

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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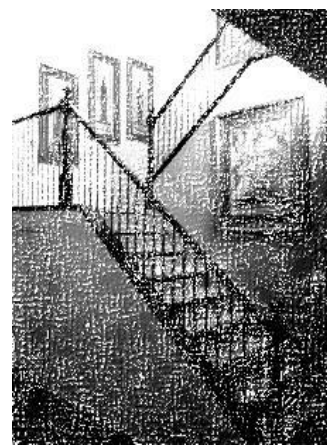
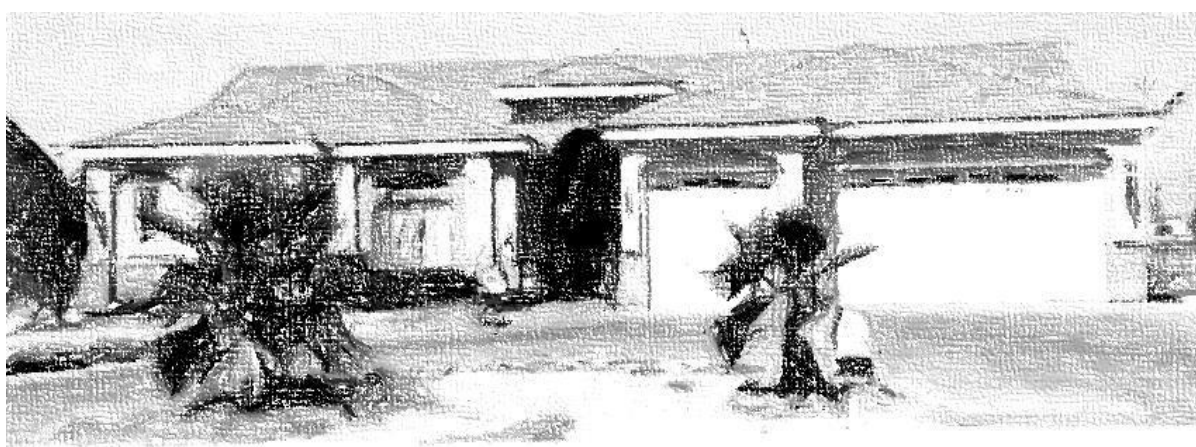
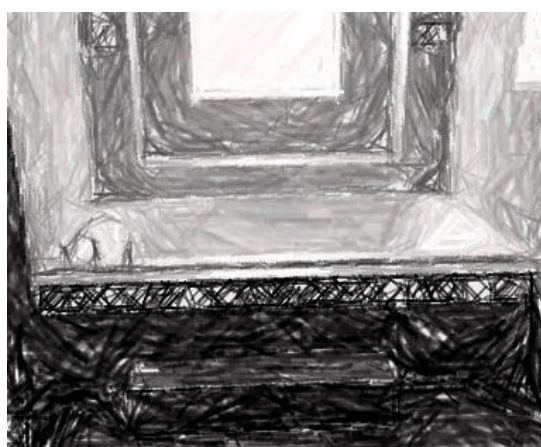
Nevada's Housing Market | May 2014

Nevada Statewide Trends

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

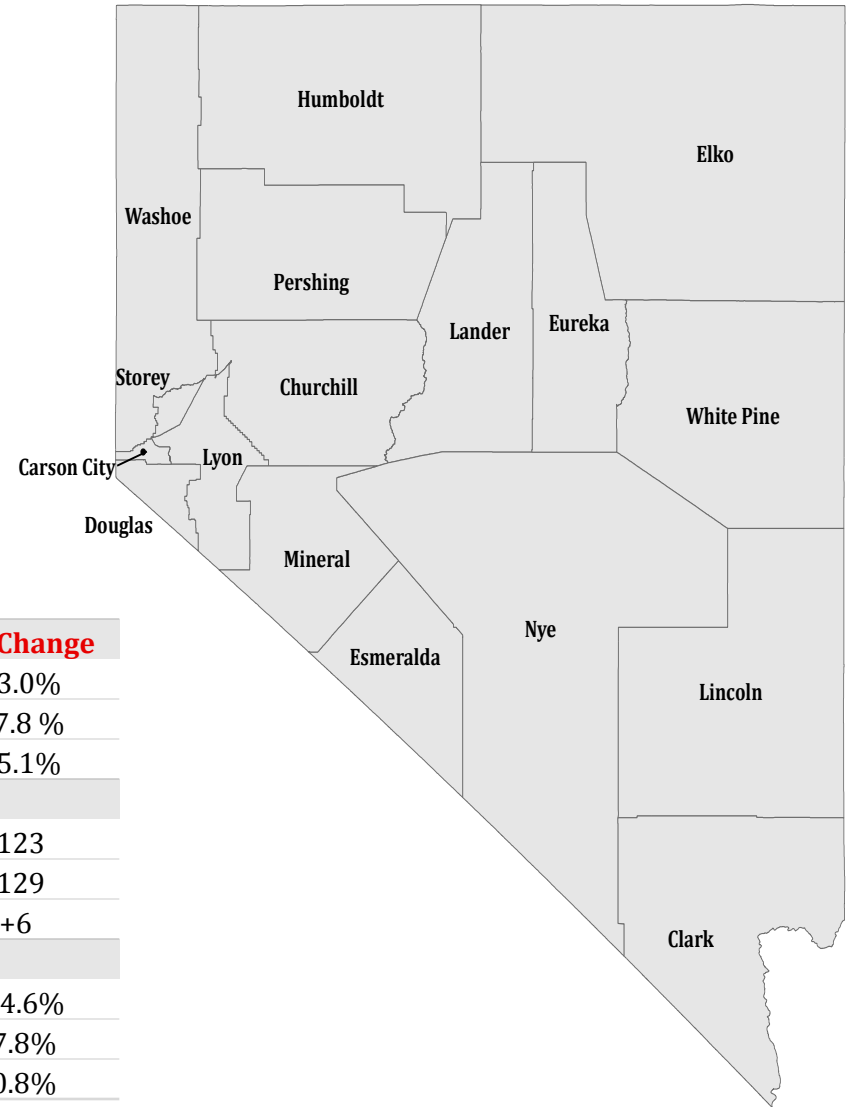
Housing Units: **1,186,879** in 2013

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



Nevada Statewide Trends

- ❑ Nevada typically experiences a large increase in the number of home sales each year in the month of May. Existing home sales increased by 7.7 percent this month and new home sales increased by 6.4 percent this month, the largest month to month increase for new homes since late 2012. New home sales are now beginning to pick back up which is good news for the construction industry. As long as new homes continue to sell, single-family start ups should continue to increase month to month.
- ❑ Home prices for the state overall are stabilizing more and more each month. However, new home prices in the north decreased while new home prices in the south increased. The north and south essentially “cancelled out” one another this month and the average new home price was nearly untouched– increasing only \$21 from April 2014 to May 2014.

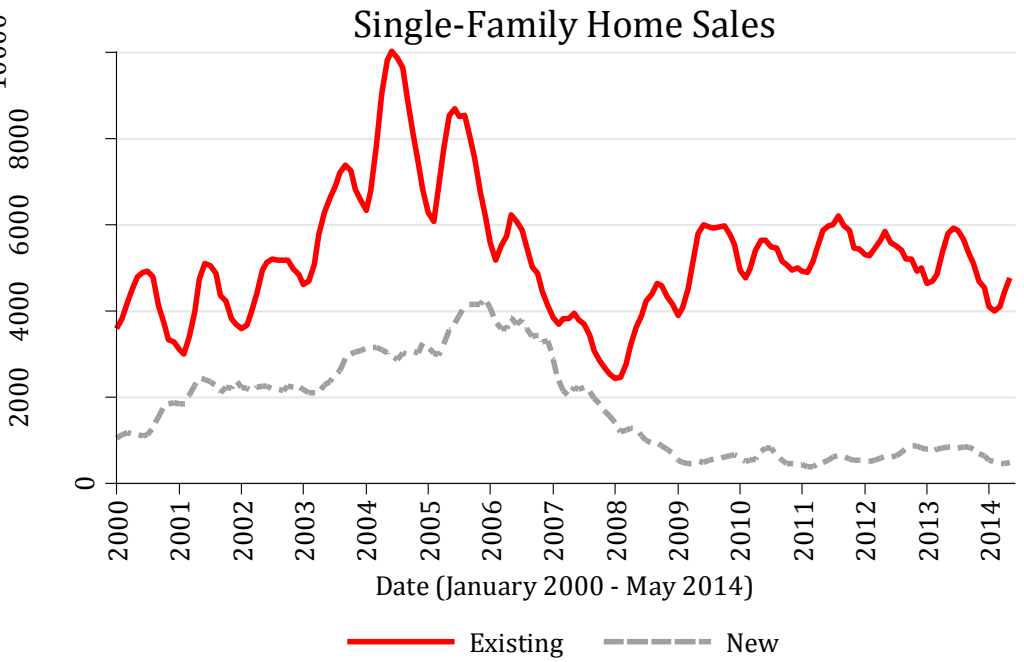
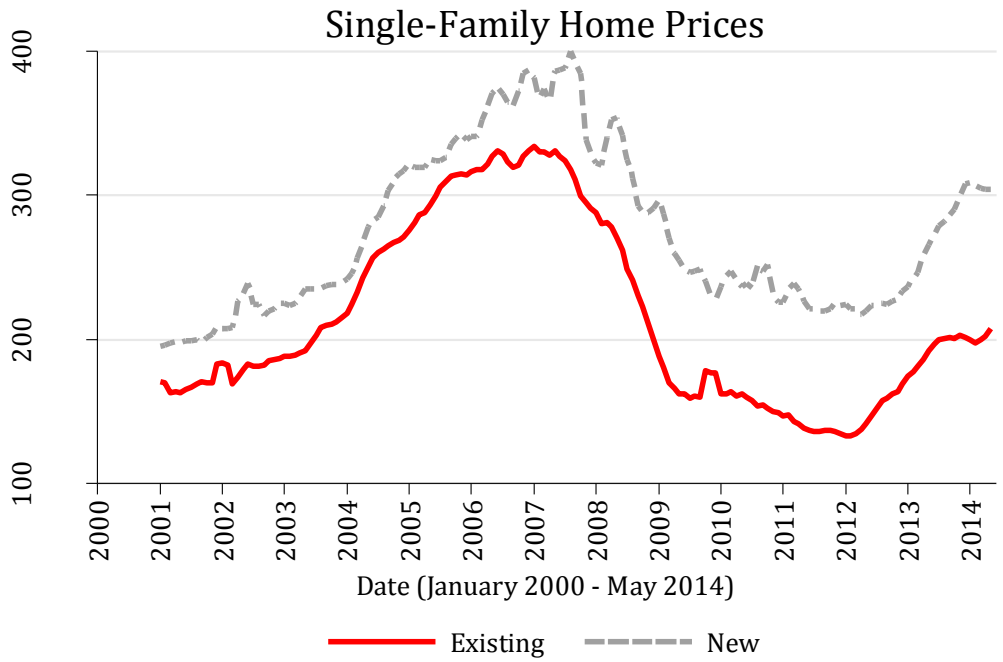


