

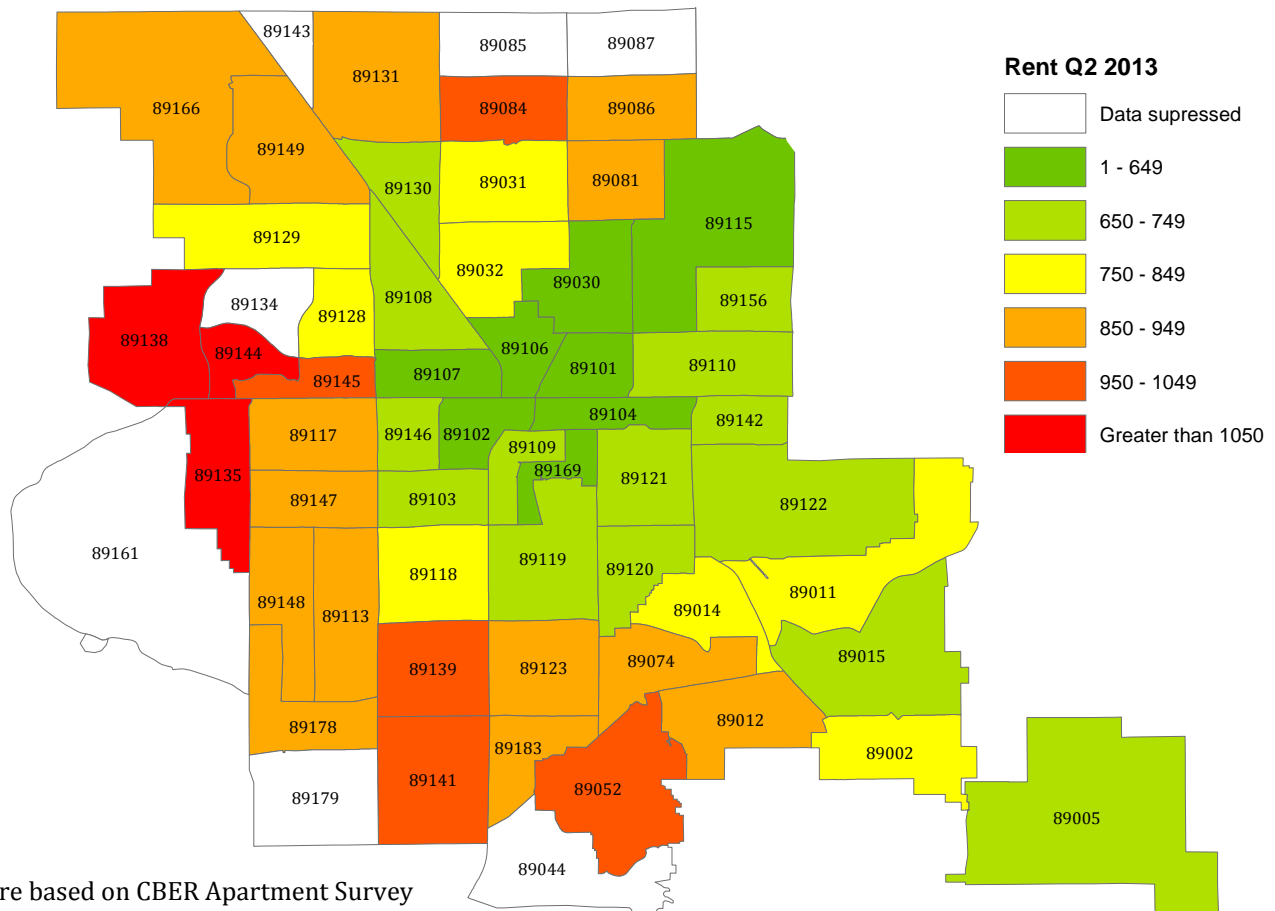
Lied Institute Report on Apartment Market Trends

featuring data from the Center for Business and Economic Research

Apartment Market Trends in 2nd Quarter 2013

Average apartment rental rates in the Las Vegas Valley area went up to \$749.28 in the second quarter of 2013, according to survey data from the Center of Business and Economic Research (CBER). This \$10 increase from the previous quarter restores the current rate to a level last seen in mid-2011, but it remains 14.56 percent below peak. Meanwhile, the same survey shows that the average vacancy rate sits at 9.78 percent, which represents an unmeaningful change from the previous quarter. Since vacant units did not increase or add pressure to rental rates on average this quarter, demand for housing appears to be high enough to at least sustain increasing apartment rental rates.

