

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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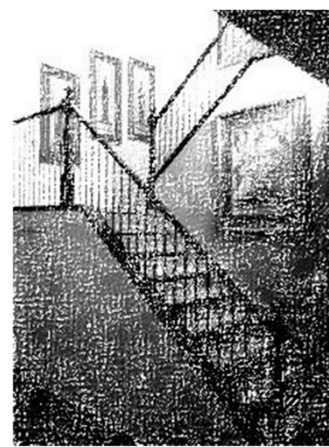
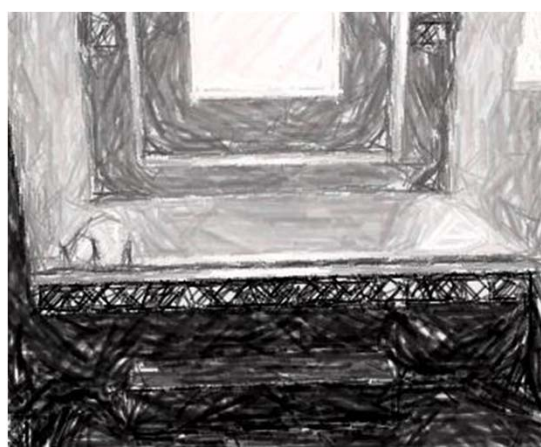
Nevada's Housing Market | January 2014

Nevada Statewide Trends

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

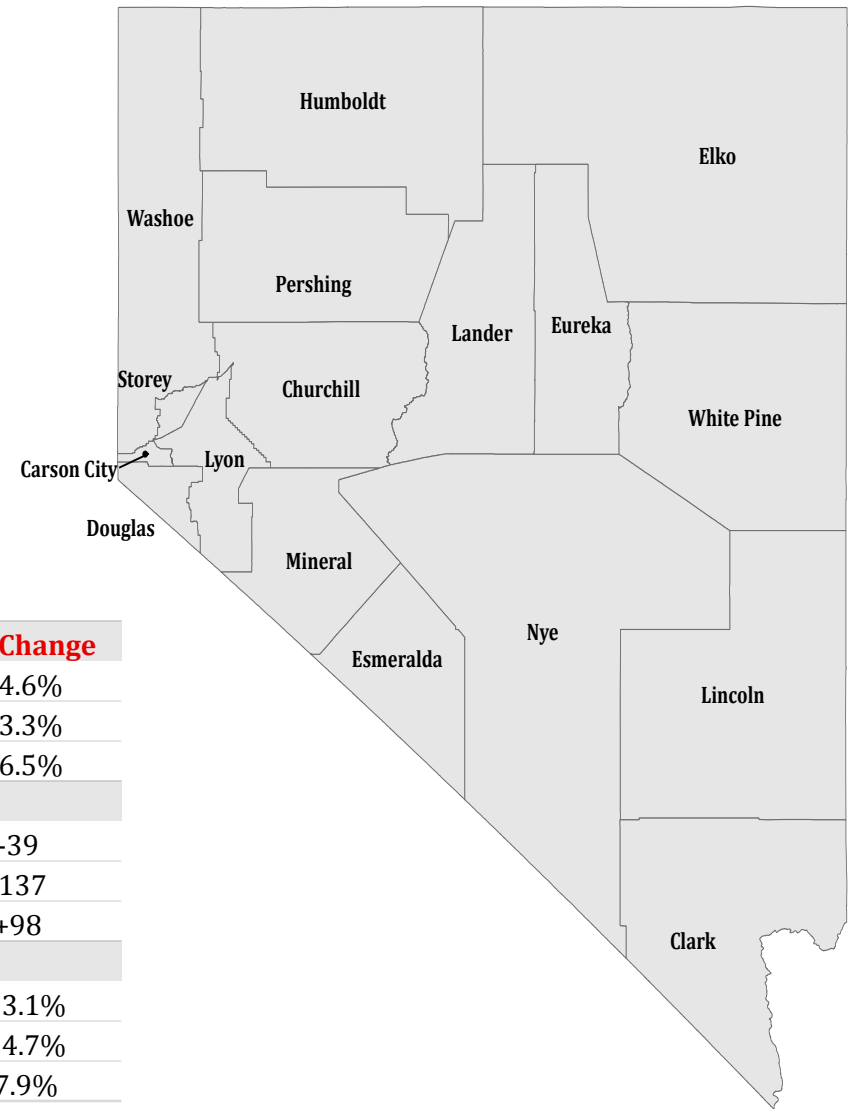
Housing Units: **1,183,870** in 2012

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



Nevada Statewide Trends

This month's update of the housing market report shows some good news. For the first two months of 2014, the numbers of Notices of Default (NOD) issued were low after a surge in mid-2013. Fewer than 350 were issued in January and February. These levels are substantially lower than five years ago when more than 10,000 NODs were being issued per month. Residential home auctions, in addition, kept consistently low as well. This plays into declines of foreclosure inventory that should continue while the "shadow inventory" withers. That is, the number of homeowners 90 days or more past due on their monthly mortgage payments. It has fallen persistently since 2010. As a result, Nevada's housing market is experiencing more traditional home sales and fewer short sales and Real Estate Owned (REO) sales.

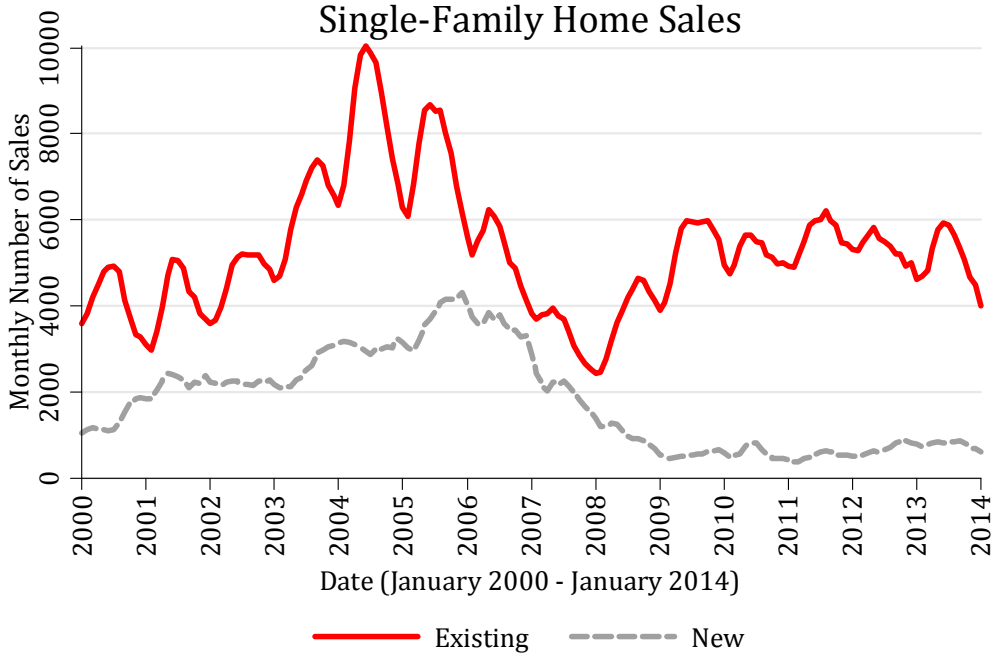
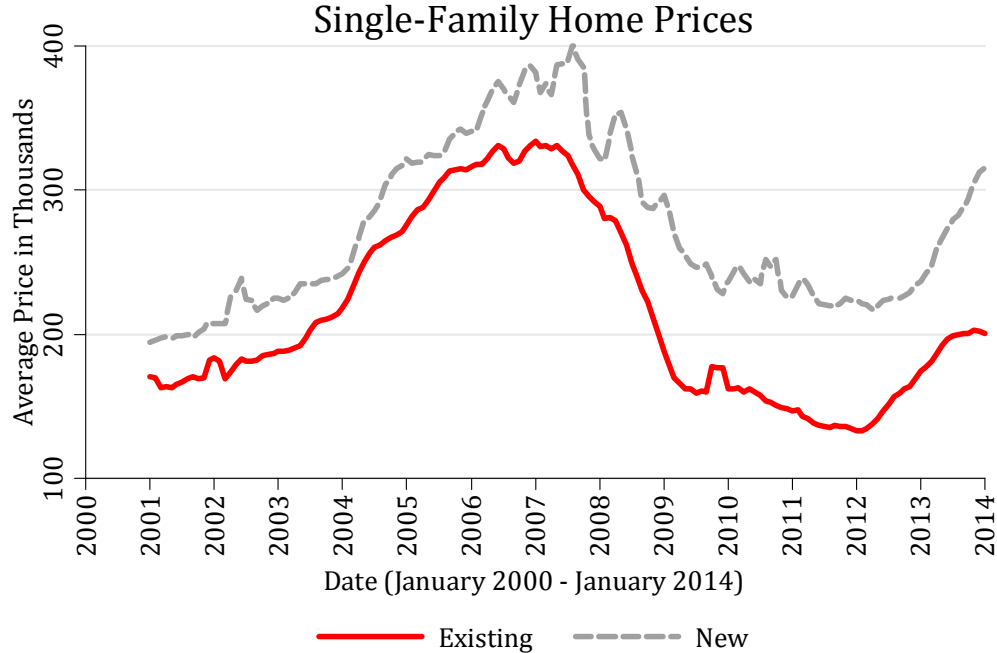


Single-Family Home Sales*	January 2014	M2M Change	Y2Y Change
New	606	-11.6%	-24.6%
Existing	4,018	-10.7%	-13.3%
Distress Share	22.0%	-4.6%	-36.5%
Residential Construction			
Total Starts	718	+127	-39
Single-Family	606	+126	-137
Multifamily	112	+1	+98
Average Single-Family Sales Price*			
New	\$315,120	+0.7%	+33.1%
Existing	\$200,505	-0.8%	+14.7%
Distress	\$158,414	0.1%	+7.9%

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

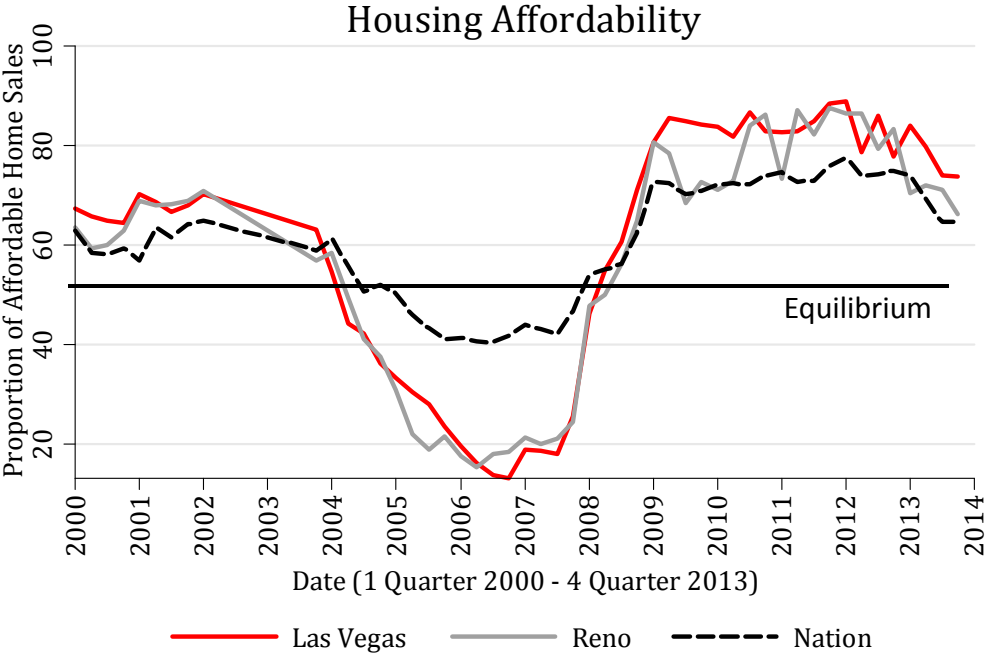


Source: CoreLogic
Note: Series are 3-month weighted moving averages.

