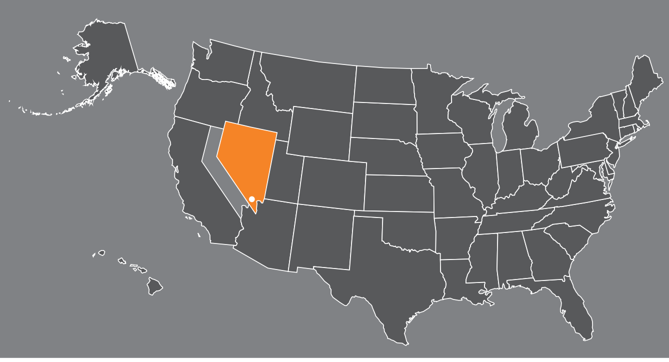
HUD PD&R **Housing Market Profiles**

Las Vegas-Henderson-Paradise, Nevada

Quick Facts About Las Vegas-Henderson-Paradise

- **Current sales market conditions: balanced.**
- **Current apartment market conditions: balanced.**
- **The Las Vegas metropolitan area hosted 42.2 million visitors in 2017, which is down from a record high of 42.9 million in 2016 but is the third highest annual total on record since 1970 (Las Vegas Convention and Visitors Authority [LVCA]).**



By Casey M. Blount | As of May 1, 2018

Overview

The Las Vegas-Henderson-Paradise (hereafter, Las Vegas) metropolitan area is coterminous with Clark County and is in the southern tip of Nevada. As the largest casino gaming market in the nation, tourism is the primary source of economic activity in the metropolitan area, directly and indirectly supporting 391,300 jobs while generating an estimated $58.8 billion of economic benefit during 2017 (LVCA).

- As of May 1, 2018, the population of the Las Vegas metropolitan area is estimated at 2.24 million, an annual average increase of 36,200, or 1.7 percent, since April 2010. Net in-migration averaged 24,450 people annually during the period and accounted for 68 percent of total population growth.
- Strong job growth has contributed to faster population growth at an average of 42,450 people, or 2.0 percent, a year since 2013, a period during which net in-migration has averaged 31,100 people a year.
- By contrast, population growth averaged only 25,700 people, or 1.3 percent, a year from 2008 to 2012, when weak economic conditions during and directly after the national recession limited net in-migration to an average of 10,500 people a year.

All but one sector added jobs in the Las Vegas area during the 3 months ending April 2018.

	3 Months Ending		Year-Over-Year Change	
	April 2017 (thousands)	April 2018 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	968.6	993.9	25.3	2.6
Goods-producing sectors	81.2	88.4	7.2	8.9
Mining, logging, and construction	58.4	64.7	6.3	10.8
Manufacturing	22.8	23.6	0.8	3.5
Service-providing sectors	887.4	905.5	18.1	2.0
Wholesale and retail trade	128.4	130.2	1.8	1.4
Transportation and utilities	42.5	44.9	2.4	5.6
Information	11.2	10.9	– 0.3	– 2.7
Financial activities	49.6	50.6	1.0	2.0
Professional and business services	137.7	139.0	1.3	0.9
Education and health services	95.2	99.9	4.7	4.9
Leisure and hospitality	289.4	291.3	1.9	0.7
Other services	31.0	32.3	1.3	4.2
Government	102.4	106.5	4.1	4.0
	(percent)	(percent)		
Unemployment rate	5.3	5.1		

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 are currently strong. Although the rate of job growth in the metropolitan area slowed during the past year, it remained faster than the rate for the nation, continuing a trend that began in 2013. Nonfarm payrolls in the metropolitan area expanded by an average of 30,350 jobs, or 3.4 percent, a year from 2013 through 2017, surpassing the pre-recessionary high in 2016. By contrast, job growth averaged only 1.8 percent a year for the nation from 2013 through 2017.

