

Reno/Sparks Association of REALTORS®

March, 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

March, 2014

- ❖ **Commentary**
- ❖ **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
- ❖ **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 April 5th, 2014.

Market Report Commentary

March, 2014

❖ Summary

- "Median price is up substantially from the bottom of the market in January 2012, a positive statement about the recovering real estate market after seven years of declining values," said Mark Ashworth, 2014 president of the Reno/Sparks Association of REALTORS. "After the acceleration in median price in 2012 and early 2013, the growth in median sales price has slowed. We see this as another positive sign of recovery. We are cautiously optimistic that the market is in the midst of a true leveling or more normal appreciation.

❖ Median Sales Price

- March 2014 median price was down -3.4% to \$227,000 compared to \$235,000 in February 2014 and up 16.4% compared to \$195,000 in March 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

- March, 2014 median price on properties with no special conditions was down -5.3% to \$239,000 compared to \$252,383 in February, 2014 and up 4.0% compared to \$229,900 in March, 2013.
- March, 2014 median price on REO (Bank Owned) properties was up 34.4% to \$215,000 compared to \$160,000 in February, 2014 and up 36.1% compared to \$158,000 in March, 2013.
- March, 2014 median price on short sales properties was up 8.8% to \$185,000 compared to \$170,000 in February, 2014 and up 27.6% compared to \$145,000 in March, 2013.

❖ Number of Units Sold

- March, 2014 units sold was up 20.2% to 465 compared to 387 in February, 2014 and down -5.3% compared to 491 in March 2013.

❖ Average Days on Market

- March, 2014 average days on market was down -7.5% to 106 compared to 115 in February, 2014 and down -19.1% compared to 132 in March 2013.

Market Report Commentary, continued

March, 2014

❖ Days on Market (DOM) by Special Conditions

- Short sale properties had an average days on market of 247.
- Properties with no special conditions had an average days on market of 81.
- REO Properties had an average days on market of 87.

❖ New Listings

- March, 2014 new listings was up 14.5% to 631 compared to 551 in February, 2014 and up 9.2% compared to 578 in March 2013.
- Properties listed at under \$250,000 made up 46% of new listings entering the market during the month of March, 2014.
- 15% of new March, 2014 listings were distressed. Short sales 8%; REO 5%; No special conditions 85%; and Other 2%.

❖ Distressed New Listings History

- The allocation of new listings by special conditions decreased, representing 13% of the market in March 2014, down from 19% in February 2014, and 31% in March 2013.

❖ Status of Pending

- Active/Pending-Short Sale represent 33.1% of the total active pendings; Active/Pending-Loan equals 25.5%; Pending-No Show represents 29.7%; Active/Pending-Call 10.2%; and Active/Pending-House 1.4%.

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

- At the end of March, 2014, there was 3.7 months of unsold inventory based on the monthly sales rate.

Market Report Commentary, continued

March, 2014

❖ Historical Months Supply of Inventory

- March, 2014 MSI was down to 3.7 compared to 4.7 in February, 2014 and down from 4.0 in March, 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: \$1 to \$100,000,
- Price Bands in a Buyer's Market are: \$400,000 to \$500,000, \$500,000 to \$750,000, Over \$750,000,
- Price Bands in a Seller's Market are: \$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,
- 58% of the total sales for March, 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: VC Highlands, Washoe Valley,
- Area Groups in a Seller's Market are: Metro Southwest, New Southeast, North Valleys, Northwest, Old Southeast, Spanish Springs, Sparks, West Suburban,
- Suburban Southwest had the highest level of active inventory with 150 active listings.
- North Valleys had the highest level of pending sales with 189 pendlings.
- Spanish Springs had the highest level of closed sales with 92 closed sales.

❖ Units and Absorption by Condition

- The Months Supply of Inventory in the category of Real Estate Owned is at a 2.7 MSI in March, 2014.
- No Special Conditions condition properties has 3.1 MSI, Short Sale properties has 6.9 MSI, and Yes-Other has 4.0 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

March, 2014

❖ Conclusion

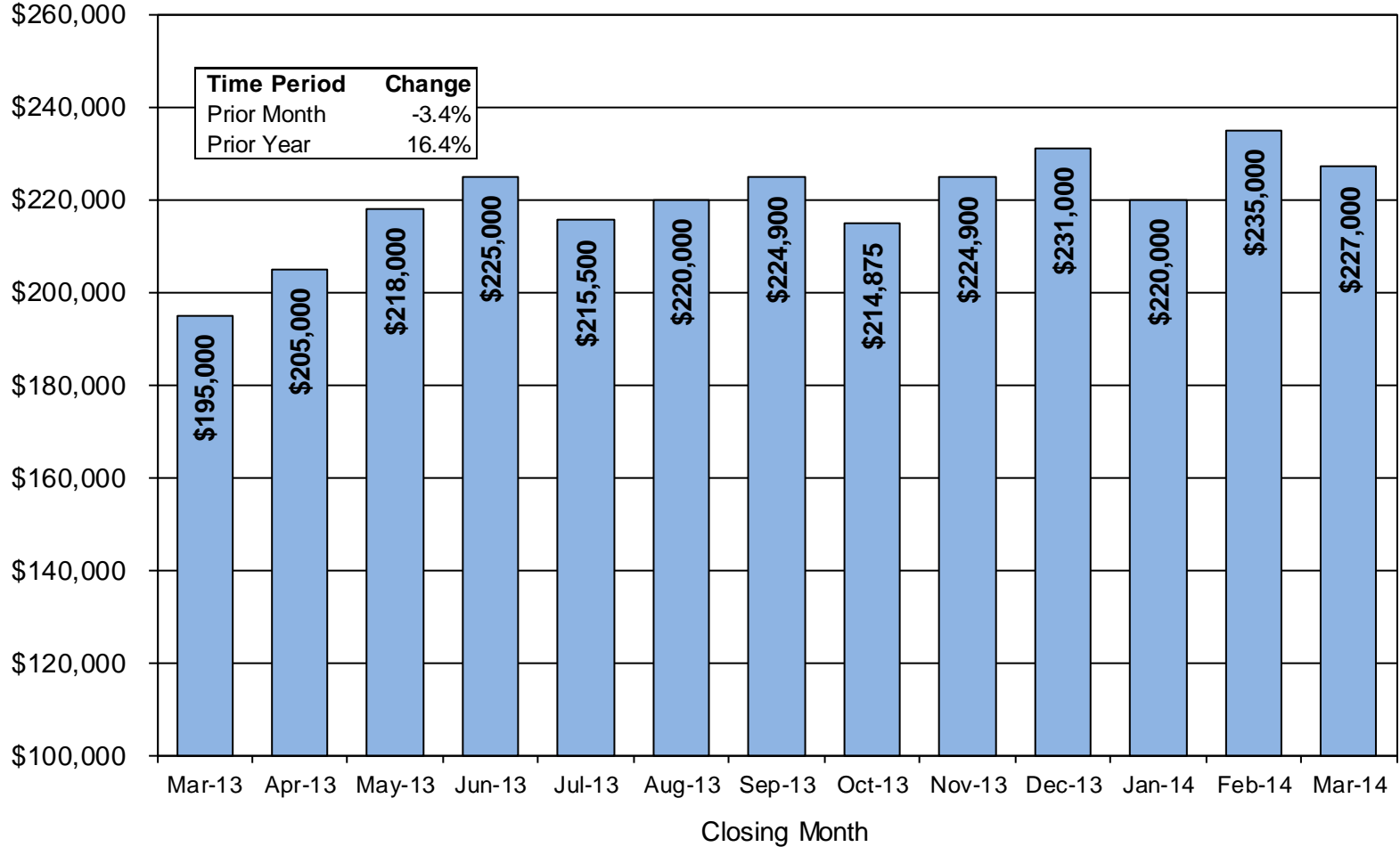
- The trend shows that the acceleration in median price is slowing. First quarter 2014 prices are up only 2.6% over 4th quarter 2013, compared to an 18.4% increase over the first quarter 2013.
- Unit sales for a March are the seventh highest in history.
- March pending sales were up 14% with 417 compared to 365 in February 2014. Pending sales are a leading indicator of future closed transactions.
- Affordability is an important discussion in today's market. There is no specific level of the index that signals "unaffordable". Rather, it's better to view the index as a measure of how opportunities for households with a median income are changing over time. For example, the Nevada median-income household of \$50,000 will have a harder time buying a home today than they did two years ago, mostly because prices have increased (and not because mortgage rates are a lot higher or incomes a lot lower).
- The affordability index has changed due to current market conditions of higher prices and lean inventory. It doesn't mean the median-income household cannot afford to purchase a home in today's market, it simply means the purchasing power has declined as a result of less inventory and a higher median price.
- For those sellers with equity and a willingness to price their home competitively, particularly at the entry level of the market, there is still buyer demand and it's an excellent time to sell.

