Research Notes

Residential Rental Market in Nevada

Benjamin Albrecht, Economist

Bhramman Gulati, Economist

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Introduction

The lack of affordable housing has become a topic of intense debate in Nevada in recent years. Much of this discussion revolves around the rising cost of home ownership in the state. Contemporary research on home ownership reveals interesting information on the demographics of home buyers and the current state of Nevada's residential real estate market.

This research note focuses on the status of residential rental market and highlights the demographic profile of renters in Nevada.

Data for this note has been compiled from the American Community Survey (ACS), 2023 via Integrated Public Use Microdata Series (IPUMS)[1], and Apartment List Rent Estimates[2].

[1] https://doi.org/10.18128/D010.V16.0

[2] https://www.apartmentlist.com/research/category/data-rent-estimates

Rental Cost Burden

Table 1: Top States with Rental Cost Burdens

Rank	Area	Burden (%)
States		
1	Florida	61.6%
2	Nevada	57.4%
3	Hawaii	56.7%
4	Louisiana	56.3%
5	California	56.1%
US		
US Overall	United States	51.8%

Nevada has the second highest rental cost burden among all states. Approximately 57.4 percent of all renters in the state can be identified as being "*rent-burdened*". According to ACS, "rent-burdened" is defined as spending 30 percent or more of one's income on gross rent (rent, including other housing costs). By comparison, 51.8 percent of renters nationwide are rent-burdened. Florida leads the nation, with 61.6 percent of renters falling into this category.

Trends in Rent Burden

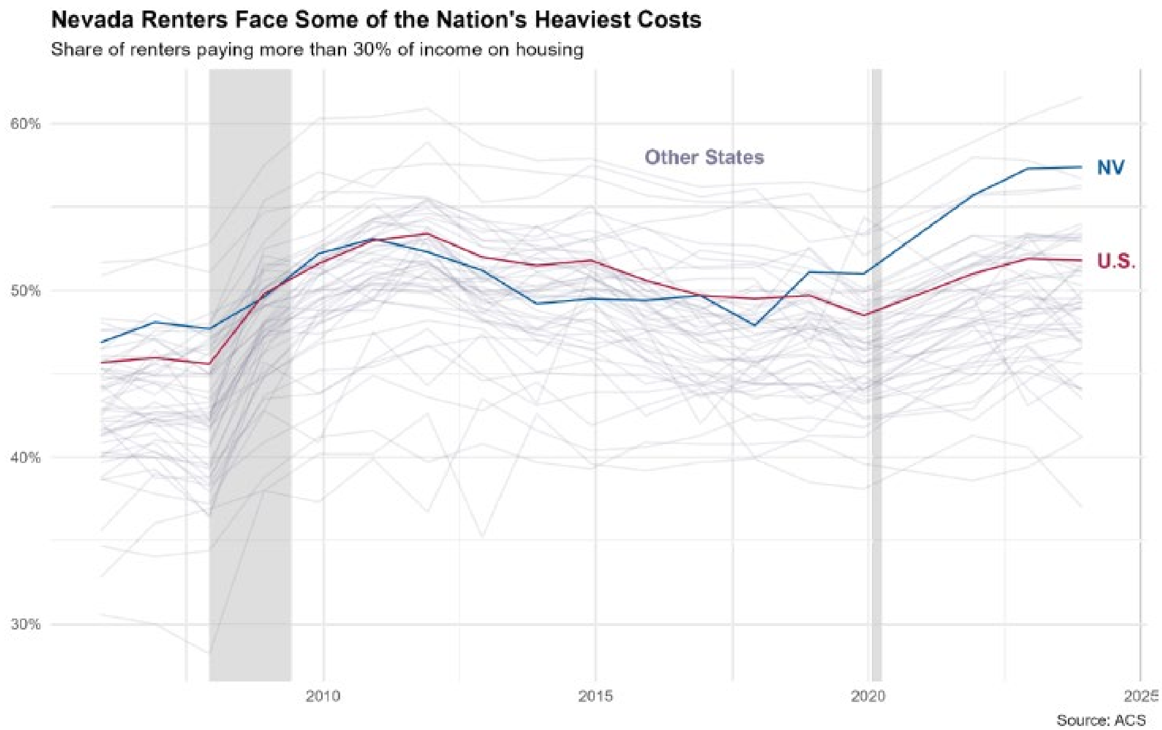

Figure 1: Rent Burden in Nevada and the United States, 2005- 2024

Rental cost burden is a relatively new phenomenon in Nevada. As shown in the Figure 1, average rents in Nevada were similar to or lower than the national average following the Great Recession. Before the recession, average rents in Nevada were higher than those in the U.S., though that gap closed during the downturn. In the subsequent years, rental growth in Nevada moderated, and average rents stayed below the national average. However, in the years leading up to the pandemic, rents began to rise again, and since then, the gap between average rents in Nevada and the U.S. has widened.

