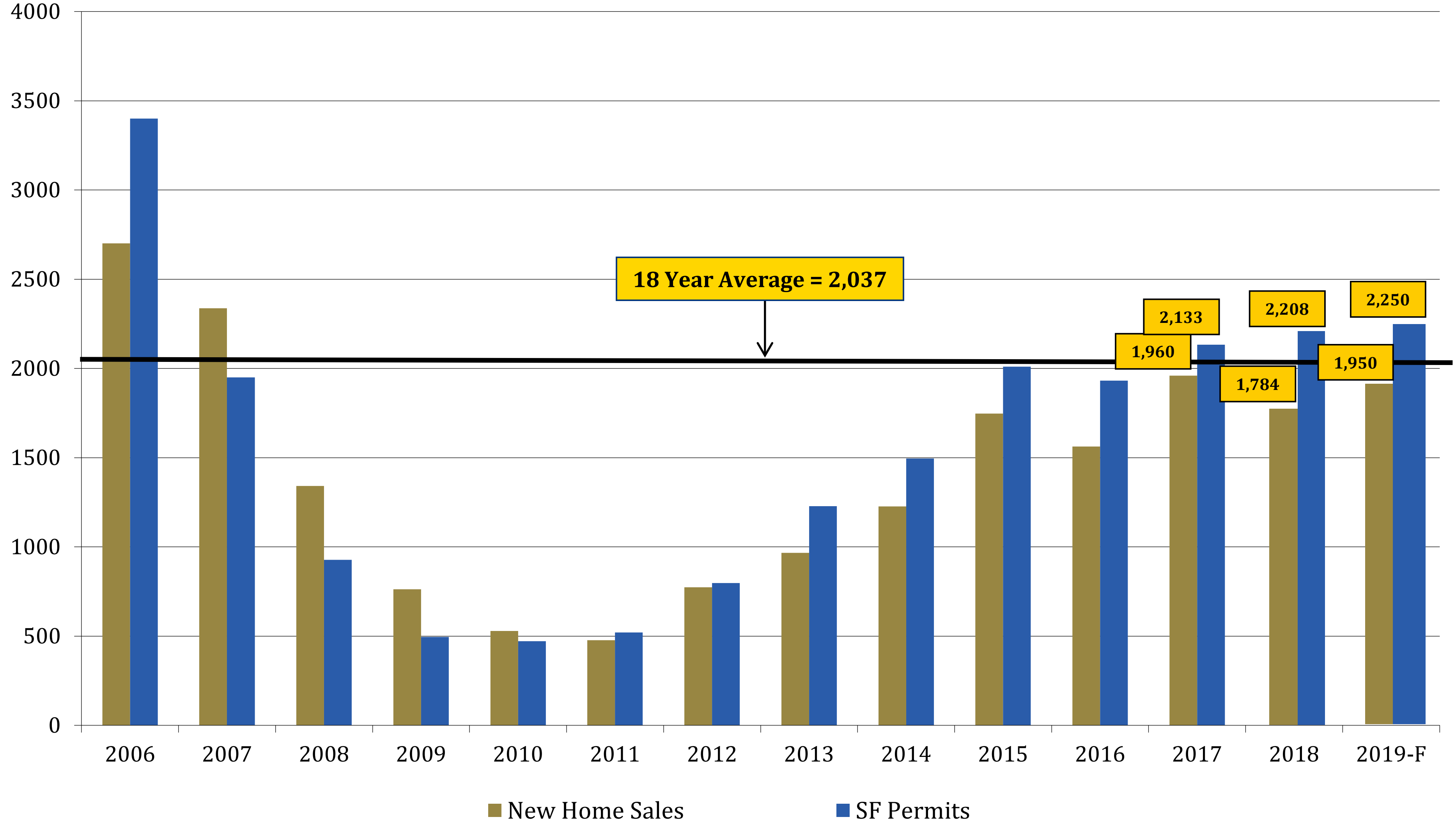

SIMMER DOWN NOW
NORTHERN NEVADA LAND RUSH
2019 Forecast
Land and New Home Review
Mark Krueger
Principal and Land Expert
ARCHCREST
COMMERCIAL PARTNERS, LLC


NEW
HOMES

## New Homes

# Reno/Sparks Sales & Permits



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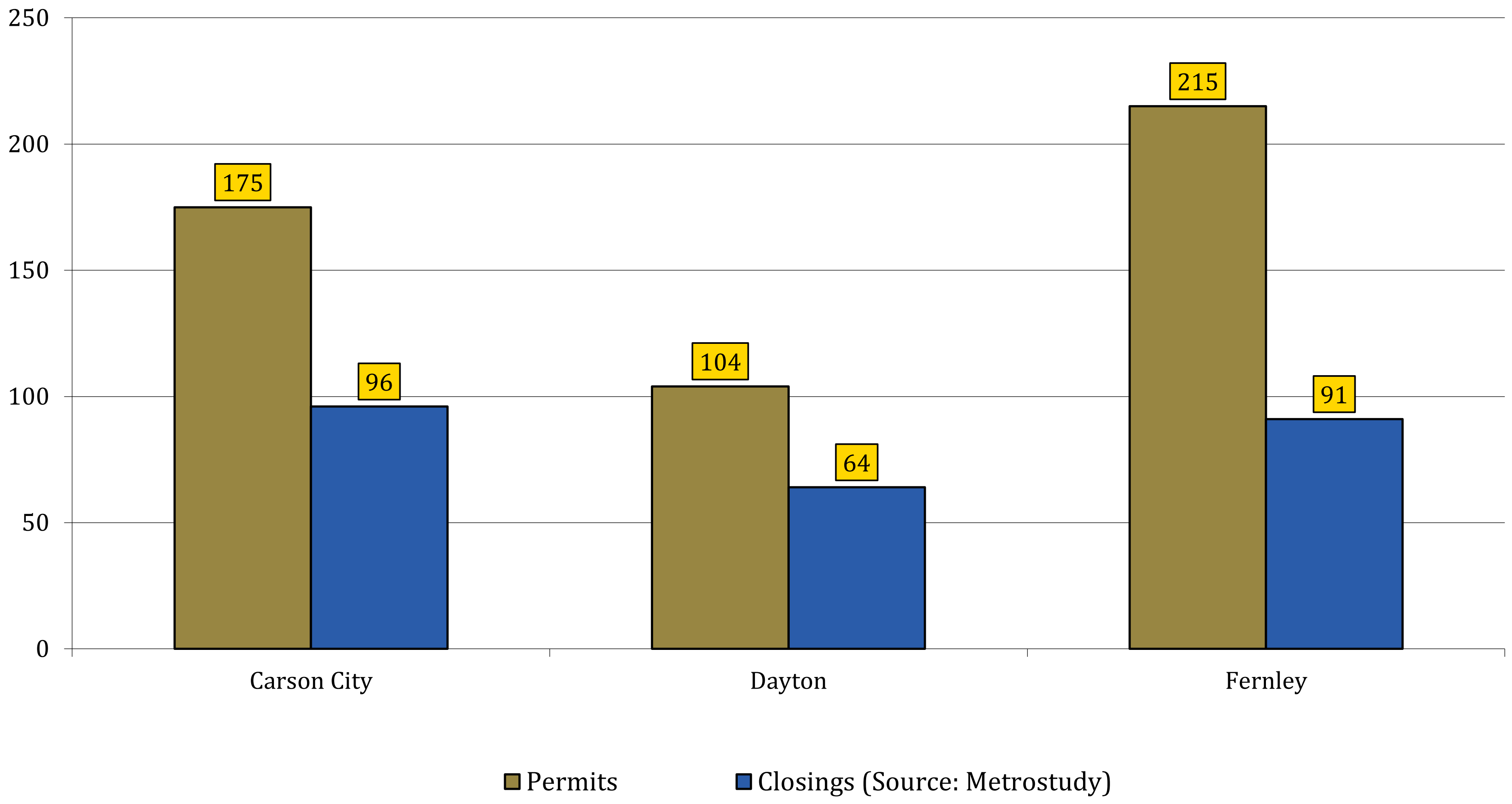
## 2018
# The Tale of Two Halves

