



Las Vegas-Paradise, Nevada

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of March 1, 2009



Summary

Housing Market Area



The Las Vegas-Paradise, Nevada Housing Market Area (HMA) consists of Clark County, which is located in southern Nevada, bordering California. Las Vegas, the most populous city in the county and the county seat, is known as the “Entertainment Capital of the World” and the “City That Never Sleeps.” The HMA is one of the leading tourist attractions for family and gambling entertainment in the world and one of the nation’s most active convention venues.

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Economy

Reduced population growth and the effect of the national recession resulted in the loss of 19,000 nonfarm jobs in the Las Vegas-Paradise HMA during the 12-month period ending February 2009. Nonfarm employment declined by 2.1 percent compared with employment levels during the previous 12 months to a total of 909,000. Labor market recovery is expected to begin in early 2010 and, by March 2012, nonfarm employment is forecast to increase by approximately 50,000 to 958,500 jobs.

Sales Market

The sales housing market in the HMA is soft due to a contracting economy and an overproduction of owner-occupied housing units. Price declines contributed to a 41-percent increase in the sale of new and existing homes during the past 12 months, indicating that a recovery is under way. Demand is estimated for 17,600 new homes during the forecast period. Currently, 525 homes are under construction (see Table 1). In addition, the number of other vacant units is estimated to have increased by more than 32,400 since 2000. A portion of these units will likely come back on the market and also satisfy some of the estimated demand for sales units.

Rental Market

Rental housing market conditions are soft, with an overall rental vacancy rate of 9.6 percent as of the current date. Increased competition from single-family rentals and the expected arrival of 3,000 new apartments in 2009 suggest the apartment rental vacancy rate will increase well into 2010. Due to a recovering labor market, the number of households will increase, resulting in the demand for 10,000 market-rate rental units during the forecast period; the 6,000 apartments currently under construction and a portion of the 49,400 other vacant units will partially meet the forecast demand (see Table 1).

Table 1. Housing Demand in the Las Vegas-Paradise HMA, 3-Year Forecast, March 1, 2009 to March 1, 2012

	Las Vegas-Paradise HMA	
	Sales Units	Rental Units
Total Demand	17,600	10,000
Under Construction	525	6,000

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of March 1, 2009. A portion of the 49,400 other vacant units in the HMA will likely satisfy some of the forecast demand.