Nevada Rents, by Location

Table 2: Nevada Renters, by location

Location of NV Renters Nevada, 2023	
County	**Share (%)**
Clark	71.9%
Washoe	16.4%
Other	11.7%

Source: ACS

A vast majority of renters (88.3 percent) in the state reside in Clark and Washoe counties. This is not surprising given that majority of the population and economic activity in Nevada is concentrated in these two counties. The remaining fifteen counties combined account for only 11.7 percent of all residential renters.

Who Rents in Nevada?

Most renters in Nevada fall within the 15-34 and 35-54 age groups. These renters are typically younger workers who have recently joined the labor force and are in the early stages of their careers. With relatively lower incomes and inadequate credit history, they tend to rent rather than buy a home. As they get older, with higher income, stronger credit history, and change in socio-economic status, they tend to transition from renting to owning, a pattern evident among those in the 35-54 age group. As expected, homeownership rates are higher among those aged 55-64 and 65 and older.

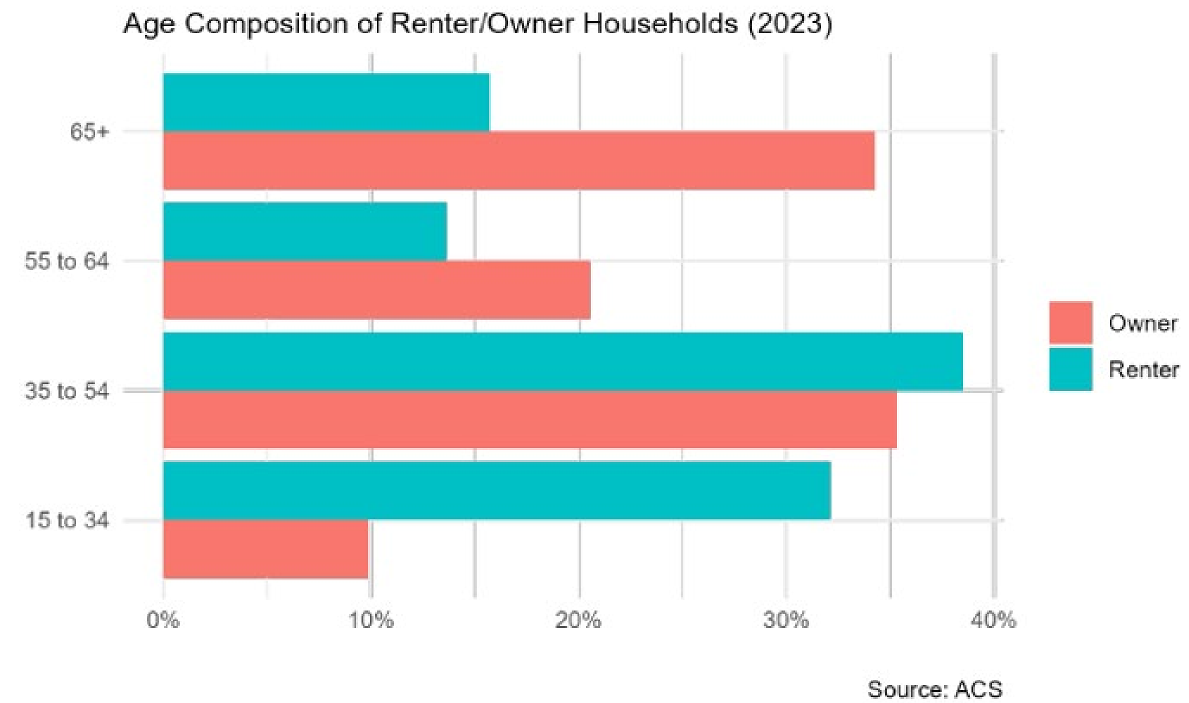

Figure 2: Renters vs Homeowners in Nevada, by Age

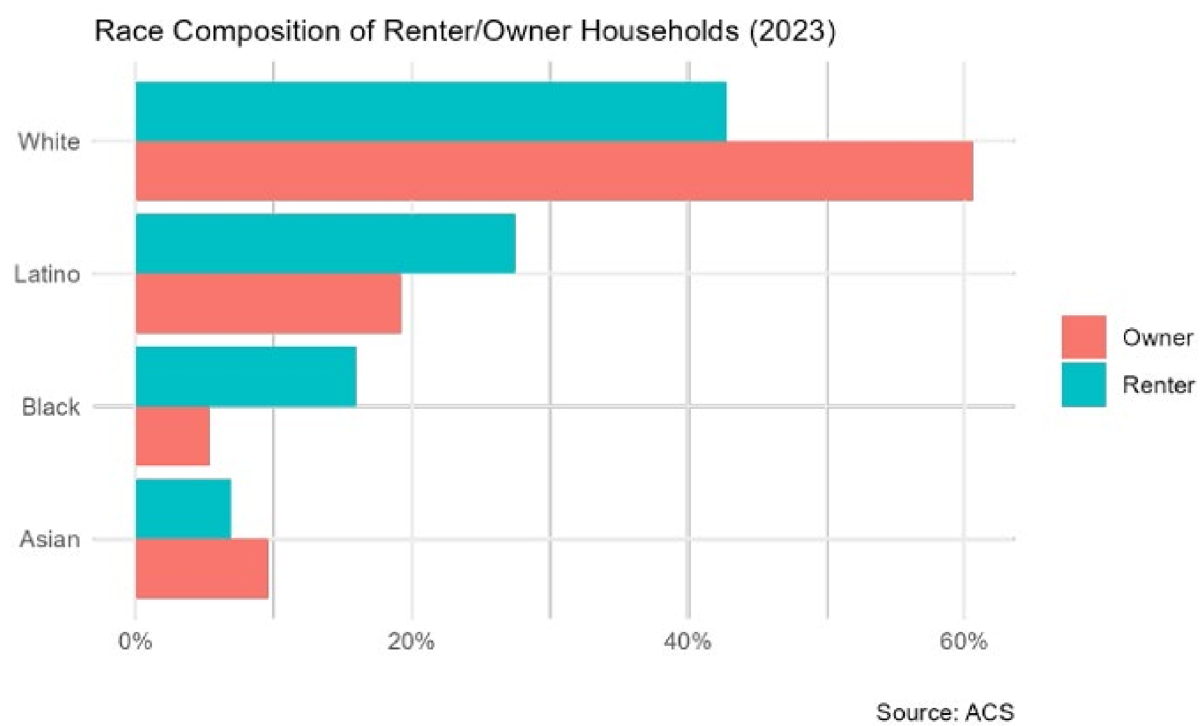

Figure 3: Renters and Homeowners in Nevada, by Race

