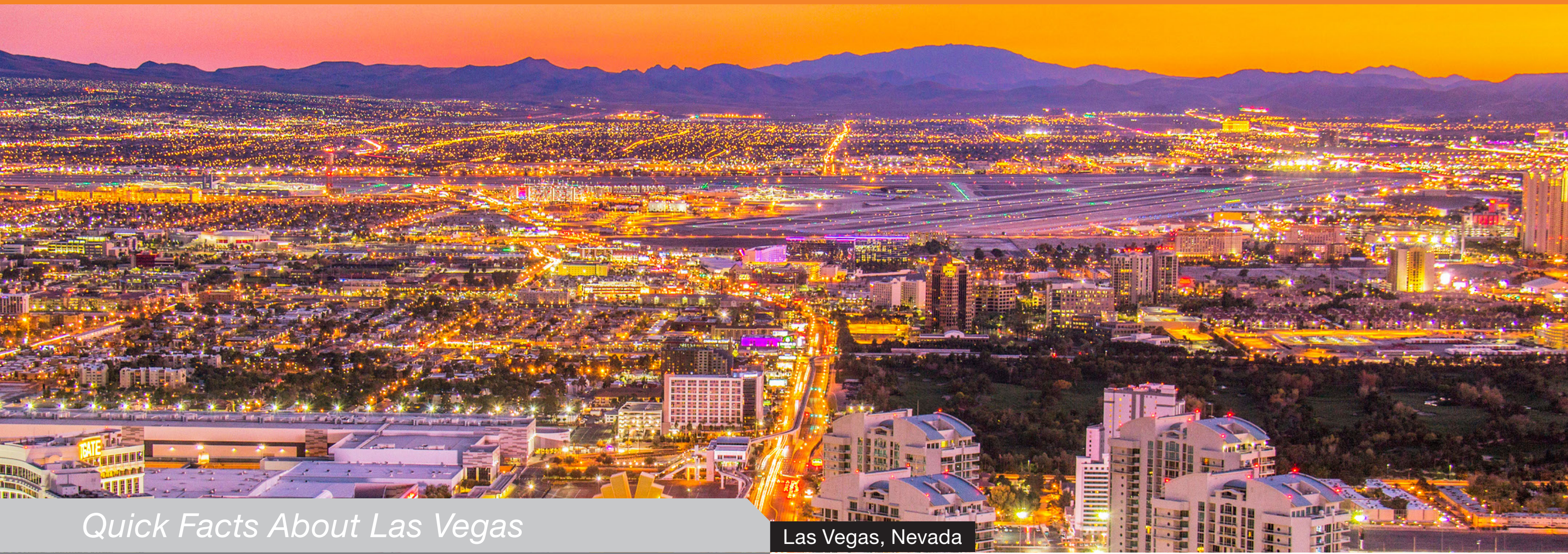
HUD PD&R Housing Market Profiles

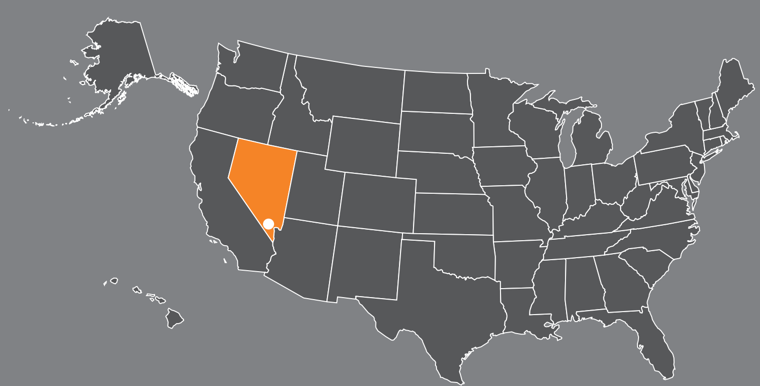
Las Vegas-Henderson-Paradise, Nevada



Las Vegas, Nevada

Quick Facts About Las Vegas

- **Current sales market conditions: slightly tight**
- **Current rental market conditions: balanced**
- **The Strip, an approximately 4.5-mile-long stretch of South Las Vegas Boulevard that runs through the unincorporated areas of Paradise and Winchester, is home to approximately 30 casinos and contributes significantly to the economic base of the Las Vegas metropolitan area.**



