

Report on Nevada's Housing Market

This series of reports on Nevada's Housing Market is co-presented by the Lied Institute for Real Estate Studies at the University of Nevada, Las Vegas and the State of Nevada Department of Business & Industry. These reports provide monthly updates on housing market trends for stakeholders throughout Nevada, which will be crucial as Nevada embarks on a path of housing recovery.

Funding provided by the Housing Data and Index Project, a joint initiative of:



State of Nevada
Department of Business & Industry



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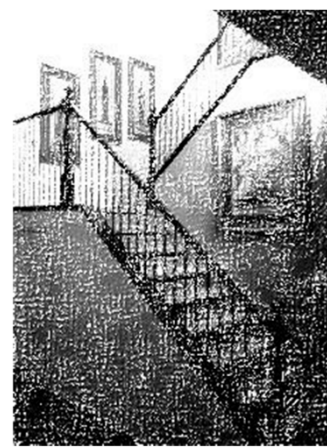
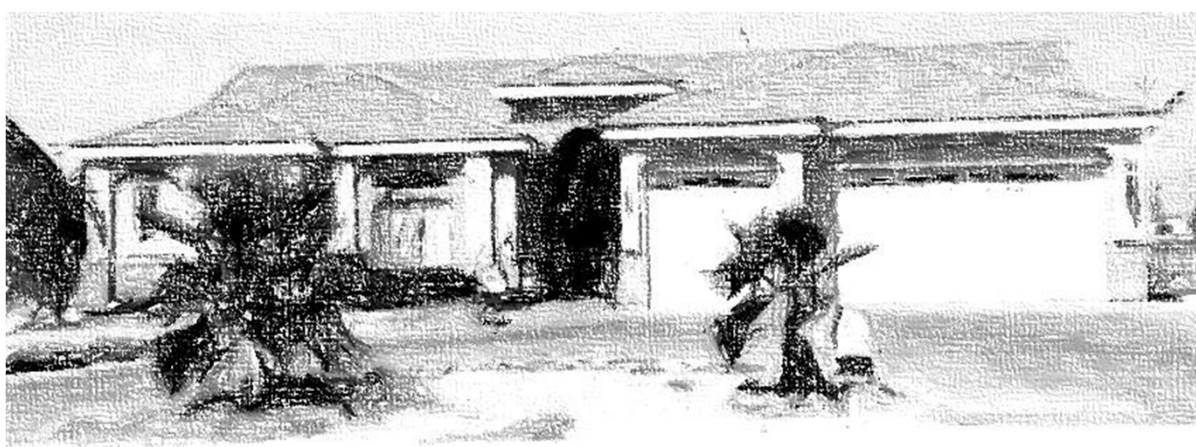
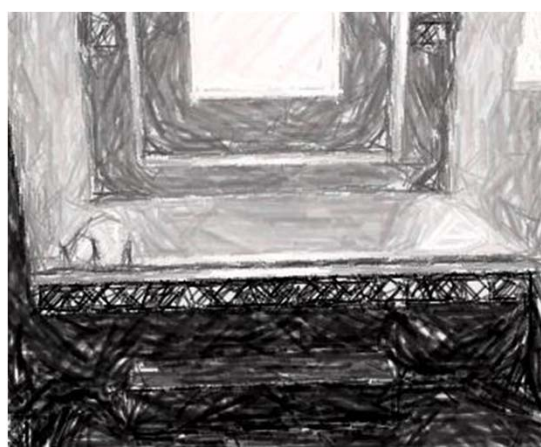
Nevada's Housing Market | April 2014

Nevada Statewide Trends

Population: **2,790,136** in 2013

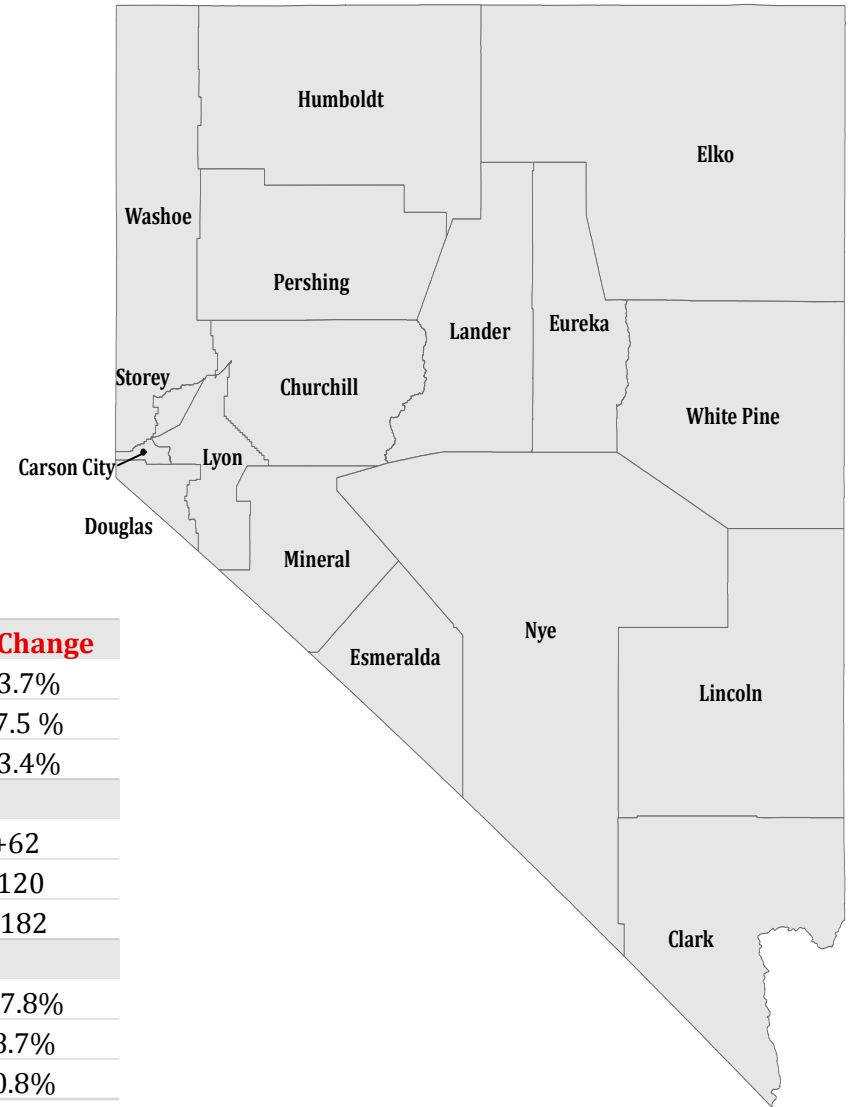
Housing Units: **1,186,879** in 2013

Source: U.S. Census Bureau: State and County QuickFacts



Nevada Statewide Trends

Housing market conditions in Nevada continued to stabilize in April 2014. Most notably, existing home sales saw an 8.1 percent increase month-to-month. A fifth of these sales were sold as a REO or short sale. Their share as distressed home sales increased from last month. However, it is still trending down hill. The current distress share represents a decline of 33.4 percent since last year. Specifically, Nevada saw about 513 short sales, or pre-foreclosure sales, in April 2014 – nearly 400 more than in March 2014, but 800 less than in March 2013. These are single-family homes that sell after receiving a notice of default, but before being repossessed. Foreclosures, on the other hand, have been fairly stable with the trend, and dropped slightly in April 2014. These dynamics derive in part from the steady decrease in the number of delinquent borrowers. This is the number of borrowers past due on three or more monthly mortgage payments. There are currently about 27,000 seriously delinquent borrowers in Nevada, whereas there were over 85,000 in 2010.

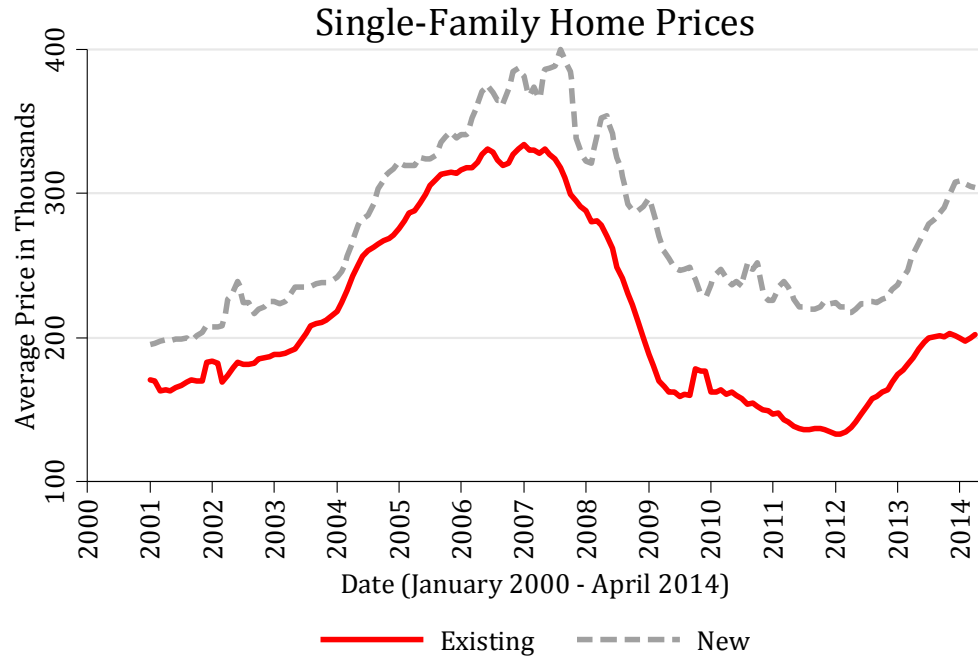


Single-Family Home Sales*	April 2014	M2M Change	Y2Y Change
New	460	+0.7%	-43.7%
Existing	4425	+8.1%	-17.5 %
Distress Share	20.5%	+52.1%	-33.4%
Residential Construction			
Total Starts	1194	+104	+62
Single-Family	750	+160	-120
Multifamily	444	+44	+182
Average Single-Family Sales Price*			
New	\$304,000	-0.2%	+17.8%
Existing	\$202,131	+1.3%	+8.7%
Distress	\$152,946	+1.0%	+0.8%

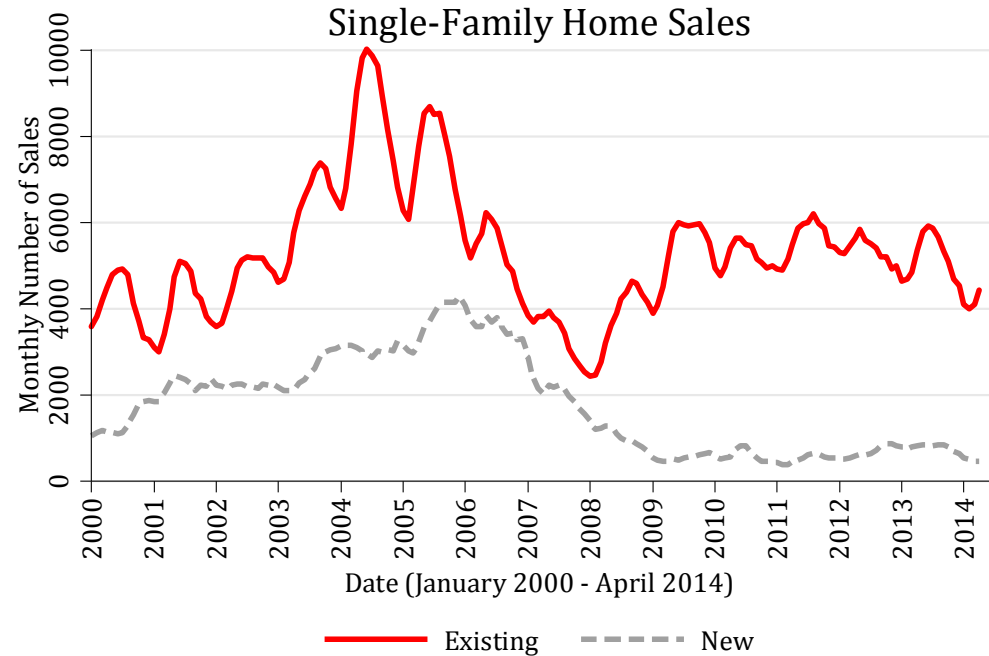
Source: Lied Institute calculations using CoreLogic Data and the *State of the Cities Data Systems* by U.S. Department of Housing and Urban Development.

