

Reno/Sparks Association of REALTORS®

April, 2014

Market Report

Area 100, Greater Reno/Sparks



**Reno/Sparks
Association of
REALTORS®**

This report is designed to assist REALTORS® in analyzing current market conditions and trends. If you are considering buying or selling real estate, you should discuss this report with a real estate professional, a REALTOR®.

Market Report Outline

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 - By Special Conditions
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- ❖ **Days on Market**
 - By Month
 - By Special Conditions
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 - By Price
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 - As a Percentage of Listings
- ❖ **Status of Pendings**
- ❖ **Months Supply of Inventory**
 - Current Month
 - Historical 8 year, by Month
- ❖ **Units and Absorption**
 - by Price
 - by Area Group
 - by Condition
- ❖ **Housing Affordability Index**
- ❖ **Data Assumptions:**
 - Region defined as Area 100
 - Home Type defined as Site/Stick Built
 - This data is accurate to the best of the knowledge of Reno/Sparks Association of REALTORS® based on data reported to the NNRMLS as of May 5th, 2014.

Market Report Commentary

❖ Summary

- “The acceleration in median price has slowed in comparison to the rapid increase in median price that we saw in 2012 and early 2013,” said Mark Ashworth, 2014 president of the Reno/Sparks Association of REALTORS. “However, the major problem in the market continues to be low inventory of available homes. Buyer demand and low inventory keeps it a seller’s market. For example, Reno has only 3.5 month’s supply of inventory, the lowest level in history. Despite this, it’s still a great time to buy.”

❖ Median Sales Price

- April 2014 median price was up 0.9% to \$230,000 compared to \$227,999 in March 2014 and up 12.2% compared to \$205,000 in April 2013.
- Median price is defined as the mid-point, where, for the time period identified, the price for one-half of the sales are higher and one-half are lower.

❖ Annualized Median Price by Area Group

- This chart shows the annualized median price by-area-group year over year. Each vertical bar represents the median for the prior 12 months of data.

❖ Median Price by Special Conditions

- April, 2014 median price on properties with no special conditions was up 1.0% to \$242,000 compared to \$239,500 in March, 2014 and up 10.0% compared to \$220,000 in April, 2013.
- April, 2014 median price on REO (Bank Owned) properties was down -9.9% to \$196,000 compared to \$217,500 in March, 2014 and up 12.0% compared to \$175,000 in April, 2013.
- April, 2014 median price on short sales properties was up 2.4% to \$190,000 compared to \$185,500 in March, 2014 and up 12.0% compared to \$169,700 in April, 2013.

❖ Number of Units Sold

- April, 2014 units sold was up 6.1% to 508 compared to 479 in March, 2014 and up 5.2% compared to 483 in April 2013.

❖ Average Days on Market

- April, 2014 average days on market was up 0.7% to 106 compared to 105 in March, 2014 and down -20.3% compared to 133 in April 2013.

Market Report Commentary, continued

❖ Days on Market (DOM) by Special Conditions

- Short sale properties had an average days on market of 235.
- Properties with no special conditions had an average days on market of 83.
- REO Properties had an average days on market of 83.

❖ New Listings

- April, 2014 new listings was up 1.7% to 662 compared to 651 in March, 2014 and down -2.6% compared to 680 in April 2013.
- Properties listed at under \$250,000 made up 44% of new listings entering the market during the month of April, 2014.
- 13% of new April, 2014 listings were distressed. Short sales 7%; REO 5%; No special conditions 87%; and Other 1%.

❖ Distressed New Listings History

- The allocation of new listings by special conditions decreased, representing 12% of the market in April 2014, down from 14% in March 2014, and 27% in April 2013.

❖ Status of Pending

- Pending-No Show represent 30.7% of the total active pendings; Active/Pending-Loan equals 28.2%; Active/Pending-Short Sale represents 29.5%; Active/Pending-Call 10.0%; and Active/Pending-House 1.6%.

❖ Current Months Supply of Inventory (Unsold Inventory over Sales per Month)

- At the end of April, 2014, there was 3.5 months of unsold inventory based on the monthly sales rate.

Market Report Commentary, continued

❖ Historical Months Supply of Inventory

- April, 2014 MSI was down to 3.5 compared to 3.9 in March, 2014 and down from 4.3 in April, 2013.
- The National Association of REALTORS® describes a balanced market as between 5 and 7 months supply.
- Unsold inventory includes Active Pendlings. This method of reporting months supply of inventory follows the industry standard of including all pending sales remaining in active status in the active inventory.

❖ Units and Absorption by Price Band

- Price Bands in a Balance Market are: \$1 to \$100,000,
- Price Bands in a Buyer's Market are: \$500,000 to \$750,000, Over \$750,000,
- Price Bands in a Seller's Market are: \$100,000 to \$150,000, \$150,000 to \$200,000, \$200,000 to \$250,000, \$250,000 to \$300,000, \$300,000 to \$400,000, \$400,000 to \$500,000,
- 57% of the total sales for April, 2014 were in the under \$250,000 price range.

❖ Units and Absorption by Area Group

- Area Groups in a Balance Market are: Suburban Southwest, VC Highlands.
- Area Groups in a Buyer's Market are: none
- Area Groups in a Seller's Market are: Metro Southwest, New Southeast, North Valleys, Northwest, Old Southeast, Spanish Springs, Sparks, Washoe Valley, West Suburban.
- Suburban Southwest had the highest level of active inventory with 163 active listings.
- North Valleys had the highest level of pending sales with 164 pendlings.
- North Valleys had the highest level of closed sales with 104 closed sales.

❖ Units and Absorption by Condition

- The Months Supply of Inventory in the category of Real Estate Owned is at a 2.5 MSI in April, 2014.
- No Special Conditions condition properties has 3.1 MSI, Short Sale properties has 5.5 MSI, and Yes-Other has 0.0 MSI.

❖ Affordability Index, *New Report*

- The chart applies several factors to arrive at a Housing Affordability Index - the median price, Washoe County median income, 5% down payment, the applicable interest rate for a 30 year fixed mortgage and a debt to income ratio of 28%. A value of 100 on the index means that a buyer with the Washoe County median income has adequate income to qualify for a mortgage on a median priced home. You can see that in January 2012, the market was at it's most affordable, when median price hit a low. With the recent increase in median price and interest rates, the median priced home is less affordable for the Washoe County median income earner.
- The 13 month detail applies the same factors identified above to the past thirteen months. An area with a factor of over 100 would be considered most affordable to the median income earner.
- The index shows at today's median price the most affordable areas are North Valleys, Old Southeast and Sparks.

Market Report Commentary, continued

❖ Conclusion

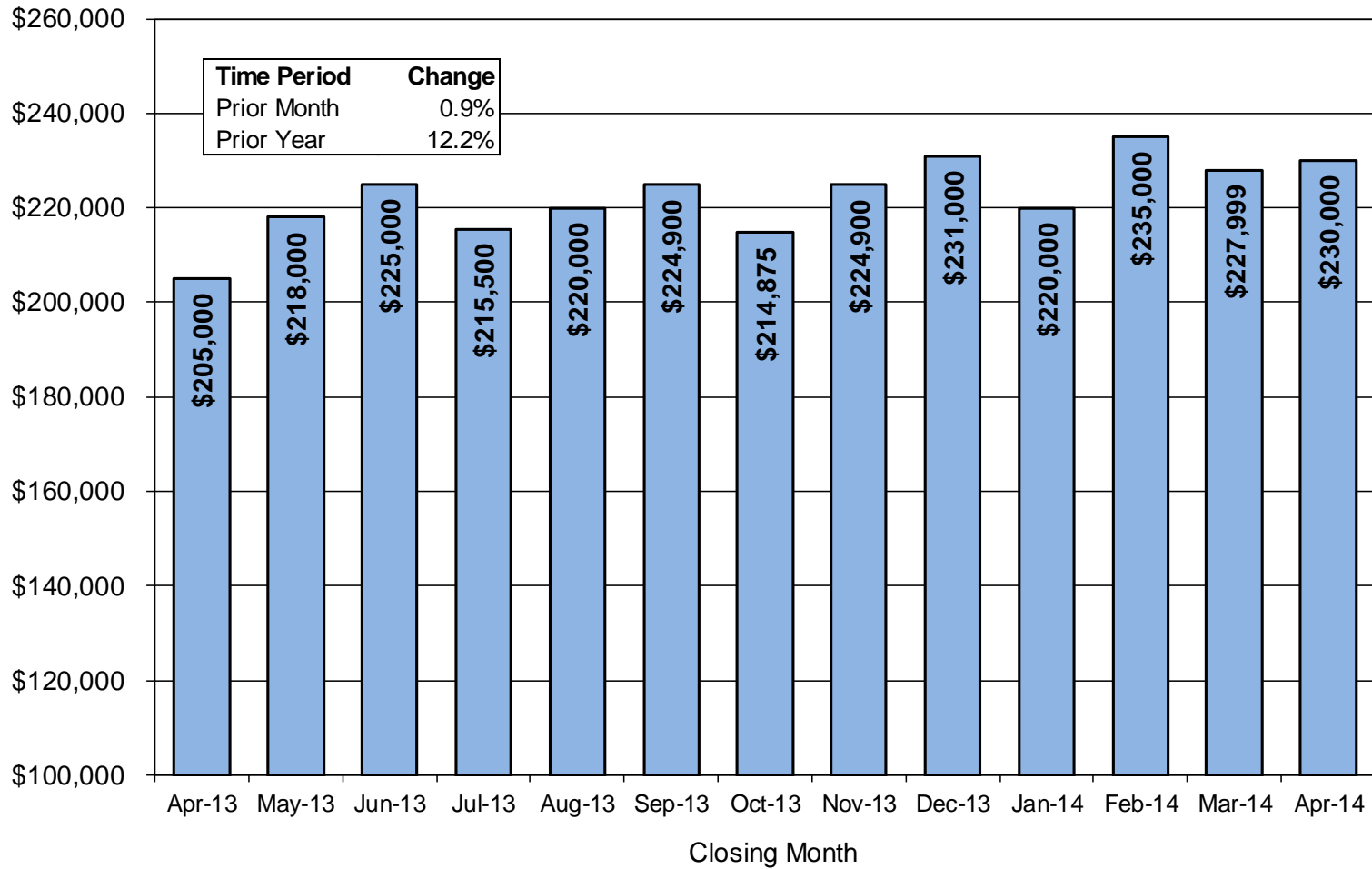
- The acceleration in median price has slowed in comparison to the rapid increase in median price that occurred in 2012 and early 2013.
- April's unit sales were the 5th highest for an April in history.
- April pending sales were down 8% with 384 compared to 417 in March 2014. Pendings are a leading indicator of future closed transactions.
- Based upon the Affordability index, which considers median income, down payment, debt to income ratio and current interest rates, the most affordable areas in today's market are North Valleys, Old Southeast and Sparks.
- The major problem in the market continues to be low inventories of available homes. Buyer demand and low inventory keep the Reno and Fernley areas in a Seller's market. Reno has 3.5 Month's Supply of Inventory, the lowest level in history.
- According to the [Realtors® Confidence Index](#), 35 percent of recent mortgages were made with a down payment of 20 percent or more. Moreover, Realtors® reported that because of tight underwriting standards, buyers who pay cash or put down large down payments generally win against those with lower down payments.
- With lending restrictions tighter it may make it difficult for some buyers to enter the market, it's more important than ever to have finances in order and enough money saved for a down payment. For first-time buyers the [most common sources of a down payment](#) are savings and gifts from a relative or friend. Many factors like rising rents and debt make it difficult for consumers to save up for a down payment.
- For those sellers with equity and a willingness to price their home competitively, particularly at the entry level of the market, there is still buyer demand and it's an excellent time to sell.

