

LAS VEGAS, NV MULTIFAMILY REPORT

2023 | MIDYEAR



BERKADIA
INSTITUTIONAL SOLUTIONS



Jobs Added / Lost

LAST 12 MONTHS

45,100

↑ 4.2%

NEXT 12 MONTHS*

19,600

↑ 1.7%

Unemployment

MIDYEAR 2023

5.6%

↓ 20 BPS YOY

MIDYEAR 2024*

5.3%

↓ 30 BPS YOY

*Projected

LAS VEGAS, NV EMPLOYMENT

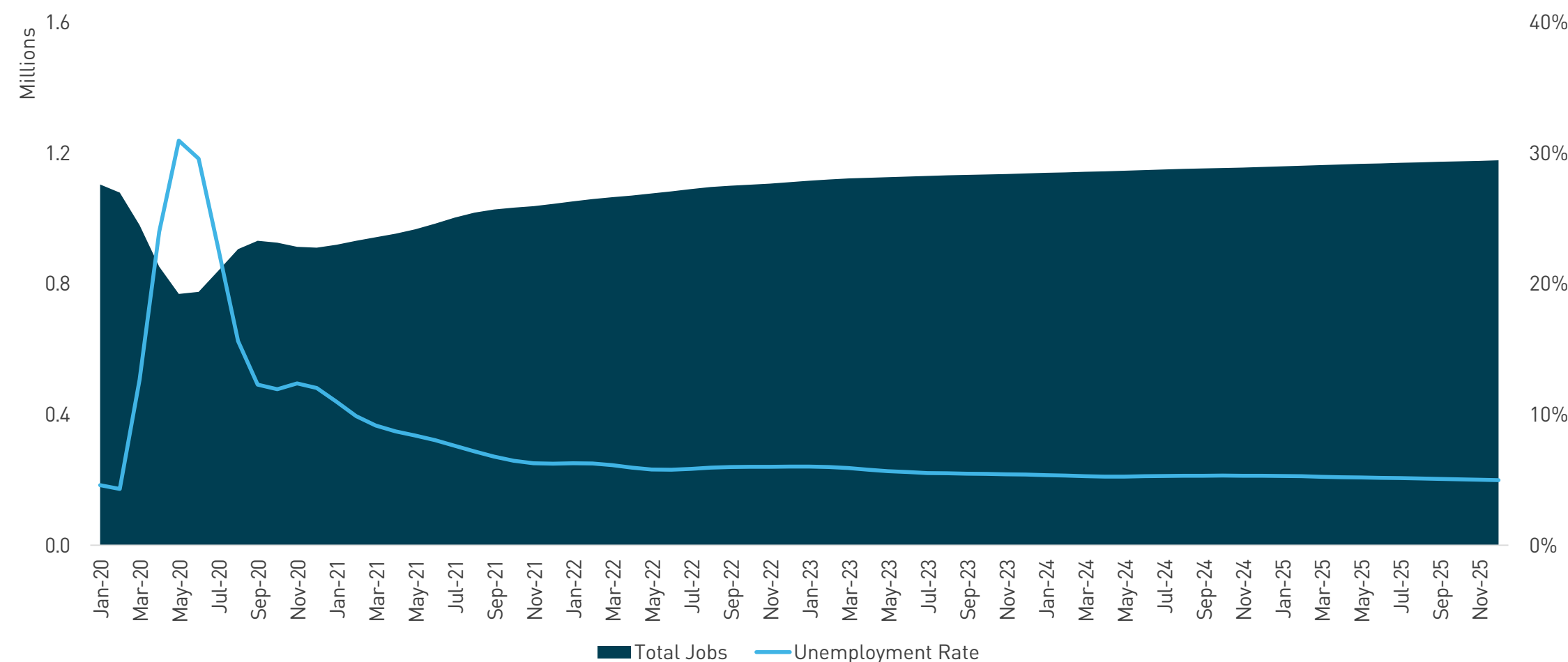
In the past year, the Las Vegas metro's employment increased 4.2%, outpacing the national average. The Las Vegas economy is heavily influenced by the leisure and hospitality sector. With an additional 15,500 net jobs added to the sector year over year, leisure and hospitality reigns as the largest employment sector in the market and is fueled by tourism. In 2022, 38.8 million people visited Las Vegas, a 20.5% increase from 2021. Meanwhile, the gaming revenue in Clark County reached over \$12 billion at the end of 2022.

