

# Reno/Sparks Association of REALTORS®

February 2015

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 Special Conditions
- ❖ **Number of Units Sold**
- ❖ **Days on Market**
  - By Month
  - By Special Conditions
- ❖ **New Listings**
  - By Month
  - By Price
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- ❖ **Distressed Listings**
  - By Price
  - As a Percentage of Listings
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- ❖ **Months Supply of Inventory**
  - Current Month
  - Historical 8 year, by Month
- ❖ **Units and Absorption**
  - by Price
  - by Area Group
  - by Condition
- ❖ **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 March 8<sup>th</sup>, 2015.

# Market Report Commentary

## ❖ Summary

- “Homeowners have historically remained in their homes an average of six to seven years, however in 2014, research showed that time has increased to 10 years,” said Dave Hansen, 2015 president RSAR. “This has created a lack of inventory on the market for existing-home sales. However, the National Association of REALTORS® believes 2015 could be the year some homeowners move out and move up. Many would-be sellers have stayed put because they are nervous about leaving their low interest mortgage rates. They also have been waiting for a spike in the value of their homes. Nationally home values have risen 25 percent over the past three years on average, meaning pent-up sellers are in a better position to put their place on the market. Locally, we have seen a faster recovery in home values.”

## ❖ Median Sales Price

- February 2015 median price was up 5.2% to \$265,000 compared to \$252,000 in January 2015 and up 13.5% compared to \$233,500 in February 2014.
- 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

- February, 2015 median price on properties with no special conditions was up 1.9% to \$274,995 compared to \$270,000 in January, 2015 and up 9.0% compared to \$252,365 in February, 2014.
- February, 2015 median price on REO (Bank Owned) properties was down -7.6% to \$185,750 compared to \$201,000 in January, 2015 and up 16.1% compared to \$160,000 in February, 2014.
- February, 2015 median price on short sales properties was up 29.9% to \$252,600 compared to \$194,500 in January, 2015 and up 48.6% compared to \$170,000 in February, 2014.

# Market Report Commentary, continued

- ❖ **Number of Units Sold**
  - February, 2015 units sold was up 5.5% to 383 compared to 363 in January, 2015 and down -1.3% compared to 388 in February 2014.
- ❖ **Average Days on Market**
  - February, 2015 average Days On Market was down -13% to 109 compared to 126 in January, 2015 and down -5% compared to 115 in February 2014.
- ❖ **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 96.
  - REO Properties had an average days on market of 94.
- ❖ **New Listings**
  - February, 2015 new listings was up 17.6% to 509 compared to 433 in January, 2015 and down -8.8% compared to 558 in February 2014.
  - Properties listed at under \$250,000 made up 36% of new listings entering the market during the month of February, 2015.
  - 12% of new February, 2015 listings were distressed. Short sales 4%; REO 6%; No special conditions 88%; and Other 2%.
- ❖ **Distressed New Listings History**
  - The allocation of new listings by special conditions decreased, representing 10% of the market in February 2015, down from 13% in January 2015, and down from 20% in February 2014.
- ❖ **Status of Pending**
  - Active/Pending-Loan represent 37.6% of the total active pendings; Active/Pending-Short Sale equals 17.9%; Pending-No Show represents 27.5%; Active/Pending-Call 13.0%; and Active/Pending-House 4.1%.
- ❖ **Current Months Supply of Inventory (Unsold Inventory over Sales per Month)**
  - At the end of February, 2015, there was 3.6 months of unsold inventory based on the monthly sales rate.

# Market Report Commentary, continued

- ❖ **Historical Months Supply of Inventory**
  - February, 2015 MSI was down to 3.6 compared to 4.1 in January, 2015 and down from 5.0 in February, 2014.
  - 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: \$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.
  - 42% of the total sales for February, 2015 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, West Suburban.
  - Area Groups in a Seller's Market are: New Southeast, North Valleys, Northwest, Old Southeast, Spanish Springs, Sparks.
  - Suburban Southwest had the highest level of active inventory with 145 active listings.
  - Spanish Springs had the highest level of pending sales with 199 pendlings.
  - Spanish Springs had the highest level of closed sales with 86 closed sales.
- ❖ **Units and Absorption by Condition**
  - The Months Supply of Inventory in the category of Real Estate Owned is at a 2.8 MSI in February, 2015.
  - No Special Conditions condition properties has 3.3 MSI, Short Sale properties has 7.8 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

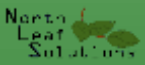
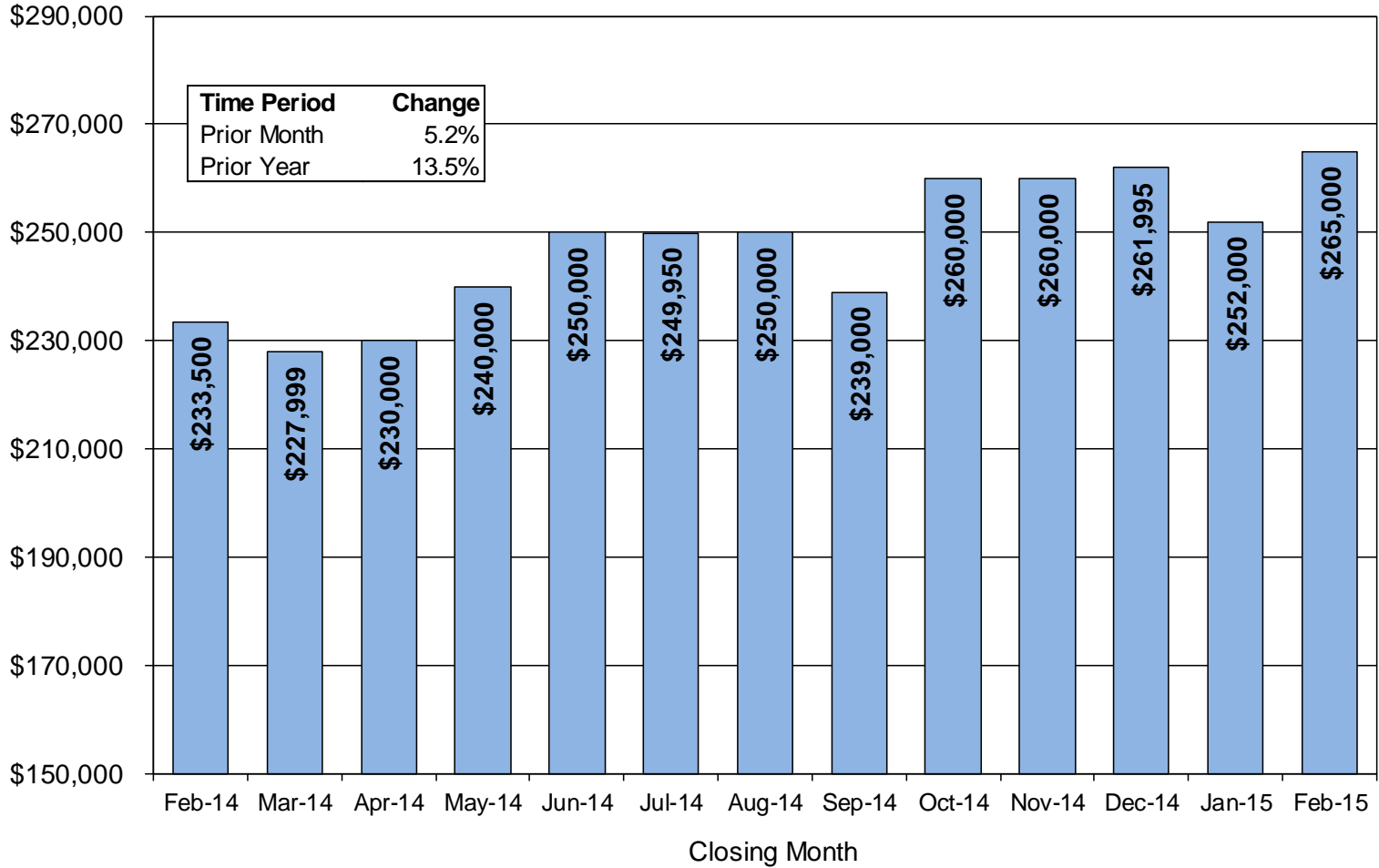
- The February 2015 median price was up 5.2% to \$265,000, and up 14% compared to February 2014. Since the bottom of the market in January 2012, values have risen 96%. From the peak of the market in January 2006, values are off 27.4%.
- February unit sales at 383 are up 6% from January and down 1.3% from February 2014. The February increase in sales follows the trend we have seen seven of the past eight years - although the number of sales February over January have been shrinking the last three years.
- It's interesting to note that 75% of new listings taken in January are currently either sold or have a pending sale. A sign to potential buyers that properties are not remaining on the market long, and a sign to sellers, that homes priced right are moving quickly. February days on market was 109 and historically declines through Spring and Summer.
- February new pending sales, a leading indicator of closed transaction, are up 6% from January 2015.
- The Reno market has remained consistently in a seller's market for 26 of the past 28 months.
- Interest rates are expected to remain at historical lows until mid-year. They are predicted to climb to approximately 5% by year end.
- For those sellers who have equity as a result of the increase in property values and are ready to relocate, move up or down-size, the time may be right to talk to a REALTOR®.

