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REAL ESTATE APPRAISERS & CONSULTANTS

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# APARTMENT SURVEY<sup>©</sup>

3<sup>RD</sup> QUARTER 2019 DATA

RENO/SPARKS METRO AREA

PRESENTED BY

JOHNSON PERKINS GRIFFIN, LLC

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#### SURVEY COMMITTEE

Stephen R. Johnson MAI, SREA  
Reese Perkins, MAI, SRA  
Scott Q. Griffin, MAI  
Sarah K. Fye, MBA  
Carson T. Cooke

#### DATA ACCUMULATION AND ANALYSIS COMPLETED BY

Johnson Perkins Griffin, LLC

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#### SURVEY SPONSORS

Johnson Perkins Griffin, LLC  
Real Estate Appraisers and Consultants  
245 East Liberty, Suite 100  
Reno, Nevada 89501  
(775) 322-1155 FAX (775) 322-1156



## STATEMENT OF METHODOLOGY

The information presented in this report was collected and assembled from a combination of original research and secondary sources. This section summarizes the methods used in gathering the data.

### Sources

The survey data is collected on a quarterly basis from participating apartment managers, management companies and owners. All information collected from individual complexes is completely confidential and only aggregate statistics are reported. The information furnished by the survey participants is considered reliable. However, the Survey Committee makes no warranty as to the reliability of the data and assumes no legal responsibility for the use of the data from the survey.

### Survey Criteria

The projects have 80 units or more in the Reno/Sparks service area;

- Projects reflect market rents. **Affordable Housing, Student & Senior Housing Projects are excluded;**
- New projects have reached a stabilized occupancy of at least 90%;
- The projects have a competitive on-site management program; and
- A willingness of the on-site manager to participate in the survey.

The results of this survey depict the operating conditions of the average of 22,893 units reported. A total of 92 projects were surveyed. We believe the statistics presented here are representative of the overall conditions of the Reno-Sparks Survey Area.

### Survey Modifications

Two new projects, Harvest at Damonte Ranch Phase II and Sierra Vista, both reached stabilization during the 3<sup>rd</sup> Quarter 2019 and agreed to become survey participants. The total apartment projects participating in the survey increased from 90 projects to 92 projects, and the total units increased from 22,375 units to 22,893 units.

TOTAL NUMBER OF PROJECTS & UNITS-PRIOR TO CURRENT QUARTER			
	2 <sup>nd</sup> Quarter 2019	3 <sup>rd</sup> Quarter 2019	Change
Total Projects	90	92	2 Additional Projects
Total Units	22,375	22,893	518 Additional Units



### ECONOMIC OUTLOOK

According to the Nevada Department of Employment, Training and Rehabilitation's (DETR) September 2019 economic report, employment in Nevada is up 6,000 over the month and 45,200 over the year. The state's unemployment rate is unchanged from August, at 4.1%, and down 0.4% when compared to last September.

"It is encouraging to see that this month's economic report reflects steady growth in Nevada's economy. Employment in the state continues to rise, exceeding the national job rate, while unemployment and initial claims remain low. Personal income also shows improvement, with growth approaching the national average. While the state's labor market remains encouraging, we must continue our efforts to ensure ongoing job opportunities for all Nevadans," Governor Steve Sisolak said.

DETR's report also notes that Nevada initial claims for unemployment insurance totaled 8,441 and realized a year-over-year increase this month, up 1.8% in September, or 151 claims.

"Although the national economic outlook remains uncertain, Nevada's economy reflects a tight labor market and is holding positive trends. The unemployment rate held steady once again this month remaining relatively low, historically speaking. Additionally, the state's share of people who have been unemployed for more than 26 weeks make up just 0.8% of our state labor force, a level consistent with a healthy labor market. Although the state's economy realized positive measures in September, we will continue to monitor both Nevada and the nation's labor markets for signs of a turning point." said David Schmidt, Chief Economist for DETR.

#### **Additional September Report Highlights:**

- Total employment rose by 3.2% over the year, more than double the current U.S. growth rate (1.4%).
- Professional and business services added the most jobs out of all sectors, for the 12-month period ending in September 2019, increasing by an average of 12,800 jobs over the same year time the year prior.
- Information for the second quarter of 2019 shows per capita personal income in Nevada was up over the month at \$50,675 and was 90% of the national level of \$56,541.
- This month's national unemployment rate (3.5%) is the lowest it's been since December of 1969, nearly fifty years ago. The gap between Nevada's rate and the nation's increased from 0.4% in August to 0.5% in September.
- Nevada's long-term unemployment (those unemployed for 27 weeks or more) rate stands at 0.8%, unchanged over last August.
- From January 2014 to August 2019, the unemployment rate for Asians, Blacks, and Whites have all been trending downward.
- Year-to-date through September, 272,430 ads have been posted for jobs in Nevada, an increase of 47,503 (21.1%) from the same period last year.

(Source: Nevada Department of Employment, Training and Rehabilitation Labor Market Summary September 2019)



## ECONOMIC INDICATORS

### Economic Indicators

#### UNEMPLOYMENT RATES August 2019

Nevada*	4.1%
Las Vegas MSA	4.5%
Reno-Sparks MSA	3.2%
Carson City MSA	3.9%
United States*	3.7%

#### JOB GROWTH (YOY) August 2019

Nevada*	3.0%
Las Vegas MSA*	1.8%
Reno-Sparks MSA*	6.1%
Carson City MSA*	3.7%
United States*	1.4%

#### GAMING WIN (YOY) July 2019

Nevada	2.8%
Clark County	2.5%
Washoe County	-0.1%

#### TAXABLE SALES (YOY) June 2019

Nevada	6.0%
Clark County	7.4%
Washoe County	1.1%

\*Seasonally Adjusted

(Source: Nevada Department of Employment, Training and Rehabilitation Economic Summary August 2019)



## SUMMARY OF FINDINGS

AVERAGE SIZE, RENT & VACANCY RATE BY UNIT TYPE							
CATEGORY	STUDIOS	1 BED/1 BATH	2 BED/1 BATH	2 BED/2 BATH	3 BED/2 BATH	TOWNHOME	TOTALS
Average SF-By Unit Type	404 SF	726 SF	862 SF	1,055 SF	1,283 SF	1,256 SF	902 SF
Average Rent-By Unit Type	\$814	\$1,200	\$1,252	\$1,481	\$1,816	\$1,561	\$1,345
Average Rent/SF-By Unit Type	\$2.01	\$1.65	\$1.45	\$1.40	\$1.42	\$1.24	\$1.49
Indicated Vacancy Rate-By Unit Type	2.49%	3.23%	3.18%	3.62%	2.76%	2.70%	3.31%

OVERALL AVERAGE RENT & VACANCY-PRIOR & CURRENT QUARTER			
Category	2 <sup>nd</sup> Quarter 2019	3 <sup>rd</sup> Quarter 2019	Change
Average Vacancy	2.67%	3.31%	64 Basis Points
Average Rent	\$1,344	\$1,345	+\$1 or +0.07%

COMPARISON OF RENTAL RATES & VACANCY RATES TO PRIOR QUARTER						
UNIT TYPE	AVERAGE RENT			AVERAGE VACANCY		
	2nd Qtr. 2019	3rd Qtr. 2019	Result	2nd Qtr. 2019	3rd Qtr. 2019	Result
Studio	\$841	\$814	-\$27	3.37%	2.49%	-0.88%
1 Bedroom/1 Bath	\$1,185	\$1,200	+\$15	2.84%	3.23%	+0.39%
2 Bedroom/1 Bath	\$1,262	\$1,252	-\$10	2.02%	3.18%	+1.16%
2 Bedroom/2 Bath	\$1,490	\$1,481	-\$8	2.73%	3.62%	+0.89%
3 Bedroom/2 Bath	\$1,838	\$1,816	-\$22	1.96%	2.76%	+0.80%
Townhouse	\$1,548	\$1,561	+\$13	4.32%	2.70%	-1.62%
<b>TOTALS</b>	<b>\$1,344</b>	<b>\$1,345</b>	<b>+\$1</b>	<b>2.67%</b>	<b>3.31%</b>	<b>+0.64%</b>

RENTAL AND VACANCY RATES BY SUB-MARKET AREA							
Area	Sub-Market	AVERAGE RENT			AVERAGE VACANCY		
		2nd Qtr. 2019	3rd Qtr. 2019	Result	2nd Qtr. 2019	3rd Qtr. 2019	Result
1	Northwest Reno	\$1,401	\$1,382	-\$19	2.78%	2.70%	-0.07%
2	Northeast Reno	\$1,241	\$1,196	-\$45	2.81%	3.72%	+0.91%
3	W. Sparks/N. Valley	\$1,166	\$1,190	+\$24	2.54%	2.74%	+0.20%
4	East Sparks	\$1,529	\$1,522	-\$7	2.61%	4.20%	+1.60%
5	West Reno	\$1,188	\$1,186	-\$3	0.44%	1.33%	+0.89%
6	Southwest Reno	\$1,275	\$1,268	-\$8	3.36%	3.36%	0.00%
7	Brinkby/Grove	\$964	\$983	+\$18	2.81%	3.56%	+0.74%
8	Airport	\$1,154	\$1,177	+\$22	1.79%	6.79%	+5.00%
9	Lakeridge	\$1,453	\$1,389	-\$64	4.87%	4.95%	+0.08%
10	Southeast Reno	\$1,394	\$1,416	+\$21	1.71%	2.77%	+1.06%
11	Downtown Urban	\$1,446	\$1,474	+\$28	8.21%	2.17%	-6.04%
<b>Overall Reno-Sparks</b>		<b>\$1,344</b>	<b>\$1,345</b>	<b>+\$1</b>	<b>2.67%</b>	<b>3.31%</b>	<b>+0.64%</b>





