

# Reno/Sparks Association of REALTORS®

December, 2012

Market Report

Area 100, Greater Reno/Sparks



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®.

*Database Analysis Excellence*

*Proprietary*

# Market Report Outline

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- ❖ **Median Sales Price**
  - Annualized by Area Group
  - By Special Conditions
- ❖ **Number of Units Sold**
- ❖ **Days on Market**
  - By Month
  - By Special Conditions
- ❖ **New Listings**
  - By Month
  - By Price
  - By Special Conditions
- ❖ **Distressed Listings**
  - By Price
  - As a Percentage of Listings
- ❖ **Status of Pendings**
- ❖ **Months Supply of Inventory**
  - Current Month
  - Historical 8 year, by Month
- ❖ **Units and Absorption**
  - by Price
  - by Area Group
  - by Condition
- ❖ **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 December 10<sup>h</sup>, 2012

# Market Report Commentary

## ❖ Summary

- “We have not seen this escalation in pricing for more than eight years,” said Helen Graham, 2013 president of the Reno/Sparks Association of REALTORS. “In 2003, 2004 and 2005 the sharp increase in pricing could be attributed to high demand and overly-relaxed lending guidelines. In today’s market, credit requirements are strict, but demand is outpacing available inventory as a result of lack of move up or downsize buyers who are underwater in their current mortgage. Despite this, there is buyer confidence that it’s still a good time to buy at today’s low interest rates.”

## ❖ Median Sales Price

- December 2012 median price was up 3.3% to \$187,000 compared to \$181,000 in November 2012 and up 20.6% compared to \$155,000 in December 2011.
- 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

- Median price on properties with no special conditions is down 1.3% from the prior month and up 18.6% from the prior year.
- Median price on REO (Bank Owned) properties is down 14.9% from the prior month up 26% from the prior year.
- Median price on short sales properties is up 6.5% from the prior month and up 1.9% from the prior year.

## ❖ Number of Units Sold

- December ended the month with 485 sold transactions, down 7% from the prior month and down 9.2% from the same period last year.

## ❖ Average Days on Market

- The average days on market are 140 days, up 5.3% from the prior month, and down 5.5% from the same period last year.

# Market Report Commentary, continued

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

- Short sale properties had an average days on market of 202.
- Properties with no special conditions 88 DOM.
- REO properties had an average days market of 86.

## ❖ New Listings

- 299 new listings were taken in December compared to 381 in November, a 21.5% decrease from the prior month and a 31% decrease from the prior year.
- Properties listed at under \$250,000 made up the 76% of new listings entering the market during the month of December.
- 44% of new December listings were distressed – Short Sales 30%; REO 14%; No special conditions 54%; and Other less than 1%.

## ❖ Distressed New Listings History

- The allocation of new listings by special conditions moved up with the volume of distressed new listings representing 44% of the market in December, up from 42% in November 2012.
- New Listings with no special conditions moved down in volume of listings to 54% of the market.

## ❖ Status of Pending

- Active Pending – Short Sales represent 58.5% of the total active pendings; Active Pending Loan equals 12.4%; Pending No-show represents 23.3%; Active Pending call 4.9%; and Active Pending House less than 1%.

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

- As of December 31, there was 3.5 months of unsold inventory based on the December sales rate.

# Market Report Commentary, continued

## ❖ Historical Months Supply of Inventory

- Historical Months Supply of Inventory shows that MSI was down in December 2012 at 3.5, and down from 5.4 in December 2011.
- 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

- Properties in the price ranges between \$400,000 - \$1.0 MM price ranges are in a balanced market.
- Properties in the prices ranges under \$400,000 have less than 4 month's supply of inventory and would be considered seller's market.
- Properties over the \$1.0MM price range have in excess of 14 month's supply of inventory.
- 74% of the total sales for the month of December were in the under \$250,000 price range.

## ❖ Units and Absorption by Area Group

- Suburban Southwest had the highest level of active inventory with 135 Active listings.
- The North Valleys, Northwest, Spanish Springs and Sparks show the highest level of activity in pending sales for the month.
- The North Valleys, Northwest and Spanish Springs show the highest volume of closed sales for the month.
- Suburban Southwest and Washoe Valley are considered a balanced market within 5 – 7 month's supply of inventory (MSI). Old Southeast is considered a buyer's market with 7.3 MSI. All remaining areas are considered a seller's market with less than 4.4 MSI.

## ❖ Units and Absorption by Condition

- The Month's Supply of Inventory in the category of Real Estate Owned properties remains low at 2.5 MSI in December 2012.
- No Special Conditions condition properties has 3.1 Month's Supply of Inventory, Short Sale properties has 4.1 Month's Supply of Inventory, and Yes-Other less than 1%.

# Market Report Commentary, continued

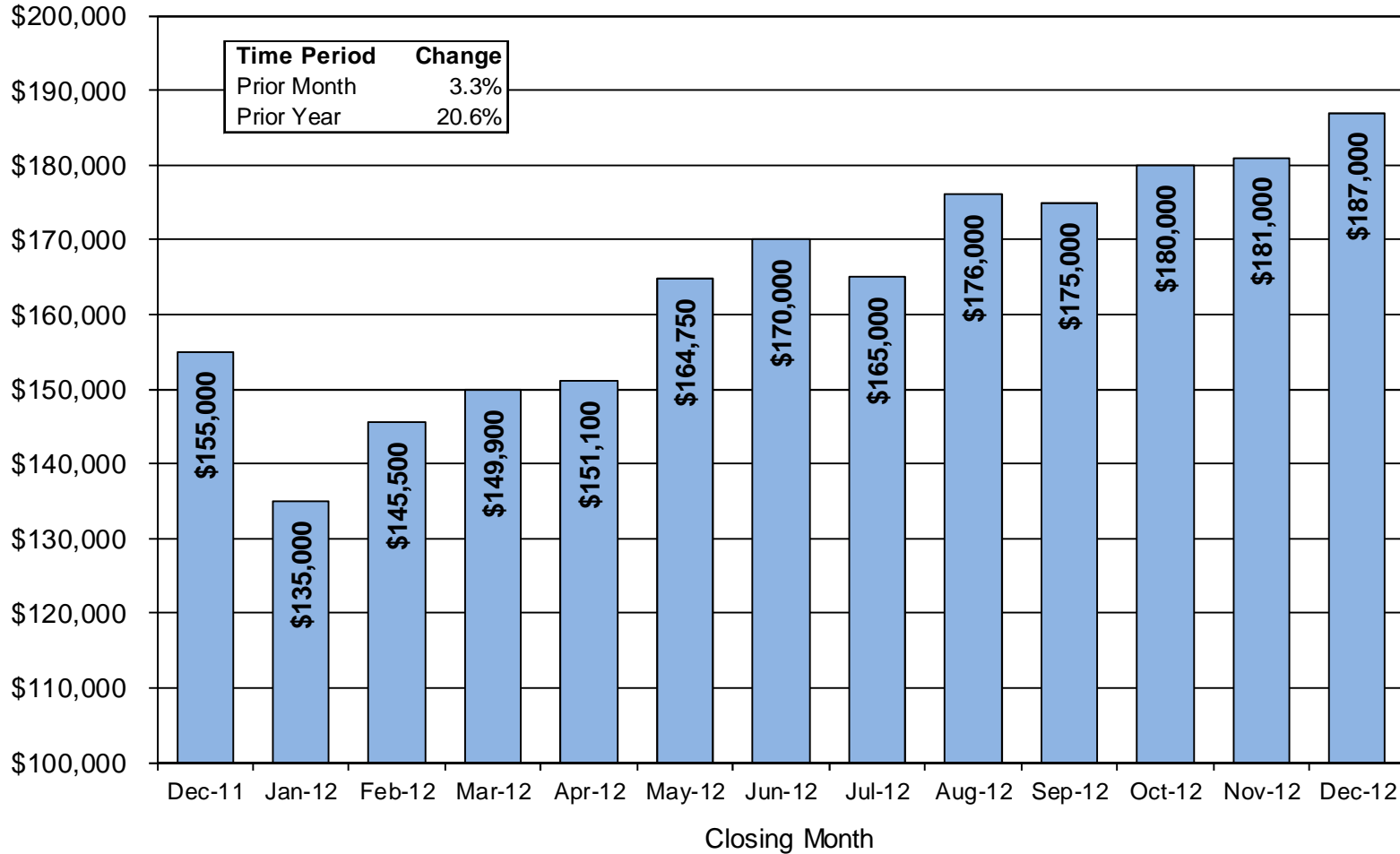
## ❖ Conclusion

- Despite low inventory levels, total sales for 2012 are the second highest since 2005, which was the peak of the real estate boom.
- Forty-seven percent of the sales closed in December 2012 were short sale transactions. The highest percentage in history. This was likely a reaction to what was anticipated to be the expiration of the Mortgage Debt Relief Act. For those short sellers who unable to close escrow in 2012, the Fiscal Cliff Bill passed by Congress in the 11th hour, gave short sellers a reprieve with an extension of the Mortgage Debt Relief to December 31, 2013.
- As of this reporting, only 12 of the 83 new listings taken in December in the \$100,000 - \$150,000 price range were still available at this snap shot in time. The month's supply of inventory for homes priced under \$400,000 stands at less than four months.
- The signs of an increase of bank owned new listings in both Reno and Fernley may be an early indication that banks are renewing their foreclosure activity under the guidelines of Assembly Bill 284 and the National Mortgage Settlement. If so, this should relieve some of the pressure on lack of inventory.

