



# Las Vegas 3Q23 Multifamily Market Report



**\$1,462**  
AVERAGE RENT



**92.8%**  
AVERAGE OCCUPANCY RATE



**\$383.7M**  
YTD SALES VOLUME



**-4.3%**  
YOY RENT CHANGE



**-1.6 POINTS**  
YOY OCCUPANCY CHANGE



**6 YTD**  
INDIVIDUAL TRANSACTIONS

## Supply & Demand

3Q23

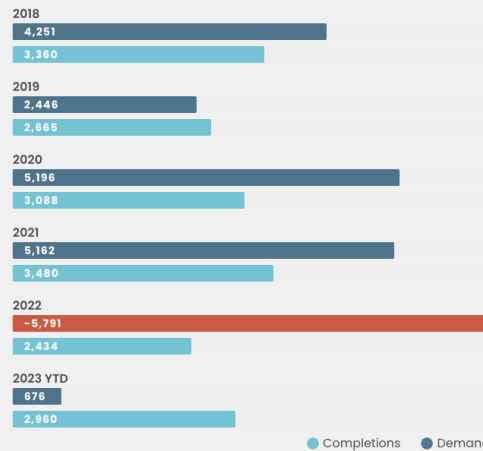


**334 Units**  
QUARTERLY DEMAND  
YTD: 676



**1,382 Units**  
QUARTERLY COMPLETIONS  
YTD: 2,960

### Annual Demand Vs Completions



#### Demand Trends

- After a period of sluggish performance extending from 2022 into early 2023, the apartment market in Las Vegas-Henderson-Paradise regained some momentum in the second quarter and maintained it through the third quarter.
- However, this demand remained substantially below historical standards. Specifically, the absorption of 334 units in Q3 2023 was just over half the typical third-quarter average of approximately 650 units observed in the decade preceding the pandemic.



#### Completion Trends

- Approximately 3,600 units were completed in Las Vegas in the year ending Q3 2023, surpassing the market's five-year annual average of around 3,000 units.
- This completion rate elevated the local inventory base by 1.6%. Notably, the bulk of this new supply was concentrated in Southwest Las Vegas.



#### Demand Outlook

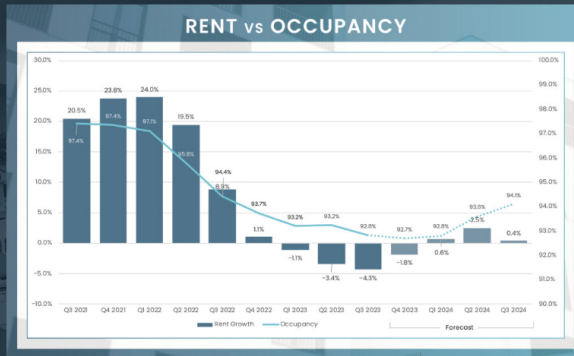
- The outlook for Las Vegas' apartment market hinges on how well demand sustains amid heightening apartment deliveries over the next four quarters.
- Boosted by a resurgence in the travel and hospitality industries, local employment growth has not only surpassed the national average but also returned to levels exceeding those before the pandemic, a factor that should help minimize the impact of the influx of new unit deliveries in the next year.



#### New Supply Outlook

- As of the close of Q3 2023, Las Vegas had 9,793 units under construction, with 6,829 of these units slated for completion within the upcoming four quarters.
- The majority of these scheduled deliveries are expected in Southwest Las Vegas, accounting for 2,272 units, while both North Las Vegas and Henderson are each projected to receive over 1,000 units.

# Occupancy & Rent Trends



## RENT VS OWN MONTHLY PAYMENT



**\$3,322**

Average Monthly Mortgage Payment



**\$1,462**

Average Monthly Rent

## OCCUPANCY TRENDS

In the third quarter of 2023, weakened demand pushed Las Vegas' occupancy rates to a nine-year low, settling at 92.8%. This marks a 0.4-point decline from the previous quarter and a 1.6-point drop year-over-year. Within this context, Class A units somewhat defied the trend with a 93.3% occupancy rate, while Class B mirrored the market average at 92.8%. Class C units trailed the pack with occupancy at 92.4%. Submarket performance also displayed variations in occupancy, with Sunrise Manor/Northeast Las Vegas recording the lowest at 91.1%, while Central Las Vegas managed to buck the trend somewhat with a high of 94.2%. This landscape underscores the challenges facing the Las Vegas market amid a complex interplay of supply and demand factors.

