The Nevada Economy

The Nevada economy is currently experiencing its worst recession since the Great Depression. It faced exposure on at least two fronts — the leisure and hospitality (tourism), and the construction sectors. Both sectors saw significant drops in economic activity, which triggered large layoffs of workers. The construction industry took by far the biggest hit with seasonally adjusted employment falling by just over 96,000 jobs (i.e., 63 percent decrease) from its peak in December 2006 through December 2010. The December 2010 seasonally adjusted employment in construction equals just over 56,500 jobs.

The residential housing sector experienced significant declines in activity due to blows from several directions. First, the collapse of home prices along with the subprime lending crisis put many mortgages underwater, with estimates ranging to over 70 percent in Nevada. Nevada also has experienced the highest unemployment rate of any state in the Union for several months. These events caused the Nevada economy to lead the nation in the rate of foreclosures for well over three years.

Commercial construction activity also collapsed with a large supply of vacant space that needs to get absorbed before the construction sector can begin to see the light at the end of the tunnel. The planned expansion of around 50,000 hotel rooms fell victim to the Great Recession with some projects mothballed until further notice. Excess office space also confronts the commercial real estate market with long-term problems of absorption of space.

This section provides a brief outline of the current situation in the Nevada economy before turning to the Southern Nevada economy. Of course, around 80 percent of economic activity and employment lie in Southern Nevada. This section considers two measures of employment for Nevada to provide state-wide context. The two indexes highlighted combine the efforts of the Center for Business and Economic Research (CBER) at the University of Nevada, Las Vegas and the Nevada Department of Employment, Training, and Rehabilitation (DETR).
CBER-DETR Nevada Coincident Employment Index

Specification of Measure:

The CBER-DETR Nevada Coincident Employment Index combines four employment measures — household employment, nonfarm employment, the unemployment rate (inverted, since an upward movement in the jobless rate is a “negative”), and the insured unemployment rate. Each series is seasonally adjusted using the Census X-12 seasonal adjustment procedure. The seasonally adjusted series are combined into the index, using the methods commonly referred to as the Department of Commerce method.

Current Information from Measure:

The figure encompasses four recessions in employment, including the current recession. The peak of the last employment cycle in Nevada occurred in December 2006. Since then, the coincident index regressed steadily through October 2009. The important question is whether we saw a bottom to the coincident index. The chart still identifies that bottom tentatively as October 2009. But since reaching its most recent high value in January 2010, the coincident index fell in eight of the last eleven months, including decreases in five of the last six months. In sum, the current evidence about the continuation of the employment recession is unclear. This index identifies the employment recessions in grey, which we use in the chart and in the other charts in this section.
CBER-DETR Nevada Leading Employment Index

Specification of Measure:

The CBER-DETR Nevada Leading Employment Index combines six employment related measures — initial claims for unemployment insurance (inverted), the real Moody’s Baa bond rate (inverted), housing permits, commercial permits, construction employment, and the short-duration unemployment rate (inverted). While not employment variables, housing and commercial permits, as well as the Moody’s Baa bond rate, closely relate to construction activity and construction employment. Each series is seasonally adjusted using the X-12 seasonal adjustment procedure. The seasonally adjusted series are combined into the index, using the methods commonly referred to as the Department of Commerce method.

Role of Measure:

The CBER-DETR Nevada Leading Employment Index attempts to anticipate movements in total employment activity in Nevada. This index should peak (trough) prior to the peak (trough) in the Nevada Coincident Employment Index. It provides a leading indicator for the expansions and contractions in the benchmark employment index.

Current Information from Measure:

The figure shows the leading index and its movements relative to the recessions in the Nevada employment cycle captured by the coincident index in the grey areas. For the current employment recession, the leading index provided a clear signal by peaking in March 2006, nine months before the coincident index reached its peak. Based on current data, the leading index reached a trough in May 2009. After reaching its most recent high in February 2010, the leading index fell in six of the last ten months, retracing its steps back to just above its May 2009 low in December 2010. The leading index, then, suggests that the current Nevada employment recession will continue in the near future.
The Southern Nevada Economy

The Las Vegas economy is also experiencing its worst recession since the Great Depression. This current Great Recession severely hit the financial, construction, and leisure and hospitality sectors in Las Vegas. On September 20, 2010, the National Bureau of Economic Research Business Cycle Dating Committee called the end to the national recession in June 2009. They also cautioned, in addition, that a new downturn would constitute a new recession, the so-called double-dip recession. That is, the national economy began expanding in the third quarter of 2009 only to slow significantly in 2010, such that many analysts worried about a double-dip recession. The fourth quarter real GDP growth rate jumped upward again, tending to silence talk about a double dip. Unfortunately, Las Vegas did not yet experience the first recovery. So a slow recovery at the national level will merely lengthen and deepen the continuing recession in Southern Nevada.