By Casey M. Blount | As of May 1, 2021

Overview

The Las Vegas-Henderson-Paradise, NV Metropolitan Statistical Area (hereafter, Las Vegas metropolitan area) is coterminous with Clark County, at the southern tip of Nevada. As the largest casino gaming market in the nation, tourism directly or indirectly supported 376,800 jobs while generating an estimated $63.6 billion of economic benefit in the metropolitan area during 2019 (Las Vegas Convention and Visitors Authority [LVCVA]).

- As of May 1, 2021, the population of the Las Vegas metropolitan area is estimated at 2.35 million, an average annual increase of 43,000, or 2.0 percent, since 2014.
- Population growth averaged only 21,100 people, or 1.1 percent, annually from 2008 to 2013 (Census Bureau population estimates as of July 1), when weak economic conditions slowed net in-migration. During the most recent peak growth period, from 2000 to 2007, population growth averaged 67,700 people, or 4.3 percent, annually.
- Net in-migration has averaged 33,200 people annually and accounted for 77 percent of total population growth since 2014. By comparison, net in-migration averaged only 7,150 people annually from 2008 to 2013—a fraction of the average of 53,700 people annually from 2000 to 2007.

Economic Conditions

The Las Vegas metropolitan area added jobs at a strong rate for much of the 2010s but was severely affected by a dramatic reduction in tourism associated with the COVID-19 pandemic. The area lost jobs at a rate significantly higher than that of the nation during the early part of 2020. Economic conditions in the metropolitan area have since improved, although the average of 917,200 jobs during the 3 months ending April 2021 remained 4.2 percent, or 40,200 jobs, below the average of 957,400 jobs during the 3 months ending April 2020. By comparison, nonfarm payrolls for the nation were down only 0.3 percent from a year ago.

During the 3 months ending April 2021—

- Payrolls in the leisure and hospitality sector fell by 38,400 jobs, or 15.9 percent—the largest and fastest decline of the eight sectors in the metropolitan area that lost jobs.
- Notable losses also occurred in the professional and business services, the government, and the mining, logging, and construction sectors, which declined by 9,700, 5,300, and 4,900 jobs, or 6.8, 4.9, and 7.0 percent, respectively.
- Job losses were partially offset by gains in three sectors. The largest and fastest growth was in the transportation and utilities sector, which expanded by 11,400 jobs, or 22.8 percent, due in part to 1,000 new jobs at an Amazon.com, Inc. fulfillment center, which opened in the city of Henderson in mid-2020. Amazon.com, Inc. is expected to continue to expand in the metropolitan area during the next year, with three new facilities scheduled to open by the end of 2021 and create a combined 2,000 new jobs.
- The average unemployment rate was 9.0 percent, down from an average of 14.3 percent a year ago, but notably higher than the 6.2-percent rate for the nation.

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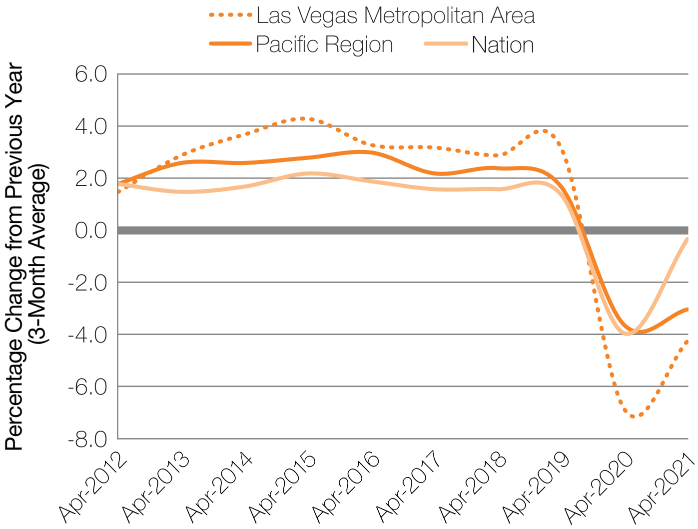
The Las Vegas metropolitan area lost jobs at a notably faster rate than the Pacific region and the nation in early 2020.



