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# PRESS RELEASE

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## Second Quarter 2010 Apartment Market Performance Measures Released

*Leading Real Estate Research Firm Notes  
Rents Continue to Erode While Occupancies Remain Within a Tight Range*

After releasing its second quarter 2010 apartment market report today, local business advisory firm Applied Analysis noted that rents continued to trend downward while occupancy rates have leveled off within the professionally-managed apartment market in Las Vegas. As of the close of the second quarter of 2010, valley-wide average asking rents of \$765 per unit per month, or \$0.85 per square foot, edged downward (-1.5 percent) from \$777 per unit during the previous quarter (Q1 2010). On a year-over-year basis, average asking rents remain down a more significant 10.7 percent. The latest rent figures reflect price points not witnessed in six years (Q2 2004).

Prolonged weakness in the for-sale residential and labor markets combined with flat to negative population growth continue to impact fundamentals in the apartment market. Operating margins remain slim as rents are down and occupancies hover below historical norms. Current market dynamics have forced property owners and managers to reevaluate pricing structures, including concessions, to compete, while attempting to balance debt service requirements.

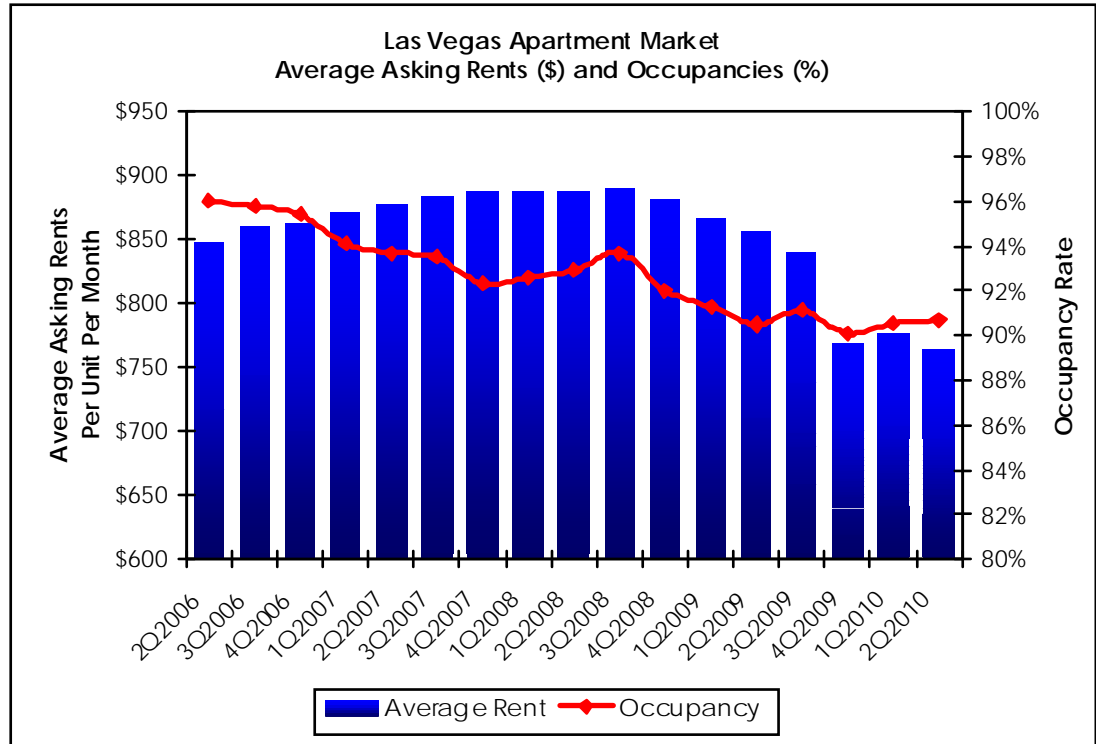
Despite a decline in average asking rents, average occupancies within the Las Vegas valley turned up slightly for the second consecutive quarter. During the second quarter of 2010, the market posted an average occupancy rate of 90.7 percent, up 0.1 percentage points from the previous quarter (Q1 2010). Average occupancies also remain up 0.2 points from a year ago (Q2 2009) but significantly below historical norms, with 5- and 10-year market averages of 93.2 percent and 93.7 percent, respectively.

