

September 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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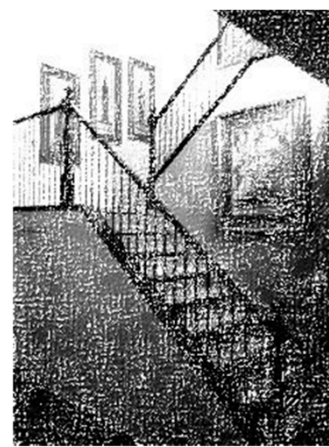
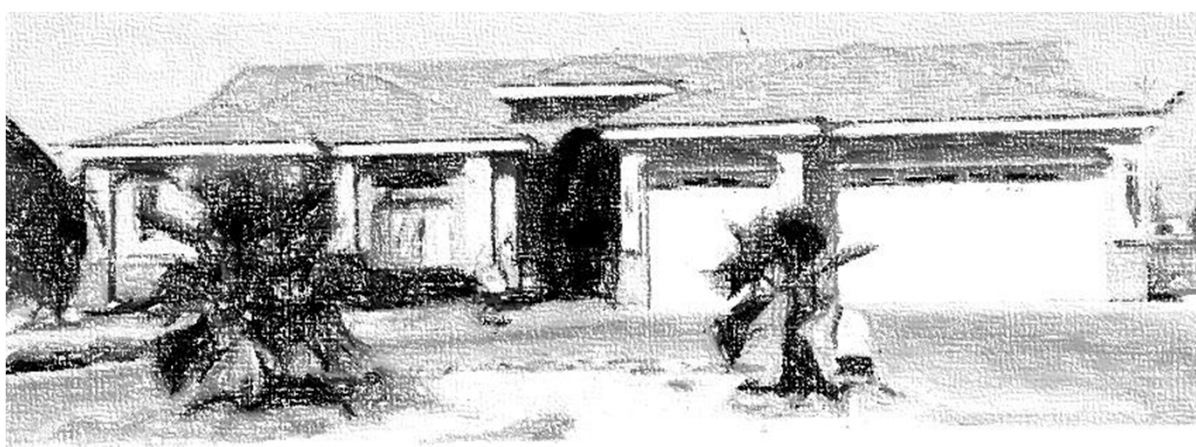
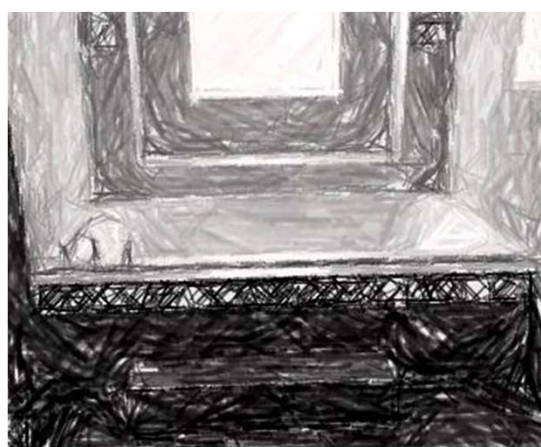
# Nevada's Housing Market | September 2016

## Nevada Statewide Trends

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

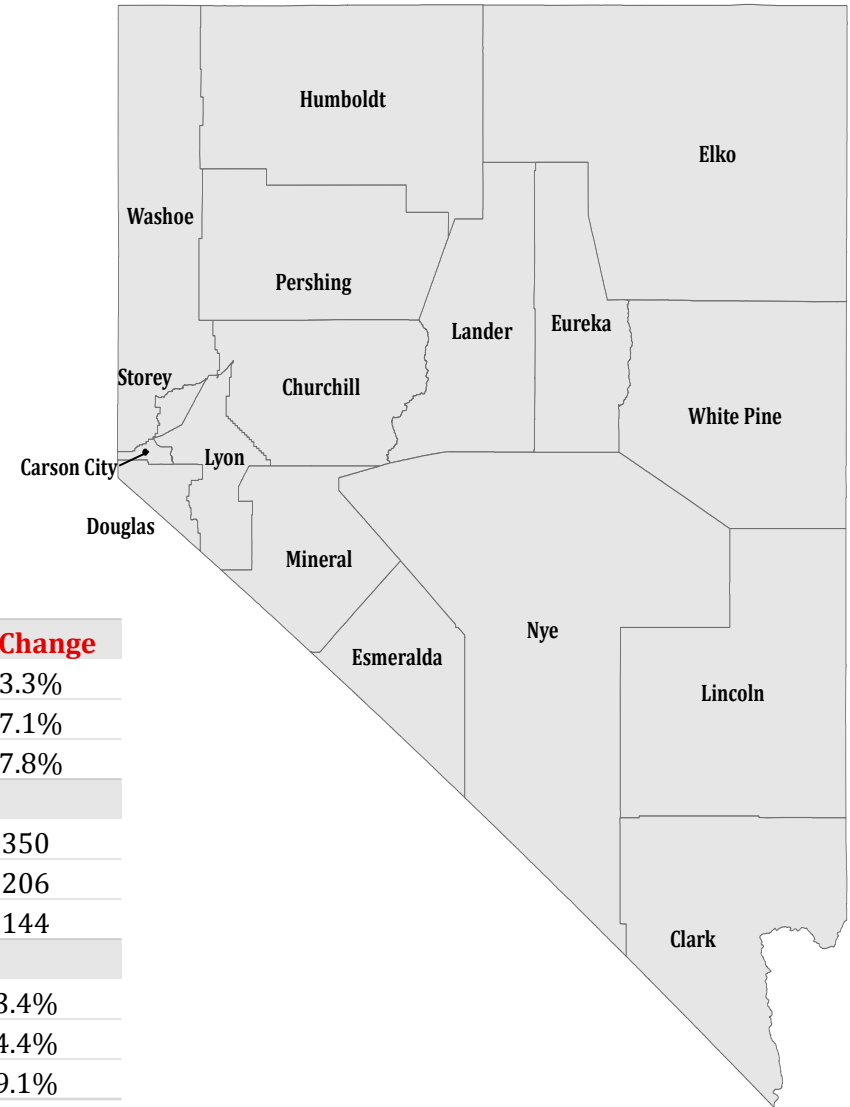
Housing Units: **1,209,756** in 2015

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



## Nevada Statewide Trends

- ❑ Statewide new home sales increased slightly after seeing a large decrease in August 2016. New home sales decreased in Northern Nevada and increased in Southern Nevada.
- ❑ 14.18 percent of mortgages in Nevada were underwater at the end of the third quarter in 2016. This was less than a one percentage point decrease from the second quarter of 2016.
- ❑ Housing affordability decreased in the Reno Metropolitan area, according to the National Association of Home Builders. 41.8 percent of homes were affordable to the median income in Reno. Housing affordability remained nearly unchanged for Las Vegas and the United States.
- ❑ New home prices increased after seeing three consecutive monthly decreases.

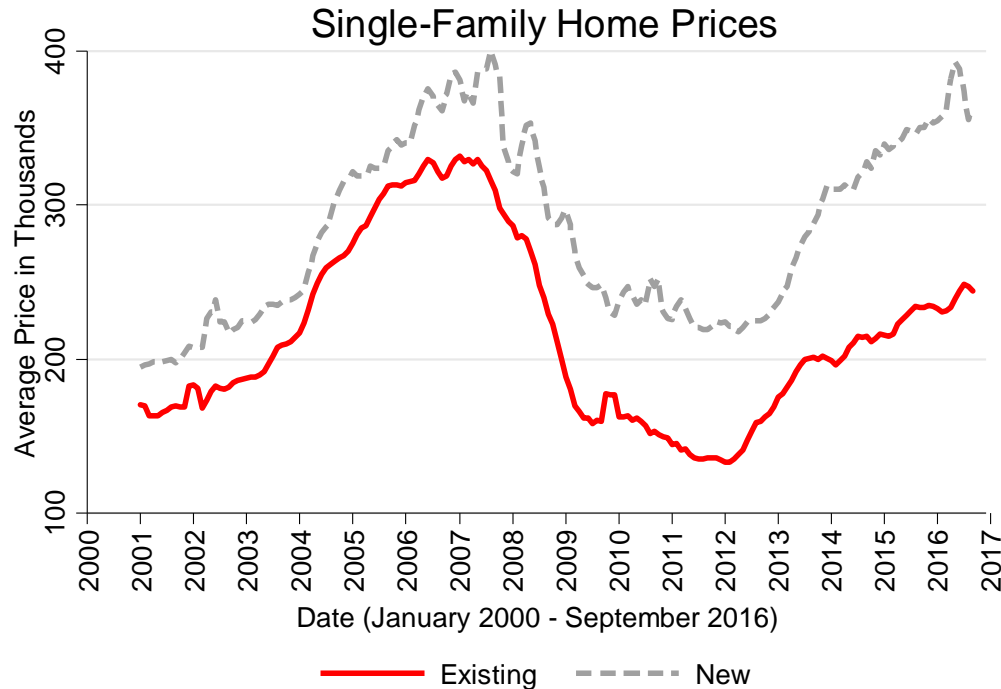


Single-Family Home Sales*	September 2016	M2M Change	Y2Y Change
New	752	+1.3%	-13.3%
Existing	4,459	-9.5%	-17.1%
Distress Share	9.8%	+5.0%	-17.8%
Residential Construction			
<b>Total Starts</b>	1,163	-24	+350
Single-Family	987	+94	+206
Multifamily	176	-118	+144
Average Single-Family Sales Price*			
New	\$362,655	+2.0%	+3.4%
Existing	\$244,118	-1.4%	+4.4%
Distress	\$193,115	+1.6%	+9.1%

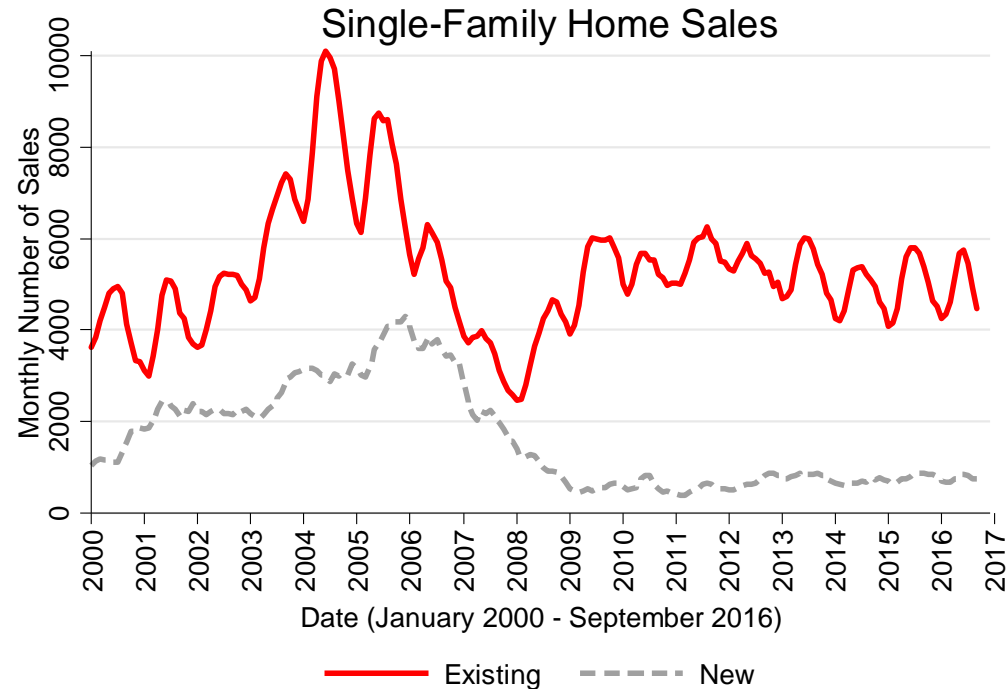
Source: Lied Institute calculations and the *State of the Cities Data Systems* by U.S. Department of Housing and Urban Development.

