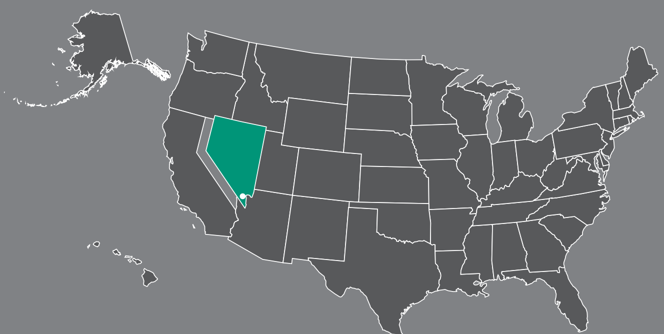
HUD PD&R **Housing Market Profiles**

Las Vegas-Henderson-Paradise, Nevada

Quick Facts About Las Vegas-Henderson-Paradise

- **Current sales market conditions: balanced.**
- **Current apartment market conditions: slightly tight.**
- **Tourism is the primary driver of economic activity in the metropolitan area, and the number of visitors increased from 41.13 million in 2014 to 42.31 million in 2015 (Las Vegas Convention and Visitors Authority).**



By Casey M. Blount | As of January 1, 2016

Overview

The Las Vegas-Henderson-Paradise (hereafter, 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 nation, generated $9.62 billion in gaming revenue in 2015, up from $9.55 billion in 2014 (University of Nevada, Las Vegas Center for Business and Economic Research [CBER]).

- As of January 1, 2016, the estimated population of the Las Vegas metropolitan area is 2.14 million, an average increase of 39,200, or 1.9 percent, a year since 2011. Improving economic conditions contributed to average annual net in-migration of 27,700 people during the same period.
- From 2008 to 2011, population growth averaged only 18,250, or 0.9 percent, annually as weak economic conditions resulted in net in-migration of only 2,975 people a year.
- Population growth averaged 67,700, or 4.3 percent, a year from 2000 to 2007, with strong job growth contributing to average net in-migration of 53,750 people a year.

Total nonfarm payrolls in the Las Vegas area increased year over year for the 20th consecutive quarter.

	3 Months Ending		Year-Over-Year Change	
	December 2014 (thousands)	December 2015 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	899.4	923.3	23.9	2.7
Goods-producing sectors	68.5	75.6	7.1	10.4
Mining, logging, and construction	47.2	54.2	7.0	14.8
Manufacturing	21.3	21.4	0.1	0.5
Service-providing sectors	830.9	847.6	16.7	2.0
Wholesale and retail trade	128.9	127.9	– 1.0	– 0.8
Transportation and utilities	38.9	39.6	0.7	1.8
Information	10.3	10.9	0.6	5.8
Financial activities	44.2	41.5	– 2.7	– 6.1
Professional and business services	119.7	124.1	4.4	3.7
Education and health services	83.2	88.4	5.2	6.3
Leisure and hospitality	281.9	287.8	5.9	2.1
Other services	26.0	26.8	0.8	3.1
Government	97.9	100.6	2.7	2.8
	(percent)	(percent)		
Unemployment rate	7.0	6.3		

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

Economic Conditions

Economic conditions in the Las Vegas metropolitan area have improved significantly since 2011 but are still recovering after 3 years of job losses during the late 2000s. The metropolitan area added an average annual 19,900 jobs, a 2.4-percent increase, from 2011 through 2014. Total nonfarm payrolls have yet to surpass the high of 928,100 in 2007, however.

During the fourth quarter of 2015—

- Nonfarm payrolls averaged 923,300 jobs, an increase of 23,900 jobs, or 2.7 percent, compared with the number of jobs during the fourth quarter of 2014, resulting from job growth in all but two sectors. The rate of job growth in the metropolitan area was notably higher than the 1.9-percent rate for the nation.
- The mining, logging, and construction sector added the most jobs, expanding by 7,000 jobs, or 14.8 percent, to 54,200. The sector, which has benefited from increased residential construction (single-family and multifamily) and several significant commercial projects on and near The Las Vegas Strip, has been the fastest-growing sector in the metropolitan area since 2013. The number of jobs in the sector remains well below the high of 109,100 in 2007, however.

