

# Reno/Sparks Association of REALTORS®

May 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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- ❖ **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 June 7<sup>h</sup>, 2015.

# Market Report Commentary

May, 2015

## ❖ Summary

- “Homebuyers who have been on the sideline should consider making a move to buying a home soon before interest rates get too high,” said Dave Hansen, 2015 president RSAR. “Mortgage rates are showing signs of inching up. The 30-year fixed-rate mortgage is up almost a half of a percentage point since mid-May, averaging about 4.125 percent. Economists had predicted we would begin to see an increase in interest rates by mid-year and they appear to be right.”

## ❖ Median Sales Price

- May 2015 median price was up 4.7% to \$284,900 compared to \$272,000 in April 2015 and up 18.7% compared to \$240,000 in May 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

- May, 2015 median price on properties with no special conditions was up 3.6% to \$290,000 compared to \$279,945 in April, 2015 and up 16.0% compared to \$250,000 in May, 2014.
- May, 2015 median price on REO (Bank Owned) properties was down -0.4% to \$208,000 compared to \$208,750 in April, 2015 and up 8.6% compared to \$191,500 in May, 2014.
- May, 2015 median price on short sales properties was down -2.7% to \$215,000 compared to \$221,000 in April, 2015 and up 8.0% compared to \$199,000 in May, 2014.

# Market Report Commentary, continued

May, 2015

- ❖ **Number of Units Sold**
  - May, 2015 units sold was down 0.0% to 567 compared to 567 in April, 2015 and up 3.8% compared to 546 in May 2014.
- ❖ **Average Days on Market**
  - May, 2015 average Days On Market was up 0% to 92 compared to 92 in April, 2015 and down -9% compared to 101 in May 2014.
- ❖ **Days on Market (DOM) by Special Conditions**
  - Short sale properties had an average days on market of 275.
  - Properties with no special conditions had an average days on market of 82.
  - REO Properties had an average days on market of 70.
- ❖ **New Listings**
  - May, 2015 new listings was down -0.1% to 774 compared to 775 in April, 2015 and up 0.1% compared to 773 in May 2014.
  - Properties listed at under \$250,000 made up 31% of new listings entering the market during the month of May, 2015.
  - 6% of new May, 2015 listings were distressed. Short sales 2%; REO 3%; No special conditions 94%; and Other 1%.
- ❖ **Distressed New Listings History**
  - The allocation of new listings by special conditions decreased, representing 5% of the market in May 2015, down from 6% in April 2015, and down from 9% in May 2014.
- ❖ **Status of Pending**
  - Active/Pending-Loan represent 42.0% of the total active pendings; Active/Pending-Short Sale equals 12.4%; Pending-No Show represents 30.4%; Active/Pending-Call 11.1%; and Active/Pending-House 4.2%.
- ❖ **Current Months Supply of Inventory (Unsold Inventory over Sales per Month)**
  - At the end of May, 2015, there was 3.0 months of unsold inventory based on the monthly sales rate.

# Market Report Commentary, continued

May, 2015

## ❖ Historical Months Supply of Inventory

- May, 2015 MSI was down to 3.0 compared to 3.1 in April, 2015 and down from 4.1 in May, 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:
- 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,
- 39% of the total sales for May, 2015 were in the under \$250,000 price range.

## ❖ Units and Absorption by Area Group

- Area Groups in a Balance Market are: Suburban Southwest, VC Highlands, Washoe Valley.
- Area Groups in a Buyer's Market are: None.
- 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 172 active listings.
- Spanish Springs had the highest level of pending sales with 183 pendlings.
- Spanish Springs had the highest level of closed sales with 115 closed sales.

## ❖ Units and Absorption by Condition

- The Months Supply of Inventory in the category of Real Estate Owned is at a 1.6 MSI in May, 2015.
- No Special Conditions condition properties has 2.9 MSI, Short Sale properties has 5.3 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

May, 2015

## ❖ Conclusion

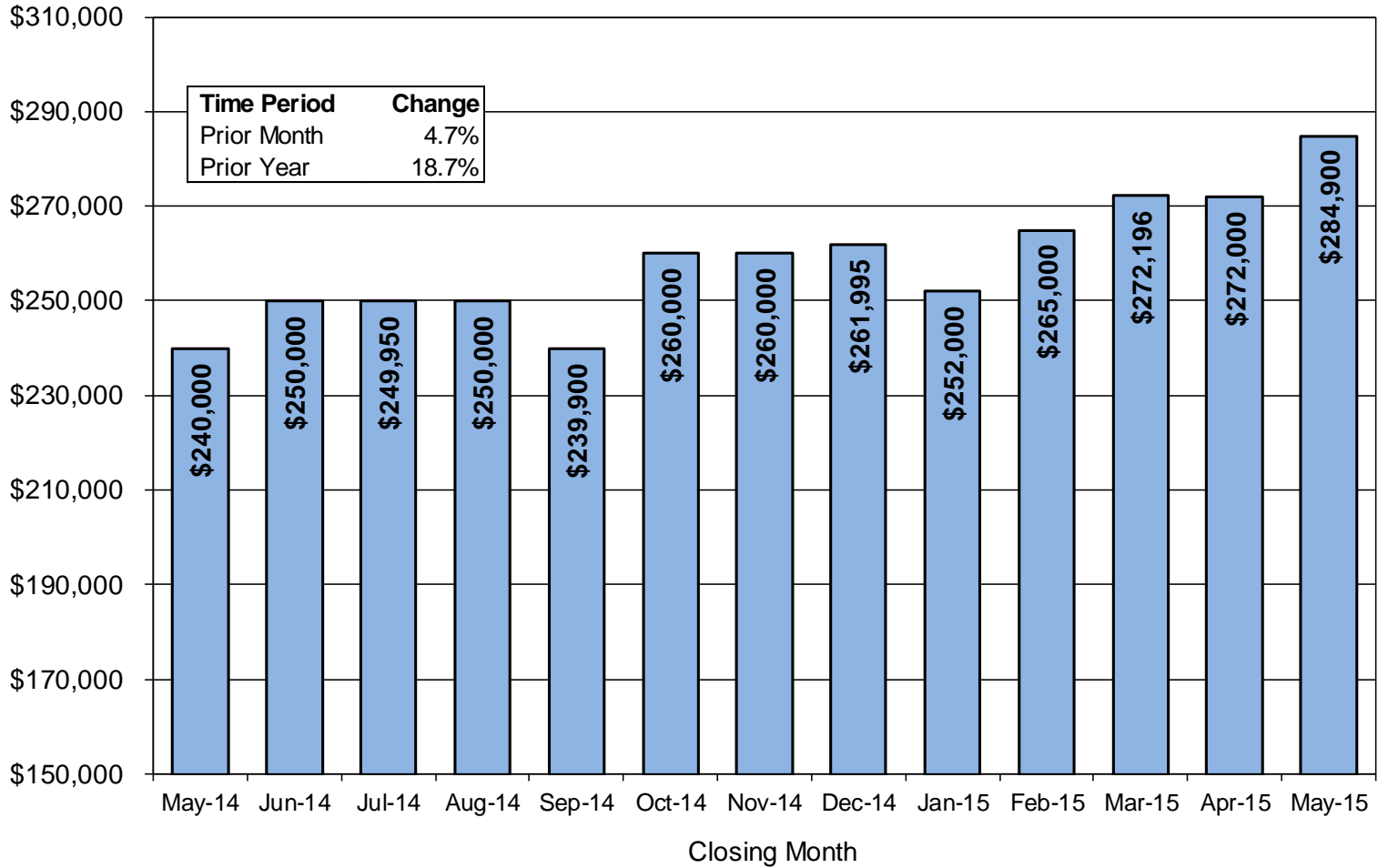
- May 2015 unit sales are the second highest in history for a May. May 2015 unit sales are exceeded only by May 2005 - the real estate boom.
- The median price was up 5% to \$284,900 compared to \$272,000 in April. Median sales price was up 19% from May 2014. The median price has seen a steady recovery since the bottom of the market in January 2012, but is still 23% off the peak of the market in January 2006.
- In May, there were 27 homes which sold over the \$750,000 price point compared to 12 homes that sold at that price point in April. This is a 125% increase in sales in this price point compared to April.
- May new listings are up less than 1% over April.
- The Consumer Financial Protection Bureau has created a toolkit that can help home buyers make better choices along the path to owning a home. After a potential home buyer finishes the toolkit, they'll know the most important steps to take to get the best mortgage for their situation. They will better understand the closing costs and what it takes to buy a home. They'll even learn a few ways to be a successful homeowner. Homebuyers can find the new toolkit at [rsar.net](http://rsar.net) under the Consumer Tools tab.
- The new rules will affect the lending and closing side of the real estate business which will impact buyers and sellers. All parties, buyers, sellers and real estate professionals should expect that the time to close an escrow may take a minimum of 45 – 60 days on any loan application taken after August 1.

