIVE ANALYSIS OF RESIDENTIAL HOMES SOLD

This report discusses the Residential Real Estate Market for the year 2005. It shows this year's figures in comparison to the 5-previous years. It is made up of tables and graphs, which I believe, will give you the best "picture" of the market. The analysis and commentary will be explanatory in nature and leave the reader to draw their own conclusions as to future expectations, and it will serve as a guide through these tables and graphs.

TABLE #1

6-YEAR COMPARATIVE ANALYSIS OF RESIDENTIAL HOMES SOLD						
TOTAL HOMES SOLD						
	# UNITS	AVG PRICE	MEDIAN PRICE	TOTAL \$	DAYS ON MKT	
2005	2223	\$ 192,164	\$ 168,000	\$ 427,180,572	112	
2004	1794	\$ 167,484	\$ 146,000	\$ 300,466,296	86	
2003	1580	\$ 143,194	\$ 127,397	\$ 226,246,520	110	
2002	1441	\$ 133,926	\$ 117,000	\$ 192,987,366	131	
2001	1276	\$ 121,698	\$ 106,750	\$ 155,286,648	138	
2000	1111	\$ 118,750	\$ 104,900	\$ 131,931,250	145	
1999	1183	\$ 116,054	\$ 102,000	\$ 137,291,882	143	

RESALES						
	# UNITS	AVG PRICE	MEDIAN PRICE	TOTAL \$	DAYS ON MKT	
2005	1562	\$ 174,968	\$ 149,000	\$ 273,300,016	89	
2004	1363	\$ 149,808	\$ 131,500	\$ 204,188,304	75	
2003	1275	\$ 129,780	\$ 119,300	\$ 165,469,500	103	
2002	1256	\$ 124,439	\$ 109,700	\$ 156,295,384	126	
2001	1119	\$ 115,867	\$ 103,000	\$ 129,655,173	130	
2000	940	\$ 110,372	\$ 98,600	\$ 103,749,680	140	
1999	986	\$ 108,322	\$ 94,750	\$ 106,805,492	137	

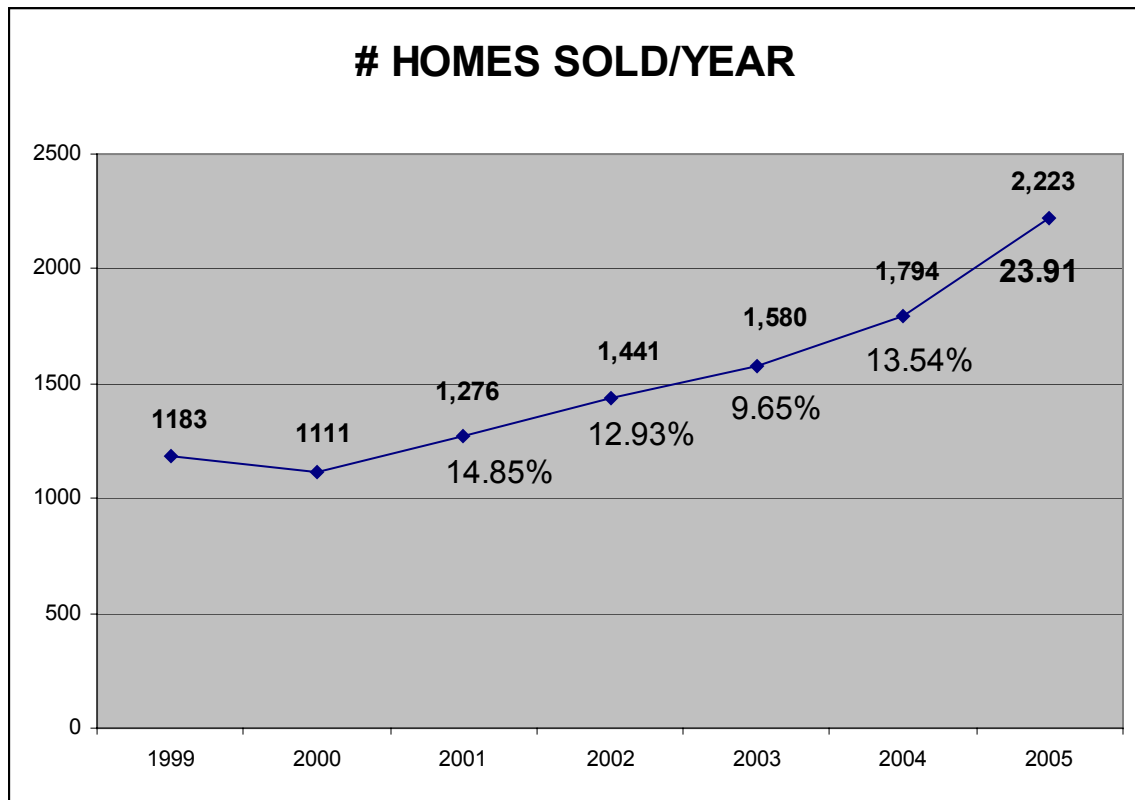
NEW HOMES SOLD						
	# UNITS	AVG PRICE	MEDIAN PRICE	TOTAL \$	DAYS ON MKT	
2005	661	232800	224000	\$ 153,880,800	166	
2004	431	225211	209900	\$ 97,065,941	134	
2003	298	200966	184950	\$ 59,887,868	138	
2002	185	198336	177900	\$ 36,692,160	167	
2001	156	163966	143454	\$ 25,578,696	195	
2000	171	164803	149900	\$ 28,181,313	172	
1999	197	154754	137900	\$ 30,486,538	175	

