

June 2016

# Report on Nevada's Housing Market

This series of reports on Nevada's Housing Market is presented by the Lied Institute for Real Estate Studies at the University of Nevada, Las Vegas. These reports provide monthly updates on housing market trends for stakeholders throughout Nevada.

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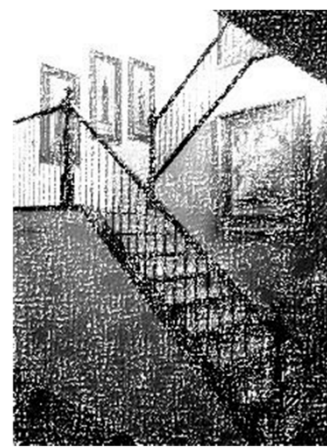
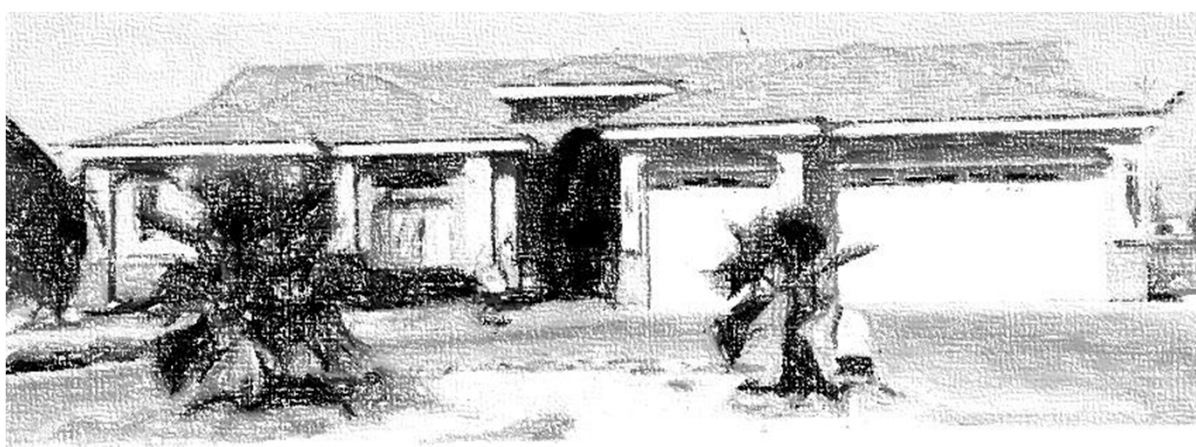
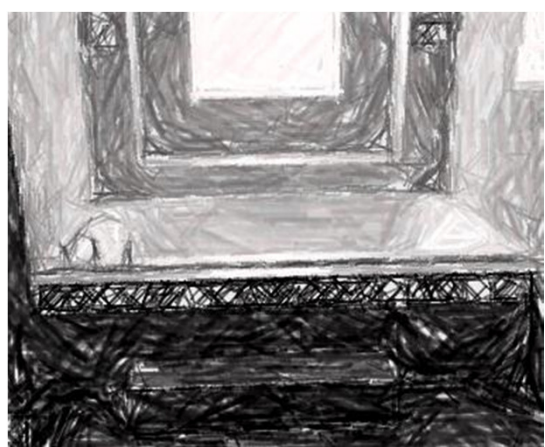
# Nevada's Housing Market | June 2016

## Nevada Statewide Trends

Population: **2,890,845** in 2015

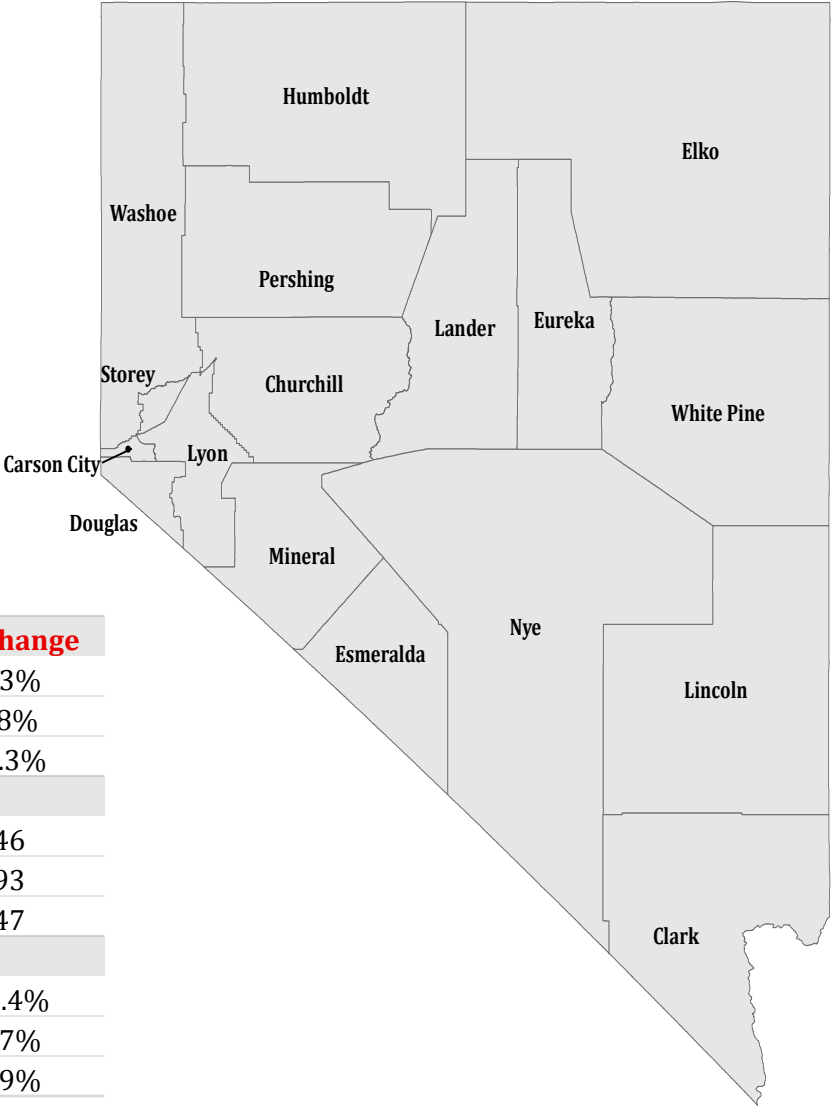
Housing Units: **1,209,756** in 2015

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



# Nevada Statewide Trends

- ❑ Statewide new home sales increased on a monthly basis. However, Southern Nevada was the only region to see monthly increases in new home sales. Both Northern and Southern Nevada saw month to month increases in existing home sales.
- ❑ Housing affordability decreased slightly in Reno and increased slightly in Las Vegas, according to the National Association of Home Builders. 56.1 percent of homes in Reno and 68.6 percent of homes in Las Vegas were considered affordable to median income earners.
- ❑ The negative equity share decreased 2.2 percentage points and was 15.3 percent in 2016Q2. Both Northern and Southern Nevada saw decreases in negative equity greater than 2 percentage points. The negative equity share in Southern Nevada was still more than double that of Northern Nevada.

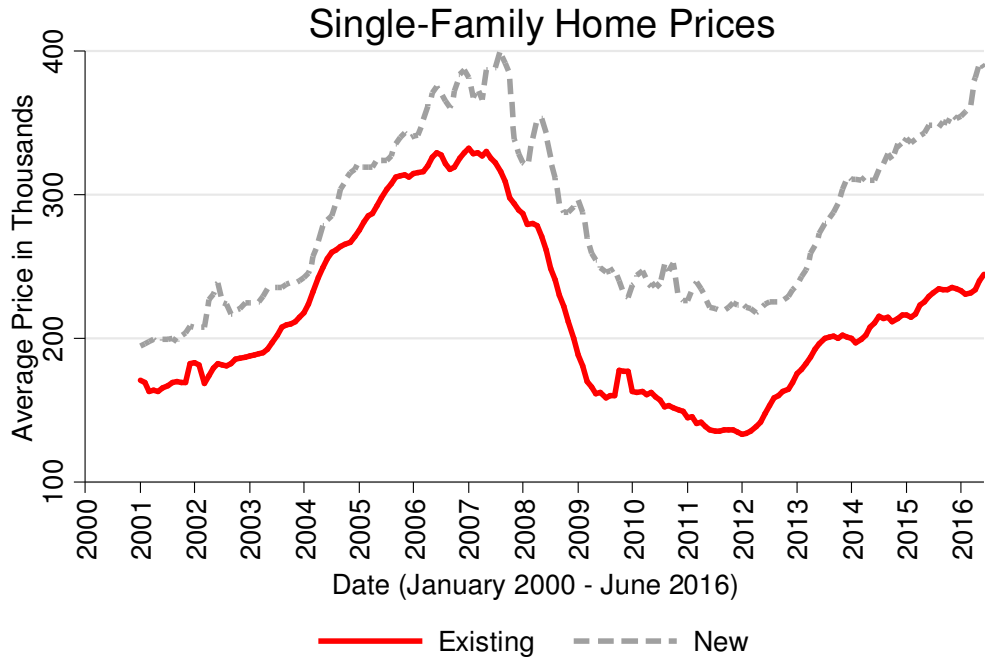


Single-Family Home Sales*	June 2016	M2M Change	Y2Y Change
New	848	+3.5%	+5.3%
Existing	5,752	+1.2%	-0.8%
Distress Share	10.2%	+0.3%	-22.3%
Residential Construction			
<b>Total Starts</b>	1,527	-531	+46
Single-Family	1,203	+76	+93
Multifamily	324	-607	+47
Average Single-Family Sales Price*			
New	\$388,457	-1.0%	+11.4%
Existing	\$244,089	+1.9%	+6.7%
Distress	\$184,969	-1.3%	+8.9%

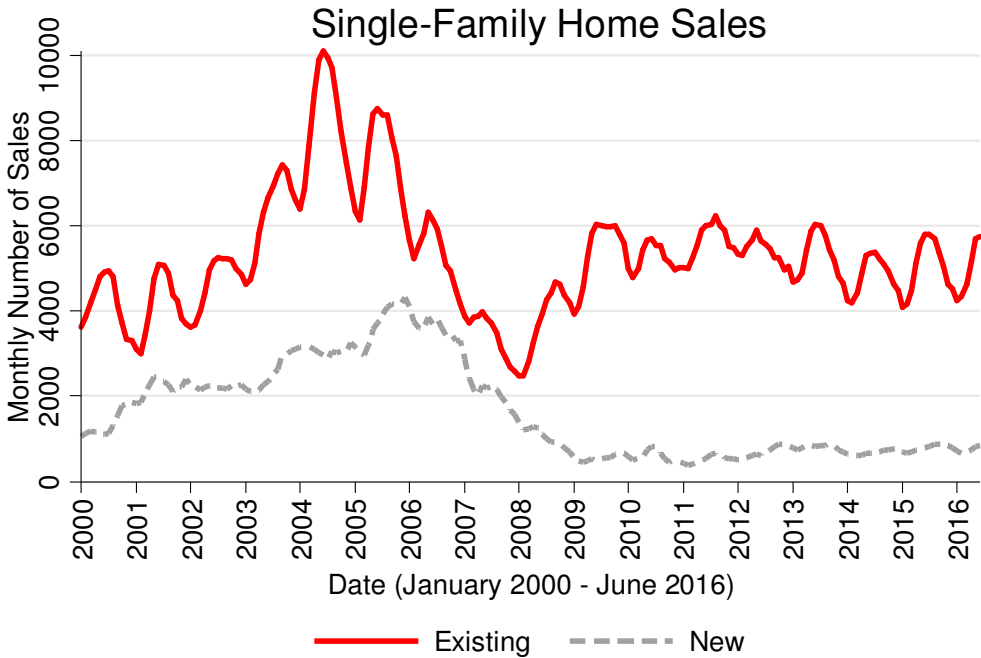
Source: Lied Institute calculations using CoreLogic Data and the *State of the Cities Data Systems* by U.S. Department of Housing and Urban Development.