| | First Half | Second Half |
|---|---|---|
| New Home Sales | 1,076 | 708 |
| Average Price Increases (New) | $22,750 | $2,150 |
| Unsold Inventory | 232 | 390 |
| Interest Rates | As low as 4.22% | As high as 4.9% |
| Median Price (Resale) | +$40,000 | -$20,500 |
| Nor Cal Home Prices | +15.1% (2017) | +4.3% (2018) |
| SF Land Sales | $59.3 Mil (16 deals) | $29.8 Mil (7 deals) |
| Builder Confidence (HMI) | 72 | 56 |

## Single Family Permits & Closings

# Fernley, Dayton & Carson City



New Home Sales

# The Top Five - 2018

## By Builder

1) Lenar
2) Toll Brothers
3) DR Horton
4) Jenuane Communities
5) Ryder Homes

## By Community

1) Regency, Toll Brothers (active adult)
2) Woodland Village, Lifestyle Homes

TIE

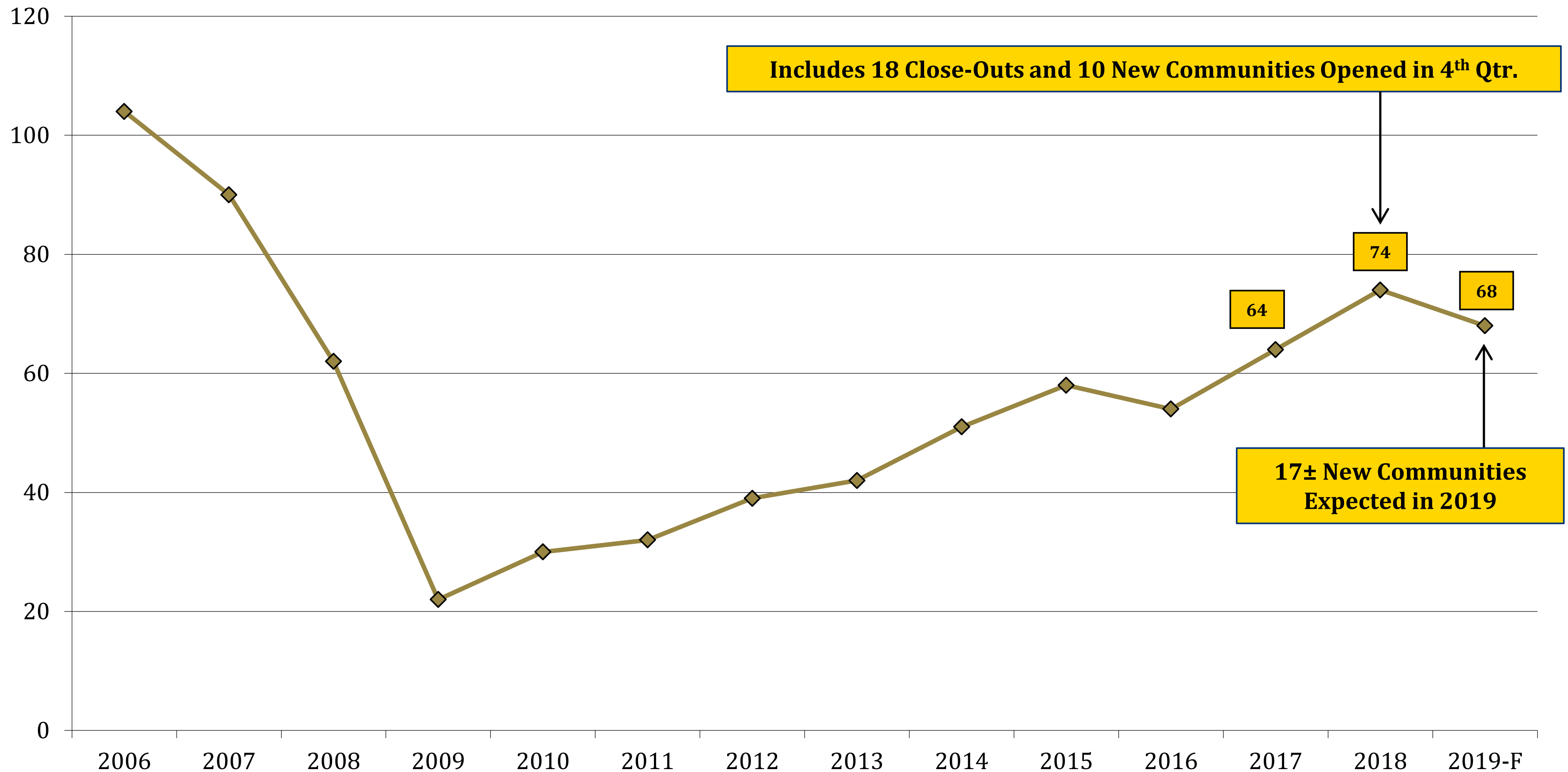
3) Sterling Ridge, DR Horton
   Riata, DR Horton

