

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



Table of Contents

Nevada Statewide Trends.....	2
Northern Trends.....	10
Southern Trends.....	14
Rural Trends.....	18

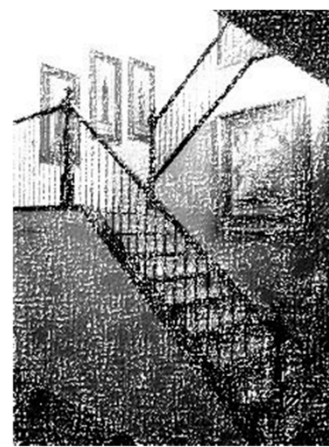
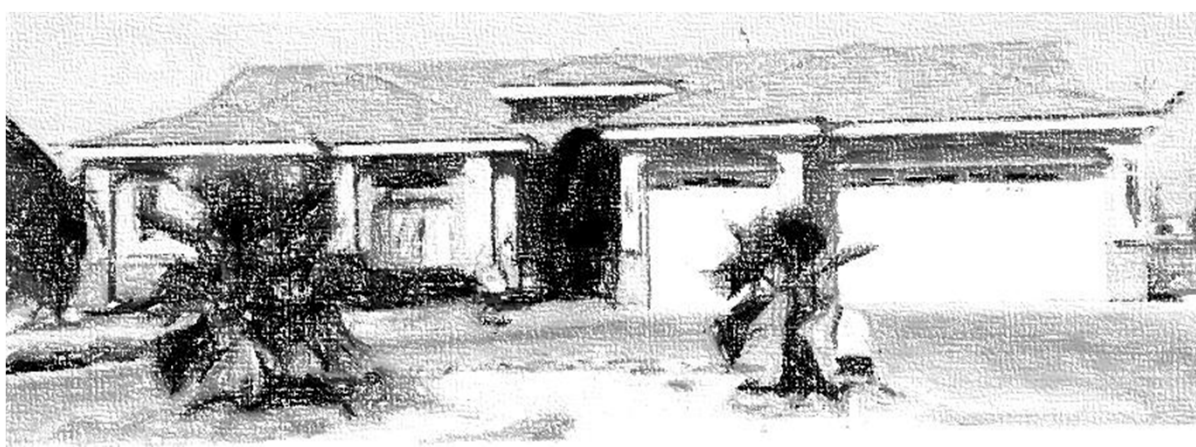
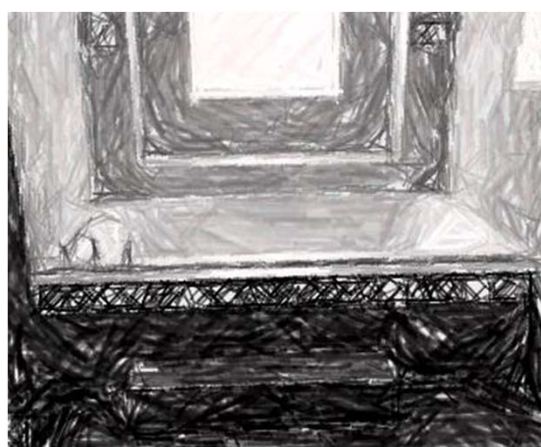
Nevada's Housing Market | February 2014

Nevada Statewide Trends

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

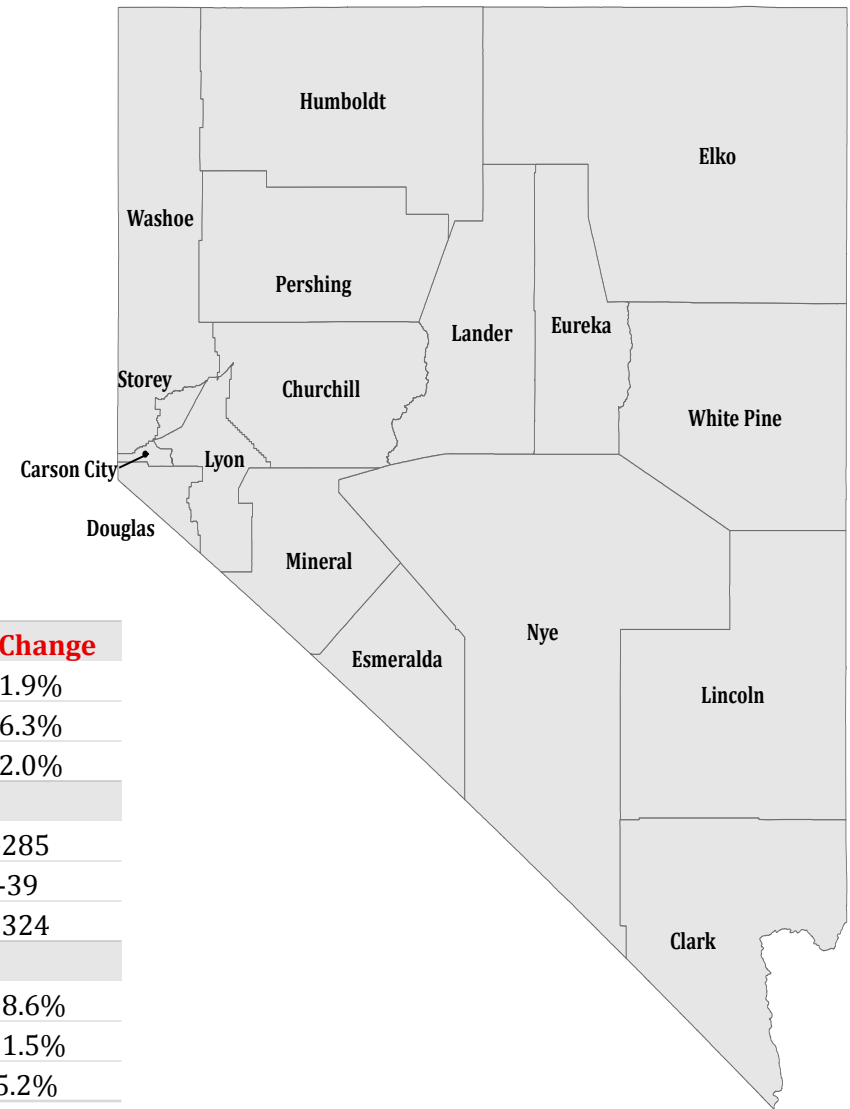
Housing Units: **1,183,870** in 2012

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



Nevada Statewide Trends

The recovery in Nevada's residential market continues to show signs of stabilization as more traditional home sales emerge. However, average single family prices have begun to decline for new homes, existing homes and distress homes, as of February 2014. These month-to-month declines might be reflecting changes to the quality of homes being sold and not necessarily property values. Stakeholders, nevertheless, should keep an eye on property values and the changing market dynamics. Compared to the prior year, new and existing home sales still show double digit increases in average price. Meanwhile, the number of homes available for sale is increasing, residential construction is starting up again, and fewer homeowners are losing their homes to foreclosure.

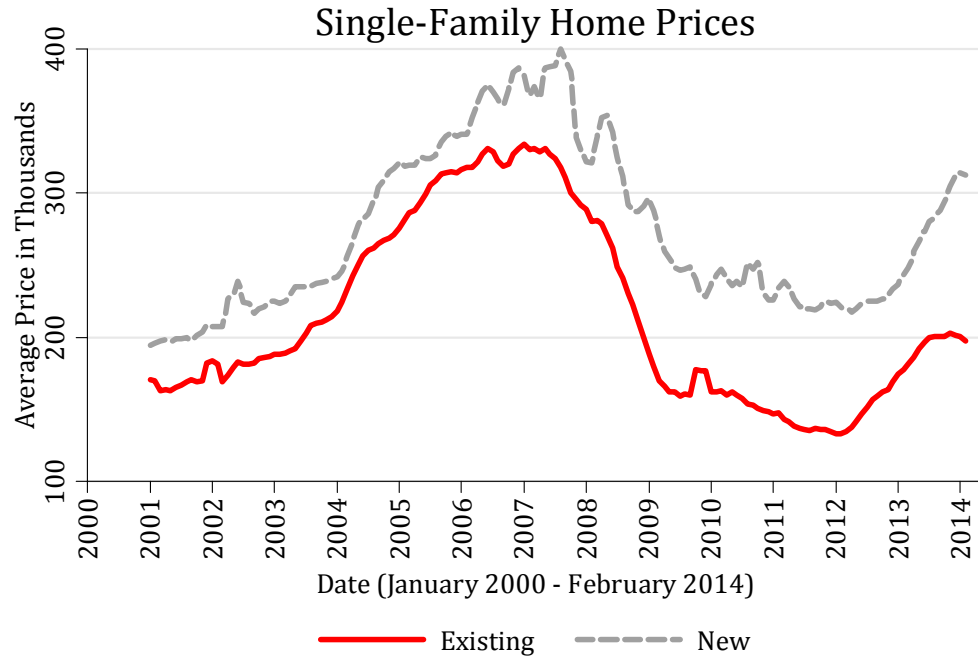


Single-Family Home Sales*	February 2014	M2M Change	Y2Y Change
New	583	-5.9%	-21.9%
Existing	3,930	-3.6%	-16.3%
Distress Share	21.6%	-2.7%	-42.0%
Residential Construction			
Total Starts	918	+200	+285
Single-Family	551	-55	-39
Multifamily	367	+255	+324
Average Single-Family Sales Price*			
New	\$312,448	-0.6%	+28.6%
Existing	\$197,742	-1.3%	+11.5%
Distress	\$156,069	-1.8%	+5.2%

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

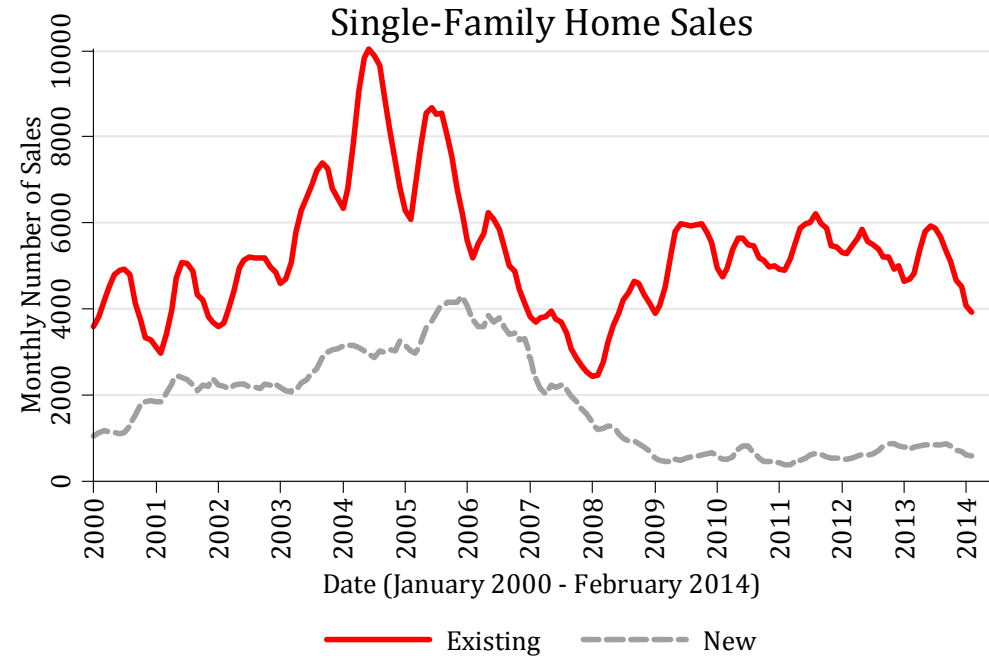
*Figures portray Three-Month Moving Weighted Averages

Nevada Statewide Trends



Source: CoreLogic

Note: Series are 3-month weighted moving averages.