This First Table shows the summary details of the number, average and median prices, as well as the number of days on the market for all the homes reported as sold through the Multiple Listing Service during each of the last 6-years. The table is further broken down to show the details of the number, average and median prices, as well as the number of days on the market of Re-sale and New home sales.

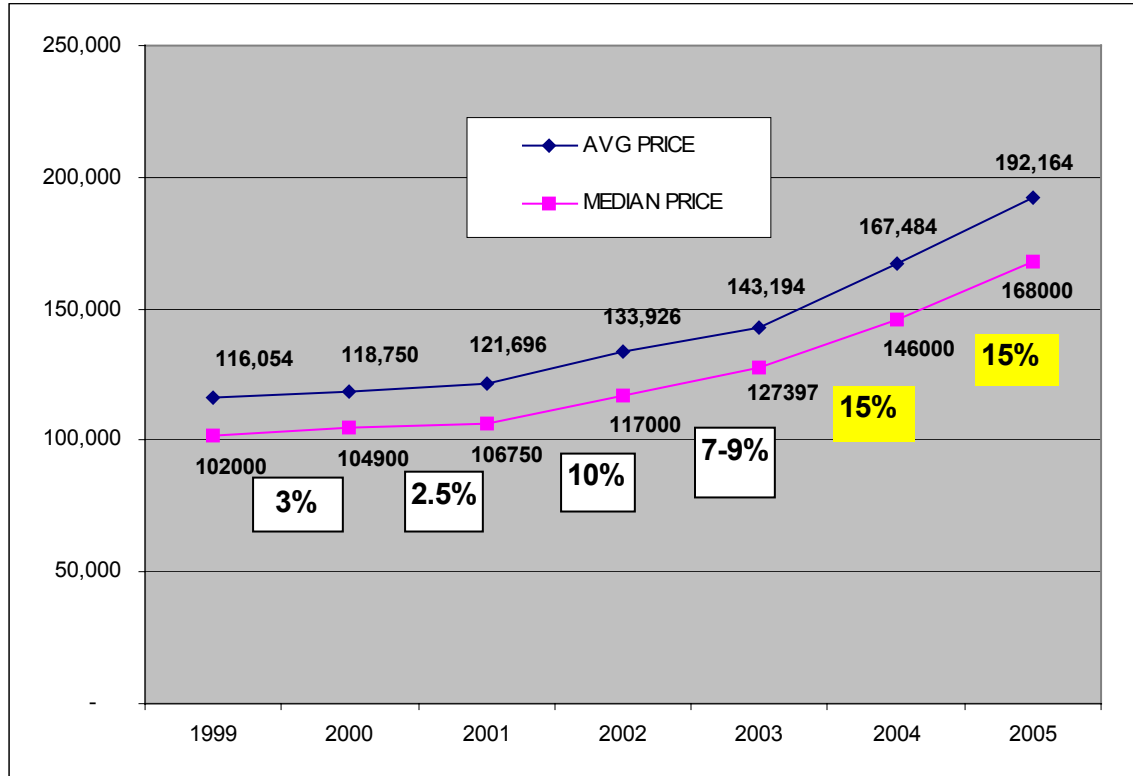
As a caveat, the figures for the Resale Market should represent a true picture of the market since only about 10% of homes are sold outside of the Multiple Listing Service. As far as the New Home Market, the opposite is true. Less than 1/3 of the new home construction is reported through the MLS because of pre-sales, and builders that sell homes through their own companies and do not participate in MLS. So you have to decide whether this sample is representative of the total New Home Market. For the purposes of this report, I am going to make that assumption.

