

JOE SPAKE'S MARKET UPDATE

MEMPHIS, TN 38104

- **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
October 19, 2015**

- **Presented by Joe Spake**
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This Week

- The median list price in MEMPHIS, TN this week is \$94,900. The 2366 properties have been on the market for an average of 111 days.

Days-on-market has been trending up recently but the Market Action Index and inventory levels are basically flat and not providing strong indications for the market.

Supply and Demand

- The market remains in a relative stasis in terms of sales to inventory. Prices have not been moving higher for several weeks. However, inventory is sufficiently low to keep us in the Seller's Market zone so watch changes in the MAI. If the market heats up persistently, prices are likely to resume an upward climb.

Real-Time Market Profile

		Trend
Median List Price	\$ 94,900	↔
Average List Price	\$ 178,583	
Asking Price Per Square Foot	\$ 64	↑
Average Days on Market (DoM)	111	↑↑
Inventory of Properties Listed	2366	↔
Most Expensive Listing	\$ 4,595,000	
Least Expensive Listing	\$ 2,500	
Average Age of Listing	49	
Percent of Properties with Price Decrease	35 %	
Percent Relisted (reset DOM)	7 %	
Percent Flip (price increased)	3 %	
Median House Size (sq ft)	1636	
Median Lot Size	0.25 - 0.50 acre	
Median Number of Bedrooms	3.0	
Median Number of Bathrooms	2.0	

Altos Research Value Statistics

Market Action Index Seller's Advantage 30.3 ↔

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.

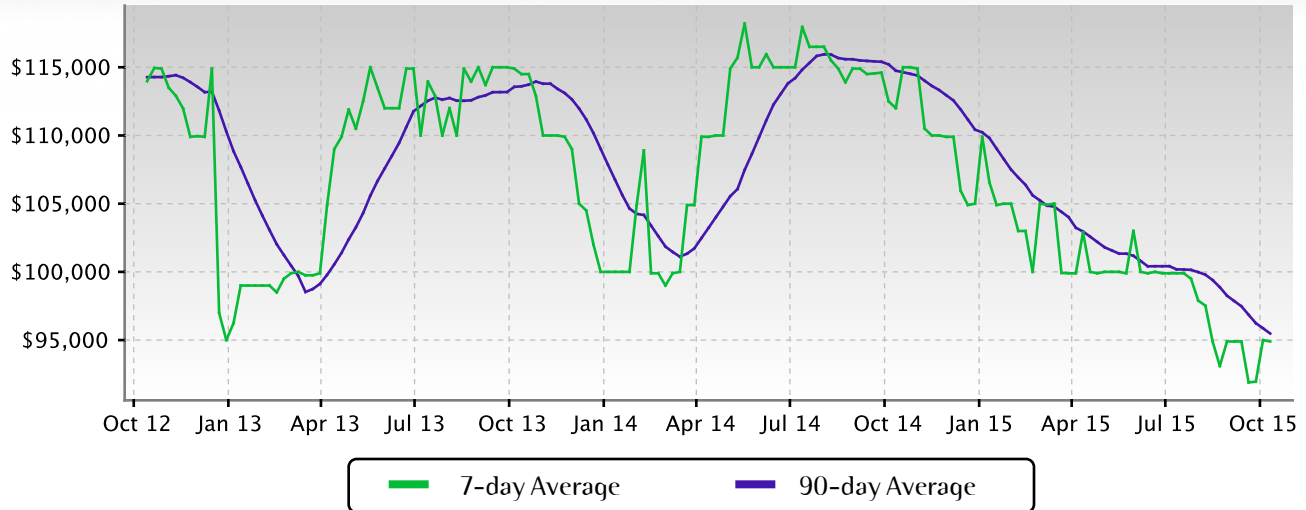
Trend Key: ↑↑ Strong upward trend ↓↓ Strong downward trend
 ↔ No change ↑ Slight upward trend ↓ Slight downward trend

Characteristics per Quartile

Quartile	Median Price	Sq. Ft.	Lot Size	Beds	Baths	Age	Inventory	New	Absorbed	DOM	
Top/First	\$ 326,000	3250	0.25 - 0.50 acre	4.0	3.0	29	591	35	29	109	Most expensive 25% of properties
Upper/Second	\$ 134,000	1739	0.25 - 0.50 acre	3.0	2.0	44	591	48	53	93	Upper-middle 25% of properties
Lower/Third	\$ 69,900	1406	8,001 - 10,000 sqft	3.0	2.0	51	592	42	41	109	Lower-middle 25% of properties
Bottom/Fourth	\$ 29,900	1200	8,001 - 10,000 sqft	3.0	1.0	61	592	40	32	134	Least expensive 25% of properties

