

Reno/Sparks Association of REALTORS®

December, 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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- ❖ **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 January 4^h, 2015.

Market Report Commentary

❖ Summary

- “The past year saw the lowest number of first-time home buyers in decades,” said Dave Hansen, 2015 president Reno/Sparks Association of REALTORS®. “While renting can be a good choice when saving for a down payment, recent findings show that homeownership is still the better deal. The cost of renting is rising faster than any other time in the last six years, according to the Bureau of Labor Statistics, and rental inventory stands at a 20-year low. We believe that because of this, first-time home buyers will be more active in the 2015 housing market, freeing up some of that rental inventory.”

❖ Median Sales Price

- December 2014 median price was up 0.8% to \$262,000 compared to \$260,000 in November 2014 and up 12.9% compared to \$232,000 in December 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

- December, 2014 median price on properties with no special conditions was up 1.5% to \$274,000 compared to \$269,925 in November, 2014 and up 6.9% compared to \$256,400 in December, 2013.
- December, 2014 median price on REO (Bank Owned) properties was up 3.4% to \$212,000 compared to \$205,000 in November, 2014 and up 17.0% compared to \$181,250 in December, 2013.
- December, 2014 median price on short sales properties was up 13.2% to \$210,000 compared to \$185,500 in November, 2014 and up 13.2% compared to \$185,500 in December, 2013.

❖ Number of Units Sold

- December, 2014 units sold was up 6.6% to 501 compared to 470 in November, 2014 and up 1.6% compared to 493 in December 2013.

Market Report Commentary, continued

❖ Average Days on Market

- December, 2014 average Days On Market was up 14% to 111 compared to 97 in November, 2014 and down 0% compared to 111 in December 2013.

❖ Days on Market (DOM) by Special Conditions

- Short sale properties had an average days on market of 284.
- Properties with no special conditions had an average days on market of 96.
- REO Properties had an average days on market of 86.

❖ New Listings

- December, 2014 new listings was down -26.1% to 281 compared to 380 in November, 2014 and down -1.1% compared to 284 in December 2013.
- Properties listed at under \$250,000 made up 48% of new listings entering the market during the month of December, 2014.
- 16% of new December, 2014 listings were distressed. Short sales 7%; REO 7%; No special conditions 84%; and Other 2%.

❖ Distressed New Listings History

- The allocation of new listings by special conditions decreased, representing 14% of the market in December 2014, down from 17% in November 2014, and down from 29% in December 2013.

❖ Status of Pending

- Active/Pending-Loan represent 31.3% of the total active pendings; Active/Pending-Short Sale equals 24.6%; Pending-No Show represents 26.6%; Active/Pending-Call 14.6%; and Active/Pending-House 2.9%.

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

- At the end of December, 2014, there was 2.7 months of unsold inventory based on the monthly sales rate.

Market Report Commentary, continued

❖ Historical Months Supply of Inventory

- December, 2014 MSI was down to 2.7 compared to 3.9 in November, 2014 and down from 3.7 in December, 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: none.
- 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, \$500,000 to \$750,000.
- 45% of the total sales for December, 2014 were in the under \$250,000 price range.

❖ Units and Absorption by Area Group

- Area Groups in a Balance Market are: Suburban Southwest,
- Area Groups in a Buyer's Market are: Washoe Valley,
- Area Groups in a Seller's Market are: Metro Southwest, New Southeast, North Valleys, Northwest, Old Southeast, Spanish Springs, Sparks, VC Highlands, West Suburban,
- Spanish Springs had the highest level of active inventory with 146 active listings.
- Spanish Springs had the highest level of pending sales with 116 pendlings.
- Spanish Springs had the highest level of closed sales with 111 closed sales.

❖ Units and Absorption by Condition

- The Months Supply of Inventory in the category of Real Estate Owned is at a 2.4 MSI in December, 2014.
- No Special Conditions condition properties has 2.4 MSI, Short Sale properties has 5.8 MSI, and Yes-Other has 0.0 MSI.

❖ Affordability Index

- 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

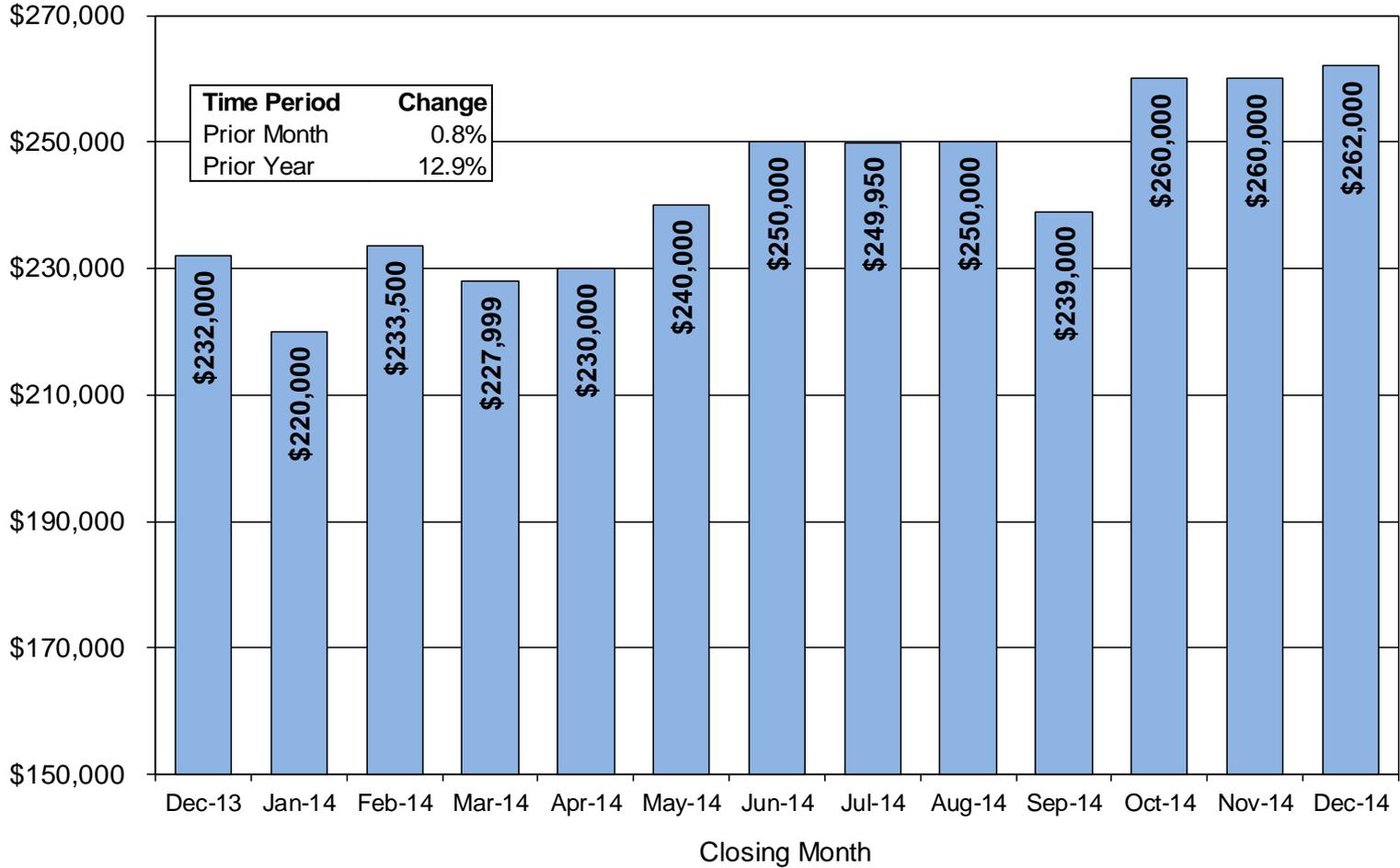
❖ Conclusion

- The median price settled in at \$262,000.
- As predicted new listing inventory dipped to a seasonal low of 281.
- December unit sales were up 7% from November. Annual sales for 2014 were down 2% or 134 units compared to 2013 annual sales.
- The December sale to listing price ratio was as 98.3% and has remained between 98% and 98.5% for the past six months.
- The market remains in a seller's market at 2.7 month's supply of inventory, the lowest in history. The Reno market has remained consistently in a seller's market for 24 of the past 26 months.
- With an uptick in sales in December as the year closed, and low new listing inventory numbers, it's no surprise that the Month's Supply of Inventory is at a historical low.
- The unemployment rate continues to decline. Washoe county annual average unemployment as of November is down to 7.4% compared to 9.6% in 2013.
- Realtors® are always surveying the temperature of the housing market. What they see in home sales, prices and market conditions on a month-to-month basis can help determine what the industry might experience in terms of future home buying and selling trends. According to the National Association of Realtors in the [REALTORS® Confidence Index for November 2014](#), Realtors® are feeling increasingly optimistic about the housing market over the next six months.
- The Realtors® Confidence Index six-month outlook for single-family homes currently stands at 60 (a score of 50 is a moderate one), up from 56 last month. Several factors could account for this improved outlook, including a growing jobs market and mortgage rate decreases. Whatever the reasons, Realtors® are ready to tackle the needs of consumers, the market and their communities.