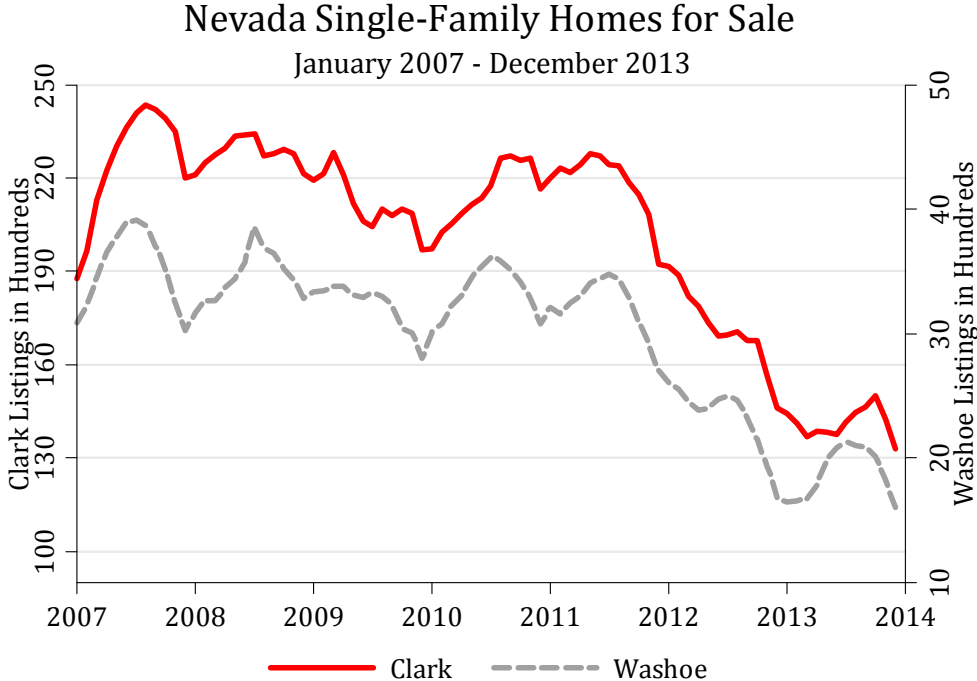
Source: CoreLogic
Note: Series are 3-month weighted moving averages.

The Single-Family Home Price 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



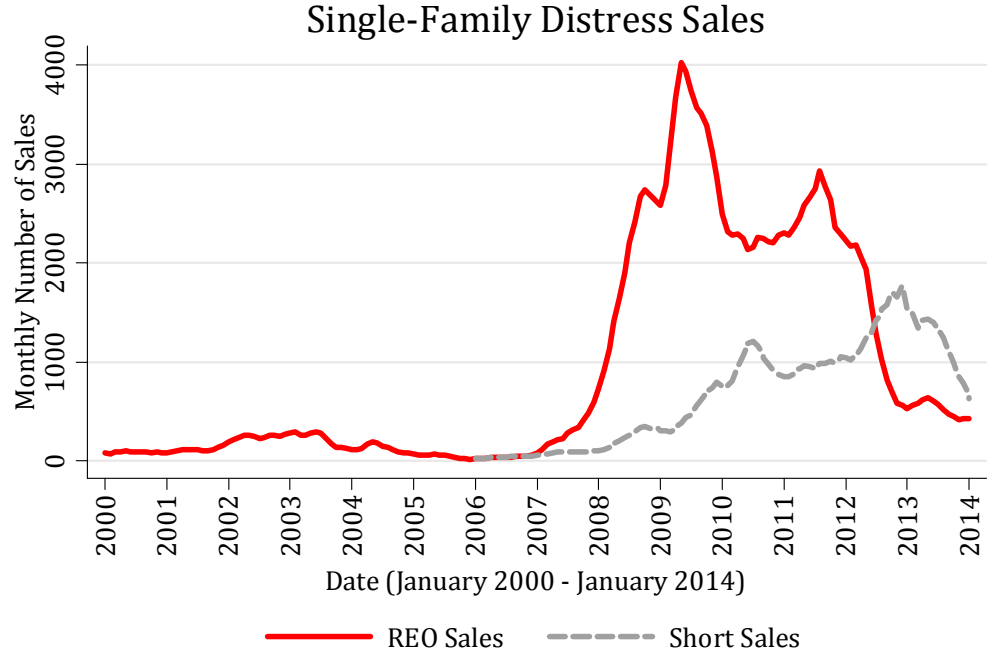
Source: National Association of Home Builders
 Note: Series denote the proportion of home sales affordable at median income.



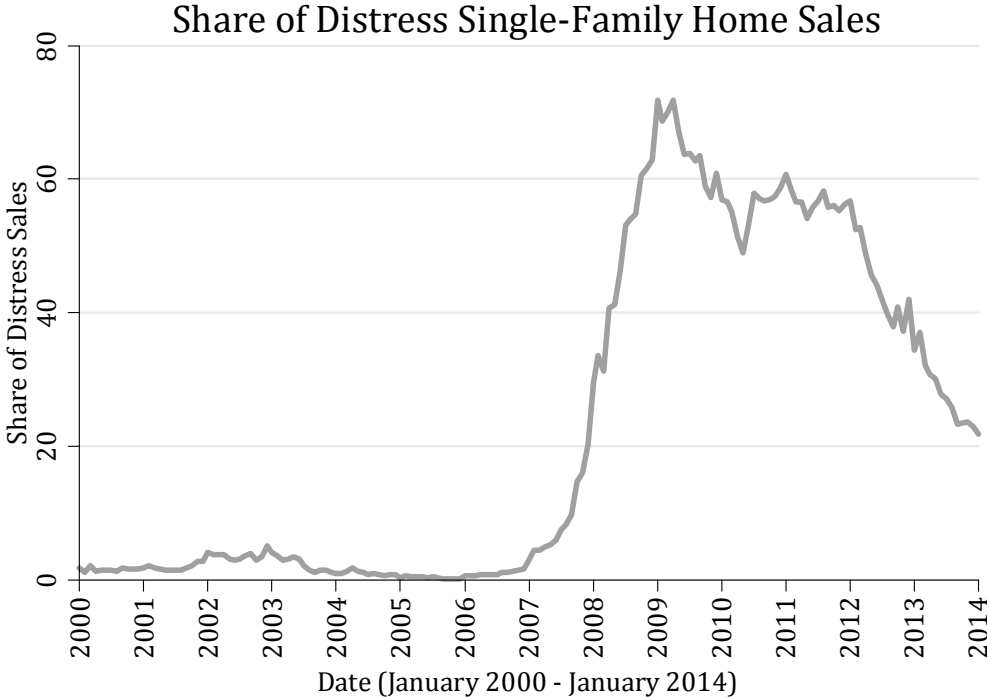
Source: Greater Las Vegas Association of Realtors and UNR's Center for Regional Studies

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 Sales, 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



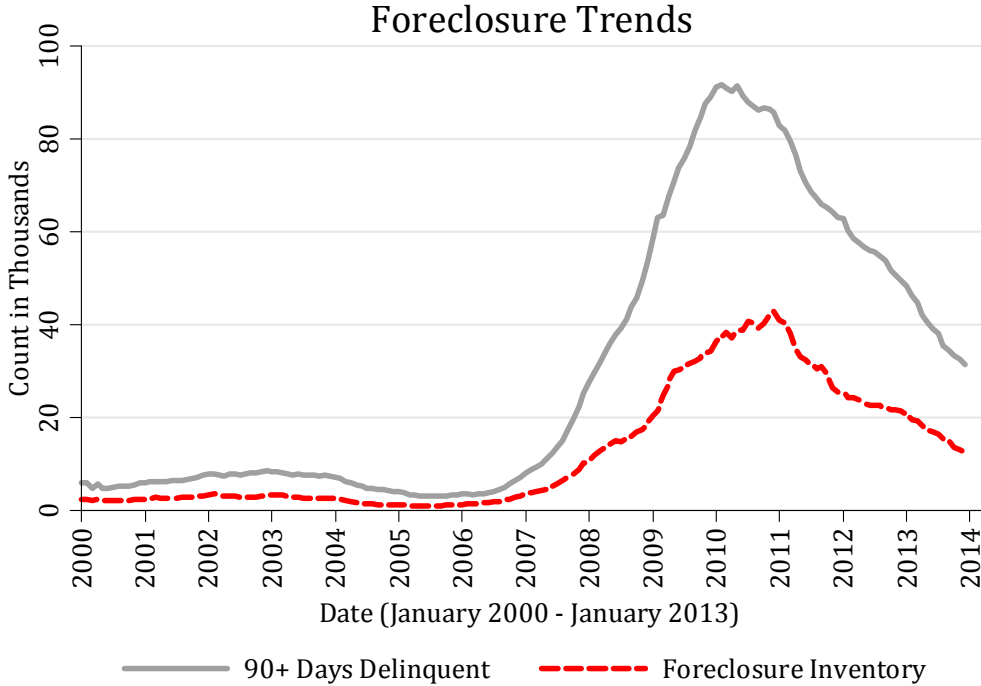
Source: CoreLogic
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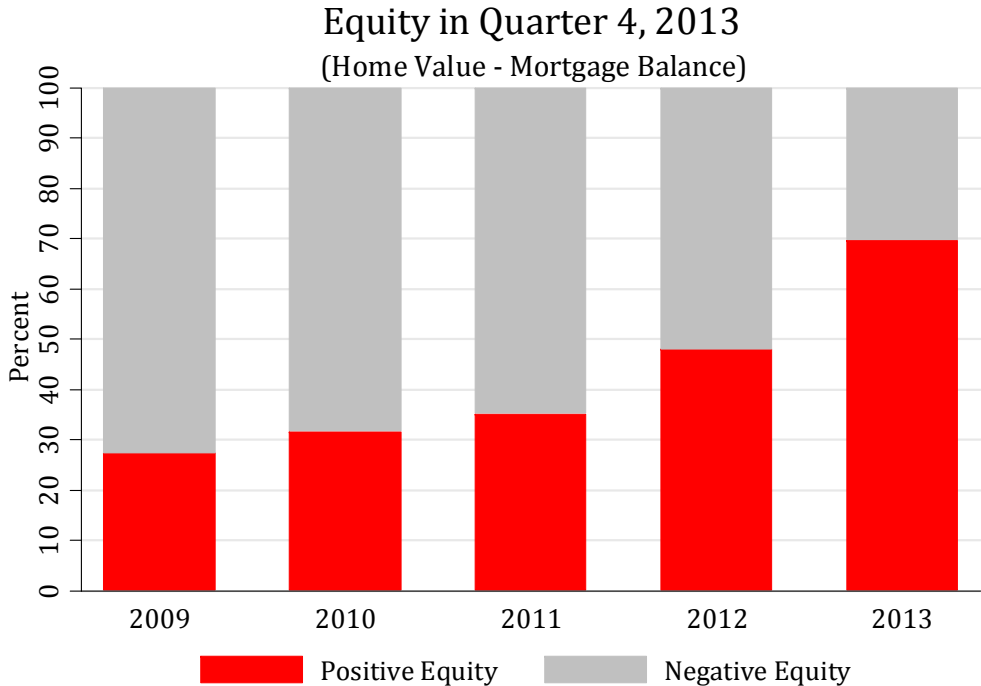
Source: CoreLogic

