

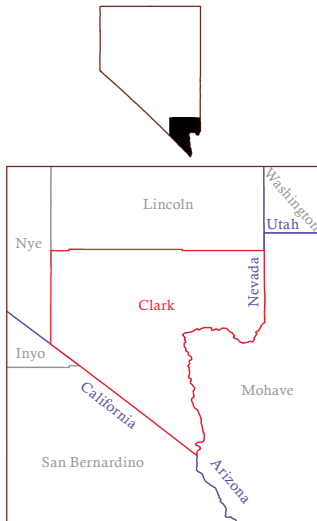


Las Vegas-Paradise, Nevada

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of October 1, 2012



Housing Market Area



The Las Vegas-Paradise Housing Market Area (HMA), at the southern tip of Nevada, is coterminous with the Las Vegas-Paradise metropolitan statistical area and with Clark County. The HMA is home to the largest casino gaming market in the nation, with gaming revenues of \$9.4 billion and nearly 40 million visitors during the 12 months ending September 2012, according to the Las Vegas Convention and Visitors Authority (LVCVA).

Market Details

- Economic Conditions 2
- Population and Households 5
- Housing Market Trends 7
- Data Profile 12

Summary

Economy

With recent improvements in tourism, the leading industry in the Las Vegas-Paradise HMA, economic conditions are slowly recovering from a 3-year period of job losses that ended in 2010. During the 12 months ending September 2012, nonfarm payrolls increased by 7,100 jobs, or nearly 1 percent, to average 812,400 jobs, and the average unemployment rate decreased from 14.1 to 12.5 percent. Wynn Las Vegas and Encore Hotel, Bellagio, MGM Grand Hotel & Casino, and ARIA Resort & Casino Las Vegas, the leading private employers in the HMA, are located along the Las Vegas Strip. Nonfarm payrolls are expected to increase by an average annual rate of 1.6 percent during the next 3 years.

Sales Market

Sales housing market conditions in the HMA are currently soft, with a 5.5-percent estimated vacancy rate. During the 12 months ending September 2012, existing home sales totaled 48,800, down nearly 7 percent compared with the number sold during the preceding 12 months. During the next 3 years, demand is estimated for 6,350 new homes with prices starting at \$125,000 (Table 1). Some of the demand will be satisfied by the 2,000 homes currently under construction

and a portion of the estimated 44,000 other vacant units, which may return to the market.

Rental Market

Rental housing market conditions in the HMA are currently soft, with a 10.5-percent estimated vacancy rate. Although recent lower levels of multi-family construction have helped conditions improve since 2010, a significant influx of investor-owned single-family homes in the rental market prevented rent increases. No additional market-rate rental units should be constructed in the HMA during the 3-year forecast period (Table 1) to allow for the absorption of excess vacant units.

Table 1. Housing Demand in the Las Vegas-Paradise HMA, 3-Year Forecast, October 1, 2012, to October 1, 2015

	Las Vegas-Paradise HMA	
	Sales Units	Rental Units
Total demand	6,350	0
Under construction	2,000	1,400

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of October 1, 2012. A portion of the estimated 44,000 other vacant units in the HMA will likely satisfy some of the forecast demand. Source: Estimates by analyst