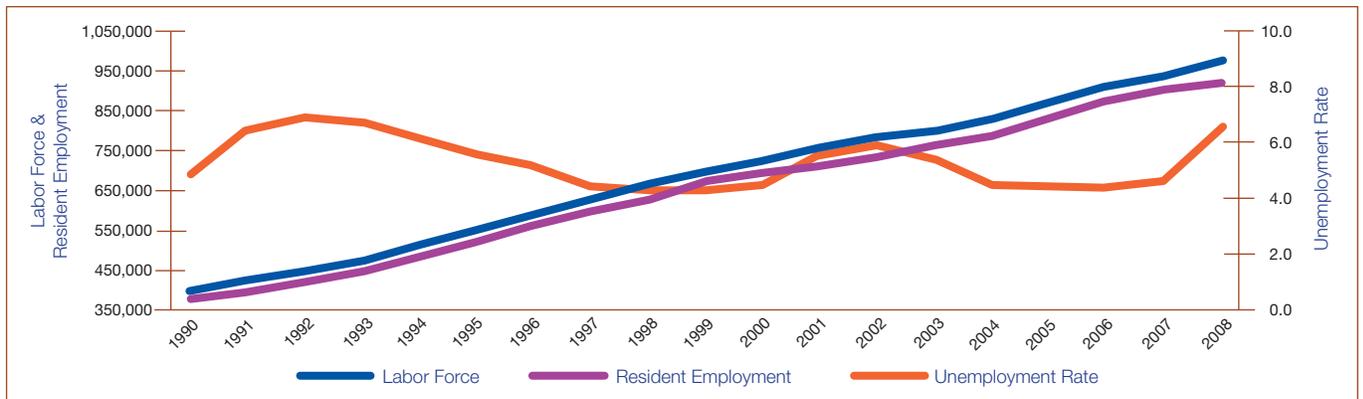
Source: Estimates by analyst

Economic Conditions

Since 2000, nonfarm employment in the Las Vegas-Paradise HMA has increased by 223,500 jobs, or by 25,000 jobs a year, for an average annual percentage increase of 3.5 percent compared with 6.3 percent during the 1990s. Due to reduced labor force growth in relation to job creation, the unemployment rate has averaged 5.1 percent since 2000 compared with 5.5 percent during the previous decade (see Figure 1 for labor market trends from 1990 to 2009). Unlike the 1990s, when employment gains in

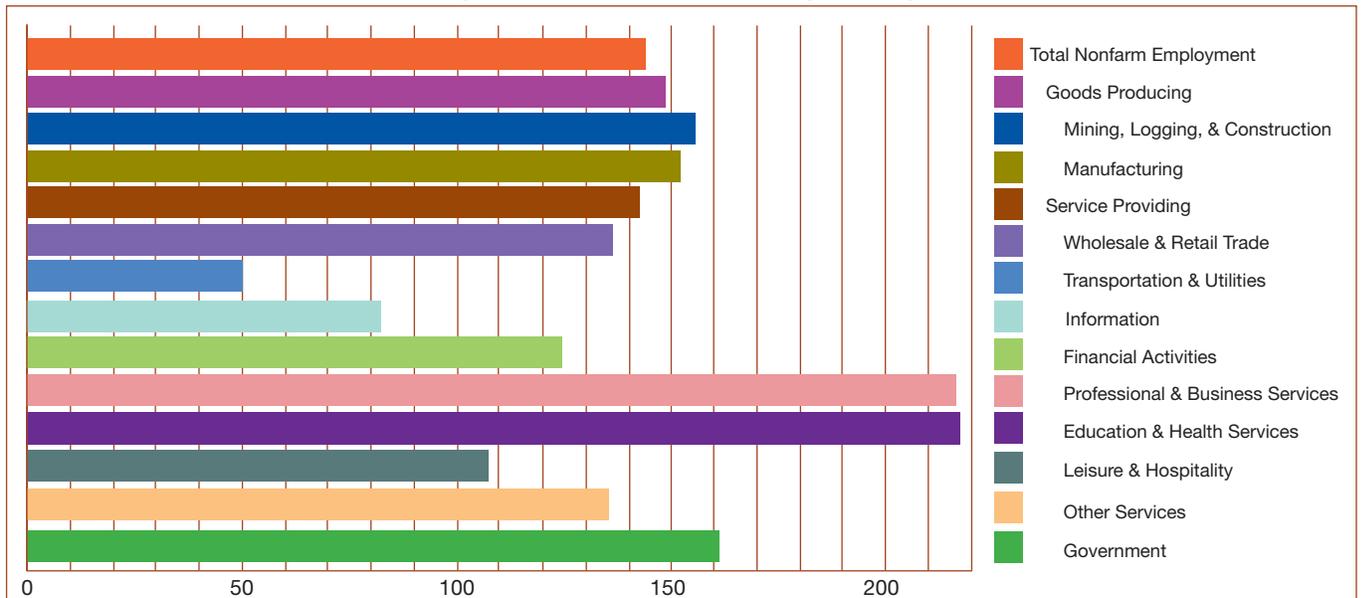
the gambling and hotel industries accounted for 25 percent of the increase in nonfarm employment, most job growth since 2000 has occurred in nongambling industries. The leading job growth sectors since 2000 have been professional and business services and education and health services, which grew at annual average rates of 5 and 6 percent, respectively (see Figure 2 for nonfarm sector growth from 1990 to the current date). The development of several new hotel-casinos on the Las Vegas Strip and

