

Demand Strong, Supply Stronger

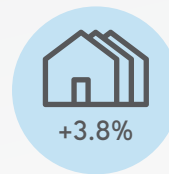
- > No new multifamily projects were completed in the first quarter of 2019
- > Net absorption in the first quarter was negative
- > Vacancy remained 4.2 percent, while asking rents continued to increase

According to statistics provided by REIS, multifamily vacancy in Southern Nevada remained 4.2 percent in the first quarter of 2019 (the most recent quarter of available data). Vacancy was 1.1 points higher than one year ago. Quarter-over-quarter, vacancy in Class A properties decreased by 0.2 points to 4.7 percent and vacancy in Class B/C properties increased by 0.4 points to 3.8 percent.

Unemployment in the Las Vegas-Paradise MSA stood at 3.7 percent in April 2019, down from 4.8 percent in April 2018. From April 2018 to April 2019, total employment in Southern Nevada increased by 26,100 jobs, a 2.8 percent increase. The majority

Economic Indicators

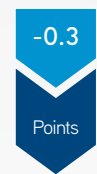
EXISTING HOME
Median Price



NEW HOME
Median Price



THIRTY YEAR
Mortgage Rate



Market Indicators

Relative to prior period	Q4 2018	Q1 2019*
VACANCY	↑	↓
NET ABSORPTION	↓	↑
COMPLETIONS	↓	↑
RENTAL RATE	↑	↑

*Projected

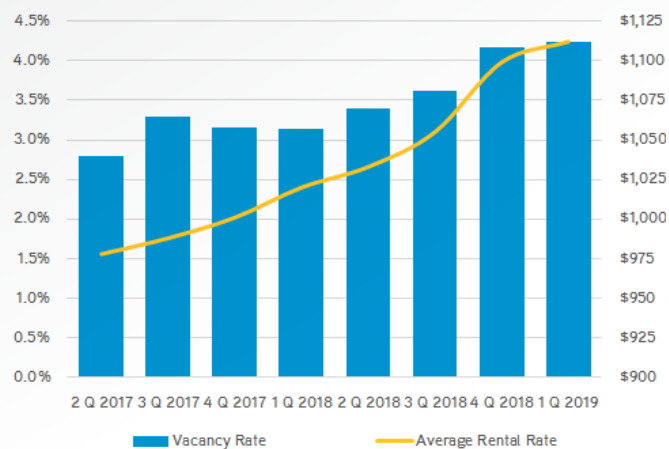
Summary Statistics

Las Vegas Market	Q1-18	Q4-18	Q1-19
Vacancy Rate	3.1%	4.2%	4.2%
Rent (Per Unit)	\$1,020	\$1,099	\$1,112
Net Absorption (Units)	200	-4	-81
New Completions (Units)	174	844	0

Overall Asking Rents

Per Unit Per Month	Q1-18	Q4-18	Q1-19
Class A	\$1,180	\$1,186	\$1,281
Class B/C	\$857	\$862	\$928

Historical Vacancy Rates and Rental Rates



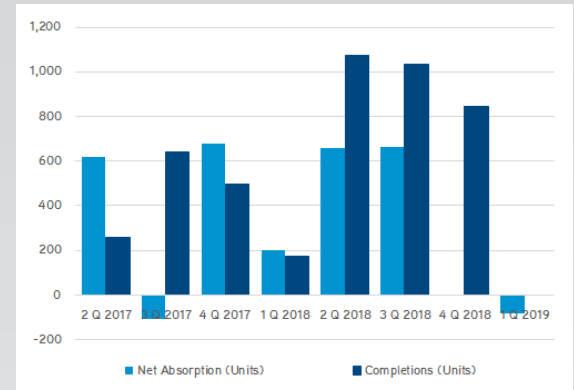
"We think demand for multifamily will remain healthy in Southern Nevada in 2019, but price increases in older properties may have to slow down or reverse to help them compete with newer properties."

of the Valley's new jobs were in construction (6,800 jobs), leisure and hospitality (6,000 jobs) and professional and business services (5,700 jobs).

