

# Reno/Sparks Association of REALTORS®

September, 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®.

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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 October 11<sup>h</sup>, 2014.

# Market Report Commentary

## ❖ Summary

- “It’s not unusual to see this type of decrease in number of sales in the fall and winter months,” said Mark Ashworth, 2014 president of the Reno/Sparks Association of REALTORS. “With the fall and winter slow down in sales, it creates an opportunity for potential home buyers to pull the trigger on a purchase. Interest rates are predicted to increase in 2015, which will reduce purchasing power. Buyers who are sitting on the fence should look at their options while interest rates remain at historic lows and while they have access to down payment assistance programs.”

## ❖ Median Sales Price

- September 2014 median price was down -4.4% to \$239,000 compared to \$250,000 in August 2014 and up 6.3% compared to \$224,900 in September 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

- September, 2014 median price on properties with no special conditions was down -4.3% to \$245,000 compared to \$256,000 in August, 2014 and down -2.0% compared to \$249,950 in September, 2013.
- September, 2014 median price on REO (Bank Owned) properties was up 19.7% to \$225,000 compared to \$188,000 in August, 2014 and up 28.6% compared to \$175,000 in September, 2013.
- September, 2014 median price on short sales properties was down -21.6% to \$162,750 compared to \$207,500 in August, 2014 and down -4.5% compared to \$170,500 in September, 2013.

## ❖ Number of Units Sold

- September, 2014 units sold was down -13.6% to 496 compared to 574 in August, 2014 and down -3.3% compared to 513 in September 2013.

# Market Report Commentary, continued

## ❖ Average Days on Market

- September, 2014 average Days On Market was up 15% to 97 compared to 84 in August, 2014 and down -8% compared to 106 in September 2013.

## ❖ Days on Market (DOM) by Special Conditions

- Short sale properties had an average days on market of 280.
- Properties with no special conditions had an average days on market of 81.
- REO Properties had an average days on market of 112.

## ❖ New Listings

- September, 2014 new listings was down -15.1% to 562 compared to 662 in August, 2014 and down -6.0% compared to 598 in September 2013.
- Properties listed at under \$250,000 made up 43% of new listings entering the market during the month of September, 2014.
- 13% of new September, 2014 listings were distressed. Short sales 6%; REO 5%; No special conditions 87%; and Other 2%.

## ❖ Distressed New Listings History

- The allocation of new listings by special conditions increased, representing 11% of the market in September 2014, down from 8% in August 2014, and 21% in September 2013.

## ❖ Status of Pending

- Active/Pending-Loan represent 32.4% of the total active pendings; Active/Pending-Short Sale equals 24.7%; Pending-No Show represents 27.1%; Active/Pending-Call 11.9%; and Active/Pending-House 3.8%.

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

- At the end of September, 2014, there was 4.2 months of unsold inventory based on the monthly sales rate.

# Market Report Commentary, continued

## ❖ Historical Months Supply of Inventory

- September, 2014 MSI was up to 4.2 compared to 4.0 in August, 2014 and down from 4.5 in September, 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: \$300,000 to \$400,000, \$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.
- 55% of the total sales for September, 2014 were in the under \$250,000 price range.

## ❖ Units and Absorption by Area Group

- Area Groups in a Balance Market are: Metro Southwest.
- Area Groups in a Buyer's Market are: Suburban Southwest, VC Highlands, Washoe Valley.
- 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 208 active listings.
- Spanish Springs had the highest level of pending sales with 173 pendlings.
- North Valleys had the highest level of closed sales with 93 closed sales.

## ❖ Units and Absorption by Condition

- The Months Supply of Inventory in the category of Real Estate Owned is at a 2.1 MSI in September, 2014.
- No Special Conditions condition properties has 3.9 MSI, Short Sale properties has 9.0 MSI, and Yes-Other has 3.0 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

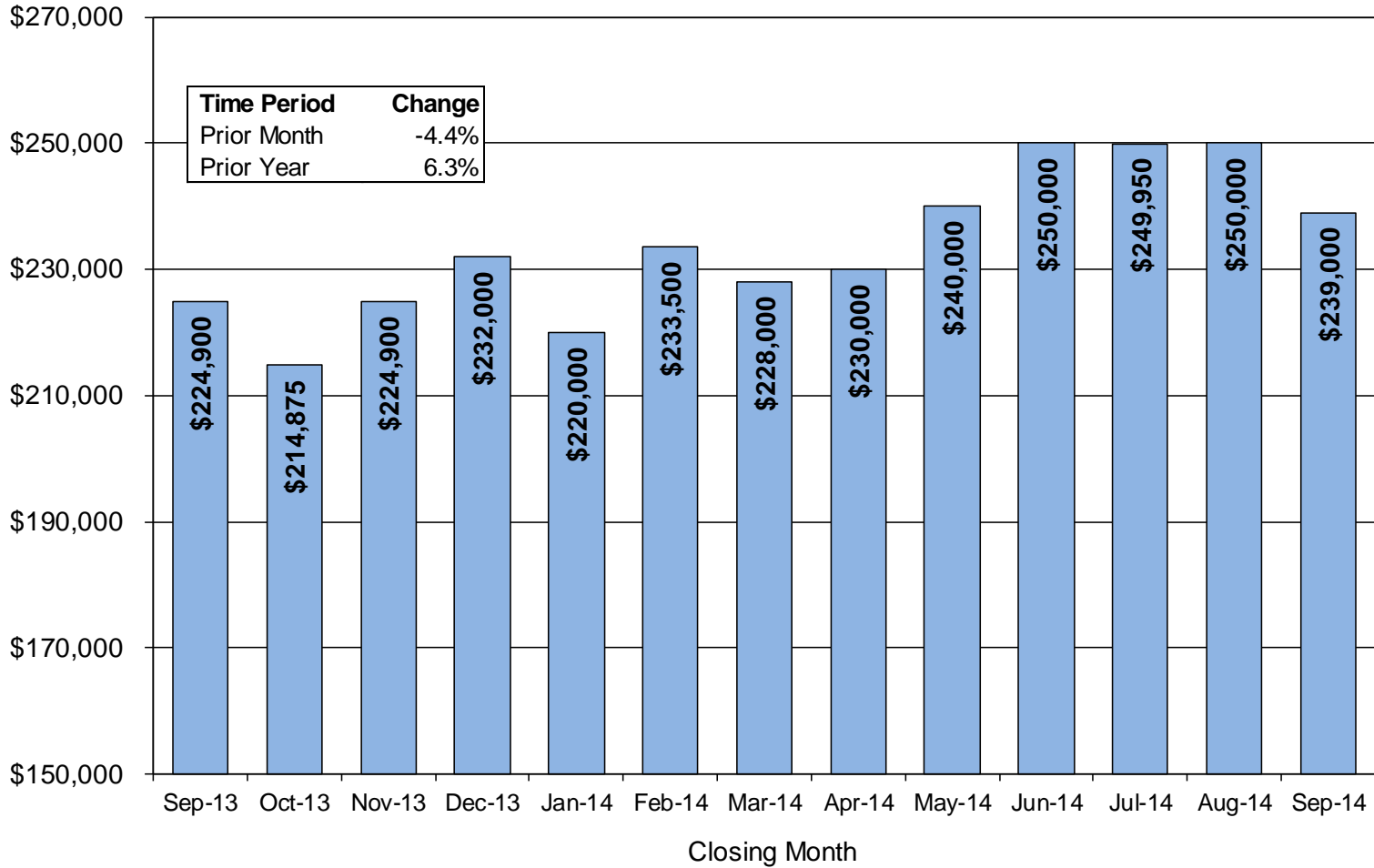
## ❖ Conclusion

- Sales are down for the month. It's not unusual to see a drop in sales in the Fall and Winter months. It appears the market is following the seasonal trends that were typical before the real estate boom and bust.
- The sales to listing price ratio is down to 98.4% compared to September 2013 when it was at 99.4%. This is an indication that even though it's a seller market, sellers are accepting less than listing price.
- Available inventory is up 4.2%, but there is no real improvement in the "affordable range." There is less than 3 Month's Supply of Inventory in the \$150,000 to \$250,000 price ranges.
- September pending sales are level with August at 395. Pending sales are a leading indicator of future closed transactions.
- Interest rates are predicted to increase in 2015 which will reduce purchasing power. Buyers who are sitting on the fence should look at their options while interest rates remain at historic lows and down payment assistance programs are available.

