

# Lied Institute Report on Apartment Market Trends

featuring data from the Center for Business and Economic Research

## Apartment Market Trends in 1<sup>st</sup> Quarter 2016

The Las Vegas apartment market saw a slight increase in the average asking rent and a slight decrease in the vacancy rate this quarter, according to data from our apartment survey, collected by the Center for Business and Economic Research (CBER). There have been slight increases in the average asking rent for five consecutive quarters. This quarter saw a 1.4 percent increase in asking rents and the average asking rent is now \$867. Asking rents are up 6.4 percent since 2015Q1(\$815). Average asking rents in Las Vegas remain 1.1 percent lower than their peak in 2007(\$876), but 16.9 percent higher than their low in 2013Q1(\$741). The vacancy rate decreased 0.2 percentage points this quarter and is now 8.0 percent. The vacancy rate is down 1.2 percentage points since 2015Q1(9.2 percent). The vacancy rate remains 2.9 percentage points lower than it's peak in 2009Q3(10.96%), but 3.5 percentage points higher than it's low in 2006Q1 (4.5%).

Figure 1

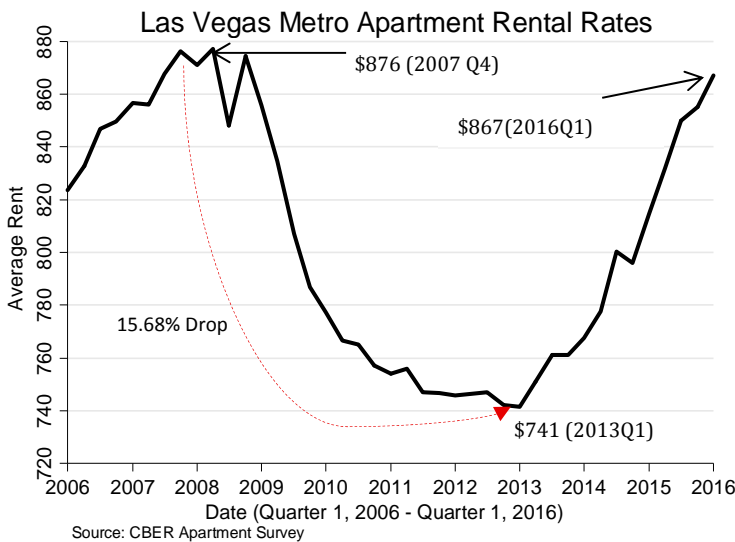


Figure 2

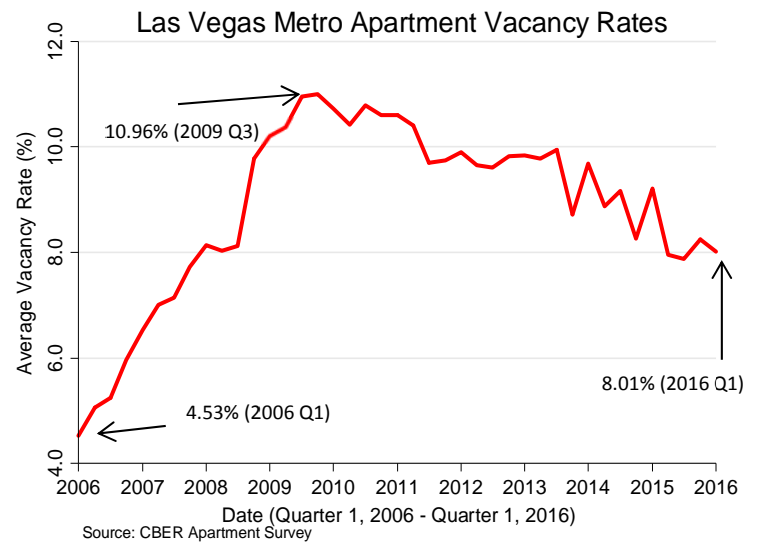
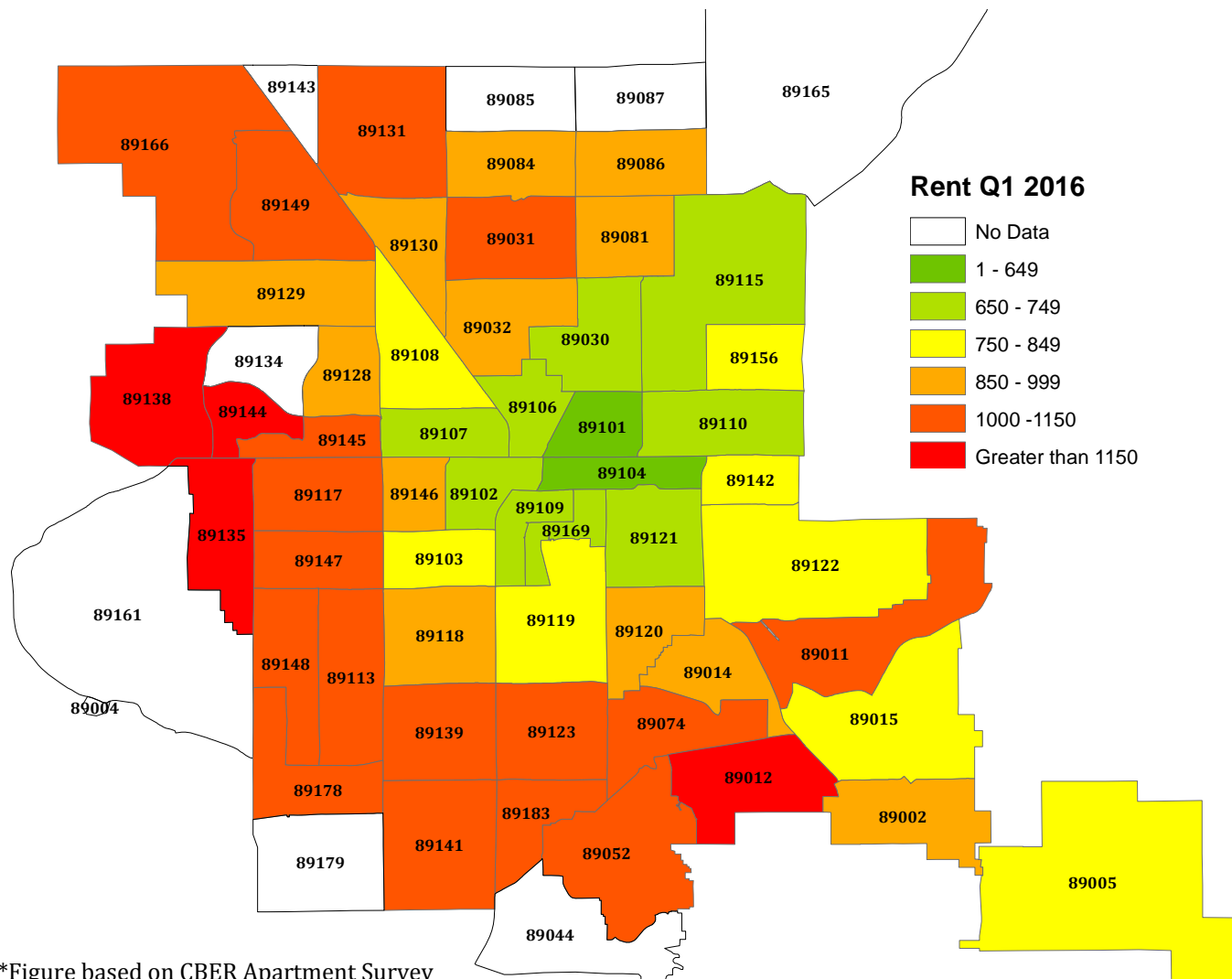


