Northmarq

CONSTRUCTION ACTIVITY

UNDER CONSTRUCTION	7,183
UNITS DELIVERED (YTD)	1,733

MARKET FUNDAMENTALS

VACANCY RATE	8.1%
YEAR-OVER-YEAR CHANGE	40bps
ASKING RENTS	$1,527
YEAR-OVER-YEAR CHANGE	-1.0%

TRANSACTION ACTIVITY (YTD)

MEDIAN PRICE PER UNIT	$262,800

LAS VEGAS MULTIFAMILY
2Q 2025

MARKET INSIGHTS

Vacancy stabilizes as supply pressures ease

HIGHLIGHTS

- The Las Vegas multifamily market posted a stable first half of 2025. Vacancies and rents are similar to figures from the end of 2024. Deliveries continue to slow, a trend that is expected to extend through the remainder of 2025.
- Vacancy conditions have recorded minimal changes for three consecutive quarters. The vacancy rate inched higher by 10 basis points during the second quarter after posting modest improvements in the preceding two periods. Year over year, the rate is up 40 basis points.
- Asking rents declined 0.2% in the second quarter to $1,527 per month. Over the past 12 months, rents dipped by 1.0%, as vacancy rates have been stable, but elevated.
- Multifamily investment activity strengthened in the first half of 2025, with both pricing and deal volume on the rise. Recent volumes are still well below peak levels from a few years ago. The median sales price reached $262,800 per unit year to date, a spike of more than 20% from 2024 levels.

LAS VEGAS MULTIFAMILY MARKET OVERVIEW

While the pace of economic expansion across the local market's key industry has slowed, multifamily property fundamentals in Las Vegas are being supported by strong demographic growth. Renter demand is being fueled by the formation new households; a surge in in-migration from other markets in 2024 spurred the largest annual population gain in Las Vegas since 2007. Developers are responding to these trends and have delivered approximately 15,000 new rental units to the market since 2022. As of the second quarter, more than 7,000 units were under construction, although properties are on pace to deliver over the next few years. Completions in 2025 will reflect a pullback from more active periods in 2023 and 2024. Many of the submarkets that led the way for new development in recent years, including Henderson, Northwest, and Southwest Las Vegas, are projected to post more modest levels of new units in the coming year.

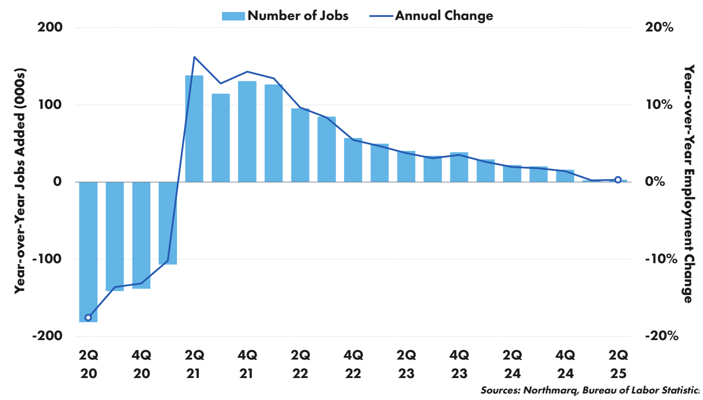
Multifamily investment sales in Las Vegas accelerated over the past year, with transaction activity nearly tripling compared to the previous 12-month period. This increase in velocity has coincided with a rise in per-unit pricing. The median price in deals that have closed year to date is up to $262,800 per unit, considerably higher than pricing levels from recent years. The surges in volume and per-unit price levels were almost entirely driven by a significant increase in trades above $40 million, as investors primarily sought Class A and Class B properties built or renovated in the last decade. Despite the recent momentum, total sales volume over the past year is still down more than 50% from the 2021 peak.

EMPLOYMENT

- Employment growth in Las Vegas has leveled off in recent periods. During the past year, area employers hired 3,000 workers, an increase of 0.3%.
- The leisure and hospitality sector posted a modest rebound in recent months after softer conditions earlier in the year. The sector has added 2,500 jobs over the past 12 months, about half the long-term average. Despite the slower pace, the industry remains the metro's primary economic driver.
- Construction began in June of this year on Switch's new AI-focused data center facilities in southwest Las Vegas. These buildings will span over 425,000 square feet and are designed to support high-density artificial intelligence workloads. The project is expected to position Las Vegas as a growing hub for AI-driven innovation and cloud services.
- **FORECAST:** Las Vegas is projected to regain hiring momentum and stabilize through year-end, resulting in a modest 0.5% net gain in total employment. Businesses are on pace to add about 6,000 workers this year, following a gain of more than 16,000 jobs in 2024.