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Median Sales Price

April, 2014

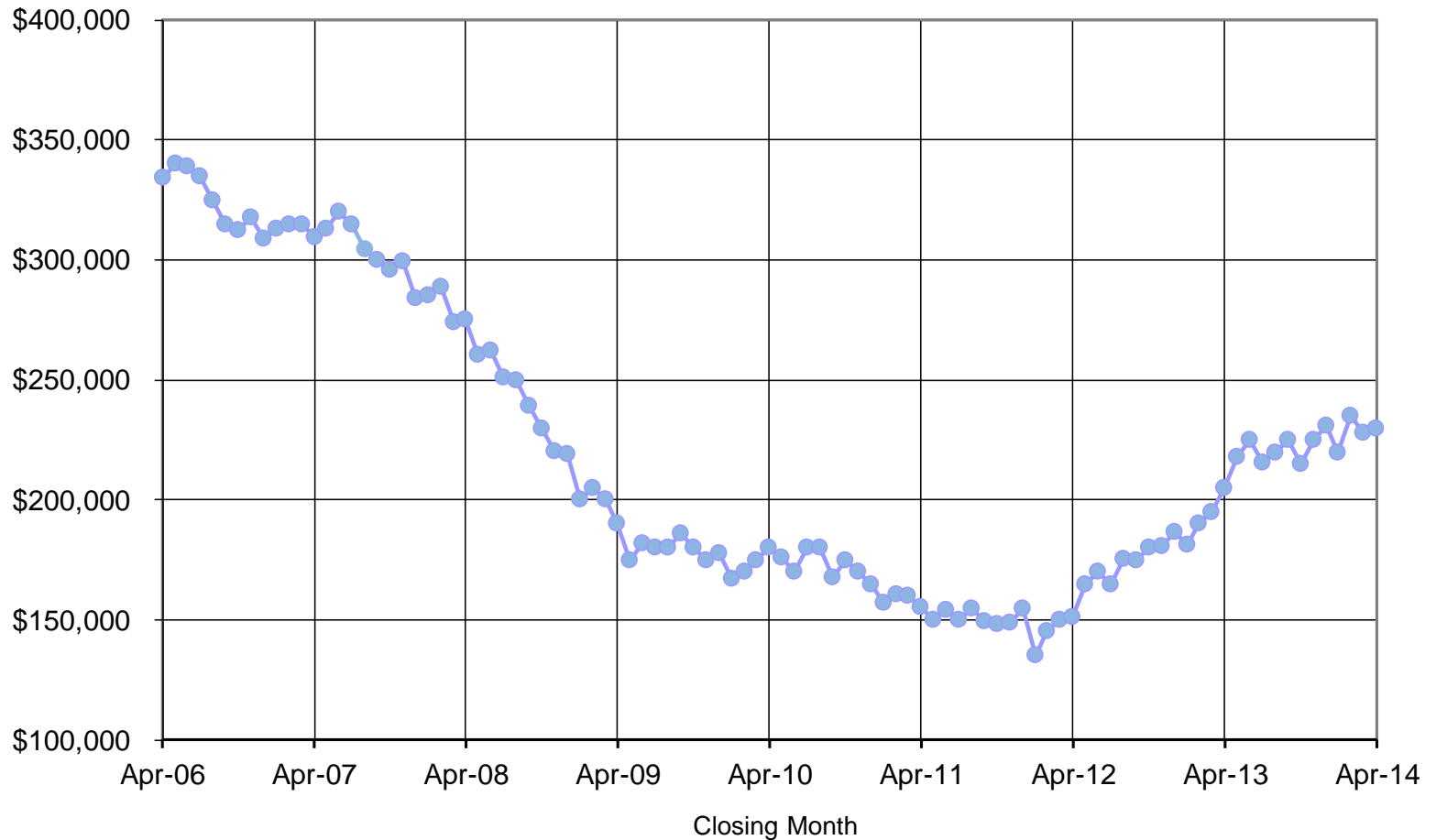
Median Sales Price, 13 months



Summary: Median Sales Price

April, 2014

Median Sales Price, 8 years



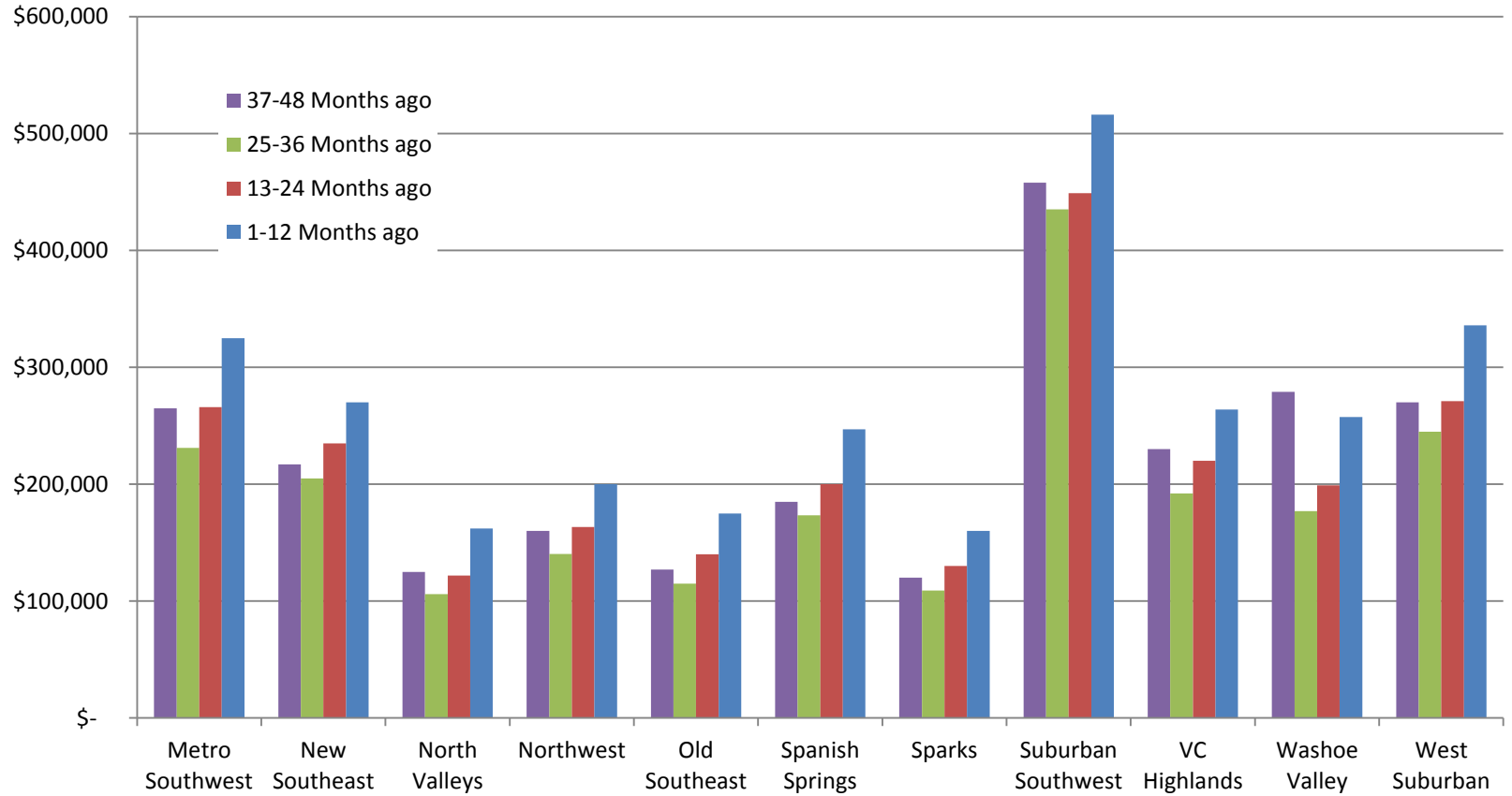
Price per Square Foot

April, 2014

Sold Dollars per Square Foot, 5 year History

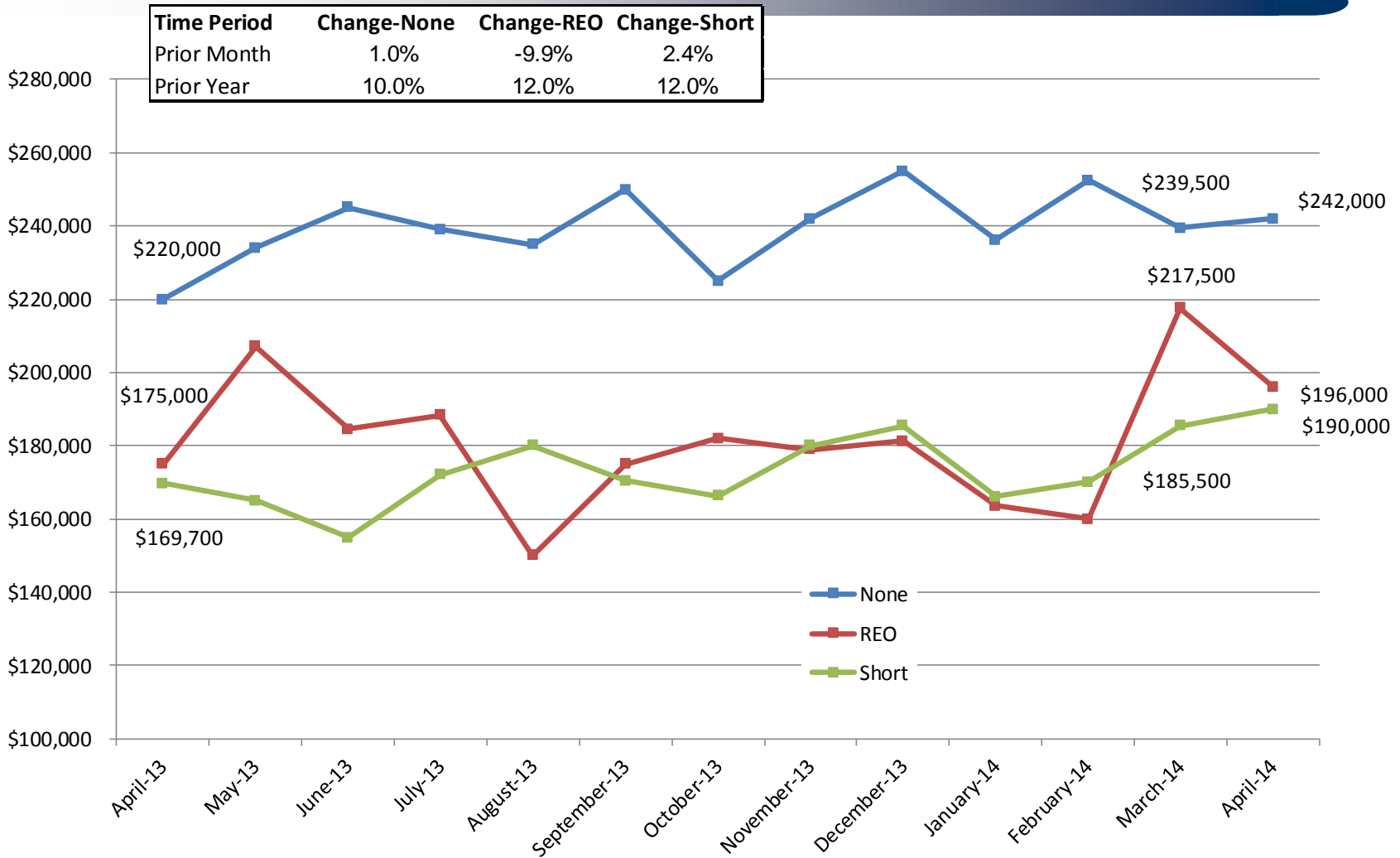


Annualized Median Price by Area Group



Median Sales Price by Special Condition

April, 2014



Distressed listings are defined as follows: REO – property has been foreclosed upon and is being sold by the bank, HUD or VA. Short Sale - seller owns more for the property than current value.

