



JOHNSON | PERKINS | GRIFFIN
REAL ESTATE APPRAISERS & CONSULTANTS

APARTMENT SURVEY[©]

2ND QUARTER 2018 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 22,227 units reported. A total of 89 projects were surveyed. We believe the statistics presented here are representative of the overall conditions of the Reno-Sparks Survey Area.

Survey Modifications

Three new projects, Harvest at Damonte Ranch, The Village South and Vineyards at Galleria, reached stabilization during the 2nd Quarter 2018 and agreed to become survey participants. The total apartment projects participating in the survey increased from 86 projects to 89 projects, and the total units increased from 21,496 units to 22,227 units.

TOTAL NUMBER OF PROJECTS & UNITS-PRIOR TO CURRENT QUARTER			
	1 st Quarter 2018	2 nd Quarter 2018	Change
Total Projects	86	89	3 Additional Projects
Total Units	21,496	22,227	731 Additional Units



ECONOMIC OUTLOOK

According to the state Department of Employment, Training and Rehabilitation's (DETR) May 2018 economic report, overall job growth remains near 40,000 jobs per month year-over-year, and job growth was 2.8 percent, well above the national rate of 1.6 percent. The state's unemployment rate decreased by 0.1 percent to 4.8 percent, the lowest level since October 2007.

"As we move through the second quarter of the year, it is reassuring to see continued positive employment indicators for our state," Governor Brian Sandoval said. "With private employment growth leading the nation and both average wages and full-time employment at record levels, it is clear that we are on the right path. We must be persistent in our workforce development and assistance efforts, however, because that is precisely what will facilitate the Silver State's ongoing job growth."

DETR's report also notes that Nevada has gradually regained lost ground over nearly seven years. Data for 2017 authenticates that Nevada has regained the title of the fastest growing private sector in the United States, with the addition of 38,600 jobs relative to 2016, a growth rate of 3.4 percent.

"Although this month's totals are toward the low end of our recent trend, we continue to see improvement and record highs in other facets of the state economy. Nevada's economy has now grown in 18 consecutive quarters, exceeding the national average in six consecutive quarters," said David Schmidt, Chief Economist for DETR.

Additional May Economic Report Notes:

- Nevada added 37,600 unadjusted jobs over the year, a growth rate of 2.8 percent.
- Manufacturing has grown at the fastest rate in 2018 expanding by 17.3 percent year-to-date, with construction's job gains corresponding to a gain of 7.8 percent.
- Employment at small businesses, those with less than 100 employees, reached a new record high at 632,000, with the over-the-year gain recorded at 18,300.
- Average Wages are at a new record high at \$955 as compared to \$924 during the same period last year, an increase of \$31, or 3.3 percent, year-over-year.
- Full Time Employment in May also saw a new high totaling 1,112,190.
- Nevada's unemployment rate dipped by 0.1 percent, the first decrease in nine months.
- May's initial claims for unemployment insurance totaled 9,800, down nearly 200 claims compared to last month.

(Source: Nevada Department of Employment, Training and Rehabilitation Labor Market Summary May 2018)



ECONOMIC INDICATORS

Economic Indicators

UNEMPLOYMENT RATES May 2018

Nevada*	4.8%
Las Vegas MSA	4.4%
Reno-Sparks MSA	3.3%
Carson City MSA	4.2%
United States*	3.8%

JOB GROWTH (YOY) May 2018

Nevada*	3.4%
Las Vegas MSA*	2.9%
Reno-Sparks MSA*	3.6%
Carson City MSA*	2.7%
United States*	1.6%

GAMING WIN (YOY) April 2018

Nevada	7.6%
Clark County	8.1%
Washoe County	1.9%

TAXABLE SALES (YOY) March 2018

Nevada	0.4%
Clark County	2.3%
Washoe County	4.3%

*Seasonally Adjusted

(Source: Nevada Department of Employment, Training and Rehabilitation Economic Summary May 2018)



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	724 SF	862 SF	1,047 SF	1,283 SF	1,256 SF	896 SF
Average Rent-By Unit Type	\$781	\$1,170	\$1,210	\$1,475	\$1,754	\$1,508	\$1,318
Average Rent/SF-By Unit Type	\$1.93	\$1.62	\$1.40	\$1.41	\$1.37	\$1.20	\$1.47
Indicated Vacancy Rate-By Unit Type	1.76%	1.86%	1.25%	1.46%	1.40%	1.35%	1.58%

OVERALL AVERAGE RENT & VACANCY-PRIOR & CURRENT QUARTER			
Category	1 st Quarter 2018	2 nd Quarter 2018	Change
Average Vacancy	1.97%	1.58%	-39 Basis Points
Average Rent	\$1,230	\$1,318	+\$88 or +7.15%

COMPARISON OF RENTAL RATES & VACANCY RATES TO PRIOR QUARTER						
UNIT TYPE	AVERAGE RENT			AVERAGE VACANCY		
	1st Qtr. 2018	2nd Qtr. 2018	Result	1st Qtr. 2018	2nd Qtr. 2018	Result
Studio	\$744	\$781	+\$37	1.17%	1.76%	+0.59%
1 Bedroom/1 Bath	\$1,092	\$1,170	+\$78	2.11%	1.86%	-0.25%
2 Bedroom/1 Bath	\$1,122	\$1,210	+\$88	1.93%	1.25%	-0.68%
2 Bedroom/2 Bath	\$1,387	\$1,475	+\$88	2.04%	1.46%	-0.58%
3 Bedroom/2 Bath	\$1,631	\$1,754	+\$123	0.89%	1.40%	+0.51%
Townhouse	\$1,436	\$1,508	+\$72	2.70%	1.35%	-1.35%
TOTALS	\$1,230	\$1,318	+\$88	1.97%	1.58%	-0.39%

RENTAL AND VACANCY RATES BY SUB-MARKET AREA							
Area	Sub-Market	AVERAGE RENT			AVERAGE VACANCY		
		1st Qtr. 2018	2nd Qtr. 2018	Result	1st Qtr. 2018	2nd Qtr. 2018	Result
1	Northwest Reno	\$1,304	\$1,386	+\$82	1.91%	1.74%	-0.17%
2	Northeast Reno	\$1,115	\$1,198	+\$83	1.44%	3.12%	+1.67%
3	W. Sparks/N. Valley	\$1,067	\$1,140	+\$73	2.04%	0.99%	-1.05%
4	East Sparks	\$1,440	\$1,553	+\$114	2.65%	3.08%	+0.44%
5	West Reno	\$1,095	\$1,103	+\$8	0.44%	0.00%	-0.44%
6	Southwest Reno	\$1,123	\$1,215	+\$93	2.16%	0.88%	-1.28%
7	Brinkby/Grove	\$898	\$912	+\$14	0.83%	0.33%	-0.50%
8	Airport	\$1,089	\$1,164	+\$74	0.54%	1.07%	+0.54%
9	Lakeridge	\$1,284	\$1,375	+\$92	3.67%	2.24%	-1.44%
10	Southeast Reno	\$1,254	\$1,353	+\$99	1.53%	0.62%	-0.91%
11	Downtown Urban	\$1,387	\$1,429	+\$41	3.14%	3.38%	+0.24%
Overall Reno-Sparks		\$1,230	\$1,318	+\$88	1.97%	1.58%	-0.39%



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%	\$902	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%
AVERAGE	\$555	5.03%	\$784	4.21%	\$832	5.22%	\$1,004	5.20%	\$1,202	5.72%	\$1,142	6.03%	\$917	4.87%
MEDIAN	\$527	4.34%	\$744	3.68%	\$798	4.91%	\$935	5.05%	\$1,121	5.69%	\$1,106	6.11%	\$870	4.68%
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	\$781	10.96%	\$1,170	10.08%	\$1,210	12.20%	\$1,475	11.43%	\$1,754	13.18%	\$1,508	13.65%	\$1,318	10.93%



COMMENTARY

The overall average rental rate for all units surveyed increased by 7.15%, with all unit types experiencing an increase in average rental rates. Additionally, all of the eleven sub-markets experienced an increase in average rental rates.

The overall vacancy rate for all units surveyed decreased by 39 basis points, with seven of the eleven submarkets showing decreases in vacancies and four submarkets experiencing an increase in average vacancy. Four of the six unit types experienced decreases in average vacancies, with studios and three bedroom units experiencing slight increases in average vacancies. Average vacancy for all unit types is now at 1.58%.

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 extremely low, and rental rates should continue to show increases. Over 3,000± 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:

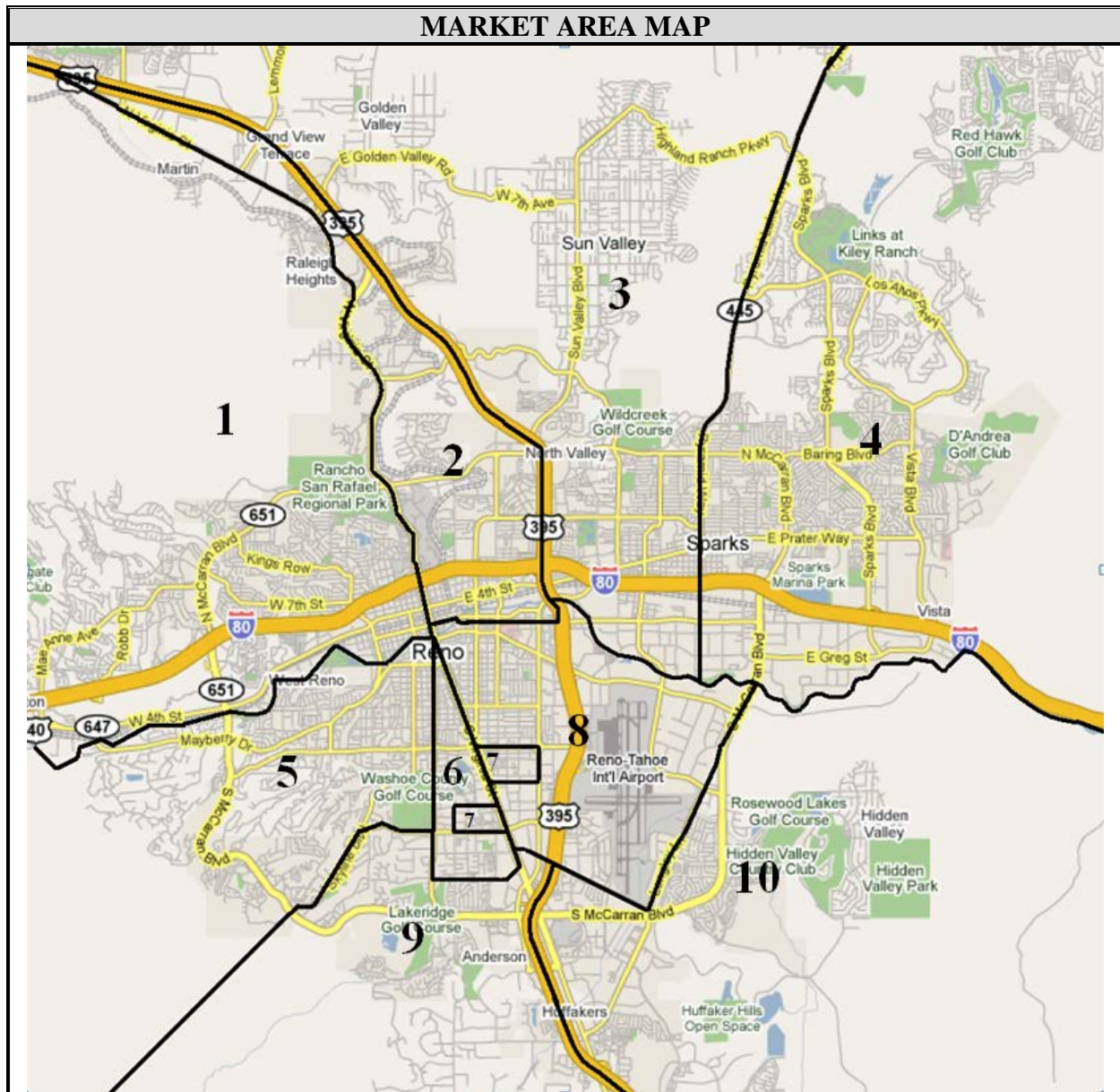
- Occupancy rates represent conditions as of the date of survey;
- Rents utilized in the report represent the base price of an unfurnished apartment;
- Units with more than one size per unit type were calculated on a weighted average for each unit type
- Weighted averages were used in all charts to give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

Apartment Type	Description
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 rd 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 nd 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 nd 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

In the 2nd Quarter of 2017, Pacific West Design Build Services broke ground on Latitude 39. The 148-unit apartment complex is located along Double R Boulevard. At the end of the 2nd Quarter of 2018, six buildings were complete, 68% of the project was occupied and 79% of the project had been pre-leased.

