

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 | September 2013

Nevada Statewide Trends

Population: **2,758,931** in 2012

Housing Units: **1,183,873** in 2011

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



Nevada Statewide Trends

Statewide housing markets are climbing out of distress, but with some challenges. Trends show that in Nevada prices for existing single-family homes increased while their number of sales fell in July on a month-to-month basis. Prices and sales for new homes also fell. Home affordability dropped slightly but remains at a high level, and the number of homes for sale increased in both the southern and northern markets. Notably, in August 2013, notices of default filings spiked upwards, bringing the monthly filing level back to a level last seen in May 2013. Yet, foreclosure inventory continues to shrink, which results in fewer homes left to be repossessed and sold in auctions. The following pages provide further details.

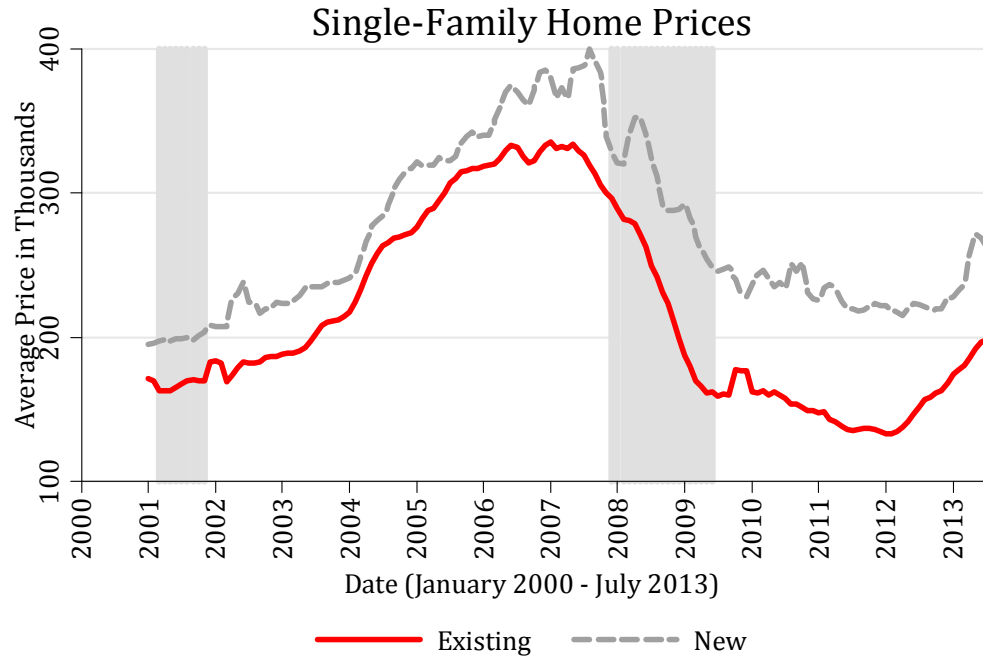


Single-Family Home Sales*	July 2013	M2M Change	Y2Y Change
New	257	-7.55%	-57.85%
Existing	5,580	-2.65%	2.27%
Distress Share	31%	-2.22%	-27.85%
Residential Construction			
Total Starts	700	-845	-51
Single-Family	696	-132	-11
Multifamily	4	-713	-40
Average Single-Family Sales Price*			
New	\$262,668	-2.09%	17.90%
Existing	\$197,99	0.78%	33.63%
Distress	\$156,034	-0.32%	13.95%

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

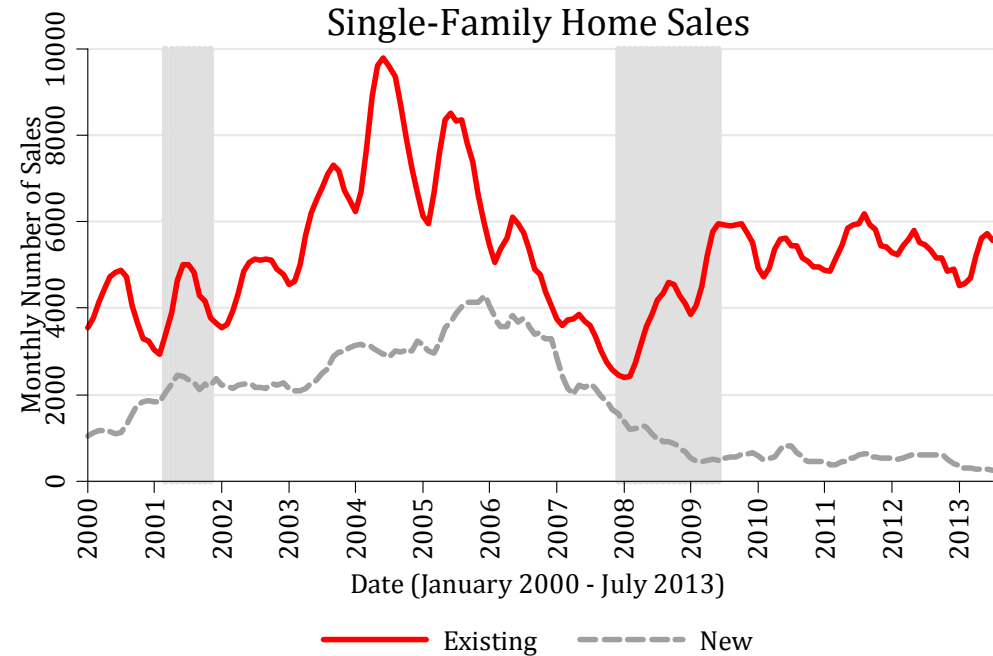
*Figures portray Three-Month Weighted Averages.

Nevada Statewide Trends



Source: CoreLogic

Note: These series are three month weighted moving averages and gray bars represent recessions.

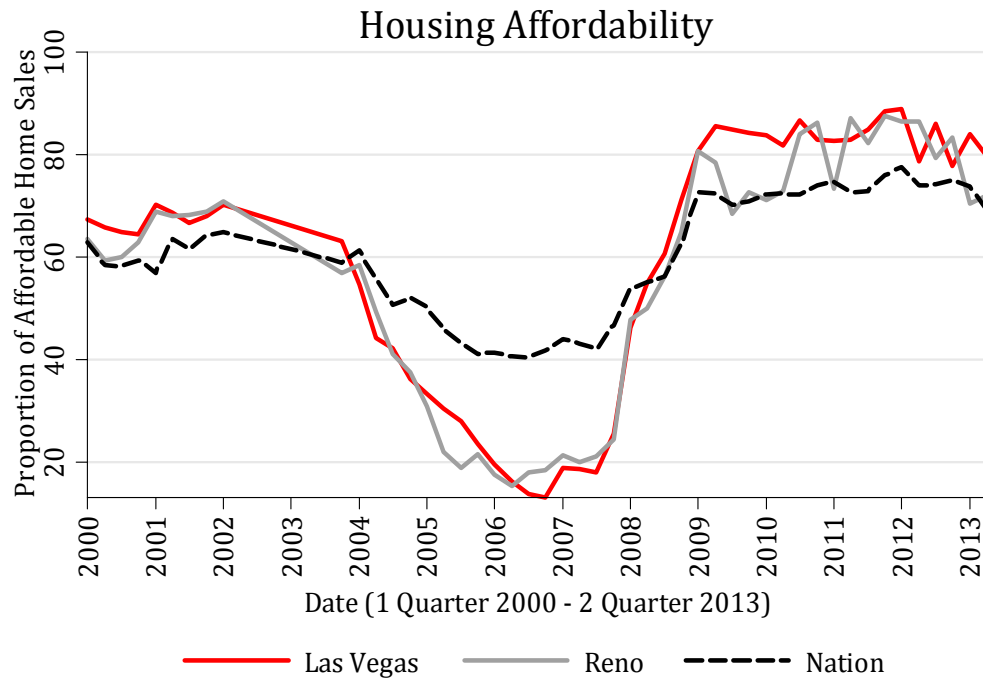


Source: CoreLogic

Note: These series are three month weighted moving averages and gray bars represent recessions.

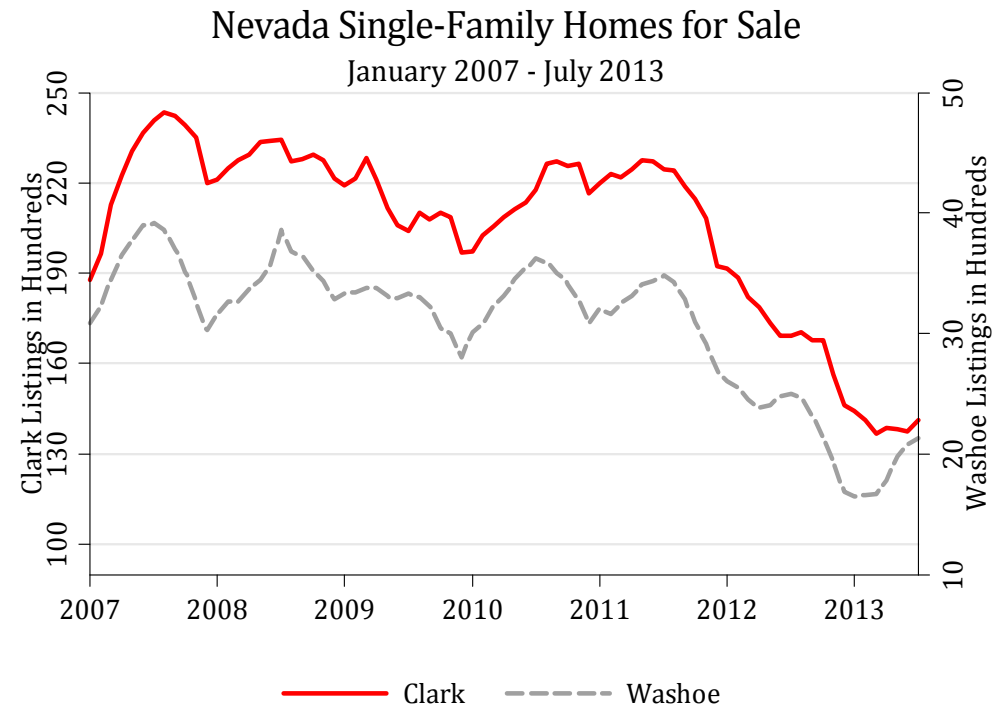
Existing single-family home prices increased for the month of July, showing a pattern of continuous monthly price growth for this year. New home prices, meanwhile, fell by 2.1 percent. As three-month moving averages, the new home price is \$262,668 and the existing home price is \$197,991. These average prices grew by 17.9 percent and 30.6 percent since last year, respectively. For this same month, there were 5,580 existing home sales, a 2.7 percent decrease from last month likely due to the ending seasonal summer sales effect. Over the summer there tend to be more existing home sales than during any other season of the year. New home sales, on the other hand, fell by 7.6 percent month-to-month. Over the past four years, the monthly number of new home sales have not seen meaningful fluctuations.

