



State of Nevada Department of Business & Industry

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For Immediate Release: February 13, 2014

Nevada's housing market shows overall gain toward goal of stability

Las Vegas, NV- The Department of Business and Industry today released the Nevada Housing Stability Index (NHSI) report for the fourth quarter of 2013. The market maintained a C grade for the second consecutive quarter.

The index composite score rose to 2.03, a slight increase over the prior quarter's 2.00 score. On a four-point grading scale, the market earned a C grade, a marked improvement from a D+ during the fourth quarter of 2012. A "C" grade represents average quality.

Overall price gains in the residential market continued at a more modest pace. Washoe County posted its highest median new home price, \$352,750, since mid-2006. Statewide, buyers continue to see new homes sell at a significant premium to resale homes. Although many of the indicators are trending positively, caution is still warranted when taking into account the relatively high delinquency rate coupled with concerns about the supply-demand dynamic.

Fourth quarter findings:

- Resale housing availability continued to improve with 6 months of effective inventory, with 6.5 months of inventory in Clark County and 3.9 months in Washoe County.
- Share of purchases by investors were down to 40.8% down from 44.6 in prior quarter, signaling an improved position for traditional homebuyers.
- Distressed home sales, which include auction sales, short sales and bank sales, are decreasing as a percentage of the overall total.
- Housing affordability is trending toward the optimum ratio of mortgage payments equaling approximately 25% of household income, falling just under the benchmark at 22.8%.
- While the delinquency rate- those notes 90-plus-days past due- has improved significantly from the height of the crisis, the current rate of 7.7% still warrants caution.

- In addition, indicators show growing disparity between new and existing home sales with a 60% price premium for new homes.

The Nevada Housing Stability Index can be downloaded from the Department's website at business.nv.gov/News_Media/Publications.

About the Nevada Housing Stability Index

The index is intended to monitor the overall health of the statewide Nevada housing market and provide a barometer of market stability. The index is comprised of 12 independent components such as underwater loan percentages, housing turnover rates, affordability ratios and foreclosure volumes. Each measure is weighted based on relevance and importance to the overall market's performance. The individual components and composite index is assigned a grade based on a 4.0 grade point average (GPA), with a "C" grade representing average quality. Note: Data from prior reports are subject to revision based on latest information available.

About the Housing and Data Index Project

Nevada has led the nation in residential foreclosure filings and negative net equity since the beginning of the housing market collapse. Researchers agree the absence of systematic housing data has been prohibitive in the development of meaningful policy and programs that would aid in the recovery of the housing market. The project, a joint initiative of the Department of Business and Industry and the Lied Institute for Real Estate Studies at UNLV, provides a mechanism for extensive collection of data and analysis of current and future Nevada housing market trends. This data will aid policy makers in establishing public policy, legislation and programs as well informing the general public. Project initiatives include the publication of a monthly Housing Market Report, quarterly Nevada Housing Stability Index and convening a biannual Housing Market Forum.

About the Department of Business and Industry

The Nevada State Department of Business and Industry is a cabinet level agency in Nevada State government. Our 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 B&I 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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