During the 3 months ending April 2018—

- Nonfarm payrolls rose to 993,900, an increase of 25,300 jobs, or 2.6 percent, from the 3 months ending April 2017 compared with 3.3 percent growth during the prior year. The recent rate of growth exceeded the national rate of 1.6 percent, which was unchanged from the previous year.
- Job growth in the metropolitan area resulted from gains in all sectors except the information sector, which declined by 300 jobs, or 2.7 percent. The mining, logging, and construction sector added the most jobs, up by 6,300, and expanded at the fastest rate, 10.8 percent.
- Job gains were also significant in the education and health services sector, which added 4,700 jobs, or 4.9 percent. Growth in the

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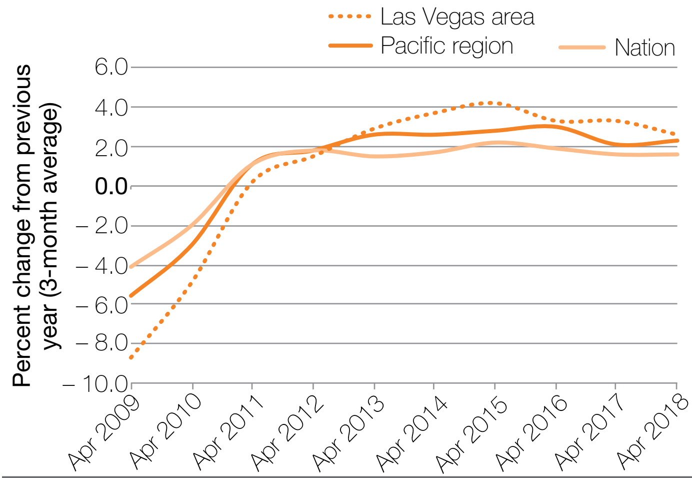
Job growth in the Las Vegas area slowed during the 3 months ending April 2018 but continued at a faster rate than in both the Pacific region and the nation.



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 Internation Corporation	Leisure and hospitality	26,600
Wynn Las Vegas and Encore Hotel	Leisure and hospitality	11,000

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

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sector included gains associated with Henderson Medical Plaza, an 85,000-square-foot medical office building and surgery center, which opened in mid-2017.

- The unemployment rate declined to 5.1 percent, down from 5.3 percent during the same period a year ago but above the national rate of 4.1 percent. After peaking at 13.8 percent in 2010, the unemployment rate in the metropolitan area has declined each year since 2011. By comparison, the unemployment rate for the nation also peaked in 2010 but at only 9.6 percent.

The mining, logging, and construction sector contracted by an average of 11,900 jobs, or 16.2 percent, annually from 2007 through 2012 but has been the fastest growing sector in the metropolitan area since 2013. The sector added an average of 4,400 jobs, or 9.6 percent, a year from 2013 through 2017, including a 12.4-percent gain during 2015. Increased residential construction, which rose an average of 14 percent annually from 2013 through 2017, and several large-scale commercial projects contributed significantly to recent job growth in the sector. Of particular note, Project NEON, a $1.5 billion expansion of Interstate 15 between Sahara Avenue and Interstate 515, began in 2016. The project currently supports approximately 4,000 construction jobs and is expected to be complete in 2019. In addition, preliminary construction began in late 2017 on Las Vegas Stadium, which will be the home of the National Football League's Raiders franchise when complete in 2020. The facility, which will cost an estimated $1.9 billion and include 65,000 seats, is expected to support as many as 18,700 jobs during construction and create an estimated 5,700 permanent jobs when complete. The number of jobs in the sector remains below the levels of the early and mid-2000s, but job growth is expected to continue during the next 2 years due in part to several additional projects, including an $860 million expansion and renovation of the Las Vegas Convention Center and the $1.2 billion Union Village integrated healthcare development in the city of Henderson.

Sales Market Conditions

The sales housing market in the Las Vegas metropolitan area is currently balanced, with an estimated vacancy rate of 2.5 percent, down from 6.2 percent in 2010 when conditions were soft. The metropolitan area was one of the hardest hit locations in the nation during the housing crisis because of substantial overbuilding in the mid-2000s. Drastically reduced home construction, strengthening economic conditions, and increased population growth have subsequently contributed to absorption of excess inventory since the early 2010s. As of April 2018, only 2.6 months of supply were available for sale, down from 3.2 months a year ago and less than one-half the April high of 6.3 months in 2010 (Redfin). The average home for sale was on the market for 46 days in April 2018, down from 54 days in April 2017 and 96 days in April 2010.

