



MULTIFAMILY REPORT

Las Vegas Rents Rebound

May 2024

Spring Brings Positive Rent Movement

Employment Growth Powers Through

Investment Activity Remains Muted

LAS VEGAS MULTIFAMILY



Vegas Benefits From Spring Boost

Las Vegas fundamentals were a mixed bag at the end of the first quarter. Following seasonal patterns, rents emerged from negative territory and increased by 0.3% on a trailing three-month basis through March, reaching \$1,465. This outpaced the national rate of 0.2%. Year-over-year, rent movement remained negative, down 0.4%, while the U.S. rate rose 0.9%. Meanwhile, occupancy decreased by 60 basis points through February, to 92.6%.

The Las Vegas job market recorded the highest growth rate among Yardi Matrix's top 30 markets, at 4.1%, or 45,800 net jobs, with minor losses in two sectors. With visitor numbers almost back to 2019 figures, according to the Las Vegas Convention and Visitors Authority, leisure and hospitality led gains, with 14,100 jobs, followed by professional and business services (11,900 jobs). Events such as the Superbowl LVIII and the Formula 1 Grand Prix added to the metro's more traditional entertainment options, boosting more than one employment sector along the way.

Developers brought 837 units online in the first quarter and had 10,239 units under construction as of March. This follows last year's addition of 2,693 new units, which was very close to the metro's five-year average. Meanwhile, investors remained cautious, as last year's transaction volume was the metro's lowest in the past decade.

Market Analysis | May 2024

Contacts

Jeff Adler

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

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

Alton Southern Highlands



City: Las Vegas
Buyer: Tribal Community
Development
Purchase Price: \$79 MM
Price per Unit: \$346,491

Madison at Green Valley

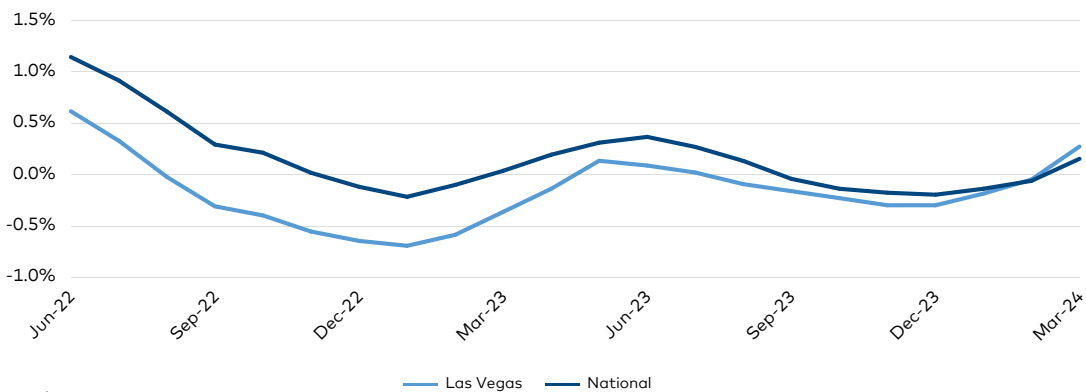


City: Henderson, Nev.
Buyer: OpenStreet Capital
Purchase Price: \$15 MM
Price per Unit: \$175,000

