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 | March 2016

Nevada Statewide Trends

Population: 2,890,845 in 2015  
Housing Units: 1,198,907 in 2014

Source: U.S. Census Bureau: State and County QuickFacts
Nevada Statewide Trends

- All three regions saw significant decreases in the share of homes sold under distress. 11.3 percent of all homes sold in Nevada were sold under distress – the lowest share since 2007. This decrease was driven by a large decrease in the number of short sales.

- Housing Affordability increased in both Reno and Las Vegas according to the National Association of Home Builders. This increase was a result of an increase in median household income. 59 percent of homes in Reno and 68.1 percent of homes in Las Vegas are considered affordable to households that earn the median income.

- All three regions saw a decrease in the share of mortgages with negative equity. 17.5 percent of mortgages in Nevada were underwater in March 2016 – 5.6 percentage points lower than the March 2015 share.

### Single-Family Home Sales*

<table>
<thead>
<tr>
<th></th>
<th>March 2016</th>
<th>M2M Change</th>
<th>Y2Y Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>528</td>
<td>-0.3%</td>
<td>-3.3%</td>
</tr>
<tr>
<td>Existing</td>
<td>3,817</td>
<td>+2.5%</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Distress Share</td>
<td>11.3%</td>
<td>-18.1%</td>
<td>-16.5%</td>
</tr>
</tbody>
</table>

### Residential Construction

<table>
<thead>
<tr>
<th></th>
<th>Total Starts</th>
<th>M2M Change</th>
<th>Y2Y Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Starts</td>
<td>1,310</td>
<td>-788</td>
<td>+80</td>
</tr>
<tr>
<td>Single-Family</td>
<td>1,027</td>
<td>+126</td>
<td>-48</td>
</tr>
<tr>
<td>Multifamily</td>
<td>283</td>
<td>-914</td>
<td>+128</td>
</tr>
</tbody>
</table>

### Average Single-Family Sales Price*

<table>
<thead>
<tr>
<th></th>
<th>March 2016</th>
<th>M2M Change</th>
<th>Y2Y Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>$354,491</td>
<td>+0.6%</td>
<td>+5.2%</td>
</tr>
<tr>
<td>Existing</td>
<td>$229,374</td>
<td>-0.2%</td>
<td>+5.4%</td>
</tr>
<tr>
<td>Distress</td>
<td>$181,511</td>
<td>-1.0%</td>
<td>+12.0%</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 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

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

![Graph showing monthly number of Real Estate Owned (REO) sales and short sales from January 2000 to March 2016.](image)

Share of Distress Single-Family Home Sales

![Graph showing the proportion of home sales that were REO sales or short sales from January 2000 to March 2016.](image)

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.
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.
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 | March 2016

Northern Trends

Population: 629,906 in 2015
Housing Units: 269,452 in 2014

Source: U.S. Census Bureau: State and County QuickFacts
(Carson City, Churchill, Douglas, Lyon, Storey, and Washoe County)
Northern Trends

- Short sales decreased for the ninth consecutive month. There were 36 short sales in March 2016 – the lowest monthly total since 2008. REO sales increased slightly in March 2016.

- 10.4 percent of all mortgages were underwater at the end of 2016Q1. This was a 0.2 percentage point decrease since 2015Q4 and a 5.3 percentage point decrease since 2015Q1.

- March 2016 was the third consecutive month with year over year growth in total residential construction starts.

- Northern Nevada was the only region in Nevada where average new home prices increased. Average new home prices were up $28,000 on a year over year basis.