With new hotels and entertainment venues wrapping up in 2023, tourism is only projected to increase further supporting the economy. The newest addition to the Las

Vegas Strip skyline is the highly innovative MSG Sphere. The state-of-the-art auditorium has a capacity of 18,600 people and will attract more visitors.

Furthermore, the second annual Formula 1 Grand Prix is set to take place later this year in November and is projected to host visitors who are anticipated to spend just shy of \$1 billion in three days. Slated to open in December 2023, the 3,700-room Fontainebleau Las Vegas began their hiring spree in May in anticipation for its grand opening.

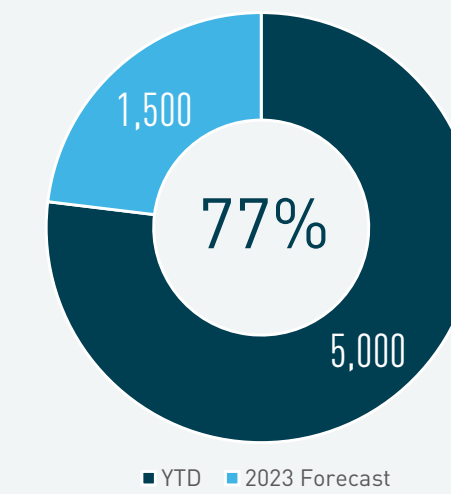
Employment Trends



Source: Moody's Analytics

Who's Hiring?

TRADE, TRANSPORTATION, & UTILITIES INDUSTRY



19%
OF ALL JOBS IN THE METRO

\$43,600
AVERAGE ANNUAL SALARY

Top Trade, Transportation, & Utilities Employers

Walmart	5,300 JOBS
SOUTHWEST GAS	2,200 JOBS
VIRGIN VALLEY CAB	2,000 JOBS

In The News

- [Mark Wahlberg's mission to turn Las Vegas into 'Hollywood 2.0' with 10,000 new jobs](#)
- [Building trades union say construction of A's proposed Las Vegas Strip ballpark would created 5k jobs](#)
- [Sephora to expand North Las Vegas distribution center, to add 147 jobs](#)



