

Reno/Sparks Association of REALTORS®

May, 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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 - Current Month
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- ❖ **Units and Absorption**
 - by Price
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- ❖ **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 June 6^h, 2014.

Market Report Commentary

May, 2014

❖ Summary

- "May's unit sales were the third highest for a May in the history of MLS," said Mark Ashworth, 2014 president of the Reno/Sparks Association of REALTORS. "For people with good jobs and strong credit, today's real estate market is an attractive one with low mortgage interest rates and continued affordability. However, first-time buyers are struggling to enter the market and don't always find the home buying process easy. Things like tight credit, limited inventory, higher home prices and rising mortgage interest rates are hindering first-time buyers. Traditionally, first-time buyers are instrumental in housing recoveries because they help existing homeowners sell and move up. Therefore, it's important to make sure first-time buyers who are able to purchase a home have the opportunity to do so."

❖ Median Sales Price

- May 2014 median price was up 2.8% to \$236,500 compared to \$230,000 in April 2014 and up 8.5% compared to \$218,000 in May 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

- May, 2014 median price on properties with no special conditions was up 3.1% to \$250,000 compared to \$242,377 in April, 2014 and up 6.8% compared to \$234,000 in May, 2013.
- May, 2014 median price on REO (Bank Owned) properties was down -2.3% to \$191,500 compared to \$196,000 in April, 2014 and down -7.5% compared to \$207,050 in May, 2013.
- May, 2014 median price on short sales properties was up 4.7% to \$199,000 compared to \$190,000 in April, 2014 and up 20.6% compared to \$165,000 in May, 2013.

❖ Number of Units Sold

- May, 2014 units sold was down -0.9% to 529 compared to 534 in April, 2014 and down -2.2% compared to 541 in May 2013.

❖ Average Days on Market

- May, 2014 average days on market was down -5.2% to 100 compared to 106 in April, 2014 and down -7.6% compared to 109 in May 2013.

Market Report Commentary, continued

May, 2014

❖ Days on Market (DOM) by Special Conditions

- Short sale properties had an average days on market of 256.
- Properties with no special conditions had an average days on market of 81.
- REO Properties had an average days on market of 86.

❖ New Listings

- May, 2014 new listings was up 9.8% to 749 compared to 682 in April, 2014 and down -2.9% compared to 771 in May 2013.
- Properties listed at under \$250,000 made up 40% of new listings entering the market during the month of May, 2014.
- 10% of new May, 2014 listings were distressed. Short sales 5%; REO 3%; No special conditions 90%; and Other 1%.

❖ Distressed New Listings History

- The allocation of new listings by special conditions decreased, representing 8% of the market in May 2014, down from 12% in April 2014, and 23% in May 2013.

❖ Status of Pending

- Active/Pending-Loan represent 30.0% of the total active pendings; Active/Pending-Short Sale equals 26.9%; Pending-No Show represents 29.6%; Active/Pending-Call 11.1%; and Active/Pending-House 2.5%.

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

- At the end of May, 2014, there was 3.6 months of unsold inventory based on the monthly sales rate.

Market Report Commentary, continued

May, 2014

❖ Historical Months Supply of Inventory

- May, 2014 MSI was down to 3.6 compared to 3.7 in April, 2014 and down from 4.1 in May, 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: \$400,000 to \$500,000, \$500,000 to \$750,000.
- Price Bands in a Buyer's Market are: Over \$750,000.
- Price Bands in a Seller's Market are: \$1 to \$100,000, \$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.
- 55% of the total sales for May, 2014 were in the under \$250,000 price range.

❖ Units and Absorption by Area Group

- Area Groups in a Balance Market are: New Southeast, Suburban Southwest, VC Highlands.
- Area Groups in a Buyer's Market are: none.
- Area Groups in a Seller's Market are: Metro Southwest, North Valleys, Northwest, Old Southeast, Spanish Springs, Sparks, Washoe Valley, West Suburban.
- Suburban Southwest had the highest level of active inventory with 202 active listings.
- North Valleys had the highest level of pending sales with 160 pendlings.
- Spanish Springs 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 1.9 MSI in May, 2014.
- No Special Conditions condition properties has 3.3 MSI, Short Sale properties has 6.9 MSI, and Yes-Other has 6.0 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

May, 2014

❖ Conclusion

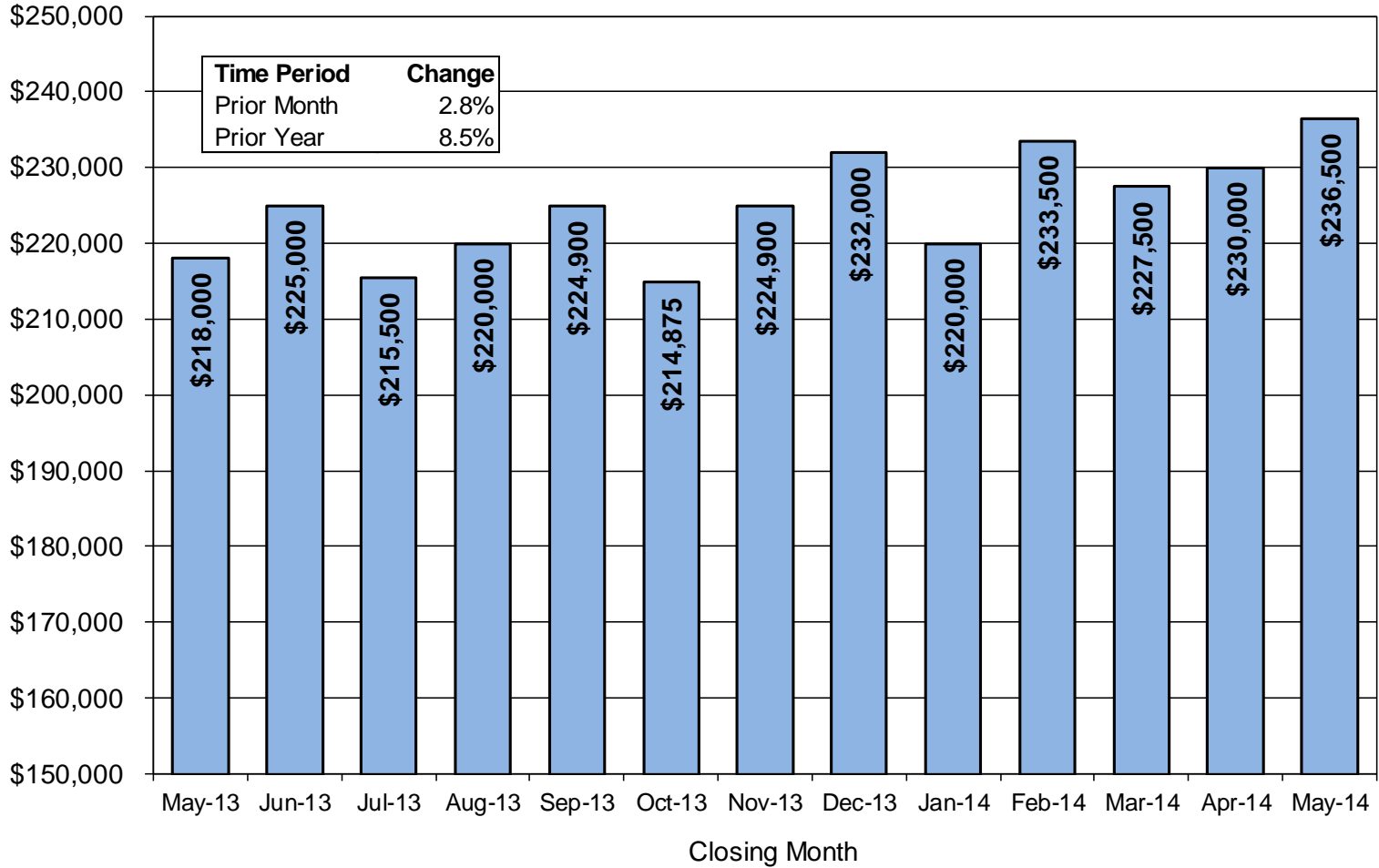
- The acceleration in median price has slowed in comparison to the rapid increase that occurred in 2012 and early 2013. Even with the acceleration in price, the market is still 35% off the peak in January 2006. History shows that the peak of the market was not sustainable or healthy. The slowed acceleration in median price is a positive and more normal trend.
- May pending sales were up 8.3% with 416 compared to 384 in April 2014. Pendings are a leading indicator of future closed transactions.
- For the first time, all of the areas in the Reno/Sparks market are identified in a seller's market. When absorption is calculated by price range, the over \$750,000 range is a buyer's market with over 22 month's supply of inventory.
- 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 3.6 Month's Supply of Inventory.
- According to the National Association of Realtors®, first-time buyers accounted for 26 percent of home purchases in January down from 30 percent a year ago. This group of buyers should normally be closer to 40 percent of the market.
- Student debt is also cited as an obstacle to owning a home for first-time buyers. A National Association of Realtors survey shows that of the first-time buyers who said it was difficult to save for a down payment, 54 percent said student loans made it tough to save money.
- With the lack of inventory at the entry-level, those sellers with equity and a willingness to price their home competitively this may be an excellent time to sell.

