

# HOUSING BUBBLES AND FORECLOSURES THAT FOLLOW : THE CASE OF LAS VEGAS pdf

## 1: Changing Housing Market

*Housing Bubbles and Foreclosures that Follow: The Case of Las Vegas investment and local market dynamics in an extreme case study of Las Vegas within the recent.*

Posted by mybudget in Las Vegas , real estate 0 Comments It is rather clear that large institutional investors are diving into investment real estate once again. This time these investors are supplanting individuals but are targeting very familiar markets in Arizona, Nevada, and Florida. One of those markets is Las Vegas. Las Vegas had one of the most spectacular real estate bubbles that we have seen in this generation. The housing bubble was not evenly distributed. You had places across the nation that barely saw the signs of a housing bubble and then you had places like Las Vegas. The glamour and lights in the Southwest Desert. You had home values rising close to percent from to their peak in like some sort of real estate Icarus. The bust was equally spectacular. Today you are seeing the same kind of fervor in the market but this time it is being driven by hungry institutional investors. There are clear signs that Las Vegas real estate is in some form of bubble albeit different from the last one. The rise in prices This chart gives a good perspective as to what has occurred with Las Vegas real since the s: The red line tracks the annual percent change in prices and you can see that according to the Case Shiller Index home prices are moving up at an annual rate of 21 percent. Unfortunately it looks like this move is crowding out the average home buyer in those markets. It is hard to track institutional buying since they purchase under various names and organizations but from some of the data we have we can see that the trend is very clear: Many will buy homes in bulk here. This massive demand from investors is causing prices to move up: The median sale price in Las Vegas is now up by What is interesting is that although the economy is recovering albeit slowly, there is little justification as to why home prices should be moving up this quickly based on underlying fundamentals. Many of these buyers are purchasing homes as rentals. Yet the rental market is not seeing any major price movement: For the last three years rents have been stable or falling in many of the Las Vegas areas. One of the reasons could be the glut of rental houses hitting the market but also, rents need to be paid by those in the local economy and wages are not exactly rising in this area. How big is investors demand? Cash purchases are where there is no sign of a corresponding purchase mortgage in the public record. These are large banks with access to easy capital buying homes in bulk with suitcases full of cash and either trying to flip them to other investors or trying to use them as rentals. The Las Vegas market is exhibiting all typical signs of a bubble again. First, rental prices are weak relative to the price jumps we are seeing. Second, you are now seeing investors selling homes to one another in a game of musical chairs. Should we be surprised? The Fed dealt with this housing crisis like it did to the economic crisis of the early s that resulted in the first housing bubble. This time it is different but all bubbles do not look alike.

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## 2: Housing bubbles bloom again in Las Vegas, Phoenix | Financial Post

*This is a key former distressed market to follow since Las Vegas saw the largest price decline, following the housing bubble, of any of the Case-Shiller composite 20 cities. The Greater Las Vegas Association of Realtors reported Southern Nevada home prices hovering this summer, GLVAR housing.*

