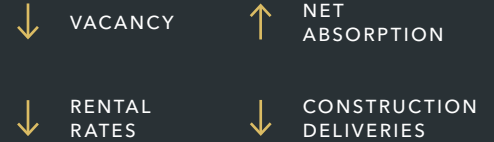


MARKET TRENDS

RENO MULTIFAMILY



Year-Over-Year Change

A total of ten multifamily assets traded in Q2 of 2023 with a total volume of \$297,964,000 or an average price per unit of \$251,015.

Of note, Kidder Mathews was involved in the disposition of Fairway Park Manor, a 100-unit value-add asset in southwest Reno, the property sold for \$16,500,000 at a 5.9% cap rate. Even with spiking interest rates and cap rate expansion, buyer demand remains robust in northern Nevada.

Apartment vacancy remains low for Q2 2023 in Reno-Sparks. Johnson Perkins-Griffin reported that vacancy decreased to 2.19% (-47 basis points) while rents increased from \$1,644 to \$1,661 (+\$17 or +1.03%). Fully eight of the eleven submarkets showed decreases in vacancies.

Just over 4,584 apartment units are currently under construction, and just under 5,300 apartment units are currently in the planning stages. In Q2 2022, 3,684 units were under construction while 5,450 units were planned. With the increase in housing supply expect monthly rents in certain submarkets to decrease. Anecdotally, the midtown is experiencing some of the highest rents in all submarkets averaging \$1,774 per unit which explains the increased vacancy to the midtown area (5.39% in Q2 compared with 10.11% in Q1). This downward pressure on rents is a welcome sign for those struggling with the high costs associated with renting. It is important to note that these effects may not be immediate, but rather a gradual decline as the new units are introduced to the market.

The ability to source debt for multifamily remains a challenge. The Federal Reserve raised its benchmark lending rate by a quarter of a percentage point last Wednesday, the highest level in 22 years. According to Reuters, It also marks the 11th hike in the Central Bank's past 12 policy meetings and possibly a last move in its aggressive battle to tame inflation.

continued on page 4

MARKET BREAKDOWN

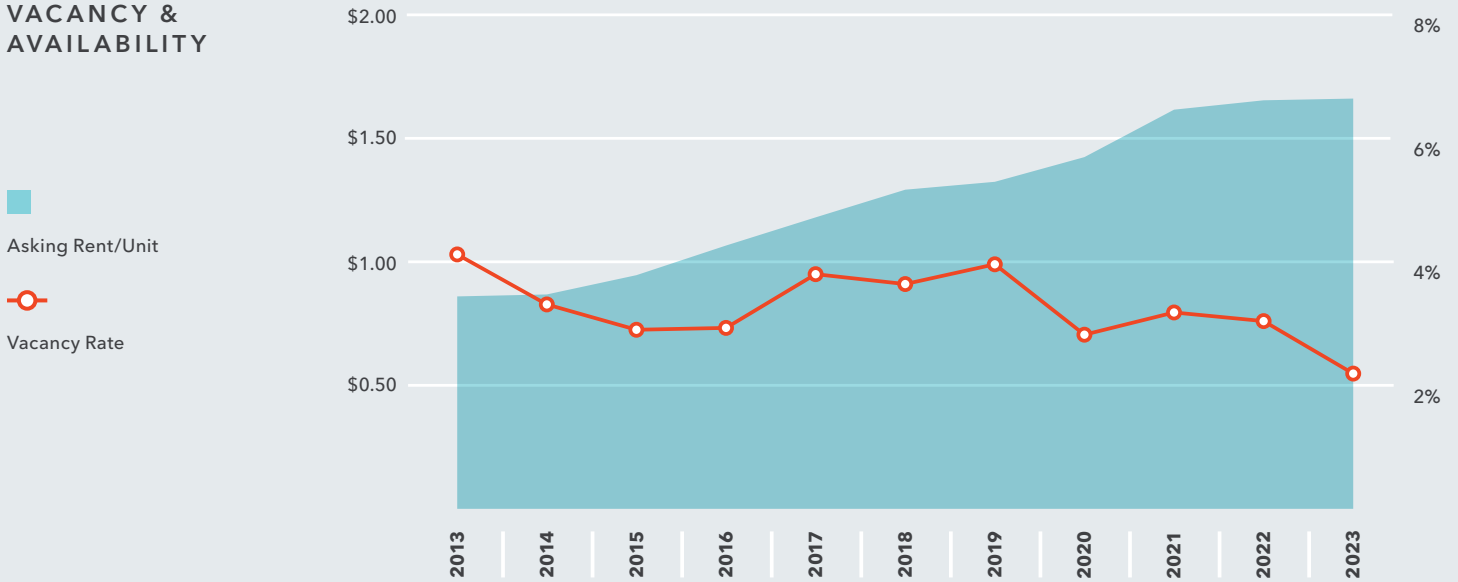
	2Q23	1Q23	2Q22	Annual % Change
New Construction	115	0	878	-86.90%
Under Construction	4,584	4,621	3,684	24.43%
Vacancy Rate	2.19%	2.66%	2.66%	-17.67%
Average Asking Rents	\$1,661	\$1,644	\$1,680	-1.13%
Average Sales Price	\$251,015	\$175,686	\$202,475	23.97%
Cap Rates	5.8%	6.0%	5.1%	13.73%
Net Absorption	490	106	11	N/A

