



Monthly Market Talk
October 2009
(Based on stick-built homes in Reno 100)

Reno Market Talk:

"The large increase in year-over-year existing home sales is phenomenal and is an indication of how slow and flat the market was last year," said Kris Layman, 2009 President of Reno/Sparks Association of REALTORS and sales associate at RE/MAX Realty Affiliates. "One of the reasons for the boost is the first time homebuyer tax credit and we are excited about the recent extension and expansion of the program. We are now hopeful that the extended period of the credit will allow banks to deliver on the high volume of pending short sales, where a large pool of buyers and sellers have been patiently waiting for third party negotiations."

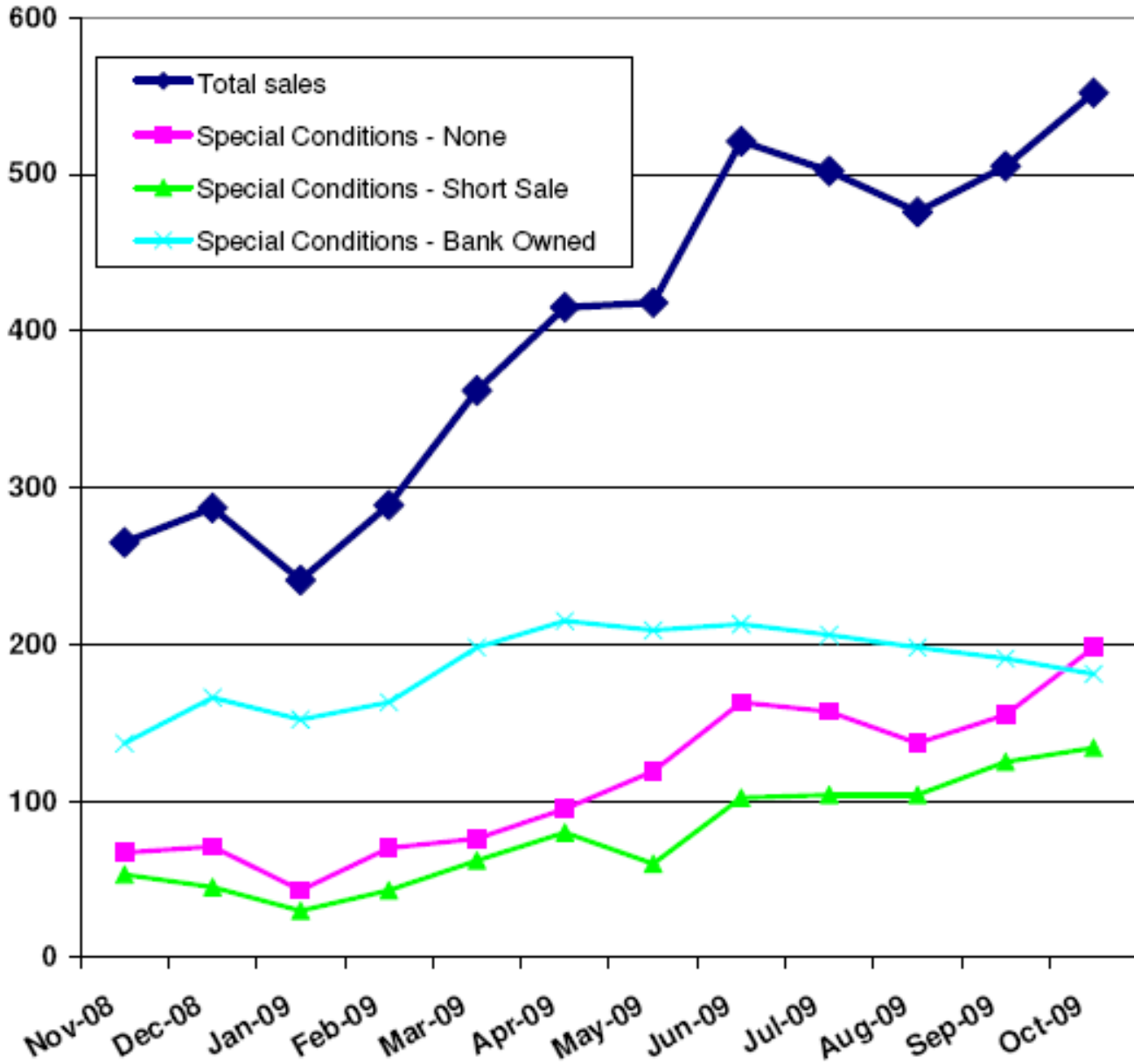
Sales

Below is a summary of the October market conditions