Posted by mybudget in debt , Las Vegas , nevada real estate , real estate , short sale 0 Comments Las Vegas is a case study in the limits of the housing bubble but also the reflection of a new economy driven by a demand for lower price real estate. Wedged in the story of a collapsing real estate market is a new reality that many families are craving lower priced properties. Few places in this country benefited so much from the rising price of real estate like Las Vegas. When things turned dramatically the market was left relying heavily on two industries, gaming and real estate, that profoundly relied on a booming economy but also on unlimited access to debt. Las Vegas has the highest percentage of its homes in foreclosure and has also seen some of the steepest price falls from any large metro area in the country. It is fascinating to see that roughly half of all purchases over the last few years have come from investors. The trend seems to reflect a demand for low priced housing either for investing or for those living in the area to purchase a place with a much lower household income because of the recession. What does this mean for the future of the city? The dynamics of the Las Vegas market Las Vegas will forever be tied with making it big. The city of lights and big spending seems to exemplify a time when the United States had an almost unlimited access to debt and spending. Yet times change and bubbles are common throughout human history. If we look at the housing price index of Las Vegas a housing bubble jumps out at you almost in 3D: During this time household incomes went stagnant so it was hard to justify this increase without calling it a bubble. Just as quickly as prices went up, they have come crashing down. Home prices in Las Vegas are now back to levels last seen in the s. This is a dramatic price reduction but when you factor the household income figures , this does make sense. Essentially home values are reverting to price levels of real household incomes and subtracting the funny money debt that has been sloshing around the economy for well over a decade. This is good for the typical working family. What this means is that less money will need to go to housing which is largely an unproductive but necessary economic good. It also means that families will need to take on less debt for a roof over their heads. The big losers of course are the big banks that enjoy using real estate as a vehicle for massive leverage in the real casino of the world, the investment banks of Wall Street. Still need to clear out Las Vegas bubble inventory Las Vegas boomed during the housing bubble and because of this, there is a large amount of inventory on the market that needs to be cleared out. So it should come as no surprise that there is little demand to build new housing: Housing starts are at the lowest they have been on record for Las Vegas. This actually makes sense when we look at the makeup of sales for Las Vegas over the last two years: Zip Realty This is an excellent chart highlighting the changing dynamics of the Vegas housing market. In , the market was largely dominated by foreclosure re-sales. At a few points over 70 percent of sales were foreclosures which is astounding. As we entered into it appears that banks were more willing to sell homes via the short-sale process. This was significant because banks finally acknowledged that Las Vegas home prices would never reach peak levels or close to peak levels again. Today, you still see that foreclosure re-sales nearly make up 50 percent of sales and short sales make up another 20 percent. The good news however, you are seeing more healthy sales but these are low priced homes. This is the new market that is being experienced in the Vegas area since the first chart highlights that prices are still near the trough. The next steps for the market? The employment market in Las Vegas is still weak which means those that do look to buy or rent homes only have so much money available each month for rent or a mortgage payment: The good news from the above chart is that it does seem like the employment numbers are starting to stabilize. The not so good news is many jobs are coming from the lower paying service sector. We are likely to see a decade of home prices within this range since the inventory being moved through is so immense and will take years to clear out.

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### 3: Calculated Risk: Las Vegas Real Estate in August: Sales Down 3% YoY, Inventory up 20% YoY

*This is a key former distressed market to follow since Las Vegas saw the largest price decline, following the housing bubble, of any of the Case-Shiller composite 20 cities. The Greater Las Vegas Association of Realtors reported Southern Nevada home prices bounce back to hit \$, mark, GLVAR.*

Please help improve this article by adding citations to reliable sources. Unsourced material may be challenged and removed. June US house price trend as measured by the Case-Shiller index Ratio of Melbourne median house prices to Australian annual wages, to As with all types of economic bubbles , disagreement exists over whether or not a real estate bubble can be identified or predicted, then perhaps prevented. Speculative bubbles are persistent, systematic and increasing deviations of actual prices from their fundamental values. American economist Robert Shiller of the Case-Shiller Home Price Index of home prices in 20 metro cities across the United States indicated on May 31, that a "Home Price Double Dip [is] Confirmed" [7] and British magazine The Economist , argue that housing market indicators can be used to identify real estate bubbles. This section does not cite any sources. Please help improve this section by adding citations to reliable sources. May Learn how and when to remove this template message Within mainstream economics , economic bubbles, and in particular real estate bubbles, are not considered major concerns. The pre-dominating economic perspective is that increases in housing prices result in little or no wealth effect , namely it does not affect the consumption behavior of households not looking to sell. The house price becoming compensation for the higher implicit rent costs for owning. Increasing house prices can have a negative effect on consumption through increased rent inflation and a higher propensity to save given expected rent increase. These are then argued to cause financial and hence economic crises. This is first argued empirically as numerous real estate bubbles have been followed by economic slumps, and it is argued that there is a cause-effect relationship between these. The Post-Keynesian theory of debt deflation takes a demand-side view, arguing that property owners not only feel richer but borrow to consume against the increased value of their property by taking out a home equity line of credit , for instance; or ii speculate by buying property with borrowed money in the expectation that it will rise in value. When the bubble bursts, the value of the property decreases but not the level of debt. The burden of repaying or defaulting on the loan depresses aggregate demand , it is argued, and constitutes the proximate cause of the subsequent economic slump. Housing market indicators[ edit ] UK house prices between and adjusted for inflation. Shiller shows that inflation adjusted U. In attempting to identify bubbles before they burst, economists have developed a number of financial ratios and economic indicators that can be used to evaluate whether homes in a given area are fairly valued. By comparing current levels to previous levels that have proven unsustainable in the past i. Indicators describe two interwoven aspects of housing bubble: The valuation component measures how expensive houses are relative to what most people can afford, and the debt component measures how indebted households become in buying them for home or profit and also how much exposure the banks accumulate by lending for them. A basic summary of the progress of housing indicators for U. Housing affordability measures[ edit ] The price to income ratio is the basic affordability measure for housing in a given area. It is generally the ratio of median house prices to median familial disposable incomes , expressed as a percentage or as years of income. It is sometimes compiled separately for first-time buyers and termed attainability. It is especially important for first-time buyers without existing home equity ; if the down payment becomes too high then those buyers may find themselves "priced out" of the market. For example, as of [update] this ratio was equal to one year of income in the UK. The affordability index measures the ratio of the actual monthly cost of the mortgage to take-home income. It is used more in the United Kingdom where nearly all mortgages are variable and pegged to bank lending rates. It offers a much more realistic measure of the ability of households to afford housing than the crude price to income ratio. However it is more difficult to calculate, and hence the price-to-income ratio is still more commonly used by pundits. This measure has historically