AVERAGE RENT

Unit Size	2Q23	1Q23	2Q22
Studio	\$1,180	\$1,174	\$1,161
1 Bedroom	\$1,479	\$1,468	\$1,488
2 Bedroom	\$1,678	\$1,672	\$2,051
3 Bedroom	\$2,181	\$2,149	\$2,251

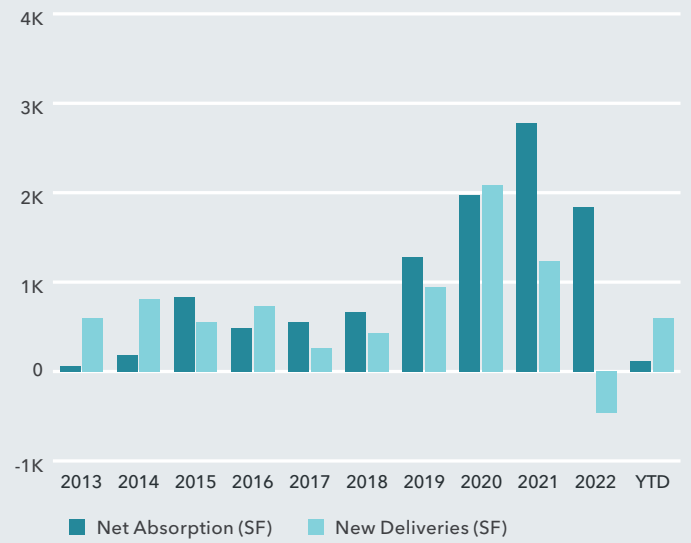


LEASE RATE, VACANCY & AVAILABILITY

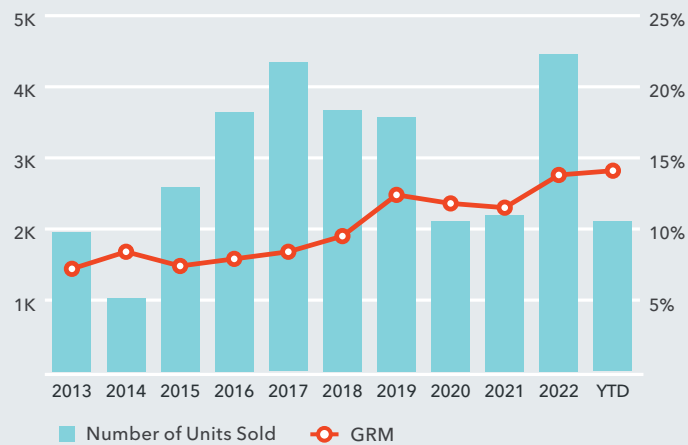


BIGGEST SALE OF THE QUARTER
Vista Ridge Apartments, Reno

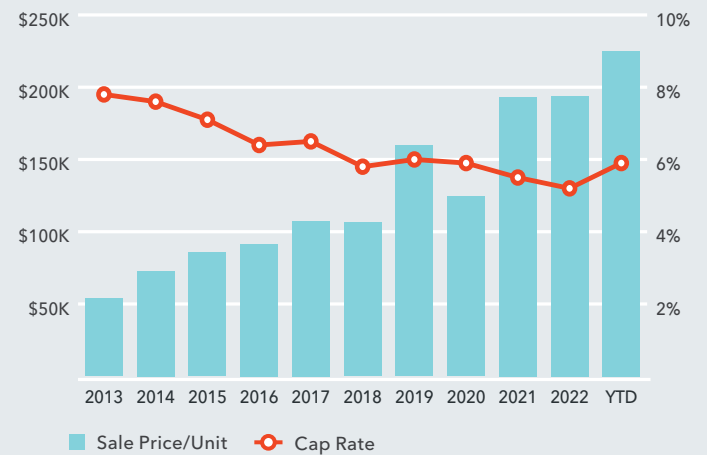
NET ABSORPTION & NEW DELIVERIES



NUMBER OF UNITS SOLD & GRM

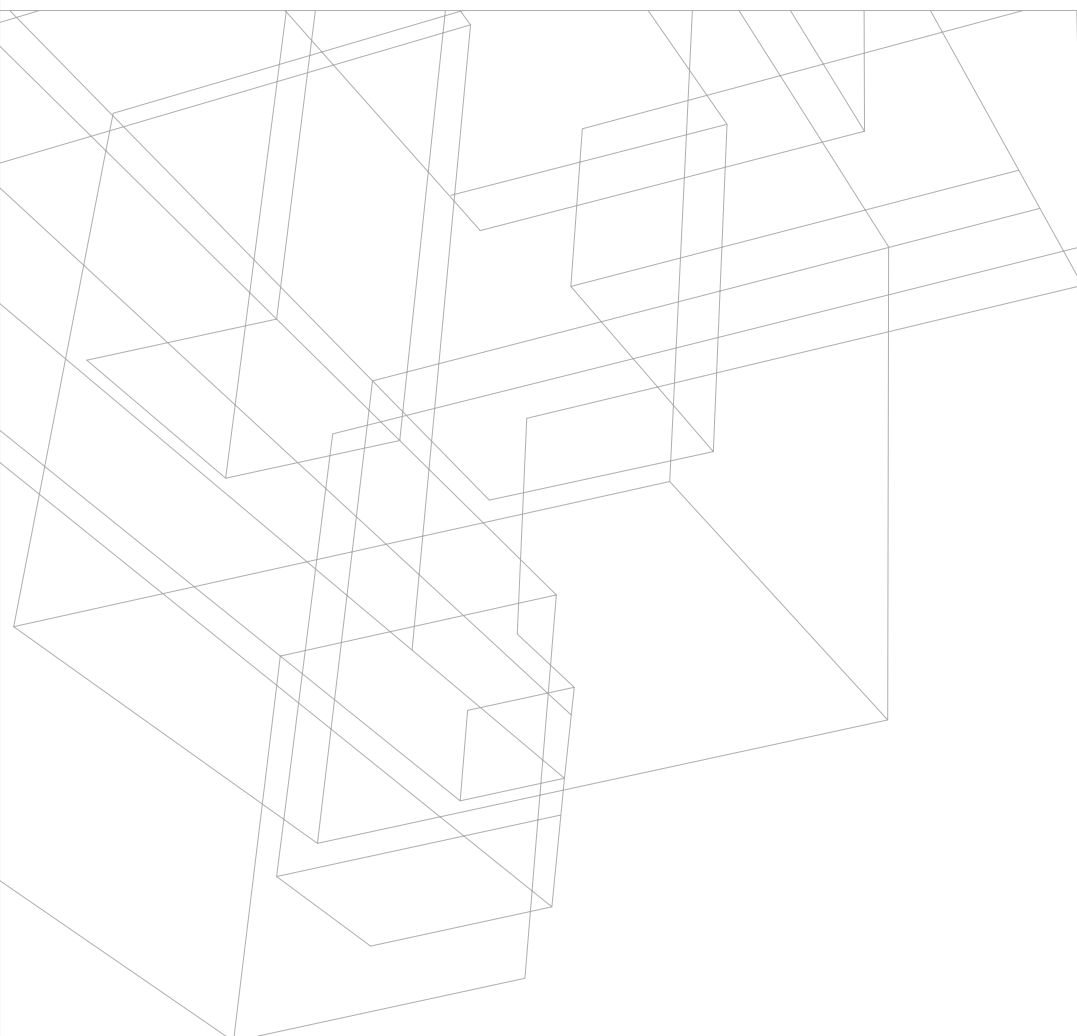


AVERAGE SALES PRICE/UNIT & CAP RATE



SUBMARKET STATISTICS

Submarket	Total Inventory	2Q23 Direct Vacancy Rate	1Q21 Direct Vacancy Rate	2Q23 Average Rates	1Q23 Average Rates
Downtown	4,234	5.39%	10.11%	\$1,774	\$1,789
Airport	8,500	1.25%	2.32%	\$1,458	\$1,443
Close-In Southwest	4,398	1.53%	1.43%	\$1,330	\$1,306
Southwest Reno	1,872	1.93%	3.33%	\$1,708	\$1,668
Northwest Reno	7,674	1.86%	1.80%	\$1,729	\$1,667
Northeast Reno	3,068	1.81%	1.06%	\$1,414	\$1,416
Southeast Reno	5,449	1.84%	2.14%	\$1,725	\$1,709
West Sparks/North Valley	9,474	2.64%	3.38%	\$1,462	\$1,502
East Sparks	6,561	2.57%	2.95%	\$1,865	\$1,840
Reno-Sparks Total Market	51,230	2.19%	2.66%	\$1,661	\$1,644



