

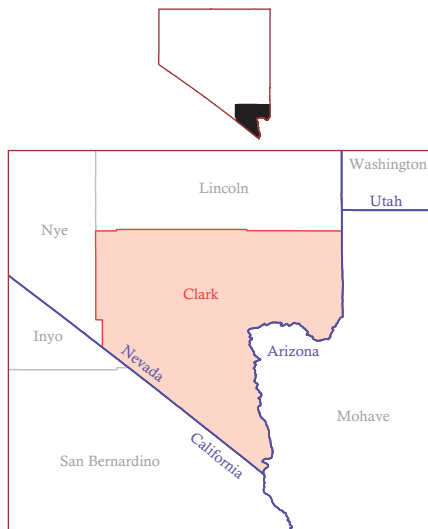


Las Vegas-Henderson-Paradise, Nevada

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of January 1, 2018



Housing Market Area



The Las Vegas-Henderson-Paradise Housing Market Area (hereafter, Las Vegas HMA) is coterminous with the Las Vegas-Henderson-Paradise, NV Metropolitan Statistical Area (MSA), which consists of Clark County at the southern tip of Nevada. Tourism, including the largest casino gaming market in the nation, either directly or indirectly supported 407,000 jobs and generated an estimated \$59.59 billion in economic benefit for the HMA during 2016 (Las Vegas Convention and Visitors Authority [LVCVA]).

Summary

Economy

Job growth in the Las Vegas HMA has accelerated since 2014, with nonfarm payrolls surpassing the prerecession high in 2016. During 2017, total nonfarm payrolls increased by 28,900 jobs, or 3.0 percent, to 978,100, following an increase of 30,500 jobs, or 3.3 percent, a year ago. Nonfarm payrolls currently exceed the prerecession high of 928,100 jobs in 2007 by 5.4 percent. The unemployment rate declined for the seventh consecutive year in 2017 to an average of 5.1 percent, down from 5.8 percent in 2016.

Sales Market

The sales housing market in the HMA is currently balanced, with reduced single-family home construction, increased population growth, and significant investment activity contributing to absorption of excess inventory created during the housing crisis. The sales vacancy rate is currently estimated at 2.5 percent, down from 6.2 percent in April 2010. During the 3-year forecast period, demand is expected for 37,700 new homes (Table 1). The 5,300 homes currently under construction and a portion of the estimated 48,450 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 strong renter household growth and low levels of multifamily construction contributing to declining vacancy rates since the early 2010s. The overall rental vacancy rate is currently estimated at 6.6 percent, down from 13.4 percent in April 2010. During the forecast period, demand is expected for 16,750 new market-rate rental units; the approximately 4,150 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	37,700	16,750
Under construction	5,300	4,150

* 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, 2018. The forecast period is January 1, 2018, to January 1, 2021.
 Source: Estimates by analyst

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The Las Vegas HMA was hit particularly hard during the most recent recession but has added jobs each year since 2011, and total nonfarm payrolls currently exceed the 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 compared with the nation, which lost jobs in 2003 and expanded only by an average of 1.4 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 1.7 percent a year. Job growth in the HMA has accelerated significantly since 2014. From 2014 through 2016, the HMA added an average of 33,300 jobs, or 3.8 percent, each year, much higher than the 1.9-percent average annual rate for the nation during the period.

Total nonfarm payrolls in the HMA averaged 978,100 in 2017, an increase of 28,900 jobs, or 3.0 percent, from 2016 (Table 2) compared with a 1.6-percent increase for the nation. During 2017, job growth in the HMA resulted from gains in every sector except the transportation and the utilities and information sectors, which declined by 1,200 and 100 jobs, or 2.9 and 0.9 percent, respectively. The mining, logging, and construction sector, which expanded by 8,400 jobs, or 15.1 percent, in 2017 has been the fastest growing sector in the HMA since 2013, after losing the most jobs during the recession due to significant increases in both residential and nonresidential construction. In part, because of a dramatic slowdown in construction after significant overbuilding during the mid-2000s, the sector lost 6,000 jobs, or 5.5 percent, in 2007 and declined by an average of 19,300 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 has since increased by an average of 5,300 jobs, or 11.2 percent, annually. Recent job growth in the sector, which rose an average of 17 percent annually from 2012 through 2017, resulted from increased residential construction and several large commercial projects. Of particular note, Project NEON, a \$1.5 billion expansion of Interstate 15 between Sahara Avenue and Interstate 515, began in 2016. The project, which currently supports approximately 4,000 jobs, is expected

