

# Lied Institute Report on Apartment Market Trends

featuring data from the Center for Business and Economic Research

## Apartment Market Trends in 3<sup>rd</sup> Quarter 2016

The Las Vegas apartment market saw an increase in the average asking rent and a slight increase 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 seventh consecutive quarter where the average asking rent increased. This quarter saw a 2.3 percent increase in the average asking rent and the average asking rent is now \$900. Asking rents are up 5.9 percent since 2015Q3(\$850). The Las Vegas average asking rent is now 2.7 percent higher than it's peak in 2007(\$876). The average asking rent is also 21.4 percent higher than it's low in 2013(\$741). After three consecutive quarters with a decrease in the vacancy rate, the vacancy rate increased slightly this quarter. The 2016Q3 vacancy rate is 7.7 percent. This represents a 0.3 percentage point increase on a quarter to quarter basis and a decrease of 0.2 percentage points on a year over year basis.. The vacancy rate is now 3.2 percentage points lower than it's peak in 2009Q3(10.96%), but 3.2 percentage points higher than it's low in 2006Q1 (4.5%).

Figure 1

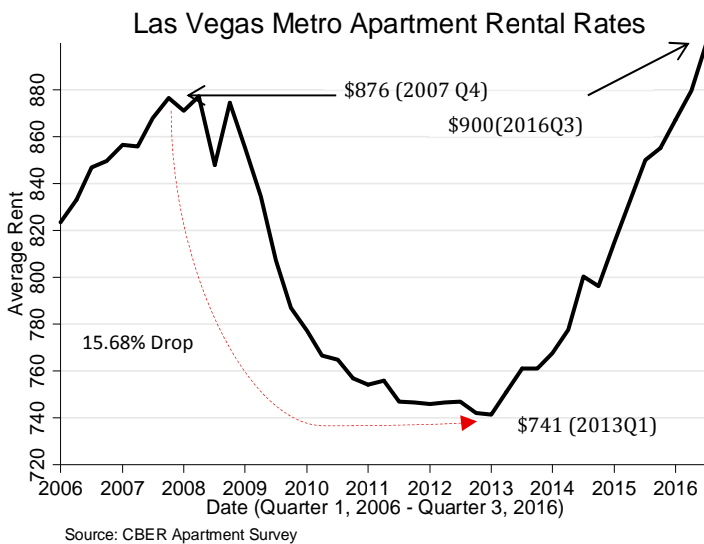


Figure 2

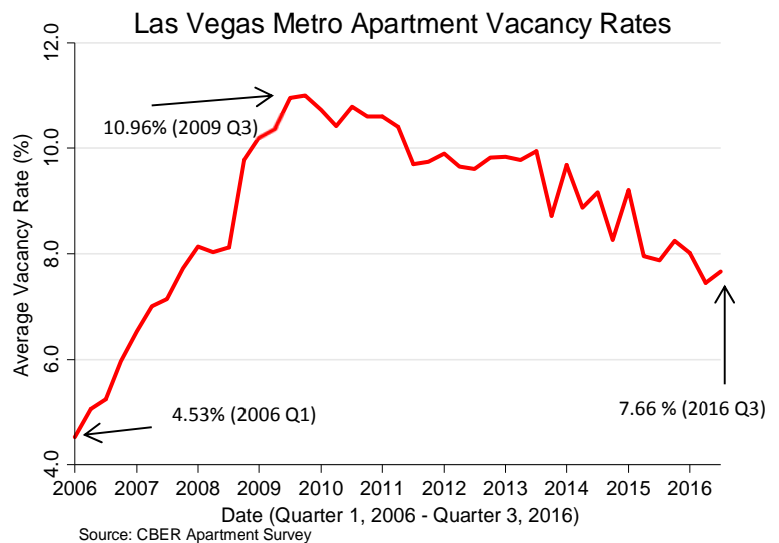
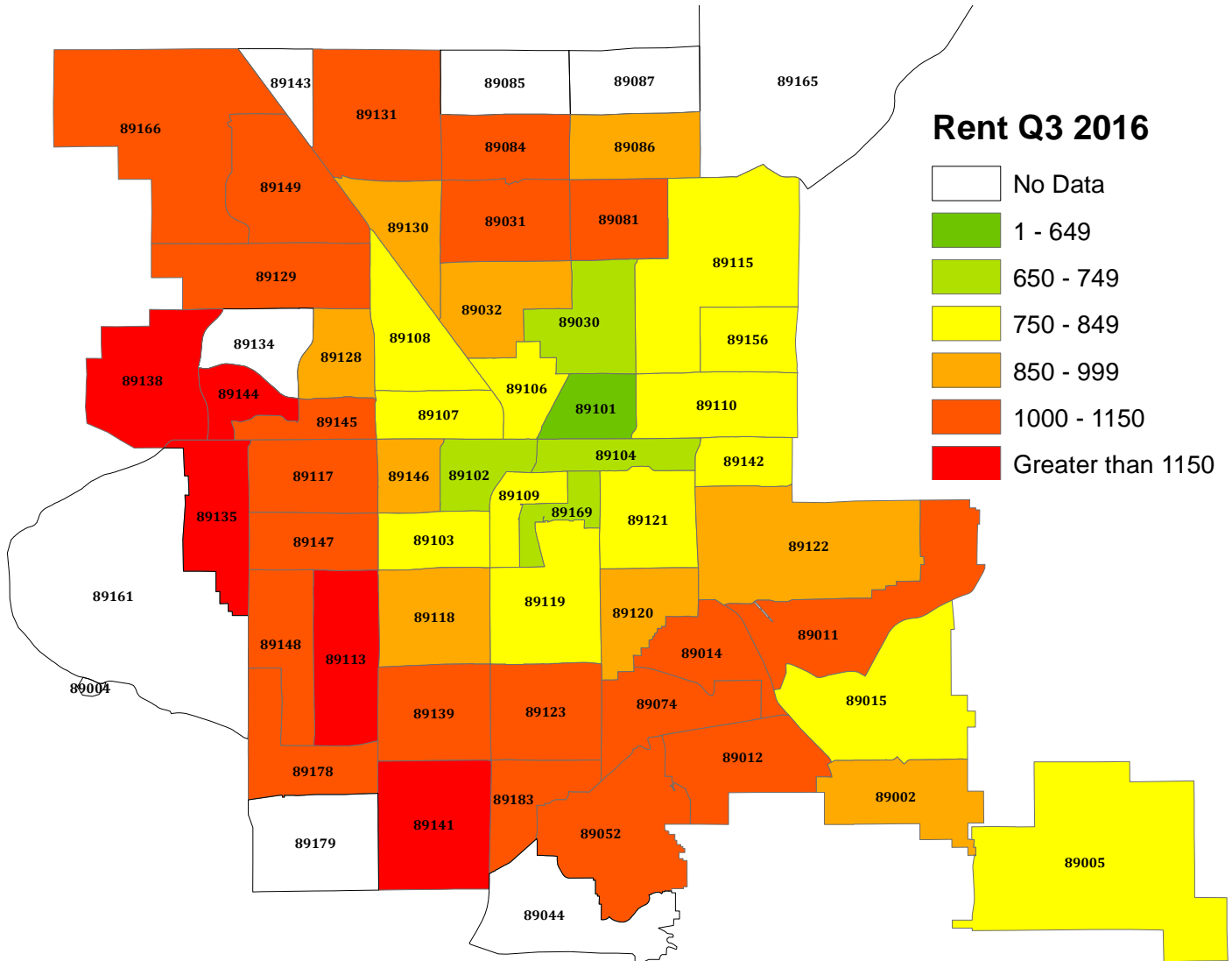


