

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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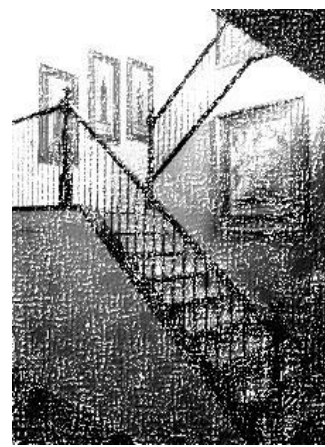
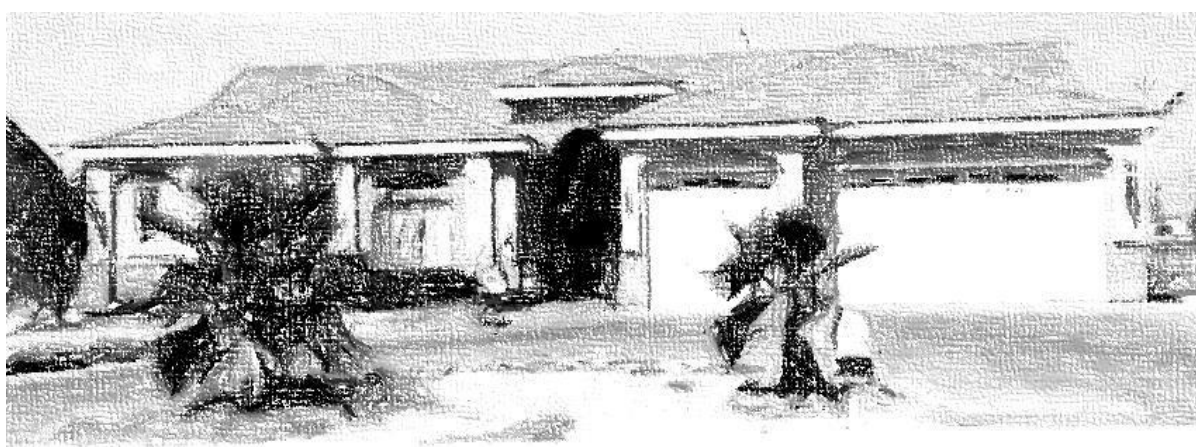
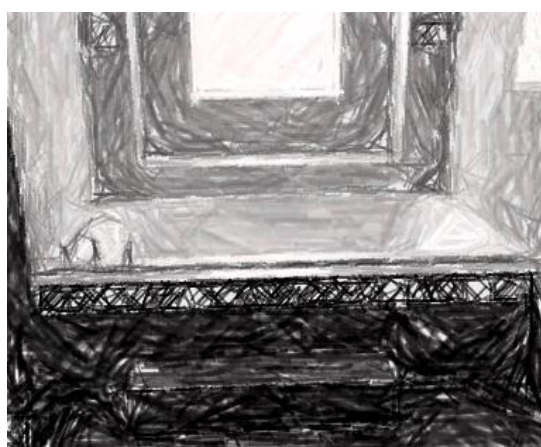
Nevada's Housing Market | June 2014

Nevada Statewide Trends

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

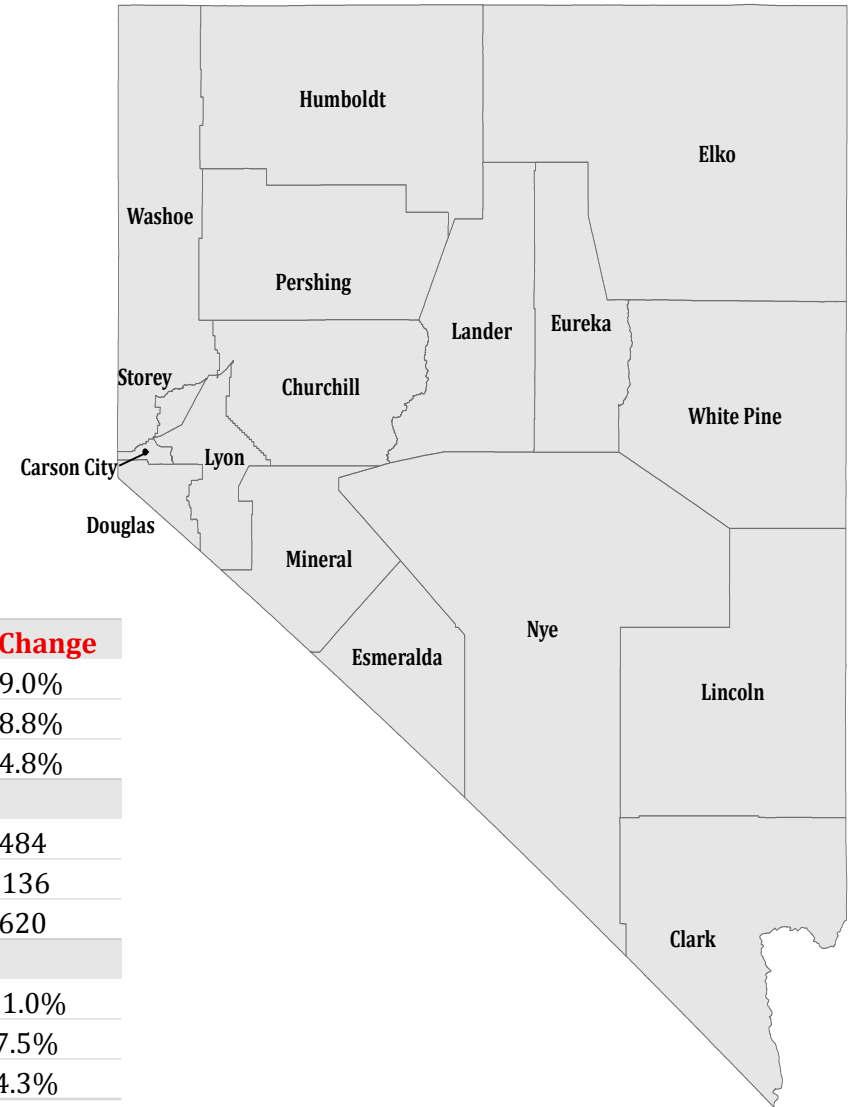
Housing Units: **1,186,879** in 2013

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



Nevada Statewide Trends

- ❑ Nevada continues to see less distress in the housing market as traditional home sales continue to increase. Throughout the entire second quarter of 2014, Nevada saw consistent increases in new and existing home sales. The share of homes with a mortgage underwater is now 26.3 percent - 3 percentage points lower than last quarter.
- ❑ Nevada, along with the rest of the United States, saw a large drop in housing affordability. This was caused by median income not increasing this quarter and home prices seeing significant increases. Affordability in Reno and Las Vegas each dropped by about 10 percentage points this quarter and the United States only dropped by about 3 percentage points this quarter. Housing affordability in Reno and Las Vegas is now nearing the National Association of Home Builders benchmark – where half the working class can afford half the homes sold on the market.

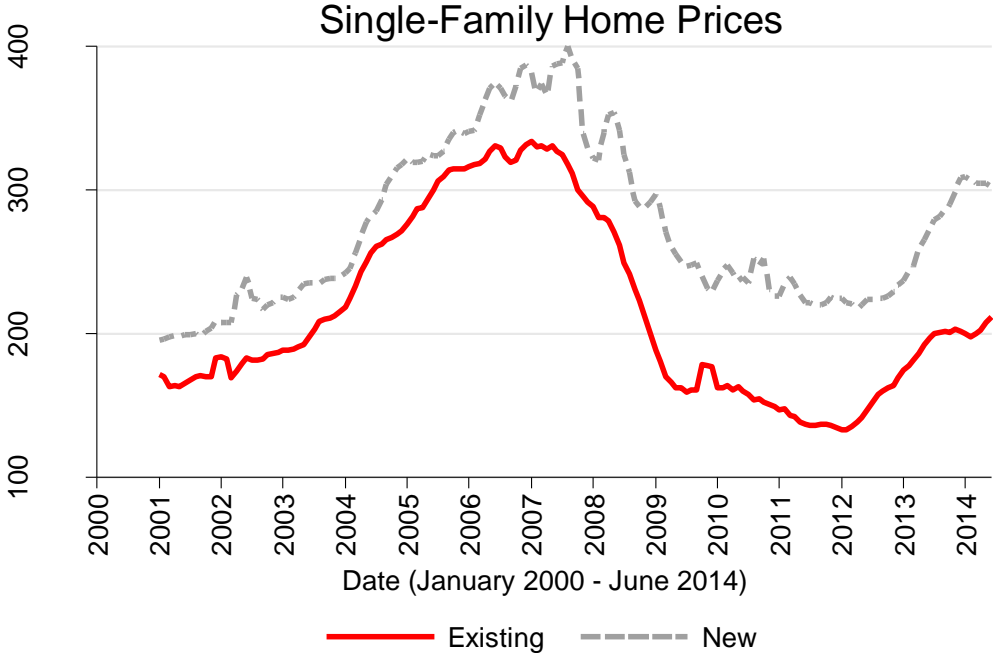


Single-Family Home Sales*	June 2014	M2M Change	Y2Y Change
New	498	+1.6%	-39.0%
Existing	4815	+1.1%	-18.8%
Distress Share	18.1%	-7.5%	-34.8%
Residential Construction			
Total Starts	1069	-71	-484
Single-Family	964	+94	+136
Multifamily	105	-165	-620
Average Single-Family Sales Price*			
New	\$301,792	-0.7%	+11.0%
Existing	\$211,249	+1.9%	+7.5%
Distress	\$164,477	+4.5%	+4.3%

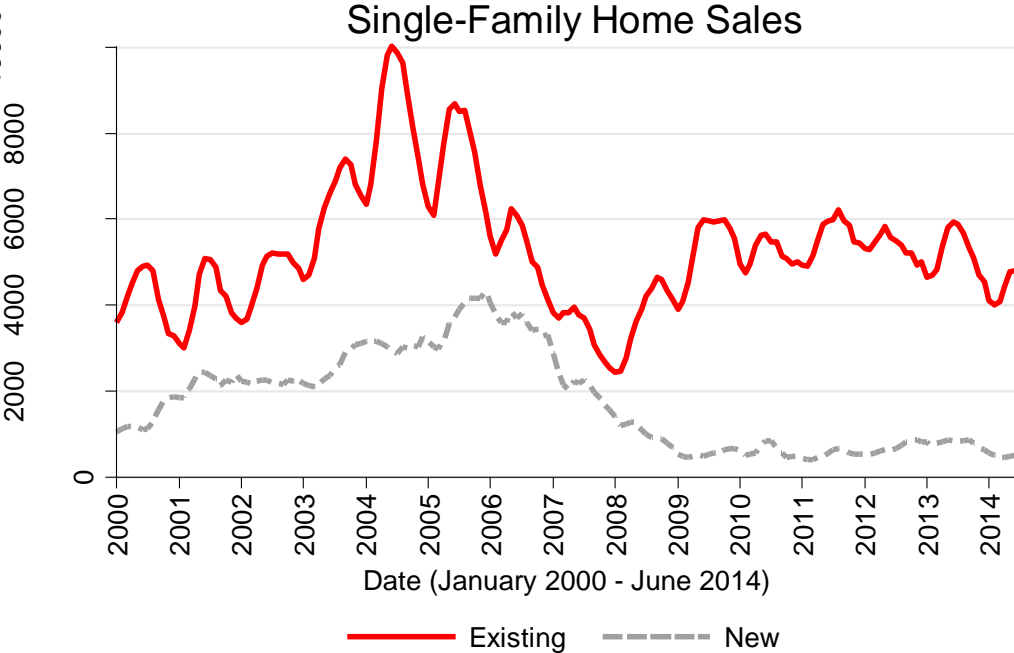
Source: Lied Institute calculations using CoreLogic Data and the *State of the Cities Data Systems* by U.S. Department of Housing and Urban Development.