The City & County records reveal that during 2005 a record number of building permits (1983 permits) were issued. This is nearly twice as many as the two previous years (2003= 1079; 2004= 1126) In addition a record number of subdivisions were approved: 38 versus 13,14,18,29 for the years 2001-2004 respectively.

GRAPH #1



GRAPH # 2



Graph# 1 & 2 (ABOVE) apply to the first section of TABLE #1 “The Total Market” (as reported to the MLS)..

What you note is that the number of homes sold (Graph #1) has increased year over year for the past 5 years. From around 1100 home sales-a-year historically, up to record 2223 homes sold in 2005. This represents a doubling over the 4-year period from 2001 to 2005. Each year a record-breaking number of homes were sold, but 2005 was the largest increase ever a 23.91% increase over 2004. (Prior year increases ranged from 9.65% to 14.85%).

Graph #2 show that the Average and Median Price of Homes have increased in parallel to each other with average price of homes above the median because the high end of the market out weighs the lower end in both number and price. For both the period 2003 to 2004, and 2004 to 2005 in Las Cruces home prices increased a record 15%. This is a record appreciation rate. The average price of a home sold in Las Cruces from 1999 to 2001 ranged around \$116-\$122,000 now in 2005 the average price of a home is \$192,164. Even more striking to note is that for most of the last 6months of 2005 the average price of a home was over \$200,000. Later we will separate the Market into Re-sales versus New Home Construction.

TABLE # 2

5-YEAR HISTORY OF THE NUMBER OF HOMES SOLD BY MONTH

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
2001	59	105	99	118	109	134	121	132	100	104	94	102
2002	96	88	104	103	142	153	153	132	126	120	109	116
2003	113	111	118	119	151	174	182	148	143	128	103	115
2004	98	112	158	147	144	177	194	202	162	127	134	155
2005	124	145	166	196	180	229	239	212	195	183	177	181