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Median Sales Price

March, 2014

Median Sales Price, 13 months



Summary: Median Sales Price

March, 2014

Median Sales Price, 8 years



Price per Square Foot

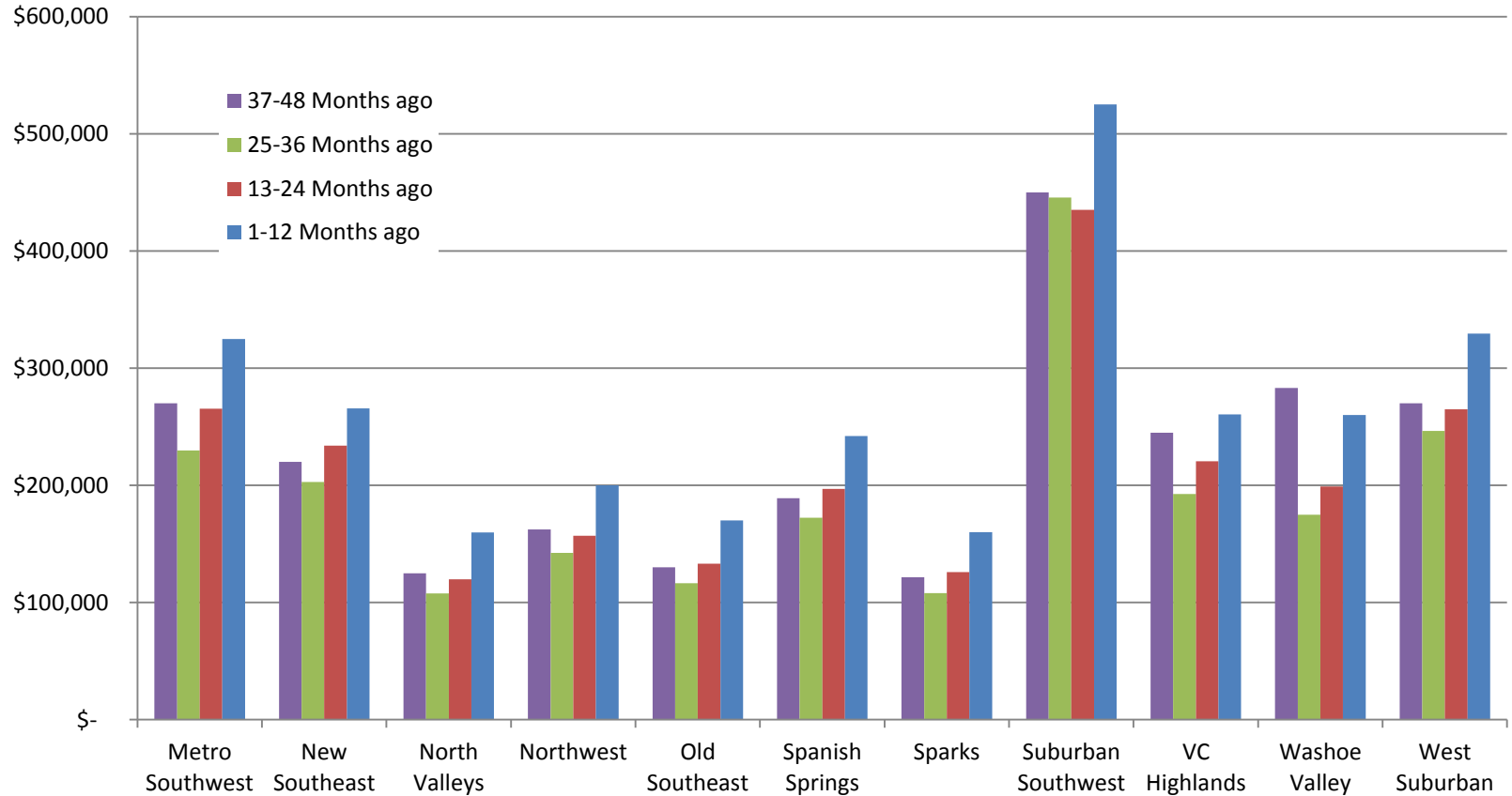
March, 2014

Sold Dollars per Square Foot, 5 year History



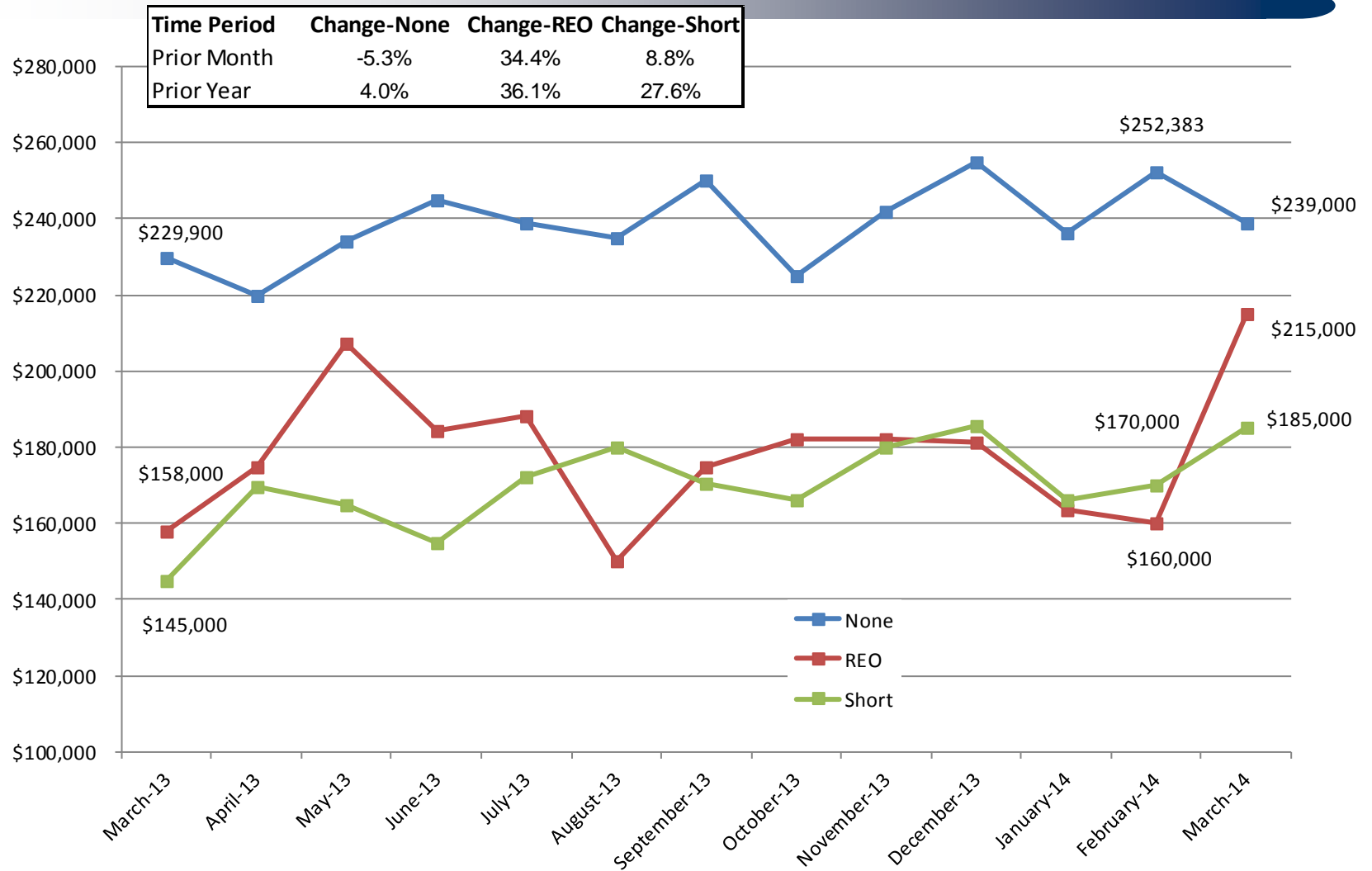
Annualized Median Price by Area Group

March, 2014



Median Sales Price by Special Condition

March, 2014

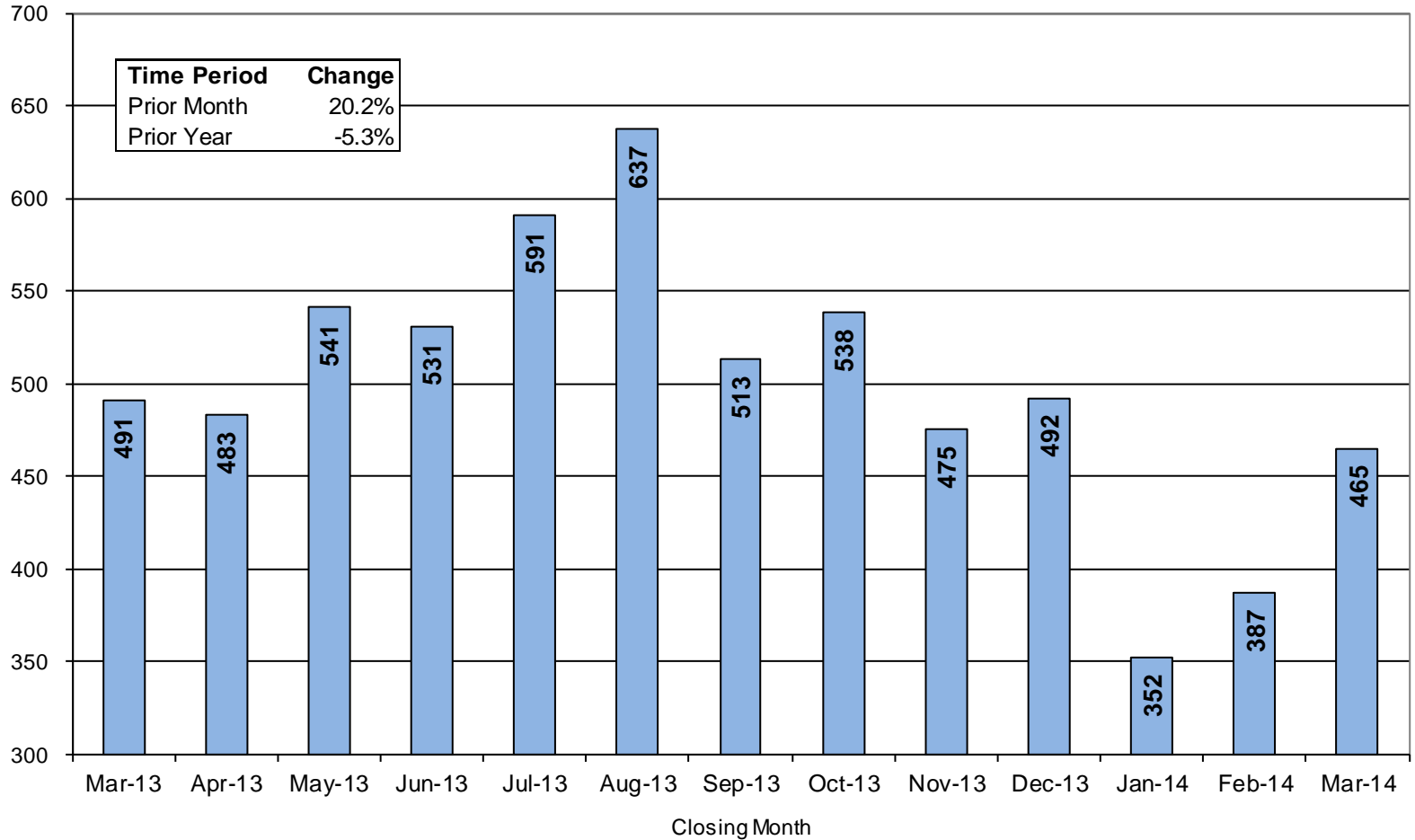


Distressed listings are defined as follows: REO – property has been foreclosed upon and is being sold by the bank, HUD or VA. Short Sale - seller owns more for the property than current value.

