

MARKET ANALYSIS FOR PROPOSED DEVELOPMENT AT
8725 West Sahara Avenue, Las Vegas, NV 89117

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1. Executive Summary

This market study analyzes ideas for developing a 25.25 acre plot at 8725 West Sahara Avenue, Las Vegas, NV 89117 (see Figure 1 below). The developer, Zurich Alternative Asset Management (“Zurich” hereafter), has requested for an analysis of potential highest and best, residential focused uses for the land, under the assumption that the current buildings on site will be demolished and the available area repurposed for residential and/or multifamily construction.

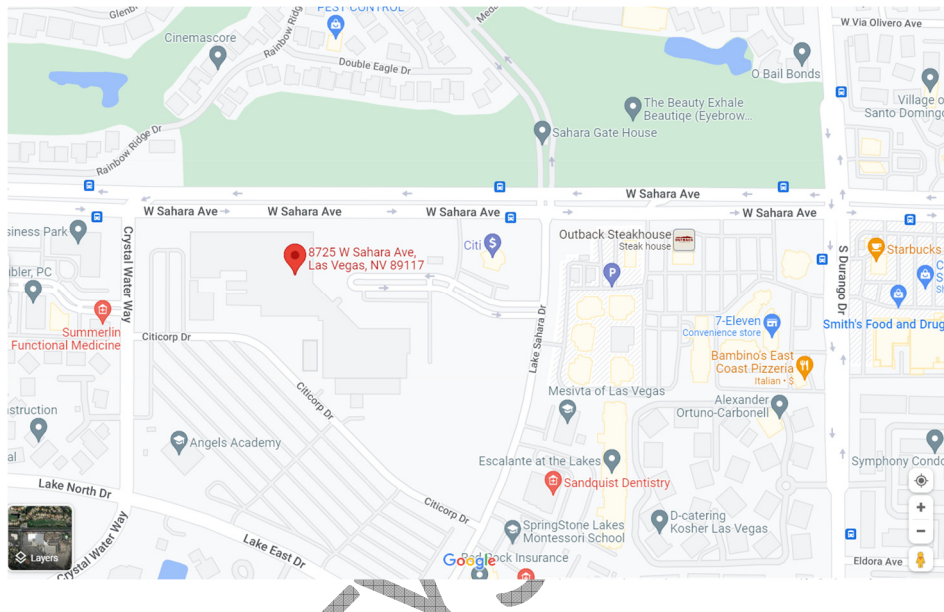


Figure 1: Land Parcel at 8725 West Sahara Avenue, Las Vegas, NV 89117

According to Clark County, NV records, the property is zoned for Commercial Use, including Offices, Business and Professional Services and Condominium Ownership.

Based on a detailed analysis of the sub market characteristics, we have highlighted five possible highest and best residential uses, with descriptions of the potential features that could be included in each type of development in certain cases. To decide upon and execute a specific use, other factors, such as zoning, must be taken into account by the developers of the property.

2. Project Description and Background

Zurich plans to develop ("Project" or "Development") a 25.25 acre plot of land at 8725 West Sahara Avenue, Las Vegas, NV 89117 (the "Property") after demolishing any existing buildings/structures on the Property.

The Developer has a strong interest in single family, multifamily and/or other residential uses for the Property, along with possible mixed use – such as retail or restaurants – if practicable.

Zoning

According to the property and tax assessment records maintained by the Clark County, Nevada, the Property is zoned as follows:

- 41.335.C Offices, which is listed as Professional and Business Services. Condo Ownership in the Table referenced below:

<https://files.clarkcountynv.gov/clarknv/Assessor/Data%20Files/Land%20Use%20Code%20Table.pdf>

According to both CBRE and OfficeSpace.com (see link below), the Property is zoned C-1.

<https://www.officespace.com/nv/las-vegas/671200-8725-w-sahara-ave>

Zoning changes may be required in order to construct residential units. Specific requirements for different types of residences have been outlined in Section 5 of this document, where we discuss the specific highest and best residential uses.

High-Level Questions for the Developers

Prior to proceeding with the Project launch, the Company has asked for answers to some critical questions. This market study is designed to address the majority of those queries at a level that allows the Parties to make an informed decision.

The questions raised by the Company include:

- A. What are the Best Residential Focused Uses for the land, including but not limited to Multifamily (Apartment) developments?
- B. What are the total number of units that the Developer can reasonably expect to build for each specific use considered?

Some Additional Questions

Some additional questions must be answered to analyze the feasibility of the Project overall:

- a. Is there enough demand in the local (West Sahara) market for the chosen development path to be profitable for the investors?
- b. Can the Project attract buyers/renters from neighboring areas such as Summerlin and Summerlin South?
- c. Can buyers/renters that would normally be attracted to live in the immediate area (including Summerlin and Summerlin South) be attracted to the developments contemplated in the Project? If so, can the Project attract buyers from outside the immediate area?
- d. In cases of mixed use recommendations (that is, residential along with retail, restaurants and/or commercial), what specific features will help draw people to the Project site?

3. Approach

To answer key questions regarding the highest and best uses of the Property (primarily residential as per the Developer's current intentions), as well as the feasibility of each Development that is contemplated, we critically examine the characteristics of the West Sahara and other proximal submarkets, using detailed economic, demographic and other data.

Successfully selling, leasing, renting and / or operating the real estate being developed is directly dependent on the strength of the demand for each type of Development strategy and Zurich's ROI strategy.

In order to analyze the demand drivers, we have researched both primary data and internet references, including but not limited to data from the following sources:

- Latest available US Census tract data, including American Community Survey data and the Current Population Survey, Annual Social and Economic Supplement
- Bureau of Labor Statistics
- The Council for Community and Economic Research
- Non-profit sources on specialized items such as education and safety
- Real estate trends and current values from various national and local sources (e.g. Realtor.com, Movoto and LoopNet)
- Various data provided by Summerlin Communities
- Other sources as appropriate

Our final recommendations on highest and best use of the Property, presented in Section 5 of this report, encapsulate an understanding of multiple factors.

4. West Sahara and Proximal Submarket(s) Description

In this section, we describe West Sahara's market characteristics, along with surrounding areas such as Summerlin and Summerlin South. The main purpose is to examine the viability of the Project given the demand for the various uses being considered.

