

Metro Housing Outlook:

Las Vegas – Q3 2024

Overview:

- Las Vegas experienced a significant economic rebound starting in 2021, with job growth and visitor levels surging, which continued through 2022 but slowed slightly in early 2023. Rapid job growth returned in the first half of 2024, growing 2.5% over the year ending Q3 2024, compared with 1.4% nationally. Estimates indicate that 41 million visitors came to Las Vegas in 2023, and another 21 million visited through June 2024. Though these numbers are impressive, they remain below the 2019 record of 50 million.
- Las Vegas was in the midst of an expansion, with solidly positive job growth and above-national-average population growth, prior to the outbreak. The apartment market was improving, and was poised for stability, though shadow rental supply in the metro is a lingering concern — Las Vegas was a popular market for institutional single-family home acquisitions and development in the wake of the housing bust. Once the national economy is in a period of sustained growth, Las Vegas should reenter a period of expansion.

Market Strengths:

- Moody's forecasts that Las Vegas will have +1.7% annual job growth into 2028, compared to +0.5% nationally, and +1.9% population growth, compared to +0.4% nationally, once the nation and metro area moves into a sustained expansion.
- Delivery of rental units was negligible before and after the Great Recession and was manageable before the pandemic. This trend, coupled with significant job and population growth plus an earlier loss of inventory to condo converters, resulted in declining vacancies and rising rents in the metro for an extended period.

Market Weaknesses:

- While the development level of multifamily apartments is reasonable for the metro's expected economic and demographic growth, deliveries in 2023 and 2024 have slightly outpaced demand. As a result, there has been recent softness in rent growth rates and a modestly rising vacancy rate. This is likely to persist for several more quarters.
- Few metro areas are as concentrated in 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 was so focused on gambling, tourism, and entertainment that the city did not significantly diversify the area's economy, though the metro is becoming a regional health care hub.

New Development:

- Since the beginning of 2006, around 16,400 condo units were completed, but fewer than 300 are underway.
- Delivery of new rental units has been sparse in Las Vegas over the past few years. Just 21,600 rental units were delivered since 2017, but 4,700 are underway, according to the Dodge Data & Analytics.

Outlook:

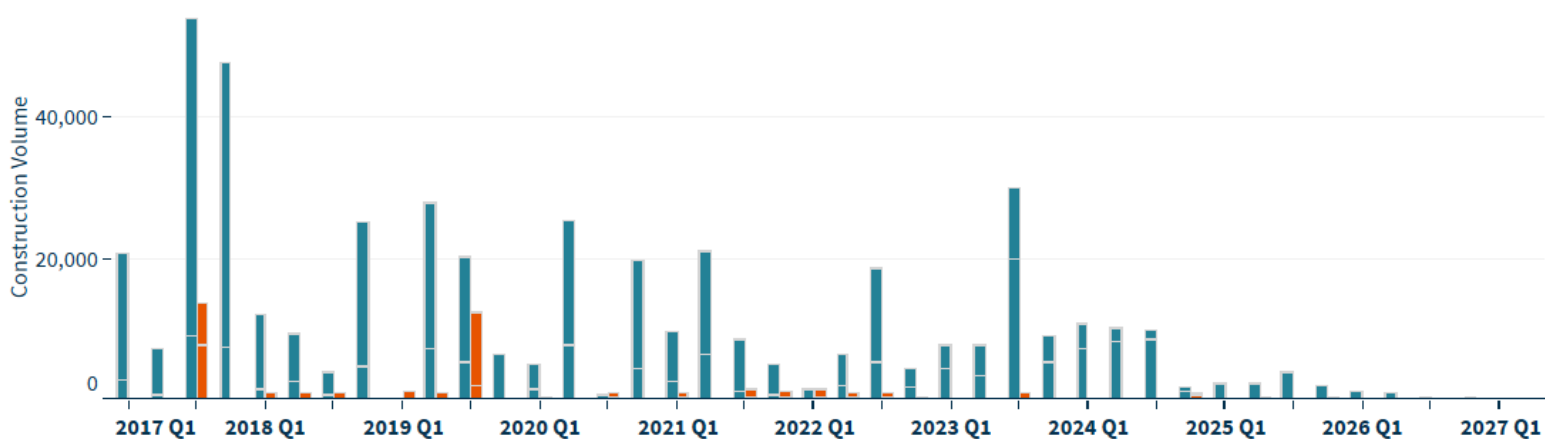
- Las Vegas experienced a strong rebound in fundamentals starting in 2021, which continued into the middle of 2022 but began to ease later that year. Pandemic concerns are now a thing of the past in Las Vegas, and the resulting return of leisure travelers has been sustained in the metro, supporting job growth and rental demand. Once the national economy makes its way into a period of steady expansion, Las Vegas may be a leader in the multifamily market, as the dearth of development after the Great Recession has left Las Vegas still needing significantly more housing. However, short-term periods of softness in multifamily fundamentals are likely, as the metro is seeing a manageable surge of new construction.
- Las Vegas is expected to have one of the county's faster-growing job markets once a national healthy and sustained economic expansion is underway, but its dependence on the tourism industry will always be a point of concern. The metro will boom during good economic times but will be greatly impacted when national conditions slow. In the multifamily market, the metro's past focus on condo development created a longer-term shortage of rental inventory. Competition from the shadow market of for-rent single family homes diminishes conditions in the medium term, but the metro's expected economic and demographic growth, which are among the fastest in the country, further enhance the outlook for the apartment market. However, the economy will continue to be prone to significant ups and downs even after the pandemic is history and will continue to see pronounced busts when there are national economic contractions.



