

**CONSTRUCTION  
ACTIVITY**



UNDER CONSTRUCTION **9,967**

UNITS DELIVERED (YTD) **2,827**

**MARKET  
FUNDAMENTALS**



VACANCY RATE **6.3%**

YEAR-OVER-YEAR CHANGE **-20bps**

ASKING RENTS **\$1,494**

YEAR-OVER-YEAR CHANGE **-0.1%**

**TRANSACTION  
ACTIVITY (YTD)**



MEDIAN PRICE PER UNIT **\$172,500**

LAS VEGAS MULTIFAMILY  
2Q 2024

MARKET INSIGHTS

# Transaction activity surges to close the first half

## HIGHLIGHTS

- The Las Vegas multifamily market recorded a mixed performance in the last three months, as strong renter demand caused vacancy to tighten, but rents were flat.
- Area vacancy improved in recent months after trending higher in the previous two quarters. The vacancy rate declined by 40 basis points during the second quarter to 6.3 percent. Year over year, vacancy is down 20 basis points.
- Asking rents remained relatively flat in recent months, inching lower by 0.1 percent during the second quarter to \$1,494 per month. During the past year, rents are down 0.1 percent.
- Sales velocity accelerated from the first quarter to the second quarter, and transaction volume through the first half of 2024 is nearly identical to levels recorded in the same period of last year. The median price to this point in the year is \$172,500 per unit.

## LAS VEGAS MULTIFAMILY MARKET OVERVIEW

The Las Vegas multifamily market performed well during the second quarter with vacancy trending lower despite a continued period of elevated construction. Vacancy recorded its largest quarterly improvement since 2021 during the past three months, with the rate closing the first half at 6.3 percent. Since spiking in the opening quarter of 2023, vacancy has been mostly stable, even posting a slight decline in the most recent 12-month period. Improving vacancy conditions in the face of elevated supply growth are being fueled by continued renter demand and employment growth. Still, rents in the region have been mostly flat for the past 18 months after posting strong gains a few years ago.

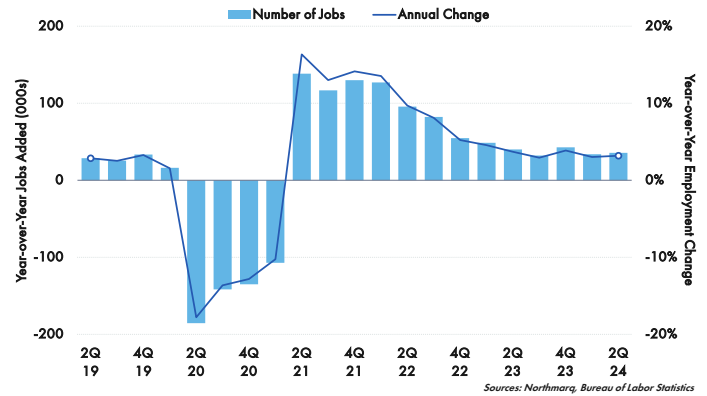
Transaction volume picked up in the Las Vegas multifamily market in recent months following a slow start to the year. The investment market generated some momentum late in the quarter, with investors targeting large, performing Class B properties in the city's suburban submarkets. Some Class C assets have also changed hands, but these assets have traded for prices between \$105,000 per unit and \$125,000 per unit. In prior years when rents were posting rapid gains, some of these older assets traded at prices closer to \$150,000 per unit, or higher. The median price during the first half of 2024 was \$172,500 per unit, down slightly from last year. Cap rates ranged between 5.25 percent and 6 percent during the last three months, closely tracking levels recorded in the previous quarter.

## EMPLOYMENT

- Area employers have added new jobs at a steady pace in recent quarters. During the past 12 months, total employment expanded by 35,600 workers, an increase of 3.2 percent.
- Leisure and hospitality employment is always a key indicator of the Las Vegas market’s overall health. The sector is leading the region in year-over-year employment gains. Leisure and hospitality employment surged by 3.4 percent during the past year, with the addition of more than 10,000 positions.
- MGM International recently announced plans for an additional 400,000 square feet of space near the entrance to the Bellagio on Las Vegas Boulevard. The expansion will include dining, retail, and entertainment space.
- **FORECAST:** Annual growth in the local labor market is forecast to outpace the national average. Total employment in 2024 is expected to expand by 25,000 workers, an increase of 2.2 percent.

