

Reno/Sparks Association of REALTORS®

June, 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 Price
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- ❖ **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 July 6th, 2014.

Market Report Commentary

June, 2014

❖ Summary

- “June sales are the third highest June in history exceeded only by June 2010 and June 2005,” said Mark Ashworth, 2014 president of the Reno/Sparks Association of REALTORS. “We continue to see recovery in the median price of single family homes, but we are not seeing the double-digit year-over-year increases we saw in 2013. This indicates a positive sign of stabilization in median price.”

❖ Median Sales Price

- June 2014 median price was up 4.2% to \$250,000 compared to \$240,000 in May 2014 and up 11.1% compared to \$225,000 in June 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

- June, 2014 median price on properties with no special conditions was up 4.8% to \$262,000 compared to \$250,000 in May, 2014 and up 6.9% compared to \$245,000 in June, 2013.
- June, 2014 median price on REO (Bank Owned) properties was up 0.3% to \$192,000 compared to \$191,500 in May, 2014 and up 4.1% compared to \$184,500 in June, 2013.
- June, 2014 median price on short sales properties was down -19.6% to \$160,000 compared to \$199,000 in May, 2014 and up 3.2% compared to \$155,000 in June, 2013.

❖ Number of Units Sold

- June, 2014 units sold was up 1.1% to 548 compared to 542 in May, 2014 and up 3.2% compared to 531 in June 2013.

❖ Average Days on Market

- June, 2014 average days on market was down -12.3% to 89 compared to 101 in May, 2014 and down -5.8% compared to 94 in June 2013.

Market Report Commentary, continued

❖ Days on Market (DOM) by Special Conditions

- Short sale properties had an average days on market of 214.
- Properties with no special conditions had an average days on market of 72.
- REO Properties had an average days on market of 107.

❖ New Listings

- June, 2014 new listings was down -8.1% to 701 compared to 763 in May, 2014 and down -6.3% compared to 748 in June 2013.
- Properties listed at under \$250,000 made up 38% of new listings entering the market during the month of June, 2014.
- 10% of new June, 2014 listings were distressed. Short sales 4%; REO 3%; No special conditions 90%; and Other 2%.

❖ Distressed New Listings History

- The allocation of new listings by special conditions decreased, representing 8% of the market in June 2014, down from 9% in May 2014, and 23% in June 2013.

❖ Status of Pending

- Active/Pending-Loan represent 29.0% of the total active pendings; Active/Pending-Short Sale equals 26.4%; Pending-No Show represents 28.2%; Active/Pending-Call 12.2%; and Active/Pending-House 4.1%.

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

- At the end of June, 2014, there was 3.7 months of unsold inventory based on the monthly sales rate.

Market Report Commentary, continued

June, 2014

❖ Historical Months Supply of Inventory

- June, 2014 MSI was down to 3.7 compared to 3.9 in May, 2014 and down from 4.5 in June, 2013.
- The National Association of REALTORS® describes a balanced market as between 5 and 7 months supply.
- Unsold inventory includes Active Pendings. 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: \$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, \$400,000 to \$500,000,
- 50% of the total sales for June, 2014 were in the under \$250,000 price range.

❖ Units and Absorption by Area Group

- Area Groups in a Balance Market are: none.
- Area Groups in a Buyer's Market are: Suburban Southwest, VC Highlands, Washoe Valley,
- Area Groups in a Seller's Market are: Metro Southwest, New Southeast, North Valleys, Northwest, Old Southeast, Spanish Springs, Sparks, West Suburban,
- Spanish Springs had the highest level of active inventory with 220 active listings.
- Spanish Springs had the highest level of pending sales with 156 pendings.
- Spanish Springs had the highest level of closed sales with 91 closed sales.

❖ Units and Absorption by Condition

- The Months Supply of Inventory in the category of Real Estate Owned is at a 1.8 MSI in June, 2014.
- No Special Conditions condition properties has 3.5 MSI, Short Sale properties has 6.7 MSI, and Yes-Other has 7.0 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

June, 2014

❖ Conclusion

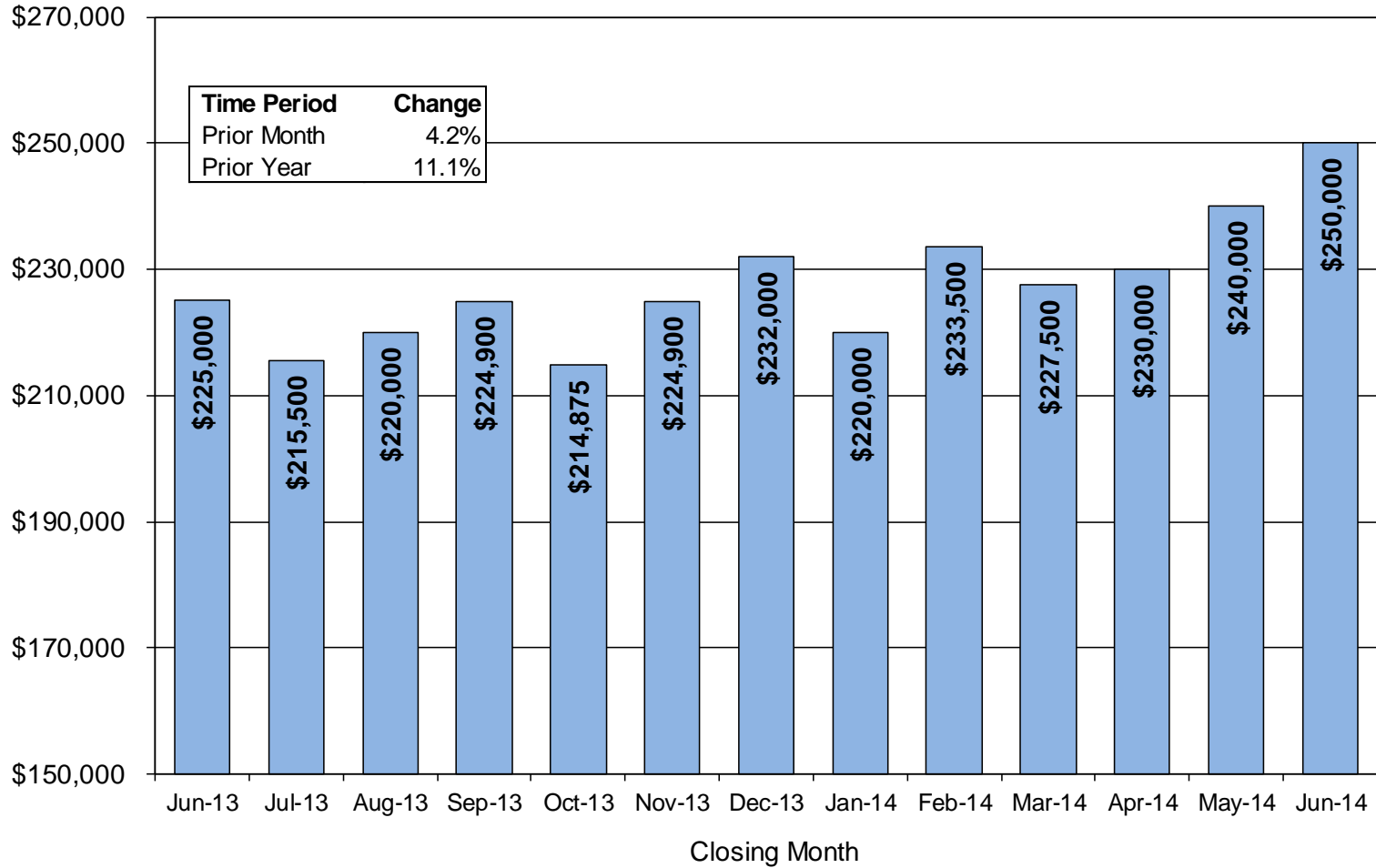
- June 2014 sales at 548 are the third highest June in history exceeded only by June 2010 (604) and June 2005 (679). June 2010 was the 1st deadline to take advantage of the First time Homebuyers Tax Credit and June 2005 was performing based on lenient lending practices. It's a good sign that today's market is performing well without artificial influences.
- 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 31.5% off the peak from January 2006. The slowing in the acceleration of median price is a positive and more normal trend.
- New listings are down 8% from the prior month and down 6% from June 2013 but are following the typical seasonal trend.
- June pending sales were down 8% with 382 compared to 416 in May 2014. Pendings are a leading indicator of future closed transactions.
- Buyer demand and low inventory keep the Reno and Fernley areas in a Seller's market. Reno has 3.7 Month's Supply of Inventory.
- With the lack of inventory at the entry-level, those sellers with equity and who are willing to price their home competitively this is an excellent time to sell.
- According to a July 6th article in The New York Times "... Reno appears poised to turn the corner, according to economist who study the region. Housing prices are slowly starting to rise. The unemployment rate has declined to 7.1%. New technology companies are arriving, and older ones are expanding, including Zulily, an e-commerce company for women and children's clothing and home décor, which announced plans in May to double its warehouse and hire 600 people." As quoted from The Times "There are solid reasons to be optimistic about Reno," said Greg Bird, an economist at Moody's Analytics. "We're starting to really see the data turn for them."
- "There is a lot of positive things happening and slated to take place in the Truckee Meadows/Fernley area," commented Reno/Sparks Association President, Mark Ashworth. "We look forward to a continued healthy recovery."