The economic indicators suggest a change in the path of the current recession in Las Vegas, implying that the economy may have reached a bottom. Reaching a bottom and then starting the slow climb out of our current difficulties will require that the national recovery continues its growth. Thus, the increase in the real GDP growth rate in the fourth quarter of 2010 provides some good news. We need continued growth in 2011 to begin to see recovery in Nevada and Las Vegas.

This section examines the various economic indicators to provide a good picture of the current state of the Southern Nevada economy. Establishing the current state of the economy provides the background for attempting to forecast the future path of the economy, no easy task. Following the discussions of each of the indicators and their current situation, the results of survey information about the future direction of economic activity is presented and interpreted. The survey conducted by CBER represents interviews with a sample of 500 Clark County businesses.

Overview of Economy

This section considers four different indexes of the overall economy. Three indexes consider the current situation — the CBER Clark County Business-Activity, Tourism, and Construction Indexes. The final measure — the Southern Nevada Index of Leading Economic Indicators — captures future movements in economic activity.
CBER Clark County Business-Activity Index

Specification of Measure:

The CBER Clark County Business-Activity Index for Southern Nevada uses three key indicators shown to move most closely with the overall state of business — Clark County gross gaming revenue, Clark County nonfarm employment, and Clark County taxable sales. Each series is seasonally adjusted using the X-12 seasonal adjustment procedure. The seasonally adjusted series are combined into the index, using the methods commonly referred to as the Department of Commerce method.

Role of Measure:

The CBER Clark Business-Activity Index attempts to measure total economic activity in Clark County, including its two major sectors of leisure and hospitality, and construction. This index should capture the contemporary movements in the total economy. The two indexes that follow focus on the contemporary movements in the leisure and hospitality, and construction subsectors.

Current Information from Measure:

The Business-Activity Index peaked in October 2007. Since then, the index fell quickly and began the process of establishing a bottom in late 2009. Through 2010, the index increased and decreased in alternate months by small amounts. As noted above, the grey areas identify the Nevada employment recessions.
Clark County Gross Gaming Revenue

Specification of Measure:

Clark County gross gaming revenue is seasonally adjusted using the X-12 seasonal adjustment procedure. This variable measures gross gaming revenue, coming from the Nevada Gaming Control Board.

Role of Measure:

Clark County depends heavily on the leisure and hospitality industry, including gaming. Gaming revenue provides a good measure of economic activity in the leisure and hospitality industry. That is, it correlates well with other tourism activities such as entertainment, lodging, food, shopping, and so on.

Current Information from Measure:

Gross gaming revenue reached a peak prior to the current recession in November 2006. Since then, gaming revenue dropped dramatically until about October 2009. Since then, it has tried to reach a bottom around $700 million. Once again, the grey areas identify the Nevada employment recessions.
Clark County Nonfarm Employment

Specification of Measure:

Clark County nonfarm employment is seasonally adjusted using the X-12 seasonal adjustment procedure. This variable comes from surveying employers on the number of jobs. As such, it differs from household employment that surveys workers. If someone works two or more jobs, then they are counted twice in the nonfarm employment measure. At the same time, nonfarm employment excludes the self-employed. These data come from the Nevada DETR.

Role of Measure:

Clark County nonfarm employment measures the total activity in the labor market. Jobs tend to lag overall economic activity to some extent. Recoveries from recent national recessions are characterized as jobless recoveries because employment growth took so long to get started. A similar recovery is anticipated from the current Great Recession.

Current Information from Measure:

Nonfarm employment reached a peak shortly after the employment recession began in Nevada in May 2007 at over 930,000 employed. Nonfarm employment fell dramatically between January 2008 and January 2010. Since then, it has tried to reach a bottom around 800,000.
Clark County Taxable Sales

Specification of Measure:
Clark County taxable sales are seasonally adjusted using the X-12 seasonal adjustment procedure. This variable measures those retail and wholesale sales that are subject to the sales tax. The data come from the Nevada Department of Taxation.