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Median Sales Price

May, 2014

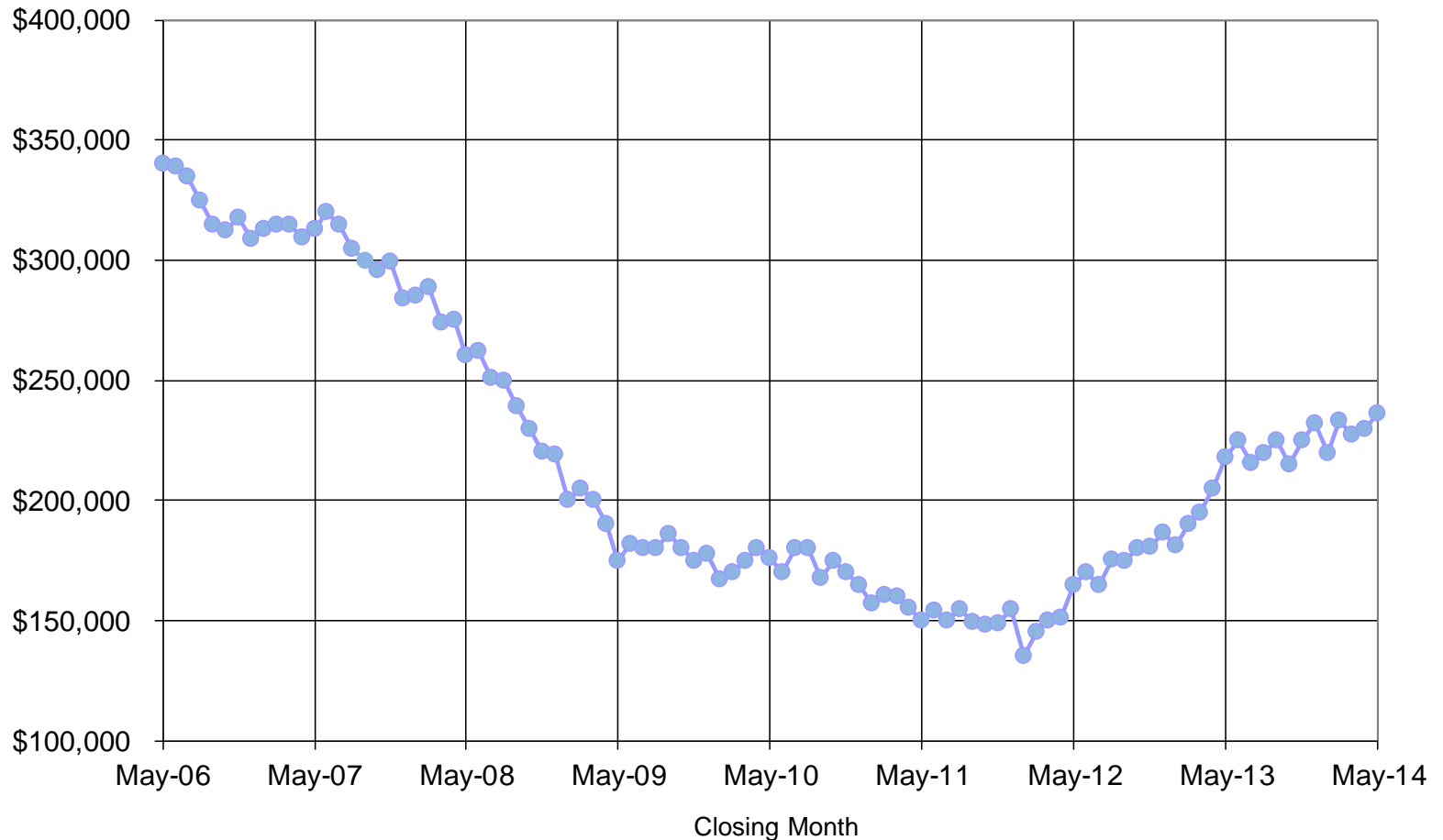
Median Sales Price, 13 months



Summary: Median Sales Price

May, 2014

Median Sales Price, 8 years



Price per Square Foot

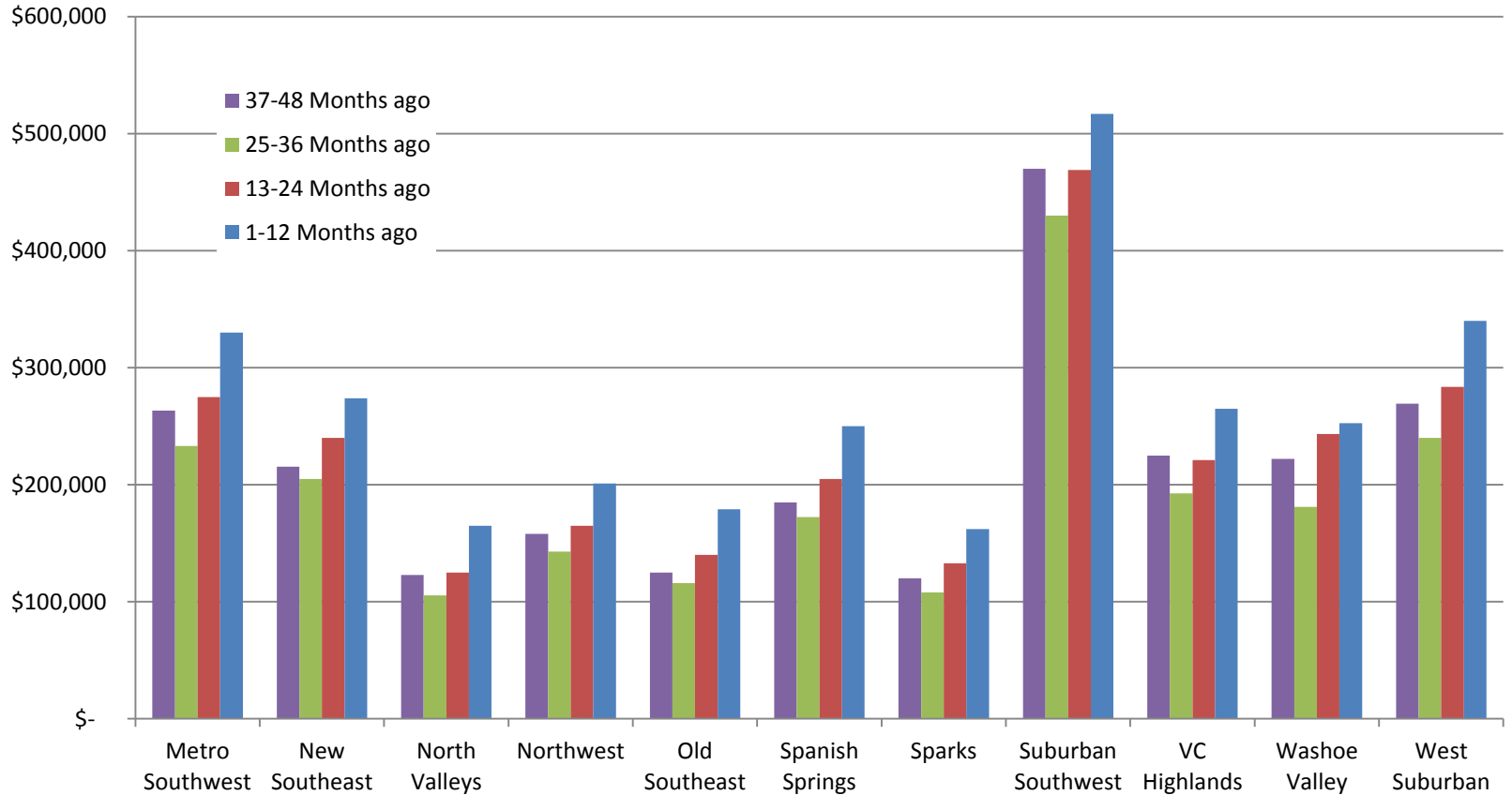
May, 2014

Sold Dollars per Square Foot, 5 year History



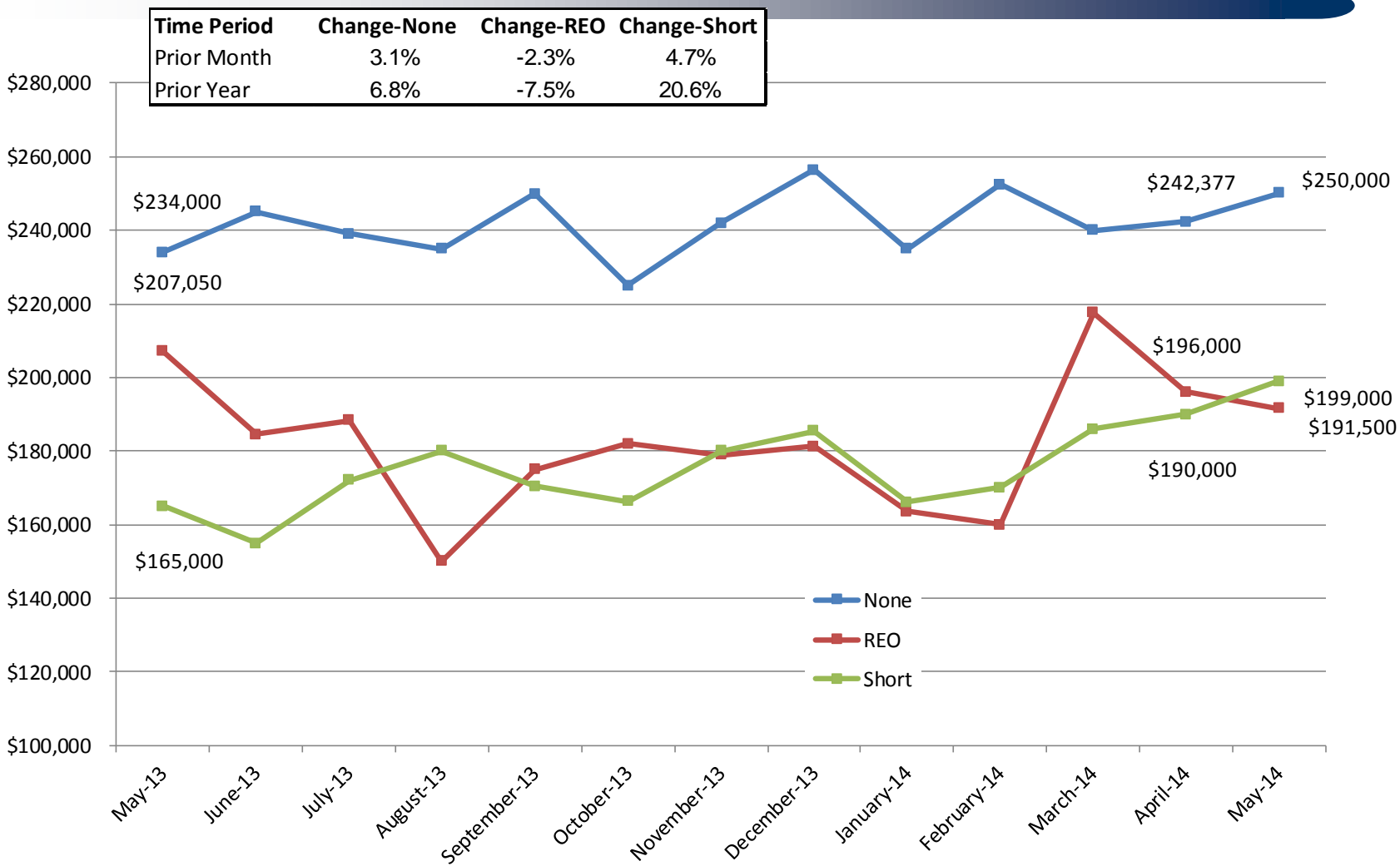
Annualized Median Price by Area Group

May, 2014



Median Sales Price by Special Condition

May, 2014



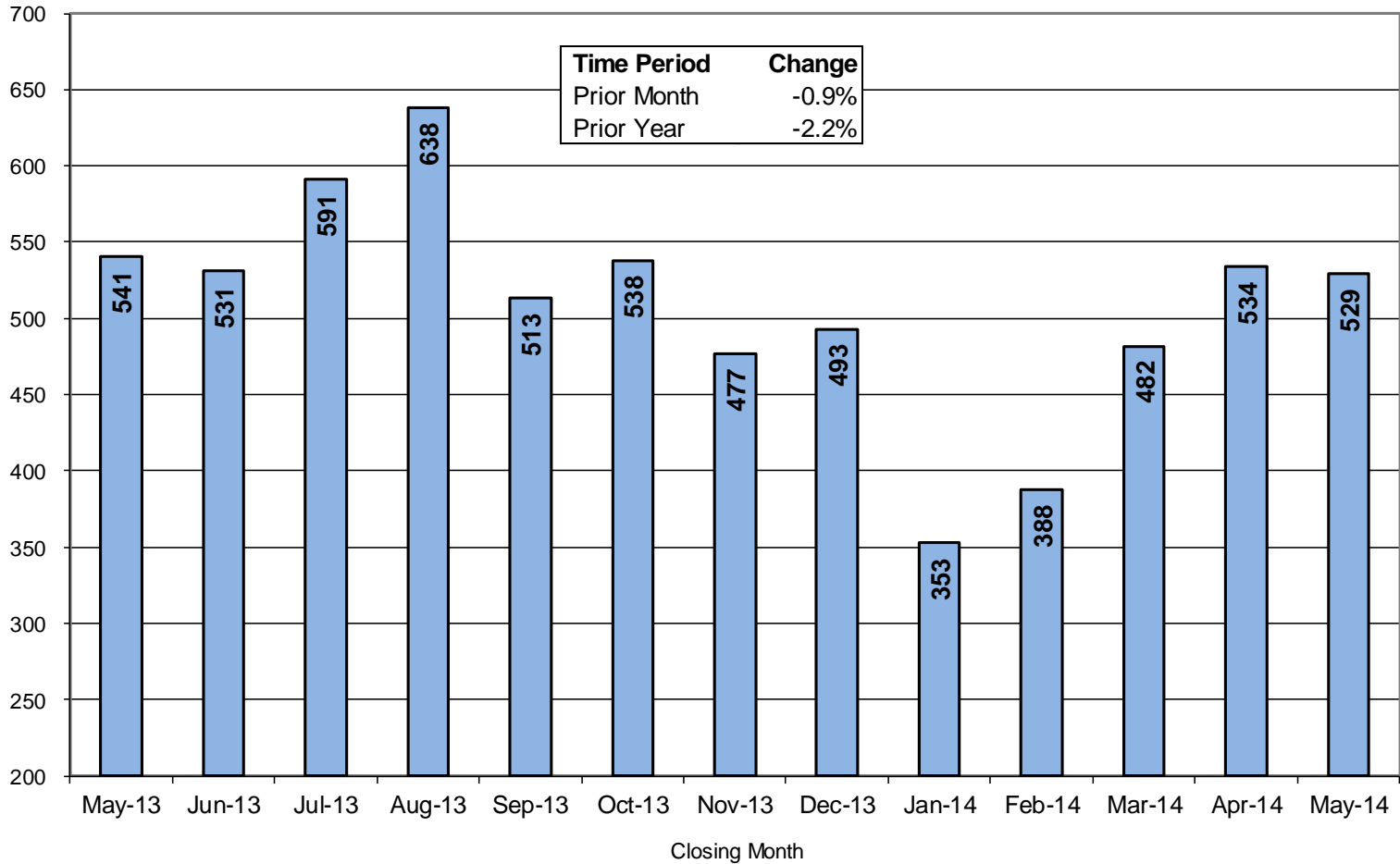
Distressed listings are defined as follows: REO – property has been foreclosed upon and is being sold by the bank, HUD or VA. Short Sale - seller owns more for the property than current value.



