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.

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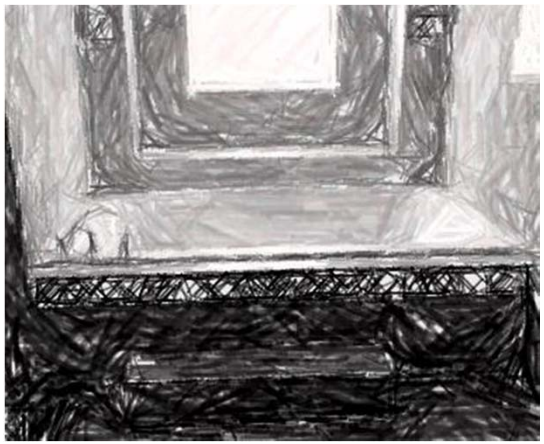
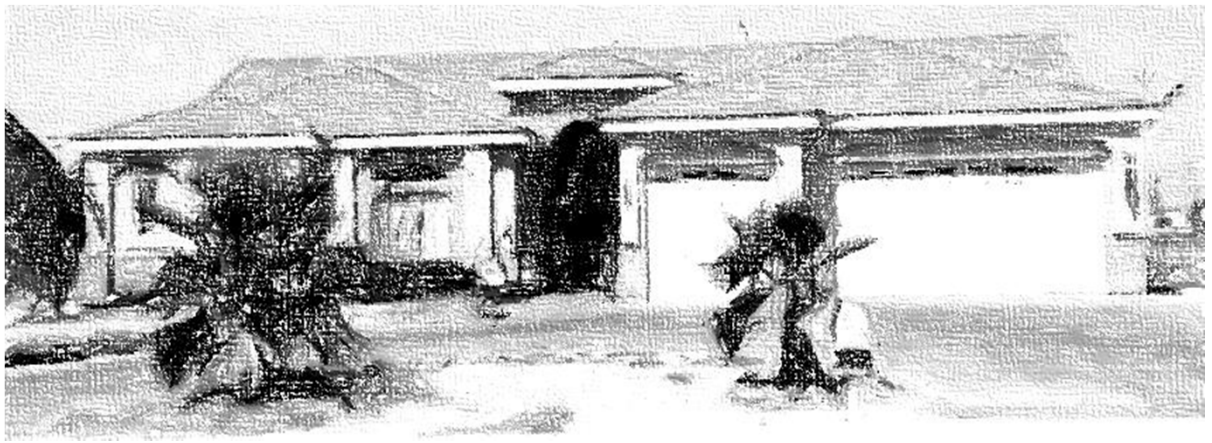
Nevada Statewide Trends

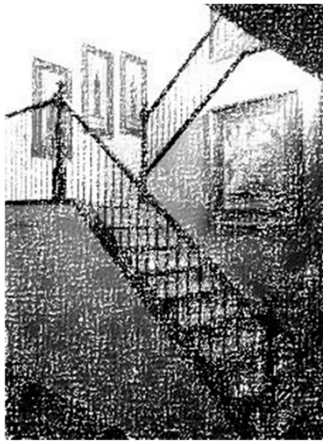
Population: **2,758,931** in 2012

Housing Units: **1,183,873** in 2011

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

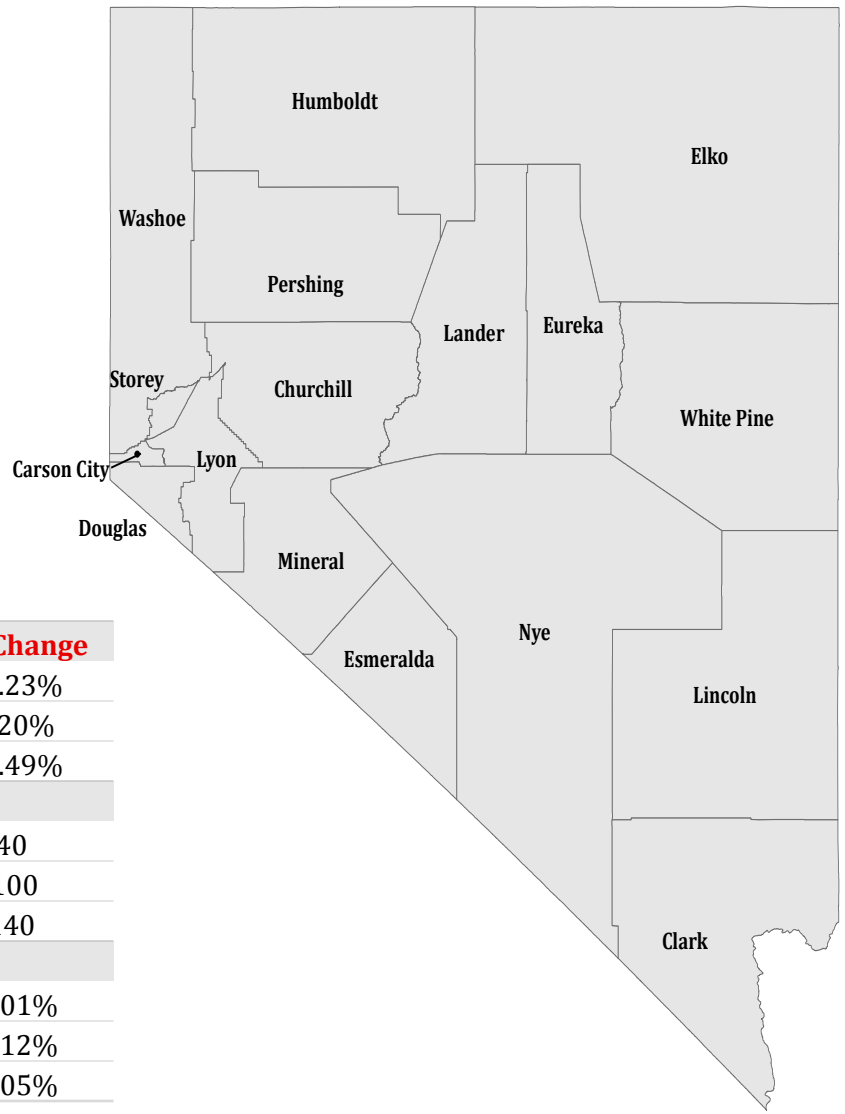






Nevada Statewide Trends

For September 2013, indicators of distress in the housing market have been declining. These include, the proportion of financed homes underwater, the number of foreclosure auctions, the size of the foreclosure inventory, and the market share of short sales and REO sales. Notably, even the monthly number of filed notices of default has fallen in September after the sharp increases in July and August. Of course this coincides with recent changes to the laws governing foreclosures. However, each month there have been fewer homeowners that are seriously delinquent and awaiting foreclosure (see the Foreclosure Trends graphic in page 7). This follows a trajectory that started in mid-2010.

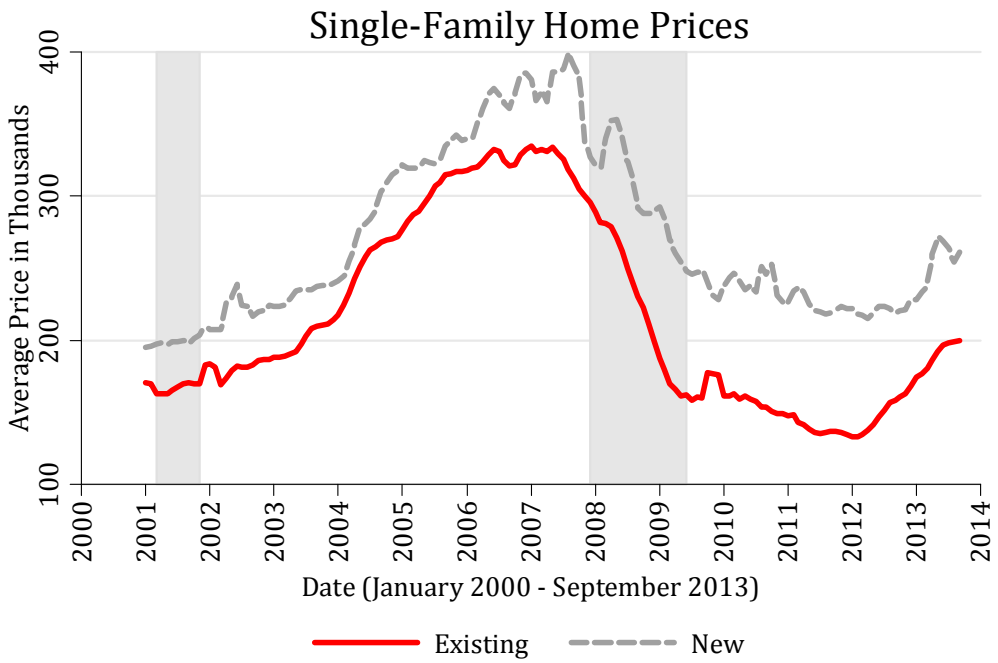


Single-Family Home Sales*		September 2013	M2M Change	Y2Y Change
	New	225	-9.50%	-64.23%
	Existing	5,103	-7.39%	-1.20%
	Distress Share	27%	-8.29%	-33.49%
Residential Construction				
	Total Starts	815	-500	-40
	Single-Family	685	-228	+100
	Multifamily	130	-272	-140
Average Single-Family Sales Price*				
	New	$260,760	2.64%	19.01%
	Existing	$199,567	0.30%	26.12%
	Distress	$156,713	-0.56%	10.05%

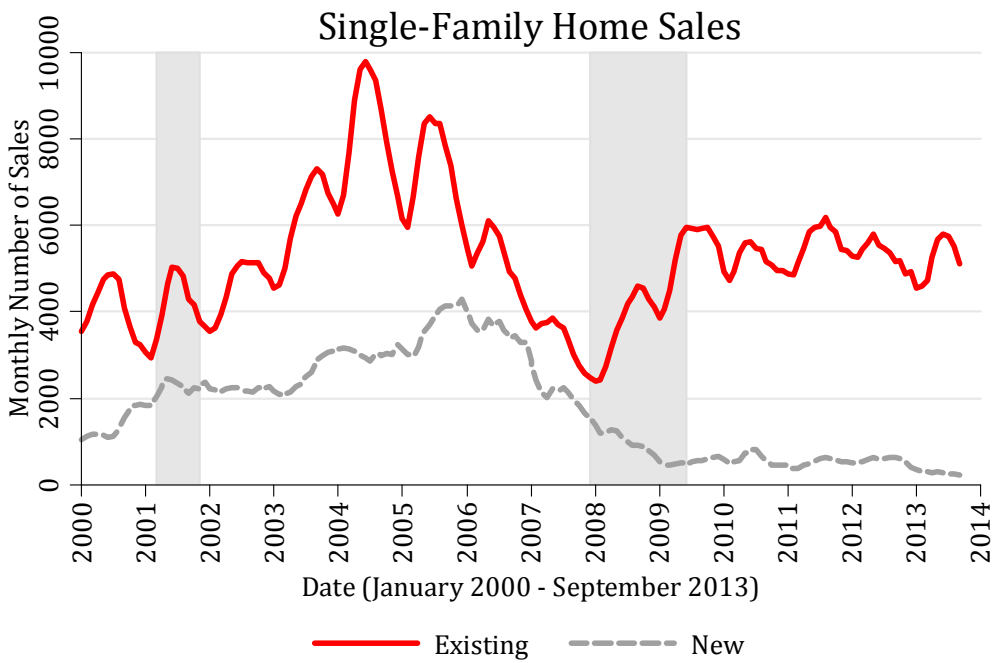
Source: Lied Institute calculations using CoreLogic Data and the *State of the Cities Data Systems* by U.S. Department of Housing and Urban Development.