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# Median Sales Price

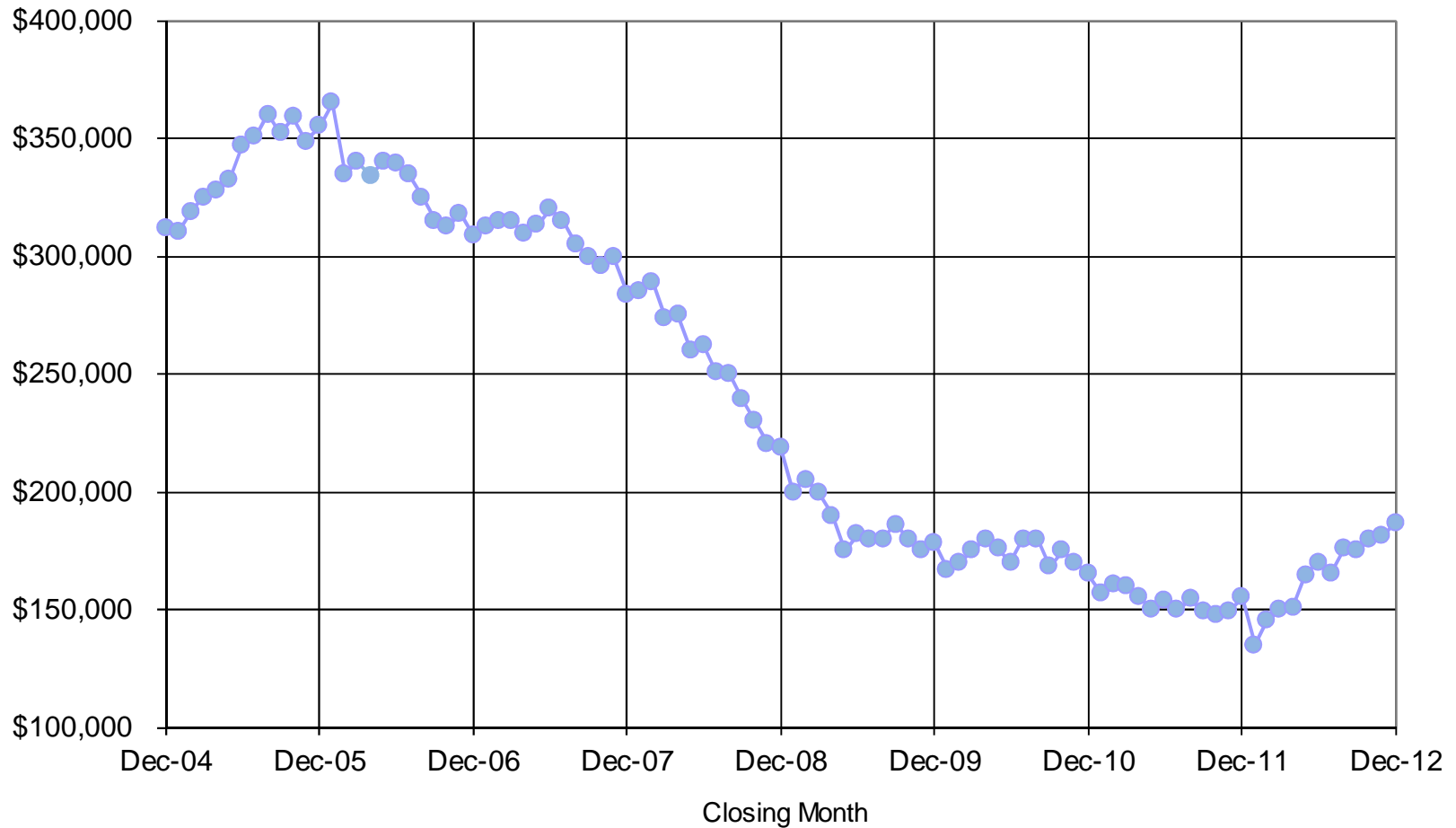
Median Sales Price, 13 months



# Summary: Median Sales Price

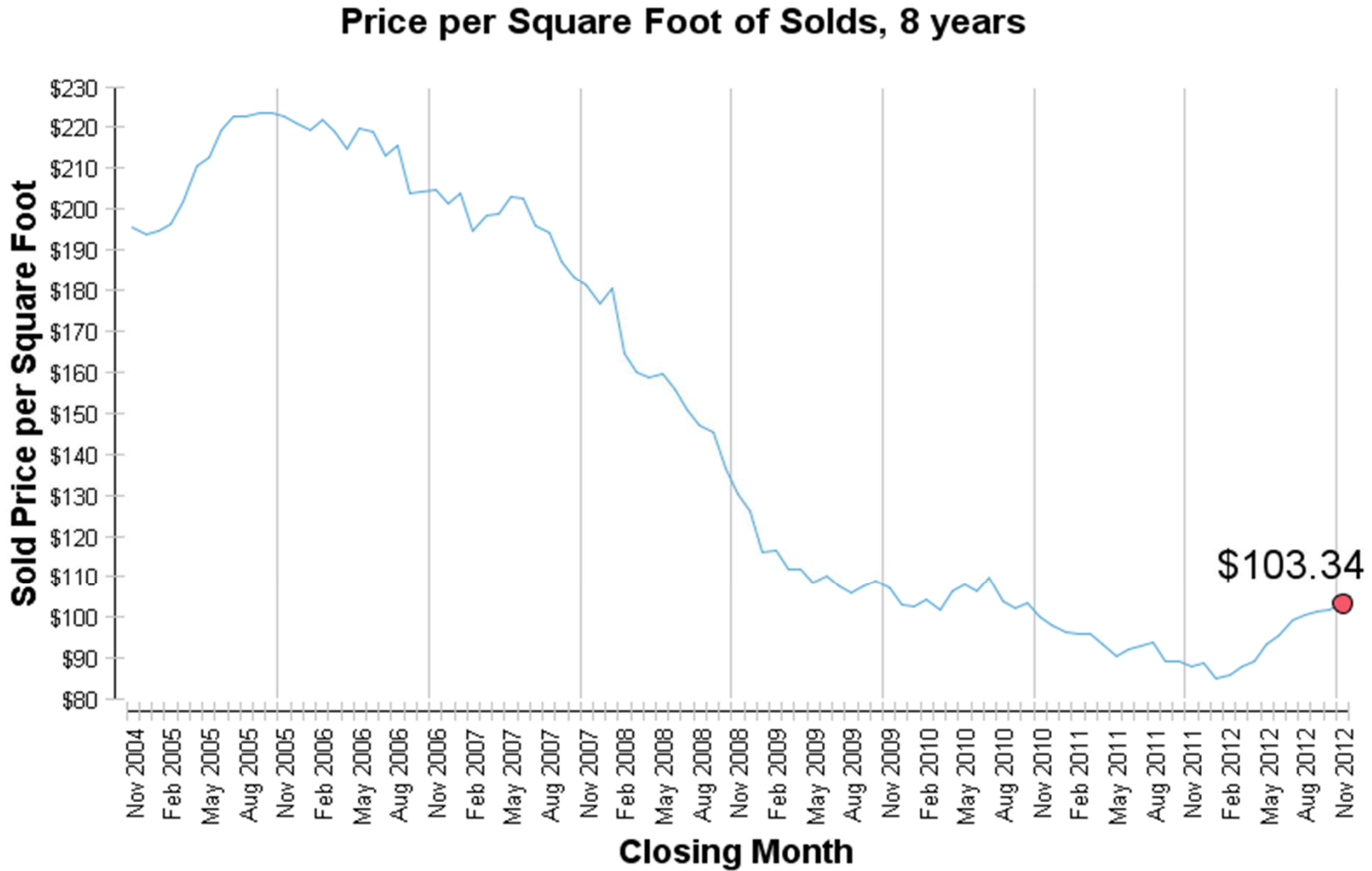
December, 2012

### Median Sales Price, 8 years



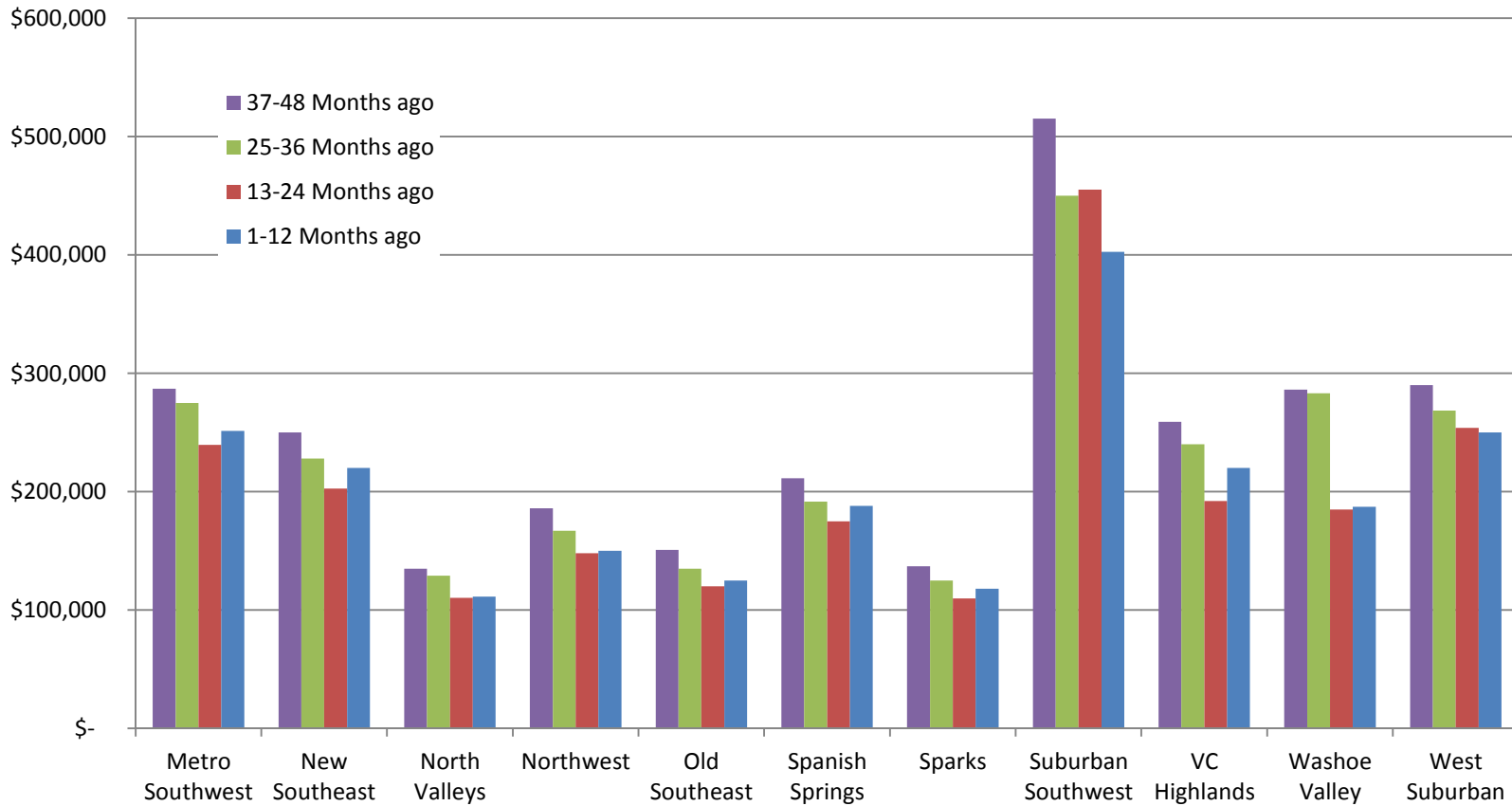


# Price per Square Foot



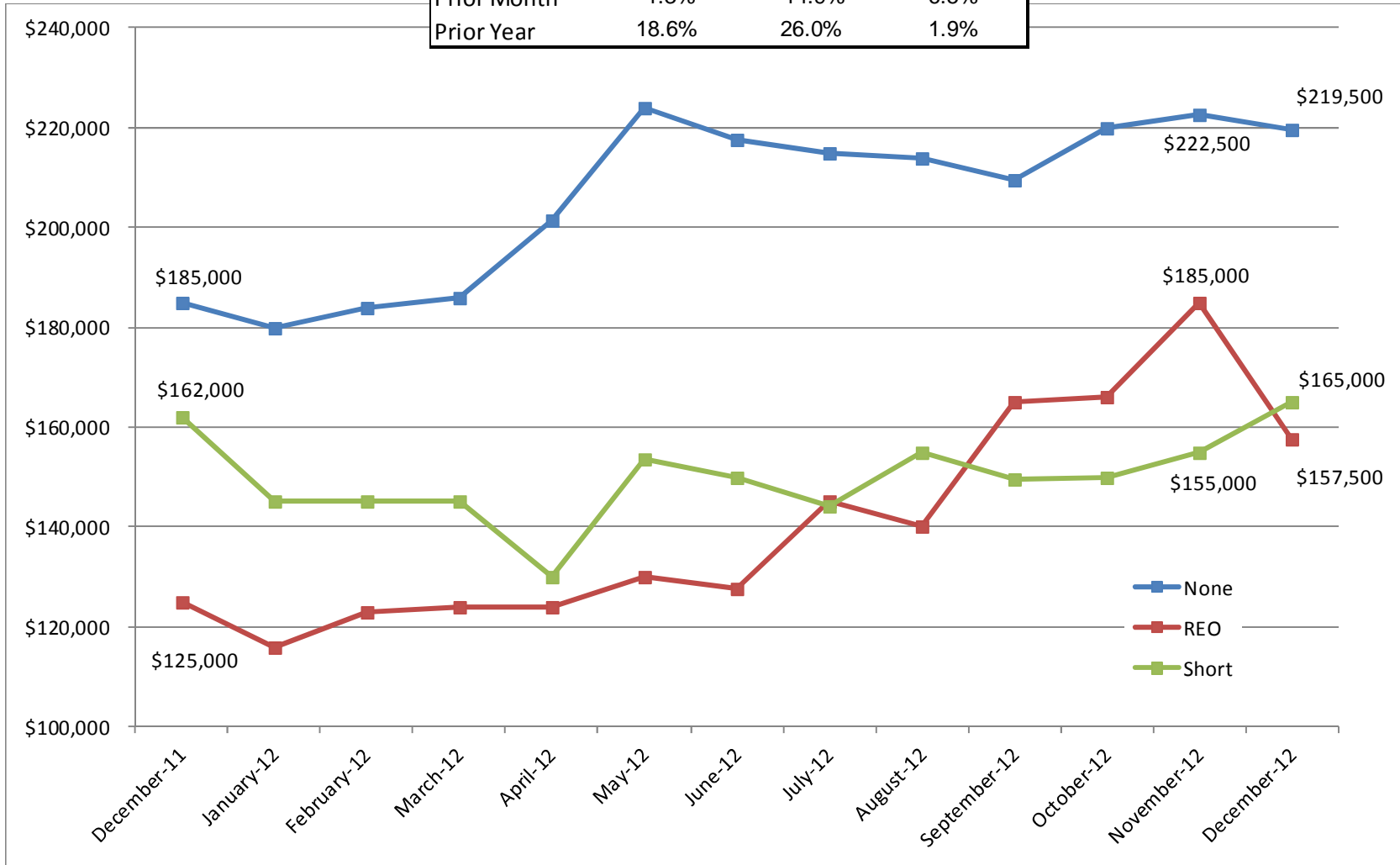
# Annualized Median Price by Area Group

December, 2012

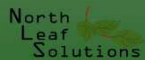