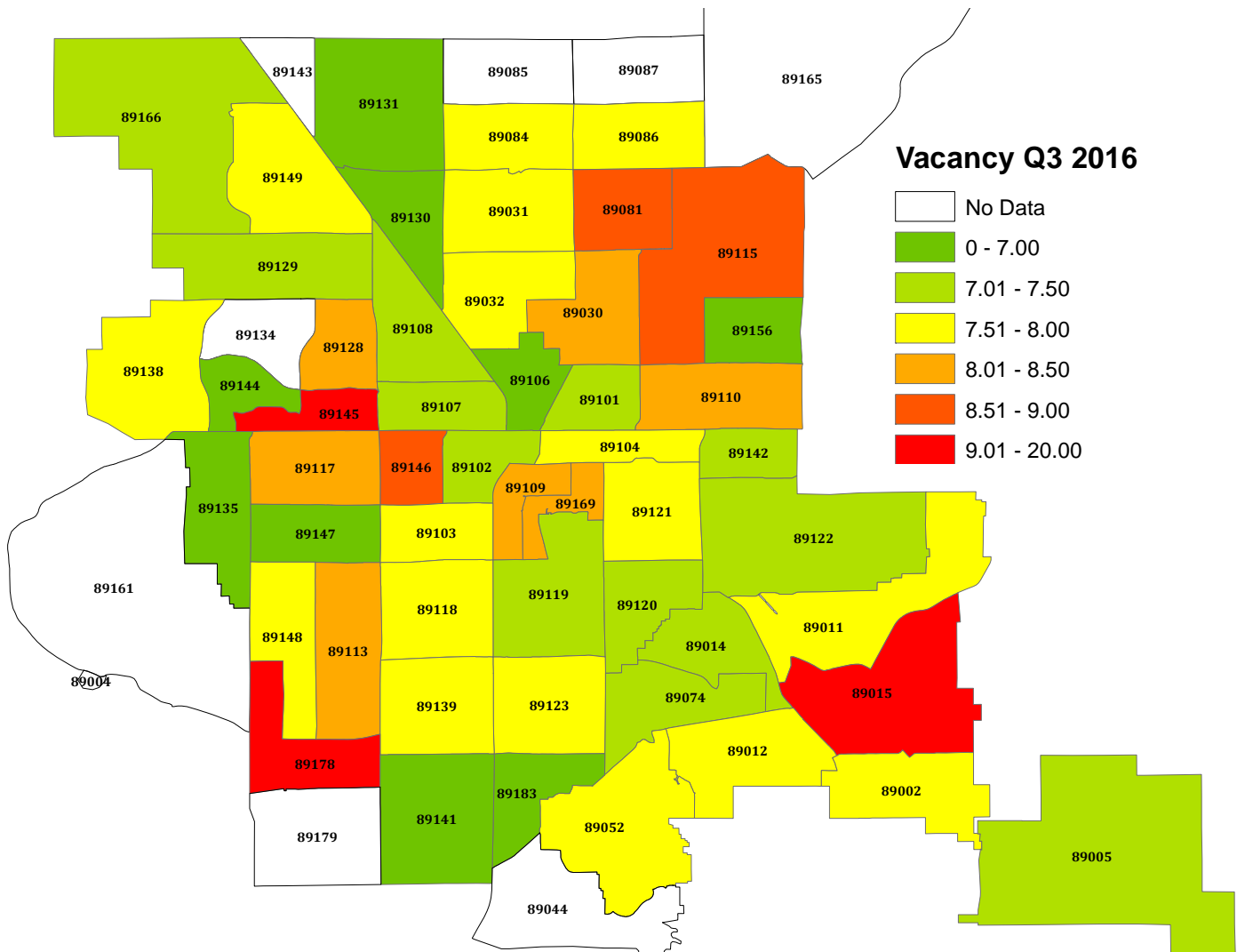
Figure 1: Apartment Rental Rates in Las Vegas\*