Single-Family Home Sales*	May 2014	M2M Change	Y2Y Change
New	490	+6.4%	-43.0%
Existing	4764	+7.7%	-17.8 %
Distress Share	19.6%	-4.4%	-35.1%
Residential Construction			
Total Starts	1145	-45	-123
Single-Family	875	+129	-129
Multifamily	270	-174	+6
Average Single-Family Sales Price*			
New	\$304,021	+0.1%	+14.6%
Existing	\$207,259	+2.5%	+7.8%
Distress	\$157,322	+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

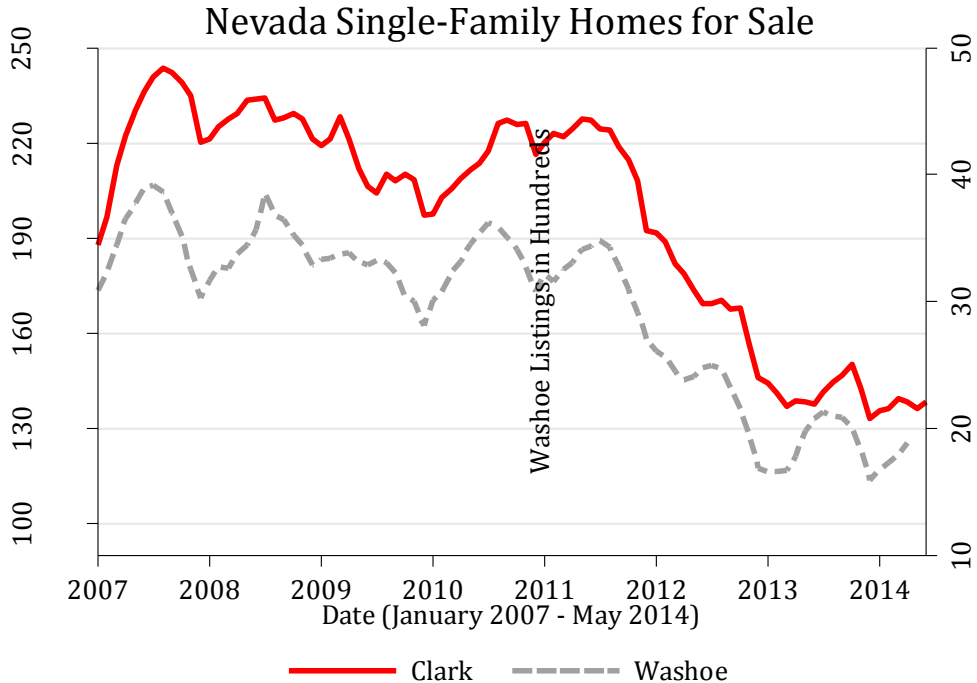
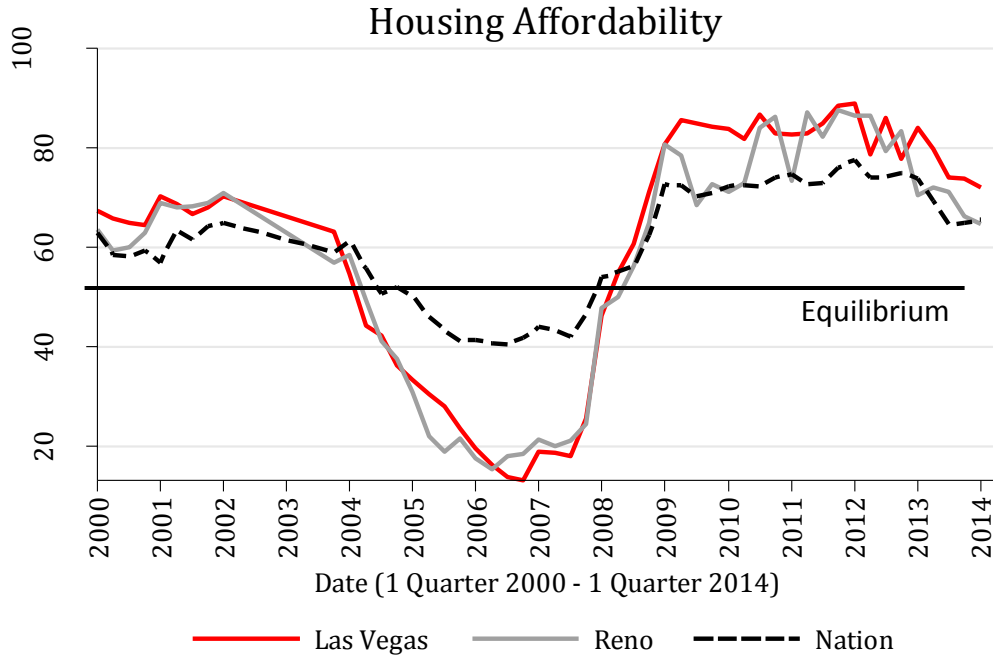


Source: CoreLogic
 Note: Series are 3-month weighted moving averages.

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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



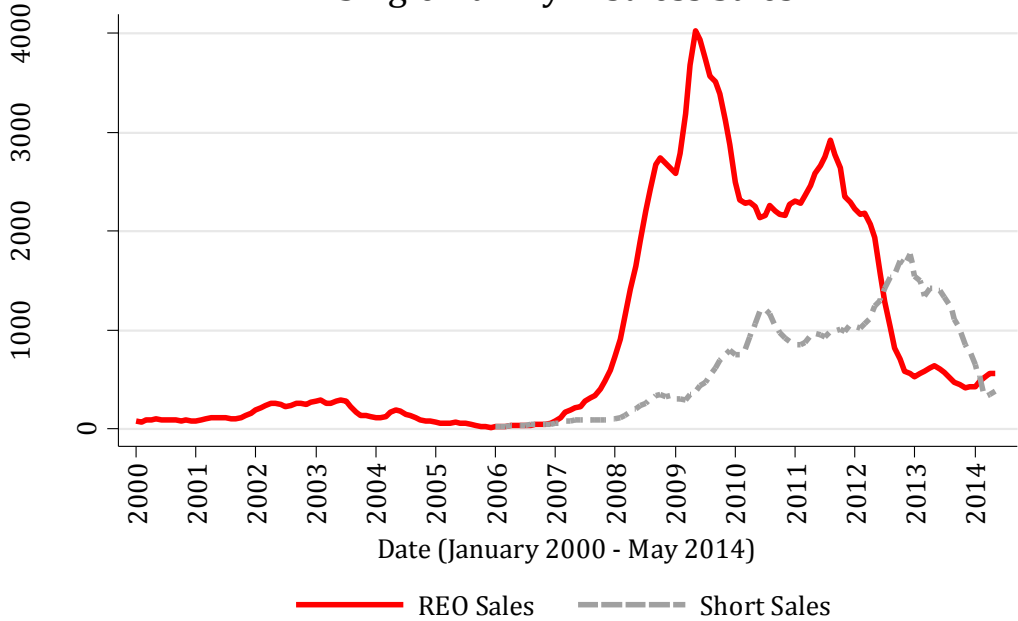
Source: National Association of Home Builders
 Note: Series denote the proportion of home sales affordable at median income.

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.

