

Lied Institute Report on Apartment Market Trends

featuring data from the Center for Business and Economic Research

Apartment Market Trends in 2nd Quarter 2016

The Las Vegas apartment market saw an 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 sixth consecutive quarter where the average asking rent increased. This quarter saw a 1.5 percent increase in the average asking rent and the average asking rent is now \$880. Asking rents are up 5.8 percent since 2015Q1 (\$832). The Las Vegas average asking rent is now slightly higher than their peak in 2007 (\$876). The average asking rent is also 18.8 percent higher than its low in 2013 (\$741). Vacancy rates typically decrease in the 2nd quarter each year. The Las Vegas metropolitan vacancy rate decreased 0.6 percentage points this quarter and is now 7.4 percent. The vacancy rate is also down 0.6 percentage points on a year over year basis. The vacancy rate is now 3.5 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

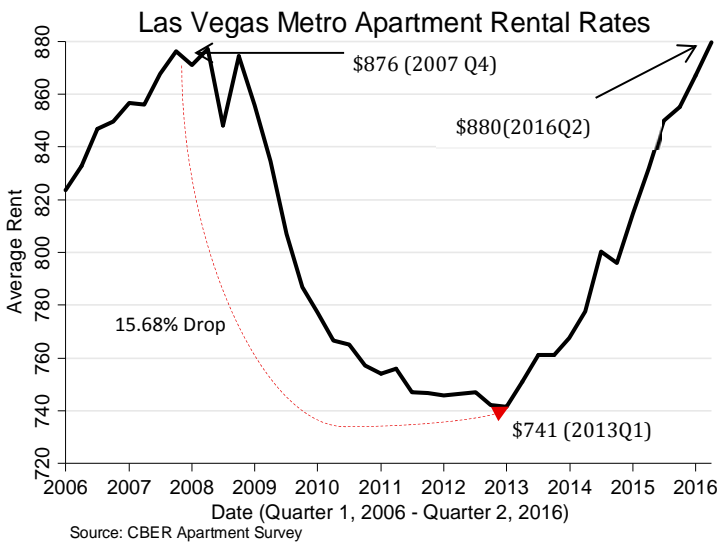


Figure 2

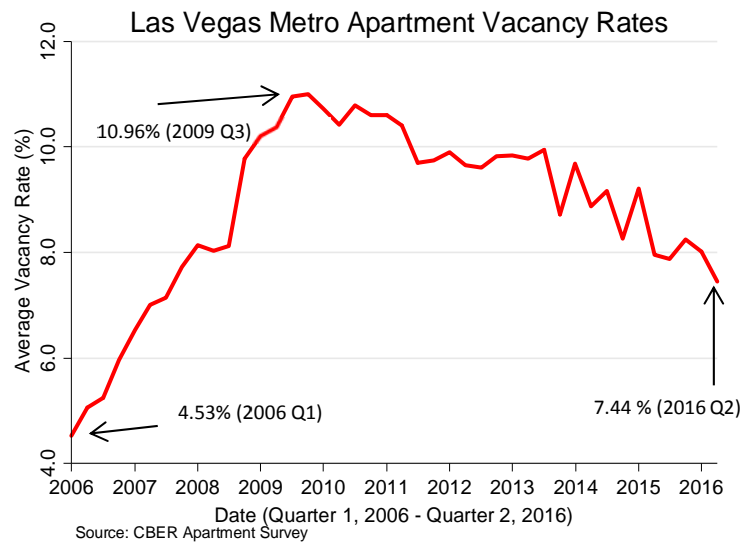
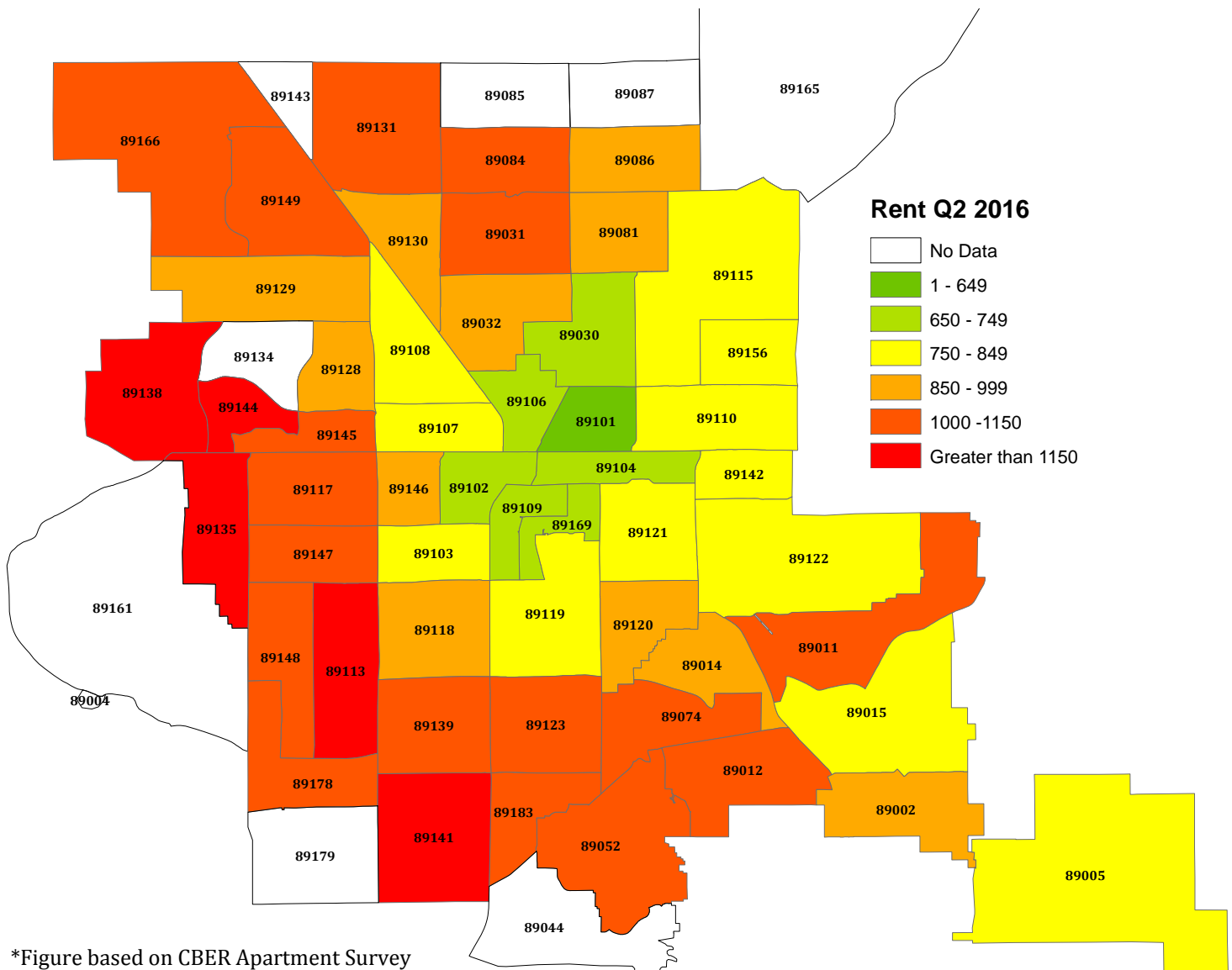
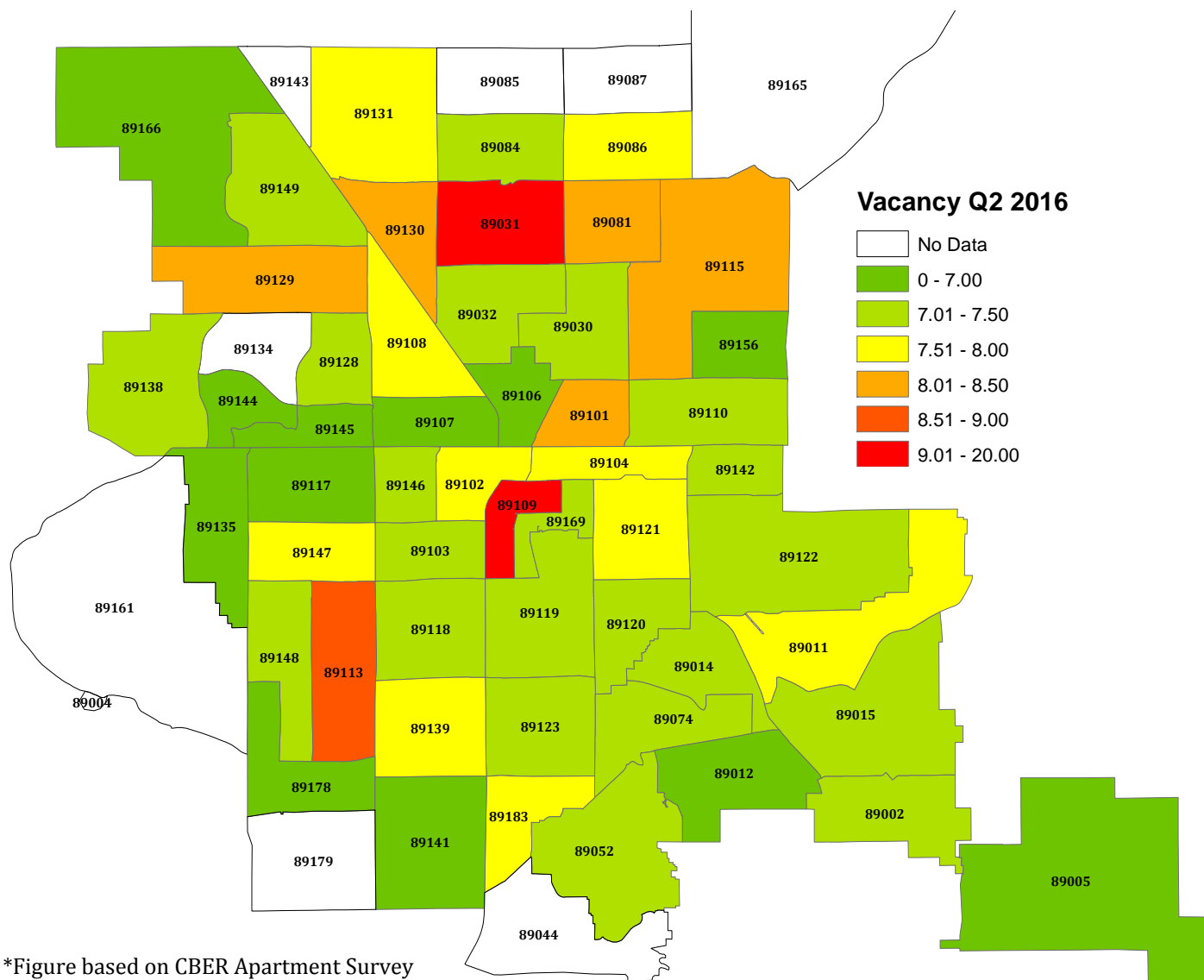


