



# Multifamily Metro Outlook: Las Vegas Spring 2019

## Overview

Las Vegas is in the midst of an expansion, with solidly positive job growth and above-national-average population growth. The job market has seen steady improvement, with 3.8 percent job growth in 2018, compared to 1.8 percent nationally. The apartment market has seen modest improvement recently and is poised for long-term stability, though shadow rental supply in the metro is a concern.

Forecasts indicate that Las Vegas will have 1.5 percent annual job growth through 2022, compared to 0.6 percent nationally, and 2.4 percent population growth, compared to 0.6 percent nationally. The primary driver of the metro, tourism, continues to see positive momentum: visitor counts have surpassed pre-recession levels and 46 million visitors arrived in 2017, with similar levels expected once final numbers come in for 2018.

But few areas are as dependent upon one industry, with around one-third of the city’s employment based on the tourism and hospitality industries (including casino gambling). Development in the mid-2000s had been so focused on gambling, tourism, and entertainment that the city did not significantly diversify the area’s economy.

## Development

Delivery of rental units was negligible before and after the Great Recession, as developers were focused on the condo and single-family markets. This trend, coupled with significant population growth and loss of inventory to condo converters, resulted in declining vacancies and rising rents during that period.

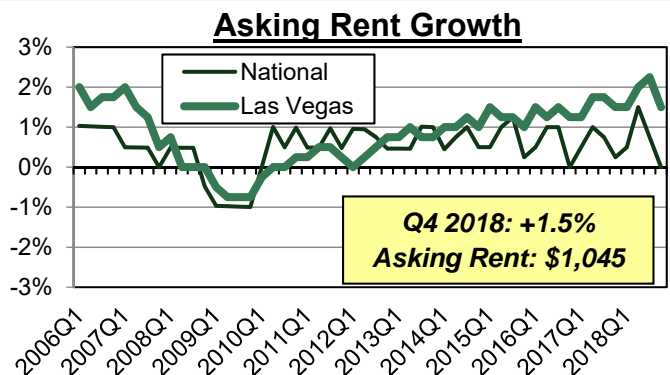
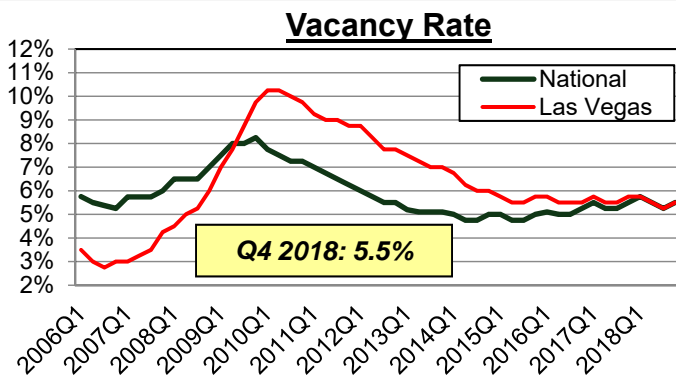
Since the beginning of 2006, around 14,900 condo units were completed, but fewer than 600 are currently underway. Delivery of new rental units has been sparse in Las Vegas over the past few years. Just 9,100 rental units were delivered since the start of 2013, but 2,700 are underway according to the Dodge Data & Analytics. Steady rental market demand would be expected given demographic trends, but the prospect of many foreclosed homes and condos competing in the rental market in the near term diminishes the possibility of market tightening.

## Outlook

Healthy job growth in the past several quarters has provided steady demand to the rental market, and Las Vegas appears to have entered a period of improvement. Shadow supply remains a minor concern, but the worst is probably over. The steady return of job, population, and visitor growth has likely put Las Vegas well on the road of recovery, but developers are starting to take notice and supply is on the way. But the dearth of development after the great recession has left Las Vegas needing significantly more housing.