\*Figures portray Three-Month Moving Weighted Averages

## Nevada Statewide Trends



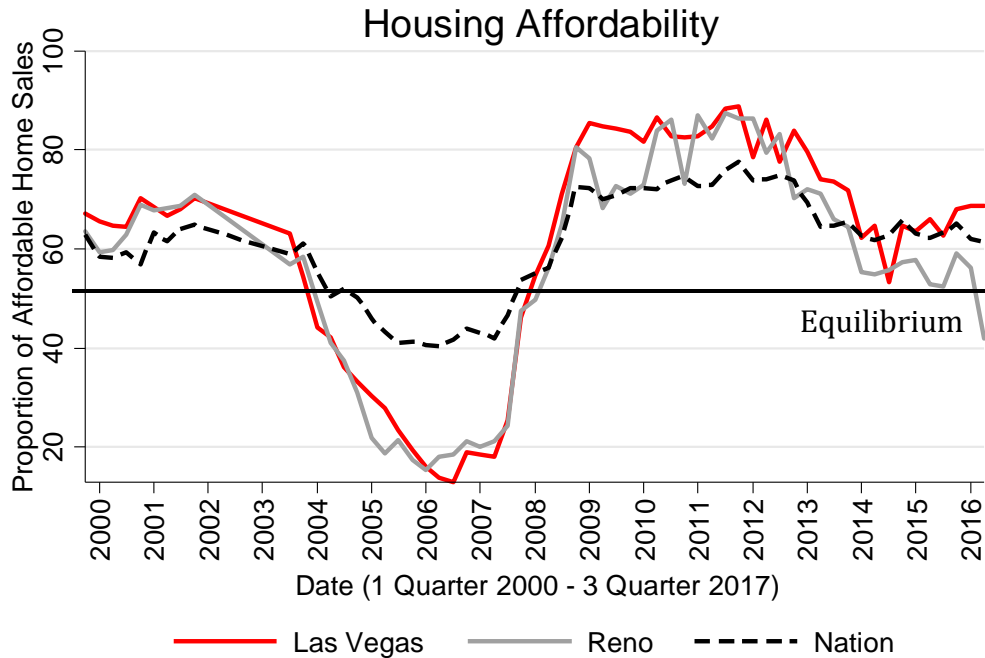
Note: Series are 3-month weighted moving averages.



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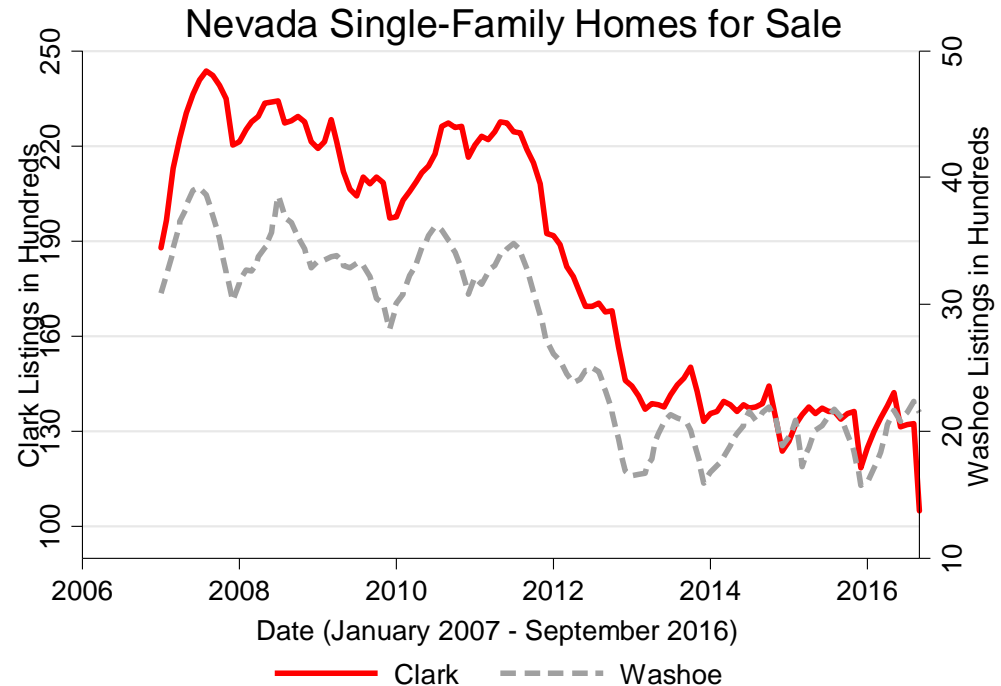
The Single-Family Home Prices figure above shows the three-month moving average price of existing homes and new homes. Existing homes are single family homes that were exchanged from one private owner to another. This includes homes sold by real estate agents, owners, and lenders. New homes are single 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.

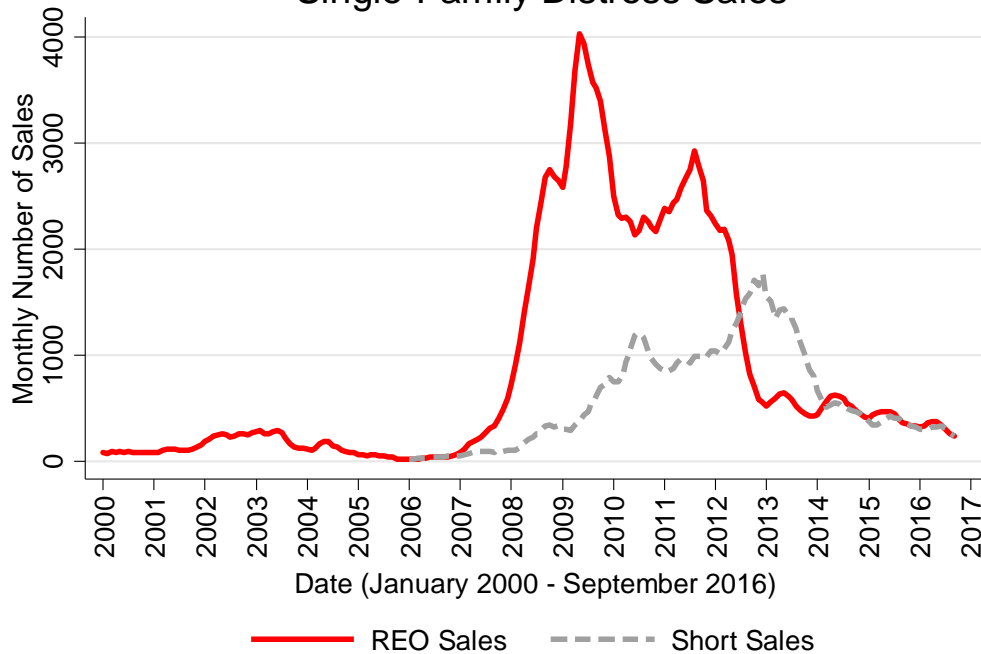


Source: Greater Las Vegas Association of Realtors and Reno-Sparks Association of Realtors

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.

