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THE LIED RESEARCH REPORT

DIMMED LIGHTS IN THE DESERT SKY: 15-YEARS OF UNDERBUILDING SOUTHERN NEVADA

Lied Center
for Real Estate

UNLV | LEE
BUSINESS SCHOOL

Executive Summary

With the post-COVID rise in home prices across the U.S., affordability issues have been top-of-mind for residents and policymakers alike. The rise in prices is a function of both housing demand and supply but addressing the latter (through building) can put downward pressure on prices and lead to improved affordability. In this brief, we explore trends in residential building activity and housing values to draw inferences regarding the association between housing supply and the rate of housing price appreciation in Las Vegas and selected cities.

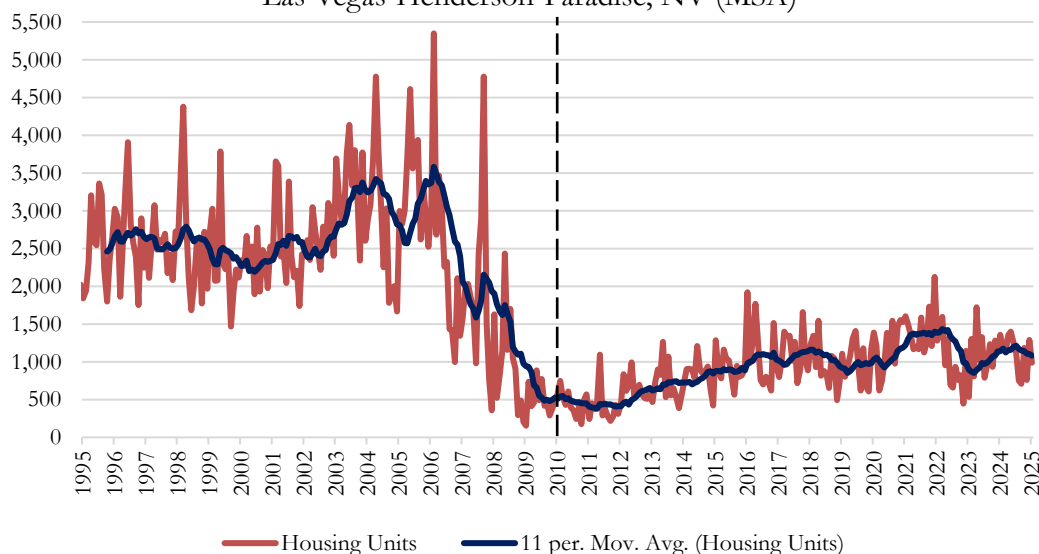
Relative to the pace of residential construction from 1995 to 2003, the number of housing structures in the Las Vegas area that were permitted post-2010 decreased by 64.3% per month; a reduction that was nearly three times as large as the nation's average reduction of 23.9%.

Extrapolating pre-2003 trends in building activity, we show that if the pace of construction between 1995 and 2003 stayed on its course, an additional 200,986 housing units could have been built in Southern Nevada between 2014 and 2024.

In terms of housing values, between 1995 and 2003, home prices rose at an average annual rate of 4.1%; however, beginning in 2010, prices ultimately began to rise at an average annual rate of 7.5%.

The failure to keep up with the pace of building seen in the late '90's and early 2000's is directly related to Las Vegas' current affordability issues. Starting in 2010, while the pace of construction fell 64.3% relative to pre-2003, the average rate of home price increases per year rose 82%.

Figure 1: Housing Units Authorized by Building Permits (units/month)
Las Vegas-Henderson-Paradise, NV (MSA)



Source: UNLV's Lied Center for Real Estate, U.S. Census Bureau, New Private Housing Structures Authorized by Building Permits.

The Data & MSA-Level Comparisons

To contextualize the pace of development in the greater Las Vegas area, we compare it to several other major cities in the western United States and to the entire nation in Table 1.

From 1995 to 2003, Las Vegas approved an average of 2,607 new construction permits per month, second only to the Phoenix, AZ MSA, where there were an average of 3,715 permits issued per month. This is significantly more new housing permits than the Denver, CO MSA and the Los Angeles, CA MSA, despite both having much larger populations than Las Vegas at the time. Las Vegas also had significantly more new construction than Austin, TX and Salt Lake City, UT, which were of similar size during this period.

