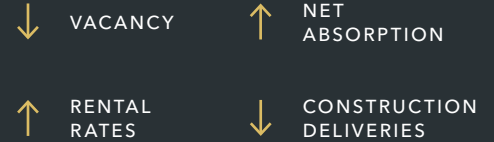


MARKET TRENDS

RENO MULTIFAMILY



Year-Over-Year Change

Expect fundamentals to decelerate through the first few months of 2023. According to Freddie Mac, “demand for multifamily is expected to return later in the year, as long as the labor market doesn’t fall into recessionary territory.”

In Northern Nevada, vacancy remains low going into 2023. Johnson Perkins-Griffin reported that vacancy decreased to 3.04% (-40 basis points) while rents decreased from \$1,654 to \$1,625 (-\$29 or -1.75%) and concessions offered are up to 32% from 22.33% (Q3). Anecdotally, rents are averaging \$1,625 in Q4 2022, flat compared to \$1,654 (-29) in Q3, also flat compared to \$1,616 in Q4 2021. East Sparks remains the highest rental submarket with rents averaging \$1,846 respectively.

The Federal Reserve is not yet done making it more expensive to borrow money as interest rates are expected to be raised again on February 1, probably by 0.25 percentage points to 4.5% - 4.75%. According to Forbes, there’s a “reasonable

chance the Fed opts for a larger 0.5 percentage point hike. The February decision is the first of eight scheduled meetings for the Fed to set intertest rates in 2023.” Five officials are penciling a peak target range of 5.25-5.5 percent.

One of the biggest risks to market performance in multifamily for 2023 will be the state of the labor market. Bankrate.com states: “if the Fed achieves the soft landing without a large impact to the job market, consumer confidence will return and household formations will rebound, but most likely not until mid-2023...however, the chance of a recession remains elevated throughout 2023.” For Northern Nevada, the labor market remains strong. EDAWN announced that 27 companies relocated or expanded their workforce in 2022, adding a combined 2,263 new jobs at a record average wage of \$32.67, along with 12 new headquarters. Leading the way was the tech industry, followed by manufacturing, logistics, distribution, and e-commerce; all positive indicators for multifamily investment in 2023.

Due to the uncertainty of the debt markets, the next few months will be pivotal in how the economy performs and will have a profound impact on multifamily investment. Though tailwinds remain, the current trajectory indicates a healthy 2023, more weighted to the second half.