GRAPH # 3

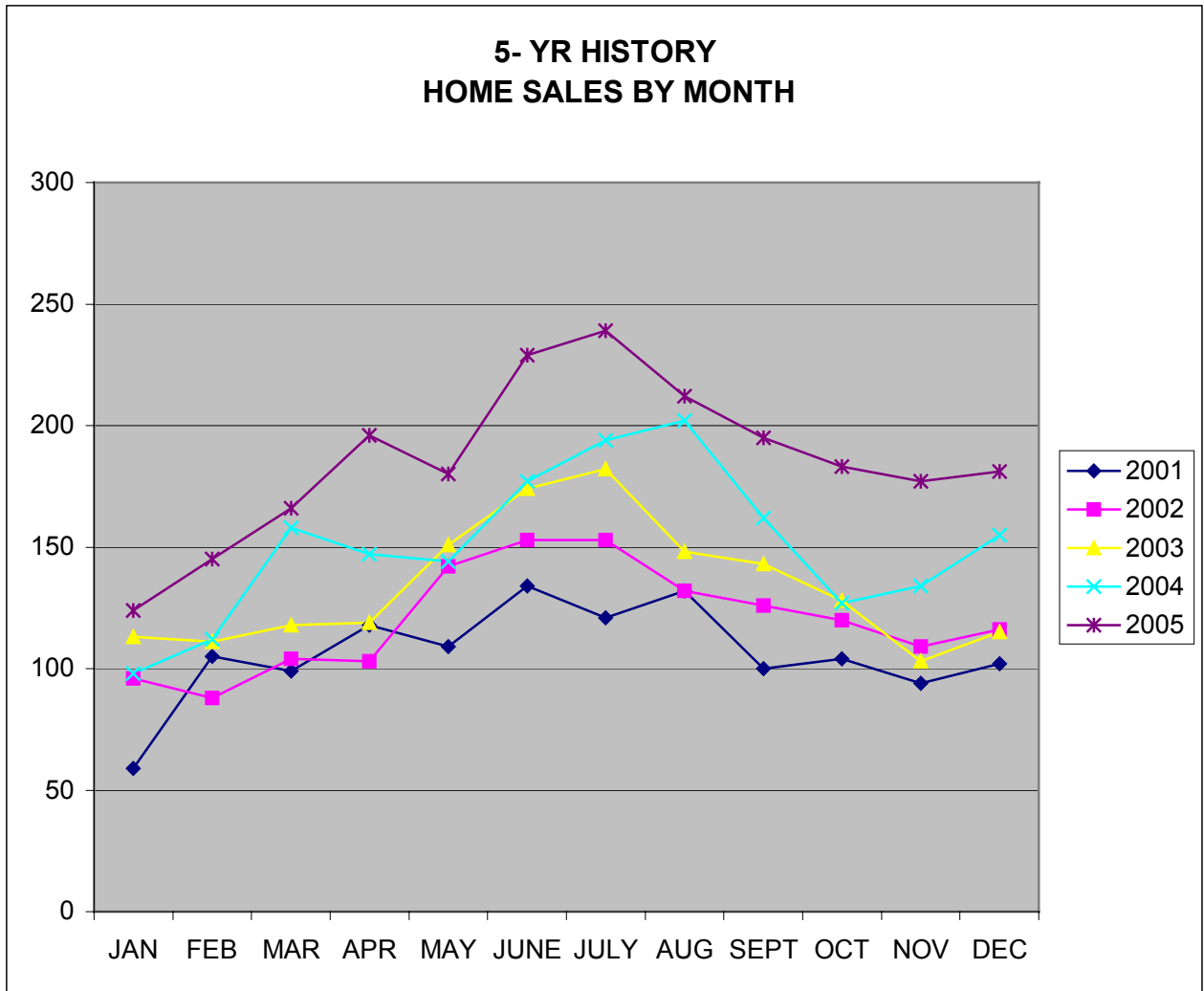


TABLE #2 and GRAPH #3 (above) show an interesting phenomenon. Market sales have historically peaked during the summer months from May to August. at the end of 2004 and even more pronounced at the end of 2005 we see persistence in elevated sales beyond the summer through fall and the end of the year. It will be interesting to watch through 2006 to see if the elevated levels persist and we become a year round sales market.

TABLE #3 (BELOW) is a restatement of TABLE # 1, but instead of the number of homes sold and the average median price of those homes, Table 3 shows the percentage change in numbers of units sold and average and median price changes from year to year over the past 6-years. We have already used these percentages in Graphs 1 & 2 to highlight the spectacular changes of 2004 & 2005. (# sold increased 14 &24%) and (Prices increased 15-17%).

TABLE # 3

TOTAL HOMES SOLD

	# UNITS CHANGE	AVERAGE PRICE CHANGE	MEDIAN PRICE CHANGE
2005	23.91%	14.74%	15.07%
2004	13.54%	16.96%	14.60%
2003	9.65%	6.92%	8.89%
2002	12.93%	10.05%	9.60%
2001	14.85%	2.48%	1.76%
2000	-6.09%	2.32%	2.84%
1999			

RESALE HOMES SOLD

	# UNITS CHANGE	AVERAGE PRICE CHANGE	MEDIAN PRICE CHANGE
2005	14.60%	16.79%	13.31%
2004	6.90%	15.43%	10.23%
2003	1.51%	4.29%	8.75%
2002	12.24%	7.40%	6.50%
2001	19.04%	4.98%	4.46%
2000	-4.67%	1.89%	4.06%
1999			

