

Lied Institute Report on Apartment Market Trends

featuring data from the Center for Business and Economic Research

Apartment Market Trends in 4th Quarter 2016

The Las Vegas apartment market saw an 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). This was the eighth consecutive quarter where the average asking rent increased. This quarter saw a 1.0 percent increase in the average asking rent and the average asking rent is now \$909. Asking rents are up 6.3 percent since 2015Q4 (\$855). The Las Vegas average asking rent is now 3.8 percent higher than it's peak in 2007 (\$876). The average asking rent is also 22.7 percent higher than it's low in 2013 (\$741). After a slight increase in the vacancy rate in 2016Q3, the vacancy rate decreased slightly this quarter. The 2016Q4 vacancy rate is 7.6 percent. This represents a 0.1 percentage point decrease on a quarter to quarter basis and a decrease of 0.6 percentage points on a year over year basis. The vacancy rate is now 3.3 percentage points lower than it's peak in 2009Q3 (10.96%), but 3.1 percentage points higher than it's low in 2006Q1 (4.5%).

Figure 1

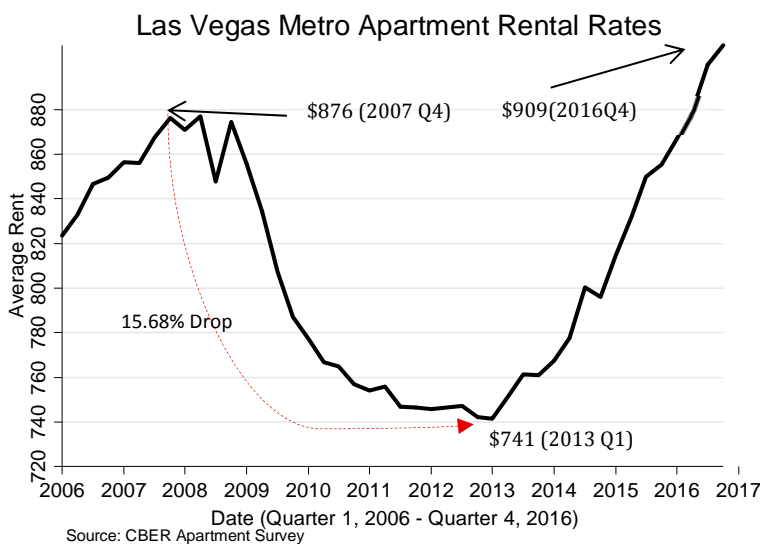


Figure 2

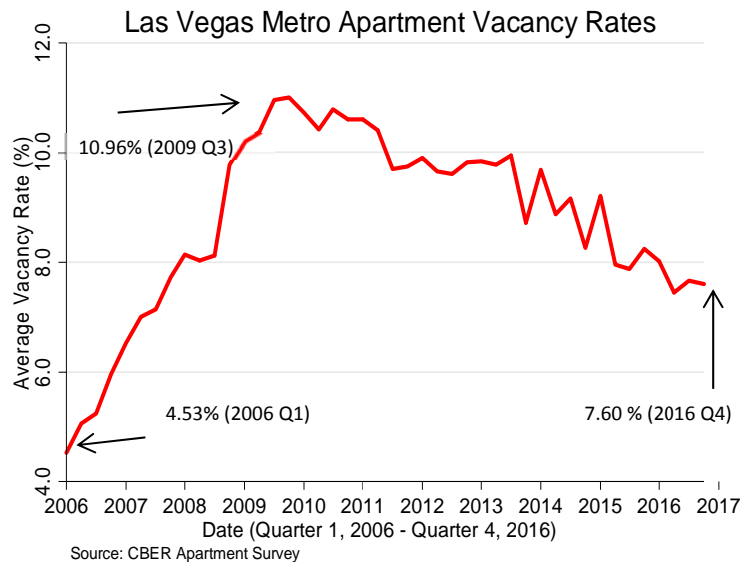
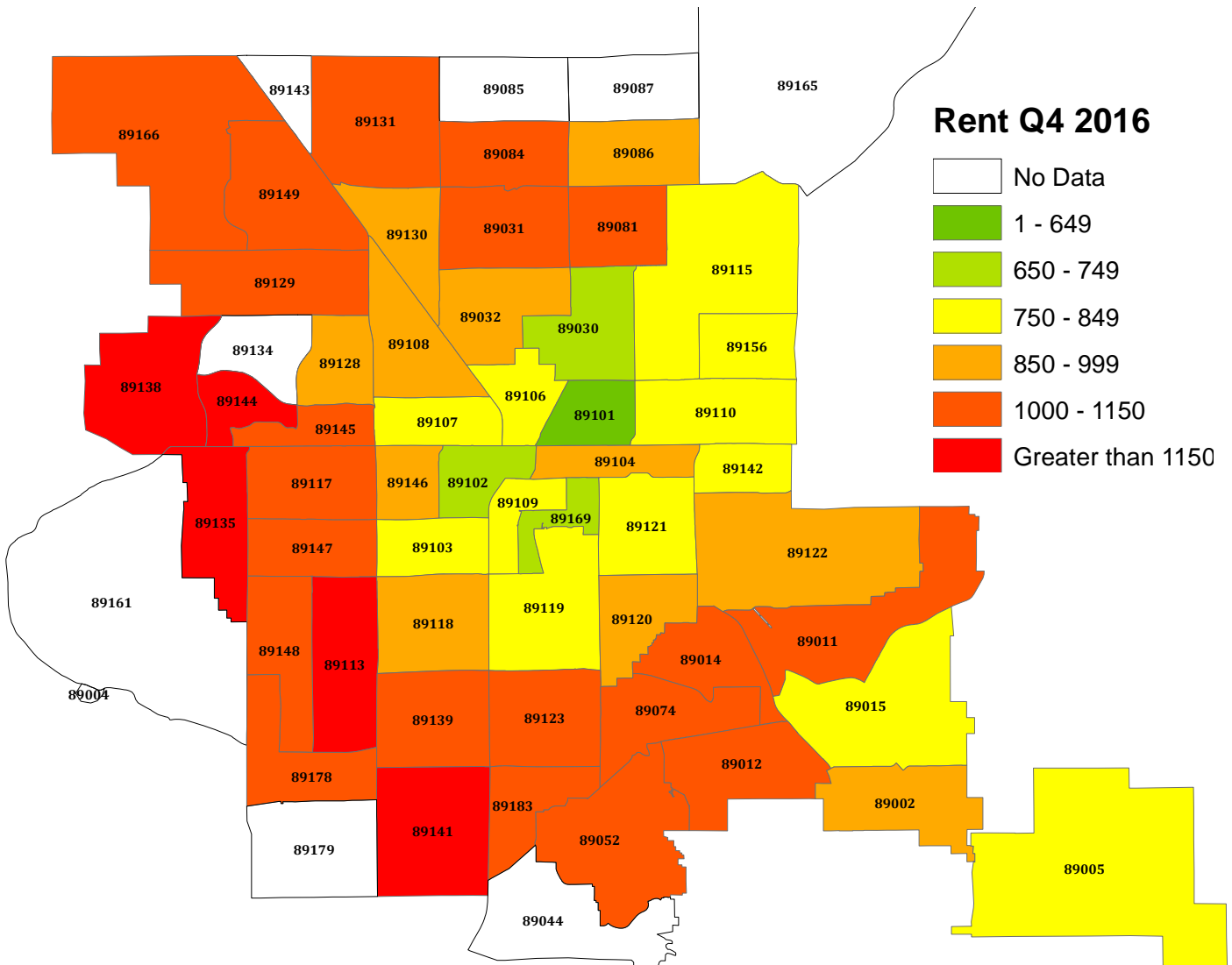