TIE

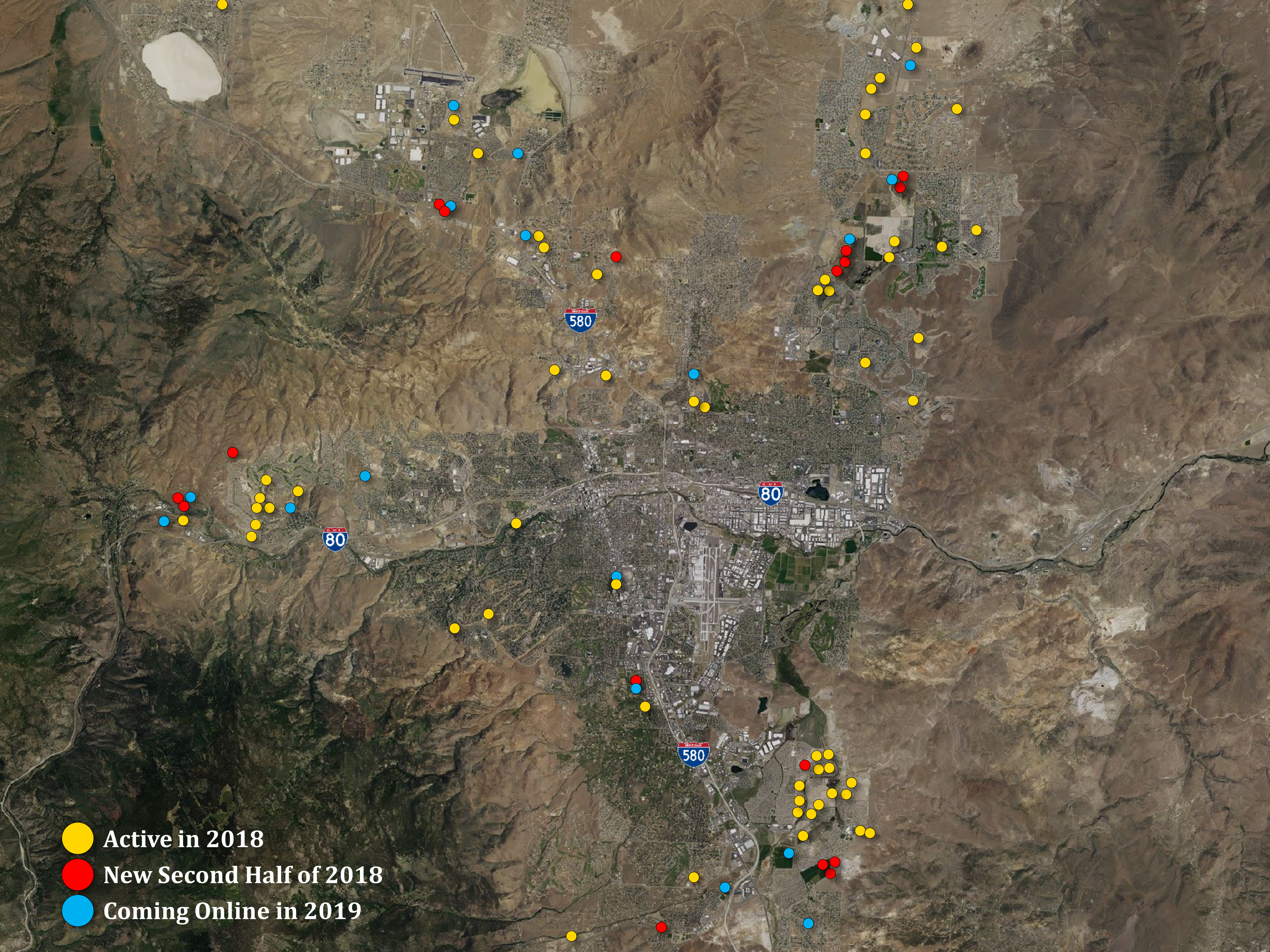
4) Ivesia, Di Loreto Homes
   Legacy Pointe, Paradiso Communities
5) Shadow Ridge, Ryder Homes