\*Figures portray Three-Month Moving Weighted Averages

# Nevada Statewide Trends



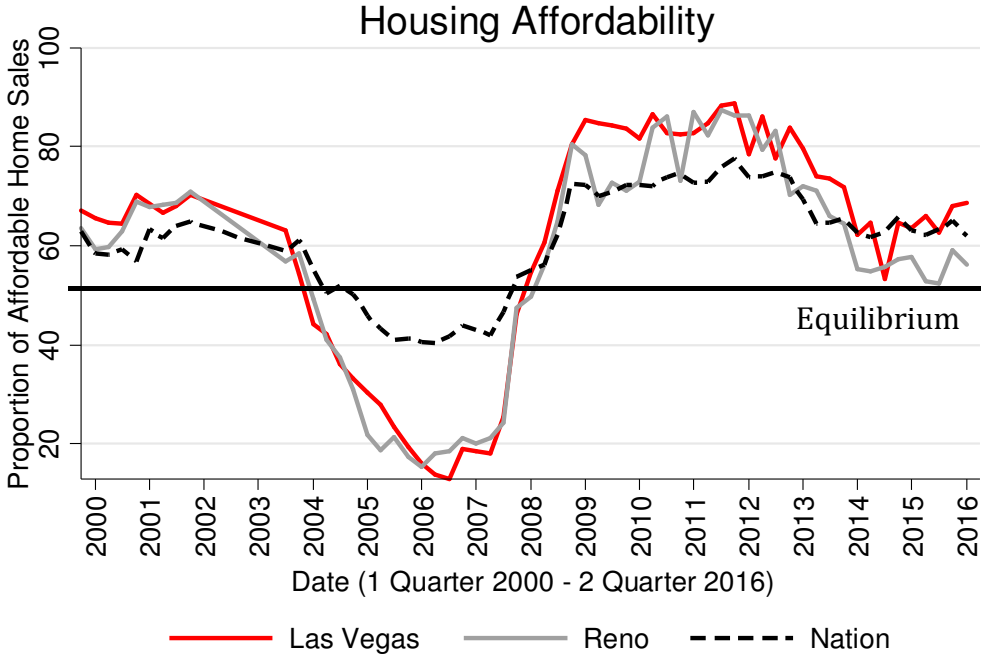
Source: CoreLogic  
 Note: Series are 3-month weighted moving averages.



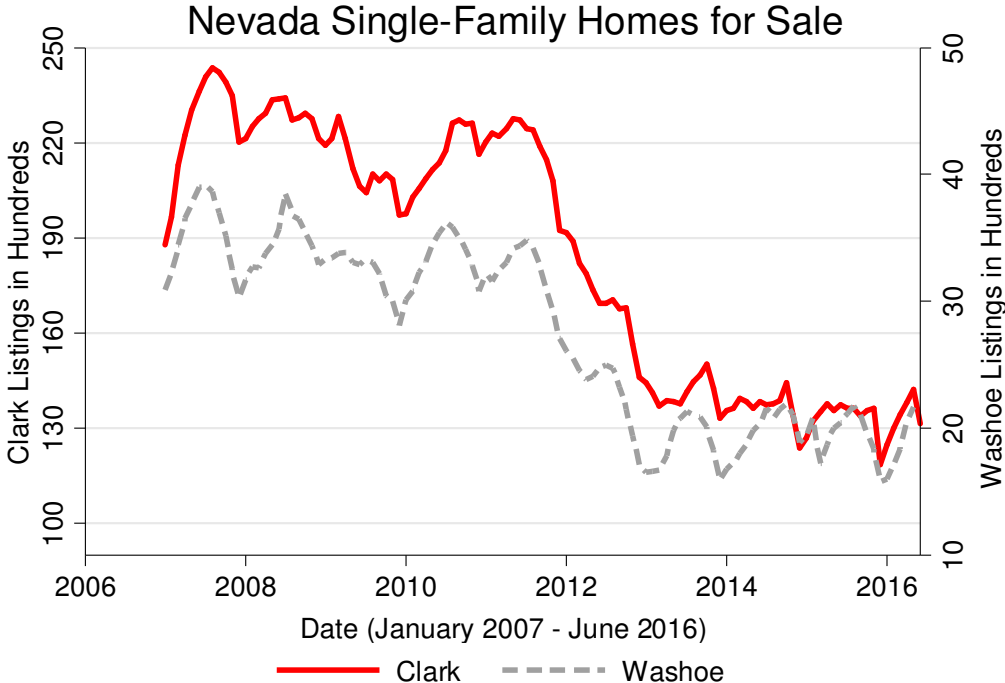
Source: CoreLogic  
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The Single-Family Home Prices figure above shows the three-month moving average price of existing homes and new homes. Existing homes are single family homes that were exchanged from one private owner to another. This includes homes 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 number of those transactions for both existing and new homes. A seasonal pattern is obvious in the Single-Family Home Sales graph, with more home sales during the summer than during the winter.

# Nevada Statewide Trends



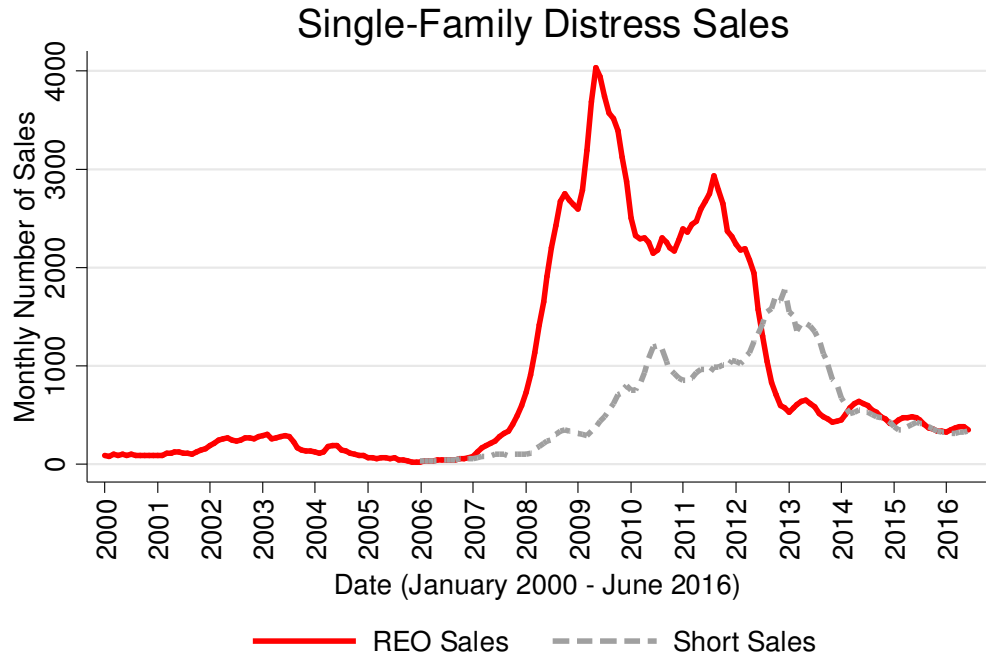
Source: National Association of Home Builders  
 Note: Series denote the proportion of home sales affordable at median income.



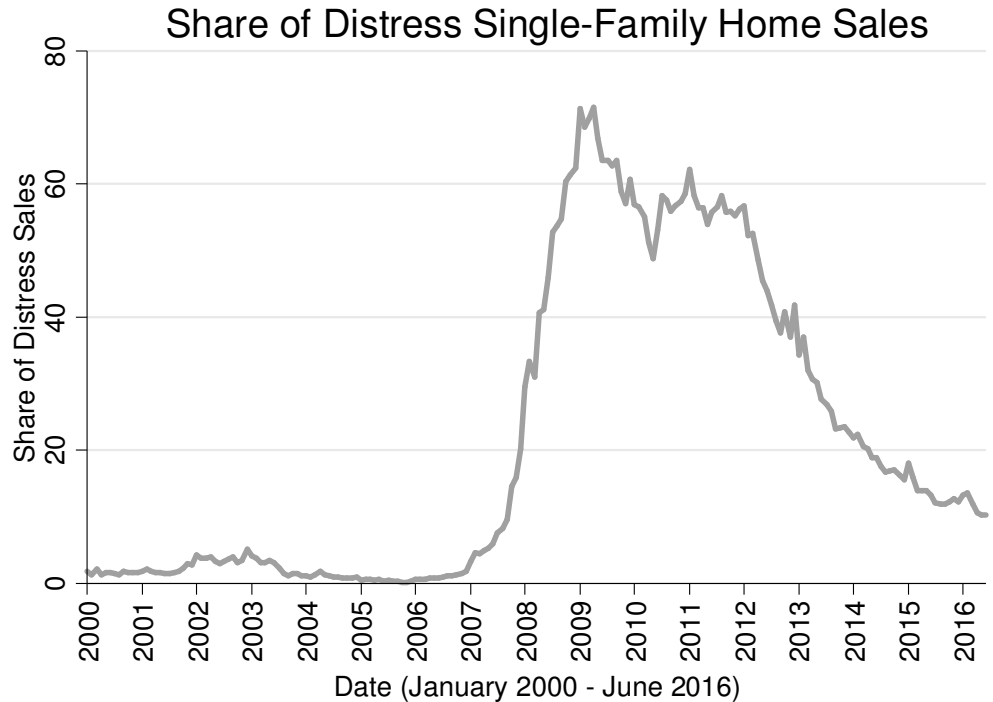
Source: Greater Las Vegas Association of Realtors and UNR's Center for Regional Studies

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. This index was developed by the National Association of Home Builders (NAHB), to provide a benchmark of affordability. 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, as well as homes that are under contract and about to sell.