*Figures portray Three-Month Moving Weighted Averages

Nevada Statewide Trends



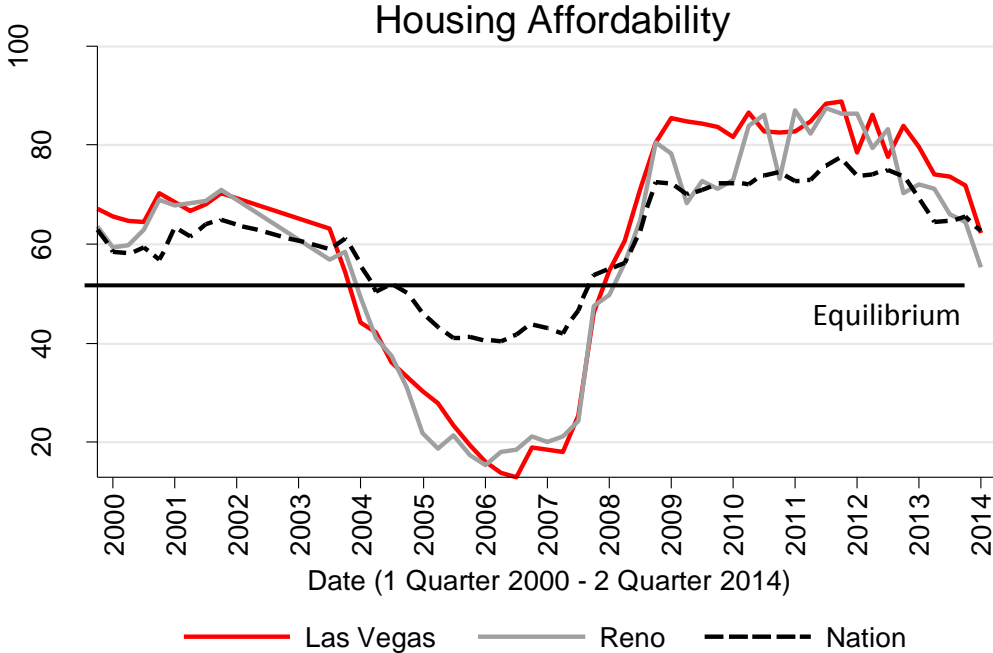
Source: CoreLogic
 Note: Series are 3-month weighted moving averages.



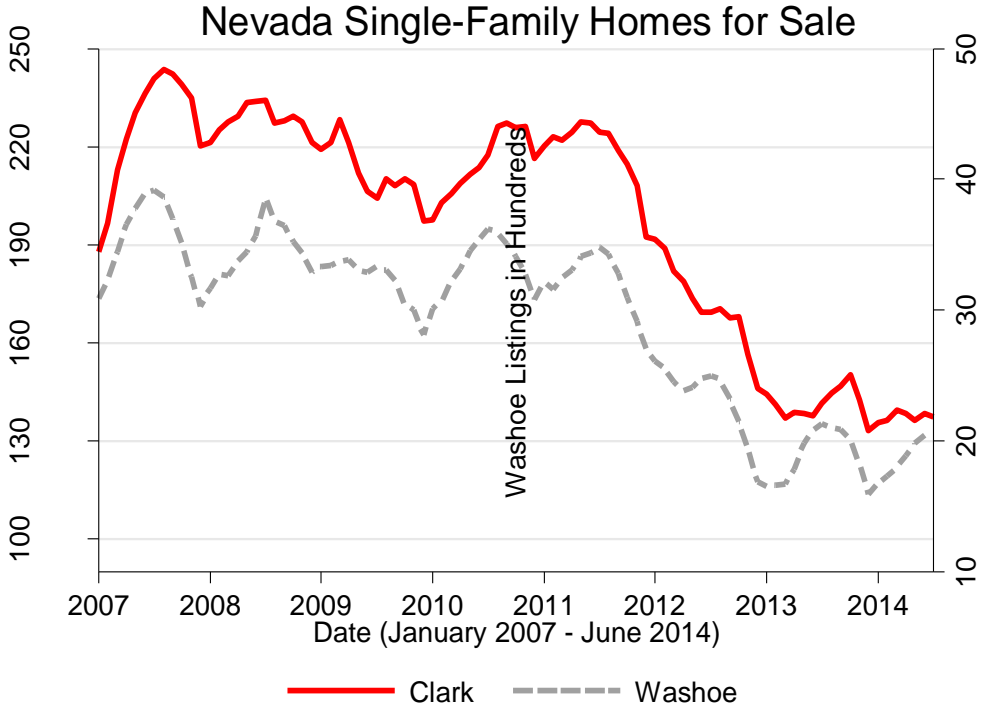
Source: CoreLogic
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The Single-Family Home Prices figure above shows the three-month moving average price of existing homes and new homes. Existing homes are single family homes that were exchanged from one private owner to another. This includes homes 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



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

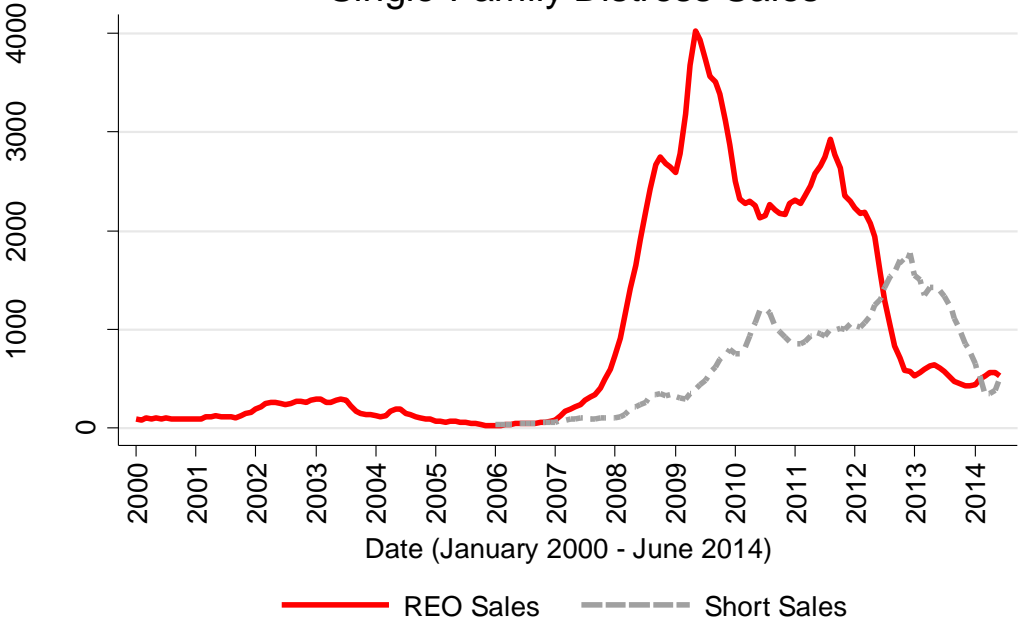


Source: Greater Las Vegas Association of Realtors and UNR's Center for Regional Studies

The Housing Affordability figure shows the proportion of home sales that could have been bought by borrowers earning at least the local median income, with a conventional loan. 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.