- October ended the month with 553 sold transactions up 9% from the prior month. Sales were up 59% over the same period last year.
- Sales Mix:
 - Bank Owned unit sales were down in October to 181 as compared to 189 in September. Bank owned sales represent 33% of the sales, down from 37% in September.
 - Short Sales were at 134 in October, up from 125 reported in September. Short sales represent 24% of the mix in October as compared to 25% in September.
 - No Special Condition (None) sales increased in October to 198 as compared to 155 in September. Sales reported as "No Special Condition" represented 36% of the sales, up from 31% reported in September.

- The graph below highlights the sales trend by Special Condition in relation to total sales.

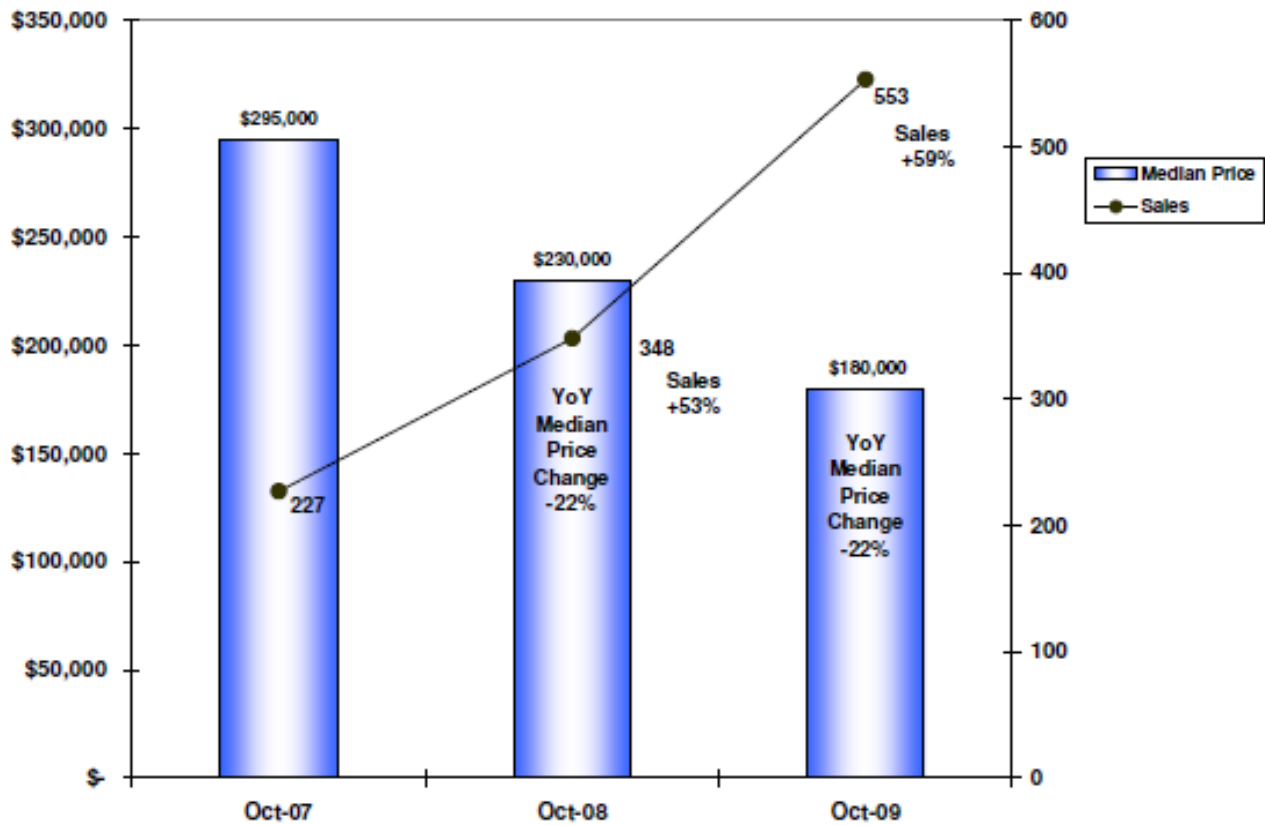
Sales History Analysis
Sales Trends by Special Conditions
 (Based upon stick-built homes in the Reno '100' Market)