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# Median Sales Price

May, 2015

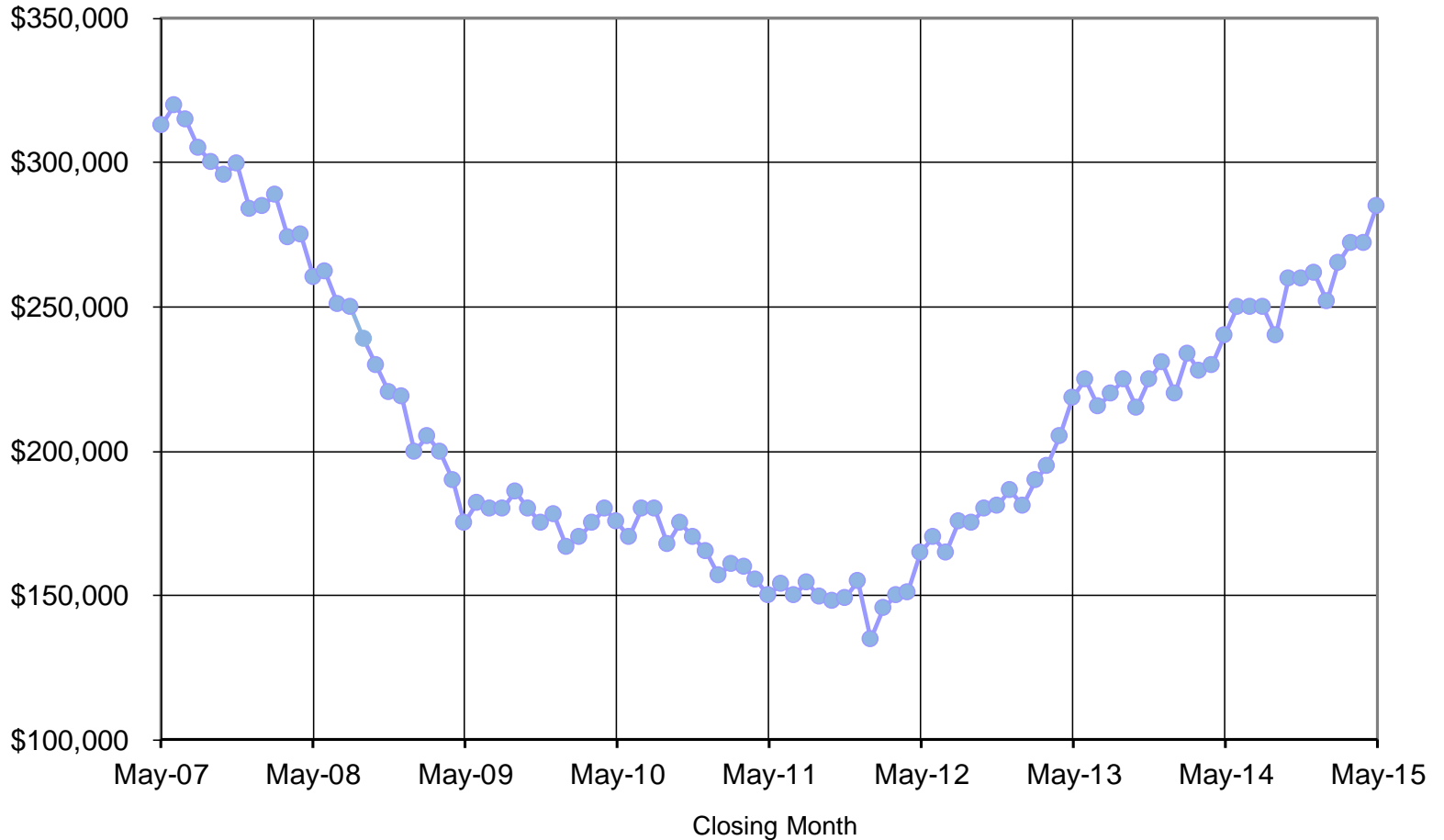
Median Sales Price, 13 months



# Summary: Median Sales Price

May, 2015

## Median Sales Price, 8 years

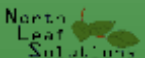




# Price per Square Foot

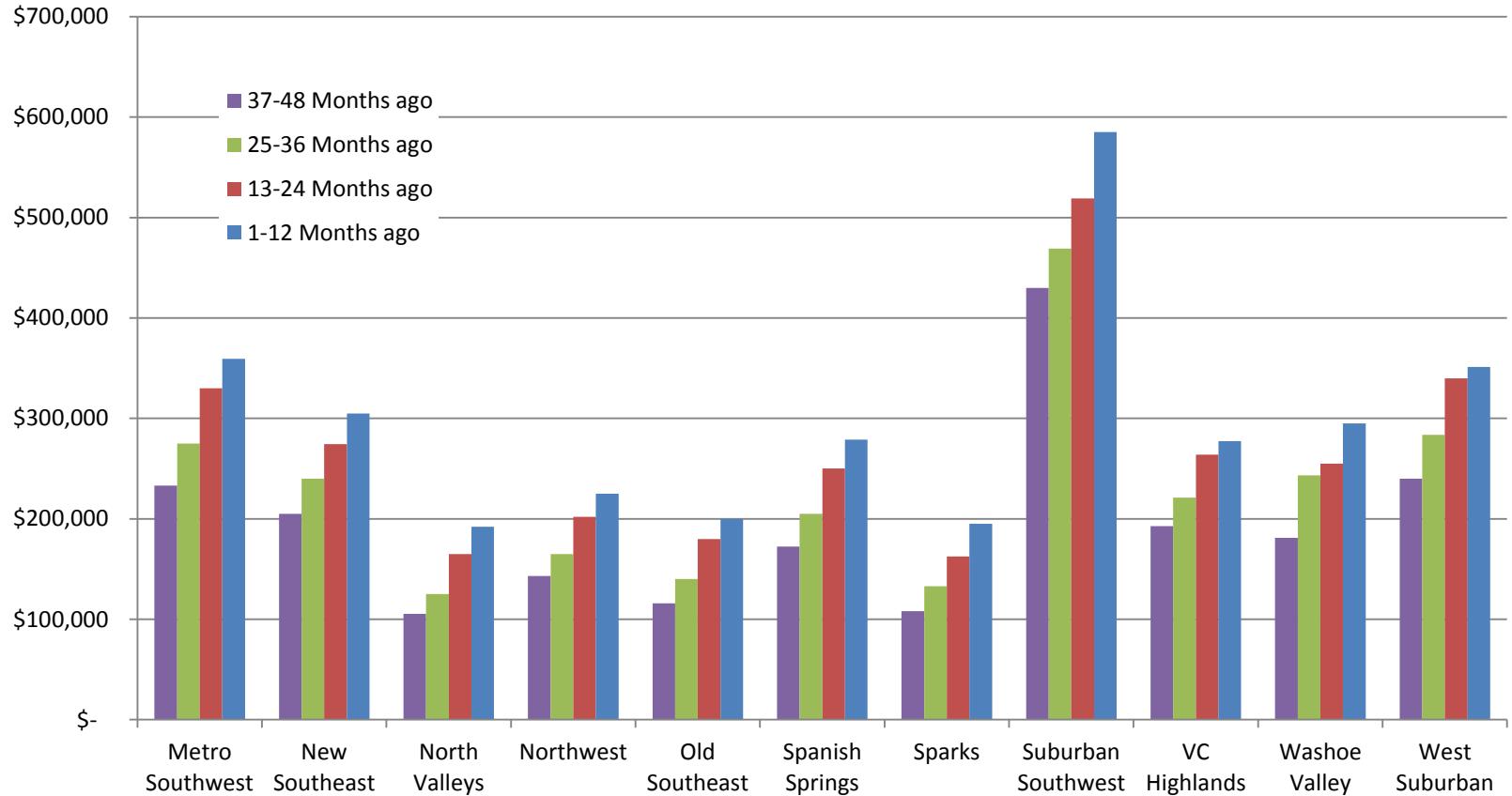
May, 2015

## Sold Dollars per Square Foot, 5 year History



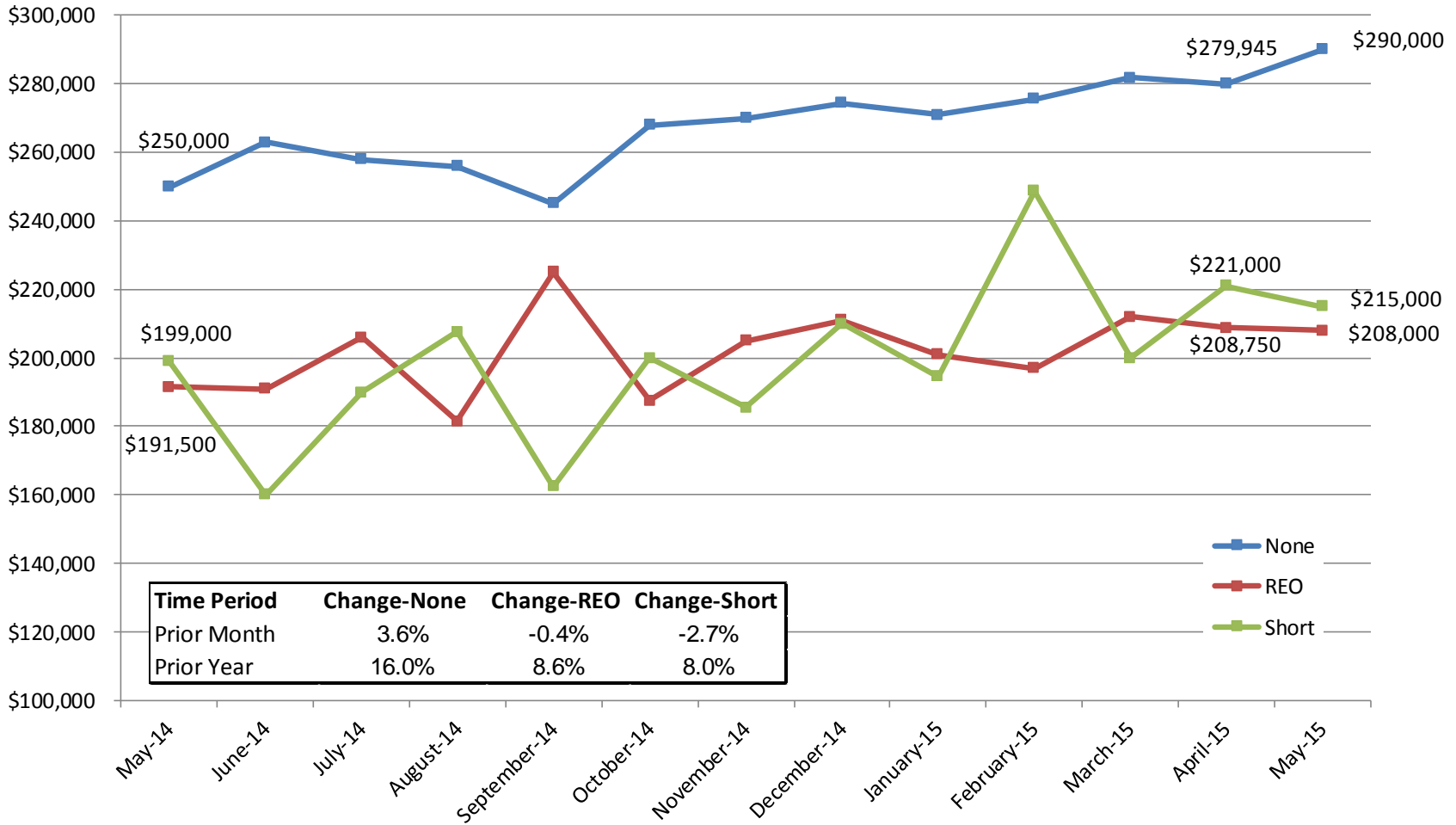
# Annualized Median Price by Area Group

May, 2015



# Median Sales Price by Special Condition

May, 2015

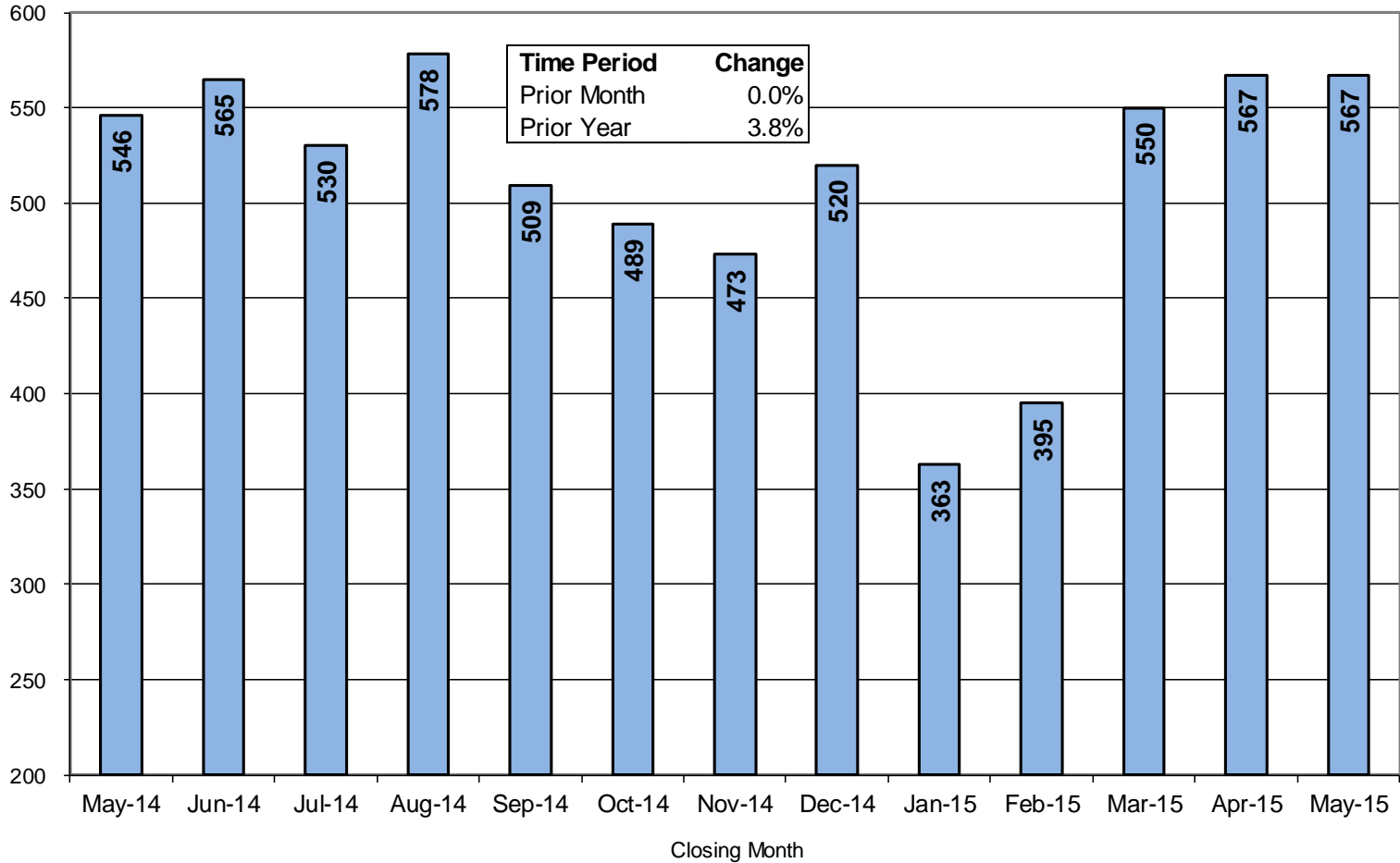


