

Survey of Housing Market Sentiment

1st Quarter 2023 | Volume 13

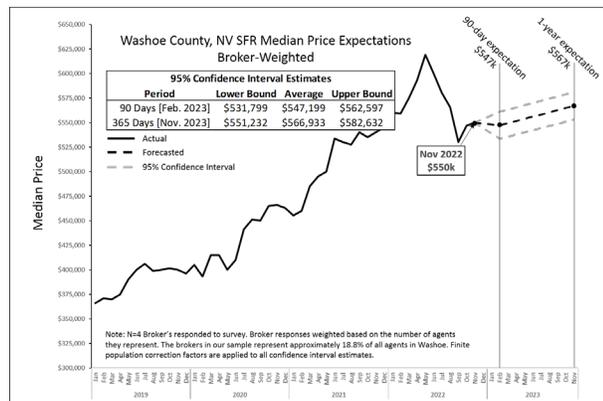
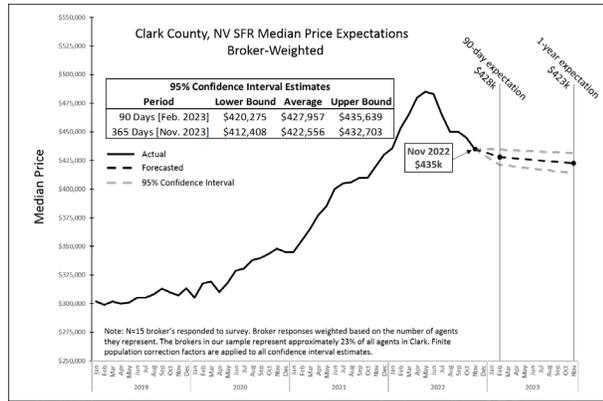
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Executive Summary: February 2023 and November 2023 Broker Expectations. We forecast future market conditions leveraging the insight and expectations of professional real estate brokers. Surveys were sent to brokers spanning the State of Nevada asking them to predict how each expects the market they serve to evolve over the next 90 days (e.g., February 2023) and over the next year (e.g., November 2023). Augmenting our previous report, our study cuts to a core question on the forefront of the public and private sector’s minds, **“How will residential home prices evolve over the next year?”**

To preview our main empirical findings, the median residential home price in November of 2022 was approximately \$435,000 in Clark County, NV and \$550,000 in Washoe County, NV. **Over the next 90-days** (February 2023) brokers predict that median home prices in Clark County, NV will fall to \$427,957 (-1.6%) while median prices in Washoe County, NV will fall to \$547,199 (-.51%). **Over the next year**, and relative to November 2022, brokers predict that median home prices in Clark County will fall to \$422,556 (-2.9%) while median prices in Washoe County are expected to rise to \$566,933. The black dashed line in the figures to the right illustrate these findings. All findings weight broker responses based on the number of agents they represent.

Caution should be exercised for both Clark and Washoe forecasts given limited sample sizes (15 respondents in Clark and 4 respondents in Washoe). Given those limitations, we apply upper and lower bound estimates to our findings by computing 95% confidence intervals. The intervals represent the range by which the data can predict what median price expectations would have been amongst all brokers in Washoe and Clark at the 95% level of statistical confidence had we been able to survey them. The gray dashed lines in the figures illustrate these intervals. Uncertainty in our data due to sample size limitations is reflected by the width of the intervals. In general, while the sample size is small, our statistical precision is relatively good. This is due to the fact that while the sample of brokers is small in absolute terms, relative to the population of all brokers, the broker’s in our dataset represent 18.8% to 23% of all agents in Washoe and Clark, respectively. In Clark, while the average broker who responded to the survey expects median prices to fall to \$427,927 in February of 2023; at the 95% level of confidence we can narrow down our estimate of the expectation amongst all Clark brokers to the range of [\$420,275 to \$435,639]. The statistical exactness of these ranges depends on how representative our sample of brokers is to the population of all brokers in Clark and Washoe County. In our subsequent report, we will compare the findings of this study’s predictions with observed prices to improve the statistical power of the methods we employ.