### Single-Family Home Sales*

<table>
<thead>
<tr>
<th></th>
<th>March 2016</th>
<th>M2M Change</th>
<th>Y2Y Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>94</td>
<td>+2.2%</td>
<td>+2.5%</td>
</tr>
<tr>
<td>Existing</td>
<td>788</td>
<td>+1.4%</td>
<td>-5.6%</td>
</tr>
<tr>
<td>Distress Share</td>
<td>8.2%</td>
<td>-23.8%</td>
<td>-31.8%</td>
</tr>
</tbody>
</table>

### Residential Construction

<table>
<thead>
<tr>
<th>Total</th>
<th>March 2016</th>
<th>M2M Change</th>
<th>Y2Y Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Starts</td>
<td>309</td>
<td>+143</td>
<td>+24</td>
</tr>
<tr>
<td>Single-Family</td>
<td>201</td>
<td>+35</td>
<td>-44</td>
</tr>
<tr>
<td>Multifamily</td>
<td>108</td>
<td>+108</td>
<td>+68</td>
</tr>
</tbody>
</table>

### Average Single-Family Sales Price*

<table>
<thead>
<tr>
<th></th>
<th>New</th>
<th>M2M Change</th>
<th>Y2Y Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>$382,978</td>
<td>+2.5%</td>
<td>+8.0%</td>
</tr>
<tr>
<td>Existing</td>
<td>$267,783</td>
<td>-3.3%</td>
<td>+6.0%</td>
</tr>
<tr>
<td>Distress</td>
<td>$189,046</td>
<td>-4.7%</td>
<td>+8.1%</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

Single-Family Home Sales

Single-Family Distress Sales

Share of Distress Single-Family Home Sales

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

Foreclosure Trends

Equity Measures as of Quarter 1, 2016
(Home Value - Mortgage Balance)

Residential Home Auctions

Notices of Default and Repossessions
Nevada’s Housing Market  |  March 2016

Southern Trends

Population: 2,114,801 in 2015  
Housing Units: 863,010 in 2014

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

(Clarck County)
Southern Trends

- March 2016 was the first time since September 2015 where new home sales did not decrease on a month to month basis in Southern Nevada.

- Southern Nevada had the largest share of mortgages with negative equity of any region in Nevada. 19.9 percent of all mortgages were underwater at the end of 2016Q1. This was down 1.4 percentage points since 2015Q4 and 5.7 percentage points since 2015Q1.

- Southern Nevada was the only region in Nevada where existing home prices increased on a month to month basis. However, Northern Nevada saw more robust growth in existing home prices on a year over year basis.

- March 2016 was the third consecutive month where single-family starts increased on a month to month basis and the sixth consecutive month where single-family starts increased on a year over year basis.

### Single-Family Home Sales*

<table>
<thead>
<tr>
<th></th>
<th>March 2016</th>
<th>M2M Change</th>
<th>Y2Y Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>423</td>
<td>+0.0%</td>
<td>-5.6%</td>
</tr>
<tr>
<td>Existing</td>
<td>2,898</td>
<td>+3.1%</td>
<td>+0.3%</td>
</tr>
<tr>
<td>Distress Share</td>
<td>12.2%</td>
<td>-16.0%</td>
<td>-12.4%</td>
</tr>
</tbody>
</table>

### Residential Construction

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Starts</strong></td>
<td>985</td>
<td>-940</td>
<td>+98</td>
</tr>
<tr>
<td><strong>Single-Family</strong></td>
<td>810</td>
<td>+82</td>
<td>+2</td>
</tr>
<tr>
<td><strong>Multifamily</strong></td>
<td>175</td>
<td>-1,022</td>
<td>+96</td>
</tr>
</tbody>
</table>

### Average Single-Family Sales Price*

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>$350,882</td>
<td>-0.1%</td>
<td>+5.0%</td>
</tr>
<tr>
<td>Existing</td>
<td>$223,667</td>
<td>+0.9%</td>
<td>+5.8%</td>
</tr>
<tr>
<td>Distress</td>
<td>$183,473</td>
<td>-0.2%</td>
<td>+13.8%</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 showing single-family home prices from January 2000 to March 2016. The graph displays the average price in thousands over time, with data points indicating fluctuations. The legend includes 'Existing' and 'New' series. Source: CoreLogic. Note: Series are 3-month weighted moving averages.]