The Village South, the 243-unit Phase II project for The Village at Arrow Creek, broke ground in 2016. At the end of the 2nd Quarter of 2018 the project was complete and 92% of the property was occupied.

The Harvest is a 578-unit apartment complex in Damonte Ranch. Tanamera Construction broke ground on Phase I, which includes 278 units, in the 1st Quarter of 2016. Phase II of this project, which will include 300 units, broke ground in the 3rd Quarter of 2017. The project is located at the intersection of Steamboat Parkway and Veterans Parkway. At the end of the 2nd Quarter 2018 construction was completed on Phase I and the property was 100% occupied. According to on-site management, the first building for Phase II will tentatively be turned over in October 2018.

In the 1st Quarter of 2016, Tanamera Construction broke ground on The Vineyards, a 210-unit apartment complex located near the Sparks Galleria along Disc Drive. At the end of the 2nd Quarter 2018 the project was complete and 95% 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 2nd Quarter of 2018 four buildings were complete, 14% of the project had been pre-leased and 10% 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 Somersett. Construction broke ground in the 2nd Quarter of 2017. At the end of the 2nd Quarter of 2018, one building was complete and two others were nearing completion. Approximately 22% of the project had been pre-leased and 4% of the project was occupied.

Tanamera Construction broke ground on the Sierra Vista Apartments in 2017. The 336-unit property is located along Arrowcreek Parkway in South Reno. At the end of the 2nd Quarter 2018 four buildings were complete, 34% of the property had been pre-leased and 12% of the property 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
Vida	312	Southeast Corner Sharlands & Mae Anne	1	Under Construction
The Bridges	198	Victorian Square	3	Under Construction
North Peak Apartments	328	Intersection of Military Road & Lemmon Drive	3	Under Construction
Lumina-Phase I	330	Pioneer Meadows	4	Under Construction
The Waterfront at Sparks Marina	209	Around Existing Parking Garage @ Sparks Marina	4	Under Construction
Lyfe at the Marina	280	Sparks Market	4	Under Construction
Sierra Vista	336	Arrowcreek Parkway	10	Under Construction
Latitude 39	148	East Side Double R Boulevard	10	Under Construction
Summit Club	581	Mt. Rose Highway	10	Under Construction
The Harvest-Phase II	300	Damonte Ranch	10	Under Construction
Total Units:	3,022			
Projects Planned				
Project Name	Units	Location	Area	Status
4th Street Apartments	164	West 4th Street, East of South McCarran Boulevard	1	Planning Stages
The Villas at Keystone Canyon-Phase II	96	Keystone Avenue & North McCarran Boulevard	1	Planning Stages
Vista Rafael Apartments	416	North Virginia Street & Vista Rafael Parkway	3	Planning Stages
Deco	209	Victorian Square	3	Planning Stages
The Atrium	132	Victorian Square	3	Planning Stages
Silverwing Development	200	Victorian Square	3	Planning Stages
Spectrum-Dandini Development	420	Northeast Corner of US Highway 395 & Dandini Boulevard	3	Planning Stages
The Lakes at Sky Vista	768	Sky Vista Parkway, West of Lemmon Valley Road	3	Planning Stages
LandCap Project	300±	Prater Way & Vista Boulevard	4	Planning Stages
Lumina-Phase II	220	Pioneer Meadows	4	Planning Stages
The Point at the Marina-Phase I	308	East of Sparks Marina	4	Planning Stages
The Point at the Marina-Phase II	342	East of Sparks Marina	4	Planning Stages
Silverado Development	96	Wingfield Springs	4	Planning Stages
Park Lane-Reno Urban Development	1,619	Previous Park Lane Mall Site	7	Planning Stages
Oakmont Properties Development	440	Double R Boulevard & Technology Way	10	Planning Stages
Confidential	486	South Reno Market	10	Planning Stages
Total Units:	6,216			

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, The Village South and Vineyards at Galleria.

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 rd Street Flats	94	Dec-16	Jun-17	13.43
Fountainhouse	220	May-16	Aug-17	13.75
Harvest at Damonte Ranch	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



RENT CONCESSIONS

During the 2nd Quarter of 2018 11.24% of the apartment projects in our Survey offered rent concessions, which increased from 4.65% in the 1st Quarter of 2018. A majority of the properties now offering concessions, are offering a discount to Tesla employees. Concessions range from discounted deposits to one month free rent with a six or twelve-month lease. The most commonly found rent concessions consist of:

- One month free rent
- Discounted deposit
- Reduced Rent with 6 or 12 month lease

The chart below and the graph on the following page summarize the percentage of projects which have offered concessions, and the overall vacancy rate, between 2011 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 %
Q1-2012	71.43%	5.59%
Q2-2012	66.23%	5.13%
Q3-2012	61.04%	4.83%
Q4-2012	66.23%	5.60%
Q1-2013	57.14%	5.11%
Q2-2013	48.05%	4.65%
Q3-2013	37.18%	4.05%
Q4-2013	44.87%	4.12%
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%



SURVEY RESULTS

This section of the report covers survey findings pertaining to the total survey area for the 2nd Quarter of 2018.

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:

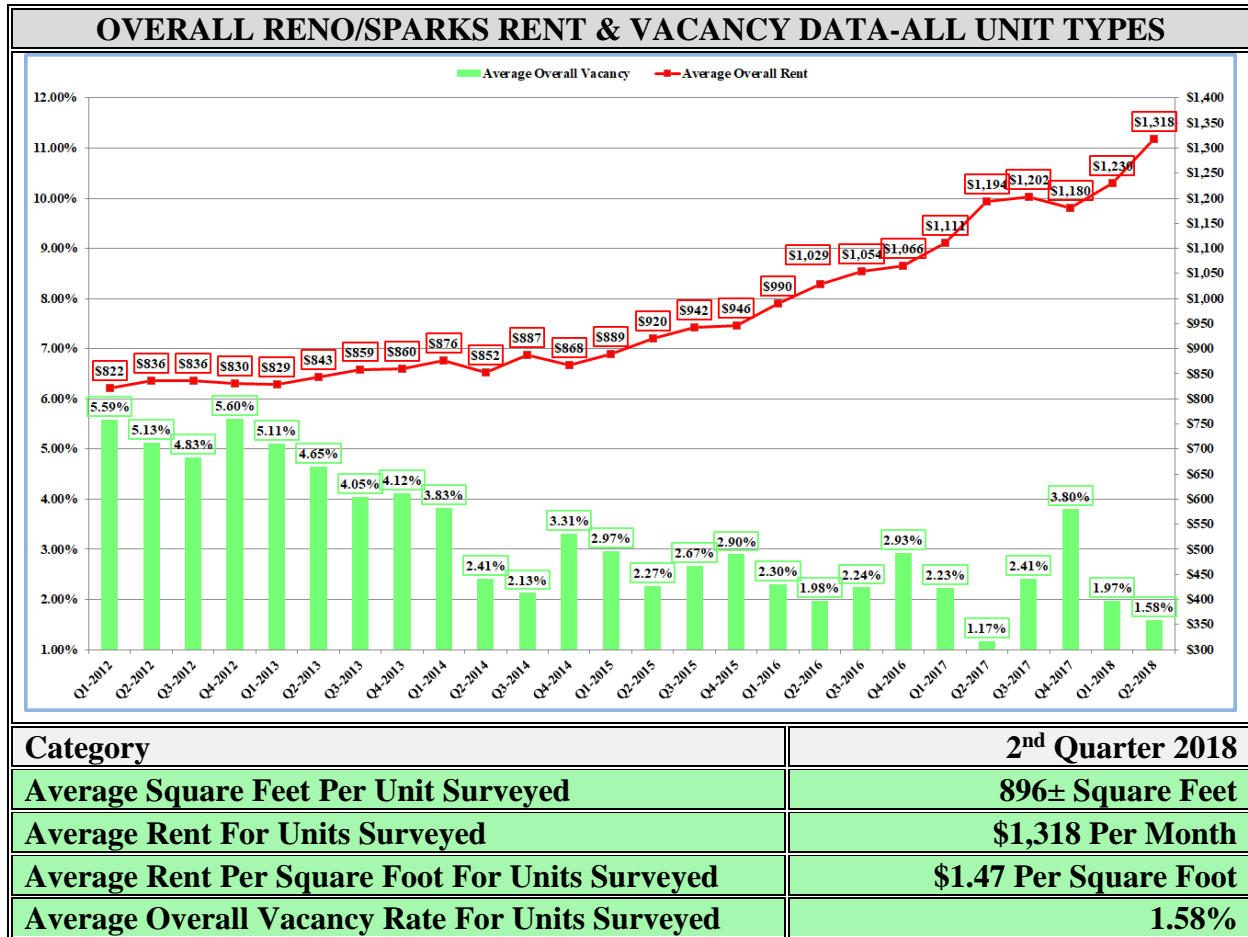
These graphs illustrate quarterly vacancy percentage and average monthly rent. The sub-market categories are as follows:

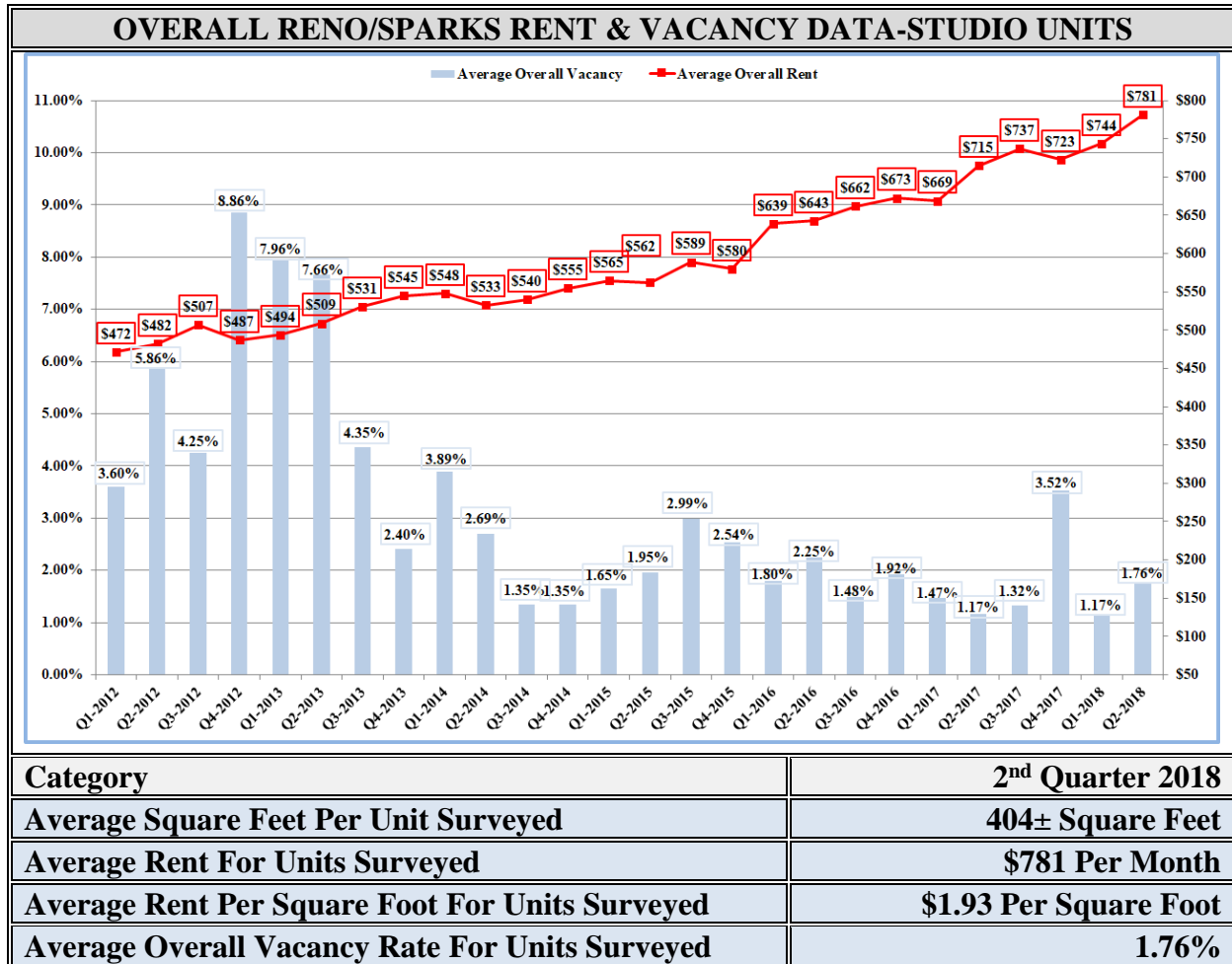
- Area 1-Northwest Reno
- Area 2-Northeast Reno
- Area 3-West Sparks/North Valleys
- Area 4-East Sparks
- Area 5-West Reno
- Area 6-Southwest Reno
- Area 7-Brinkby/Grove
- Area 8-Airport
- Area 9-Lakeridge
- Area 10-Southeast Reno
- Area 11-Downtown Urban