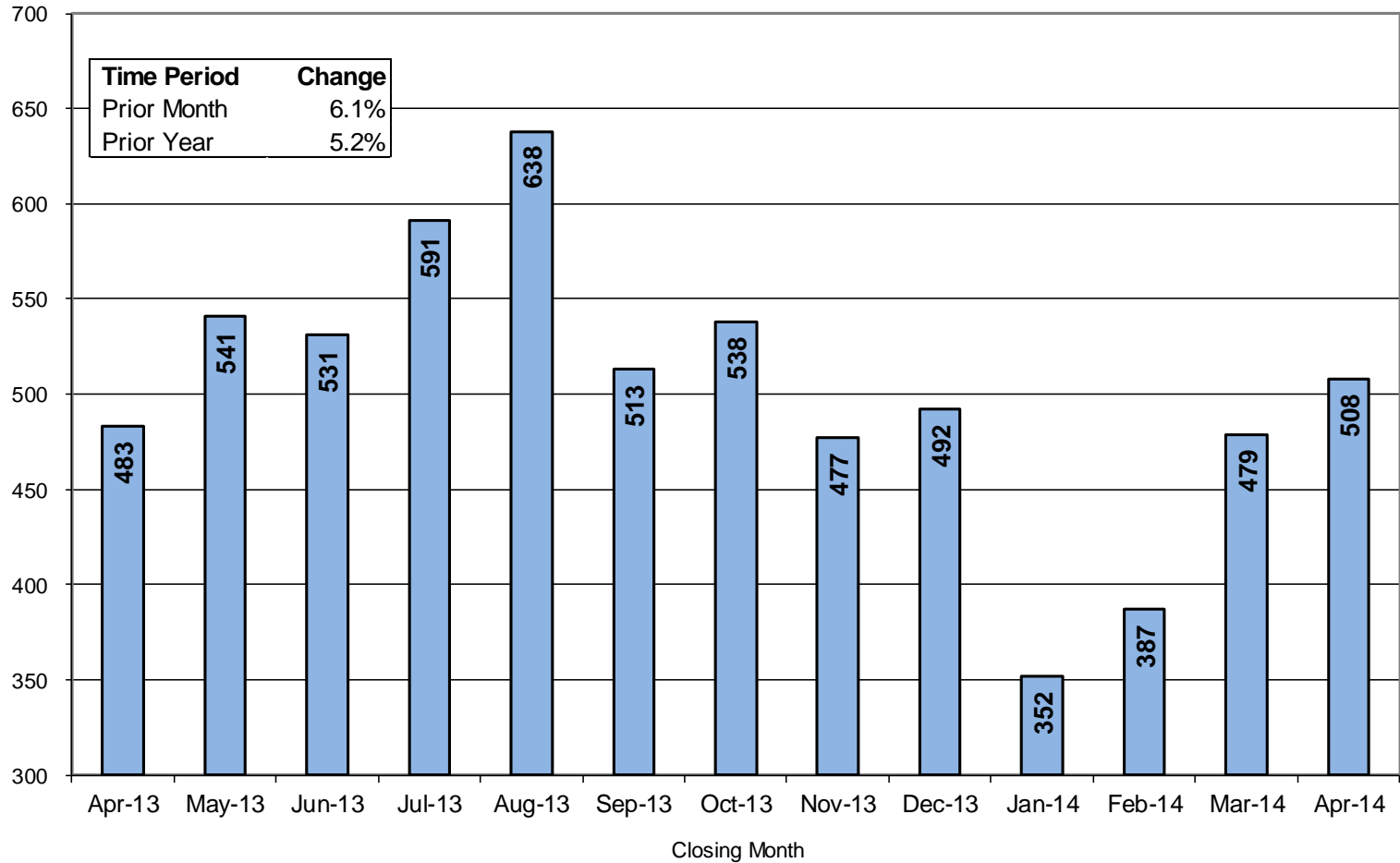
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Number of Units Sold