# Median Sales Price by Special Condition

| Time Period | Change-None | Change-REO | Change-Short |
|-------------|-------------|------------|--------------|
| Prior Month | -1.3%       | -14.9%     | 6.5%         |
| Prior Year  | 18.6%       | 26.0%      | 1.9%         |



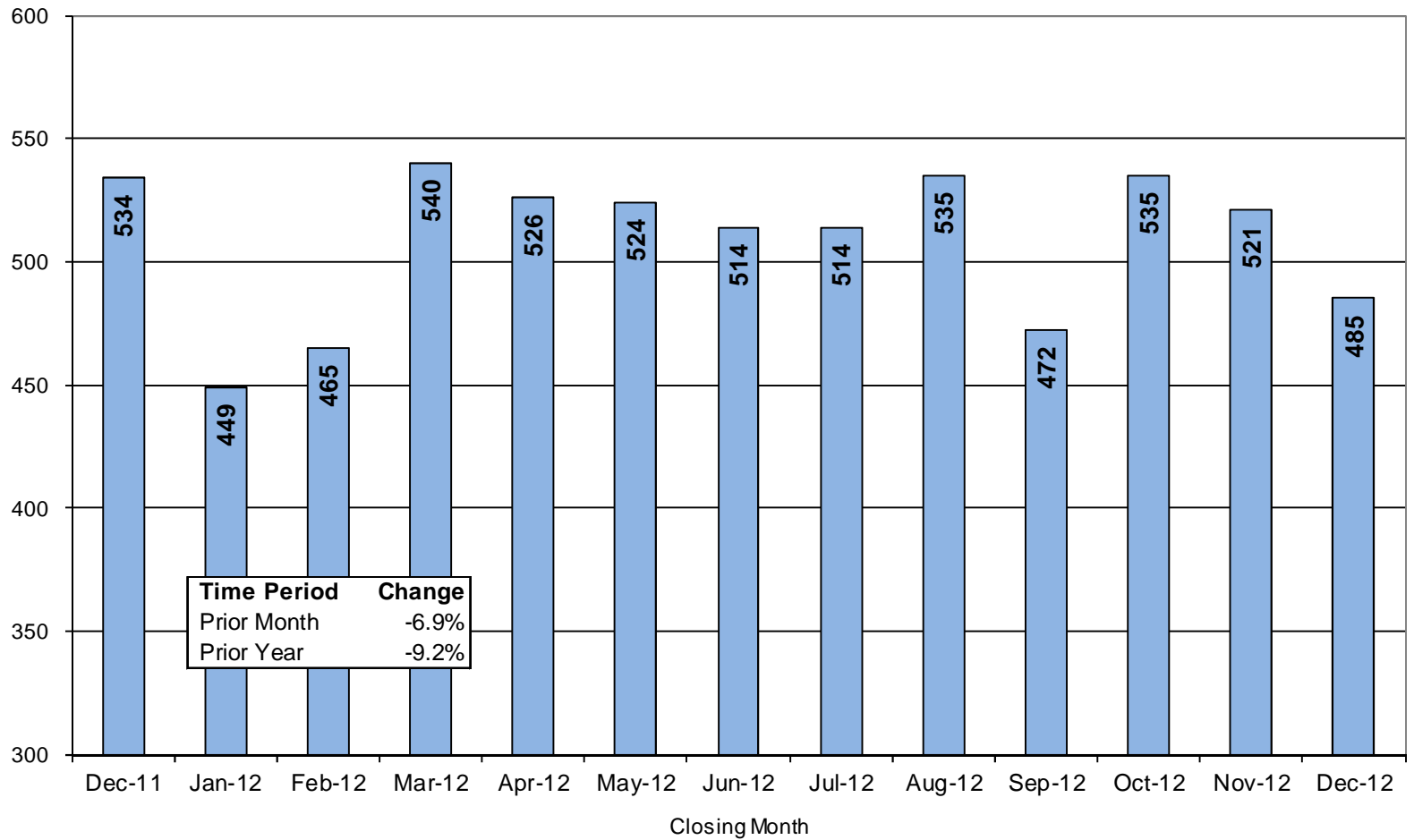
Distressed listings are defined as follows: REO – property has been foreclosed upon and is being sold by the bank, HUD or VA. Short Sale - seller owns more for the property than current value.