\*Figure based on CBER Apartment Survey

41 zip codes saw an increase in average asking rents while eleven zip codes saw a decrease in average asking rents this quarter. The western region continues to see the largest changes in asking rents on a quarter to quarter basis. The 89145 zip code in the western region saw one of the largest increases in asking rents this quarter (7.8 percent). Directly west of the 89145 zip code, the 89144 zip code saw the largest decrease in asking rents this quarter(4.9 percent). No other zip code saw a decrease in average asking rents greater than 2 percent this quarter. All zip codes in the southern region saw increases in average asking rents this quarter. The 89183 zip code saw the largest increase in asking rents of any zip code in the Las Vegas metropolitan area (11.7 percent). The center and southerwestern regions saw minimal changes in asking rents this quarter. The eastern region saw some of the largest increases in asking rents this quarter. Asking rents increased 6.8 percent in the 89122 zip code and increased 9.4 percent in the 89081 zip code. The 89052 and 89002 zip codes are the only zip codes in the Las Vegas metropolitan area where asking rents are down on a year over year basis.

Figure 2: Apartment Vacancy Rates in Las Vegas\*



\*Figure based on CBER Apartment Survey

17 zip codes saw a decrease in the vacancy rate while 35 zip codes saw an increase in the vacancy rate this quarter. The center region saw the most significant decreases in the vacancy rate this quarter. The vacancy rate decreased 4.3 percentage points in the 89109 zip code – the largest decrease of any zip code this quarter. Also in the center region, the 89101 zip code saw a 1 percentage point decrease in the vacancy rate. However, the 89146 zip code saw a 1.4 percentage point increase in the vacancy rate. The western region saw some of the largest increases in the vacancy rate this quarter. The 89128, 89117, and 89145 all saw increases in the vacancy rate of more than 1 percentage point. The 89178 zip code, which is in the southwestern region, saw the largest increase in the vacancy rate this quarter (4.1 percentage points). All other zip codes in the southwestern region saw minimal changes in the vacancy rate this quarter. The south and eastern regions also saw minimal changes in the vacancy rate this quarter. The center region saw the most significant decreases in the vacancy rate on a year over year basis. The 89104, 89118, 89106, and 89101 zip codes all saw decreases in the vacancy rate of more than 1 percentage point on a year over year basis. The 89141 and 89183 zip codes, which are in the southern region, also saw similar decreases.

All apartment types saw increases in asking rents from the previous quarter. Furnished studio apartments saw the most robust growth with a quarterly increase of 5.7 percent(\$37). Unfurnished studio apartments only saw average asking rents increase by 1.3 percent(\$8). Both unfurnished two bedroom one bath and two bedroom two bath saw increases of about 2.7 percent (\$23). Three bedroom apartments also saw quarterly increases in the average asking rent of 2.0 percent (\$22). Furnished one bedrooms saw increases in asking rents of 1.1 percent(\$9) while unfurnished one bedrooms saw increases in asking rents of 2.0 percent(\$16). Furnished two bedroom two bathroom apartments saw the smallest increase with an increase of less than 1.0 percent(\$8). Furnished two bedroom two bathroom apartments make up a very small share of the total apartments in the Las Vegas metro area. Only three apartment complexes surveyed offered furnishing for two bedroom two bathroom apartments.

Furnished Studios also saw the largest year over year increase in average asking rent of any apartment type with an increase of 19.2 percent (\$109). However, unfurnished studios saw the largest year over year decrease in average asking rents with a decrease of 4.8 percent (\$31). Furnished two bedroom two bathroom apartments were the only other apartment type to see a year over year decrease in asking rents as they saw a decrease of 4.4 percent (\$40). All other apartment types saw year over year increases in asking rent of at least 4 percent.

