

Lied Institute Report on Apartment Market Trends

featuring data from the Center for Business and Economic Research

Apartment Market Trends in 3rd Quarter 2017

The Las Vegas apartment market saw a large increase in the average asking rent and a decrease in the vacancy rate this quarter, according to data from our apartment survey, collected by the Center for Business and Economic Research (CBER). This was the eleventh consecutive quarter where the average asking rent increased. This quarter saw a 2.0 percent increase in the average asking rent and the average asking rent is now \$956. Asking rents are up 6.2 percent since 2016Q3 (\$900). The Las Vegas average asking rent is now 8.9 percent higher than its peak in 2008Q3 (\$878). The Las Vegas average asking rent is also 29.0 percent higher than its low in 2013Q1 (\$741). The Las Vegas apartment market vacancy rate decreased slightly to 7.4 percent. This represents a 0.4 percentage point decrease since the previous quarter and a 0.3 percentage point decrease since 2016Q2. The vacancy rate has been between 7 to 8 percent for the past six quarters. The vacancy rate is now 3.6 percentage points lower than its peak in 2009Q3 (10.96%), but 2.9 percentage points higher than its low in 2006Q1 (4.5%).

Figure 1

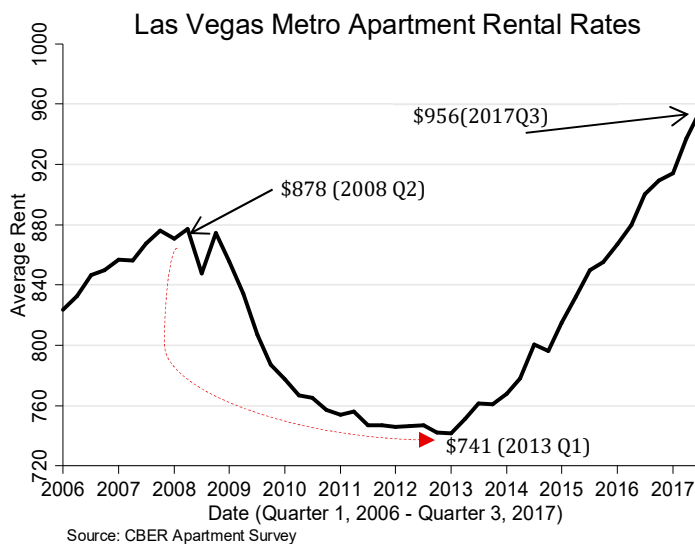


Figure 2

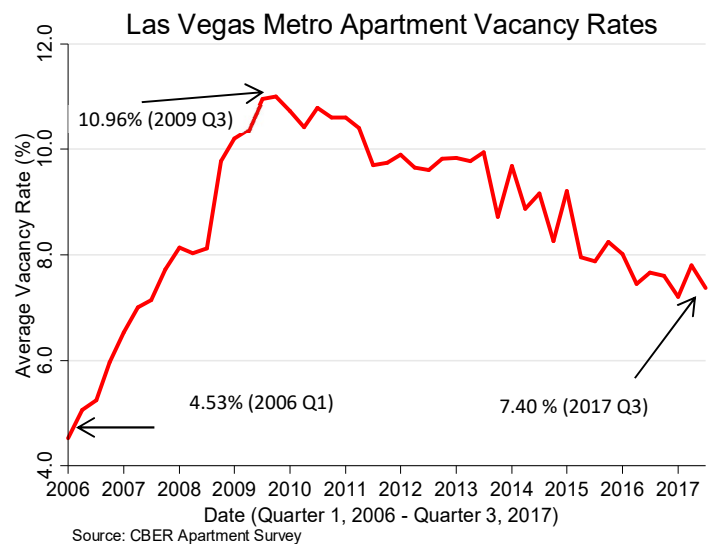
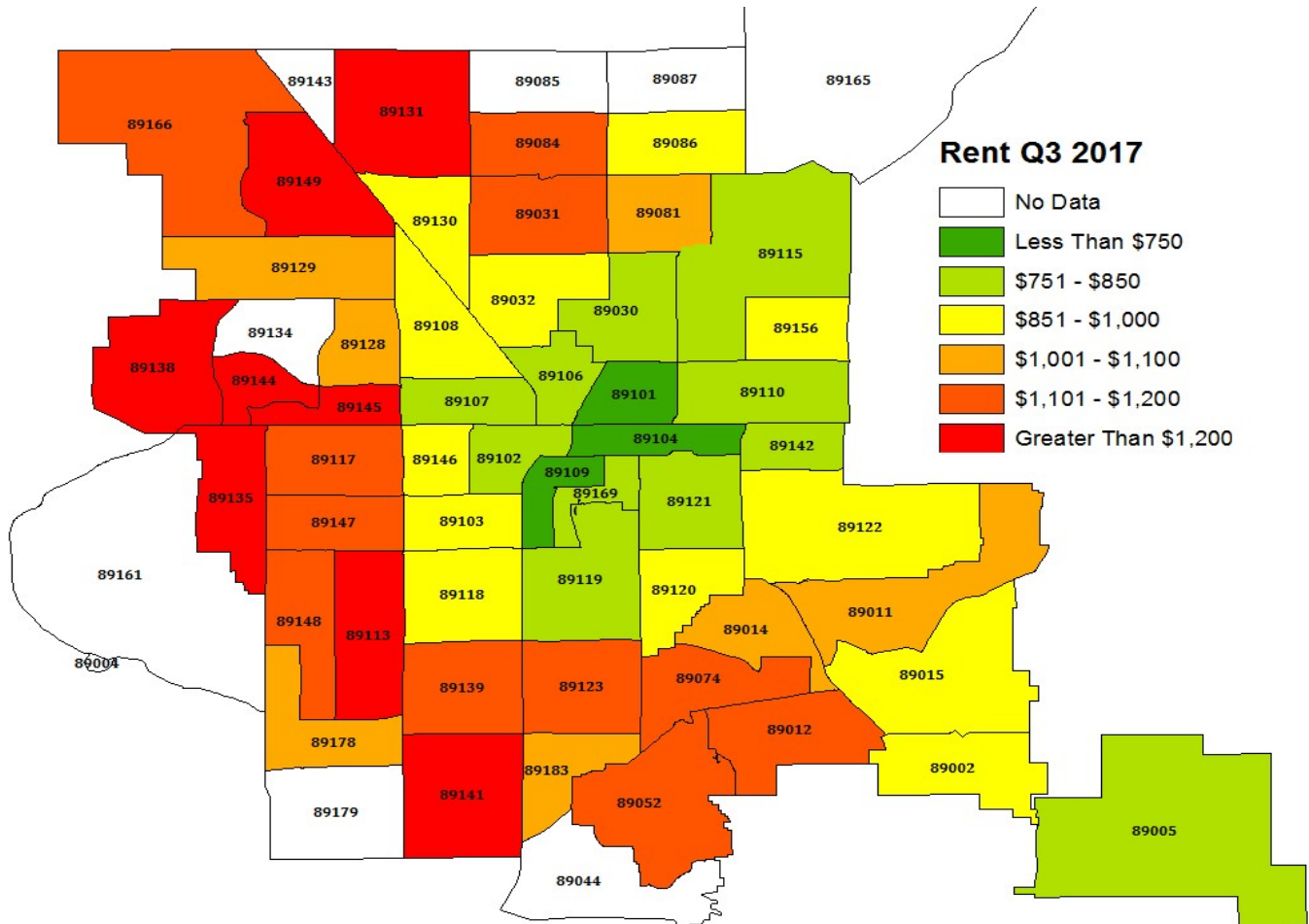


