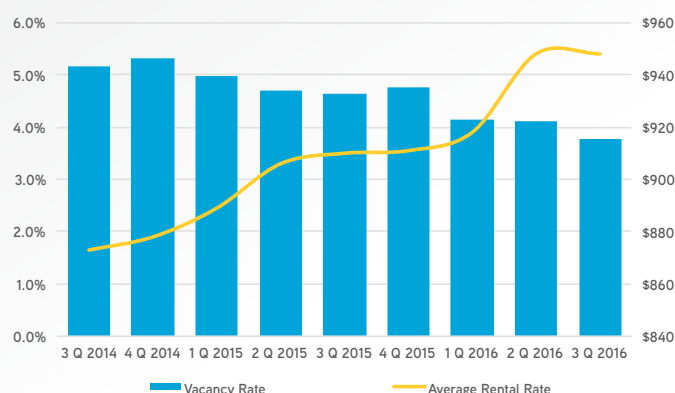


Sales Strong in 2016

- › Multifamily vacancy decreased to 3.8 percent in the third quarter of 2016
- › There were no new completions this quarter, although several developments will be delivered in the next quarter
- › Rental rates continued to increase

According to statistics provided by REIS, multifamily vacancy in Southern Nevada decreased in the third quarter of 2016 (the most recent quarter of available data) to 3.8 percent. Vacancy was 0.3 points lower than in the second quarter of 2016 and 0.8 points lower than in the third quarter of 2015. Class A properties were 4.7 percent vacant in the third quarter, 0.3 percentage points higher than last quarter. Class B/C properties were 2.9 percent vacant, 0.5 percentage points lower than last quarter.

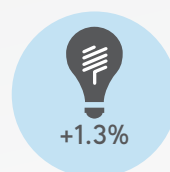
Historical Vacancy Rates and Rental Rates



"We think developers are just getting started, and investors will still find Southern Nevada an attractive place to invest in 2017."

Economic Indicators

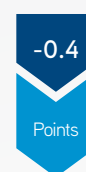
ELECTRIC
Meter Hookups



NEW HOME
Median Price



THIRTY YEAR
Mortgage Rate



Market Indicators

Relative to prior period	Q3 2016	Q4 2016*
VACANCY	↓	↓
NET ABSORPTION	↓	↑
COMPLETIONS	↔	↑
RENTAL RATE	↑	↑

*Projected

Summary Statistics

Q4 2016 Las Vegas Market	Q3-15	Q2-16	Q3-16
Vacancy Rate	4.6%	4.1%	3.8%
Asking Rent (PSF, NNN)	\$910	\$927	\$948
Net Absorption YTD (SF)	1,524	1,826	2,306
New Completions YTD (SF)	1,434	473	473

Overall Asking Rents

Per Unit Per Month	Previous Quarter	Current Quarter
Class A	\$1,054	\$1,084
Class B/C	\$806	\$813

Five multifamily submarkets had positive net absorption in the third quarter of 2016, Northwest/Southwest (290 units), Henderson/Green Valley (136 units), West Central (71 units), North Las Vegas (15 units) and Downtown (1 unit). Net absorption was negative in East Las Vegas (negative 30 units), University (negative 2 units) and Northeast (negative 1 unit).

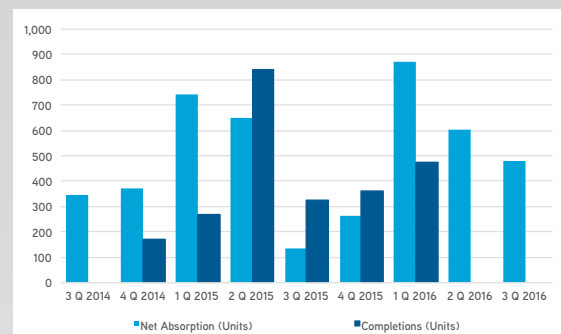
No new multifamily projects were completed in the third quarter of 2016, but 1,494 units are to be delivered in the fourth quarter, almost all of them in the Northwest/Southwest submarket. There were 2,908 units under construction, and developers have another 406 units planned to begin construction within the next twelve months. The current wave of development may end by early 2018 unless additional developments are proposed in the meantime.

The average asking rent for multifamily was \$948 per unit in the third quarter of 2016, increasing by \$38 psf year-over-year and by \$21 per unit since last quarter. Class A properties saw asking rates increase by 4.4 percent year-over-year to \$1,084 per unit, while Class B/C properties saw a 4.1 percent increase to \$813 per unit. Growth in rents during a period of inventory expansion suggests that new properties are not only doing well, but are finding new tenants rather than just cannibalizing existing properties.