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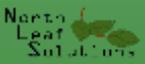
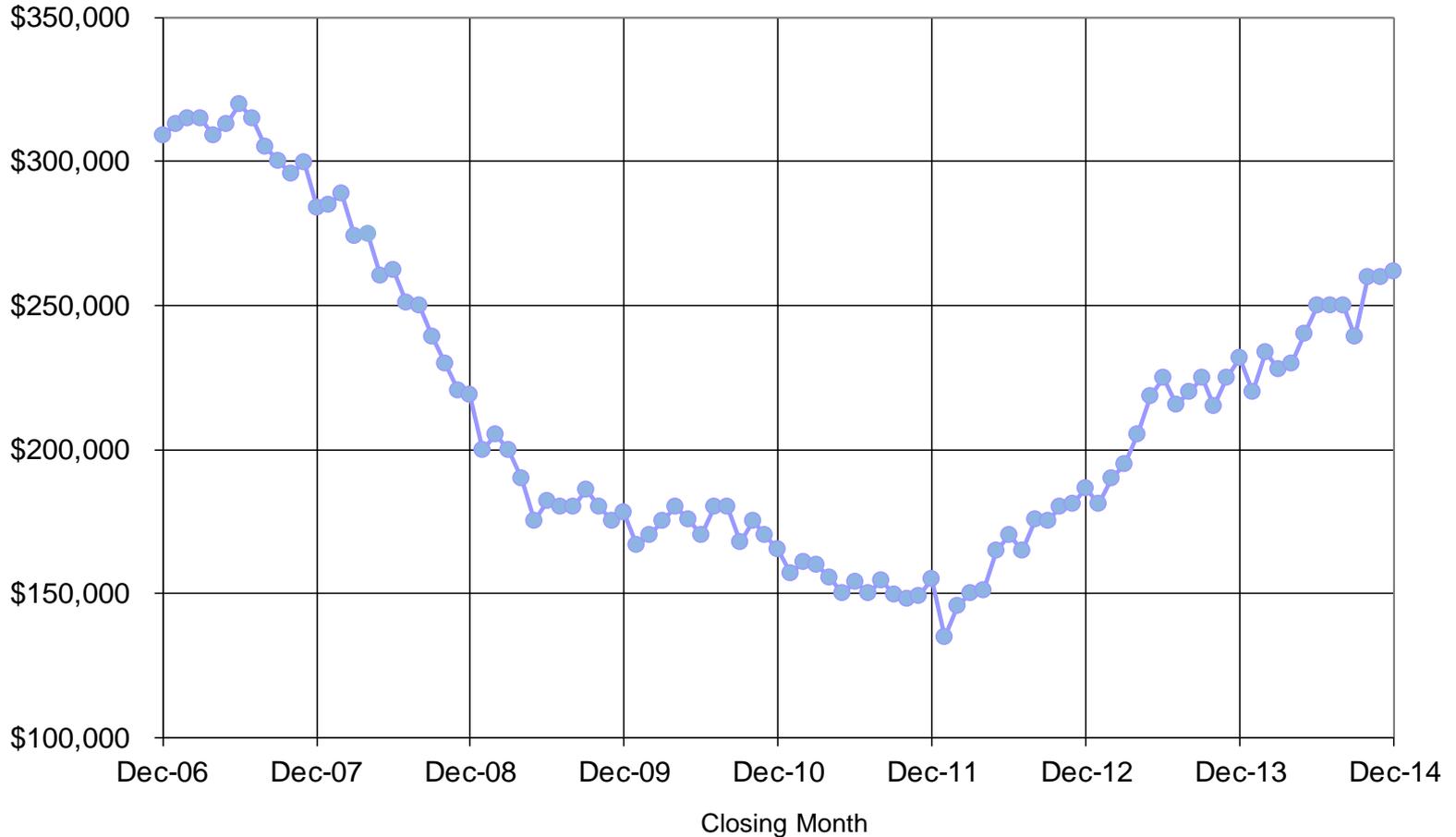
Median Sales Price

Median Sales Price, 13 months



Summary: Median Sales Price

Median Sales Price, 8 years



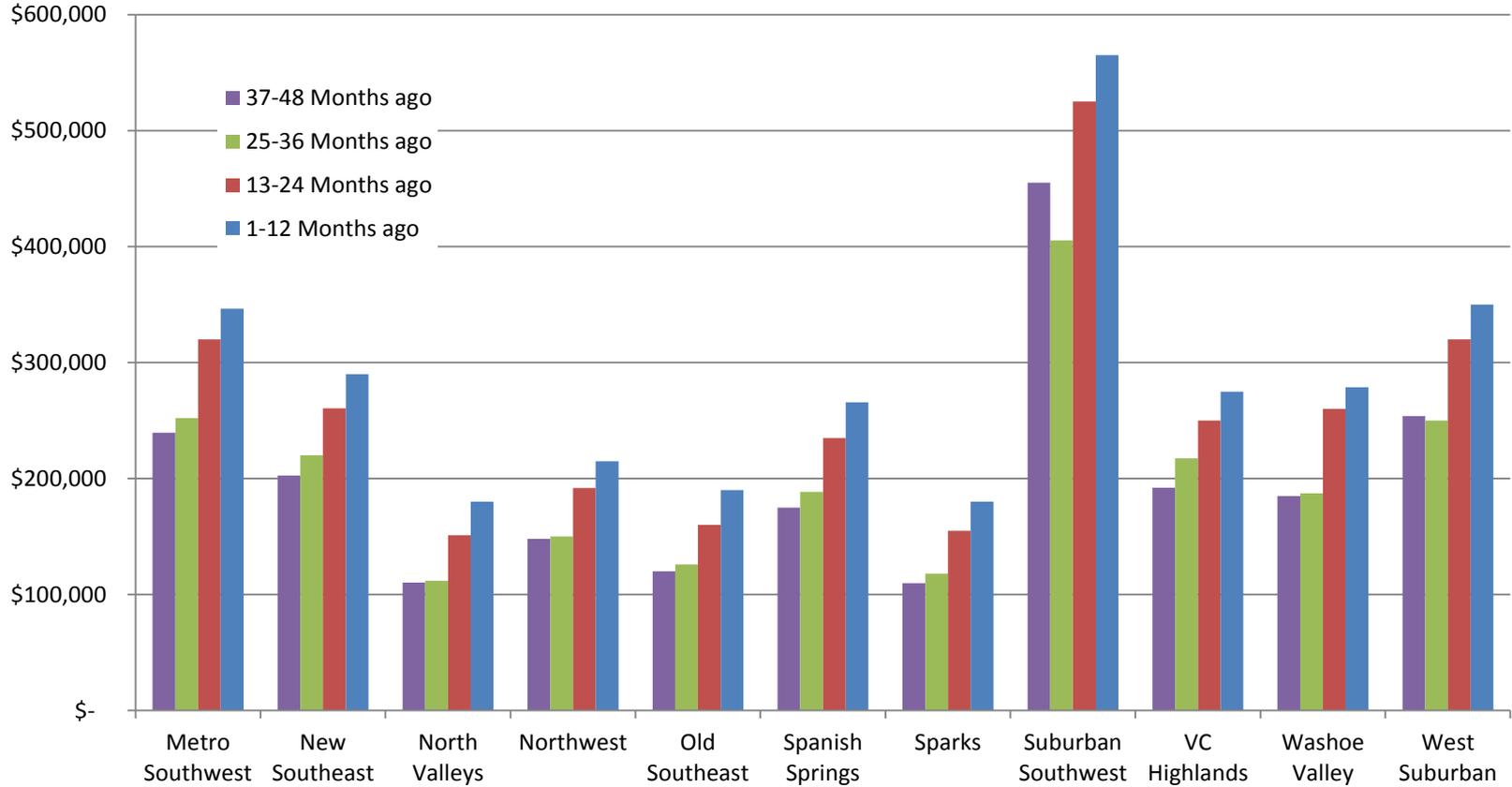
Price per Square Foot

December, 2014

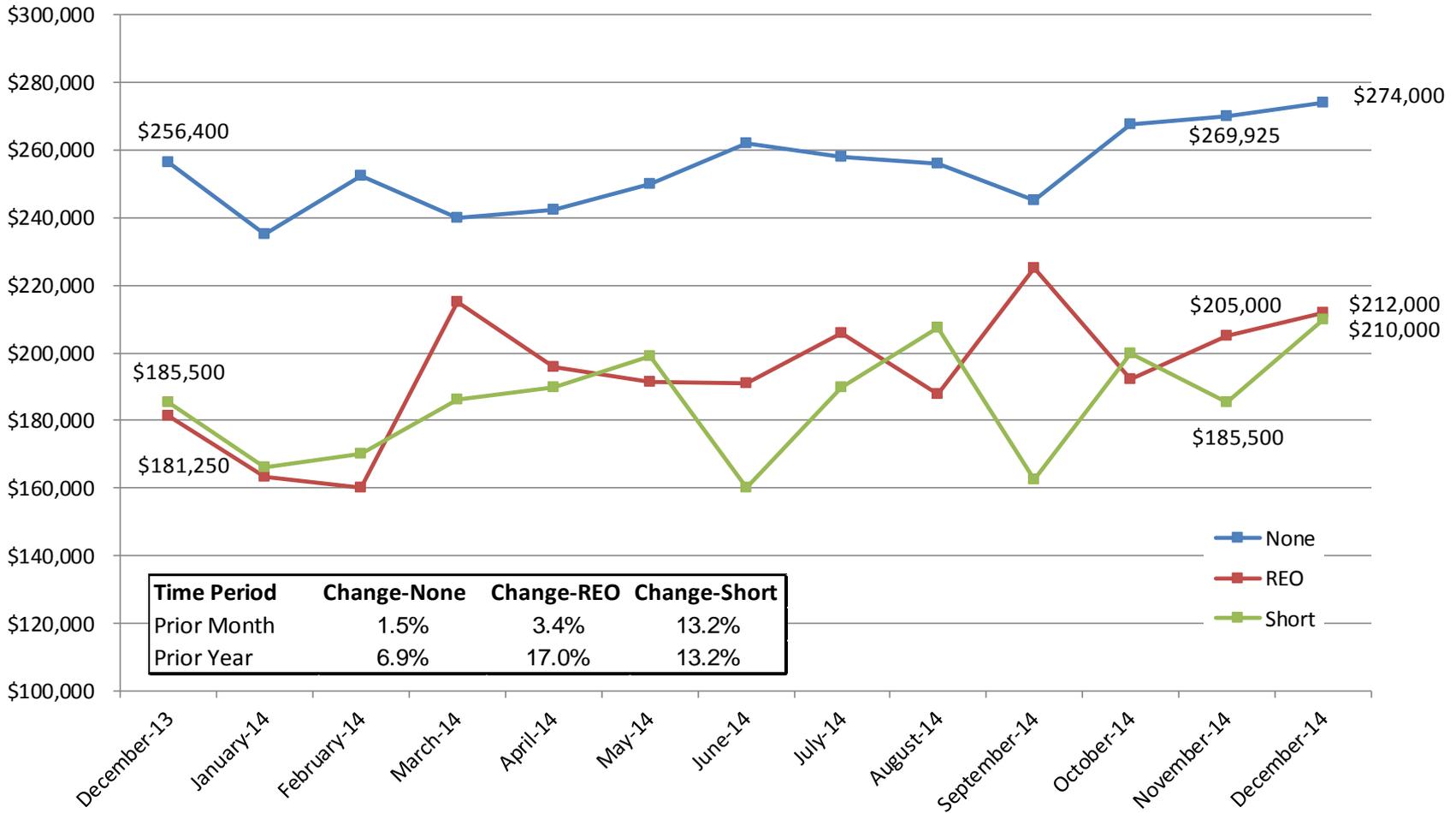
Sold Dollars per Square Foot, 5 year History