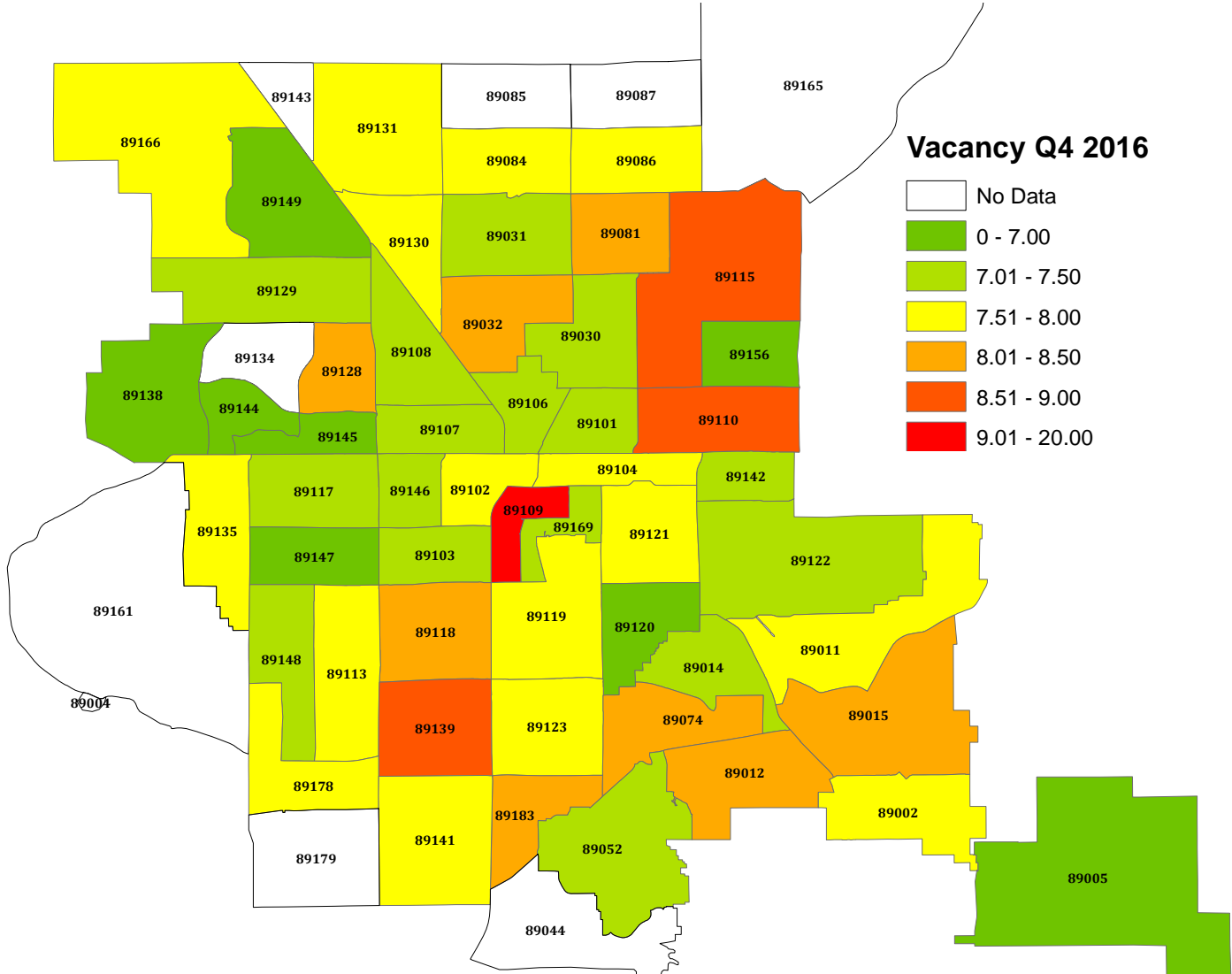
Figure 1: Apartment Rental Rates in Las Vegas*



