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Las Vegas Employment Growth Equals Income Property Growth

Southern Nevada's economy closed 2019 on a positive trajectory, with employment growth a key highlight among the trends that have fueled expansion in recent years. The Las Vegas metropolitan area's employment base reached 1.05 million in December 2019, which represented a relatively strong 2.5 percent annual growth rate that once again exceeded the national rate of 1.4 percent. The 25,200 jobs added over the past year in Southern Nevada were scattered across a wide range of industries, representative of a broad-based expansion that is benefitting the majority of industries.

Employment growth in Southern Nevada was driven by the construction and leisure and hospitality sectors. Recent growth in these sectors has been aided by a mix of a strong consumer economy driving visitation growth and substantial construction activity throughout the region on projects including Allegiant Stadium and Resorts World Las Vegas.

During 2019, construction employment in Southern Nevada grew by 9,400 jobs (+14.2 percent), and the leisure and hospitality industry expanded by 7,200 jobs (+2.5 percent). Other noteworthy areas of employment growth included professional and business services (+5,000 jobs, +3.4 percent), financial activities (+3,700 jobs, +6.9 percent),

and 1.0 percentage points from the prior year.

Average weekly wages in Southern Nevada's private sector were \$842 in December 2019, 2.3 percent higher than at the same point last year, while on a trailing 12-month average basis, weekly wages were up 2.1 percent. Southern Nevada's construction industry reported the strongest wage growth in 2019, with average weekly wages increasing 10.8 percent from the year before.

Southern Nevada continues to attract new residents at a high rate, particularly

Californians seeking employment opportunities and more affordable housing options. This dynamic has been a significant driver of employment growth in recent years, and that trend is expected to continue throughout 2020 as the regional economy remains well positioned for ongoing expansion.

The employment growth is very good news for the Las Vegas rental market.

LAS VEGAS METROPOLITAN AREA EMPLOYMENT		
TOTAL EMPLOYMENT	ANNUAL JOB GROWTH	ANNUAL JOB GROWTH RATE
1,048,500	25,200	2.5%

education and health services (+2,100 jobs, +2.0 percent), manufacturing (+1,200 jobs, +4.8 percent) and other services jobs (+1,100 jobs, +3.4 percent).

These employment growth trends pushed Southern Nevada's unemployment rate down to 3.5 percent in December 2019, the lowest mark since 1999. The rate was down 0.2 percentage points from November 2019

Security Deposit vs. Normal Wear and Tear

The law allows landlords to deduct portions of the security deposit to cover the cost of damages caused by a tenant. However, landlords cannot deduct to repair normal wear and tear, or the normal depreciation of a property. It's hard to determine what is considered normal wear and tear vs damage, but wise landlords soon learn the difference to avoid tenant disputes while receiving fair compensation for actual damages.

What is Wear and Tear?

All rental properties are going to suffer some deterioration, even with the best of tenants. Wear and tear is the inevitable decline of a property's overall condition due to time and usage.

List of normal wear and tear examples for renters:

- Scuff marks or worn patches on linoleum
- Wear patterns on carpet
- Carpet seams unglued or unravel
- Warping of doors and windows
- Wall dents from door handles
- Broken strings on blinds or curtains to t
- Cracked light switch plates
- Cracks in walls or ceiling from settling
- Sun-faded or heat blistered blinds or doors
- Wobbly toilet

These and similar conditions should never be deducted from the tenant's security deposit because they represent common wear and tear issues. Instead, landlords should plan on covering these costs involved in refurbishing the rental unit for the next tenant.

What is Damage?

Damage to a rental property occurs as a result of unreasonable use, abuse or accidents. This can also

include intentional alterations that the tenant made without approval. Even if the damage wasn't made by the tenant, but rather one of their guests, the tenant is still responsible for the cost of repairs.

Here are 10 examples of damage to rental property:

- Holes or tears in linoleum
- Burns or oil stains on carpet
- Pet urine stains on walls and carpet
- Holes in walls not from doorknobs
- Torn or missing curtains
- Broken window or missing screens
- Water marks from overflowed sink or bathtub
- Cuts or burns on countertops
- Unauthorized painting
- Broken toilet seat, tank or handle

While the specifics differ state to state, in general, a landlord must include a list of deductions along with any refunded portion of the security deposit. If the landlord has done a thorough move-in and move-out inspection with the tenant, there should be few surprises on either side.

Security Deposit Disputes

Unfortunately, disputes often arise when a tenant defines a deduction as wear and tear while a landlord considered it damage. A tenant may have a strong case if he or she can show that a landlord took a deduction for damages on something that is actually normal wear and tear.

As long as the landlord can give reasons for a reasonable interpretation of the differences between basic and normal wear and tear versus accidental or intentional damages, and outline the damages to the tenant during the move-out inspection, disputes can be minimized.

A man mentioned to his landlord about the tenants in the apartment over his. "Many a night they stamp on the floor and shout till midnight." When the landlord asked if it bothered him, he replied, "Not really, for I usually stay up and practice my trumpet till about that time most every night anyway."