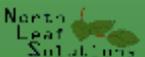
Annualized Median Price by Area Group



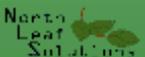
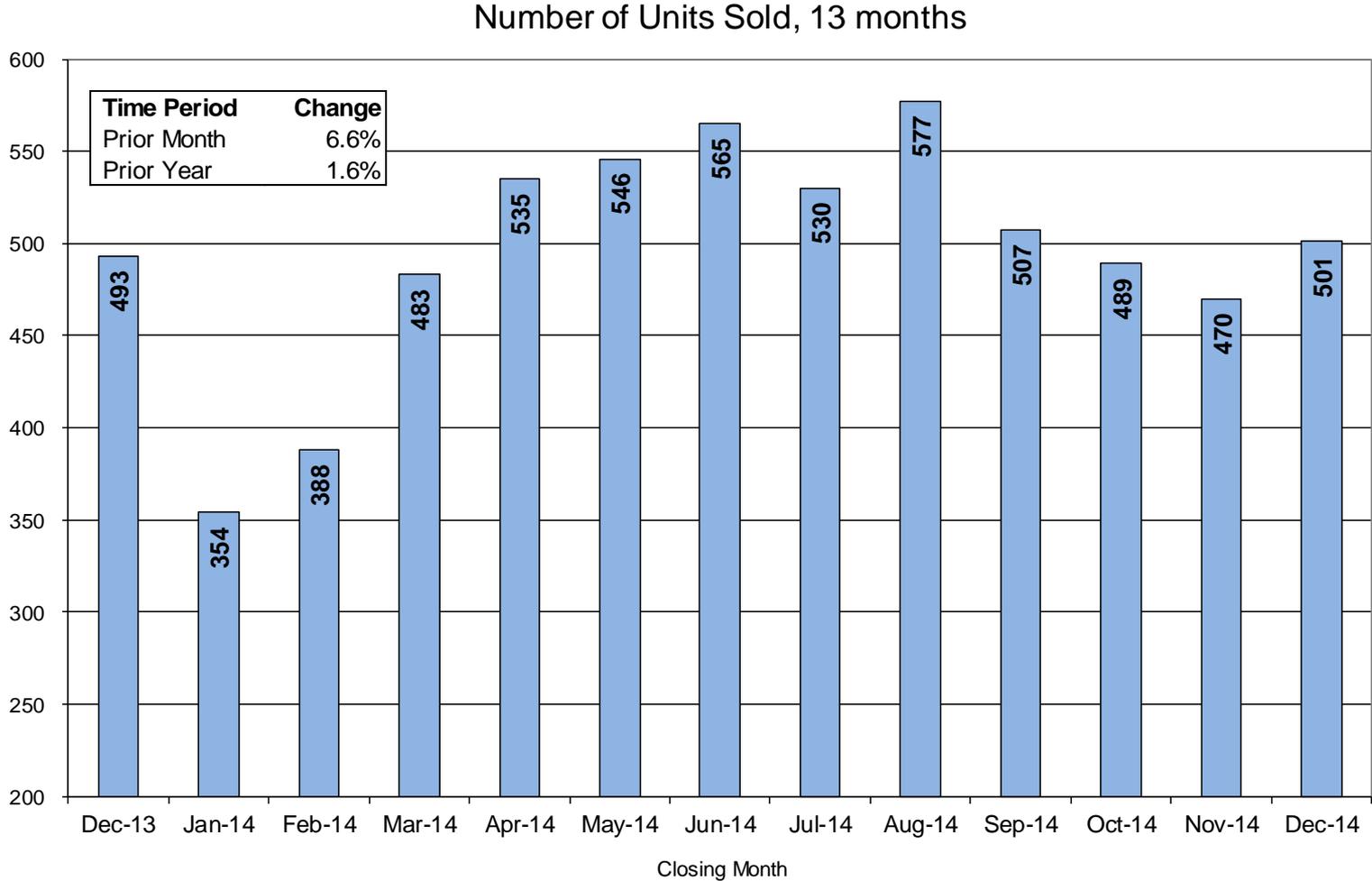
Median Sales Price by Special Condition



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.

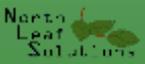
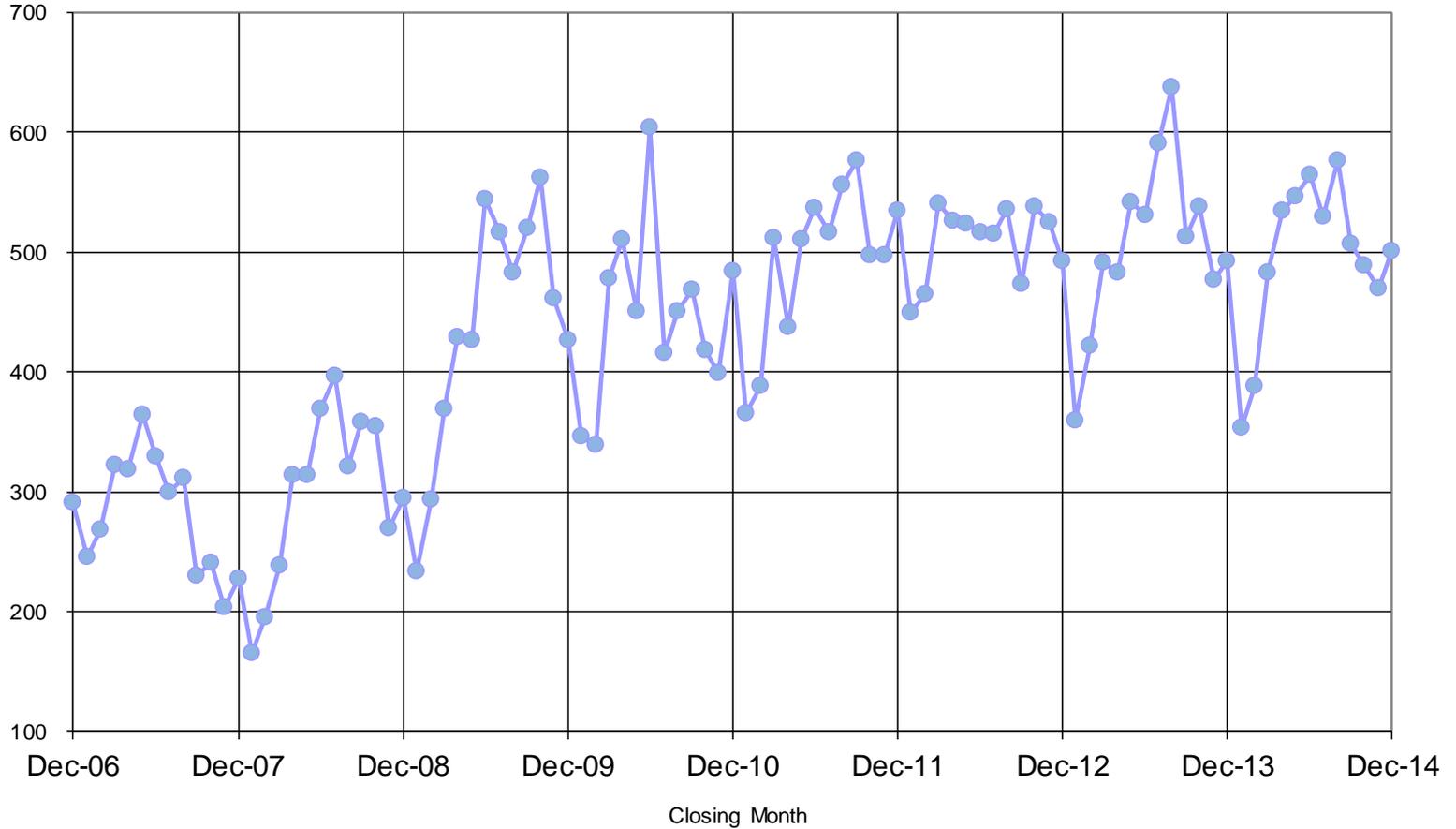


