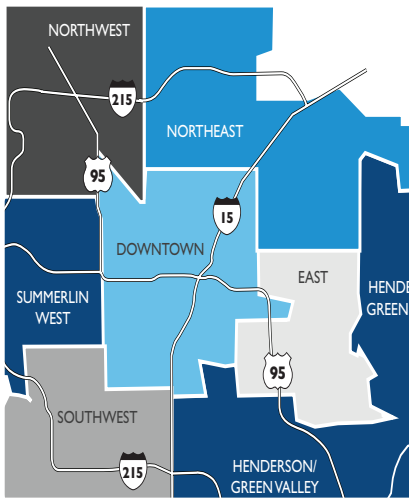




LAS VEGAS | NEVADA

RESEARCH & FORECAST REPORT



Multi-Family Review

According to statistics provided by REIS, multi-family vacancy in Southern Nevada decreased in the fourth quarter of 2012 (the most recent quarter of available data), continuing an eleven quarter trend in declining vacancy. Vacancy stood at 6.3 percent in the fourth quarter of 2012, a decrease of 1.2 points from the fourth quarter of 2011. Class A properties enjoyed a 5.9 percent vacancy rate, lower than Class B and C properties, which had an overall vacancy of 6.6 percent. Most submarkets showed positive net absorption, the exception being the Northeast submarket, which suffered 27 units of negative net absorption. Effective rents were up 0.5 percent over last quarter and 3.1 percent over last year, and stood at \$798 per unit overall in the fourth quarter of 2012. Class A properties posted an average asking rent of \$948 per unit, compared to an average asking rent of \$721 for Class B and C properties.

REIS predicts that the next two years will see multi-family vacancy dip to as low as 5.3 percent before new construction begins driving vacancy rates back up. REIS predicts over 10,000 multi-family units will be added to the Valley's inventory over the next four years, with most of it currently planned for the Henderson/Southeast and North Las Vegas submarkets.

Over the past twelve months, Southern Nevada added 18,800 new jobs net, with most new jobs being in the leisure & hospitality, trade, transportation & warehousing and construction (yes – construction!). The only sector to lose jobs in the past twelve months is education & health services. The hospitality & leisure sector, which had been slowing down in terms of job growth in the latter half of 2012, continues that slowdown, having lost 1,900 jobs in the past month. If nothing else, the impending re-openings of the SLS (former Sahara) and The Quad (former Imperial Palace) should reverse this trend. Unemployment in the Las Vegas-Paradise MSA stood at 10.2 percent as of January 2013, down from 12.5 percent in January 2012. Over the same period, total employment in Southern Nevada has increased by 18,900 jobs, the majority in leisure and hospitality, trade, transportation and utilities and construction.

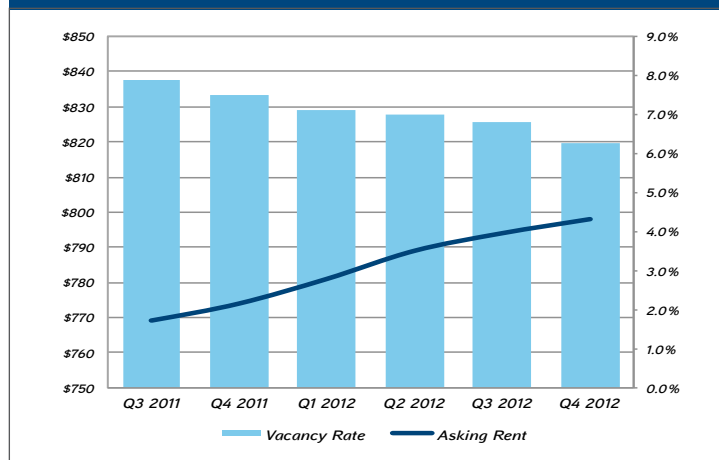
CLARK COUNTY ECONOMIC DATA

	2013	2012
Unemployment Rate (Jan)	10.2%	12.5%
Visitor Volume (Jan YTD)	3.1 MM	3.2 MM
Gaming Revenue (Jan YTD)	\$0.8 BB	\$0.9 BB
Taxable Sales*	\$16.3 BB	\$15.4 BB
Commercial Occupancy (Q1)	85.1%	83.7%

SOURCE: THE CENTER FOR BUSINESS & ECONOMIC RESEARCH, UNLV

*Compares 2013 to 2012, the most recent stats available

HISTORICAL VACANCY RATES & ASKING LEASE RATES



"A rising population coupled with rising single-family home prices suggests that multi-family projects will continue to be sought after in 2013."