**Single-Family Home Sales**

![Graph showing single-family home sales from January 2000 to March 2016. The graph displays the monthly number of sales over time, with a notable peak around 2006. The legend includes 'Existing' and 'New' series. Source: CoreLogic. Note: Series are 3-month weighted moving averages.]

**Single-Family Distress Sales**

![Graph showing single-family distress sales from January 2000 to March 2016. The graph displays the monthly number of sales over time, with a significant increase around 2007. The legend includes 'REO Sales' and 'Short Sales' series. Source: CoreLogic. Note: Series are 3-month weighted moving averages.]

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

![Graph showing the share of distress single-family home sales from January 2000 to March 2016. The graph displays the share over time, with a peak around 2007. The legend includes 'REO Sales' and 'Short Sales' series. Source: CoreLogic. Note: Series are 3-month weighted moving averages.]

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

Foreclosure Trends

Date (January 2000 - March 2016)

Count in Thousands

90+ Days Delinquent - Foreclosure Inventory

Source: CoreLogic

Equity Measures as of Quarter 1, 2016

(Home Value - Mortgage Balance)

Source: CoreLogic

Notices of Default and Repossessions

Date (April 2005 - March 2016)

Monthly Frequency

REO 3-Month Moving Average - Actual REO
NOD 3-Month Moving Average - Actual NOD

Source: RealtyTrac

Residential Home Auctions

Date (April 2005 - March 2016)

Monthly Frequency

Notice of Trustee Sales - 3-Month Moving Average

Source: RealtyTrac
Nevada’s Housing Market  |  March 2016

Rural Trends

Population: 146,138 in 2015

Housing Units: 66,445 in 2014

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 decreased on a month to month basis for the fourth consecutive month. March 2016 was the fifth consecutive month where new home sales increased more than 100 percent on a year over year basis.

- 14.1 percent of all mortgages were underwater at the end of 2016Q1. This was down 2.8 percentage points since 2015Q4 and 3.9 percentage points since 2015Q1.

- New and existing home prices both decreased for the second consecutive month. Distress home prices decreased for the third consecutive month.

- Existing home prices were the lowest they had been since July 2013.

### Single-Family Home Sales*

<table>
<thead>
<tr>
<th></th>
<th>March 2016</th>
<th>M2M Change</th>
<th>Y2Y Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>10</td>
<td>-28.6%</td>
<td>+150.0%</td>
</tr>
<tr>
<td>Existing</td>
<td>119</td>
<td>-8.9%</td>
<td>+10.9%</td>
</tr>
<tr>
<td>Distress Share</td>
<td>10.0%</td>
<td>-34.0%</td>
<td>-45.4%</td>
</tr>
</tbody>
</table>

### Residential Construction

<table>
<thead>
<tr>
<th></th>
<th>Total Starts</th>
<th>Single-Family</th>
<th>Multifamily</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15</td>
<td>+9</td>
<td>-41</td>
</tr>
<tr>
<td>Single-Family</td>
<td>15</td>
<td>+9</td>
<td>-5</td>
</tr>
<tr>
<td>Multifamily</td>
<td>0</td>
<td>+0</td>
<td>-36</td>
</tr>
</tbody>
</table>

### Average Single-Family Sales Price*

<table>
<thead>
<tr>
<th></th>
<th>Average Price</th>
<th>M2M Change</th>
<th>Y2Y Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>$238,554</td>
<td>-0.8%</td>
<td>-6.6%</td>
</tr>
<tr>
<td>Existing</td>
<td>$120,542</td>
<td>-5.3%</td>
<td>-3.8%</td>
</tr>
<tr>
<td>Distress</td>
<td>$88,697</td>
<td>-10.8%</td>
<td>-8.8%</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**

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

**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 Measures as of Quarter 1, 2016

Notices of Default and Repossessions

Residential Home Auctions

Source: CoreLogic

Source: RealtyTrac

Source: RealtyTrac

Source: CoreLogic

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.