## HISTORICAL RENTAL AND VACANCY RATES BY UNIT TYPE

Quarter/ Year	UNIT TYPE													
	Studio		1/1		2/1		2/2		3/2		Townhouse		TOTAL	
	Avg. Rent	Vacancy %	Avg. Rent	Vacancy %	Avg. Rent	Vacancy %	Avg. Rent	Vacancy %	Avg. Rent	Vacancy %	Avg. Rent	Vacancy %	Avg. Rent	Vacancy %
Q1-2006	\$524	3.47%	\$733	3.01%	\$795	3.93%	\$914	4.40%	\$1,080	5.20%	\$1,044	5.70%	\$848	3.83%
Q2-2006	\$545	3.47%	\$732	2.56%	\$814	3.80%	\$915	4.26%	\$1,081	4.58%	\$1,055	3.42%	\$857	3.50%
Q3-2006	\$548	5.04%	\$739	2.19%	\$821	3.63%	\$924	3.55%	\$1,093	3.76%	\$1,052	3.13%	\$863	3.07%
Q4-2006	\$549	4.68%	\$743	3.31%	\$815	4.67%	\$930	5.90%	\$1,103	6.10%	\$1,100	7.41%	\$873	4.70%
Q1-2007	\$527	4.32%	\$745	5.00%	\$813	7.02%	\$934	6.99%	\$1,111	8.36%	\$1,102	5.98%	\$872	6.24%
Q2-2007	\$527	8.99%	\$750	3.24%	\$817	6.29%	\$940	5.38%	\$1,118	7.46%	\$1,106	4.27%	\$876	4.88%
Q3-2007	\$526	7.19%	\$754	3.18%	\$818	6.39%	\$946	4.72%	\$1,124	5.45%	\$1,115	4.84%	\$881	4.54%
Q4-2007	\$527	7.14%	\$754	4.43%	\$822	7.24%	\$949	8.02%	\$1,130	8.06%	\$1,127	8.12%	\$885	6.50%
Q1-2008	\$527	8.58%	\$756	5.37%	\$820	8.22%	\$950	7.73%	\$1,130	5.79%	\$1,132	7.28%	\$886	6.85%
Q2-2008	\$524	6.34%	\$752	6.00%	\$814	8.46%	\$949	6.59%	\$1,132	6.24%	\$1,132	13.37%	\$884	6.83%
Q3-2008	\$524	5.62%	\$755	6.93%	\$813	8.82%	\$953	7.10%	\$1,132	7.72%	\$1,134	7.52%	\$885	7.35%
Q4-2008	\$523	5.43%	\$744	8.70%	\$798	11.83%	\$933	9.72%	\$1,130	10.44%	\$1,122	10.03%	\$875	9.63%
Q1-2009	\$523	7.90%	\$727	10.08%	\$776	11.97%	\$914	11.43%	\$1,119	11.45%	\$1,118	10.14%	\$863	10.87%
Q2-2009	\$515	8.64%	\$696	9.76%	\$753	12.20%	\$886	11.29%	\$1,088	13.18%	\$1,122	13.65%	\$844	10.93%
Q3-2009	\$501	9.57%	\$699	8.15%	\$741	11.46%	\$930	9.02%	\$1,117	7.23%	\$1,156	8.96%	\$857	9.08%
Q4-2009	\$500	8.97%	\$693	7.74%	\$728	9.48%	\$925	8.46%	\$1,111	10.32%	\$1,141	9.52%	\$848	8.54%
Q1-2010	\$490	10.96%	\$701	7.40%	\$734	6.70%	\$936	8.11%	\$1,128	10.16%	\$1,090	10.48%	\$858	7.87%
Q2-2010	\$489	10.96%	\$687	6.70%	\$725	10.03%	\$909	7.43%	\$1,102	8.58%	\$1,068	9.35%	\$837	7.79%
Q3-2010	\$483	7.06%	\$687	5.68%	\$721	7.27%	\$905	6.10%	\$1,091	6.04%	\$1,100	6.23%	\$834	6.18%
Q4-2010	\$480	7.66%	\$677	5.57%	\$711	7.40%	\$895	8.37%	\$1,085	9.40%	\$1,073	7.65%	\$824	7.16%
Q1-2011	\$487	10.36%	\$675	4.86%	\$716	5.06%	\$887	6.25%	\$1,086	6.30%	\$1,056	4.53%	\$821	5.64%
Q2-2011	\$476	7.21%	\$686	5.22%	\$738	5.33%	\$902	5.73%	\$1,115	5.06%	\$1,009	6.52%	\$837	5.51%
Q3-2011	\$484	4.20%	\$691	4.76%	\$744	3.87%	\$913	6.31%	\$1,098	9.06%	\$1,027	6.83%	\$840	5.38%
Q4-2011	\$463	6.31%	\$680	5.61%	\$756	7.30%	\$875	6.67%	\$1,070	8.96%	\$1,074	7.37%	\$822	6.56%
Q1-2012	\$472	3.60%	\$673	4.25%	\$752	5.84%	\$883	6.43%	\$1,070	9.30%	\$1,028	7.65%	\$822	5.59%
Q2-2012	\$482	5.86%	\$679	3.89%	\$758	4.96%	\$910	6.12%	\$1,094	7.10%	\$1,038	7.65%	\$836	5.13%
Q3-2012	\$507	4.25%	\$689	3.59%	\$757	4.86%	\$899	5.77%	\$1,074	7.19%	\$1,068	7.08%	\$836	4.83%
Q4-2012	\$487	8.86%	\$687	4.37%	\$757	6.35%	\$892	5.85%	\$1,083	6.43%	\$1,074	9.35%	\$830	5.60%
Q1-2013	\$494	7.96%	\$683	3.81%	\$759	5.75%	\$888	5.49%	\$1,080	6.81%	\$1,029	8.22%	\$829	5.11%
Q2-2013	\$509	7.66%	\$695	3.50%	\$770	5.54%	\$912	4.72%	\$1,082	6.05%	\$1,051	7.93%	\$843	4.65%
Q3-2013	\$531	4.35%	\$713	3.18%	\$780	4.96%	\$928	4.20%	\$1,113	5.58%	\$1,067	4.92%	\$859	4.05%
Q4-2013	\$545	2.40%	\$717	3.81%	\$785	4.05%	\$917	4.52%	\$1,117	5.28%	\$1,068	3.92%	\$860	4.12%
Q1-2014	\$548	3.89%	\$731	4.03%	\$795	3.28%	\$948	3.94%	\$1,123	3.04%	\$1,093	5.47%	\$876	3.83%
Q2-2014	\$533	2.69%	\$753	2.51%	\$764	2.33%	\$969	2.40%	\$1,170	1.97%	\$1,105	1.92%	\$852	2.41%
Q3-2014	\$540	1.35%	\$768	2.16%	\$796	2.58%	\$1,023	1.96%	\$1,189	2.10%	\$1,106	6.23%	\$887	2.13%
Q4-2014	\$555	1.35%	\$775	3.14%	\$797	3.90%	\$968	3.24%	\$1,176	4.23%	\$1,096	4.44%	\$868	3.31%
Q1-2015	\$565	1.65%	\$790	2.55%	\$810	3.11%	\$997	3.35%	\$1,209	3.32%	\$1,107	4.10%	\$889	2.97%
Q2-2015	\$562	1.95%	\$816	2.19%	\$823	1.88%	\$1,040	2.38%	\$1,251	2.85%	\$1,143	4.44%	\$920	2.27%
Q3-2015	\$589	2.99%	\$837	2.35%	\$848	2.29%	\$1,065	3.11%	\$1,264	2.81%	\$1,137	2.30%	\$942	2.67%
Q4-2015	\$580	2.54%	\$840	2.85%	\$854	2.83%	\$1,066	3.01%	\$1,263	2.56%	\$1,159	4.81%	\$946	2.90%
Q1-2016	\$639	1.80%	\$875	2.32%	\$885	1.96%	\$1,119	2.46%	\$1,316	2.30%	\$1,248	2.59%	\$990	2.30%
Q2-2016	\$643	2.25%	\$904	1.84%	\$930	1.56%	\$1,164	2.27%	\$1,411	1.96%	\$1,233	2.59%	\$1,029	1.98%
Q3-2016	\$662	1.48%	\$923	2.00%	\$973	1.41%	\$1,192	2.79%	\$1,420	2.75%	\$1,258	3.33%	\$1,054	2.24%
Q4-2016	\$673	1.92%	\$939	2.95%	\$984	2.75%	\$1,207	3.02%	\$1,382	3.26%	\$1,287	2.96%	\$1,066	2.93%
Q1-2017	\$669	1.47%	\$992	2.42%	\$1,019	1.32%	\$1,244	2.63%	\$1,468	1.54%	\$1,362	1.11%	\$1,111	2.23%
Q2-2017	\$715	1.17%	\$1,060	1.28%	\$1,081	0.95%	\$1,353	1.15%	\$1,595	1.05%	\$1,338	1.85%	\$1,194	1.17%
Q3-2017	\$737	1.32%	\$1,071	2.21%	\$1,103	2.20%	\$1,346	2.60%	\$1,616	3.80%	\$1,396	1.89%	\$1,202	2.41%
Q4-2017	\$723	3.52%	\$1,062	3.76%	\$1,091	3.03%	\$1,310	3.69%	\$1,551	5.50%	\$1,405	8.36%	\$1,180	3.80%
Q1-2018	\$744	1.17%	\$1,092	2.11%	\$1,122	1.93%	\$1,387	2.04%	\$1,631	0.89%	\$1,436	2.70%	\$1,230	1.97%
Q2-2018	\$781	1.76%	\$1,170	1.86%	\$1,210	1.25%	\$1,475	1.46%	\$1,754	1.40%	\$1,508	1.35%	\$1,318	1.58%
Q3-2018	\$863	2.79%	\$1,170	2.57%	\$1,209	2.23%	\$1,468	2.99%	\$1,775	4.14%	\$1,503	3.24%	\$1,319	2.79%
Q4-2018	\$837	5.28%	\$1,155	3.10%	\$1,192	3.49%	\$1,421	3.81%	\$1,762	5.59%	\$1,527	3.24%	\$1,292	3.64%
Q1-2019	\$801	3.37%	\$1,158	2.97%	\$1,217	2.29%	\$1,471	3.02%	\$1,779	5.16%	\$1,539	4.05%	\$1,316	3.06%
Q2-2019	\$841	3.37%	\$1,185	2.84%	\$1,262	2.02%	\$1,490	2.73%	\$1,838	1.96%	\$1,548	4.32%	\$1,344	2.67%
Q3-2019	\$814	2.49%	\$1,200	3.23%	\$1,252	3.18%	\$1,481	3.62%	\$1,816	2.76%	\$1,561	2.70%	\$1,345	3.31%
AVERAGE	\$580	4.88%	\$819	4.09%	\$868	4.99%	\$1,046	5.02%	\$1,255	5.56%	\$1,178	5.80%	\$954	4.71%
MEDIAN	\$531	4.25%	\$750	3.31%	\$813	4.05%	\$946	4.52%	\$1,128	5.50%	\$1,115	5.47%	\$875	4.12%
LOW	\$463	1.17%	\$673	1.28%	\$711	0.95%	\$875	1.15%	\$1,070	0.89%	\$1,009	1.11%	\$821	1.17%
HIGH	\$863	10.96%	\$1,200	10.08%	\$1,262	12.20%	\$1,490	11.43%	\$1,838	13.18%	\$1,561	13.65%	\$1,345	10.93%





### **COMMENTARY**

The overall average rental rate for all units surveyed increased by 0.07%, with all units experiencing a slight decrease in average rental rates, except one bedrooms and townhomes. Additionally, six of the eleven sub-markets experienced a decrease in average rental rates, while the West Sparks/North Valleys, Brinkby/Grove, Airport, Southeast Reno and Downtown Urban sub-markets experienced slight increases.

The overall vacancy rate for all units surveyed increased by 64 basis points, with seven of the eleven submarkets showing increases in vacancies. All unit types, except studios and townhomes, experienced increases in average vacancies. Average vacancy for all unit types is now at 3.31%.

Although several projects are under construction, supply within the major apartment projects in the region is expected to remain extremely tight over the coming year. Vacancies are expected to remain very low. Rental rates, which have moderated somewhat, should continue to show increases, although at a slower rate than we have seen in the recent past. Just under 4,700± units within major apartment projects (over 80 units) are now under construction in the region, with many more projects in the planning and entitlement stages.



### **GUIDELINES**

The units reported in the survey are subject to the following conditions:

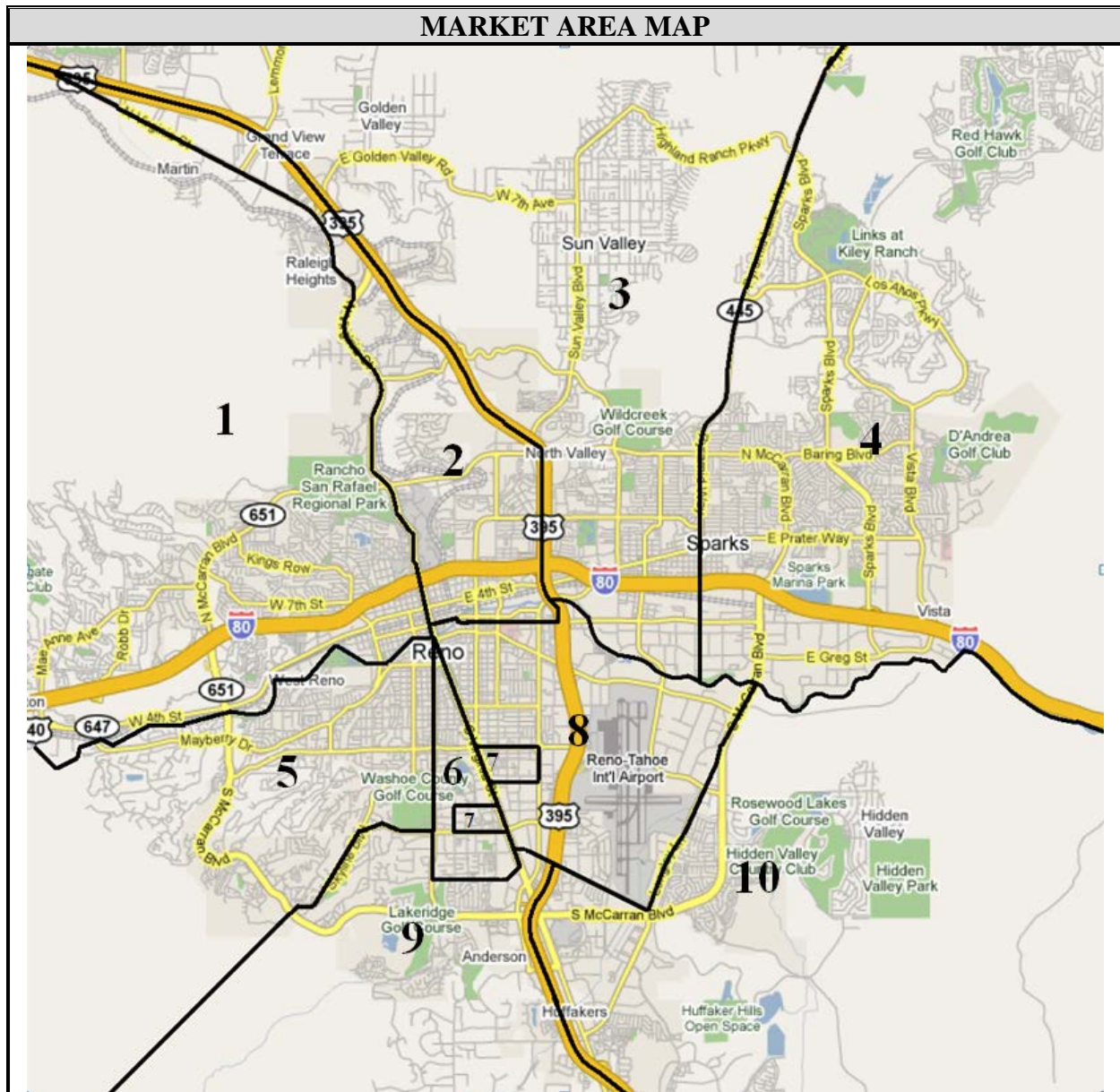
- Occupancy rates represent conditions as of the date of survey;
- Rents utilized in the report represent the base price of an unfurnished apartment;
- Units with more than one size per unit type were calculated on a weighted average for each unit type
- Weighted averages were used in all charts to give the most accurate statistics possible. The averages were weighted by the number of units reporting each data type;
- Vacant units are defined as those units currently available for lease (no contract in place).

### **APARTMENT UNIT CLASSIFICATIONS**

<b>Apartment Type</b>	<b>Description</b>
Studio	Units With One Living Area Plus Bath & Kitchen
1 Bed/1 Bath	Units With One Bedroom And 1 Bath Or 1-1/2 Baths
2 Bed/1 Bath	Units With 2 Bedrooms, 1 Bath OR 1 Bedroom, Den, 1 Bath
2 Bed/2 Bath	Units Have 2 Bedrooms And 2 Baths Or 1-1/2 Baths
3 Bed/2 Bath	Units Having 3 Bedrooms And 2 Baths (Some Units Include A 3 <sup>rd</sup> Bath)
Townhouse	Units Having 2 Or 3 Bedrooms, 2 Baths OR 2 Bedrooms, Den, 2 Baths



MARKET AREAS		
Area	Sub-Market	Location
1	Northwest Reno	North of Truckee River & West of N. Virginia St.
2	Northeast Reno	North of 2 <sup>nd</sup> St.; West of US-395 & Northtowne Lane; East of N. Virginia St.
3	West Sparks/North Valleys	North of the Truckee River; West of Pyramid Way; East of US-395
4	East Sparks	North of the Truckee River & East of Pyramid Way
5	West Reno	North of Moana Lane; West of Plumas St.; South of Truckee River
6	Southwest Reno	South of Truckee River; West of S. Virginia St.; East of Plumas St.; North of Redfield Parkway
7	Brinkby/Grove	North of Moana Lane; West of S. Virginia St.; South of Brinkby Ave.; East of Lakeside Dr. & North of Linden St.; West of Kietzke Lane; South of Plumb Lane; East of S. Virginia St.
8	Airport	North of Peckham Lane; West of Longley Lane; East of S. Virginia St.; South of 2 <sup>nd</sup> St. & Truckee River
9	Lakeridge	South of Moana Lane and Redfield Parkway; West of S. Virginia St.
10	Southeast Reno	South of Truckee River; East of S. Virginia St. & Longley Lane
11	Downtown Urban	Downtown Reno; Downtown Sparks
*Sub-Market Area 11 is not depicted on the following Market Area Map, as it contains portions of Downtown Reno and Downtown Sparks, which are contained within previously existing Sub-Market Areas.		





### PROJECTS APPROVED AND/OR UNDER CONSTRUCTION

The Harvest is a 720-unit apartment complex in Damonte Ranch. Tanamera Construction broke ground on Phase I, which includes 278 units, in the 1<sup>st</sup> Quarter of 2016. The project is located at the intersection of Steamboat Parkway and Veterans Parkway. At the end of the 2<sup>nd</sup> Quarter 2018 construction was completed on Phase I and the property was 100% occupied. At the end of the 3<sup>rd</sup> Quarter 2019 construction was completed on Phase II and the property was 95.60% occupied. Phase III of this project is being constructed by Pacific West Companies and broke ground in the 3<sup>rd</sup> Quarter of 2017. Phase III will include 260 units. At the end of the 3<sup>rd</sup> Quarter of 2019, 3 buildings of Phase III were complete, approximately 14% of the project had been pre-leased and 18% of the property was occupied.

ERGS Properties broke ground on the North Peak Apartments, which are located in North Valleys, in 2017. At the end of the 3<sup>rd</sup> Quarter of 2019, 26 buildings were complete, 62% of the project had been pre-leased and 60% of the property was occupied.

Vida is a 312-unit apartment complex located on the corner of Sharlands and Mae Anne Avenues in northwest Reno near Somerset. Construction broke ground in the 3<sup>rd</sup> Quarter of 2017. At the end of the 3<sup>rd</sup> Quarter of 2019, construction on the project was 100% complete, approximately 91% of the project had been pre-leased and 86% of the project was occupied.

In the 2<sup>nd</sup> Quarter of 2017, S3 Development broke ground on Lyfe at the Marina, a 280-unit apartment complex located along the west side of Marina Gateway Drive. At the end of the 3<sup>rd</sup> Quarter of 2019, 12 buildings were complete, 74% of the project had been pre-leased and 68% of the property was occupied.

