

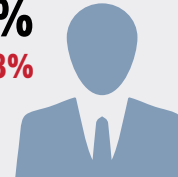
LAS VEGAS MSA | MULTIFAMILY | Q3 2023 REPORT



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2,359,408  **POPULATION**
SEPTEMBER 2023*

6.3%
+0.3%



3.1%



UNEMPLOYMENT **EMPLOYMENT GROWTH**
Q-0-Q AS OF SEPTEMBER 2023* Y-0-Y AS OF SEPTEMBER 2023*

10+ UNIT PROPERTIES **Q3 2023** **INCREASE/DECREASE** **Q3 2022**

Total Sales Volume	\$88M	-85.4%	\$602M
Price/Unit	\$293,533	+0.1%	\$293,307
Price/SF	\$237.56	-23.5%	\$310.41
Year Built	1988	+6 Yrs	1982
Average Rent	\$1,465	-3.6%	\$1,520
Occupancy Rate	93.5%	-0.9%	94.4%
Units Delivered	160	-84.8%	1,054

\$71,674



MEDIAN HH INCOME
SEPTEMBER 2023*

\$61,317



GDP PER CAPITA
SEPTEMBER 2023*

10,743
Units (50+)



UNDER CONSTRUCTION
YARDI

233,169
Units (10+)

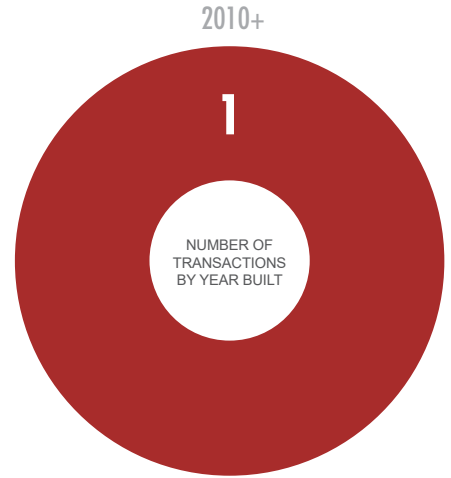


TOTAL INVENTORY
ABI RESEARCH, COSTAR; YARDI

* Forecasted

100+ UNIT MULTIFAMILY PROPERTY ANALYSIS

	Q3 2023	INCREASE/DECREASE	Q3 2022
Total Sales Volume	\$79M	-85.5%	\$544M
AVERAGE Price/Unit	\$346,491	+6.9%	\$323,987
Price/SF	\$246.88	-23.2%	\$321.53
Year Built	2023	+25 Yrs	1998



TOP 3 TRANSACTIONS BY PRICE/UNIT (100+)



Alta Southern Highlands
Las Vegas, 228 Units | \$79,000,000
\$346,491/unit | \$246.88/SF | Built 2023

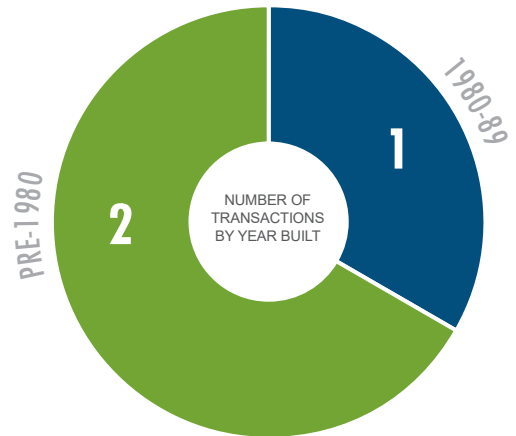
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Q3 2023 Transactions by Year Built

	# of Transactions	Avg Price/Unit	Avg Price/SF
2010+	1	\$346K	\$247
2000-09	--	--	--
1990-99	--	--	--
1980-89	--	--	--
Pre-1980	--	--	--

10 - 99 UNIT MULTIFAMILY PROPERTY ANALYSIS

	Q3 2023	INCREASE/DECREASE	Q3 2022
Total Sales Volume	\$9M	-84.4%	\$58M
AVERAGE Price/Unit	\$125,833	-19.2%	\$155,655
Price/SF	\$178.77	-23.8%	\$234.64
Year Built	1977	+11 Yrs	1966