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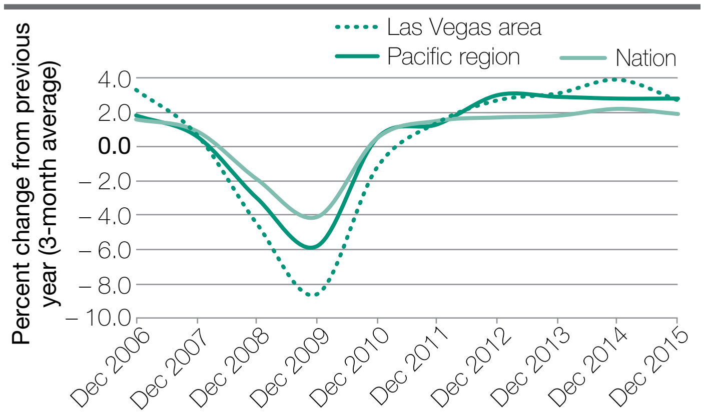
The Las Vegas area was impacted more severely than the nation during the economic downturn in the late 2000s but has added jobs at a faster rate since 2012.



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
MGM Resorts International	Leisure and hospitality	56,000
Caesars Entertainment Corporation	Leisure and hospitality	26,600
Wynn Resorts Holdings, LLC	Leisure and hospitality	11,000

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

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- The financial activities and the wholesale and retail trade sectors were the only sectors to lose jobs, declining by 2,700 and 1,000 jobs, or 6.1 and 0.8 percent, respectively. Nationwide downsizing by banks including Citigroup Inc. and Wells Fargo & Co. contributed to job losses in the financial activities sector. Fresh & Easy and Haggen, Inc., which closed a combined 21 grocery stores in the metropolitan area in late 2015, accounted for most of the decline in the wholesale and retail trade sector. The closures resulted in the loss of approximately 800 jobs, although several of the stores have been purchased by other grocery chains and are expected to reopen in early 2016.
- The unemployment rate declined to 6.3 percent, down from 7.0 percent during the fourth quarter of 2014 and well below a high of 13.9 percent during the fourth quarter of 2010.

The leisure and hospitality sector is the largest in the metropolitan area and accounted for 287,800 jobs, or 31 percent of total nonfarm payrolls, during the fourth quarter of 2015. The sector has added more jobs than any other sector since 2011 and, in 2014, surpassed the previous high of 273,100 jobs, which occurred in 2007. Improving economic conditions throughout the nation have contributed to job growth in the sector, with both the number of visitors and gross gaming revenue increasing during 5 of the past 6 years (CBER). The sector has benefited from the completion of several large-scale projects, with more currently under construction. SLS Las Vegas, a $415 million renovation and rebranding of the Sahara Hotel and Casino, was completed in 2014, creating approximately 2,700 permanent jobs. A $223 million renovation of The LINQ Hotel and Casino, which now employs 1,500 workers, was completed in 2015. The $375 million T-Mobile Arena is currently under construction with completion scheduled for April 2016. The arena has generated approximately 5,000 construction jobs and is expected to support 3,000 permanent jobs when it opens. Construction of Resorts World Las Vegas, a 6,583-room casino and resort on the site of the former Stardust Resort and Casino, began in May 2015 and is scheduled to be complete in mid-2018 at an estimated cost of $7 billion. As many as 30,000 jobs will be generated during construction, and 13,000 permanent jobs will be created on completion.