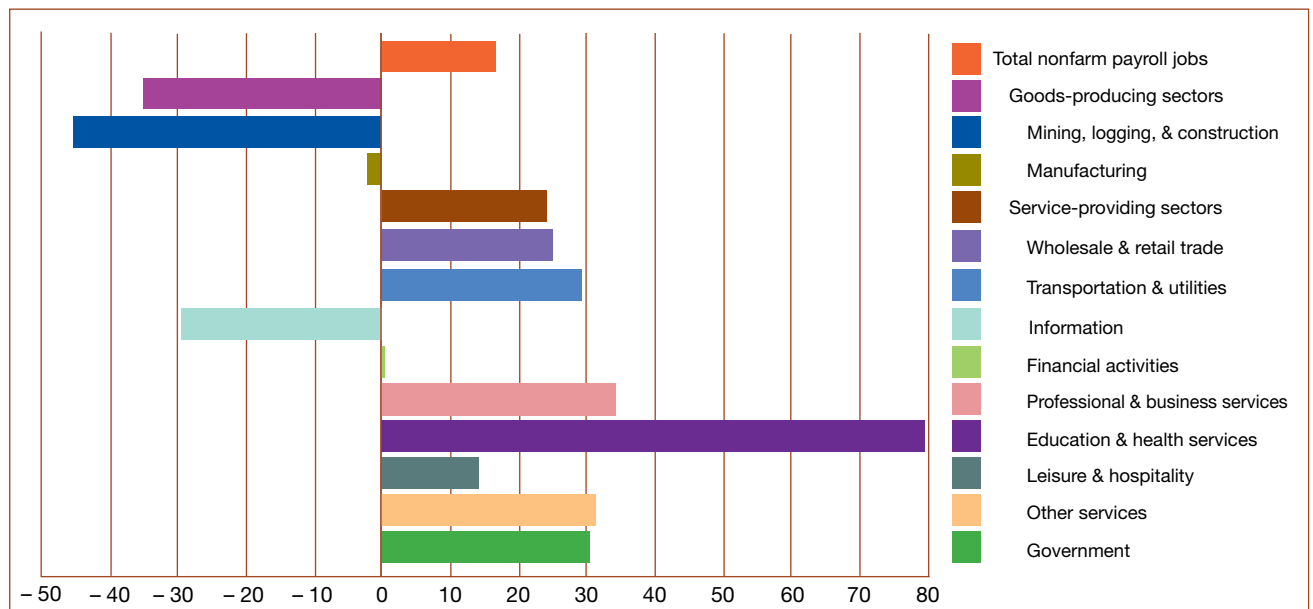
Economic Conditions

Economic conditions in the Las Vegas-Paradise HMA are slowly recovering from a 3-year period of job losses that ended in 2010. From 2000 through 2002, nonfarm payrolls were relatively unaffected by the national recession as jobs increased at an average annual rate of 16,600, or 2.4 percent. As migration into the HMA accelerated and construction activity for both residential housing and major hotel-casino resorts increased, the economy in the HMA posted substantial job gains. Because of strong tourism and building activity, nonfarm payrolls increased by an average annual rate of 39,400 jobs, or 4.9 percent, from 2003 through 2007, with a peak growth of 58,900 jobs, or 7.2 percent, in 2005. The leisure and hospitality and the professional and business services sectors led the job growth from 2003 through 2007, accounting for 21 and 18 percent, respectively, of total nonfarm payroll gains. Nonfarm payrolls peaked concurrently with home sales at 928,000

jobs in 2007. From 2008 through 2010, nonfarm payrolls declined by an average annual rate of 41,500 jobs, or 4.7 percent; in 2009, the loss was 85,400 jobs, or 9.4 percent. Because of declines in housing production in response to the softening sales housing market, the construction subsector declined by 57,900 jobs and accounted for 47 percent of all job losses from 2008 through 2010, and the leisure and hospitality sector, which lost 19,700 jobs, represented 16 percent of the total job loss. Figure 1 illustrates net job growth by sector from 2000 through the current date.

Economic recovery began in late 2011 and has slowly gained momentum. Nonfarm payrolls increased nearly 1 percent, or by 7,100 jobs, to average 812,400 jobs during the 12 months ending September 2012. By comparison, nonfarm payrolls averaged 805,300 jobs during the 12 months ending September 2011, which was relatively unchanged compared with payrolls during the preceding

Figure 1. Sector Growth in the Las Vegas-Paradise HMA, Percentage Change, 2000 to Current

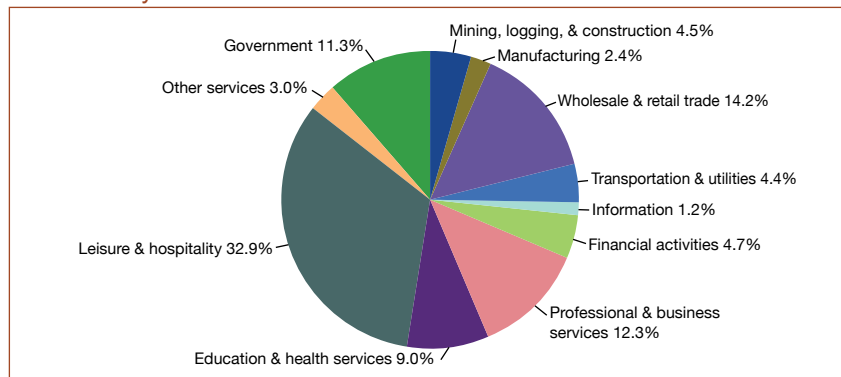


Note: Current is based on 12-month averages through September 2012.

Source: U.S. Bureau of Labor Statistics

12-month period. Figure 2 shows the share of current payrolls by sector, and Table 2 shows the 12-month average payrolls by sector. During the 12 months ending September 2012,

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



Note: Based on 12-month averages through September 2012.