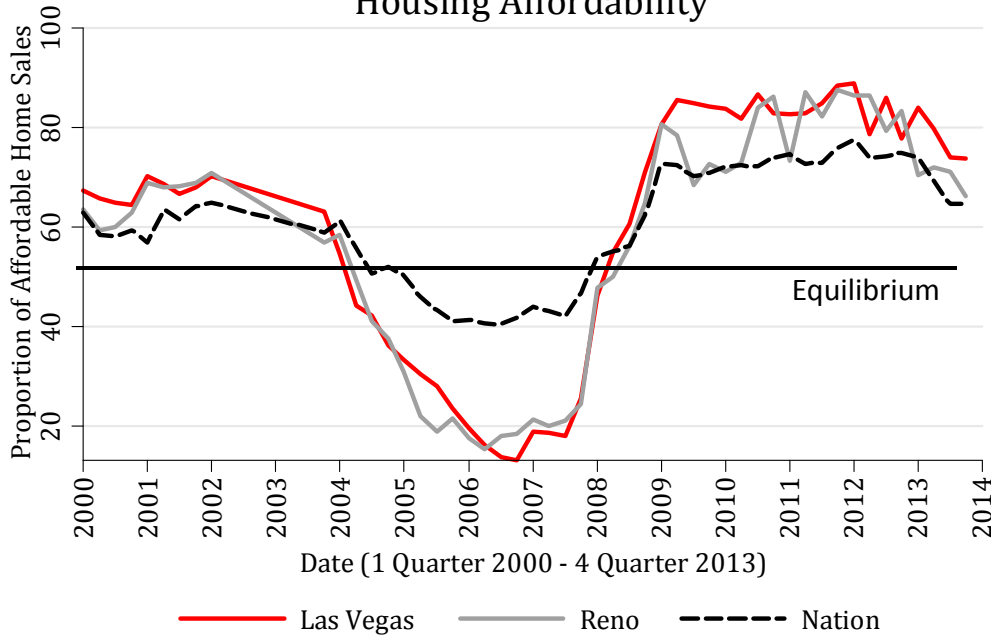
Source: CoreLogic

Note: Series are 3-month weighted moving averages.

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

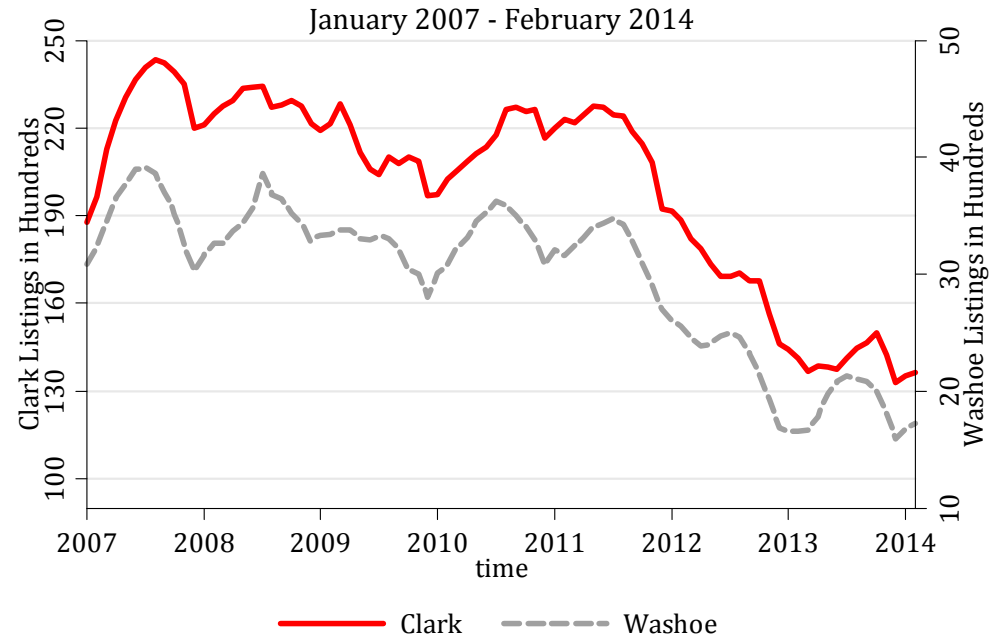
Housing Affordability



Source: National Association of Home Builders

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

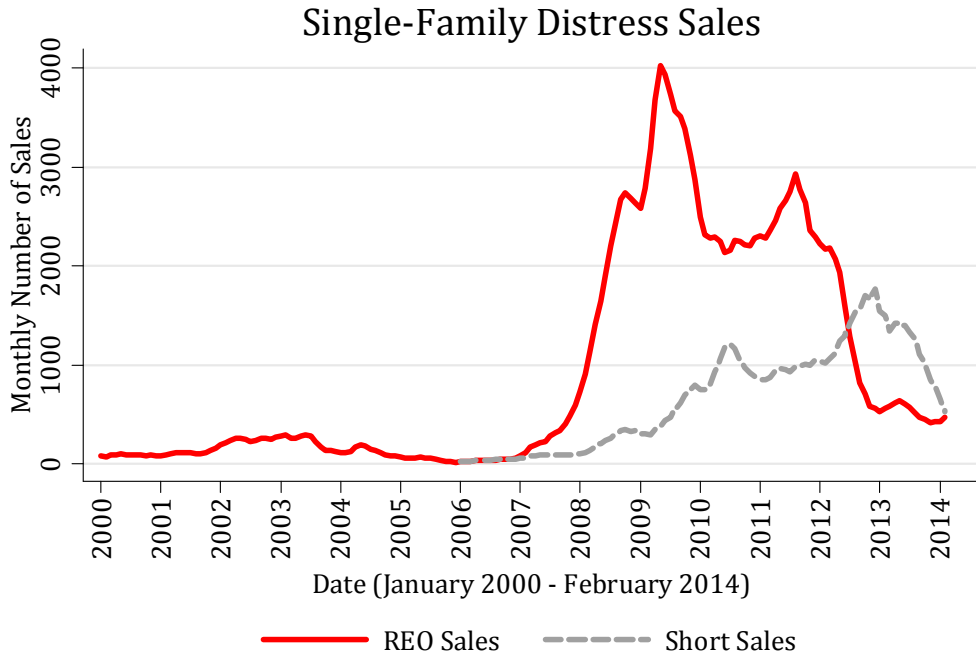
Nevada Single-Family Homes for Sale



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

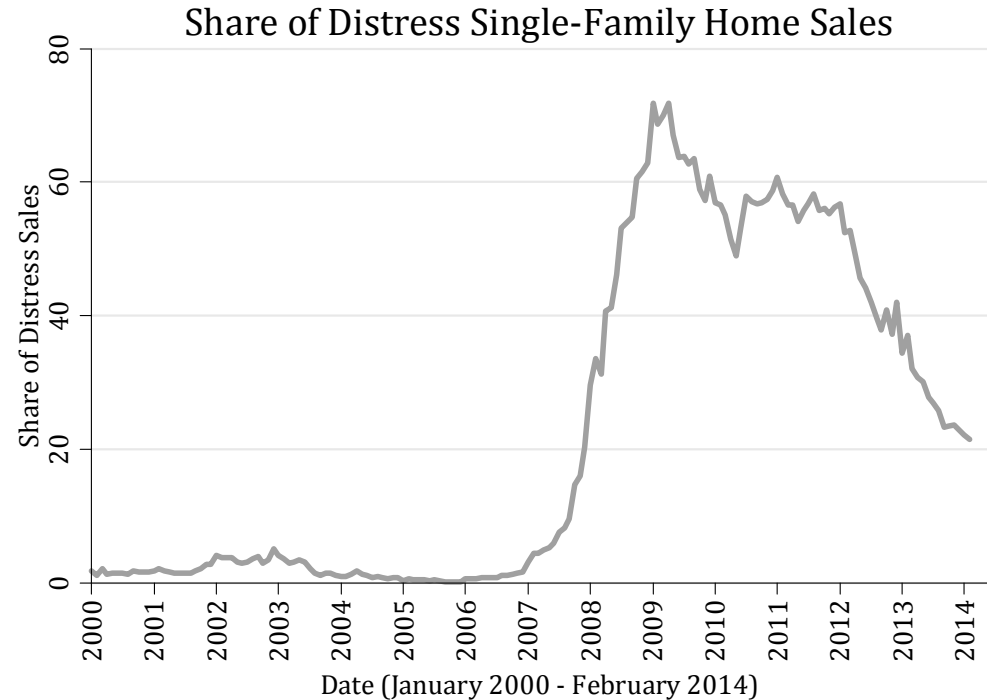
The Housing Affordability figure shows the proportion of home sales that could have been bought by borrowers with a conventional loan earning at least the local median income. It is an index developed by the National Association of Home Builders (NAHB). As a benchmark, half of the working class should 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