The areas analyzed are covered by the following zip codes:

- West Sahara/The Lakes 89117
- The Lakes 89145
- Summerlin 89128
- Summerlin 89134
- Summerlin/Summerlin South 89135
- Summerlin 89138
- Summerlin 89144
- Summerlin South 89147

The proximate areas are shown in Figure 2 below:

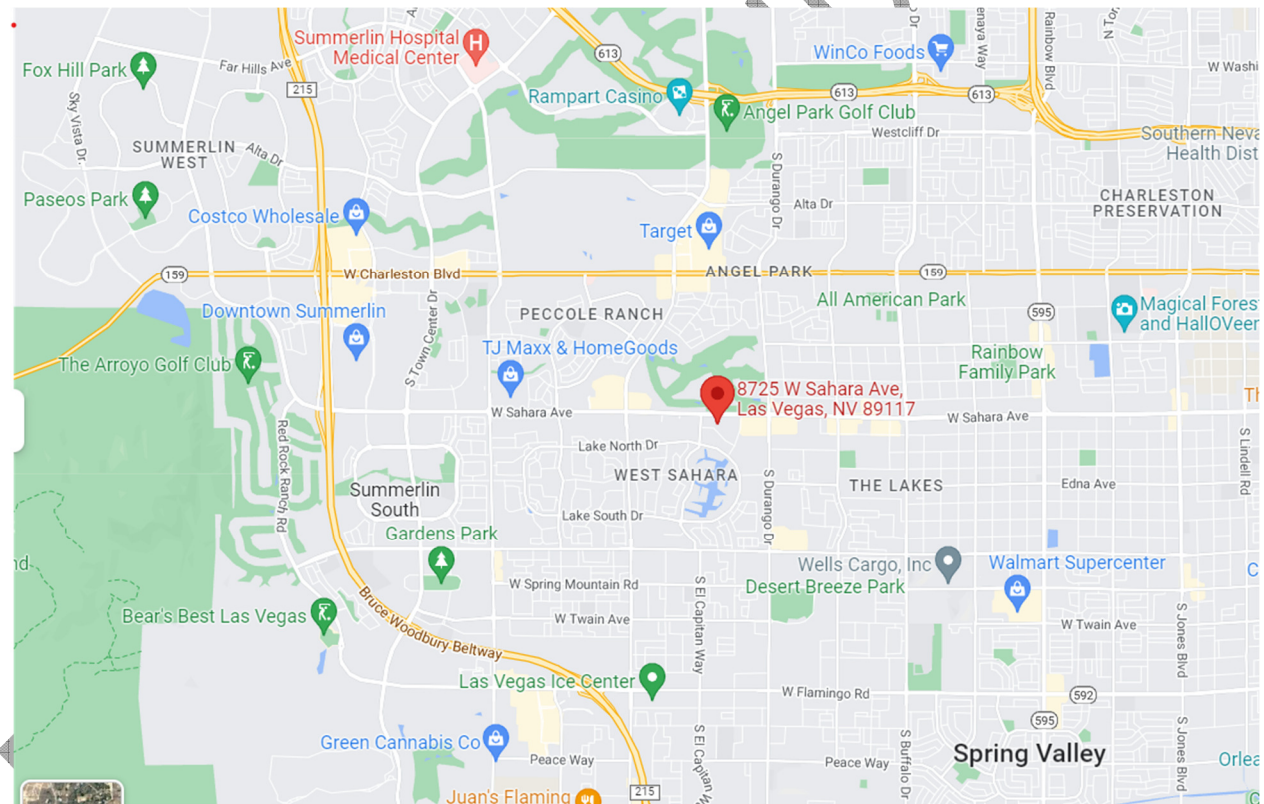


Figure 2: West Sahara, Summerlin and Proximal Neighborhoods

A significant portion of the data below is based on the **2020 US Census**, along with recent updates where available. If additional sources are used, the data is clearly attributed.

a. Size and Population

The West Sahara neighborhood (zip code 89117) had a population of 56,880 residents per the 2020 Census, exhibiting a growth rate of 7.01% over 2015-20. While the rate is lower than Nevada overall, there are several other proximal neighborhoods (such as Summerlin zip codes 89128, 89134 and 89144) that had lower (even negative) growth rates over the same period.

b. Pertinent Economic Characteristics

Reviewing the pertinent economic-demographic characteristics in West Sahara, The Lakes, Summerlin and South Summerlin, we notice the following:

Table 1: West Sahara Housing Costs

Neighborhood/ Zip Code	Median Household Income	Median Home Value	Annual Spend for Renters	Affordability to Own Ratio	Affordability to Rent Ratio
Summerlin (89128)	\$59,045	\$267,000	\$12,528	3.38	5.04
Summerlin (89134)	\$67,184	\$335,700	\$13,320	7.78	3.27
Summerlin (89138)	\$122,054	\$552,000	\$20,328	4.58	4.54
Summerlin (89144)	\$92,526	\$362,200	\$16,740	4.76	4.12
Sum/Sum S (89135)	\$100,022	\$453,600	\$21,312	3.67	5.09
West Sahara/The Lakes (89117)	\$60,137	\$362,700	\$13,380	6.68	2.92
West Sahara/The Lakes (89145)	\$66,431	\$258,500	\$12,936	3.6	4.04
Sum/Sum S. (89147)	\$61,186	\$270,900	\$14,100	4.58	4.63

Per Table 1 above, West Sahara showed a home P/E (home price to income) ratio of 6.68, based on a median home value of \$362,700 and a median household income of \$60,137. The U.S. average is 4.0. Therefore, it was very expensive to buy homes in the West Sahara neighborhood in early 2021.

It should be noted that with the exception of one Summerlin location (zip code 89134), West Sahara residents had the most expensive homes in the area.

West Sahara shows an income to rent ratio of 2.92, based on a median household income of \$60,137 and an annual spend of \$13,380. Given the ratio was under 3.33, it was expensive to rent properties in the West Sahara neighborhood. In this regard, it compares to Summerlin zip code 89134 as the only areas which were not affordable to rent.

Based on the above, residential (single-family and/or multifamily) projects are likely to be successful in the area.

Updated Trends in and around Zip Code 89117 Compared to Las Vegas Overall

To capture the most recent trends in the West Sahara and proximal neighborhoods, we compared trends for single-family homes and condominium/townhomes in zip code 89117 to the trends in the overall Las Vegas market.

Single Family Homes

According to Movoto, over the past 15 months, the market for single-family homes in both the overall Las Vegas market, as well as the West Harbor/Lakes neighborhood, have trended upward.

As of June 2022, the median home value in Las Vegas was \$484,900 compared to \$435,000 in 2021. The median home had 1,829 square feet of space. The price per sf increased from \$218 in June 2021 to the current \$264/sf.

The overall Las Vegas market remains a seller's market.

As Figure 3 below shows, the West Sahara and Lakes neighborhood shows an equally strong, if not stronger, market with median home values around \$520,000 as of July 2022.

