



Prudential

Sierra Nevada Properties

Monthly Market Talk

August 2009

(Based on stick-built homes in Reno 100)

Reno Market Talk:

“August sales numbers continue to show promise of a recovering market,” commented Kris Layman, 2009 President of Reno/Sparks Association of REALTORS® and sales associate at RE/MAX Realty Affiliates. “Year-over-year unit volume increases point to many buyers in the market taking advantage of affordable home purchases. What the report does not reveal is the number of entry-level buyers who are facing frustrations of low inventory and slow-to-act banks in the short sale arena. These people are scrambling to identify properties in order to qualify for the \$8,000 first time homebuyer tax credit that expires Nov. 30. We anticipate a strong fall selling season and continuing stability in the area median price.”

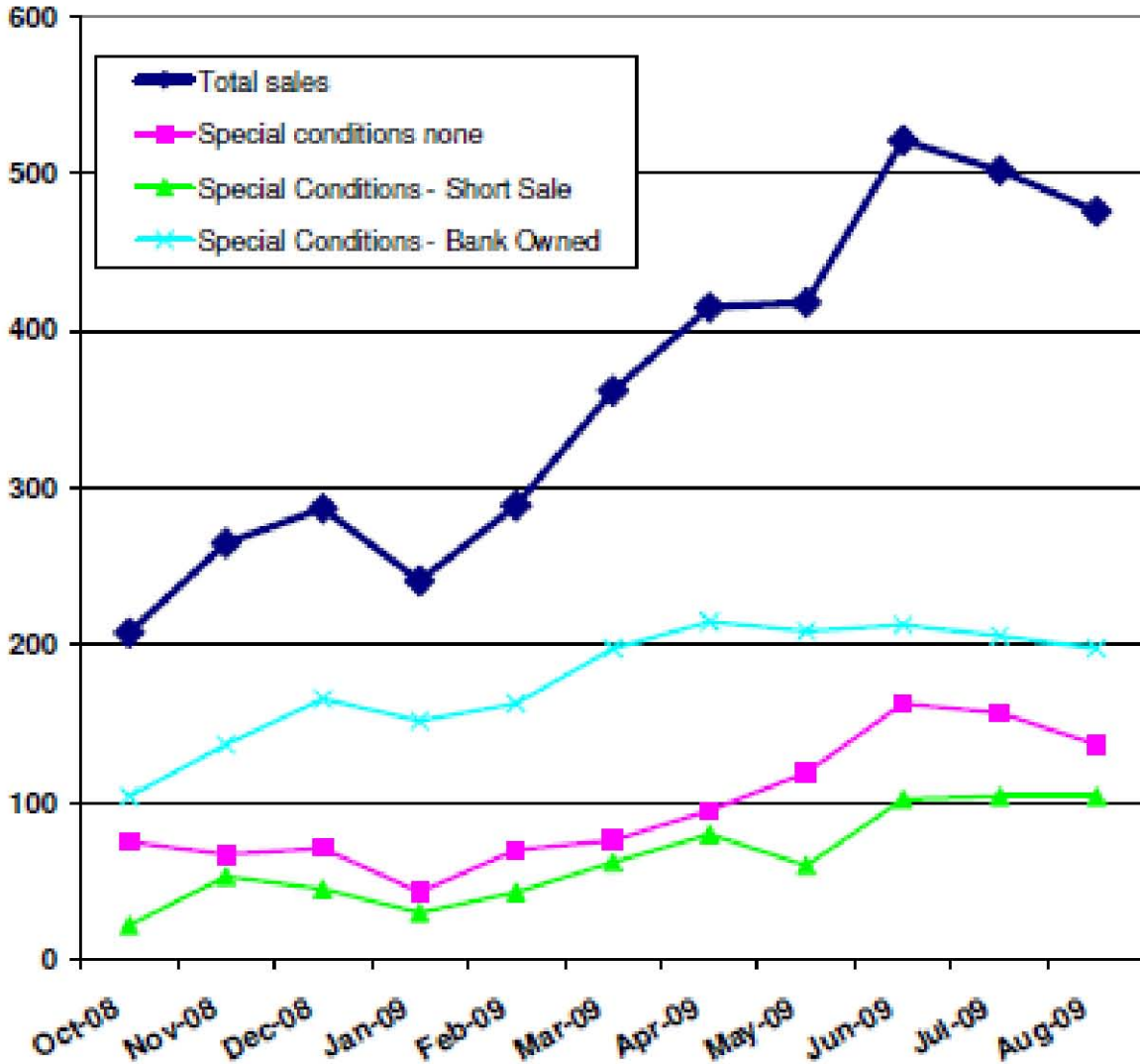
Sales