Fast forwarding to the 2010 to 2025 period, it is quite clear that there has been a major slowdown in the pace of monthly permits issued in the Las Vegas area, where an average of only 932 new homes were permitted each month. This represents a 64.3% decrease to the average number of homes built per month during the 1995-2003 period.

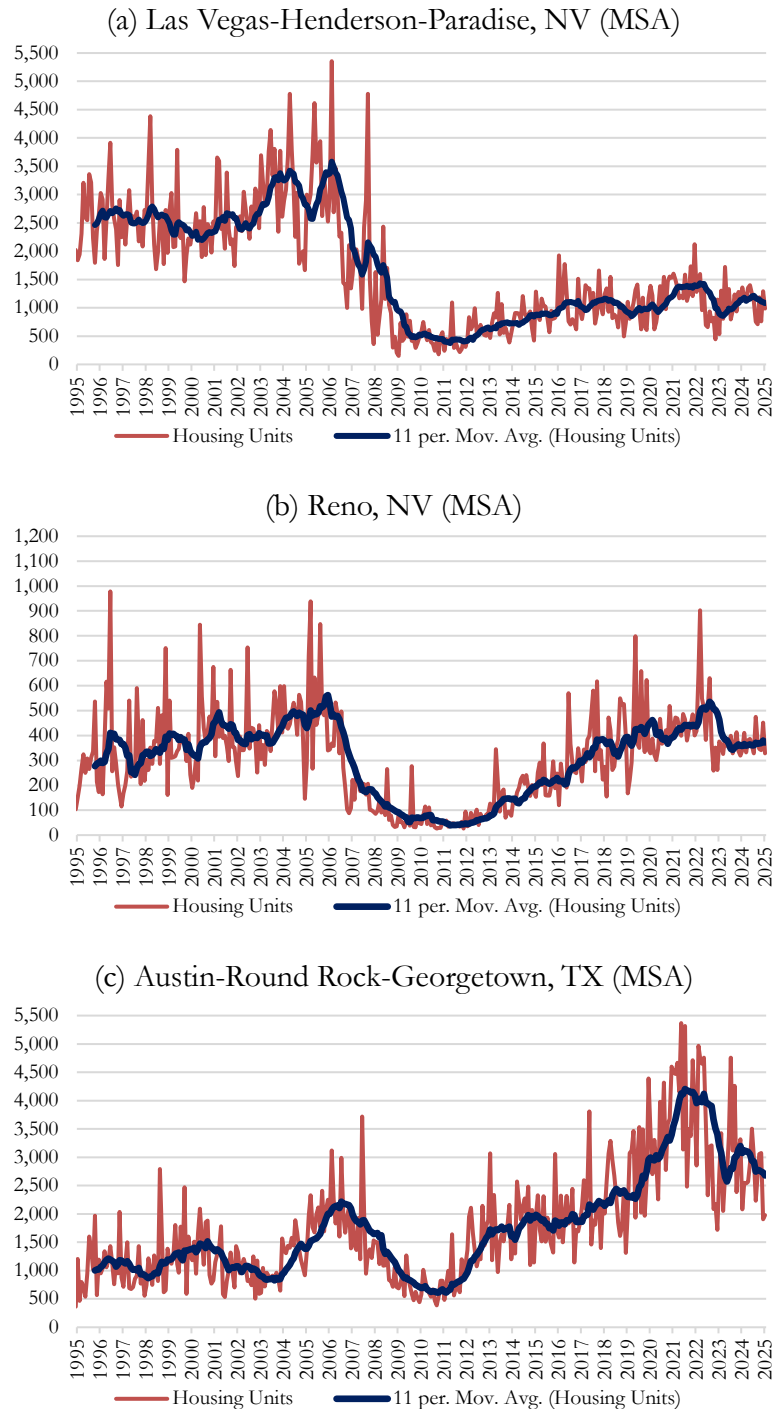
Among the cities shown in Table 1, Las Vegas had the biggest percent decline in the most recent period by a substantial margin. Its decline was not only twice as big as the nearest city (Phoenix), but it was also nearly three times larger than the national decline. By contrast, Los Angeles *increased* the rate of newly permitted homes during this period while Austin saw a massive explosion in development over the same period.