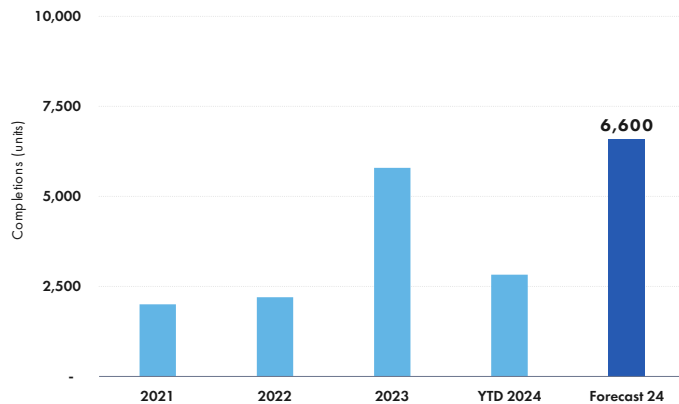
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### EMPLOYMENT OVERVIEW



Nearly 10,000 units are currently under construction.

### DEVELOPMENT TRENDS

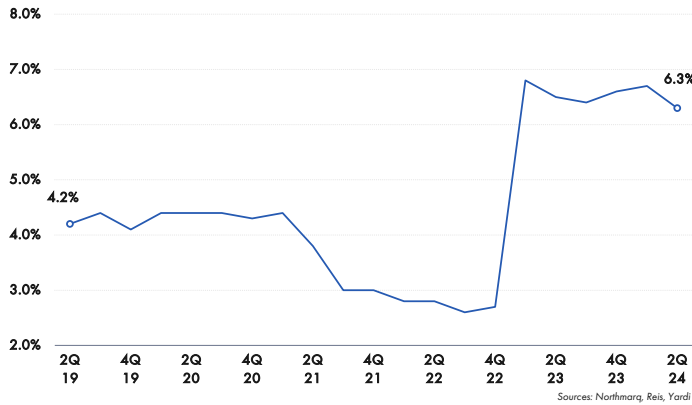


## DEVELOPMENT & PERMITTING

- The pace of multifamily deliveries has been elevated to this point in the year. Through the first half of 2024, developers have completed projects totaling more than 2,800 units, up 33 percent from the same period in 2023.
- Projects totaling nearly 10,000 units are currently under construction throughout the region. Multifamily development remains most active in the Spring Valley submarket, with the southern submarkets of Las Vegas also recording strong levels of construction.
- Permitting has been steady during the past 18 months. Developers pulled multifamily permits for more than 1,300 units in the last six months, nearly identical to levels recorded in both the first half and second half of last year.
- **FORECAST:** The pace of multifamily completions is expected to remain elevated through the end of the year. Projects totaling approximately 6,600 units are slated for completion this year, after roughly 5,800 units delivered in 2023.

Vacancy declined by 40 basis points during the second quarter.

VACANCY TRENDS



VACANCY

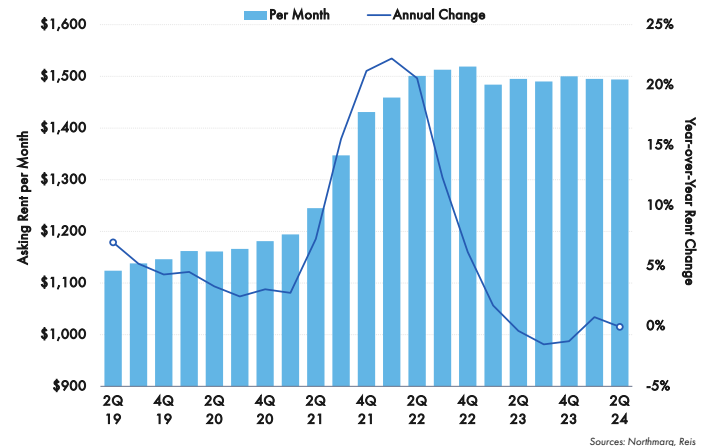
- The vacancy rate in Las Vegas tightened in recent months after trending higher in the previous two quarters. Area vacancy declined by 40 basis points during the second quarter to 6.3 percent. Year over year, vacancy is down 20 basis points.
- Vacancy in Summerlin has outperformed the market average during the past year. The vacancy rate in this submarket closed the second quarter at 4.8 percent, down 150 basis points from one year ago.
- Vacancy for Class A properties performed well in recent quarters, tightening even as new inventory has been added. During the past 12 months, vacancy for top-tier assets improved by 70 basis points to 6.1 percent.
- **FORECAST:** Vacancy is forecast to trend higher through the end of the year as supply growth will be elevated during the second half. The vacancy rate is expected to finish 2024 at 6.7 percent, up just 10 basis points for the full year, but a 30 basis point increase over the second half.

