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**MORRISSEY MONEY MATTERS**  
**The Property Management Firm**  
**By George Morrissey Real Estate Broker / Property Manager**  
**September 2017, updated Since 1981 Copyrighted PSI/GM**

**WE HELP PEOPLE BUY AND SELL HOUSES TOO AND HAVE  
FOR DECADES.**

**MORRISSEY MONEY MATTERS RENTAL HOUSE NEWSLETTER**

Las Vegas Rental Newsletter –Since 1981 - September 2017 ISSUE, copyrighted George Morrissey/PSI  
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newsletter information is made. Any actions taken or not taken based on this information should only be considered  
after consulting with appropriate advisors. Written entirely by George Morrissey (this is not a "purchased" letter from a  
provider like many others have).

**WE SELL HOUSES AND HAVE SINCE 1981. AND WE ARE  
DISCOUNT REAL ESTATE BROKERS TOO – SO OUR FEES ARE  
SUPER LOW AS COMPARED TO THE LOCAL FEES OTHER  
BROKERS CHARGE. I have been involved with 350+ sales in my  
career overseeing a variety of agents also under my wing!**

**SOME STATISTICS FOR THE LOCAL MARKET THAT I  
PERSONALLY RESEARCHED FROM THE MLS (MULTIPLE LISTING  
SERVICE) SYSTEM  
OF WHICH I AM A MEMBER OF AND HAVE BEEN FOR OVER 35  
YEARS**

**As of 9/13/2017**

**(Special Note – as I do my research – one must remember that at any moment one property may be listed and “added” to the total listings, while another of the 12,000 plus agents in town may have Rented a property and taken it off. So sometimes my totals at the beginning of my research are not the same as at the end. But the statistics for those in the group are accurate).**

**2941 properties are for rent TODAY.**

**2303 rented in the last 30 days.**

**5244 – were the total of properties available 30 days ago (2941+2303).**

**Of these 2941 that are for rent today**

**115 are occupied by the owner**

**345 are occupied by the tenant**

**2474 are VACANT**

**Thus 84.12 % are VACANT (2474 divided into 2941).**

Of these 5244 properties available for rent, 2303 rented in the last 30 days.

This means that in the last 30 days from all the property available only

43.91% RENTED 2303 divided into 5244 in the last 30 days.

2303 of all rentals in the MLS system were LEASED in the last 30 days.

This means that only 78.03 % (as compared to all the properties listed) were rented in THE LAST 30 days. Or 78 out of 100 properties rented in 30 days. This is a RESPECTABLE NUMBER for Landlords! This shows us that property can be rented quickly in this market! But it also means 22% of the properties DID NOT rent in in the last 30 days (and may continue to not be rented unless terms are changed or something else is different!). That is why flexibility with is so important for owners to change with the market. And it is super important for owners to START off with a competitive rent at the beginning and stick to their guns vs. the old American way of “starting high” and coming down in price later. This does not work well in the rental market because a tenant looking to spend \$1,200 WILL SKIP the house asking \$1300! Because they will NOT know that the owner will lower his rent!!! I have seen this happen too many times where the owner starts high and ends up lowering their rent later – after they suffer some longer vacancy

than they should! Pro's know it is best to have your rent be a bit LOWER than the competition – which drives more interest and applications to your door, and then BE PICKY who you take! Another saying for this is called “LOWER THE RENT AND RAISE THE DEPOSIT”.

**This ALSO means that 56.09% of the vacant properties for rent DID NOT RENT IN THE LAST 30 DAYS.**

One must remember, this does NOT include all the “private parties” that are marketing their property for rent NOT using a property manager and/or not using the MLS system! Private parties may advertise on sites like Craig's list and not put their property in the MLS system (they must use a Licensed Realtor and Property Manager like us to do so!). We also take that listing of our clients and PUSH It to over 100 other sites! This is called syndication and is INCLUDED IN OUR SERVICES to our rental property owners. So, our rental listings DO go on Zillow, Trulia, and even our competitor's sites! And why not! If more people see your house, it is a fact you will get more inquiries, more activity, and thus rent it faster than the competition (who might ONLY Have their Ad on Craig's List).

So, if private owners have ads elsewhere or property for rent NOT listed in the MLS than those properties would not be reflected in this statistic.