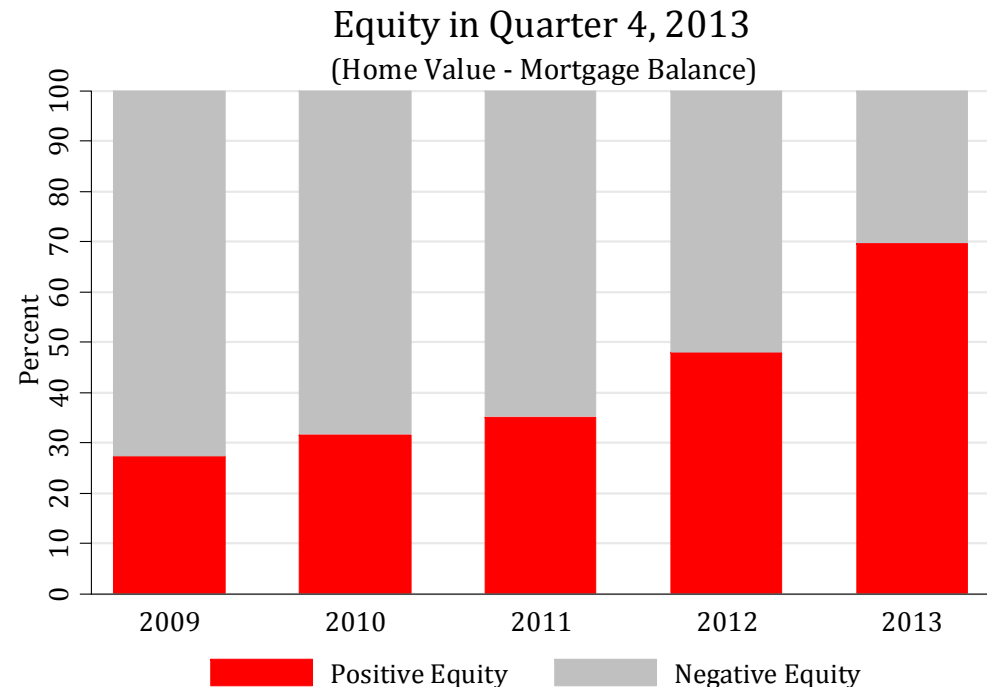
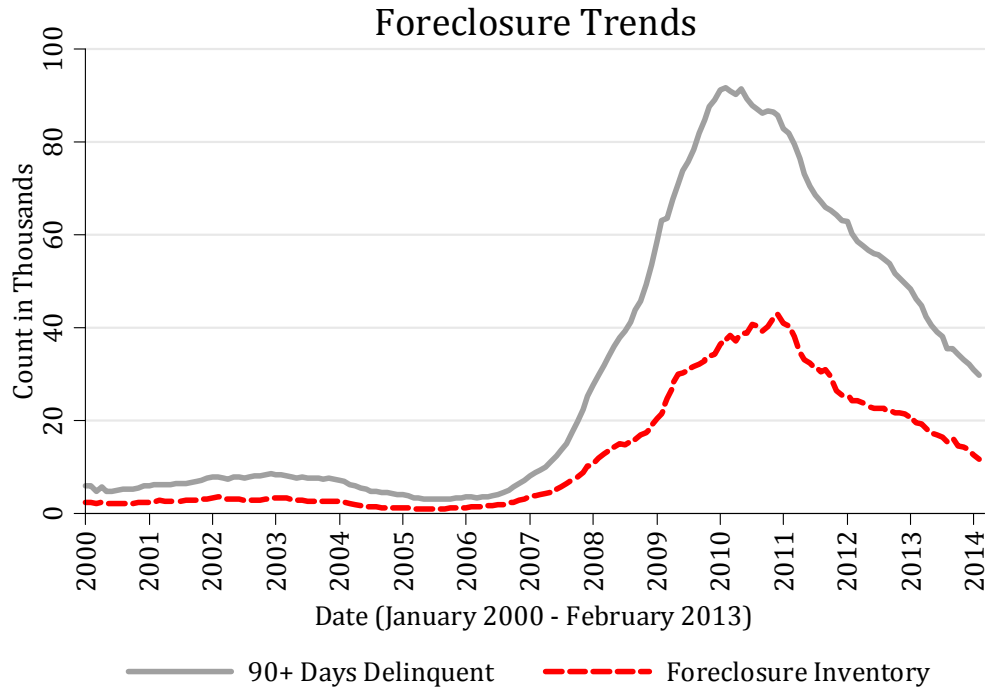
Note: Series are 3-month weighted moving averages.



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.

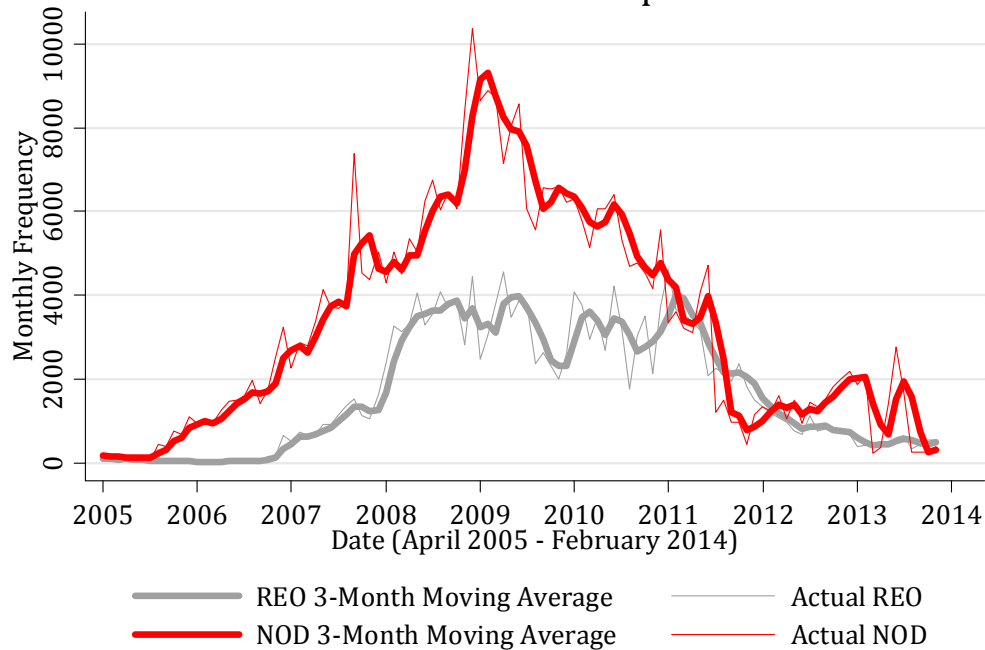
Nevada Statewide Trends



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.

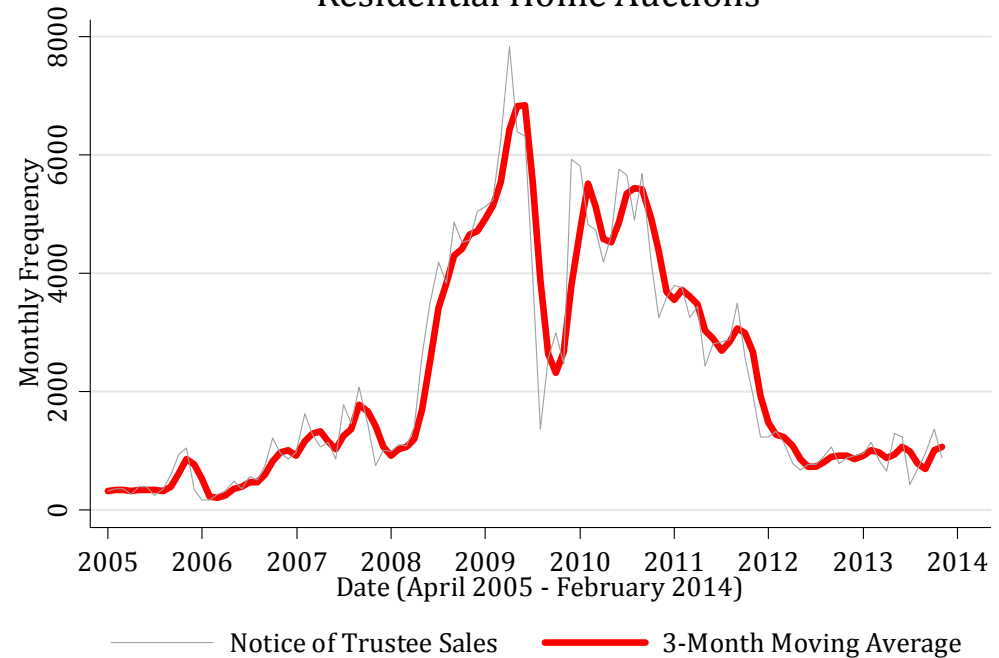
Nevada Statewide Trends

Notices of Default and Repossessions



Source: RealtyTrac

Residential Home Auctions



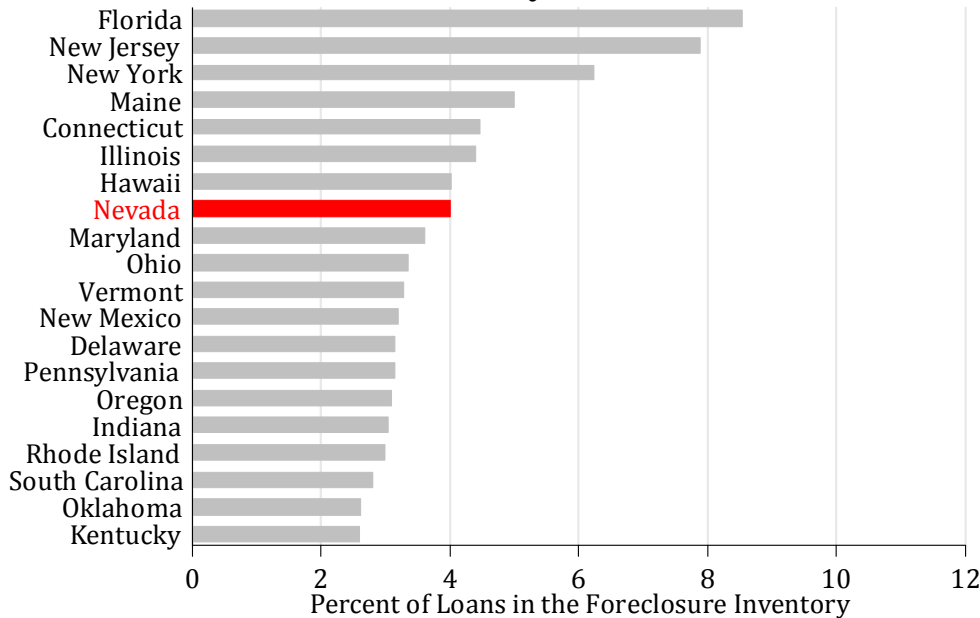
Source: RealtyTrac

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

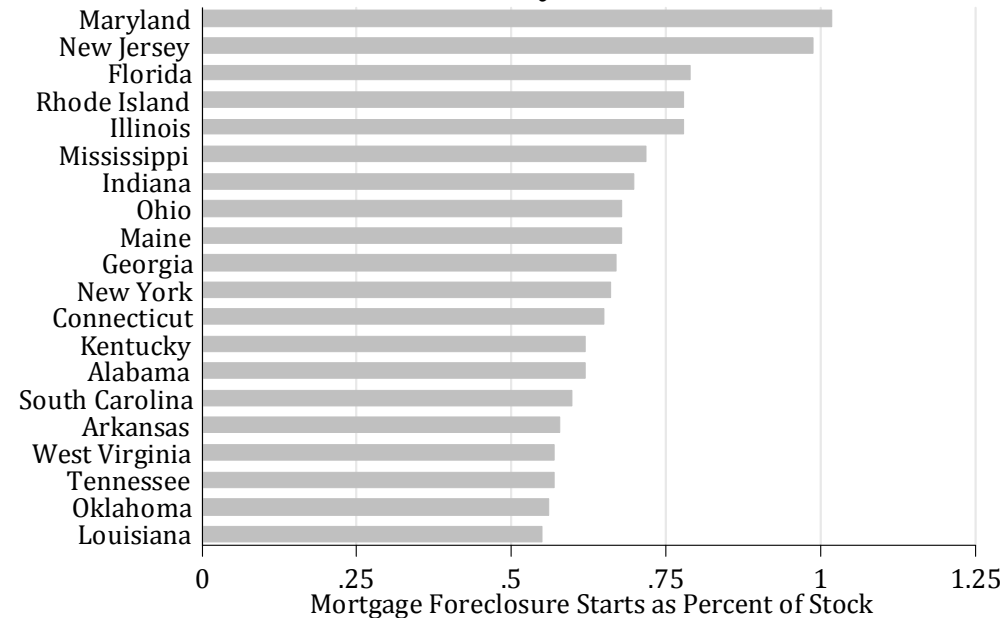
4th Quarter 2013



Source: Mortgage Bankers Association's National Delinquency Survey

Top 20 States in Foreclosure Starts

4th Quarter 2013



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.

