

HUD PD&R Housing Market Profiles

Las Vegas-Henderson-Paradise, Nevada



Quick Facts About Las Vegas-Henderson-Paradise

Las Vegas, Nevada

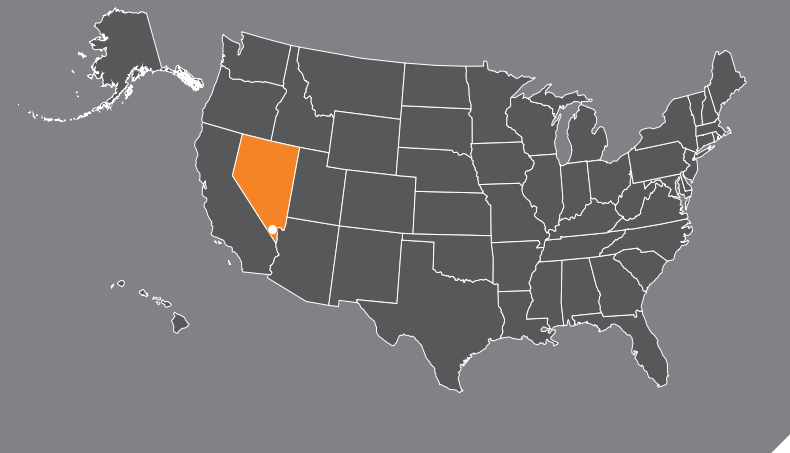
By Casey M. Blount | As of June 1, 2020

- Current sales market conditions: balanced
- Current rental market conditions: balanced
- The metropolitan area hosted 42.5 million visitors in 2019—up from 42.1 million in 2018 and the second highest annual total on record (Las Vegas Convention and Visitors Authority [LVCVA]).

Overview

The Las Vegas-Henderson-Paradise, NV Metropolitan Statistical Area (hereafter, Las Vegas metropolitan area) is coterminous with Clark County and is at the southern tip of Nevada. Because the Las Vegas metropolitan area is the largest casino gaming market in the nation, tourism is the primary driver of economic activity. Tourism directly or indirectly supported 367,900 jobs while generating an estimated \$57.6 billion of economic benefit during 2018 (LVCVA).

- As of June 1, 2020, the population of the Las Vegas metropolitan area is estimated at 2.29 million—an average annual increase of 40,250 people, or 1.9 percent, since 2013 (Census Bureau population estimate as of July 1, 2013 and estimate by the analyst as of June 1, 2020).
- Population growth averaged only 20,950 people, or 1.1 percent, annually from 2008 to 2013, 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 29,700 people annually and accounted for 74 percent of total population growth since 2013. By comparison, net in-migration averaged only 5,850 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 has been severely affected by a dramatic reduction in tourism associated with COVID-19. The area lost jobs at a rate significantly higher than that of the nation during the past year. From 2013 through 2019, total nonfarm payrolls in the metropolitan area expanded an average of 3.3 percent annually—nearly double the 1.7-percent annual rate for the nation during the same period. Nonfarm payrolls in the metropolitan area fell to an average of 876,400 jobs during the 3 months ending May 2020, however—a decline of 155,800 jobs, or 15.1 percent, from a year ago. By comparison, nonfarm payrolls for the nation declined 8.2 percent.