Area employers hired 3,000 workers, an increase of 0.3%.

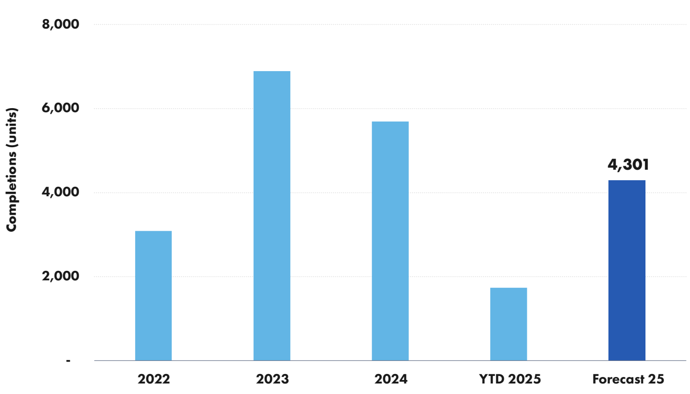
EMPLOYMENT OVERVIEW



DEVELOPMENT & PERMITTING

Fewer than 700 units were completed during the second quarter.

DEVELOPMENT TRENDS



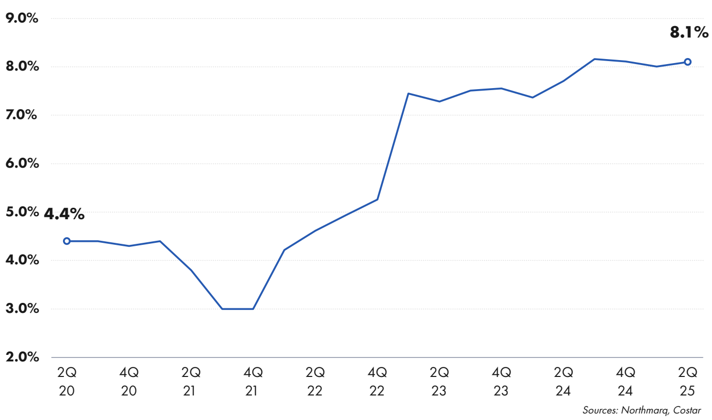
- Multifamily deliveries continued to slow in the second quarter, extending a downward trend. Fewer than 700 units were completed during the quarter, bringing total deliveries for the first half of the year to 1,733 units. This marks a 40% decline in completions compared to the same period in 2024.
- Projects totaling nearly 7,200 units are currently under construction in the Las Vegas area, down more than 25% from one year ago. Construction starts have been modest in recent periods and the development pipeline has thinned as activity returns to traditional levels.
- Multifamily permitting has picked up to this point in the year, following two years of low levels in 2023 and 2024. Developers pulled permits for approximately 2,000 units during the first half, more than doubling levels from the prior six months.
- **FORECAST:** The pace of multifamily completions is expected to continue declining through the end of the year. Projects totaling approximately 4,300 units are slated for delivery in 2025, after nearly 5,700 units were completed last year.

VACANCY

The current vacancy rate is 40 basis points higher than one year ago.

- The vacancy rate in Las Vegas inched up 10 basis points in the second quarter, reversing a similar decline from the first quarter. The current rate is 8.1%, 40 basis points higher than one year ago.
- Summerlin outperformed the region's overall vacancy trend during the past year. The submarket's vacancy closed the second quarter at 7.5%, down 150 basis points from one year ago.
- The cumulative effect of supply growth since 2023 continues to weigh on vacancy conditions in top-tier properties. During the past year, vacancy in Class A apartments rose by 90 basis points, reaching 7.7%.
- **FORECAST:** Vacancy is forecast to end the year at 8.2%, a modest increase from current levels. While renter demand is projected to remain strong, it is unlikely to keep pace with ongoing additions to inventory.