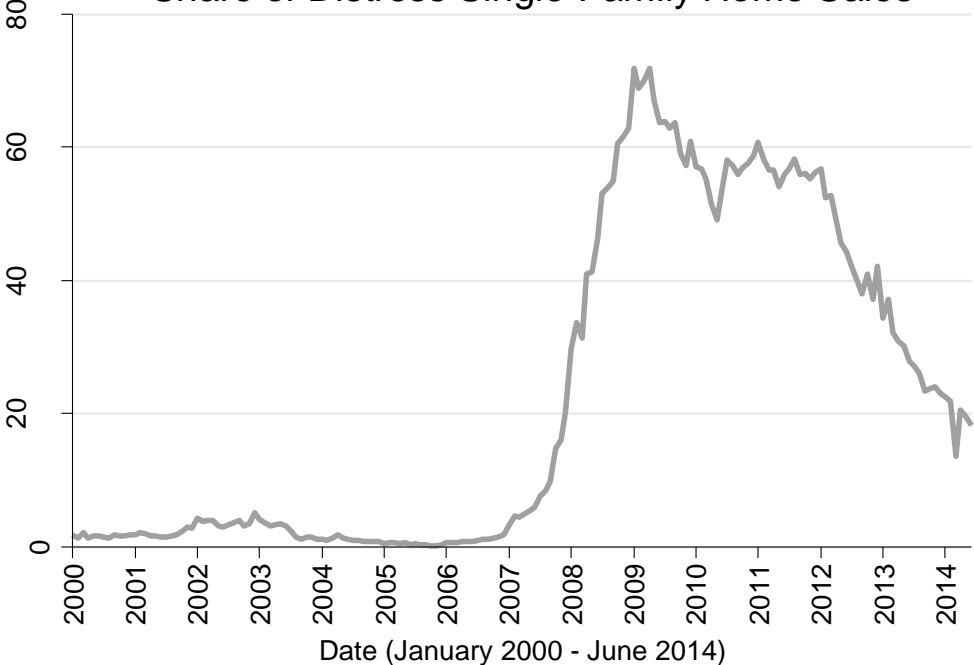
Nevada Statewide Trends

Single-Family Distress Sales



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

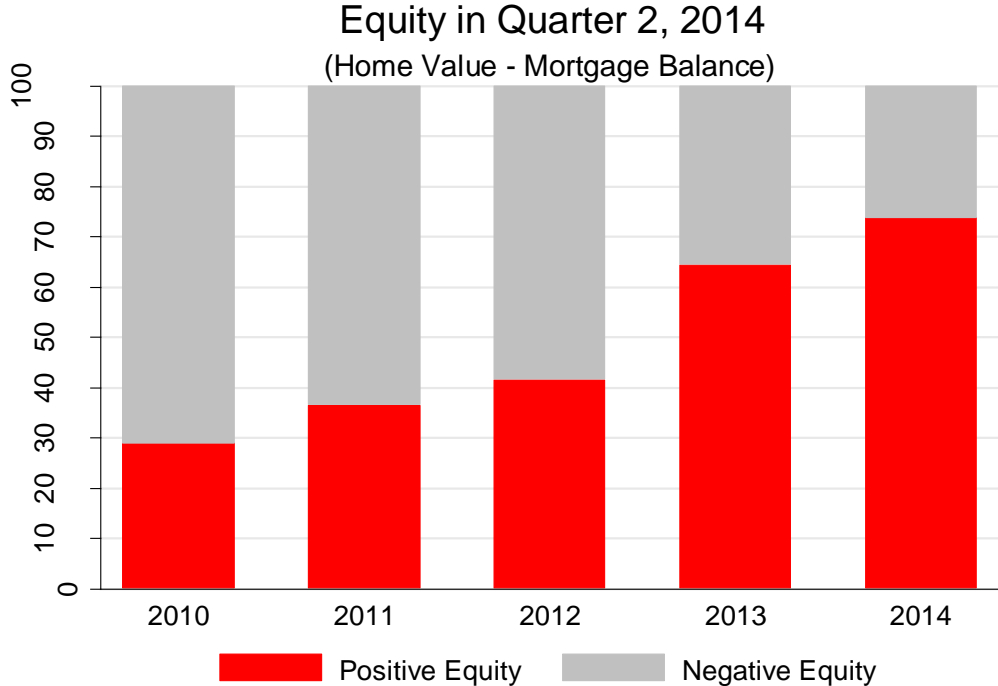
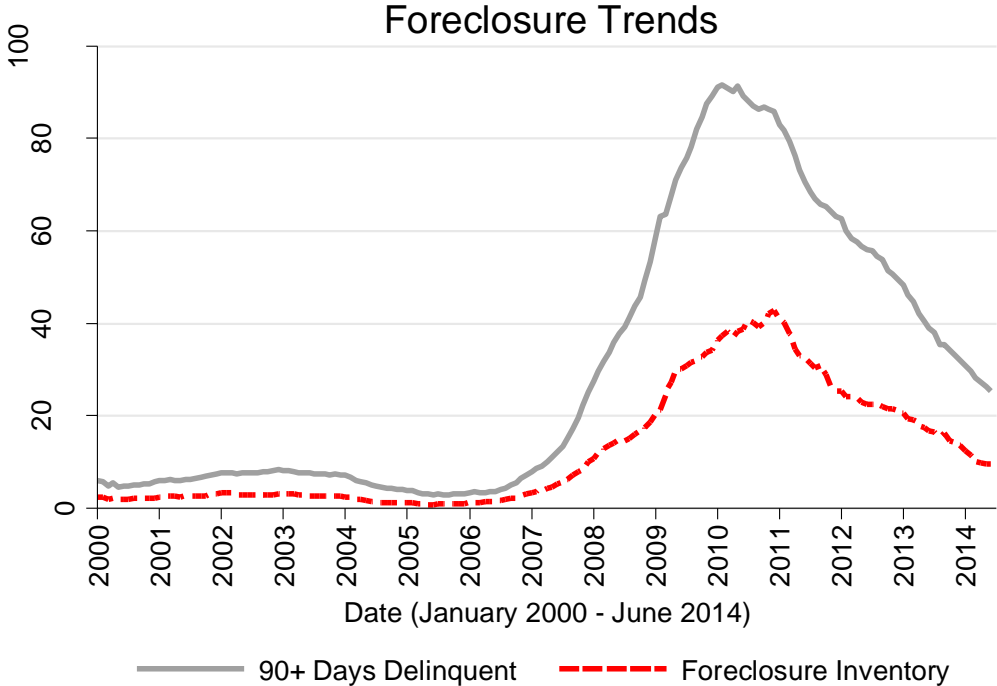
Share of Distress Single-Family Home Sales



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



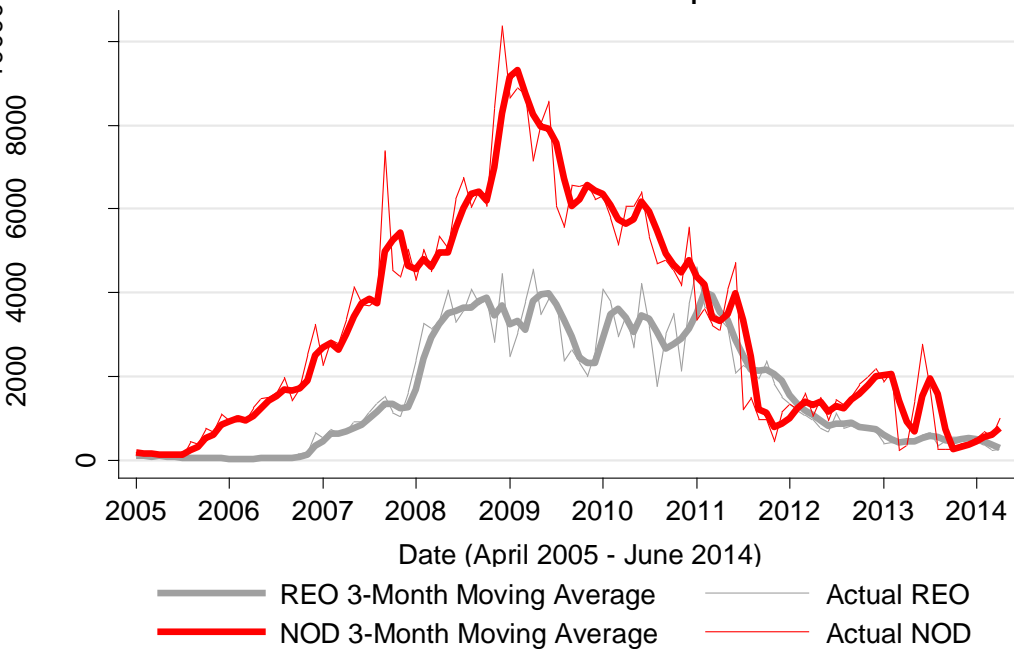
Source: CoreLogic

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.

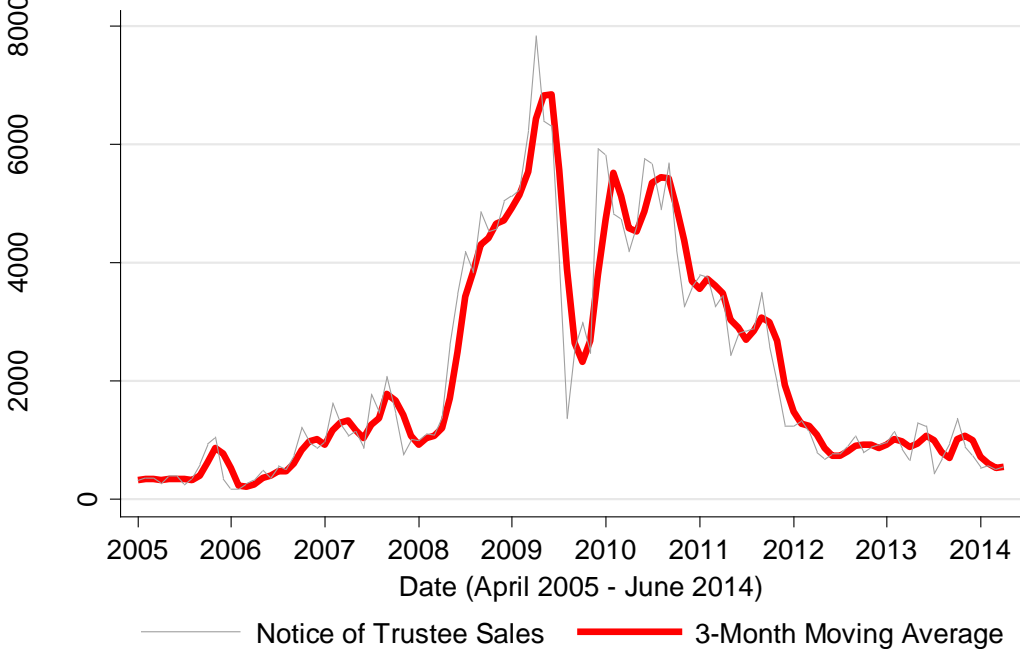
Nevada Statewide Trends

Notices of Default and Repossessions



Source: RealtyTrac

Residential Home Auctions



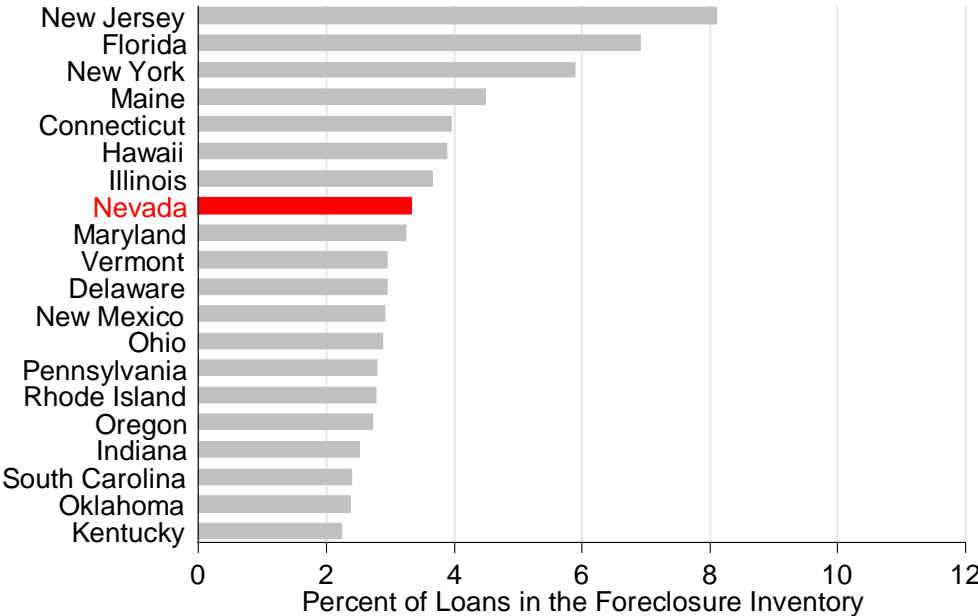
Source: RealtyTrac

These two figures are based on 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