Number of Units Sold

March, 2014

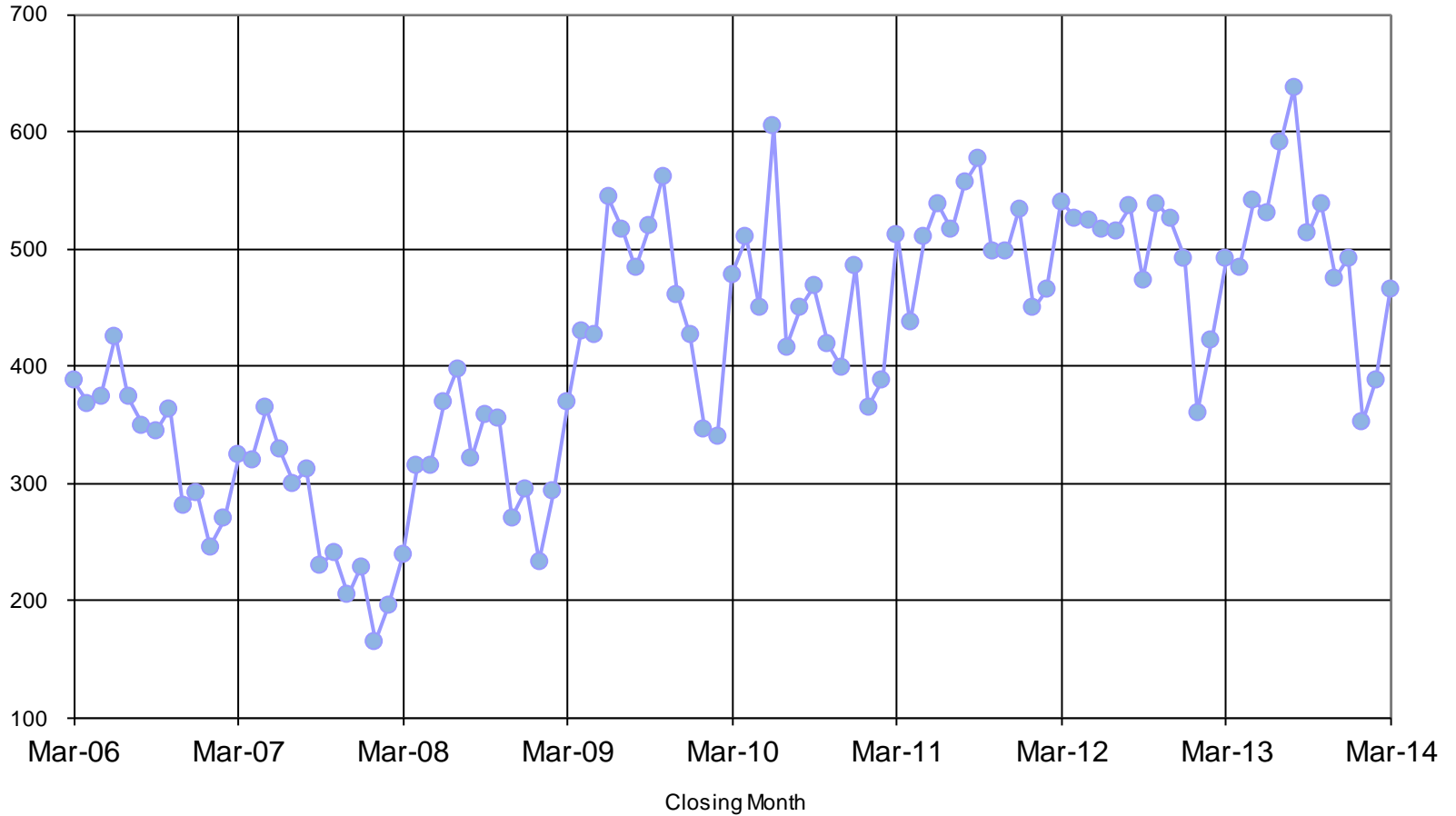
Number of Units Sold, 13 months



Number of Units Sold

March, 2014

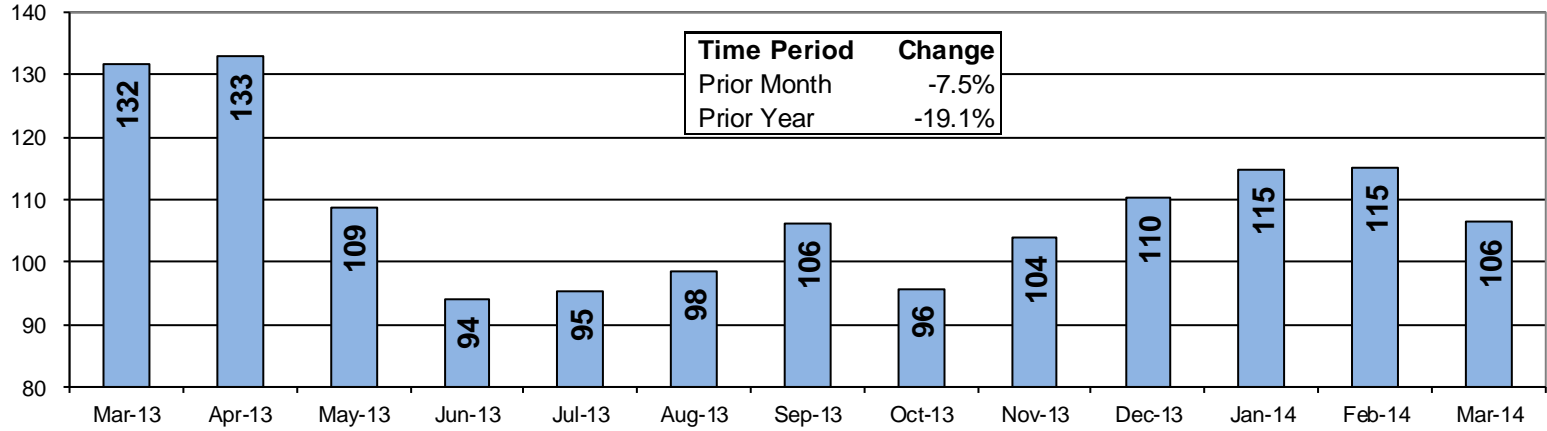
Number of Units Sold, 8 years



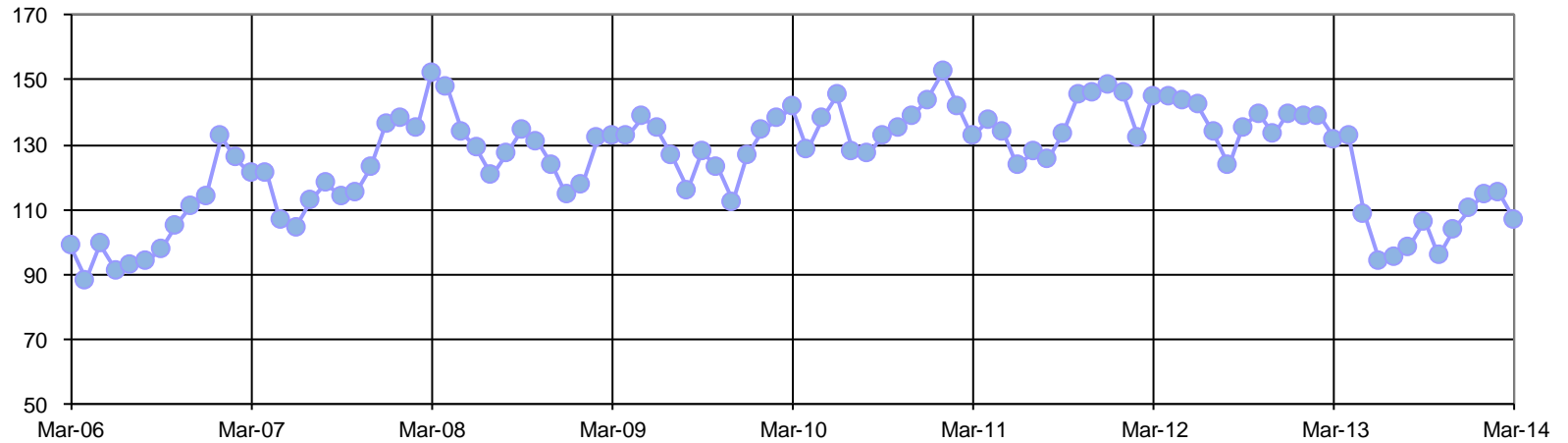
Days on Market, by Month

March, 2014

Average Days on Market for Solds, 13 months

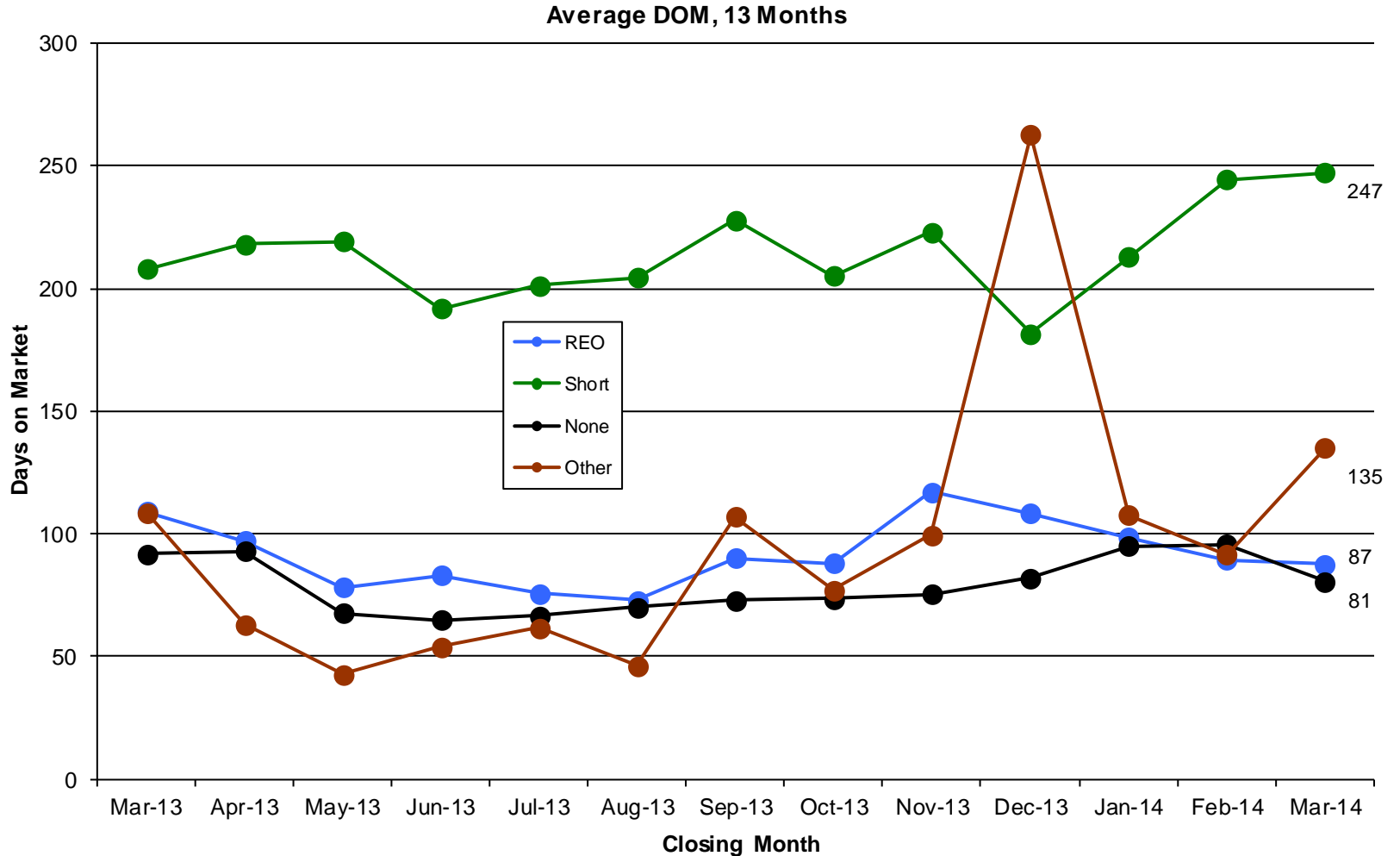


Average Days on Market for Solds, 8 years