TOP 3 TRANSACTIONS BY PRICE/UNIT (10-99)



Sunset Apartments
Las Vegas, 30 Units | \$3,860,000
\$128,667/unit | \$179.53/SF | Built 1985



The Palms Apartments
Henderson, 25 Units | \$3,200,000
\$128,000/unit | \$262.73/SF | Built 1967

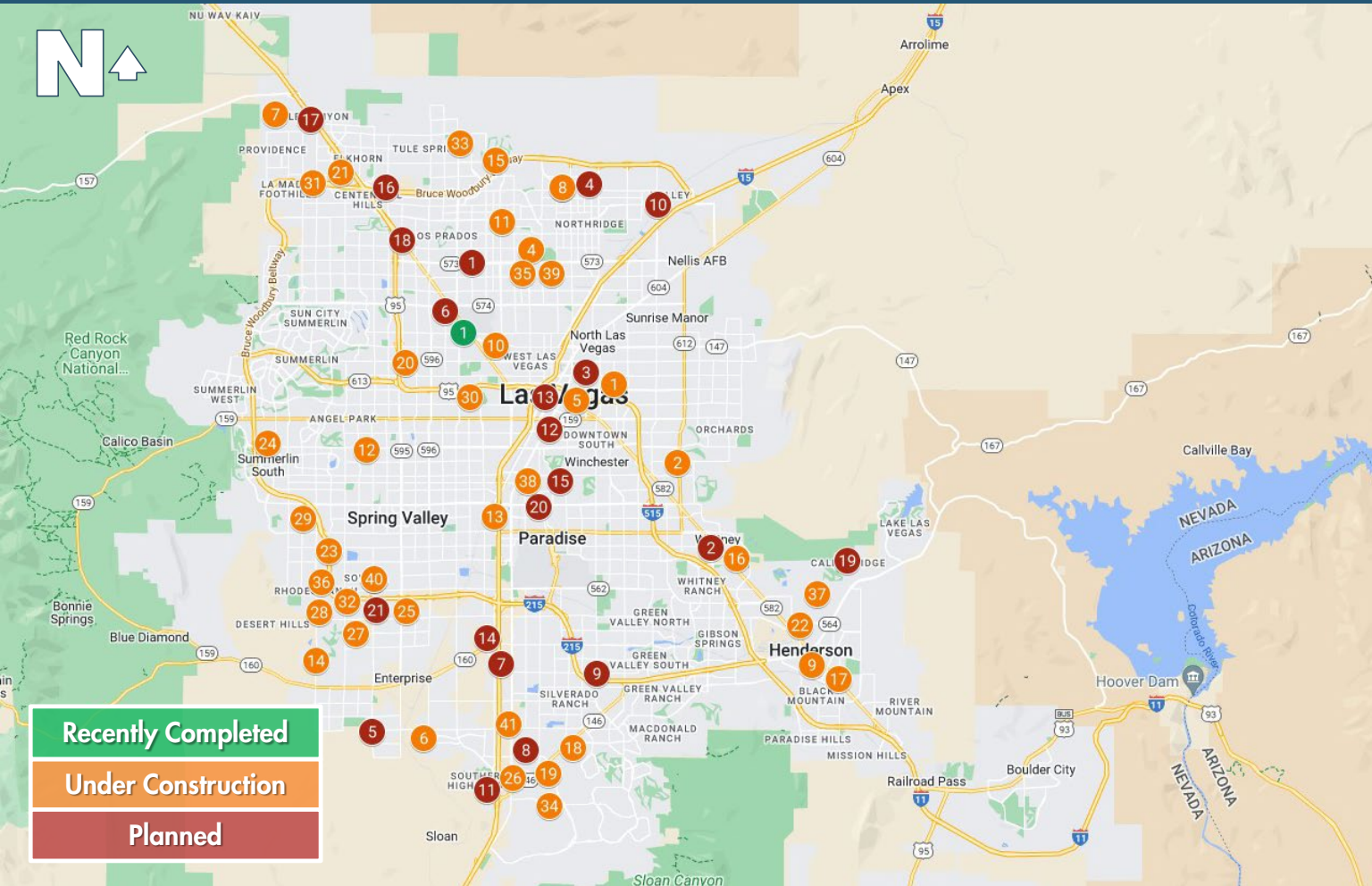


La Paloma
Las Vegas, 17 Units | \$2,000,000
\$117,647/unit | \$117.65/SF | Built 1978

