

Methodology Used to Determine Inventory

REAL ESTATS uses the various Multiple Listing Services® (MLS) by accessing the data through the Internet. There are many real estate companies who have search engines allowing various types of searches for single family, condominiums and town-houses. They also allow the search by predetermined or self-determined price ranges and years built. Some use new and existing categories. It is through the various company web sites that we access the MLS databases.

In several counties there is more than a single MLS providing the listings. In these instances, Real Estats pours through the data looking for duplicate addresses or pictures to insure a single count for each property. Some are probably missed, while some are mistaken for duplicates. Every effort is made to count each listed property only once.

Several subscribers have suggested that builders do not list everything that is for sale while others declare that many builders are showing a rendering of a house to be built after a “sale” is made. Perhaps these offset each other. When there are many similar drawings instead of pictures, Real Estats reduces the count but still includes some of these houses in the inventory numbers.

In most MLS databases, townhomes are sometimes listed as single family detached residences when in fact they are not. Real Estats includes them in condominium sales in our reports and also in the count of inventory. We have at times missed this but since we are now aware of this problem, we watch for it.

When determining absorption rate, we use the activity recorded in the most recent 90 days. Because sales record in 30 to 60 days even with financing, we believe that this is representative of what is current. The absorption is determined by dividing the monthly sales into the total inventory in each price range to see how many months it would require to sell all. The most recent three months sales are best for determining the present state of the marketplace.

Should you have questions or comments, please contact us at:

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