Renters in Nevada are more likely to be Latino or Black, while homeowners are more likely to be White or Asian. Whites are both the largest group of homeowners and a major share of renters. Among the states' major racial groups, Asian are least likely to rent.

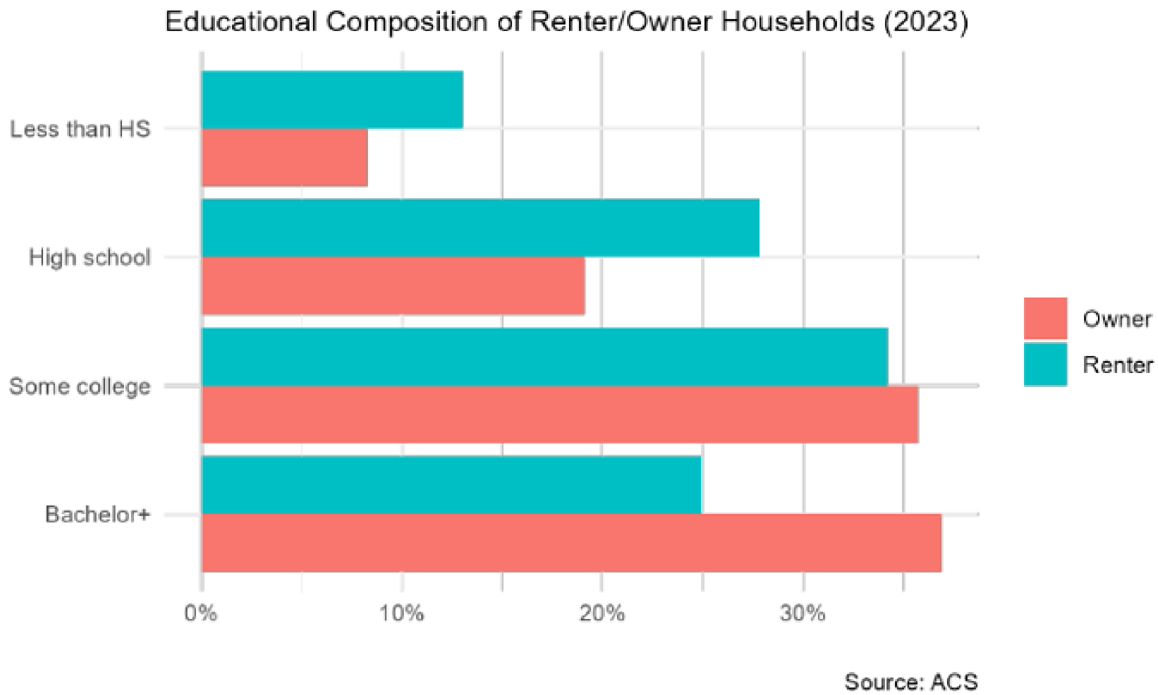

Figure 4: Renters and Owners in Nevada, by Education

Nevada's renters are less likely to have a college education. Individuals with a High school diploma or less are more likely to rent than own a home, while those with a bachelor's degree or higher are more likely to be homeowners.

The gap between homeowners and renters is smallest among those with Some college education, though majority of them are (slightly) more likely to own a home.

Conclusion

Residential rents have increased sharply in Nevada in recent years, causing a significant cost burden on renters. Nevada ranks among the states with highest share of rent-burdened households, and a wide gap between average rents in the state and the nation. Majority of renters in the state are concentrated in Clark and Washoe counties. They tend to be younger, more likely to be Latino or Black, and less likely to hold a college degree.

Given this demographic profile of renters , excessive burden from housing cost may create barriers to their upward mobility and challenge the competitive standing of Nevada in attracting and retaining talent in the long term.

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