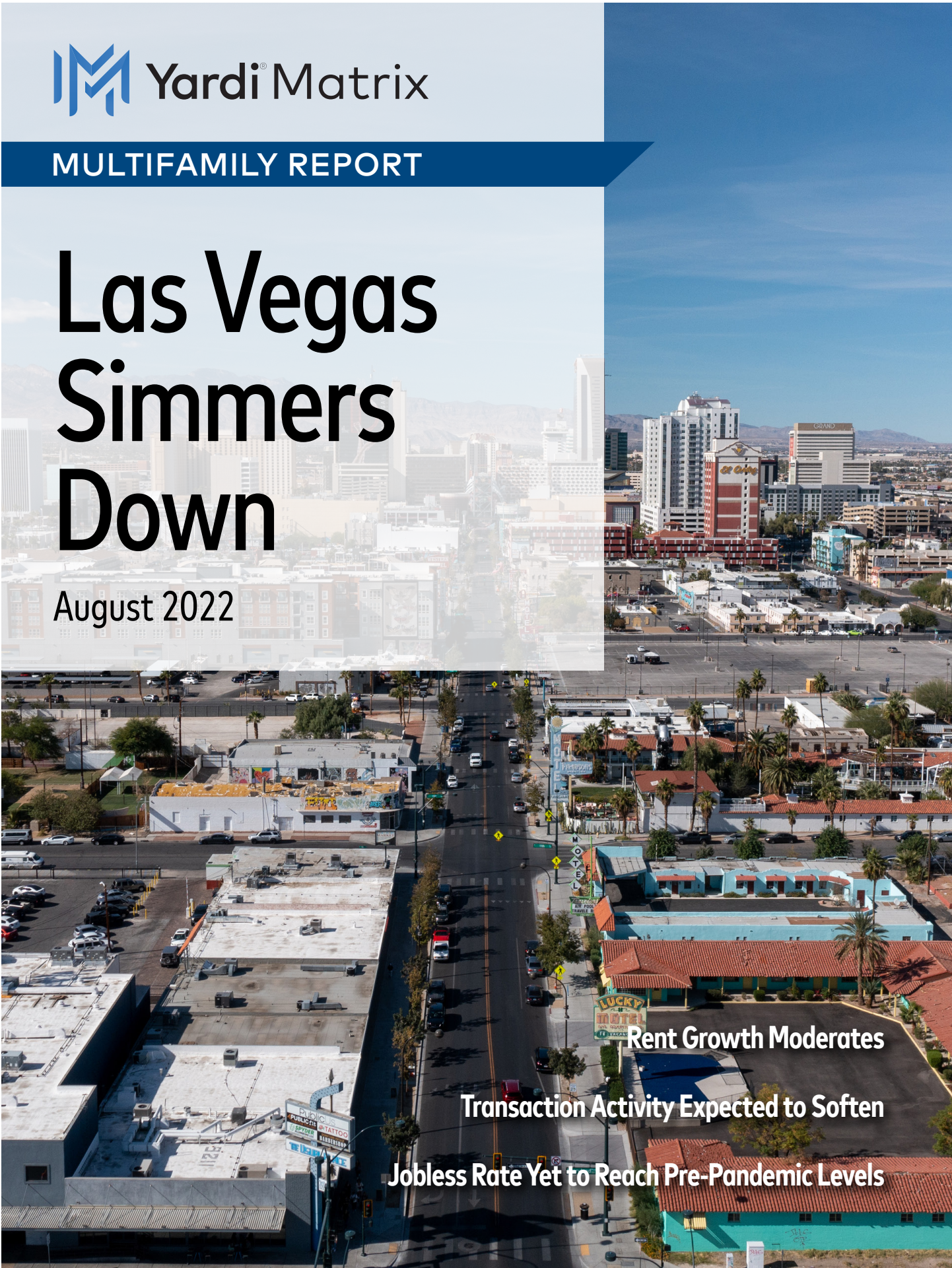


# Las Vegas Simmers Down

August 2022



**Rent Growth Moderates**

**Transaction Activity Expected to Soften**

**Jobless Rate Yet to Reach Pre-Pandemic Levels**

# LAS VEGAS MULTIFAMILY



## Demand Slowdown Pierces Occupancy

The pandemic slammed Las Vegas' ascent, and after a swift economic surge in 2021, the performance of the local economy tempered to a steady recovery. This was mirrored by the multifamily market, with rent expansion moderating after a strong run, up 0.6% on a trailing three-month basis through June, to \$1,525, trailing the 1.1% U.S. rate. The metro recorded a slowdown during the first half of 2022, with occupancy marking the largest decrease among major U.S. metros, down 1.4% in the 12 months ending in May, to 95.1%.

Las Vegas unemployment stood at 5.2% in May, according to Bureau of Labor Statistics data, trailing both the state (4.9%) and the U.S. (3.6%). Despite the slower rate, the figure marked a 3.9% annual improvement. Employment expanded by 11.7%, or 87,100 positions, in the 12 months ending in May, with all sectors adding jobs. Growth was led by leisure and hospitality (38,000 jobs), but the sector is still below its pre-pandemic peak. With visitor volume picking up, the sector's shortages are challenging.