Sales Market Conditions

The sales housing market in the Las Vegas metropolitan area is currently balanced, with an estimated sales vacancy rate of 3.5 percent, down from 6.2 percent in 2010. Both the number of new homes sold and the average sales price of a new home increased during the 12 months ending November 2015. New home construction has been focused in relatively expensive areas, primarily to the south and west of The Strip, and the number of new homes sold remains well below the levels of the mid-2000s. Existing home sales have decreased each year since 2012 due to a rapid decline in real estate owned (REO) sales, which has contributed to increasing existing home sales prices. 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 REO status was 5.7 percent in December 2015, down from 6.4 percent in December 2014 and well below a December high of 20.8 percent in 2009 (Black Knight Financial Services, Inc.). The current rate exceeds both the 5.2-percent rate for Nevada and the 4.1-percent rate for the nation, however.

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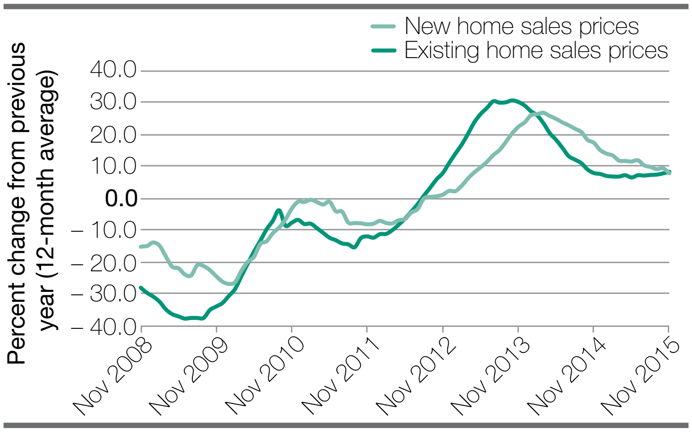
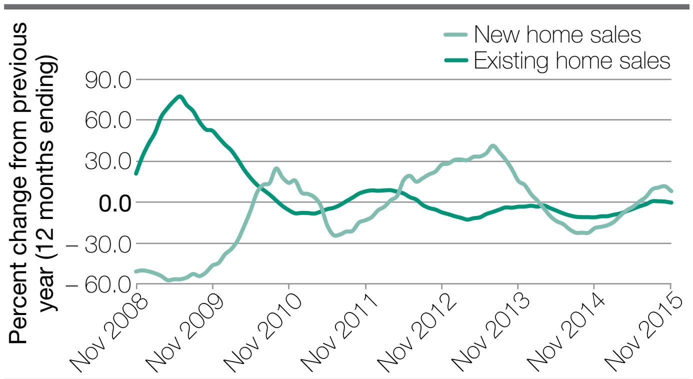
Low levels of new home construction allowed for the absorption of excess inventory following the recession, and home prices in the Las Vegas area have increased each year since 2012.



Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

Regular resales have consistently increased in the Las Vegas area since late 2009, but dramatic declines in distressed sales have limited the total number of existing homes sold.



Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

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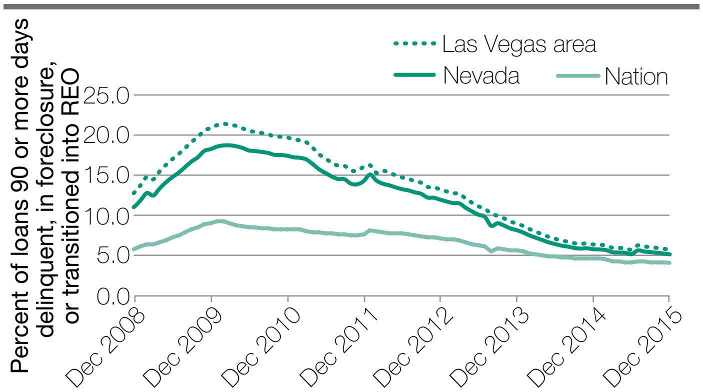
During the 12 months ending November 2015—