Figure 1: Apartment Rental Rates in Las Vegas*



Fewer zip codes in the Las Vegas metropolitan area saw decreases in the average asking rent this quarter. Eleven zip codes saw a decrease in asking rents while 41 zip codes saw an increase in asking rents. The western region saw the largest changes in asking rents this quarter. The 89144 and 89128 both saw increases in the average asking rent of more than 6 percent. However, the 89135 and 89145 both saw decreases in the average asking rent of more than 1 percent. In the southern region, the 89141 zip code saw the largest increase of any zip code in the Las Vegas metropolitan area (13.3 percent). Also in the southern region, the 89183 zip code saw one of the largest decreases in asking rents (7.8 percent). The center and southern eastern region followed similar patterns of large increases in some zip codes and large decreases in other zip codes. Asking rents in the southwestern and northwestern zip codes were stable and saw changes of less than 5 percent this quarter. The 89131, 89115, 89104, and 89086 zip codes all have asking rents that are up more than 10 percent on a year over year basis. Only four zip codes in the Las Vegas metropolitan area have asking rents that are down on a year over year basis.

Figure 2: Apartment Vacancy Rates in Las Vegas*



*Figure based on CBER Apartment Survey

All regions in the Las Vegas metropolitan area saw decreases in the vacancy rate this quarter. Much of the center and southeastern region saw small changes in the vacancy rate of less than one percentage point this quarter. The western region saw the most significant decreases in the vacancy rate. The 89145, 89144, and 89117 all saw decreases in the vacancy rate of more than 1.5 percentage points. The 89178 zip code, in the southwestern region, saw the largest decrease in the vacancy rate this quarter (3.1 percentage points). The 89113 zip code, also in the southwestern region, saw one of the largest increases in the vacancy rate this quarter (1.2 percentage points). The 89149 and 89031 zip codes also saw increases in the vacancy rate of more than one percentage point this quarter. The 89141 zip code saw the largest year over year decrease in the vacancy rate (3.3 percentage points). The 89086 and 89156 zip codes, which are in the eastern region, saw year over year decreases in the vacancy rate of more than 2 percent. Only the 89109 and 89031 zip codes have vacancy rates that are up more than one percentage point on a year over year basis.