Source: U.S. Bureau of Labor Statistics

Overall job losses in the Las Vegas metropolitan area were partially offset by gains in 3 of 11 sectors during the past year.

	3 Months Ending		Year-Over-Year Change	
	April 2020 (Thousands)	April 2021 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	957.4	917.2	-40.2	-4.2
Goods-Producing Sectors	95.4	89.5	-5.9	-6.2
Mining, Logging, & Construction	70.5	65.6	-4.9	-7.0
Manufacturing	24.9	23.8	-1.1	-4.4
Service-Providing Sectors	862.0	827.7	-34.3	-4.0
Wholesale & Retail Trade	124.5	131.7	7.2	5.8
Transportation & Utilities	49.9	61.3	11.4	22.8
Information	10.1	9.2	-0.9	-8.9
Financial Activities	52.8	52.3	-0.5	-0.9
Professional & Business Services	143.2	133.5	-9.7	-6.8
Education & Health Services	103.1	105.9	2.8	2.7
Leisure & Hospitality	241.6	203.2	-38.4	-15.9
Other Services	28.8	28.0	-0.8	-2.8
Government	107.9	102.6	-5.3	-4.9
Unemployment Rate	14.3%	9.0%		

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

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In an effort to combat the spread of COVID-19, nonessential businesses in Nevada were ordered to close on March 21, 2020. The order encompassed all casinos and hotels, including those located along The Strip. The economic impact of the closures was immediate and dramatic. During April and May 2020, the combined number of visitors to the metropolitan area fell to only 258,200—down 96 percent from a combined 7.23 million during April and May 2019 (LVCVA). Nearly all casinos and hotels in the metropolitan area have since reopened, which has resulted in improved economic conditions, although visitor volume remains relatively low. The 2.57 million visitors to the metropolitan area during April 2021 is up significantly from 106,900 visitors a year ago but is 27 percent below the 3.54 million visitors during April 2019. All restrictions associated with COVID 19, including mask requirements, will be lifted in the metropolitan area as of June 1, 2021; however, growth in tourism is expected to remain limited for some time due to ongoing concerns regarding travel and social distancing.

Largest Employers in the Las Vegas Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
MGM Resorts International	Leisure & Hospitality	56,000
Caesars Entertainment, Inc.	Leisure & Hospitality	26,600
Wynn Resorts, LTD	Leisure & Hospitality	11,000

Note: Excludes local school districts.
Source: Las Vegas Global Alliance, 2019

Sales Market Conditions

The sales housing market in the Las Vegas metropolitan area is slightly tight, with an estimated sales vacancy rate of 2.1 percent as of May 1, 2021—down from 6.2 percent during April 2010. Despite weak economic conditions, a significant decline in available for-sale inventory contributed to a sharp increase in existing home prices during the past year. As of April 2021, less than 1.0 month of available inventory was for sale in the metropolitan area—down from 3.3 months a year ago and a fraction of the April high of 6.2 months during 2011 (CoreLogic, Inc.). The percentage of home loans in the Las Vegas metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status was 5.7 percent as of March 2021—up from 1.3 percent a year ago but well below the March 2010 high of 21.0 percent (CoreLogic, Inc.). The most recent rate for the metropolitan area is notably higher than the 4.8-percent rate for Nevada and the 3.7-percent rate for the nation.

During the 12 months ending March 2021—

- Existing home sales totaled 48,200, a 2-percent decrease from the previous 12 months (Zonda). The average sales price for an existing home increased 16 percent to $360,700.
- A decline in REO sales—which fell 22 percent from the previous 12 months to 1,725—contributed to the increased sales price for existing homes. REO sales accounted for 4 percent of all existing home sales during the most recent 12 months—down from 5 percent during the previous 12-month period and a fraction of the 45-percent high during 2009.
- A total of 10,450 new homes were sold—up 5 percent from the previous 12 months—and the average sales price for a new home rose 1 percent to $447,200.
- Price growth for new homes was partially limited by a decrease in the average size of new homes sold, which declined 3 percent to 2,275 square feet—down from 2,350 square feet a year ago.