In the 1<sup>st</sup> Quarter of 2017, Silverwing Development broke ground on The Bridges, a 194-unit apartment complex located at Victorian Square in Sparks. Construction on the project was completed in the 1<sup>st</sup> Quarter of 2019. As of the date of this survey, 79% of the project had been leased and 69% of the project was occupied.

Sunroad Enterprises broke ground on Lumina, a 330-unit apartment complex, in the 3<sup>rd</sup> Quarter of 2017. The project is located at the intersection of Wingfield Hills Road and Rolling Meadows Drive in the master planned community of Pioneer Meadows. At the end of the 3<sup>rd</sup> Quarter of 2019, 16 buildings were complete, approximately 38% of the project had been pre-leased and 35% of the project was occupied.

LandCap Investment Partners, LLC broke ground on The Waterfront at Sparks Marina in the 1<sup>st</sup> Quarter of 2017. The Waterfront at Sparks Marina is a 209-unit luxury rental project, built around an existing parking garage at the Sparks Marina. Construction on the project was completed in the 2<sup>nd</sup> Quarter of 2019. As of the date of this survey, 87% of the project had been leased and 85% of the project was occupied.

Silverado Homes broke ground on the Silverado Apartments in the 3<sup>rd</sup> Quarter of 2018. Silverado Apartments is a 96-unit apartment project located in Wingfield Springs at the northwest corner of Vista Boulevard and Passage Drive. At the end of the 3<sup>rd</sup> Quarter of 2019, five buildings were complete, approximately 55% of the project had been pre-leased and 48% of the project was occupied.

The chart below summarizes the market rate projects within the Reno-Sparks market with approvals, in planning stages, or under construction.



<b>PROPOSED &amp; UNDER CONSTRUCTION (MAJOR APARTMENT PROJECTS OVER 80 UNITS)</b>				
<b>Projects Under Construction</b>				
<b>Project Name</b>	<b>Units</b>	<b>Location</b>	<b>Area</b>	<b>Status</b>
North Peak Apartments	328	Intersection of Military Road & Lemmon Drive	3	Under Construction
Oddie Apartments	312	Southeast Corner of El Rancho Drive & Greenbrae Drive	3	Under Construction
The Atrium	132	Victorian Square	3	Under Construction
The Deco	209	Victorian Square	3	Under Construction
The Lakes at Sky Vista	768	Sky Vista Parkway, West of Lemmon Valley Road	3	Under Construction
Azure	308	East of Sparks Marina-East Side of Marina Gateway Drive	4	Under Construction
Lumina-Phase I	330	Pioneer Meadows	4	Under Construction
Lyfe at the Marina	280	East of Sparks Marina-West Side of Marina Gateway Drive	4	Under Construction
Silverado Development	96	Wingfield Springs	4	Under Construction
Park Lane-Reno Urban Development	505	Previous Park Lane Mall Site	7	Planning Stages
Espirit Apartments	126	Southeast Corner of Veterans Parkway & Geiger Grade Road	10	Under Construction
INOVA	581	Mt. Rose Highway	10	Under Construction
Oakmont Properties Development	440	Double R Boulevard & Technology Way	10	Under Construction
The Harvest-Phase III	260	Damonte Ranch	10	Under Construction
<b>Total Units:</b>	<b>4,675</b>			
<b>Projects Planned</b>				
<b>Project Name</b>	<b>Units</b>	<b>Location</b>	<b>Area</b>	<b>Status</b>
5th & Keystone	302	Northeast Corner of Keystone Avenue & 5th Street	1	Planning Stages
The Villas at Keystone Canyon-Phase II	125	Keystone Avenue & North McCarran Boulevard	1	Planning Stages
Vib	192	West 4th Street, East of South McCarran Boulevard	1	Planning Stages
Verdi Village	242	Southeast Corner of South Verdi Road & Cabela Drive	1	Planning Stages
Silverwing Development	200	Victorian Square	3	Planning Stages
Silverwing Development	100	Victorian Square	3	Planning Stages
Spectrum-Dandini Development	420	Northeast Corner of US Highway 395 & Dandini Boulevard	3	Planning Stages
Vista Rafael Apartments	416	North Virginia Street & Vista Rafael Parkway	3	Planning Stages
Azure-Phase II	340	East of Sparks Marina-East Side of Marina Gateway Drive	4	Planning Stages
Kiley Ranch North Phase 6	306	Southwest Corner of Kiley Parkway & Windmill Farms Road	4	Planning Stages
Lumina-Phase II	220	Pioneer Meadows	4	Planning Stages
Park Lane-Reno Urban Development	1,295	Previous Park Lane Mall Site	7	Planning Stages
The Wolff Company (Damonte Ranch)	328	South Reno Market	10	Planning Stages
Ryland Apartments	118	North Side of Ryland Street, Between Park Street & High Street	11	Planning Stages
<b>Total Units:</b>	<b>4,604</b>			

In addition to the above projects, a number of apartment projects, including smaller market rate and tax credit projects, are in the planning stages. A number of land owners are also going through the entitlement process for apartments, in order to sell or develop the properties.



### ABSORPTION

The chart below summarizes the absorption rates of several market apartment projects in the Reno-Sparks area between 2002 and a current date, and includes the recent absorption rates of Harvest at Damonte Ranch Phase II and Sierra Vista.

### HISTORICAL & CURRENT ABSORPTION RATES

Project Name	# of Units	Lease up Dates		Absorption Per Month
		Start	Stabilized	
Sharlands Terrace	304	Mar-00	Jan-02	13.22
Canyon Hills Phase I	256	Jun-01	Jul-02	18.29
The Village at Wildcreek	240	Jul-01	Sep-02	16.00
Aviana at Tuscany	311	Jul-01	Apr-03	14.14
Silver Creek	376	Jan-01	Aug-03	11.75
Villas at D'Andrea	256	Apr-02	Dec-03	12.19
Marina Village	240	Oct-04	Oct-06	10.00
Horizons at South Meadows	344	Nov-05	Jan-07	22.93
Caviata at Kiley Ranch	184	Jun-07	Oct-09	6.10
Waterstone at Kiley Ranch	203	Jul-07	Oct-09	7.00
The View Apartments	308	Apr-09	Jan-11	13.33
The Trails at Pioneer Meadows	300	Aug-09	Jul-11	11.78
The Alexander at South Virginia	350	Aug-09	Jul-11	13.87
The Village at Arrowcreek	208	Oct-13	Feb-15	11.56
The Bungalows at Sky Vista-Phase I	338	Mar-14	Nov-15	16.10
The Villas at Keystone Canyon	288	Sep-14	Nov-15	19.20
Edge Water at Virginia Lake	284	May-15	Sep-16	16.71
Square One	100	Jun-16	Feb-17	11.11
3 <sup>rd</sup> Street Flats	94	Dec-16	Jun-17	13.43
Fountainhouse	220	May-16	Aug-17	13.75
Harvest at Damonte Ranch Phase I	278	Nov-16	Jun-18	13.90
The Village South	243	Nov-16	Jun-18	12.15
Vineyards at Galleria	210	Aug-17	Jun-18	19.09
Latitude 39	148	June-17	Aug-18	9.87
Harvest at Damonte Ranch Phase II	182	Nov-18	Oct-19	15.17
Sierra Vista	336	Mar-18	Oct-19	16.80





### RENT CONCESSIONS

During the 3<sup>rd</sup> Quarter of 2019 19.57% of the apartment projects in our Survey offered rent concessions, which increased from 10.00% in the 2<sup>nd</sup> Quarter of 2019. A majority of the properties now offering concessions, are offering a discount to Tesla and other Tahoe Reno Industrial Center employees. Concessions range from discounted move-in costs to reduced rent on a twelve-month lease. The most commonly found rent concessions consist of:

- Reduced rent with or 12-month lease

The chart below summarizes the percentage of projects which have offered concessions, and the overall vacancy rate, between 2014 and a current date. It is recognized that an increasing number of apartment projects are utilizing YieldStar, and concessions are not reported separately by the apartment managers.

### REGIONAL CONCESSION HISTORY

Quarter/Year	% Offering Concessions	Overall Vacancy %
Q1-2014	37.18%	3.83%
Q2-2014	32.89%	2.41%
Q3-2014	24.36%	2.13%
Q4-2014	35.06%	3.31%
Q1-2015	35.90%	2.97%
Q2-2015	16.67%	2.27%
Q3-2015	20.25%	2.67%
Q4-2015	14.81%	2.90%
Q1-2016	12.35%	2.30%
Q2-2016	6.17%	1.98%
Q3-2016	4.82%	2.24%
Q4-2016	10.84%	2.93%
Q1-2017	7.14%	2.23%
Q2-2017	2.35%	1.17%
Q3-2017	4.65%	2.41%
Q4-2017	4.65%	3.80%
Q1-2018	4.65%	1.97%
Q2-2018	11.24%	1.58%
Q3-2018	13.33%	2.79%
Q4-2018	8.89%	3.64%
Q1-2019	16.67%	3.06%
Q2-2019	10.00%	2.67%
Q3-2019	19.57%	3.31%



## **SURVEY RESULTS**

This section of the report covers survey findings pertaining to the total survey area for the 2<sup>nd</sup> Quarter of 2019.

### **OVERALL QUARTERLY TRENDS:**

The graphs in this section illustrate percentage vacant, percentage of rent increases or decreases and average monthly rent per quarter. The following graphs are included in overall trends:

- Overall Reno/Sparks Averages
- Overall Trends For Studio Units
- Overall Trends For 1 Bedroom/1 Bath Units
- Overall Trends For 2 Bedroom/1 Bath Units
- Overall Trends For 2 Bedroom/2 Bath Units
- Overall Trends For 3 Bedroom/2 Bath Units
- Overall Trends For Townhouse Units
- Average Rent Per Unit Type

### **TRENDS PER MARKET AREA:**

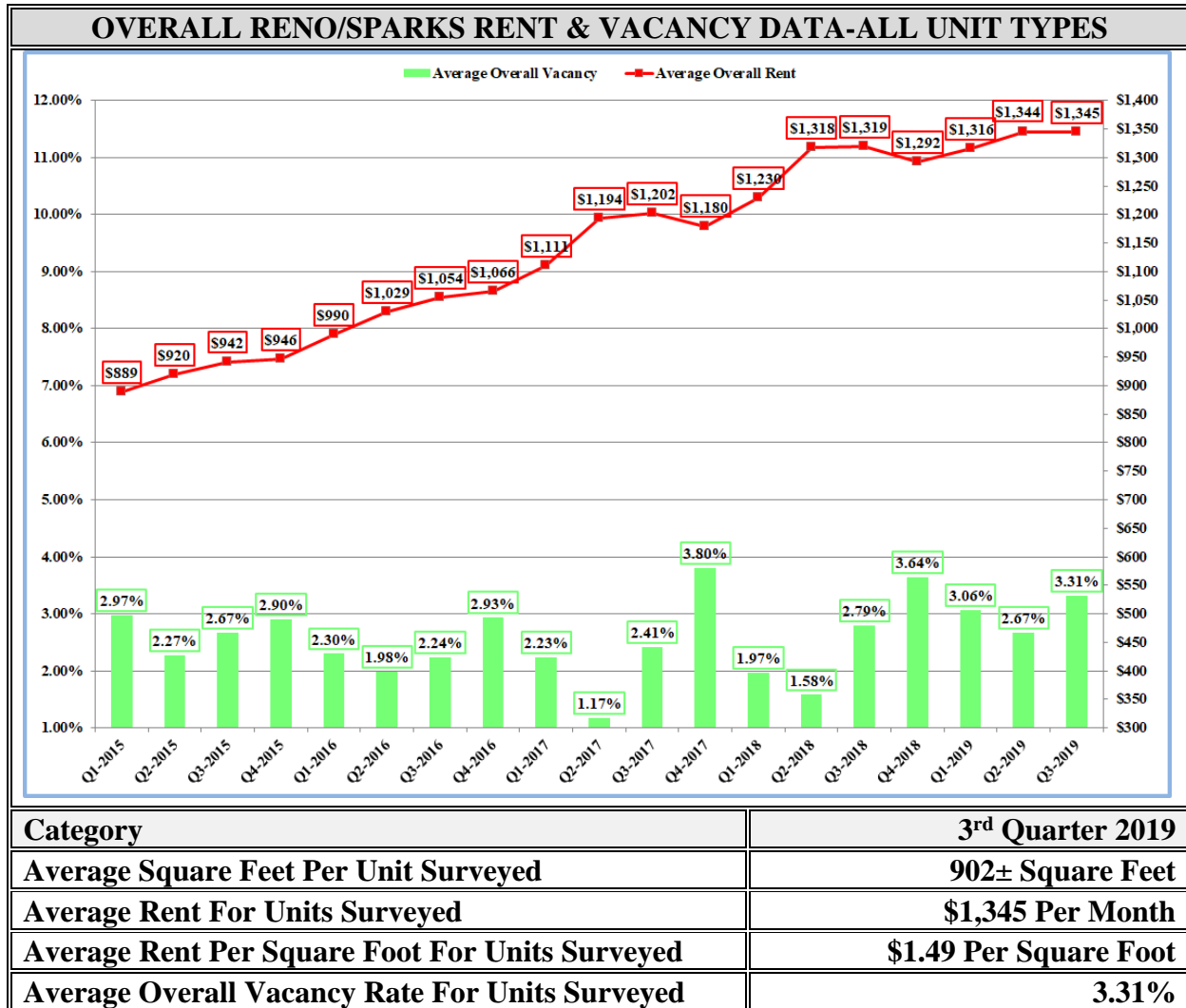
These graphs illustrate quarterly vacancy percentage and average monthly rent. The sub-market categories are as follows:

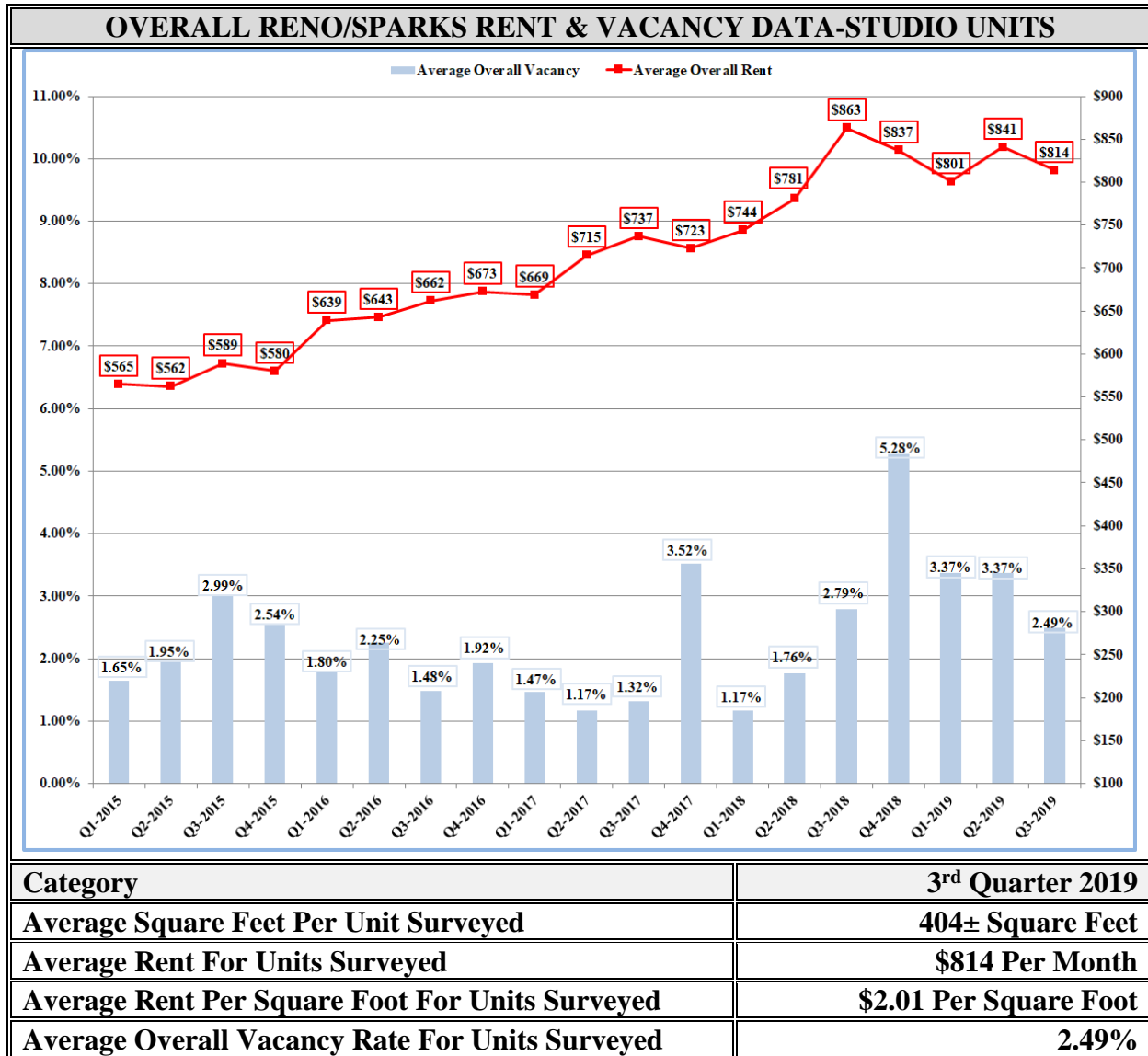
- Area 1-Northwest Reno
- Area 2-Northeast Reno
- Area 3-West Sparks/North Valleys
- Area 4-East Sparks
- Area 5-West Reno
- Area 6-Southwest Reno
- Area 7-Brinkby/Grove
- Area 8-Airport
- Area 9-Lakeridge
- Area 10-Southeast Reno
- Area 11-Downtown Urban

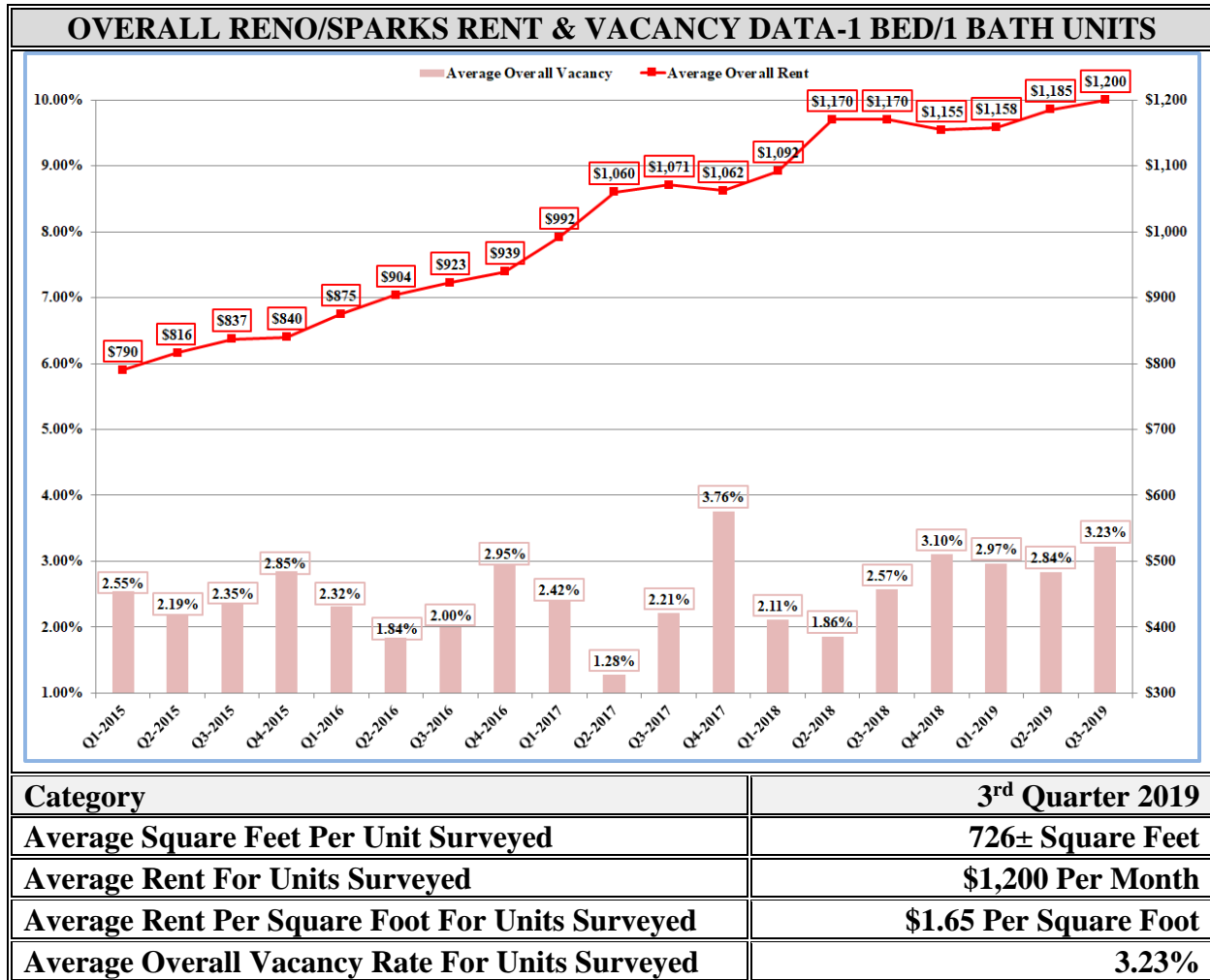
### **CURRENT SURVEY COMPARISONS:**

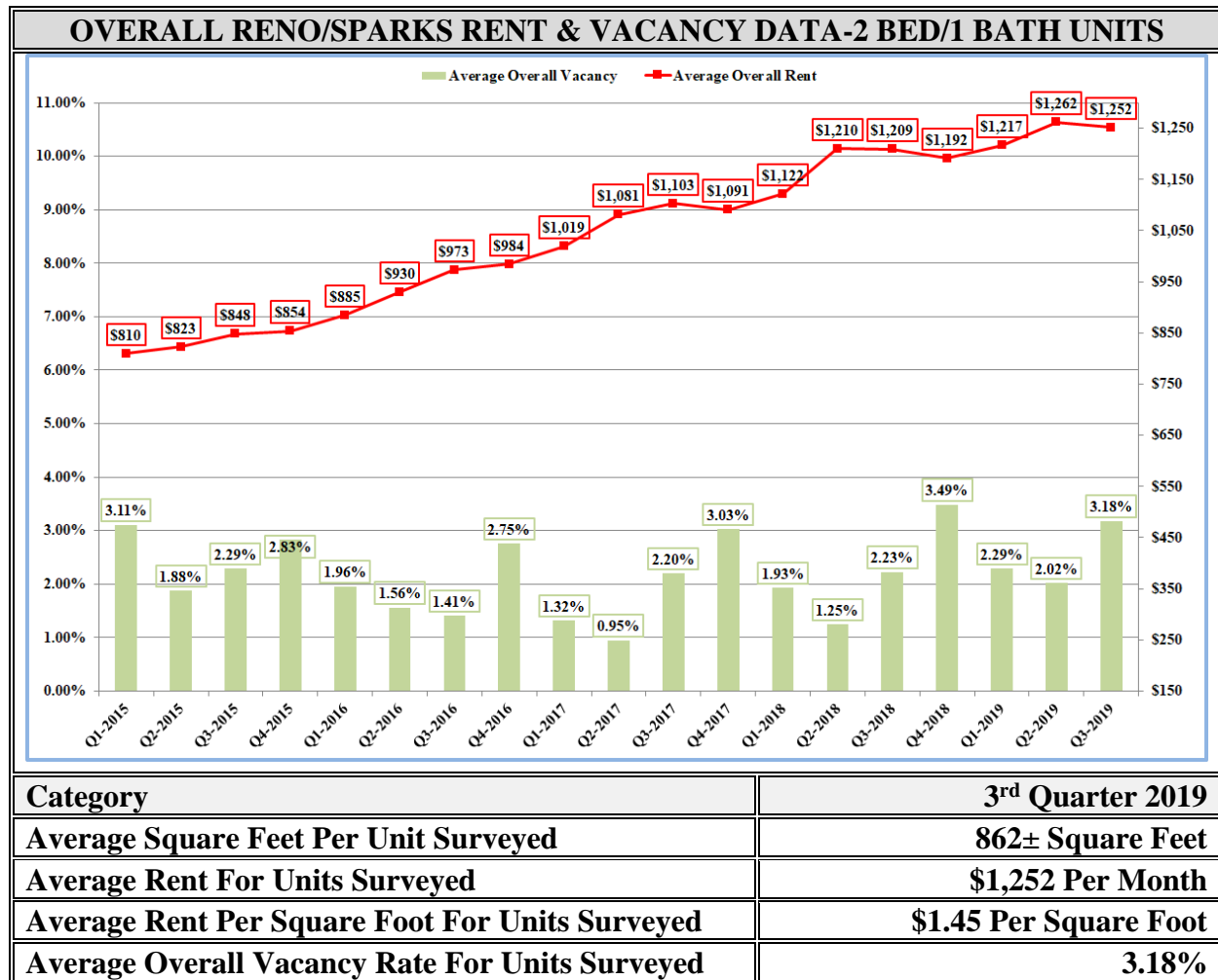
This section of graphs illustrates overall comparisons based on unit type and sub-market categories. These graphs include:

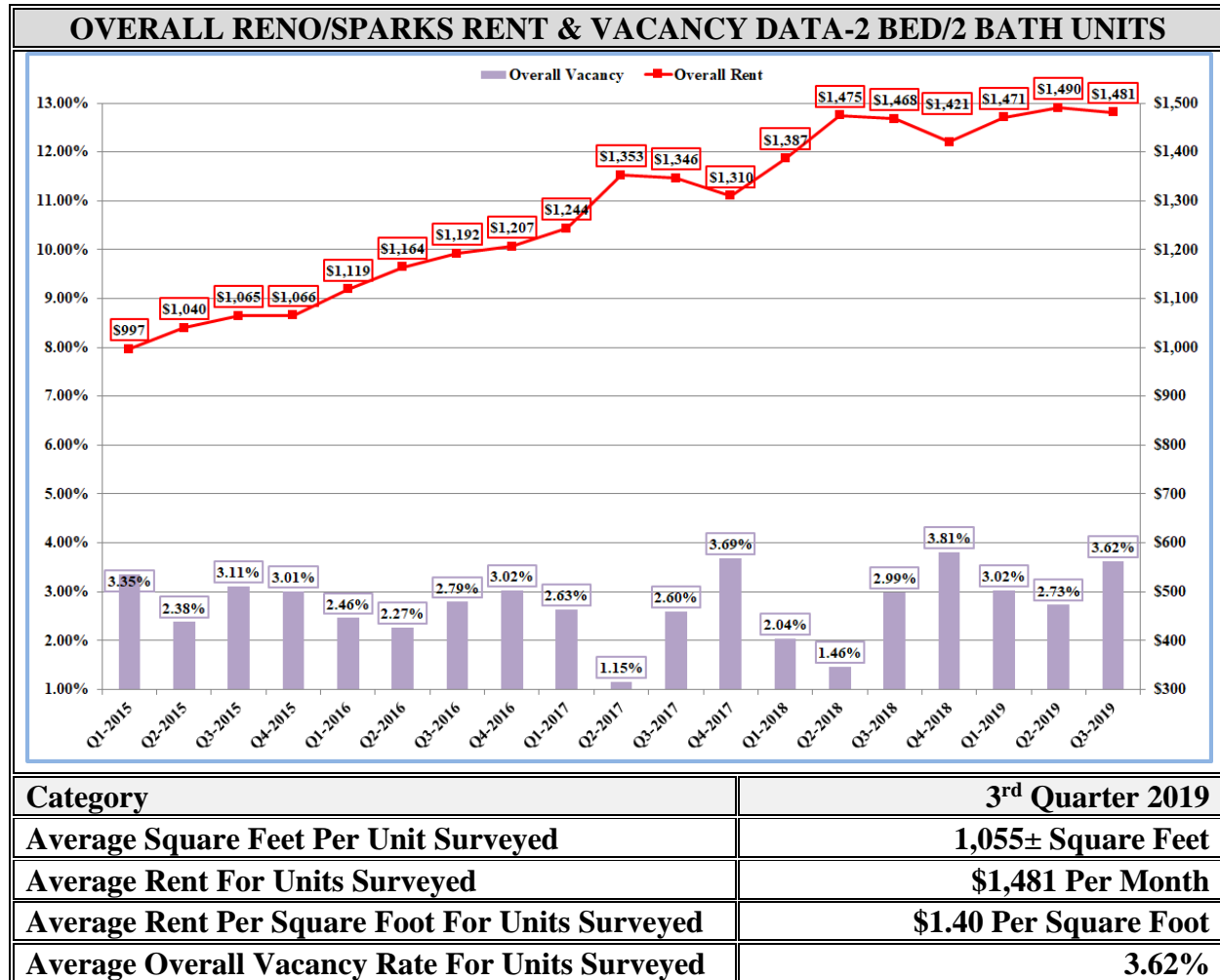
- Summary By Unit Type
- Summary By Area
- 15 Properties With The Highest Average Rents