VACANCY TRENDS

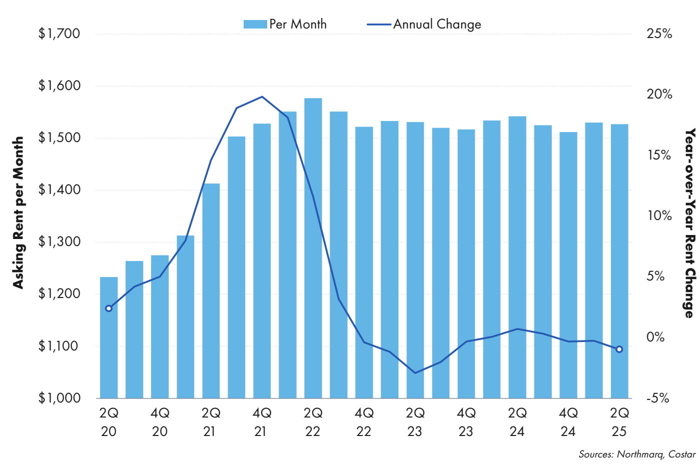


RENTS

- Rents inched lower in recent months after posting gains at the start of 2025. Asking rents are down 1% year over year, ending the second quarter at $1,527 per month. Despite steady renter demand, rents continue to trail long-term growth trends, when annual increases averaged around 4.5%.
- The average rent in Central Las Vegas rose 0.3% year over year, topping $1,300 per month at midyear. This is one of the few submarkets in the market that posted positive rent growth over the past year.
- Rent growth was mixed across the quality spectrum in recent periods. In Class A properties, average asking rents dropped 2.2% during the course of the past year, ending the second quarter at $1,740 per month. Rents in Class C properties inched up 0.2%, reaching $1,169 per month.
- **FORECAST:** Area rents are forecast to increase by 1.5% to $1,535 per month in 2025, the first annual increase after three years of declines. With construction activity tapering off, rent growth could accelerate into 2026.

Asking rents ended the second quarter at $1,527 per month.

RENTS TRENDS

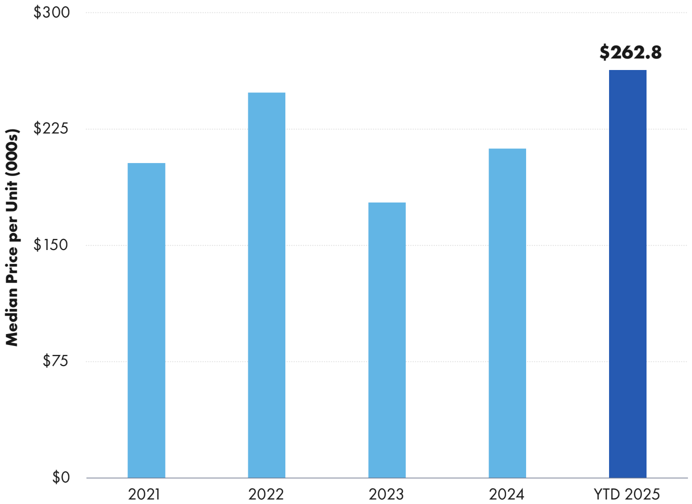


MULTIFAMILY SALES

- Through the first half of 2025, multifamily sales volume posted its strongest start since 2022. Transaction activity remained steady in the second quarter, closely tracking levels from the start of the year.
- Year to date, the median price reached approximately $262,800 per unit, a 24% increase from the 2024 median price. Nearly all the properties that traded in the last six months sold for more than $40 million. Class B and Class A assets built in the 1990s and newer accounted for more than half of the transaction mix in recent months.
- Cap rates in Las Vegas have remained within a relatively narrow range so far this year, with properties trading between 5.0% and 5.9%. During the second quarter, cap rates averaged around 5.4%.

The median price reached approximately $262,800 per unit.

INVESTMENT TRENDS



Sources: Northmarq, CoStar

RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

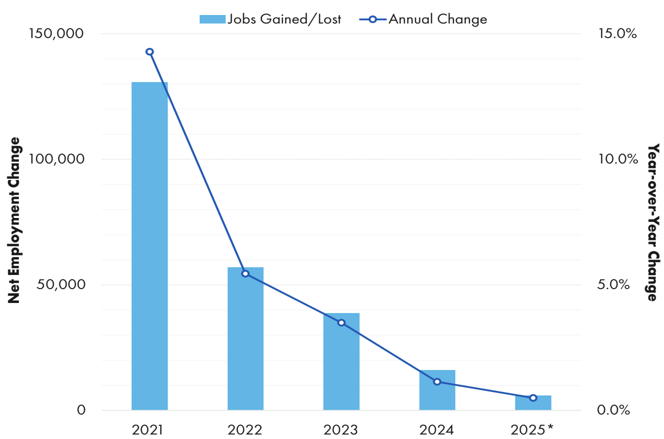
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Azure Villas I & 11	650-675 E Azure Ave., North Las Vegas	2007/2008	498	$113,000,000	$226,908
Lyric Apartments	304 E Silverado Ranch Blvd., Las Vegas	2014	346	$103,500,000	$275,266
Tides on Commerce	4249 N Commerce St., North Las Vegas	1999	336	$70,000,000	$208,333

LOOKING AHEAD

The Las Vegas multifamily market is expected to record fairly steady operational performance in the second half of this year, even as some of the market's key economic drivers are expanding more slowly than in recent periods. Visitor volume has cooled to this point in 2025, following strong gains in 2024 that were brought on by the Super Bowl and other events. The city's vital leisure and hospitality sector has posted slower rates of growth year to date as a result. Despite some near-term softness, infrastructure and redevelopment projects are expected to support long-term housing demand. Redevelopment of the former Mirage into a Hard Rock Hotel & Casino will bring more hospitality-driven economic activity by early 2027 and Las Vegas is adding a Major League Baseball team beginning in 2028.