Deliveries were lagging, with 216 units completed in 2022 through June, while construction remains elevated, with 6,907 units underway. Meanwhile, transaction volume rose to nearly \$1.9 billion during the first half of the year, above the figure registered during the same interval in 2021. The price per unit jumped by a substantial 78% on a year-over-year basis, to \$245,504.

## Market Analysis | August 2022

### Contacts

#### Jeff Adler

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

#### Ron Brock, Jr.

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

#### Doug Ressler

Media Contact  
[Doug.Ressler@Yardi.com](mailto:Doug.Ressler@Yardi.com)  
(480) 695-3365

#### Author

#### Anca Gagiuc

Senior Associate Editor

### Recent Las Vegas Transactions

#### The Harmon at 370



City: Las Vegas  
Buyer: Laguna Point Properties  
Purchase Price: \$126 MM  
Price per Unit: \$126,000

#### Amalfi



City: Enterprise, Nev.  
Buyer: Starlight Investments  
Purchase Price: \$98 MM  
Price per Unit: \$371,023

#### Miro at the Parc



City: Henderson, Nev.  
Buyer: Sares Regis Group  
Purchase Price: \$65 MM  
Price per Unit: \$396,341

#### Tides at Hacienda

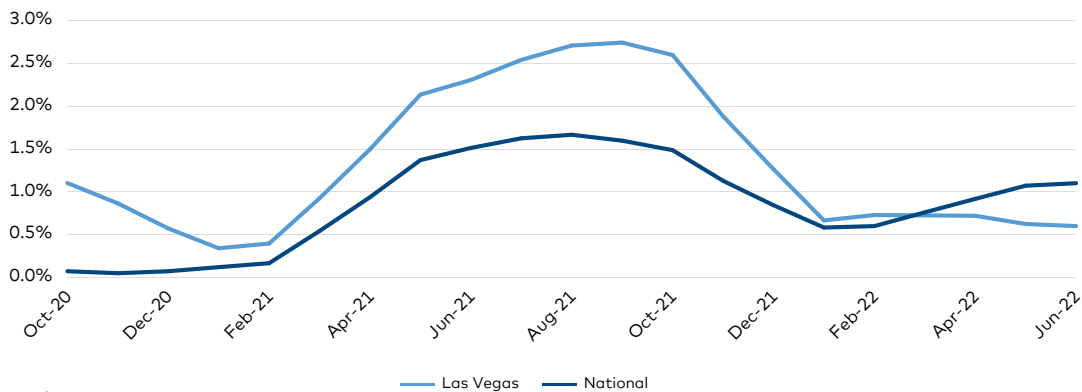


City: Las Vegas  
Buyer: Tides Equities  
Purchase Price: \$65 MM  
Price per Unit: \$265,306