Nevada's Housing Market | February 2014

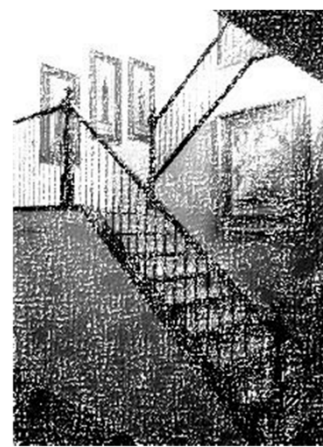
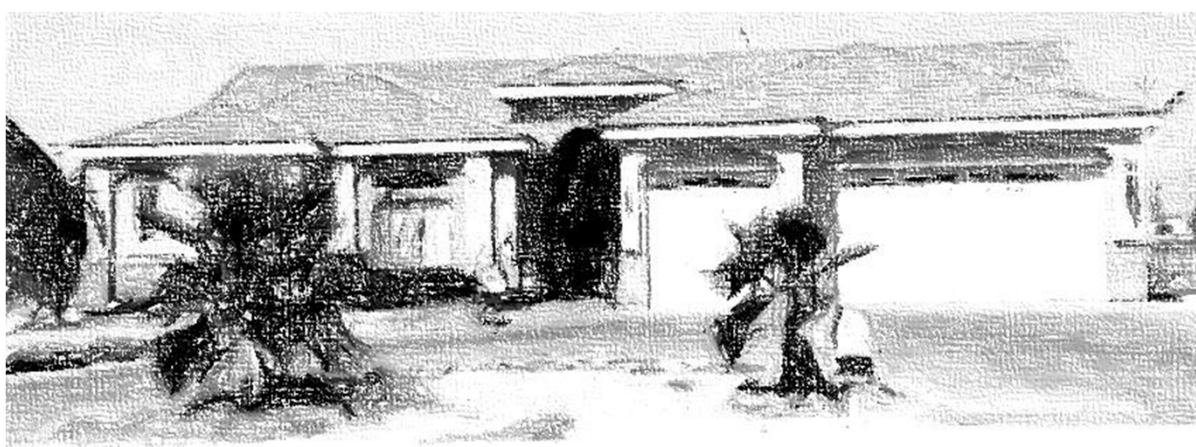
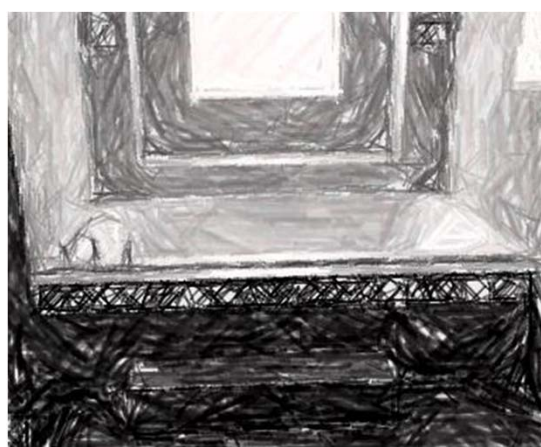
Northern Trends

Population: **611,379** in 2012

Housing Units: **267,622** in 2012

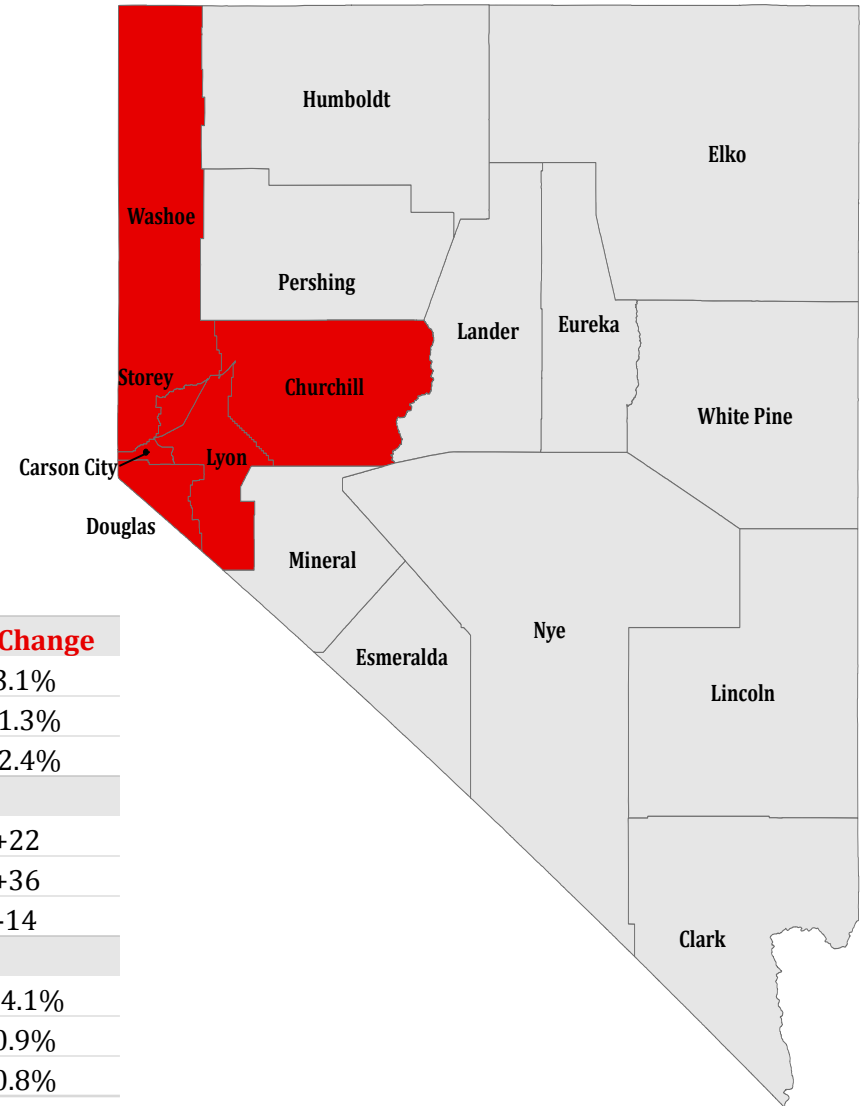
Source: U.S. Census Bureau: State and County QuickFacts

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



Northern Trends

In Northern Nevada, there were close to zero notices of default filed in February 2014, despite there being close to 5,000 homeowners 90 days or more past due on their mortgage payments. This sounds promising for the housing market recovery in Northern Nevada, especially with prices stabilizing. February 2014 marked the end of a two-year streak of continuous average price growth. This market, however, still warrants further observation since these price changes were negative, marginal and reflect higher levels than the prior year. Moreover, unfavorable market conditions continue to persist. About a quarter of all financed homes are still underwater – owing more than their market value. And, about 1 out of every 5 home sales are either short sales or real estate owned (REO) sales.

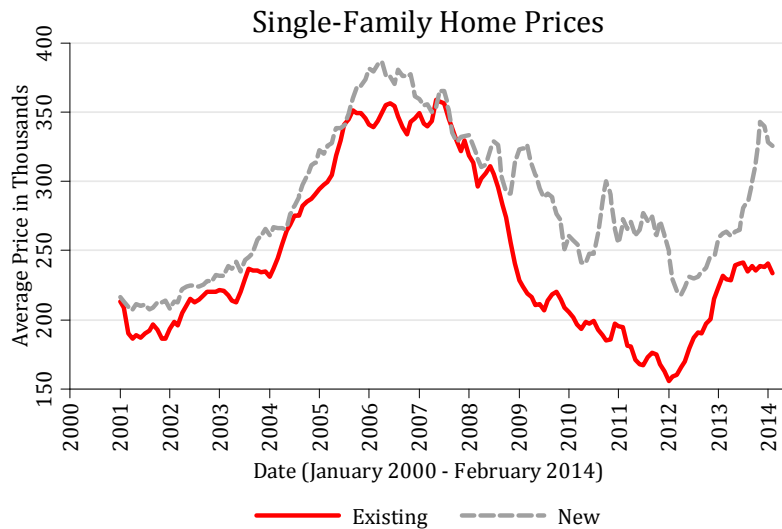


Single-Family Home Sales*	February 2014	M2M Change	Y2Y Change
New	100	-1.3%	+3.1%
Existing	788	-3.9%	-11.3%
Distress Share	18.3%	-7.3%	-52.4%
Residential Construction			
Total Starts	165	+11	+22
Single-Family	136	+14	+36
Multifamily	29	-3	-14
Average Single-Family Sales Price*			
New	\$325,430	-0.8%	+24.1%
Existing	\$233,702	-2.9%	+0.9%
Distress	\$165,834	-6.0%	+0.8%

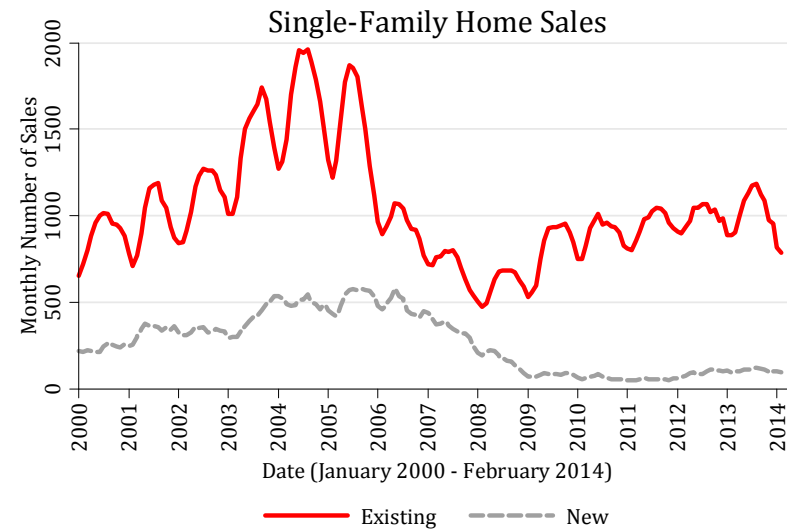
Source: Lied Institute calculations using CoreLogic Data and the *State of the Cities Data Systems* by U.S. Department of Housing and Urban Development.