*Figures portray Three-Month Moving Weighted Averages

Nevada Statewide Trends



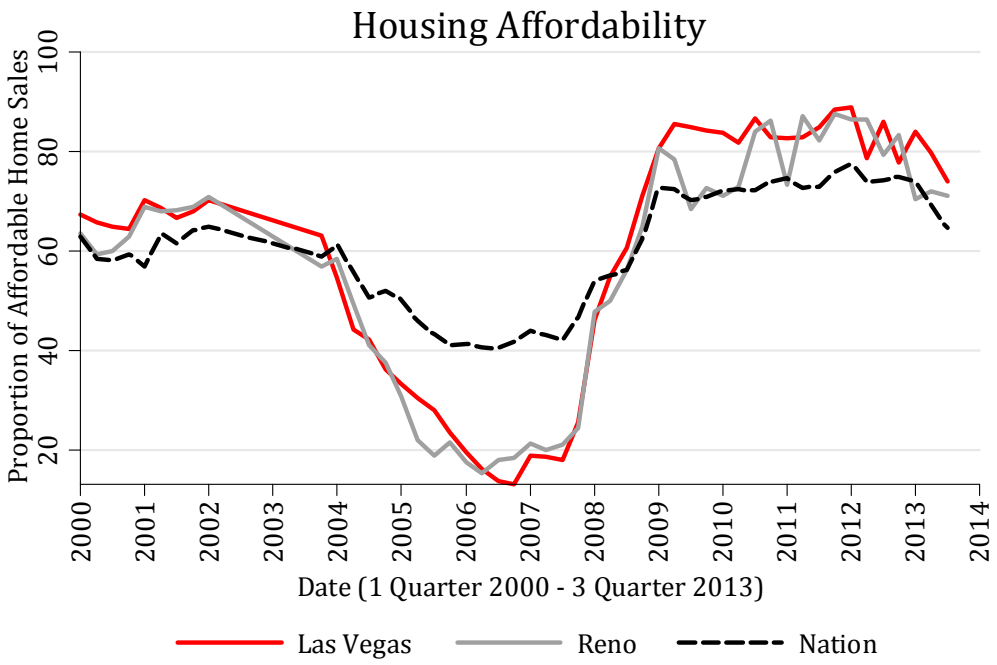
Source: CoreLogic
Note: Series are 3-month weighted moving averages. Gray bars represent recessions.



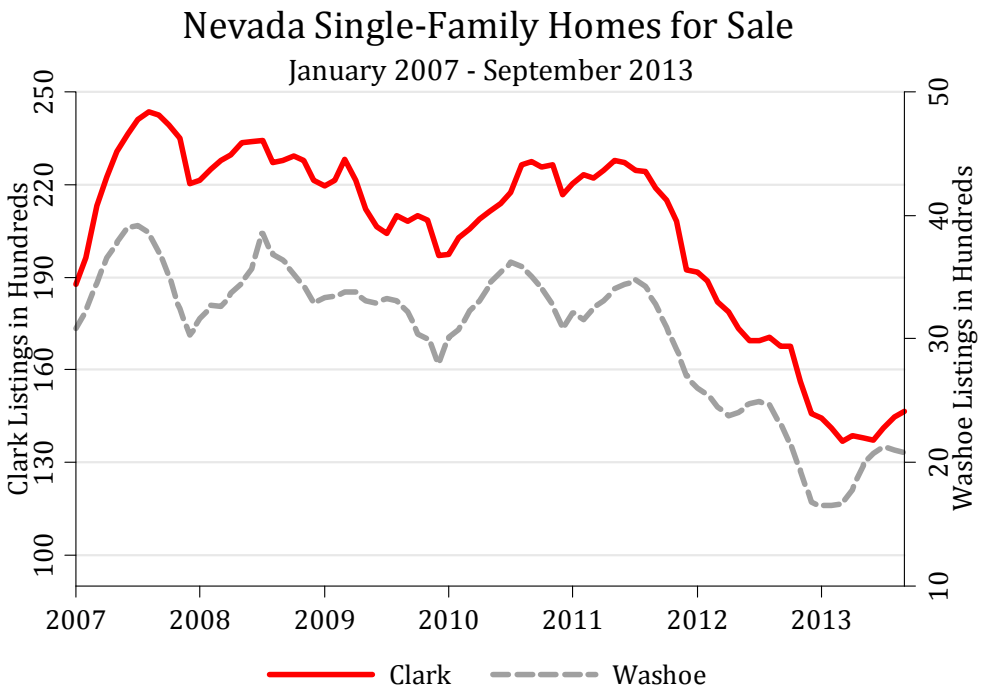
Source: CoreLogic
Note: Series are 3-month weighted moving averages. Gray bars represent recessions.

Average prices for single-family homes continue to increase. For existing homes, the average price increased by 0.3 percent month-to-month. For new homes, the average price increased by 2.64 percent month-to-month. Over the past few months, home price appreciation has been slowing while the number of home sales has been declining. Although it is reasonable to associate the decline in homes sales with the increase in prices, there exist other factors. For example, people tend to move less during the end of the year, and hence provoke a decline in sales. This seasonal pattern is obvious in the Single-Family Home Sales figure above, which shows price peaks for each year during the summer.

Nevada Statewide Trends



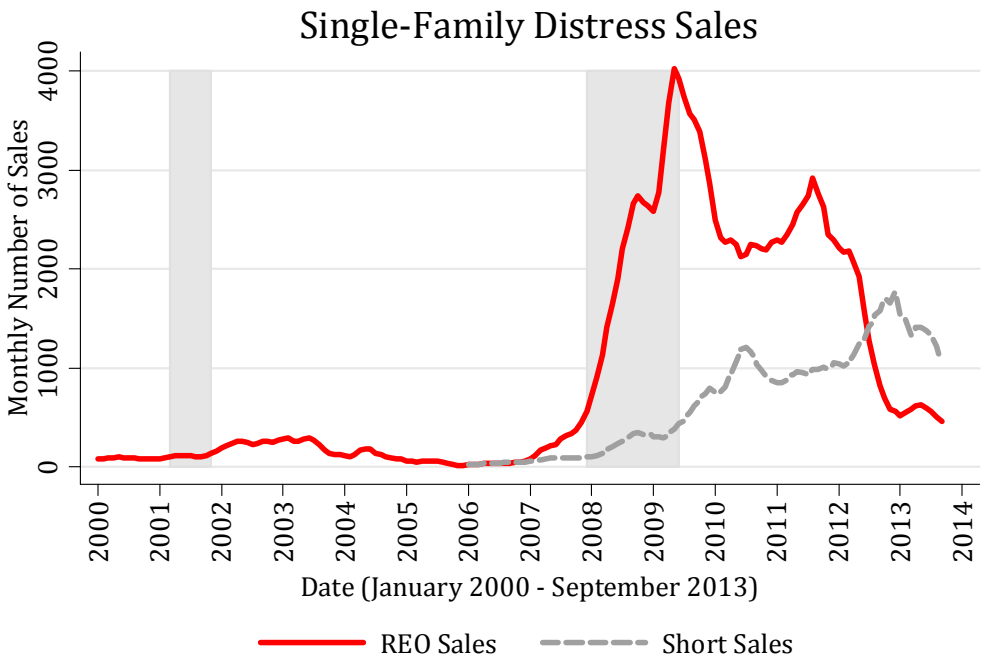
Source: National Association of Home Builders
Note: Series denote the proportion of home sales affordable at median income.



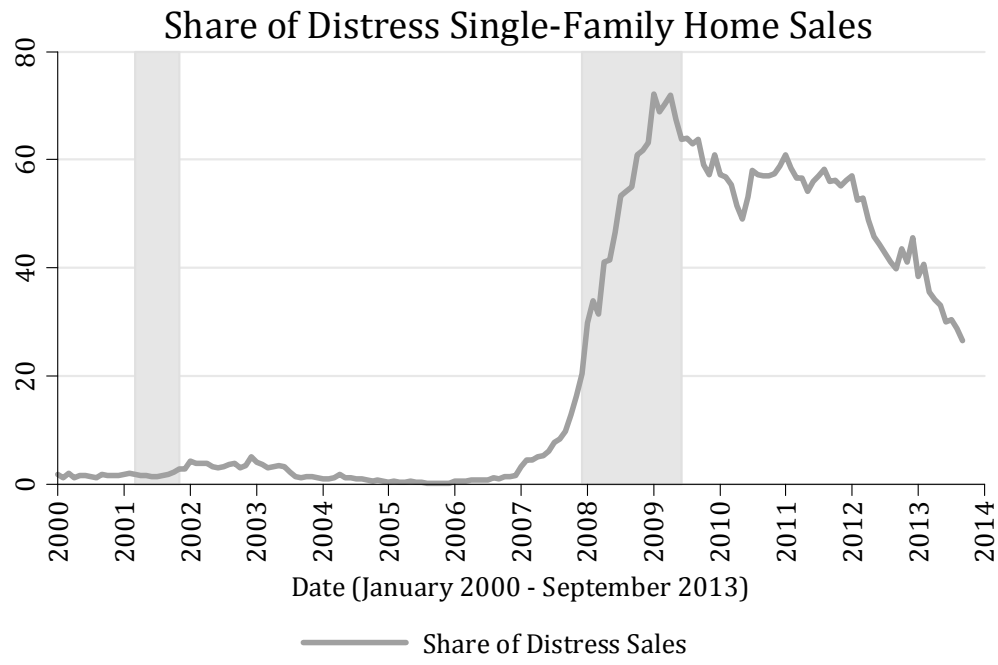
Source: Greater Las Vegas Association of Realtors and UNR's Center for Regional Studies

With home prices increasing at a pace faster than the local median income, housing affordability fell slightly. That is, the proportion of home sales that could have been bought by borrowers earning the local median income with a conventional loan. However, in the third quarter of 2013, most homes sold were still affordable. In Las Vegas, 74.0 percent of homes sold were affordable, according to the National Association of Home Builders(NAHB). In Reno, 71.1 percent were affordable. In a healthy market, half of the working class should be able to afford half of the homes sold. Notably, the inventory of homes for sale remains low, which may drive prices further up and reduce affordability. The number of homes for sale in Clark County increased to 14,659 in September 2013. In Washoe County, the number of homes for sale fell to 2,087 during the same month.

Nevada Statewide Trends



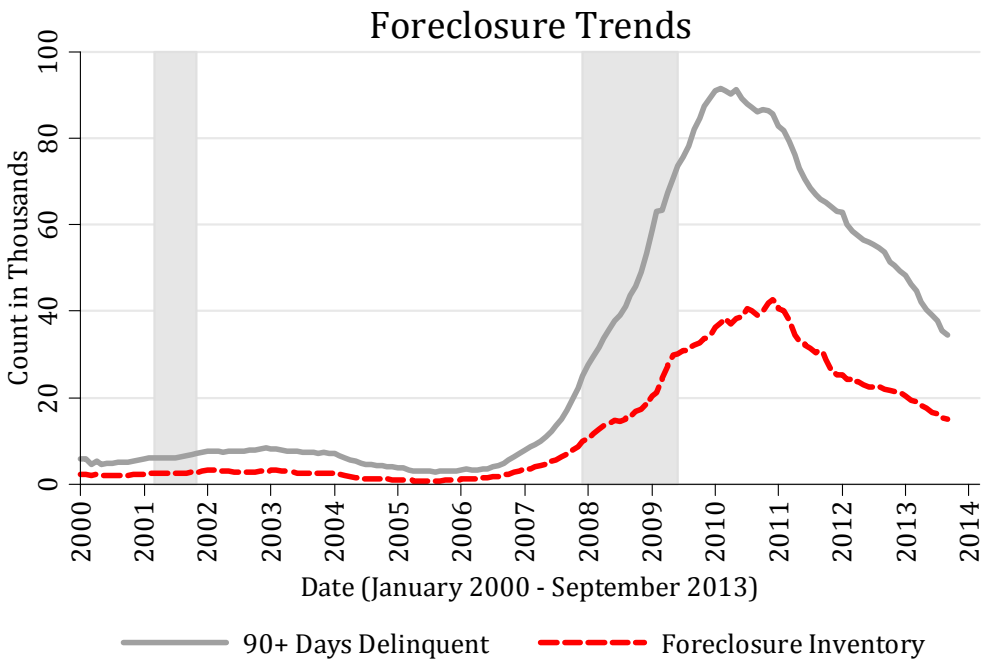
Source: CoreLogic
Note: Series are 3-month weighted moving averages. Gray bars represent recessions.



