



MULTIFAMILY REPORT

Las Vegas Plays Its Ace

Fall 2021

Job Growth Ranks First in the US

Rent Expansion Among Country's Best

Development, Transactions Surpass 2020 Levels

LAS VEGAS MULTIFAMILY



In-Migration Boosts Economic Recovery

The astounding rent growth in Las Vegas continued through the third quarter, up 2.6% on a trailing three-month basis through October, to \$1,437. On a year-over-year basis, the average rate marked a 23.0% jump, which placed the metro third among the country's best-performing markets. Robust population expansion and limited inventory put upward pressure on the occupancy rate in stabilized properties, which rose 100 basis points in the 12 months ending in September, to 96.8%.

The unemployment rate improved to 7.4% in September, according to preliminary data from the Bureau of Labor Statistics, still behind the 4.8% U.S. rate. Yet, job growth ranked first among major markets, posting a 9.1% expansion in the 12 months ending in August, double the 4.6% U.S. rate. Leisure and hospitality and trade, transportation and utilities led growth, accounting for two-thirds of new positions, or 57,300 jobs combined. With conventions scheduled for October, the trend is likely to continue. Only the public sector lost jobs during the period.

In 2021 through October, 2,898 units came online in Las Vegas, already above last year's total. Another 5,538 units were underway. Transaction activity also surpassed last year's by a long shot, with sales totaling \$2.5 billion. Values continued to rise—the per-unit price neared the \$200,000 mark following an 18.8% increase.

Market Analysis | Fall 2021

Contacts

Jeff Adler

Vice President & General Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(303) 615-3676

Jack Kern

Director of Research and Publications
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Ron Brock, Jr.

Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x2404

Doug Ressler

Media Contact
Doug.Ressler@Yardi.com
(480) 695-3365

Author

Anca Gagiuc

Senior Associate Editor

Recent Las Vegas Transactions

Ely at the Curve



City: Las Vegas
Buyer: LaSalle Investment Management
Purchase Price: \$156 MM
Price per Unit: \$341,235

2900 Lux



City: Las Vegas
Buyer: Priderock Capital Partners
Purchase Price: \$60 MM
Price per Unit: \$192,308

Vida Las Vegas



City: Las Vegas
Buyer: TruAmerica Multifamily
Purchase Price: \$56 MM
Price per Unit: \$222,817

Pace

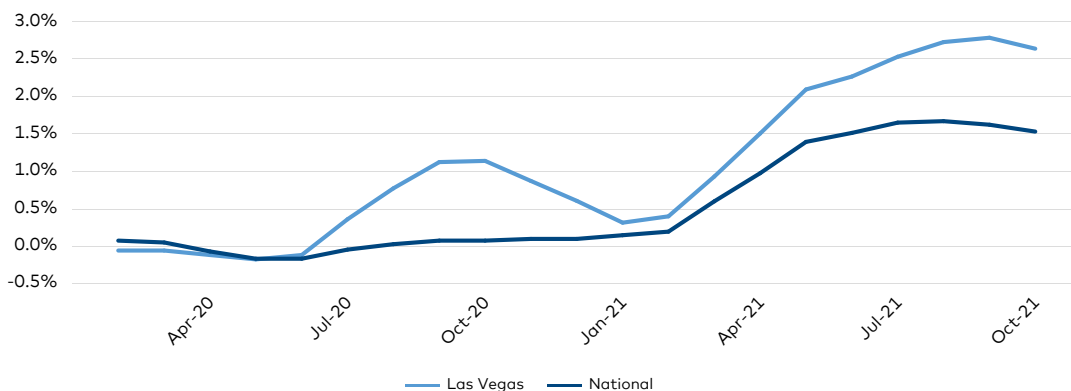


City: Las Vegas
Buyer: Nuveen Real Estate
Purchase Price: \$55 MM
Price per Unit: \$288,333

