



State of Nevada Department of Business & Industry

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Nevada's housing market earns a "C" grade for third consecutive quarter

Las Vegas, NV- The Nevada Housing Stability Index (NHSI) in the first quarter of 2014 gave Nevada's residential housing market a "C" grade for the third consecutive quarter.

The index composite score remained flat from the previous quarter at 2.14, with improvements and declines reported in a number of individual index components. Compared to the same period of the prior year, the index is up significantly from a value of 1.48 and a D+ grade.

The index is intended to monitor the overall health of the statewide housing market by taking into account twelve weighted ratios and performance metrics to develop a measurement of stability. An aggregate grade of a "C" represents an average quality housing market.

Q1 2014 findings:

- A modest price increase in resale values offset by a slight decline in new home values maintained the median sales price at \$175,000 quarter-to-quarter. In northern Nevada, median price increased from \$208,000 to \$220,000; southern, \$173,995 to \$175,000.
- The share of distressed property sales improved sufficiently to earn a higher grade. As a percentage of total sales, 22.2% were distressed, down from 27.45% the preceding period.
- A decline in the community borrowing ratio and increased share of investor purchases suggest either reluctance or difficulty for potential homeowners entering the market.
- In the Reno-Sparks area, investor purchases rose 7 percentage points to 29.7%, a significant increase.
- A relatively high delinquency rate of 7% was reported statewide. Southern Nevada continues to struggle more in this area than the north at 7.8% and 4.9%, respectively.

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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