Number of Units Sold



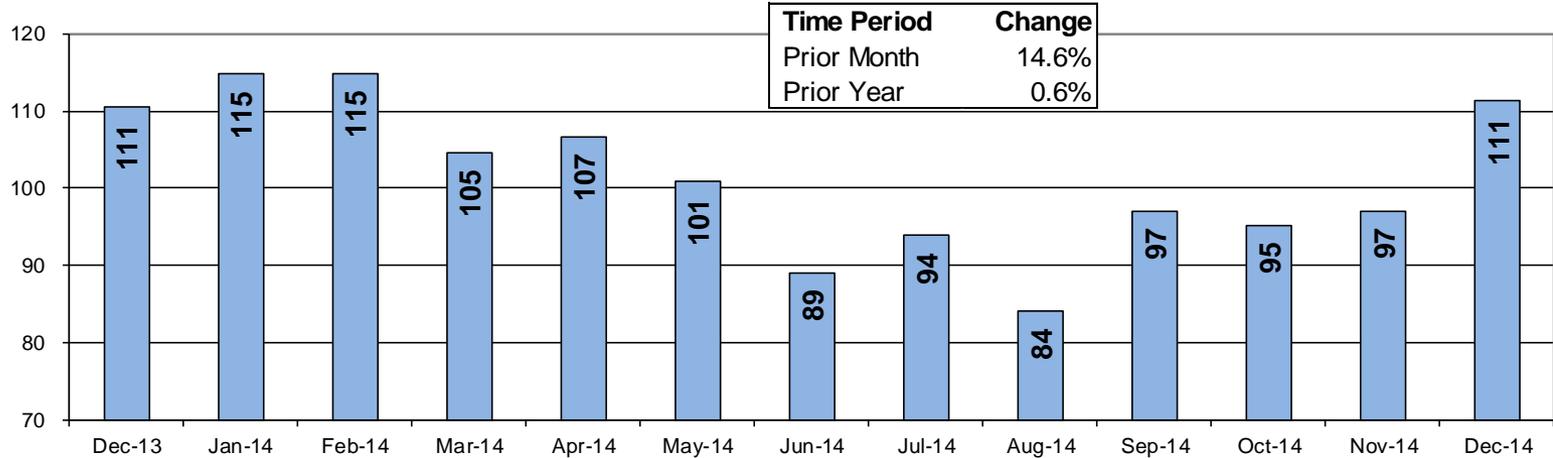
Number of Units Sold

Number of Units Sold, 8 years

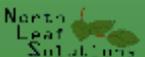
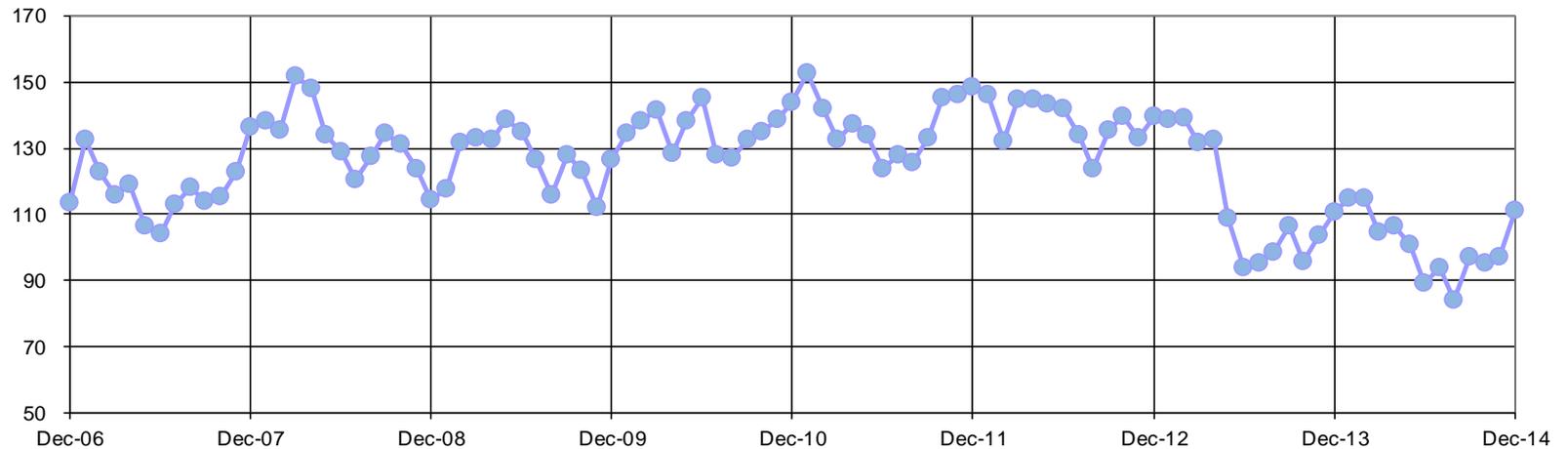


Days on Market, by Month

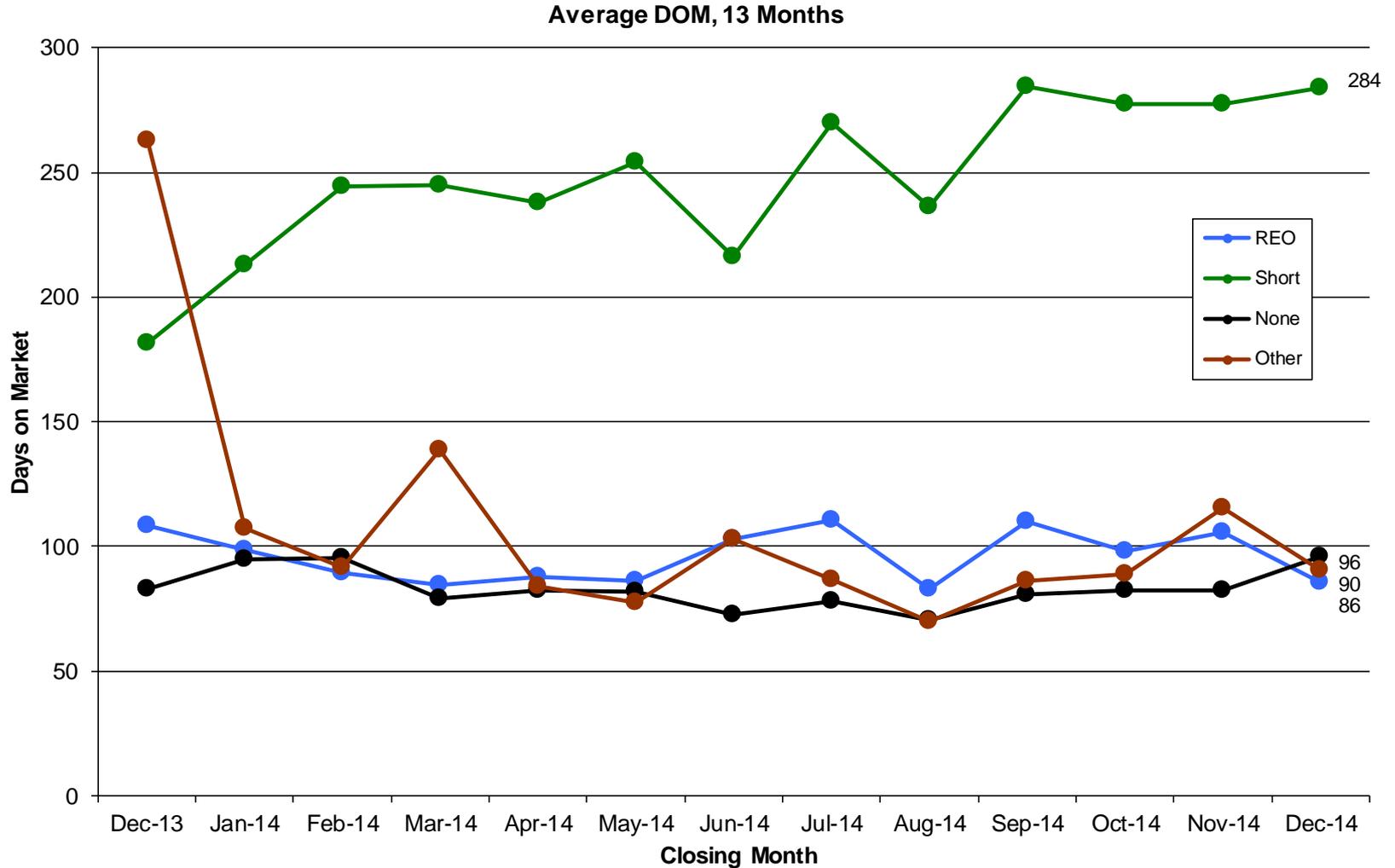
Average Days on Market for Solds, 13 months



Average Days on Market for Solds, 8 years



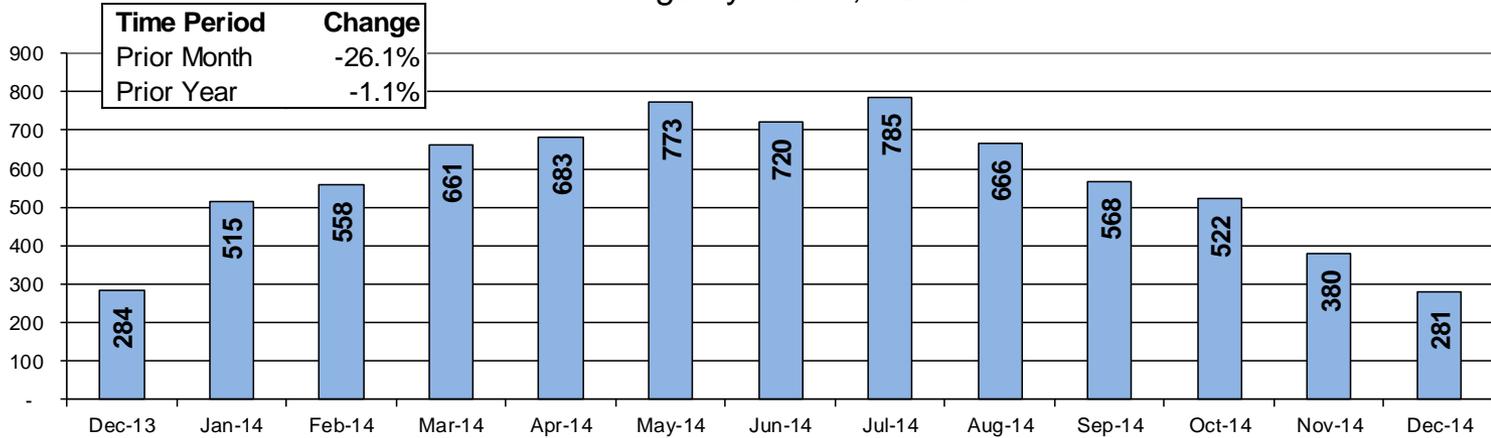
Days on Market, by Special Conditions



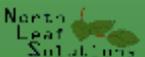
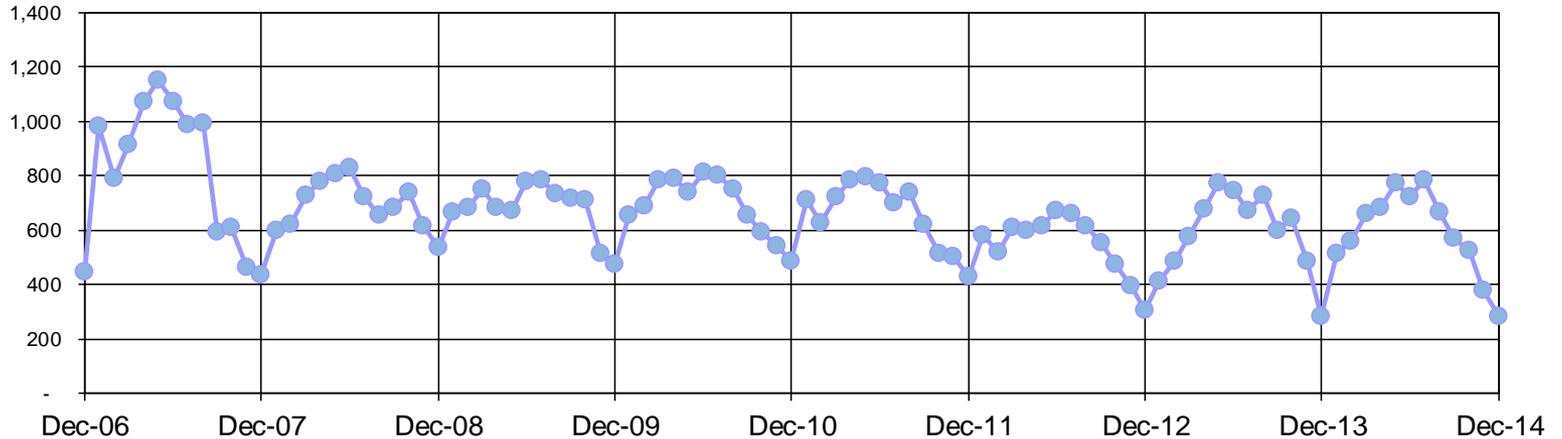
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New Listings, by Month