Source: CoreLogic
Note: Gray bars represent recessions.

In September 2013, the share of distress single-family home sales, which includes short sales and REO sales, fell to 27 percent. This is the lowest the distress market share has been since before January 2008. During the financial crisis, in January 2009, the distress share reached 72.1 percent. Currently, traditional home sales appear to be dominating the market, followed by short sales and REO sales, respectively. In this market, fewer than 850 homes were sold as short sales and fewer than 400 homes were sold as REO sales.

Nevada Statewide Trends



Source: CoreLogic
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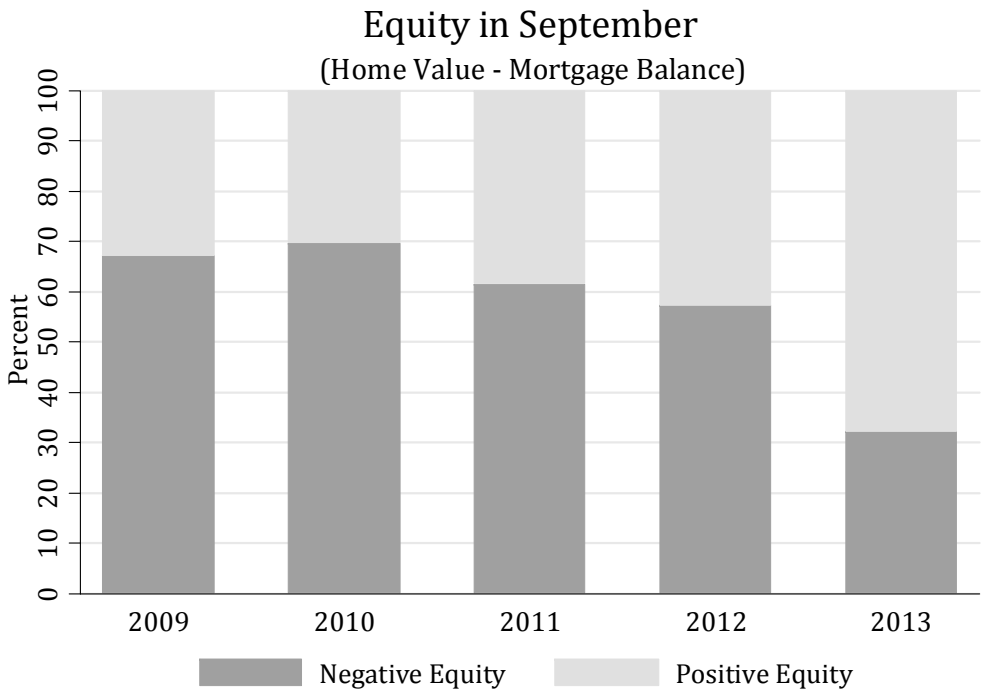
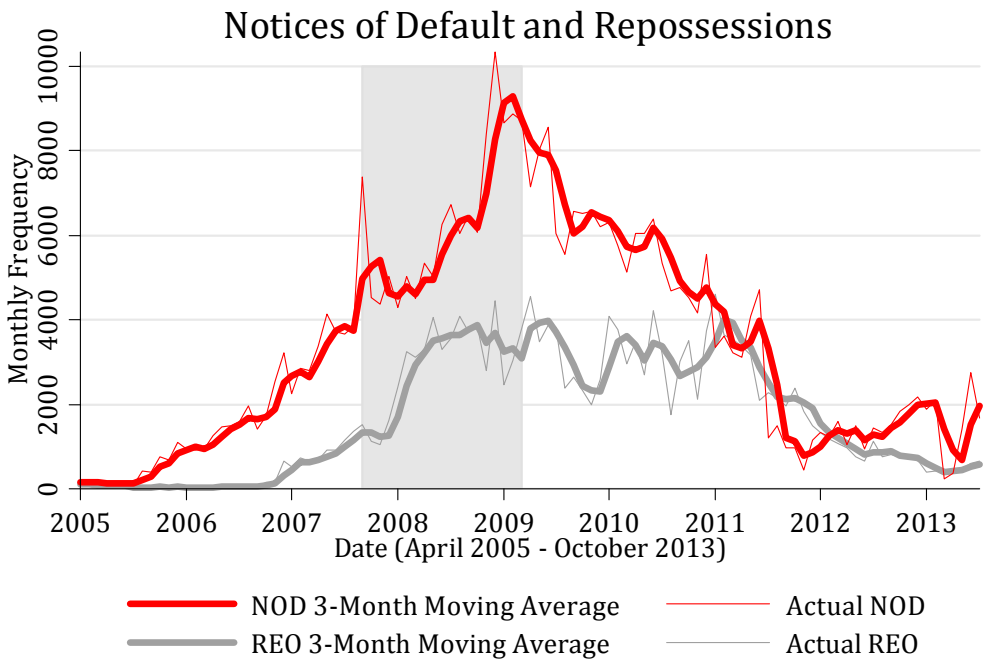


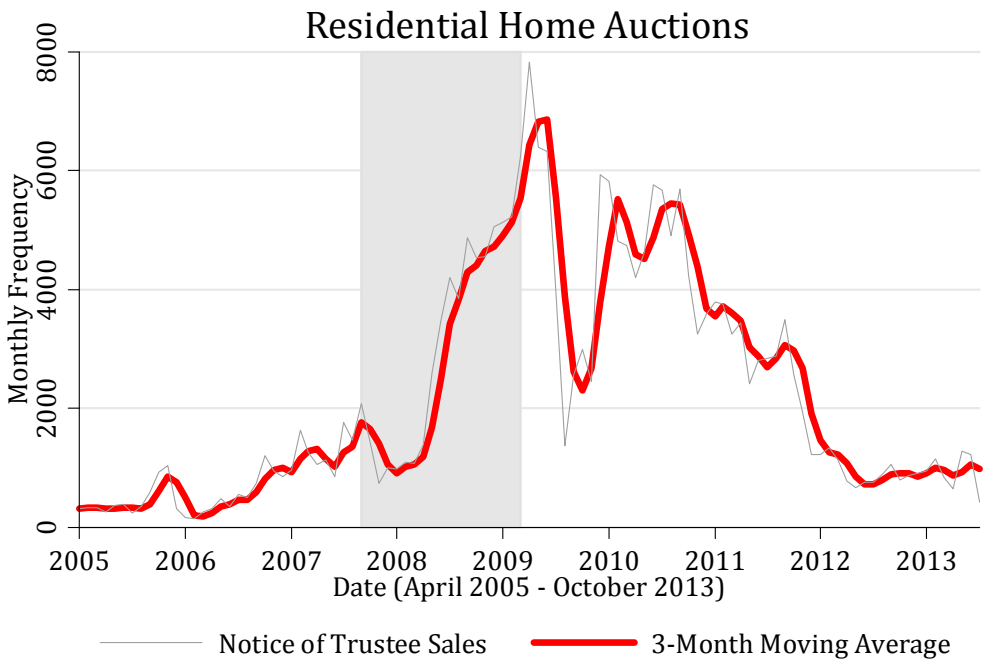
Source: CoreLogic

Financial conditions are improving considerably. September marked another month of declines in the foreclosure inventory and the number of delinquent homeowners. From having over 91,000 homes with a delinquent mortgage in early 2010, there are fewer than 35,000 homes with a delinquent mortgage as of September 2013. Not all homes with a delinquent mortgage will be foreclosed because some homeowners will seek short sales and loan modifications among many foreclosure alternatives. All together, the share of financed homes with positive equity in Nevada has been increasing, which reduces the incentive homeowners have to walk away from their home. For September 2013, 67.81 percent of all homes with a mortgage have positive equity, which is 25.15 percentage points higher than last year.

Nevada Statewide Trends



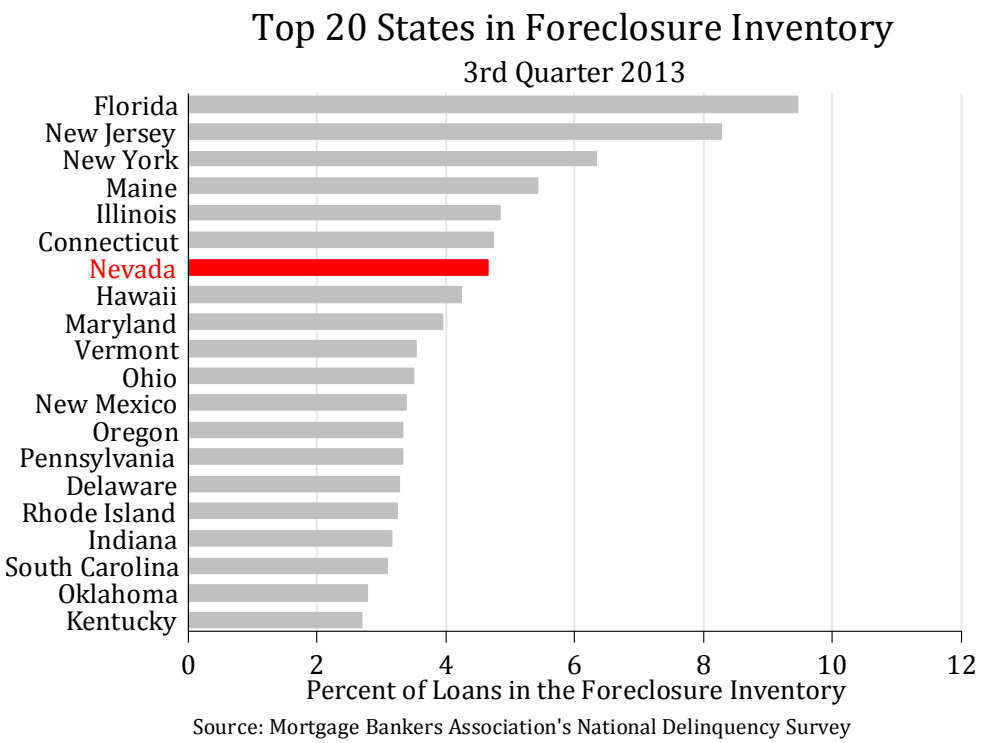
Source: RealtyTrac
Note: Gray bar represents recession.