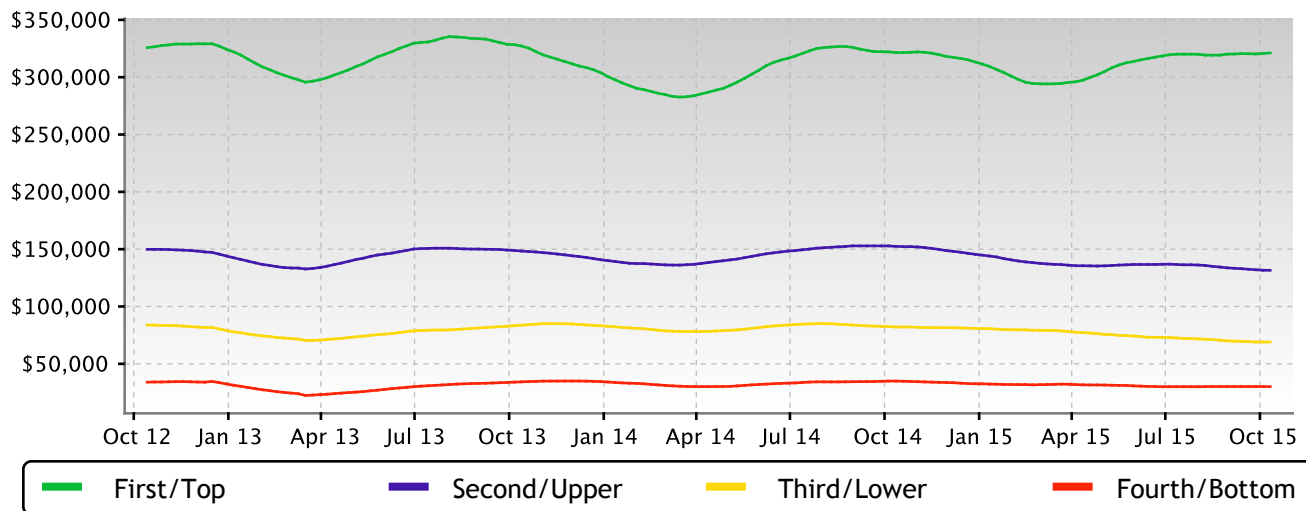
Median Price

The market seems to have paused around this plateau. The Market Action Index is a good leading indicator for the durability of this trend.



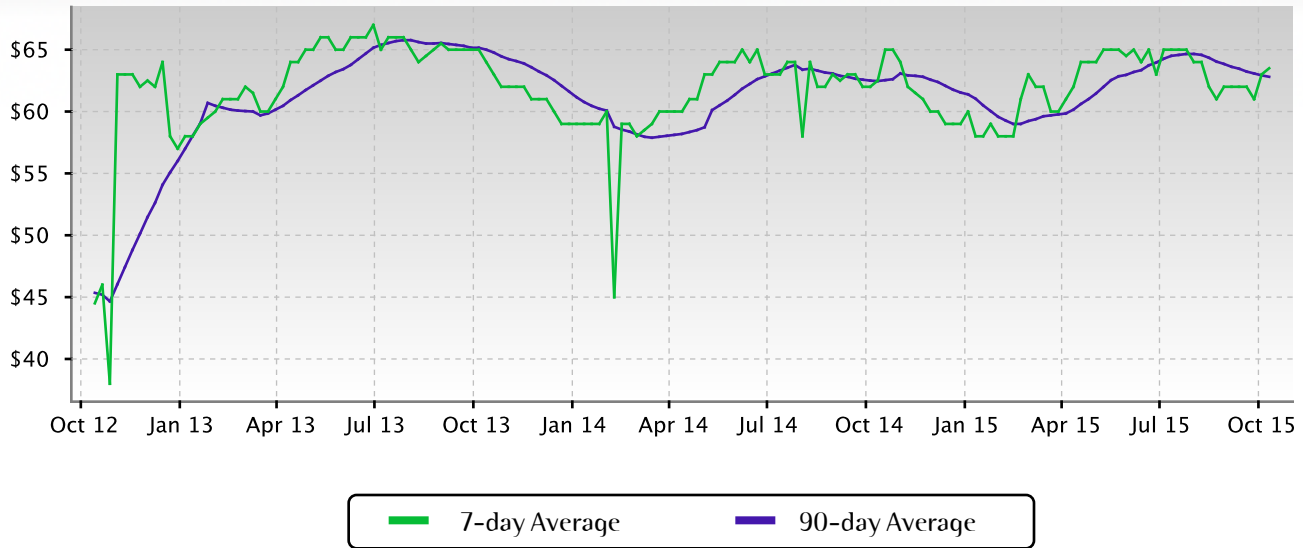
Quartile Prices

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.