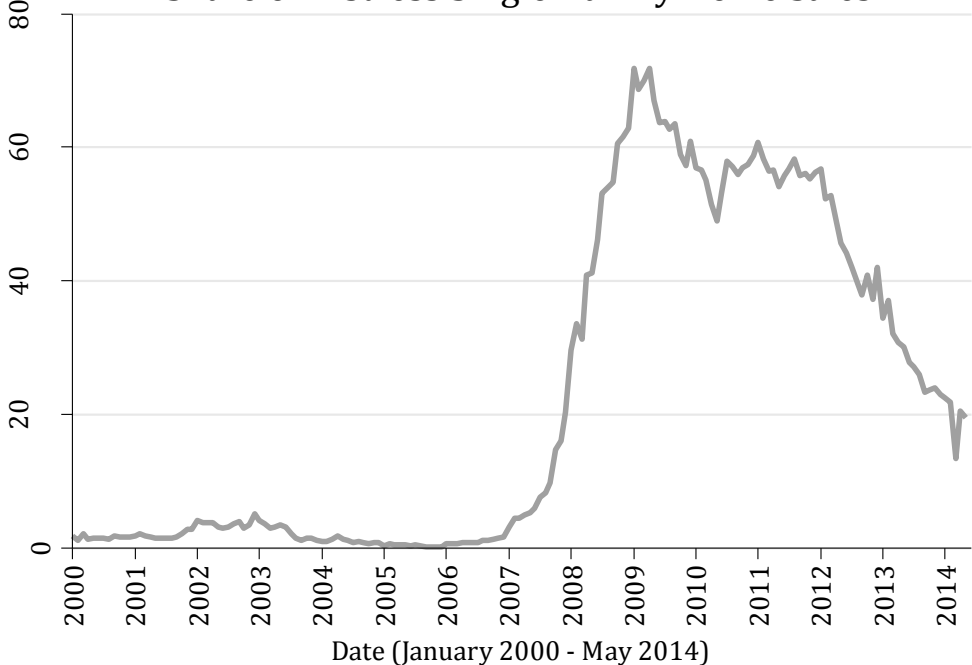
Nevada Statewide Trends

Single-Family Distress Sales



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

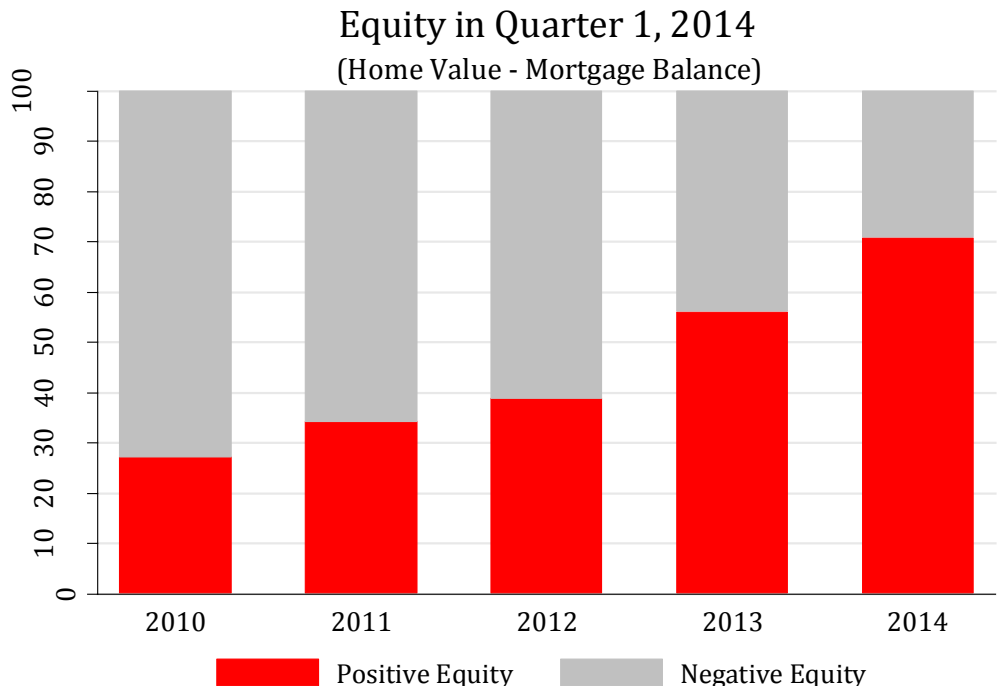
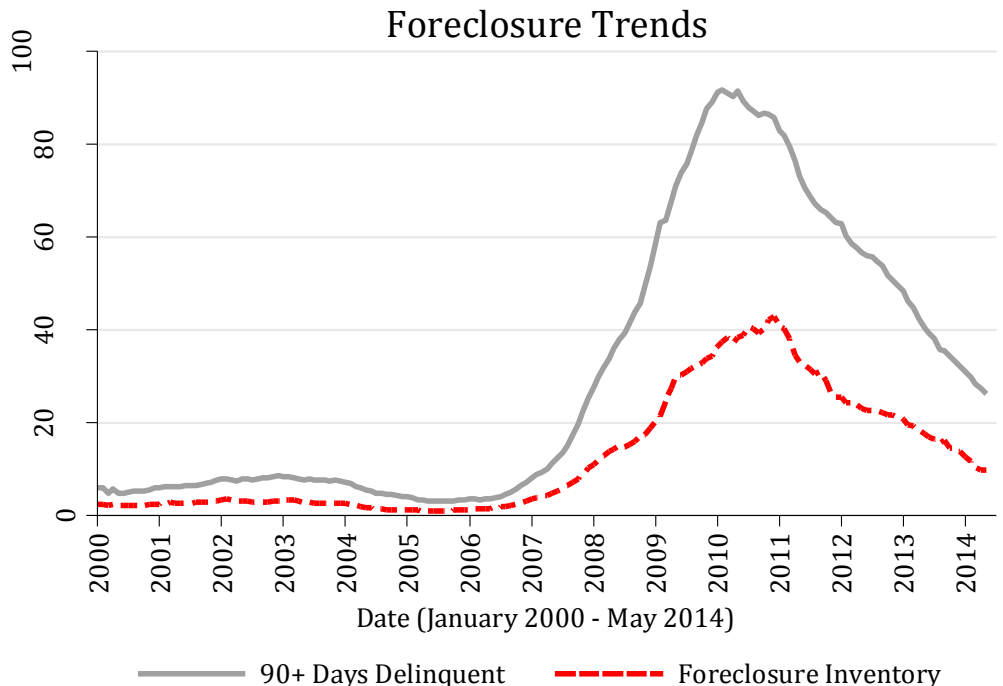
Share of Distress Single-Family Home Sales



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



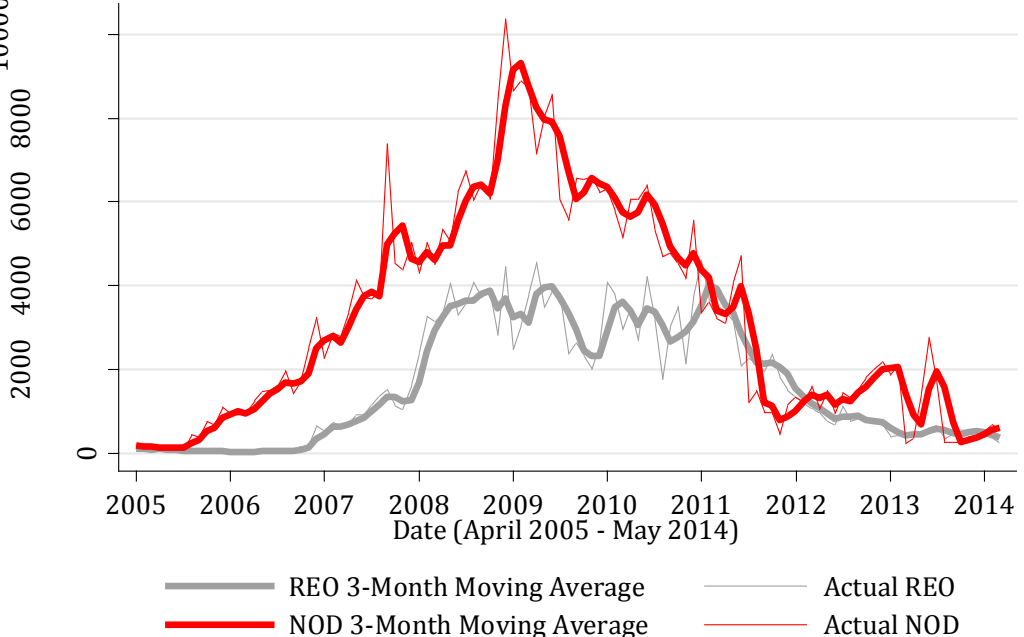
Source: CoreLogic

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.

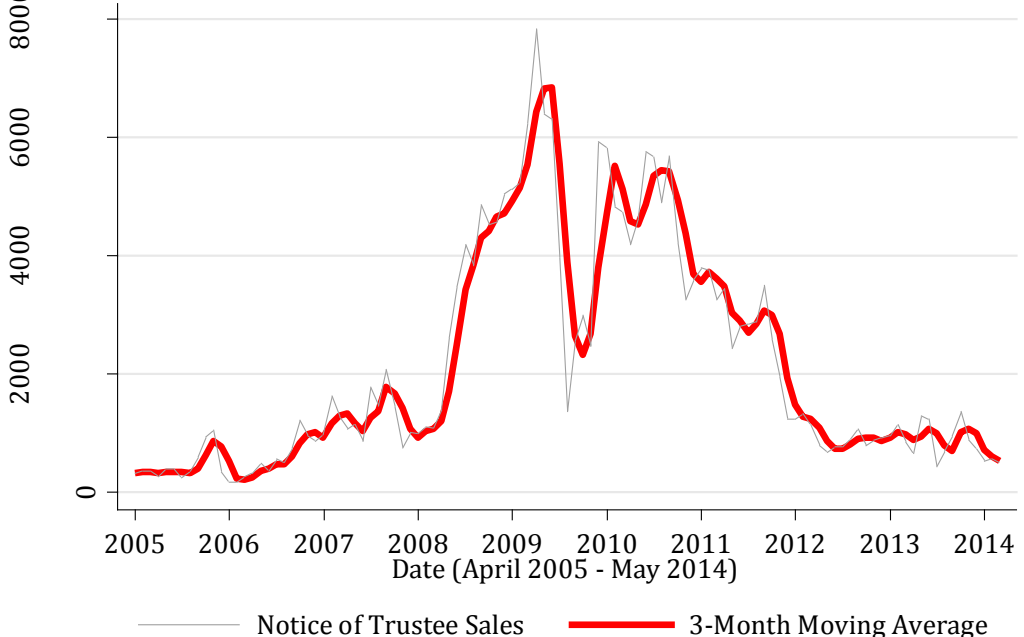
Nevada Statewide Trends

Notices of Default and Repossessions



Source: RealtyTrac

Residential Home Auctions

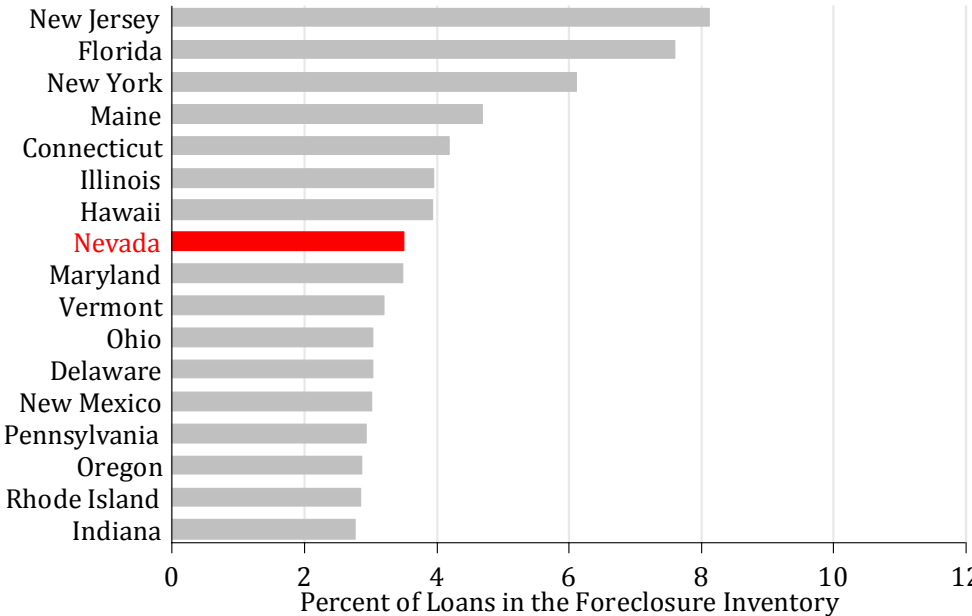


Source: RealtyTrac

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.