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Las Vegas-Paradise HMA, 1990 to 2009



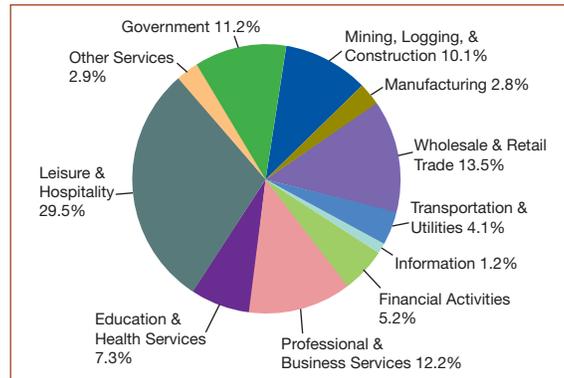
Source: U.S. Bureau of Labor Statistics

Figure 2. Sector Growth in the Las Vegas-Paradise HMA, Percentage Change, 1990 to Current



Note: Current is based on 12-month averages through February 2009.

Source: U.S. Bureau of Labor Statistics

Figure 3. Current Employment in the Las Vegas-Paradise HMA, by Sector

Note: Based on 12-month averages through February 2009.

Source: U.S. Bureau of Labor Statistics

Table 2. Major Employers in the Las Vegas-Paradise HMA

Name of Employer	Employment Sector	Number of Employees
MGM Mirage	Leisure & Hospitality	57,000
Station Casinos	Leisure & Hospitality	38,000
Nellis Air Force Base	Government	14,900
Boyd Gaming Corporation	Leisure & Hospitality	12,000
Clark County, NV	Government	11,175
Wynn Las Vegas	Leisure & Hospitality	10,500
Desert Palace, Inc.	Leisure & Hospitality	8,750
GNS Finance Corporation	Financial Activities	5,750
Rio Properties, Inc.	Leisure & Hospitality	5,250
Venetian Casino Resorts, LLC	Leisure & Hospitality	4,750

Sources: Clark County, Nevada; Economy.com

Table 3. 12-Month Average Employment in the Las Vegas-Paradise HMA, by Sector

	12 Months Ending February 2008	12 Months Ending February 2009	Percent Change
Total Nonfarm Employment	928,300	908,500	-2.1
Goods Producing	128,600	116,800	-9.2
Mining, Logging, & Construction	102,000	92,000	-9.8
Manufacturing	26,600	25,200	-5.3
Service Providing	799,700	791,900	-1.0
Wholesale & Retail Trade	124,700	123,100	-1.3
Transportation & Utilities	37,200	37,500	0.8
Information	11,200	10,900	-2.7
Financial Activities	49,600	47,000	-5.2
Professional & Business Services	115,700	111,000	-4.1
Education & Health Services	63,900	66,700	4.4
Leisure & Hospitality	273,400	267,800	-2.0
Other Services	25,800	26,000	0.8
Government	98,300	101,900	3.7

Notes: Based on 12-month averages through February 2008 and February 2009. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

retail shopping malls in the suburbs has resulted in job growth since 2000, which has been greatest in the following occupations: specialty trade construction, up 20,900 jobs, or 5 percent a year; retail merchandise, up 15,000 jobs, or 7 percent a year; and food services, up 29,500 jobs, or 6 percent a year.

Hotel-casinos and gambling remain the dominant employment industries, accounting for 18 percent of nonfarm jobs in the HMA during the 12 months ending February 2009 (see Figure 3 for employment distribution by sector).

Of the 10 leading employers in the HMA, 6 are hotel-casino operations, including the MGM Mirage, Station Casinos, and Boyd Gaming Corporation (see Table 2). Although hotel-casino and gambling establishment employment fell by a total of 2,900 jobs, or 2 percent, between 2000 and the current date, the development of entertainment and convention facilities during 2009 suggests employment growth in the leisure and hospitality sector will be strong during the forecast period. By the end of 2009, 8 additional hotel-casino projects are scheduled to be completed, adding 823,000 square feet of convention space and 11,475 hotel rooms that are expected to result in approximately 21,450 new jobs. The Cosmopolitan Resort and Casino, which is slated for completion in 2010, is expected to add another 3,000 rooms and 5,400 jobs.