RENT TRENDS

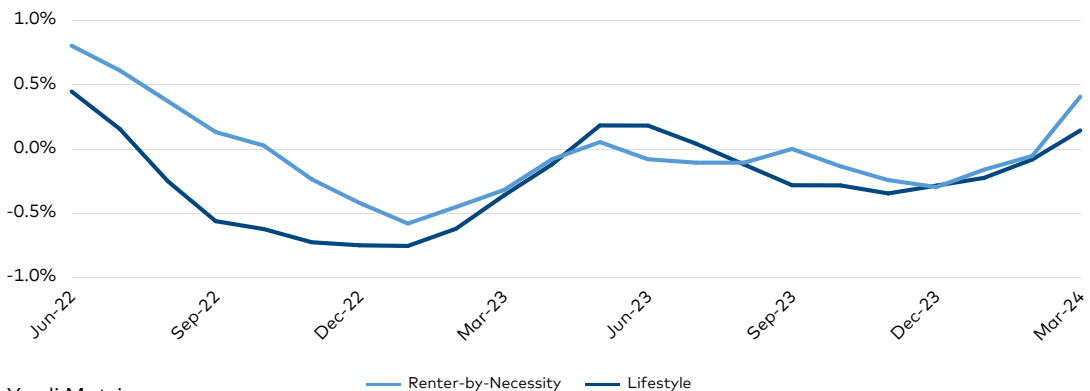
- ▶ Las Vegas rents rose 0.3% on a trailing three-month (T3) basis through March, to \$1,465, after eight months of flat or negative movement. T3 rates surpassed the national figure (\$1,721) by 10 basis points, outpacing it for the first time since February 2022. Year-over-year, the U.S. rate rose 0.9%, while Las Vegas posted a 0.3% decline.
- ▶ Rent performance was mainly sustained by growth in the working-class Renter-by-Necessity segment, up 0.4% on a T3 basis through March, to \$1,243, following five months of declines. Lifestyle rents also appreciated, albeit at a slower rate, up 0.1%, to \$1,632.
- ▶ The occupancy rate in stabilized properties declined 60 basis points year-over-year through February to 92.6%. RBN occupancy decreased 100 basis points to 92.0%, while Lifestyle occupancy slid just 20 basis points, to 93.0%.
- ▶ Of the 29 submarkets tracked by Yardi Matrix, 16 posted contractions in annual rent evolution, with the highest drop recorded in Sunrise Manor-South (-4.9% to \$1,235). The most expensive submarkets posted mixed performance: Seven Hills (2.4% to \$1,770), Las Vegas-Summerlin (-0.8% to \$1,748) and Enterprise (-0.2% to \$1,719).
- ▶ Las Vegas single-family rentals outperformed multifamily year-over-year, with rents up 1.8% in March, and occupancy up 1.7% as of February.

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

- Unemployment in Las Vegas stood at 5.2% in February. Although high compared to the 3.9% U.S. and 4.2% Reno averages, the rate has been steady lately, staying in the 5.1% to 5.5% range since the third quarter of 2023. The range is the metro's lowest recorded jobless rate since February 2020. The current rate was on par with the state and also reflected a 40-basis-point improvement year-over-year, according to preliminary data from the Bureau of Labor Statistics.
- Although employment growth softened in 2023, it was still at a strong 4.1%, or 45,800 net jobs. That represented the best performance among Yardi Matrix's top 30 metros, at more than double the 2.0% U.S. average. The disparity between high unemployment and job gains has to do with Las Vegas' profile and its response during the first months of the COVID-19 pandemic. As such, Vegas still has some catching up to do, especially due to its reliance on tourism.
- Leisure and hospitality (14,100 jobs) and professional and business services (11,900 jobs) led gains. The former registered a 5.2% increase in visitor volume in 2023, almost reaching the figure recorded in 2019, according to the Las Vegas Convention and Visitors Authority.
- In 2023, two sectors lost jobs, but the contractions were minor—information (-300 jobs) and other services (-200 jobs).

Las Vegas Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
70	Leisure and Hospitality	303	26.1%
60	Professional and Business Services	177	15.2%
65	Education and Health Services	126	10.9%
90	Government	116	10.0%
30	Manufacturing	33	2.8%
40	Trade, Transportation and Utilities	217	18.7%
15	Mining, Logging and Construction	85	7.3%
55	Financial Activities	60	5.2%
80	Other Services	32	2.8%
50	Information	13	1.1%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- Las Vegas gained 34,779 residents in 2022, up 1.6%, or four times the national rate. In 2021, the metro's population posted a feeble 0.1% expansion.
- Between 2019 and 2022, Las Vegas' population marked a 3.8% increase, leading the 2.0% U.S. rate.

