

HUD PD&R Housing Market Profiles

Las Vegas-Henderson-Paradise, Nevada



Quick Facts About Las Vegas

- Current sales market conditions: balanced
- Current apartment market conditions: slightly soft
- The Strip, a portion of South Las Vegas Boulevard that runs approximately 5 miles through the unincorporated area of Paradise, is home to nearly 30 casinos and contributes significantly to the economic base of the metropolitan area.



Las Vegas, Nevada

By [Holi Urbas](#) | As of November 1, 2023

Overview

The Las Vegas-Henderson-Paradise, NV Metropolitan Statistical Area (hereafter, Las Vegas metropolitan area), at the southern tip of Nevada, is coterminous with Clark County. Because the Las Vegas metropolitan area is the largest casino gaming market in the nation, tourism is the principal economic activity. Tourism directly or indirectly supported 358,880 jobs and generated an estimated \$79.3 billion of economic activity in the metropolitan area during 2022 (Las Vegas Convention and Visitors Authority [LVCVA]).

- As of November 1, 2023, the metropolitan area population was estimated at 2.35 million, reflecting an average annual gain of 24,300, or 1.1 percent, since 2020. By comparison, the population increased by an average of 38,650, or 1.8 percent, annually from 2014 to 2020.
- Since 2020, net in-migration has averaged 21,500 annually, accounting for 88 percent of population growth compared with an average contribution of 73 percent per year from 2014 to 2020. A declining birth rate—a trend that has

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PD&R

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persisted during the past decade—coupled with increased deaths due to the pandemic caused net natural increase to plummet, averaging 2,825 annually since 2020 compared with an annual average of 10,350 from 2014 to 2020.

Economic Conditions

Economic conditions in the Las Vegas metropolitan area are strong. As of the 3 months ending October 2023, nonfarm payrolls increased year over year by 42,000 jobs, or 3.8 percent, to an average of 1.14 million. By comparison, payrolls increased by 76,500 jobs, or 7.5 percent year over year, as of the 3 months ending October 2022. Strong job growth during the past 2 years contributed to current payrolls being 9.6 percent above the level as of the 3 months ending October 2019—the most recent corresponding period before the pandemic—compared with 3.6 percent nationally. In 2020, due to the countermeasures to slow the spread of COVID-19, payrolls in the metropolitan area fell by 122,100 jobs, or 11.8 percent, compared with a 6.0-percent decline nationally.

As of the 3 months ending October 2023—

- The leisure and hospitality sector led job growth with the addition of 15,400 jobs, or 5.4 percent, from a year ago. Despite the sector adding the most jobs in numeric terms since 2020, payrolls in the sector are only 2.7 percent above prepandemic levels because the sector contracted 29.1 percent, or by 85,600 jobs, in 2020, accounting for more than 70 percent of all jobs lost in the metropolitan area that year.

- From 2010 to 2014, during the recovery from the Great Recession, the population increased by an average of 21,600, or 1.1 percent, and net in-migration accounted for 43 percent of the growth.

- In percentage terms, the manufacturing sector added the most jobs compared with a year ago and is 22.4 percent above the level of payrolls as of the 3 months ending October 2019.
- The transportation and utilities sector was one of two sectors to lose jobs during the past year. However, payrolls in the sector are still nearly 30 percent above prepandemic levels. A swift increase in e-commerce activity as consumer preferences changed during the pandemic largely supported the 15,400 jobs added since the 3 months ending October 2019.
- The unemployment rate in the metropolitan area was 5.7 percent, down from 6.0 percent as of the 3 months ending October 2022, because resident employment increased faster than the labor force. Nationally, the unemployment rate averaged 3.8 percent as of the 3 months ending October 2023 compared with 3.6 percent a year ago.

Due to the presence of approximately 220 casinos (Nevada Gaming Control Board, October 2023), nearly 152,300 hotel rooms, and nearly 15 million square feet of meeting and

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In the Las Vegas metropolitan area, 9 of the 11 payroll sectors added jobs as of the 3 months ending October 2023 compared with a year ago.

	3 Months Ending		Year-Over-Year Change	
	October 2022 (Thousands)	October 2023 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	1,101.3	1,143.3	42.0	3.8
Goods-Producing Sectors	108.9	114.8	5.9	5.4
Mining, Logging, & Construction	79.5	83.1	3.6	4.5
Manufacturing	29.4	31.7	2.3	7.8
Service-Providing Sectors	992.3	1,028.5	36.2	3.6
Wholesale & Retail Trade	138.6	142.1	3.5	2.5
Transportation & Utilities	68.8	67.3	-1.5	-2.2
Information	13.5	13.6	0.1	0.7
Financial Activities	59.2	59.4	0.2	0.3
Professional & Business Services	165.5	175.6	10.1	6.1
Education & Health Services	119.0	125.3	6.3	5.3
Leisure & Hospitality	286.5	301.9	15.4	5.4
Other Services	33.1	32.4	-0.7	-2.1
Government	108.1	110.9	2.8	2.6
Unemployment Rate	6.0%	5.7%		

Note: Numbers may not add to totals due to rounding.