*Distressed listings are defined as follows: REO – property has been foreclosed upon and is being sold by the bank, HUD or VA. Short Sale - seller owns more for the property than current value.*

# Number of Units Sold

May, 2015

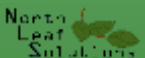
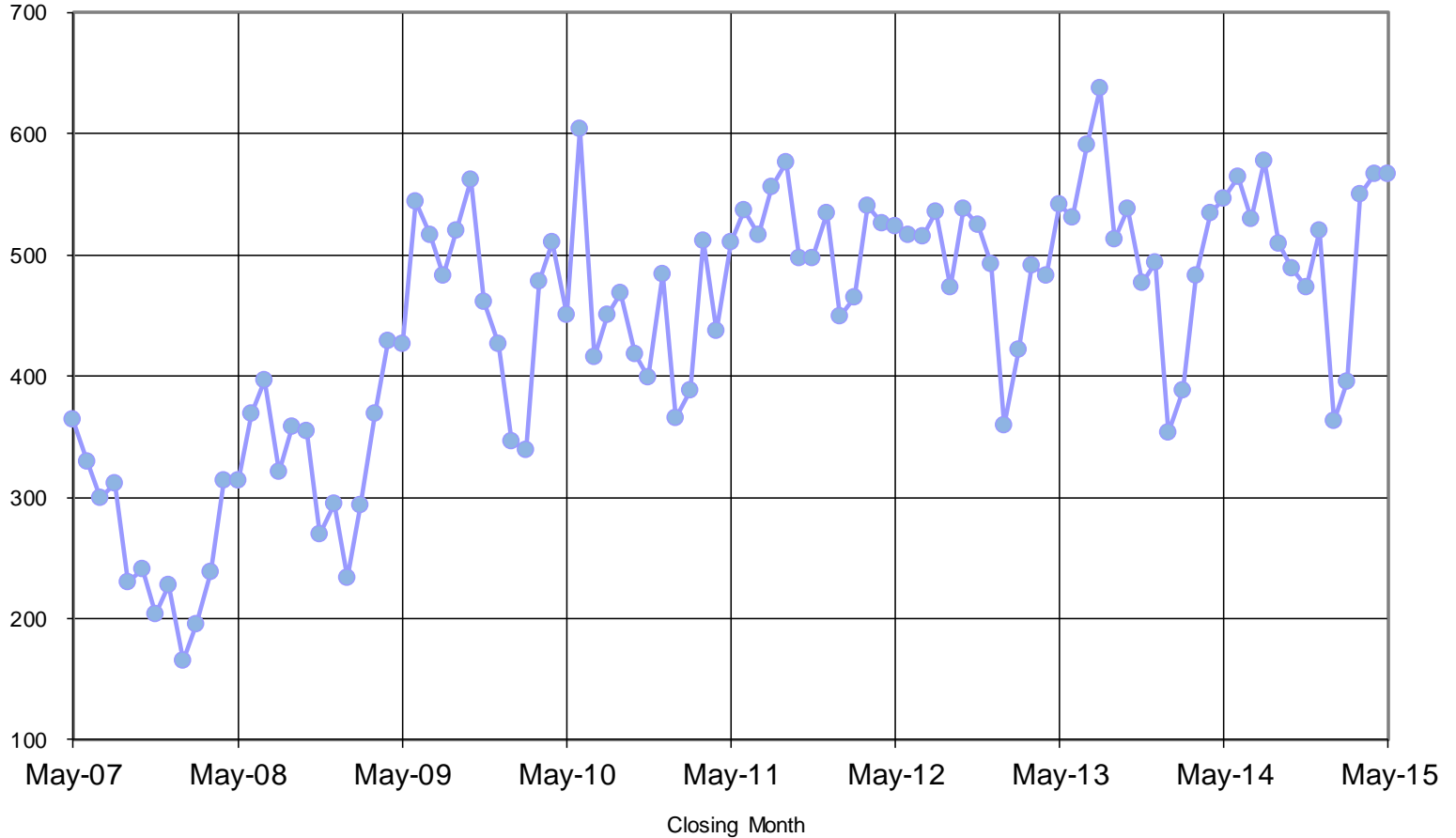
Number of Units Sold, 13 months



# Number of Units Sold

May, 2015

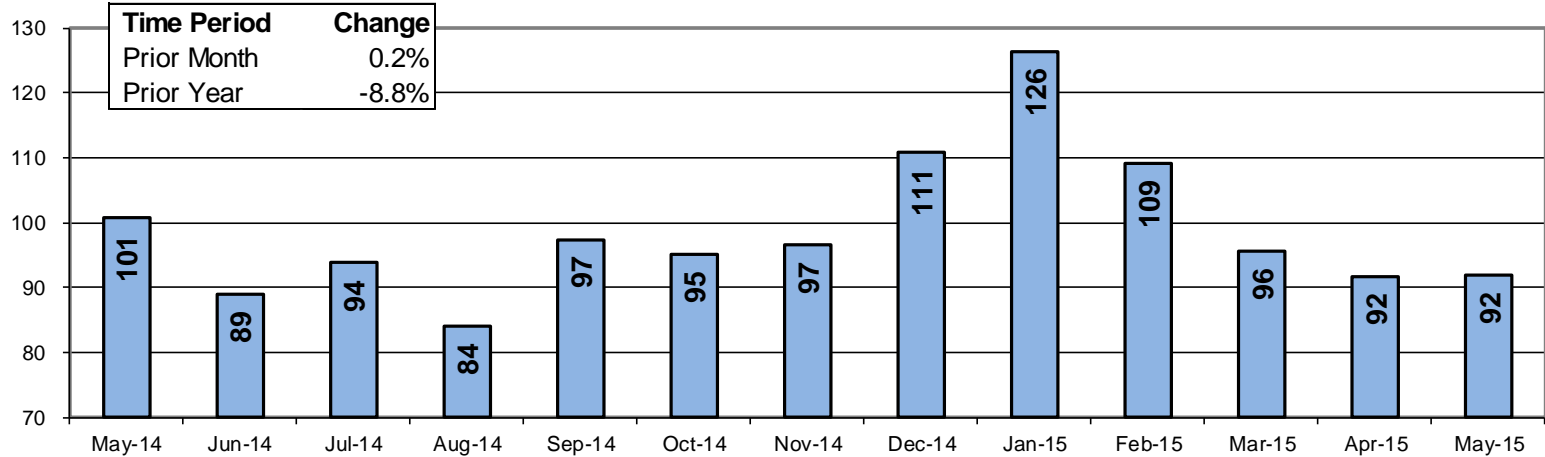
Number of Units Sold, 8 years



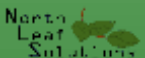
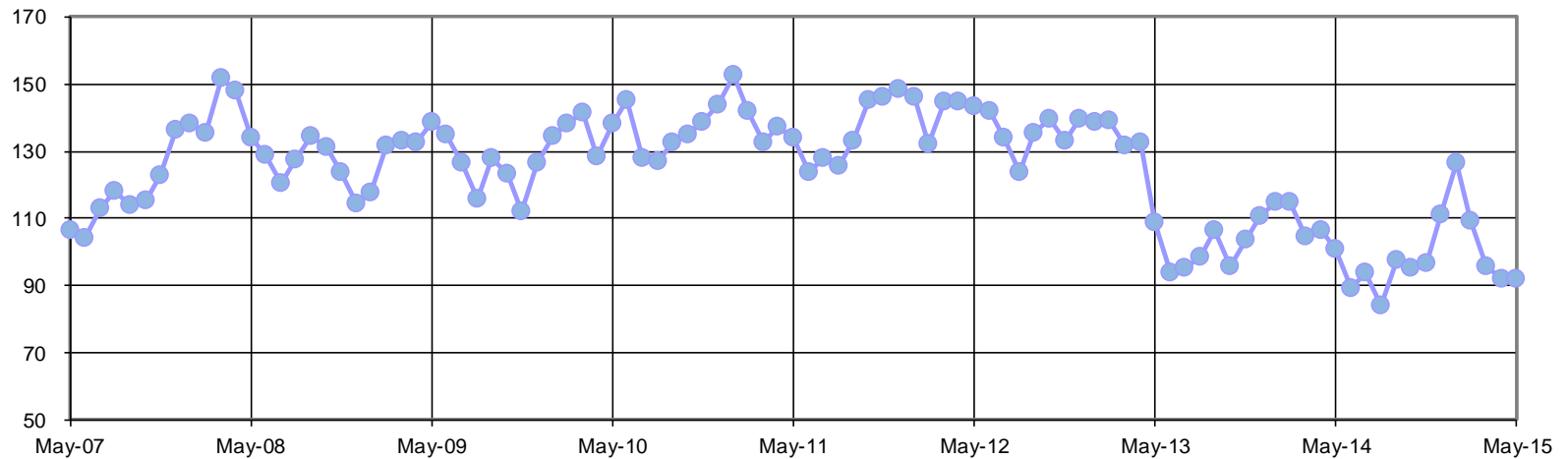
# Days on Market, by Month