# Attached and Detached New Homes

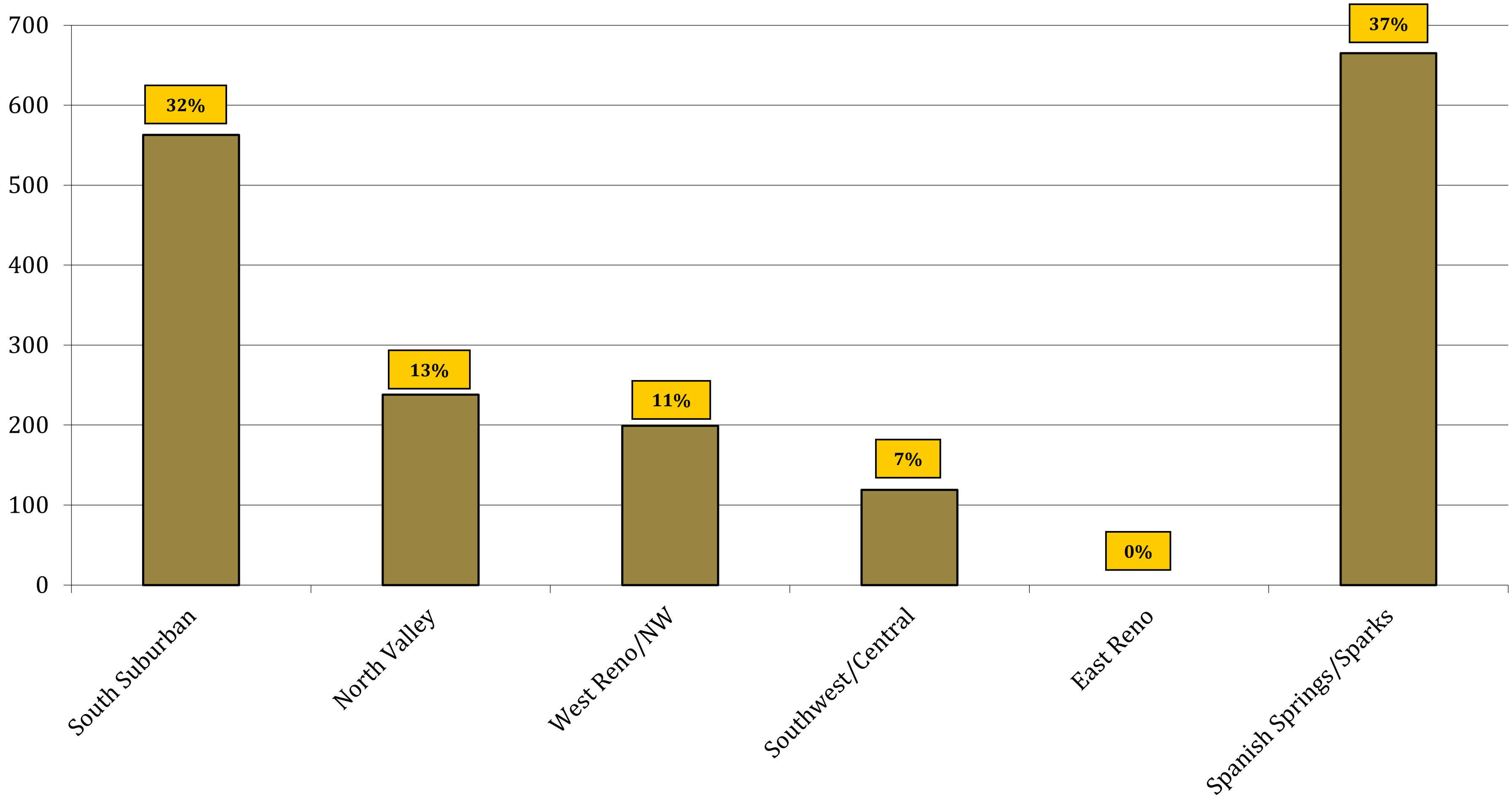
# Active Communities




*Active = 10 or more total units - built & sold homes in 2018*

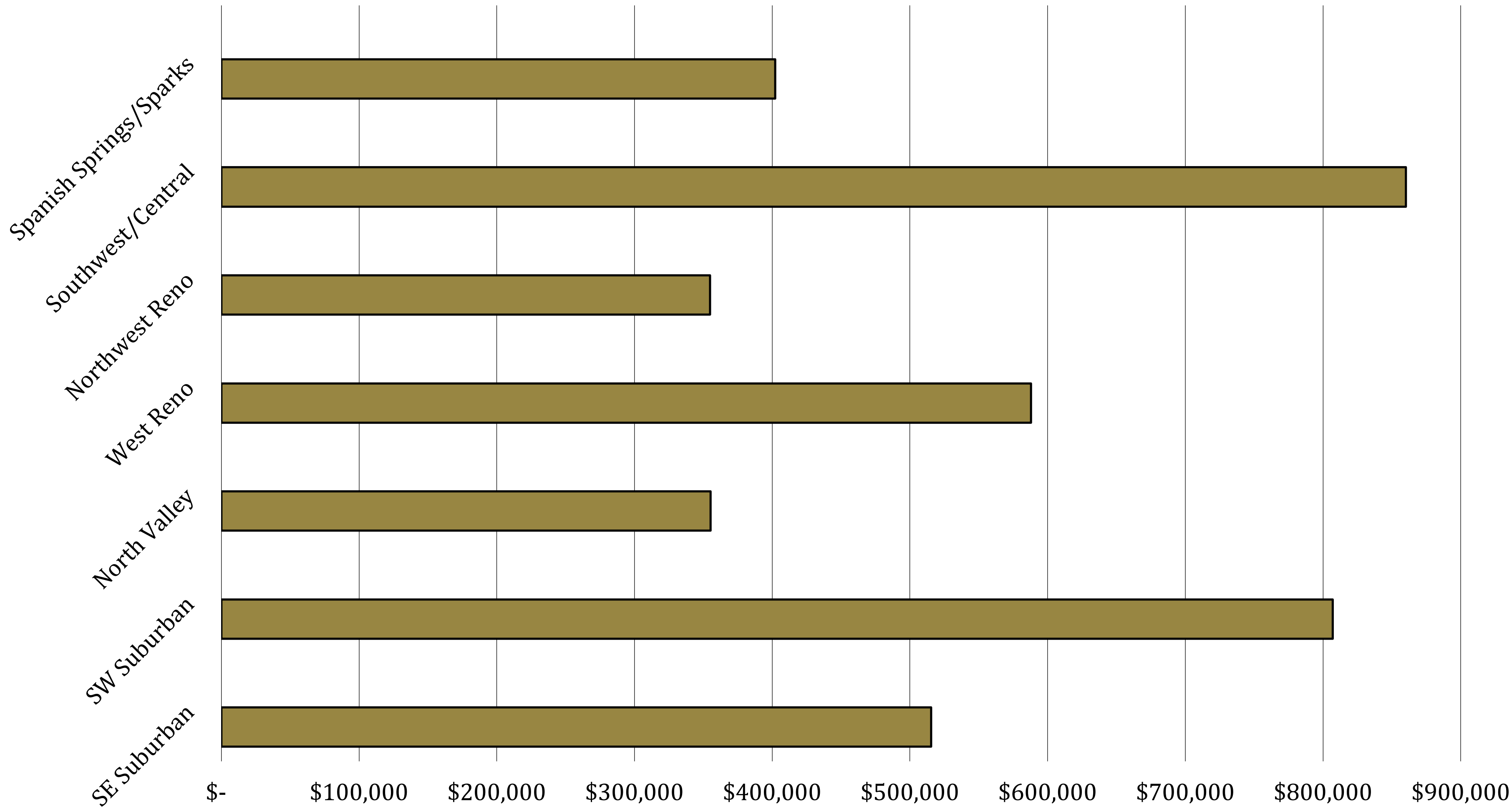

580
80
80
580
Active in 2018
New Second Half of 2018
Coming Online in 2019

# New Homes
# 2018 Sales by Area



## New Homes - Detached

# 2018 Average Base Price by Area



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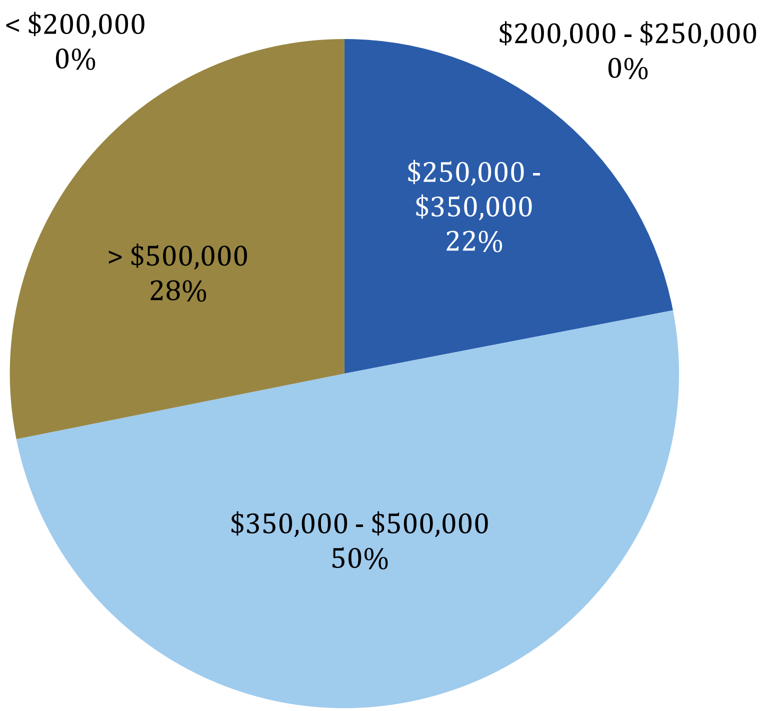
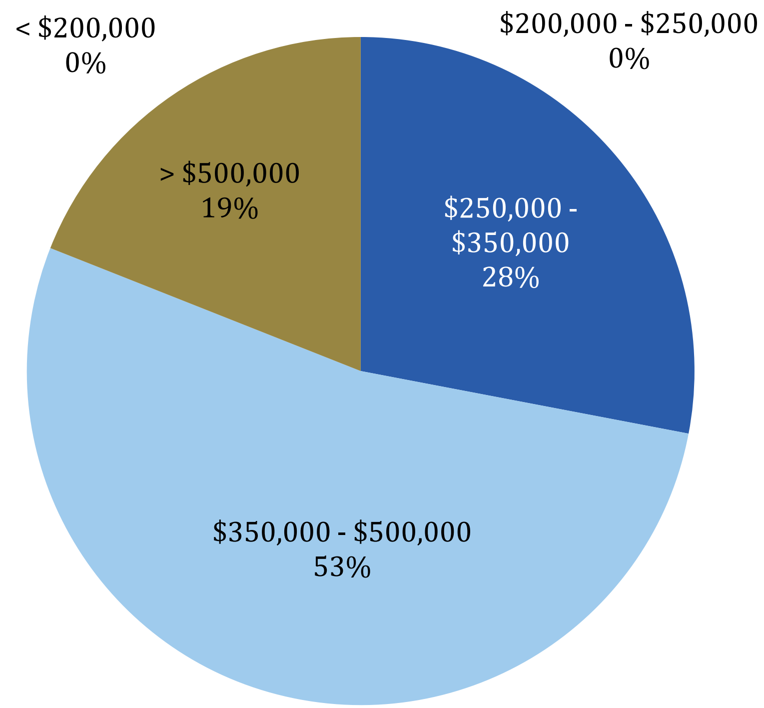
## New Homes – Attached and Detached

# Sales by Base Price Range

**2018**




**2005**




**Exceeded 2005 Peak!**

# 2018
# Affordability

| | | | |
|---|---|---|---|
| **Loan Amount** | $300,000 | $400,000 | $500,000 |
| **Required Annual Income** | $50,760 | $68,976 | $86,016 |
| **Hourly Wage (40hrs/week)** | $24.40 | $33.16 | $41.35 |