# Nevada Statewide Trends



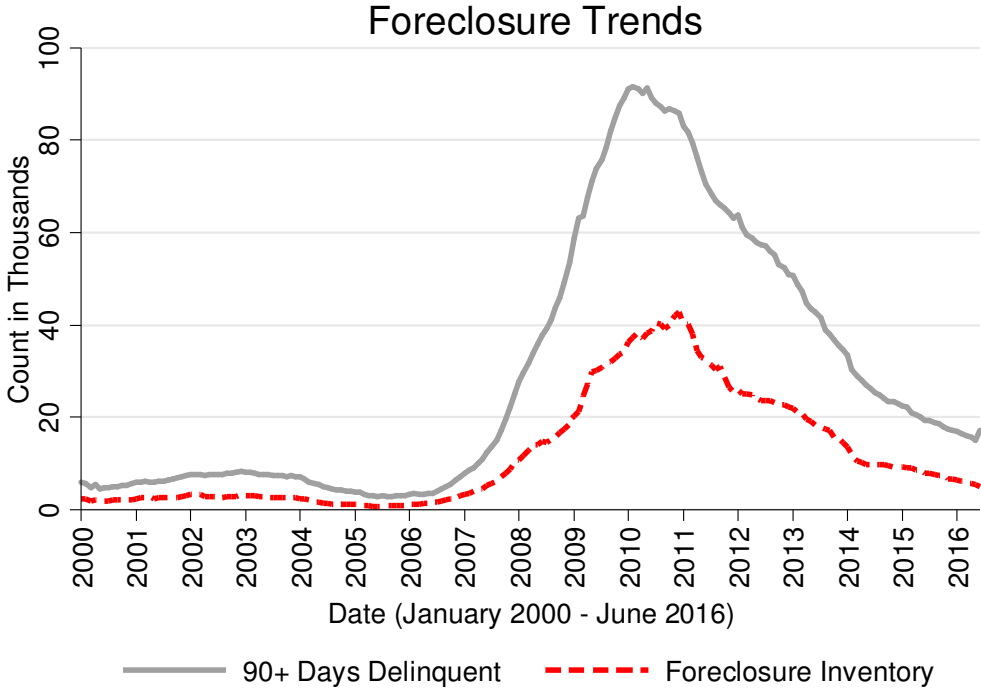
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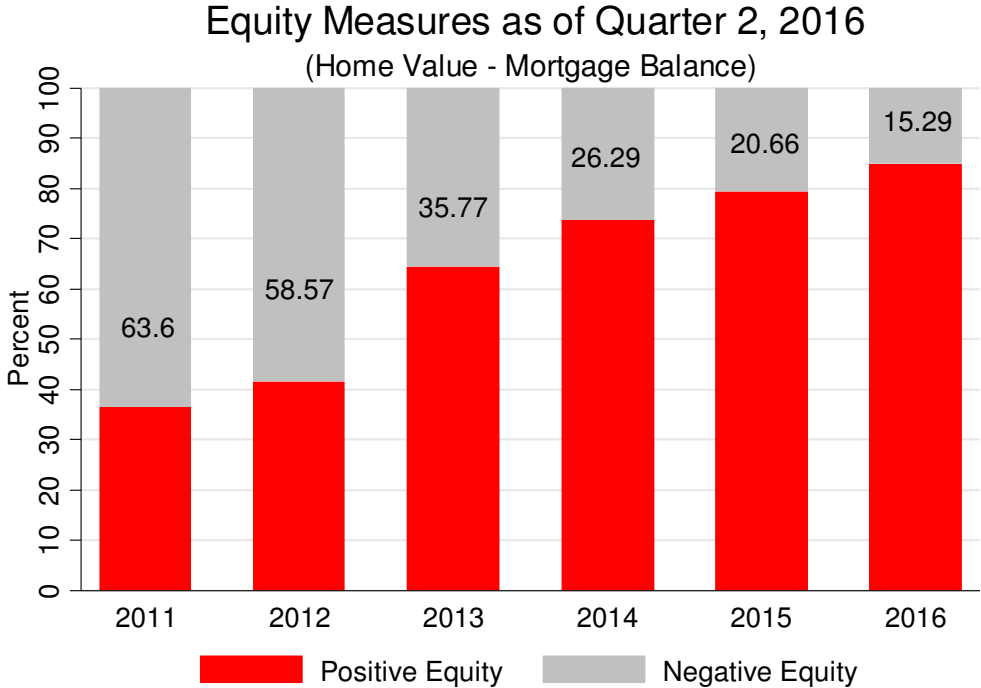
Source: CoreLogic

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. The long term decline in that share continues, even as the number of such sales remains roughly level, indicating an increasing number of “normal” sales.

# Nevada Statewide Trends



Source: CoreLogic

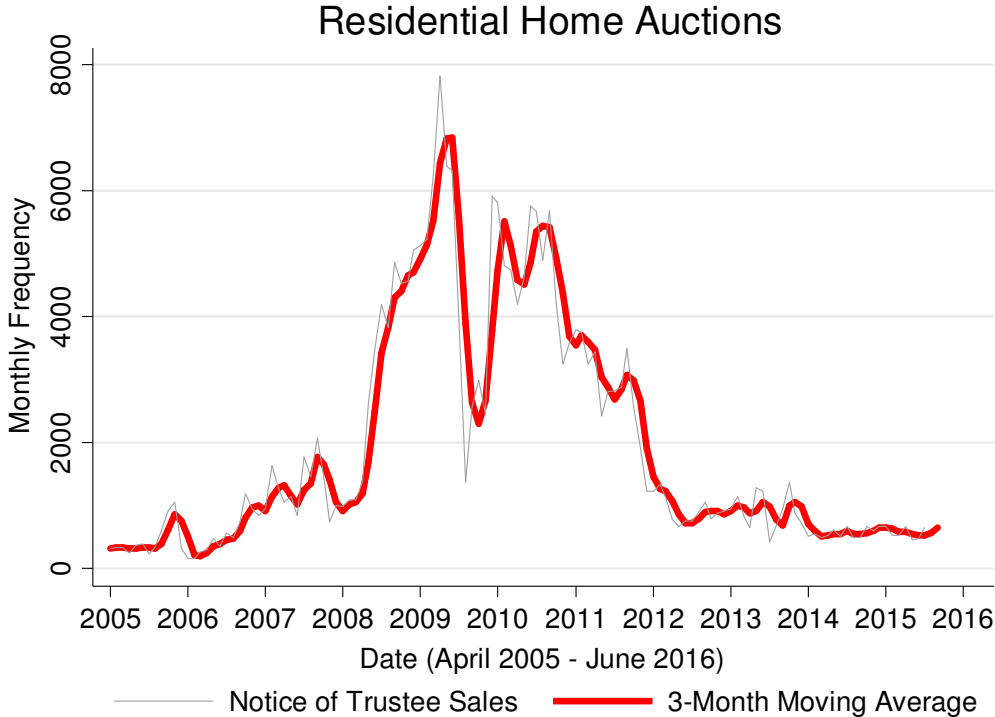
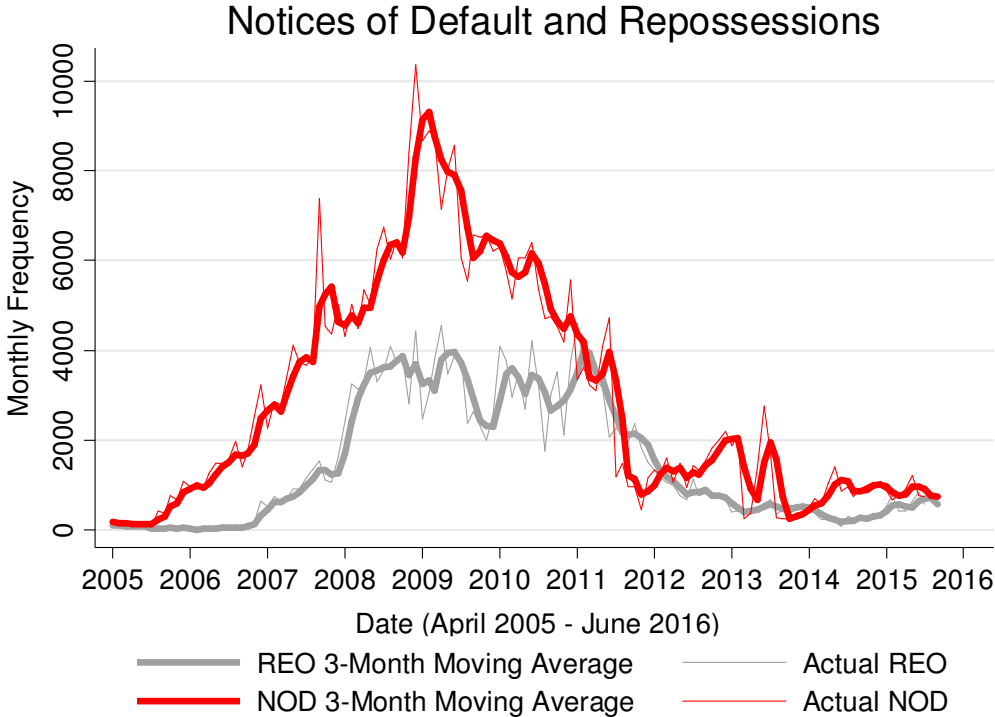


Source: CoreLogic

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

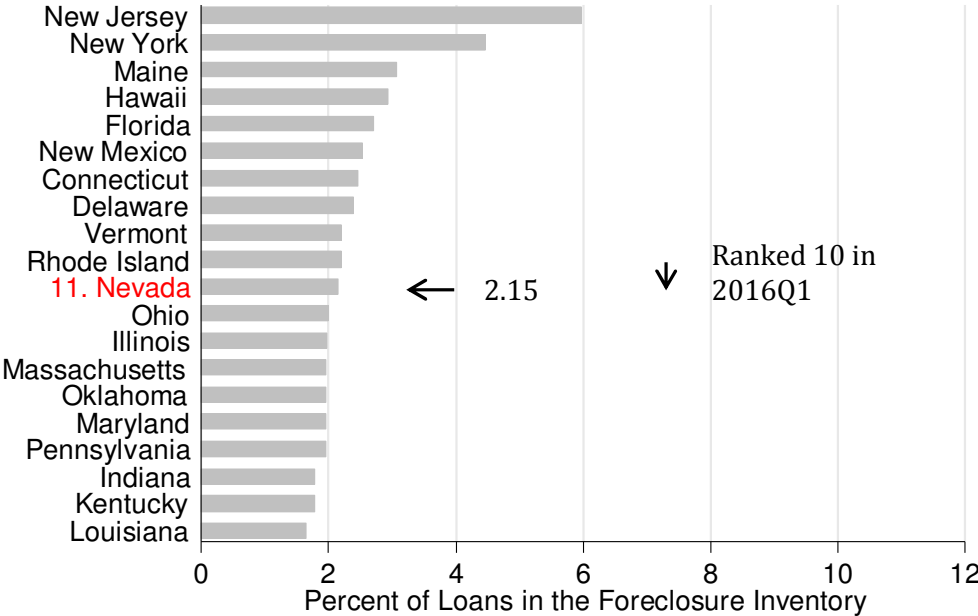


These two figures are based on numbers gathered from County records by RealtyTrac. The first figure shows the monthly number of Notices of Default and Repossessions. The Notice of Default (NOD) is the initial stage of foreclosure that starts at least 90 days after the homeowner's mortgage default date. 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 auctions. Those that were unsuccessful revert back to the lender.