Role of Measure:
Clark County taxable sales measure the total activity in the tangible goods markets. In Nevada, the sales tax does not cover services, an ever-growing part of the economy. It includes spending by residents and tourists and represents another important measure of economic activity in Southern Nevada.

Current Information from Measure:
Taxable sales reached a peak prior to the employment recession in Nevada in May 2006 at just over $3.15 billion. Taxable sales fell dramatically between August 2008 and August 2009. Since then, it has tried to reach a bottom around $2.3 billion.
CBER Clark County Tourism Index

Specification of Measure:

The CBER Tourism Index for Southern Nevada measures overall activity in travel and tourism. Three indicators comprise the index — McCarran passengers (enplaned and deplaned), Clark County gross gaming revenue, and the Clark County hotel occupancy rate. Each series is seasonally adjusted using the X-12 seasonal adjustment procedure. The seasonally adjusted series are combined into the index, using the methods commonly referred to as the Department of Commerce method.

Role of Measure:

The CBER Tourism Index captures the general movements in the leisure and hospitality industry. It includes two measures of tourist visits — McCarran passengers and Clark County hotel occupancy rate — and one measure of tourist spending — Clark County gross gaming revenue. Other tourism spending measures, such as entertainment, lodging, shopping, food, and so on, track closely with gross gaming revenue.

Current Information from Measure:

The Tourism Index reached its peak in November 2006, which also saw the peak in the CBER-DETR Nevada Coincident Employment Index. Remember that the grey areas identify the Nevada employment recessions. The tourism index fell less dramatically as the leisure and hospitality industry cut prices and offered inducements to keep tourists coming to Southern Nevada. This index began searching for a bottom beginning in January 2009. The November 2010 value lies slightly above the January 2009 value, as it has in every month since January 2009, except for January 2010.
McCarran Passengers

Specification of Measure:

McCarran passengers are seasonally adjusted using the X-12 seasonal adjustment procedure. This variable measures the traffic through McCarran Airport, which captures a large part of the tourism visits to Las Vegas. The data come from McCarran Airport.

Role of Measure:

McCarran passengers measure an important part of the tourist visitors to Las Vegas. Other tourists drive into Las Vegas from California, Utah, and Arizona. But, McCarran passengers provide a proxy for these other sources of tourist visits to Las Vegas.

Current Information from Measure:

McCarran passengers reached a peak of just over 4 million prior to the current recession in August 2007, although an earlier, somewhat lower peak also occurred in December 2006. McCarran passengers dropped dramatically until about January 2009. Since then, it has tried to reach a bottom around 3.3 million with a low of 3.15 million in February 2010.
Las Vegas Hotel Occupancy

Specification of Measure:
Las Vegas hotel occupancy is seasonally adjusted using the X-12 seasonal adjustment procedure. This variable measures the percentage of rooms occupied, coming from the Las Vegas Convention and Visitors Authority.

Role of Measure:
The leisure and hospitality industry relies on putting “heads in the bed.” The higher the occupancy percentage is, the more people that gamble, eat, attend shows, shop, and so on.

Current Information from Measure:
Hotel occupancy reached a peak of almost 92.4 percent in December 2007, and a slightly lower peak of 91.8 percent in December 2005. Since December 2007, occupancy fell until January 2010 at just over 75.3 percent. Now, occupancy rose to just over 80 percent.
CBER Clark County Construction Index

Specification of Measure:

The CBER Construction Index for Southern Nevada measures overall activity in construction — construction employment, residential units permitted, and commercial units permitted. Each series is seasonally adjusted using the X-12 seasonal adjustment procedure. The seasonally adjusted series are combined into the index, using the methods commonly referred to as the Department of Commerce method.

Role of Measure:

The CBER Construction Index captures activity in the construction sector. It possesses some leading characteristics as permits generally lead economic activity.

Current Information from Measure:

The Construction Index reached its peak in March 2006, which led the peak in the December 2006 CBER-DETR Coincident Employment Index. The index fell quickly through July 2010. The index wants to establish a bottom at 101 and now lies ever so slightly above its July 2010 value.
Clark County Construction Employment

Specification of Measure:

The Clark County construction employment is seasonally adjusted using the X-12 seasonal adjustment procedure. This variable measures the activity in the construction industry. These data come from the Nevada DETR.

