



MULTIFAMILY REPORT

# Las Vegas Faces The Storm

Summer 2020

**Transaction Volume Plummets**

**Negative Year for Rent Expansion**

**Economy Heavily Impacted by COVID-19**

# LAS VEGAS MULTIFAMILY



## Employment Composition Is Vegas' Achilles' Heel

Las Vegas was one of the country's hardest-hit cities amid the COVID-19 pandemic, and multifamily real estate is feeling the effects. The metro's average rent was down 0.3% on a trailing three-month basis through May—10 basis points below the U.S. rate—to an average of \$1,102. One silver lining has been the decline of the turnover rate, with an increasing number of tenants staying in place due to disruptions brought by the health crisis.

Las Vegas' largest sectors—leisure and hospitality and trade, transportation and utilities—suffered a severe economic hit from the pandemic. During the 12 months ending in March, the metro gained only 3,000 jobs overall. The coronavirus health crisis triggered nearly 500,000 unemployment claims through June 6—the highest number in Nevada's history—while Las Vegas' unemployment rate rose to 33.5% as of April. And while casinos reopened in June, the metro's employment composition does not favor a speedy recovery.

After the 2019 cycle peak of \$3.3 billion in multifamily transactions, sales during 2020's first five months totaled just \$533 million. The per-unit price, however, rose by 16.2% to \$183,163. Meanwhile, developers brought 536 apartments online and had another 4,797 units underway through May. Considering the metro's fundamentals, we expect the average Las Vegas rent to drop 4.7% in 2020.

### Market Analysis | Summer 2020

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### Recent Las Vegas Transactions

#### Vegas Towers



City: Las Vegas  
Buyer: Waterton  
Purchase Price: \$104 MM  
Price per Unit: \$228,070

#### The Domain



City: Henderson, Nev.  
Buyer: Oaktree Capital  
Management  
Purchase Price: \$80 MM  
Price per Unit: \$ 260,065

#### Cornerstone



City: Henderson, Nev.  
Buyer: Millburn & Co.  
Purchase Price: \$68 MM  
Price per Unit: \$220,806

#### Inspirado



City: Las Vegas  
Buyer: NNC Apartment Ventures  
Purchase Price: \$52 MM  
Price per Unit: \$207,000