

Reno/Sparks Association of REALTORS®

August, 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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- ❖ **Months Supply of Inventory**
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 - 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 September 7^h, 2014.

Market Report Commentary

❖ Summary

- “The outlook for Reno, Sparks, Fernley and the surrounding areas hasn’t looked as favorable in nearly a decade,” said Mark Ashworth, 2014 president of the Reno/Sparks Association of REALTORS. “The economy is growing, jobs are being created and interest rates from home purchases are still unimaginably low. Reno’s average unemployment rate, which peaked at 13.1 percent in 2010, has declined to its current year-to-date average of 7.9 percent and will only continue to show significant signs of improvement. Although all of these signs point to an increase of home sales, it is important to remember that due to the seasonality of the industry, we might not see an immediate increase of home sales as we enter fall and winter months.”

❖ Median Sales Price

- August 2014 median price was even at \$250,000 compared to \$250,000 in July 2014 and up 13.6% compared to \$220,000 in August 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

- August, 2014 median price on properties with no special conditions was down -1.0% to \$256,000 compared to \$258,500 in July, 2014 and up 8.9% compared to \$235,000 in August, 2013.
- August, 2014 median price on REO (Bank Owned) properties was down -8.7% to \$188,000 compared to \$206,000 in July, 2014 and up 25.3% compared to \$150,000 in August, 2013.
- August, 2014 median price on short sales properties was up 9.2% to \$207,500 compared to \$190,000 in July, 2014 and up 15.3% compared to \$180,000 in August, 2013.

❖ Number of Units Sold

- August, 2014 units sold was up 7.4% to 565 compared to 526 in July, 2014 and down -11.4% compared to 638 in August 2013.

Market Report Commentary, continued

❖ Average Days on Market

- August, 2014 average Days On Market was down -12% to 83 compared to 94 in July, 2014 and down -15% compared to 98 in August 2013.

❖ Days on Market (DOM) by Special Conditions

- Short sale properties had an average days on market of 236.
- Properties with no special conditions had an average days on market of 69.
- REO Properties had an average days on market of 83.

❖ New Listings

- August, 2014 new listings was down -16.2% to 650 compared to 776 in July, 2014 and down -10.8% compared to 729 in August 2013.
- Properties listed at under \$250,000 made up 40% of new listings entering the market during the month of August, 2014.
- 10% of new August, 2014 listings were distressed. Short sales 4%; REO 4%; 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 August 2014, down from 9% in July 2014, and 19% in August 2013.

❖ Status of Pending

- Active/Pending-Loan represent 32.1% of the total active pendings; Active/Pending-Short Sale equals 25.1%; Pending-No Show represents 25.3%; Active/Pending-Call 14.1%; and Active/Pending-House 3.4%.

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

- At the end of August, 2014, there was 3.8 months of unsold inventory based on the monthly sales rate.

Market Report Commentary, continued

❖ Historical Months Supply of Inventory

- August, 2014 MSI was down to 3.8 compared to 4.4 in July, 2014 and up from 3.7 in August, 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,
- Price Bands in a Buyer's Market are: \$500,000 to \$750,000, 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,
- 49% of the total sales for August, 2014 were in the under \$250,000 price range.

❖ Units and Absorption by Area Group

- Area Groups in a Balance Market are: Metro Southwest, VC Highlands, Washoe Valley.
- Area Groups in a Buyer's Market are: Suburban Southwest.
- Area Groups in a Seller's Market are: New Southeast, North Valleys, Northwest, Old Southeast, Spanish Springs, Sparks, West Suburban.
- Suburban Southwest had the highest level of active inventory with 249 active listings.
- Spanish Springs had the highest level of pending sales with 158 pendlings.
- Spanish Springs had the highest level of closed sales with 110 closed sales.

❖ Units and Absorption by Condition

- The Months Supply of Inventory in the category of Real Estate Owned is at a 2.6 MSI in August, 2014.
- No Special Conditions condition properties has 3.5 MSI, Short Sale properties has 7.2 MSI, and Yes-Other has no 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

August, 2014

❖ Conclusion

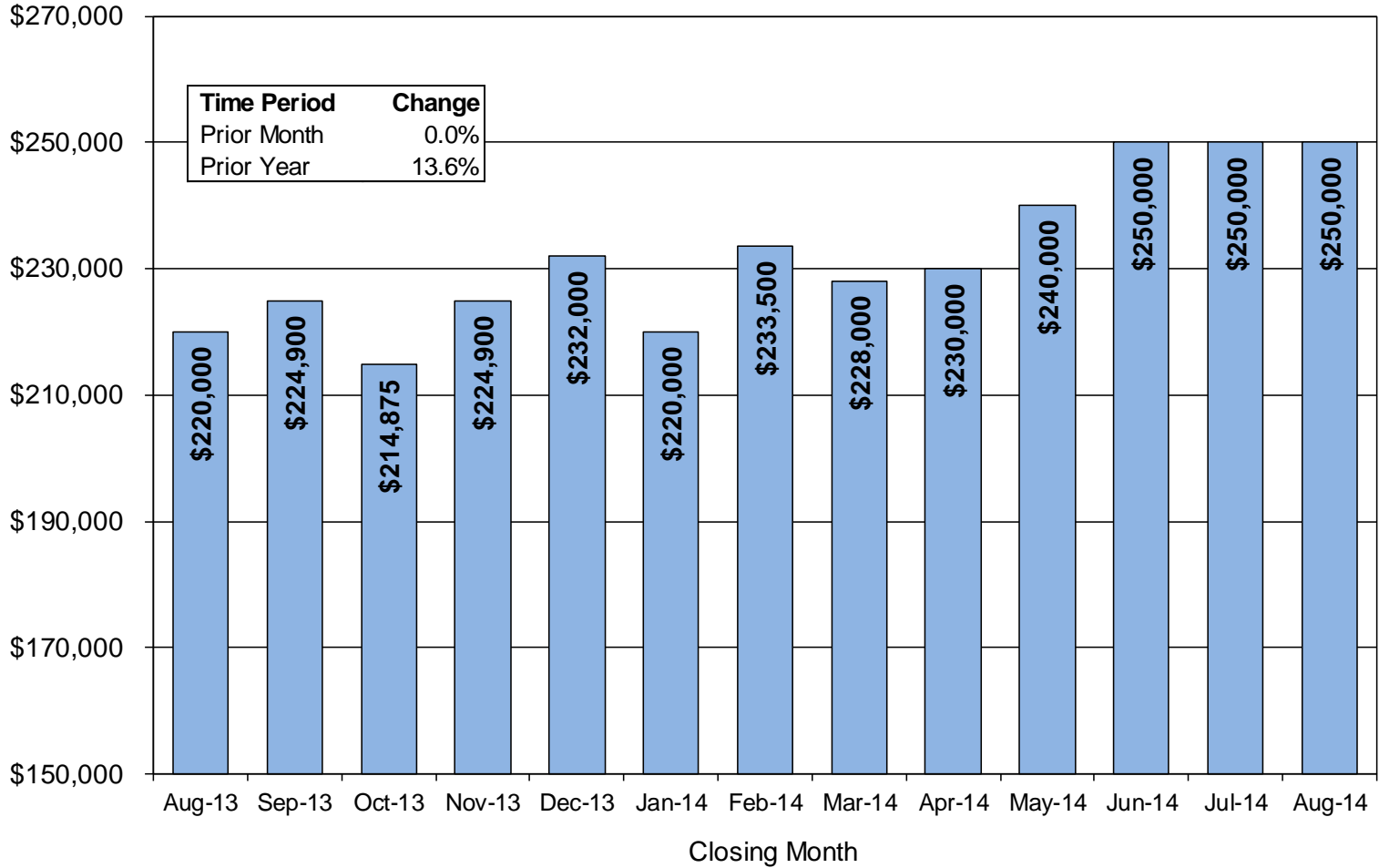
- The outlook for Reno, Sparks, Fernley and the surrounding areas hasn't looked as favorable in nearly a decade. With the recent announcement of three new employers coming to the Reno area in the next three to four years, it should be a game changer for the area. Those announcements, all made in the last two weeks, include Tesla with 6,500 jobs and the gigafactory opening in 2017; Ashima with 400 jobs by 2018; and Fulcrum BioEnergy with 453 construction jobs and 53 permanent jobs completed by 2015. This does not account for the ancillary jobs that will support these new industries.
- Reno's average unemployment rate which peaked at 13.1% in 2010 and has declined to its current year-to-date average of 7.9% will only continue to show significant signs of improvement. This is good news for the real estate industry, both in new construction and resale. For those who sitting on the fence, waiting for prices to decline, the time is now. As a result of shortage of inventory, we don't anticipate any significant drop in median price. That's the outlook for the future, but what can we expect in the upcoming fall and winter months.
- The typical business activity of a REALTOR® will be falling as the autumn approaches.
- Remind your client of these seasonal patterns. This does not mean a home-seller should be raising the listing price. Invariably, there are fewer home-buyers in autumn and winter.
- Price reductions are becoming more prevalent and sellers should be cautioned to price their home realistically to attract buyers. Sellers should be alerted to the slight softening in the market attributable seasonal trends.
- Available inventory is up 3%, but no real improvement in the "affordable range"
- August 2014 median price remained level stable and was up 14% compared to August 2013. This is the third consecutive month median price has remained level.
- August 2014 sales are at 565 up 7% compared to July and down 12% compared to August 2013. August 2014 unit sales were the third highest August sales in history, only exceeded by August 2005 (566) and August 2012 (638). Year-to-date sales are down 2.5% compared to the same period in 2013.
- August new listings are down 11% from July 2014. Inventory levels priced under \$400,000 have less than 3.7 month's supply.
- August pending sales are down 10% at 395 compared to 440 in July 2014. Pending sales are a leading indicator of future closed transactions.
- Buyer demand and low inventory keep the Reno in a Seller's market. Reno has Month's Supply of Inventory 3.8 Month's Supply.

