

2022 MID-YEAR

LAS VEGAS NV

Multifamily Report

BERKADIA[®]
INSTITUTIONAL SOLUTIONS

a Berkshire Hathaway and Jefferies Financial Group company





LAS VEGAS, NV EMPLOYMENT

Jobs Added / Lost

LAST 12 MONTHS

73,100

↑ 7.4%

NEXT 12 MONTHS*

30,600

↑ 2.9%

Unemployment

MID-YEAR 2022

5.1%

↓ 320 BPS YOY

MID-YEAR 2023*

4.5%

↓ 60 BPS YOY

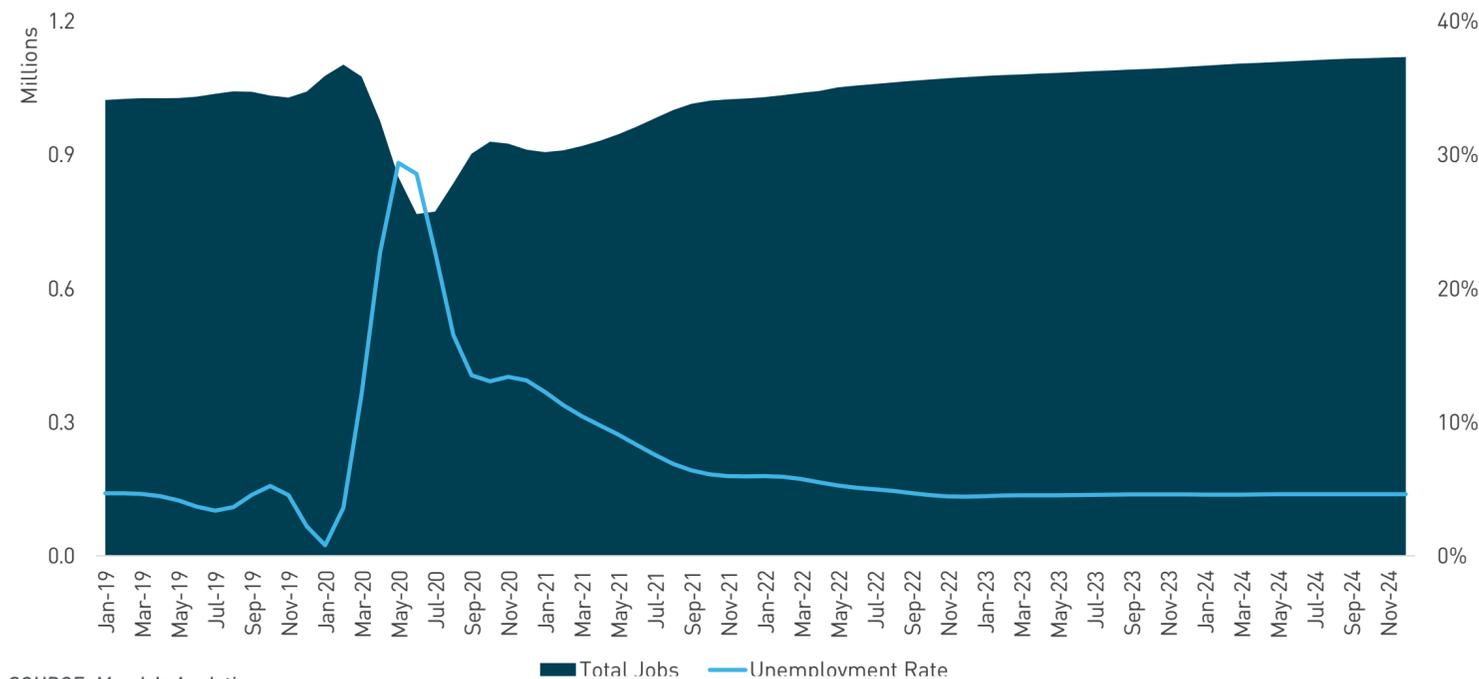
*Projected

Heavily based in the leisure and hospitality sector, the Las Vegas economy was very vulnerable to macroeconomic shocks, such as the pandemic. Since COVID-19 restrictions started lifting, the economy has been in recovery mode. In the past year, unemployment dropped 320 basis points, and employers added 73,100 net jobs.