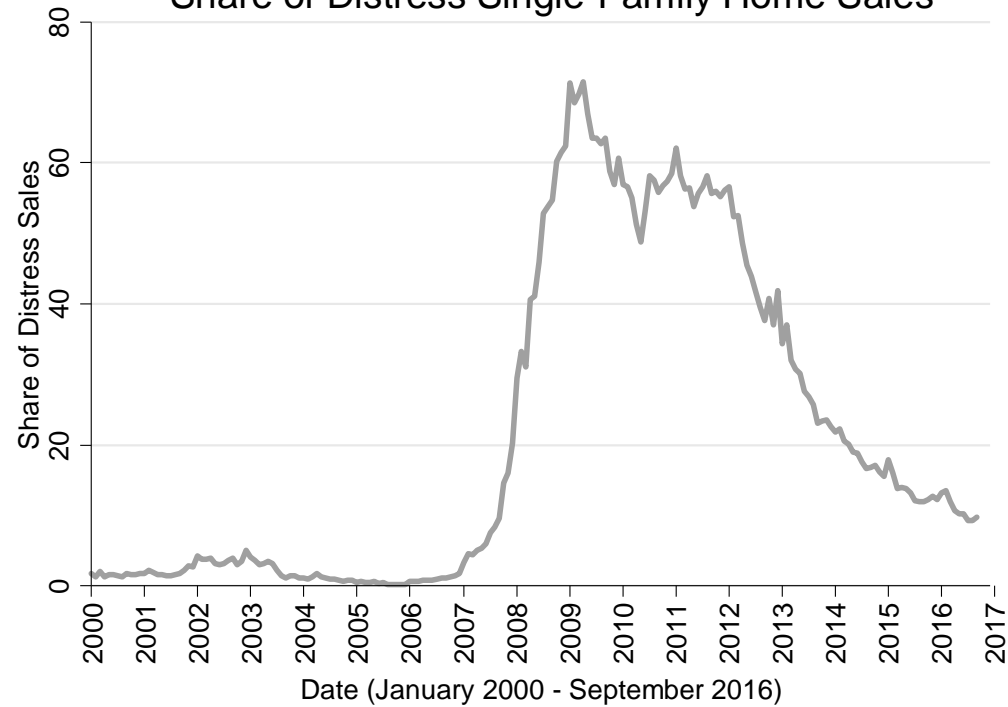
## Nevada Statewide Trends

Single-Family Distress Sales



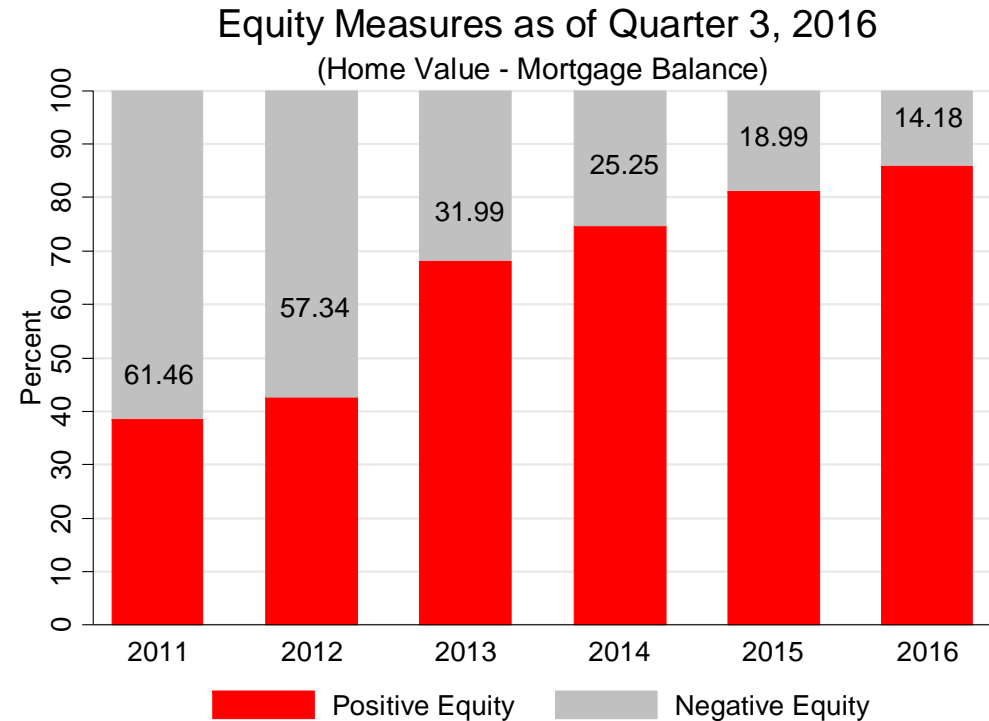
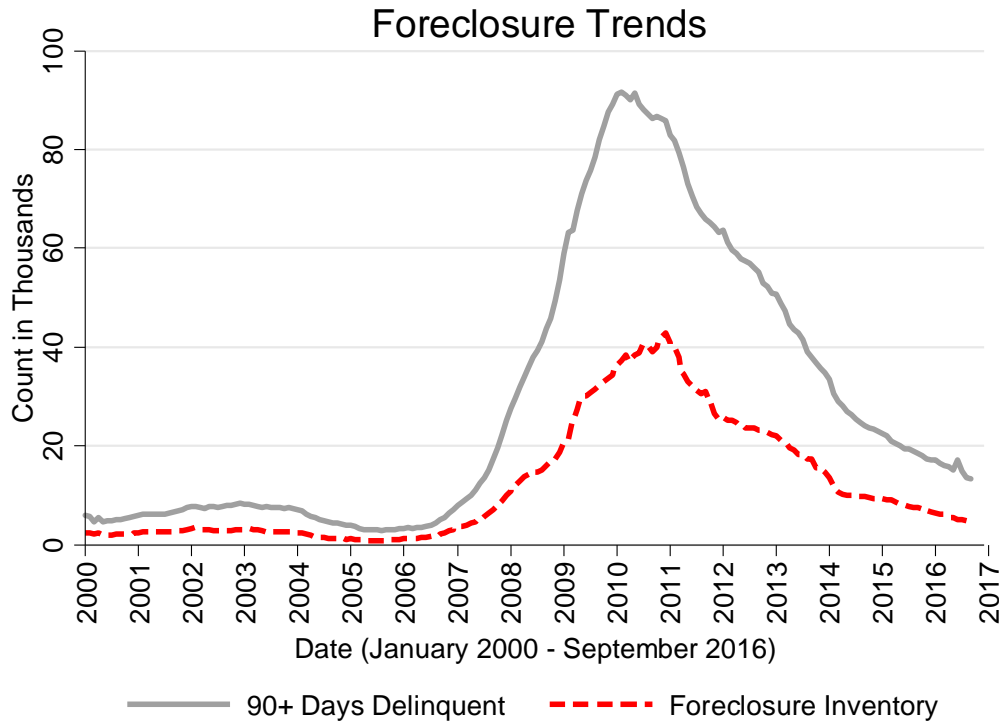
Note: Series are 3-month weighted moving averages.

Share of Distress Single-Family Home Sales



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

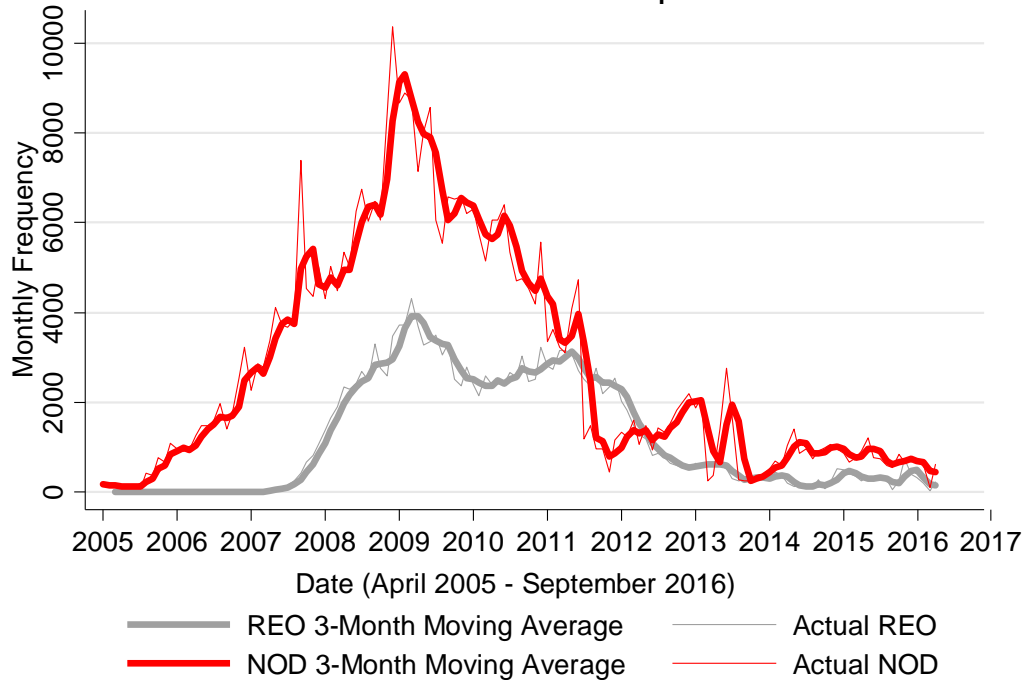


The Foreclosure Trends figure includes two series: the 90+ Days Delinquent series and the Foreclosure Inventory series. The 90+ Days Delinquent series consists of the number of homes that are secured by a loan in default for 90 days or more. This includes homes that are in the process of being foreclosed. 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.

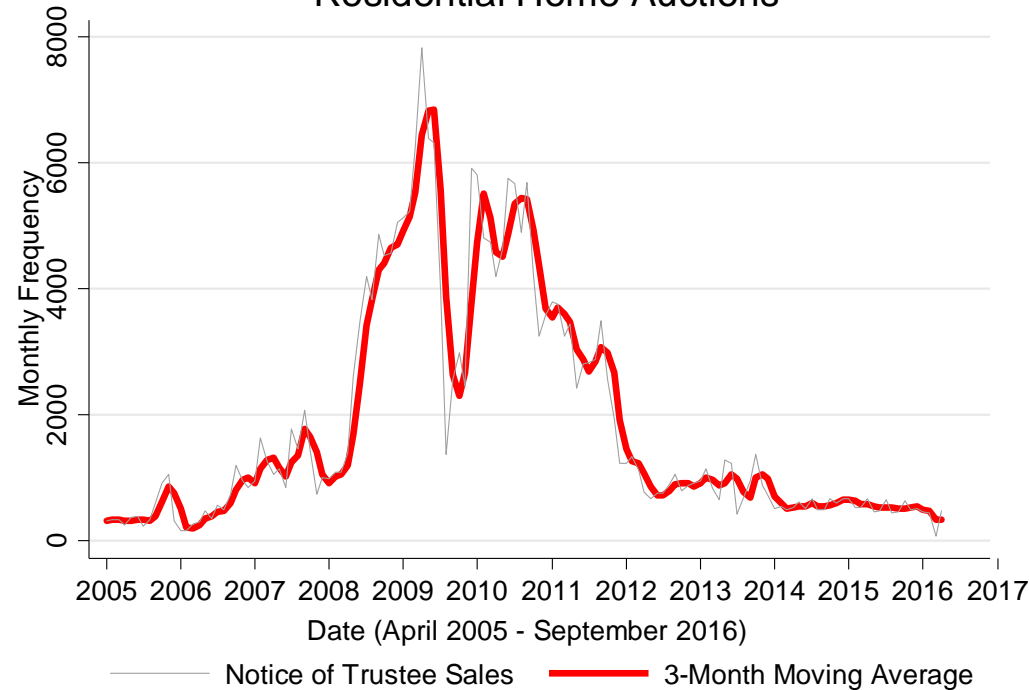


## Nevada Statewide Trends

### Notices of Default and Repossessions



### Residential Home Auctions

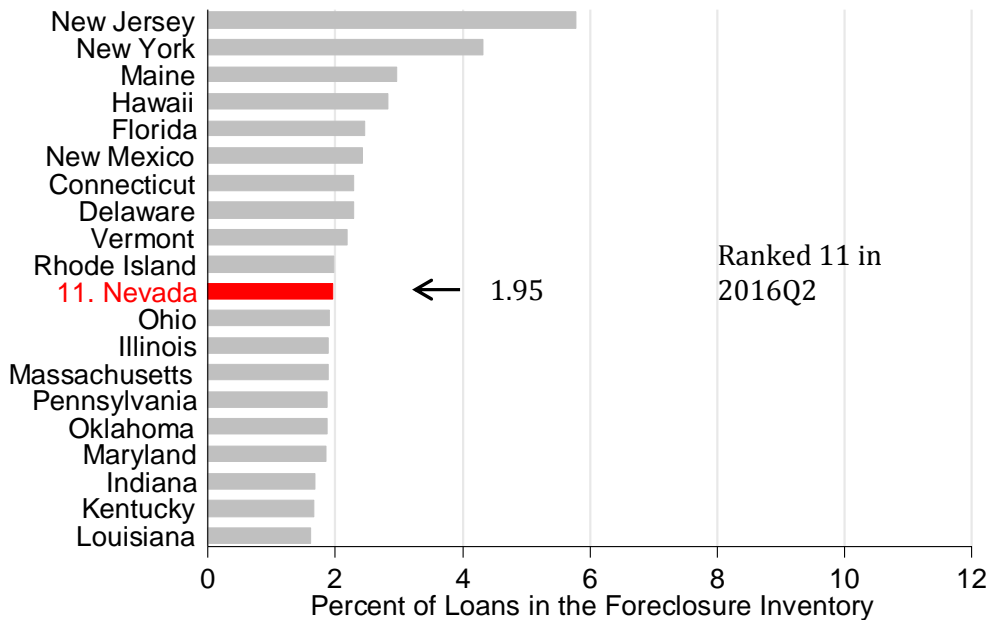


The first figure shows the monthly number of Notices of Default and Repossessions. The Notice of Default (NOD) is the initial stage of foreclosure that starts at least 90 days after the homeowner's mortgage default date. Not all homes that receive a NOD will necessarily be foreclosed. There exist other 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

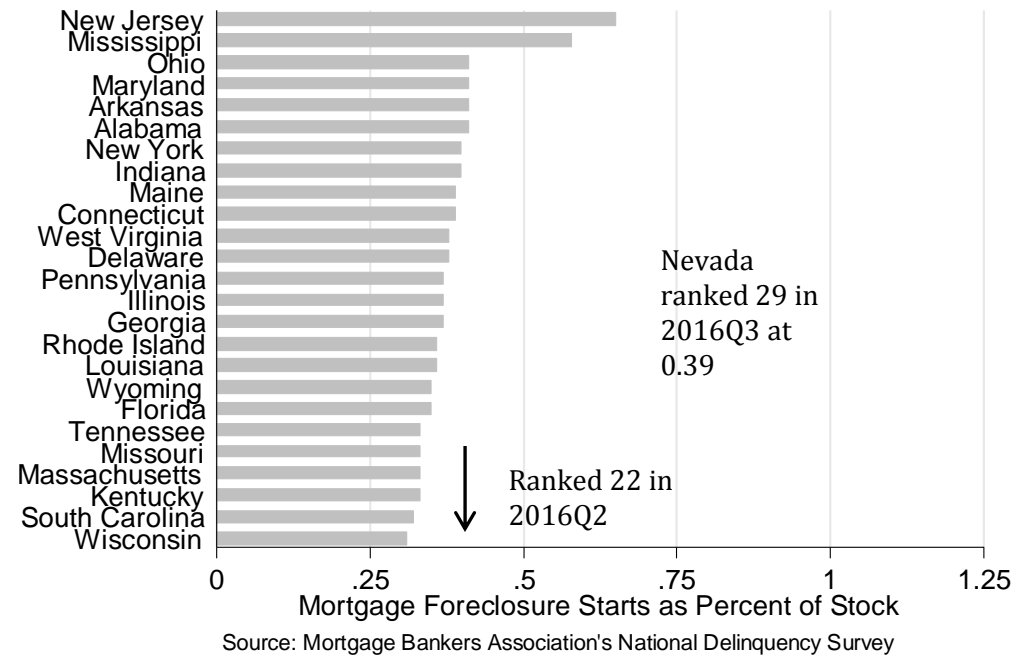
### Top 20 States in Foreclosure Inventory