Builders responded to very low levels of for-sale inventory with increased single-family homebuilding, as measured by the number of homes permitted, during the past year. Recent new home construction has been notably concentrated in the southern and western parts of the metropolitan area.

- A total of 10,800 single-family homes were permitted during the 12 months ending April 2021—up 19 percent from 9,100 homes during the 12 months ending April 2020.
- An average of 8,750 homes were permitted each year from 2013 through 2020—up from an average of only 4,825 homes permitted each year from 2008 through 2012. By comparison, an average of 23,700 homes were permitted each year from 2000 through 2007.
- The city of Henderson, which encompasses much of the area immediately southeast of The Strip, has accounted for one-fourth of all single-family permitting in the Las Vegas metropolitan area since the start of 2020.
- Cadence, a 2,200-acre development in the city of Henderson, was among the 10 fastest selling master-planned communities in the nation during 2020. Approximately 3,000 homes have sold in the community since sales began in late 2014, with as many as 13,250 residential units expected at buildout. Prices at the development currently range from the mid-$300,000s to the mid-$500,000s for new homes ranging in size from 1,225 to 2,875 square feet.

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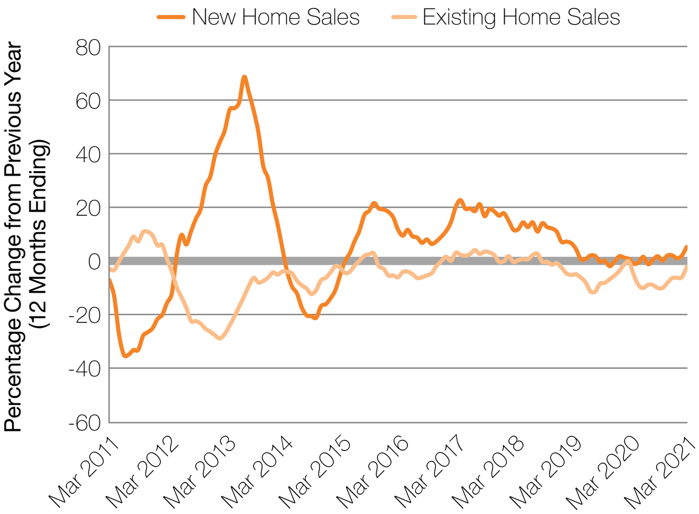
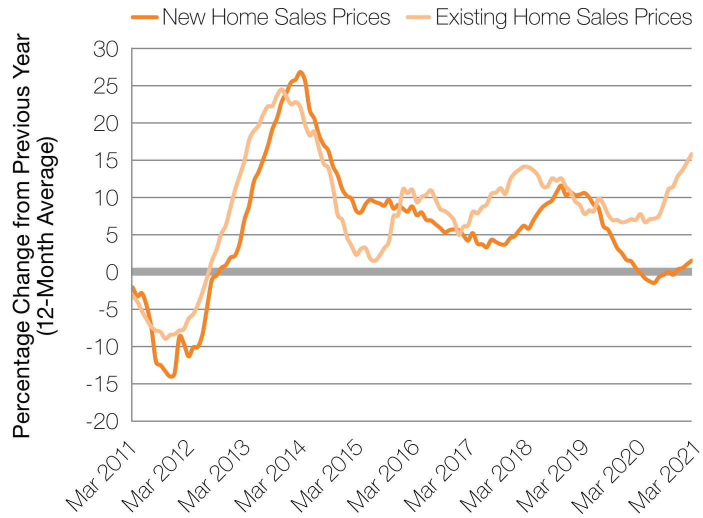
Despite rising home prices during the past year, concerns associated with COVID-19 limited home sales activity in the Las Vegas metropolitan area.