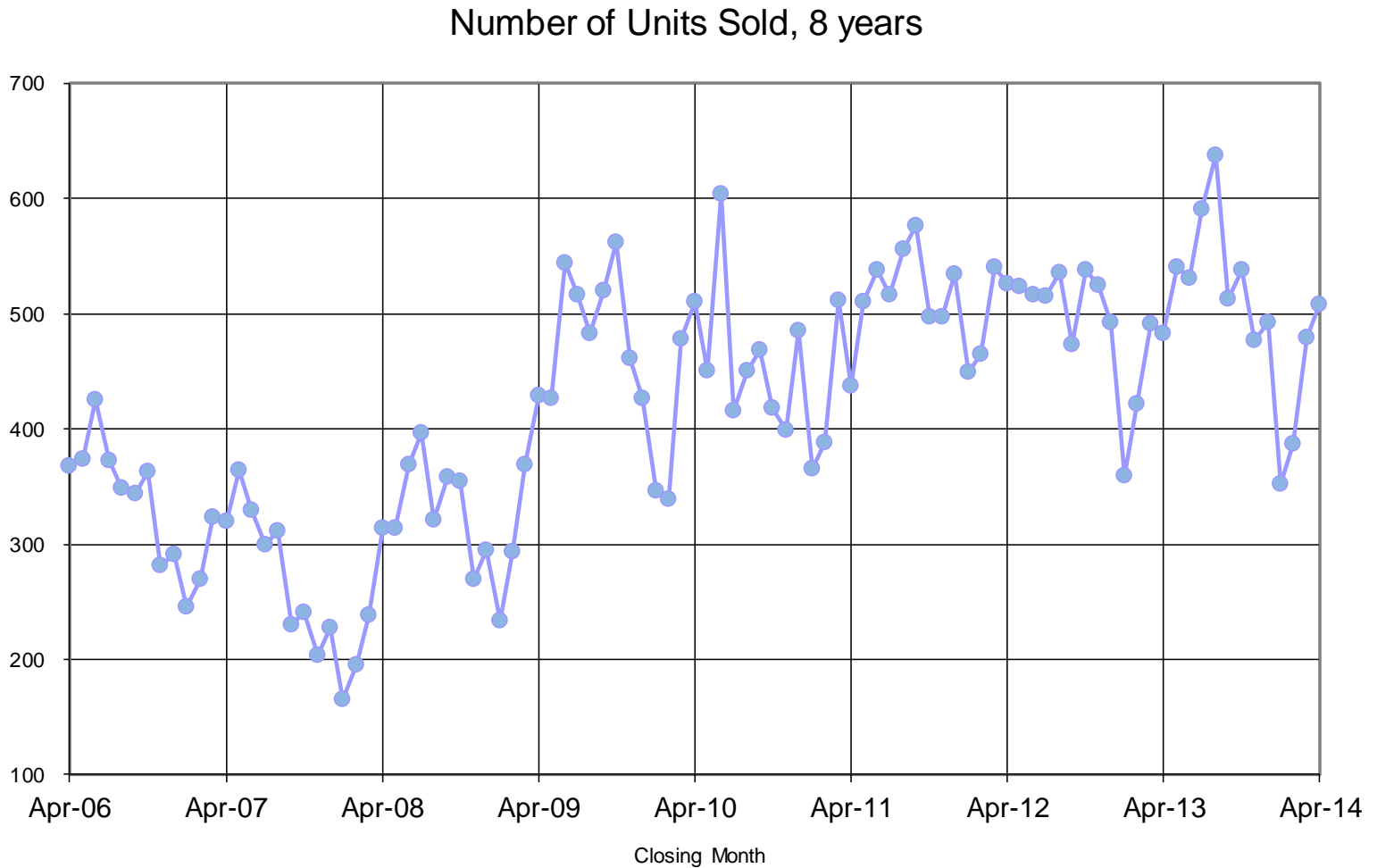
April, 2014

Number of Units Sold, 13 months



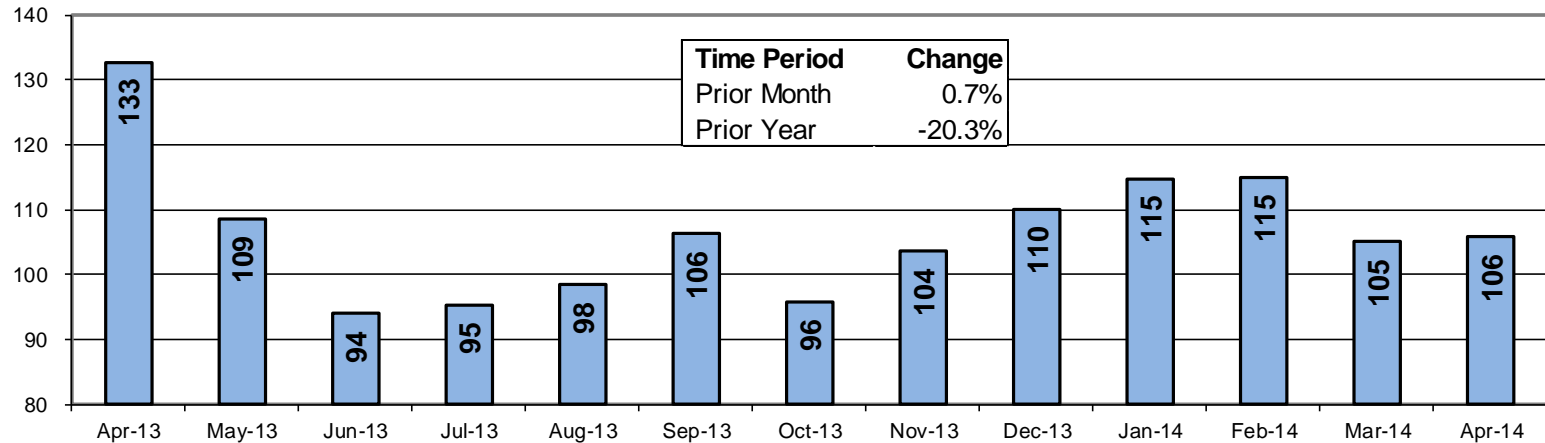
Number of Units Sold

April, 2014

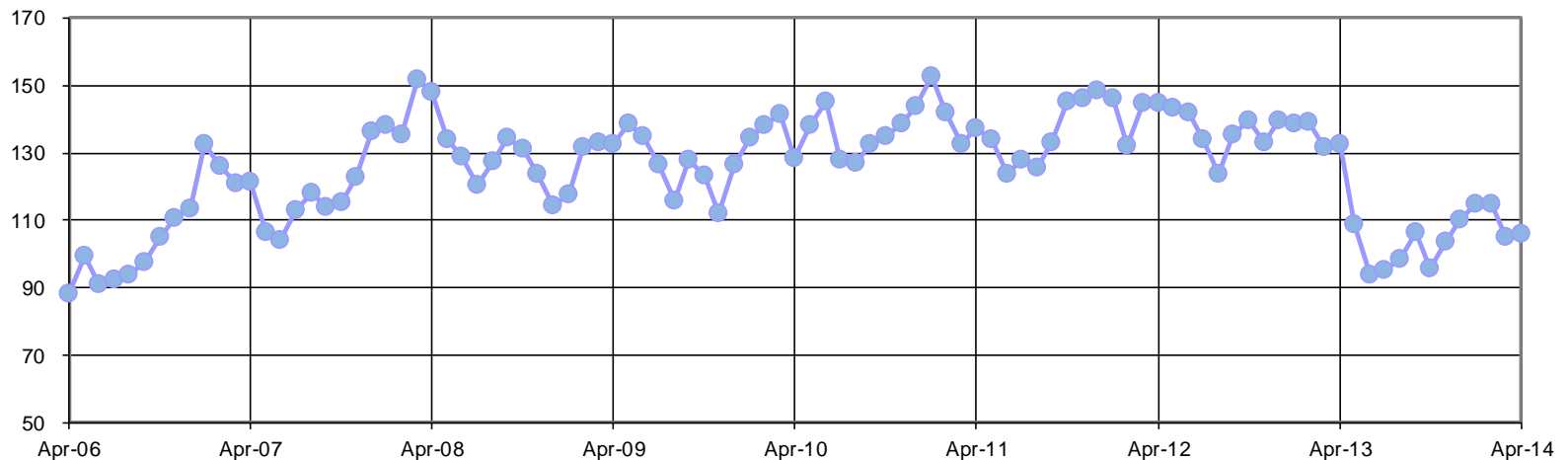


Days on Market, by Month

Average Days on Market for Solds, 13 months

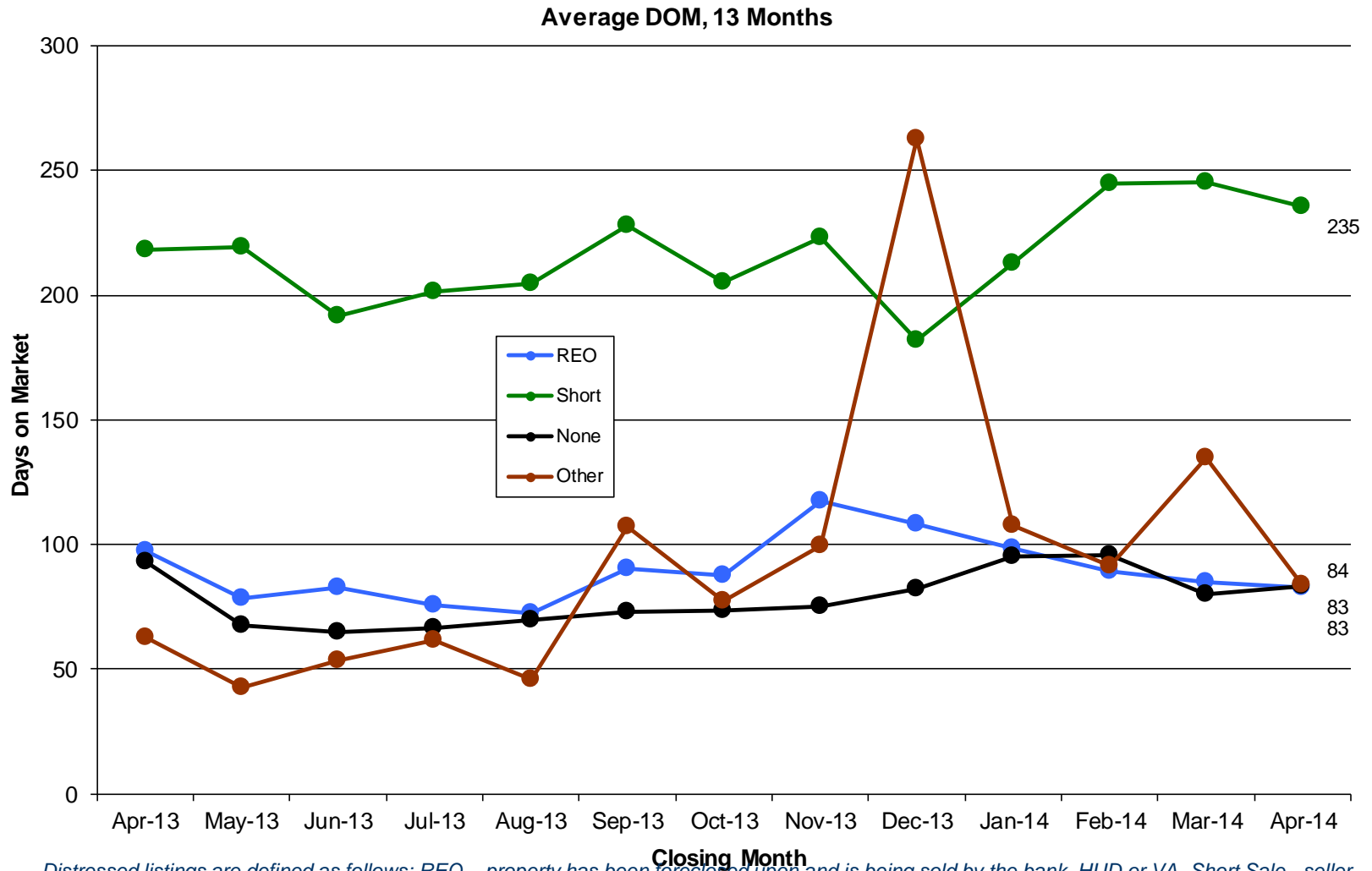


Average Days on Market for Solds, 8 years



Days on Market, by Special Conditions

April, 2014



Distressed listings are defined as follows: REO – property has been foreclosed upon and is being sold by the bank, HUD or VA. Short Sale - seller owns more for the property than current value.

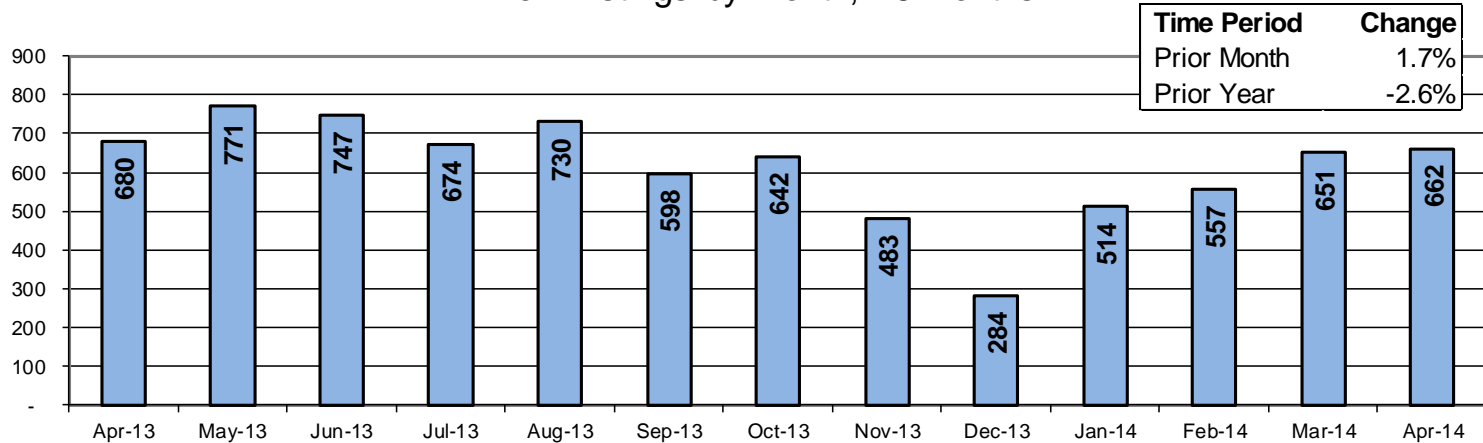
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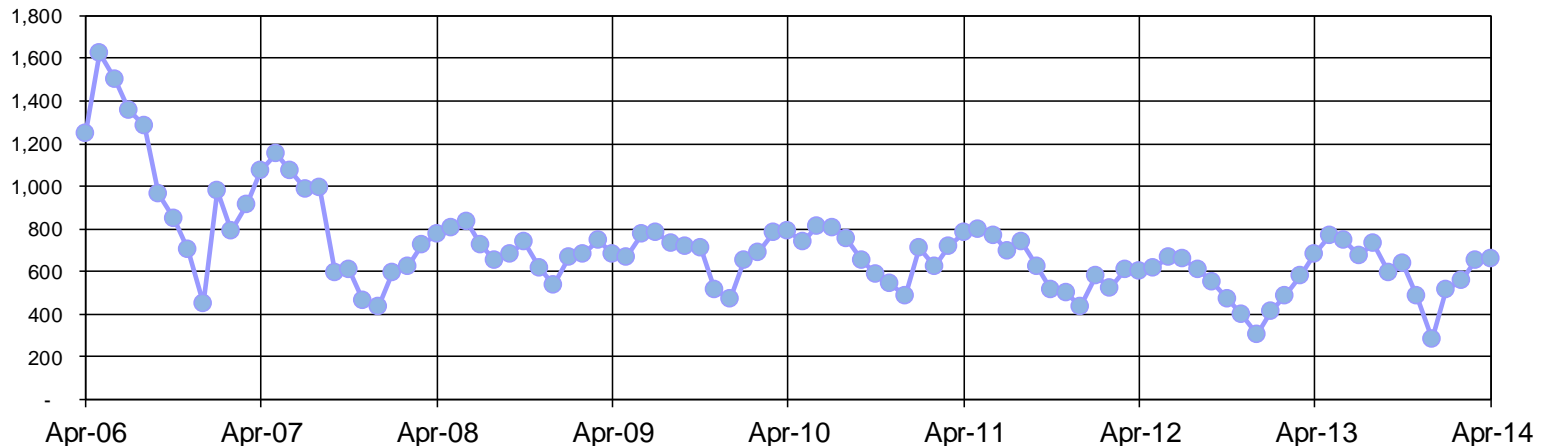
New Listings, by Month