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# Median Sales Price

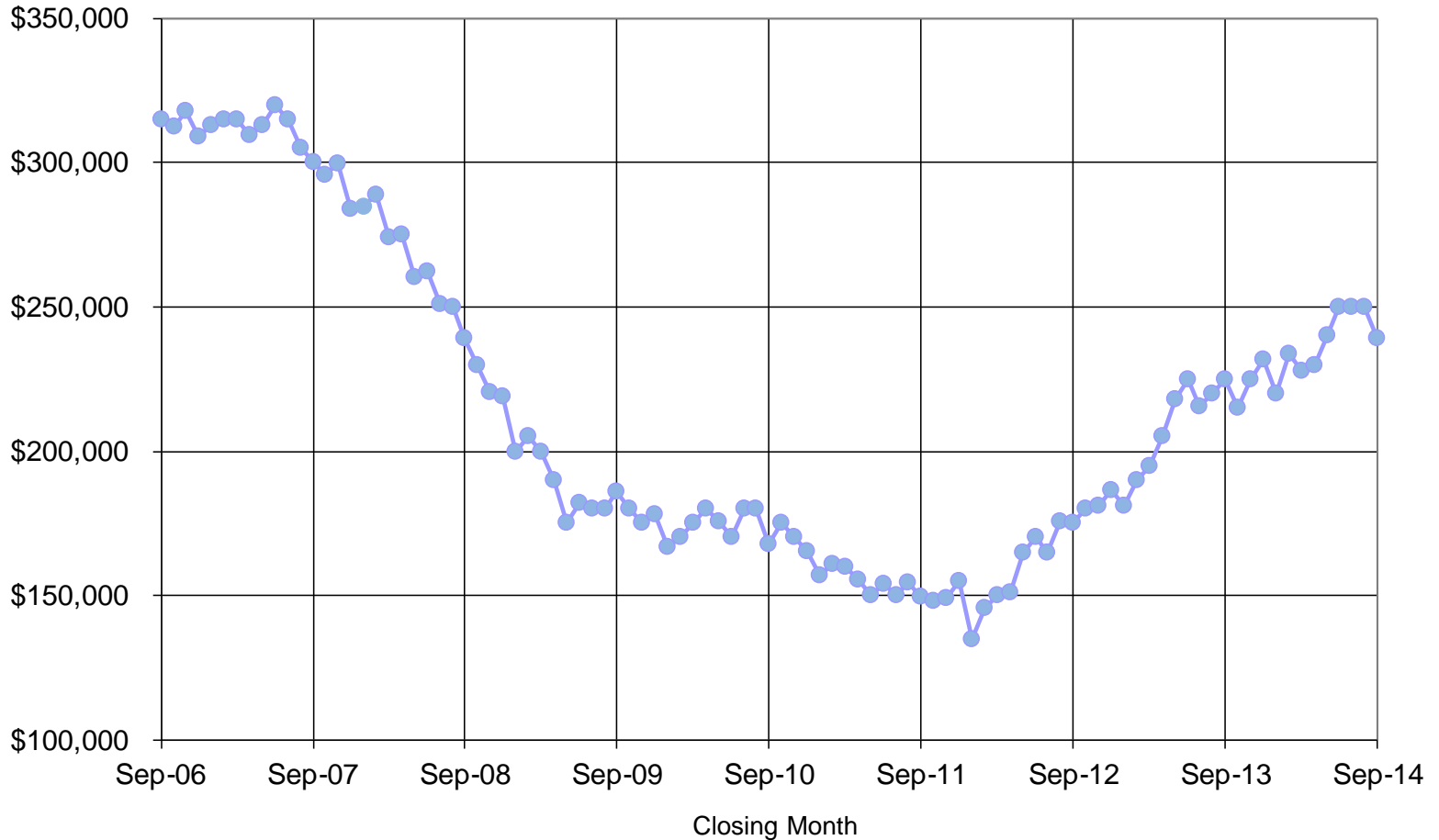
Median Sales Price, 13 months



# Summary: Median Sales Price

September, 2014

## Median Sales Price, 8 years





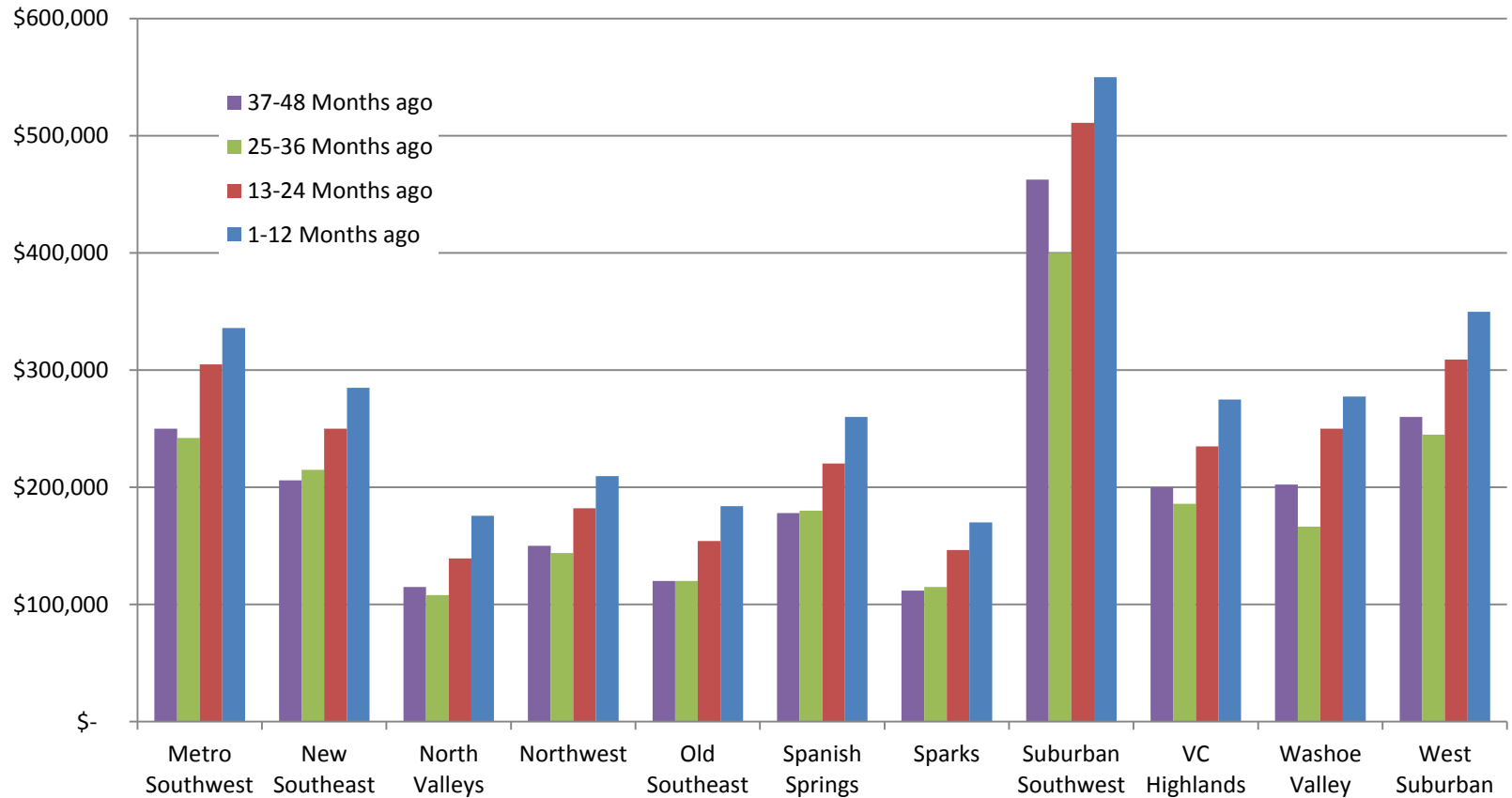
# Price per Square Foot

September, 2014

### Sold Dollars per Square Foot, 5 year History

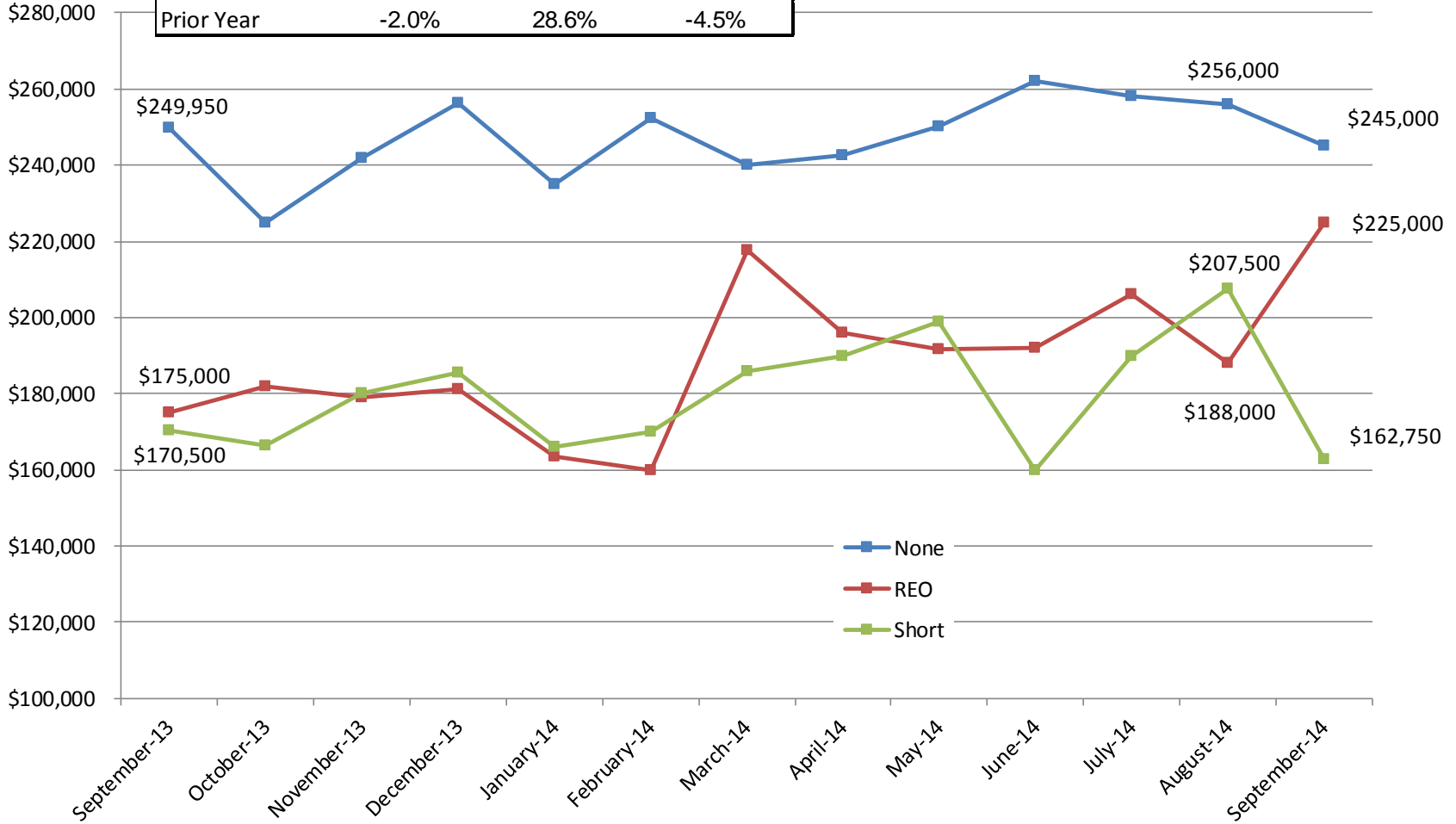