Number of Units Sold

May, 2014

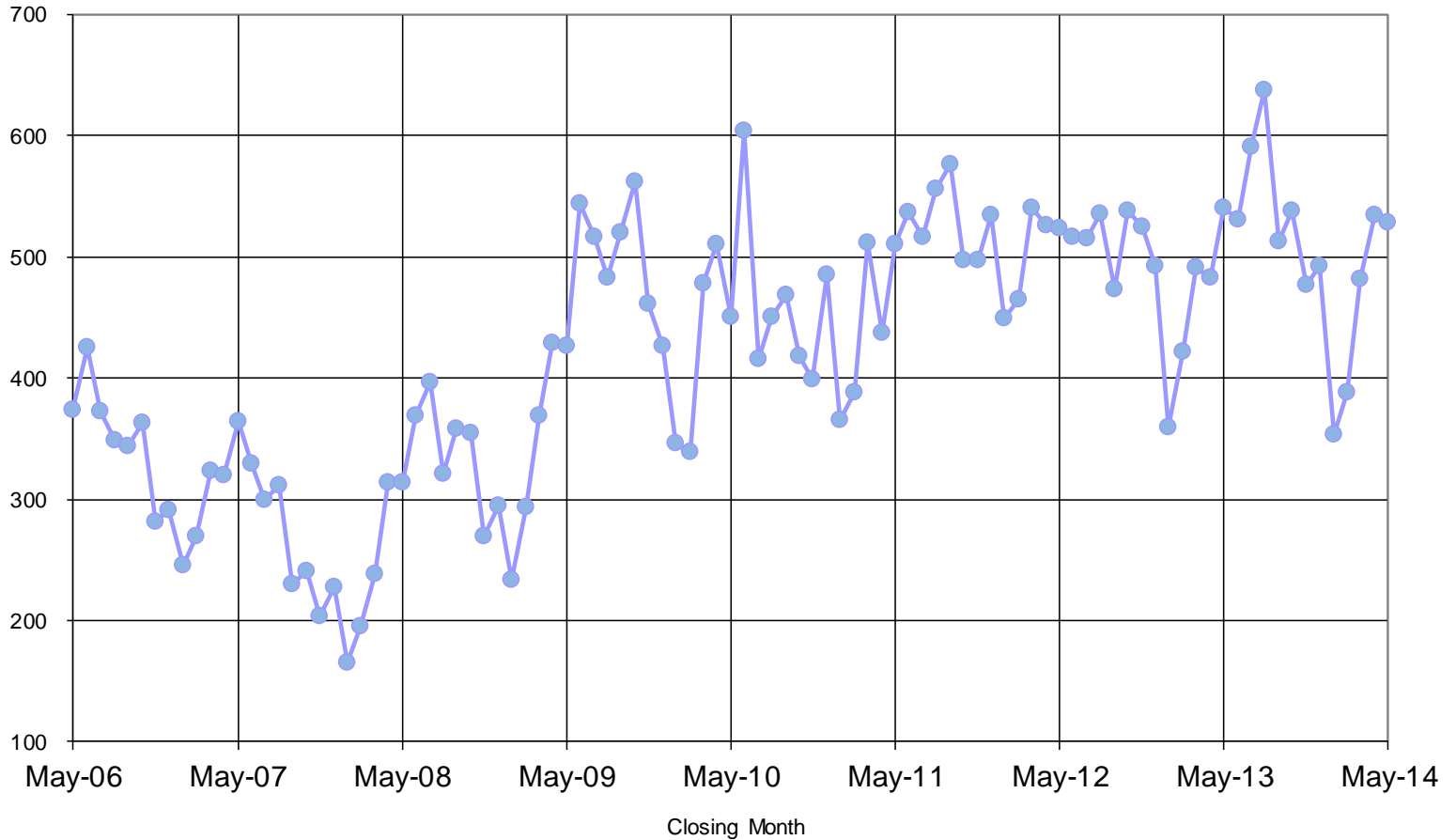
Number of Units Sold, 13 months



Number of Units Sold

May, 2014

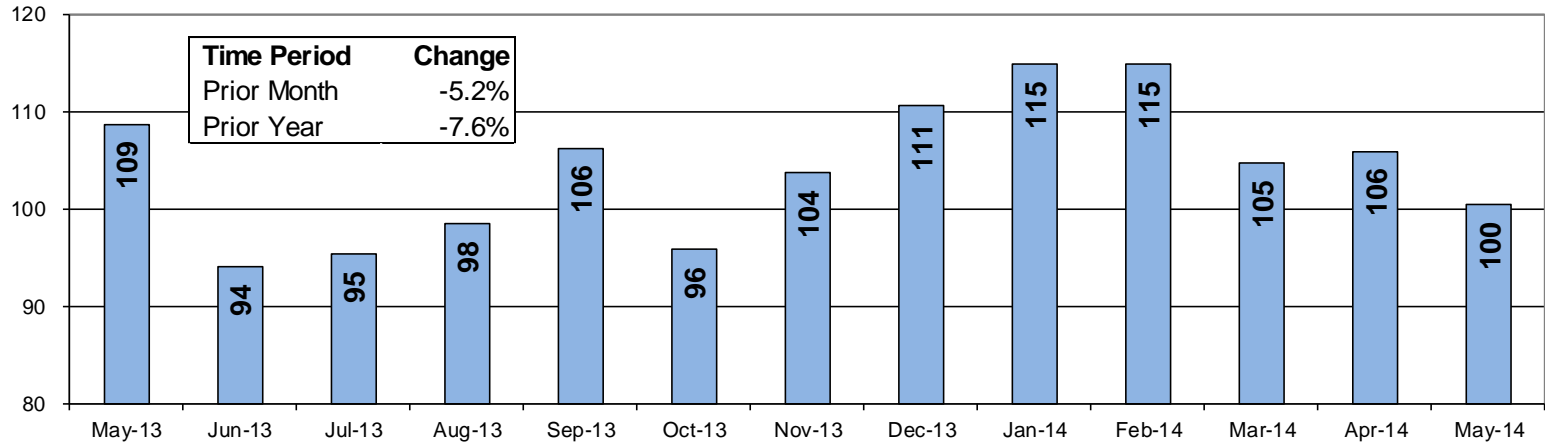
Number of Units Sold, 8 years



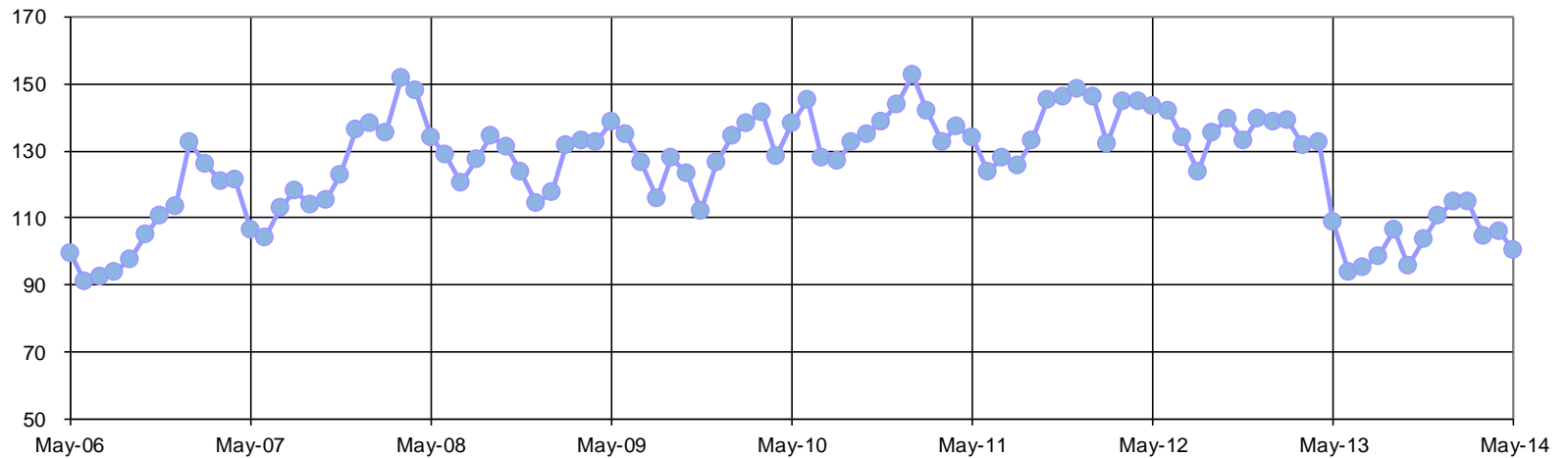
Days on Market, by Month

May, 2014

Average Days on Market for Solds, 13 months