April, 2014

New Listings by Month, 13 months



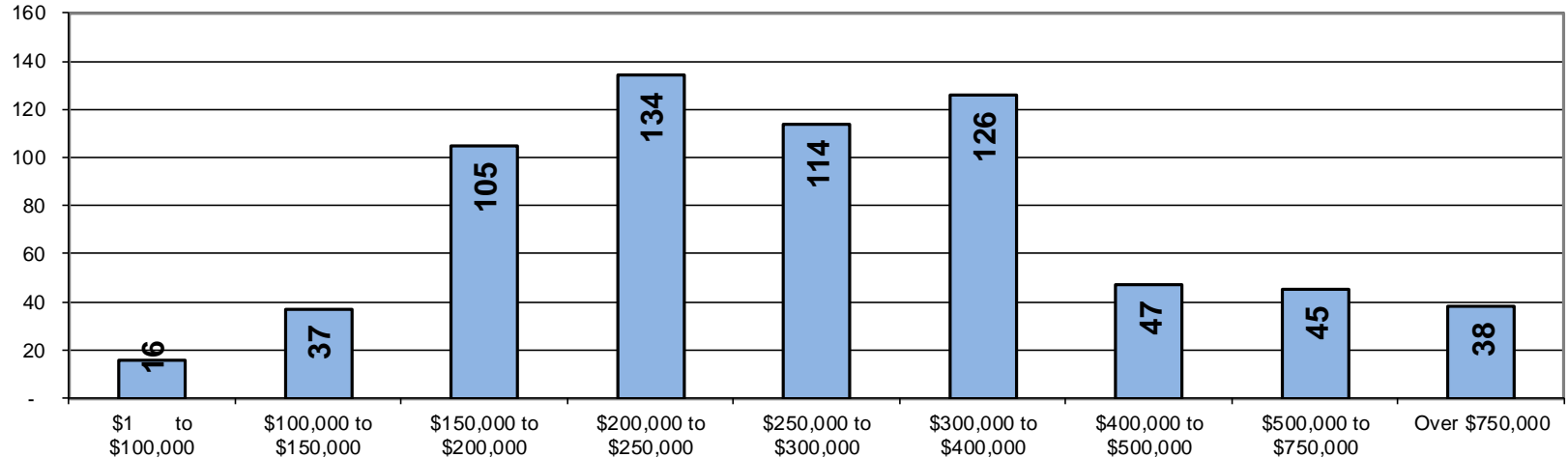
New Listings by Month, 5 years



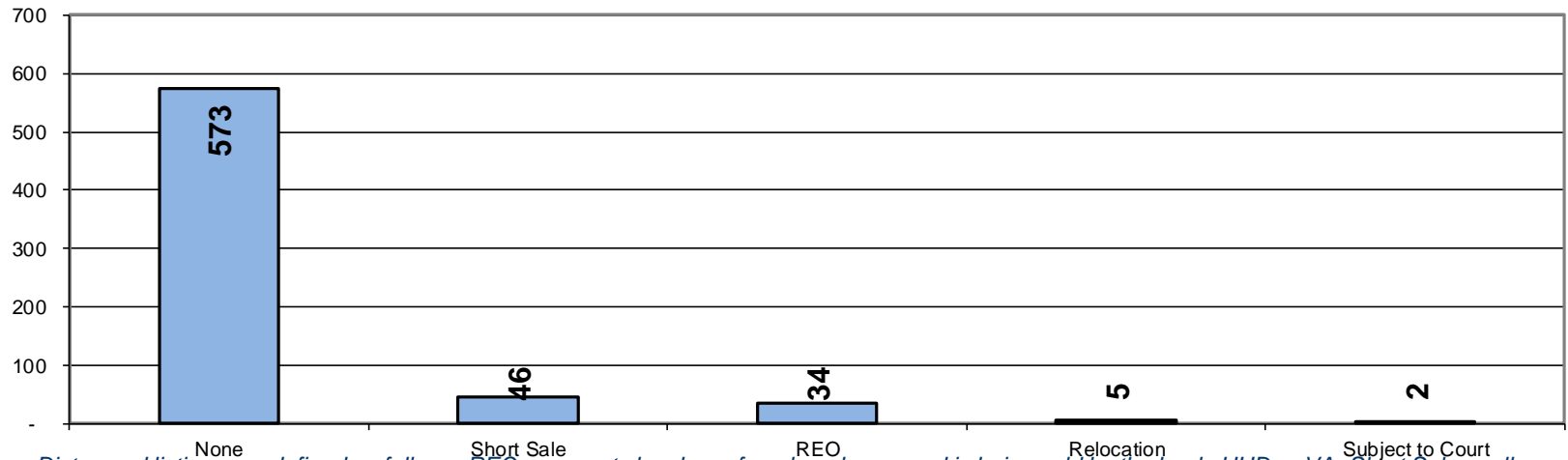
New Listings, by Price and by Special Condition

April, 2014

New Listings, by Price Range



New Listings, by Special Condition

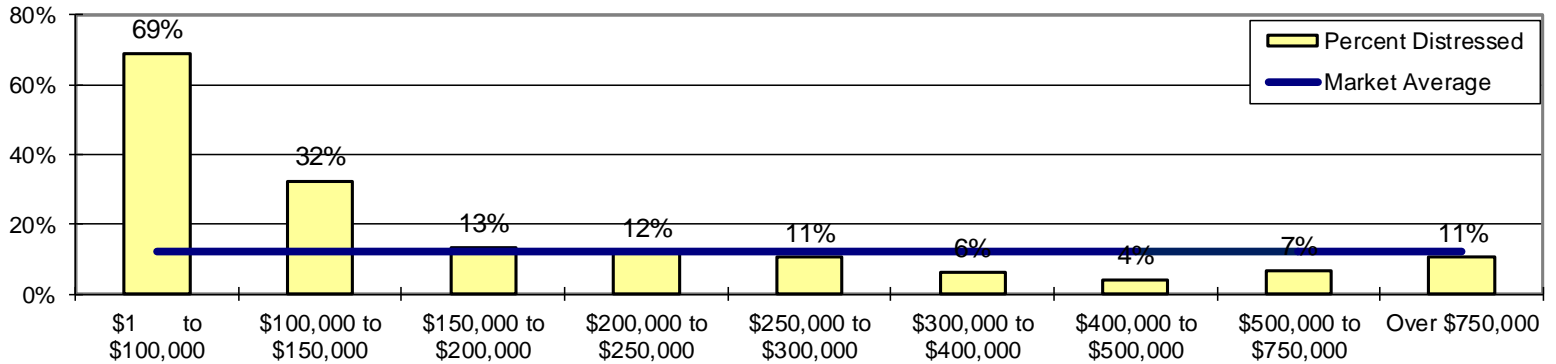


Distressed listings are defined as follows: REO – property has been foreclosed upon and is being sold by the bank, HUD or VA. Short Sale - seller owns more for the property than current value. Distressed New Listings includes Fannie Mae, Freddie Mac, HUD, and any bank-owned listings.

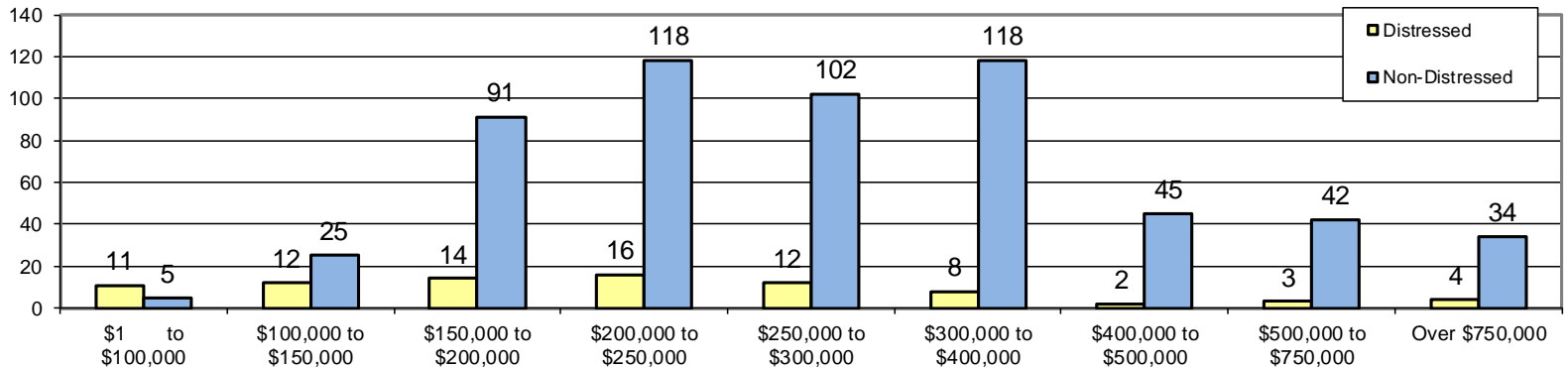
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Distressed Listings, by Price

Percentage Distressed New Listings by Price, current month



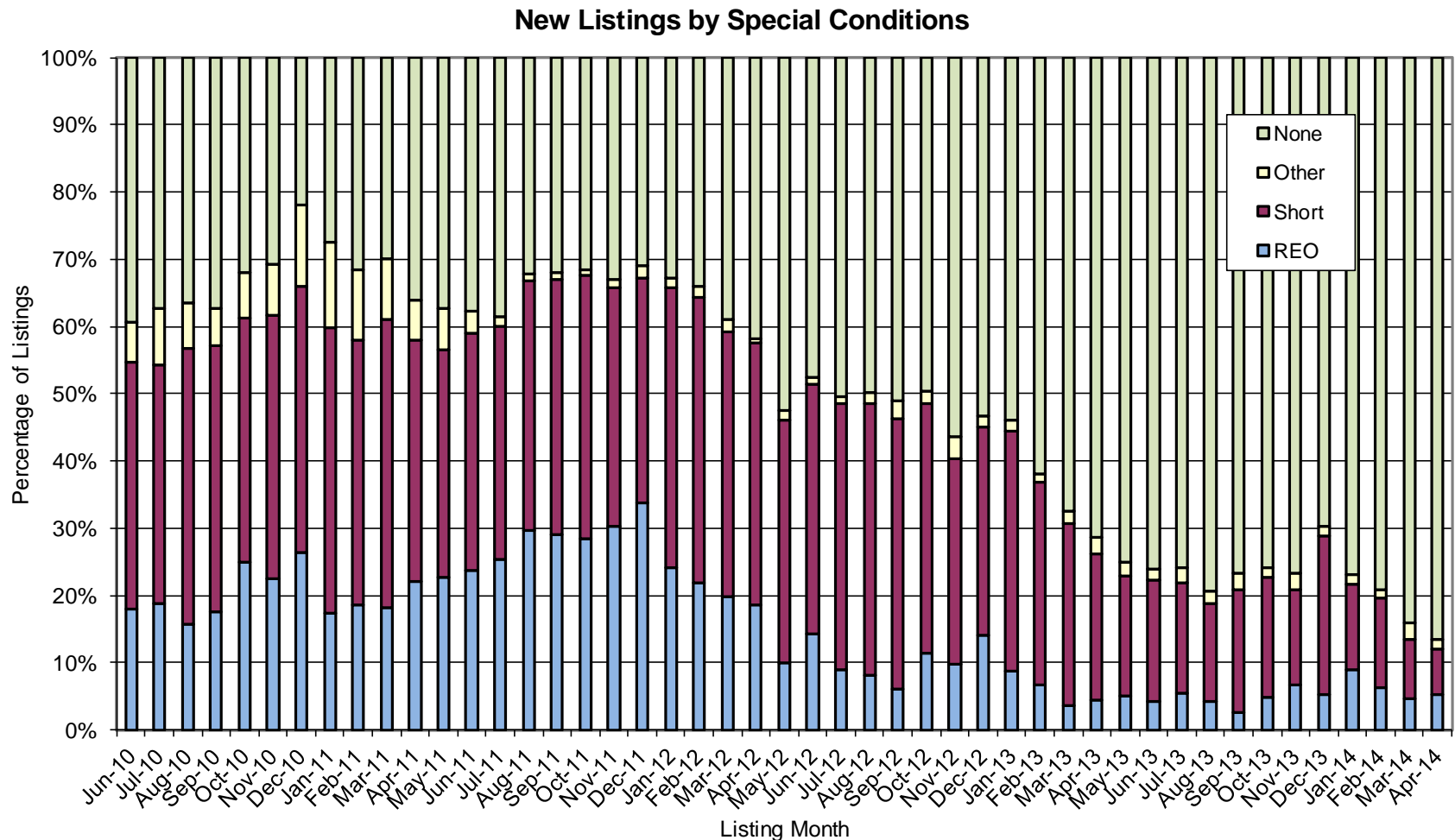
Number of Distressed and NonDistressed New Listings by Price, current month



Distressed listings are defined as follows: REO – property has been foreclosed upon and is being sold by the bank, HUD or VA. Short Sale - seller owns more for the property than current value. Distressed New Listings includes Fannie Mae, Freddie Mac, HUD, and any bank-owned listings.