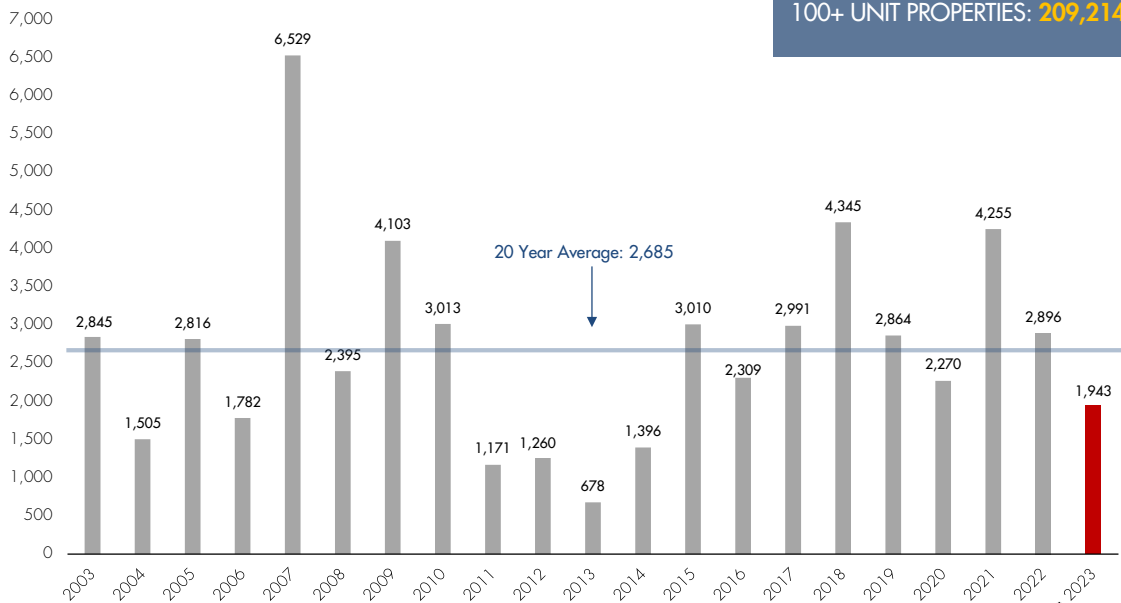
Q3 2023 Transactions by Year Built

	# of Transactions	Avg Price/Unit	Avg Price/SF
2010+	--	--	--
2000-09	--	--	--
1990-99	--	--	--
1980-89	1	\$129K	\$180
Pre-1980	2	\$124K	\$178

COMPLETED CONSTRUCTION



LAS VEGAS MULTIFAMILY CONSTRUCTION PIPELINE Q3 2023



TOTAL UNIT INVENTORY

10+ UNIT PROPERTIES: **233,169**
 100+ UNIT PROPERTIES: **209,214**

PRE-LEASE ABSORPTION RATE

16

Units/Property/Month
 (Q3 2023 Avg)

RECENTLY COMPLETED

TOTAL # OF UNITS: **160**
 TOTAL # OF PROPERTIES: **1**

UNDER CONSTRUCTION

TOTAL # OF UNITS: **10,743**
 TOTAL # OF PROPERTIES: **41**

PLANNED

TOTAL # OF UNITS: **5,621**
 TOTAL # OF PROPERTIES: **22**

* Project Units Delivered. Project units delivered is based on when the total project is completed, not as individual buildings/units are delivered

LAS VEGAS & THE NATIONAL ECONOMY

Throughout Q3 inflation has proven tough to quell and economic conditions have remained hotter than many economists predicted. These conditions imply that further rate hikes may be necessary before we see the Federal Reserve (The Fed) start to reduce interest rates. Notably, The Fed raised interest rates only once in the third quarter and markets predict that it is more likely than not that there will be no further hikes this year, implying that further moves by The Fed will not occur until 2024.