Below is a summary of the August market conditions

- August ended the month with 476 sold transactions down 6% from the prior month. Sales were up 51% over the same period last year.
- Sales Mix:
 - Bank Owned unit sales were down in August to 192 as compared to 206 in July. Bank owned sales represent 41% of the sales, the same percentage reported for June and July.
 - Short Sales were at 104 in August, the same number reported in July - 22% of the mix in August as compared to 21% in July.
 - No Special Condition (None) sales decreased in August to 135 as compared to 157 in July. Sales reported as “No Special Condition” represented 29% of the sales, down from 31% reported in July.

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

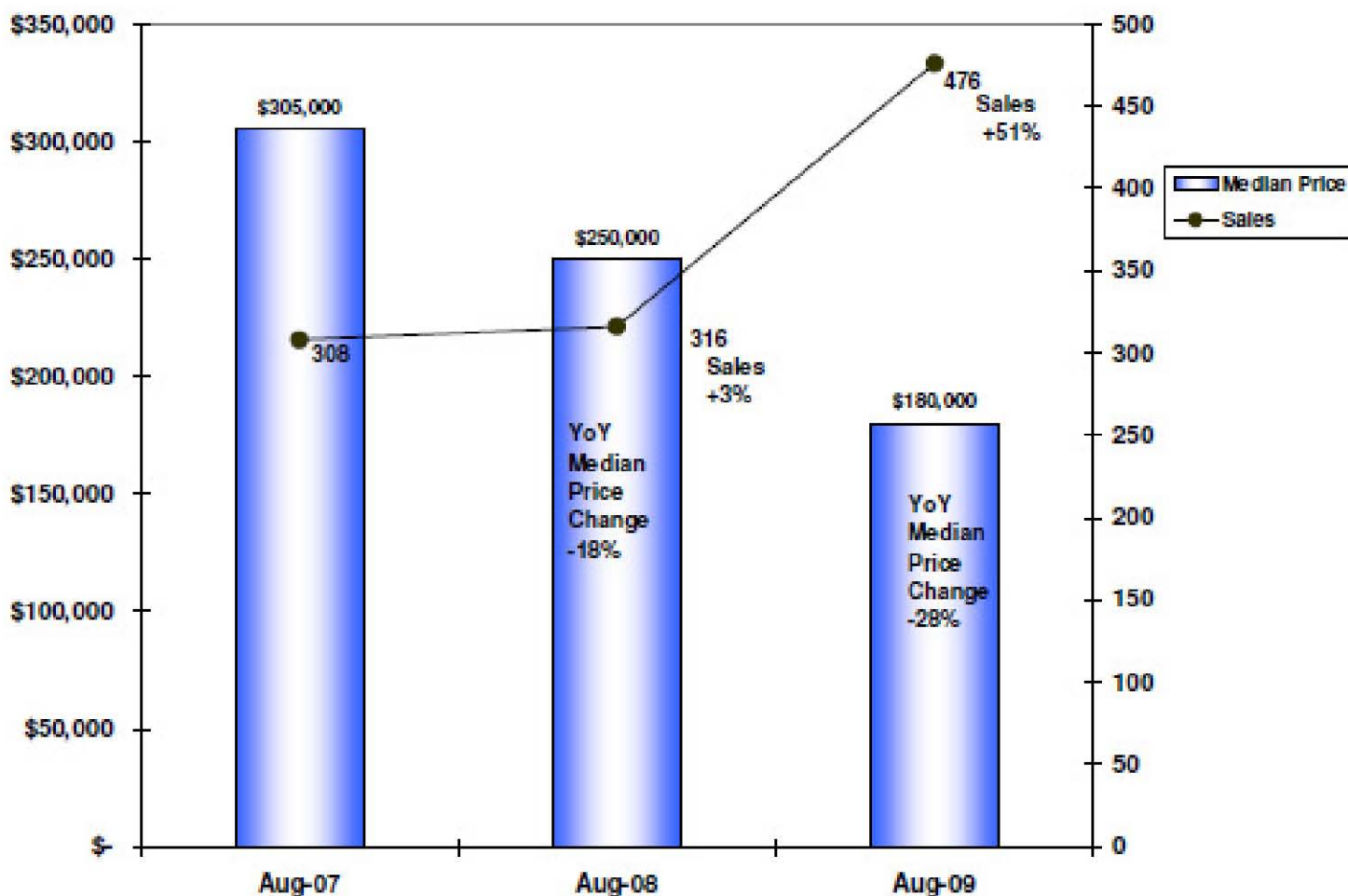
Sales History Analysis
Sales Trends by Special Conditions
 (Based upon stick-built homes in the Reno '100' Market)