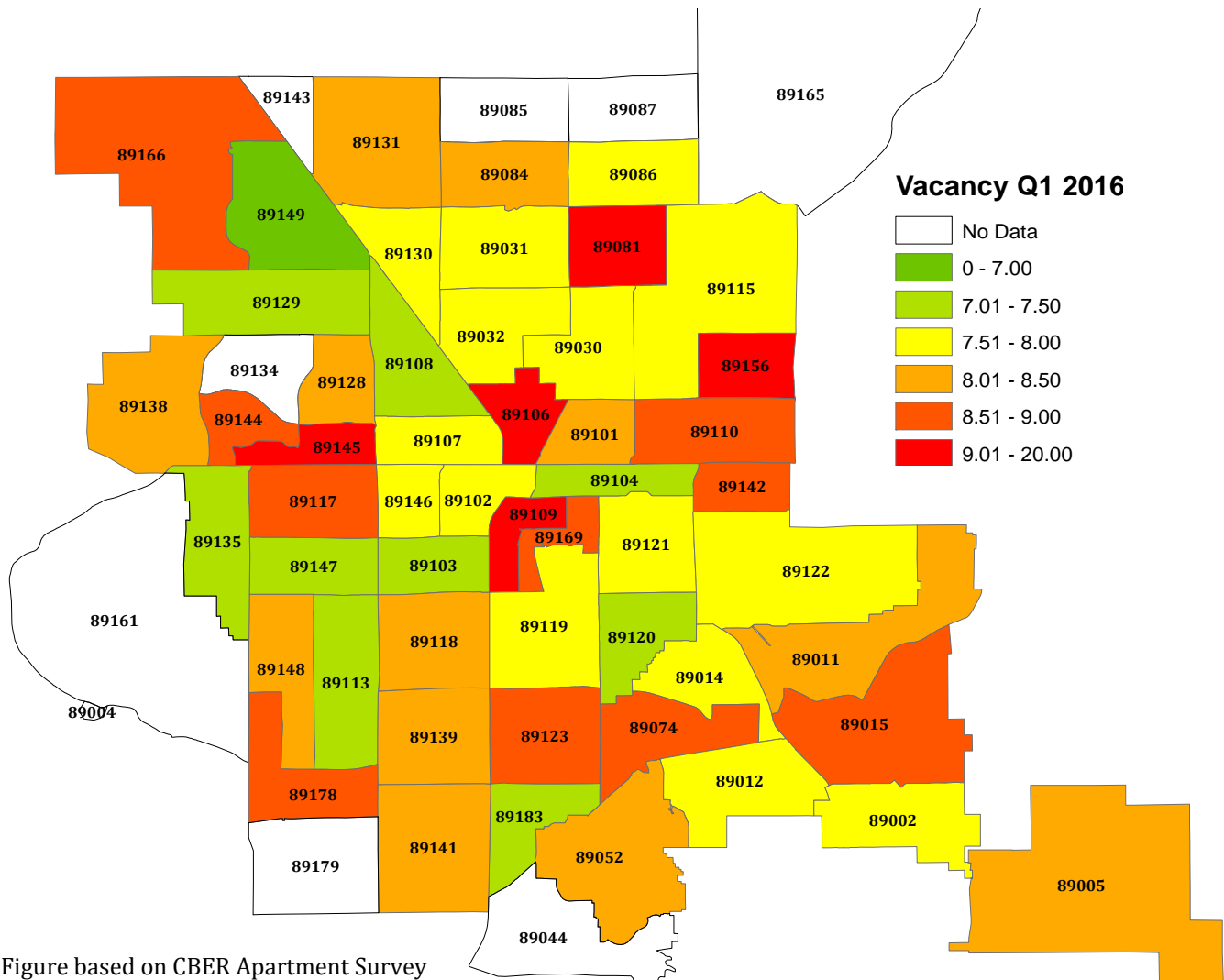
Figure 1: Apartment Rental Rates in Las Vegas\*



\*Figure based on CBER Apartment Survey

The Las Vegas Metropolitan area saw a wide range of change in asking rents this quarter. Fourteen zip codes saw a decrease in asking rents while 38 zip codes saw an increase in asking rents. The Southeastern region saw the largest increases in asking rents this quarter. The 89012 and 89005 zip codes both saw increases in asking rents greater than 13 percent – the largest increases of any zip code in the Las Vegas Metropolitan area. The 89107 and 89123 zip codes saw the next largest gains, with six percent increases in asking rents. Four zip codes in the Center region saw increases in asking rents greater than 2 percent. Much of the Eastern and Western region saw minimal changes in asking rents this quarter. The Southern and Northwestern region were the only regions where multiple zip codes saw decreases in the asking rent greater than one percent. Asking rents in the 89141 zip code decreased 12 percent this quarter – the largest decrease of any zip code. The 89141 zip code is the only zip code in the Las Vegas Metropolitan area where asking rents are down on a year over year basis (6 percent).