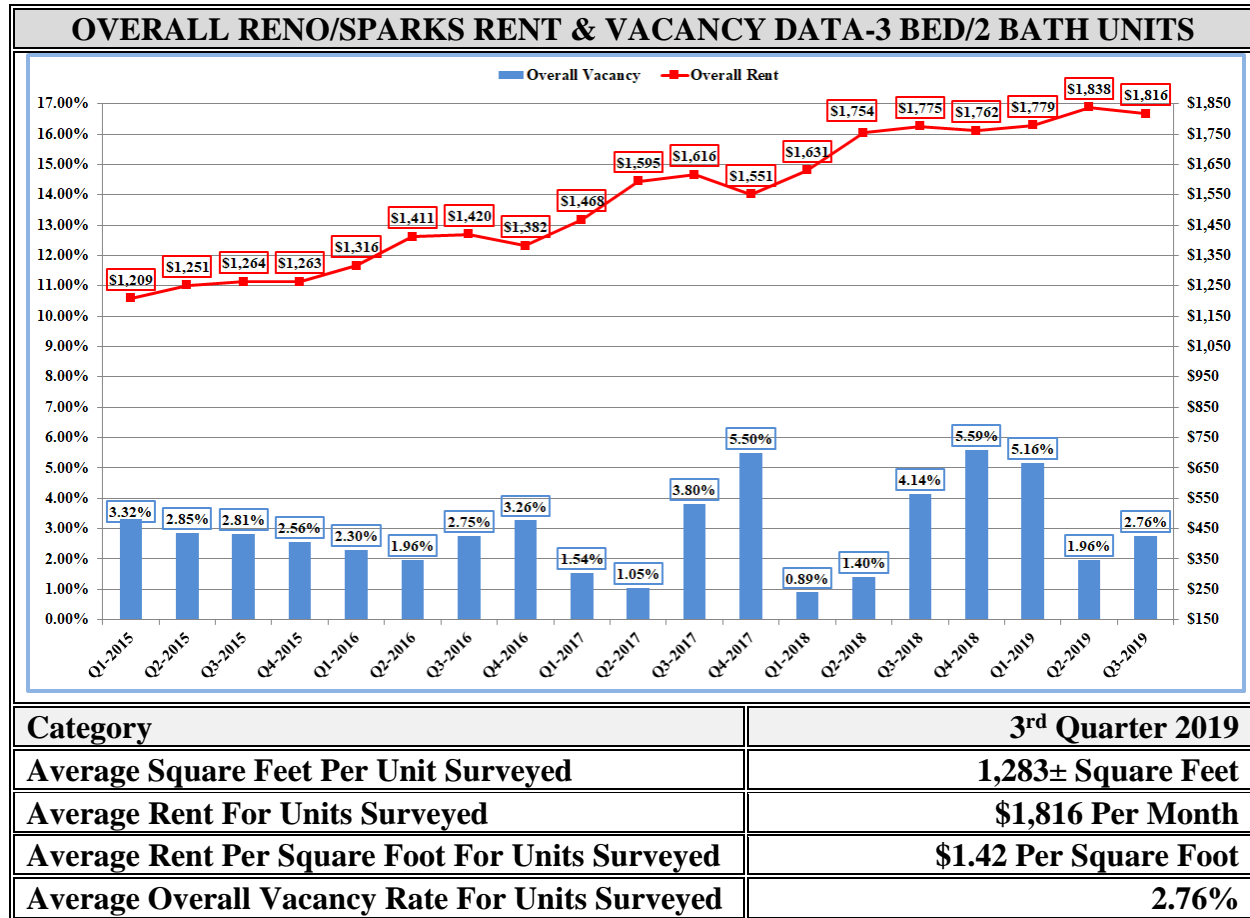


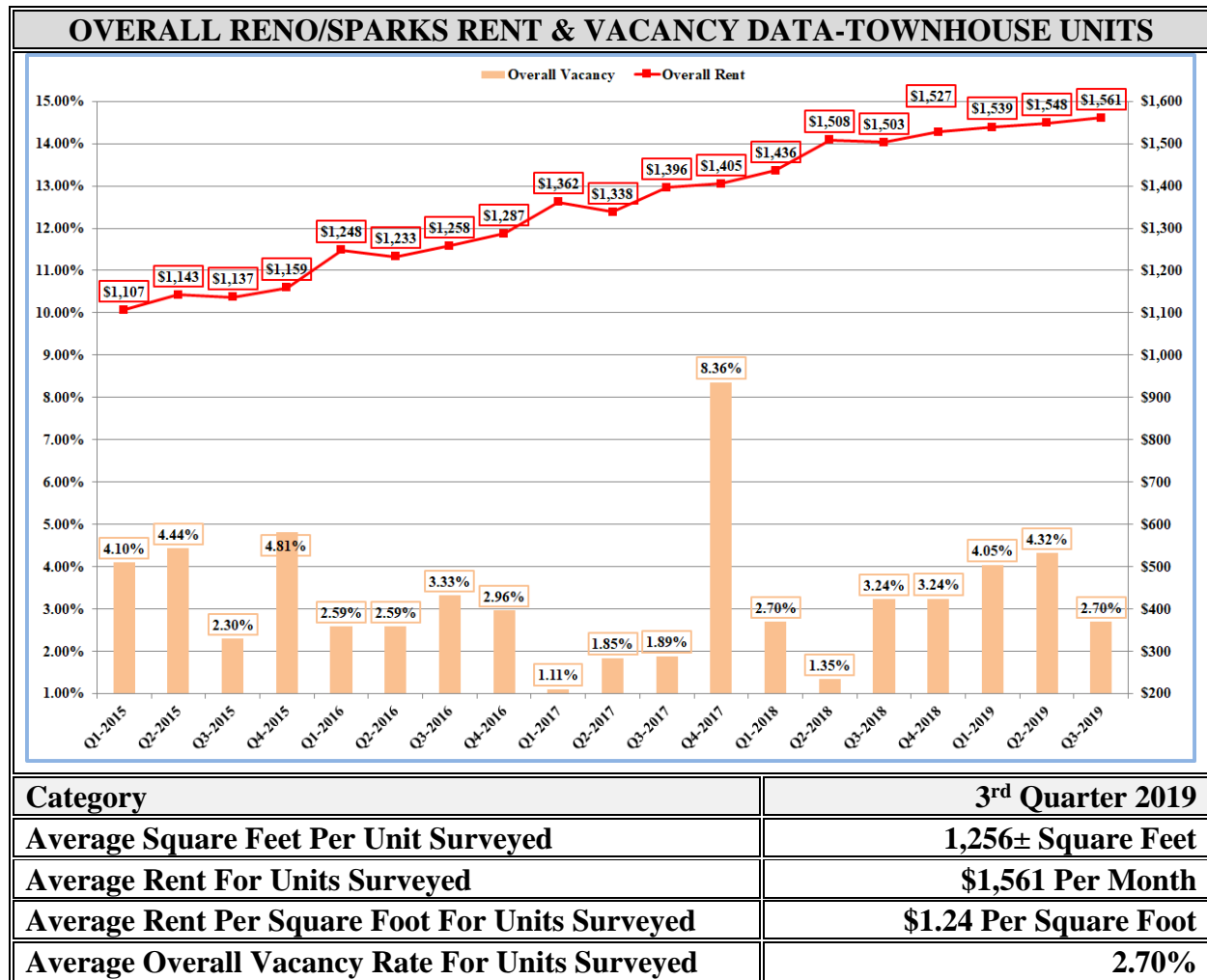


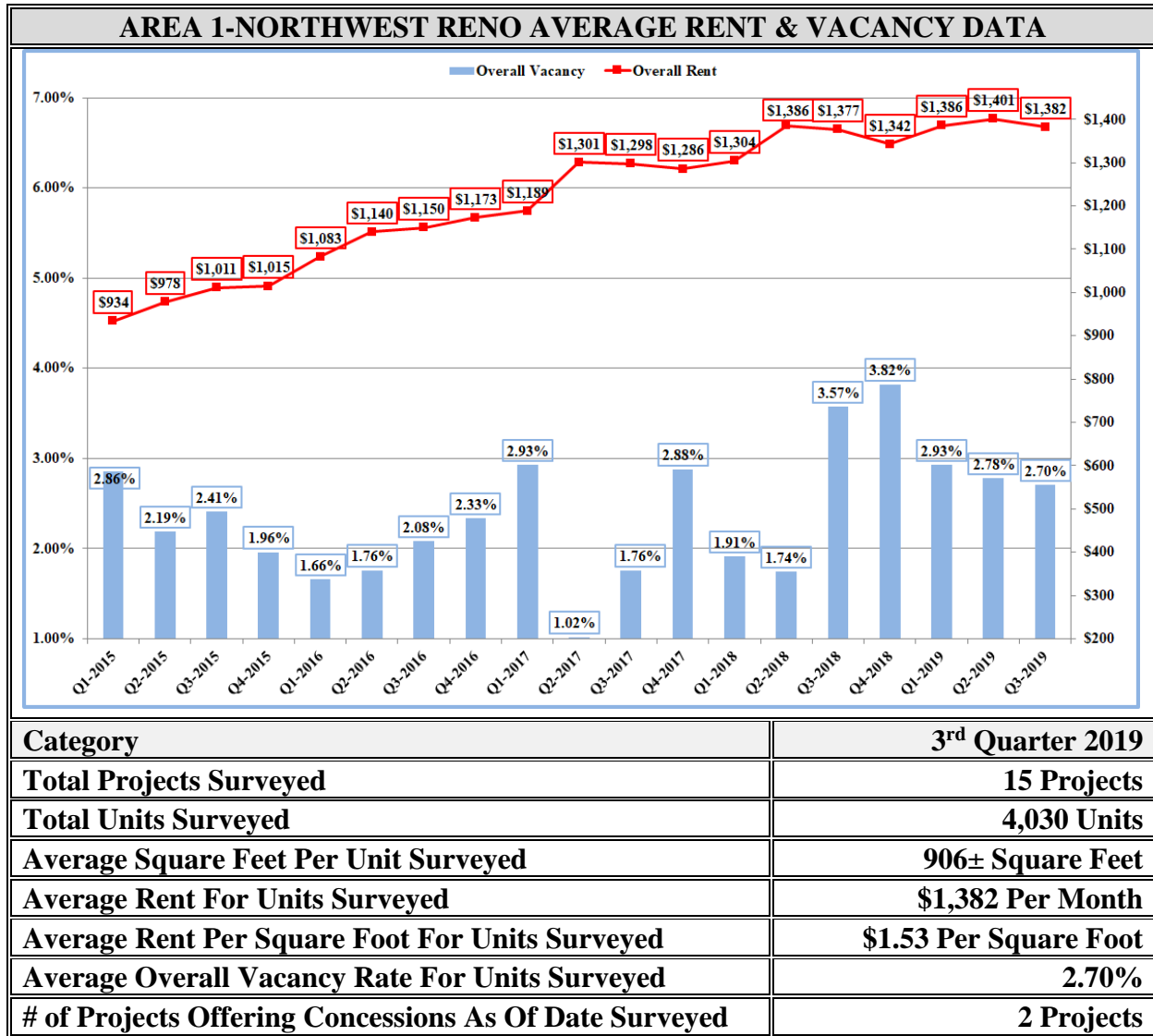


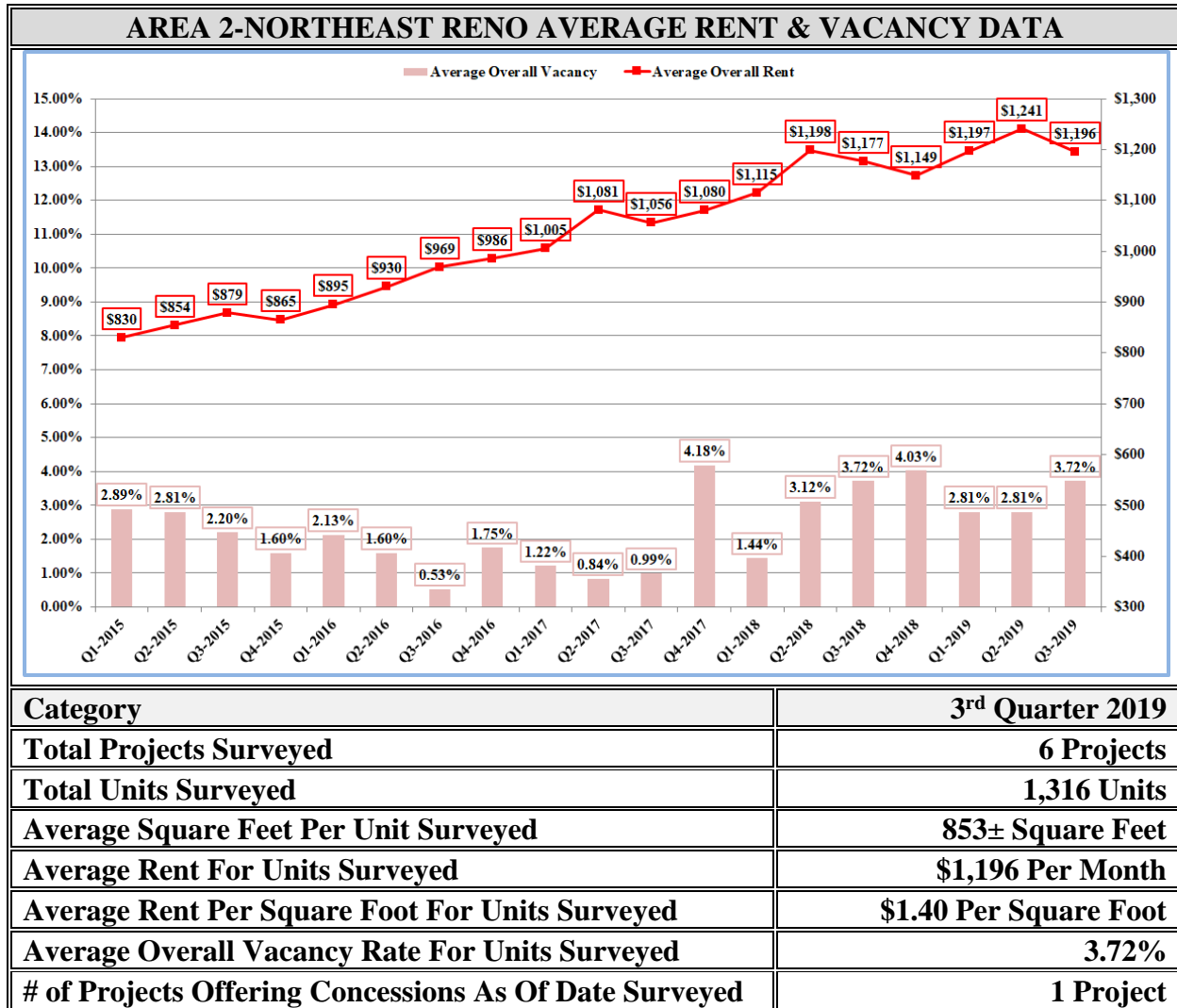






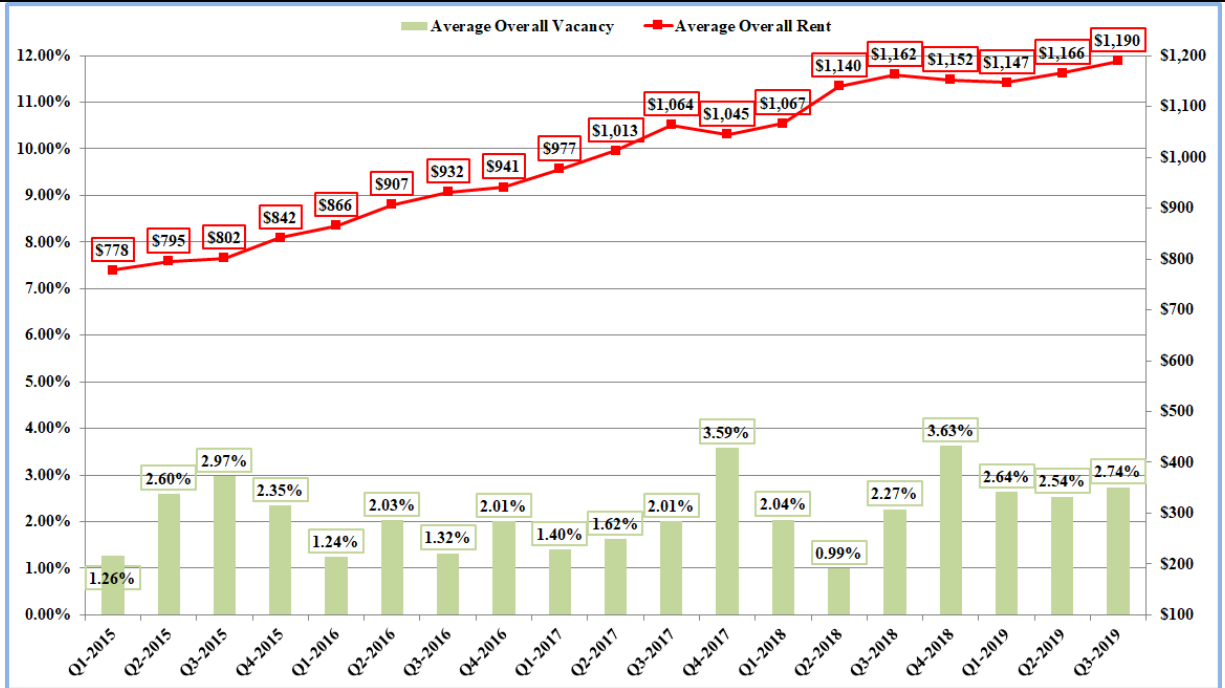








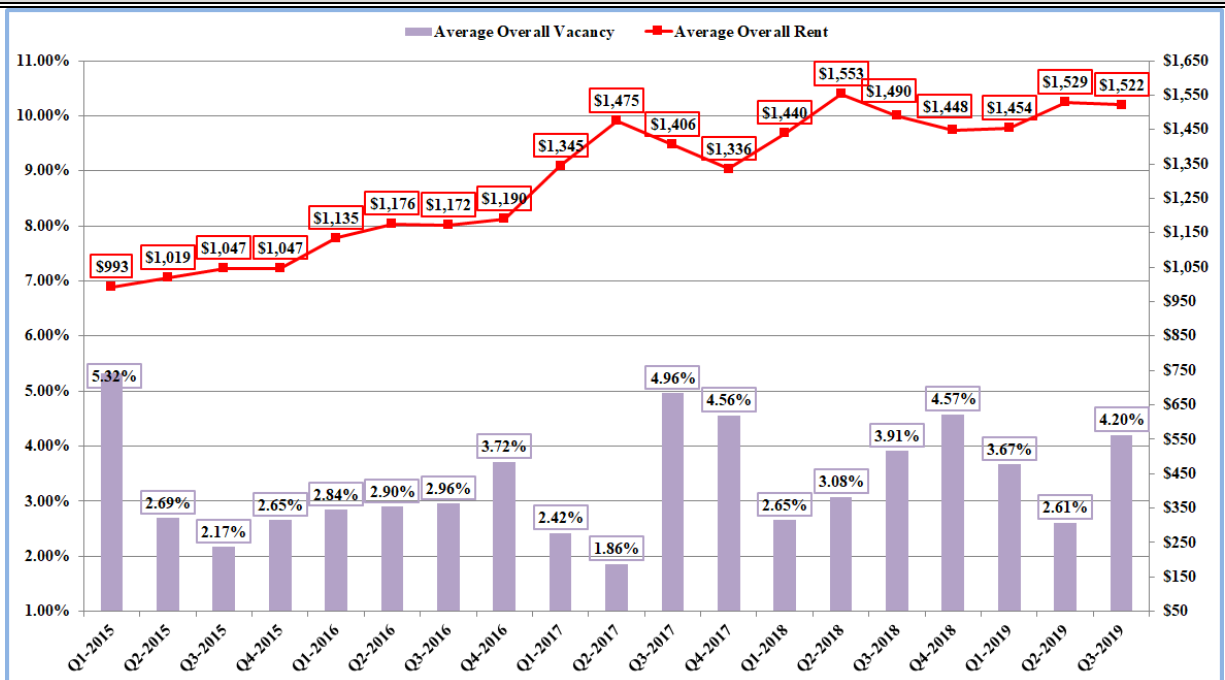
### AREA 3-WEST SPARKS/NORTH VALLEYS AVERAGE RENT & VACANCY DATA



Category	3 <sup>rd</sup> Quarter 2019
Total Projects Surveyed	13 Projects
Total Units Surveyed	3,034 Units
Average Square Feet Per Unit Surveyed	867± Square Feet
Average Rent For Units Surveyed	\$1,190 Per Month
Average Rent Per Square Foot For Units Surveyed	\$1.37 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	2.74%