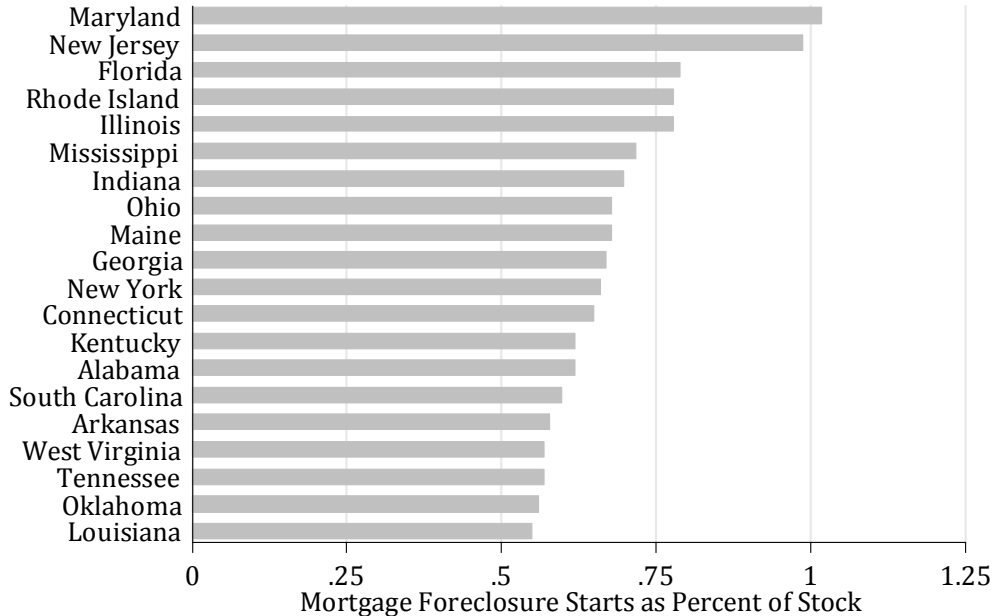
Nevada Statewide Trends

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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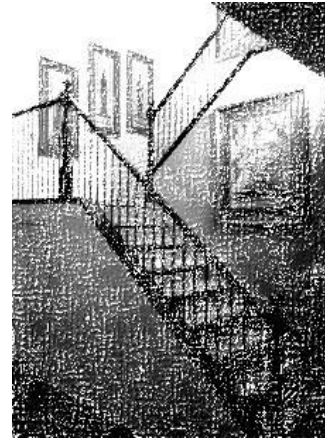
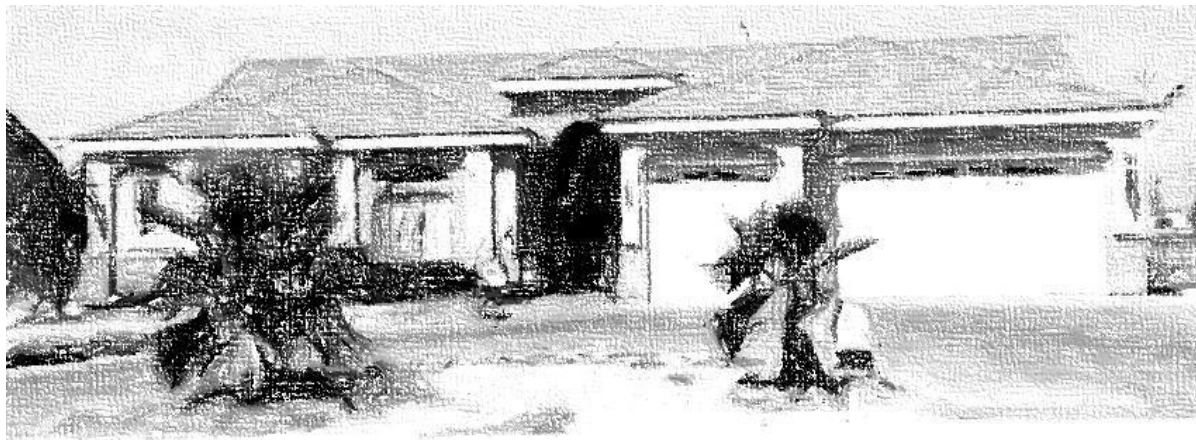
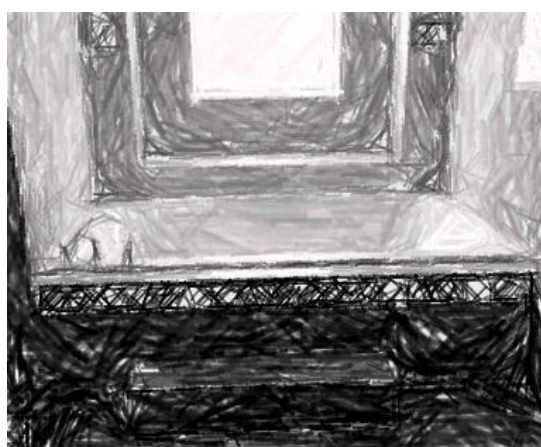
Northern Trends

Population: **614,491** in 2013

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

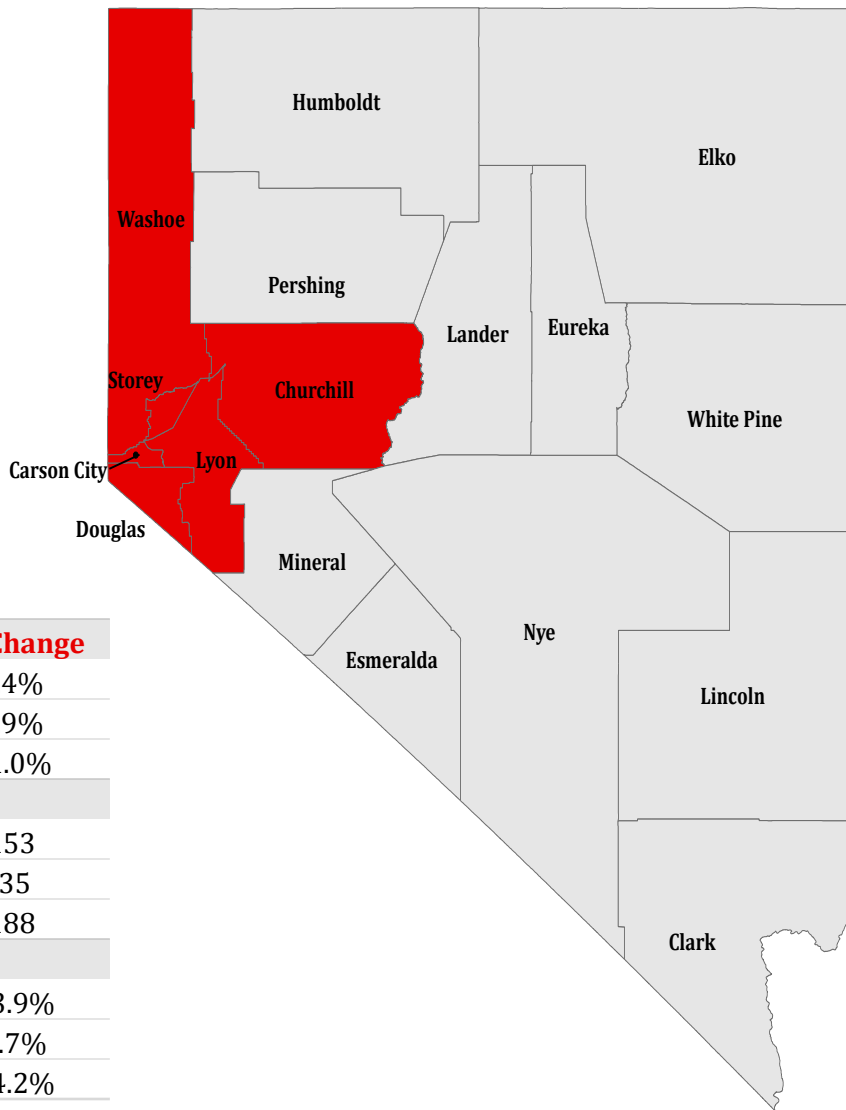
Source: U.S. Census Bureau: State and County QuickFacts

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



Northern Trends

- ❑ Northern Nevada saw a 4.6 percent month to month increase in the number of homes sold under distress. The high increase in the distress share can be attributed to increased short sales, as foreclosures decreased in May 2014. When short sales are high, distressed home prices increase because short sold properties are often much more expensive than foreclosed properties. As a result, distressed home prices in northern Nevada saw nearly a 10 percent increase from April 2014 to May 2014.
- ❑ Northern Nevada was the only region in the state that saw a decrease in new home prices in May 2014. New home prices in Northern Nevada are still up 24 percent from last May and are valued over \$20,000 more than Southern Nevada.



Single-Family Home Sales*	May 2014	M2M Change	Y2Y Change
New	104	+4.3%	-5.4%
Existing	1015	+11.2%	-6.9%
Distress Share	17.4%	+4.6%	-31.0%

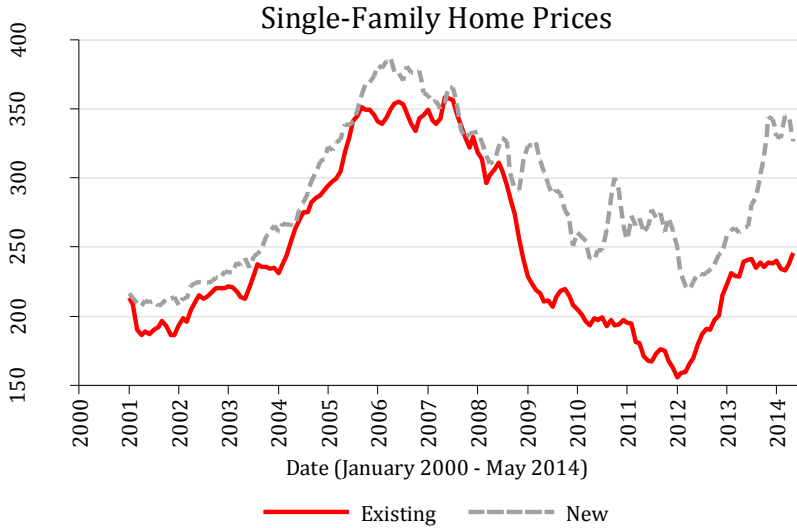
Residential Construction			
Total Starts	222	+24	-153
Single-Family	156	+38	+35
Multifamily	66	-14	-188

Average Single-Family Sales Price*			
New	\$326,408	-5.2%	+23.9%
Existing	\$245,884	+3.4%	+2.7%
Distress	\$182,353	+9.8%	+14.2%

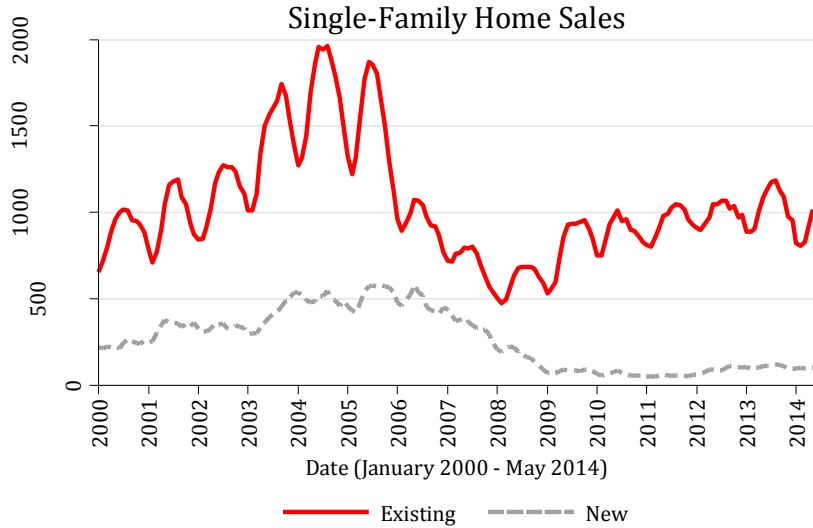
Source: Lied Institute calculations using CoreLogic Data and the *State of the Cities Data Systems* by U.S. Department of Housing and Urban Development.