## RENTAL TRENDS

In the third quarter of 2023, average apartment rents in Las Vegas experienced a 0.9% decline on a quarterly basis, marking the fifth consecutive quarter of flat or negative rent changes. On an annual basis, the market saw a 4.3% reduction in rents, ranking it the third-worst among the nation's 50 largest markets, outpaced only by Phoenix and Austin. Across all product classes in Las Vegas, rents fell over the year, with Class B apartments registering the steepest decline at 5.2%. Classes A and C observed more moderate annual rent cuts of 3.0% and 3.6%, respectively. Every submarket in the area also experienced annual rent declines, ranging from a 5.8% decrease in both Henderson and Green Valley to a milder 0.7% drop in Central Las Vegas.

## Submarket Rent & Occupancy

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Submarket	Average Occupancy	Annual Occupancy Change	Average Monthly Rent	Annual Rent Change
Central Las Vegas	94.2%	-1.5%	\$1,238	-0.7%
East Las Vegas	92.3%	-2.1%	\$1,294	-5.0%
University/The Strip	93.0%	-2.7%	\$1,241	-1.8%
West Las Vegas	92.4%	-2.2%	\$1,322	-4.4%
North Las Vegas	91.2%	-3.2%	\$1,484	-4.7%
Sunrise Manor/Northeast Las Vegas	91.1%	-2.9%	\$1,249	-3.1%
Henderson	93.8%	-0.5%	\$1,621	-5.8%
Green Valley	93.3%	-0.1%	\$1,554	-5.8%
South Las Vegas	93.7%	-1.8%	\$1,601	-3.6%
Southwest Las Vegas	93.7%	-0.7%	\$1,689	-3.7%
Summerlin/The Lakes	92.7%	-0.9%	\$1,710	-5.1%
Northwest Las Vegas	92.4%	-1.7%	\$1,486	-5.3%
<b>Las Vegas-Henderson-Paradise, NV</b>	<b>92.8%</b>	<b>1.6%</b>	<b>\$1,462</b>	<b>-4.3%</b>

Showing 1 to 13 of 13 entries

Previous Next

## Units by Submarket Delivering in 2023



**9,793**

Units Under Construction



**6,829**

Units UC Delivering In the Next 4 Quarters

### Number of Units Under Construction

Central Las Vegas - 1,062
East Las Vegas - 0
University / The Strip - 388
West Las Vegas - 251

### Number of Units Delivering Next 4Q

Central Las Vegas - 24
East Las Vegas - 0
University / The Strip - 323
West Las Vegas - 251

North Las Vegas - 1,600	North Las Vegas - 1,273
Sunrise Manor / Northeast Las Vegas - 0	Sunrise Manor / Northeast Las Vegas - 0
Henderson - 1,489	Henderson - 1,042
Green Valley - 0	Green Valley - 0
South Las Vegas - 1,360	South Las Vegas - 966
Southwest Las Vegas - 2,651	Southwest Las Vegas - 2,272
Summerlin / The Lakes - 0	Summerlin / The Lakes - 0
Northwest Las Vegas - 992	Northwest Las Vegas - 678

## Sales Activity

Transaction dollar volume for single asset conventional multifamily trades in Las Vegas totaled roughly \$383.7 million through the 3rd quarter 2023, down about 84% year-over-year. Meanwhile, the number of transactions decreased about 87% compared to the same timeframe last year, with only 6 apartment properties trading hands so far in 2023. Meanwhile, the average price per unit in Las Vegas came in at roughly \$217,600, down 18% annually. Las Vegas' average price per unit landed below the norm for the West region (\$301,000) but relatively equal to the U.S. average (\$219,700).