Studio apartments saw the most robust growth in asking rents this quarter. Both furnished and unfurnished studio apartments saw a quarterly increase in the average asking rent of about 1.7 percent (\$10). Three bedroom apartments also saw quarterly increases in the average asking rent of 1.6 percent (\$17). Both unfurnished one bedroom and two bedroom two bathroom apartments saw increases in the average asking rent of about 1.3 percent (\$11). However, the furnished one bedroom and two bedroom two bath apartments saw decreases in average asking rents this quarter. The average asking rent on furnished one bedroom apartments decreased 1.5 percent (\$12). Furnished two bedroom two bathroom apartments saw a quarterly decrease of 3.2 percent (\$29) in asking rents. Furnished two bedroom two bathroom apartments make up a very small share of the total apartments in the Las Vegas metro area. Only three apartment complexes surveyed offered furnishing for two bedroom two bathroom apartments.

The average asking rent increased on a year over year basis for all apartment types this quarter. Furnished one bedroom apartments saw a year over year increase of 8 percent (\$57) – the largest year over year increase of any apartment type this quarter. Asking rents on both furnished and unfurnished studio apartments increased about 6 percent (\$38) on a year over year basis. Furnished two bed one bath apartments saw the smallest year over year gain in asking rents with a 4 percent (\$40) increase. At \$941, unfurnished two bedroom two bathroom apartments have an average asking rent higher than their 2008 peak values.