*Figures portray Three-Month Moving Weighted Averages

Nevada Statewide Trends



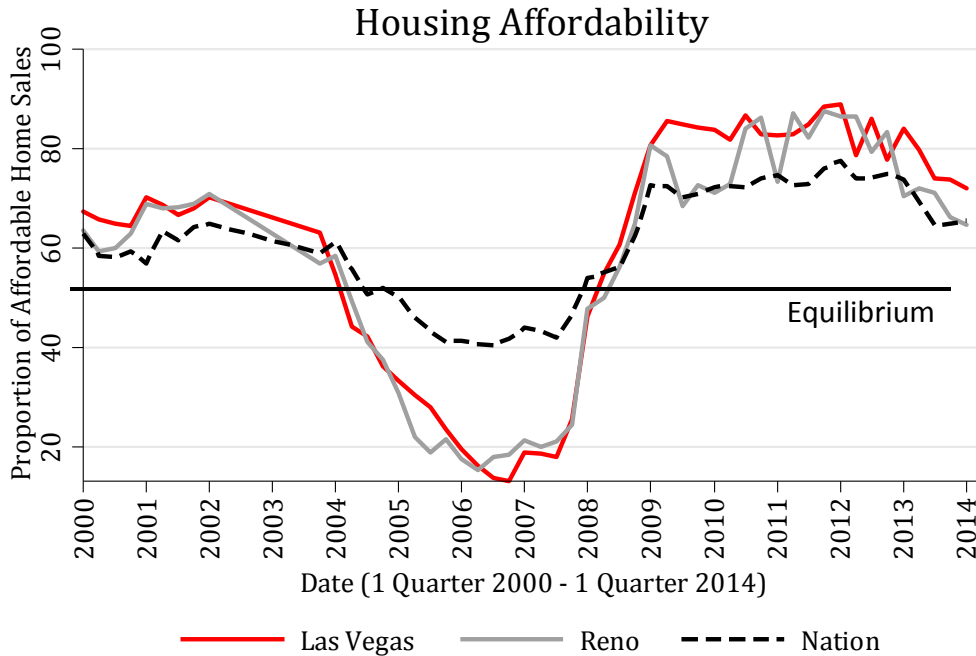
Source: CoreLogic
 Note: Series are 3-month weighted moving averages.



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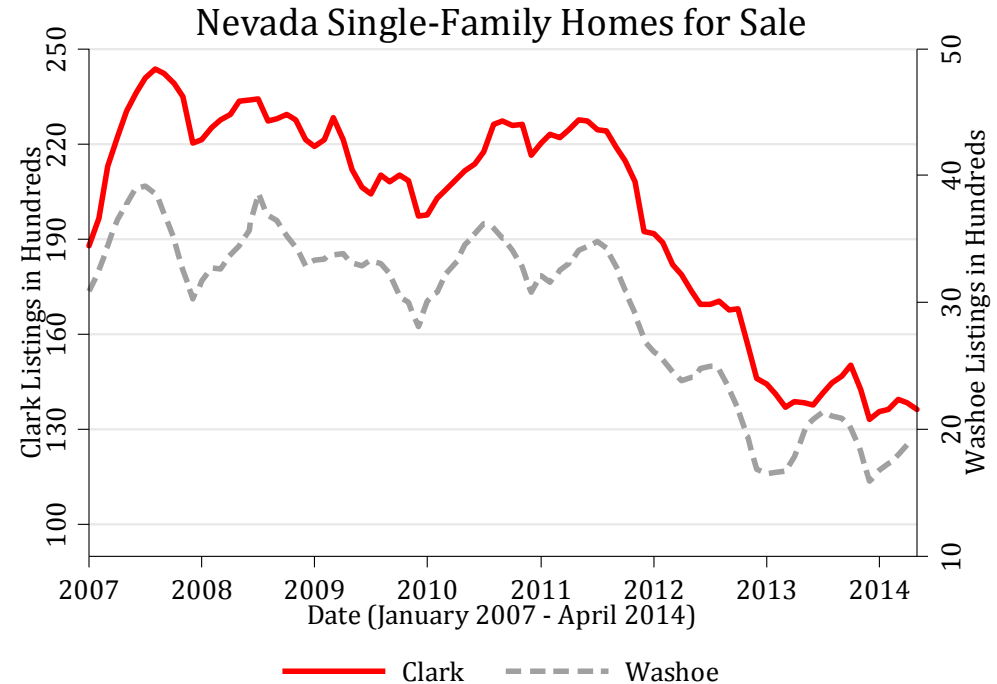
The Single-Family Home Prices figure above shows the three-month moving average price of existing homes and new homes. Existing homes are single family homes that were exchanged from one private owner to another. This includes homes sold by real estate agents, owners, and lenders. New homes are single family homes that were exchanged from a builder to a private owner. The other figure, Single-Family Homes Sales, illustrates the frequency of those transactions for both existing and new homes. A seasonal pattern is obvious in the Single-Family Home Sales graph. In Nevada, each year, there are more home sales during the summer than during the winter.

Nevada Statewide Trends



Source: National Association of Home Builders

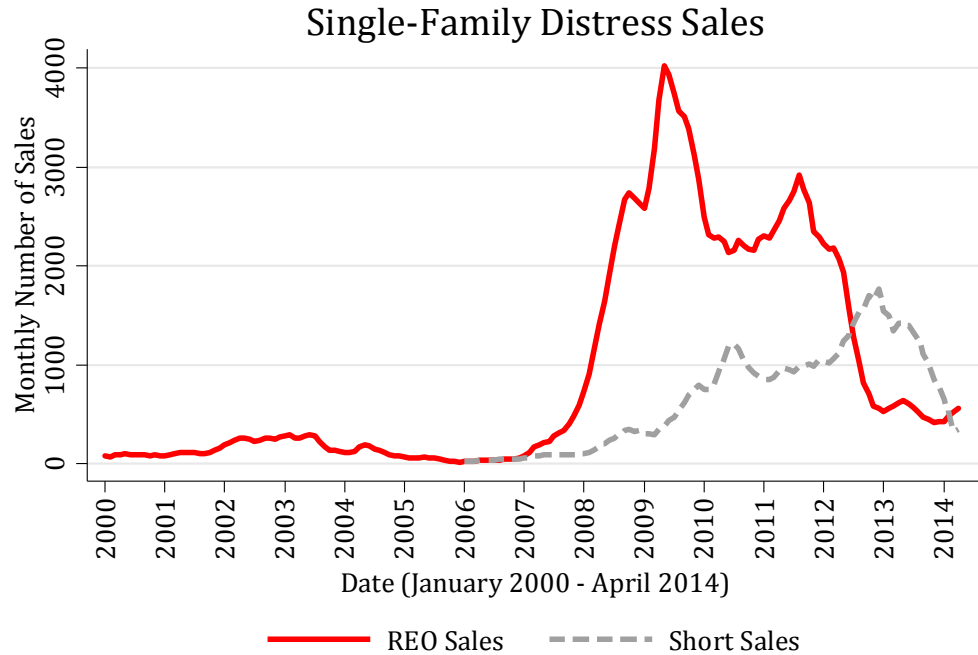
Note: Series denote the proportion of home sales affordable at median income.



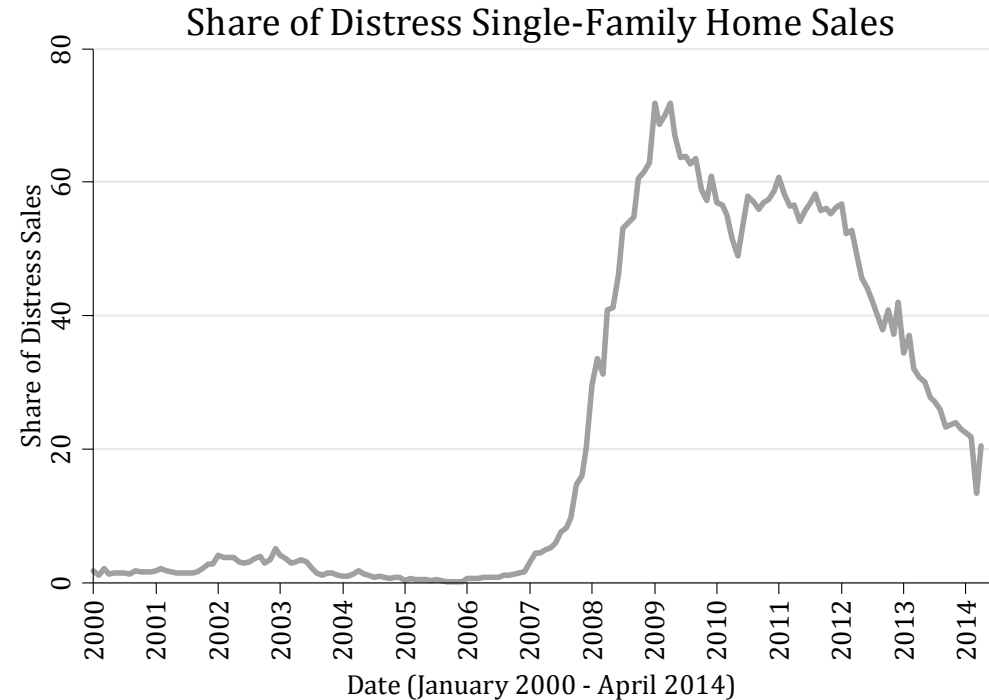
Source: Greater Las Vegas Association of Realtors and UNR's Center for Regional Studies

The Housing Affordability figure shows the proportion of home sales that could have been bought by borrowers with a conventional loan earning at least the local median income. It is an index developed by the National Association of Home Builders (NAHB). As a benchmark, half of the working class should be able to afford half of the homes sold when the market is in equilibrium. The other figure, Nevada Single-Family Homes for Sale, shows the number of homes available for sale at the end of the month. These numbers include new listings that are awaiting a purchasing contract. Furthermore, they include homes that are under contract and about to sell.

Nevada Statewide Trends



Source: CoreLogic
 Note: Series are 3-month weighted moving averages.

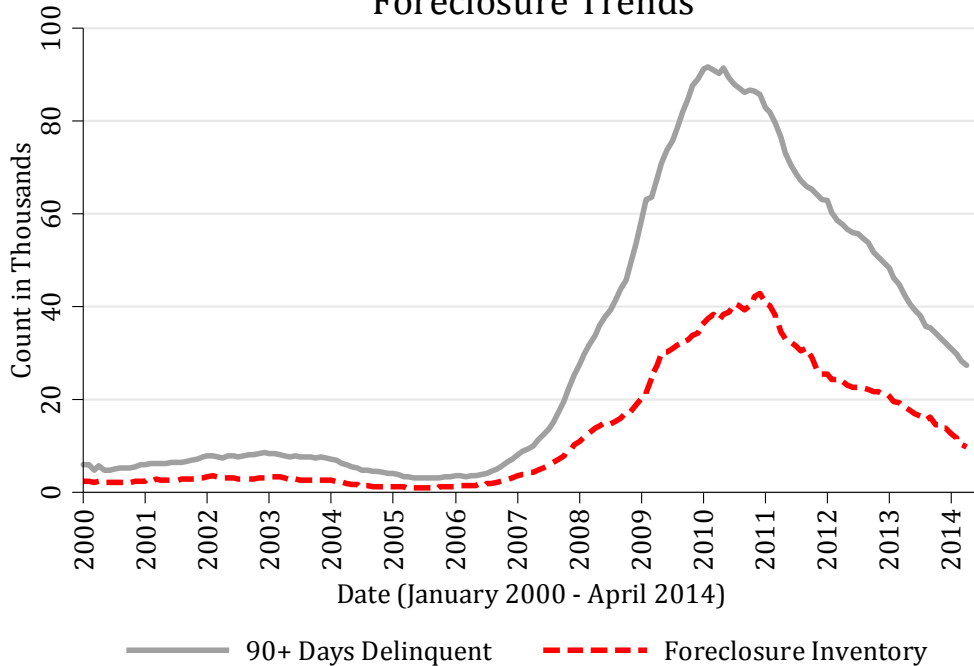


Source: CoreLogic

Single-Family Distress Sales is a figure that displays the monthly number of Real Estate Owned (REO) sales and short sales. REO sales are homes that have been repossessed by lenders through foreclosure and then sold in the market. Short sales, on the other hand, are homes that were sold for an amount below the owner's outstanding mortgage balance. Both numbers are three-month weighted moving averages. The other figure, Share of Distress Single-Family Home Sales, tracks the proportion of home sales (including new home sales) that were REO sales or short sales. A healthy proportion for a housing market is close to zero.