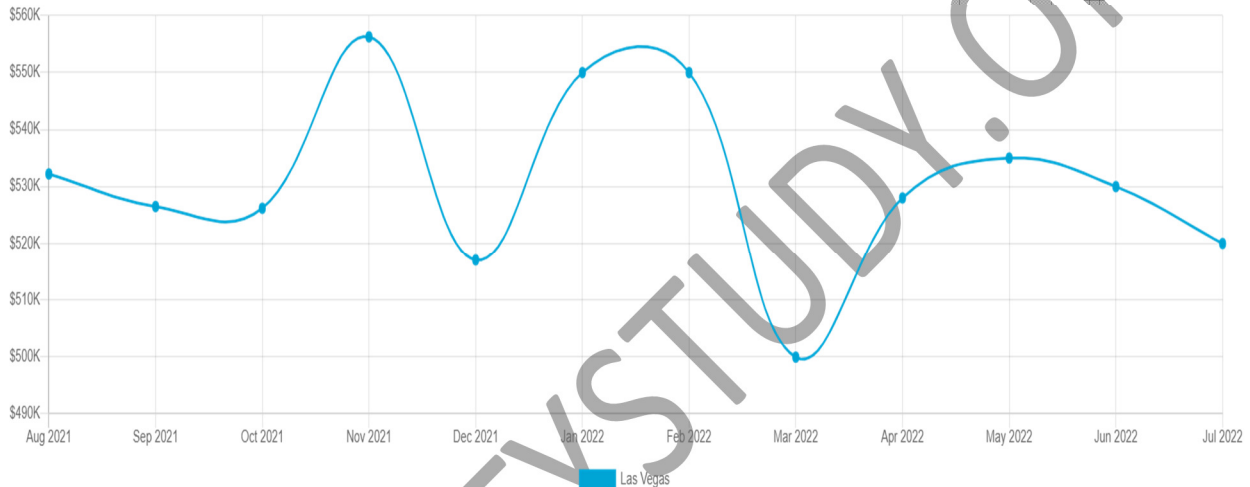


Figure 3: Median Values of Single Family Homes in West Sahara

Based on the updated numbers, it remains very expensive to buy single-family homes in the West Sahara/Lakes neighborhood, indicating a strong seller's market.

Condominiums/Townhomes

The markets for condominiums/townhomes have also undergone a notable uptick over the past 15 months. In June 2022, the median value for a condominium/townhome in Las Vegas was \$279,900, compared to \$210,000 in 2021. The median condo/townhome had 1,118 square feet of space, at a price of \$255/psf.

As Figure 4 below shows, the median price per unit has kept pace, having arisen constantly since Dec 2021. Currently, condo units have a median price of around \$275,000 to \$280,000.

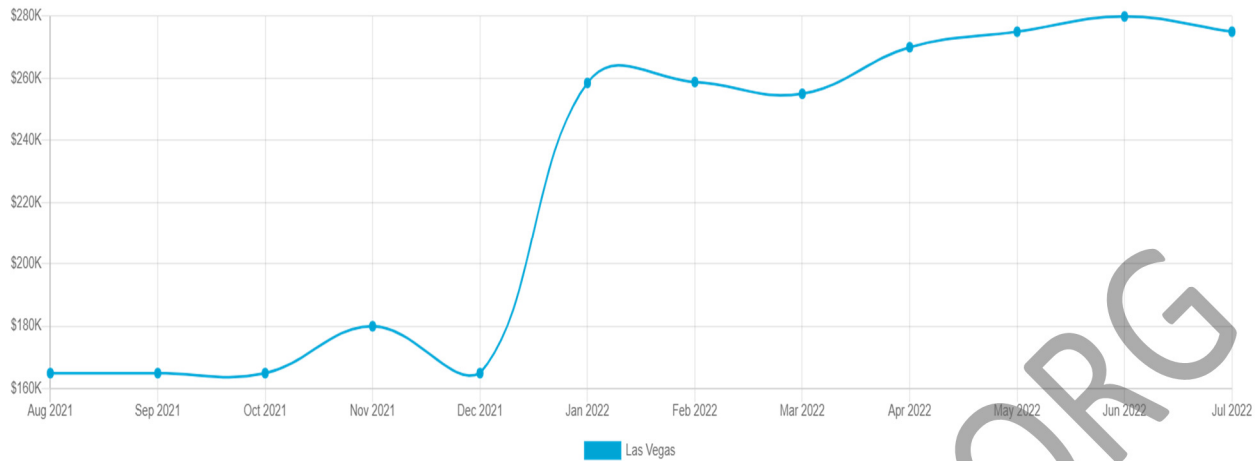


Figure 4: Median Values of Condominiums/Townhomes in West Sahara

Therefore, condos/townhomes are also a viable investment in the West Sahara neighborhood. It remains a seller's market as of date.

c. Area Attributes and Demographics

The population in the area tends to be significantly older compared to both Nevada and national averages, as Table 2 below illustrates.

Table 2: West Sahara Age Cohorts Compared to Summerlin Locations

Age Cohort	West Sahara (89117)	Summerlin (89134)	Sum/Sum S. (89135)	Nevada	US
Below 5	4.74%	1.83%	5.27%	6.08%	6.0%
5-18	11.24%	9.39%	14.25%	16.61%	16.30%
55-64	15.05%	14.48%	11.20%	12.38%	12.62%
Above 65	18.69%	48.11%	25.81%	15.77%	16.8%

The data above shows some clear trends:

- Compared to the US population aged 55 and up (29.42%), West Sahara and the surrounding areas have a higher proportion of seniors. As a percentage of total population, West Sahara has 33.74% aged 55 and above, while Summerlin/Summerlin S. (89135) has 37.01% and Summerlin (89134) a very high 62.59%. These numbers are significantly higher than Nevada.
- On the other end of the spectrum, the number of children (both under 5 and 5-18) are significantly lower than both the Nevada averages.

It is to be noted that the only proximal community that is more expensive to live in – Summerlin (89134) – also has the highest percentage of seniors (both 55+ and 65+). The 65+ age group in Summerlin (89134) is triple the Nevada and US averages.

This data points to the viability of attracting seniors to the area.

d. Amenities in the Area

The amenities available in and around the West Sahara area are an important component to determining highest and best residential uses for the Development. The neighborhoods around the Property have good amenities for the most part, though more for adults and seniors.

Accessibility

The West Harbor neighborhood is conveniently located, connected not only to the main Las Vegas strip but also an approximately 20 minutes' drive from Harry Reid International Airport.

Dining and Entertainment Options

Many of the entertainment and dining options are in the Summerlin neighborhoods, though there are clusters of restaurants within a 5 minute drive of the Property (see Figure 5 below).