3rd Quarter 2016



### Top 25 States in Foreclosure Starts

3rd Quarter 2016



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 | September 2016

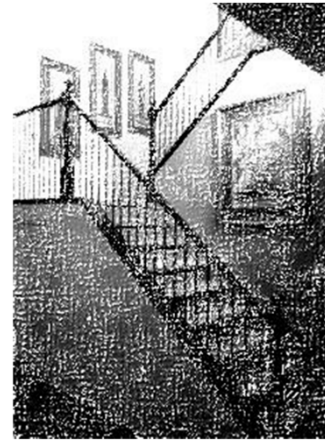
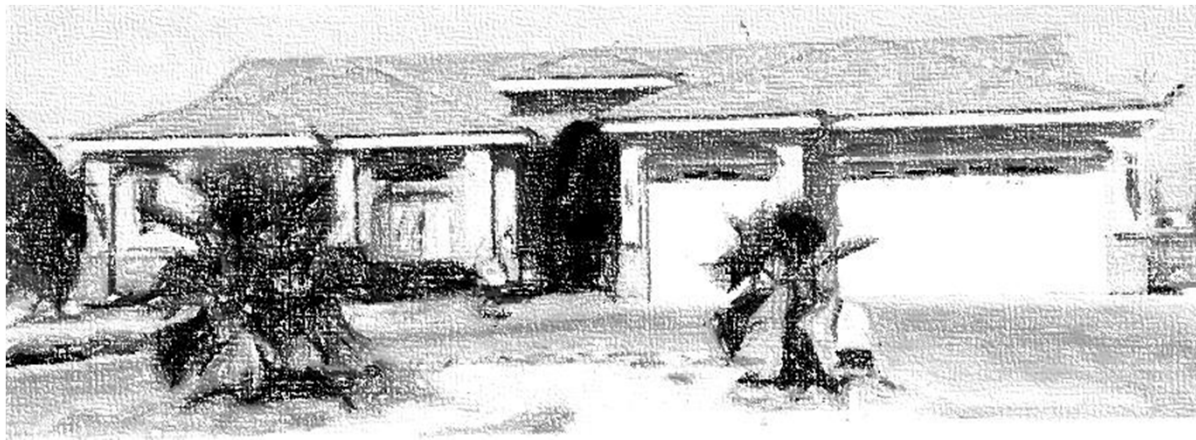
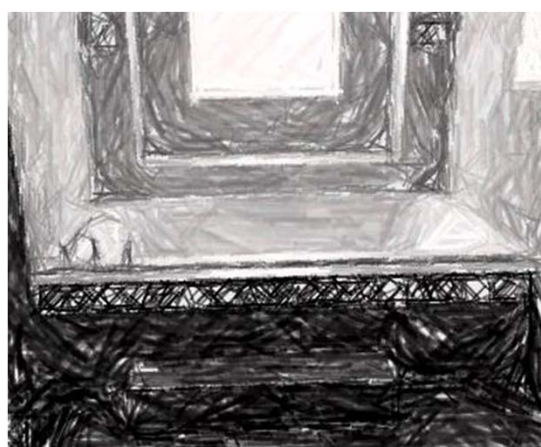
## Northern Trends

Population: **629,906** in 2015

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

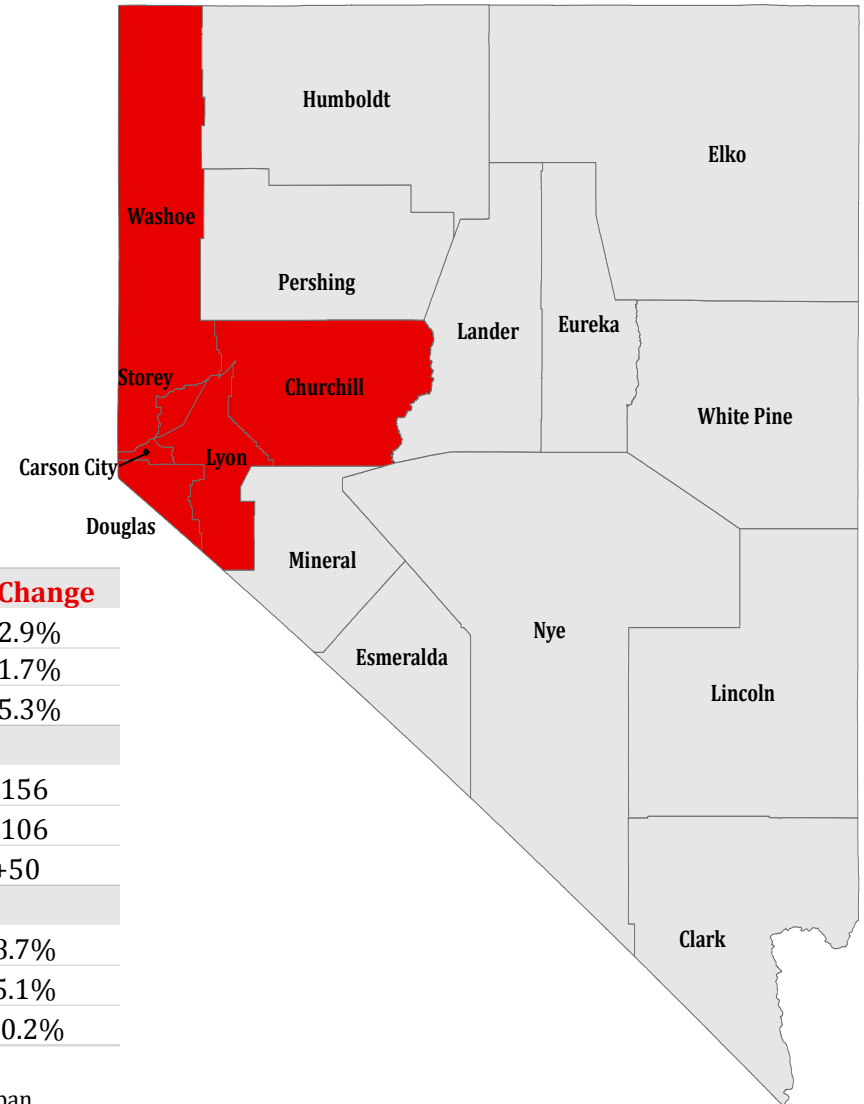
Source: U.S. Census Bureau: State and County QuickFacts

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



## Northern Trends

- ❑ New home sales decreased on a month to month basis for the fifth consecutive month. Existing home sales decreased on a month to month basis for the third consecutive month.
- ❑ Single-Family construction starts were the highest of any month so far in 2016.
- ❑ The share of mortgages with negative equity was 7.7 percent. This represents a 0.3 percentage point decrease from 2016Q2.
- ❑ Northern Nevada was the only region where average new and existing home prices increased on a month to month basis. Average distress home prices saw a large increase of \$19,000 since the previous month.

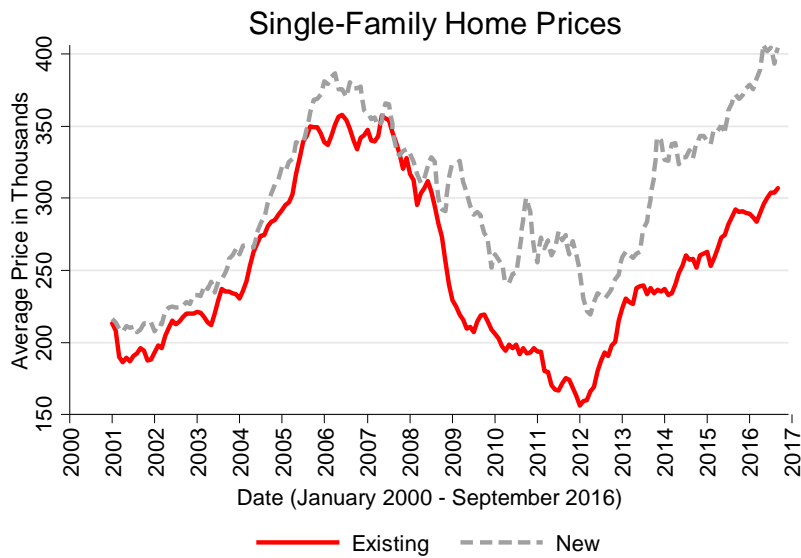


Single-Family Home Sales*	September 2016	M2M Change	Y2Y Change
New	70	-35.5%	-52.9%
Existing	822	-24.8%	-31.7%
Distress Share	6.4%	+8.2%	-15.3%
Residential Construction			
<b>Total Starts</b>	342	-119	+156
Single-Family	292	+125	+106
Multifamily	50	-244	+50
Average Single-Family Sales Price*			
New	\$404,481	+2.7%	+8.7%
Existing	\$307,124	+1.1%	+5.1%
Distress	\$227,552	+8.9%	+10.2%

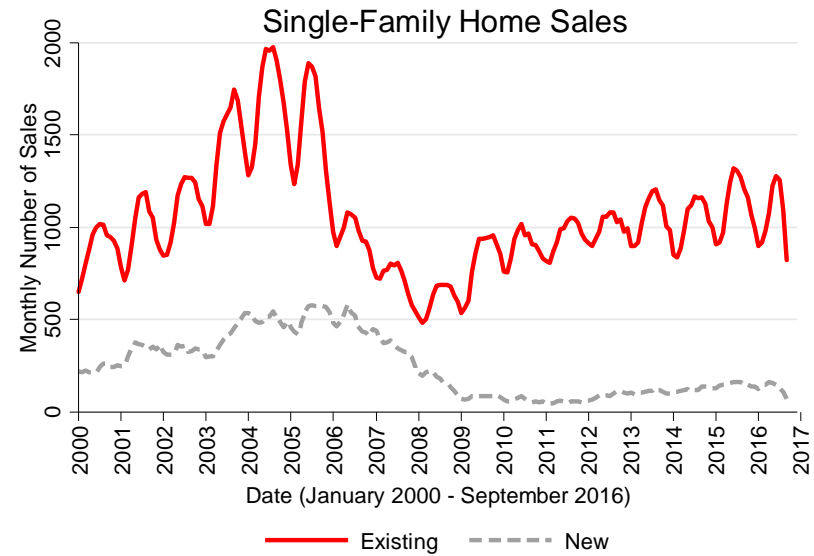
Source: Lied Institute calculations and the *State of the Cities Data Systems* by U.S. Department of Housing and Urban Development.