Figure 4

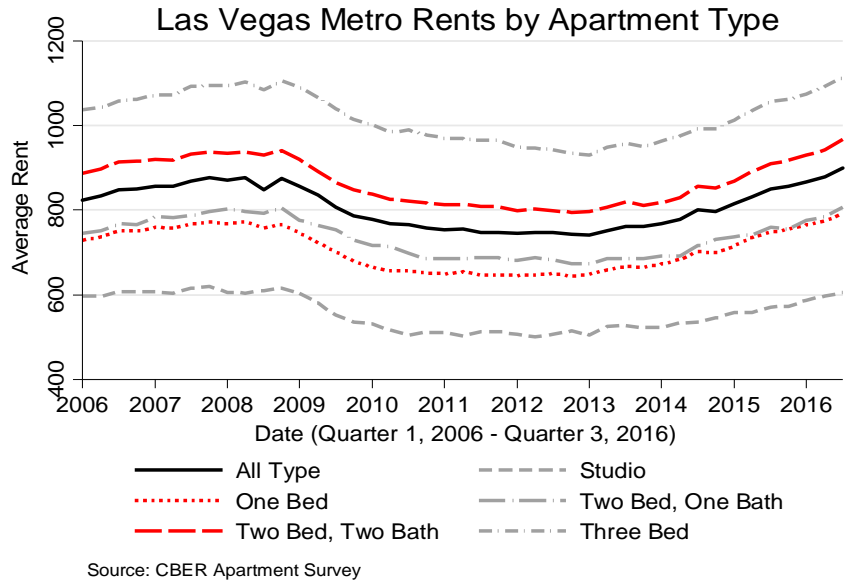


Figure 5

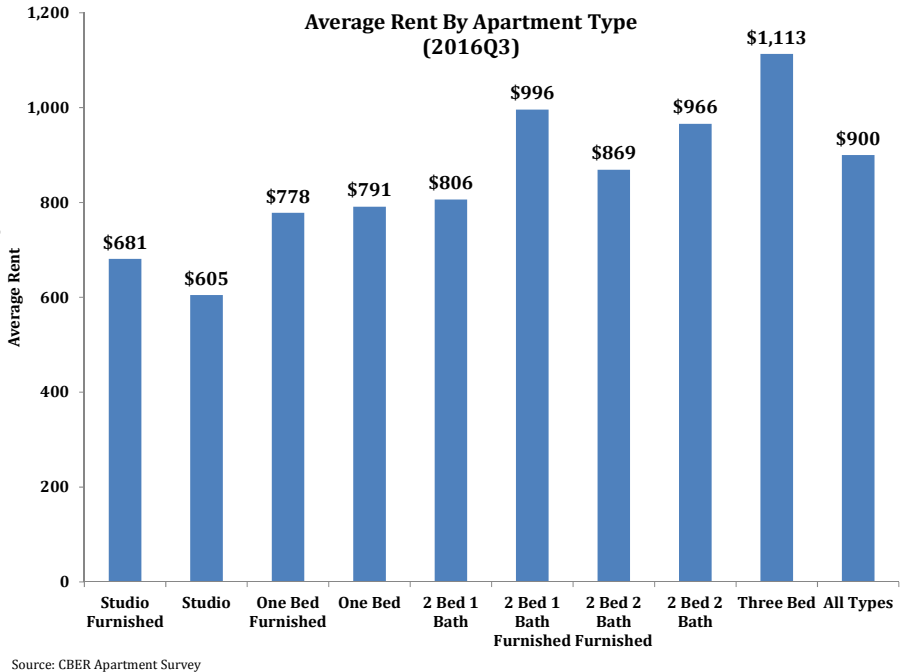