- The number of new homes sold totaled 7,000, up 8 percent from 6,475 during the 12 months ending November 2014 but a fraction of the average of 35,050 homes sold a year from 2004 through 2006 (CoreLogic, Inc., with adjustments by the analyst).
- Existing home sales totaled 42,250, down slightly from the 42,400 homes sold during the 12-month period ending November 2014. The decrease was largely caused by a 25-percent decline in REO sales, which totaled 3,725, because regular resales increased 8 percent, to 34,950. Regular resales are more than double the average of 15,400 homes sold annually from 2008 through 2011, whereas REO sales are down 86 percent from the average of 26,400 a year sold during the same period.
- The average sales price for new homes increased 8 percent, to $346,900, following an 18-percent increase during the previous 12 months. The average new home sales price remains 10 percent less than the previous peak of $383,600 during the 12 months ending November 2007, however.
- The average sales price for existing homes was $219,500, an increase of 9 percent compared with the average price during the 12 months ending November 2014. The average sales price for existing homes increased an average of 16 percent a year from the end of 2011 through 2014 but is still well below the peak of $342,800 during the 12 months ending November 2006.

After declining substantially in the late 2000s and early 2010s, single-family home construction activity, as measured by the number of single-family homes permitted, has trended upward since 2012, although it remains significantly below the levels of the mid-2000s.

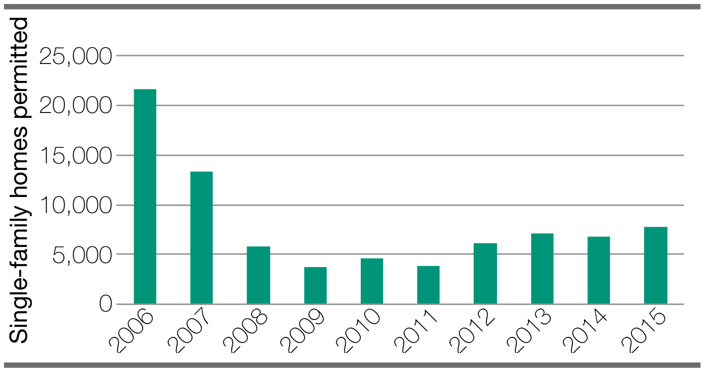
- A total of 7,800 single-family homes were permitted during 2015 (preliminary data), up 15 percent from the 6,800 homes permitted during 2014.
- An average of 6,650 single-family homes were permitted each year from 2012 through 2014. By comparison, an average of only 4,525 homes were permitted each year from 2008 through 2011, down from an average of 25,200 homes each year from 2000 through 2006.
- Recent new home construction includes several projects that stalled during the late 2000s. Inspirada, a master-planned community that encompasses 1,500 acres in the city of Henderson, was initially expected to consist of 13,500 homes when construction began in 2007. Construction slowed considerably beginning in 2008, however, resulting in a bankruptcy in 2011. A scaled-down version of the project was approved and development began again in 2013, with approximately 1,350 of a possible 8,500 homes already completed. Prices currently start in the high $100,000s for new townhomes and the mid-$200,000s for new single-family homes.

The rate of seriously delinquent mortgages and REO properties in the Las Vegas area has declined significantly since 2010 but remained above the rates for both Nevada and the nation.



REO = real estate owned.
Source: Black Knight Financial Services, Inc.

Single-family home construction has generally trended upward in the Las Vegas area since 2012, including several large developments that stalled in the late 2000s.



Note: Includes preliminary data from January 2015 through December 2015.
Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

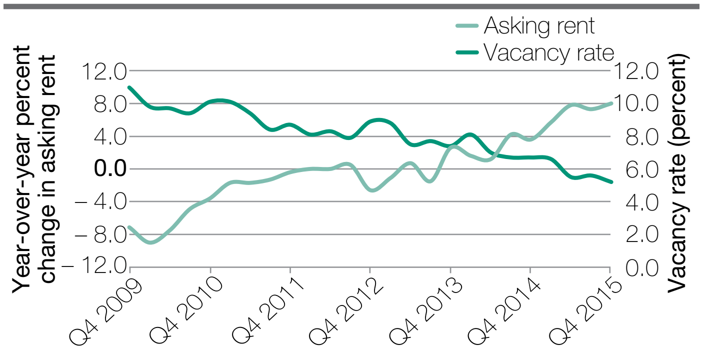
The apartment market in the Las Vegas metropolitan area is currently slightly tight, with increased rental household growth and reduced multifamily construction contributing to the absorption of excess units since the early 2010s.