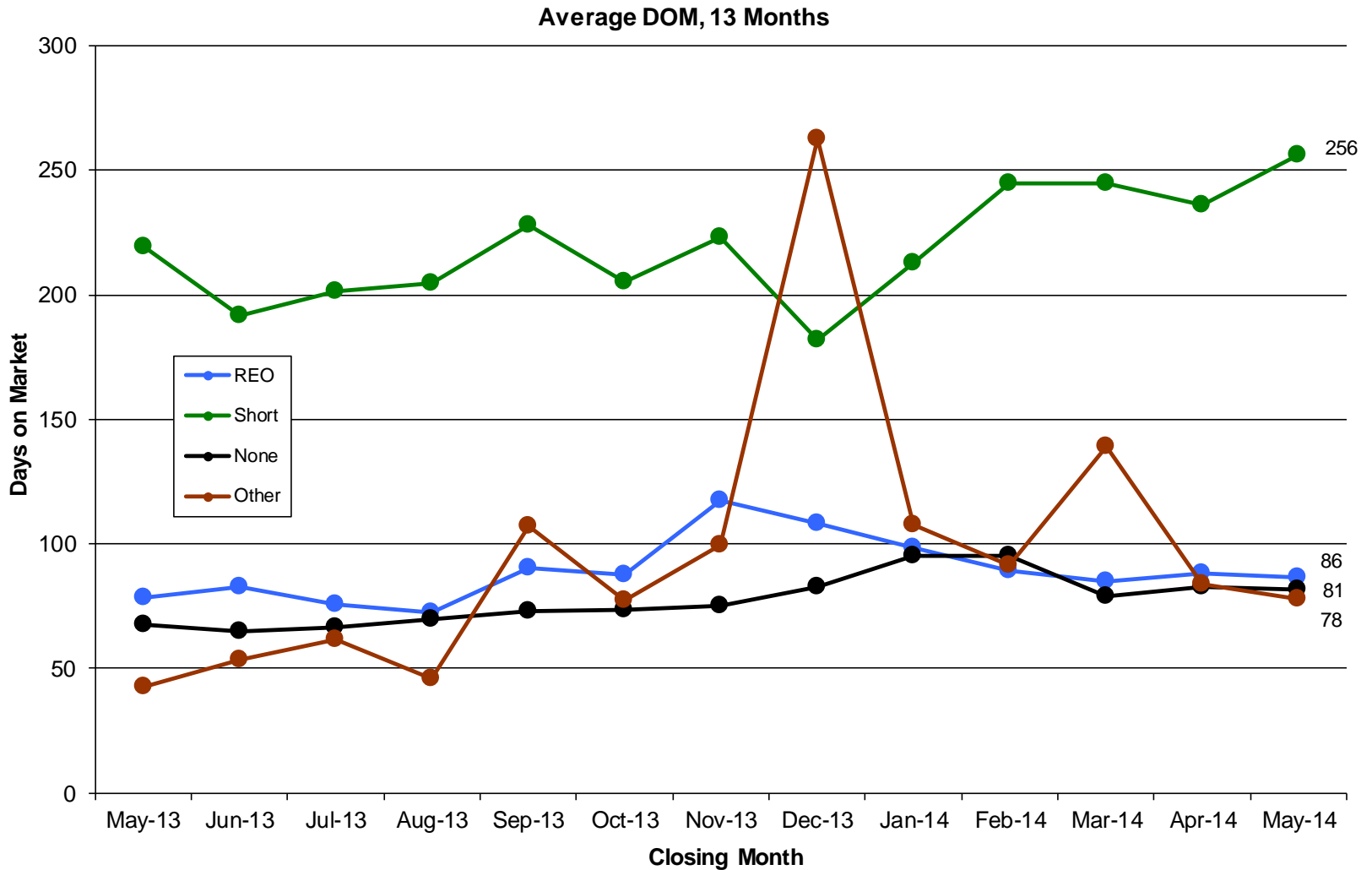


Average Days on Market for Solds, 8 years



Days on Market, by Special Conditions

May, 2014

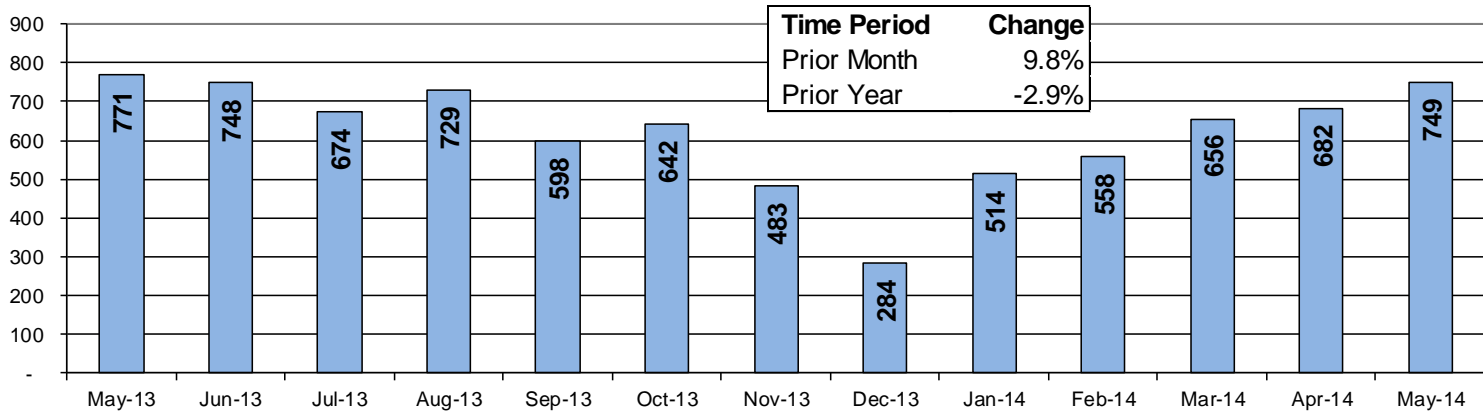


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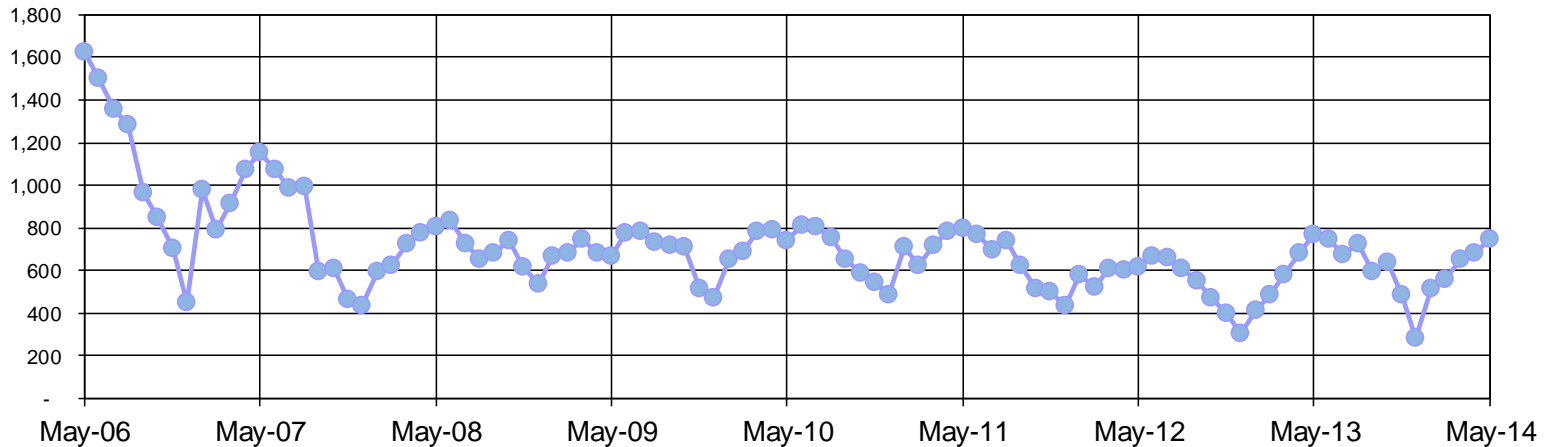
New Listings, by Month