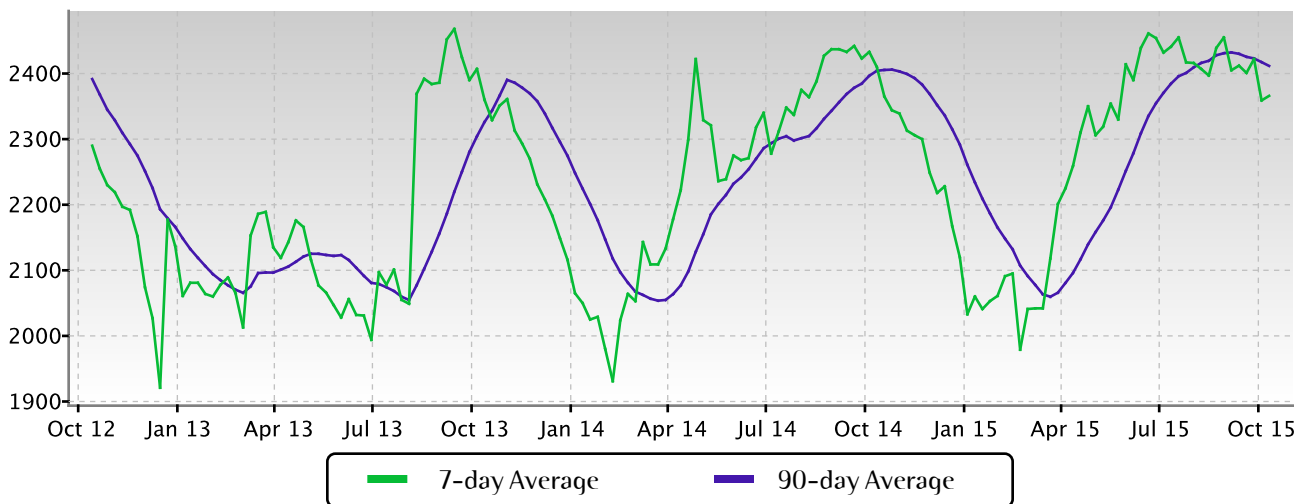
Price per Square Foot

The value placed on homes seems to be trending up, despite the fact that prices in general have remained basically flat. These conditions can arise when inventory is light and more, smaller homes have more influence on overall prices.



