APARTMENT MARKET TRENDS

LEE BUSINESS SCHOOL
LIED INSTITUTE FOR REAL ESTATE STUDIES

UNLV

VOLUME 22   2nd QUARTER 2018

Featuring data from the Center for Business and Economic Research

The Las Vegas apartment market saw an increase in the average asking rent and a decrease in the vacancy rate this quarter, according to data from our apartment survey, collected by the Center for Business and Economic Research(CBER).

The Las Vegas apartment market has seen consistent quarterly growth in rental rates for over three consecutive years. This quarter saw a 2.4 percent increase in the average asking rent and the average asking rent is now $1,003. Asking rents are up 7.0 percent since 2017Q2 ($937). This was second consecutive quarter where asking rents increased at least 7 percent year over year. The Las Vegas average asking rent is now 14.5 percent higher than it's peak in 2008 ($876). The average asking rent is also 35.4 percent higher than it's low in 2013 ($741).

Vacancy rates typically decrease each year during the second quarter. The Las Vegas apartment market vacancy rate decreased 0.6 percentage points after seeing two consecutive quarters with an increase and the vacancy rate is now 7.2 percent. The vacancy rate is down 0.6 percentage points since the previous year and is the lowest it has been since 2017Q1. The vacancy rate has now been in the 7 percent range for nine consecutive quarters.
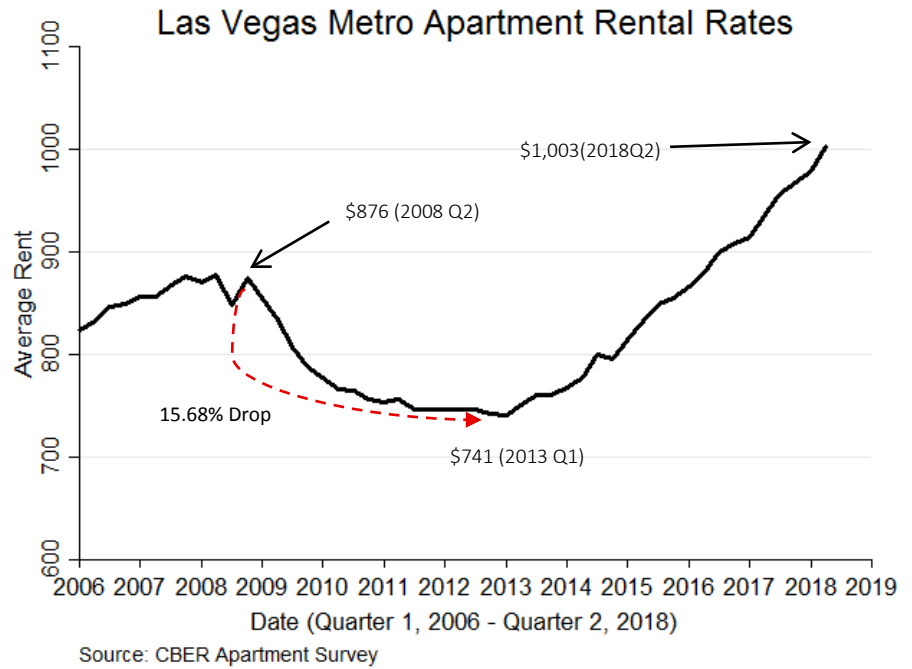
Figure 1

Las Vegas Metro Apartment Rental Rates

$1,003(2018Q2)

$876 (2008 Q2)

15.68% Drop

$741 (2013 Q1)

Average Rent

Date (Quarter 1, 2006 - Quarter 2, 2018)

Source: CBER Apartment Survey

Figure 2

Las Vegas Metro Apartment Vacancy Rates

10.96% (2009 Q3)

7.20 % (2018 Q2)

4.53% (2006 Q1)

Average Vacancy Rate (%)

Date (Quarter 1, 2006 - Quarter 2, 2018)