Median Price

- October 2009 median price was down 3% to \$180,000 compared to \$186,000 in September 2009.
- The chart below displays the median price year over year for the month of October in comparison to sales for the same periods.
- Median price is defined as the mid-point, half of the sales for the time frame (October) are below and half are above.

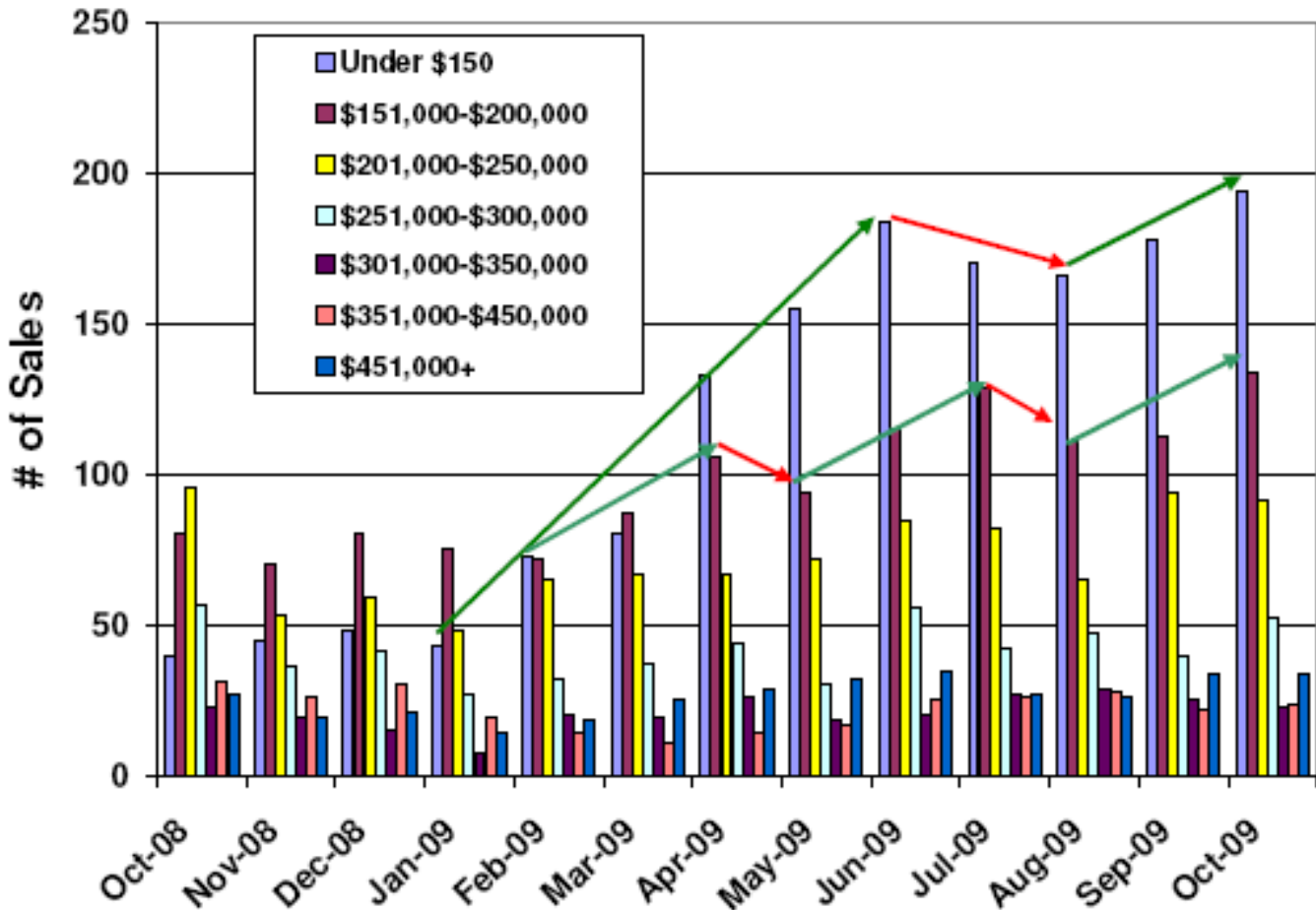
**Median Price Year over Year
Compared to Sales Volume**
(Based upon stick-built homes in the Reno 100)