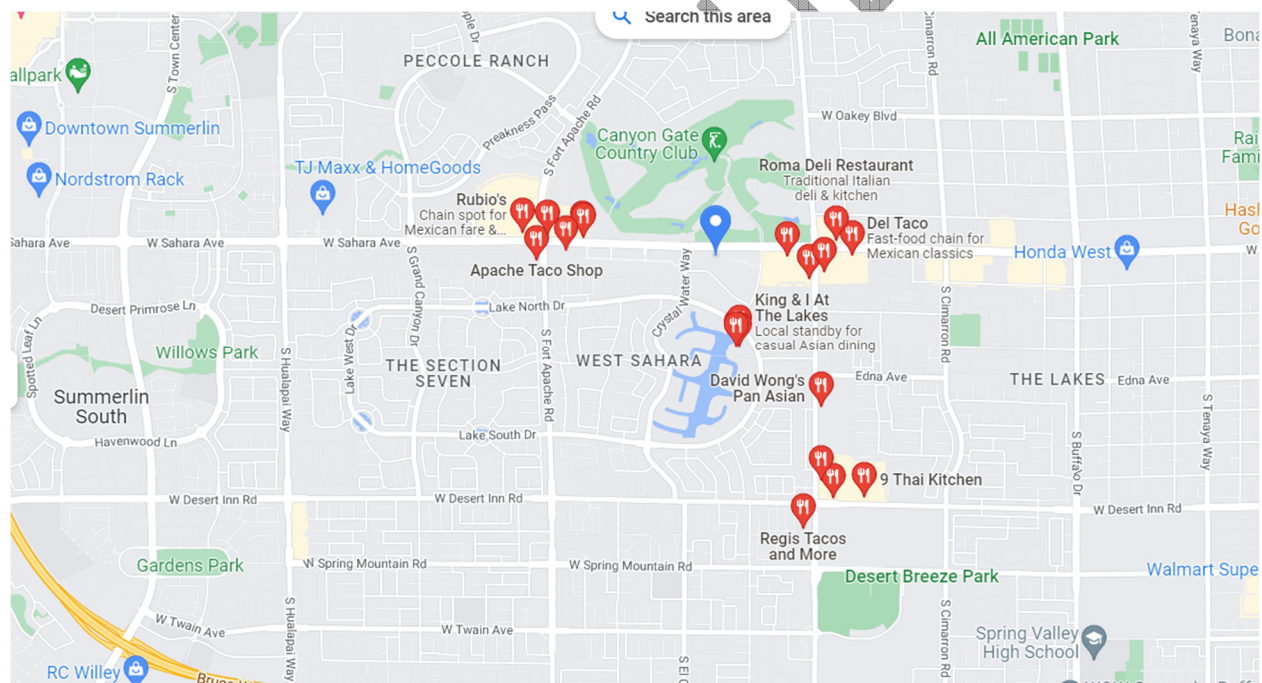


Figure 5: Restaurants Around Zip Code 89117

There are a number of entertainment destinations within an easy driving distance of the West Sahara neighborhood, including the spots listed in Figure 6 below.

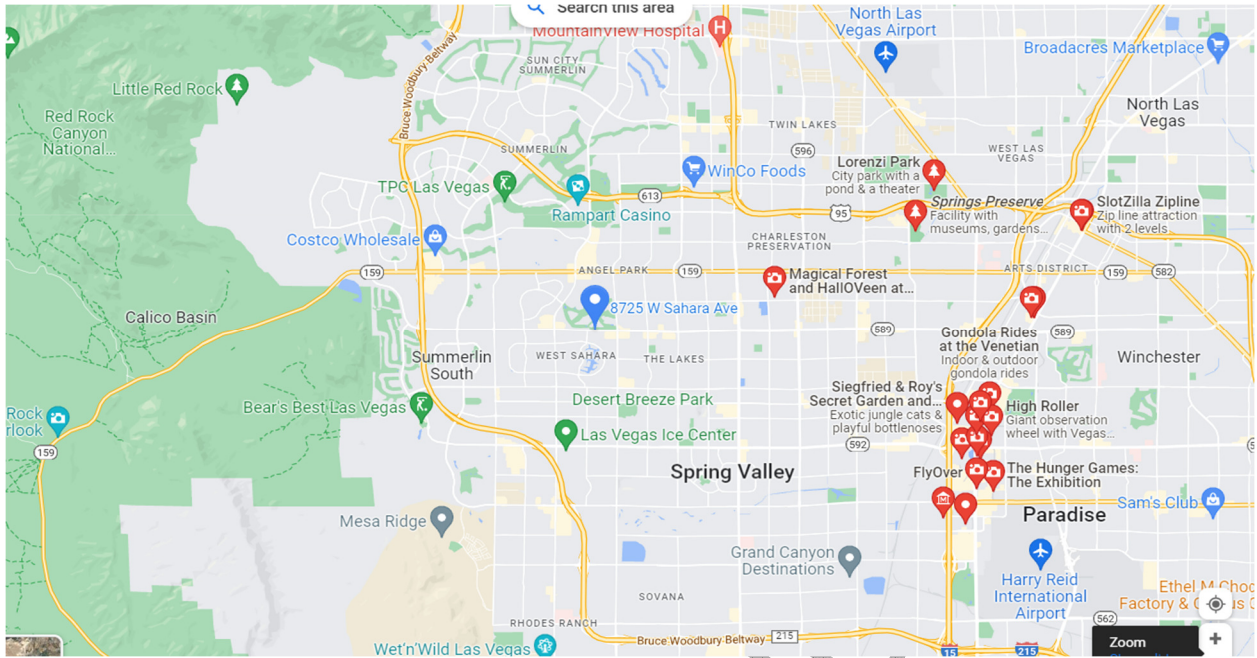


Figure 6: Attractions Around Zip Code 89117

As mentioned before, there are many retail, entertainment and dining options available in various Summerlin neighborhoods, above and beyond those specified in Figures 4 and 5.

Certain Economic Indicators May Not Be as Relevant Depending on the Use

Some of the key economic indicators, such as unemployment and poverty, may not be as relevant to track for West Sahara/The Lakes and proximal areas, given the relatively high potential to attract a more senior population who may not be dependent on regular jobs.

However, it is to be noted that poverty rates in the area are much lower than Las Vegas or Clark County as a whole.

For example:

- Summerlin poverty rate 5.6%
- Las Vegas poverty rate 14.9%
- Clark County poverty rate 13.2%
- Nevada poverty rate 12.5%
- US poverty rate 11.4%

Unemployment in the vicinity has been around 8-9% for a while, which is higher than the Las Vegas overall rate of 5.2% as of July 2022. There is a large USPS facility in the area, along with other employers in retail, entertainment and the food services sector.

The Cost of Living is higher in the area compared to Las Vegas and the US:

- Summerlin area Cost of Living Index 129
- Las Vegas Cost of Living Index 111
- US Cost of Living Index 100

These factors, combined with the high median home values outlined in Table 1, point out that the residents of a new community/development built on the Property may not be current local area residents but buyers/renters from outside the immediate area.

Education, Healthcare and Safety

West Sahara and its immediate surrounding areas do not boast a strong education system. There are a limited numbers of schooling options (for example, only 2 high schools in the immediate area) and the schools show average to below average ratings. This is consistent with the rankings for schools over the entire Vegas area. However, there are better schools within driving distance of the neighborhood.

There are some medical facilities within a half an hour drive radius of the Property, the most prominent one being the Summerlin Hospital Medical Center to the northwest.

West Sahara, Summerlin and proximal areas are considered to be significantly safer than Las Vegas overall, making it attractive to homeowners.

5. Potential Highest and Best Uses for the Property

The conclusions presented as to the highest and best uses of the property located at 8725 W, Sahara Rd. in West Sahara Nevada, are strongly influenced by the following factors including but not limited to:

- Property
 - Location
 - Size
 - Zoning
- Population
 - Demographics
 - Growth
 - Income
 - Education
- Housing
 - Single-family homes
 - Apartment/Condo units
 - Availability
 - Price
 - Size
 - Competition

After cross-tabulating the data outlined in previous sections, along with additional data presented during the discussion of the specific uses outlined below, we are of the opinion that the property offers multiple short and long-term development options that should be successful depending on Zurich's financial return objectives.