*Figures portray Three-Month Moving Weighted Averages

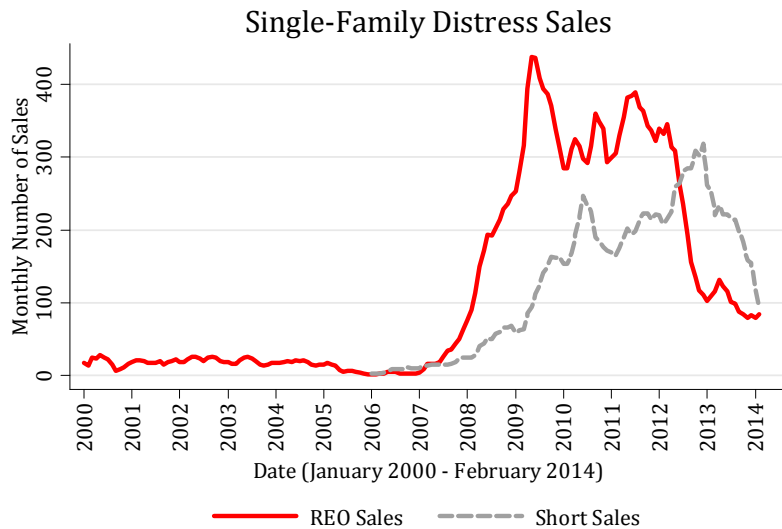
Northern Trends



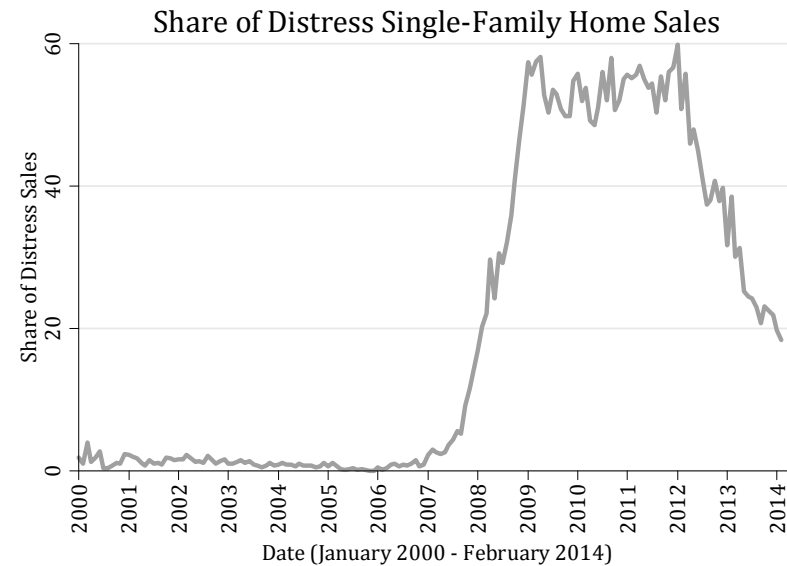
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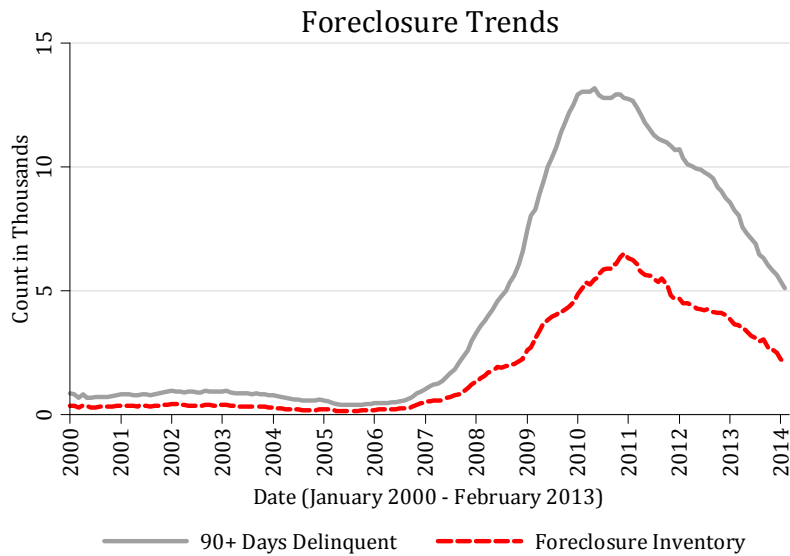


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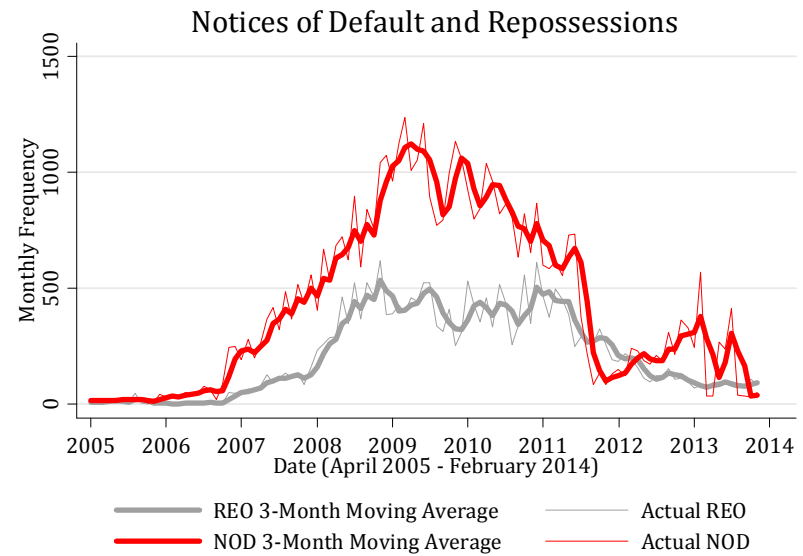


Source: CoreLogic

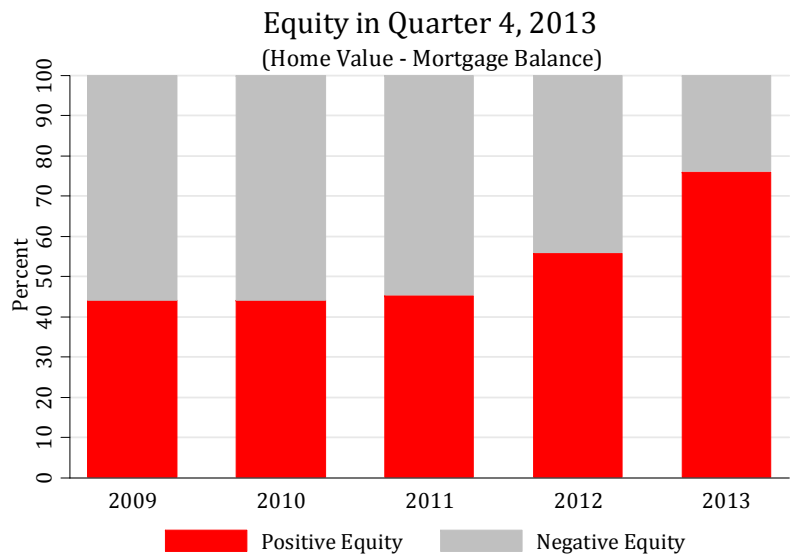
Northern Trends



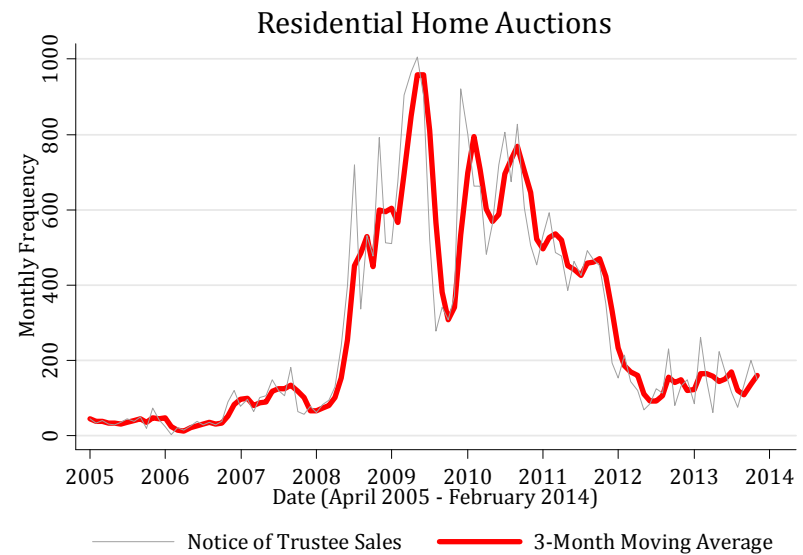
Source: CoreLogic



Source: RealtyTrac



Source: CoreLogic



Source: RealtyTrac

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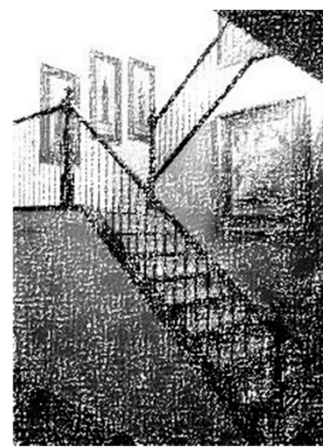
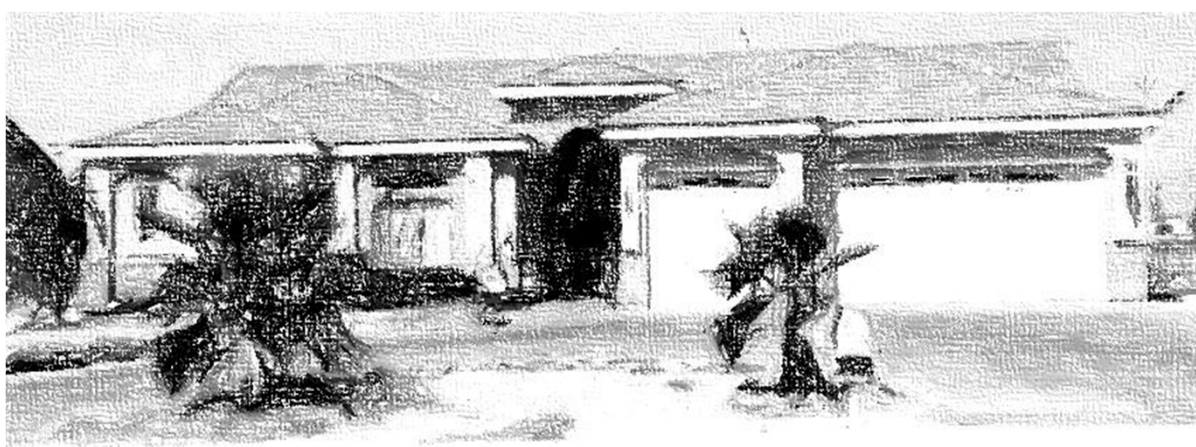
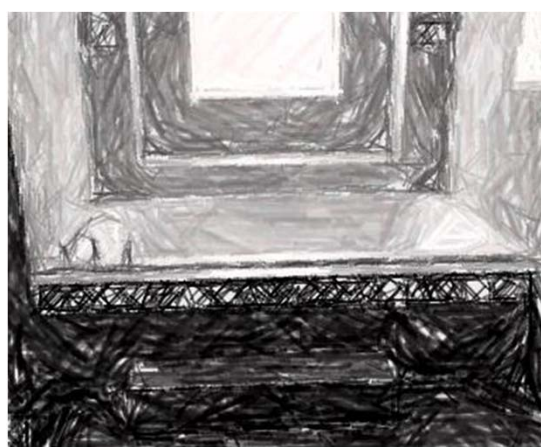
Southern Trends