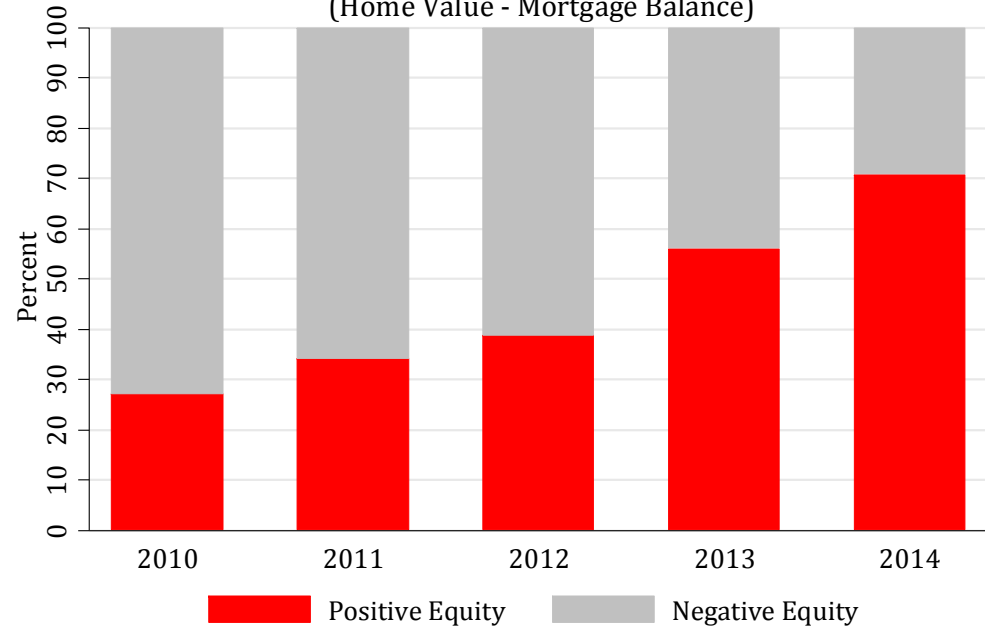
Nevada Statewide Trends

Foreclosure Trends



Source: CoreLogic

Equity in Quarter 1, 2014
(Home Value - Mortgage Balance)

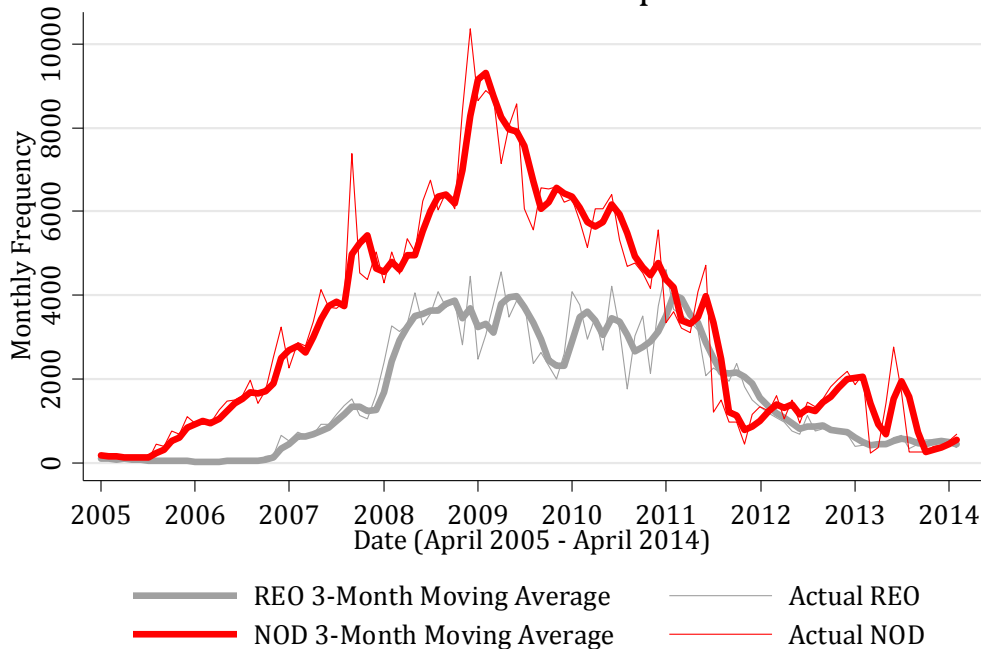


Source: CoreLogic

The Foreclosure Trends figure includes two series: the 90+ Days Delinquent series and the Foreclosure Inventory series. The 90+ Days Delinquent series consists of the number of homes that are secured by a loan in default for 90 days or more. This includes homes that are in the process of being foreclosed. The Foreclosure Inventory series consists of homes that have begun the foreclosure process or are in some stage of foreclosure. The other figure depicts what proportion of homes secured by a mortgage have positive equity or negative equity. When a home has a market value at or above its outstanding mortgage balance, it is considered to have positive equity. Otherwise, the house has negative equity.

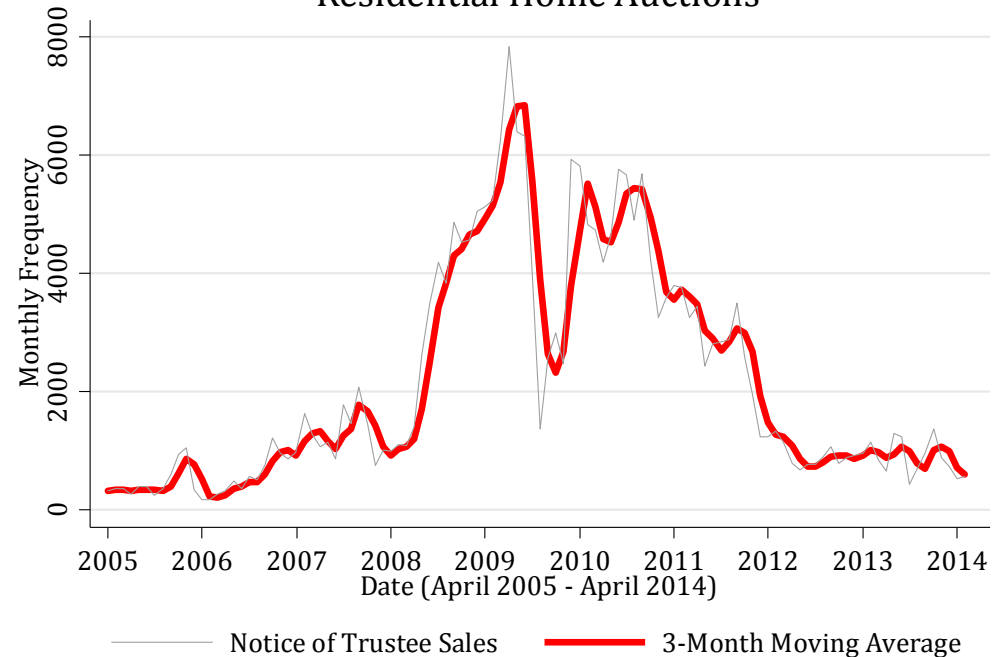
Nevada Statewide Trends

Notices of Default and Repossessions



Source: RealtyTrac

Residential Home Auctions



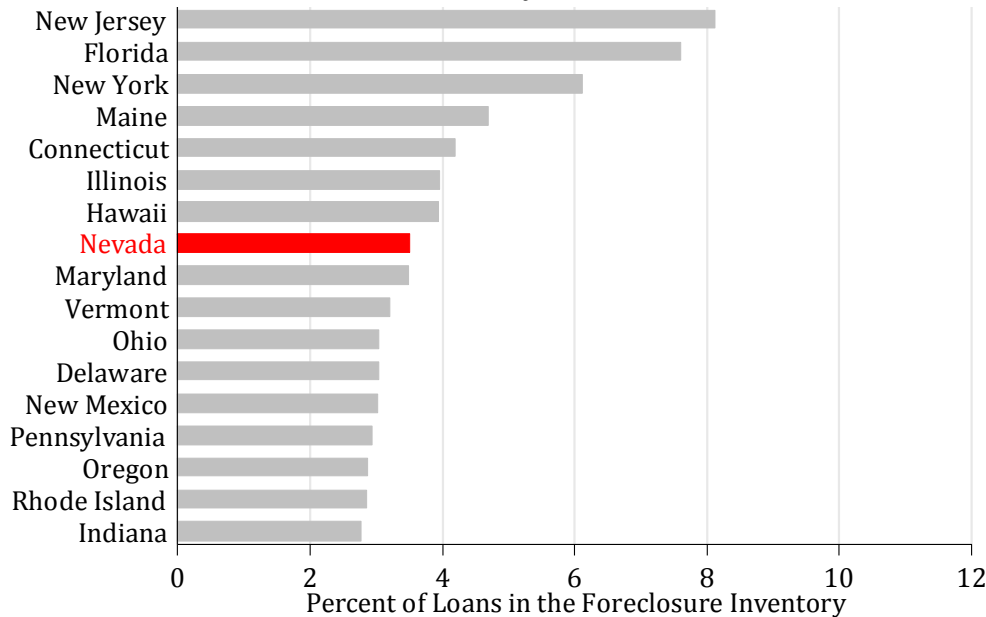
Source: RealtyTrac

These two figures are based on numbers gathered from County records by RealtyTrac. The first figure shows the monthly number of Notices of Default and Repossessions. The Notice of Default (NOD) is the initial stage of foreclosure that starts at least 90 days after the homeowner's mortgage default date. Not all homes that receive a NOD will necessarily be foreclosed. There exist other alternatives homeowners can invoke such as a loan modification, deed-in-lieu of foreclosure, and short sale. The other figure, Residential Home Auctions, shows the monthly number of homes that received a Notice of Trustee Sale and underwent a public auction. It includes both the successful and unsuccessful actions. Those that were unsuccessful are reverted back to the lender, which are expectedly sold later in the market as an REO.

