

December 2009
4th Quarter Sales Report
Talking Points

WHAT'S GOING ON?

What's Going On: December shaped up to finish with a few bright spots in the pricing component of the market mix. Bank Owned homes continue to be an increasing percentage of Sales, Inventory, Pendings and New Listings. The data covers "Stick-built" single family residences listed in the NNRMLS Reno '100' market that covers Reno, Sparks, North Valleys, Spanish Springs, Washoe Valley, Virginia City Highlands and Lockwood — basically Washoe County without Incline Village.

- Good News - We will finish the year with *sales numbers (units) up as much as 7%* over 2007. (2007 was the lowest sales year in the past 9 years)
- Unfortunately, median homes prices are a counter balance for the increased sales numbers with a *19% decline in the median home price* from December 2007 to year-end 2008.
- On a positive note, even with an increased percentage of "Bank Owned's" in the "Solds" for the month, *the median home price for the month was only down 1%* after many months of 4% month-over-month declines. We need several more in a row for a trend to develop.
- The median home price is now in line with the median household income for the first time in years — the median household can now afford the median home. For our recovery we need affordability, reduced inventory (or increased sales demand), attractive interest rates, available credit and consumer confidence. We have 2 out of 5 so far.
- Homes priced above \$500,000 continue to be a tiny percentage of the totals for the month — December will show sales priced over \$500,000 come in at about 16 units - only one above a million so far. Only one Bank Owned and one Short Sale

in that plus \$500K group. Jumbo loans are still available but down payment requirements of 25% + and proof of income have affected this part of the market more than any other.

- The market absorption rate for homes with no special conditions of sale ("None") is about 12.5 months, the rate for "Bank Owned's" is 5 months and the rate for "Short Sales" is a little over 17 months.
- Short Sales in December returned to 15% of the mix for "Solds" after a one-month blip to 20% in November.
- A closer look at the numbers show that many Short Sales continue to be *"REO's in training."* Approximately 40-60% of the active Short Sale inventory will become "REO's" during the next 6 months. Of all of the homes listed as Short Sales between May 1st and Oct 31st, only 10.3% have sold and over 34% have expired or withdrawn without selling. By contrast, over 53% of the Bank Owned's have sold and less than 9% have expired or withdrawn. SEE TABLE BELOW;

TOTAL SSB HOMES LISTED MAY 1, 2008 TO OCT 31, 2008	SOLD	PD	EXP	WD	AP	ACTIVE
"NONE" 2046	503	17	242	464	34	786
	24.6%	0.8%	11.8%	22.7%	1.7%	38.4%
<i>STATUS AS OF 12/28/08</i>						
<u>"BANK OWNED" 1176</u>	634	34	36	61	105	306
	53.9%	2.9%	3.1%	5.2%	8.9%	26.0%
<i>STATUS AS OF 12/28/08</i>						
<u>"SHORT SALE" 1083</u>	112	6	65	308	177	418
	10.3%	0.6%	6.0%	28.4%	16.3%	38.6%

- Listings with no Special Conditions ("None") behave a lot like Short Sales except that more than twice as many close percentagewise.