# Nevada Statewide Trends

Top 20 States in Foreclosure Inventory

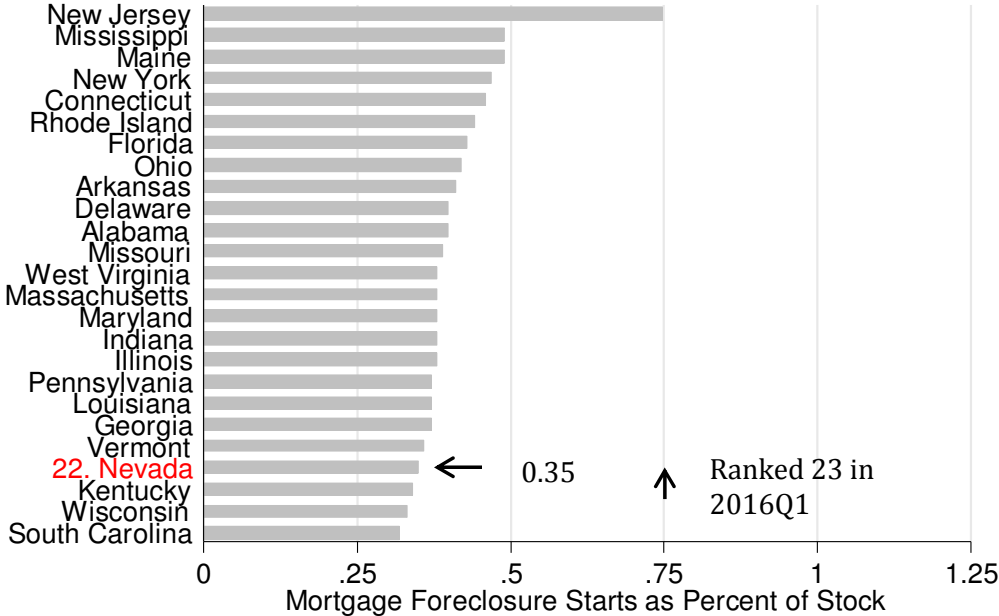
2nd Quarter 2016



Source: Mortgage Bankers Association's National Delinquency Survey

Top 25 States in Foreclosure Starts

2nd Quarter 2016



Source: Mortgage Bankers Association's National Delinquency Survey

These figures rank Nevada nationally on the basis of data provided by The Mortgage Bankers Association's National Delinquency Survey. The Top 20 States in Foreclosure Inventory uses the proportion of outstanding loans that are 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 25 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 | June 2016

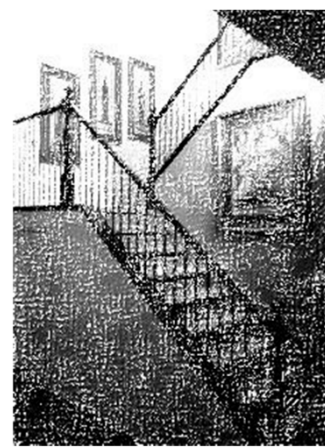
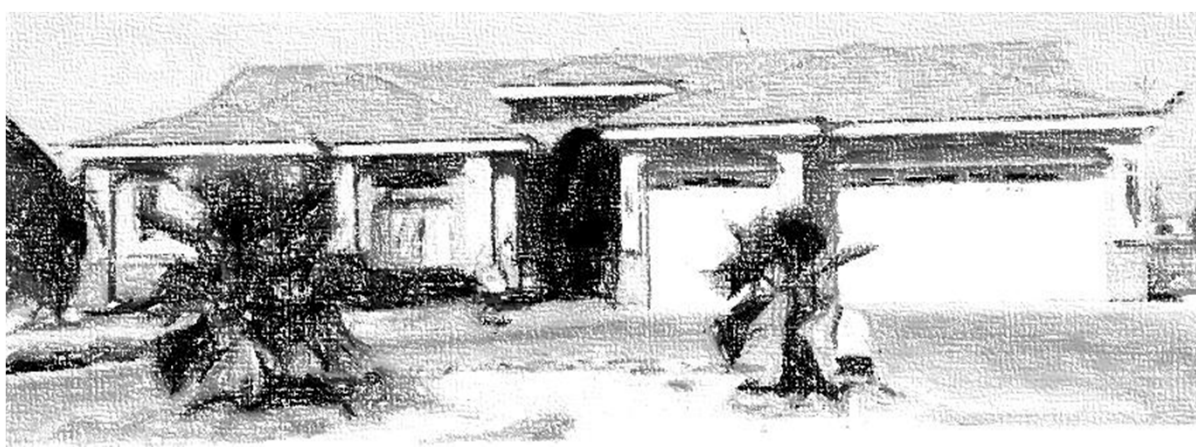
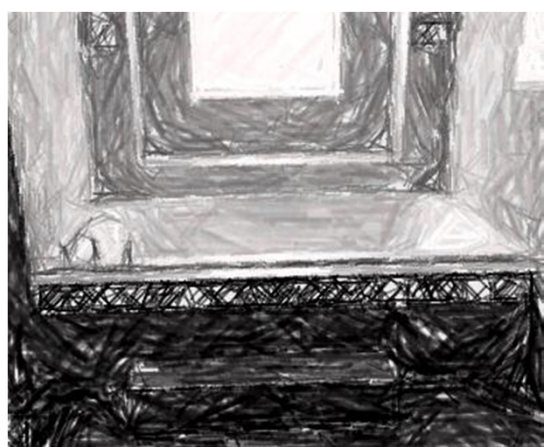
## Northern Trends

Population: **629,906** in 2015

Housing Units: **271,431** in 2015

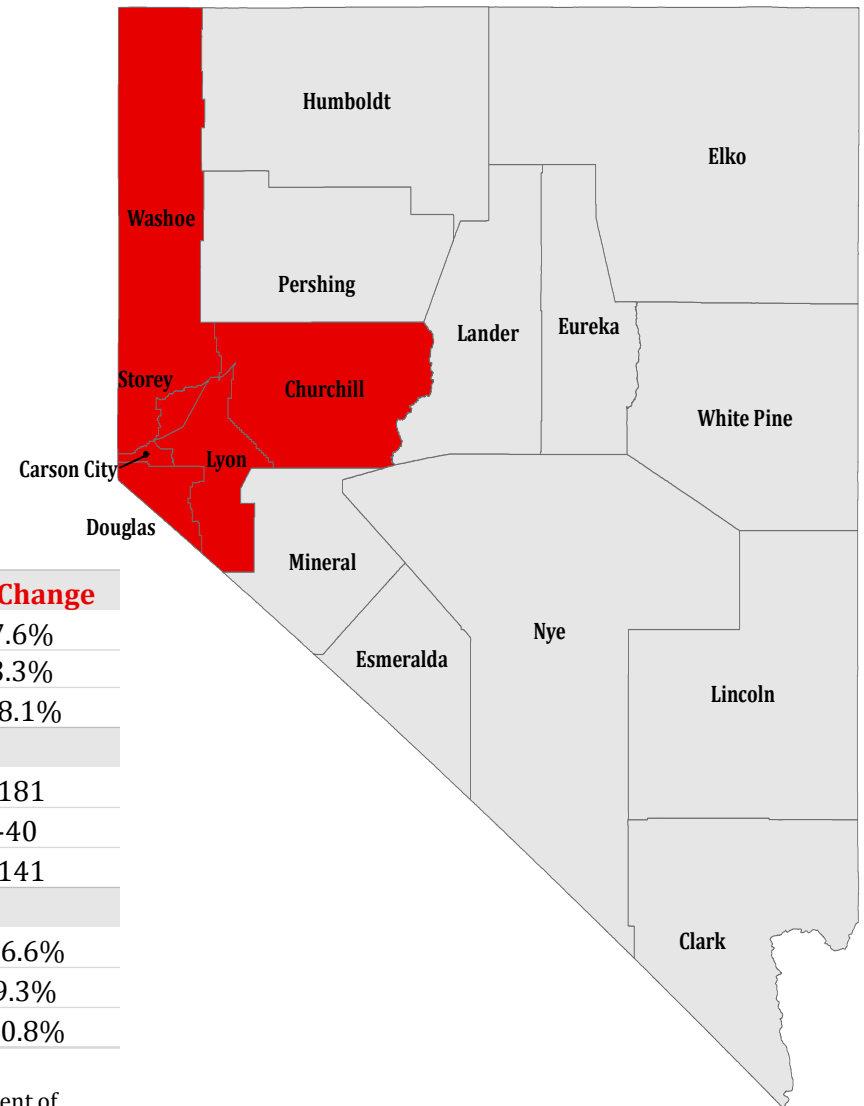
Source: U.S. Census Bureau: State and County QuickFacts

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



## Northern Trends

- ❑ Existing home sales increased for the fourth consecutive month. New home sales decreased for the second consecutive month. Both new and existing home sales were down on a year over year basis.
- ❑ The share of homes sold under distress decreased 1.3 percentage points. The June 2016 distress share was the lowest it had been since September 2007.
- ❑ The share of mortgages with negative equity decreased 2.2 points and was 8.2 percent for 2016Q2.
- ❑ New home prices decreased slightly on a month to month basis. June 2015 also saw a similar monthly decrease in new home prices. New home prices were up nearly \$60,000 on a year over year basis.

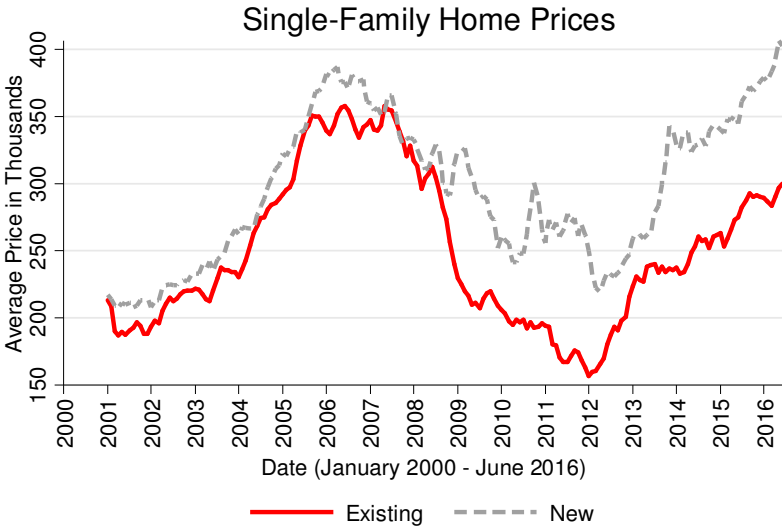


Single-Family Home Sales*	June 2016	M2M Change	Y2Y Change
New	150	-5.8%	-7.6%
Existing	1,278	+4.3%	-3.3%
Distress Share	5.1%	-19.7%	-38.1%
Residential Construction			
<b>Total Starts</b>	235	-25	-181
Single-Family	190	-32	-40
Multifamily	45	+7	-141
Average Single-Family Sales Price*			
New	\$402,101	-1.1%	+16.6%
Existing	\$300,059	+1.3%	+9.3%
Distress	\$212,991	+2.7%	+10.8%

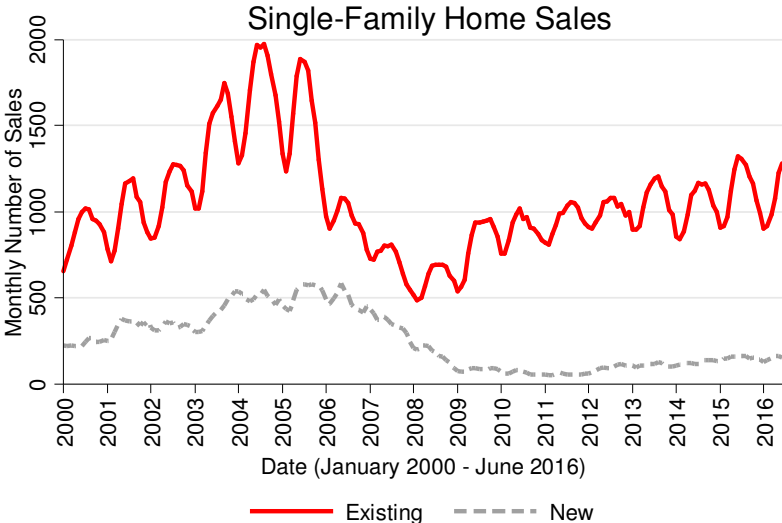
Source: Lied Institute calculations using CoreLogic Data and the *State of the Cities Data Systems* by U.S. Department of Housing and Urban Development.