Figure 4

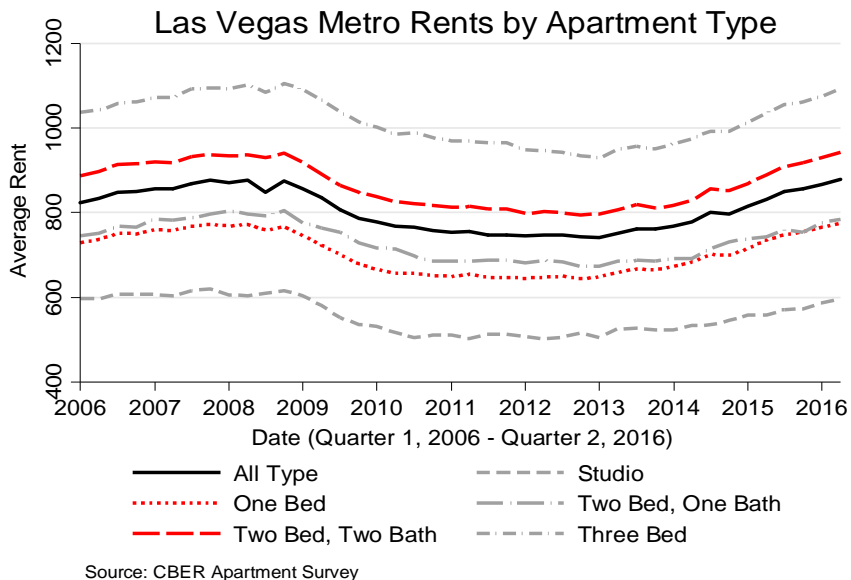


Figure 5

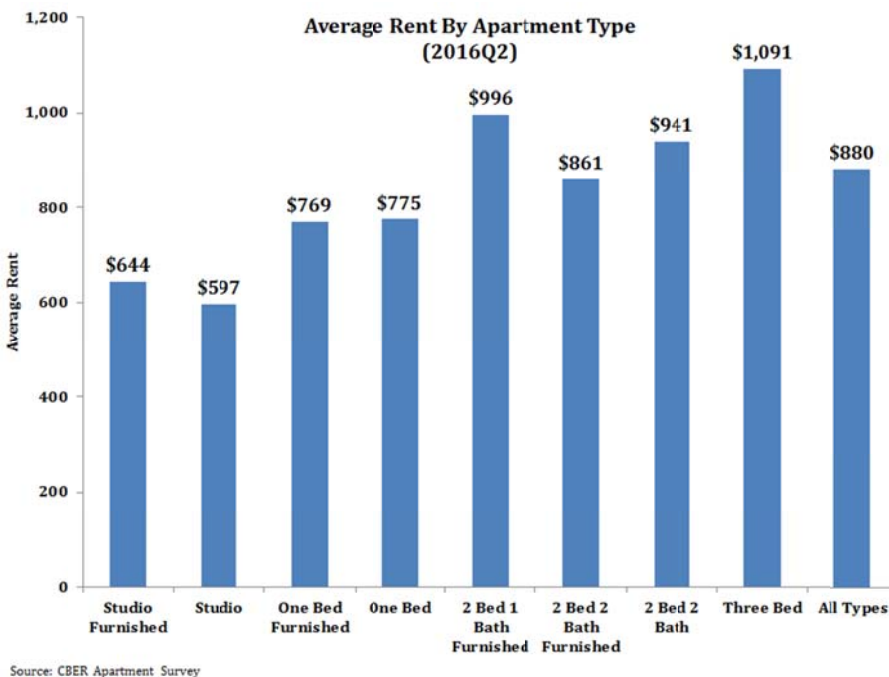


Figure 5

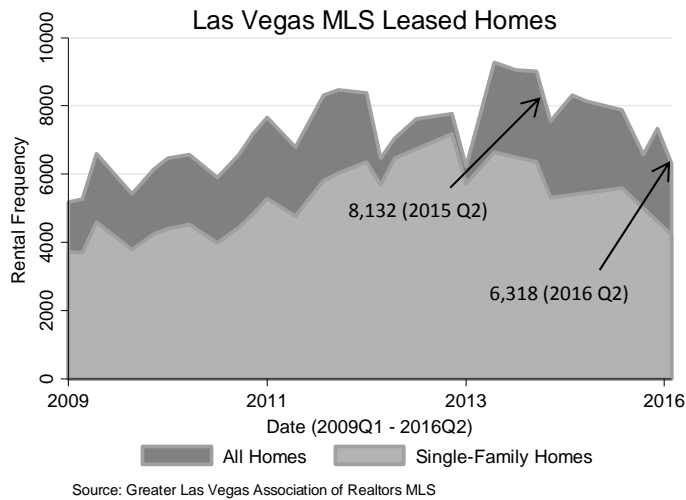
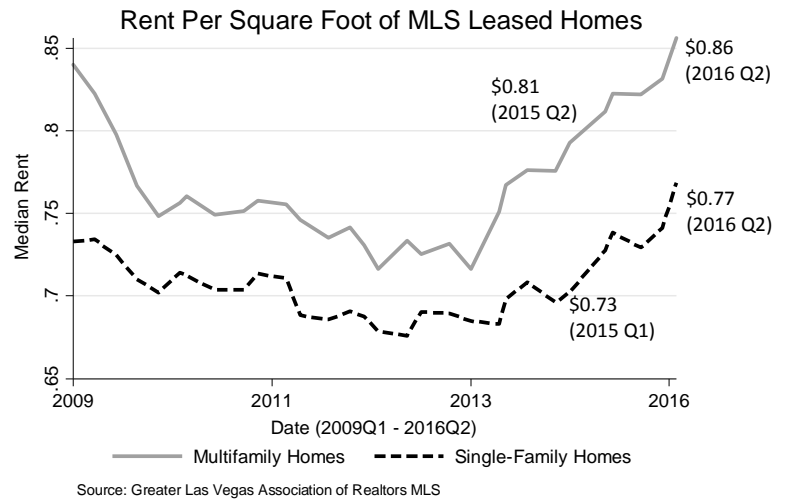


Figure 6



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. There were 6,318 rental leases in 2016Q2 – 1,013 less than 2016Q1(7,331) and 1,814 less than 2015Q2 (8,132). Median price per square footing on MLS rental leases increased by about 3 percent this quarter. This was the third consecutive quarter where price per square footing increased for both multifamily and single-family homes. Single-Family homes rented for \$0.77 a square foot and multifamily homes rented for \$0.86 a square foot in 2016Q2.