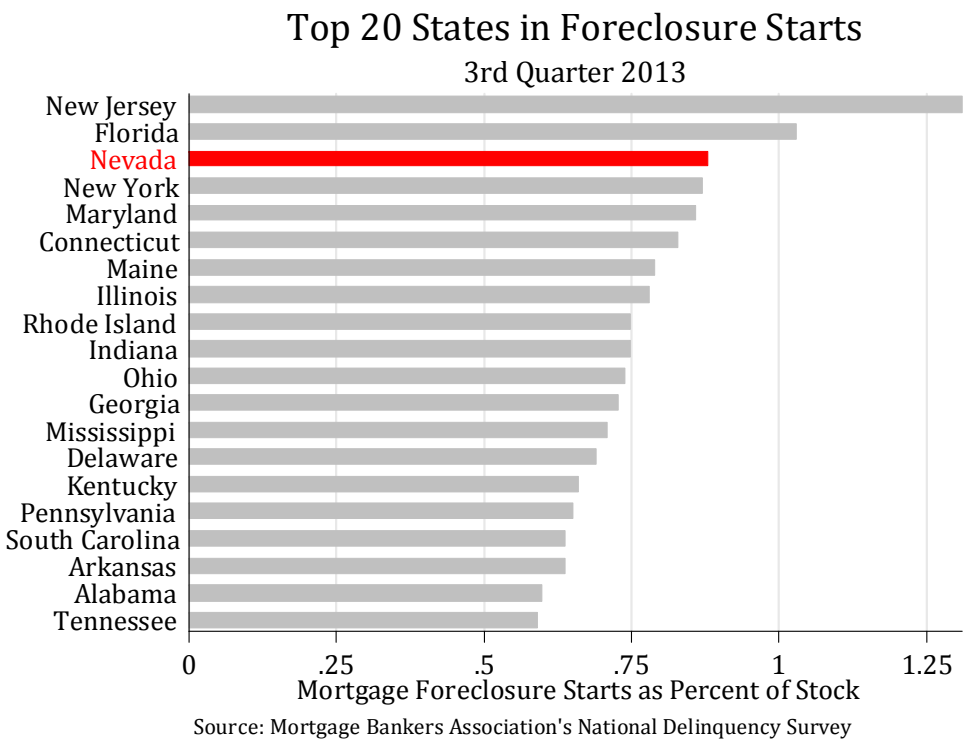


Source: RealtyTrac
Note: Gray bar represents recession.

County records analyzed by RealtyTrac show that in October 2013 residential home auctions fell rather than reflect the increase of notices of default (NOD) filed in the prior months. Moreover, the number of NODs filed in October fell, but kept near 2,000 filings. This comes after sharp increases in NOD fillings in July and August. Once smoothing these series to mitigate possible data error, over the last three months NOD filings have been increasing, while residential home auctions float around 1,000 auctions per month. Yet, these levels are much lower than in early 2009 when there were nearly 10,000 NOD filings and 8,000 auctions in a single month.

Nevada Statewide Trends





For the third quarter of 2013, Nevada ranks again in the top 20 states with the greatest foreclosure inventory and the greatest foreclosure starts. Interestingly, foreclosure inventory fell in Nevada since last quarter despite the fact that foreclosure starts increased this quarter. Nationwide, Nevada ranks seventh in foreclosure inventory with 468 out of every 10,000 mortgages in some stage of foreclosure. Moreover, in foreclosure starts, Nevada ranks third with 88 foreclosure starts for every 10,000 mortgages. Notably, the foreclosure starts ranking jumped up from last quarter. More homes, nevertheless, completed the foreclosure process than started since foreclosure inventory fell.

Nevada's Housing Market | November 2013

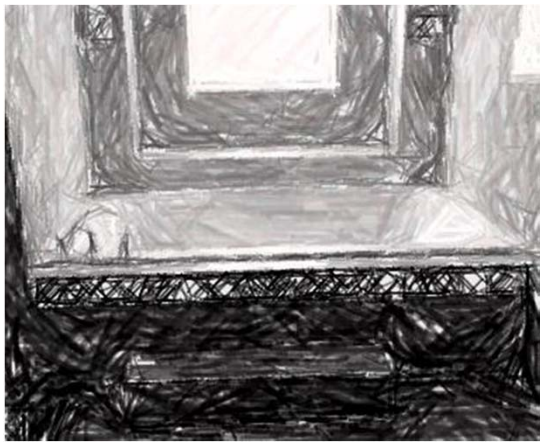
Northern Trends

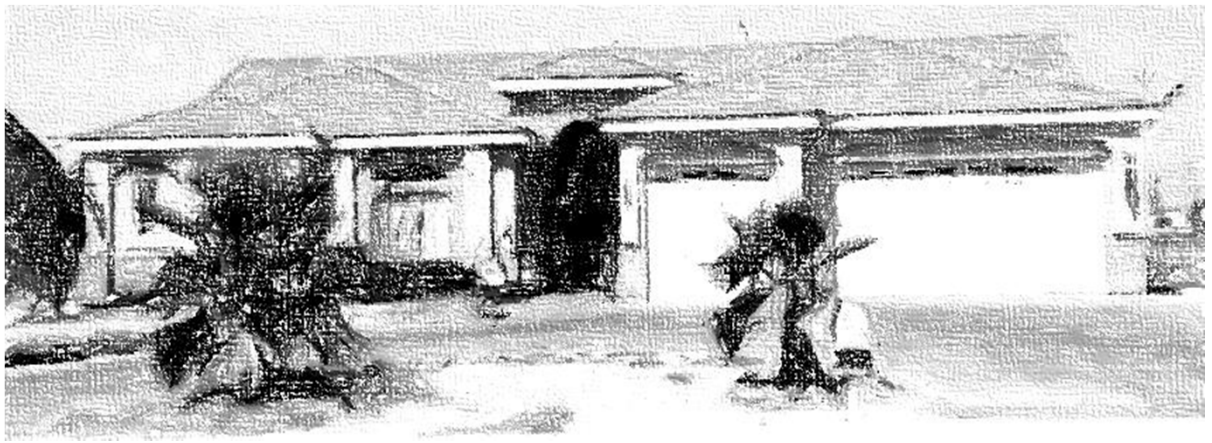
Population: **611,379** in 2012

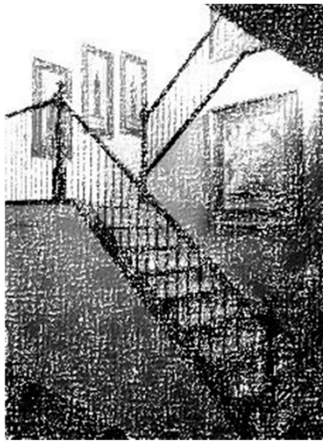
Housing Units: **268,979** in 2011

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

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

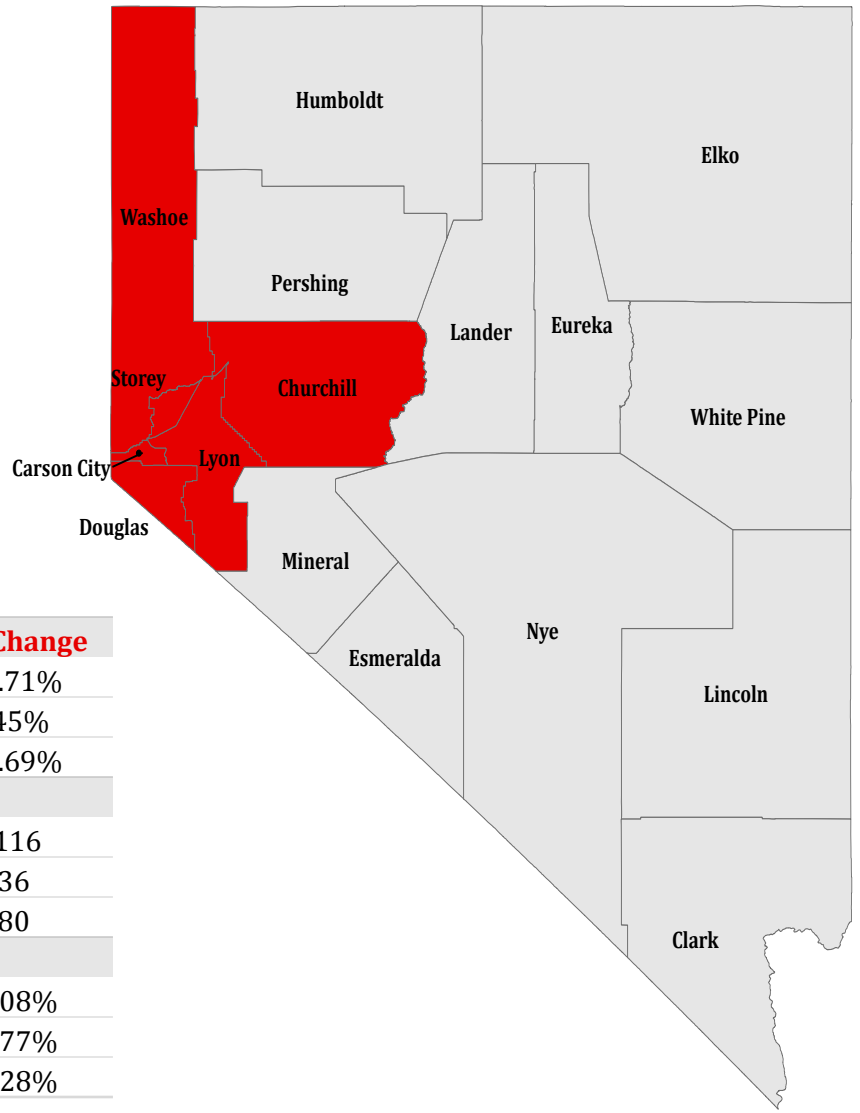






Northern Trends

More traditional homes sales are being realized in the Northern counties. The share of distress sales fell by 9.55 percent from August to September 2013 – resulting in a market share of 21 percent. Simultaneously, as there are fewer REO sales and short sales in the housing market, the average price for single-family homes continue to increase. The average single-family price for existing homes reached $236,980, which is higher than its Southern counterpart. Furthermore, positive homes equity increased this month – representing more than 75 percent of homes above water. Yet, about 3,000 homes in the Northern counties still find themselves in the foreclosure inventory, which is about ten times the pre-bubble level.

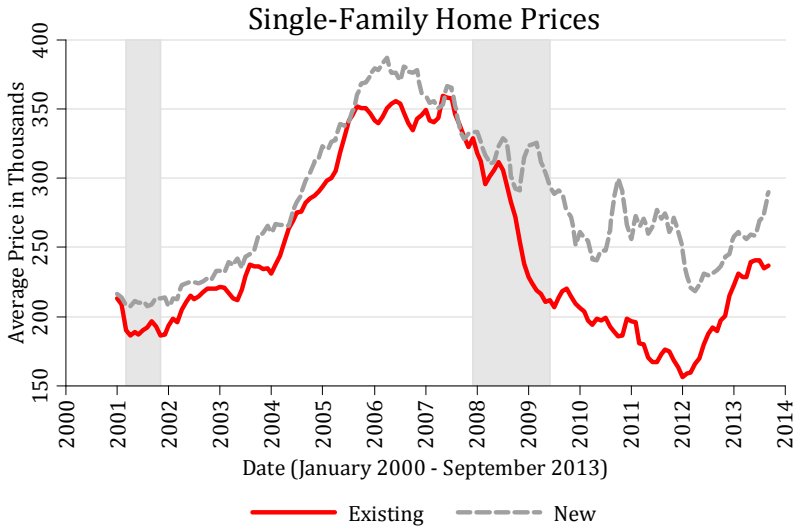


Single-Family Home Sales*		September 2013	M2M Change	Y2Y Change
	New	100	-12.02%	-10.71%
	Existing	1,089	-7.22%	6.45%
	Distress Share	21%	-9.55%	-44.69%
Residential Construction				
	Total Starts	212	+6	+116
	Single-Family	132	-72	+36
	Multifamily	80	+78	+80
Average Single-Family Sales Price*				
	New	$290,081	6.38%	24.08%
	Existing	$236,980	0.89%	24.77%
	Distress	$171,403	-0.80%	11.28%