\*Figures portray Three-Month Moving Weighted Averages

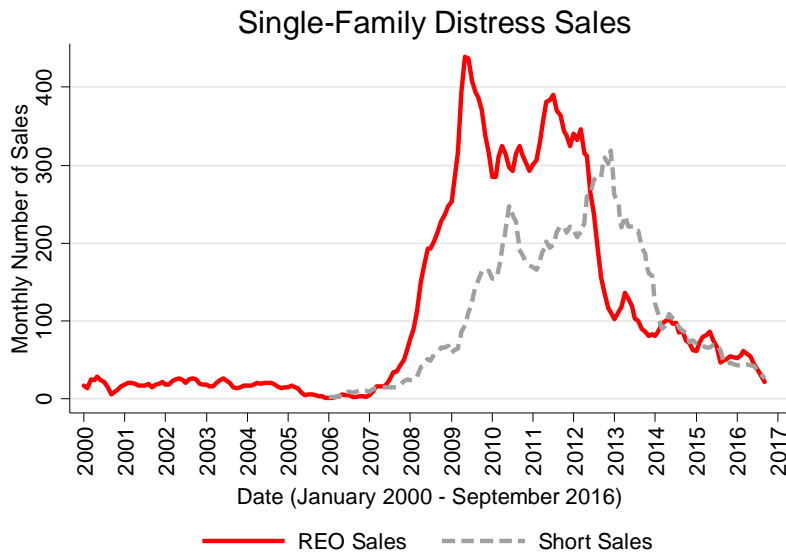
# Northern Trends



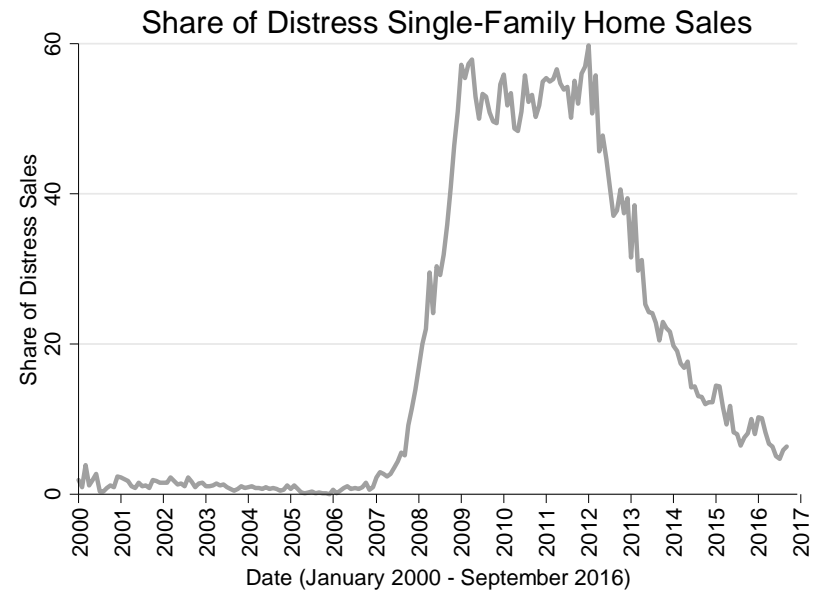
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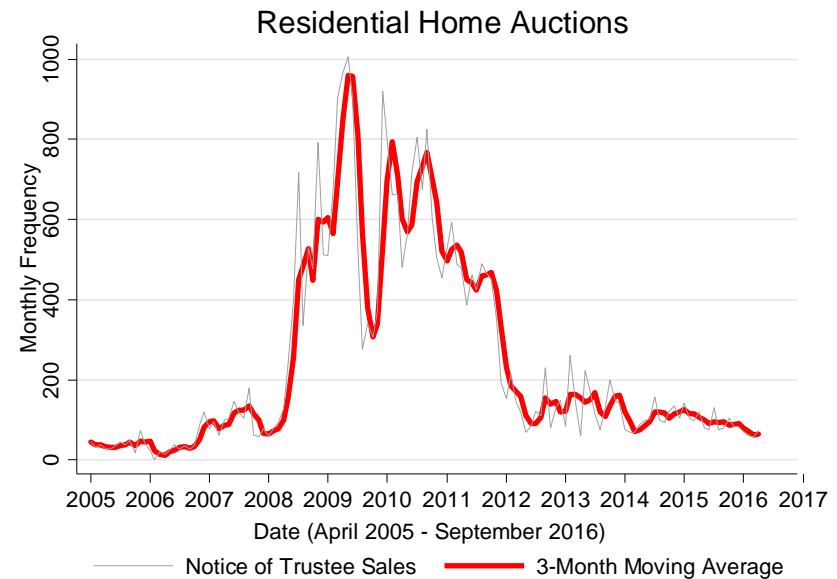
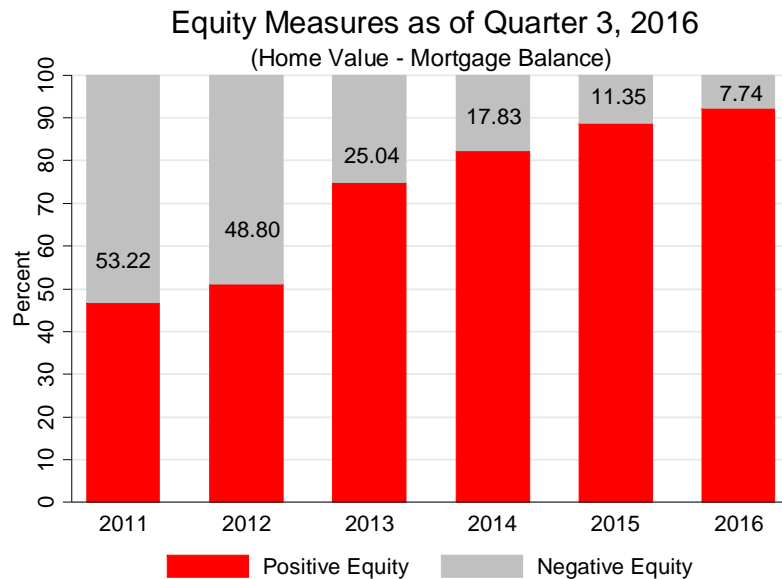
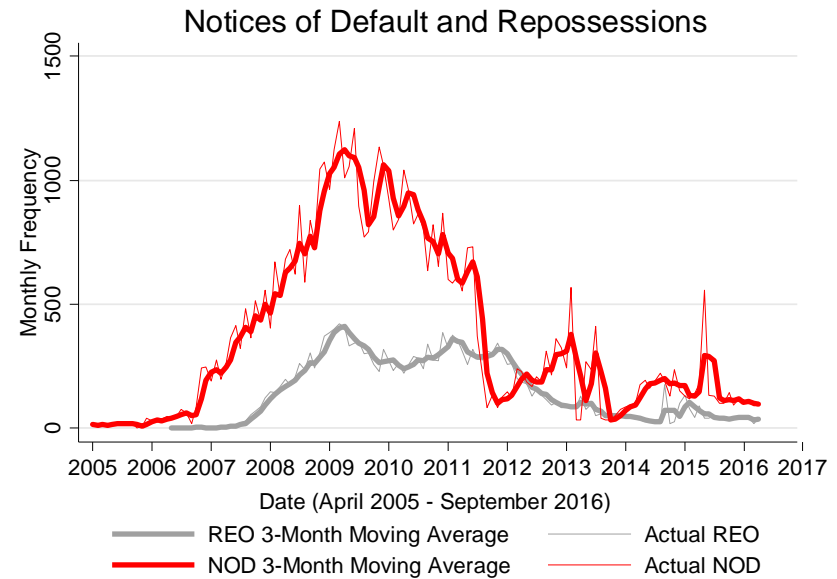
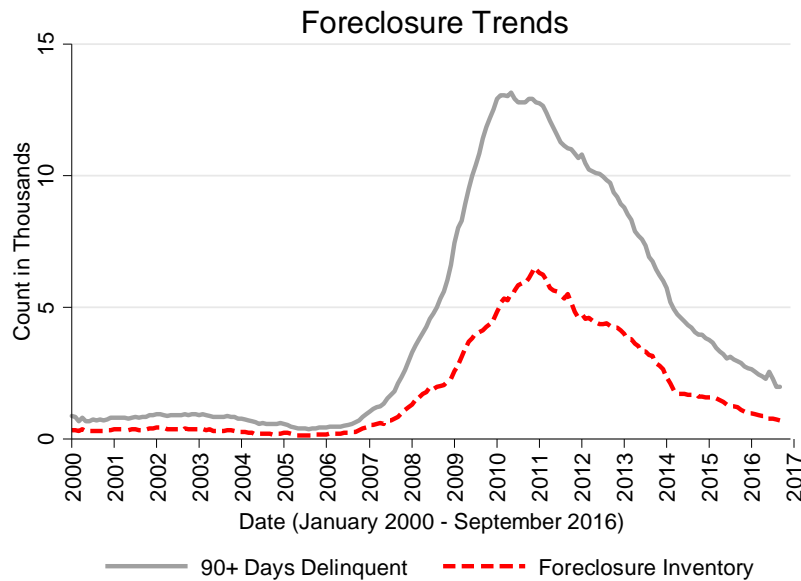
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# Northern Trends



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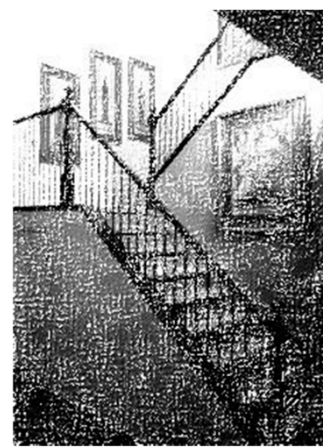
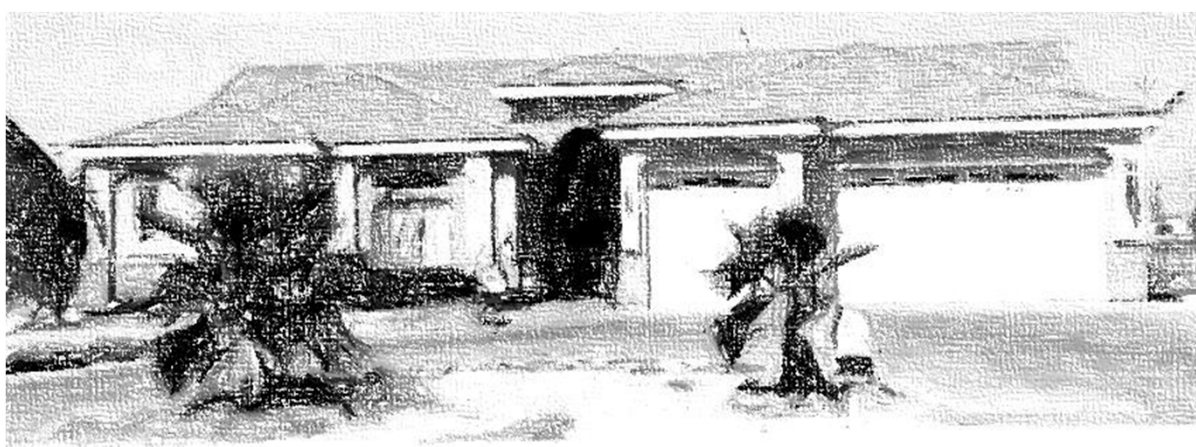
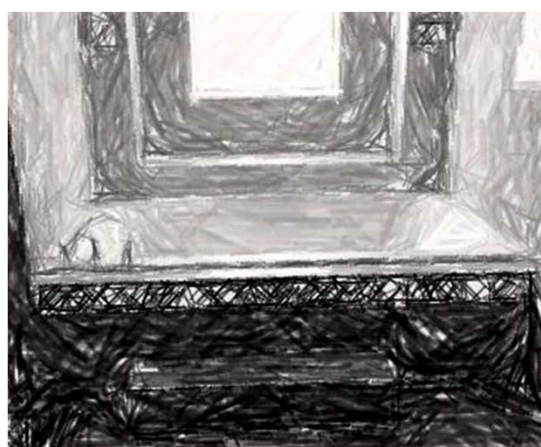
## Southern Trends