Role of Measure:

The construction industry in Clark County provided an important component in the growth of economic activity as long as the population and visitors continued to grow. With the advent of the Great Recession, both population and tourism visitors began falling, leading to the decline in the construction industry.

Current Information from Measure:

Construction employment rose dramatically through most of the past 20 years with some declines in the recessions. Construction employment peaked at just over 111 thousand employees in June 2006. Since then, construction employment fell nearly continuously through July 2010, reaching just over 44 thousand workers. This dramatic decline represents a decrease just over 60 percent.
Clark County Residential Permits

Specification of Measure:
Clark Country residential permits are seasonally adjusted using the X-12 seasonal adjustment procedure. This variable measures the intent to build a new home at some point in the future. CBER constructs the data from local municipality source information.

Role of Measure:
Residential permits measure a commitment for future construction activity. As such, they tend to lead future economic activity in the construction sector.

Current Information from Measure:
Residential permits reached a peak at just over 5,010 permits prior to the current recession in January 2006. But then came back to reach a lower peak in October 2007 at over 4,380 permits. Permits fell dramatically through September 2009 at just over 250 permits. Permits then grew and stand at just over 560 in December 2010.
Clark County Commercial Permits

Specification of Measure:
Clark County commercial permits are seasonally adjusted using the X-12 seasonal adjustment procedure. This variable measures intent to build a commercial property at some point in the future. CBER constructs the data from local municipality source information.

Role of Measure:
Commercial permits measure a commitment for future construction activity. As such, they tend to lead future economic activity in the construction sector.

Current Information from Measure:
Commercial permits reached a peak of almost 190 permits prior to the current recession in March 2006. But, they also reached a higher peak in October 2007 at just over 245. Since then, permits dropped dramatically until July 2010 at 12 permits and finished 2010 at just under 20 permits.
Southern Nevada Index of Leading Economic Indicators

Specification of Measure:

The Southern Nevada Index of Leading Indicators is composed of 10 economic series based on criteria used to build the National Index of Leading Indicators. The index includes the following series: residential building units permitted, residential building valuation, commercial building permits, commercial building valuation, taxable sales, air passengers enplaned and deplaned, sales of gasoline (gallons), gross gaming revenues, visitor volume, and conventions held attendance. The seasonally adjusted series are combined into the index, using the methods commonly referred to as the Department of Commerce method.

Role of Measure:

The Southern Nevada Index of Leading Indicators provides a forecast of future movements in the Clark County economy as captured by the Business-Activity, Tourism, and Construction Indexes. Peaks and troughs in the leading index should lead peaks and troughs in the actual economy by an average of six months.

Current Information from Measure:

The Southern Nevada Index of Leading Economic Indicators reached its peak in January 2006, where it essentially remained through December 2007. It then fell precipitously through October 2009. Since then, the index remained at this lower level and has not shown signs of moving upward from its current bottom. The US Leading Index also reached a peak in January 2006 and remained in that neighborhood until slightly exceeding this peak in July 2007. Beginning at this time, the Leading Index began a much shallower fall through its trough in March 2009. Since then, the index has trended upward rather sharply, unlike the Southern Nevada index.
Survey Results on the Future of the National and Southern Nevada Economies:

The survey asked three different questions about the future of the national and Southern Nevada economies.

In the next 12 months, do you think the national economy will

a. Expand
b. Stay about the same
c. Decline
d. No opinion

Nearly 70 percent of the respondents feel that the national economy will expand or stay about the same over the next 12 months. Just over 25 percent feel that the national economy will decline, whereas fewer than 5 percent offered no opinion.

In the next 12 months, do you think the Southern Nevada economy will

a. Expand
b. Stay about the same
c. Decline
d. No opinion

Narrowing the focus to the local economy about which respondents possess personal information, now nearly 63 percent feel that the Southern Nevada economy will expand or stay about the same over the next 12 months. Over 31 percent think that the Southern Nevada economy will decline and 6 percent offered no opinion.

In sum, the respondents feel that the economy will probably not experience a double-dip recession at the national level nor will the local economy continue its current decline. Further, the differences in percentages between the response at the national and Southern Nevada levels are not large. While a bit more pessimistic locally, the general feeling seems to indicate an attitude that the local recession will end over the next 12 months.