Table 1: MSA Comparisons of Building Permitting Frequency

MSA	Average Monthly Permits (Units)		
	1995 to 2003	2010 to 2025	% Difference
Austin-Round Rock-Georgetown, TX	1,091	2,296	110.4%
Los Angeles-Long Beach-Anaheim, CA	2,017	2,205	9.3%
Denver-Aurora-Lakewood, CO	1,747	1,485	-15.0%
Reno, NV	367	281	-23.5%
United States	1,536,880	1,169,291	-23.9%
Salt Lake City, UT	848	626	-26.3%
Phoenix-Mesa-Chandler, AZ	3,715	2,520	-32.2%
Las Vegas-Henderson-Paradise, NV	2,607	932	-64.3%

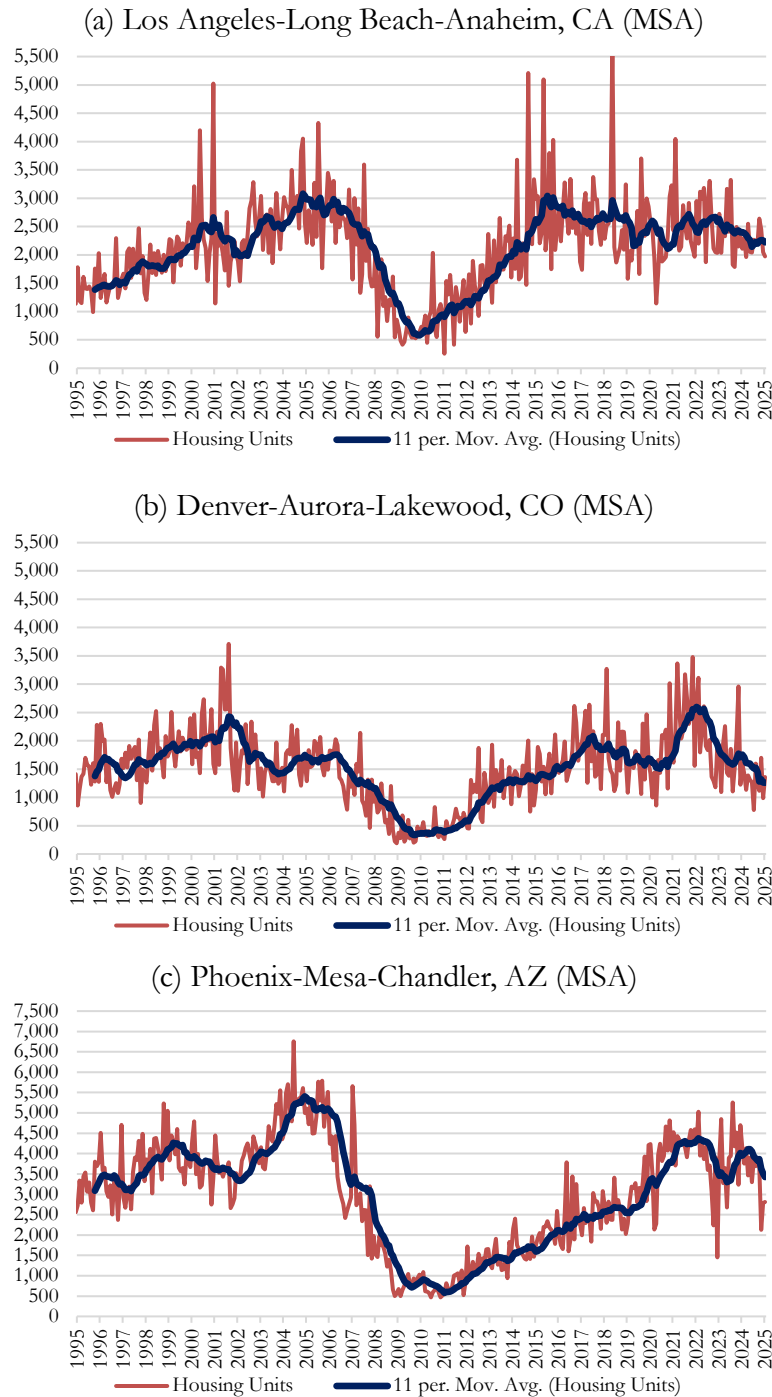
Source: UNLV's Lied Center for Real Estate, U.S. Census Bureau, *New Private Housing Structures Authorized by Building Permits*.