# Number of Units Sold

December, 2012

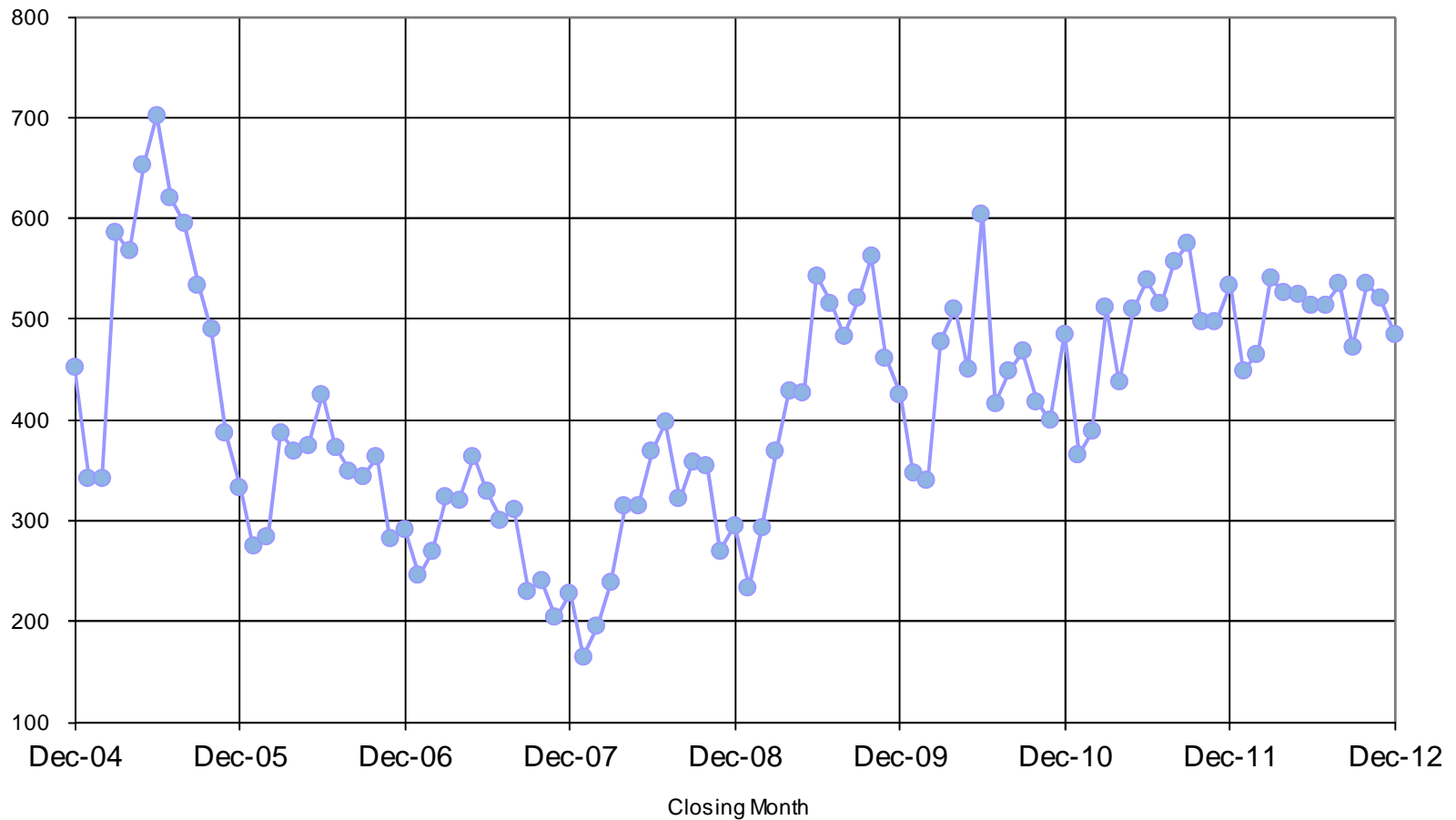
Number of Units Sold, 13 months



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December, 2012

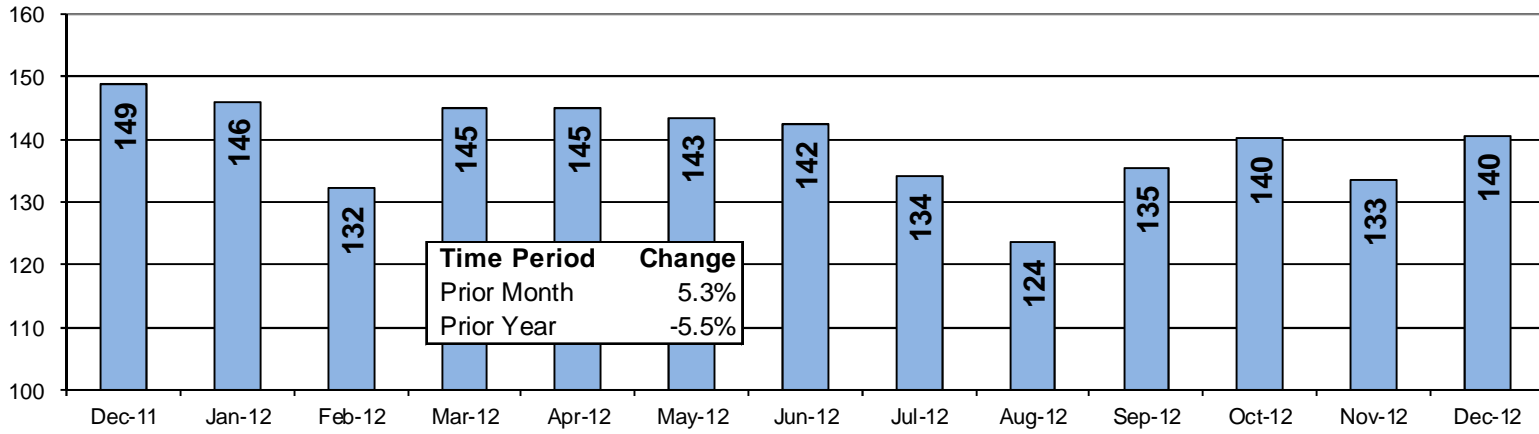
Number of Units Sold, 8 years



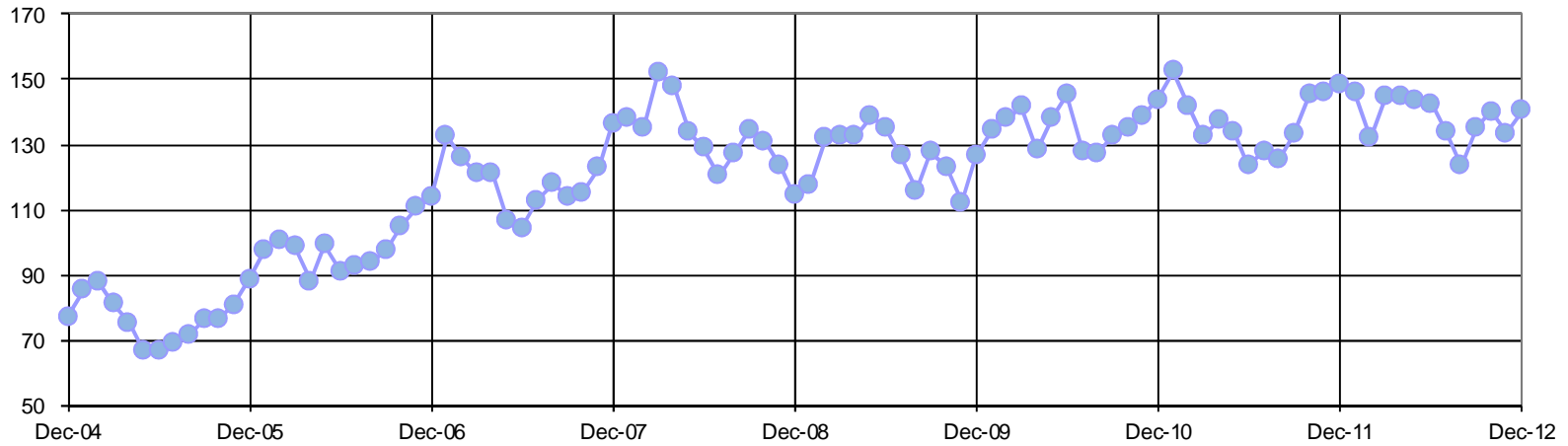
# Days on Market, by Month

December, 2012