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

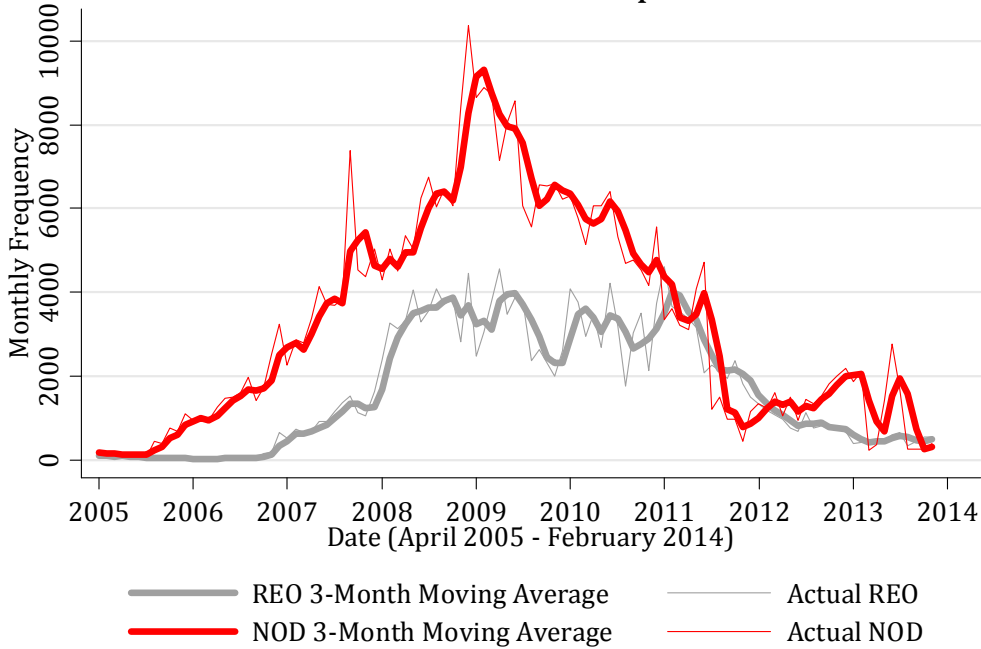


Source: CoreLogic

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.

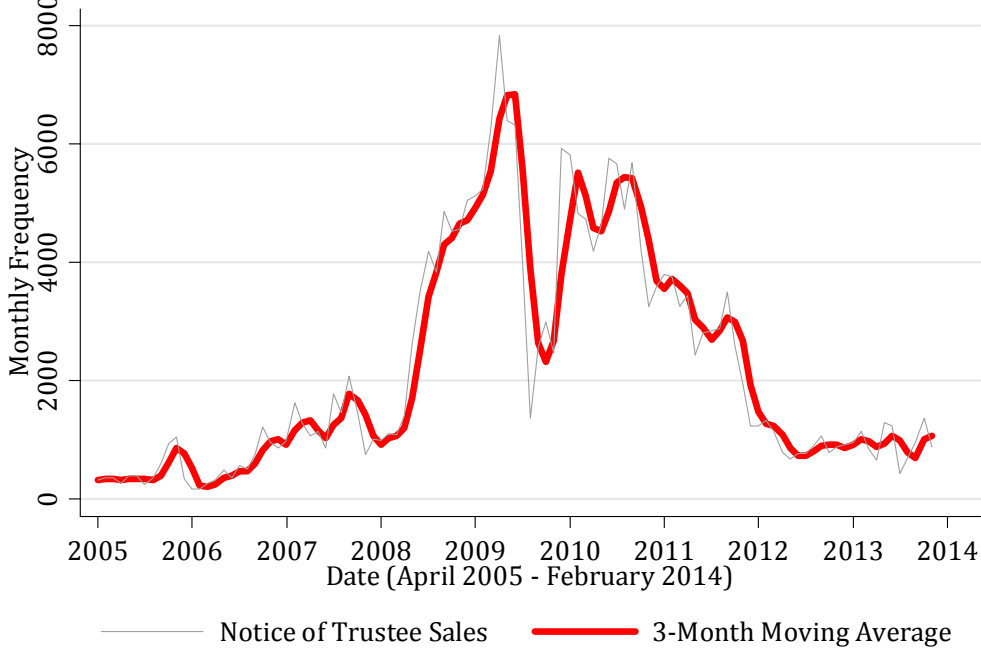
Nevada Statewide Trends

Notices of Default and Repossessions



Source: RealtyTrac

Residential Home Auctions

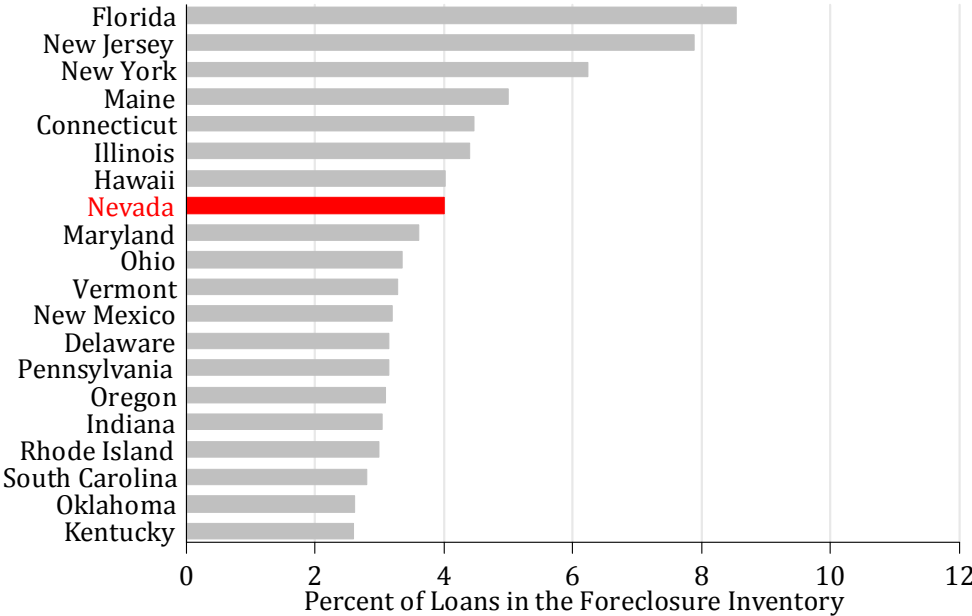


Source: RealtyTrac

These two figures are based on number 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.

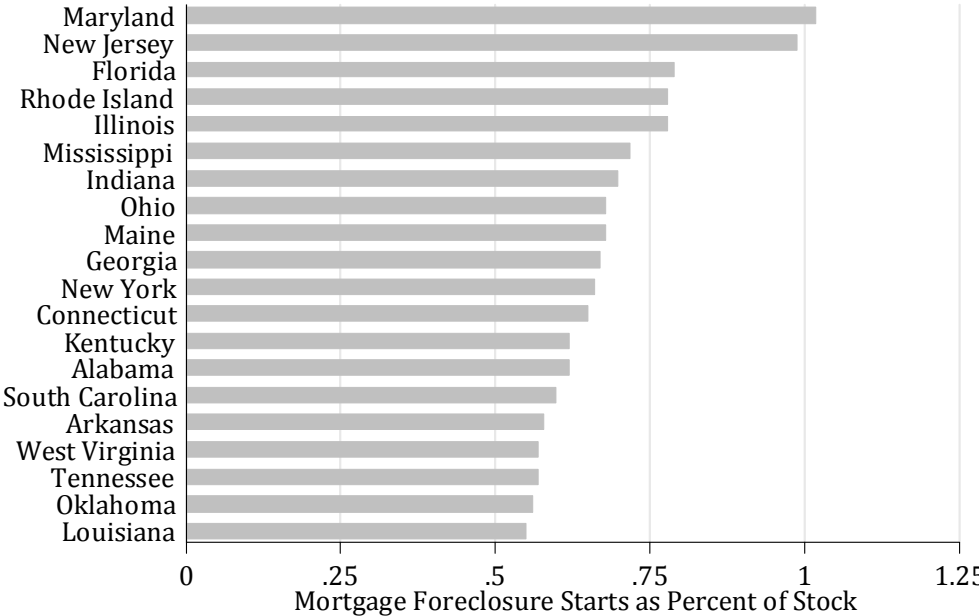
Nevada Statewide Trends

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.

