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:

UNLV LIED INSTITUTE FOR REAL ESTATE STUDIES LEE BUSINESS SCHOOL

State of Nevada Department of Business & Industry
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Nevada’s Housing Market | March 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

As the first quarter of 2014 ends, Nevada shows significantly less distress in the housing market. The share of homes with a mortgage underwater is 29.4 percent, which is 14.6 percentage points lower than last year. However, this number might stagnate as the sales price of homes begin to stabilize. The state is beginning to see less short sales as there were an estimated 131 short sales in March 2014, this is 250 less than in February 2014. Most happened in Southern Nevada. Homes being sold due to financial distress make up 13.5 percent of all single-family home sales. Traditional home sales continue to dominate the market as fewer home owners are losing their homes due to foreclosure, and fewer are choosing to short sale.

<table>
<thead>
<tr>
<th>Single-Family Home Sales*</th>
<th>March 2014</th>
<th>M2M Change</th>
<th>Y2Y Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>457</td>
<td>-9.3%</td>
<td>-42.3%</td>
</tr>
<tr>
<td>Existing</td>
<td>4092</td>
<td>+2.1%</td>
<td>-15.4%</td>
</tr>
<tr>
<td>Distress Share</td>
<td>13.5%</td>
<td>-38.2%</td>
<td>-58%</td>
</tr>
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<table>
<thead>
<tr>
<th>Residential Construction</th>
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</thead>
<tbody>
<tr>
<td>Total Starts</td>
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<tr>
<td>Single-Family</td>
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<tr>
<td>Multifamily</td>
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<table>
<thead>
<tr>
<th>Average Single-Family Sales Price*</th>
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</thead>
<tbody>
<tr>
<td>New</td>
</tr>
<tr>
<td>Existing</td>
</tr>
<tr>
<td>Distress</td>
</tr>
</tbody>
</table>

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
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.
The Housing Affordability figure shows the proportion of home sales that could have been bought by borrowers with a conventional loan earning at least the local median income. It is an index developed by the National Association of Home Builders (NAHB). As a benchmark, half of the working class should be able to afford half of the homes sold when the market is in equilibrium. The other figure, Nevada Single-Family Homes for Sale, shows the number of homes available for sale at the end of the month. These numbers include new listings that are awaiting a purchasing contract. Furthermore, they include homes that are under contract and about to sell.
Nevada Statewide Trends

**Single-Family Distress Sales**

- **REO Sales**
- **Short 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.
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.
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.
These figures rank Nevada nationally on the basis of statistics that are provided by Mortgage Bankers Association’s National Delinquency Survey. The Top 20 States in Foreclosure Inventory figures is a ranking that uses the proportion of loans in the foreclosure inventory. That is the number of home loans reported to be in some stage of foreclosure divided by the total number of home loans serviced. The Top 20 States in Foreclosure Starts is a ranking that uses mortgage foreclosure starts as a percent of stock. In other words, this is the number of initiated foreclosures divided by the total number of home loans serviced.
Nevada’s Housing Market | March 2014

Northern Trends

Population: 614,491 in 2013
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

- Housing conditions in the northern counties are improving better than the state average. The share of homes with a mortgage underwater is 22.8 percent, 6.6 percent lower than the state average. This number could continue to decline if home prices continue to grow.

- New home prices increased 4.8 percent during March 2014 and are now priced at $344,632 - this is $40,000 more than the state average. Further growth has the potential to motivate residential construction.

- About 1 out of every 10 home sales are either short sales or real estate owned (REO) sales. We can anticipate this to further decline since the foreclosure inventory fell again in March; there were fewer than 2,000 homes in some stage of foreclosure.

<table>
<thead>
<tr>
<th>Single-Family Home Sales*</th>
<th>March 2014</th>
<th>M2M Change</th>
<th>Y2Y Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>99</td>
<td>-1.3%</td>
<td>-4.2%</td>
</tr>
<tr>
<td>Existing</td>
<td>830</td>
<td>+2.8%</td>
<td>-8.4%</td>
</tr>
<tr>
<td>Distress Share</td>
<td>10.2%</td>
<td>-43.2%</td>
<td>-66.1%</td>
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<table>
<thead>
<tr>
<th>Residential Construction</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Total Starts</td>
<td>160</td>
<td>-5</td>
<td>+43</td>
</tr>
<tr>
<td>Single-Family</td>
<td>128</td>
<td>-8</td>
<td>+11</td>
</tr>
<tr>
<td>Multifamily</td>
<td>32</td>
<td>+3</td>
<td>+32</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Average Single-Family Sales Price*</th>
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<tbody>
<tr>
<td>New</td>
<td>$344,632</td>
</tr>
<tr>
<td>Existing</td>
<td>$232,898</td>
</tr>
<tr>
<td>Distress</td>
<td>$159,641</td>
</tr>
</tbody>
</table>

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

**Single-Family Home Prices**

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

![Graph showing changes in single-family home prices from 2000 to 2014.](chart)

**Single-Family Home Sales**

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

![Graph showing changes in single-family home sales from 2000 to 2014.](chart)

**Single-Family Distress Sales**

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

![Graph showing changes in single-family distress sales from 2000 to 2014.](chart)