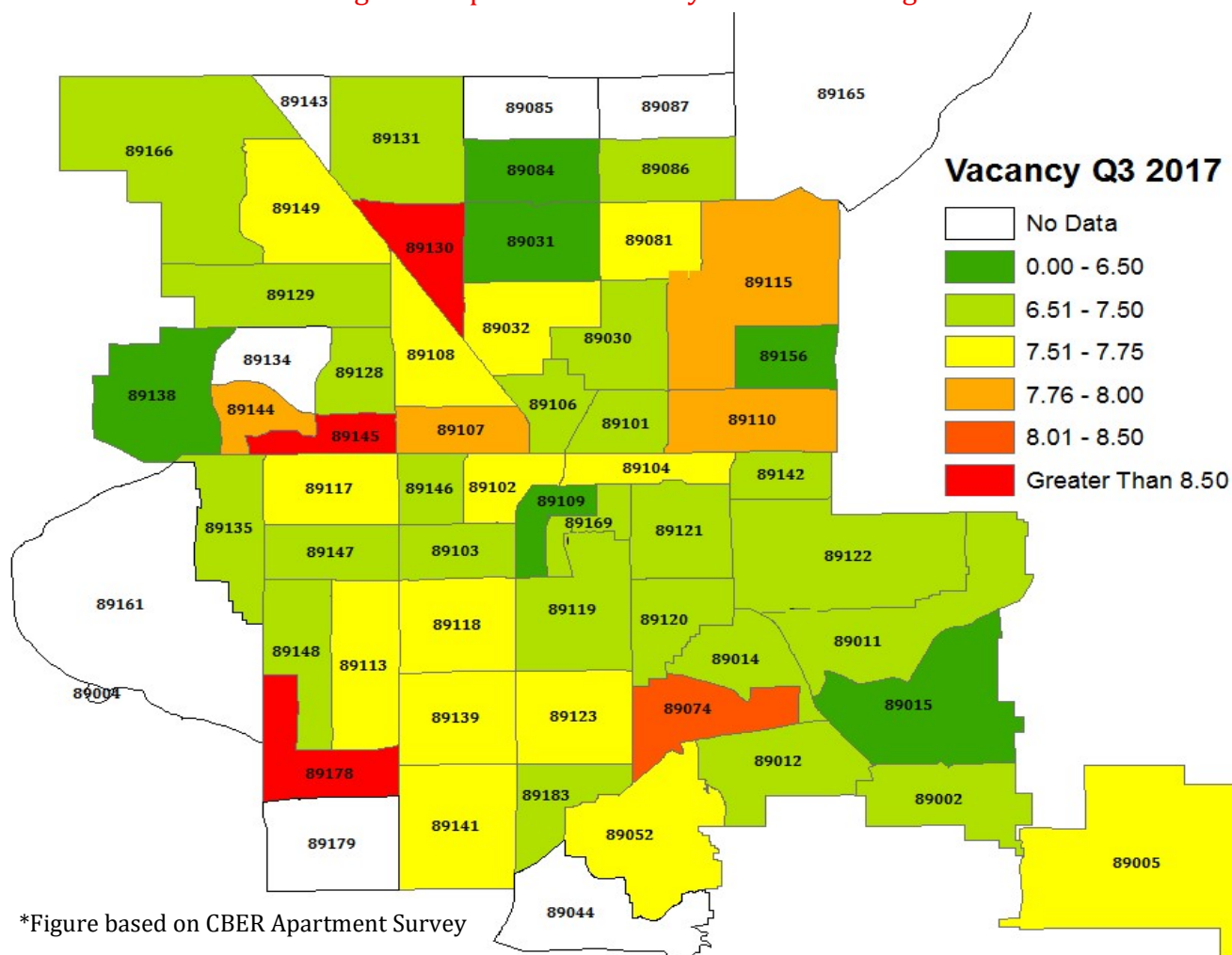
Figure 3: Apartment Rental Rates in Las Vegas*



*Figure based on CBER Apartment Survey

38 zip codes saw a quarterly increase in average asking rents while 13 zip codes saw a quarterly decrease in average asking rents. Average apartment rents now range from \$675 a month, in the 89104 zip code, to \$1,538 a month, in the 89138 zip code. The 89131 zip code, in the northwestern region, saw an 18 percent increase in asking rents – the largest increase of any zip code this quarter. The 89129 zip code, also in the northwestern region, also saw a considerable quarterly increase in asking rents with a 6.6 percent increase. The eastern region also had multiple zip codes with significant quarterly increases in asking rents. The 89122 and 89086 zip codes both saw increases in average asking rents of 6.8 percent. The southern region saw the most significant decreases in average asking rents this quarter. The 89183 and 89123, which border each other in the southern region, saw the largest decreases in average asking rents this quarter of any zip code. The 89183 zip code experienced a 4.3 percent quarterly decrease and the 89123 zip code experienced a 3.6 percent decrease. The 89109 zip code, which saw a considerable increase last quarter, saw the third largest decrease this quarter with a 3.5 percent decrease. Only five zip codes have average asking rents that are down on a year over year basis. The 89109 zip code saw the largest year over year decrease in average asking rent with a 6.2 percent (\$44) decrease. The 89147 zip code, in the western region, experienced the largest year over year growth in asking rents with a 12 percent increase.