The new focus on diversifying the Las Vegas economy was reflected in the professional and business services sector experiencing the highest growth rate, increasing 12.5% year over year with the addition of 17,700 net jobs. With a full economic revival on the horizon, lawmakers and state planners still want to broaden the economy through the technology industry. Over the past few years,

Las Vegas has fostered tech start-ups and is slowly becoming known as a tech hub through the emerging technology branch of gaming solutions. Companies such as Caesars Digital, Aristocrat Technologies Inc., and Gaming Analytics have combined the notable Las Vegas staples—entertainment and gaming—with analytics and technology. Caesars Digital, widely known for Caesars Sportsbook, is headquartered in Las Vegas and deals with 20 million users daily. Beyond gaming solutions, Alphabet Inc. opened their \$600 million data center in Henderson in early 2021.

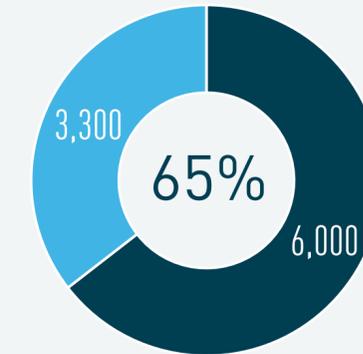
Employment Trends



SOURCE: Moody's Analytics

Who's Hiring?

TRADE, TRANSPORTATION, & UTILITIES INDUSTRY



20%
OF ALL JOBS IN THE METRO

\$41,100
AVERAGE ANNUAL SALARY

Top Trade, Transportation, & Utilities Employers



1,700 JOBS



1,200 JOBS



1,000 JOBS

In The News

- [Starry announces expansion to Las Vegas](#)
- [Elon Musk's The Boring Company opens station in Las Vegas](#)
- [Las Vegas leader plans huge expansion](#)



LAS VEGAS, NV

DELIVERIES & ABSORPTION

2022 Units*

DELIVERIES

2,495

ABSORPTION

-652

2023 Units*

DELIVERIES

6,139

ABSORPTION

6,377

*Projected

Over the past 12 months, multifamily developers have remained active across the Las Vegas metro as nearly 2,200 units came online. Over a quarter of the total deliveries were in the Central Las Vegas submarket. Combined leasing activity in the Central Las Vegas and University/The Strip submarkets helped offset negative absorption in other areas.