Nevada Statewide Trends

Top 20 States in Foreclosure Inventory

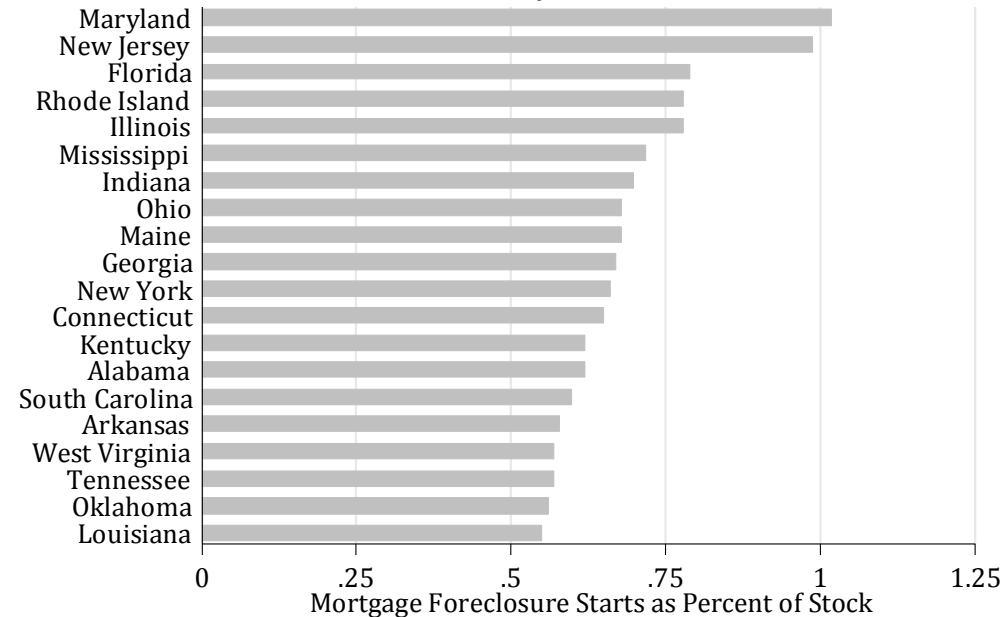
1st Quarter 2014



Source: Mortgage Bankers Association's National Delinquency Survey

Top 20 States in Foreclosure Starts

1st Quarter 2014



Source: Mortgage Bankers Association's National Delinquency Survey

These figures rank Nevada nationally on the basis of statistics that are provided by Mortgage Bankers Association's National Delinquency Survey. The Top 20 States in Foreclosure Inventory figures is a ranking that uses the proportion of loans in the foreclosure inventory. That is the number of home loans reported to be in some stage of foreclosure divided by the total number of home loans serviced. The Top 20 States in Foreclosure Starts is a ranking that uses mortgage foreclosure starts as a percent of stock. In other words, this is the number of initiated foreclosures divided by the total number of home loans serviced.

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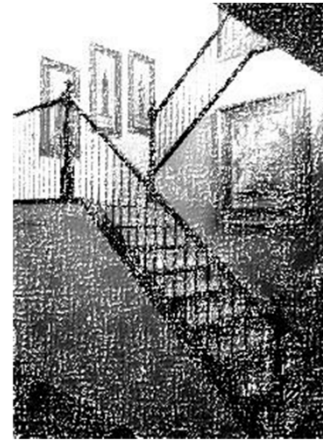
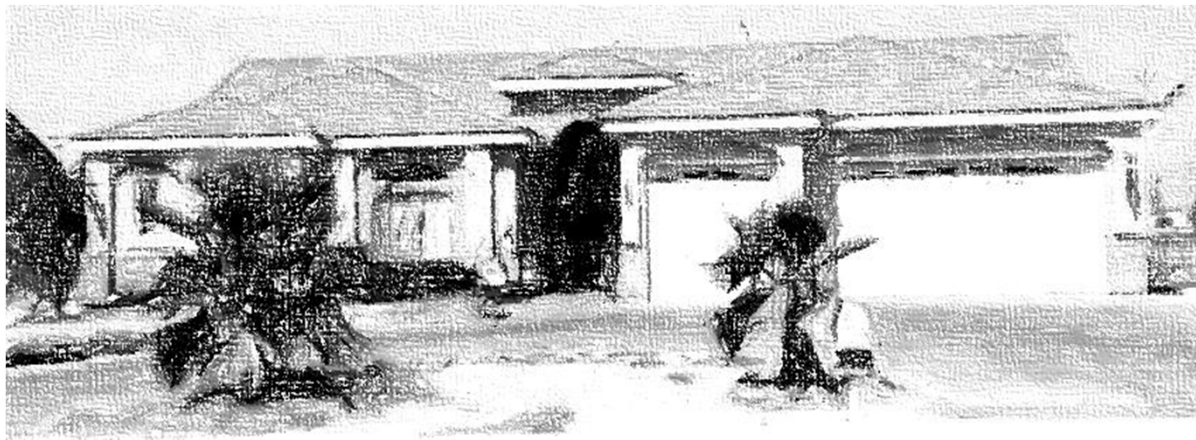
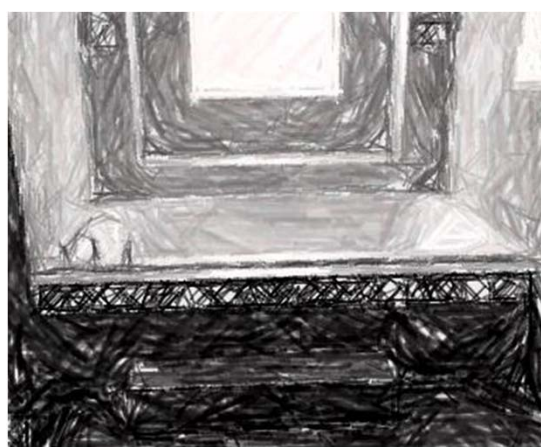
Northern Trends

Population: **614,491** in 2013

Housing Units: **267,161** in 2013

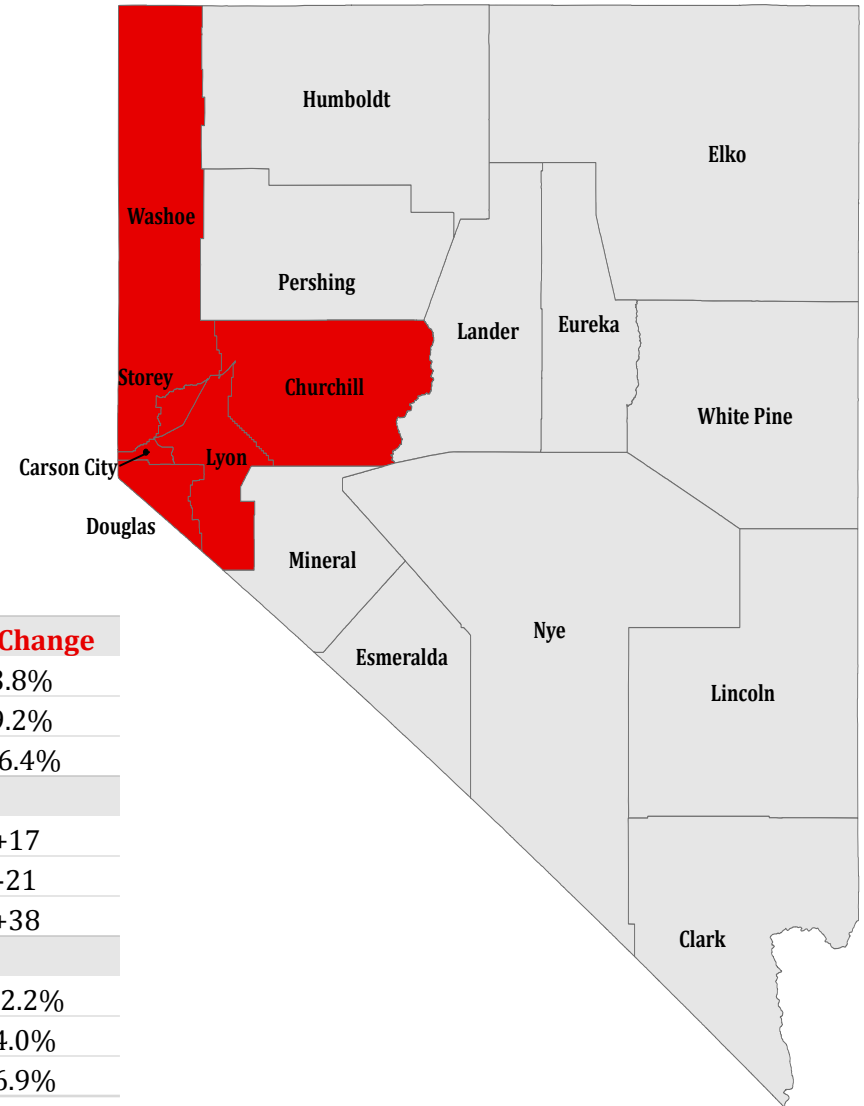
Source: U.S. Census Bureau: State and County QuickFacts

(Carson City, Churchill, Douglas, Lyon, Storey, and Washoe County)



Northern Trends

- ❑ Home prices are valued much higher in the northern counties than the rest of the state. Existing home prices are valued at \$237,779, which is \$35,000 more than the state average.
- ❑ New home prices here experienced almost no change from March 2014 to April 2014 and are now priced at \$344,209. This number is not likely to change each month as the housing affordability in the Northern Nevada region is nearing equilibrium. However, new home prices could pick back up if single-family construction stalls.
- ❑ Northern Nevada saw a large increase in the share of distressed home sales. This large increase was caused by short sales going from only 19 in March 2014 to 92 in April 2014. Foreclosures were nearly untouched this month. Yet, this appears to be a deviation from the declining trend.

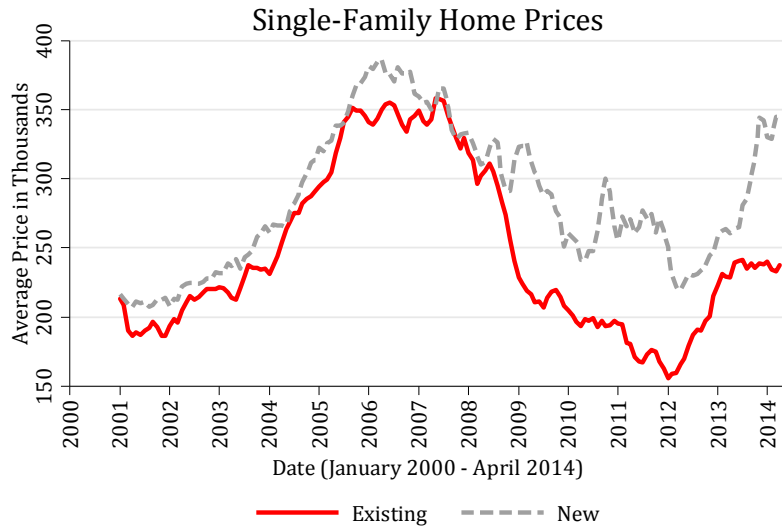


Single-Family Home Sales*	April 2014	M2M Change	Y2Y Change
New	100	+1.4%	-3.8%
Existing	913	+10.0%	-9.2%
Distress Share	16.7%	+64.3%	-46.4%
Residential Construction			
Total Starts	200	+40	+17
Single-Family	120	-8	-21
Multifamily	80	+48	+38
Average Single-Family Sales Price*			
New	\$344,209	-0.1%	+32.2%
Existing	\$237,779	+2.1%	+4.0%
Distress	\$166,012	+4.0%	+6.9%

