

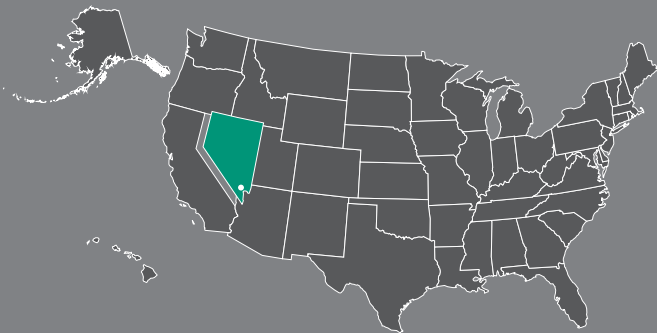
HUD PD&R Housing Market Profiles

Las Vegas, Nevada



Quick Facts About Las Vegas

- Current sales market conditions: soft.
- Current rental market conditions: soft.
- From 2010 through 2013, the metropolitan area benefited from growth in taxable sales and gaming revenue, which on average increased 5.8 and 2.8 percent a year, respectively (University of Nevada, Las Vegas Center for Business and Economic Research).



By Casey M. Blount | As of February 1, 2014

Overview

The Las Vegas metropolitan area is coterminous with Clark County at the southern tip of Nevada. The metropolitan area, which is home to the largest casino gaming market in the country, hosted 39.7 million visitors in 2013 (Las Vegas Convention and Visitors Authority).

- The estimated population of the metropolitan area was 2,056,000 as of February 1, 2014, reflecting an average annual increase of 27,300, or 1.4 percent, since April 2010.
- Net in-migration has averaged 13,650 people since 2011, much less than the average of 54,000 people a year from 2000 through 2007, when the metropolitan area recorded strong job gains, but greater than the average of 11,650 people a year from 2008 through 2010, a period of significant job losses.
- Population growth averaged 67,850 people, or 4.3 percent, each year from 2000 through 2007 but slowed to an average annual increase of 13,700 people, or 0.7 percent, from 2008 through 2010.



Growth in gaming revenue and taxable sales contributed heavily to job gains in the Las Vegas area.

	3 Months Ending		Year-Over-Year Change	
	January 2013 (thousands)	January 2014 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	837.2	861.3	24.1	2.9
Goods-producing sectors	60.4	61.7	1.3	2.2
Mining, logging, and construction	40.0	40.8	0.8	2.0
Manufacturing	20.4	20.9	0.5	2.5
Service-providing sectors	776.8	799.6	22.8	2.9
Wholesale and retail trade	121.7	127.4	5.7	4.7
Transportation and utilities	36.4	37.3	0.9	2.5
Information	10.1	9.7	-0.4	-4.0
Financial activities	42.7	44.0	1.3	3.0
Professional and business services	108.9	113.7	4.8	4.4
Education and health services	76.9	80.8	3.9	5.1
Leisure and hospitality	260.3	266.4	6.1	2.3
Other services	23.8	24.0	0.2	0.8
Government	96.0	96.4	0.4	0.4
	(percent)	(percent)		
Unemployment rate	10.0	8.8		

Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

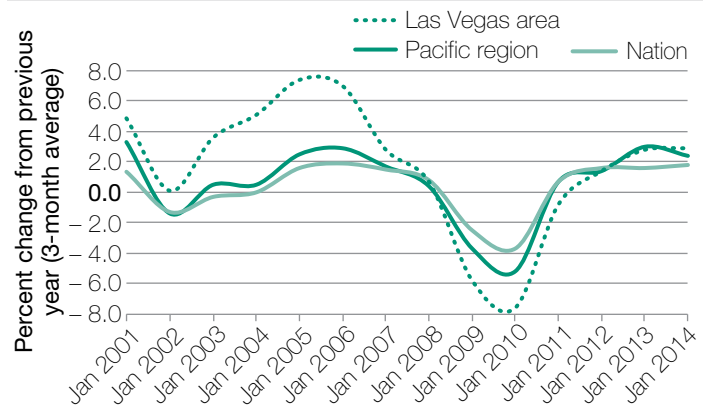
Economic Conditions

The economy of the Las Vegas metropolitan area has strengthened since 2011 but is still recovering after losing an average of 41,450 jobs, or 4.7 percent, a year from 2008 through 2010.