Source: U.S. Bureau of Labor Statistics

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

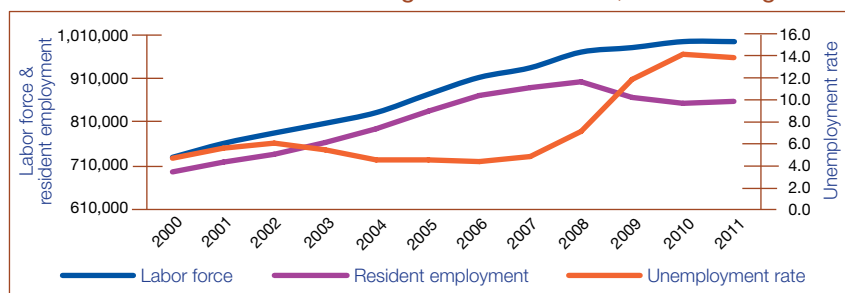
	12 Months Ending September 2011	12 Months Ending September 2012	Percent Change
Total nonfarm payroll jobs	805,300	812,400	0.9
Goods-producing sectors	58,600	56,600	-3.5
Mining, logging, & construction	39,100	36,800	-6.0
Manufacturing	19,500	19,800	1.5
Service-providing sectors	746,700	755,800	1.2
Wholesale & retail trade	113,900	115,700	1.7
Transportation & utilities	34,800	35,900	3.1
Information	9,300	9,400	1.3
Financial activities	39,700	38,200	-3.9
Professional & business services	101,000	99,900	-1.1
Education & health services	71,500	73,200	2.3
Leisure & hospitality	258,500	267,200	3.4
Other services	23,600	24,300	3.1
Government	94,500	92,000	-2.6

Notes: Based on 12-month averages through September 2011 and September 2012.

Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Las Vegas-Paradise HMA, 2000 Through 2011



Source: U.S. Bureau of Labor Statistics

growth was led by the leisure and hospitality, wholesale and retail trade, and education and health services sectors, which increased by 8,700, 1,800, and 1,700 jobs, or 3.4, 1.7, and 2.3 percent, respectively. Despite the recent strong additions to payrolls, the leisure and hospitality and the wholesale and retail trade sectors remained below payroll levels recorded in 2008. With gains primarily in ambulatory healthcare services, the education and health services sector continued to expand for the 22nd consecutive year. Despite the August 2012 opening of the \$600 million North Las Vegas VA Hospital and multiple VA clinics, the government sector as a whole recorded a loss of 2,500 jobs, or 2.6 percent, primarily because 2,400 jobs were eliminated at the local government level because of budget cuts. Persistent weakness in the home sales market and the completion of major public infrastructure projects, such as the new \$2.4 billion Terminal 3 that opened June 2012 at McCarran International Airport, led to a decline of 2,400 jobs, or 6.1 percent, in the construction sub-sector. Consolidations of banks and other credit services contributed to the decrease of 1,500 jobs, or 3.9 percent, in the financial activities sector. During the 12 months ending September 2012, the average unemployment rate in the HMA was 12.5 percent, down from 14.1 percent in the preceding 12-month period. Figure 3 illustrates trends in labor force, resident employment, and the unemployment rate from 2000 through 2011.

Tourism is the leading industry in the Las Vegas-Paradise HMA, and the leisure and hospitality sector accounts for one in every three jobs. Data from the LVCVA indicated that, during the 12 months ending September 2012, the

number of visitors to the HMA increased to 39.5 million, up more than 2 percent, surpassing the visitor count of 39.2 million in 2007, the last year of peak attendance. The LVCVA noted that average hotel occupancy was 84 percent for the 150,600 hotel rooms in the HMA during the current 12-month period, which is slightly higher than the 83 percent recorded during the preceding 12-month period but lower than the 90 percent recorded in 2007. Although visitor counts returned to record levels, gaming revenue and employment remain below the peak levels reached in 2007. According to the LVCVA, during the 12 months ending September 2012, gaming revenue increased nearly 4 percent to \$9.4 billion, which is 13 percent less than the 2007 peak revenue of \$10.9 billion. During the same 12-month period, payrolls in the leisure and hospitality sector averaged 267,200 jobs, which is a 4-year high but is still below the 2007 level of 273,100 jobs in this sector. The seven largest private employers in the HMA (Table 3) are located along the Las Vegas Strip, led by the Wynn Las Vegas and Encore Hotel, which opened in 2007 and now employs at least 8,000 people. ARIA Resort & Casino Las Vegas, the fourth largest private employer has at least 7,000 employees and is part of the \$9 billion

CityCenter complex, which opened in 2009. CityCenter, a partnership between MGM Resorts International and Dubai World, was the largest single construction project in the nation at that time. CityCenter now includes a retail complex and five towers offering approximately 6,000 hotel rooms and condominium units.