Nevada Statewide Trends



Source: National Association of Home Builders

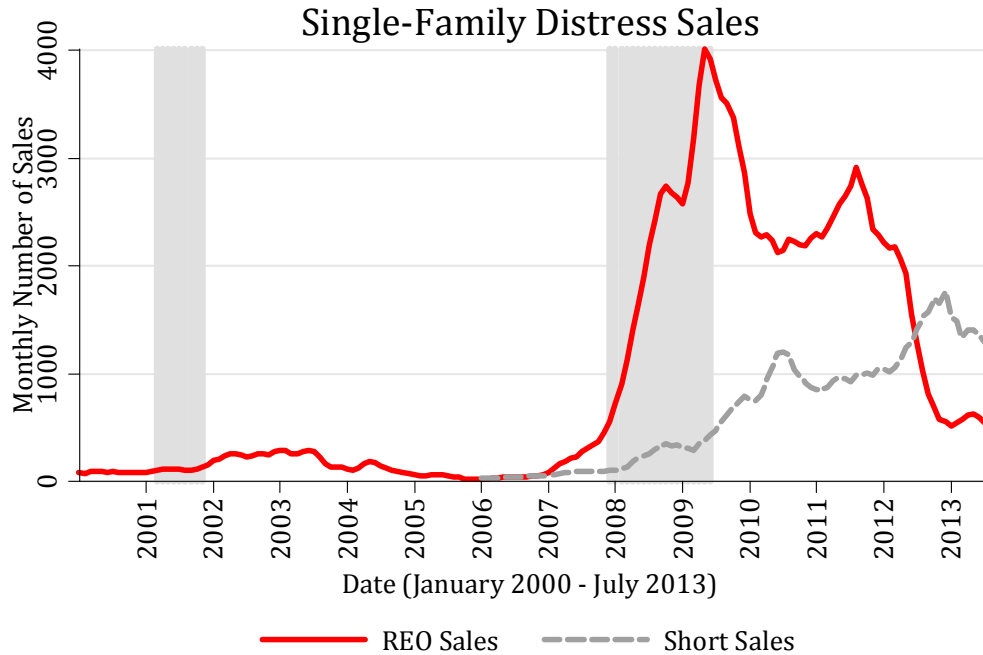
Note: These series denote the proportion of homes sales affordable at median income.



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

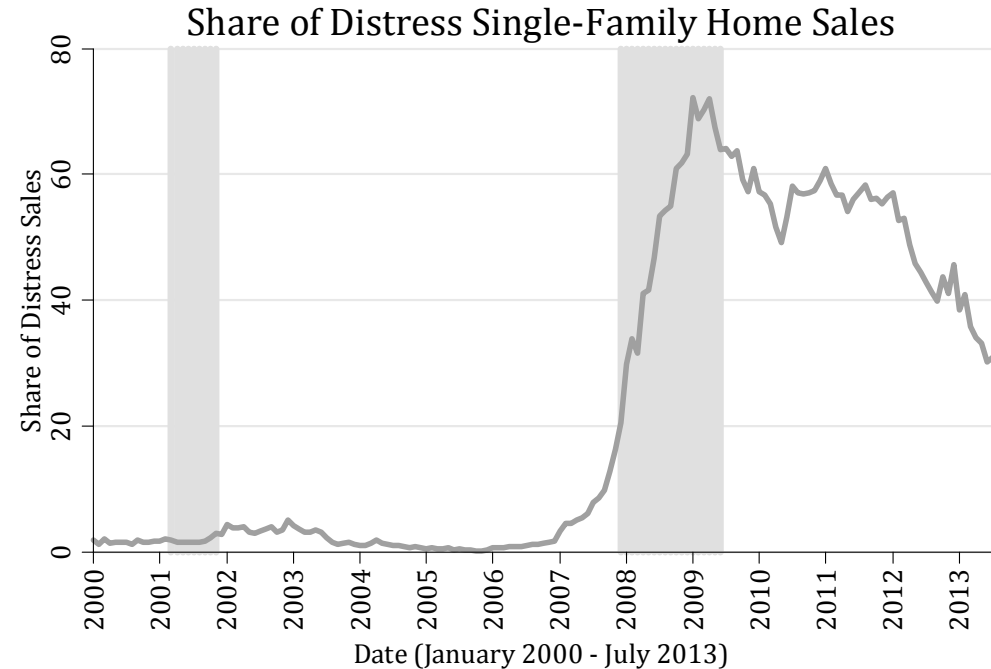
Current market conditions can support possible further price growth in the immediate future. Over 70 percent of the home sales made between April and July, in Reno and in Las Vegas, could have been bought at median income with a conventional loan, according the National Association of Home Builders. In Las Vegas, 79.6 percent were affordable, and in Reno, 72 percent were affordable. In addition, inventory of homes for sale remains low, inviting competition among homebuyers to drive up prices. For July, the Greater Las Vegas Association of Realtors reported Clark County having 14,133 listings. For this same month, UNR's Center for Regional Studies reported Washoe County having 2,128 listings. This inventory of homes for sale increased in July for both Counties suggesting that low inventory issues could soon be a thing of the past.

Nevada Statewide Trends



Source: CoreLogic

Note: These series are three month weighted moving averages and gray bars represent recessions.

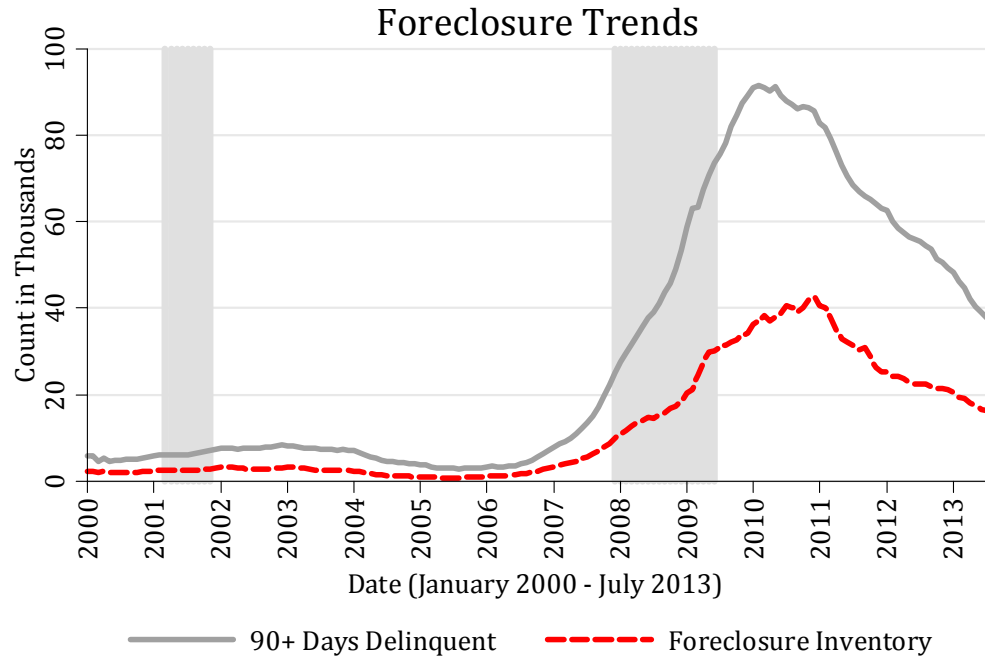


Source: CoreLogic

Note: Gray bars represent recessions.

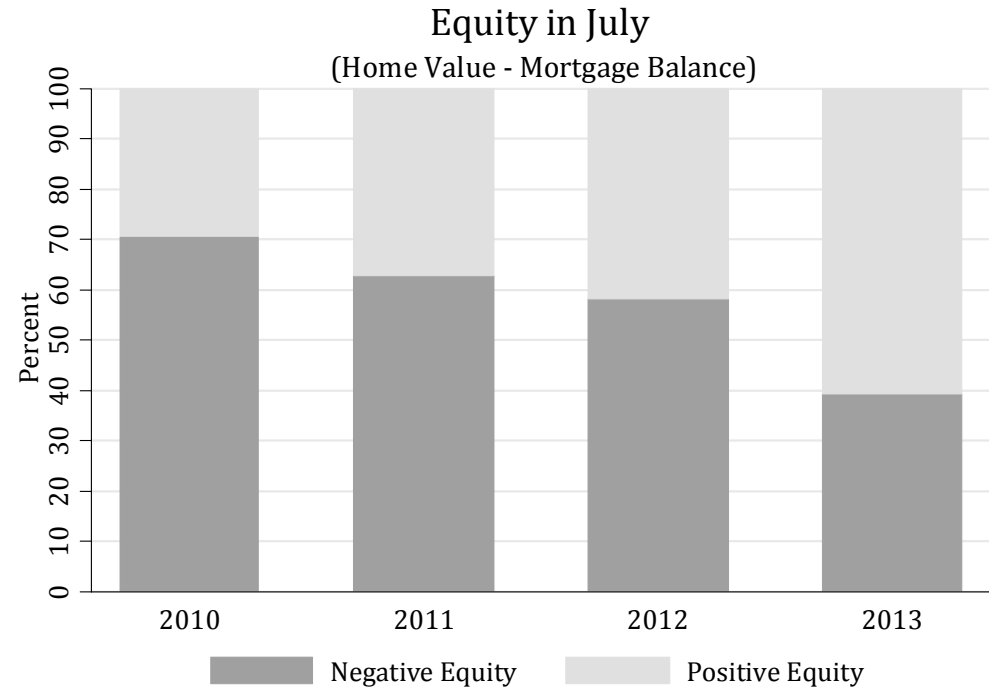
Real estate owned (REO) sales and short sales persist in the housing market, but their dominance is declining. REO sales fell quickly towards the end of 2011, allowing short sales to exceed them by early 2012. After reaching a peak above 1800 sales in December 2012, short sales fell by a third through July 2013. As a share of the total number of single-family home sales, which include existing home sales and new home sales, distress homes sales embody about 31 percent of the market share as of July 2013. This level is much lower than the level experienced during the late stages of the 2007-09 financial crises.