Source: CBER Apartment Survey

LEE BUSINESS SCHOOL
LIED INSTITUTE FOR
REAL ESTATE STUDIES

Figure 3: Apartment Rental Rates in Las Vegas

Rent Q2 2018

	No Data
	Less Than $800
	$801 - $900
	$901 - $1,000
	$1,001 - $1,150
	$1,151 - $1,300
	Greater Than $1,300
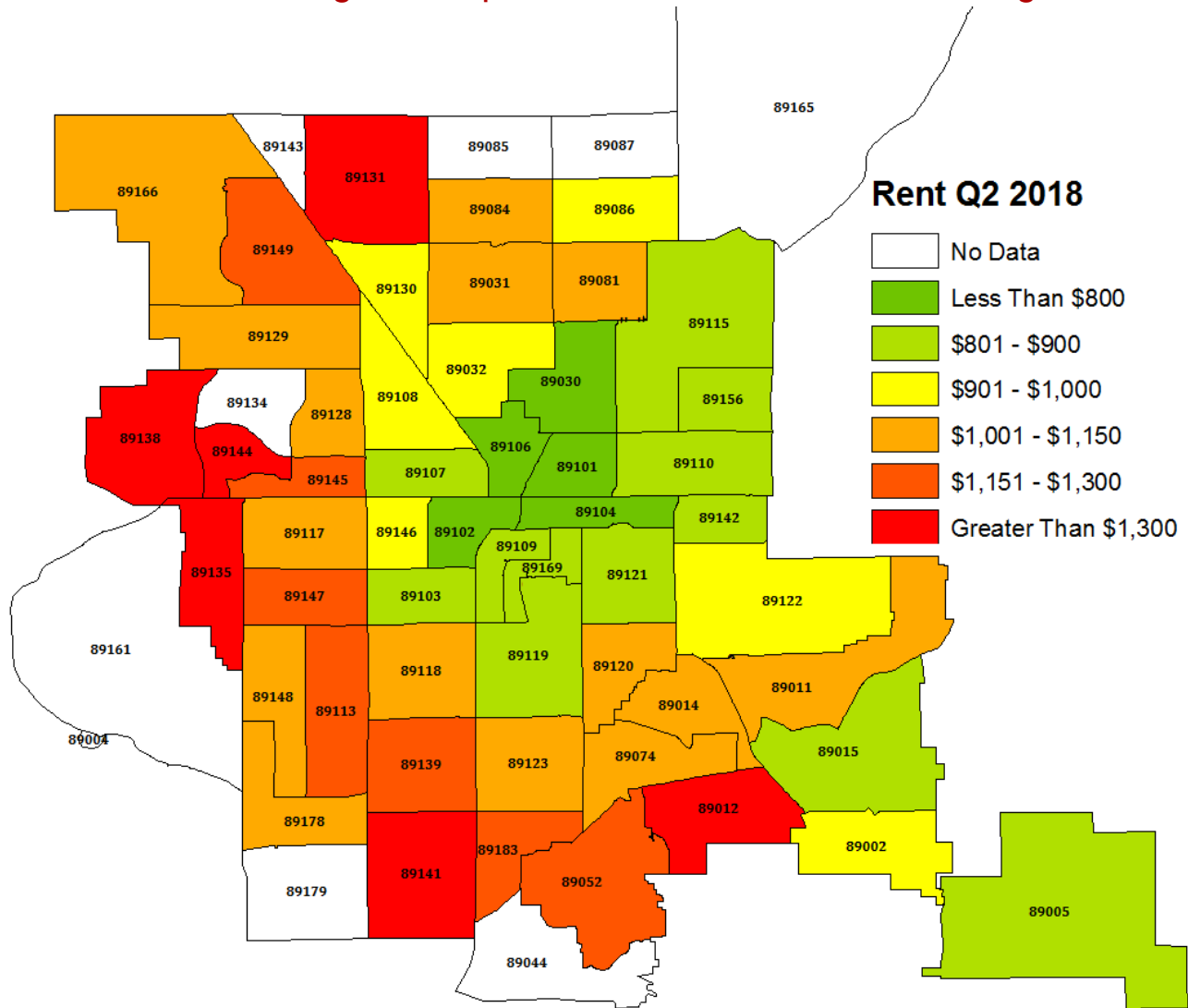
45 zip codes saw a quarterly increase in average asking rents while 7 zip codes saw a quarterly decrease in average asking rents. Average apartment rents now range from $675 a month, in the 89104 zip code, to $1,523 a month, in the 89138 zip code. No region saw multiple zip codes with large quarterly increases in asking rents. The 89178 zip code saw a 24.1 percent increase in asking rents this quarter, the largest of any zip code this quarter. The southeastern region saw the most significant increases in asking rents this quarter. The 89005, 89002, and 89074 zip codes all saw