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# APARTMENT SURVEY<sup>©</sup>

3<sup>RD</sup> QUARTER 2020 DATA

RENO/SPARKS METRO AREA

PRESENTED BY

JOHNSON PERKINS GRIFFIN, LLC

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## 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 24,575 units reported. A total of 99 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, Lumina and Harvest at Damonte Ranch Phase III, reached stabilization during the 3<sup>rd</sup> Quarter 2020 and agreed to become survey participants. The total apartment projects participating in the survey increased from 97 projects to 99 projects, and the total units increased from 23,984 units to 24,575 units.

TOTAL NUMBER OF PROJECTS & UNITS-PRIOR TO CURRENT QUARTER			
	2 <sup>nd</sup> Quarter 2020	3 <sup>rd</sup> Quarter 2020	Change
Total Projects	97	99	2 Additional Projects
Total Units	23,984	24,575	591 Additional Units



### COVID-19 IMPACT

At the present time, the impact of the Covid-19 Pandemic on the real estate market is unknown; however, it is anticipated to have a significant effect. In an effort to control the spread of the virus, the Federal Government issued social distancing guidelines, and a majority of states issued stay at home directives, as well as mandatory closures of non-essential businesses, schools and universities. The Pandemic caused a significant decrease in business activity and a dramatic increase in the unemployment rate. As a result, the U.S. Congress passed legislation providing substantial financial aid to most businesses and individuals. Although this legislation was intended to minimize the economic impact, it is unknown which segments of the market will be adversely affected.

On September 4, 2020, the Centers for Disease Control and Prevention announced a federal moratorium on evictions. The order offers Nevada tenants additional protections during the duration of the Nevada moratorium, which was set to expire mid-October, and will continue to block evictions for many people through December 31, 2020. The CDC order does specify certain types of evictions which will be allowed, but prohibits landlords from carrying out evictions for nonpayment of rent, evictions resulting from the expiration of the tenant's lease, "no-cause" evictions and evictions of tenants-at-will.

While it is unknown exactly how the multi-family market will be impacted, we can speculate that there may be an increase in vacancies in the coming quarters which may lead to decreases in average rental rates. Additionally, it is likely that rent abatements and other concessions will become more prevalent in the upcoming quarters.

In order to assess how Covid-19 is impacting our survey participants, we included a question regarding delinquency to our 3<sup>rd</sup> Quarter 2020 survey. Approximately 48 survey participants provided us with delinquency information. Of those who participated, we had properties report no delinquency up to 40%. Overall, the weighted average delinquency was 8.74% for the participating properties.



### ECONOMIC OUTLOOK

While employment in Nevada increased over the month by 3,400 jobs, the state has seen a decrease of 127,600 jobs since September 2019, for an annual rate of -9.0%, according to the September 2020 economic report from Nevada's Department of Employment, Training and Rehabilitation (DETR). The total employment level in the State is 1,296,900. The state's unemployment rate in September was 12.6%, down from 13.3% in August but up 8.9 percentage points when compared to September 2019.

"I'm encouraged to see that employment continues to pick up and that unemployment has gone down. DETR is committed to doing our part to get Nevadans back to work," Director Elisa Cafferata said.

DETR's report also notes that Nevada's Unemployment Insurance (UI) claims decreased by 15,225, or 30.7% over the month although they remain up 25,929 or 307% over the year.

"Employment gains slowed sharply for the second month in a row as the labor market continues to shift from a rapid policy-driven rebound to a more traditional recovery. While the pace of improvement is slower than in recent months, a 0.7 percentage point improvement in the unemployment rate remains very rapid by historical standards. Employment has regained just under half of the more than 287,300 jobs lost from February to April, and the unemployment rate has fallen sharply since it reached a record high of 30.1%. After a strong initial recovery when a large number of businesses were simultaneously able to reopen, we have moved into a slower phase of recovery that depends largely on individual responses to COVID in the short term. Although the labor market continues to improve, Nevada remains one of the states most impacted by the COVID pandemic," said David Schmidt, Chief Economist for DETR.

#### **Additional September 2020 Economic Report Highlights:**

- Nevada jobs are up by (+0.3%), U.S. jobs are up by (+5.0%) from August to September.
- Trade, transportation and utilities added the most jobs (6,600) over the month.
- Leisure and hospitality (-16.1%) and wholesale trade (-15.5%) are down the most since the same time last year.
- The unemployment rate in Nevada is higher than the national rate in September and is at 12.6% on a seasonally adjusted basis and 12.6% on an unadjusted basis; the national rate was 7.9% adjusted and 7.7% unadjusted.

(Source: Nevada Department of Employment, Training and Rehabilitation Labor Market Summary September 2020)



ECONOMIC INDICATORS	
Economic Indicators	
UNEMPLOYMENT RATES August 2020	
Nevada*	13.2%
Las Vegas MSA	15.5%
Reno-Sparks MSA	7.2%
Carson City MSA	7.3%
United States*	8.5%
JOB GROWTH (YOY)	
Nevada*	-9.4%
Las Vegas MSA*	-12.2%
Reno-Sparks MSA*	-5.9%
Carson City MSA*	-4.5%
GAMING WIN (YOY) June 2020	
Nevada	-45.6%
Clark County	-51.4%
Washoe County	-6.8%
TAXABLE SALES (YOY) June 2020	
Nevada	-6.0%
Clark County	-13.3%
Washoe County	13.2%
* Seasonally Adjusted	
(Source: Nevada Department of Employment, Training and Rehabilitation Economic Summary August 2020)	



## 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	420 SF	732 SF	862 SF	1,058 SF	1,286 SF	1,256 SF	908 SF
Average Rent-By Unit Type	\$923	\$1,271	\$1,299	\$1,567	\$1,870	\$1,594	\$1,421
Average Rent/SF-By Unit Type	\$2.20	\$1.74	\$1.51	\$1.48	\$1.45	\$1.27	\$1.56
Indicated Vacancy Rate-By Unit Type	2.52%	2.11%	1.44%	2.58%	2.47%	2.43%	2.24%

OVERALL AVERAGE RENT & VACANCY-PRIOR & CURRENT QUARTER			
Category	2 <sup>nd</sup> Quarter 2020	3 <sup>rd</sup> Quarter 2020	Change
Average Vacancy	3.32%	2.24%	-108 Basis Points
Average Rent	\$1,369	\$1,421	+\$52 or +3.80%

COMPARISON OF RENTAL RATES & VACANCY RATES TO PRIOR QUARTER						
UNIT TYPE	AVERAGE RENT			AVERAGE VACANCY		
	2 <sup>nd</sup> Qtr. 2020	3 <sup>rd</sup> Qtr. 2020	Result	2 <sup>nd</sup> Qtr. 2020	3 <sup>rd</sup> Qtr. 2020	Result
Studio	\$915	\$923	+\$8	2.12%	2.52%	+0.40%
1 Bedroom/1 Bath	\$1,225	\$1,271	+\$46	3.60%	2.11%	-1.49%
2 Bedroom/1 Bath	\$1,251	\$1,299	+\$49	3.03%	1.44%	-1.59%
2 Bedroom/2 Bath	\$1,514	\$1,567	+\$53	3.25%	2.58%	-0.67%
3 Bedroom/2 Bath	\$1,795	\$1,870	+\$76	2.74%	2.47%	-0.27%
Townhouse	\$1,592	\$1,594	+\$2	5.68%	2.43%	-3.24%
<b>TOTALS</b>	<b>\$1,369</b>	<b>\$1,421</b>	<b>+\$52</b>	<b>3.32%</b>	<b>2.24%</b>	<b>-1.08%</b>

RENTAL AND VACANCY RATES BY SUB-MARKET AREA							
Area	Sub-Market	AVERAGE RENT			AVERAGE VACANCY		
		2 <sup>nd</sup> Qtr. 2020	3 <sup>rd</sup> Qtr. 2020	Result	2 <sup>nd</sup> Qtr. 2020	3 <sup>rd</sup> Qtr. 2020	Result
1	Northwest Reno	\$1,435	\$1,466	+\$31	2.53%	2.40%	-0.14%
2	Northeast Reno	\$1,211	\$1,259	+\$48	1.44%	1.29%	-0.15%
3	W. Sparks/N. Valley	\$1,200	\$1,228	+\$28	3.03%	3.43%	+0.40%
4	East Sparks	\$1,510	\$1,599	+\$89	3.24%	1.92%	-1.32%
5	West Reno	\$1,214	\$1,247	+\$32	0.44%	2.22%	+1.78%
6	Southwest Reno	\$1,245	\$1,286	+\$41	2.32%	3.68%	+1.36%
7	Brinkby/Grove	\$986	\$1,016	+\$30	1.57%	2.07%	+0.49%
8	Airport	\$1,204	\$1,251	+\$47	0.89%	1.43%	+0.54%
9	Lakeridge	\$1,450	\$1,549	+\$99	4.07%	2.64%	-1.44%
10	Southeast Reno	\$1,436	\$1,485	+\$49	5.02%	1.39%	-3.62%
11	Downtown Urban	\$1,507	\$1,435	-\$72	6.09%	5.59%	-0.49%
<b>Overall Reno-Sparks</b>		<b>\$1,369</b>	<b>\$1,421</b>	<b>+\$52</b>	<b>3.32%</b>	<b>2.24%</b>	<b>-1.08%</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%
Q4-2019	\$804	3.08%	\$1,179	3.75%	\$1,226	3.55%	\$1,461	4.48%	\$1,771	3.83%	\$1,532	2.43%	\$1,324	3.96%
Q1-2020	\$873	3.96%	\$1,194	3.35%	\$1,209	3.33%	\$1,486	3.61%	\$1,804	4.00%	\$1,545	3.78%	\$1,341	3.51%
Q2-2020	\$915	2.12%	\$1,225	3.60%	\$1,251	3.03%	\$1,514	3.25%	\$1,795	2.74%	\$1,592	5.68%	\$1,369	3.32%
Q3-2020	\$923	2.52%	\$1,271	2.11%	\$1,299	1.44%	\$1,567	2.58%	\$1,870	2.47%	\$1,594	2.43%	\$1,421	2.24%
AVERAGE	\$600	4.75%	\$846	4.03%	\$844	4.84%	\$1,078	4.92%	\$1,293	5.40%	\$1,204	5.65%	\$982	4.61%
MEDIAN	\$540	3.96%	\$753	3.35%	\$814	3.90%	\$949	4.40%	\$1,130	5.28%	\$1,122	4.92%	\$876	3.96%
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	\$923	10.96%	\$1,271	10.08%	\$1,299	12.20%	\$1,567	11.43%	\$1,870	13.18%	\$1,594	13.65%	\$1,421	10.93%



#### COMMENTARY

The overall average rental rate for all units surveyed increased by 3.80%, with all unit types experiencing an increase in average rental rates. Additionally, ten of the eleven sub-markets experienced an increase in average rental rates, while the Downtown Urban sub-market experienced a decrease.

The overall vacancy rate for all units surveyed decreased by 108 basis points, with six of the eleven submarkets showing decreases in vacancies. All unit types except studios experienced decreases in average vacancies. Average vacancy for all unit types is now at 2.24%.

Over 5,000 apartment units are currently under construction in the Reno-Sparks market, with over 5,200 units in the planning stages. Due to the Covid-19 Pandemic, it is likely that development of planned units will be delayed in the short-term, until the ultimate impact of the Pandemic is known. It is likely that vacancy rates will begin to increase once all eviction moratoriums are lifted. Rental rates, which have continued to increase since the last recession, will likely begin to stabilize, and ultimately decrease over the next several quarters.