Nonfarm payrolls are expected to increase by an average annual rate of 1.6 percent during the next 3 years with growth accelerating each year. Employment gains are expected primarily from the wholesale and retail trade and the education and health services sectors. Growth will be concentrated in Las Vegas as the downtown area continues to be redeveloped. Online retailer Zappos.com, with 1,200 employees, will relocate its headquarters from Henderson, which is also in the HMA, to the former Las Vegas city hall after renovations are completed in October 2013. Zappos.com announced that at least another 2,000 employees will be hired by 2015. Downtown Project, privately funded by Tony Hsieh, Zappos.com's founder, plans to revitalize commercial and retail activity starting with the company's expansion and \$45 million of real estate acquisitions in 2012. Symphony Park, a 220-acre former railroad yard in downtown Las Vegas, is being redeveloped with numerous projects, including the \$248 million, 2,050-seat Smith Center for the performing arts, which was completed in 2012. The Lou Ruvo Center for Brain Health was completed in 2010 in Symphony Park and later acquired by Cleveland Clinic Health System. Cleveland Clinic contracted with the city to build a \$395 million medical research facility, with construction beginning by 2016. According to the

Table 3. Major Employers in the Las Vegas-Paradise HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Clark County	Government	8,000–8,499
Wynn Las Vegas	Leisure & hospitality	8,000–8,499
Bellagio	Leisure & hospitality	7,500–7,999
MGM Grand Hotel & Casino	Leisure & hospitality	7,500–7,999
ARIA Resort & Casino Las Vegas	Leisure & hospitality	7,000–7,499
Mandalay Bay Hotel & Casino	Leisure & hospitality	6,500–6,999
Caesars Palace Las Vegas	Leisure & hospitality	5,000–5,499
Las Vegas Metropolitan Police	Government	5,000–5,499
University of Nevada, Las Vegas	Government	5,000–5,499
Rio All Suites Hotel & Casino	Leisure & hospitality	4,500–4,999

Note: Excludes local school districts.

Source: Nevada Department of Employment, Training, and Rehabilitation

LVCVA, modest growth is also expected from the construction subsector and the leisure and hospitality sector as several hotel-casinos complete remodeling plans. In early 2013, the Downtown Grand will finish its \$100 million

remodeling of the former Lady Luck Casino in Las Vegas and will offer 650 hotel rooms. The planned 400-suite hotel, The Charlie Palmer, is also under contract with the city of Las Vegas to begin construction by 2014.

Population and Households

The population in the Las Vegas-Paradise HMA is currently estimated at 1.99 million representing an average annual increase of 13,900, or 0.7 percent, since April 2010. The major communities of the Las Vegas Valley are the three cities of Henderson, Las Vegas, and North Las Vegas and the unincorporated towns of Enterprise, Paradise, Spring Valley, and Sunrise Manor. The Las Vegas Strip is primarily in Paradise.

Population growth in the HMA slowed significantly since 2007 because weak employment conditions and the soft sales housing market conditions throughout the country led to decreasing rates of migration into the HMA. The HMA attracts people from every state in the nation, with approximately 30 percent of new residents originating from California. From 2000 through 2006, the population grew rapidly at an average annual rate of 68,500, or 4.4 percent, with in-migration accounting for 81 percent of that growth. Population growth slowed to 35,800 people, or 1.9 percent, annually from 2007 through 2009, with net in-migration accounting for 53 percent of growth. Approximately 700 more people left the HMA each year than moved in from 2010 through the current date because of weakening employment conditions in the HMA.

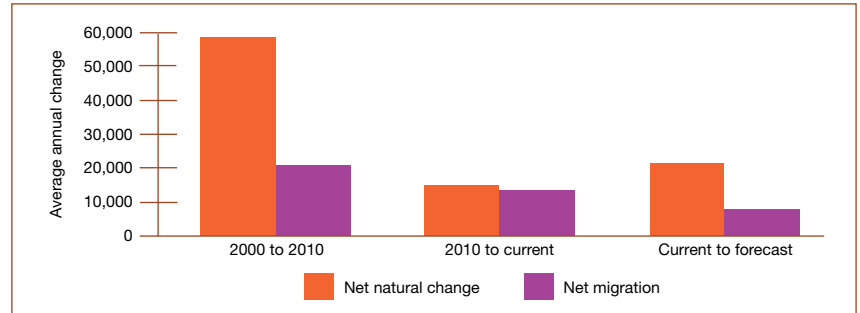
The number of households in the HMA is currently estimated at 747,600. From 2000 through 2010, the number of households increased by an average annual rate of 3.4 percent, which is close to the 3.6-percent annual growth rate of population during the same period. From 2010 to the current date, the number of households increased by an average annual rate of 1.8 percent while the population grew an average of 0.7 percent annually. Household formation exceeded population growth because the declining housing costs in both the sales and rental markets encouraged the formation of new and smaller households.

