

From RGJ.com
January 3, 2009

Existing home sales up

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Sales of existing single-family homes in Washoe County in November saw a significant jump over last year, but new home sales saw a steep drop as falling median prices and a glut in inventory continue to put pressure on the homebuilding industry.

Existing single-family home sales rose by 57 percent in Washoe County compared to November 2007, according to the latest housing report from the Center for Regional Studies at the University of Nevada, Reno.

Sparks led the way with a 94.7 percent year-over-year increase in sales, with 74 existing homes sold in November. Reno reported the highest volume with 144 existing home sales, up 51.6 percent from last year. Existing home sales in Washoe County were down 18.4 percent from September as the slower winter season kicked in.

"The 57 percent increase in existing home sales in Washoe County (is) a strong positive indicator showing that there are buyers out there," said Brian Kaiser, a housing and real estate analyst with the Center for Regional Studies. "Unfortunately, it was coupled with another steep year-over-year price decline, but at least there's someone out there picking up all these foreclosures."

Although Washoe County's \$220,000 median price for existing homes in November was relatively flat compared with the previous month, it represents a 30.2 percent decrease from last year. Prices still have a way to fall and are clearly not bottomed out yet, said Kaiser, who expects some additional price decreases in 2009 coupled with stagnant new construction.

Existing condominiums fared even worse in terms of price, down 50 percent from last year with a median price of \$100,000. Existing condo sales volume is also down 31.6 percent month-over-month and 13.3 percent year-over-year. Condo sales showed a lot of volatility in 2008, with some months showing significant sales increases and some months showing sharp sales declines.

"The condo market has just been bouncing around," said Wayne Capurro, outgoing president of the Reno/Sparks Association of Realtors. "Sometimes, I think we see these wide fluctuations because of a low sample size. We just don't have large enough numbers (for the condo market)."

New-home sales also continue to struggle, with only 25 sales reported in Washoe County in November. The sales represent a 53.7 percent decline from the previous month and a "staggering" 82.9 percent drop from November 2007, Kaiser said. One bright spot for new homes is median sales price, which was at \$351,958. The price is up 26.8 percent from September and 4.3 percent from the same period last year. But the jury is still out on what those numbers exactly mean, experts said.

"I think the small sample size has more to do with (the median price increase) than any inherent strength that it might imply in new homes," Kaiser said. "It's worth watching, though, to see if the new homes in the coming months can continue holding their own on price. I don't expect there to be much of a positive change in the direction of the market in early 2009. Foreclosures are still increasing and flooding the market with bargain-priced homes, and I believe that it will be extremely difficult for new home builders to compete with that market."