# of Projects Offering Concessions As Of Date Surveyed	0 Projects



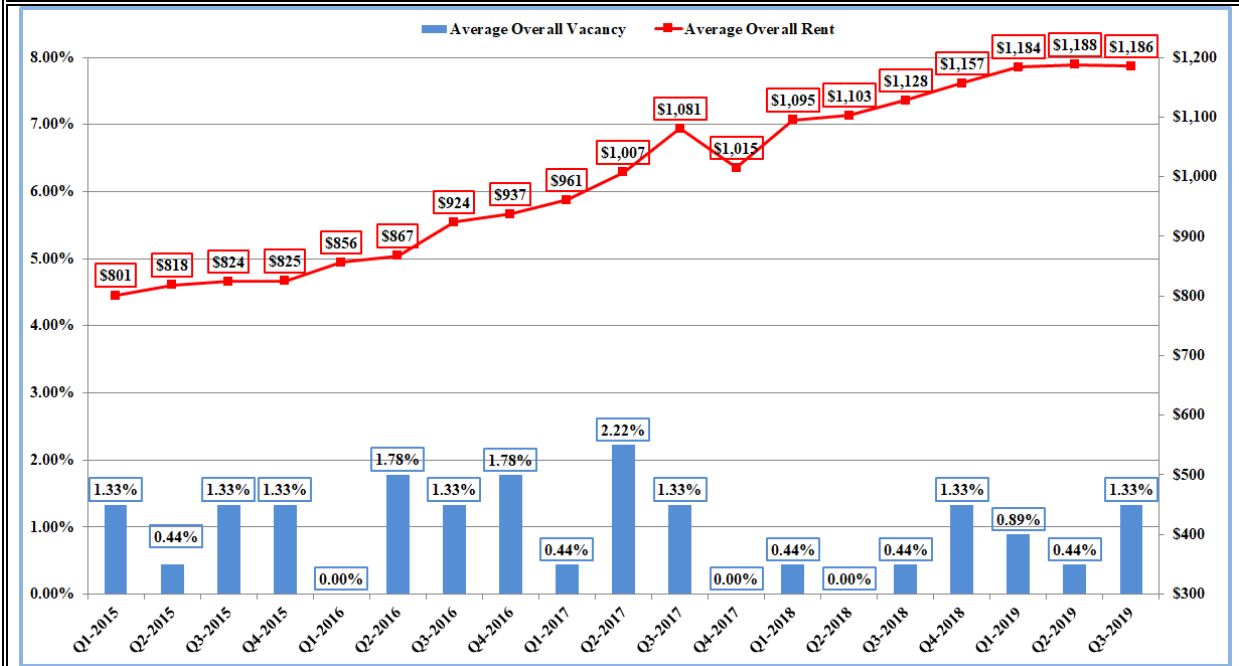
### AREA 4-EAST SPARKS AVERAGE RENT & VACANCY DATA



Category	3 <sup>rd</sup> Quarter 2019
Total Projects Surveyed	14 Projects
Total Units Surveyed	3,761 Units
Average Square Feet Per Unit Surveyed	970± Square Feet
Average Rent For Units Surveyed	\$1,522 Per Month
Average Rent Per Square Foot For Units Surveyed	\$1.57 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	4.20%
# of Projects Offering Concessions As Of Date Surveyed	5 Projects

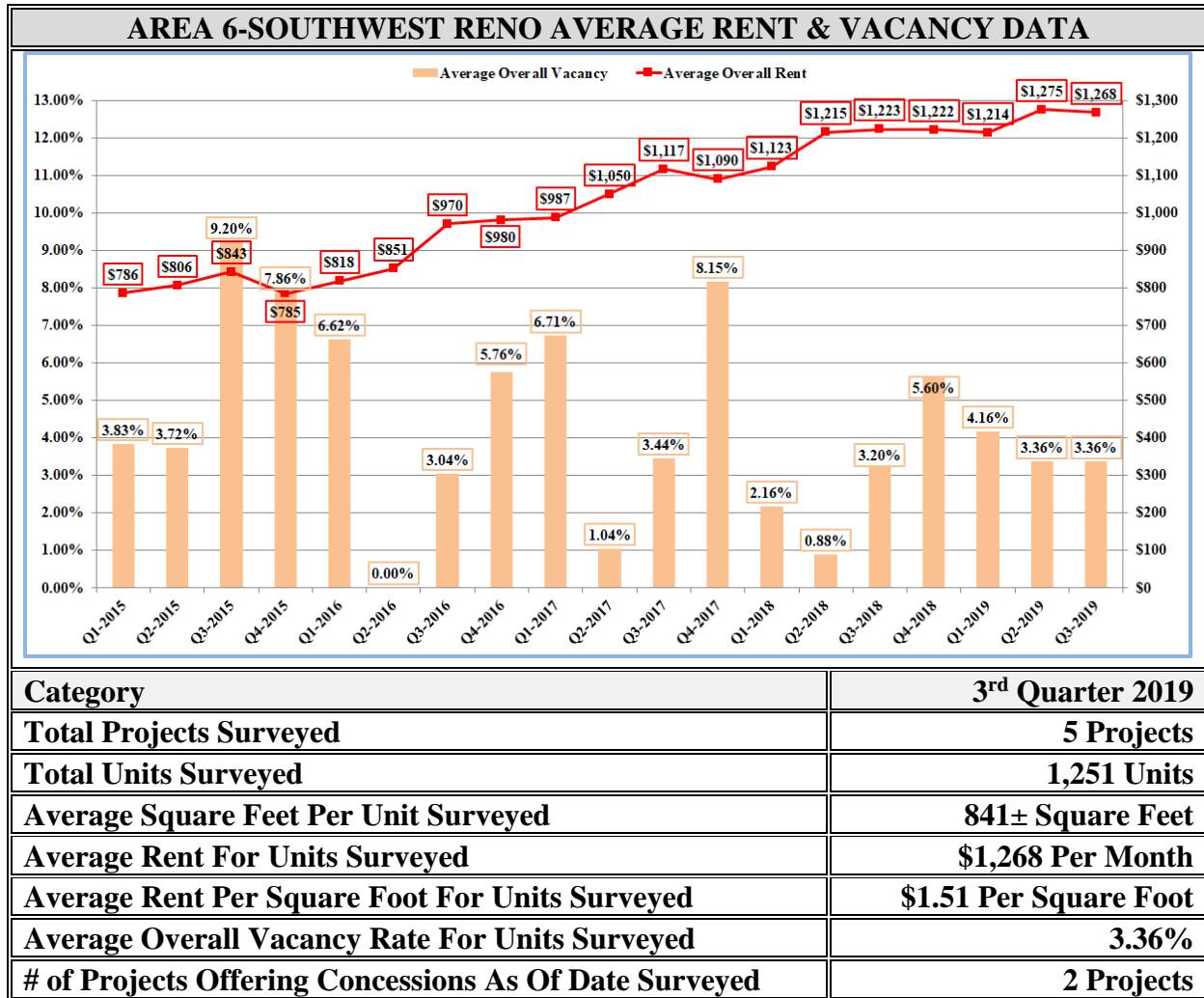


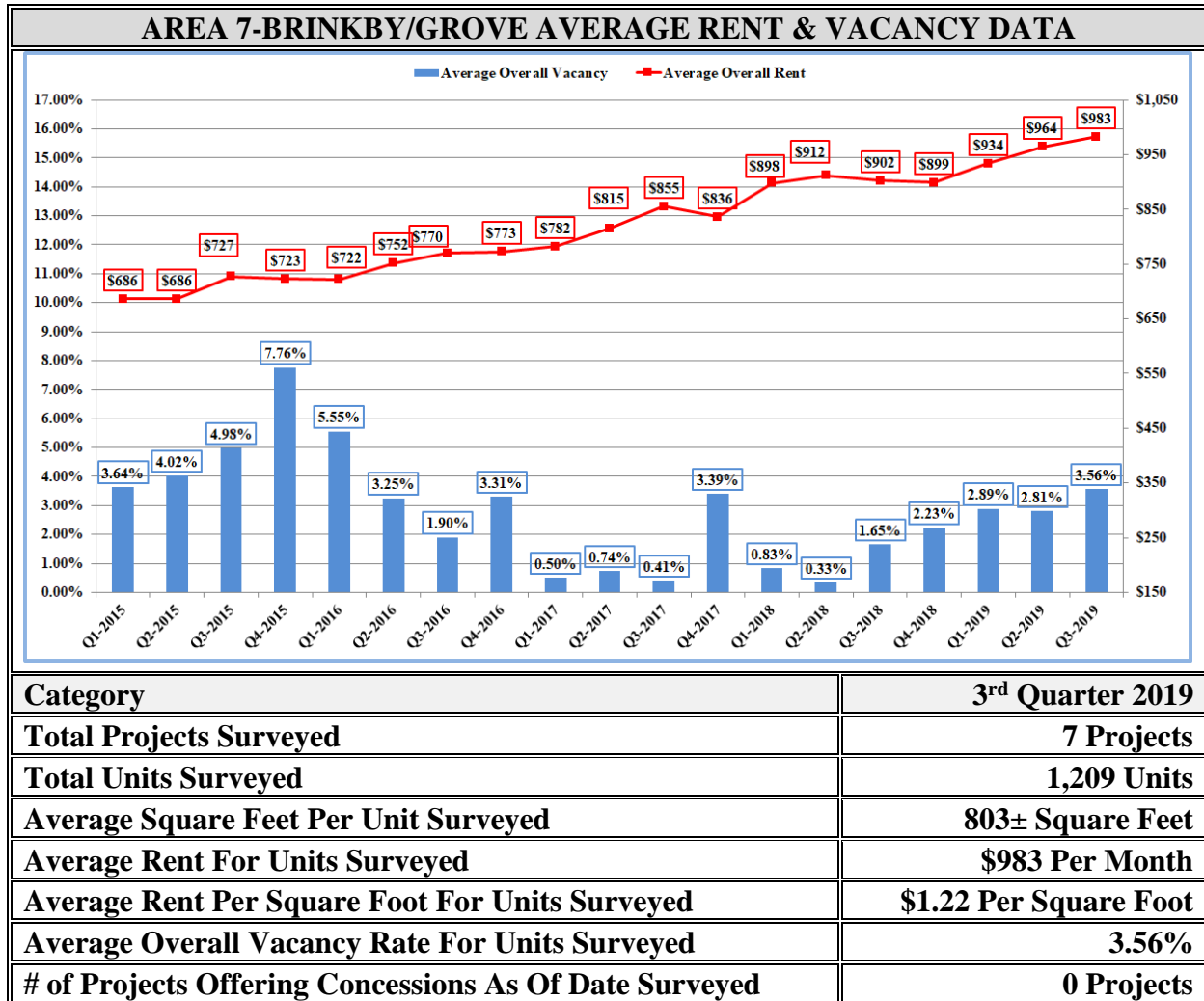
### AREA 5-WEST RENO AVERAGE RENT & VACANCY DATA