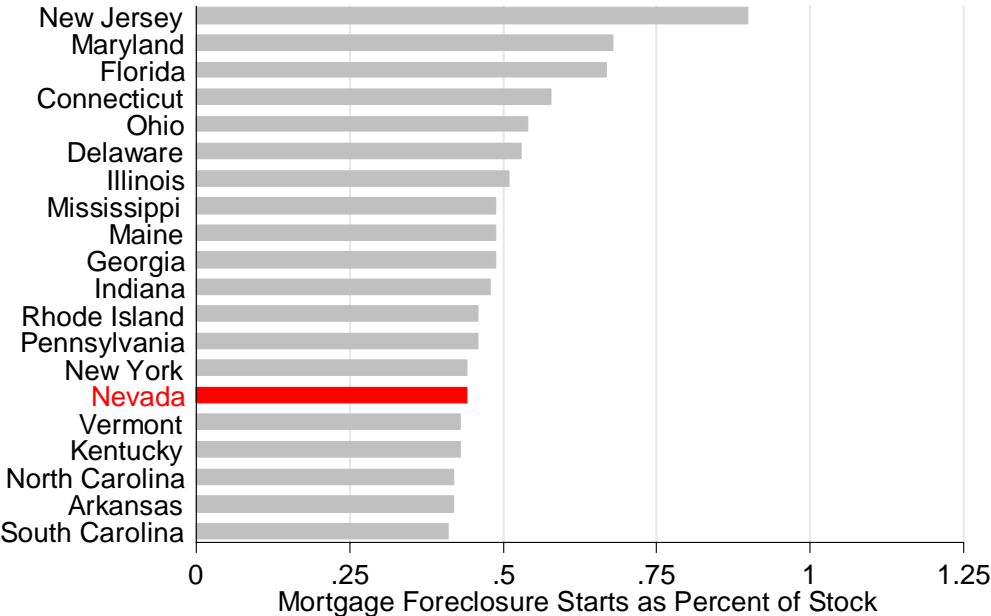
2nd Quarter 2014



Source: Mortgage Bankers Association's National Delinquency Survey

Top 20 States in Foreclosure Starts

2nd Quarter 2014



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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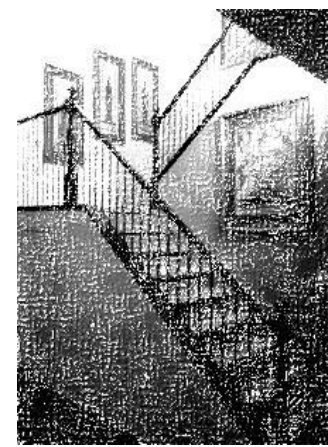
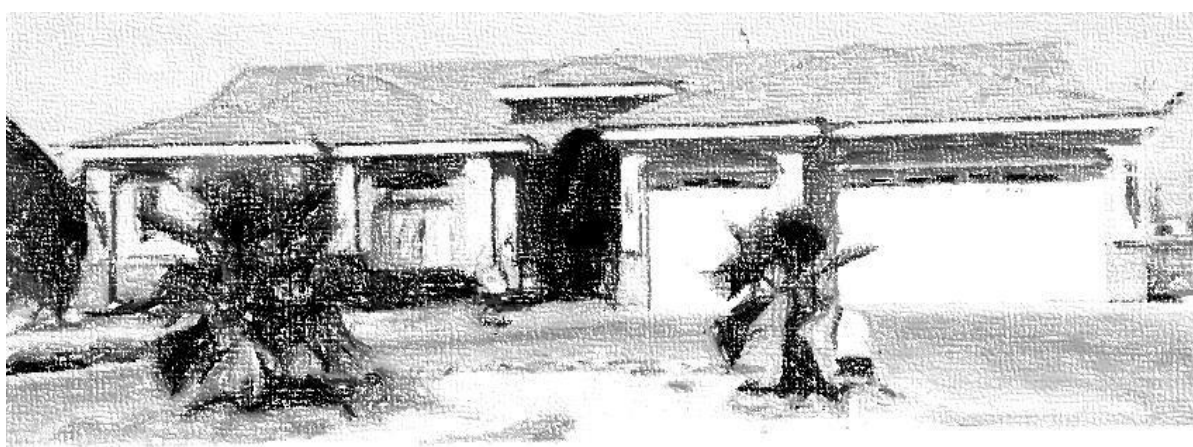
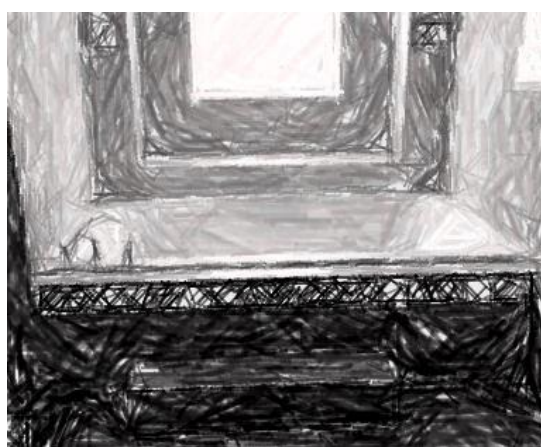
Northern Trends

Population: **614,491** in 2013

Housing Units: **267,161** in 2013

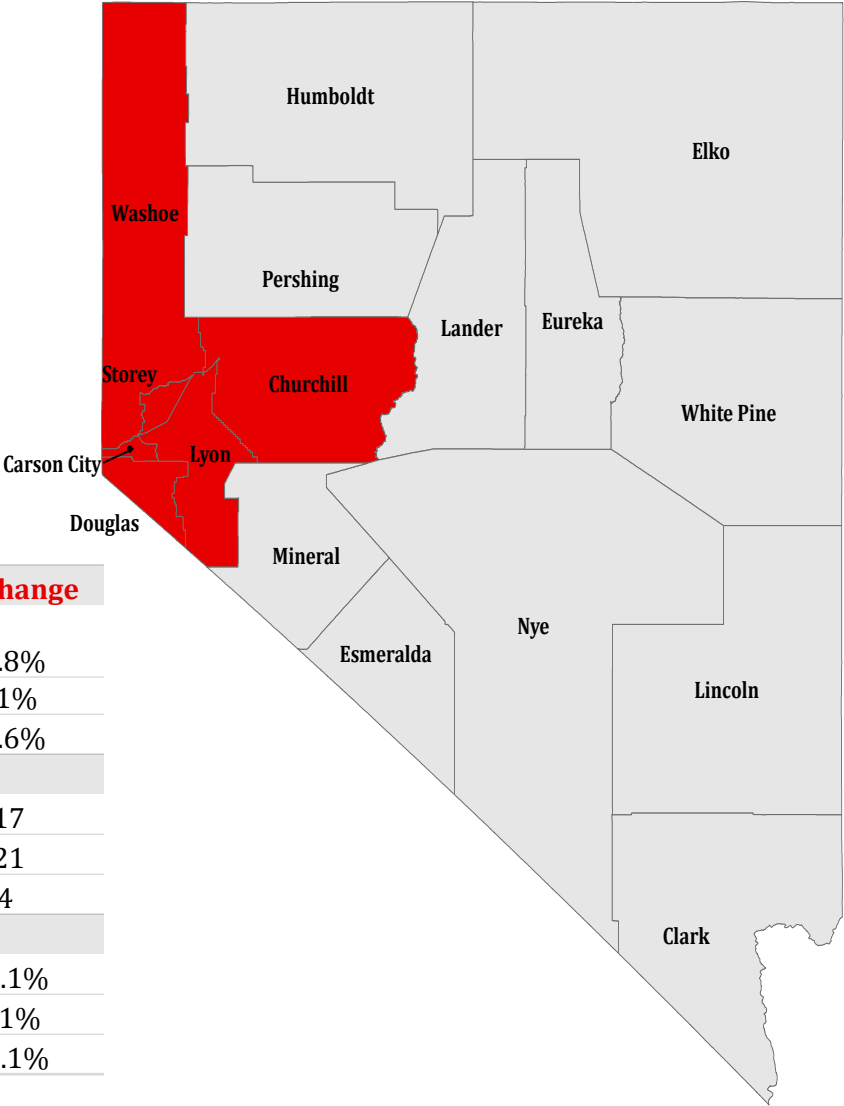
Source: U.S. Census Bureau: State and County QuickFacts

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



Northern Trends

- ❑ Northern Nevada performed much better than the state average in terms of distress for the month of June 2014. The share of homes sold under distress decreased by 18.2 percent from May 2014 to June 2014, and is down over 41 percent year over year. The percentage of homeowners underwater also decreased by over 3 percent and is now at 19.2 percent – the lowest of any region in Nevada.
- ❑ New home prices decreased each month of the second quarter of 2014 in Northern Nevada. However, new home prices only decreased a modest amount each month and new homes are still priced over \$25,000 more than Southern Nevada. New home prices are also up 23.1 percent year over year – much more than any other region in Nevada.

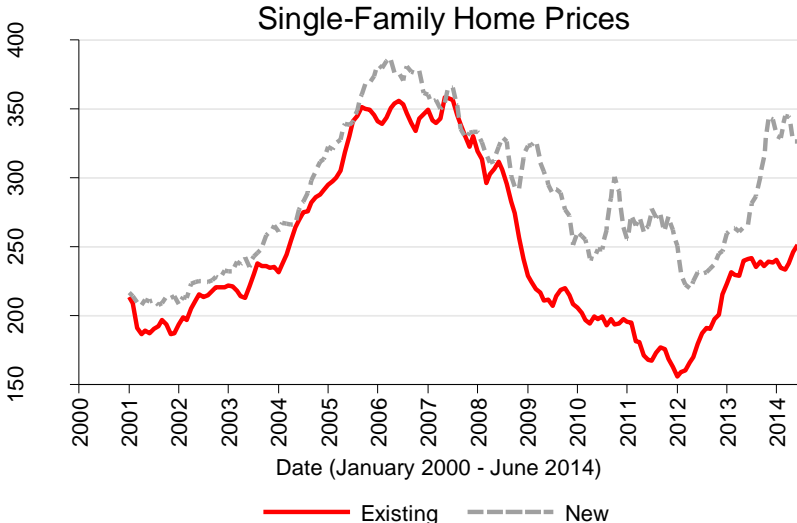


Single-Family Home Sales*	June 2014	M2M Change	Y2Y Change
New	100	-4.5%	-11.8%
Existing	1034	+1.8%	-9.1%
Distress Share	14.3%	-18.2%	-41.6%
Residential Construction			
Total Starts	261	+40	+17
Single-Family	195	+40	+21
Multifamily	66	+0	-4
Average Single-Family Sales Price*			
New	\$325,905	-0.2%	+23.1%
Existing	\$250,863	+2.0%	+4.1%
Distress	\$189,653	+4.0%	+12.1%

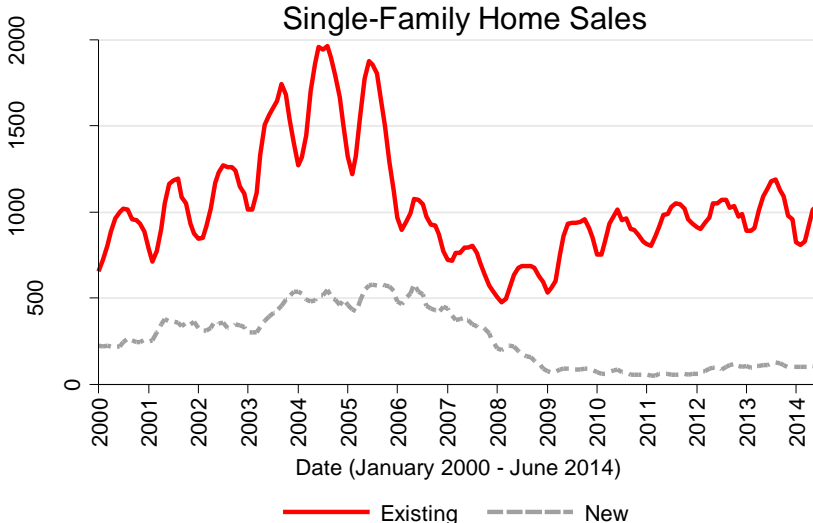
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*Figures portray Three-Month Moving Weighted Averages