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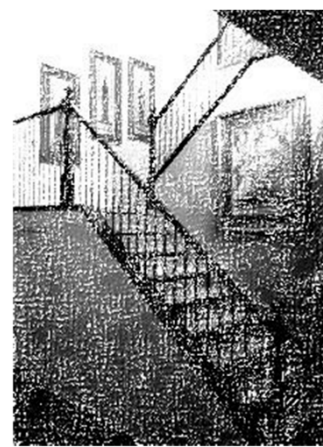
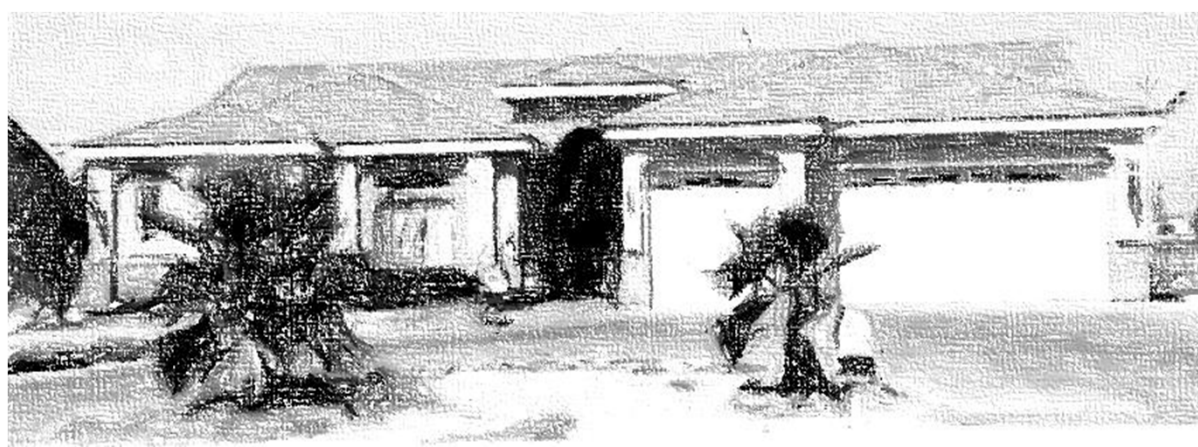
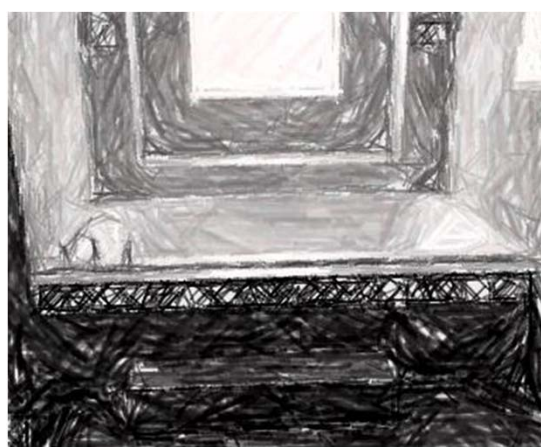
Northern Trends

Population: **611,379** in 2012

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

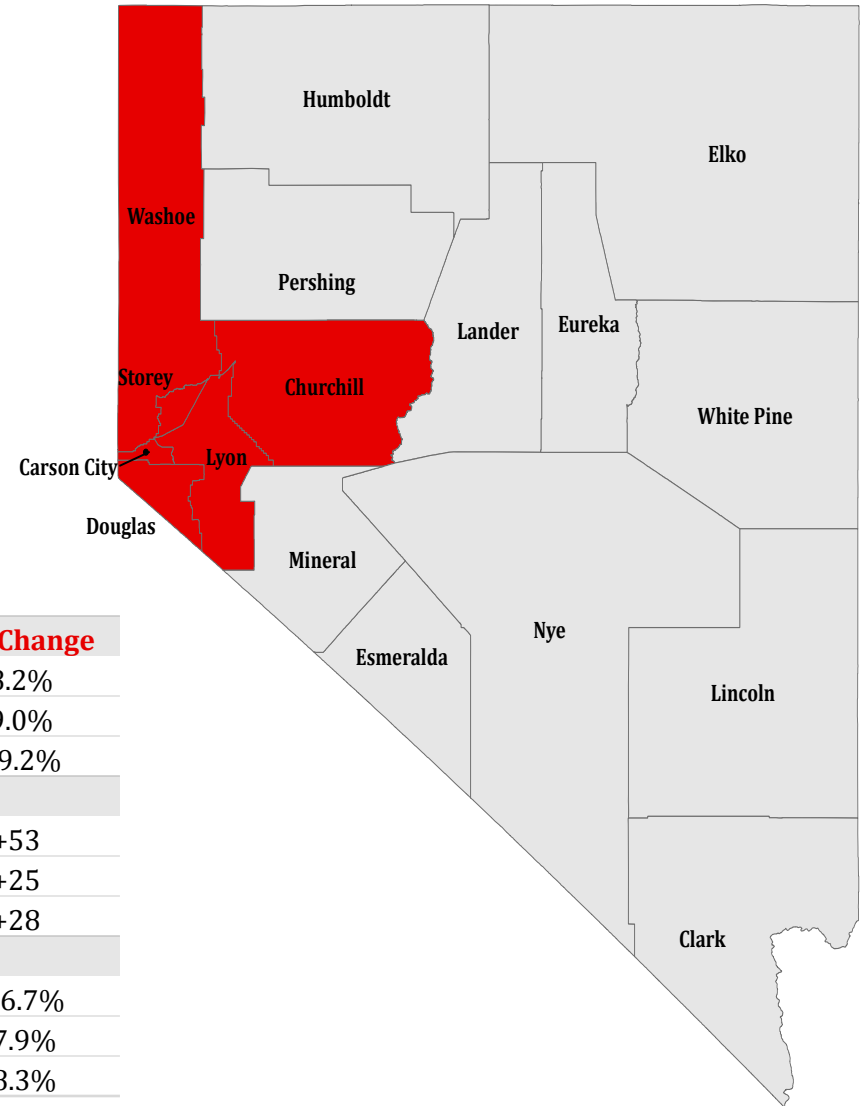
Source: U.S. Census Bureau: State and County QuickFacts

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



Northern Trends

About a fourth of the current foreclosure inventory resides in the Northern counties. It should continue to decline as fewer homes receive NODs. This helped traditional home sales dominate the market over other kinds of sales including short sales. Traditional home sales accounted for more than 75 percent of all the home sales in the Northern counties. Meanwhile, in January, the average price of existing single family home sales increased marginally by 1.1 percent since the prior month to \$240,968. The average price for distressed sales increased by 1.2 percent and for new sales it decreased by 3.4 percent. These changes signal a probable slowdown of home price appreciation.

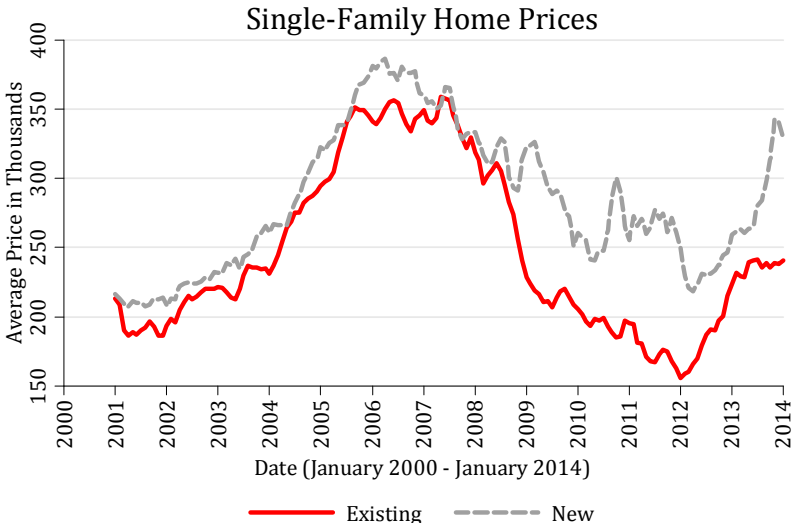


Single-Family Home Sales*	January 2014	M2M Change	Y2Y Change
New	97	-0.3%	-8.2%
Existing	809	-15.0%	-9.0%
Distress Share	19.2%	-12.0%	-39.2%
Residential Construction			
Total Starts	154	+41	+53
Single-Family	122	+23	+25
Multifamily	32	+18	+28
Average Single-Family Sales Price*			
New	\$328,405	-3.4%	+26.7%
Existing	\$240,968	+1.1%	+7.9%
Distress	\$176,086	+1.2%	+8.3%

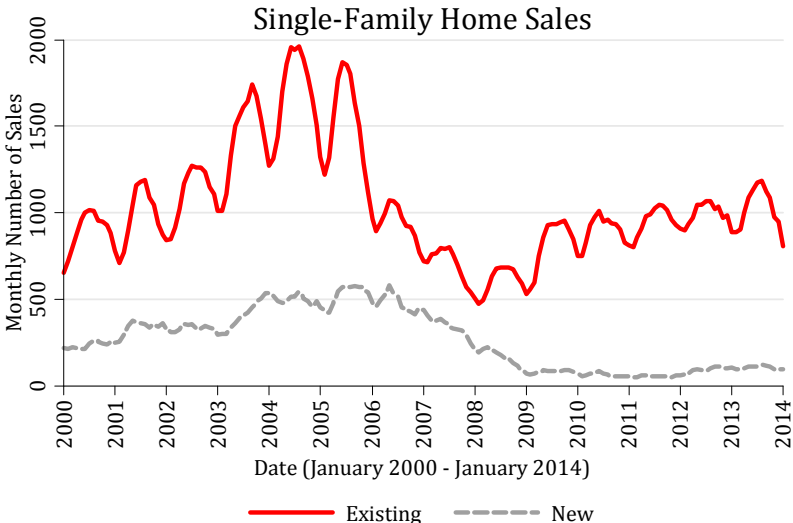
Source: Lied Institute calculations using CoreLogic Data and the *State of the Cities Data Systems* by U.S. Department of Housing and Urban Development.