Distressed Listings, as a percentage of all listings

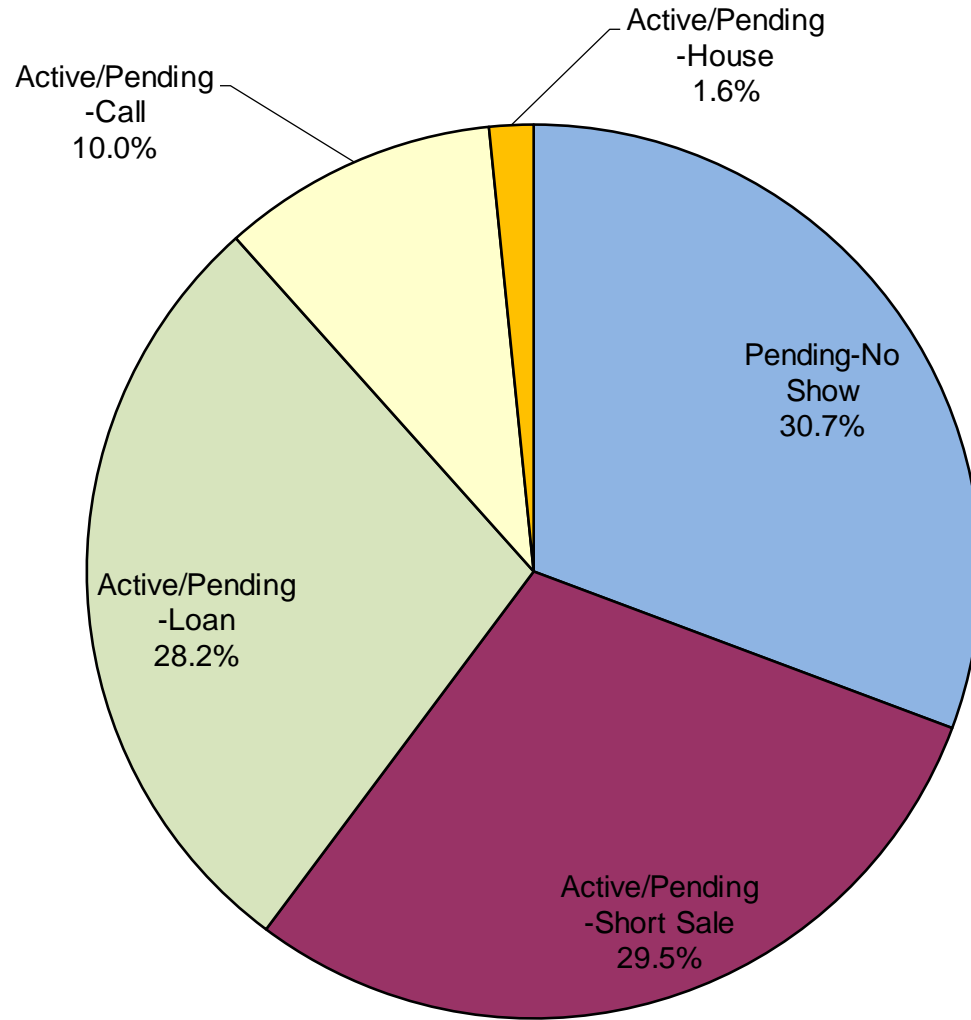
April, 2014



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Status of Pendings, Current Month

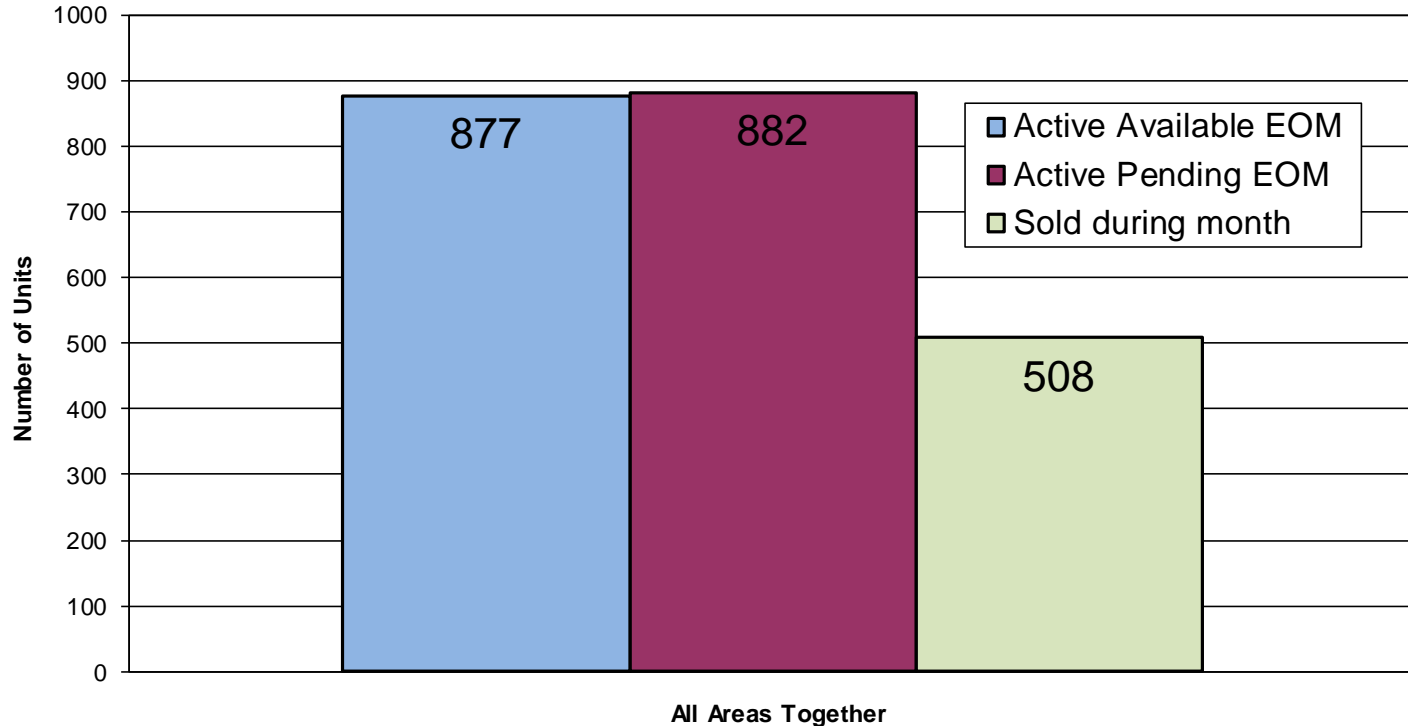
April, 2014



Months Supply of Inventory, Current Month

April, 2014

(877 + 882) available / 508 units sold = 3.5 months of inventory

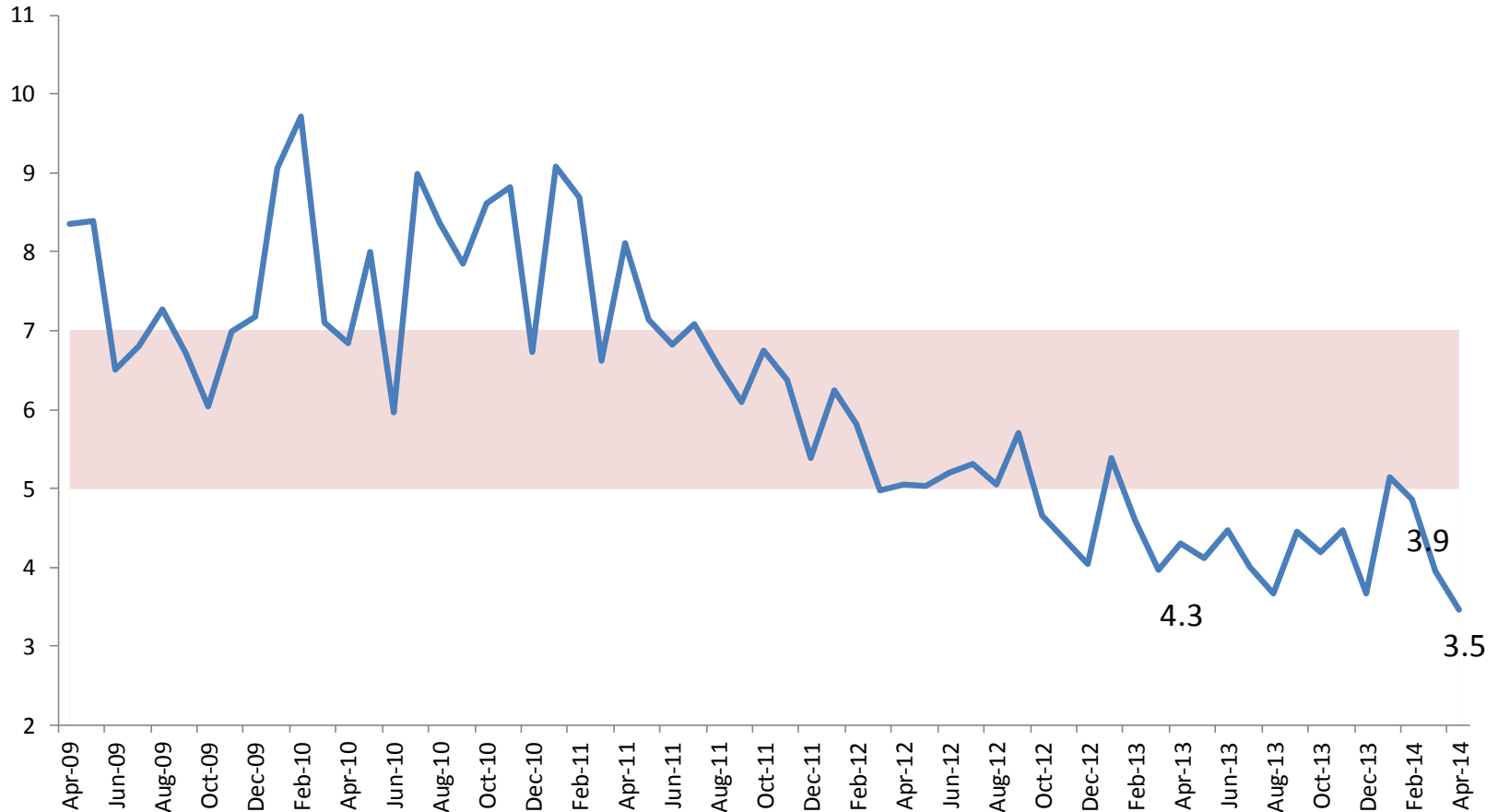


Unsold Inventory includes Active Pending. This method of reporting absorption follows the industry standard and includes pendings in Active Inventory. Absorption or Months Supply of Inventory is defined as the number of months it would take to absorb the units available for sale. The National Association of REALTORS® describes a balanced market as between 5 and 7 months supply of inventory.

