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LEE BUSINESS SCHOOL

LIED INSTITUTE FOR  
REAL ESTATE STUDIES

APARTMENT MARKET TRENDS



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Featuring data from the Center for Business and Economic Research

The Las Vegas apartment market saw a slight increase in the average asking rent and an increase 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 1.8 percent increase in the average asking rent and the average asking rent is now \$1,021. Asking rents are up 6.8 percent since 2017Q3 (\$968). The Las Vegas average asking rent is now 16.5 percent higher than it's peak in 2008 (\$876). The average asking rent is also 37.8 percent higher than it's low in 2013 (\$741).

This quarter saw an unusually large increase in the vacancy rate. The Las Vegas apartment market vacancy rate increased 0.8 percentage points after seeing a large decrease during 2018Q2. At 8 percent, the vacancy rate is up 0.6 percentage points from the previous year. The vacancy rate is now the highest it has been since 2015Q4.

Figure 1

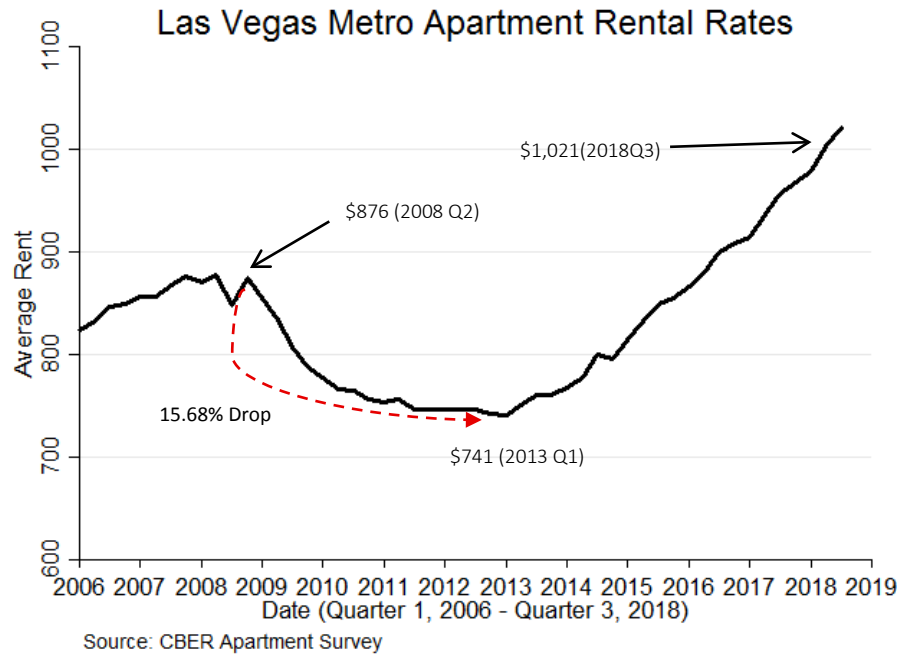


Figure 2

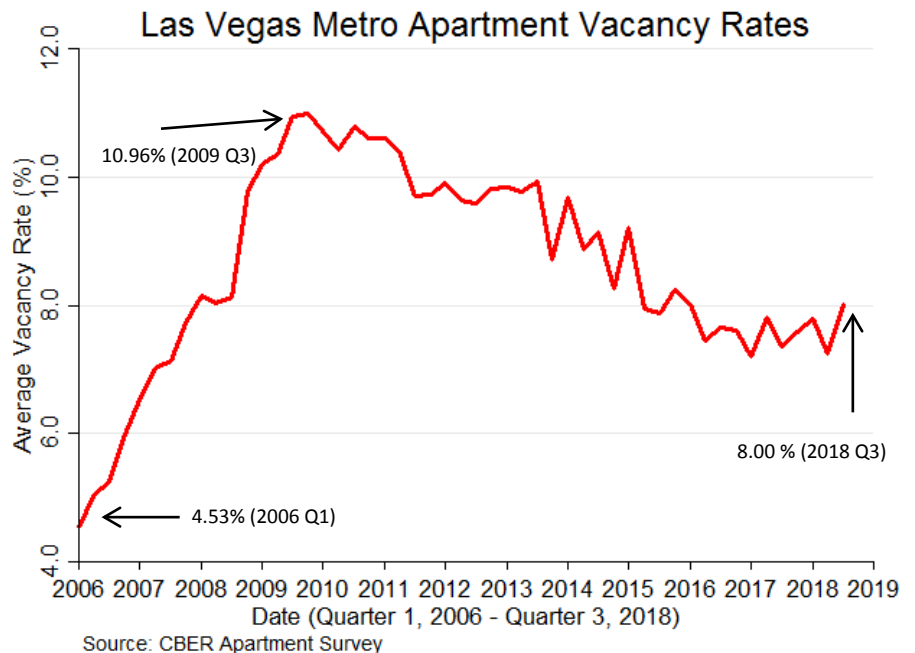
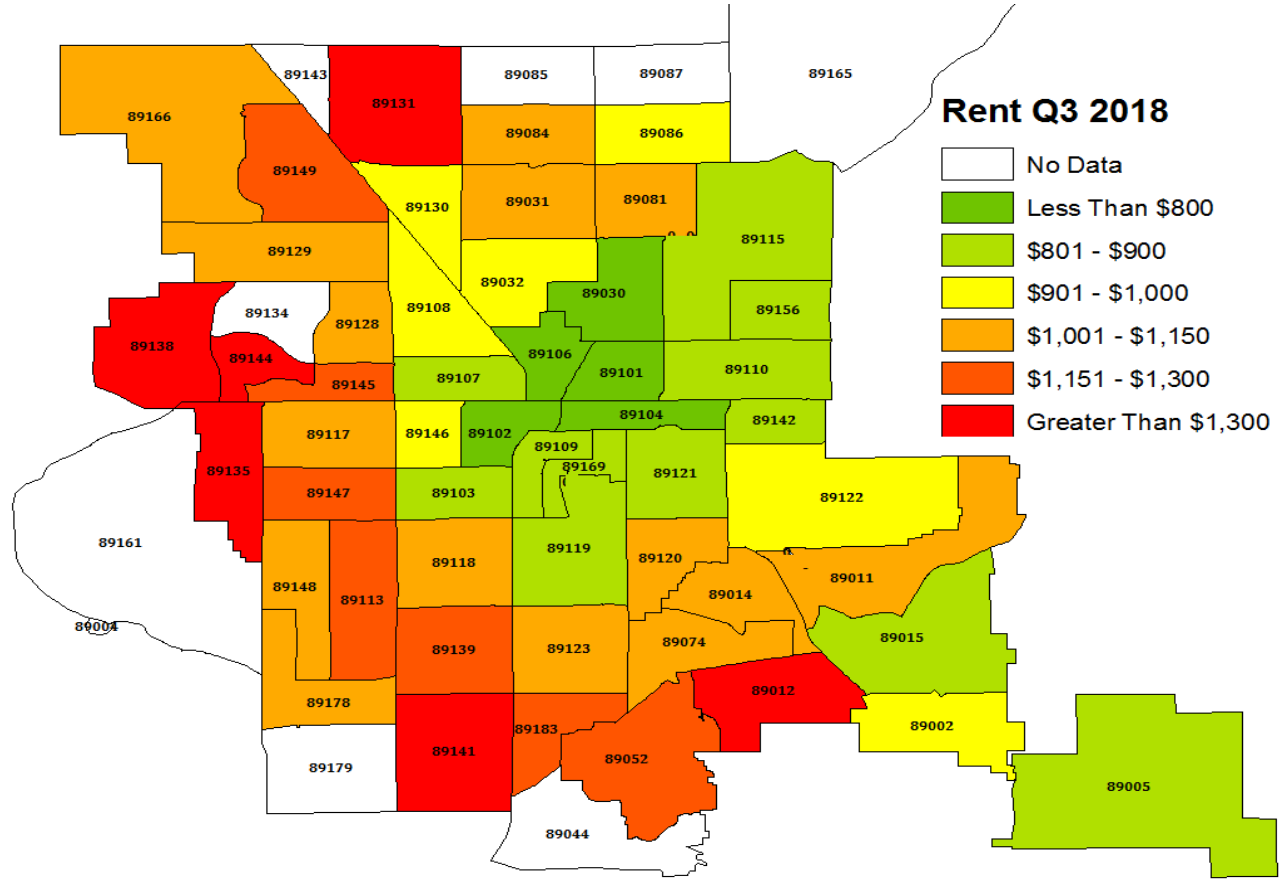
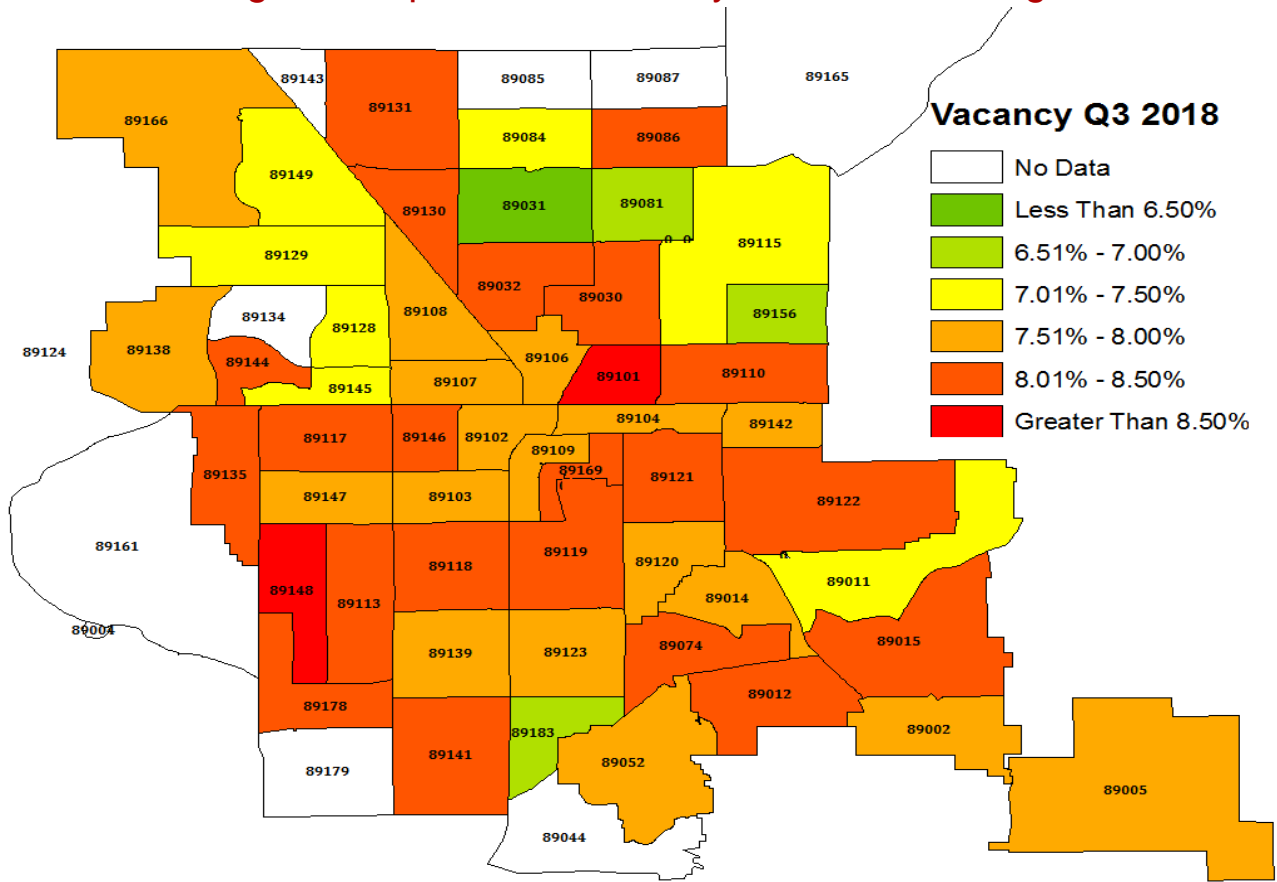