Figure 2: Housing Units Authorized by Building Permits (units/month)



Source: UNLV's Lied Center for Real Estate, U.S. Census Bureau, New Private Housing Structures Authorized by Building Permits.

Figure 3: Housing Units Authorized by Building Permits (units/month)



Source: UNLV's Lied Center for Real Estate, U.S. Census Bureau, New Private Housing Structures Authorized by Building Permits.

Analyzing the universe of parcels in Clark County, NV

The preceding analysis is based on building permit data from the U.S. Census Bureau's Building Permit Survey which is the leading indicator utilized by local governments and organizations to track new construction in the market. However, the data is limited in its ability to track the number of parcels and the amount of land acreage developed as that information requires localized data.

To circumvent this limitation, we obtained direct access to the Clark County, NV Assessor's "Secured Tax Roll Master File." Updated daily, per Nevada Revised Statutes, the Assessor must assign a parcel number, track of ownership, and establish an assessed value for all property in Clark County.

Given the fact there are over 850,000 parcels, we focus attention on the set of developed parcels in Clark County, NV, which consists of 770,358 parcels. We restrict this further to those developed since 1995 (510,734 parcels) and compute: (a) the number of developed parcels per year; (b) the number of constructed units per year; and (c) the amount of land acreage developed per year.

Between 1995 and 2003, on average 24,208 parcels were developed per year while post-2010, this fell to 9,023 parcels per year, representing a 62.7% decline between these periods. Southern Nevada constructed 39,883 units on average per year pre-2003 in contrast to 14,515 units per year post-2010 representing a 63.6% decline. This decline means fewer homes are available to the growing Clark County population, which puts upward pressure on home prices.

Comparing trends in development pre-2003 to post-2010:

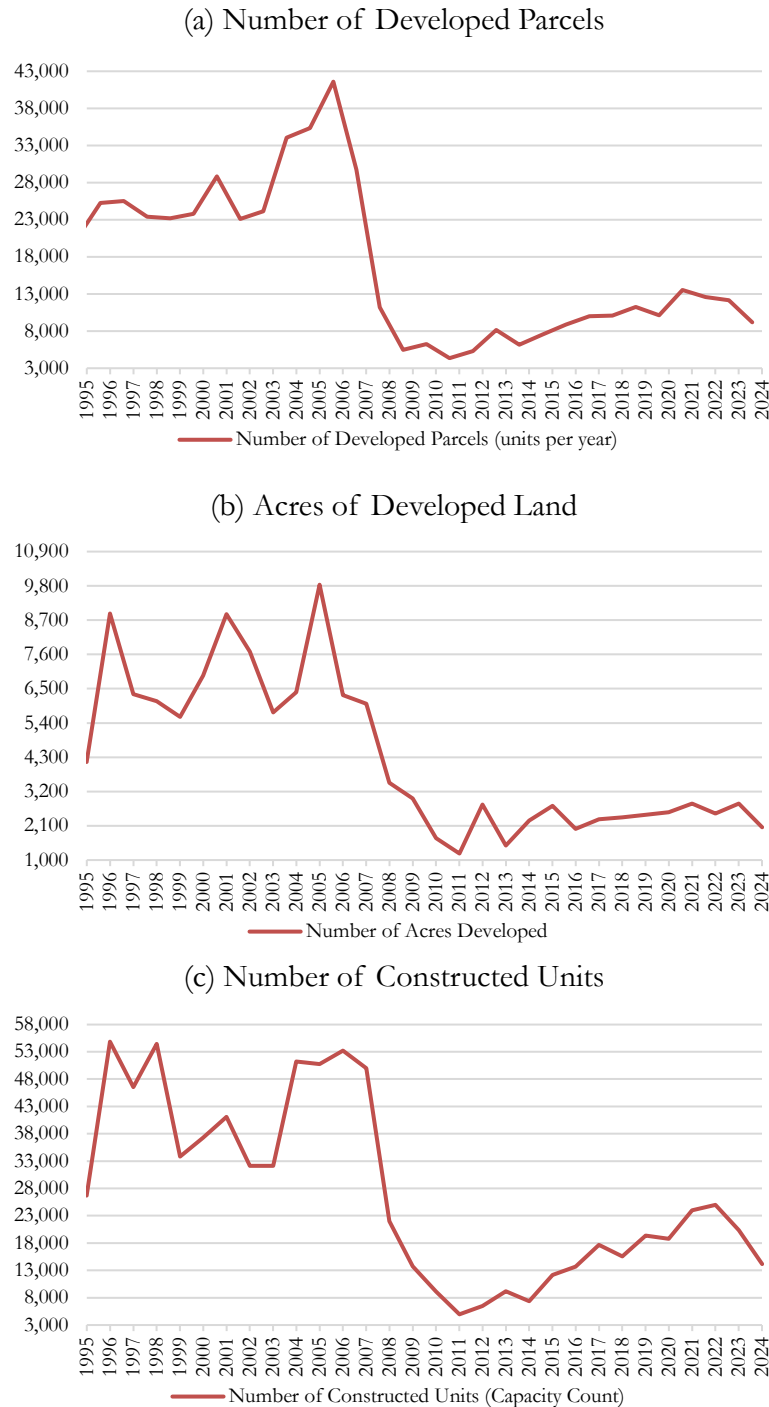
- **The average amount of acres of land developed per year fell 66.2%.**
- **The average number of constructed units per year fell 63.6%.**
- **The average number of parcels developed per year fell 62.7%.**

Table 2: Parcel Inventory

Year	Number of Developed Parcels	Number of Constructed Units	Amount of Land Developed (Acres)
1995	20,575	26,687	4,142
1996	25,252	54,850	8,915
1997	25,524	46,542	6,327
1998	23,419	54,461	6,095
1999	23,184	33,798	5,599
2000	23,809	37,294	6,921
2001	28,842	41,080	8,891
2002	23,125	32,135	7,694
2003	24,142	32,103	5,736
2004	34,087	51,230	6,388
2005	35,346	50,736	9,833
2006	41,635	53,190	6,296
2007	29,769	49,962	6,019
2008	11,213	21,978	3,482
2009	5,453	13,745	2,979
2010	6,228	9,095	1,700
2011	4,345	4,987	1,209
2012	5,296	6,462	2,778
2013	8,127	9,198	1,471
2014	6,137	7,337	2,272
2015	7,516	12,148	2,744
2016	8,858	13,662	1,995
2017	9,976	17,656	2,308
2018	10,081	15,572	2,372
2019	11,239	19,345	2,450
2020	10,118	18,790	2,539
2021	13,518	23,978	2,809
2022	12,598	24,995	2,493
2023	12,144	20,385	2,815
2024	9,178	14,126	2,055

Source: UNLV's Lied Center for Real Estate's analysis of the Clark County, NV Assessor's Database.

Figure 4: Developed Parcels, Constructed Units and Developed Land Acreage (units/year)



Source: UNLV's Lied Center for Real Estate's analysis of the Clark County, NV Assessor's Database.

Where is land being developed in Southern Nevada currently?

We identified 9,178 parcels in the Clark County Assessor files that have a construction year of 2024. To depict where recent development has occurred in the greater Las Vegas area, we link these parcels to a GIS database of parcel boundaries in addition to an overlay of a Clark County map. In Figures 5 and 7 we conduct a cluster analysis of construction activity by calculating the magnitude-per-unit area from the centroid of each developed parcel using a kernel function to fit a smoothly tapered surface across the study area.

The largest clusters of building activity occurred in Enterprise and Spring Valley near the 215-beltway, Southern Hills, and Southern Highlands. In the Northwest, 520 parcels were developed near Sky Canyon close to US 95. Near Henderson in the Southeast, 689 parcels were developed in clusters between East Galleria Drive and East Warm Springs Road.

