

RESIDENTIAL MARKET ANALYSIS

The following market analysis is a two-part analysis that is designed to concentrate on the two types of residential development applicable to the subject. The first analysis focuses on large residential lots that are developed to Twin Falls County specifications and are usually 1 AC to 4.99 AC. The second analysis focuses on standard city lots and new homes in the city of Kimberly.

TWIN FALLS COUNTY LOT SUPPLY AND DEMAND ANALYSIS

Since there are no published residential statistics for Twin Falls County, we have analyzed and presented data from the local multiple listing service (MLS). While we are aware that the local MLS only captures a percentage of the actual lot sales, the data sufficiently presents lot sale price trends and provides a basis for our absorption estimates. The following table presents a complete three-year analysis of the rural residential lot sales for the Twin Falls County area. Note that the lots surveyed for this analysis range in size from 1.00± AC to 4.99± AC.

Summary of Twin Falls County Lot Sales (1 AC to 4.99 AC)			
2005	Size	Price	Change
Avg.	1.77	\$52,755	NA
Median	1.57	\$38,000	NA
Total Sales		125	NA
Avg. Monthly		10.42	NA
2006			
Avg.	1.78	\$68,139	29.2%
Median	1.26	\$57,000	50.0%
Total Sales		85	-32.0%
Avg. Monthly		7.08	-32.0%
2007			
Avg.	1.94	\$86,472	26.9%
Median	1.43	\$84,900	48.9%
Total Sales		61	-28.2%
Avg. Monthly		5.08	-28.2%
2008			
Avg.	1.64	\$58,645	-32.4%
Median	1.18	\$50,000	-41.1%
Total Sales		28	-54.1%
Avg. Monthly		2.33	-54.1%
2009 Indications based on YTD Figures			
Avg.	1.43	\$60,753	3.9%
Median	1.17	\$46,000	-8.0%
Total Sales		23	-17.9%
Avg. Monthly		1.92	-17.9%

As shown, the MLS reported a total of 125 large lot sales in 2005 for Twin Falls County. These sales had an average and median price of \$52,755 and \$38,000, respectively. In 2006, the total number of sales dropped by 32% to 85 total sales. While the number of overall sales fell significantly, the average and median prices increased to \$68,139 and \$57,000, respectively. In 2007, the total number of sales dropped by 28% to 61 total sales. While the number of overall sales fell significantly, the average and median prices increased to \$86,472 and \$84,900, respectively. This translated to an annual price increase of 27% average to average, or 49% median to median. In 2008 the number of sales again fell significantly to 28, a 54% drop. The average and median prices decreased to \$58,465 and \$50,000 and seem to be quickly approaching 2005 prices. As of September 1, 2009, there are only 15 sale indications, which would translate to an annual sales total of approximately 23 residential lot sales. Although the average price per units is above that of 2008, this can be attributed to one lot sale at approximately \$175,000. Extracting that sale would indicate an average price of \$52,593, or a 10% drop from the previous year.

The following table presents the total Twin Falls County listings.

Summary of Twin Falls County Lot Listings (1 AC to 4.99 AC)			
	DOM	Size	Price
Minimum	2	1.00	\$15,300
Maximum	1,250	4.94	\$1,300,000
Average	335	1.51	\$93,748
Median	183	1.18	\$75,000
Total Listings			483

As shown, there are currently 483 lot listings within Twin Falls County. Note that the average listing price has dropped from over \$102,000 to under \$94,000. Utilizing the previously determined 2008 absorption rate of 28 annual sales, the existing supply would be projected at near 17 years, which is unlikely in an absolute sense based on the likelihood of a market recovery in the next few years; it is nonetheless eye-opening in a relative sense.

CITY OF KIMBERLY LOT AND NEW HOME SALES ANALYSIS

The following table presents the MLS activity for the city of Kimberly between 2005 and the present date. Note that the search parameters were limited to standard residential lots and new home sales. One acre lots, rural residential homes, and any homes older than one year were excluded from this analysis. Note that this is only reported MLS activity and we are aware that many times lot sales and home sales are not recorded in MLS.