Median Price

- August 2009 median price remained stable at \$180,000 compared to July 2009.
- The chart below displays the median price year over year for the month of August in comparison to sales for the same periods.
- Median price is defined as the mid-point, half of the sales for the time frame (August) are below and half are above.

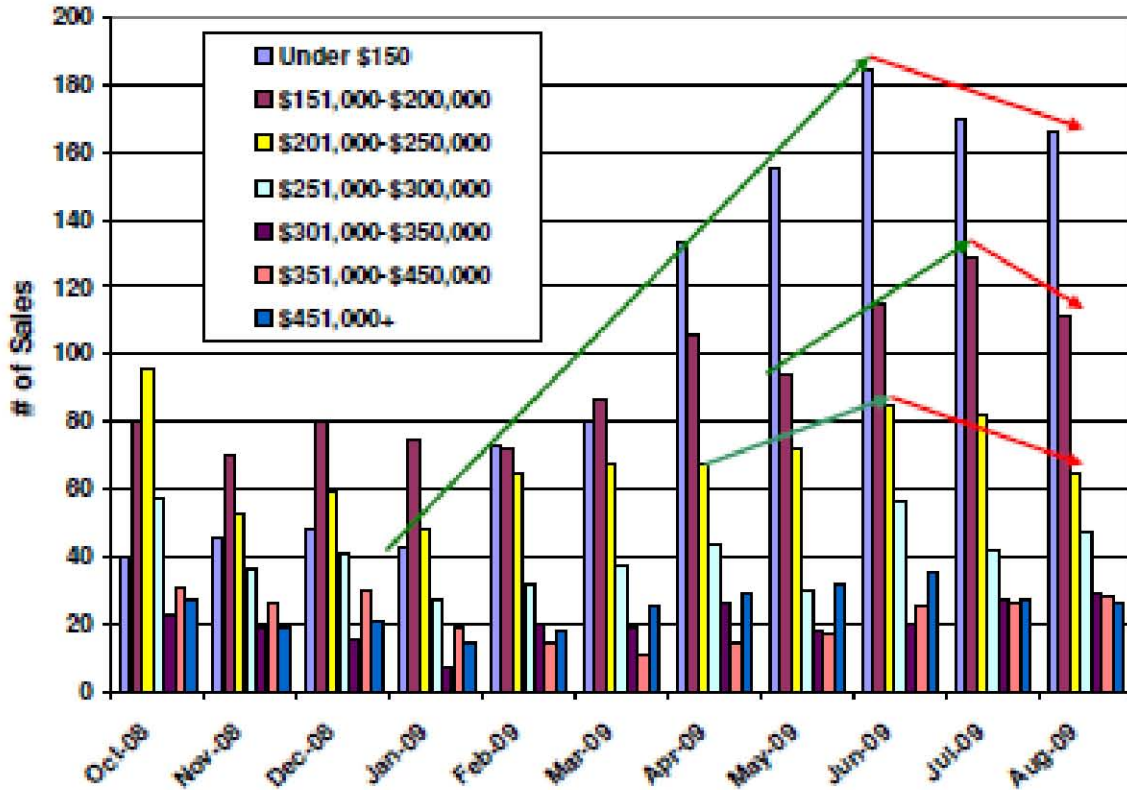
**Median Price Year over Year
Compared to Sales Volume**
(Based upon stick-built homes in the Reno 100)



Sales by Price Point

- As shown in the table below, for the second consecutive month since January 2009 there was a drop in the number of sales in the under \$150,000 price range for August (166 sales) compared to July (170 sales). The next two price points also saw a drop in sales - \$151,000 - \$200,000 for August (111 sales) compared to July (129 sales); \$201,000 - \$250,000 for August (65 sales) compared to July (82 sales).
- 26 closings were over \$450,000. In the over \$450,000 price range, 3 of the closings were Short Sales and 6 were Bank Owned.