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

Housing Units: **849,361** in 2012

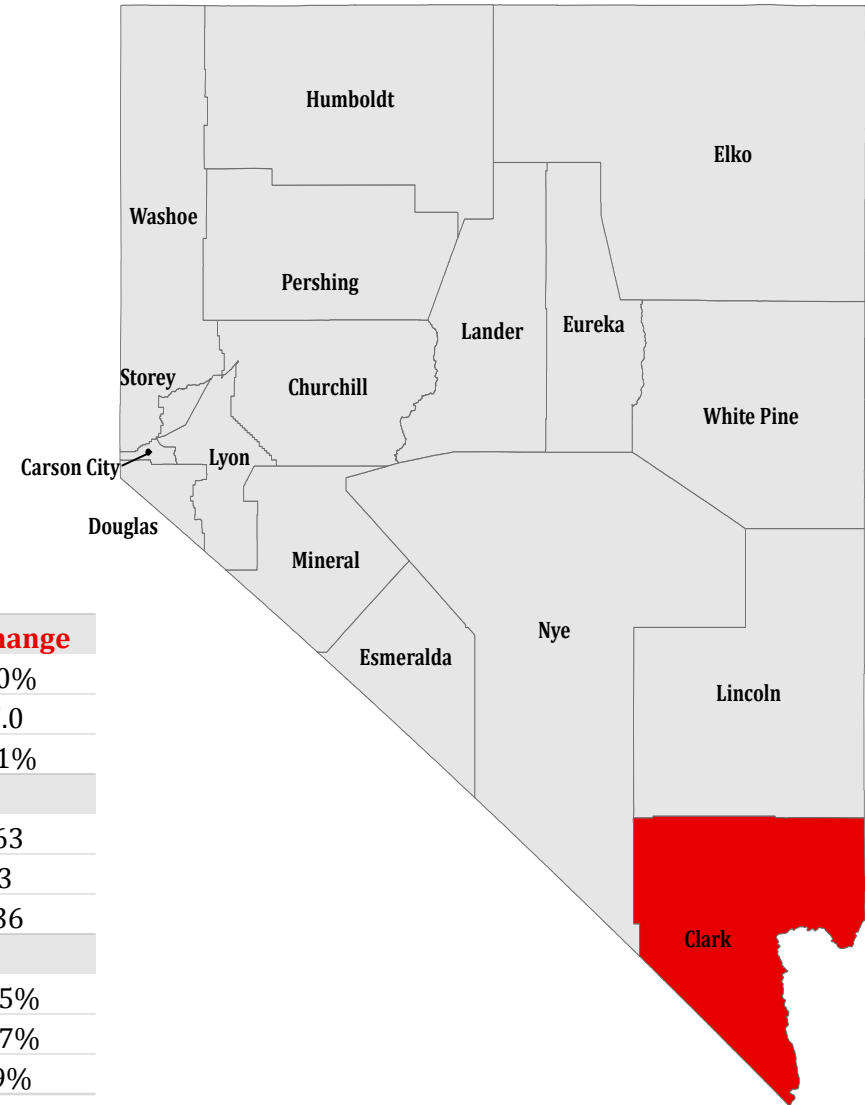
Source: U.S. Census Bureau: State and County QuickFacts

(Clark County)



Southern Trends

Equity conditions in Southern Nevada are worse than in Northern Nevada. More than 30 percent of all financed homes are underwater as of quarter four 2013. Fortunately, more homeowners have found their way to holding equity during the recovery of the residential market. Further equity growth could stall if the property values stop growing. This is something that seems more likely since current average prices of single family homes appear to be waving. Distress in this market, however, appears to be successfully dissipating. The foreclosure inventory fell again this month. Back in mid-2010, there were more than 35,000 homes in the foreclosure inventory. As of February 2014, this number has fallen below 11,600. Of course, having close to zero homes in the foreclosure inventory is more pleasing. But, this decline is a sign of an improving housing market.

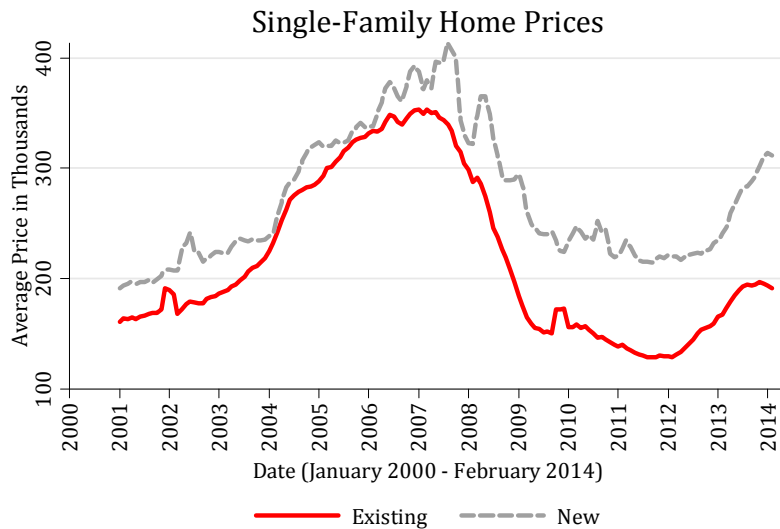


Single-Family Home Sales*	February 2014	M2M Change	Y2Y Change
New	468	-6.3%	-26.0%
Existing	2,991	-3.1%	-17.0
Distress Share	22.5%	-2.4%	-40.1%
Residential Construction			
Total Starts	733	+177	+263
Single-Family	397	-79	-73
Multifamily	336	+256	+336
Average Single-Family Sales Price*			
New	\$311,811	-0.6%	+29.5%
Existing	\$191,554	-1.1%	+14.7%
Distress	\$155,768	-0.6%	+6.9%

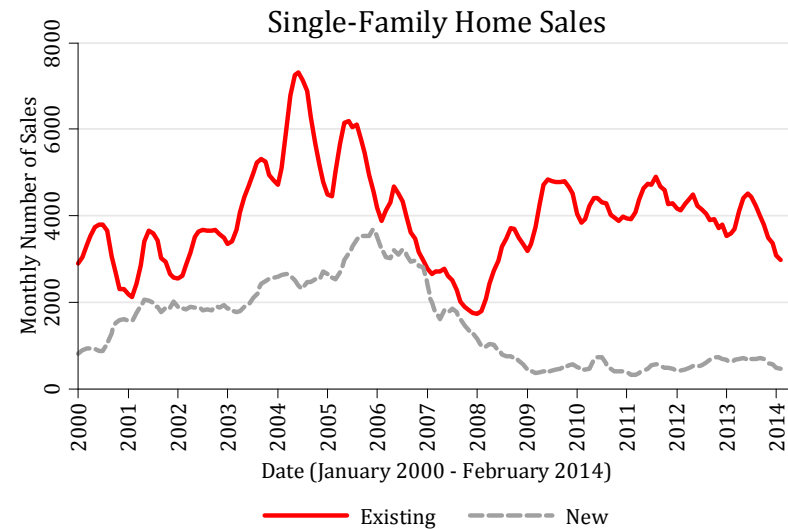
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*Figures portray Three-Month Moving Weighted Averages

