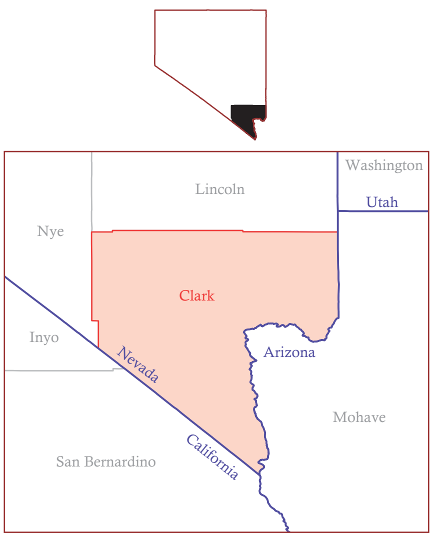
C O M P R E H E N S I V E   H O U S I N G   M A R K E T   A N A L Y S I S

Las Vegas-Henderson-Paradise, Nevada

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of January 1, 2016

PD&R

Housing Market Area



The Las Vegas-Henderson-Paradise Housing Market Area (hereafter, the Las Vegas HMA) is coterminous with the Las Vegas-Henderson-Paradise, NV Metropolitan Statistical Area, which consists of Clark County at the southern tip of Nevada. The HMA, 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).

Market Details

Summary

Economy

Economic conditions in the Las Vegas HMA have improved significantly since 2010 but are still recovering after 3 years of job losses in the late 2000s. During 2015, total nonfarm payrolls increased by 25,300 jobs, or 2.9 percent, to 908,600, following an increase of 33,600 jobs, or 4.0 percent, during 2014. Nonfarm payrolls remain below the prerecession high of 928,100 jobs in 2007, however. The unemployment rate declined for the fifth consecutive year in 2015 to an average of 6.9 percent, down from 7.8 percent in 2014.

Sales Market

The sales housing market in the HMA is currently balanced, with slow single-family home construction and significant investment activity contributing to the absorption of excess inventory following the housing crisis. The sales vacancy rate is currently estimated at 2.9 percent, down from 6.2 percent in April 2010. During the 3-year forecast period, demand is expected for 38,000 new homes (Table 1). The 3,600 homes currently under construction and a portion of the estimated 55,900 other vacant units in the HMA that may reenter the sales market will satisfy some of the forecast demand.

Rental Market

The overall rental housing market in the HMA is currently balanced, with increased rental household growth and record-low levels of multifamily construction contributing to the absorption of excess units since the early 2010s. The overall rental vacancy rate is currently estimated at 8.0 percent, down from 13.4 percent in April 2010. During the forecast period, demand is expected for 12,050 new market-rate rental units in the HMA; the approximately 5,475 rental units currently under construction will meet a portion of that demand (Table 1).

Table 1. Housing Demand in the Las Vegas HMA* During the Forecast Period

	Las Vegas HMA*	
	Sales Units	Rental Units
Total demand	38,000	12,050
Under construction	3,600	5,475

** Las Vegas-Henderson-Paradise HMA.*

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2016. A portion of the estimated 55,900 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is January 1, 2016, to January 1, 2019.

Source: Estimates by analyst

Economic Conditions

After benefiting from strong job growth for much of the 2000s, the Las Vegas HMA was hit particularly hard by the most recent recession. The HMA is currently in the midst of an economic recovery, however, with total nonfarm payrolls nearing their prerecession high. Total nonfarm payrolls in the HMA peaked at 928,100 after increasing by an average of 39,300 jobs, or 4.9 percent, annually from 2003 through 2007, as compared with employment in the nation, which lost jobs in 2003 and expanded by an average of only 1.5 percent a year from 2004 through 2007. The HMA lost an average of 41,500 jobs, or 4.7 percent, a year from 2008 through 2010, a significantly more severe contraction than the average annual decline of 1.9 percent for the nation during the same period. From 2011 through 2013, the HMA added an average of 15,300 jobs, an increase of 1.9 percent, annually compared with the national rate of 1.5 percent a year. Job growth in the HMA has accelerated significantly during the past 24 months, however. Total nonfarm payrolls averaged 908,600 in 2015, an increase of 25,300 jobs, or 2.9 percent, from 2014, when nonfarm payrolls increased by 33,600 jobs, or 4.0 percent (Table 2). By comparison, the number of jobs in the nation increased 1.9 percent in 2014 and 2.1 percent in 2015. During 2015, job growth in the HMA resulted from gains in every sector except information, which was unchanged, and financial activities, which declined by 1,600 jobs, or 3.7 percent, in part because of nationwide downsizing by banks including Citigroup Inc. and Wells Fargo & Co.