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

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

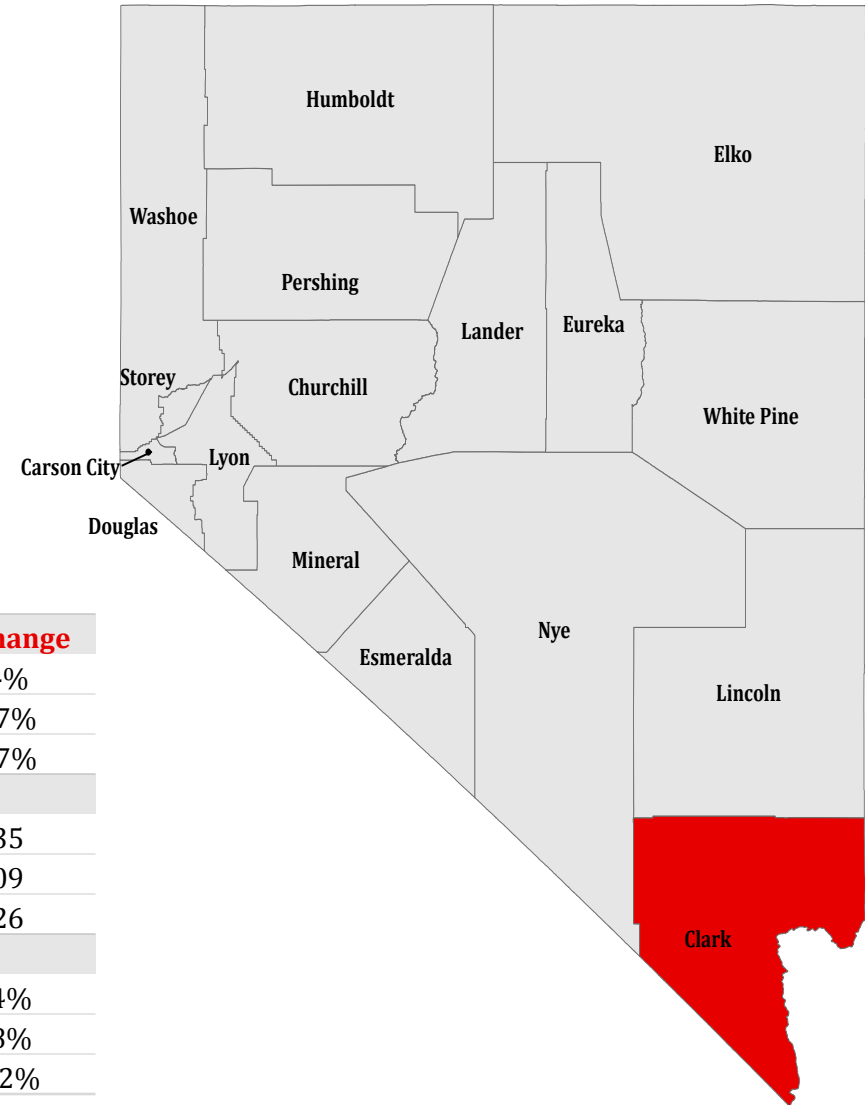
Source: U.S. Census Bureau: State and County QuickFacts

(Clark County)



## Southern Trends

- ❑ New home sales saw a large increase after seeing a large decrease in August 2016. Existing home sales decreased for the third consecutive month.
- ❑ The share of mortgages with negative equity was 16.2 percent. This represents a 0.5 percentage point decrease from 2016Q2.
- ❑ New home prices increased after three consecutive months with a decrease in price. September 2016 was the second consecutive month where the year to year change in new home prices was less than 5 percent.
- ❑ Existing home prices decreased for the second consecutive month. However, existing home prices had more robust year over year growth compared to new home prices for the third consecutive month.



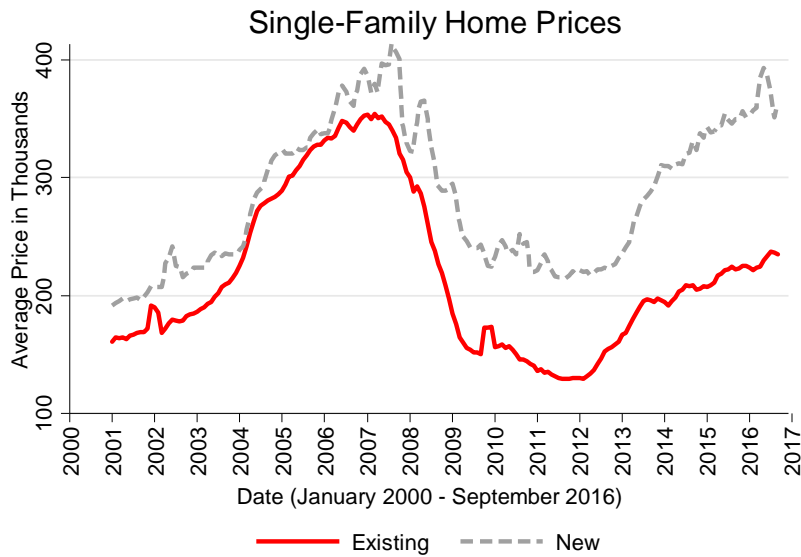
Single-Family Home Sales*	September 2016	M2M Change	Y2Y Change
New	667	+7.1%	-4.4%
Existing	3,402	-5.6%	-12.7%
Distress Share	10.1%	+0.0%	-23.7%
Residential Construction			
<b>Total Starts</b>	803	+98	+235
Single-Family	677	-28	+109
Multifamily	126	+126	+126
Average Single-Family Sales Price*			
New	\$361,193	+3.0%	+3.4%
Existing	\$235,234	-0.5%	+5.8%
Distress	\$193,679	+1.4%	+10.2%

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

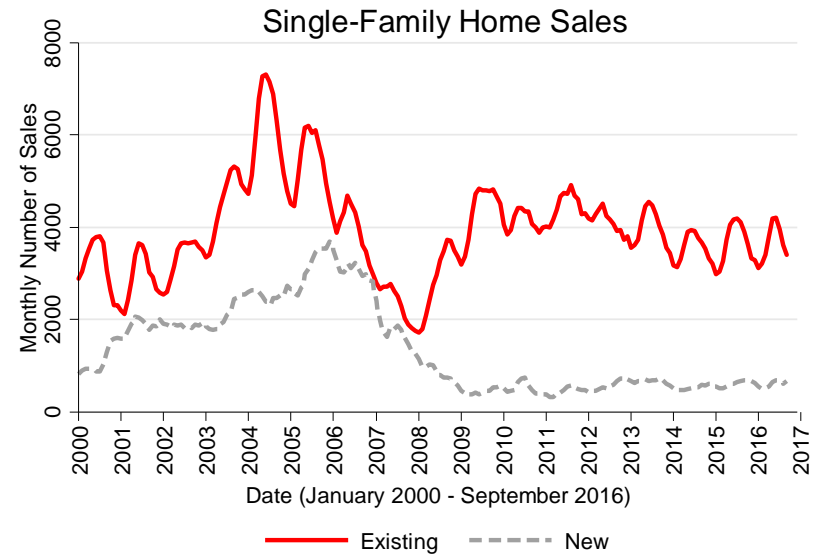
\*Figures portray Three-Month Moving Weighted Averages