LAS VEGAS, NV

DELIVERIES & ABSORPTION

2023 Units*

DELIVERIES

4,479

ABSORPTION

3,172

2024 Units*

DELIVERIES

6,440

ABSORPTION

5,683

*Projected

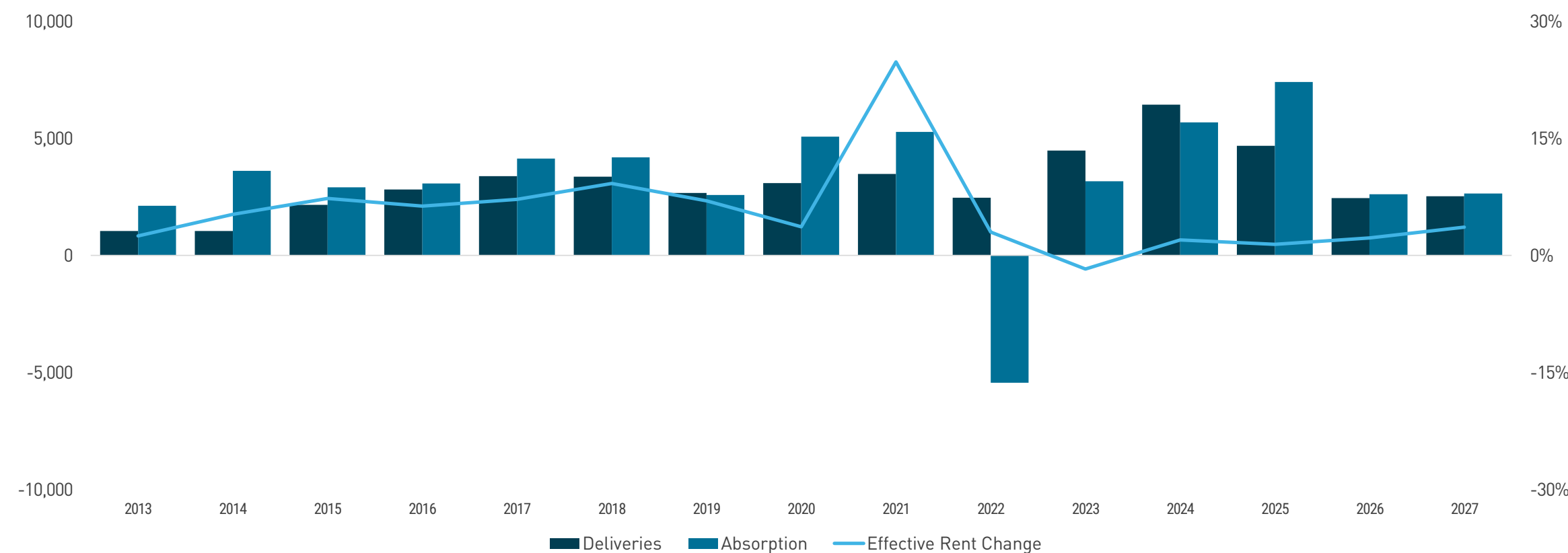
Projected deliveries and absorption in Las Vegas are on track to outperform its 2022 counterparts. By the end of the year, the market is forecast to have nearly 3,200 net move-ins, compared to 5,440 net move-outs from one year prior. Net absorption is specifically set to increase in the last two quarters of 2023. Demand is set to reach more than 2,700 units, outpacing demand for the first time since 2021.

The heightened demand can be attributed to strong immigration driven by relocators, specifically from Southern California. Healthy demand has spurred development in the Las Vegas metro. Over 4,400 units are expected to come online by the end of 2023, about 2,000 more units

delivered in 2022. With 13,714 units either in lease-up or under construction, development in the metro is only ramping up this year with 6,440 more deliveries scheduled in 2024. Infill projects have recently become more popular in the Las Vegas metro, specifically in the Central Las Vegas submarket.

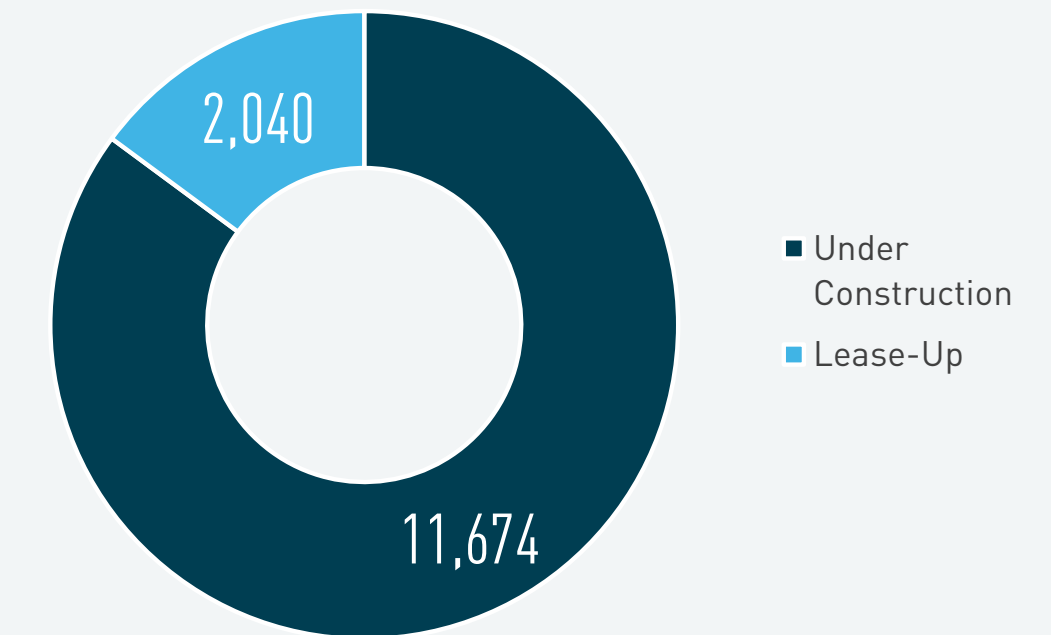
Construction on the estimated \$18 million “Share Downtown Historic Westside,” the newest infill project in the area, began in April 2023. The property will feature 84 new units that are expected to come online sometime in 2025.

