



Volume 350

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THE LAS VEGAS HOUSING MARKET LETTER

In November there were 762 new home recorded sales. This places our 2016 total at 7,035, a year to year increase of 890 closings, or 14.5 percent. It certainly appears that the new home segment of the Las Vegas housing industry is ending this year on a much stronger pace than we envisioned back in the first quarter of 2016. At the beginning of this year we felt that 2016 would produce a single digit year to year increase in new home closings. Although there were some positive signals from the area economists, there were still a lot of things that might limit new home sales in 2016, many of which we have discussed in our previous newsletters during the year.

One of the primary things that aided new home sales this year was the continued tight inventory of existing homes for sale. This has definitely resulted in more consumers considering new homes. Assisted by the “Buy New” promotional campaign sponsored by the Southern NV Home Builders Association and the TrainNTour training sessions for realtors, the market share of new home sales has risen during 2016. In November, new home closings amounted to 17.2 percent of the total number of transactions at the Clark County Recorder’s Office. This was a 39 percent change from the 12.3 percent share in January.

The Las Vegas new home share in 1990 was 48 percent, in 2000 it was 41 percent, in 2005 it was 40 percent, and in the middle of the Great Recession in 2010 the share plummeted to 11 percent. There can be no doubt that there is a lot of growth potential for new home sales in Las Vegas, assuming a return to normal market conditions. Even getting back to half of the pre-recession market share of housing transactions would be a substantial gain for new home sales in Las Vegas. The historical data proves the potential for a 25 – 35 percent market share as a very realistic goal for the industry.

TrainNTour is a FREE new home training series for realtors. They learn more about the opportunities for them to earn commissions by selling more new homes. Realtors hear from builders’ sales agents about their products and communities. They can take bus tours to selected new home subdivisions and actually walk the model homes and listen to the new home specialists explain the details and many innovative new features that go into their products. TrainNTour has been very successful in Las Vegas. The feedback from most participating realtors has been positive as it assists them to better understand the advanced features, site plans, and home designs that make up the current new home industry. Successful salespeople understand that product knowledge is a key to more commissions.

The TrainNTour program was introduced by Michael Sweeney of Finance of America Mortgage. Mr. Sweeney convinced the home builders that they needed to do more than just offer free food and drink for realtors whenever they opened new models. With the assistance of the Southern Nevada Home Builders Association and the home builder members, TrainNTour has improved relationships between the new and resale segments and is educating realtors about the products that are available to their clients. This benefits everyone. Our kudos goes to Mr. Sweeney, the Southern Nevada Home Builders Association, and the realtors who have participated in TrainNTour. In the present environment of the low supply of existing homes, learning more about the new home inventory has, and will continue, to improve the chances for many realtors to sell more homes. The industry benefits with more new homes being built.