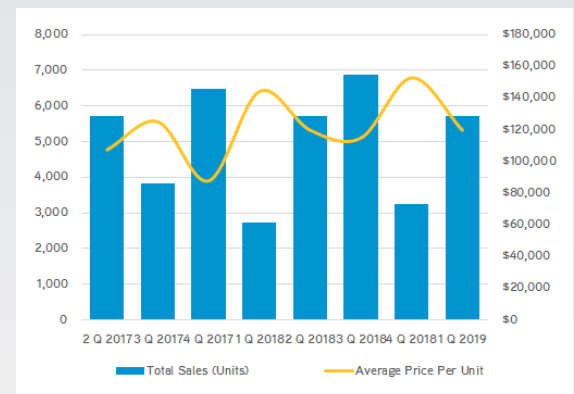
Southern Nevada posted negative 81 units of net absorption in the first quarter of 2019. This was down from negative 4 units of net absorption one quarter ago, and down from 200 units of net absorption one year ago. Net absorption in the first quarter was 171 units in Class A properties, and negative 252 units in Class B/C properties. Demographic trends suggest that rental households will expand by 4,782 units per year for the next five years, with most of that expansion occurring in the Northwest/Southwest and Henderson/Green Valley submarkets.

SCHEDULED COMPLETION	SUBMARKET	UNITS
2ND QUARTER 2020		1,324
The Degree	University	226
Elysian @ Flamingo	Northwest/Southwest	360
Kaktus Life	Henderson/GV	210
Red Rock Point	Northwest/Southwest	128
Union Plaza Apartments	Henderson/GV	275
University Gateway	University	125
3RD QUARTER 2019		1,294
Casabella Apartments	East Las Vegas	120
Echo 1055	University	220
Empire Apartments	Henderson/GV	536
The Residence at Seven Hills	Henderson/GV	286
Revel Las Vegas	Northwest/Southwest	132
4TH QUARTER 2019		822
ASI Veterans Supportive Housing	East Las Vegas	50
Flamingo Pines	Northwest/Southwest	66
Gilespe & Bruner	Henderson/GV	344
Trend! Apartments	Henderson/GV	362
1ST QUARTER 2020		650
Elysian @ Hughes Center	University	375
Union Village Apartments I	Henderson/GV	275
2020		1,475
Elysian @ Fort Apache	Northwest/Southwest	206
Fort Apache Apartments	Northwest/Southwest	160
North Fifth Affordable Housing	North Las Vegas	176
Rochelle Apartments	Northwest/Southwest	410
Summerlin Apartments	Northwest/Southwest	267
Union Village Apartments II	Henderson/GV	256

Historical Net Absorption vs. Completions



Sales (Units) vs. Price Per Unit



Demographics

Submarket	Estimated Households (2019)	Renter Occupied (2019)	Median Household Income (2019)	Average Household Size (2019)	Proj. Annual Growth Rental Households (2019-2024)
Downtown	65,700	61%	\$33,900	2.8	406
East Las Vegas	68,600	43%	\$45,800	2.7	366
Henderson/Green Valley	186,400	37%	\$68,500	2.6	1,071
North Las Vegas	139,400	35%	\$60,600	3.1	765
Northeast	51,600	49%	\$42,800	3.4	343
Northwest/Southwest	178,900	33%	\$75,200	2.7	986
University	36,700	77%	\$35,800	2.3	273
West Central	87,800	54%	\$50,800	2.4	572
TOTAL	815,100	43%	\$58,300	2.7	4,782

Source: Claritas

Three of the Valley's eight submarkets had positive net absorption in the first quarter of 2019, with the highest net absorption, 40 units, occurring in the Northwest/Southwest submarket. The lowest net absorption was negative 78 units in the Northeast submarket.

