

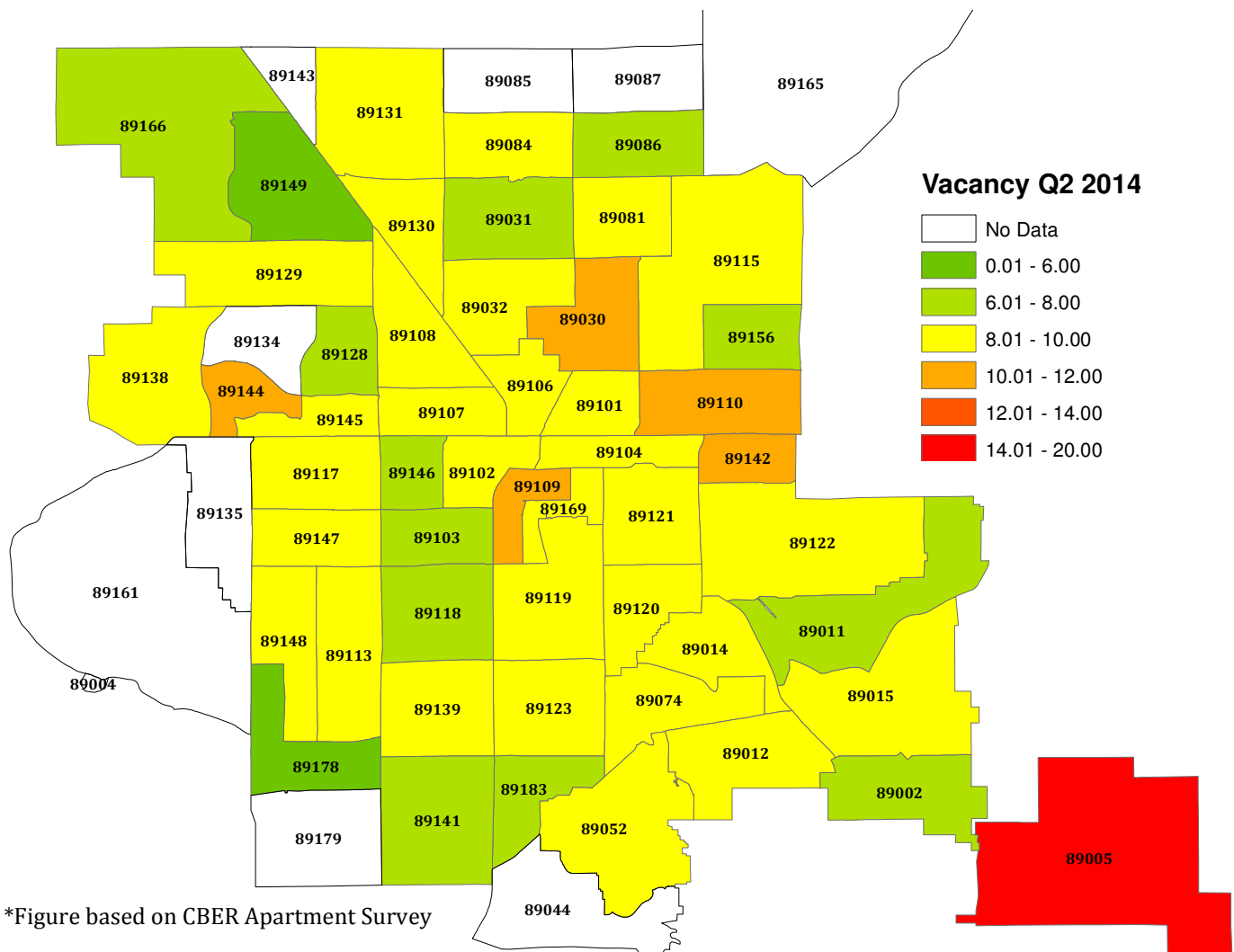
Lied Institute Report on Apartment Market Trends