May, 2015

Average Days on Market for Solds, 13 months

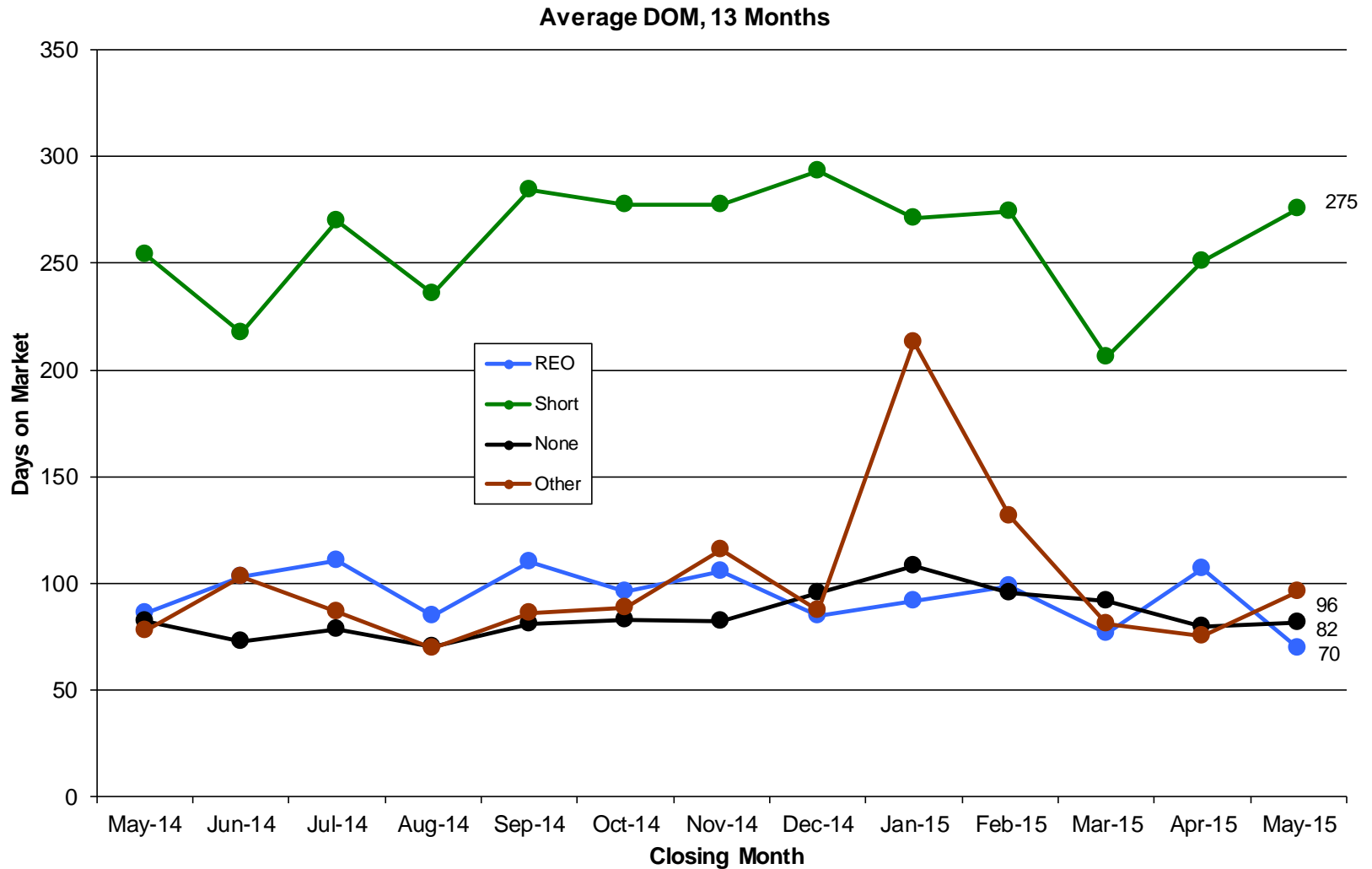


Average Days on Market for Solds, 8 years

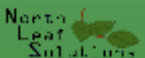


# Days on Market, by Special Conditions

May, 2015



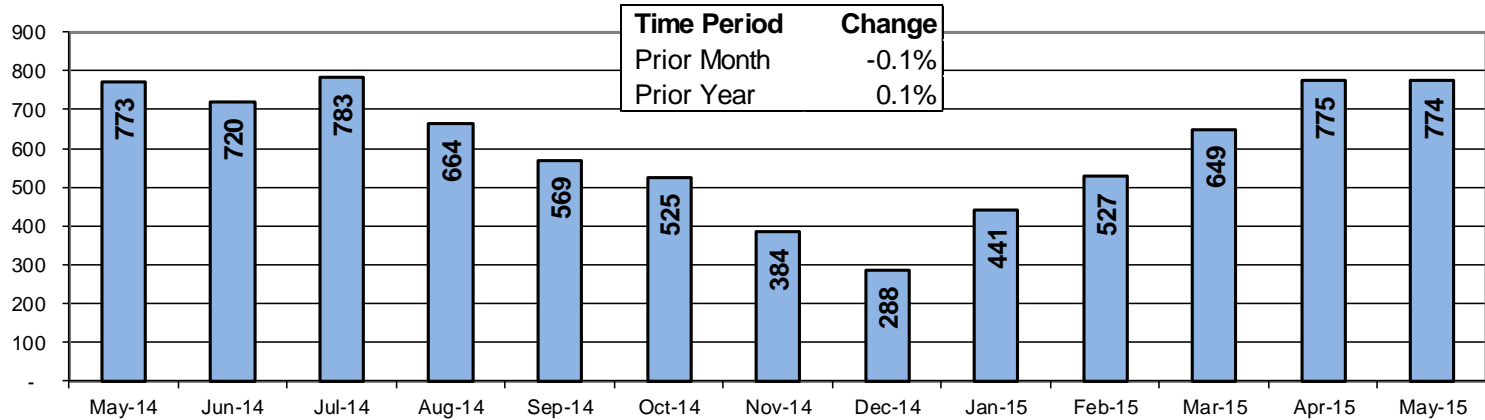
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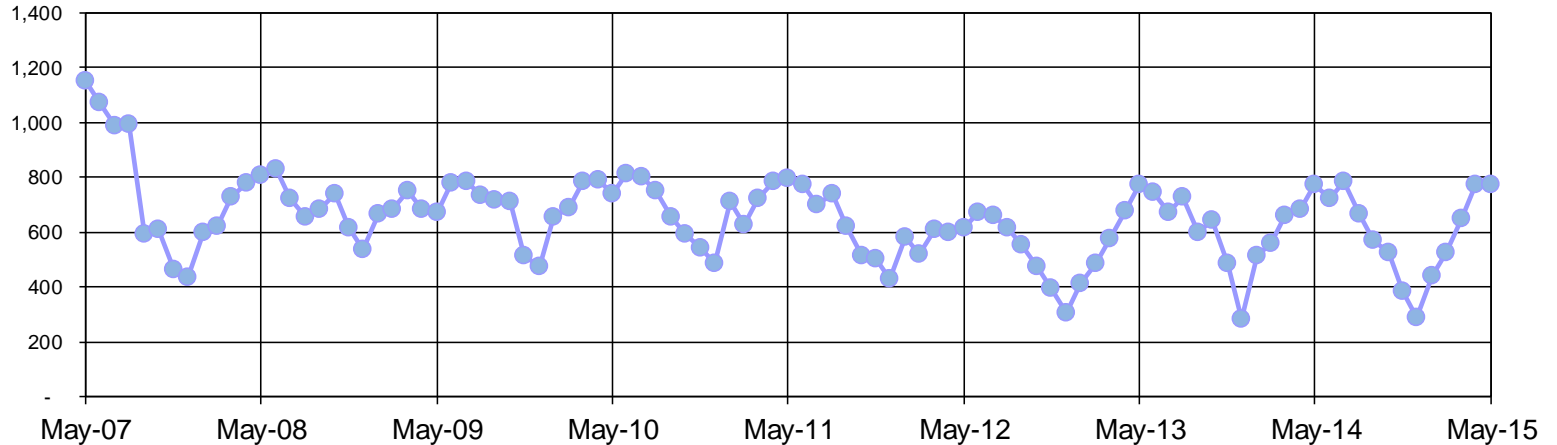
# New Listings, by Month