During the 3 months ending May 2020—

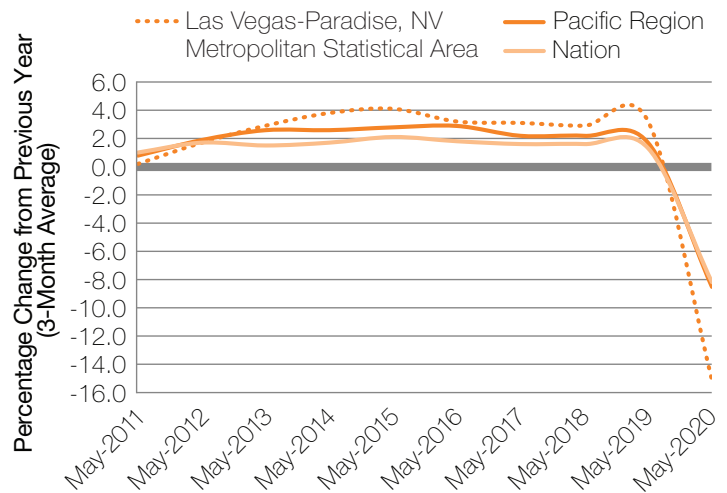
- The closure of all casinos and hotels in Nevada in late March 2020 contributed significantly to job losses in the leisure and hospitality sector, which accounted for 62 percent of all jobs lost in the metropolitan area. Payrolls in the sector fell by 96,100 jobs, or 32.4 percent—the largest and fastest decline of the 10 sectors that lost jobs.
- Significant losses also occurred in the professional and business services, wholesale and retail trade, and education and health services sectors, which declined by 21,800, 20,300, and 9,800 jobs, or 14.5, 15.3, and 9.4 percent, respectively.
- Job losses were partially offset by gains in the mining, logging, and construction sector, which expanded by 4,300 jobs, or 6.2 percent. Growth in the sector was due in large part to

ongoing construction of large-scale projects, such as Allegiant Stadium and Resorts World Las Vegas, which continued within social distancing guidelines.

- The average unemployment rate was 22.9 percent, up from an average of 4.1 percent a year ago and more than double the 10.6-percent rate for the nation.

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During the past year, the Las Vegas metropolitan area lost jobs at a significantly faster rate than both the Pacific region and the nation.



Source: U.S. Bureau of Labor Statistics

Ten of 11 nonfarm payroll sectors lost jobs in the Las Vegas metropolitan area during the past year.

	3 Months Ending		Year-Over-Year Change	
	May 2019 (Thousands)	May 2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	1,032.2	876.4	-155.8	-15.1
Goods-Producing Sectors	95.0	98.9	3.9	4.1
Mining, Logging, & Construction	69.4	73.7	4.3	6.2
Manufacturing	25.6	25.2	-0.4	-1.6
Service-Providing Sectors	937.2	777.5	-159.7	-17.0
Wholesale & Retail Trade	132.6	112.3	-20.3	-15.3
Transportation & Utilities	48.2	46.1	-2.1	-4.4
Information	11.9	10.3	-1.6	-13.4
Financial Activities	53.4	53.0	-0.4	-0.7
Professional & Business Services	150.1	128.3	-21.8	-14.5
Education & Health Services	104.7	94.9	-9.8	-9.4
Leisure & Hospitality	296.8	200.7	-96.1	-32.4
Other Services	31.7	26.3	-5.4	-17.0
Government	107.8	105.6	-2.2	-2.0
Unemployment Rate	4.1%	22.9%		

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 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, an approximately 4.5-mile-long stretch of South Las Vegas Boulevard that runs through the unincorporated areas of Paradise and Winchester. 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 258,200—down 96 percent from a combined 7.23 million during April and May 2019, and gaming revenue totaled only \$9.59 million, a 99-percent decline from \$1.64 billion a year ago. Most casinos and hotels in the metropolitan area have since reopened, which is expected to result in significantly improved economic

conditions in the near future. Tourism will likely remain limited for some time, however, 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 Holdings, LLC	Leisure & Hospitality	11,000