NOTE 1

Any of these options can be part of a master-planned community where Zurich can sell off all or some of the pieces to other developers or, if it wishes, develop the infrastructure for and presell the lots to other developers.

NOTE 2

As discussed in the previous sections, our initial impression, subject to the usual limitations of knowledge and the potential for market conditions to change, is that any large, master-planned community is more likely to attract new buyers and users who do not necessarily reside in the West Sahara/The Lakes neighborhoods (zip codes 89117 and 89145). They may in fact be drawn from elsewhere.

For the above reason, we have used Summerlin – which is a master planned community with several villages and town centers – as an analog when comparing data and/or potential building codes. In other words, we believe that a future residential development on the Property is likely to resemble some of the Summerlin communities.

These conclusions are subject to Zurich's own plans, any of the zoning and related factors that are likely to be accommodated and the timing of the development(s).

a. Potential Highest and Best Use 1: Single Family Homes

As house prices rise in double-digits, many homeowners are developing a fear of missing out, believing that there will never be a better time to sell. Due to a lack of existing homes, the Las Vegas housing market is expected to remain hot until the end of 2022, based on these trends.

According to Nevada Census data, there will be a 1.51% increase in population between 2020 and 2025, as well as a 1.46 percent increase in median income during the same period. Even though builders are bringing more homes to market, demand continues to outnumber supply. Builders are still not building at a rate that meets the needs of homebuyers.

The housing supply in Southern Nevada is now at **2.2 months**, which is a massive gain of **210.9% from the prior year**. In specific zip codes such as **89117, 89134 and 89135**, properties are moving even faster – often staying on the market for less than 40 days.

Months of supply is a good indicator of whether a particular real estate market is favoring buyers or sellers. Typically, a market that favors sellers has less than 6 months of supply, while more than 6 months of supply indicates an excess of homes for sale that favors buyers. Given the numbers above, it is safe to say that the areas proximal to the Property operate in a market that favors the sellers of residences.

There are 21,378 housing units in Summerlin, and the median year in which these properties were built is 1992. Of the 19,247 occupied housing units in Summerlin, 55.01% are owner-occupied, while 44.99% have renters living in them. Properties bought with mortgages account for 69.54% of the units, and the median value of a home with a mortgage is \$267,900. In general, housing costs reach \$1,224 per month in Summerlin.

Selected Southern Nevada and Las Vegas Market Trends

- There were **2,688** single-family houses that sold in **June**, down **8.2%** from May and down **24.7%** from June **2021**.
- **June** totaled **4,674** new listings, which was up **15.9%** from **May** and up **21.1%** from the prior year.

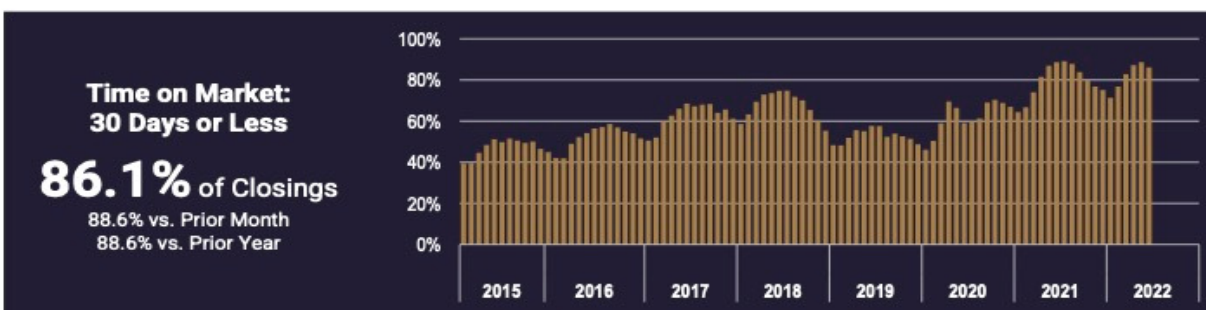
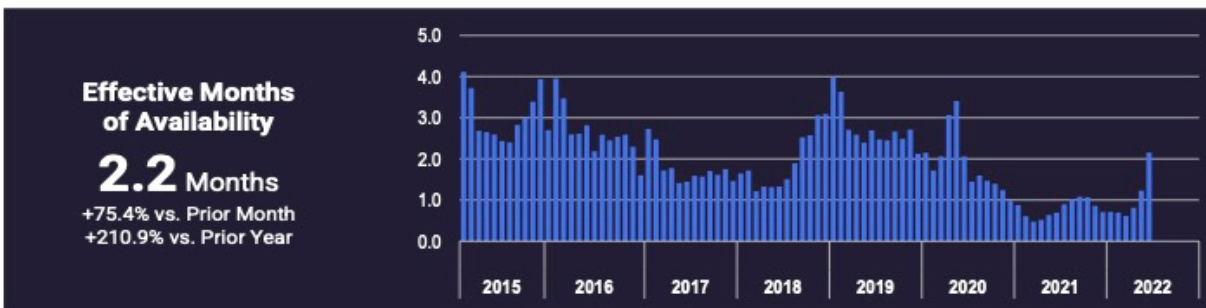
- Total number of **5,746** single-family houses were listed without offers at the end of June, (In May that number was **3,570**) which is **up 61%** from May and **up 134.1%** from the prior year.
- Housing supply in Southern Nevada, increased to **2.2 months of inventory**, in May that number was at **1.2**, which is **up 75.4%** from May and **up 210.9%** from the prior year.
- **86.1%** of the closings for the month **June** were on the market 30 days or less, in **May** this number was **88.6%** and in **June 2021**, **88.6%** of the homes were on the market 30 days or less.

Las Vegas house prices dropped for the first time in over 2 years. The 32-month streak of rising median sales prices has finally come to an end.

The trends below, reported by various market publications, are consistent with the findings from Movoto reported earlier in this report.

- The median sales price of previously owned single-family homes, went from **\$482,000** in May to **\$480,000** in June, a \$2,000 decrease in median price, which is **down .4%** from May, but **up 21.5%** from the prior year.
- The median sales price of condos and townhomes went from **\$285,000** in May to **\$282,000** June, which is **down 1.8%** from **May**, but up **29.6%** from the prior year.
- The median sales price in the Luxury Market for June increased to **\$1,399,999** and in **May** that number was **\$1,300,000**. Almost **\$100,000 increase** in the median sales price.
- There were **147** homes that sold in June for \$1 million and over, compared to May's **167** homes, a **20 home decrease**.

Single-Family Market Trends



Estimated Number of Single Family Homes That Could Be Built on the Property

Assumptions

The developments on the 25.25 acres Property in West Sahara will abide by the building standards established by Clark County, NV. Given that West Sahara is a neighborhood and not a city or a (currently) a master planned community, the zoning and permitting process will determine the specific building standards that Zurich can follow.

Having said that, and as mentioned before, we will use the Summerlin Development Standards as an analog to the future developments – under the assumption that a planned master community is likely to receive similar dispensation from the zoning authorities.