Las Vegas vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Las Vegas	2,182,004	2,228,866	2,231,147	2,265,926

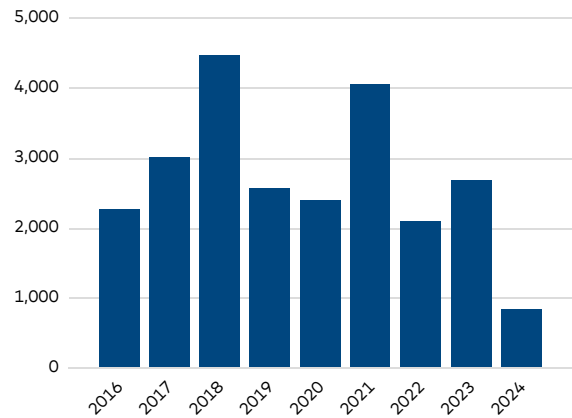
Source: U.S. Census

SUPPLY

- ▶ Developers delivered 837 units during the first quarter of 2024, the equivalent of 0.5% of total stock and 10 basis points above the U.S. average. All units were in Lifestyle properties. Last year's deliveries totaled 2,693 units, on par with the metro's five-year average of 2,767 units.
- ▶ Las Vegas had 10,239 units under construction as of March, and another 22,500 apartments in the planning and permitting phases. A robust 84% of the pipeline comprised Lifestyle units, almost 7% were RBN and 10% were units in fully affordable communities.
- ▶ Construction activity is moderating in the metro. During the first quarter of the year, just 195 units broke ground in the metro, while during the same period last year, developers started construction on 1,250 units across four properties. In 2023, 4,268 units across 15 properties broke ground, a decrease from the 5,085 units across 18 properties that broke ground in 2022. Beyond general market dynamics pressuring development, Las Vegas also has a somewhat surprising issue: land scarcity. In Nevada, the federal government owns around 80% of the land, and as there are fewer large plots available around Las Vegas, costs tend to rise.

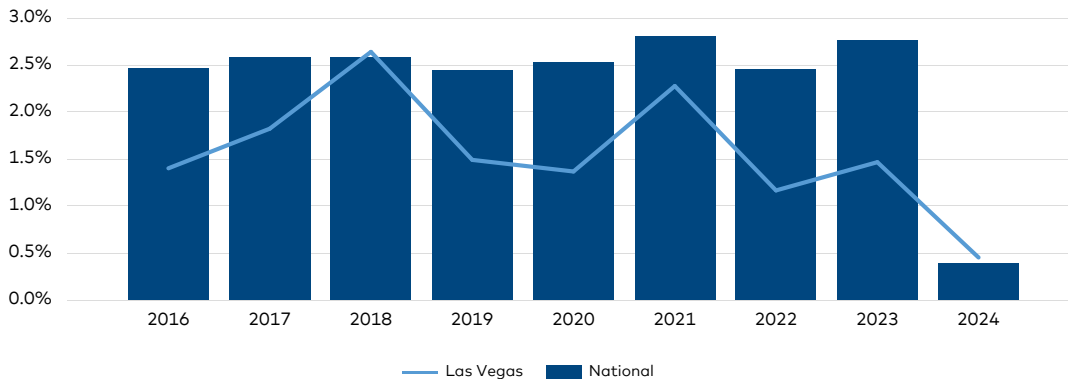
- ▶ Spring Valley–West led construction volume with 2,635 units underway, followed by Enterprise (1,522 units) and North Las Vegas–West (1,375 units). The latter houses one of the metro's most recent significant deliveries, the 334-unit the APEX @Meadows. Owned by Silverstein Properties, Cantor Fitzgerald and TRU Development, the property was built in an Opportunity Zone. Mack Real Estate Group provided a \$50.7 million construction loan back in 2021.