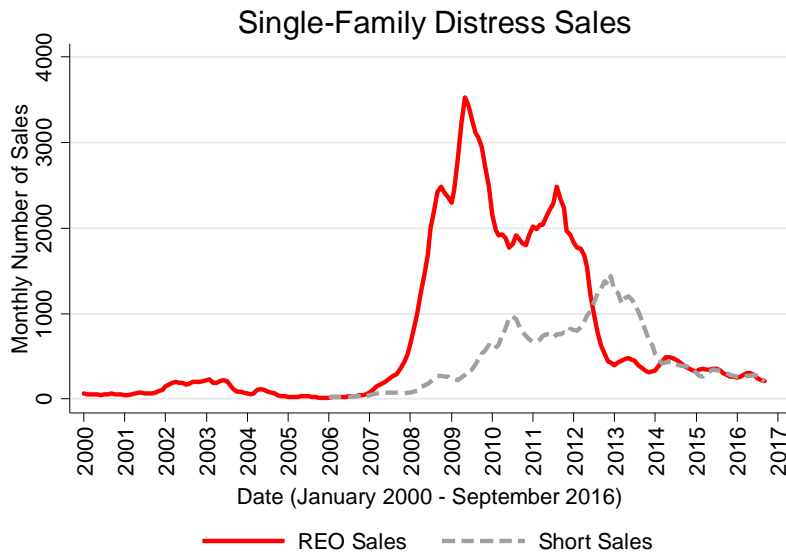
## Southern Trends



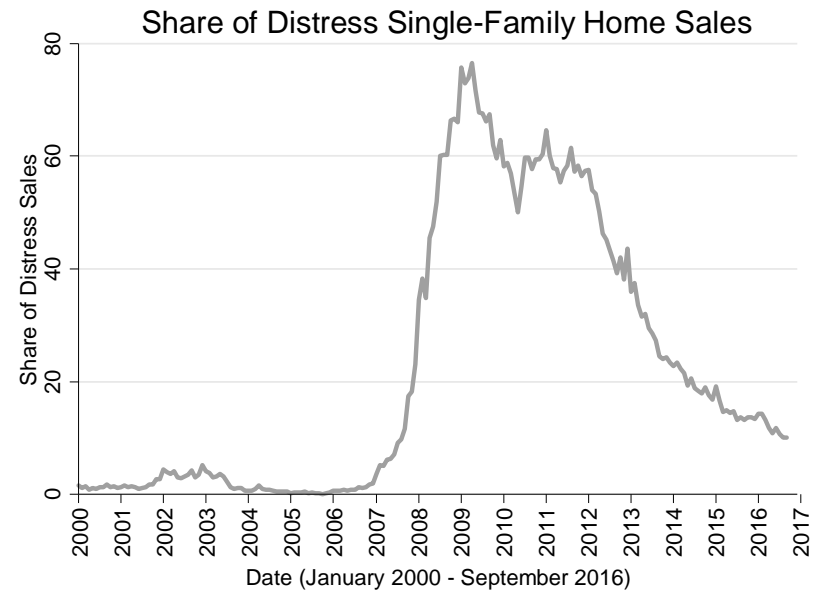
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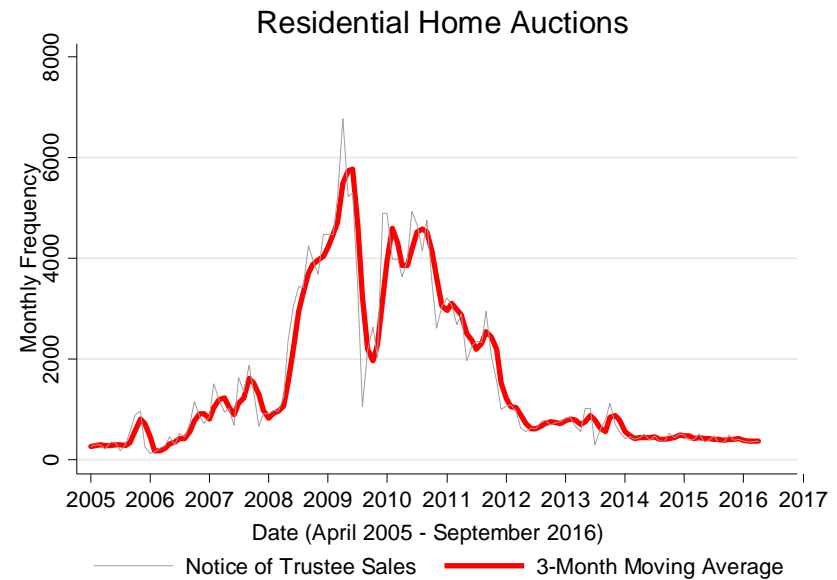
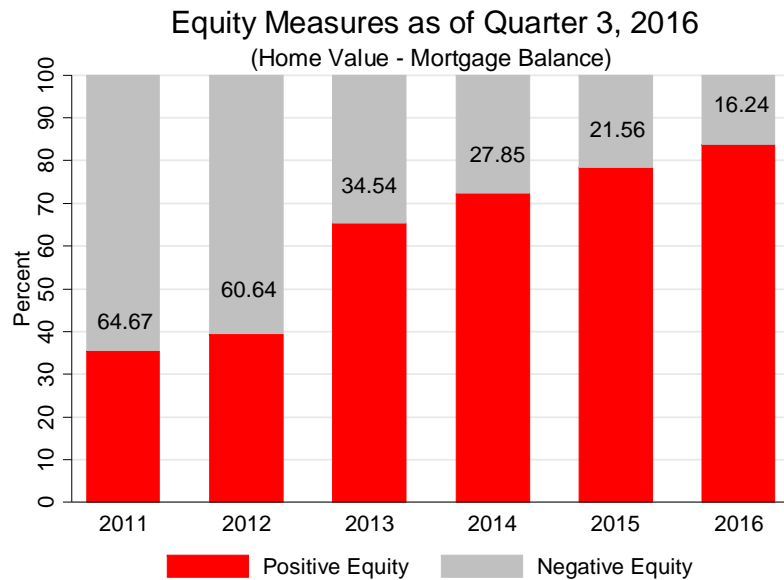
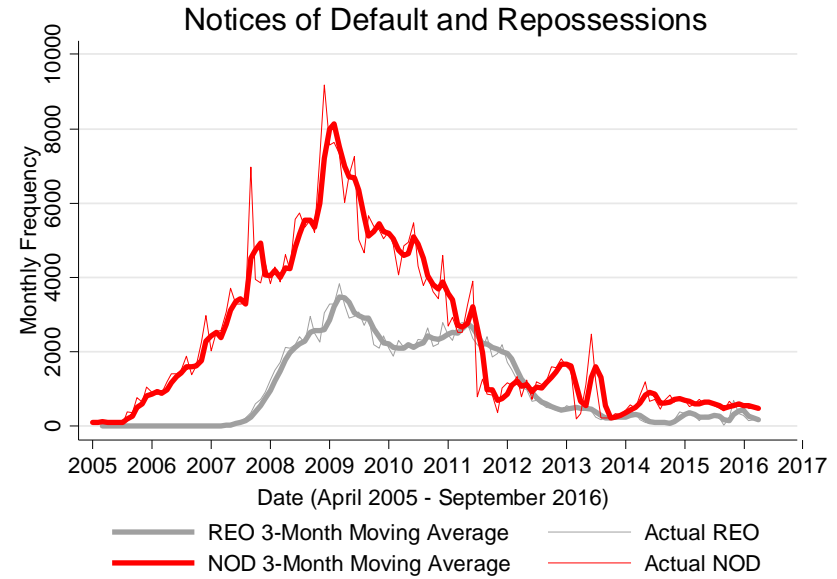
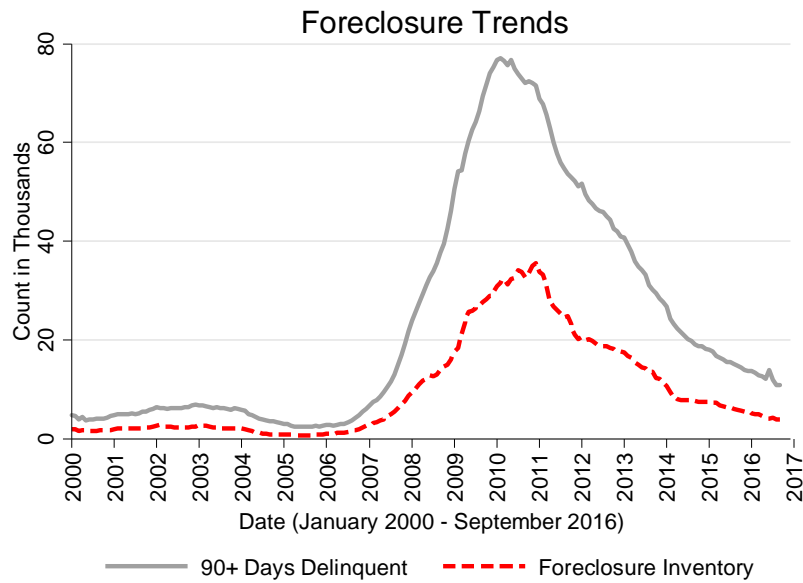
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# Southern Trends



# Nevada's Housing Market | September 2016

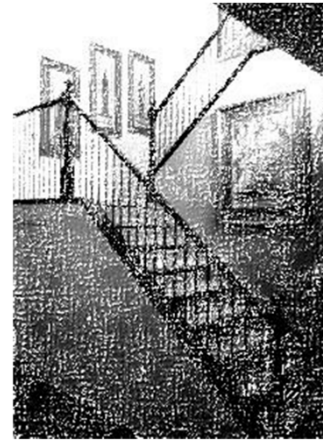
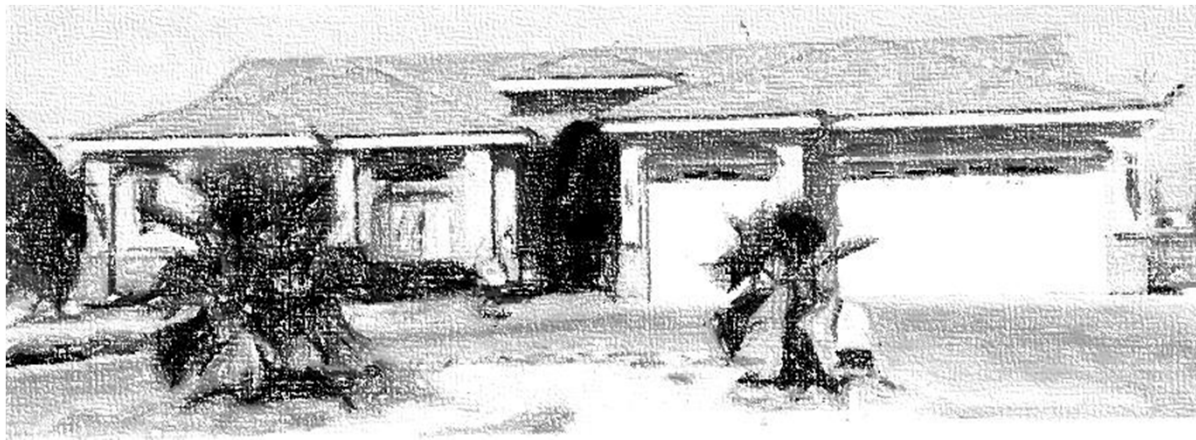
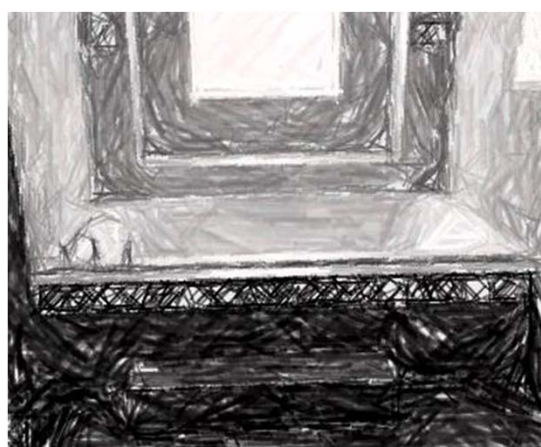
## Rural Trends

Population: **146,138** in 2015

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

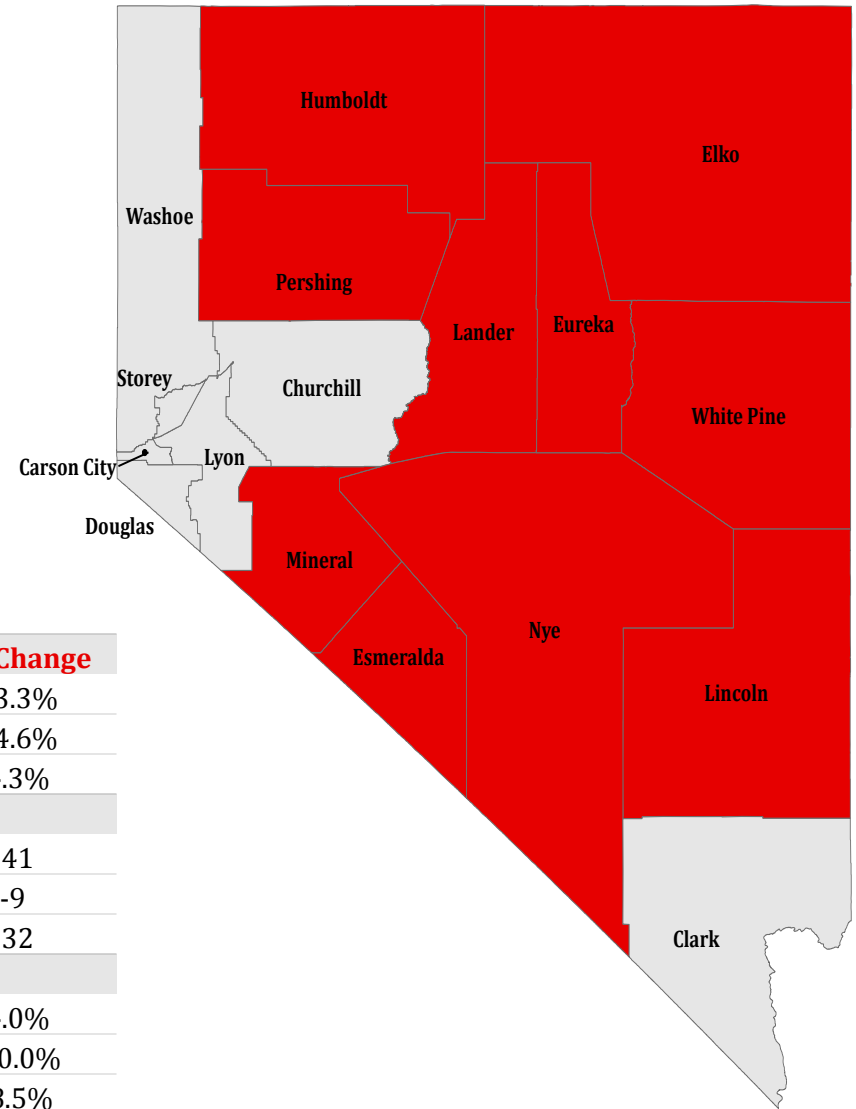
Source: U.S. Census Bureau: State and County QuickFacts

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



## Rural Trends

- ❑ New home sales saw a large monthly increase after a large monthly decrease in August 2016. New home sales decreased on a year over year basis for the sixth consecutive month.
- ❑ The share of homes sold under distress increased 2 percentage points from the previous month. This increase was driven by an increase in REO sales as short sales were unchanged.
- ❑ The share of mortgages with negative equity decreased slightly and was 13.8 percent at the end of 2016Q3.
- ❑ Home prices decreased on a month to month basis for new, existing, and distressed homes. New home prices saw a year to year decrease after three consecutive months with an increase. New home prices were down \$10,000 since September 2015.