### **GUIDELINES**

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

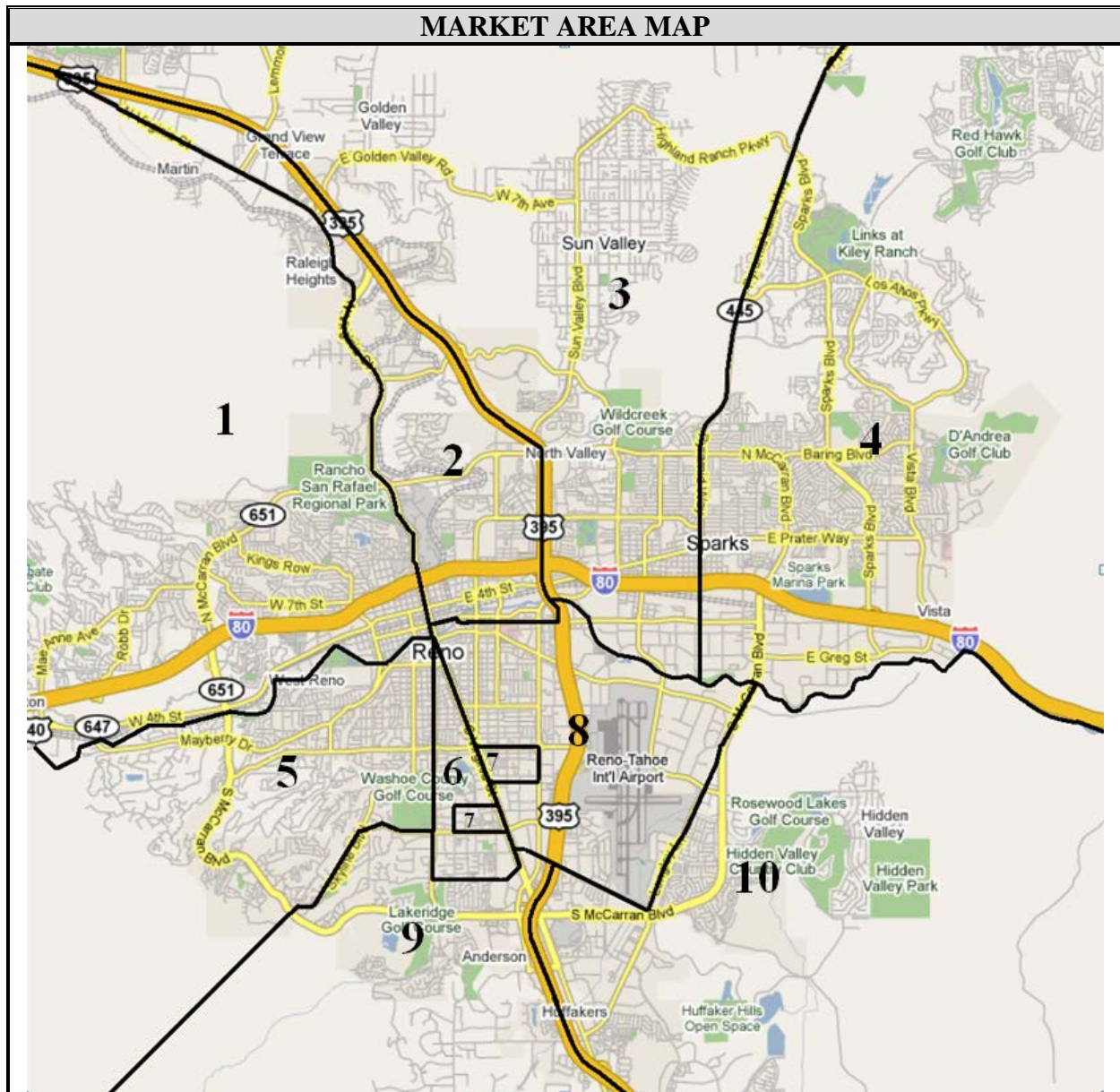
- Occupancy rates represent conditions as of the date of survey;
- Rents utilized in the report represent the base price of an unfurnished apartment;
- Units with more than one size per unit type were calculated on a weighted average for each unit type
- Weighted averages were used in all charts to give 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

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 2020, 37 buildings were complete, 88% of the project had been pre-leased and 83% of the property was occupied. Additionally, the property manager has informed us that ERGS has decided to add three additional buildings to the project, increasing the total number of units from 328 to 352.

Reno Land Inc. broke ground on INOVA in the 2<sup>nd</sup> Quarter of 2018. INOVA is a 581-unit apartment project located adjacent to The Summit outdoor shopping center near Mt. Rose Hwy and Interstate 580. This property features a blended mix of 80% market rate housing and 20% workforce housing. At the end of the 3<sup>rd</sup> Quarter of 2020, ten buildings were complete, approximately 36% of the project had been pre-leased and 29% of the project was occupied.

Guardian Capital broke ground on Parq Crossing in the 4<sup>th</sup> Quarter of 2019. Parq Crossing is a 288-unit apartment project located at the northeast corner of Oddie Boulevard and El Rancho Drive in Sparks. At the end of the 3<sup>rd</sup> Quarter of 2020, two buildings were complete, approximately 23% of the project had been pre-leased and 20% of the project was occupied.

Bluth Development broke ground on The Lakes at Lemmon Valley in the 1<sup>st</sup> Quarter of 2019. The Lakes at Sky Vista is a 768-unit apartment project located along Sky Vista Parkway, west of Lemmon Valley Road. At the end of the 3<sup>rd</sup> Quarter of 2020, eleven buildings were complete and approximately 16% of the project had been pre-leased and 11% of the project was occupied.

Oakmont Properties broke ground on Azure in the 3<sup>rd</sup> Quarter of 2018. Azure is a 308-unit apartment complex located along the east side of Marina Gateway Drive. At the end of the 3<sup>rd</sup> Quarter of 2020, three buildings were complete, approximately 32% of the project was pre-leased and 21% 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.





PROPOSED & UNDER CONSTRUCTION (MAJOR APARTMENT PROJECTS OVER 80 UNITS)				
Projects Under Construction				
Project Name	Units	Location	Area	Status
Mountain View	300	West 4th Street and Summit Ridge Drive	1	Under Construction
Westlook	192	West 4th Street, East of South McCarran Boulevard	1	Under Construction
North Peak	352	Intersection of Military Road & Lemmon Drive	3	Under Construction
Parq Crossing	288	Northeast Corner of Oddie Boulevard & El Rancho Drive	3	Under Construction
The Lakes at Lemmon Valley	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
Reno Experience District	1,031	Previous Park Lane Mall Site	7	Under Construction
Esprit Townhomes	126	Southeast Corner of Veterans Parkway & Geiger Grade Road	10	Under Construction
INOVA	581	Mt. Rose Highway	10	Under Construction
Double R Apartments	440	Double R Boulevard & Technology Way	10	Under Construction
SyRes	337	Northwest Corner of Longley Lane and South Virginia Street	10	Under Construction
The Atrium	132	Victorian Square	11	Under Construction
The Deco	209	Victorian Square	11	Under Construction
<b>Total Units:</b>	<b>5,064</b>			
Projects Planned				
Project Name	Units	Location	Area	Status
290 Keystone	268	Southeast Corner of Keystone Avenue & West 4th Street	1	Planning Stages
Keystone Commons	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
Verdi Village	242	Southeast Corner of South Verdi Road & Cabela Drive	1	Planning Stages
550 North Virginia	261	Northeast Corner of North Virginia Street & East 5th Street	2	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	460	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
Reno Experience District	269	Previous Park Lane Mall Site	7	Planning Stages
Integra Peaks	300	Northside of Damonte Ranch Parkway, East of Double R Boulevard	10	Planning Stages
The Wolff Company (Damonte Ranch)	328	South Reno Market	10	Planning Stages
214 Lake Street	752	NEC Lake Street and East 2nd Street	11	Planning Stages
Promenade-Phase I & II	288	Victorian Square	11	Planning Stages
PromWest	168	East of Fountainhouse	11	Planning Stages
Ryland Apartments	118	North Side of Ryland Street, Between Park Street & High Street	11	Planning Stages
<b>Total Units:</b>	<b>5,243</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 Lumina and Harvest at Damonte Ranch Phase III.

### 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
Vida	312	May-18	Nov-19	16.42
Waterfront at the Marina	209	Dec-18	Jan-20	14.93
Lyfe at the Marina	280	Aug-18	Feb-20	14.74
The Bridges	194	Jun-18	Mar-20	8.82
Silverado	96	May-19	May-20	7.38
Lumina	330	Dec-18	Jul-20	16.50
Harvest at Damonte Ranch Phase III	260	May-19	Aug-20	16.25





### RENT CONCESSIONS

During the 3<sup>rd</sup> Quarter of 2020 10.10% of the apartment projects in our Survey offered rent concessions, which decreased from 23.71% in the 2<sup>nd</sup> Quarter of 2020. Concessions range from discounted move-in costs to reduced rent on a twelve-month lease. A majority of the properties now offering concessions, are offering a discount to Tesla and other Tahoe Reno Industrial Center employees. The most commonly found rent concessions consist of:

- Reduced rent with a 12-month lease

The chart below summarizes the percentage of projects which have offered concessions, and the overall vacancy rate, between 2015 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 %
Q1-2015	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%
Q4-2019	23.66%	3.96%
Q1-2020	27.37%	3.51%
Q2-2020	23.71%	3.32%
Q3-2020	10.10%	2.24%



## **SURVEY RESULTS**

This section of the report covers survey findings pertaining to the total survey area for the 3<sup>rd</sup> Quarter of 2020.

### **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:**

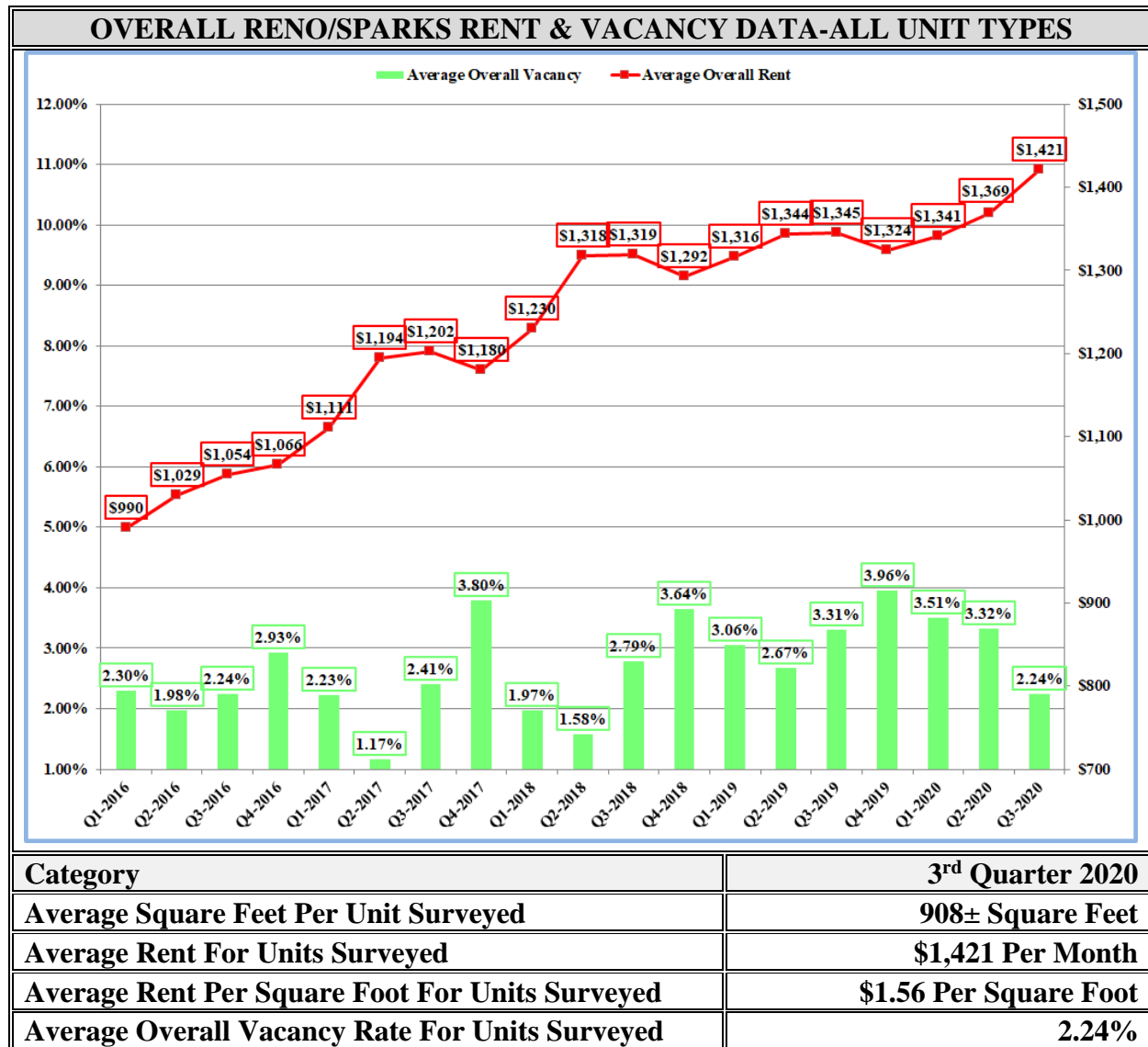
These graphs illustrate quarterly vacancy percentage and average monthly rent. The sub-market categories are as follows:

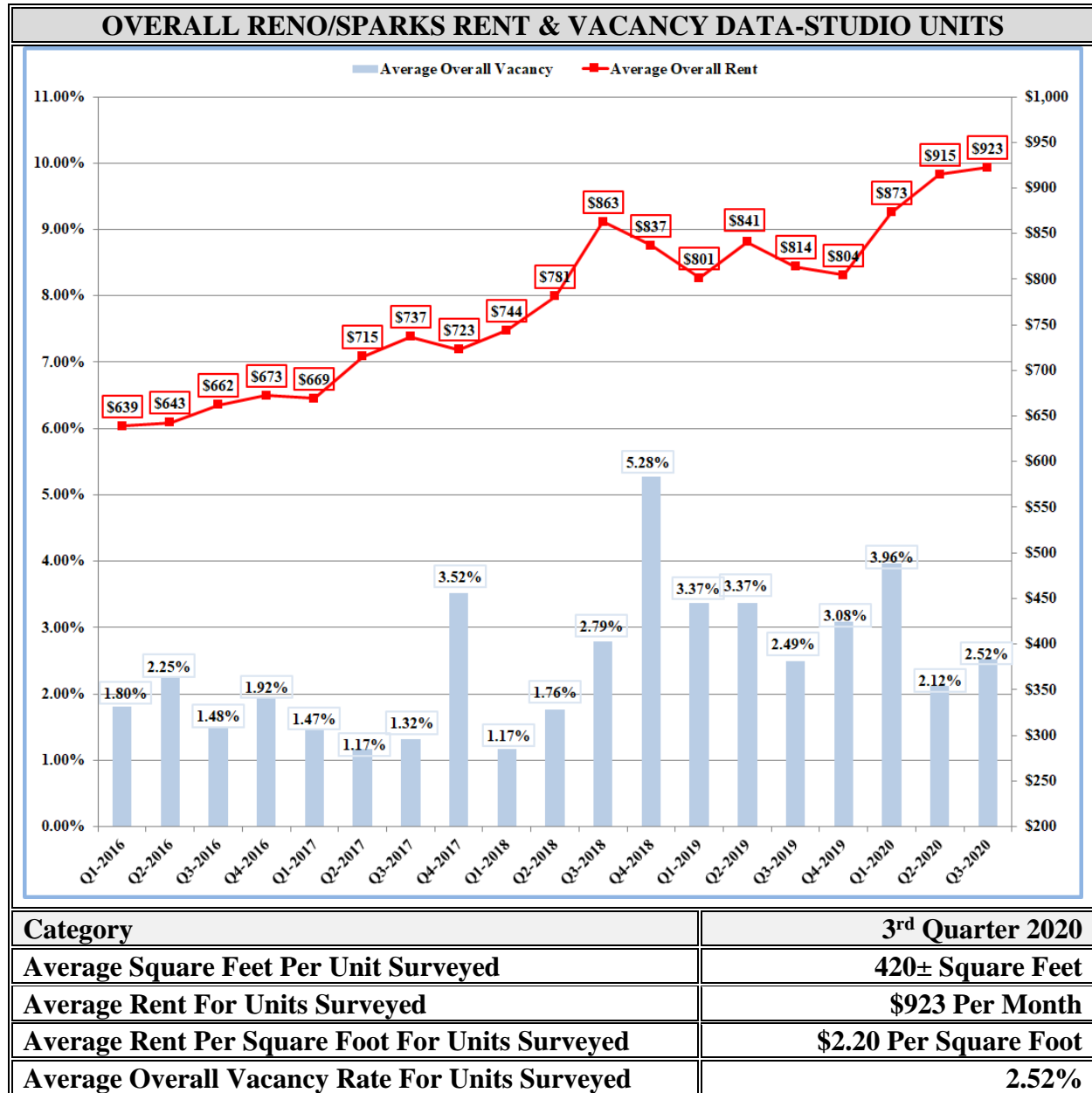
- Area 1-Northwest Reno
- Area 2-Northeast Reno
- Area 3-West Sparks/North Valleys
- Area 4-East Sparks
- Area 5-West Reno
- Area 6-Southwest Reno
- Area 7-Brinkby/Grove
- Area 8-Airport
- Area 9-Lakeridge
- Area 10-Southeast Reno
- Area 11-Downtown Urban

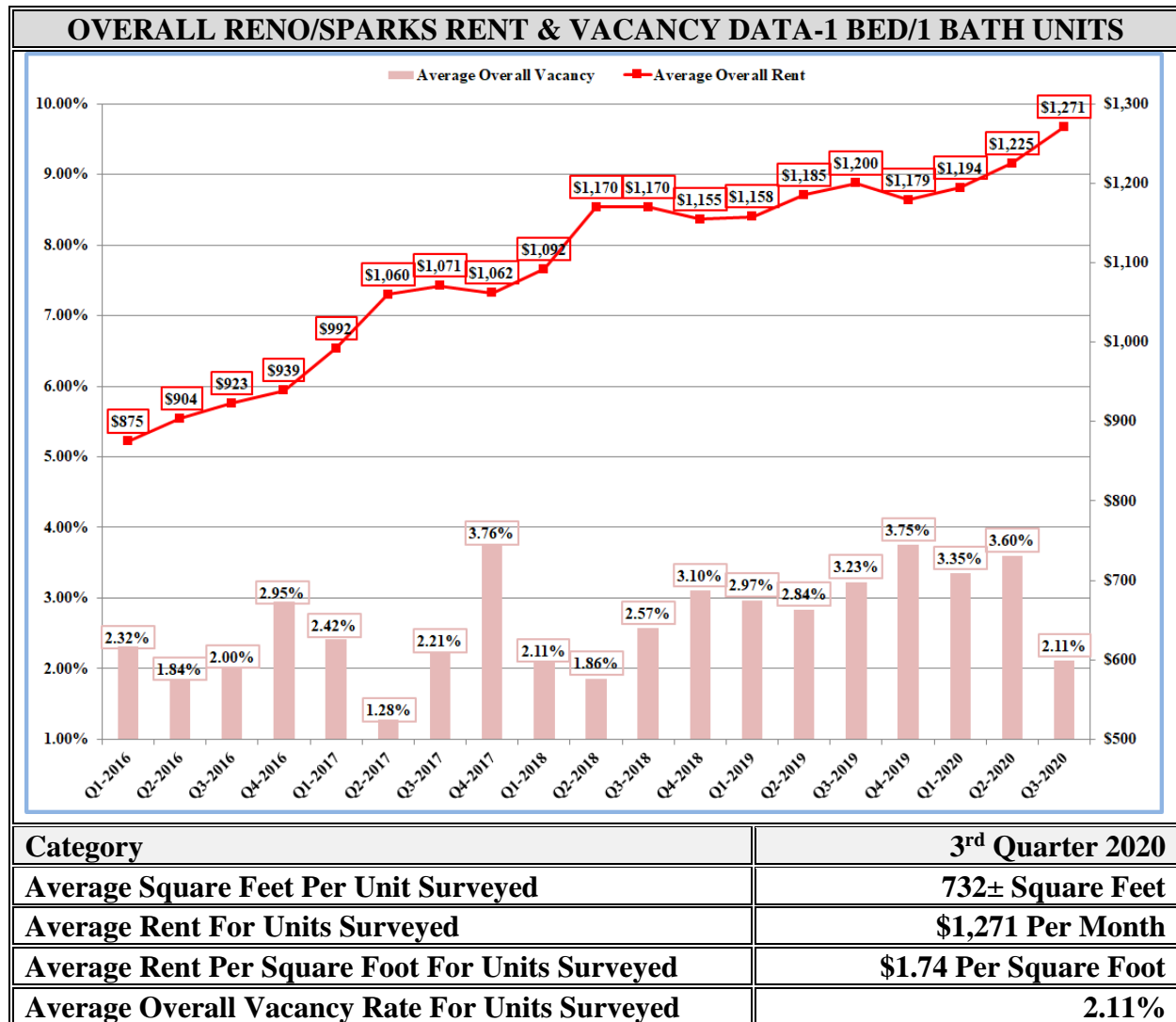
### **CURRENT SURVEY COMPARISONS:**

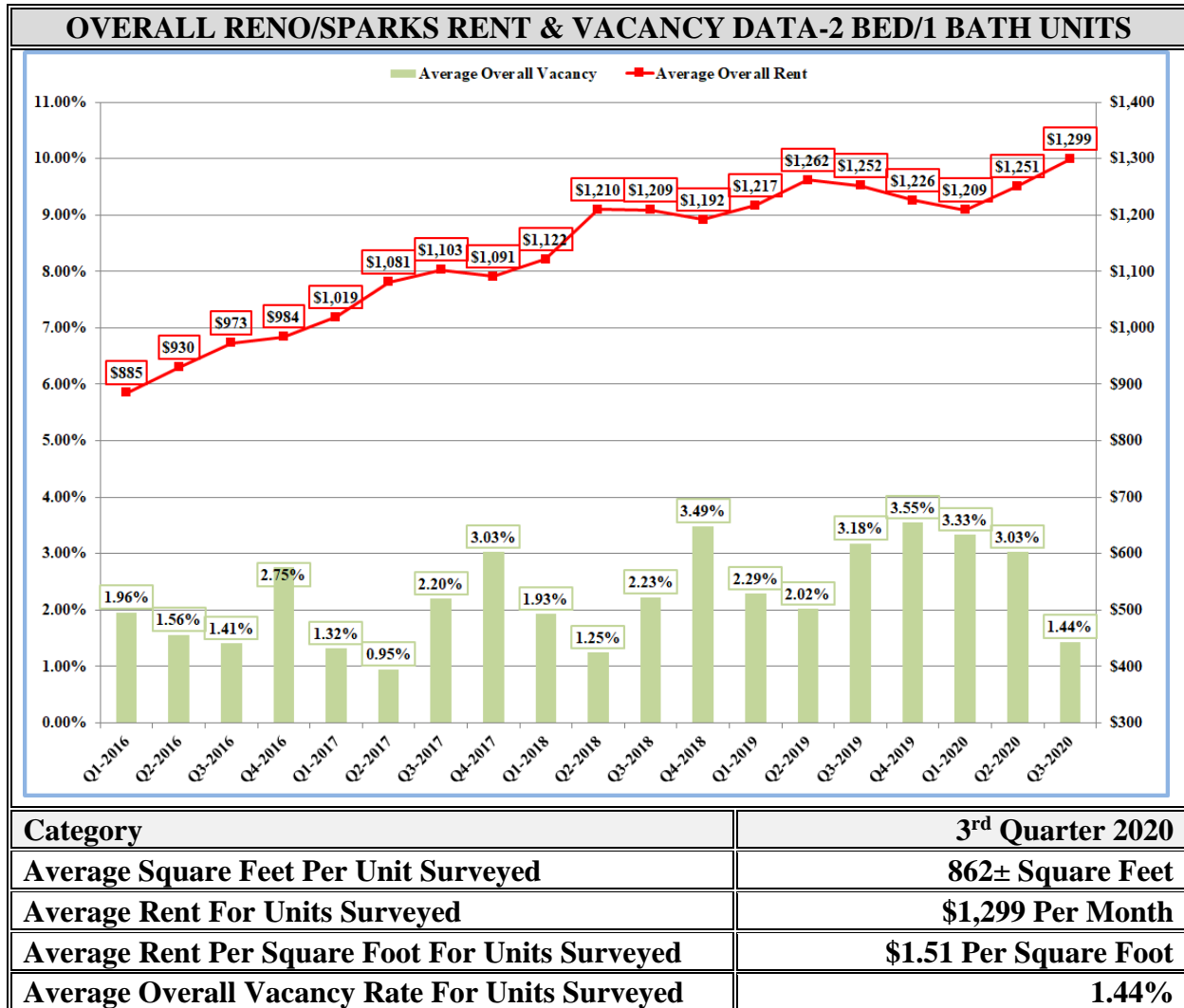
This section of graphs illustrates overall comparisons based on unit type and sub-market categories. These graphs include:

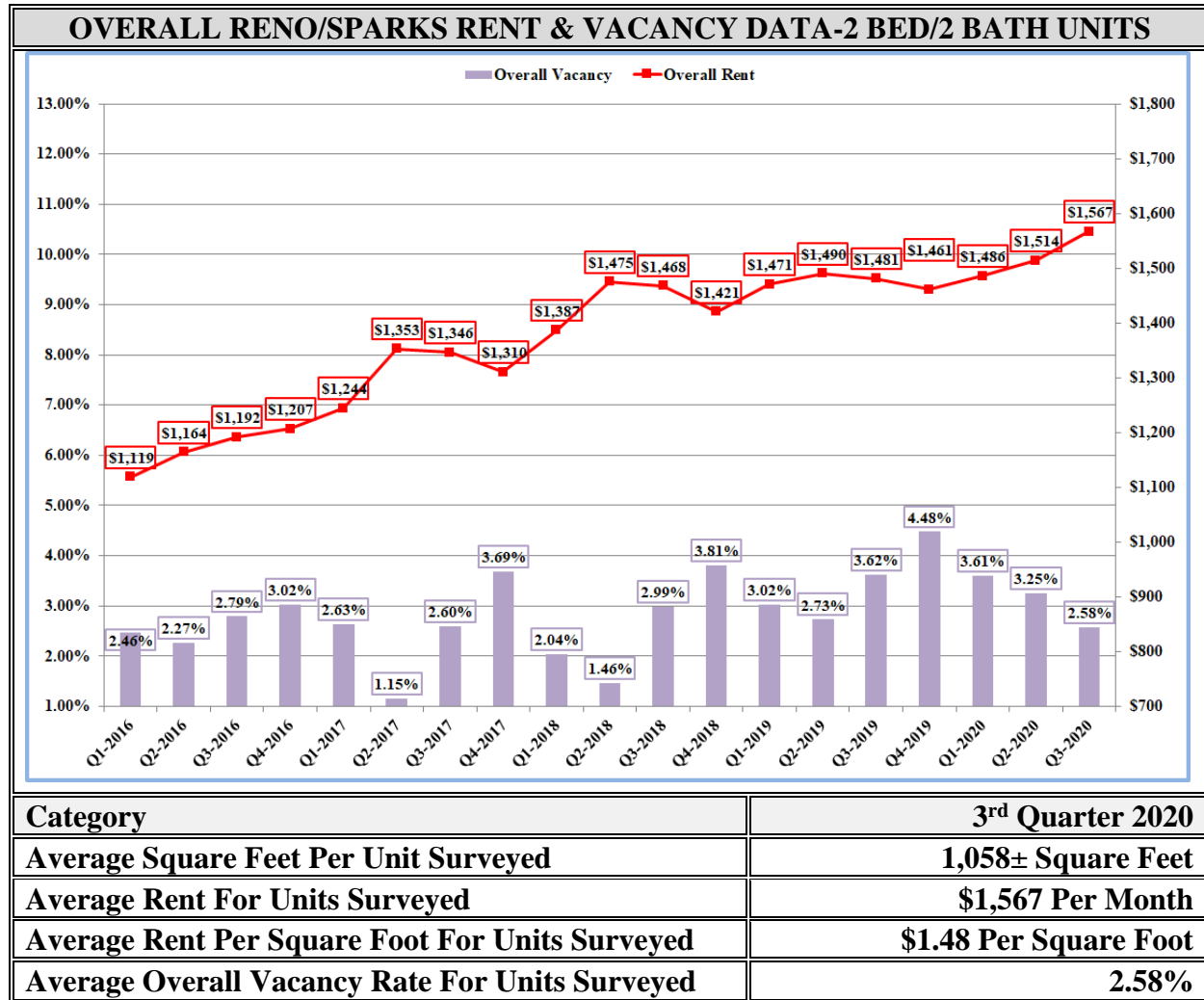
- Summary By Unit Type
- Summary By Area
- 15 Properties With The Highest Average Rents





