

A Positive Outlook

HOUSING: RECESSION AND RECOVERY



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downturn when everyone counted them out. Many of the surviving builders are arguably stronger today, as severe financial hardship led to streamlined operations and new building strategies focused on more stable, more sustainable growth.

Home builders are also better prepared to meet the demands of the current new-home buyer, despite the attention being put on the price difference between new and existing homes. The current median sales price for a new home in the Las Vegas area is \$298,375, while the median price of an existing home is \$174,277. That 71-percent price gap is twice the national average and reflects the current trends in new home building in Las Vegas, which produce superior homes with larger lots, bigger floorplans, more technology and better energy efficiency. On a per-square-foot basis, the cost difference of 22 percent is not nearly as stark and is in line with historical averages.

As home building has rebounded—currently about 10,000 units a year—so has construction employment. During most of the past 24 months, the construction sector has consistently enjoyed double-digit or near double-digit year-over-year job growth. In recent months, employment in construction has grown faster than in any other industry, and its most-recent 11.4-percent growth mark was more than twice the rate of any other sector. Other positive signs in the housing market include the ongoing rise of home prices in Nevada. The House Price Index has climbed for 13 straight quarters and is at its highest point since 2008. Also, the state's home price appreciation over the past year ranked second in the nation, continuing the trend of a first- or second-place ranking for 10 consecutive quarters.

These are all positive signs that show just how far the housing industry has come since the Great Recession. It is good news for the entire economy, as the housing industry that was once at the leading edge of the recession is now marking the end of a prolonged period of recovery.