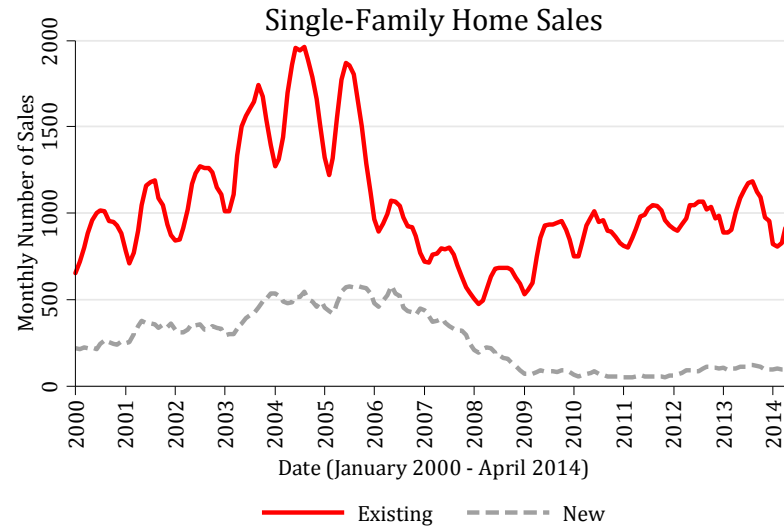
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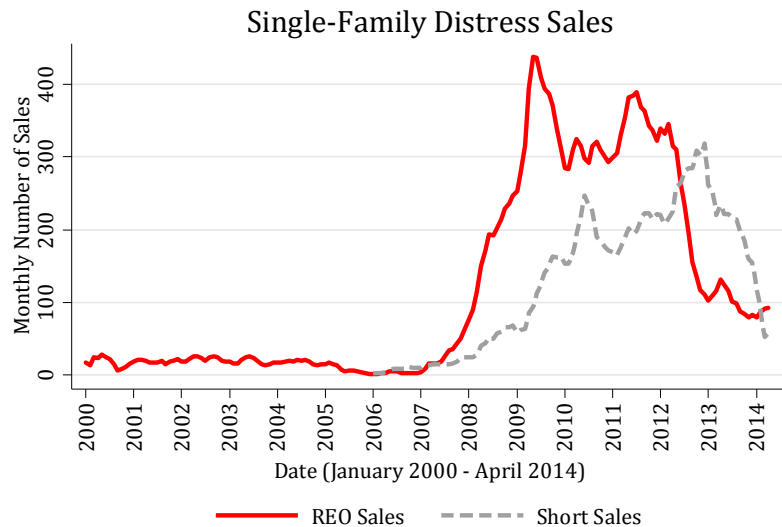
Northern Trends



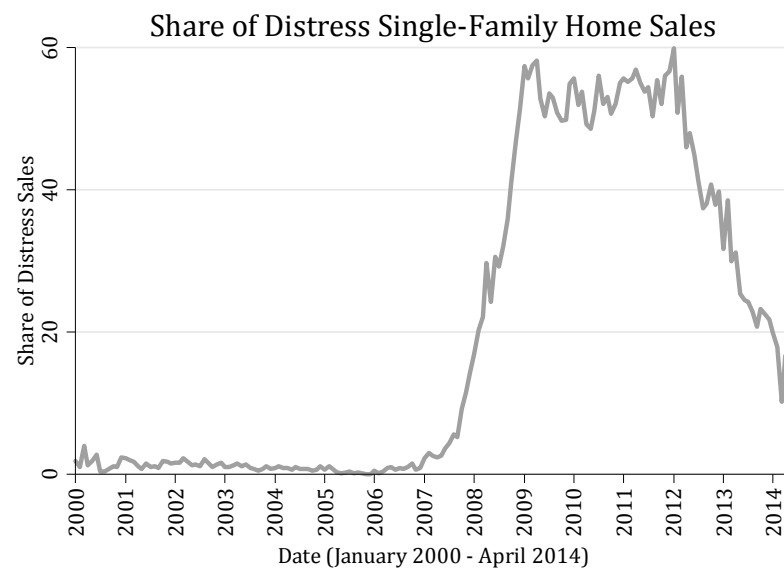
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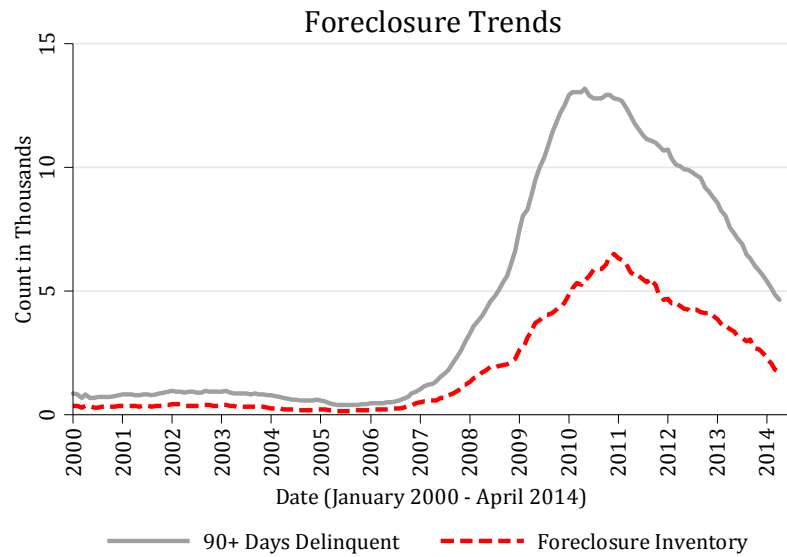


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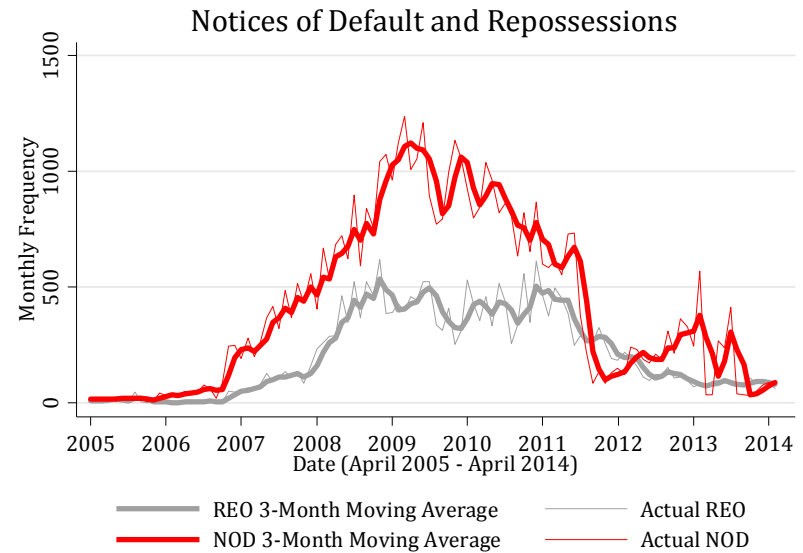


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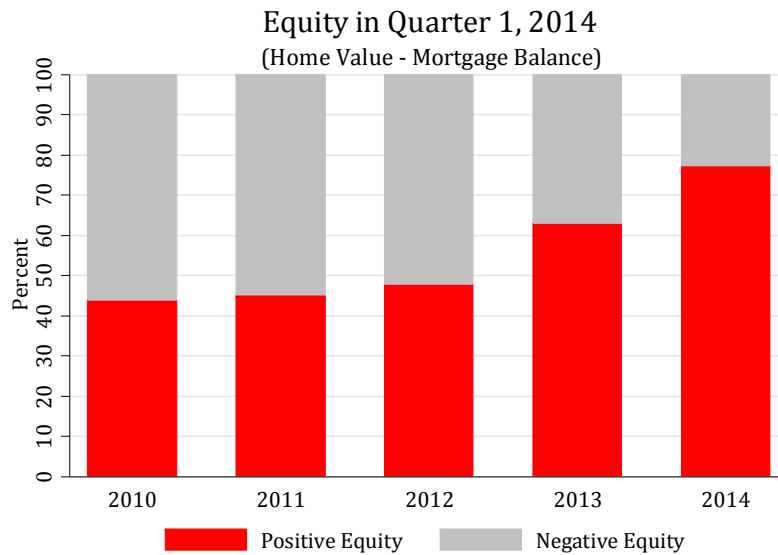
Northern Trends



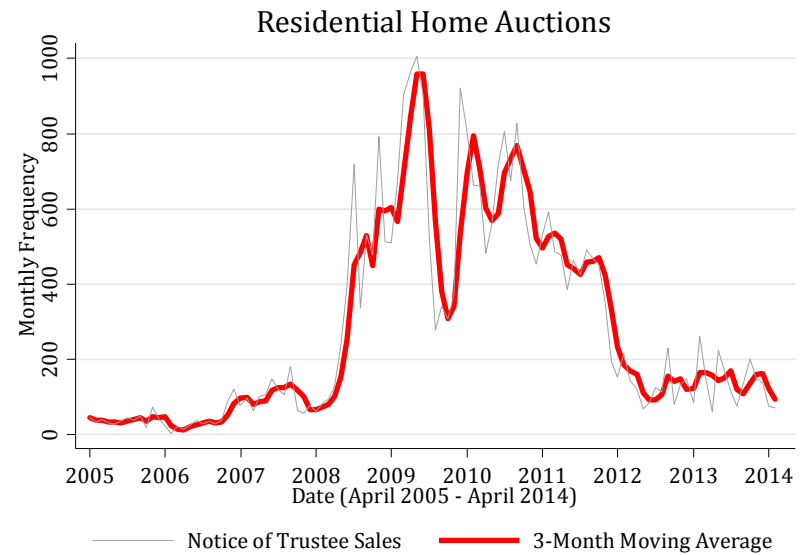
Source: CoreLogic



Source: RealtyTrac



Source: CoreLogic



Source: RealtyTrac

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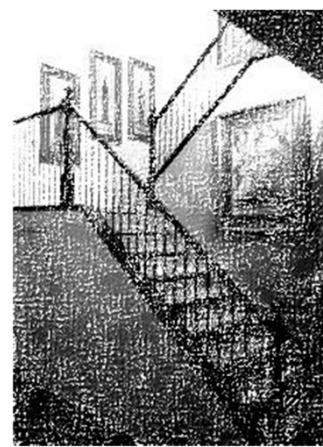
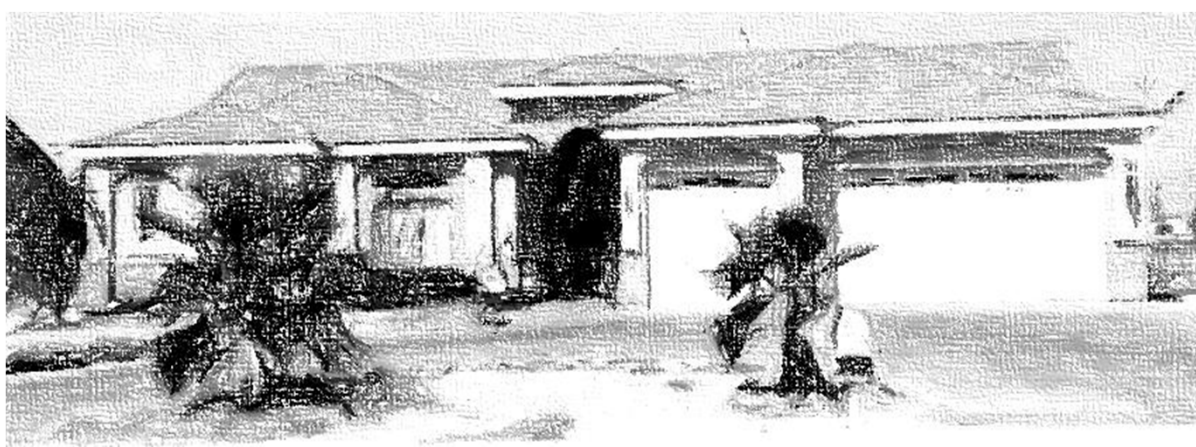
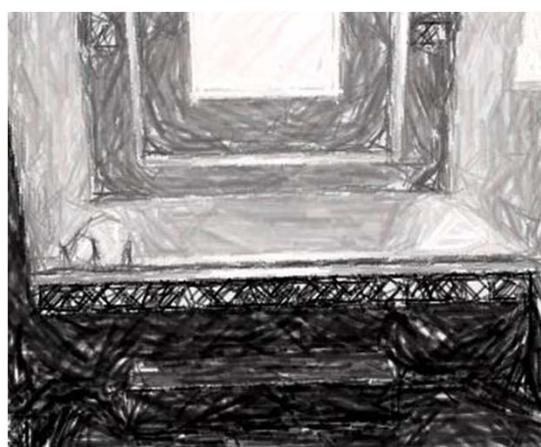
Southern Trends