\*Figures portray Three-Month Moving Weighted Averages

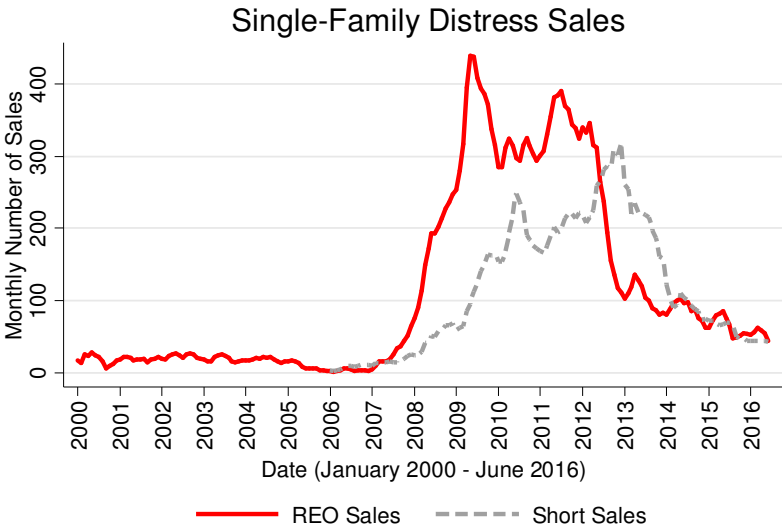
# Northern Trends



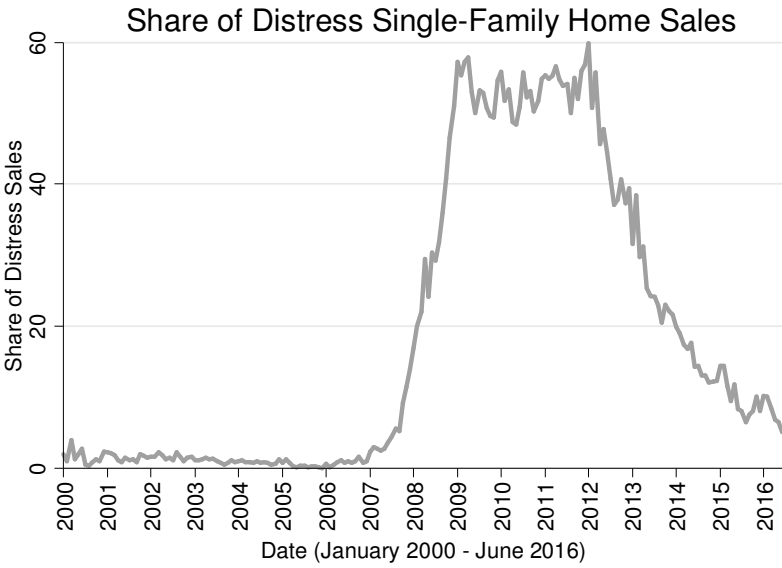
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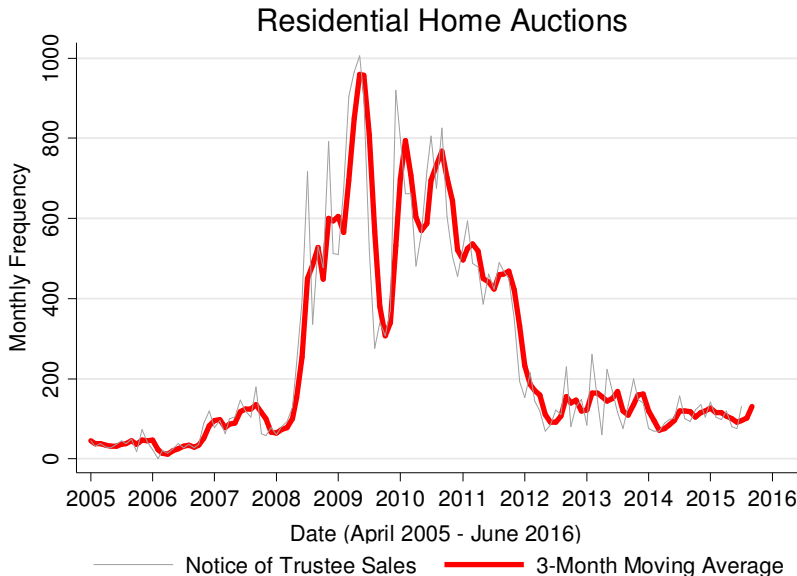
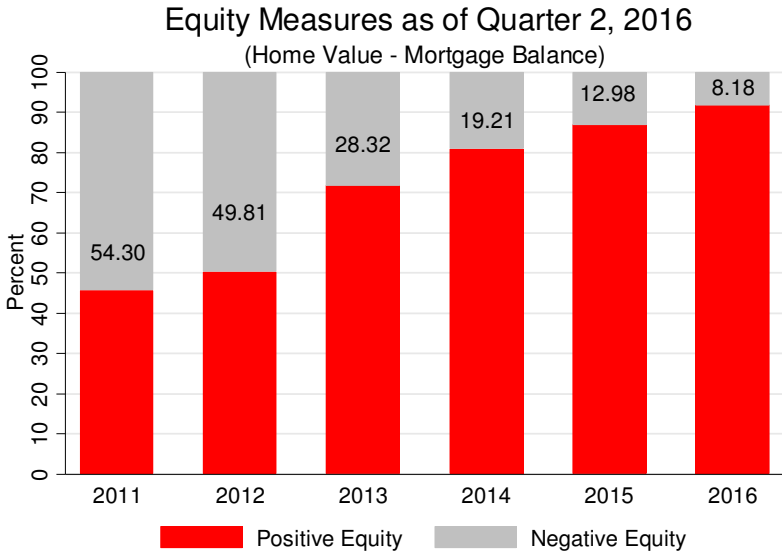
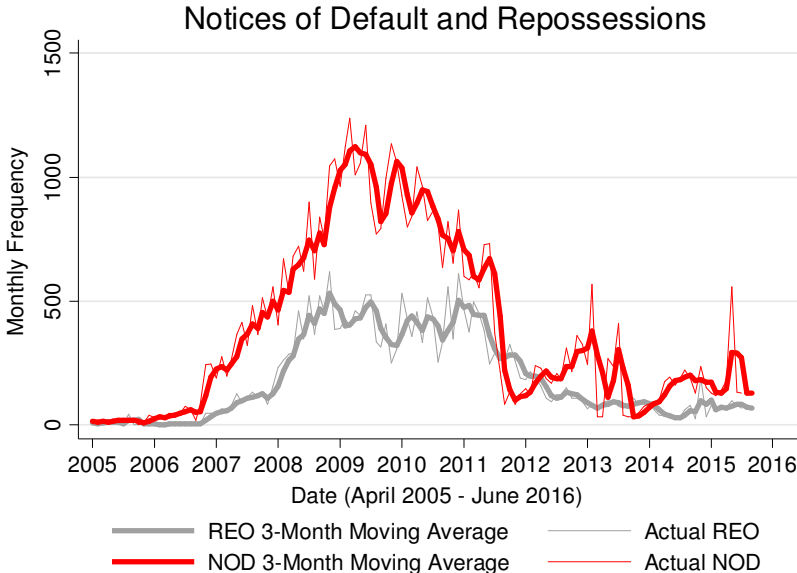
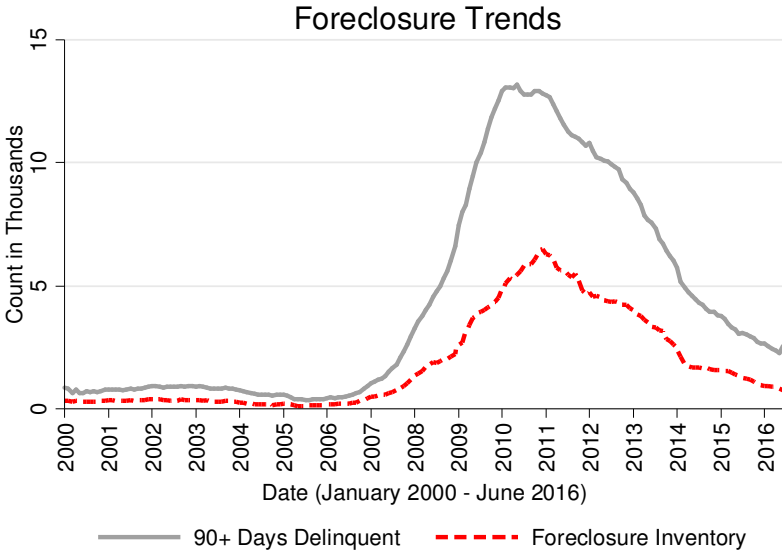


Source: CoreLogic  
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Source: CoreLogic

# Northern Trends



# Nevada's Housing Market | June 2016

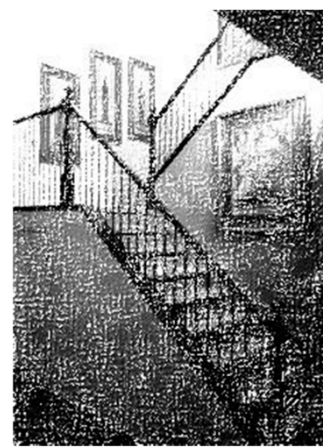
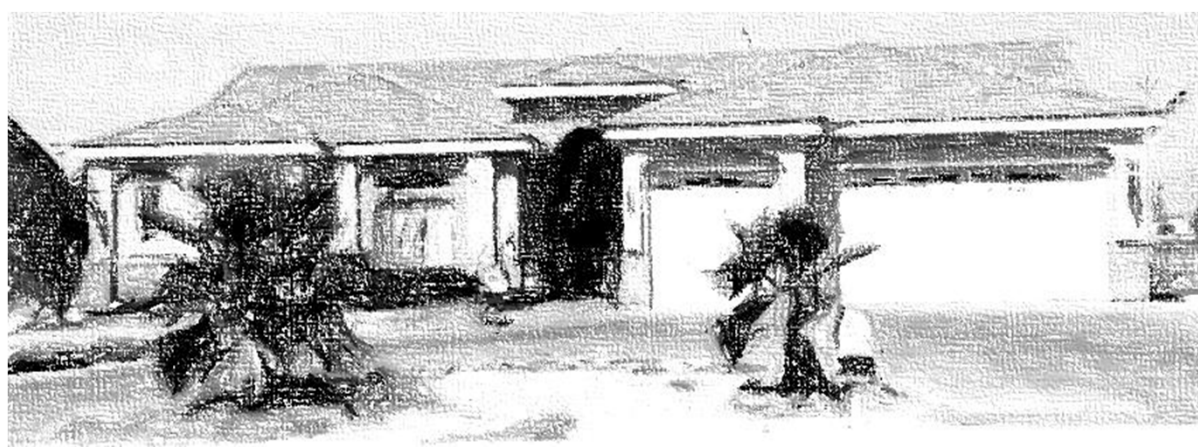
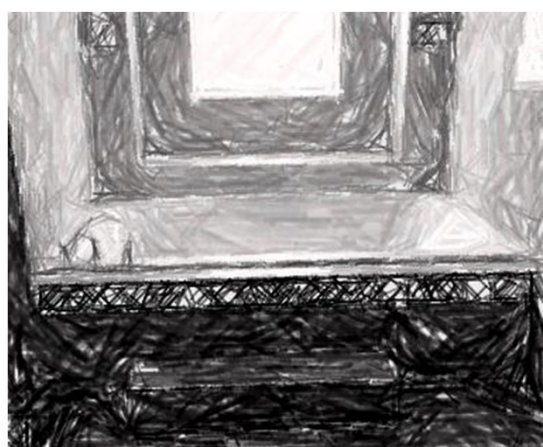
## Southern Trends