Overall Housing Sentiment

- Median prices reported in this study are based on Redfin's [Clark County](#) and [Washoe County](#) housing market reports for single family homes.

- Brokers in Clark County hold a pessimistic view on the real estate market over the next quarter and year but are more pessimistic about the next quarter. Washoe County brokers hold a pessimistic view on the real estate market over the next quarter but hold a slightly optimistic view over the next year.

- The 90-day sentiment score is down on a year-over-year and quarter-to-quarter basis for both Clark and Washoe County.

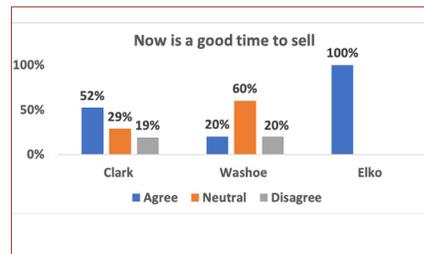
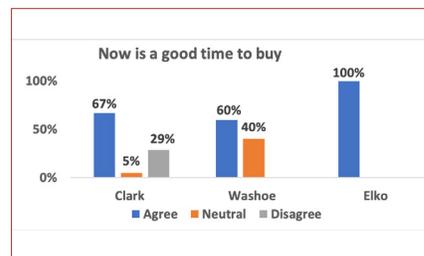
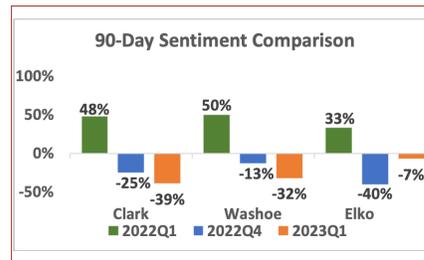
- Within Clark County, brokers that do business primarily in Spring Valley held the most pessimistic view on the real estate market over the next 90-days and year. Within Washoe County, brokers that do business primarily in Sparks were more optimistic than those that do business primarily in Reno.

- Clark and Washoe County brokers continue to lean towards now being a good time to buy. Washoe County, which typically has a high share of brokers that believe now is a good time sell, held a completely neutral view on now being a good time to sell.

- These results are computed based on averages amongst sample respondents. As such, one should not assume they necessarily capture the sentiment of the broader population of brokers. We address this limitation in the appendix by contrasting all results in this study with 95% confidence interval estimates of average responses amongst the population of all brokers. With only 3 respondents, all Elko findings must be interpreted with a high degree of caution.

		Clark County	Washoe County	Elko County
Overall Assessment of Real Estate Market over the next quarter?	Getting Better	19%	0%	33%
	Stay The Same	29%	60%	67%
	Getting Worse	52%	40%	0%
Overall Assessment of Real Estate Market over the next year?	Getting Better	33%	40%	33%
	Stay The Same	33%	20%	67%
	Getting Worse	33%	40%	0%
Total Sentiment Score*	90-day	-39%	-32%	-7%
	Year	-19%	16%	13%

