

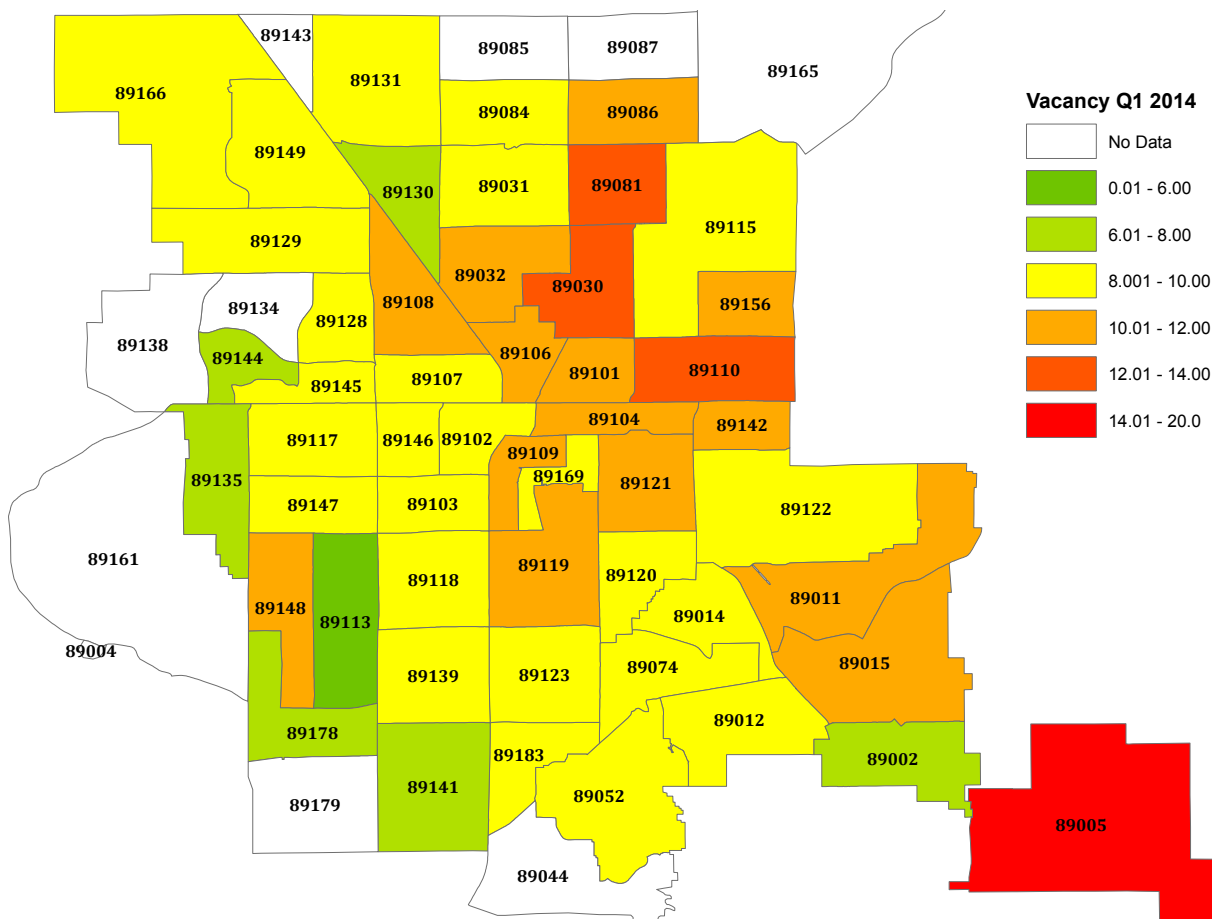
Lied Institute Report on Apartment Market Trends

featuring data from the Center for Business and Economic Research

Apartment Market Trends in 1st Quarter 2014

Las Vegas' apartment market held quarterly increases in both vacancies and asking rents, according to data from our apartment survey that is collected by the Center of Business and Economic Research (CBER). By the end of the first quarter 2014, about 1,600 more units were left vacant, pushing the vacancy rate to 9.7 percent. Many of these new vacant units reside in areas surrounding Downtown and the Sam Boyd Stadium. Vacancy increases in those areas were enough to offset occupancy improvements in the Mountain's Edge community and some parts of Summerlin. Despite this, the Valley-wide vacancy rate did not surpass last year's rate when there were an estimated 16,536 vacant apartment units on the market. This is good news because the annual trend is still downward sloping.