The population in the HMA is anticipated to increase at an average annual rate of 20,650, or 1.0 percent, through the forecast period as job growth support in-migration into the HMA. Net in-migration is anticipated to average 4,450 people annually, which is substantially below the average annual net in-migration of 18,850 people from 2007 through 2009. The number of households is expected to increase at an average annual rate of 0.9 percent, or 6,900 households, during the forecast period, which is slower than the 1.8-percent rate recorded since the 2010 Census but is similar to population growth rates anticipated during

the next 3 years. As housing markets recover nationwide, which will enable people to sell their homes more readily, net in-migration of families is expected to return to the HMA. Figures 4 and 5 illustrate trends in population and

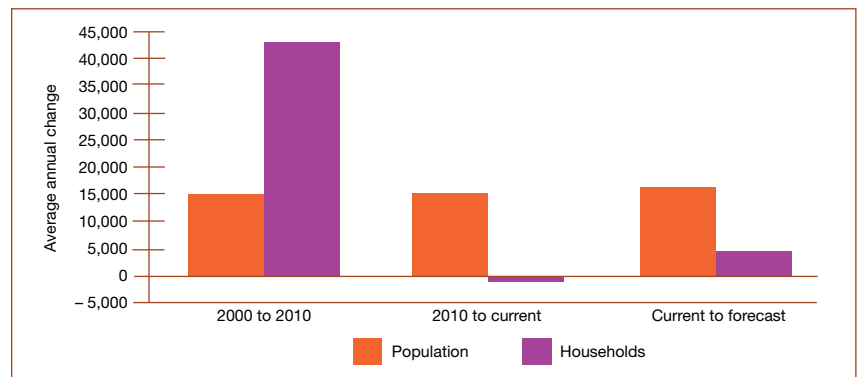
household growth and the components of population change from 2000 through the forecast period, respectively. Figure 6 depicts the number of households by tenure from 2000 through the current date.

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



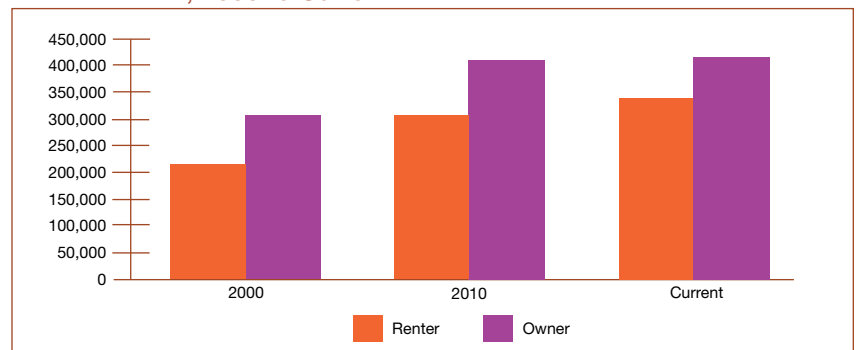
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

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



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

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



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

Housing Market Trends

Sales Market

Sales housing market conditions in the Las Vegas-Paradise HMA are currently soft, with an estimated 5.5-percent vacancy rate. The current vacancy rate is less than the 6.2-percent rate recorded by the 2010 Census. According to CoreLogic, Inc., during the 12 months ending September 2012, sales of existing single-family homes, townhomes, and condominiums totaled 48,800, down nearly 7 percent compared with the number sold during the previous 12 months. The current sales volume was also less than the average annual sales level of 51,750 from 2008 through 2010, when the first-time homebuyer tax credit program, which was in effect from April 2008 through May 2010, provided some stimulus. Although sales activity peaked in 2004 at 71,900 existing homes sold, the average sales price of an existing home continued to increase until 2007, when it reached a high of \$347,500. From 2000 through 2006, CoreLogic, Inc., recorded that an average annual rate of 1.0 percent of all active loans were in foreclosure or transitioned into REO (Real Estate Owned). Starting in late 2007, the percentage of loans in foreclosure or REO status increased quickly to 3.6 percent; in 2008, they jumped to 6.9 percent. REO homes and short sales began to exert downward pressure on prices as these sales became more common, rising from less than 2 percent of all existing home sales from 2000 through 2006 to a 16-percent share in 2007 and peaking as a 75-percent share in 2009. REO and short sales constituted 57 percent of all existing home sales in the most recent 12-month period, down from 65 percent during the preceding 12-month period. During the 12 months ending September 2012, existing home sales prices averaged

\$113,600 for REO homes, \$148,700 for short sales, and \$149,200 for regular resales, reflecting a 2-percent increase, a 10-percent decrease, and a less-than-1-percent decrease, respectively, compared with average prices during the previous 12-month period.

Foreclosure activity in the HMA has been decreasing since 2010 but remains extremely high both on an absolute and a relative basis, as it is nearly double the national level. According to LPS Applied Analytics, the percent of home loans in the HMA that were 90 or more days delinquent, were in foreclosure, or transitioned into REO declined to 14.0 percent in October 1, 2012, down from 16.1 percent in October 2011 and from 20.1 percent in October 2010. By comparison, LPS Applied Analytics reported a national figure of 7.4 percent in October 2012. The decline in foreclosure activity is because of the passage of Nevada Assembly Bill No. 284 (AB 284), which took effect in October 2011. By imposing more requirements on lenders during the foreclosure process, AB 284 reduced both the number of loans in processing and the number of loans going into foreclosure.