The mining, logging, and construction sector, which expanded by 6,500 jobs, or 14.3 percent, in 2015 has been the fastest-growing sector in the HMA since 2013 after losing the most jobs during the recession. In part because of significant overbuilding during the mid-2000s, the sector lost 5,900 jobs, or 5.4 percent, in 2007 and declined by an average of 19,400 jobs, or 24.1 percent, a year from 2008 through 2010, accounting for 47 percent of all jobs lost in the HMA during the period. Despite overall job growth in the HMA, the sector declined by an average of 3,700 jobs, or 8.6 percent, annually in 2011 and 2012 as residential construction (single-family and multifamily) remained at or near record lows. The sector increased by an average of 3,900 jobs, or 9.9 percent, annually from 2013 through 2014. Job growth in the sector was driven by increased residential construction, which rose an average of 17 percent annually during the period, and by several large commercial projects. Of particular note, construction of the $375 million T-Mobile Arena and a $66 million expansion of the Mandalay Bay Convention Center both began in 2014, generating a combined 5,200

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Las Vegas HMA,* by Sector

	12 Months Ending		Absolute Change	Percent Change
	December 2014	December 2015		
Total nonfarm payroll jobs	883,300	908,600	25,300	2.9
Goods-producing sectors	66,500	73,100	6,600	9.9
Mining, logging, & construction	45,400	51,900	6,500	14.3
Manufacturing	21,100	21,200	100	0.5
Service-providing sectors	816,700	835,500	18,800	2.3
Wholesale & retail trade	124,000	125,400	1,400	1.1
Transportation & utilities	38,100	39,100	1,000	2.6
Information	10,500	10,500	0	0.0
Financial activities	43,800	42,200	– 1,600	– 3.7
Professional & business services	117,100	121,700	4,600	3.9
Education & health services	82,400	85,600	3,200	3.9
Leisure & hospitality	279,000	286,900	7,900	2.8
Other services	25,800	26,600	800	3.1
Government	96,100	97,400	1,300	1.4

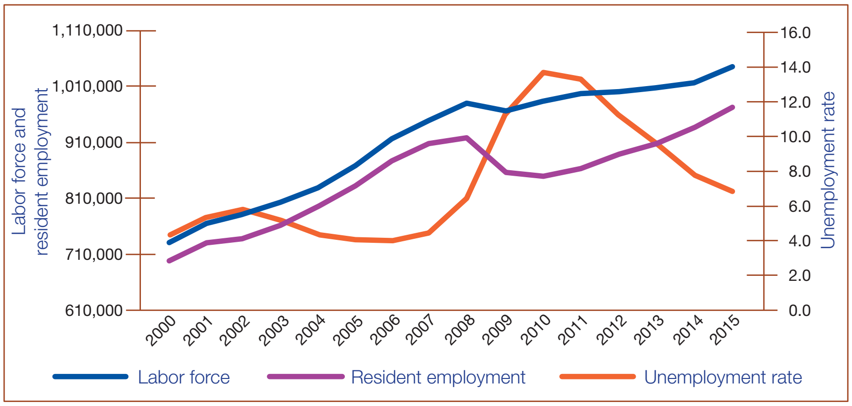
** Las Vegas-Henderson-Paradise HMA.*

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through December 2014 and December 2015.

Source: U.S. Bureau of Labor Statistics construction jobs. The unemployment rate in the HMA averaged 6.9 percent in 2015, down from 7.8 percent in 2014 and well below a high of 13.8 percent in 2010. By comparison, the national unemployment rate averaged 5.0 percent during 2015, down from 5.8 percent in 2014 and 9.0 percent in 2010. Figure 1 shows trends in the labor force, resident employment, and the unemployment rate in the HMA from 2000 through 2015.

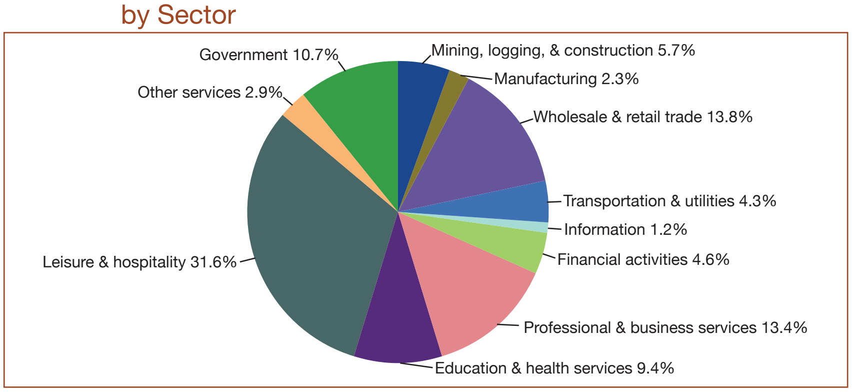
Because of the presence of approximately 75 casinos, 150,000 hotel rooms, and 3.2 million square feet of exhibition space (Las Vegas Convention and Visitors Authority), the leisure and hospitality sector is the largest in the HMA and accounted for 286,900 jobs, or 31.6 percent of total nonfarm payrolls, during 2015 (Figure 2). The sector includes 6 of the 10 largest employers in the HMA (Table 3). MGM Resorts International, which operates 12 casinos in the HMA, employs approximately 56,000 people, and Caesars Entertainment Corporation, which operates 9 casinos, employs approximately 35,000 people. The nationwide recession impacted the sector significantly. In 2008 and 2009, the sector lost an average of 10,800 jobs, or 4.0 percent, annually while the number of visitors and gross gaming revenue declined by averages of 4.7 and 9.8 percent a year, respectively. Improving economic conditions throughout the nation contributed to recent job growth in the leisure and hospitality sector, with the number of visitors and gross gaming revenue increasing during 5 of the past 6 years. The sector has added more jobs than any other sector in the HMA since 2010, expanding by an average of 6,700 jobs, or 2.0 percent, a year from 2011 through 2015 and, in 2014, surpassed the previous high of 273,100 jobs, which occurred in 2007. The HMA hosted 45.4 million visitors in 2015, up 2.5 percent from 44.3 million in 2014 and 3.2 percent higher than