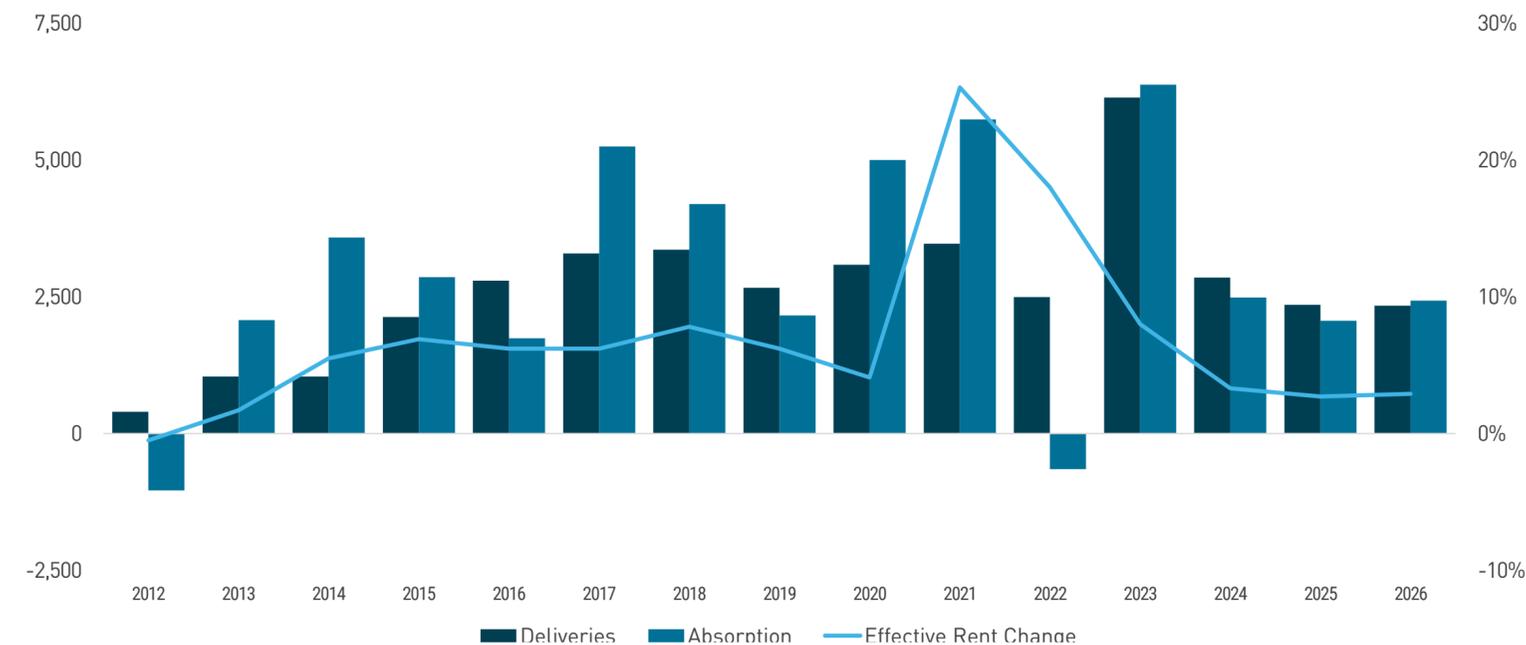
The tapering of high apartment demand in the other submarkets is partially due to the booming single-family market. Homes have been selling for nearly 42% above their long-term pricing trend. This ranks Las Vegas among the 10 most overvalued housing markets in the nation. Single-family rentals are approaching 122,400 units in the

metro by mid-2022.

Despite this, builders are still confident in the multifamily market. More than 4,400 scheduled units are projected to come online in the next four quarters, focusing on the suburbs. Nearly 2,300 combined deliveries are set to join the Henderson and the South Las Vegas submarkets.

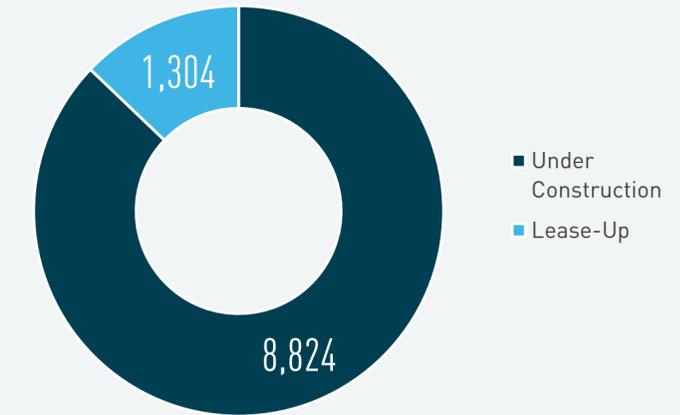
The new deliveries should facilitate leasing activity with net absorption forecast to be highest in these two submarkets over the next four quarters. Metrowide, 5,200 net units are projected to be absorbed by mid-2023.