Average Days on Market for Solds, 13 months

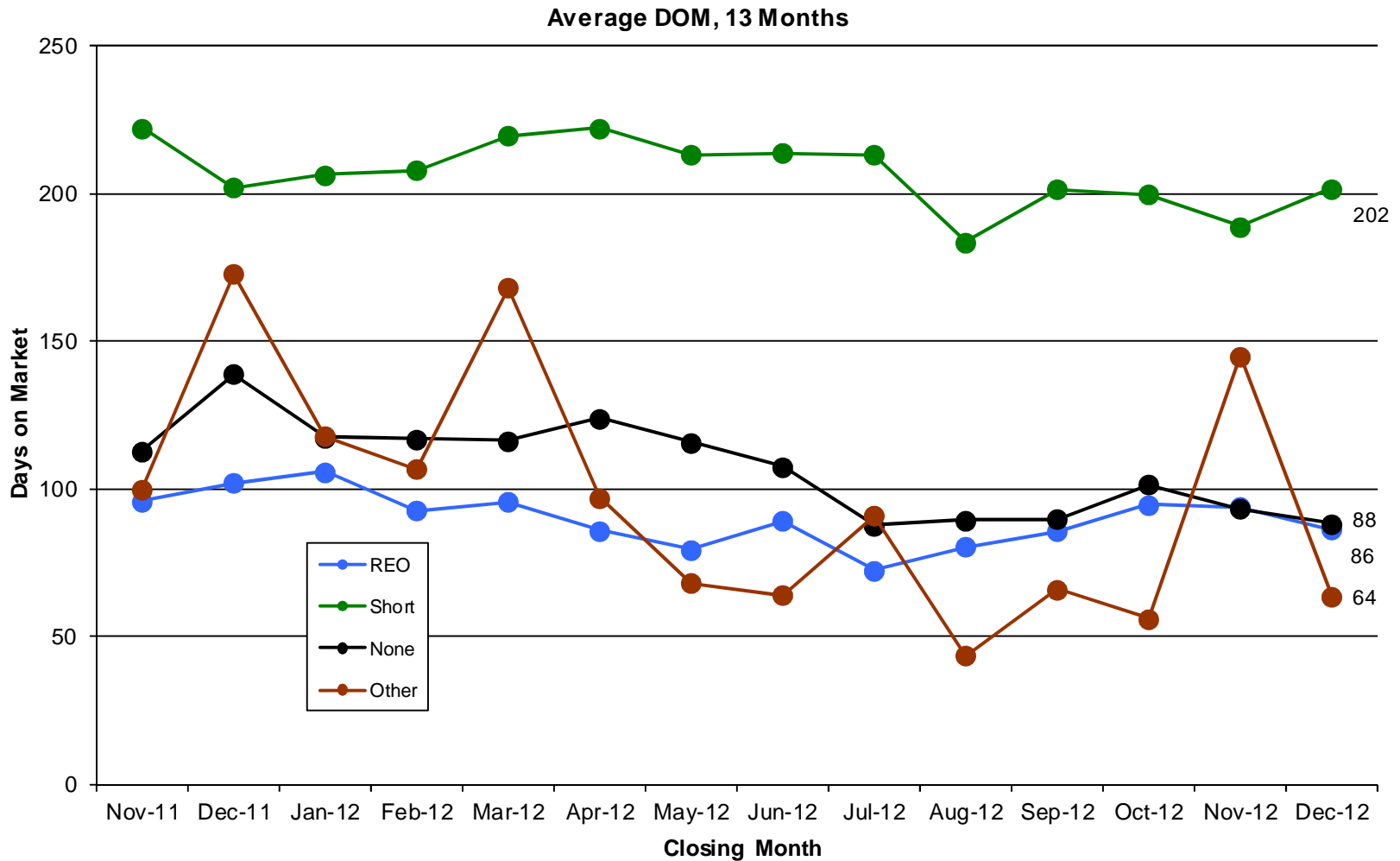


Average Days on Market for Solds, 8 years



# Days on Market, by Special Conditions

December, 2012

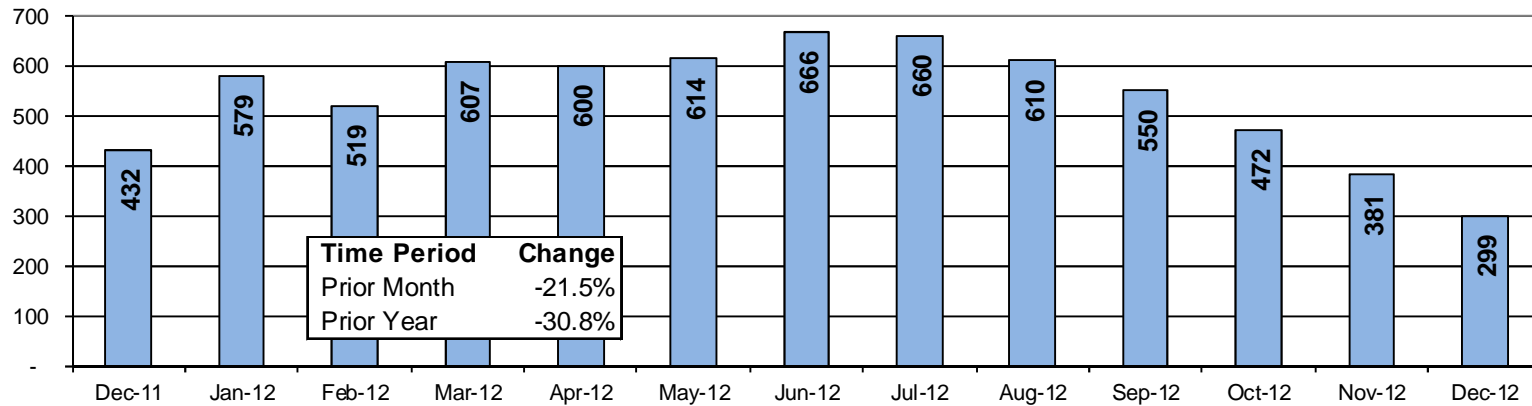


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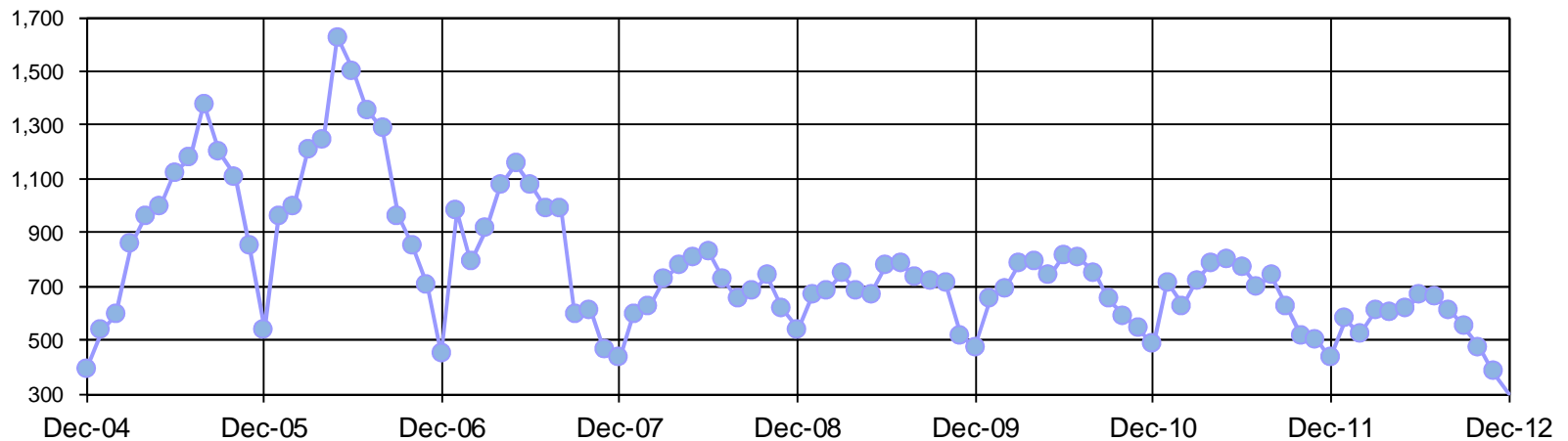
# New Listings, by Month