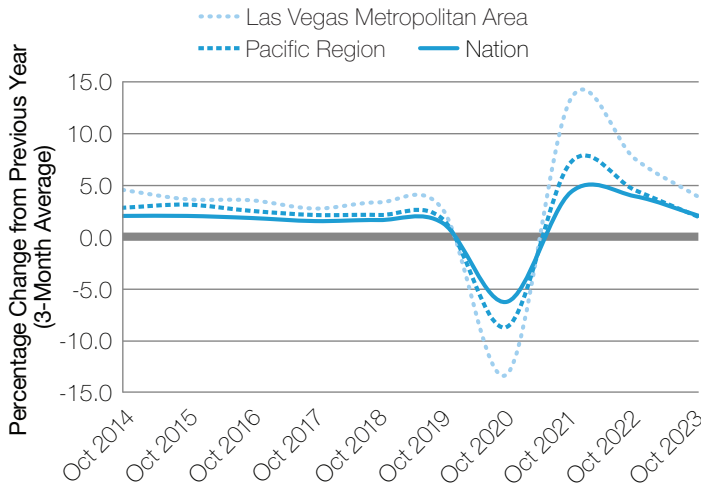
Source: U.S. Bureau of Labor Statistics



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exhibition space throughout the metropolitan area (LVCVA), the leisure and hospitality sector is the largest, accounting for 301,900 jobs, or 26 percent of total nonfarm payrolls, as of the

The Las Vegas metropolitan area has added jobs at a consistently faster rate than the Pacific region and the nation since economic recovery from the pandemic recession began in mid-2021.



Source: U.S. Bureau of Labor Statistics

3 months ending October 2023. The sector includes the largest employers in the metropolitan area—MGM Resorts International and Caesars Entertainment, Inc.—which operate a combined 19 casinos on The Strip alone and employ approximately 56,000 and 26,600 people, respectively. Tourism activity in the metropolitan area has increased significantly after plummeting with the onset of the pandemic, although current activity still lags behind prepandemic levels. Year to date (YTD) as of October 2023, visitor volume increased 5.8 percent to 34.14 million compared with YTD as of October 2022. For context, the metropolitan area had about 42.3 million visitors each year in 2018 and 2019 before the pandemic.

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, Limited	Leisure & Hospitality	11,000

Note: Excludes local school districts.

Source: Las Vegas Global Economic Alliance, 2019

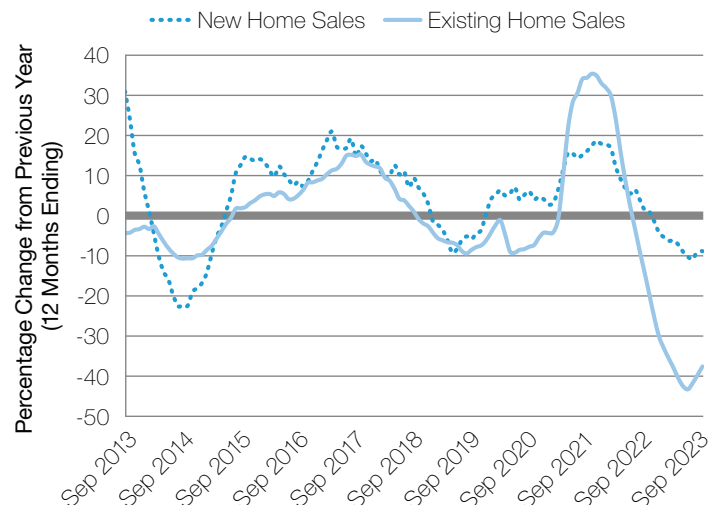
Sales Market Conditions

The sales housing market in the Las Vegas metropolitan area is balanced. The overall sales vacancy rate is currently estimated at 2.2 percent as of November 1, 2023, up from 1.6 percent in April 2020, when conditions were tighter. Market conditions eased when interest rates started to rise significantly in January 2022. However, the rise in rates has also deterred potential sellers from listing their homes, restricting the supply of for-sale housing, which has stopped conditions from becoming soft. Nationwide, more than 60 percent of outstanding mortgages have interest rates below 4.0 percent (Axios). For people seeking to buy homes, the mortgage rate averaged 7.8 percent during the last full week of October 2023 compared with 7.1 percent during the same time a year ago (Freddie Mac). In the metropolitan area, 2.8 months of available inventory was for sale as of October 2023, down from 5.1 months a year ago (Redfin, a national real estate brokerage).