The condominium market in the Las Vegas-Paradise HMA has two distinct segments depending on whether the buyer intends to make the condominium a primary home. The first segment consists of luxury highrise condominium towers built during the 2000s primarily along the Las Vegas Strip. With original prices starting at \$600 per square foot, these condominiums were marketed to buyers seeking homes for seasonal use. Notable projects targeting seasonal buyers included CityCenter and Turnberry Towers.

Housing Market Trends

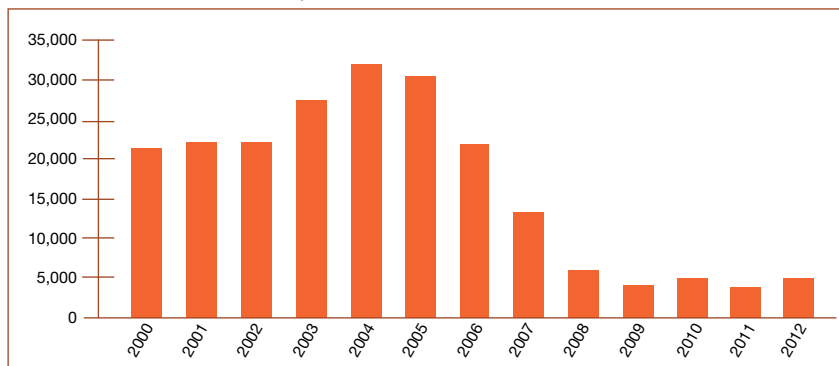
Sales Market *Continued*

As the overall sales market weakened starting in 2006, sales activity at these types of projects was relatively unaffected until 2008, when 3,500 units were added to the luxury condominium inventory, according to Hi Rise Living, LLC, a REALTOR® specializing in these kinds of condominiums. Hi Rise Living, LLC, reported that, from 2007 to 2008, the number of condominium units sold declined 49 percent, to 1,425 homes, and the average sales price increased 5 percent, to \$720,500. During 2009 and 2010, another 2,725 luxury condominium units were added to the soft market. As a result, average sales prices decreased 59 percent, to \$290,100, in 2009 and 22 percent, to \$225,200, in 2010. During the 9 months ending September 2012, the number of luxury condominiums sold declined 25 percent, to 750 homes, from the same period in 2011, and the average sales price increased 22 percent, to \$283,200. The second segment, condominium ownership by year-round residents, is currently affected by stricter financing requirements as the seasonal buyers are generally more able to make all-cash purchases. According to the Greater Las Vegas Association of REALTORS® (GLVAR), during the 12 months ending September 2012, 8,650 existing condominiums sold,

a 15-percent decline from the sales during the preceding 12-month period. By comparison, condominium sales increased each year from a low of 3,275 sales in 2007 to 10,050 sales in 2011. During the 12 months ending September 2012, the average sales price of an existing condominium was \$83,050, 3 percent greater than the preceding 12-month period and the first increase after 4 consecutive years of sales price declines from the 2007 peak of \$240,000. Condominium sales represented approximately 20 percent of GLVAR total home sales activity in the Las Vegas Valley in the last 4 years.

The high level of foreclosure activity also adversely affected sales of new single-family homes. According to CoreLogic, Inc., the volume of new home sales peaked in 2005, when 38,450 homes sold, and it declined 7 percent during 2006. As distressed properties entered the sales market during 2007, home prices were pushed down quickly, rendering the construction of new homes less profitable. Builders reduced new home construction activity, as measured by the number of single-family homes permitted, starting in 2006. From 2000 through 2005, permits were issued for an average of 25,800 single-family homes annually (Figure 7). The number of single-family homes permitted then declined significantly, with an average decrease of 40 percent each year until 2009. An average of 4,075 homes were permitted annually from 2009 through 2011. Based on preliminary data, during the 12 months ending September 2012, permits were issued for 5,550 homes, a 47-percent increase from the number issued during the previous 12-month period.

Figure 7. Single-Family Building Permits Issued in the Las Vegas-Paradise HMA, 2000 to 2012



Notes: Includes townhomes. Includes data through September 2012.

