

**MARKET CONDITION REPORT
PROVIDED BY ESCROW JUNCTION**

**VICTOR VALLEY AREA
JUNE 2010**

These comments are designed to accompany the Market Condition Report attached to this document. The report is sorted on **Market Speed**. The area at the top of the report is most favored by buyers when considering demand, supply, and time.

THE BIG PICTURE

- **OVERVIEW:** Little change in market fundamentals and key measures from last month. Closing price posted a decline. This is unusual. Other areas surveyed indicate a rather firm market bottom in terms of price has been achieved. Continued price weakness in the Victor Valley area somewhat at odds with this trend.
- **ON MARKET (SUPPLY):** About 100 unit increase over last month. This level of supply should be considered very tight, especially REO supply that dominates the current demand schedule.
- **CLOSED MONTH (DEMAND):** Very slight increase from last month.
- **FAIL MONTH:** Moderate decline. Failures are at a low level and are dominated by non-REO and higher priced point properties.
- **IN ESCROW:** Declined marginally, signaling closings will tend to stabilize.
- **DOM:** No significant change. Remaining stable in the current range.
- **PERCENT SELLING:** Relatively unchanged (up 4 percentage points).
- **MONTHS SUPPLY:** Little changed and tight. This implies that supply/demand realities are remaining the same.
- **MARKET SPEED (ABSORB RATE):** Market Speed (80) down from previous month, but not significant.
- **PRICES:** See the schedule of median price for the last several months (Market History By Type Graph). Notice that median price is beginning to firm and is moving in a positive direction. The price schedule appears a bit unstable and tending to the weak side.
- **COMMENT:** Notice there is some sales and escrow activity in the upper price ranges (Market Activity by Price Class Table). While this is favorable, it is too early to tell if it is a trend likely to continue.

MCR TIP: Months supply is a key indicator. It is the division of supply by demand. In Mid 2007, Months Supply in Victor Valley reached 25 months and median price was in a free fall.

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VICTOR VALLEY

SINGLE FAMILY RESIDENCE

AREA	ON MARKET (SUPPLY)	CLOSED MONTH (DEMAND)	FAIL MONTH	PERCENT SELLING	IN ESCROW	DOM (CLOSED)	MONTHS SUPPLY	MARKET SPEED	MEDIAN ASK PRICE	MEDIAN IN ESCROW PRICE	MEDIAN CLOSE PRICE
Victorville	331	183	63	74%	562	43	1.8	111	\$126	\$120	\$118
Hesperia	219	110	38	74%	333	48	2.0	100	\$130	\$119	\$110
Adelanto	105	44	12	79%	151	33	2.4	84	\$98	\$90	\$90
Spring Valley Lake	55	19	6	76%	51	41	2.9	69	\$289	\$159	\$173
Oak Hills	38	13	6	70%	40	41	2.9	68	\$250	\$212	\$168
Apple Valley	306	105	46	69%	289	52	2.9	68	\$180	\$125	\$122
Pinon Hills	31	10	5	66%	24	59	3.3	61	\$135	\$155	\$143
Helendale	69	17	11	62%	40	47	4.1	49	\$150	\$144	\$123
Phelan	63	14	15	49%	81	46	4.5	44	\$145	\$130	\$106
Lucerne Valley	36	7	4	65%	18	43	5.5	36	\$102	\$92	\$70
Wrightwood	60	8	6	58%	11	62	8.0	25	\$263	\$190	\$160
TOTALS	1,313	528	209	72%	1,600	46	2.5	80	\$140	\$120	\$117

REPORT IS SORTED ON MARKET SPEED. Market Speed measures the rate of conversion of listings to closings. The higher this number, the faster the market is converting. The area with the highest speed is "quickest." All other things being equal, areas with the highest Market Speed are the most desirable to buyers. **(Red Font in Median Price In Escrow column signals expected price weakness.)**

MARKET HISTORY BY TYPE

DATE	MEDIAN CLOSING PRICE	REO SALES	SHORT SALES	STND SALES	TOTAL CLOSINGS	PERCENT SELLING
Aug-08	\$162,875	379	24	73	476	37%
Sep-08	\$157,750	502	21	87	610	43%
Oct-08	\$150,000	544	22	60	626	47%
Nov-08	\$143,000	461	20	42	523	44%
Dec-08	\$132,000	520	26	49	595	45%
Jan-09	\$122,000	542	20	41	603	49%
Feb-09	\$120,000	519	22	42	583	50%
Mar-09	\$115,500	620	26	43	689	54%
Apr-09	\$106,000	696	29	48	773	57%
May-09	\$100,000	704	15	57	776	53%
Jun-09	\$105,000	780	24	73	877	58%
Jul-09	\$105,000	639	29	59	727	53%
Aug-09	\$103,000	581	21	94	696	54%
Sep-09	\$112,000	509	41	101	651	48%
Oct-09	\$114,900	442	38	108	588	48%
Nov-09	\$113,000	366	38	100	504	49%
Dec-09	\$115,000	415	46	100	561	52%
Jan-10	\$120,000	329	38	85	452	54%
Feb-10	\$115,000	329	30	72	431	61%
Mar-10	\$117,000	381	63	99	543	65%
Apr-10	\$120,000	351	55	108	514	67%
May-10	\$115,000	334	54	129	517	67%
TOTAL		10,943	702	1,670	13,315	

MARKET ACTIVITY BY PRICE CLASS

PRICE RANGE	ACTIVE	60 DAY CLOSED	60 DAY FAILED	IN ESCROW	PERCENT SELLING	PERCENT ACTIVITY
\$5,000,000	0	0	0	0	0%	0%
\$4,000,000	0	0	0	0	0%	0%
\$3,000,000	2	0	1	0	0%	0%
\$2,000,000	9	0	1	0	0%	0%
\$1,000,000	2	0	0	0	0%	0%
\$950,000	0	0	0	0	0%	0%
\$900,000	5	1	0	0	100%	0%
\$850,000	0	0	1	0	0%	0%
\$800,000	1	0	2	2	0%	0%
\$750,000	3	0	0	0	0%	0%
\$700,000	5	0	1	0	0%	0%
\$650,000	3	0	1	0	0%	0%
\$600,000	7	0	4	0	0%	0%
\$550,000	5	0	0	1	0%	0%
\$500,000	25	2	5	2	29%	0%
\$450,000	13	4	3	0	57%	0%
\$400,000	30	5	9	11	36%	0%
\$350,000	29	13	7	12	65%	1%
\$300,000	75	20	22	37	48%	2%
\$250,000	126	55	32	70	63%	5%
\$200,000	227	181	72	293	72%	17%
\$150,000	387	410	144	639	74%	39%
\$100,000	335	321	106	478	75%	30%
\$50,000	24	43	7	55	86%	4%
TOTAL	1,313	1,055	418	1,600	72%	100%

"MARKET HISTORY BY TYPE" is created on the basis of counted REO, Short, and Standard Sales. The purpose is to show the progression of each property class over time.

"MARKET ACTIVITY BY PRICE CLASS" displays frequency of activity by price class. Notice that as price increases, percent selling and activity declines, then is nearly extinguished in the upper ranges.