Sales by Price Point

- As shown in the table below, the number of sales in the under \$150,000 price range has increase for three consecutive months - October (194 sales), September (178 sales) and August (166 sales). There was an increase in sales \$151,000 - \$200,000 for October (134 sales) compared to September (113 sales); \$201,000 - \$250,000 for October (91 sales) compared to September (94 sales).
- 34 closings were over \$450,000. In the over \$450,000 price range, 6 of the closings were Short Sales and 6 were Bank Owned.

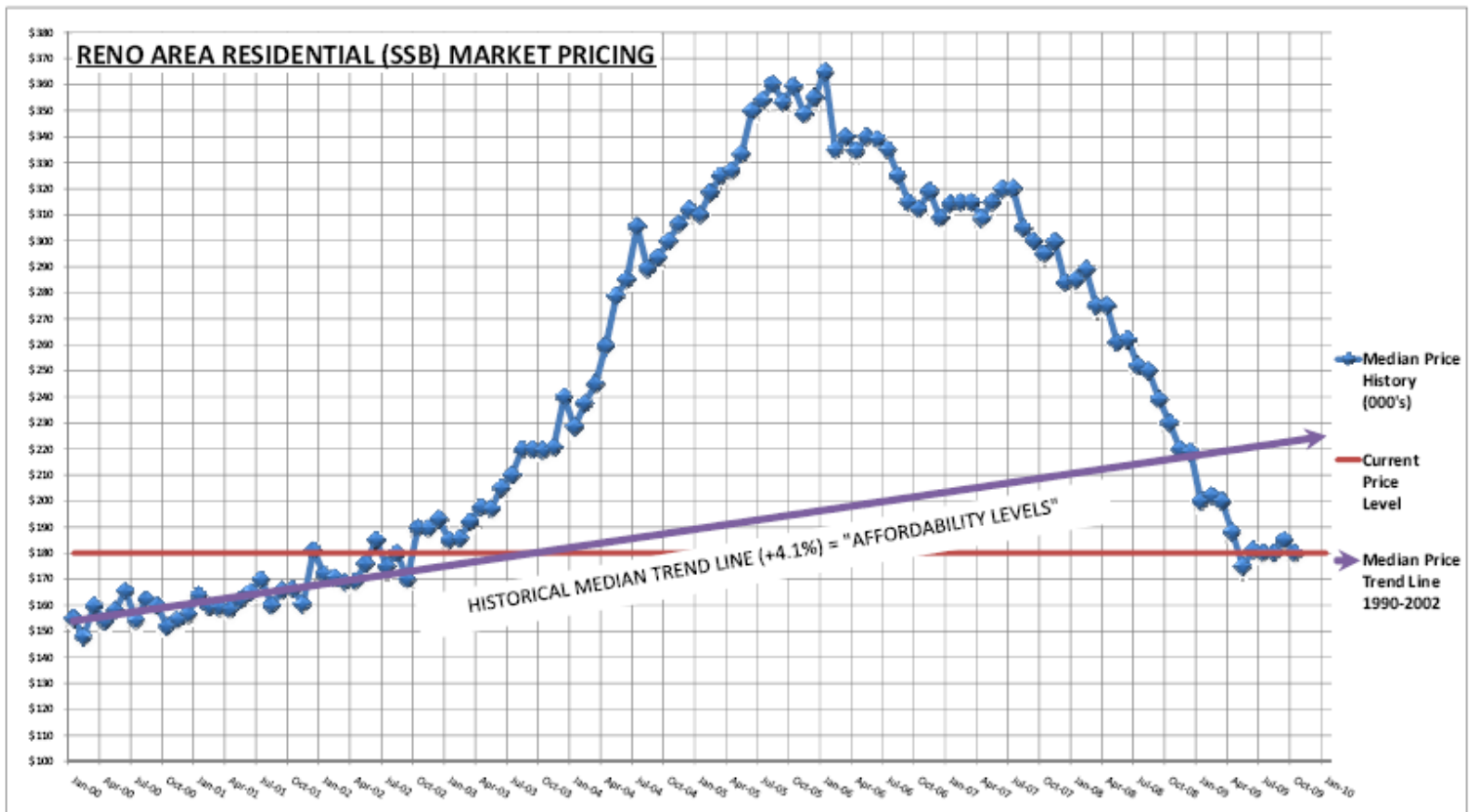
Analysis of Sales by Price Point
(Based upon stick-built homes in Reno 100)