City of Kimberly MLS Activity 2005 to Present

2005 Residential Lot Sales & New Home Sales

Lot Sales				Improved Sales			
Number Lot Sales		4		Number of Improved Sales		4	
	Sales Price	Lot Size (AC)	DOM		Sales Price	Home Size (SF)	DOM
Min	\$35,000	0.22	53	Min	\$105,700	1,200	0
Max	\$42,000	0.25	281	Max	\$242,050	3,250	198
Median	\$40,950	0.23	242	Median	\$204,447	2,993	111
Average	\$39,725	0.23	205	Average	\$189,161	2,609	105

2006 Residential Lot Sales & New Home Sales

Lot Sales				Improved Sales			
Number Lot Sales		2		Number of Improved Sales		24	
	Sales Price	Lot Size (AC)	DOM		Sales Price	Home Size (SF)	DOM
Min	\$33,000	NA	7	Min	\$146,900	1,329	0
Max	\$75,000	NA	49	Max	\$434,000	6,300	405
Median	\$54,000	NA	28	Median	\$169,150	1,718	191
Average	\$54,000	NA	28	Average	\$200,206	2,257	179

2007 Residential Lot Sales & New Home Sales

Lot Sales				Improved Sales			
Number Lot Sales		12		Number of Improved Sales		19	
	Sales Price	Lot Size (AC)	DOM		Sales Price	Home Size (SF)	DOM
Min	\$43,500	0.00	9	Min	\$135,000	1,415	44
Max	\$253,655	0.28	402	Max	\$330,000	3,264	561
Median	\$46,500	0.20	23	Median	\$195,000	1,901	154
Average	\$76,205	0.15	83	Average	\$206,195	2,029	164

2008 Residential Lot Sales & New Home Sales

Lot Sales				Improved Sales			
Number Lot Sales		4		Number of Improved Sales		19	
	Sales Price	Lot Size (AC)	DOM		Sales Price	Home Size (SF)	DOM
Min	\$46,500	0.20	8	Min	\$152,700	1,321	0
Max	\$57,500	0.24	82	Max	\$267,697	3,264	435
Median	\$50,000	0.21	47	Median	\$208,750	1,842	90
Average	\$51,000	0.21	46	Average	\$204,064	1,896	129

2009 YTD Residential Lot Sales & New Home Sales

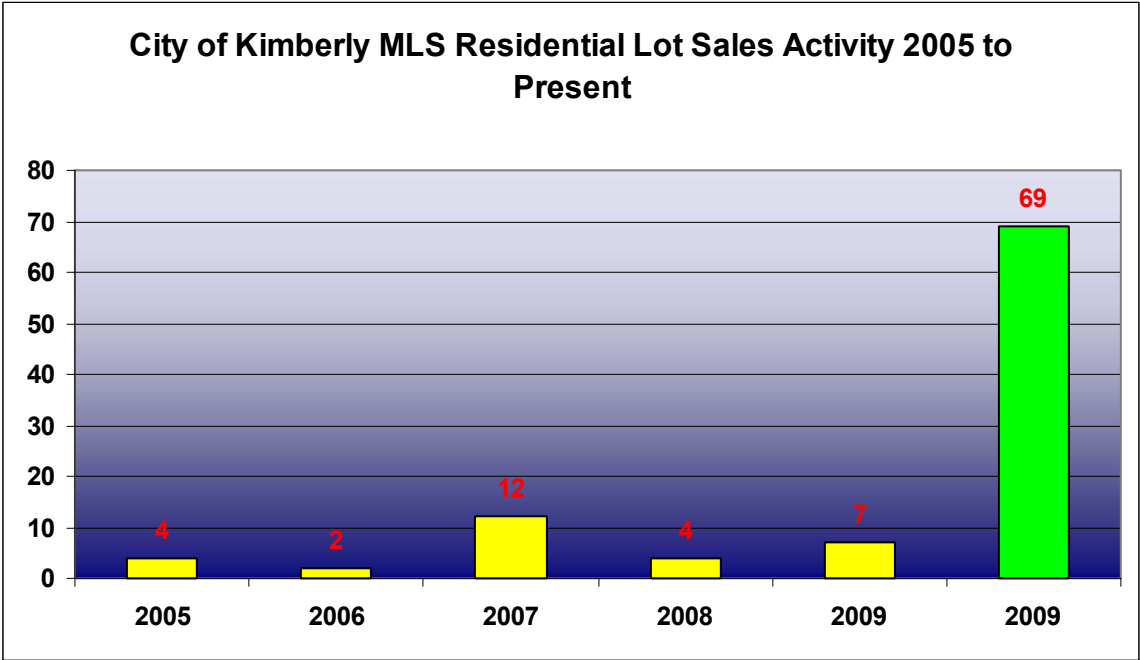
Lot Sales				Improved Sales			
Number Lot Sales		7		Number of Improved Sales		7	
	Sales Price	Lot Size (AC)	DOM		Sales Price	Home Size (SF)	DOM
Min	\$39,500	0.18	0	Min	\$170,000	1,583	49
Max	\$56,000	0.22	633	Max	\$238,500	3,250	477
Median	\$52,800	0.20	3	Median	\$189,900	1,663	274
Average	\$51,486	0.20	223	Average	\$198,014	2,011	292