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Las Vegas HMA,* 2000 Through 2015



** Las Vegas-Henderson-Paradise HMA.*
Source: U.S. Bureau of Labor Statistics

Figure 2. Current Nonfarm Payroll Jobs in the Las Vegas HMA,* by Sector



** Las Vegas-Henderson-Paradise HMA.*
Note: Based on 12-month averages through December 2015.
Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Las Vegas HMA*

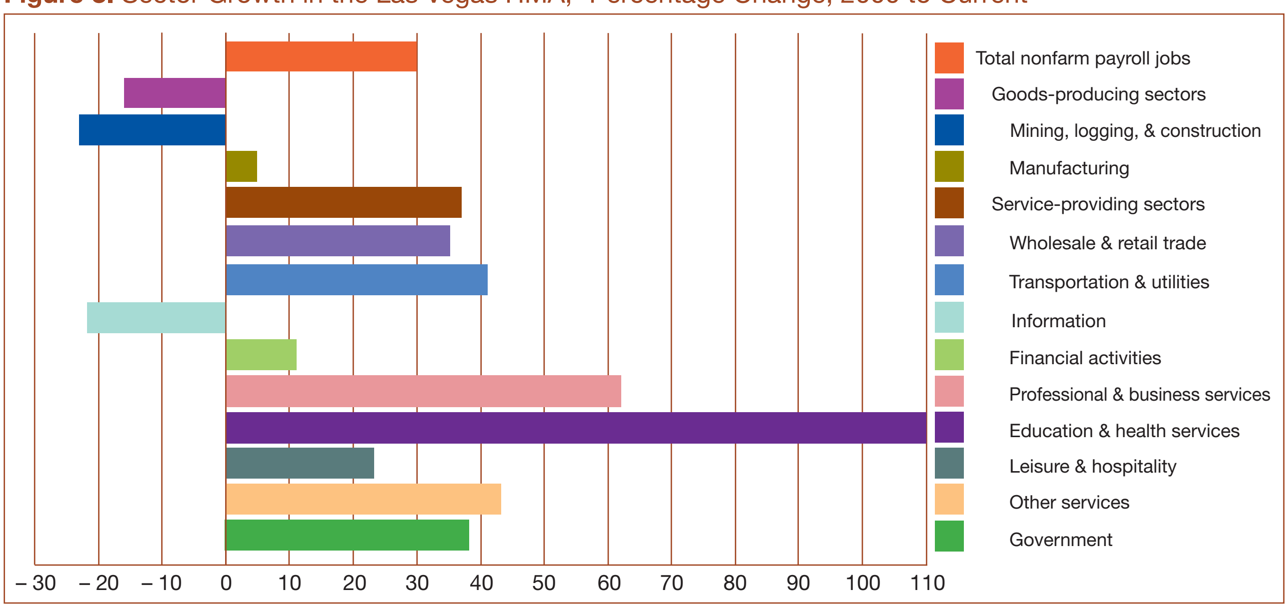
Name of Employer	Nonfarm Payroll Sector	Number of Employees
MGM Resorts International	Leisure & hospitality	56,000
Caesars International Corporation	Leisure & hospitality	35,000
Wynn Resorts Holdings, LLC	Leisure & hospitality	11,000
Station Casinos	Leisure & hospitality	10,000
Las Vegas Sands Corporation	Leisure & hospitality	8,800
Clark County	Government	8,500
Boyd Gaming Corporation	Leisure & hospitality	7,300
University of Nevada, Las Vegas	Government	5,000
Las Vegas Metropolitan Police Department	Government	4,500
The Valley Health System	Education & health services	4,500

** Las Vegas-Henderson-Paradise HMA.*
Note: Excludes local school districts.
Source: Las Vegas Global Economic Alliance

the prerecession high of 44.0 million in 2005. Gross gaming revenue totaled \$9.62 billion in 2015, a 0.7-percent increase from 2014 but 11.5 percent below the high of \$10.9 billion in 2007. The sector has benefited from the completion of several tourism-oriented projects during the past 24 months, 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 T-Mobile Arena and a new 5,000-seat theater at the Monte Carlo Resort and Casino will combine to support more than 3,000 permanent jobs when they are complete in early 2016.