In the next 5 years, do you think the Southern Nevada economy will

a. Expand
b. Stay about the same
c. Decline
d. No opinion

Respondents became much more optimistic about the next five years. Now nearly 58 percent think that the economy will expand over this time frame, and slightly over 24 percent think the economy will remain the same. Thus, only around 9 percent forecast a continued decline over the next five years.
Overview of Employment, Household Income, and Poverty

This section considers several measures of the condition of the household sector — employment by industry, the unemployment rate, median household income, household income distribution, and poverty.

Clark County Employment by Industry

Specification of Measure:

The nonfarm survey of jobs allows the disaggregation of employment data into employment information by industrial sectors. The data come from the Nevada DETR.

Role of Measure:

The health of any economy depends on the availability of jobs. Tracking employment provides a strong signal about the health of an economy. Tracking employment by industry gives a view of any structural issues that may exist. During the last three national recessions, the economy experienced jobless recoveries, whereby employment growth responded slowly to the economic recovery as seen in real GDP growth. As such, labor productivity rose quickly during the last three recoveries from recession. The current Great Recession will not likely differ in its recovery.

Current Information from Measure:

Using 2007 as the base year, which corresponds to the peak of economic activity in Southern Nevada, total employment across all industries fell by 14.26 percent. The distribution of the employment losses conform to, the uneven distribution of the current Great Recessions effect on the national economy. Construction employment received one of the biggest hits, falling by 53.75 percent. Wholesale and retail trade fell by smaller percentages of 12.45 and 11.69, respectively. Information, financial activity, and professional and business services fell by 20.35, 20.00, and 13.60 percent, respectively. Interestingly, leisure and hospitality only fell by 9.63 percent. As mentioned above, the leisure and hospitality industry dropped room rates quickly in response to falling demand, cushioning the decline in visitors and, thus, employment.

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<th>2007</th>
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Clark County Unemployment Rate

Specification of Measure:

The Nevada DETR also reports the not seasonally adjusted unemployment rate for Southern Nevada. The unemployment rate equals the difference between the labor force and total employment as a percentage of the labor force.

Role of Measure:

The unemployment rate reflects the amount of slack in the labor market. Two important issues relate to the current measure of the unemployment rate. First, individuals who get discouraged and no longer look for work do not get counted as in the labor force and, thus, are not counted as unemployed. Further, those workers who would like to work more hours but are constrained by their employers are fully counted as employed.

Current Information from Measure:

During the expansion in the 2000s, the unemployment rate in Southern Nevada reached its minimum value of 3.8 percent in December 2005 and May 2006. The unemployment rate remained in the neighborhood of this low level until June 2007, when it started its rise towards its current peak at 15.0 percent in September 2010, before backing down to 14.3 percent in November.
Survey Results on the Labor Market:

The survey asked two different questions about the state of the labor market.

Respondents were asked about their concern about job availability. Responses included the following:

a. Very concerned
b. Somewhat concerned
c. Not too concerned
d. Not at all concerned

A large majority of respondents, 73.4 percent, were either somewhat or very concerned. In addition, the very concerned response was chosen by 47.2 percent of the respondents. Viewed differently, a slight majority of 52.8 percent felt somewhat concerned, not too concerned, or not at all concerned. The not at all concerned response occurred for 11.4 percent of respondents.

Respondents were asked about the opportunities for employment. Responses included the following:

a. Excellent
b. Good
c. Fair
d. Poor

While 28.3 percent of respondents felt that employment opportunities were poor, a much larger percentage, 71.0 percent, felt that employment opportunities were poor or fair. That leaves only 29 percent of respondents who felt that employment opportunities were good or excellent.

In sum, the respondents feel that employment opportunities are not good in Southern Nevada and that they express significant concern over the availability of jobs.
Clark County Nominal and Real Median Household Income

**Specification of Measure:**

Median household income comes from the Bureau of Economic Analysis. The CBER deflates median household nominal income by the consumer price index (CPI) with the base years of 1982-1984 set equal to 100.

**Role of Measure:**

Median household income reflects the purchasing power of Clark County residents. Thus, it provides an important driver to economic activity in Southern Nevada.