Figure 1: Apartment Rental Rates in Las Vegas*

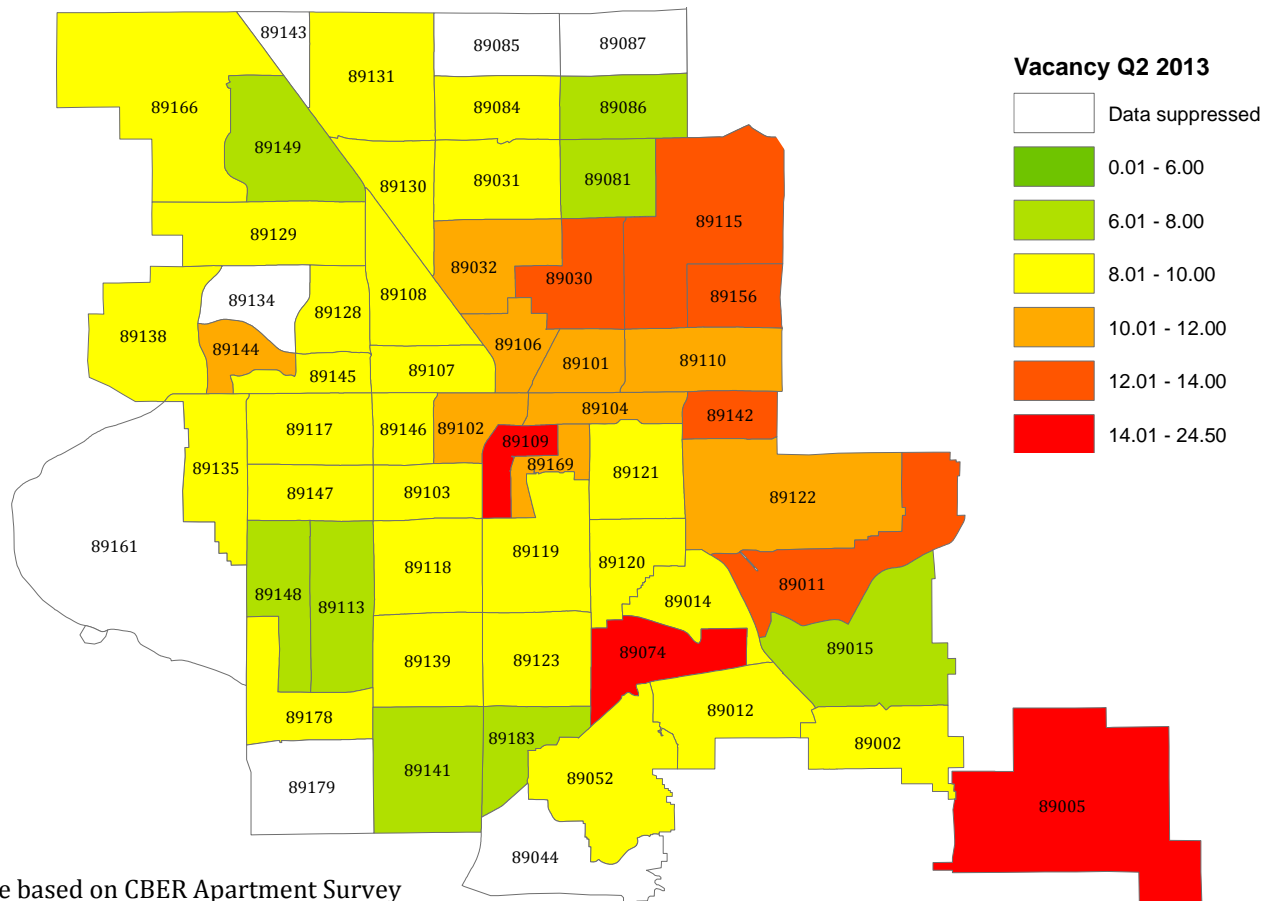


*Figure based on CBER Apartment Survey

Figure 1 and Figure 2 show heat maps of rental rates and vacancy rates in the Las Vegas Valley, respectively. Although on average rents increased, some apartment complexes reduced their rates in the northeastern region including zip code areas 89106, 89030, and 89101. Aside from low rental rates, these areas face high vacancy rates that reach up to 14 percent. While low rents can be explained by