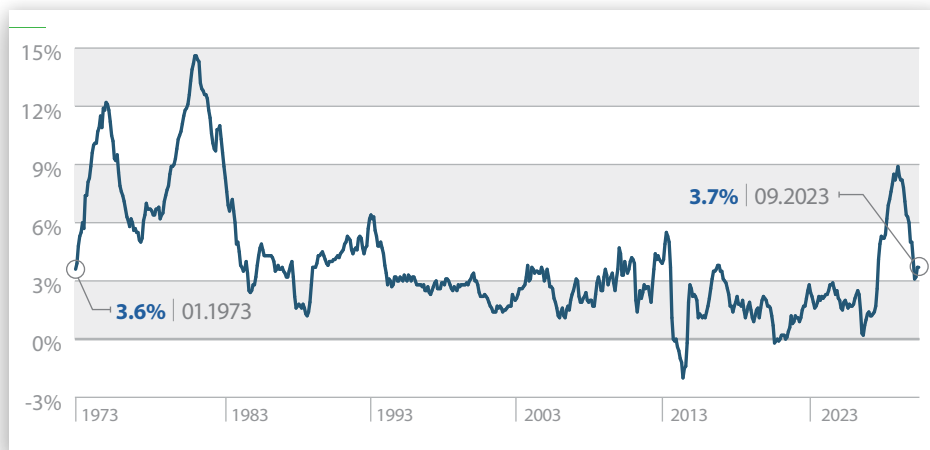
Last year, a majority of economists believed the U.S. would fall into a recession by the end of 2023, but data from this quarter showed strong 3rd quarter GDP growth and employment numbers. This does not mean the U.S. is out of the woods, but the Fed's wish for an economic 'soft landing' may be more

realistic than some experts expected.

A majority of that strong GDP growth in the third quarter was driven by an increase in consumer spending. However, if you asked the average American about the state of the economy you would hear a story that conflicts with some of these classical benchmarks. Recent polling has

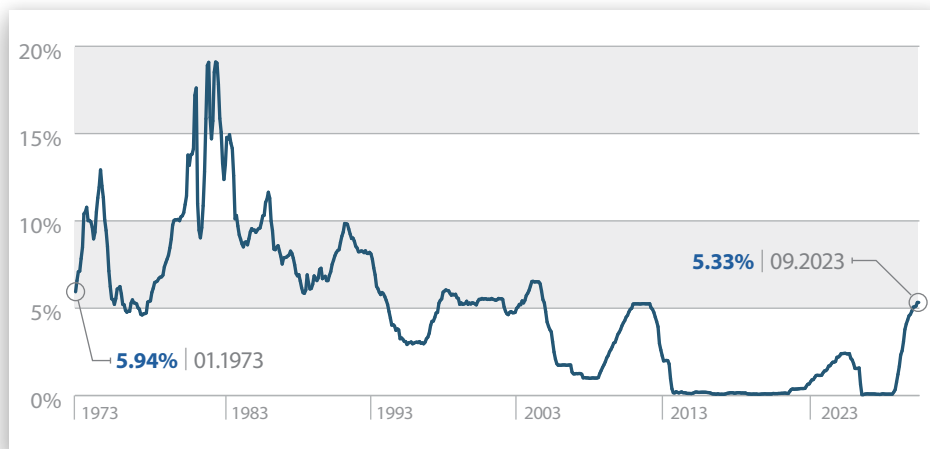
shown that U.S. residents have a largely negative view of the economy and the direction that it is heading. With mortgage rates climbing above 8% and real wages dropping as inflation ebbs and flows, a lot of Americans feel frustrated with the current climate.