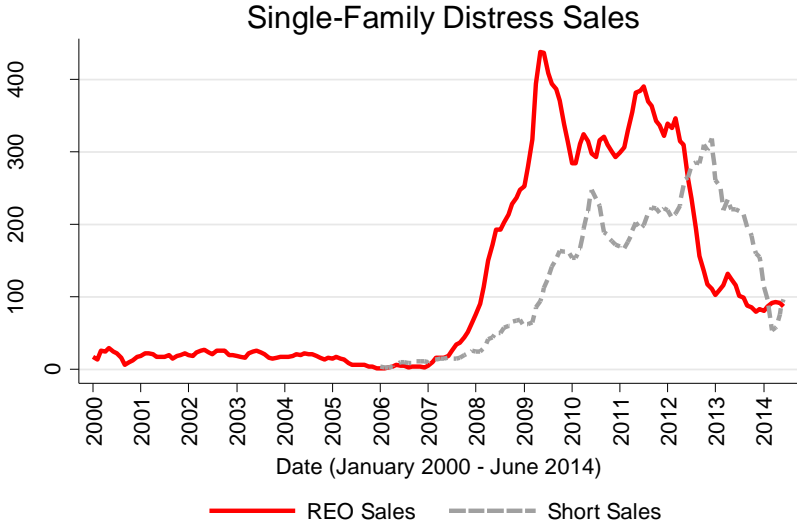
Northern Trends



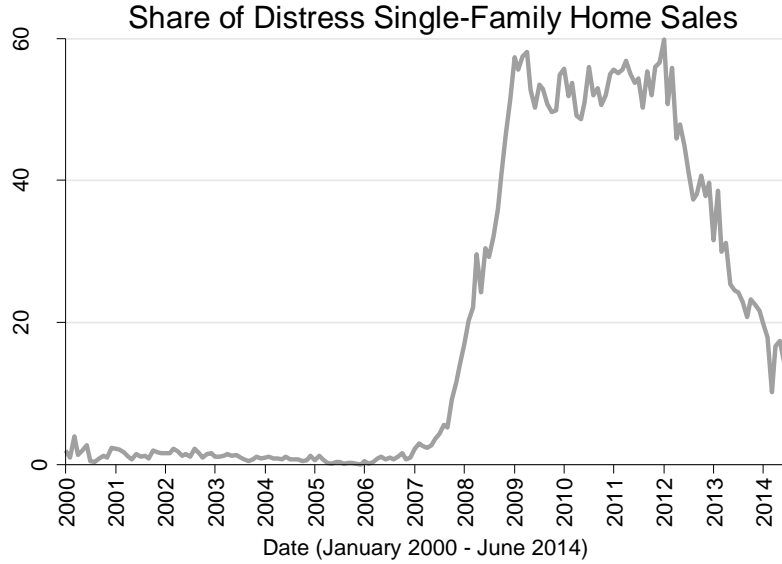
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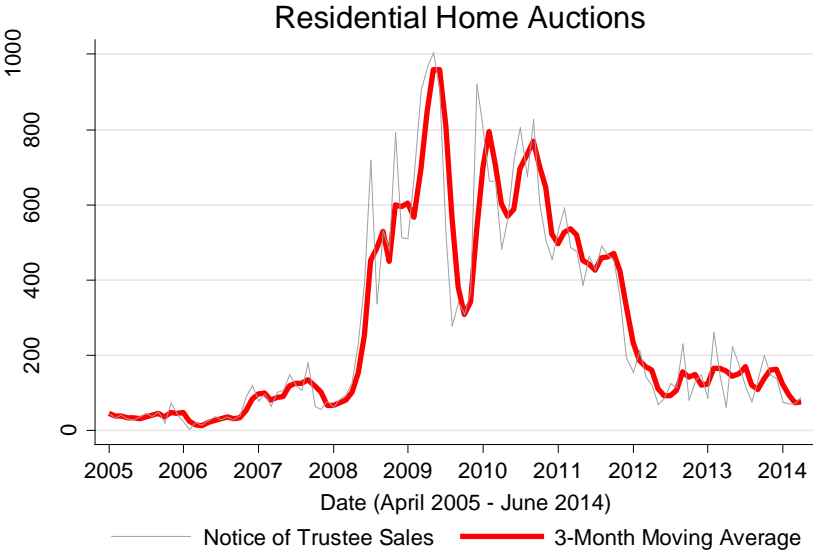
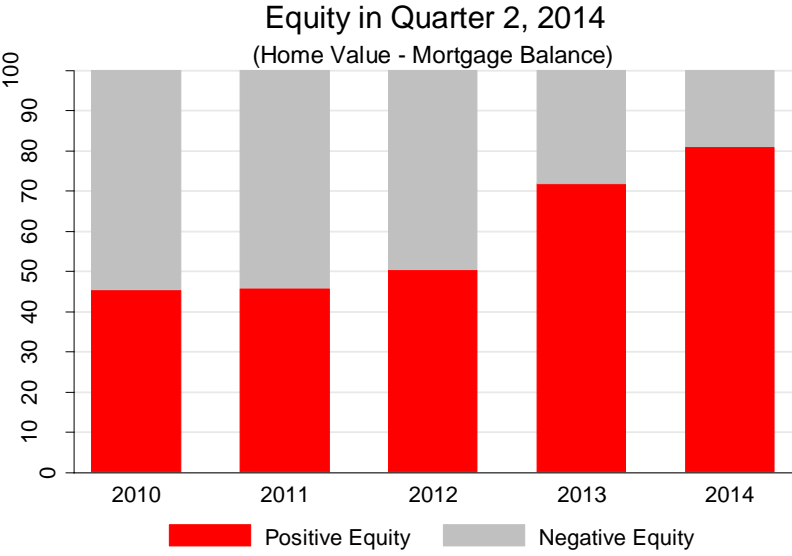
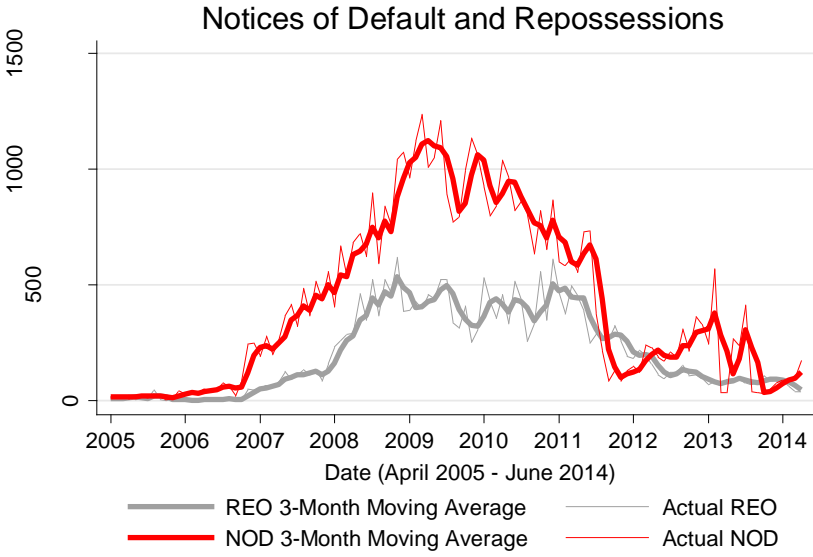
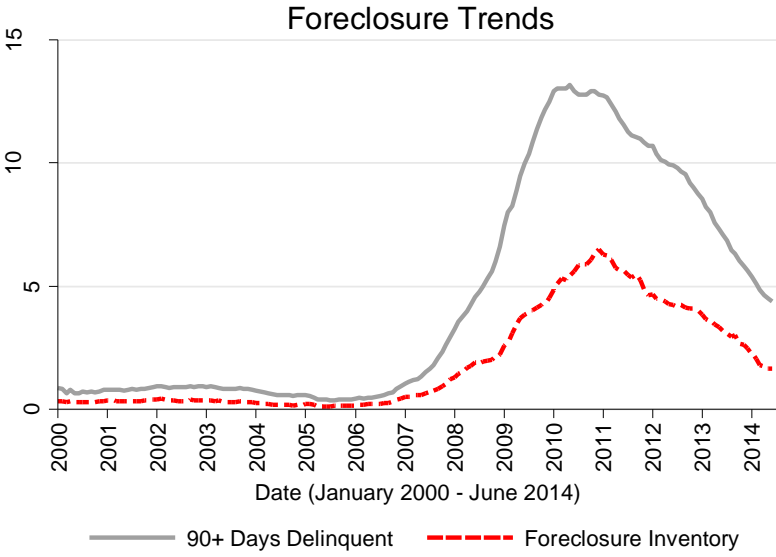


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Source: CoreLogic

Northern Trends



Nevada's Housing Market | June 2014

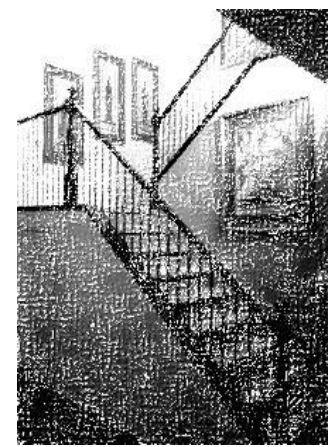
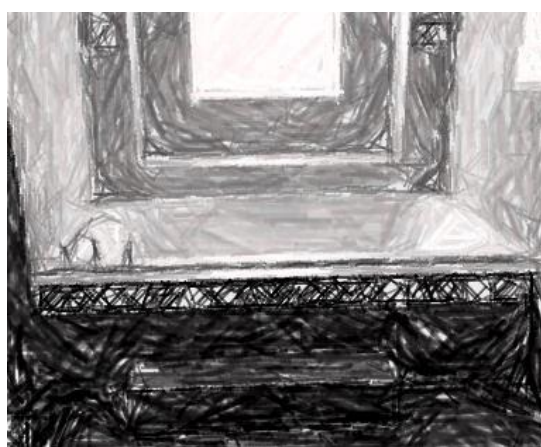
Southern Trends