During the 12-month period ending February 2009, nonfarm employment in the HMA decreased by 19,000 jobs, or 2.1 percent, to 909,000 jobs compared with a gain of 5,500 jobs, or 0.6 percent, during the same period a year earlier (see Table 3). Reduced

population growth, a slow sales housing market, and the impact of the national recession resulted in the loss of 10,000 jobs, or 10 percent, in the mining, logging, and construction sector; 5,000 jobs, or 4.1 percent, in the professional and business services sector; and 5,000 jobs, or 2 percent, in the leisure and hospitality sector. In addition, employment at hotel-casinos fell by 8,500 jobs between June and December 2008. During the 12 months ending February 2009, the unemployment rate in the HMA averaged 7.4 percent compared with

an average of 4.8 percent during the previous 12-month period. Despite overall employment declines during the recent 12 months, employment growth in the education and health services sector totaled 3,000 jobs, up 4.4 percent, because of hiring at hospitals, clinics, and private schools.

Nonfarm wage and salary employment is forecast to grow at an average annual rate of 17,000 jobs, or 1.8 percent, during the next 3 years. Growth during the first half of the forecast period is expected to be led by hiring resulting from the hotel-casino projects.

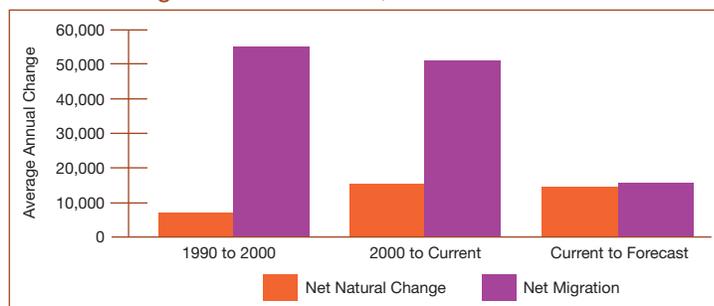
Population and Households

The population of the Las Vegas-Paradise HMA as of the current date is estimated at 1.97 million, indicating an average annual increase of 66,650, or 4.1 percent, from the 2000 Census count of 1.38 million (see Table DP-1 at the end of this report). As shown in Figure 4, net migration averaged a little more than 50,000 people a year between 2000 and the current date, accounting for 77 percent of population growth. Nearly 60 percent of population growth

occurred among 25-to-44-year-olds, who migrated to the HMA because of an expanding job market and attractive lifestyle qualities. During the next 3 years, population growth is forecast to slow to an average annual rate of 1.5 percent, or 29,950 people a year, primarily due to the effect of the national recession.

Household growth in the HMA averaged 23,650 a year, or 3.9 percent, as the total number of households increased from approximately 512,250 in 2000 to 723,000 as of the current date (see Figure 5 for trends in population and household growth from 1990 to the forecast period). Of the 211,000 new households formed since 2000, 142,600, or 68 percent, were owners, raising the percentage of owner households from 59 to 61 percent as of the current date. The relatively low house prices and attractive lending terms that prevailed before 2007 increased opportunities

Figure 4. Components of Population Change in the Las Vegas-Paradise HMA, 1990 to Forecast