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Median Sales Price

June, 2014

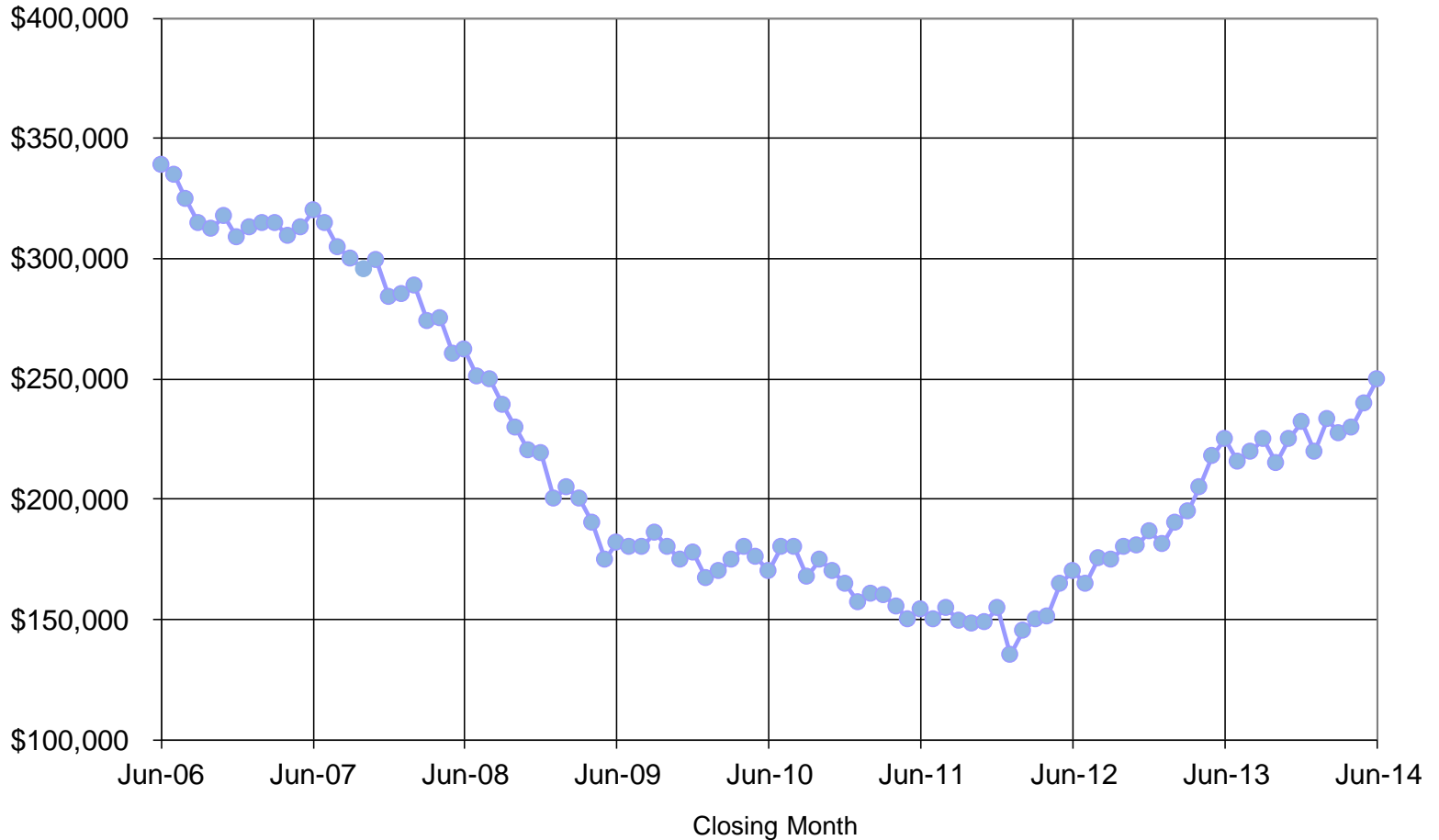
Median Sales Price, 13 months



Summary: Median Sales Price

June, 2014

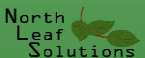
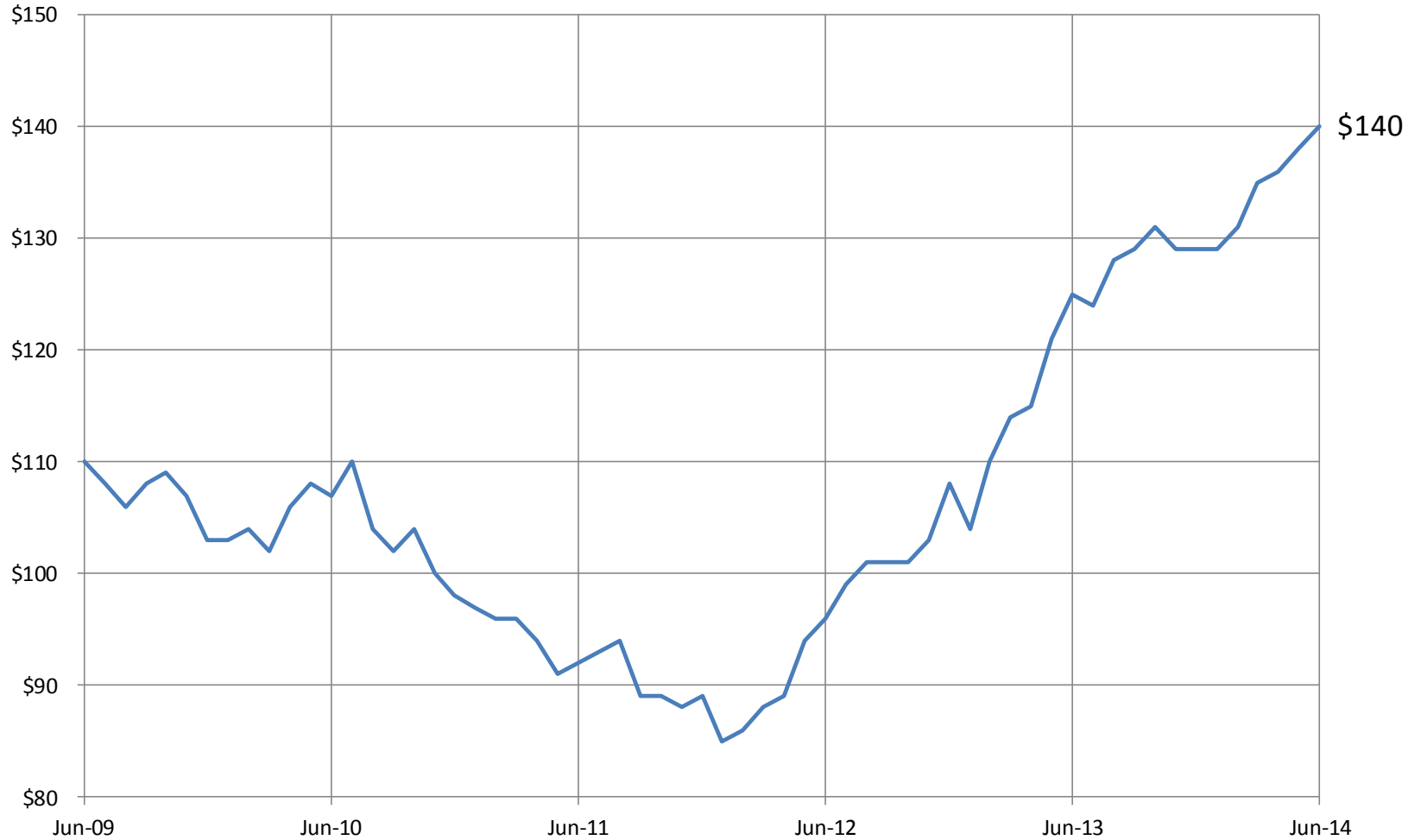
Median Sales Price, 8 years