New Listings by Month, 13 months

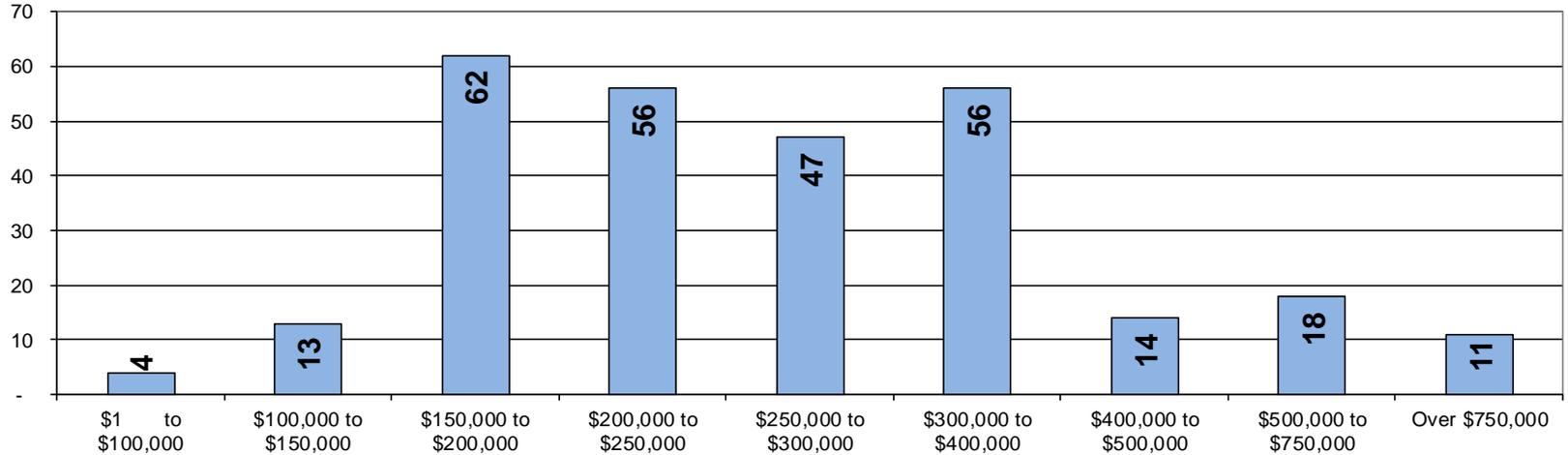


New Listings by Month, 5 years

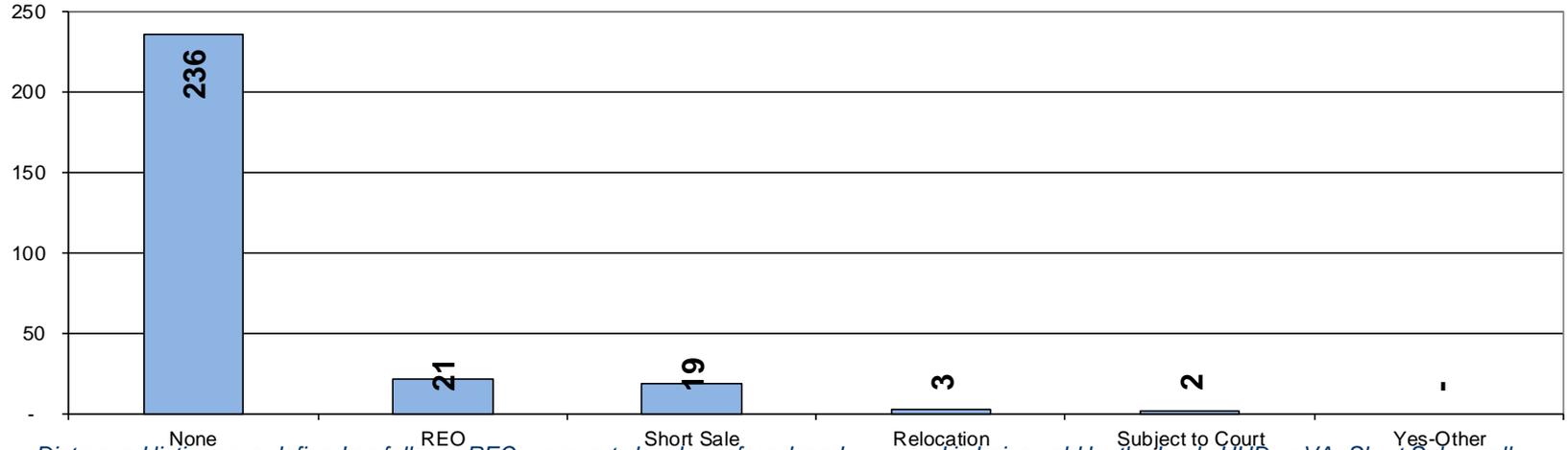


New Listings, by Price and by Special Condition

New Listings, by Price Range



New Listings, by Special Condition

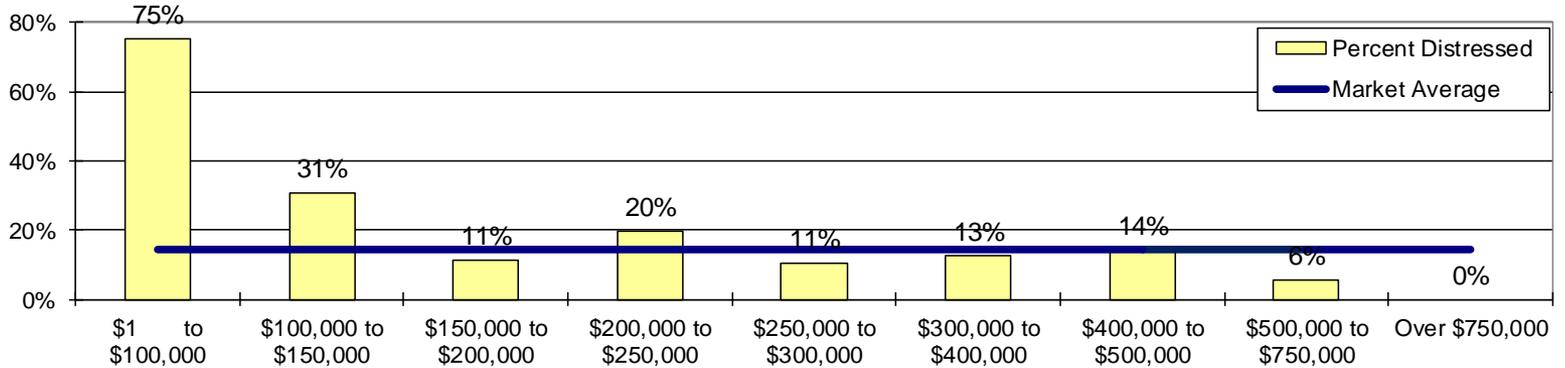


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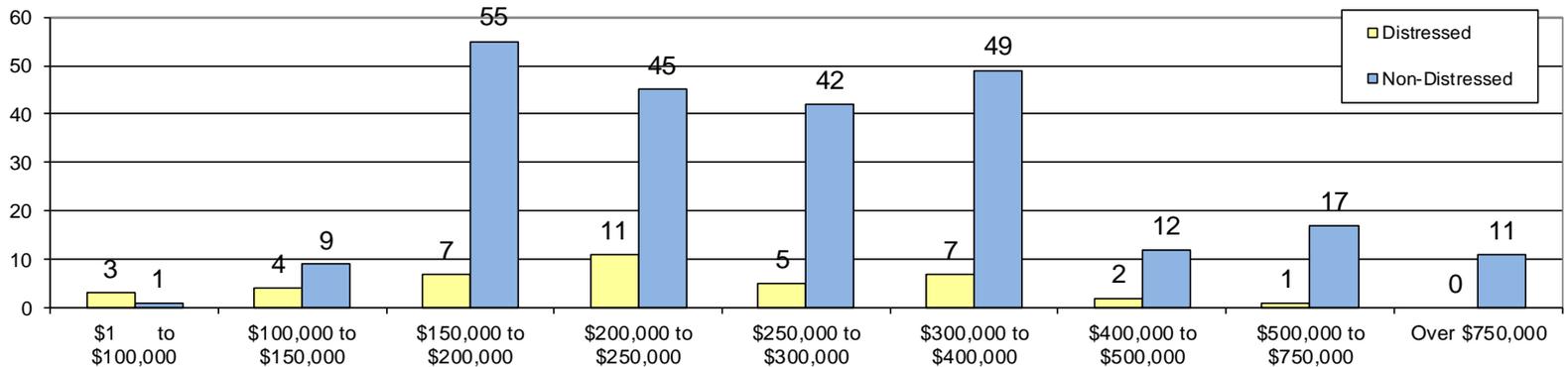
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Distressed Listings, by Price