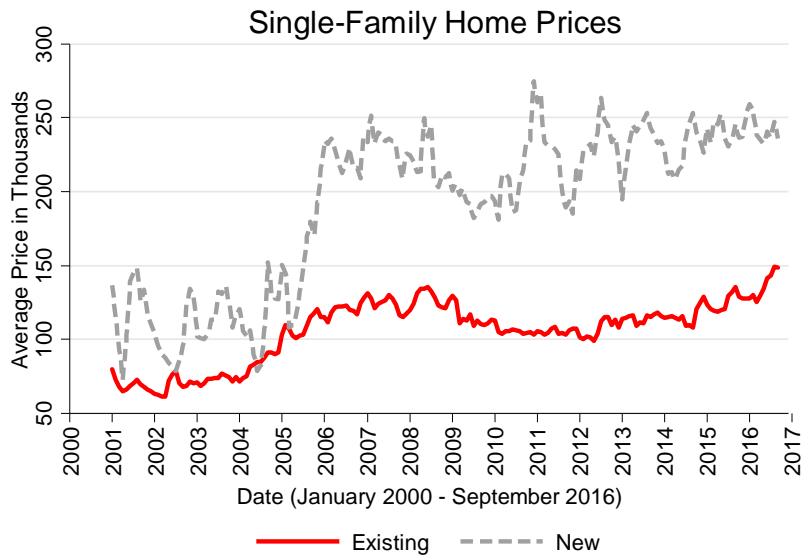


Single-Family Home Sales*	September 2016	M2M Change	Y2Y Change
New	15	+53.3%	-23.3%
Existing	203	+0.0%	-14.6%
Distress Share	12.8%	+18.6%	-4.3%
Residential Construction			
<b>Total Starts</b>	18	-3	-41
Single-Family	18	-3	-9
Multifamily	0	+0	-32
Average Single-Family Sales Price*			
New	\$235,863	-4.7%	-4.0%
Existing	\$148,743	-0.3%	+10.0%
Distress	\$120,069	-0.8%	+8.5%

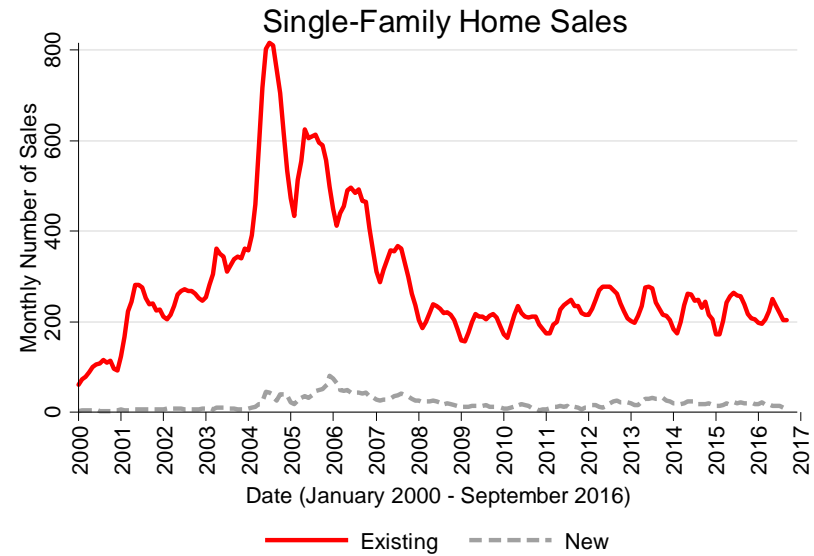
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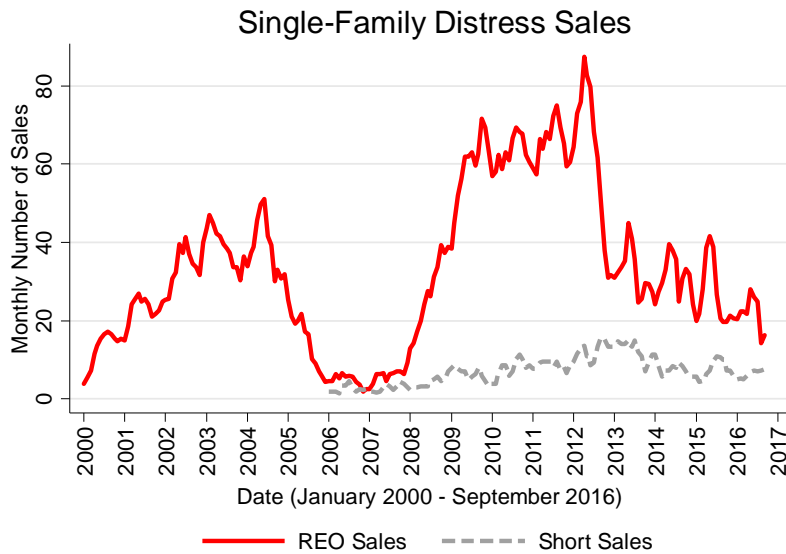
# Rural Trends



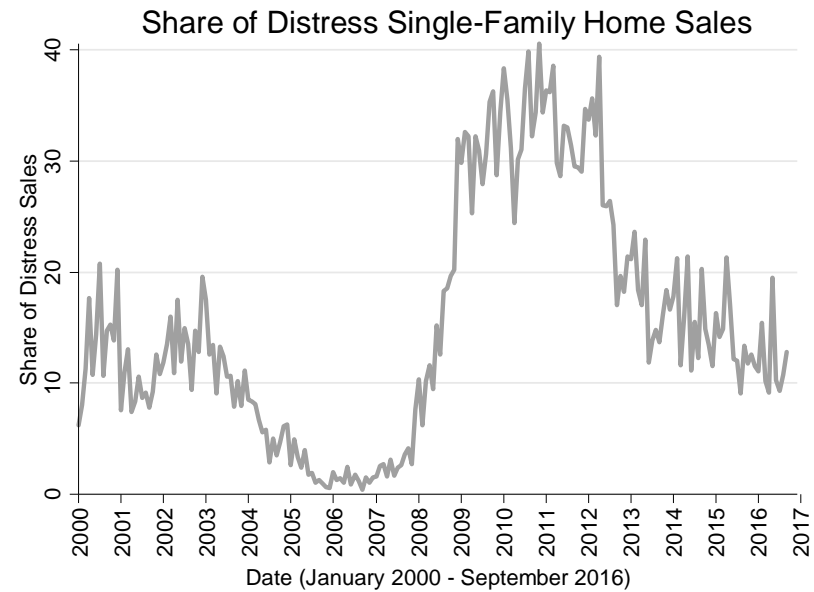
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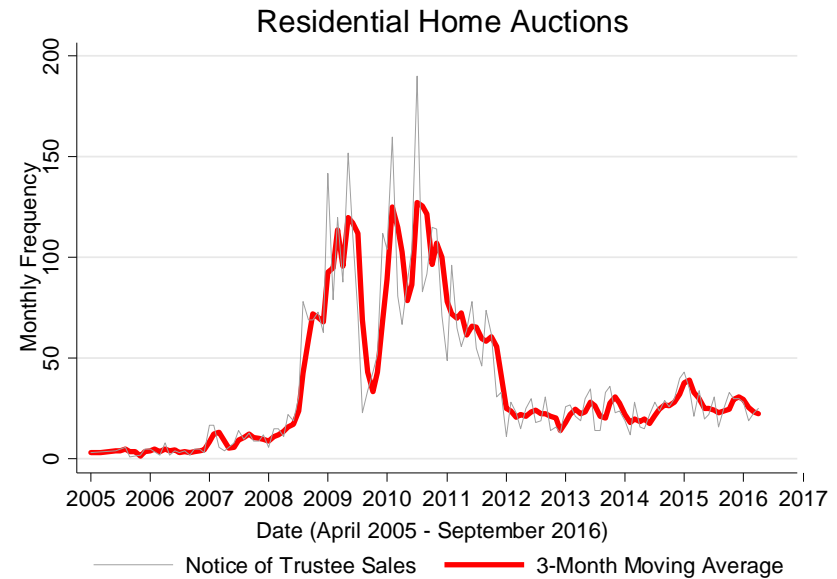
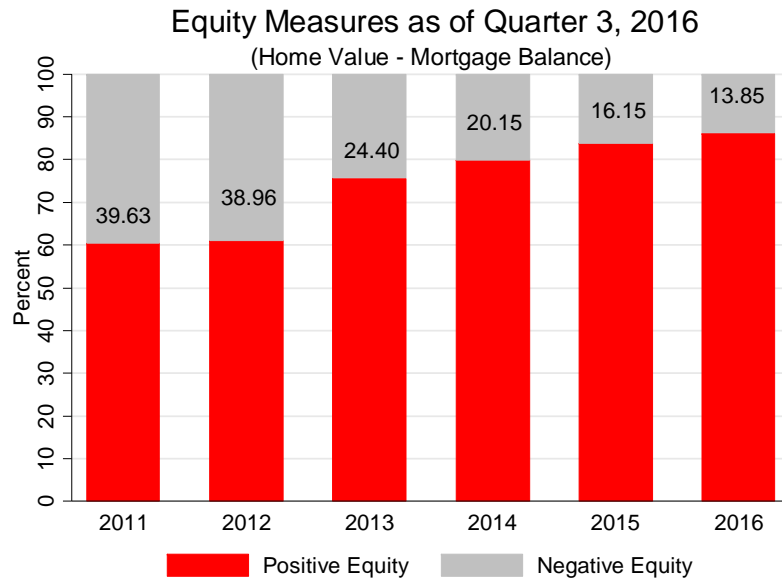
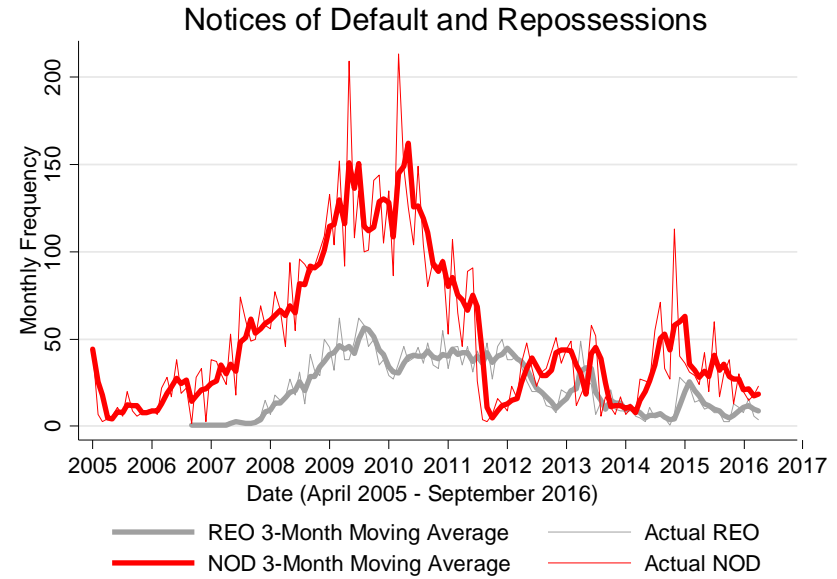
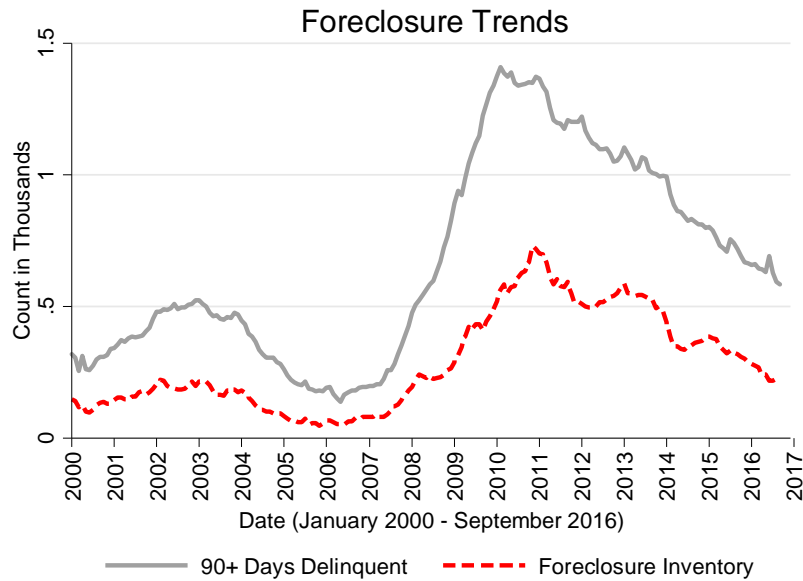
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# Rural Trends



## 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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