Population: **2,027,868** in 2013

Housing Units: **854,089** in 2013

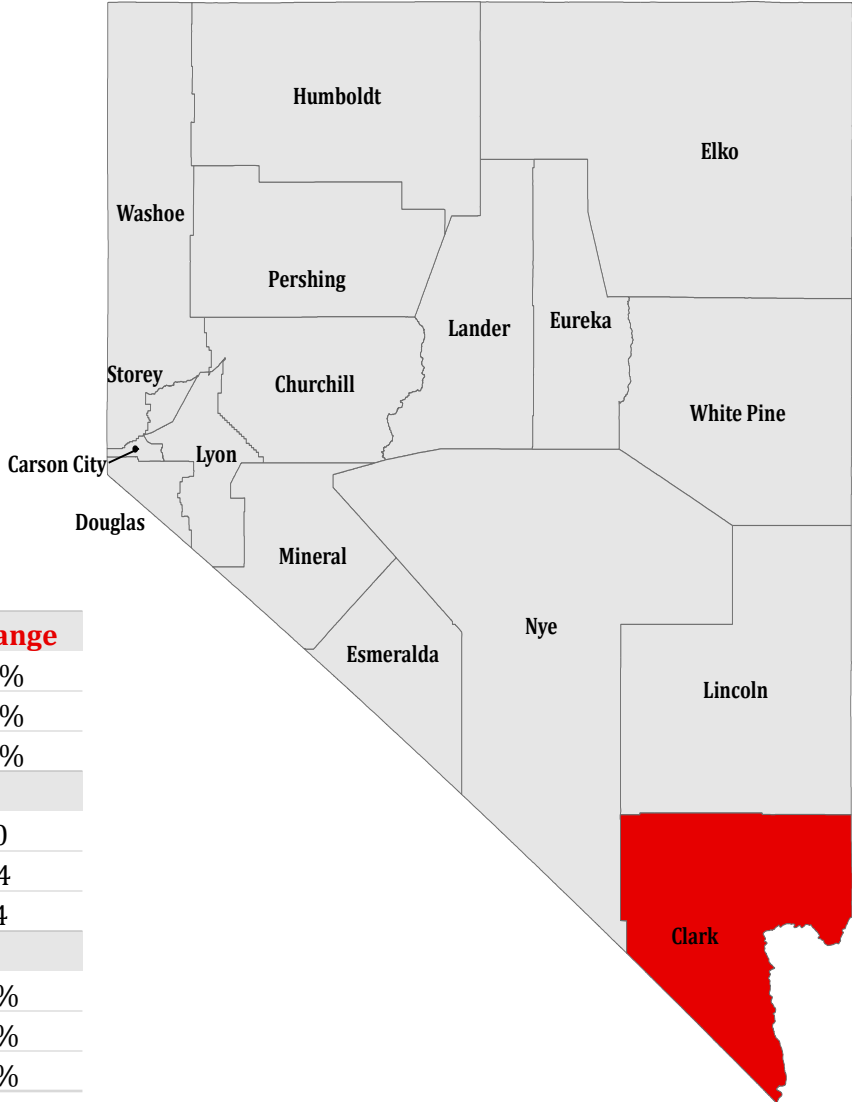
Source: U.S. Census Bureau: State and County QuickFacts

(Clark County)



Southern Trends

- ❑ New single-family start ups and new home sales increased each month during the second quarter of 2014 for Southern Nevada. Southern Nevada is the only region in Nevada that sees consistent growth in the new single-family home market. New home prices still remain relatively stable as home prices only dropped by 1 percent this month.
- ❑ Southern Nevada did not see the large drop in distress share that the rest of the state saw. The share of homes sold under distress in Southern Nevada only decreased 3 percent this month, and is still near 20 percent.
- ❑ New and existing home prices remain stable in Southern Nevada. Distress home prices saw a significant month to month increase for the first time in over a year.

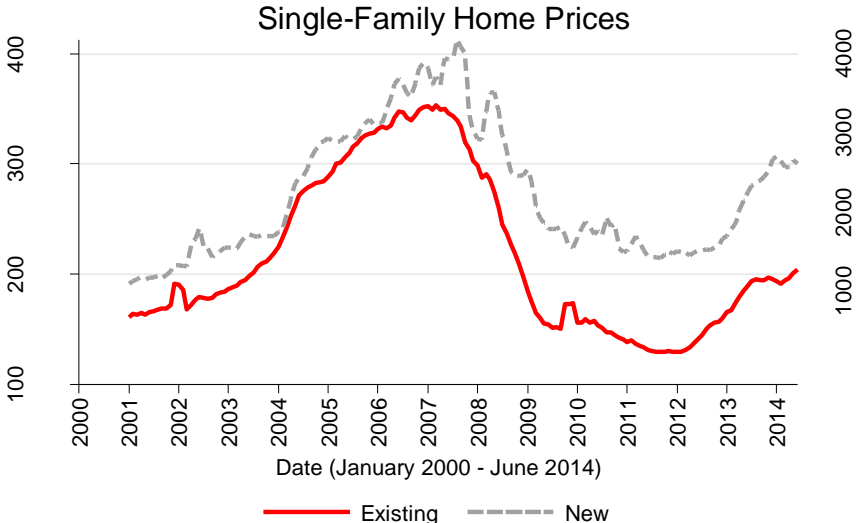


Single-Family Home Sales*	June 2014	M2M Change	Y2Y Change
New	380	+4.2%	-43.7%
Existing	3583	+0.8%	-20.5%
Distress Share	19.5%	-3.0%	-34.3%
Residential Construction			
Total Starts	786	-112	-490
Single-Family	747	+53	+124
Multifamily	39	-165	-614
Average Single-Family Sales Price*			
New	\$300,194	-1.0%	+9.4%
Existing	\$204,054	+1.7%	+7.5%
Distress	\$162,563	+4.7%	+3.5%

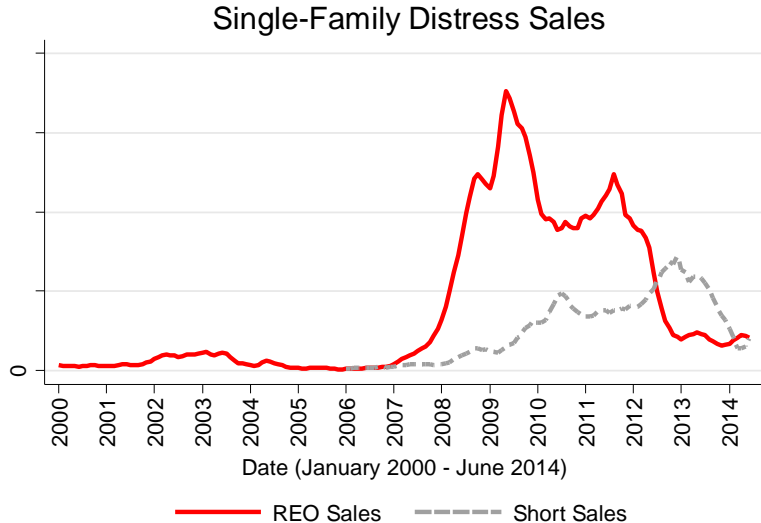
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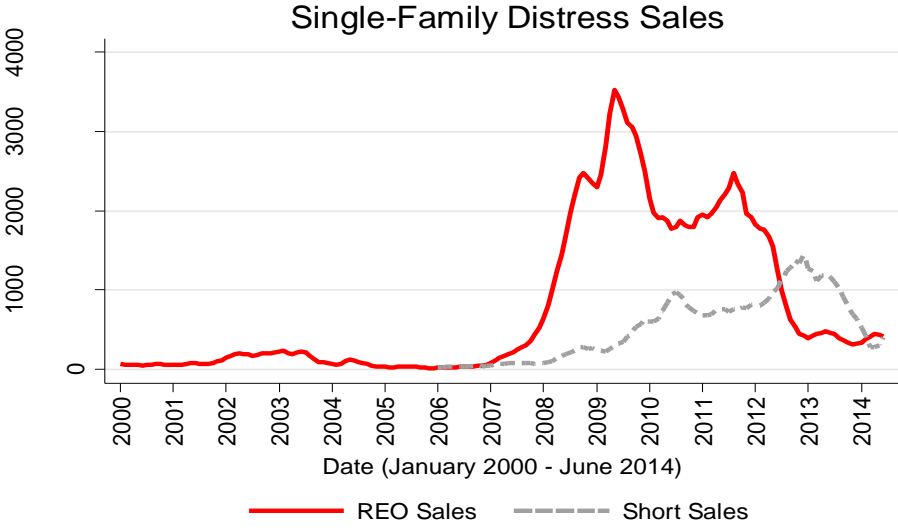
Southern Trends



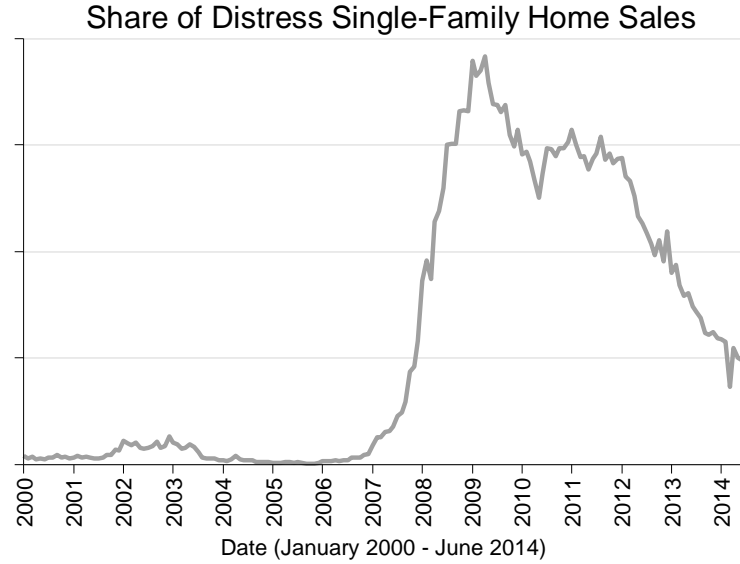
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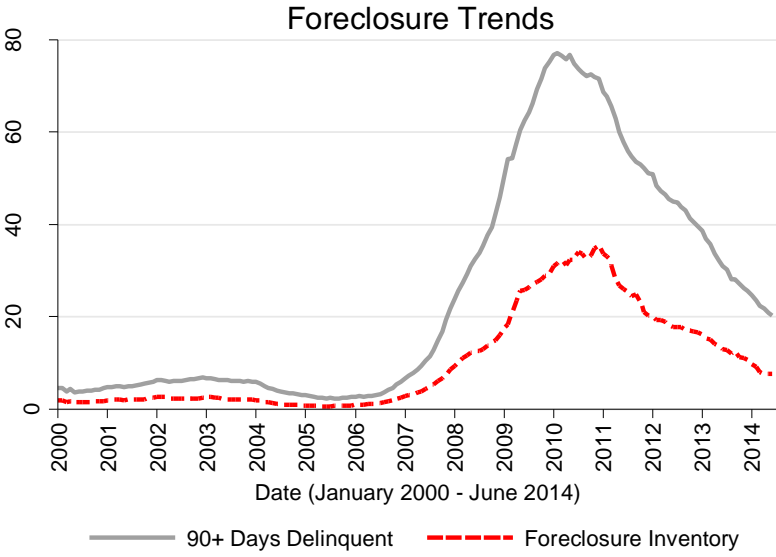


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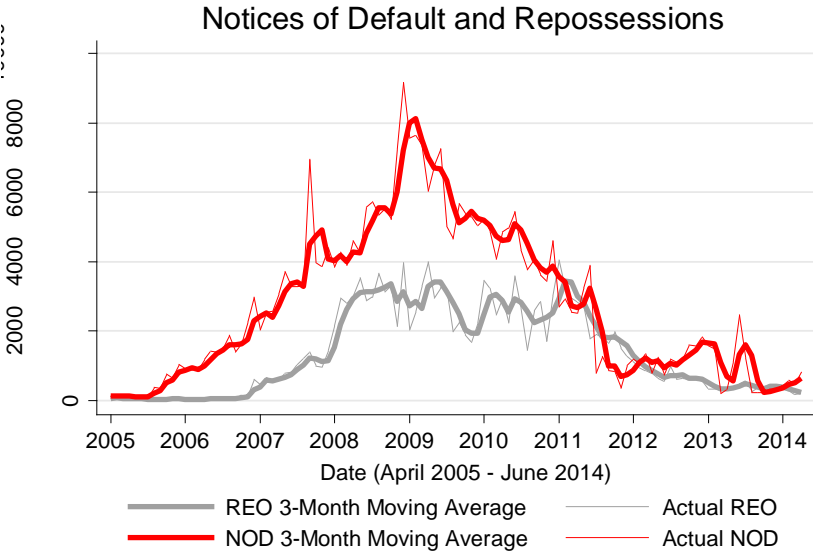


