UNLV | LIED INSTITUTE FOR REAL ESTATE STUDIES
LEE BUSINESS SCHOOL

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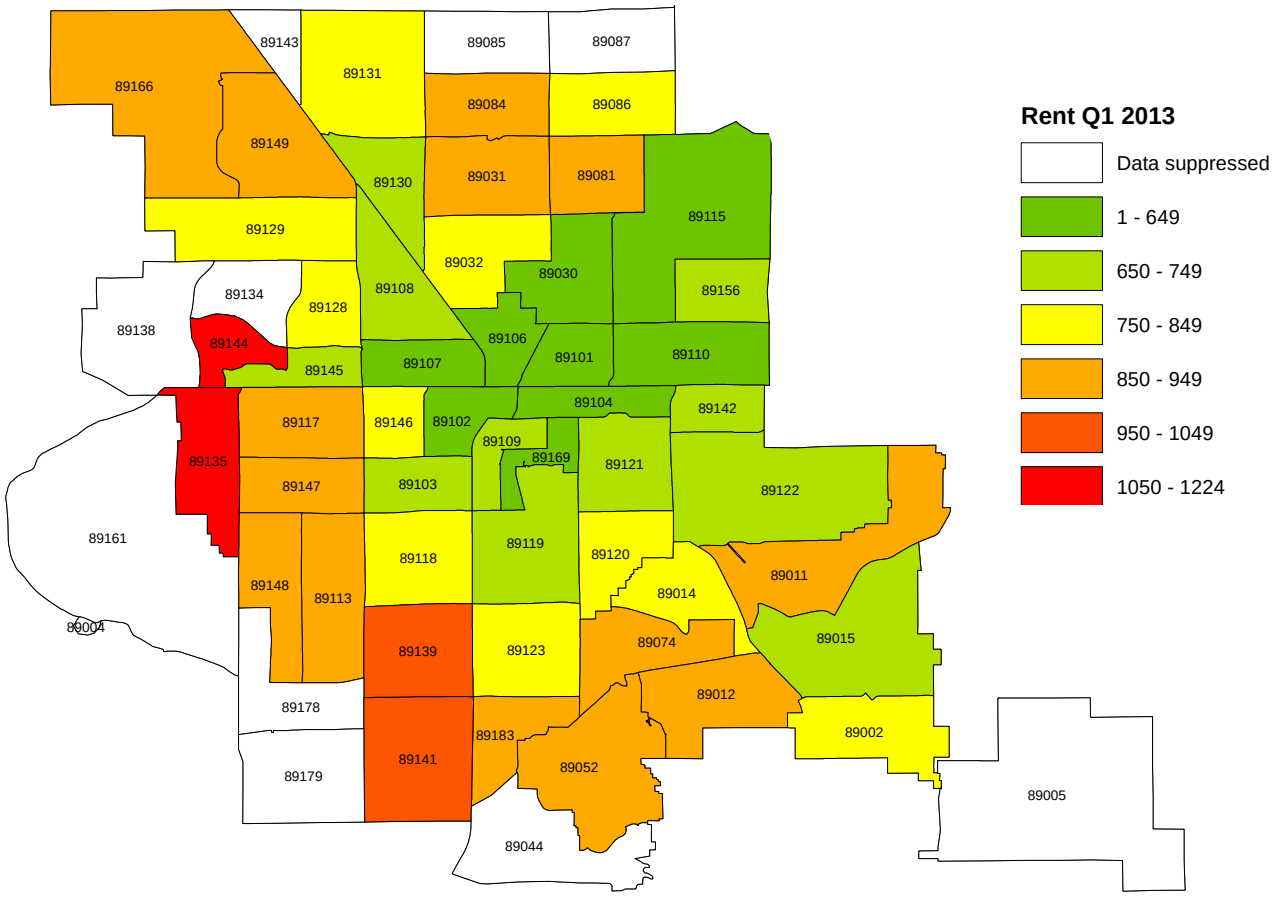
Lied Institute Report on Apartment Market Trends

Apartment Market Trends in 1st Quarter 2013

Apartment landlords in Las Vegas can expect some challenges in the upcoming quarter. The average apartment rental rate in the Las Vegas metro area fell slightly to $739.90 per month as of the first quarter of 2013, according to survey data from the Center of Business and Economic Research (CBER). This number represents a slight drop of $3.14 compared to last quarter. Lower rental rates, however, have not attracted a desire amount of tenants into apartments. Recently, the vacancy rate among apartments increased slightly to 9.84 percent, but it represents a decrease of 0.6 percent on a year-over-year basis. These conditions make the market unfavorables for apartment landlords, but more affordable for new tenants.