May, 2014

New Listings by Month, 13 months



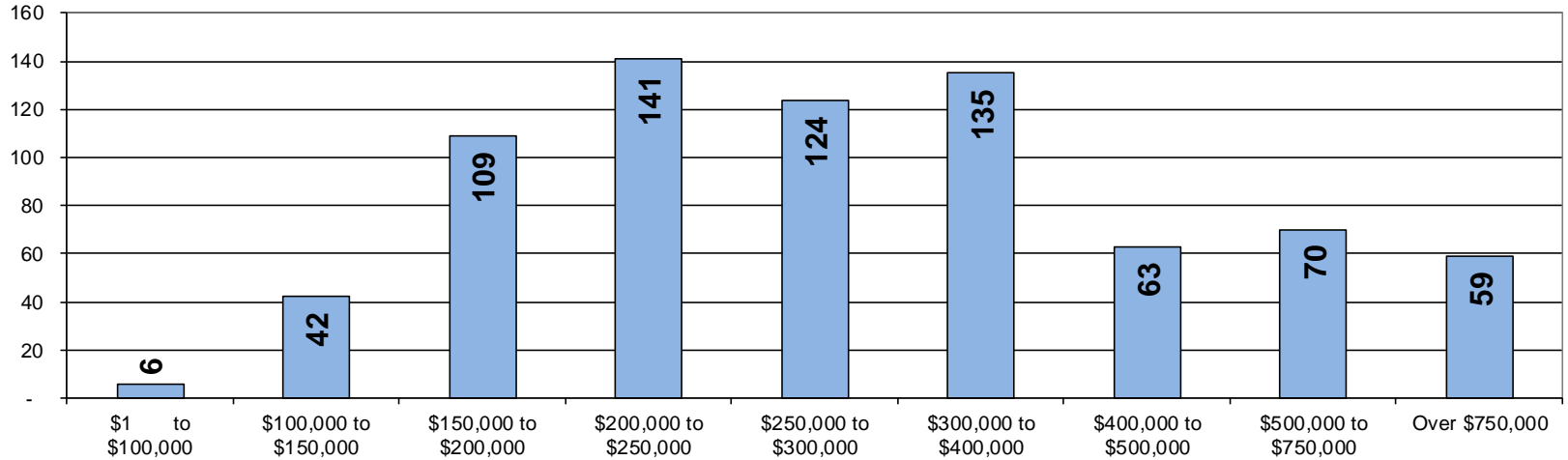
New Listings by Month, 5 years



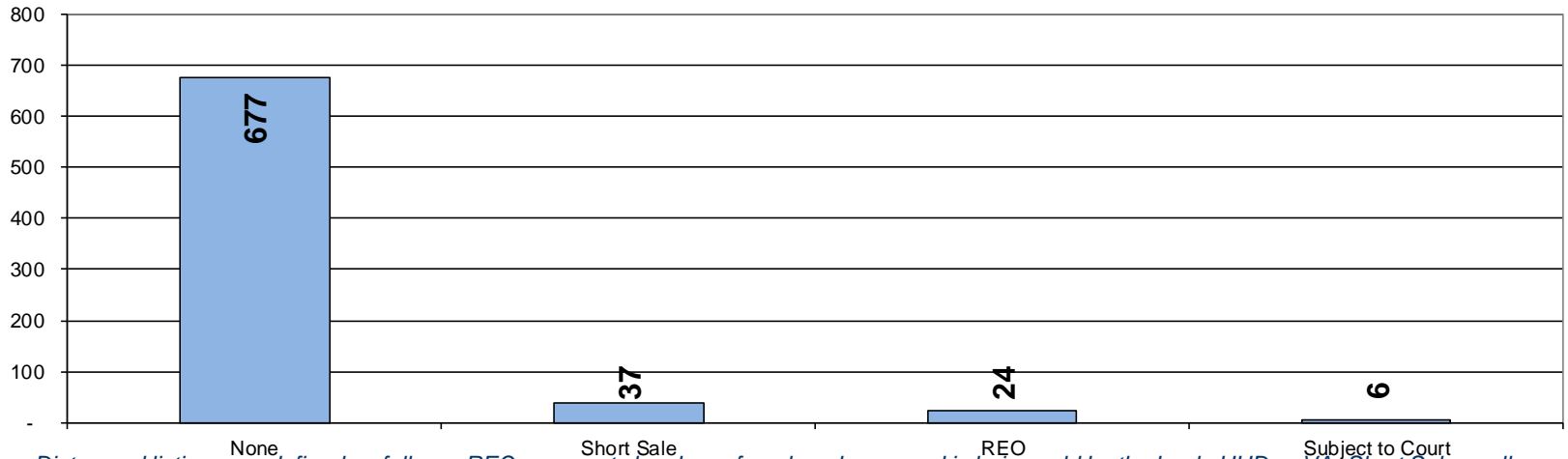
New Listings, by Price and by Special Condition

May, 2014

New Listings, by Price Range



New Listings, by Special Condition



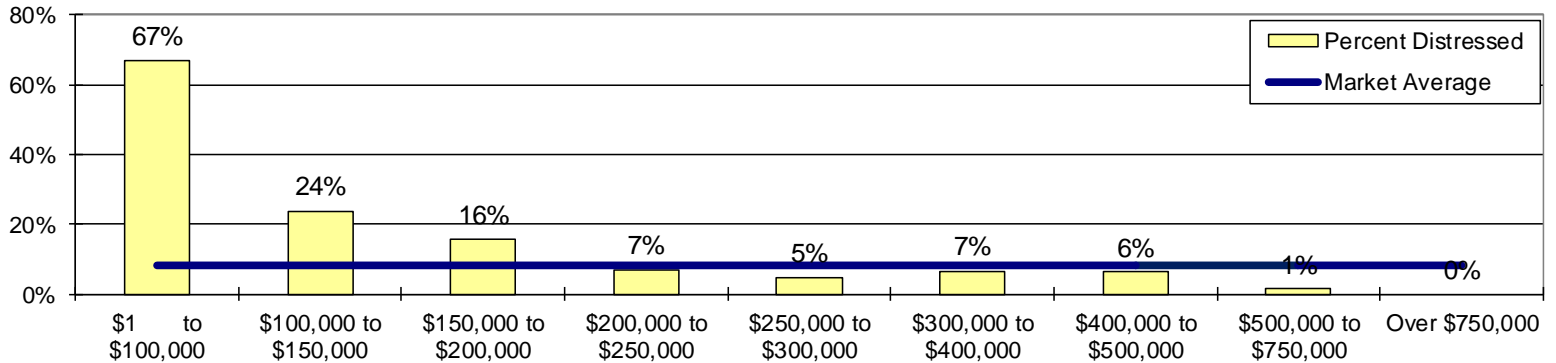
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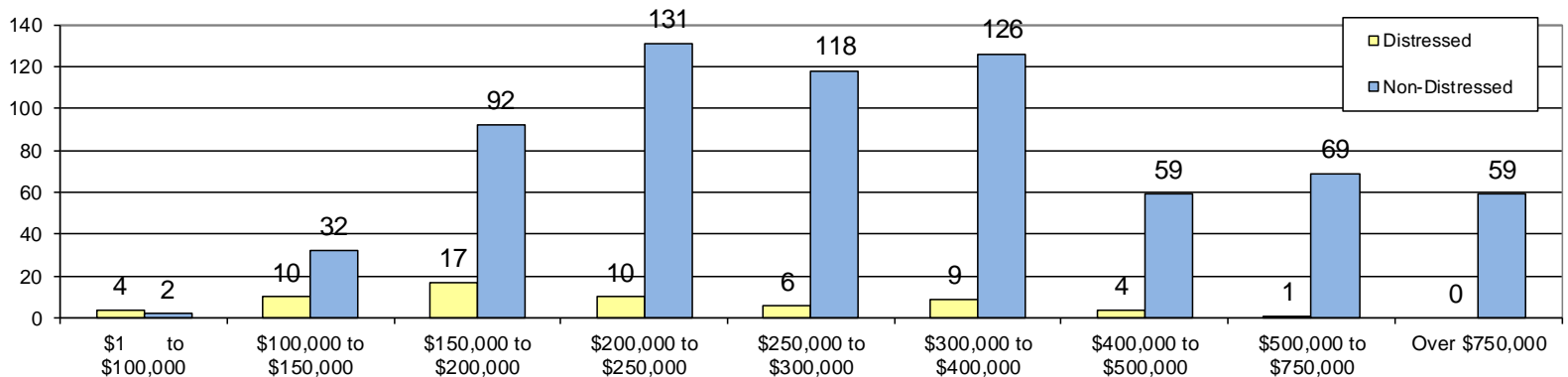
Distressed Listings, by Price