December, 2012

### New Listings by Month, 13 months



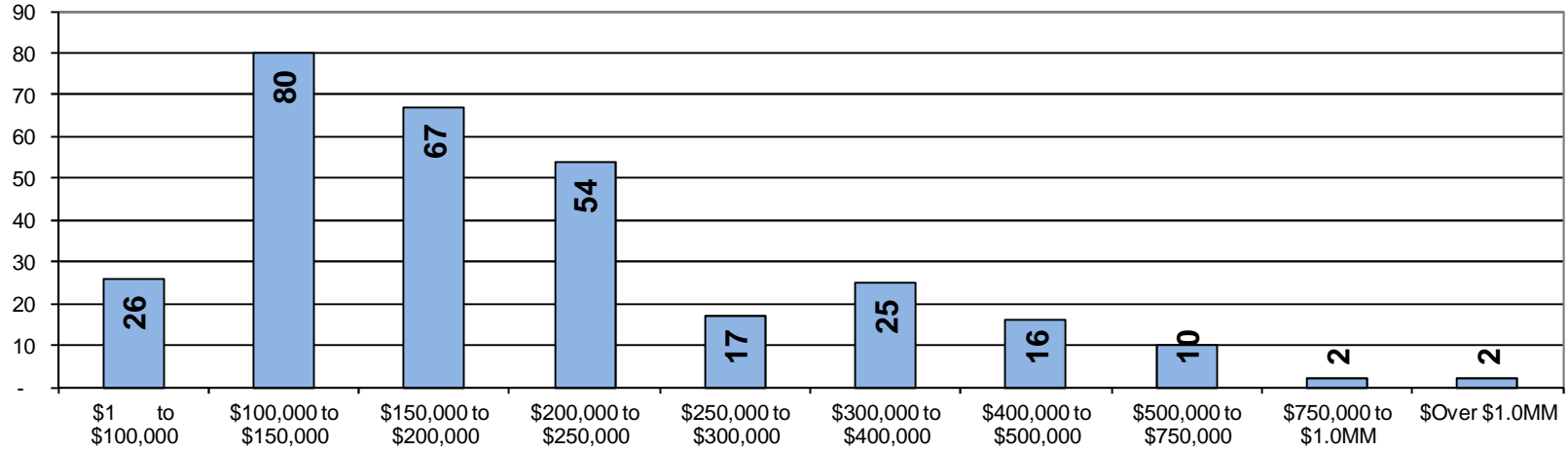
### New Listings by Month, 5 years



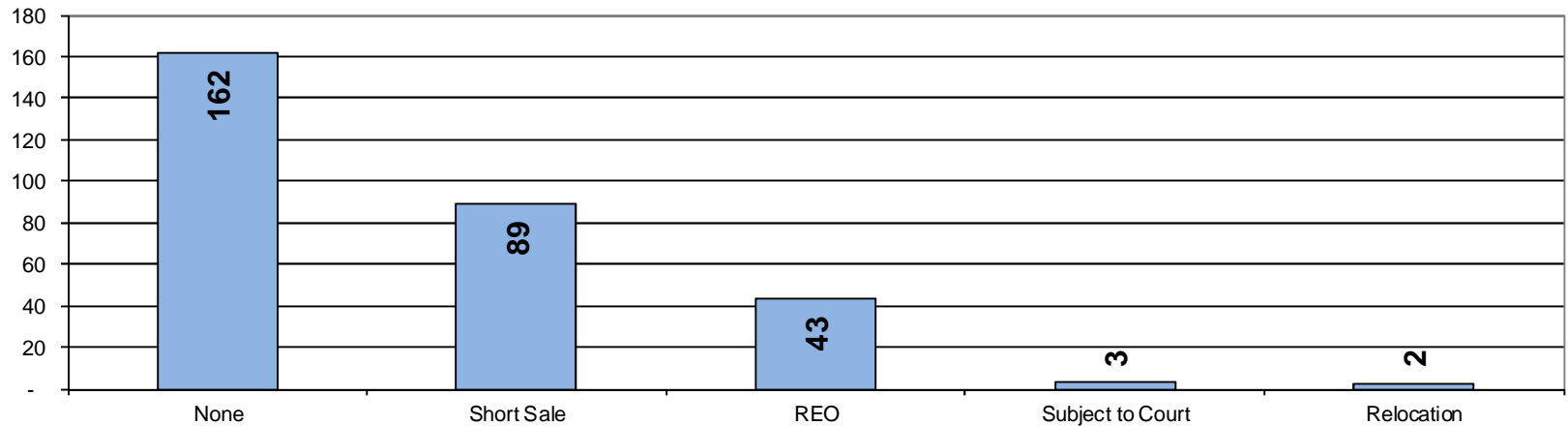


# New Listings, by Price and by Special Condition

New Listings, by Price Range



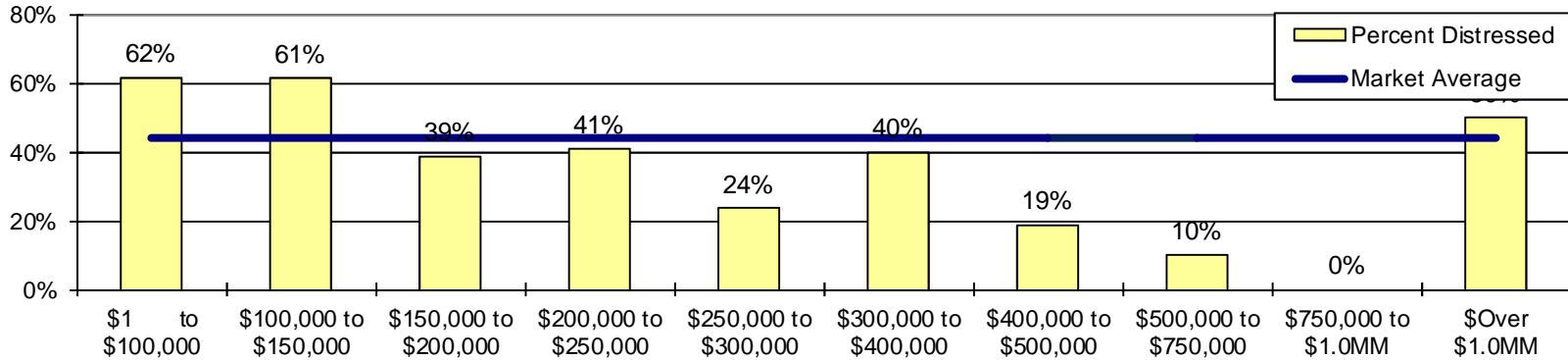
New Listings, by Special Condition



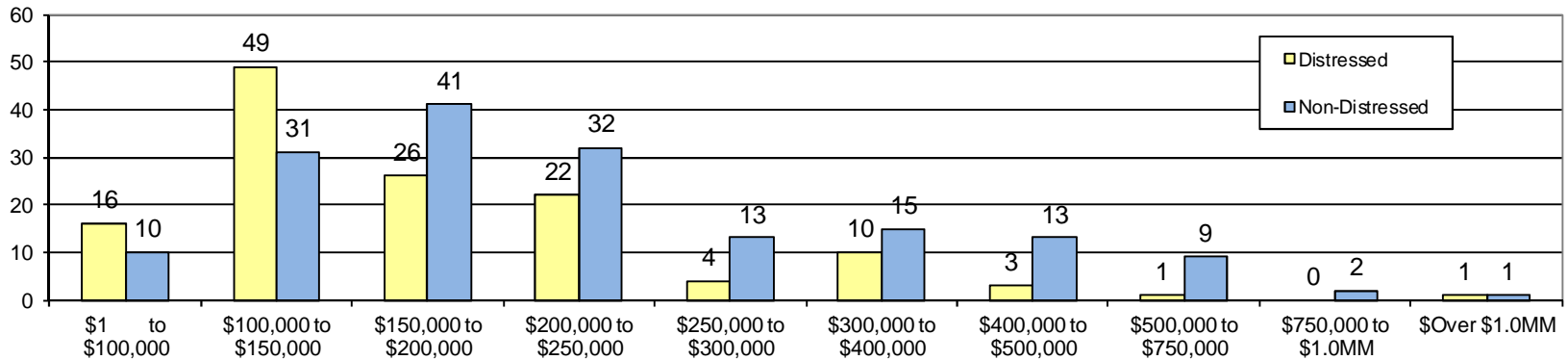
*Distressed listings are defined as follows: REO – property has been foreclosed upon and is being sold by the bank, HUD or VA. Short Sale - seller owns more for the property than current value. Distressed New Listings includes Fannie Mae, Freddie Mac, HUD, and any bank-owned listings.*

# Distressed Listings, by Price

Percentage Distressed New Listings by Price, current month



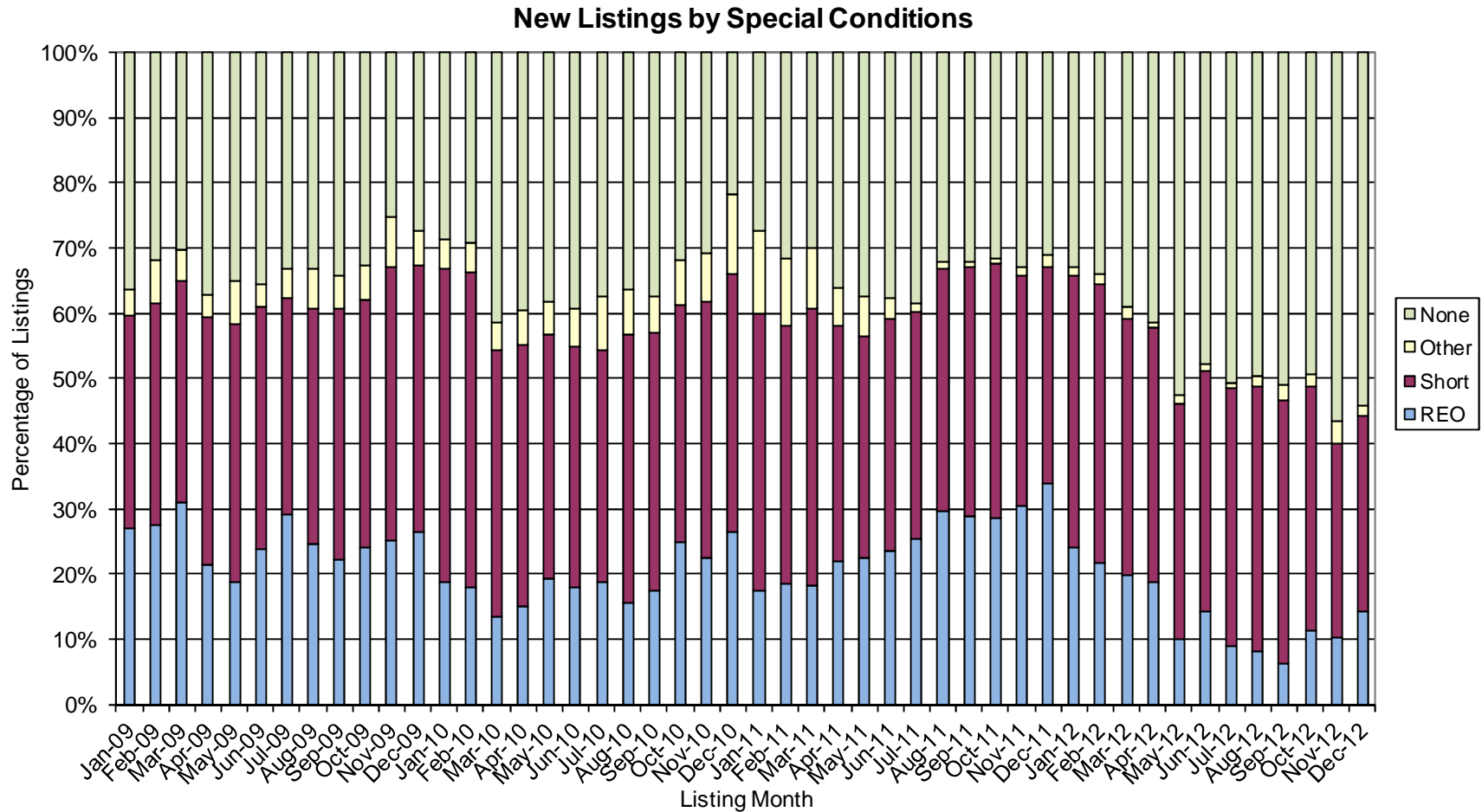
Number of Distressed and NonDistressed New Listings by Price, current month



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# Distressed Listings, as a percentage of all listings