Months Supply of Inventory, Historical 5 years

April, 2014

Month's Supply of Inventory, 5 year history

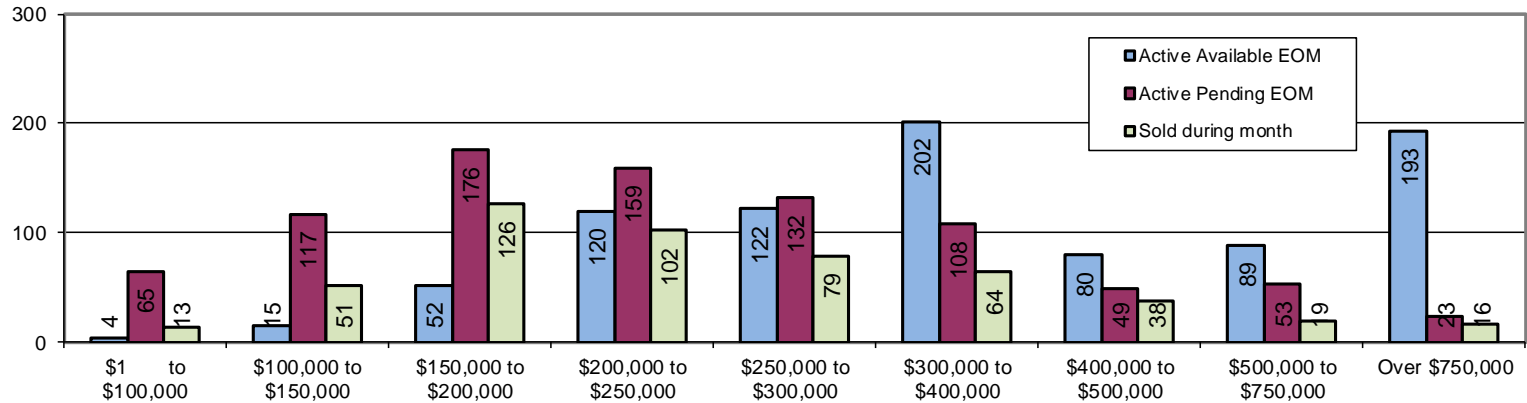


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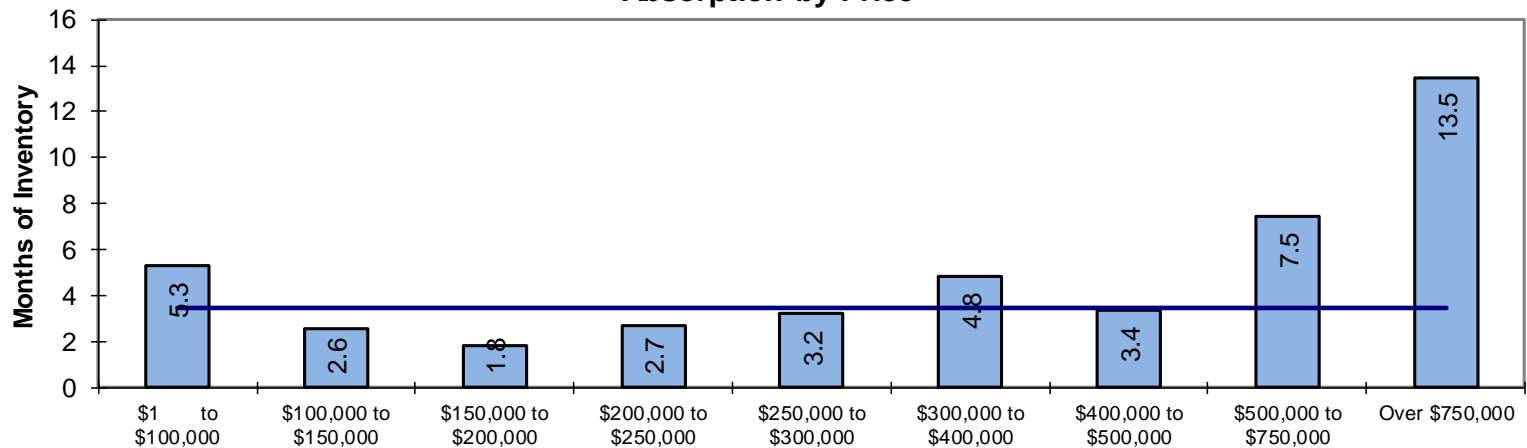
Units and Absorption, by Price

April, 2014

Active and Sold Homes by Price, current month



Absorption by Price



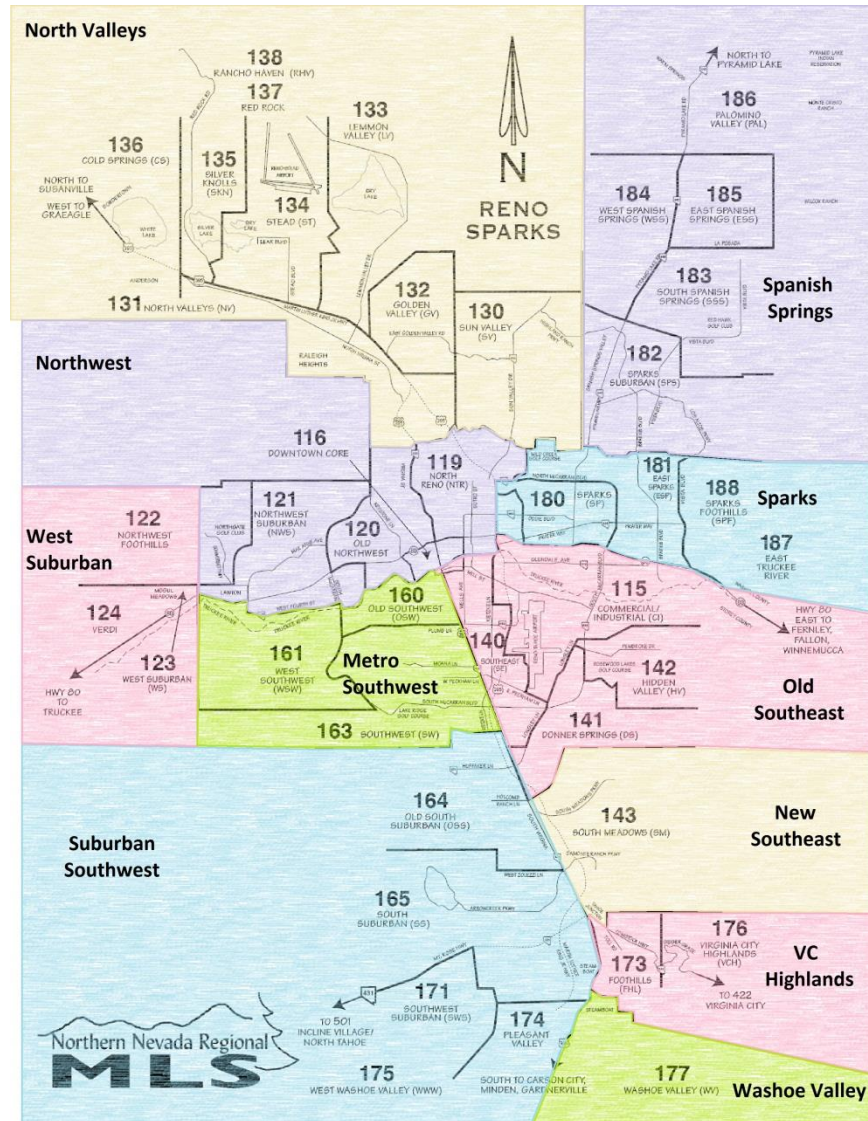
"Active" includes "Active/Pending"

Absorption or Months Supply of Inventory is defined as the number of months it would take to absorb the units available for sale.

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Reno/Sparks Area Map

April, 2014



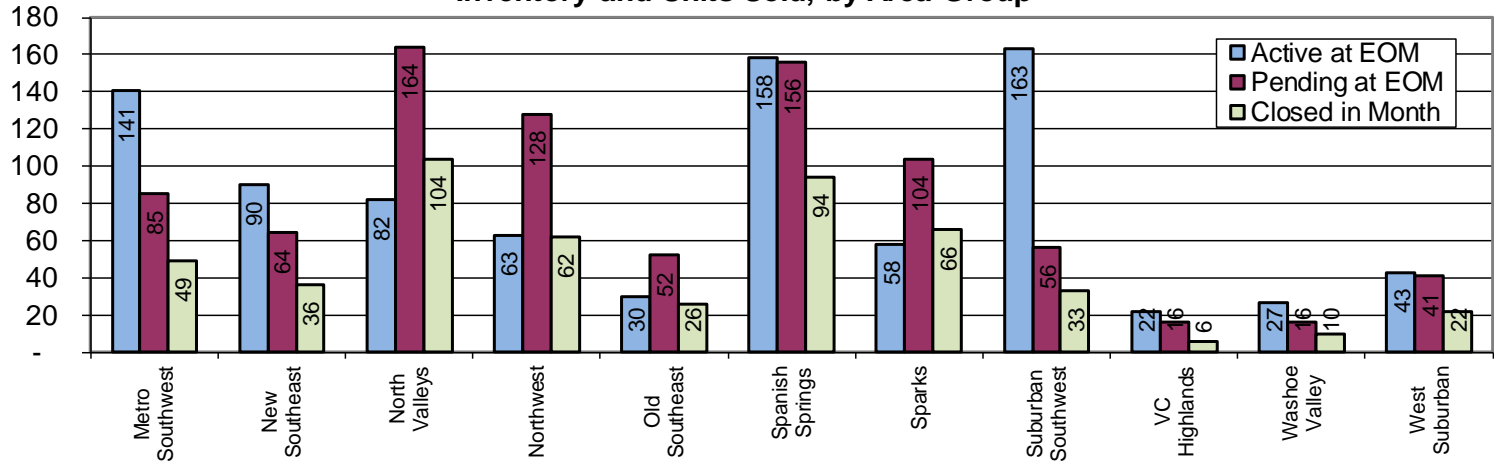
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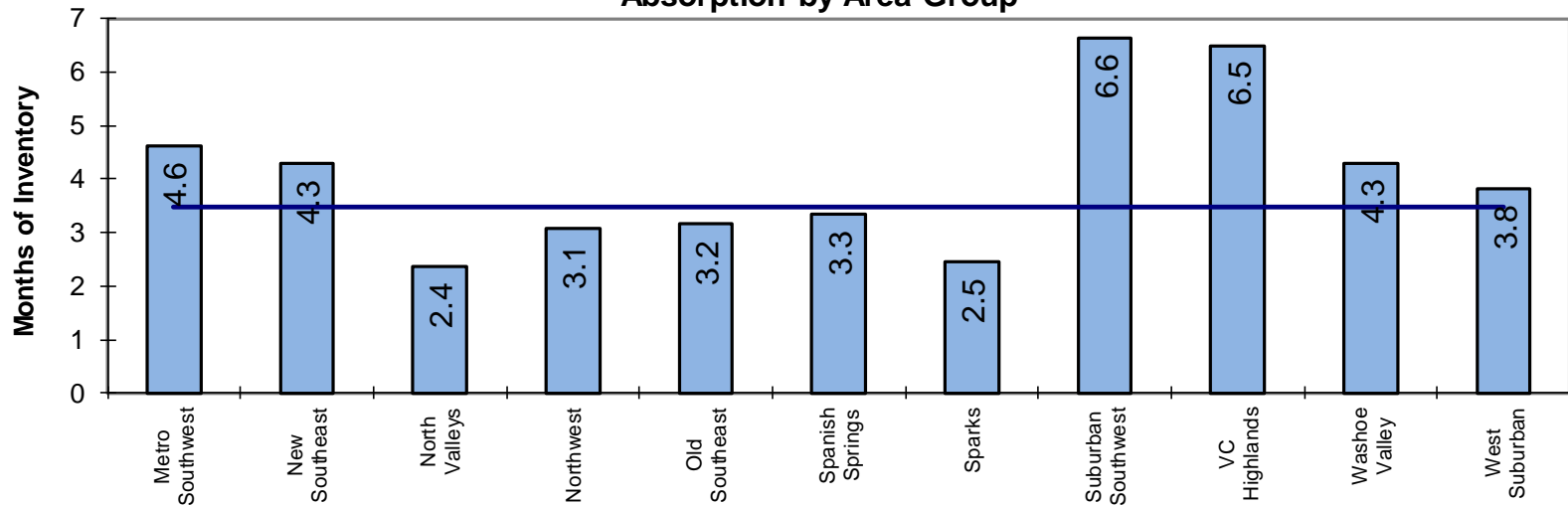
Units and Absorption, by Area Group