May, 2015

New Listings by Month, 13 months



New Listings by Month, 5 years

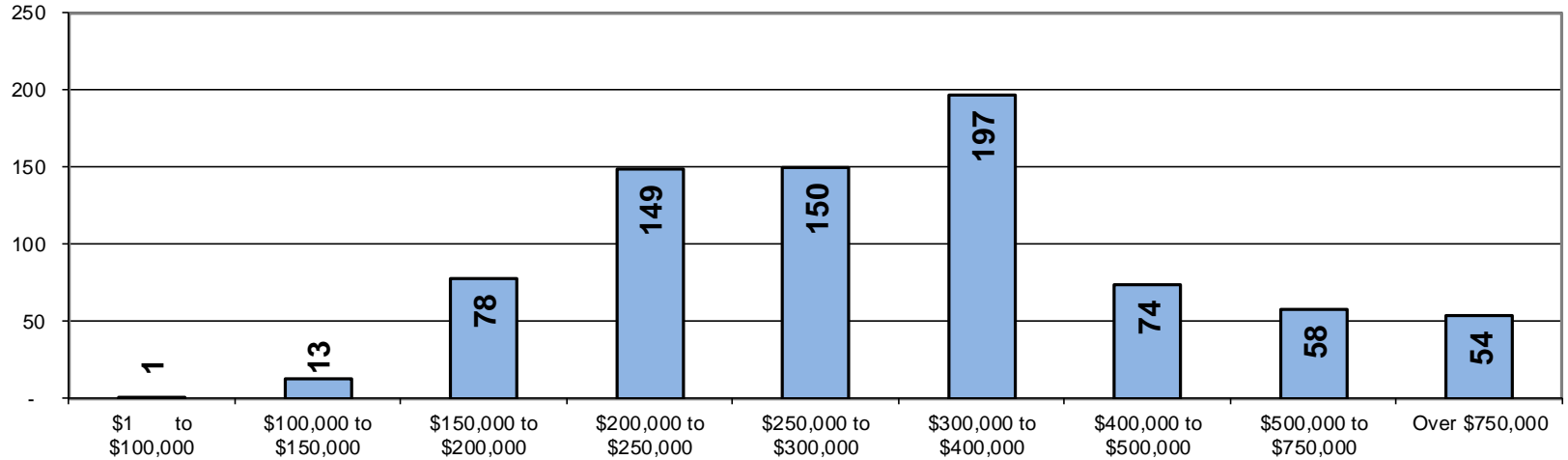




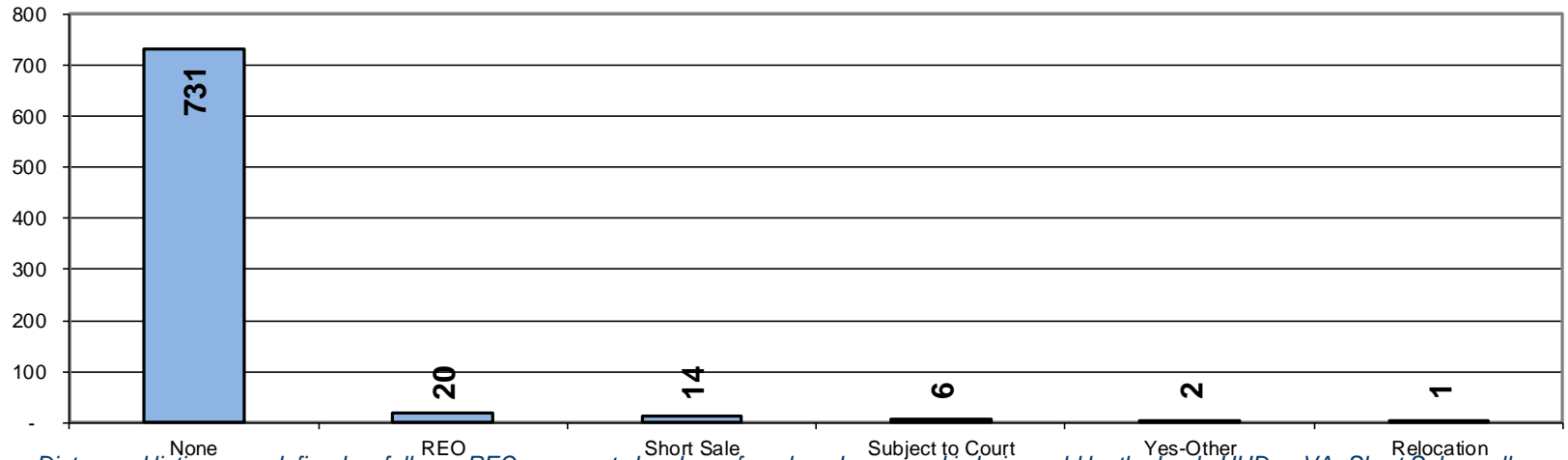
# New Listings, by Price and by Special Condition

May, 2015

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.*

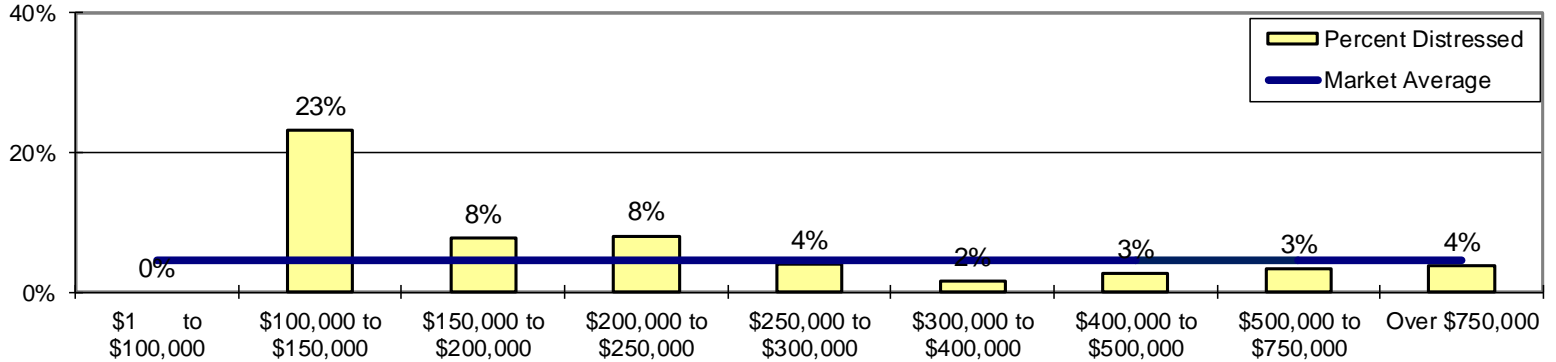
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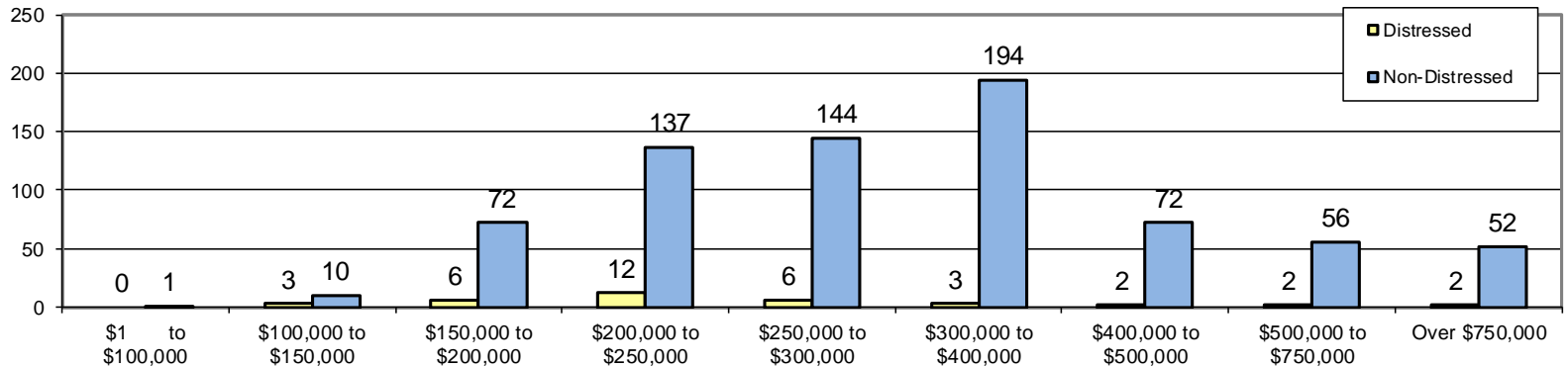
# Distressed Listings, by Price

May, 2015

Percentage Distressed New Listings by Price, current month



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

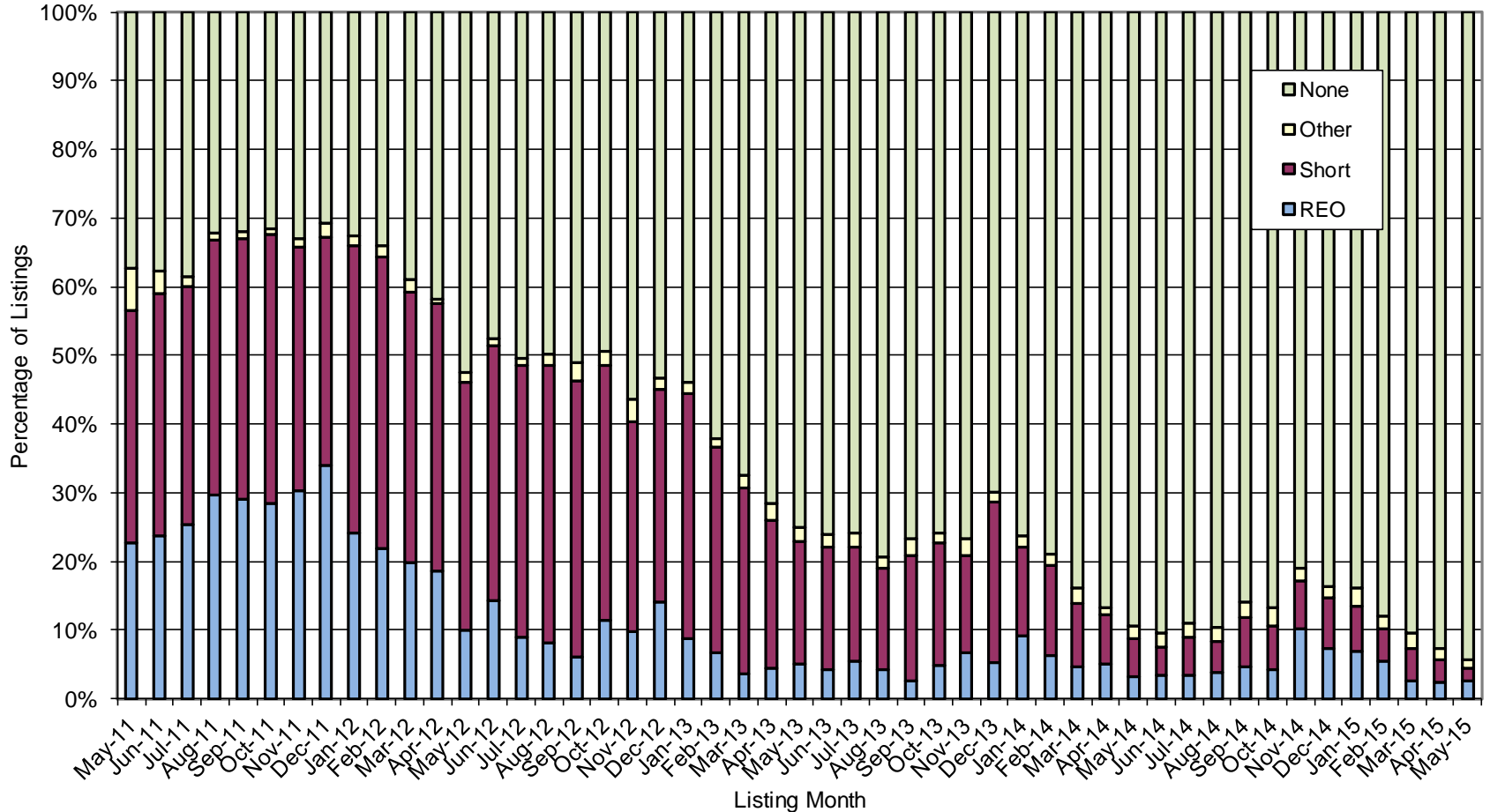


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# Distressed Listings, as a percentage of all listings

