

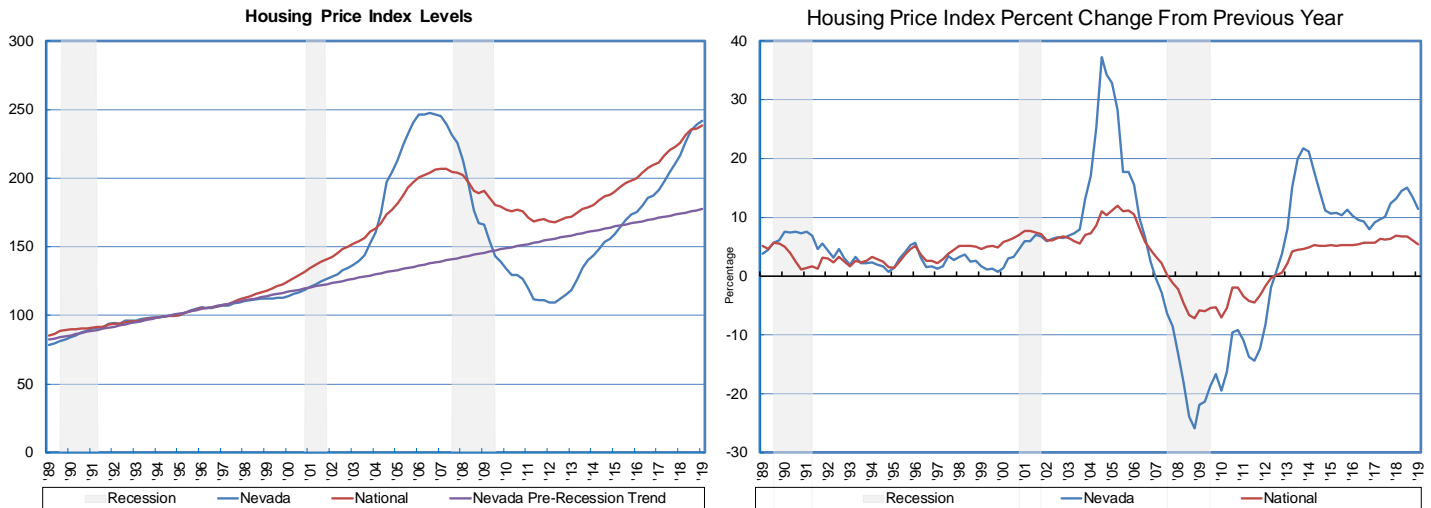
Research Notes



Housing Price Index
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Indexed Housing Prices in Nevada Are Returning to Similar Levels as the Nation



- Using quarterly non-seasonally adjusted data obtained from the Federal Reserve Bank of St. Louis sourced from the U.S. Federal Housing Finance Agency (FHFA), we examine the housing market in the state of Nevada compared to the Nation.
- Data comes from the FHFA House Price Index (HPI). The HPI is an index examining average price changes in repeat-sales & refinancing of the same single-family houses whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac. All estimates are indexed with the first quarter 1995 equal to one hundred, and are not seasonally adjusted. Indexing is a way of setting numerous variables equal to a specific value, allowing for the comparison of trends. Estimates that are indexed are not meant to give exact figures about a specific region or time, but only to show comparisons of different data sets.
- Housing price indices in Nevada peaked prior to the recession at 247.3 in the third quarter 2006 then decreased by 138.0 to 109.3 in the second quarter 2012. When compared to the previous year, the fastest growth rate for the state was 37.2 percent in the third quarter 2004, and the largest decline was 25.9 percent in quarter four 2008. Overall, Nevada housing has been more volatile than the nation. In the first quarter of 2019 Nevada has returned to an index level slightly higher than the nation at 241.5 compared to 238.3, respectively.
- Nationally, the housing index has reached a new peak of 238.3 in the first quarter 2019 compared to a peak of 206.9 in quarter one 2007 prior to the recession. During the recession national housing indices decreased to 167.6 in the second quarter 2012. On a percentage basis the nation experienced its largest growth rate in the second quarter of 2005 of 11.9 percent, and its largest decline of 7.1 percent in quarter four 2008.

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- Since the third quarter of 2012 Nevada's housing index has been growing at a faster percentage compared to the nation. In the fourth quarter 2013 indexed housing prices in Nevada were growing at 21.7 percent compared to 4.5 percent in the nation. Since then the growth rate for Nevada has slowed to a rate of 11.5 percent for Nevada and 5.5 percent for the Nation.
- Housing has experienced a great deal of volatility beginning in approximately 2001. An example of what the housing price indices would have looked like without the volatility is included as the Nevada pre-recession trend line. It shows that in the first quarter of 2019 Nevada housing index had a projected estimate of 177.3, or 64.2 points below what the indexed value was in the first quarter of 2019. The trend is continued for the period beginning in 1989 to the end of 1998.

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