According to REIS, no new multifamily projects were completed in the first quarter of 2019. A total of 5,473 units were under construction and 6,244 units were planned to begin construction within the next twelve months in Southern Nevada. Units currently under construction represent a 3.7 percent increase to inventory.

The average asking rent for a multifamily unit in Southern Nevada was \$1,112 per unit in the first quarter of 2019. This represented a 1.2 percent increase compared to one year ago. Class A properties had 0.5 percent annual rent growth to \$1,281 per unit. Class B/C properties had 1.9 percent annual rent growth to \$928 per unit. On a submarket basis, the highest annual rent growth in the first quarter was 2.4 percent in the Northeast submarket. No submarket showed a decrease in the average asking rent.

A total of 5,715 units of multifamily sold in the first quarter of 2019, with total sales volume of \$684 million. The average sales price was \$119,757 per unit. The average cap rate was 5.6 percent. While multifamily sales (in terms of units) have decreased each year since 2016, the average price per unit has been increasing and the average cap rate has remained very stable.

Investors remain interested in Southern Nevada's multifamily market, with sales in 2019 on pace to beat 2018's sale volume. Although asking prices for new and existing single-family homes and condos continue to increase, it is possible that multifamily rents, especially in Class B/C product, have increased too quickly. Demand for Class B/C multifamily faltered in the past two quarters, and rising rental rates could be partially to blame for this trend. We think demand for multifamily will remain healthy in Southern Nevada in 2019, but price increases in older properties may have to slow down or reverse to help them compete with newer properties.

Sales Data

	2015	2016	2017	2018	2019 YTD
Units Sold	15,408	22,074	19,633	18,549	5,715
Sales Volume	\$771 MM	\$2,176 MM	\$1,943 MM	\$2,361 MM	\$684 MM
Average Price/Unit	\$71,836	\$96,720	\$105,318	\$127,260	\$119,757
Cap Rate	7.3%	5.5%	5.6%	5.4%	5.6%

Significant Multifamily Sales Activity



Sales Activity Continued

Property Name	Sale Date	Units	Price	Price/Unit	Year Built
Echelon Point Apartments	Jan 2019	188	\$37,750,000	\$200,798	2005
Chapel Hill Apartments	Jan 2019	280	\$37,000,000	\$132,143	2001
Villas at Woodlake	Feb 2019	218	\$23,700,000	\$108,716	1987
Tierra Bella	Mar 2019	96	\$17,100,000	\$178,125	2003
Pinewood Crossing	Feb 2019	208	\$16,750,000	\$80,529	1973