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# Median Sales Price

February, 2015

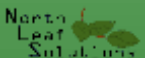
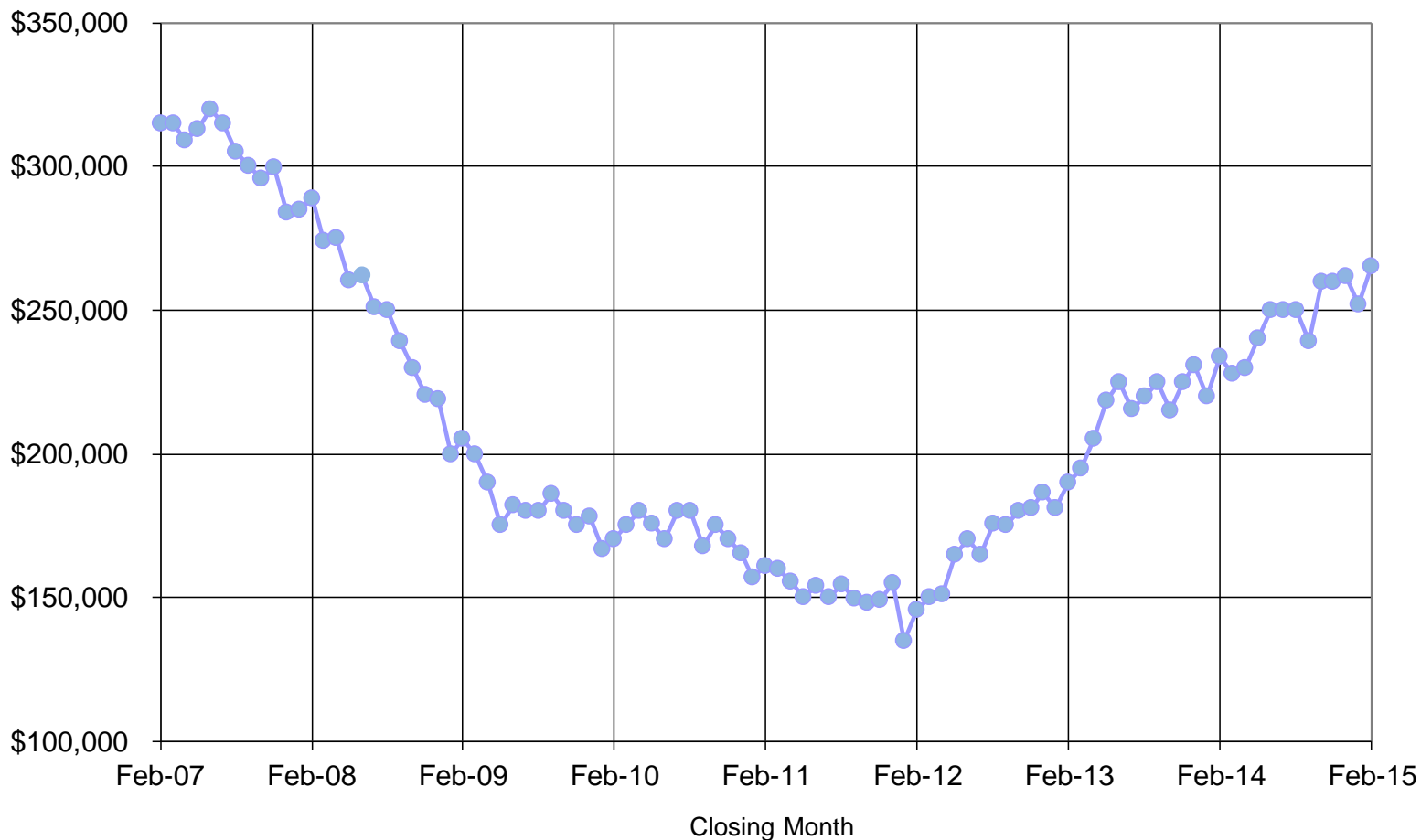
Median Sales Price, 13 months



# Summary: Median Sales Price

February, 2015

### Median Sales Price, 8 years

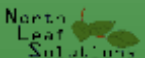




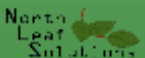
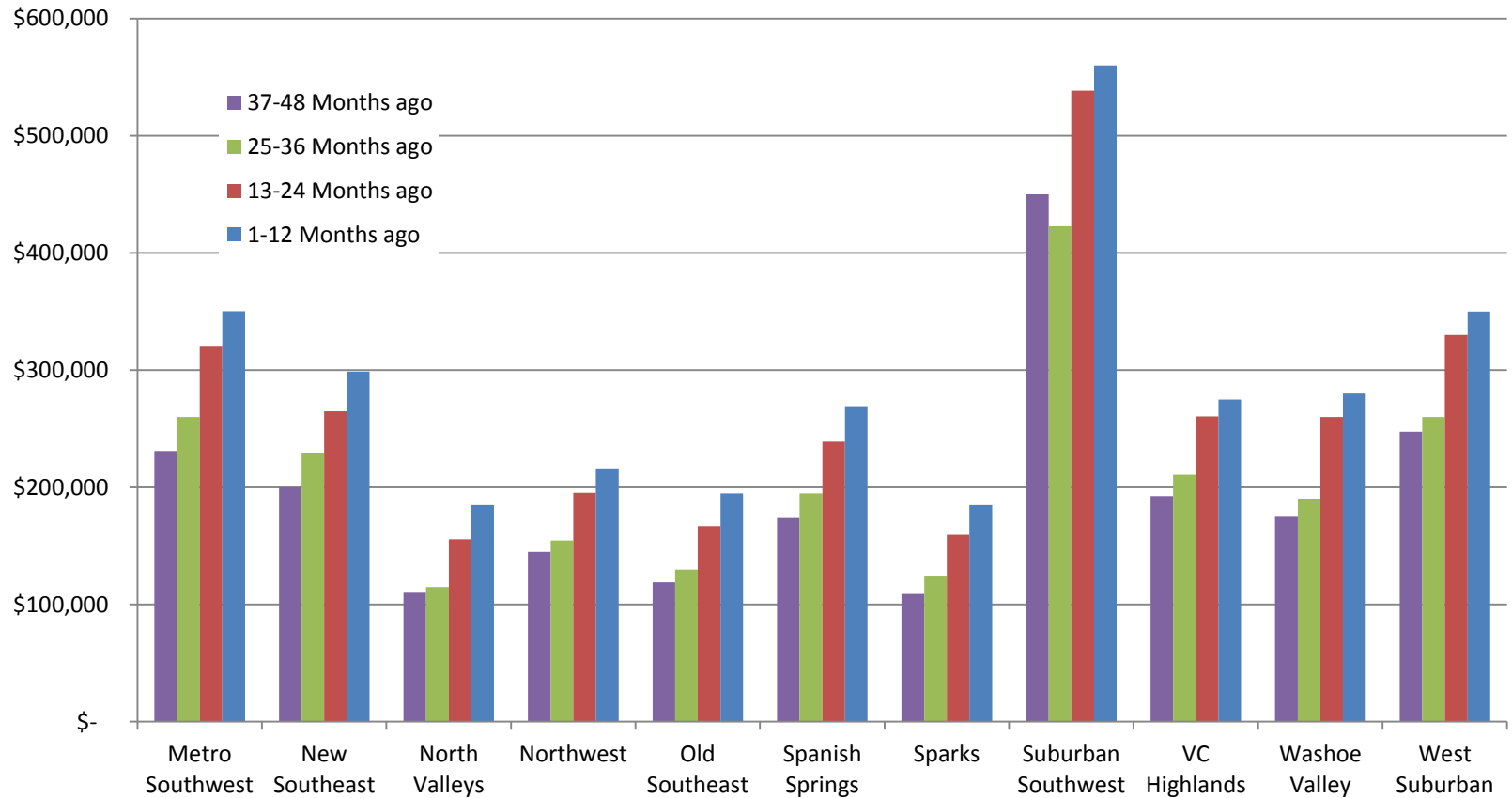
# Price per Square Foot

February, 2015

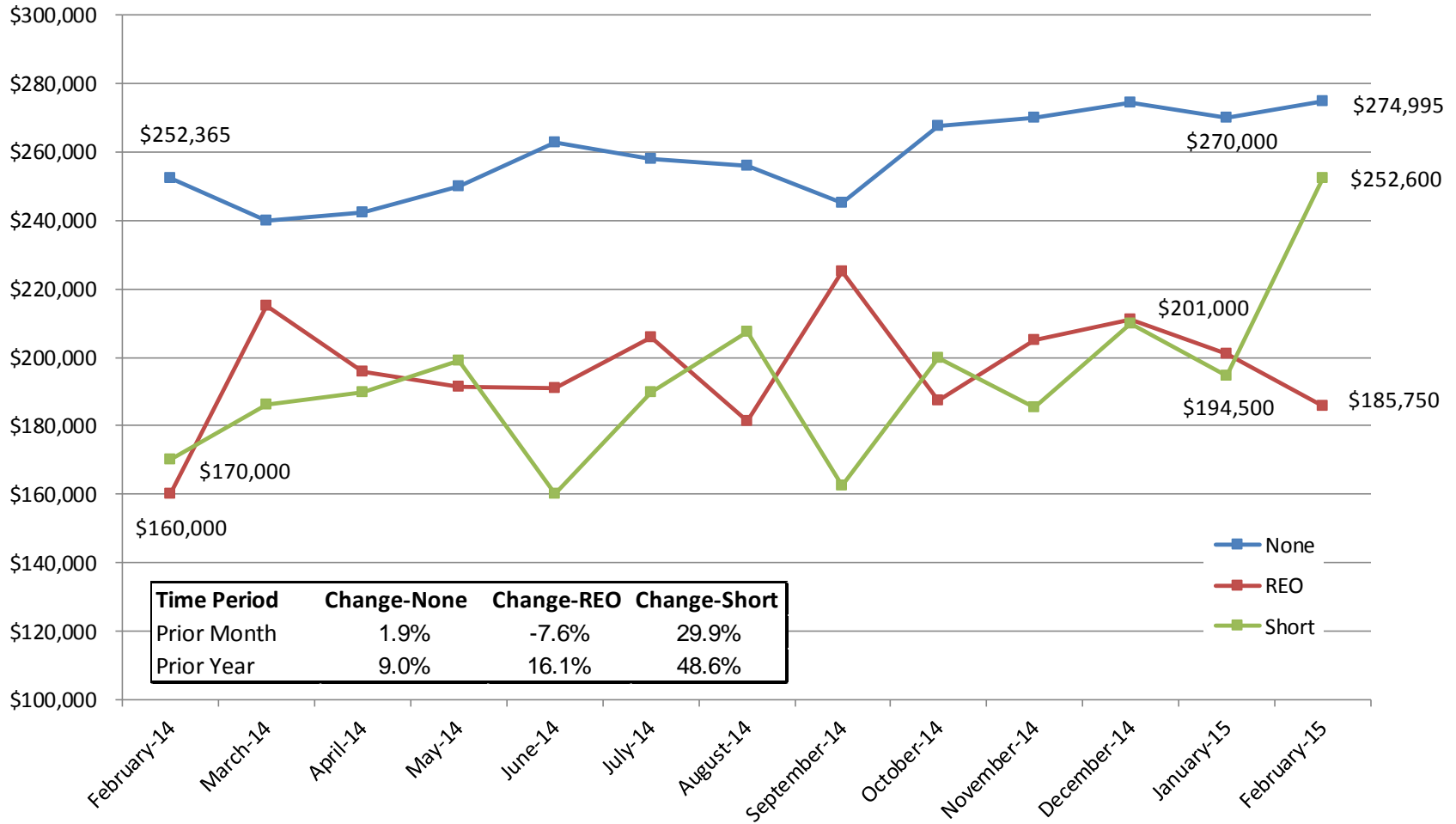
## Sold Dollars per Square Foot, 5 year History