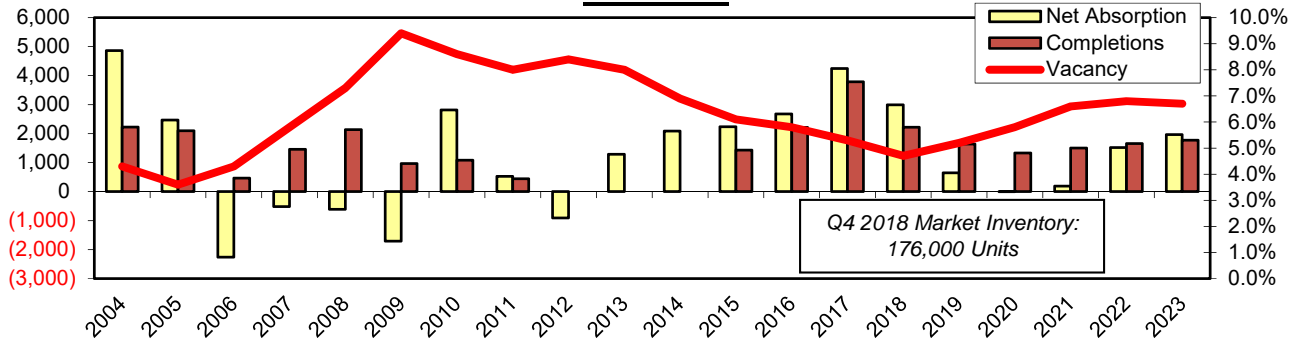
Las Vegas is expected to have one of the county’s faster growing job markets over the next several years, but the dependence on the tourism industry is a point of concern. The metro will probably boom during good economic times but be greatly impacted when national conditions slow. In the multifamily market, the metro’s past focus on condo development likely created a longer-term shortage of rental inventory. Competition from the condos and single-family rentals diminishes conditions in the near term, but the metro’s expected economic and demographic growth – which are among the fastest and most attractive in the country – further enhances the outlook for the apartment market. However, the economy will probably continue to be prone to significant ups and downs.