Price per Square Foot

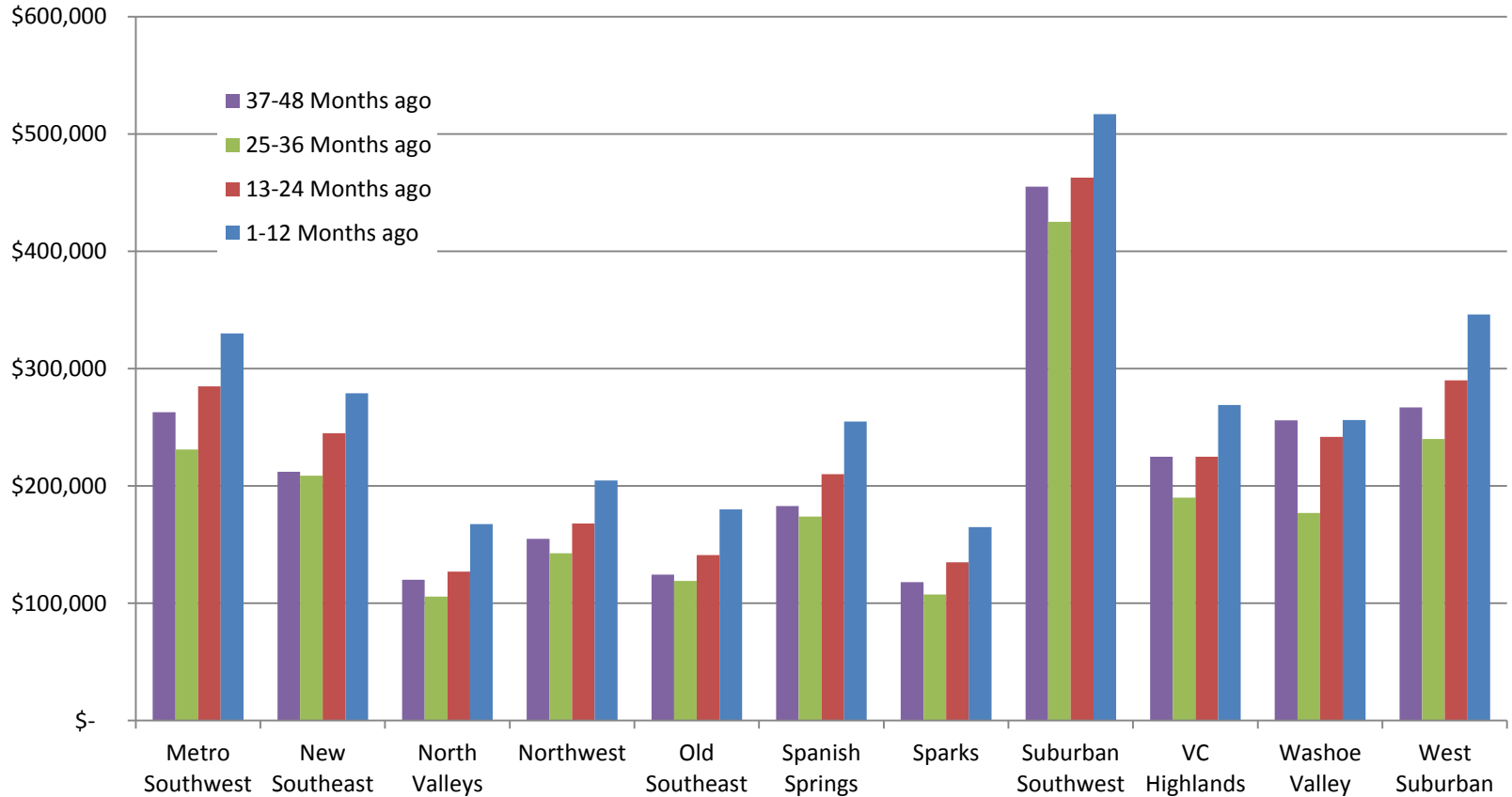
June, 2014

Sold Dollars per Square Foot, 5 year History



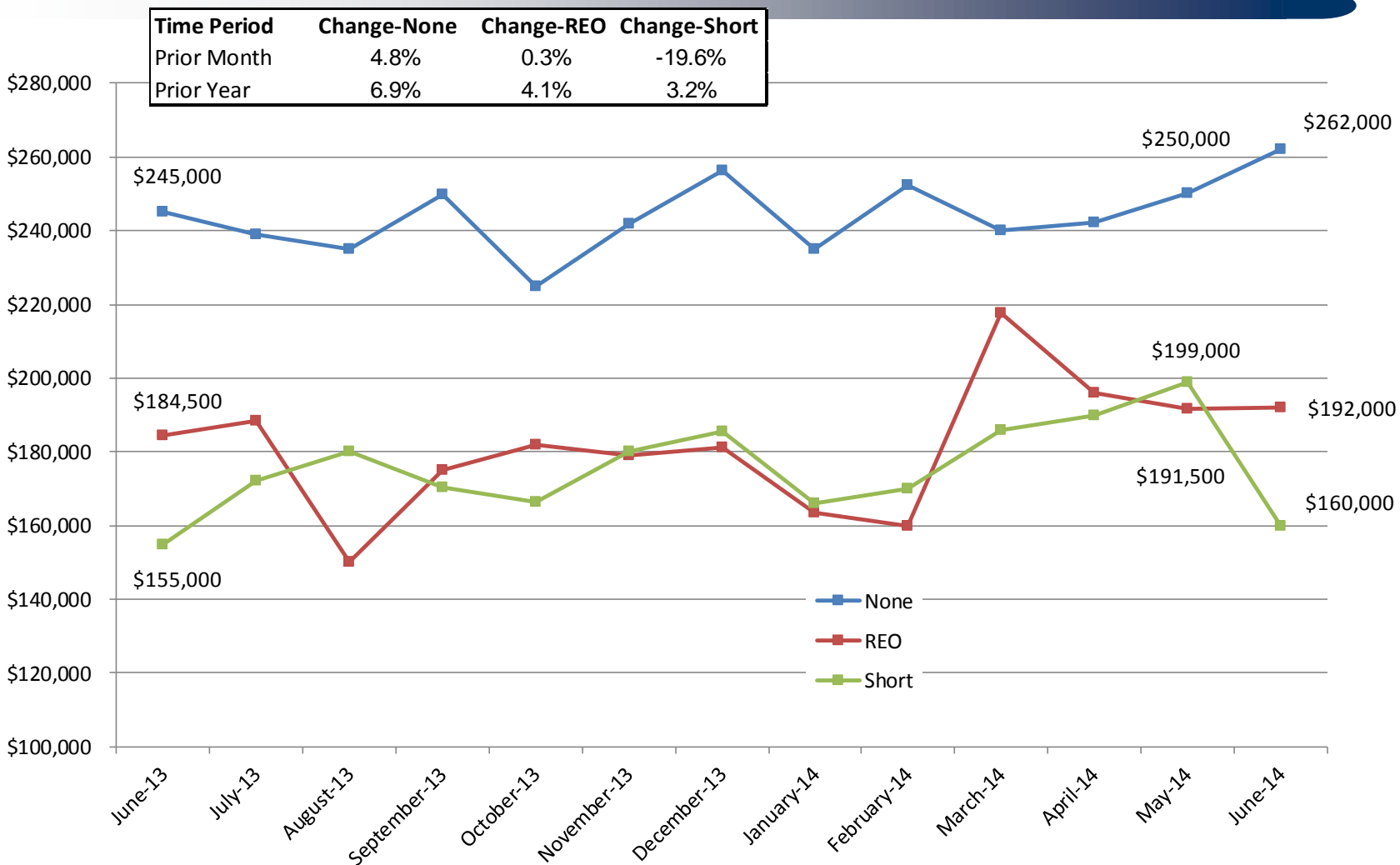
Annualized Median Price by Area Group

June, 2014



Median Sales Price by Special Condition

June, 2014



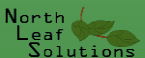
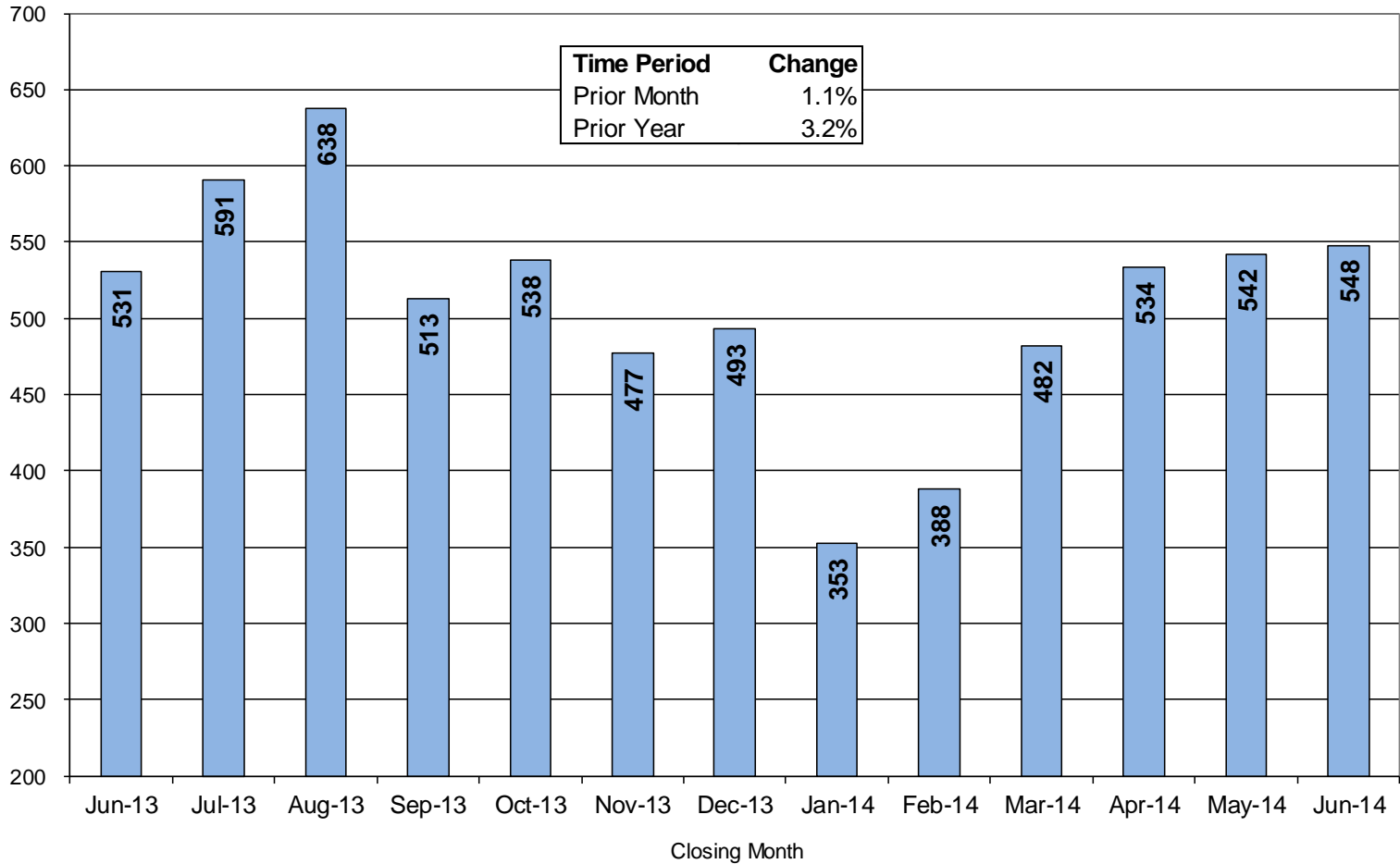
Distressed listings are defined as follows: REO – property has been foreclosed upon and is being sold by the bank, HUD or VA. Short Sale - seller owns more for the property than current value.