Las Vegas Completions (as of March 2024)



Source: Yardi Matrix

Las Vegas vs. National Completions as a Percentage of Total Stock (as of March 2024)

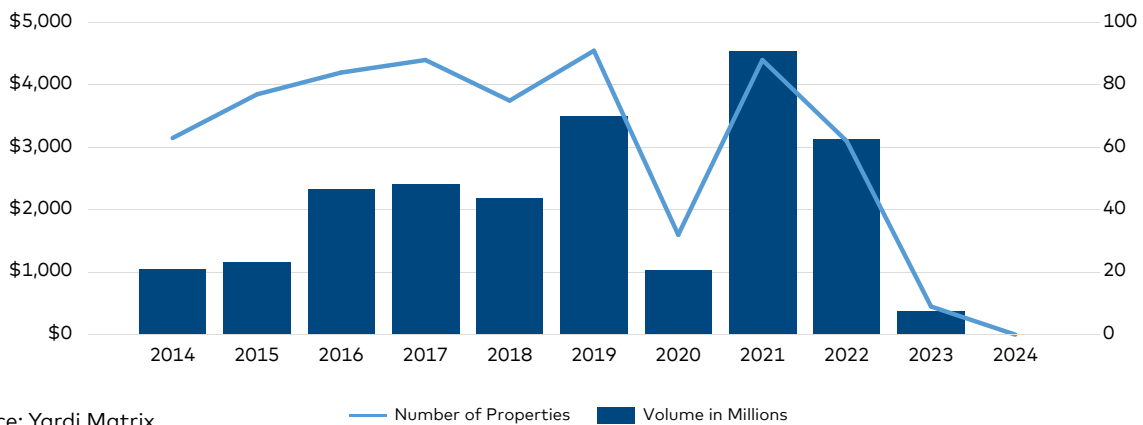


Source: Yardi Matrix

TRANSACTIONS

- ▶ Transaction activity plummeted in 2023, when just nine assets traded in Las Vegas for a total of \$366 million, a fraction of the \$3.1 billion and \$4.5 billion registered in 2022 and 2021, respectively. Last year's sales volume was also the lowest of the past decade.
- ▶ Increased caution, high interest rates and an overall turbulent capital markets environment remained a reality in 2024, with record-low activity recorded in the first quarter.
- ▶ Difficult market conditions and rising interest rates are also pressuring property values. The average price per unit fell to \$182,667 last year, a significant 28.0% year-over-year decrease and just below the \$185,579 U.S. rate. Meanwhile, the national figure rose to \$196,096 in the first quarter, up 5.7% from last year's value.

Las Vegas Sales Volume and Number of Properties Sold (as of March 2024)



Source: Yardi Matrix

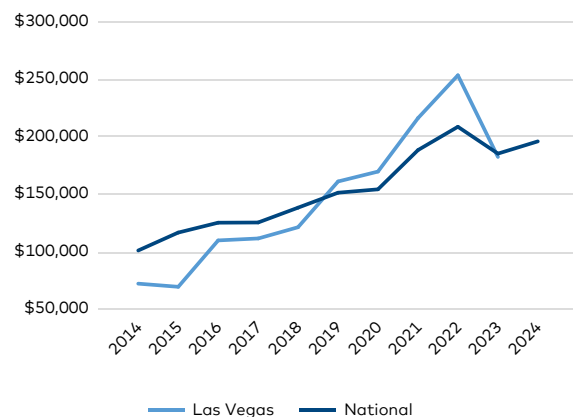
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Enterprise	79
Spring Valley–West	67
Sunrise Manor–South	47
Las Vegas–Central West	34
Green Valley	15