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

Demand remains weak for new single-family homes even though homebuilding activity recently increased. Builders downsized square footage to lower prices and attract buyers. Strong competition from investors purchasing existing homes, however, led some buyers to consider new homes an easier option to buy. The GLVAR reported that 50 percent of all home sales in the past 2 years have been all-cash transactions, most likely from investors. According to CoreLogic, Inc., during the 12 months ending September 2012, sales of new single-family homes, townhomes, and condominiums totaled 5,075, down nearly 3 percent compared with the number sold during the previous 12 months, and the average sales price declined less than 1 percent to \$217,900. By comparison, an average of 7,050 new homes sold annually from 2008 through 2010, when the first-time homebuyer tax credit was available. The average price of a new home sold peaked at \$379,400 in 2007 and then decreased by an average annual rate of 18 percent through 2009. The availability of the tax

credit temporarily stabilized prices in 2010, when the average sales price was \$237,500, reflecting a 1-percent decline from 2009.

The greatest level of new construction activity is currently occurring along the outer perimeter of the Las Vegas Valley. In the northern part of the Las Vegas Valley, listing prices start at \$120,000 in Sunrise Manor, near Nellis Air Force Base, and at \$138,000 in the Raven Hill subdivision in North Las Vegas. In the eastern rim, Del Webb® is selling the remaining 10 percent of its 840-home, age-restricted Solera at Stallion Mountain, with listing prices starting at \$145,000. In the southern valley, KB Home has listing prices starting in the \$130,000s at Inspirada, in Henderson, and StoryBook Homes has listing prices starting at \$130,000 at Trissino, in Enterprise. In the west, William Lyon Homes, Inc., is building West Park Courtyards, with prices starting at \$160,000 in Summerlin.

During the next 3 years, demand is anticipated for 6,350 new market-rate, single-family homes in the HMA, with prices starting at \$125,000 (Table 1). Demand is expected to increase each subsequent year of the forecast period as employment conditions improve. Nearly 60 percent of the demand for new homes will be for those priced under \$225,000 (Table 4). The 2,000 single-family homes currently under construction and some of the estimated 44,000 other vacant units that may return to the sales market will satisfy a portion of demand.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Las Vegas-Paradise HMA, October 1, 2012, to October 1, 2015

Price Range (\$)		Units of Demand	Percent of Total
From	To		
125,000	149,999	1,275	20.0
150,000	174,999	1,275	20.0
175,000	224,999	1,275	20.0
225,000	274,999	950	15.0
275,000	299,999	640	10.0
300,000	349,999	570	9.0
350,000	399,999	190	3.0
400,000	and higher	190	3.0

Note: The 2,000 homes currently under construction and a portion of the estimated 44,000 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

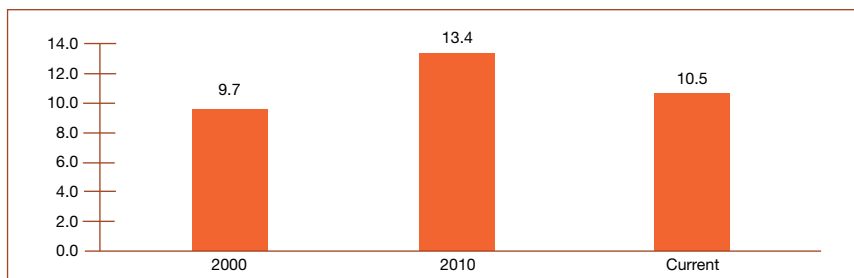
Rental Market

Rental housing market conditions in the Las Vegas-Paradise HMA are currently soft, with an estimated 10.5-percent vacancy rate, down from the 13.4-percent vacancy rate in 2010 (Figure 8). Lower levels of multifamily construction from 2008 through 2011 have helped conditions improve since 2010. A significant influx of investor-owned single-family homes in the rental market during the past 4 years, however, prevented notable improvement in the apartment market. The American Community Survey indicated that 37 percent of all renter households lived in single-family homes in 2011 and that, from 2007 through 2011, approximately 53 percent of new renter households occupied a single-family house. According to MPF Research, the apartment rental vacancy rate was 7.9 percent in the third quarter of 2012, down from 8.4 percent in the third quarter of 2011. Apartment rents averaged \$740 in the third quarter of 2012, unchanged from the average rent in the same quarter of 2011. Average apartment rents remain significantly below the last peak of \$850 recorded in the third quarter of 2008. Asking rents averaged approximately \$650, \$780, and \$940 for one-, two-, and three-bedroom units, respectively, in the third quarter of 2012.