Figure 2: Apartment Vacancy Rates in Las Vegas\*



\*Figure based on CBER Apartment Survey

The Center region saw the most significant decreases in the vacancy rate this quarter. The 89104, 89108, 89101, 89118, and 89103 zip codes all saw decreases in the vacancy rate of at least one percentage point. In the Eastern region, the 89115 zip code saw the largest decrease in the vacancy rate of any zip code in the Las Vegas metropolitan area (2.6 percentage points). Also in the Eastern region, the 89156 zip code saw the largest increase in the vacancy rate (2.0 percentage points). The 89109 zip code also saw a considerable increase in the vacancy rate this quarter (1.8 percentage points). The 89109 zip code currently has the highest vacancy rate in the Las Vegas metropolitan area (13.1 percent). The Southeastern and Southwestern region saw changes in the vacancy rate of less than one percentage point this quarter. In the Western region, the 89128, 89117, and 89144 zip codes all saw increases in the vacancy rate of at least one percentage point. The vacancy rate has declined more than 3 percentage points on a year over year basis for the 89104, 89012, 89139, and 89122 zip codes. The 89178 zip code is the only zip code where the vacancy rate is up more than 2 percentage points on a year over year basis (3.9 percent).

All apartment types saw quarterly increases in asking rents. The asking rent on furnished one bedroom apartments increased 5.5 percent (\$41) – the largest quarterly increase of any apartment type. Three bedroom apartments saw the smallest increase in asking rents with an increase of 1.2 percent(\$14). Asking rents on furnished studio apartments increased 3.1 percent(\$19) while asking rents on unfurnished studios increased 2.6 percent(\$15). Unfurnished one bedroom apartments saw an increase in asking rents 1.4 percent(\$11). Asking rents increased 2.9 percent(\$13) for two bedroom one bathroom apartments. All apartment types have seen increases in the asking rent greater than 5 percent on a year over year basis. Furnished one bedroom apartments have seen the largest increase on a year over year basis with an 11 percent increase (\$79). All apartment types have asking rents that are below their 2008 peak values.