This entire economic environment weighs on the commercial real estate sector, especially on multifamily. Las Vegas has realized this tougher transaction market, seeing only \$372 million in transactions through the 3rd quarter of the year, compared to more than \$2.9 billion over the same period in 2022. It may be a while before a full recovery occurs, but underlying fundamental conditions should inspire optimism about medium- and long-term prospects.



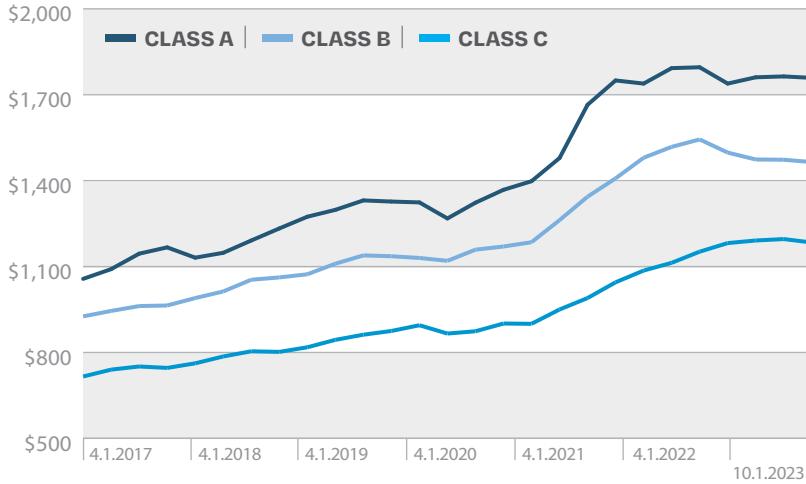
NATIONAL CONSUMER PRICE INDEX (CPI-U)

- Annual inflation has dropped to 3.7% after reaching a peak of 8.9% last summer. This is a crucial indicator for the Federal Reserve to determine whether to decelerate or reverse course on rate hikes.
- Inflation has proven tough to quell as y-o-y inflation has ticked up from the previous quarter. Signaling from the Fed indicates that levers will continue to be pulled until the inflation rate reaches their 2% mandate.



NATIONAL FEDERAL FUNDS RATE/ INTEREST RATES

- Federal Reserve rate hikes have pushed the Federal Funds rate to its highest point in over a decade, standing at 5.33% at the end of Q3 2023, marking an increase of nearly 280 basis points since the same time last year.
- Coinciding with these hikes, the national average interest rate for a 30-year fixed rate conventional mortgage loan has ballooned to over 8% at the end of Q3 2023.

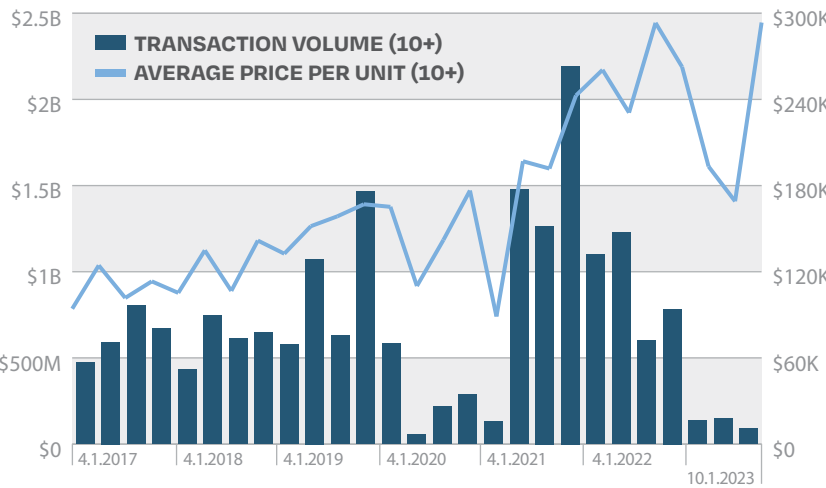
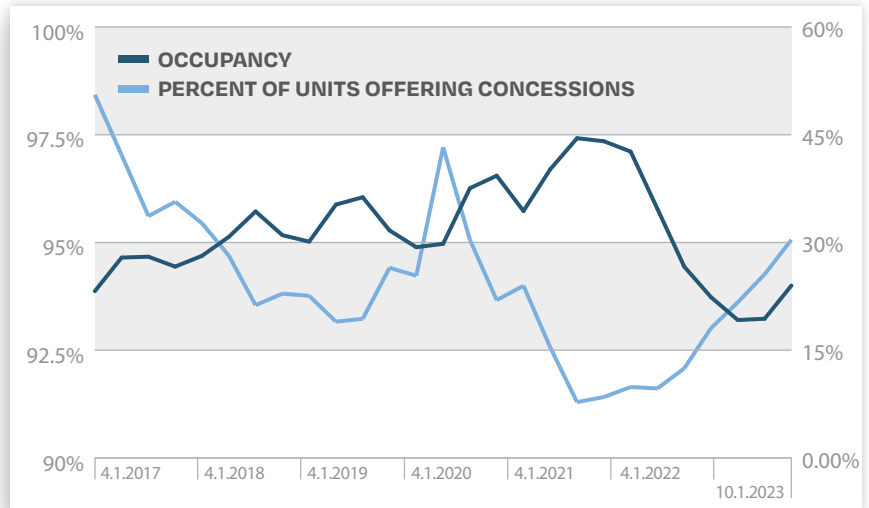