Number of Units Sold

June, 2014

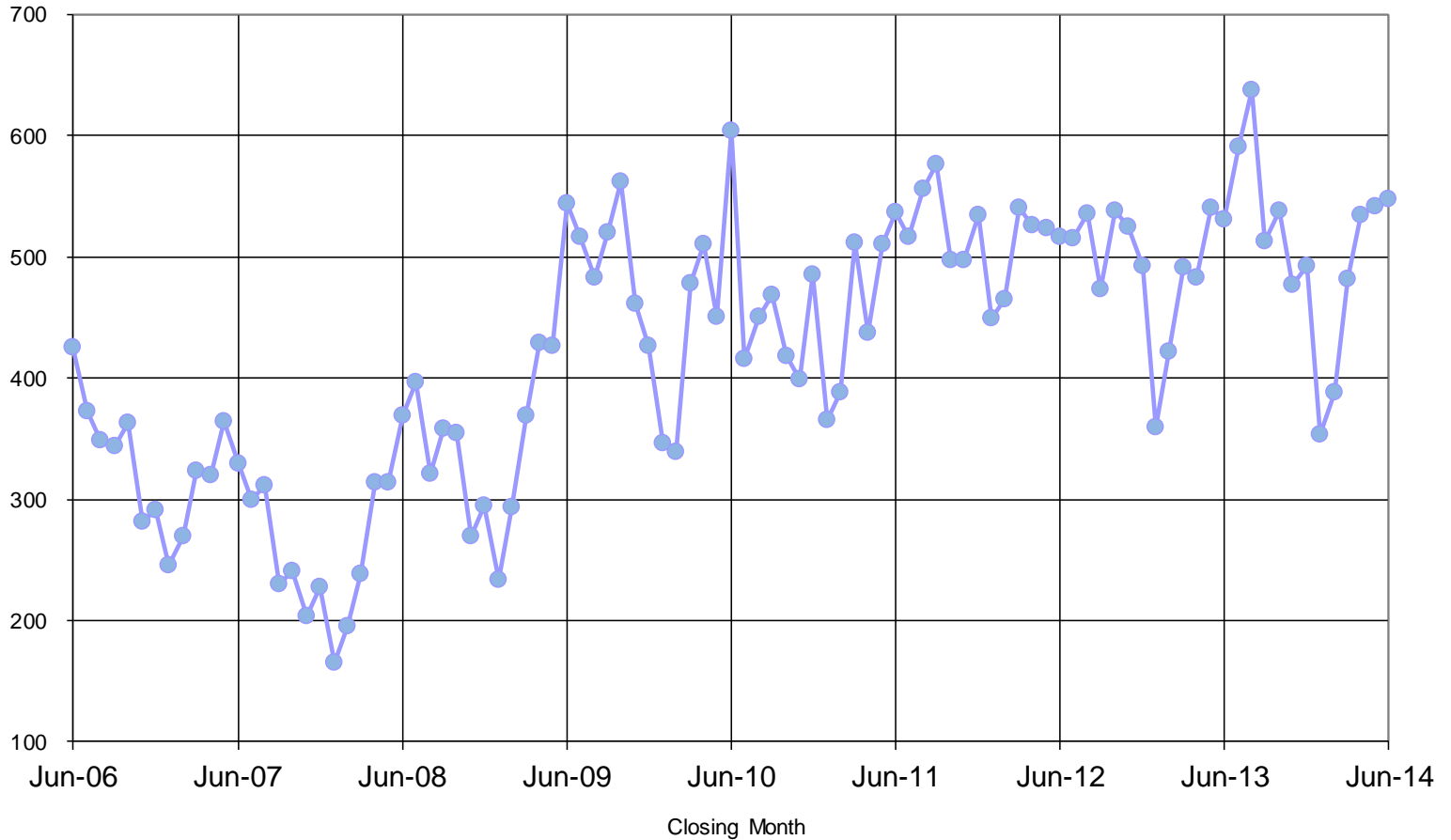
Number of Units Sold, 13 months



Number of Units Sold

June, 2014

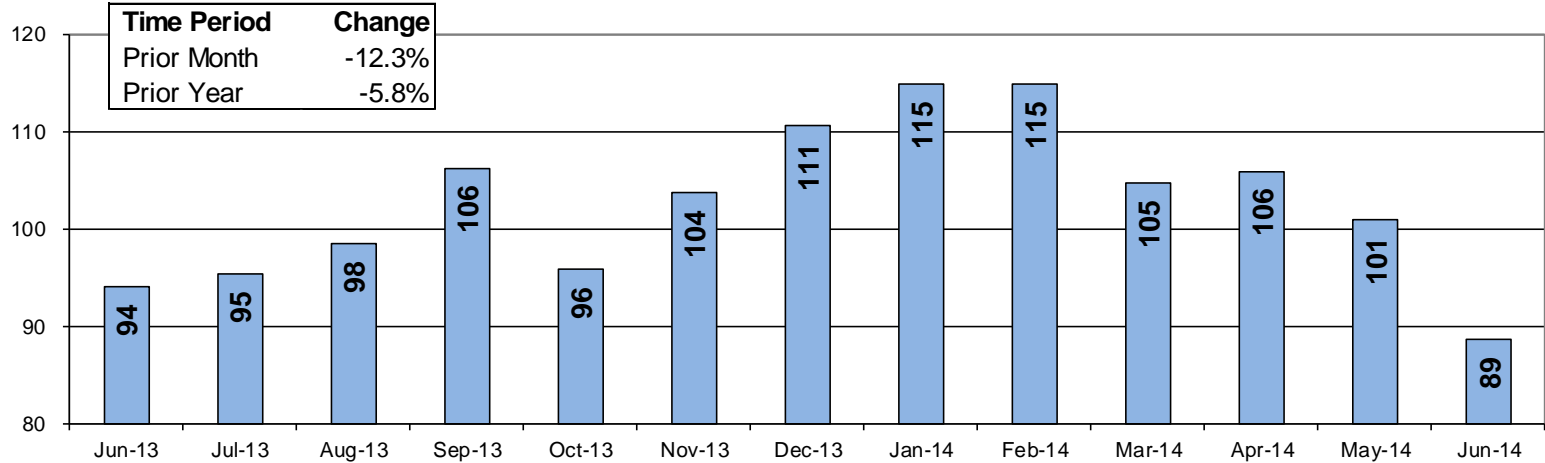
Number of Units Sold, 8 years



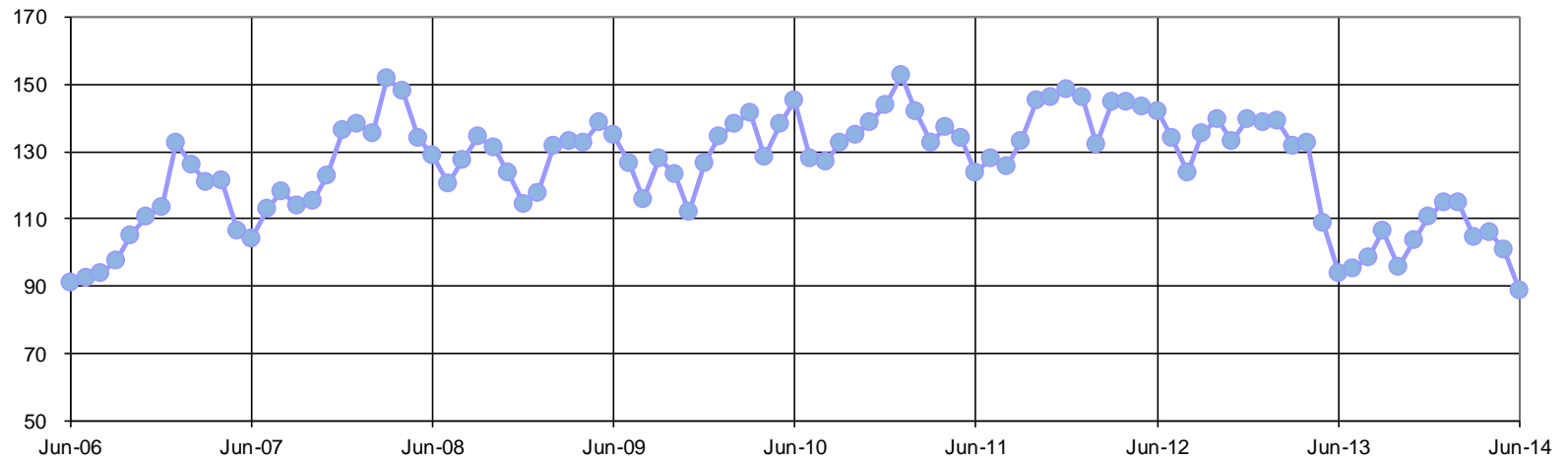
Days on Market, by Month

June, 2014

Average Days on Market for Solds, 13 months

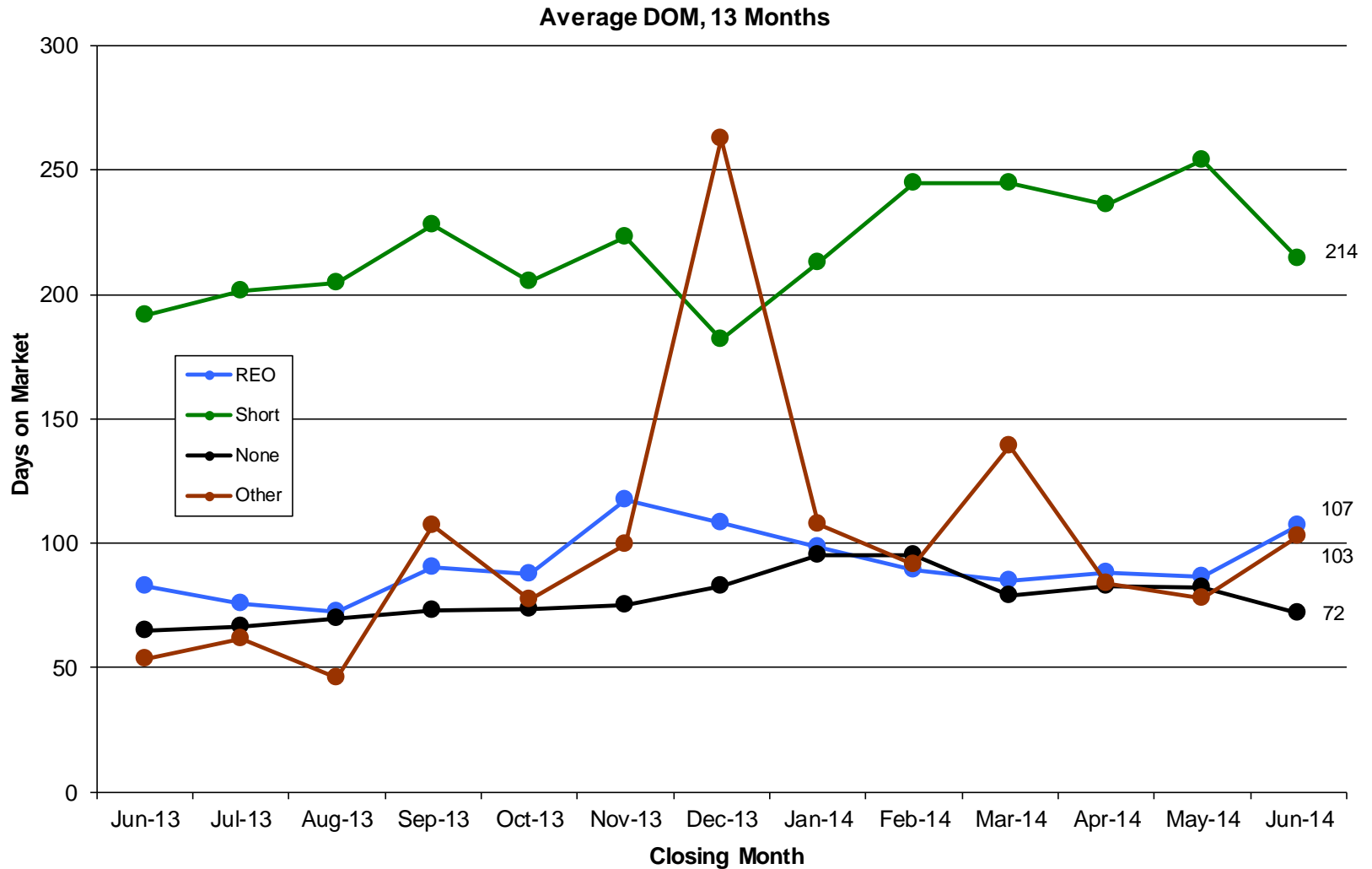


Average Days on Market for Solds, 8 years



Days on Market, by Special Conditions

June, 2014

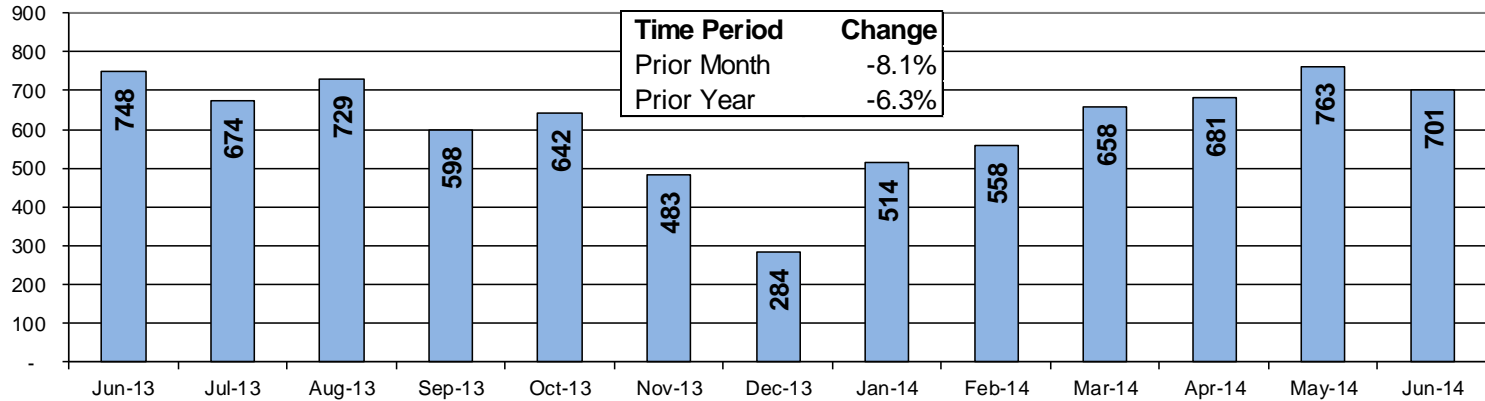