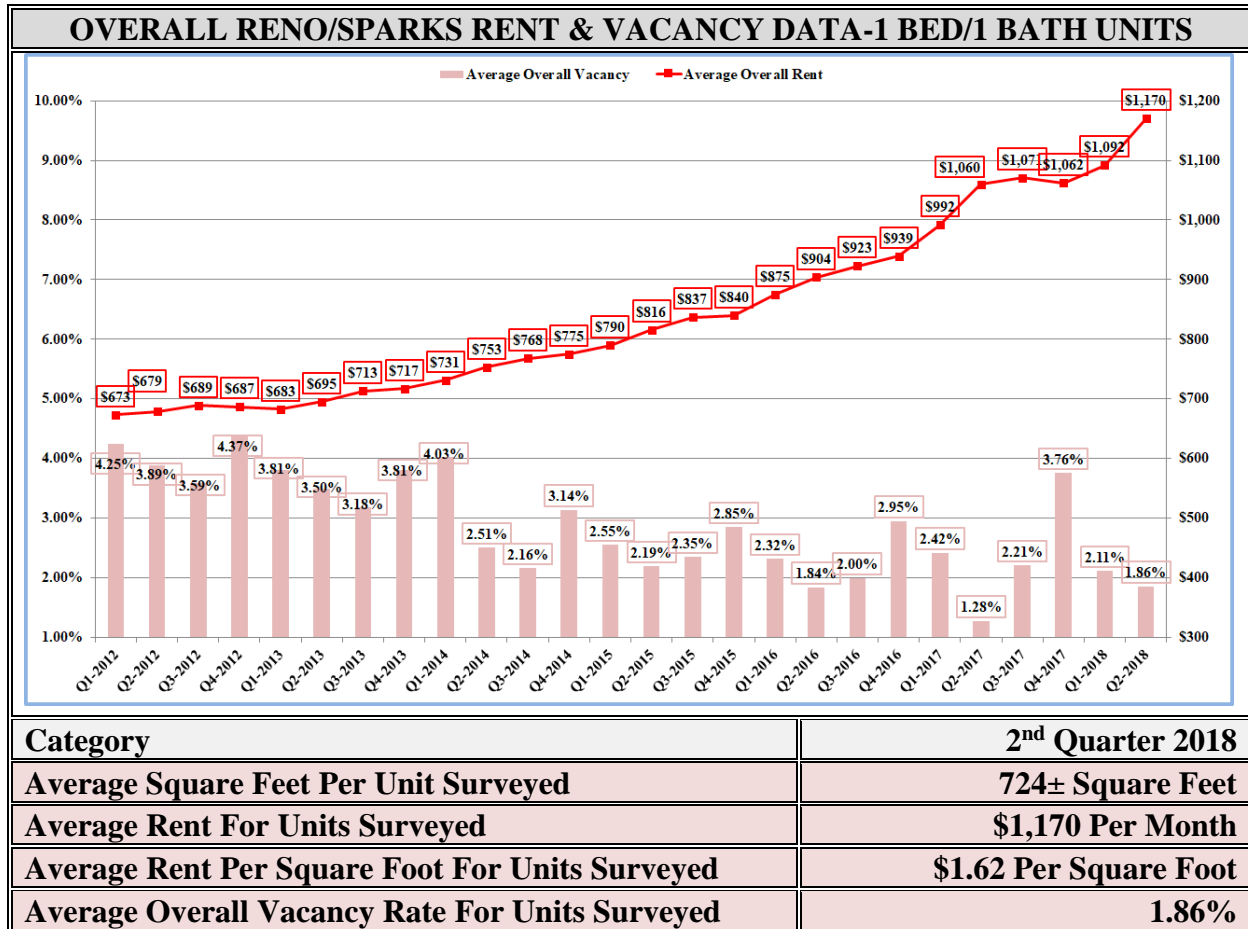
CURRENT SURVEY COMPARISONS:

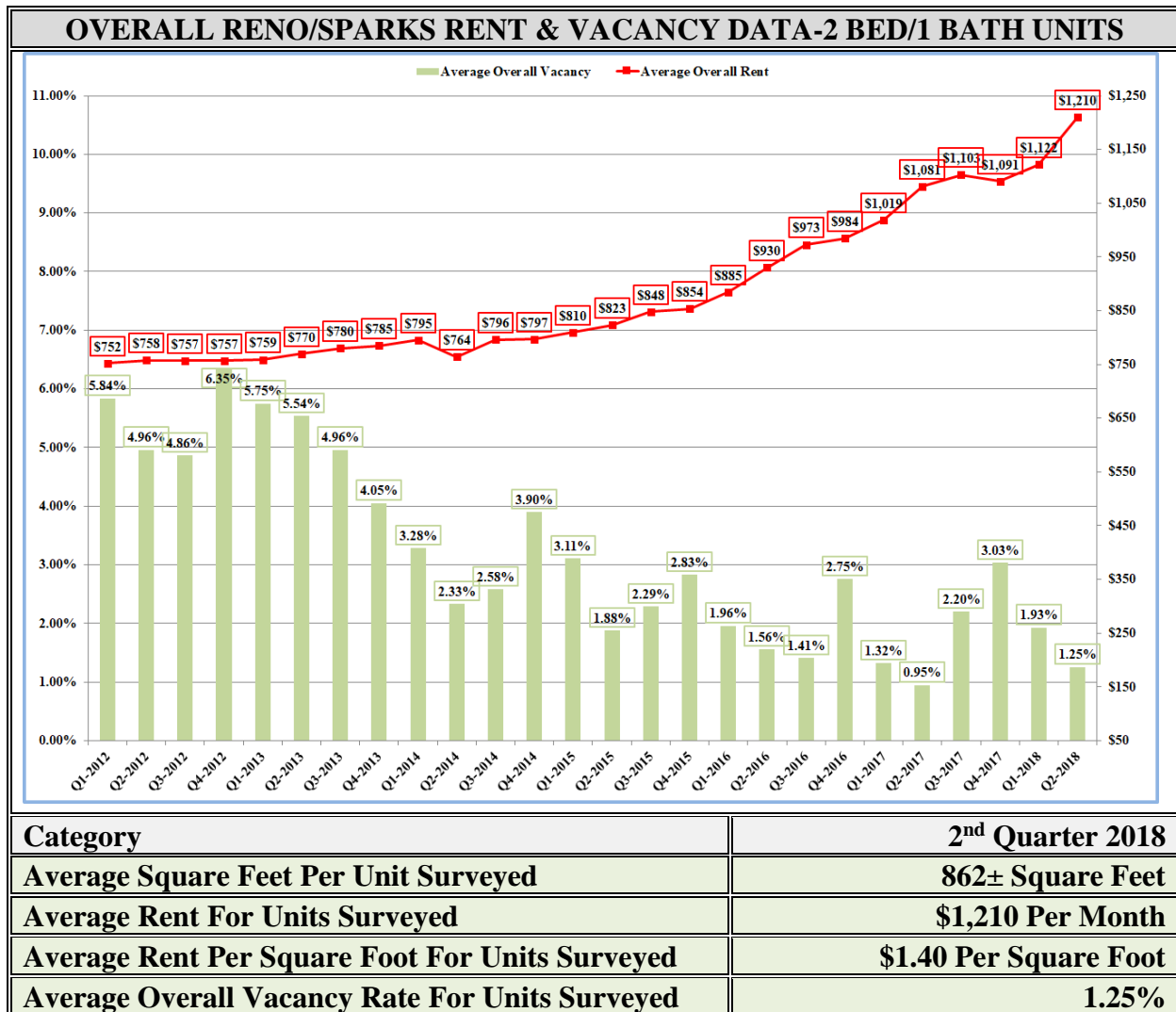
This section of graphs illustrates overall comparisons based on unit type and sub-market categories. These graphs include:

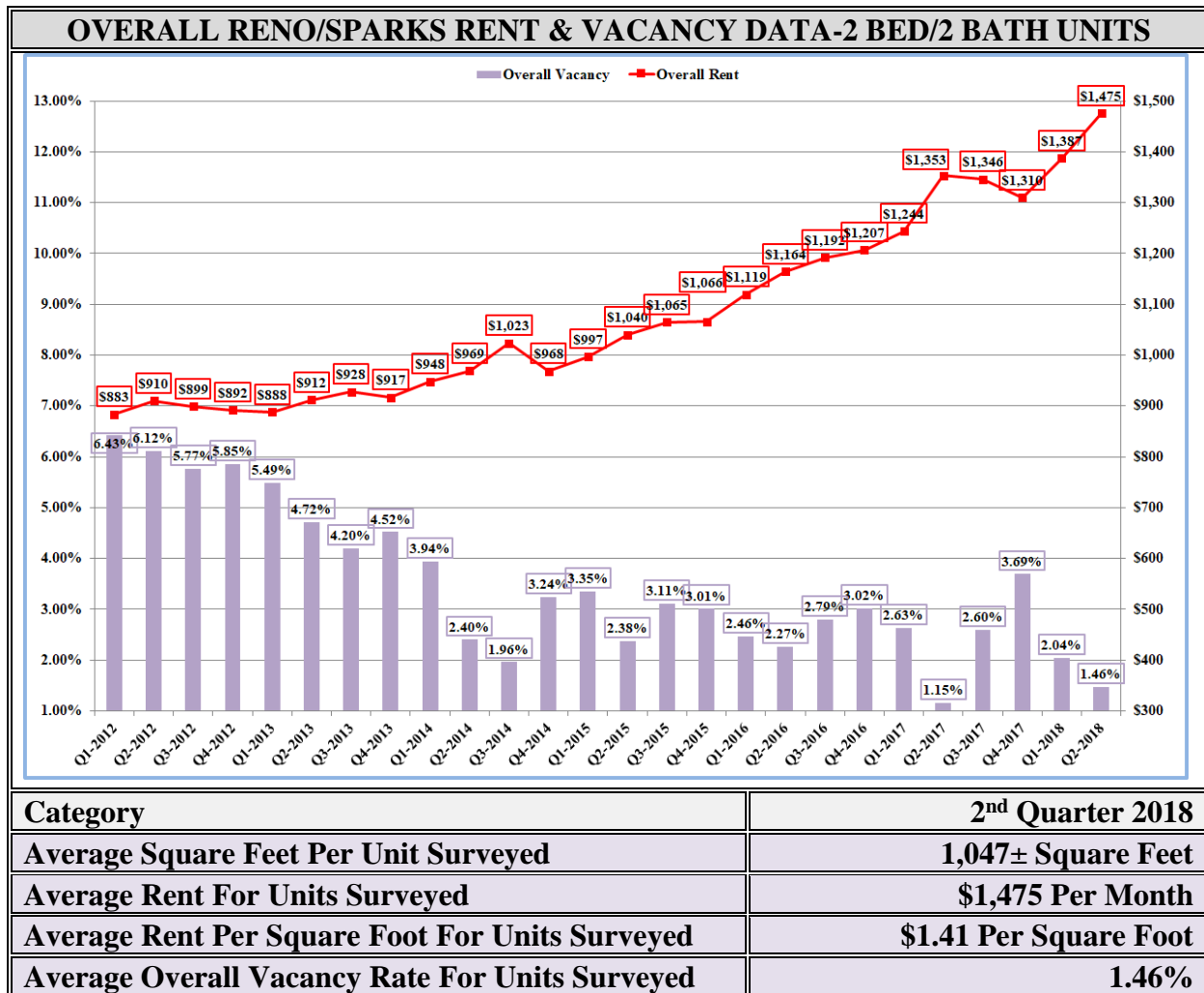
- Summary By Unit Type
- Summary By Area
- 15 Properties With The Highest Average Rents