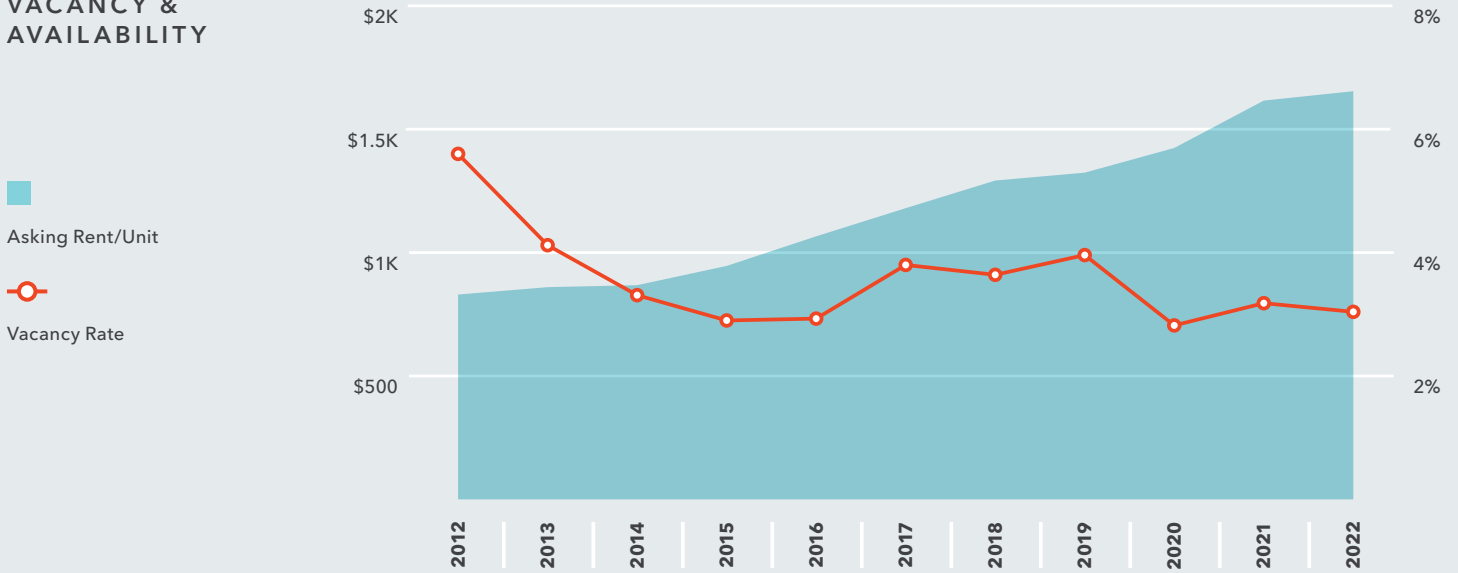
MARKET BREAKDOWN

	4Q22	3Q22	4Q21	Annual % Change
New Construction	434	324	549	-20.95%
Under Construction	4,139	3,470	2,167	91.00%
Vacancy Rate	3.04%	3.44%	3.18%	-4.40%
Average Asking Rents	\$1,654	\$1,680	\$1,616	2.35%
Average Sales Price	\$165,661	\$201,887	\$206,288	-19.69%
Cap Rates	5.9%	4.5%	5.0%	18.00%
Net Absorption	98	(104)	(117)	-183.76%

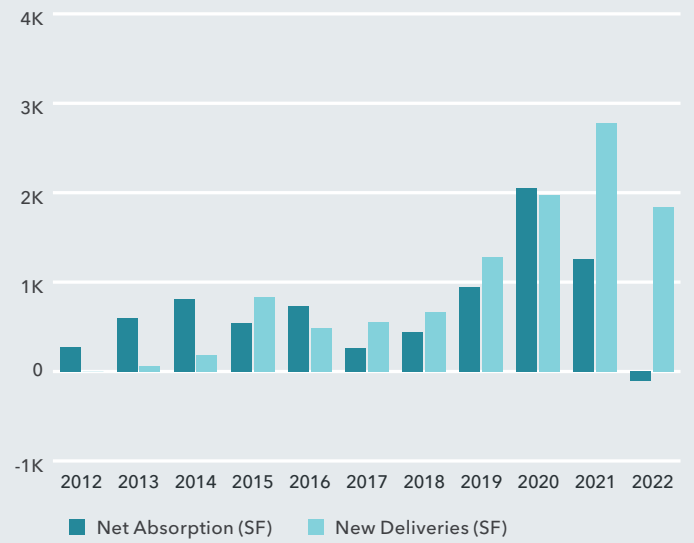
AVERAGE RENT

Unit Size	4Q22	3Q22	4Q21
Studio	\$1,099	\$1,184	\$1,058
1 Bedroom	\$1,463	\$1,473	\$1,436
2 Bedroom	\$1,633	\$1,665	\$1,634
3 Bedroom	\$2,123	\$2,215	\$2,151