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

	12 Months Ending		Absolute Change	Percent Change
	December 2016	December 2017		
Total nonfarm payroll jobs	949,200	978,100	28,900	3.0
Goods-producing sectors	77,700	86,600	8,900	11.5
Mining, logging, & construction	55,600	64,000	8,400	15.1
Manufacturing	22,100	22,600	500	2.3
Service-providing sectors	871,500	891,500	20,000	2.3
Wholesale & retail trade	128,200	129,100	900	0.7
Transportation & utilities	41,500	40,300	-1,200	-2.9
Information	11,100	11,000	-100	-0.9
Financial activities	48,300	50,300	2,000	4.1
Professional & business services	133,800	140,600	6,800	5.1
Education & health services	91,700	95,700	4,000	4.4
Leisure & hospitality	286,100	289,800	3,700	1.3
Other services	30,700	32,500	1,800	5.9
Government	100,000	102,300	2,300	2.3

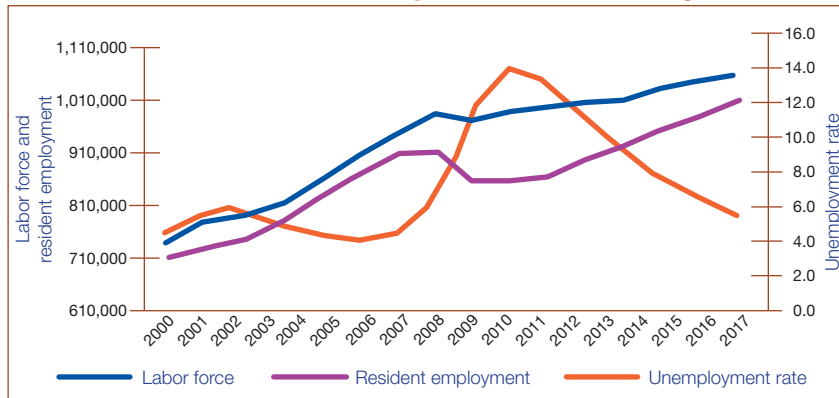
* Las Vegas-Henderson-Paradise HMA.

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through December 2016 and December 2017.

Source: U.S. Bureau of Labor Statistics

to be complete in 2019. Preliminary construction is also under way on Las Vegas Stadium, which will be the eventual home of the National Football League's Raiders franchise.

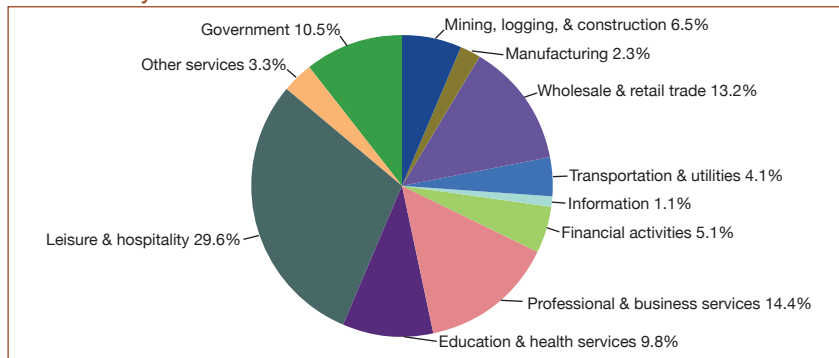
Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Las Vegas HMA,* 2000 Through 2017



* 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 2017.

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 Entertainment Corporation	Leisure & hospitality	26,600
Wynn Resorts Holdings, LLC	Leisure & hospitality	11,000
Station Casinos	Leisure & hospitality	10,000
Las Vegas Sands Corp.	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
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 facility, which will cost an estimated \$1.9 billion and include 65,000 seats, is expected to support as many as 18,700 jobs during construction and create an estimated 5,700 permanent jobs when completed in 2020. The unemployment rate in the HMA averaged 5.1 percent in 2017, down from 5.8 percent a year ago and well below the high of 13.8 percent in 2010. By comparison, the national unemployment rate averaged 4.4 percent during 2017, down from 4.9 percent in 2016 and 9.6 percent in 2010. Figure 1 shows trends in the labor force, resident employment, and the average unemployment rate in the HMA from 2000 through 2017.