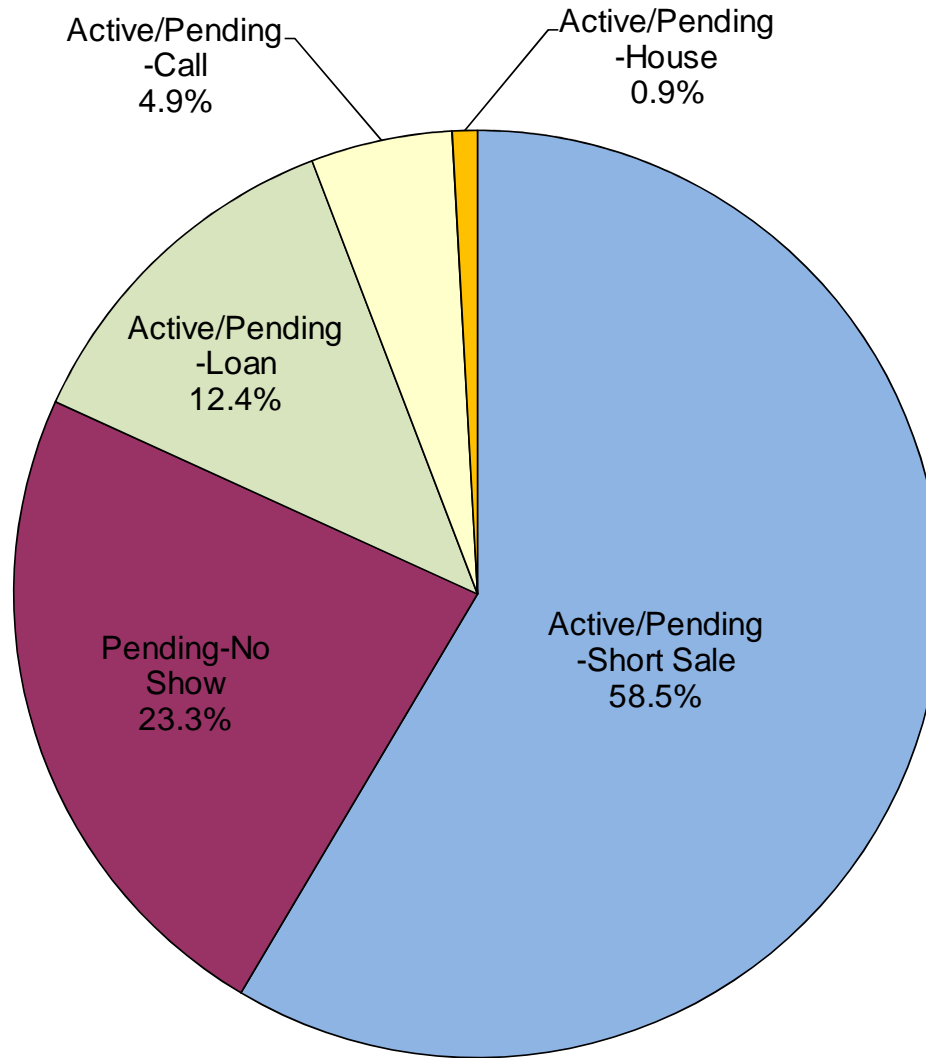
December, 2012



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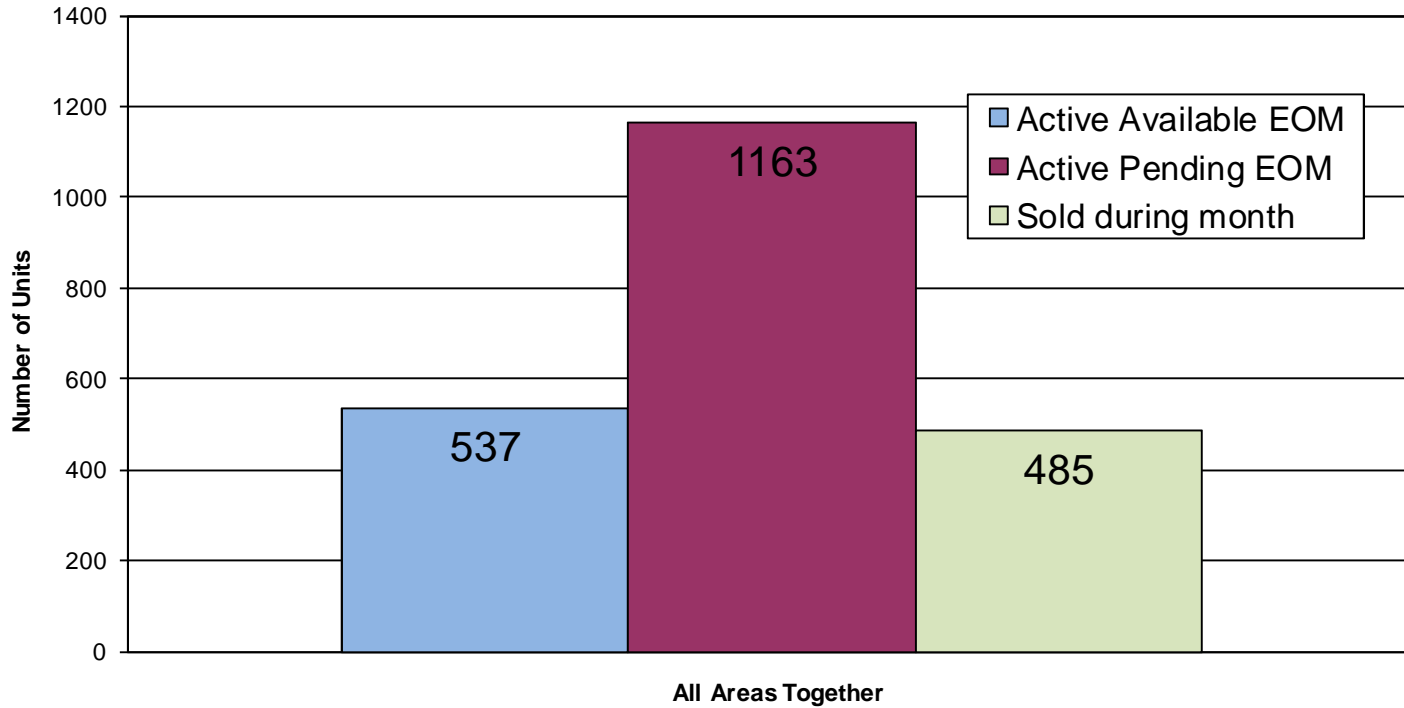
# Status of Pendings, Current Month

December, 2012



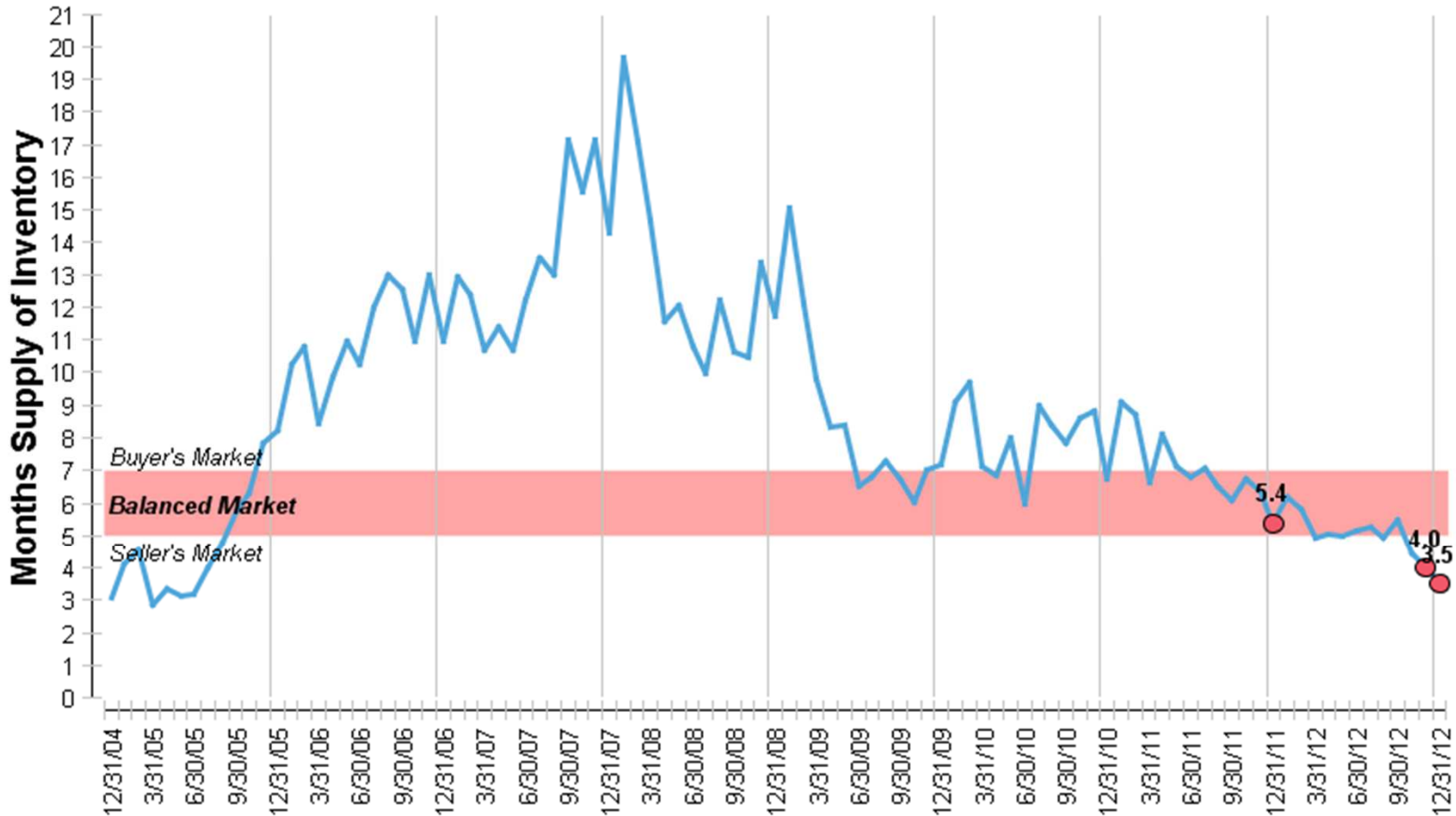
# Months Supply of Inventory, Current Month

**(537 + 1163) available / 485 units sold = 3.5 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.*

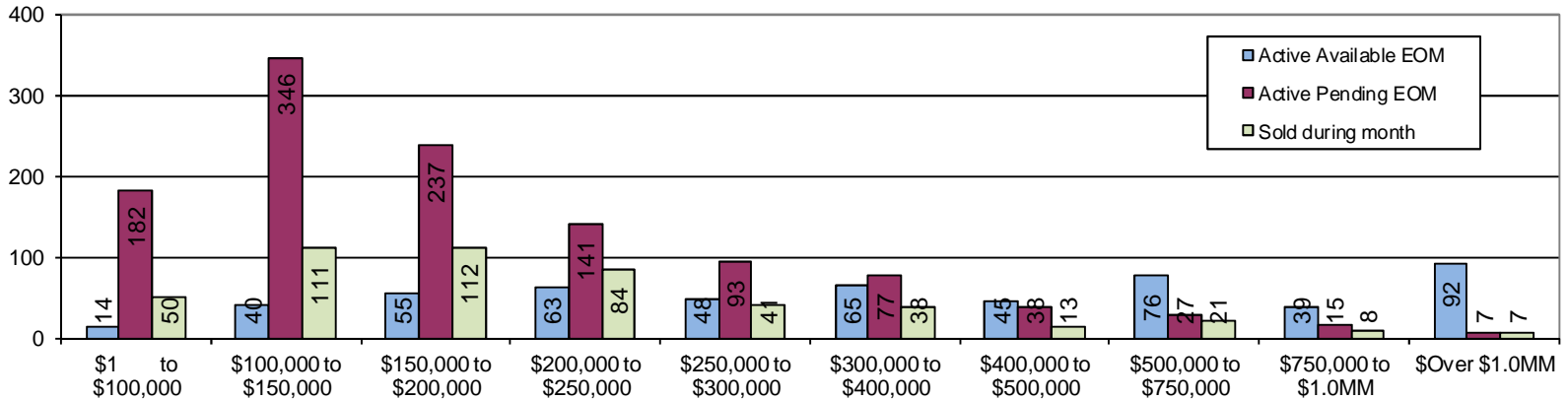
# Months Supply of Inventory, Historical 8 years



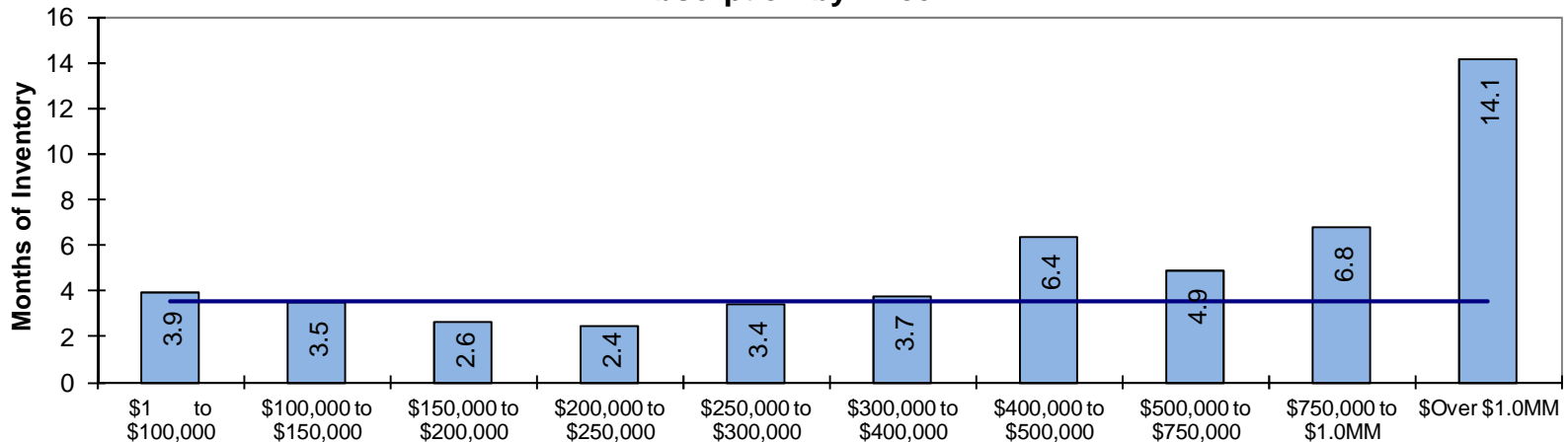
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# Units and Absorption, by Price