increases in asking rents between 7 to 10 percent. No region saw multiple zip codes with significant decreases in asking rents. The 89109 zip code, in the center region, saw the largest decrease in asking rents this quarter with a 15.5 percent decrease, or $132 decrease. No other zip code saw a quarterly decrease in asking rents of more than 1.0 percent. All but three zip codes experienced year over year increases in asking rents of at least 2 percent. No region saw significant and consistent year over year increases across zip codes. The 89122, 89131, and 89178 zip codes, which are all in different regions, saw the largest year over year increases in the asking rent with increases of about 13 percent. The 89109 zip code saw the largest year over year decrease with a 2.8 percent decrease.
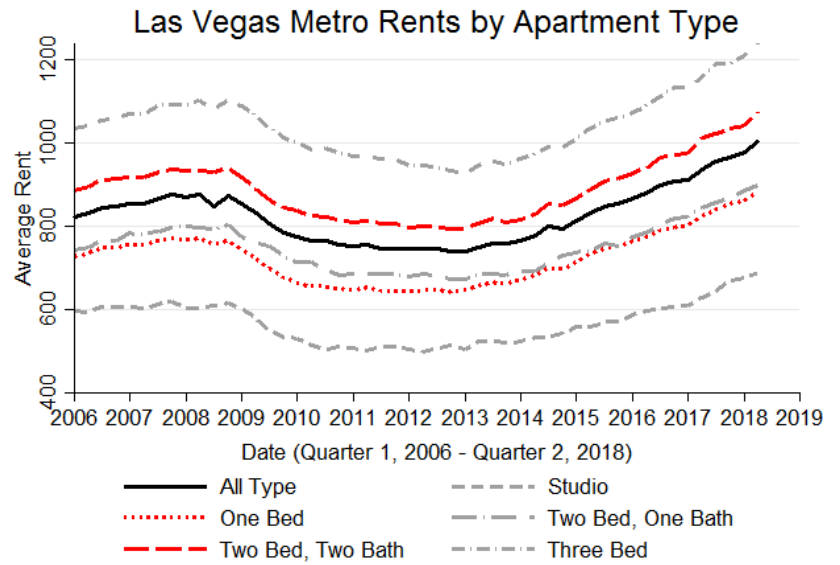
Figure 4: Apartment Vacancy Rates in Las Vegas