# Annualized Median Price by Area Group



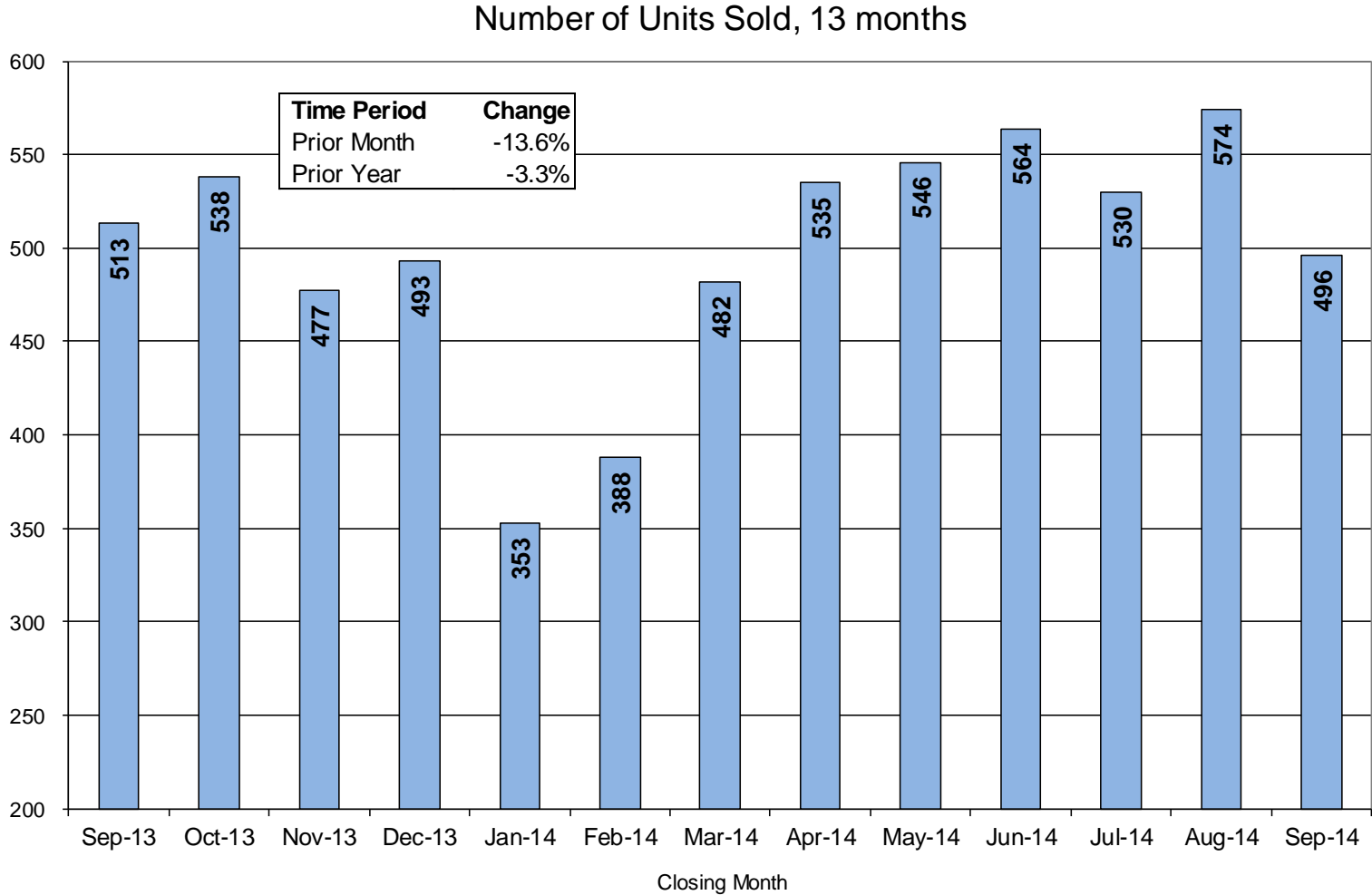
# Median Sales Price by Special Condition

Time Period	Change-None	Change-REO	Change-Short
Prior Month	-4.3%	19.7%	-21.6%
Prior Year	-2.0%	28.6%	-4.5%



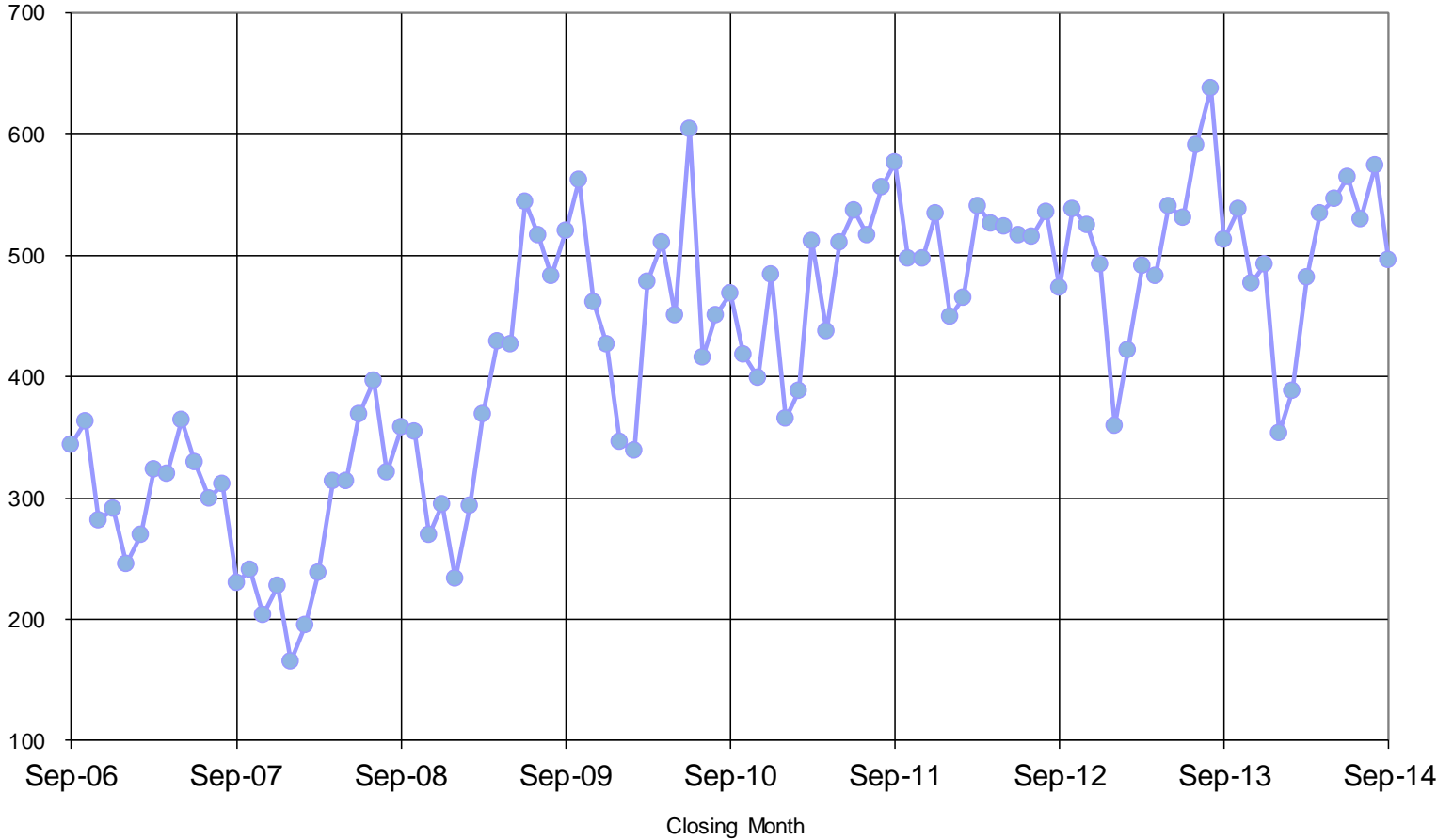
*Distressed listings are defined as follows: REO – property has been foreclosed upon and is being sold by the bank, HUD or VA. Short Sale - seller owns more for the property than current value.*