Figure 5

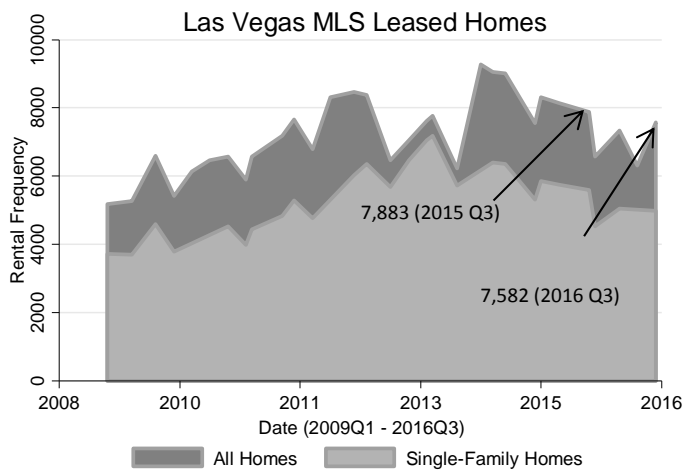
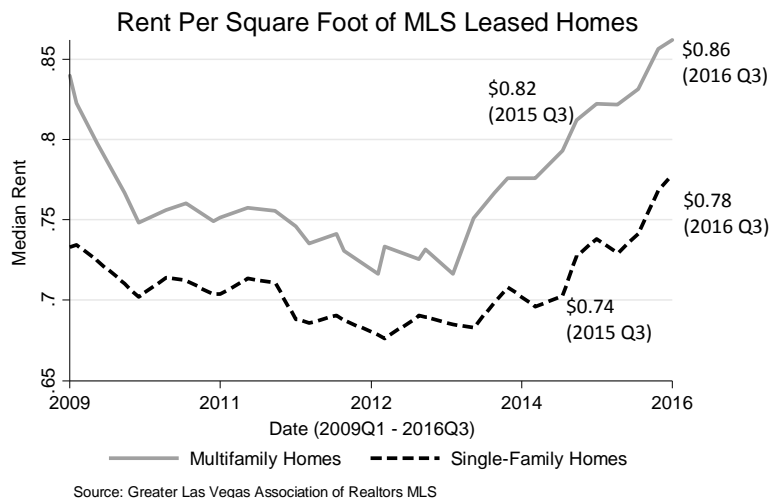