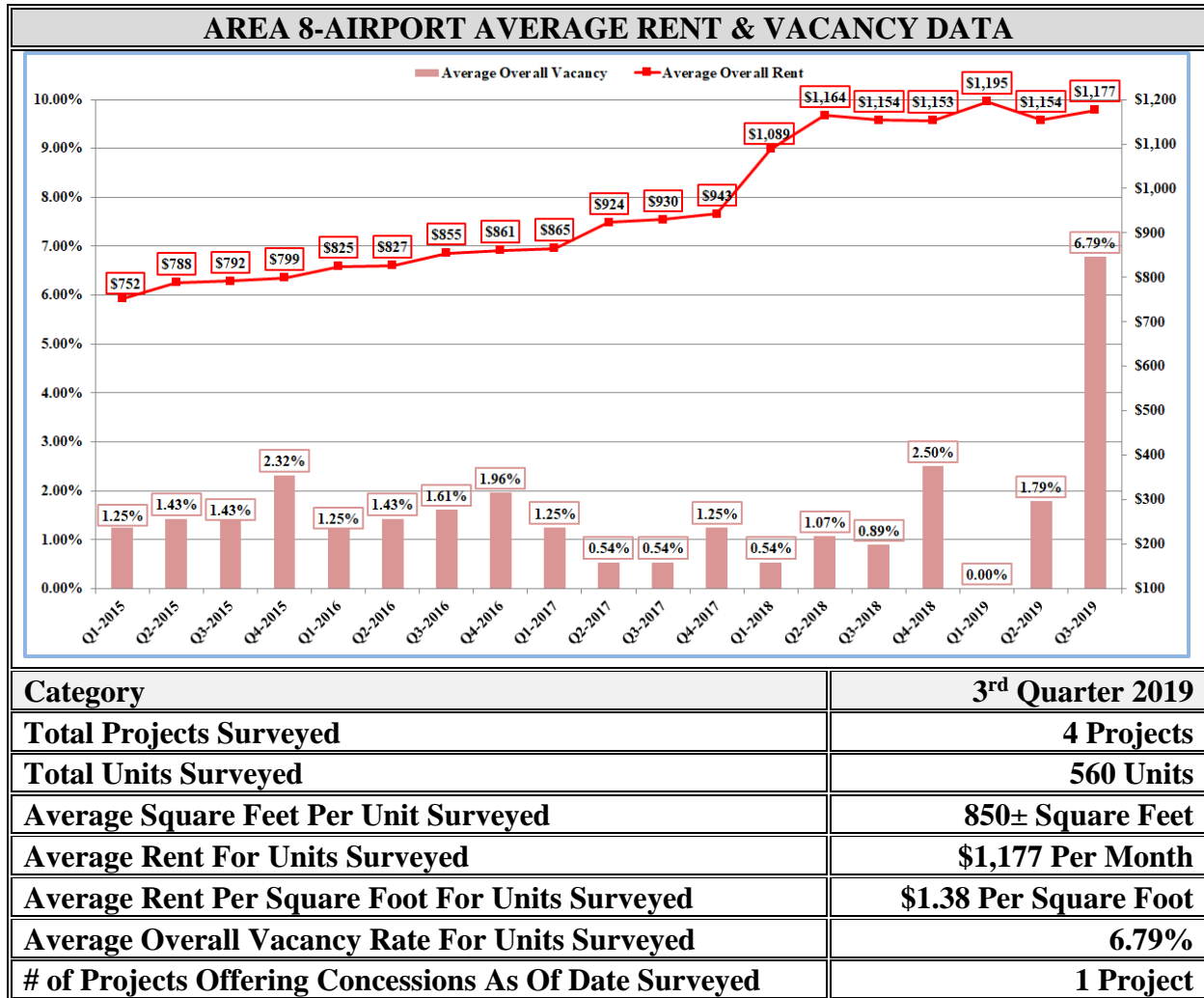


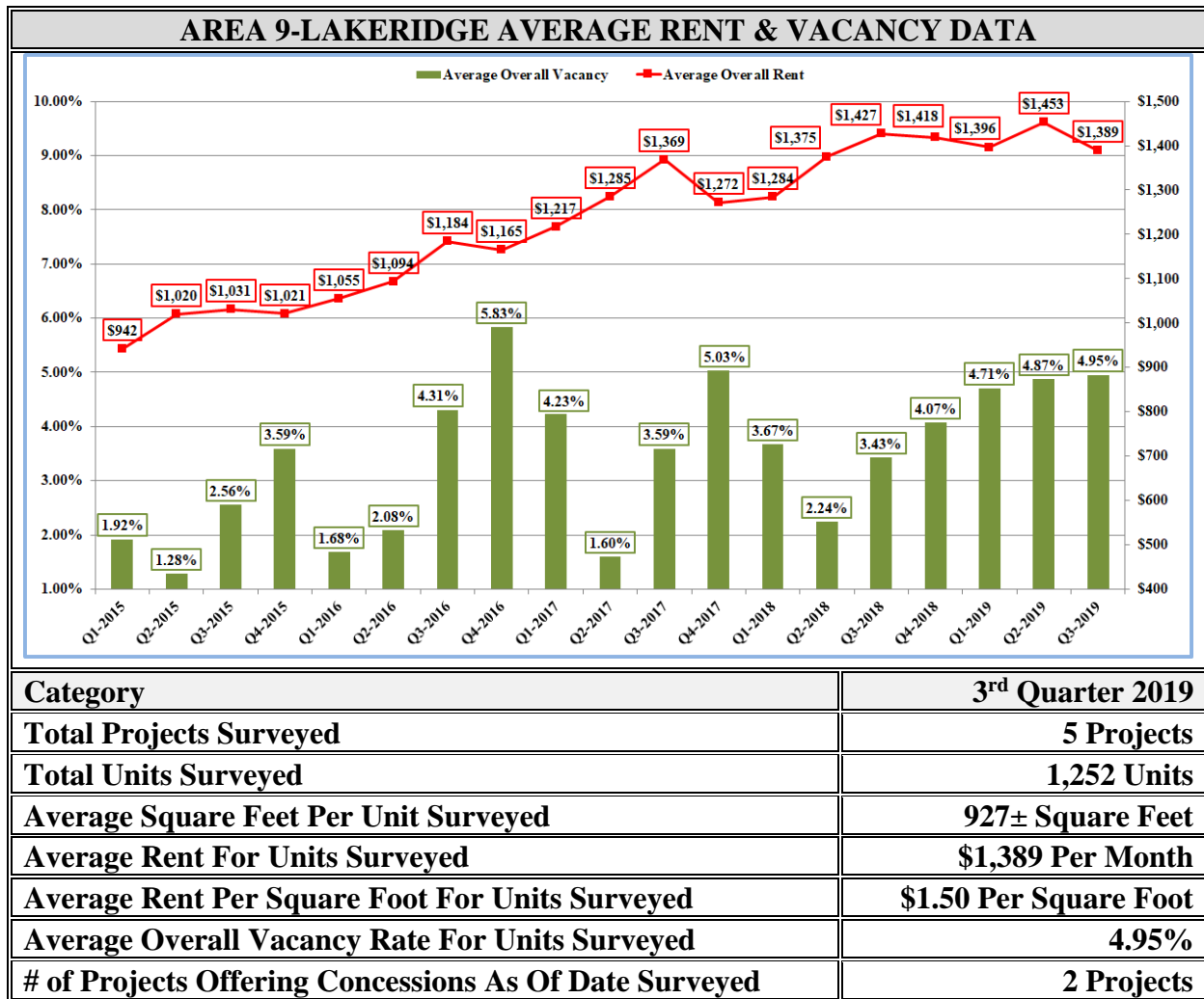
Category	3 <sup>rd</sup> Quarter 2019
Total Projects Surveyed	2 Projects
Total Units Surveyed	225 Units
Average Square Feet Per Unit Surveyed	870± Square Feet
Average Rent For Units Surveyed	\$1,186 Per Month
Average Rent Per Square Foot For Units Surveyed	\$1.36 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	1.33%
# of Projects Offering Concessions As Of Date Surveyed	0 Projects