## RENT TRENDS

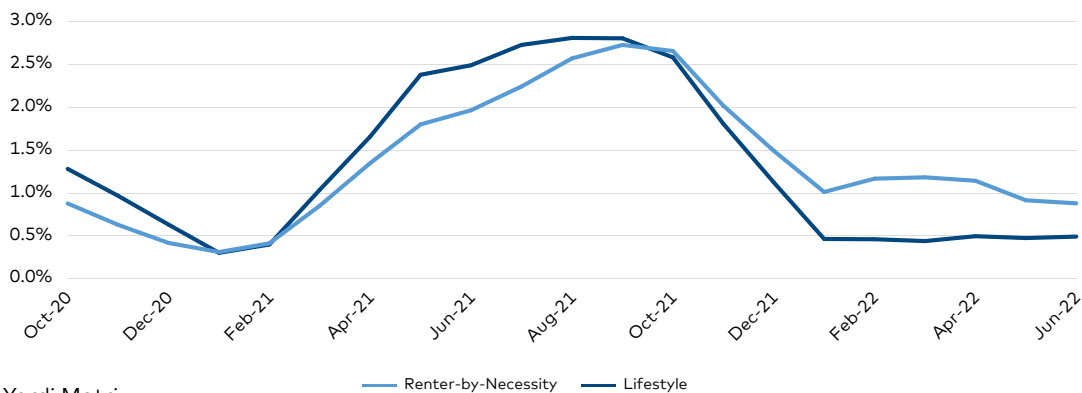
- ▶ Las Vegas rents rose 0.6% on a trailing three-month (T3) basis through June, trailing the U.S. rate by 50 basis points. Rent expansion in Las Vegas has been on a steady softening trend from the 2.7% T3 pandemic-high registered in August and September 2021. Still, the \$1,525 average asking rate in the metro remains below the \$1,706 national figure. On a year-over-year basis, Las Vegas rents posted a 17.1% appreciation, well above the 13.7% U.S. rate.
- ▶ Since October 2021, the working-class RBN segment has led growth, up 0.9% on a T3 basis through June, to \$1,276. Meanwhile, Lifestyle figures rose 0.5% on a T3 basis for the third-straight month, clocking in at \$1,722 in June. Last year's supply expansion (2.4% of total stock), paired with a slowdown in demand, pushed down occupancy. The rate in stabilized properties marked a 1.4% decline in the 12 months ending in May, to 95.1%. The decrease recorded in the RBN segment was 1.5% to 95.1%, while the rate in the Lifestyle segment dropped 1.2% to 95.1%.
- ▶ All but one of the 22 submarkets tracked by Yardi Matrix posted double digit increases year-over-year, including the metro's most affordable submarket—Downtown Las Vegas, up 16.9% to \$1,040. The most expensive areas remained Summerlin/Blue Diamond (13.5% to \$2,168) and Henderson West (15.7% to \$1,832).
- ▶ The single-family rental sector benefits from rising interest rates, which keeps many potential homebuyers in the rental market. Rents rose 18.1% year-over-year, while occupancy slid 0.6%.

**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

- ▶ The unemployment rate in Las Vegas stood at 5.2% in May, trailing the state (4.9%) and the U.S. (3.6%), according to preliminary BLS data. The metro posted a lengthy rebound from the 31.1% unemployment rate registered in April 2020, however, the figure is still far from pre-pandemic employment levels.
- ▶ Employment was up 11.7%, or 87,100 jobs, in the 12 months ending in May, while nationally the rate rose 4.7%. All sectors added new positions, with leisure and hospitality leading gains, up 38,000 jobs. Despite the expansion, the sector still struggles due to the labor shortages that affect tourism, creating a problematic loop. Visitor volume continued to rise, reaching 15 million during the first five months of the year, according to the Las Vegas Convention and Visitors Authority, on track to match last year (32 million visitors), but not 2019's 42.5 million. International travel and convention activity have been slower to recover.
- ▶ The metro's heavy reliance on tourism, gaming and entertainment is leaving room for more diversification. A positive change occurred in the professional and business services sector, which added 18,200 jobs in the 12 months ending in May. These gains are providing some stability in the current economic environment, with uncertainty intensifying due to rising inflation and interest rates, as well as global geopolitical issues.