RENT TRENDS

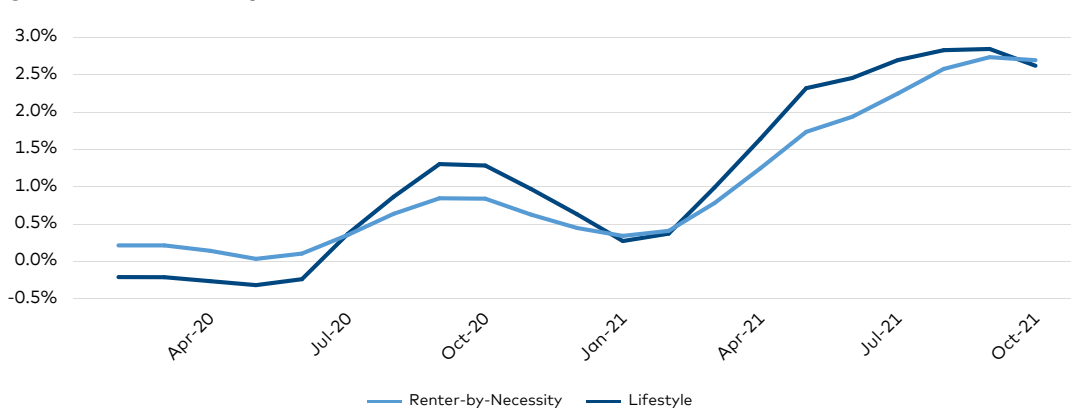
- ▶ Las Vegas rents rose 2.6% on a trailing three-month (T3) basis through October, well above the 1.5% national average. Still, despite the hefty rate increase, the average rent clocked in at \$1,437, trailing the \$1,572 U.S. average. On an annual basis, Las Vegas posted a 23.0% increase, which makes it one of the top three performers in the U.S., behind Tampa and Phoenix.
- ▶ Demand has been robust across segments, with rents rising on a T3 basis through October by 2.7% to \$1,175 for Renter-by-Necessity units and by 2.6% to \$1,649 for Lifestyle apartments. This dynamic is mirrored by the occupancy rate in stabilized properties, which marked a 100-basis-point increase in the 12 months ending in September, to 96.8%—RBN occupancy increased 110 basis points and the Lifestyle rate rose 90 basis points, with both reaching 96.8%.
- ▶ All submarkets recorded double-digit increases on a year-over-year basis, and just one submarket had an average rent below the \$1,000 mark, down from nine submarkets a year ago. Following a 13.5% increase, the average rent in downtown Las Vegas stood at \$958 in October and marked the lowest rate increase in the metro.
- ▶ At the other end of the price spectrum, Summerlin/Blue Diamond surpassed the \$2,000 mark, and recorded the largest increases in the metro, rising 32.8% to \$2,163. Next in line were Henderson East (31.5% to \$1,621) and Paradise Valley South (27.7% to \$1,687).

Las Vegas vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Las Vegas Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- ▶ Las Vegas unemployment has been fluctuating this year, but in September it marked the best rate of the past 18 months, improving to 7.4%, according to preliminary data from the Bureau of Labor Statistics. The metro is in recovery mode, lagging the 4.8% national rate, due to the city's dependence on tourism and conferences.
- ▶ The employment market posted a substantial 9.1% expansion in the 12 months ending in August, double the 4.6% U.S. rate, which places Las Vegas first among major metros. Growth was widespread, with just one sector, government, contracting by 3,300 jobs.
- ▶ Leisure and hospitality and trade, transportation and utilities—Las Vegas' largest sectors—led growth, expanding by 19.3% and 11.4%, respectively. Combined, these two sectors added 57,300 jobs of the 85,400 total.
- ▶ Visitor volume reached 2.9 million in September, up 72.2% from a year ago, according to the Las Vegas Convention and Visitors Authority. On a trailing 12-month basis, visitor volume stood at 27.3 million, up 9.1% year-over-year. This is likely to keep growing as, in early September, Gov. Steve Sisolak added large conventions and trade shows to the list of permitted indoor gatherings.

Las Vegas Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
70	Leisure and Hospitality	228	23.6%
40	Trade, Transportation and Utilities	200	20.7%
60	Professional and Business Services	147	15.2%
80	Other Services	33	3.4%
55	Financial Activities	53	5.5%
65	Education and Health Services	105	10.9%
15	Mining, Logging and Construction	68	7.0%
30	Manufacturing	25	2.6%
50	Information	10	1.0%
90	Government	97	10.1%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Las Vegas gained 49,248 residents in 2020, up 2.2%, above the 1.6% rate recorded in 2019, and nearly six times the 0.4% U.S. rate.
- ▶ In the past decade, the metro's population increased by 18.6%, almost three times the 6.5% national rate.