*Figures portray Three-Month Moving Weighted Averages

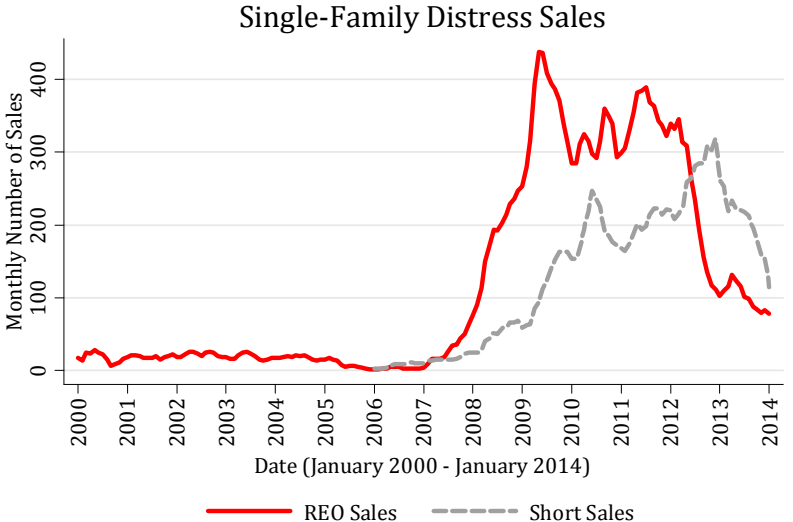
Northern Trends



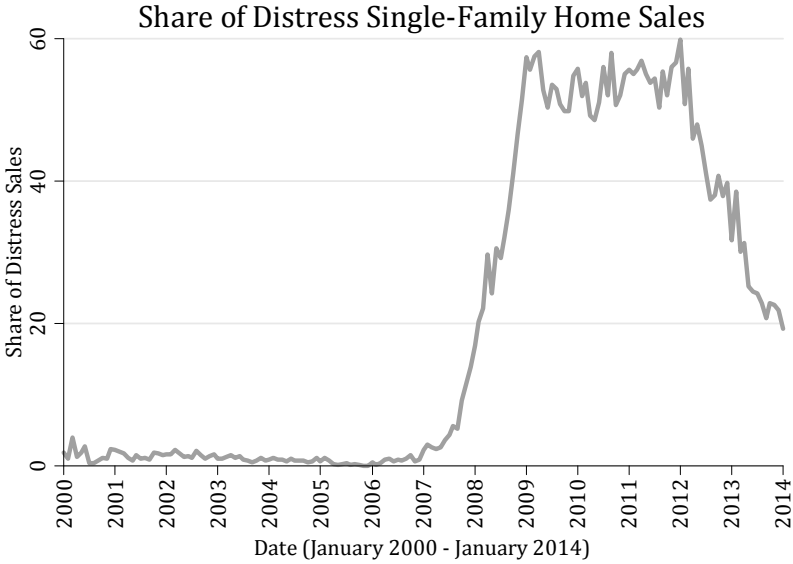
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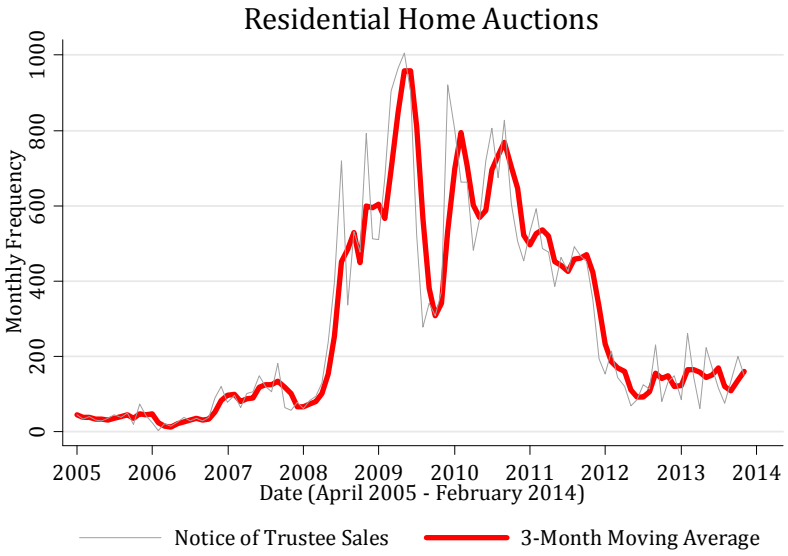
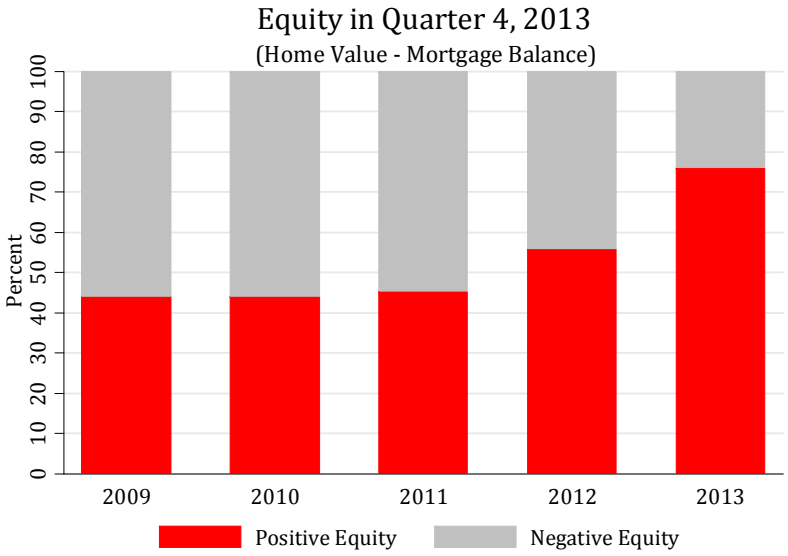
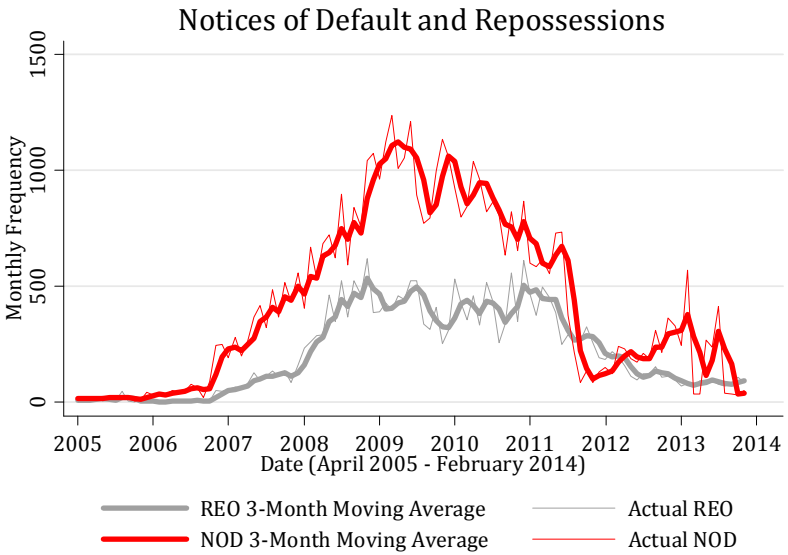
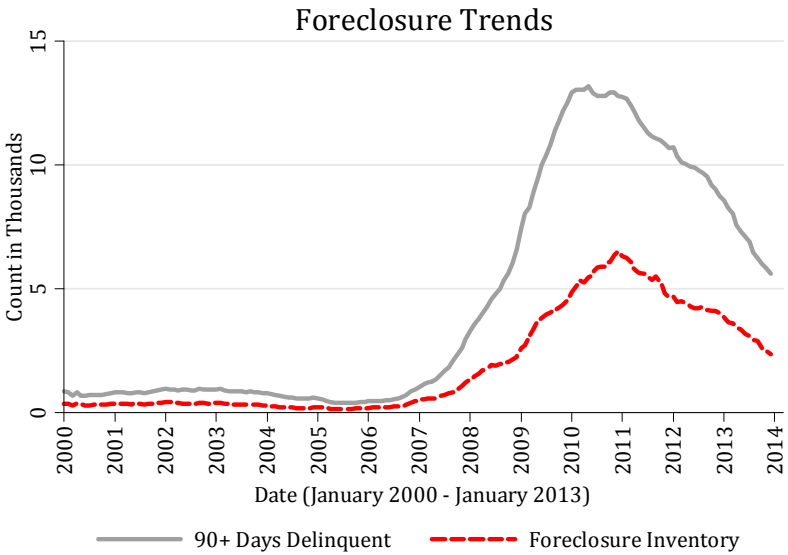


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Source: CoreLogic

Northern Trends



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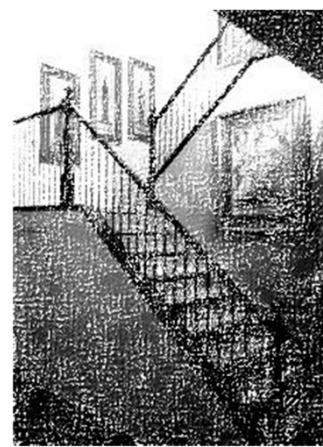
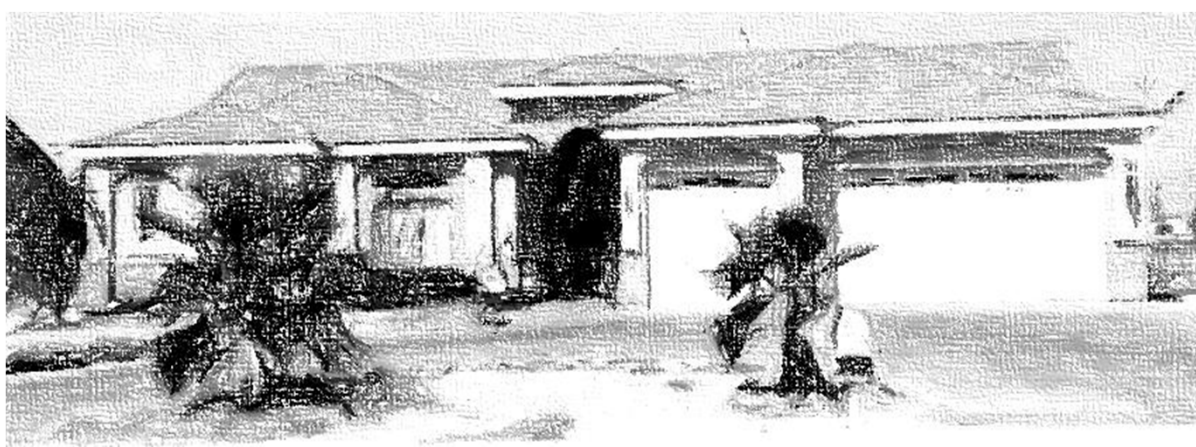
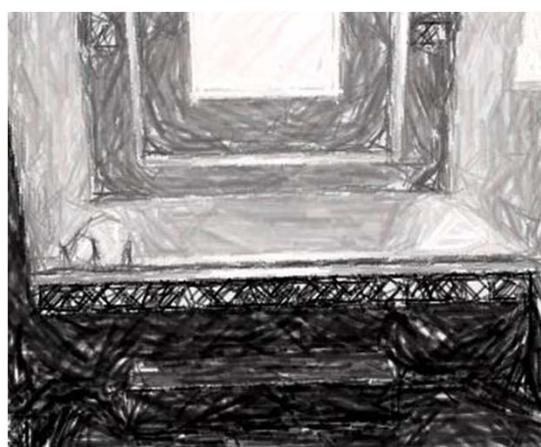
Southern Trends