Market Affordability

- Median price growth from 1990 to 2002 creates a 4.1% trend line that has been extended through today.
- Based on this historical median trend line, 2009 is the first time in many years the market appears to be undervalued. (See printable chart on last page of report)

MEDIAN HOME PRICE HISTORY SITE-STICK BUILT HOMES - RENO '100' MARKET



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Pendings

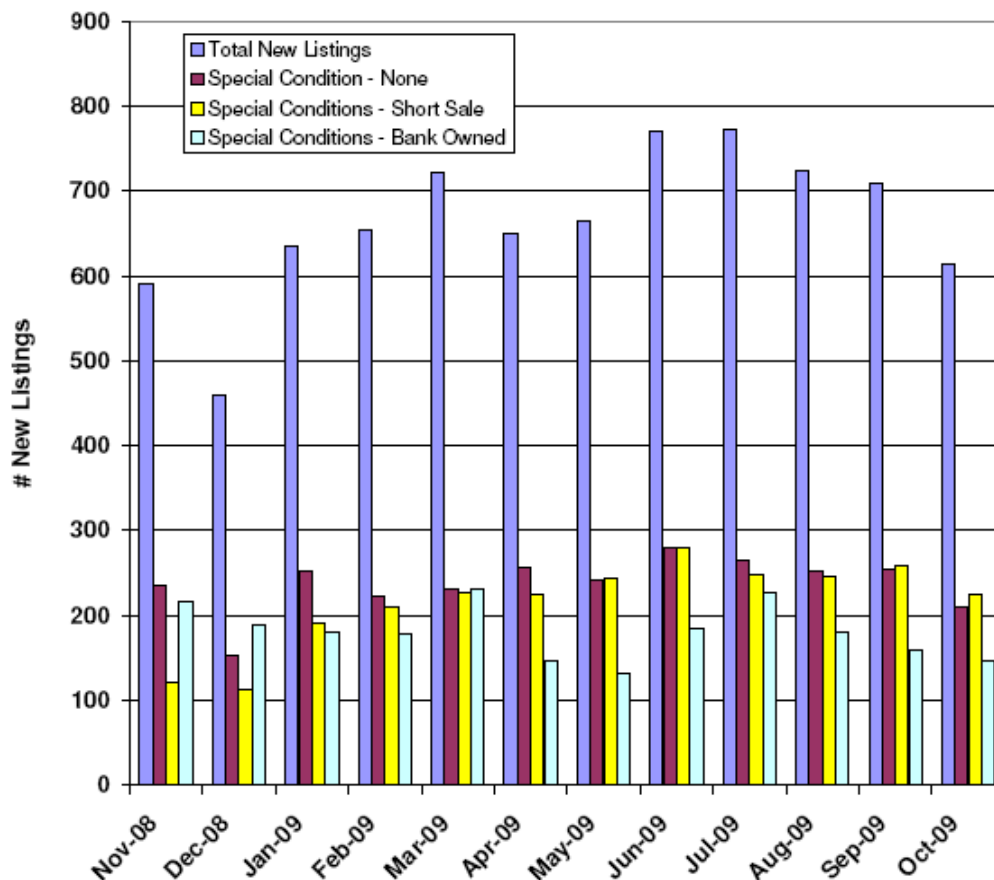
- There were 652 new Active Pending sales reported for the month of October, up 3% from the prior month.
- 79% percent of October pendings are distressed (short sale and bank owned).

