

## **RENO REPORTS & PROJECTIONS ~ Page 1 of 4**

### **LITTLEBIGHOMES.COM**

**3 Year Forecast: UP**

**Forecast Accuracy: 81%**

**The Accuracy of the Trend Prediction for Reno is 81%. In other words, when tested against historical data, the forecasting methodology was correct 81% of the time. Accordingly, LittleBigHomes.com estimates that the probability for rising house prices in Reno is 81%.**

**With the projected population grown, an additional 9,000 homes per year are needed in Reno, according to Economic Development Authority of Western Nevada (EDAWN)) – a local agency that forecasts region’s economic outlook.**

**“We have these executives from the tech sector buying homes [in Reno],” said Monica Gore, a Reno real estate agent at Dickson Realty, who has been selling homes in the area for over seven years. Gore, who specializes in luxury real estate said “You're really going to see the Tesla effect over the next five years.”**

**Around 50,000 people are expected to arrive to the area in the next five years, according to the Nevada Association of Realtors.**

**The Silver State has no state income tax, compared to neighboring California that levies a 13% state income tax rate on its residences.**

**The growing tech sector in Reno with its high paid workers is driving home prices upward at the bottom and the top end of the market, said Nela Richardson, an economist at Redfin real estate brokerage.**

### **Reno Housing Market Forecast 2019 – 2021**

**Data provider CoreLogic is predicting an average 4.8% appreciation nationwide in 2019, with 8.8% predicted for Nevada, one of the hottest markets in the nation.**

**Real Estate agents say that the size of the “Biggest Little City” is peaking buyers’ interest with its small size for driving across town and its accessibility to recreation activities in the mountains. “We’re just an hour from Lake**

**Tahoe and three hours from the Bay Area – this is a hidden gem,” said David Hughes, a local estate agent who has been selling homes in the area for 31 years. “We’re getting some big eyes on Reno. We’re not just talking about Tesla, it’s other companies as well.”**

## **Reno housing market forecast 2020**

Posted on January 9, 2020 by Guy Johnson



As a REALTOR®, “How’s the market?” is probably the question I get asked most frequently. And, “Where are home prices heading?”, is the second most frequently asked question.

Though the first question is always easily answered, the second question presents more of a challenge. There are so many factors to consider (e.g. the economy, job growth, mortgage rates, housing inventory, buyer demand, seller demand, and many more) in formulating an answer that it becomes difficult to predict.

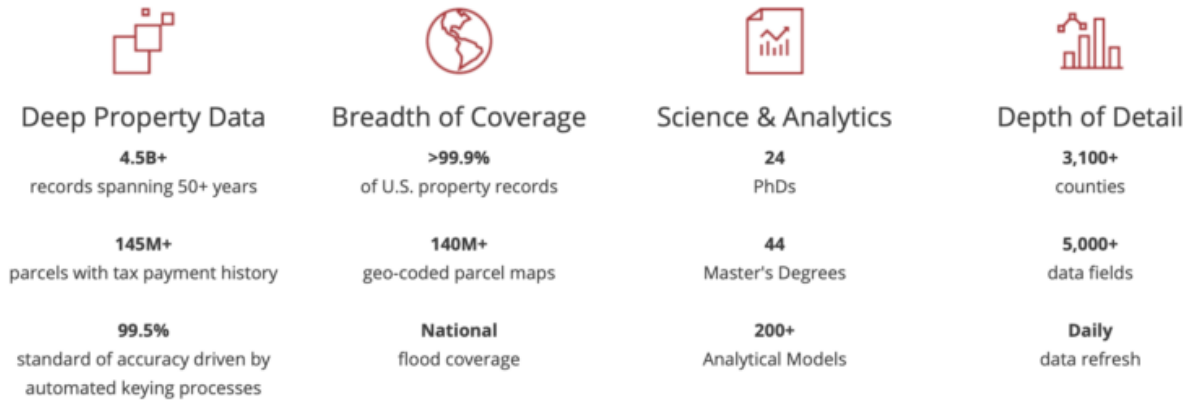
When answering, I utilize a trusted source’s prediction for the nation’s housing market and then apply it to the Reno-Sparks housing market in order to derive a forecast for 2020.

Yesterday, I read [CoreLogic’s latest Home Price Index \(HPI®\) Report](#). In their report, CoreLogic stated, “National home prices increased 3.7% year over year in November 2019 and are forecast to increase 5.3% from November 2019 to November 2020.” This statement provided me a starting point for my analysis.

## Why CoreLogic?

From [CoreLogic's website](#), the firm has national property data spanning 50+ years, and they tout a 99.5% accuracy standard (see the screenshot below). Frequent readers of this blog know that I often link to CoreLogic's reports.

### Property Information Differentiators



## Deriving a 2020 forecast Reno, NV

My methodology for applying CoreLogic's 2020 prediction to the Reno real estate market is to first look at our market's median home price year-over-year gain during the same period reported on in the CoreLogic report – specifically, from November 2018 to November 2019. So, let's begin...

November 2018's median closed sales price for the Reno-Sparks' market was \$377,250. One year later, November's median home price has risen to \$400,000 — representing an annual increase of 6.0 percent.

Comparing that increase to the nation's average home price appreciation (3.7%) for the same time period shows that Reno's increase was 63 percent greater than the national average. That's remarkable!

### Assumption

For 2020, CoreLogic predicts national home prices to spike 5.3% from November 2019 to November 2020. If we make the assumption that Reno home prices will again outpace the national

average by the same degree that they did in 2019, we can then increase CoreLogic's prediction by 63 percent when applying theirs to the Reno housing market. Doing so yields an 8.64 percent ( $5.3\% \times 1.63$ ) appreciation.

As stated previously, November 2019's median sales price for Reno-Sparks was \$400,000. Applying a projected price appreciation of 8.64 percent to that median price yields \$434,556. So, if this methodology is correct, then Reno-Sparks median sales price should increase to \$434,556 by November 2020.

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