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



Source: CoreLogic
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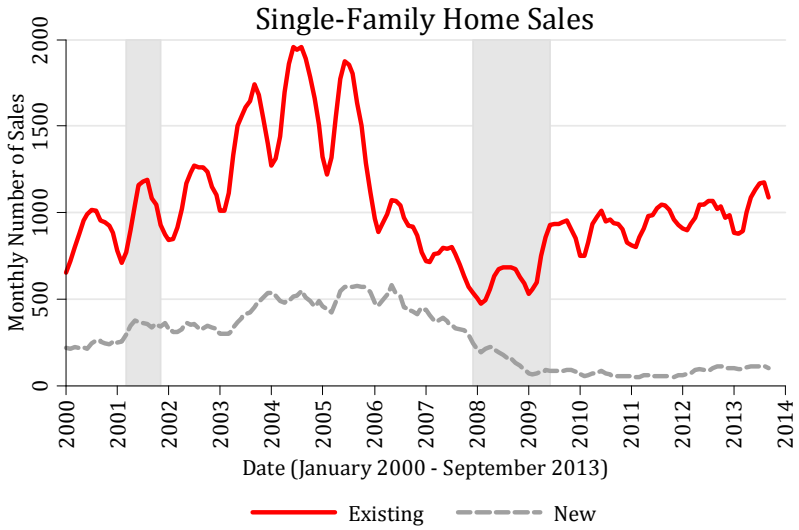

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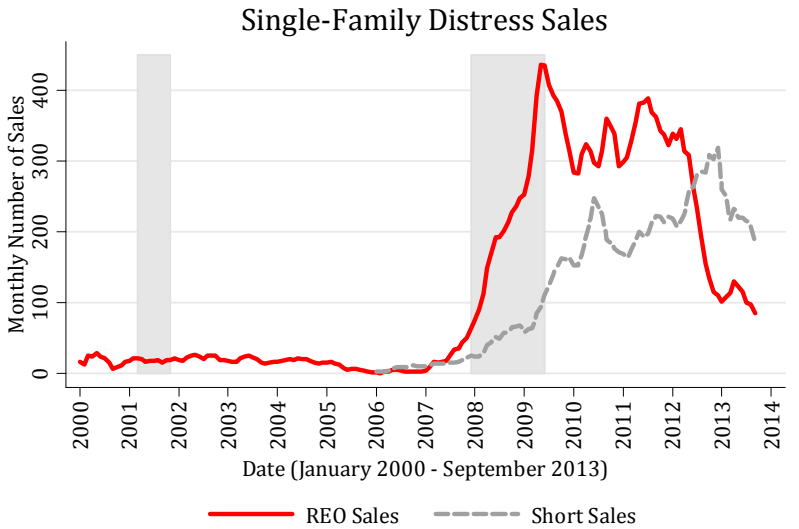

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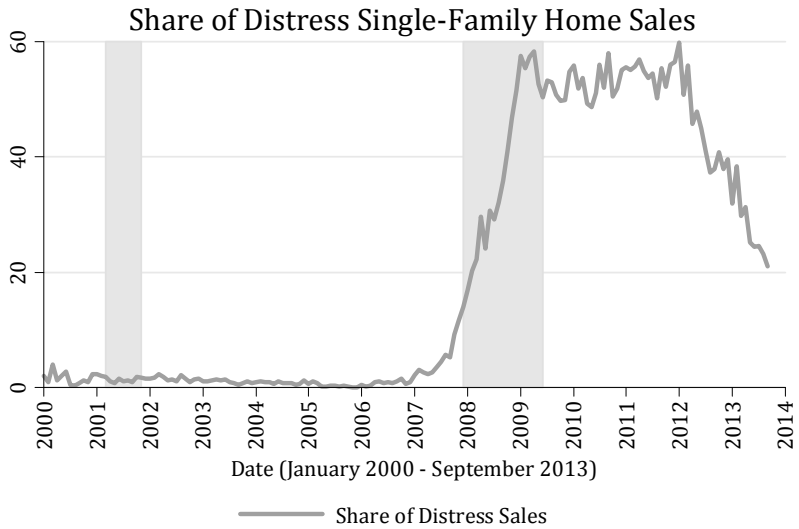

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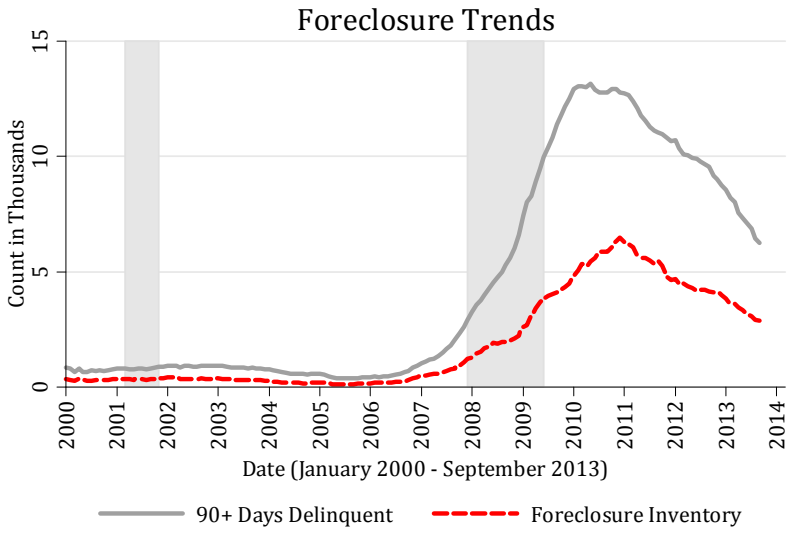
Northern Trends



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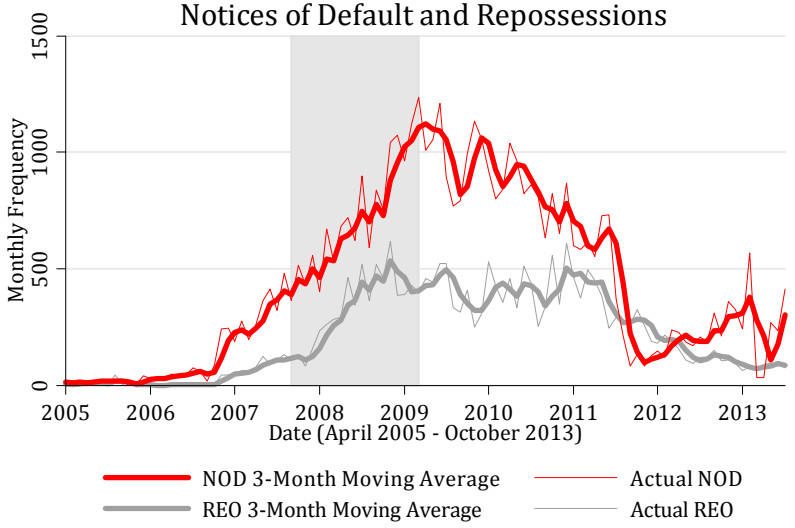

Source: RealtyTrac
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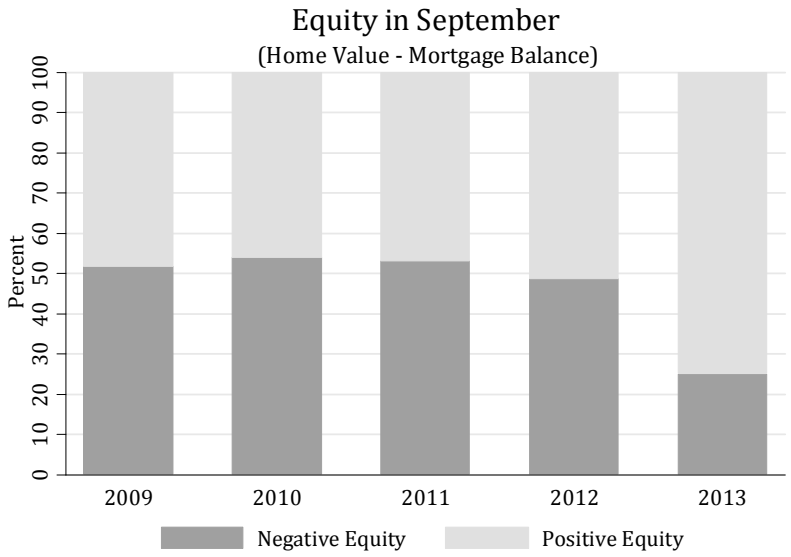
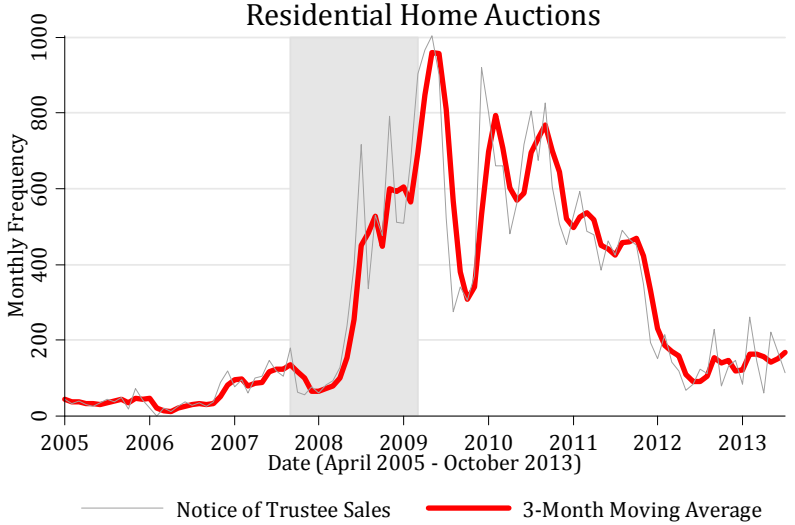


Source: CoreLogic



Source: RealtyTrac
Note: Gray bar represents recession.

Nevada's Housing Market | November 2013

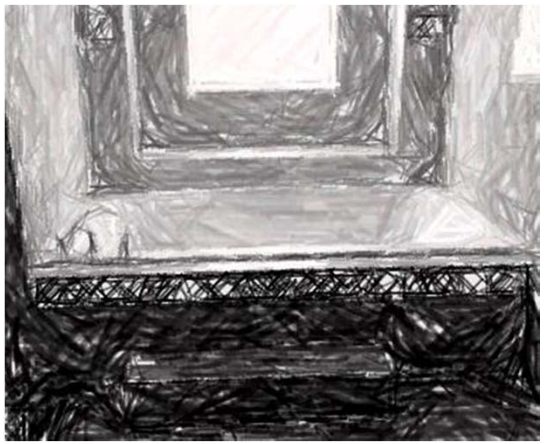
Southern Trends

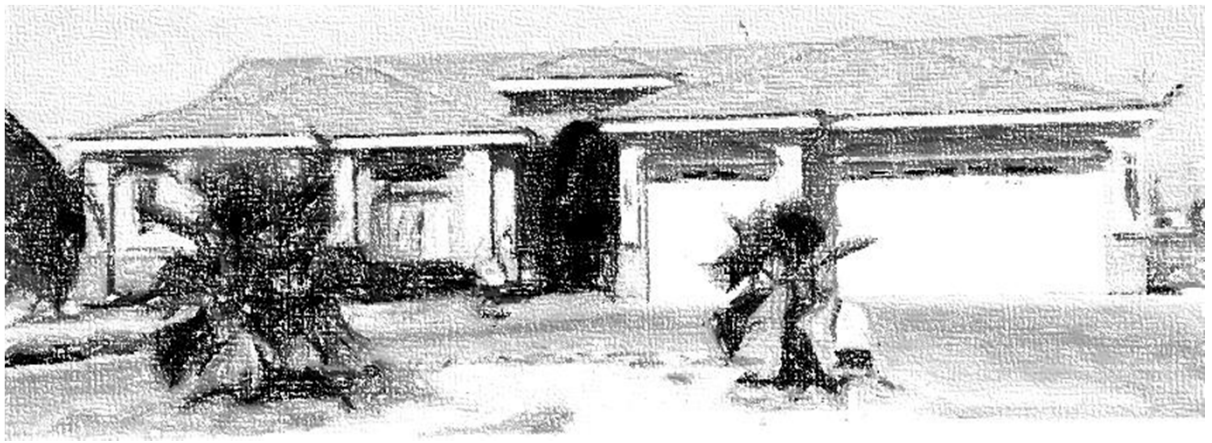
Population: **2,000,759** in 2012

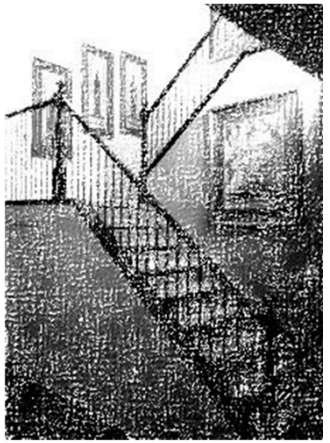
Housing Units: **848,118** in 2011

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

(Clark County)