Nevada Statewide Trends



Source: CoreLogic

Note: Gray bars represent recessions.

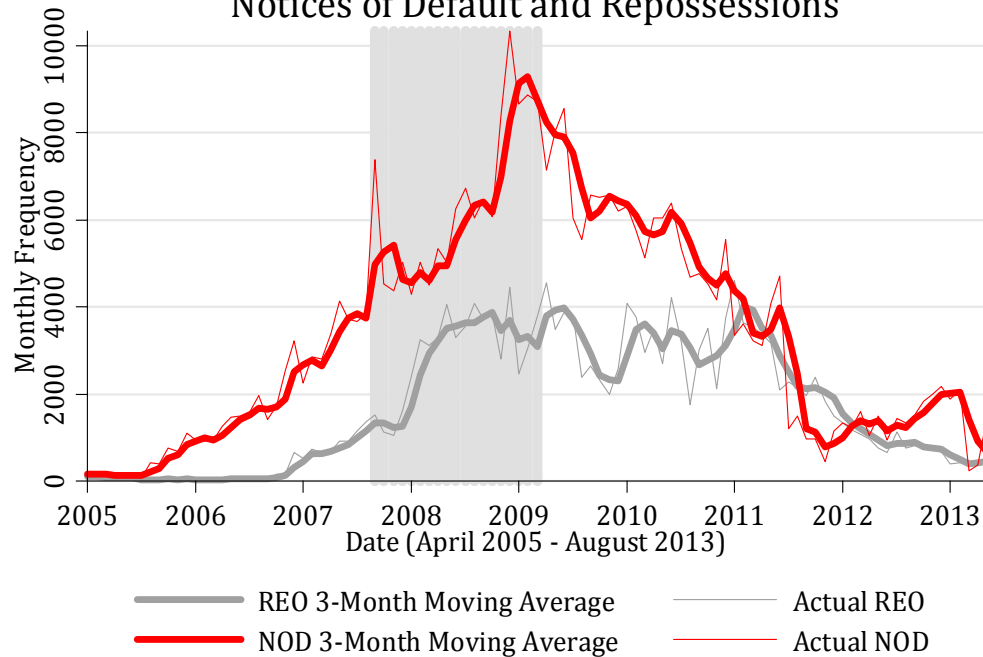


Source: CoreLogic

July 2013 was another month of declining delinquencies and foreclosure inventory. With homeowners losing their homes through foreclosure, refinancing their mortgages, or dismissing loans through short sales, the number of loans 90 days or more delinquent declined along with the number of mortgages in the foreclosure inventory. That in turn reduced the available homes to foreclose and subsequently sell in the housing market as REOs. Notably, the share of homes with negative equity (those are homes with outstanding mortgage balances that exceed their property value) has been declining each subsequent year. As of July 2013, 60.7 percent of all financed homes have positive equity while 39.3 percent are underwater, according to CoreLogic.

Nevada Statewide Trends

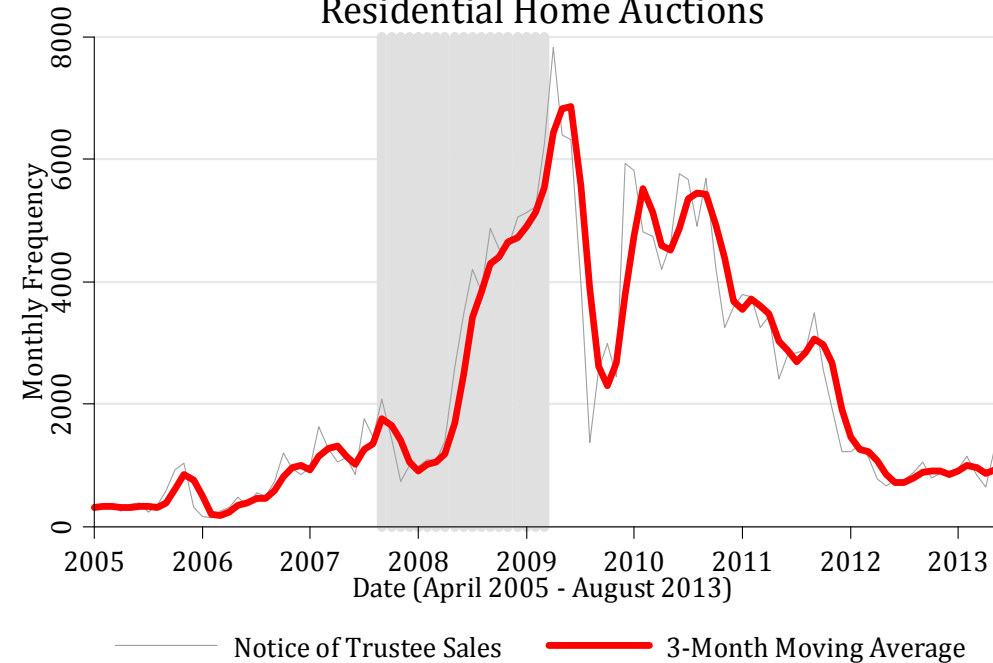
Notices of Default and Repossessions



Source: RealtyTrac

Note: Gray bars represents recession.

Residential Home Auctions



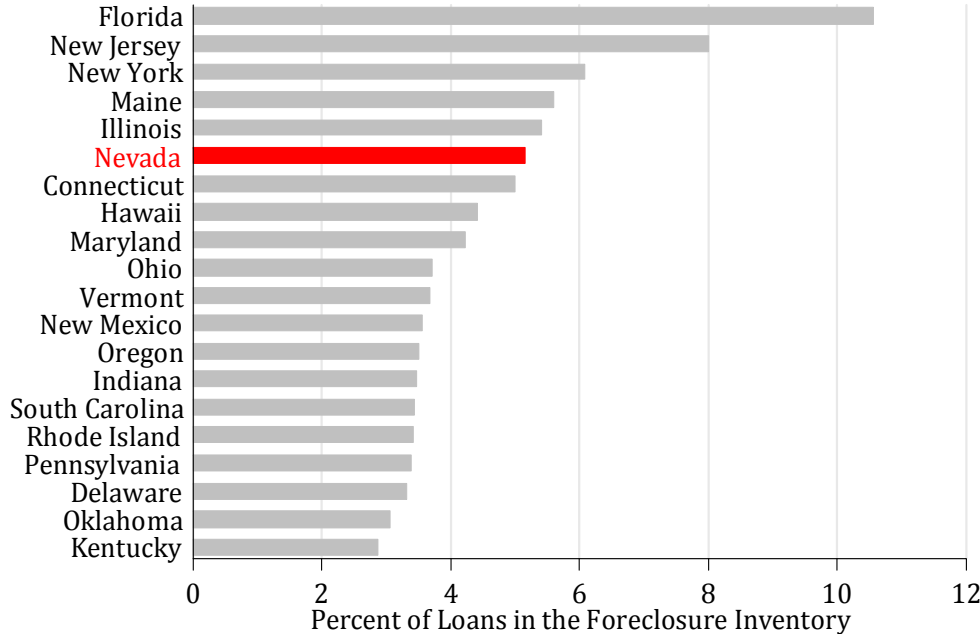
Source: RealtyTrac

Note: Gray bar represents recession.

More current trends, provided by RealtyTrac, show a sudden increase in Notices of Defaults filed in August. Although it represents an increase of 278.4%, the large percentage change derives from a low to high fluctuation. June and July exhibited singularly low levels of NOD filings. The number of NODs filed in August, which is over 1,000 NODs, is a level last seen in May. As a three-month moving average, there were 681 filed NODs in August, which is 25.2 percent lower than the previous month and 50.9 percent lower than the previous year. Residential home auctions, on the other side, have kept between 865 and 1,000 auctions per month throughout 2013 – levels comparable to pre-recession trends.

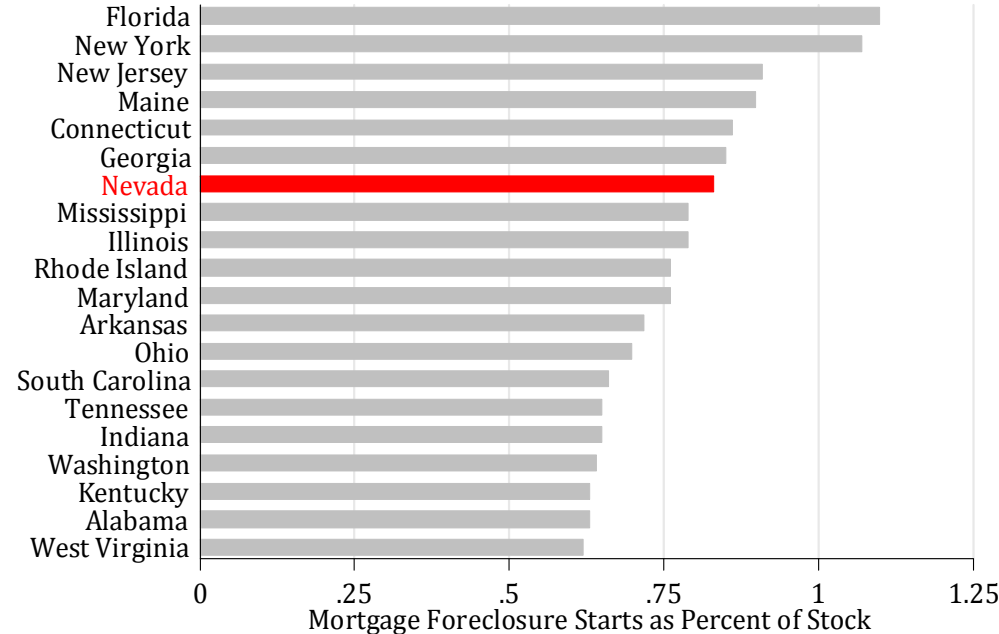
Nevada Statewide Trends

Top 20 States in Foreclosure Inventory
2nd Quarter 2013



Source: Mortgage Bankers Association's National Delinquency Survey

Top 20 States in Foreclosure Starts
2nd Quarter 2013



Source: Mortgage Bankers Association's National Delinquency Survey

Nationwide, Nevada continues to be in the top half of the list of states with greatest foreclosure inventory and greatest foreclosure starts. Among the states with the highest foreclosure inventory, Nevada ranks sixth with 515 out of every 10,000 mortgages in some stage of foreclosure, but not yet repossessed. Among the states with the highest foreclosure starts, Nevada ranks seventh with 83 foreclosure starts for every 10,000 mortgages. Notably, these foreclosure inventory and foreclosure starts levels are significantly lower than they were in the fourth quarter of 2009. Since then, foreclosure inventory fell by 47.2 percent and foreclosure starts fell by 72.7 percent.