Figure 4: Apartment Vacancy Rates in Las Vegas*



*Figure based on CBER Apartment Survey

The Las Vegas Metropolitan area had 37 zip codes see a quarterly decrease in the apartment vacancy rate and 13 zip codes see a quarterly increase in the apartment vacancy rate. The vacancy rate now ranges from 6.0 percent, in the 89109 zip code, to 15.9 percent, in the 89145 zip code. 47 zip codes have a vacancy rate that ranges between 6.0 percent to 7.0 percent. The 89183, 89081, and 89102 zip codes are the only three zip codes with vacancy rates greater than 10 percent. The 89145 zip code saw the largest quarterly increase in the vacancy rate with an 8.0 percentage point increase. The next largest increase came from the 89130 zip code, which only had a 3.9 percentage point increase. The 89084 saw the largest quarterly decrease in the vacancy rate this quarter with a 1.8 percentage point decrease. The center region saw some of the most significant decreases in the vacancy rate this quarter. The 89121, 89109, 89169, and 89101 zip codes all saw their apartment vacancy rate decrease by more than 1 percentage point. No region had multiple zip codes with considerable increases in the vacancy rate this quarter. The 89145, 89130, 89178, and 89102 zip codes are the only zip codes that have vacancy rates up by more than 1 percentage point on a year over year basis. The 89145 zip code, which saw the largest quarterly increase in the vacancy rate, also saw the largest annual increase in the vacancy rate with a 7.7 percentage point increase. The 89135 zip code, which is in the western region, saw the largest decrease in the vacancy rate with a 2.2 percentage point decrease. The 89109 and 89103 zip codes, which are in the center region, saw noticeable annual decreases in the vacancy rate of 2 percentage points.

All apartment types saw quarterly increases in asking rents. Furnished one-bedroom apartments saw the largest quarterly increase with an increase of 6.7 percent (\$53). Most other apartment types saw quarterly increases in the asking rent of about 2 percent. Studio apartments, furnished and unfurnished, saw an increase in the asking rent of about 2.5 percent (\$15). Three-bedroom apartments saw a quarterly increase of 2.7 percent (\$32). One-bedroom apartments saw an increase of 1.8 percent (\$15). Two-bedroom apartment types saw the smallest growth since the 2017Q2. 2 bed 1 bath apartments saw an increase of 1.4 percent and 2 bed 2 bath apartments saw an increase of 1.1 percent.

All apartment types saw year over year increases in average asking rents. Except for furnished studio apartments, all apartment types saw year over year increases in asking rent of at least 6 percent. The average asking rent for furnished studio apartments increased only 1 percent since 2016Q3. Unfurnished studio apartments saw the largest year over year increase in asking rents with a 6.7 percent increase (\$41). Furnished one-bedroom apartments increased 7.3 percent (\$57) and unfurnished studios increased 6.3 percent (\$50). 2 bed 1 bath and 2 bed 2 bath apartments both saw annual increases of about 6.2 percent (\$55). The average asking rent for three bedroom apartments increased 7.0 percent (\$78) since the previous year.

