



MULTIFAMILY REPORT

# Las Vegas' Job Boost

August 2024

**Employment Growth Leads Nation**

**T3 Rent Development Outpaces US**

**Completions Record Decade High**

# LAS VEGAS MULTIFAMILY



## Demand Bolsters Rent Gains, Occupancy

Rent growth rebounded in Las Vegas in the second quarter of 2024, marking the strongest movement in 24 months. The average advertised asking rent rose to \$1,484, for a 0.5% increase on a trailing three-month basis through June, outperforming the U.S. rate by 20 basis points. In addition, sustained demand has pressured the occupancy rate in stabilized properties, up 0.4% year-over-year through May, to 93.3%.

Las Vegas employment growth led all other major markets, up 3.5%, or 43,000 jobs, in the 12 months ending in April, while the national average stood at 1.4% for the third consecutive month. Meanwhile, the unemployment rate rose to 5.6% in May, up 40 basis points since April and lagging both Nevada (5.1%) and the U.S. (4.0%), according to the Bureau of Labor Statistics. Still, all sectors expanded, led by leisure and hospitality (12,000 jobs) and trade, transportation and utilities (8,700 jobs). Visitor volume through May was up 0.4% more than the same interval in 2019, and several projects, either underway or in the planning phases, are poised to further sustain growth.

Deliveries during the first half of the year amounted to 1,077 Lifestyle units, and developers had another 11,274 units under construction. Investment activity was weak, with just \$108 million in multifamily assets trading through June, and the price per unit dropped a hefty 42.1% year-to-date, to \$117,857.

## Market Analysis | August 2024

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### Recent Las Vegas Transactions

#### Millennium East



City: Las Vegas  
Buyer: NNC Apartment Ventures  
Purchase Price: \$53 MM  
Price per Unit: \$223,517

#### Sungarden



City: Las Vegas  
Buyer: Regency Management  
Purchase Price: \$21 MM  
Price per Unit: \$70,000

#### SHARE Village Las Vegas II



City: Las Vegas  
Buyer: 3D Investments  
Purchase Price: \$14 MM  
Price per Unit: \$68,015

#### MCR

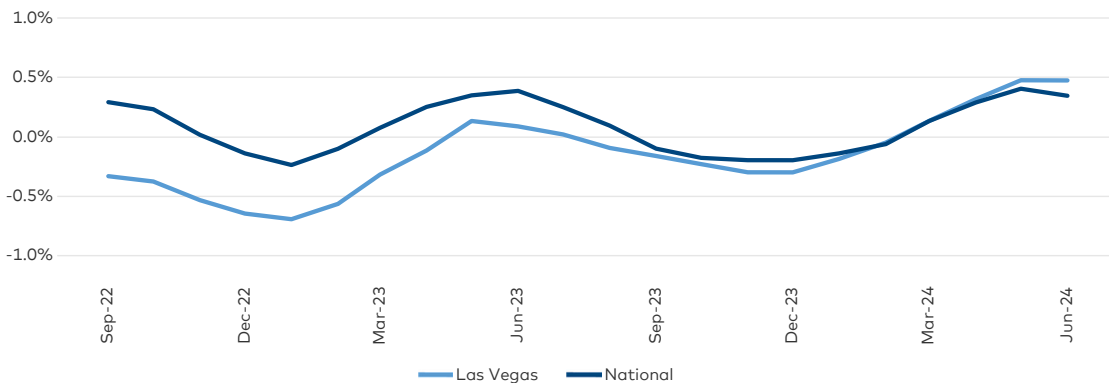


City: Las Vegas  
Buyer: 3Keys Communities  
Purchase Price: \$13 MM  
Price per Unit: \$121,431