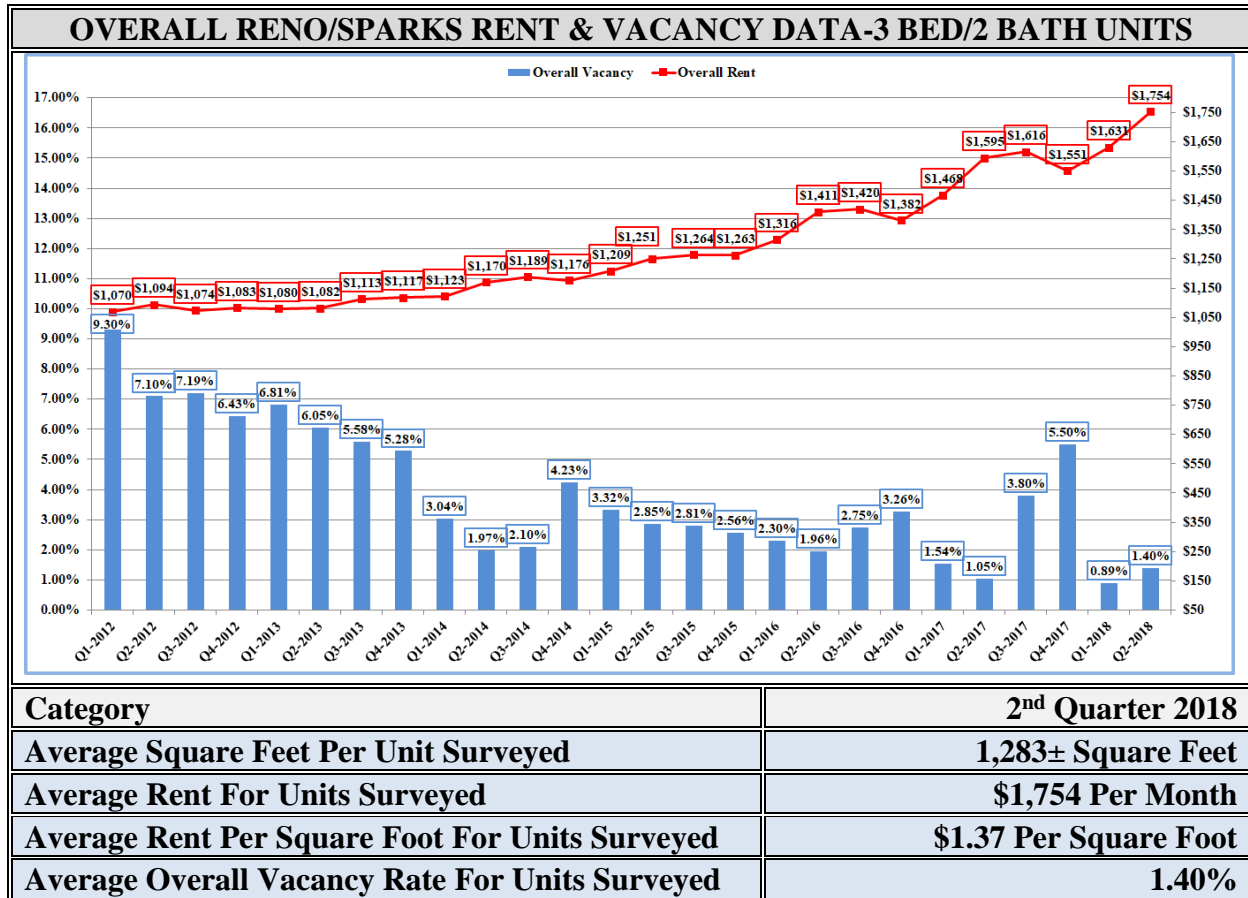


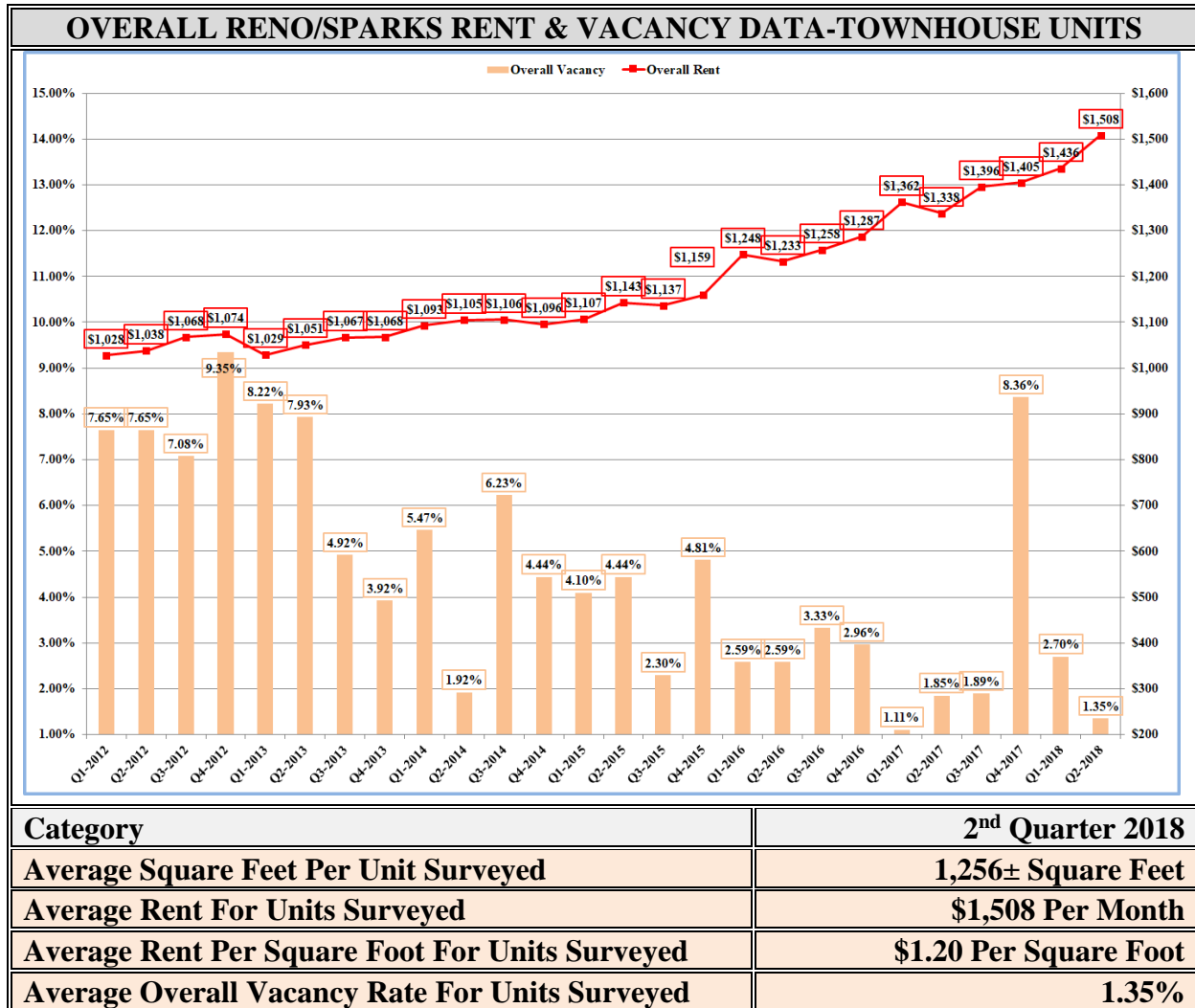


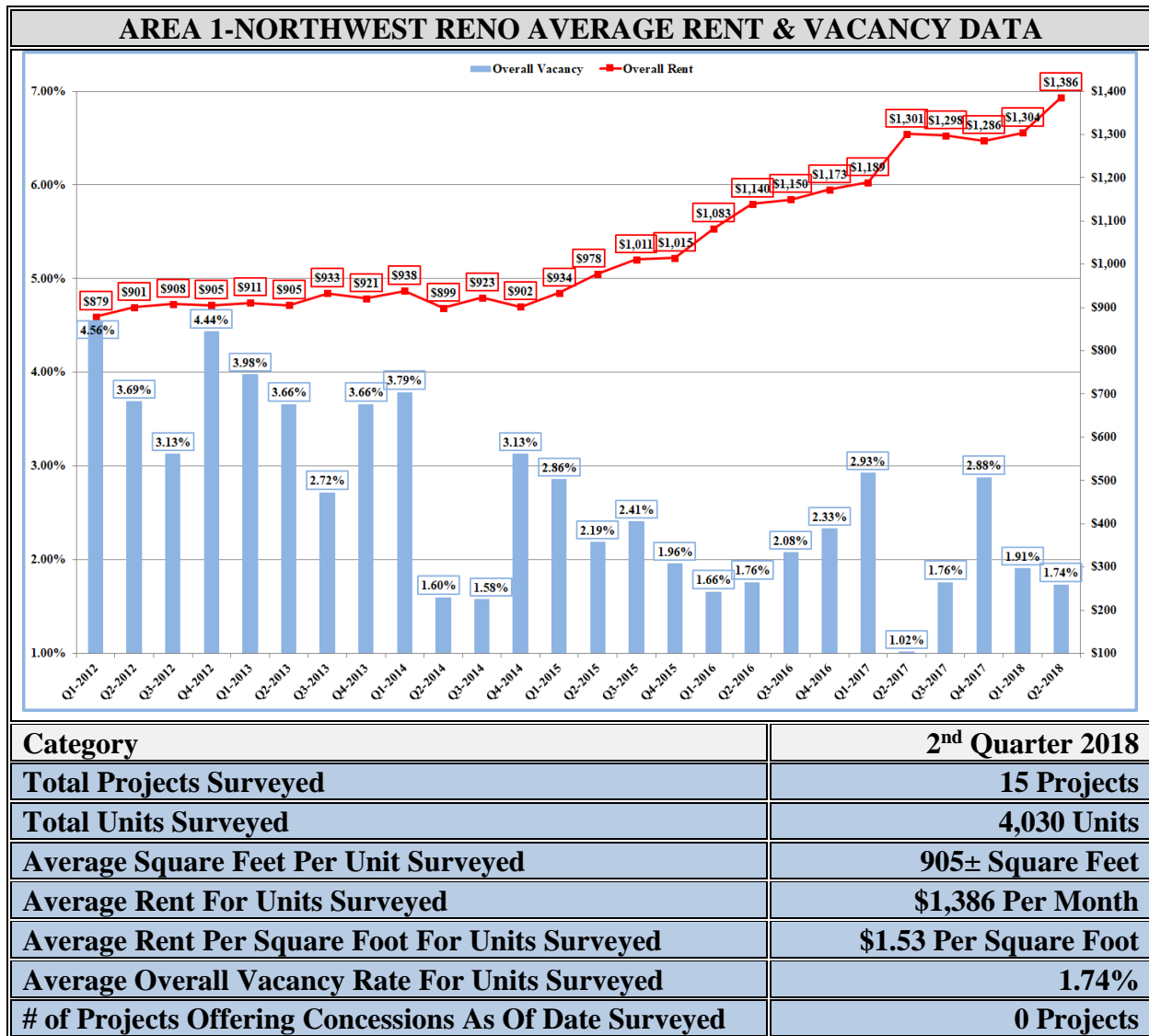


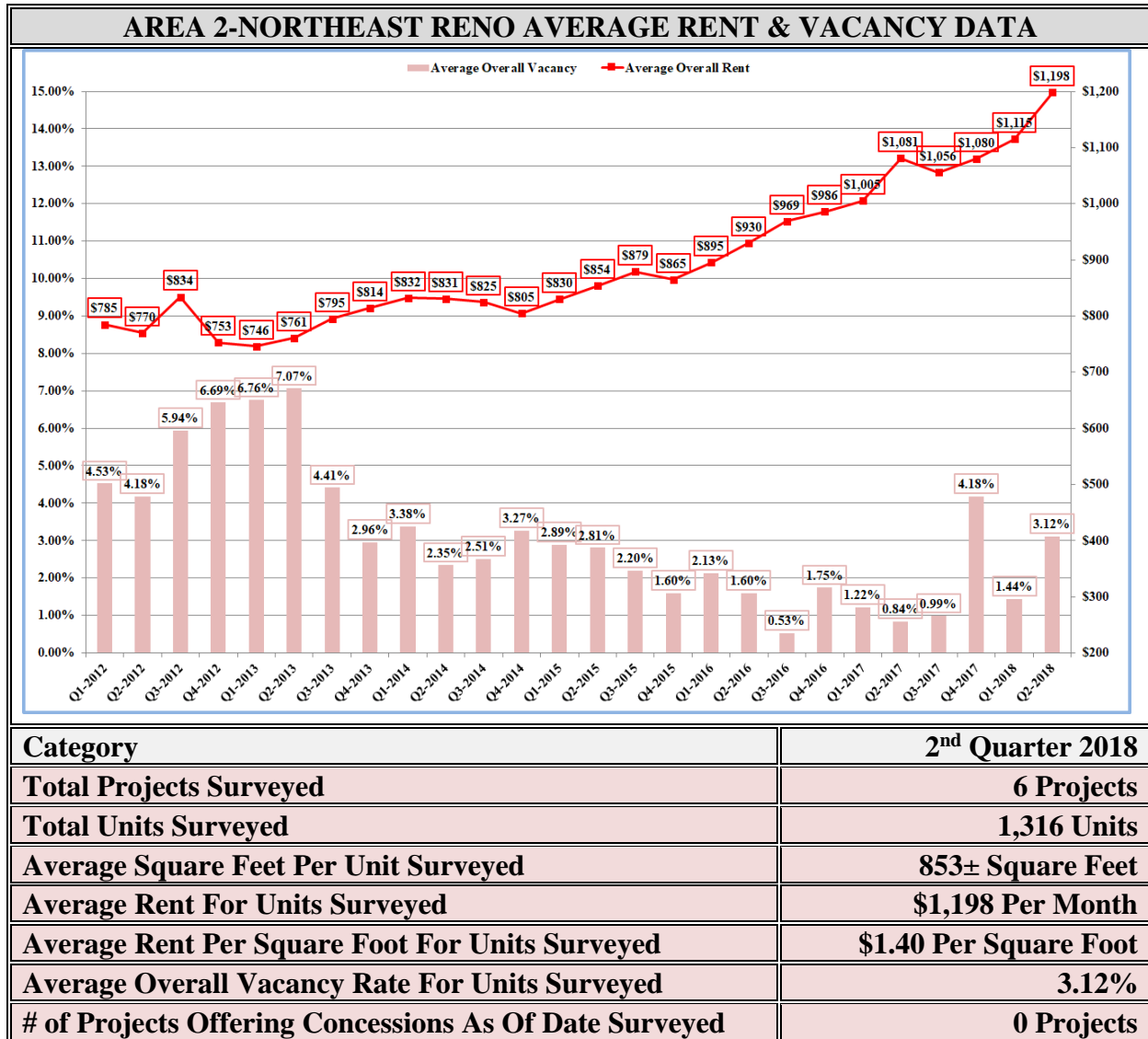






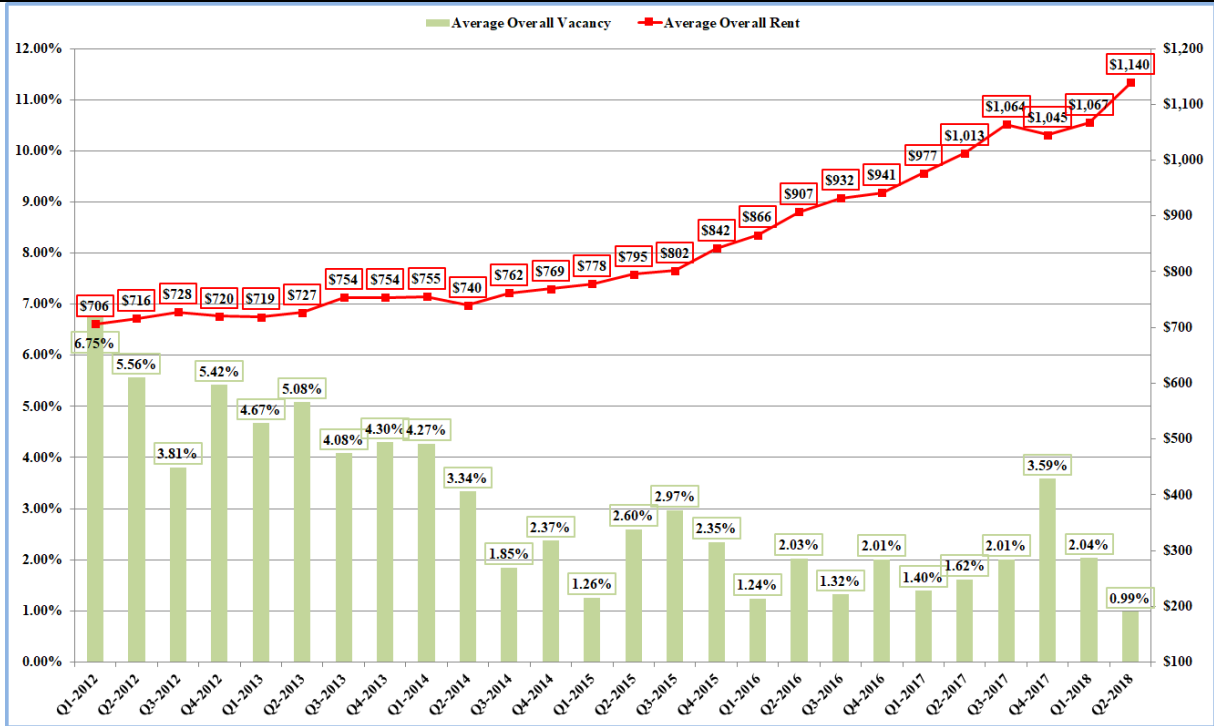




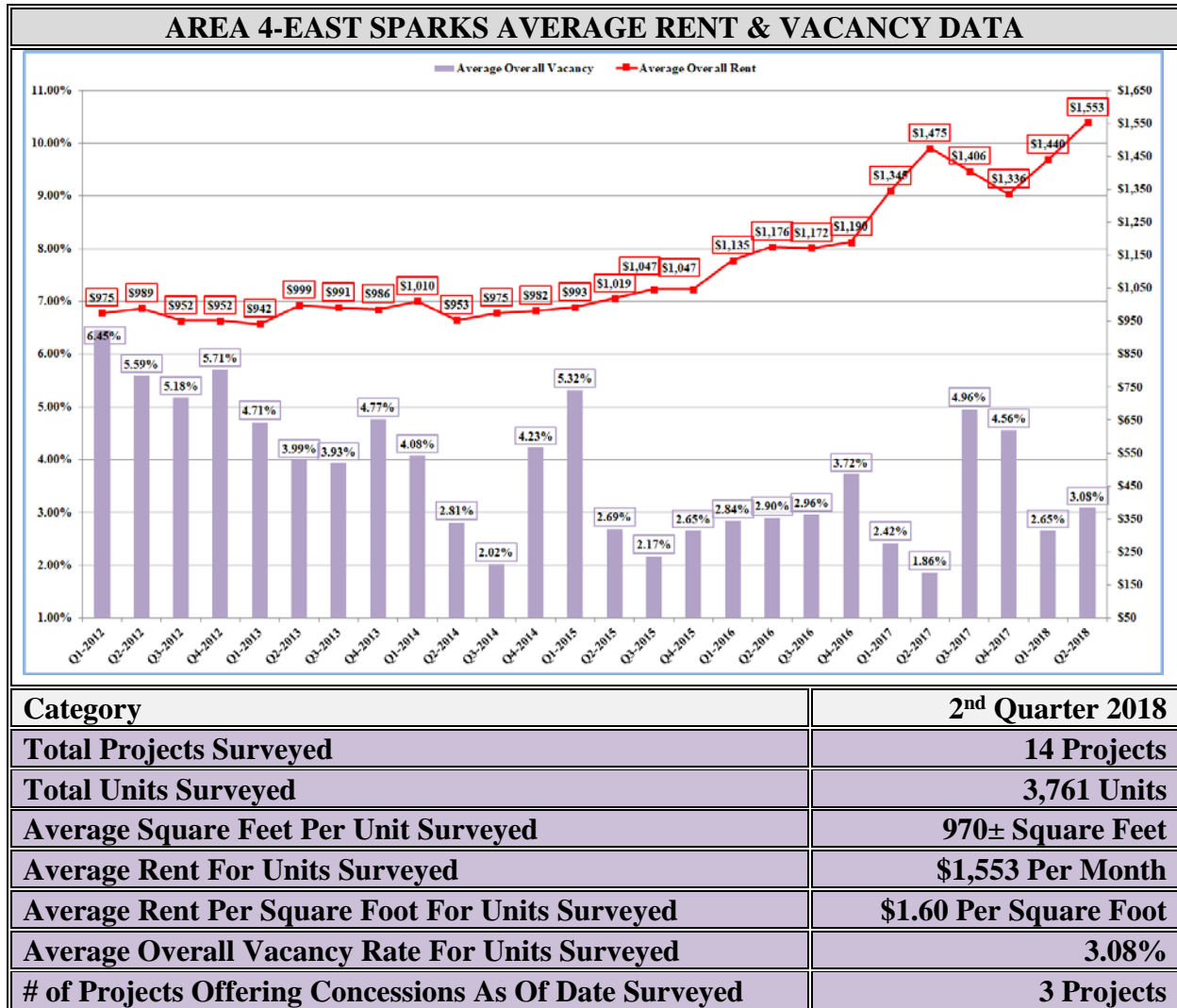




AREA 3-WEST SPARKS/NORTH VALLEYS AVERAGE RENT & VACANCY DATA

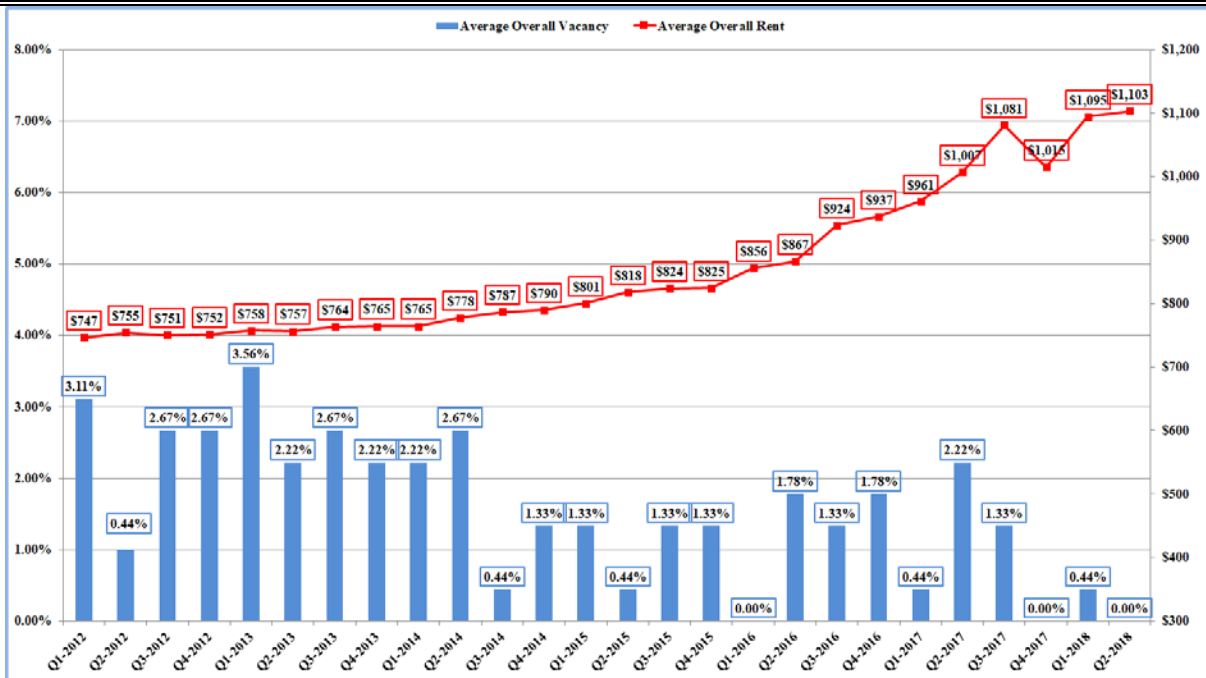


Category	2 nd Quarter 2018
Total Projects Surveyed	13 Projects
Total Units Surveyed	3,034 Units
Average Square Feet Per Unit Surveyed	861± Square Feet
Average Rent For Units Surveyed	\$1,140 Per Month
Average Rent Per Square Foot For Units Surveyed	\$1.32 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	0.99%
# of Projects Offering Concessions As Of Date Surveyed	3 Projects