May, 2014

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

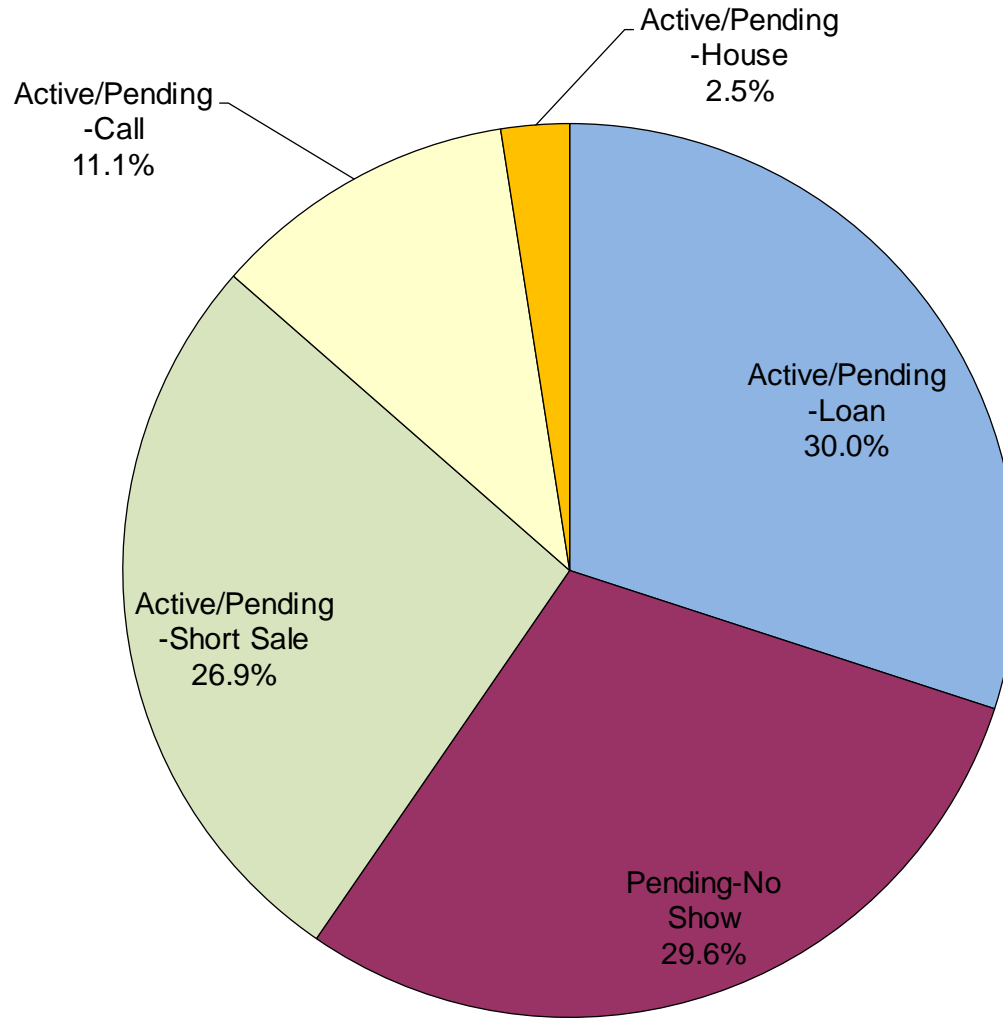
May, 2014



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Status of Pendings, Current Month

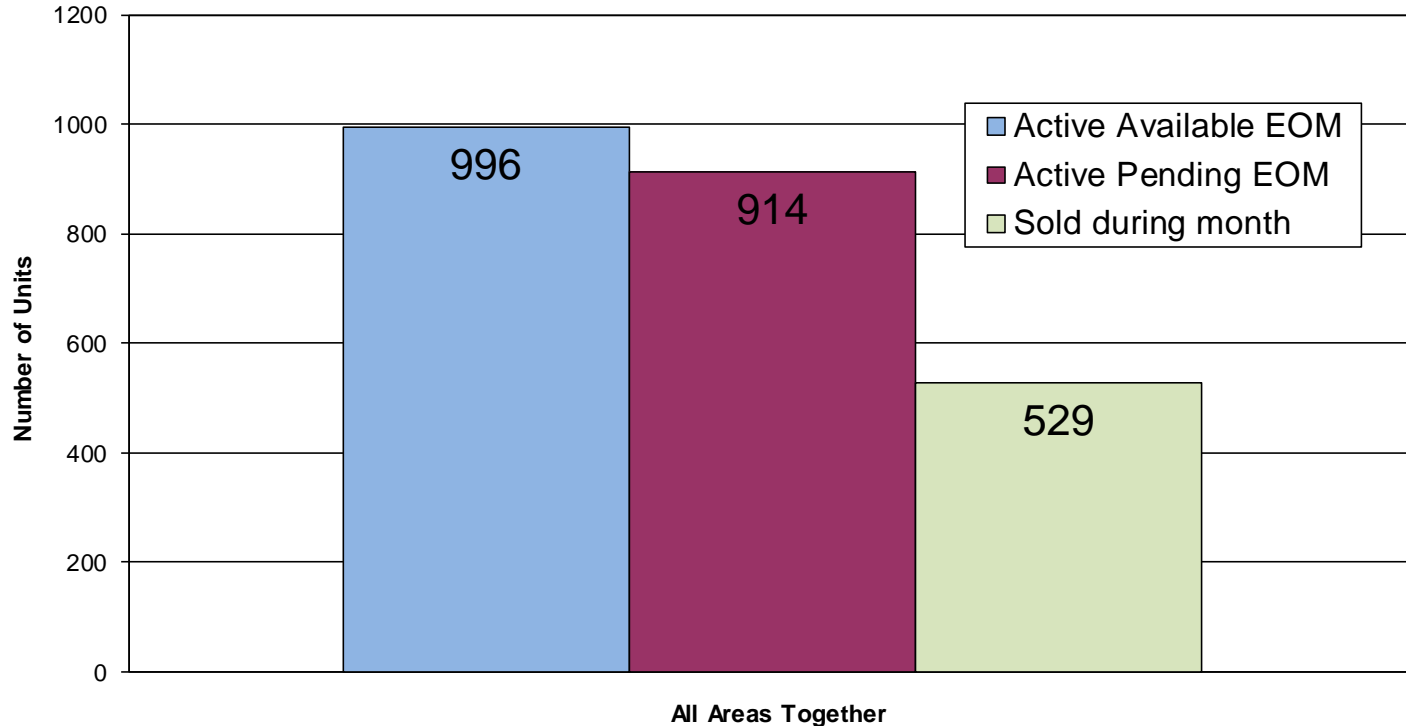
May, 2014



Months Supply of Inventory, Current Month

May, 2014

(996 + 914) available / 529 units sold = 3.6 months of inventory

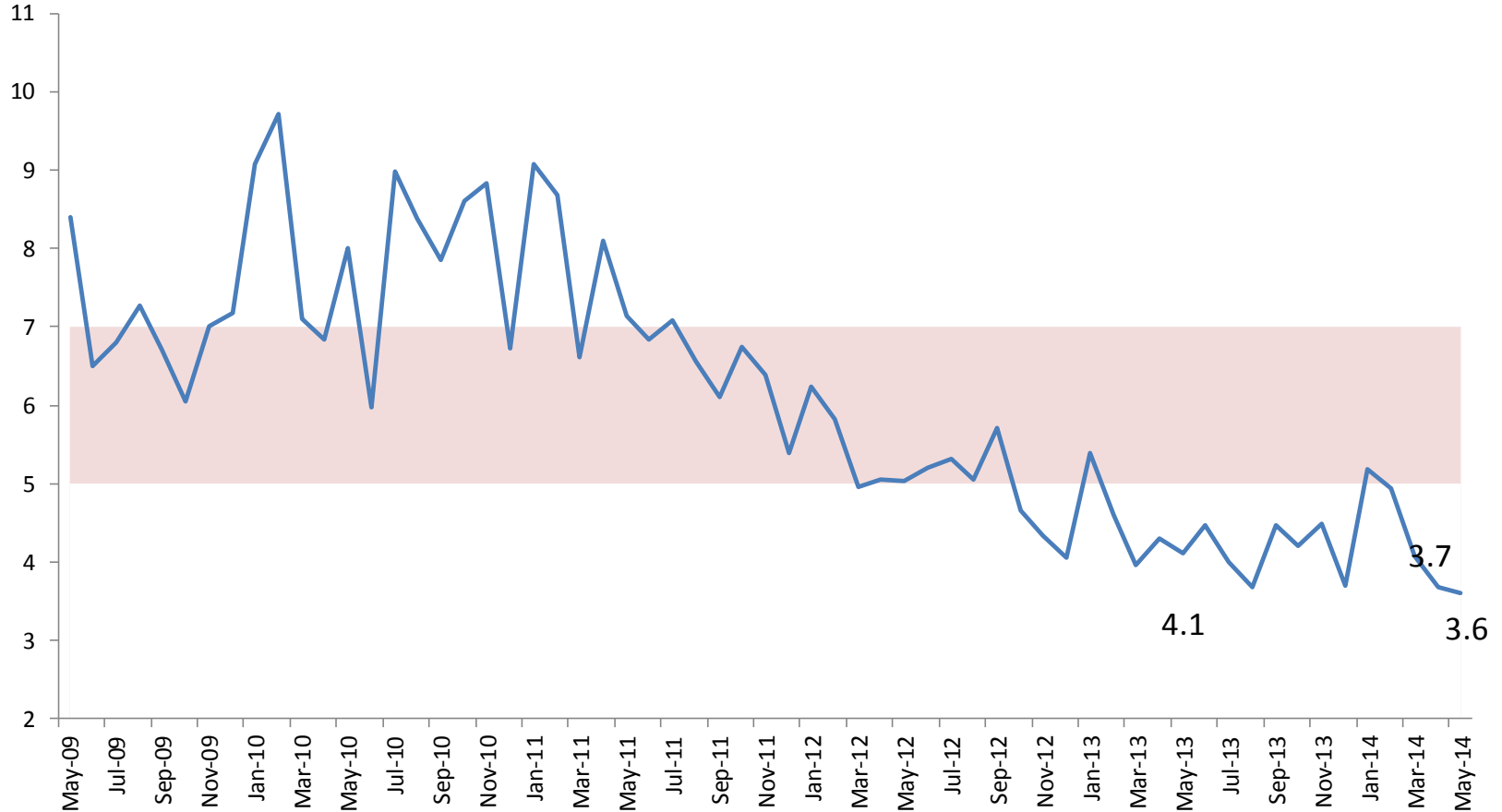


Unsold Inventory includes Active Pendings. This method of reporting absorption follows the industry standard and includes pendings in Active Inventory. Absorption or Months Supply of Inventory is defined as the number of months it would take to absorb the units available for sale. The National Association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