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

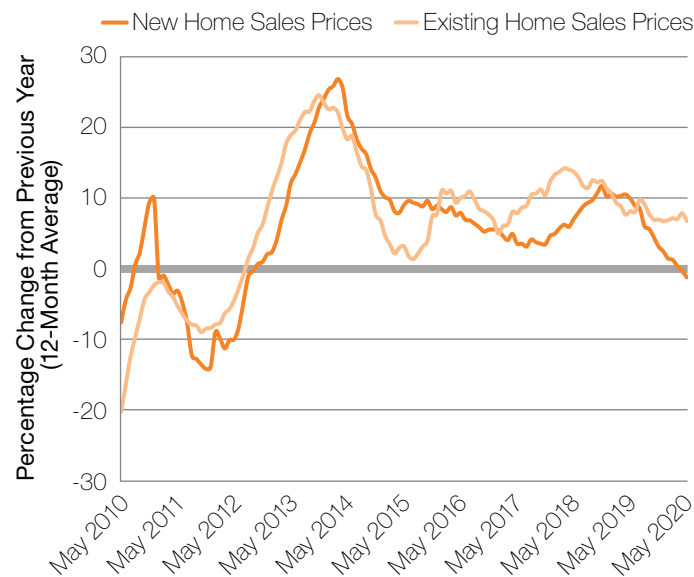
Sales Market Conditions

The sales housing market in the Las Vegas metropolitan area is balanced, with an estimated sales vacancy rate of 2.7 percent as of May 1, 2020—down from 6.2 percent during April 2010. Increased demand from strong job growth contributed to a general trend of decline in available for-sale inventory during much of the period since the early 2010s. As of May 2020, 3.2 months of available inventory were for sale in the metropolitan area—unchanged from a year ago but well below the May high of 6.1 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 REO status was 1.3 percent as of April 2020—down from 1.4 percent a year ago, and a fraction of the April high of 20.8 percent in 2010 (CoreLogic, Inc.). The most recent rate for the metropolitan area is slightly higher than the 1.2-percent rate for Nevada but slightly below the 1.4-percent rate for the nation.

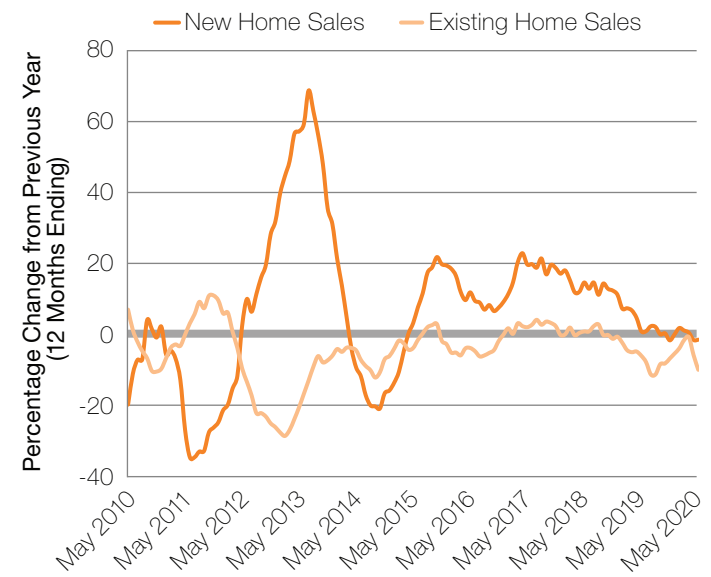
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New home sales prices declined in the Las Vegas metropolitan area during the past year, whereas existing home sales prices continued to rise.



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

Sales of both new and existing homes declined during the past year in the Las Vegas metropolitan area.



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



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During the 12 months ending May 2020—

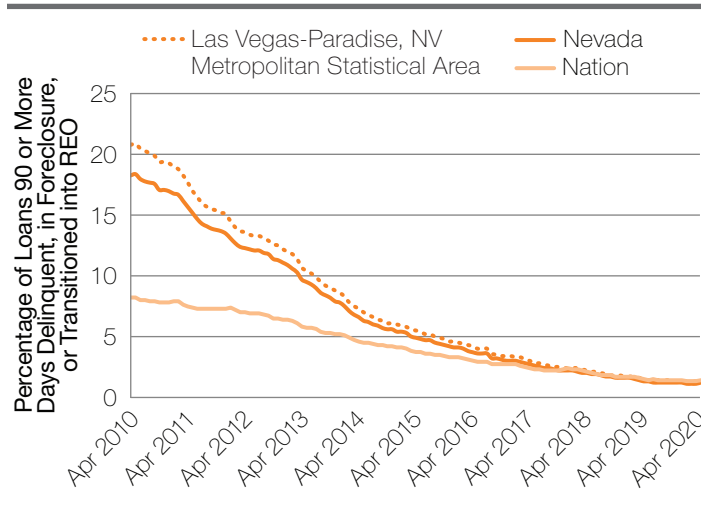
- Existing home sales totaled 44,150—a 10-percent decrease from the previous 12 months (Metrostudy, A Hanley Wood Company). The average sales price for existing homes increased 7 percent to \$314,600.
- A significant decline in REO sales, which fell 33 percent from the previous 12 months to 1,925, contributed 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 6 percent during the previous 12-month period and a fraction of the 45-percent high during 2010.
- A total of 9,525 new homes were sold—down 2 percent from the previous 12 months—and the average sales price for a new home decreased 1 percent to \$438,200.
- Condominium construction was largely subdued in the metropolitan area during the early and mid-2010s but has increased modestly since 2018. New condominiums have accounted for 4 percent of all new homes sold since the start of 2018—up from less than 2 percent from 2014

