

# Housing Market Profile

Pacific • HUD Region IX



## Reno-Sparks, Nevada

The Reno-Sparks metropolitan area consists of Storey and Washoe Counties in northwestern Nevada. It historically has been a regional hub for gaming, tourism, and healthcare services and is the home of the University of Nevada, Reno (UNR). As of April 1, 2012, the metropolitan area had an estimated population of 432,300, an average annual increase of 0.8 percent since April 1, 2010, a rate unchanged since 2008. UNR had a fall 2011 enrollment of 18,000 students, 4,250 faculty and staff, and a fiscal year 2011 operating budget of \$426 million. The largest private employers are Renown Regional Medical Center, Peppermill Hotel Casino, and International Game Technology, with 2,750, 2,250, and 1,750 employees, respectively.

Economic conditions in the metropolitan area have continued to weaken since the end of the recession in June 2009, although the rate of job losses has slowed markedly. During the 12 months ending February 2012, nonfarm payrolls declined by 600 jobs, or 0.3 percent, compared with declines of 3,200 jobs, or 1.7 percent, during the previous 12 months and of 18,600 jobs, or 8.8 percent, during the 12 months ending February 2010. Budget tightening by state and local government agencies led to a decline of 1,200 jobs, or 4.2 percent, in the government sector during the 12 months ending February 2012. Lingering effects from the recession on building activity affected construction subsector payrolls, which declined by 500 jobs, or 6 percent, to a total of 8,600 jobs; construction subsector payrolls peaked at 23,200 jobs during 2006 and 2007. During the 12 months ending February 2012, despite declines in Washoe County taxable gaming revenue of \$14.6 million, or 1.9 percent, and of 100 jobs, or 0.4 percent, in hotel-casino industry payrolls, the leisure and hospitality sector grew steadily, with an increase of 1,000 jobs, or 2.9 percent. The average unemployment rate declined from 13.9 percent during the previous 12-month period to 12.4 percent, primarily because of workers leaving the labor force.

The sales housing market in the Reno-Sparks metropolitan area is soft, with an estimated vacancy rate of 3.3 percent as of April 2012, relatively unchanged since April 2010. According to Hanley Wood, LLC, new home sales remained far below the average annual level of 4,150 homes sold during the peak years of 2006 and 2007; during the 12 months ending February 2012, only 510 homes sold,

down 12 percent from 580 during the previous year. The average new home sales price increased to \$249,700, up 1 percent from \$247,800 during the previous year. Existing home sales likewise remained below the average annual level of 8,700 homes sold during 2006 and 2007; sales increased to 4,050, up 1 percent from 4,025 during the previous 12 months. During the 12 months ending February 2012, distressed property sales continued to exert downward pressure on the average existing home sales price, which declined to \$218,100, down 12 percent from \$246,600 during the previous year. Foreclosure and REO (Real Estate Owned) closings represented 63 percent of total home closings, relatively unchanged from the previous 2 years. According to LPS Applied Analytics, in February 2012, 10 percent of home loans were 90 or more days delinquent, in foreclosure, or in REO, down from 12 percent in February 2011.

New home construction, as measured by the number of single-family homes permitted, remains at very low levels. Based on preliminary data, during the 12 months ending February 2012, 510 homes were permitted, up 7 percent from 475 homes permitted during the previous year. Construction peaked at an average annual rate of 4,850 homes permitted during the corresponding periods from 2004 through 2006.

The rental housing market in the Reno-Sparks metropolitan area is balanced. According to local appraisal company Johnson-Perkins & Associates, Inc., the apartment vacancy rate in the fourth quarter of 2011 was 6.6 percent, down from 7.2 percent a year earlier, and the average asking rent remained relatively unchanged at \$822. Average asking rents were \$680 for a one-bedroom unit, \$756 for a two-bedroom/one-bathroom unit, and \$1,070 for a three-bedroom/two-bathroom unit. Multi-family construction, as measured by the number of units permitted, peaked at an average of 880 units a year from 2004 through 2006. Based on preliminary data, during the 12 months ending February 2012, approximately 70 units were permitted, down from 160 units permitted during the previous year. Builders completed three large-scale, market-rate apartment projects during the past few years: the 300-unit Trails at Pioneer Meadows, the 350-unit Alexander at South Virginia, and the 308-unit View Apartments. UNR had 12,350 undergraduate students living off campus during the fall 2011 semester and expects to complete construction of a new 320-bed Living Learning Community residence hall during the summer of 2012.