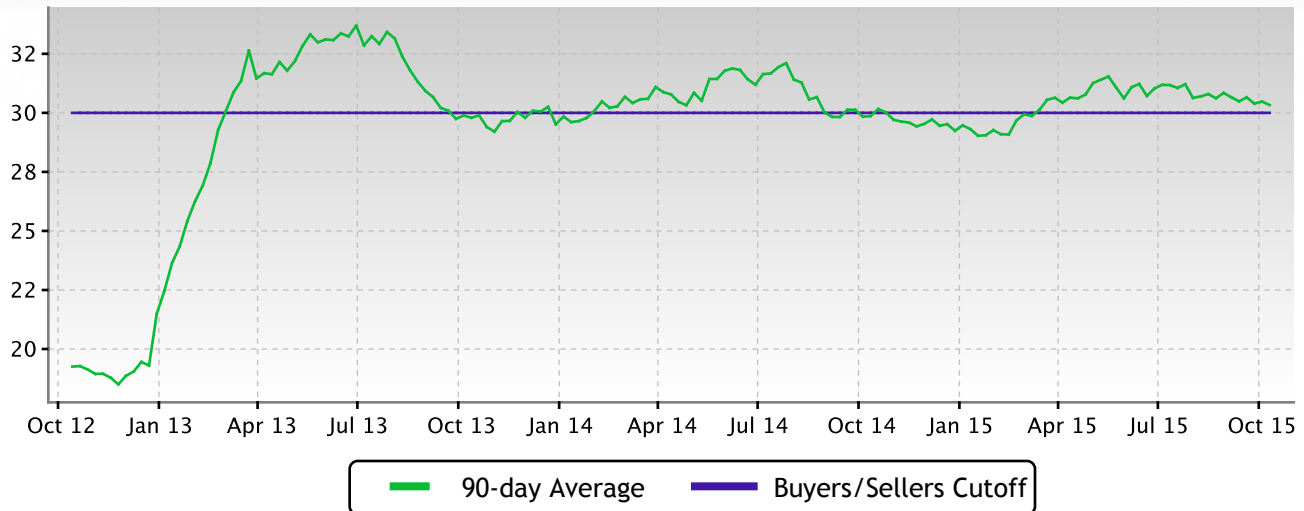
Inventory of Properties Listed for Sale

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



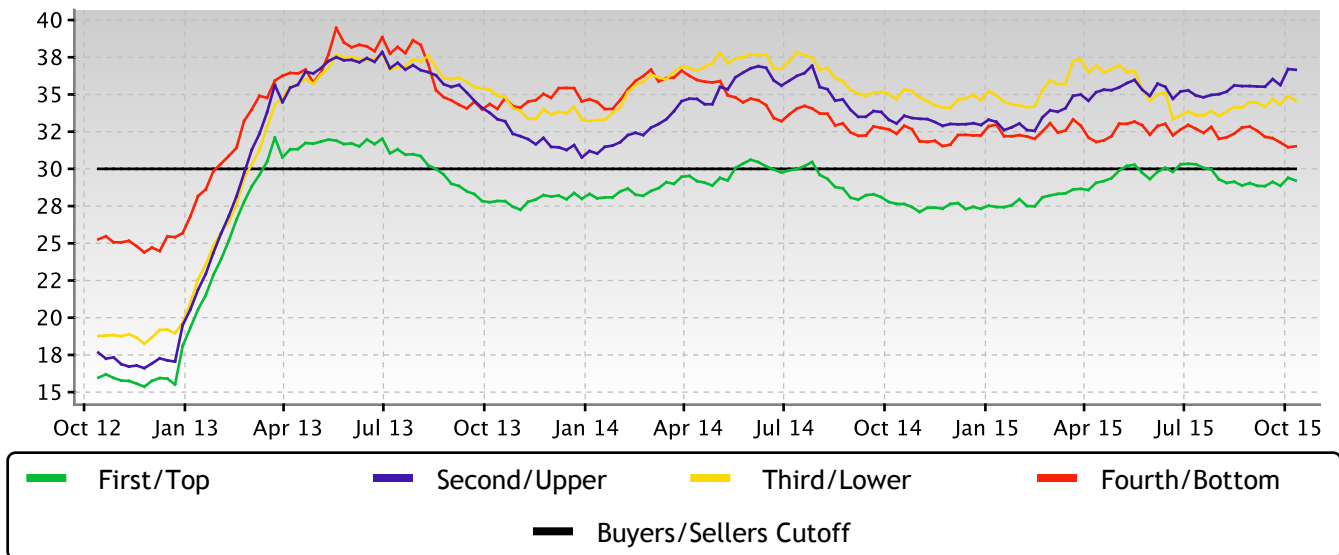
Market Action Index

The MEMPHIS market is currently in the Seller's Advantage zone (greater than 30). The 90-day Market Action Index stands at 30.33 which indicates that demand is strong and available supply of homes gets snapped up relatively quickly.



Market Action Index per Quartile

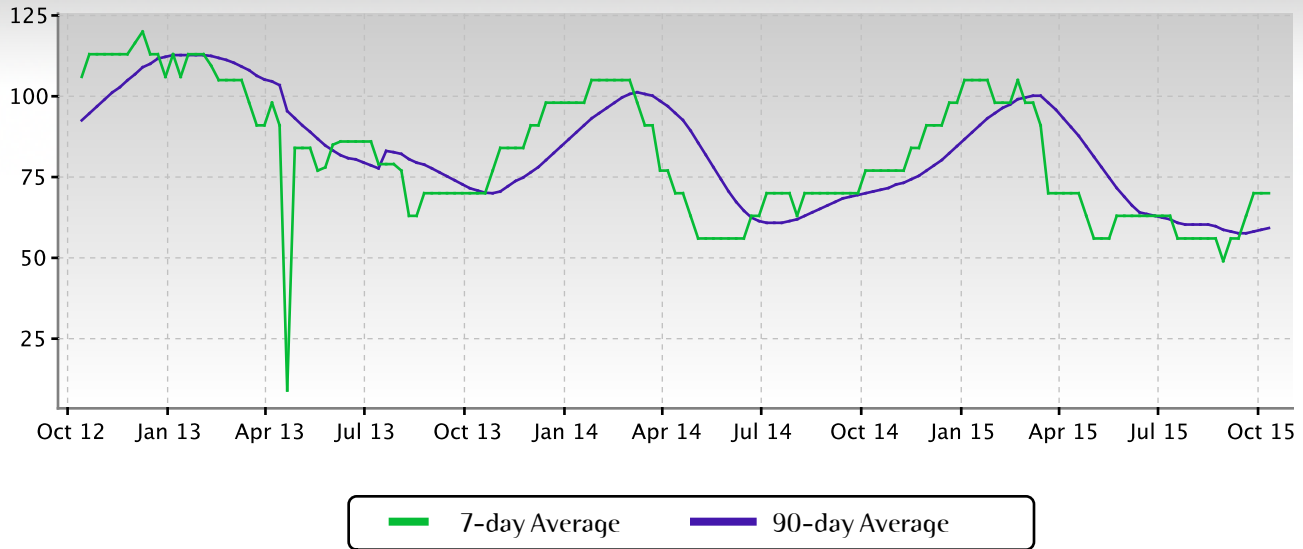
Three of the four quartiles of the market are in the Seller's Market zone with relatively low amounts of inventory given the current rate of demand for homes in the quartile. Notice that Quartile 1 (the highest-end price group) is showing weaker demand than the others. It's not uncommon that the premium segment of the market takes longer to sell than the rest of the group.



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.