*Figures portray Three-Month Moving Weighted Averages

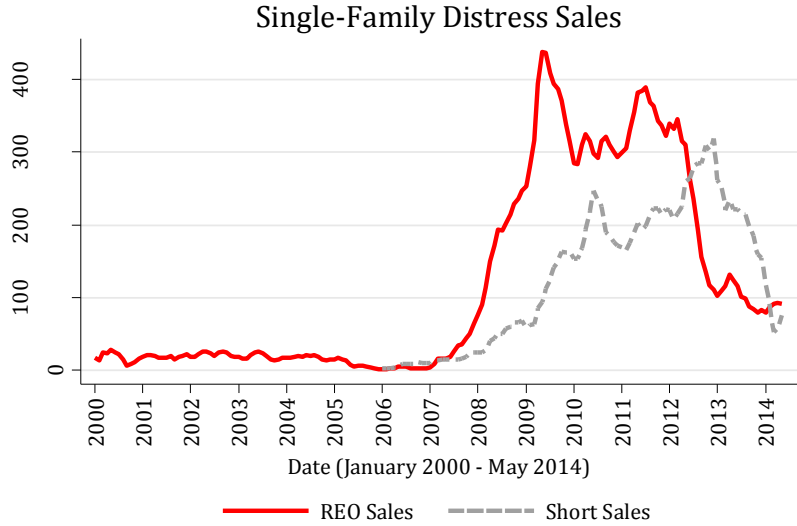
Northern Trends



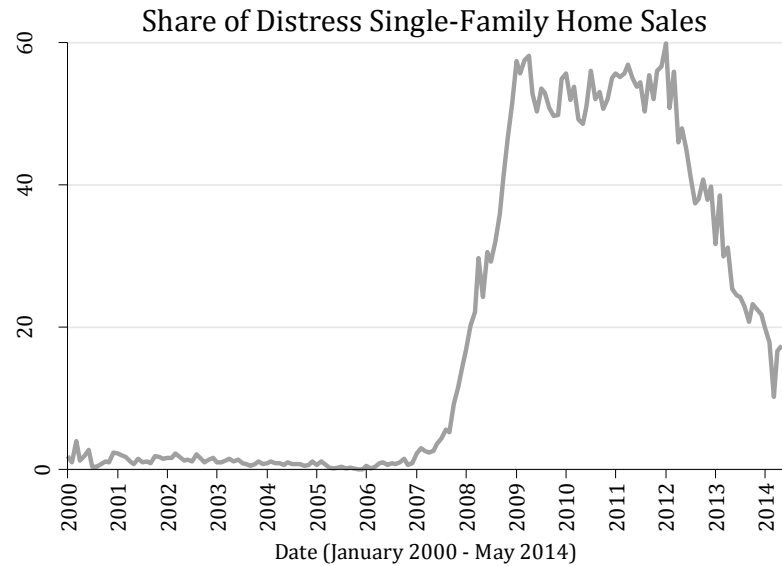
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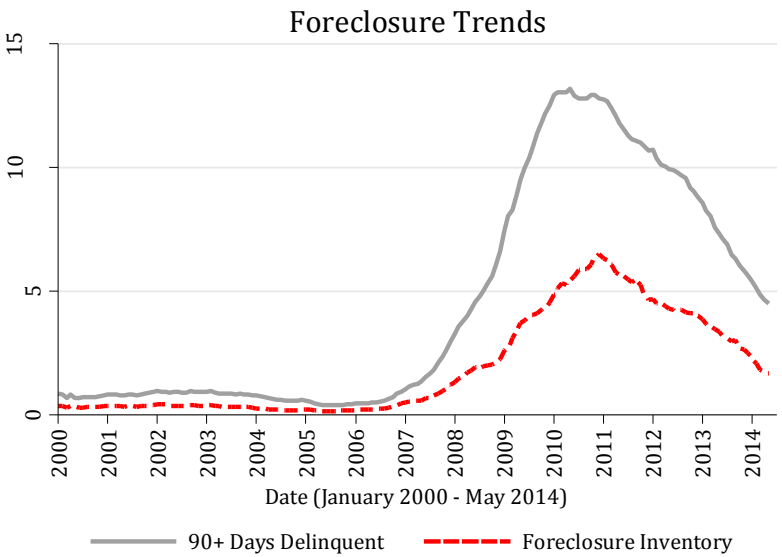


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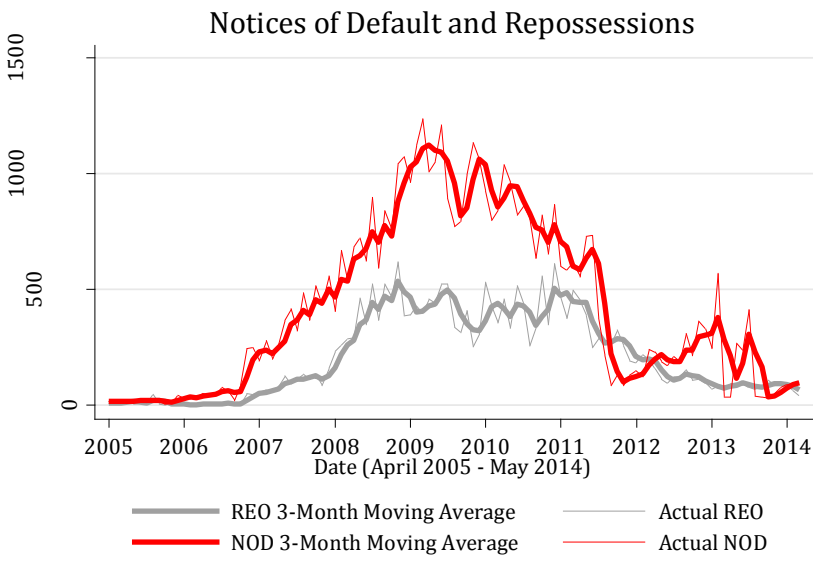


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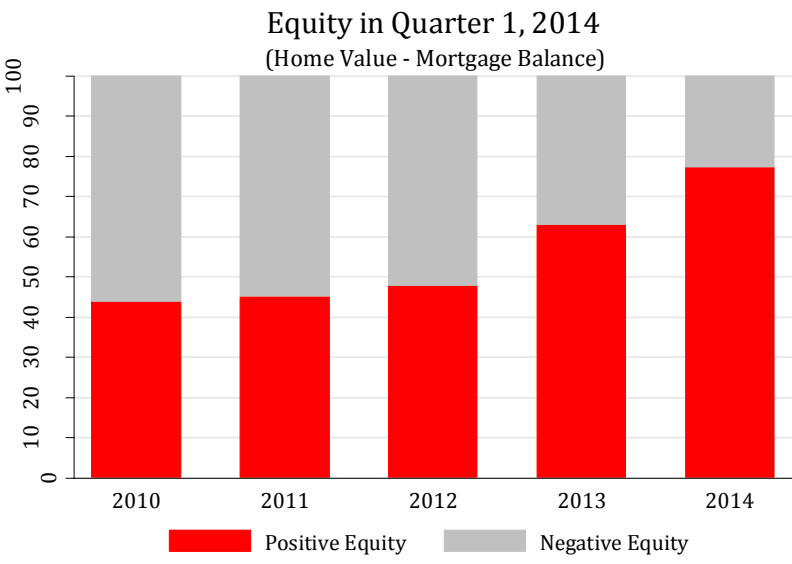
Northern Trends



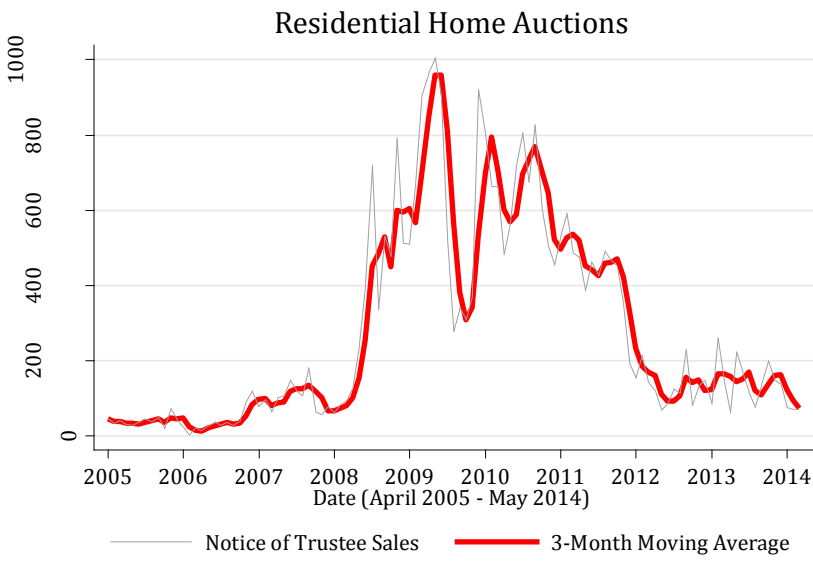
Source: CoreLogic



Source: RealtyTrac



Source: CoreLogic



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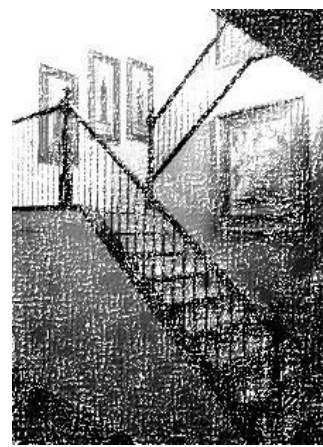
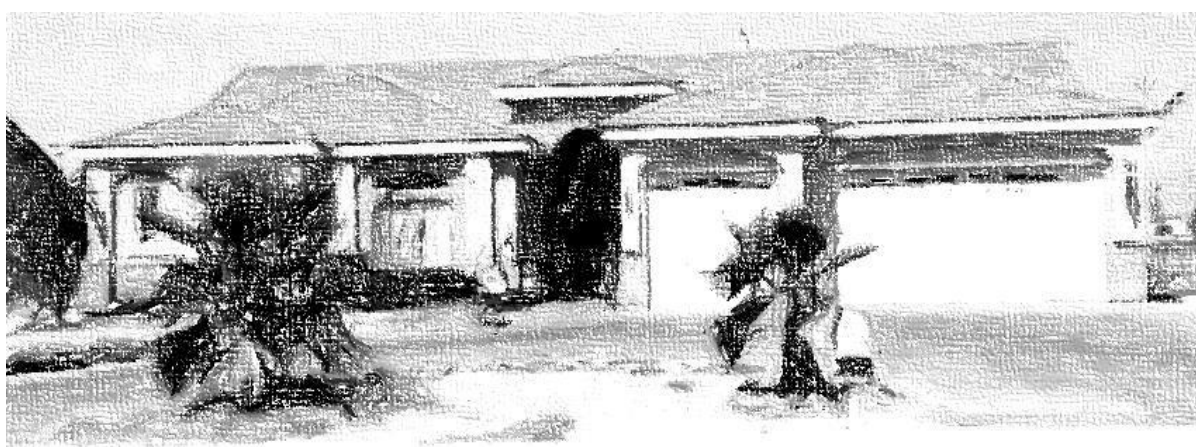
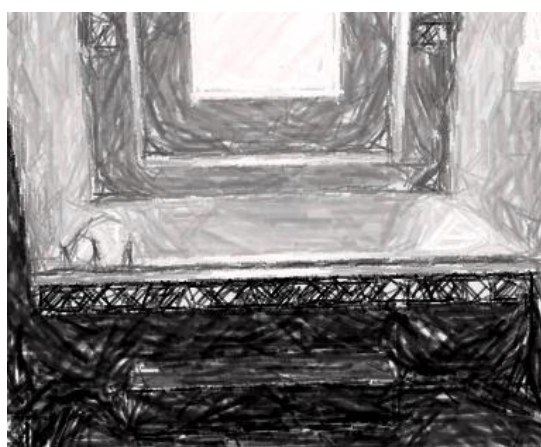
Southern Trends