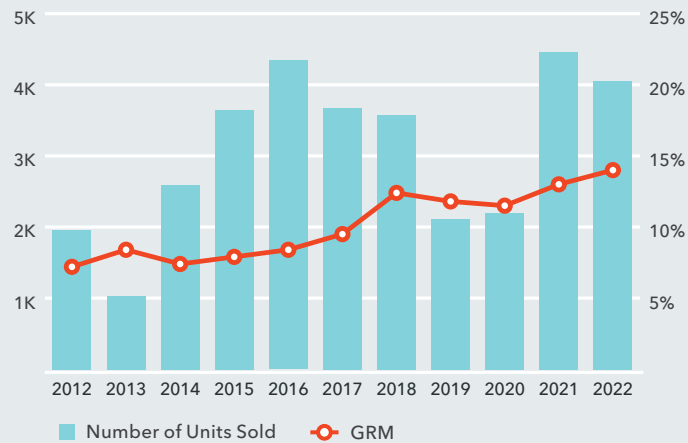
LEASE RATE, VACANCY & AVAILABILITY



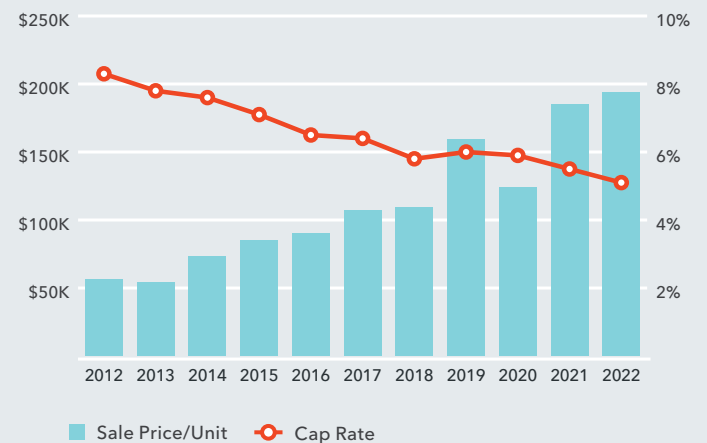
NET ABSORPTION & NEW DELIVERIES



NUMBER OF UNITS SOLD & GRM

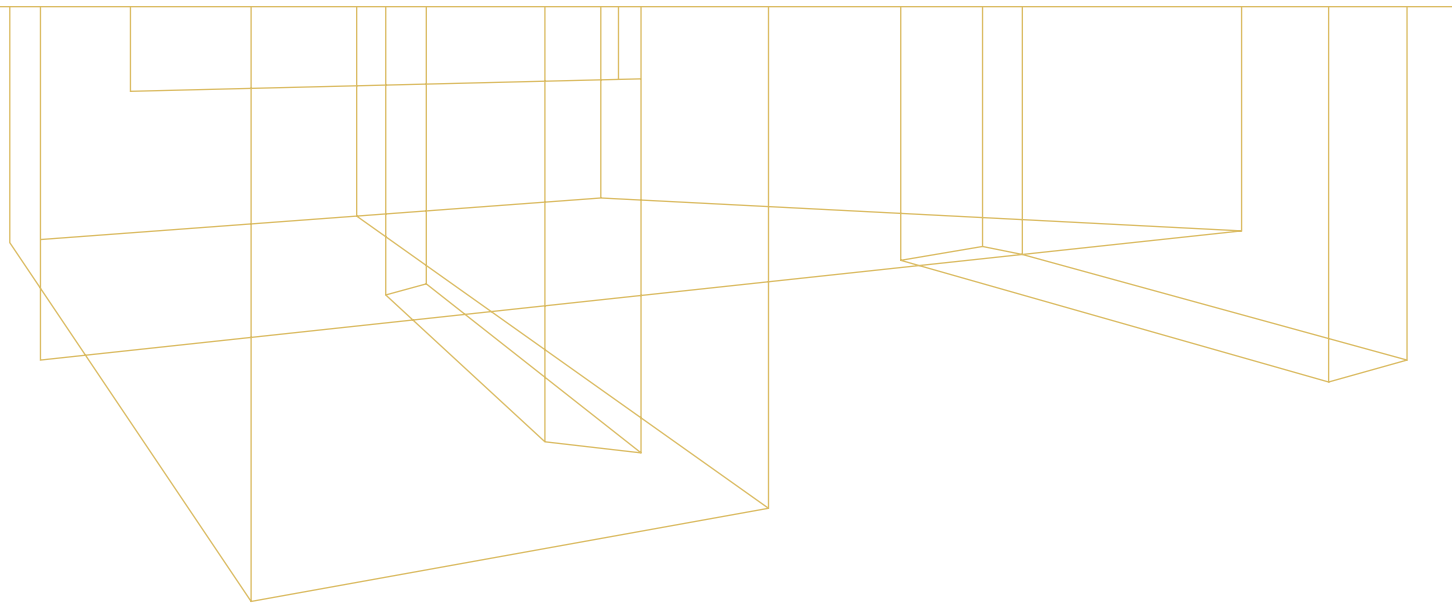


AVERAGE SALES PRICE/UNIT & CAP RATE



SUBMARKET STATISTICS

Submarket	Total Inventory	4Q22 Direct Vacancy Rate	3Q22 Direct Vacancy Rate	4Q22 Average Rates	3Q22 Average Rates
Downtown	4,234	7.75%	7.89%	\$1,806	\$1,677
Airport	8,500	1.79%	1.96%	\$1,481	\$1,470
Close-In Southwest	4,398	2.95%	5.27%	\$1,281	\$1,289
Southwest Reno	1,872	3.36%	2.84%	\$1,661	\$1,663
Northwest Reno	7,674	1.82%	2.99%	\$1,616	\$1,669
Northeast Reno	3,068	1.21%	2.95%	\$1,412	\$1,460
Southeast Reno	5,449	3.37%	3.16%	\$1,691	\$1,747
West Sparks/North Valley	9,474	3.39%	2.71%	\$1,494	\$1,519
East Sparks	6,561	2.81%	3.77%	\$1,821	\$1,846
Reno-Sparks Total Market	51,230	3.04%	3.44%	\$1,654	\$1,680



SIGNIFICANT SALE TRANSACTIONS

Property	Submarket	# of Units	Sale Price	\$/SF	Buyer	Seller
Banbridge	Downtown Sparks	128	\$13,000,000	\$101,563	Pc Banbridge li, LLC	Bre-peak Mf Banbridge Nv, LLC
Elm Glen Apts.	Washoe Regional Ctr.	46	\$7,000,000	\$152,174	Irg Lewis, LLC	Obryan, Inc.
Creekside Apts.	Northeast Reno	32	\$4,925,000	\$153,906	Creekside Multifamily GPRV Partners, LLC	KPT Creekside Townhome Apartments, LLC

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	# of Units	Owner	Expected Delivery Date