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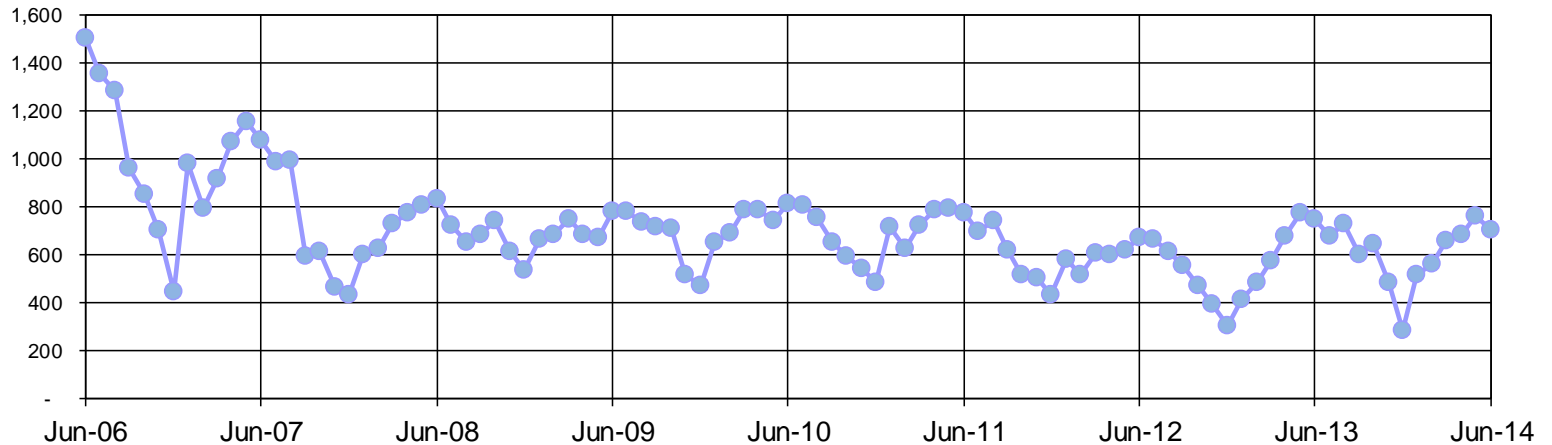
New Listings, by Month

June, 2014

New Listings by Month, 13 months

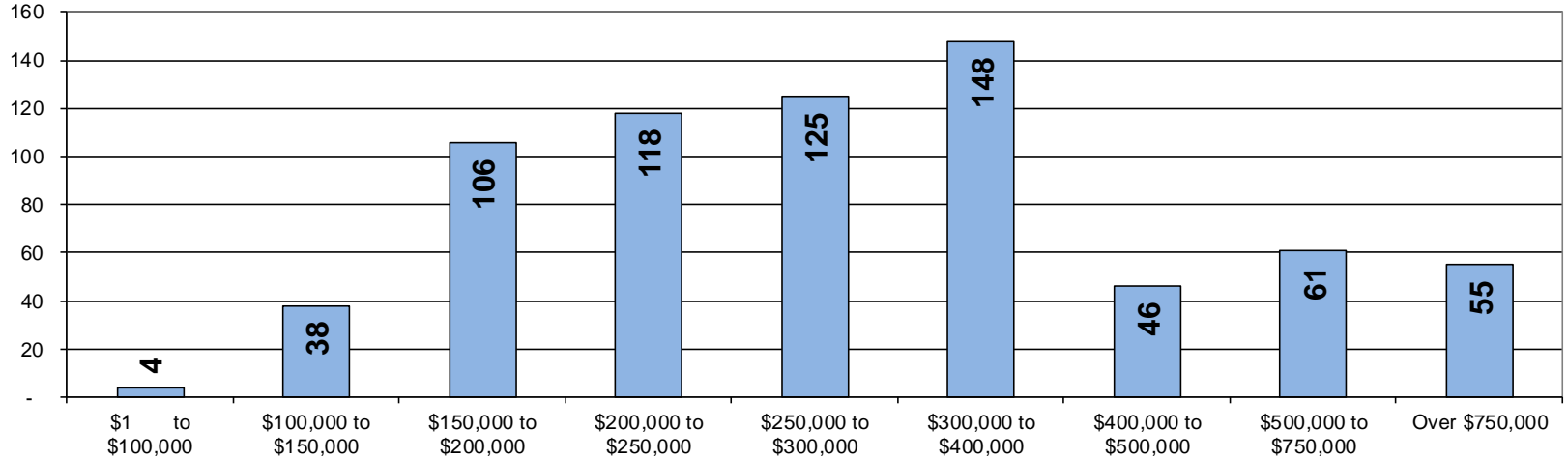


New Listings by Month, 5 years

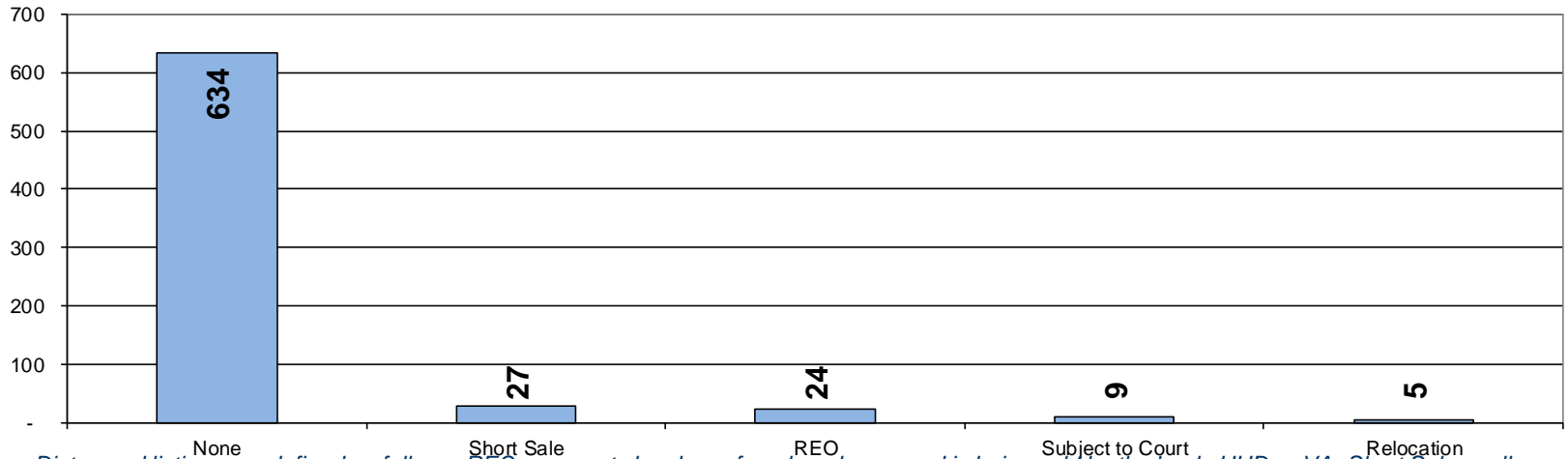


New Listings, by Price and by Special Condition

New Listings, by Price Range



New Listings, by Special Condition



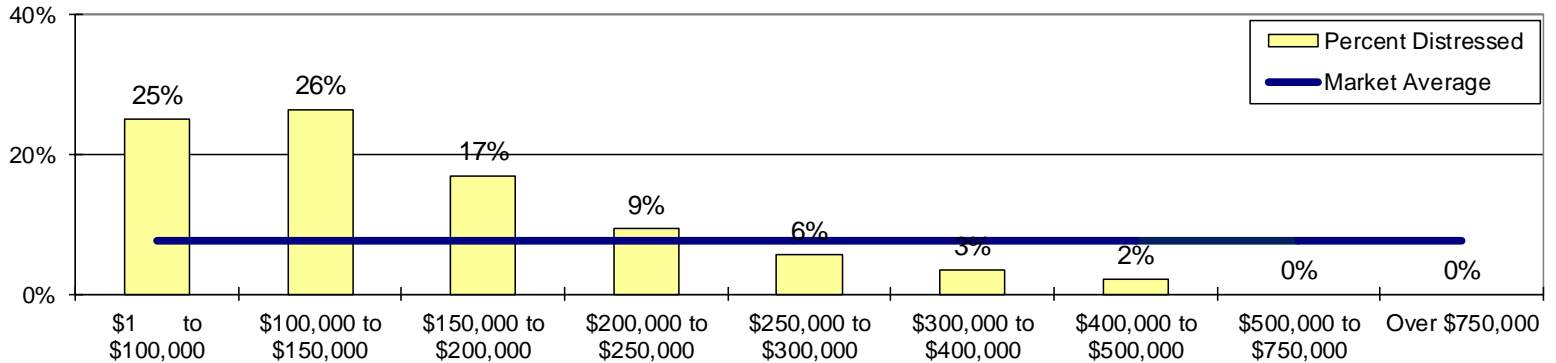
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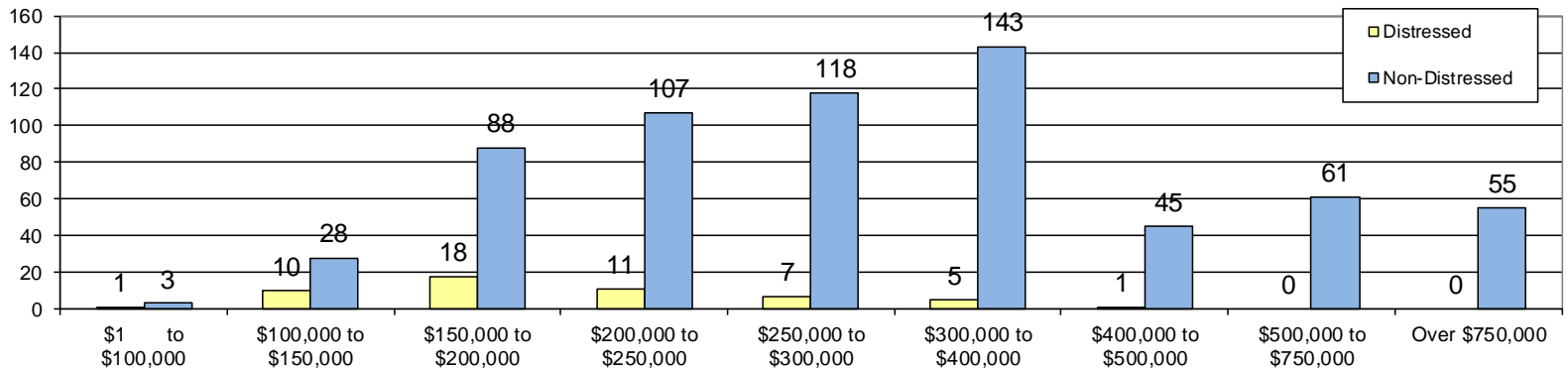
Distressed Listings, by Price