The education and health services sector has been the fastest-growing sector in the Las Vegas HMA during the past 15 years and is the only sector that has not lost jobs in any year during that period (Figure 3). The sector has increased by an average of 2,975 jobs, or 5.1 percent, annually since 2000, including an average of 3,175 jobs, or 3.3 percent, annually from 2011 through 2015. Healthcare providers have responded to generally strong population growth, particularly associated with an influx of retirees, by developing new facilities and expanding existing ones. In the city of Las Vegas, The Lou Ruvo Center for Brain Health opened in 2010 and MountainView Hospital completed an \$80 million expansion in 2013. The city of Henderson, where the median age increased from 37.3 years in 2005 to 41.4 years in 2014 (American Community Survey [ACS] 1-year data), is home to the most significant healthcare development in the HMA. Henderson Hospital, which broke ground in 2014, will become the third hospital in the city and is expected to create 700 permanent jobs when it opens in the fall of 2016. The facility represents the first phase of the Union Village integrated healthcare development, which will eventually encompass more

Figure 3. Sector Growth in the Las Vegas HMA,* Percentage Change, 2000 to Current



** Las Vegas-Henderson-Paradise HMA.*
Note: Current is based on 12-month averages through December 2015.
Source: U.S. Bureau of Labor Statistics

than 170 acres and include a skilled nursing center, long-term acute care facilities, office buildings, housing for seniors, and retail. The $1.2 billion development, which is expected to take 10 years to complete, will create as many as 5,000 construction jobs and a combined 12,000 healthcare and retail jobs.

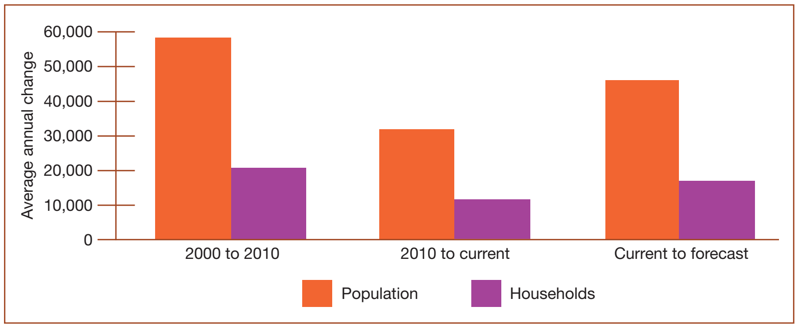
Economic conditions in the HMA are expected to continue to improve during the 3-year forecast period. Job growth is expected to remain strong, with total nonfarm payrolls surpassing the precession high during the next 12 months. The leisure and hospitality sector will likely continue to lead job growth, including the 13,000 permanent jobs expected to be created when Resorts World Las Vegas, a 6,583-room casino and resort on the site of the former Stardust Resort and Casino, is complete in mid-2018. The education and health services sector will also contribute to overall job growth. Within the next year, in addition to the ongoing development at Union Village, The Valley Health System will complete a new 144-bed tower at its Spring Valley Hospital Medical Center, and St. Rose Dominican will create approximately 300 jobs when it opens a 96-room expansion of its hospital in Henderson. Job growth in the mining, logging, and construction sector is expected to continue as residential construction continues to increase. The rate of job growth may moderate, however, as rising interest rates make construction, particularly of large-scale projects, more costly.

Population and Households

During the early 2000s, the Las Vegas HMA benefited from rapid population growth driven by high levels of net in-migration, which slowed dramatically during and directly after the recent recession. Net in-migration has trended upward since 2010 while economic conditions have improved. As of January 1, 2016, the population of the HMA is estimated at 2.13 million, an average annual increase of 31,600, or 1.6 percent, since April 2010 (Figure 4). Net in-migration averaged 19,700 people each year and accounted for 62 percent of total population growth during the period (Figure 5). By comparison, strong job growth contributed to average annual population growth of 67,850 people, or 4.3 percent, from 2000 to 2007, the fastest rate for any HMA in the nation with more than 1 million residents (Census Bureau decennial census counts and population estimates as of July 1). Net in-migration averaged 54,000 a year, or 80 percent of total population growth, during the period. By contrast, from 2008 to 2010 while the HMA lost jobs, population growth averaged only 22,250 people, or 1.2 percent, a year and net in-migration averaged only 5,450, accounting for 24 percent of total population growth.