May, 2015

New Listings by Special Conditions

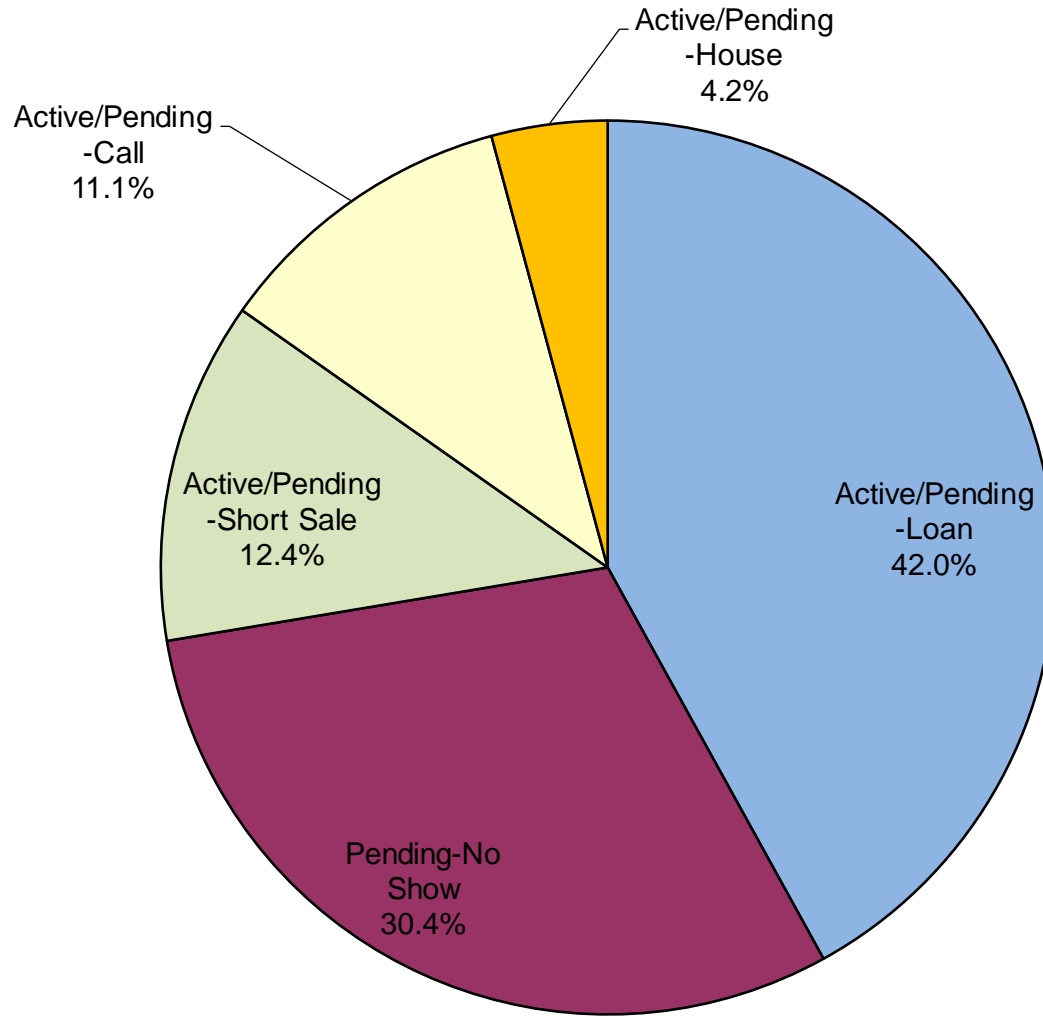


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# Status of Pendings, Current Month

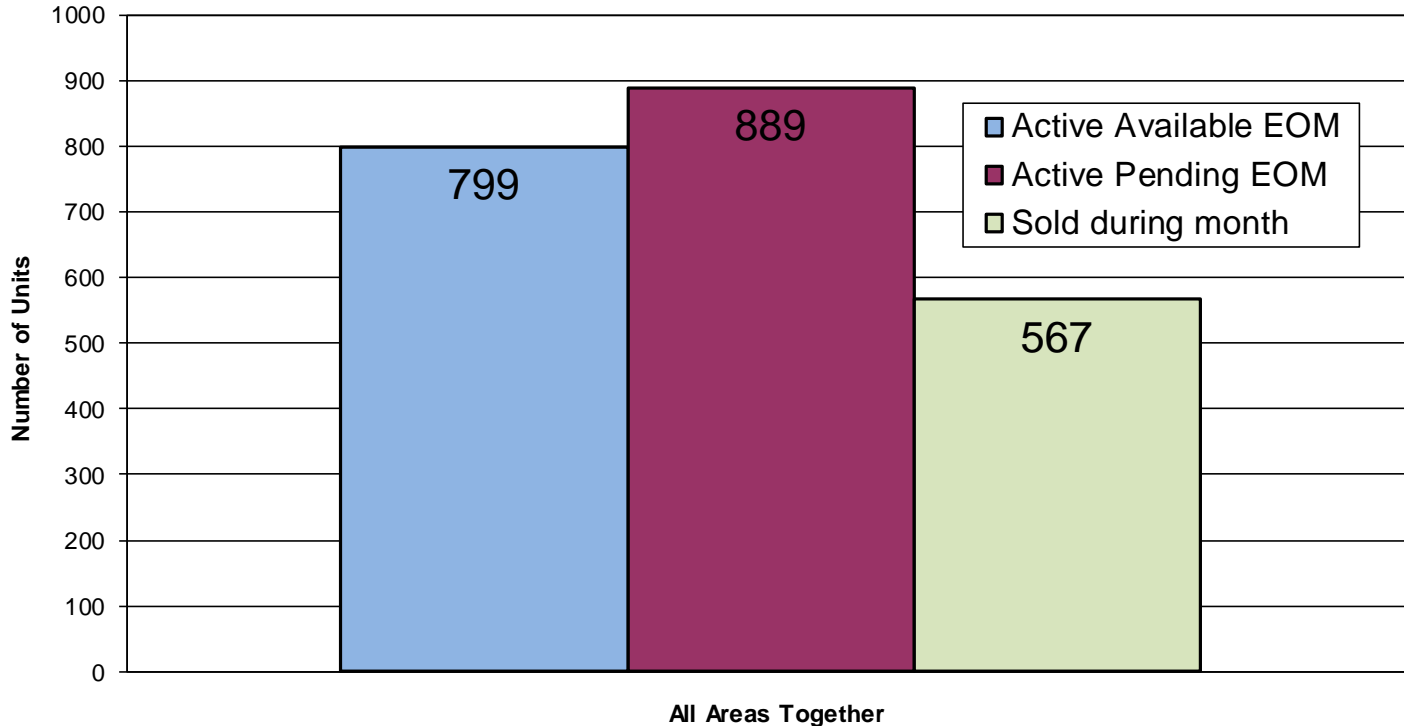
May, 2015



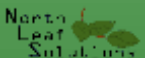
# Months Supply of Inventory, Current Month

May, 2015

$(799 + 889) \text{ available} / 567 \text{ units sold} = 3 \text{ months of inventory}$



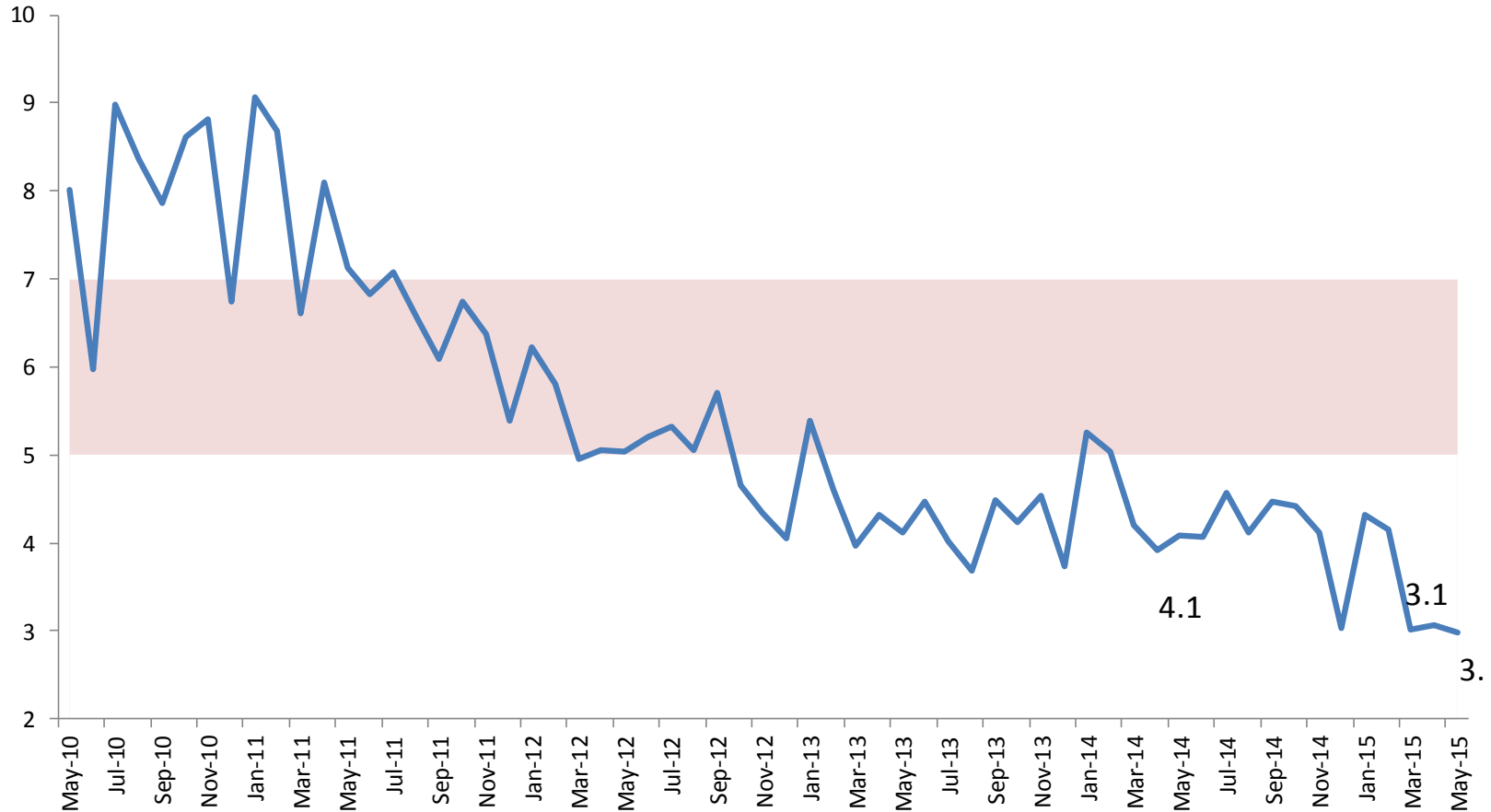
*Unsold Inventory includes Active Pendings. This method of reporting absorption follows the industry standard and includes pendings in Active Inventory. Absorption or Months Supply of Inventory is defined as the number of months it would take to absorb the units available for sale. The National Association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