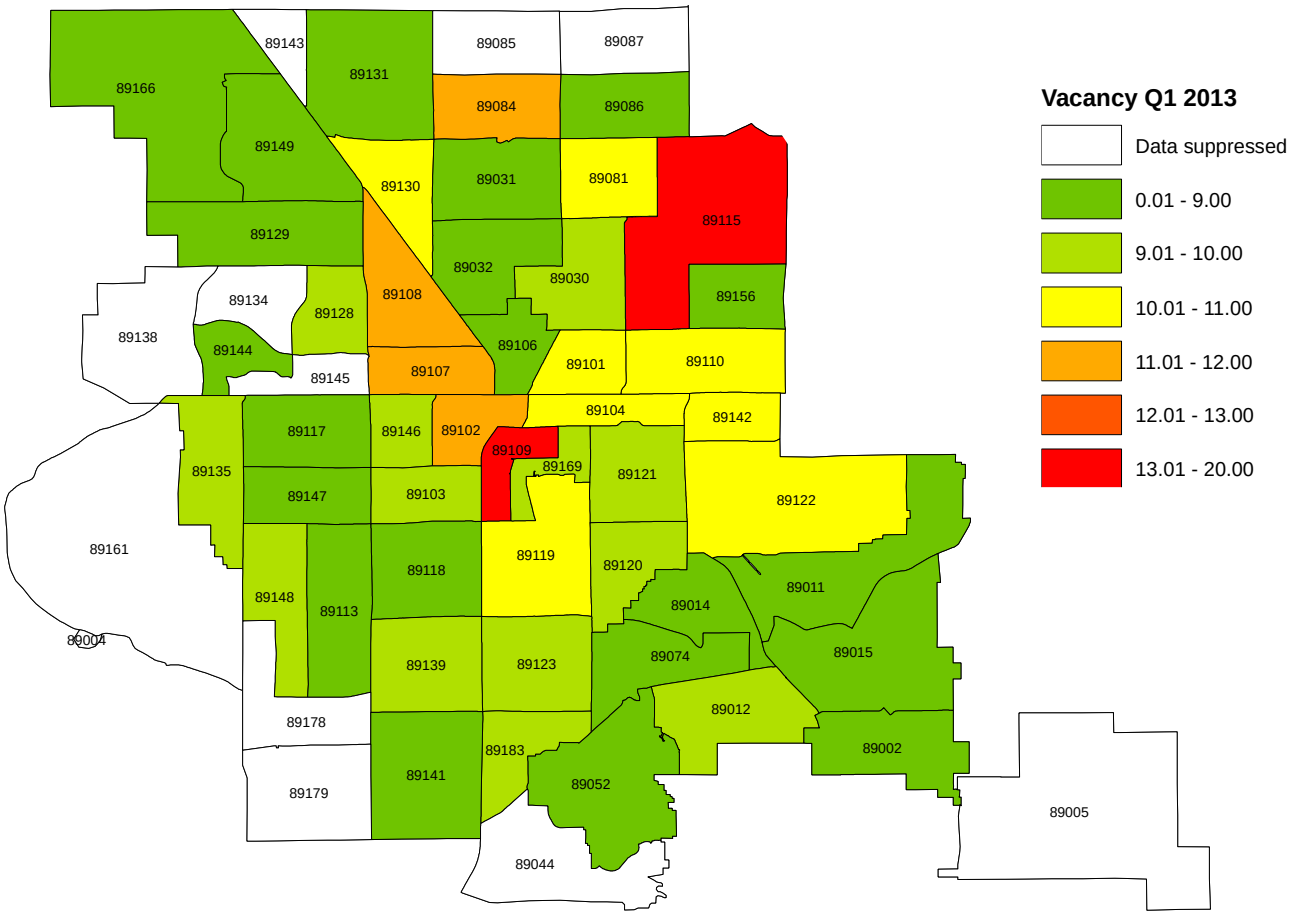
Figure 1



Across the Las Vegas Valley by zip code area, average rental rates spread between $467 and $1,121 per month, and average vacancy rates fall between 6.58 percent and 16.17 percent. See Figure 1 and Figure 2, heat maps of Las Vegas for rental rates and vacancy rates, respectively. Areas with the highest vacancy rates appear to have the lowest rental rates, and areas with the lowest vacancy rates have the highest