through 2017, but well below 26 percent of all new sales from 2005 through 2008.

Single-family homebuilding, as measured by the number of homes permitted, declined during the past year but has generally trended upward since the early 2010s. Recent new home construction notably has occurred in the southern and western parts of the metropolitan area.

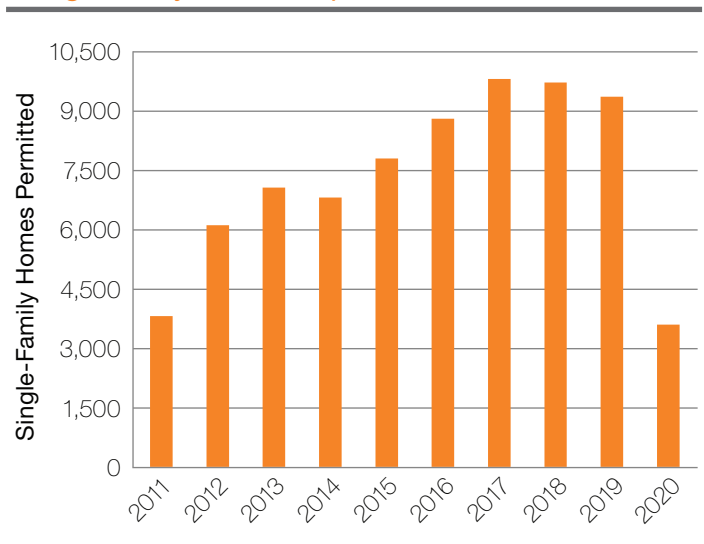
- A total of 8,800 single-family homes were permitted during the 12 months ending May 2020—down 4 percent from 9,150 homes permitted during the 12 months ending May 2019.
- An average of 8,475 homes were permitted each year from 2013 through 2019—up from an average of only 4,825 homes permitted each 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 nearly one-fourth of all single-family permitting in the Las Vegas metropolitan area since the start of 2019.

The rate of seriously delinquent mortgages and REO properties in the Las Vegas metropolitan area has declined significantly since 2010 and is currently below the rate for the nation.



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

Since the early 2010s, single-family home permitting in the Las Vegas metropolitan area has generally trended upward.



Note: Includes preliminary data from January 2020 through March 2020.
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 strong renter household growth contributing to relatively low vacancy rates and rent growth since the mid-2010s. The overall rental vacancy rate is estimated at 5.6 percent as of June 1, 2020—less than one-half of the

13.4-percent rate in April 2010. Rental household growth in the metropolitan area has averaged 2.0 percent a year since April 2010—higher than the overall rate of household growth, which has averaged 1.6 percent a year.