During the 12 months ending March 2018—

- A total 9,550 new homes sold in the metropolitan area, an 8-percent increase from 8,850 during the previous 12 months (CoreLogic, Inc., with adjustments by the analyst).

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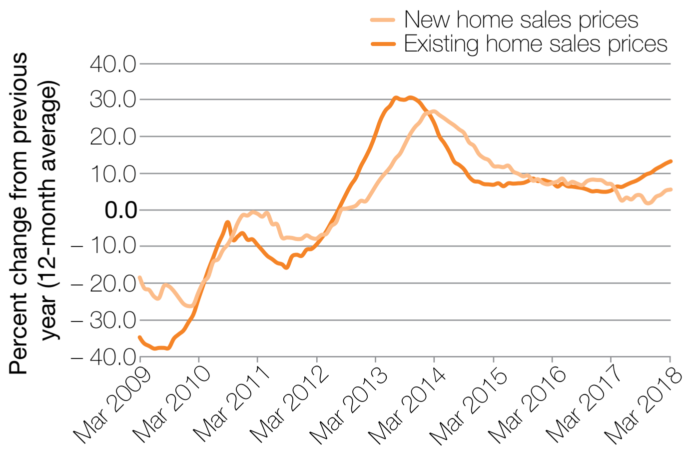
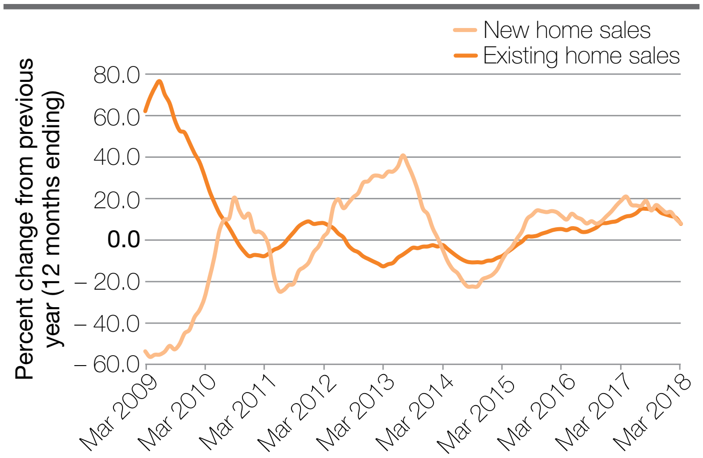
Sales prices for new and existing homes in the Las Vegas area have increased since late 2012.



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

Strengthening economic conditions have contributed to increased numbers of home sales in the Las Vegas area since 2015.



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

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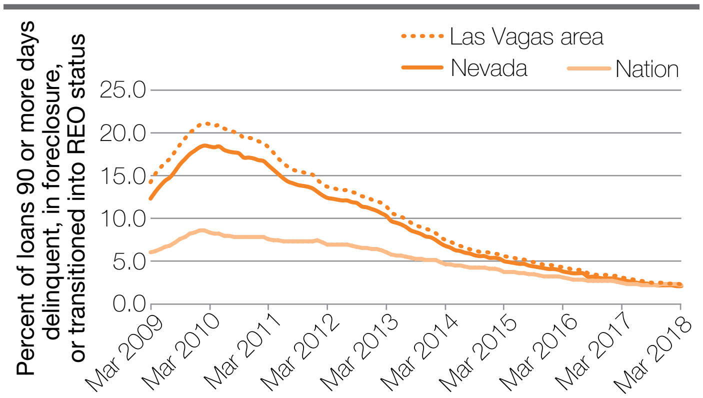
- Existing home sales also increased 8 percent to 53,350 despite a 60-percent decline in real estate owned (REO) sales, which totaled 1,325, and a 6-percent decline in short sales, which totaled 2,400. Regular resales increased 17 percent to 51,200.
- The average sales price for new homes rose to $398,800, a 6-percent increase from $381,200 during the 12 months ending March 2017 and 5 percent higher than the previous peak of $380,500, which occurred in 2007.
- Due in part to the significant declines in REO and short sales, the averages sales price for existing homes increased 13 percent to $266,500. That figure is 22 percent below the high of $343,700 in 2006, however.

Rising home prices and declining levels of available inventory have contributed to significantly increased homebuilding activity, as measured by the number of single-family homes permitted, since 2015.