During the 3 months ending January 2014—

- Nonfarm payrolls averaged 861,300 jobs, an increase of 24,100 jobs, or 2.9 percent, compared with the average of 837,200 jobs recorded during the same period a year ago.
- The leisure and hospitality and the wholesale and retail trade sectors added the most jobs, increasing by 6,100 and 5,700 jobs, or 2.3 and 4.7 percent, respectively, as gaming revenue and taxable sales expanded 6.9 and 4.0 percent, respectively.
- The mining, logging, and construction sector added 800 jobs, a 2.0-percent increase, due to a 39-percent increase in the total value of residential and commercial building permits issued (University of Nevada, Las Vegas Center for Business and Economic Research). The sector lost an average of 11,900 jobs, or 16.2 percent, annually from 2007 through 2012 but increased by 3,625 jobs, or 10.0 percent, in 2013.
- The unemployment rate declined to 8.8 percent from 10.0 percent a year earlier.

Nonfarm payroll growth in the Las Vegas area has exceeded the national average since 2013 and recently surpassed the Pacific region average.



Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics

Largest employers in the Las Vegas area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Clark County	Government	8,000–8,499
Wynn Las Vegas	Leisure and hospitality	8,000–8,499
MGM Grand Hotel & Casino	Leisure and hospitality	7,500–7,999

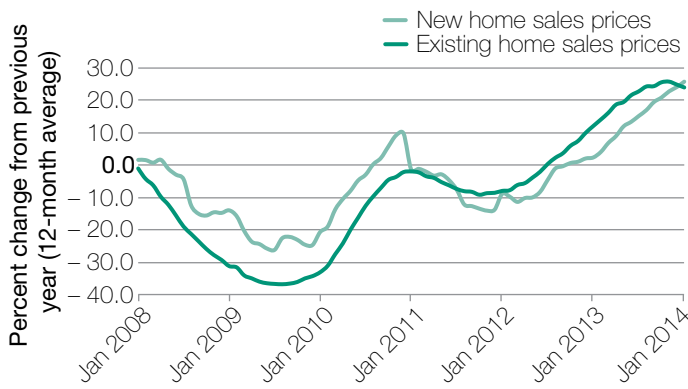
Note: Excludes local school districts.
Source: Nevada Department of Employment, Training, and Rehabilitation



Sales Market Conditions

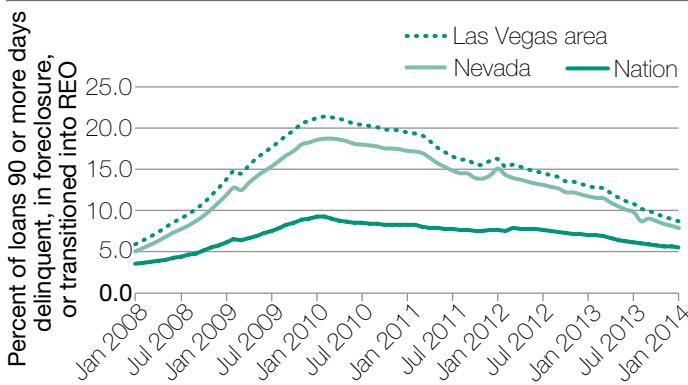
The sales housing market in the Las Vegas metropolitan area (including single-family homes, townhomes, and condominiums) is soft but improving, with an estimated sales vacancy rate of 4.6 percent, down from 6.2 percent in 2010. During the 12 months ending January 2014, the number of new homes sold and the average price of new homes sold increased from the previous 12-month period. The number of existing homes sold declined, but the average sales price of existing homes increased because of a significant decline in the number of REO (Real Estate Owned) sales. REO sales decreased from 15,150, or 34 percent of existing home sales, during the 12 months ending January 2013 to 7,425, or 17 percent of existing home sales, during the 12 months ending January 2014.

Growth in new home sales prices exceeded growth in existing home sales prices in the Las Vegas area for the first time since 2011.



Note: Includes single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company

After peaking at more than twice the national average, the percentage of distressed homes in the Las Vegas area has declined faster than in the nation as a whole since 2010.



REO = Real Estate Owned. Source: Black Knight Financial Services, Inc.

