

IN BUSINESS Las Vegas

Real Estate and Development

LV market is kind to both renters and landlords

By Brian Wargo / Staff Writer

Las Vegas has made two more Forbes.com lists.

No, it's not updated lists about the least affordable housing markets or metropolitan areas that face the steepest decline in home appreciation — issues Forbes and other publications often write about when it comes to Las Vegas.

But some people may be scratching their heads when Forbes included Las Vegas on two lists reviewing markets for renters and landlords.

On Aug. 30, Forbes.com ranked Las Vegas as the fourth-best market in the country for renters.

Less than a week later, Forbes.com listed Las Vegas as the seventh-best market for landlords.

According to Forbes, Las Vegas is behind Atlanta, Denver and Phoenix if you're looking to rent property. It cited the same oversupply issues plaguing the Las Vegas housing market. Las Vegas went from one of the nation's tightest vacancies at 2.9 percent to one of the most overstocked at 4.9 percent. Rents in lower level units rose faster than the higher end, and it cited how unsold condos have come back into the rental pool.

The magazine, however, suggested this might be the best time to rent because job creation will gobble up the supply.

As for landlords, the magazine said rising vacancy rates are bad for them, but they are in a good position because Las Vegas has job growth that's three times the national average.

"One curious finding: the best locales for landlords and investors aren't necessarily the worst for renters," Forbes said. "Take Las Vegas. While vacancies there have jumped over last year and rental rates have remained low, the city ranked seventh on our list due to its job growth — 4 percent over last year. Sin City is the second best city in America for job growth."

So which is it, a renter's market or one for landlords? I asked Hessam Nadji, director of research services at Marcus & Millichap Real Estate Investment Services, who tracks the Las Vegas apartment market.

A year ago, when rents were rising and vacancy was tight, Nadji correctly predicted that the inventory would increase and rental rates would slow and incentives would pick up.

Nadji classified Las Vegas as a landlord's market. He pointed out that Forbes used his firm's data in listing Las Vegas No. 7 in the country in that category, but Forbes didn't use his firm's data when compiling the renter's list.

"I would say it's one of the Top 10 for landlords, but it is becoming more of a renter's market," Nadji said.

The reason it is a top landlord's market is the vacancy is below the national average and because of the strong job growth, Nadji said. It is becoming more of a renter's market because of the excess condo and single-family housing inventory, he said.

If he had to choose, local analyst Brian Gordon, a principal with Applied Analysis, said he would classify Las Vegas as a landlord's market.

"I think apartment owners continue to benefit from strong expansion within the Las Vegas economy," Gordon said. "I think it is a great opportunity for landlords on the horizon."

Glenn Dulaine, a broker/salesman with Realty Executives of Nevada, also sees great long-term opportunities for landlords but he considers the market today a good one for both renters and landlords.

Tenants are benefiting from the inventory of condo conversions and homes that has prompted owners to lower rents and offer concessions, Dulaine said.

But long term, landlords are in a good position because of a lack of land to build multifamily units and the growth in the work force that will result from the opening of more casinos along the Strip, Dulaine said.

Dulaine said multifamily developers are in one camp or the other.

They are either bullish on the five-year picture or waiting for things to change, he said.

While some developers don't believe they can get the rents for the cost to buy land and build, others such as Trammel Crow, Picerne and Alliance are expanding, Dulaine said.

The numbers may not pencil as well now for new projects but that will change, Dulaine said. If vacancy rates remain low in the future, landlords will be raising rents.

It will be up to the resort industry to pay their employees more money so they can afford the rent increases, Dulaine said.

In other news:

- Perini Building Co. is sponsoring a fundraiser Oct. 12-13 to raise money for the Shade Tree homeless shelter for women and children and Teach for America. The

goal is to raise \$50,000. The first event is from 6 to 10:30 p.m. at McCormick & Schmick's at the Howard Hughes Center. There will be an auction and other events as well. For more information, go to periniweekend.com.

- The Mercer will hold a groundbreaking event for brokers on Sept. 19. It is a mid-rise residential project.
- San Francisco-based Hamilton Zanze & Co. has sold the Rancho Del Rey Apartments to The Matteson Cos. of Redwood City, Calif., for \$21.3 million. That equates to \$110,937 per unit or \$122.47 per square foot, according to the Bentley Real Estate Advisors, which brokered the deal. Rancho Del Rey is located at 2701 N. Decatur Blvd.

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