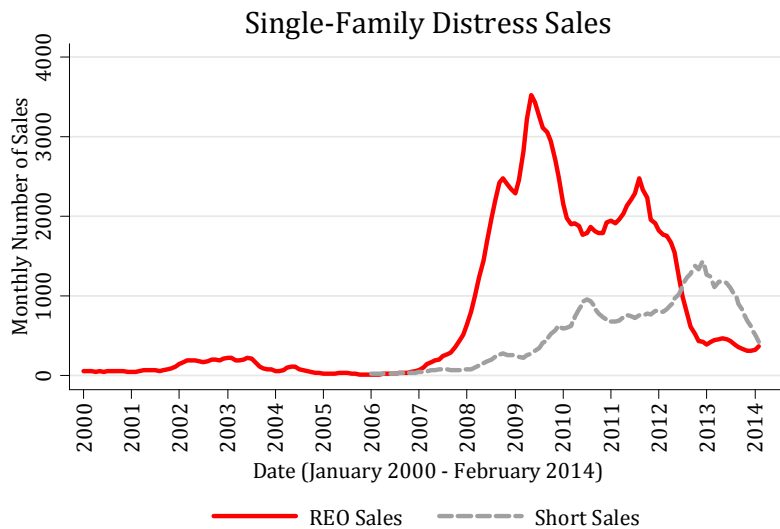
Southern Trends



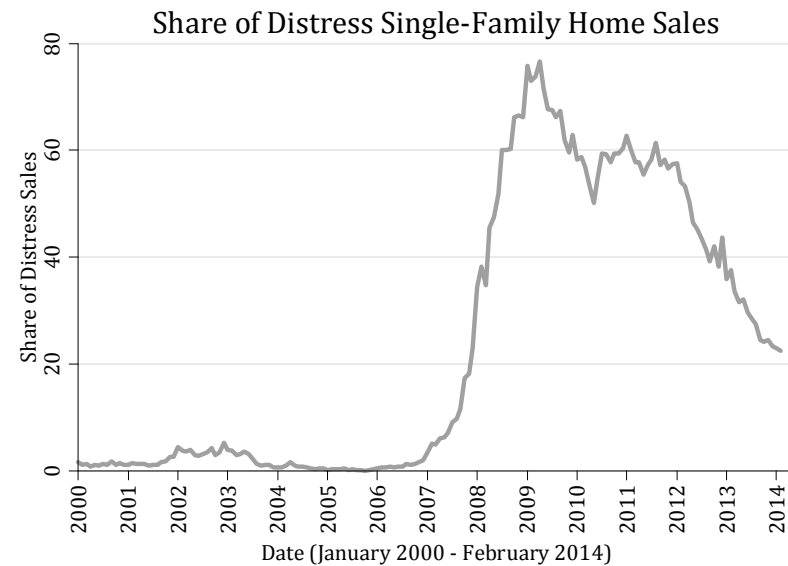
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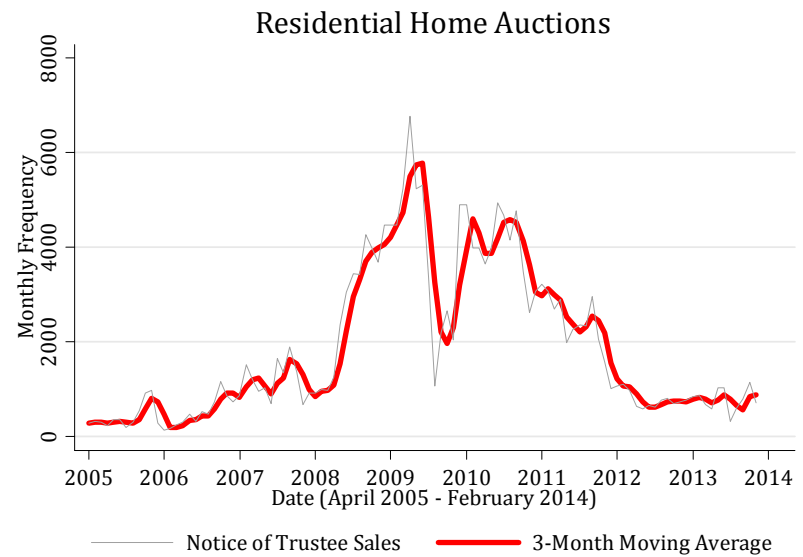
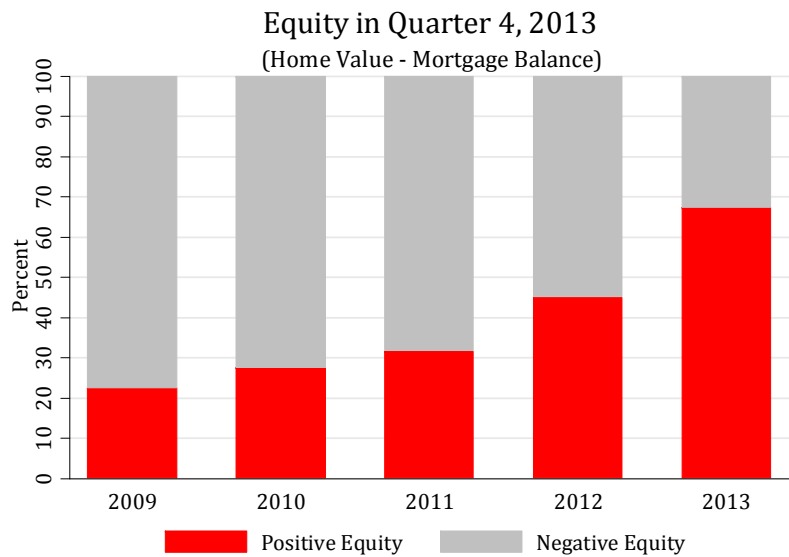
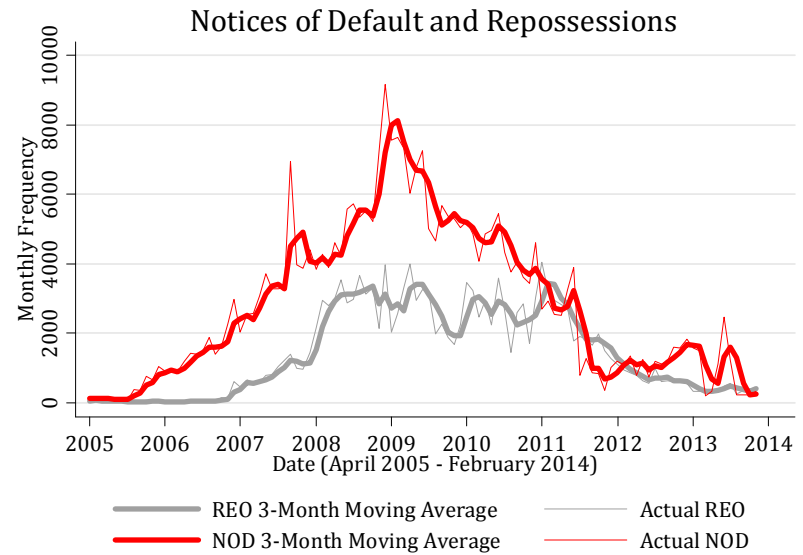
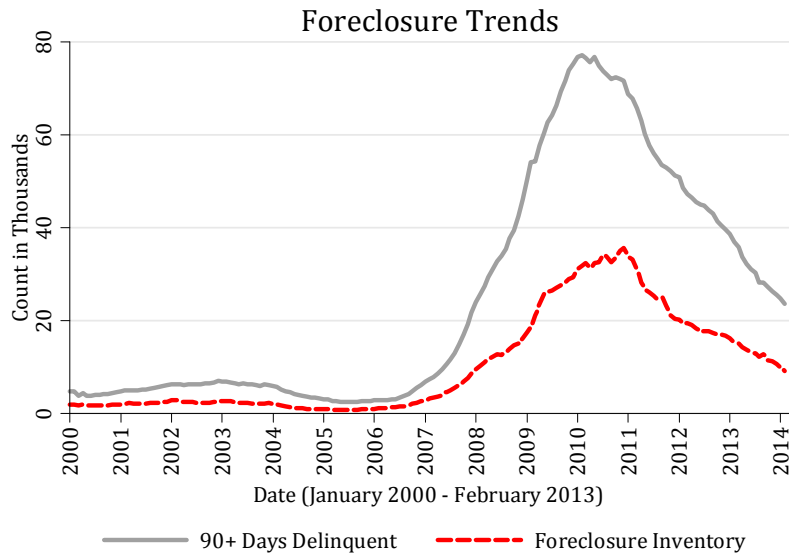


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Source: CoreLogic

Southern Trends



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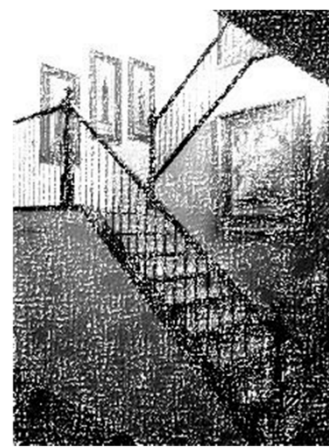
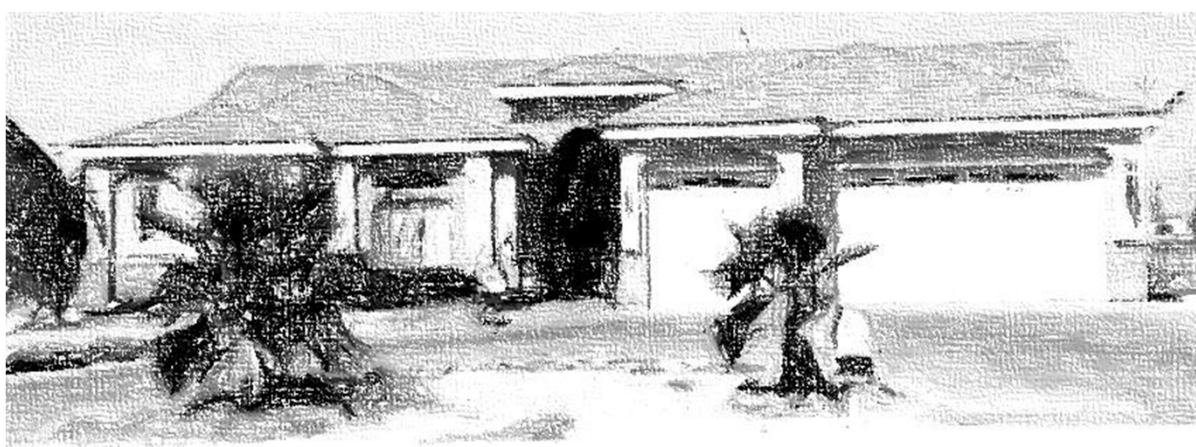
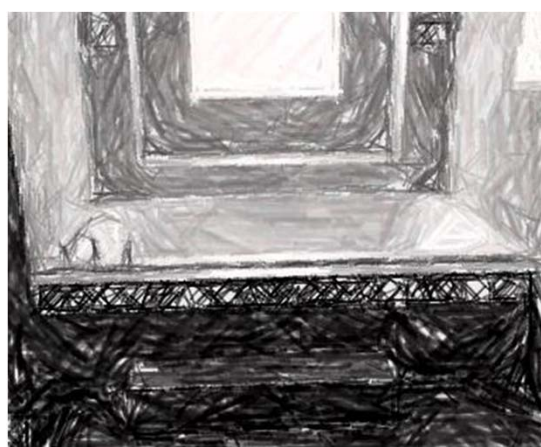
Rural Trends

Population: **146,793** in 2012

Housing Units: **66,887** in 2012

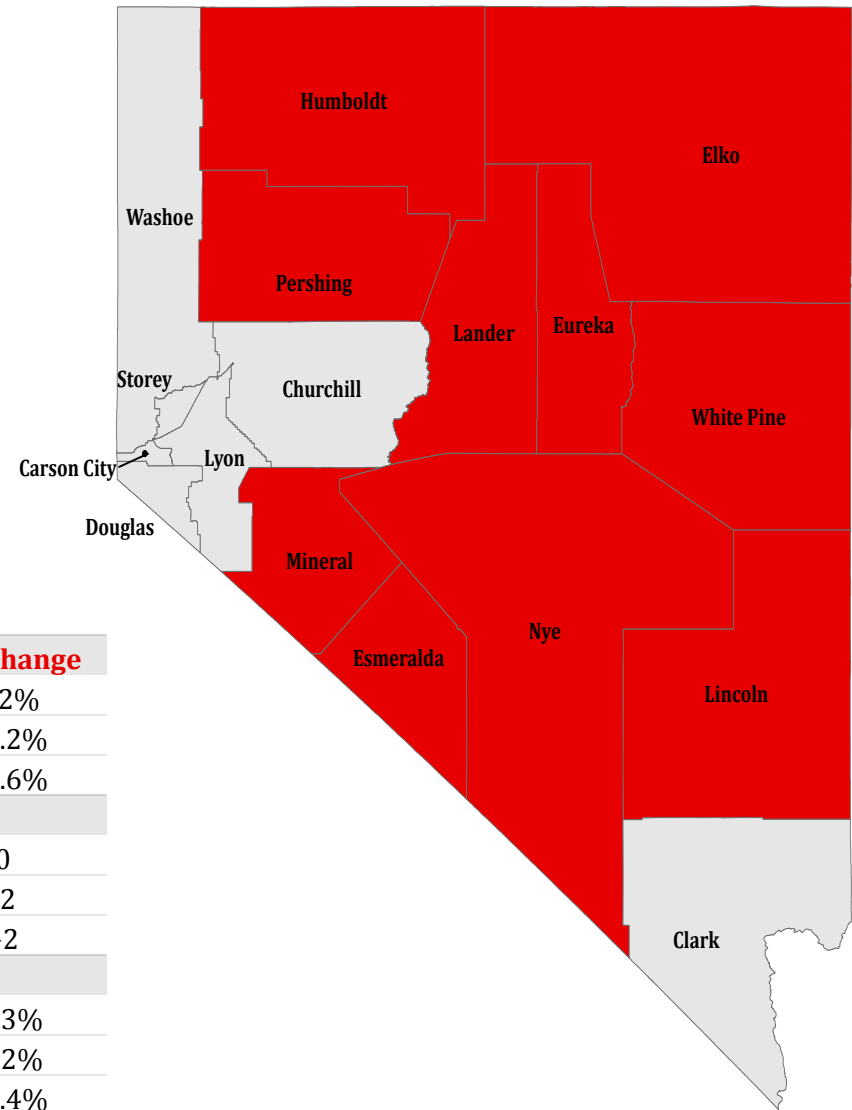
Source: U.S. Census Bureau: State and County QuickFacts

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



Rural Trends

Rural Nevada unlike other parts of Nevada deviates from the statewide trends in terms of pricing and distress sales. Single family home prices went up for existing (0.8%) and distress (0.9%) sales month over month in February 2014. This trend has been persistent with some fluctuations since January 2014. The share of distress sales have also been on an increasing trend. In February 2014, out of all home sales 21.2% were either residential short sales or REO sales. In prior months, Rural Nevada was leading the state in traditional home sales as market share. Repossession activity apparently caught up to the market. Throughout 2013, between 10 and 45 notices of default were issued on average every month that year. As a result, there have been more residential home auctions in 2013 than 2014. This gloomy activity represents a small share of the market, which allows room for recovery as equity conditions improve in the rural counties.