Nevada's Housing Market | September 2013

Northern Trends

Population: **611,379** in 2012

Housing Units: **268,979** in 2011

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



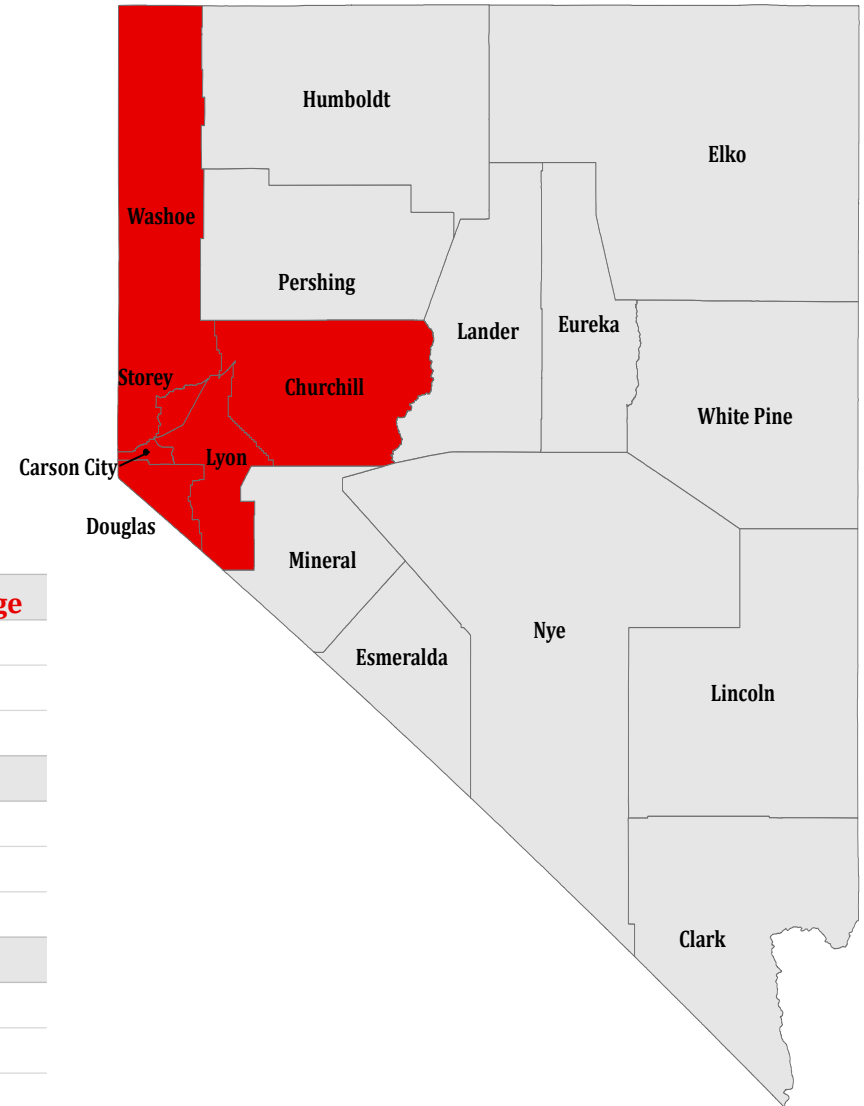
Northern Trends

Market conditions in the northern counties are improving. Existing single-family home sales increased in July by 7.2 percent from last year to 1,144. New home sales remain low, yet 116 building permits for single-family homes were filed in July, which is just about the same amount of permits filed last year. Among all home sales, one in four was either a short sale or a REO sale. This decline can be attributed to falloffs in both short sales and REO sales that began in late 2011. Furthermore, there are fewer homeowners in distressed situations. Mortgages 90 days or more delinquent have fallen, along with foreclosure inventory. From its peak in December 2011 through July 2013, foreclosure inventory fell by more than half from over 6,800 mortgages to less than 3,100 mortgages.

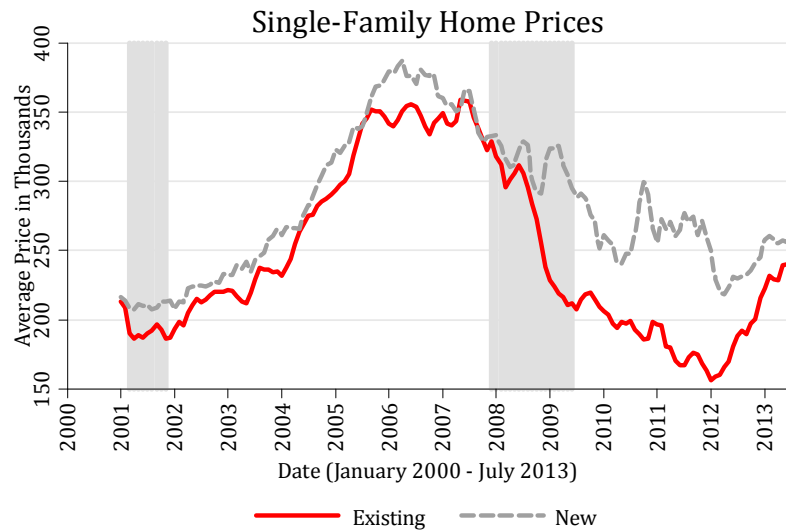
Single-Family Home Sales*	July 2013	M2M Change	Y2Y Change
New	99	-6.3%	13.0%
Existing	1144	1.7%	7.2%
Distress Share	25%	1.1%	-39.6%
Residential Construction			
Total Starts	116	-129	-1
Single-Family	116	-8	-1
Multifamily	0	-70	0
Average Single-Family Sales Price*			
New	\$267,008	4.3%	16.2%
Existing	\$240,257	0.1%	27.8%
Distress	\$174,392	4.3%	14.7%

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 Weighted Averages.

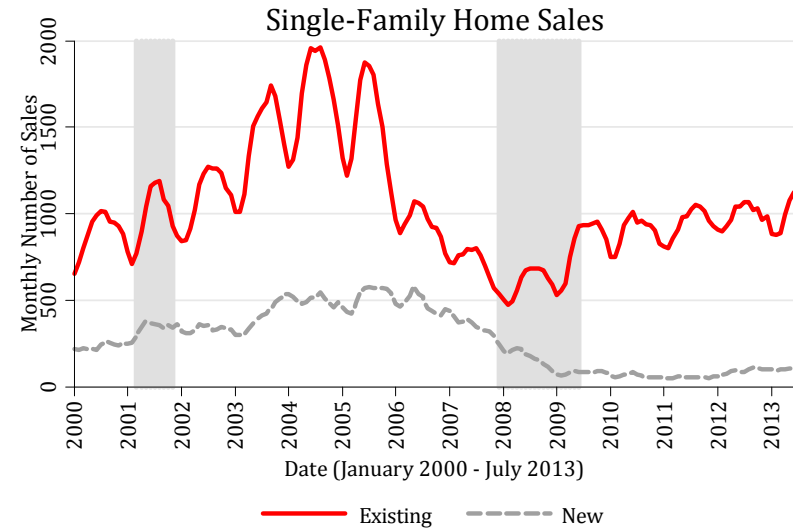


Northern Trends



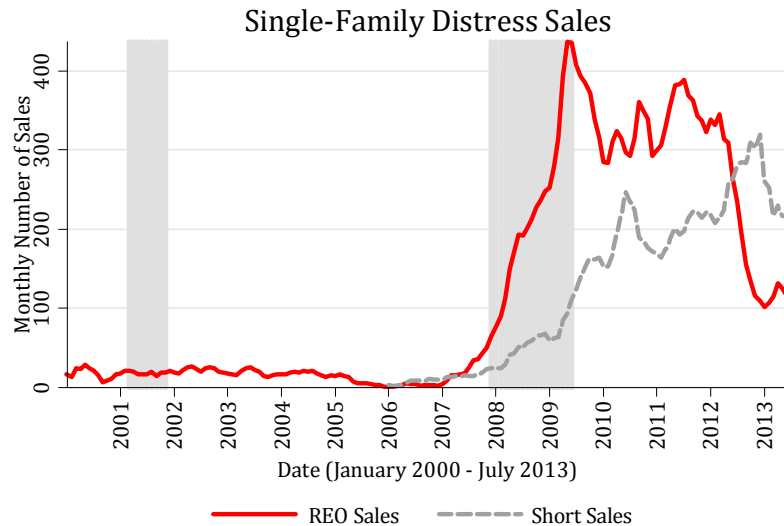
Source: CoreLogic

Note: These series are three month weighted moving averages and gray bars represent recessions.