Figure 6



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. There were 7,582 rental leases in 2016Q3 – 1,264 more than 2016Q2(6,318) and 301 less than 2015Q3 (7,883). Median price per square footing on MLS rental leases increased by less than 1 percent this quarter. This was the fourth consecutive quarter where price per square footing increased for both multifamily and single-family homes. However, the growth rate has been declining each quarter. Single-Family homes rented for \$0.78 a square foot and multifamily homes rented for \$0.82 a square foot in 2016Q2. These both represent a \$0.04 year over year increase in median rent 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	.	.	.	766	.	818	.	962	.	1139	914	7.9%	785	62
89005	.	.	.	653	.	725	750	794	.	761	833	7.1%	400	28
89011	.	.	.	907	.	.	.	1076	.	1168	1041	7.8%	786	61
89012	.	.	.	944	.	1000	.	1170	.	1402	1123	7.6%	2477	187
89014	.	726	.	852	.	927	.	1020	.	1228	1001	7.4%	6130	454
89015	.	.	.	665	.	743	.	847	.	979	800	9.8%	1970	193
89030	.	.	.	630	.	637	.	766	.	832	724	8.2%	2206	181
89031	.	.	.	.	.	.	.	963	.	1115	1042	7.9%	1004	80
89032	.	695	.	792	.	.	.	948	.	1046	921	7.6%	2488	190
89052	.	.	.	961	.	924	.	1204	.	1378	1113	7.6%	3590	272
89074	.	.	.	988	.	.	.	0	.	1353	1130	7.0%	2791	196
89081	.	.	.	836	.	1218	.	1086	.	1278	1063	9.0%	1855	167
89084	.	.	.	890	.	1020	.	1143	.	1239	1056	7.7%	1008	78
89086	.	.	.	798	.	968	.	95	.	1137	951	7.8%	1107	86
89101	630	523	696	590	.	691	850	712	.	782	635	7.2%	4820	348
89102	.	595	600	666	.	740	.	811	.	879	733	7.2%	6942	500
89103	.	625	.	742	.	798	.	888	.	966	826	7.6%	8291	627
89104	.	524	.	610	.	704	.	760	.	827	680	7.5%	3783	284
89106	740	519	825	663	.	633	.	790	.	875	753	6.4%	1915	123
89107	.	643	.	700	.	763	.	778	.	.	771	7.3%	1971	145
89108	.	623	.	750	.	732	.	889	.	750	847	7.4%	6951	517
89109	575	553	.	675	.	568	.	916	.	900	765	8.3%	734	61
89110	.	.	.	682	.	720	.	807	.	1407	781	8.3%	3037	251
89113	.	.	.	1011	.	.	.	1243	.	896	1188	8.0%	1633	131
89115	643	553	734	639	.	666	.	761	.	.	754	9.0%	5686	509
89117	.	.	.	913	.	1008	.	1059	.	1212	1040	8.2%	7690	627
89118	.	613	.	830	.	850	.	997	.	1149	926	7.8%	1836	143
89119	748	554	841	729	.	731	.	926	.	1093	820	7.5%	11015	825
89120	.	708	.	762	.	811	.	896	.	1071	877	7.4%	1921	142
89121	.	592	800	682	.	755	.	813	.	883	772	7.7%	7113	549
89122	696	525	756	774	996	987	.	928	.	1101	880	7.5%	4329	323
89123	.	751	.	893	.	1159	.	1069	.	1287	1048	7.6%	4054	306
89128	.	.	.	833	.	.	.	988	.	1125	986	8.4%	1798	152
89129	.	831	.	847	.	1190	975	1038	.	1233	1013	7.5%	1640	123
89130	.	.	.	803	.	.	.	906	.	1090	939	6.5%	1156	76
89131	.	.	.	885	.	.	.	1075	.	1305	1088	7.0%	272	19
89135	.	.	.	1109	.	1200	.	1416	.	1485	1298	6.8%	849	58
89138	.	.	.	1357	.	1323	.	1560	.	1600	1460	7.9%	280	22
89139	.	.	.	980	.	1100	.	1200	.	1311	1138	7.8%	1692	132
89141	.	.	.	1131	.	1057	.	1436	.	1503	1343	6.2%	595	37
89142	.	.	.	706	.	768	.	811	.	929	801	7.1%	1744	124
89144	.	.	.	1072	.	.	.	1277	.	1436	1295	6.6%	507	34
89145	.	.	.	994	.	990	.	1144	.	1290	1138	9.6%	686	66
89146	.	500	.	773	.	691	.	937	.	1066	886	8.9%	2984	264
89147	.	.	.	879	.	1008	.	1063	.	1200	1053	6.8%	3576	245
89148	.	.	.	983	.	1141	.	1111	.	1223	1082	7.8%	2725	213
89149	.	888	.	947	.	1053	.	1275	.	1568	1133	7.9%	629	50
89156	.	.	.	691	.	.	.	820	.	1032	800	6.9%	728	50
89166	.	.	.	942	.	991	.	1123	.	1303	1073	7.5%	1482	111
89169	693	526	802	618	.	701	.	765	.	907	720	8.1%	5894	477
89178	.	.	.	978	.	1000	.	1165	.	.	1057	9.8%	539	53
89183	.	.	.	994	.	1095	.	1148	.	1303	1135	6.8%	1842	125
<b>METRO LV</b>	<b>681</b>	<b>605</b>	<b>778</b>	<b>791</b>	<b>996</b>	<b>806</b>	<b>869</b>	<b>966</b>	<b>1113</b>	<b>900</b>	<b>7.7%</b>	<b>143936</b>	<b>11025</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 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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