Vacancy Q2 2018

☐	No Data
☐	Less Than 6.50%
☐	6.51% - 7.00%
☐	7.01% - 7.50%
☐	7.51% - 8.00%
☐	8.01% - 8.50%
☐	Greater Than 8.50%
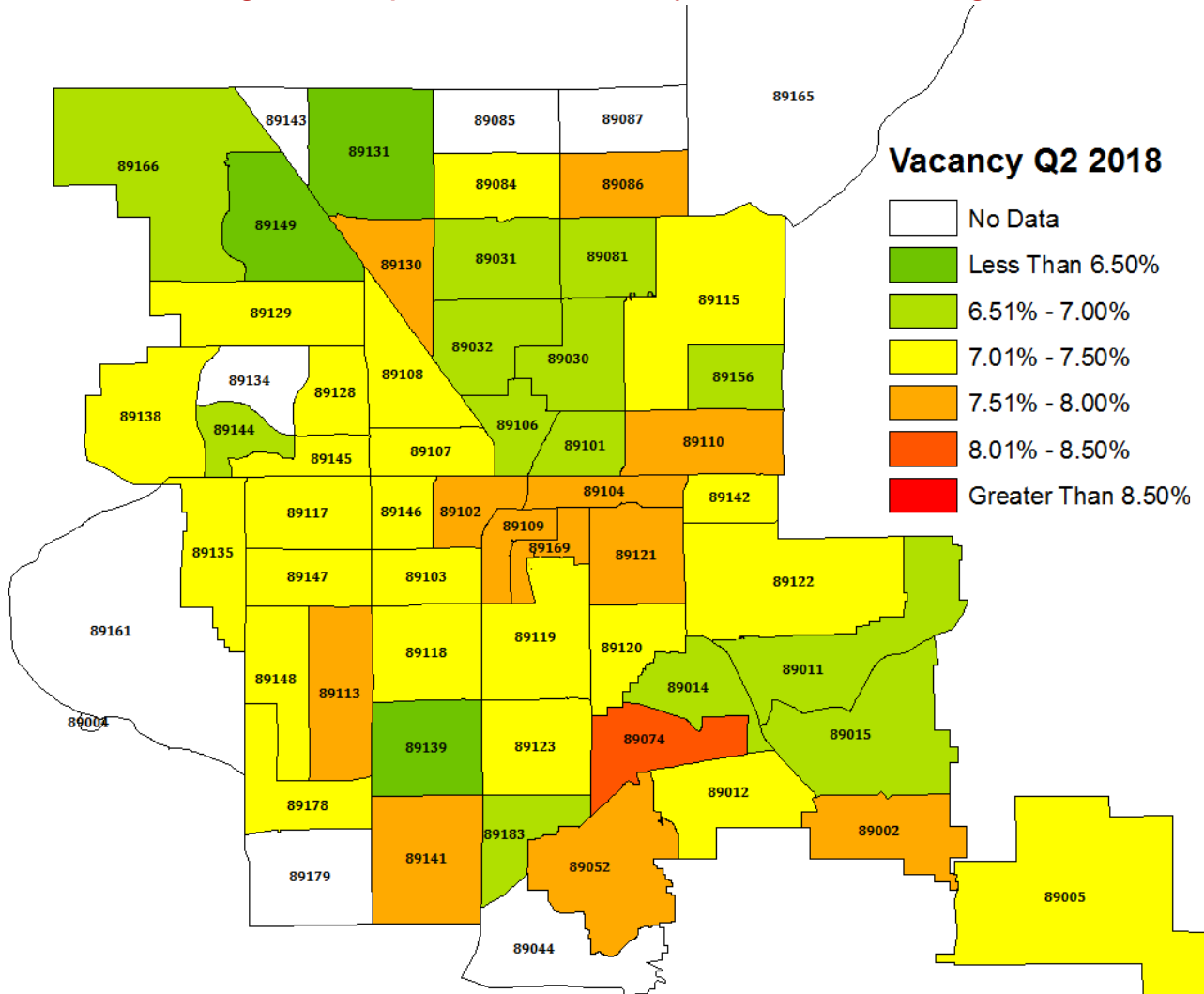
The Las Vegas Metropolitan area had 42 zip codes with a quarterly decrease in the apartment vacancy rate and 8 zip codes with a quarterly increase in the apartment vacancy rate. The vacancy rate now ranges from 5.9 percent, in the 89131 zip code, to 8.0 percent, in the 89074 zip code. 35 zip codes have a vacancy rate between 7 and 8 percent. The 89131 zip code saw the largest quarterly decrease in the vacancy rate with a 3.3 percentage point decrease. The western region saw the most significant decreases in the vacancy rate of any region this quarter. The vacancy rate decreased 2.9 percentage points in the 89135 zip code and decreased 2.3 percentage points in the 89144 zip code. The 89147, 89138, and 89117 zip codes also saw decreases of about 1 percentage point. The eastern region also had multiple zip codes with significant decreases in the vacancy rate as the vacancy rate decreased 2.8 percentage points in the 89115 zip code and 2.0 percentage points in the 89081 zip code. The 89130 zip code saw the largest quarterly increase in the vacancy rate with a 2.3 percentage point increase. Vacancy rates are down slightly year over year across 41 zip codes and only 7 zip codes have a vacancy rate that is up year over year. The 89130 zip code, with a year over year increase of 1.4 percentage points, is the only zip code with a year over year increase greater than 1.0 percentage point.