featuring data from the Center for Business and Economic Research

Apartment Market Trends in 2nd Quarter 2014

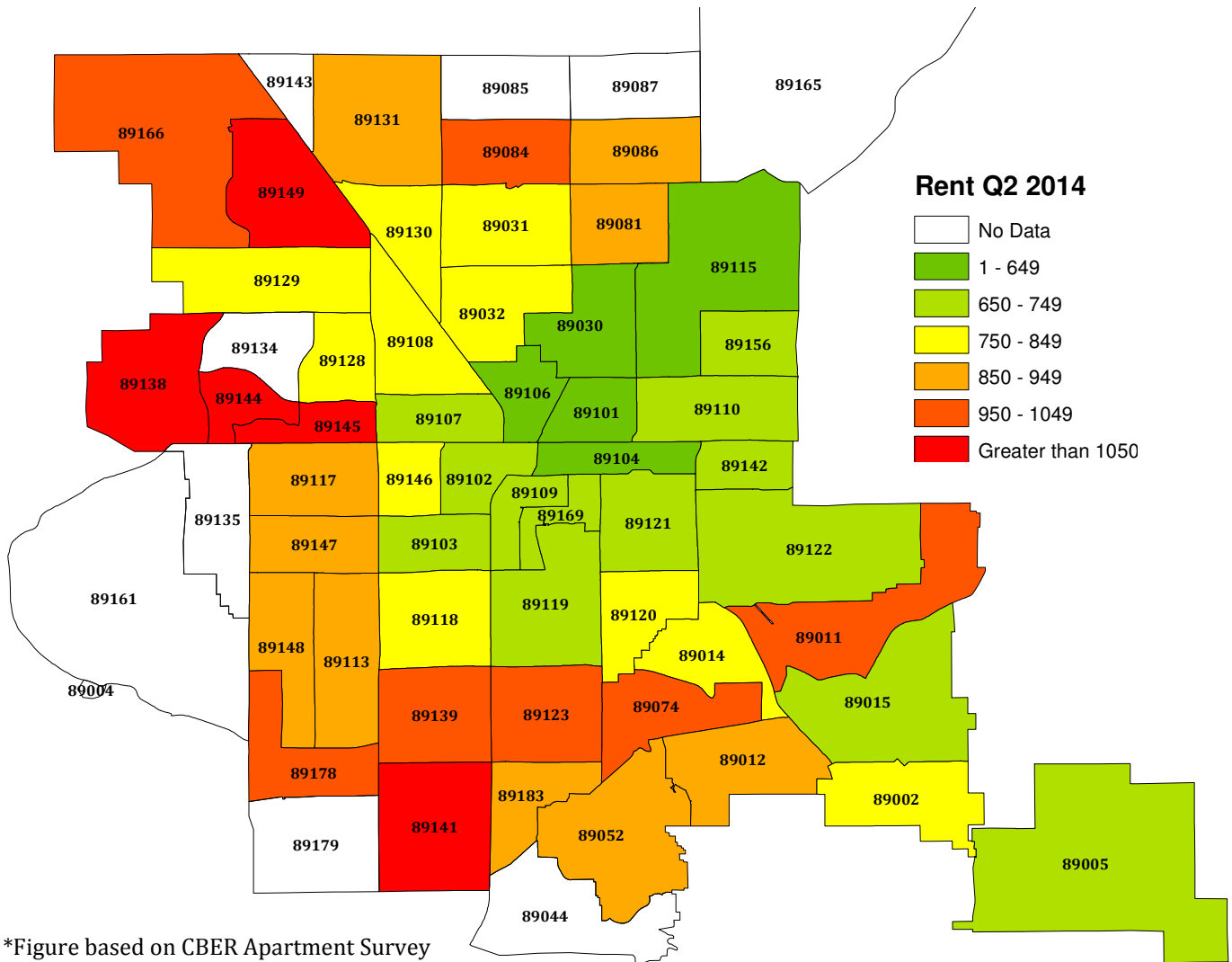
The apartment vacancy rate in Las Vegas decreased by nearly one percentage point this quarter - going from 9.7 percent in the first quarter of 2014 to 8.9 percent in the second quarter of 2014, according to data from our apartment survey that are collected by the Center of Business and Economic Research (CBER). The decrease in this vacancy rate was driven by occupancies in the downtown and northern areas. The rest of Las Vegas saw vacancy rates similar to last quarter. Overall, as figure 6 shows, the annual trend indicates that the vacancy rate is slowly decreasing. The vacancy rate is now about 2 percent below its peak in 2009 (11 percent), but remains greater than what it was in 2006 (4.5 percent).