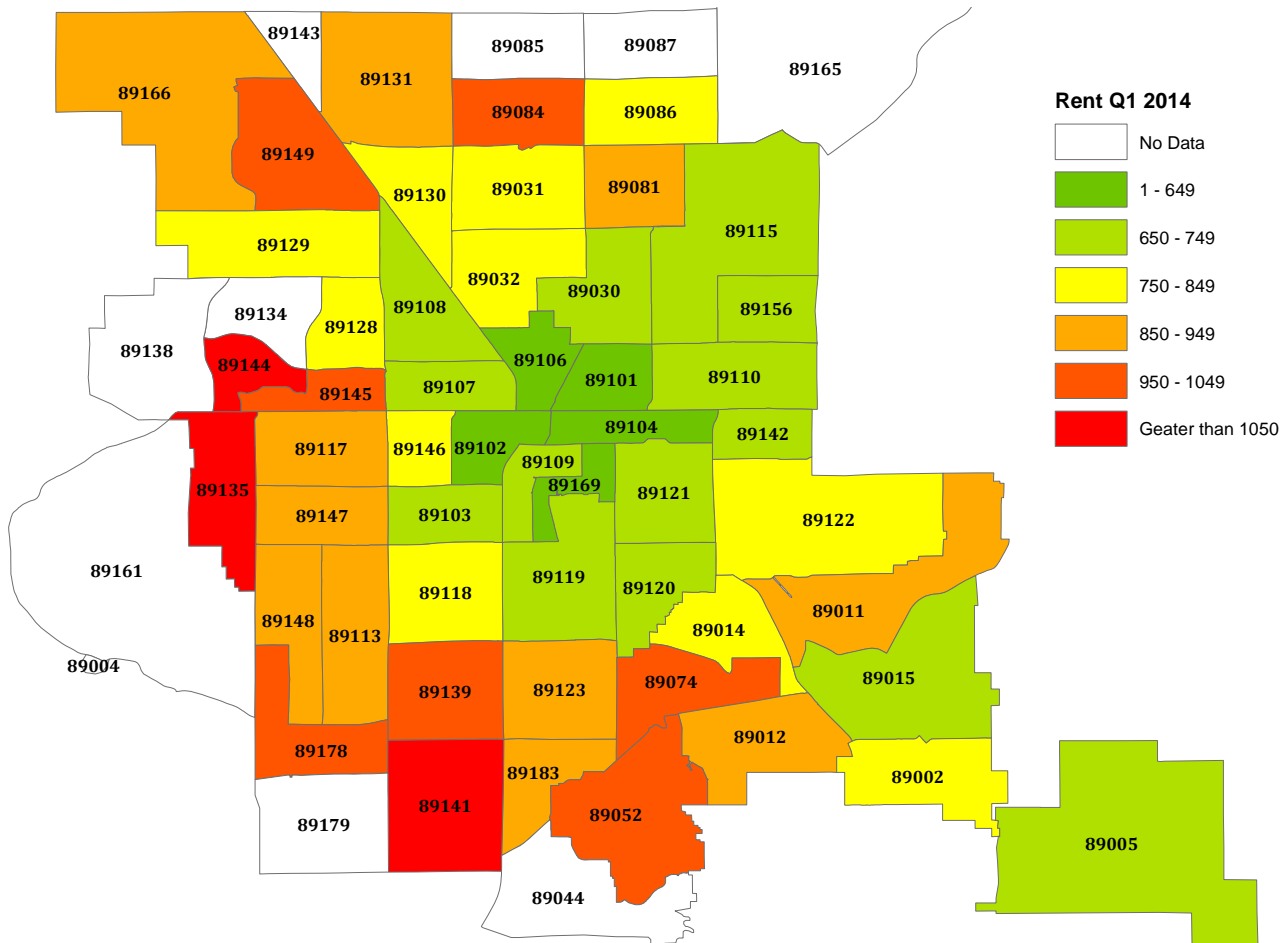
Figure 1: Apartment Vacancy Rates in Las Vegas*