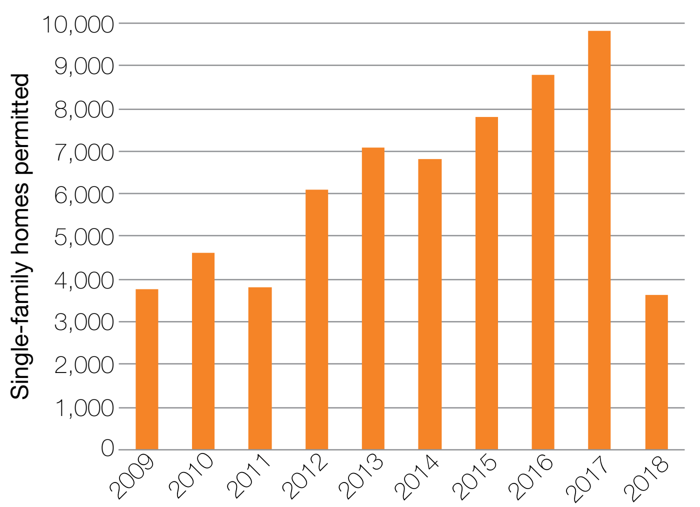
- The number of single-family homes permitted increased 11 percent to 10,150 during the 12 months ending April 2018, following a 14-percent increase during the previous 12 months (preliminary data).
- An average of 8,800 single-family homes were permitted each year from 2015 through 2017. By comparison, an average of only 4,825 single-family homes was permitted each year from 2008 through 2012, due in part to the significant inventory of distressed homes during the period.
- Recent new home construction has been particularly concentrated in the southern part of the metropolitan area, with the city of Henderson accounting for approximately 25 percent of all single-family homes permitted since 2015.
- Significant construction is currently under way at several projects, which had previously stalled during the late 2000s. Construction at Inspirada, a master-planned community that was initially expected to encompass 13,500 homes in Henderson, began in 2007 but slowed considerably beginning in 2008. A scaled-down version of the project was approved in 2013, and approximately 2,500 of a possible 8,500 homes have since been completed. The number of homes sold in the development ranked in the top 10 of all master-planned communities in the nation each year since 2015 (Robert Charles Lesser & Co.). Prices at the development currently start in the low $200,000s for new townhomes and the low $500,000s for new single-family homes.

The proportion of seriously delinquent loans and REO properties in the Las Vegas area was among the highest in the nation in the late 2000s but was nearly identical to the national average in March 2018.



REO = real estate owned.
Source: CoreLogic, Inc., with adjustments by the analyst

Single-family permitting in the Las Vegas area increased during 5 of the past 6 years as existing inventory has been absorbed.



Note: Includes preliminary data from January 2018 through April 2018.
Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

The apartment housing market in the Las Vegas metropolitan area is currently balanced. Apartment market conditions were soft in the late 2000s, but relatively low levels of apartment construction in the early 2010s contributed to declining vacancy rates and strong rent growth beginning in late 2013. Multifamily permitting in the metropolitan area has since trended upward, although vacancy rates have continued to decline and rents have risen at a notably faster rate than the national average. During the first quarter of 2018, the apartment vacancy rate in the metropolitan area was 5.4 percent, down from 5.9 percent during the first quarter of 2017 (MPF Research). The average asking rent was $953, nearly a 7-percent increase from $894 a year earlier. By comparison,

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the average asking rent was $1,314 for the nation during the first quarter of 2018, an increase of only 3 percent from the first quarter of 2017.