Figure 9

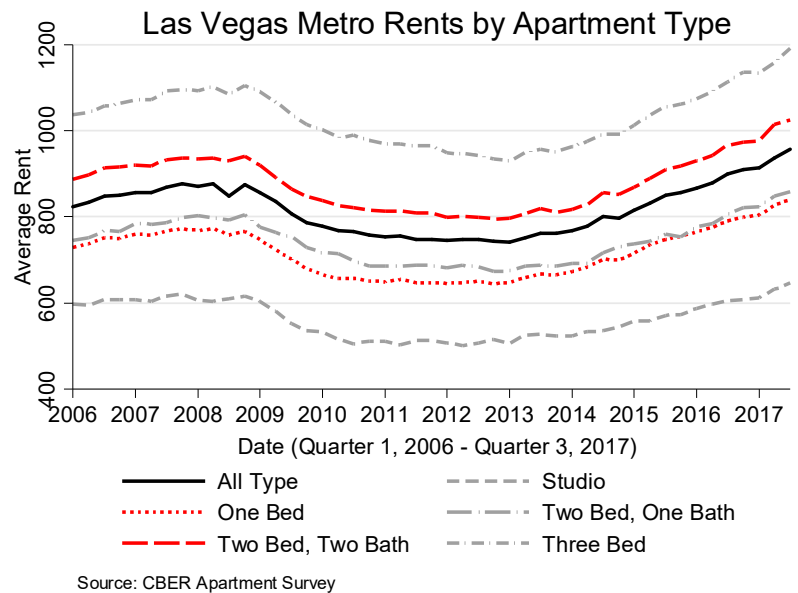
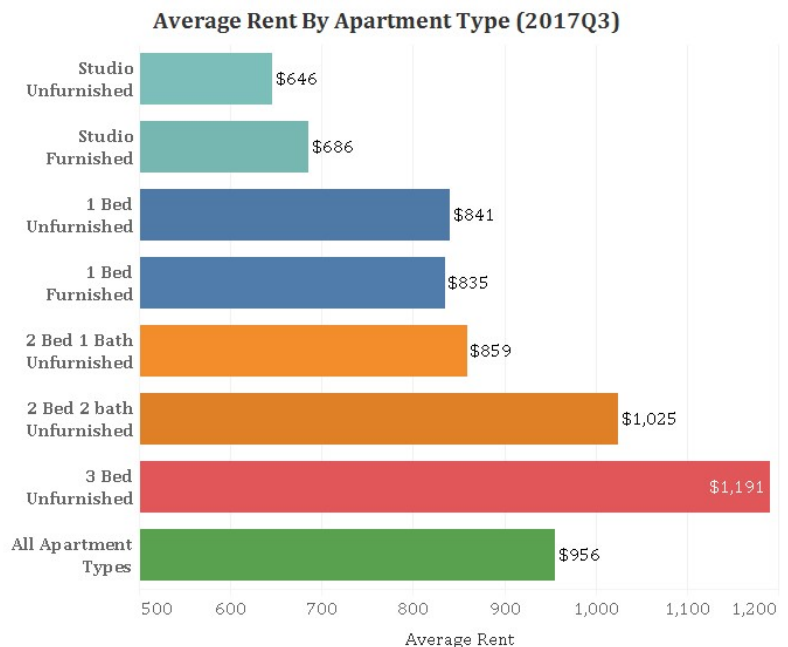


Figure 10



Apartment complexes, to a certain extent, compete with individually owned units, which mostly consist of single family homes, townhomes, and condominiums. MLS rental leases proxy this competition. MLS leases typically increase the third quarter each year. This year, both single-family and multifamily MLS leases increased slightly from the previous quarter. This was the second consecutive quarter where both single-family and multifamily MLS leases increased. However, MLS leases were down on a year over year basis for both single-family and multifamily homes. Leasing activity has slowed down significantly since peaking in 2014 and 2015. 2017Q3 MLS leases were down 1,000 leases since 2015Q3 and down over 2,000 leases since 2014Q3.

Median price per square footing on MLS rental leases increased for both single-family and multifamily homes. This was the third consecutive quarter where rent on single-family homes increased and the seventh consecutive quarter where rent on multifamily homes increased. Multifamily homes rented for \$0.92 a square foot in 2017Q3 – a \$0.01 increase from the previous quarter and a \$0.06 increase from the previous year. For the third quarter of 2017, rent on single-family homes was \$0.80 a square foot. This represents a \$0.01 increase from 2017Q2 and a \$0.03 increase from 2016Q3.