Figure 4

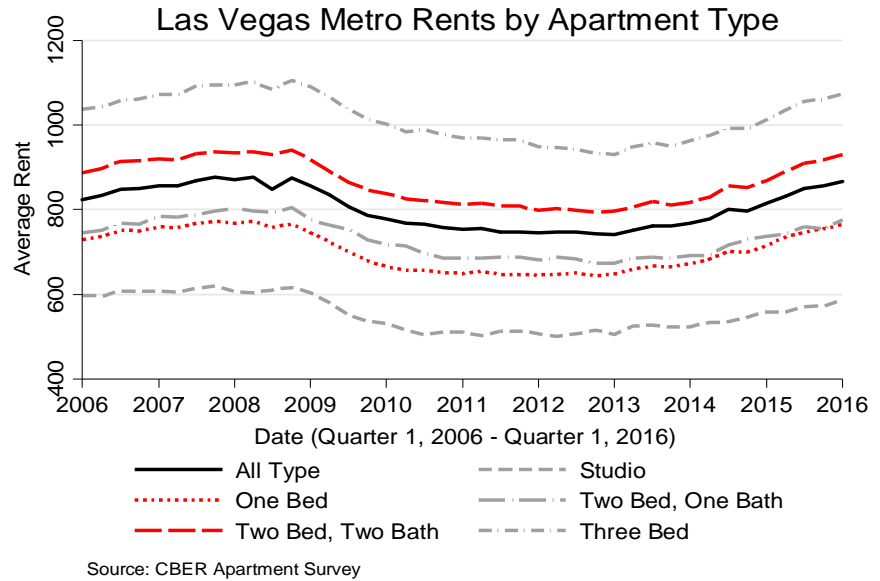


Figure 5

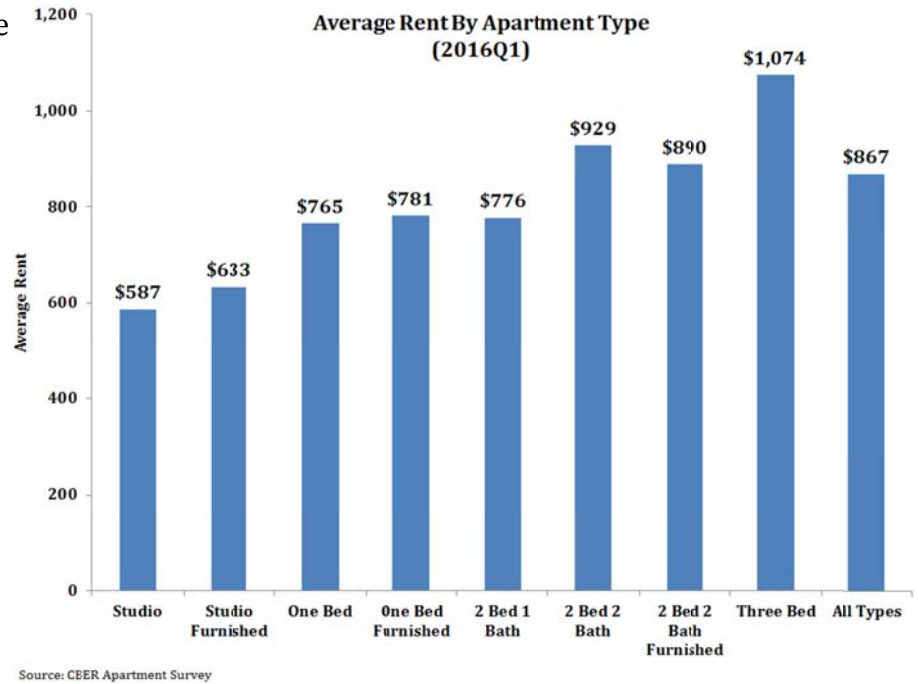


Figure 5

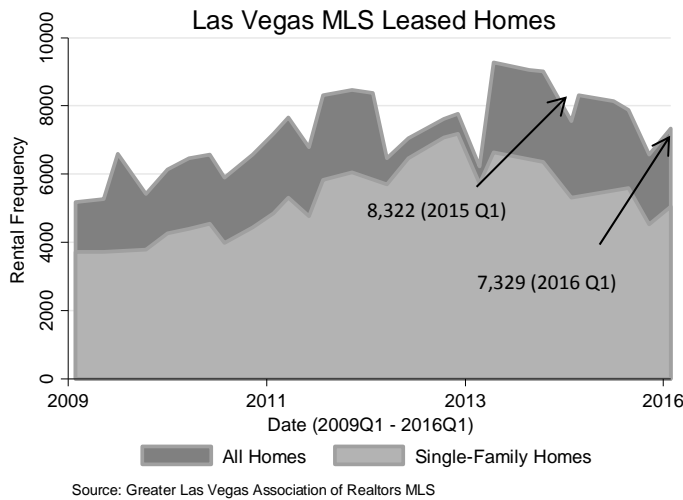
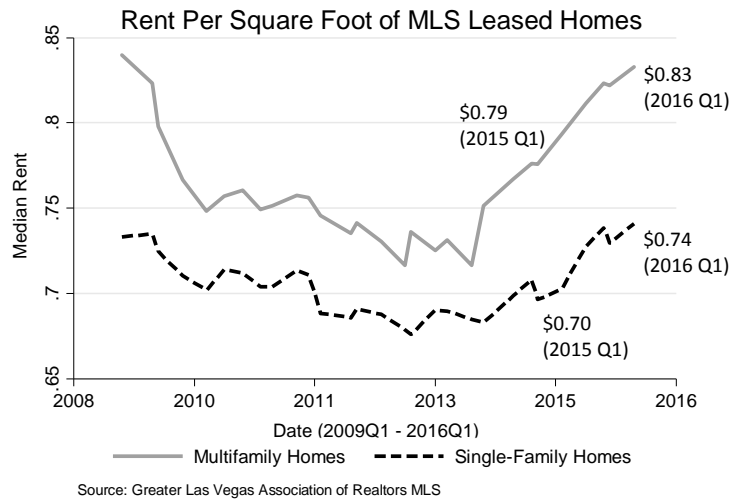


Figure 6



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. MLS rental leases are highly seasonal and the number of leases typically increase in the first quarter each year. There were 7,329 rental leases in 2016Q1 – 993 less than 2015Q1 (8,322). Price per square footing on MLS rental leases also typically increase the first quarter of each year. Single-Family homes rented for \$0.74 a square foot and Multifamily homes rented for \$0.83 a square foot in 2016Q1.