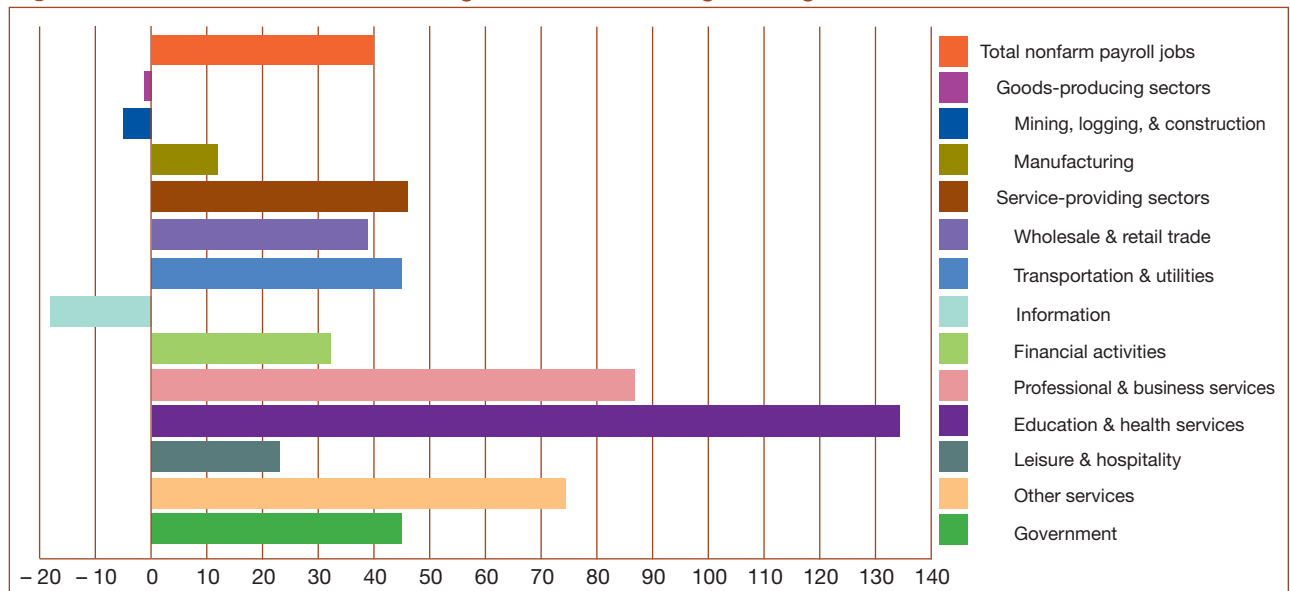
Because of the presence of approximately 75 casinos, 160,700 hotel rooms, and more than 11 million square feet of meeting and exhibition space (LVCVA), the leisure and hospitality sector is the largest in the HMA and accounted for 289,800 jobs, or 29.6 percent of total nonfarm payrolls, during 2017 (Figure 2). The sector includes 6 of the 10 largest employers in the HMA, including MGM Resorts International and Caesars Entertainment Corporation, which each operate 10 casinos in the HMA and employ approximately 56,000 and 26,600 people, respectively (Table 3). 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, and the number of visitors and gross gaming revenue declined by averages of 4 and 10 percent a year, respectively. Improving economic conditions throughout the nation have contributed to job growth in the leisure and hospitality sector since 2010, with the number of visitors increasing during 5 of the past 8 years and gross gaming revenue increasing

during all but 1 of those years. The sector has added more jobs than any other sector in the HMA since 2011, expanding by an average of 5,200 jobs, or 1.9 percent, annually during the period and, in 2014, surpassed the previous sector high of 273,100 jobs, which occurred in 2007. The HMA hosted 42.2 million visitors in 2017, down 2 percent from a record high of 42.9 million in 2016 but 8 percent higher than the prerecession peak of 39.2 million in 2007. Gross gaming revenue totaled \$9.98 billion in 2017, a 3-percent increase from 2016 and the second highest annual figure on record, below only the \$10.89 billion in 2007. The sector has benefited from the completion of several tourism-oriented projects since the recession. 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, and 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 combined to create approximately 3,000 permanent jobs when they were completed in 2016.

