Lied Institute Report on Apartment Market Trends

featuring data from the Center for Business and Economic Research

Apartment Market Trends in 1st Quarter 2014

Las Vegas' apartment market held quarterly increases in both vacancies and asking rents, according to data from our apartment survey that is collected by the Center of Business and Economic Research (CBER). By the end of the first quarter 2014, about 1,600 more units were left vacant, pushing the vacancy rate to 9.7 percent. Many of these new vacant units reside in areas surrounding Downtown and the Sam Boyd Stadium. Vacancy increases in those areas were enough to offset occupancy improvements in the Mountain's Edge community and some parts of Summerlin. Despite this, the Valley-wide vacancy rate did not surpass last year's rate when there were an estimated 16,536 vacant apartment units on the market. This is good news because the annual trend is still downward sloping.

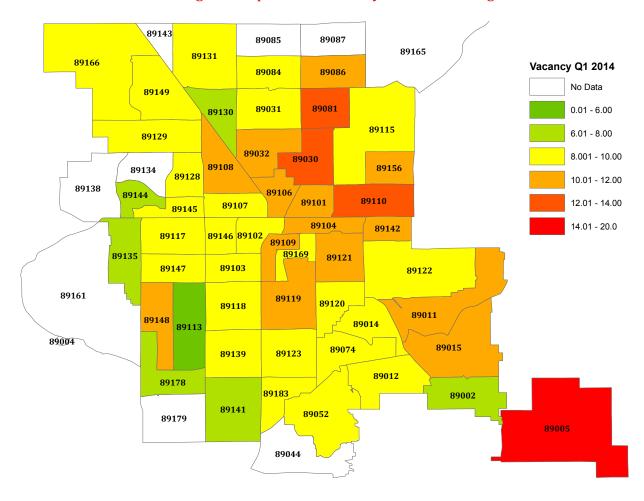


Figure 1: Apartment Vacancy Rates in Las Vegas*

^{*}Figure based on CBER Apartment Survey

The average rental rate, meanwhile, went up by 7 dollars to \$765 per month since last quarter. The most notable growth occurred in communities near high-end master plan communities. There were increases in northern zip codes 89149, 89084 and 89130. Moreover, apartments in the Henderson zip code 89074 raised rents high enough for them to enter the second largest average rent tier (\$950-1049) in Las Vegas. Around Downtown, where communities held more vacant units, apartment complexes kept their rental rates low, below \$749 per month. Slightly offsetting growth were changes in South West Las Vegas. Apartments in zip codes 89147, 89148, and 89113 reduced their average rates from the \$950-1049 tier in 2013 Q4 to the \$850-949 tier in 2014 Q1.

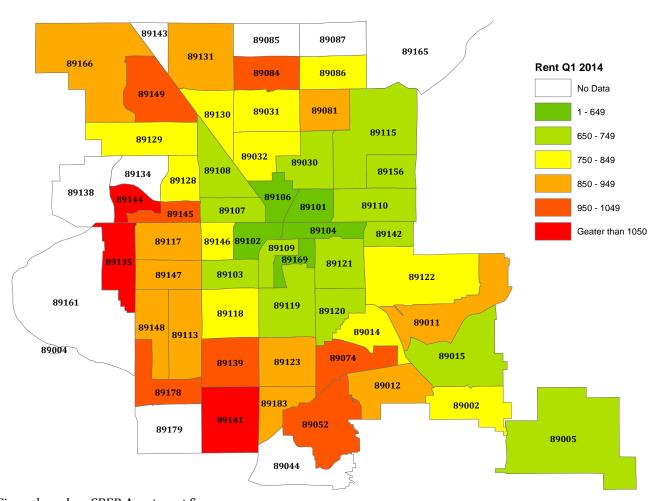


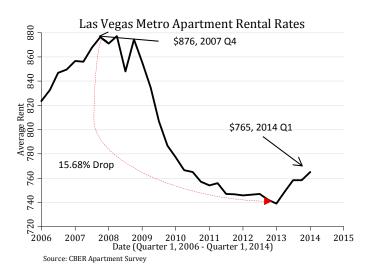
Figure 2: Apartment Rental Rates in Las Vegas*

For the most part, this quarter's average rent increase in the Las Vegas Valley represents the fourth consecutive quarterly increase. This is an encouraging trend for landlords after the 15.7 percent rent depreciation from the market's peak (2007 Q4) to valley (2012 Q1) that came in the aftermath of the Great Recession. Preferable market conditions would involve coupling rent appreciation with waning vacancies, which are wavering occupancy currently. At least, rent appreciation is being realized by all apartment types surveyed here.

^{*}Figure based on CBER Apartment Survey

Among them, furnished studio units enjoyed the highest quarterly increase (4.8 percent) – followed by furnished one bedroom units (2.5 percent) and furnished two bedroom units with two baths (1.9 percent). Although units that have more bedrooms and bathrooms own premiums over smaller units, they tend to sustain complementary movements. In other words, if the average rent for three bedroom units increased, it is likely that the average rent also appreciated for smaller units. By the end of the first quarter 2014, among unfurnished units, three bedroom units held the highest average asking rent (\$959) above two bedroom units with two baths (\$815) and one bedroom units (\$670).