*Figure based on CBER Apartment Survey

The average rental rate, meanwhile, went up by 7 dollars to \$765 per month since last quarter. The most notable growth occurred in communities near high-end master plan communities. There were increases in northern zip codes 89149, 89084 and 89130. Moreover, apartments in the Henderson zip code 89074 raised rents high enough for them to enter the second largest average rent tier (\$950-1049) in Las Vegas. Around Downtown, where communities held more vacant units, apartment complexes kept their rental rates low, below \$749 per month. Slightly offsetting growth were changes in South West Las Vegas. Apartments in zip codes 89147, 89148, and 89113 reduced their average rates from the \$950-1049 tier in 2013 Q4 to the \$850-949 tier in 2014 Q1.

Figure 2: Apartment Rental Rates in Las Vegas*



*Figure based on CBER Apartment Survey

For the most part, this quarter’s average rent increase in the Las Vegas Valley represents the fourth consecutive quarterly increase. This is an encouraging trend for landlords after the 15.7 percent rent depreciation from the market’s peak (2007 Q4) to valley (2012 Q1) that came in the aftermath of the Great Recession. Preferable market conditions would involve coupling rent appreciation with waning vacancies, which are wavering occupancy currently. At least, rent appreciation is being realized by all apartment types surveyed here.

Among them, furnished studio units enjoyed the highest quarterly increase (4.8 percent) – followed by furnished one bedroom units (2.5 percent) and furnished two bedroom units with two baths (1.9 percent). Although units that have more bedrooms and bathrooms own premiums over smaller units, they tend to sustain complementary movements. In other words, if the average rent for three bedroom units increased, it is likely that the average rent also appreciated for smaller units. By the end of the first quarter 2014, among unfurnished units, three bedroom units held the highest average asking rent (\$959) above two bedroom units with two baths (\$815) and one bedroom units (\$670).