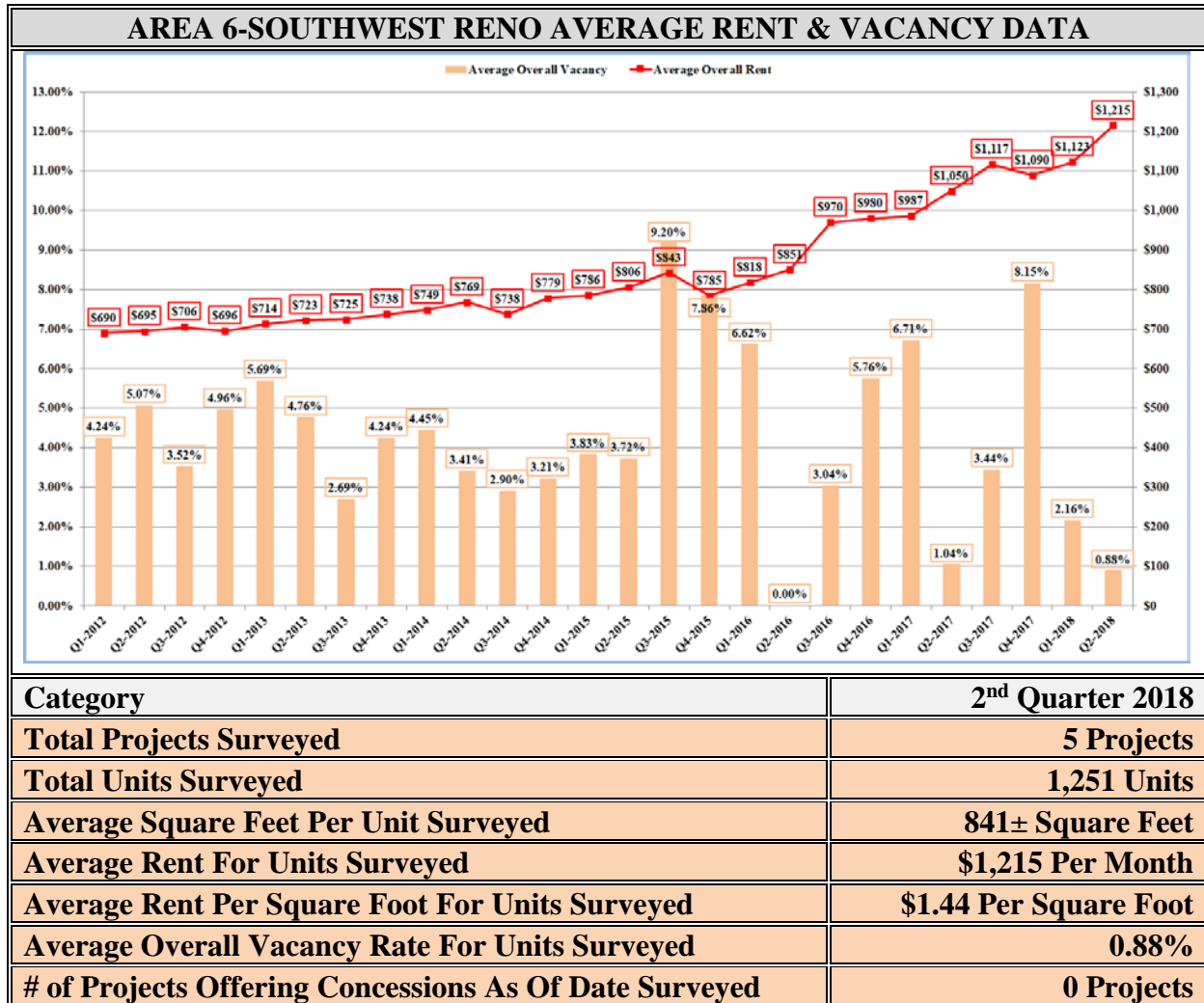


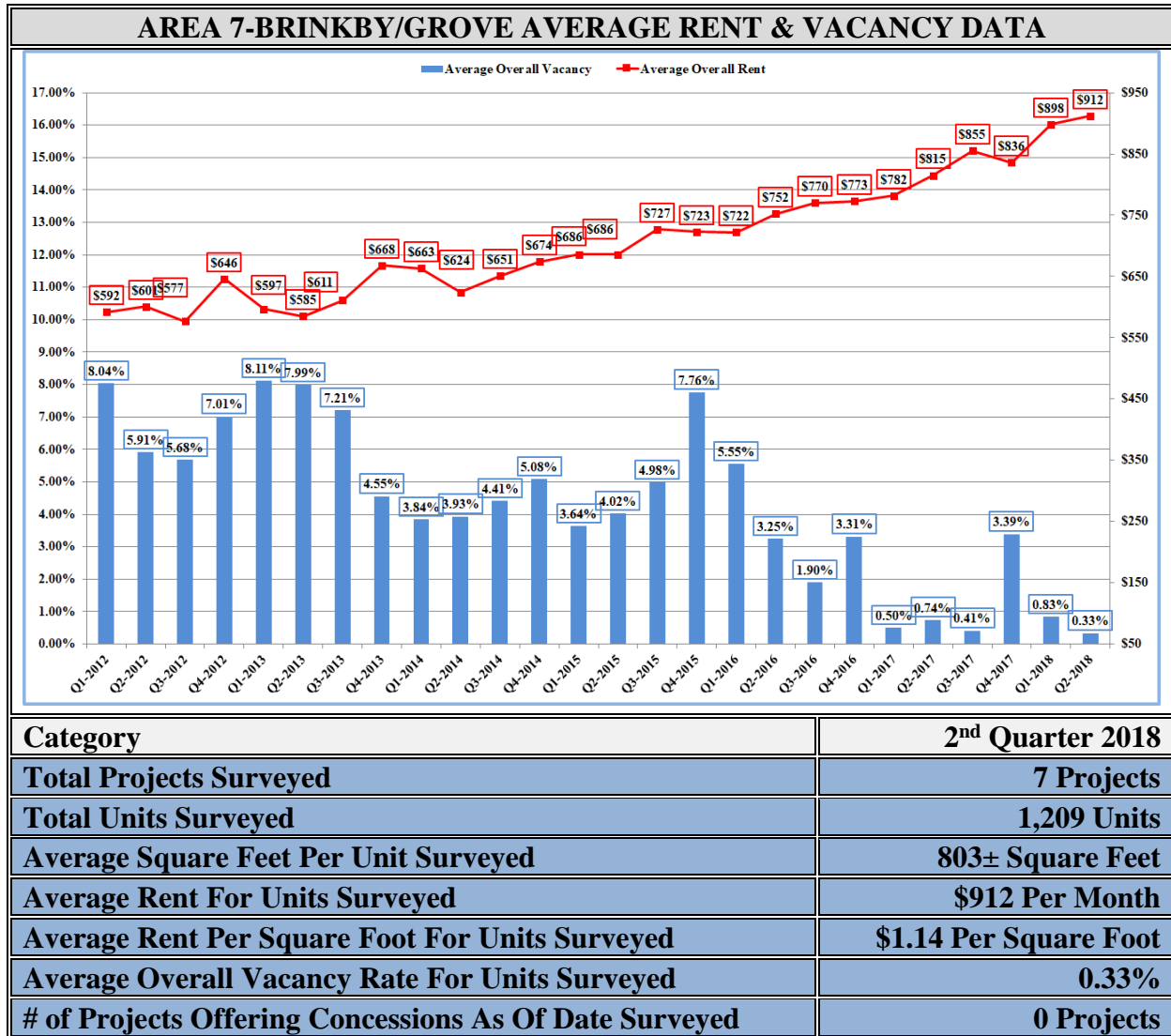


AREA 5-WEST RENO AVERAGE RENT & VACANCY DATA



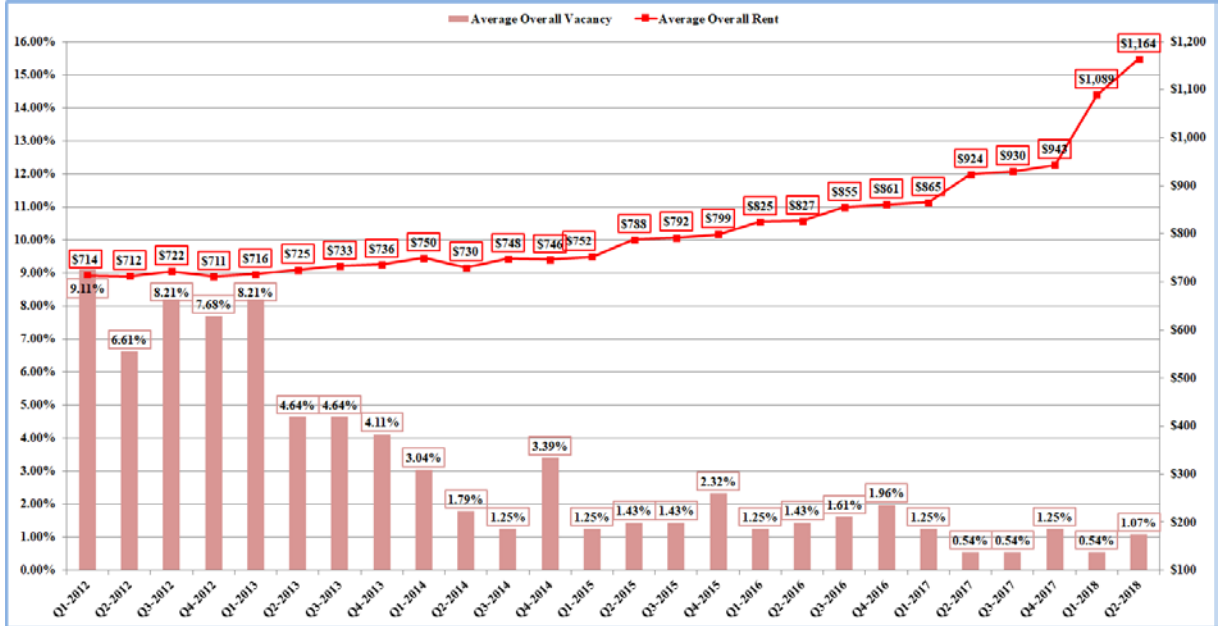
Category	2 nd Quarter 2018
Total Projects Surveyed	2 Projects
Total Units Surveyed	225 Units
Average Square Feet Per Unit Surveyed	870± Square Feet
Average Rent For Units Surveyed	\$1,103 Per Month
Average Rent Per Square Foot For Units Surveyed	\$1.27 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	0.00%
# of Projects Offering Concessions As Of Date Surveyed	0 Projects