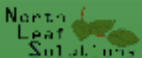
# Months Supply of Inventory, Historical 5 years

May, 2015

Month's Supply of Inventory, 5 year history



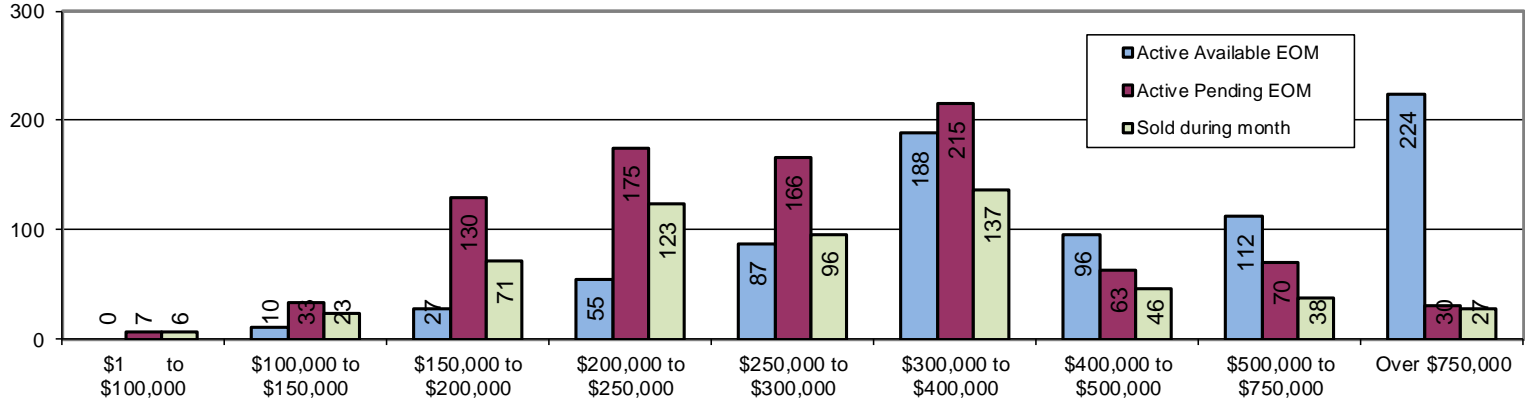
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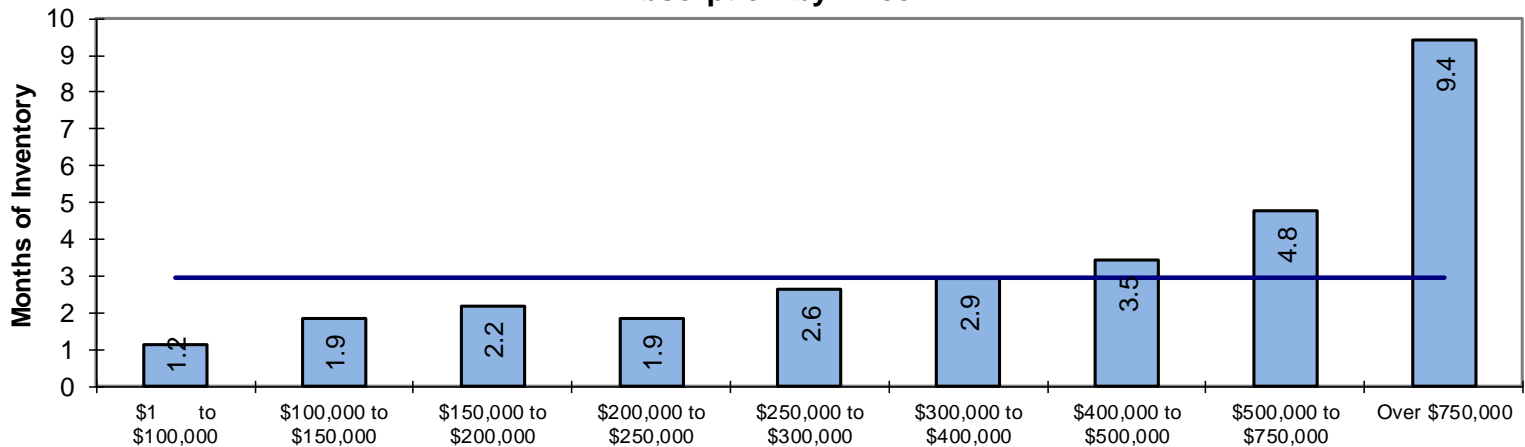
# Units and Absorption, by Price

May, 2015

### Active and Sold Homes by Price, current month



### Absorption by Price

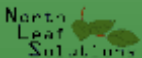


*"Active" includes "Active/Pending"*

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

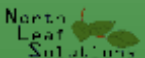
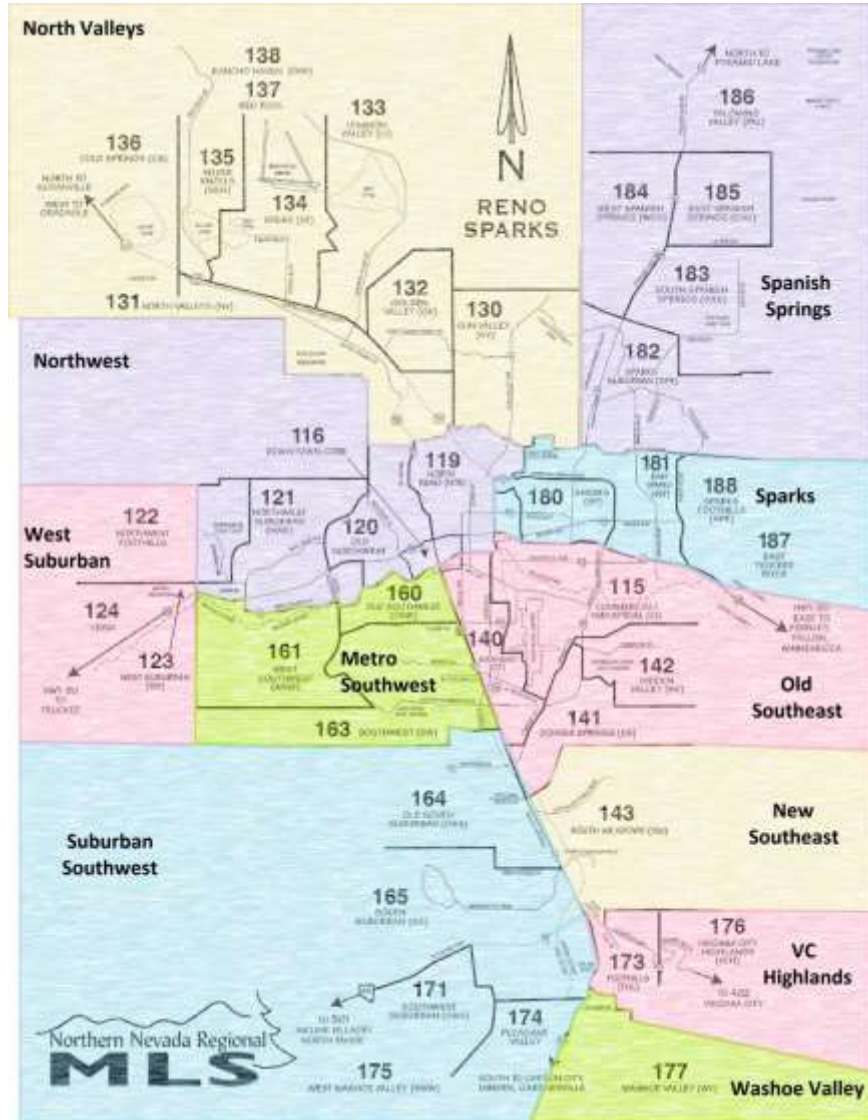
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# Reno/Sparks Area Map