Active Pendings	Total	Special Conditions – None	Special Conditions – Short Sale	Special Conditions – Bank Owned
May 2009	698	119	366	165
June 2009	622	114	336	126
July 2009	690	103	397	153
August 2009	726	119	430	126
September 2009	675	144	382	108
October 2009	652	108	399	114

Listings

- 614 new listings were taken in October compared to 709 in September, a 13% decrease.
- The percentage of “Distressed” new listings was up 3%. 61% of new October listings were distressed - 225 Short Sales, 147 Bank Owned.

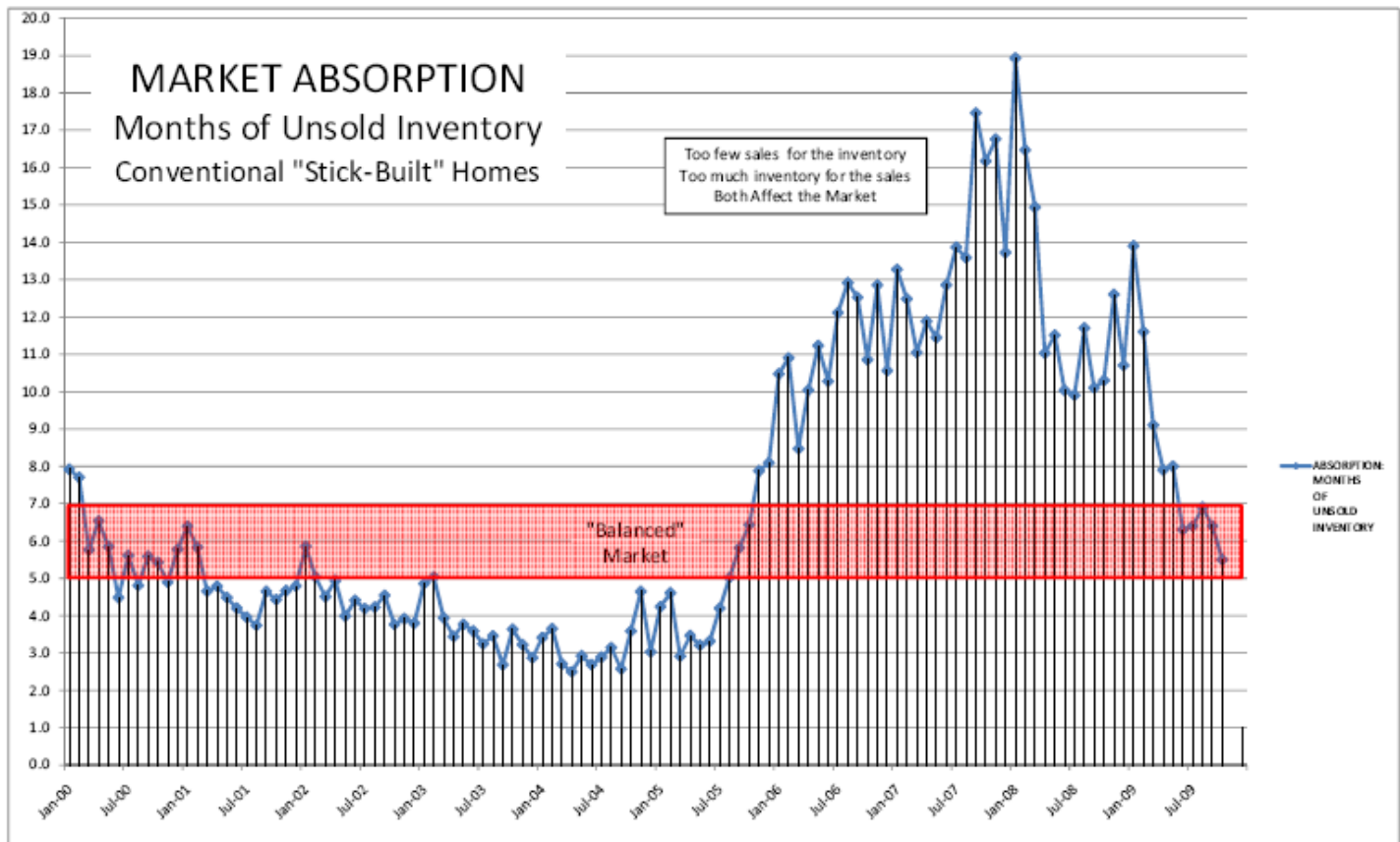
Monthly New Listing History Analysis
No Special Conditions Versus Short Sales and Bank Owned
 (Based upon stick-built homes in Reno 100)



Months Supply of Inventory (Unsold Inventory ÷ Sales per Month)

- As of October 31st, there was 5.5 months of inventory based on the 31-day October sales rate. For the fifth consecutive month the Months Supply of Inventory has been balanced.
- The National Association of REALTORS® describes a balanced market as between 5 and 7 months supply.
- Unsold Inventory includes all Actives and Active Pendings

Historical Market Absorption Or Months Supply of Inventory (Based upon stick-built homes in Reno 100)



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Conclusion

- October closings were up from September but volume remains at 2005 levels.
- The median price remains relatively flat.
- Short Sale closings continue to increase as a percentage of the total market mix.
- The volume of short sales closings year over year has increased by 230%
(October 2008 - 40 short sales, October 2009 - 134 short sales)
- Bank Owned closings continue to decline due to decreased inventory in that category.
- The increase in sales under \$200,000 for the past three months may be attributed to first-time buyers taking advantage of the tax credit and the available inventory at the under \$150,000 and under \$200,000 price points.
- The median home price is in line with the median household income in recent months for the first time since 2002.

Important information

- **First Time Home Buyers Tax Credit Extension Quandaries Answered**

The complexity of new home buyer tax credits leaves potential buyers with many questions. Here are answers to some of the most confusing:

How does a current home owner qualify for the \$6,500 credit?

Buyers must have lived in their homes for at least five out of the last eight years. The home they buy must become their primary residence, but buyers don't have to sell their previous home. They can use the previous home as a rental or a second home and still claim the credit.

Does the new home have to be more expensive than the one the buyer currently owns?

No. It is fine to use it to downsize. If the property sells for more than \$800,000, the buyers don't qualify.

Can buyers who are building a new home claim the credit?