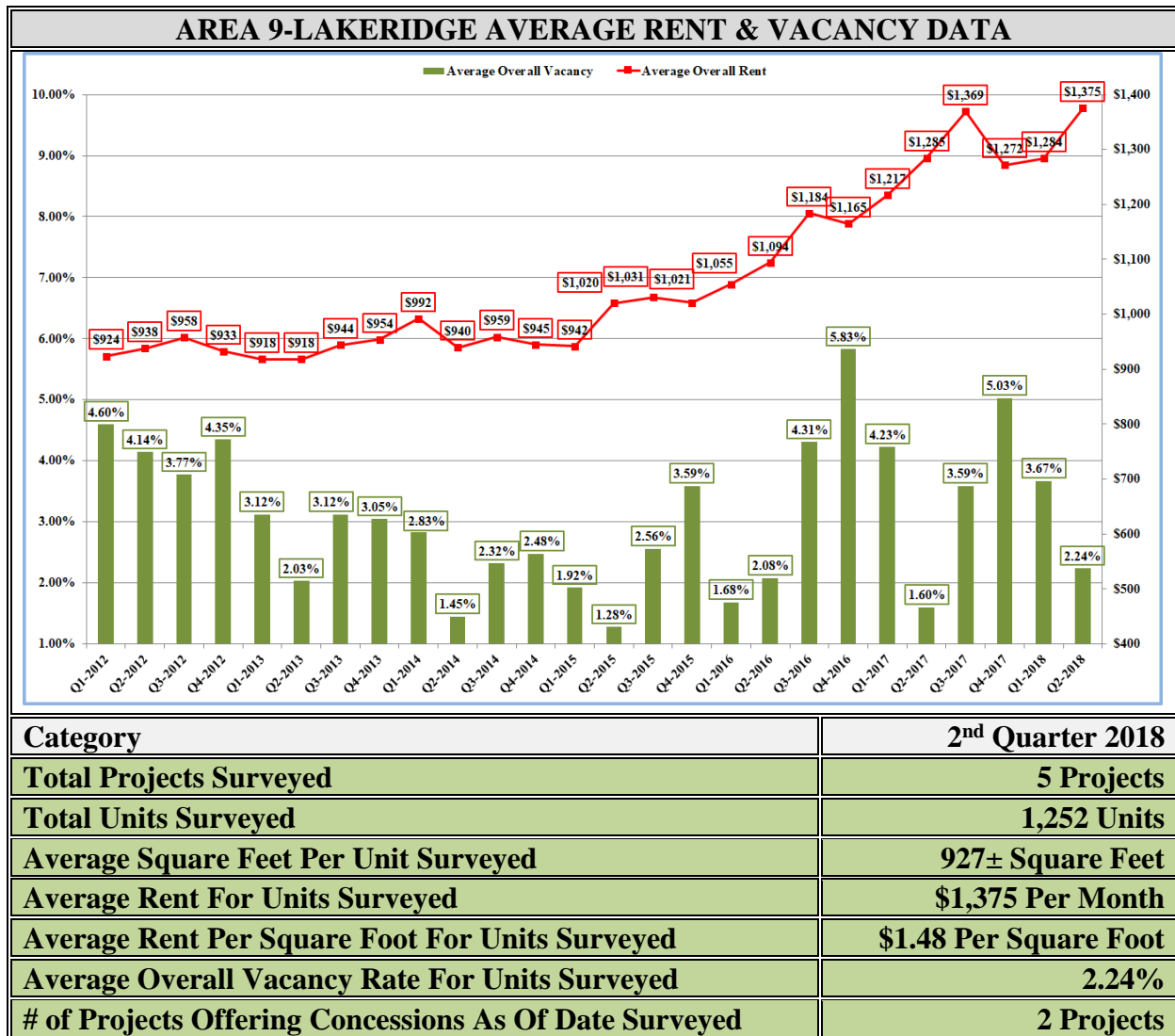


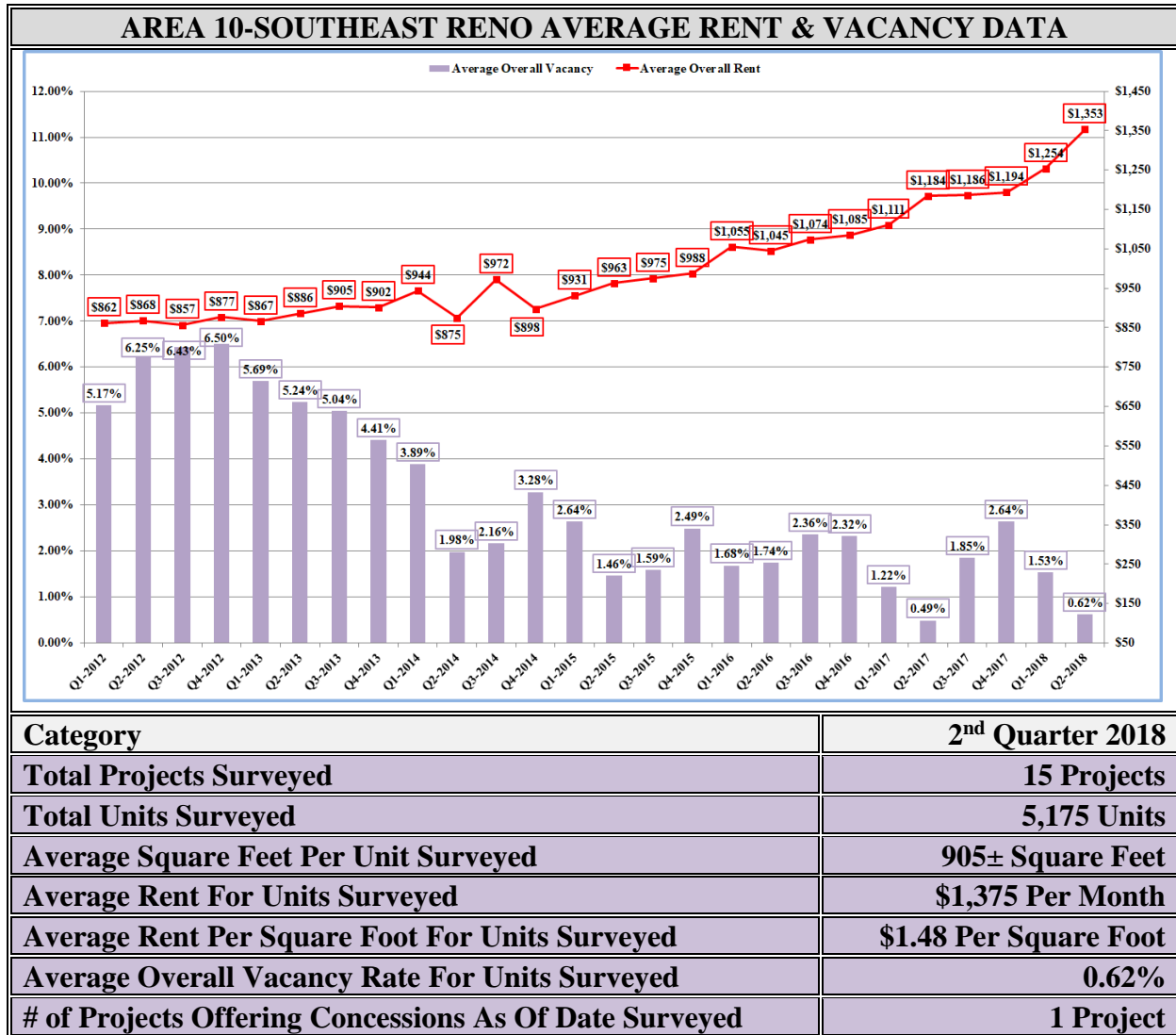


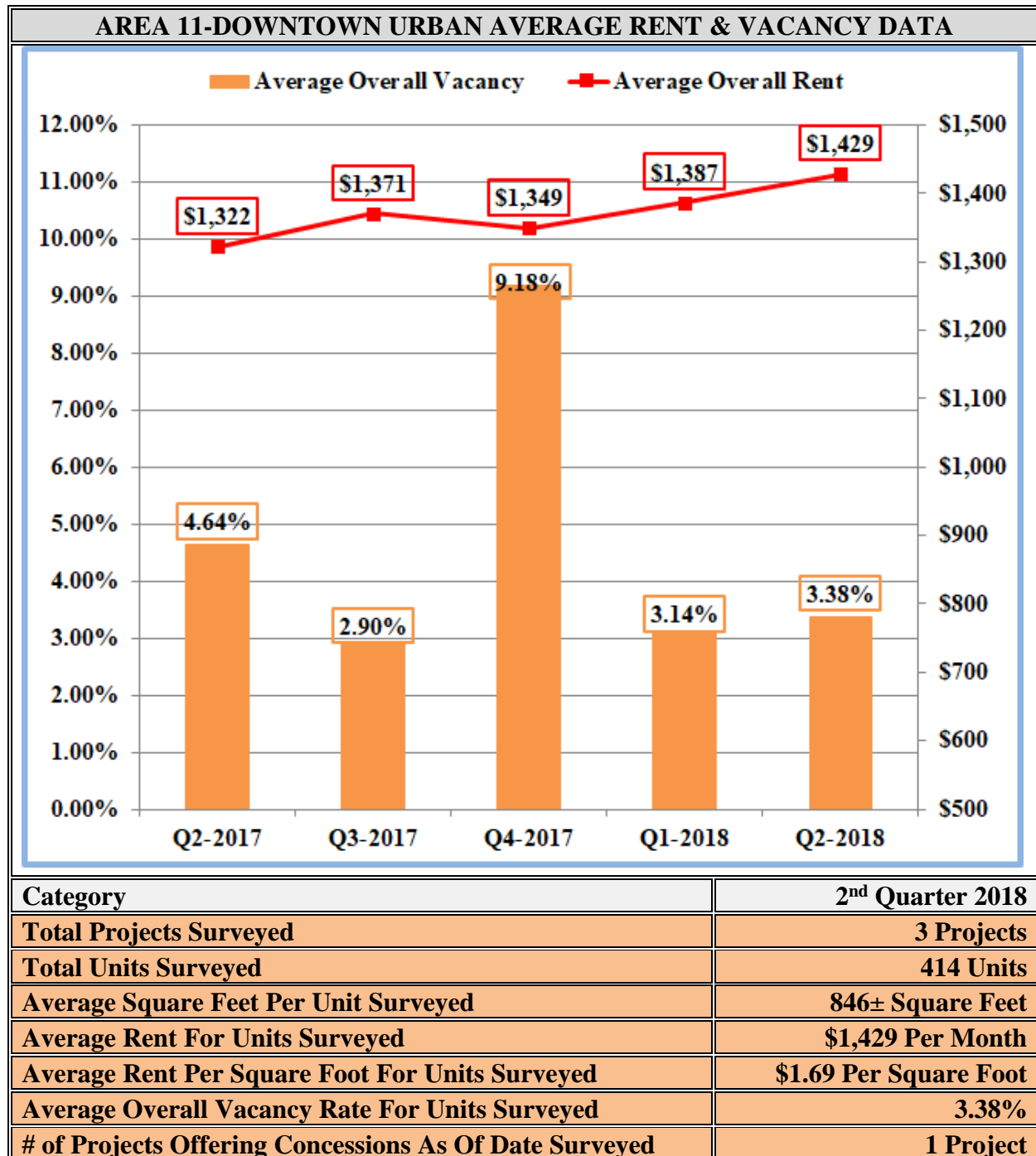
AREA 8-AIRPORT AVERAGE RENT & VACANCY DATA