composite characteristics such as having many studio apartments, their decline in rental rates coupled by sustained vacancies demonstrate challenges with retaining tenants in these areas. Across town on the west side, apartments enjoy higher rental rates and lower vacancy rates. Condominium units operating as apartment complexes influence these market conditions and have made a notable mark. Zip code area 89138 holds the highest average rental rate at \$1,253 with Altessa leasing about 271 condominiums in Summerlin Village at a vacancy rate of 10 percent. Furthermore, close to the US-95 and I-215 in Town Center, zip code area 89149 holds the lowest average vacancy rates at 6.35 percent.

Figure 2: Apartment Vacancy Rates in Las Vegas*



*Figure based on CBER Apartment Survey

Figure 3 tracks the historical path of the average rental rate in the Las Vegas Valley. The historical trends of the average rental rate generally guide the trends for all apartment types, but at different levels (Figure 4). Apartments that offer more bedrooms and bathrooms obviously tend toward higher rates. Except for furnished studios, the average rental rate for all apartment types increased in the second quarter of 2013. Studios in Las Vegas average at about \$525 or at a dollar more if furnished. This rent difference between furnished and unfurnished is low when considering that other apartments types rent at an average premium of \$18 to \$45 when they are furnished. Among unfurnished apartments, rental rates for one bedroom apartments average at \$658, two bedroom apartments at \$686 and \$804 depending on the number of bathrooms, and three bedroom apartments average at \$946 (Table 1).

The number of leased single-family units through the Multiple Listing Service grew through the second quarter of 2013 to 1,967 leased units (Figure 5). Although more units are typically leased during the

summer than during any other season, this growth represents a 20.63 percent increase in single-family leases since the previous year. Competition among apartments and single-family homes for tenants exists, but recent conditions have not reduced apartment rents. Apartments compared to single-family often tend to offer shorter lease contracts, smaller deposits, and more common community amenities (i.e., pool, gym, or recreation center). Perhaps fewer single-family units' rentals would allow apartment rents to grow further or the number of vacant units to decrease or some combination of both.

