

LAS VEGAS CAPITAL MARKETS

Economic Indicators

	MY 18	MY 19	12-Month Forecast
Las Vegas Employment	1.0M	1.1M	▲
Las Vegas Unemployment	5.0%	4.8%	▼
U.S. Unemployment	4.0%	3.7%	▼

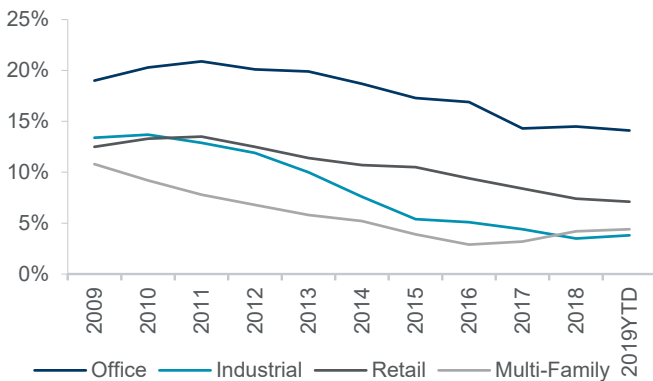
June 2018/2019 used to represent MY 19 for Las Vegas & U.S.

Market Indicators

	MY 18	MY 19	12-Month Forecast
Office*	13.8%	14.1%	▼
Industrial*	4.0%	3.7%	▼
Retail*	8.1%	7.0%	▼
Multi-Family**	3.5%	4.4%	▼

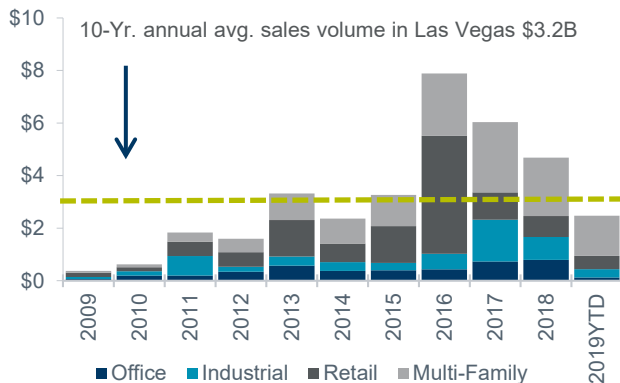
*Overall vacancy incl. sublease. **Reis.

Vacancy Rates in Comparison



Source: Costar, Reis.

Sales Volume in \$Billions



Source: RCA, sales \$2.5M+.

Economy

The Las Vegas employment market continued to record job growth, adding 18,800 jobs (+1.8%) year-over-year (YOY) through June 2019.¹ During the same time period, the monthly unemployment rate decreased 20 basis points (bps) to 4.8% in June 2019. Also worth noting, the current rate is 160 bps below the 29-year average of 6.4%. All employment sectors are expected to grow at a combined growth rate of 3.1% in 2019 and 2.1% in 2020. Las Vegas's economy of \$112.3 billion² as measured by gross regional product is forecasted to grow an additional 5.3% in 2019 and 4.1% in 2020, above its 10-year average of 1.7%.³

Sales Activity

Las Vegas commercial real estate investment market sales volume for office, industrial, retail and multi-family properties \$2.5 billion and greater reached nearly \$2.5 billion through the first half of 2019. Total mid-year transaction activity has been above the 10-year long-term mid-year average of \$1.6 billion for the last four consecutive years. The mid-year 2019 sales volume was up 0.2% compared to the mid-year 2018 (\$2.47B) volume and 14% above the mid-year volume of 2017 (\$2.2B).⁴ Total annual transaction activity for 2019 is on pace to surpass the 10-year long-term annual average of \$3.2 billion as it has since 2015. The \$7.9B in sales during 2016 remain the highest sales total on record so far.

In the first half of 2019, retail (+42%) and multi-family (+40%) sales volume increased compared to the first six months of 2018. Multi-family deals accounted for the largest portion (62%) of total sales volume of \$2.5 billion with \$1.5 billion traded. Retail deals were the second largest portion (21%) of total sales volume with \$507 million traded. The increase in both multi-family and retail sales volume can be attributed to a multitude of investors. Notably, TruAmerica multifamily purchased the Allanza at the Lakes apartments for \$152 million. This sale is the highest sale price for a single multi-family asset in Nevada history. Also, the Calida Group purchased another Las Vegas multi-family asset. The Calida Group bought the Pointe at Centennial apartments in the Northwest for \$100 million. They plan to divide the property into two apartment complexes, and rebrand the north side "Ely." For retail, Pebb Enterprises acquired two large retail properties: Cheyenne Commons and Rainbow Promenade. Cheyenne Commons was bought out of foreclosure, while Rainbow Promenade was acquired via auction. These acquisitions represent Pebb Enterprises' first foray into the Las Vegas market.

Investment in industrial (-48%YOY) and office (-70%YOY) properties slowed through the first half of 2019. Despite the lack of growth in sales volume, both industrial and office properties saw a YOY growth in price per sf of 17% and 5%, respectively.