Figure 11

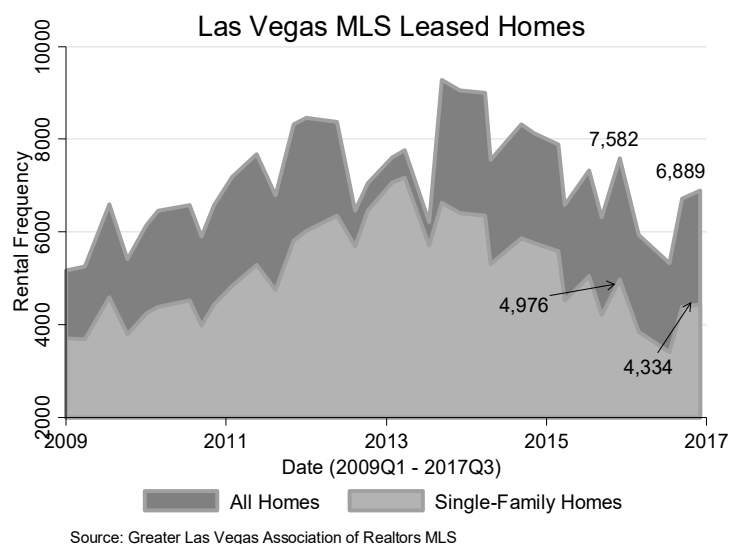


Figure 12

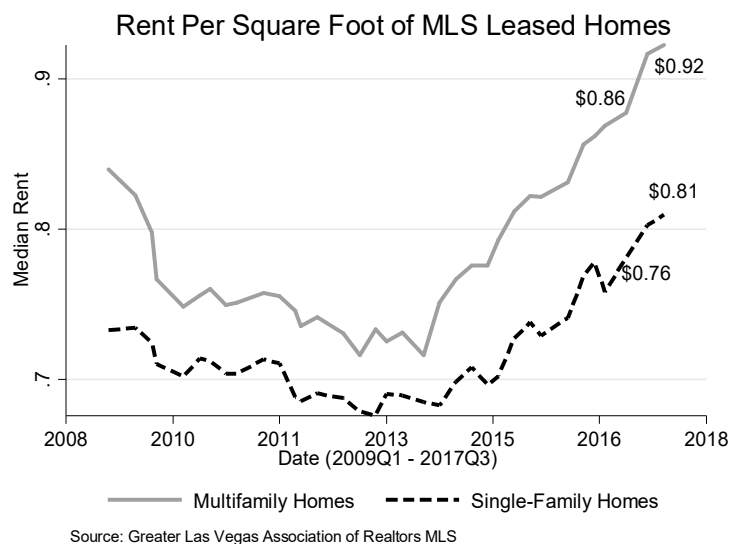


Table 1: Apartment Rental and Vacancy Rates by Zip Code Area

ZIP CODE	UNIT RATES								AVERAGE RATES		UNITS			
	Studio		1 Bed		2 Bed/1 Bath		2 Bed/2 Bath		3 Bed					
	F	U	F	U	F	U	F	U	F	U	Rent	Vacancy	Total Units	Vacant Units
89002	.	.	.	800	.	818	.	1150	.	1275	927	7.5%	785	59
89005	.	.	.	671	.	760	.	812	.	959	843	7.6%	350	27
89011	.	.	.	957	.	.	.	1043	.	1265	1081	7.1%	1127	80
89012	.	.	.	966	.	1025	.	1211	.	1470	1177	7.3%	2333	170
89014	.	739	.	910	.	1020	.	1109	.	1345	1085	7.2%	6180	443
89015	.	.	.	731	.	804	.	960	.	1176	870	6.4%	1959	126
89030	.	.	.	663	.	662	.	812	.	927	774	7.0%	2270	159
89031	1065	.	1240	1154	6.4%	1004	64
89032	.	727	.	807	.	949	.	972	.	1122	947	7.7%	2478	192
89052	.	.	.	989	.	1123	.	1216	.	1437	1148	7.6%	3302	252
89074	.	.	.	1013	.	1005	.	1195	.	1423	1160	8.0%	3593	289
89081	.	.	.	853	.	901	.	1016	.	1226	1029	7.5%	1864	141
89084	.	.	.	943	.	1082	.	1183	.	1297	1126	6.2%	1008	62
89086	.	.	.	835	.	999	.	1011	.	1193	988	7.5%	1107	83
89101	679	665	835	663	.	754	.	799	.	870	718	7.0%	4945	345
89102	.	599	600	696	.	767	.	882	.	921	773	7.7%	7885	609
89103	.	656	.	791	.	843	.	940	.	1004	873	7.0%	9181	642
89104	.	505	.	618	.	716	.	784	.	845	675	8.0%	4118	317
89106	750	544	835	723	.	734	.	865	.	945	812	6.8%	2015	136
89107	.	686	.	705	.	752	.	811	.	.	786	7.8%	1934	152
89108	.	645	.	767	.	774	.	938	.	800	900	7.7%	7477	575
89109	625	509	.	667	.	603	.	819	.	1005	720	6.0%	576	35
89110	.	.	.	695	.	769	.	827	.	1474	809	7.9%	3248	257
89113	.	.	.	1064	.	.	.	1325	.	958	1268	7.6%	1801	136
89115	.	581	780	678	.	764	.	815	.	.	800	7.9%	5184	408
89117	.	.	.	979	.	1093	.	1134	.	1323	1114	7.7%	7286	561
89118	.	.	.	896	.	849	.	1054	.	1177	999	7.6%	1836	139
89119	653	609	754	770	.	761	.	969	.	1157	849	6.9%	10408	720
89120	.	719	.	855	.	880	.	1039	.	1243	984	7.0%	1973	139
89121	.	656	877	760	.	869	.	900	.	927	838	6.8%	6727	456
89122	655	535	891	784	1207	876	.	925	.	1058	899	7.1%	3977	282