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hovered around a value of 3. When the ratio gets too high, households become increasingly dependent on rising property values to service their debt. This ratio increases when the homeowner takes a second mortgage or home equity loan using the accumulated equity as collateral. Housing ownership and rent measures[ edit ] Bubbles can be determined when an increase in housing prices is higher than the rise in rents. Between and the third-quarter of housing prices rose 5. It tends to rise steadily with incomes. Also, governments often enact measures such as tax cuts or subsidized financing to encourage and facilitate home ownership. If a rise in ownership is not supported by a rise in incomes, it can mean either that buyers are taking advantage of low interest rates which must eventually rise again as the economy heats up or that home loans are awarded more liberally, to borrowers with poor credit. Therefore, a high ownership ratio combined with an increased rate of subprime lending may signal higher debt levels associated with bubbles.

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### 4: Seattle dethroned as nation's hottest housing market after nearly two years | The Seattle Times

*Las Vegas' housing boom is anything but a good thing. This quiet working-class town of North Las Vegas, just beyond the glitz of the Las Vegas Strip, helped spark the global financial crisis 10 years ago.*

June 29, at 1: While we do most likely have 40, vacant homes as was found during the UNLV study of 6 months ago that was conducted by asking NV Energy how many properties did not currently have active electric service. We also only have 4, homes on the market that are actually for sale. The homebuilders have hundreds of homebuyers waiting on lists to get the opportunity to buy a home. The new homebuilders cannot find any available land to buy at prices that will work to make a profit and the BLM government owns most of the rest of the land that you now see vacant and will only release it when petitioned to do so which means that one must prove that there is a need for it. Homebuyer Affordability is still one of the highest in the nation here in Las Vegas and a homebuyer can currently purchase a home with FHA 3. Speaking of rental properties We have a shortage of those as well because many of the previous rentals are what the banks have foreclosed on over the past years. In other words we used to have over 10, properties available for rent in the local MLS and now we have approx. I have been a real estate broker for over 20 years and have personally represented over 2, transactions in my career so far. The Las Vegas market is only returning to where it should have never gone down below. At the peak Las Vegas foreclosure market of , we experienced and average of 3, to 3, REO sales per month in the LV valley. The Las Vegas market can easily handle that kind of an increase which would take care of those dreaded vacant shadow inventory homes that everyone has been so worried about for the last 5 years that have never shown up yet. My guess is that you will never see a mass dumping of any homes since most of the banks have chosen to sell their REO assets off in bulk to buy and hold investors. These PRIVATE sales have restrictions to not to sell them for 36 months which would give the market even further time to return to a balance. Las Vegas is the ONLY large city that can receive its water from that system use it to take a shower send it back through the sewer system treat it and return it back downstream of our pick up tube back into Lake Mead for a gallon for gallon credit. Try to do that in southern california and see what happens. CA receives 4,, million acre feet a year from the Colorado River, Arizona receives 3,, million acre feet a year from the Colorado River mostly to irrigate farmland West of Phoenix, go figure why they do that. Las Vegas only receives , acre feet a year from the same Colorado River system but gets to recycle water for currently an additional 80, acre feet a year. By the way Las Vegas is only using about , acre feet a year of its allotment right now and banking the rest so no we are not running out of water. Vegas is also looking forward down the road and working on an aqueduct source in northern NV the same way that southern CA did and when that comes through it will take care of some of the future needs. On the other hand the Colorado River system is in a stressful state and Lake Mead is about feet below capacity it was below capacity a few years ago so this in an improvement. The deadwater level is the bottom level at which the intake towers at Boulder Dam will reach. If the water is below that level the water basically does not have the ability to travel down the river. So who really has the water problem Las Vegas just installed a new intake tube that reaches down to feet above sea level and is able to pump water with the current pumping station down to a level of feet above sea level which is what the current intake tube 2 is at. So there is just a few comments on what I have seen posted here by some who seem to be a little less aware of what is really going on in Southern Nevada and the Las Vegas Real estate market.