### Vacancy and Rent Composite Estimates

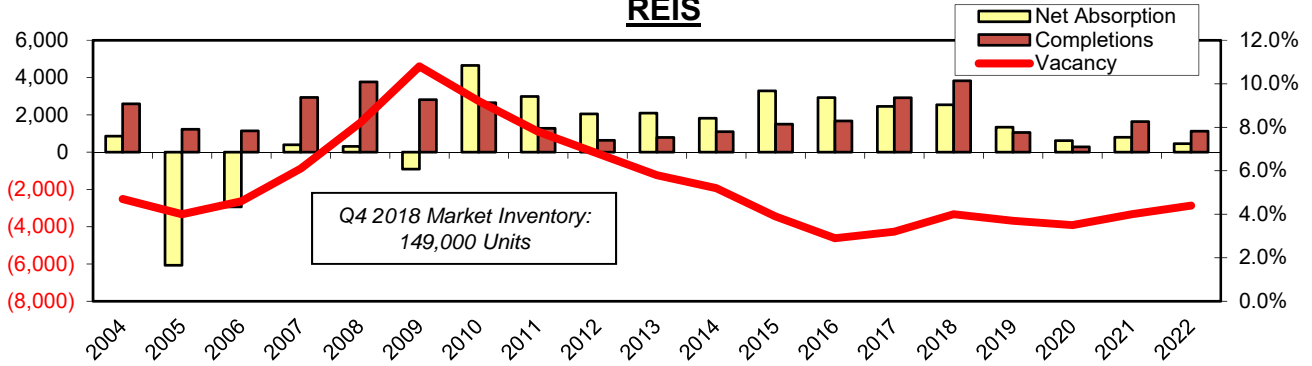


Source: Fannie Mae Multifamily and Economics Research

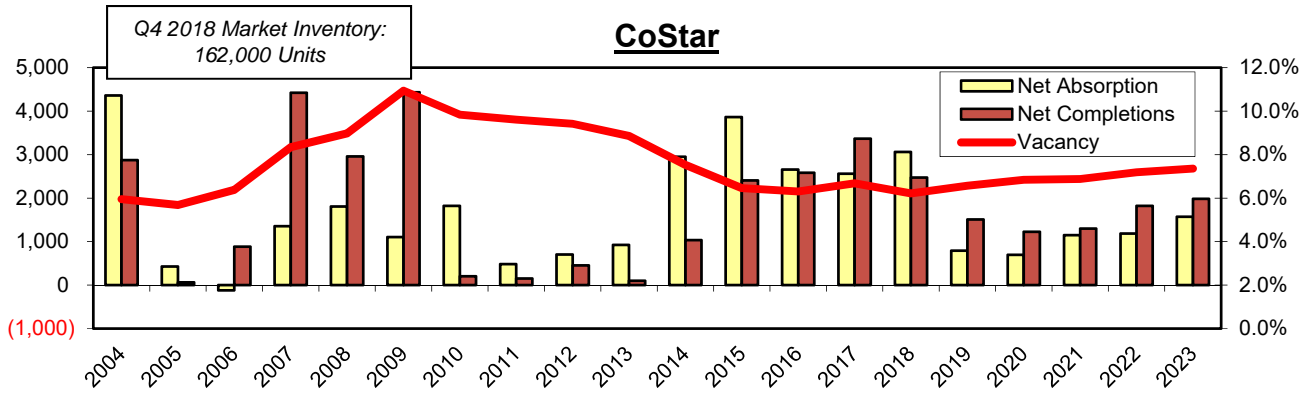
### CBRE-EA



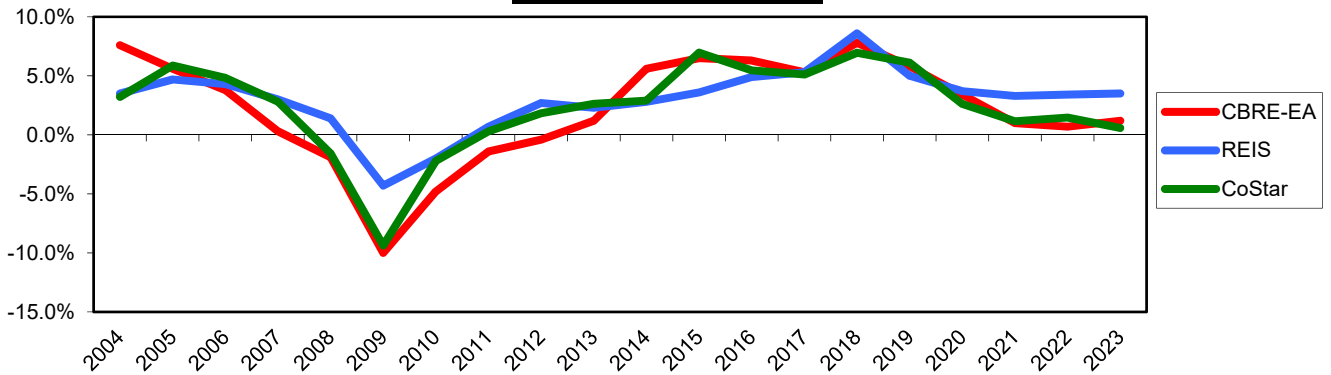
### REIS



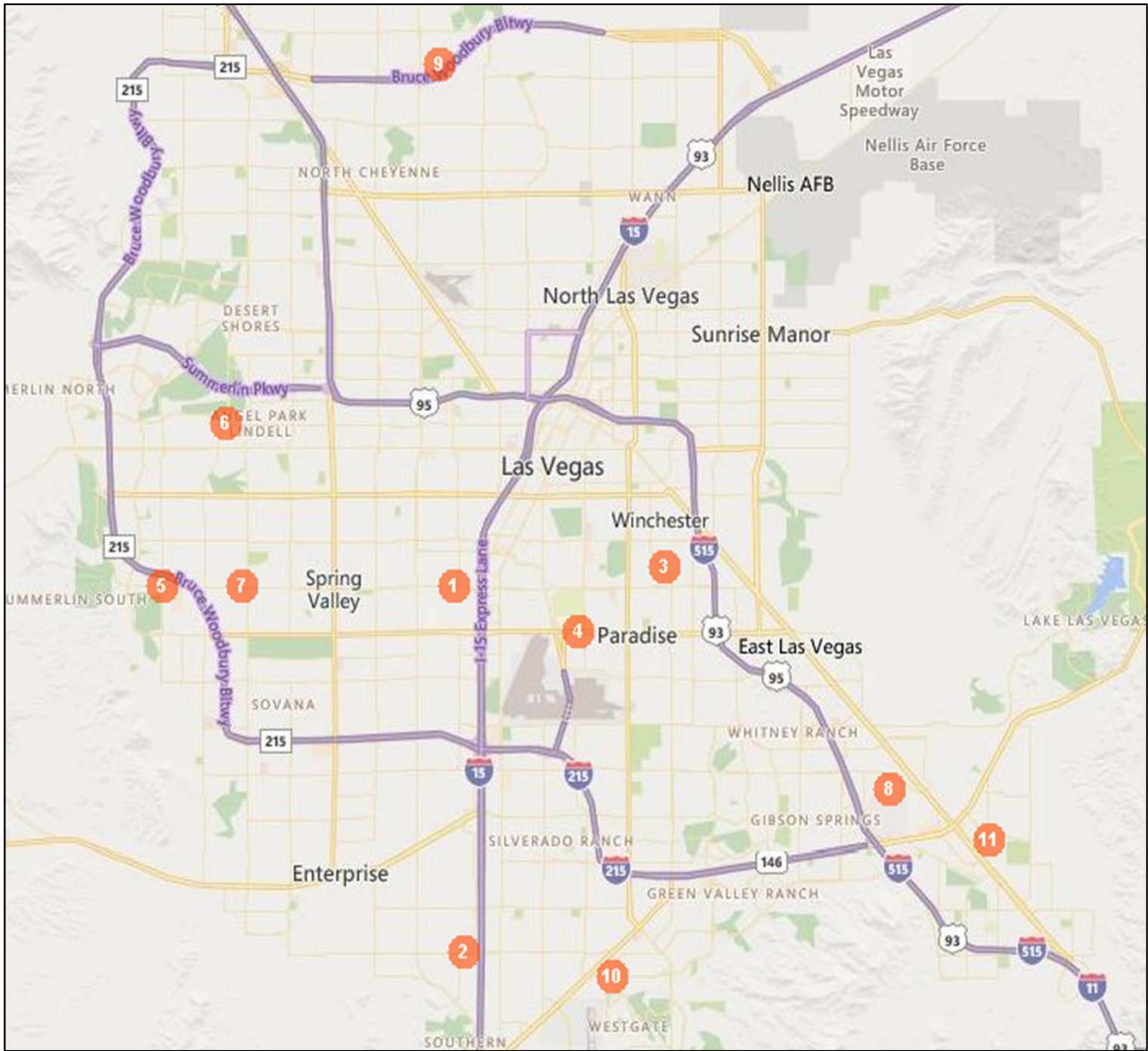
### CoStar



### Annual Rent Growth



**Construction Bidding/Underway**  
**11 projects/2,700 Units/3.1 M Sq. Feet**



CBRE-EA Submarket	Number of Projects	Total Sq Ft (000's)	Total Units
Clark County/Other	1	182	146
East	1	18	11
Henderson/Southeast	3	1016	842
North	1	415	176
Spring Valley	1	441	539
University	1	214	214
West	3	779	789



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### Fannie Mae Multifamily Economics and Market Research

Tim Komosa, Economist

#### Sources Used

- AxioMetrics
- CBRE-Econometric Advisors
- Bureau of Labor Statistics
- Census Bureau
- CoStar
- Dodge Data & Analytics SupplyTrack
- Moody's Analytics
- Real Capital Analytics
- Reis, Inc.

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