# Annualized Median Price by Area Group



# Median Sales Price by Special Condition



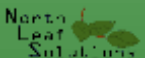
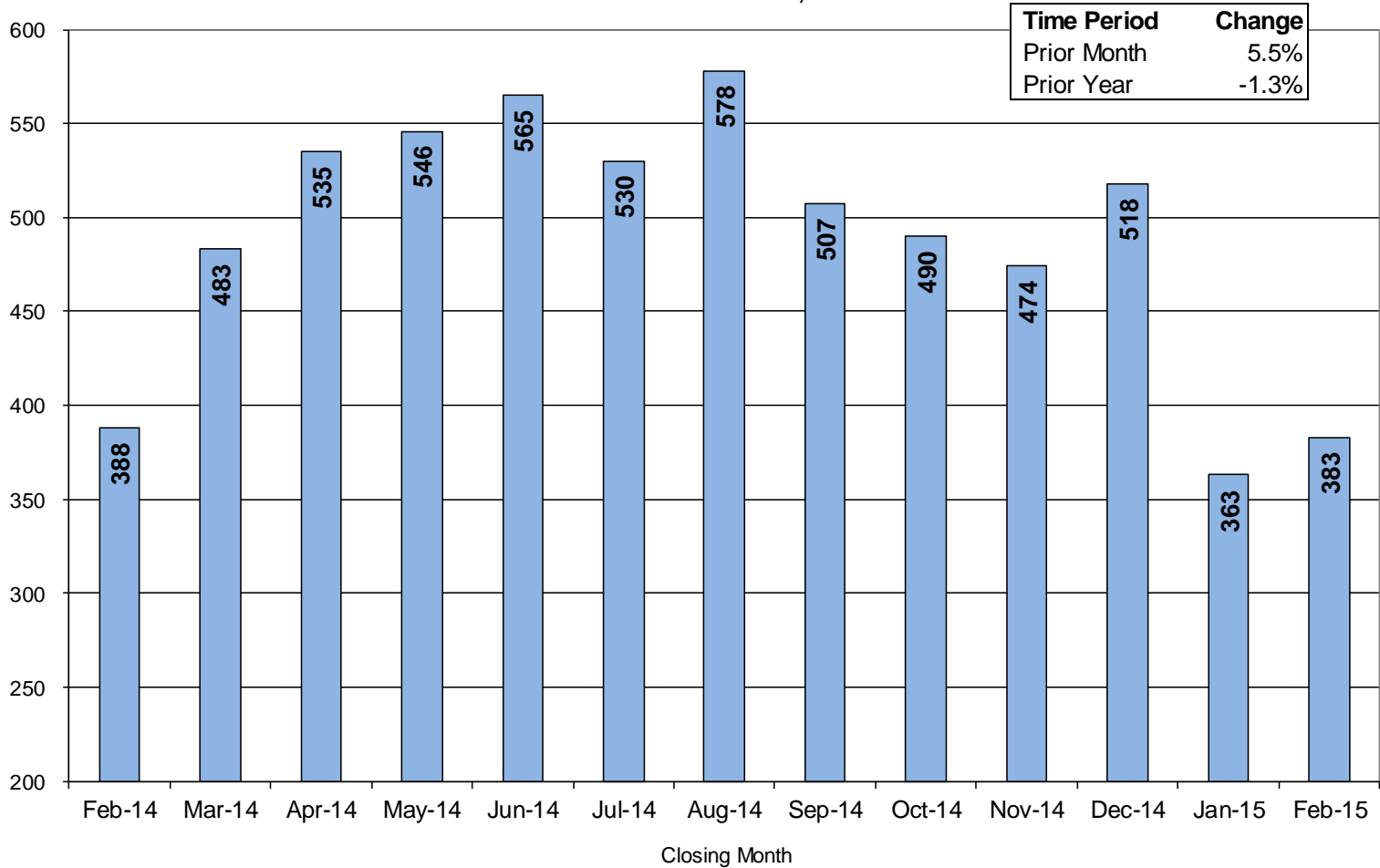
Distressed listings are defined as follows: REO – property has been foreclosed upon and is being sold by the bank, HUD or VA. Short Sale - seller owns more for the property than current value.



# Number of Units Sold

February, 2015

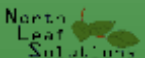
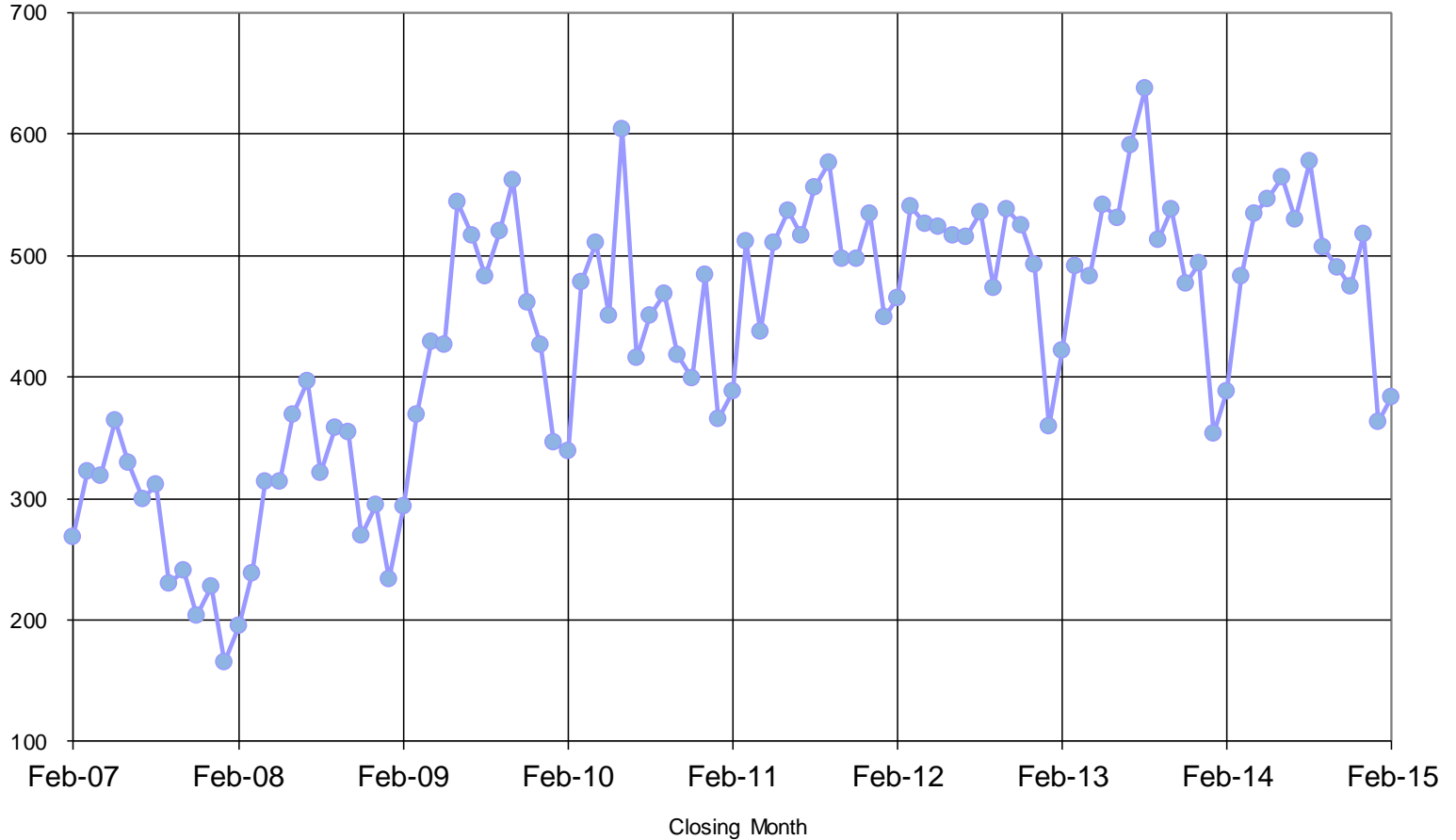
Number of Units Sold, 13 months