Yes, although the contract must be in place by April 30 and the buyer must move in by July 1.

Can buyers claim the credit if they purchase a home from a relative?

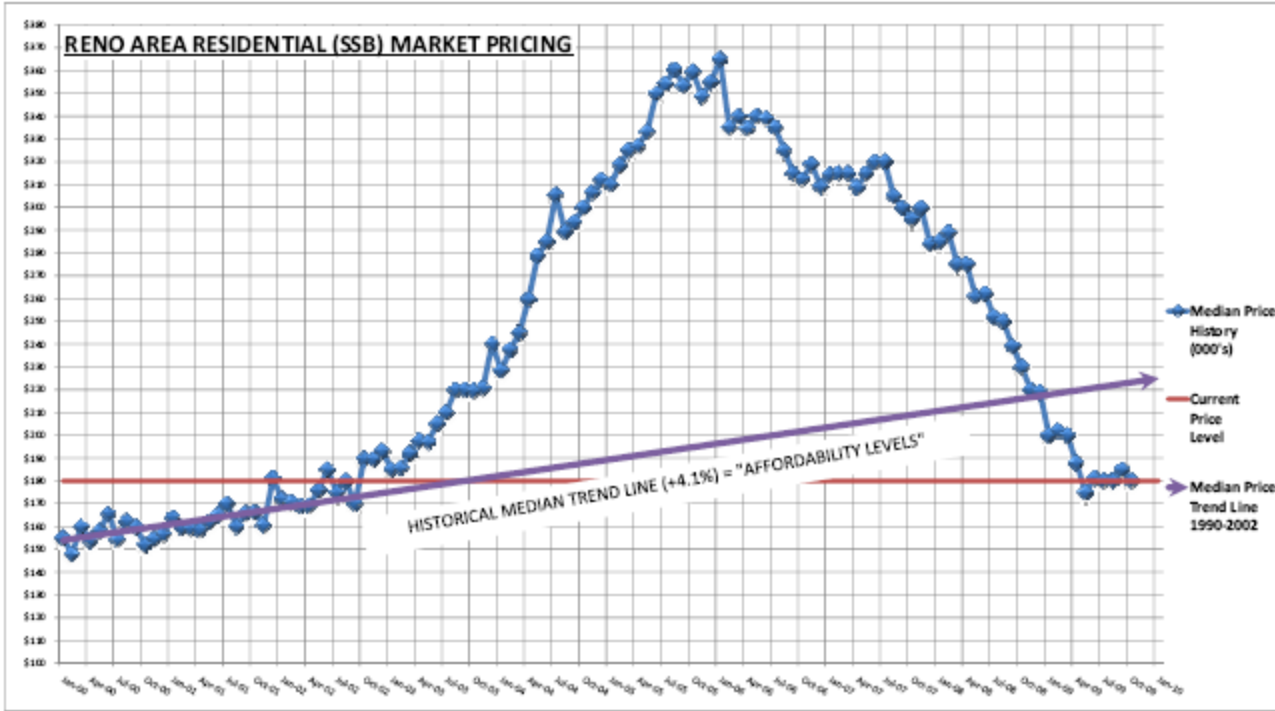
No. The legislation prohibits taxpayers from claiming the credit if the sale is between "related parties," including parent, grandparent, child, or grandchild.

Source: USA Today, Sandra Block (11/24/2009)

- December 16th, Lunch N Learn Escrow Panel moderated by Ben Schieble. This affordable program will provide you with an early understanding of the changes in the HUD 1 that go into effect January 1, 2010. Panelist will include escrow officers from local title companies.
- Thank you for your response to the Call to Action by the National Association of REALTORS® which helped in the passage of the extension of the First Time Homebuyers Tax Credit. NAR reported that it had an 18% response rate from members, a historic high.

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 November 15, 2009.

MEDIAN HOME PRICE HISTORY
SITE-STICK BUILT HOMES - RENO '100' MARKET



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