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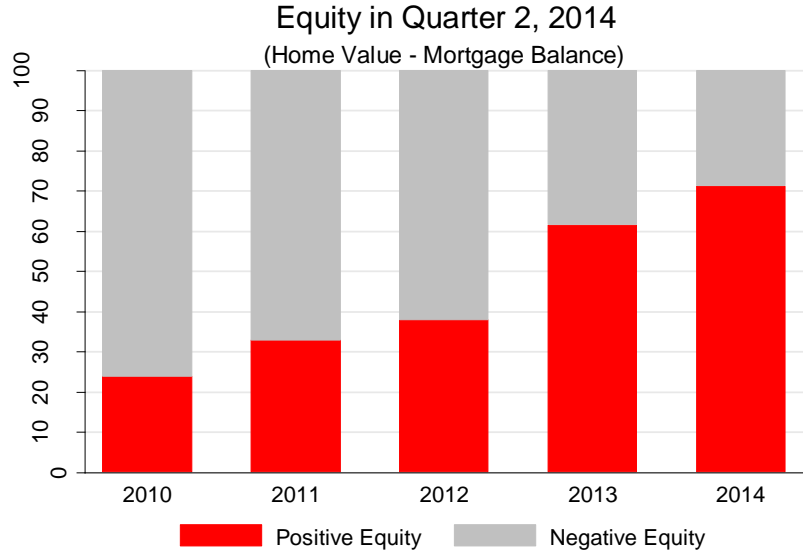
Southern Trends



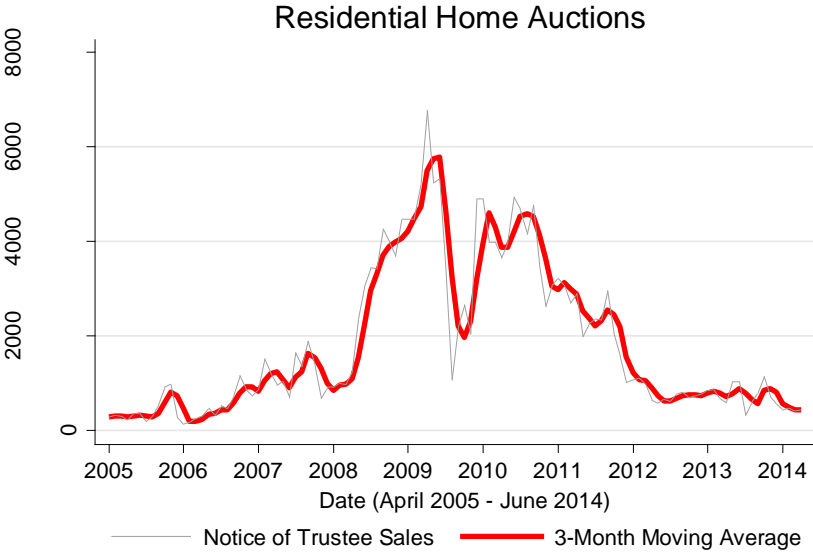
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Source: RealtyTrac



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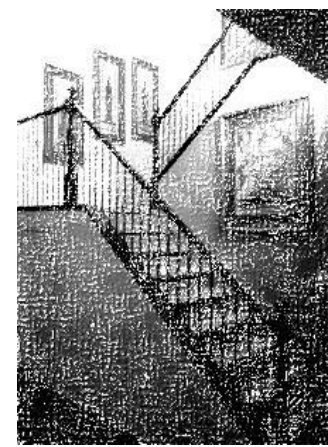
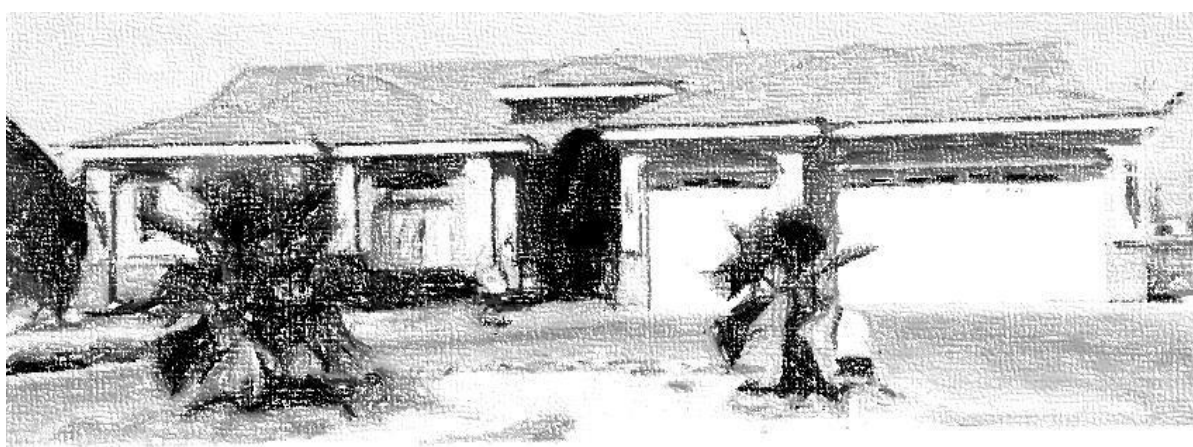
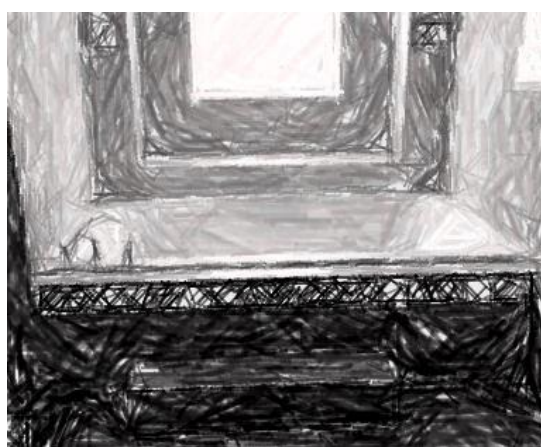
Rural Trends

Population: **147,777** in 2013

Housing Units: **65,629** in 2012

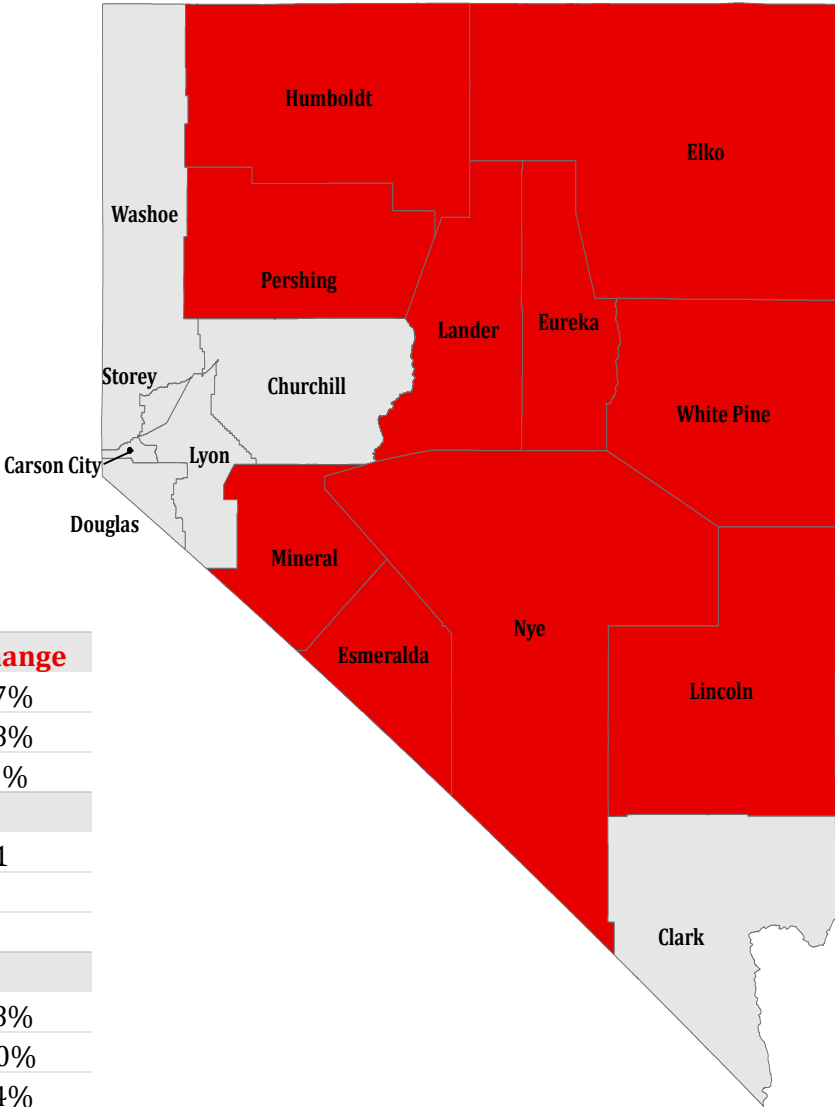
Source: U.S. Census Bureau: State and County QuickFacts

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



Rural Trends

- ❑ The distress share in Rural Nevada continues to fluctuate each month as this month saw a 51 percent decrease in the share of homes sold under distress. These large changes are due to REO sales varying each month, as short sales are fairly constant in rural Nevada. There were 15 REO sales in Rural Nevada during June 2014, 33 less than May 2014. Rural Nevada is the only region in Nevada where foreclosures dominate short sales.
- ❑ Rural Nevada is the biggest sufferer in Nevada in terms of new home sales. New home sales decreased 14 percent in June 2014 and are down 46.7 percent year over year. New single-family start ups also fell this month in Rural Nevada and continue to remain low.