### Las Vegas Valley Quarterly Comparison

	2Q 2010 (current quarter)	1Q 2010 (previous quarter)	2Q 2009 (same quarter one year prior)
Average Asking Rent per Unit	\$765	\$777	\$857
Average Asking Rent per SF	\$0.85	\$0.86	\$0.95
Annual Rent Growth	-10.7%	-10.5%	-3.6%
Average Occupancy Rate	90.7%	90.6%	90.5%

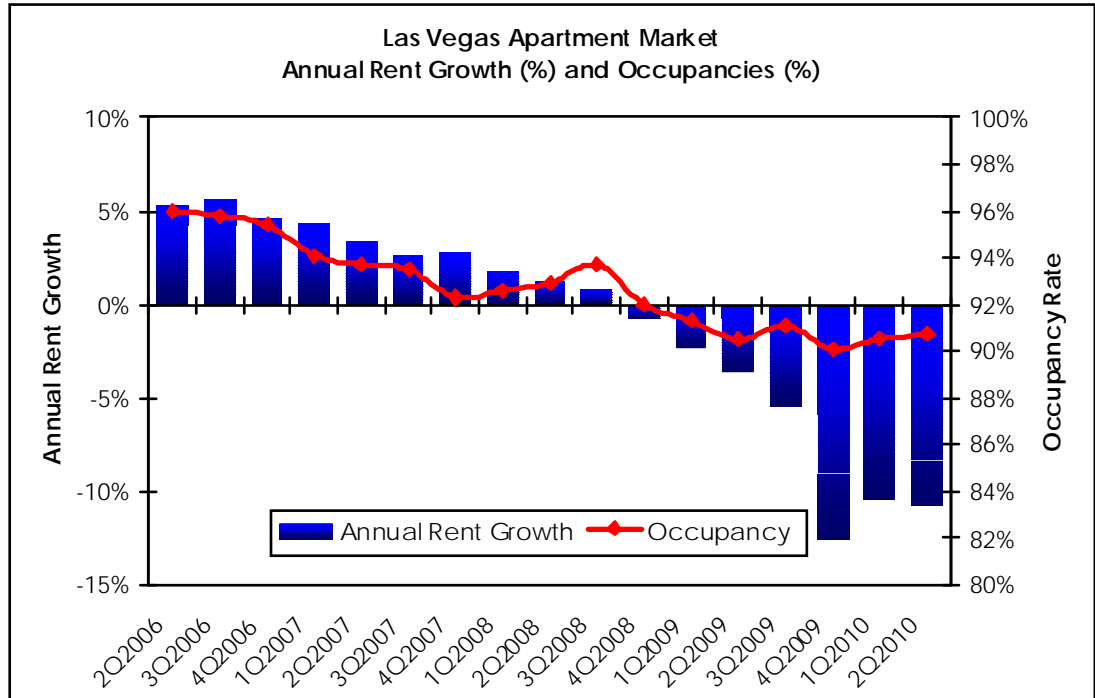
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**Highlights:**