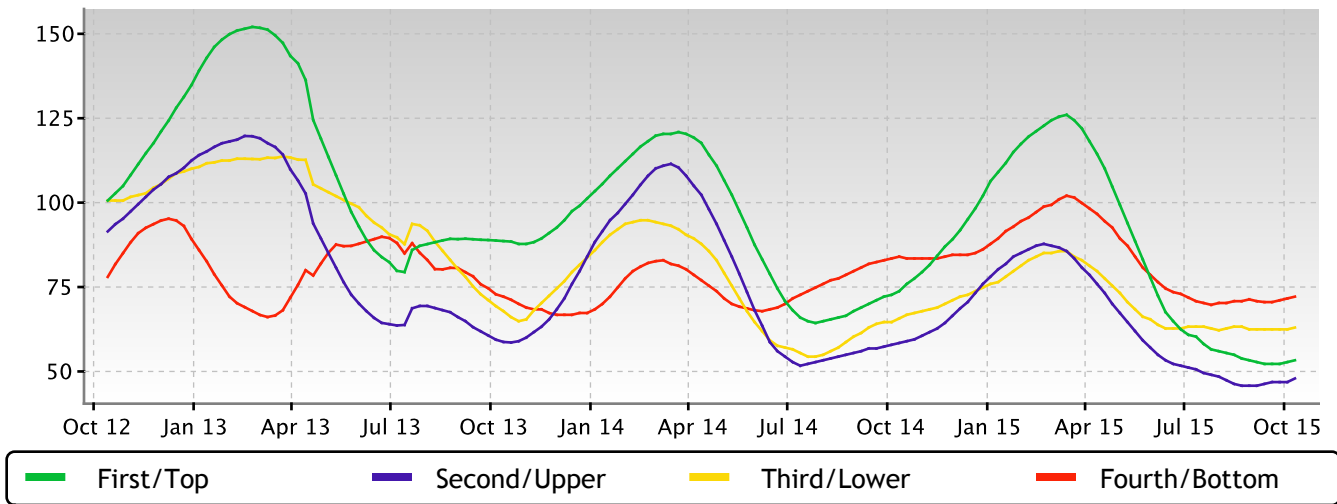
Days on Market

The properties have been on the market for an average of 111 days. Half of the listings have come newly on the market in the past 70 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 MEMPHIS, TN 38104 this week is \$239,000. The 85 properties have been on the market for an average of 80 days.

Demand measured by the Market Action Index is increasing and days-on-market is trending downward. Even as more properties come available, these are positive trends for the market.

Supply and Demand

- Market conditions have been consistently cooling in the past several weeks. Because we're still in the Seller's zone, prices have not yet begun to drop. It may take a few more weeks of slack demand for prices to reflect and begin to fall. Expect prices to fall if the index persistently falls to the Buyer's zone.

Real-Time Market Profile

Real-Time Market Profile		Trend
Median List Price	\$ 239,000	↑↑
Average List Price	\$ 329,475	
Asking Price Per Square Foot	\$ 114	↔
Average Days on Market (DoM)	80	↓↓
Inventory of Properties Listed	85	↑↑
Most Expensive Listing	\$ 1,400,000	
Least Expensive Listing	\$ 72,000	
Average Age of Listing	86	
Percent of Properties with Price Decrease	36 %	
Percent Relisted (reset DOM)	6 %	
Percent Flip (price increased)	4 %	
Median House Size (sq ft)	2318	
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 Seller's Advantage 31.7 ↓↓

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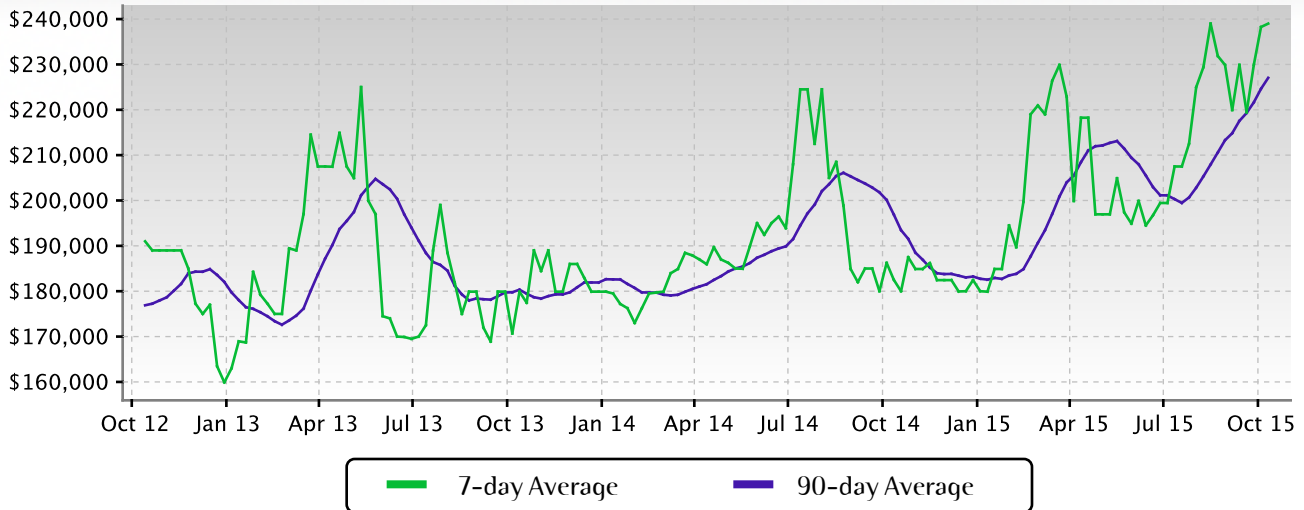
Trend Key: ↑↑ Strong upward trend ↓↓ Strong downward trend
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Characteristics per Quartile

Quartile	Median Price	Sq. Ft.	Lot Size	Beds	Baths	Age	Inventory	New	Absorbed	DOM	
Top/First	\$ 650,000	3880	0.25 - 0.50 acre	4.0	3.5	103	21	5	3	79	Most expensive 25% of properties
Upper/Second	\$ 280,800	2752	6,501 - 8,000 sqft	4.0	2.5	96	21	1	2	67	Upper-middle 25% of properties
Lower/Third	\$ 185,000	1762	6,501 - 8,000 sqft	3.0	2.0	94	21	2	3	56	Lower-middle 25% of properties
Bottom/Fourth	\$ 125,500	1413	4,501 - 6,500 sqft	3.0	2.0	94	22	2	1	117	Least expensive 25% of properties