Population: **2,027,868** in 2013

Housing Units: **854,089** in 2013

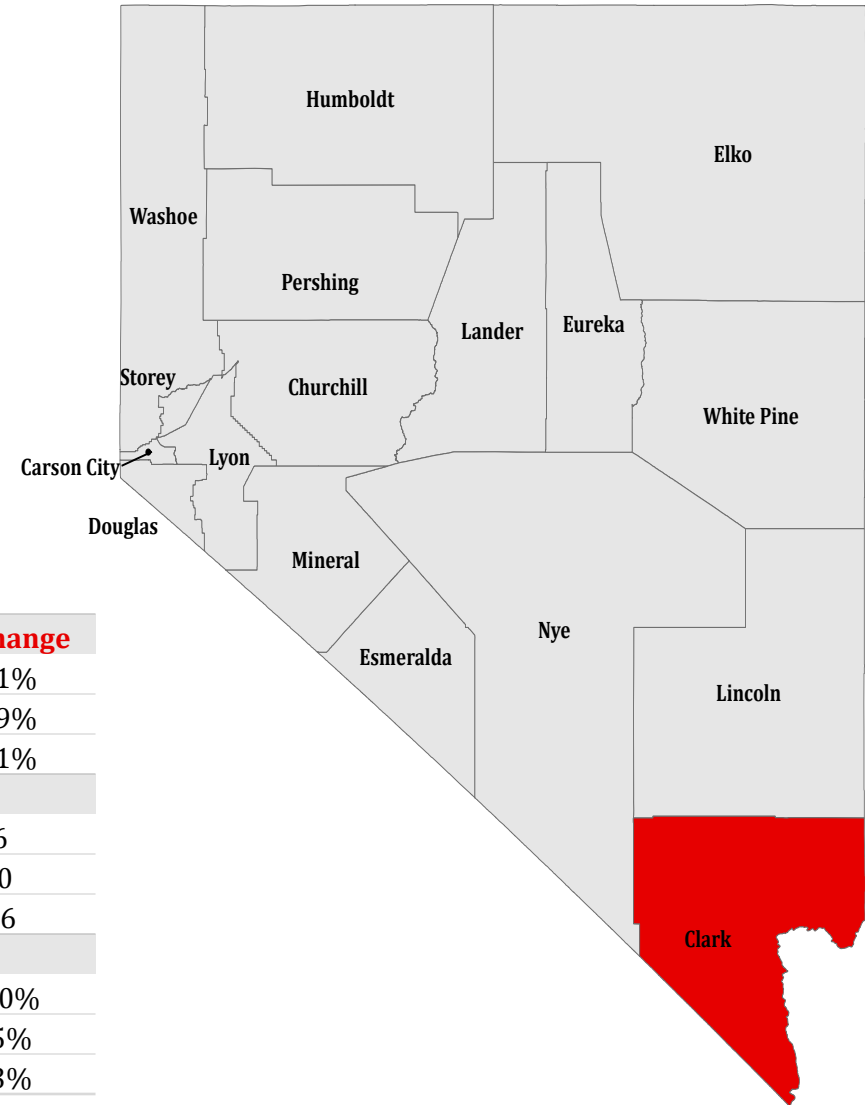
Source: U.S. Census Bureau: State and County QuickFacts

(Clark County)



Southern Trends

- ❑ Single-Family home prices and sales have stabilized more in Southern Nevada than the rest of the state. So far in 2014, new home prices have steadily been around \$300,000, and new home sales have steadily been around 340.
- ❑ Homes in Southern Nevada continue to be more affordable than homes in Northern Nevada according to the National Association of Home Builders' affordability index. In the first quarter of 2014, 72 percent of the homes sold were affordable in Las Vegas to a household earning the local median income of \$52,601.
- ❑ Nearly 22 percent of all home sales in Southern Nevada were sold in distress. This is much higher than the rest of the state and, since southern Nevada contains most of Nevada's population, has had a large impact on the distress share for Nevada as a whole.

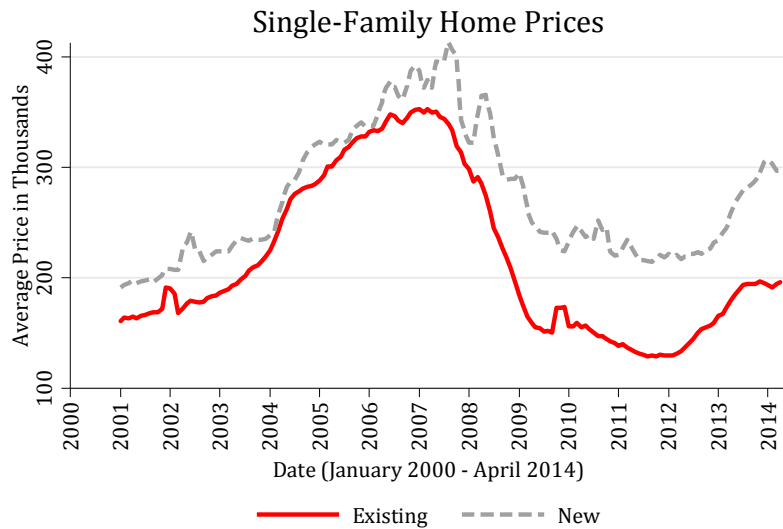


Single-Family Home Sales*	April 2014	M2M Change	Y2Y Change
New	344	+0.4%	-50.1%
Existing	3334	+7.6%	-18.9%
Distress Share	21.8%	+49.6%	-31.1%
Residential Construction			
Total Starts	909	+1	+6
Single-Family	607	+67	-80
Multifamily	302	-66	+86
Average Single-Family Sales Price*			
New	\$296,622	-0.1%	+15.0%
Existing	\$196,138	+1.0%	+9.5%
Distress	\$152,591	+0.7%	+0.3%

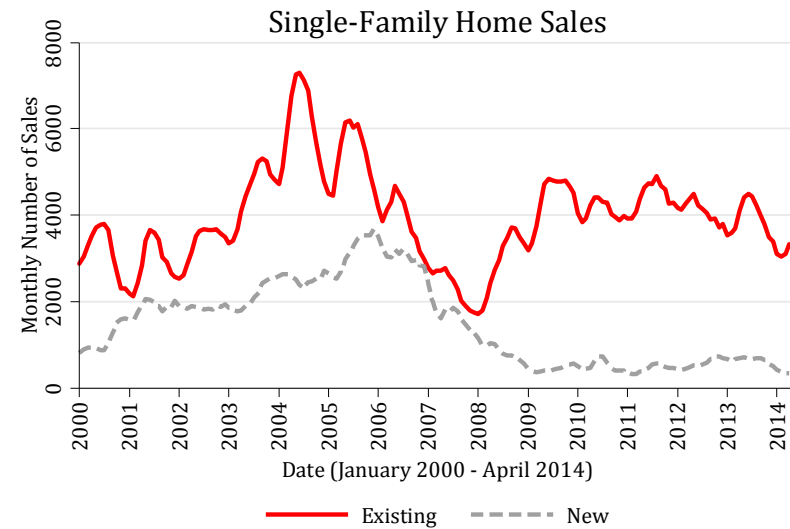
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*Figures portray Three-Month Moving Weighted Averages