Figure 1: Apartment Vacancy Rates in Las Vegas*



Generally, as the vacancy rate decreases, the average rental rate increases due to shrinking supply. The average rental rate increased by \$10 dollars since last quarter and is now at \$775 per month. Zip codes that saw large drops in vacancy rates also saw large increases in average rent. Likewise, Boulder City continues to see high vacancy rates and low rental rates. The northwest area saw the largest increase in average rental rates and continues to have the highest monthly rates. Notably, the 89138 zip code currently has the most expensive average monthly apartment rent at \$1,315 per month.

Figure 2: Apartment Rental Rates in Las Vegas*



*Figure based on CBER Apartment Survey

This report marks the fifth consecutive quarter with an increase in the average apartment rent in the Las Vegas metro area. The average rent here is currently \$100 less than what it was when it peaked in the fourth quarter of 2007. However, many areas on the edge of the Las Vegas metro area have an average rent much higher than the average rent from 2007. Much of the area surrounding downtown and the strip have particularly low rents that bring down the average for the entire metropolitan area.

This quarter the gap between furnished and unfurnished apartment rent shrunk as unfurnished rental rates increased and furnished rental rates decreased. Studio apartments, along with two bedroom and

two bathroom apartments, on average, cost \$14 more a month for furnishing. In the case of one bedroom apartments, the average rent on a furnished apartment is cheaper than unfurnished apartments. Two bedroom and one bathroom apartments are the only apartment types that show a considerable price difference between furnished and unfurnished units. Although furnished apartment prices may have decreased significantly, most apartments are not furnished and therefore do not have a large impact on the average rent of all apartments.