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Median Sales Price

August, 2014

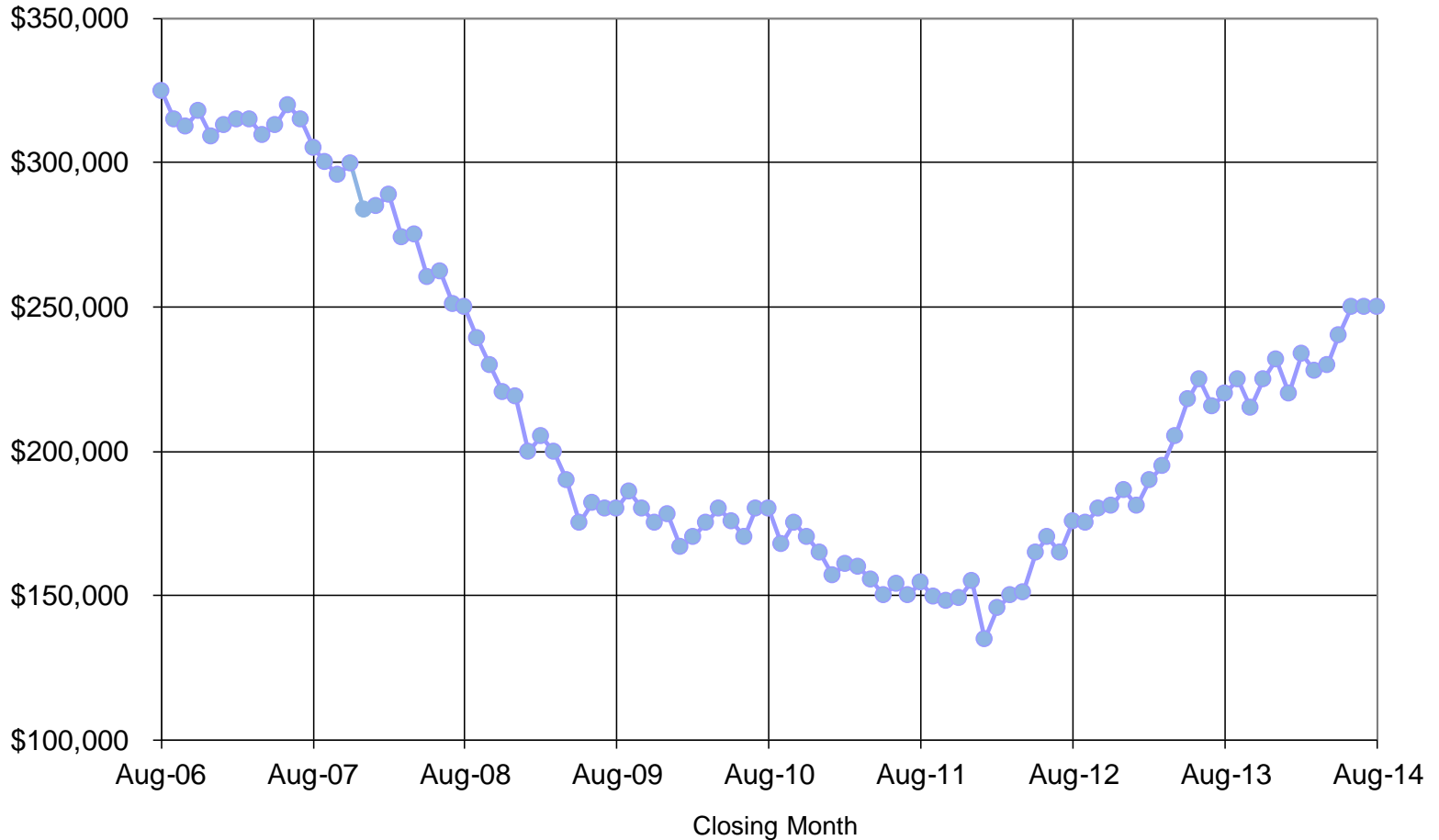
Median Sales Price, 13 months



Summary: Median Sales Price

August, 2014

Median Sales Price, 8 years



Price per Square Foot

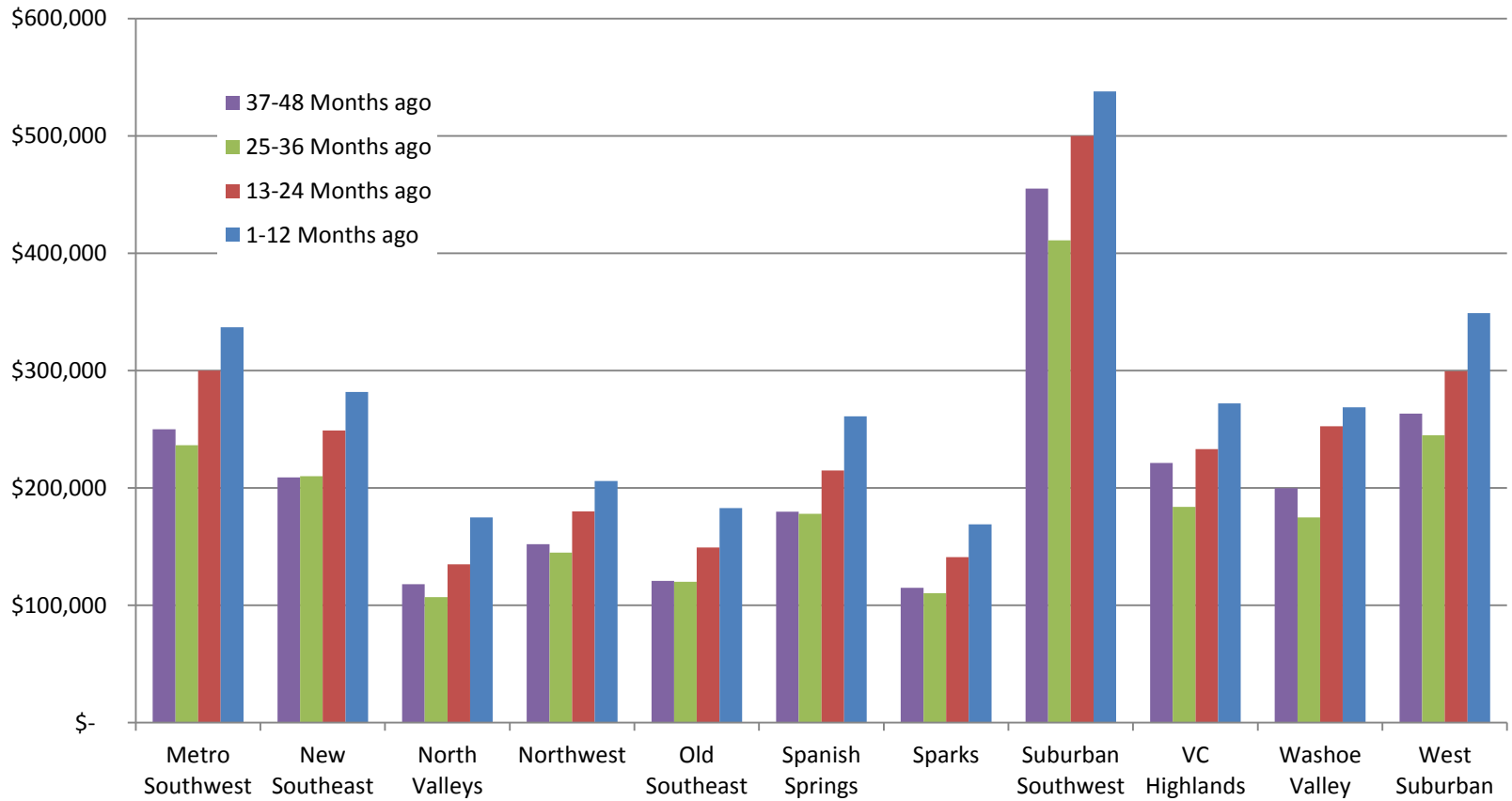
August, 2014

Sold Dollars per Square Foot, 5 year History



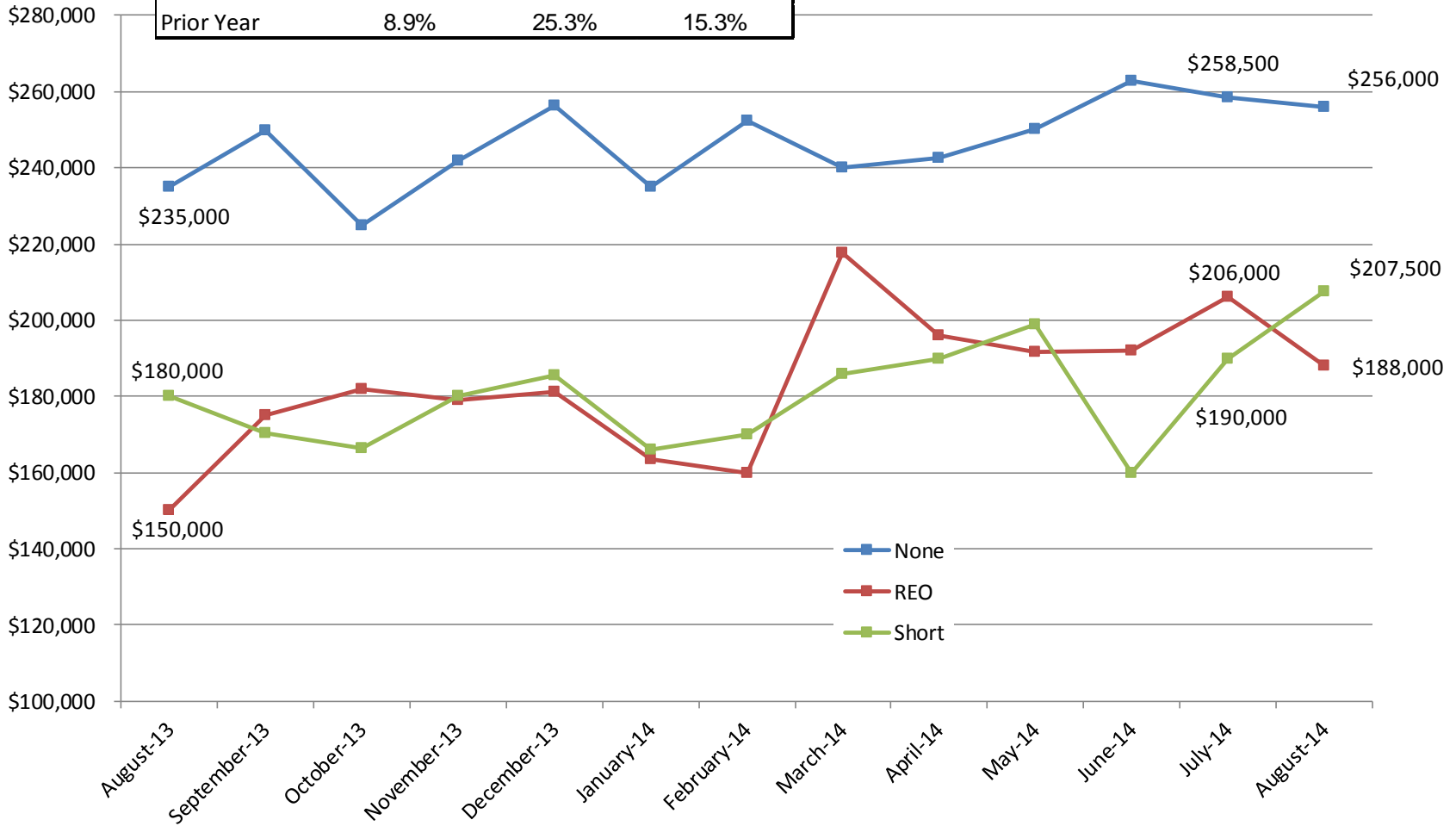
Annualized Median Price by Area Group

August, 2014



Median Sales Price by Special Condition

Time Period	Change-None	Change-REO	Change-Short
Prior Month	-1.0%	-8.7%	9.2%
Prior Year	8.9%	25.3%	15.3%