# Number of Units Sold

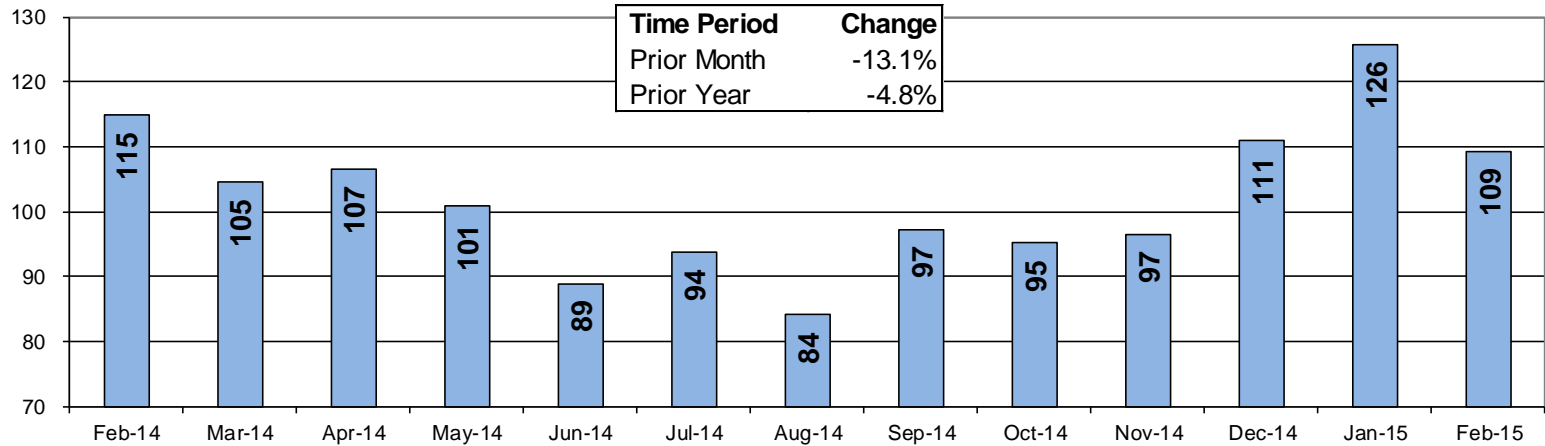
February, 2015

Number of Units Sold, 8 years

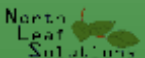
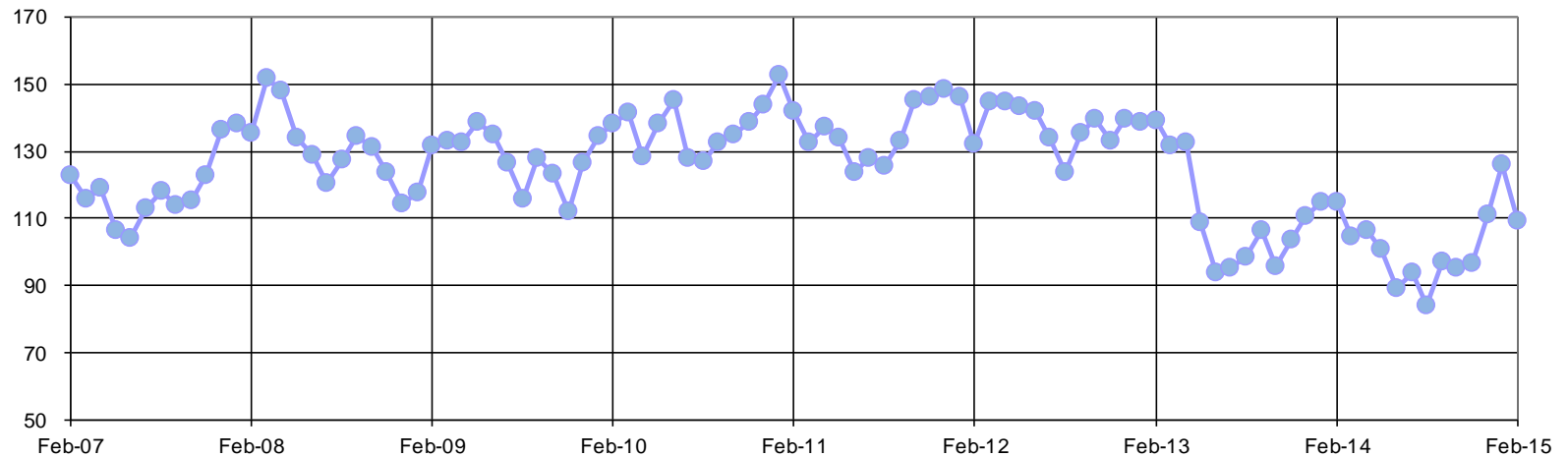


# Days on Market, by Month

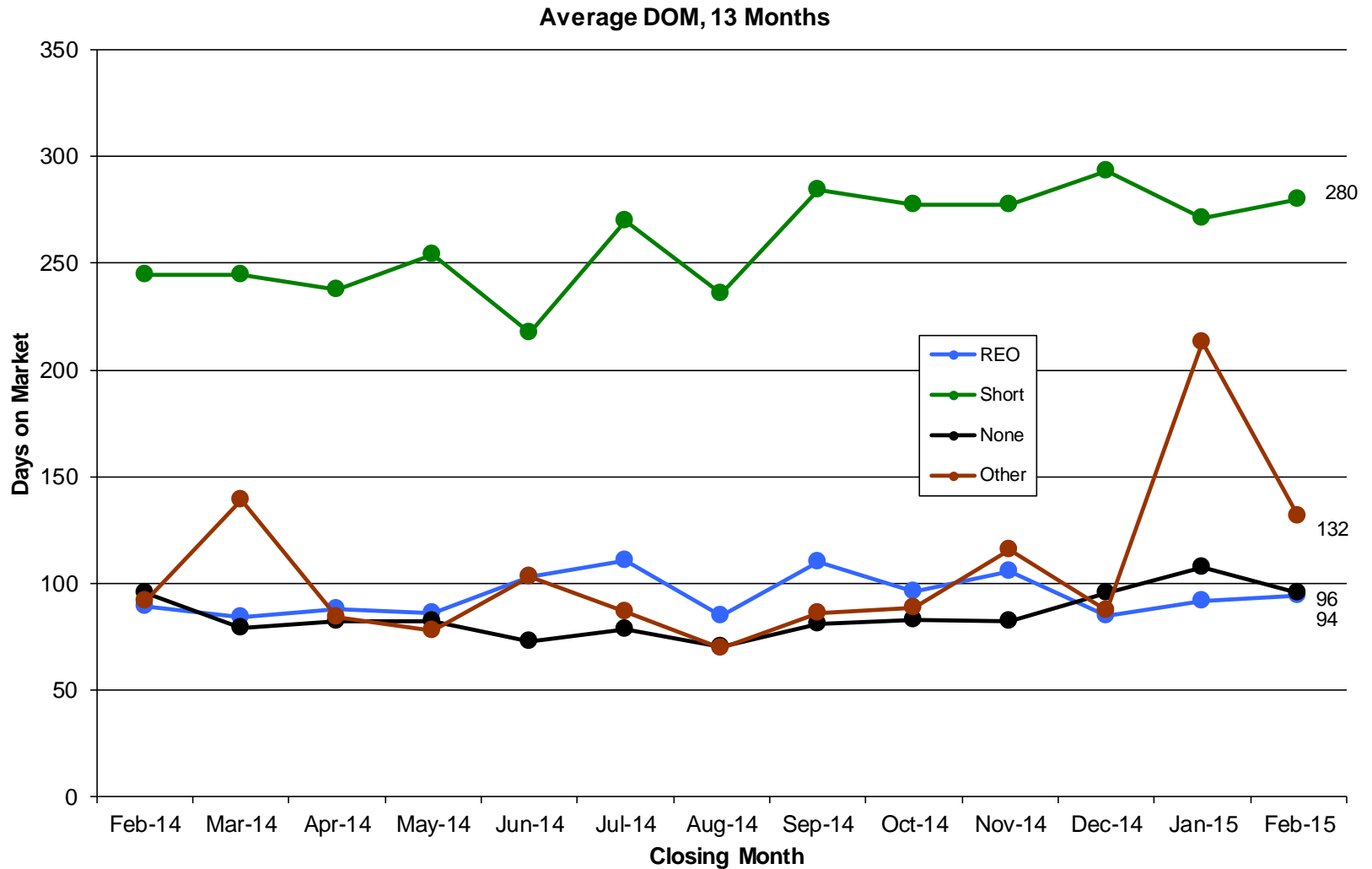
Average Days on Market for Solds, 13 months



Average Days on Market for Solds, 8 years

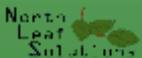


# Days on Market, by Special Conditions



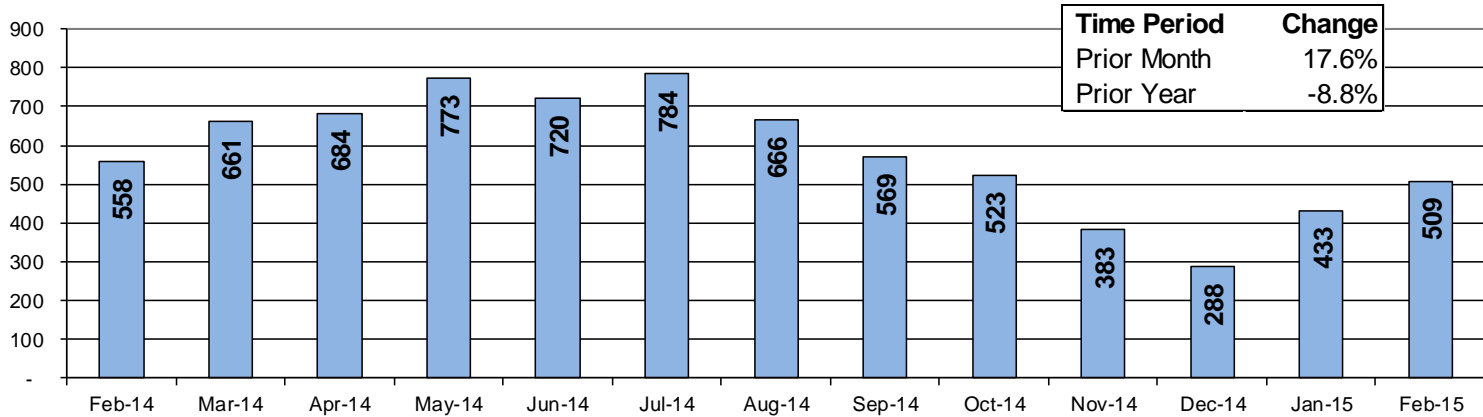
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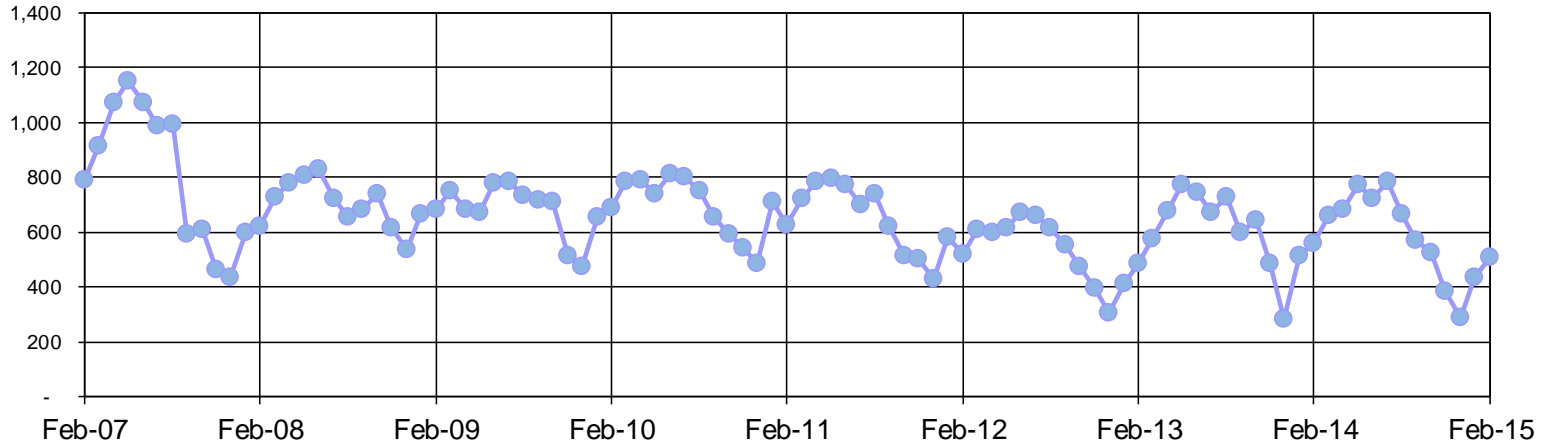