rental rates. Area 89115, however, holds one of the highest vacancy rates at 16.17 percent even though it holds one of the lowest rental rate at $642.61 per month, as of the first quarter of 2013. Notably, areas 89135 and 89144 have average rents at or above $1,050 per month. Meanwhile, the Northeast edges of Las Vegas offers low average rental rates generally below $749 per month, and the Southwest edges of Las Vegas offers high average rental rates generally around $950. Table 1 reports by zip code area the average rental rates, average vacancy rates, and the estimated number of units.

Figure 2



Although recent trends show only slight changes in the average rental rate, historically, this rate has fallen by 15.67 percent since the fourth quarter of 2007, the cusp of the financial crises; see Figure 3. This trend can be seen across apartments with different amenities (i.e., one bedroom, two bedrooms, and three bedrooms) as show in Figure 4. Apartments with more bedrooms and more bathrooms tend to the greatest rental rates. Three bedroom apartments experience the highest levels of rents whereas studios experience the lowest levels of rents. Meanwhile, average rates for one bedroom apartments fall slightly below the rates for two bedroom apartments with one bathroom. Nonetheless, the average rental rates for all apartment types move consistently without crossovers.

The fall in the average rental rate was not as profound as the fall in homes prices, but seems to be an aftermath of an increase in competition among rental homes. In the residential market, low prices gave investors the opportunity to buy homes and place them for rent. Furthermore, these new investors can

afford to undercut rents as an incentive to attract tenants. According to data from the Greater Las Vegas Association of Realtors, the number of homes in Las Vegas leased per month grew cyclically since 2009. Figure 5 shows over time the monthly number of all single-family and multifamily homes marketed for rent in the local Multiple Listing Service. Growing numbers of rentals place downward pressure on apartment rental rates, even if those rentals are not apartments because they give tenants more options by offering a greater supply of rental homes.