**Affordability Gap**

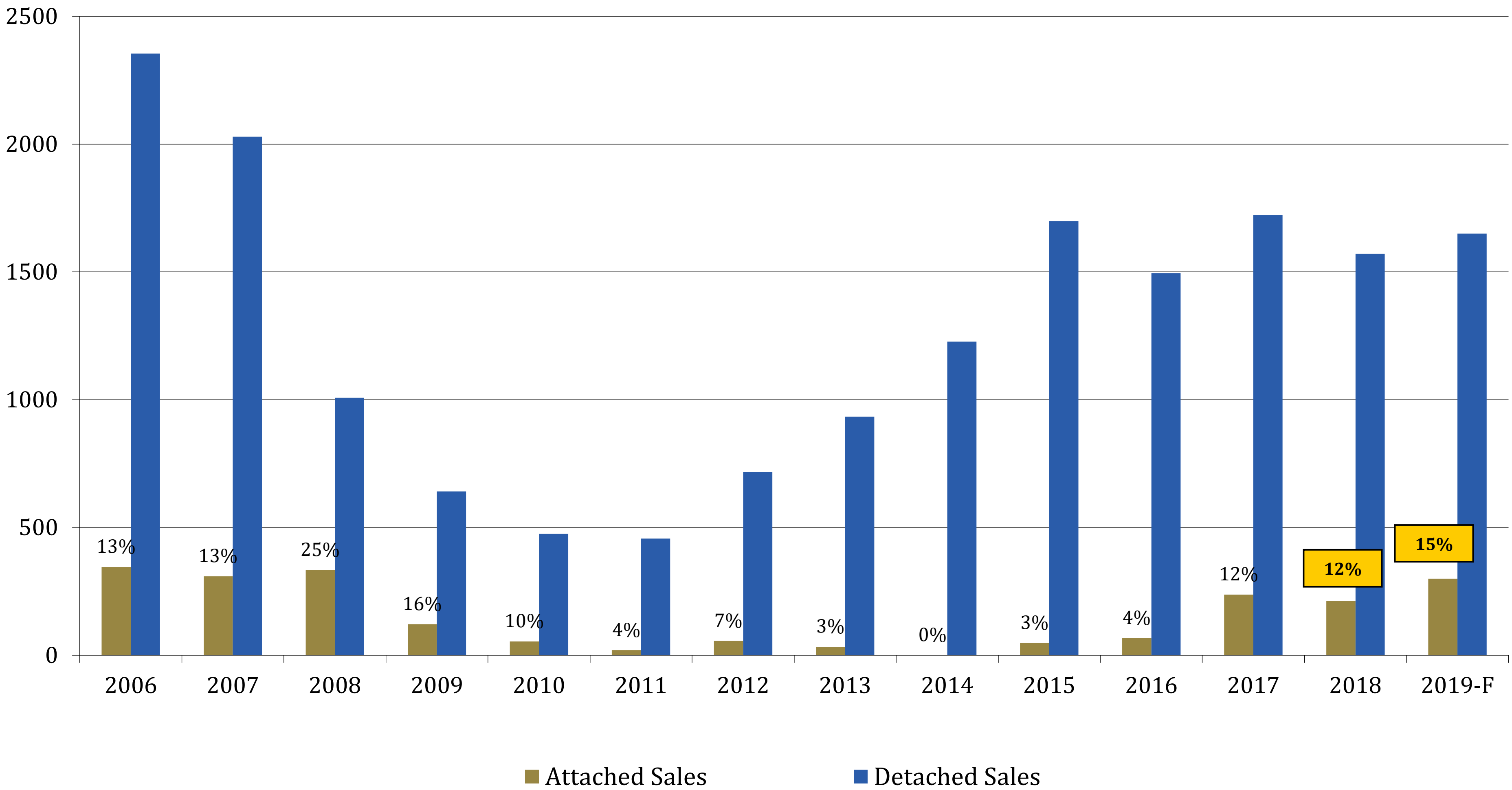
**Washoe County Median New Home Price = $451,900±**
*Source: Metrostudy*

**Washoe County Median Household Income = $58,175±**
*Source: Datausa.com*

*Based on current interest rates, 10% down payment and assumes no other debt*

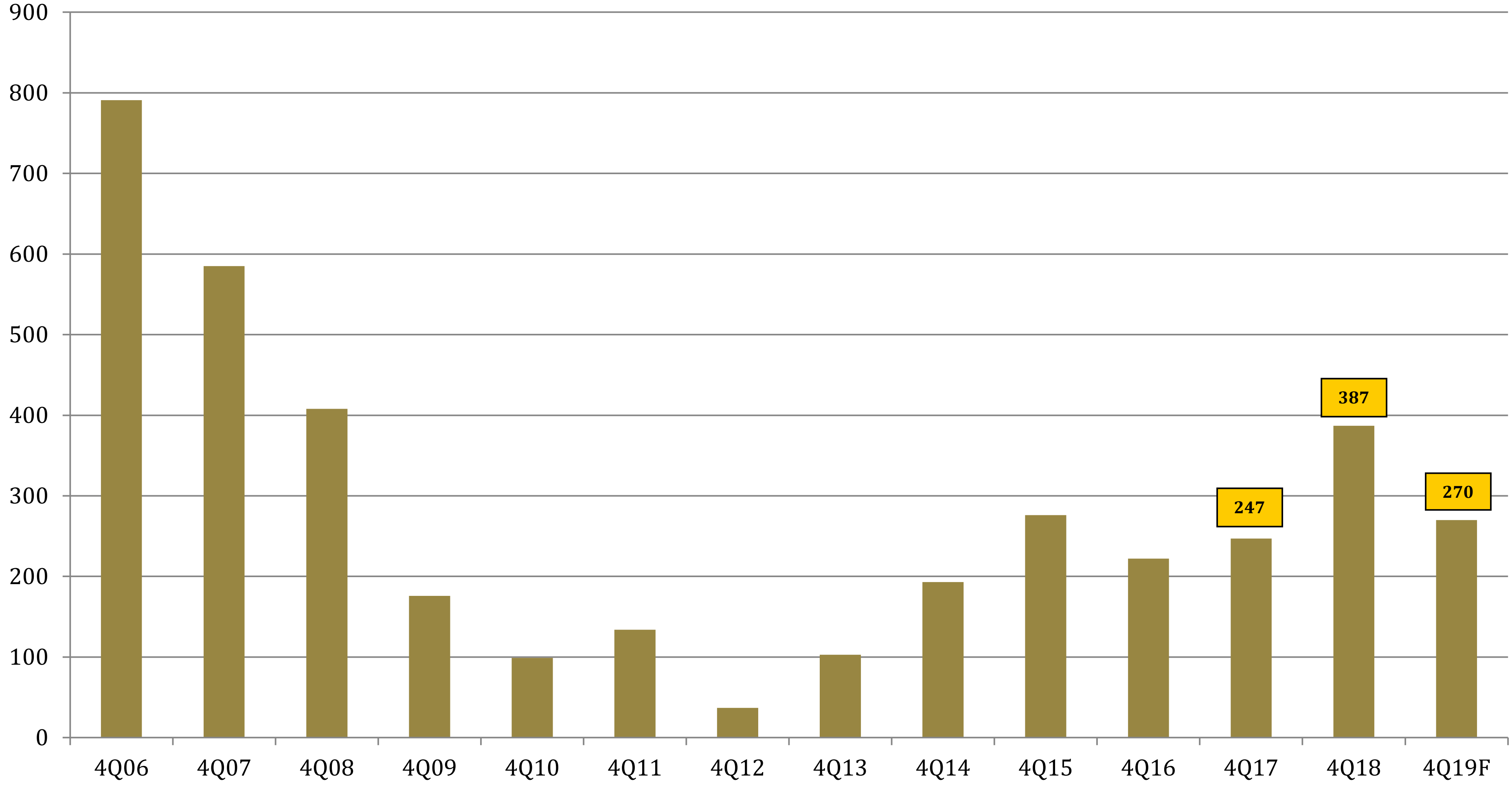
## New Homes

# 2018 Attached vs Detached Sales



New Homes

# Unsold New Home Inventory




*Attached & Detached Product Types – Includes Homes Under Construction*


RESIDENTIAL
LAND

## Residential Land

# Reno/Sparks Land Deals

| 2018* | | 2017 |
|---|---|---|
| 23 Deals | **Fewer Deals** | 27 Deals |
| 2,532 Lots | **Smaller Deals** | 7,032 Lots |
| 877 Acres | | 1,544 Acres |
| $89 Million | | $142 Million |