The education and health services sector has been the fastest growing sector in the HMA during the past 17 years (Figure 3) and is the only sector that has not lost jobs in any year during that period. The sector has increased by an average of 3,200 jobs, or 5.1 percent, annually since 2001, including an average of 3,700 jobs, or 4.6 percent, annually since 2011. Healthcare providers 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 42.6 years in 2016 (American Community Survey

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 2017.

Source: U.S. Bureau of Labor Statistics

[ACS] 1-year data), is currently home to the most significant healthcare development currently under way in the HMA. Henderson Hospital, which broke ground in 2014, became the third hospital in the city and created 700 permanent jobs when it opened in 2016. The facility represents the first phase of the Union Village integrated healthcare development, which will eventually encompass more 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 support as many as 5,000 jobs during construction and create a combined 12,000 permanent healthcare and retail jobs on completion.

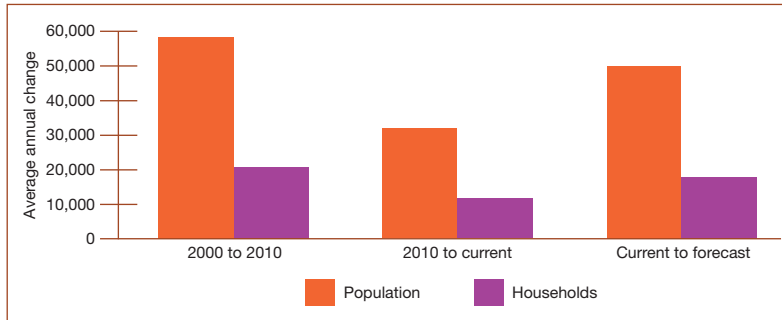
Economic conditions in the HMA are expected to continue to strengthen during the 3-year forecast period, with the leisure and hospitality, the mining, logging, and construction, and the education and health services sectors continuing to lead job growth. The

currently under construction Resorts World Las Vegas, a 6,583-room casino and resort on the site of the former Stardust Resort and Casino, will create approximately 13,000 permanent jobs beginning in 2018 when the first phase is completed. Job growth in the mining, logging, and construction sector is expected to remain strong as residential construction continues to increase and multiple large-scale commercial projects, including Las Vegas Stadium and an \$860 million expansion and renovation of the Las Vegas Convention Center, begin in earnest. The education and health services sector will also contribute to overall job growth. In addition to the ongoing development at Union Village, Sunrise Hospital & Medical Center recently broke ground on a \$130 million expansion of its facility in the city of Las Vegas. Consisting of 253,000 square feet of new space, including 72 surgery and intensive care beds, a pediatric cardiovascular unit, and an imaging suite, the expansion is expected to be complete by 2020.

Population and Households

During the early 2000s, the Las Vegas HMA benefited from rapid population growth resulting from 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, 2018, the population of the HMA is estimated at 2.23 million, an average annual increase of 35,450, or 1.7 percent, since April 2010 (Figure 4). Net in-migration averaged 23,650 people

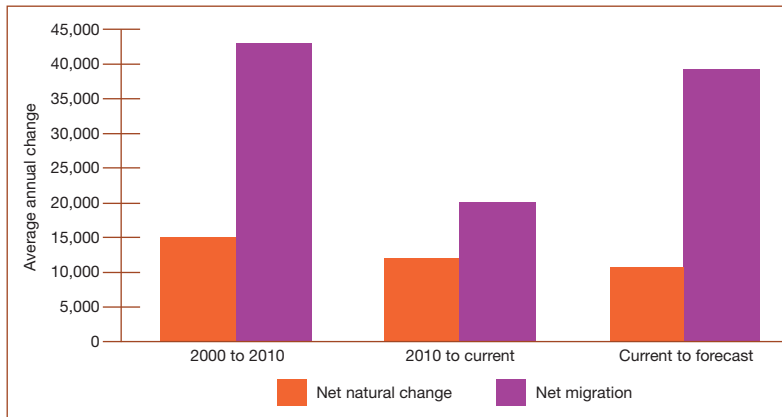
each year and accounted for 67 percent of total population growth during the period (Figure 5). By comparison, strong job growth contributed to average annual population growth of 67,850 people, or 4.3 percent, from 2000 to 2007, the fastest rate during this time for any HMA in the nation with more than 1 million residents (U.S. 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

Population and Households *Continued***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, 2018. The forecast date is January 1, 2021.