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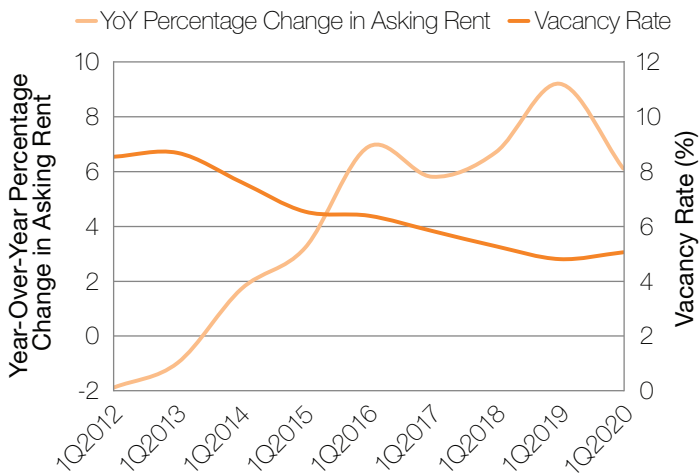


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During the first quarter of 2020—

- The apartment market in the metropolitan area was also balanced, with a vacancy rate of 5.0 percent—up from 4.8 percent a year ago, but well below the 10.0-percent rate during the first quarter of 2010 (RealPage, Inc.).
- The average rent in the metropolitan area rose to \$1,122—a 6-percent increase from a year ago. By comparison, the average rent for the nation increased 4 percent to \$1,436.
- Vacancy rates were generally highest in areas to the south and west of The Strip, where relatively high numbers of new apartment units are being absorbed; rates were lower in areas where development has been relatively sparse. The highest vacancy rate, 5.6 percent, was in the RealPage, Inc.-defined Green Valley market area, which is within the city of Henderson; the lowest rate, 3.5 percent, was in the Central Las Vegas market area.
- Significant new apartment construction has also contributed to relatively high rents in the southern and western parts of the metropolitan area. Average rents in the metropolitan area ranged from \$879 in the Central Las Vegas market area to \$1,325 in the Southwest Las Vegas market area.

The apartment vacancy rate in the Las Vegas metropolitan area increased but remained relatively low during the past year, and rent growth continued at a strong pace.

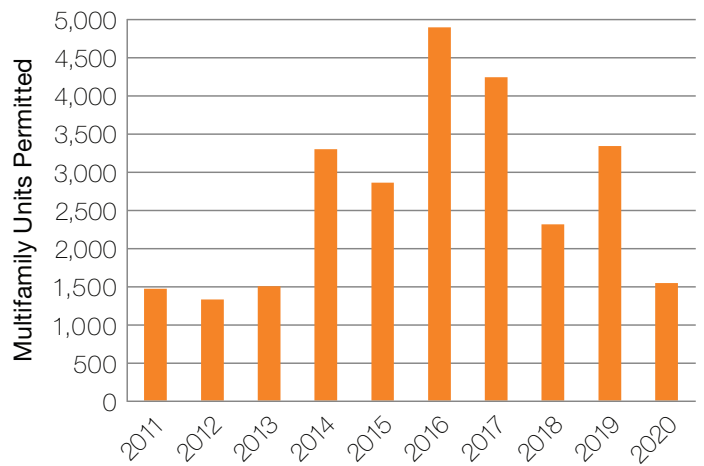


1Q = first quarter. YoY = year-over-year. Source: RealPage, Inc.

Multifamily home 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 May 2020, multifamily permitting rose to 3,125 units—a 20-percent increase from 2,600 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 3,500 units a year from 2014 through 2019. By comparison, an average of 8,250 units were permitted each year from 2000 through 2008.
- Recent apartment construction has been concentrated in and around the economic core of the metropolitan area, particularly in areas with convenient access to The Strip. KAKTUSlife, a 210-unit apartment development approximately 10 miles southwest of The Strip, was completed in mid-2019. Rents at the property currently range from \$1,525 to \$2,175 for one-bedroom units and from \$1,975 to \$2,700 for two-bedroom units. Near Summerlin, an unincorporated area approximately 10 miles west of The Strip, 359-unit Elysian at Tivoli is currently under construction. Leasing at the development—which will consist of one-, two-, and three-bedroom units—is expected to begin in early 2021.

Multifamily home permitting in the Las Vegas metropolitan area has been at notably higher levels since 2014 than in the late 2000s and early 2010s.



Note: Includes preliminary data from January 2020 through May 2020. Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