Figure 3

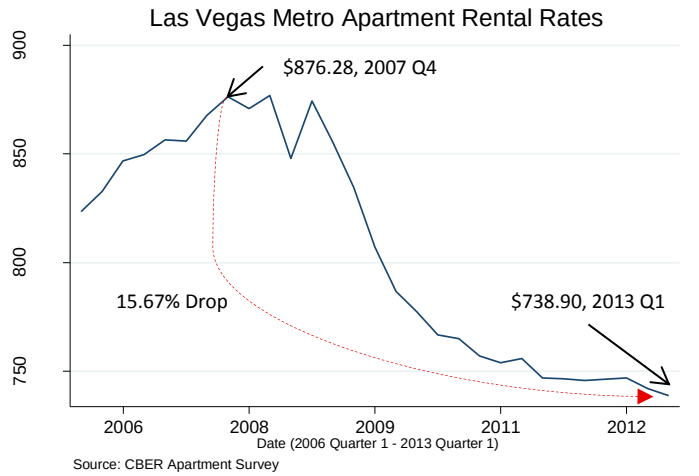


Figure 4

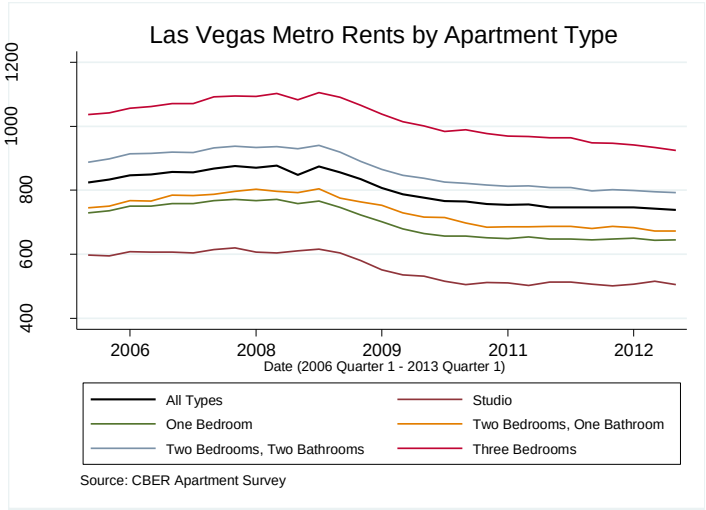


Figure 5

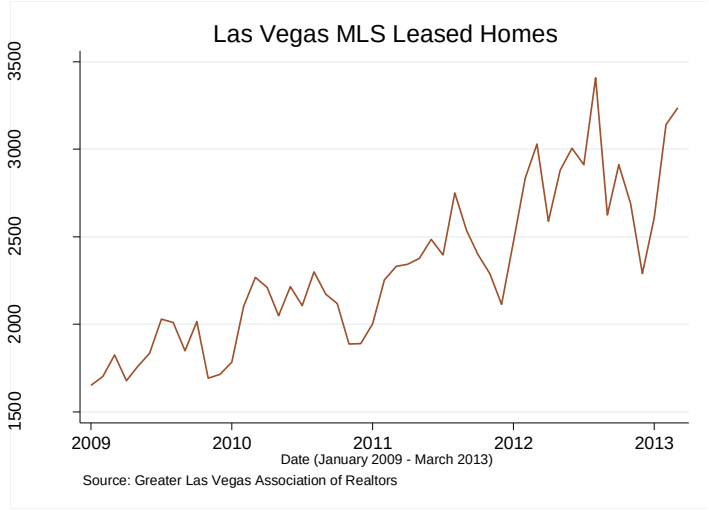
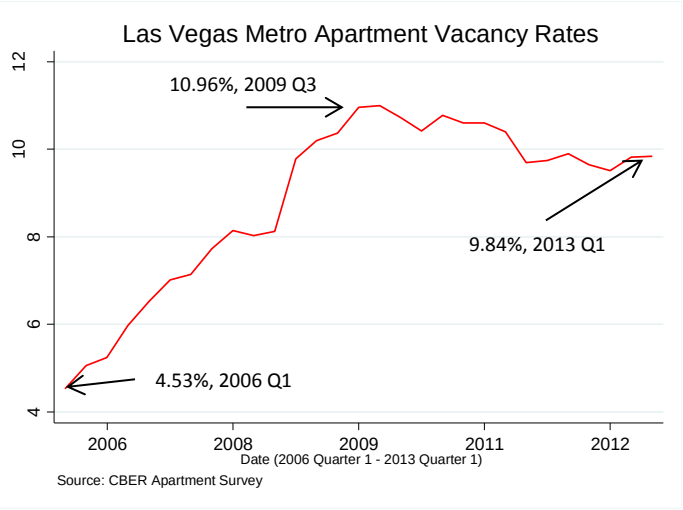


Figure 6



Meanwhile, the average vacancy rate for apartments in Las Vegas has fluctuated since 2006. See Figure 6, the average vacancy rate rose from 4.53 percent in the first quarter of 2006 to a peak at 10.96 percent in third quarter of 2009. Since this peak, it has fallen, but increased slightly in the most recent quarter. Further pressure on rental prices and temporary increases in vacancy rates can be anticipated. The inventory of multifamily units will increase in the valley by more than 10,000 units over the next four years, according to a recent report from Colliers International. Depending on how quickly and how many of those units slip into the rental market will determine their impact on rental rates and vacancy rates.