***Excludes Custom Lots**
166 Lots Sold
Median Sale Price of $183,500

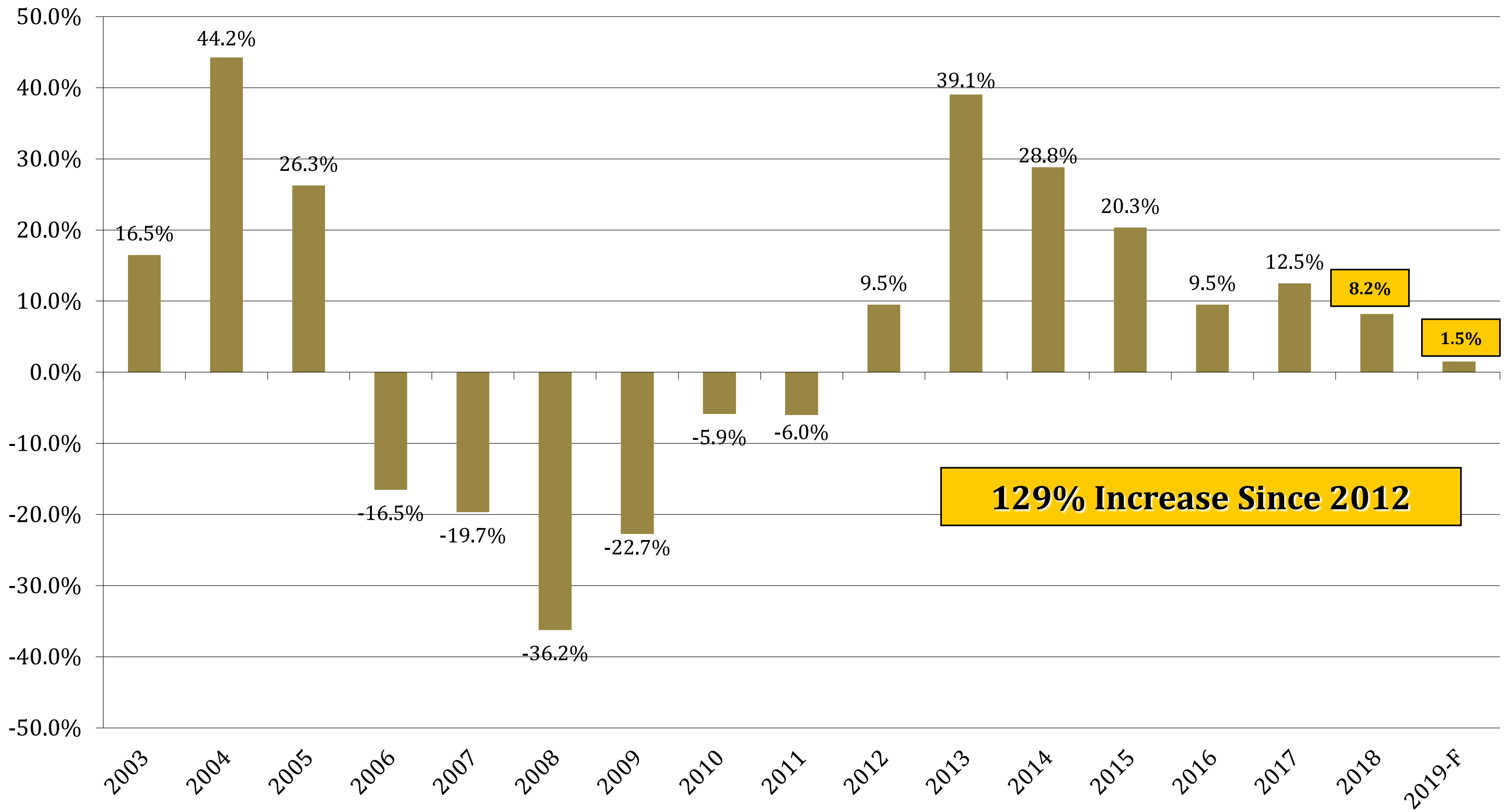
***Excludes Multi-Family Land Sales**
2,390 units, 284 acres
$58.9 mil