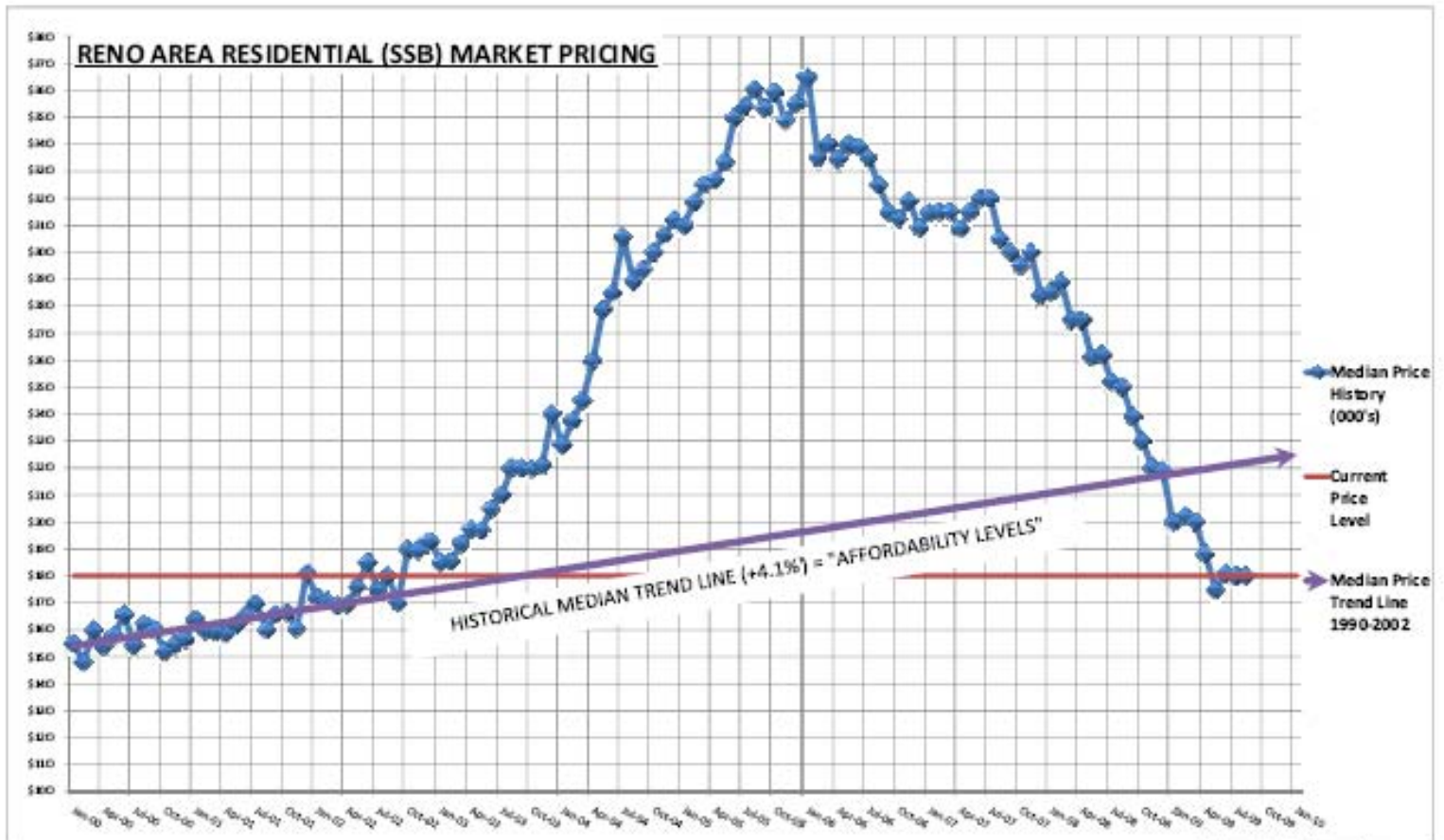
Analysis of Sales by Price Point
(Based upon stick-built homes in Reno 100)