Figure 3

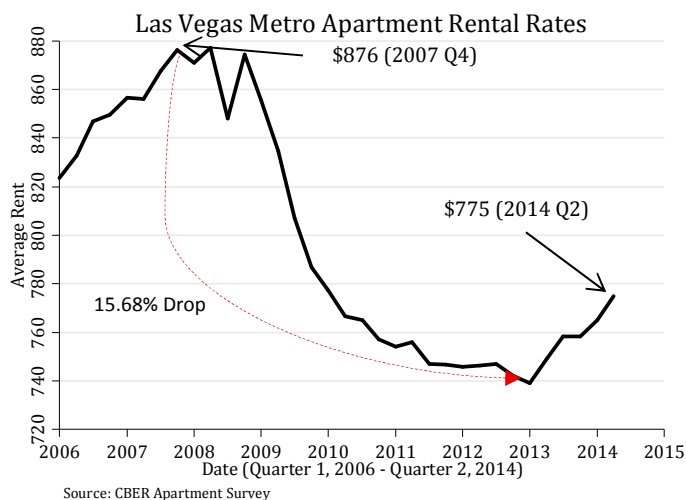


Figure 4

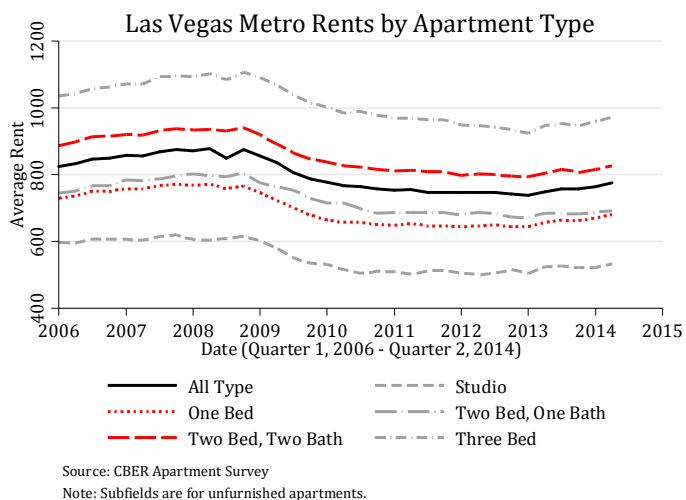


Figure 5

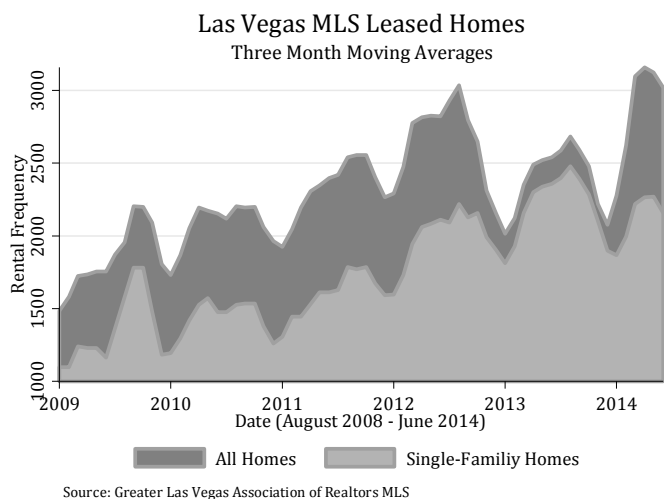
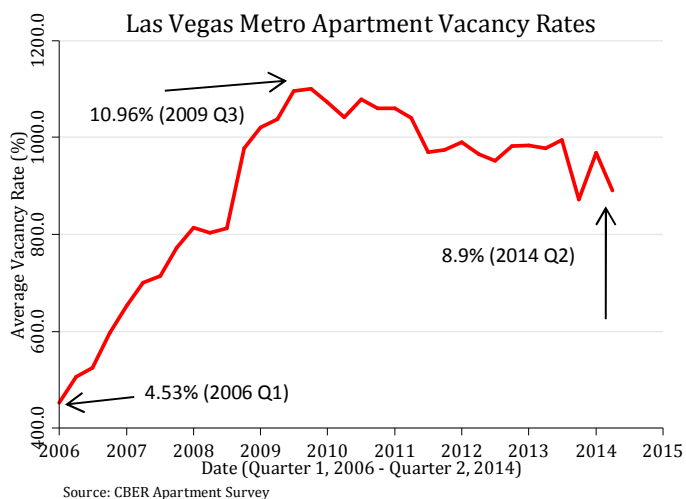


Figure 6



Apartment complexes, to a certain extent, compete with individually owned units, which mostly consist of single family homes, townhomes, and condominiums. MLS rental leases, a proxy for this competition, began to slow down towards the end of this quarter reaching a three month moving average of 3,017 leases in June 2014. This, in part, explains the decrease in vacancies when assuming that some portion of renters went from Single-Family homes to apartments. Nevertheless, economic conditions, more than anything will influence the apartment market, especially as residents find better jobs, earn higher income, and recover financially.