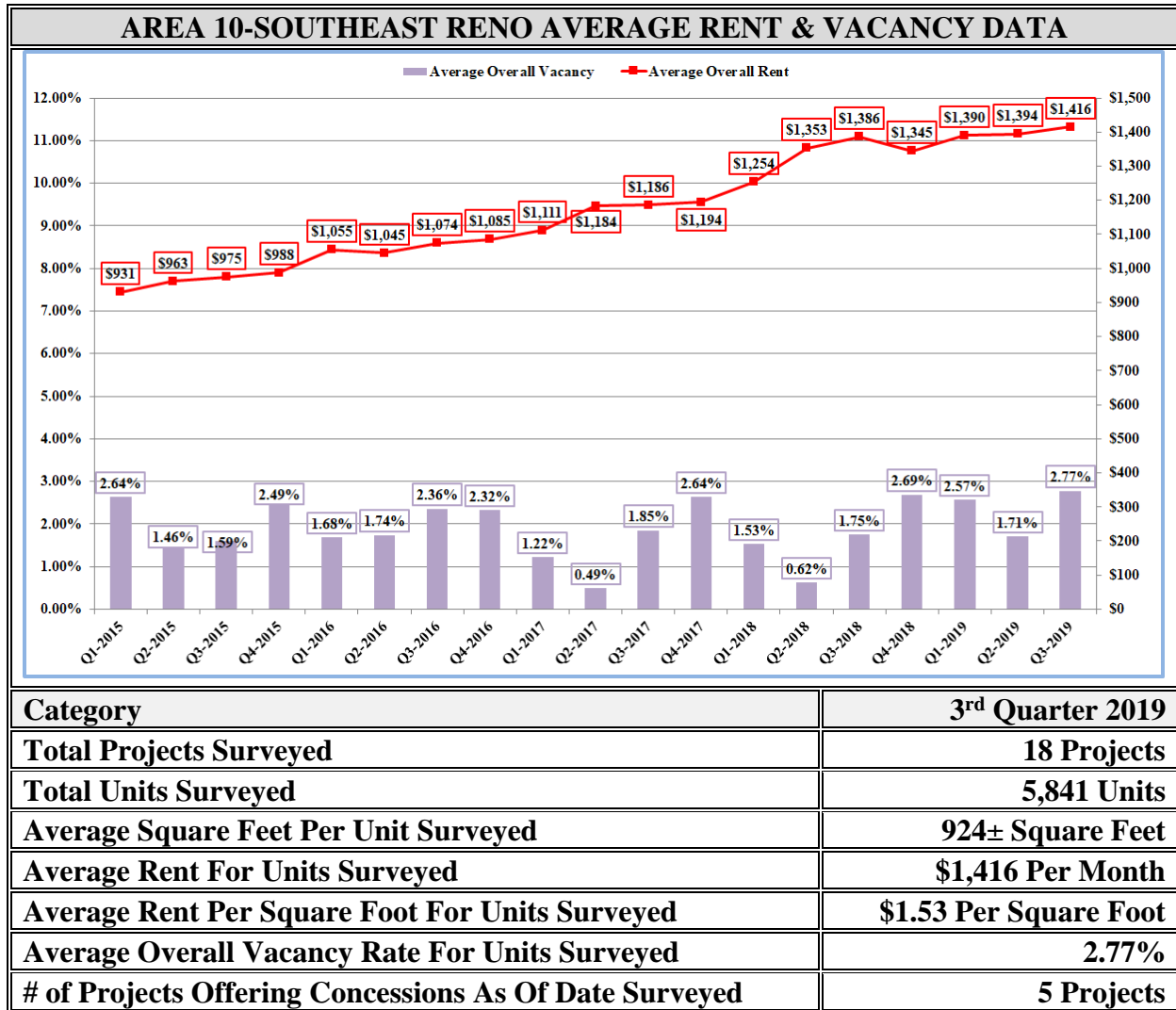


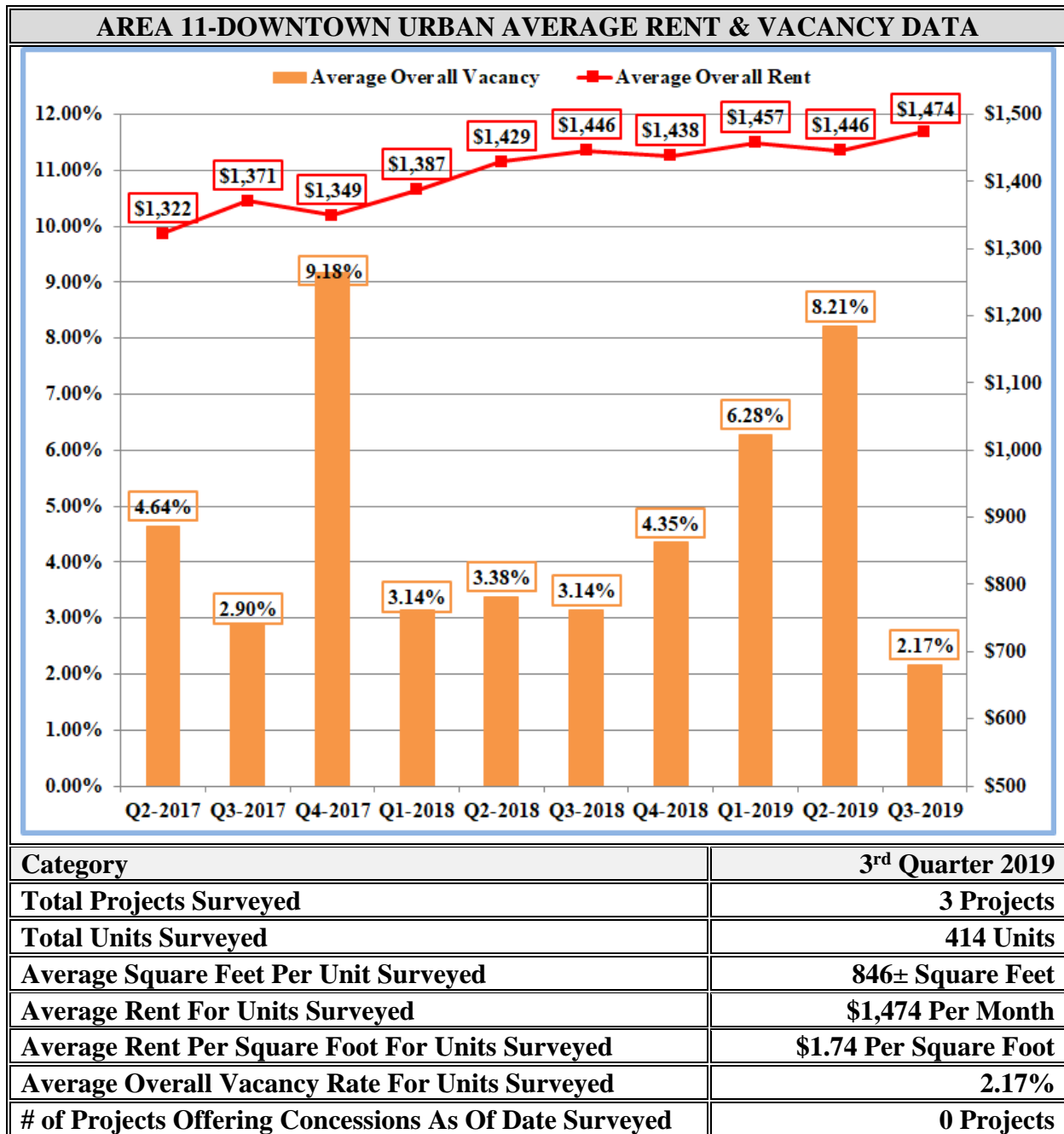


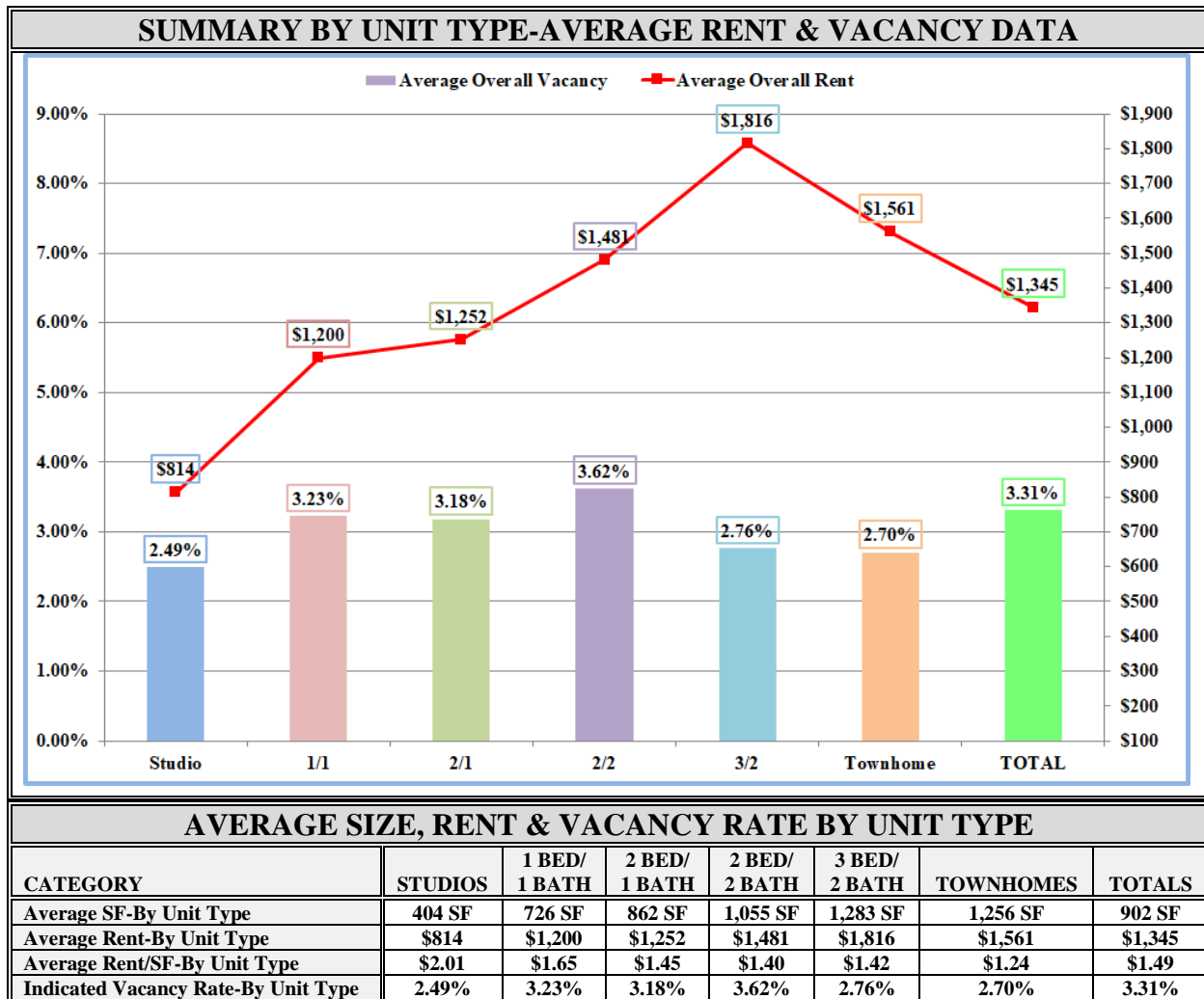




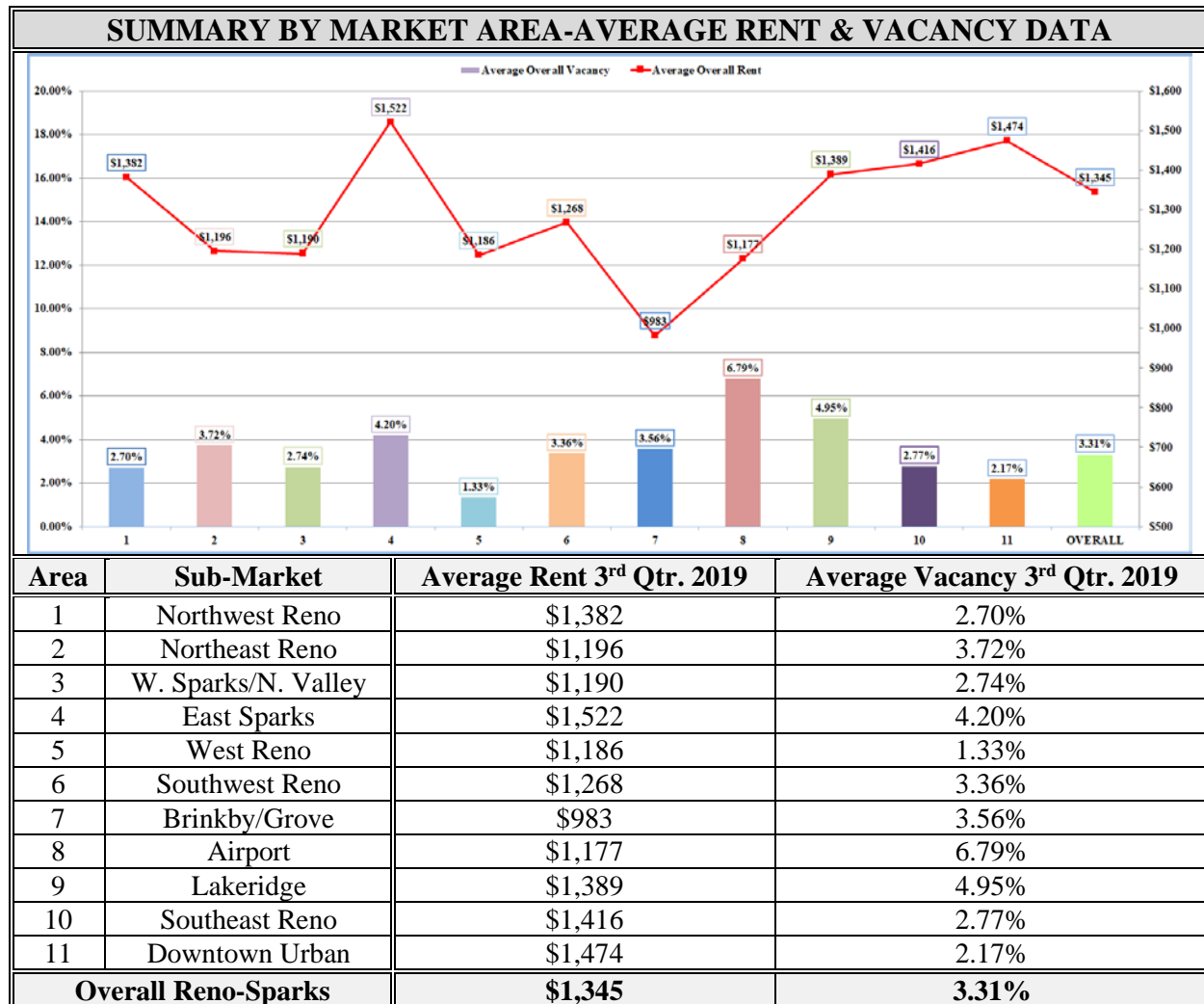






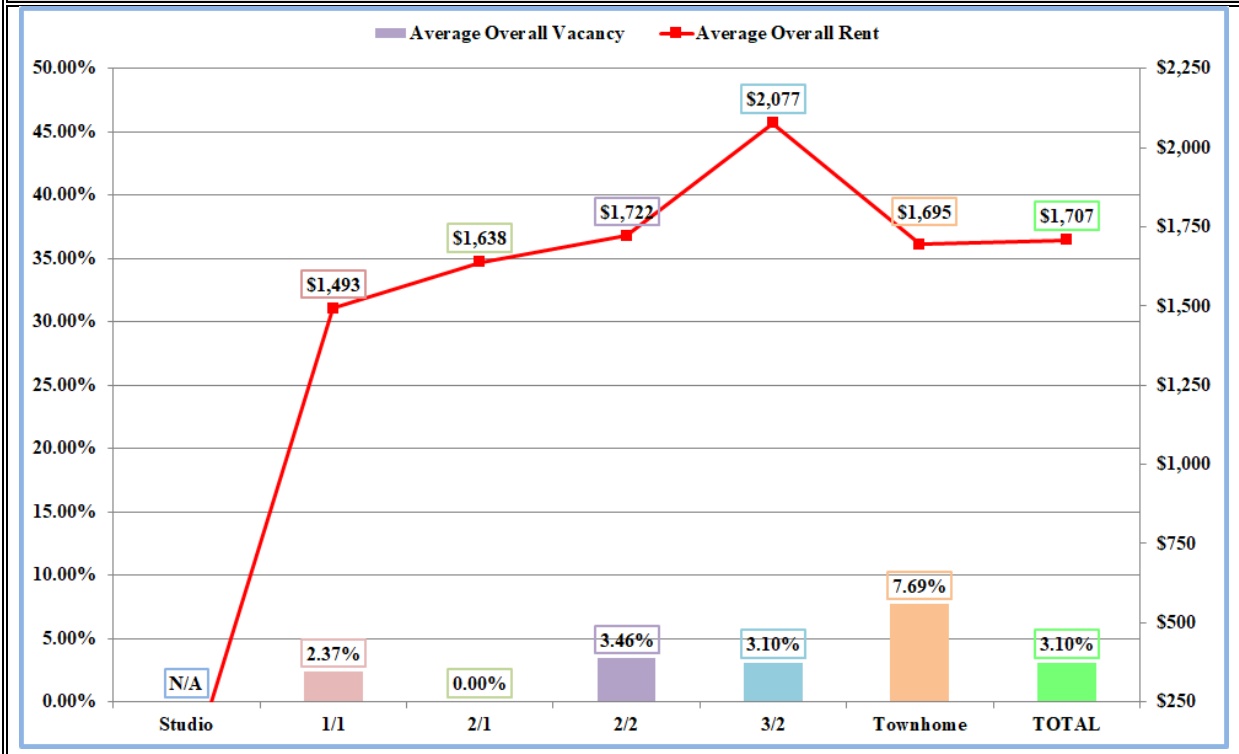








### 15 PROPERTIES WITH HIGHEST AVERAGE RENTS AVERAGE RENT & VACANCY DATA



CATEGORY	STUDIOS	1 BED/ 1 BATH	2 BED/ 1 BATH	2 BED/ 2 BATH	3 BED/ 2 BATH	TOWNHOME	TOTALS
Total Number of Units-By Unit Type	N/A	1,141 Units	24 Units	2,199 Units	580 Units	26 Units	3,970 Units
Average SF-By Unit Type	N/A	828 SF	993 SF	1,175 SF	1,396 SF	1,154 SF	1,106 SF
Average Rent-By Unit Type	N/A	\$1,493	\$1,638	\$1,722	\$2,077	\$1,695	\$1,707
Average Rent/SF-By Unit Type	N/A	\$1.80	\$1.65	\$1.47	\$1.49	\$1.47	\$1.54
Indicated Vacancy Rate-By Unit Type	N/A	2.37%	0.00%	3.46%	3.10%	7.69%	3.10%



<b>SURVEY PARTICIPANTS</b>	
<b>Special thanks to the following apartment complexes for their continued and reliable support:</b>	
Aviana at Tuscany	Waterstone at Kiley Ranch
Club Ambassador	Willow Creek Villas
Manzanita Gate	The Park at Idlewild
Montebello at Summit Ridge	Waters Edge Apartments
Northwind Apartments	Edge Water at Virginia Lake
Sharlands Terrace	Lakeview Apartments
Shoreline Plaza	Plumas Gardens
Silver Ridge Apartments	Sundance West
The Boulders	Willowbrook Apartments
The Villas at Keystone Canyon	Ala Moana Apartments
Truckee River Terrace	Century Park Apartments
Vista Ridge Apartments	Palace Apartments
Vizcaya Hilltop Apartments	Regency Park Apartments
Westcreek Apartments	Roselake Apartments
Westridge Apartments	Sherwood Forest
El Chaparral	Southwest Village
Green Pines	Balfour Place
Northtowne Summit	Brooktree Apartments
Reno Vista Apartments	Kirman Gardens
Riverwood Apartments	The Meadows II
The View Apartments	Aspen Ridge
1100 Place	Lakeridge East Apartments
Lansdowne House	Redfield Ridge
Sandpebble	Skyline Canyon
Sierra Point Apartments	The Lodge at McCarran Ranch
Sierra Sage Apartments	Bristle Pointe
Sierra View Apartments	Creekside Apartments
Sierra Woods	Harvest at Damonte Ranch Phase I
Silver Lake Apartments	Harvest at Damonte Ranch Phase II
Sky Vista Commons	Horizons at South Meadows
Spanish Oaks	Latitude 39
Stonegate Apartments	Meadowood Apartments
The Bungalows at Sky Vista	Rosewood Park
The Village at Wildcreek	Sierra Vista
Canyon Vista Apartments	The Alexander at South Virginia
Caviata at Kiley Ranch	The Element
Eastland Hills	The Enclave
High Rock 5300	The Phoenix Reno
Marina Garden Apartments	The Village at Arrowcreek
Marina Village	The Village at Iron Blossom
Park Vista	The Village South
Reflections at the Marina	Village of the Pines
Spring Villas Townhomes	Vintage at South Meadows
The Trails at Pioneer Meadows	3rd Street Flats
The Villas at D'Andrea	Fountainhouse
Vineyards at Galleria	Square One