–Luis A. Lopez, 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					
	F	U	F	U	F	U	F	U	F	U	Rent	Vacancy	Total Units	Vacant Units
89002	.	.	.	698	.	699	.	884	.	1008	811	7.3%	785	57
89011	.	.	.	805	.	880	.	941	.	1056	919	8.8%	1061	93
89012	.	.	.	768	.	920	.	918	.	1090	892	9.3%	2421	224
89014	.	592	.	670	.	767	.	822	.	966	796	8.6%	5789	499
89015	.	.	.	596	.	716	.	702	.	809	701	8.5%	2480	212
89029	.	.	.	409	.	459	.	442	.	572	468	10.2%	2202	226
89030	.	532	.	529	.	563	.	659	.	722	618	9.6%	2197	210
89031	.	.	.	.	.	.	.	765	.	948	857	8.7%	321	28
89032	.	662	.	683	.	.	.	794	.	841	765	8.9%	2644	235
89052	.	.	.	817	.	1031	.	998	.	1126	947	8.1%	2686	219
89074	.	.	.	805	.	.	.	955	.	989	914	7.8%	2689	209
89081	.	.	.	708	.	789	.	851	.	1022	857	10.7%	1573	168
89084	.	.	.	818	.	905	.	1051	.	1055	933	11.6%	1008	117
89086	.	.	.	697	.	843	.	847	.	1006	824	8.2%	1095	90
89101	560	474	598	521	.	604	799	630	.	704	573	10.2%	6492	661
89102	480	513	491	558	.	618	659	696	.	797	627	11.9%	7958	946
89103	.	579	.	622	.	673	.	749	.	897	698	9.3%	8906	824
89104	424	384	450	496	.	597	.	612	.	724	551	10.3%	5532	571
89106	660	383	760	471	.	542	.	629	.	718	557	8.8%	2749	241
89107	.	571	.	551	.	616	.	686	.	815	641	11.3%	2537	286
89108	.	501	.	629	.	626	.	759	.	900	722	11.6%	7949	919
89109	671	491	908	572	.	568	.	778	.	750	669	14.4%	2484	359
89110	.	.	.	548	.	606	.	663	.	780	639	10.3%	3597	369
89113	.	.	.	770	.	.	.	925	.	1136	893	8.2%	585	48
89115	520	445	650	535	.	701	.	645	.	734	643	16.2%	5526	894
89117	.	.	.	755	.	847	.	887	.	1068	881	8.7%	7796	678
89118	.	550	.	695	.	674	.	847	.	949	775	8.3%	1815	150
89119	541	490	625	611	725	603	.	756	.	895	673	10.8%	22081	2388
89120	.	569	.	669	.	681	.	783	.	935	772	9.7%	2123	207
89121	.	510	837	560	.	623	.	675	.	800	658	9.7%	6393	620
89122	486	.	702	615	956	708	.	745	.	876	720	10.2%	4050	415
89123	.	593	.	736	.	943	.	860	.	1008	836	9.1%	4684	428
89128	.	.	.	661	.	.	.	772	.	903	786	9.1%	2582	234
89129	.	675	.	679	.	895	839	844	.	1020	824	7.1%	2548	181
89130	.	.	.	571	.	.	.	701	.	867	713	10.8%	1040	112
89131	.	.	.	687	.	.	.	785	.	1045	839	5.1%	348	18
89135	.	.	.	937	.	.	.	1198	.	1274	1121	9.4%	1459	138
89139	.	.	.	848	.	925	.	1007	.	1191	978	9.9%	1386	137
89141	.	.	.	830	.	945	.	1070	.	1225	995	5.0%	340	17
89142	.	.	.	569	.	599	.	666	.	772	658	10.8%	1454	157
89144	.	.	.	877	.	.	.	1072	.	1240	1102	6.7%	732	49
89145	.	.	.	617	.	699	.	724	.	844	720	0.0%	614	0
89146	.	400	.	647	.	587	.	766	.	934	750	9.5%	3337	316
89147	.	.	.	758	.	845	.	885	.	1013	882	8.9%	3216	288
89148	.	.	.	810	.	.	.	899	.	1039	905	9.5%	1788	170
89149	.	670	.	791	.	868	.	975	.	1225	868	8.6%	1306	113
89156	.	.	.	585	.	.	.	700	.	954	688	6.6%	728	48
89166	.	.	.	761	.	872	.	1027	.	1049	916	8.7%	1484	130
89169	659	428	720	502	.	592	895	672	.	827	612	9.8%	7335	721
89183	.	.	.	803	.	953	.	982	.	1072	941	9.3%	4170	386
METRO LV	**554**	**505**	**671**	**645**	**867**	**672**	**818**	**793**	**.**	**924**	**739**	**9.8%**	**168075**	**16536**

"." Number of observations insufficient for statistical purposes. "F" stands for Furnished and "U" stands for Unfurnished.
Source: CBER Apartment Survey
Note: As of the first quarter of 2013 the quarterly apartment survey was resampled.

About the Institute

The Lied Institute 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.

Our Mission

The Lied Institute for Real Estate Studies seeks to advance real estate knowledge, inform business practice, and address issues that affect the real estate industry and public policy. 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.

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