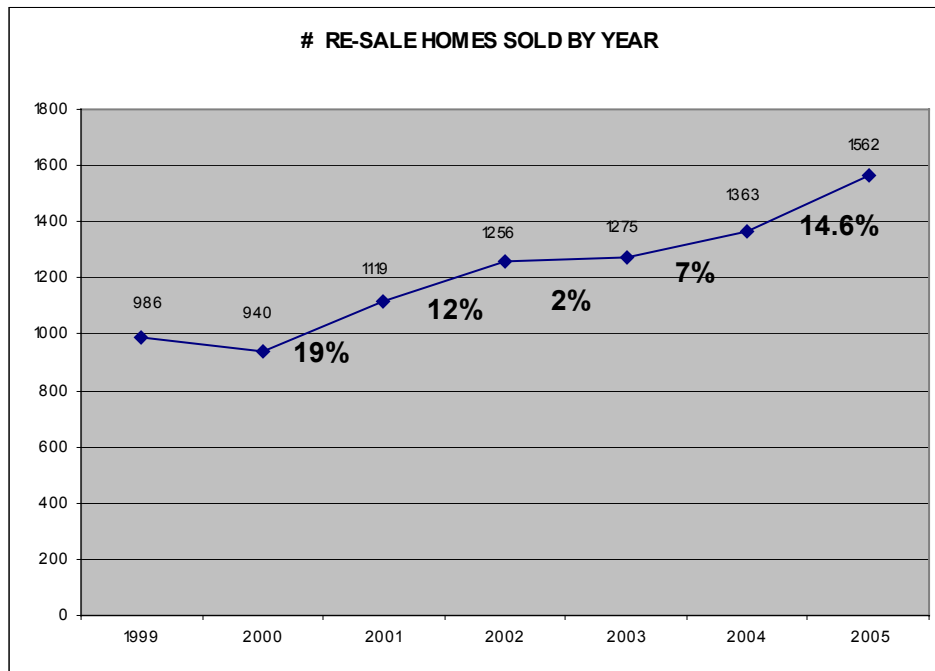
NEW HOMES SOLD

	# UNITS CHANGE	AVERAGE PRICE CHANGE	MEDIAN PRICE CHANGE
2005	53.36%	3.37%	6.72%
2004	44.63%	12.06%	13.49%
2003	61.08%	1.33%	3.96%
2002	18.59%	20.96%	24.01%
2001	-8.77%	-0.51%	-4.30%
2000	-13.20%	6.49%	8.70%
1999			

Now we will use the actual numbers and prices in TABLE#1 and the percentage change from year to year shown in TABLE#3 to look at the market subdivided into the New Home Market versus the Resale Market.

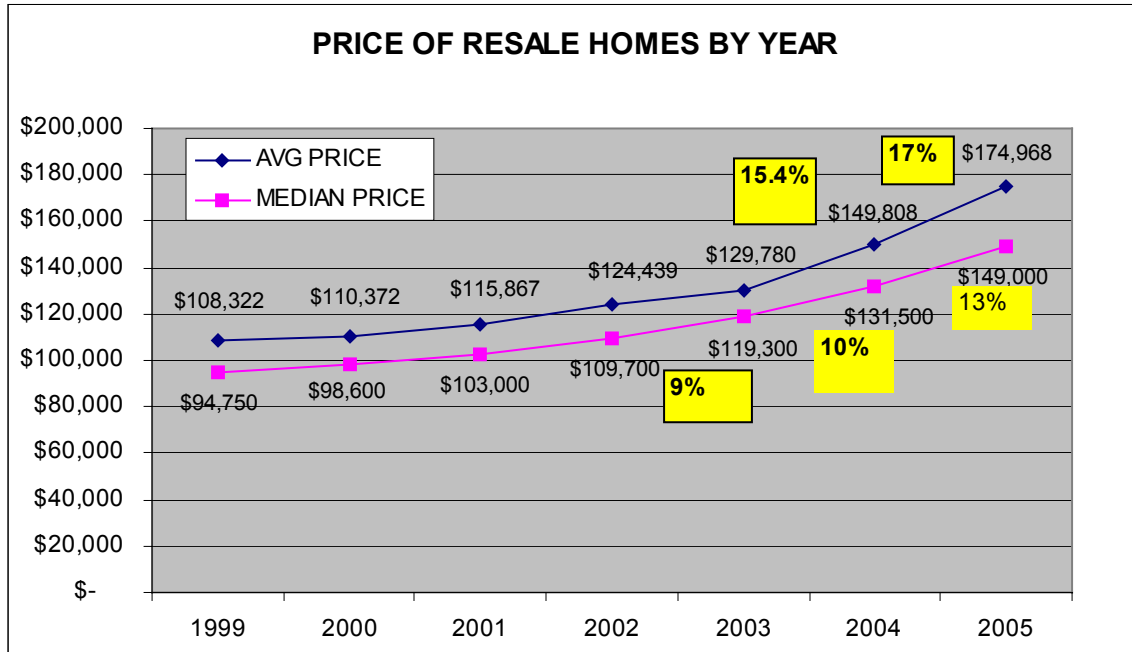
A discussion of the Re-Sale Home Market is interesting. As noted in GRAPH #4 (BELOW) there is a steady increase in the number of resale homes sold from 1999 (986 homes) to 2005 (1562 homes). There is an especially large increase in the period from 2004 to 2005 of 14.6% (from 1363 in 2004 to 1562 in 2005). A possible reason will be discussed next when we look at re-sale prices.