**LAS VEGAS MSA
EFFECTIVE RENT BY ASSET CLASS**

- Over the previous 12-month period, rental rates retracted, dropping 3.6% to \$1,465.
- On average, Class A units rented for \$1,759 a month, Class B units went for \$1,465, and Class C rentals were \$1,184.
- Las Vegas has experienced booming rent growth in recent years, but still maintains an average rental rate about 20% lower than the national average.

**LAS VEGAS MSA
OCCUPANCY/CONCESSIONS**

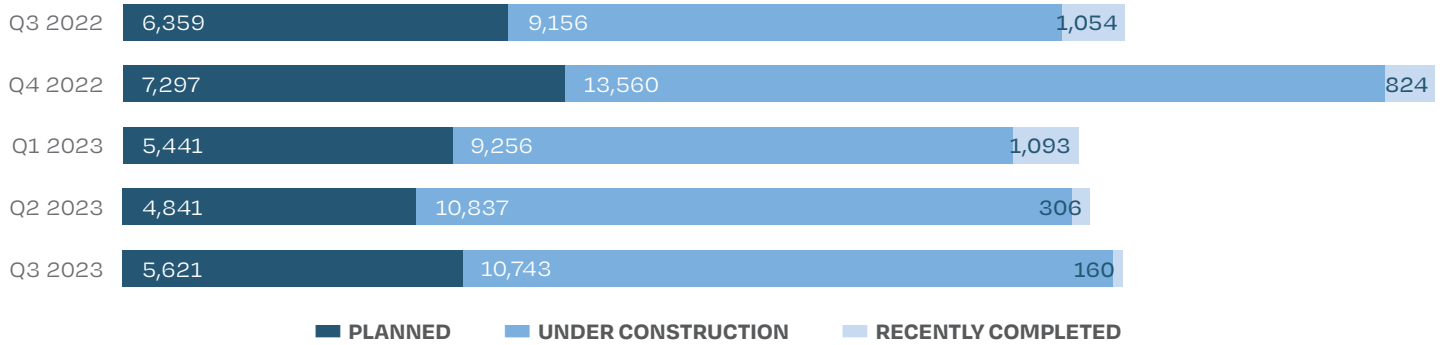
- Following national trends, occupancy decreased to 93.5% in the Las Vegas MSA, a drop of 0.9% year-over-year.
- Despite inflationary pressure, occupancy levels have stayed close across all asset classes, with Class A units at 93.3%, Class B properties at 92.8%, and Class C at 92.4%.
- As occupancy continues to trend downward, the inverse can be seen in concessions, with 29.6% of units offering concessions, up from 12.1% the same time last year.