June, 2014

Percentage Distressed New Listings by Price, current month



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



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Distressed Listings, as a percentage of all listings

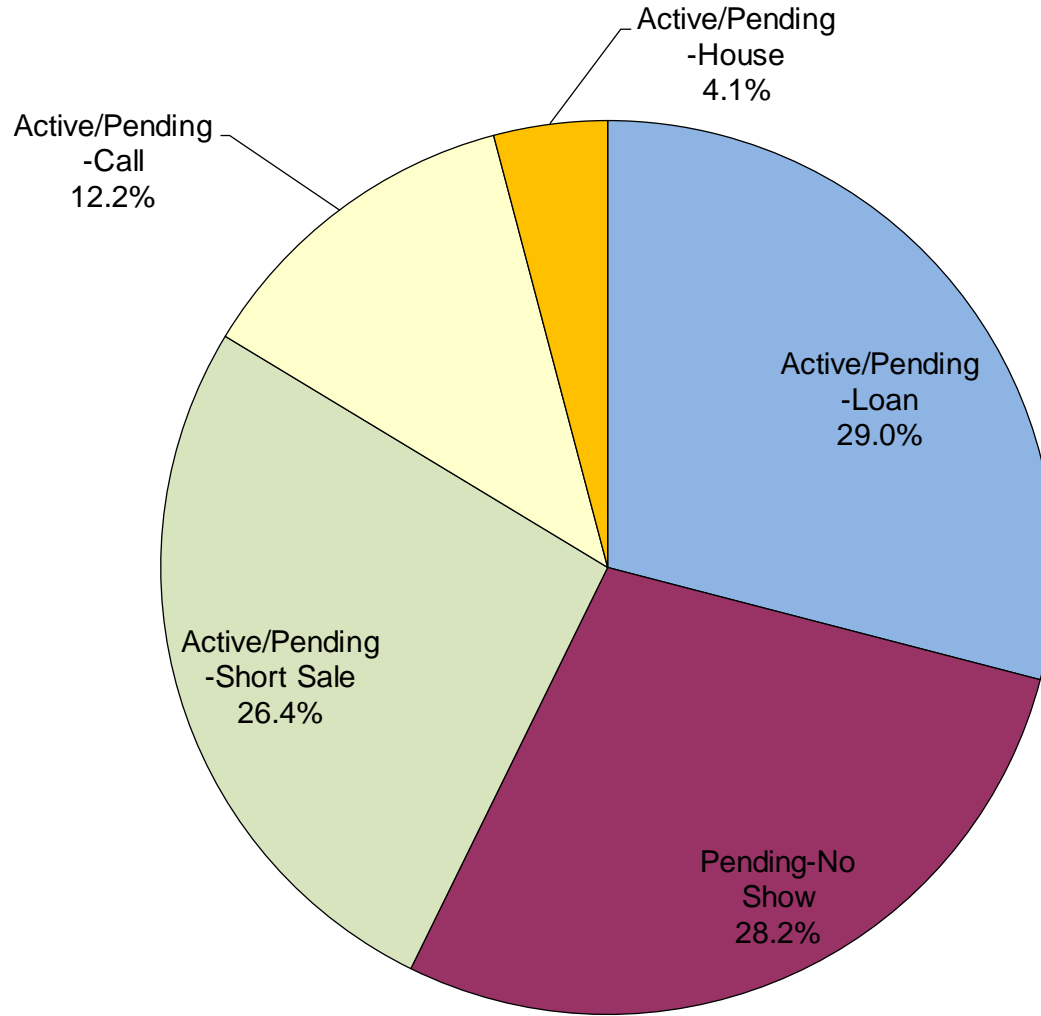
June, 2014



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Status of Pendings, Current Month

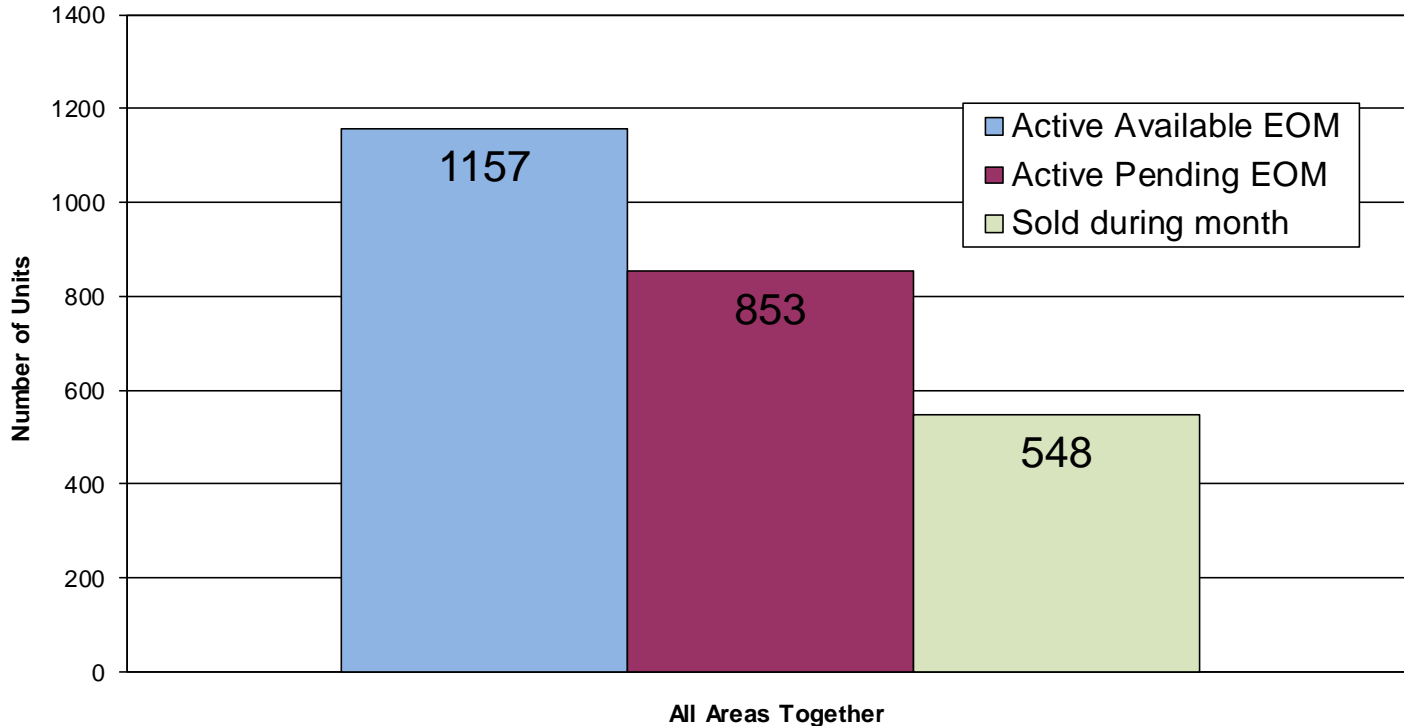
June, 2014



Months Supply of Inventory, Current Month

June, 2014

$(1157 + 853) \text{ available} / 548 \text{ units sold} = 3.7 \text{ months of inventory}$

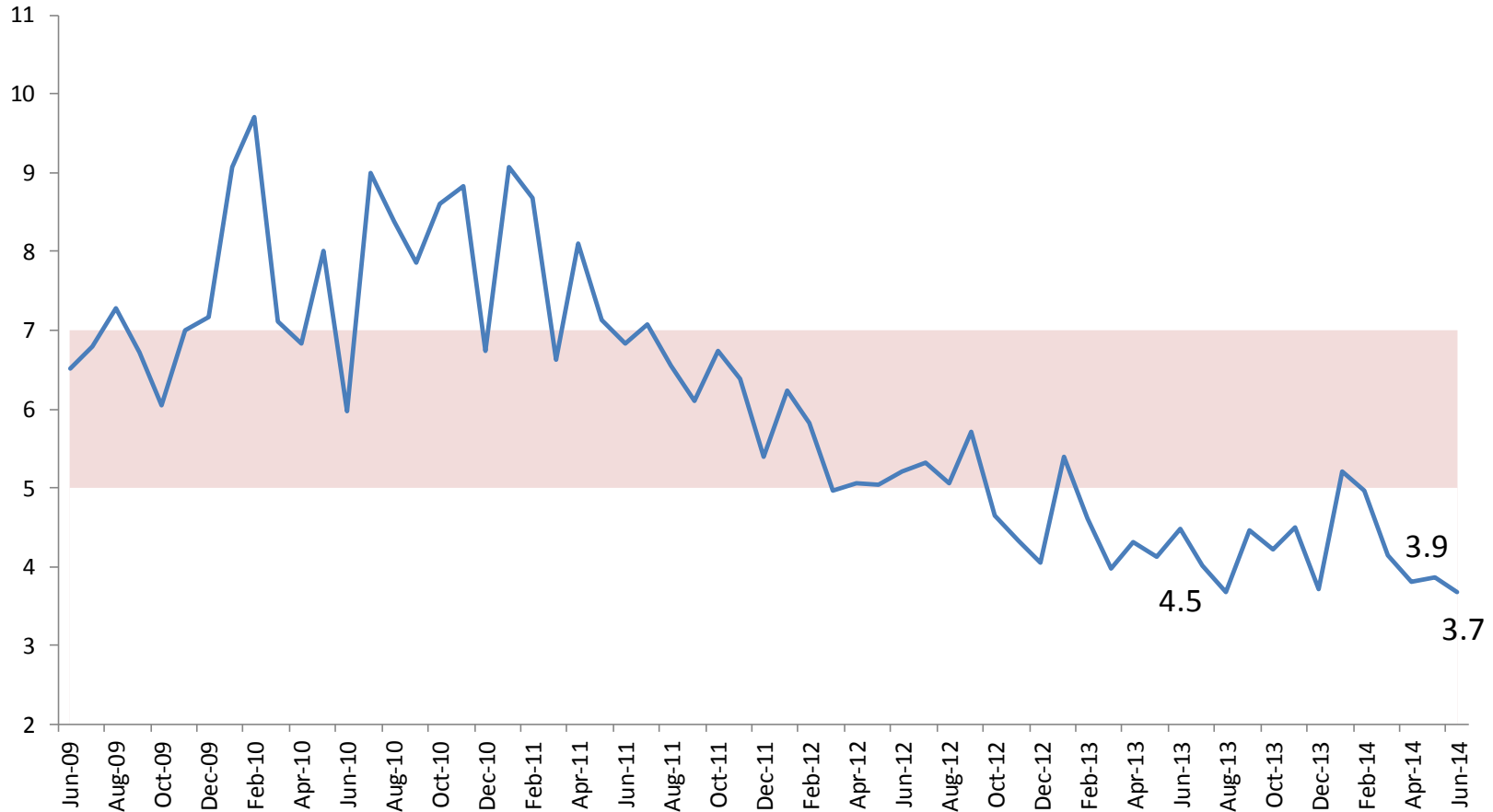


Unsold Inventory includes Active Pendings. This method of reporting absorption follows the industry standard and includes pendings in Active Inventory. Absorption or Months Supply of Inventory is defined as the number of months it would take to absorb the units available for sale. The National Association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