The HMA accounts for more than 72 percent of the population of Nevada and encompasses 8,061 square miles. The population of the HMA is highly concentrated, with approximately 95 percent residing within 20 miles of

Figure 4. Population and Household Growth in the Las Vegas HMA,* 2000 to Forecast

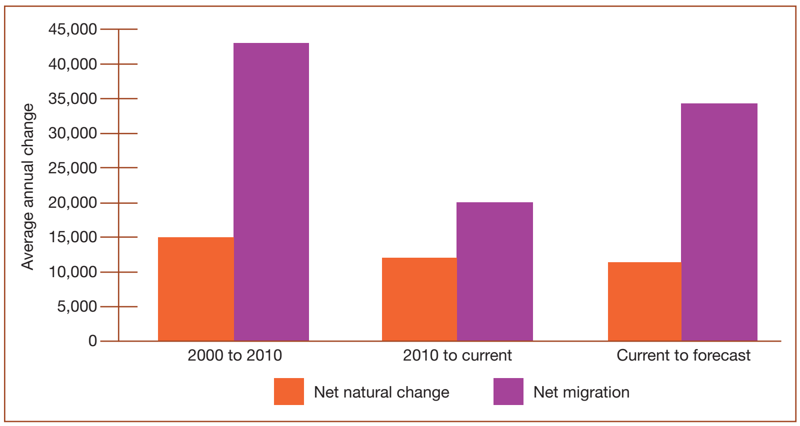


** Las Vegas-Henderson-Paradise HMA.*

Notes: The current date is January 1, 2016. The forecast date is January 1, 2019.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Las Vegas HMA,* 2000 to Forecast



** Las Vegas-Henderson-Paradise HMA.*

Notes: The current date is January 1, 2016. The forecast date is January 1, 2019.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

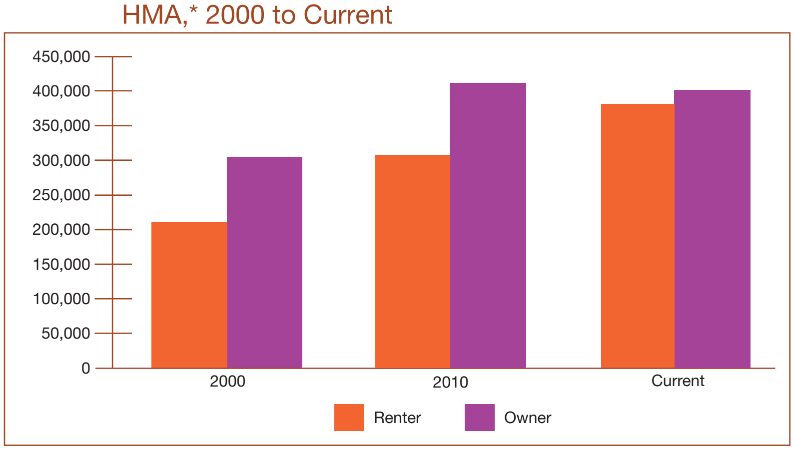
the Las Vegas Strip. Las Vegas is the largest city in the HMA, with 613,599 residents, followed by Henderson, with 277,440, and North Las Vegas, with 230,788 (Census Bureau population estimates as of July 1, 2014). North Las Vegas, where home prices are approximately 14 percent lower than the average for the HMA, has grown at the fastest rate of the three cities since 2000, expanding at an average annual rate of 4.6 percent from 2000 through 2014 (Census Bureau decennial census counts and population estimates as of July 1). Henderson expanded at an average annual rate of 3.1 percent during the period, followed by the city of Las Vegas at 1.6 percent. Paradise, an unincorporated Census Designated Place that includes the Las Vegas Strip, is between the cities of Las Vegas and Henderson. Paradise was home to 237,477 residents as of 2014, an average annual increase of 1.6 percent since 2000 (Census Bureau decennial census counts and 2014 ACS 1-year data).

The Las Vegas HMA has become an attractive location for residents from more expensive housing markets, particularly southern California, in part because of its relatively affordable housing. Former residents of California represented approximately 67 percent of the net in-migration to the HMA from 2000 through 2014 (Internal Revenue Service tax return data). Los Angeles, Orange, and San Diego Counties, where home prices are approximately 146, 214, and 142 percent higher than in the HMA, accounted for 62 percent of the net in-migration from California during the period. The HMA is also a popular destination for immigrants from Latin America and Asia. Residents born in Latin America represent 12 percent of the population of the HMA, and residents born in Asia account for 7 percent. By comparison, residents born in Latin America represent 7 percent of the population of the nation, and residents born in Asia account for 4 percent (2014 ACS 1-year data).

Household growth in the HMA has generally mirrored population growth, with high rates in the early and mid-2000s that slowed in the late 2000s. Improving economic conditions have resulted in increased household growth since 2010, however. From 2000 through 2010, the number of households in the HMA increased from 512,253 to 715,365, an average annual rate of 3.4 percent. The number of households in the HMA is currently estimated at 778,100, an average annual increase of 10,900, or 1.5 percent, since April 2010. Rental household growth, which averaged 3.7 percent a year during the period, accounted for all the household growth, in part because of very high foreclosure rates in the HMA in the late 2000s and early 2010s. The homeownership rate is currently estimated at 51.3 percent, down from 57.1 percent during April 2010 (Table DP-1 at the end of this report). By comparison, the homeownership rate for the nation declined from 66.9 percent during the second quarter of 2010 to 63.8 percent during the fourth quarter of 2015.