### Most Active Buyers (Previous 24 Months)

1. Tides Equities
2. Davlyn Investments Inc
3. Keller Investments

### Most Active Sellers (Previous 24 Months)

1. Bascom Group
2. WestCorp
3. Calida Group

### TRANSACTION VOLUME

**\$383.7M**

YTD Transaction Volume

**-84%**

Y-O-Y Change

**6 YTD**

Individual Transaction Count

**\$217.6k\***

Price Per Unit

**-18%**

Annual Price Change

\* Trailing 4Q average PPU

\* Preliminary Data from RCA - Individual conventional MF transaction \$25M +

## Economy

In the year spanning from August 2022 to August 2023, Las Vegas saw substantial growth across multiple employment sectors, signaling a resilient and diversifying economy. Leading the charge was the Leisure and Hospitality sector, with a remarkable 6.5% increase, adding 18,400 jobs. This sector's performance is particularly notable given its significance to the local economy. Professional and Business Services followed suit with 6.0% growth, contributing an additional 9,700 jobs. However, the standout in terms of percent change was the Construction sector, surging by 8.2% and adding 6,400 jobs, reflecting a booming real estate and development market. Other notable sectors include Education and Health Services, which grew by 5.3%, and Government, posting a 3.4% increase. Overall, the metro added 48,600 jobs with an employment growth rate of 4.5%, indicating a positive trajectory in the labor market.



**48.6K**  
AUGUST ANNUAL JOBS CREATED



**4.5%**  
AUGUST 23 EMPLOYMENT GROWTH

## Top 5 Employment Sector Annual Change



LEISURE & HOSPITALITY



BUSINESS & PROFESSIONAL SERVICES



CONSTRUCTION



GOVERNMENT



TRADE, TRANSPORTATION & UTILITIES

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Sector	Change from August 2022 to August 2023	Percent Change
Leisure and hospitality	18,400	6.5%
Professional and business services	9,700	6.0%
Construction	6,400	8.2%
Education and health services	6,200	5.3%
Government	3,600	3.4%
Trade, transportation, and utilities	2,400	1.2%
Manufacturing	1,800	6.1%
Information	300	2.2%
Financial activities	200	0.3%
Mining & logging	0	0.0%
Other services	(400)	-1.2%

Showing 1 to 11 of 11 entries [Previous](#) [Next](#)

## Cost of Living Comparison

The cost of living in Las Vegas presents a significantly more affordable picture compared to Los Angeles. According to the Cost-of-Living Index, Las Vegas scores a 95.9, considerably lower than Los Angeles. The most striking difference lies in housing costs, which are 55.4% less expensive in Las Vegas. Utilities and transportation also tilt in favor of Las Vegas, being 6.8% and 11.2% less costly, respectively. Even grocery and healthcare expenses are marginally lower, by 5.8% and 17.4%. Given these disparities, it's clear that Las Vegas offers a more cost-effective living experience across multiple categories, making it an attractive alternative for those contemplating a move from expensive coastal cities.

Los Angeles, CA vs. Las Vegas, NV
Cost of Living Comparison
<b>Groceries:</b> 5.8% Less
<b>Housing:</b> 55.4% Less
<b>Utilities:</b> 6.8% Less
<b>Transportation:</b> 11.2% Less
<b>Health:</b> 17.4% Less

# 95.9

Cost of Living Index

# \$3,322

Average Mortgage  
(vs Average Rent: \$1,462)

# 102.4

Housing Index Score

# 104.2

Utilities Index Score

# 106.5

Gas Index Score

# \$449,600

Median Home Sale Price  
(YoY Change: -7.4%)

## Market Outlook

Las Vegas' apartment market is at an inflection point, influenced by a mix of positive economic indicators and challenges. On one hand, the rebound in the travel and hospitality sector has propelled employment growth, surpassing national averages and returning to pre-pandemic levels. This, coupled with an in-migration from higher-cost areas like California, has provided a boost to housing demand. However, several factors could temper this optimism. The influx of new supply is at the forefront, with over 6,800 units set to be delivered in the next 12 months, resulting in a 3.0% inventory growth. While this rate is moderate on a national scale, it's significant enough to create competition, particularly in the Class A segment.

While challenges persist, the foundation for a resilient market is present. Employment gains, particularly in critical sectors like travel and hospitality, bode well for future demand. It's reasonable to expect that as the market stabilizes, both occupancy rates and rent growth will see incremental improvement, albeit potentially remaining below U.S. averages. The metro appears poised to navigate through the transitional phase and likely has the worst of its net move-outs behind it.

Sources: RealPage; BLS; MSCI; The Council for Community And Economic Research (C2ER)

TO GAIN FURTHER INSIGHTS INTO THE LAS VEGAS MARKET PLEASE REACH OUT TO OUR NATIONAL TEAM



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