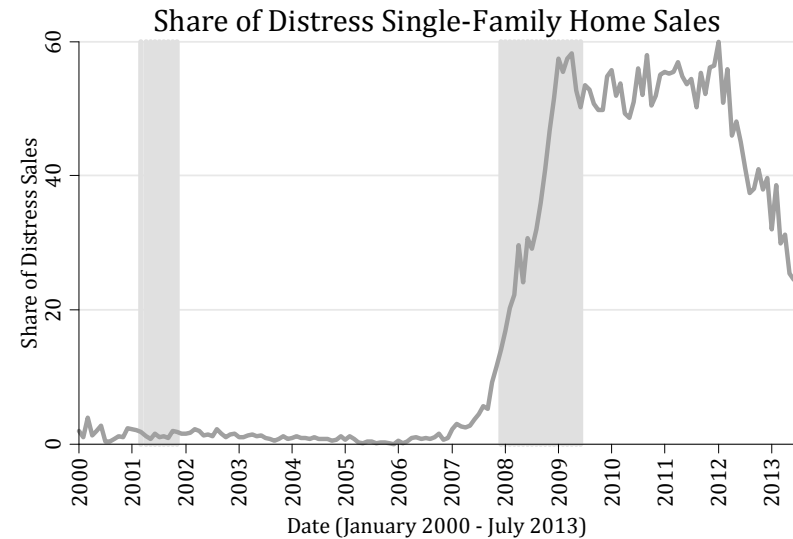
Source: CoreLogic

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Source: CoreLogic

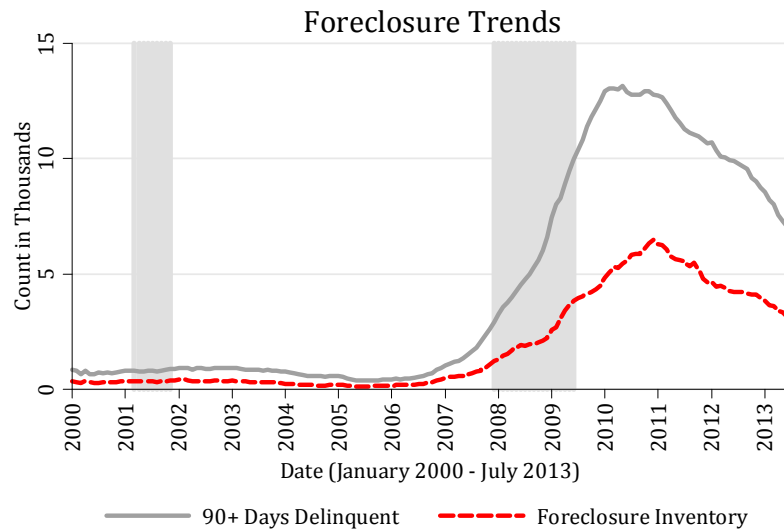
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Source: CoreLogic

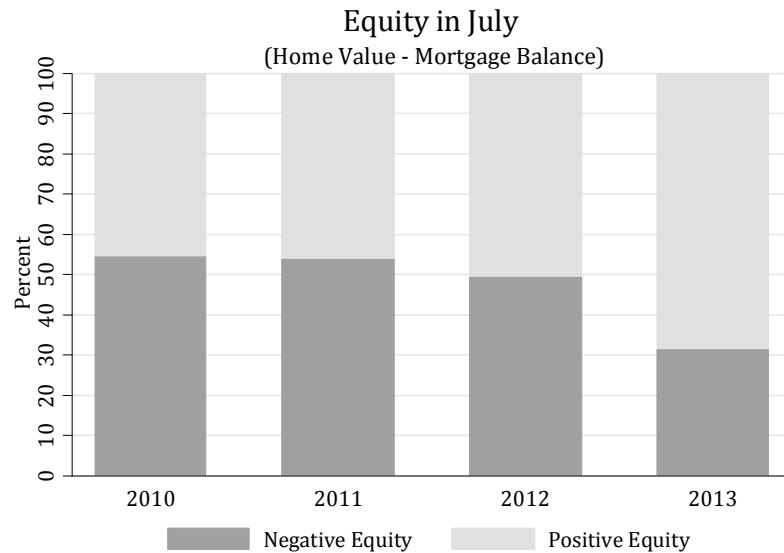
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Northern Trends

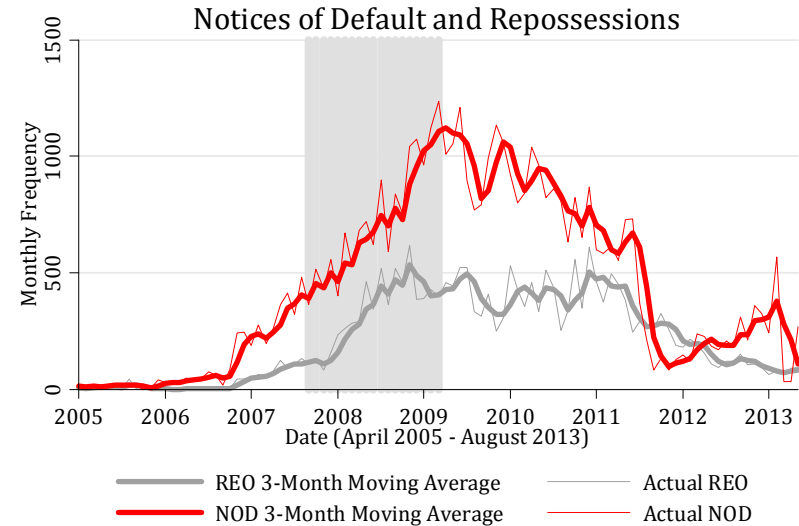


Source: CoreLogic

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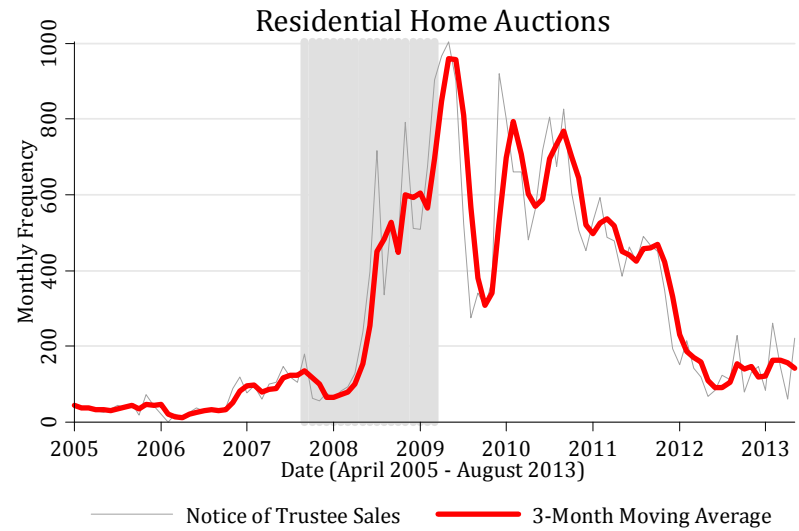


Source: CoreLogic



Source: RealtyTrac

Note: Gray bar represents recession.



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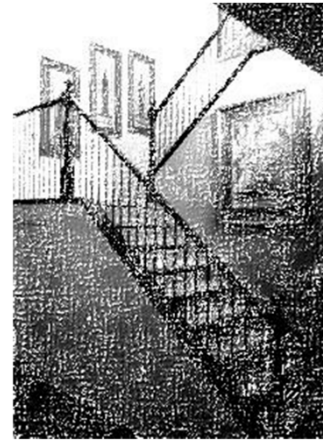
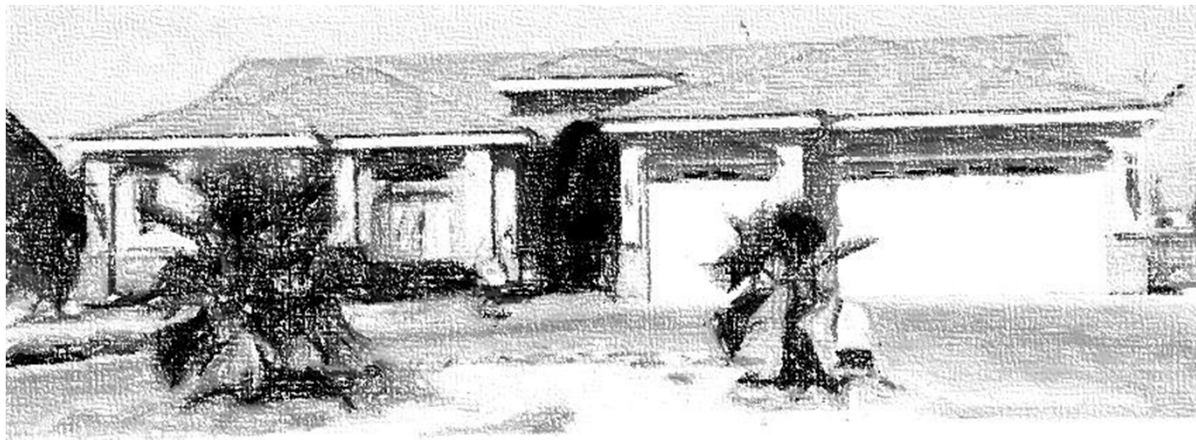
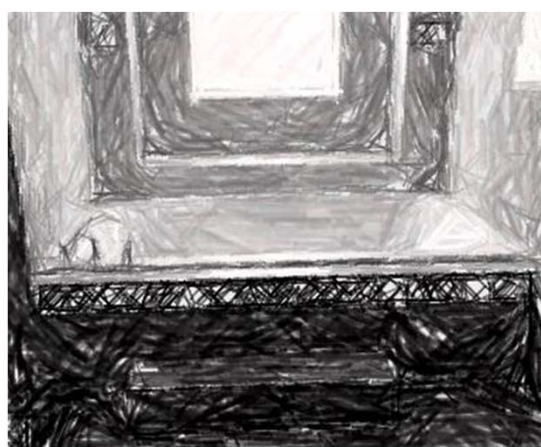
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Southern Trends

