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Pending Northern Nevada home sales tick up in December

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Pending home sales avoided a fall into negative territory in the Reno-Sparks area in December, according to preliminary figures, even as job losses and eroding consumer confidence helped such sales fall nationwide in the previous month.

In a report released Tuesday, the National Association of Realtors' Pending Home Sales Index fell to 82.3 in November. The reading is down 4 percent from October's downwardly revised reading of 85.7 and 5.3 percent below last year's reading of 86.9.

The reading is the lowest ever recorded since the index was started in 2001.

The index tracks pending sales of existing homes, in which a contract has been signed but the transaction has not closed. A reading of 100 equals the average level of contract activity in 2001.

The decline in pending sales nationwide was expected, with the traditionally slow month of December likely seeing even lower numbers, said Jed Smith, managing director of quantitative research for the National Association of Realtors.

The 30-year fixed-rate mortgage should also be fairly steady in the first half of 2009 and increase slightly the rest of the year, the association said.

"One very good note is that interest rates have decreased, and that's clearly good news for borrowers," Smith said. "But much of the activity has been focused on the refinancing of mortgages rather than the taking of mortgages. Approximately half of the activity we've seen has been focused on refinancing so we think we will continue to see slow activity in December."

Despite projections of further declines nationwide in December, the Reno-Sparks area managed to eke out an increase in pending sales in the final month of 2008, according to top preliminary figures. Pending sales in the area were up by about a half-percent in December, not a huge jump but still a good sign given how sales activity typically goes down during the month, said Kris Layman, president of the Reno/Sparks Association of Realtors. Preliminary data also show that closed sales transactions in 2008 were up by 10 percent from the previous year, Layman added.

The local numbers appear to be in line with trends seen in the West region, which reported the highest reading in the pending home sales index in November. The West's pending home sale index was at 101.2, down 2.4 percent from the previous month but up 19.3 percent from the same period last year. Smith attributes the West's better numbers to increased affordability after the region took the brunt of the housing meltdown. This likely also means that the West will be the first region to show signs of a recovery.

"I think the West region is best positioned (for a recovery) because it was severely impacted by the earlier run-up and ensuing decline in prices," Smith said. "The West probably has the most attractive pricing now relative to historical values."

Local and national Realtor groups also continued to press on the federal government to do more to stimulate the housing market. The national association, for example, has repeatedly asked the government to make the \$7,500 tax credit for first-time home buyers a true tax credit that does not have to be repaid. It also asked for the incentive to be extended to all home buyers.

Layman said the government needs to do a better job in clearly laying out its plans for the housing market.

"We need some type of commitment from the government on whether they're going to do something to stimulate housing or not," Layman said. "If not, then they need to say so and get out of the way. Just the potential of them doing something is causing possible buyers to hold off and wait when they could be getting into a property."