Figure 3

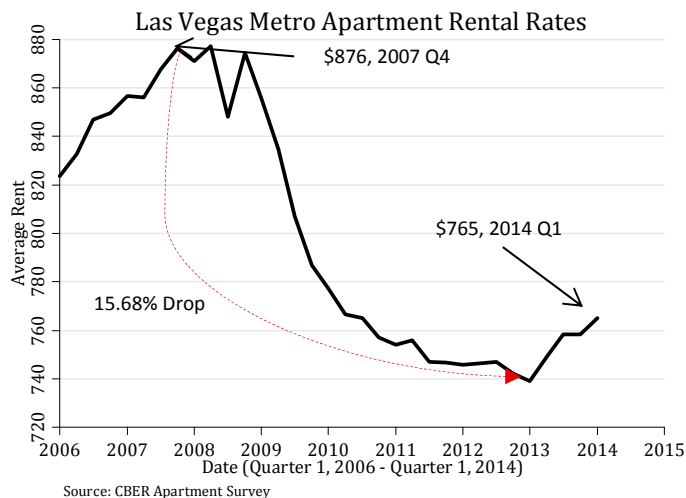


Figure 4

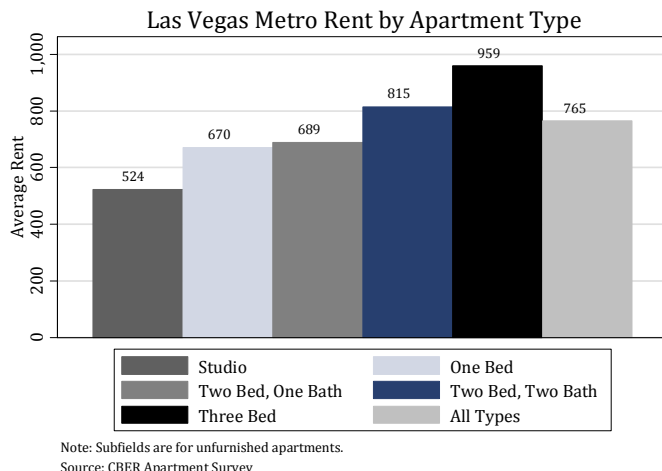


Figure 5

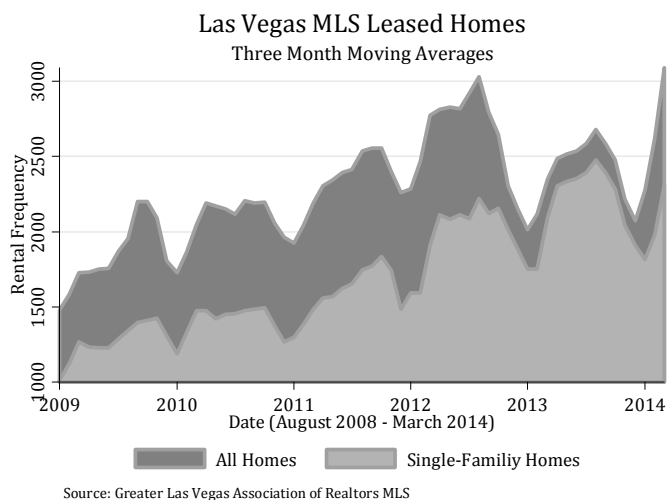
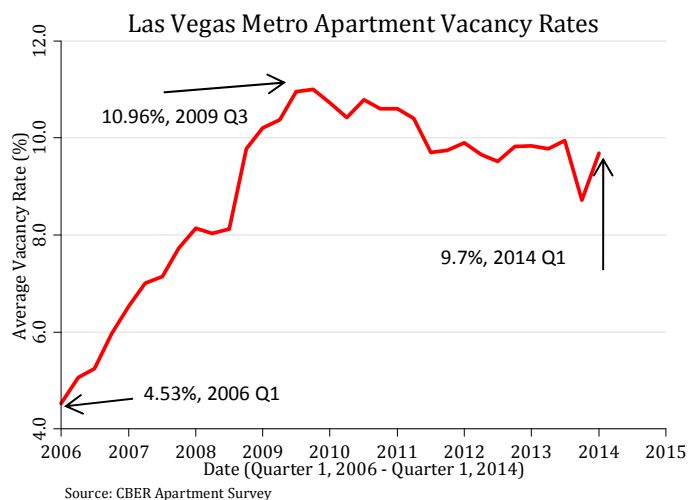


Figure 6



Apartment complexes, to a certain extent, compete with individually owned units, which mostly consist of single family homes and condominiums. MLS rental leases, a proxy for this competition, spiked this quarter reaching a three month moving average of 3,094 leases in March 2014. This, in part, explains the increase in vacancies when assuming that some portion of those MLS leases were signed by potential apartment tenants. Nevertheless, economic conditions, more than anything will influence the apartment market, especially as residents find better jobs, earn higher income, and recover financially.