**Share of Distress Single-Family Home Sales**

- **Source:** CoreLogic

![Graph showing the share of distress single-family home sales from 2000 to 2014.](chart)
Northern Trends

Foreclosure Trends

Equity in Quarter 1, 2014
(Home Value - Mortgage Balance)

Notices of Default and Repossessions

Residential Home Auctions

Source: CoreLogic

Source: RealtyTrac

Source: CoreLogic

Source: RealtyTrac
Nevada’s Housing Market | March 2014

Southern Trends

Population: 2,027,868 in 2013
Housing Units: 849,361 in 2012

Source: U.S. Census Bureau: State and County QuickFacts (Clark County)
Southern Trends

- Residential construction is picking up and seems to be stabilizing the excessive price growth in new homes that was seen last year. The average price of new single family homes fell to $296,741, and 343 sold in March 2014, which is 11.4% less than the prior month.

- On the other hand, existing single-family home sales grew in numbers by 2% month-to-month. Their average price also increased in March, but by a modest amount (1.7% month-to-month).

- The foreclosures inventory went down from about 9,100 homes in February 2014 to 8,000 home in March 2014. This condition is better than before, yet not ideal for a healthy housing market.

<table>
<thead>
<tr>
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<th>March 2014</th>
<th>M2M Change</th>
<th>Y2Y Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>343</td>
<td>-11.4%</td>
<td>-48.9%</td>
</tr>
<tr>
<td>Existing</td>
<td>3098</td>
<td>+2.0%</td>
<td>-16.3%</td>
</tr>
<tr>
<td>Distress Share</td>
<td>14.6%</td>
<td>-36.8%</td>
<td>-56.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Residential Construction</th>
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<tbody>
<tr>
<td><strong>Total Starts</strong></td>
</tr>
<tr>
<td>Single-Family</td>
</tr>
<tr>
<td>Multifamily</td>
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<table>
<thead>
<tr>
<th>Average Single-Family Sales Price*</th>
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</thead>
<tbody>
<tr>
<td>New</td>
</tr>
<tr>
<td>Existing</td>
</tr>
<tr>
<td>Distress</td>
</tr>
</tbody>
</table>

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

### Single-Family Home Prices

![Graph of Single-Family Home Prices](image)

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

### Single-Family Home Sales

![Graph of Single-Family Home Sales](image)

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

### Single-Family Distress Sales

![Graph of Single-Family Distress Sales](image)

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

### Share of Distress Single-Family Home Sales

![Graph of Share of Distress Single-Family Home Sales](image)

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

Foreclosure Trends

Equity in Quarter 1, 2014
(Home Value - Mortgage Balance)

Residential Home Auctions

Notices of Default and Repossessions

Source: CoreLogic

Source: RealtyTrac
Nevada’s Housing Market | March 2014

Rural Trends

Population: 147,777 in 2013
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

- Historically, the housing market is relatively stable in Rural Nevada. The average existing home price has kept around $120,000 plus or minus a few thousand dollars for the past seven years.

- Likewise, residential construction starts have historically been in the lower double-digits, with rarely any multifamily starts. This month there were 22 residential building permits filed, which is 11 more than last month, but 135 less than last year.

- Rural Nevada saw a large drop in the number of REO sales and short sales, and they now represent only 10.3 percent of all single-family home sales as of March 2014. Most of the home sales were traditional as there were only two short sales and 17 foreclosures during the month.

### Single-Family Home Sales*

<table>
<thead>
<tr>
<th></th>
<th>March 2014</th>
<th>M2M Change</th>
<th>Y2Y Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>15</td>
<td>-4.2%</td>
<td>-8.0%</td>
</tr>
<tr>
<td>Existing</td>
<td>146</td>
<td>+3.6%</td>
<td>-26.3%</td>
</tr>
<tr>
<td>Distress Share</td>
<td>10.3%</td>
<td>-52.3%</td>
<td>-42.8%</td>
</tr>
</tbody>
</table>

### Residential Construction

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Total Starts</td>
<td>22</td>
<td>+11</td>
<td>-135</td>
</tr>
<tr>
<td>Single-Family</td>
<td>22</td>
<td>+11</td>
<td>-27</td>
</tr>
<tr>
<td>Multifamily</td>
<td>0</td>
<td>0</td>
<td>-108</td>
</tr>
</tbody>
</table>

### Average Single-Family Sales Price*

<p>| | | | |</p>
<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>$221,644</td>
<td>+0.6%</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Existing</td>
<td>$123,534</td>
<td>+0.4%</td>
<td>+2.7%</td>
</tr>
<tr>
<td>Distress</td>
<td>$104,127</td>
<td>-0.8%</td>
<td>+0.3%</td>
</tr>
</tbody>
</table>

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
Rural Trends

**Single-Family Home Prices**

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**Single-Family Home Sales**

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

**Single-Family Distress Sales**

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

**Share of Distress Single-Family Home Sales**

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

Foreclosure Trends

Equity in Quarter 1, 2014
(Home Value - Mortgage Balance)

Residential Home Auctions

Source: CoreLogic

Source: CoreLogic

Source: RealtyTrac

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.