# New Listings, by Month

New Listings by Month, 13 months



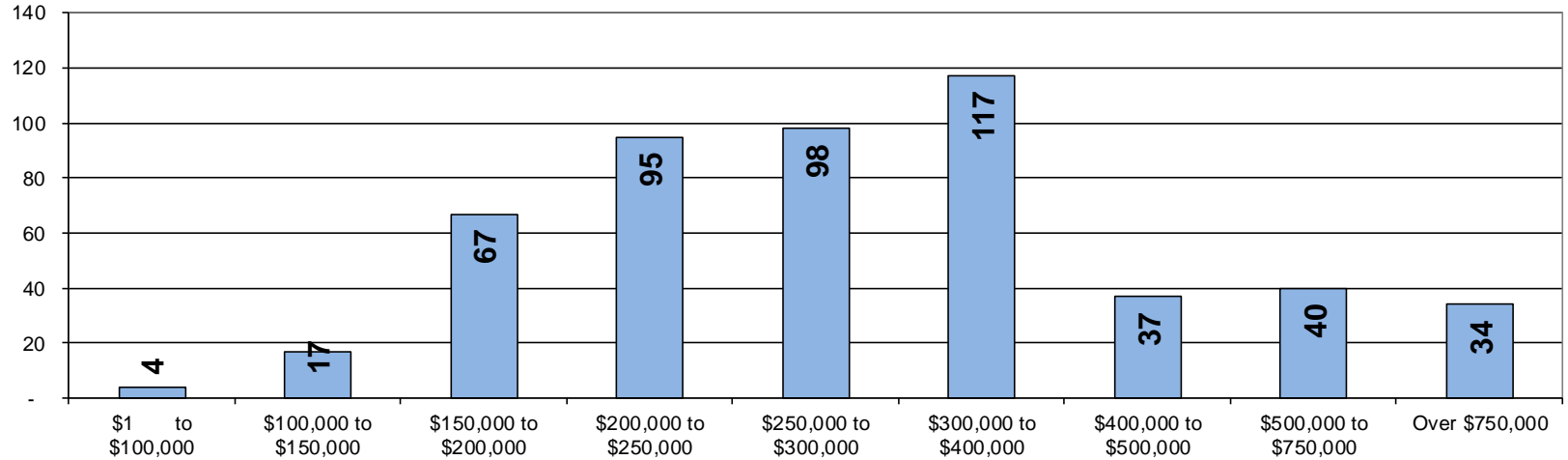
New Listings by Month, 5 years



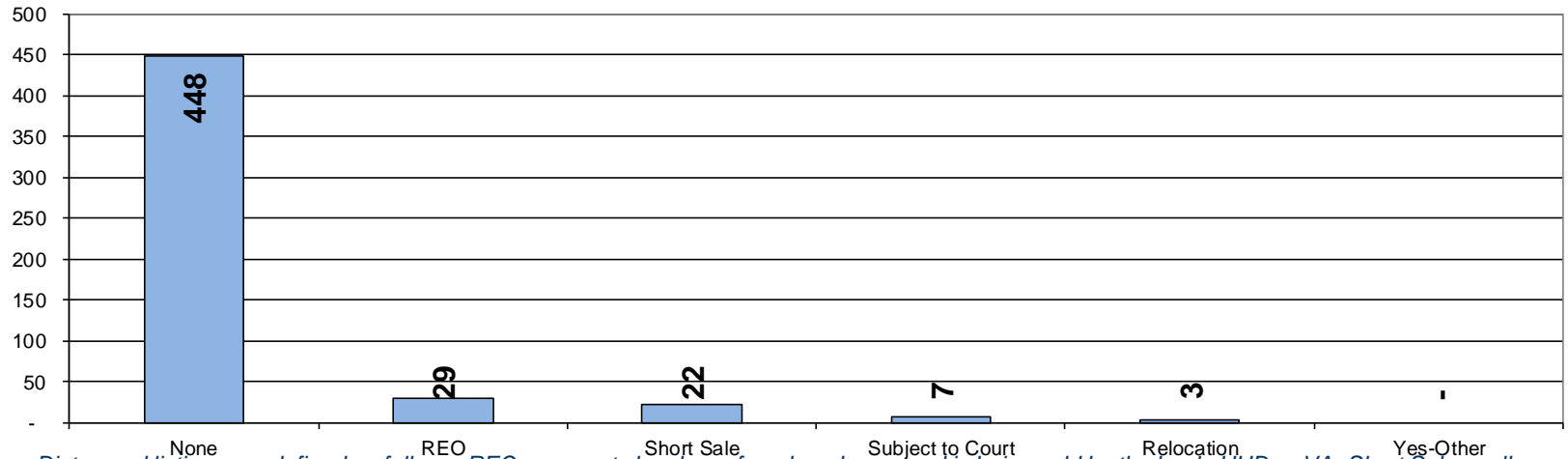


# New Listings, by Price and by Special Condition

New Listings, by Price Range



New Listings, by Special Condition

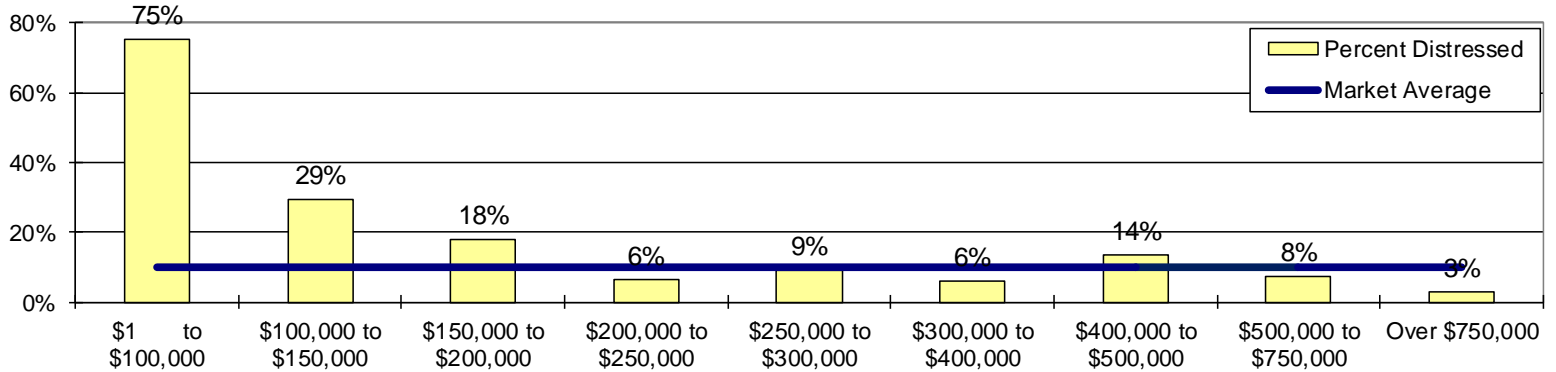


*Distressed listings are defined as follows: REO – property has been foreclosed upon and is being sold by the bank, HUD or VA. Short Sale - seller owns more for the property than current value. Distressed New Listings includes Fannie Mae, Freddie Mac, HUD, and any bank-owned listings.*

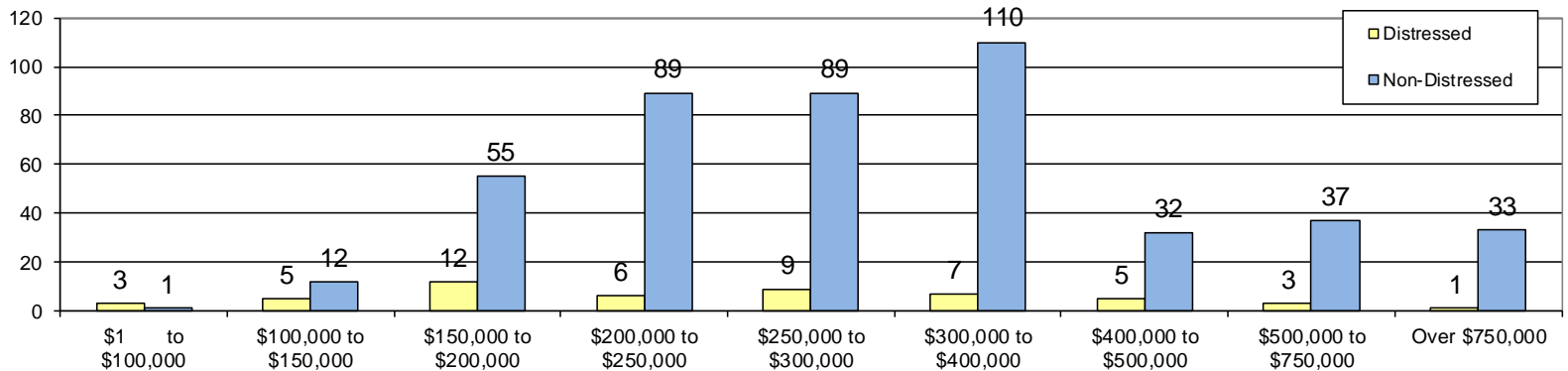
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# Distressed Listings, by Price

Percentage Distressed New Listings by Price, current month



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



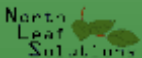
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# Distressed Listings, as a percentage of all listings