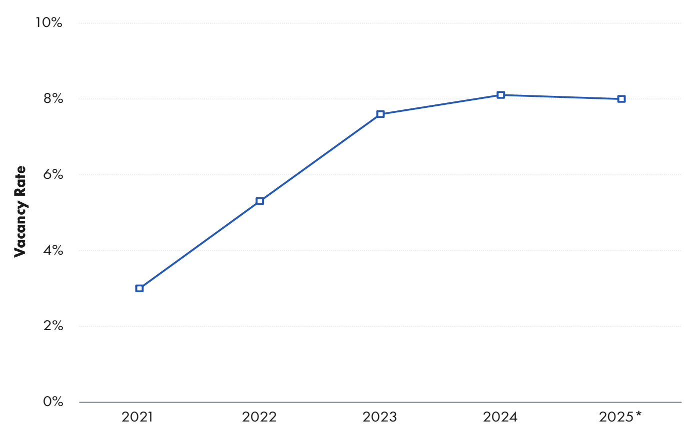
A strong close to the second quarter signals a potential acceleration in investment activity through the remainder of 2025. Several Class B properties built in the 1990s sold in the second quarter, as buyers and sellers began to align more closely on pricing and cap rate expectations. Early indicators suggest this momentum will continue into the third quarter, putting the market on pace to exceed total transaction volume from the prior year. Middle- and lower-tier assets are expected to remain the primary focus of buyers, though a rebound in Class A trades is possible as recently delivered properties are leased-up and are put on the market. Historically, Class A assets have represented roughly 15% of all multifamily transactions, but that figure declined to around 10% since the second half of 2024, with Class B product accounting for a healthy share of recent activity.

EMPLOYMENT FORECAST



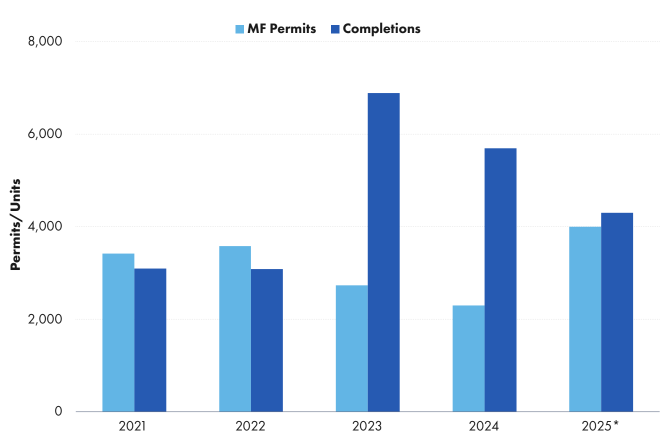
* Year End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



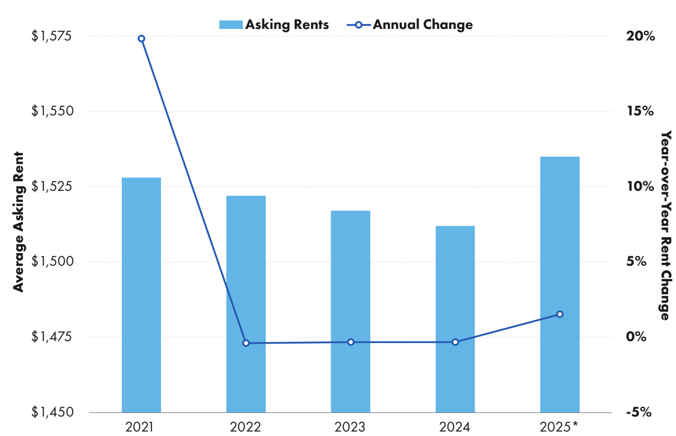
* Year End Forecast
Sources: Northmarq, CoStar

CONSTRUCTION & PERMITTING FORECAST



* Year End Forecast
Sources: Northmarq, Yardi, Reis, Census Bureau, CoStar

RENTS FORECAST



* Year End Forecast
Sources: Northmarq, CoStar

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ABOUT **NORTHMARQ**

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