- The estimated vacancy rate for all rental units (including renter-occupied single-family homes, manufactured homes, and apartment units) is 7.0 percent as of January 1, 2016, down from 13.4 percent in 2010.
- The apartment market, which represents approximately 57 percent of all rental units in the metropolitan area, had a vacancy rate of 5.2 percent in the fourth quarter of 2015, down from 6.7 percent a year earlier and well below the 10.1-percent rate in the fourth quarter of 2010 (MPF Research). Apartment vacancy rates currently range from a low of 3.5 percent in the MPF Research-defined Henderson market area to 7.8 percent in the Sunrise Manor-Northeast Las Vegas area.
- The average monthly apartment asking rent was $828 in the Las Vegas metropolitan area during the fourth quarter of 2015, an 8.0-percent increase from the fourth quarter of 2014. The Southwest Las Vegas area, where much of the recent multifamily construction has occurred, had the highest average rent during the fourth quarter of 2015 at $1,034, a 9.4-percent increase from the fourth quarter of 2014.

Multifamily construction remained at or near all-time lows from 2009 through 2013 due, in part, to a surplus of single-family homes, many of which were converted to rental units. The rate of single-family home conversions has slowed and net in-migration has increased, resulting in the absorption of excess apartment inventory since 2013. Builders have responded with increased levels of multifamily permitting during the past 24 months.

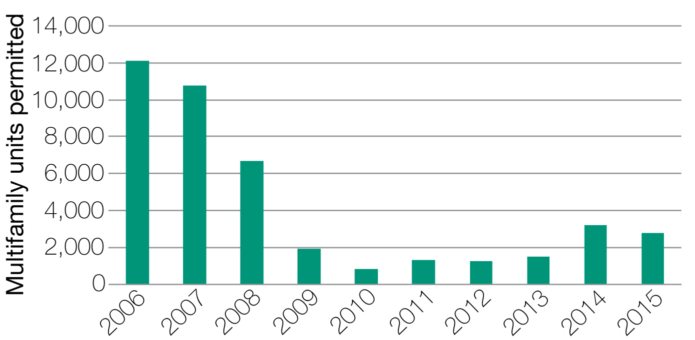
- During 2015, multifamily construction, as measured by the number of units permitted, totaled 2,800 units (preliminary data) compared with the 3,225 units permitted during the previous 12-month period.
- Multifamily permitting averaged 1,375 units a year from 2009 through 2013, the lowest figure on record for a 5-year period. During the period, single-family homes increased from 37 to 42 percent of all rental units in the metropolitan area (American Community Survey 1-year data).
- From 2003 through 2007, multifamily permitting averaged 9,150 units a year. By comparison, an average of 7,500 units were permitted each year from 1998 through 2002.
- Multifamily development has been particularly prevalent in the Southwest Las Vegas area, where 1,525 apartment units have been completed since 2013. The Wyatt is a 308-unit apartment project that was completed in November 2015. Rents currently range from $990 to $1,100 for one-bedroom units, from $1,200 to $1,350 for two-bedroom units, and from $1,450 to $1,500 for three-bedroom units. The city of Henderson, where 990 apartment units have been completed since 2013, has also been a popular location for multifamily construction. The 360-unit Elysian at The District was completed in October 2015, with rents starting at $1,200 for one-bedroom units, $1,600 for two-bedroom units, and $2,200 for three-bedroom units.

Recent apartment construction has been focused in relatively expensive areas of the Las Vegas area, contributing to a sharp increase in average rents, but vacancy rates continued to decline.



Source: MPF Research

Builders responded to declining vacancy rates in the Las Vegas area with a modest increase in multifamily construction during the most recent 24 months.



Note: Includes preliminary data from January 2015 through December 2015.
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