Days on Market, by Special Conditions

March, 2014

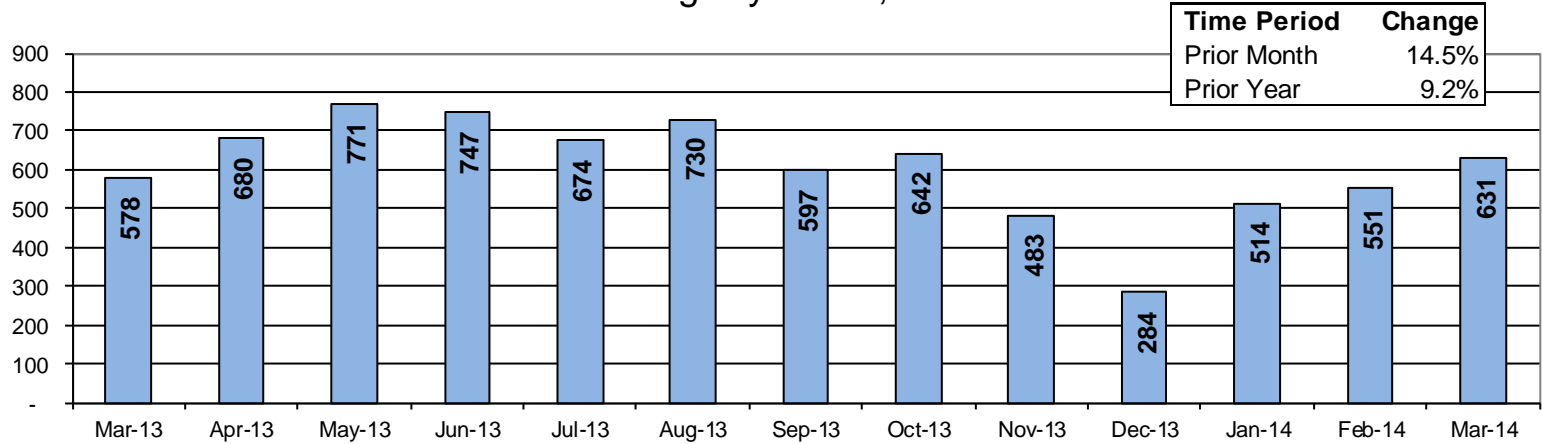


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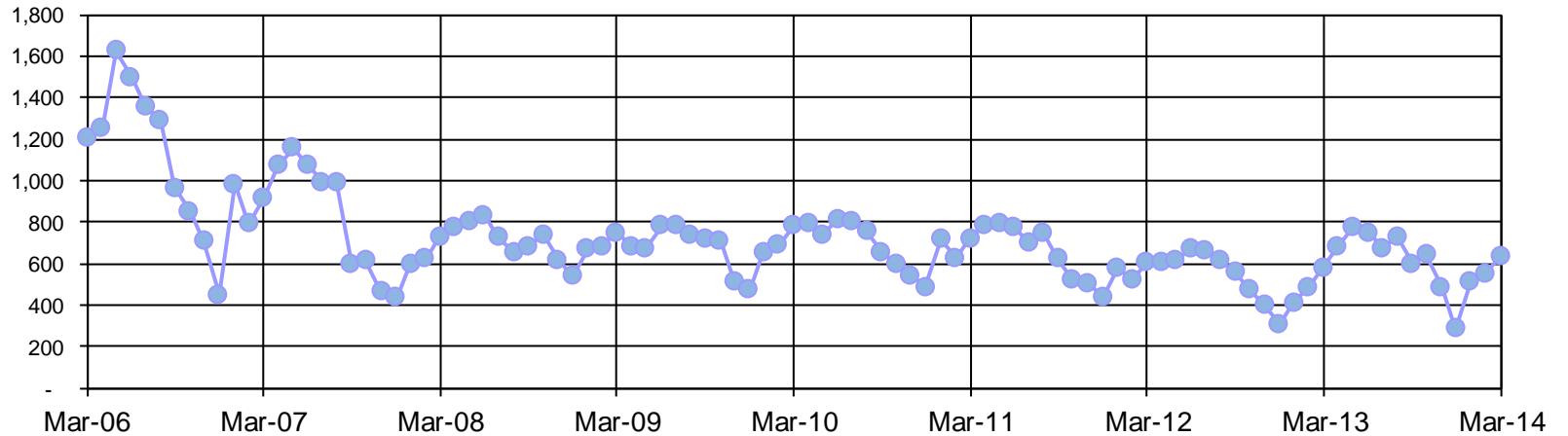
New Listings, by Month

March, 2014

New Listings by Month, 13 months



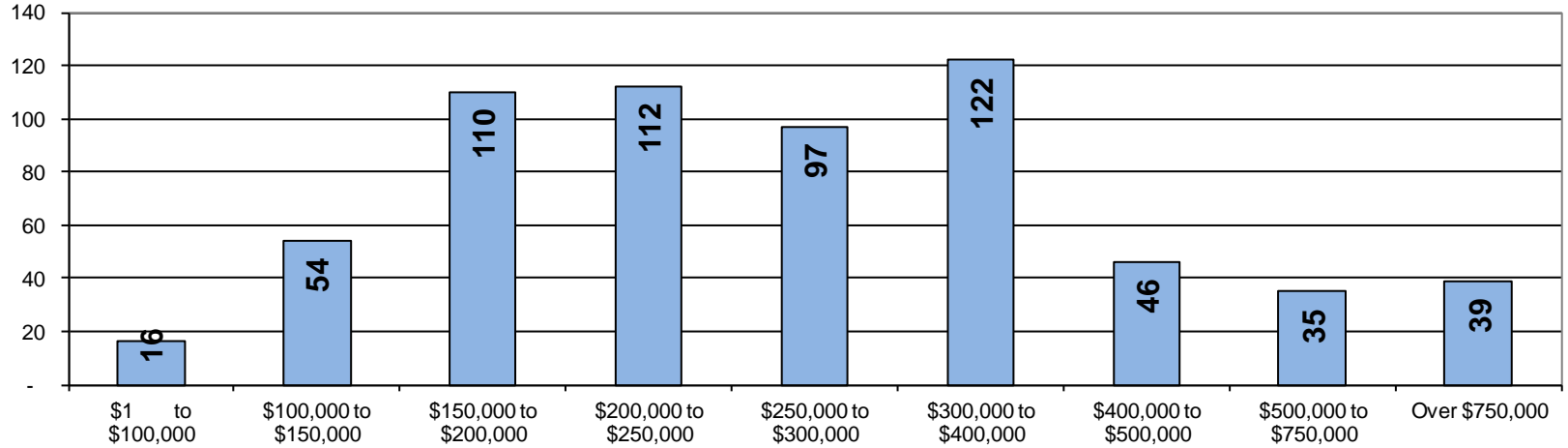
New Listings by Month, 5 years



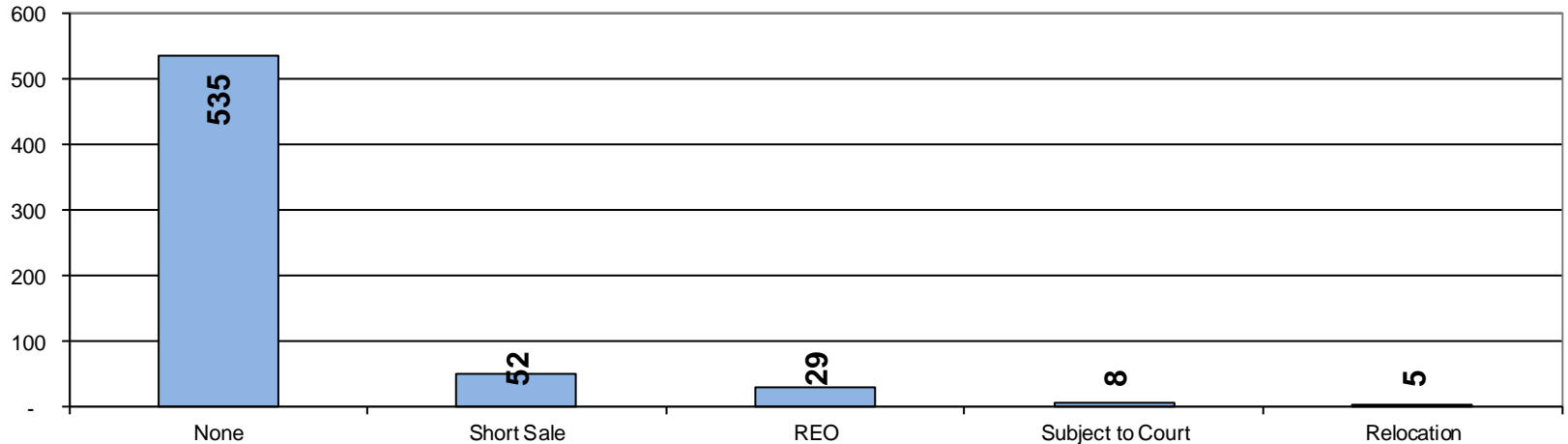
New Listings, by Price and by Special Condition