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, 2018. The forecast date is January 1, 2021.

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

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 Las Vegas 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 the Las Vegas Strip (The Strip). Las Vegas is the largest city in the HMA, with 632,912 residents, followed by Henderson,

with 292,969, and North Las Vegas, with 238,702 (Census Bureau population estimates as of July 1, 2016). North Las Vegas, where home prices are approximately 19 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 2016 (Census Bureau decennial census counts and population estimates as of July 1). Henderson expanded at an average annual rate of 3.2 percent during the period, followed by the city of Las Vegas at 1.7 percent. Paradise, an unincorporated Census Designated Place (CDP) that includes The Strip, is between the cities of Las Vegas and Henderson. Paradise was home to 242,013 residents as of 2016, an average annual increase of 1.6 percent since 2000 (Census Bureau decennial census counts; 2016 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 76 percent of the net in-migration to the Las Vegas HMA from 2010 through 2015 (Internal Revenue Service tax return data). Los Angeles and Orange Counties, where home prices are approximately 166 and 197 percent higher than in the Las Vegas HMA, accounted for 56 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 13 percent of the population of the Las Vegas HMA, and residents born in Asia account for 7 percent. By comparison, residents born in Latin America and

Population and Households *Continued*

Asia represent 7 and 4 percent of the population of the nation, respectively (2016 ACS 1-year data).

Household growth in the HMA 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 to 2010, the number of households in the HMA increased from 512,253 to 715,365, an average annual rate of 3.4 percent. As with population growth, the rate of household growth was much slower during the later part of the decade than the first part. From 2007 to 2010, the number of households expanded by an average of only 0.8 percent each year (ACS 1-year data). The number of households in the HMA is

currently estimated at 813,000, an average annual increase of 12,600, or 1.7 percent, since April 2010. Renter household growth, which averaged 2.8 percent a year during the period, accounted for about 74 percent of total 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 53.4 percent, down from 57.1 percent in 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 64.2 percent during the fourth quarter of 2017.

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 49,650 people, or 2.2 percent, annually, and net in-migration is expected to increase to an average of 38,400 people annually. The number of households is expected to increase at an average annual rate of 2.1 percent, or by 17,400. The homeownership rate is expected 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 strengthening 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, 2018.

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

Housing Market Trends

Sales Market

The Las Vegas HMA sales housing market 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, strengthening economic conditions, increased population growth, and significant investment activity subsequently contributed to absorption of that excess inventory. The sales housing market in the Las Vegas HMA is currently balanced, with a sales vacancy rate estimated at 2.5 percent, down from 6.2 percent in April 2010, which was the second highest figure of all MSAs in the nation at the time. As of December 2017, the Las Vegas HMA had a 2.5-month supply of available inventory, down from 3.1 months during December 2016 and less than one-half the December high of 5.9 months in 2010 (Redfin). By comparison, national data show a 2.6-month supply as of December 2017, down from 3.0 months in December 2016 and a December high of 6.2 months in 2010. Consistent with the decline in available inventory, the median days on market was 57 days in the Las Vegas HMA during December 2017, down from 72 days in December 2016 but higher than the national median of 49 days.

Declining levels of available inventory also contributed to increased new home sales activity. During 2017, the number of new homes sold totaled 9,275, up 12 percent from the 8,275 sold during 2016 (CoreLogic, Inc., with adjustments by the analyst). The number of new homes sold in 2017 represents a 73-percent increase from 2009, when only 5,350 new homes sold, the lowest figure on record. New home sales are well below

the prerecession high of 38,600 in 2005, however. From 2006 through 2009, during the housing crisis, the number of new homes sold declined an average of 39 percent annually. During 2017, the average sales price for new homes increased 3 percent, to \$390,200, following an 8-percent increase during 2016 and currently exceeds the pre-recession high. The average new home sales price has increased an average annual 10 percent since 2012, after declining an average annual 13 percent from \$380,500 during 2007 to \$219,500 in 2011.