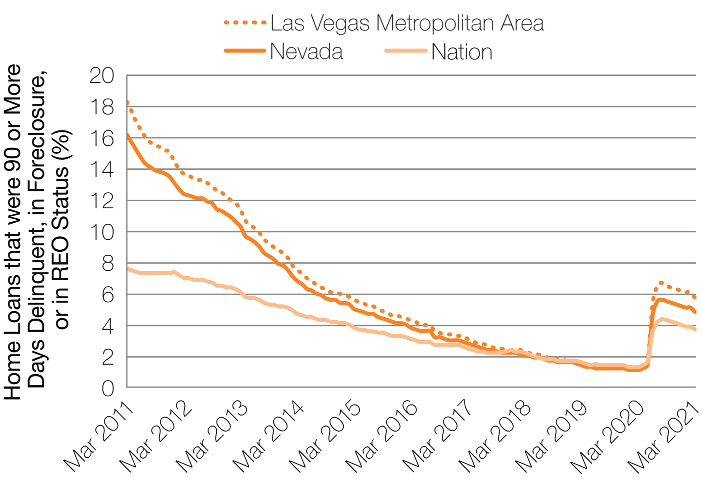
Note: Data include new and existing single-family homes, townhomes, and condominiums.
Source: Zonda

A significant decline in for-sale inventory contributed to home price growth in the Las Vegas metropolitan area during the past year.



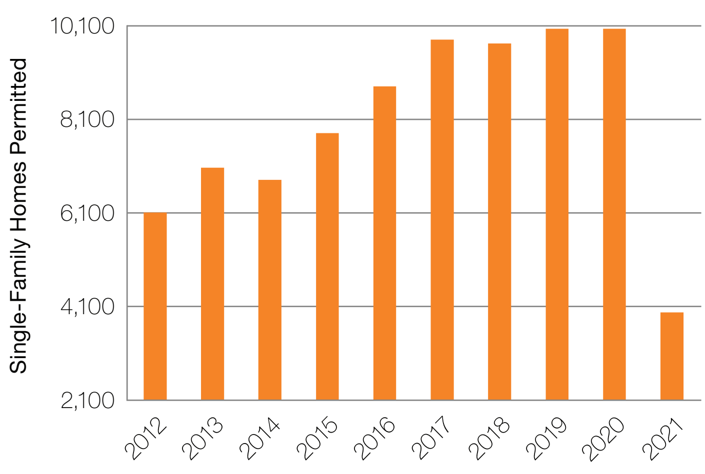
Note: Data include new and existing single-family homes, townhomes, and condominiums.
Source: Zonda

The rate of seriously delinquent mortgages and REO properties rose sharply in the Las Vegas metropolitan area during the past year and is currently above the respective rates for Nevada and the nation.



REO = real estate owned.
Source: CoreLogic, Inc.

The number of single-family homes permitted in the Las Vegas metropolitan area has generally increased since the mid-2010s.



Note: Includes preliminary data from January 2021 through April 2021.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

Rental Market Conditions

Rental housing market conditions in the Las Vegas metropolitan area are currently balanced, with accelerated renter household growth contributing to both relatively low vacancy rates and strong rent growth during much of the period since the mid-2010s. The overall rental vacancy rate is estimated at 5.3 percent as of May 1, 2021—less than one-half of the 13.4-percent rate in April 2010, when conditions were soft. Rental household growth in the metropolitan area has averaged

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1.9 percent a year since April 2010—higher than the overall rate of household growth, which has averaged 1.7 percent a year.