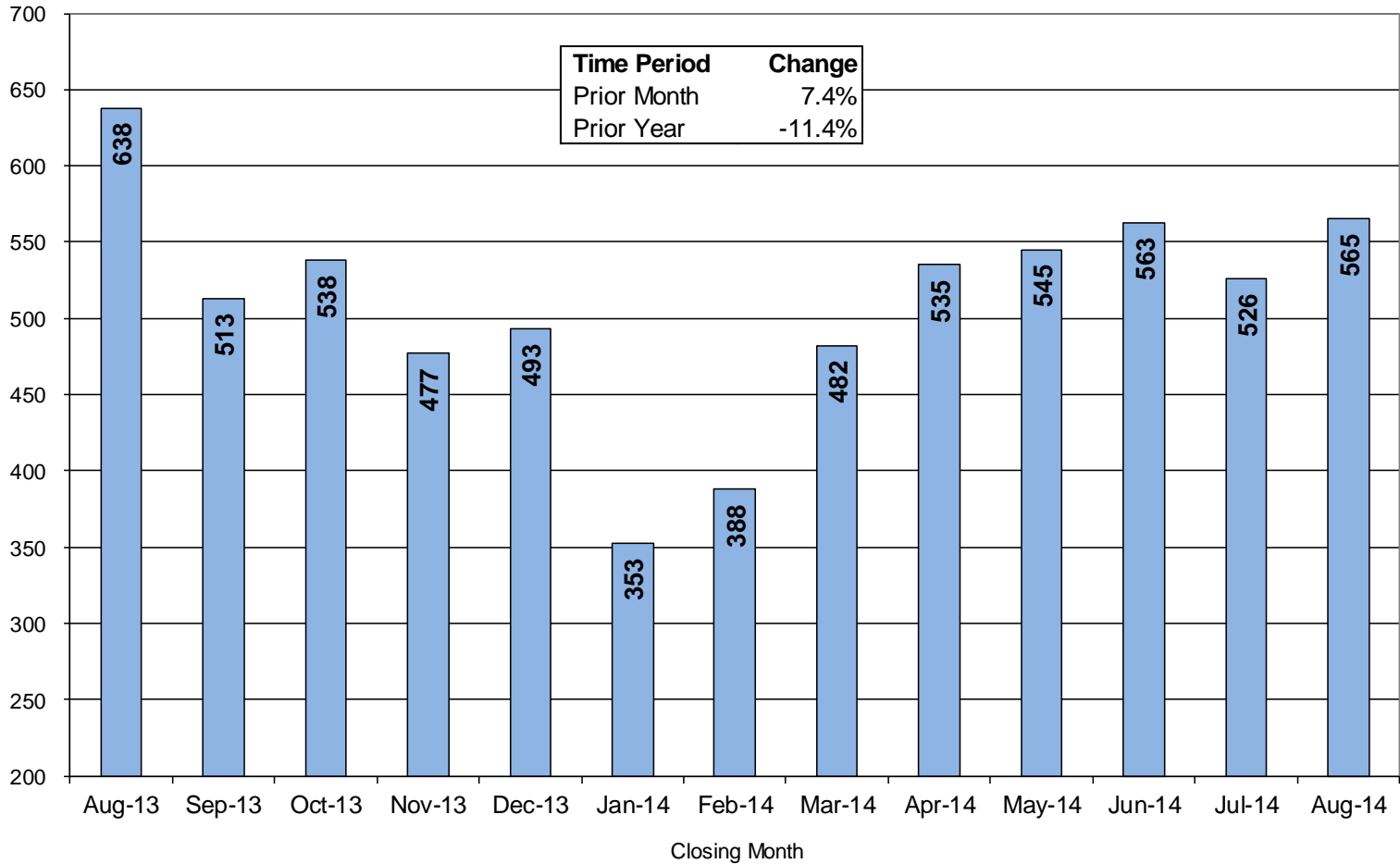


Distressed listings are defined as follows: REO – property has been foreclosed upon and is being sold by the bank, HUD or VA. Short Sale - seller owns more for the property than current value.