Figure 3 Figure 4



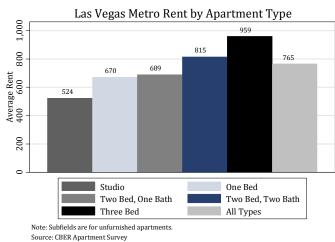


Figure 5

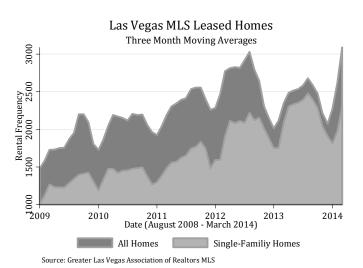
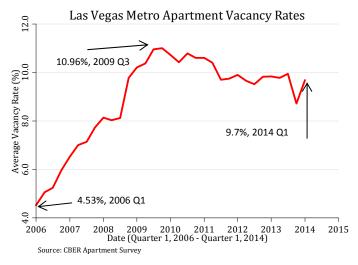


Figure 6



Apartment complexes, to a certain extent, compete with individually owned units, which mostly consist of single family homes and condominiums. MLS rental leases, a proxy for this competition, spiked this quarter reaching a three month moving average of 3,094 leases in March 2014. This, in part, explains the increase in vacancies when assuming that some portion of those MLS leases were signed by potential apartment tenants. 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

Table 1: Apartment Rental and Vacancy Rates by Zip Code ZIP CODE UNIT RATES AVERAGE RATES UNITS															
ZIP CODE		UNIT RATES									AVERA	GE RATES	UN	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				695		760		915		1078	804	7.7%	785	61	
89005				650				750			700	17.6%	282	50	
89011				778		902		968		1030	915	10.4%	1061	110	
89012				758		810		937		1110	907	9.8%	2421	238	
89014		595		693		775		821		991	811	9.0%	5789	523	
89015				617		676		736		857	715	11.9%	2480	296	
89027	379			548		512		738			562	19.3%	312	60	
89029				432		466		475		584	490	8.3%	2202	183	
89030		557		564		580		686		784	662	13.0%	2197	286	
89031								751		837	794	9.1%	321	29	
89032		607		686				814		855	766	11.4%	2644	302	
89052				822		1009		979		1177	970	9.5%	2686	254	
89074				814				987		1150	951	9.3%	2689	250	
89081				679				860		1007	857	13.6%	1573	214	
89084				793		920		1026		1128	977	9.8%	1008	99	
89086				696		795		868		1022	825	10.5%	1095	115	
89101	536	476	611	521		595	810	643		713	561	11.1%	6492	719	
89102	480	516	495	560		639		724		818	646	8.7%	7958	695	
89103		564		636		694		767		877	713	8.5%	8906	757	
89104	395	497	450	533		617		644		737	592	10.0%	5532	555	
89105				494				593			544	2.5%	80	2	
89106	659	425	759	527		556		636		783	624	10.6%	2749	292	
89107		516		560		593		691		875	654	8.4%	2537	214	
89108		496		657		630		770		896	739	10.1%	7949	806	
89109	499	549	625	639		568		842		750	701	11.4%	2484	282	
89110				551		614		674		802	660	12.4%	3597	447	
89113				815				940		1251	925	5.1%	585	30	
89115	515	437	699	554		589		652		786	652	9.8%	5526	543	
89117				776		900		901		1050	888	8.4%	7796	655	
89118		563		713		722		880		1003	802	8.1%	1815	147	
89119	556	523	631	626	725	616		771	١.	887	695	10.3%	22081	2283	
89120		629		639		688		757		935	746	9.4%	2123	200	
89121		528	837	589		640		711		804	674	10.3%	6393	659	
89122	636	463	676	664	956	861		806	١.	939	761	9.6%	4050	389	
89123		551		791		1160		955		1107	898	9.2%	4684	429	
89128				701				804	١.	980	831	9.1%	2582	236	
89129		687		697		925	825	826		1048	812	8.5%	2548	216	
89130				631				747		945	774	7.1%	1040	74	
89131	l .			700				827	.	1028	852	9.2%	348	32	
89135	.			934				1181		1340	1133	7.0%	1459	102	
89139	l :			881	.	910		1017		1203	1018	9.1%	1386	126	
89141	.			1047		948		1228		1409	1217	7.9%	340	27	
89142	l .			580		575		678		764	658	11.2%	1454	162	
89144				915			.	1080		1262	1122	7.5%	732	55	
89145	l :			852		810		1066	ĺ .	1220	1037	8.8%	614	54	
89146	.	360		664		604		785		955	787	9.7%	3337	323	
89147	l :			792	.	850		916		1023	902	8.4%	3216	269	
89148				848				971		1038	944	10.2%	1788	183	
89149				780		775	.	979		1202	958	9.6%	1306	125	
89156		•		601				693		940	683	11.9%	728	87	
89166	.	·		787		892		971		1143	922	9.0%	1484	134	
89169	663	486	762	541		613	895	677		906	648	9.6%	7575	726	
89169		100		905		955		1110		700	997	7.2%	539	39	
89183		•	•	814		835		930		1050	913	9.3%	4170	386	
METRO LV	578	524	691	670	867	689	840	815	Ė	959	765	9.7%	169528	16417	
MILIKULV	3/0	J44	071	0/0	007	007	040	013		202	703	9.770	109340	1041/	

[&]quot;·" 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.



Apartment Market Trends

The Lied Institute for Real Estate Studies Lee Business School

Contact Information

Luis A. Lopez
Data Analyst
(702) 895-3223
Luis.Lopez@unlv.edu

4505 S. Maryland Parkway, Box 456025 Las Vegas, NV 89154-6025

www.LiedInstitute.com