# Number of Units Sold



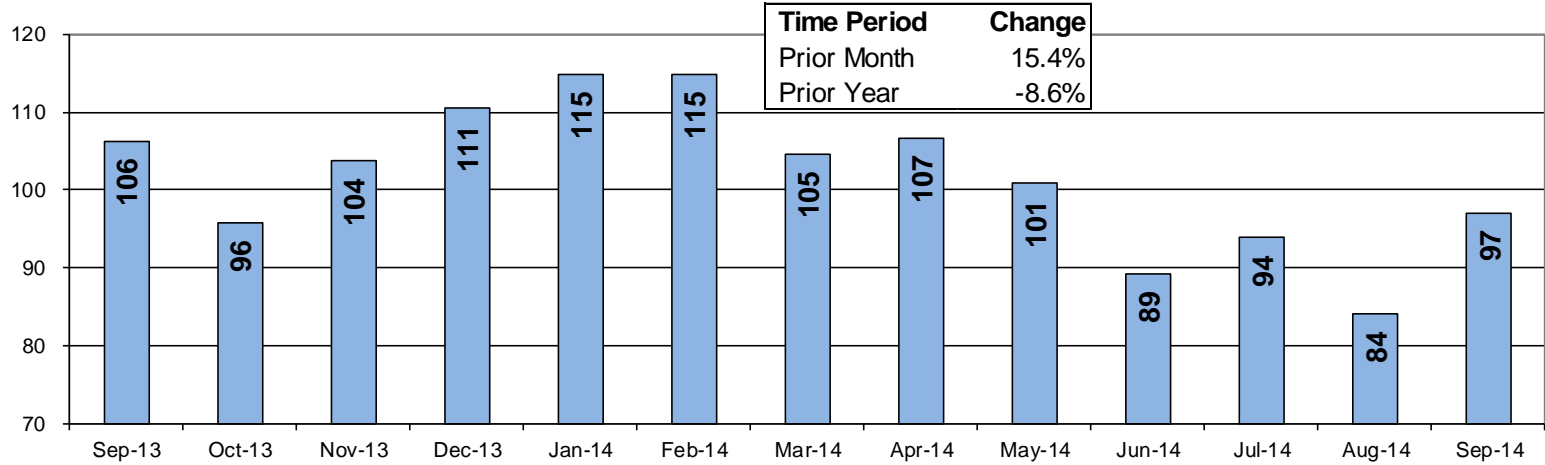
# Number of Units Sold

Number of Units Sold, 8 years

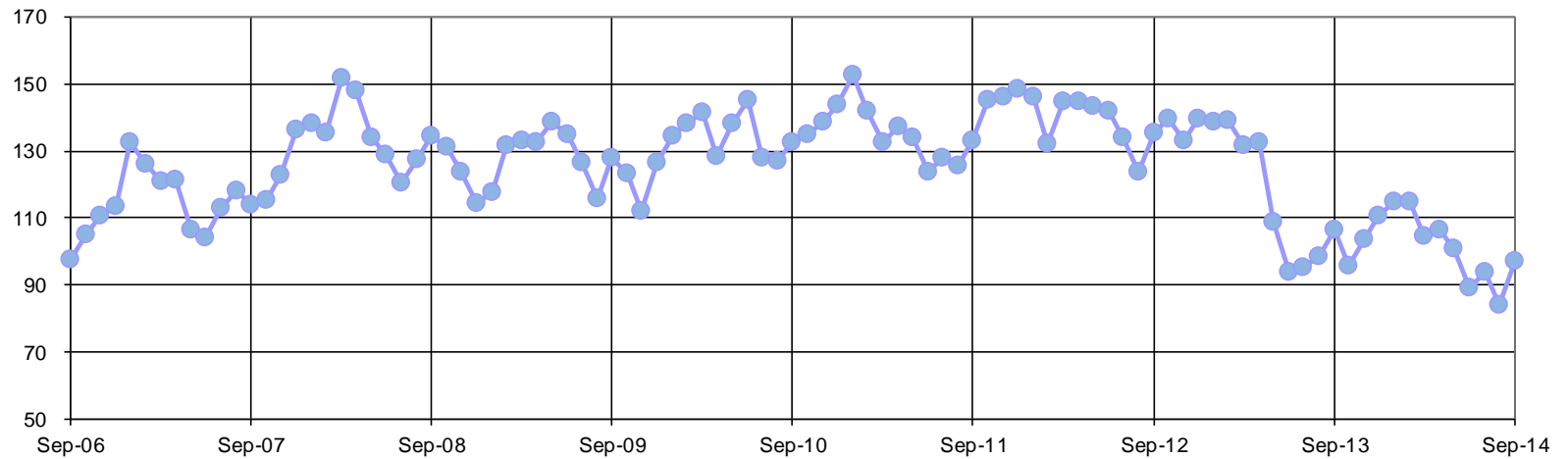


# Days on Market, by Month

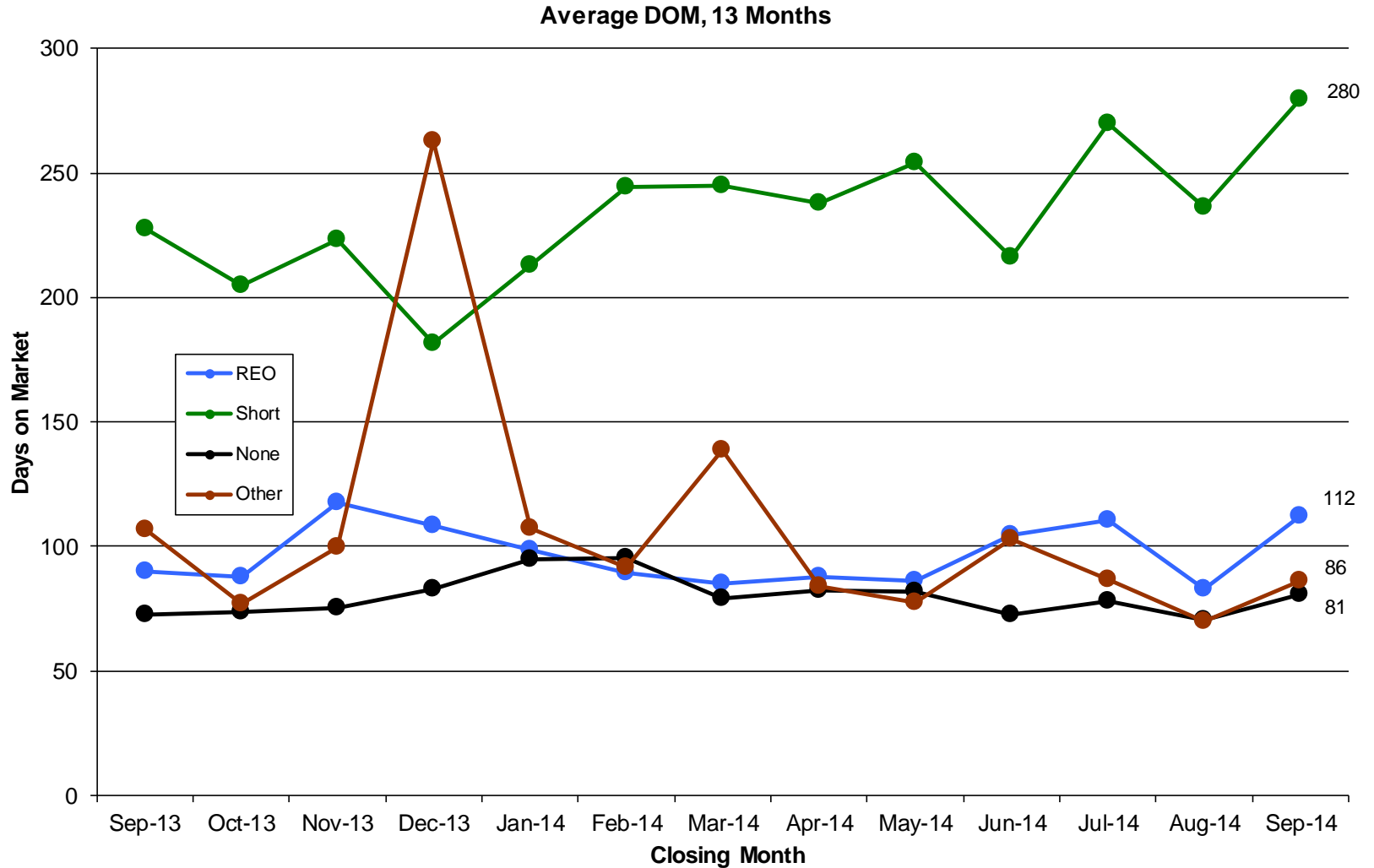
Average Days on Market for Solds, 13 months



Average Days on Market for Solds, 8 years



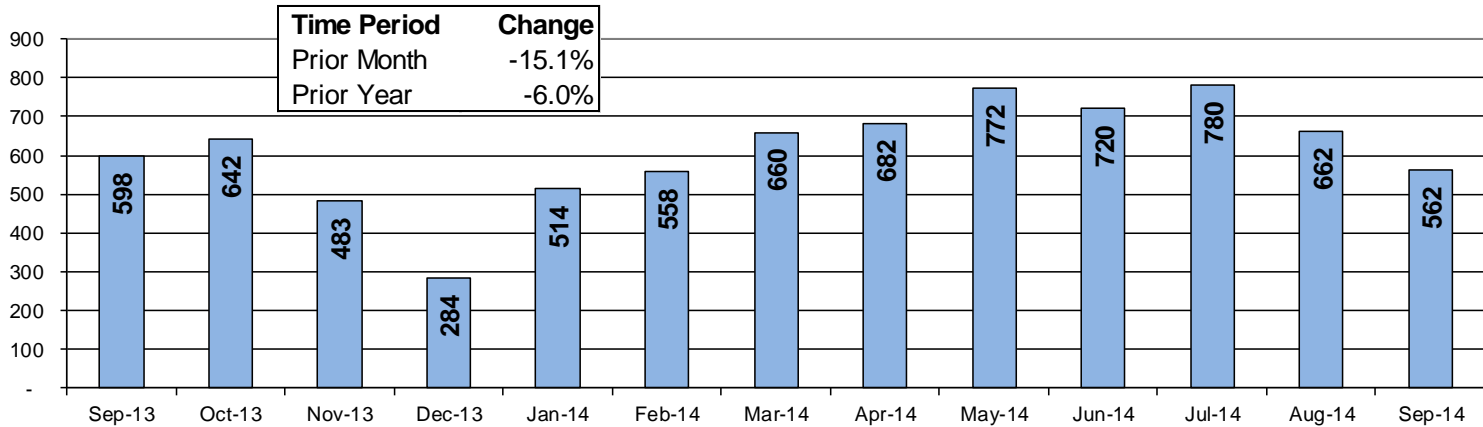
# Days on Market, by Special Conditions



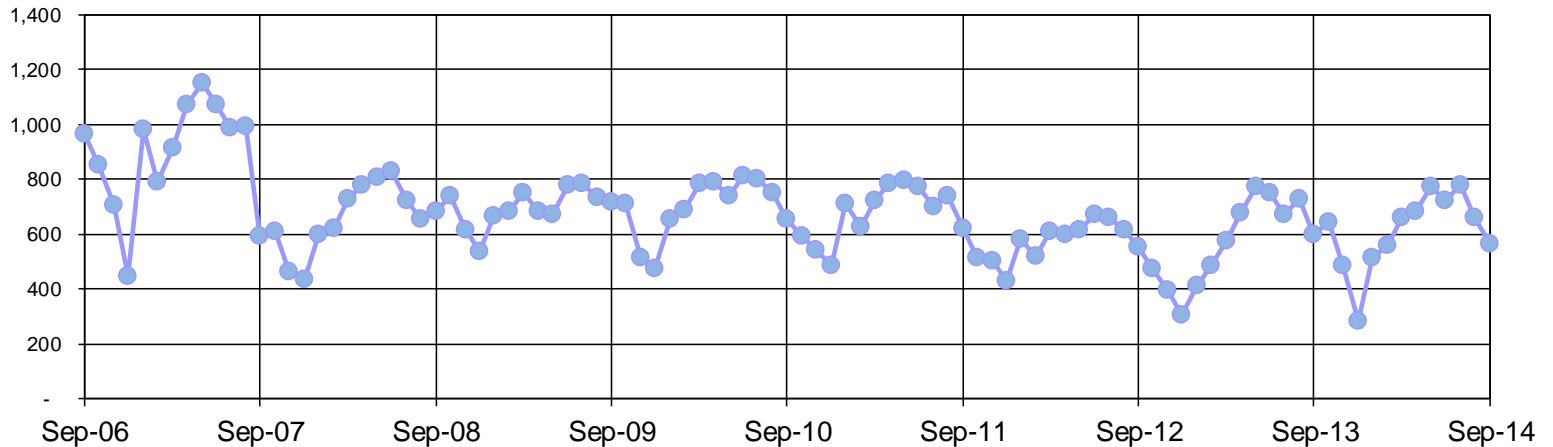
Distressed listings are defined as follows: REO – property has been foreclosed upon and is being sold by the bank, HUD or VA. Short Sale - seller owns more for the property than current value.