## RENT TRENDS

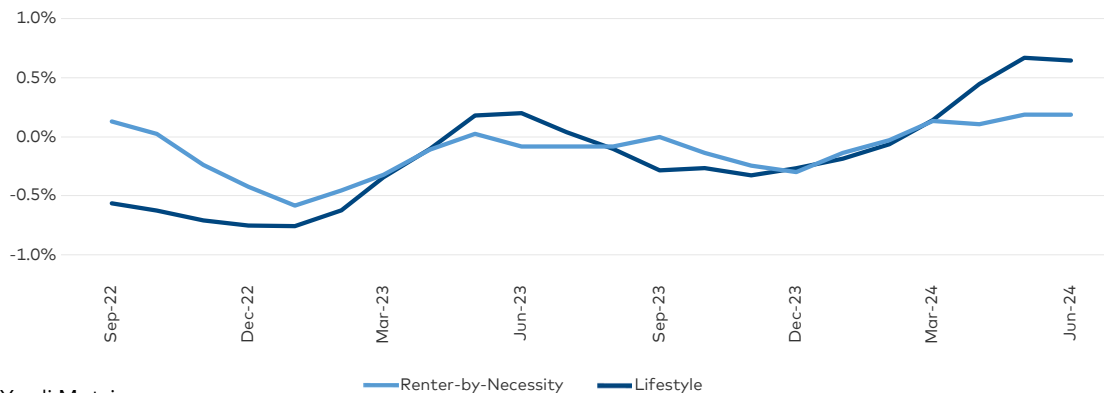
- ▶ Las Vegas' average advertised asking rents rose 0.5% on a trailing three-month (T3) basis in June, for the second consecutive month, outperforming the national rate by 20 basis points. On a year-over-year basis, the metro posted 0.5% rent growth, to \$1,484, while the U.S. rate rose 0.6%, to \$1,739.
- ▶ Growth was stronger in upscale segments, with average advertised asking rents in the Lifestyle segment up 0.6%, on a T3 basis through June, to \$1,667, while Renter-by-Necessity rates increased 0.2%, to \$1,238.
- ▶ Las Vegas was one of the metros with occupancy improvements, as the national rate remained unchanged at 94.5% in May. The overall occupancy rate in stabilized properties increased 40 basis points year-over-year through May to 93.3%, boosted by the Lifestyle segment, which posted a 70-basis-point decline, to 93.8%. Meanwhile, RBN occupancy remained flat, at 92.5%.
- ▶ On a year-over-year basis, the average advertised asking rent contracted in 13 of the 29 submarkets tracked by Yardi Matrix, including Las Vegas–Summerlin, down 2.0%, to \$1,738. The top three most expensive metros all posted increases—Seven Hills (1.0% to \$1,773), Spring Valley–West (2.1% to \$1,765) and Enterprise (0.8% to \$1,743).
- ▶ The SFR segment outperformed multifamily, with the average advertised asking rent up 0.5% year-over-year through June, to \$1,783, and occupancy up 1.7% year-over-year in May, to 98.4%.

### 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 rate was 5.6% in May, a 40-basis-point decline from the previous month but behind Nevada's 5.1% and the nation's 4.0%, according to preliminary data from the BLS. Meanwhile, the metro's employment growth was the highest in the country, up 3.5% in the 12 months ending in April, well ahead of the 1.4% U.S. average. All sectors expanded, for a combined 43,000 jobs during the period. Growth was led by leisure and hospitality (12,000 jobs) and trade, transportation and utilities (8,700 jobs). Third place was split between mining, logging and construction and government, each adding 6,500 positions.
- ▶ Visitor volume in Las Vegas rebounded, up 4.6% year-over-year through May and 0.4% above the

same period in 2019, according to the Las Vegas Convention and Visitors Authority. To further aid the sector, the metro has several projects underway, including the \$600 million renovation of the Las Vegas Convention Center, slated for completion in 2025. In addition, a dual-branded AC by Marriott and Element by Westin hotel broke ground next to Symphony Park and will be completed in 2025, while M Resort Hotel & Casino's \$206 million expansion will be operational by summer 2025.

- ▶ Brightline West broke ground on the high-speed, 218-mile rail system, which will connect Las Vegas and Southern California.