March, 2014

New Listings, by Price Range



New Listings, by Special Condition



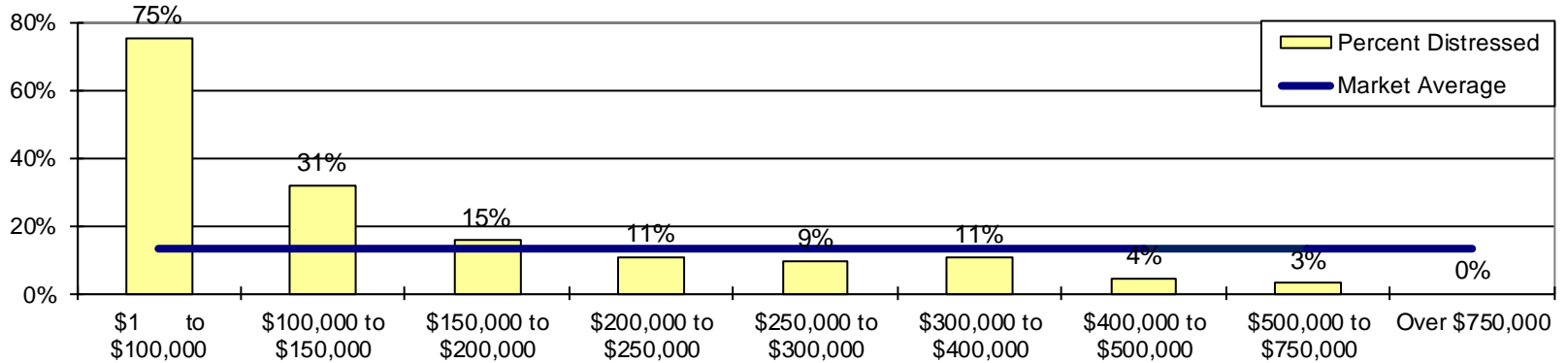
Distressed listings are defined as follows: REO – property has been foreclosed upon and is being sold by the bank, HUD or VA. Short Sale - seller owns more for the property than current value. Distressed New Listings includes Fannie Mae, Freddie Mac, HUD, and any bank-owned listings.

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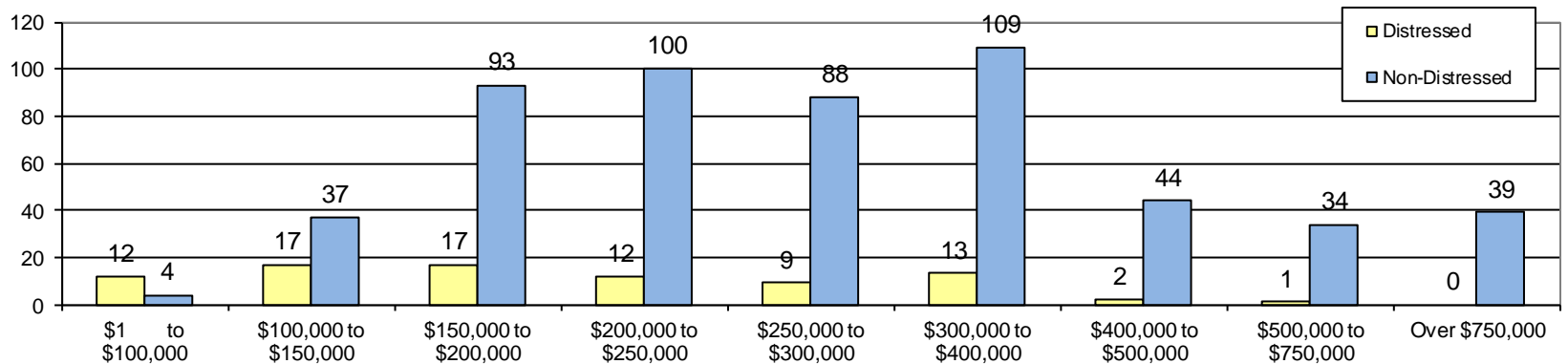
Distressed Listings, by Price

March, 2014

Percentage Distressed New Listings by Price, current month



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

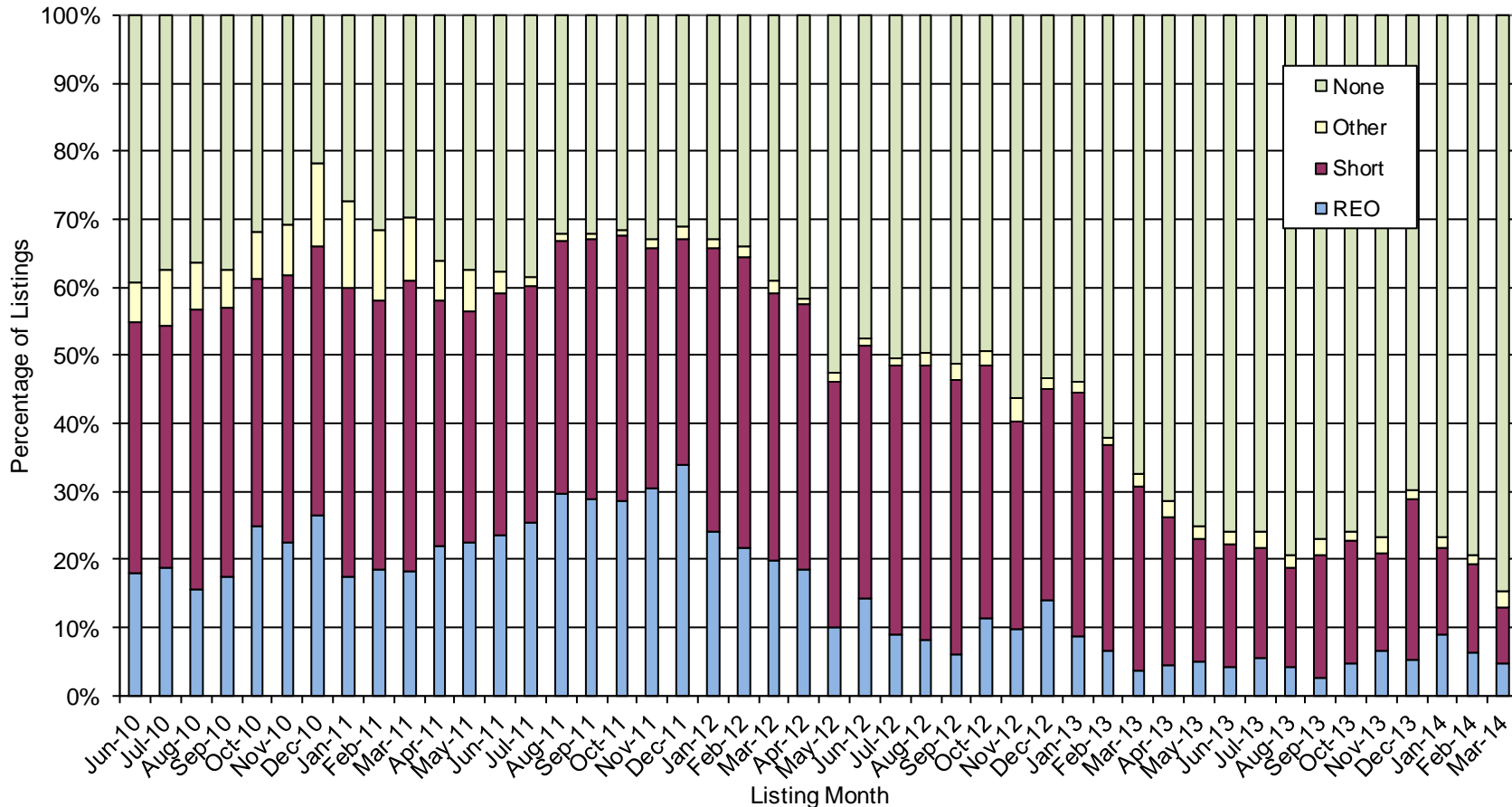


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Distressed Listings, as a percentage of all listings