Active and Sold Homes by Price, current month



Absorption by Price

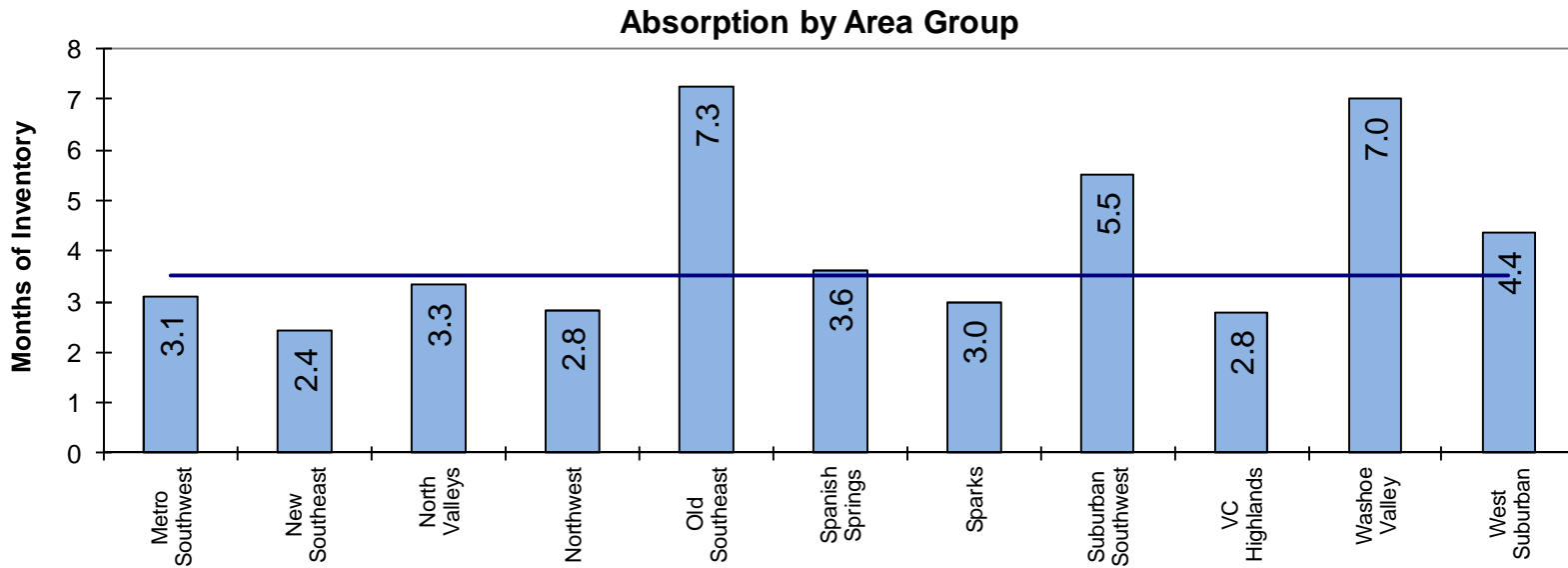
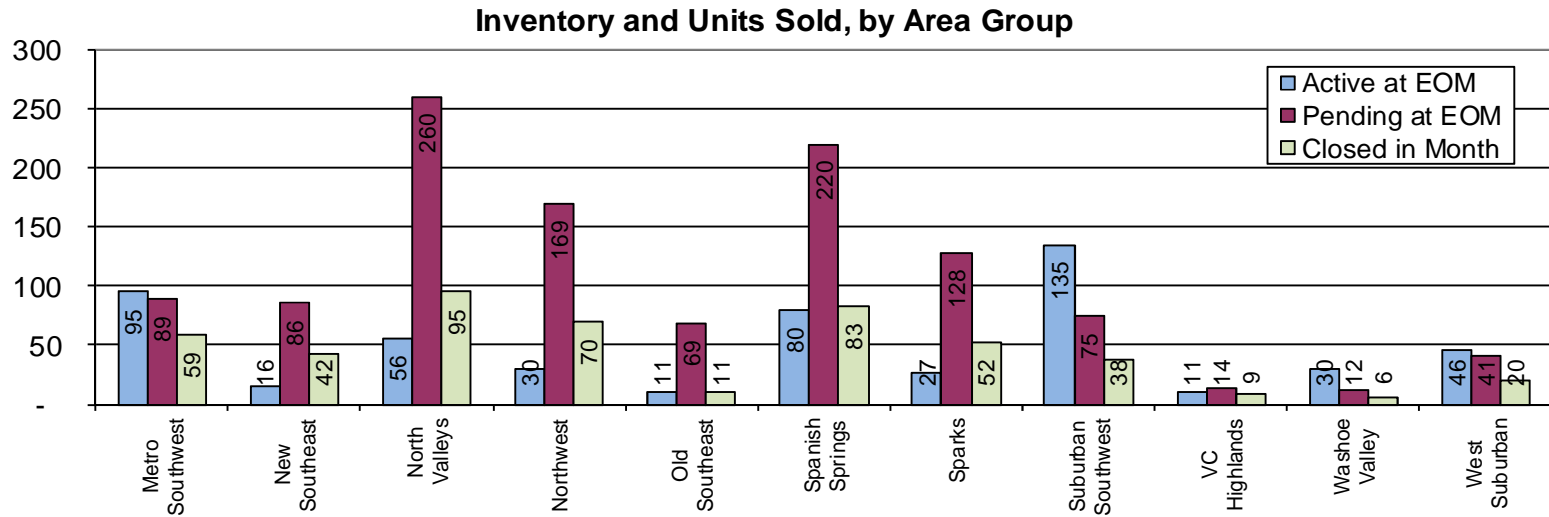


"Active" includes "Active/Pending"

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# Units and Absorption, by Area Group

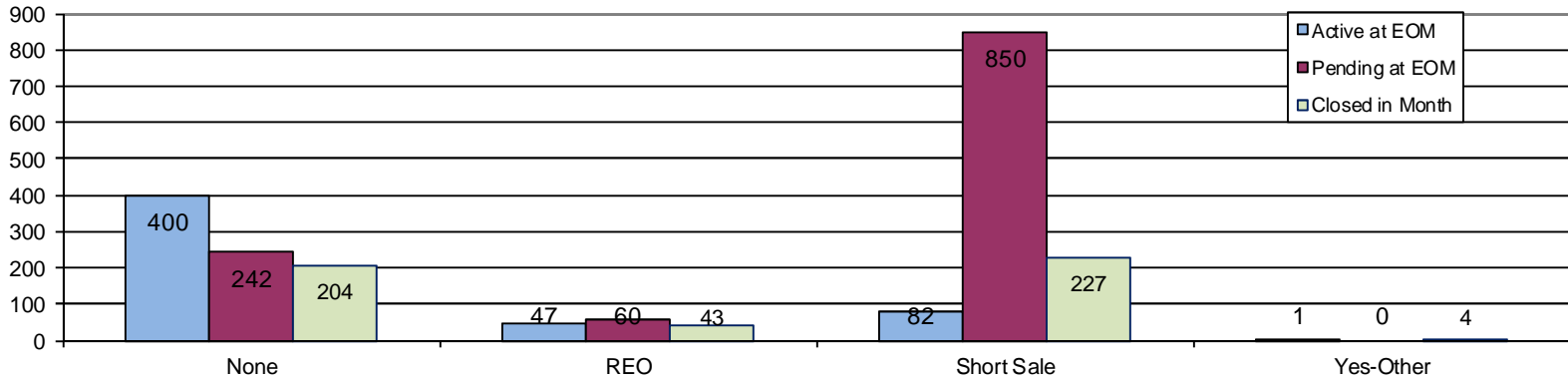




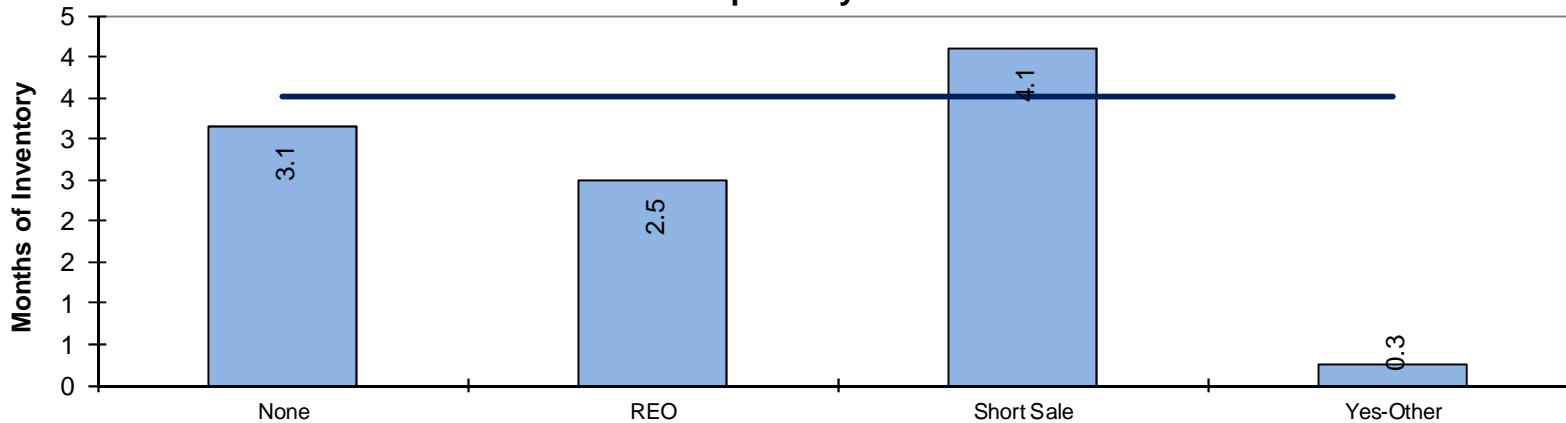
# Units and Absorption, by Special Condition

December, 2012

Active and Sold Homes by Condition, current month



Absorption by Condition



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