Number of Units Sold

August, 2014

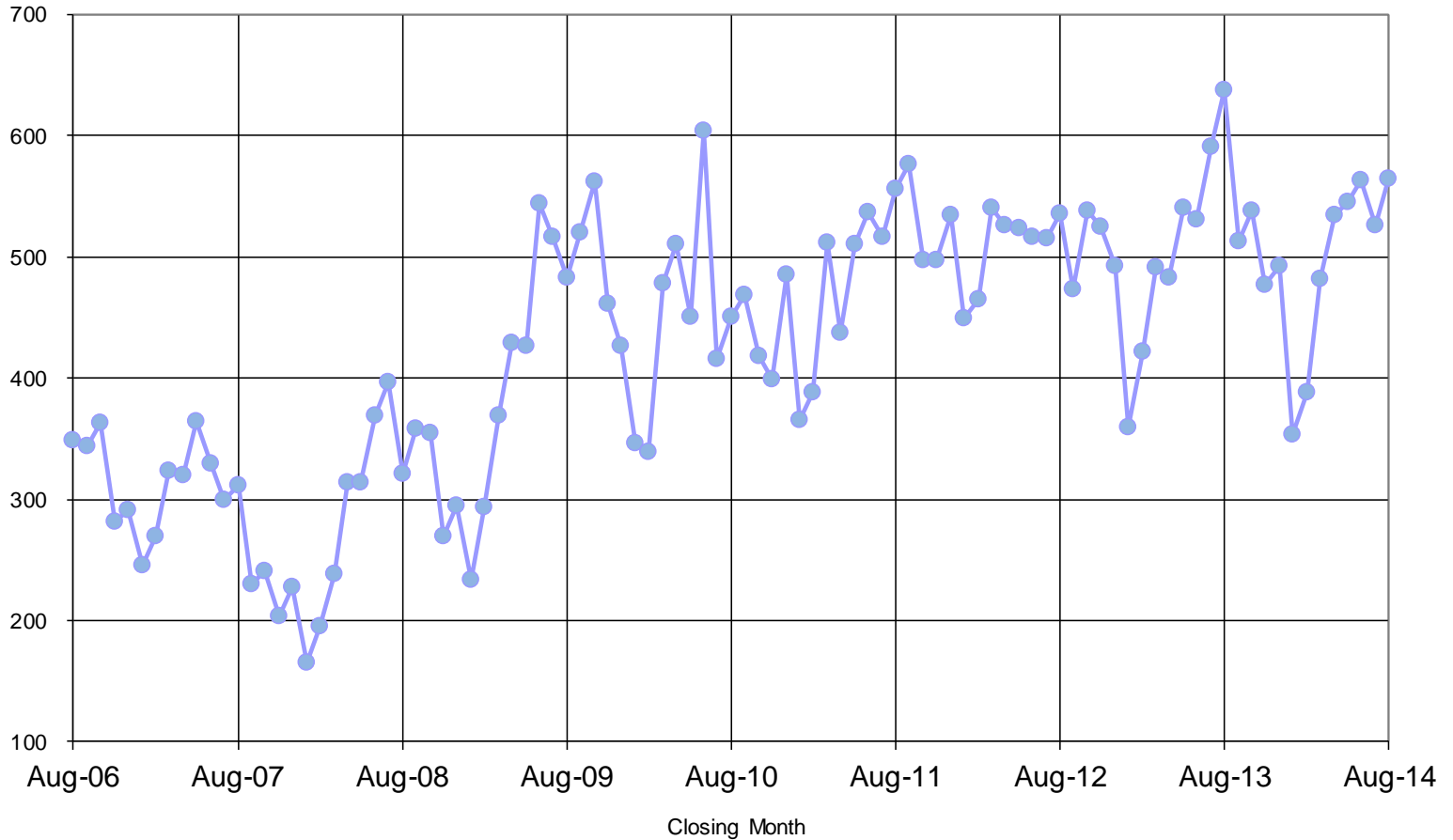
Number of Units Sold, 13 months



Number of Units Sold

August, 2014

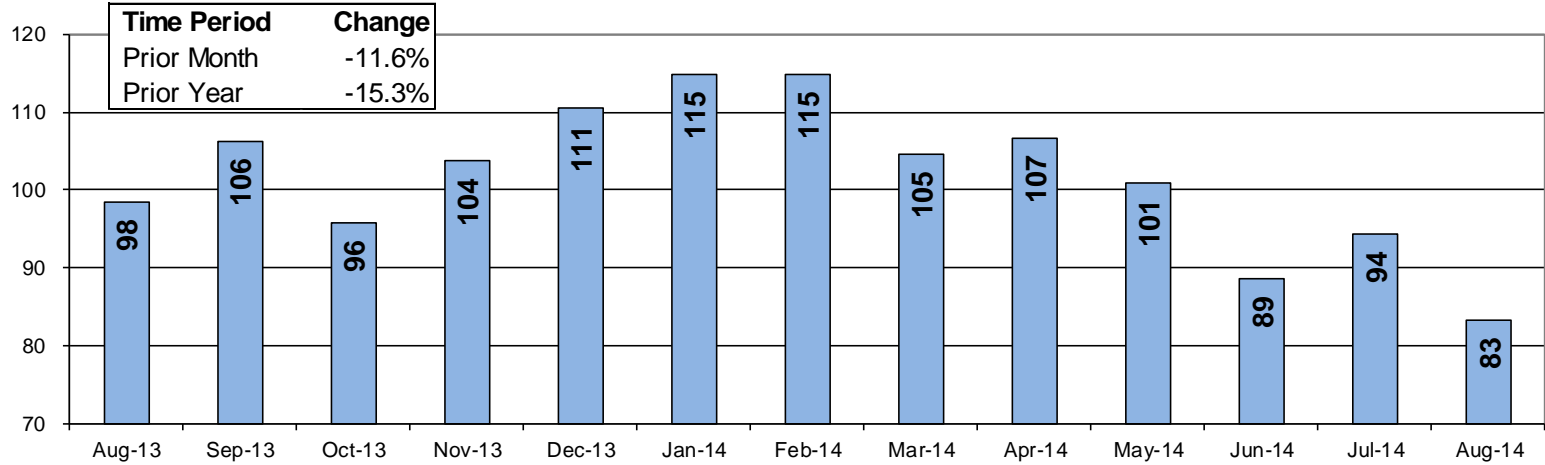
Number of Units Sold, 8 years



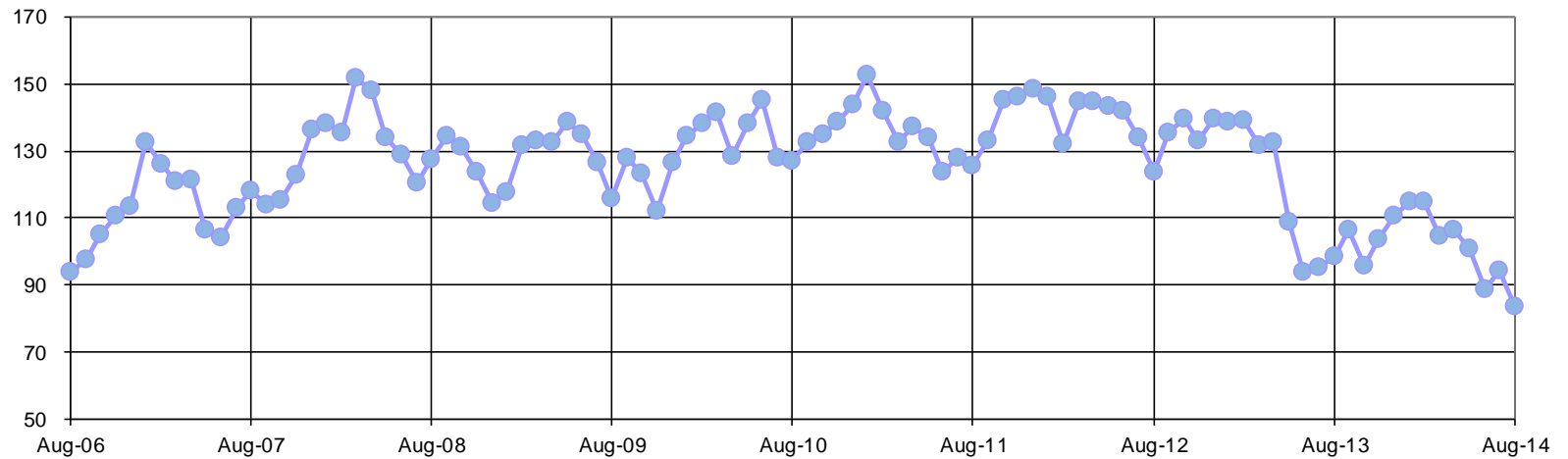
Days on Market, by Month

August, 2014

Average Days on Market for Solds, 13 months

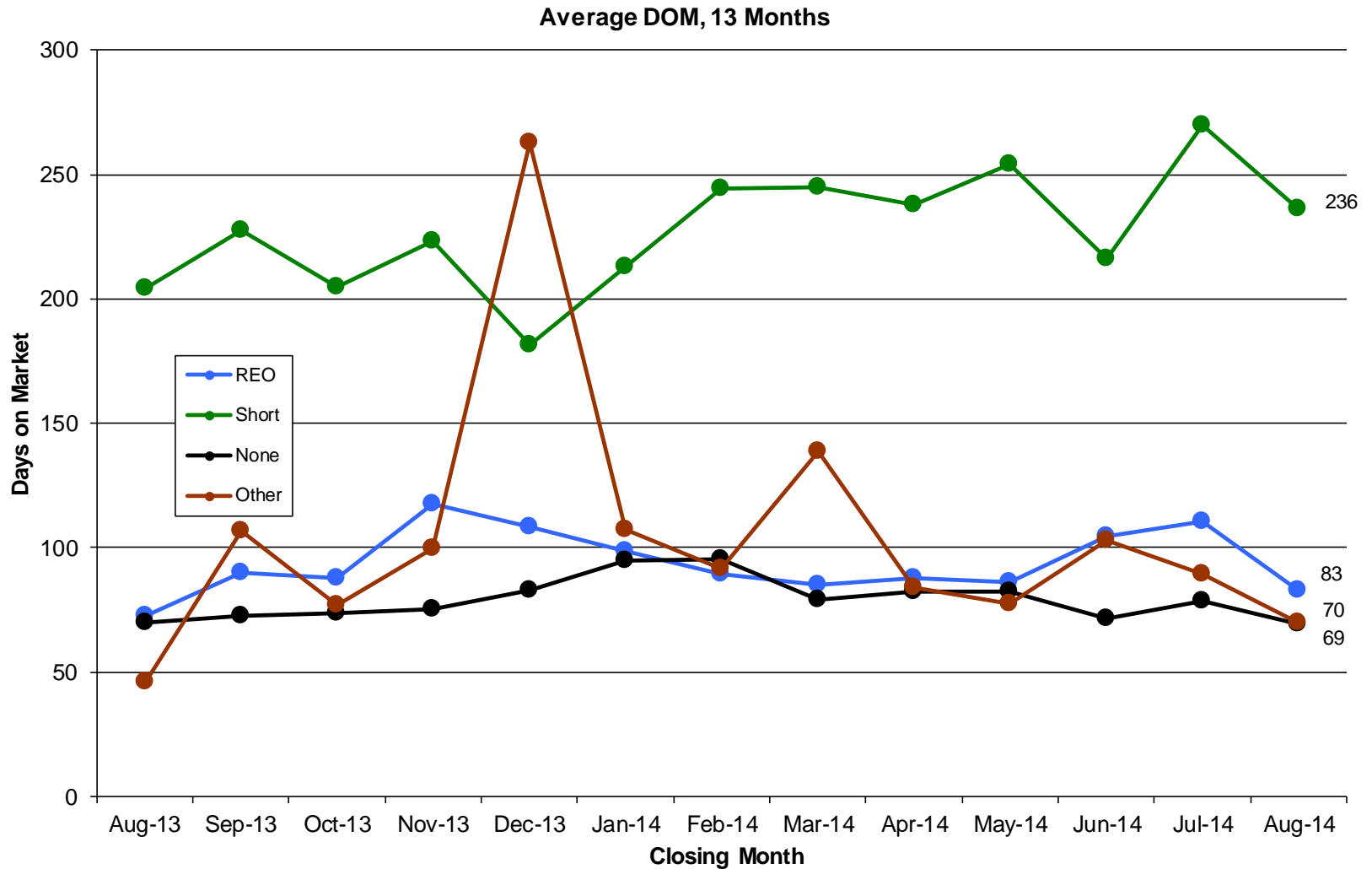


Average Days on Market for Solds, 8 years



Days on Market, by Special Conditions

August, 2014

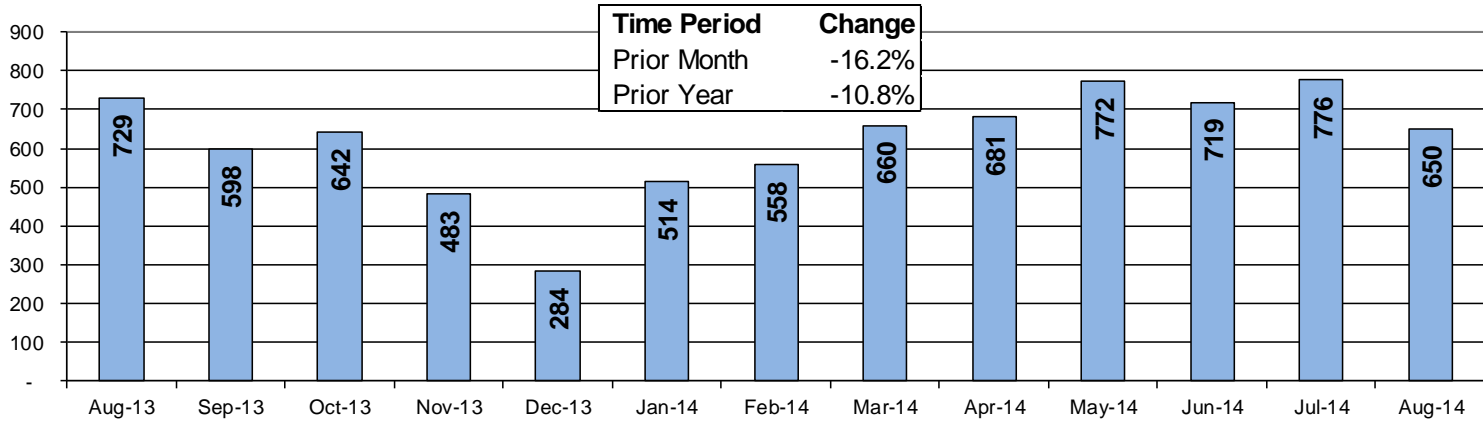


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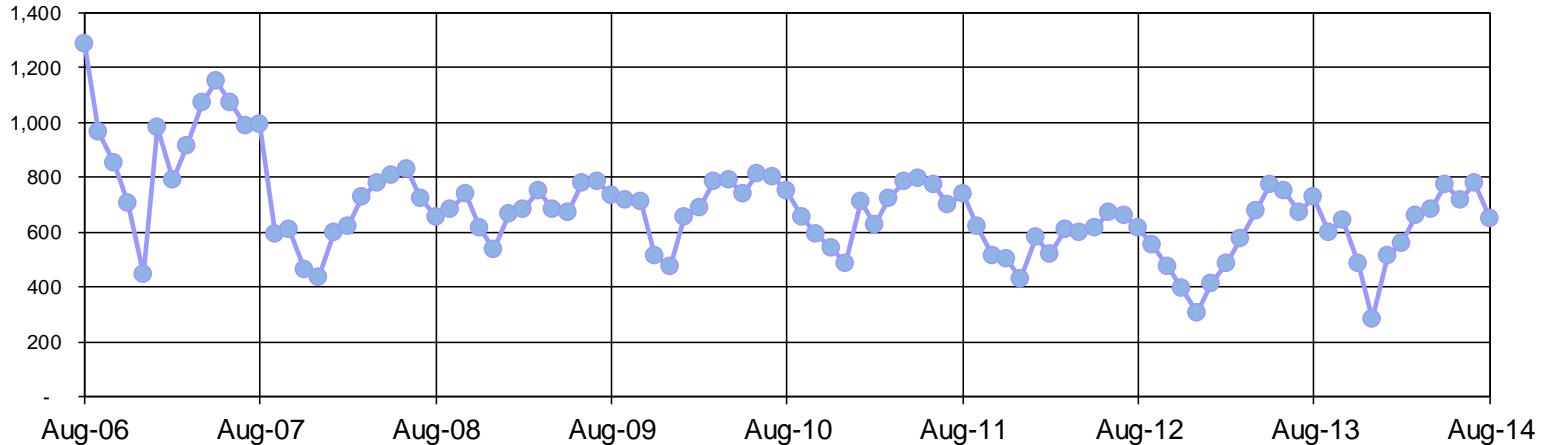
New Listings, by Month