### Las Vegas Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
70	Leisure and Hospitality	300.8	26.0%
40	Trade, Transportation and Utilities	215	18.6%
15	Mining, Logging and Construction	87.9	7.6%
90	Government	123.3	10.7%
60	Professional and Business Services	164.1	14.2%
65	Education and Health Services	125.2	10.8%
30	Manufacturing	32	2.8%
50	Information	14.2	1.2%
80	Other Services	33.9	2.9%
55	Financial Activities	59.9	5.2%

Sources: Yardi Matrix, Bureau of Labor Statistics

### Population

- ▶ Las Vegas gained 34,779 residents in 2022, up 1.6% year-over-year and a significant increase from the 0.1% gain recorded in 2021. Meanwhile, the national average was up 0.4%.
- ▶ During the 2019-2022 period, the metro's population rose 3.8%, nearly double 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

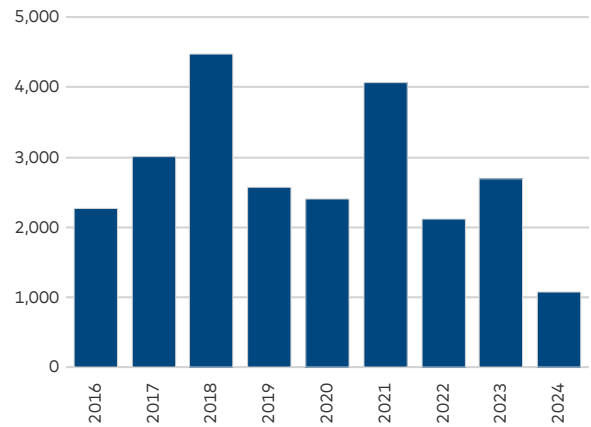
## SUPPLY

- ▶ Developers delivered four Lifestyle properties totaling 1,077 units during the first half of 2024, representing 0.6% of total stock. Half of the newly added properties were in the Las Vegas–Central West submarket.
- ▶ The development pipeline had 11,274 units under construction and 23,000 units in the planning and permitting phases. The pipeline’s composition remained centered around upscale projects (85%), followed by fully affordable communities (10%) and RBN assets (5.0%). Yardi Matrix forecast expects Las Vegas’ inventory to grow in 2024 by a total of 5,224 units, which would mark a new decade high.
- ▶ In line with national trends, new construction is slowing down. In the first half of 2024, 974 units across five properties broke ground in the metro, well below the 2,440 units across nine properties that started construction during the same interval last year. Overall, 4,139 units across 15 properties broke ground in Las Vegas in 2023.
- ▶ As of June, development activity was most intense in Spring Valley–West (2,615 units underway) and Enterprise (2,033 units), followed by

North Las Vegas–West (1,466 units) and Las Vegas–Northwest (1,188 units).

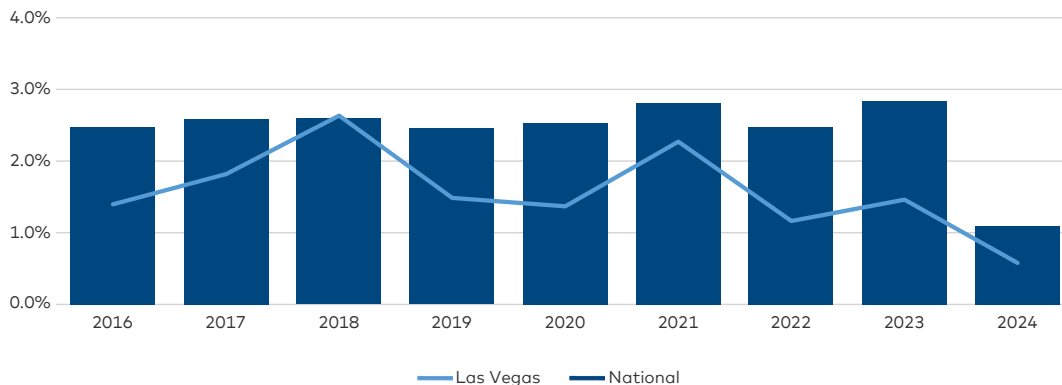
- ▶ The largest project delivered in the first half of the year was the APEX @Meadows, a 334-unit property located in an Opportunity Zone in Las Vegas–Central West. The asset is owned by a joint venture comprising Silverstein Properties, Cantor Fitzgerald and TRU Development and was built with aid from a \$51 million construction loan financed by Mack Real Estate Group.