* Total sentiment scores "Getting Better" as +1, "Stay The Same" as 0, "Getting



Pricing

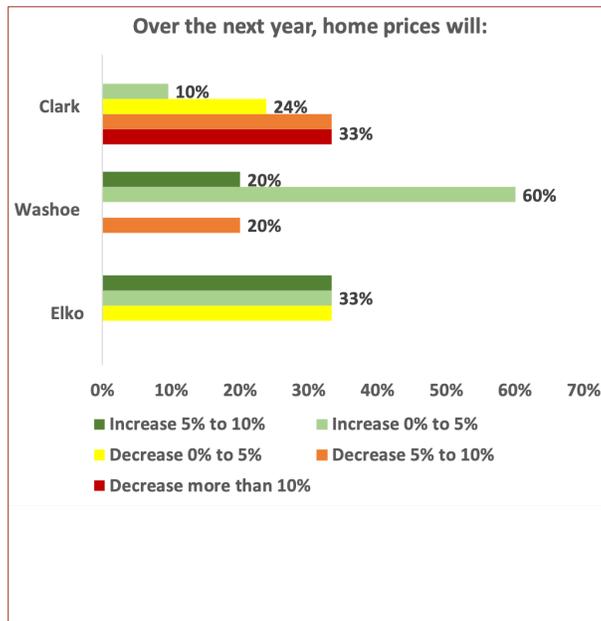
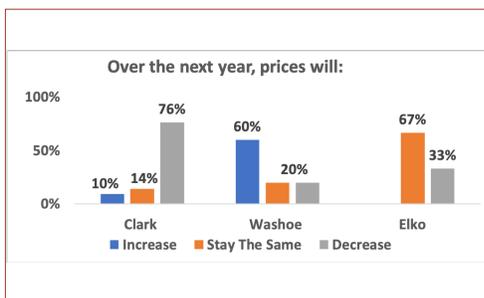
- For the second consecutive quarter, no brokers from Clark County indicated that they believe home prices will increase over the next 90-days. Last year, Clark County brokers leaned heavily towards prices increasing over the next 90-days and no brokers indicated that they believe prices will decrease.

- Washoe County saw a quarter-to-quarter and year over year increase in the share of brokers that believe home prices will decrease over the next 90-days.

- Both Clark and Washoe County brokers remain more optimistic about the next year than the next 90-days. Clark County brokers still lean heavily towards prices decreasing over the next year, while most Washoe County brokers lean towards prices increasing.

- For the second consecutive quarter, all of Washoe County brokers indicated that they believe prices will change by no more than 5 percent over the next year. Within Clark County, over half of the brokers surveyed believe that prices will decrease by more than 5 percent next year while none believe that prices will increase by more than 5 percent.

- Clark County brokers that primarily do business in Henderson were the least optimistic about home prices over the next year. Within Washoe County, brokers from both Reno and Sparks held almost identical sentiments about prices over the next year.



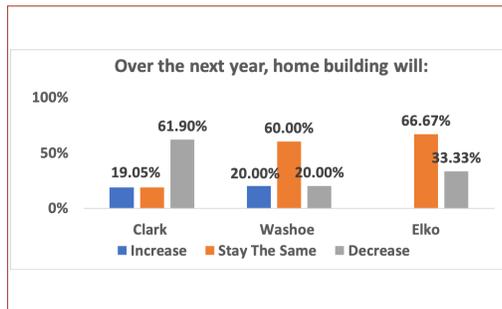
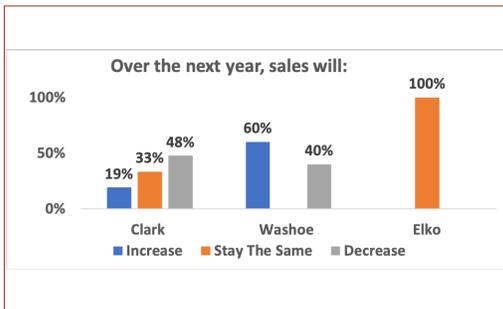
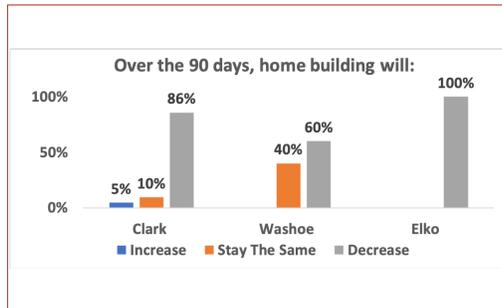
Volumes

- Both Clark and Washoe County saw a large year over year increase in the percent of brokers that believe home sales will decrease over the next 90 days. Brokers from both regions lean towards home sales decreasing over the next 90 days.

- Clark and Washoe County brokers are more optimistic about home sales over the next year compared to the next 90-days. Washoe County brokers lean towards home sales increasing over the next year.

- Both Clark and Washoe County brokers indicated that they believe home building will decrease over the next 90-days. This represents a drastic shift in sentiment from last year where less than 10 percent of brokers from either region believed that home building would decrease over the next 90-days or the next year.

- Within Clark County, brokers that did business primarily in Summerlin were the most optimistic about home sales and home building activity over the next year.