Deliveries, Absorption, & Effective Rent Change

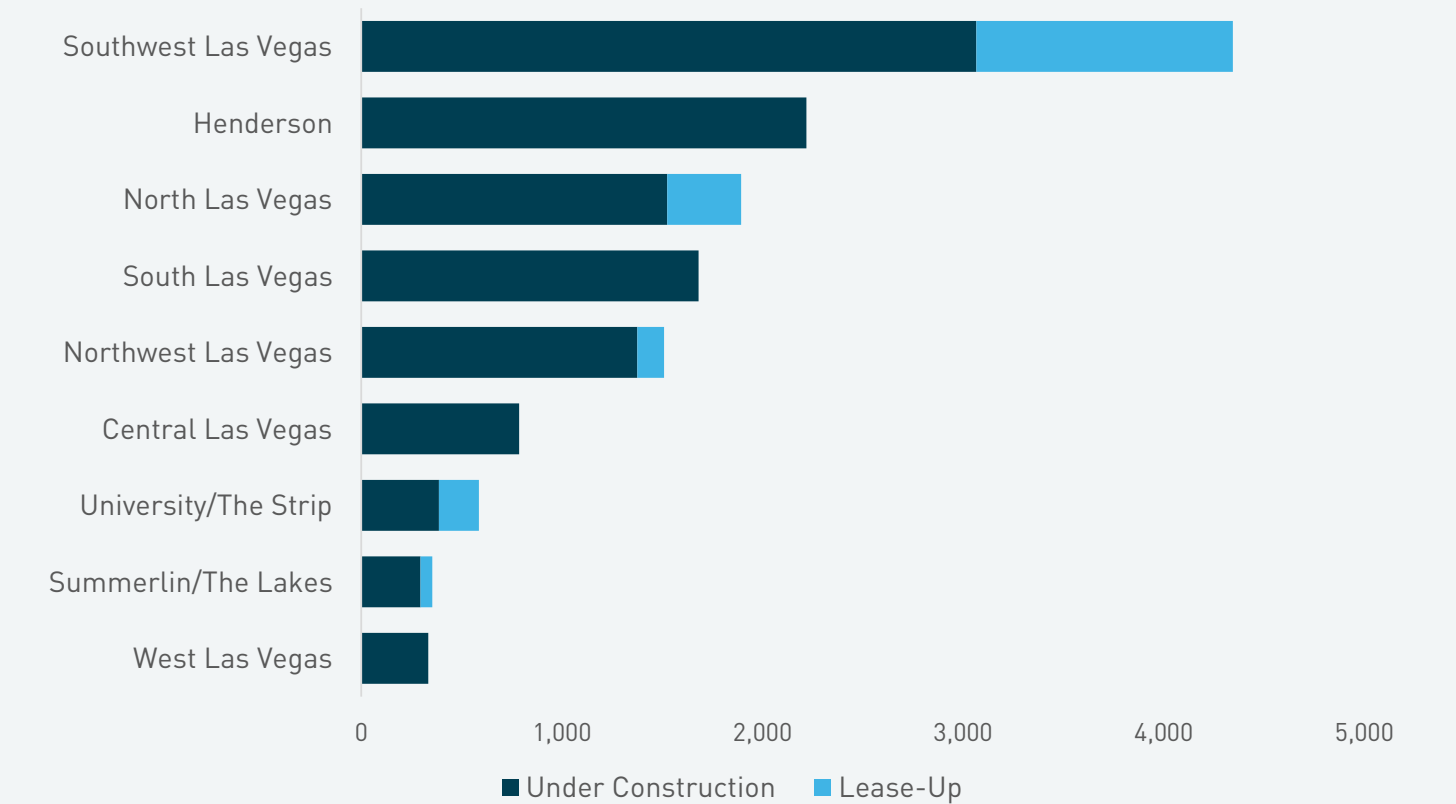


Source: RealPage

Market Pipeline



Top 10 Submarket Pipelines

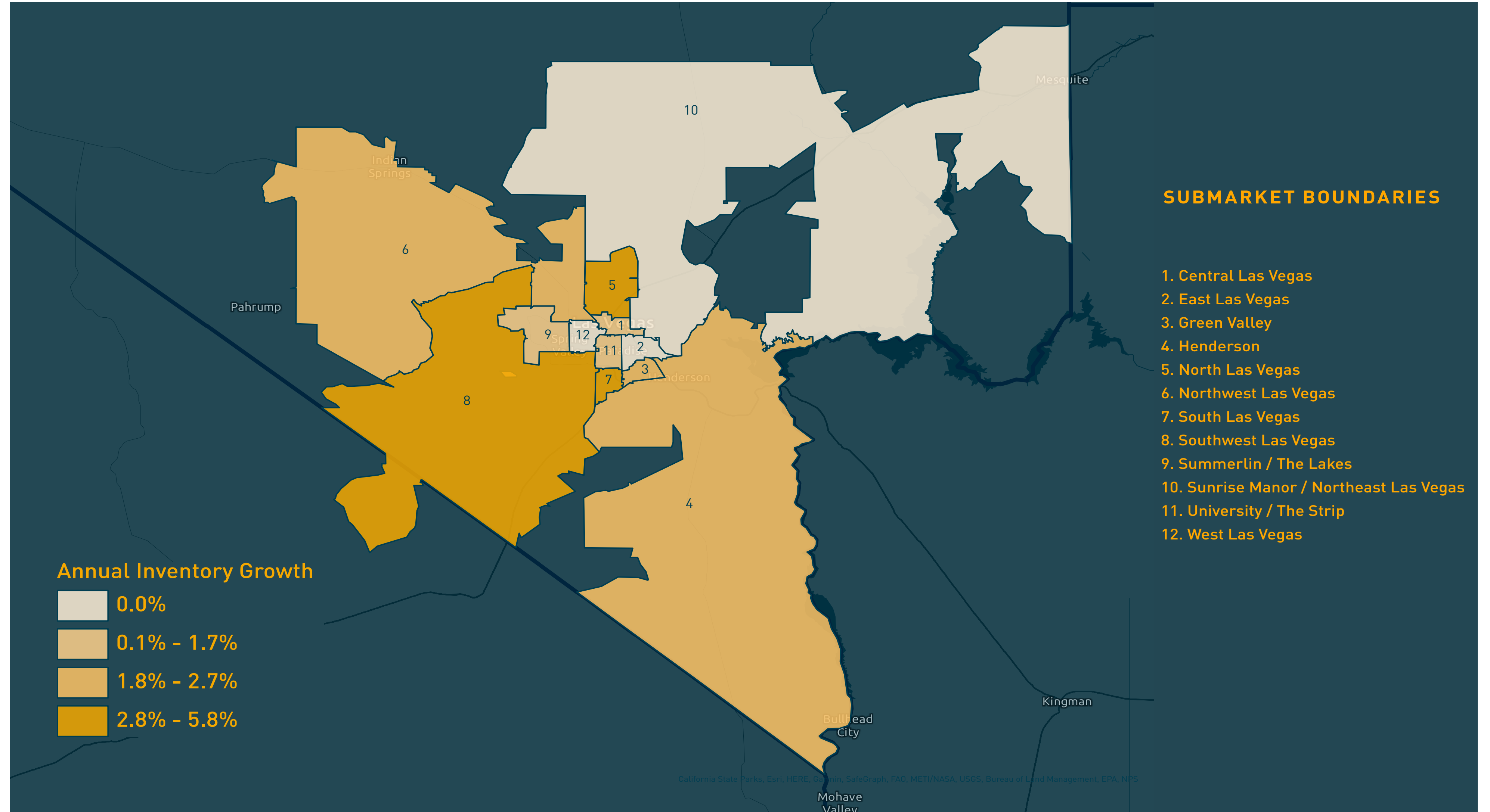




LAS VEGAS, NV

SUBMARKET ANNUAL INVENTORY CHANGE

With apartment developers targeting the outer ring of the Las Vegas metro and some areas around the Strip and Downtown, the Southwest Las Vegas submarket had the most inventory growth, expanding 5.8% over the past year. Southern submarkets such as Southwest Las Vegas and Henderson have been development hotspots in the metro. Together, the two submarkets are set to deliver nearly half of the total projected units for