Population: **2,000,759** in 2012

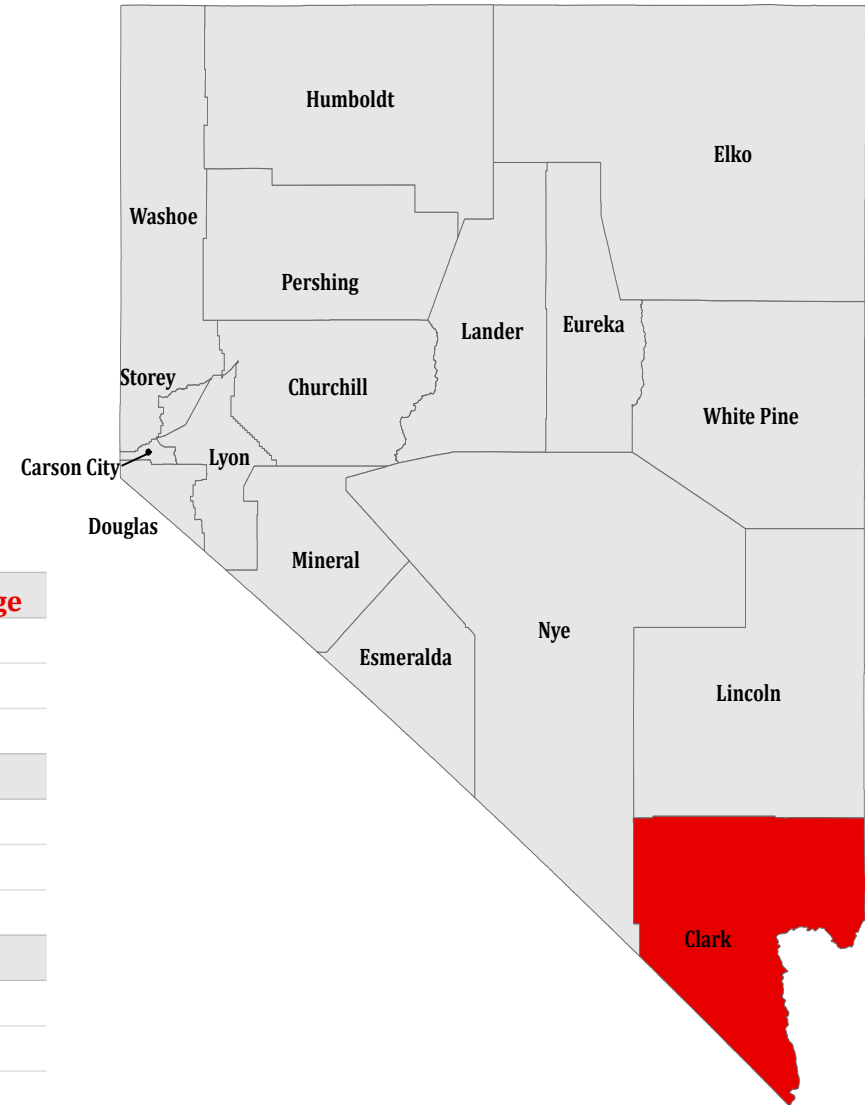
Housing Units: **848,118** in 2011

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



Southern Trends

Similar to the statewide trends, in Clark County the average price increased for existing homes, but not for new homes. Existing homes sales are lower in July than last month, but higher than a year ago. Distress sales fell in both categories: short sales and REO sales. And, foreclosure trends are ameliorating in terms of 90 days or more delinquencies and foreclosure inventory. Over two years, the foreclosure inventory fell by more than half, leaving fewer than 13,000 mortgages in some stage of foreclosure. Furthermore, the number of filed notices of default (NOD) in August 2013 is 11.33 percent lower than last year, despite the sudden increase of NODs month-over-month. NOD filings in June and July were singularly low when compared to prior months.

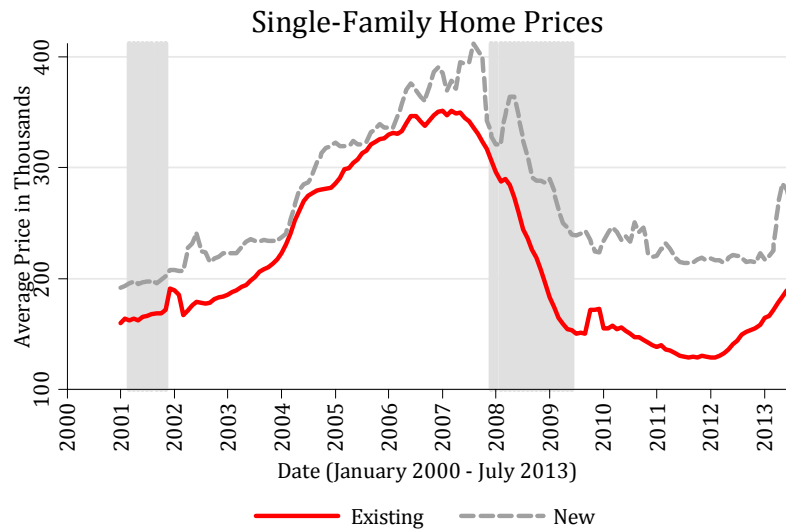


Single-Family Home Sales*	July 2013	M2M Change	Y2Y Change
New	137	-7.4%	-72.9%
Existing	4,215	-3.2%	2.6%
Distress Share	33.5%	1.6%	-24.7%
Residential Construction			
Total Starts	533	-735	-24
Single-Family	533	-90	-24
Multifamily	0	-645	0
Average Single-Family Sales Price*			
New	\$261,347	-6.8%	18.5%
Existing	\$190,122	0.5%	32.05%
Distress	\$153,909	-1.3%	14.4%

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

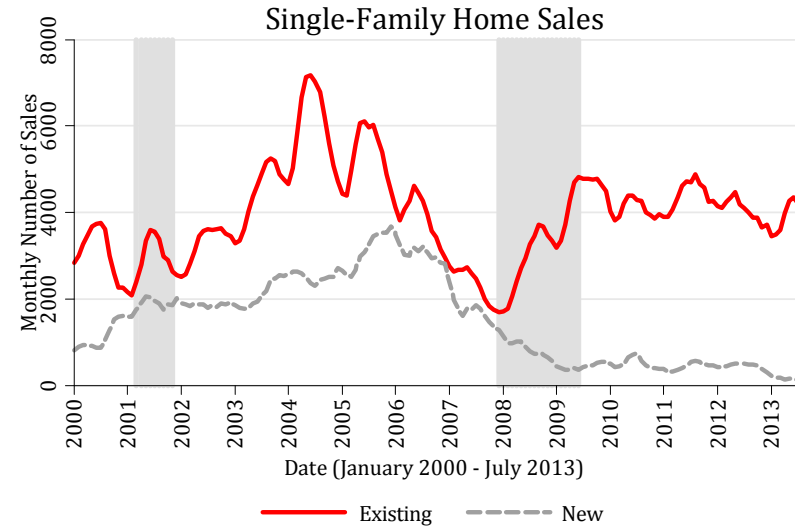
*Figures portray Three-Month Weighted Averages.

Southern Trends



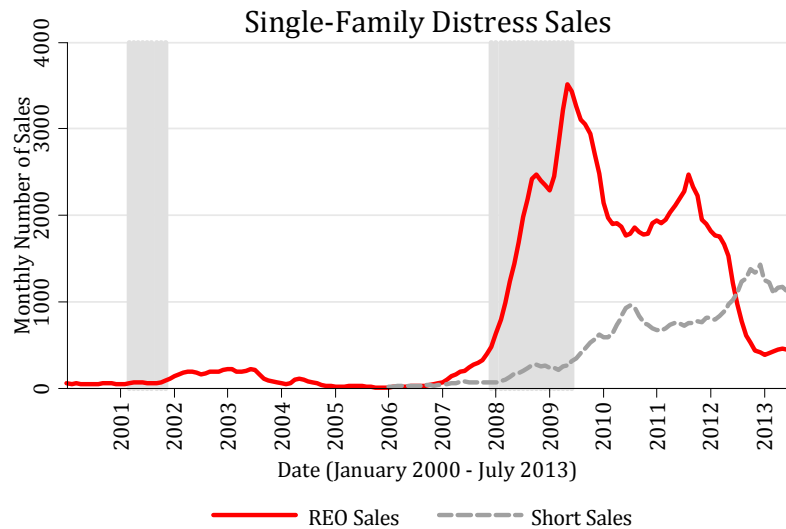
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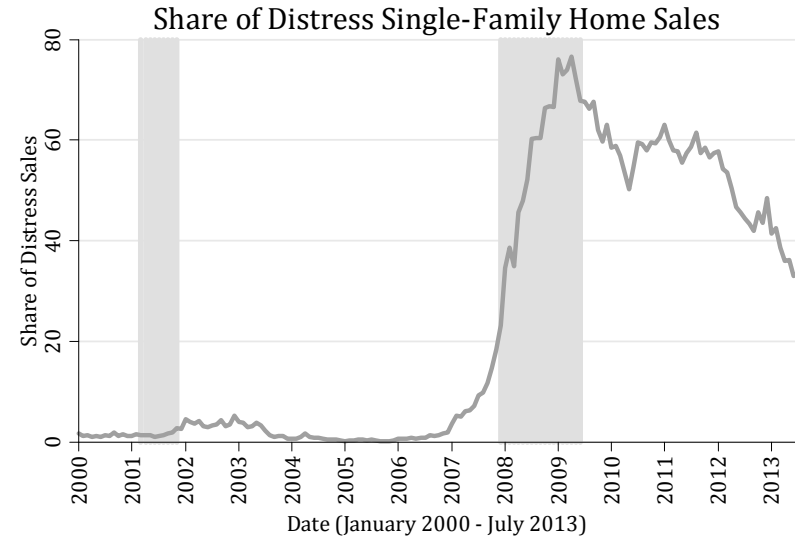
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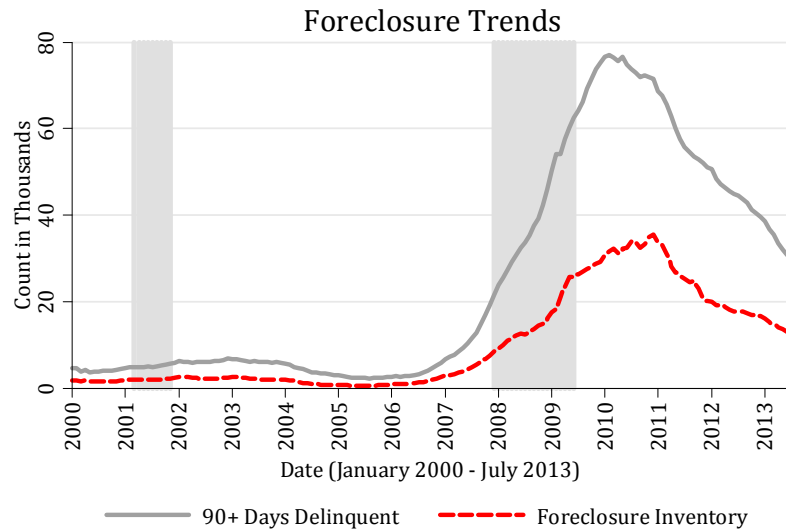
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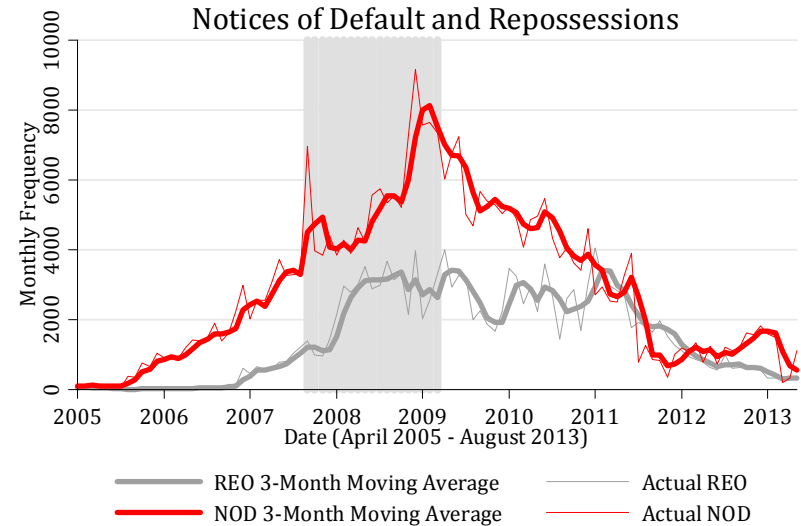
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Southern Trends



