



State of Nevada Department of Business & Industry

Bruce Breslow, Director
901 S. Stewart Street, Suite 100
Carson City, Nevada 89701
Phone (775) 684-2996 | Fax (702) 684-2998

Contact: Teri Williams, Public Information Officer
Phone: (702) 486-0407; E-mail: twilliams@business.nv.gov
For Immediate Release: December 12, 2014

Positive signs for Nevada's housing market seen in report measuring stability

Las Vegas, NV- Nevada's residential housing market continues to achieve increased stability, according to the third quarter 2014 Nevada Housing Stability Index. The index points to more measured improvement across a number of areas and supply-demand conditions which are better aligned that at any point in the post-recession environment.

The index composite score saw a slight uptick from 2.18 the preceding quarter to 2.26 during the third quarter of 2014, maintaining a C grade that was first achieved one year ago. Only one individual component of the index, the measure of the price premium of new construction over existing home price averages, saw a decline.

The index is intended to monitor the overall health of the statewide housing market by taking into account twelve weighted ratios and performance metrics to develop a measurement of stability. An aggregate grade of a "C" represents an average quality housing market.

Q3 2014 highlights:

- Foreclosure volumes remained flat and delinquency rates continued to fall, at 2.3 percent and 5.8 percent respectively.
- Investor purchases statewide fell from 37.3 percent in the third quarter to 29.9 percent and down from 44.6 percent a year ago. In southern Nevada investor purchase share was 31.7 percent; northern Nevada, 21.9 percent.
- Median prices statewide increase 3.8 percent to \$189,000 with an increase of 2.8 percent in Clark and 5.9 percent in Washoe County.
- The component measuring the ratio of total number of first home loans relative to employment earned an F, showing the worst individual performance on the index.

- The effective months of resale housing availability is up slightly, but still below optimum levels with 5.1 months of supply.
- The lone metric recording a decline on the quarterly index, new-to-resale price ratio, shows a 61 percent pricing premium for new home construction, up from 54 percent the prior period and considerably higher than the recession. Key contributors to the outsized premiums include square footage and rising land values.

The Nevada Housing Stability Index can be downloaded from the Department's website at business.nv.gov/News_Media/Publications.

About the Nevada Housing Stability Index

The index is intended to monitor the overall health of the statewide Nevada housing market and provide a barometer of market stability. The index is comprised of 12 independent components such as underwater loan percentages, housing turnover rates, affordability ratios and foreclosure volumes. Each measure is weighted based on relevance and importance to the overall market's performance. The individual components and composite index is assigned a grade based on a 4.0 grade point average (GPA), with a "C" grade representing average quality. Note: Data from prior reports are subject to revision based on latest information available.

About the Housing and Data Index Project

Nevada has led the nation in residential foreclosure filings and negative net equity since the beginning of the housing market collapse. Researchers agree the absence of systematic housing data has been prohibitive in the development of meaningful policy and programs that would aid in the recovery of the housing market. The project, a joint initiative of the Department of Business and Industry and the Lied Institute for Real Estate Studies at UNLV, provides a mechanism for extensive collection of data and analysis of current and future Nevada housing market trends. This data will aid policy makers in establishing public policy, legislation and programs as well informing the general public. Project initiatives include the publication of a monthly Housing Market Report, quarterly Nevada Housing Stability Index and convening a biannual Housing Market Forum.

About the Department of Business and Industry

The Nevada State Department of Business and Industry is a cabinet level agency in Nevada State government. Our 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 B&I 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.