Months Supply of Inventory, Historical 5 years

May, 2014

Month's Supply of Inventory, 5 year history

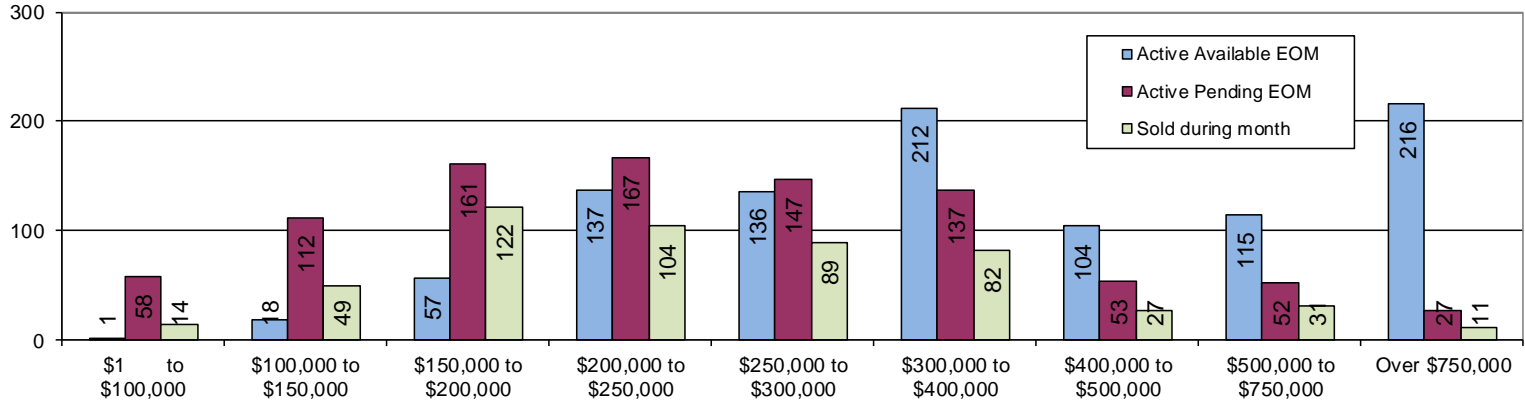


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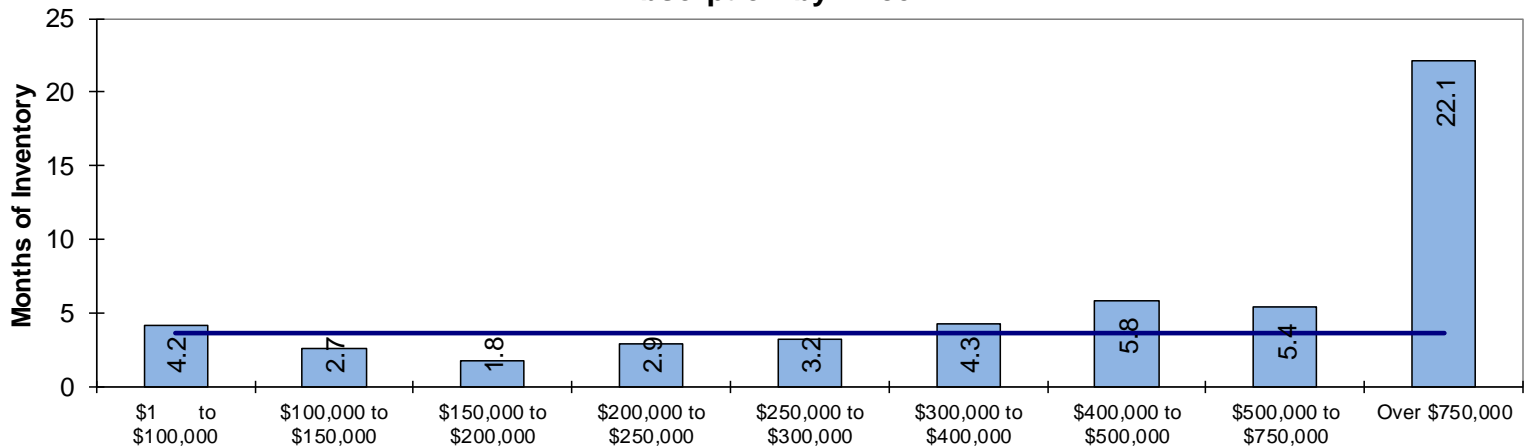
Units and Absorption, by Price

May, 2014

Active and Sold Homes by Price, current month



Absorption by Price



"Active" includes "Active/Pending"

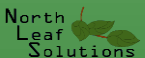
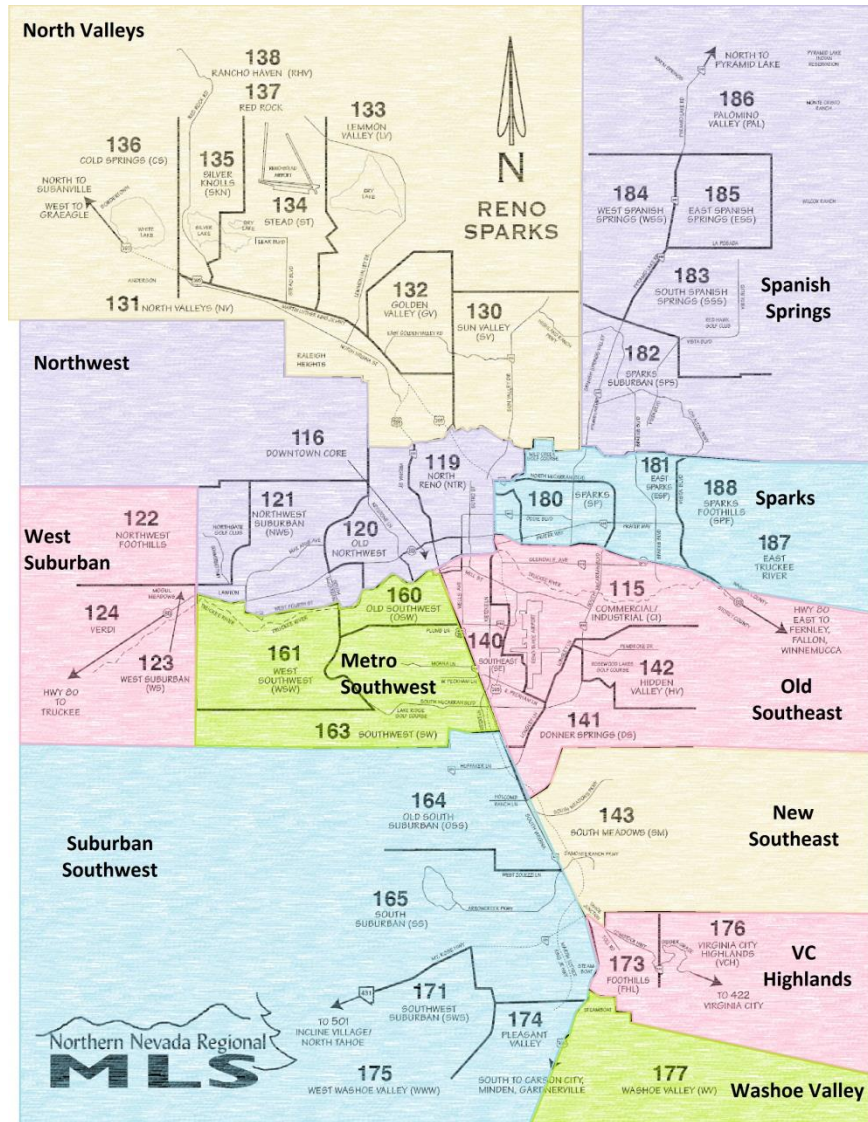
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Reno/Sparks Area Map