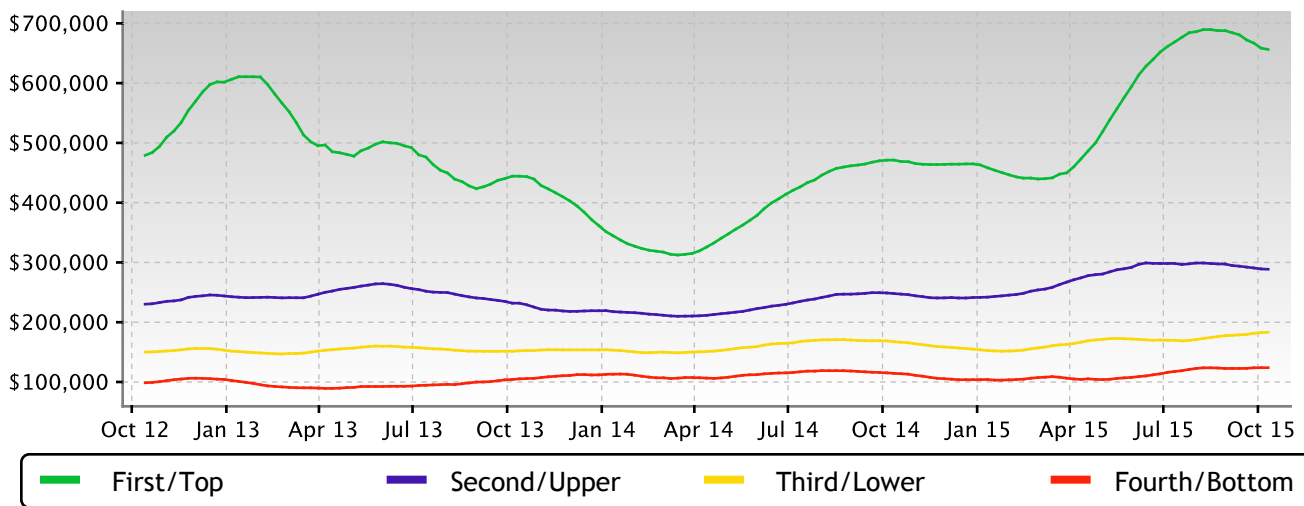
Median Price

While this week the median price in this zip code didn't fluctuate much, we continue to sit at all time high prices. Watch for persistent downward shift in the Market Action Index into the Buyer's zone as a leading indicator of the price strength subsiding.



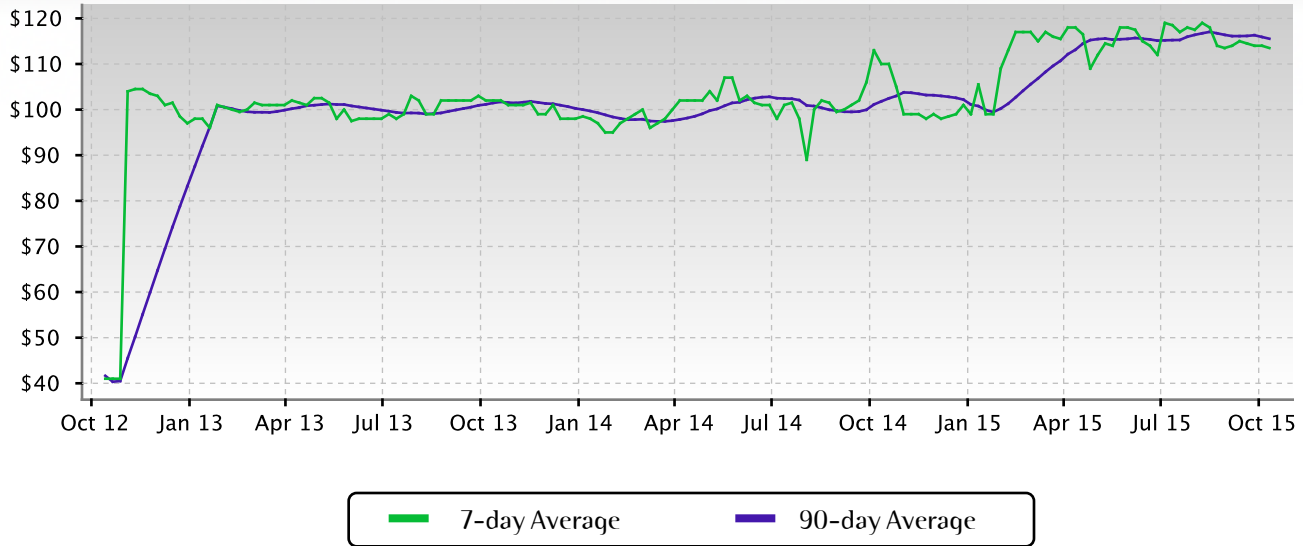
Quartile Prices

In the quartile market segments, we see prices in this zip code have generally settled at a plateau, although Quartile 1 has been trending a bit downward in recent weeks. We'll need to see a persistent shift in the Market Action Index before we see prices across the board move from these levels.