Las Vegas vs. National Population

	2017	2018	2019	2020
National	325,147,121	327,167,434	328,239,523	329,484,123
Las Vegas Metro	2,183,310	2,231,647	2,266,715	2,315,963

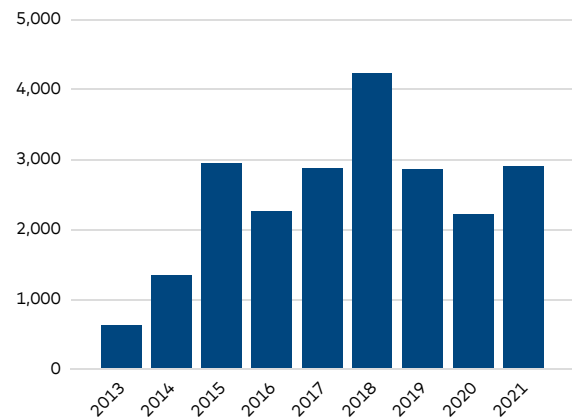
Sources: U.S. Census, Moody's Analytics

SUPPLY

- ▶ Las Vegas' multifamily inventory expanded by 2,898 units in 2021 through October, already surpassing last year's total of 2,216 units. The figure is the equivalent of 1.6% of total stock, which is 20 basis points below the national rate. All newly delivered units target high-income renters.
- ▶ The metro's construction pipeline had 5,538 units underway and some 27,000 apartments in the planning and permitting stages as of October. Developers remained focused on the upscale segment, with 85% of the projects under construction being Lifestyle. The remaining apartments were all in fully affordable communities.
- ▶ Three submarkets had more than 1,000 units underway and combined accounted for two-thirds of the construction pipeline—Spring Valley West (1,257 units), Enterprise (1,177 units) and Las Vegas Central (1,055 units). Enterprise also led in the number of deliveries in 2021 through October, totaling 646 units. The largest project delivered during the period was on the Las Vegas Strip—the 368-unit Elysian at Hughes Center. The Calida Group built it with help from a \$64.4 million construction loan originated by BMO Harris Bank.

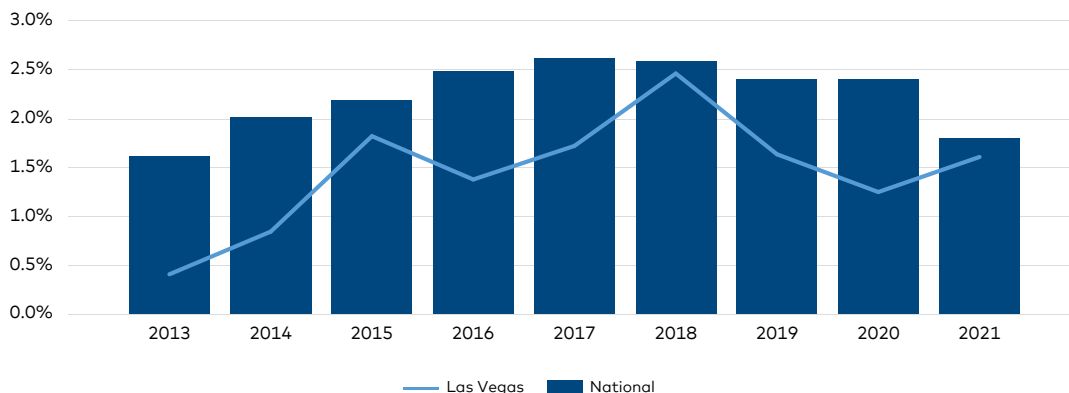
- ▶ The largest project under construction as of October was the 754-unit Ariva in Enterprise. The mixed-use property includes 71,000 square feet of retail space and is being built by a private investor with aid from a \$92.5 million construction loan issued by Western Alliance Bank. The project is slated for completion in the first quarter of 2023.