* MLS reports two improved sales pending but not closed in 2009

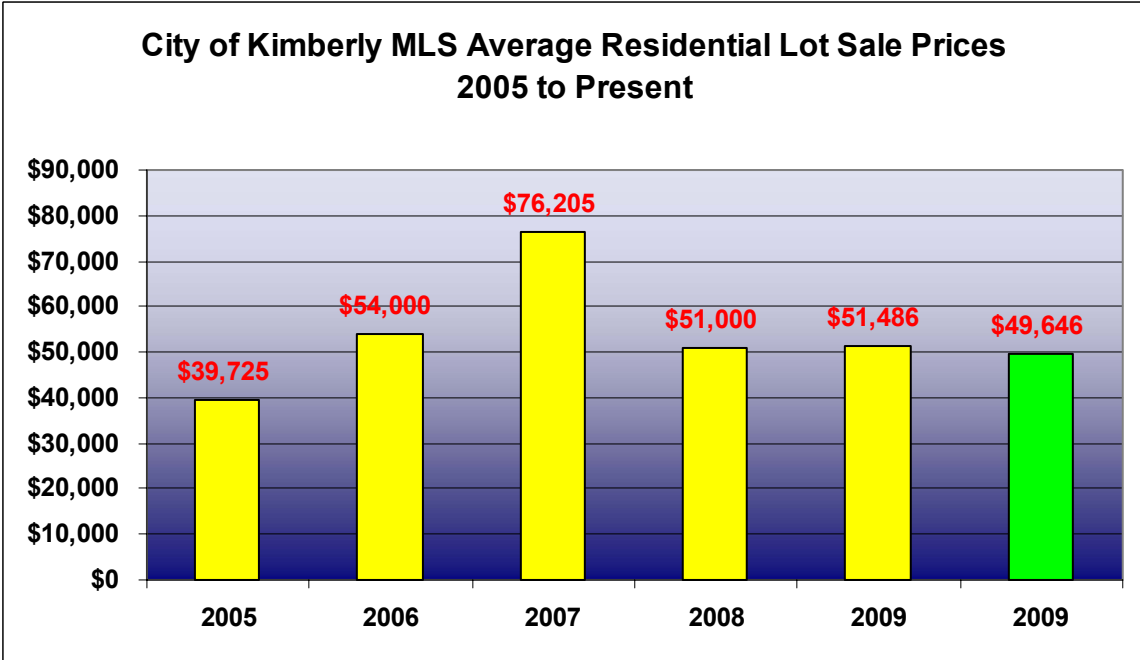
2009 Residential Lot Listings & New Home Listings

Lot Sales				Improved Sales			
Number Lot Listings		69		Number of New Home Listings		14	
	Sales Price	Lot Size (AC)	DOM		List Price	Home Size (SF)	DOM
Min	\$39,500	0.18	8	Min	\$143,900	1,400	36
Max	\$59,900	0.31	956	Max	\$298,400	3,084	673
Median	\$51,500	0.20	566	Median	\$199,900	1,905	90
Average	\$49,646	0.22	472	Average	\$204,014	2,022	267