Investors will be looking for more details around that hike. There's little sense a similar collapse is on the horizon; the economy is proving more resilient to rising interest rates than expected, with ongoing growth and an unemployment rate currently pinned at a low 3.6%.

With an influx of new multifamily housing units set to enter the market over the next two years, significant changes lie ahead for the Reno-Sparks market. It remains to be seen what the picture will look like for the rest of 2023 but one thing remains clear: buyer demand is still very strong.

SIGNIFICANT SALE TRANSACTIONS

Property	Submarket	# of Units	Sale Price	\$/SF	Buyer	Seller
Vista Ridge	Northwest Reno	324	\$76,000,000	\$234,568	Tilden Properties	Arthur Vista Ridge LLC
Westlook	Northwest Reno	192	\$68,300,000	\$355,729	Cherry Creek Ventures LLC	4th Street 192 Owner LLC
Southridge Apartments	Northwest Reno	293	\$54,500,000	\$186,007	Vintage Housing	Kennedy Wilson

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
Palomino	1160 Damonte Ranch Pkwy	Southeast Reno	482	Wolff Company, The	1Q 2024
Stonebrook	7900 Pyramid Way	East Sparks	396	Mountain States Property Management	1Q 2024

RECENT COMPLETIONS

Property	Address	Submarket	# of Units	Owner	Expected Delivery Date
Keystone Trailhead Village	3029 Leadership Pkwy	Northwestern Reno	115	Kromer Investments	May 2023

Data Source: EDD, CoStar, Johnson Perkins- Griffin



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.

GARY BARAGONA
Vice President of Research
415.229.8925
gary.baragona@kidder.com

DAVID NELSON
Regional President, Brokerage
Northern California & Nevada
775.301.1300
david.nelson@kidder.com
LIC N° 01716942

COMMERCIAL BROKERAGE	\$12B TRANSACTION VOLUME ANNUALLY	32.1M ANNUAL SALES SF	41.2M ANNUAL LEASING SF
ASSET SERVICES	53M MANAGEMENT PORTFOLIO SF	771+ ASSETS UNDER MANAGEMENT	250+ ASSET SERVICES CLIENTS
VALUATION ADVISORY	2,600+ ASSIGNMENTS ANNUALLY	46 TOTAL APPRAISERS	23 WITH MAI DESIGNATIONS

This information supplied herein is from sources we deem reliable. It is provided without any representation, warranty or guarantee, expressed or implied as to its accuracy. Prospective Buyer or Tenant should conduct an independent investigation and verification of all matters deemed to be material, including, but not limited to, statements of income and expenses. Consult your attorney, accountant, or other professional advisor.

KIDDER.COM