John M. Stater
Colliers, Research & GIS Manager

MULTI-FAMILY MARKET INFORMATION

QUARTER	INVENTORY	COMPLETIONS	VACANT UNITS	VACANCY RATE	NET ABSORPTION	ASKING RENT	RENT CHANGE Q	VACANCY RATE (LAST Q)	VAC CHANGE (Q-O-Q)	UNDER CONSTRUCTION	PLANNED CONSTRUCTION	UNITS SOLD	VOLUME\$	PRICE/UNIT
2010	134,547		12,244	9.1%		\$768								
2011	135,253	706	10,144	7.5%	2,844	\$774						7,554	\$380,144,686	\$50,324
2012	135,775	522	8,528	6.3%	2,079	\$798						10,057	\$650,473,567	\$64,679
QUARTER	INVENTORY	COMPLETIONS	VACANT UNITS	VACANCY RATE	NET ABSORPTION	ASKING RENT	RENT CHANGE Q	VACANCY RATE (LAST Q)	VAC CHANGE (Q-O-Q)	UNDER CONSTRUCTION	PLANNED CONSTRUCTION	UNITS SOLD	VOLUME\$	PRICE/UNIT
Q 1 2011	134,547	0		8.6%	670	\$767	-0.1%	9.1%	-0.5%			674	\$47,311,687	\$70,195
Q2 2011	134,799	252		8.3%	674	\$770	0.4%	8.6%	-0.3%			3,389	\$188,919,440	\$55,745
Q3 2011	134,799	0		7.9%	473	\$769	-0.1%	8.3%	-0.4%			1,968	\$97,320,004	\$49,451
Q4 2011	135,253	454		7.5%	1,027	\$774	0.7%	7.9%	-0.4%			1,500	\$64,593,555	\$43,062
Q1 2012	135,573	320		7.1%	752	\$781	0.9%	7.5%	-0.4%			1,405	\$33,301,000	\$23,702
Q2 2012	135,573	0		7.0%	162	\$789	1.0%	7.1%	-0.1%			3,406	\$144,627,544	\$42,463
Q3 2012	135,725	152	9,255	6.8%	388	\$824	4.4%	7.0%	-0.2%	1,094	4,195	1,640	\$87,344,000	\$53,259
Q4 2012	135,775	50	8,528	6.3%	777	\$798	0.5%	6.8%	-0.5%	1,094	4,969	3,178	\$333,054,835	\$104,800
CLASS														
A	64,002	50	3,756	5.9%	278	\$948	0.4%	6.2%	-0.3%			1,146	\$208,526,250	\$181,960
BC	71,773	0	4,772	6.6%	499	\$721	0.6%	7.4%	-0.8%			2,032	\$124,528,585	\$61,284
SUBMARKET														
DOWNTOWN	16,227	0	1,217	7.5%	97	\$700	0.0%	8.1%	-0.6%	0	90	351	\$9,105,000	\$25,940
CLASS A	2,773	0	132	4.8%	26	\$848	2.0%					0	\$0	
CLASS B/C	13,454	0	971	7.2%	88	\$678	0.7%					352	\$8,775,000	\$24,929
EAST	15,322	0	981	6.4%	-3	\$745	0.3%	6.4%	0.0%	0	917	56	\$1,675,000	\$29,911
CLASS A	6,383	0	330	5.2%	-10	\$819	-1.0%					0	\$0	
CLASS B/C	8,939	0	589	6.6%	73	\$696	1.5%					288	\$6,720,252	\$23,334
HENDERSON/SOUTHEAST	25,198	0	1,587	6.3%	51	\$954	0.1%	6.5%	-0.2%	434	1,550	144	\$5,825,000	\$40,451
CLASS A	17,180	50	1,000	5.8%	90	\$1,004	-0.2%					344	\$35,850,000	\$104,215
CLASS B/C	8,068	0	515	6.4%	31	\$843	-0.1%					144	\$5,825,000	\$40,451
NORTH LAS VEGAS	22,450	152	2,110	9.4%	139	\$796	1.4%	9.4%	0.0%	660	864			
CLASS A	12,594	0	1,038	8.2%	69	\$883	0.1%					0	\$0	
CLASS B/C	9,856	0	892	9.1%	112	\$691	0.9%					0	\$0	
NORTHEAST	8,815	0	846	9.6%	18	\$699	0.1%	9.8%	-0.2%	0	0			
CLASS A	2,172	0	155	7.1%	-20	\$790	-0.3%					0	\$0	
CLASS B/C	6,643	0	718	10.8%	-7	\$669	0.1%					56	\$1,675,000	\$29,911
NORTHWEST/SOUTHWEST	20,681	0	910	4.4%	41	\$999	1.1%	4.6%	-0.2%	0	434	351	\$40,156,250	\$114,405
CLASS A	15,049	0	655	4.4%	101	\$1,043	1.3%					163	\$18,156,250	\$111,388
CLASS B/C	5,632	0	131	2.3%	23	\$909	-0.7%					0	\$0	
UNIVERSITY	14,501	0	1,102	7.6%	46	\$705	0.6%	7.9%	-0.3%	0	96			
CLASS A	2,180	0	179	8.2%	-43	\$954	1.8%					639	\$154,520,000	\$241,815
CLASS B/C	12,321	0	822	6.7%	144	\$671	1.1%					164	\$4,700,000	\$28,659
WEST CENTRAL	12,531	0	502	4.0%	-1	\$808	0.6%	4.0%	0.0%	0	244	840	\$74,833,333	\$89,087
CLASS A	5,671	0	267	4.7%	65	\$917	0.8%					0	\$0	
CLASS B/C	6,860	0	134	2.0%	35	\$724	0.0%					1,028	\$96,833,333	\$94,196