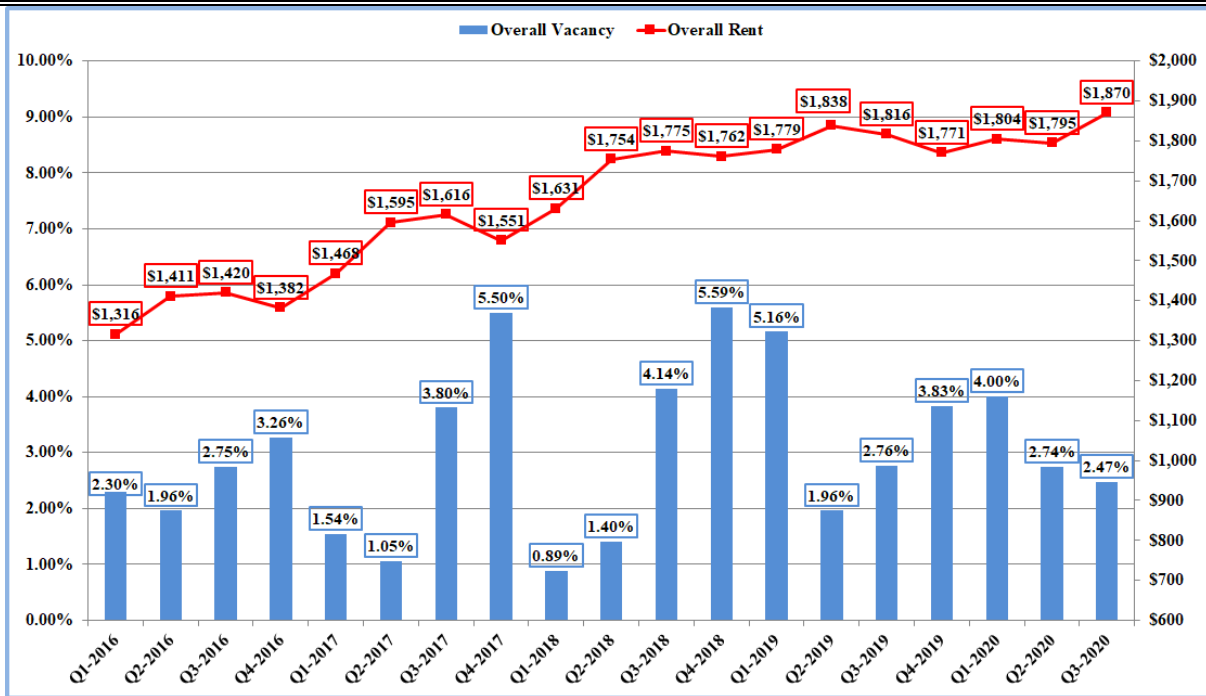






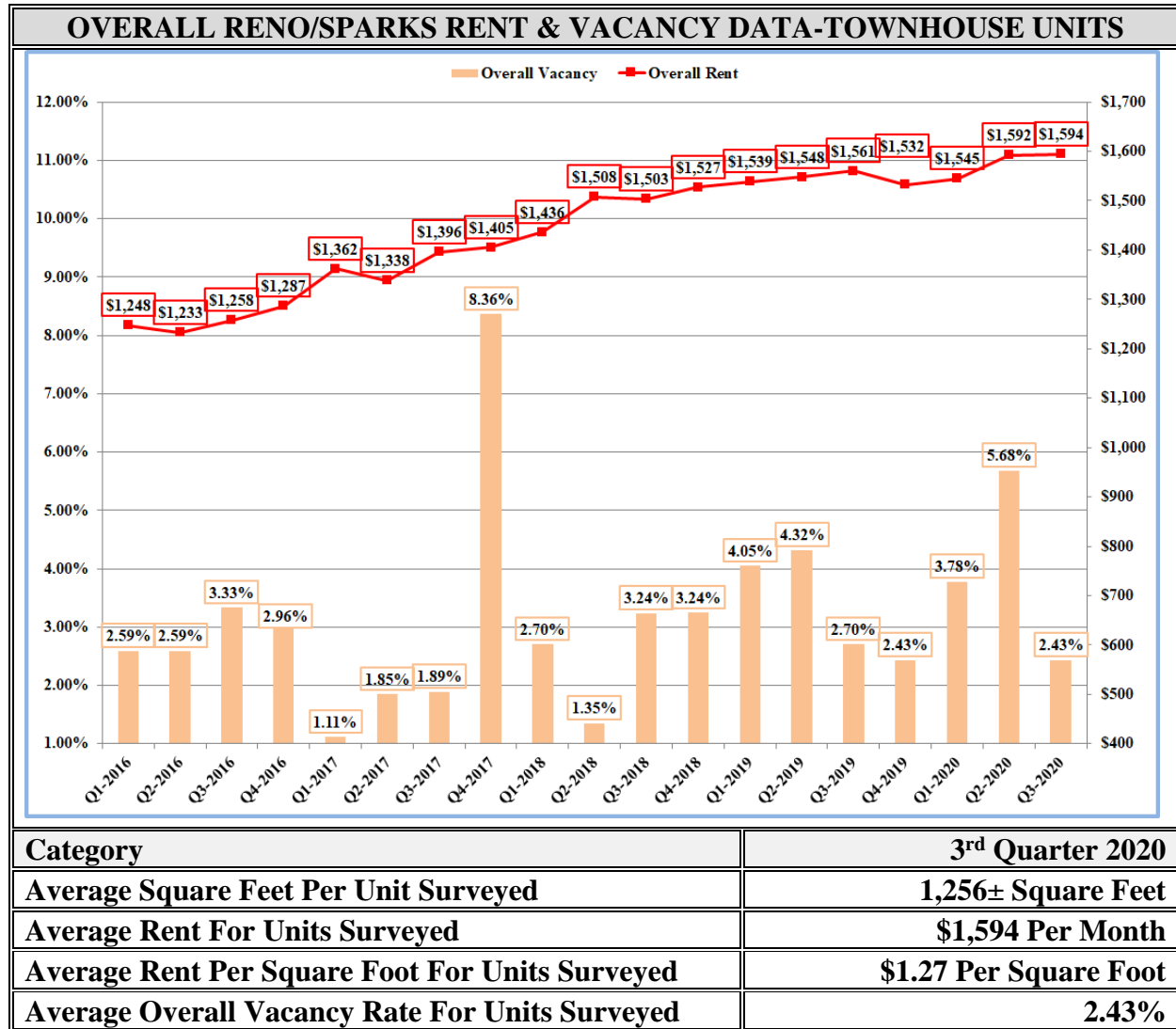


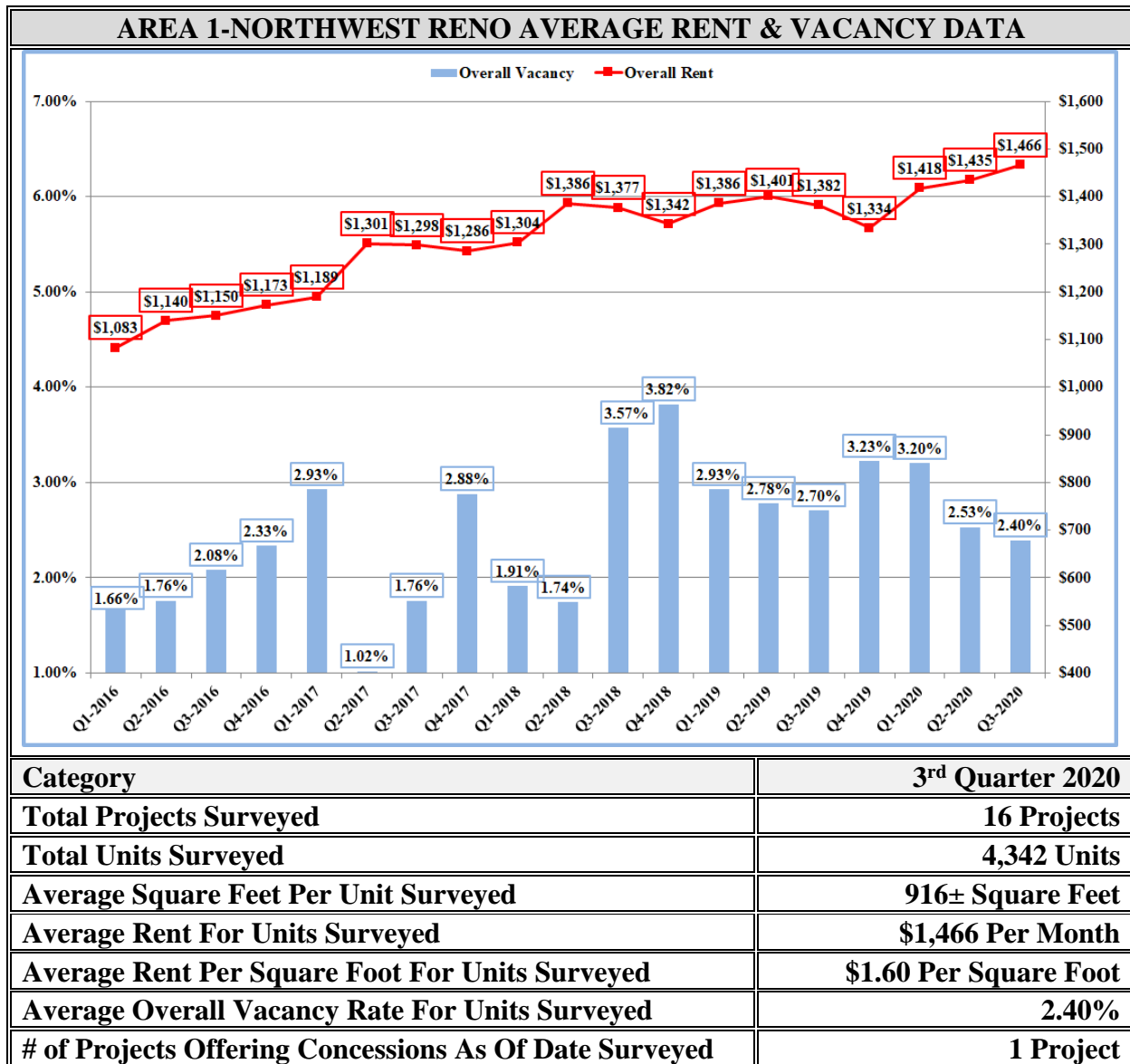
### OVERALL RENO/SPARKS RENT & VACANCY DATA-3 BED/2 BATH UNITS

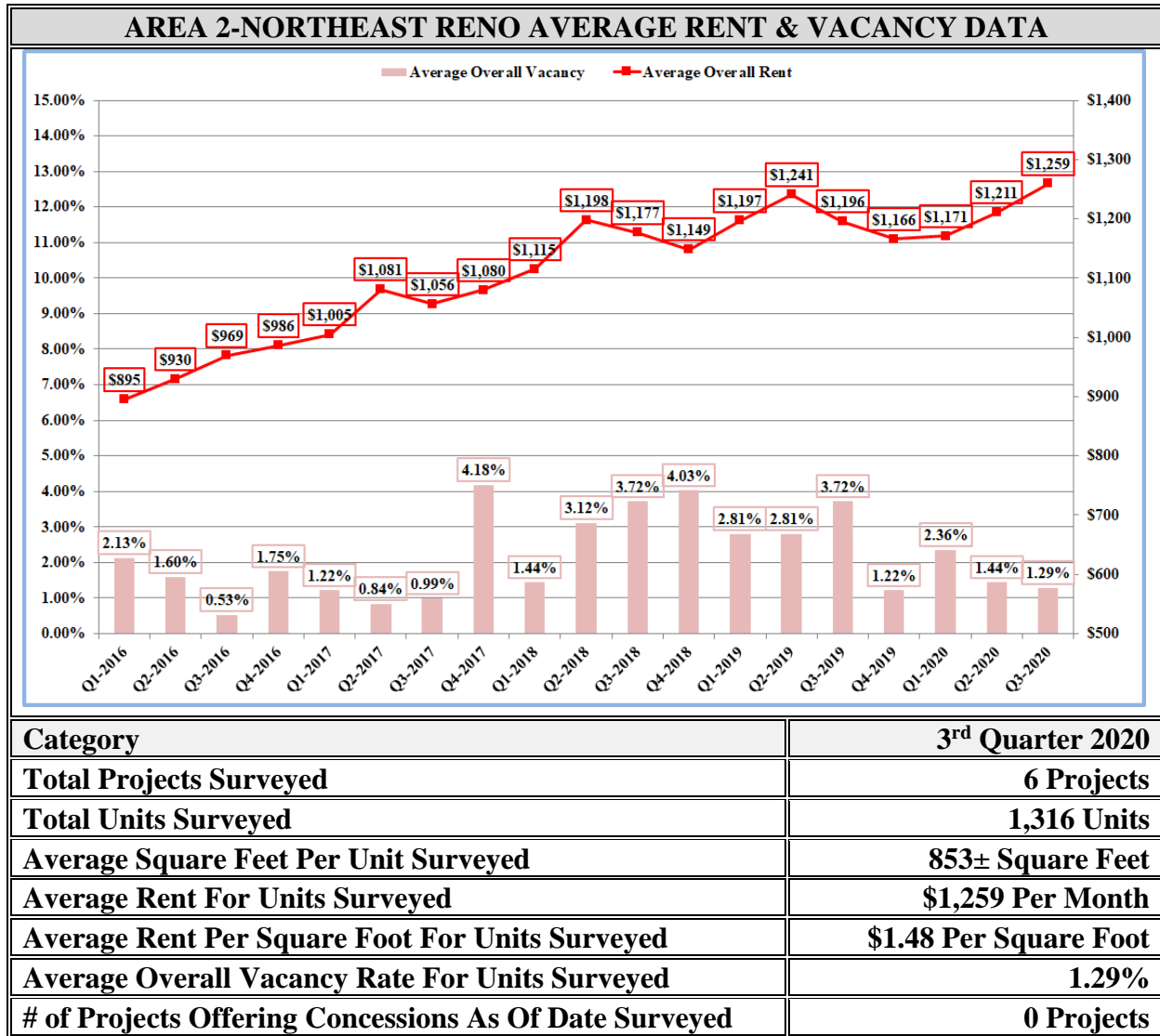


Category	3 <sup>rd</sup> Quarter 2020
Average Square Feet Per Unit Surveyed	1,286± Square Feet
Average Rent For Units Surveyed	\$1,870 Per Month
Average Rent Per Square Foot For Units Surveyed	\$1.45 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	2.47%



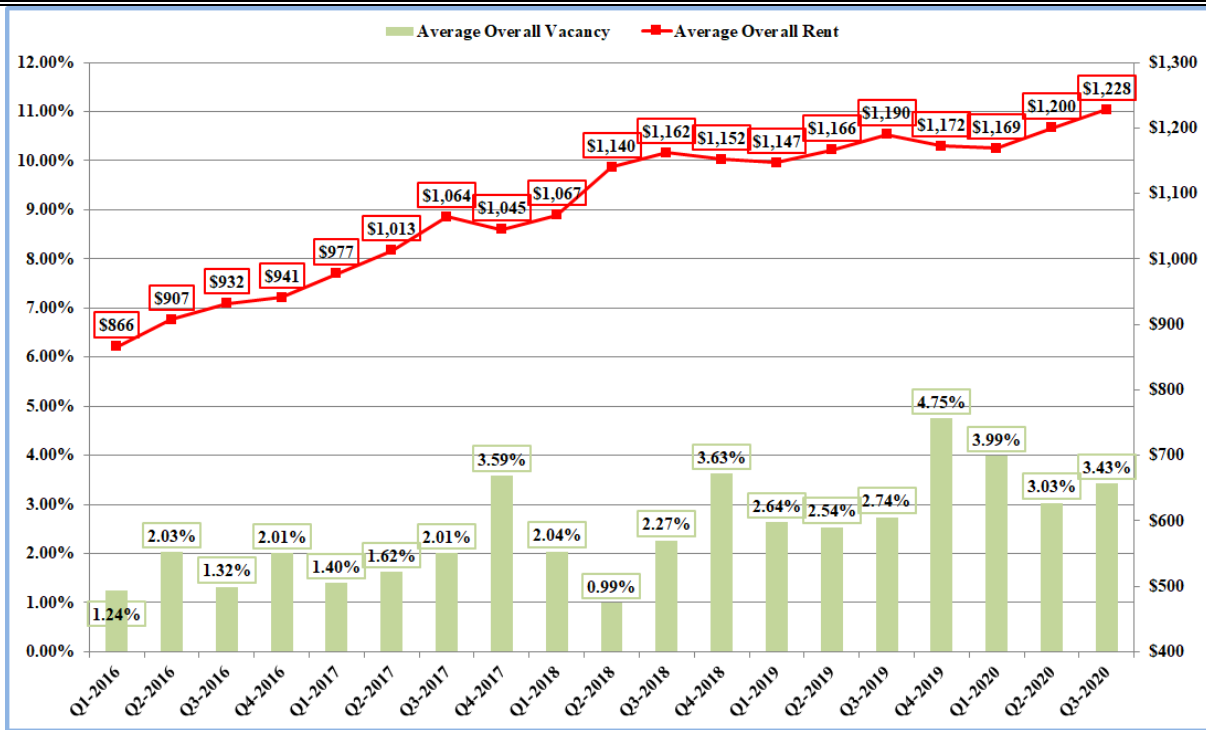