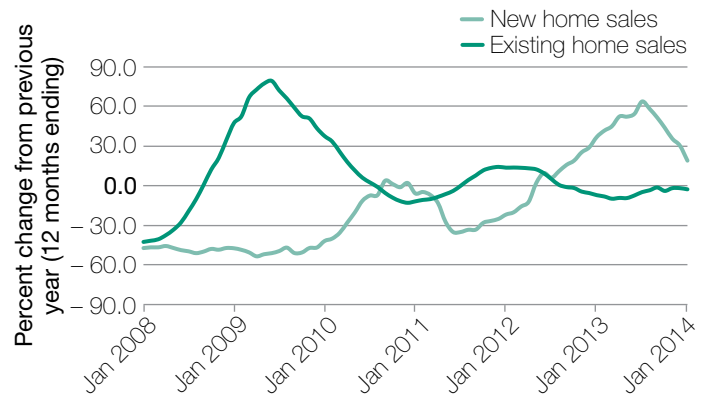
REO sales peaked at 77 percent of all existing home sales in 2009. The percentage of home loans in the metropolitan area that were 90 or more days delinquent, were in foreclosure, or transitioned into REO was 8.7 percent in January 2014, down from 13.0 percent in January 2013 and down significantly from a peak of 21.3 percent in February 2010 (Black Knight Financial Services, Inc.).

During the 12 months ending January 2014—

- Increased net in-migration and improving economic conditions resulted in a 19-percent increase in the number of new homes sold, from 5,550 during the 12 months ending January 2013 to 6,600 (Metrostudy, A Hanley Wood Company).
- The number of new homes sold was 79 percent less than the average of 30,900 sold annually in the metropolitan area during

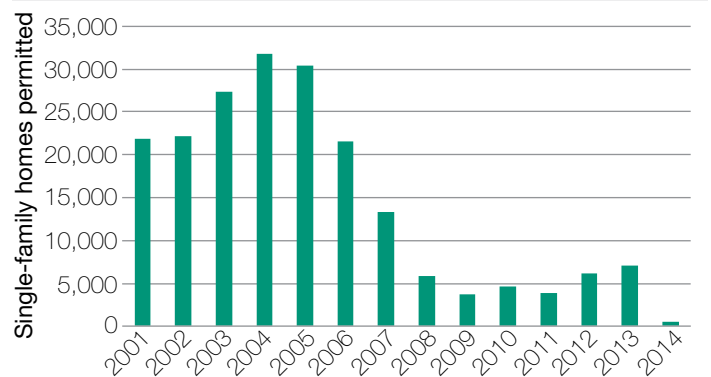
continued on page 4

New home sales continued to increase while growth in existing home sales remained slow because of declining REO activity in the Las Vegas area.



Note: Includes single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company

Single-family permitting increased in 2012 and again in 2013 but remained well below the levels recorded in the Las Vegas area in the mid-2000s.



Note: Includes preliminary data from January 2013 through January 2014. Source: U.S. Census Bureau, Building Permits Survey



continued from page 3

the peak years of the housing bubble, from 2005 through 2007, but 10 percent greater than the average of 6,025 sold annually from 2008 through 2012.

- Existing home sales totaled 44,050, a 3-percent decrease from the 45,300 existing homes sold during the 12 months ending January 2013 and from the average of 45,600 sold annually from 2010 through 2012.
- The average sales price for new homes was \$298,700, an increase of \$61,050, or 26 percent, compared with the average price recorded during the previous 12 months. By comparison, the average new home sales price was \$67,900, or 19 percent, less than the peak prices recorded from 2006 through 2008.
- The average sales price for existing homes was \$191,400, an increase of \$36,900, or 24 percent, compared with the average price recorded during the 12 months ending January 2013. By comparison, the average sales price of an existing home was \$132,900, or 41 percent, less than the peak prices recorded from 2005 through 2007.

Single-family home construction activity, as measured by the number of single-family homes permitted, has increased since 2012 but remains well below the peak levels recorded leading up to the housing crisis in the mid-2000s.