*Figure based on CBER Apartment Survey

29 zip codes saw an increase in average asking rents while 22 zip codes saw a decrease in average asking rents this quarter. No particular region saw high quarterly changes in asking rents. The 89123 zip code, in the southern region, saw the largest quarterly increase in asking rents with a 7.9 percent(\$83) increase. The 89141 zip code, also in the southern region, saw one of the largest decreases in asking rents with a 3.9 percent(\$53) decrease. The center region, which typically does not see much growth, saw some of the highest growth this quarter. The 89107, 89121, and 89106 zip codes all saw increases in the asking rent of more than 2.5 percent this quarter. The 89109 zip code was the only zip code in the center region to see any significant decrease in asking rents this quarter (1.7 percent). Only 7 zip codes saw year over year decreases in asking rents. The northwestern region saw the largest year over year decreases in asking rents as the 89149 zip code saw a 3.2 percent (\$36) decrease and the 89131 zip code saw a 1.8 percent(\$18) decrease. The 89123, which had the highest quarterly increase in asking rents, also had the highest annual increase, with a 16.4 percent(\$186) increase.

Figure 2: Apartment Vacancy Rates in Las Vegas*



*Figure based on CBER Apartment Survey

29 zip codes saw a decrease in the vacancy rate while 22 zip codes saw an increase in the vacancy rate this quarter. The 89138 zip code currently has a vacancy rate of 0.0 percent as none of the 280 reported units are vacant. The 89145 zip code, which is in the western region, saw the largest decrease in the vacancy rate with a 2.7 percentage point decrease. Only 7 other zip codes, which are spread throughout the entire Las Vegas metropolitan area, saw decreases in the vacancy rate greater than 1 percentage point. The 89109 zip code, which is in the center region, saw the largest quarterly increase in the vacancy rate with a 2.6 percentage point increase. The 89109 zip code currently has a vacancy rate 1.1 percentage points higher than the zip code with the next highest vacancy. The southern region was the only region with multiple zip codes to see increases in the vacancy rate as the 89183 and 89141 zip codes both saw an increase in the vacancy rate of about 1 percentage point. The eastern region saw the most significant decreases in the vacancy rate on an annual basis. The 89081, 89156, and 89115 zip codes all saw decreases in the vacancy rate of about 2 percentage points on an annual basis. The center region had 5 zip codes that decreased more than 1 percentage annually. The 89141 and 89149 zip codes were the only zip codes where the vacancy rate increased more than 1 percentage point annually.

Unlike last quarter, not all apartment types saw quarterly increases in asking rents. Furnished studio apartments saw a 2.0 percent(\$13) quarterly decrease in asking rents. Furnished one bedroom apartments saw the largest quarterly decrease in asking rents with a 2.6 percent(\$20) decrease. All other apartment types saw small increases in asking rents this quarter. Asking rents for studio apartments increased less than 1 percent(\$2) since 2016Q3. Unfurnished 2 bed 1 bath, furnished 2 bed 1 bath, and three bedroom apartments all saw a quarterly increase in the asking rent of about 2 percent. Furnished 2 bedroom 2 bath apartments saw a 3.2 percent(\$28) quarterly increase in asking rents - the largest quarterly increase of any apartment type this quarter.

All apartment types saw year over year increases in asking rents. Both furnished studios and 2 bedroom 1 bathroom apartments saw a year over year increase in asking rents of 8.9 percent - the largest year over year increase of any apartment type. Three bedroom apartments increased about 7 percent(\$75) since 2015Q4. Studio, furnished 2 bed 1 bath, and 2 bed 2 bath apartments all increased about 6 percent on a year over year basis. Furnished one bedroom apartments saw the smallest annual increase of 2.3 percent.