Existing home sales totaled 53,400 during 2017, up 12 percent from 47,850 during 2016. The increase was dampened by a 51-percent decline in real estate owned (REO) sales, which totaled 1,675 in 2017, and a 64-percent decline in short sales, which totaled 1,075. Regular resales increased 22 percent to 50,600. The number of existing home sales has increased an average of 8 percent annually since 2015, after declining an average of 7 percent annually from 2012 through 2014 because of rapidly falling levels of REO and short sales. REO sales fell from 25,600 in 2011 to 4,975 in 2014, an average annual decline of 42 percent, and the number of short sales reached a high of 13,750 in 2012, before declining an average of 41 percent annually to 4,750 in 2014. REO sales peaked at 66 percent of all existing sales in 2009, and short sales peaked at 28 percent of all existing sales in 2012. Those figures were only 3 and 2 percent, respectively, during 2017. Regular resales increased an average of 19 percent annually from a low of 11,650 in 2008 to 32,900 in 2014.

Housing Market Trends

Sales Market *Continued*

The average sales price for an existing home was \$257,600 in 2017, up 11 percent from \$231,900 in 2016. Since reaching a low of \$131,100 in 2011, the average sales price for an existing home has increased an average of 12 percent a year but is 25 percent below the pre-recessionary high of \$342,800 in 2006. The average sales prices for REO and short sales in 2017 were \$209,700 and \$202,100, 19 and 22 percent below the average of \$260,400 for regular resales, respectively.

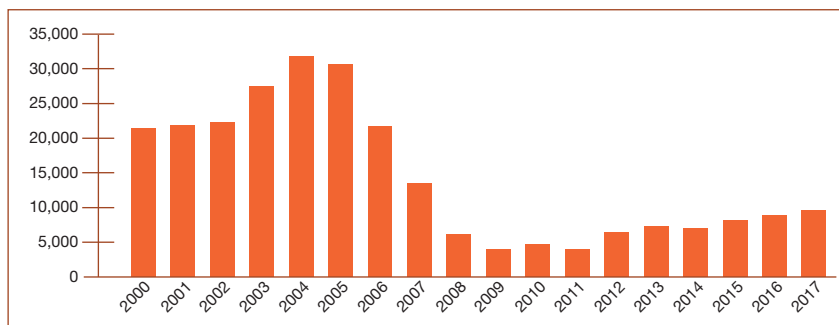
Condominium sales, which accounted for 27 percent of all new home sales from 2005 through 2007, have accounted for only 5 percent of all new home sales since 2010, with many projects stalling or being converted to apartments in the late 2000s. Rising home prices contributed to increased interest in smaller housing units, and some new condominium developments are under way. Notably, construction at Affinity, a 485-unit development approximately 10 miles northwest of The Strip, began in early 2017. The development includes 405 condo units, with prices currently ranging from the low \$200,000s to the mid-\$400,000s.

The HMA experienced some of the highest foreclosure rates in the nation during the late 2000s and early 2010s.

However, job growth, increased net in-migration, and relatively high levels of investment activity contributed to a substantial reduction in the number of seriously delinquent loans (loans that are 90 or more days delinquent or in foreclosure). The percentage of home loans in the HMA that were seriously delinquent or had transitioned into REO status was 2.4 percent in December 2017, down from 3.4 percent in December 2016 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 2.4 percent in December 2017, down from 2.7 percent in December 2016 and a December high of 8.4 percent in 2009. Purchases by absentee owners accounted for 33 percent of all home sales in the HMA from 2010 through 2017, notably higher than the 25 percent rate for the nation (Metrostudy, A Hanley Wood Company). The difference was particularly distinct from 2012 through 2014, when absentee owners accounted for 40 percent of all homes sales in the HMA compared with 26 percent for the nation.

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 2012. Single-family permitting is significantly below the record levels of the mid-2000s, however (Figure 7). During 2017, 9,800 single-family homes were permitted, up 11 percent from the 8,800 homes permitted during 2016 (preliminary data). An average of 6,950 single-family homes were permitted each year from 2012 through 2015, up from the average

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 2017.

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

of only 4,525 homes permitted each year from 2008 through 2011, the lowest 4-year average since the 4,475 homes permitted each year from 1980 through 1983. By comparison, an average of 27,950 homes were permitted each year from 2002 through 2005, the highest figure on record for a 4-year period, as economic conditions and population growth were strong.

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, but since a scaled-down version of the project was approved in 2013,

it has been one of the most active master-planned communities in the nation in terms of home sales. The number of homes sold in the development has ranked in the top 10 of all master-planned communities in the nation each year since 2015 (Robert Charles Lesser & Co.). In 2017, 840 homes sold, up from 560 during 2016 and the third highest figure in the nation. In total, more than 2,500 of a possible 8,500 homes have sold to date, with prices currently starting in the low \$200,000s for new townhomes and ranging to more than \$500,000 for new single-family homes.