Months Supply of Inventory, Historical 5 years

June, 2014

Month's Supply of Inventory, 5 year history

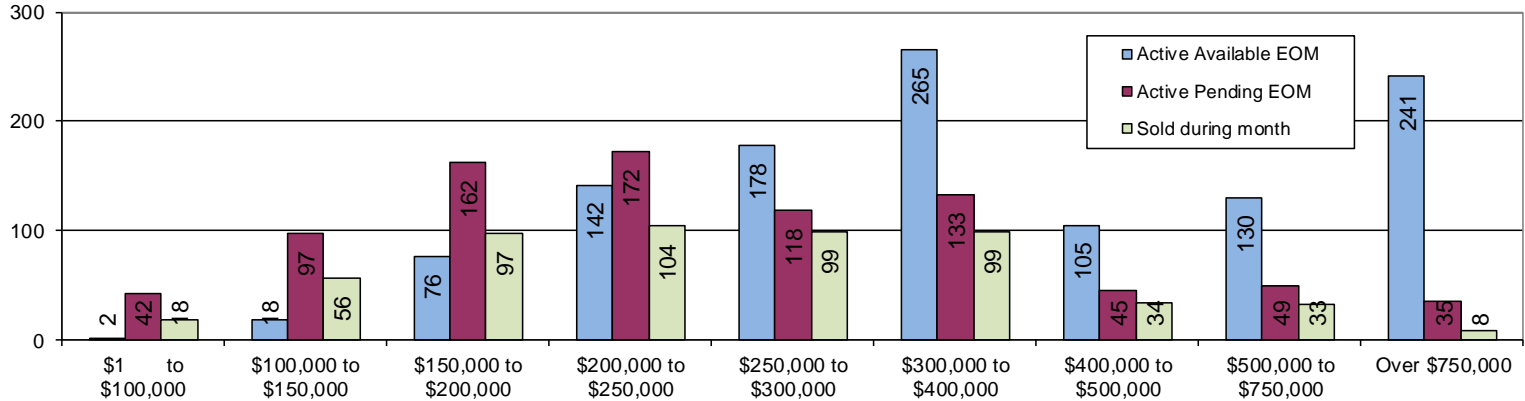


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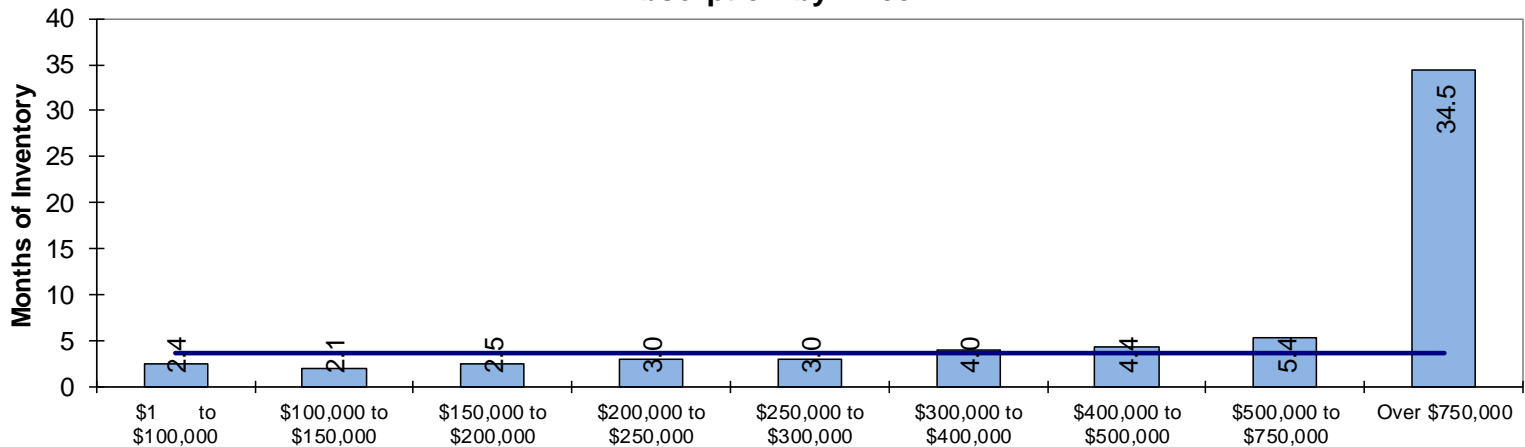
Units and Absorption, by Price

June, 2014

Active and Sold Homes by Price, current month



Absorption by Price



"Active" includes "Active/Pending"

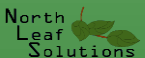
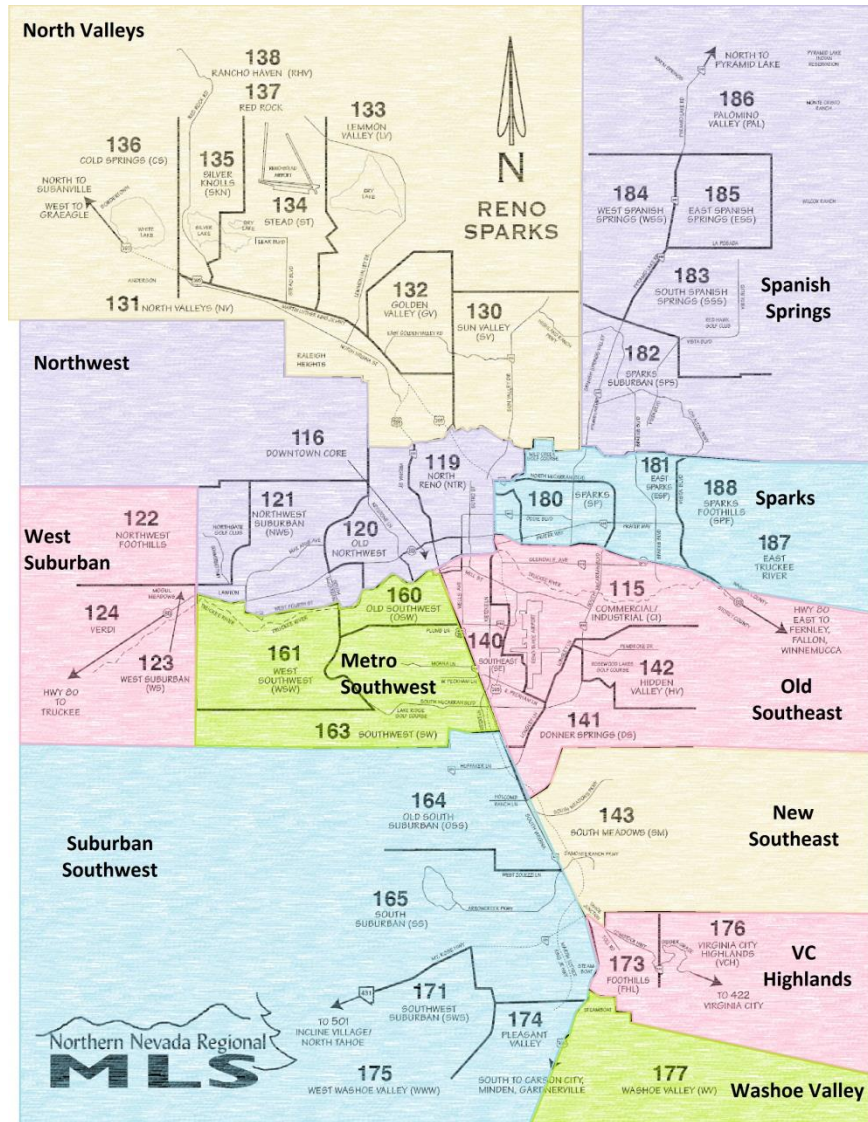
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Reno/Sparks Area Map