Percentage Distressed New Listings by Price, current month



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



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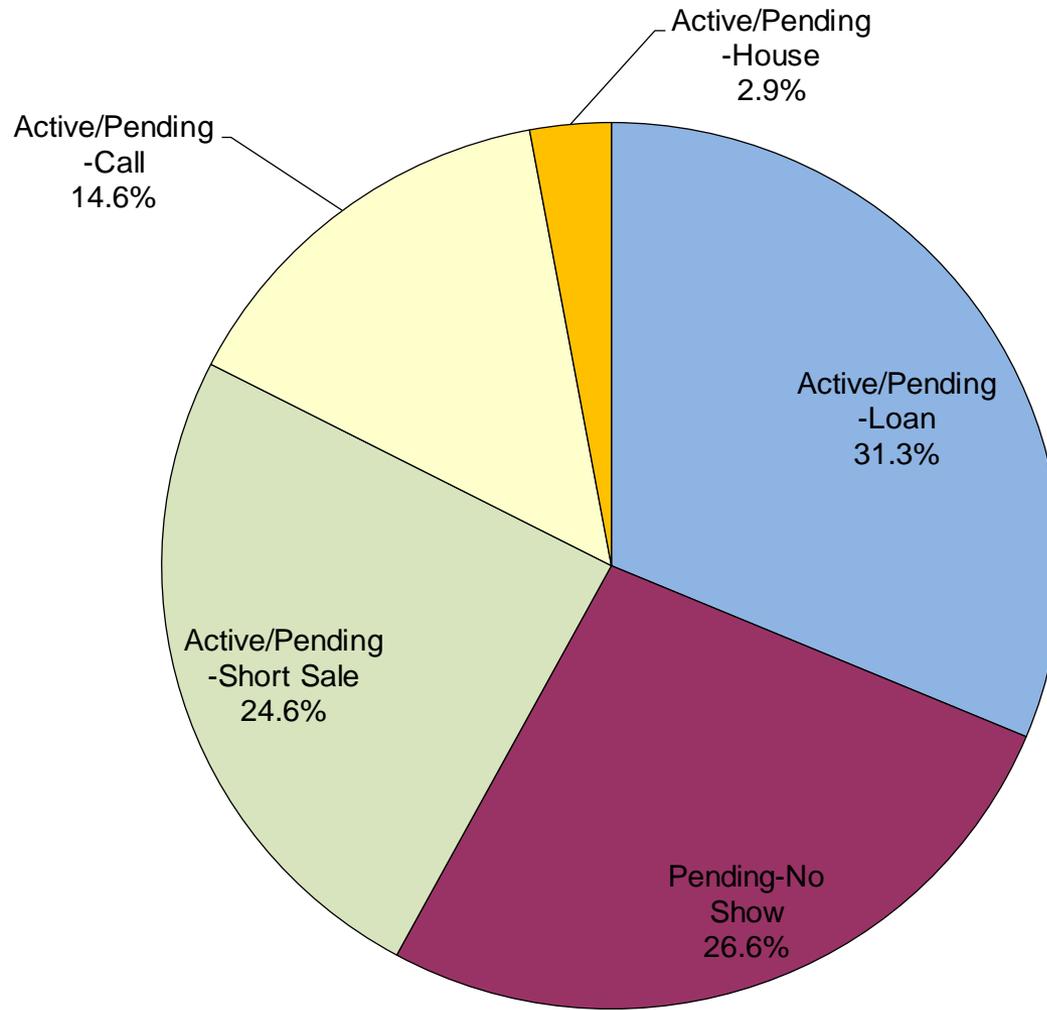
Distressed Listings, as a percentage of all listings



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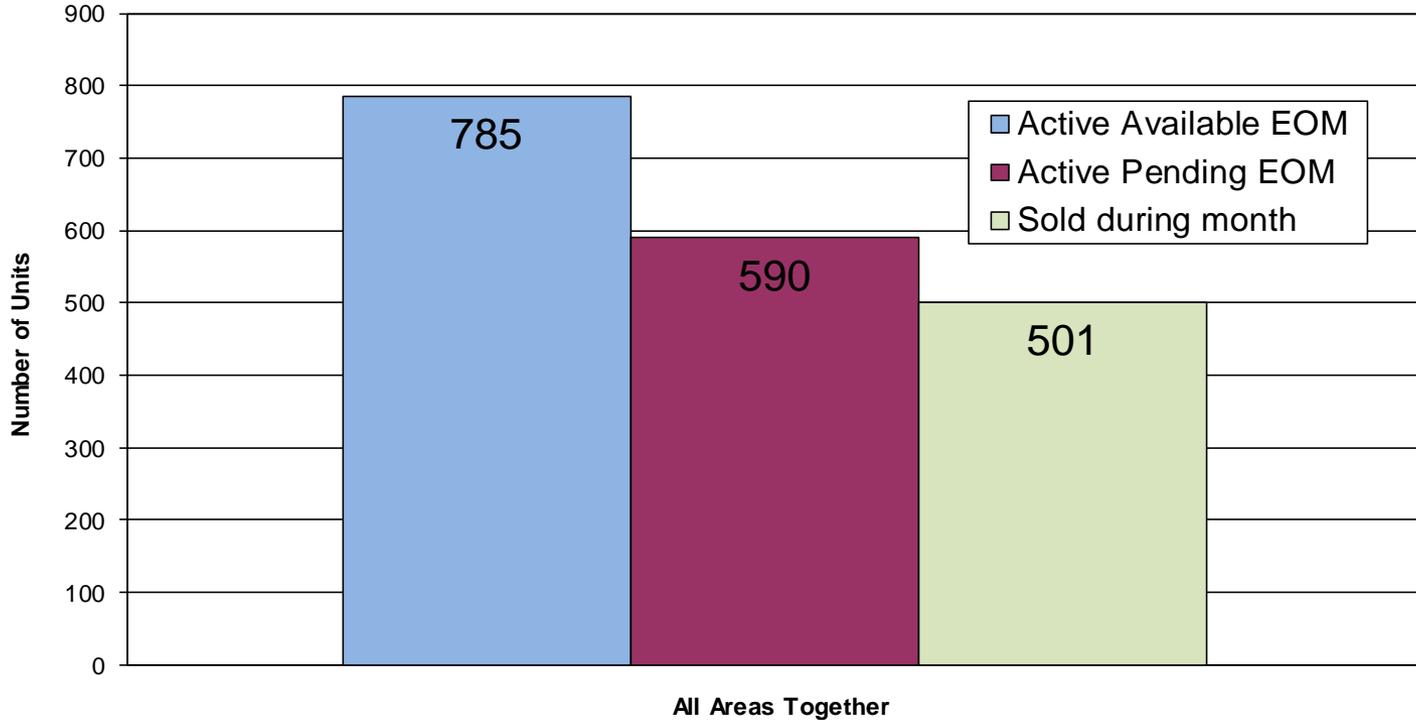
Status of Pendings, Current Month

December, 2014



Months Supply of Inventory, Current Month

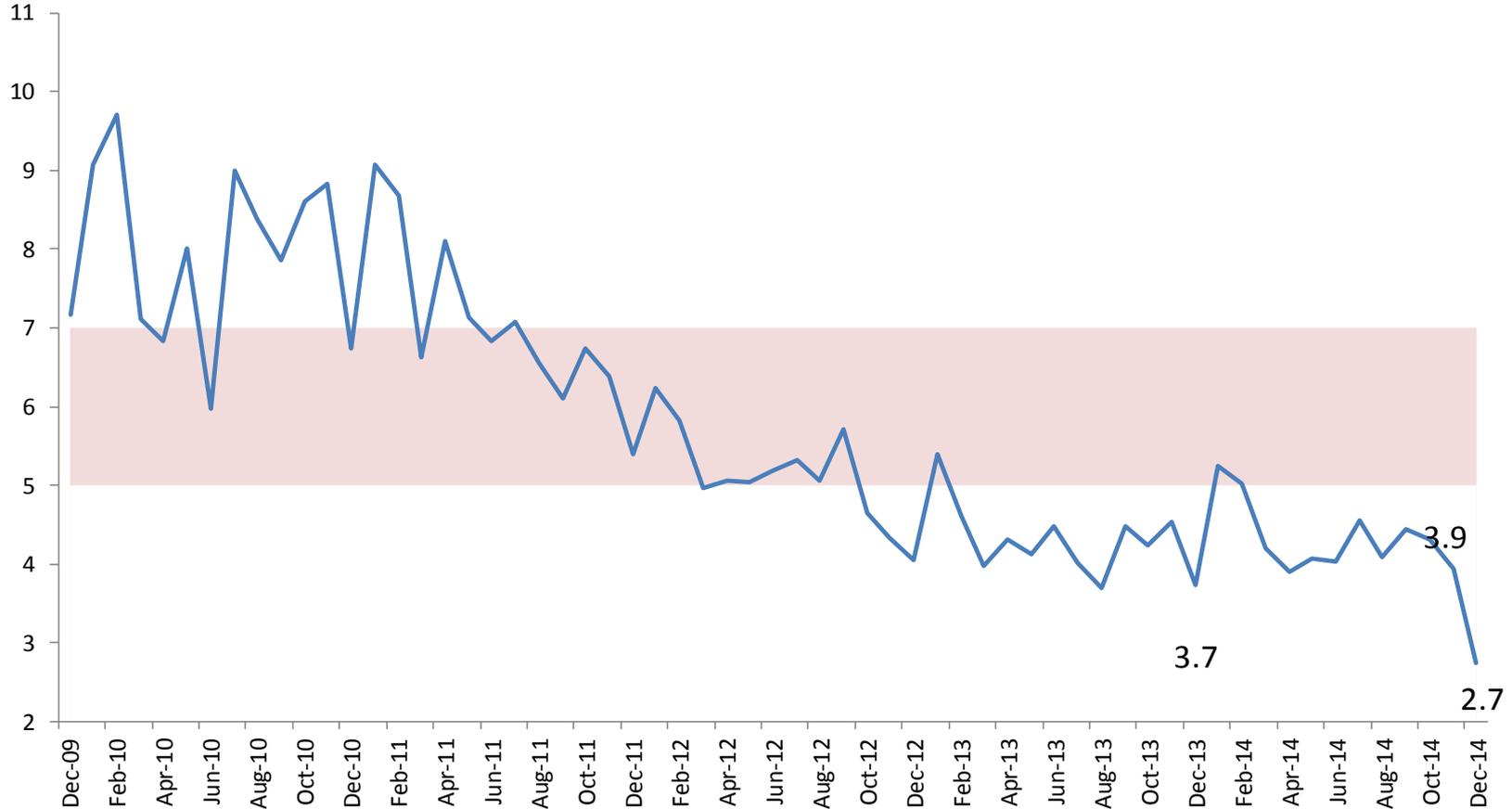
(785 + 590) available / 501 units sold = 2.7 months of inventory



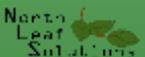
Unsold Inventory includes Active Pendings. This method of reporting absorption follows the industry standard and includes pendings in Active Inventory. Absorption or Months Supply of Inventory is defined as the number of months it would take to absorb the units available for sale. The National Association 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