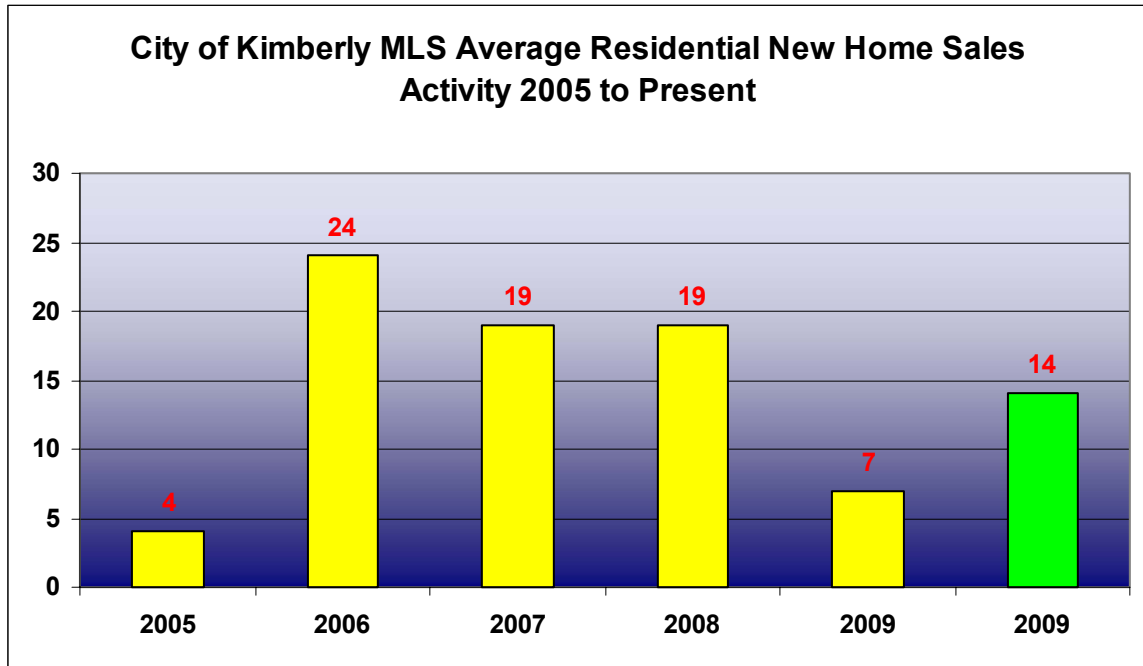
Summary tables of the pertinent information are provided following. Note that the green bar reflects current listings.



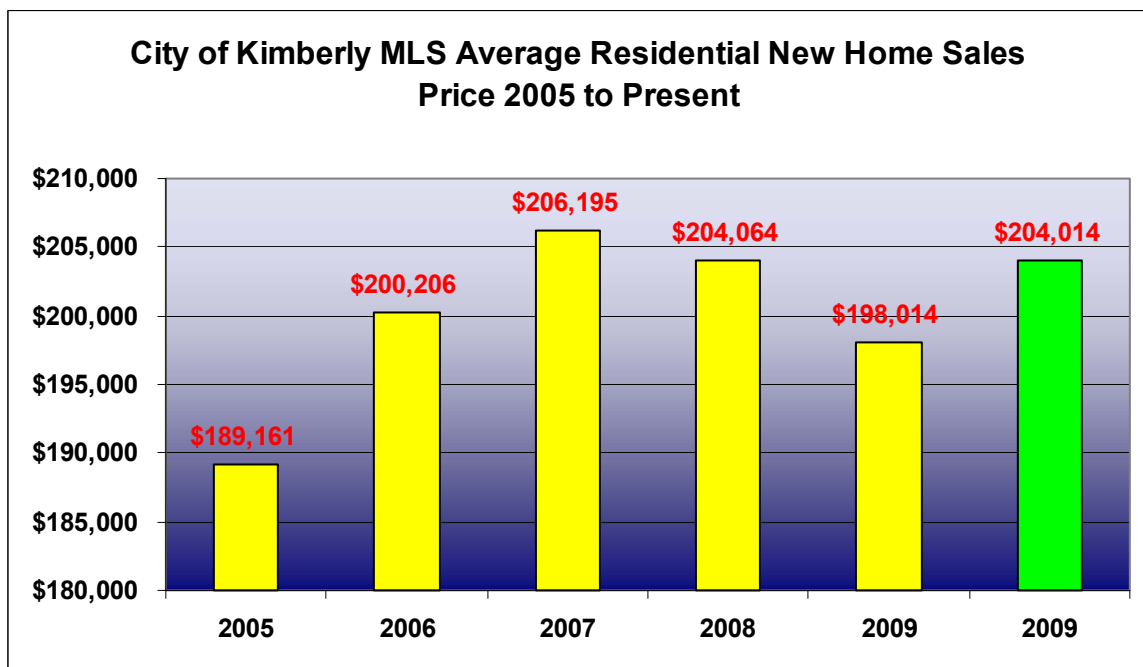
As shown, the total number of lot sales through MLS between 2005 and 2009 is less than the number of current lot listings.