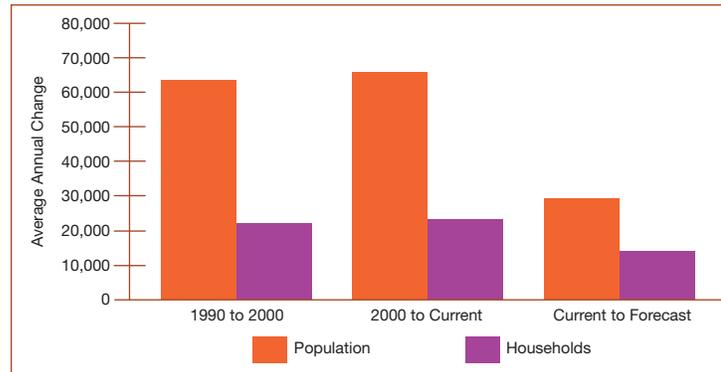


Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

for homeownership, especially for first-time buyers. Figure 6 shows the number of households by tenure from 1990 to the current date. The number

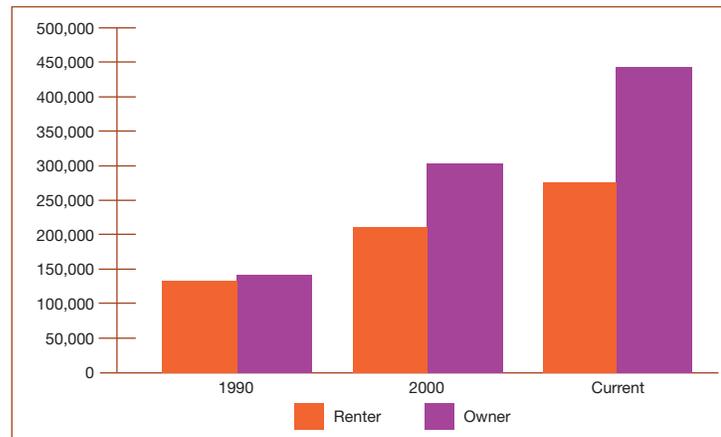
of households is forecast to increase by 10,450 a year, or 1.4 percent, during the next 3 years.

Figure 5. Population and Household Growth in the Las Vegas-Paradise HMA, 1990 to Forecast



Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the Las Vegas-Paradise HMA, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Housing Market Trends

Sales Market

The sales housing market in the Las Vegas-Paradise HMA is soft due to a slowing economy and reduced population growth. Because of the substantial decline in home prices, however, market conditions have recently begun to improve. As of

March 2009, the sales vacancy rate for single-family homes was estimated at 3.8 percent, or approximately 4,000 more vacant homes than is typical for a balanced market. According to data from the *Las Vegas Housing Market Letter*, published by Home Builders

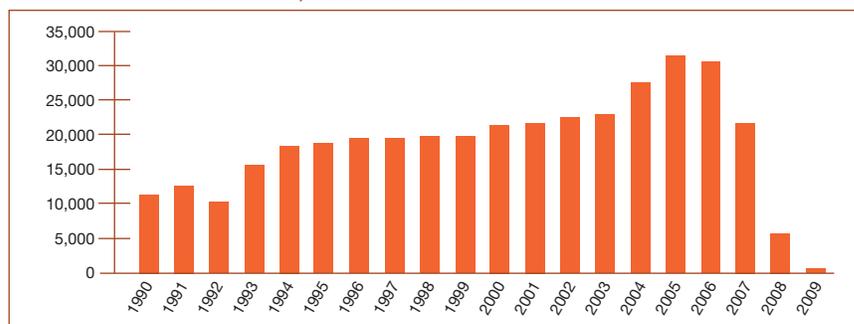
Research, Inc., during the 12 months ending February 2009, sales of existing homes rose to 34,200, indicating a 41-percent increase from a year ago, after falling 43 percent during the 12 months ending February 2008. Sales of existing homes averaged 45,500 a year between 2000 and 2008 and peaked at 64,200 in 2004.