Figure 4

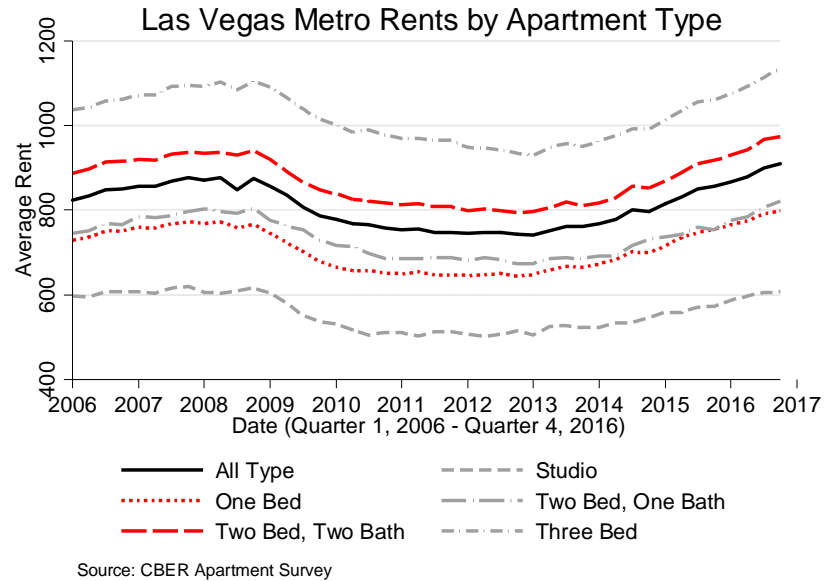


Figure 5

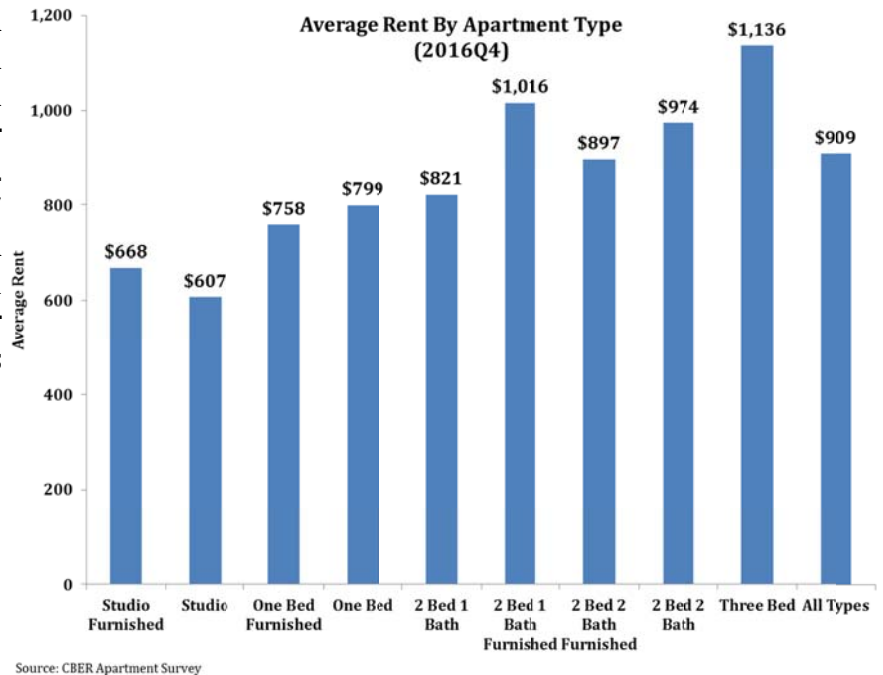


Figure 5

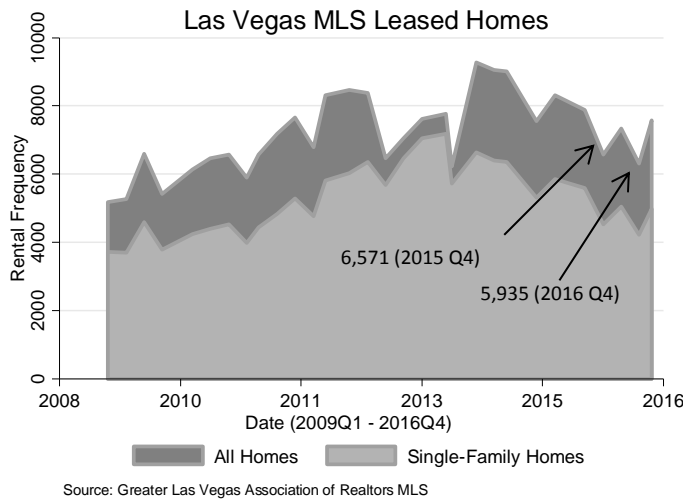
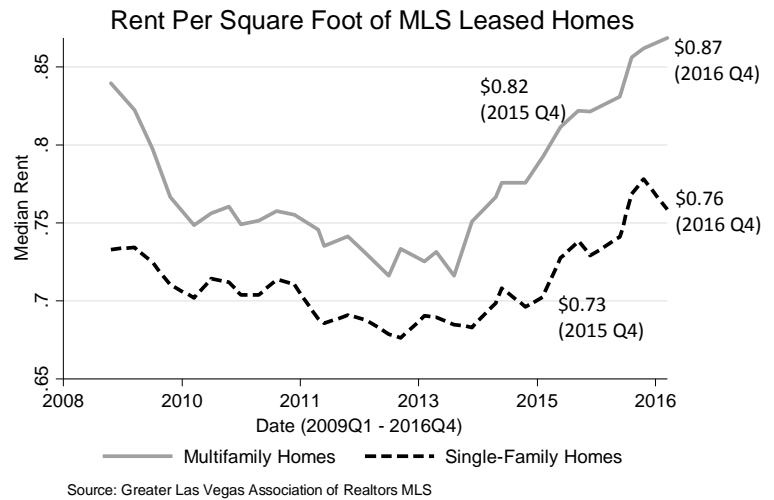


Figure 6



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 leases are highly seasonal and typically slow down each year in the 4th quarter. There were 5,935 rental leases in 2016Q4 – 1,647 less than 2016Q3 and 636 less than 2015Q4. Of the 5,935 rental leases, 3,848 were single-family homes and 2,087 were multifamily homes. Median price per square footing on MLS rental leases increased for multifamily homes and decreased for single-family homes. Multifamily homes rented for \$0.87 a square foot in 2016Q4 – a \$0.01 increase from the previous quarter and a \$0.05 increase from the previous year. Rent per square foot has decreased each year in the fourth quarter for single-family homes. This year the rent was \$0.76 a square foot – a \$0.02 decrease from 2016Q3. On a year over year basis, rent was still up \$0.03 per square foot.