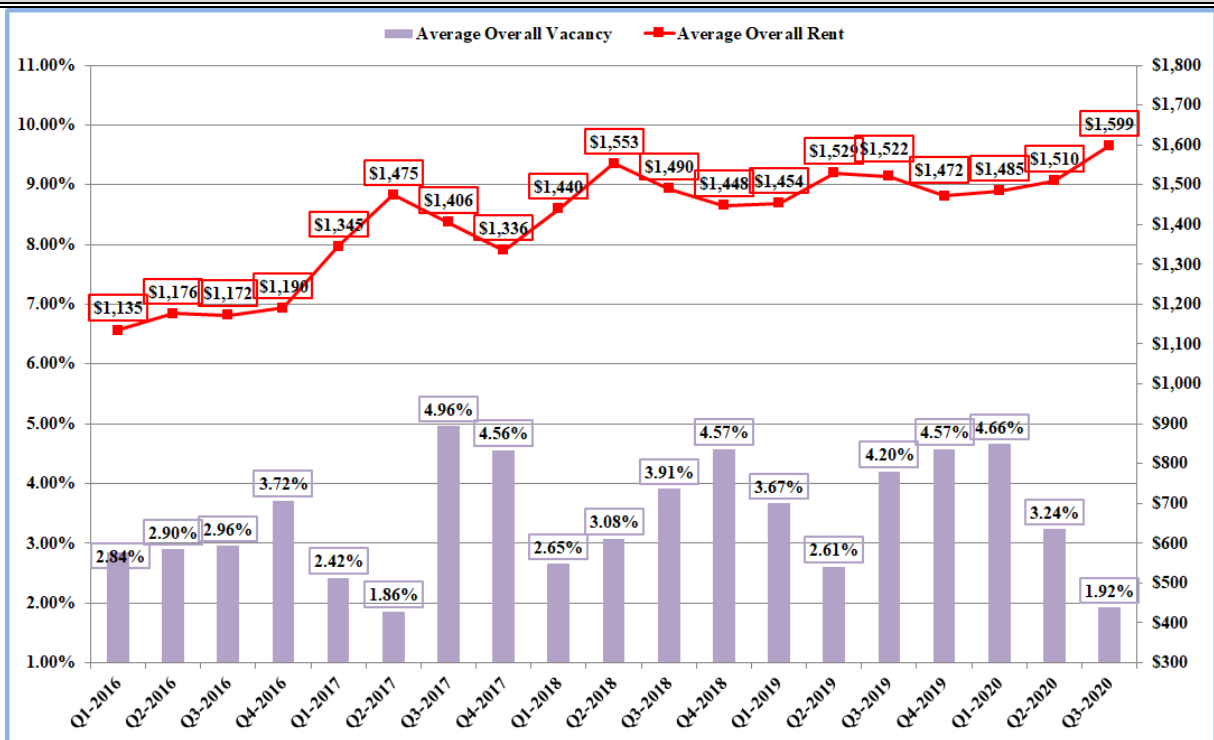
### AREA 3-WEST SPARKS/NORTH VALLEYS AVERAGE RENT & VACANCY DATA



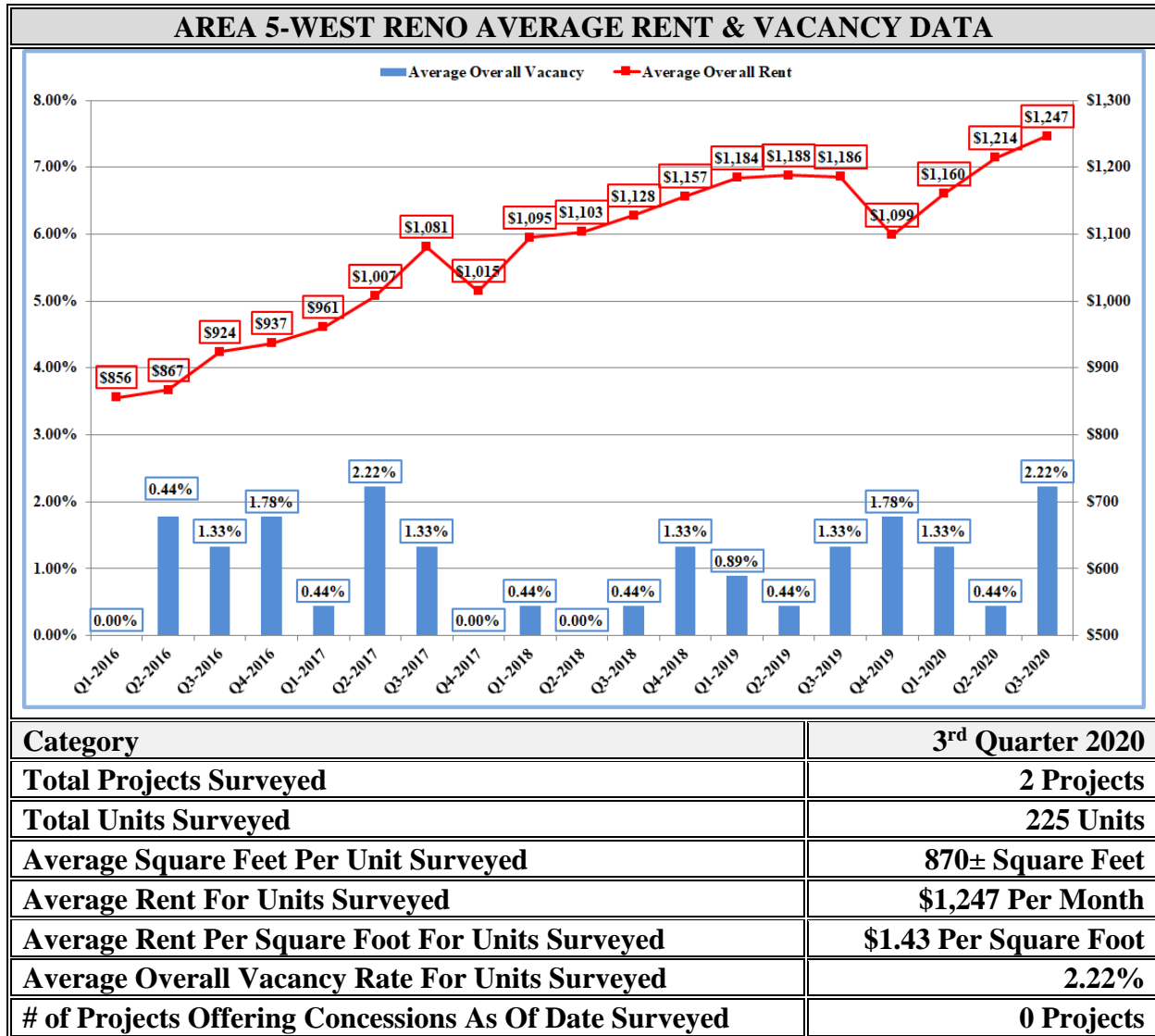
Category	3 <sup>rd</sup> Quarter 2020
Total Projects Surveyed	13 Projects
Total Units Surveyed	3,034 Units
Average Square Feet Per Unit Surveyed	867± Square Feet
Average Rent For Units Surveyed	\$1,228 Per Month
Average Rent Per Square Foot For Units Surveyed	\$1.42 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	3.43%
# of Projects Offering Concessions As Of Date Surveyed	2 Projects