However, the total development in 2024 consisted of 2,055 total acres of land, which represents a 27% decrease relative to 2023 and a 50.4% decrease relative to 1995.

Figure 5: 2024 Developed Parcels: North Las Vegas, NV

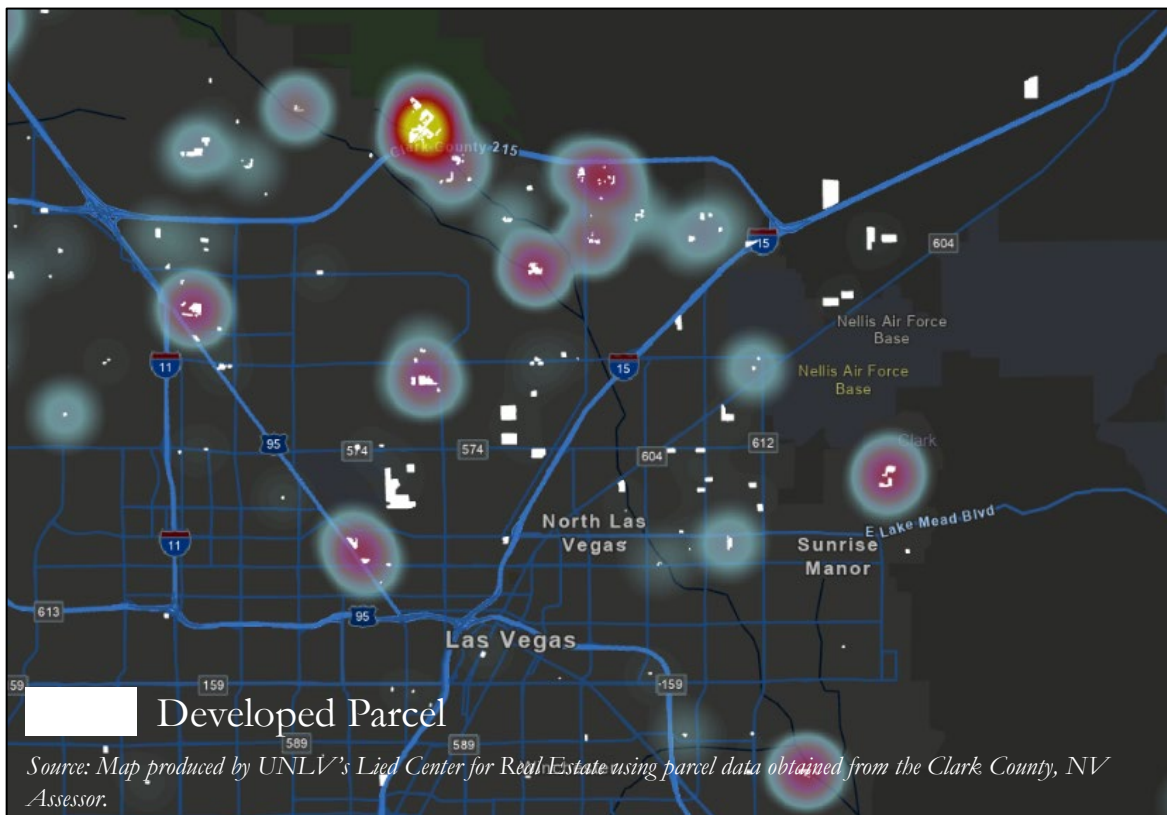


Figure 6: 2024 Developed Parcels in Clark County, NV

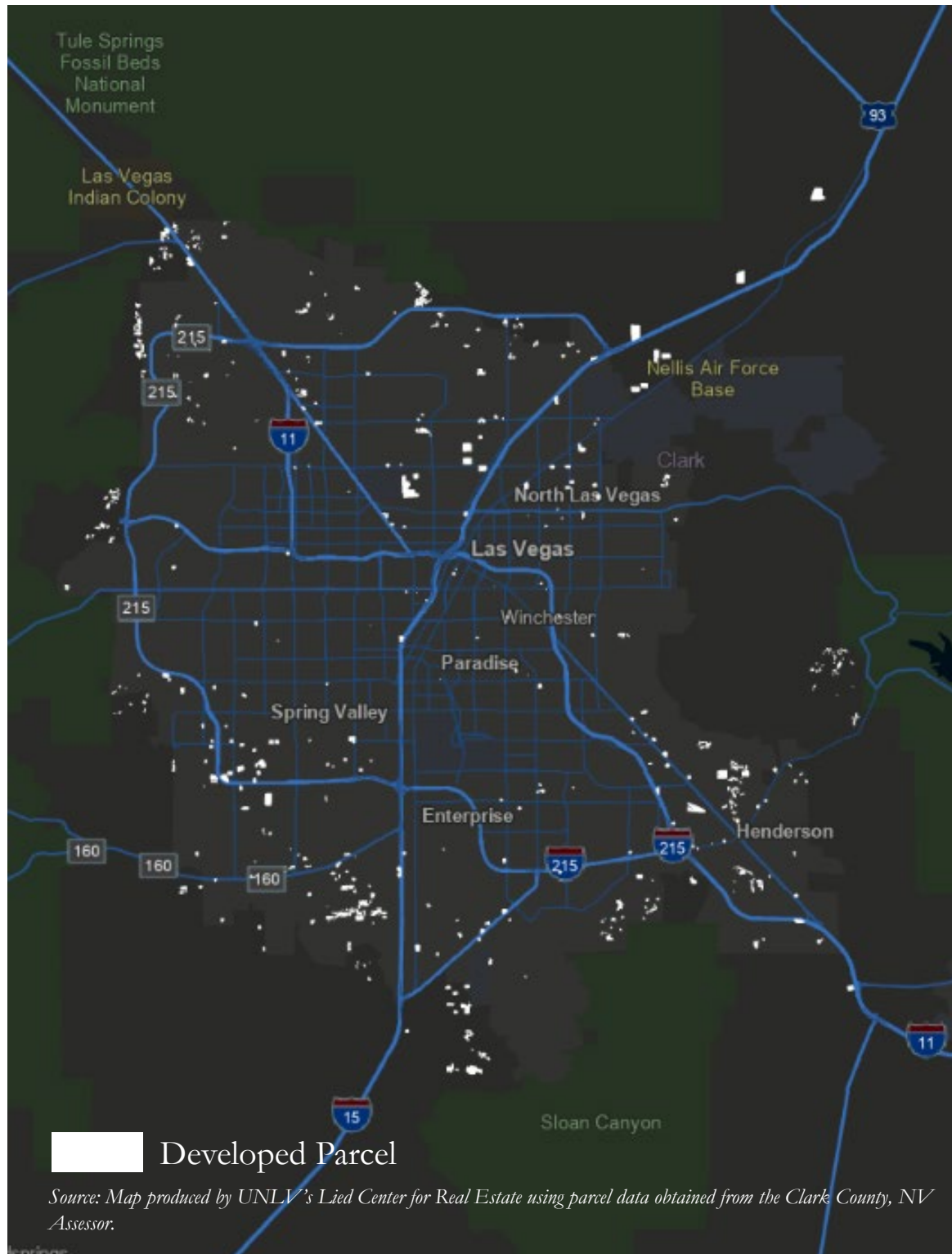
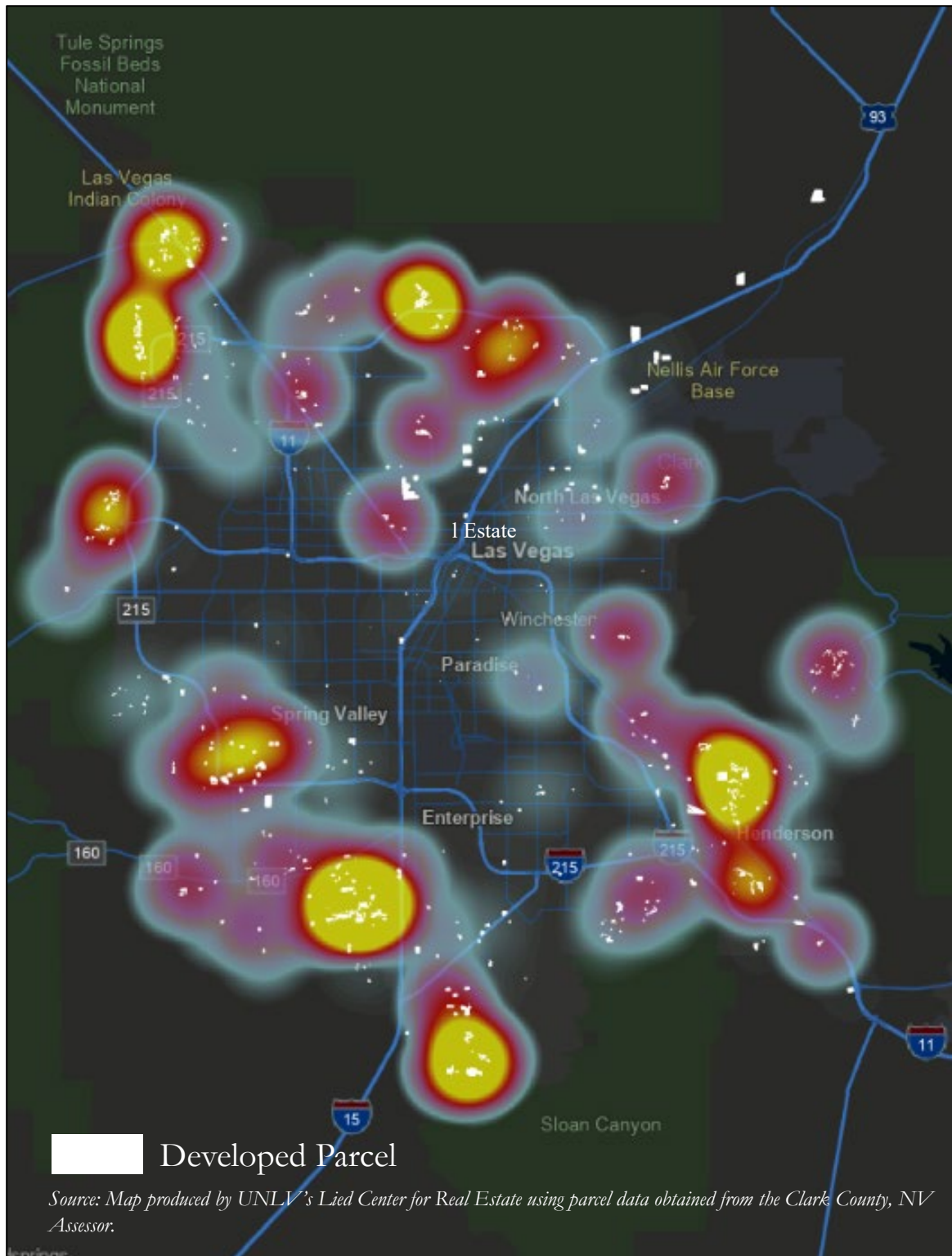


Figure 7: 2024 Construction Hot-Spots in Clark County, NV



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Disclaimer

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This report utilizes data from the U.S. Census Bureau retrieved from the Federal Reserve Economics Data (FRED) portal at the Federal Reserve Bank of St. Louis. The data utilized is entitled: “*New Private Housing Structures Authorized by Building Permits for [Selected] (MSA)*”, which is publicly available here: <https://fred.stlouisfed.org/>. Additional data from the Clark County Assessor’s Office “*Secured Tax Roll Master File*” is available by request from the Assessor’s Office. The front picture is from the NASA Visible Earth’s “City Lights of the United States 2012” image.

About the Lied Center for Real Estate

The Lied Center for Real Estate was established in 1989 by the Lee Business School at the University of Nevada, Las Vegas to foster excellence in real estate education and research. Through partnerships with business and community leaders, the Lied Center strives to improve real estate business and effective public-policy practices in Southern Nevada. The center produces relevant and timely real estate market reports, supports educational programs in commercial real estate for students and professionals, and provides community outreach and continuing education.