GRAPH #4



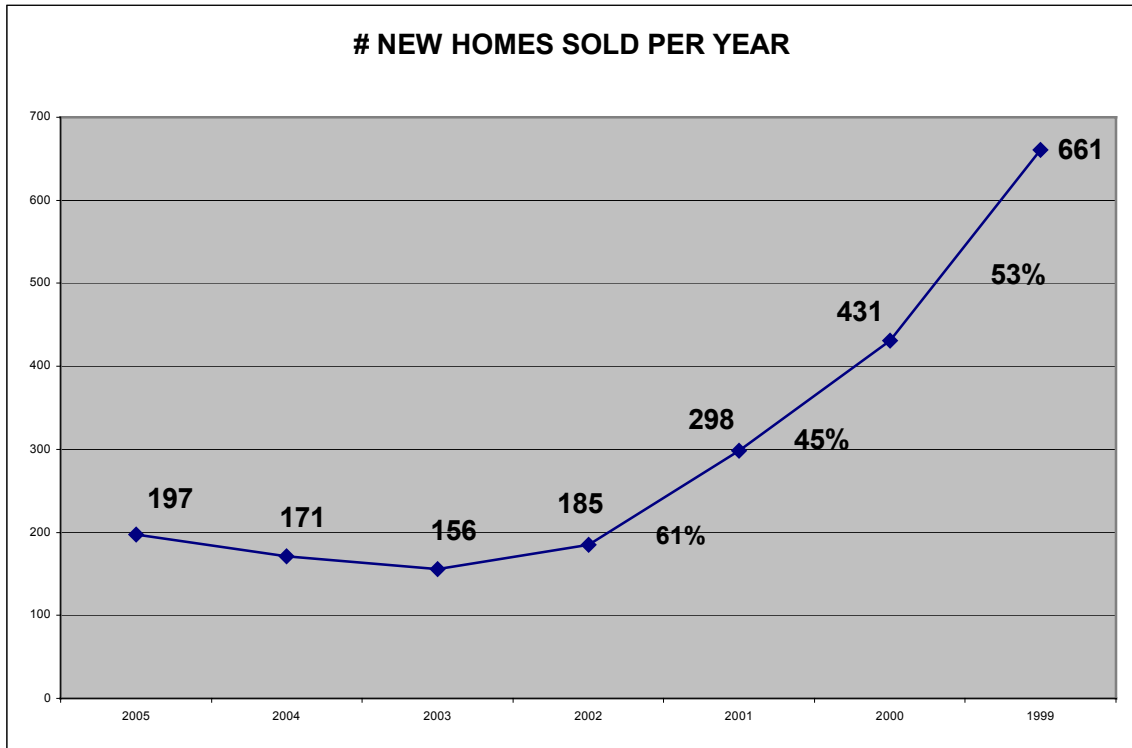
In GRAPH 5 (BELOW) and TABLE 3 (ABOVE), we note resale homes prices increased in very small amounts and percentages from year to year from 1999 to 2003. From 2001-2005 new homes sales increased sharply during this time new home sales increased 19%, 61%, 45%, and this year 2005 new home sales increased 53.36%. (all of these homes sold at average prices well above the average price of re-sale homes). What we see in GRAPH # 5 is that, in response to the volume of new homes at higher prices, re-sale home sales increased, plus they were able to demand higher prices because of competition and the inability of buyers to get replacement new homes at a lower price. In the period 2003 to 2004 Resale home prices increased 15.4% from \$129,780 to \$149,808. Even more dramatic is the rise from 2004 to 2005. The average price of a re-sale home increased 17% from \$149,808 to \$174,969.