the market by the end of 2023. Yet, apartment formation shows no sign of cooling off after this year. In Southwest Las Vegas, over 3,000 units are under construction, while an additional 2,219 units are underway in Henderson. Placed farther out from the Strip and the tourist commotion of Las Vegas, these submarkets offer a more residential, community-oriented lifestyle to tenants.





LAS VEGAS, NV

RENT & OCCUPANCY

Effective Rent

Q2 2023

\$1,474

↓ 2.4% YOY

Occupancy

Q2 2023

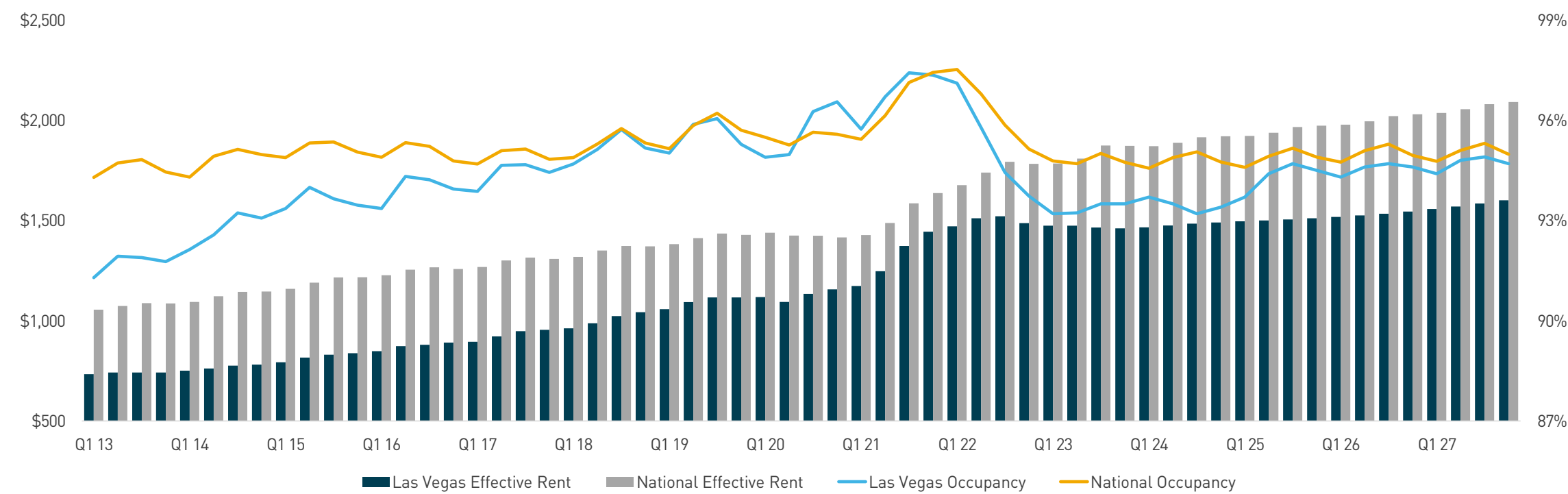
93.2%

↓ 260 BPS YOY

After a 34.7% jump in effective rent since the onset of the pandemic, apartment operators have used concessions to lure in new residents. In the second quarter of 2023, more than a quarter of landlords were offering 2.5% of asking rent in concessions. The rapid incline of rent paired with the backtracking of high concession rates has caused average effective rent in the Las Vegas market to cool, dipping 3.6% annually to \$1,474 per month in the second quarter of 2023. Despite the recent cooldown, the metro's effective rent still remained 15.3% above the five-year average of \$1,249. Las Vegas boasts one of the most affordable effective rent in the country, resting safely below the national average of \$1,809. The low rent prices are very attractive to residents migrating from