Because average rents have declined significantly since 2008, down 13 percent in total, the prevalence of units offering concessions declined even as the concession remained an average of 8 percent. Only 22 percent of all units offered concessions during the third quarter of 2012, down from 52 percent of all units in the third quarter of 2011 and down from 38 percent of all units during 2008. In the third quarter of 2012, the strongest performing area was southwest Las Vegas, with a 4.4-percent vacancy rate and an average asking rent of \$940, according to MPF Research. The southwest area attained stabilized occupancy in the second quarter of 2012 because 180 units were added to rental inventory in the second quarter of 2011. The next strongest markets were in the Green Valley area, which had a 5.0-percent vacancy rate and an average asking rent of \$800, and the Summerlin/The Lakes area, which had a 5.8-percent vacancy rate and an average asking rent of \$870. Green Valley attained stabilized occupancy levels in the first quarter of 2011 after absorbing a 310-unit complex in the first quarter of 2010. Although 260 units were added in the first quarter of 2009 in Summerlin/The Lakes, this area needed to offer a 10-percent concession on 31 percent of all units to achieve the current occupancy level.

Multifamily construction activity, as measured by the number of units permitted, has been slow in the HMA since 2008, which helped prevent market conditions from softening further from the influx of single-family rental homes. From 2001 through 2007, an average of approximately 8,650 multifamily units were permitted annually

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



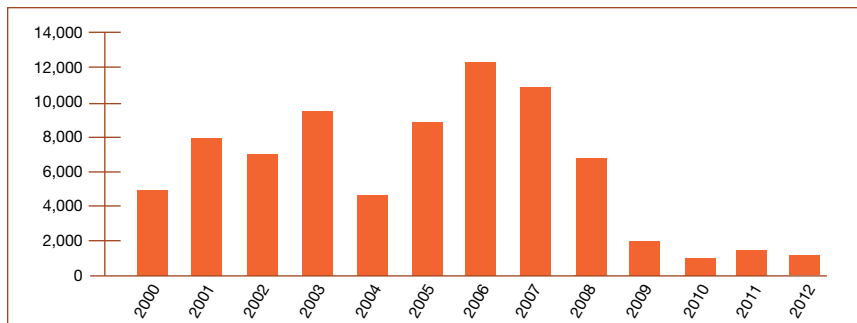
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

(Figure 9). From 2008 through 2011, the average declined 69 percent to 2,700 multifamily units permitted annually. Based on preliminary data, 1,150 multifamily units were permitted during the 12 months ending September 2012, down 21 percent compared with the number permitted during preceding 12-month period. During the time of rising sales activity, especially from 2004 through 2007, approximately 37 percent of all multifamily permits were for condominium units. That percentage has since fallen, and approximately 15 percent of multifamily units in the current 12-month period are estimated for owner occupancy. Of the 1,400 multifamily units currently under construction, the largest is a 660-unit apartment project in

North Las Vegas that is targeted for completion in the summer of 2013. Also under construction are 320 units of an apartment complex in Henderson, scheduled for completion in the spring of 2013, and 260 units in five projects limited to elderly or disabled residents located throughout the Las Vegas Valley. Nevada H.A.N.D., Inc., anticipates completing the 75-unit Deer Spring Way Apartments by October 2012. Preleasing began in April 2012 and was complete by June 2012 for the \$500 one-bedroom and \$590 two-bedroom units that are limited to seniors earning 50 percent of the area median income. Ovation Development will complete the 75-unit Lone Mountain Senior Apartments in late 2013. This mixed-income complex will offer 65 units to those earning no more than 40 percent of the area median income.

Because the rental market is soft, no additional market-rate rental units should be constructed in the HMA during the 3-year forecast period (Table 1). The current supply of excess available vacant units and the units currently under construction will satisfy all the demand.

Figure 9. Multifamily Building Permits Issued in the Las Vegas-Paradise HMA, 2000 to 2012



Notes: Excludes townhomes. Includes data through September 2012.

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

Data Profile

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	693,933	853,969	861,100	2.1	0.5
Unemployment rate	4.6%	14.1%	12.5%		
Nonfarm payroll jobs	697,700	803,600	812,400	1.4	0.6
Total population	1,375,765	1,951,269	1,986,000	3.6	0.7
Total households	512,253	715,365	747,700	3.4	1.8
Owner households	302,834	408,206	410,200	3.0	0.2
Percent owner	59.1%	57.1%	54.9%		
Renter households	209,419	307,159	337,500	3.9	3.8
Percent renter	40.9%	42.9%	45.1%		
Total housing units	559,799	840,343	855,100	4.1	0.7
Owner vacancy rate	2.6%	6.2%	5.5%		
Rental vacancy rate	9.7%	13.4%	10.5%		
Median Family Income	\$48,900	\$65,400	\$63,400	3.0	- 1.5

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through September 2012. Median Family Incomes are for 1999, 2009, and 2011.

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: 10/1/2012—Analyst’s estimates
Forecast period: 10/1/2012–10/1/2015—
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.

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 www.huduser.org/publications/pdf/CMARtables_LasVegasNV_13.pdf.

Contact Information

Pamela J. Leong, Economist
San Francisco HUD Regional Office
415-489-6518
pamela.j.leong@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
www.huduser.org/publications/econdev/mkt_analysis.html.