GRAPH #5

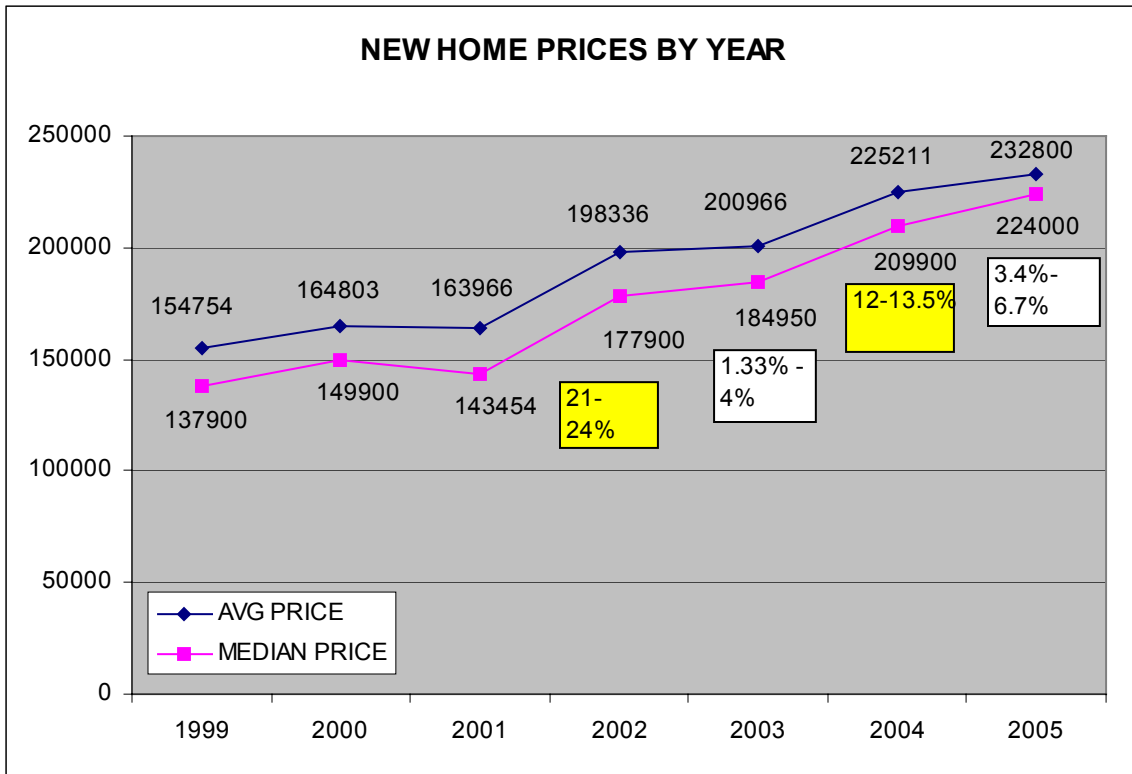


GRAPHS #6 & #7 (BELOW) show the New Home Market. What is immediately striking is the increases in number of homes sold from 2002 to 2005. (We know that the actual numbers are even larger due to un-reported sales.) There was an average of 50% more new homes sold year after year. Pricing is a little different. When the trend of increasing sales of new homes began, the new homes were higher end and move-up homes so the average and median price increased over 20%. During this period of time Las Cruces had a number of volume builders enter the marketplace. These high volume builders filled demand for first time homebuyers and move up buyers homes has kept the increase in price of the new home market under control. Prices continue to rise, but much more slowly, with an average new home in 2002 being \$198,336 while an average new home price in 2005 being only 232,800 or an average increase of only 5-6% per year.

GRAPH #6



GRAPH #7



The last factor that we are going to discuss is overall market and the price of homes being built in Las Cruces. Below you will find Graph 8, and the 4 Pie charts that follow show the same phenomenon just represented in different ways. From all we have said before you would expect in Graph 8 the lines representing the number of homes built in each price range to shift to the right from year to year. This indicates the increasing average and median price of homes which we have discussed. But, we would also expect the shape of the curves to be the same – this represents the relative number of homes built in each price range. However the striking thing that we see in both the lines in Graph 8 and in the Pie charts is that what is being produced, and we must assume what is being demanded, has changed dramatically.

From the pie graphs, we can see that since 2002 up to 2005, the under \$120,000 home market (low income affordable housing) has dried up (52% to 25%) almost to the point of disappearing.