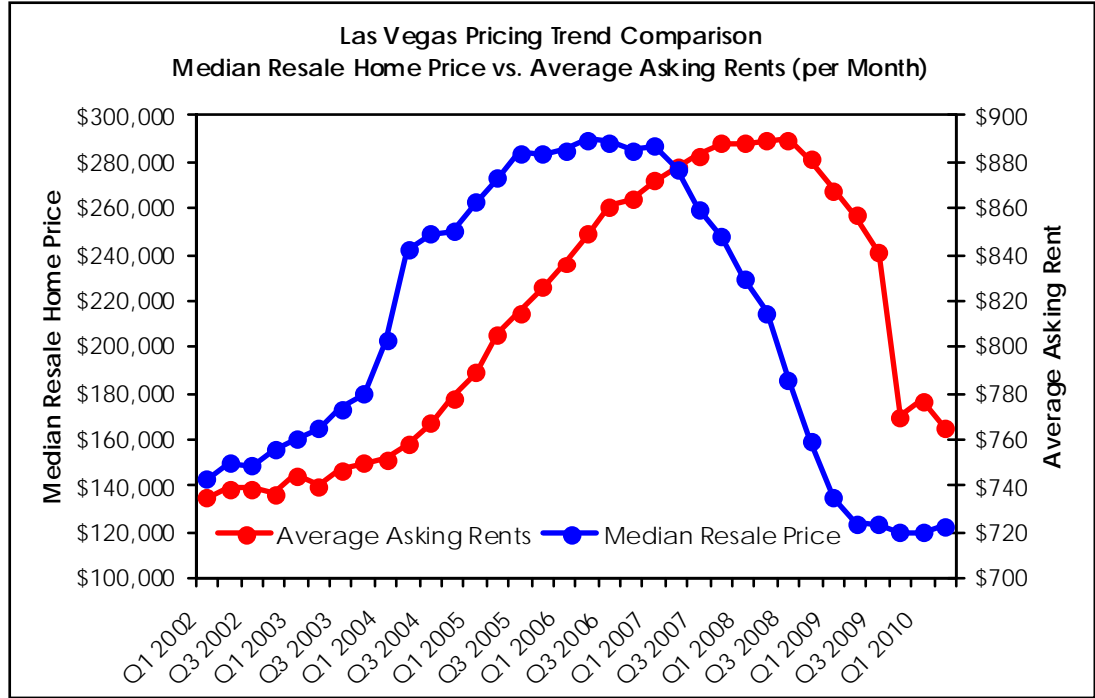
- **Highest Rent Per Unit Area:** Southwest (\$919 per unit per month)
- **Lowest Rent Per Unit Area:** Northeast (\$648 per unit per month)
- **Strongest Annual Rent Growth Area:** South (-7.8%)
- **Weakest Annual Rent Growth Area:** Southeast (-13.4%)
- **Highest Occupancy Area:** Southeast (92.6%)
- **Lowest Occupancy Area:** North (88.3%)
- **Submarkets reporting lower-than-average lease rates:** Northeast (\$648) and Central/East (\$696)
- **Submarkets reporting higher-than-average lease rates:** Northwest (\$770), North (\$781), West (\$766), Southwest (\$919), South (\$776) and Southeast (\$840)
- **Annual employment decline (May 2010):**
  - All employees: -30,700 (-3.7%)
  - Construction: -16,500 (-25.4%)
  - Leisure and hospitality: -5,300 (-2.1%)
- **Las Vegas unemployment rate** – 14.1% (up from 11.3% one year ago)



**Commentary:**

Jake Joyce, project manager with Applied Analysis, commented on the apartment market, "While the housing sector remains weak due to the severity of broader economic conditions, including stagnant population growth and a challenged labor market, conditions within the apartment market may be reaching a bottom. With the expiration of the homebuyer tax credit and interest rates expected to rise before the end of the year, the flow of renters to homeownership could slow allowing the multi-family market to flatten out by the end of 2010."

Applied Analysis Principal Brian Gordon added, "Much like the market experienced in the hotel industry during the past two years, apartment owners are finding the need to reduce prices in an effort to maintain a critical mass of occupancies. With the rental market lagging the for-sale housing market by one to two years, price cutting should start to slow within the next six months. The performance of the job market remains the key factor to the ultimate timing of the apartment sector's recovery. Fundamental improvements will likely be sourced to sectors outside of tourism and construction."



Applied Analysis is a Nevada-based advisory services firm providing a wide range of consultation services for public and private entities. The company utilizes extensive experience in economics, information technology and finance to provide a wide range of services, including urban economic consulting, financial advisory services, market analysis, public policy analysis, hospitality industry and gaming consulting, and information system and technology consulting. Applied Analysis has offices at 10100 West Charleston Blvd., Suite 200, and can be reached at 702-967-3333. The firm’s Web site can be accessed at [www.appliedanalysis.com](http://www.appliedanalysis.com).