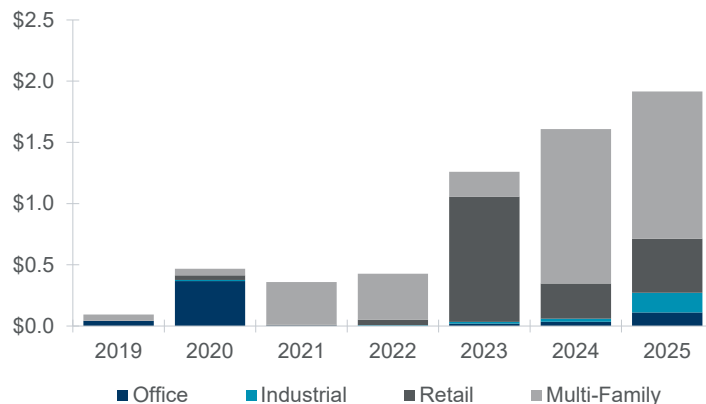
Across all property types, private investors comprised 60% of buyers in the first half of 2019 (vs. 70% in 2018), followed by institutional (27% vs. 18% in 2018) and cross-border (6% vs. 7% in 2018). Private investors accounted for the greatest share of sellers (63% vs. 58% in 2018), followed by institutional investors (27% vs. 28% in 2018) and cross-border (7% vs. 3% in 2018).

The average cap rate in the first half has been the lowest for multi-family properties (5.4%), followed by industrial (5.7%), retail (6.7%) and office (7.3%). The cap rates for industrial and multi-family remain the lowest since the Great Recession. There are then some cap rate movements that are a function of changes in asset quality and not necessarily a fall in asset prices. Investment activity is expected to gain overall momentum, yet growth will most likely not be uniform across all property types and deal structures as investors are more selective with their capital.



Las Vegas Annual Loan Maturity by Product Type (\$B)

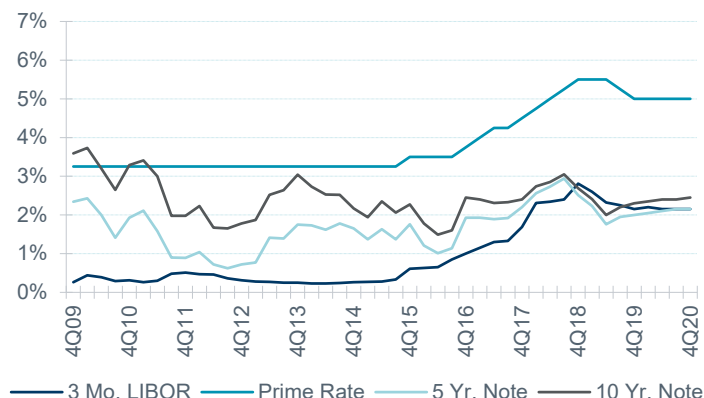
\$6.1B IN LOANS ARE DUE THROUGH THE END OF 2025



Source: Trepp, LLC – 7/22/2019.

Interest Rates – U.S. Economic Forecast

RATES PROJECTED TO SLOWLY INCREASE OVER NEXT 2 YEARS



Source: Wells Fargo U.S. Economic Forecast – 7/12/2019.

Key Sale Transactions January – June of 2019

PROPERTY	SF	BUYER	SELLER	SALE PRICE (PRICE PER SF)	SUBMARKET	PROPERTY TYPE
Loma Vista, Stonegate & Viridian Palms	1,083,523	CalSTRS	The Roxborough Group, LLC	\$137,500,000 (\$127)	East, North	Multi-Family
Allanza at the Lakes	784,480	TruAmerica Multifamily	C-III Asset Management	\$152,000,000 (\$194)	Northwest	Multi-Family
Mirasol & Fairways on Green Valley	766,938	Waterton Residential, LLC	The Bascom Group	\$140,200,000 (\$183)	Henderson	Multi-Family
Pointe at Centennial	577,824	The Calida Group	Shopoff Realty Investments	\$100,000,000 (\$173)	Northwest	Multi-Family
5402-5406 E. El Campo Grande Ave.	416,267	Colony Capital, Inc.	Thomas & Mack Development Group	\$38,000,000 (\$91)	North Las Vegas	Industrial
Cameron/El Dorado Industrial Portfolio	368,933	Black Creek	Stockbridge Capital Group	\$57,184,615 (\$155)	Southwest	Industrial
Cheyenne Commons	361,486	Pebb Enterprises	JPMorgan Chase & Co.	\$34,350,000 (\$95)	Northwest	Retail
Rainbow Promenade	228,279	Pebb Enterprises	CWCapital Asset Management	\$30,750,000 (\$135)	Northwest	Retail
Northgate Distribution Center	215,804	GLP	VanTrust	\$24,500,000 (\$114)	North Las Vegas	Industrial
Welltower - CNL Healthcare Portfolio	139,222	Welltower Inc.	CNL Healthcare Properties, Inc.	\$40,700,000 (\$292)	South	Office

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