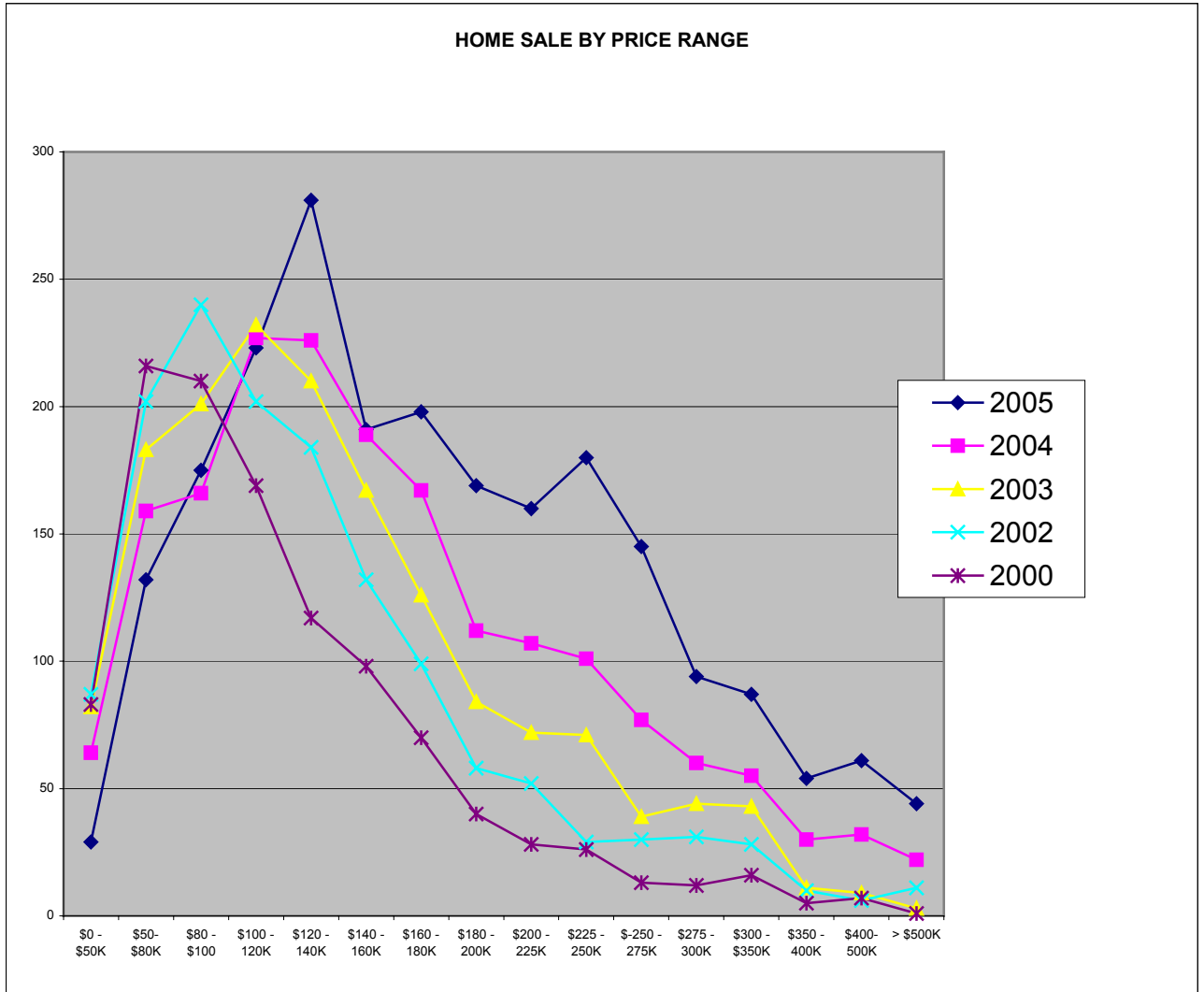
In Graph 8, if we look at the curves for 2004 and 2005, we see what appears to be three trends in the housing market.

First is the tail there is a dramatic rise in the production of homes over \$275,000 all the way up to the over \$500,000 homes. A new segment of the market has emerged. We can speculate where the demand and the buyers have come from, but the point is that they are here. A concern was that when the national, volume, production builders entered the market the local builders would be squeezed out. But the local boutique custom home builders have found a new and more lucrative market and the number of homes being built in this segment of the market is more than ever.

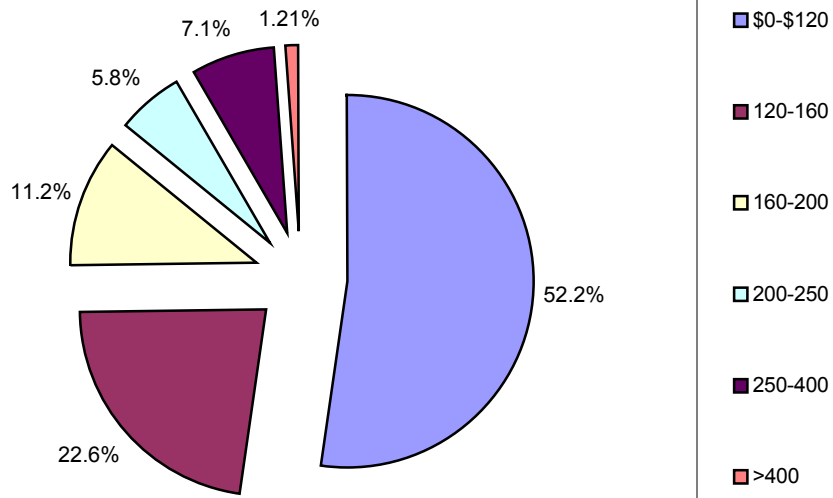
The second trend that we notice is that the production builders have found 2 markets. A new first time buyer that used to be under \$80,000 to \$120,000 is now consuming record quantities (see graph 8) of the \$120,000 to \$140,000 homes. The volume builders are also meeting a second move-up buyer market. They can produce larger square footage, 4 and 5 bedroom homes, for \$225,000 to \$275,000, and these also are being consumed in record quantities.

The third trend is a restatement of point number one which is that all the ships are rising with the rising tide. The entire curve has not only shifted right indicating the higher price of homes but has shift has moved upward indicating the tremendous increase in the volume of homes being sold in all price ranges. This may be a factor of the tremendous influx of new residents to Las Cruces, as well as the current residents ability to buy versus rent and buy homes instead of manufactured housing because of the low interest rates and payments.

GRAPH #8



2002



2003