August, 2014

New Listings by Month, 13 months

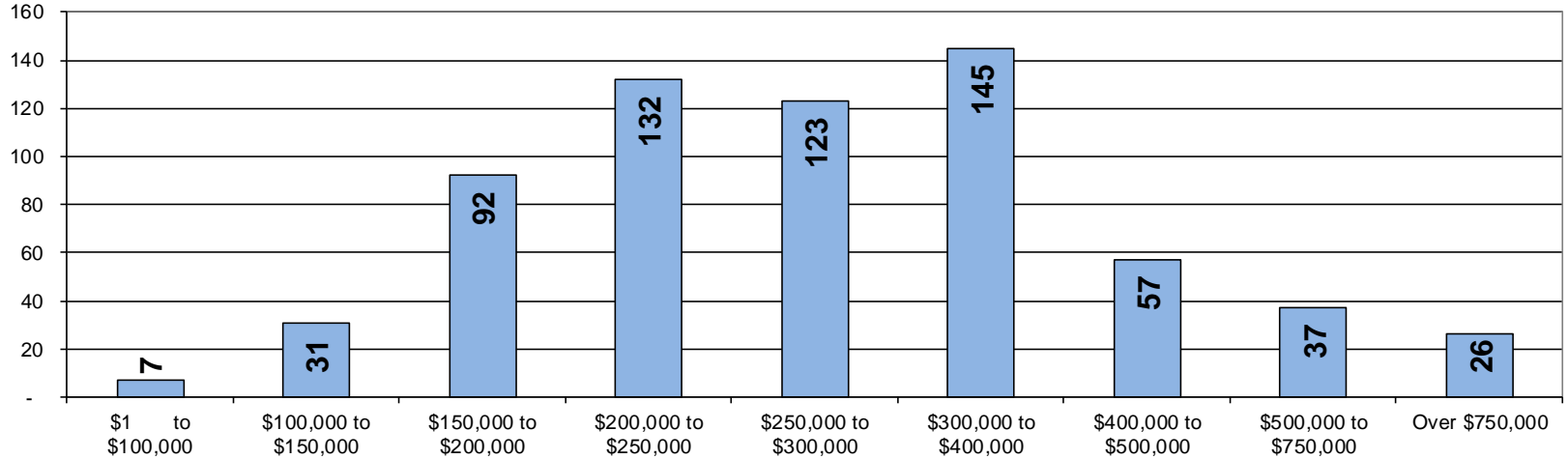


New Listings by Month, 5 years

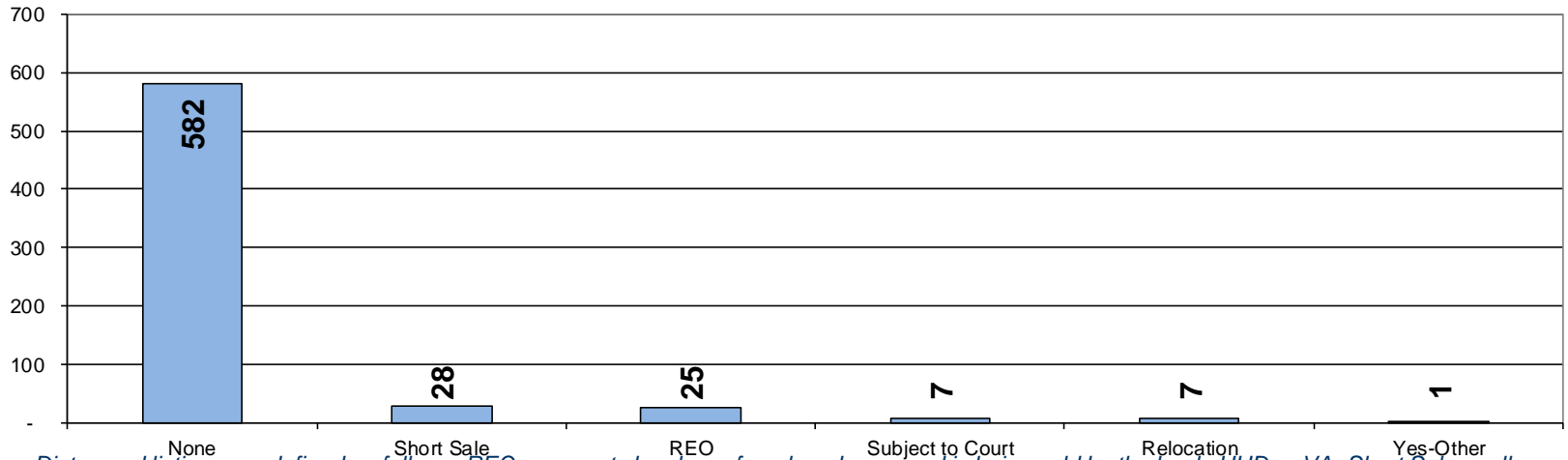


New Listings, by Price and by Special Condition

New Listings, by Price Range



New Listings, by Special Condition



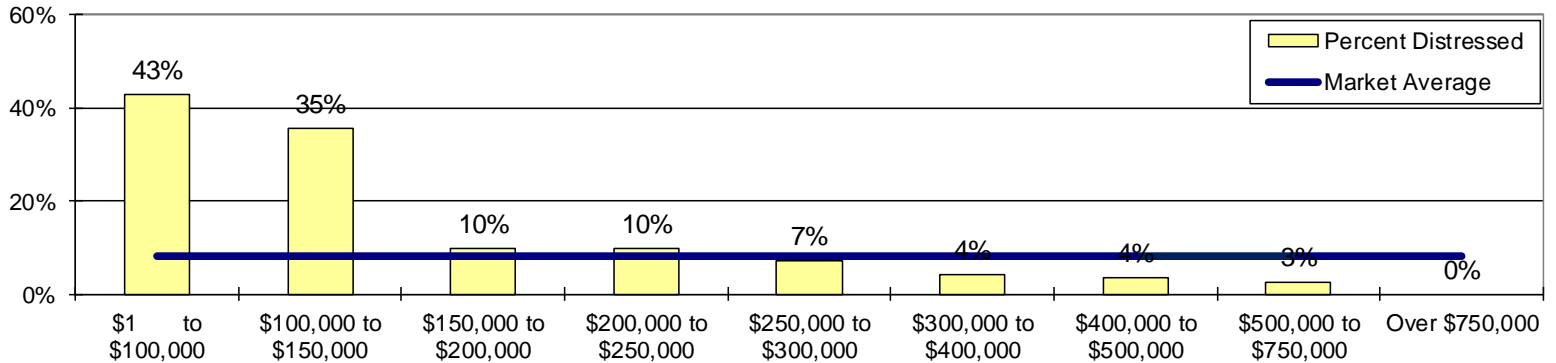
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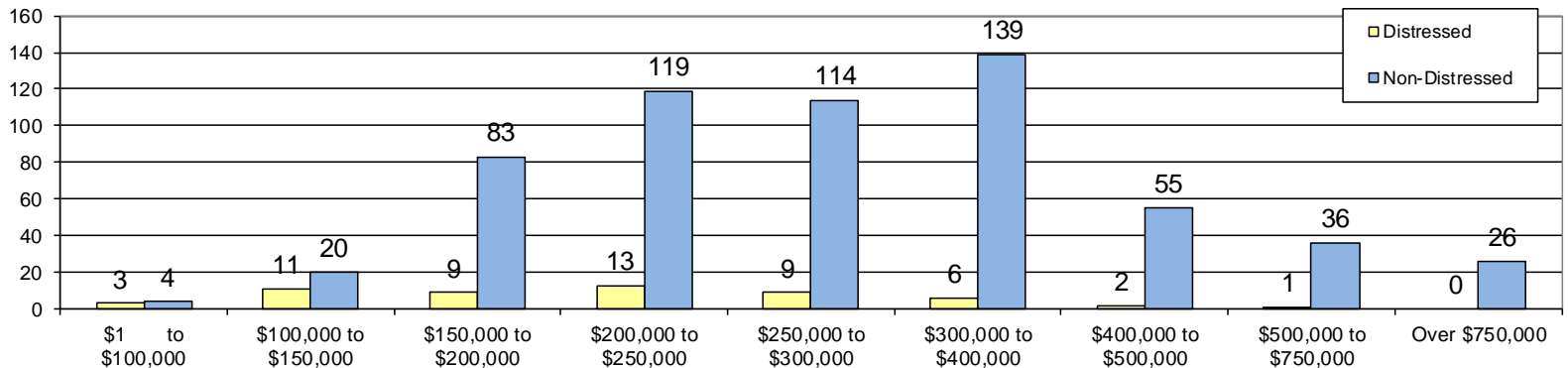
Distressed Listings, by Price