Las Vegas Completions (as of October 2021)



Source: Yardi Matrix

Las Vegas vs. National Completions as a Percentage of Total Stock (as of October 2021)

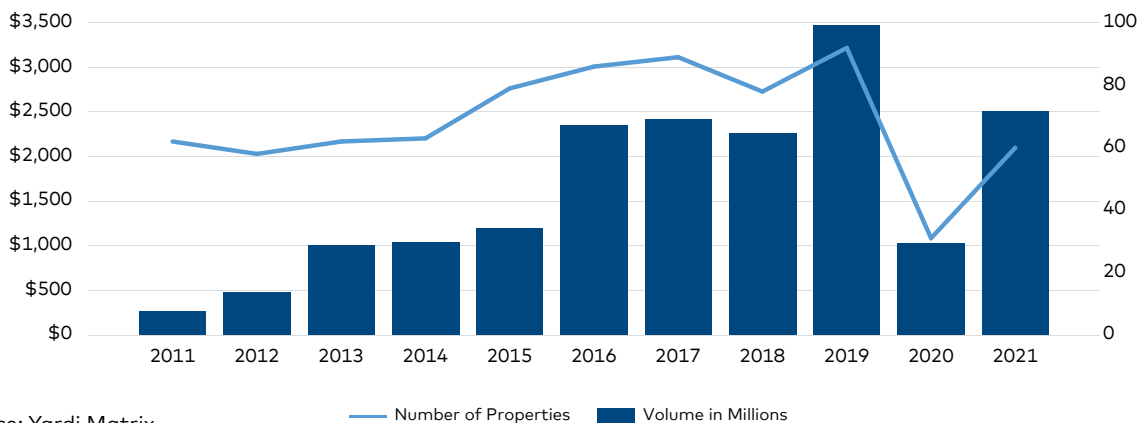


Source: Yardi Matrix

TRANSACTIONS

- ▶ Transaction activity intensified in Las Vegas, with volume surpassing \$2.5 billion through October, already more than double last year's total of \$1 billion, making 2021 the second-best year of the last decade.
- ▶ Investor interest has been fairly balanced between segments, but slightly tilted toward value-add properties. Even so, regained investor confidence in the metro pushed the price per unit up 18.8% year-over-year, to \$199,022, maintaining the lead over the \$184,007 national figure.
- ▶ In the 12 months ending in October, investors were primarily drawn to Las Vegas Central (\$376 million) and Spring Valley West (\$334 million). The latter also recorded the largest sale of the year through October: LaSalle Investment Management paid \$155.6 million, or \$341,235 per unit, for Ely at the Curve, a 456-unit development previously owned by The Calida Group.

Las Vegas Sales Volume and Number of Properties Sold (as of October 2021)



Source: Yardi Matrix

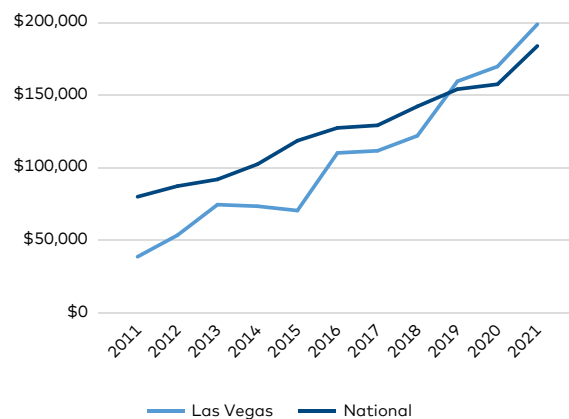
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Las Vegas Central	376
Spring Valley West	334
North Las Vegas West	296
Henderson East	244
South Las Vegas	230
Spring Valley East	229
Enterprise	142

Source: Yardi Matrix

¹ From November 2020 to October 2021

Las Vegas vs. National Sales Price per Unit



Source: Yardi Matrix

Top Western Markets for Rent Growth

By Beata Lorincz

The multifamily sector is reaching record levels of rent growth across the country. Asking rents were up 6.3 percent year-over-year through June and registered a \$62, or 4.4 percent, increase in the second quarter of the year, according to Yardi Matrix data. In June alone, national rents expanded by a whopping \$23, ballooning to an average of \$1,482.