Reproduced in this market analysis are the specific sections pertaining to residential district developments from Table 2.2 of the Summerlin Development Standards. It outlines 6 distinct classifications of residential development (shaded green) and the maximum density allowed under each. Depending on which classification the project plan is approved, plus the architectural design of the project, will ultimately determine how many single-family homes can be built on the parcel.

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TABLE 2.2 - RESIDENTIAL DISTRICT DEVELOPMENT STANDARDS

SINGLE FAMILY RESIDENTIAL USES				
DISTRICT	UNIT/TYPE	MAX.DENSITY	SETBACKS	MAX. HEIGHT
(EQR) Equestrian Residential	Single Family Residential	2.0 Units Per Gross Acre	Front: 30 Feet Side: 15 Feet Rear: 20 Feet Corner: 25 Feet	40 Feet
(ER) Estate Residential	Single Family Residential	2.0 Units Per Gross Acre	Front: 30 Feet Side: 15 Feet Rear: 20 Feet Corner: 25 Feet	40 Feet
(SF1) Single Family Detached	Single Family Residential	3.5 Units Per Gross Acre	Front: 25 Feet Side: 10 Feet Rear: 20 Feet Corner: 15 Feet	38 Feet
(SF2) Single Family Detached	Single Family Residential	6.0 Units Per Gross Acre	Front: 18 Feet (See notes 1 & 2) Side: 5 Feet Rear: 15 Feet	38 Feet
(SF3) Single Family Detached	Single Family Residential	10 Units Per Gross Acre	Front: 18 Feet (See notes 1 & 2) Side: 5 Feet Rear: 15 Feet Corner: 15 Feet	45 Feet
(SFSD) Single Family Special Lot Development	Single Family Residential	18 Units Per Gross Acre	Refer to Special Lot Development Standards	45 Feet
(SFZL) Single Family Zero Lot Line	Single Family Residential Attached or Detached	12 Units Per Gross Acre	Front: (See notes 1, 2 & 3) Side: 10 Feet Rear: 15 Feet Corner: 15 Feet	45 Feet
(SFA) Single Family Attached	Single Family Residential	18 Units Per Gross Acre	Front: (See Notes 1, 2 & 3) Side: 10 Feet Rear: 15 Feet Corner: 15 Feet	45 Feet
(AA) Active Adult	Single and Multi-Family Residential	7 Units Per Gross Acre	Refer to Active Adult Development Standards	45 Feet

Given the above guidelines, Table 3 below summarizes the potential number of single-family homes that could be built on the parcel for each of the classifications.

Table 3: Potential # of Homes Per Classification (25.25 Gross Acres)

Classification	Max. Home Density Per Gross Acre	Max. # of Homes
SF 1	3.5	88
SF 2	6	151
SF 3	10	252

SFSD	18.0	454
SFZL	12.0	303
SFA	18.0	454

b. Potential Highest and Best Use 2: Build to Rent (BTR) Single Family Homes

A build-to-rent home is **one that has been built for the purpose of long-term rental**. Single-family rentals (SFR) are rapidly growing in popularity due to emerging trends as demand surges among tenants who live in them and institutional investors who are funding the asset class's growth.

Unlike standard apartments and similar, multi-family structures, build-to-rent homes are specifically intended to be an ideal option for individuals searching for a long-term rental residence (several years or more vs. residents between the ages of 25-34) represented a majority of tenants.

Tenants 55 years or older looking to downsize and have less work to do around the house are another strong demographic for this type of home. As we saw earlier in Section 4.c of this report, the West Sahara, Summerlin and other areas have a higher percentage of seniors, which indicates that the area may be considered attractive for senior living.

Amidst the growing shift in demand for rental homes, institutional investors have been creating new supply with build-to-rent (BTR) communities. BTRs are not simply single-family rental homes scattered among suburban neighborhoods, but rather are purpose-driven developments of dozens, or even hundreds, of individual rental housing units.

SFR and BTR communities are designed for growing families that prefer the flexibility of renting or those that may not have the capital for a down payment. According to a study by the MIT Center for Real Estate, there are **several other factors** influencing the SFR choice among tenants:

- More space.
- Higher quality school districts.
- Greater privacy.
- Private driveway and yard space.
- No "big ticket" maintenance and repair costs typically found in homes.

The SFR and BTR asset classes possess incredible opportunity for high growth much like the multifamily asset class decades earlier.

Las Vegas is the Top City for Built-to-Rent Houses

Although most cities don't have the land necessary for sprawled communities, 39% of single-family homes are located in urban areas. Las Vegas has an advantage in that regard, ranking as the #1 city with the most single-family rentals (2,520). Coincidentally, Vegas is also home to the two largest BTR communities in the country.

Southern Nevada's rental market grew fast after the housing market imploded more than a decade ago, as investors bought cheap single-family houses throughout the valley to fill with tenants. Also, developers have been packing the region with apartment projects over the past several years.

Las Vegas is by no means being blanketed with a blend of these two trends — newly built single-family rental tracts — but these BTR projects are growing in popularity with developers. Some specific examples follow:

- American Homes 4 Rent, a dominant landlord in Southern Nevada and other markets, had more than a dozen rental-housing tracts in various stages of development in the Las Vegas area as of May.
- The Calida Group, one of the biggest apartment developers in the valley, has drawn up plans for two rental projects totaling around 450 homes — most of which are freestanding — in Henderson's Cadence community.
- Moderne Communities broke ground on a tract of 185 single-story rental homes — a mix of duplexes and freestanding houses — in North Las Vegas early last year.

Estimated Number of BTR Single Family Homes That Could Be Built on the Property

The number of single-family BTR homes that could be built on the property is roughly the same as those quoted for single-family homes, listed in Table 3 in the previous section. However, it is possible that more units could be added to a BTR community depending on how the structures are configured.

For example, per a local BTR home developer in North Las Vegas, not every house built is fully detached, as 29 homes will each sit atop a row of five garages. With each of those two-story buildings, one of the garages is for the home above, and the other four would be rented to other tenants in the community.

Additionally, Zurich could build part of the property with for-sale homes and part of the property with BTR homes. BTR also offers the opportunity to sell off the project after stabilization and convert the rentals to for sale if the market dictates such a strategy.

c. Potential Highest and Best Use 3: Multifamily (Apartments)

As before, we will be presenting the state of the Summerlin market as an analog to what could happen on the Property site once development is completed. As we have seen, parts of Summerlin and West Sahara/The Lakes share a similar trait in that it is expensive to rent apartments in those areas.

There are 21,378 housing units in Summerlin, and the median year in which these properties were built is 1992. Of the 19,247 occupied housing units in Summerlin, 55.01% are owner-occupied, while 44.99% have renters living in them.

In Las Vegas, luxury apartments are beginning to pop up in places where you wouldn't have previously expected to see them: in Chinatown (Green Leaf Lotus), at Sands Avenue and Paradise Road (Elysian at Hughes Center), even behind the Rio (Jade). These aren't the low-

rise, sprawling, gated apartment complexes that have been built in Vegas up to now, but midrise apartment blocks, five stories tall on average, containing hundreds of units.