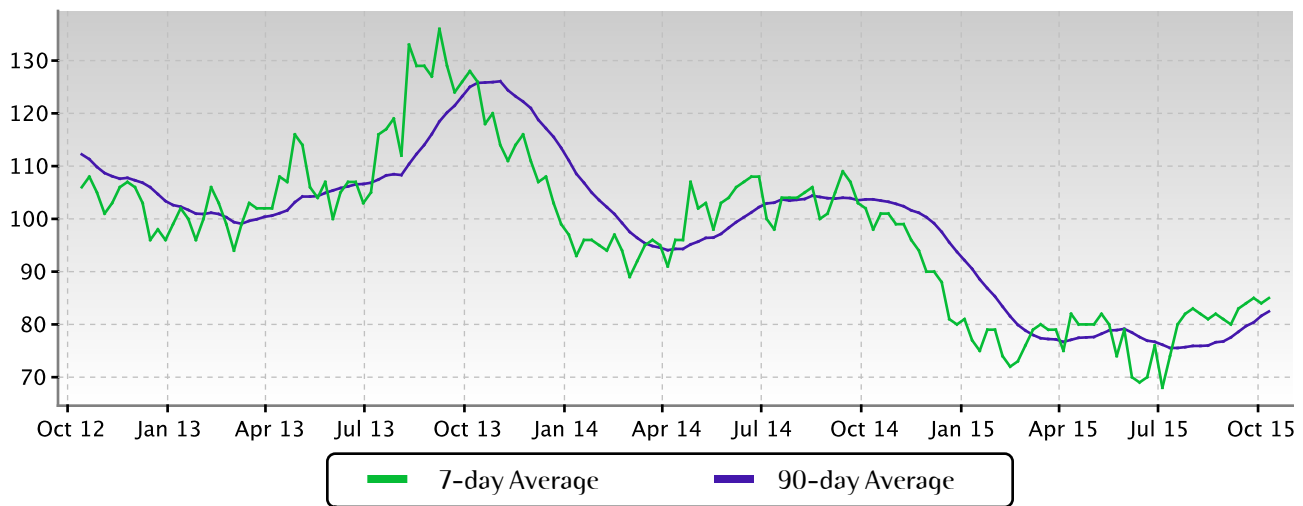
Price per Square Foot

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.



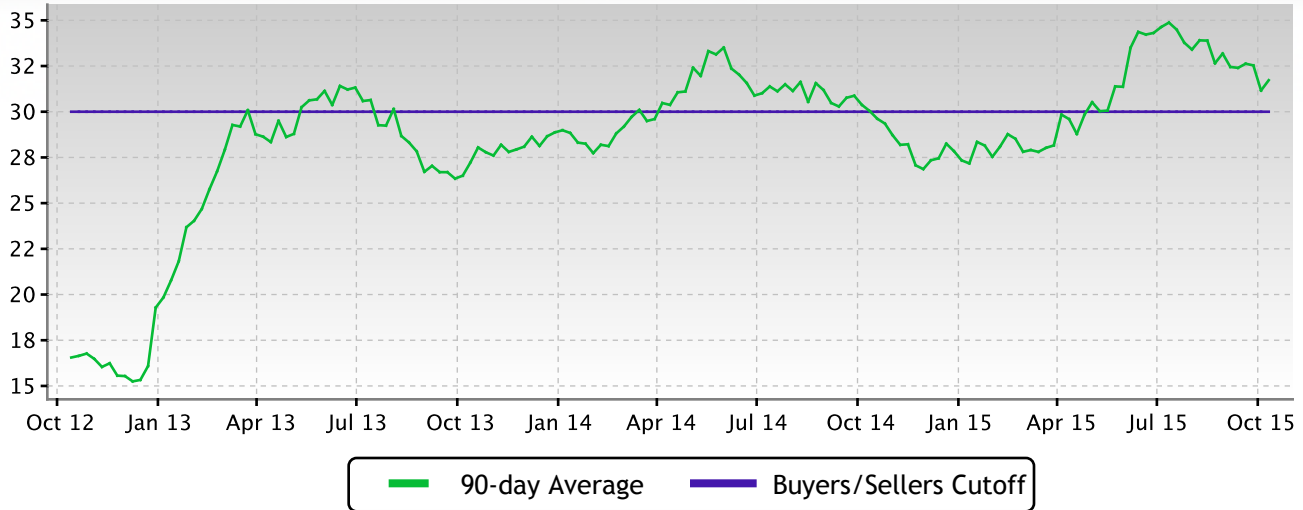
Inventory of Properties Listed for Sale

Inventory has been climbing lately. Note that rising inventory alone does not signal a weakening market. Look to the Market Action Index and Days on Market trends to gauge whether buyer interest is keeping up with available supply.