RENTS

- While vacancies tightened, rents in Las Vegas have been slow to gain traction. Local rents ticked down 0.1 percent during the second quarter to \$1,494 per month.
- During the past year, rents are down 0.1 percent. Rents have been essentially flat since the beginning of 2023, following steep rises in 2021 and 2022.
- Current Class A asking rents are \$1,738 per month, after briefly topping \$1,800 per month in 2022.
- **FORECAST:** Asking rents should begin to trend higher during the second half after a slow start to 2024. Apartment rents are forecast to finish the year at \$1,530 per month, an annual increase of 2 percent.

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RENTS TRENDS

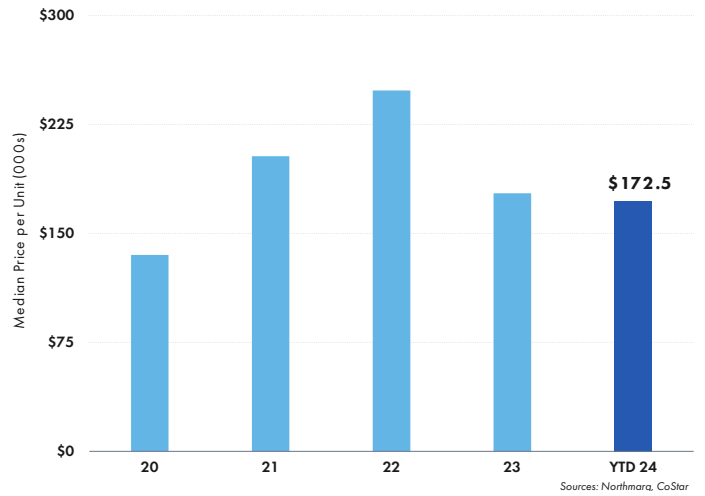


## MULTIFAMILY SALES

- Transaction volume in the Las Vegas multifamily market picked up in recent months after a slow start to the year. Total sales during the first half of the year are nearly identical to levels recorded in the same period of last year.
- The median price to this point in the year is \$172,500 per unit, down slightly from the 2023 figure. The transaction mix has been split fairly evenly between Class B and Class C properties thus far in 2024.
- Cap rates were relatively steady from the first quarter to the second quarter. Cap rates ranged between 5.25 percent and 6 percent year to date.

*The median price to this point in the year is \$172,500 per unit.*

### INVESTMENT TRENDS



## RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

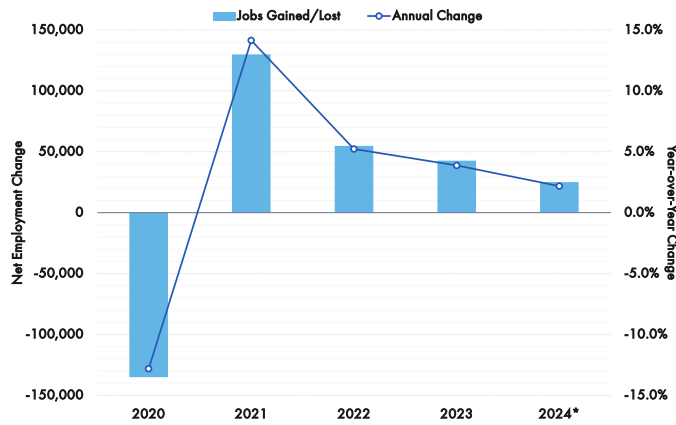
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Parkway Townhomes	2675 Windmill Pky., Henderson	1995	234	\$73,600,000	\$314,530
Millennium East Luxury Apartments	2580 E Alexander Rd., Las Vegas	2000	236	\$52,750,000	\$223,517
Prosper 89	10750 El Camino Rd., Las Vegas	2023	89	\$24,100,000	\$270.787
Sun Garden Apartments	3649 Cecile Ave., Las Vegas	1963	200	\$21,000,000	\$105,000