Figure 3: Apartment Rental Rates in Las Vegas



29 zip codes saw a quarterly increase in average asking rents while 15 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 \$1,540 a month, in the 89141 zip code. The 89109 zip code, which typically sees large changes in asking rents each quarter, saw the largest increase in asking rents this quarter with a 17 percent increase (\$127). Several other zip codes near the 89109 zip code saw large increases as well. The 89118 and 89107 zip codes both saw asking rents increase 5 percent this quarter. The northwestern region was the only other region that saw multiple zip codes with significant increases in asking rents as the 89166 zip code saw an 8 percent increase and the 89131 zip code saw a 5 percent increase. The 89138 zip code, in the western region, saw the largest quarterly decrease in asking rents with a 10 percent decrease (\$147). Also in the western region, the 89135 experienced one of the largest quarterly decreases with a 2.7 percent decrease (\$39). The eastern region was the only other region with consistent decreases in asking rents. The 89122, 89086, and 89142 zip codes all saw quarterly decreases in the asking rent of approximately 2 percent. 8 zip codes saw year over year increases in the asking rent of more than 10 percent and only 1 zip code saw a year over year decrease in asking rents. The 89109 and 89178 zip codes saw the largest year over year increases with 15.6 percent and 13.8 percent increases, respectively. Asking rents were down 11.7 percent year over year in the 89138 zip code.

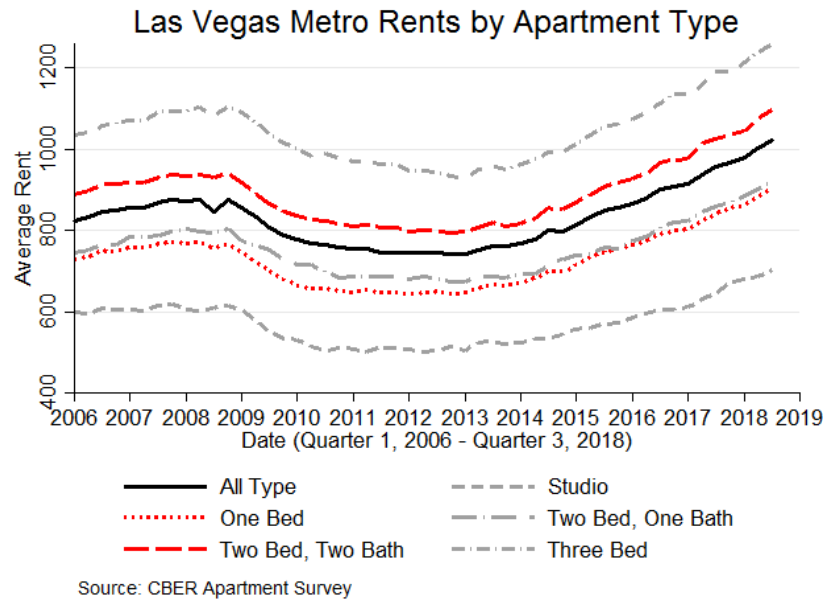
Figure 4: Apartment Vacancy Rates in Las Vegas



The Las Vegas Metropolitan area had 41 zip codes with a quarterly increase in the apartment vacancy rate and 2 zip codes with a quarterly decrease in the apartment vacancy rate. The vacancy rate now ranges from 5.5 percent, in the 89031 zip code, to 9.1 percent, in the 89101 zip code. The vacancy rate decreased 1.4 percentage points in the 89031 zip code and less than 0.1 percent in the 89109 zip code. These were the only two zip codes with a quarterly decrease in the vacancy rate. The 89101 and 89131 zip codes saw the largest increases in the vacancy rate with increases of 2.2 percentage points. No region saw multiple zip codes with large and consistent increases in the vacancy rate. Rather, all regions in the Las Vegas Metropolitan area saw at least one zip code with an increase in the vacancy rate of at least 1 percentage point. On a year over year basis, 39 zip codes saw an increase in the vacancy rate and 10 zip codes saw a decrease in the vacancy rate. The 89101 zip code, in the center region, saw the largest year over year increase in the vacancy rate with a 2.1 percentage point increase. The 89109, 89121, 89119, 89169 zip codes, all in the center region, saw year over year increases in the vacancy rate of more than 1 percentage point. The 89145 zip code, with an 8.6 percentage point year over year decrease, saw the largest decrease in the vacancy rate by a considerable amount.