**Las Vegas Completions** (as of June 2024)



Source: Yardi Matrix

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

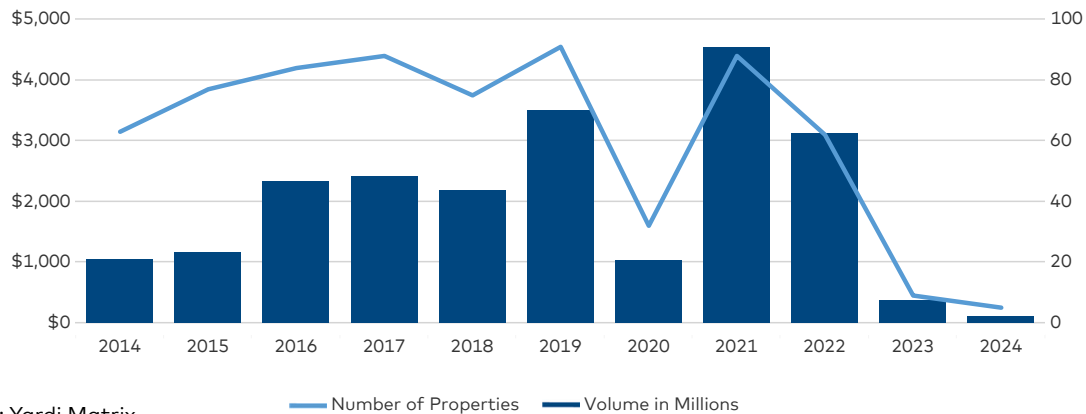


Source: Yardi Matrix

## TRANSACTIONS

- ▶ During the first half of the year, investment activity was extremely limited in Las Vegas, totaling only \$108 million. Last year, transaction volume in the metro was just shy of \$366 million, which was the lowest volume of the past decade.
- ▶ Influenced by the challenging financing environment and the sales composition, which tilted heavily toward RBN assets, the price per unit was down 42.1%, to \$117,857, decreasing below the \$180,183 national price. This marked the first time since 2020 that the average per-unit price fell below the \$200,000 mark and the first time since 2018 that it was lower than the U.S. average.
- ▶ One Lifestyle asset traded in the first half of the year: the 236-unit Millennium East in Sunrise Manor–North. NNC Apartment Ventures acquired it from Aspen Square Management for \$53 million, or \$223,517 per unit, with aid from a \$34 million loan issued by NorthMarq Capital.

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



Source: Yardi Matrix

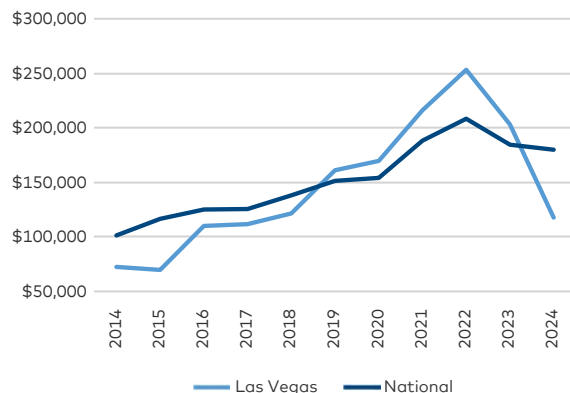
### Top Submarkets for Transaction Volume<sup>1</sup>

Submarket	Volume (\$MM)
Enterprise	79
Sunrise Manor–North	74
Las Vegas–Central West	34
Green Valley	15
Las Vegas–Downtown	14
Las Vegas–Downtown South	13
Paradise–North	7