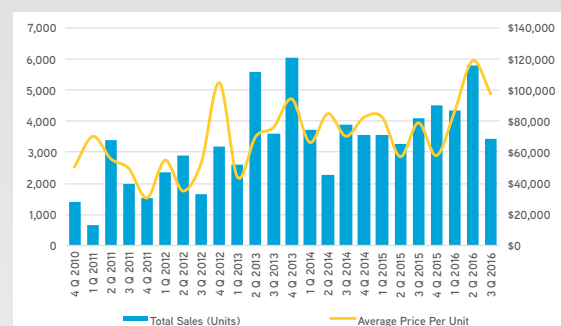
Unemployment in the Las Vegas-Paradise MSA stood at 5.5 percent as of October 2016, down from 6.4 percent in October 2015. From October 2015 to October 2016, total employment in Southern Nevada has increased by 12,700 jobs. The majority of the Valley's new jobs were in construction (+8,500 jobs), education and healthcare (+5,000 jobs) and trade, transportation and utilities (+4,700 jobs). Jobs were lost in leisure and hospitality (-600 jobs), information (-1,500 jobs) and professional and business services (-5,300 jobs).

According to data provided by the Nevada Department of Motor Vehicles, the number of out-of-state driver's licenses turned in to the DMV between October 2015 and October 2016 was 68,855.

Historical Net Absorption vs. Completions



Sales (Units) vs. Price Per Unit



Complex Under Construction	Submarket	Units
Elysian West	Northwest/Southwest	466
Zone5 Apartments	Northwest/Southwest	390
EVO Apartments	Northwest/Southwest	376
The Gallery	Northwest/Southwest	348
Evolve Apartment Homes	Henderson	348
Fremont9	Downtown	231
South Beach Resort	Northwest/Southwest	220
The Mercer	Northwest/Southwest	177
The Constellation	Northwest/Southwest	124
Vue at Centennial	Northwest/Southwest	111
Level 25 at Durango	Northwest/Southwest	69
Warmington Solana Apartments	Northwest/Southwest	48
TOTAL		2,470

Demographics

Submarket	Estimated Households (2016)	Renter Occupied (2016)	Median Household (2016)	Average Household (2016)	Proj. Annual Growth Rental Households (2016-2021)
Downtown	49,000	65%	\$31,000	2.8	170
East	80,000	44%	\$42,000	2.7	337
Henderson/Southeast	153,000	37%	\$62,000	2.6	793
North Las Vegas	131,000	36%	\$55,000	3.1	698
Northeast	49,000	49%	\$39,000	3.3	238
Northwest/Southwest	174,000	35%	\$64,000	2.6	977
University	36,000	77%	\$33,000	2.2	176
West Central	70,000	52%	\$47,000	2.4	413
TOTAL	743,000	43%	\$51,000	2.7	3,802

Source: Claritas

This is higher than during the same period from 2014 to 2015 when they reported 60,490 licenses, and suggests that population growth in Southern Nevada is accelerating. Population growth has been a major driver of Southern Nevada's economic growth since Las Vegas's birth in 1905, so improvements in population growth are particularly important for the region and the multifamily market in particular.

Multifamily sales decreased in the third quarter of 2016 compared to the third quarter of 2015, with 2,161 units selling at an average sales price per unit of \$77,603. Sales in the second quarter of 2015 hit a recent high, with 7,170 units selling during the quarter. Initial estimates for fourth quarter 2016 sales are exceptionally strong, with approximately 8,373 units selling at an average price per unit of \$95,000. Multifamily remains a hot investment market across the United States, so it should be no surprise that they are hot in one of