### Las Vegas Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
70	Leisure and Hospitality	274	26.0%
60	Professional and Business Services	156	14.8%
40	Trade, Transportation and Utilities	206	19.6%
55	Financial Activities	57	5.4%
15	Mining, Logging and Construction	74	7.0%
65	Education and Health Services	112	10.6%
30	Manufacturing	28	2.7%
90	Government	106	10.1%
50	Information	12	1.1%
80	Other Services	29	2.8%

Sources: Yardi Matrix, Bureau of Labor Statistics

### Population

- ▶ Las Vegas gained 19,090 residents in 2021, a 0.8% population increase, well above the 0.1% national rate. During the first year of the pandemic, the metro registered a 0.1% drop.
- ▶ In the 10 years ending in 2021, the metro's population grew by 15.2%.

### Las Vegas vs. National Population

	2018	2019	2020	2021
National	326,838,199	328,329,953	331,501,080	331,893,745
Las Vegas	2,228,970	2,275,884	2,273,386	2,292,476

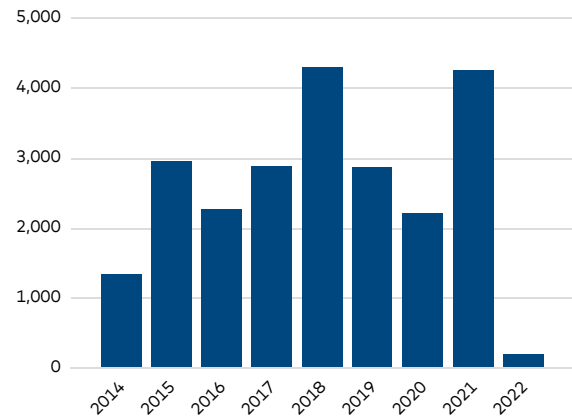
Source: U.S. Census

## SUPPLY

- ▶ Las Vegas' multifamily inventory expanded by just 216 upscale units during the first half of 2022, a mere 0.1% of total stock, trailing the 0.9% U.S. rate.
- ▶ As of June, the construction pipeline comprised 6,907 units underway and another 25,000 units in the planning and permitting stages. Of these, 1,475 units broke ground this year, slightly below the 1,635-unit volume during the same period last year. Developers continued to favor the upscale segment, a decade-long trend, with 85% of the pipeline consisting of Lifestyle projects. Just 84 workforce units and 920 units in fully affordable communities were underway in the metro as of June.
- ▶ A total of 2,768 units are slated for completion by the end of the year, but ongoing challenges in the construction industry will likely push some deliveries into next year.
- ▶ Developers were active in 13 of the 22 submarkets tracked by Yardi Matrix, with the same clear preference for Spring Valley West (1,563 units underway) and Enterprise (1,177 units), the only areas with more than 1,000 units underway. The latter also houses the largest project currently under construction

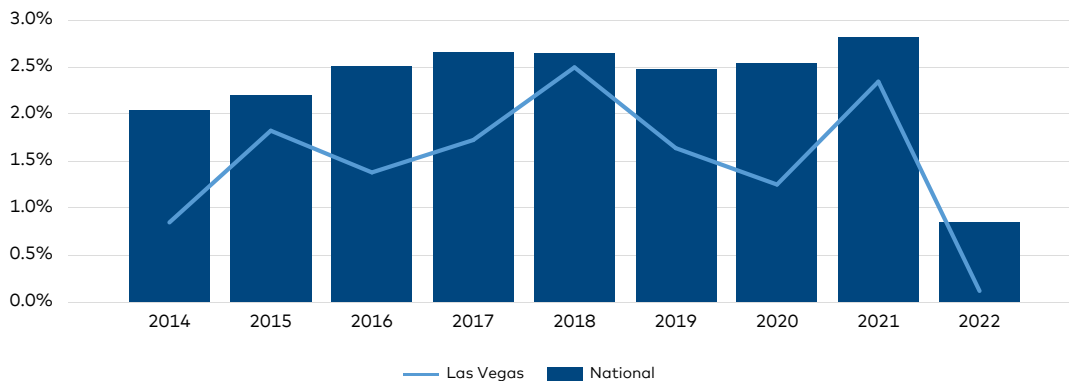
in Las Vegas, the 754-unit Ariva. Owned by a private investor, the Lifestyle property is set to include 71,000 square feet of retail space and is being built with aid from a \$92.5 million construction loan issued by Western Alliance Bank. Completion is scheduled for the end of the first quarter in 2023.