-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	.	.	.	771	.	818	.	996	.	1144	926	7.5%	785	59
89005	.	.	.	677	.	765	.	798	.	962	839	5.7%	400	23
89011	.	.	.	896	.	959	.	1076	.	1165	1030	7.7%	786	61
89012	.	.	.	928	.	1050	.	1155	.	1342	1110	8.3%	2477	206
89014	.	735	.	878	.	928	.	1025	.	1262	1020	7.5%	6130	457
89015	.	.	.	662	.	767	.	818	.	970	791	8.1%	1970	159
89030	.	.	.	619	.	644	.	755	.	838	715	7.2%	2206	158
89031	991	.	1099	1045	7.1%	1004	71
89032	.	705	.	828	.	.	.	953	.	1089	938	8.1%	2488	202
89052	.	.	.	960	.	1102	.	1175	.	1412	1121	7.3%	3590	261
89074	.	.	.	970	.	.	.	0	.	1323	1113	8.4%	2791	234
89081	.	.	.	877	.	893	.	1034	.	1122	1015	8.3%	1855	153
89084	.	.	.	875	.	1025	.	1119	.	1257	1055	7.7%	1008	78
89086	.	.	.	792	.	965	.	976	.	1106	949	7.7%	1107	85
89101	611	521	696	597	.	708	850	747	.	817	641	7.3%	4820	350
89102	.	583	600	657	.	742	.	813	.	892	734	7.7%	6942	536
89103	.	618	.	745	.	800	.	898	.	984	829	7.4%	8291	615
89104	.	740	539	824	694	.	700	.	814	.	675	8%	3783	291
89106	740	539	824	694	.	700	.	814	.	890	772	7.3%	1915	140
89107	.	636	.	714	.	810	.	864	.	.	791	7.3%	1971	144
89108	.	622	.	752	.	739	.	911	.	750	861	7.5%	6951	518
89109	575	549	.	677	.	568	.	924	.	888	752	11.0%	734	80
89110	.	.	.	647	.	709	.	779	.	1478	759	9.0%	3037	272
89113	.	.	.	994	.	.	.	1227	.	910	1199	7.9%	1633	128
89115	.	593	750	653	.	650	.	790	.	.	772	8.6%	5686	488
89117	.	.	.	903	.	1028	.	1046	.	1257	1038	7.4%	7690	567
89118	.	688	.	833	.	865	.	999	.	1105	924	8.3%	1836	151
89119	744	563	839	741	.	731	.	933	.	1098	829	8.0%	11015	879
89120	.	724	.	771	.	810	.	904	.	1086	886	6.7%	1921	129
89121	.	608	923	703	.	765	.	832	.	911	792	7.6%	7113	538
89122	696	525	736	805	1016	937	.	918	.	1080	881	7.3%	4329	314
89123	.	697	.	948	.	1169	.	1136	.	1430	1131	7.8%	4054	315
89128	.	.	.	826	.	.	.	978	.	1112	984	8.0%	1798	144
89129	.	831	.	850	.	1135	1010	1056	.	1263	1020	7.2%	1640	118
89130	.	.	.	823	.	.	.	923	.	1090	951	7.6%	1156	88
89131	.	.	.	815	.	.	.	990	.	1215	1007	7.7%	272	21
89135	.	.	.	1120	.	1343	.	1389	.	1496	1307	7.7%	849	65
89138	.	.	.	1321	.	1299	.	1500	.	1582	1425	0.0%	280	0
89139	.	.	.	977	.	1094	.	1184	.	1343	1137	8.7%	1692	147
89141	.	.	.	1106	.	1057	.	1344	.	1462	1290	7.7%	595	46
89142	.	.	.	694	.	809	.	808	.	935	801	7.3%	1744	127
89144	.	.	.	1074	.	.	.	1287	.	1438	1305	6.0%	507	30
89145	.	.	.	995	.	990	.	1117	.	1280	1128	6.9%	686	48
89146	.	525	.	757	.	725	.	916	.	1081	888	7.1%	2984	211
89147	.	.	.	907	.	1008	.	1075	.	1231	1075	6.7%	3576	239
89148	.	.	.	982	.	1137	.	1102	.	1241	1079	7.5%	2725	203
89149	.	950	.	996	.	1115	.	1245	.	1687	1135	6.6%	629	41
89156	.	.	.	719	.	.	.	845	.	999	802	5.1%	728	37
89166	.	.	.	943	.	1033	.	1206	.	1313	1101	7.8%	1482	115
89169	643	539	721	651	.	746	.	776	.	954	716	7.2%	5894	423
89178	.	.	.	963	.	975	.	1163	.	.	1045	8.0%	539	43
89183	.	.	.	980	.	1025	.	1170	.	1290	1126	8.0%	1842	148
METRO LV	668	607	758	799	1016	821	897	974	.	1136	909	7.6%	143936	10939

"." 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.



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