During the 3-year forecast period, population growth is expected to accelerate, with job growth and relatively affordable housing continuing to attract new residents. Population growth is expected to increase to an average of 45,350 people, or 2.1 percent, annually while net in-migration increases to an average of 34,150 people annually. The number of households is expected to increase at an average annual rate of 2.0 percent, or by 15,900. The homeownership rate is likely to continue to decline, although at a much slower rate than from April 2010 to the current date because of significantly reduced levels of foreclosures and improving economic conditions. Figure 6 depicts the number of households by tenure from 2000 through the current date.

Figure 6. Number of Households by Tenure in the Las Vegas HMA,* 2000 to Current



** Las Vegas-Henderson-Paradise HMA.*

Note: The current date is January 1, 2016.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Sales Market

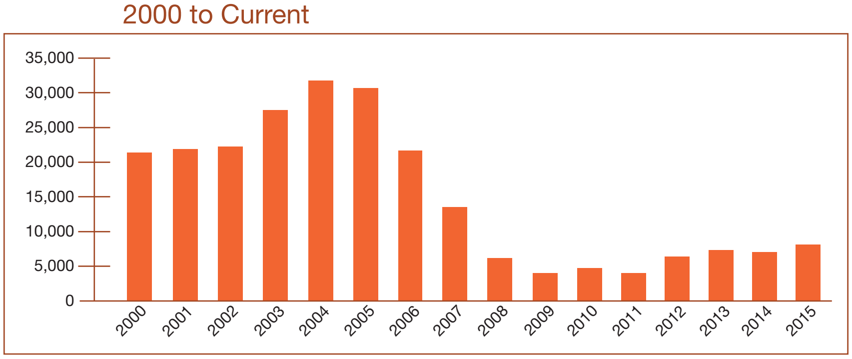
The Las Vegas HMA was one of the hardest hit areas in the nation during the housing crisis because of substantial overbuilding in the mid-2000s. Drastically reduced home construction and significant investment activity have contributed to the absorption of excess inventory, however. The sales housing market in the HMA is currently balanced, with a sales vacancy rate estimated at 2.9 percent, down from 6.2 percent in April 2010. During 2015, the number of new homes sold totaled 7,225, up 11 percent from the 6,525 sold during 2014 (CoreLogic, Inc., with adjustments by the analyst). The number of new homes sold in 2015 represents a 35-percent increase from 2009, when only 5,350 new homes sold, the lowest figure on record. Recent new home construction has been focused in relatively expensive areas, primarily to the south and west of The Las Vegas Strip, and new home sales remain well below the prerecession high of 38,600 in 2005. From 2006 through 2009, during the housing crisis, the number of new homes sold declined an average of 39 percent annually. The average sales price for new homes increased 9 percent, to $349,100, during 2015, following a 15-percent increase during 2014. The average new home sales price has increased each year since 2012 but is still lower than the previous peak of $380,900 during 2007, which represented an average annual increase of 10 percent from $191,400 in 2000.

Existing home sales totaled 43,100 during 2015, up 2 percent from 42,350 during 2014. The increase was dampened by 25-percent declines in both real estate owned (REO) sales, which totaled 3,725, and short sales, which totaled 3,550, while regular resales increased 10 percent, to 35,850. The number of existing home sales declined an average of 8 percent annually from 2012 through 2014 because of rapidly falling levels of REO and short sales, which contributed to increasing existing home sales prices. REO sales fell from 25,350 in 2011 to 4,950 in 2014, an average annual decline of 42 percent. The number of short sales peaked at 13,750 in 2012 before declining an average of 30 percent annually, to 4,750 in 2014. Regular resales increased from 19,100 in 2011 to 32,650 in 2014, an average annual increase of 20 percent. During 2015, the average sales price for an existing home was $216,800, an increase of 6 percent from 2014. The average sales price for an existing home increased an average of 16 percent a year, from a low of $131,800 in 2011 to $203,900 in 2014, but remains well below a high of $343,700 in 2006. The average sales prices for REO and short sales in 2015 were $153,300 and $192,700, 33 and 16 percent below the average of $230,000 for regular resales, respectively.

Condominium sales, which accounted for 27 percent of all new home sales from 2005 through 2007, have accounted for only 5 percent of all new home sales since 2010, with many projects stalling in the late 2000s. Notable condominium projects impacted by the economic downturn include The Harmon and Spanish View Towers, which were canceled during preliminary construction, and City Club and Manhattan West, which were later completed as apartment projects.

The Las Vegas HMA experienced some of the highest foreclosure rates in the nation during the late 2000s and early 2010s. Relatively high levels of investment activity have contributed to a substantial reduction in the number of seriously delinquent (90 or more days delinquent or in foreclosure) loans, however. The percentage of home loans in the HMA that were seriously delinquent or had transitioned into REO status was 4.6 percent in December 2015, down from 6.0 percent in December 2014 and well below a December high of 20.4 percent in 2009. By comparison, the percentage of home loans in the nation that were seriously delinquent or had transitioned into REO status was 3.3 percent in December 2015, down from 4.1 percent in December 2014 and a December high of 8.4 percent in 2009. Purchases by absentee owners accounted for 32 percent of all home sales in the HMA during 2015, down from 39 percent in 2014 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). From 2009 through 2013, purchases by absentee owners accounted for 30 percent of all home sales, and many of those homes were converted to rental units. By comparison, purchases by absentee owners accounted for 25 percent of all home sales in the nation in 2015, down from 26 percent in 2014 but higher than the 23 percent from 2009 through 2013.