August, 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

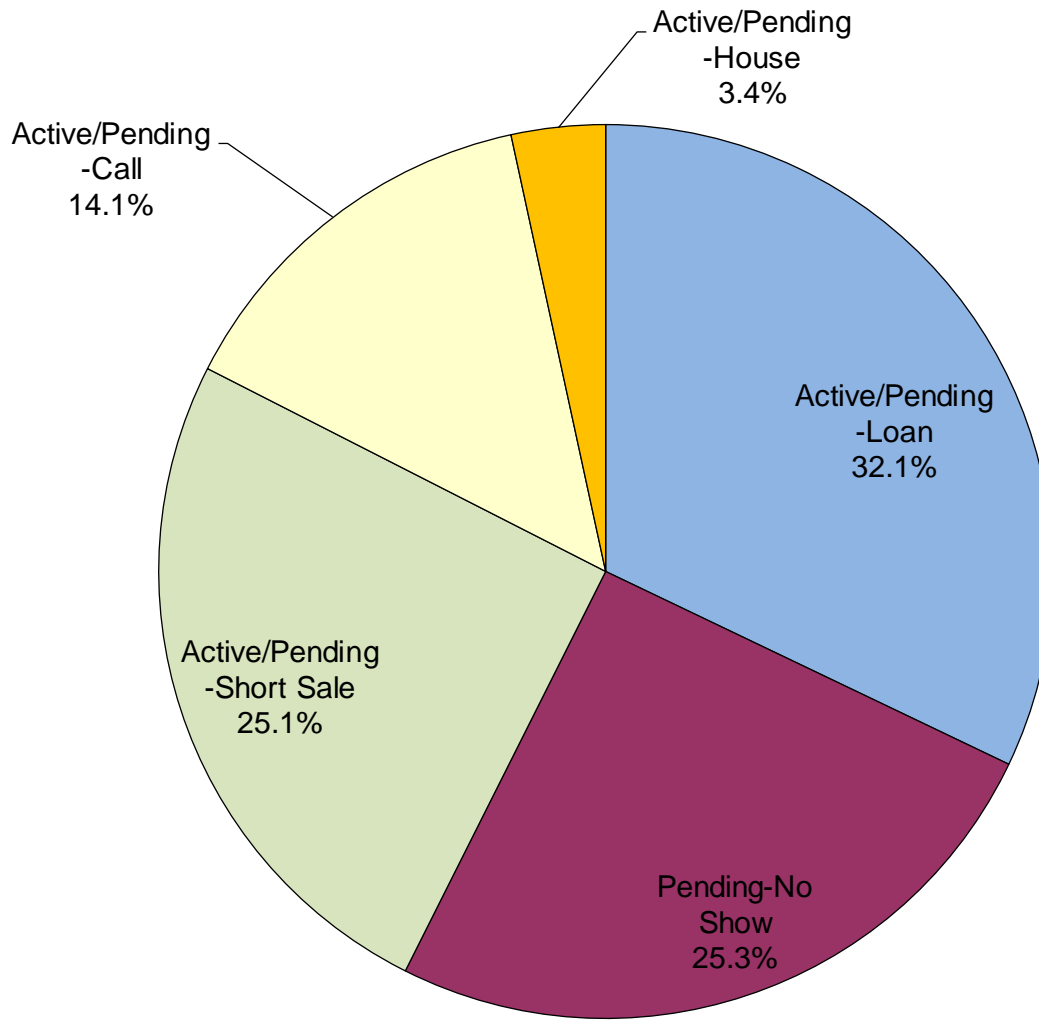
August, 2014



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Status of Pendings, Current Month

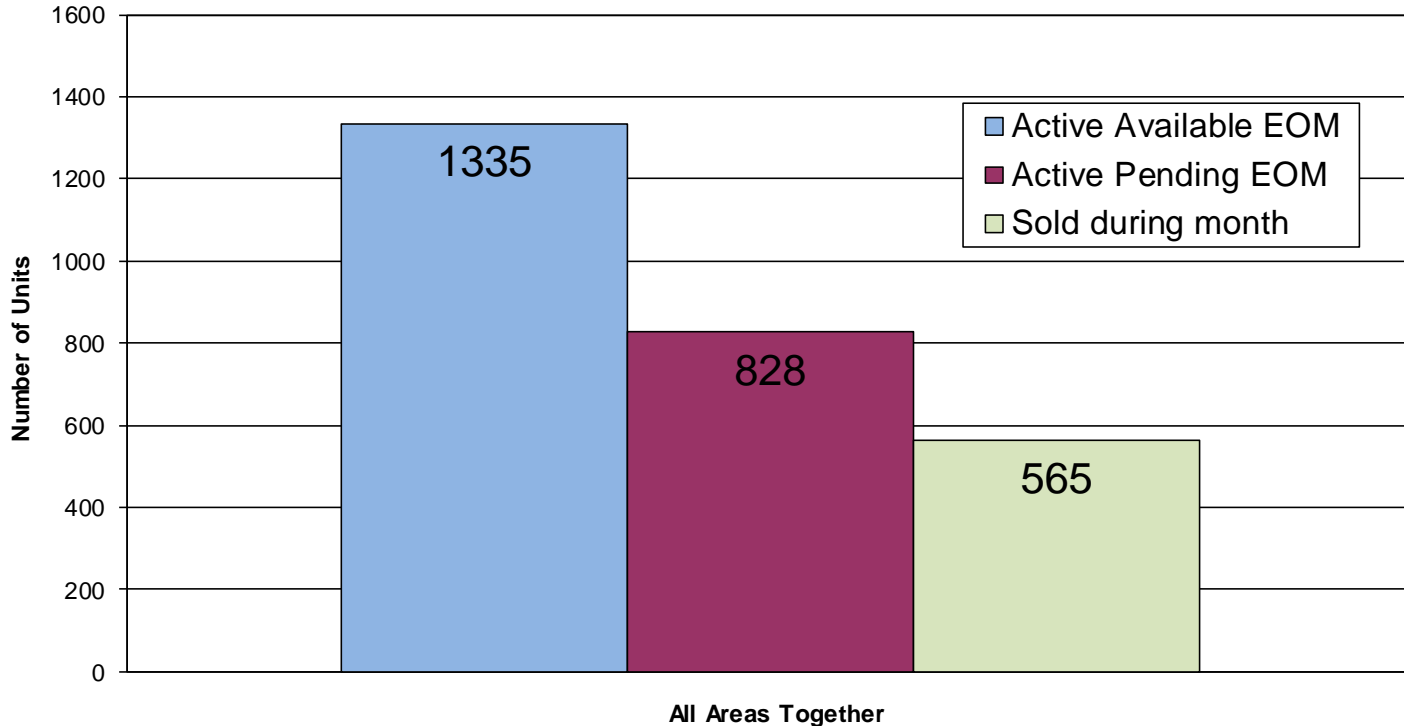
August, 2014



Months Supply of Inventory, Current Month

August, 2014

$(1335 + 828)$ available / 565 units sold = 3.8 months of inventory

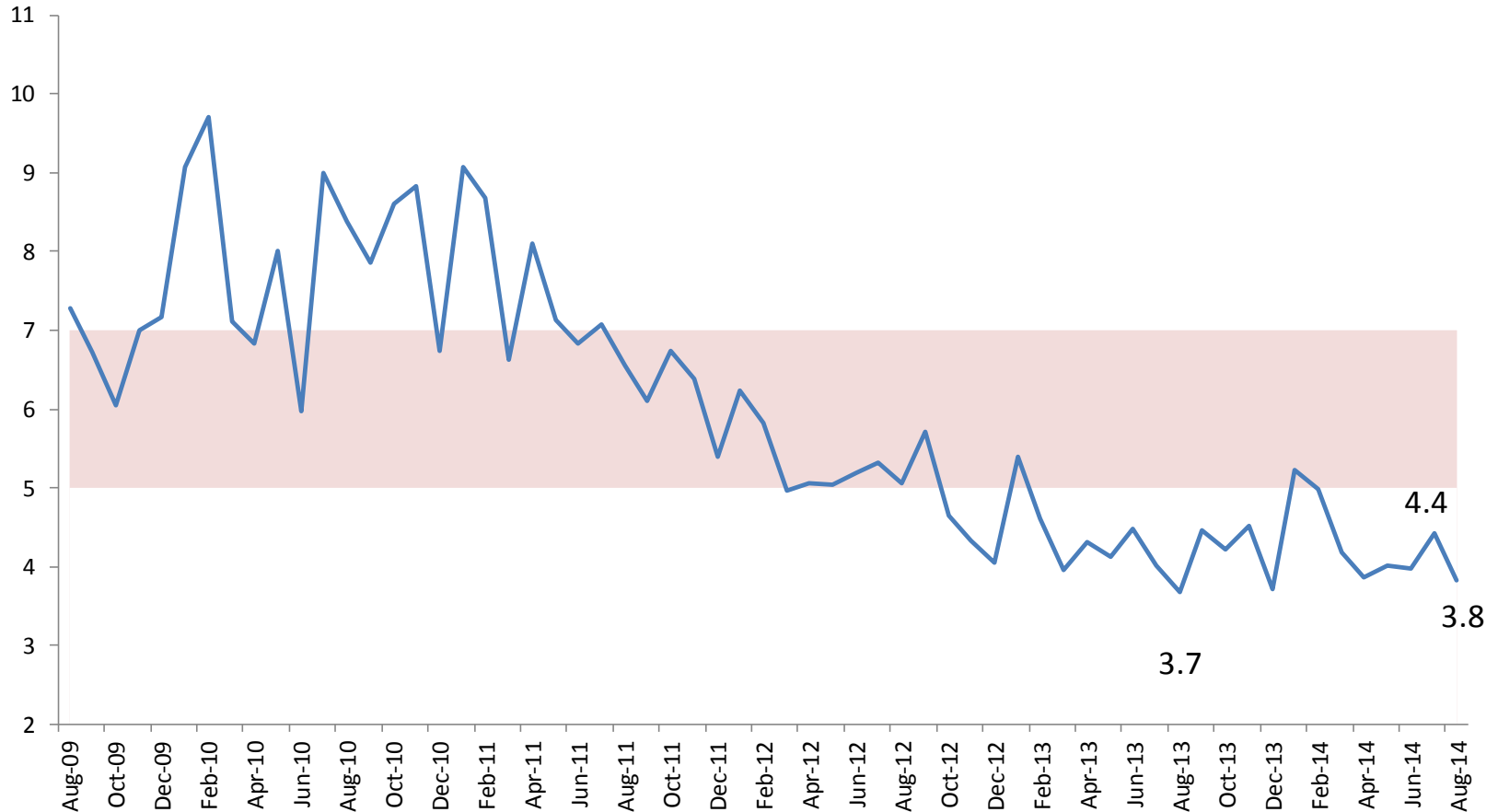


Unsold Inventory includes Active Pendings. This method of reporting absorption follows the industry standard and includes pendings in Active Inventory. Absorption or Months Supply of Inventory is defined as the number of months it would take to absorb the units available for sale. The National Association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