**Las Vegas Completions** (as of June 2022)



Source: Yardi Matrix

**Las Vegas vs. National Completions as a Percentage of Total Stock** (as of June 2022)

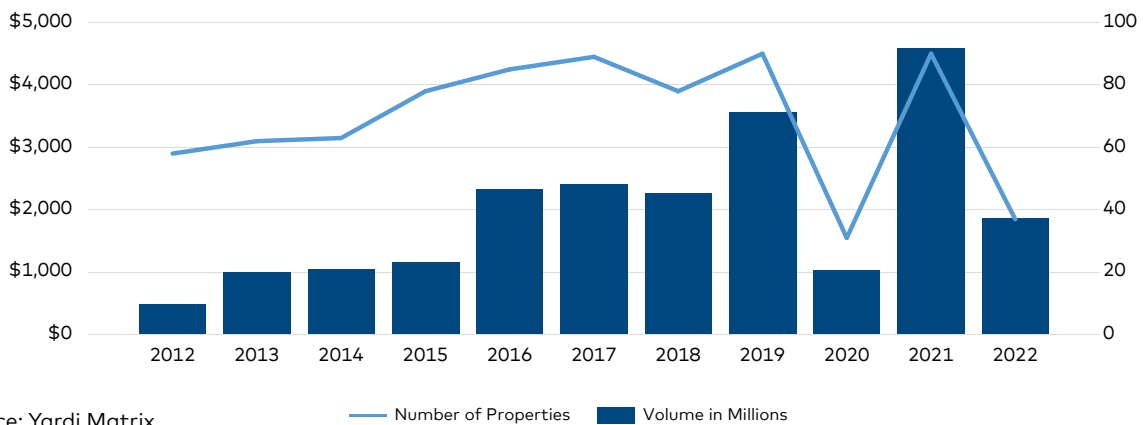


Source: Yardi Matrix

## TRANSACTIONS

- ▶ Investors traded nearly \$1.9 billion in multifamily assets during the first half of 2022, surpassing the \$1.4 billion volume registered during the same interval last year.
- ▶ Investor interest gravitated toward Renter-by-Necessity assets, which accounted for 60% of all sales in 2022 through June. Increased investor competition pushed up the average price per unit by a hefty 78% year-over-year, to \$245,504. Meanwhile, the national per-unit price surpassed the \$200,000 mark, clocking in at \$217,310 in June.
- ▶ The largest deal of the second quarter was Laguna Point Properties' acquisition of The Harmon at 370, a 1,000-unit asset sold by 3D Investments for \$126 million.
- ▶ Transaction activity was fairly balanced between the first two quarters but is anticipated to moderate during the second part of the year. Rising interest rates and increasing volatility will most likely slow down or cancel some deals.

### Las Vegas Sales Volume and Number of Properties Sold (as of June 2022)



Source: Yardi Matrix

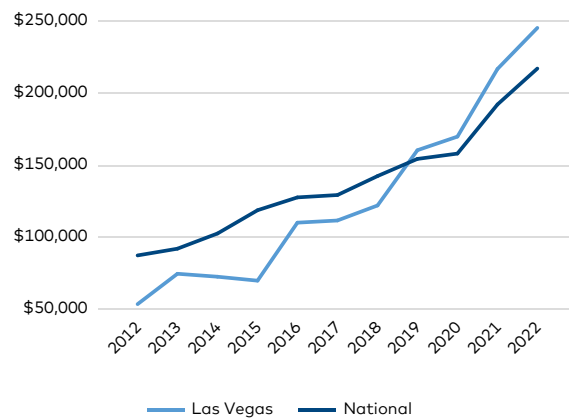
### Top Submarkets for Transaction Volume<sup>1</sup>