The median sales price of an existing home during the 12 months ending February 2009 was \$189,000, down 28 percent from the price recorded during the 12-month period ending February 2008. The major factor contributing to the decline in existing home prices during the past 12 months has been the volume of foreclosed properties on the market. Sales prices will likely continue to decline in 2009 due to the considerable supply of bank-owned properties that are expected to be listed for sale over the next several months. According to the Greater Las Vegas Multiple Listing Service (MLS), 80 percent of multiple listing sales are bank-owned properties compared with 40 percent a year ago. February 2009 data from the Greater Las Vegas MLS show that 65 percent of existing homes sold during the month were priced under \$250,000 and 80 percent were priced under \$300,000. At 22,100 homes, the inventory of existing single-family

homes for sale has been steady during the 12-month period ending February 2009 and represents 8.5 months of supply compared with the 16-month supply recorded a year ago.

New home sales for the 12-month period ending February 2009 equaled 10,200, down 47 percent from the number of sales during the same period a year ago and 73 percent below the peak 12-month total, which occurred in 2006. During the 12-month period ending March 2009, slowing sales caused single-family construction activity, as measured by the number of building permits issued, to fall to 5,500 homes, a decrease of 55 percent from the number of homes constructed a year ago and the lowest 12-month total since 1982 (see Figure 7 for building permit trends from 1990 to 2009). The median price of new homes sold during the 12 months ending February 2009 fell by 40 percent to \$256,000 as builders shifted construction to smaller homes with fewer amenities. According to Hanley Wood Market Intelligence, 4 of the top 10 subdivisions, based on the number of homes sold during the first quarter of 2009, had average sales prices under \$162,000, with average home sizes between 1,400 and 1,750 square feet and lots between 3,000 and 5,000 square feet.

Figure 7. Single-Family Building Permits Issued in the Las Vegas-Paradise HMA, 1990 to 2009



Notes: Includes only single-family units. Includes data through February 2009.

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

In tandem with sales for existing single-family homes, falling prices have spurred condominium sales. During the 12 months ending February 2009, new and existing condominium sales totaled 28,500, indicating an 87-percent increase compared with the number sold during the 12-month period ending February 2008. For the 12-months ending February 2009, the Greater Las Vegas MLS data show the average price of a condominium sold was

Housing Market Trends

Sales Market *Continued*

\$155,700, down 36 percent from the average price recorded during the same 12-month period a year ago. As of February 2009, the inventory of condominiums for sale was 5,900

units, which is 6 percent higher than the inventory recorded a year ago. As of February 2009, according to the McGraw-Hill Construction Pipeline database, 5,750 condominium units in 19 projects were under construction.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Las Vegas-Paradise HMA, March 1, 2009 to March 1, 2012

Price Range (\$)		Units of Demand	Percent of Total
From	To		
150,000	174,999	700	4.0
175,000	199,999	1,400	8.0
200,000	224,999	2,250	12.9
225,000	249,999	4,350	25.0
250,000	274,999	2,100	12.1
275,000	299,999	1,750	10.1
300,000	349,999	1,400	8.0
350,000	399,999	700	4.0
400,000	549,999	700	4.0
550,000	599,999	525	3.0
600,000	649,999	525	3.0
650,000	749,999	350	2.0
750,000	and higher	650	3.7

Notes: A portion of the 49,400 other vacant units in the HMA will likely satisfy some of the forecast sales demand. In addition, during the next 3 years, demand is estimated for 200 mobile homes, which are not included in the above distribution.

Source: Estimates by analyst

Based on projected job and household growth in the HMA, demand is estimated for 17,600 new homes during the 3-year forecast period. Approximately 25 percent of the new home demand is expected to be for condominiums and townhomes. Currently, 525 homes are under construction in the HMA. In addition, an estimated 49,400 other vacant units are currently in the HMA, an increase of 32,400 units since 2000. A portion of these units will likely return to the sales market and satisfy some of the estimated demand. Demand for new market-rate sales housing by price range is illustrated in Table 4.