Months Supply of Inventory, Historical 5 years

August, 2014

Month's Supply of Inventory, 5 year history

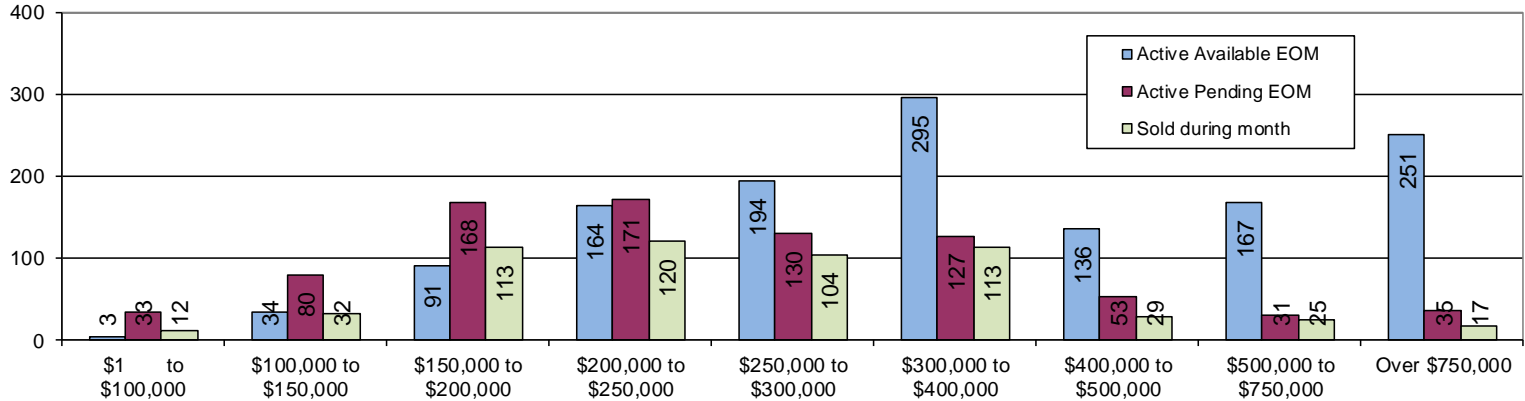


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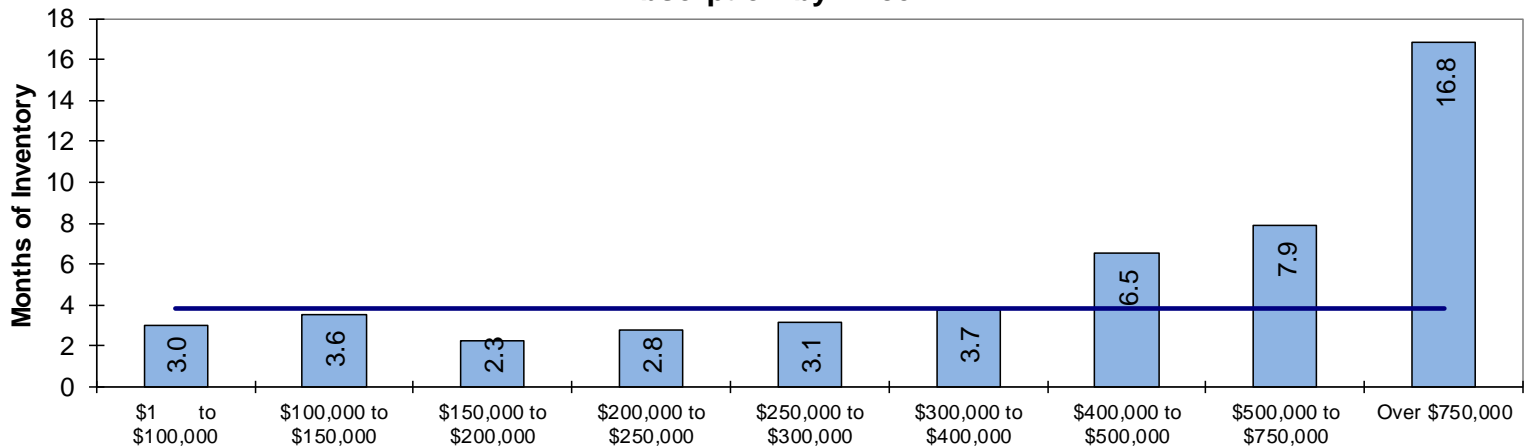
Units and Absorption, by Price

August, 2014

Active and Sold Homes by Price, current month



Absorption by Price



"Active" includes "Active/Pending"

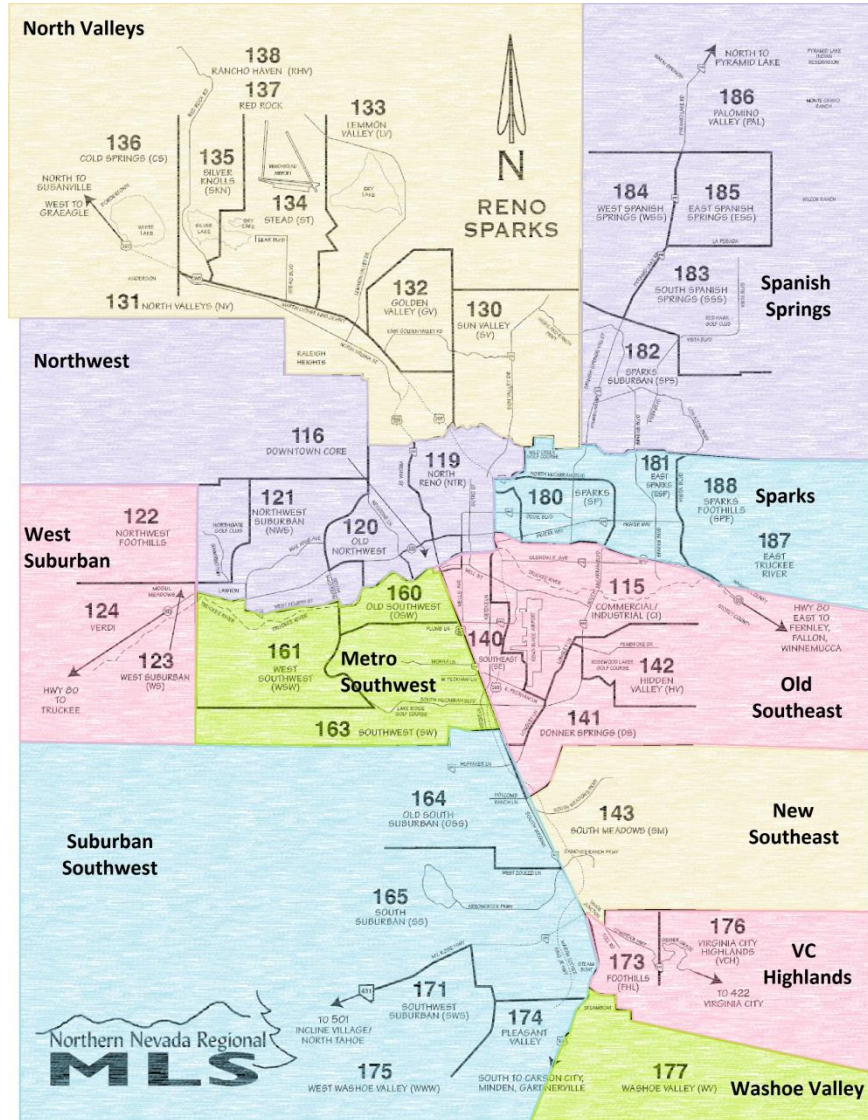
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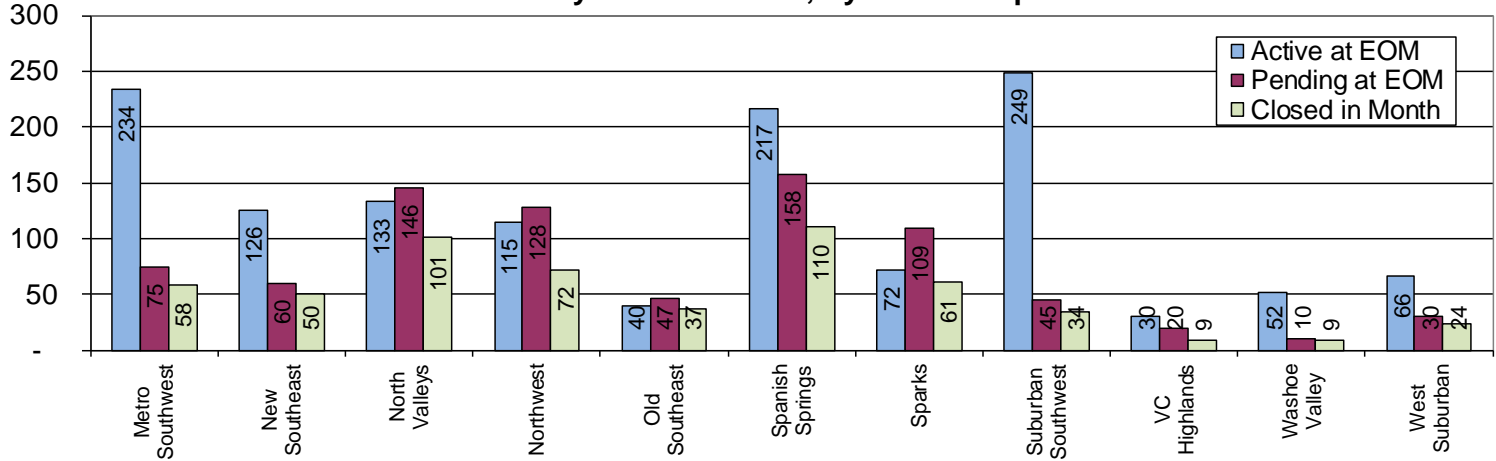
Reno/Sparks Area Map