February, 2015

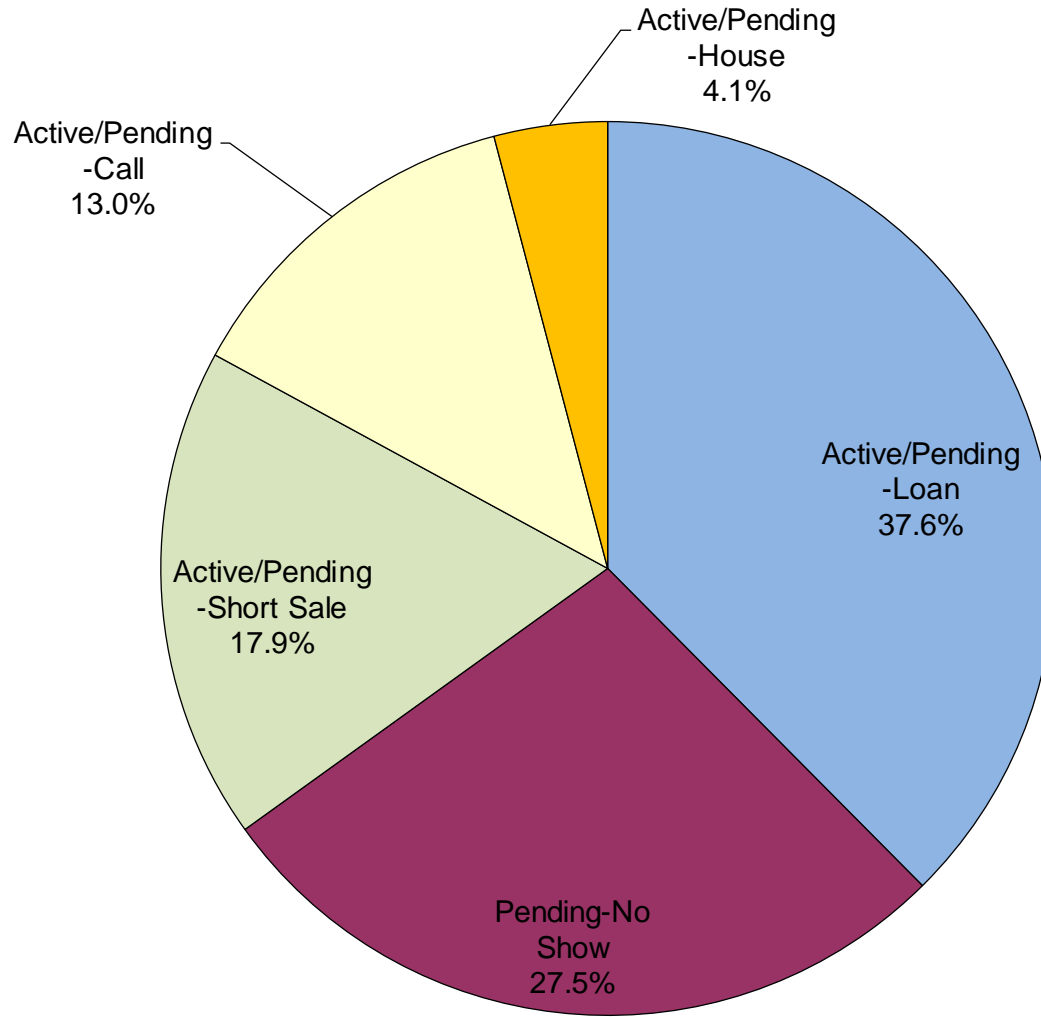


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# Status of Pendings, Current Month

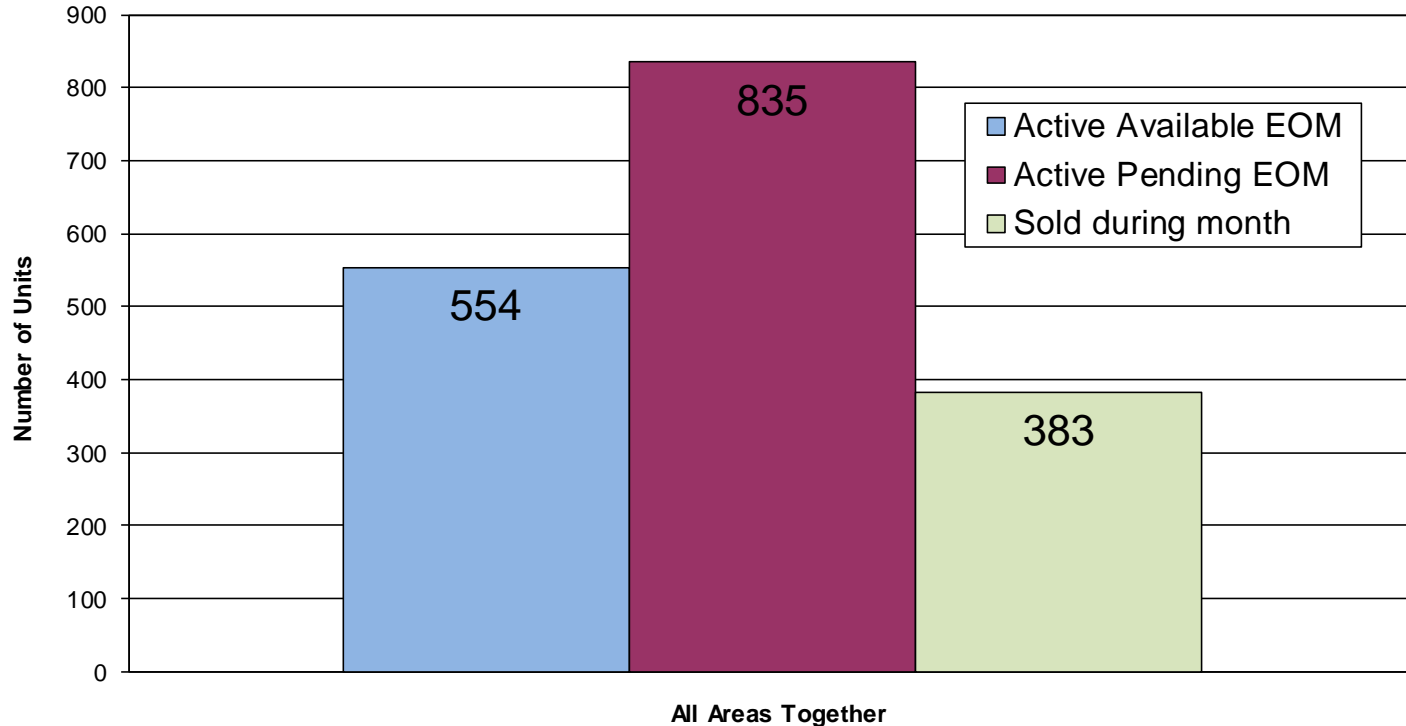
February, 2015



# Months Supply of Inventory, Current Month

February, 2015

**(554 + 835) available / 383 units sold = 3.6 months of inventory**

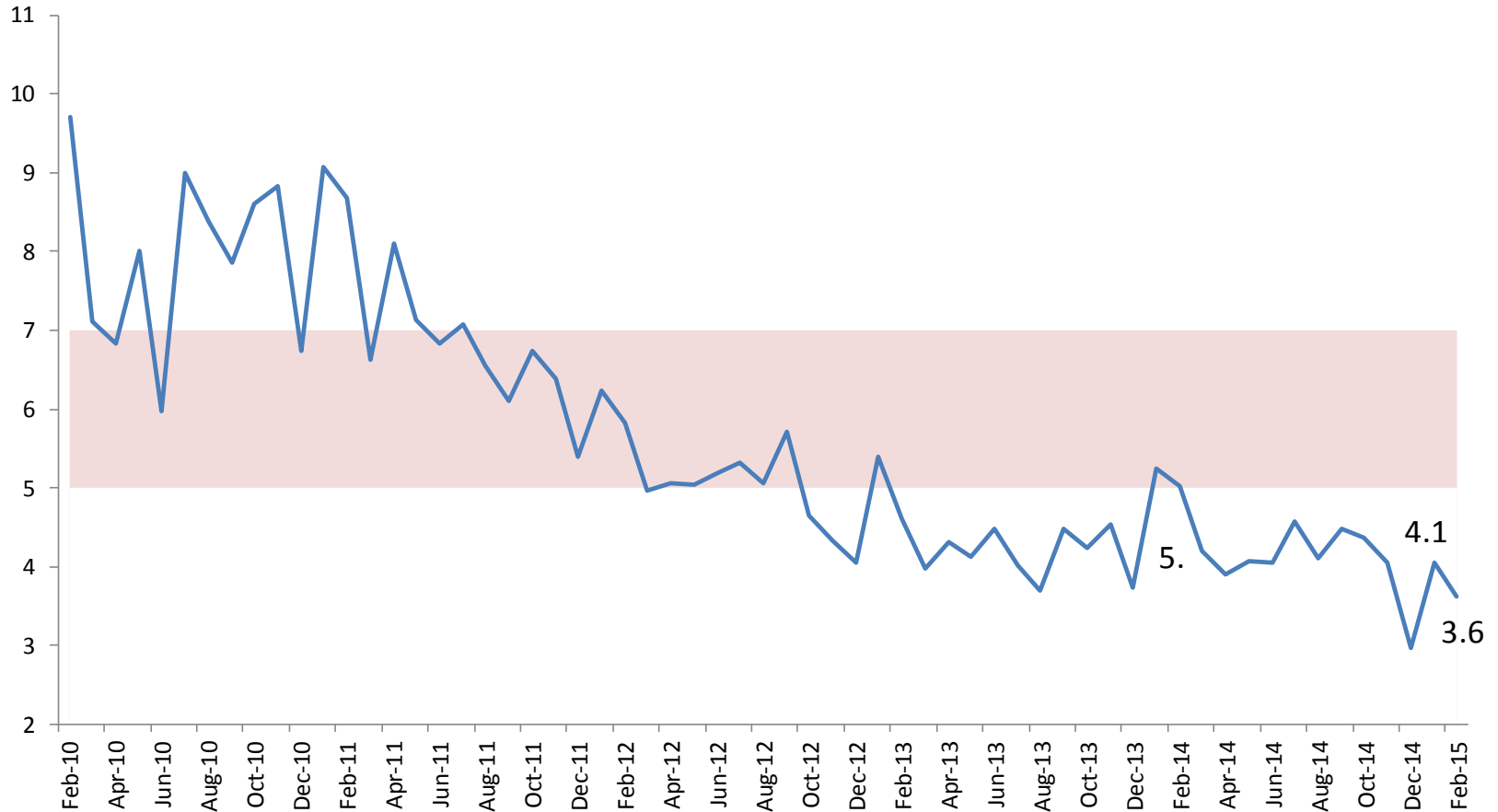


*Unsold Inventory includes Active Pendings. This method of reporting absorption follows the industry standard and includes pendings in Active Inventory. Absorption or Months Supply of Inventory is defined as the number of months it would take to absorb the units available for sale. The National Association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