Rental Market

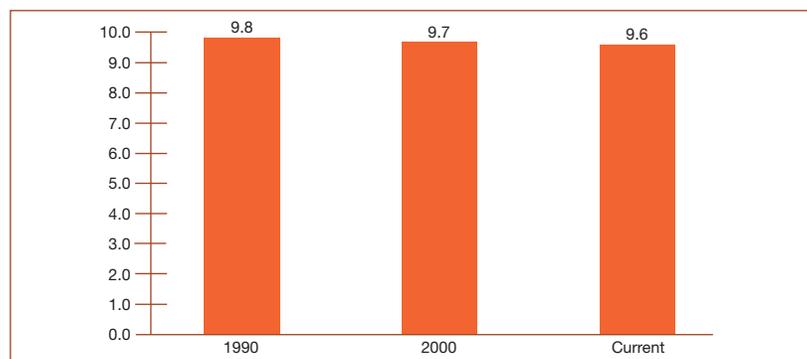
The rental housing market was soft as of March 2009, mainly due to an increase in apartment construction activity and the significant number of single-family homes and condominiums that shifted to the rental market in recent years. MPF Research estimated that approximately 3,200

apartment units were completed in 2008 compared with 2,300 completed in 2007. According to Reis, Inc., approximately 500 condominiums were converted to rental apartments in 2008 compared with 550 conversions in 2007 and 3,500 in 2006. The overall rental vacancy rate as of March 1, 2009, is estimated at 9.6 percent.

According to CB Richard Ellis' most recent survey of 101,400 rental units, the apartment vacancy rate increased from 7.7 percent in 2008 to 10 percent as of February 2009. Figure 8 shows the rental vacancy rate for 1990, 2000, and the current date.

The CB Richard Ellis survey found that the average rent for all apartment types fell 1 percent from the fourth quarter of 2007 through the fourth

Figure 8. Rental Vacancy Rates in the Las Vegas-Paradise HMA, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Housing Market Trends

Rental Market *Continued*

quarter of 2008, from \$932 to \$925. As of the fourth quarter of 2008, the average rent for a one-bedroom apartment was \$730, for a two-bedroom apartment was \$930, and for a three-bedroom apartment was \$1,130. Concession offers averaging 1 month's free rent with a 12-month lease were available at 78 percent of the properties surveyed during the fourth quarter of 2007. As of the end of 2008, 92 percent of properties surveyed were offering 1 month's free rent, rent reductions, and reduced move-in costs.

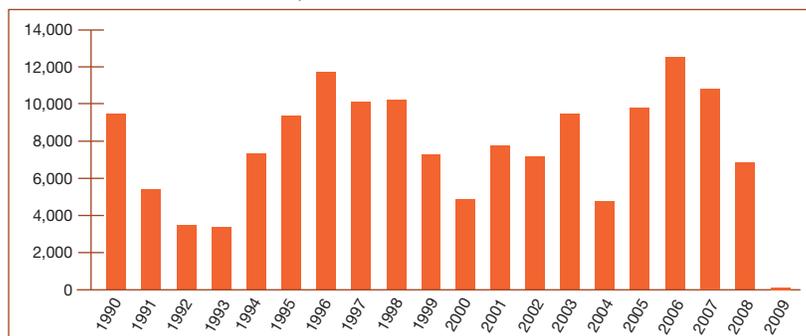
During 2008, CB Richard Ellis estimates that approximately 4,200 apartments were built compared with 4,500 built in 2007. According to CB Richard Ellis' *Development Report*, as of February 2009, approximately 6,000 apartment units were under construction.