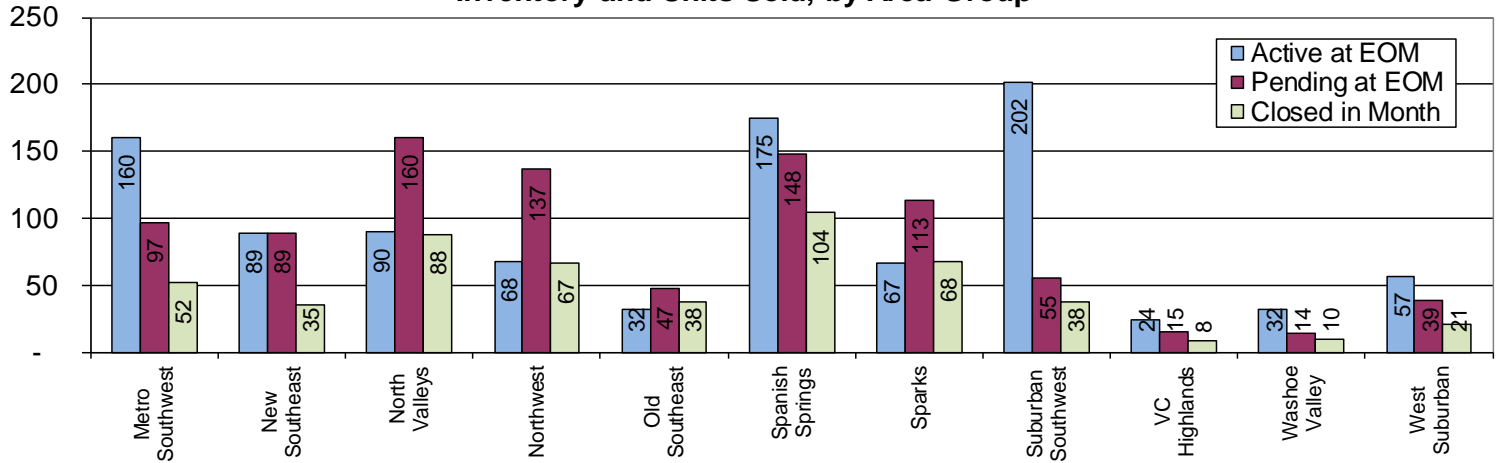
May, 2014



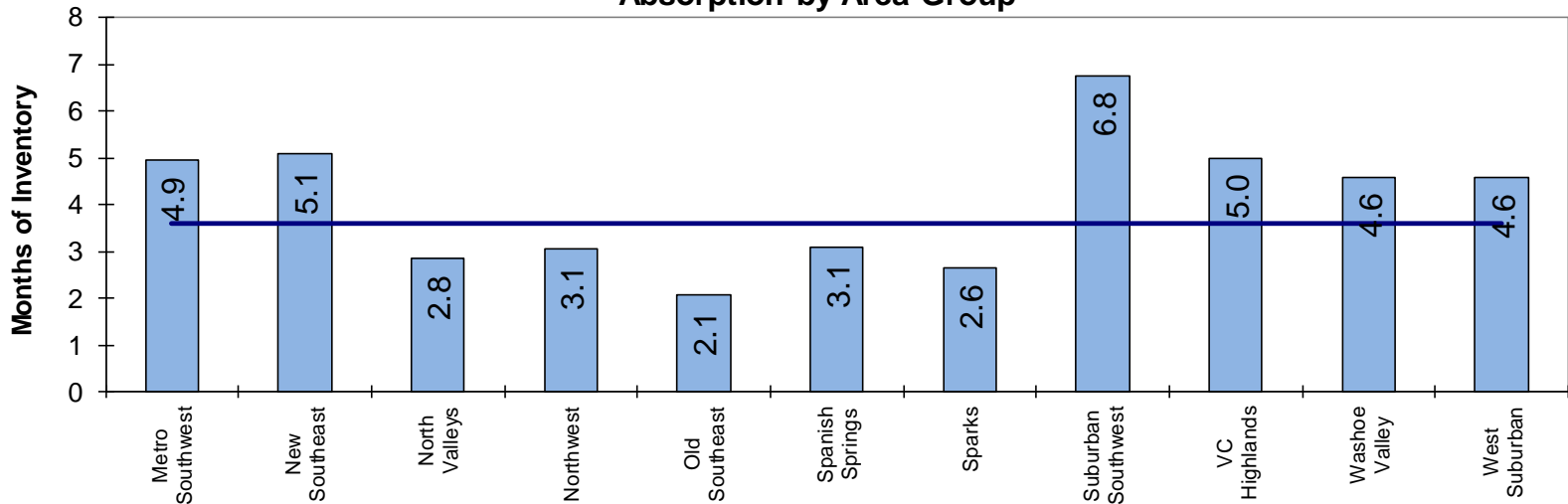
Units and Absorption, by Area Group

May, 2014

Inventory and Units Sold, by Area Group



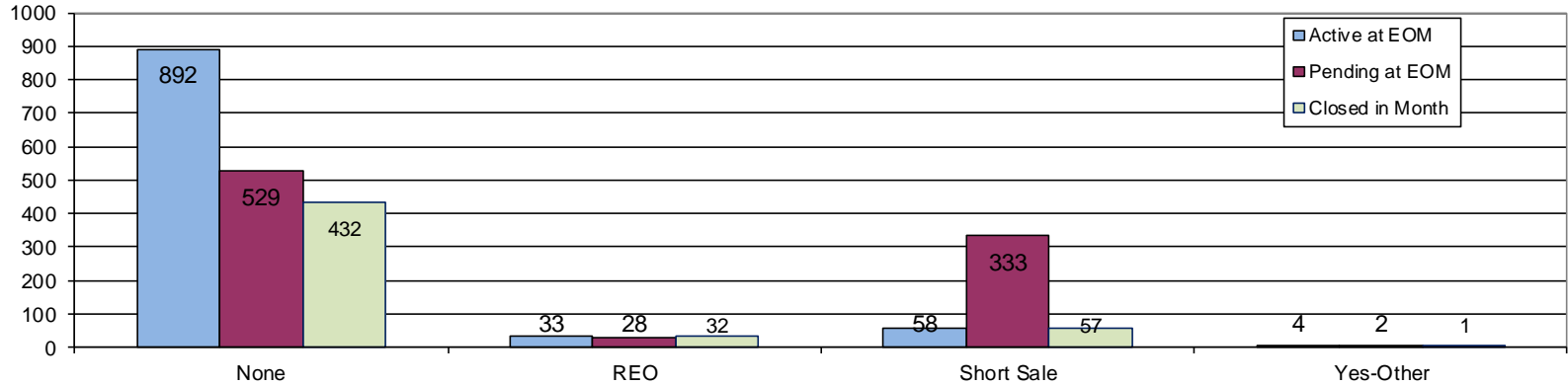
Absorption by Area Group



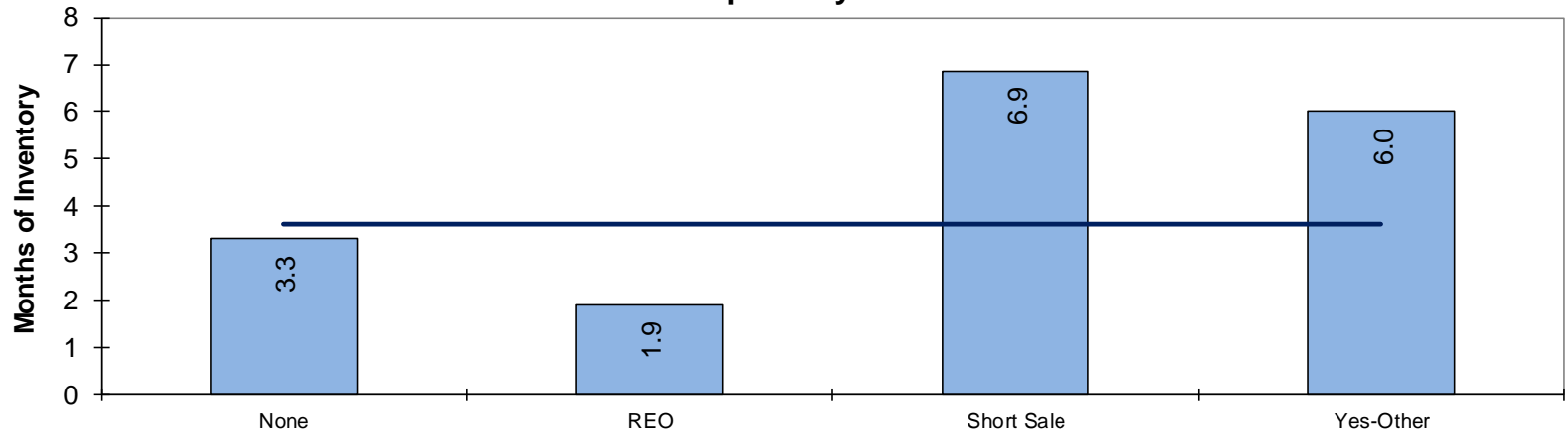
Units and Absorption, by Special Condition

May, 2014

Active and Sold Homes by Condition, current month



Absorption by Condition



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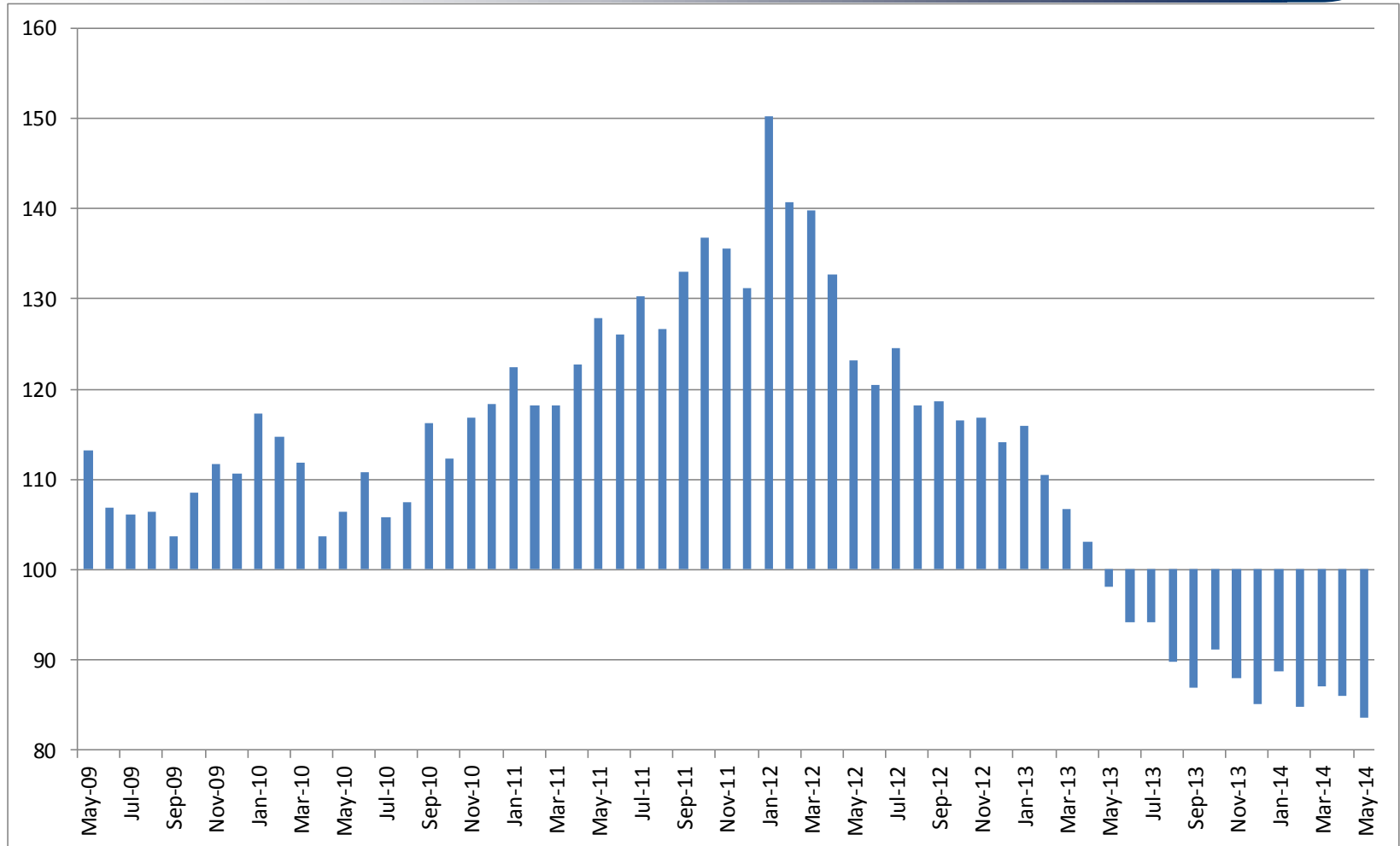
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Housing Affordability Index, 5 years

May, 2014



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

May, 2014