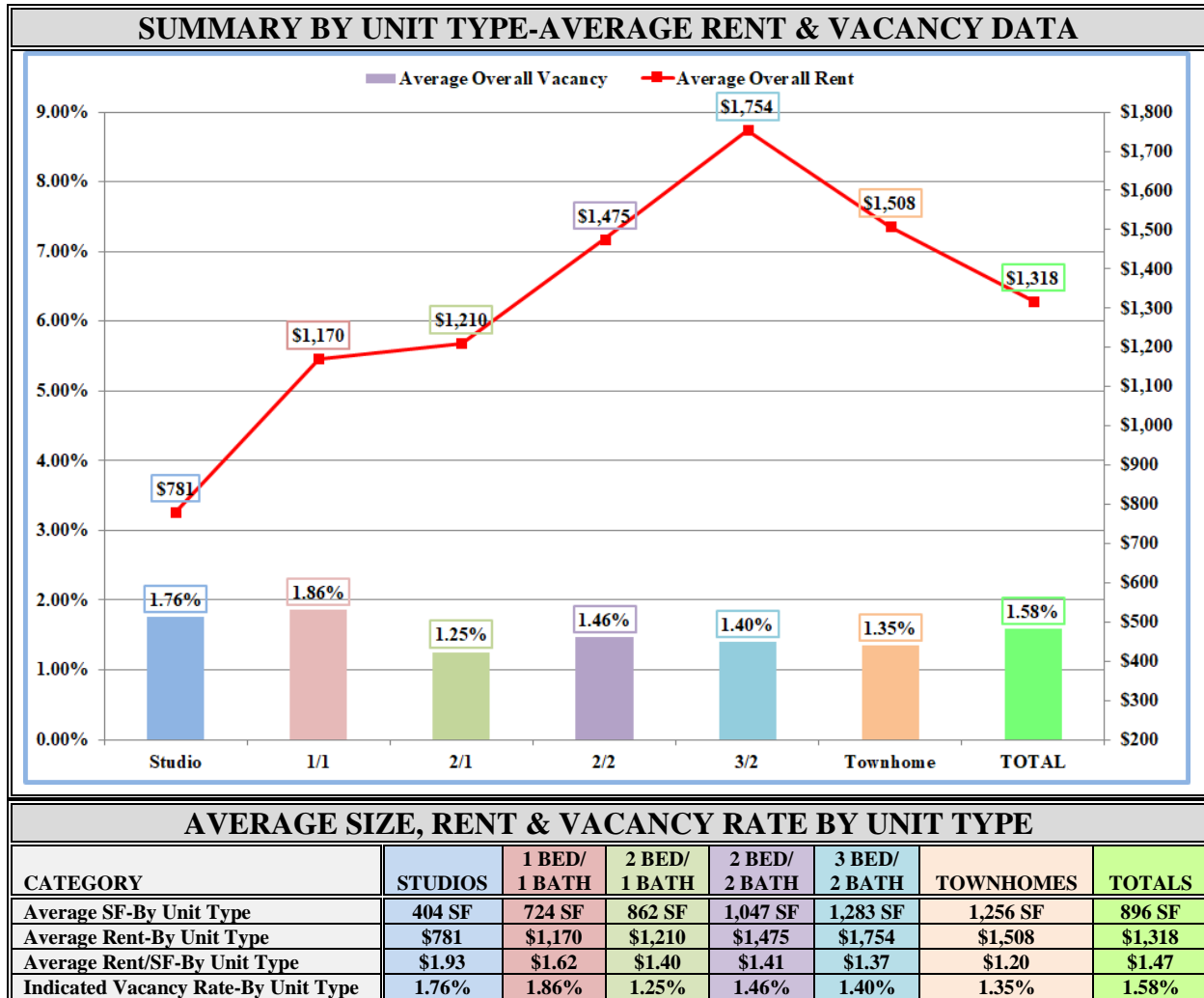


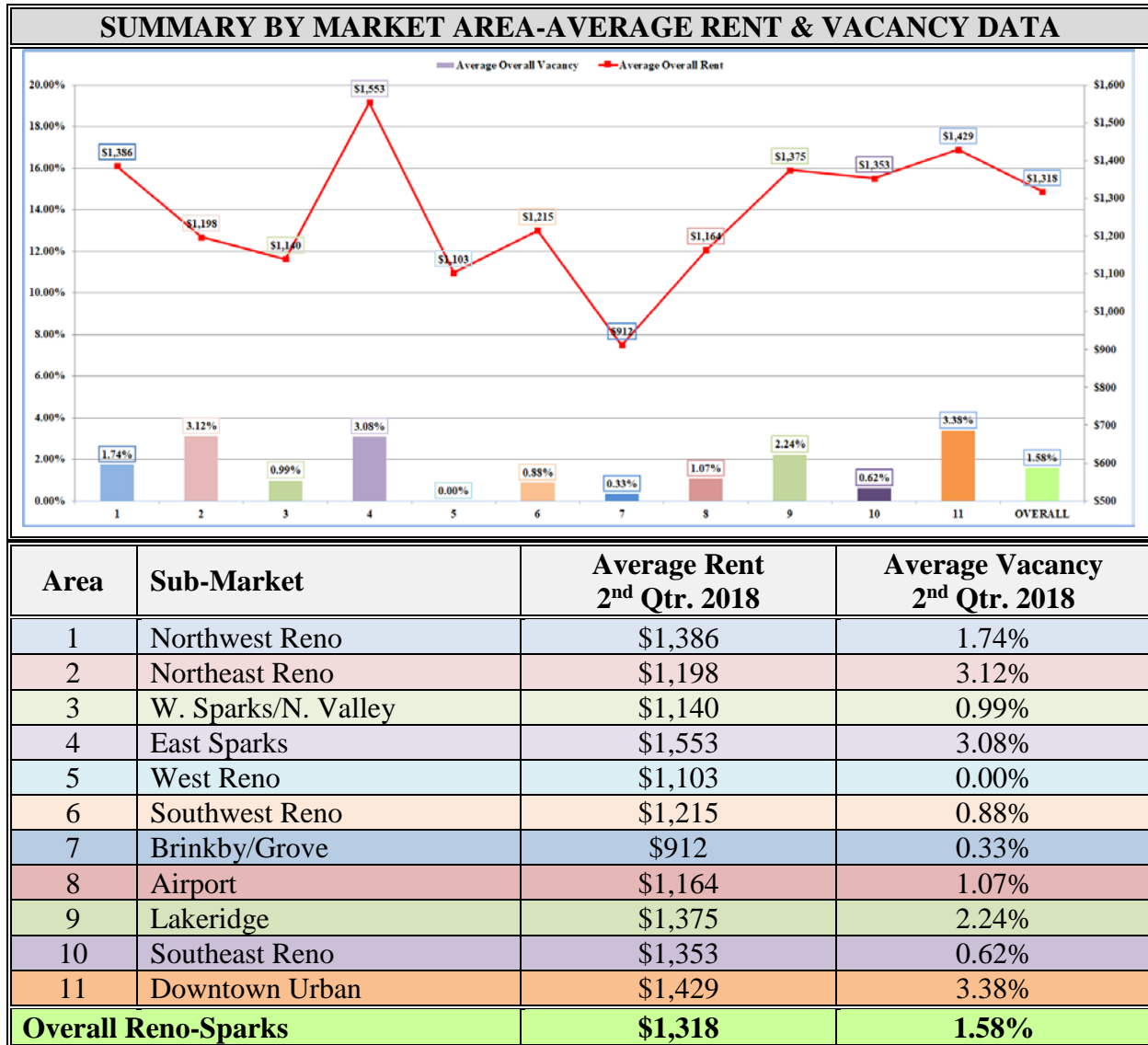
Category	2 nd Quarter 2018
Total Projects Surveyed	4 Projects
Total Units Surveyed	560 Units
Average Square Feet Per Unit Surveyed	850± Square Feet
Average Rent For Units Surveyed	\$1,164 Per Month
Average Rent Per Square Foot For Units Surveyed	\$1.37 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	1.07%
# of Projects Offering Concessions As Of Date Surveyed	0 Projects





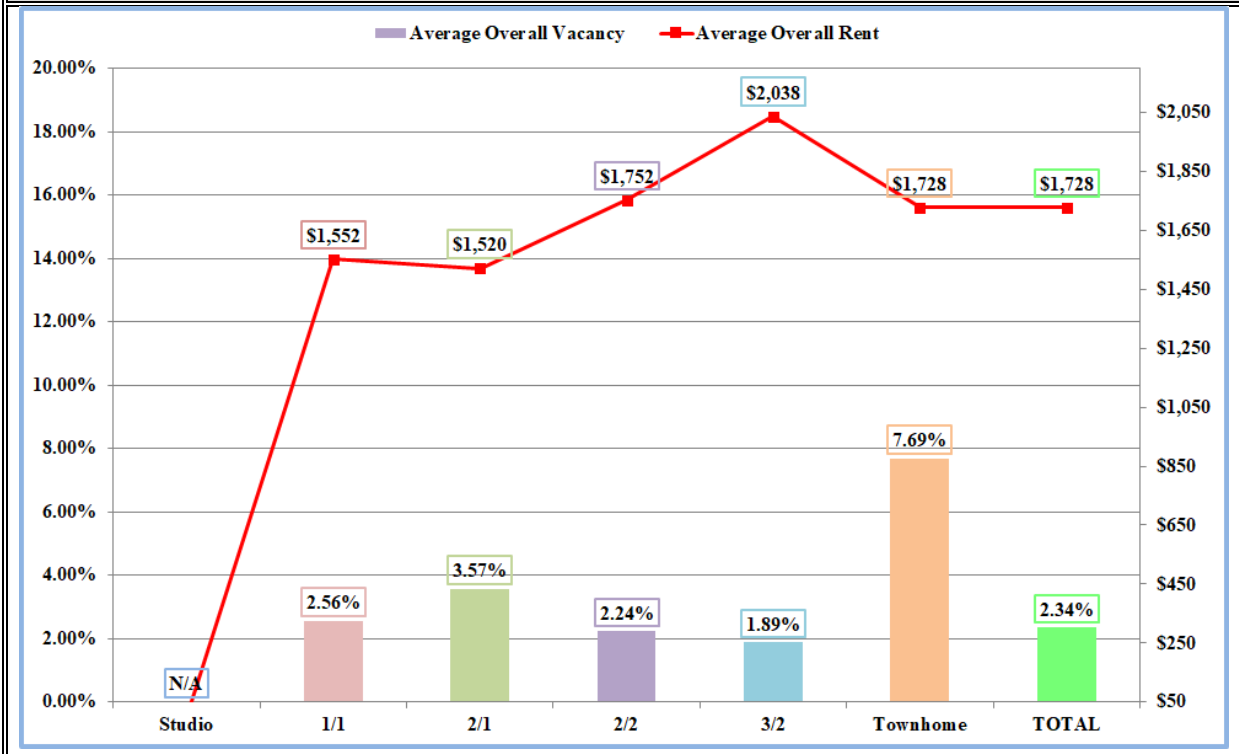








15 PROPERTIES WITH HIGHEST AVERAGE RENTS AVERAGE RENT & VACANCY DATA



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	1,250 Units	56 Units	2,141 Units	581 Units	26 Units	4,054 Units
Average SF-By Unit Type	N/A	857 SF	906 SF	1,161 SF	1,397 SF	1,154 SF	1,098 SF
Average Rent-By Unit Type	N/A	\$1,552	\$1,520	\$1,752	\$2,038	\$1,728	\$1,728
Average Rent/SF-By Unit Type	N/A	\$1.81	\$1.68	\$1.51	\$1.46	\$1.50	\$1.57
Indicated Vacancy Rate-By Unit Type	N/A	2.56%	3.57%	2.24%	1.89%	7.69%	2.34%



SURVEY PARTICIPANTS	
Special thanks to the following apartment complexes for their continued and reliable support:	
Aviana at Tuscany	Vineyards at Galleria
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
Vizcaya Hilltop Apartments	Palace Apartments
Westcreek Apartments	Regency Park Apartments
Westridge Apartments	Roselake Apartments
El Chaparral	Sherwood Forest
Green Pines	Southwest Village
Northtowne Summit	Balfour Place
Reno Vista Apartments	Brooktree Apartments
Riverwood Apartments	Kirman Gardens
The View Apartments	The Meadows II
1100 Place	Aspen Ridge
Lansdowne House	Lakeridge East Apartments
Sandpebble	Redfield Ridge
Sierra Point Apartments	Skyline Canyon
Sierra Sage Apartments	The Lodge at McCarran Ranch
Sierra View Apartments	Bristle Pointe
Sierra Woods	Creekside Apartments
Silver Lake Apartments	Harvest at Damonte Ranch
Sky Vista Commons	Horizons at South Meadows
Spanish Oaks	Meadowood Apartments
Stonegate Apartments	Rosewood Park
The Bungalows at Sky Vista	The Alexander at South Virginia
The Village at Wildcreek	The Element
Canyon Vista Apartments	The Enclave
Caviata at Kiley Ranch	The Phoenix Reno
Eastland Hills	The Village at Arrowcreek
High Rock 5300	The Village at Iron Blossom
Marina Garden Apartments	The Village South
Marina Village	Village of the Pines
Park Vista	Vintage at South Meadows
Reflections at the Marina	3rd Street Flats
Spring Villas Townhomes	Fountainhouse
The Trails at Pioneer Meadows	Square One
The Villas at D'Andrea	