Multifamily construction, as measured by the number of multifamily units permitted, totaled 5,775 units for the 12-month period ending February 2009 compared with the 10,700 units permitted during the same period a year earlier (see Figure 9 for building permit trends from 1990 to 2009). Approximately one-third of new multi-

family construction was condominium developments compared with 50 percent in 2006 and 2007 and 80 percent in 2004 and 2005. The 46-percent decline in multifamily permit activity was largely due to ongoing weakness in the condominium sales market, leading developers to abandon plans for building new projects. As of the current date, approximately 6,000 units are under construction compared with 2,650 units a year ago. Developer Fairfield Residential, LLC's projects account for 25 percent of all apartments under construction, the largest of which are the Loreto and Palacio complexes totaling 739 units. These two projects, located on adjacent properties in Las Vegas, are expected to be completed in December 2009. Approximate scheduled rents are \$1,000 for a one-bedroom apartment; \$1,150 for a two-bedroom, one-bathroom apartment; and \$1,400 for a two-bedroom, two-bathroom apartment.

Since 2000, an average of 7,000 rental units a year were absorbed in the HMA. Slower economic growth, however, suggests that the demand for rental units will not keep pace with the rate observed so far in this decade. As a result, rental demand is forecast at just 3,300 units a year from March 2009 through February 2012. Therefore, with approximately 6,000 apartments currently under construction, no newly constructed units will be needed until 2011. In addition, an estimated 49,400 other vacant units are currently in the HMA, an increase of 32,400 units since 2000. A portion of these units will likely return to the rental market and satisfy some of the estimated demand. Table 5 illustrates demand for new market-rate rental housing by number of bedrooms and rent level.

Figure 9. Multifamily Building Permits Issued in the Las Vegas-Paradise HMA, 1990 to 2009



Notes: Includes all multifamily units in structures with two or more units. Includes data through February 2009.

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

Housing Market Trends

Rental Market *Continued*

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Las Vegas-Paradise HMA, March 1, 2009 to March 1, 2012

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
750	500	925	3,150	1,100	5,350	1,400	1,000
800	425	975	2,800	1,150	4,425	1,450	900
850	375	1,025	2,575	1,200	4,050	1,500	800
900	350	1,075	2,325	1,250	3,625	1,550	700
950	300	1,125	2,025	1,300	3,150	1,600	575
1,000	225	1,175	1,700	1,350	2,675	1,650	500
1,050	225	1,225	1,425	1,400	2,250	1,700	450
1,150	200	1,325	1,150	1,500	1,825	1,800	325
1,250	125	1,425	900	1,600	1,825	1,900	250
1,350	125	1,525	725	1,700	1,175	2,000	175
1,450	100	1,625	575	1,800	800	2,100	150
and higher		and higher		and higher		and higher	

Notes: Distribution above is noncumulative. Demand shown at any rent represents demand at that level and higher. A portion of the 49,400 other vacant units in the HMA will likely satisfy some of the forecast rental demand.

Source: Estimates by analyst

Data Profile

Table DP-1. Las Vegas-Paradise HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	387,881	681,692	921,600	5.8	3.8
Unemployment Rate (%)	4.9	4.4	7.4		
Nonfarm Employment	373,600	685,100	908,600	6.3	3.5
Total Population	741,450	1,375,765	1,970,500	6.4	4.1
Total Households	287,025	512,253	723,000	6.0	3.9
Owner Households	149,007	302,834	444,200	7.3	4.4
Percent Owner (%)	51.9	59.1	61.4		
Renter Households	138,018	209,419	278,800	4.3	3.3
Percent Renter (%)	48.1	40.9	38.6		
Total Housing Units	317,188	559,799	819,600	5.8	4.4
Owner Vacancy Rate (%)	2.5	2.6	3.8		
Rental Vacancy Rate (%)	9.8	9.7	9.6		
Median Family Income	\$35,172	\$50,485	\$65,400	3.7	2.6

Notes: Median family income data are for 1989, 1999, and 2009. Employment data represent annual averages for 1990, 2000, and the 12 months through February 2009.

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

Data Definitions and Sources

1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 3/1/2009—Analyst's estimates

Forecast period: 3/1/2009–3/1/2012—Analyst's estimates

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.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_LasVegas-ParadiseNV_09.pdf.

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This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (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 www.huduser.org/publications/econdev/mkt_analysis.html.