During the 12 months ending September 2023—

- Existing home sales fell almost 38 percent year over year to 32,400, the lowest level of home sales during a corresponding 12-month period since the housing market crash in the late 2000s. For context, existing home sales increased almost 35 percent to 60,650 during the

New and existing home sales in the Las Vegas metropolitan area have fallen substantially since interest rates started to rise in 2022.



Note: Sales are for single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc., with adjustments by the analyst

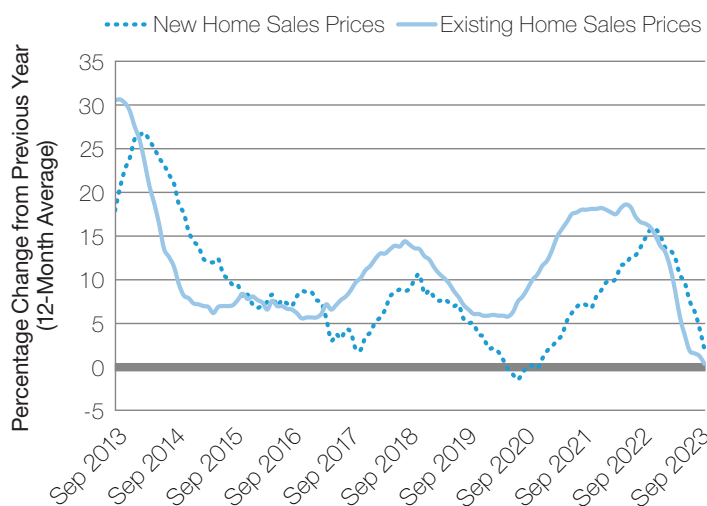
12 months ending September 2021, and sales subsequently fell 14 percent year over year during the 12 months ending September 2022.

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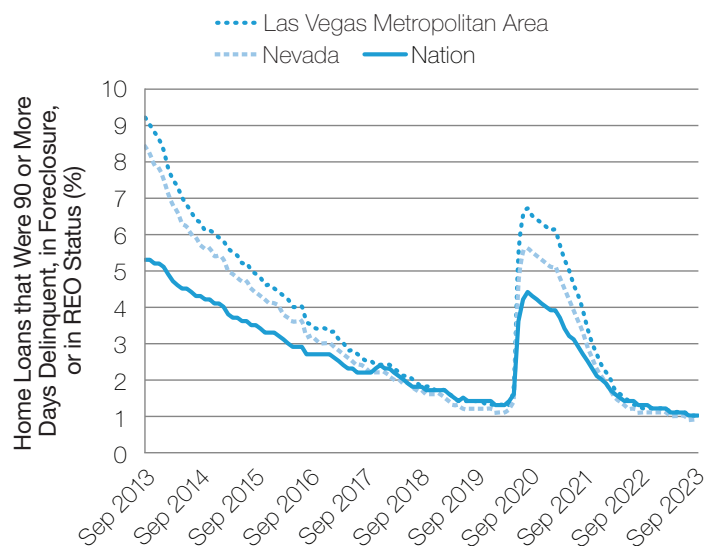
- The average sales price of an existing home was relatively unchanged from the previous 12-month period at \$457,700. Record annual price growth during the corresponding periods in 2021 and 2022 of 18 and 16 percent, respectively, preceded the current price stagnation.
- Approximately 10,750 new homes sold, down almost 9 percent from the same period a year earlier compared with

New and existing home sales price growth in the Las Vegas metropolitan area slowed dramatically during the past year in response to reduced home sales demand.



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

The rate of seriously delinquent mortgages and REO properties rose sharply in the Las Vegas metropolitan area during the early stages of the pandemic but has since converged with the regional and national rates.



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

a 2-percent year-over-year increase during the 12 months ending September 2022. The average new home sales price was \$547,100 during the past 12 months, up 2 percent from a year ago and compared with a 15-percent annual increase during the 12 months ending September 2022.