Reno City Center	219 North Center Street	Downtown	530	CAI Investments	4Q 2023
Stonebrook	7900 Pyramid Way	W. Sparks/N. Valley	396	Mountain States Property Mgmt	3Q 2023
Ballpark Apartments	201 Evans Ave	Downtown Reno	368	Nevada Land IV, LLC	2Q 2024

RECENT COMPLETIONS

Property	Address	Submarket	# of Units	Owner	Delivery
Double R Living	9200 Double R Blvd	Southeast Reno	434	Oakmont Properties	4Q 2022

Data Source: EDD, CoStar



Kidder Mathews is the largest, independent commercial real estate firm on the West Coast, with 900 real estate professionals and staff in 20 offices in Washington, Oregon, California, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, asset services, consulting, project and construction management, and debt equity finance services for all property types.

The information in this report was composed by the Kidder Mathews Research Group.

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COMMERCIAL BROKERAGE	<i>\$10.9B</i> TRANSACTION VOLUME ANNUALLY	<i>49.7M</i> ANNUAL SALES SF	<i>43.7M</i> ANNUAL LEASING SF
ASSET SERVICES	<i>52M</i> MANAGEMENT PORTFOLIO SF	<i>875+</i> ASSETS UNDER MANAGEMENT	<i>270+</i> ASSET SERVICES CLIENTS
VALUATION ADVISORY	<i>2,600+</i> ASSIGNMENTS ANNUALLY	<i>48</i> TOTAL APPRAISERS	<i>25</i> WITH MAI DESIGNATIONS

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