*Numbers Are Estimates Only*

ArchCrest Commercial Partners, LLC

## Residential Land

# Finished Lot Price Appreciation

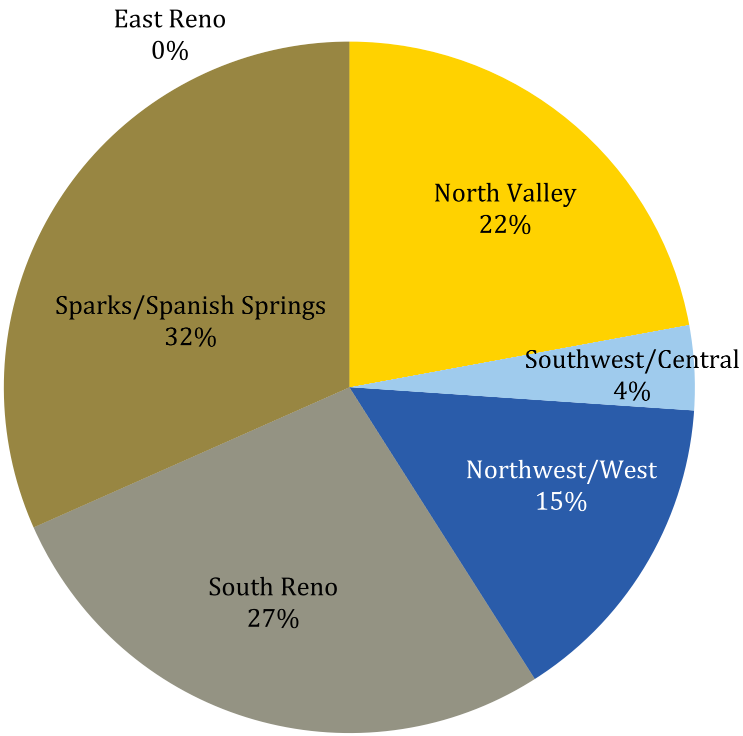



*Blended average of lot sizes and location*

# Residential Land (Detached)

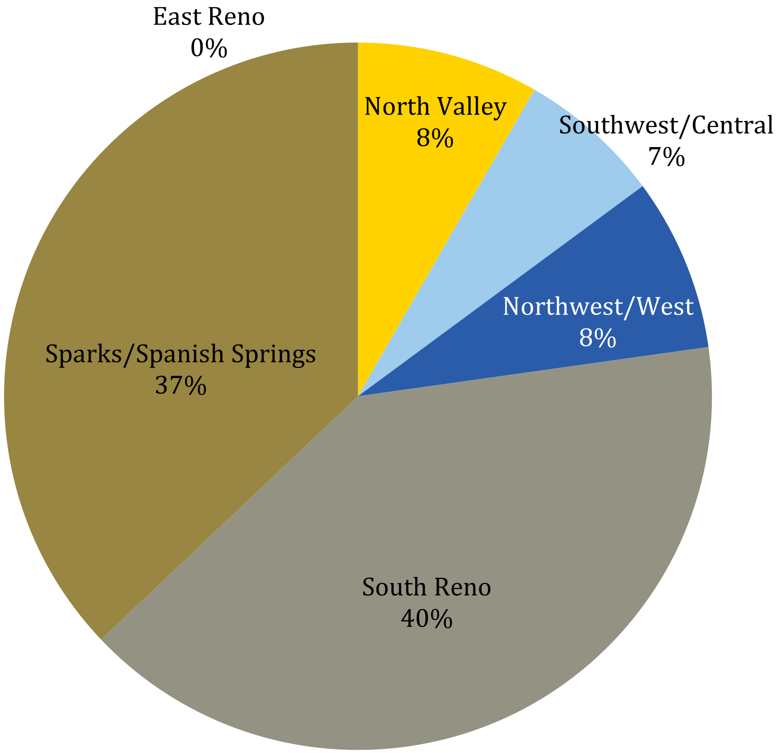
# Finished Lot Supply

## 2018




**2,623 Total Homesites**

## 2017




**1,721 Total Homesites**

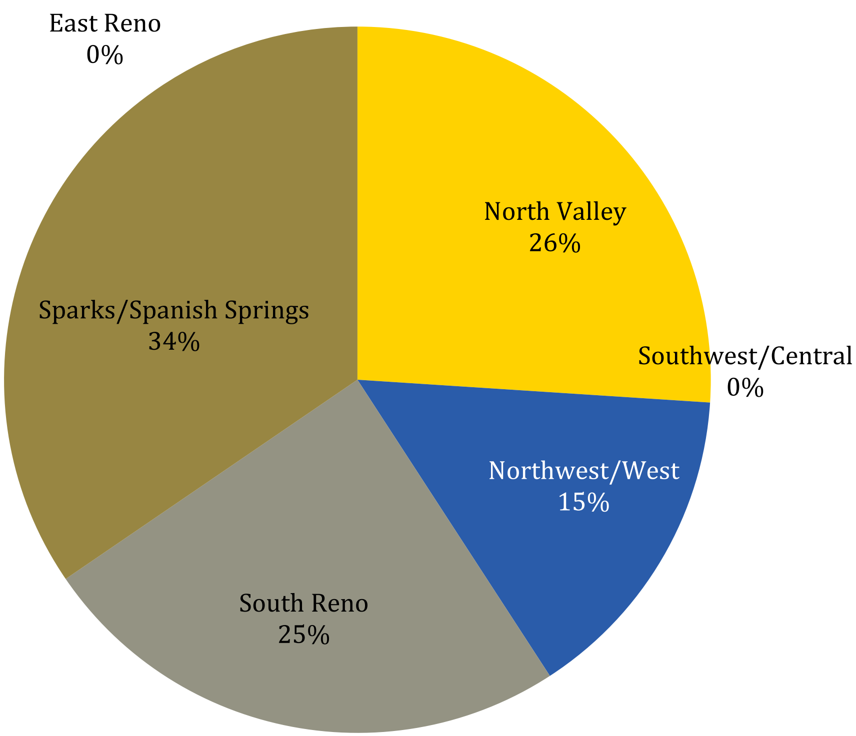
1.35 Years of Supply (2019 Forecasted Sales)

***as of 12/31/18***

Residential Land (detached)

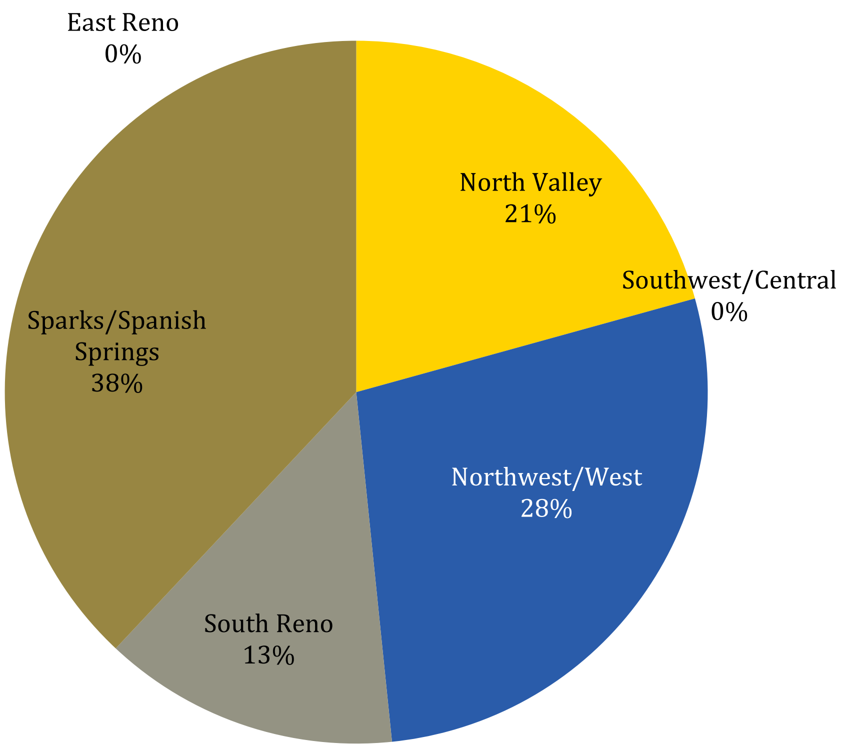
# Final Map Lot Supply

## 2018




**2,209 Total Homesites**

## 2017




**2,526 Total Homesites**

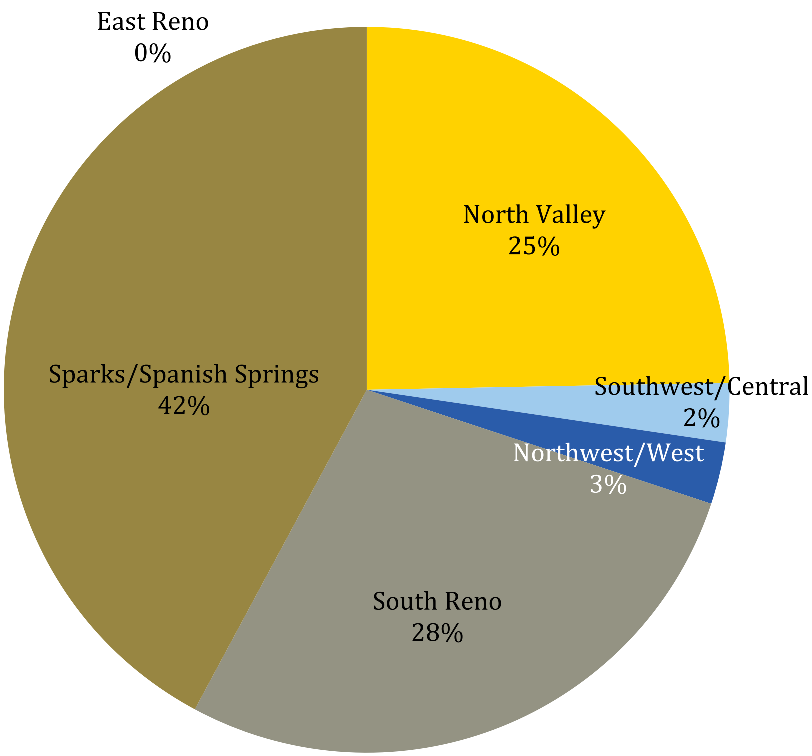
1.13 Years of Supply (2019 Forecasted Sales)