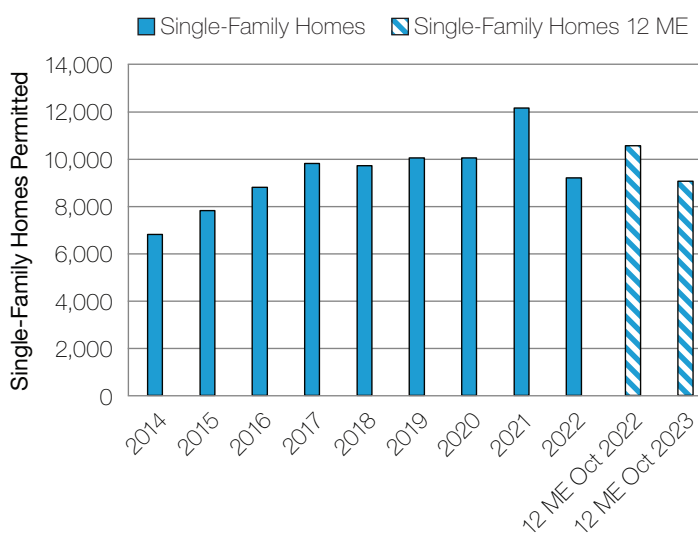
- The percentage of home loans in the metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned status was 1.0 percent as of September 2023—down from 1.2 percent a year ago and well below the recent September high of 6.5 percent in 2020 (CoreLogic, Inc.). The most recent rate for the metropolitan area is slightly higher than the 0.9-percent rate for Nevada and equal to the national rate.

New home construction, as measured by the number of single-family homes permitted, generally increased from 2014 through 2021 in response to strong sales demand. During the past 2 years, however, new home construction fell as rising interest rates caused home sales demand to fall.

- Approximately 9,050 single-family homes were permitted during the 12 months ending October 2023, down 14 percent from 10,550 homes permitted during the 12 months ending October 2022 (preliminary data).
- An average of 7,800 homes were permitted each year from 2014 through 2016 and increased to an average of 9,900 homes permitted each year from 2017 through 2020. New

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New home construction in the Las Vegas metropolitan area fell during the past year in response to slowing price growth and declining sales.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

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home construction reached a record high of 12,150 units permitted in 2021, when sales demand was strongest.

- Recent new home construction has been notably concentrated in the southern and western parts of the metropolitan area. The city of Henderson, which encompasses much of the area immediately southeast of The Strip, has accounted for 27 percent of all single-family permitting in the metropolitan area since the start of 2021.

Apartment Market Conditions

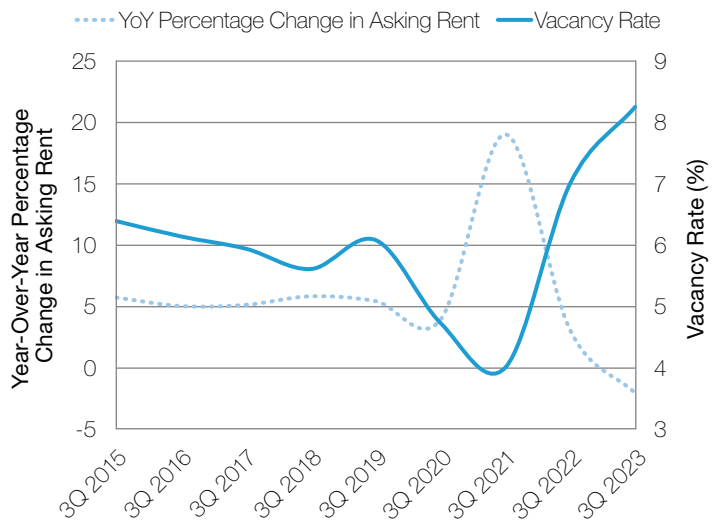
Apartment market conditions in the Las Vegas metropolitan area are slightly soft compared with generally balanced conditions during much of the 2010s. A sharp drop in renter household growth since 2020, coupled with elevated apartment construction, has resulted in slowing absorption and rising vacancy rates. Renter household growth in the metropolitan area has averaged 0.6 percent annually since 2020 compared with 2.3-percent average annual growth from 2010 to 2020.

As of the third quarter of 2023—

- The stabilized apartment vacancy rate in the metropolitan area was 8.2 percent, up from 7.0 percent a year ago and up significantly from an average rate of 4.4 percent during the corresponding quarters of 2020 and 2021 (CoStar Group). The rise in the rate is largely the result of negative net absorption during 6 of the past 8 quarters. Approximately 5,275 units were completed during the 12 months ending September 2023 compared with 1,425 units absorbed.
- The average apartment rent in the metropolitan area fell 2 percent year over year to \$1,392. For context, the strongest third quarter rent growth on record, 19 percent as of the third quarter of 2021, preceded the 3-percent annual gain as of the third quarter of 2022.
- Stabilized vacancy rates were higher than the metropolitan area average in market areas near The Strip, with the highest rate of 10.9 percent shared by the CoStar Group-defined North Las Vegas/Sunrise Manor and the Las Vegas Strip market areas, which both had negative net absorption during the past 12 months. The Summerlin/Spring Valley and the Henderson market areas both had rates below the metropolitan area average at 7.6 and 7.2 percent, respectively, and both market areas had positive net absorption during the past year.
- Rents declined in all CoStar Group-defined market areas in the metropolitan area compared with a year ago and are generally highest in the western and southern parts of the