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

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

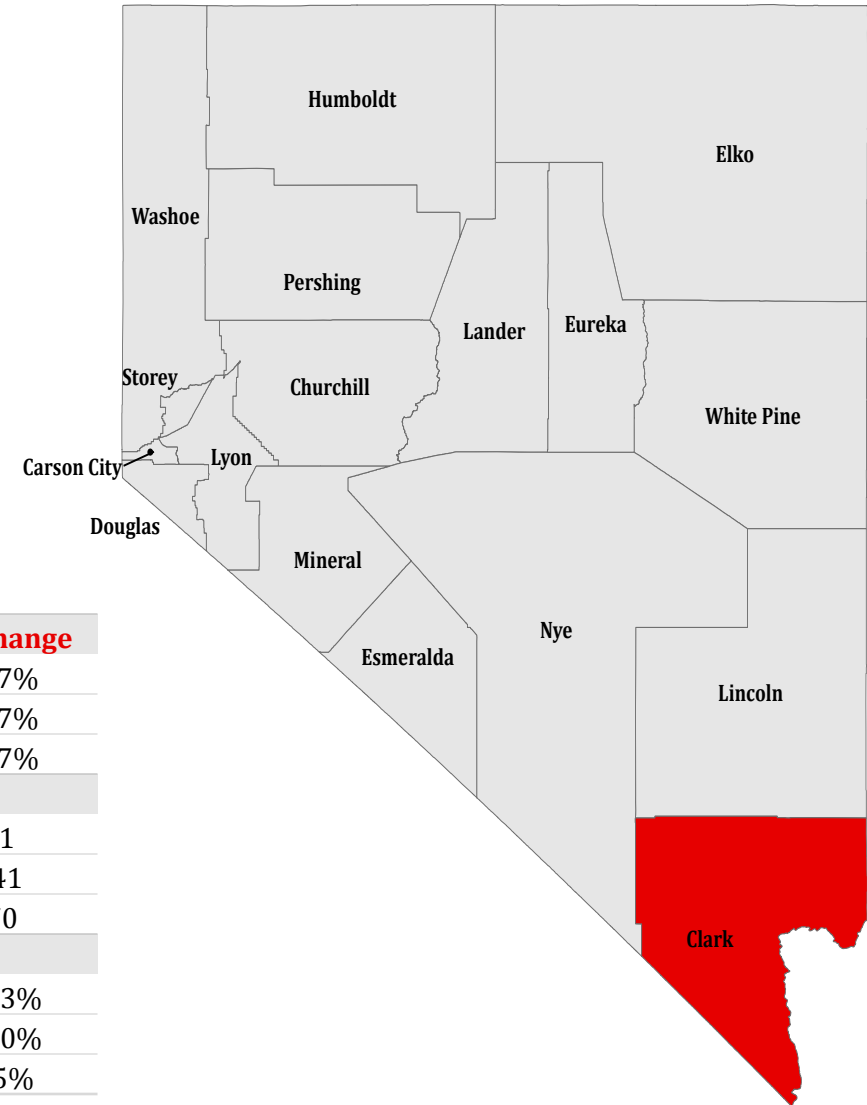
Source: U.S. Census Bureau: State and County QuickFacts

(Clark County)



Southern Trends

Compared to the prior year, home prices in the Southern counties continue to reflect average price growth. Monthly changes of the average sale price of single family homes, however, have fallen for new homes and trended negative for existing homes. Although this does not constitute definite home price depreciation, it does signal that home prices in this market are reaching equilibrium. Simultaneously, the numbers of single family home sales for both new and existing homes have fallen – in part to seasonal trends. Sales should increase relatively during the summer even though there may be fewer REO and short sales home available for sale.

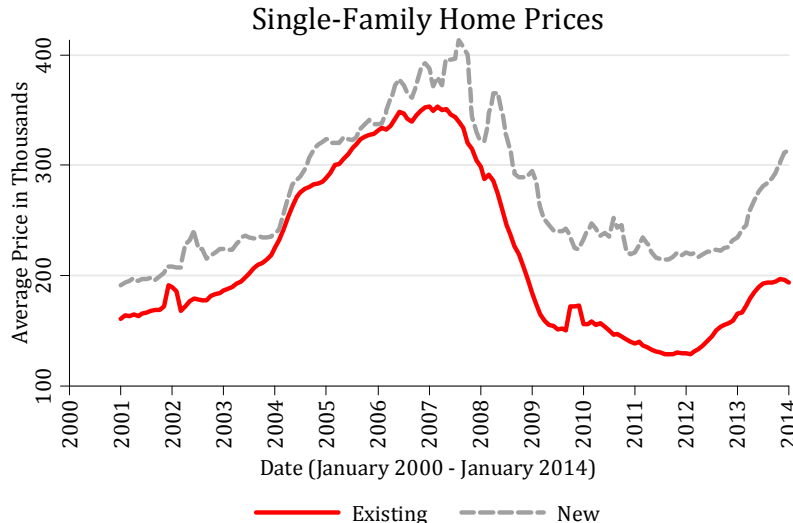


Single-Family Home Sales*	January 2014	M2M Change	Y2Y Change
New	490	-13.0%	-27.7%
Existing	3,050	-9.2%	-13.7%
Distress Share	23%	-2.3%	-36.7%
Residential Construction			
Total Starts	556	+167	-71
Single-Family	476	+115	-141
Multifamily	80	+52	+70
Average Single-Family Sales Price*			
New	\$314,832	+1.2%	+34.3%
Existing	\$193,736	-1.1%	+17.0%
Distress	\$156,429	0.0%	+8.5%

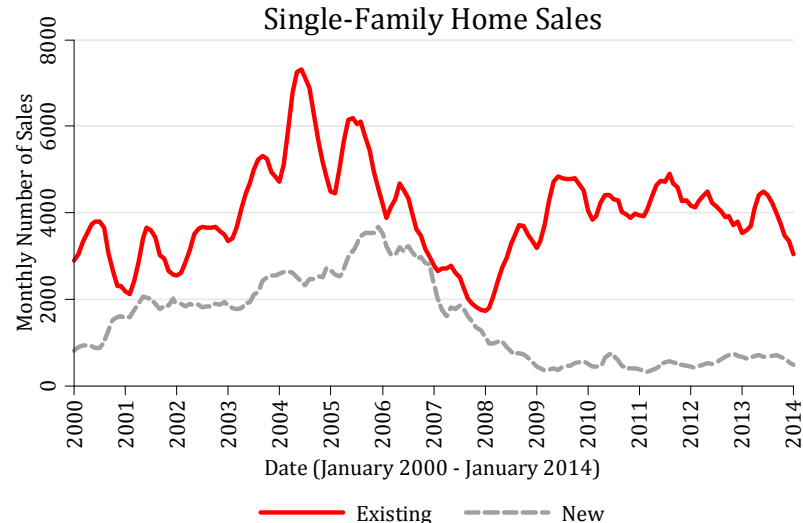
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*Figures portray Three-Month Moving Weighted Averages

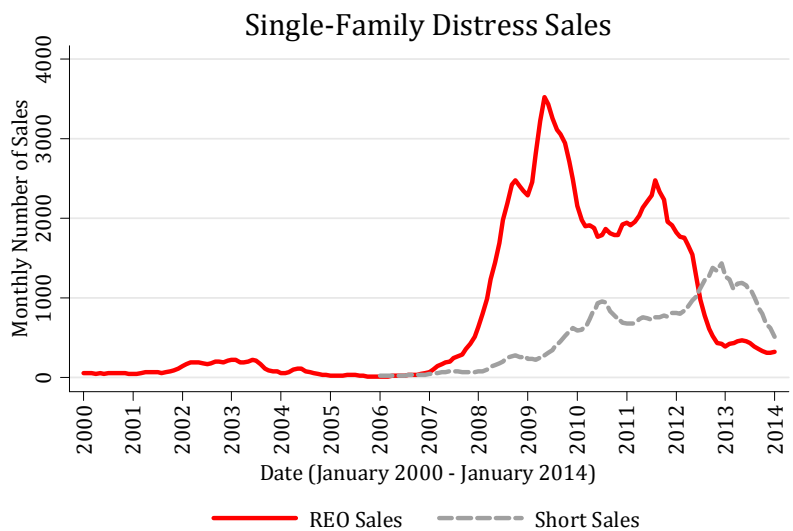
Southern Trends



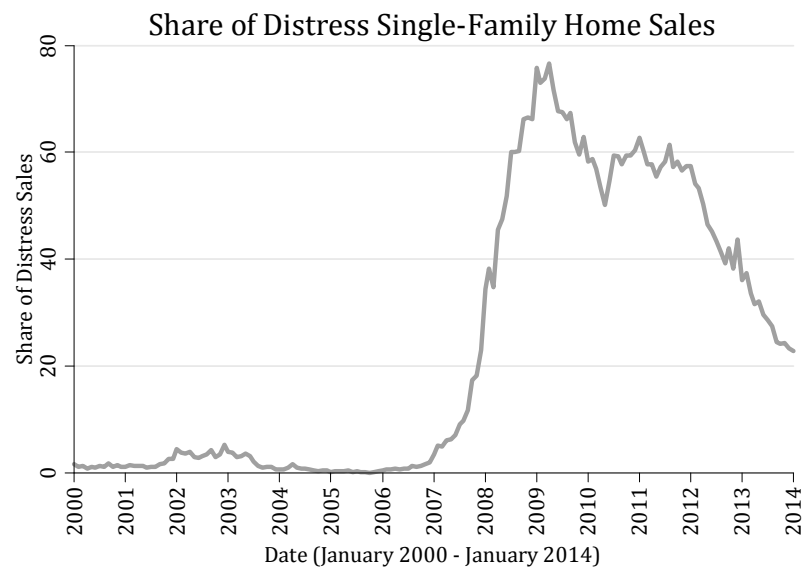
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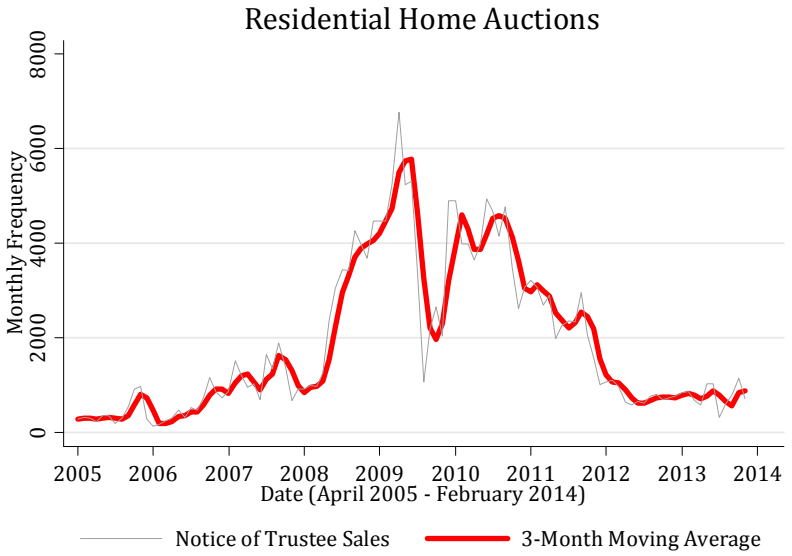
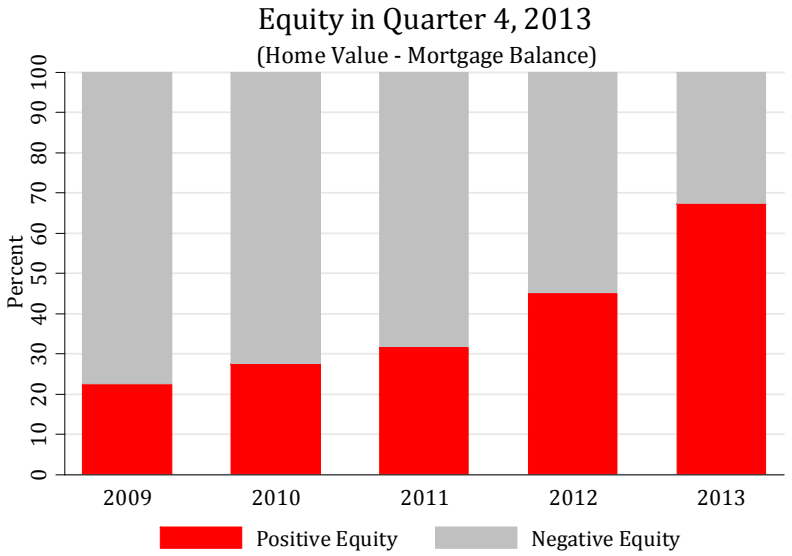
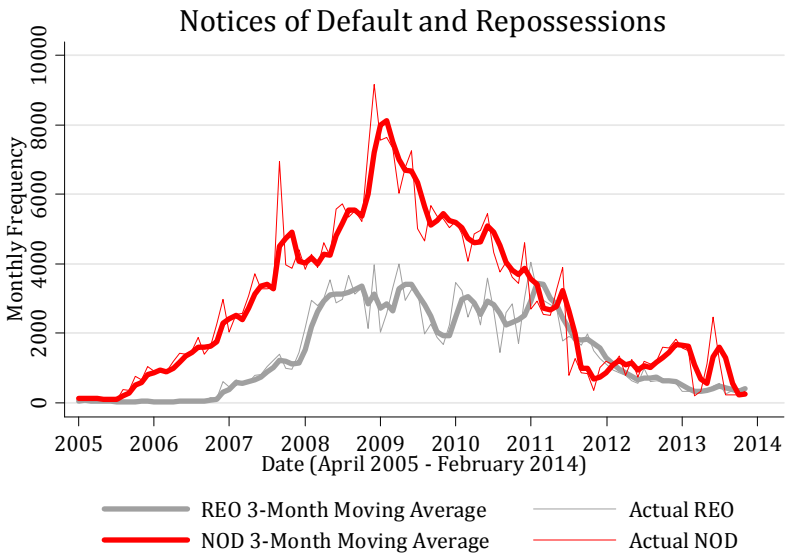
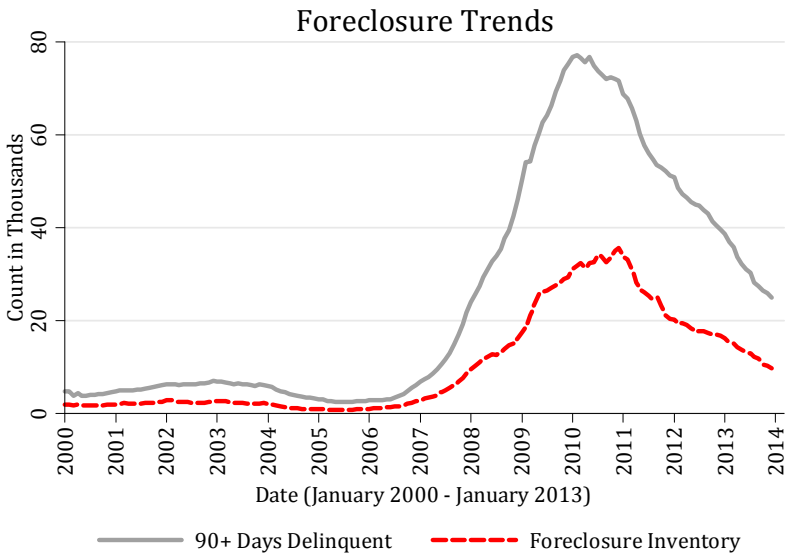