LEE BUSINESS SCHOOL
UNLV LIED INSTITUTE FOR
REAL ESTATE STUDIES

Two-bedroom two-bathroom apartments, which saw low growth last quarter, saw the most robust quarterly growth in asking rents this quarter. Asking rents for furnished two-bedroom two-bathroom apartments increased 3.3 percent since the previous quarter. Unfurnished two-bedroom two bathroom-apartments also saw a high quarterly growth rate of 2.8 percent. Two-bedroom one-bathroom apartments saw a modest growth rate of 1.1 percent. Unfurnished one-bedroom apartments saw asking rents increase increase 2.6 percent, or $3. Furnished one-bedroom apartments asking rents decreased 1.1 percent, or $10. Three-bedroom apartments saw their asking rents increase 2.1 percent since the previous quarter.

Figure 5

Las Vegas Metro Rents by Apartment Type

Date (Quarter 1, 2006 - Quarter 2, 2018)

Legend:
- All Type
- One Bed
- Two Bed, Two Bath
- Studio
- Two Bed, One Bath
- Three Bed
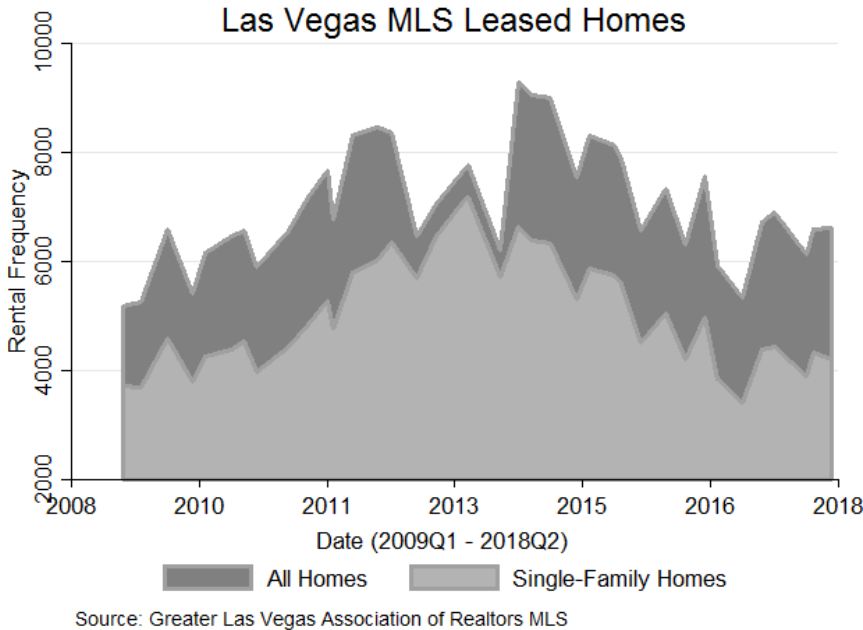
Source: CBER Apartment Survey

Furnished two-bedroom two-bathroom apartments, which saw the largest quarterly growth rate, saw the lowest year over year growth rate. Asking rents for furnished two-bedroom two-bathroom apartments decreased 9.9 percent year over year, or $104. This was the only apartment type where asking rents decreased year over year. All other apartment types saw asking rents increase at least 5.8 percent since the previous year. Furnished studio apartments saw the largest year over year growth rate with 14.2 percent. One-bedroom and three-bedroom apartments experienced a year over year growth rate in asking rents of about 7.0 percent. Asking rents for unfurnished two-bedroom one-bathroom apartments increased 6.3 percent since the previous year. Asking rents for unfurnished two-bedroom two-bathroom apartments increased 5.8 percent.

Figure 6

Average Rent By Apartment Type (2018Q2)

Apartment Type	Average Rent
Studio Unfurnished	$687
Studio Furnished	$763
1 Bed Unfurnished	$884
1 Bed Furnished	$829
2 Bed 1 Bath Unfurnished	$901
2 Bed 2 bath Unfurnished	$1,073
3 Bed Unfurnished	$1,238
All Apartment Types	$1,003