Source: Yardi Matrix

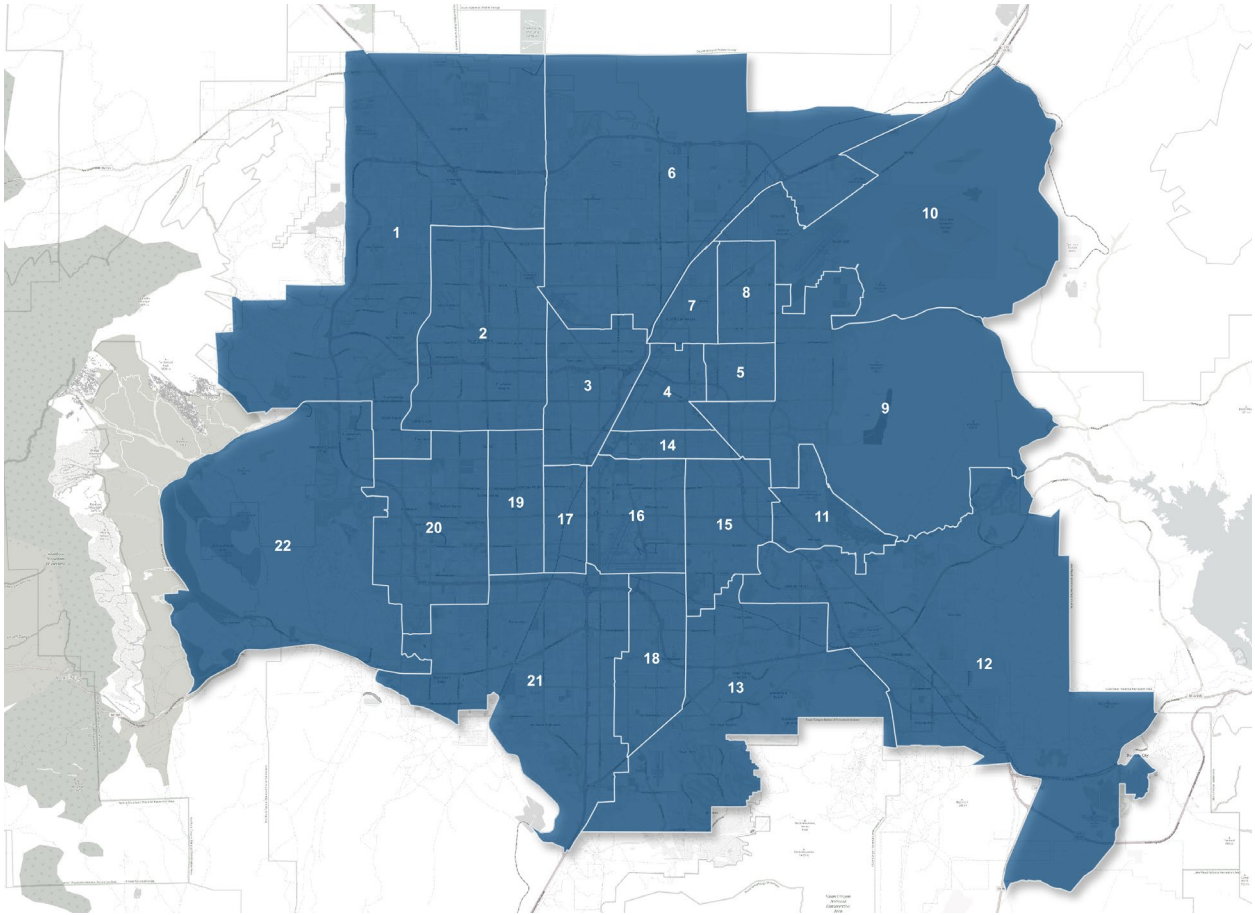
¹ From April 2023 to March 2024

Las Vegas vs. National Sales Price per Unit



Source: Yardi Matrix

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 or call Ron Brock, Jr., at 480-663-1149 x2404.



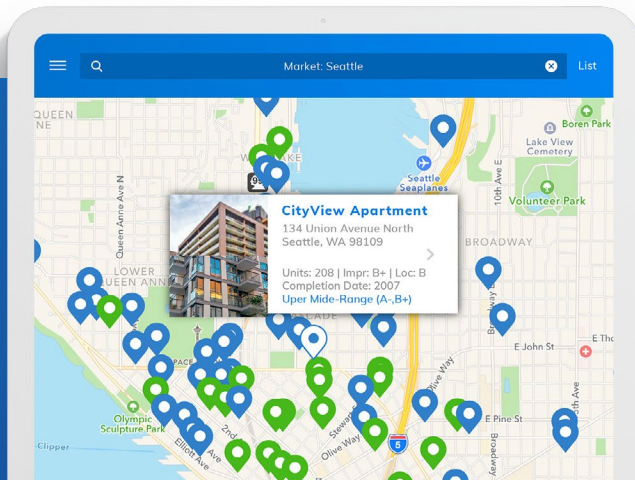
Yardi[®] Matrix

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

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.

© 2024 Yardi Systems, Inc. All Rights Reserved.