Deliveries, Absorption, & Effective Rent Change

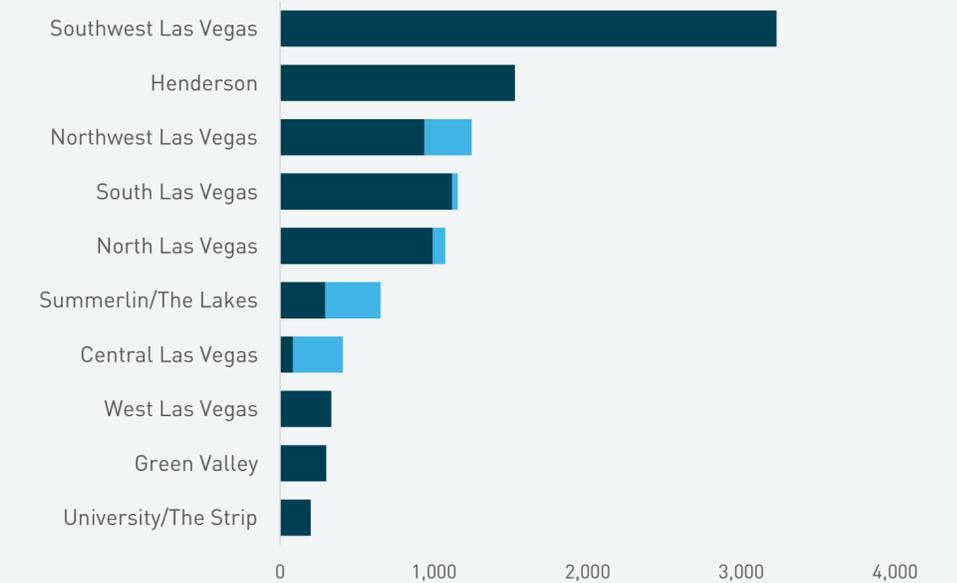


Source: RealPage

Market Pipeline



Top 10 Submarket Pipelines

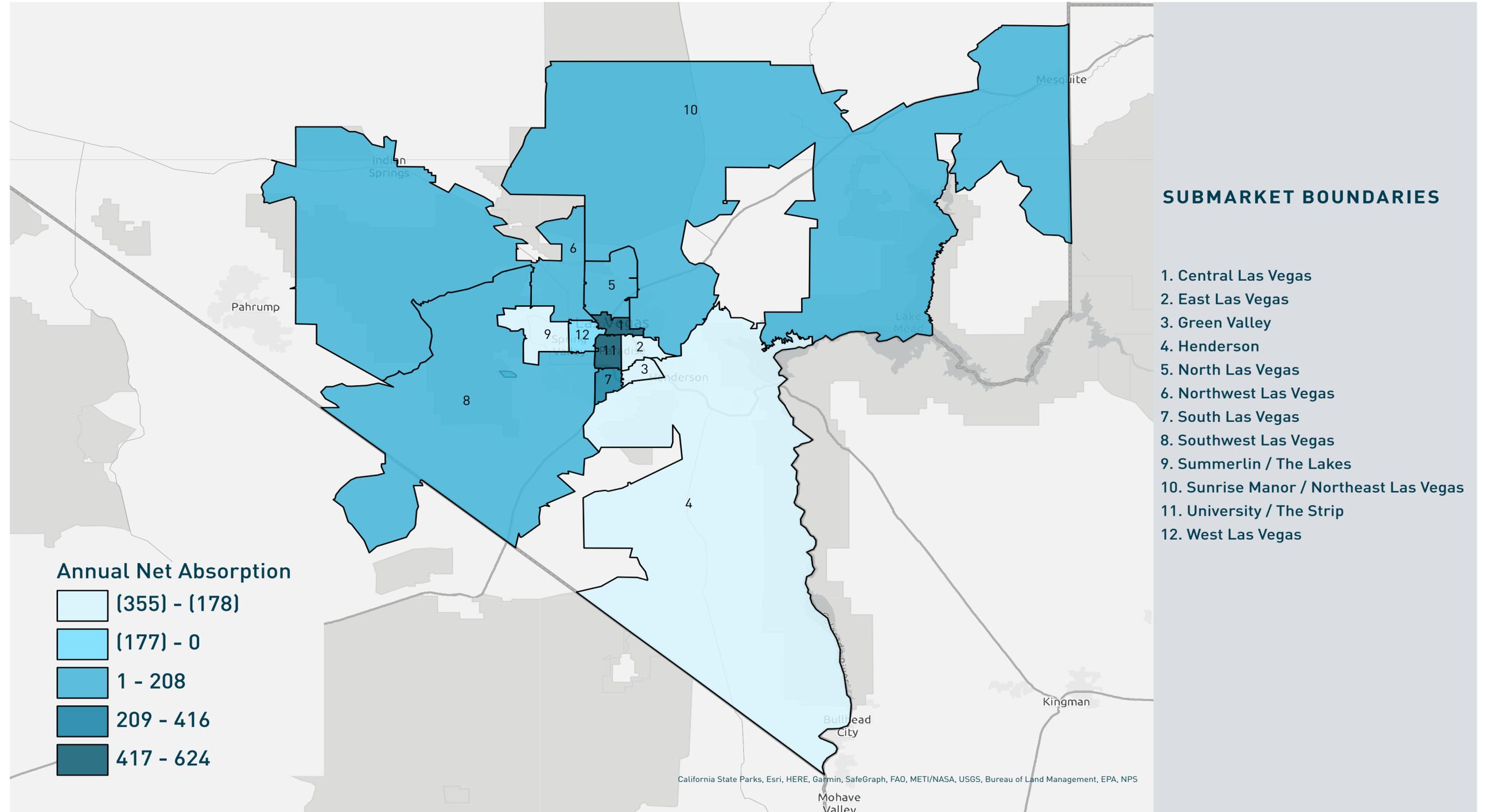




LAS VEGAS, NV

SUBMARKET ANNUAL ABSORPTION

The Central Las Vegas and University/The Strip submarkets are responsible for over half of the leasing activity the metro has seen in the past year. Historically, apartment operators recorded strong demand in the Central Las Vegas submarket due to its relative affordability to other areas and access to primary transportation nodes. This trend continued in the last year with nearly 600 units absorbed in the submarket since June 2021. Located in the Central Las Vegas submarket, Downtown Las Vegas is in the midst of a \$350 million revitalization effort. Once completed, prominent office employees are projected to be attracted to the area. Leasing activity was the strongest in the University/The Strip submarket. The University of Nevada, Las Vegas student population keeps demand consistent and robust in the area.