Submarket	Volume (\$MM)
Las Vegas Strip	670
Spring Valley West	521
Las Vegas Central	445
Bracken	441
Henderson West	334
Las Vegas NW	308
Sunrise Manor	280

Source: Yardi Matrix

<sup>1</sup> From July 2021 to June 2022

### Las Vegas vs. National Sales Price per Unit



Source: Yardi Matrix

## Top Western Markets by Investment Activity

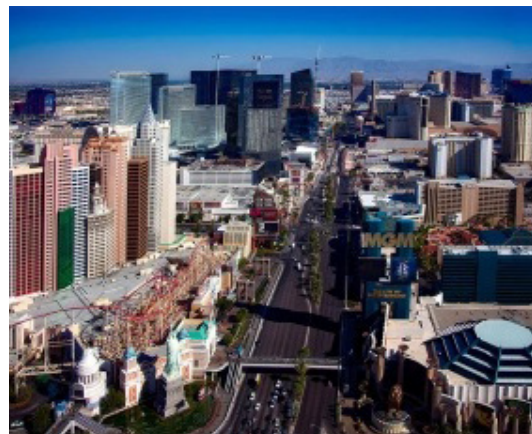
By Beata Lorincz

U.S. multifamily investment has been riding a wave of expansion and despite ongoing global issues, the sector's steam is still holding up. With the country's economy contracting 1.4 percent in the first quarter of 2022 due to multiple reasons, such as inflation, supply-chain issues and the ongoing pandemic, Yardi Matrix is expecting the deceleration of this growth.

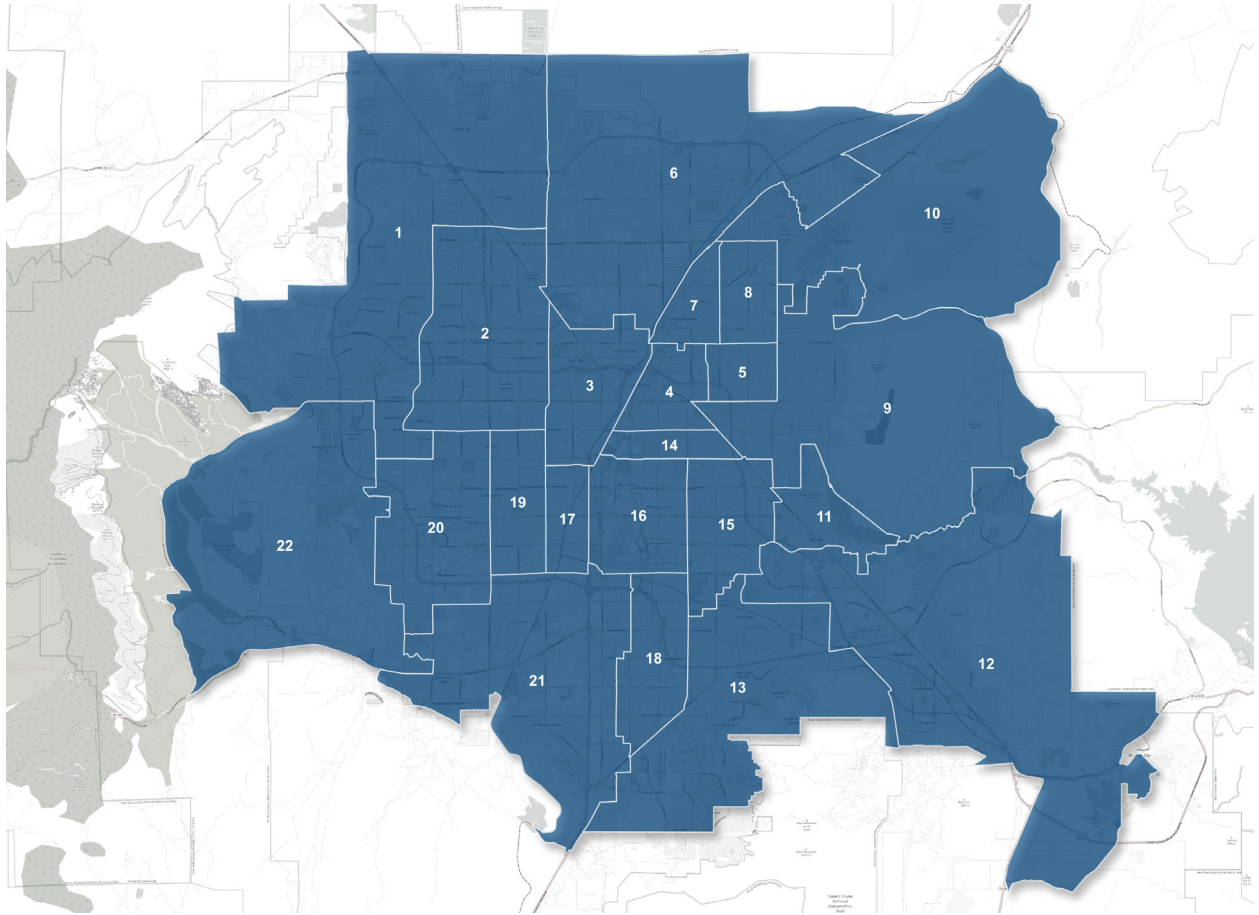
Rank	Market	Sales Volume Q1-2022	Price Per Unit Q1-2022	Sales Volume 2021	Price Per Unit 2021
1	Phoenix	\$2.5 billion	\$312,430	\$14.7 billion	\$261,054
2	Denver	\$1.3 billion	\$409,475	\$9.9 billion	\$322,151
3	Las Vegas	\$979 million	\$267,905	\$4.6 billion	\$217,022
4	Reno	\$320 million	\$308,687	\$700 million	\$246,510
5	Colorado Springs	\$255 million	\$301,241	\$887 million	\$220,27