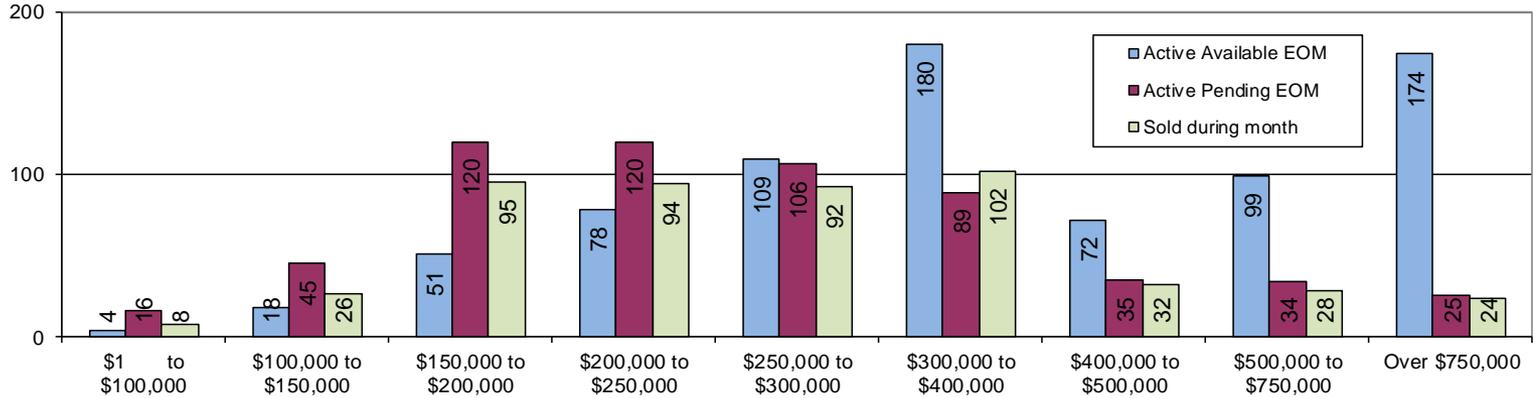


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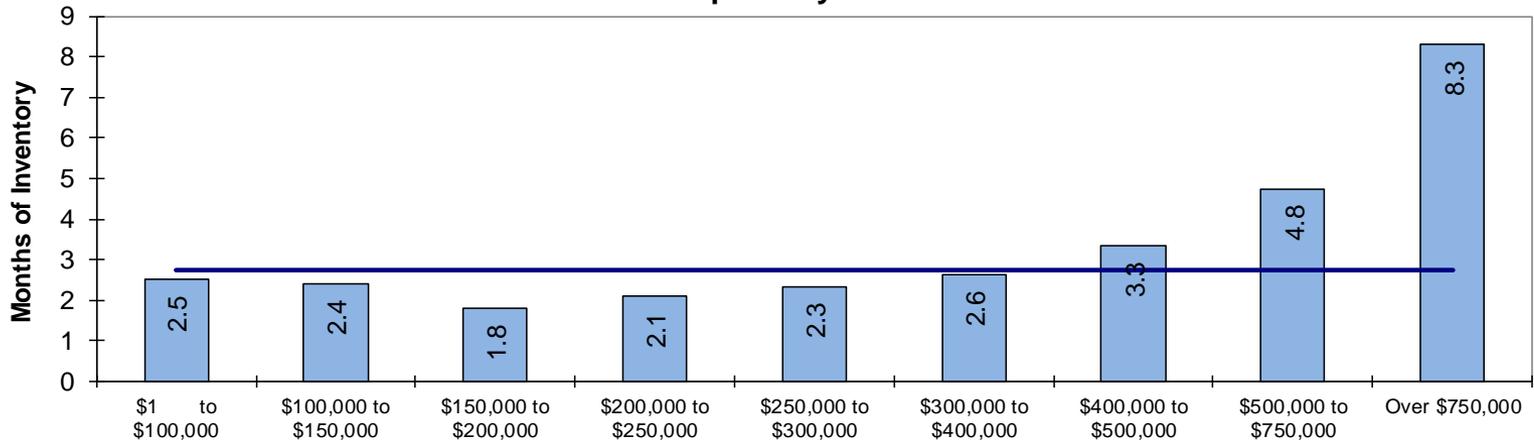


Units and Absorption, by Price

Active and Sold Homes by Price, current month



Absorption by Price



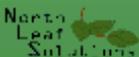
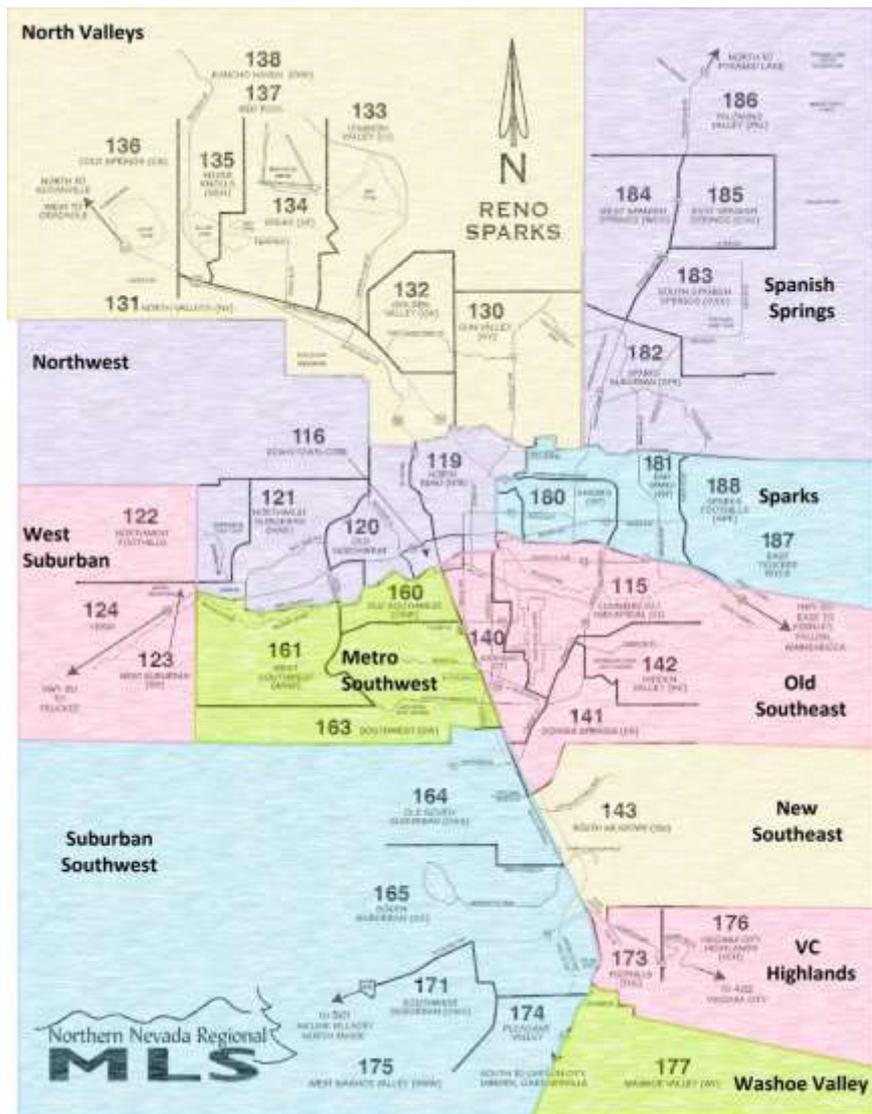
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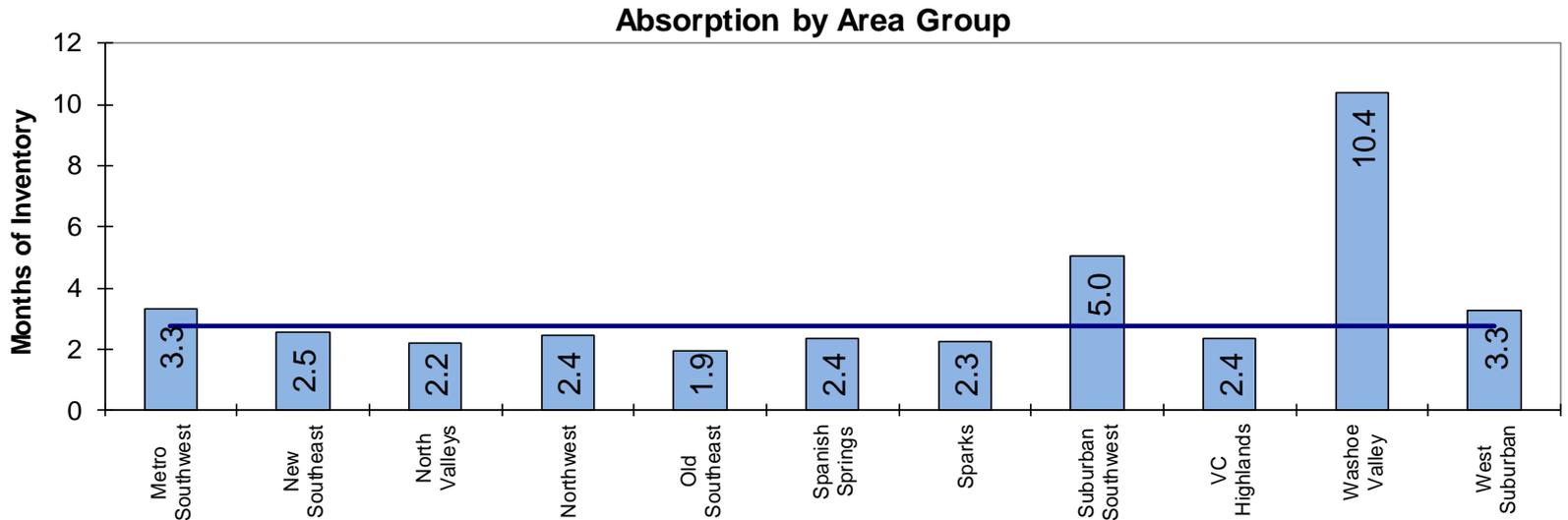
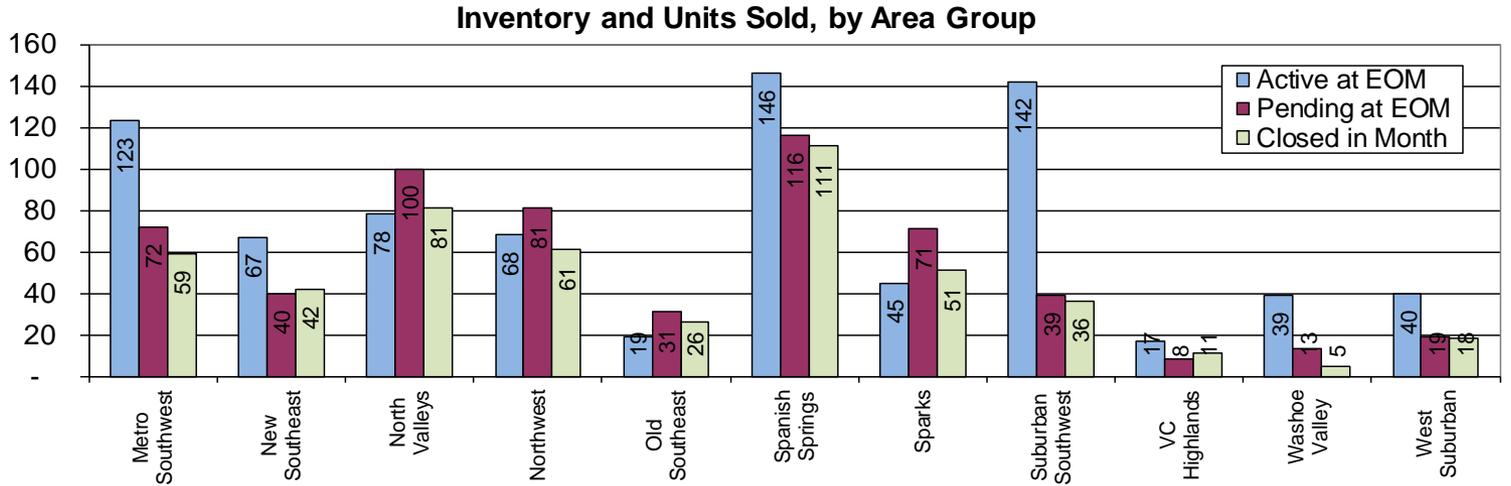
The National Association of REALTORS® describes a balanced market as between 5 and 7 months supply of inventory.