LAS VEGAS, NV

RENT & OCCUPANCY

Effective Rent

2Q 2022

\$1,527

↑ 20.8% YOY

Occupancy

2Q 2022

95.9%

↓ 60 BPS YOY

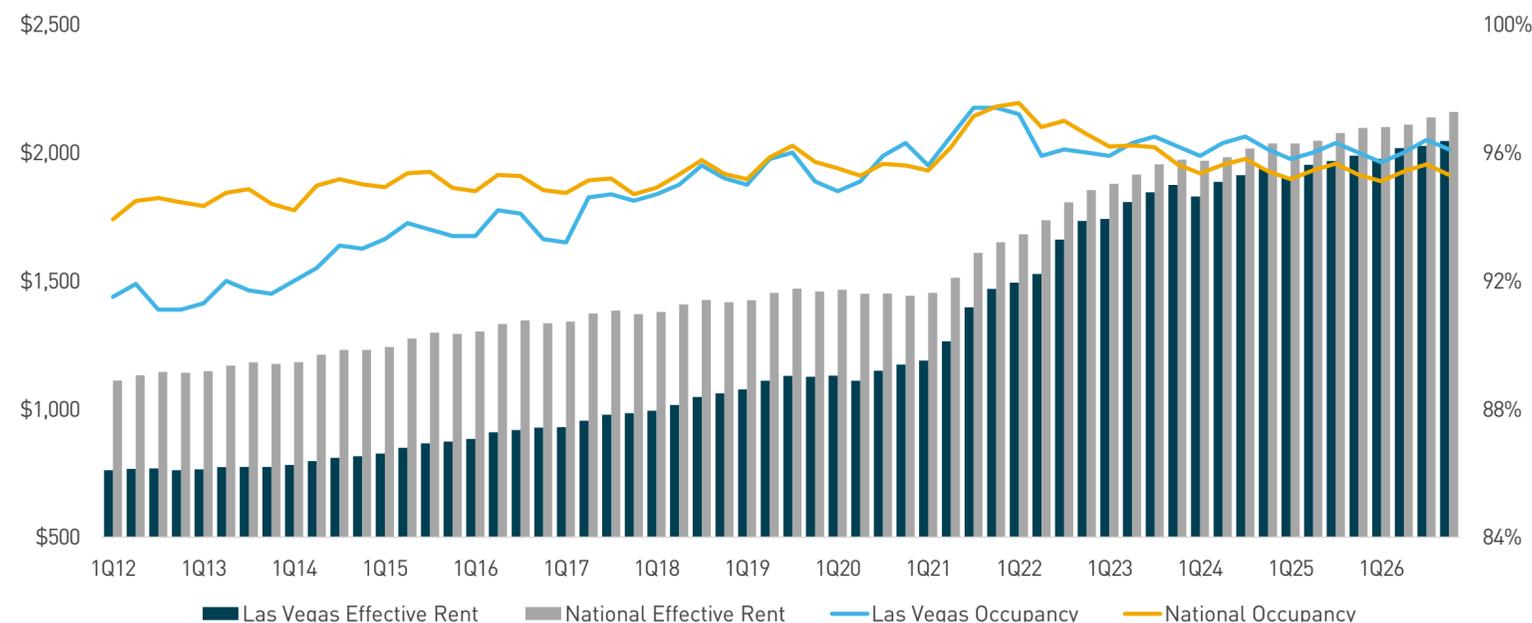
The annual rent growth in Greater Las Vegas is among some of the highest in the nation. As of second quarter 2022, effective rent rose 20.8% year over year, reaching \$1,527 per month. The recent rent growth was significantly higher than the average annual increase of 6.9% in the prior five years. The spike in annual rent change stems from a lack of inventory for purchase in the single-family housing market and increased demand from remote workers seeking a more affordable city during the past two years. Since the onset of the pandemic, many individuals chose Greater Las Vegas' more affordable cost of living than other West Coast markets. As a result, strong housing demand contributed to apartment occupancy reaching a more than 20-year

high in 2021. Leasing activity has since slowed, leading to a 60-basis-point annual drop in average occupancy to 95.9% by mid-2022. Occupancy remained 40 basis points above the metro's five-year average. At the submarket level, the University/The Strip and South Las Vegas submarkets reached an occupancy rate of at least 96.6%. The University/The Strip submarket's occupancy rose 170 basis points to 96.9%, representing the highest occupancy rate and year-over-year increase among the metro's 12 submarkets. The submarket is the epicenter of Las Vegas' entertainment district, and the occupancy rate follows the recent national trend of residents returning to downtown areas and more urban neighborhoods as pandemic restrictions continued to be lifted.

Submarket Performance

SUBMARKET NAME	2022 OCCUPANCY	YOY (BPS)	2022 EFFECTIVE RENT	YOY
Central Las Vegas	96.2%	0	\$1,157	19.0%
East Las Vegas	95.9%	-120	\$1,366	23.1%
Green Valley	94.9%	-230	\$1,661	20.0%
Henderson	95.8%	-150	\$1,728	18.4%
North Las Vegas	96.3%	-80	\$1,533	20.4%
Northwest Las Vegas	95.1%	-210	\$1,561	18.3%
South Las Vegas	96.6%	170	\$1,662	20.1%
Southwest Las Vegas	96.3%	-90	\$1,754	18.1%
Summerlin/The Lakes	94.4%	-270	\$1,797	21.0%
Sunrise Manor/Northeast Las Vegas	95.7%	50	\$1,257	23.7%
University/The Strip	96.9%	140	\$1,218	21.2%
West Las Vegas	96.2%	-70	\$1,806	24.8%