- Cadence, a 2,200-acre development in the city of Henderson, has been among the 10 highest selling master-planned communities in the country for several years (RCLCO Real Estate Consulting), with nearly 4,450 home sales since sales began in 2014 (*Las Vegas Review-Journal*). Prices range from the low \$400,000s to the high \$600,000s, and as many as 13,250 residential units are expected at buildout.

Slowing renter household growth contributed to rising apartment vacancy rates and declining rents in the Las Vegas metropolitan area during the past year.



3Q = third quarter. YoY = year-over-year.
Note: Vacancy rate data are for stabilized properties.
Source: CoStar Group

metropolitan area. Average rents ranged from \$1,177 in the Central Las Vegas market area to \$1,604 and \$1,675 in the Summerlin/Spring Valley and the Enterprise/South Paradise market areas, respectively.

Builders responded to easing apartment market conditions by reducing apartment construction—as measured by the number of multifamily units permitted—during the past 12 months.

- During the 12 months ending October 2023, multifamily permitting declined 27 percent to 3,075 units from the previous 12-month period (preliminary data). Preceding this decline, permitting was relatively stable from 2019 through 2022, averaging 4,000 units annually.
- Multifamily construction more than doubled in 2014 and 2015 after averaging 1,375 units permitted annually from 2009 through 2013. As population growth remained

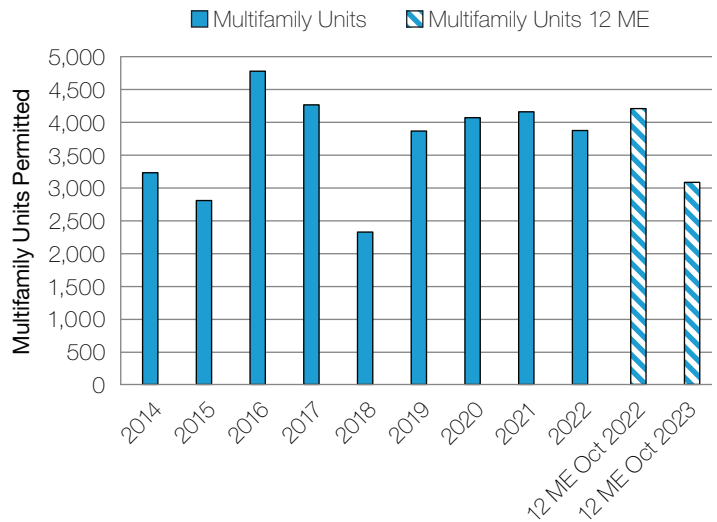
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strong and apartment market conditions continued to tighten, apartment construction surged to an average of 4,500 units permitted annually in 2016 and 2017 and subsequently fell to a low of 2,325 units permitted in 2018 because developers paused to allow the relatively large pipeline to be absorbed.

- Of the estimated 9,325 units under construction in the metropolitan area, the largest concentration, almost one-fourth, is in the Henderson market area, followed by 20 percent in the Summerlin/Spring Valley market area (CoStar Group).
- The plurality of new Class A apartment construction in the metropolitan area since the start of 2022—five developments totaling 1,600 units—has been in the Summerlin/Spring Valley market area, including the 456-unit Evora Vegas development that was completed in early 2023, with rents starting at \$2,205 for studio units and increasing to \$4,468 for three-bedroom units. In the city of Henderson, most new construction is Class B, which includes the 454-unit Society, built in late 2022, with rents starting at \$1,941 for one-bedroom units and increasing to \$2,425 for three-bedroom units.

Historically high vacancy rates and declining apartment rents throughout the Las Vegas metropolitan area caused builders to reduce apartment construction during the past year.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including only those that are stabilized.
Building Permits	Building permits do not necessarily reflect all residential building activity. 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.
Existing Home Sales	Include resales, short sales, and real estate owned sales.
Home Sales/Home Sales Prices	Includes single-family, townhome, and condominium sales.
Net Natural Increase	Resident births are greater than resident deaths.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.
Stabilized	A property is stabilized once a 90-percent or above occupancy rate is reached, or at least 18 months pass since the property was changed from under construction to existing on the CoStar Group website.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
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