Population: **2,114,801** in 2015

Housing Units: **871,807** in 2015

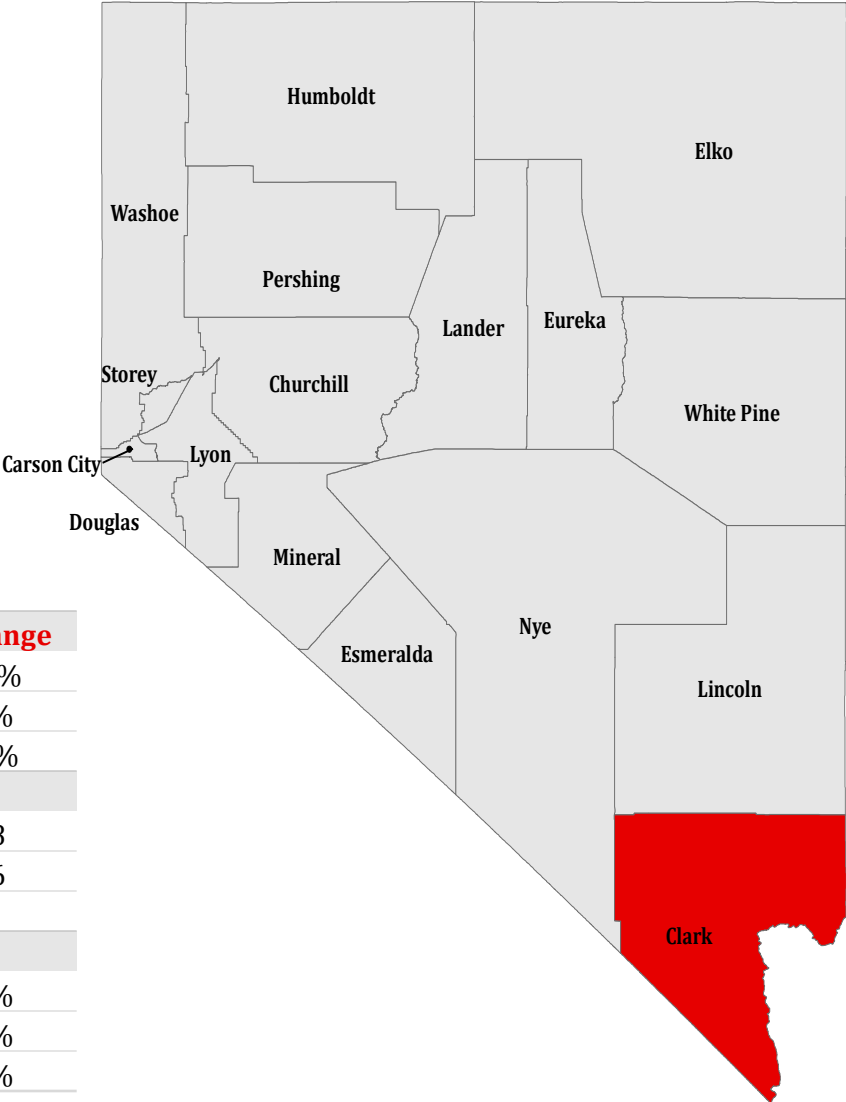
Source: U.S. Census Bureau: State and County QuickFacts

(Clark County)



# Southern Trends

- ❑ New home sales increased for the third consecutive month. Existing home sales increased for the fifth consecutive month. New home sales increased more than 10 percent on a year over year basis for the second consecutive month.
- ❑ Southern Nevada was the only region in Nevada where the distress share increased on a month to month basis. This increase was a result of both short sales and REO sales increasing. The June 2016 distress share was down 3.1 percentage points on a year over year basis.
- ❑ Single-Family residential construction starts saw the sixth consecutive month with growth.
- ❑ Southern Nevada saw the largest decrease in negative equity of any region in Nevada. 17.6 percent of all mortgages were underwater in 2016Q2 – a 2.3 percent decrease from 2016Q1.



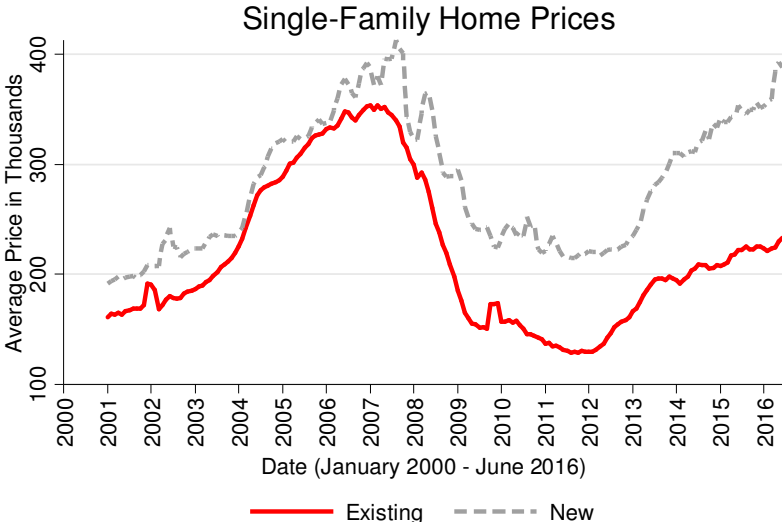
Single-Family Home Sales*	June 2016	M2M Change	Y2Y Change
New	684	+6.0%	+10.3%
Existing	4,216	+0.9%	+1.1%
Distress Share	11.8%	+8.3%	-20.6%
Residential Construction			
<b>Total Starts</b>	1,268	-504	+228
Single-Family	991	+112	+136
Multifamily	277	-616	+92
Average Single-Family Sales Price*			
New	\$388,473	-1.1%	+9.7%
Existing	\$233,274	+1.5%	+5.2%
Distress	\$186,318	-2.1%	+8.9%

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

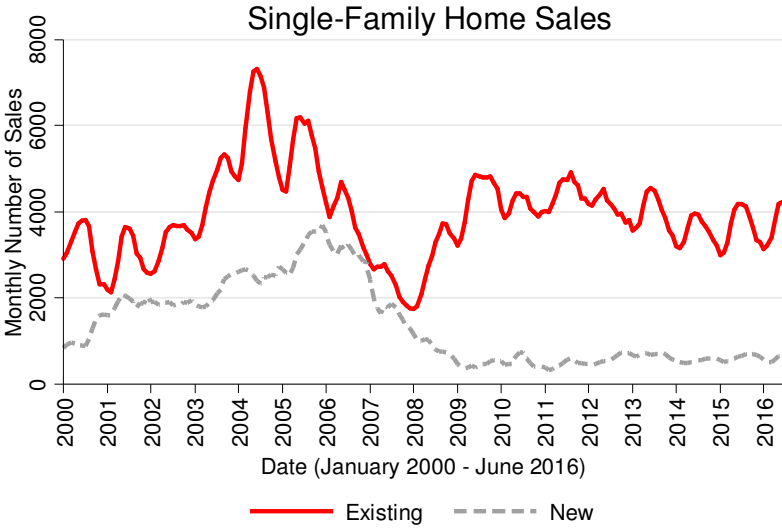
\*Figures portray Three-Month Moving Weighted Averages