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### 5: United States housing bubble - Wikipedia

*In reference to the key players in the article, these included the housing markets of Las Vegas and Los Angeles wherein these particular markets were suspected to have engaged in speculative behavior that led to the most serious housing bubbles and crashes following the Great Recession and financial crisis that was enabled as a result of.*

Click on the map to draw your polygon search. Click on the map to draw your radius search. Local builders closed on 10, Las Vegas new homes in the third quarter, up from 7, homes in the third quarter of . Those increases are significantly lower than increases recorded in , when Las Vegas led the nation in housing appreciation. The National Association of Realtors reported a local appreciation rate of nearly 54 percent in the third quarter of from the third quarter of . Conversions of apartments to for-sale condominiums are helping suppress price increases in the new-home segment, said Larry Murphy, president of SalesTraq. In the fourth quarter of , developers sold condo-conversion units. In the first quarter of , that figure doubled to 1, units. In the second quarter, conversion sales rose to 1, units, and in the third quarter, 2, units were sold -- about a fifth of the new-home market. Murphy said he expects sales of condominium conversions to reach 2, units in the fourth quarter. The ascension of the condo conversion also shows in patterns of local closings. That tells me our properties will continue to increase in value. In addition, developers are actively marketing nearly 13, units. Seven of the 10 best-selling subdivisions in the third quarter were condominium-conversion neighborhoods. Measured in a single bloc, condo conversions led the market in number of closings, with 2, units. KB Home was No. 1. Richmond American Homes rounded out the top five, with closings. The five best-selling master plans in the valley all posted average prices well above the market norm. Aliante, which American Nevada Co. The Howard Hughes Corp. The number of days that resale homes spend on the market has risen, from 19 days in spring to 42 days. Most markets experience averages of 60 days or more on the market, Murphy said.

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### 6: Are Housing Bubbles Contagious? A Case Study of Las Vegas and Los Angeles Home Prices

*Las Vegas' housing bubble reached its most bloated point 10 years ago this month, at least by one gauge: resale prices hit their peak. In June, the median sales price of previously owned single-family homes in Southern Nevada rose to \$,, according to the Greater Las Vegas Association of Realtors.*

In south Florida, ground zero for the last building boom and bust, 3, new condominium units are under way, the most since Gains in the two desert cities are the biggest since the height of the real estate boom, just before their plunge to the bottom of the national housing collapse. Private-equity firms, hedge funds and real estate investment trusts buying distressed houses to rent have helped push up values in cities hard hit by the housing crash, including Phoenix and Las Vegas. Backyard Waterfall The Las Vegas property that doubled its value in three months is a 3,000-square-foot house with five bedrooms and a three-car garage, plus a pool and waterfall in the backyard. It sits on a half-acre lot about 12 miles north of the casinos on Las Vegas Boulevard, known as the Strip. In Arizona, the 2,000-square-foot house that gained 84 percent in three months has four bedrooms, a pool, and an acre of land north of the city. In both examples, the recent sales information is from RealtyTrac and prior prices are from deeds and assessment records. Both properties were bought and resold by investors. The real estate markets in Las Vegas and Phoenix are being driven by a shortage of homes, for entirely different reasons. In Phoenix, the dearth of properties is caused by the breakneck pace of foreclosure completions. The inventory of homes in foreclosure in Phoenix dropped 64 percent in May from a year earlier, the fastest pace in the nation, according to Irvine, California-based CoreLogic Inc. We have to turn the page on the bubble-and-bust mentality that created this mess In Las Vegas, new consumer protection laws have slowed the pace of repossessions. A Nevada law passed in following revelations of foreclosure abuses the previous year requires lenders to prove they have the right to foreclose. Assembly Bill threatens criminal penalties for non-compliance. In the months after it passed, foreclosures ground to a near halt, according to RealtyTrac. The ensuing price spike became known as the bubble. Changing Laws In May, Nevada legislators scrambled to reverse a key provision of the law. An amendment effective June 1 makes it easier to seize houses by stipulating banks can use affidavits based on a review of their internal records. In Phoenix, the share is a third. Nationally, about a quarter of mortgages have negative equity. Those stuck owners give builders the opportunity to gear up to meet demand “at a cost. All of that is passed on to customers, he said. Single-family building permits in Nevada rose in May to the highest point since early In Arizona, permits reached a five-year peak in June, according to data from the Commerce Department. In the rest of the U. Nationally, there were 2. I see a slowdown.