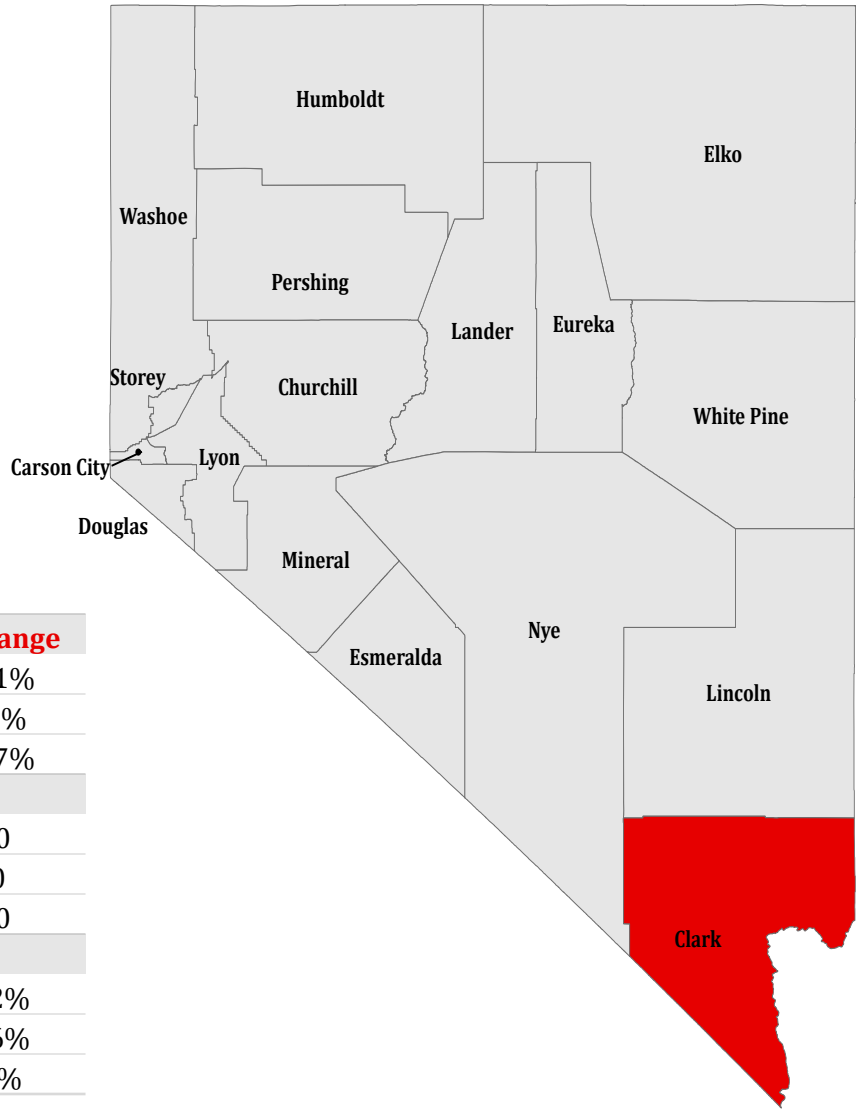






Southern Trends

In Southern Nevada, the average single-family sale price of existing homes fell marginally to $192,157. This decline does not necessarily represent a drop in property values, but instead signals a slow down and potential stabilization of home price. Other measures, for example, the median price of existing homes increased in September. The price for distress sales also fell, while new homes continue to show positive movements in their average sale price. Nevertheless, equity conditions in Southern Nevada improved this month. About 65.17 percent of all homes with a mortgage have positive equity. That is, the share of financed homes with a market values greater than their outstanding mortgage balance.

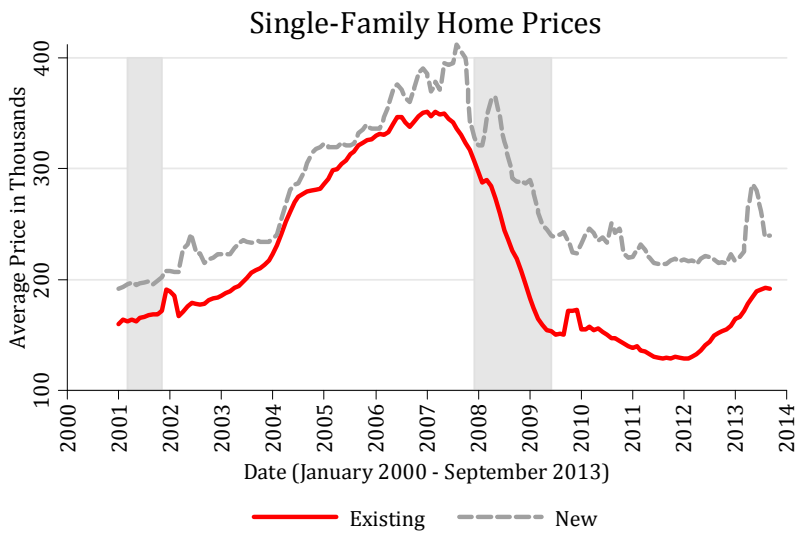


Single-Family Home Sales*		September 2013	M2M Change	Y2Y Change
	New	107	-7.49%	-78.21%
	Existing	3,827	-6.80%	-1.31%
	Distress Share	28%	-9.66%	-32.17%
Residential Construction				
	Total Starts	561	-509	-140
	Single-Family	518	-156	+60
	Multifamily	43	-353	-200
Average Single-Family Sales Price*				
	New	$239,905	0.80%	11.82%
	Existing	$192,157	-0.15%	26.46%
	Distress	$154,877	-0.42%	9.89%

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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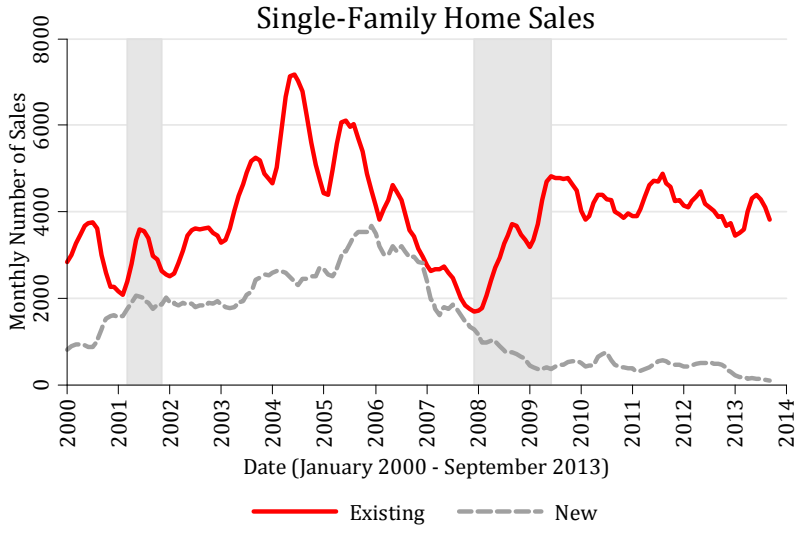

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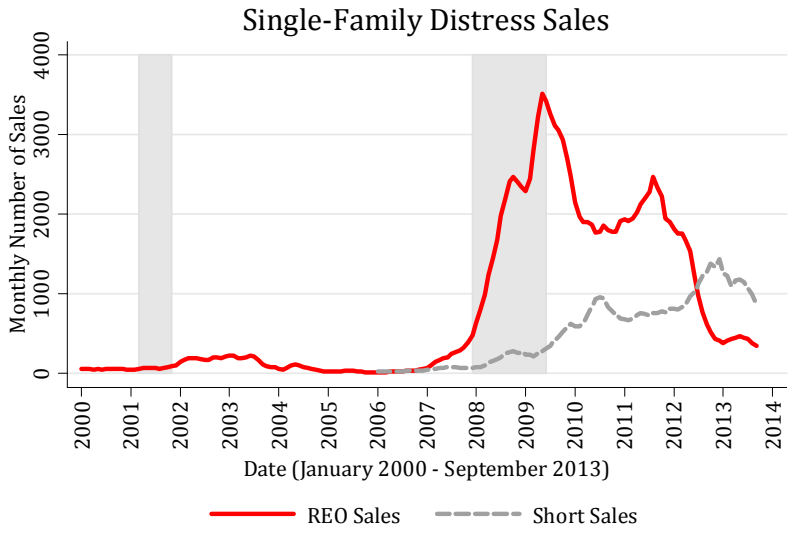

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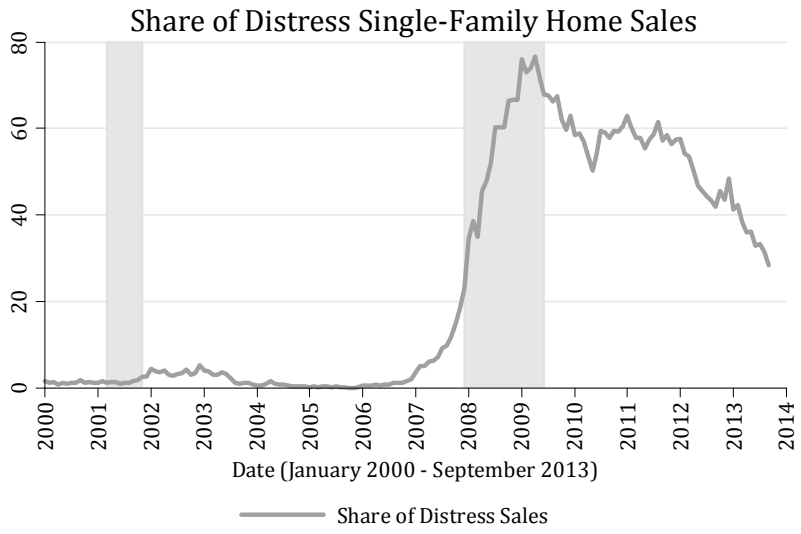