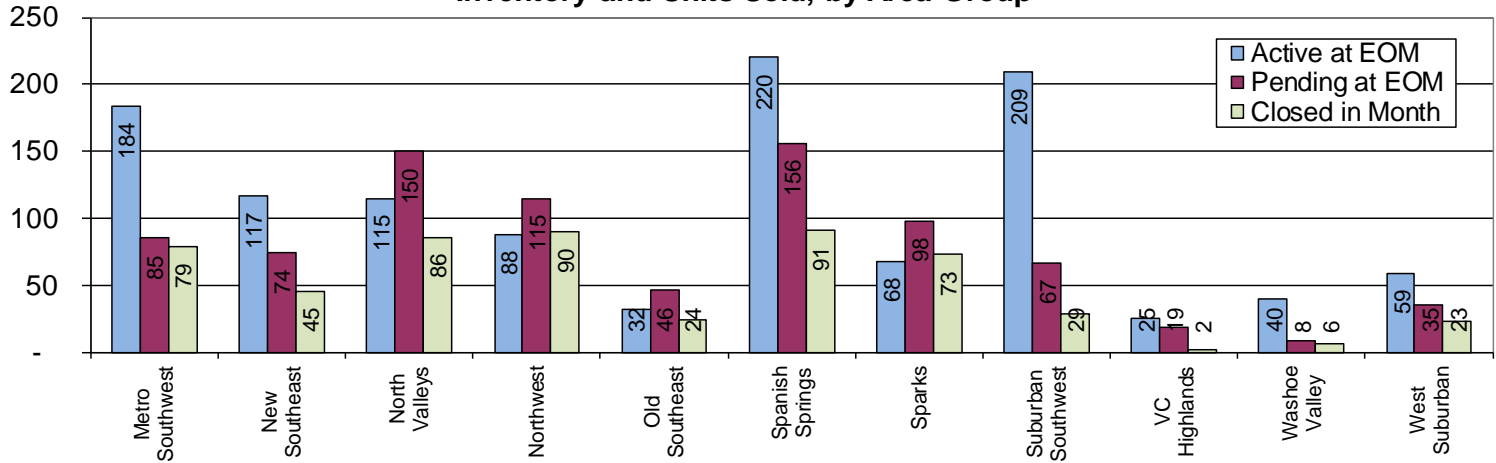
June, 2014



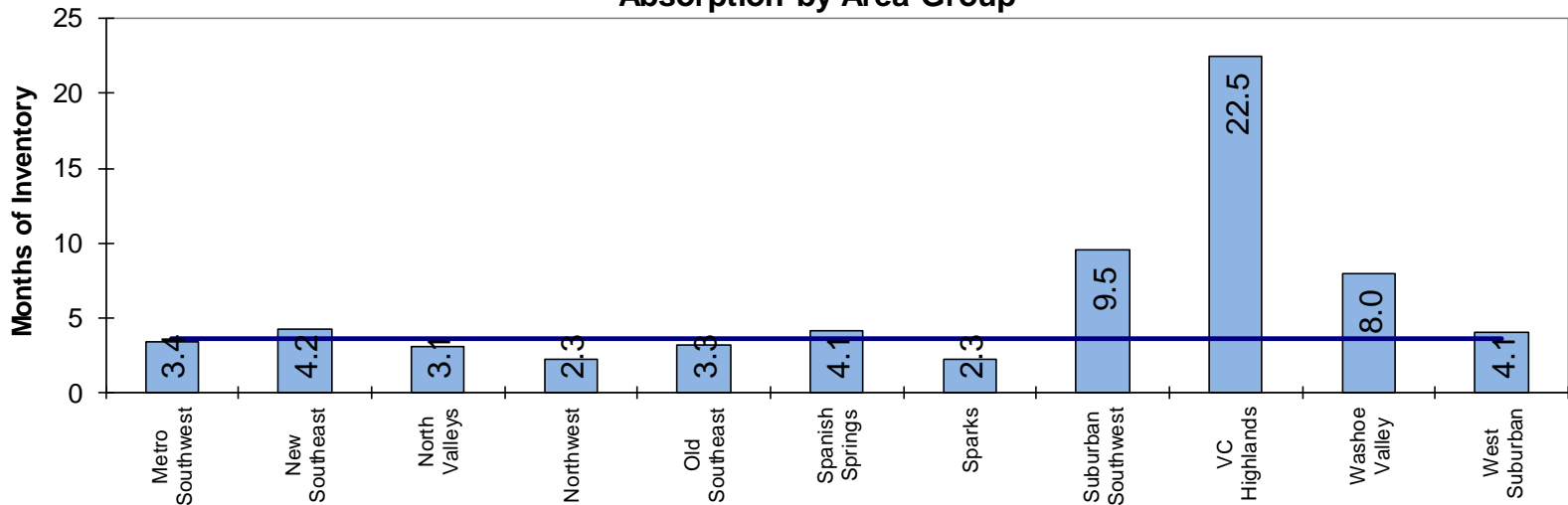
Units and Absorption, by Area Group

June, 2014

Inventory and Units Sold, by Area Group



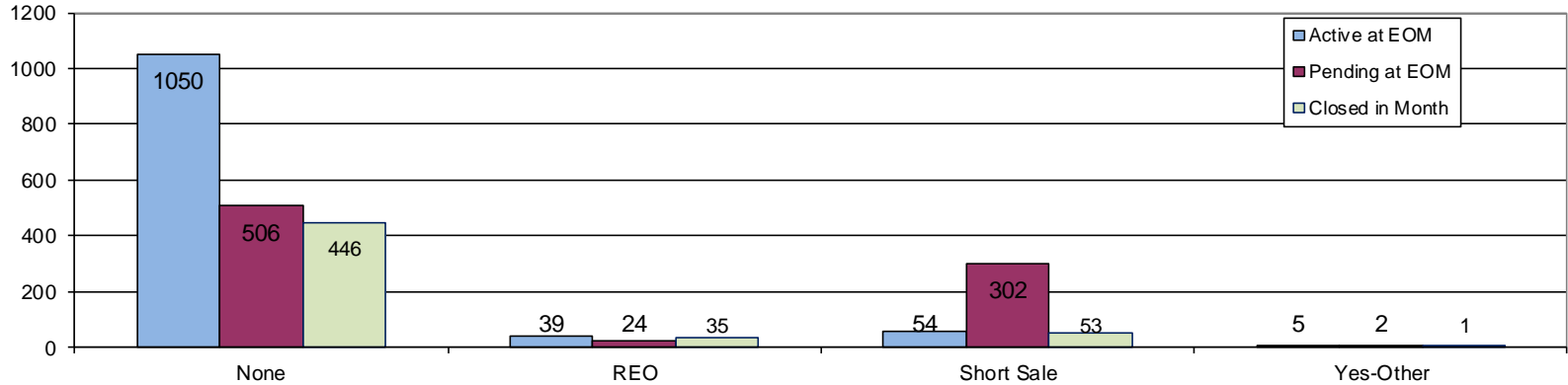
Absorption by Area Group



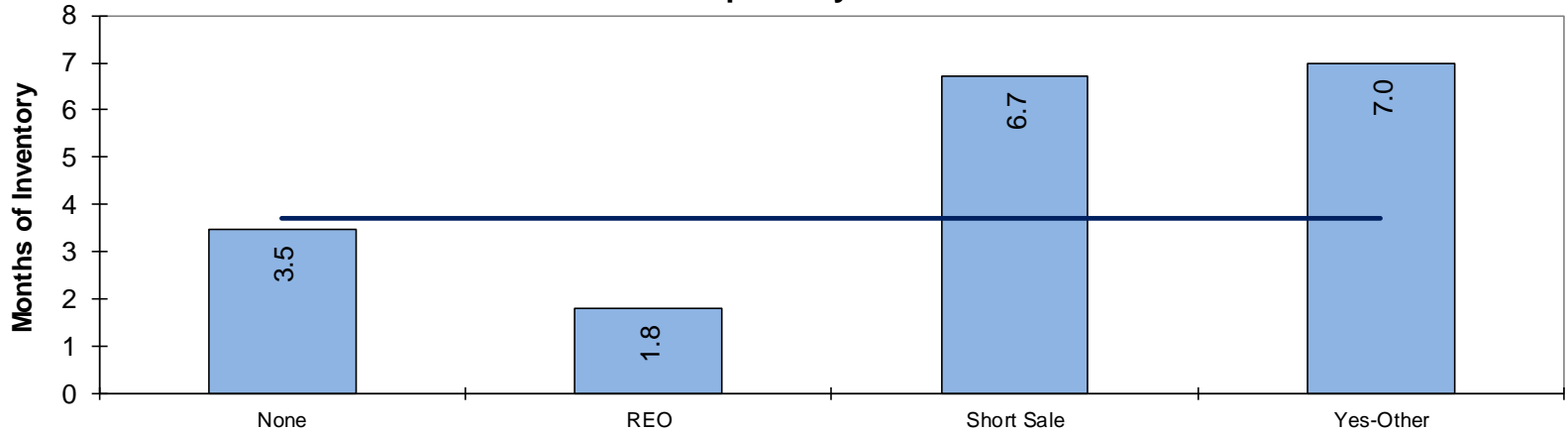
Units and Absorption, by Special Condition

June, 2014

Active and Sold Homes by Condition, current month



Absorption by Condition



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“Active” includes “Active/Pending”

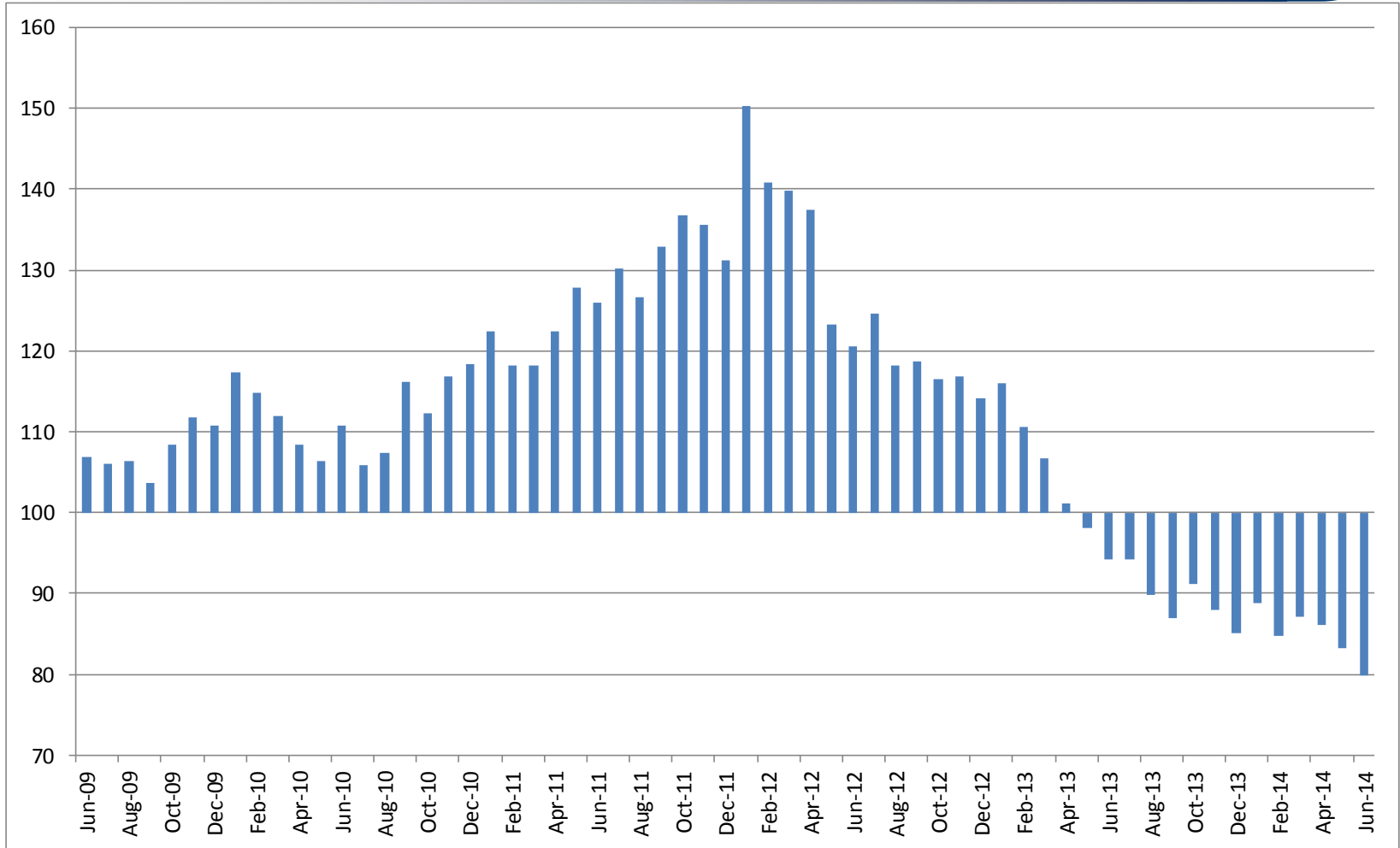
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Housing Affordability Index, 5 years

June, 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

June, 2014