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

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

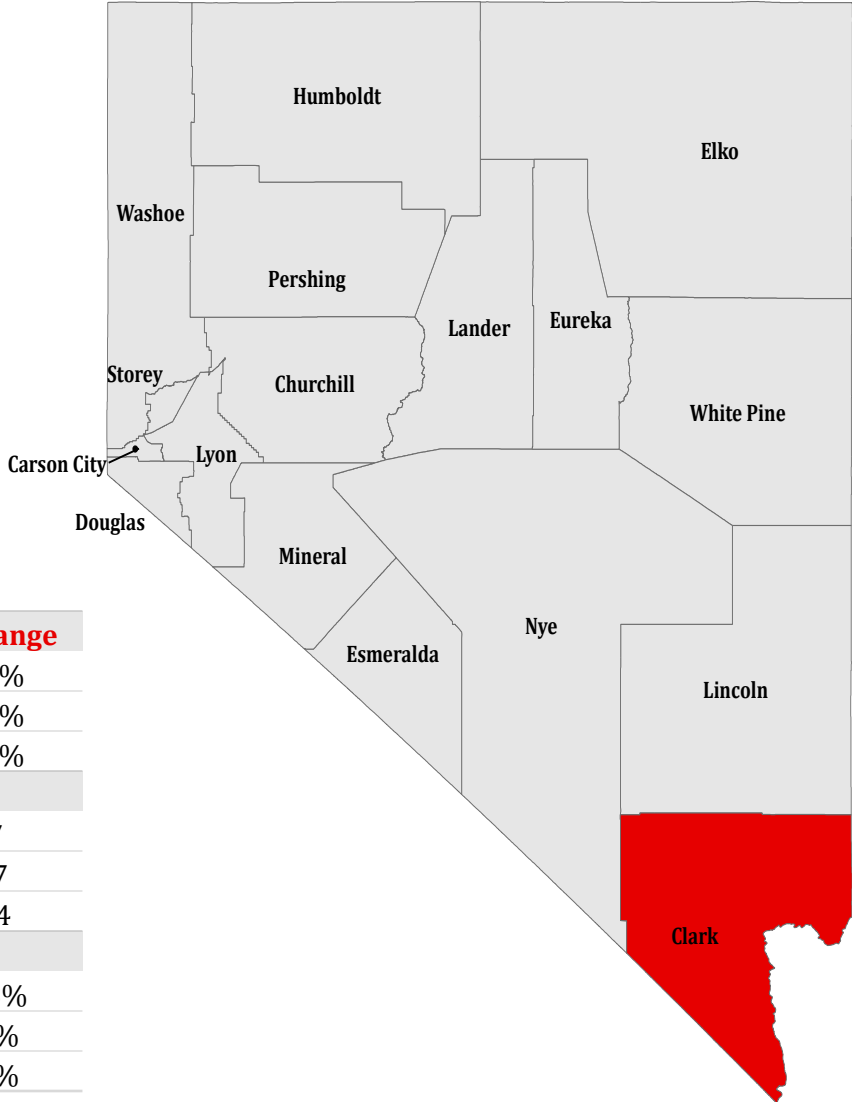
Source: U.S. Census Bureau: State and County QuickFacts

(Clark County)



Southern Trends

- ❑ Southern Nevada was the only part of Nevada that saw a decrease in the share of homes being sold under distress. Unlike the rest of the state, both foreclosures and short sales decreased for Southern Nevada in May 2014. The share of homes being sold under distress is now at 20.1 percent, 12 percentage points below May 2013.
- ❑ Home prices changed more this month than any of the previous months this year. Average existing home prices in southern Nevada are over \$200,000 for the first time since 2008.
- ❑ Southern Nevada is the only region where residential construction is up from last year. This is due to multi-family start ups being much stronger this year in Southern Nevada. As long as new homes continue to sell in southern Nevada, single-family start ups should continue to increase.



Single-Family Home Sales*	May 2014	M2M Change	Y2Y Change
New	365	+6.0%	-49.1%
Existing	3555	+6.6%	-19.6%
Distress Share	20.1%	-7.9%	-37.4%

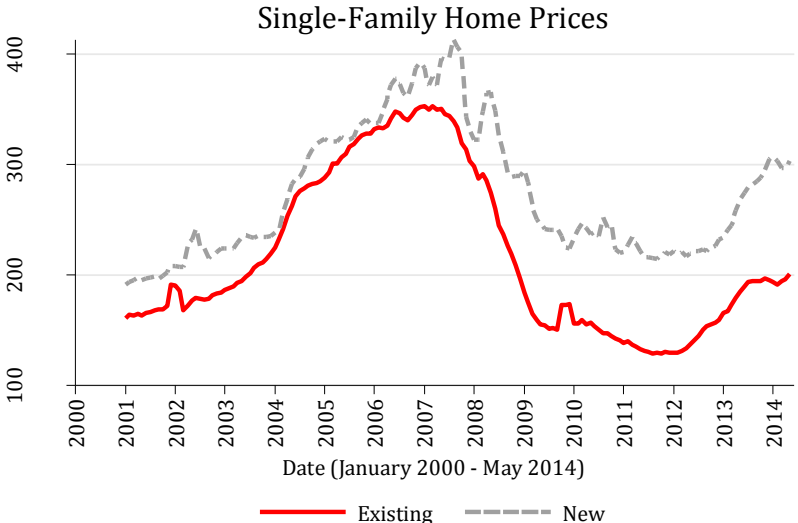
Residential Construction			
Total Starts	898	-11	+67
Single-Family	694	+87	-127
Multifamily	202	-98	+194

Average Single-Family Sales Price*			
New	\$303,148	+2.2%	+13.8%
Existing	\$200,597	+2.3%	+8.4%
Distress	\$155,336	+1.8%	+0.5%

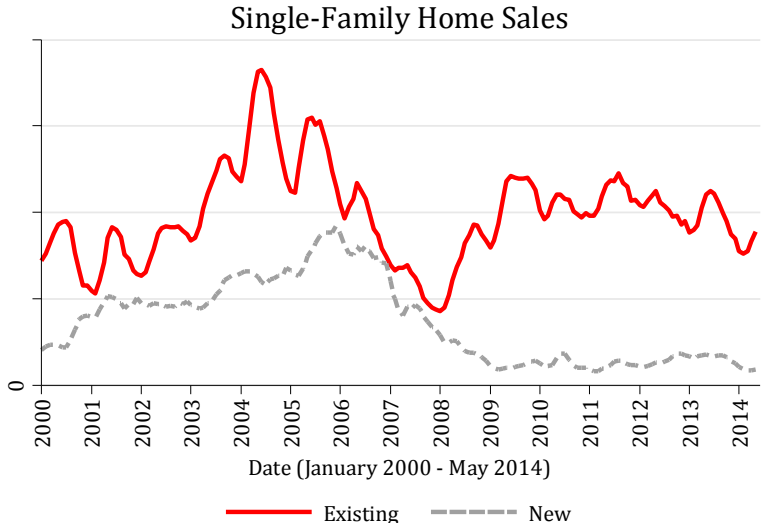
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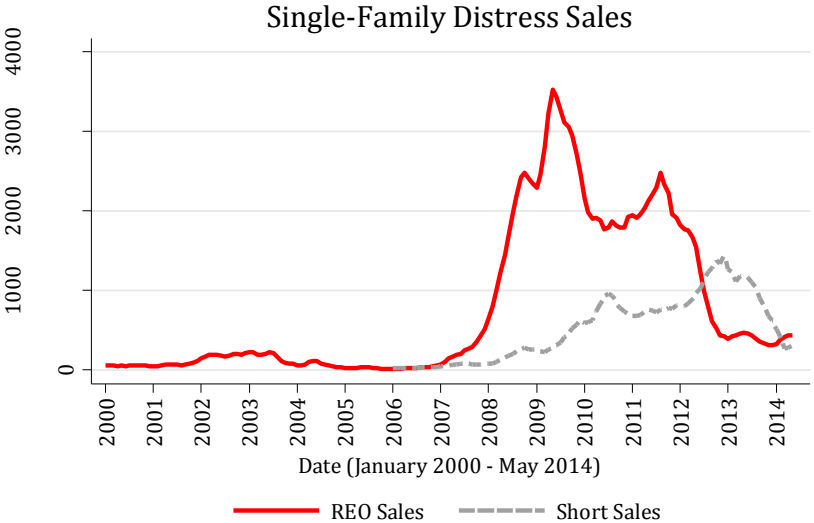
Southern Trends



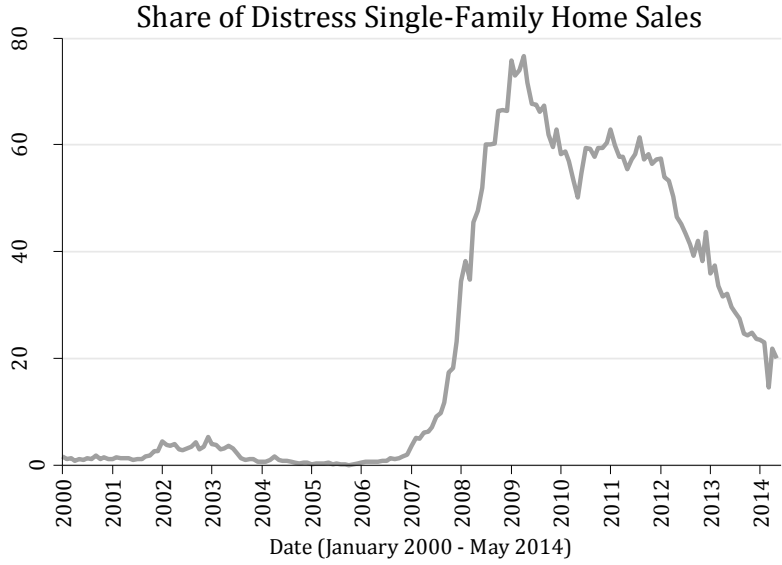
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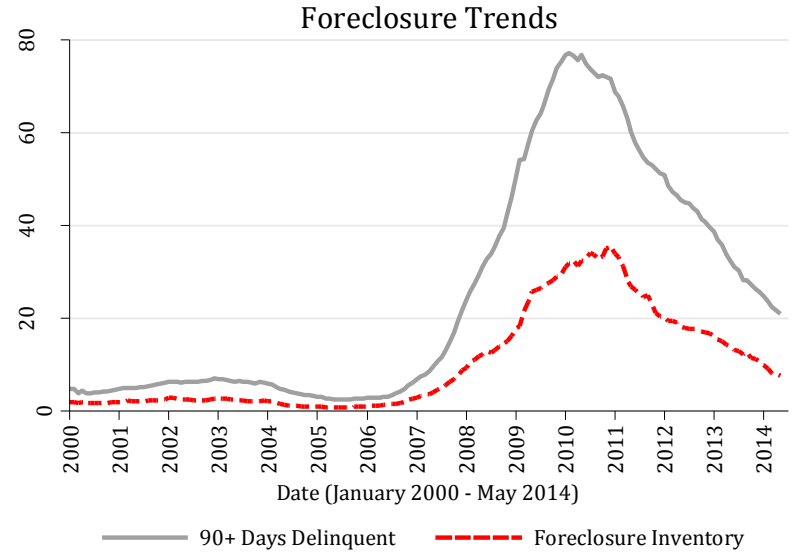