Table 1: Apartment Rental and Vacancy Rates by Zip Code

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	.	.	.	710	.	760	.	898	.	1064	842	7.3%	785	57
89005	.	.	.	650	.	.	.	750	.	.	700	17.6%	282	50
89011	.	.	.	837	.	1007	.	972	.	1103	962	7.5%	1061	80
89012	.	.	.	783	.	839	.	940	.	1180	920	8.9%	2421	215
89014	.	619	.	697	.	780	.	843	.	1008	829	8.6%	5789	500
89015	.	.	.	620	.	697	.	714	.	847	706	8.0%	2480	199
89027	390	.	.	550	.	550	.	725	.	.	562	15.9%	312	50
89029	.	.	.	439	.	525	.	494	.	565	498	8.4%	2202	185
89030	.	398	.	547	.	559	.	669	.	773	645	11.2%	2197	247
89031	795	.	866	831	7.2%	321	23
89032	.	610	.	753	.	.	.	837	.	837	795	9.4%	2644	247
89052	.	.	.	832	.	906	.	974	.	1137	943	8.6%	2686	232
89074	.	.	.	844	.	.	.	995	.	1213	971	8.3%	2689	224
89081	.	.	.	725	.	803	.	871	.	1025	882	9.9%	1573	156
89084	.	.	.	809	.	925	.	979	.	1089	968	8.9%	1008	90
89086	.	.	.	743	.	816	.	863	.	994	861	6.9%	1095	75
89101	549	480	660	530	.	602	810	647	.	729	575	9.8%	6492	633
89102	488	557	495	583	.	636	.	733	.	819	658	9.3%	7958	740
89103	.	575	.	644	.	688	.	774	.	860	724	8.0%	8906	712
89104	395	397	662	525	.	640	.	667	.	778	602	9.4%	5532	522
89105	.	.	.	494	.	.	.	593	.	.	544	0.0%	80	0
89106	659	425	759	553	.	552	.	665	.	765	641	8.5%	2749	235
89107	.	528	.	580	.	601	.	729	.	886	667	8.2%	2537	208
89108	.	541	.	658	.	654	.	787	.	950	753	9.4%	7949	744
89109	525	540	.	634	.	568	.	827	.	750	697	10.1%	2484	250
89110	.	.	.	591	.	654	.	703	.	806	693	11.1%	3597	400
89113	.	.	.	797	.	.	.	925	.	1110	889	8.8%	585	52
89115	499	437	699	541	.	571	.	659	.	778	640	9.8%	5526	541
89117	.	.	.	779	.	885	.	886	.	1062	881	8.4%	7796	651
89118	.	578	.	736	.	734	.	899	.	1011	829	8.0%	1815	145
89119	556	520	622	645	725	631	.	807	.	952	721	9.5%	22081	2091
89120	.	569	.	675	.	699	.	794	.	929	770	8.0%	2123	171
89121	.	545	837	611	.	668	.	736	.	811	697	8.7%	6393	558
89122	543	483	676	658	956	738	.	773	.	879	741	8.2%	4050	331
89123	.	677	.	852	.	1105	.	1005	.	1157	969	8.7%	4684	409
89128	.	.	.	710	.	.	.	827	.	995	848	7.9%	2582	203
89129	.	710	.	720	.	925	825	855	.	1056	838	8.3%	2548	211
89130	.	.	.	656	.	.	.	761	.	942	786	9.0%	1040	94
89131	.	.	.	750	.	.	.	885	.	995	877	8.8%	348	31
89138	.	.	.	1198	.	1203	.	1380	.	1479	1315	9.1%	271	25
89139	.	.	.	880	.	925	.	1034	.	1212	1016	9.0%	1386	124
89141	.	.	.	1004	.	948	.	1203	.	1386	1188	7.9%	340	27
89142	.	.	.	620	.	808	.	701	.	808	701	10.1%	1454	147
89144	.	.	.	911	.	.	.	1080	.	1262	1121	10.3%	732	75
89145	.	.	.	873	.	810	.	1079	.	1273	1066	8.8%	614	54
89146	.	360	.	664	.	606	.	794	.	991	778	7.8%	3337	259
89147	.	.	.	789	.	845	.	932	.	1073	927	8.5%	3216	274
89148	.	.	.	862	.	.	.	956	.	1054	949	9.9%	1788	177
89149	.	.	.	913	.	805	.	1172	.	1468	1152	6.0%	1306	78
89156	.	.	.	601	.	.	.	712	.	940	696	6.9%	728	50
89166	.	.	.	807	.	943	.	1024	.	1115	963	7.7%	1484	114
89169	588	500	701	547	.	629	895	705	.	886	649	10.0%	7575	755
89178	.	.	.	920	.	905	.	1130	.	.	985	5.6%	539	30
89183	.	.	.	817	.	905	.	972	.	1092	946	7.5%	4170	313
METRO LV	547	533	677	681	867	691	840	826	.	971	775	8.9%	168340	14945

". " Number of observations insufficient for statistical purposes. "F" stands for Furnished and "U" stands for Unfurnished. 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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