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Source: CoreLogic

Southern Trends



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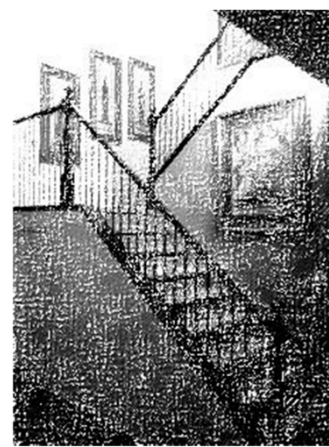
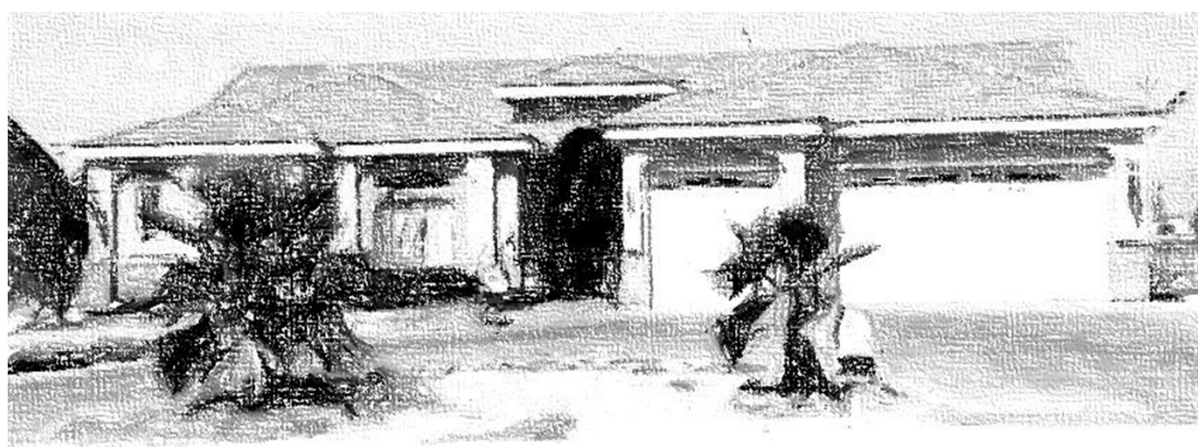
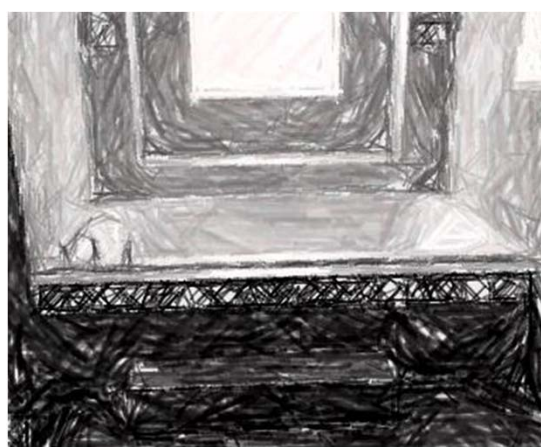
Rural Trends

Population: **146,793** in 2012

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

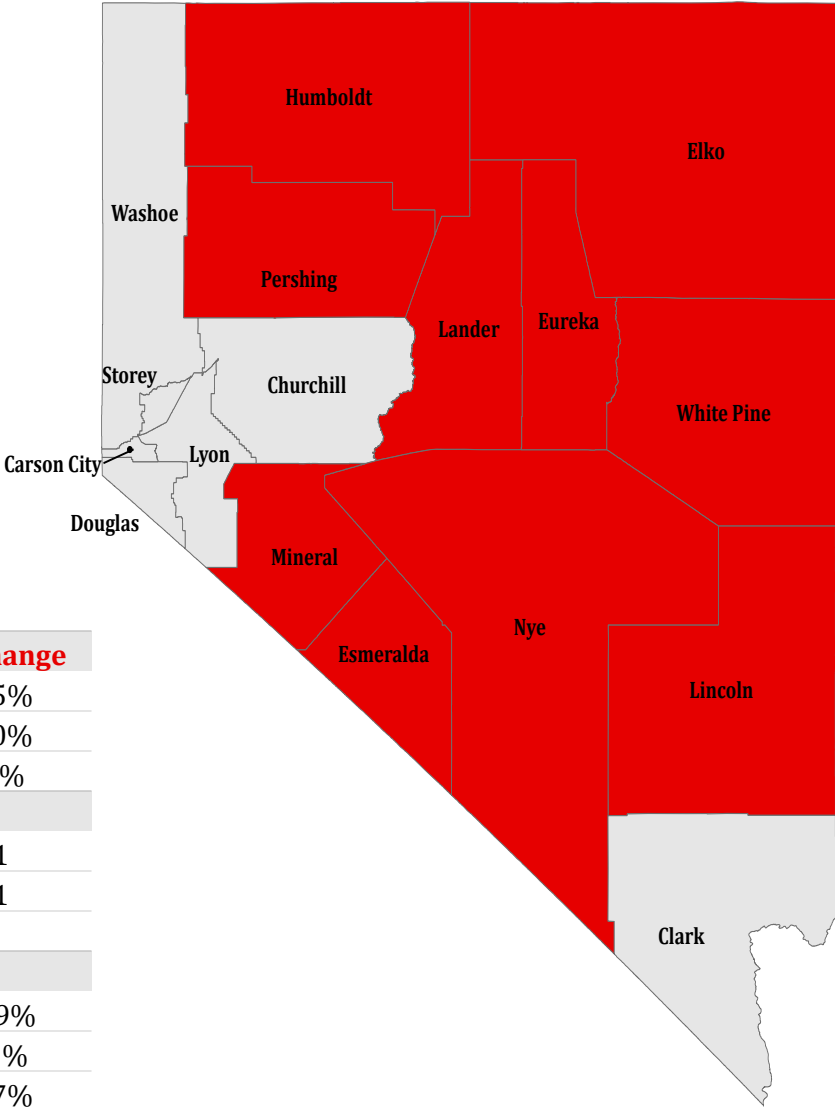
Source: U.S. Census Bureau: State and County QuickFacts

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



Rural Trends

Existing home prices in the rural counties do not vary much from one month to another. They have kept around \$120,000 plus or minus a few thousand dollars for the past 7 years. This shows some resistance to the foreclosure crises. Nevertheless, some homeowners in this market found themselves selling their homes through short sale or losing their homes through foreclosure. In January, there were fewer than 40 distress home sales, which represent approximately 20 percent of all home sales. Like the rest of Nevada, this should continue to decline along with drops in the foreclosure inventory and “shadow inventory”—the number of homeowners that are 90 days or more past due on their monthly mortgage payments.