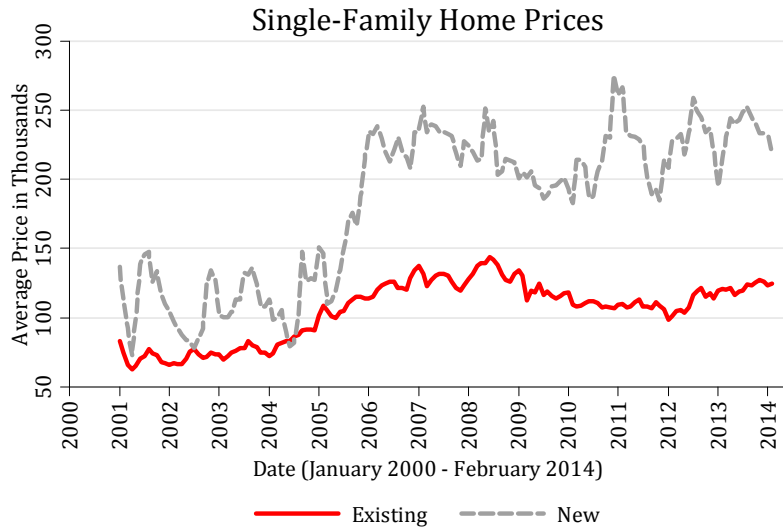


Single-Family Home Sales*	February 2014	M2M Change	Y2Y Change
New	15	-16.7%	-8.2%
Existing	128	-13.5%	-29.2%
Distress Share	21.2%	+7.5%	-17.6%
Residential Construction			
Total Starts	20	+12	0
Single-Family	18	+10	-2
Multifamily	2	+2	+2
Average Single-Family Sales Price*			
New	\$220,421	-4.75%	+2.3%
Existing	\$124,690	+0.8%	+3.2%
Distress	\$106,087	+0.9%	-11.4%

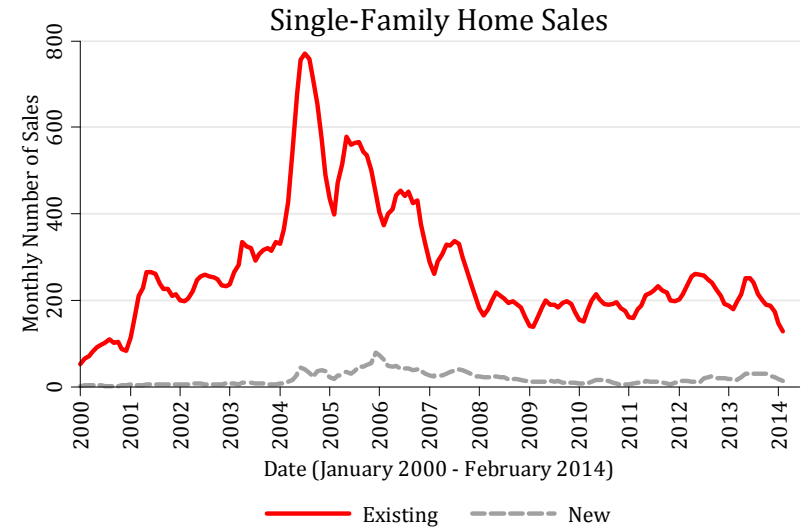
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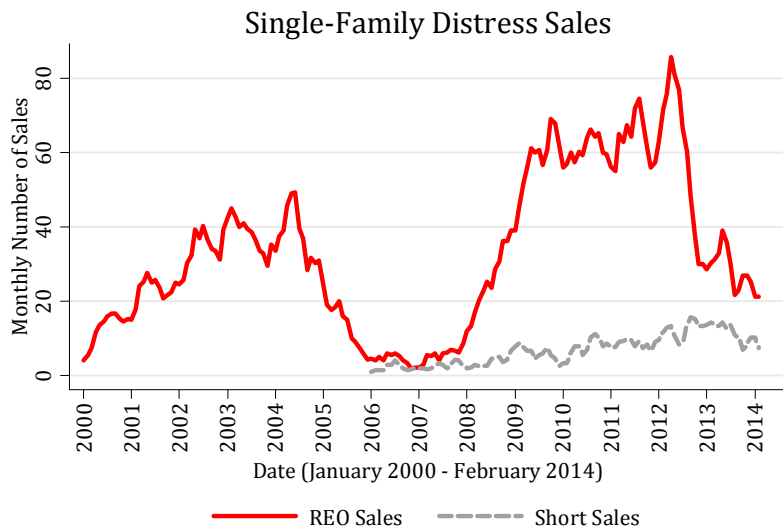
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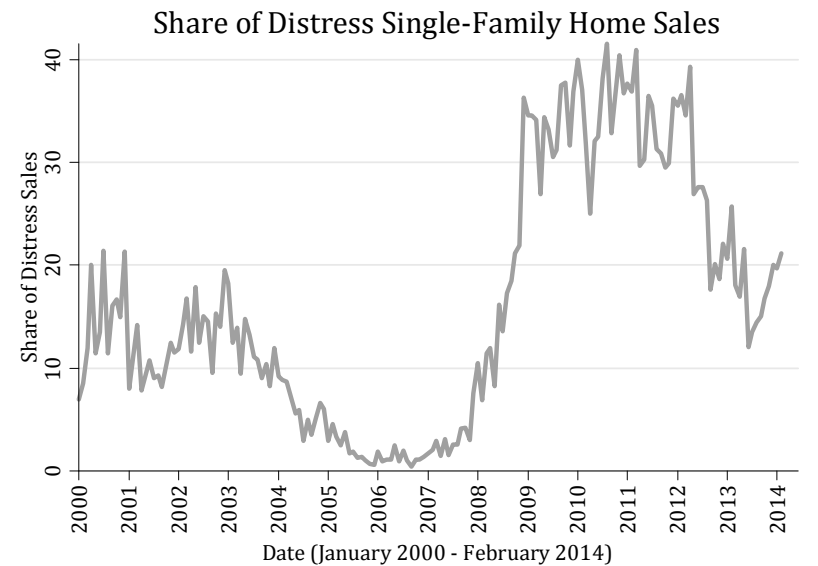
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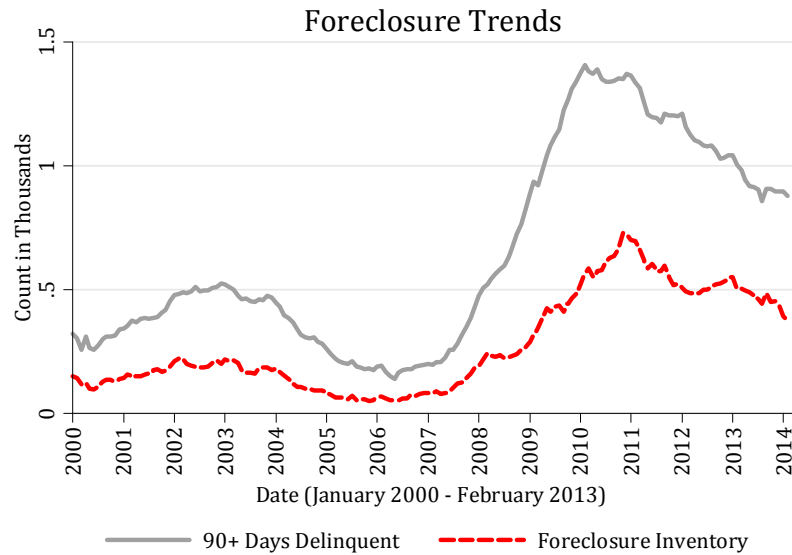


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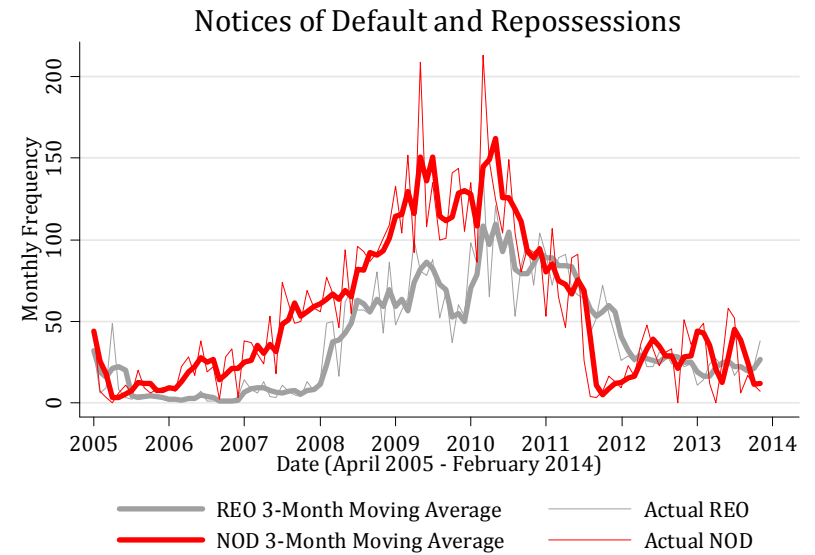


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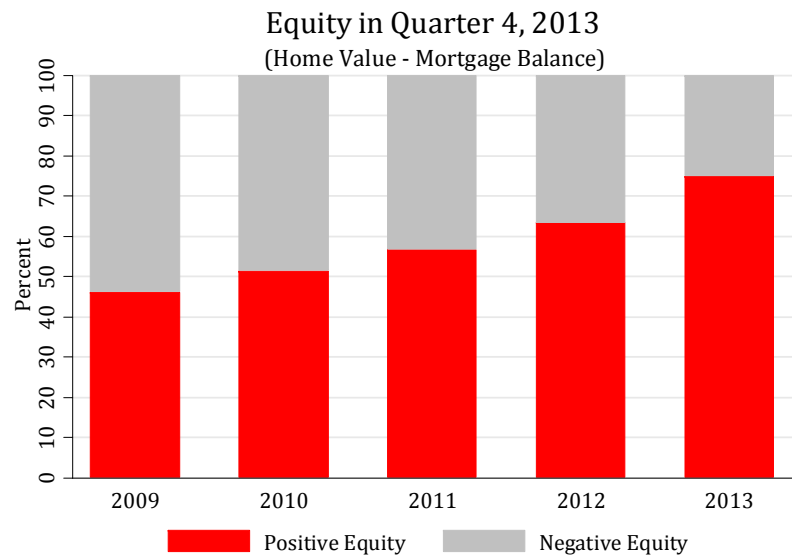
Rural Trends



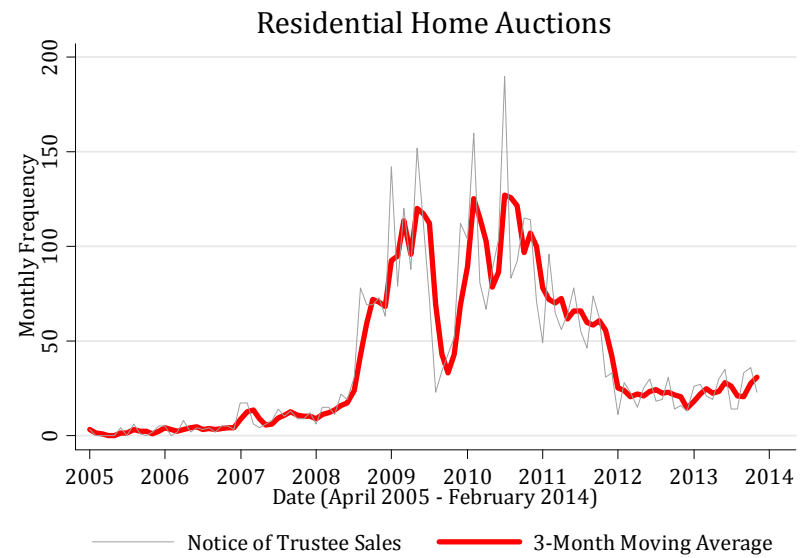
Source: CoreLogic



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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