MULTI-FAMILY DEMOGRAPHIC DATA

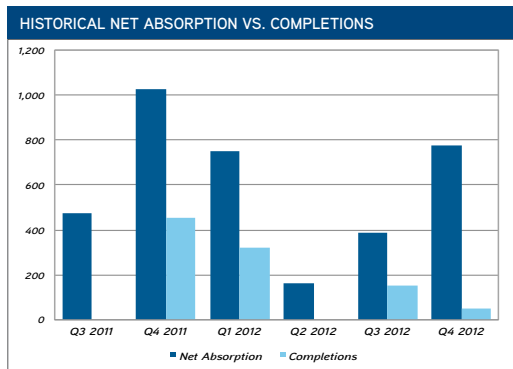
	2012 est. Households	Renter Occupied	Median Household Income	Average Household Size	Projected Annual Growth Rental Households (2011-2016)
Downtown	141,000	63%	\$38,000	2.8	-162
East	75,000	43%	\$47,000	2.8	109
Henderson/Green Valley	166,000	39%	\$62,000	2.6	621
Northeast	68,000	42%	\$53,000	3.0	353
Northwest	59,000	14%	\$74,000	2.9	117
Southwest	77,000	33%	\$63,000	2.6	337
Summerlin West	73,000	40%	\$62,000	2.5	149

Population growth, a key driver of Southern Nevada’s economy and obviously of demand for multi-family, continues to recover from the lows of 2010. On average, people turned in an average of 5,524 out-of-state driver’s licenses per month into the Nevada Department of Motor Vehicles in Clark County in 2012. This is a significant improvement over 2011, when 4,936 licenses were turned in per month, and 2010, when only 4,262 licenses were turned in per month. The driver’s license count is still down from the high of almost 7,000 per month experienced in 2005, but it appears to be heading in the right direction.

According to Real Capital Analytics, there were 20,022 units in distressed multi-family projects in Southern Nevada in the first quarter of 2013, a significant increase from the fourth quarter of 2012. The distressed category includes properties that have received a notice of default, as well as troubled properties and those that are in some stage of the foreclosure process. Over the past twelve months, distressed multi-family projects consisting of 18,950 units have been resolved and another 896 units have had their loans extended or restructured. Distressed properties that were resolved had an average occupancy rate of 86 percent.

Multi-family sales continued to rise in 2012, with 10,057 units selling at an average price per unit of \$64,679. Compare this to 2011, when 7,554 units sold at an average price of \$50,324 per unit. Multi-family sales reached their nadir in 2009, when only 822 units traded, and the past two years have been nothing less than a renaissance for multi-family. Cap rates averaged 9.1 percent in 2012, compared to 8.0 percent in 2011 and 7.9 percent in 2010. In general, buyers appear to be investigating Class A properties, but the sales are in Class B/C properties. According to data from Real Capital Analytics, approximately 94.7 percent of all sales in 2012 were of Class B/C product.

A rising population coupled with rising single-family home prices suggests that multi-family projects will continue to be sought after in 2013.



MULTI-FAMILY SALES					
PROPERTY	SALE DATE	UNITS	PRICE	PRICE/UNIT	YEAR BUILT
Toscana Villas	Feb 2013	270	\$13.7 MM	\$51,000	1976
Sonterra	Feb 2013	350	\$15.5 MM	\$44,000	1977
Majestic Heights	Feb 2013	240	\$12.2 MM	\$51,000	1989
The Ritz	Feb 2013	198	\$13.9 MM	\$70,000	1990
Adobe Ranch	Jan 2013	234	\$30.0 MM	\$128,000	2003
Lake Tonopah	Jan 2013	356	\$12.3 MM	\$35,000	1996
Campaign Place	Jan 2013	319	\$6.7 MM	\$21,000	2000
Tierra Ridge	Jan 2013	98	\$6.2 MM	\$63,000	2000
Charleston Pines	Jan 2013	200	\$3.8 MM	\$19,000	1981
Allens Courtyard	Jan 2013	59	\$2.6 MM	\$44,000	1985

Source: Real Capital Analytics

HISTORICAL SALES DATA					
	2012	2011	2010	2009	2008
Units Sold	10,057	7,554	2,996	822	3,991
Average Price/Unit	\$64,679	\$50,324	\$42,500	\$66,900	\$85,300
Cap Rate	9.1%	8.0%	7.9%	6.6%	5.9%

482 offices in 62 countries on 6 continents

United States: 140
 Canada: 42
 Latin America: 20
 Asia Pacific: 195
 EMEA: 85

- > \$2.0 billion in annual revenue
- > 1.12 billion square feet under management
- > Over 13,500 professionals

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