# New Listings, by Month

New Listings by Month, 13 months



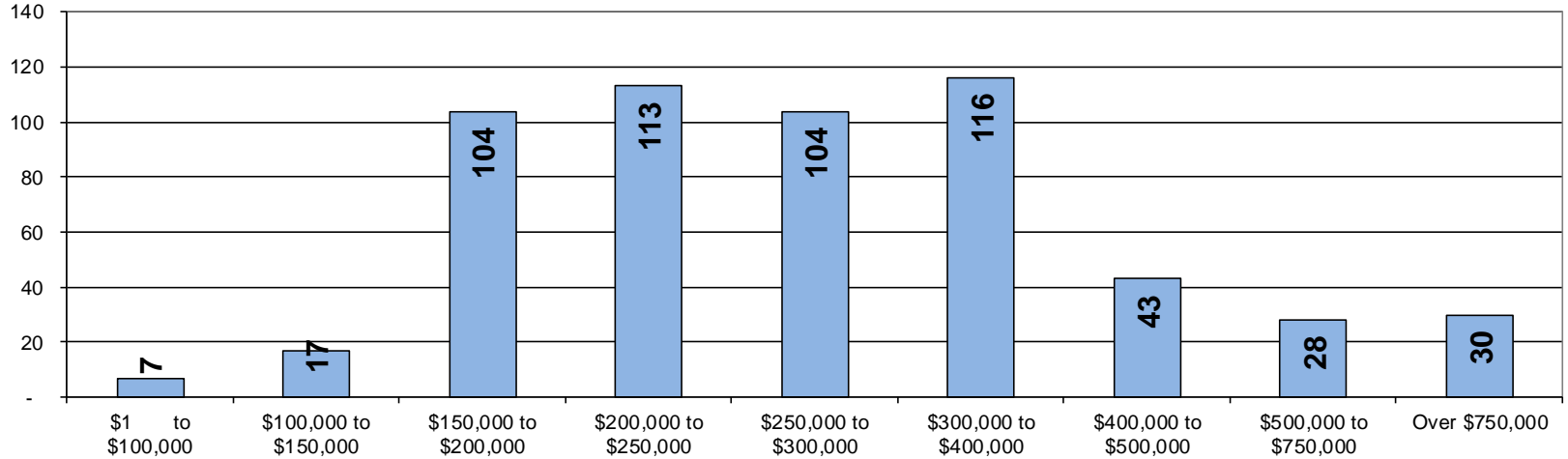
New Listings by Month, 5 years



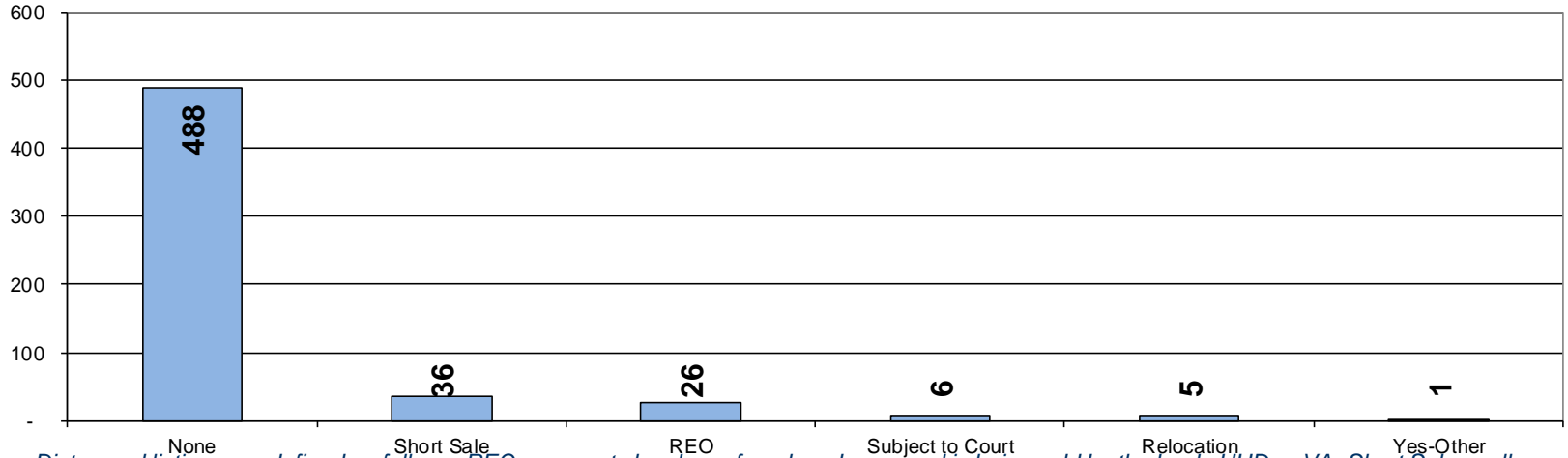


# New Listings, by Price and by Special Condition

New Listings, by Price Range



New Listings, by Special Condition

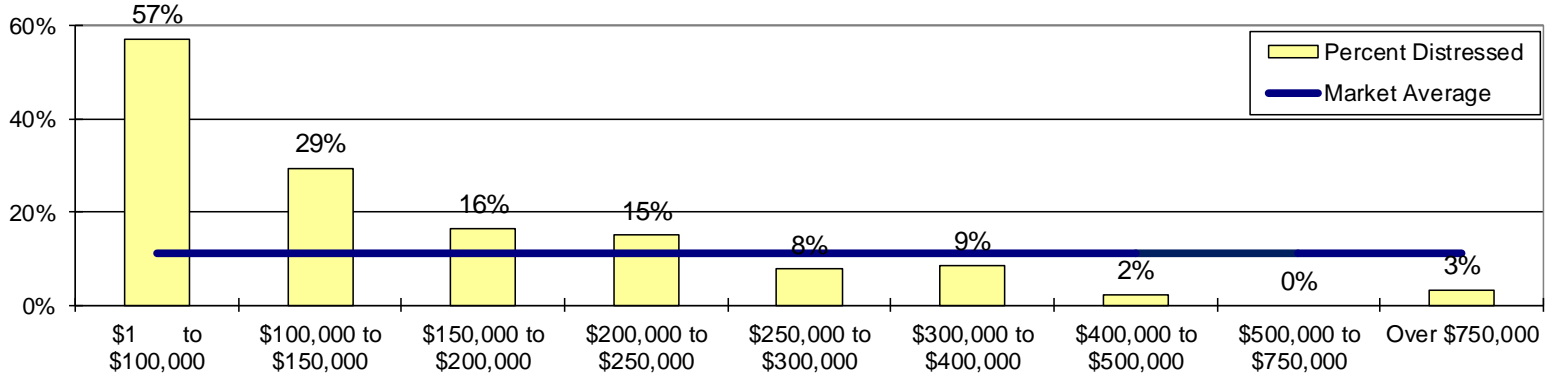


*Distressed listings are defined as follows: REO – property has been foreclosed upon and is being sold by the bank, HUD or VA. Short Sale - seller owns more for the property than current value. Distressed New Listings includes Fannie Mae, Freddie Mac, HUD, and any bank-owned listings.*

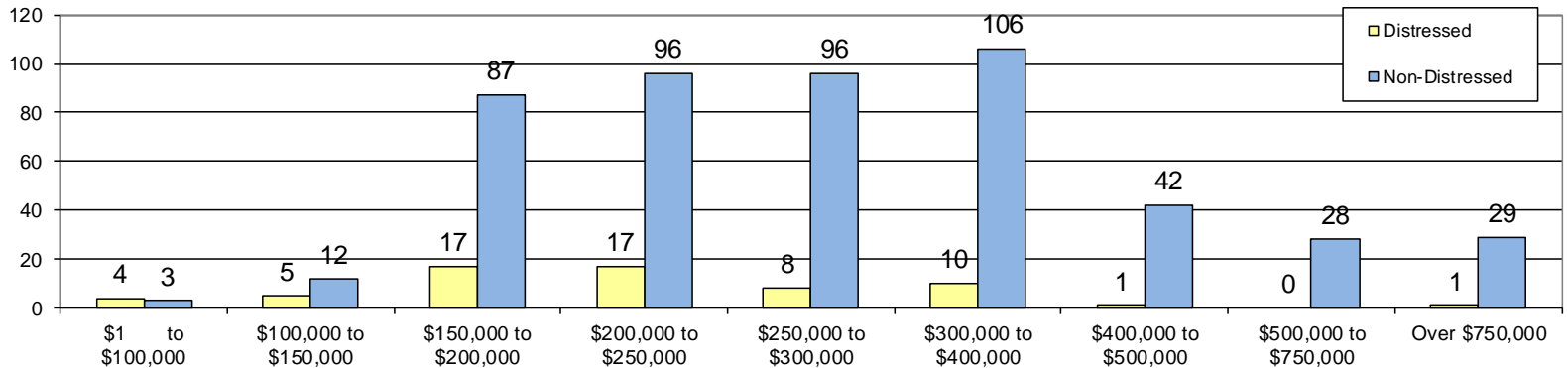
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# Distressed Listings, by Price

Percentage Distressed New Listings by Price, current month

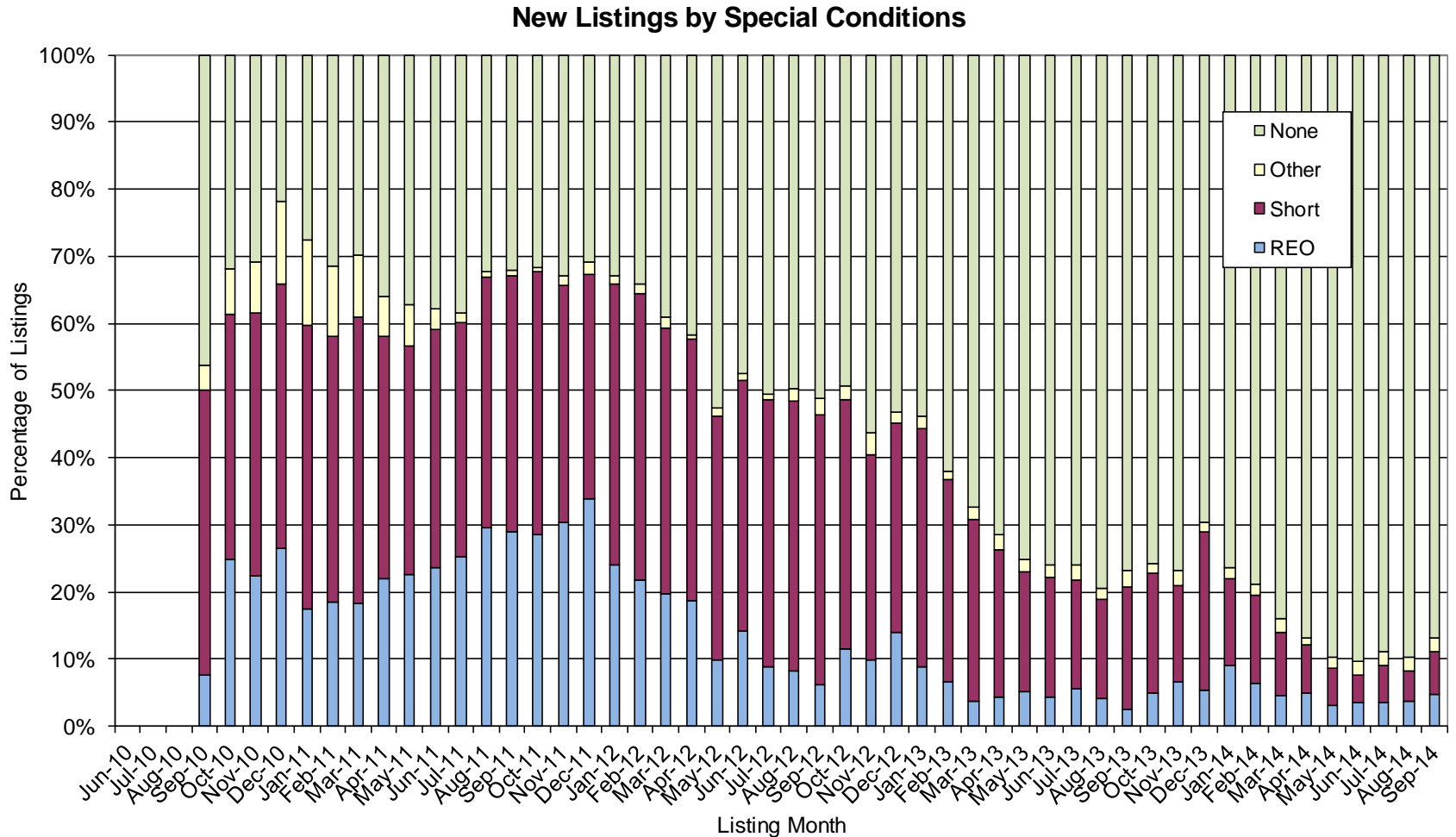


Number of Distressed and NonDistressed New Listings by Price, current month



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.