***as of 12/31/18***

## Residential Land (detached)

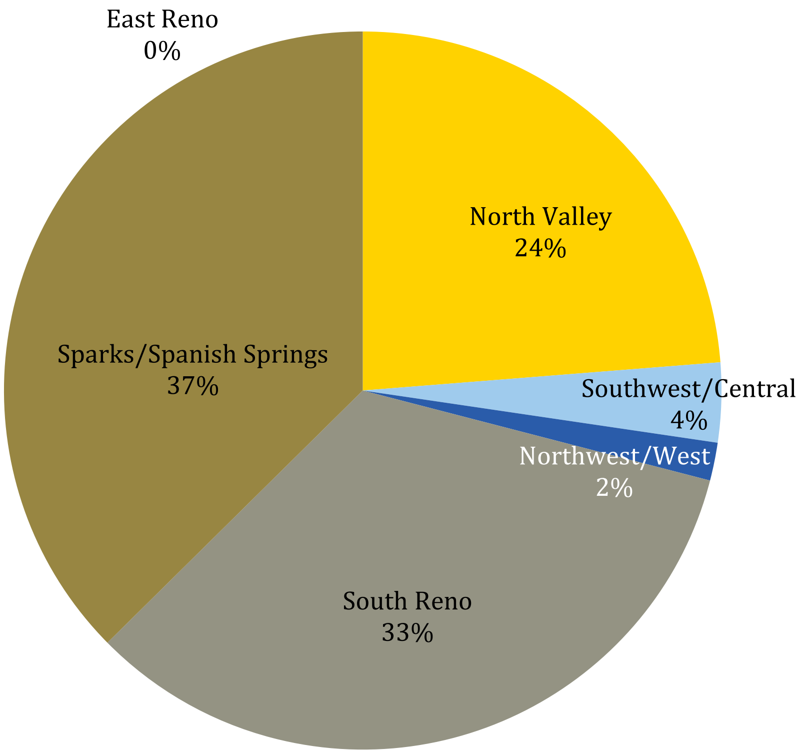
# 2018 Tentative Map Lot Supply

**2018**




**7,605 Total Homesites**

**2017**




**8,073 Total Homesites**

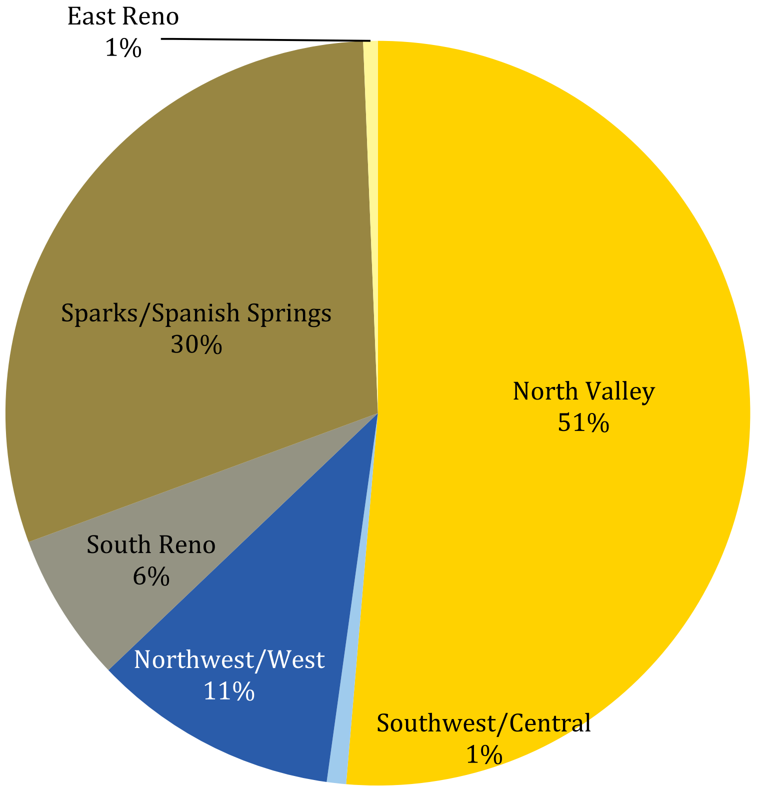
3.90 Years of Supply (2019 Forecasted Sales)

***as of 12/31/18***

# Residential Land (detached)

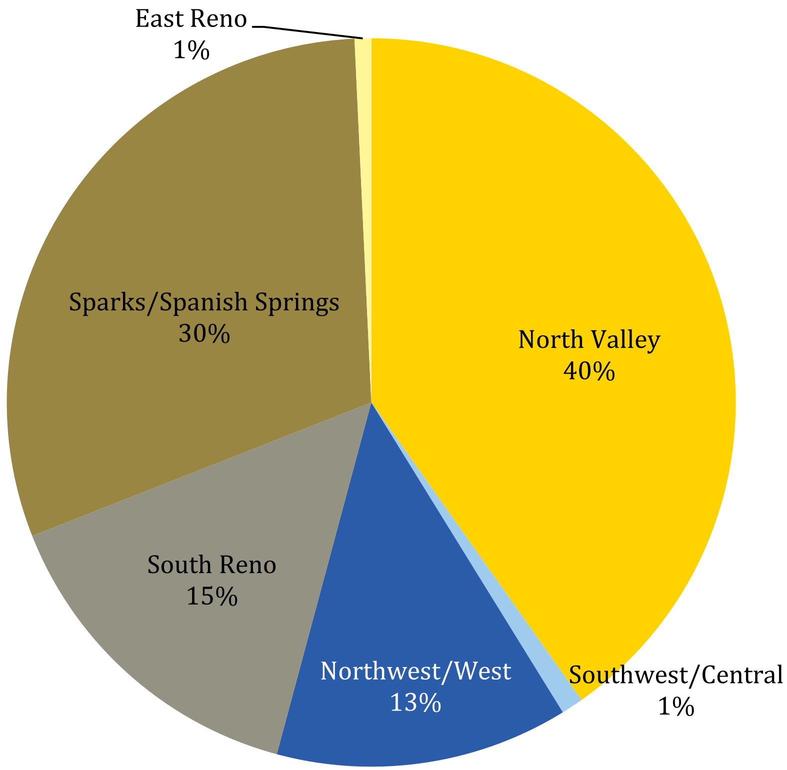
# PUD Lot Supply

## 2018




**23,869 Total Homesites**

## 2017




**20,535 Total Homesites**

12.24 Years of Supply (2019 Forecasted Sales)

***as of 12/31/18***


CONCLUSION

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## General Consensus from Homebuilders

# 2019 Predictions

- Sales will pick up – construction will continue
- Increases in home prices will be nominal – incentives will return
- The attached and small lot product segment will grow – affordability is key!
- Carson, Dayton and Fernley will capture more of the regional sales
- Cost increases for materials will ease but labor shortages will continue (fewer apartments will help)
- Processing times for consultants, cities and trades will be slow, impacting everything from maps to CofO's
- Building a home will take longer – risking more cancellations
- Land sellers need to sharpen their pencil!


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