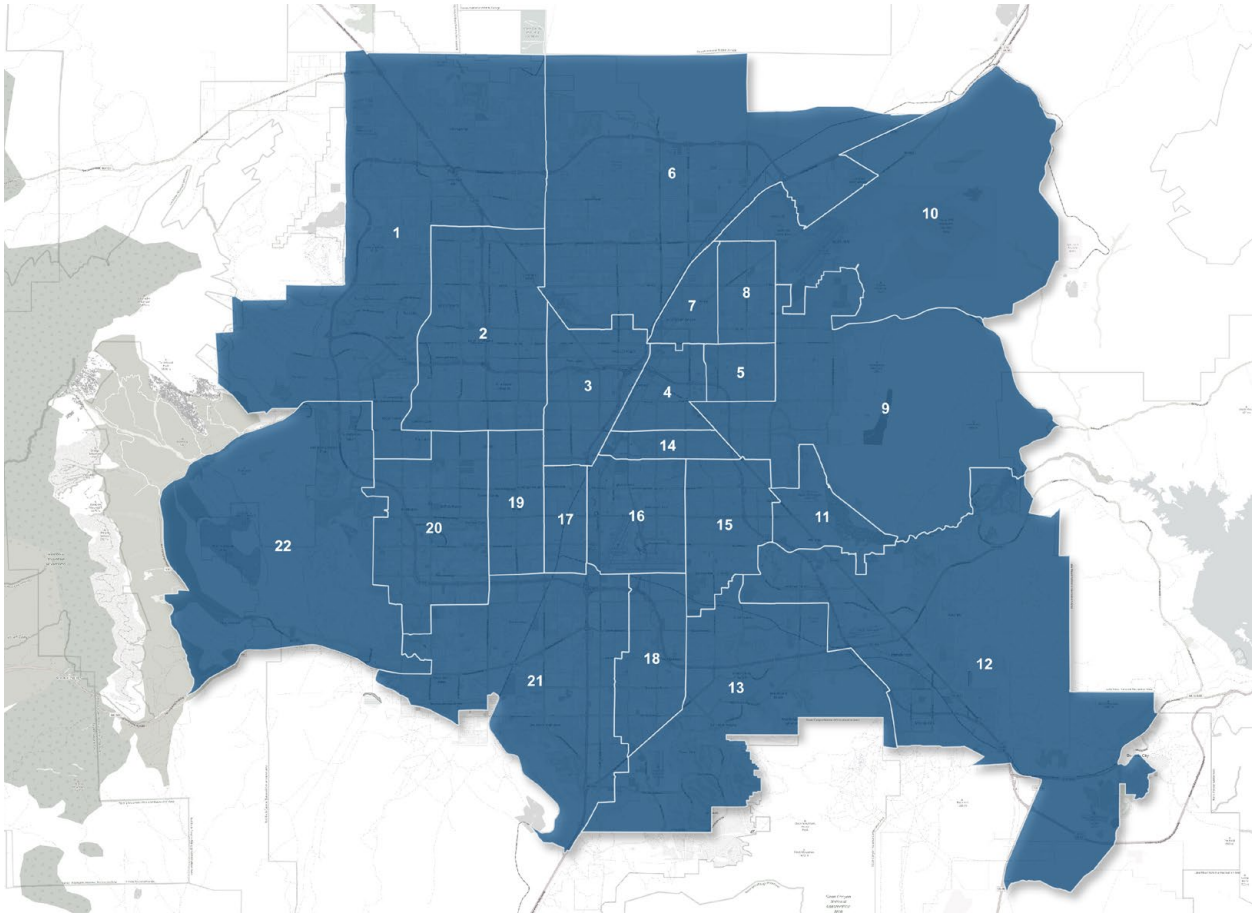
Rank	Market	Rent 10×10 CC Units October – 20	Rent 10×10 CC Units October – 21	Percent Change
1	Tucson	\$118	\$143	21.2%
2	Boise	\$104	\$120	15.4%
3	Phoenix	\$128	\$147	14.8%
4	Las Vegas	\$109	\$123	12.8%
5	Colorado Springs	\$119	\$133	11.8%

Las Vegas

Las Vegas' economy took a hard hit during the pandemic, but in-migration from proximal high-density Californian metros have kept the multifamily market in shape, boasting 14.6 percent rent growth year-over-year through June. The average rate in mid-2021 stood at \$1,278, marking a \$100 increase since January, while occupancy levels hit 96.4 percent.