August, 2014

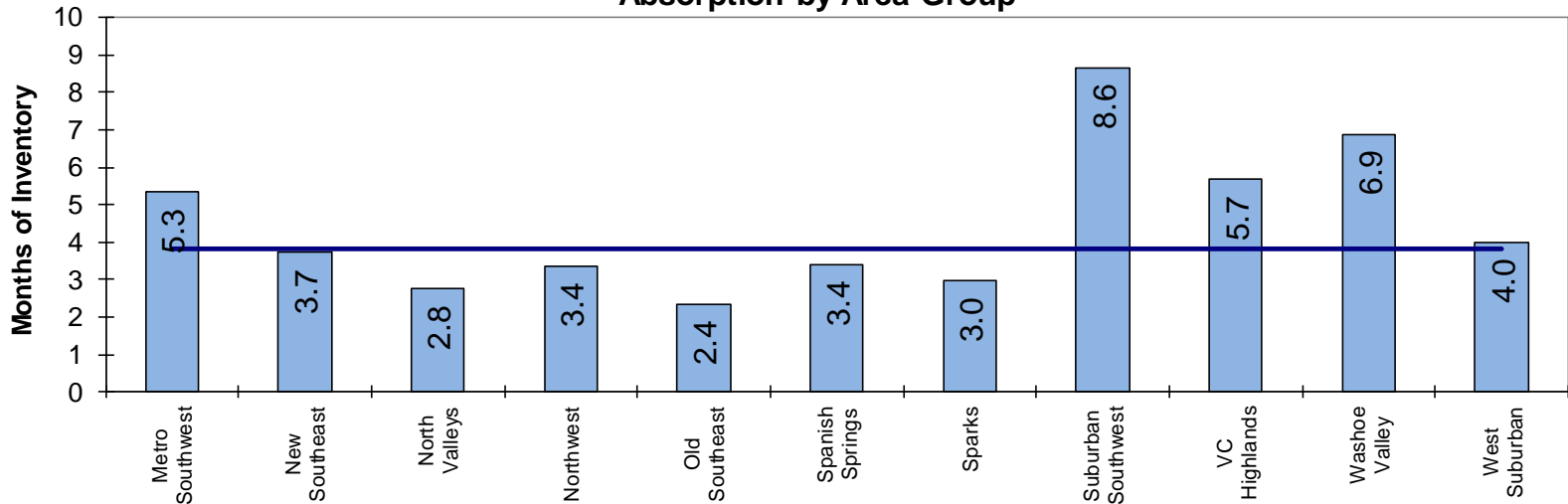


Units and Absorption, by Area Group

Inventory and Units Sold, by Area Group



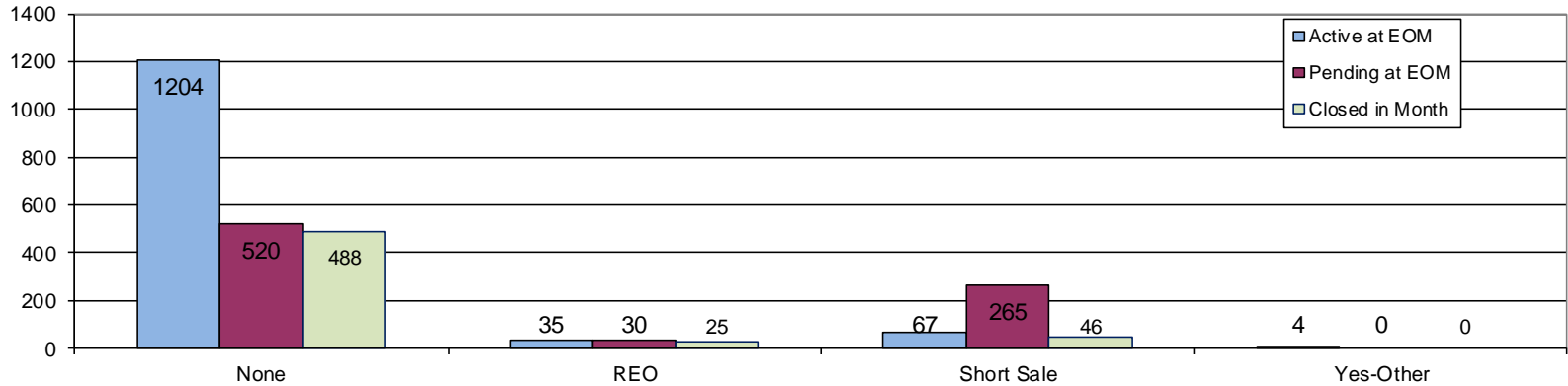
Absorption by Area Group



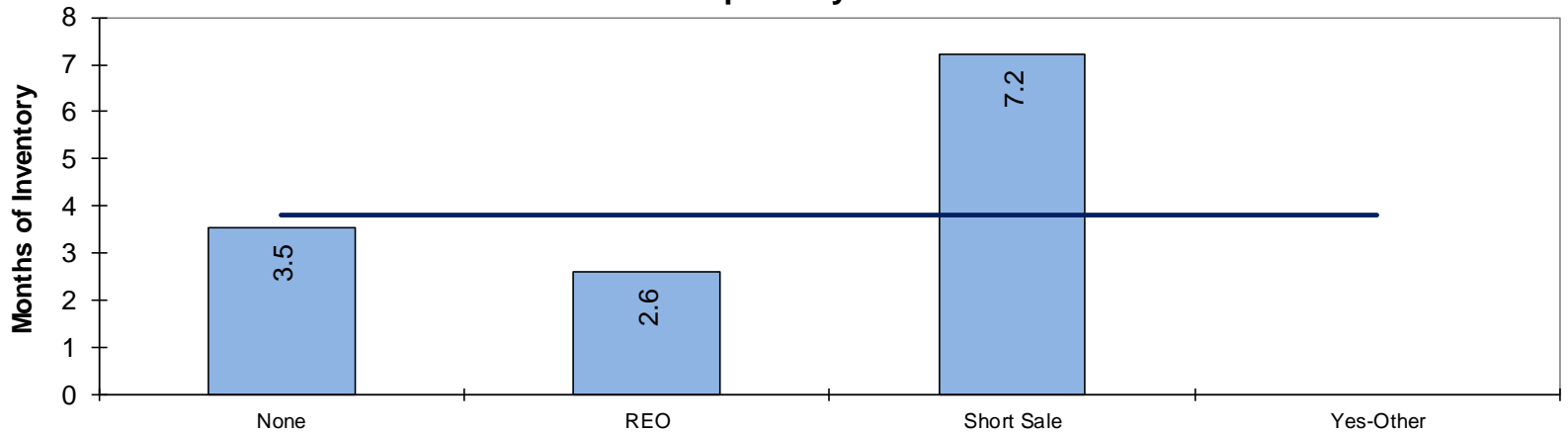
Units and Absorption, by Special Condition

August, 2014

Active and Sold Homes by Condition, current month



Absorption by Condition



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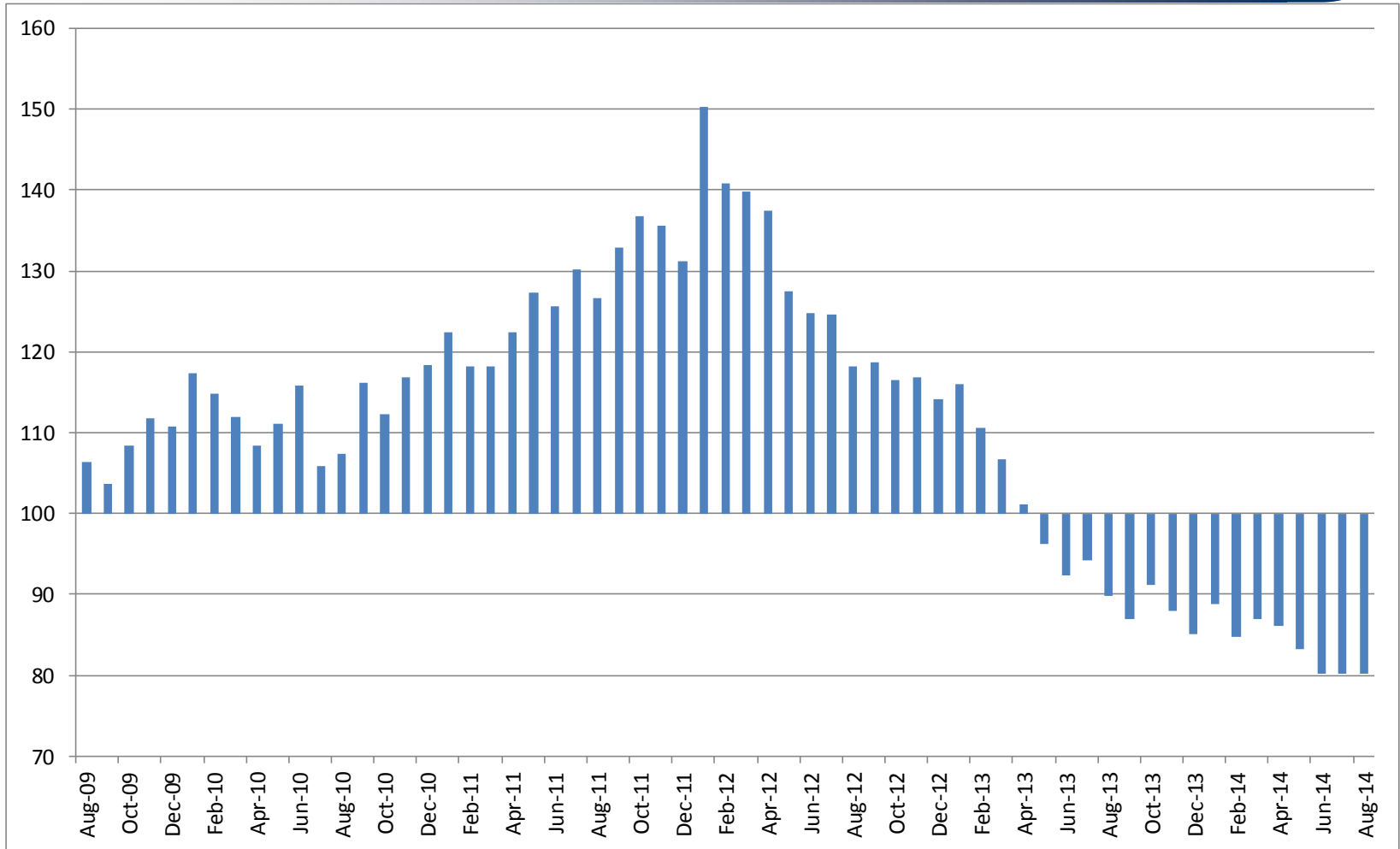
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Housing Affordability Index, 5 years



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

August, 2014