Source: CBER Apartment Survey

Figure 7

Las Vegas MLS Leased Homes

Source: Greater Las Vegas Association of Realtors MLS

Figure 8

Rent Per Square Foot of MLS Leased Homes


Source: Greater Las Vegas Association of Realtors MLS

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. During the second quarter of 2018, single-family rental leases decreased by 2.8 percent, or 121 units. Multifamily rental leases increased by 7 percent, or 157 units. There were 4,204 new single-family rental leases and 2,426 new multifamily rental leases during 2018Q2. Single-family rental leases are down 4.1 percent since the previous year and multifamily rental leases are up 4.3 percent since the previous year.
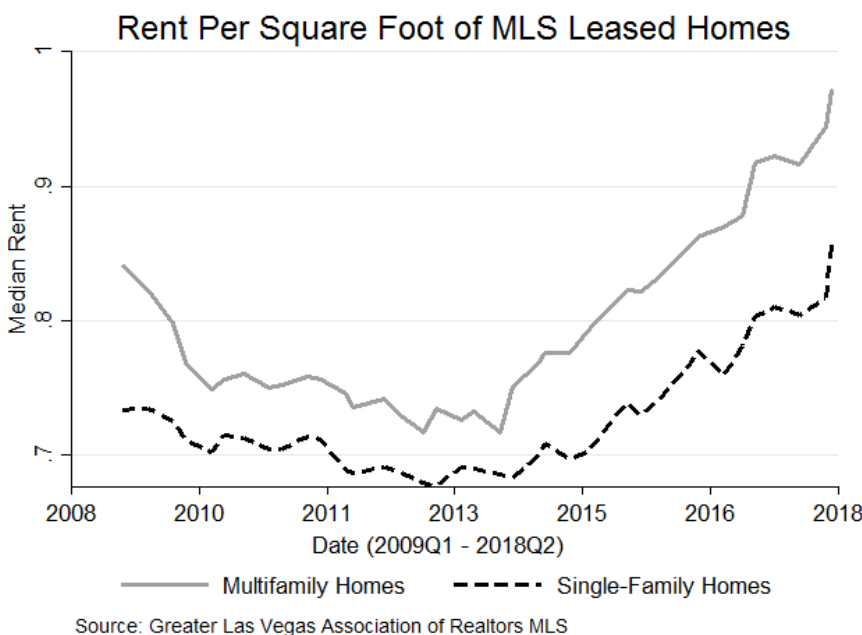
This quarter saw large increases in price per square footing for both single-family and multifamily homes. Multifamily homes rented for $0.97 a square foot in 2018Q2 – a $0.03 increase from the previous quarter and a $0.06 increase from the previous year. Single-family homes rented for $0.86 a square foot in 2018Q2 – a $0.04 increase from the previous quarter and a $0.06 increase from the previous year. This was the largest quarterly increase in asking rents for single-family homes since the recession. Price per square footing on single-family homes had seen 4 consecutive quarters with little change prior to 2018Q2.