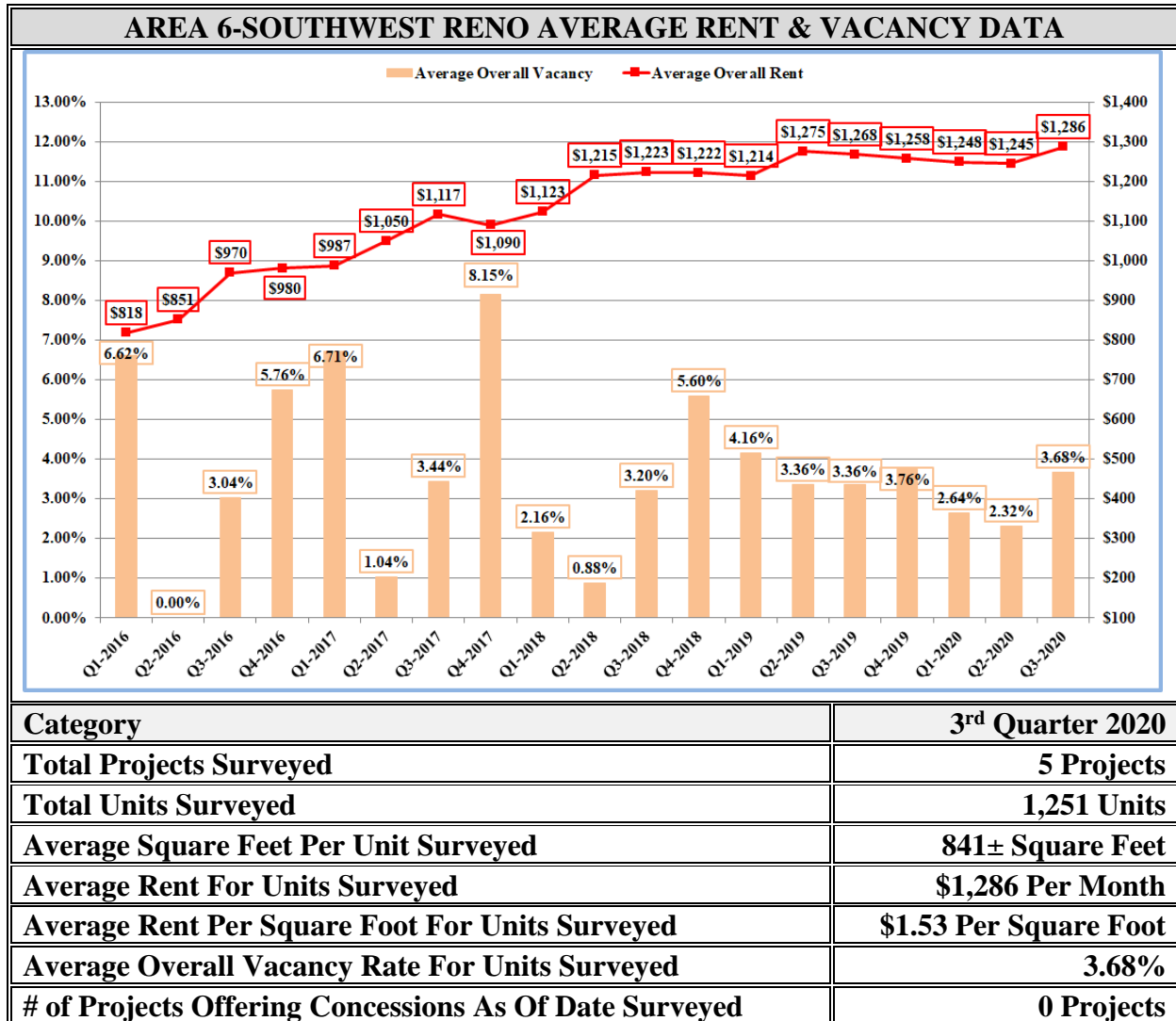


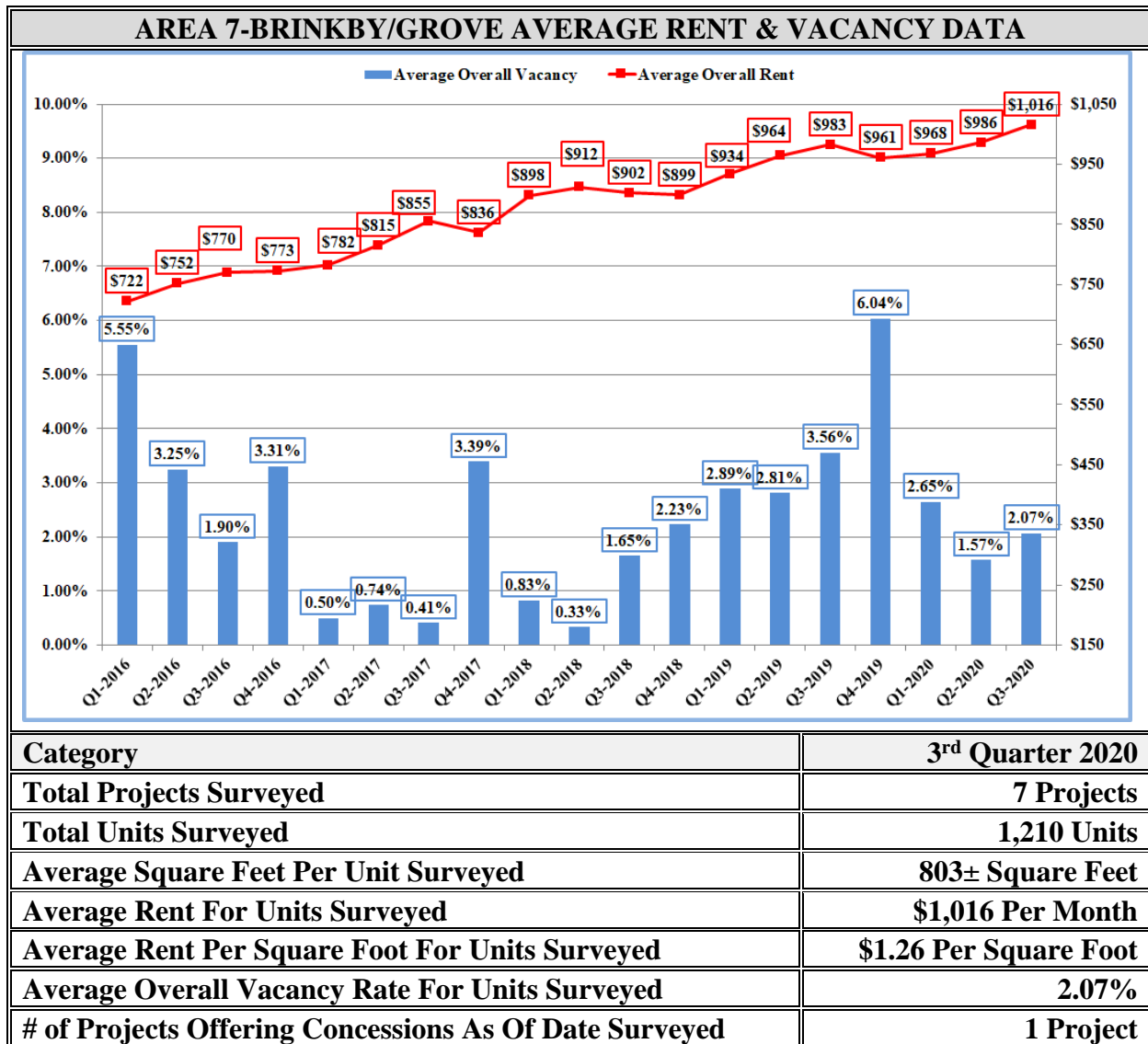
### AREA 4-EAST SPARKS AVERAGE RENT & VACANCY DATA



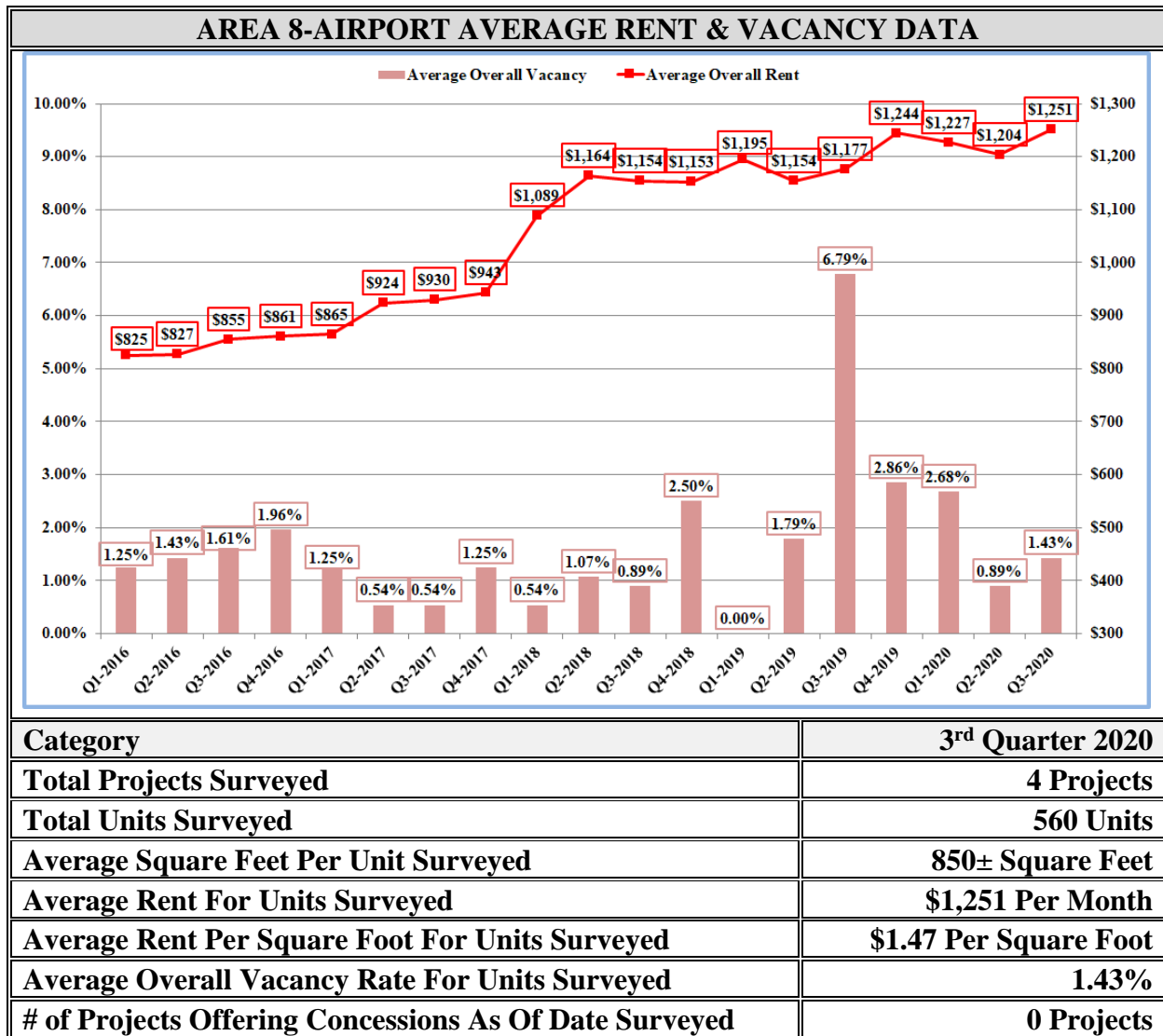
Category	3 <sup>rd</sup> Quarter 2020
Total Projects Surveyed	18 Projects
Total Units Surveyed	4,676 Units
Average Square Feet Per Unit Surveyed	975± Square Feet
Average Rent For Units Surveyed	\$1,599 Per Month
Average Rent Per Square Foot For Units Surveyed	\$1.64 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	1.92%
# of Projects Offering Concessions As Of Date Surveyed	2 Projects