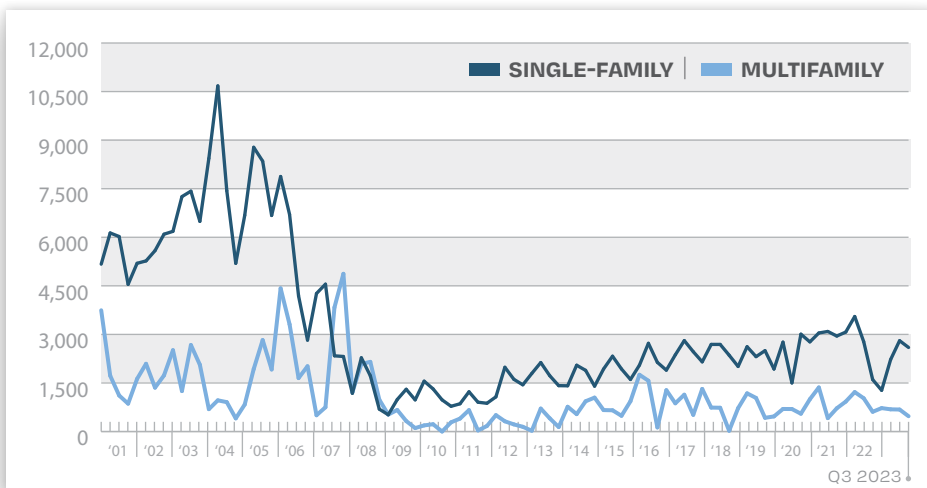
**LAS VEGAS MSA
TRANSACTION VOLUME**

- \$88 million in multifamily transactions occurred in the third quarter this year, representing an 85% decrease in sales from the same quarter in 2022.
- This is the lowest volume in a quarter witnessed by Las Vegas in the post-pandemic era.
- Average Price per Unit saw a substantial, but less sizable dip, and settled at \$184,226/unit, a 37.2% decrease year-over-year.

LAS VEGAS MSA | MULTIFAMILY CONSTRUCTION (50+)



- 160 multifamily units were delivered this quarter, bringing Las Vegas's total multifamily inventory to 233,169 units.
- At the end of Q3, Las Vegas had 10,743 units under construction, a 16% increase from the same period last year.



LAS VEGAS MSA PERMITTING ACTIVITY

- In Q3 2023, there were 2,597 single-family and 473 multifamily permits issued in the Las Vegas MSA, respectively a 62% increase and 22% decrease from the same period in the year prior.
- Las Vegas permitting activity follows the trends of other Western U.S. markets. A moderate drop in multifamily permits but a significant rise in single family permits.

LAS VEGAS DRIVERS

The initial shock of a higher interest rate environment has worn out, but in its wake are bank collapses, tightened lending conditions, and disgruntled citizens. Queue the depths of a stagnant multifamily market, in contrast to the previous couple years of rapid-moving fundamentals and immense levels of activity.

Thankfully for Las Vegas, several underlying trends give us reasons to be optimistic about the future. The region's high in-migration rate, fueled by an attractive combination of job opportunities and a desirable climate, contributes to robust housing demand that remains intact even during market fluctuations. Las Vegas has also picked

up several sports franchises in the last few years, the most recent being MLB's A's, and is rumored to be the destination for an NBA expansion team. Additionally, high-profile ventures like Elon Musk's Loop and the Vegas Sphere contribute to Vegas's unique development and culture.

To meet additional housing needs associated with general in-migration and the activity generated by these projects, Las Vegas has developed a growing pipeline of ongoing and planned multifamily developments. A growing pipeline signifies investor confidence in the area's prospects but also ensures a steady supply of housing options for this growing population. However, a higher baseline for material costs, coupled with

labor shortages and stricter lending, could prove tricky in the coming years. The viability of many projects will be affected, thus we foresee a drop-off in new deliveries in 2024 and 2025. This will help curb recently rising vacancy rates, but the market will ultimately need to adjust to supply housing for the tens of thousands of additional people migrating to the metro each year.