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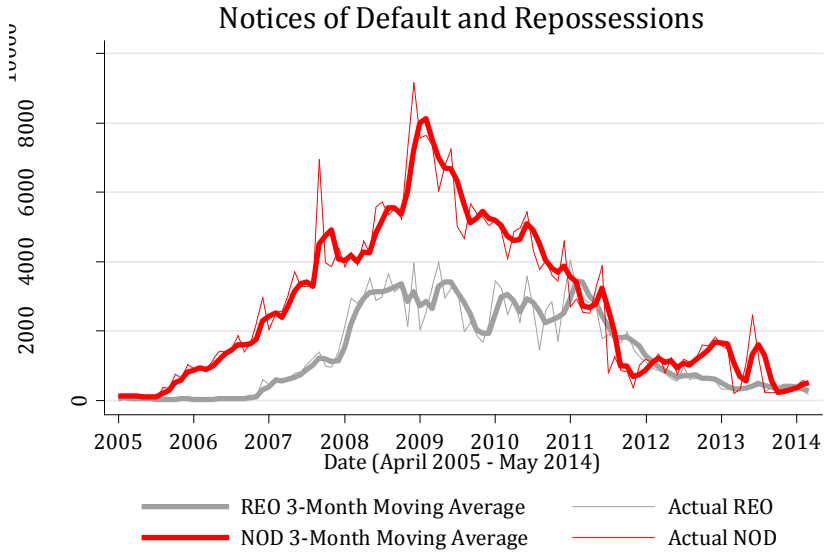


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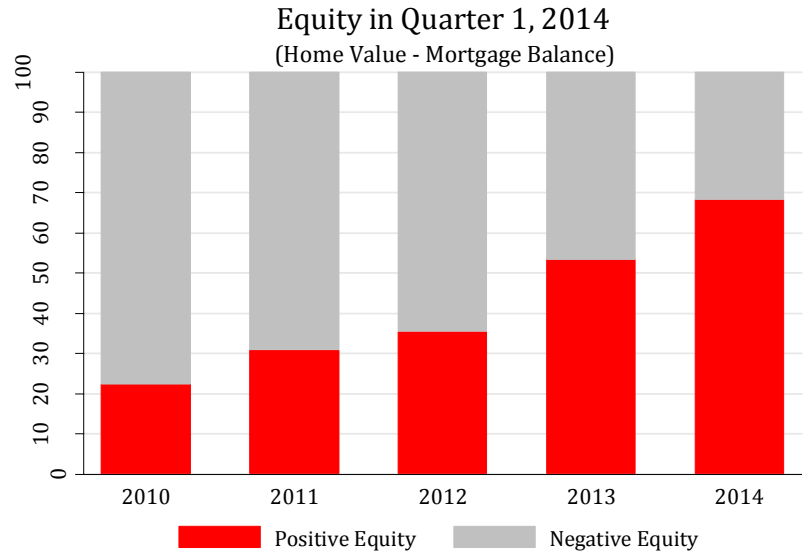
Southern Trends



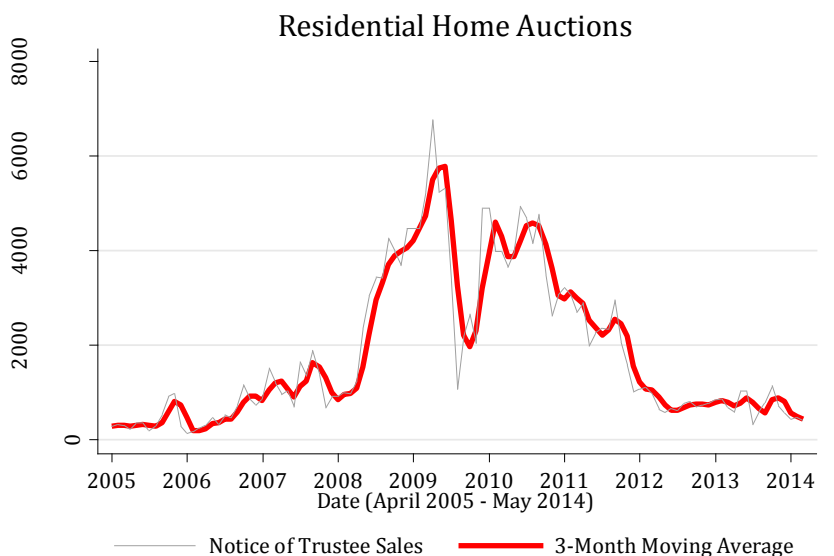
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Source: RealtyTrac



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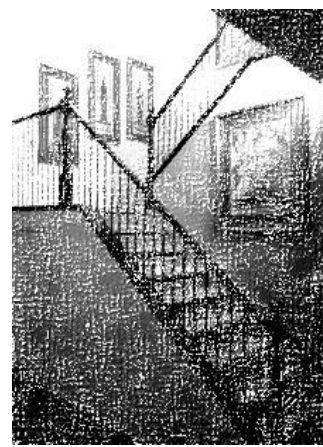
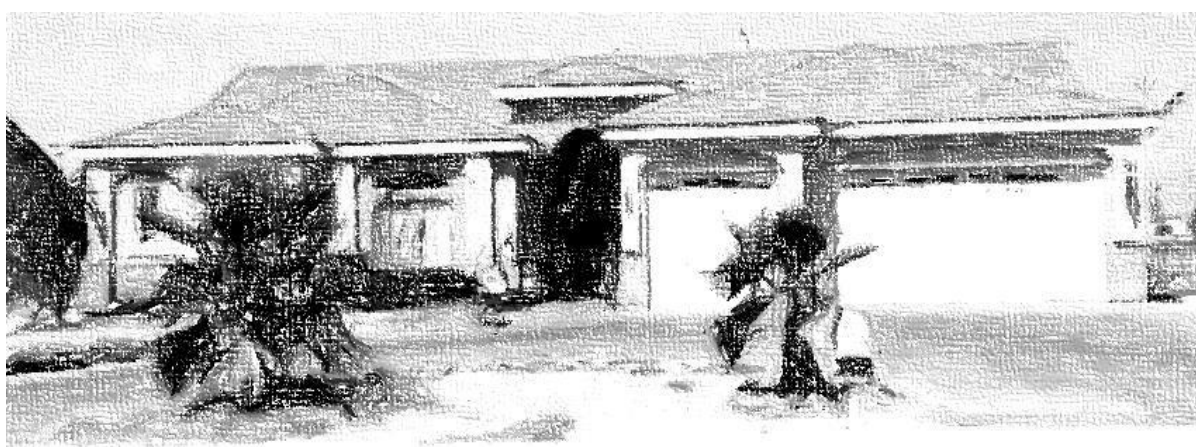
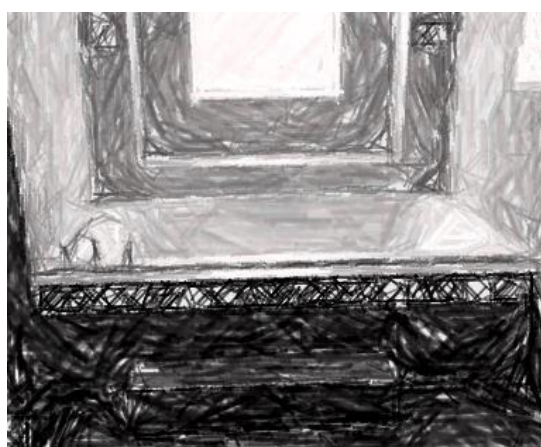
Rural Trends

Population: **147,777** in 2013

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

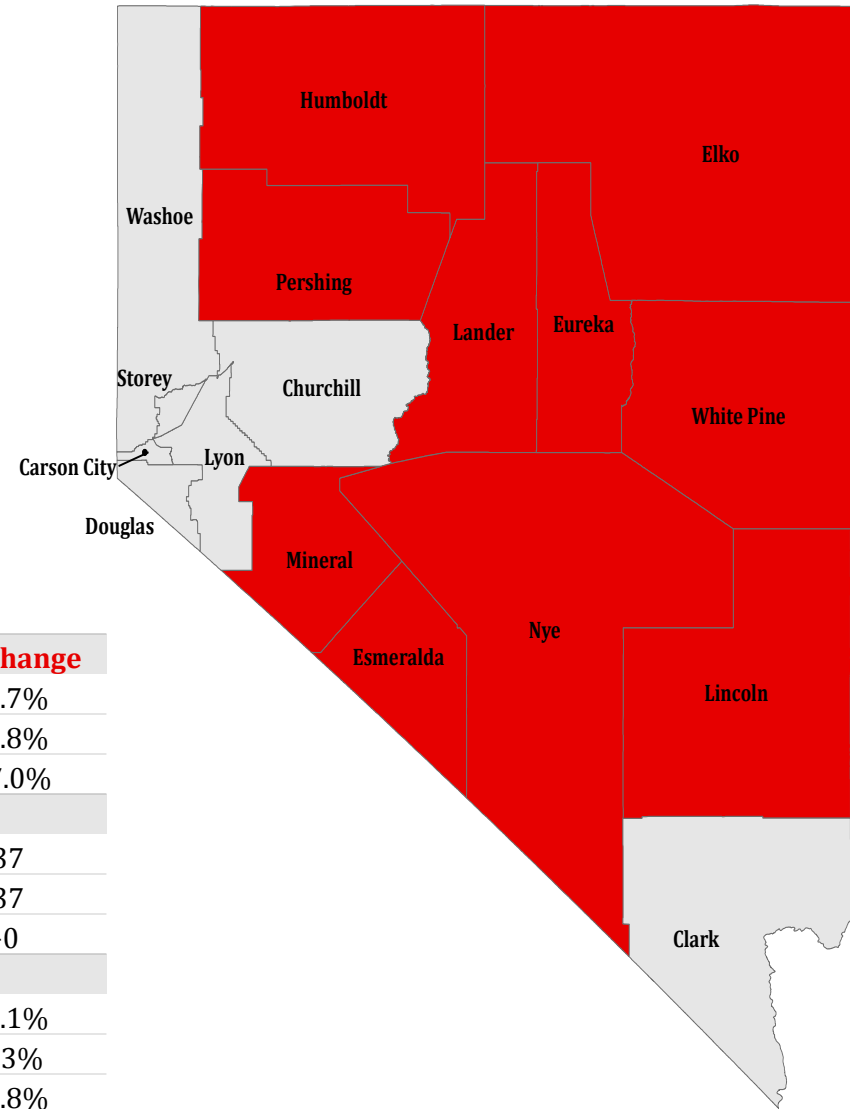
Source: U.S. Census Bureau: State and County QuickFacts

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



Rural Trends

- ❑ The share of homes sold under distress continues to increase in Rural Nevada. The distress share is now over 25 percent, the highest it has been in over a year. Of the homes sold under distress, 48 were foreclosures and five were short sales. As these foreclosures continue to increase each month, distressed home prices continue to decrease each month because foreclosed properties are often much cheaper than short sales.
- ❑ New and existing home prices are stabilizing more in Rural Nevada than the rest of the state. Rural areas saw less than a 1 percent change in price from April 2014 to May 2014. However, new and existing home sales in Rural Nevada saw a much larger increase than the rest of the state.