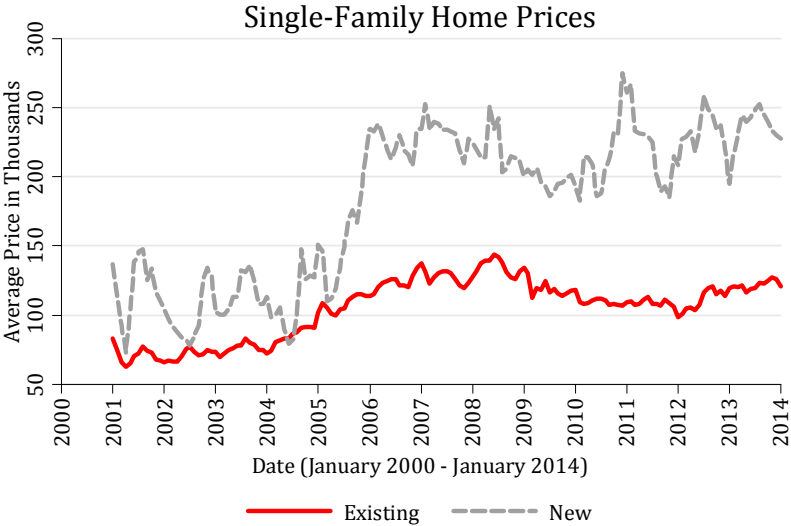


Single-Family Home Sales*	January 2014	M2M Change	Y2Y Change
New	17	-25.0%	-10.5%
Existing	141	-15.1%	-25.0%
Distress Share	19	-12.6%	-9.2%
Residential Construction			
Total Starts	8	-81	-21
Single-Family	8	-12	-21
Multifamily	0	-69	0
Average Single-Family Sales Price*			
New	\$227,656	-1.2%	+16.9%
Existing	\$121,233	-3.8%	+1.3%
Distress	\$101,218	+0.9%	-10.7%

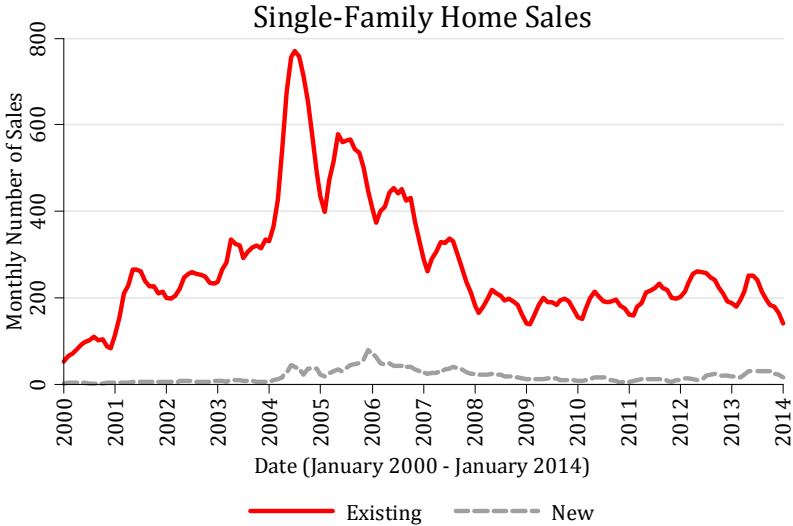
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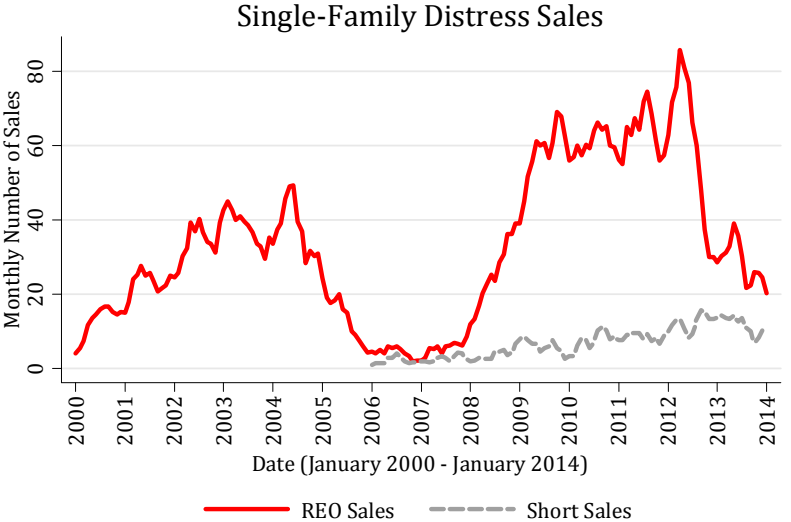
Rural Trends



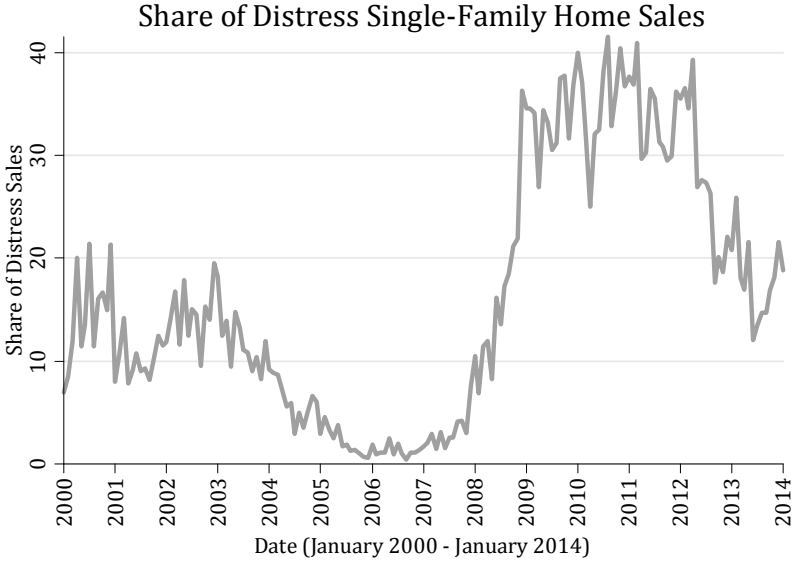
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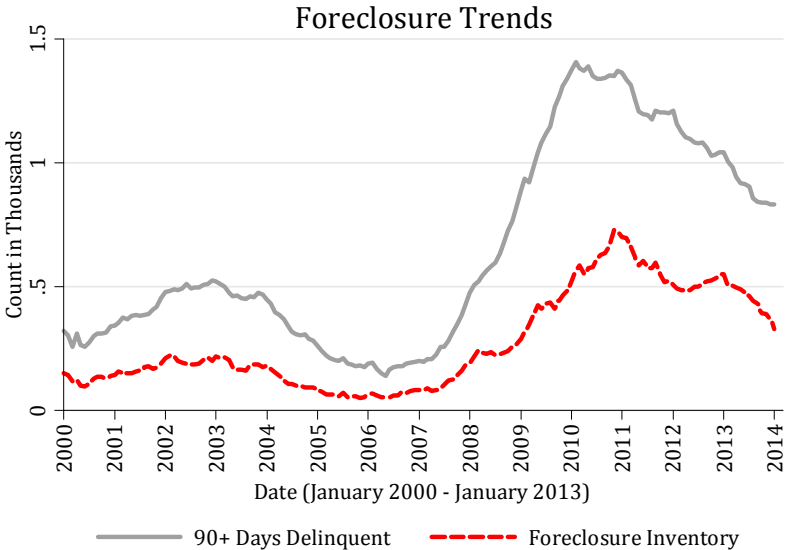


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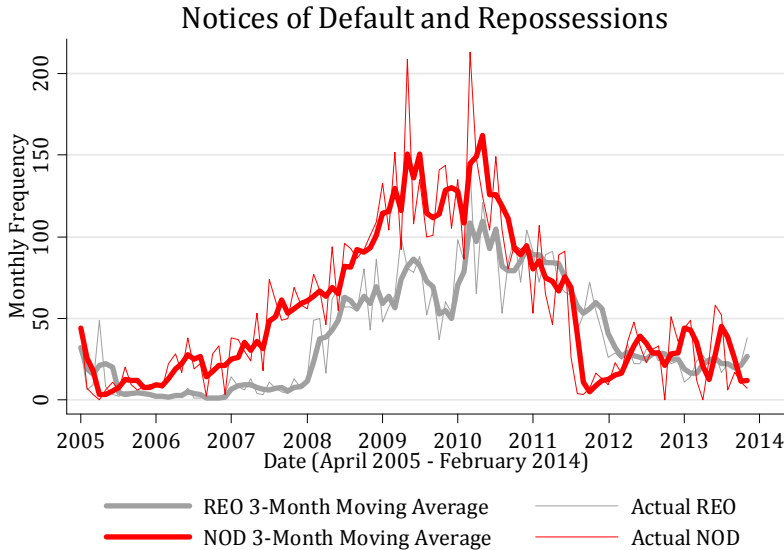


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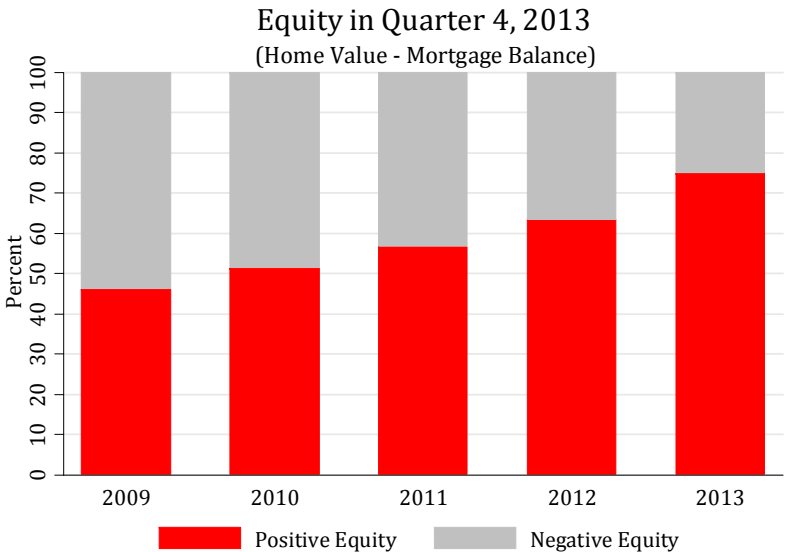
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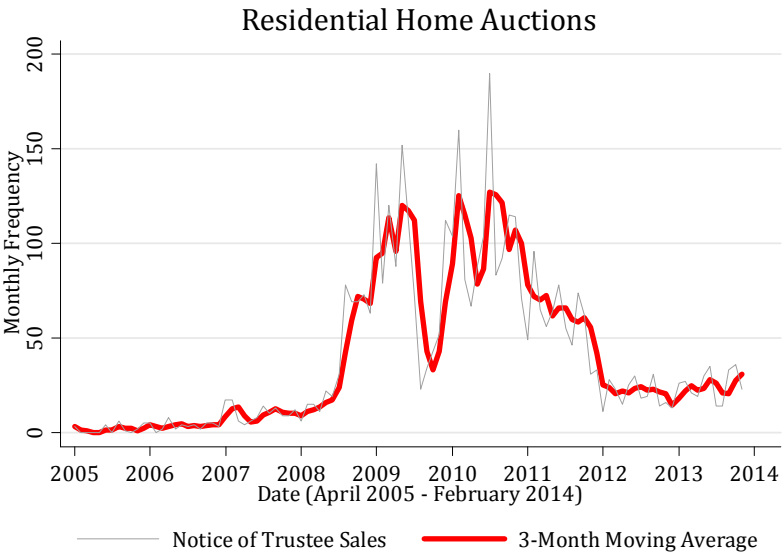
Source: CoreLogic



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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