March, 2014

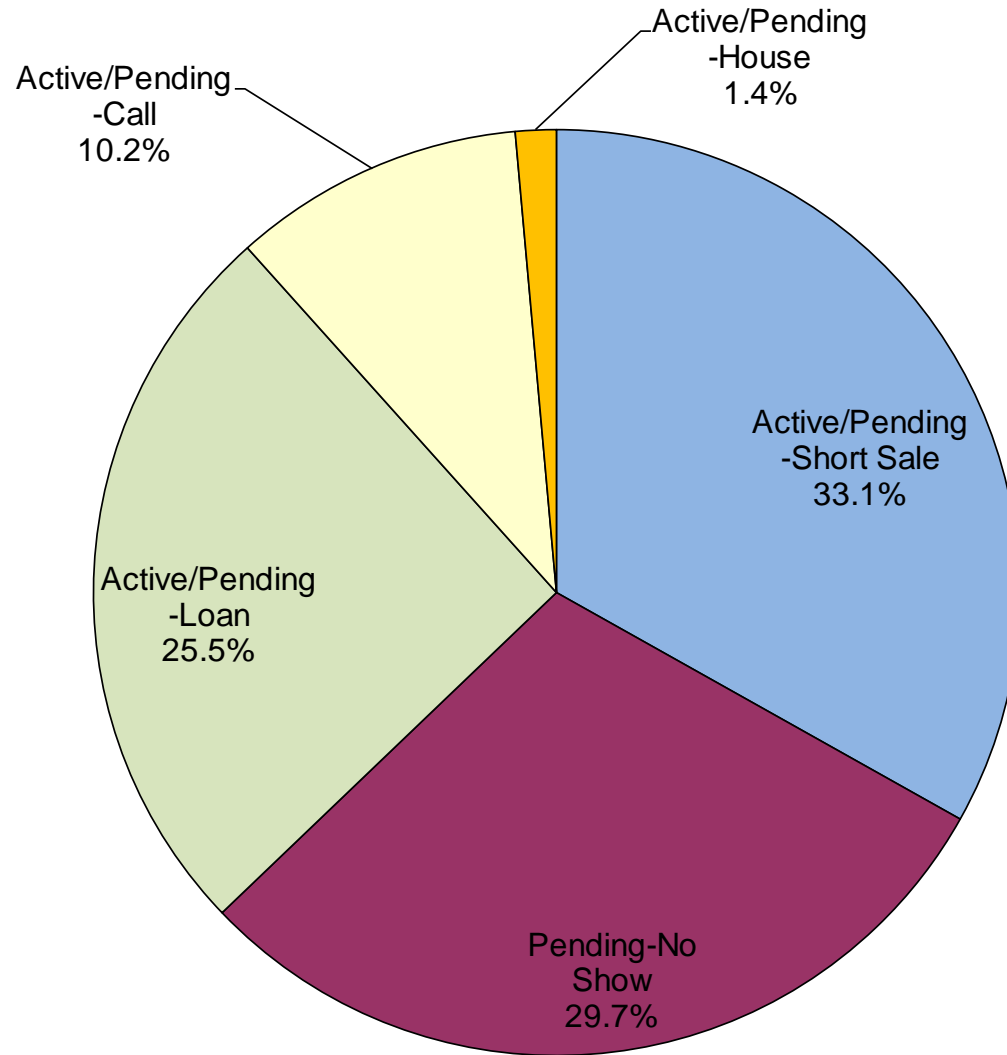
New Listings by Special Conditions



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Status of Pendings, Current Month

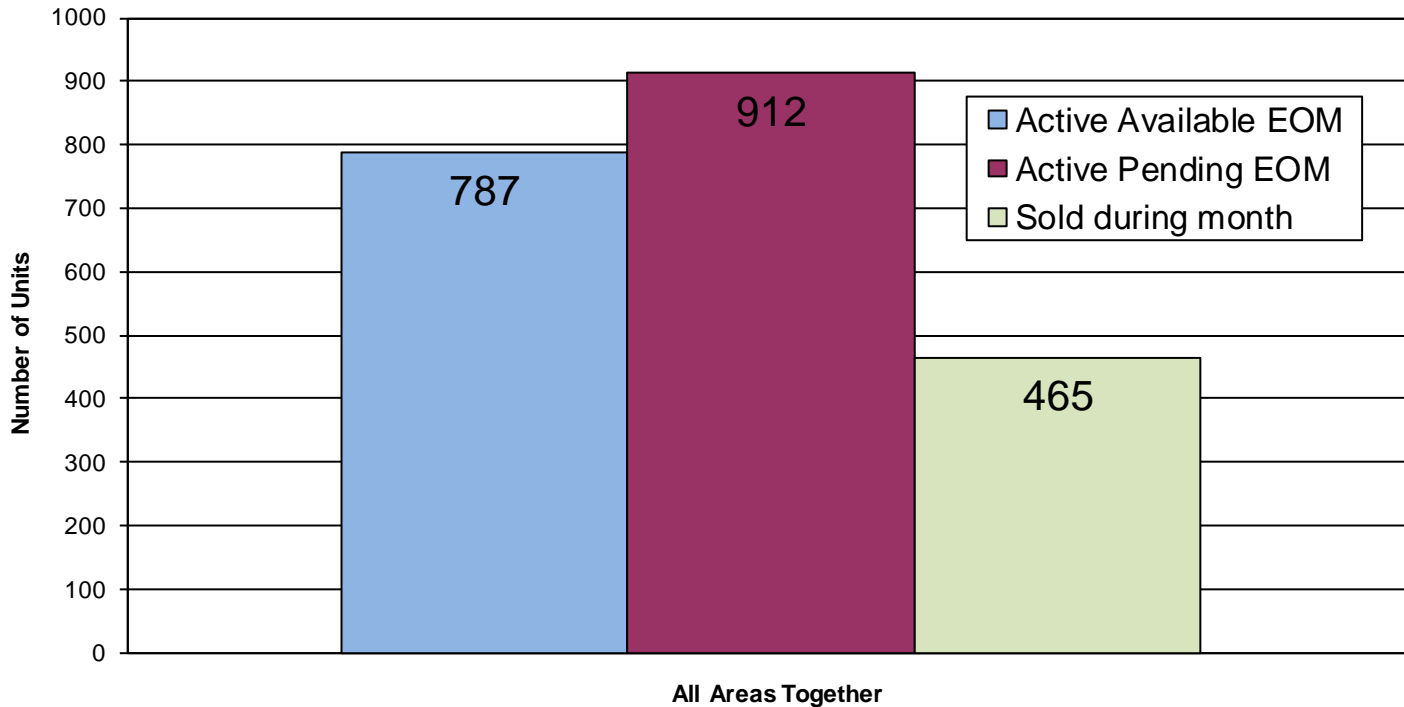
March, 2014



Months Supply of Inventory, Current Month

March, 2014

$(787 + 912)$ available / 465 units sold = 3.7 months of inventory

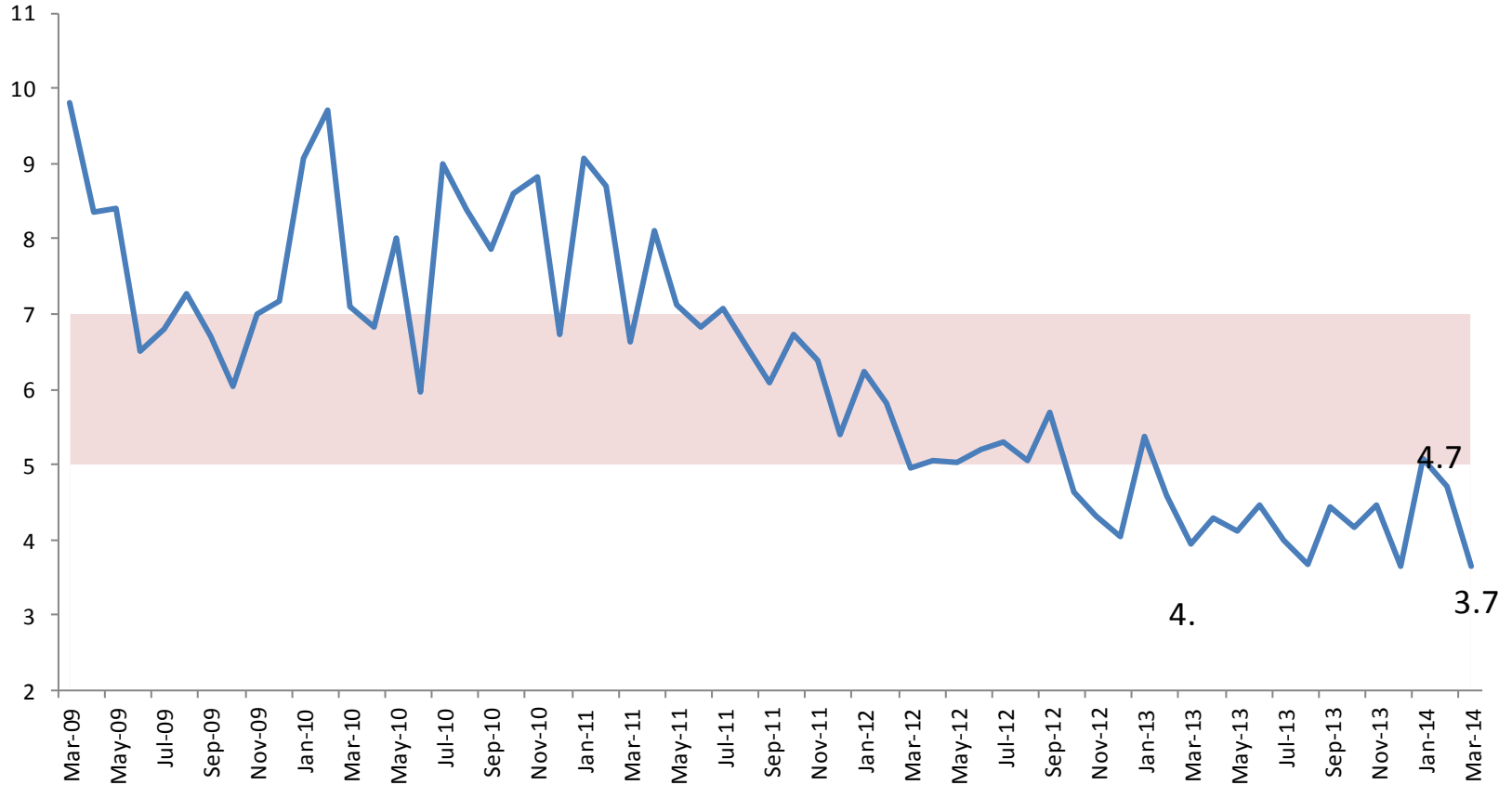


Unsold Inventory includes Active Pendings. This method of reporting absorption follows the industry standard and includes pendings in Active Inventory. Absorption or Months Supply of Inventory is defined as the number of months it would take to absorb the units available for sale. The National Association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