2941 rentals listed in the MLS are available FOR RENT TODAY  
2628 of these rentals DO NOT HAVE A POOL  
2559 OF THESE 2941 RENTALS are NOT FURNISHED  
1663 (FURNISHED OR NOT) HAVE A TWO (2) CAR GARAGE OR MORE  
192 OF THESE (FURNISHED OR NOT) HAVE 5 BEDROOMS  
610 OF THESE (FURNISHED OR NOT) HAVE 4 BEDROOMS  
1183 OF THESE (FURNISHED OR NOT) HAVE 3 BEDROOMS  
725 OF THESE (FURNISHED OR NOT) HAVE 2 BEDROOMS  
175 OF THESE (FURNISHED OR NOT) HAVE 1 BEDROOM  
27 OF THESE (FURNISHED OR NOT) ARE A LOFT OPEN SPACE TYPE UNIT

5244 rental properties were available FOR RENT in the last 30 days  
(These rentals could include Houses, Condos, Townhomes, Apartment,  
Duplexes, Fourplexes, and Mobile Homes)

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**FIVE BEDROOM UNITS**

In these last 30 days  
80 that were LEASED in the last 30 days were 5 bedrooms  
WITH NO POOL AND UNFURNISHED and in price from \$500 to \$4000  
Of these 80 we find ....  
The Median Size was 2,989 Sq. Ft and Median LEASED Price was \$2,018  
The Average Size was 3,050 Sq. Ft and Average LEASED Price was \$2,140

USING THE SAME FILTER ABOVE FOR 5 BEDROOMS  
BUT LOOKING AT FURNISHED PROPERTY ONLY AT ANY PRICE  
WE FIND 4 THAT LEASED IN THE LAST 30 DAYS WHICH SHOWS  
US FOR 5 BEDROOMS.  
The Median Size was 3,428 Sq. Ft and Median LEASED Price was \$4,450  
The Average Size was 3,663 Sq. Ft and Average LEASED Price was \$4,500

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**FOUR BEDROOM UNITS**

456 that were LEASED in the last 30 days were 4 bedrooms.  
I used NO FILTER FOR PRICE  
Of these 456 we find....  
The Median Size was 2,144 Sq. Ft and Median LEASED Price was \$1,554  
The Average Size was 2,273 Sq. Ft and Average LEASED Price was \$1,773

USING THE SAME FILTER ABOVE FOR 4 BEDROOMS  
BUT LOOKING AT FURNISHED PROPERTY ONLY AT ANY PRICE  
WE FIND 4 THAT LEASED IN THE LAST 30 DAYS WHICH SHOWS  
US FOR 5 BEDROOMS.  
The Median Size was 2,388 Sq. Ft and Median LEASED Price was \$2,000  
The Average Size was 2,778 Sq. Ft and Average LEASED Price was \$3,695

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**THREE BEDROOM UNITS**

971 that were rented in the last 30 days were 3 bedrooms  
NOT FURNISHED ANY PRICE THAT LEASED SEP 2017  
Of these 971 we find...

The Median Size was 1,590 Sq. Ft and Median Rental Price was \$1,300  
The Average Size was 1,631 Sq. Ft and Average Rental Price was \$1,356

FURNISHED BELOW AT ANY PRICE WE FIND  
23 THAT LEASED IN THE LAST 30 DAYS WHICH SHOWS US FOR 3  
BEDROOMS.

The Median Size was 1,624 Sq. Ft and Median LEASED Price was \$1,700  
The Average Size was 1,801 Sq. Ft and Average LEASED Price was \$2,019

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**TWO BEDROOM UNITS**

NOT FURNISHED BELOW AT ANY PRICE THAT LEASED IN SEPT  
2017

565 that were rented in the last 30 days were 2 bedrooms  
Of these 565 we find...

The Median Size was 1,090 Sq. Ft and Median Rental Price was \$975  
The Average Size was 1,213 Sq. Ft and Average Rental Price was \$972

FURNISHED BELOW AT ANY PRICE THAT LEASED IN SEPT 2017  
USING THE SAME FILTER ABOVE FOR 2 BEDROOMS FURNISHED  
BUT LOOKING AT FURNISHED PROPERTY ONLY AT ANY PRICE  
WE FIND

49 THAT LEASED IN THE LAST 30 DAYS WHICH SHOWS US FOR  
2BEDROOMS THE FOLLOWING:

The Median Size was 1,183 Sq. Ft and Median LEASED Price was \$1,750  
The Average Size was 1,342 Sq. Ft and Average LEASED Price was \$2,080

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**ONE BEDROOM UNITS**

157 that were rented in the last 30 days were 1 bedrooms

(special note – these include HIGH RISE Expensive Condos)

Of these 157 we find....

The Median Size was 897 Sq. Ft and Median Rental Price was \$850

The Average Size was 1,223 Sq. Ft and Average Rental Price was \$1114

FURNISHED BELOW AT ANY PRICE THAT LEASED IN SEPT 2017  
USING THE SAME FILTER ABOVE FOR 1 BEDROOMS FURNISHED  
BUT LOOKING AT FURNISHED PROPERTY ONLY AT ANY PRICE  
WE FIND

41 THAT LEASED IN THE LAST 30 DAYS WHICH SHOWS US FOR 1  
BEDROOMS THE FOLLOWING:

The Median Size was 727 Sq. Ft and Median LEASED Price was \$1,350

The Average Size was 775 Sq. Ft and Average LEASED Price was \$1,536

Furnished units usually have Property Management fees of 20% to 50%.  
Almost all Hotel furnished units like the MGM Grand or the Palms Place  
have 50% management fees in place. This means that they keep 50% of the  
Gross income you would get (daily) for any rents that come in under “their  
watch”. Most one-bedroom units do NOT appeal to a husband and wife two  
kids and a dog, and other groups, so in our experience and many others –  
take longer to get rented. Plus, they have more turnover because if those  
tenants who rent that one bedroom DO get married, or DO get a better  
paying job or DO get promoted etc. they tend to move more often....