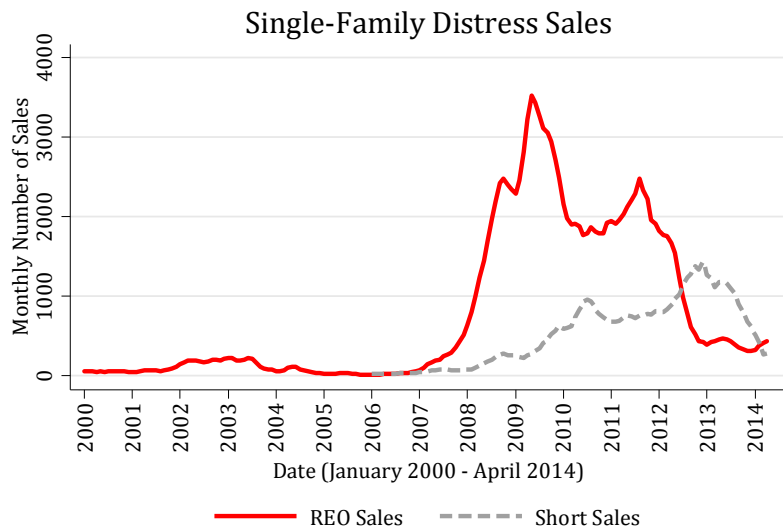
Southern Trends



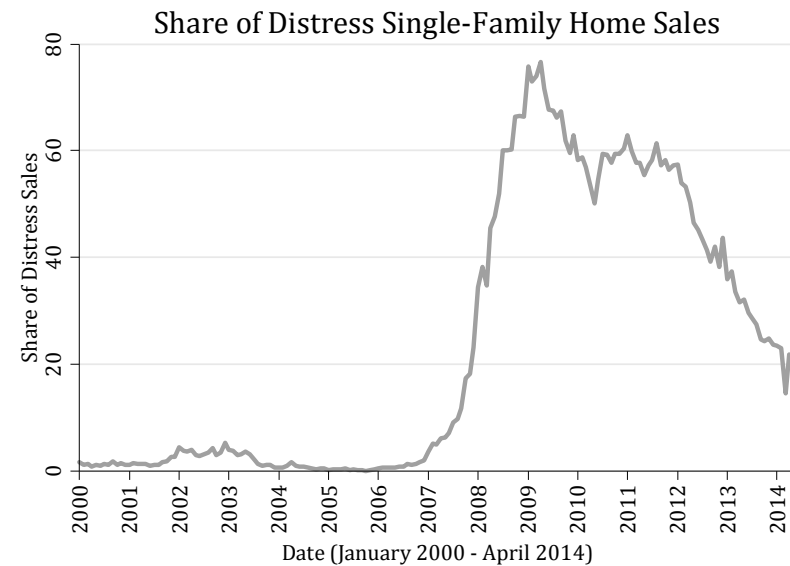
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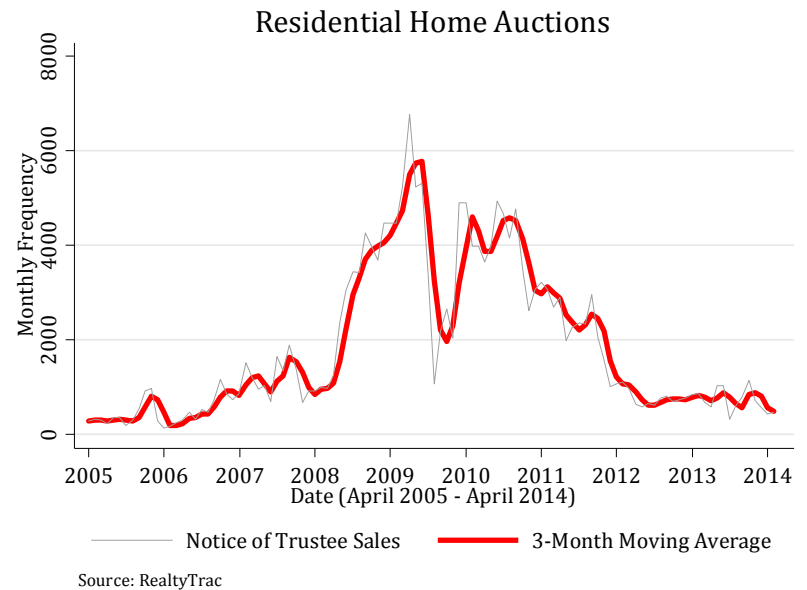
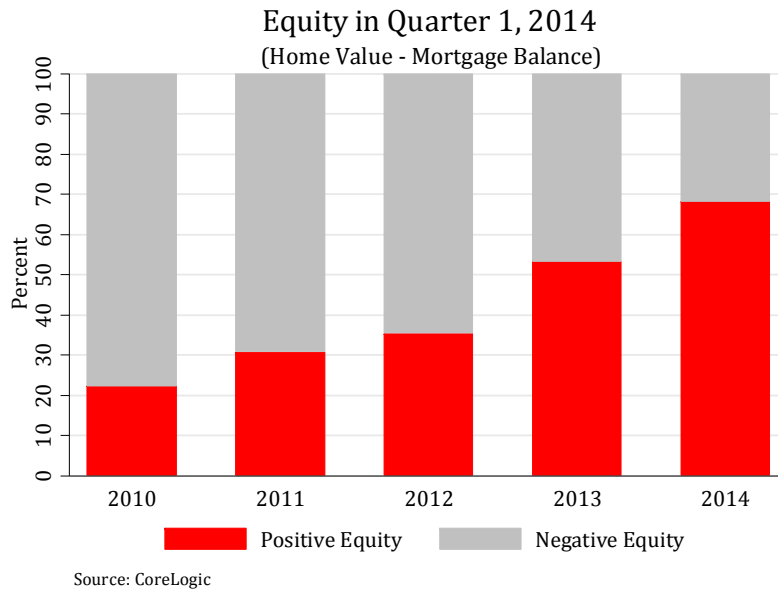
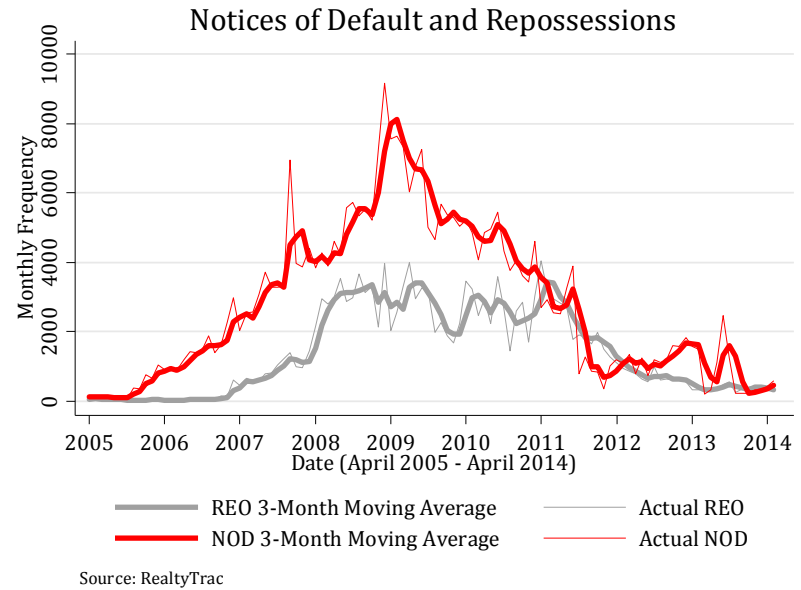
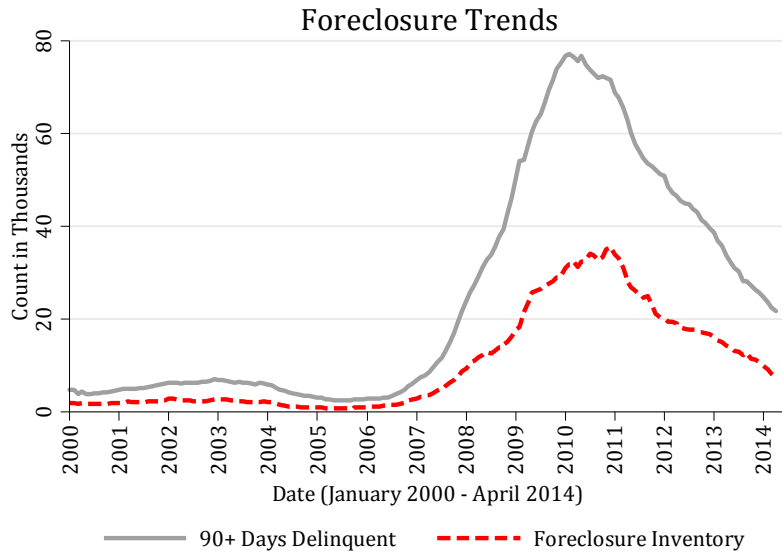


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Source: CoreLogic

Southern Trends



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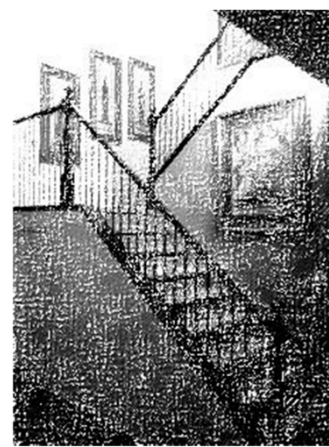
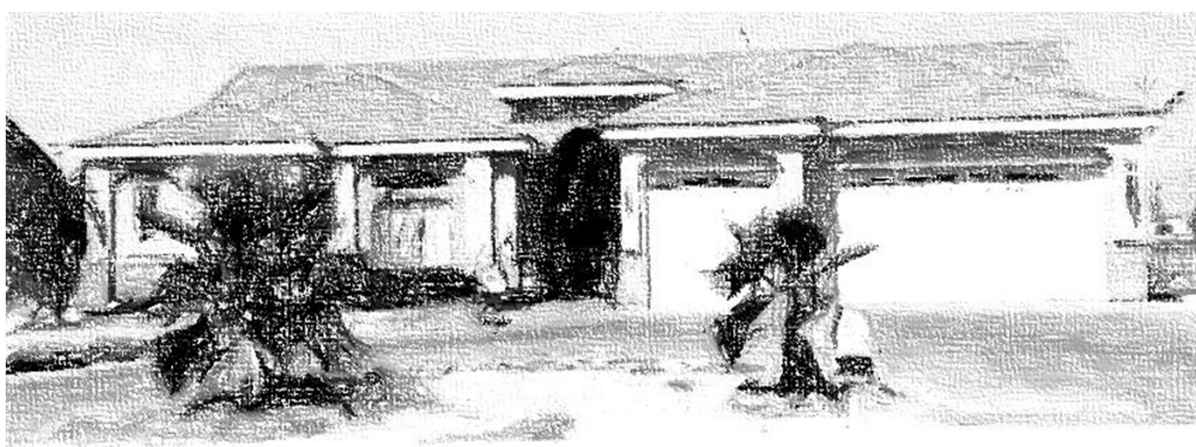
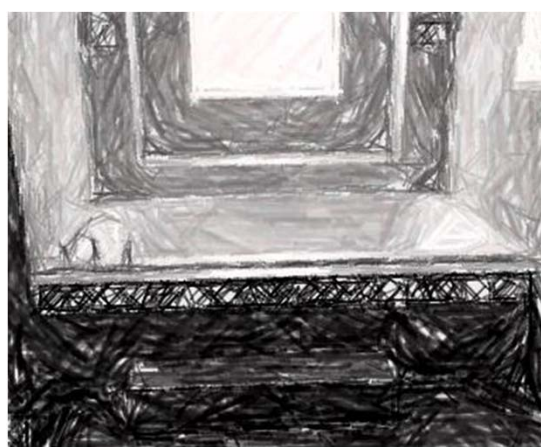
Rural Trends

Population: **147,777** in 2013

Housing Units: **65,629** in 2012

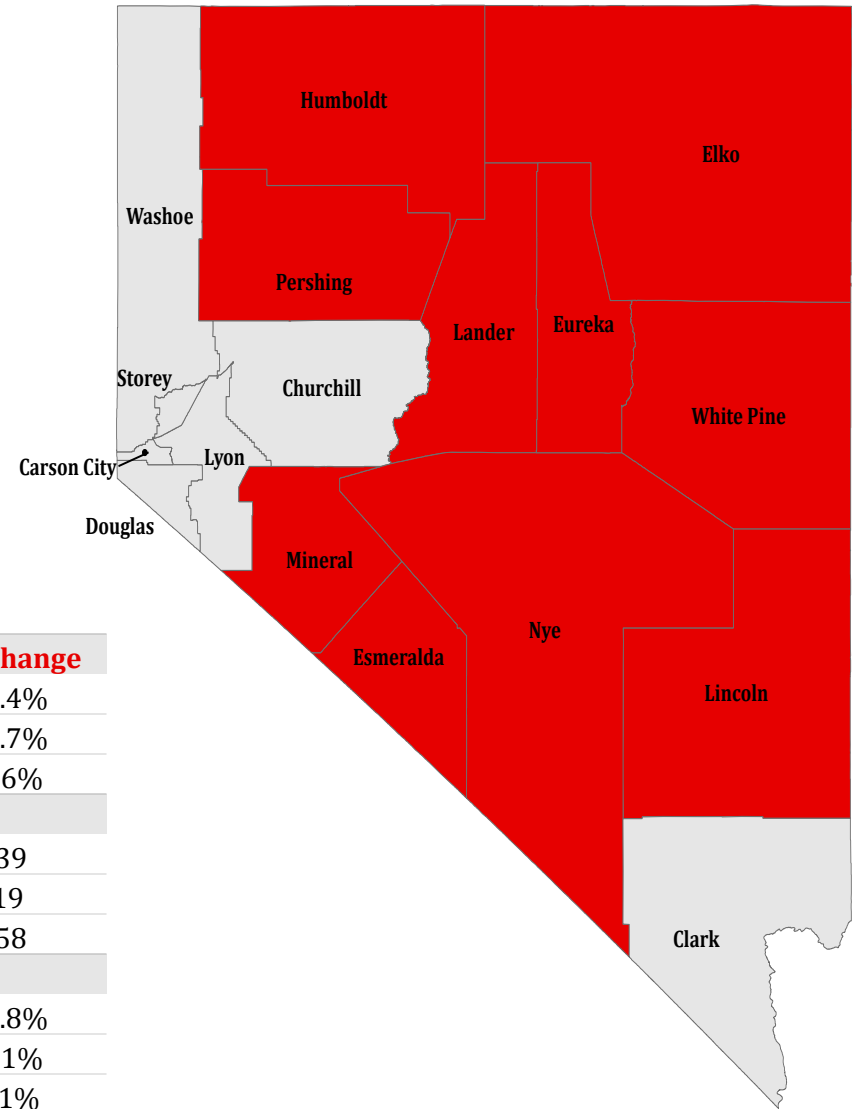
Source: U.S. Census Bureau: State and County QuickFacts

(Elko, Esmeralda, Eureka, Humboldt, Lander, Lincoln, Mineral, Nye, Pershing, and White Pine County)



Rural Trends

- ❑ Rural Nevada was the only part in Nevada that saw an increase in foreclosures – going from 17 foreclosures in March 2014 to 28 foreclosures in April 2014. The high increase in the distress share can mostly be attributed to foreclosures, as short sales hardly changed in April 2014. When foreclosures are high, distressed home prices decrease because foreclosed properties are often much cheaper than short sales.
- ❑ Single-family permits are well behind what they were in recent years. They are, however, gradually picking up as they tend to move in the same direction as home prices. This is mostly because builders require homes to exceed the cost of construction in order to build. Consequently, if new home prices decline any further, builders may be dissuaded from building new homes.