Las Vegas vs. National Effective Rent & Occupancy



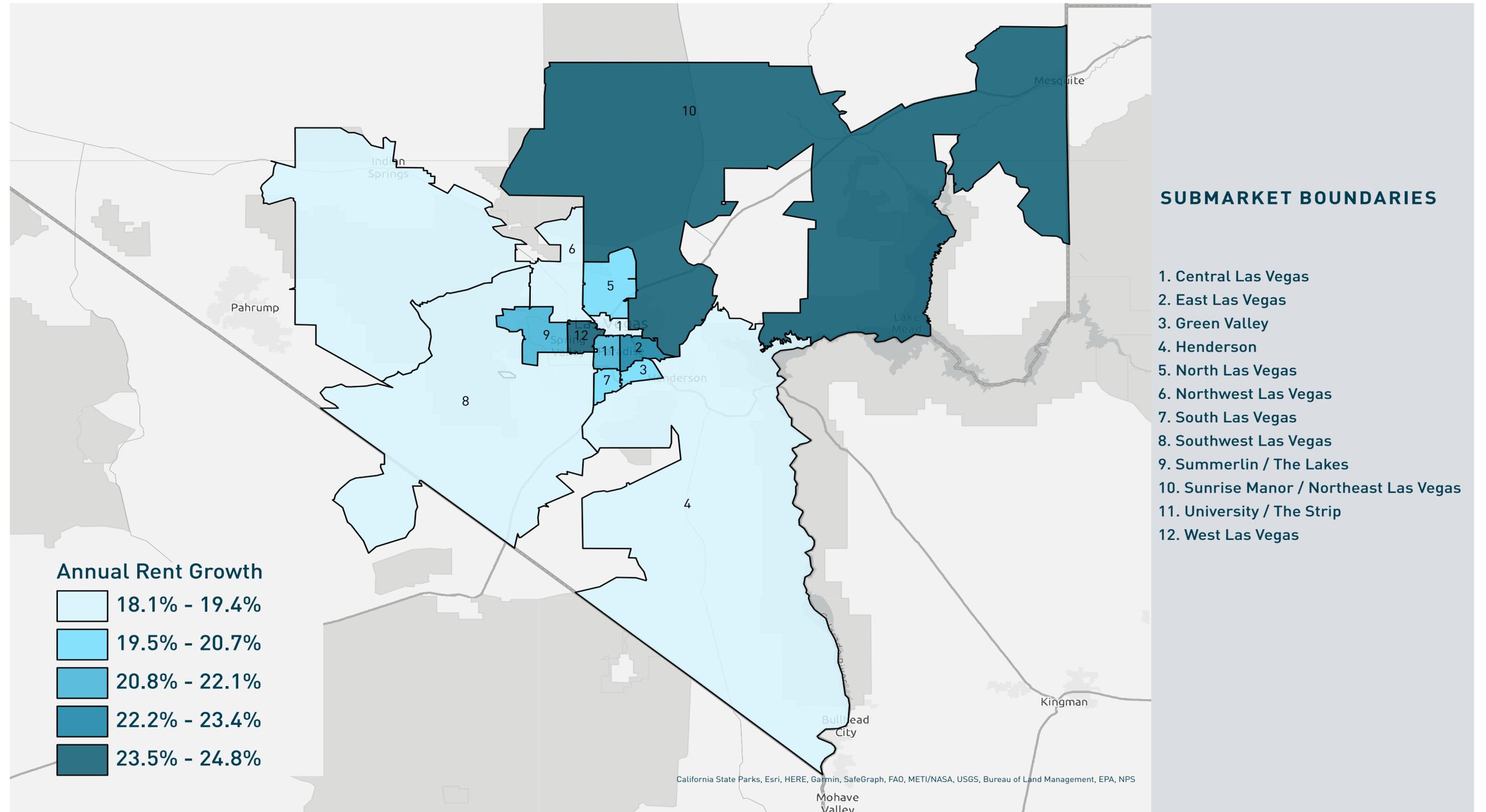
Source: RealPage



LAS VEGAS, NV

SUBMARKET ANNUAL RENT CHANGE

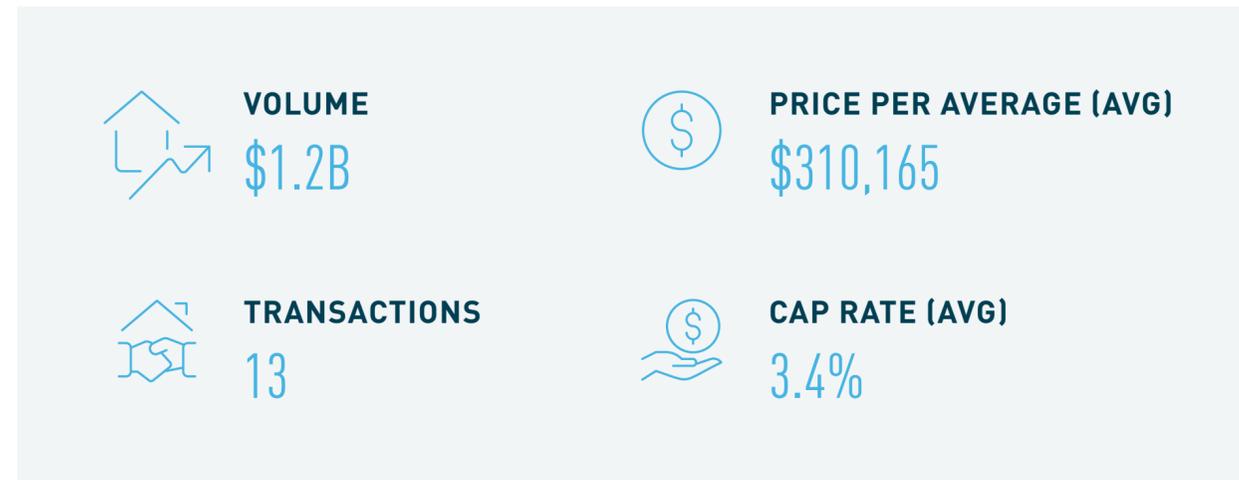
Paralleling the rise in metrowide annual rent growth, eight of the 12 submarkets had an effective rent increase of over 20.0%. The West Las Vegas and Sunrise Manor/Northeast Las Vegas submarkets had the largest year-over-year rent growth. In the West Las Vegas submarket, effective rent rose 24.8%, to \$1,806 per month, the highest rent in the metro. The submarket's rent growth was higher than the submarket's five-year average of 7.2%. The West Las Vegas submarket is one of the most desirable places to live in the metro. It is close to The Strip, features exciting casinos and restaurants, and is a hotspot for locals who want to avoid the tourist crowds on The Strip. Meanwhile, the Sunrise Manor/Northeast Las Vegas submarket's effective rent reached \$1,257, increasing 23.7% year over year.





LAS VEGAS, NV SALES

2022 Year to Date*



What's Trading?*



Source: Real Capital Analytics
*\$50m+

Top Buyers**

BUYER	LOCATION
Tides Equities	Los Angeles, CA
Kennedy Wilson	Beverly Hills, CA
Keller Investments	Centerville, UT
BREIT	New York, NY
Bridge Investment Gp	Sandy, UT

Top Sellers**

SELLER	LOCATION
Wolff Company	Scottsdale, AZ
Calida Group	Las Vegas, NV
McDowell Properties	Plano, TX
Laguna Point Properties	Laguna Hills, CA
Carlyle Group	Washington, DC

**Past 24 Months



Sources: RealPage; Moody's Analytics; Real Capital Analytics

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