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



Pendings

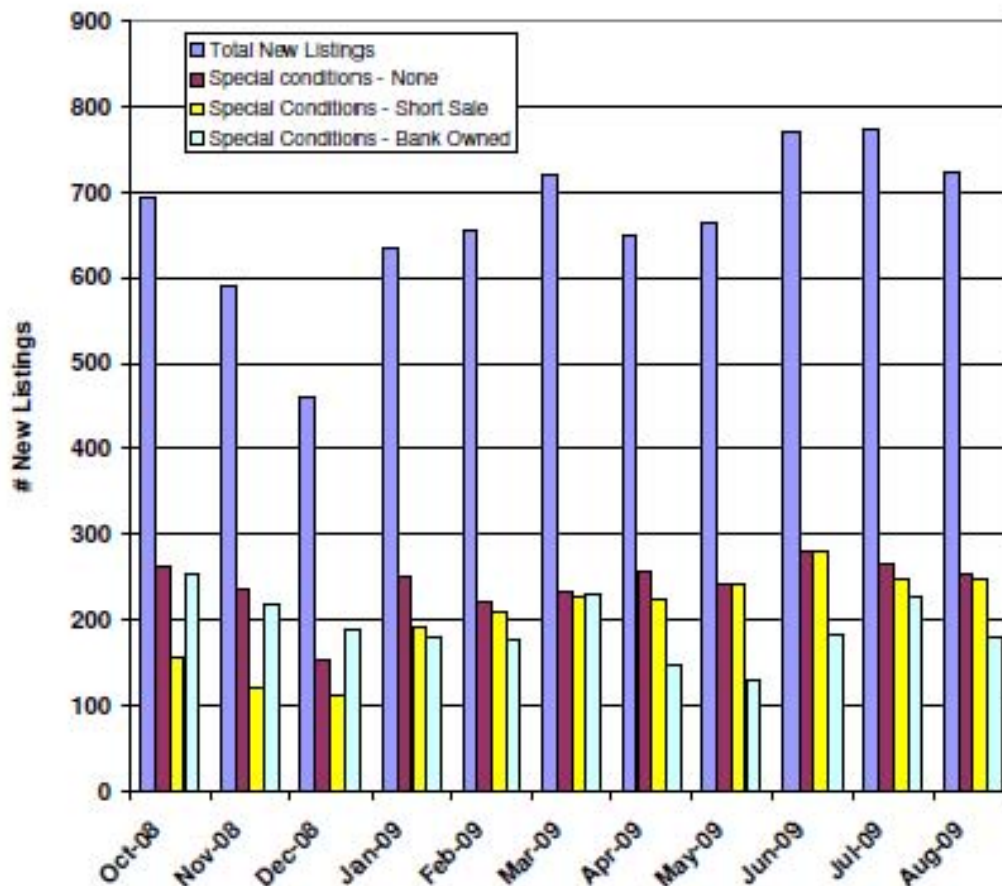
- There were 726 new Active Pending sales reported for the month of August, up 5 % from the prior month.
- 77% percent of August pendings are distressed (short sale and bank owned).

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

Listings

- 724 new listings were taken in August compared to 773 in July, a 6% decrease.
- The percentage of "Distressed" new listings was down 3%. 59% of new August listings were distressed - 247 Short Sales, 181 Bank Owned.