Table 1: Apartment Rental and Vacancy Rates by Zip Code

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	.	.	.	695	.	760	.	915	.	1078	804	7.7%	785	61
89005	.	.	.	650	.	.	.	750	.	.	700	17.6%	282	50
89011	.	.	.	778	.	902	.	968	.	1030	915	10.4%	1061	110
89012	.	.	.	758	.	810	.	937	.	1110	907	9.8%	2421	238
89014	.	595	.	693	.	775	.	821	.	991	811	9.0%	5789	523
89015	.	.	.	617	.	676	.	736	.	857	715	11.9%	2480	296
89027	379	.	.	548	.	512	.	738	.	.	562	19.3%	312	60
89029	.	.	.	432	.	466	.	475	.	584	490	8.3%	2202	183
89030	.	557	.	564	.	580	.	686	.	784	662	13.0%	2197	286
89031	751	.	837	794	9.1%	321	29
89032	.	607	.	686	.	.	.	814	.	855	766	11.4%	2644	302
89052	.	.	.	822	.	1009	.	979	.	1177	970	9.5%	2686	254
89074	.	.	.	814	.	.	.	987	.	1150	951	9.3%	2689	250
89081	.	.	.	679	.	.	.	860	.	1007	857	13.6%	1573	214
89084	.	.	.	793	.	920	.	1026	.	1128	977	9.8%	1008	99
89086	.	.	.	696	.	795	.	868	.	1022	825	10.5%	1095	115
89101	536	476	611	521	.	595	810	643	.	713	561	11.1%	6492	719
89102	480	516	495	560	.	639	.	724	.	818	646	8.7%	7958	695
89103	.	564	.	636	.	694	.	767	.	877	713	8.5%	8906	757
89104	395	497	450	533	.	617	.	644	.	737	592	10.0%	5532	555
89105	.	.	.	494	.	.	.	593	.	.	544	2.5%	80	2
89106	659	425	759	527	.	556	.	636	.	783	624	10.6%	2749	292
89107	.	516	.	560	.	593	.	691	.	875	654	8.4%	2537	214
89108	.	496	.	657	.	630	.	770	.	896	739	10.1%	7949	806
89109	499	549	625	639	.	568	.	842	.	750	701	11.4%	2484	282
89110	.	.	.	551	.	614	.	674	.	802	660	12.4%	3597	447
89113	.	.	.	815	.	.	.	940	.	1251	925	5.1%	585	30
89115	515	437	699	554	.	589	.	652	.	786	652	9.8%	5526	543
89117	.	.	.	776	.	900	.	901	.	1050	888	8.4%	7796	655
89118	.	563	.	713	.	722	.	880	.	1003	802	8.1%	1815	147
89119	556	523	631	626	725	616	.	771	.	887	695	10.3%	22081	2283
89120	.	629	.	639	.	688	.	757	.	935	746	9.4%	2123	200
89121	.	528	837	589	.	640	.	711	.	804	674	10.3%	6393	659
89122	636	463	676	664	956	861	.	806	.	939	761	9.6%	4050	389
89123	.	551	.	791	.	1160	.	955	.	1107	898	9.2%	4684	429
89128	.	.	.	701	.	.	.	804	.	980	831	9.1%	2582	236
89129	.	687	.	697	.	925	825	826	.	1048	812	8.5%	2548	216
89130	.	.	.	631	.	.	.	747	.	945	774	7.1%	1040	74
89131	.	.	.	700	.	.	.	827	.	1028	852	9.2%	348	32
89135	.	.	.	934	.	.	.	1181	.	1340	1133	7.0%	1459	102
89139	.	.	.	881	.	910	.	1017	.	1203	1018	9.1%	1386	126
89141	.	.	.	1047	.	948	.	1228	.	1409	1217	7.9%	340	27
89142	.	.	.	580	.	575	.	678	.	764	658	11.2%	1454	162
89144	.	.	.	915	.	.	.	1080	.	1262	1122	7.5%	732	55
89145	.	.	.	852	.	810	.	1066	.	1220	1037	8.8%	614	54
89146	.	360	.	664	.	604	.	785	.	955	787	9.7%	3337	323
89147	.	.	.	792	.	850	.	916	.	1023	902	8.4%	3216	269
89148	.	.	.	848	.	.	.	971	.	1038	944	10.2%	1788	183
89149	.	.	.	780	.	775	.	979	.	1202	958	9.6%	1306	125
89156	.	.	.	601	.	.	.	693	.	940	683	11.9%	728	87
89166	.	.	.	787	.	892	.	971	.	1143	922	9.0%	1484	134
89169	663	486	762	541	.	613	895	677	.	906	648	9.6%	7575	726
89178	.	.	.	905	.	955	.	1110	.	.	997	7.2%	539	39
89183	.	.	.	814	.	835	.	930	.	1050	913	9.3%	4170	386
METRO LV	578	524	691	670	867	689	840	815	.	959	765	9.7%	169528	16417

.. 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

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