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## 7: Real estate bubble - Wikipedia

*Are Housing Bubbles Contagious? A Case Study of Las Vegas and Los Angeles Home Prices Mary Riddel ABSTRACT. This paper asks whether speculative house-price pressure in an economic center can spill.*

The real estate gamble in Las Vegas: Year-over-year inventory up 51 percent in Las Vegas. Cash buyers fall by 20 percent from last year. If you really want to see the impact of cash buyers pulling out of a market look no further than Las Vegas. Las Vegas was the poster child of real estate mania and many California home owners contributed to the previous boom by tapping out equity and purchasing properties for flips or for the occasional gambling trip down the I That boom appears to be turning. A recent report from Zillow shows that inventory in Las Vegas has jumped up a whopping 51 percent year-over-year. At the same time, you see cash buyers pulling back from the market. So it should come as no surprise that home sales are now down by 22 percent year-over-year during the hot summer selling season. What does the future hold for Las Vegas real estate? The gamble in Las Vegas real estate Prices out in Las Vegas must still look modest compared to the house horny buyers of California. If prices are solid, why the sudden jump in inventory and big drop in sales? Most of the buying occurred because of investors looking to purchase properties for renting out. If this is the bulk of volume, you have to rent out to local families that generate income from local employment. Obviously investors are not seeing the cap rates that they once were seeing. Take a look at the Case Shiller data for the L. Home prices in Las Vegas are now where they were in while in Los Angeles, they are back to where they were before the recession hit. The big drop in sales and increase in inventory is simply a reflection of a market fully dominated by investors. So the end result is this: DataQuick A big drop in sales while the median price hits a plateau. If the past is any indicator, a big drop in sales usually means a nice jump in inventory within 6 to 12 months followed by prices correcting within 1 to 2 years that is, and for Las Vegas. The real estate worm turns very slowly and Las Vegas has had a nice run up from the trough. You will find 3, rentals currently available in the Las Vegas market. There is a big disconnect going on here. Take a look at this rental: Does this seem like a healthy market here? There is no way this is a good investment as a rental if this is the kind of rents you are going to yield. Of course if you go in with a percent all cash purchase, you will cash flow. Anyone can cash flow as long as your down payment is big enough. And as I mentioned before, you have plenty of options for rentals in the Las Vegas market. Is it any shock that investors are pulling away from the Las Vegas market? Who are you going to flip to here? There are many examples like this. Investor lust is slowly waning and we will see if the market can stand on its own two legs. When you see action like this, you know something is going to give and things are pointing for a correction for Las Vegas.

## 8: Las Vegas Real Estate in October: Sales Down 8% YoY, Inventory up 52% YoY | www.enganchecuban

*Subscribe to Dr. Housing Bubble's Blog to get updated housing commentary, analysis, and information. 7 Jul, housing-data, investors, Las Vegas real estate, market analysis 61 Responses to "The real estate gamble in Las Vegas: Year-over-year inventory up 51 percent in Las Vegas.*

## 9: Are Housing Bubbles Contagious - Las Vegas and Los Angeles

*Today, the community of North Las Vegas, encompassing the ZIP code, is the model of the recovery that has swept the nation. The economy is growing, companies are hiring, and the housing.*

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*Gods country tune : take this marriage and fix it! Linda S. Mintle Twenty years of Berkeley Unix : from AT&T-owned to freely redistributable Marshall Kirk McKusick Hiring and transitioning top people into your organization Fur elise for piano Daily english lesson plan sample Tim berry lean business planning Shakespeare in Japan Changing the game by jaci burton Business Cycles and Macroeconomic Stability Athol Fugard and Barney Simon My Heart Cries Out to Thee On the Wind River in Wyoming Rand McNally 2004 Philadelphia Street Guide Java application architecture modularity patterns with examples using osgi A curious mind the secret to bigger life Listen to your child Sbi po exam study material Eighth Grade to the Rescue Advanced topics in finite element analysis of structures bhatti Zastrozzi ; and, St. Irvyne Almanac of State Government Politics Business intelligence readiness : prerequisites for leveraging business intelligence to improve profits Mastering modern world history palgrave master series The silent art Lucy R. Lippard Paderewski minuet in g piano I wanted the elevator, but I got the shaft Life on the Trail of Tears (Picture the Past) National wildlife action plan XIX. Provisional and battle maps from photographs 90-91 In defense of the text Sleep and cardiorespiratory control Motor carrier academy The Spoilers (Dodo Press) The big game (short and long vowels) Which word is which? homonyms and commonly confused words Getting Action from Organizational Surveys Crash and burn abigail roux Quasihomogeneous distributions Cub cadet It1018 manual 2001 dodge ram owners manual*