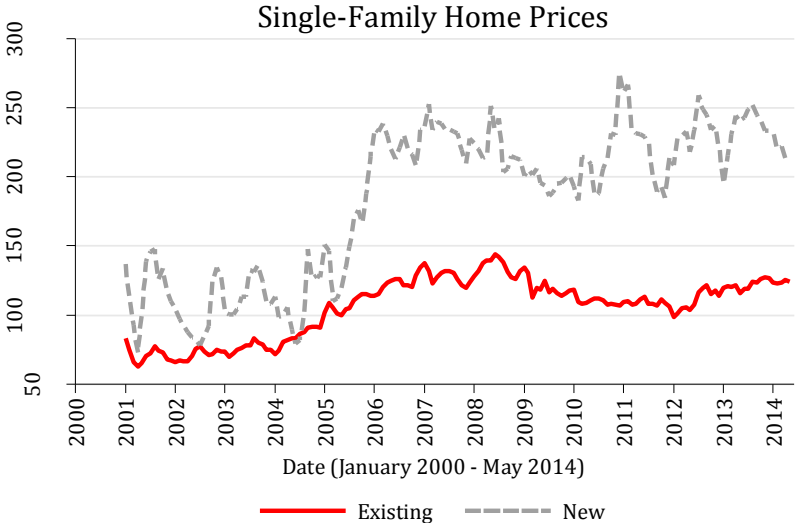


Single-Family Home Sales*	May 2014	M2M Change	Y2Y Change
New	19	+18.8%	-37.7%
Existing	179	+9.1%	-28.8%
Distress Share	25.1%	+38.8%	+17.0%
Residential Construction			
Total Starts	25	-58	-37
Single-Family	25	+4	-37
Multifamily	0	-62	+0
Average Single-Family Sales Price*			
New	\$213,248	+0.2%	-11.1%
Existing	\$124,372	-0.9%	+7.3%
Distress	\$82,808	-14.5%	-10.8%

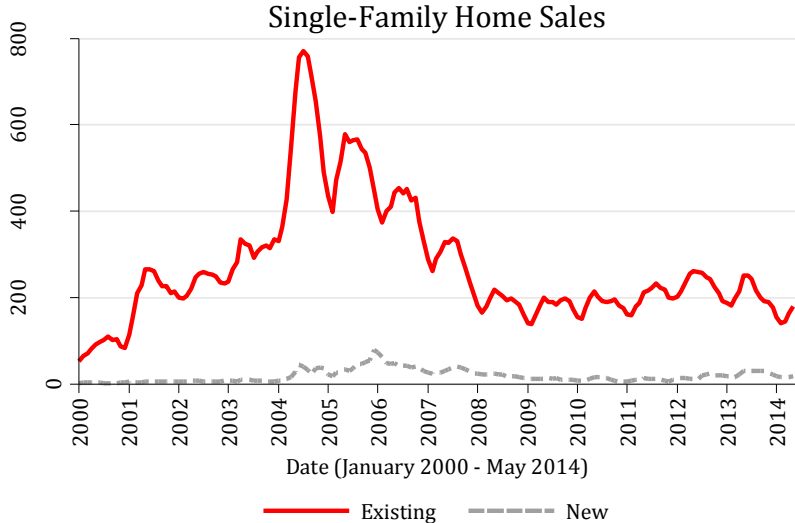
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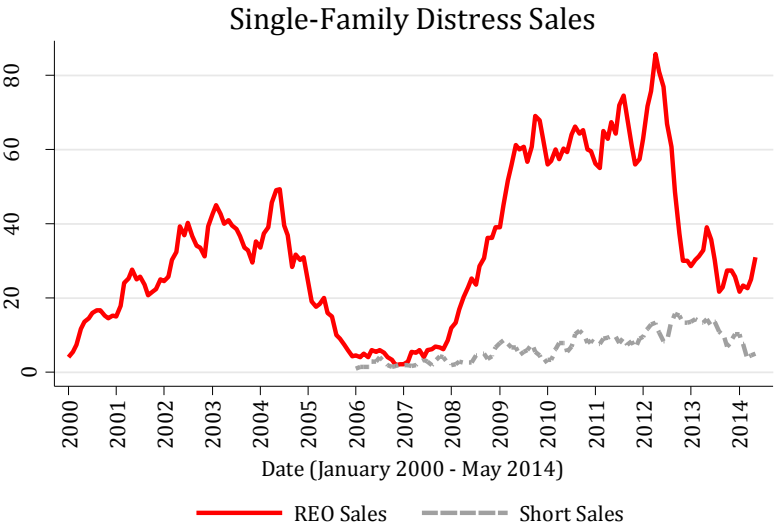
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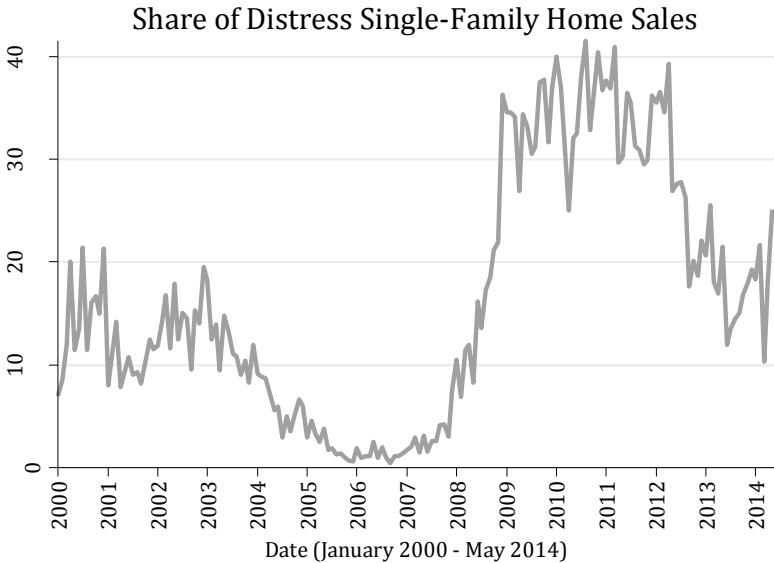
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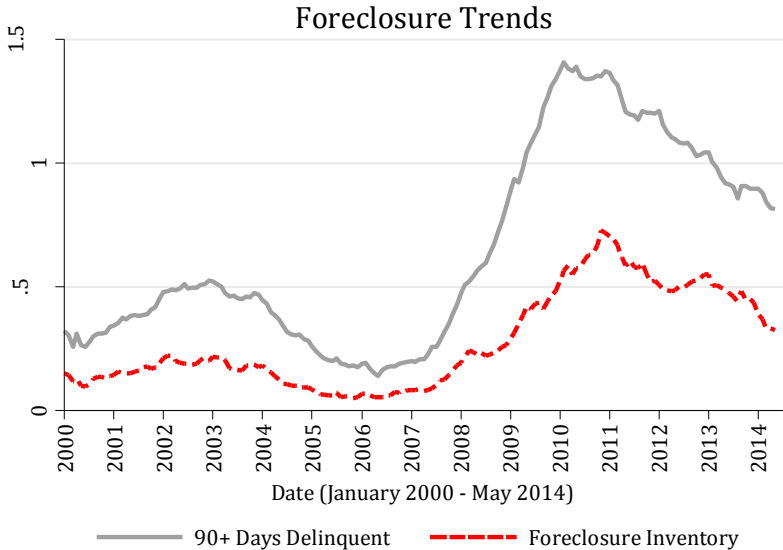


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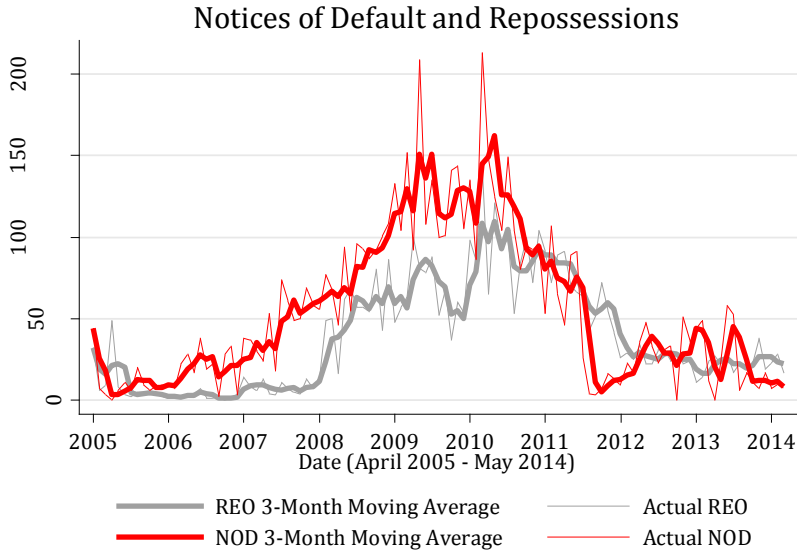


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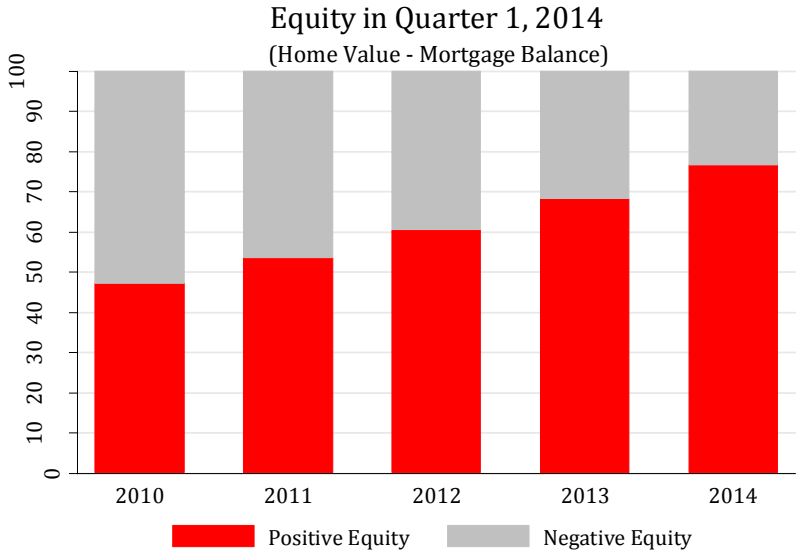
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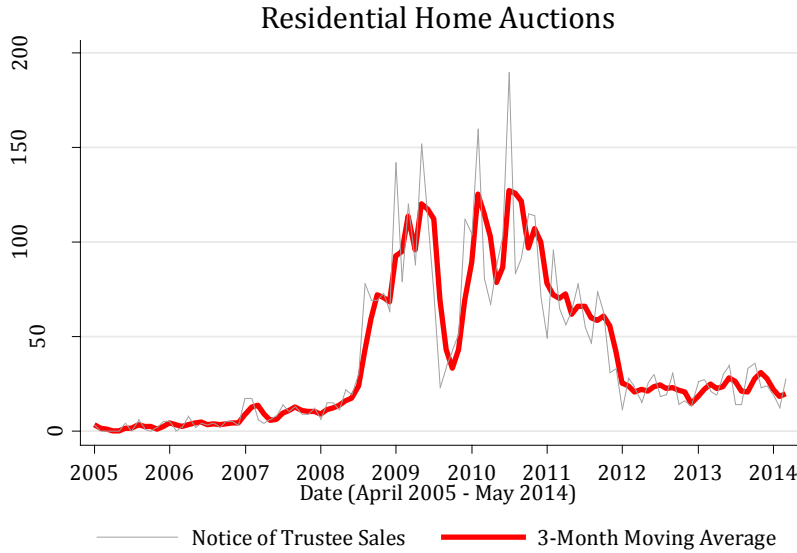
Source: CoreLogic



Source: RealtyTrac



Source: CoreLogic



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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