“You are noticing a lot more infill than you have in the past because land is at a premium,” says Susy Vasquez, executive director of the Nevada State Apartment Association. “We’re looking at parcels that we may not have looked at in the past.”

Developers are motivated to look for those plots because they have to. Approximately 2.5 million people now live in the Las Vegas Valley, and more are coming daily. The supply of preowned single-family residences is very low—about one month’s worth, far away from the preferred six. And aside from some areas in the southwest and in North Las Vegas, there’s relatively little open land left in the Valley. This large population have got to live somewhere, and since developers can’t spread out as easily as they would like, apartments are trending upward, both physically and market-wise.

According to Vasquez, the tenants seeking out these apartments include (a) frequent international visitors (“They’re cheaper than the Strip mega-suite where they typically stay”); (b) retirees who don’t want to keep up a home anymore but still want amenities like a pool and gym for their visiting kids and grandkids (“They like not having to entertain as much when they come over”); and (c) new residents dropping into Vegas from other metros where they’re accustomed to multistory living. “That’s what they’ve lived in their whole life, so they don’t really understand how people can live in a two-story apartment complex,” Vasquez says.

Still, she’s hopeful that Las Vegas will eventually find the land needed for both upscale and affordable apartments. “There’s still plenty of room left on the runway for development here in Clark County,” Vasquez says. “I think that you’ll see some more parts of town transform into denser communities.”

Las Vegas Rental Vacancy Rate

The rental vacancy rate is the fraction of homes for rent that are not occupied.³ In 2019 the rental vacancy rate for Las Vegas Nevada was 8.85% according to Census ACS data.

Rental Vacancy Rate in Las Vegas Nevada

	2019	1 Year Change	3 Year Change
US	5.97%	-0.18%	+0.08%
Nevada	7.58%	-1.11%	-0.38%
Las Vegas, NV	8.85%	-1.02%	-0.03%

Historical Rental Vacancy Rate data for Las Vegas

Date	US	Nevada	Las Vegas, NV
2019	5.97%	7.58%	8.85%
2018	6.15%	8.69%	9.87%
2017	6.18%	6.90%	7.36%
2016	5.89%	7.96%	8.88%
2015	5.85%	8.47%	9.48%
2014	6.32%	8.38%	8.86%
2013	6.49%	10.51%	11.34%
2012	6.77%	10.96%	11.67%
2011	7.40%	11.73%	12.61%
2010	8.17%	10.71%	11.65%
2009	8.43%	12.58%	12.15%

Estimated Number of Multi-Family Units That Could Be Built on the Property

Assumptions

As with single family residences, we will use the Summerlin Development Standards as an analog to the future developments – under the assumption that a planned master community is likely to receive similar dispensation from the zoning authorities.

Reproduced below are sections pertaining to multifamily developments from Table 2.2 of the Summerlin Development Standards. It outlines 3 distinct classifications of multi-family residential development and the maximum density allowed under each. Depending under which classification the project plan is approved, plus the architectural design of the project, Zurich can determine precisely how many multi-family apartments and or condos can be built on the parcel.

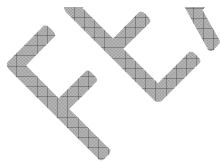


TABLE 2.2 - RESIDENTIAL DISTRICT DEVELOPMENT STANDARDS (Cont.)

MULTI- FAMILY USES				
DISTRICT	UNIT/TYPE	MAX.DENSITY	SETBACKS	MAX. HEIGHT
(MF1) Low Density Multi-Family	Multi-Family Residential	14 Units Per Gross Acre	20 Feet from the exterior property lines of the development and 10 feet between buildings	45 Feet
(MF2) Medium Density Multi-Family	Multi-Family Residential	21 Units Per Gross Acre	20 Feet from the exterior property lines of the development and 10 feet between buildings	60 Feet
(MF3) High Density Multi-Family	Multi-Family Residential	None	25 Feet from the exterior property lines of the development and 10 feet between buildings	None

Note: In all multi-family districts, garage door setbacks may be either 5 feet or less or 18 feet or greater from the back of sidewalk, or back of curb, if no sidewalk exists.

Given the above guidelines, Table 4 below summarizes, the potential number of multi-family units that could be built on the parcel for each of the classifications.

Table 4: Potential # of Multi-family Units Per Classification (25.25 Gross Acres)

Classification	Max. Home Density Per Gross Acre	Max. # of Homes
MF 1	14	353
MF 2	21	530
MF 3	None Specified	TBD

d. Potential Highest and Best Use 4: Condominiums/Townhomes

Potentially, the number of condos/townhomes which could be built are similar to the number of apartment units, as described in Table 4 in the previous section.

Some pertinent data about the Las Vegas market are listed below:

- Similar to single-family homes, the condo and townhome market saw a small decrease in the median price of units sold as well, dropping to \$280,000 from \$285,000 in May. However, the bigger story is that median condo/townhome values are up approximately 29.6% compared to June of last year (2021), when the median price was \$216,000.

- There were 736 condo and townhouse units sold in June, and by to end of the month, there were 1,340 units available, with 1.8 months of inventory on the market.
- In June, 89.1% of all condos and townhomes sold in 30 days or less.
- Most condos rent in Las Vegas.
- Residents in the 25-34 age group account for 23% of the occupants.
- Residents in the 35-44 age group comprise 22% of the occupants.

NOTE

Given the scarcity of available land and pending the approval of the zoning board, it may be possible to build apartments and/or condominium towers higher than the typical garden apartment 2-4 story structures that dot Las Vegas, West Sahara and Summerlin area, thereby increasing the density of units on the property.

e. Potential Highest and Best Use 5a: Senior Living Community

According to the 2020 Profile of Older Americans Report, Nevada showed a 57.23 % increase in 65+ adults between 2009-2019, the largest such percentage increase of any state in the U.S.

In part, because of warm weather and 300 days of sunshine, the Greater Las Vegas area has become a preferred destination for this demographic and for 55+ adults as well, as we detailed in Section 4.c above.

The older population is expected to continue to grow significantly in the future. More than two-fifths (41%) of the “baby boom” generation is now age 65 and older. The population aged 65 and older increased from 39.6 million in 2009 to 54.1 million in 2019 (a 36% increase) and is projected to reach 94.7 million in 2060. By 2040, there will be about 80.8 million older persons, more than twice as many as in 2000. People aged 65 and older represented 16% of the population in the year 2019 but are expected to grow to 21.6% of the population by 2040.

- Today, just over **34 percent** of the US population is aged 50 and over, and their numbers are rising rapidly with the aging of the baby-boom generation.
- **Just over 1 million** residents of Nevada are at least 50 years old, which equates to just over one-third of the entire population of the state.
- 21.6% or 509,617 people are aged 55 -74 in Clark County.
- According to several current estimates, the average age in communities such as Summerlin and West Sahara is comfortably higher than 50.
- Summerlin clearly exceeds the national, state and county senior population trends, with more than 62% of its current population being 55+ adults. West Sahara is also high, with over 33% of its population being over 55.
- There are several 55+ communities in the general area of the Property, the largest being Sun City Summerlin. This Del Webb master-planned community has 7,779 attached and single-family homes. Amenities include four clubhouses, three golf courses, and three restaurants.
- Del Webb has other 55+ communities built or planned in the area. None on the scale of Sun City.