Despite initial challenges from higher interest rates, Las Vegas is set for growth. In-migration, new business activity, and a robust development pipeline will drive economic activity and the multifamily market. Challenges will arise, but the market adapts and long-term trends will prevail.

ABI COMPARATIVE MARKET REVIEW: Q3 2023



LAS VEGAS

TUCSON

PHOENIX

DEMOGRAPHICS

RENT/OCCUPANCY/CONSTRUCTION

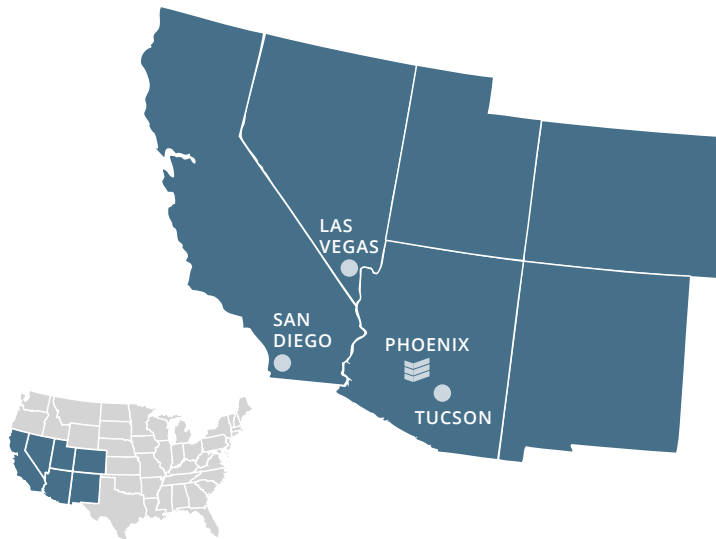
SALES

Total Population (September 2023*)	2,359,408	1,063,751	5,055,752
Unemployment Rate (September 2023*)	6.3%	5.0%	4.5%
Employment Growth (y-o-y)	3.1%	1.5%	1.8%
Median HH Income (September 2023*)	\$71,674	\$66,130	\$86,099
GDP Per Capita (September 2023*)	\$61,317	\$50,664	\$68,736
Rent (Q3 2023)	\$1,465	\$1,203	\$1,621
y-o-y % Increase/Decrease	-3.6%	+1.6%	-3.3%
Occupancy (Q3 2023)	93.5%	93.4%	93.2%
y-o-y % Increase/Decrease	-0.9%	-1.3%	-1.1%
Total Inventory (10+)	233,169	101,839	407,991
Total Under Construction (50+)	10,743	3,501	43,375
Units Delivered (50+, YTD)	1,943	0	12,643
Total Sales Volume (Q3 2023)	\$88M	\$64M	\$1.17B
y-o-y % Increase/Decrease	-85.4%	-85.8%	-63.6%
Average P/U (Q3 2023)	\$293,533	\$124,660	\$298,216
y-o-y % Increase/Decrease	+0.1%	-33.6%	-3.9%

* Forecasted

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LAS VEGAS ADVISORS

JASON DITTENBER
SENIOR VICE PRESIDENT

702.820.5660
jason.dittenber@abimultifamily.com
Lic. # NV: B.0144976.LLC

ANTHONY MARINELLO
ASSOCIATE

702.820.5586
anthony.marinello@abimultifamily.com
Lic. # NV: S.0190476

JOSH MCDUGALL
ASSOCIATE

702.820.5636
josh.mcdougall@abimultifamily.com
Lic. # NV: S.0189840

PHOENIX HEADQUARTERS

5227 N. 7th Street
Phoenix, AZ 85014
602.714.1400

LAS VEGAS OFFICE

9830 W. Tropicana Ave., Ste. 180,
Las Vegas, NV 89147
702.820.5660

SAN DIEGO OFFICE

1223 Cleveland Ave., Ste. 200
San Diego, CA 92103
858.256.5454
CA Lic #02015648

TUCSON OFFICE

3360 N. Country Club Road
Tucson, AZ 85716
520.265.1993

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