Southern California, who make up about three-quarters of Las Vegas's in-migration population. With San Diego, Orange County, and Los Angeles supporting rents above \$2,700 per month, relocators are potentially saving more than \$1,000 per month on average when they move to Las Vegas. With demand returning to a net-positive rate in 2023, average effective rent is projected to grow consistently each quarter throughout 2024, increasing 2.0% by the end of 2024. Meanwhile, occupancy dropped 260 basis points from one year prior to 93.2% in the second quarter of 2023 due to the negative net-absorption from 2022.

Las Vegas vs. National Effective Rent & Occupancy



Source: RealPage

Submarket Performance

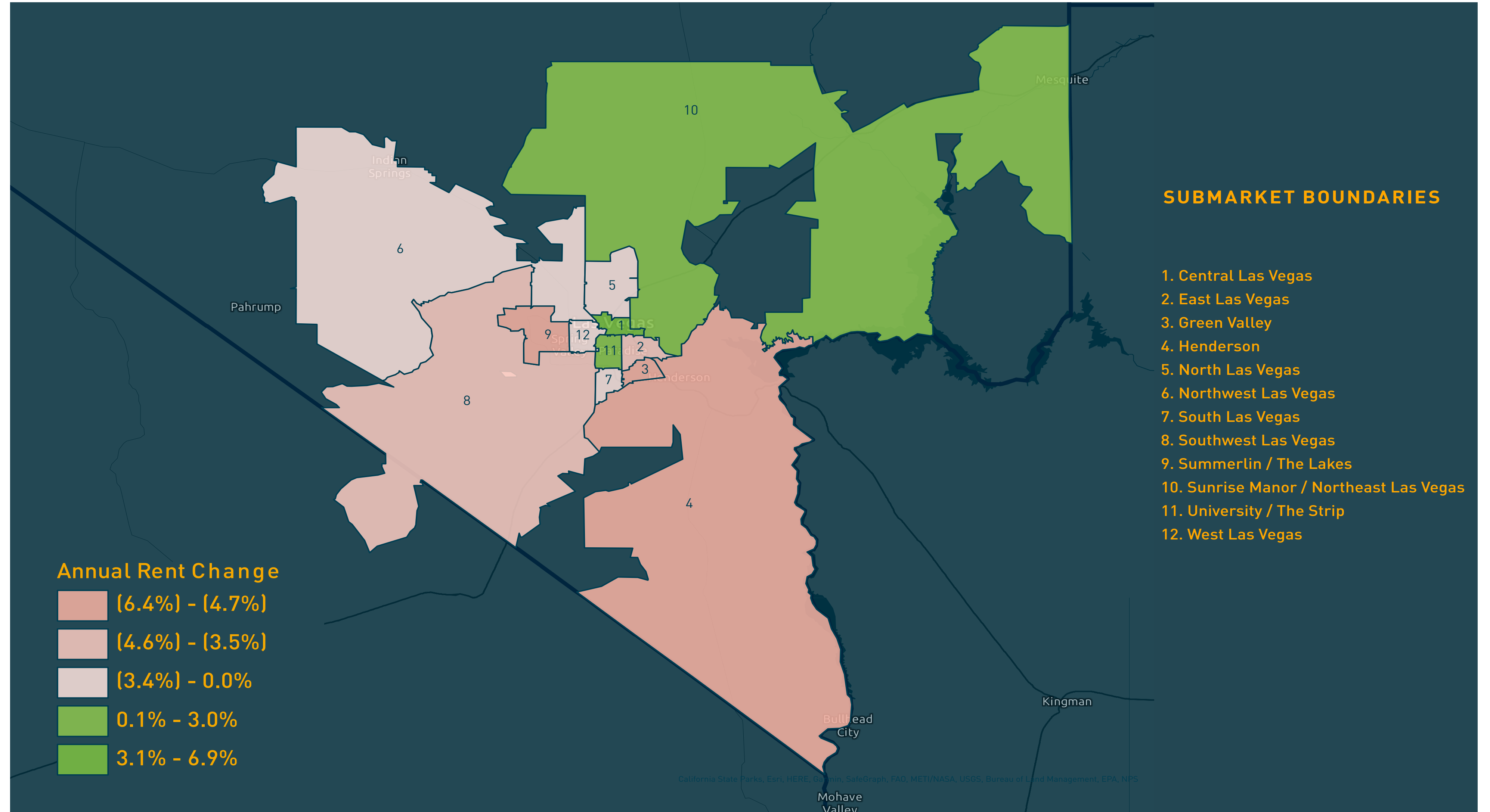
SUBMARKET NAME	Q2 2023 OCCUPANCY	YOY (BPS)	Q2 2023 EFFECTIVE RENT	YOY
Central Las Vegas	95.1%	-110	\$1,232	6.9%
East Las Vegas	92.9%	-300	\$1,312	-4.0%
Green Valley	93.7%	-120	\$1,557	-6.4%
Henderson	93.8%	-200	\$1,631	-5.7%
North Las Vegas	91.5%	-470	\$1,491	-3.5%
Northwest Las Vegas	92.6%	-250	\$1,513	-3.3%
South Las Vegas	93.7%	-290	\$1,615	-2.8%
Southwest Las Vegas	93.5%	-280	\$1,689	-3.9%
Summerlin/The Lakes	92.8%	-170	\$1,709	-4.8%
Sunrise Manor/Northeast Las Vegas	92.0%	-360	\$1,275	1.0%
University/The Strip	93.9%	-300	\$1,258	1.5%
West Las Vegas	93.3%	-280	\$1,341	-1.9%