Figure 3

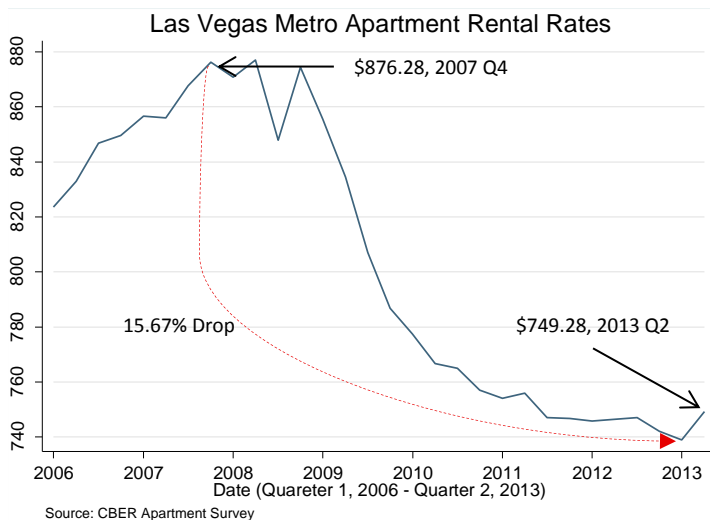


Figure 4

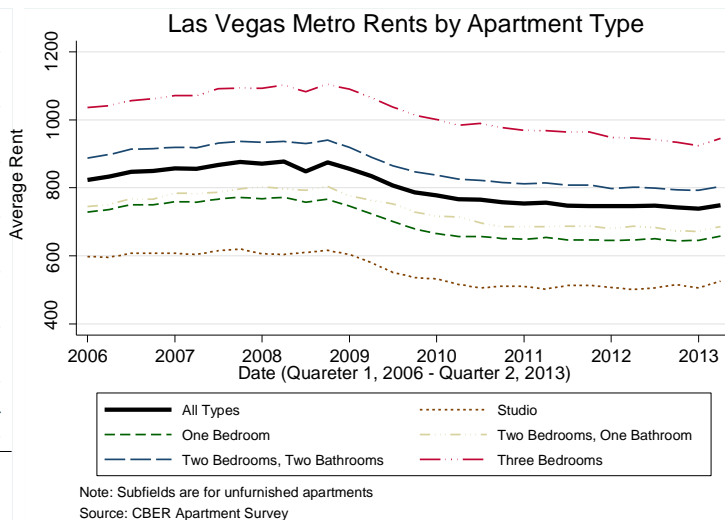


Figure 5

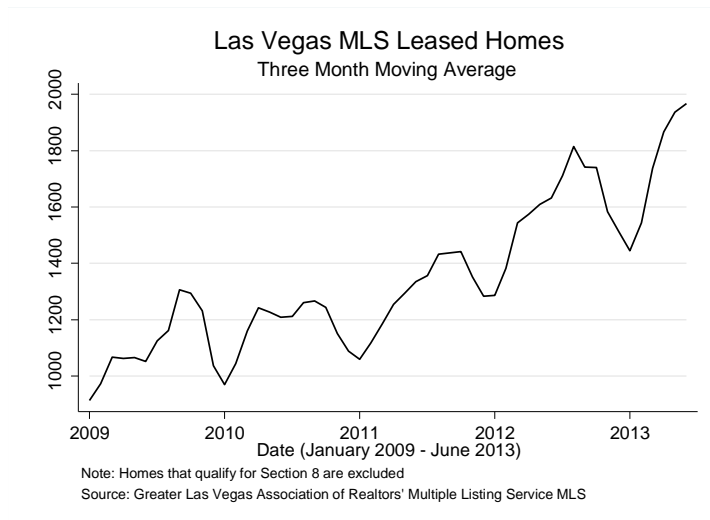
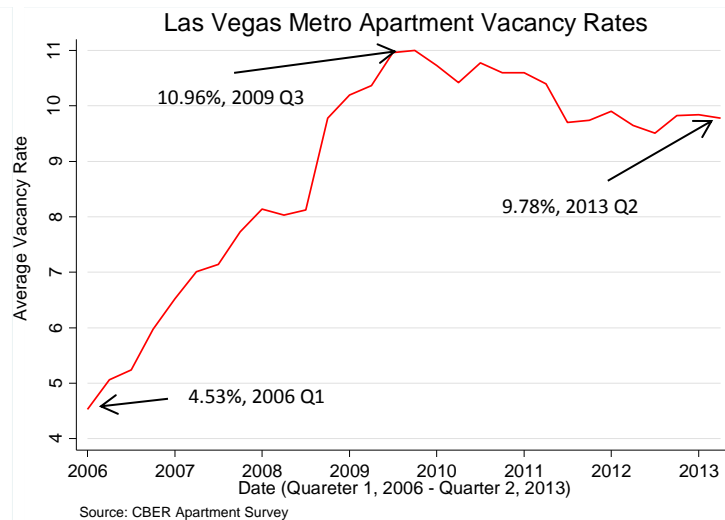


Figure 6



The average vacancy rate for apartments in Las Vegas has remained the same this quarter relative to the previous quarter. The historical graph in Figure 6 shows that this rate currently rests over five percentage points above the 4.53 percent vacancy rate from the first quarter of 2006. As of the second quarter of 2013, there are approximately 16,591 vacant apartment units holding rental rates from rising to their full potential. Despite this vacancy level, about 660 multifamily units are under construction in North Las Vegas and about 4,105 multifamily units are planned for construction in Clark County, according to a recent report by Colliers International. Those units likely include apartments.