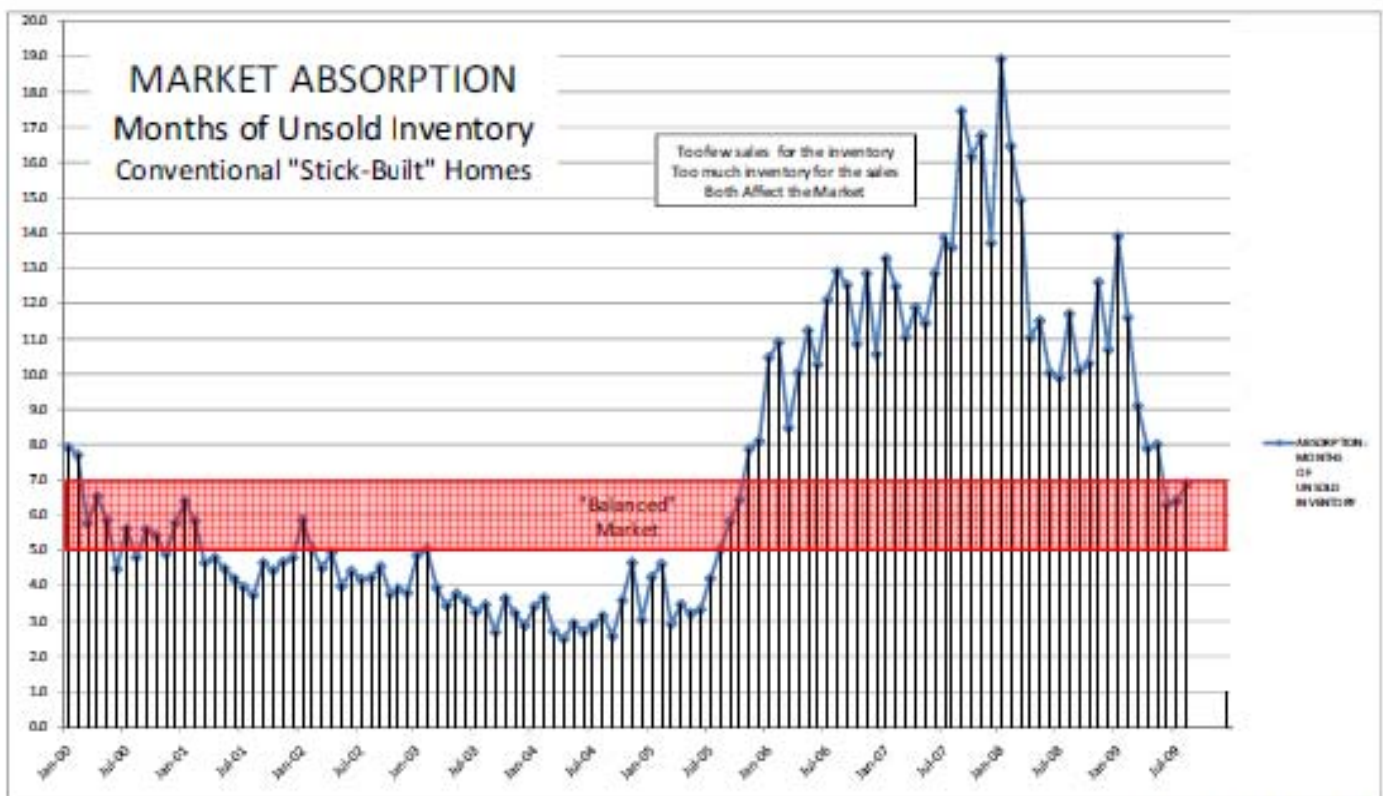
Monthly New Listing History Analysis
No Special Conditions Versus Short Sales and Bank Owned
 (Based upon stick-built homes in Reno 100)



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

- As of August 31st, there was 6.9 months of inventory based on the 31-day August sales rate. For the third 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)



Conclusion

Biggest Questions Marks? The tax credit deadline OR extension? Unemployment?

- August closings are down slightly from July 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 160%.
(August 2008 - 40 short sales, August 2009 - 104 short sales)
- Bank Owned closings continue to decline due to decreased inventory in that category.
- Declining sales under \$150,000 may be attributed to declining inventory at that price point, as well as multiple offers on entry-level properties pushing some transactions to the higher price point.
- The median home price is in line with the median household income in recent months for the first time since 2002.

Three important events and issues to take action on today.

- October 6th, RSAR will be hosting a [Foreclosure Prevention Workshop](#) for REALTORS®, lenders, employers, clergy and community leaders. This **free** workshop will feature a panel of expert speakers on the topic of foreclosure prevention. The object of the workshop is to provide the audience with information and resources that can be shared with sellers facing a mortgage deficiency.
- October 7th, Chief Justice of the Supreme Court Jim Hardesty will be presenting a Lunch N Learn on the [Foreclosure Mediation Program](#).
- If you have not responded to the Call to Action by the National Association of REALTORS® encouraging representatives in Congress to extend the First Time Homebuyers Tax Credit. [Click here](#) and do it today!

MEDIAN HOME PRICE HISTORY

SITE-STICK BUILT HOMES - RENO '100' MARKET