As shown, lot prices peaked in 2007 and then declined to pre-2006 levels in 2008 and 2009. Note that average lot prices are likely to fall further as the average list price is below the 2009 average sales price.



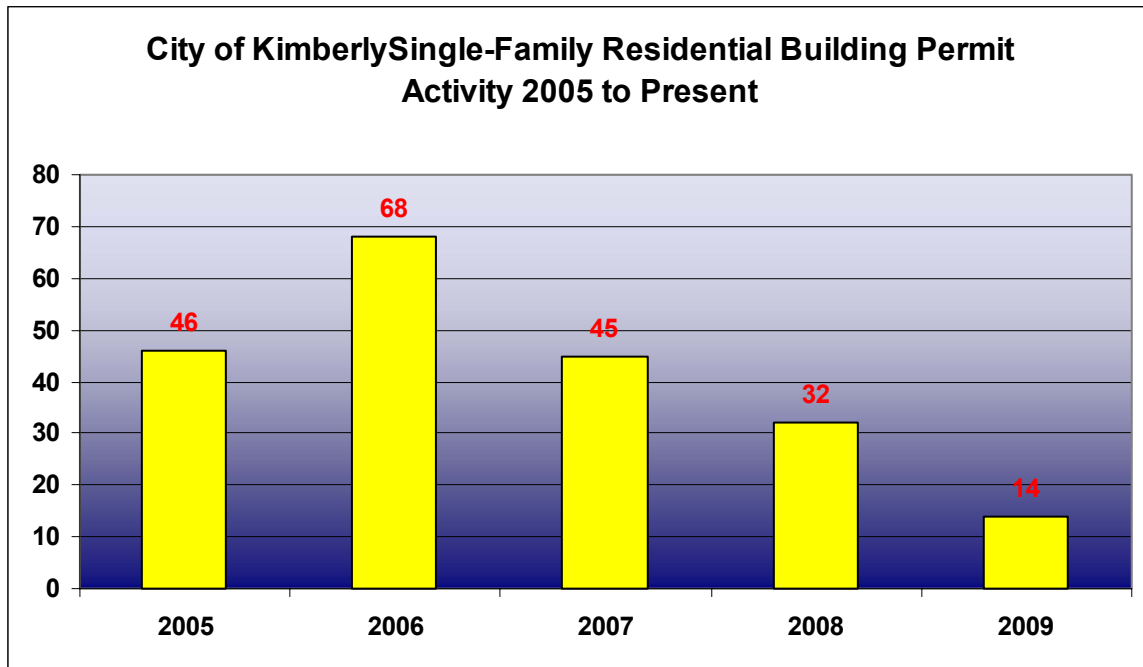
As shown, the number of new home sales peaked in 2006 and has been on a steady decline since. Furthermore, using the 2007 and 2008 sales activity as a benchmark there is currently almost nine months of existing new home inventory.



As shown, the average prices of new homes peaked in 2007 and has declined steadily ever since.

SINGLE FAMILY RESIDENTIAL BUILDING PERMITS, 2005 TO PRESENT

The following single-family building permit data was obtained from the City of Kimberly. Note that this data is for standard single family lots located within the city of Kimberly.



Note that building permit activity peaked in 2006 and has been on a steady decline ever since.

COMPETITIVE SUPPLY OF RESIDENTIAL LOTS

The following information was obtained from the City of Kimberly and presents the number of existing residential homes and vacant lots on a subdivision-by-subdivision basis:

City of Kimberly Residential Subdivision Activity		
Project	Existing Homes	Vacant Lots
Stonegate	41	20
Kimberly Heights	6	57
Kimberly Meadows	82	29
Ballards	53	68
Total Existing Lot Supply		174

Note that using the 2008 absorption rate of 32 homes annually, it would take over five years to absorb the existing supply of residential lots.

CONCLUSIONS

As shown, there is minimal demand for residential lots and new homes in Kimberly or Twin Falls County. Furthermore, because builders did not stop supplying the market when demand started to slow (2005 for acreage lots, 2007 for in-city lots), the existing supply of residential lots in Twin Falls County is staggering. Given the weak demand and existing supply of competitive product, it is estimated that there is no demand for additional residential development for the foreseeable future.