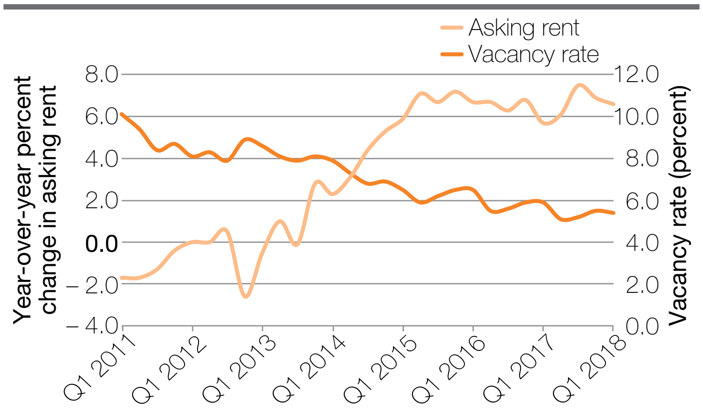
During the first quarter of 2018—

- Apartment vacancy rates in the 12 MPF Research-defined market areas within the metropolitan area ranged from 4.4 percent in the Northwest Las Vegas area to 7.0 percent in the Sunrise Manor-Northeast Las Vegas area.
- Relative to a year ago, apartment vacancy rates declined throughout much of the metropolitan area. The largest apartment vacancy rate decline occurred in the University-The Strip market area, where the apartment vacancy rate was 6.1 percent, down from 7.8 percent a year ago. The West Las Vegas market area, where the apartment vacancy rate was 5.1 percent, was the only market area where the apartment vacancy rate did not decline.
- Asking apartment rents increased from the first quarter of 2017 in all 12 market areas, ranging from 4-percent increases in the University-The Strip and South Las Vegas market areas to an 11-percent increase in the Southwest Las Vegas market area.
- The Southwest Las Vegas market area had the highest average rent in the metropolitan area, $1,175. The high average rent in the market area is due in part to a significant influx of new, mostly high-end, apartment developments. Approximately 1,700 new apartment units were completed in the market area during the past 2 years, which contributed to a 13-percent expansion of the available apartment inventory. The University-The Strip market area had the lowest rent, $803, which contributed to the significant decline in vacancies in the area.

Multifamily construction activity in the metropolitan area, as measured by the number of units permitted, slowed during the most recent 12 months but has generally trended upward since 2014, following near record lows from 2009 through 2013. During the 12 months ending April 2018, 3,575 multifamily units were permitted, down from the 3,925 units permitted during the 12 months ending April 2017 (preliminary data).

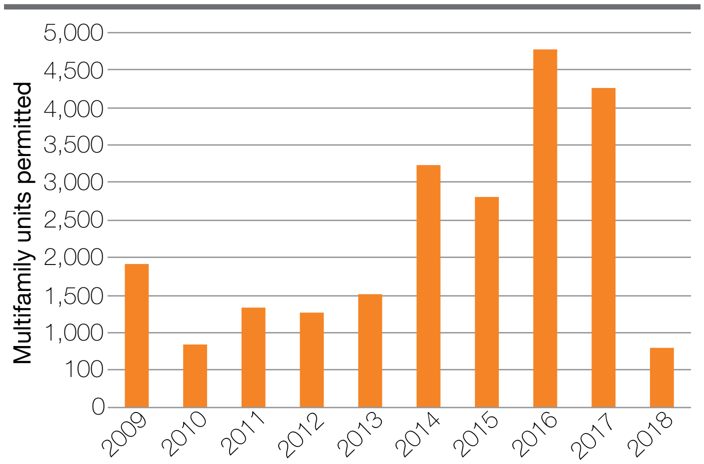
- An average of 3,775 multifamily units were permitted in the metropolitan area each year from 2014 through 2017, up from an average of only 1,375 units a year from 2009 through 2013.
- An estimated 5,225 apartment units were completed in the metropolitan area during the past 2 years, which contributed to a 2-percent expansion of the available apartment inventory. By comparison, the apartment inventory for the nation expanded 4 percent during the period.
- Recent multifamily construction has been concentrated in areas to the south and west of The Strip with the Henderson, Green Valley, South Las Vegas, and Southwest Las Vegas market areas accounting for approximately 76 percent of all apartment completions during the past 2 years. These areas also account for approximately 78 percent of all multifamily units currently under construction.
- An estimated 4,300 apartment units are currently under construction in the metropolitan area. Notable developments currently under construction include The Abode—Red Rock, which will be approximately 8 miles west of The Strip and include 308 units with rents starting at $1,225 for one-bedroom units and $1,300 for two-bedroom units.

Declining vacancy rates have contributed to strong rent growth in the Las Vegas area since late 2013.



Q1 = first quarter.
Source: MPF Research

Multifamily permitting in the Las Vegas area increased significantly in 2016 and 2017.



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Source: U.S. Census Bureau, Building Permits Survey