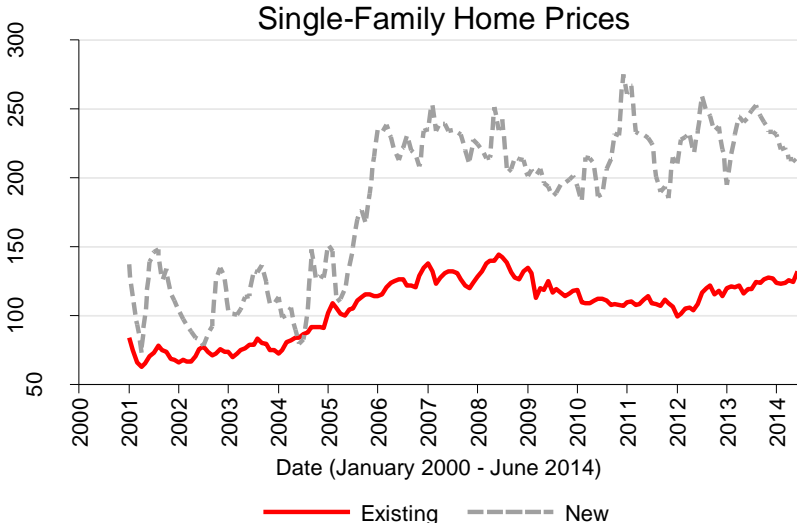


Single-Family Home Sales*	June 2014	M2M Change	Y2Y Change
New	16	-14.0%	-46.7%
Existing	177	-1.1%	-29.8%
Distress Share	12.4%	-50.8.0%	+3.2%
Residential Construction			
Total Starts	22	-1	-11
Single-Family	22	-1	-9
Multifamily	0	+0	-2
Average Single-Family Sales Price*			
New	\$209,520	-1.7%	-13.8%
Existing	\$131,792	+5.9%	+11.0%
Distress	\$82,861	+0.1%	-16.4%

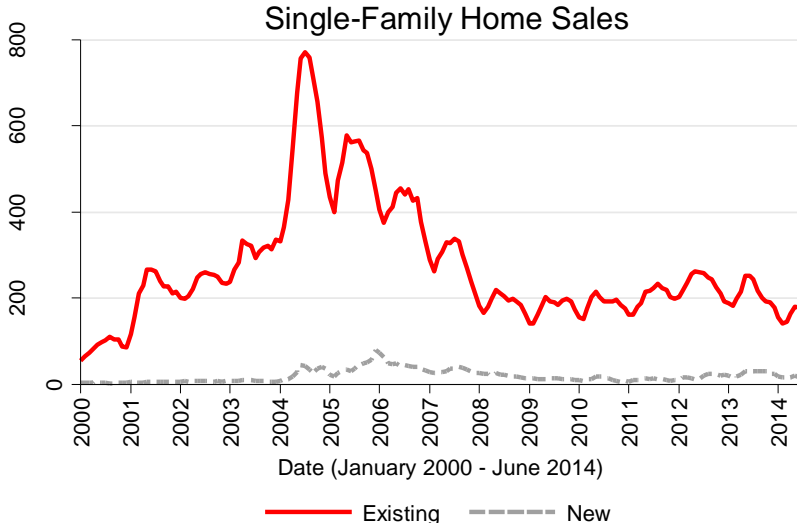
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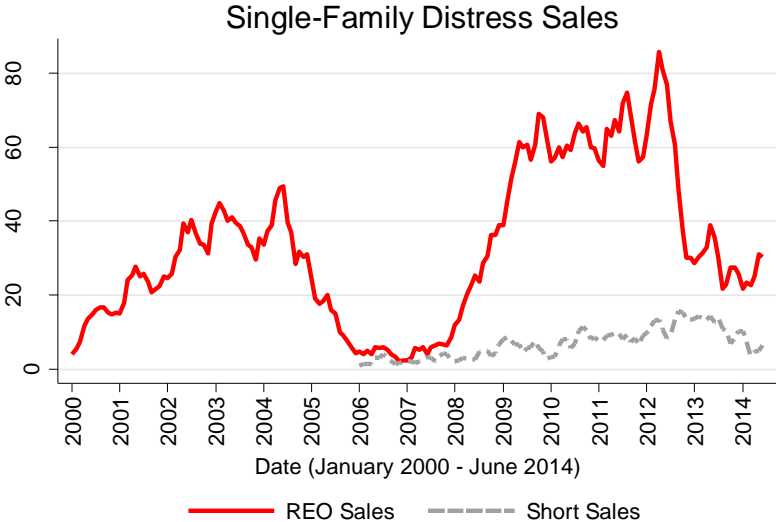
Rural Trends



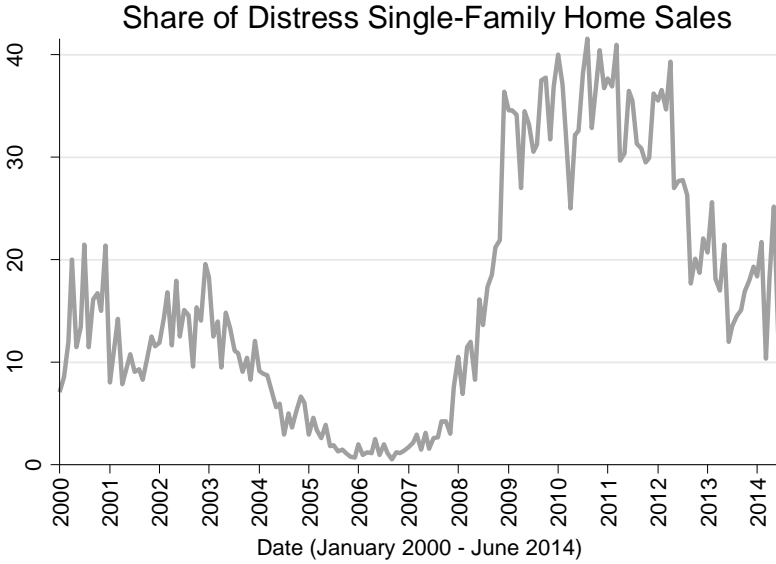
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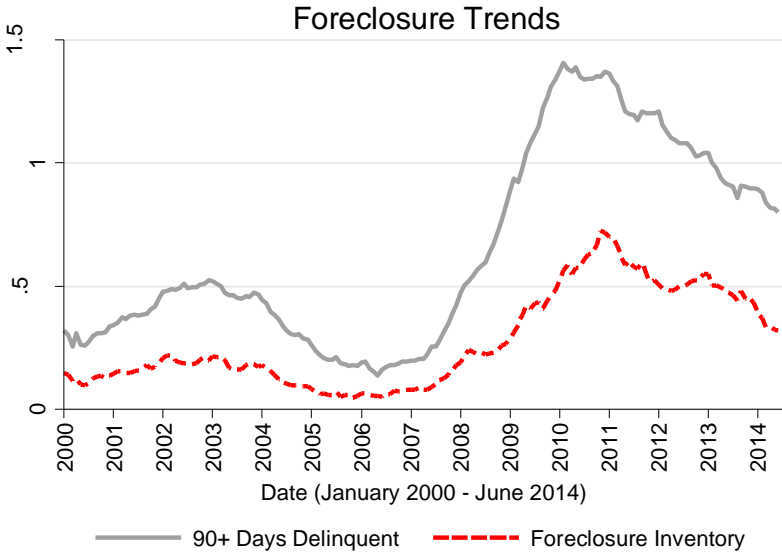


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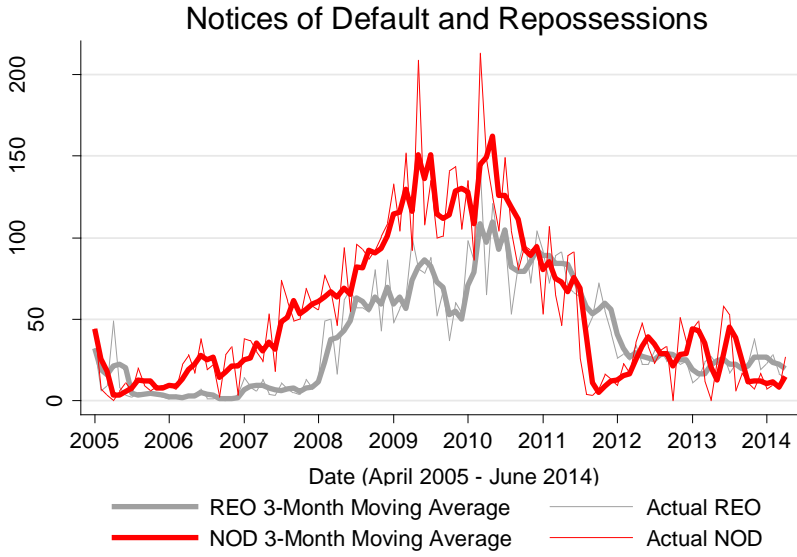


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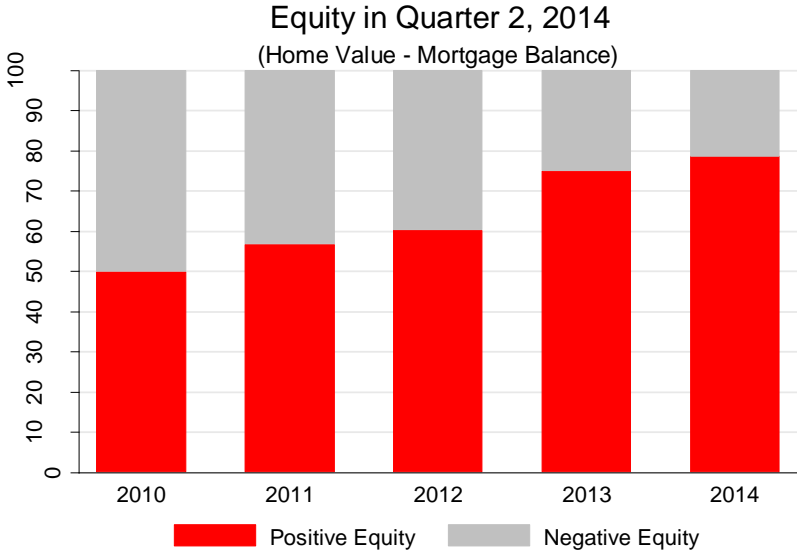
Rural Trends



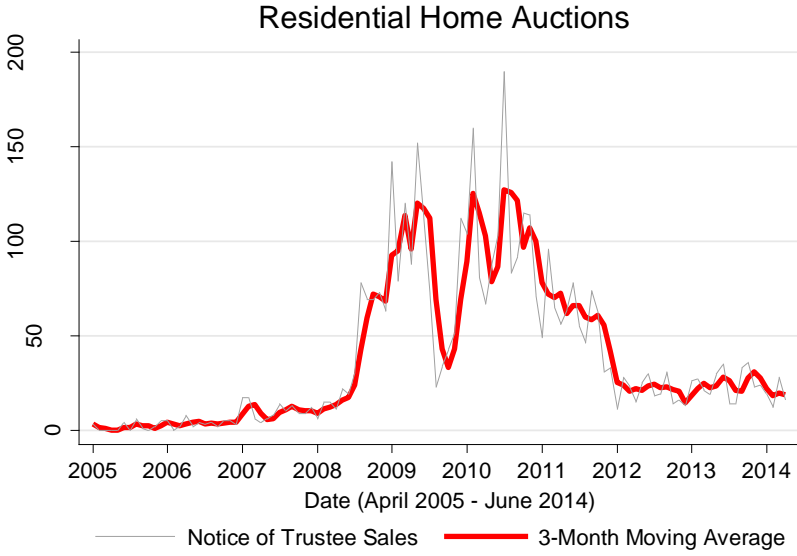
Source: CoreLogic



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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