### Las Vegas

In the first quarter of 2022, multifamily sales in Las Vegas reached \$979.5 million, the third highest among the Western markets listed here. In 2021, a total of \$4.59 billion of multifamily product transacted in Las Vegas. Even though the metro's unemployment rate has been shrinking since hitting a record high in April 2020, the rate hasn't yet returned to pre-pandemic levels. In February 2022, unemployment reached 5.3 percent, 1.8 percent more than two years prior. Las Vegas led the nation for year-over-year job growth as of December 2021, reaching 8.8 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 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 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, 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](http://www.yardimatrix.com) or call Ron Brock, Jr., at 480-663-1149 x2404.



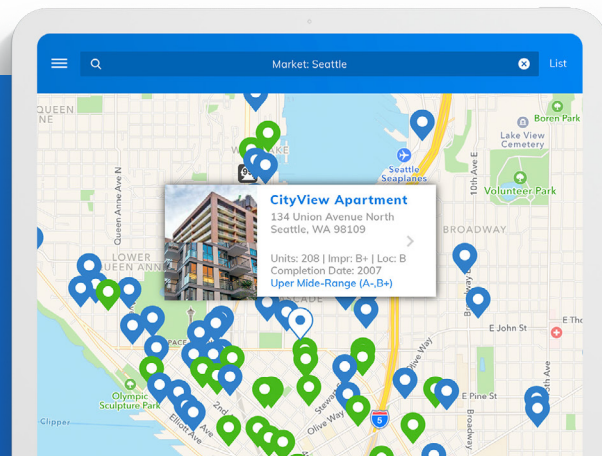
# Yardi Matrix

Power your business  
with the industry's  
leading data provider



## MULTIFAMILY KEY FEATURES

- Pierce the LLC every time with true ownership and contact details
- Leverage improvement and location ratings, unit mix, occupancy and manager info
- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



Yardi Matrix Multifamily  
provides accurate data on  
**19.7+ million units**, covering over  
**92% of the U.S. population.**



(800) 866-1144

Learn more at [yardimatrix.com/multifamily](https://yardimatrix.com/multifamily)

Contact  
US



#### 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.

© 2022 Yardi Systems, Inc. All Rights Reserved.