Figure 7. Single-Family Homes Permitted in the Las Vegas HMA,* 2000 to Current



** Las Vegas-Henderson-Paradise HMA.*

Notes: Includes townhomes. Current includes data through December 2015.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

After declining substantially following the housing crisis, single-family home construction activity, as measured by the number of single-family homes permitted, has trended upward since 2011. Single-family permitting remains significantly below the record levels of the mid-2000s, however (Figure 7). During 2015, 7,800 single-family homes were permitted, up 15 percent from the 6,800 homes permitted during 2014 (preliminary data). 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, the lowest 4-year average since the 4,475 permitted each year from 1980 through 1983. An average of 27,950 homes were permitted each year from 2002 through 2005, the highest figure on record for a 4-year period.

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. 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.

During the 3-year forecast period, demand is expected for 38,000 new homes (Table 1). The 3,600 homes currently under construction will satisfy some of the forecast demand. Demand is expected to increase each year during the forecast period and to be greatest for single-family homes priced from $350,000 to $449,999 (Table 4). Significant demand is also expected for single-family homes priced from $250,000 to $349,999 and from $450,000 to $549,999. An estimated 55,900 other vacant units are currently in the inventory, a portion of which may reenter the sales market and satisfy some of the forecast demand.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Las Vegas HMA* During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
150,000	249,999	3,800	10.0
250,000	349,999	9,500	25.0
350,000	449,999	11,400	30.0
450,000	549,999	9,500	25.0
550,000	and higher	3,800	10.0

** Las Vegas-Henderson-Paradise HMA.*

Notes: The 3,600 homes currently under construction and a portion of the estimated 55,900 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is January 1, 2016, to January 1, 2019.

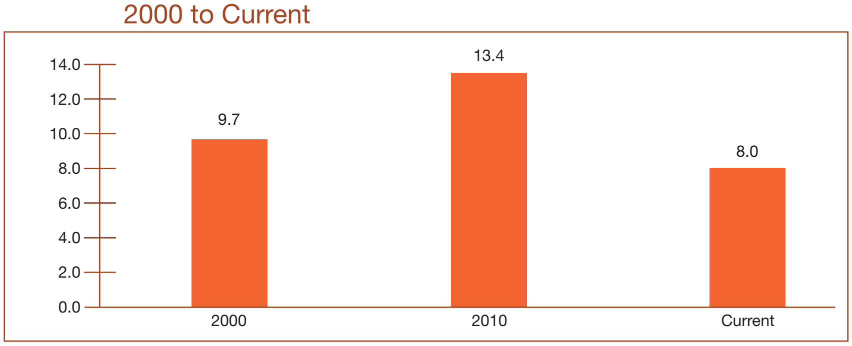
Source: Estimates by analyst

Rental Market

A surplus of single-family homes having been converted to rental units contributed to soft rental housing market conditions in the Las Vegas HMA in the late 2000s and early 2010s. Increased rental household growth, slowed conversion of single-family homes to rental units, and very low levels of multifamily construction have since allowed for the absorption of excess units, and the rental market is currently balanced. The estimated vacancy rate for all rental units (including single-family homes, manufactured homes, and apartment units) is 8.0 percent as of January 1, 2016, down from 13.4 percent in April 2010 (Figure 8). From 2008 to 2012, single-family homes increased from 35 to 41 percent of all renter-occupied units in the HMA (ACS 1-year data). Single-family homes represented 41 percent of all renter-occupied units in 2014, unchanged from 2012.

The apartment market is balanced, with historically low levels of multifamily permitting in the early 2010s contributing to sharply declining vacancy rates and increasing rents. The vacancy rate for apartment units was 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