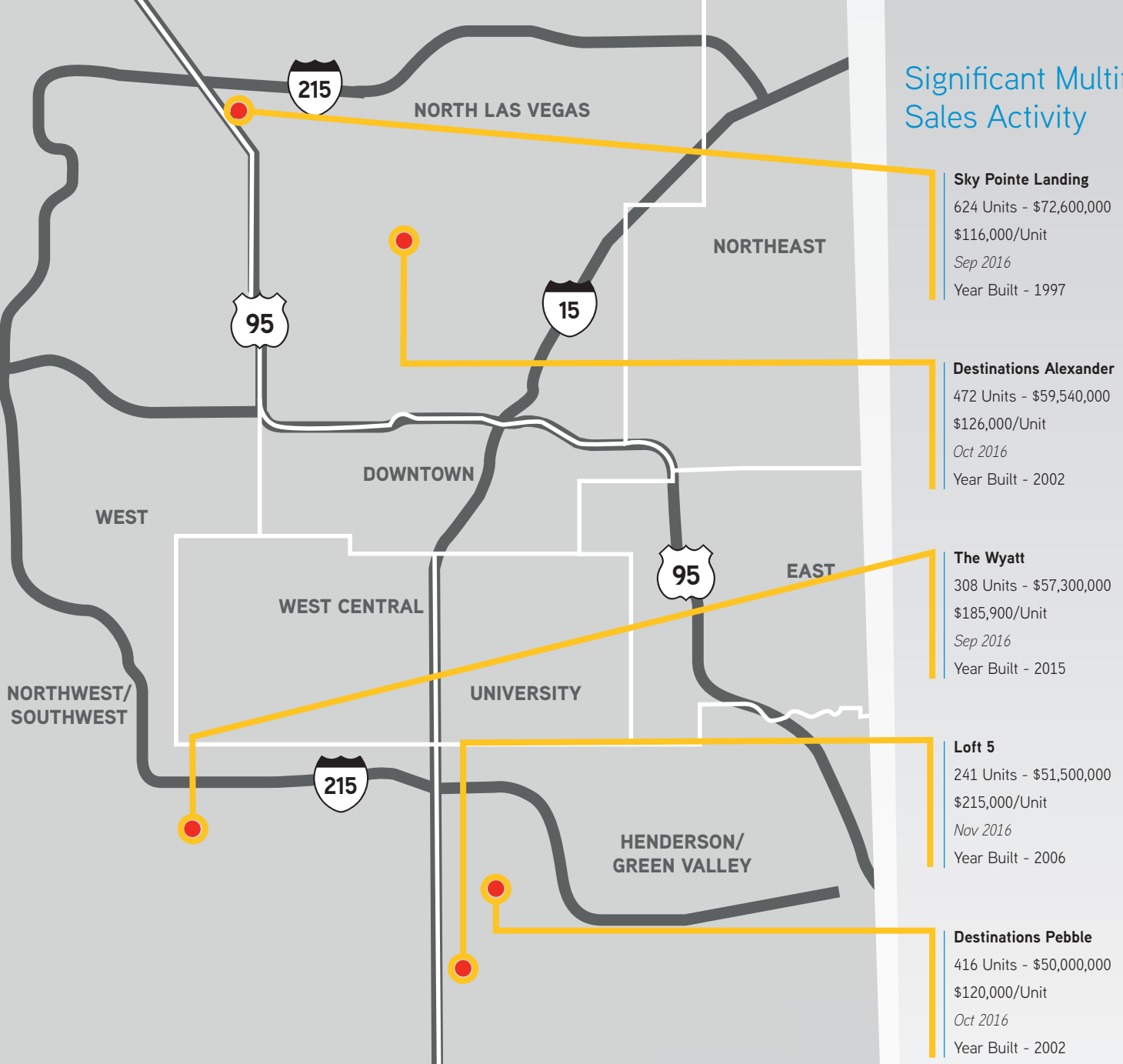
the country's fast growing cities. The pace of development and the newer, better located properties that are being sold are key factors in the increase in average price per unit this year.

With vacancy under 4 percent, Southern Nevada is a prime market for multifamily development, especially when you consider that the pace of population growth in the Valley appears to be increasing. This is a prime reason that Southern Nevada is set to show more than \$2.1 billion in investment sales volume in 2016, more than doubling the sales volume recorded in 2015. The multifamily inventory will increase in the fourth quarter of 2016, and should continue to increase in 2017. We think developers are just getting started, and investors will still find Southern Nevada an attractive place to invest in 2017.

Sales Data

	2012	2013	2014	2015	2016 YTD
Units Sold	21,840	17,808	14,019	15,408	13,674
Average Price Per Unit	\$65,425	\$75,600	\$73,627	\$71,836	\$99,316
Cap Rate	7.3%	5.7%	6.0%	7.3%	5.5%

Significant Multifamily Sales Activity



Sales Activity Continued

Property Name	Sale Date	Units	Price	Price/Unit	Year Built
Sonoma Shadows	Sep 2016	752	\$44,871,000	\$60,000	1980
Oasis Gateway	Sep 2016	360	\$39,200,000	\$108,900	1997
Reflections at the Lakes	Sep 2016	326	\$37,500,000	\$115,000	1989
Craig Crossing Apartments	Sep 2016	203	\$35,350,000	\$174,000	2010
Loma Vista Apartments	Nov 2016	402	\$31,750,000	\$79,000	1998

