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Las Vegas Home Sales Cooling in 2020

Ten years ago, Las Vegas' housing market was in a nosedive. Prices plummeted practically overnight.

Lenders were foreclosing on homes across the valley, builders' sales were evaporating, and house values were plunging.

The market is on much stronger footing today but has slowed considerably this year, after a heated run in 2018 sparked affordability concerns. There's no way to predict whether we're in the early stages of a crash, but the cooling, at least in theory, could help jump-start home sales — and there are some signs that buyer activity has picked up lately.

Southern Nevada home prices were up 3.3 percent year-over-year in August 2019, according to the S&P Dow Jones Indices. Las Vegas' growth rate was eighth among the 20 markets in the report, a sharp drop after two years in the No. 1 or No. 2 slots on S&P list.

The slower price growth, with a drop in interest rates since last year, bodes well for buyers by making homes more affordable, or at least not as expensive as they could be.

It's hard enough to keep up with rising home prices when wages aren't climbing fast, let alone when house values shoot past any bumps in pay. In August 2018, Las Vegas home prices were up almost 14 percent from a year earlier, S&P Dow Jones previously reported — more than four times the current pace.

The Las Vegas housing market is more volatile than other cities, and "normal" here is a relative term in more ways than one, but the recent slower price growth has let some air out of the market. The home sales and rental site, Zillow, stated recently that price growth nationally continues to slow and come back in line with historic norms.

Meanwhile, dropping mortgage rates lower monthly house payments, as money is cheaper to borrow. Nationally, the average rate on a 30-year loan was 3.8 percent in December, down from 4.01 percent a year earlier, according to Freddie Mac.

Amid the shifts, sales volume has been cooling in Southern Nevada.

On the resale market, 1,851 single-family houses changed hands in

December, down 3% percent from the same month last year, according to the Greater Las Vegas Association of Realtors.

Overall in late 2019 and early 2020, sales totals are slumping in Southern Nevada.

A total of 36,665 homes traded hands last year through October, down 4 percent from the same period last year, according to the GLVAR, which pulls data from its resale-heavy listing service.

It is doubtful that another housing apocalypse seems unlikely. but with cooling home prices, now may be a good time to consider purchasing additional income properties. If you have considered selling your current income property, you may want to take a 'wait and see' attitude.

Remember, Centurion not only manages properties, but we also handle sales. If you are considering adding properties to your portfolio, we certainly are happy to help. Centurion offers discounted commission rates to our property management clients.

Annual Rent Growth Leaders

Rank	Market	Nov 2019 Rent Growth
1	Phoenix-Mesa-Scottsdale, AZ	8.1%
2	Las Vegas-Henderson-Paradise, NV	5.6%
3	Nashville-Davidson--Murfreesboro--Franklin, TN	5.5%
4	Sacramento--Roseville--Arden-Arcade, CA	5.0%
5 (t)	Greensboro/Winston-Salem, NC	4.9%
5 (t)	Raleigh/Durham, NC	4.9%
7	Charlotte-Concord-Gastonia, NC-SC	4.6%
8 (t)	Riverside-San Bernardino-Ontario, CA	4.2%
8 (t)	Austin-Round Rock, TX	4.2%
10	Cincinnati, OH-KY-IN	3.9%

Landlords are so stuck up! They act like they own the place.

Keeping the Good Tenants Longer

According to the National Center for Housing Management, 54% of apartments turn over every year. Tenant turnover will cost you time, effort, and money. Reducing or eliminating your turnover expenses by keeping good tenants longer can help you to be a more profitable landlord. There are many advantages to keeping tenants longer:

- Avoiding or reducing unit turnover expenses
- Having consistent rental income
- Spending less time and effort preparing the unit for rent (cleaning, property showings, advertising, etc.)
- Avoiding the uncertainty of a new tenant

Here are five primary ways to keep tenants longer:

1. STAY ON TOP OF MAINTENANCE.

Keep your tenant happy by being proactive with property maintenance and routinely performing property inspections.

Few things are more frustrating for a tenant than having unaddressed maintenance requests. Centurion prefers to be proactive with maintenance keeping your tenant happy (no one wants to live with a clogged sink), and shows them that you want to give them a nice place to live. This can be a big deciding factor when your tenant is considering a renewal. Incentives like carpet cleaning or a deep cleaning by a maid service could be very attractive to long-term renters and make them feel appreciated, without breaking the bank.

2. BE A GOOD LANDLORD

You shouldn't underestimate the importance of the human factor when it comes to tenants. Your renters will be more likely to want to stay if you're a good landlord. Centurion is timely with responses and makes it easy for the tenant to contact us. For example, if you have to make repairs on the unit, consider having workers come while your tenants are at work so that you don't disturb their peace and quiet. After all, the more a place feels like home, the longer a good tenant is likely to stay. A cooperative attitude also sets the expectation of how you want to be treated in return, which makes it more likely that your tenants will respect you and your property.

3. KNOW WHAT TENANTS WANT MOST

It's important to know what factors tenants look for in a rental property so you can cater to their needs.

For many tenants, especially younger Americans, lifestyle quality is a major factor in whether they decide to stay or go. You may own the property, but the tenant should be able to consider it their home.

One of Centurion's owners, send Christmas presents to their tenants. The gifts have varied... from personalized cutting boards, to dining gift cards, to a potted plant. It's not the gift, it's the thought. Their turnover is very low.

4. BE PROACTIVE WITH RENEWALS

Centurion reaches out to your tenant 90 days before the lease is up to ask them if they want to renew. Even if you don't get a response right away, it might get them thinking about their plans early so they can give you more notice. That way, you can get a jump on advertising before the tenant moves out and perhaps have someone lined up to take their place without losing even a month of rent.

5. ENCOURAGE A LONGER LEASE

Consider asking Centurion to ask the tenant to sign a longer term lease at a reduced rate. If they renew every six months, extend the lease to a year. If they renew yearly, consider extending the lease to two years at a reduced rate. While this method could mean you lose out on the profit from rent increases, it could be worth it to keep a reliable, rent-paying tenant longer. Centurion will help you properly crunch your numbers so you know what option is best for you.

Conclusion

When you help Centurion retain reliable, on-time-rent-paying tenants, owning income property is easier. By encouraging good tenants to renew their leases, you'll avoid the costs associated with vacancy and have the peace of mind that comes with keeping tenants who you already know will pay their rent on time and will respect your property.