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	.	.	.	710	.	650	.	868	.	1021	802	8.8%	785	69
89005	.	.	.	650	.	.	.	750	.	.	700	17.6%	282	50
89011	.	.	.	748	.	.	.	858	.	960	842	12.1%	1061	128
89012	.	.	.	785	.	800	.	944	.	1100	910	8.4%	2421	203
89014	.	611	.	694	.	722	.	834	.	996	818	8.9%	5789	514
89015	.	.	.	595	.	677	.	709	.	828	699	7.4%	2480	184
89027	349	.	.	466	.	499	.	563	.	.	473	0.0%	312	0
89029	.	.	.	399	.	.	.	445	.	525	456	9.9%	2202	218
89030	.	418	.	521	.	551	.	648	.	714	614	13.3%	2197	292
89031	736	.	924	830	9.7%	321	31
89032	.	662	.	685	.	.	.	806	.	861	772	10.2%	2644	269
89052	.	.	.	813	.	1061	.	1016	.	1206	978	8.8%	2686	237
89074	.	.	.	805	.	.	.	983	.	1118	928	17.4%	2689	469
89081	.	.	.	714	.	881	.	863	.	999	860	7.2%	1573	114
89084	.	.	.	843	.	1065	.	1025	.	1182	994	8.6%	1008	87
89086	.	.	.	759	.	858	.	845	.	1021	851	7.7%	1095	84
89101	549	462	602	515	.	608	799	642	.	719	567	10.1%	6492	654
89102	480	512	495	561	519	627	.	697	.	784	628	10.4%	7958	827
89103	.	610	.	631	.	683	.	776	.	890	714	8.7%	8906	779
89104	433	417	450	505	.	598	.	633	.	759	555	10.3%	5532	569
89106	660	399	760	519	.	556	.	689	.	720	600	11.9%	2749	328
89107	.	531	.	572	.	585	.	687	.	858	645	8.9%	2537	226
89108	.	475	.	629	.	623	.	758	.	931	721	9.3%	7949	739
89109	499	520	600	619	.	568	.	792	.	773	689	24.3%	2484	604
89110	.	.	.	543	.	622	.	666	.	796	656	11.1%	3597	401
89113	.	.	.	797	.	.	.	920	.	1194	901	7.7%	585	45
89115	543	445	699	541	.	608	.	629	.	750	627	13.5%	5526	744
89117	.	.	.	762	.	866	.	881	.	1045	877	9.2%	7796	714
89118	.	538	.	727	.	735	.	855	.	994	801	8.5%	1815	155
89119	535	499	636	606	725	619	.	752	.	898	673	9.7%	22081	2131
89120	.	569	.	624	.	689	.	781	.	890	744	8.1%	2123	171
89121	.	524	837	597	.	658	.	717	.	810	679	8.6%	6393	551
89122	505	.	737	602	1076	669	.	732	.	845	718	10.5%	4050	424
89123	.	599	.	773	.	995	.	920	.	1077	884	9.4%	4684	440
89128	.	.	.	689	.	.	.	795	.	927	801	9.0%	2582	233
89129	.	675	.	700	.	895	899	838	.	1027	817	8.8%	2548	223
89130	.	.	.	636	.	.	.	715	.	886	743	8.7%	1040	90
89131	.	.	.	740	.	.	.	855	.	1025	873	9.9%	348	35
89135	.	1050	.	958	.	.	.	1122	.	1321	1098	8.2%	1459	119
89138	.	.	.	1180	.	1176	.	1260	.	1397	1253	10.0%	271	27
89139	.	.	.	830	.	925	.	975	.	1198	972	9.7%	1386	135
89141	.	.	.	820	.	935	.	1012	.	1160	988	7.9%	340	27
89142	.	.	.	577	.	575	.	681	.	818	672	12.7%	1454	185
89144	.	.	.	865	.	935	.	1072	.	1265	1110	11.3%	732	83
89145	.	.	.	926	.	750	.	1046	.	1178	1041	9.7%	614	59
89146	.	400	.	637	.	585	.	761	.	925	743	9.0%	3337	302
89147	.	.	.	776	.	835	.	897	.	1034	890	8.7%	3216	281
89148	.	.	.	832	.	.	.	926	.	1038	921	7.7%	1788	138
89149	.	670	.	758	.	891	.	1051	.	1188	918	6.3%	1306	83
89156	.	.	.	594	.	.	.	710	.	934	695	13.2%	728	96
89166	.	.	.	776	.	859	.	979	.	1064	900	9.2%	1484	137
89169	591	463	736	523	.	601	895	677	.	839	612	10.5%	7575	798
89178	.	.	.	795	.	970	.	1045	.	937	937	9.8%	539	53
89183	.	.	.	803	.	895	.	923	.	923	923	7.5%	4170	313
METRO LV	525	526	676	658	902	686	850	804	946	749	9.8%	169719	16591	

"." 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

Marcus Conklin

Associate Director
(702) 895-4824

Marcus.Conklin@unlv.edu

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