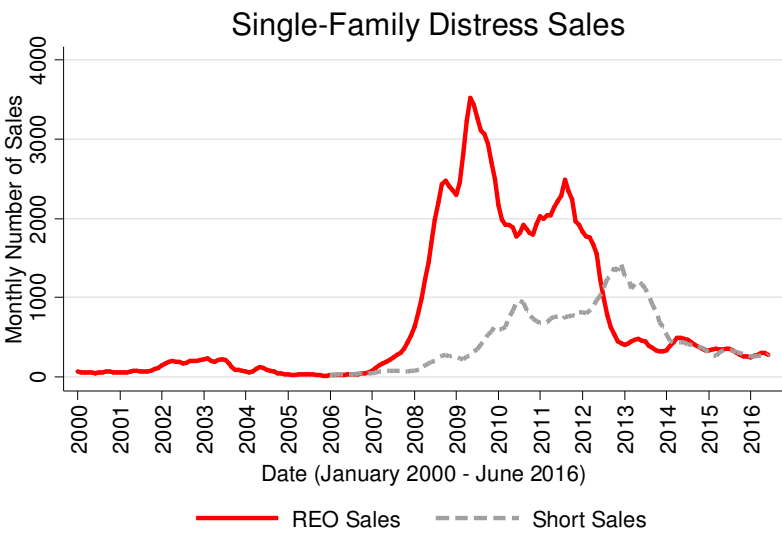
# Southern Trends



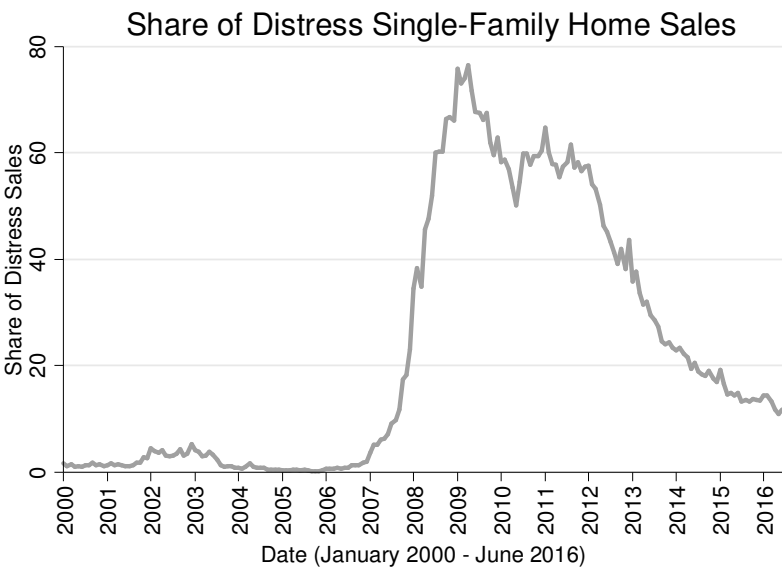
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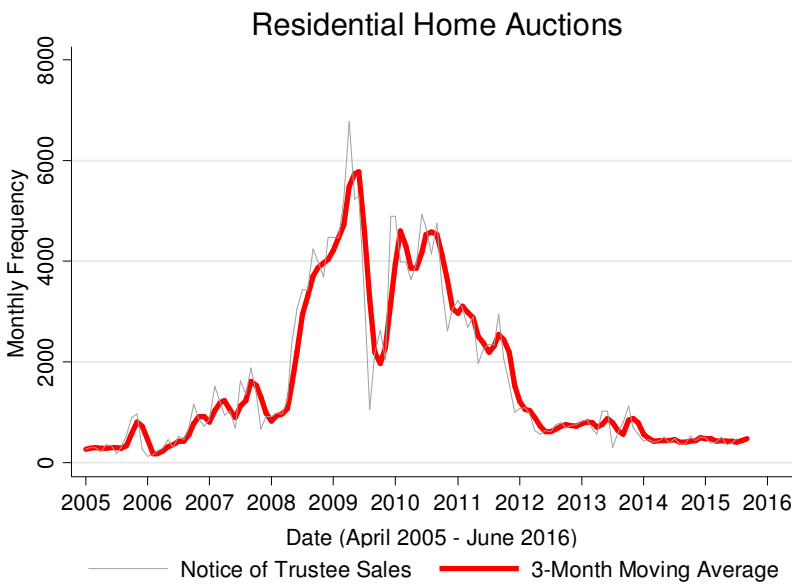
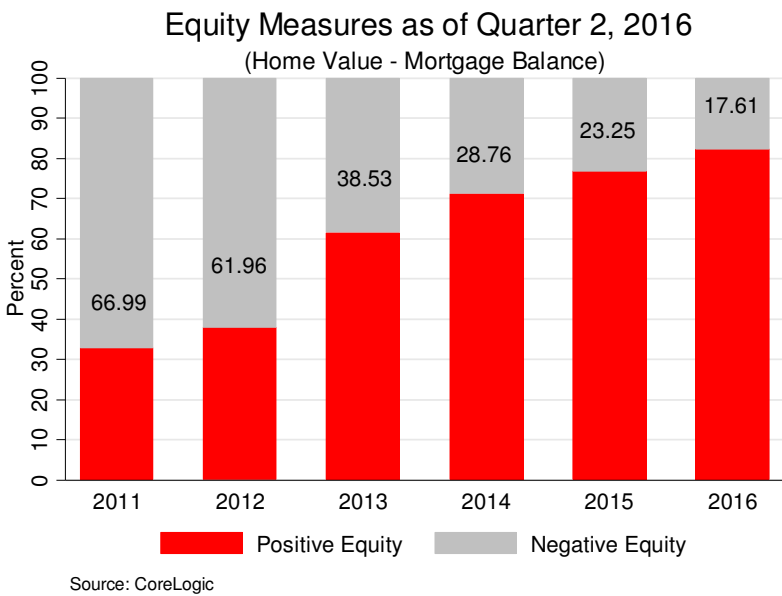
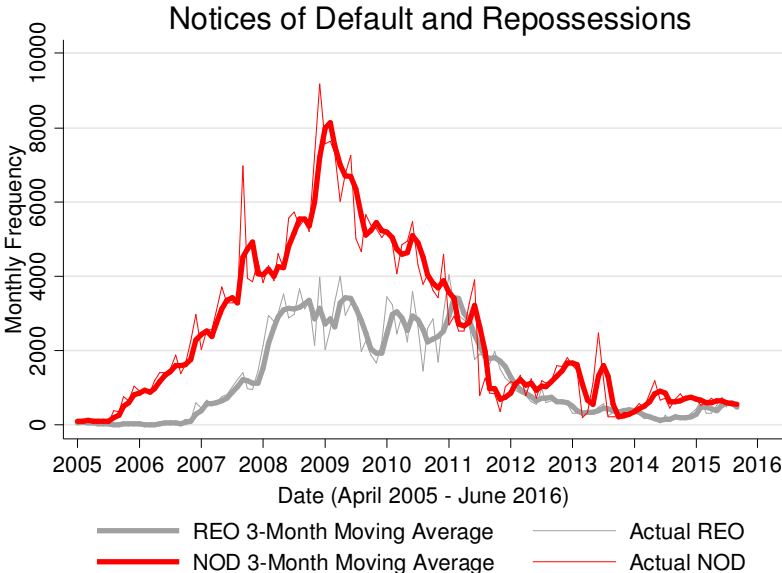
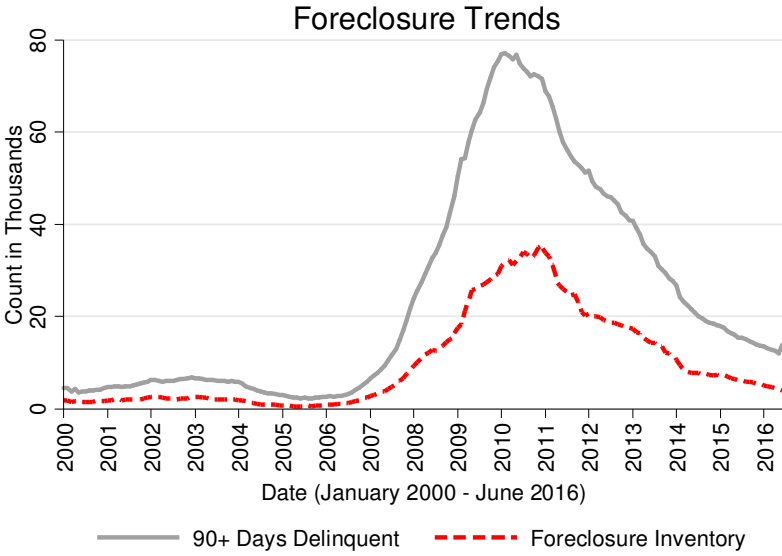


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Source: CoreLogic

# Southern Trends



# Nevada's Housing Market | June 2016

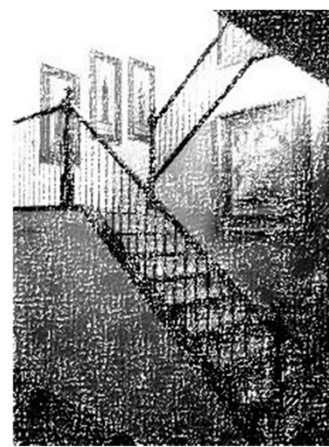
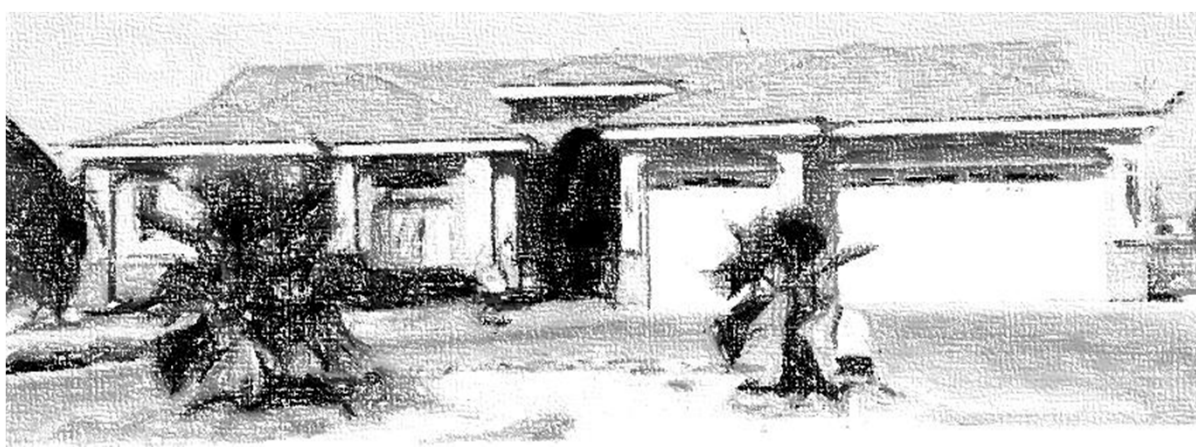
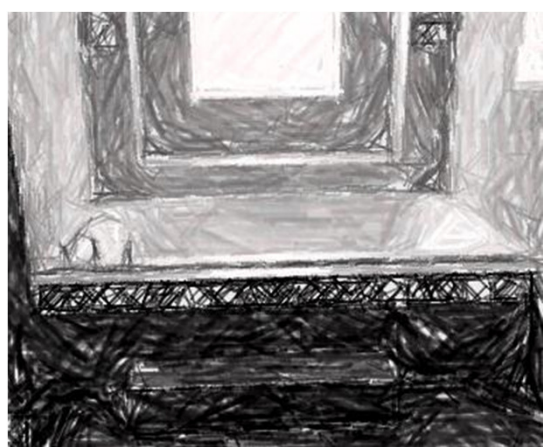
## Rural Trends

Population: **146,138** in 2015

Housing Units: **66,518** in 2015

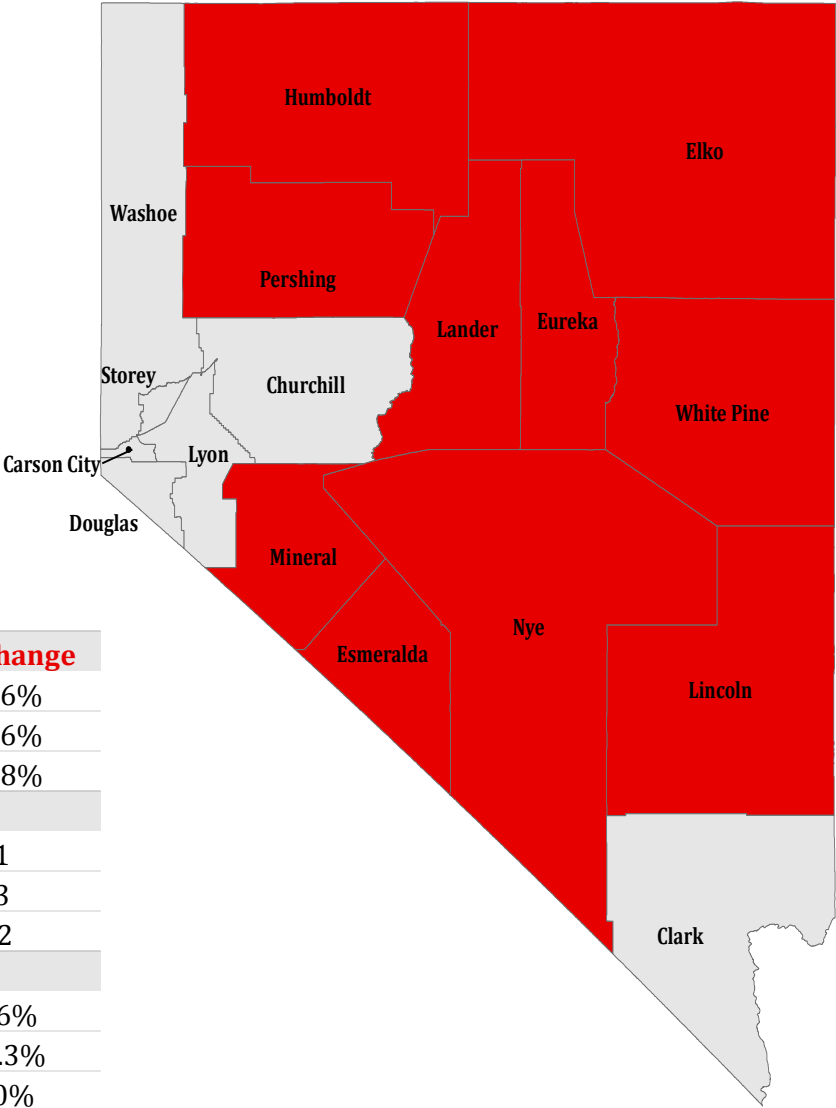
Source: U.S. Census Bureau: State and County QuickFacts

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



# Rural Trends

- ❑ The share of mortgages underwater was 13.8 percent for 2016Q2 – only a 0.3 percentage point decrease from 2016Q1.
- ❑ The share of homes sold under distress decreased over 9 percentage points on month to month basis. Both short sales and REO sales were down on a year over year basis.
- ❑ New home sales decreased for the fourth consecutive month. Existing home sales decreased for the first time in four months.
- ❑ June 2016 was the first time since September 2015 where Rural Nevada saw Multifamily construction starts.
- ❑ Average existing home prices were up over \$20,000 on a year over year basis. Average new home prices were up only \$3,000 on a year over year basis.