Reno/Sparks Area Map

December, 2014

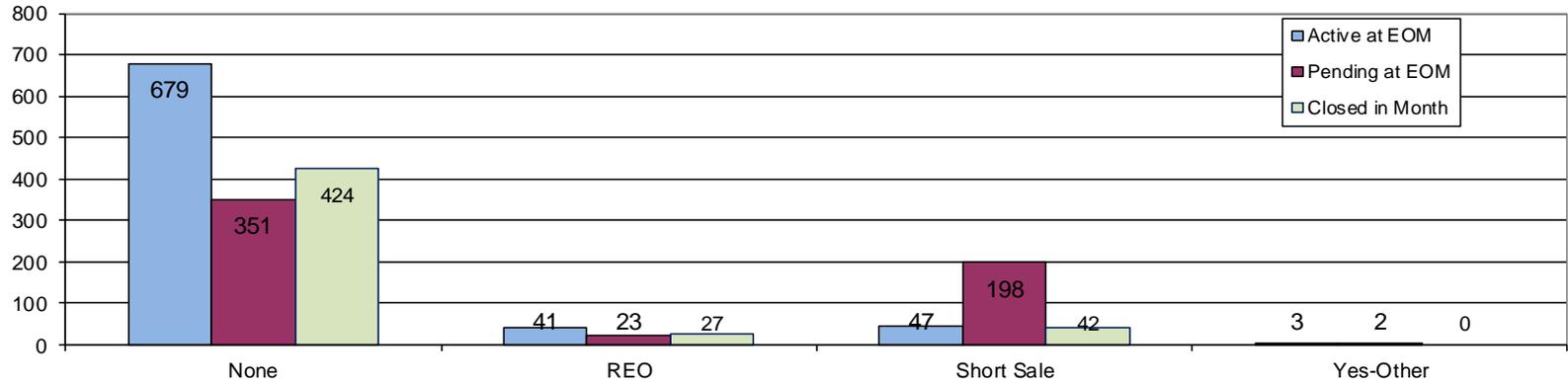


Units and Absorption, by Area Group

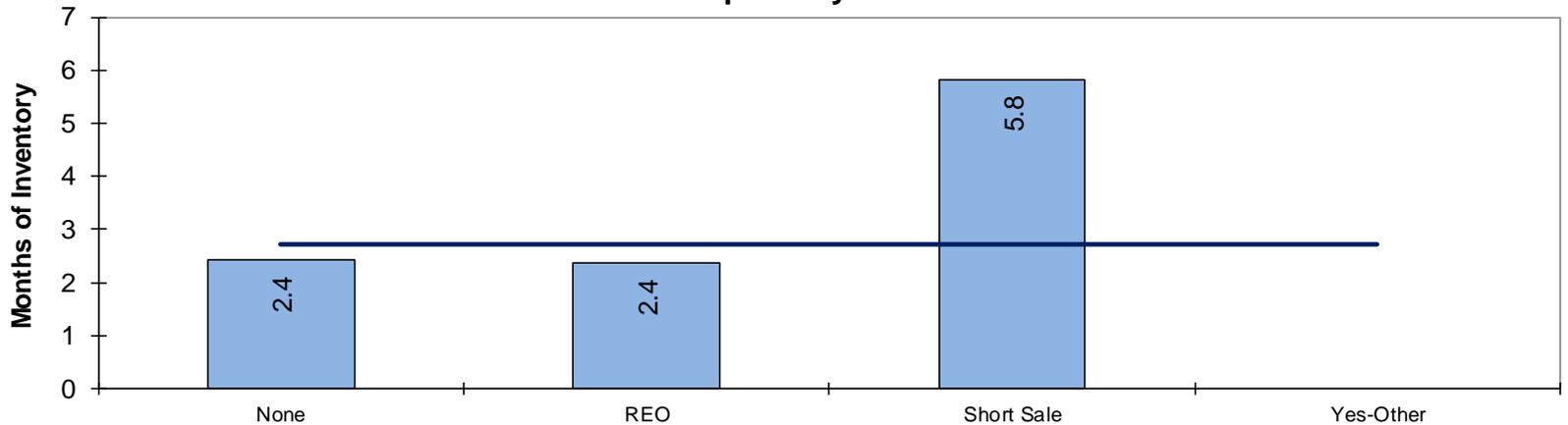


Units and Absorption, by Special Condition

Active and Sold Homes by Condition, current month



Absorption by Condition



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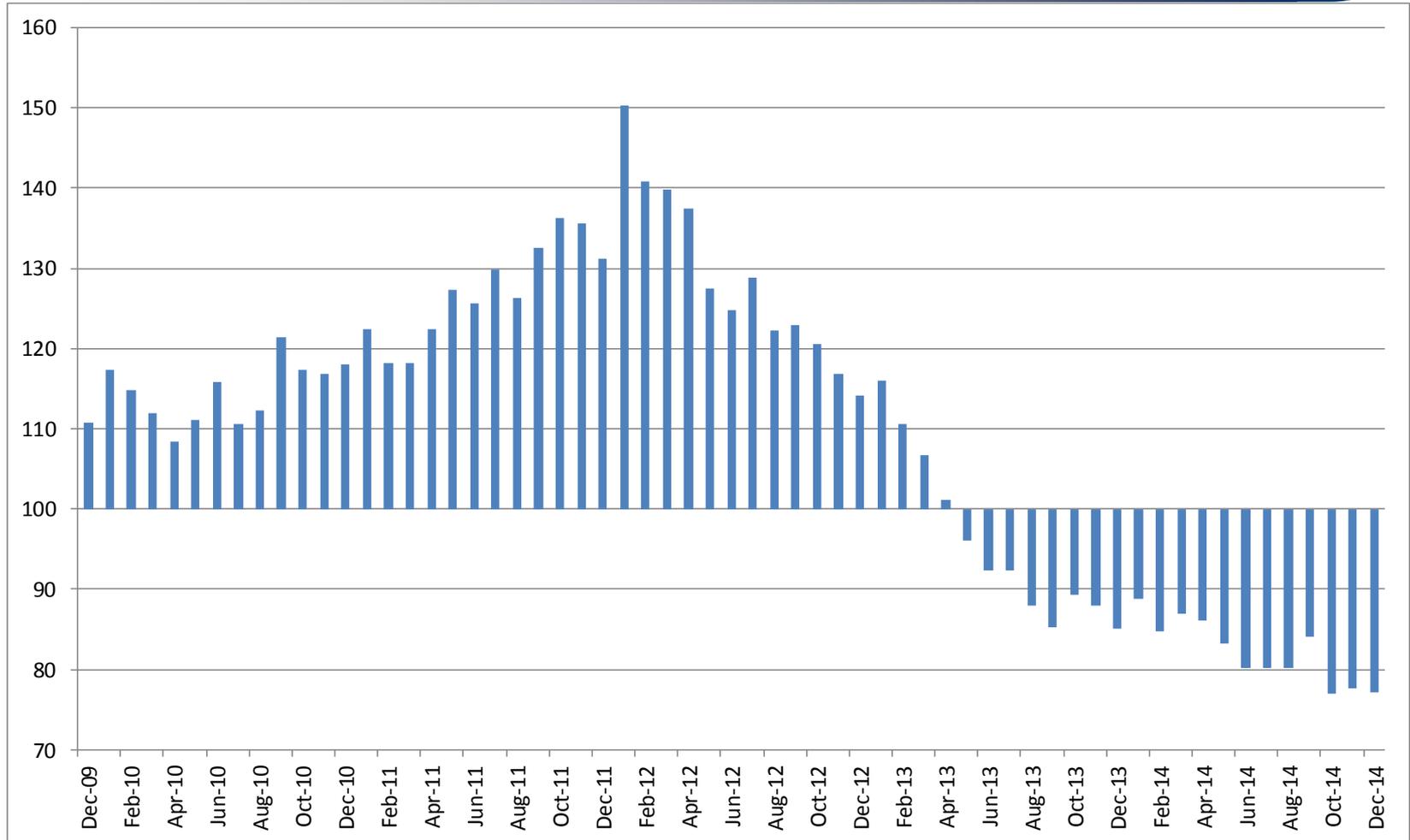
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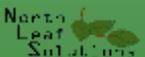
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Housing Affordability Index, 5 years



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