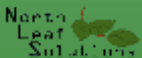
# Months Supply of Inventory, Historical 5 years

February, 2015

## Month's Supply of Inventory, 5 year history

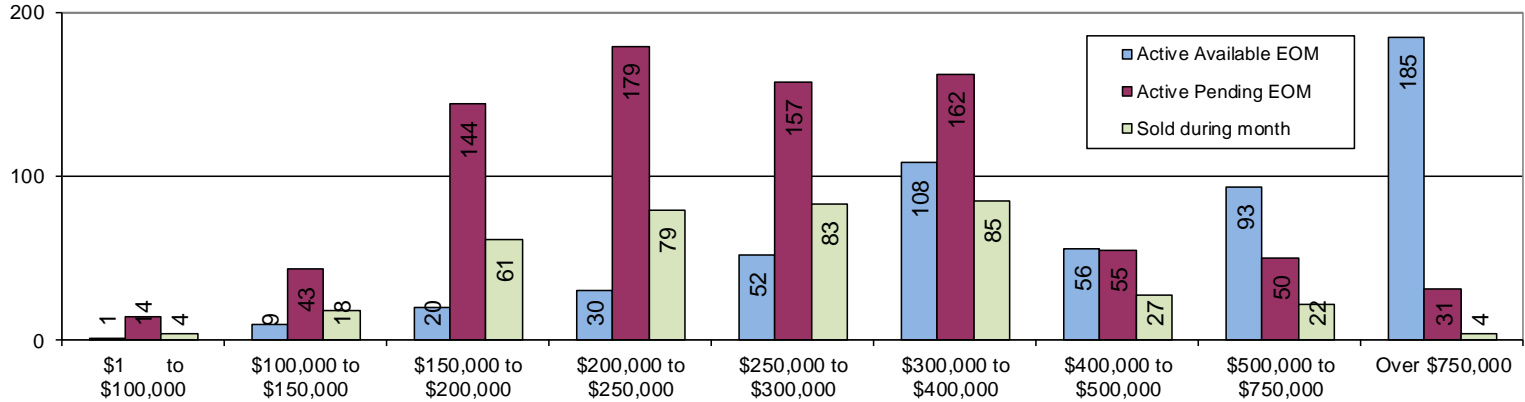


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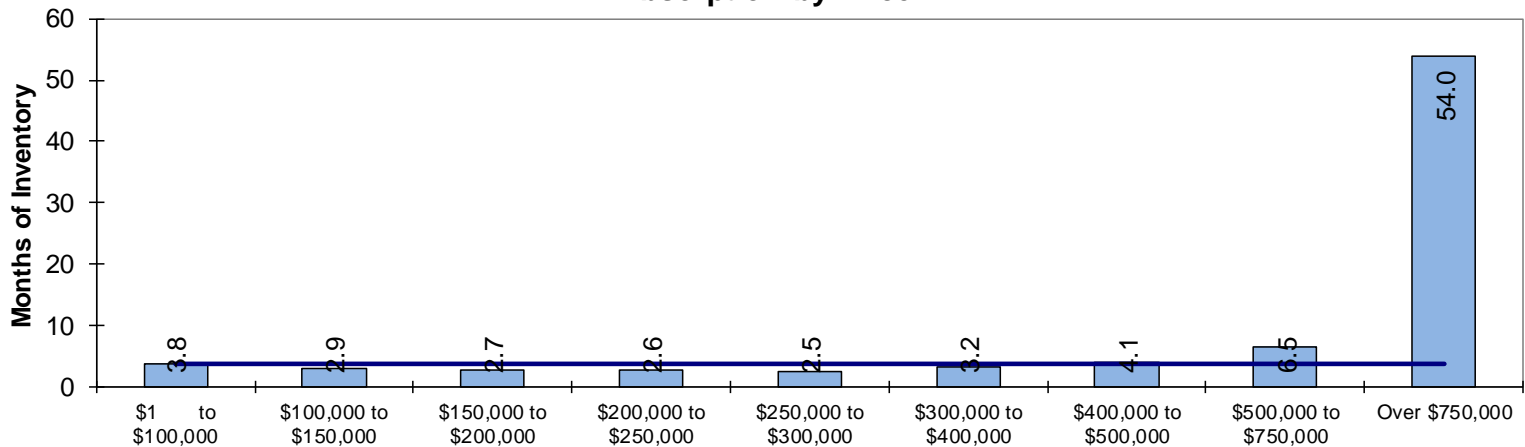


# Units and Absorption, by Price

Active and Sold Homes by Price, current month



Absorption by Price



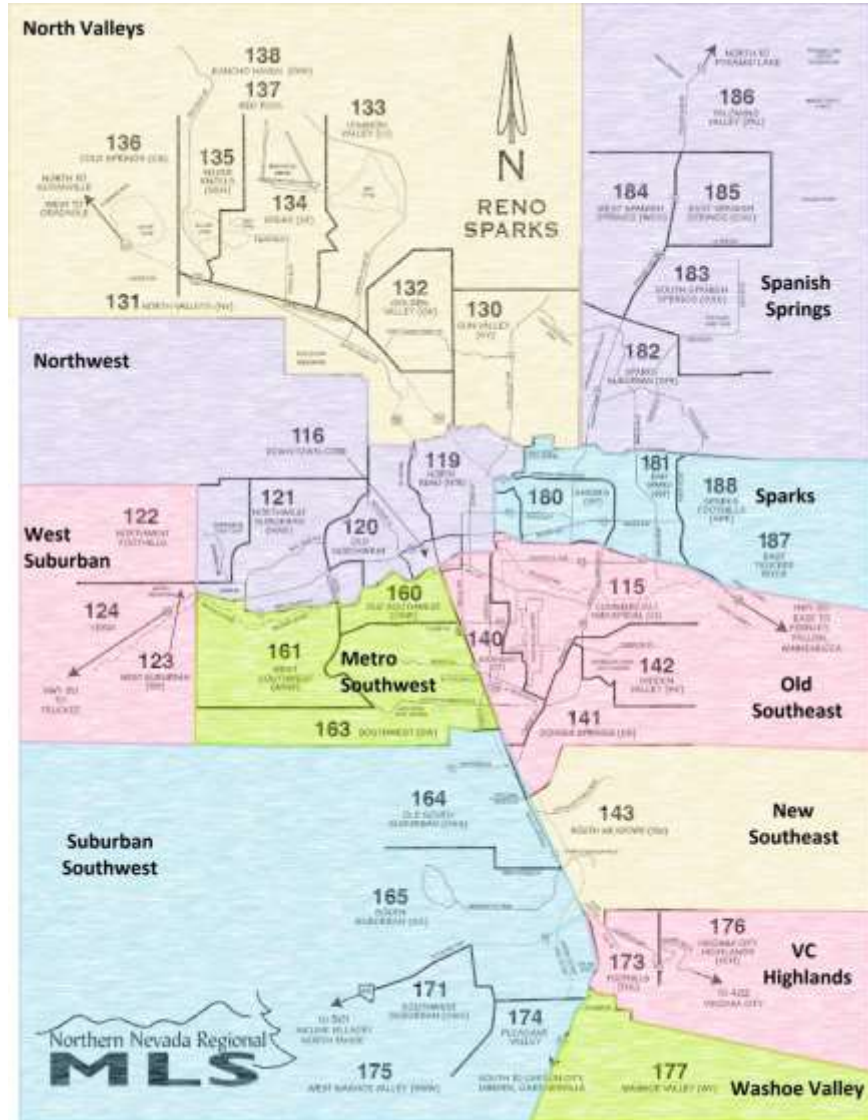
"Active" includes "Active/Pending"

Absorption or Months Supply of Inventory is defined as the number of months it would take to absorb the units available for sale.