Figure 8. Rental Vacancy Rates in the Las Vegas HMA,* 2000 to Current



** Las Vegas-Henderson-Paradise HMA.*

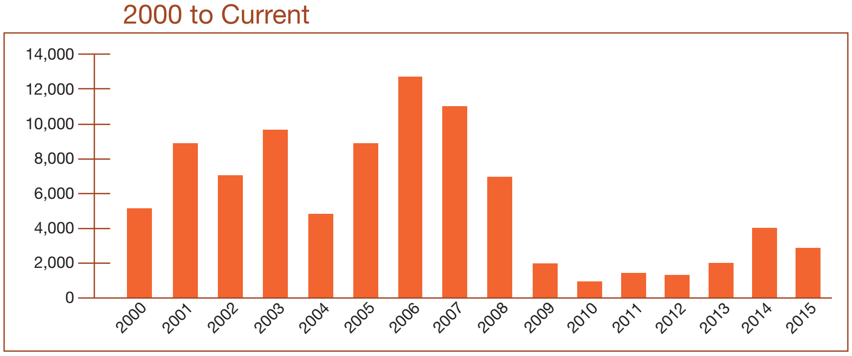
Note: The current date is January 1, 2016.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst apartment asking rent was $828 in the HMA during the fourth quarter of 2015, an 8-percent increase from the fourth quarter of 2014. The current apartment asking rent represents an average annual increase of 2 percent from $743 during the fourth quarter of 2010. By comparison, the average rent for the nation increased an average of 4 percent annually during the same period. The average apartment asking rent in the HMA has increased an average of 5 percent a year since the fourth quarter of 2012, equal to the rate for the nation. Studio units in the HMA currently rent for an average of $560, with one-bedroom units at $734, two-bedroom units at $866, and three-bedroom units at $1,023. The Southwest Las Vegas area, where much of the recent multifamily construction has occurred, had the highest average apartment rent in the HMA during the fourth quarter of 2015 at $1,034, a 9-percent increase from the same period in 2014. The Sunrise Manor-Northeast Las Vegas area had the lowest apartment rent at $696, a 1-percent increase from the fourth quarter of 2014.

Multifamily construction activity, as measured by the number of units permitted, remained at or near all-time lows from 2009 through 2013, in part because of a surplus of single-family homes, many of which were converted to rental units. Builders responded to improving rental market conditions, however, with notably higher levels of multifamily permitting during the past 24 months (Figure 9). During 2015, multifamily construction totaled 2,800 units (preliminary data) compared with the 3,950 units permitted during 2014. Multifamily permitting averaged only 1,500 units a year from 2009 through 2013, the five lowest single-year totals on record, including an all-time low of 930 units in 2010. By comparison, multifamily permitting averaged 9,325 units a year from 2003 through 2007, up from an average of 7,500 units permitted each year from 1998 through 2002.

Recent multifamily development has been concentrated in the southwestern part of the Las Vegas HMA, including the Southwest Las Vegas market 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. Constellation, a 126-unit apartment project that is currently under construction in Summerlin, is expected to open during the second quarter of 2016. Rents have yet to be

Figure 9. Multifamily Units Permitted in the Las Vegas HMA,* 2000 to Current



* *Las Vegas-Henderson-Paradise HMA.*
Notes: Excludes townhomes. Current includes data through December 2015.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

released for the project, which will consist of one- and two-bedroom units ranging in size from 940 to 1,900 square feet.

Rental demand is expected to increase each year during the 3-year forecast period, while net in-migration continues to rise and homeownership continues to decline. During the next 3 years, demand is expected for 12,050 new market-rate rental units (Table 1). The 5,475 apartment units currently under construction and an additional 950 units expected to be completed will satisfy most of the demand during the first 2 years. Demand is expected be greatest for two-bedroom units with rents ranging from $1,075 to $1,274 and for one-bedroom units with rents ranging from $875 to $1,074 (Table 5).

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Las Vegas HMA* During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
0 to 199	840	875 to 1,074	2,525	1,075 to 1,274	3,375	1,300 to 1,499	1,675
200 or more	360	1,075 to 1,274	900	1,275 to 1,474	1,200	1,500 to 1,699	480
		1,275 or more	180	1,475 or more	240	1,700 or more	240
Total	1,200	Total	3,600	Total	4,825	Total	2,400

** Las Vegas-Henderson-Paradise HMA.*

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 5,475 units currently under construction will likely satisfy some of the estimated demand. The forecast period is January 1, 2016, to January 1, 2019.

Source: Estimates by analyst

Data Profile

Table DP-1. Las Vegas HMA* Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total resident employment	698,877	848,573	971,100	2.0	2.7
Unemployment rate	4.3%	13.8%	6.9%		
Nonfarm payroll jobs	698,700	803,700	908,600	1.4	2.5
Total population	1,375,765	1,951,269	2,133,000	3.6	1.6
Total households	512,253	715,365	778,100	3.4	1.5
Owner households	302,834	408,206	399,000	3.0	– 0.4
Percent owner	59.1%	57.1%	51.3%		
Renter households	209,419	307,159	379,100	3.9	3.7
Percent renter	40.9%	42.9%	48.7%		
Total housing units	559,799	840,343	878,800	4.1	0.8
Owner vacancy rate	2.6%	6.2%	2.9%		
Rental vacancy rate	9.7%	13.4%	8.0%		
Median Family Income	$48,900	$65,400	$58,000	3.0	– 2.4

** Las Vegas-Henderson-Paradise HMA.*

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through December 2015. Median Family Incomes are for 1999, 2009, and 2014. The current date is January 1, 2016.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 1/1/2016—Analyst's estimates
Forecast period: 1/1/2016–1/1/2019—Analyst's estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development's (HUD's) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_LasVegas_Henderson_ParadiseNV_16.pdf.

Contact Information

Casey M. Blount, Economist
Atlanta HUD Regional Office
213–534–2622
casey.m.blount@hud.gov

This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.