

November 2009

Last November I started off my newsletter with the encouragement to start buying. My feelings were then that we would see the best buying season in 2009 to come that this market has ever seen. So then how have we done in the last 12 months and how was my advice?

	November 2008	November 2009
Total homes for sale	2,937	3,024
Total homes in escrow	608	1,742
Total homes sold	2,981	4,295
Average sales price	\$315,851	\$252,513

I think that you listened. In 2006 the market sold 3,523 homes with cheap money, no credit, no qualification. Year to date we have closed 4,295 on full documentations loans, full credit checks and full appraisals. No one is talking about this, this is great news!

Now I have November and December to get ready for my thoughts in 2010. I will start this month with this thought. All media and public information says we are in for a beating in 2010. My thoughts are that we are working out of the bottom, we have a long way to go but those that bought in 2009 are the winners and those that continue to wait are going to become the losers. That by no mean should be taken that it is all uphill from here but instead that prices are not going to continue the free fall like we have seen in the last three years.

As anyone that is interested in buying will see, if they get in their car today, inventory is not what it was and the choice of good, well maintained homes in not large. Enclosed is the current inventory of all Reno/Sparks homes for sale as of November 1<sup>st</sup> by price point (these numbers are for ALL of Reno/Sparks).

For homes under \$800,000 that is NOT a lot of inventory believe me, and buyers are being shocked to find that there is not a home on every corner for them. Yes this is November and yes, inventory is down but this suggests that our inventory may not jump ahead of buyer demand for the first time in three years. IF we can keep inventory more in line for the first time in the first 180 days of 2010 we will build the bottom we need.



In addition, as the banks become more responsible and responsive to the SHORT SALE disaster that they have created, and yes, the banks get credit for this one all by themselves, the short sale market can change direction as well and arrest the free fall of values as well. Foreclosed homes all by themselves have had a huge impact on our market but it has been the way short sales have been handled that have allowed our market to implode as badly as it has. With the Obama administration's push for making homes affordable, with major lenders re-thinking their approach to short sales 2010 can actually become our first decent year in local real estate in the last 5 years.

Yes it really is all about the economy. I know that I am writing some big "ifs" into the picture but I see a glass that is now half full and filling slowly. I see enough willing buyers stepping into the market in the coming 8 months to fill the gap and to see 2011 gain ground for the first time since the end of 2005.

Have a wonderful Thanksgiving and more to follow next month to wrap up the year.

Kind regards,

A handwritten signature in black ink that reads "David Morris". The signature is written in a cursive, flowing style.

David Morris

#### P.S. Tax credit plan

The homebuyer tax credit expansion measure includes these provisions:

- Extends the \$8,000 first time Homebuyers Tax Credit and creates a new \$6,500 tax credit for homeowners buying a new home by July 1, 2010.
- Homebuyers with contracts as of April 30 qualify for the credit so long as they close the transaction within 60 days.
- The full credit is available to homebuyers with incomes of up to \$125,000 for a single return or \$225,000 for a joint return.
- Not available for homes costing over \$800,000.
- Homebuyers who already own a home are only eligible if the home they are leaving has been used as a principal residence for five consecutive years in the last eight.
- Provides authority to the IRS to provide greater oversight while processing the return and requires that the taxpayer claiming the credit be 18 or older.
- Members of the military, military intelligence and foreign service who are on qualified extended official duty are not subject to the recapture fee and individuals who have been deployed overseas for 90 days or more in 2008 or 2009 can claim the credit through April 30, 2011.