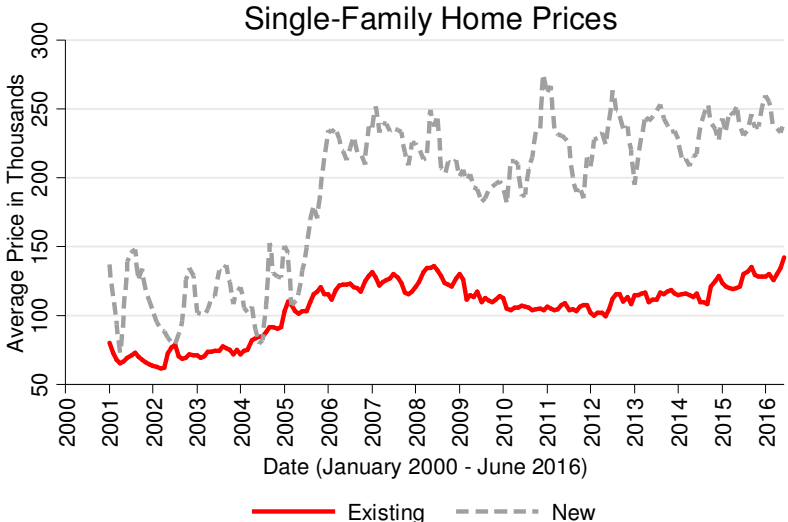


Single-Family Home Sales*	June 2016	M2M Change	Y2Y Change
New	13	-9.3%	-42.6%
Existing	234	-6.1%	-11.6%
Distress Share	10.3%	-47.2%	-15.8%
Residential Construction			
<b>Total Starts</b>	24	-2	-1
Single-Family	22	-4	-3
Multifamily	2	+2	+2
Average Single-Family Sales Price*			
New	\$240,377	+3.5%	+1.6%
Existing	\$141,739	+5.4%	+17.3%
Distress	\$89,957	+6.1%	-5.0%

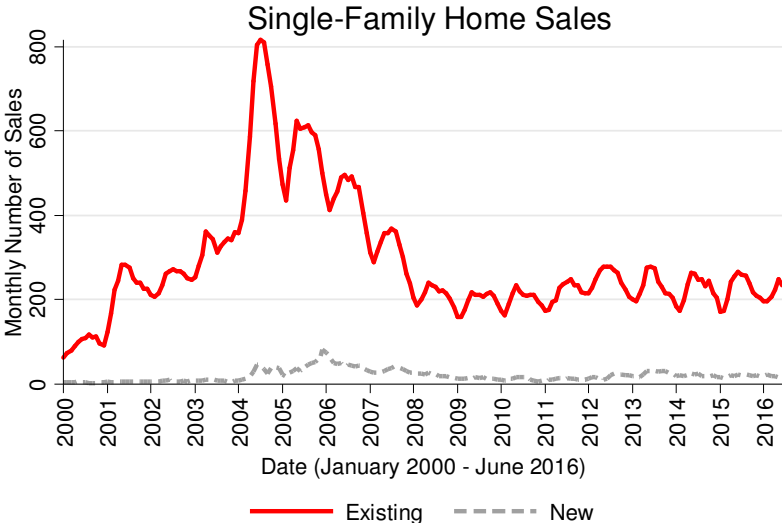
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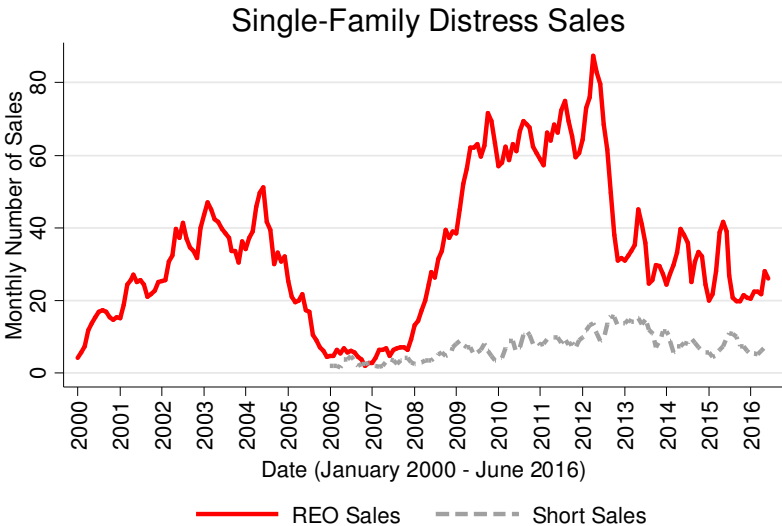
# Rural Trends



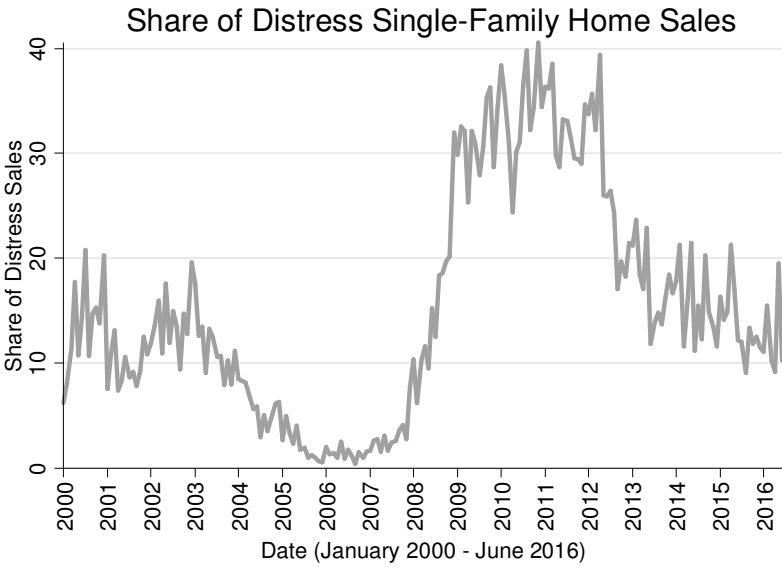
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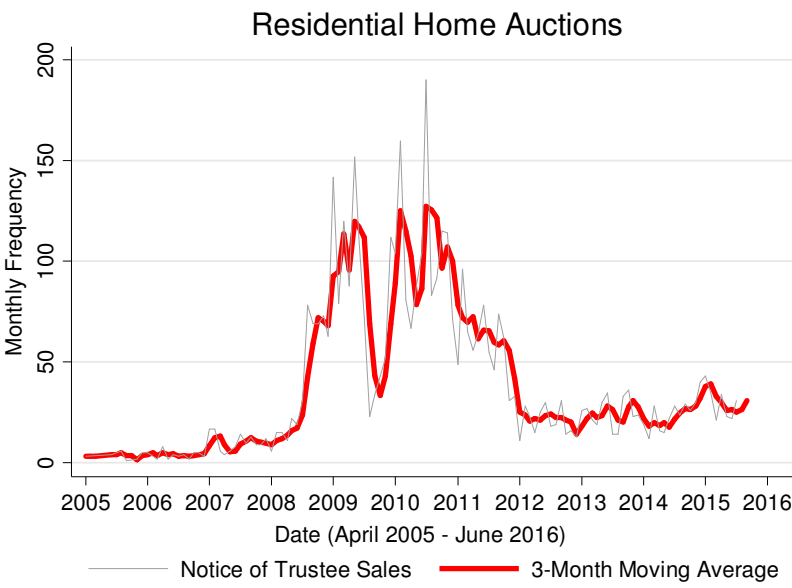
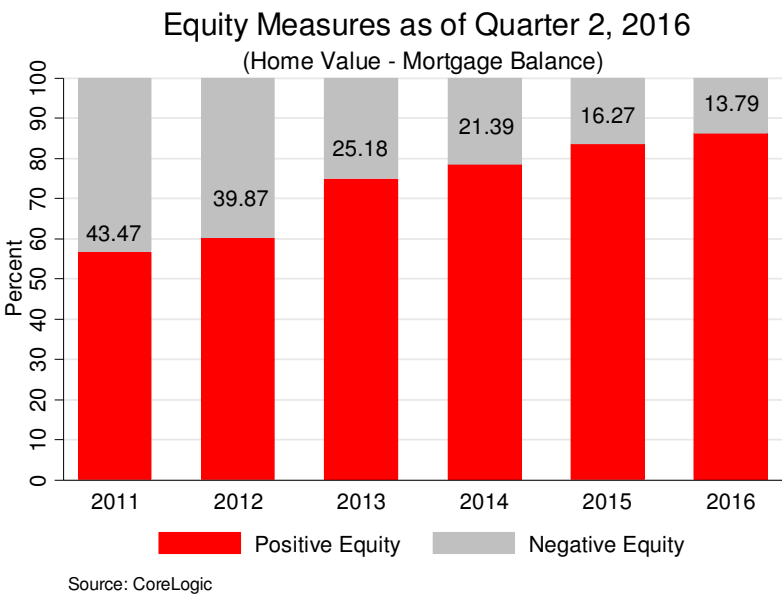
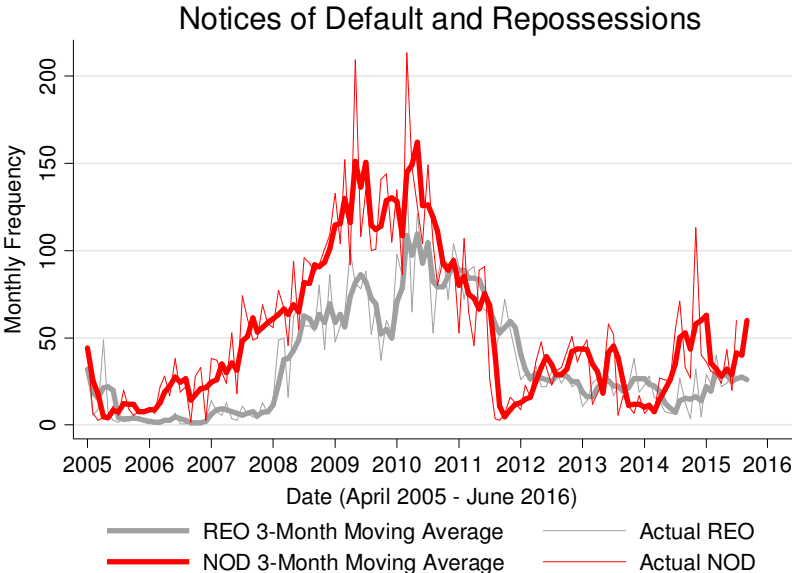
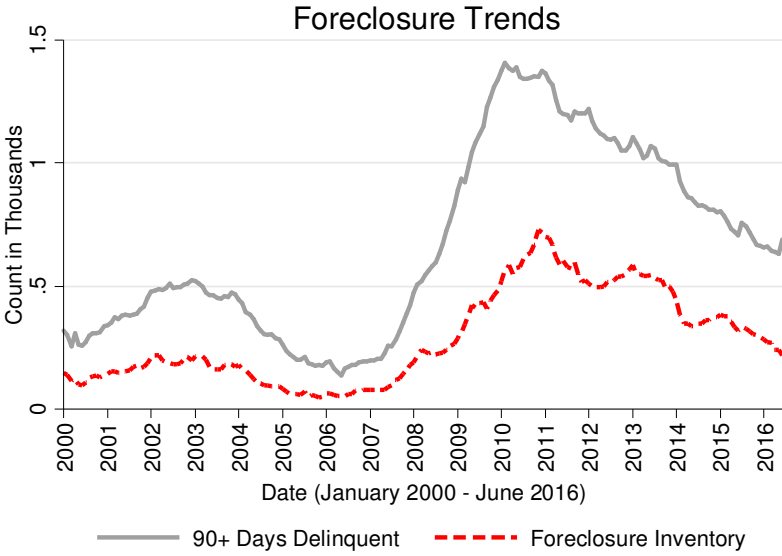


Source: CoreLogic  
 Note: Series are 3-month weighted moving averages.



Source: CoreLogic

# Rural Trends



## 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.

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