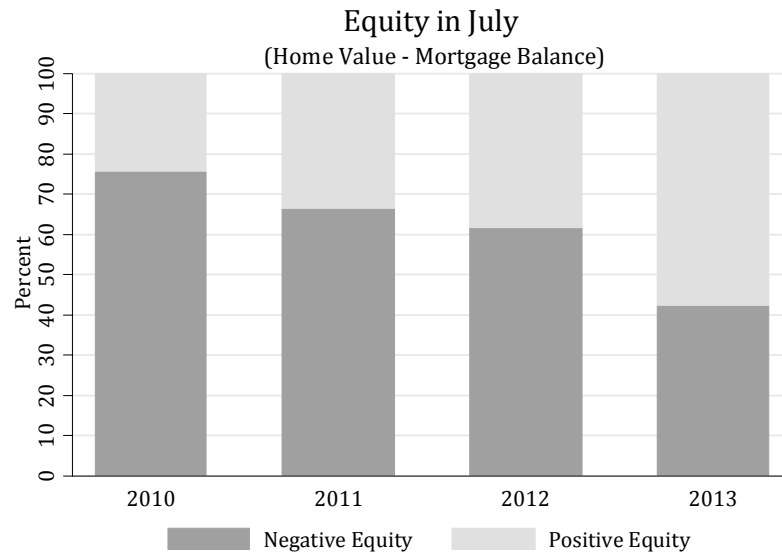
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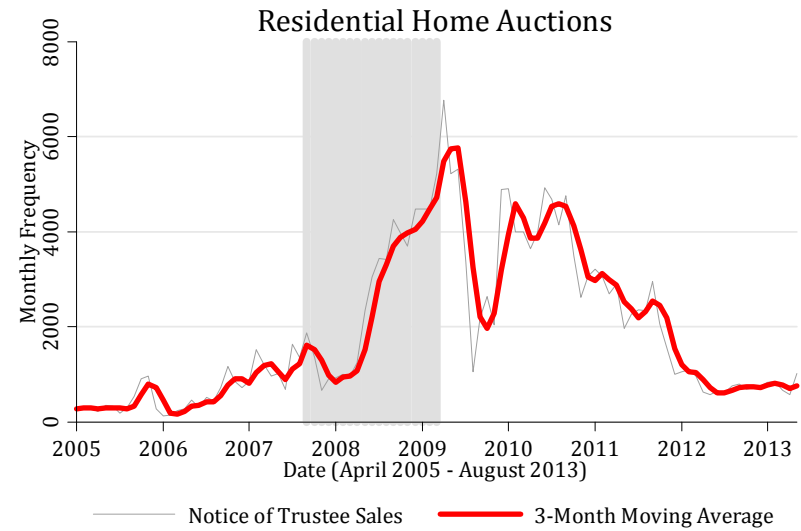


Source: RealtyTrac

Note: Gray bar represents recession.



Source: CoreLogic



Source: RealtyTrac

Note: Gray bar represents recession.

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Rural Trends

Population: **146,793** in 2012

Housing Units: **66,776** in 2011

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



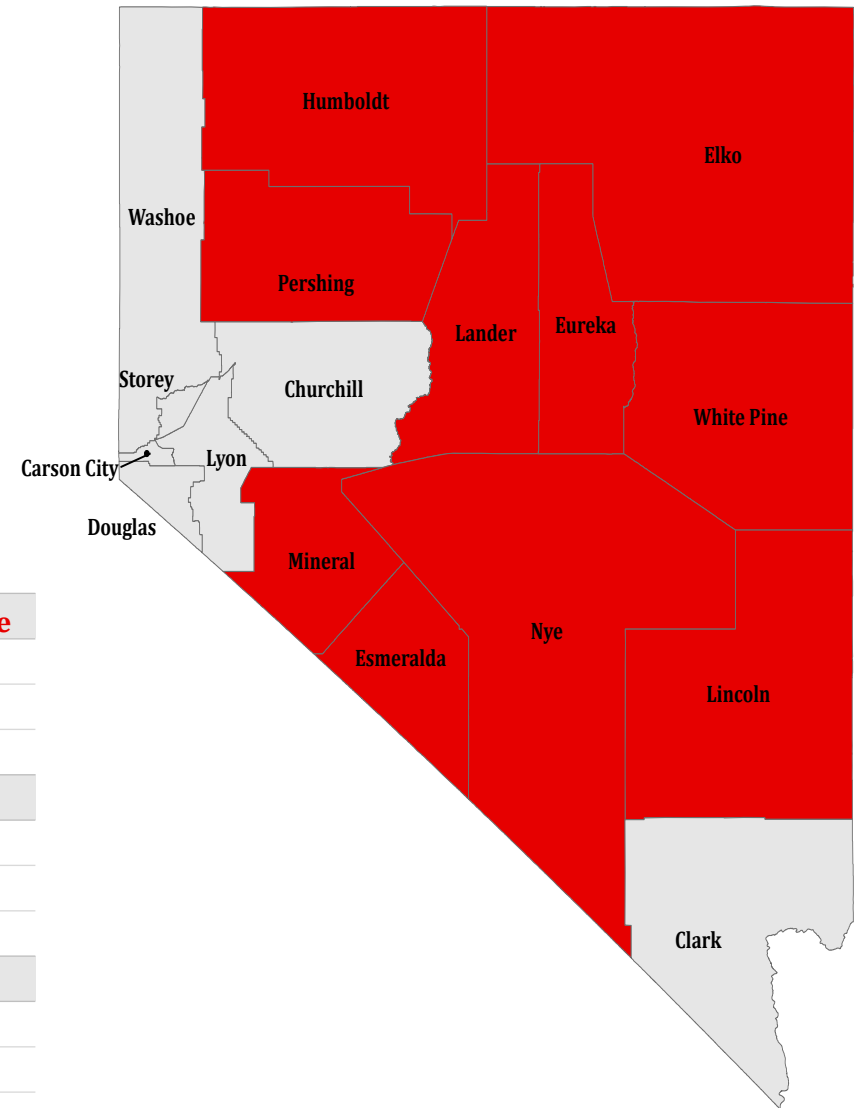
Rural Trends

Rural counties tend to reflect statewide trends on a much smaller scale. In July, there were an estimated 189 existing home sales, which represents a 23.9 percent decline year-to-year. The average price of existing homes fell marginally, but at \$120,915 it represents a 3.1 percent increase from last year. Distress sales make up 16.9 percent of all the homes sales. This is a substantial reduction compared to level experienced during mid-2010. The past high levels of distress sales are unlikely. Approximately 460 mortgages are in the foreclosure inventory as of July 2013, which has not fluctuated much for two years. Furthermore, residential home auctions are dissipating and fewer than 200 notices of defaults were recorded for the six months ending in August, according to RealtyTrac.

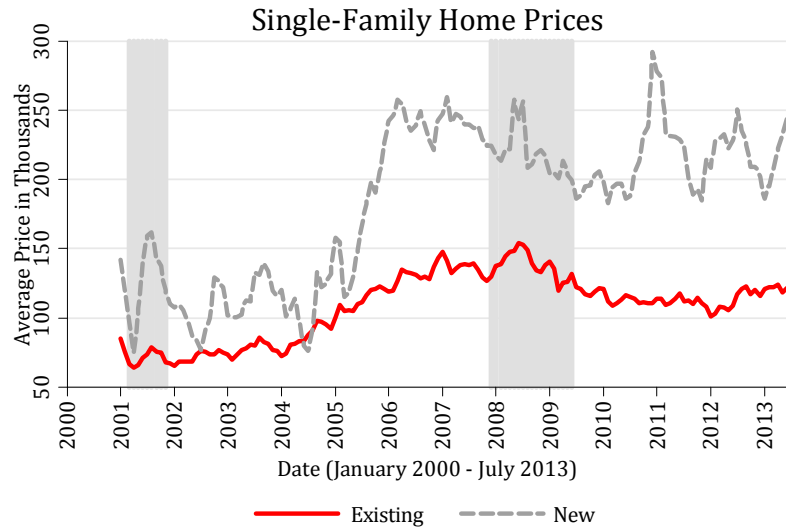
Single-Family Home Sales*	July 2013	M2M Change	Y2Y Change
New	19	-14.7%	26.1%
Existing	189	-14.6%	-23.9%
Distress Share	16.9%	35.8%	-40.0%
Residential Construction			
Total Starts	51	18	-26
Single-Family	47	16	14
Multifamily	4	2	-40
Average Single-Family Sales Price*			
New	\$244,779	0.3%	-2.3%
Existing	\$120,915	-0.6%	3.1%
Distress	\$91,781	-4.9%	-7.5%

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 Weighted Averages.