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

# Reno/Sparks Area Map

February, 2015

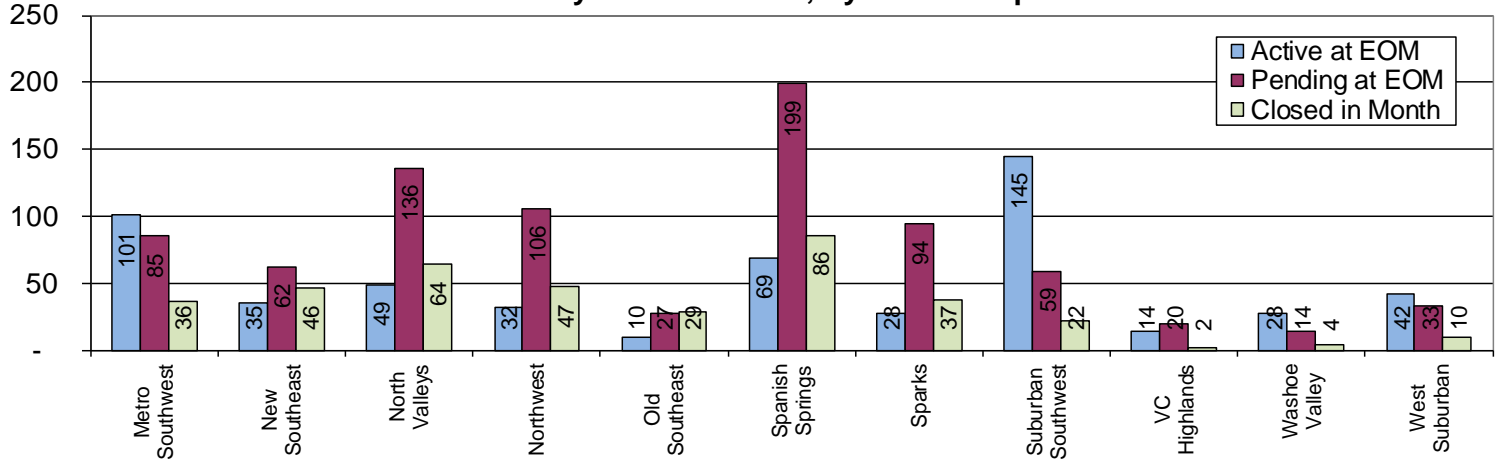


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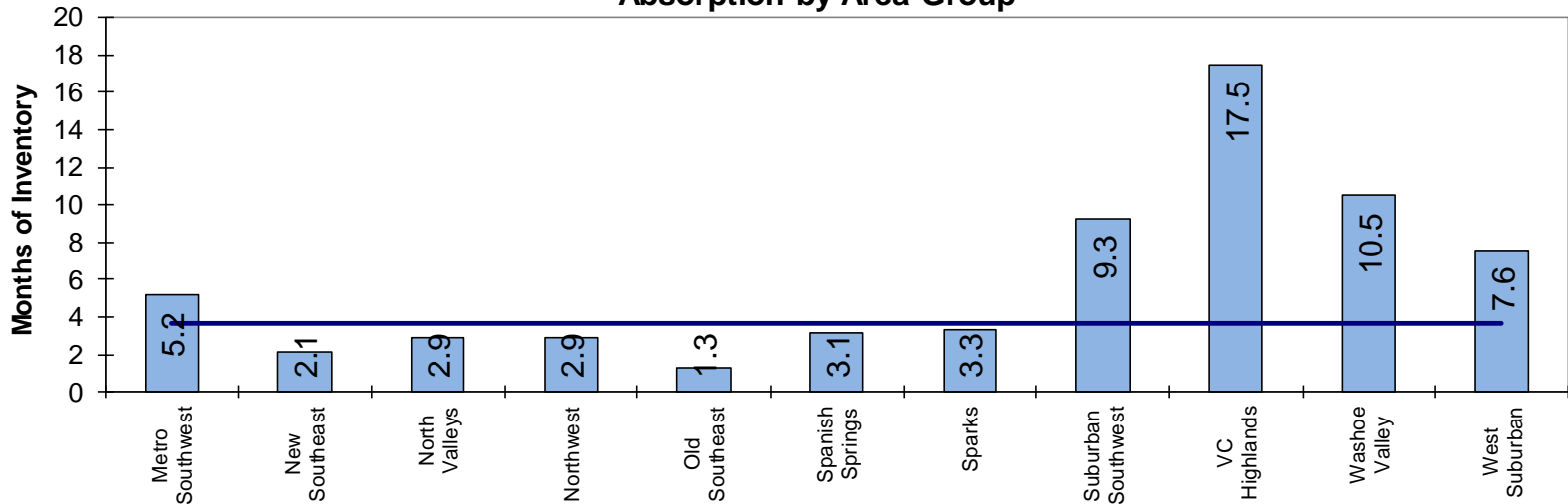


# Units and Absorption, by Area Group

Inventory and Units Sold, by Area Group

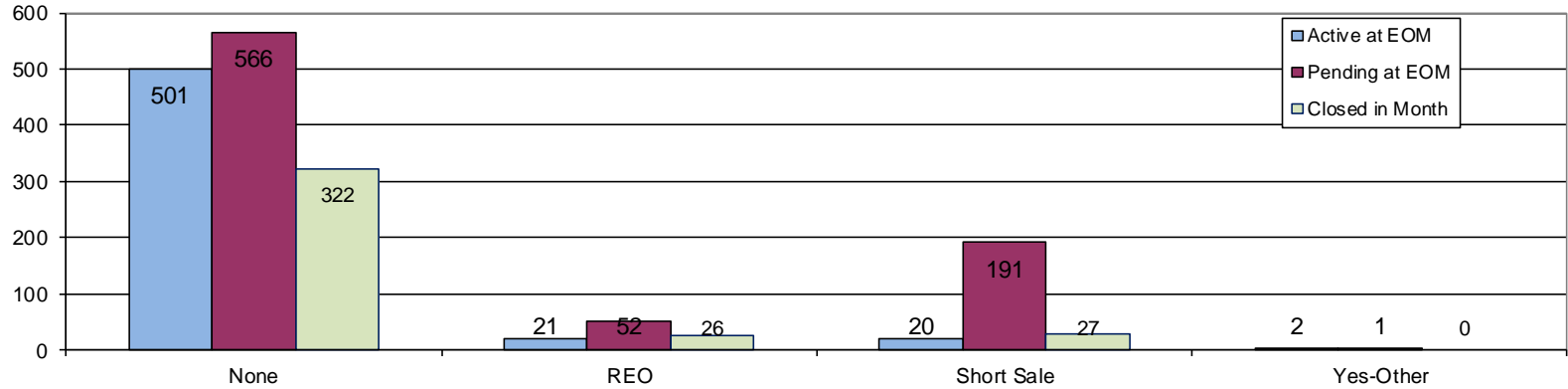


Absorption by Area Group

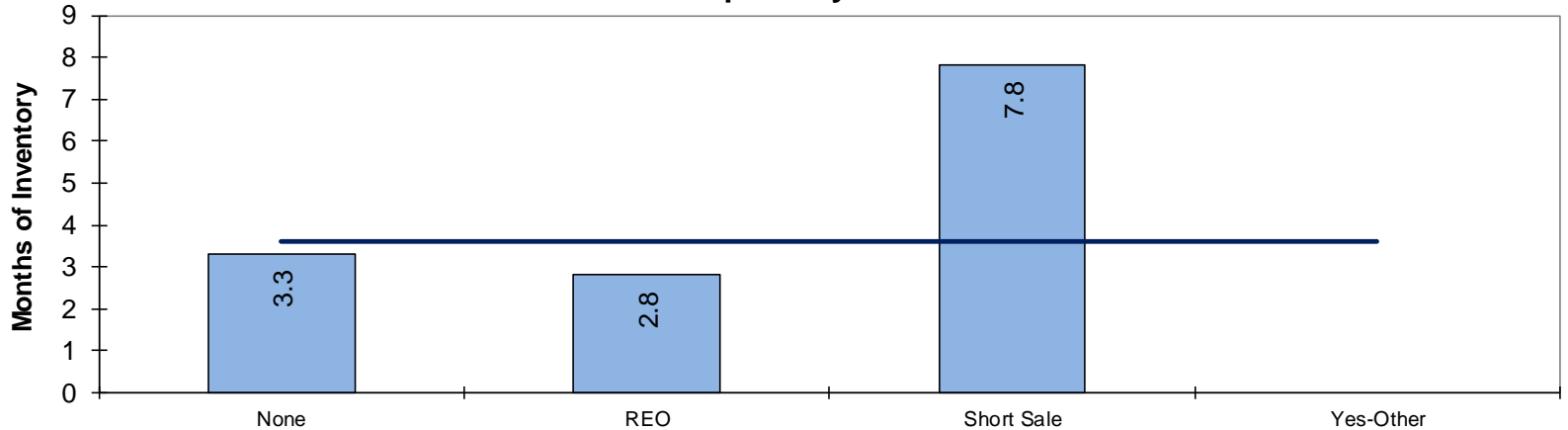


# Units and Absorption, by Special Condition

Active and Sold Homes by Condition, current month



Absorption by 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.*

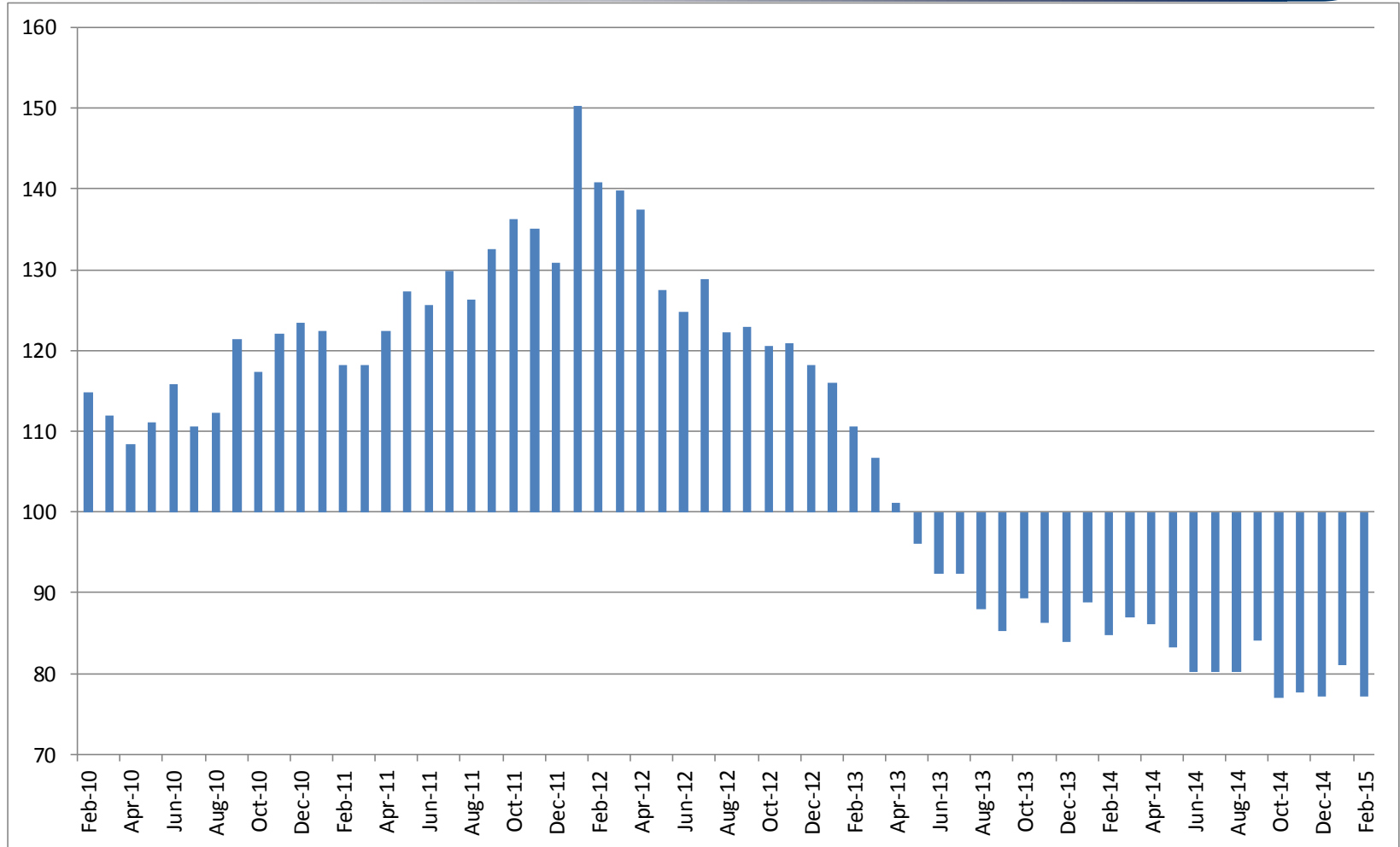
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# Housing Affordability Index, 5 years



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

