RENO
MULTIFAMILY REPORT

SECOND QUARTER 2019

MARKET AT A GLANCE

OCCUPANCY RATE 96.8%

Down **40 bps** since 2Q18

EFFECTIVE RENT $1,187

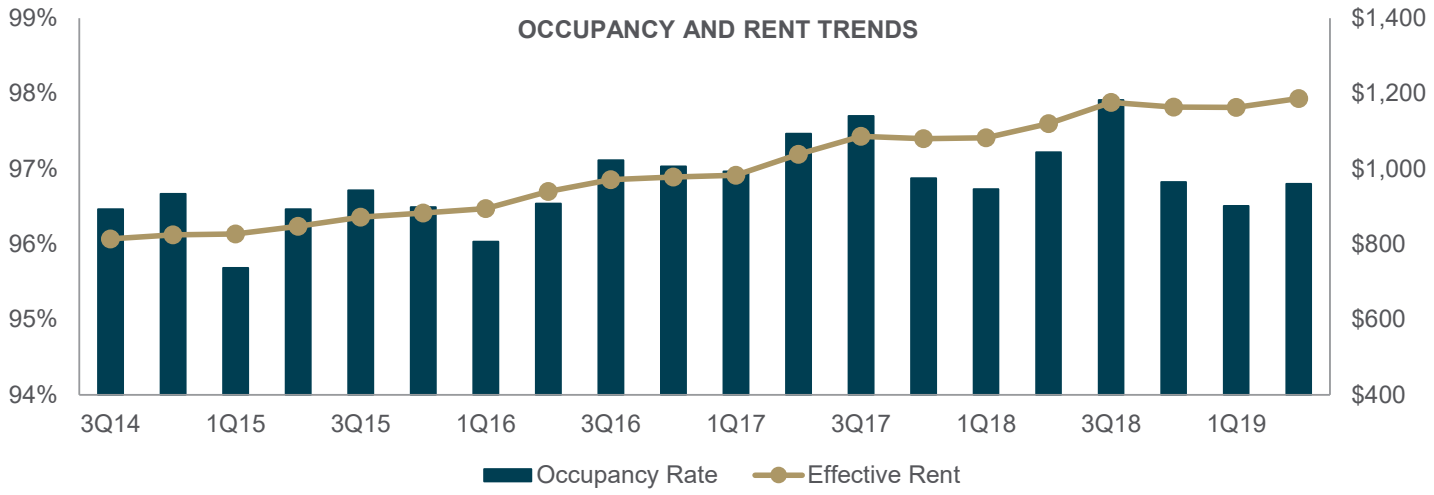
Up **5.9%** since 2Q18

TOTAL INVENTORY 44,290

OCCUPANCY AND RENT TRENDS

AFFLUENT ECONOMIC GROWTH PROMOTE ROBUST APARTMENT FUNDAMENTALS

Through the second quarter of 2019, new deliveries in the Reno metro area reached 1,125 units, more than double the total number of units brought online during the same time one year prior. As of the second quarter, 17 properties were under construction throughout Reno, and the largest, known as the Lakes at Sky Vista, is expected to deliver 768 units by year-end 2020. By mid-year 2019, metrowide average apartment rent was 70% below the median monthly single-family mortgage, making apartments an attractive alternative to homeownership. At $1,187 per month in the second quarter of 2019, average effective rent increased 2.0% so far this year. Leasing activity was robust with operators recording a net absorption of 1,079 apartments since the beginning of 2019. Absorption was positive in four of the five submarkets in the metro, with the Sparks submarket accounting for 51.9% of the market's net year-to-date absorption. More than half of renters in Reno migrated from outside of the metro, predominantly from Sacramento, San Francisco, and Las Vegas. Metrowide, occupancy averaged 96.8% at the end of the second quarter of this year, marking the fifth-consecutive mid-year recording of occupancy above 96%.



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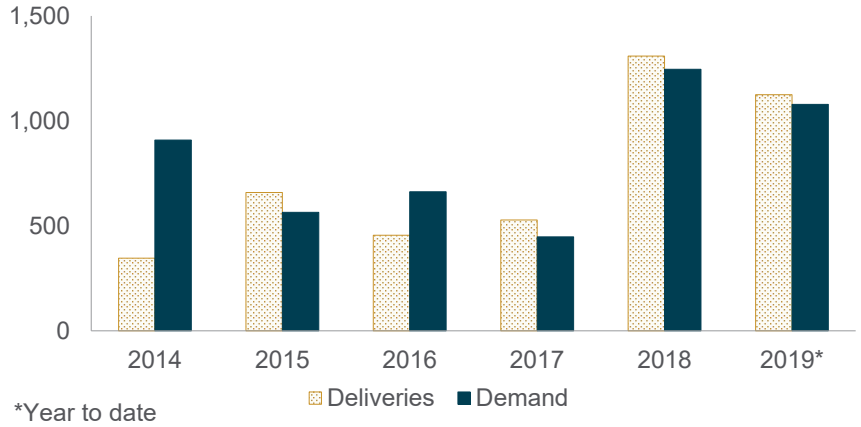
DELIVERIES AND DEMAND

DELIVERIES 1,125
Units YTD

NET ABSORPTION 1,079
Units YTD



ECONOMIC TRENDS

	2018		2019
UNEMPLOYMENT*	3.6%	-40 BPS CHANGE	3.2%
EMPLOYMENT*	241.5k	5.6% CHANGE	255.1k
EXISTING SFH SALES**	9.7k	1.0% CHANGE	9.8k
MEDIAN SFH PRICE**	$380.5k	4.9% CHANGE	$399.0k
10-YEAR TREASURY**	2.91%	-80 BPS CHANGE	2.07%

*April; **June

Since April 2018, Reno had one of the strongest employment growth rates in the country, as local businesses and institutions created 13,600 jobs, growing the workforce 5.6% annually. Job creation was led by small companies in the professional and business services sector, which hired 4,200 people during the 12-month period ending April of 2019, a 13.0% increase from one year prior. In early 2019, Apple opened their Reno Warehouse, which created 100 permanent jobs, and announced interest in developing a new data center in Sparks. Since the 2017 grand opening of Switch's Citadel Campus, the largest data center in the world, tech industry leaders like Google and Tesla are increasingly choosing the metro area for new manufacturing and data facilities, while creating the foundation for more high-paying jobs in the near term. Employers in the manufacturing sector significantly expanded their payrolls by 18.1% since April 2018, adding 4,000 net employees. Continued robust job creation led to a 40-basis-point annual drop in the unemployment rate to 3.2% in April 2019.

SUBMARKET BREAKDOWN

	OCCUPANCY		AVG RENT CHANGE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
SUBMARKET NAME	2Q18	2Q19	2Q18	2Q19	2Q18	2Q19	2Q19	ANNUAL	2Q19	ANNUAL
Central Reno	96.3%	96.0%	8.1%	8.0%	$1,047	$1,131	-15	-22	0	0
East Reno	98.1%	96.8%	10.3%	9.3%	$934	$1,021	50	-92	0	0
North Reno	97.7%	97.5%	7.9%	4.8%	$1,035	$1,085	21	348	0	378
South Reno	97.4%	97.4%	6.5%	4.5%	$1,316	$1,375	213	617	178	633
Sparks	96.5%	96.0%	6.7%	3.6%	$1,220	$1,264	441	829	422	908
TOTALS	**97.2%**	**96.8%**	**7.9%**	**5.9%**	**$1,120**	**$1,187**	**710**	**1,681**	**600**	**1,919**

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