During the 3-year forecast period, demand is expected for 37,700 new homes (Table 1). The 5,300 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 \$250,000 to \$449,999 (Table 4). Significant demand is also expected for single-family homes priced from \$450,000 to \$549,999. An estimated 48,450 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		
180,000	249,999	3,775	10.0
250,000	349,999	9,425	25.0
350,000	449,999	9,425	25.0
450,000	549,999	7,550	20.0
550,000	649,999	3,775	10.0
650,000	and higher	3,775	10.0

* Las Vegas-Henderson-Paradise HMA.

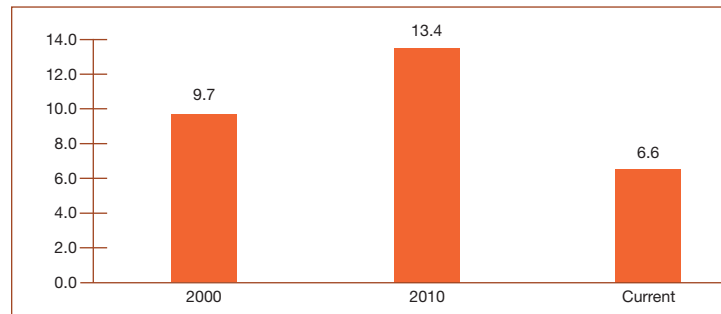
Notes: The 5,300 homes currently under construction in the HMA will likely satisfy some of the forecast demand. The forecast period is January 1, 2018, to January 1, 2021.

Source: Estimates by analyst

Rental Market

A surplus of single-family homes converted to rental units contributed to soft rental housing market conditions in the Las Vegas HMA in the late 2000s and early 2010s. Increased renter household growth, slowed conversion of single-family homes to rental units, and 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 6.6 percent as of January 1, 2018, 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 only 40 percent of all renter-occupied units in 2016.

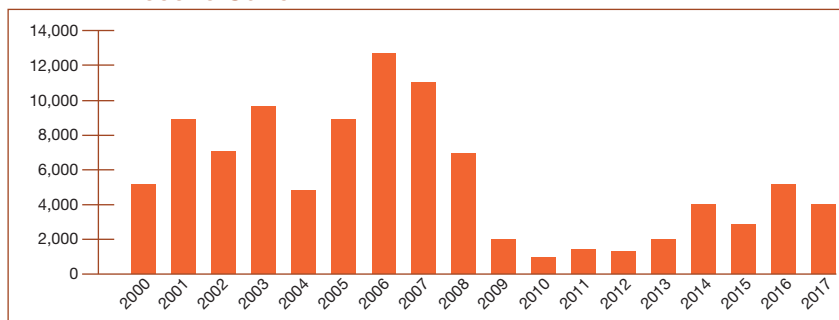
Figure 8. Rental Vacancy Rates in the Las Vegas HMA,* 2000 to Current

* Las Vegas-Henderson-Paradise HMA.

Note: The current date is January 1, 2018.

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

The apartment market is also balanced, with historically low levels of multifamily permitting in the early 2010s contributing to declining vacancy rates and strong rent growth. The vacancy rate for apartment units was 5.5 percent in the fourth quarter of 2017, down from 5.9 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 4.4 percent in the MPF Research-defined Summerlin-The Lakes market area, which is directly west of The Strip, to 7.2 percent in the Sunrise Manor-Northeast Las Vegas market area. The average monthly apartment asking rent was \$955 in the HMA during the fourth quarter of 2017, a 7-percent increase

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 2017.

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

from \$891 during the fourth quarter of 2016 and 29 percent higher than \$743 during the fourth quarter of 2010. By comparison, the average asking rent for the nation increased 4 percent to \$1,306 during the fourth quarter of 2017, a figure that is up 29 percent from \$1,014 during the fourth quarter of 2010. Studio units in the HMA currently rent for an average of \$598, with one-bedroom units at \$855, two-bedroom units at \$1,010 and three-bedroom units at \$1,160.