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	AVERAGE PRICE PER UNIT	AVERAGE RENTAL RATE
DOWNTOWN												
A	2,773	0.8%	0.8%	(1)	25	-	-	231	295	161	\$112,422	\$930
B/C	13,454	1.0%	1.0%	2	121	-	-	-	-	1,516	\$70,580	\$759
Total	16,227	1.0%	0.9%	1	146	-	-	231	295	1,677	\$74,597	\$788
EAST LAS VEGAS												
A	6,383	3.6%	3.4%	(10)	33	-	-	-	-	-	n/a	\$910
B/C	8,939	1.9%	1.7%	(20)	121	-	-	-	-	240	\$77,500	\$778
Total	15,322	2.6%	2.4%	(30)	154	-	-	-	-	240	\$77,500	\$833
HENDERSON/GREEN VALLEY												
A	20,213	6.2%	5.8%	127	543	-	631	348	111	-	n/a	\$1,178
B/C	8,068	6.3%	6.4%	9	93	-	-	-	-	100	\$70,000	\$1,016
Total	28,281	6.2%	7.4%	136	636	-	631	348	111	100	\$70,000	\$1,133
NORTH LAS VEGAS												
A	12,918	4.9%	4.8%	(6)	41	-	-	-	-	-	n/a	\$948
B/C	9,552	4.4%	4.6%	21	94	-	-	-	-	-	n/a	\$761
Total	22,470	4.7%	4.8%	15	135	-	-	-	-	-	n/a	\$868
NORTHEAST												
A	2,172	2.6%	2.7%	2	21	-	-	-	-	-	n/a	\$824
B/C	6,643	3.9%	3.9%	(3)	114	-	-	-	-	-	n/a	\$763
Total	8,815	3.6%	3.6%	(1)	135	-	-	-	-	-	n/a	\$779
NORTHWEST/SOUTHWEST												
A	17,581	4.5%	4.3%	308	546	-	90	2,329	-	-	n/a	\$1,236
B/C	5,452	1.6%	1.3%	(18)	157	-	-	-	-	144	\$118,056	\$1,094
Total	23,033	3.8%	4.7%	290	703	-	90	2,329	-	144	\$118,056	\$1,203
UNIVERSITY												
A	2,180	2.3%	2.2%	(2)	(8)	-	-	-	-	-	n/a	\$999
B/C	12,321	3.6%	3.6%	-	153	-	-	-	-	-	n/a	\$732
Total	14,501	3.4%	3.4%	(2)	145	-	-	-	-	-	n/a	\$773
WEST CENTRAL												
A	5,981	4.0%	5.2%	72	231	-	-	-	-	-	n/a	\$1,000
B/C	6,860	0.7%	0.7%	(1)	21	-	-	-	-	-	n/a	\$771
Total	12,841	2.2%	2.6%	71	252	-	-	-	-	-	n/a	\$878
MARKET TOTAL												
A	70,201	4.7%	5.0%	490	1,432	-	721	2,908	406	161	n/a	\$1,084
B/C	71,289	2.9%	3.4%	(10)	874	-	-	n/a	n/a	2,000	\$74,800	\$813
Total	141,490	3.8%	4.2%	480	2,306	-	721	2,908	406	2,161	\$77,603	\$948
QUARTERLY COMPARISON AND TOTALS												
Q3-16	141,490	3.8%	4.1%	480	2,306	-	473	2,908	406	2,161	\$77,603	\$948
Q2-16	141,490	4.1%	4.1%	604	1,826	-	473	2,470	390	7,170	\$113,859	\$927
Q1-16	141,490	4.1%	4.8%	868	1,182	473	473	2,239	621	4,343	\$86,112	\$918
Q4-15	141,017	4.8%	4.6%	264	1,788	360	1,794	1,826	1,345	4,496	\$57,811	\$911
Q3-15	140,657	4.6%	4.7%	135	1,524	324	1,434	1,216	1,704	4,077	\$78,914	\$910
Q2-15	141,490	4.7%	5.0%	647	1,389	840	1,110	1,617	2,222	3,268	\$57,114	\$906
Q1-15	140,650	5.0%	5.3%	742	742	270	270	1,617	2,222	3,572	\$82,458	\$889

* Most recent quarter of data

Source: REIS

Sales Data provided by Colliers International

502 offices in 66 countries on 6 continents

United States: **153**

Canada: **34**

Latin America: **24**

Asia Pacific: **231**

EMEA: **112**

\$2.5

billion in
annual revenue*

2.0

billion square feet
under management

16,000

professionals
and staff

*All statistics are for 2015 and include affiliates.

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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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