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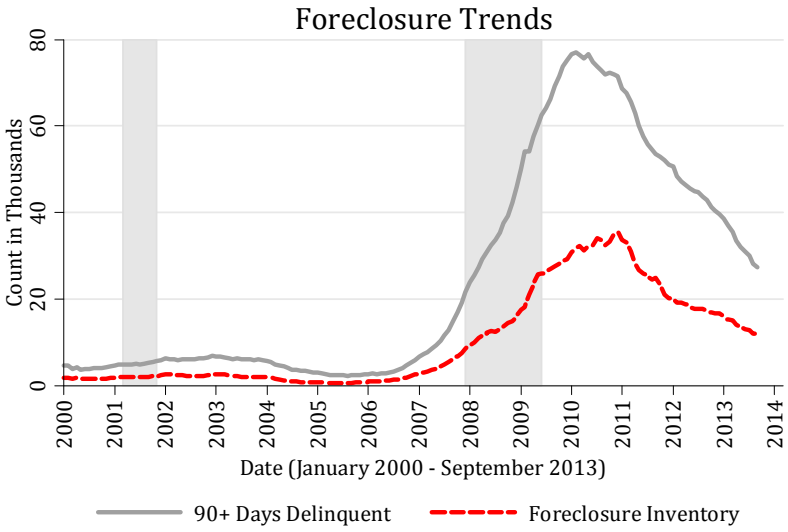
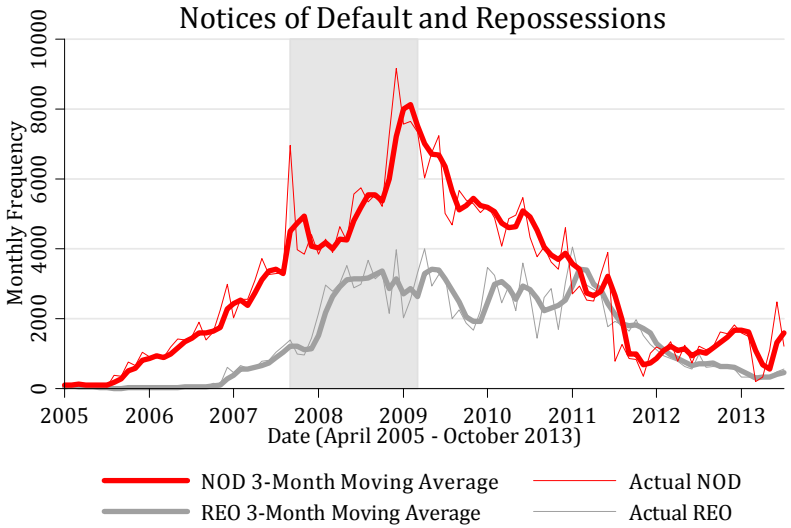
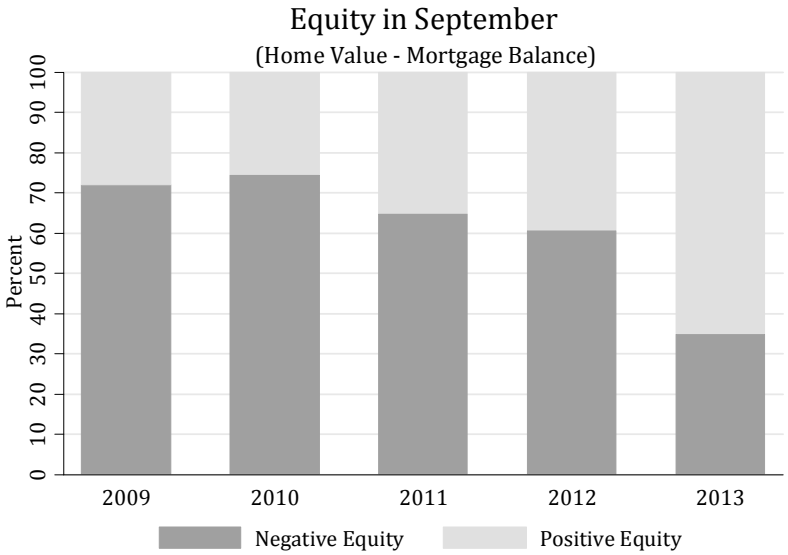
Southern Trends



Source: CoreLogic
Note: Gray bars represent recessions.



Source: RealtyTrac
Note: Gray bar represents recession.



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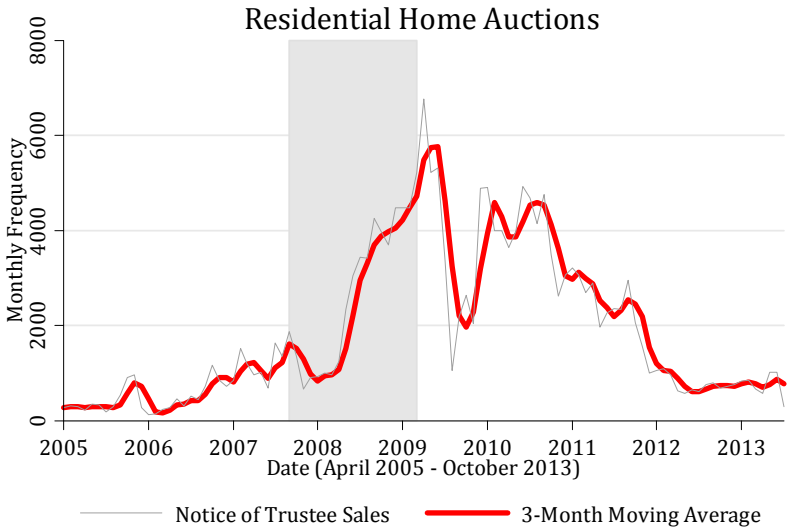


Source: RealtyTrac
Note: Gray bar represents recession.

Nevada's Housing Market | November 2013

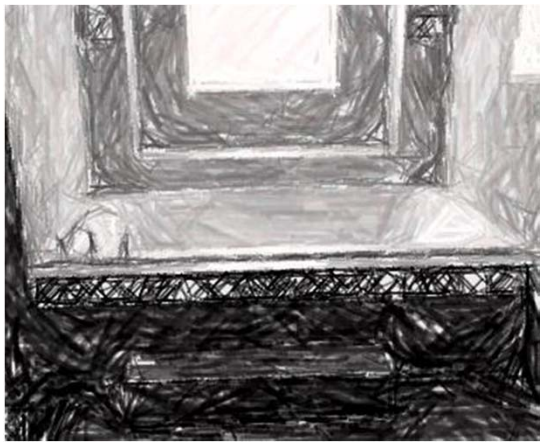
Rural Trends

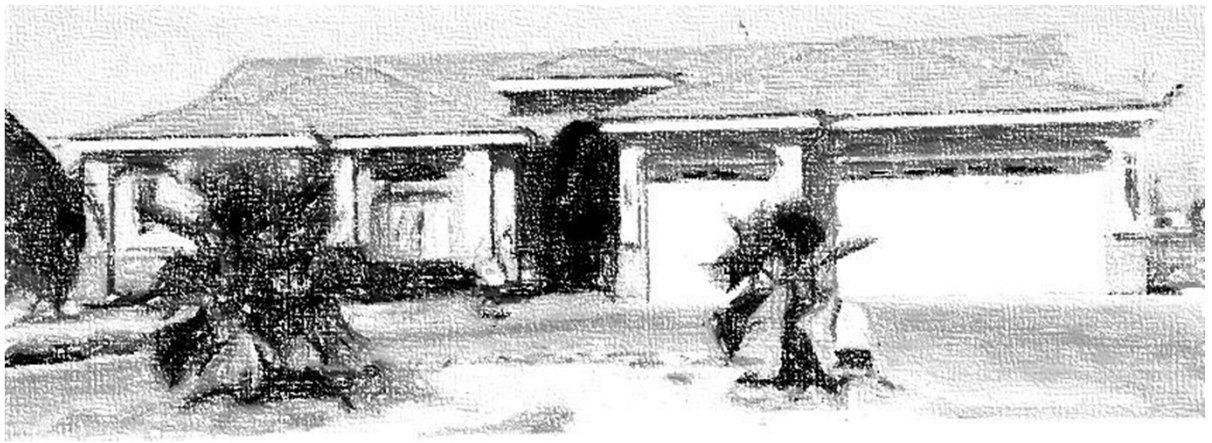
Population: **146,793** in 2012

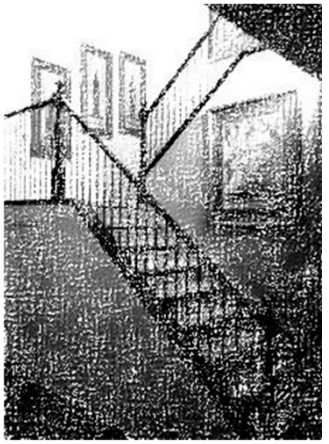
Housing Units: **66,776** in 2011

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

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

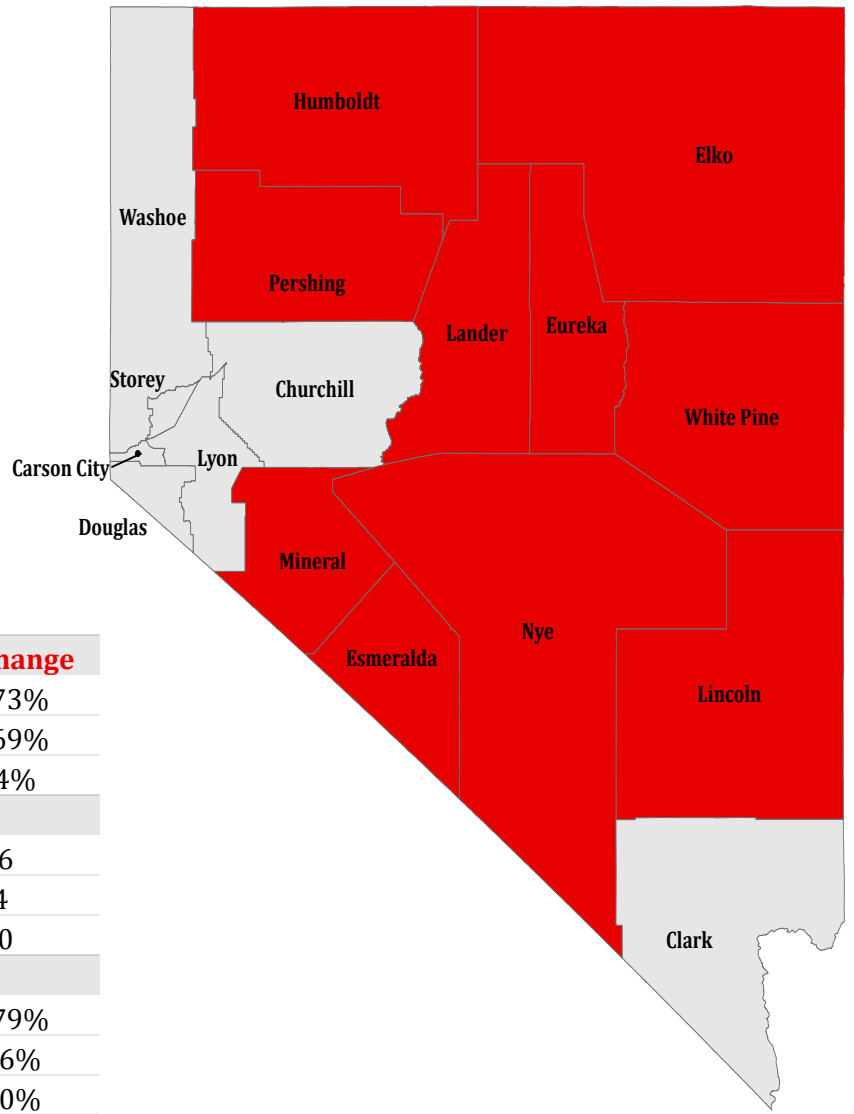






Rural Trends

Unlike most of Nevada, housing trends in the Rural counties show that home prices in all three categories (new, existing, and distress) have average prices that are declining. Yet, this is not abnormal for the rural counties. Historical trends show that their existing homes have ranged between $100,000 and $150,000 for the past six years. Furthermore, new homes during the past three years appear to have sensitivity to the holiday seasons; high prices during the summer and low prices during the winter. Nevertheless, market conditions appear to be improving. In comparing September to last month, there are fewer homes underwater, seriously delinquent homeowners, and homes in the foreclosure inventory.