Months Supply of Inventory, Historical 5 years

March, 2014

Month's Supply of Inventory, 5 year history

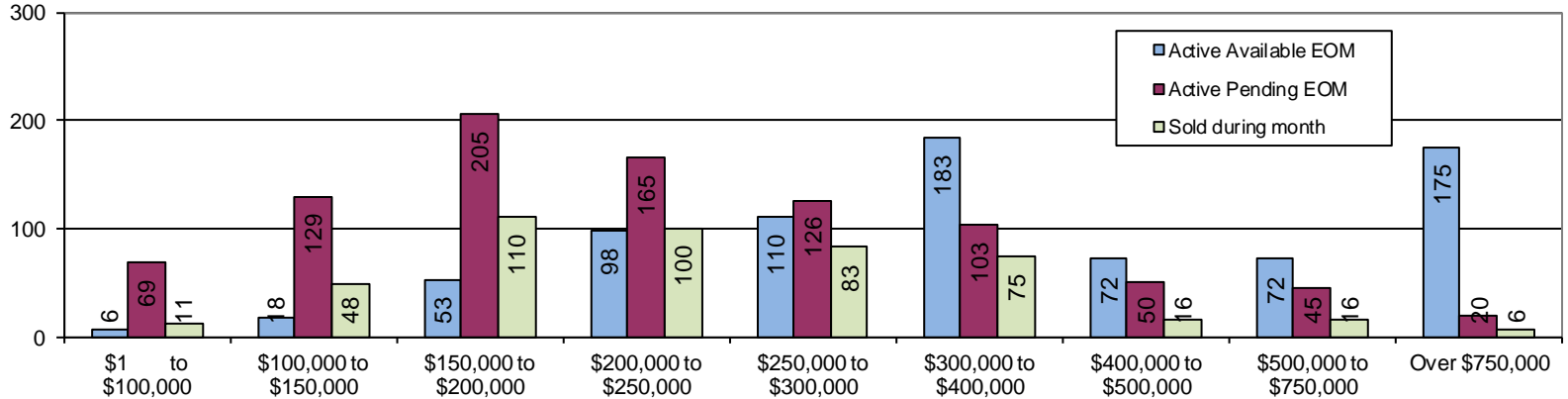


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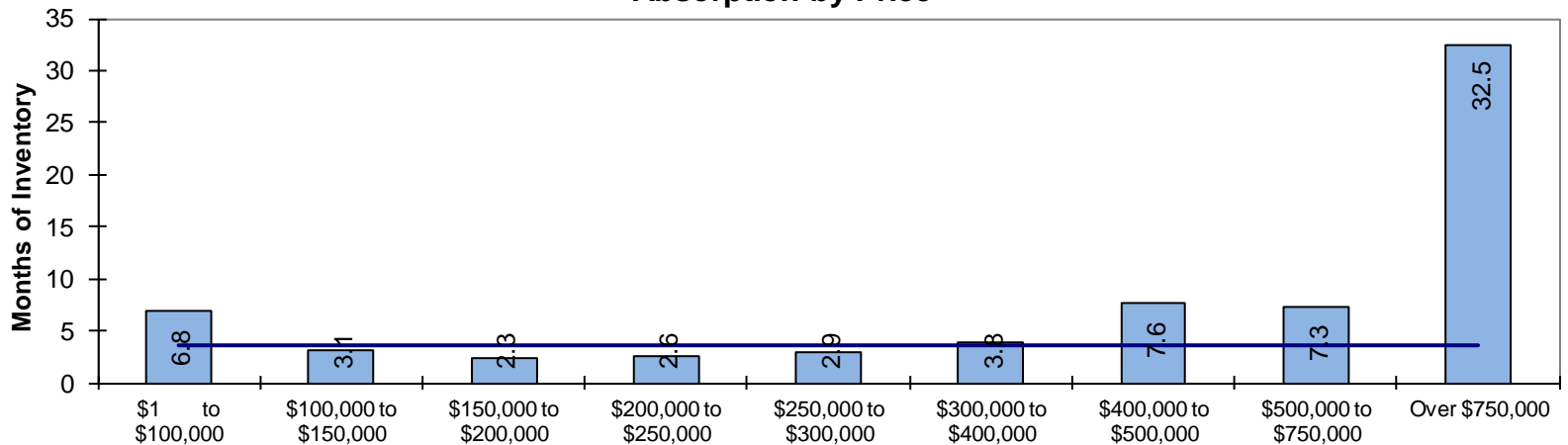
Units and Absorption, by Price

March, 2014

Active and Sold Homes by Price, current month



Absorption by Price



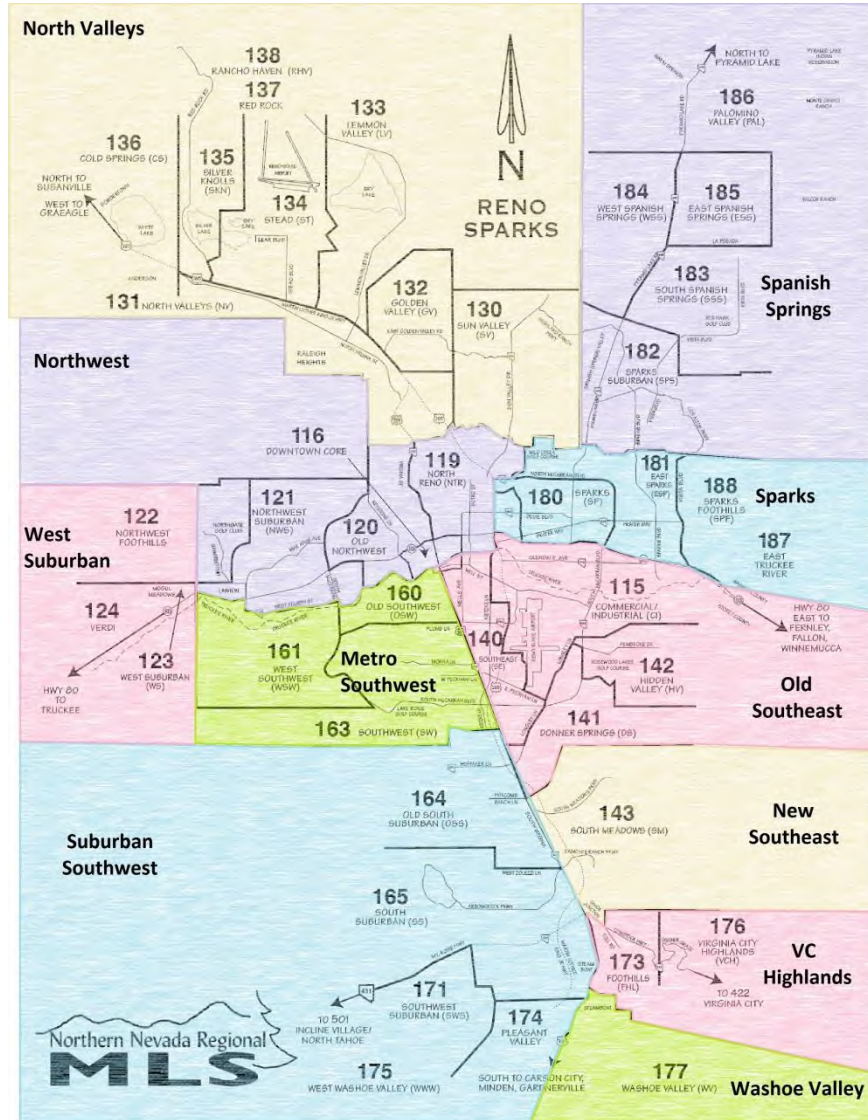
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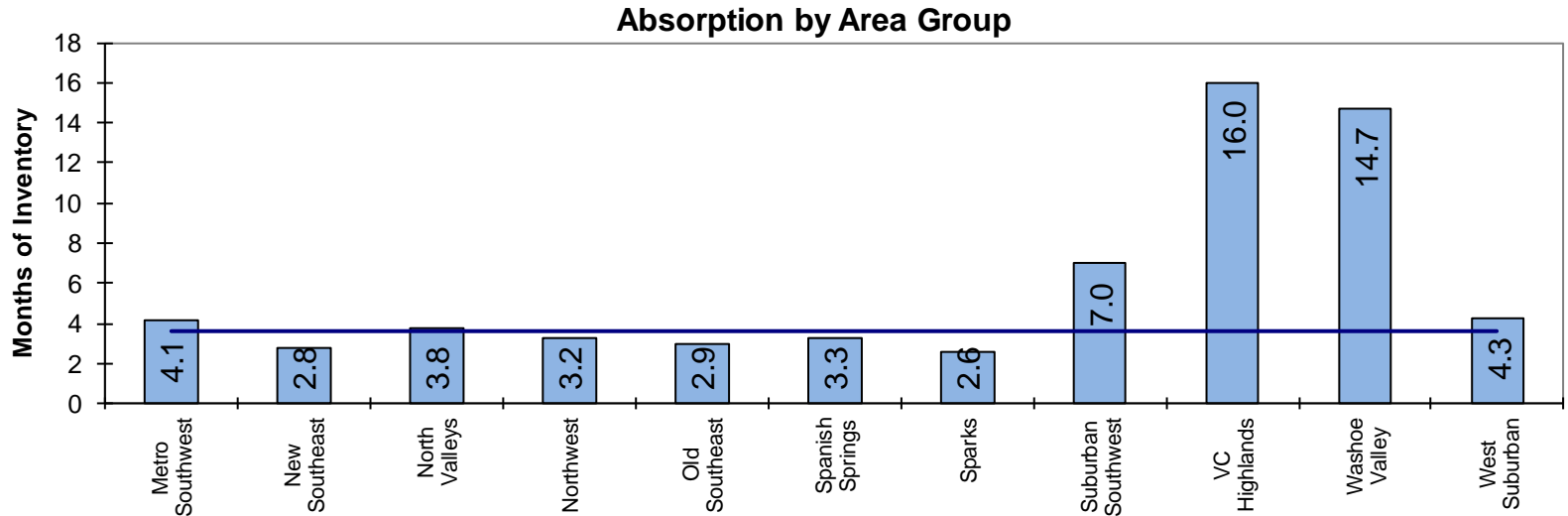
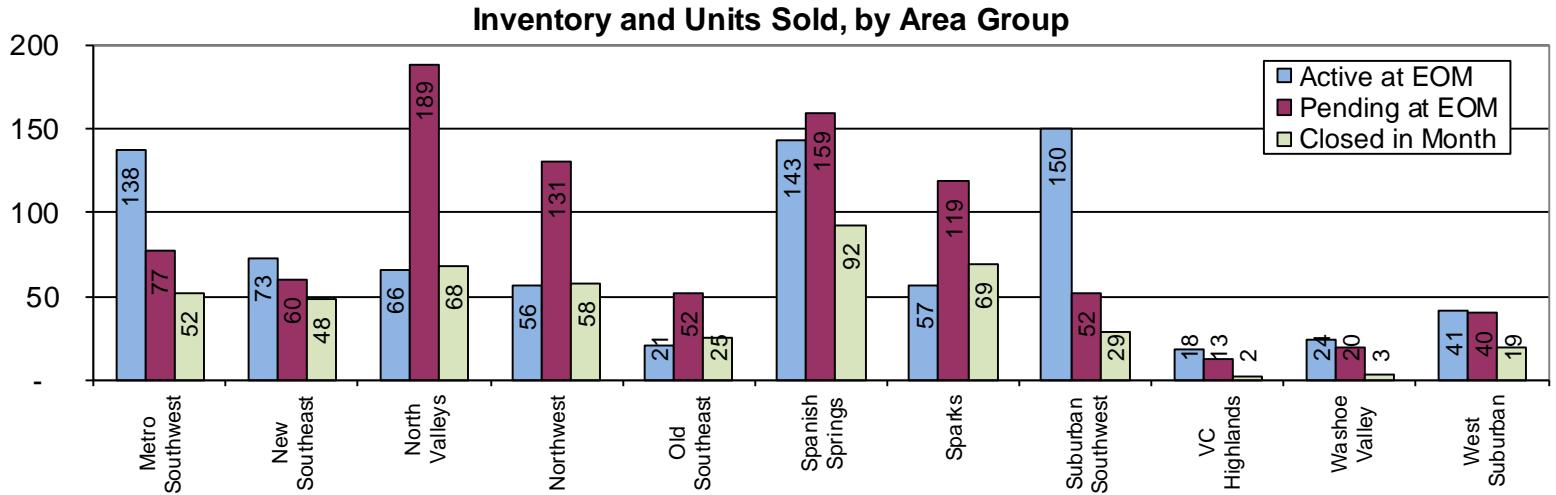
Reno/Sparks Area Map