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	.	.	.	874	.	883	.	1200	.	1400	1001	7.5%	441	33
89005	.	.	.	695	.	.	.	875	.	1029	929	7.1%	244	17
89011	.	.	.	985	.	1075	.	1157	.	1370	1140	6.8%	1127	77
89012	.	.	.	1037	.	1193	.	1243	.	1411	1204	7.3%	2490	183
89014	.	770	.	964	.	119	.	1156	.	1339	1119	6.9%	6301	434
89015	.	.	.	738	.	804	.	953	.	1191	893	6.7%	1892	127
89030	.	.	.	734	.	695	.	880	.	952	834	6.6%	2126	140
89031	.	.	.	1210	.	.	.	1144	.	1327	1233	6.9%	970	67
89032	.	727	.	850	.	.	.	1059	.	1184	1001	6.9%	2471	172
89052	.	1100	.	1051	.	1066	.	1313	.	1515	1225	7.9%	3867	305
89074	.	.	.	1071	.	.	.	.	.	1457	1224	8.0%	3593	288
89081	.	.	.	911	.	.	.	1074	.	1228	1072	6.6%	1328	87
89084	.	.	.	971	.	1094	.	1207	.	1367	1169	7.2%	1008	73
89086	.	.	.	856	.	989	.	1064	.	1187	1016	7.8%	1107	86
89101	748	646	658	697	.	788	885	814	.	903	744	6.9%	4495	308
89102	.	628	635	761	.	820	.	909	.	953	825	7.7%	8003	618
89103	.	699	.	849	.	874	.	1003	.	1080	929	7.3%	9312	675
89104	.	537	.	650	.	748	.	827	.	876	675	8%	4305	331
89106	760	540	845	756	.	738	.	891	.	992	848	6.8%	2005	136
89107	.	656	.	792	.	802	.	910	.	.	867	7.4%	1945	143
89108	.	701	.	838	.	827	.	1022	.	825	961	7.4%	7666	569
89109	640	610	.	667	.	612	.	881	.	1053	726	7.6%	611	47
89110	.	.	.	752	.	858	.	869	.	1559	880	7.7%	3310	256
89113	.	.	.	1137	.	.	.	1409	.	1019	1344	7.7%	2169	168
89115	.	634	780	736	.	778	.	868	.	.	858	7.2%	5334	387
89117	.	.	.	1002	.	1159	.	1169	.	1382	1154	7.2%	7295	525
89118	.	780	.	941	.	961	.	1099	.	1202	1026	7.1%	1666	117
89119	807	651	839	776	.	782	.	967	.	1148	861	7.4%	9654	712
89120	.	.	.	910	.	.	.	1080	.	1263	1051	7.2%	1717	123
89121	.	691	910	797	.	862	.	932	.	992	879	7.8%	6710	522
89122	801	575	846	841	1207	1033	.	1018	.	1187	974	7.2%	3683	264
89123	.	875	.	1014	.	1220	.	1188	.	1391	1167	7.1%	3827	273
89128	.	.	.	958	.	.	.	1073	.	1268	1106	7.0%	2694	189
89129	.	943	.	938	900	1010	1090	1154	.	1342	1096	7.4%	2420	178
89130	.	.	.	893	.	.	.	1054	.	1197	1055	7.6%	1156	88
89131	.	.	.	1051	.	.	.	1246	.	1330	1185	5.9%	272	16
89135	.	.	.	1190	.	1495	.	1479	.	1644	1452	7.3%	849	62
89138	.	.	.	1350	.	1412	.	1580	.	1750	1523	7.2%	276	20
89139	.	.	.	1044	.	1135	.	1281	.	1401	1224	6.3%	1696	106
89141	.	.	.	1190	.	1154	.	1472	.	1673	1422	7.6%	595	45
89142	.	.	.	765	.	876	.	936	.	1088	922	7.0%	1767	124
89144	.	.	.	1116	.	.	.	1373	.	1543	1391	6.9%	795	55
89145	.	.	.	1163	.	1180	.	1222	.	1464	1282	7.3%	686	50
89146	.	575	.	833	.	810	.	979	.	1141	967	7.1%	3212	228
89147	.	.	.	1043	.	1025	.	1189	.	1403	1217	7.1%	3580	255
89148	.	.	.	1071	.	1221	.	1228	.	1263	1174	7.2%	2928	210
89149	.	1010	.	1076	.	1188	.	1345	.	1703	1229	6.4%	1369	88
89156	.	.	.	764	.	.	.	892	.	1150	886	6.7%	728	49
89166	.	.	.	995	.	1138	.	1215	.	1372	1150	7.0%	1534	107
89169	729	660	848	730	.	805	.	911	.	1091	824	7.5%	5366	403
89178	.	.	.	995	.	1362	.	1405	.	.	1232	7.2%	539	39
89183	.	.	.	1040	.	1138	.	1223	.	1420	1215	6.9%	2870	198
METRO LV	763	687	829	884	1168	901	946	1073	0	1238	1003	7.2%	148004	10728

"." Number of observations insufficient for statistical purposes. "F" stands for Furnished and "U" stands for Unfurnished. Cummulative sum of vacant units might not equal the reported Metro LV vacant units because of rounding issues. Source: CBER Apartment Survey

About the LIED Institute for Real Estate Studies

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 sponsored by:

Contact Information

Vivek Sah, Ph.D.
Director
702-895-1660
Vivek.Sah@unlv.edu

Betty Campbell
Program Coordinator
702-895-4492
Betty.Campbell@unlv.edu

4505 S. Maryland Parkway, Box 456025 Las Vegas, NV 89154-6025
www.unlv.edu/business/lied-institute