May, 2015

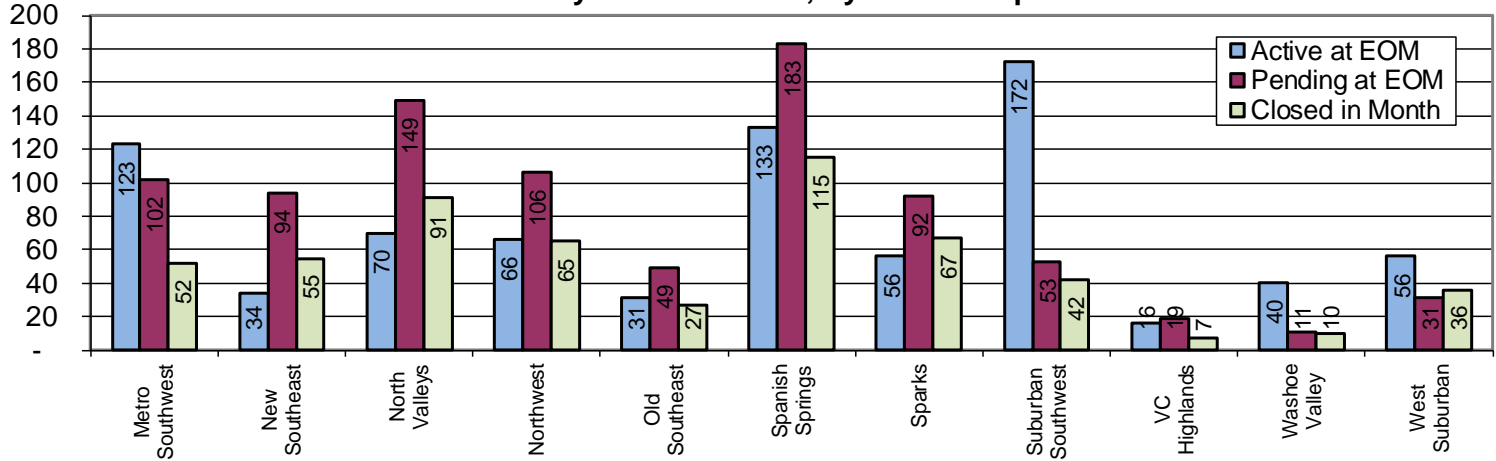




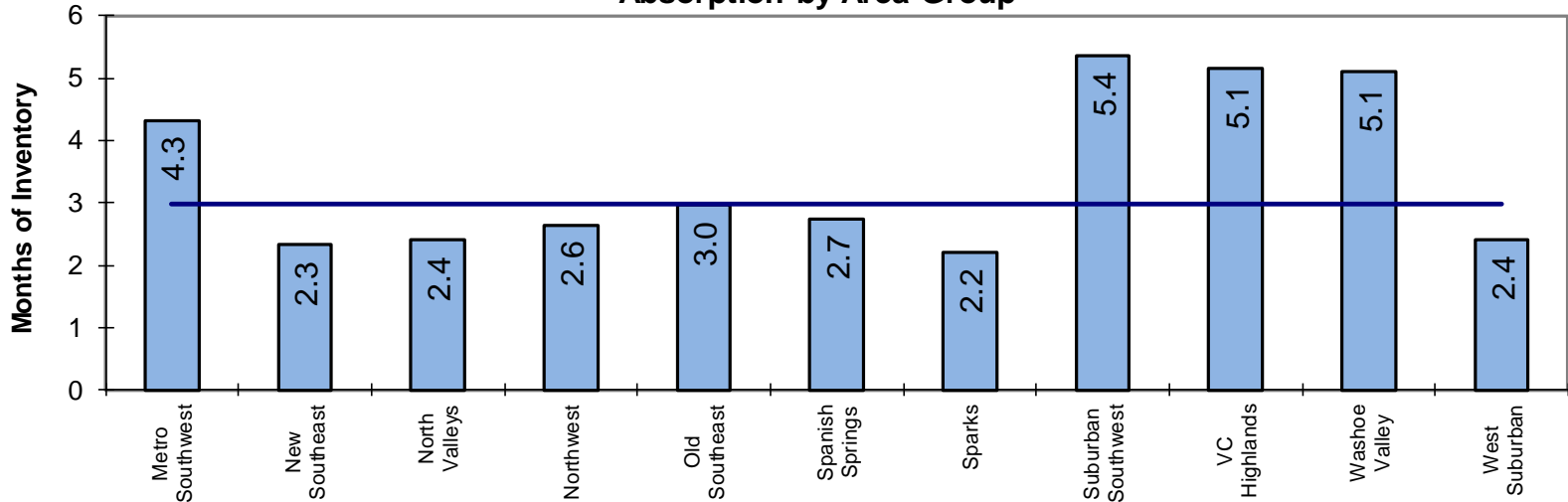
# Units and Absorption, by Area Group

May, 2015

Inventory and Units Sold, by Area Group



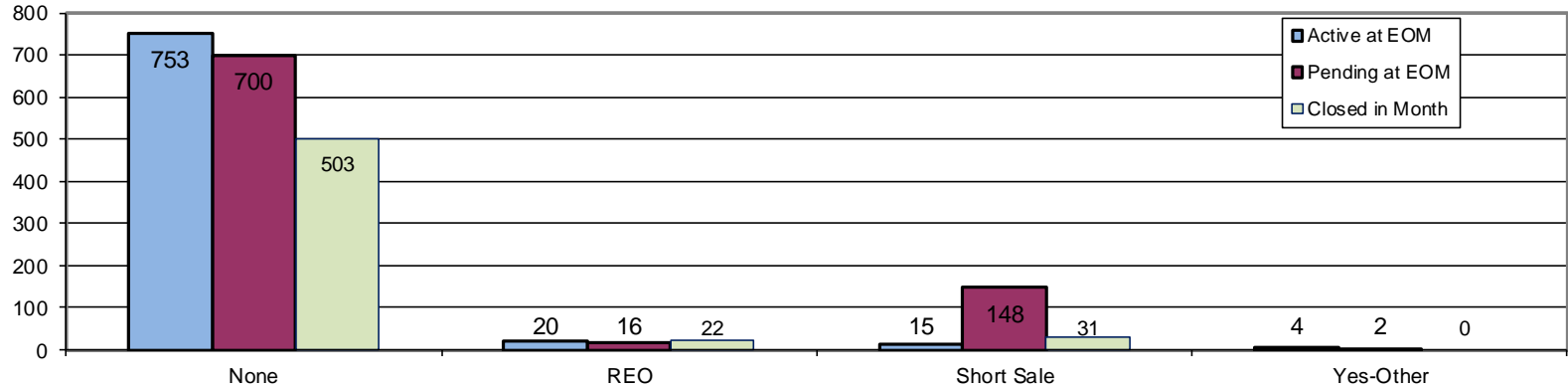
Absorption by Area Group



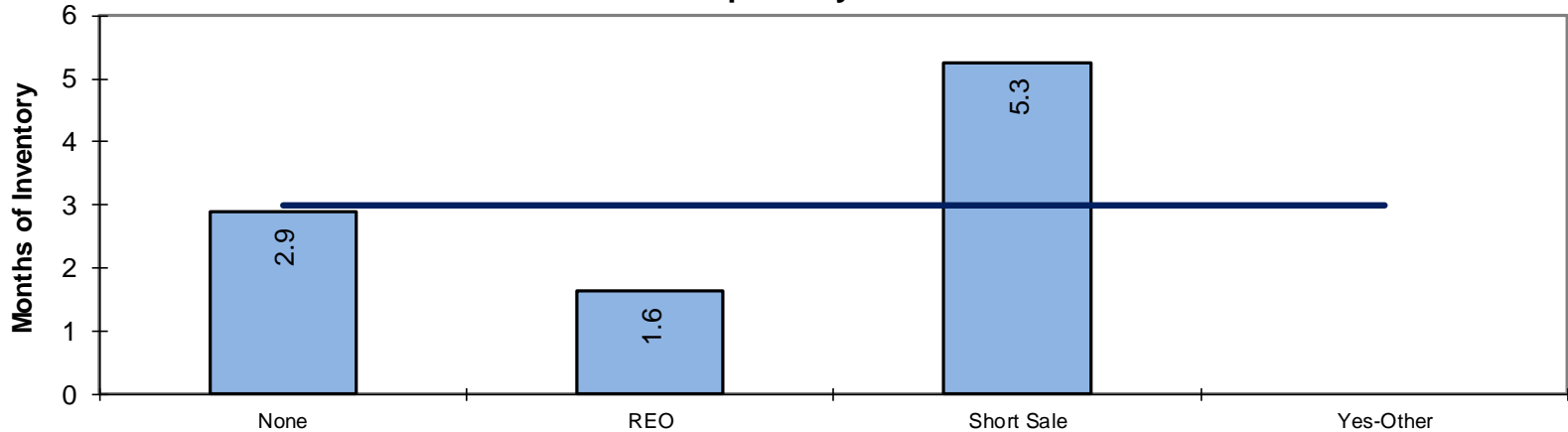
# Units and Absorption, by Special Condition

May, 2015

Active and Sold Homes by Condition, current month



Absorption by Condition



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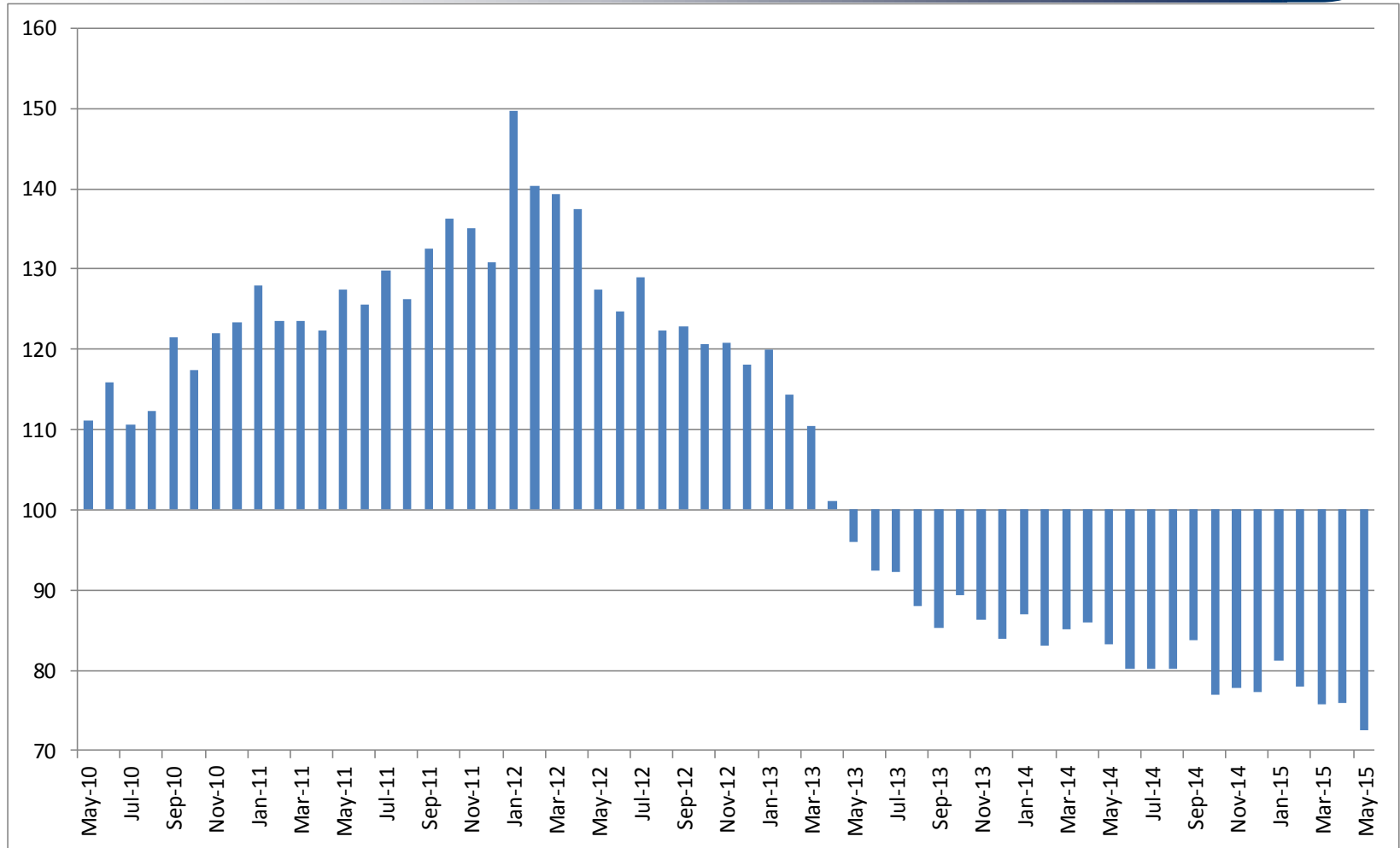
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# Housing Affordability Index, 5 years

May, 2015



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

May, 2015