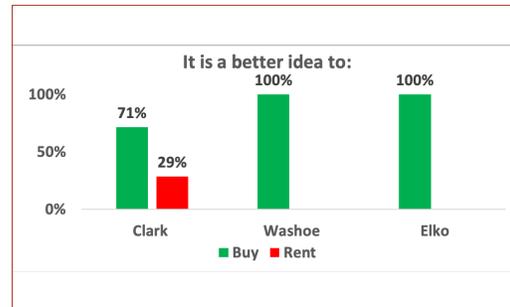
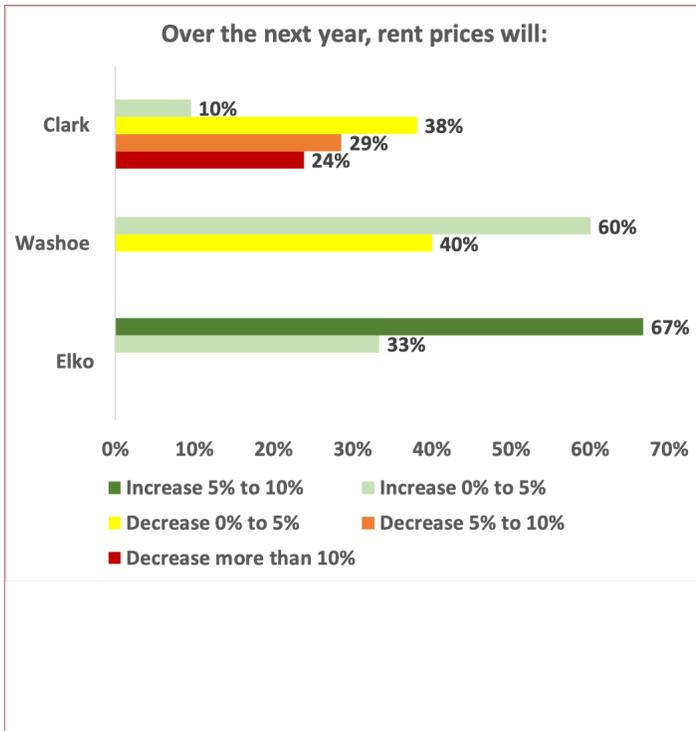
Rentals

- For the third consecutive quarter, Clark County saw an increase in the share of brokers that believe rental prices will decrease over the next quarter. Over 50 percent of brokers from Clark County believed rental prices will decrease more than 5 percent over the next year. Last quarter, only 40 percent of brokers believed rental prices would decrease by more than 5 percent over the next year.

- Washoe County brokers lean slightly towards rental prices increasing over the next year. For the second consecutive quarter, all brokers from Washoe County believe that rental prices will change less than 5 percent over the next year.

- Brokers from the various regions within Clark County did not hold different sentiments on rental prices over the next year. Brokers from Reno leaned towards rental prices increasing slightly while brokers from Sparks were neutral on rental prices.

- Clark County has seen a gradual decrease in the share of brokers that believe it is a better idea to buy than rent. This quarter saw the lowest recorded share of Clark County brokers that believe it is a better idea to buy than rent.