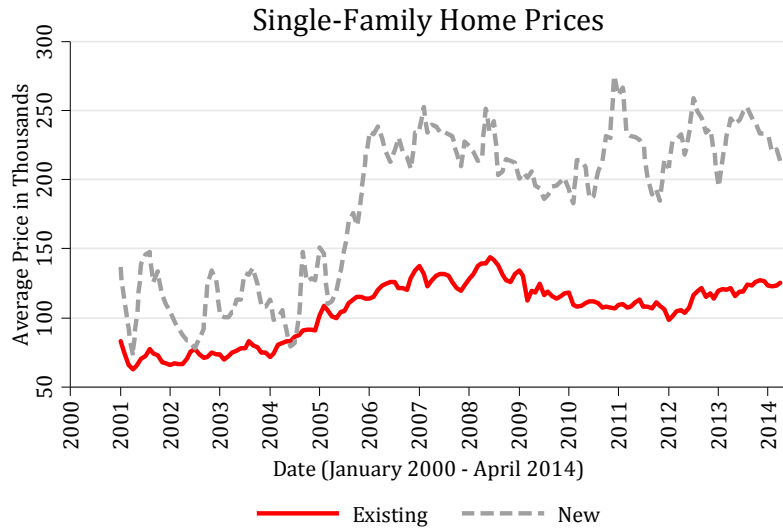


Single-Family Home Sales*	April 2014	M2M Change	Y2Y Change
New	16	+4.3%	-28.4%
Existing	164	+12.6%	-23.7%
Distress Share	18.1%	+75.2%	+6.6%
Residential Construction			
Total Starts	85	+63	+39
Single-Family	23	+1	-19
Multifamily	62	+62	+58
Average Single-Family Sales Price*			
New	\$212,880	-4.0%	-12.8%
Existing	\$125,522	+1.6%	+3.1%
Distress	\$96,855	-7.0%	-8.1%

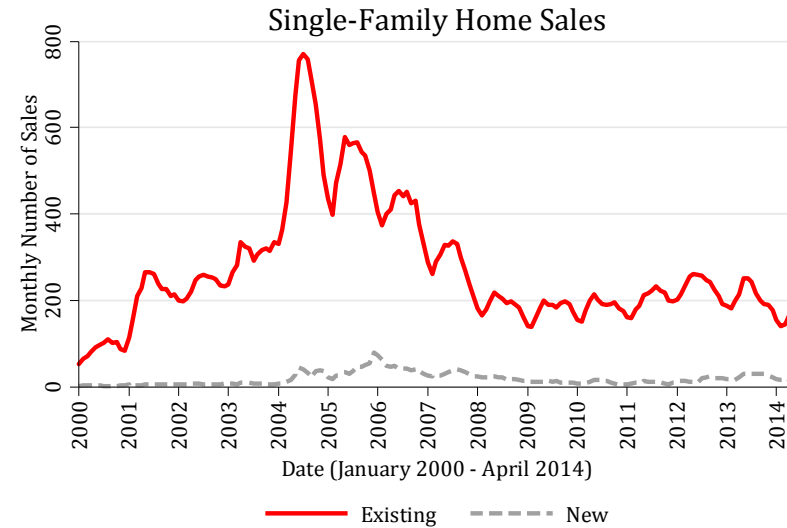
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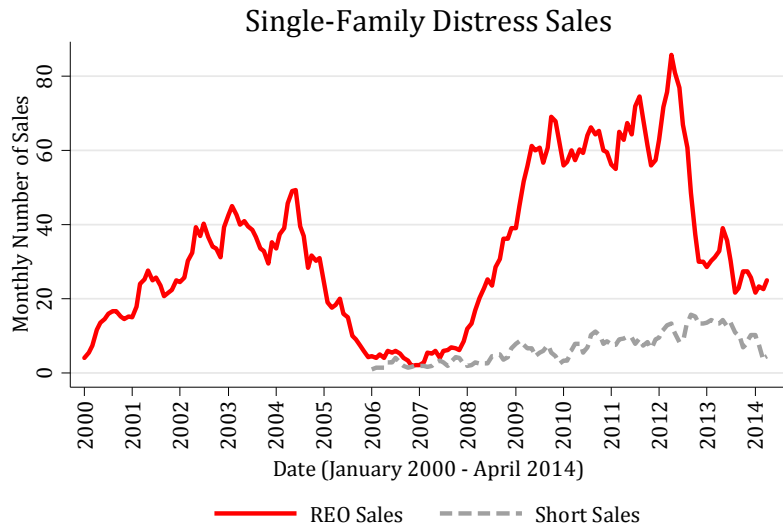
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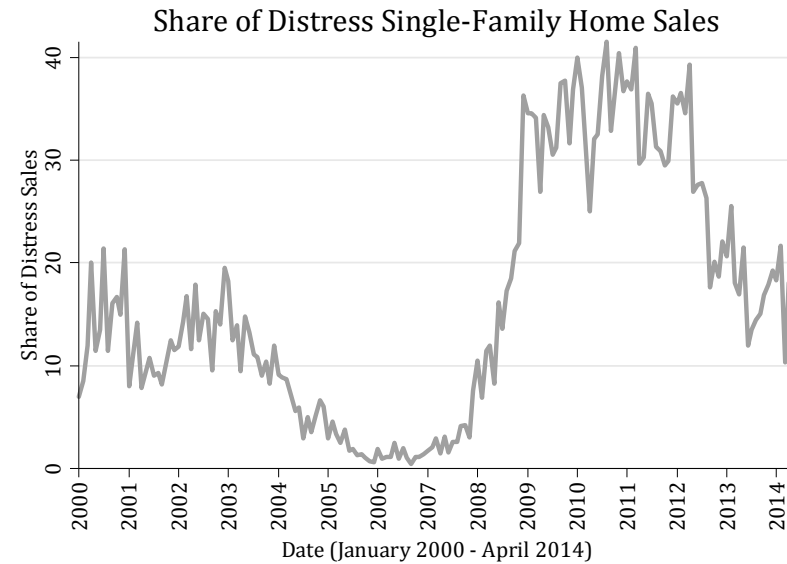
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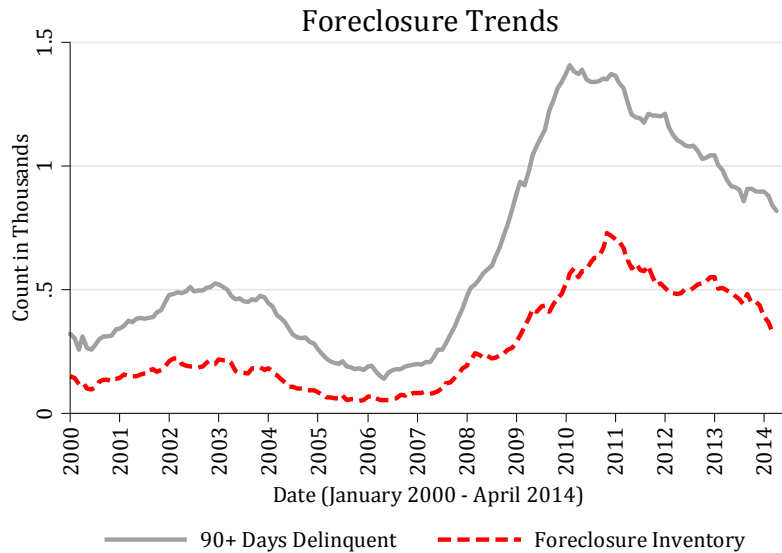


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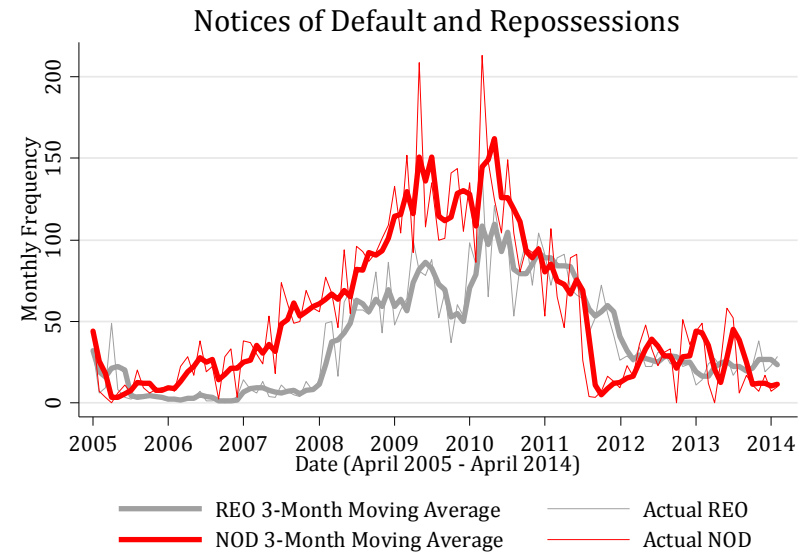


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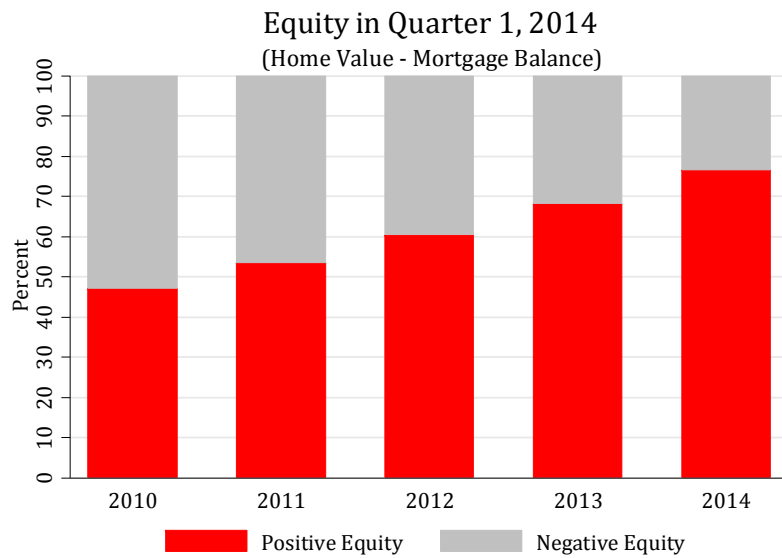
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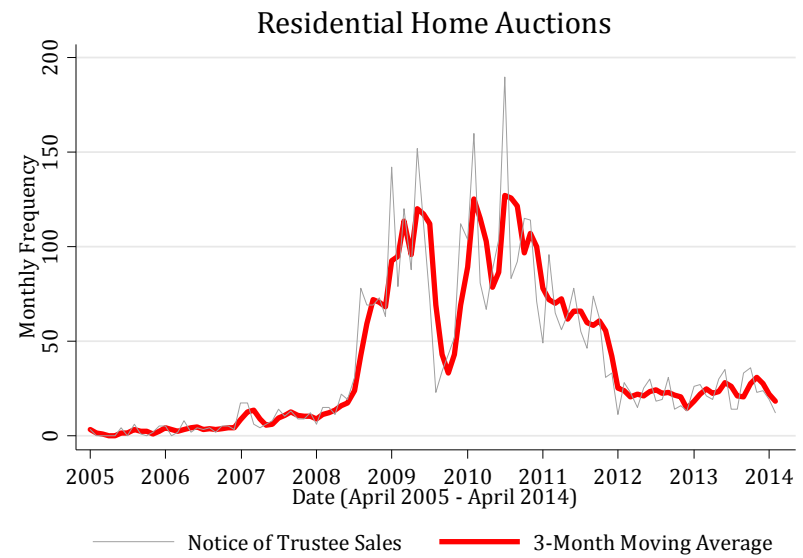
Source: CoreLogic



Source: RealtyTrac



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Source: RealtyTrac

About the Lied Institute

The Lied Institute was established in 1989 by the Lee Business School at the University of Nevada, Las Vegas to foster excellence in real estate education and research. Through partnerships with business and community leaders, the Lied Institute strives to improve the real estate business and effective public policy practices in Southern Nevada. The institute produces relevant and timely real estate research, supports educational programs in real estate economics and finance for students and professionals, and provides community outreach and continuing education.

About the Department of Business & Industry

The Department of Business and Industry is a cabinet level agency in the Nevada State government. The Department's objective is to encourage and promote the development and growth of business and to ensure the legal operation of business in order to protect consumers by maintaining a fair and competitive regulatory environment. The Director's office at Business and Industry manages a number of programs and initiatives to address the needs of small businesses, homeowners and consumers including small business advocacy, bond programs, access to capital, housing retention programs, constituent services and fraud prevention and education.

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