- Other 55+ communities exist with smaller footprints. Some feature single-family homes for sale while others rent apartment units in buildings typically 3 stories high with amenities such as swimming pools, clubhouses, game rooms, fitness centers and the like. Other amenities, such as retail, dining and other options, may also be included.

Table 5 below lists certain options that may be considered by Zurich.

Table 5: Potential Housing/Retail Options for 55+ Independent Living Community

Housing Options	Retail Options
<ul style="list-style-type: none"> • All single-family homes for sale and/or rent. • All apartments/condos for sale or rent. • Both the above in combination. • Amenities including: <ul style="list-style-type: none"> ○ Clubhouse ○ Swimming Pool ○ Fitness Center ○ Game Room ○ Media Room ○ Outdoor Spaces ○ Walking Trails ○ More 	<ul style="list-style-type: none"> • Might Include: <ul style="list-style-type: none"> ○ Immediate Care Facility ○ Dental Offices ○ Chiropractors ○ Massage Therapists ○ Restaurants/Bars <ul style="list-style-type: none"> ▪ Full-Service Dining ▪ QSR ▪ Specialty Foods ○ Drug Store ○ Grocery Store ○ Clothing Boutiques ○ Beauty Salon ○ Art Gallery ○ Eye Doctors/Glasses ○ UPS/ FEDEX

Note

The highest and best use for the Property suggested above targets the large and growing 55+ demographic in several ways. When reviewing this highest and best use, please keep in mind that these various recommendations can encompass the entire Property or a portion of the Property, depending on Zurich’s development vision and objectives. Additionally, the development could be master planned or wholly owned.

Potential Development Layout Option

Based on various comparable communities, possible layouts include the one shown in Figure 7 below, where the housing surrounds retail locations placed in the center of the complex.



Figure 7: Potential Layout of Senior 55+ Independent Living Community

Estimated Number of 55+ Living Units That Could Be Built on the Property

Assumptions

Reproduced below is the pertinent section (shaded blue), from Table 2 of the Summerlin Development Standards, that pertains to single and multi-family residential developments aimed at housing Active Adults. Project plan approval, plus the architectural design of the project, will ultimately determine how many apartments and or condos can be built on the parcel.

FEASIBILITY

TABLE 2.2 - RESIDENTIAL DISTRICT DEVELOPMENT STANDARDS

SINGLE FAMILY RESIDENTIAL USES				
DISTRICT	UNIT/TYPE	MAX.DENSITY	SETBACKS	MAX. HEIGHT
(EQR) Equestrian Residential	Single Family Residential	2.0 Units Per Gross Acre	Front: 30 Feet Side: 15 Feet Rear: 20 Feet Corner: 25 Feet	40 Feet
(ER) Estate Residential	Single Family Residential	2.0 Units Per Gross Acre	Front: 30 Feet Side: 15 Feet Rear: 20 Feet Corner: 25 Feet	40 Feet
(SF1) Single Family Detached	Single Family Residential	3.5 Units Per Gross Acre	Front: 25 Feet Side: 10 Feet Rear: 20 Feet Corner: 15 Feet	38 Feet
(SF2) Single Family Detached	Single Family Residential	6.0 Units Per Gross Acre	Front: 18 Feet (See notes 1 & 2) Side: 5 Feet Rear: 15 Feet	38 Feet
(SF3) Single Family Detached	Single Family Residential	10 Units Per Gross Acre	Front: 18 Feet (See notes 1 & 2) Side: 5 Feet Rear: 15 Feet Corner: 15 Feet	45 Feet
(SFSD) Single Family Special Lot Development	Single Family Residential	18 Units Per Gross Acre	Refer to Special Lot Development Standards	45 Feet
(SFZL) Single Family Zero Lot Line	Single Family Residential Attached or Detached	12 Units Per Gross Acre	Front: (See notes 1, 2 & 3) Side: 10 Feet Rear: 15 Feet Corner: 15 Feet	45 Feet
(SFA) Single Family Attached	Single Family Residential	18 Units Per Gross Acre	Front: (See Notes 1, 2 & 3) Side: 10 Feet Rear: 15 Feet Corner: 15 Feet	45 Feet
(AA) Active Adult	Single and Multi-Family Residential	7 Units Per Gross Acre	Refer to Active Adult Development Standards	45 Feet

f. Potential Highest and Best Use 5b: Senior Continuum of Care Campus

A continuum of care refers to the provisions that could be offered by a senior living community as their residents grow older and/or experience an evolving need for services. In such cases, the facility operators will need to provision for a range of services which are available to residents who may need some or all of them over their lifetime.

Seasoned senior and assisted living community operators, such as Aviva Senior Living (<https://avivaseniorlife.org/>) offer detailed perspectives on how to build and operate a continuum of care community for seniors.

The bottom line is that when a senior person enters a community, s/he will find various service options that they can choose from, either from the beginning of their stay or as they may need them later in their life. There can be variations to the model – such as designing different

communities for different levels of services – but a standardized approach may be to offer multiple levels of care on one complex, which is convenient in terms of residents being able to access the various care packages without needing to travel to other locations.

If Zurich is so inclined, we could assist in finding the right partners that can build and run any existing Continuum of Care facilities offering a full range of services, a feature that is apparently lacking within a single location in the Las Vegas area.

Separate Facilities can be operated by different senior care brands that specialize in each service, by one operator or by a large health care group (potential JV).

We provide an overview of the services offered at each of those points on the spectrum of care:

- **Independent Living.** Services include dining, housekeeping, transportation, laundry services, lifestyle and wellness programs, and events.
- **Assisted Living.** For seniors who need some support with daily living activities, assisted living provides assistance with dining, bathing, dressing, toileting, and ambulation. There is also access to health and medical services. These services are typically in addition to independent living services such as dining, housekeeping, events and transportation.
- **Skilled Nursing.** For residents who need long-term care (more than what is provided in assisted living), skilled nursing gives assistance with dining, bathing, dressing, toileting, and ambulation, as well as access to round-the-clock health and medical services.
- **Memory Support.** If someone has memory issues, memory support can provide the necessary services with programs designed for people with memory loss or dementia. Residents also receive assistance with activities of daily living.
- **Rehabilitation.** If a senior has a health setback, rehabilitation can get them back on their feet. Services include nursing care, physical therapy, occupational therapy, and speech therapy.

Potential Development Layout Options



6. Conclusions and Recommendations

Our analysis and modeling indicate that there is ample scope for multiple types of residential Developments to be successful on the Property. Factors that play a role will include issues like pricing, marketing, and timing of development. Ultimately, Zurich will have to work with the local zoning authorities and building standards officials to get the Property zoned for the appropriate use.