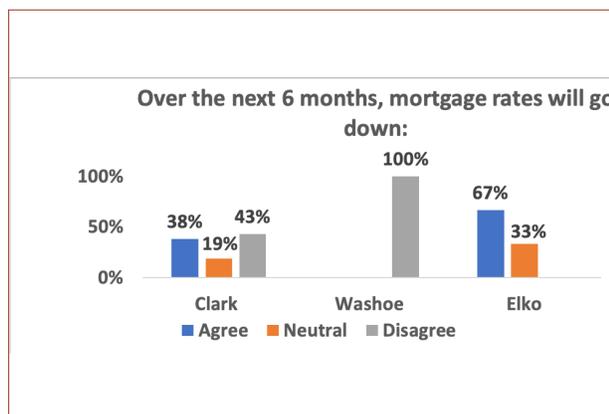
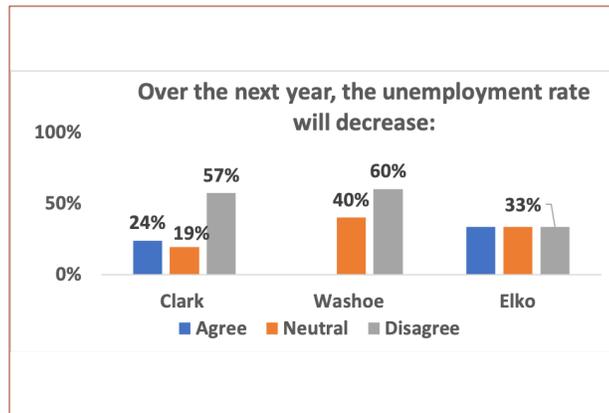
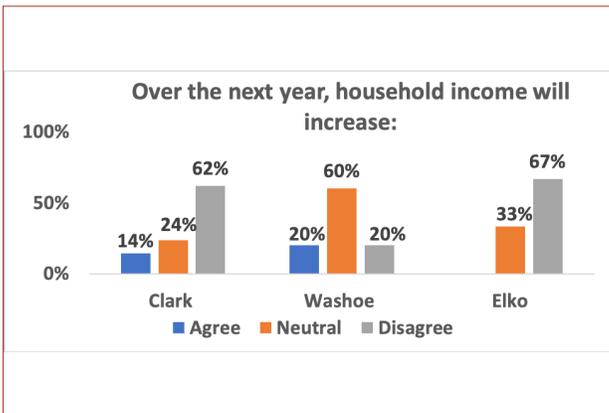


Economy

- Both Clark and Washoe County have seen a gradual decrease in optimism surrounding household income over the next year. For the second consecutive quarter, Clark County brokers lean towards household income not increasing over the next year. Washoe County brokers were optimistic about household income last quarter, but held a neutral opinion on household income this quarter.

- Both Clark and Washoe County brokers lean heavily towards the unemployment rate increasing over the next year. Last quarter, brokers from both region held a neutral view on the unemployment rate.

- Brokers in both Clark and Washoe County once again leaned towards mortgage rates increasing over the next six months. All brokers from Washoe County indicated that they believe mortgage rates will increase in the next 6 months.



Appendix

Clark County Respondents = 21				
Question	Response	Lower 95%		Upper 95%
		Confidence	Average	Confidence
Overall Assessment of the Real Estate Market (Next Quarter)	Getting Better	4%	19%	34%
	Stay the Same	12%	29%	46%
	Getting Worse	33%	52%	71%
Overall Assessment of the Real Estate Market (Next Year)	Getting Better	15%	33%	51%
	Stay the Same	15%	33%	51%
	Getting Worse	15%	33%	51%
Now is a good time to buy	Agree	49%	67%	85%
	Neutral	0%	5%	13%
	Disagree	12%	29%	46%
Now is a good time to sell	Agree	33%	52%	71%
	Neutral	12%	29%	46%
	Disagree	4%	19%	34%
Over the next 90 days, prices will:	Increase	0%	0%	0%
	Stay the Same	0%	5%	13%
	Decrease	87%	95%	100%
Over the next year, prices will:	Increase	0%	10%	21%
	Stay the Same	1%	14%	27%
	Decrease	60%	76%	92%
Over the next year, home prices will	Increase 5% to 10%	0%	0%	0%
	Increase 0% to 5%	0%	10%	21%
	Decrease 0% to 5%	8%	24%	40%
	Decrease 5% to 10%	15%	33%	51%
	Decrease more than 10%	15%	33%	51%
Over the next 90 days, sales will:	Increase	1%	14%	27%
	Stay the Same	15%	33%	51%
	Decrease	33%	52%	71%
Over the next year, sales will:	Increase	4%	19%	34%
	Stay the Same	15%	33%	51%
	Decrease	29%	48%	67%
Over the next 90 days, home building will:	Increase	0%	5%	13%
	Stay the Same	0%	10%	21%
	Decrease	73%	86%	99%
Over the next year, home building will:	Increase	4%	19%	34%
	Stay the Same	4%	19%	34%
	Decrease	44%	62%	80%
Over the next year, rent prices will	Increase 5% to 10%	0%	0%	0%
	Increase 0% to 5%	20%	38%	56%
	Decrease 0% to 5%	12%	29%	46%
	Decrease 5% to 10%	8%	24%	40%
	Decrease more than 10%	8%	24%	40%
It is a better Idea to:	Buy	54%	71%	88%
	Rent	12%	29%	46%
Over the next year, household income will increase:	Agree	1%	14%	27%
	Neutral	8%	24%	40%
	Disagree	44%	62%	80%
Over the next year, the unemployment rate will decrease:	Agree	8%	24%	40%
	Neutral	4%	19%	34%
	Disagree	38%	57%	76%
Over the next 6 months, mortgage rates will go down:	Agree	20%	38%	56%
	Neutral	4%	19%	34%
	Disagree	24%	43%	62%