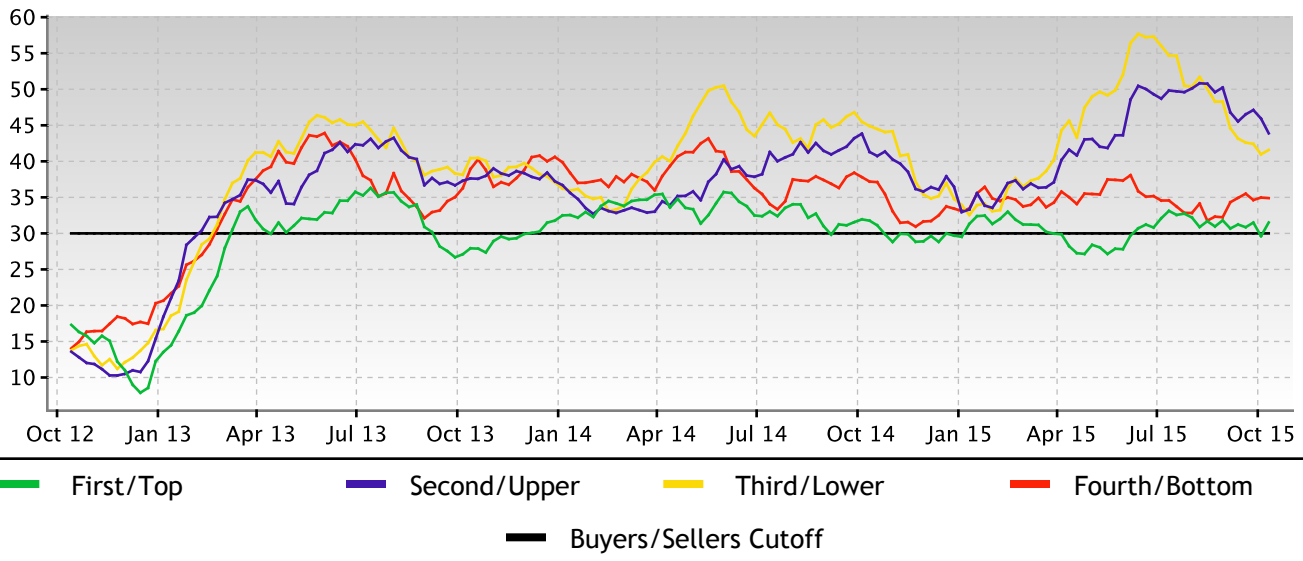
Market Action Index

The MEMPHIS, 38104 market is currently in the Seller's Advantage zone (greater than 30). The 90-day Market Action Index stands at 31.72 which indicates that demand is strong and available supply of homes gets snapped up relatively quickly.



Market Action Index per Quartile

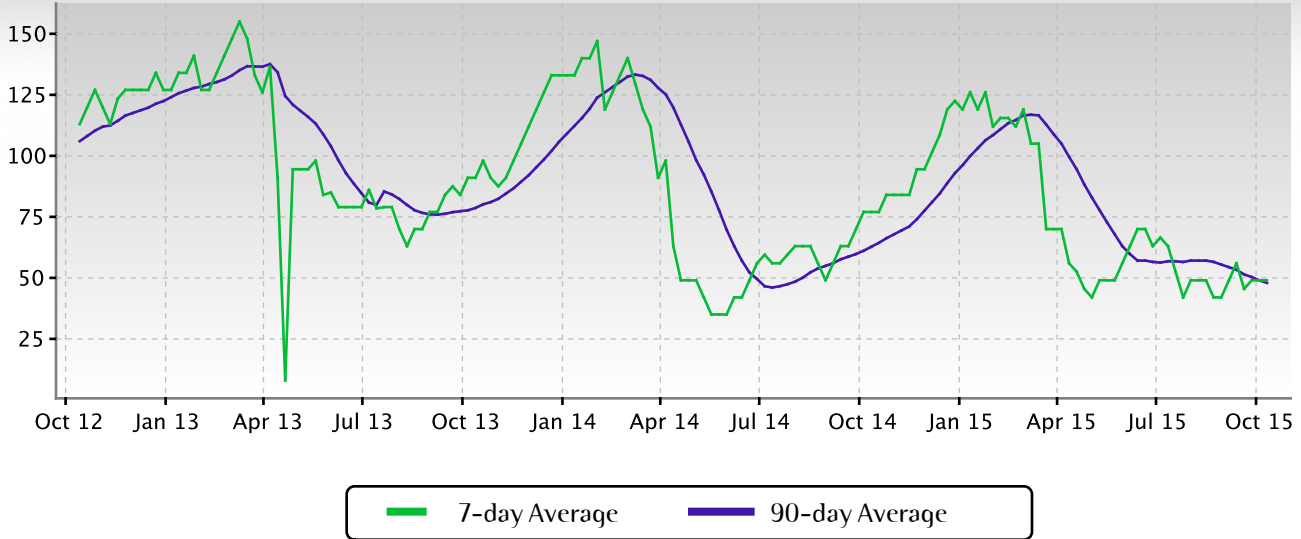
Not surprisingly, all segments in this zip code are showing high levels of demand. Watch the quartiles for changes before the whole market changes. Often one end of the market (e.g. the high-end) will weaken before the rest of the market and signal a slowdown for the whole group.



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Days on Market

The properties have been on the market for an average of 80 days. Half of the listings have come newly on the market in the past 49 or so days.



Days on Market per Quartile

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