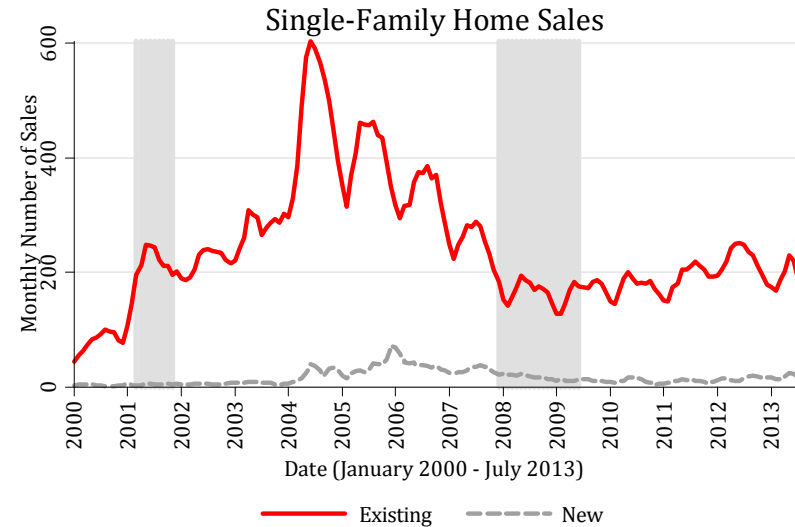


Rural Trends



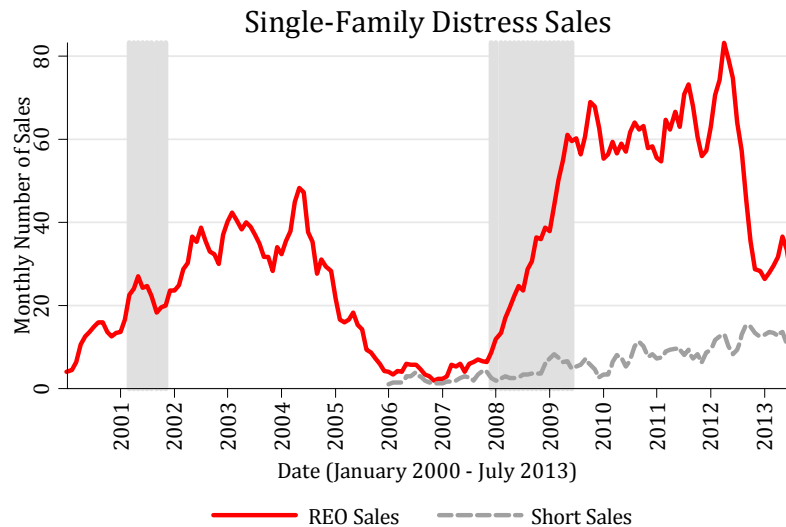
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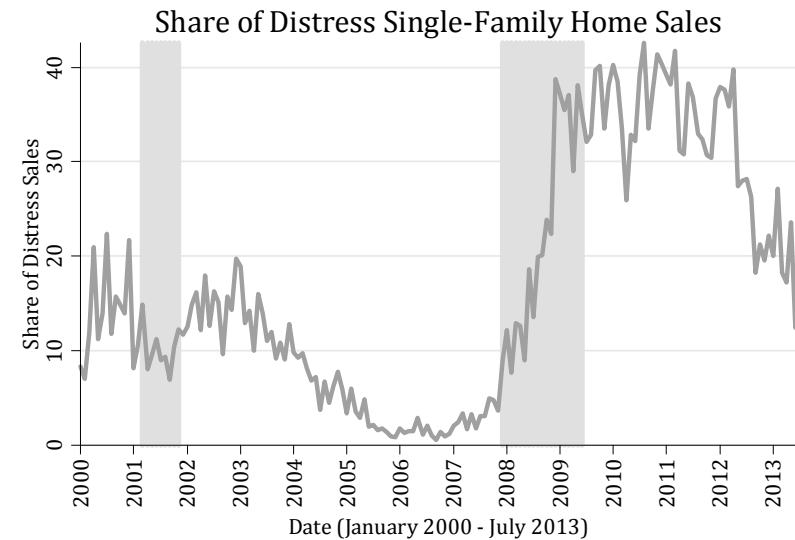
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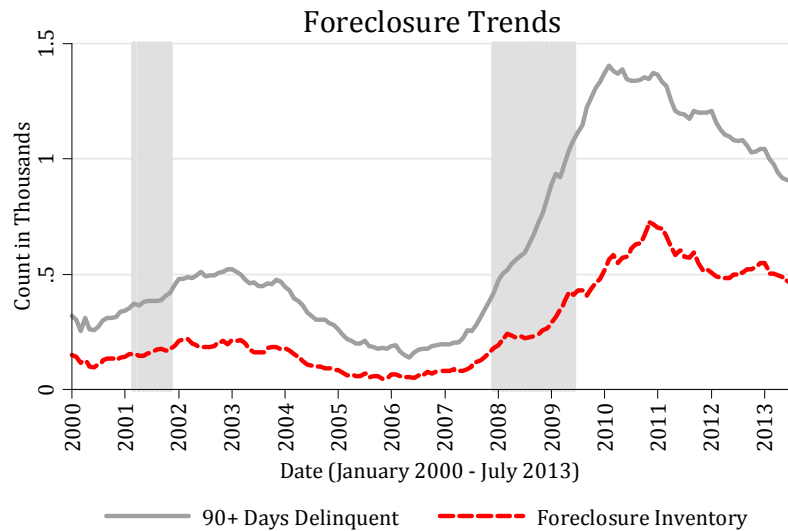
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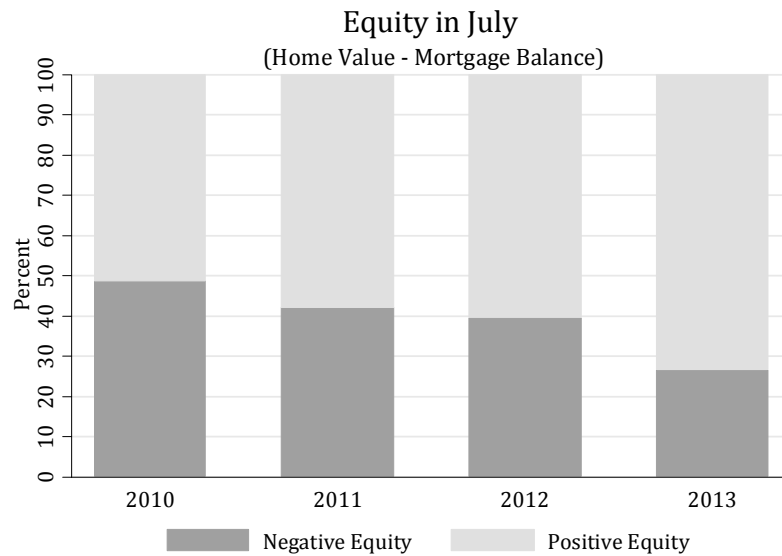
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Rural Trends

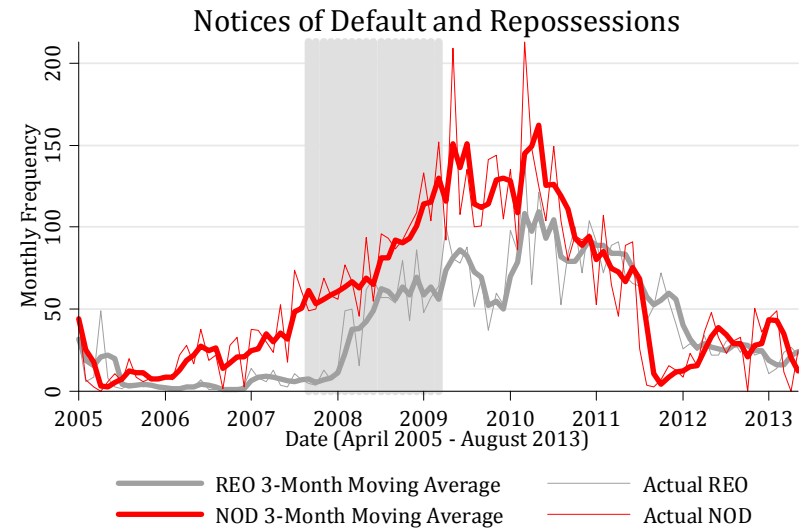


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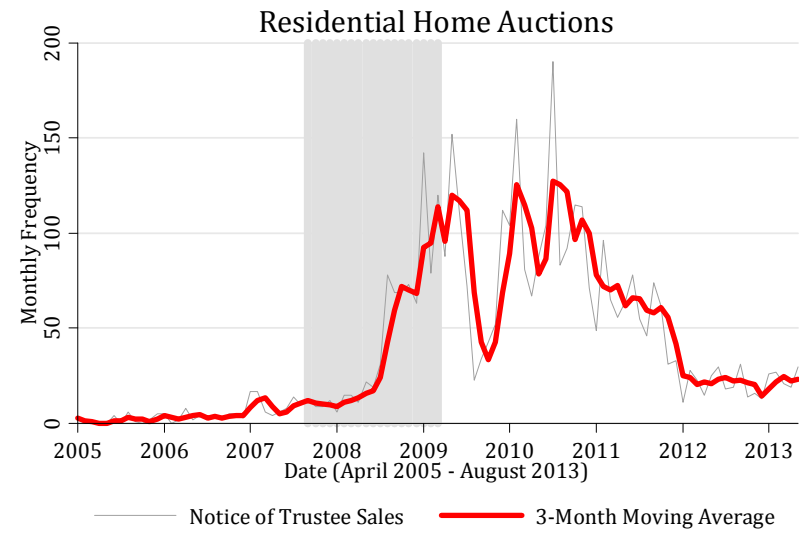


Source: CoreLogic



Source: RealtyTrac

Note: Gray bar represents recession.



Source: RealtyTrac

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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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