Asking rents increased by about 2 percent for all apartment types this quarter. Studio apartments saw the largest increase in asking rents this quarter with a 2.2 percent increase (\$15). Furnished studio apartments saw the largest decrease in asking rents this quarter with a 6.0 percent decrease (\$45). The price difference between furnished and unfurnished studio apartments is now \$15. Unfurnished one-bedroom apartments and two-bedroom one-bathroom apartments saw almost identical increases in asking rents this quarter with a 2.0 percent increase. Two-bedroom two-bathroom apartments saw a slightly higher increase in asking rents with a 2.1 percent increase. Three-bedroom apartments saw a 1.5 percent quarterly increase in asking rents.

Figure 5



Unfurnished studio apartments, which saw the largest quarterly growth rate, also saw the highest year over year growth rate. Asking rents for unfurnished studio apartments increased 8.7 percent year over year (\$56). Unfurnished one-bedroom and unfurnished two-bedroom one-bathroom apartments saw almost identical year over year increases in asking rents with increases of 7.2 percent and 7.0 percent, respectively. Two-bedroom two-bathroom apartments saw a slightly lower year over year increase in asking rents with a 6.9 percent increase. Three-bedroom apartments saw a much lower year over year increase in asking rents with a 5.5 percent increase. Furnished two-bedroom two-bathroom and furnished one-bedroom apartments were the only apartment types to see a year over year decrease in asking rents with a 9.9 percent and 2.2 percent decrease, respectively.

Figure 6

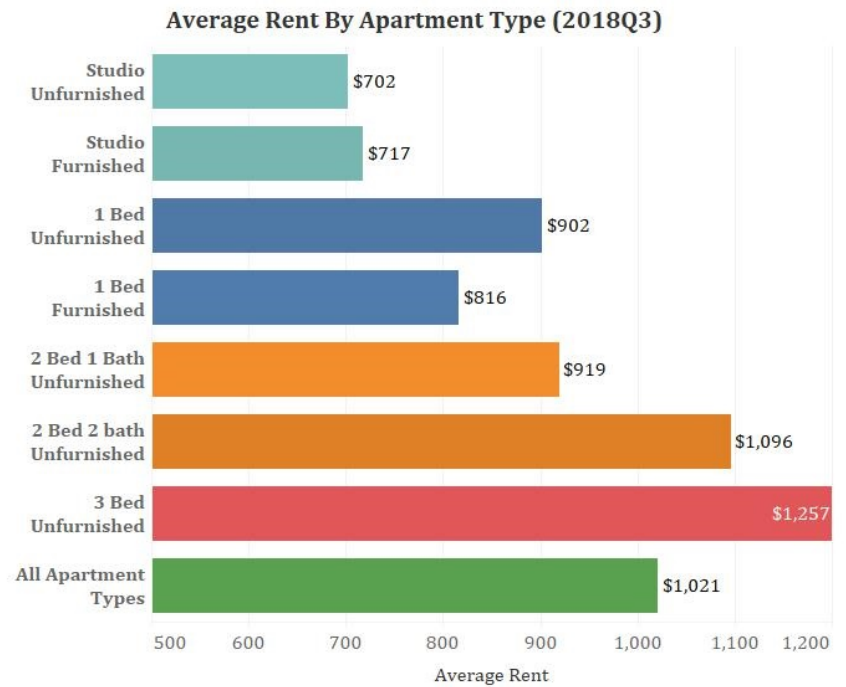
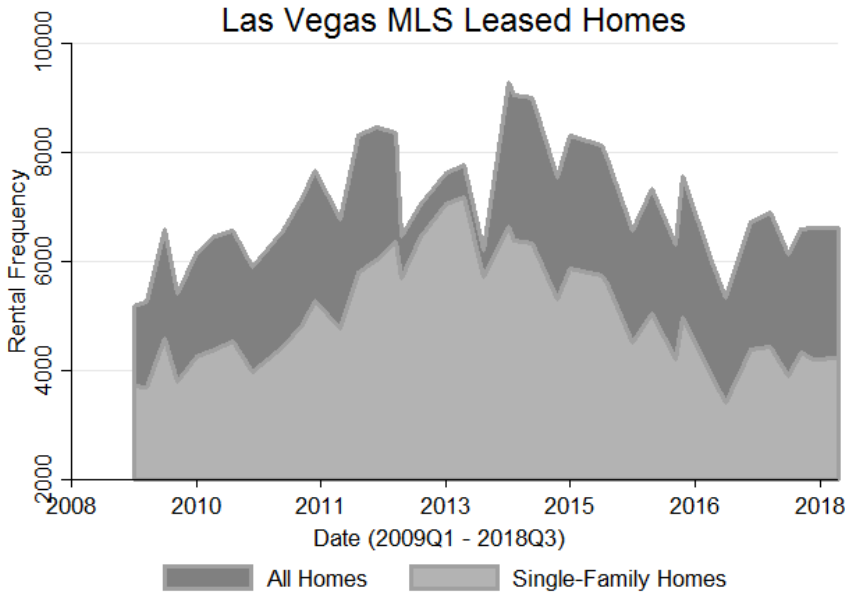