Multifamily construction activity, as measured by the number of units permitted, remained at or near all-time lows from 2009 through 2013, as apartment development slowed in response to decreased population growth and an increased share of rental demand being absorbed by the existing surplus of single-family homes. Builders have responded to improving rental market conditions with notably higher levels of multifamily permitting since 2014 (Figure 9). During 2017, the number of multifamily units permitted totaled 4,075, down from 4,925 units permitted during 2016 (preliminary data). An average of 3,100 units were permitted annually in 2014 and 2015, after an average of only 1,450 units were permitted each year from 2009 through 2013, the lowest figure on record for a 5-year period, including the lowest single-year total of 930 units in 2010. By comparison, multifamily permitting averaged 9,325 units a year from 2003 through 2007, up from an average of 6,975 units permitted each year from 2000 through 2002.

Recent multifamily development has been particularly prevalent in regions to the west and southeast of The Strip, including the Southwest Las Vegas market area, where 3,925

apartment units have been completed since the start of 2014. Elysian West, a 466-unit apartment project approximately 8 miles southwest of The Strip, opened in mid-2017. Rents currently range from \$1,250 to \$1,775 for one-bedroom units, from \$1,525 to \$2,325 for two-bedroom units, and from \$1,625 to \$2,425 for three-bedroom units. Since the start of 2014, 1,875 apartment units have been completed in the city of Henderson, which is directly southeast of the Paradise CDP. The 165-unit Elevate opened in mid-2017, with one-bedroom units renting for \$1,450, two-bedroom units renting between \$1,400 and \$1,925, and three-bedroom units renting for \$1,625. Current apartment construction in the HMA is concentrated in the region bounded by Interstate 15 to the east and Interstate 215 to the south and west, particularly south of Flamingo Road. Projects currently under construction include the 308-unit The

Adobe – Red Rock, which is approximately 9 miles southwest of The Strip and expected to be completed in late 2018, and the 364-unit Elysian at Flamingo, which is 7 miles west of The Strip and expected to open in mid-2019. Rents have yet to be released for either project.

Rental demand is expected to increase each year during the 3-year forecast period as net in-migration continues to rise. During the next 3 years, demand is expected for 16,750 new market-rate rental units (Table 1). Demand is expected to be greatest for two-bedroom units with rents ranging from \$1,175 to \$1,374 and for one-bedroom units with rents ranging from \$980 to \$1,179 (Table 5). The 4,150 apartment units currently under construction and an additional 1,400 units expected to be completed during the forecast period will satisfy part of the demand, particularly during the next 2 years.

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 Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand
800 to 999	1,100	980 to 1,179	3,275	1,175 to 1,374	4,350	1,375 to 1,574	2,175
1,000 to 1,199	340	1,180 to 1,379	1,000	1,375 to 1,574	1,350	1,575 to 1,774	670
1,200 to 1,399	170	1,380 to 1,579	500	1,575 to 1,774	670	1,775 to 1,974	340
1,400 or more	85	1,580 or more	250	1,775 or more	340	1,975 or more	170
Total	1,675	Total	5,025	Total	6,700	Total	3,350

* Las Vegas-Henderson-Paradise HMA.

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 4,150 units currently under construction will likely satisfy some of the estimated demand. The forecast period is January 1, 2018, to January 1, 2021.

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	2010 to Current
Total resident employment	698,877	848,573	1,014,000	2.0	2.6
Unemployment rate	4.3%	13.8%	5.1%		
Nonfarm payroll jobs	698,800	803,600	978,100	1.4	2.8
Total population	1,375,765	1,951,269	2,226,000	3.6	1.7
Total households	512,253	715,365	813,000	3.4	1.7
Owner households	302,834	408,206	433,900	3.0	0.8
Percent owner	59.1%	57.1%	53.4%		
Renter households	209,419	307,159	379,100	3.9	2.8
Percent renter	40.9%	42.9%	46.6%		
Total housing units	559,799	840,343	899,800	4.1	0.9
Owner vacancy rate	2.6%	6.2%	2.5%		
Rental vacancy rate	9.7%	13.4%	6.6%		
Median Family Income	\$48,900	\$65,400	\$59,800	3.0	- 1.3

* 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 2017. Median Family Incomes are for 1999, 2009, and 2016. The current date is January 1, 2018.

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—Estimates by the analyst
 Forecast period: 1/1/2018–1/1/2021—Estimates
 by the analyst

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_18.pdf.

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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.