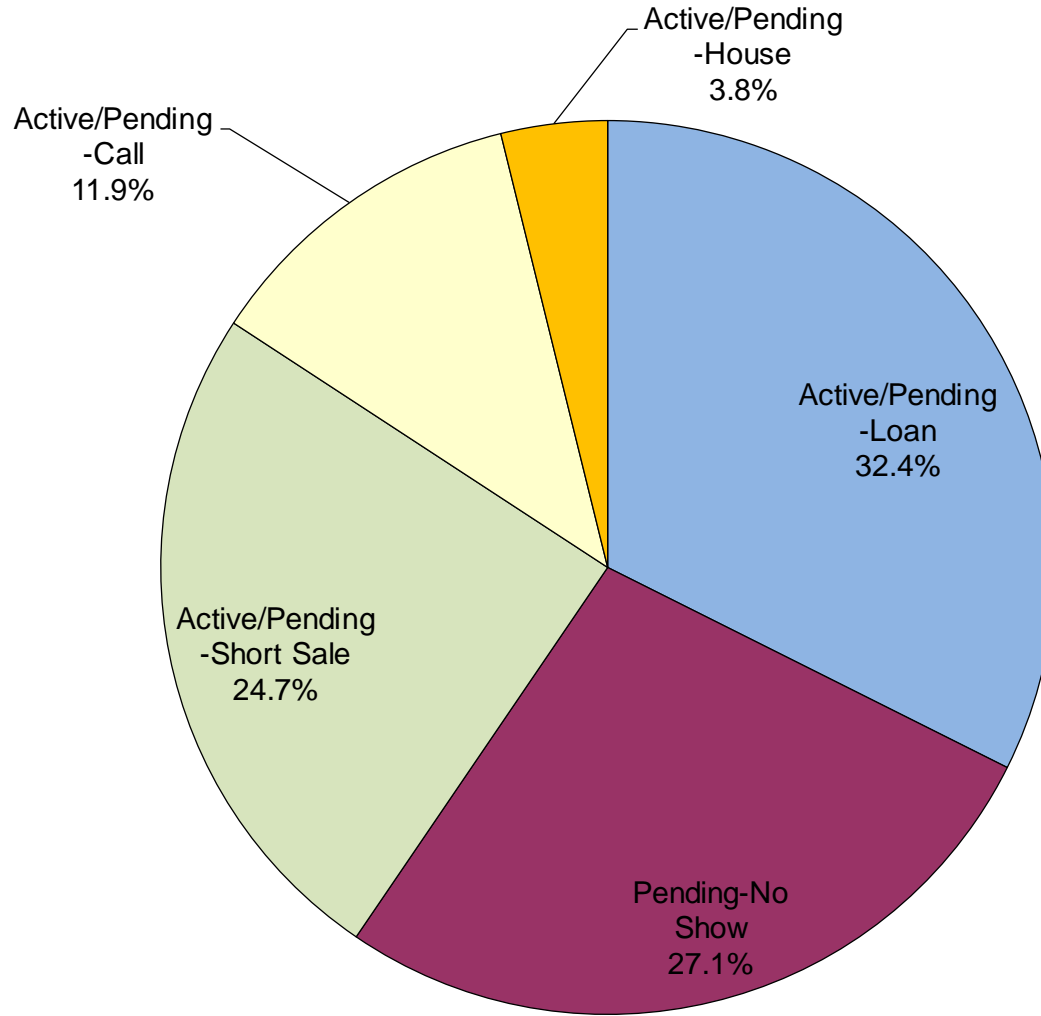
# Distressed Listings, as a percentage of all listings



*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 listing data considered reliable from January 2009 forward.*

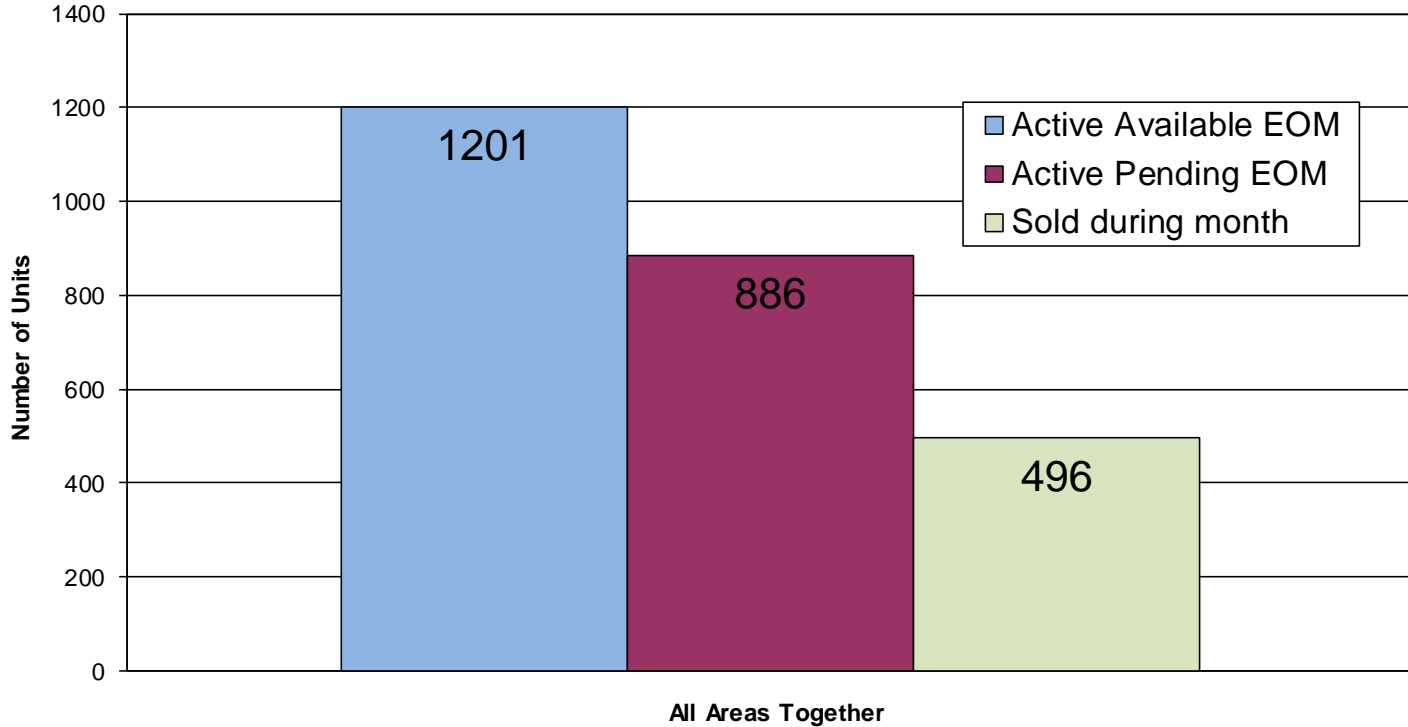
# Status of Pendings, Current Month

September, 2014



# Months Supply of Inventory, Current Month

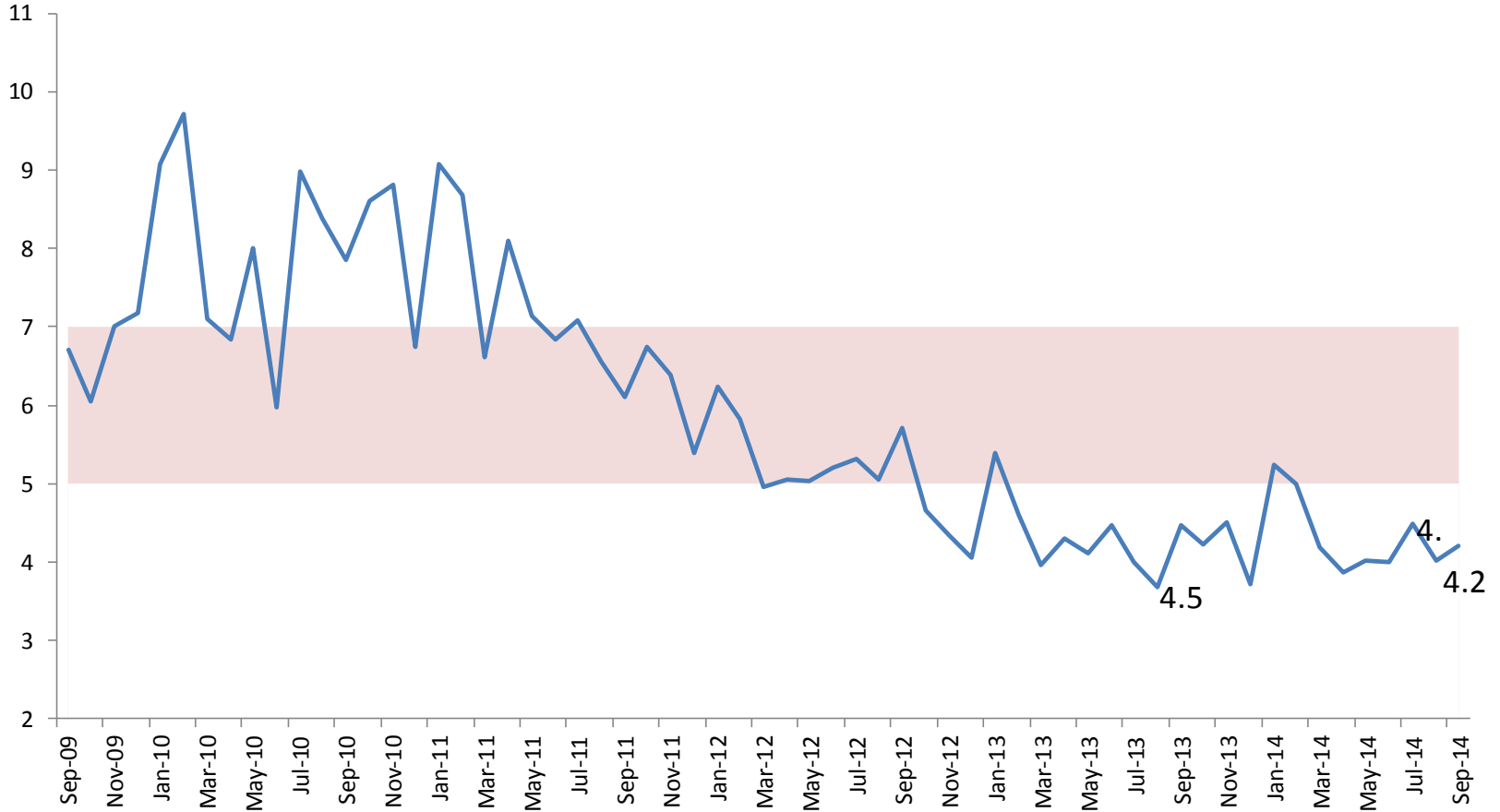
$(1201 + 886) \text{ available} / 496 \text{ units sold} = 4.2 \text{ months of inventory}$