Multifamily Apartment Pipeline

Apartments & Condos/Townhomes: Units Completed and Underway

Apartments | Condos



Source: Dodge Data & Analytics SupplyTrack Pipeline

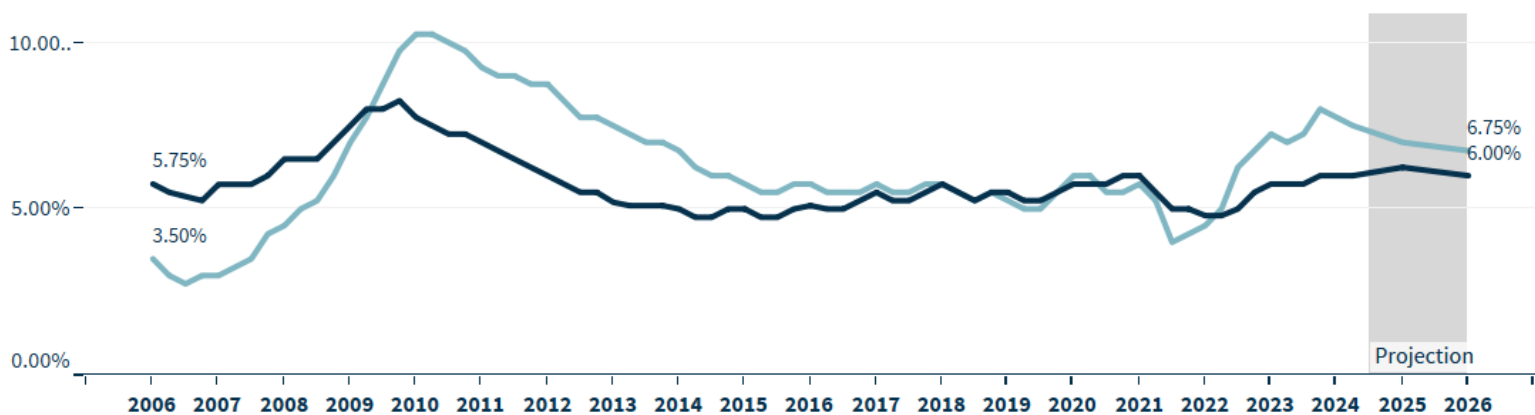
Multifamily Vacancy & Rent Estimates

Vacancy Rates

Las Vegas | National

Q3 2024 Vacancy Rate:

7.25%



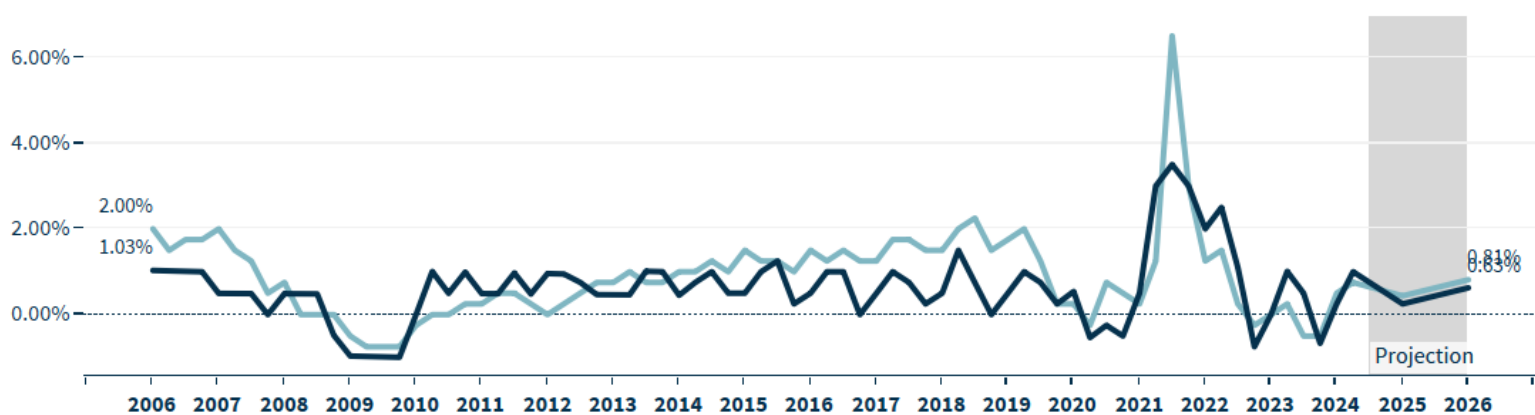
Projection

Asking Rent Growth

Las Vegas | National

Q3 2024 Asking Rent:

\$1,300

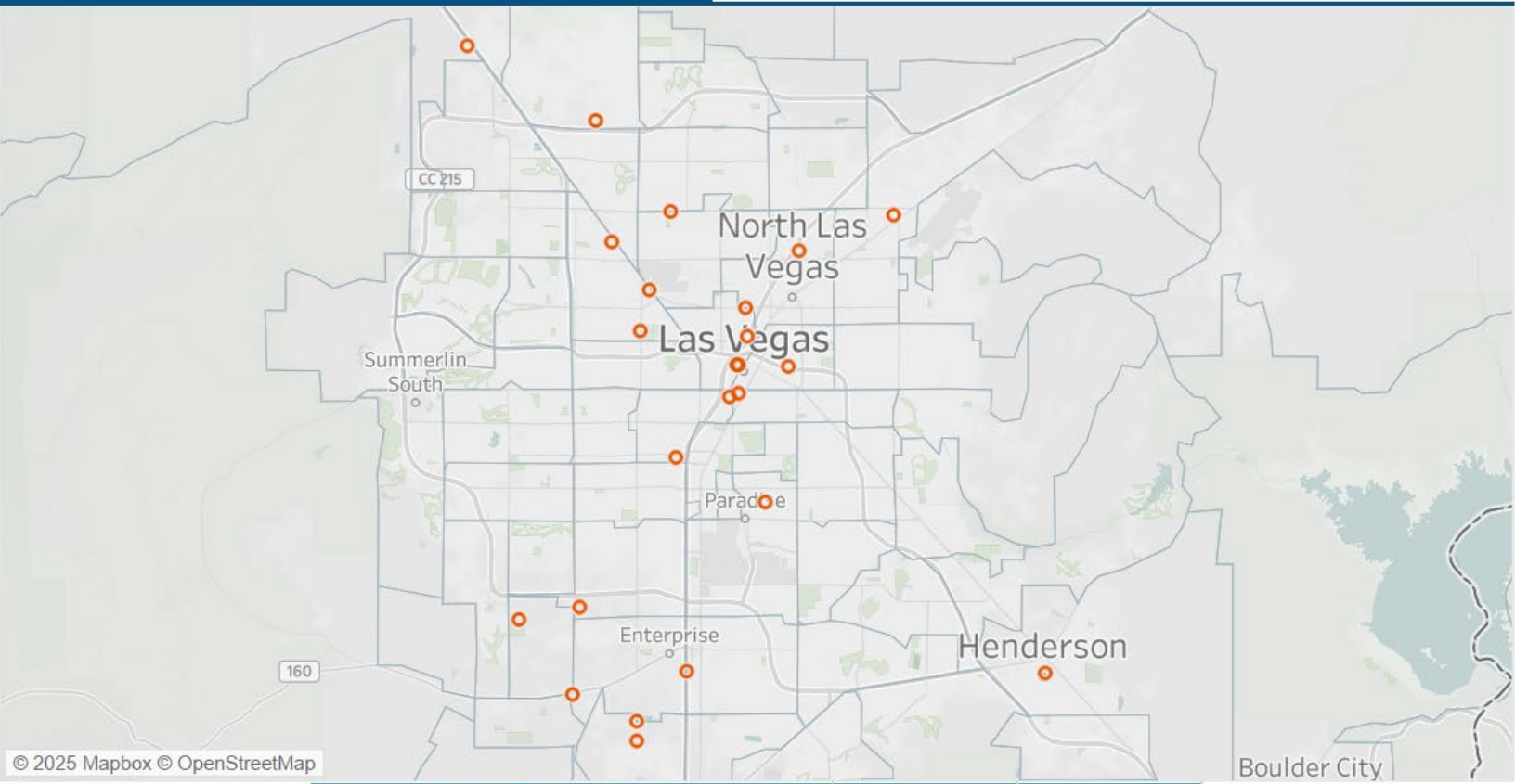


Projection

Source: Fannie Mae Multifamily Economics and Research



Multifamily Construction: Bidding & Underway



<i>MultiHousingSubmarketName</i>	<i>Apartments</i>	<i>Units</i>
Central Las Vegas	5	1,082
Henderson	1	135
North Las Vegas	3	257
Northwest Las Vegas	5	865
South Las Vegas	1	150
Southwest Las Vegas	5	1,277
Sunrise Manor/Northeast Las Vegas	1	18
University/The Strip	1	400
West Las Vegas	2	537
Grand Total	24	4,721

Source: Dodge Data & Analytics SupplyTrack Pipeline



Multifamily: ESR Team

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Multifamily Economics and Market Research Team

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Sources Used

- Moody's Economy.com
- Moody's CRE/REIS
- CoStar
- Real Capital Analytics
- RealPage
- Greenstreet
- Dodge Data and Analytics SupplyTrack Pipeline
- CBRE-Econometric Advisors
- Yardi

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