April, 2014

Inventory and Units Sold, by Area Group

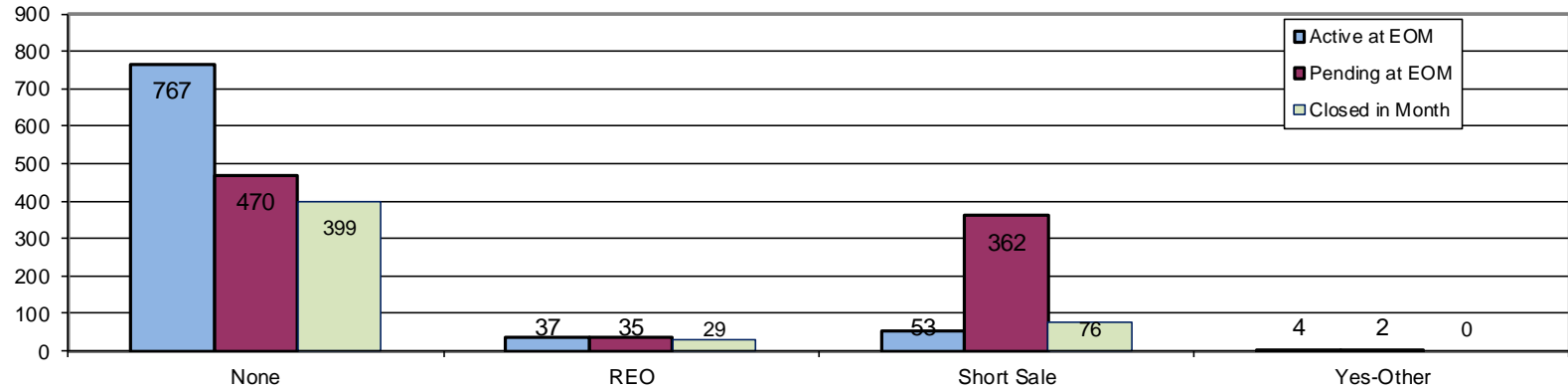


Absorption by Area Group

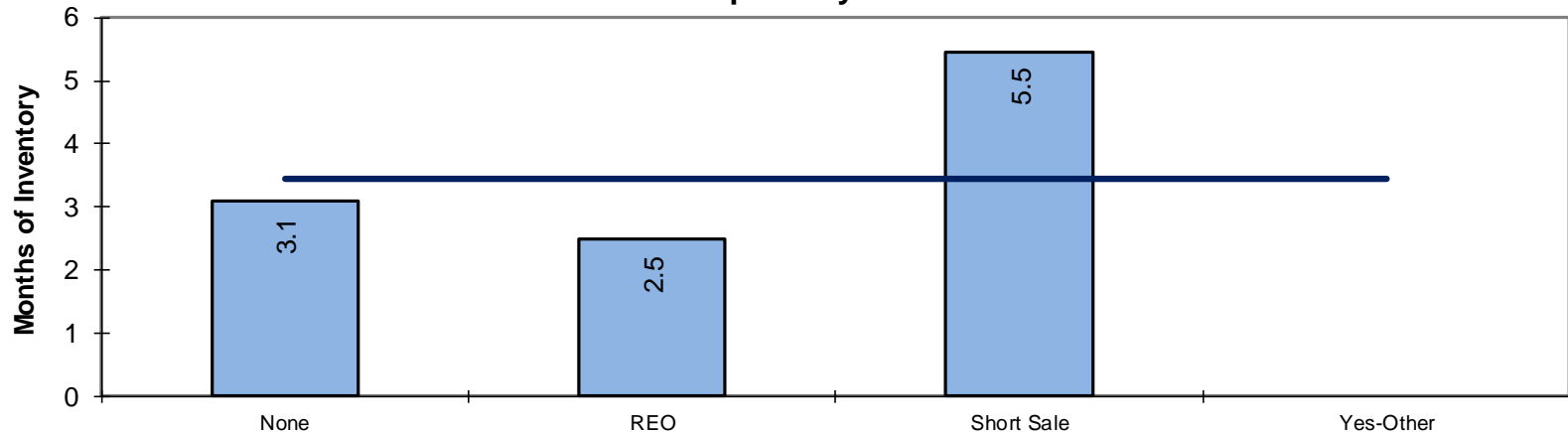


Units and Absorption, by Special Condition

Active and Sold Homes by Condition, current month



Absorption by Condition



Distressed listings are defined as follows: REO – property has been foreclosed upon and is being sold by the bank, HUD or VA. Short Sale - seller owns more for the property than current value.

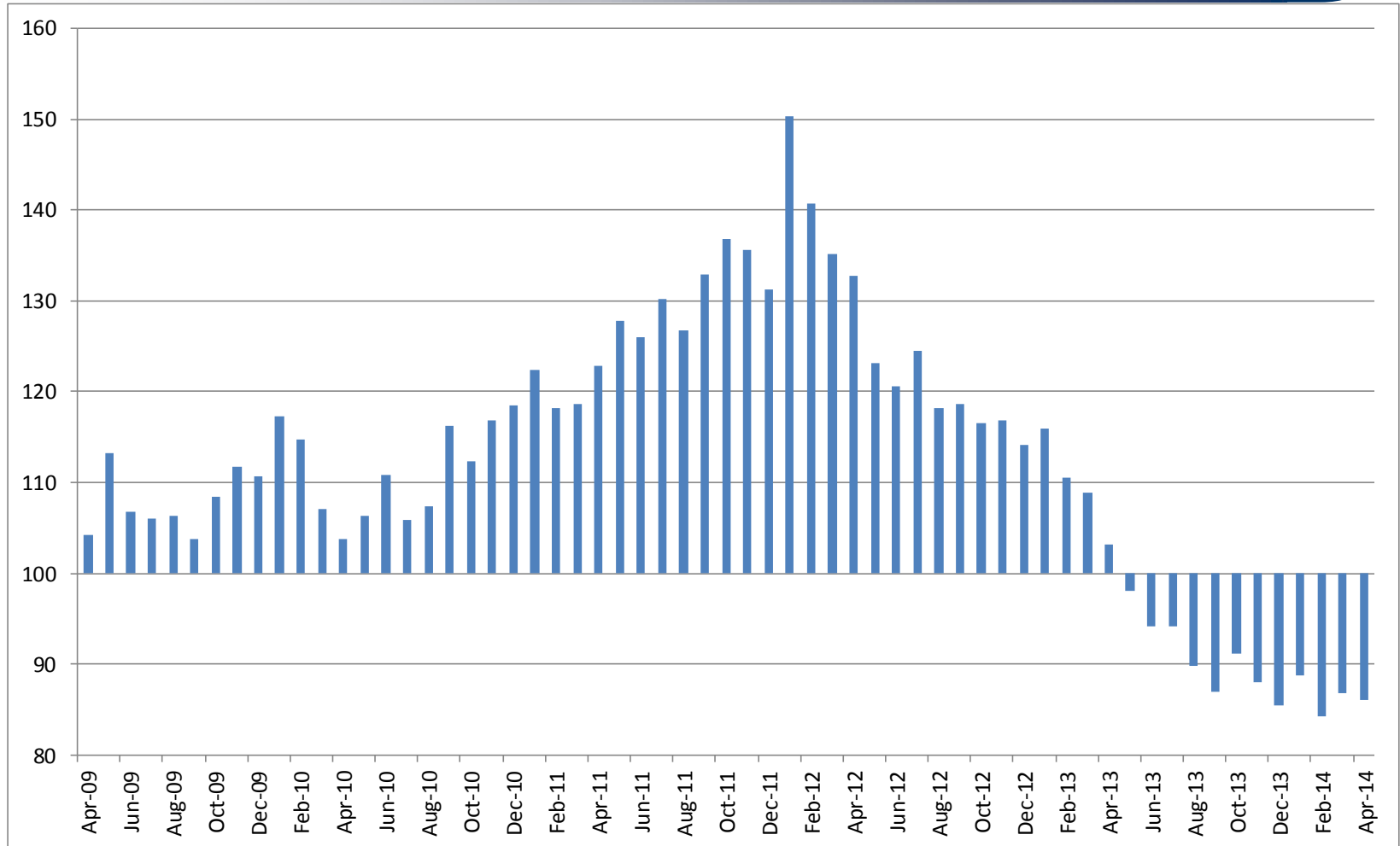
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Housing Affordability Index, 5 years



The Housing Affordability Index (HAI) as defined by the National Association of Realtors (NAR). A value of 100 means that a purchaser with the median income has exactly enough income to qualify for a mortgage on a median-priced home. An index of 120 signifies that a purchaser earning the median income has 20% more income to qualify for a mortgage loan on a median-priced home. An index of 85 signifies that a purchaser has 85% the income required to purchase a median-priced home. The calculation uses the Washoe County median income, a down payment of 5 percent, and a qualifying ratio of 28 percent.

Housing Affordability Index, detail

April, 2014