89123	.	840	.	992	.	1145	.	1156	.	1367	1136	7.5%	3579	269
89128	.	.	.	913	.	.	.	1060	.	1202	1071	6.5%	2374	155
89129	.	908	.	907	.	930	1050	1111	.	1322	1071	7.4%	2174	161
89130	.	.	.	847	.	.	.	958	.	1133	987	10.2%	1156	118
89131	.	.	.	1036	.	.	.	1222	.	1404	1220	7.0%	272	19
89135	.	.	.	1176	.	1328	.	1410	.	1552	1362	7.5%	849	64
89138	.	.	.	1400	.	1450	.	1600	.	1700	1538	0.0%	276	0
89139	.	.	.	1012	.	.	.	1240	.	1411	1189	7.5%	1346	101
89141	.	.	.	1127	.	1129	.	1377	.	1588	1354	7.6%	595	45
89142	.	.	.	754	.	815	.	871	.	963	847	7.0%	1767	124
89144	.	.	.	1091	.	.	.	1322	.	1493	1326	7.8%	795	62
89145	.	.	.	1026	.	952	.	1239	.	1388	1212	15.9%	686	109
89146	.	595	.	812	.	753	.	968	.	1095	943	7.4%	2928	217
89147	.	.	.	1020	.	1025	.	1206	.	1402	1198	6.8%	3632	247
89148	.	.	.	1016	.	1172	.	1162	.	1251	1125	7.3%	2923	213
89149	.	1024	.	1047	.	1176	.	1302	.	1626	1200	7.6%	1369	104
89156	.	.	.	772	.	.	.	872	.	1021	852	6.3%	656	41
89166	.	.	.	963	.	1053	.	1183	.	1332	1105	7.4%	1484	110
89169	744	575	852	696	.	793	.	863	.	1034	794	7.1%	4969	351
89178	.	.	.	960	.	975	.	1185	.	.	1053	10.6%	539	57
89183	.	.	.	967	.	1145	.	1072	.	1287	1091	7.4%	2870	214
METRO LV	686	646	835	841	1207	859	1050	1025	.	1191	956	7.4%	147170	10842

"." Number of observations insufficient for statistical purposes. "F" stands for Furnished and "U" stands for Unfurnished. Cumulative sum of vacant units might not equal the reported Metro LV vacant units because of rounding issues. Source: CBER Apartment Survey

About the Institute

The Lied Institute for Real Estate Studies 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 Institute strives to improve real estate business and effective public-policy practices in Southern Nevada. The institute produces relevant and timely real estate research, supports educational programs in real estate economics and finance for students and professionals, and provides community outreach and continuing education.



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