Source: Real Capital Analytics

Market Comparisons - Las Vegas

Multifamily Market

CLASS	TOTAL INVENTORY UNITS	CURRENT VACANCY RATE	PRIOR QTR VACANCY RATE	NET ABSORPTION	NET ABSORPTION YTD UNITS	CURRENT QTR COMPLETIONS	YTD UNIT COMPLETIONS	UNDER CONSTRUCTION UNITS	PLANNED CONSTRUCTION UNITS	TOTAL SALES UNITS	PRICE PER UNIT	AVERAGE RENTAL RATE
DOWNTOWN												
A	3,116	6.4%	7.6%	37	37	-	-	-	584	-	n/a	\$1,213
B/C	13,394	3.4%	2.9%	(78)	(78)	-	-	-	-	346	\$35,766	\$834
Total	16,510	4.0%	3.7%	(41)	(41)	-	-	-	584	346	\$35,766	\$905
EAST LAS VEGAS												
A	6,381	1.6%	1.8%	11	11	-	-	120	-	-	n/a	\$1,044
B/C	9,347	2.7%	2.6%	(5)	(5)	-	-	-	-	400	\$154,222	\$852
Total	15,728	2.3%	2.3%	6	6	-	-	120	-	400	\$154,222	\$929
HENDERSON/GREEN VALLEY												
A	22,640	5.0%	5.0%	(14)	(14)	-	-	2,543	1,521	-	n/a	\$1,370
B/C	8,068	3.1%	3.2%	6	6	-	-	-	-	412	\$175,000	\$1,182
Total	30,708	4.5%	4.5%	(8)	(8)	-	-	2,543	1,521	412	\$175,000	\$1,323
NORTH LAS VEGAS												
A	13,253	3.4%	3.3%	(12)	(12)	-	-	-	1,156	-	n/a	\$1,135
B/C	9,633	1.6%	1.7%	12	12	-	-	176	116	624	\$80,128	\$911
Total	22,886	2.6%	2.6%	-	-	-	-	176	1,272	624	\$80,128	\$1,042
NORTHEAST												
A	2,172	4.5%	4.5%	-	-	-	-	-	-	-	n/a	\$843
B/C	6,643	9.5%	8.3%	(78)	(78)	-	-	-	-	262	\$97,901	\$875
Total	8,815	8.3%	7.4%	(78)	(78)	-	-	-	-	262	\$97,901	\$880
NORTHWEST/SOUTHWEST												
A	21,210	5.8%	6.5%	150	150	-	-	1,695	2,109	206	\$235,437	\$1,450
B/C	5,452	5.3%	3.3%	(110)	(110)	-	-	-	-	468	\$159,722	\$1,318
Total	26,662	5.7%	5.9%	40	40	-	-	1,695	2,109	674	\$182,864	\$1,421
UNIVERSITY												
A	2,180	0.4%	0.8%	9	9	-	-	939	-	-	n/a	\$963
B/C	12,321	4.3%	4.1%	(23)	(23)	-	-	-	-	2,011	\$97,737	\$810
Total	14,501	3.7%	3.6%	(14)	(14)	-	-	939	-	2,011	\$97,737	\$834
WEST CENTRAL												
A	6,441	6.0%	5.8%	(10)	(10)	-	-	-	758	456	\$191,009	\$1,212
B/C	6,860	2.0%	2.3%	24	24	-	-	-	-	530	\$105,094	\$898
Total	13,301	3.9%	4.0%	14	14	-	-	-	758	986	\$144,828	\$1,051
MARKET TOTAL												
A	77,393	4.7%	4.9%	171	171	-	-	5,297	6,128	662	\$204,834	\$1,281
B/C	71,718	3.8%	3.4%	(252)	(252)	-	-	176	116	5,053	\$108,611	\$928
Total	149,111	4.2%	4.2%	(81)	(81)	-	-	5,473	6,244	5,715	\$119,757	\$1,112
QUARTERLY COMPARISON AND TOTALS												
Q1-19	149,111	4.2%	3.3%	(81)	(81)	-	-	5,473	6,244	5,715	\$119,757	\$1,112
Q4-18	149,111	4.2%	3.7%	459	2,283	844	3,888	4,303	5,094	3,234	\$152,766	\$1,099
Q3-18	148,267	3.7%	3.4%	499	1,666	1,034	2,587	3,423	6,329	6,877	\$114,791	\$1,081
Q2-18	147,233	3.4%	3.2%	751	1,168	1,074	1,553	4,975	5,717	4,004	\$136,252	\$1,033
Q1-18	146,159	3.2%	3.2%	417	417	479	479	5,069	4,279	5,373	\$124,345	\$1,017

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68 countries

\$3.3

billion in
annual revenue*

2.0

billion square feet
under management

17,000

professionals
and staff

\$127

billion in
total transaction value

*All statistics are for 2018, are in U.S. dollars and
include affiliates.

COLLIERS INTERNATIONAL | LAS VEGAS

3960 Howard Hughes Parkway
Suite 150
Las Vegas, Nevada 89169 | USA
+1 702 735 5700
www.colliers.com/lasvegas

MARKET CONTACT:

Mike Mixer
Executive Managing Director | Las Vegas
+1 702 735 5700
mike.mixer@colliers.com

John Stater
Research & GIS Manager | Las Vegas
+1 702 836 3781
john.stater@colliers.com



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