With net absorption in the negatives and continued deliveries last year, effective rents dropped in highly residential submarkets along the outskirts of the metro. Yet, submarkets located within the urban core of Las Vegas saw a rise in effective rental rates. The Central Las Vegas submarket saw the highest annual effective rent growth in the market, increasing 6.9% to \$1,232 per month in the second quarter of 2023. Meanwhile, average effective rent in the University/The Strip submarket grew 1.5%, reaching \$1,258. Compared to other submarkets within the metro, Central Las Vegas and University/The Strip are among the more affordable options. With tourism beginning to make a comeback to its pre-pandemic glory, it attracts more potential renters and frequent visitors who are looking to be within proximity to the main entertainment hubs located within these two submarkets.

LAS VEGAS, NV





SUBMARKET ANNUAL RENT CHANGE




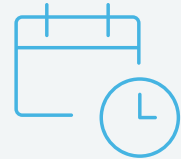
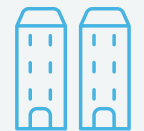
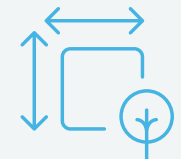


LAS VEGAS, NV SALES

2023 Year to Date*

	VOLUME \$148.0M		PRICE PER UNIT (AVG) \$260,667
	TRANSACTIONS 2		CAP RATE (AVG) 5.0%

What's Trading?*

	UNITS (AVG) 284		YEAR BUILT (AVG) 2010s
	BUILDINGS (AVG) 14		ACRES (AVG) 12.78

Source: Real Capital Analytics
*\$50m+

Top Buyers**

BUYER	LOCATION
Tides Equities	Los Angeles
Kennedy Wilson	Beverly Hills, CA
Blackstone	New York
Starlight Group Property Holdings	Toronto, Canada
Davlyn Investments Property Management	San Diego

Top Sellers**

SELLER	LOCATION
The Bascom Group	Irvine, CA
The Calida Group	Las Vegas
WestCorp Management Group	Las Vegas
McDowell Properties	Laguna Hills, CA
The Wolff Company	Scottsdale, AZ

**Past 24 Months



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

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