*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

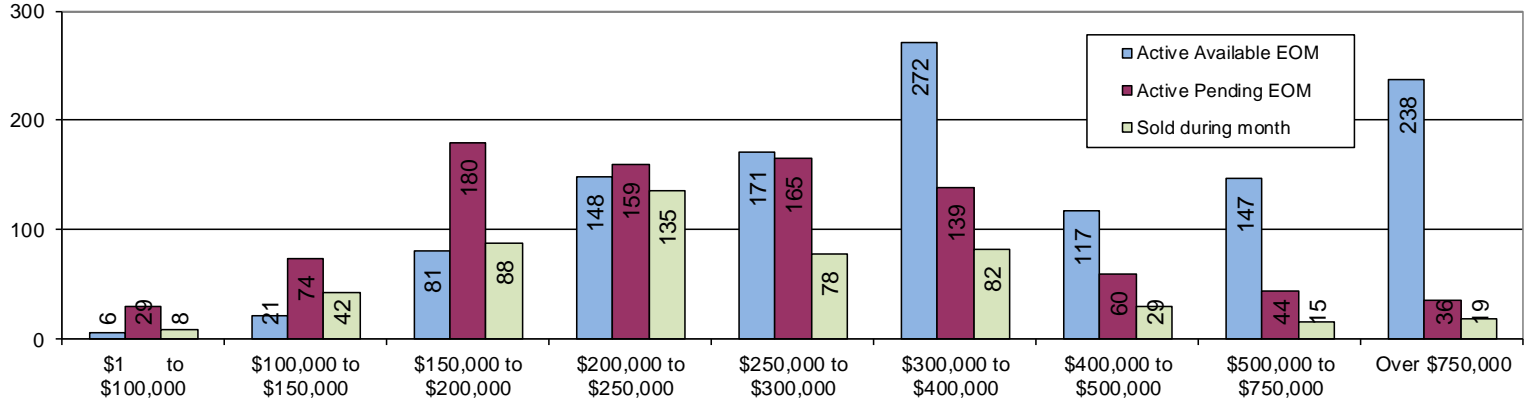
Month's Supply of Inventory, 5 year history



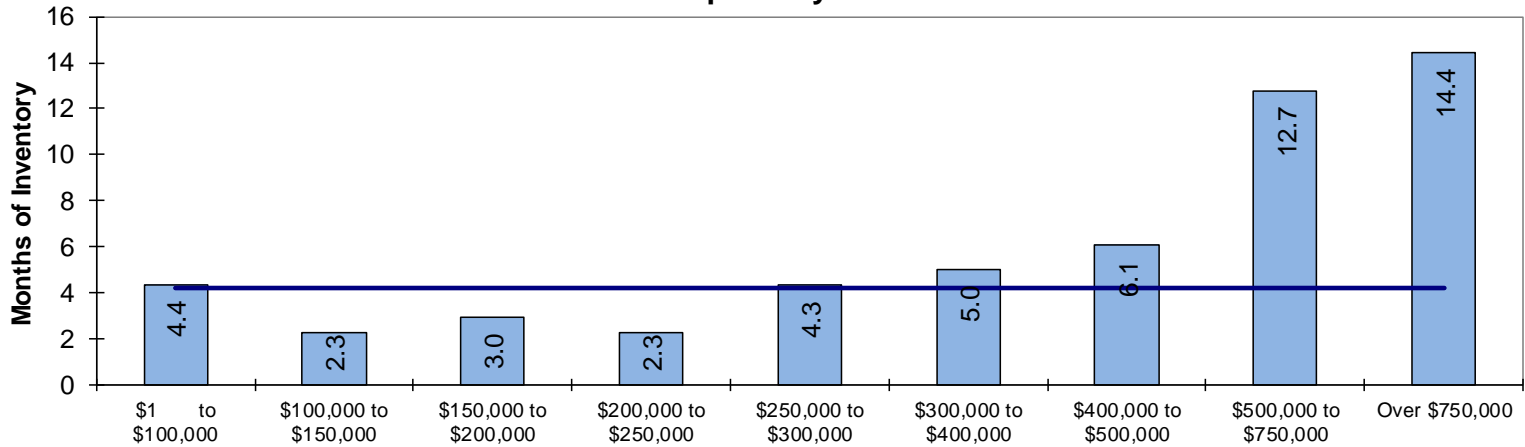
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# Units and Absorption, by Price

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.

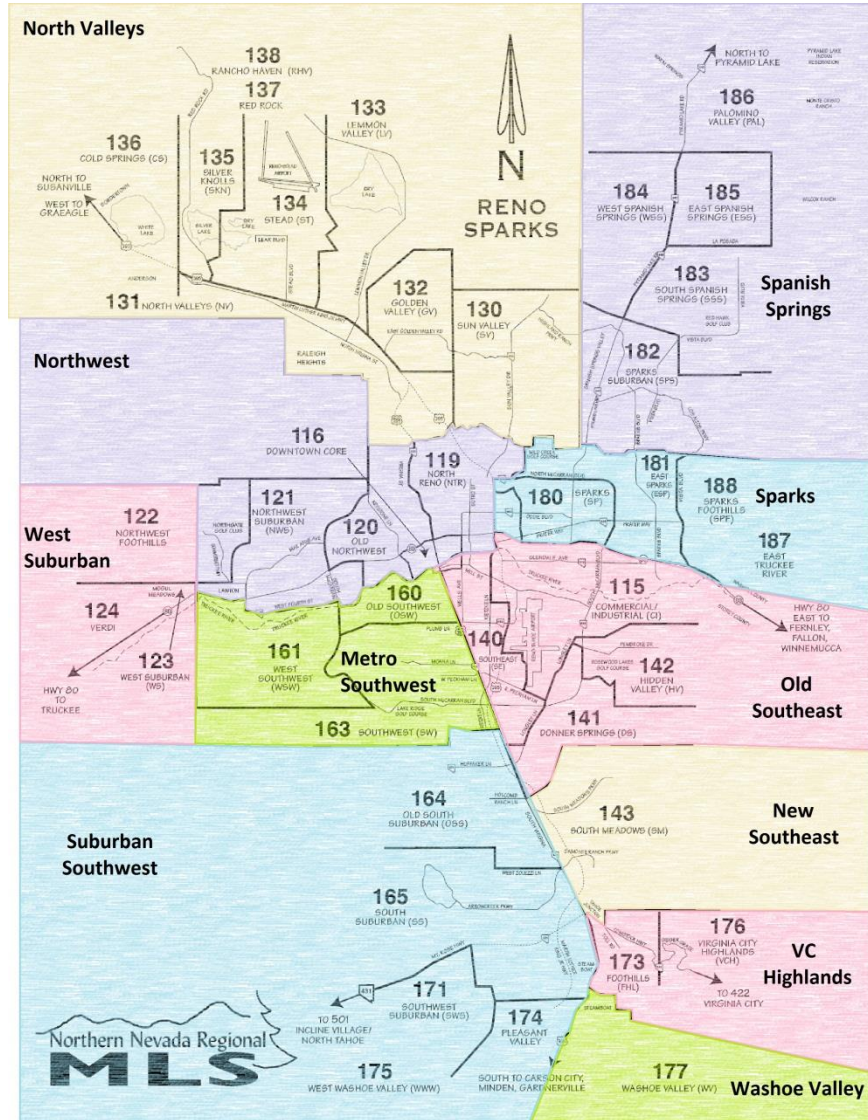
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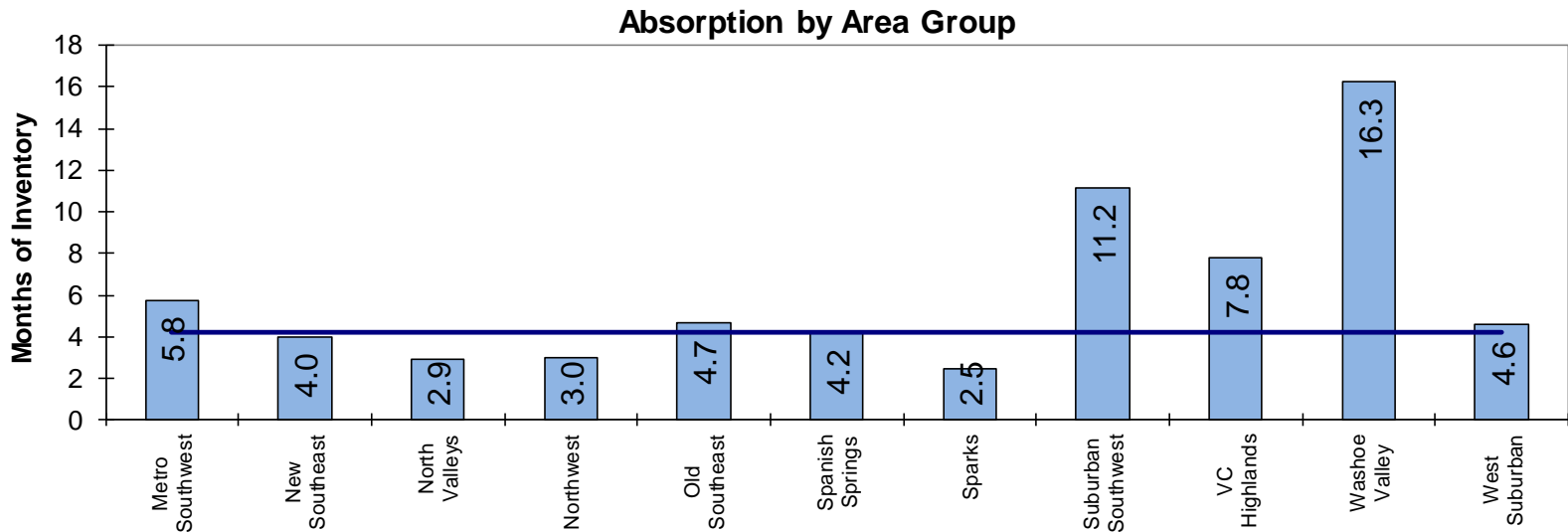
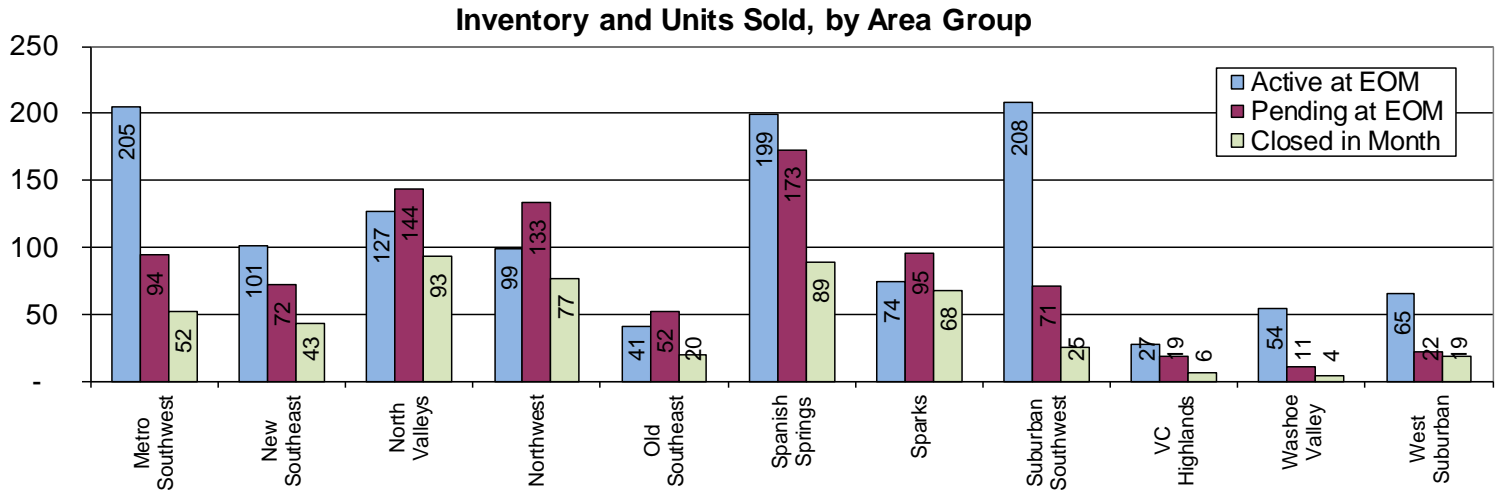
# Reno/Sparks Area Map