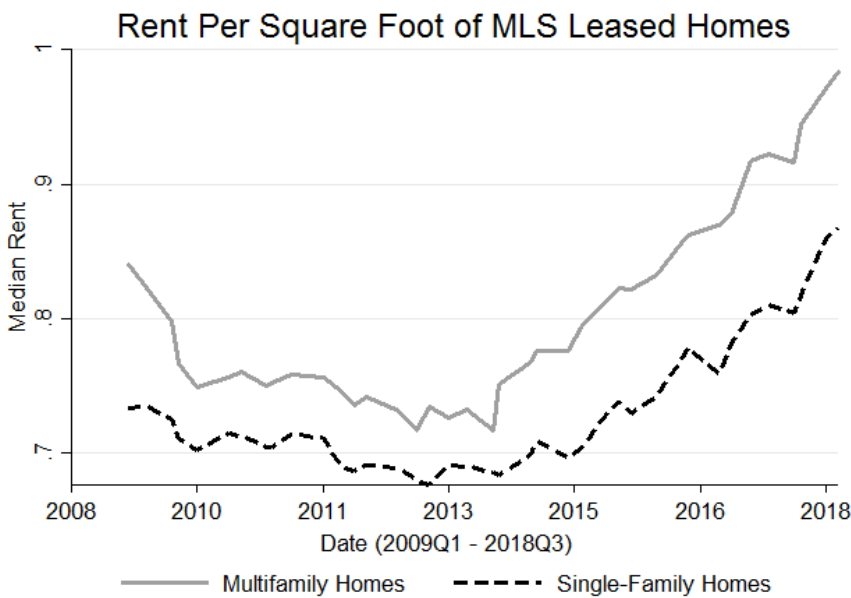
Figure 7



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 third quarter of 2018, both single-family and multifamily rental leases were nearly unchanged. There were 4,215 new single-family rental leases and 2,400 new multifamily rental leases during 2018Q3. Single-family rental leases are up 8.1 percent since the previous year and multifamily rental leases are down 2.2 percent since the previous year.

Figure 8



Source: Greater Las Vegas Association of Realtors MLS

This quarter saw increases in price per square footing for both single-family and multifamily homes. Multifamily homes rented for \$0.98 a square foot in 2018Q3 – a \$0.01 increase from the previous quarter and a \$0.06 increase from the previous year. Single-family homes rented for \$0.87 a square foot in 2018Q3 – a \$0.01 increase from the previous quarter and a \$0.06 increase from the previous year. This was the second consecutive quarter where single-family home lease prices increased \$0.06 year over year.