March, 2014



Units and Absorption, by Area Group

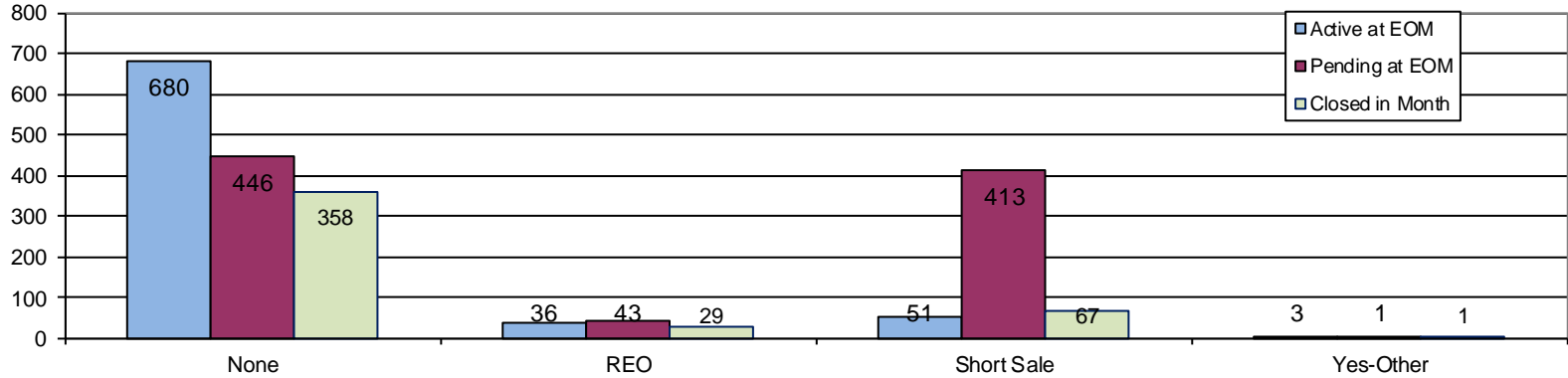
March, 2014



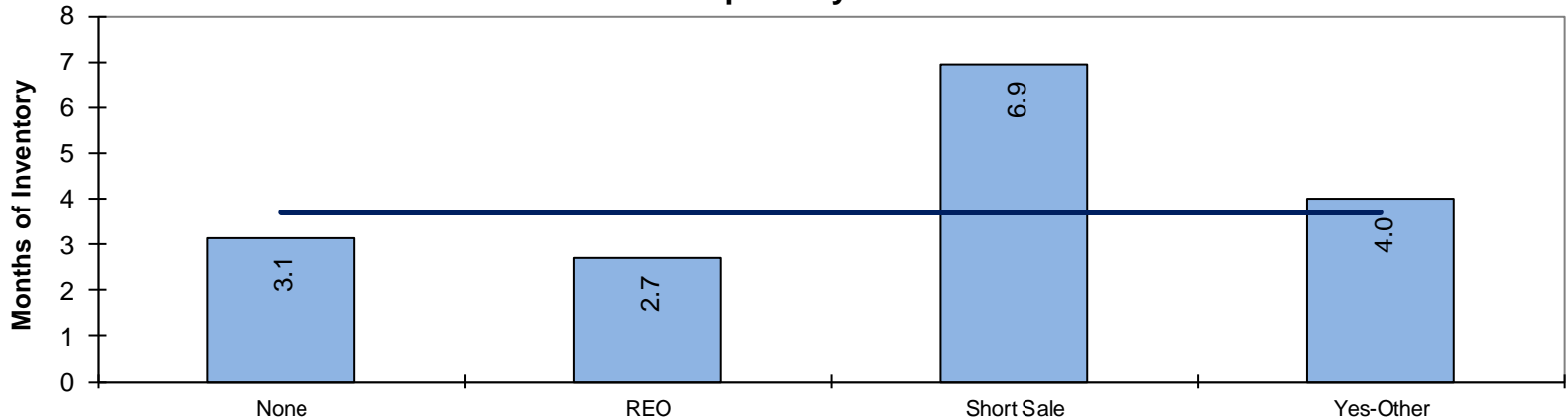
Units and Absorption, by Special Condition

March, 2014

Active and Sold Homes by Condition, current month



Absorption by Condition



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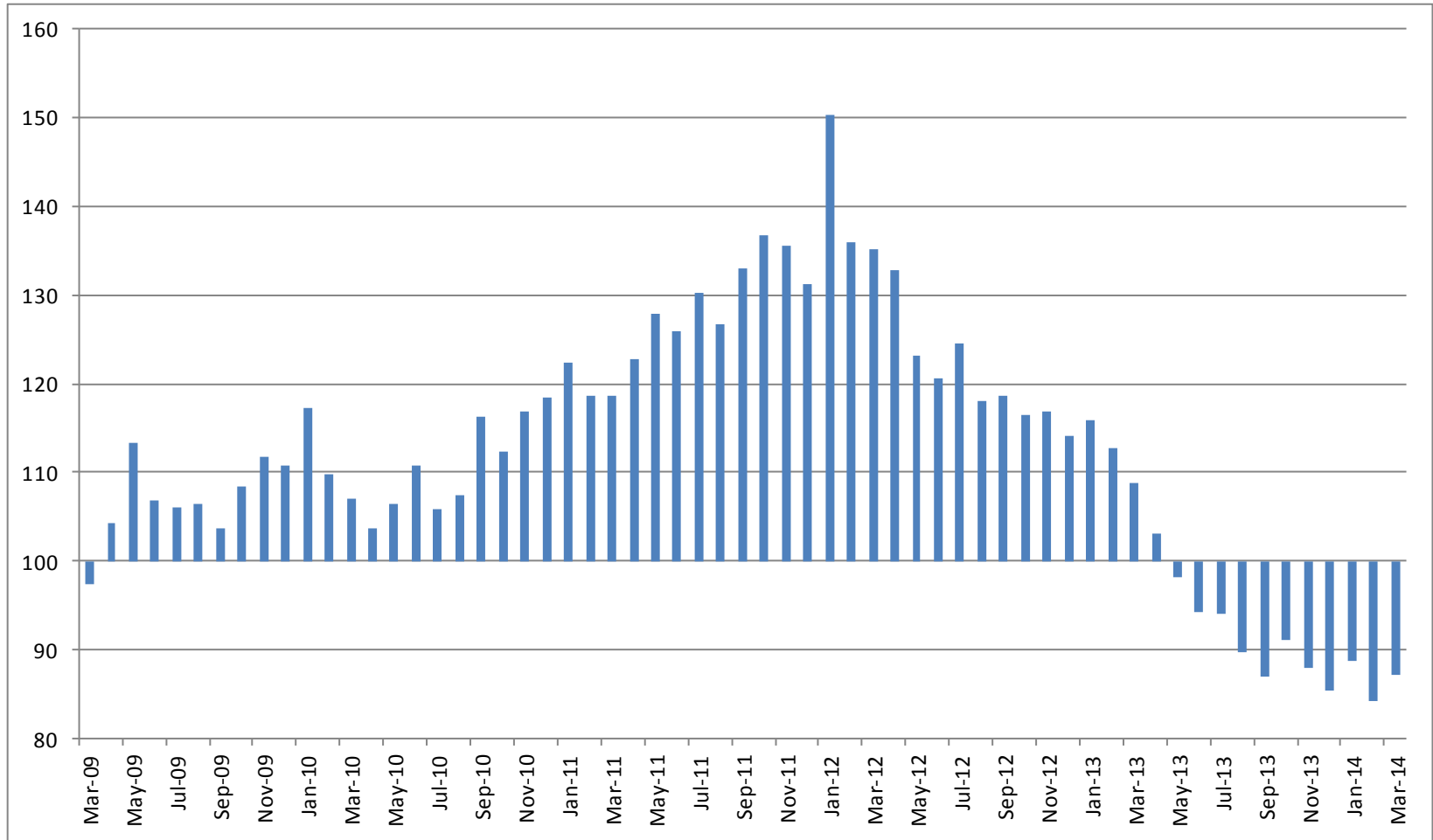
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Housing Affordability Index, 5 years

March, 2014



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

March, 2014