SO, WHAT DOES ALL THE STATISTICS ABOVE TELL US?

Well... It is no surprise but one and two bedrooms are not as popular as  
three-bedroom units! One should know that the “Rolls Royce” of the rental  
marketplace is that type of property that rents to families and/or larger  
groups (they save money) which is the three or four-bedroom unit. Most  
pros have found that those types of tenants stay longer – lowering your  
vacancy – and this saves owners thousands over time. One does have an  
advantage when they buy a less expensive unit. The cost per square foot is  
less and the rent per that same square foot is MORE typically than a higher  
priced house. However, that is where the advantages end. Two of my  
mentors, John Schaub (still teaching and has some terrific books on

investing) and Jack Miller had differing opinions when they taught their  
MAKING IT BIG ON LITTLE DEALS THREE DAY -  
REAL ESTATE RENTAL HOUSE INVESTING CLASS

Jack liked the lower priced units and enjoyed better cash flows.  
John liked the higher priced houses and recognized the differences which  
are...

From the top of my head, here are some major differences!!!

A Low-Priced Condo/House	A Higher Priced Condo/House
Smaller Square Footage	Larger Square footage
Less carpet/roof to fix	More carpet/roof to fix
Lower Cost to buy	Higher Cost to buy
Less down Payment to buy	More down payment to buy
More management headaches	Less management headaches
More turnover	Tenants stay longer
Lower Income tenants	Higher Income tenants
Lower Credit Score tenants	Higher Credit Score tenants
Surrounded by similar units	Usually unique with only 1-2 similar
Usually lower income zip codes	Usually higher income zip code
Maybe more with HOA dues	More with NO HOA dues
Management Intensive	Not Management Intensive
These appreciate less	These appreciate more
Less tax shelter/depreciation	More tax shelter/depreciation
More competition	Less Competition
Must lower standards to fill them	Can have higher standards to fill them
Sometimes dozens for rent the same	Sometimes this is the only 1 for rent!

The summary for these two was this.

John decided during his lifetime that if he was to invest for decades (which is the same strategy my family has decided) John would want only those types of houses and tenants that he would live in, with less management problems, and less competition. John felt with this strategy overall, he would

get a better-quality tenant who would stay longer and abide by the rules more often.

Jack felt he wanted better cash flow from day one, and would take that risk that with his management skills – it would be OKAY for him to have the lower income element renting and dealing with him. He felt the better cashflows would offset his extra time involved and the extra potential risk for more vacancy and more turnover.

With my family having managed property since 1967 here in Las Vegas, and with me handling owner's properties for decades – I have had the major advantage of seeing all types of properties rented out and all manner of decisions (good and bad) made from all types of owners.

I have been able to see what works and what does not, and if an owner comes up with an idea or market price that is different from what I recommend – and is right (which is rare but does happen). I have also seen that same owner disagree with me and lose LOTS of money as they try to get that higher price, or not supply appliances, or make the tenants pay the HOA dues, or not include pool service – for example – and get really hurt financially when this does not work.

So, my family's strategy is to buy for the long term with 30-year fixed rate mortgages when rates are low – which they are now. We hang on for the long term and try to get tenants who do not move much and stay a long time. We try to avoid vacancy and turnover if we can. We do raise rents but not as aggressive as others as we don't want turnovers to occur. We know the average cost of a turnover AT LEAST is usually 150% of one month's rent and this really adds up over time – especially if this happens again and again.

One such benefit could be inside painting. Paint is good for about four years and almost always needs to be done when a tenant who rented from you for any length of time – moves out. If another tenant stays for twelve years then you avoid painting your house 3x (based on the four (4) year life of paint). This goes for carpet and other things as well. You might not like that the inside paint looks bad after the tenant has been there many years but if he is not moving then you are delaying that payment (and cost) for new paint or carpet, or what have you) into the future – and this saves you money. –



So, do consider what type of property you have or want, what your actual long or short-term strategy you have – and how you can best keep your tenants INSIDE your unit without moving for a long time and you will find many of those solutions are to: Not raise rent very much, fix stuff while it happens, take care of the tenants when needed, and let them enjoy the property without constantly bothering them. We like long term tenants and we like to have fixed payments that our tenants help pay off over time. And we like houses way more than condos, and normally (there are exceptions) no own property with HOA dues. If we could have bought just ONE more property over time we can look back and see how we would be doing much better! And if you could buy ONE MORE RENTAL PROPERTY TOO this may be a HUGE advantage for you in your life! Let us help you if you do.

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