**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	.	.	.	898	.	883	.	1300	.	1463	1055	8.0%	441	35
89005	.	.	.	697	.	779	.	875	.	1022	898	7.6%	244	19
89011	.	.	.	1037	.	1135	.	1175	.	1377	1167	7.3%	1127	82
89012	.	.	.	1058	.	1065	.	1269	.	1444	1220	8.1%	2490	202
89014	.	790	.	988	.	1072	.	1168	.	1409	1161	7.5%	6301	473
89015	.	.	.	763	.	820	.	951	.	1113	891	8.2%	1892	155
89030	.	.	.	757	.	701	.	905	.	977	856	8.2%	2126	175
89031	.	.	.	1237	.	.	.	1168	.	1400	1221	5.5%	970	53
89032	.	727	.	889	.	.	.	1074	.	1203	1009	8.1%	2471	200
89052	.	1100	.	1043	.	1137	.	1380	.	1546	1225	7.9%	3867	305
89074	.	.	.	1085	.	.	.	.	.	1528	1224	8.0%	3593	288
89081	.	.	.	957	.	1018	.	1157	.	1282	1072	6.6%	1328	87
89084	.	.	.	1011	.	1104	.	1241	.	1390	1169	7.2%	1008	73
89086	.	.	.	840	.	1009	.	1011	.	1200	994	8.1%	1107	90
89101	703	640	658	695	.	785	885	823	.	968	740	9.1%	4495	410
89102	.	658	685	795	.	841	.	936	.	959	855	7.7%	8003	618
89103	.	727	.	872	.	942	.	1038	.	1134	961	7.9%	9312	740
89104	.	572	.	681	.	785	.	863	.	894	675	8%	4305	331
89106	760	578	845	763	.	801	.	948	.	1053	875	7.7%	2005	154
89107	.	663	.	802	.	833	.	969	.	.	909	8.0%	1945	155
89108	.	737	.	853	.	849	.	1017	.	1240	978	7.9%	7666	602
89109	640	619	.	755	.	600	.	1044	.	725	854	7.6%	611	46
89110	.	.	.	765	.	839	.	880	.	1085	900	8.0%	3310	266
89113	.	.	.	1124	.	.	.	1397	.	1565	1337	8.4%	2169	182
89115	.	634	780	726	.	773	.	860	.	.	852	7.4%	5334	397
89117	.	.	.	1012	.	1259	.	1216	.	1416	1187	8.1%	7295	593
89118	.	.	.	969	.	1050	.	1152	.	1232	1079	8.1%	1666	135
89119	722	656	698	813	.	780	.	1029	.	1171	889	8.1%	9654	778
89120	.	724	.	909	.	820	.	1086	.	1269	1054	8.0%	1717	137
89121	.	706	.	779	.	827	.	924	.	1012	886	8.1%	6710	540
89122	690	585	959	821	1288	911	.	979	.	1150	955	8.4%	3683	308
89123	.	947	.	1072	.	1254	.	1250	.	1461	1218	7.9%	3827	303
89128	.	.	.	983	.	.	.	1114	.	1294	1106	7.0%	2694	189
89129	.	964	.	1024	900	965	1090	1182	.	1371	1096	7.4%	2420	178
89130	.	.	.	887	.	.	.	1056	.	1263	1060	8.2%	1156	95
89131	.	.	.	1084	.	.	.	1322	.	1413	1245	8.1%	272	22
89135	.	.	.	1253	.	1403	.	1437	.	1591	1412	8.3%	849	70
89138	.	.	.	1103	.	1263	.	1595	.	1541	1376	8.0%	276	22
89139	.	.	.	1082	.	1190	.	1282	.	1461	1218	7.7%	1696	130
89141	.	.	.	1264	.	1154	.	1609	.	1728	1540	8.2%	595	49
89142	.	.	.	788	.	876	.	924	.	1074	897	7.8%	1767	138
89144	.	.	.	1155	.	.	.	1390	.	1553	1397	8.3%	795	66
89145	.	.	.	1122	.	1064	.	1312	.	1519	1307	7.3%	686	50
89146	.	600	.	837	.	816	.	1037	.	1181	996	8.3%	3212	266
89147	.	.	.	1141	.	1280	.	1290	.	1467	1297	7.7%	3580	277
89148	.	.	.	1078	.	1239	.	1222	.	1277	1184	8.7%	2928	256
89149	.	1010	.	1077	.	1172	.	1375	.	1712	1232	7.2%	1369	99
89156	.	.	.	849	.	.	.	861	.	1128	885	6.9%	728	50
89166	.	.	.	1078	.	1265	.	1326	.	1395	1252	7.6%	1534	117
89169	756	620	846	733	.	841	.	899	.	1016	816	8.2%	5366	438
89178	.	.	.	1148	.	1241	.	1286	.	.	1222	8.2%	539	44
89183	.	.	.	1086	.	1158	.	1263	.	1427	1215	6.9%	2870	198
<b>METRO LV</b>	<b>717</b>	<b>702</b>	<b>816</b>	<b>902</b>	<b>1238</b>	<b>919</b>	<b>946</b>	<b>1096</b>	<b>0</b>	<b>1257</b>	<b>1021</b>	<b>8.0%</b>	<b>148004</b>	<b>11859</b>

\* - \* 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

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