-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	.	.	.	746	.	818	.	955	.	1072	888	8.0%	785	63
89005	.	.	.	643	.	703	.	795	.	941	821	8.2%	34	3
89011	.	.	.	831	.	.	.	984	.	1229	1006	8.1%	1040	84
89012	.	.	.	1029	.	1015	.	1183	.	1499	1181	7.6%	2477	189
89014	.	657	.	822	.	877	.	951	.	1130	939	7.7%	6180	477
89015	.	.	.	649	.	744	.	802	.	937	760	8.6%	1910	164
89030	.	.	.	606	.	605	.	731	.	815	699	7.8%	2294	180
89031	.	.	.	.	.	.	.	938	.	1102	1022	7.6%	970	74
89032	.	680	.	810	.	.	.	939	.	1007	908	7.7%	2474	190
89052	.	.	.	940	.	998	.	1153	.	1326	1087	8.1%	4041	327
89074	.	.	.	926	.	.	.	0	.	1312	1046	8.5%	2949	251
89081	.	.	.	784	.	865	.	944	.	1050	940	10.1%	1855	187
89084	.	.	.	817	.	1000	.	1030	.	1177	983	8.0%	1008	81
89086	.	.	.	776	.	895	.	930	.	1026	906	7.9%	1107	88
89101	614	493	685	560	.	657	850	692	.	777	612	8.3%	4785	396
89102	.	584	600	654	.	696	.	805	.	840	714	7.7%	7712	596
89103	.	615	.	704	.	751	.	843	.	944	782	7.4%	8587	633
89104	.	483	.	574	.	677	.	710	.	822	641	7.5%	4418	330
89106	719	490	804	640	.	640	.	787	.	846	736	9.4%	1987	187
89107	.	638	.	653	.	764	.	819	.	.	746	7.9%	1418	112
89108	.	605	.	723	.	696	.	863	.	750	825	7.4%	7492	553
89109	560	554	.	691	.	568	.	929	.	856	742	13.1%	734	96
89110	.	.	.	648	.	674	.	764	.	1370	748	8.9%	3038	272
89113	.	.	.	956	.	939	.	1198	.	864	1129	7.4%	1015	75
89115	709	546	734	611	.	628	.	752	.	.	735	7.6%	5984	455
89117	.	.	.	905	.	985	.	1026	.	1188	1013	8.9%	8058	715
89118	.	665	.	797	.	822	.	977	.	1092	901	8.2%	1521	125
89119	660	546	812	708	.	703	.	886	.	1050	786	7.6%	11064	837
89120	.	665	.	782	.	779	.	884	.	1135	881	7.4%	1973	145
89121	.	570	849	656	.	722	.	775	.	864	743	7.9%	7064	555
89122	413	499	696	720	.	817	.	864	.	993	817	7.9%	4330	340
89123	.	713	.	874	.	1145	.	1042	.	1242	1005	9.0%	3843	344
89128	.	.	.	798	.	.	.	922	.	1076	938	8.4%	2694	225
89129	.	794	.	822	.	953	985	999	.	1160	950	7.4%	2421	180
89130	.	.	.	740	.	.	.	913	.	1024	900	7.8%	1125	88
89131	.	.	.	855	.	.	.	1030	.	1255	1047	8.1%	272	22
89135	.	.	.	1091	.	1278	.	1315	.	1510	1287	7.0%	849	60
89138	.	.	.	1281	.	1305	.	1495	.	1546	1407	8.2%	272	22
89139	.	.	.	951	.	1055	.	1133	.	1302	1104	8.1%	1701	138
89141	.	.	.	923	.	1080	.	1228	.	1298	1139	8.2%	595	49
89142	.	.	.	671	.	650	.	768	.	902	759	8.7%	1576	138
89144	.	.	.	1076	.	.	.	1241	.	1405	1271	8.9%	795	71
89145	.	.	.	934	.	1000	.	1105	.	1164	1075	9.6%	686	66
89146	.	500	.	738	.	697	.	894	.	1043	874	7.6%	2956	224
89147	.	.	.	891	.	895	.	1016	.	1166	1027	7.3%	3576	260
89148	.	.	.	967	.	1097	.	1093	.	1195	1060	8.4%	2656	224
89149	.	750	.	925	.	1093	.	1209	.	2050	1071	6.1%	1268	77
89156	.	.	.	687	.	.	.	843	.	999	815	9.0%	728	66
89166	.	.	.	927	.	1027	.	1104	.	1269	1065	8.7%	1148	100
89169	716	555	806	597	.	699	.	762	.	919	721	8.8%	5735	503
89178	.	.	.	963	.	945	.	1123	.	.	1023	8.9%	539	48
89183	.	.	.	948	.	975	.	1131	.	1263	1102	7.5%	2537	189
<b>METRO LV</b>	<b>633</b>	<b>587</b>	<b>781</b>	<b>765</b>	.	<b>776</b>	<b>890</b>	<b>929</b>	.	<b>1074</b>	<b>867</b>	<b>8.0%</b>	<b>148276</b>	<b>11878</b>

". ." 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.



## Apartment Market Trends

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