**Current Information from Measure:**

Although nominal household income rises consistently through the sample period, real household income remains fairly constant with a slight downward trend.
Clark County Distribution of Household Income and Poverty

Specification of Measure:
The 2007, 2008, and 2009 American Community Surveys provide information on the distribution of household income by households for Clark County.

Role of Measure:
The distribution of household income provides some information on the number of households who may need government assistance and leads to our measures of poverty in Clark County.

Current Information from Measure:
The movement in the income distribution between 2007 and 2009 shows a decrease in the total number of households. The mean household income fell slightly, while the median income rose in 2008 and then fell in 2009.

The percentage of households rose in the lowest category – less than $10,000. The other categories with a rise in the number of households are $25,000 to $34,999, $75,000 to $99,999, and $100,000 to $149,999. The $10,000-to-$14,999 and $150,000-to-$199,999 categories did not change. All other categories saw a fall in the percentages.

The US poverty threshold for a family of two is $14,570 and for a family of four it is $22,050.

Recently, the government reported that the poverty rate in the United States rose to 1 in 7 families in 2009, or 14.3 percent, rising from 13.2 percent in 2008. The Clark County poverty rate rose from 11.1 percent in 2008 to 12.4 percent in 2009, moving Clark County’s rate closer to the national average, but still below it.
Overview of Housing Sector

This section considers two different measures of the housing sector – housing affordability and median home price.

Clark County Housing Opportunity Index

Specification of Measure:

The Clark County Housing Opportunity (Affordability) Index measures the percent of households in Clark County that can afford the median priced home in Clark County. The data come from the National Association of Realtors (NAR). Due to budget problems, the NAR did not collect the data from the second quarter of 2002 through the third quarter of 2003, thus explaining the gap in the chart.

Role of Measure:

The benchmark for this measure equals 50 percent. That is, the housing market reflects some long-run equilibrium when the median income household can afford to purchase the median priced home. In other words, an opportunity index greater than (less than) 50 percent, means that the housing market is more (less) favorable to home ownership than is expected in the long run.

Current Information from Measure:

Housing opportunity remained at the median or better level until the housing price boom in 2004 to 2005 (see median home price). During the boom, housing opportunity fell dramatically, reaching 13 percent in the fourth quarter of 2006. Since then, housing opportunity rose quickly to just over 85 percent in the third quarter of 2010. Although housing opportunity is very attractive, many households cannot take advantage of the opportunity because they are locked into their current home with an underwater mortgage.
Clark County Median Home Price

Specification of Measure:
The Clark County median home price measures the cost of purchase of the median priced home. The data come from the National Association of Realtors (NAR). Due to budget problems, the NAR did not collect the data from the second quarter of 2002 through the third quarter of 2003, thus explaining the gap in the chart.

Current Information from Measure:
The median home price traces out the mirror image of the housing opportunity index reported elsewhere in this report. The median home price reached its peak in the fourth quarter of 2006 and then plummeted to its recent trough in the third quarter of 2009.

Role of Measure:
The median home price provides the background information on the housing bubble experienced in Clark County prior to the Great Recession.
Survey Results on the Housing Market:

The survey asked three different questions about the future of housing prices and housing affordability.

Do you think that housing prices in Las Vegas will

a. Increase
b. Decrease
c. Stay the same
d. Missing

By a margin of about 3 to 2 (i.e., 45.1 percent to 32.6 percent), more respondents think that housing prices will increase rather than decrease. Unfortunately, the survey did not specify a time frame.

For people in your area who are in a similar financial situation as you are, how good would you say the options are as far as affordable places to live?

a. Many good options
b. Some good options
c. Only a few good options
d. No good options
e. Not sure
f. Other
g. Missing

Only 6.6 percent of respondents think that no good options exist. On the other hand, 55.5 percent of respondents think that some or many good options exist, where the percentages nearly split between some good and many good options.

Do you think the next 12 months will be a good time to buy a house in Southern Nevada?

a. No
b. Yes
c. Don’t know

By more than a seven-to-one ratio, respondents think that the next 12 months will be a good time to buy a house.

In sum, the decline in housing prices in Southern Nevada leaves respondents optimistic about the affordability of housing and the prospects for good buys in the current economy. The large number of households who are underwater on their current home mortgage locks households into their current home. In other words, households can be optimistic, but unable to act.