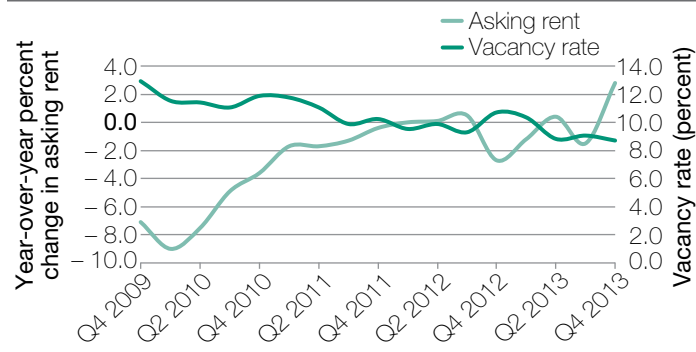
- During the 12 months ending January 2014, 6,925 single-family homes were permitted, a 6-percent increase from the 6,500 single-family homes permitted during the previous 12-month period (preliminary data).
- An average of 29,850 single-family homes were permitted annually from 2003 through 2005, with a peak of 31,750 homes permitted in 2004.
- The number of single-family homes permitted decreased an average of nearly 35 percent each year from 2005 through 2009 and averaged only 4,575 homes permitted annually from 2009 through 2012.

Rental Market Conditions

Rental housing market conditions in the Las Vegas metropolitan area are currently soft but improving. Renter household growth has outpaced the construction of new rental units and the conversion of single-family homes to rental units since 2010.

- The estimated vacancy rate for all rental units (which includes renter-occupied single-family homes, manufactured homes, and apartment units) was 10.6 percent as of February 2014, down from 13.4 percent in April 2010.

Vacancy rates in the Las Vegas area have declined steadily since 2009, but growth in average rents remained stagnant until the fourth quarter of 2013.

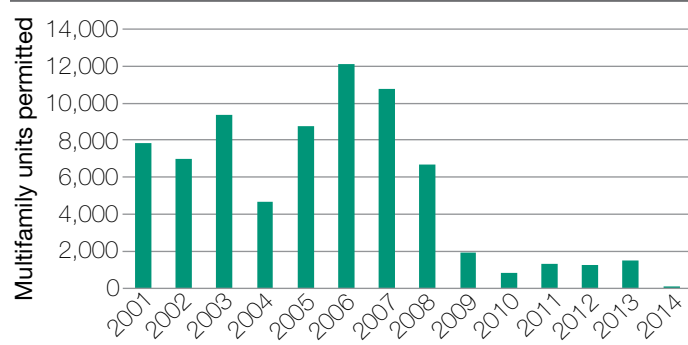


Source: MPF Research

- The apartment market, which represents 57 percent of all rental units in the metropolitan area, is soft, with a vacancy rate of 7.4 percent in the fourth quarter of 2013, a decrease from 9.1 percent a year earlier (MPF Research).
- The average monthly asking rent was \$740 in the fourth quarter of 2013, a 2.8-percent increase from \$720 in the fourth quarter of 2012.

continued on page 5

Multifamily construction in the Las Vegas area shifted sharply from condominiums to apartments in the mid-2000s and increased in 2013 because of declining rental vacancy rates.



Note: Includes preliminary data from January 2013 through January 2014. Source: U.S. Census Bureau, Building Permits Survey



continued from page 4

Multifamily construction, as measured by the number of multifamily units permitted, has increased substantially since 2010 but remains well below the peak levels recorded from 2005 through 2007.

- Approximately 1,575 multifamily units were permitted during the 12 months ending January 2014, an increase of 380 units, or 31 percent, from the 1,200 units permitted during the previous 12 months (preliminary data).
- An average of 10,550 multifamily units were permitted annually from 2005 through 2007, with a peak of 12,150 multifamily units permitted in 2006.
- The number of multifamily units permitted decreased an average of nearly 49 percent each year from 2007 through 2010 and averaged only 1,350 units permitted annually from 2009 through 2012.
- Notable apartment projects completed in 2013 include the 164-unit Elysian Parc, with rents ranging from \$950 for a one-bedroom unit to \$1,275 for a two-bedroom unit, and the 96-unit second phase of Joshua Hills, with rents ranging from \$850 for a one-bedroom unit to \$1,250 for a three-bedroom unit.
- An estimated 2,325 apartment units are currently under construction in the metropolitan area, including Elysian at The District, a 360-unit complex in the city of Henderson, and The Gramercy and The Lennox, which are both in the southern part of the city of Las Vegas and will consist of 245 and 100 units, respectively.