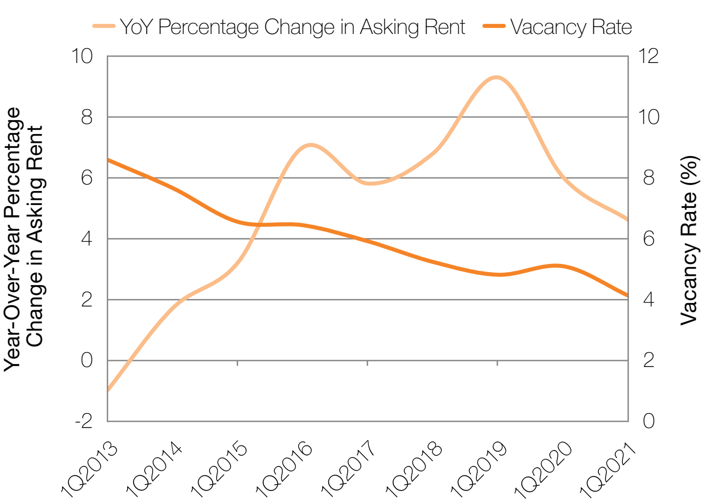
During the first quarter of 2021—

- The apartment market in the metropolitan area was slightly tight, with a vacancy rate of 4.1 percent, down from 5.1 percent a year ago, and well below the 9.6-percent rate during the first quarter of 2010 (RealPage, Inc.).
- The average rent in the metropolitan area rose to $1,176—a 5-percent increase from a year ago. By comparison, the average rent for the nation was largely unchanged at $1,441.
- Vacancy rates were generally highest in areas near The Strip, where relatively large numbers of new apartment units are being absorbed; areas where development has been comparatively sparse had lower rates. The highest vacancy rate, 5.3 percent, was in the RealPage, Inc.-defined University-The Strip market area, and the lowest rate, 2.8 percent, was in the Henderson market area.
- Rents are generally highest in the western and southern parts of the metropolitan area. Average rents in the metropolitan area ranged from $947 in the Central Las Vegas market area to $1,417 and $1,434, respectively, in the Southwest Las Vegas and Summerlin-The Lakes market areas, which are located to the south and west of The Strip.

Multifamily construction in the metropolitan area, as measured by the number of units permitted, increased during the past year and has been at notably higher levels since 2014 than in the late 2000s and early 2010s.

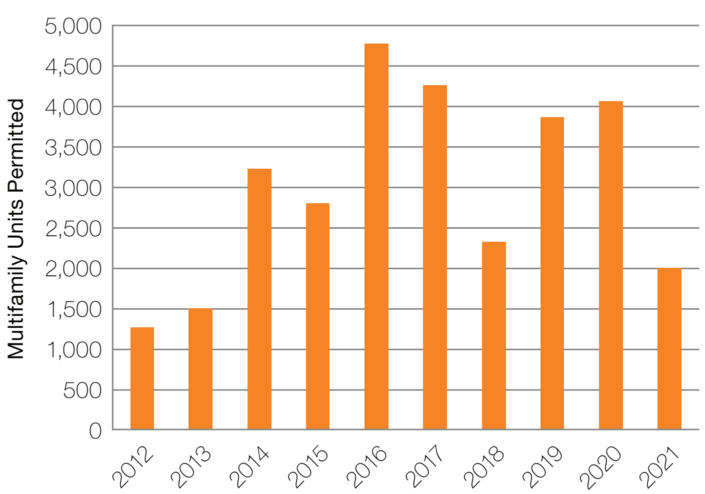
- During the 12 months ending April 2021, multifamily permitting rose to 4,900 units—a 56-percent increase from 3,150 units during the previous 12 months.
- After averaging only 1,375 units a year from 2009 through 2013, multifamily permitting increased to an average of 3,625 units a year from 2014 through 2020. By comparison, an average of 8,400 units were permitted each year from 2001 through 2008.
- Recent apartment construction has been concentrated in and around The Strip—the economic core of the metropolitan area—with several developments currently in lease-up to the north of that area. Showboat Park Apartments, a 344-unit apartment development approximately 7 miles northeast of The Strip, began lease-up in late 2020. Rents at the property currently range from $1,025 to $1,200 for studio units, $1,225 to $1,250 for one-bedroom units, $1,350 to $1,400 for two-bedroom units, and $1,600 to $1,650 for three-bedroom units. The 324-unit Auric at Symphony Park, which is approximately 7 miles northwest of The Strip, began initial lease-up in early 2021, with rents currently starting at $1,300, $1,350, and $2,550 for studio, one-bedroom, and two-bedroom units, respectively.

The apartment vacancy rate in the Las Vegas metropolitan area declined during the first quarter of 2021, and strong rent growth continued.



1Q = first quarter. YoY = year-over-year.
Source: RealPage, Inc.

Multifamily permitting has risen in the Las Vegas metropolitan area since 2019 as the apartment vacancy rate has trended downward.



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