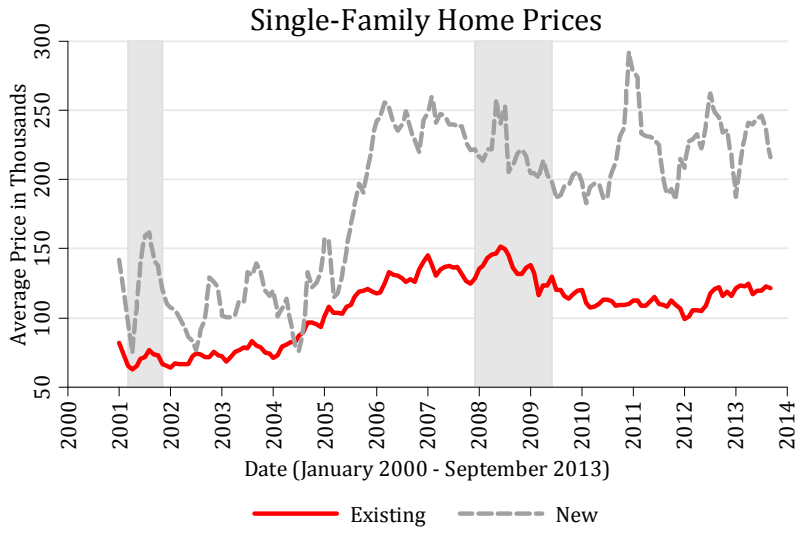


Single-Family Home Sales*		September 2013	M2M Change	Y2Y Change
	New	17	-7.14%	-29.73%
	Existing	162	-17.52%	-31.69%
	Distress Share	19%	19.32%	5.34%
Residential Construction				
	Total Starts	42	+3	-16
	Single-Family	35	0	+4
	Multifamily	7	+3	-20
Average Single-Family Sales Price*				
	New	$215,875	-8.40%	-11.79%
	Existing	$121,631	-1.16%	-0.46%
	Distress	$97,699	-2.47%	-7.30%

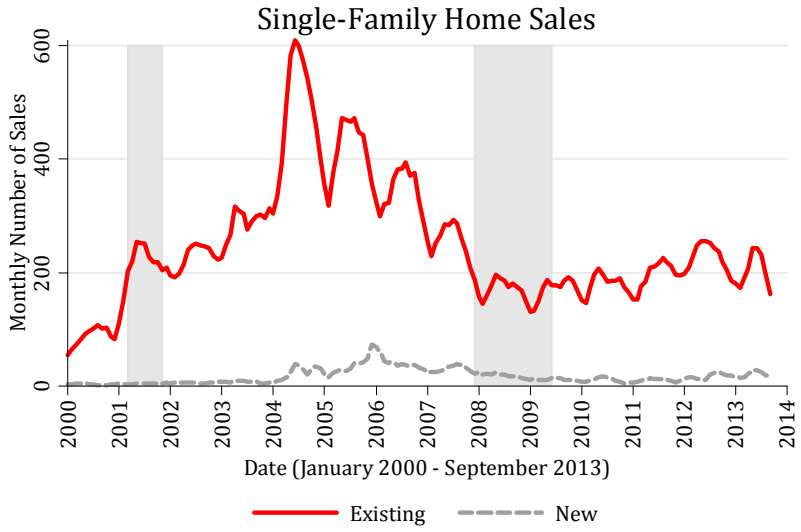
Source: Lied Institute calculations using CoreLogic Data and the *State of the Cities Data Systems* by U.S. Department of Housing and Urban Development.

*Figures portray Three-Month Moving Weighted Averages

Rural Trends



Source: CoreLogic
Note: Series are 3-month weighted moving averages. Gray bars represent recessions.



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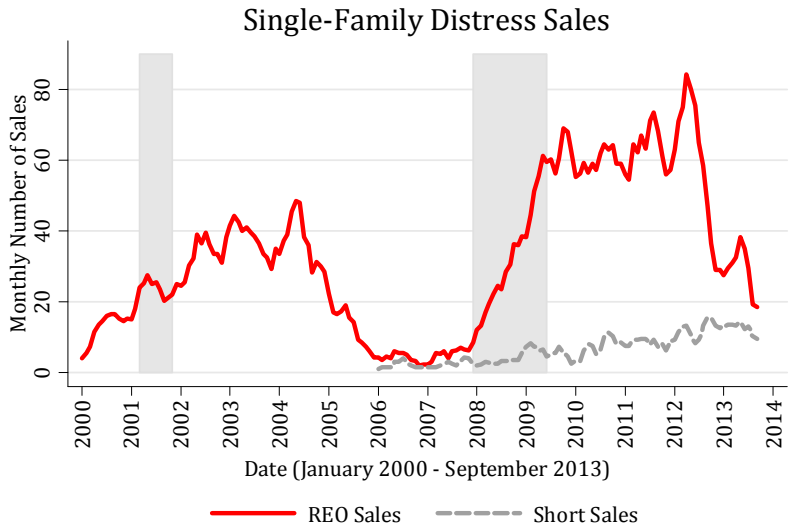

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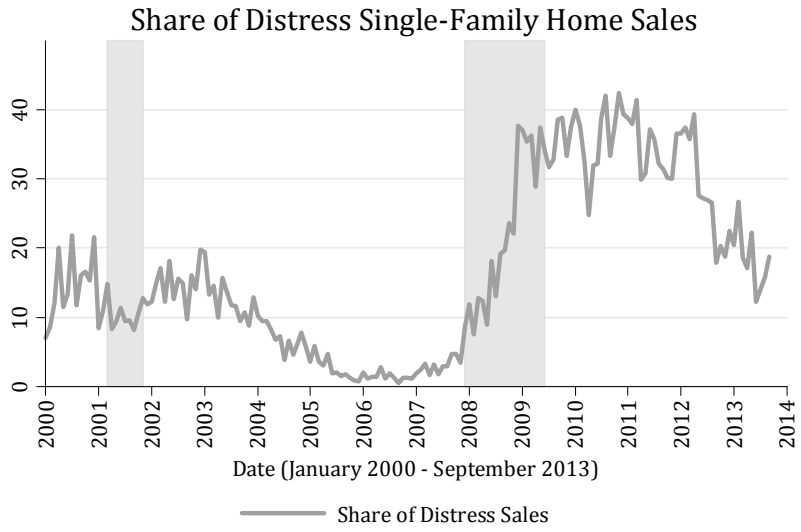
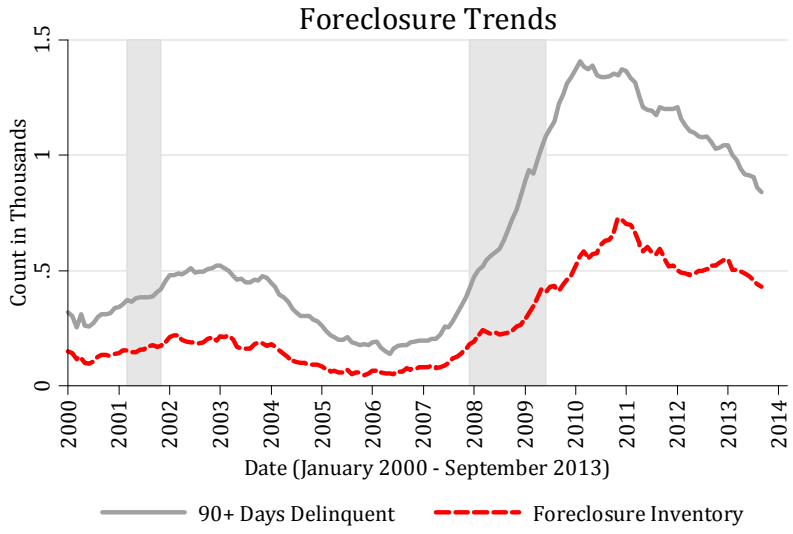


Source: CoreLogic
Note: Gray bars represent recessions.

Rural Trends



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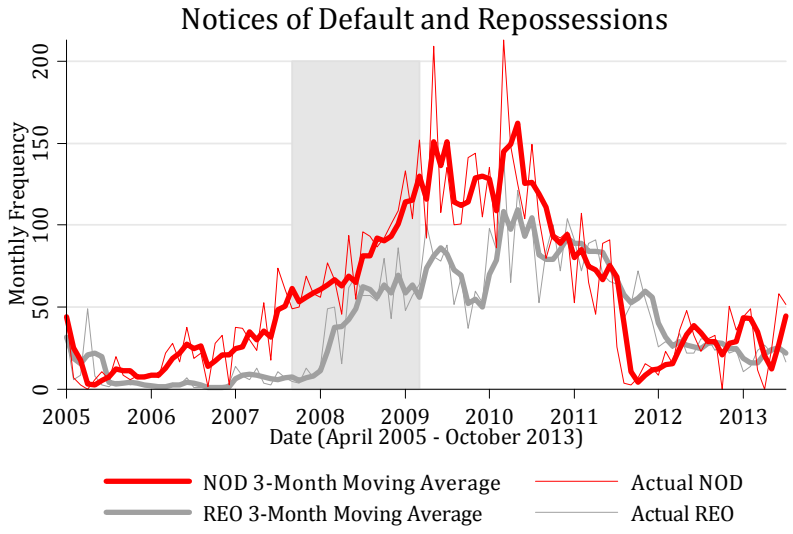
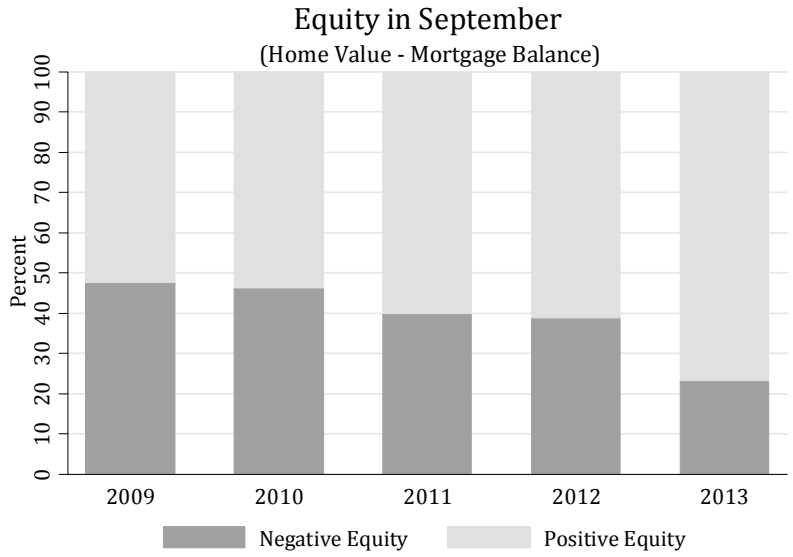
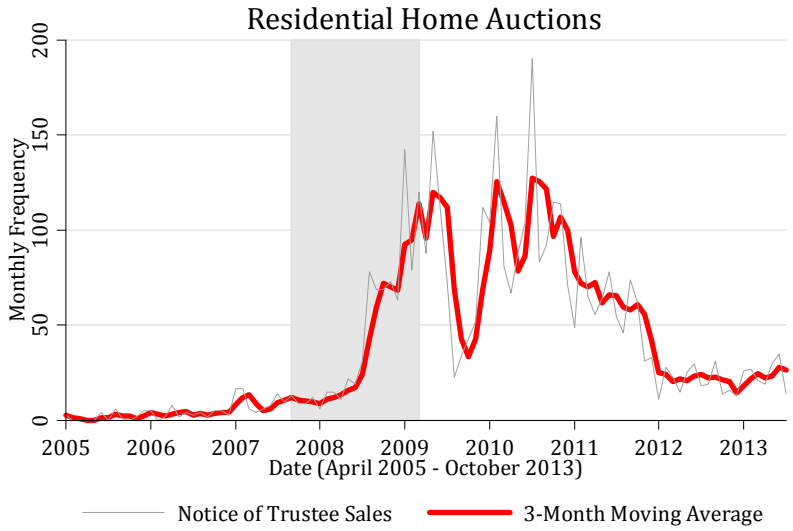
Note: Gray bars represent recessions.



Source: RealtyTrac
Note: Gray bar represents recession.



Source: CoreLogic



Source: RealtyTrac
Note: Gray bar represents recession.

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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