-Peter Counts, Data Analyst

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		Rent	Vacancy	Total Units	Vacant Units
	F	U	F	U	F	U	F	U	F	U				
89002	.	.	.	753	.	760	.	959	.	1085	886	7.3%	785	57
89005	.	.	.	661	.	725	735	795	.	965	827	6.8%	400	27
89011	.	.	.	917	.	.	.	969	.	1270	1043	7.6%	786	59
89012	.	.	.	927	.	995	.	1106	.	1265	1071	6.8%	2477	169
89014	.	709	.	844	.	914	.	995	.	1204	976	7.5%	6130	458
89015	.	.	.	659	.	728	.	825	.	967	774	7.5%	1970	147
89030	.	.	.	615	.	635	.	749	.	810	708	7.1%	2206	156
89031	967	.	1112	1045	9.4%	1004	94
89032	.	680	.	792	.	.	.	931	.	1033	908	7.3%	2488	181
89052	.	.	.	960	.	991	.	1183	.	1357	1103	7.4%	3590	264
89074	.	.	.	977	.	.	.	0	.	1368	1108	7.2%	2791	200
89081	.	.	.	796	.	871	.	996	.	1125	971	8.3%	1855	153
89084	.	.	.	823	.	995	.	1076	.	1179	1020	7.2%	1008	73
89086	.	.	.	828	.	945	.	968	.	1100	958	7.7%	1107	85
89101	613	527	680	573	.	688	850	719	.	805	631	8.2%	4820	395
89102	.	594	600	665	.	713	.	818	.	852	725	7.7%	6942	533
89103	.	638	.	719	.	775	.	872	.	946	803	7.4%	8291	613
89104	.	521	.	610	.	712	.	780	.	830	690	8.0%	3783	301
89106	719	495	804	665	.	622	.	794	.	858	743	6.6%	1915	126
89107	.	606	.	716	.	775	.	850	.	.	786	6.9%	1971	135
89108	.	612	.	713	.	709	.	839	.	750	804	7.6%	6951	526
89109	575	553	.	675	.	568	.	916	.	877	738	12.7%	734	93
89110	.	.	.	662	.	701	.	803	.	1400	764	7.1%	3037	217
89113	.	.	.	992	.	939	.	1205	.	889	1173	8.6%	1633	141
89115	709	553	734	627	.	662	.	768	.	.	753	8.4%	5686	479
89117	.	.	.	901	.	104	.	1056	.	1212	1032	7.0%	7690	536
89118	.	725	.	815	.	815	.	1000	.	1120	922	7.2%	1836	132
89119	640	579	784	723	.	713	.	907	.	1059	807	7.2%	11015	793
89120	.	665	.	770	.	780	.	883	.	1100	878	7.3%	1921	141
89121	.	586	888	675	.	699	.	786	.	884	755	7.8%	7113	553
89122	599	499	756	722	996	825	.	856	.	1006	823	7.3%	4329	315
89123	.	723	.	869	.	1145	.	1051	.	1293	1032	7.3%	4054	296
89128	.	.	.	855	.	.	.	989	.	1154	998	7.4%	1798	133
89129	.	560	.	843	.	966	950	1017	.	1193	980	8.2%	1640	135
89130	.	.	.	774	.	.	.	882	.	1154	943	8.1%	1156	94
89131	.	.	.	855	.	.	.	1030	.	1255	1047	7.7%	272	21
89135	.	.	.	1099	.	1210	.	1289	.	1505	1268	6.6%	849	56
89138	.	.	.	1315	.	1290	.	1485	.	1506	1399	7.5%	280	21
89139	.	.	.	971	.	1055	.	1161	.	1312	1126	7.5%	1692	127
89141	.	.	.	1030	.	1055	.	1380	.	1464	1292	6.1%	595	36
89142	.	.	.	678	.	660	.	786	.	865	763	7.1%	1744	123
89144	.	.	.	1106	.	.	.	1305	.	1515	1362	6.8%	507	34
89145	.	.	.	919	.	963	.	1065	.	1195	1056	6.7%	686	46
89146	.	.	.	753	.	706	.	896	.	1025	874	7.5%	2984	223
89147	.	.	.	895	.	825	.	1039	.	1214	1046	7.5%	3576	269
89148	.	.	.	978	.	1110	.	1104	.	1197	1075	7.2%	2725	197
89149	.	750	.	981	.	1061	.	1245	.	1544	1120	7.2%	629	45
89156	.	.	.	693	.	.	.	781	.	995	773	6.7%	728	49
89166	.	.	.	945	.	1006	.	1158	.	1312	1083	6.3%	1482	93
89169	693	528	791	606	.	700	.	770	.	936	718	7.0%	5894	414
89178	.	.	.	1005	.	1000	.	1145	.	.	1060	5.8%	539	31
89183	.	.	.	899	.	1025	.	1008	.	1193	1016	7.6%	1842	139
METRO LV	644	597	769	775	996	784	861	941	1091	880	7.4%	143936	10721	

". ." 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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