Source: Yardi Matrix

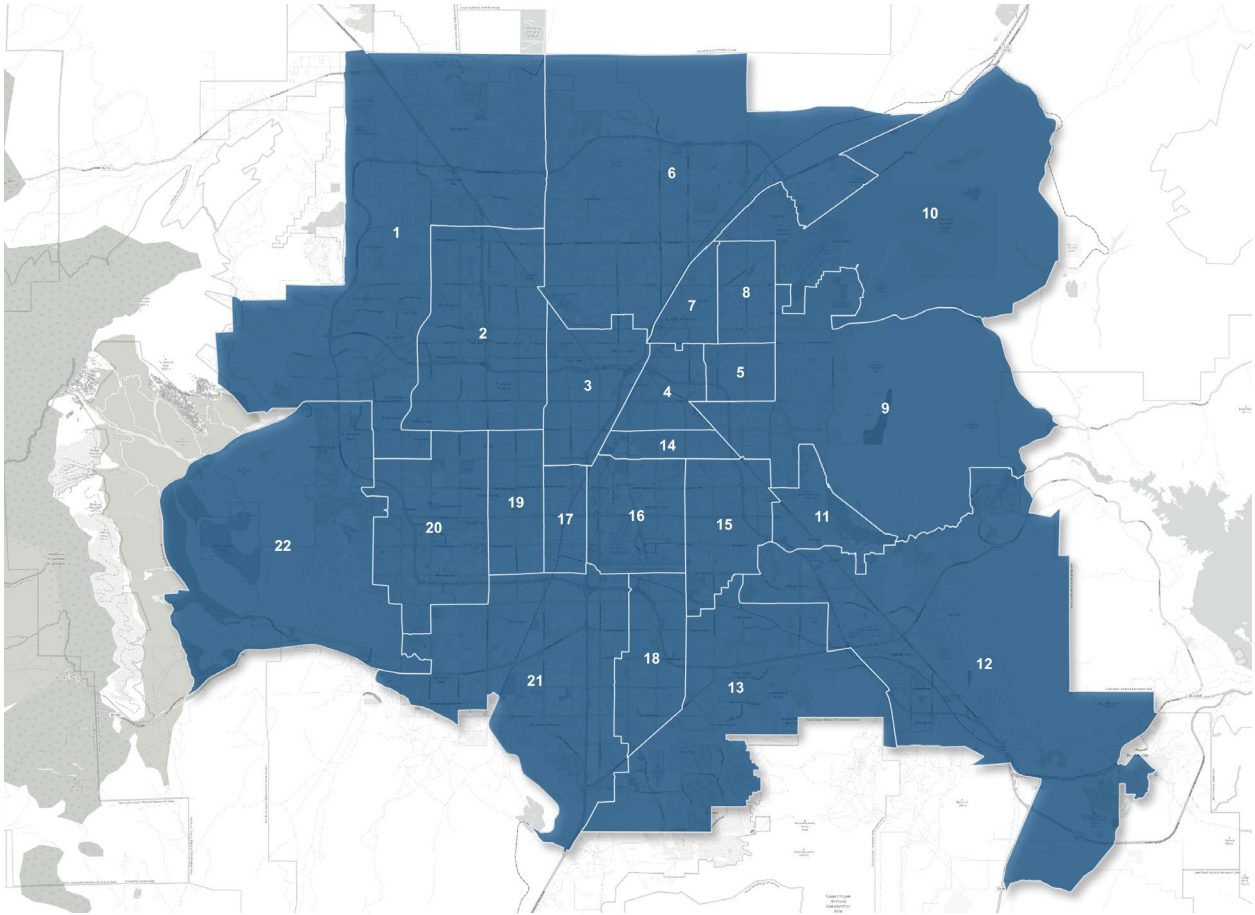
<sup>1</sup> From July 2023 to June 2024

### 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](http://www.yardimatrix.com) or call Ron Brock, Jr., at 480-663-1149 x2404.





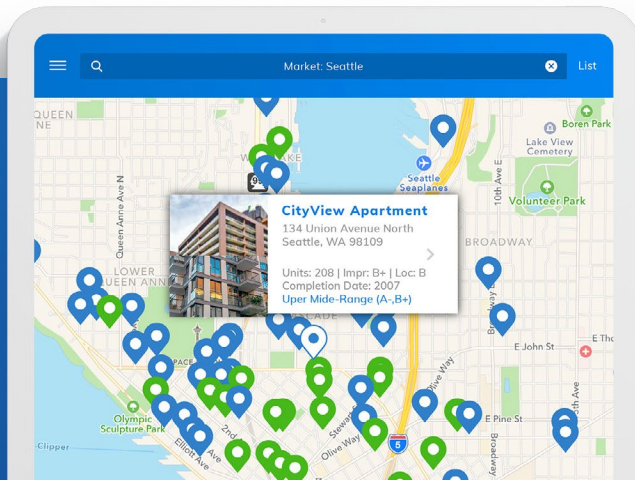
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