LAS VEGAS SUBMARKETS



Area No.	Submarket
1	Las Vegas Northwest
2	Las Vegas Central
3	South Las Vegas
4	Downtown Las Vegas
5	Las Vegas East
6	North Las Vegas West
7	North Las Vegas East
8	Sunrise Manor Northwest
9	Sunrise Manor
10	Nellis AFB
11	Whitney

Area No.	Submarket
12	Henderson East
13	Henderson West
14	Winchester
15	Paradise Valley East
16	Las Vegas Strip
17	Bracken
18	Paradise Valley South
19	Spring Valley East
20	Spring Valley West
21	Enterprise
22	Summerlin/Blue Diamond

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- ▶ *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- ▶ *Students*, who also December span a range of income capability, extending from affluent to barely getting by;
- ▶ *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- ▶ *Blue-collar households*, which December barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- ▶ *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, December extend to middle-income households in some high-cost markets, such as New York City;
- ▶ *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

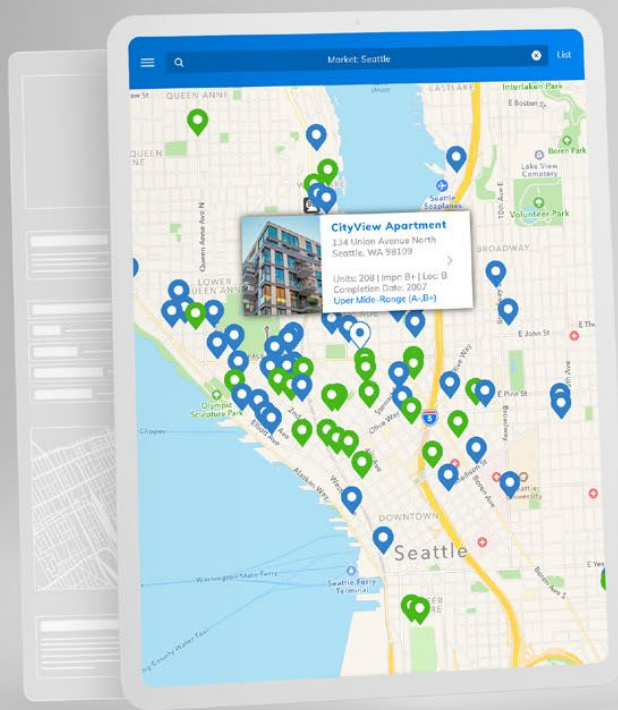
The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x2404.



Yardi[®] Matrix

Power your business with the industry's leading source for originating, pre-underwriting and managing assets for profitable loans and investments.



Yardi Matrix Multifamily provides accurate data on 19+ million units, covering over 90% of the U.S. population.

Key features

- Pierce the LLC every time with true ownership and contact info
- Leverage patented improvement and location ratings, unit mix, rental, occupancy and current manager information
- Gain complete new supply pipeline information at the asset, competitive set and market level
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access exclusive aggregated and anonymized residential revenue and expense comps

See how we can help you achieve your investment goals.
Request a personalized demo at yardimatrix.com/contact-us

(800) 866-1144 | yardimatrix.com/multifamily

© 2021 Yardi Systems, Inc. All Rights Reserved. Yardi, the Yardi logo, and all Yardi product names are trademarks of Yardi Systems, Inc.



DISCLAIMER

Although every effort is made to ensure the accuracy, timeliness and completeness of the information provided in this publication, the information is provided "AS IS" and Yardi Matrix does not guarantee, warrant, represent or undertake that the information provided is correct, accurate, current or complete. Yardi Matrix is not liable for any loss, claim, or demand arising directly or indirectly from any use or reliance upon the information contained herein.

COPYRIGHT NOTICE

This document, publication and/or presentation (collectively, "document") is protected by copyright, trademark and other intellectual property laws. Use of this document is subject to the terms and conditions of Yardi Systems, Inc. dba Yardi Matrix's Terms of Use (<http://www.yardimatrix.com/Terms>) or other agreement including, but not limited to, restrictions on its use, copying, disclosure, distribution and decompilation. No part of this document may be disclosed or reproduced in any form by any means without the prior written authorization of Yardi Systems, Inc. This document may contain proprietary information about software and service processes, algorithms, and data models which is confidential and constitutes trade secrets. This document is intended for utilization solely in connection with Yardi Matrix publications and for no other purpose.

Yardi®, Yardi Systems, Inc., the Yardi Logo, Yardi Matrix, and the names of Yardi products and services are trademarks or registered trademarks of Yardi Systems, Inc. in the United States and may be protected as trademarks in other countries. All other product, service, or company names mentioned in this document are claimed as trademarks and trade names by their respective companies.

© 2021 Yardi Systems, Inc. All Rights Reserved.