Appendix

Washoe County Respondents = 5				
Question	Response	Lower 95% Confidence	Average	Upper 95% Confidence
Overall Assessment of the Real Estate Market (Next Quarter)	Getting Better	0%	0%	0%
	Stay the Same	37%	60%	83%
	Getting Worse	17%	40%	63%
Overall Assessment of the Real Estate Market (Next Year)	Getting Better	17%	40%	63%
	Stay the Same	1%	20%	39%
	Getting Worse	17%	40%	63%
Now is a good time to buy	Agree	37%	60%	83%
	Neutral	17%	40%	63%
	Disagree	0%	0%	0%
Now is a good time to sell	Agree	1%	20%	39%
	Neutral	37%	60%	83%
	Disagree	1%	20%	39%
Over the next 90 days, prices will:	Increase	1%	20%	39%
	Stay the Same	1%	20%	39%
	Decrease	37%	60%	83%
Over the next year, prices will:	Increase	37%	60%	83%
	Stay the Same	1%	20%	39%
	Decrease	1%	20%	39%
Over the next year, home prices will	Increase 5% to 10%	1%	20%	39%
	Increase 0% to 5%	37%	60%	83%
	Decrease 0% to 5%	0%	0%	0%
	Decrease 5% to 10%	1%	20%	39%
	Decrease more than 10%	0%	0%	0%
Over the next 90 days, sales will:	Increase	0%	0%	0%
	Stay the Same	37%	60%	83%
	Decrease	17%	40%	63%
Over the next year, sales will:	Increase	37%	60%	83%
	Stay the Same	0%	0%	0%
	Decrease	17%	40%	63%
Over the next 90 days, home building will:	Increase	0%	0%	0%
	Stay the Same	17%	40%	63%
	Decrease	37%	60%	83%
Over the next year, home building will:	Increase	1%	20%	39%
	Stay the Same	37%	60%	83%
	Decrease	1%	20%	39%
Over the next year, rent prices will	Increase 5% to 10%	0%	0%	0%
	Increase 0% to 5%	37%	60%	83%
	Decrease 0% to 5%	17%	40%	63%
	Decrease 5% to 10%	0%	0%	0%
	Decrease more than 10%	0%	0%	0%
It is a better Idea to:	Buy	100%	100%	100%
	Rent	0%	0%	0%
Over the next year, household income will increase:	Agree	1%	20%	39%
	Neutral	37%	60%	83%
	Disagree	1%	20%	39%
Over the next year, the unemployment rate will decrease:	Agree	0%	0%	0%
	Neutral	17%	40%	63%
	Disagree	37%	60%	83%
Over the next 6 months, mortgage rates will go down:	Agree	0%	0%	0%
	Neutral	0%	0%	0%
	Disagree	100%	100%	100%

About the Survey

The Housing Market Sentiment Survey is conducted every quarter in collaboration with our industry partner, Nevada Realtors. A representative sample of residential real estate brokers from all regions in Nevada are surveyed to gather their opinion of the housing market in locations they operate. This is a forward looking survey gauging the housing market sentiment in Nevada.

About the Lied Center for Real Estate

The Lied Center for Real Estate 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 Center strives to improve 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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