## LOOKING AHEAD

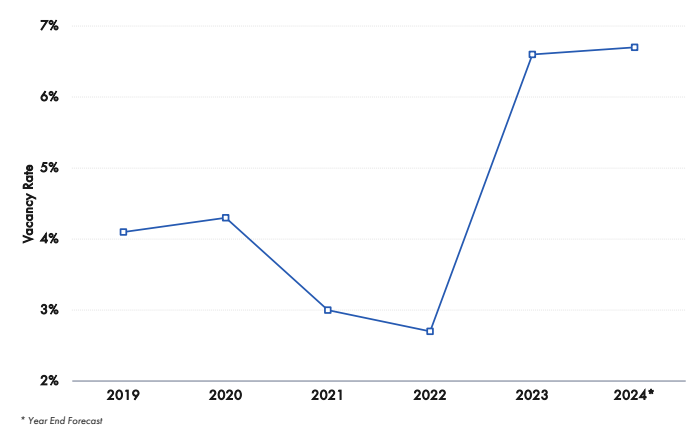
Operating conditions in the Las Vegas multifamily market will likely close the year showing signs of stability. The cumulative impact of elevated construction is expected to result in a vacancy increase in the second half, although the rate is on pace to end 2024 similar to levels at the beginning of the year. The market is benefitting from a steady pace of renter demand growth, as the local economy continues to thrive even as the national economy cools. After posting strong gains in 2023, visitor volume to Las Vegas is ahead of last year's pace, supporting strong gains in the city's important leisure and hospitality sector. More growth is likely. During the second quarter, developer LVXP announced plans for a 2,500-room development on the Las Vegas Strip located across the street from the Fontainebleau. The project is expected to include retail, convention space, and a possible sports arena. Another significant project that will boost growth in the long term is the redevelopment of the former Mirage property into a new Hard Rock Hotel & Casino, which should be completed by early 2027.

A strong close to the second quarter signals a potential surge in investment activity for the second half of the year. Nearly all of the sales that closed in the second quarter occurred in the final few weeks of the quarter, as buyers and sellers are showing signs of having closed the expectations gap on pricing and cap rates. Preliminary indications show investment activity carried over to the third quarter, putting the market on track for total sales in 2024 to outpace levels recorded last year. The region's continued economic growth—particularly in core industries—should spur additional investment. Middle-tier and lower-tier assets are expected to continue to account for most sales in Las Vegas, but there should be an eventual rebound in Class A transactions as properties lease-up successfully. Historically, Class A properties have accounted for about 15 percent of all transactions, but that total has retreated to about 10 percent since the second half of 2022.

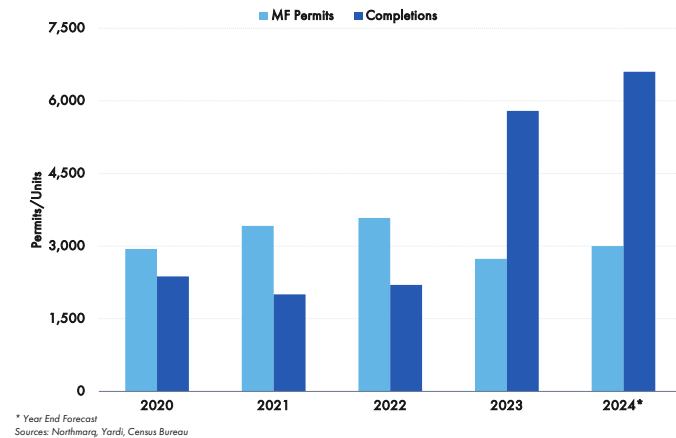
### EMPLOYMENT FORECAST



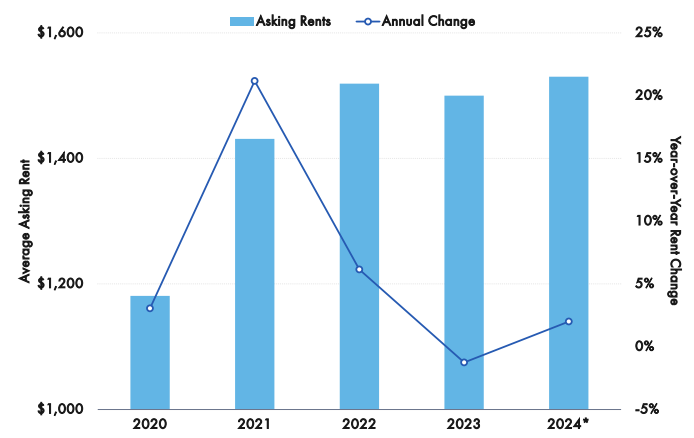
### VACANCY FORECAST



### CONSTRUCTION & PERMITTING FORECAST



### RENTS FORECAST





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