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## Rental market in LV strong

### Report puts city fourth in nation

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The Camden Harbor apartments at 9000 Las Vegas Blvd. South were sold for \$67.2 million and will be converted to condos. Photo by [Clint Karlsen](#).

The Las Vegas apartment market continues to benefit from job growth that leads the nation, bringing more residents here who are looking to rent, a report from Marcus & Millichap brokerage firm said.

Las Vegas is ranked No. 4 in the firm's annual National Apartment Index, a snapshot analysis of 42 apartment markets based on a series of supply and demand indicators for the next 12 months. Las Vegas climbed two places from last year.

"I like the apartment market in Las Vegas a lot," said Randall Friend, principal of Orange County, Calif.-based Eagle Real Estate Group, which recently

purchased the 560-unit Camden Harbor apartments at 9000 Las Vegas Blvd. South for \$67.2 million. "Because of the 52 percent increase in median home prices, condo conversions are hot. You've got all these new towers, but they're not going to hit for three to four years, and they're starting at \$300,000 to \$500,000."

Friend, who acquired the 1,259-unit Springs apartment portfolio in Las Vegas in January for \$82.5 million, plans to convert Camden Harbor to condos and sell three-bedroom units for about \$225,000.

With home prices at record levels, condo developers and converters are extremely active, said Christopher LoBello, regional manager for Marcus & Millichap in Las Vegas.

He said they're hoping to capture the growing number of first-time buyers who are being priced out of home ownership.

"Overall, the apartment market is very healthy due to Las Vegas' dynamic economy," LoBello said.

The apartment vacancy rate in December was 5.09 percent, up from 4.22 percent in November, said Spence Ballif, senior vice president of CB Richard Ellis. For the year, the average vacancy was 5.46 percent, down from the 2003 average of 7.89 percent.

Among the Marcus & Millichap report highlights for Las Vegas in 2005:

- Asking rents will increase by 2.5 percent and concessions will decline modestly. The city of Henderson and master-planned community of Summerlin, where demand for housing is highest, will outperform other areas with asking rent increases of 3 percent or more.
- Las Vegas will again lead the nation with a 4.8 percent increase in jobs. Employers will add almost 41,900 positions, led by expansion in the professional and business services and hospitality sectors.
- Investment activity will remain solid throughout the Las Vegas area. Compared to West Coast markets, the relative affordability of Las Vegas suggests opportunity, as its robust economy continues to lead the nation.
- Overall vacancy will drop 60 basis points to 5.8 percent after falling 70 basis points last year. Subdued construction and increasing demand spurred by strong in-migration will keep vacancies in check.

Chris Bentley, principal of the Bentley Group, said apartment rents increased 3.8 percent last year to an average of \$777 a month. He predicted a 6 percent jump in 2005.

A nice two-bedroom apartment rents for \$1,100 to \$1,200 a month, or about \$1.10 a square foot, Bentley said.

"What started it is home prices. Builders started paying more for land. That drove out apartment builders," he said.

Condo converters are expected to take about 12,000 apartment units off the market, with a lot of them already in the planning stage, Bentley said.

"That's the only thing that makes sense with land prices," he said. "At the end of the '90s, you couldn't sell a condo for \$100,000 if your life depended on it and now they're selling for \$200,000. At that time you could buy a house for barely over \$100,000."

Marcus & Millichap closed more than \$14.4 billion dollars in apartment transactions last year, a 30 percent increase over 2003.

Within the past nine months, brokers Michael Shaffner and Michael LaBar have sold about 1,500 multifamily units valued at more than \$120 million.

Most recently, they negotiated the \$13.1 million sale of the 216-unit Spanish Oaks apartments at 2301 S. Valley View Blvd. The sales price represents \$60,880 a unit, \$85 a square foot.

The buyer plans to "reposition" the property with substantial exterior renovations. Rents range from \$595 to \$675 a month.

Riverside-San Bernardino, Calif., claimed the top spot in Marcus & Millichap's apartment index, surpassing last year's leader, Orange County, Calif. The region's strong demographic and employment trends, a recent run-up in housing prices and low vacancy rates will fuel 6 percent rent growth.

Las Vegas' apartment sales activity is largely driven by California investors, said Chris Emanuel, manager of Sperry Van Ness' multifamily division in Las Vegas.

They cashed in on apartment complexes whose values, as in Las Vegas, have been pushed up by rising land and home prices, purchasing cheaper properties in Nevada through the IRS 1031 "exchange" code that defers capital gains taxes.

"A lot of clients that are aggressive in this market are from Southern California," Emanuel said. "Most people want to have their money invested somewhere close to them and the rate of return has been a few percentage points higher here in Las Vegas."