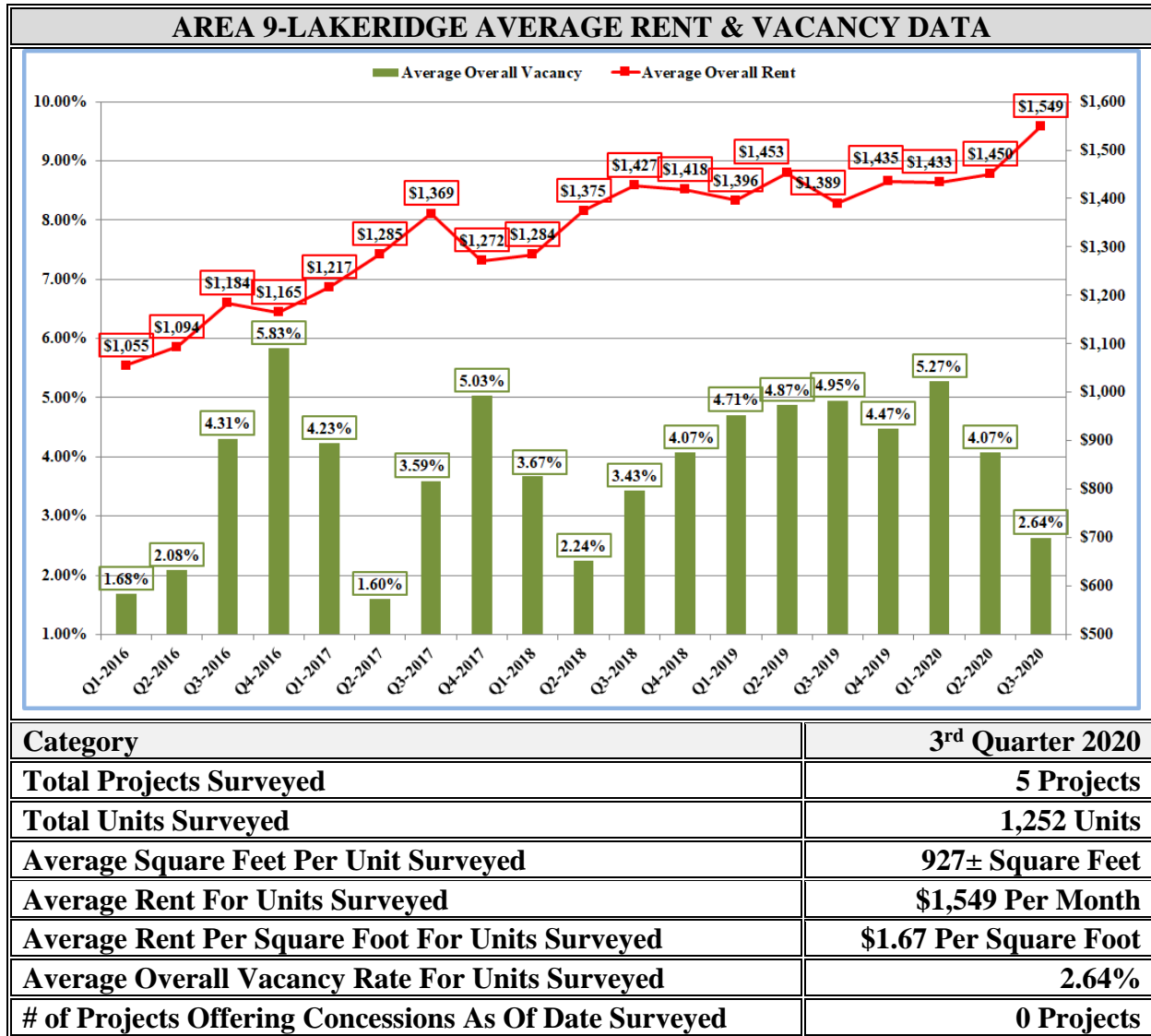


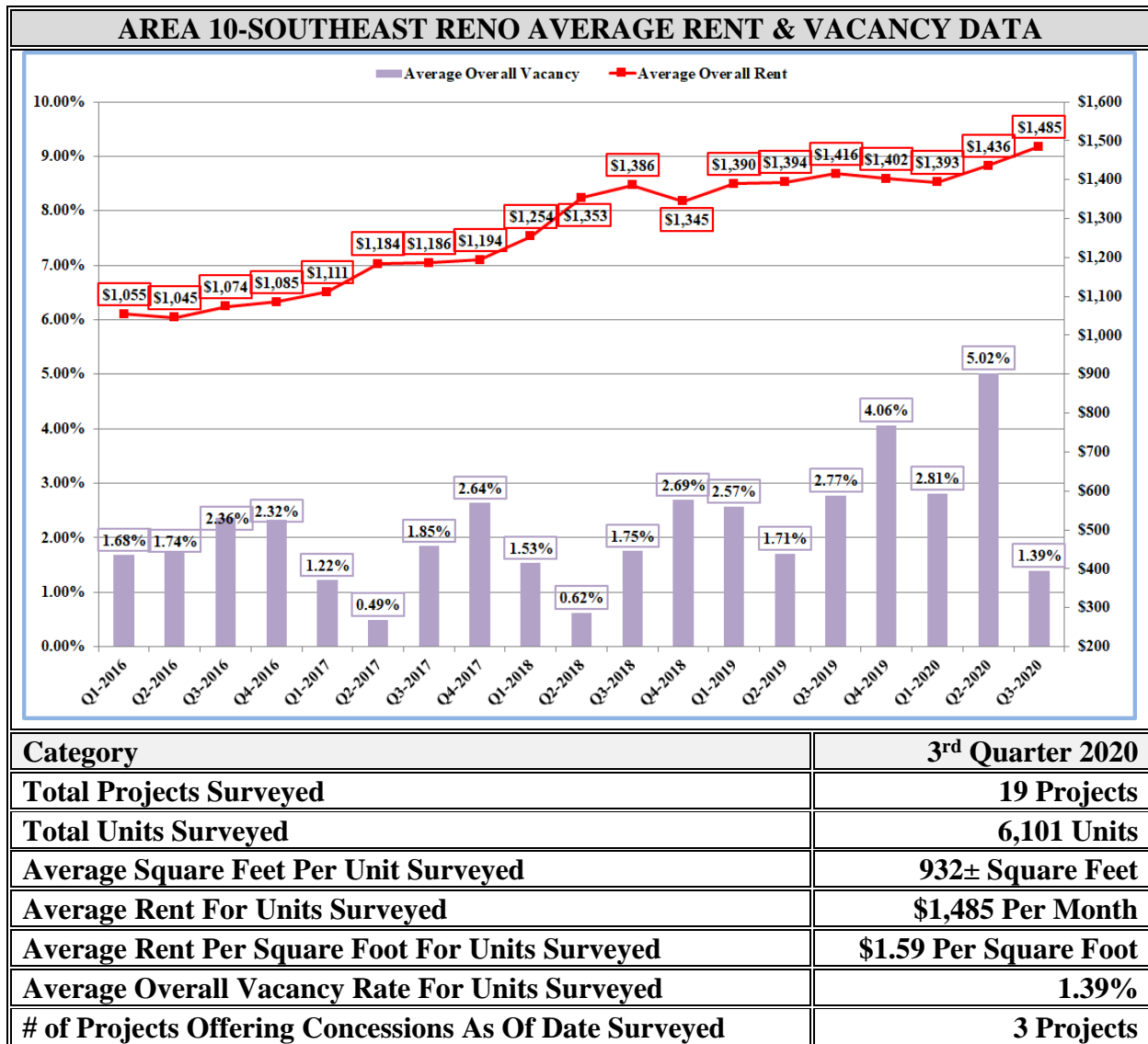


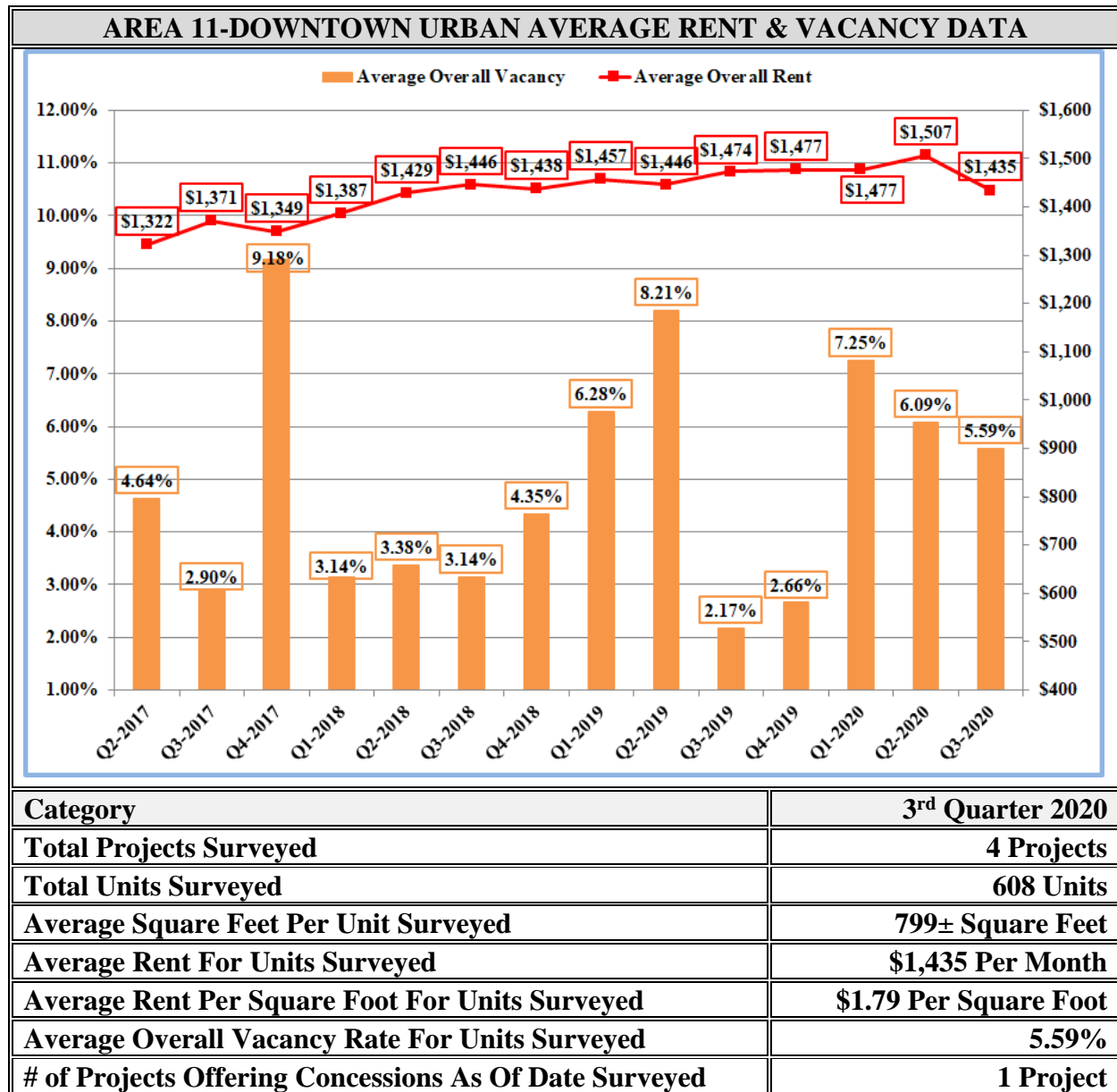


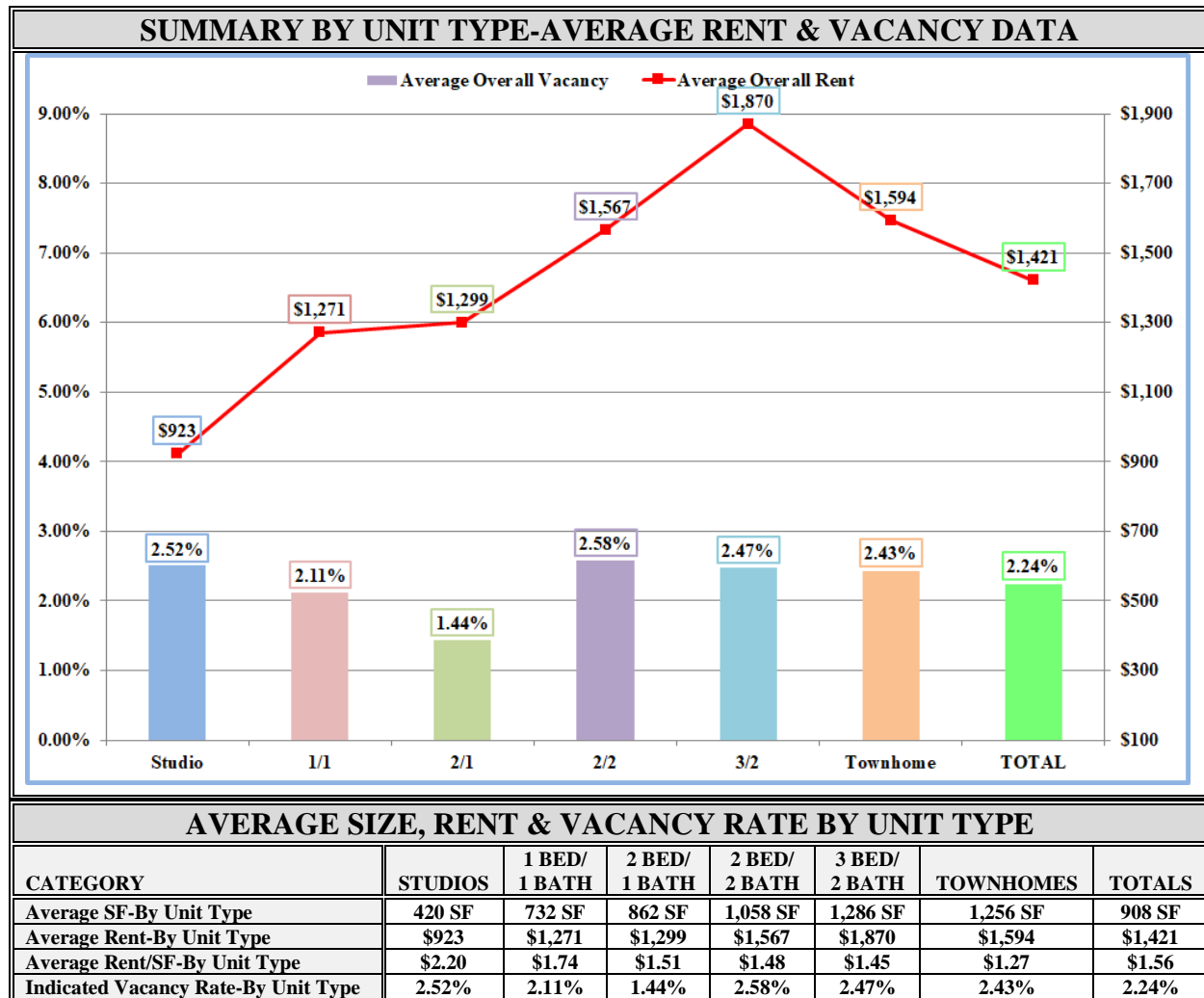


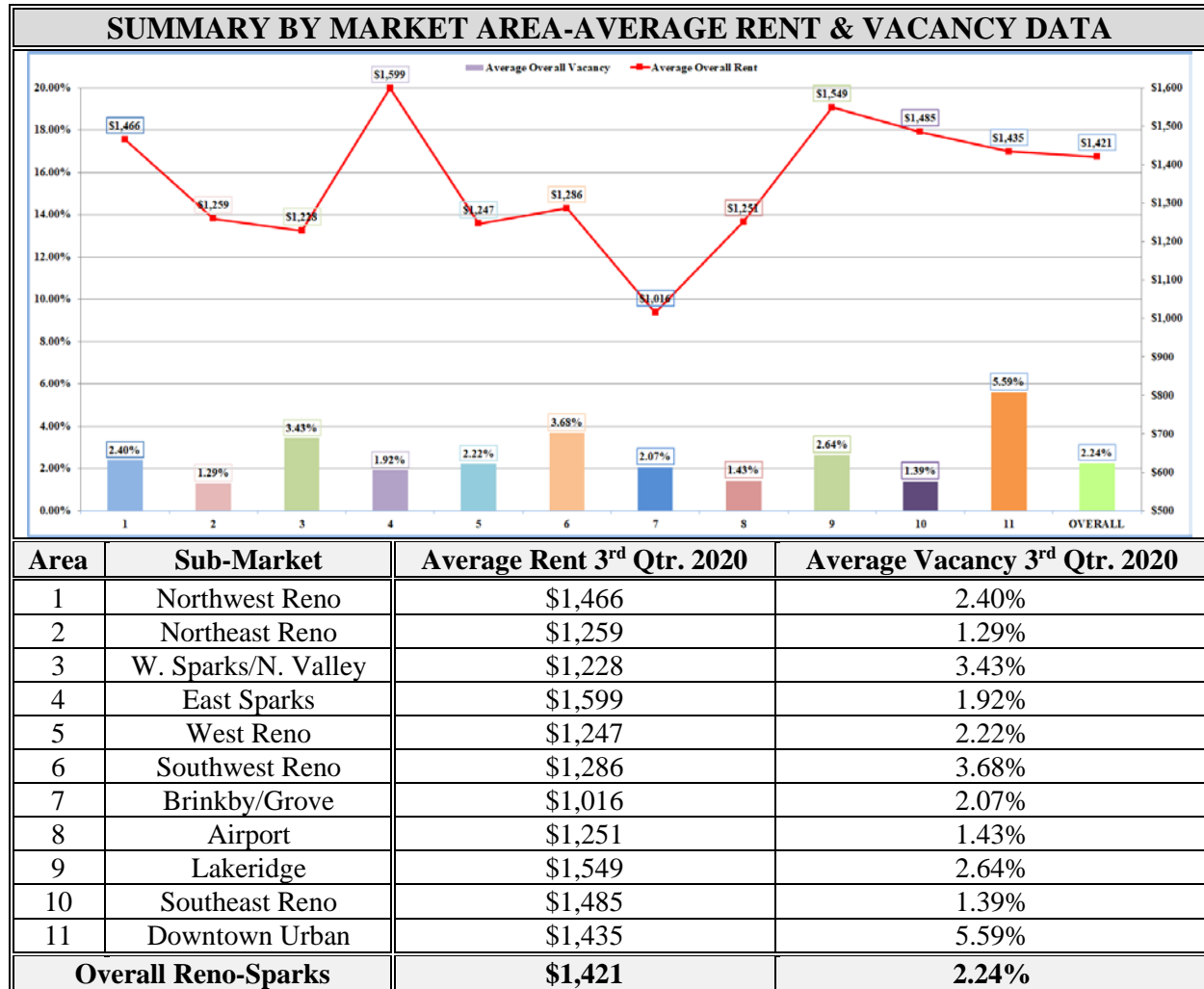






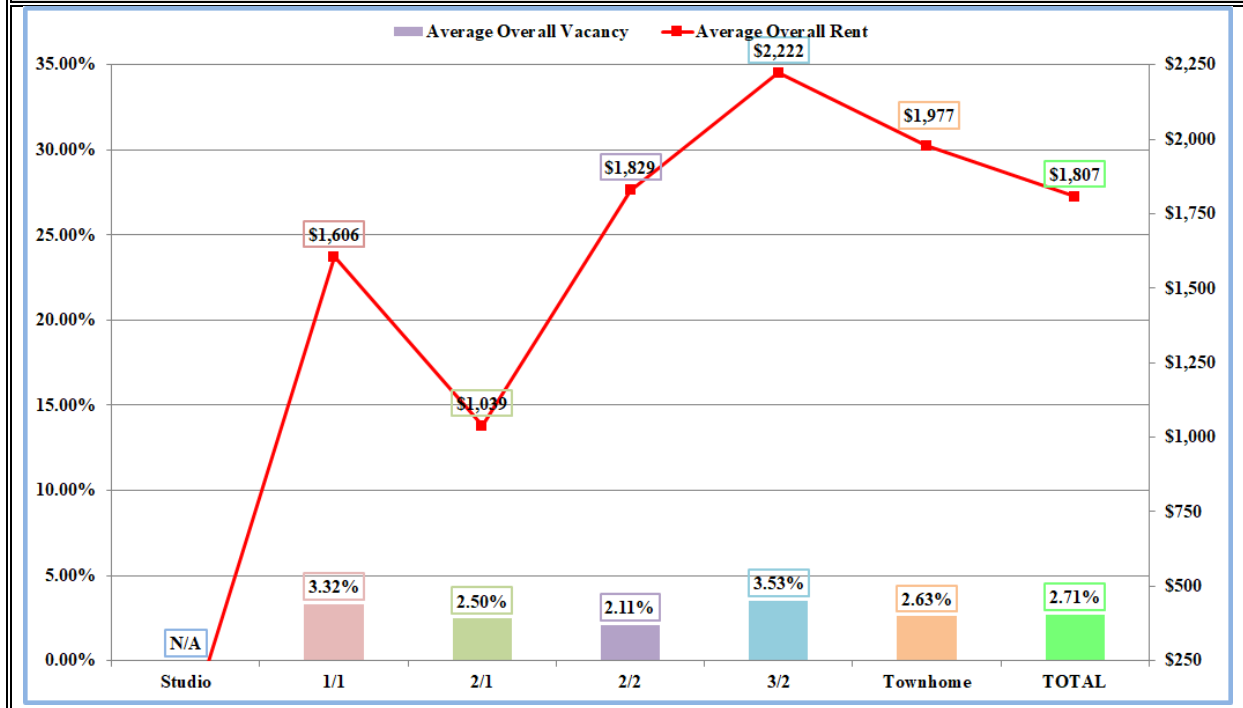








### 15 PROPERTIES WITH HIGHEST AVERAGE RENTS AVERAGE RENT & VACANCY DATA



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	1,296 Units	120 Units	1,995 Units	539 Units	38 Units	3,988 Units
Average SF-By Unit Type	N/A	858 SF	535 SF	1,164 SF	1,398 SF	1,264 SF	1,088 SF
Average Rent-By Unit Type	N/A	\$1,606	\$1,039	\$1,829	\$2,222	\$1,977	\$1,807
Average Rent/SF-By Unit Type	N/A	\$1.87	\$1.94	\$1.57	\$1.59	\$1.56	\$1.66
Indicated Vacancy Rate-By Unit Type	N/A	3.32%	2.50%	2.11%	3.53%	2.63%	2.71%



<b>SURVEY PARTICIPANTS</b>	
<b>Special thanks to the following apartment complexes for their continued and reliable support:</b>	
Aviana at Tuscany	Waterfront at the Marina
Club Ambassador	Waterstone at Kiley Ranch
Manzanita Gate	Willow Creek Villas
Montebello at Summit Ridge	The Park at Idlewild
Northwind Apartments	Waters Edge Apartments
Sharlands Terrace	Edge Water at Virginia Lake
Shoreline Plaza	Lakeview Apartments
Silver Ridge Apartments	Plumas Gardens
The Boulders	Sundance West
The Villas at Keystone Canyon	Willowbrook Apartments
Truckee River Terrace	Ala Moana Apartments
Vista Ridge Apartments	Century Park Apartments
Vida	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	Harvest at Damonte Ranch Phase III
Spanish Oaks	Horizons at South Meadows
Stonegate Apartments	Latitude 39
The Bungalows at Sky Vista	Meadowood Apartments
The Village at Wildcreek	Rosewood Park
Canyon Vista Apartments	Sierra Vista
Caviata at Kiley Ranch	The Alexander at South Virginia
Eastland Hills	The Element
High Rock 5300	The Enclave
Lumina	The Phoenix Reno
Lyfe at the Marina	The Village at Arrowcreek
Marina Garden Apartments	The Village at Iron Blossom
Marina Village	The Village South
Park Vista	Vida
Reflections at the Marina	Village of the Pines
Silverado	Vintage at South Meadows
Spring Villas Townhomes	3rd Street Flats
The Trails at Pioneer Meadows	Fountainhouse
The Villas at D'Andrea	The Bridges
Vineyards at Galleria	SquareOne