September, 2014





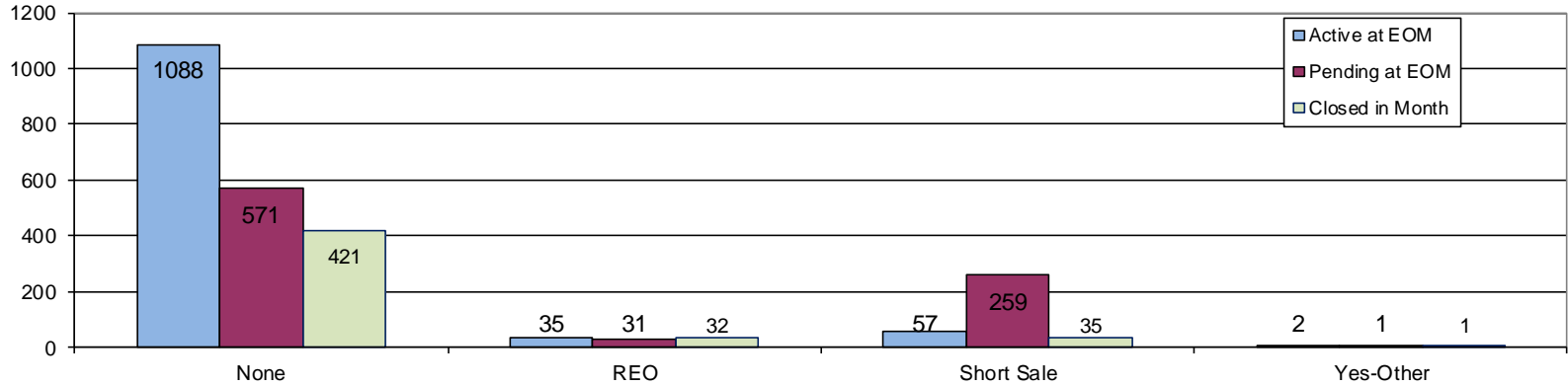
# Units and Absorption, by Area Group



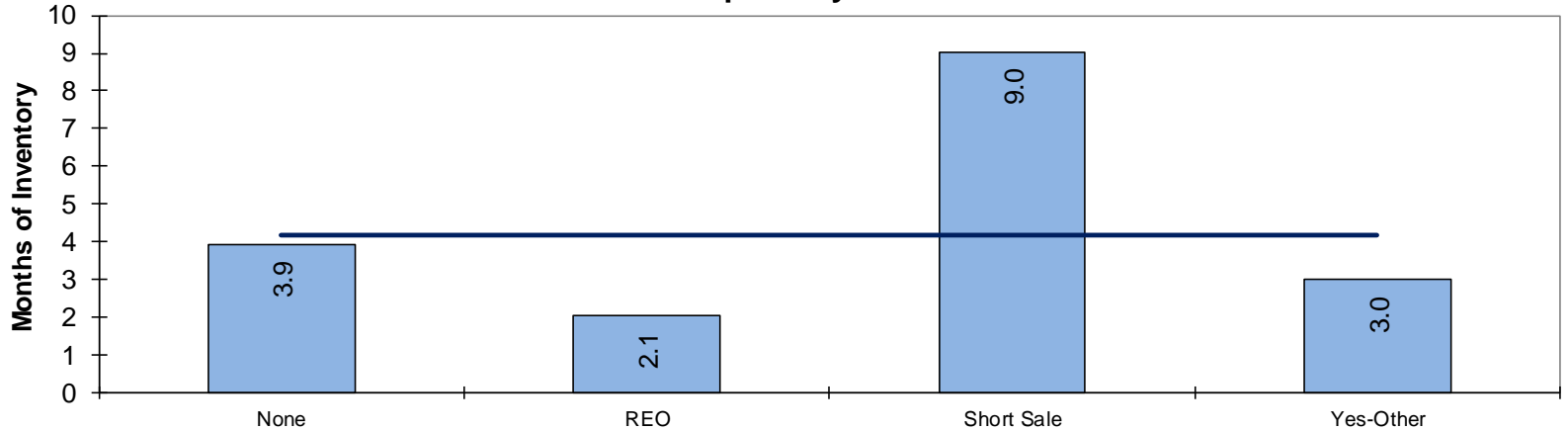
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# Units and Absorption, by Special Condition

Active and Sold Homes by Condition, current month



Absorption by Condition



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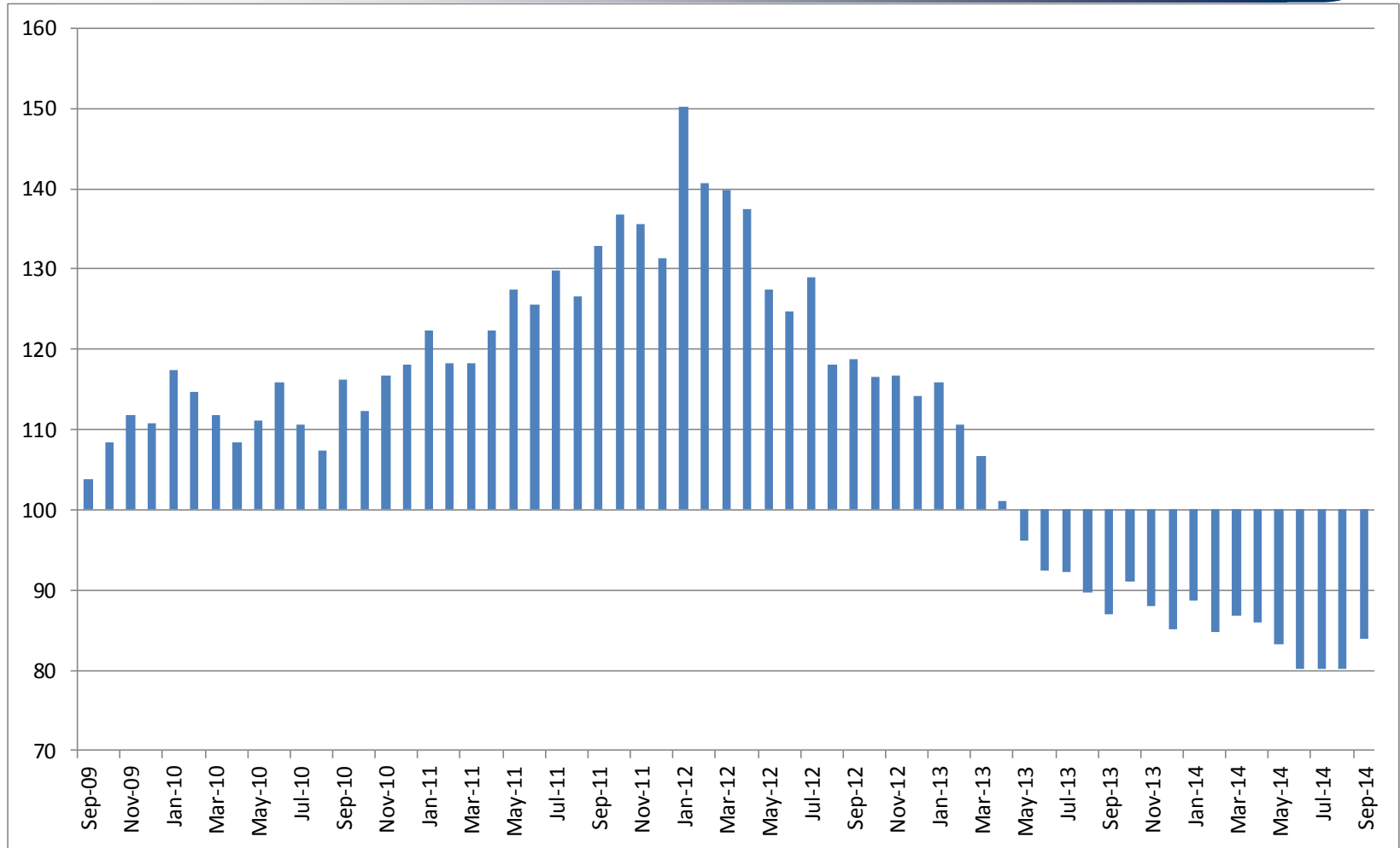
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# Housing Affordability Index, 5 years



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

